



## Is Shopify (TSX:SHOP) Worth More Than This Top Bank Stock?

### Description

**Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) has been rising significantly this year, with the stock reaching a very high valuation. And although 2018 was by no means a bad year for the share price, with it rising close to 50% over the course of the year, 2019 has been something else. The stock has already doubled, since the start of 2019, crossing both the \$300 and \$400 marks in the process.

Whether Shopify has much more left in the tank is the big question. With a market cap of \$45 billion, it has become one of the biggest stocks on the **TSX** right now.

Investors are placing a fairly lefty value on a stock that doesn't look to be anywhere near profitability, and it's unlikely that will change anytime soon. Shopify's best days may also be behind it, with [sales growth](#) continuing to slow and [competition](#) potentially taking away more market share away from Shopify in the near future.

While it may be an industry leader today, there's no reason to suggest that it'll stay there. The company doesn't have a big competitive advantage over its peers that will ensure its products and services can't be copied, especially by a company with much more significant resources. Shopify is not invincible, and yet investors are buying up the stock as if it is.

To help put into perspective just how expensive the stock has become, it is now around the market cap of one of the top banks on the TSX. **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is currently valued at around \$46 billion. The company has stable, consistent revenues and profits that have grown over the years and pays an excellent dividend. Yet the markets are valuing it inline with a company that has nothing but sales growth and potential to offer.

While the stocks operate in vastly different industries — and tech stocks typically are given a lot more leeway in terms of pricing — there's no way a company that produces profits with ease and consistency should be at the same valuation as a company that does the opposite. Shopify is a more exciting stock than CIBC with lots of growth left, but CIBC has lots of growth left as well. With the big bank recently purchasing a U.S. company, it has a lot of potential to expand south of the border and take advantage of that growing market as well.

Just because CIBC is one of Canada's Big Banks, it doesn't mean that it can't have attractive growth prospects to offer investors. While it might not rise at nearly the same pace as that of Shopify, CIBC will also grow while maintaining a profit.

## Bottom line

Shopify may be soaring today, but we've seen how excitement can quickly turn to panic. Investors should be very careful in buying the stock today, as its value has gotten out of control. With the volatility of tech stocks this year, there's no telling when Shopify could see a correction because, at this point, it seems inevitable that one will occur.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:SHOP (Shopify Inc.)

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