



Buy Shopify (TSX:SHOP) Stock or Hold Out for This Exciting IPO?

Description

Growth investors love their rocketing tech stocks, Big Pharma, self-driving cars, and soaring pot stocks. But what about waste management? Before we take a look at what could be one of the most exciting upcoming IPOs on the TSX, let's review a favourite growth stock that may be a bubble about to burst.

Is this tech stock reaching the end of its high-growth cycle?

Compared with other stocks in its space, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is undoubtedly overpriced. However, what's so dangerous about its meteoric rise is that a bubble has formed that could potentially rupture at any time. In short, investors may want to cash in quick before that bubble bursts.

Sure, the stock may recover, but investors can always buy lower and get ready to ride the upside rocket all over again.

An investor thinking about buying Shopify shares today hoping for a last bite of the apple may want to hold their horses. The stock is down 7% over the last five days at the time of writing and this [negative momentum may just be the beginning](#).

On the plus side, another upside rocket is about to go off, but the only catch is that it hasn't even debuted yet. Due to IPO this fall, waste management company GFL Environmental could quickly become one of the hottest assets on the TSX, offering investors a wide-moat option in a defensive growth sector.

It's not possible to equate the two companies directly. Shopify provides e-commerce solutions to companies across the world, servicing North America, the U.K., Oceania, and beyond with its adaptable cloud-based platform. GFL, however, is involved in waste management, recycling, and pollution remediation.

However, both businesses can boast competitive market share and plenty of growth potential.

The waste management IPO that could make you rich

GFL will be up against popular waste management stocks on the TSX such as **Waste Connections** if and when it debuts, but it is sure to be an instant hit with infrastructure investors. The waste management sector is generally held to be [resistant to recession](#) due to its essential role in communities and the broader industrial world. Further, recycling and environmental management are likely to persevere as growth sectors.

GFL's strategy of growth through acquisitions is likely to ramp up after its eventual listing on the TSX. Already the fourth-largest company of its kind in North America, GFL's diversified mix of infrastructure, soil remediation, and waste management services is likely to prove a hit with investors seeking wide-moat assets with provable growth potential.

The bottom line

Is Shopify's stock bubble about to burst? Going by its overvaluation relative to the industry, it's looking that way, and with other options for upside out there, it could be time to jump ship. That said, Shopify is a great company with an intriguing and adaptable business model, so buying when it eventually bottoms out isn't out of the question. In the meantime, GLF will almost certainly be a solid buy for long-term investors as soon as it debuts on the TSX.

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vhetherington

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