



This Monster 2015 Tech IPO Is on the Path to \$1,000

Description

This Canadian technology stock has blown away expectations since its initial public offering in May 2015. Not only has it been a stellar addition to the TSX, but it has also outpaced top tech stocks listed south of the border. Yes, I'm talking about **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify stock has climbed a stunning 117% in 2019 as of close on July 11. Shares have shot up over 1,000% since its IPO launch in May 2015. The stock appeared to hit a snag after a short report in 2018, and it was hit by broader turbulence to close out the year in December. Since then, the stock has gone on an enormous tear. It has more than doubled its price from January 1, 2019.

Shopify sits at \$411 as of close on July 11. Its next stop is the \$500 level. Back in early April, I'd discussed why Shopify had the [potential](#) to be the Canadian **Amazon**. Amazon stock just climbed back to the \$2,000 mark in July — a price point it surrendered due to turbulence to close out the prior year.

Amazon and Shopify share some obvious qualities. Both are operating in the rapidly growing e-commerce sector, which continues to threaten traditional retailers. Shopify's business model aims to put power into the hands of its merchants, who can use the Shopify platform. This has allowed merchants, including celebrity businesspeople like Kylie Jenner, Justin Bieber, and Drake, to bypass third-party retailers and significantly grow their profit margins. In an era of social media, Shopify has revolutionized the business models of some of these top entrepreneurs.

Shopify still has a long way to go, and it has its fair share of detractors. The company has acknowledged that it needs to branch out from its predominately English-speaking user base. In June, Shopify announced that its Shopify Plus suite will include global currency support and a low-cost e-commerce fulfillment network. It will also add new language capabilities to its platform, including Danish, Finnish, Korean, Swedish, and several others.

And, of course, there is the elephant in the room; Shopify is not yet profitable. Critics like short-seller Andrew Left of Citron Research have called Shopify's business model into question. Left expects that increased competition from companies like **Microsoft** in the e-commerce platform space will pose a serious threat to Shopify going forward.

Shopify is set to release its second-quarter 2019 results on August 1. Back in May, I'd discussed whether Shopify stock was [too hot to touch](#) for investors. It has become hard to bet against Shopify in 2019, and the stock has spilled into a more favourable price point as we move into the middle of July. Shares had an RSI of 54 as of close on July 11, which puts it in neutral territory. The stock has spent most of 2019 in or hovering around technically overbought levels.

Canada has had its share of disappointments in the technology sector, but Shopify's rapid growth is hard to argue against. Value investors may want to wait for a better entry point, but long term Shopify looks like a can't-miss growth stock.

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