



This Was Canada's Best Stock in the First Half of 2019

Description

It should come as no surprise. The top stock for the first half of 2019 has to go to **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)), and frankly, it's not even close.

The e-commerce company soared more than 150% in the last six months, despite market of volatility on both sides of the border. Investors still just can't seem to get enough of the stock, as most recently it nearly hit the \$500 per share mark before dropping down to around \$470 per share as of writing.

Despite the potential for a U.S.-China trade war, a Canadian recession, and general volatility, Shopify still seems to be doing quite well.

The question is, should an economic downturn actually happen, will Shopify be able to weather the storm? Or will investors sell it and run? If that happens, will the stock be able to recover?

So let's dig into this stock a bit more and see whether the future looks bright for Shopify or if the light gets dimmer at the end of that tunnel.

Historical performance

When the markets plunged before the new year, Shopify was anything but immune. After surpassing the \$200 mark and reaching \$212 per share, the stock dipped all the way down to about \$165 in October, came back up for a bit, then down yet again to the same range just before the New Year.

Then slowly, but surely, investors started to buy into Shopify again. From December to March, as the markets improved, the stock came up about 55%, which is no mean feat.

However, since that time there hasn't been all that much bearishness as there was at the end of the year. Tech stocks seem to be some of the first to plummet, and Shopify is indeed a tech stock — and a superstar among them.

Earnings

That superstar status and the difference between the Shopify of 2018 and the Shopify of 2019 come down to its latest earnings reports. The company reported a 50% increase in sales year over year, and then followed that up with its latest results by announcing a [48% increase](#) in revenue.

Both times the company demolished analyst expectations. When it comes to sales, Shopify hasn't missed a sales estimate in a whopping 17 quarters! The company also continues to raise its revenue guidance again and again, most recently raising it to between \$1.51 and \$1.53 billion.

Can it keep up?

This is the big question, and frankly the answer is, "yes." Don't get me wrong: I do agree that when the markets get hit, Shopify won't be somehow immune.

While I think analysts may have overblown how much the stock could dip, I do still think there will be a significant dip in share price. I'm not sure if it will fall to \$250 per share, but it could certainly fall to the \$300 range.

However, for the patient investor looking for stocks to buy and hold for the long run, Shopify is at the head of the new wave of e-commerce businesses.

Small-, medium-, and entrepreneur-sized businesses have all begun flocking to the company, as it creates an easy-to-use option that also puts those businesses at the forefront of the operation.

The company is also in set-up mode, while still producing strong revenue. Its setting itself up to battle the big boys, it's planning to spend \$1 billion in fulfillment centres across the United States.

This has created a path to continued growth for the company, so even though the company is overvalued at the moment, it soon won't be once all the projects it has planned come to fruition.

Foolish takeaway

Will Shopify be the stock to beat for the second half of 2019? Only time will tell, especially with a [potential recession](#) in our midst.

What's certain is that Shopify is set up to continue to grow for years to come, so the patient investor shouldn't have a problem with buying up this stock and holding it for a decade or more.

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Date

2025/09/18

Date Created

2019/08/18

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