



Will Shopify (TSX:SHOP) Stock Fall Below \$300?

Description

Canadians are getting used to an entirely different world out there. In fact, the world hasn't seen anything like today's COVID-19 pandemic since the Spanish flu, and the tragic situation is about than simply having to stay at home. Canadian finances have become [high-risk situations](#), where everyone needs as much cash as they can carry at a time when lay offs and lost income are rampant throughout the country.

It's no wonder that if you previously invested in **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) you might be questioning what's going to happen right now. Whether you bought low two years back, or after the stock had made some headway last year, the stock is still trading well even during this crisis. As someone who might need to consider selling stocks to keep their financial future intact, let's take a look at what Shopify might do in the next year.

First, a history of Shopify

I won't get too deep into details, but Shopify's success stems from its cloud-based, multi-channel, e-commerce platform that allows businesses small to large to easily design a solid platform. It offers its clients every which way to run their business, from mobile to physical retail locations. It also offers clients analytics to continuously update their platforms. On top of that, the company has expanded so now merchants can sell, process, and ship orders to customers around the world.

Where the company has received much of its revenue is through subscription services, with smaller clients paying month to month and larger clientele paying yearly subscriptions through Shopify Plus. This has led the company to be signed up by clients as big as the government of Canada, which has used the platform to sell cannabis to Canadians since legalization.

However, the stock became a bit shaky once news of the COVID-19 crisis. Many feared the stock would fall and not be able to get back up to numbers near \$800, where it was back in February. But is that really what's happening?

The short term

It's no secret that analysts believe this stock is overvalued to the extreme. In fact, the stock currently trades at \$536 as of writing. That puts it at almost double the fair value price according to some analysts. But honestly, analysts don't deny that even with an economic crisis on our hands the stock has a bright future.

Let's say the stock does fall. Analysts believe that the stock still likely won't fall below \$400 per share in the next year. In fact, it's more likely that once the crisis is over, Shopify could go back to soaring back toward \$800 per share yet again. There are a few reasons behind this.

First of all, the pandemic. As people are confined to their homes, companies that use Shopify as a service will likely see an uptick in their revenue rather than a drop. If you're online, that puts you ahead of the usual business that customers went to before it became a necessity to order products online. In fact, e-commerce businesses are likely to skyrocket during this time, and that could change the future as we know it because of this pandemic.

Bottom line

So not only could Shopify hold steady, it could actually increase during this time. In fact, with a market bottom potentially in the rear view this stock already has gone up. The stock fell just over 40% with the rest of the markets, on par with the **S&P/TSX Composite**. Since then, it has increased 17% as of writing.

Shopify management admitted it won't hit its original target of [\\$2 billion in revenue](#) by 2020 because of this economic crisis. This sent the stock falling about 10%. However, investors can still expect strong revenue growth well into the future. So bottom line: if you bought stock cheap, hold on tight. This stock could be the long-term hold that puts you through to retirement.

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