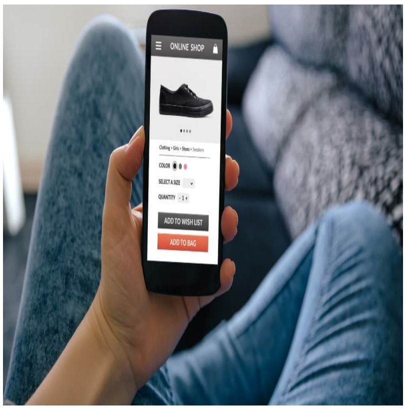

# Looking for the Next Amazon (NASDAQ:AMZN)? Consider Buying Shopify (TSX:SHOP) Stock

### Description

**Amazon** (NASDAQ:AMZN) is well known in the investment community. This tech giant disrupted the retail industry, and its share price posted significant returns over a short period of time.



Had you invested $1,000 in Amazon 10-years ago, you would have approximately $27,000 today. That is equal to a return of 2,237%! It was a once-in-a-lifetime opportunity … or was it?

Canada has its own tech darling: **Shopify** (TSX:SHOP)(NYSE:SHOP). Since going public three short years ago, Shopify's stock has returned 973%. At an average annual growth rate of +300%, Shopify is looking like the best bet to match Amazon's 10-year performance.

## No signs of slowing down

Much like they did in Amazon's early days, bears have questioned Shopify's growth potential. Its business model can't be sustainable if it can't turn a profit, can it? Amazon has debunked that myth. Besides, Shopify has already turned a profit, and earnings will be accelerating much faster than Amazon's.

Year to date, the company is once again one of the best-performing stocks on the TSX. In five months, it has almost doubled (+97.3%), which is second only to **Eldorado Gold's** massive 193% gain.

Although growth is expected to slow, analysts still expect +40% revenue and earnings growth. There are very few companies with growth rates this high.

## When should you buy?

In February, Shopify entered blue-sky territory. It broke through resistance and has been hitting new highs on a regular basis. From a technical standpoint, the company is not overbought and is squarelyin neutral territory with a 14-day RSI of 66.

Technicals aside, the best time to take a position in Shopify is when the shorts attack. Shopify has been the target of high-profile short-selling firm Citron Research. Every few months, the firm comes out with a short report that questions the company’s business model.

Citron’s bear reports have at times caused Shopify’s stock to tumble. In October 2017, its stock price dropped 21% in the days following the short report. A similar report caused its stock to fall by 30% in the spring of 2018.

This past April, Citron came out with yet another bearish report. Although not as pronounced, Shopify’s share price still dropped by 7% in the days that followed. At the time, I suggested it was time to buy. Why?

Without fail, Shopify’s stock has always rebounded. It was no different this past April. Since bottoming at $260 following the report, its stock price is up 43%, as its share price has gained more than $100!

## Foolish takeaway



Shopify is following the same pattern as Amazon. It is growing at a rapid pace, and there is no reason to believe the company won’t continue to deliver outsized returns.

The company is not on the cheap side, but patient investors should take advantage of any weakness in share price.

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