

Twitter falls 7% after opening day bonanza

November 8 2013



A banner with the Twitter logo is set on the front of the New York Stock Exchange on November 7, 2013 in New York

Twitter shares retreated Friday a day after a sizzling debut on Wall Street, as some of the frenzy about the popular messaging service faded.

The stock slipped 7.26 percent to close at \$41.64—a day after a stunning gain of 72.69 percent on its first day of trading on the New York Stock Exchange after a \$1.8 billion [initial public offering](#).

Jon Ogg at 24/7 Wall Street said Friday's sentiment was "a bit like an IPO hangover."

"Keep in mind that Twitter is valued at more than 50 times sales now, something almost unheard of over the past decade," Ogg said.

Some analysts said the debut was helped in part by a shortage of Twitter stock, and that most of the 70 million shares were reserved by the underwriters.

Brian Wieser at Pivotal Research, who downgraded the stock after the opening surge, noted Friday that "our very positive view on the company hasn't changed" but that the valuation seems too high to justify its price.

"Our view was positive going into the process. Twitter went through around its IPO and came out more favorably in most ways by the time the stock started trading. Our call on the stock is simply a matter of how much Twitter is worth given the scale we assume the company will realize over time."

Daniel Ernst at Hudson Square Research issued a "sell" recommendation, saying that Twitter is "more than fully valued" and priced at 600 times its projected earnings before depreciation and other charges.

Twitter's market capitalization, based on its [stock](#) price, fell back to around \$22.6 billion after topping \$24 billion on Thursday.

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