



## Shopify Inc (TSX:SHOP) Stock Is Taking Off!

### Description

**Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) has finally gotten over the hump (again) as it closed over \$200 per share last week. The stock has been stuck in a range for much of the past few months and has struggled to break out and find much momentum until recently.

### Why is the stock doing so well?

Although the company produced some strong results in its [most recent quarter](#), that wasn't enough to stop the fluctuations in price. It has continued to bounce around in price, but I believe the reason it has been able to break through the \$200 mark is that as investors have started to divest from high-risk positions and speculative buys, they've begun to notice that Shopify is one of the few big growth stocks on the TSX and that it might be one of the safest.

Few companies can continue to produce 50% growth in sales consistently, and Shopify has been one of them. While it has been increasing at a decreasing rate, it's still an impressive performance.

The company is also benefitting from [online cannabis sales](#) that have recently gone live. However, it won't be until next quarter that we see just how big of an impact the new industry has had on Shopify's financials.

### Is it still a good buy at over \$200?

With Shopify continuing to rise in price, investors may be worried that they have missed the boat. However, if you're tempted to look at its chart over the past few months, you might expect that it'll start to come down in price sooner rather than later.

It was only a few months ago that Shopify's stock had hit over \$215 before crashing back down in price. That would imply that we might see some resistance for the stock soon.

Although I'm not a big believer in technical analysis, I do appreciate the logic of resistance levels since it suggests investors want to sell back at a price they missed out at before, and given the opportunity, that they will.

If there are enough investors trying to sell the stock at previous highs, it could create a barrier and even send the stock back down as a result of the resistance.

Given Shopify's track record, it wouldn't be hard to convince someone that we'll see a drop in price soon. However, that's not why I would suggest it's not a good buy. Instead, I'd point to its price-to-book ratio of around 10, making it a very expensive buy for investors today.

With the recent market volatility, it has become even more dangerous to invest in speculative buys at high prices, which is what Shopify has become as of late.

### **Bottom line**

While I wouldn't rule out Shopify hitting \$250 and still producing good returns for investors that buy today, I wouldn't expect to see that happen until after its next quarterly results, with some evidence as to how strong the impact from the cannabis industry has been.

Over the long term, there's a lot of potential for Shopify, but investors might want to wait out the inevitable drop in price before buying.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
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1. Investing

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