



## Why Shopify Inc (TSX:SHOP) Is Still a Good Buy at \$250

### Description

After a brutal finish to the year in 2018, many stocks on the TSX have begun 2019 with strong rallies, and **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) has been no exception. With returns of around 30% since the start of the year, the popular tech stock has now climbed to new highs and is within striking distance of a new milestone: \$250.

Over the past year, we've seen a lot of volatility and range activity when it comes to Shopify's stock price, but we haven't seen those same dips thus far in 2019. Although the stock is definitely getting more expensive, let's take a look at why it might still be a good buy, even at its current price.

### The hype factor

Certain stocks have what I'd call a "hype factor" to them in that the bullishness can get a bit infectious and they can rally very quickly. Shopify is one of those stocks, as despite its lack of profitability and [slowing growth rate](#), that simply hasn't been enough to discourage investors from buying it up. The danger, however, is that it can work both ways, and sometimes the stock can see sharp declines in price in just one day, although those haven't been that common.

What has helped Shopify is the lack of high-growth options to invest in, especially on the TSX. As investors grow frustrated with investment options, it becomes easy to justify buying Shopify as the stock is still achieving growth rates of around 50%. It's the type of excitement that could send the stock up to [\\$300](#) this year.

### The market potential

What's always made me bullish about Shopify's long-term growth is the many ways in which the stock could grow. With online sales getting stronger and stronger and more people selling something online, the demand for services like Shopify's will only rise. With that big of a market to tap into, Shopify's sales could continue to see tremendous growth.

The company is still involved in innovating and providing its merchants better ways to sell products and that too can also drive a lot more value for customers and lead to more revenue generation. Shopify reached just over US\$1 billion in revenue over the past four quarters, which seems like a drop in the bucket given how much we see online merchants do in sales every year. Shopify still has a lot of steam left and given how much of a premium investors pay for stocks that only grow by 20% or 30%, it looks like a good buy in comparison.

## Bottom line

Shopify isn't going to be a good value investment anytime soon. But for growth investors, there's a lot to like about the stock. The danger is that if you're caught waiting around for a dip in price, you may end up missing the opportunity entirely. Shopify's stock has grown a remarkable 700% over the past three years. And although I don't expect that to repeat, that doesn't mean investors can't still earn a good return by investing today.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

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