



Why Shopify Inc. Is the Best Stock on the TSX

Description

With the markets struggling, it's difficult to find a safe stock that can provide you with strong growth opportunities without exposing investors to inordinate amounts of risk in the process. The TSX doesn't offer many options to choose from that can do this, and the big-name tech stocks are on the NASDAQ.

However, Canada does have one stock that could fit that mold, and it's currently the best TSX stock to invest in: **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Why Shopify has a lot of potential

A big reason why Shopify is the best buy on the TSX is the company's limitless growth opportunities. Anyone who's selling an item online could be a potential customer of Shopify's services. The platform is easy to use and integrates with other online e-commerce and bidding platforms, so sellers can easily sell their products across multiple sites.

Growth potential is a big reason why Shopify remains a strong buy and why it trades at high multiples. In its most recent quarter, the company's sales were up 72% from last year, which was actually lower than its growth rate in previous years.

With so many avenues for sales to grow, it would be nearly impossible to find another stock on the TSX with similar potential. Investors can expect Shopify to continue to post strong sales numbers as it continues to find ways to reach more users.

The business model doesn't have a lot of risk

Regardless of what some short sellers [might have you believe](#), Shopify is a safe stock that doesn't carry a lot of risk. If you look at oil and gas stocks and other investments that are dependent on an underlying commodity price, Shopify simply doesn't have those same concerns.

The company's customers are located in over 100 different countries, which helps Shopify diversify its risk, as the company isn't dependent on any one economy to drive its growth.

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#)) is a great example of what can happen when your business model isn't strong enough to give you an edge: you end up having to develop one that is more sustainable. Although BlackBerry has managed to turn things around, many companies aren't that lucky.

The recent decline in price makes Shopify an even better buy today

In light of the recent criticism that Shopify has received, its stock price has declined 15% in the past few weeks, and it's creeping closer to its two-month low. Given how [high](#) this stock could climb, now might be a very good time to buy.

After all, we saw this happen back in October, when the same short seller sent the stock spiraling down, only for Shopify to come back even stronger.

Bottom line

The downturn in the markets has created many opportunities, but none are better than Shopify's current stock price. The tech stock has soundly outperformed the TSX — and it's barely scratched the surface of what it can do.

CATEGORY

1. Investing
2. Tech Stocks

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Author

djagielski

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