



## Is Shopify Inc. (TSX:SHOP) Stock Too Volatile to Touch Right Now?

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) plunged 6.38% on October 10 in a day that saw the TSX and major U.S. indexes suffer major retreats. The tech sector was hit particularly hard, as worries grow over climbing interest rates. The NASDAQ has suffered an 8% retreat in October so far.

Shopify stock is now down 12.6% over the past three months. Shares are still up 42% in 2018 as of close on October 10, but the stock has struggled with volatility throughout the year. As of the most recent close, it is trading more than \$60 off its all-time high, which it reached in mid-June. Back in early May, I'd [discussed](#) why it was hard to bet against Shopify's momentum, even with its bout of volatility at the time. Bulls were rewarded at the time as Shopify shot up past the \$200 mark and to its all-time high.

Shopify has been a star since its initial public offering in May 2015, even outpacing many of its U.S. tech peers. Should investors feel good about its fortunes to finish 2018?

The company last released its second-quarter results on July 31. Shares struggled to gain momentum after what many analysts perceived as a disappointing report. Total revenue rose 62% year over year to \$245 million and Subscriptions Revenue climbed 55% to \$110.7 million. Gross Merchandise Volume (GMV) hit \$9.1 billion in the quarter, up 56% from the prior year. Shopify reported adjusted net income of \$2.5 million, or \$0.05 per share, in the second quarter compared to an adjusted net loss of \$1.1 million, or \$0.01 per share, in Q2 2017.

There are several developments worth monitoring at Shopify in the fall.

Fool contributor Andrew Button [recently asked](#) whether investors should buy Shopify now or wait for its third-quarter earnings release. The company is expected to release its third-quarter results before markets open on October 25.

Investors should also expect activity with recreational cannabis legalization in Canada set for October 17. Shopify has said that it has conducted significant testing on cannabis stores to prepare the sites to go live on the legalization date. It is not expecting overwhelming volumes. Shopify has said that will put protocols in place to protect user data, which has been a concern in provinces where over-the-counter

availability will be limited early on. The cannabis sector has been one of the few bright spots on the TSX in September and October, so Shopify's connection to the industry can only be a positive as the roll-out begins next week.

Another factor to take into consideration is the upcoming holiday season. Last year Shopify saw merchants bring in over \$1 billion in sales on Black Friday and Cyber Monday. Online and mobile sales have steadily increased with consumers migrating to these platforms, which bodes well for Shopify in what should be another busy year.

### Is Shopify a buy today?

In this choppy market, fortune favours the bold. Tech stocks have been routed and Shopify could be a sneaky buy-low opportunity ahead of its Q3 results. For those favouring a conservative path, waiting for the next earnings release is the best bet.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing
2. Tech Stocks

### Date

2025/08/24

### Date Created

2018/10/11

### Author

aocallaghan

default watermark

default watermark