Market Crash: Now Is the Time to Buy Shopify

Description

The market crash this year has many investors wondering what moves they should be making in their portfolio today. The **S&P/TSX Composite Index** has dropped more than 20% from its all-time high in February.

The significant pullback in the market has provided a great buying opportunity for Canadians. The next question comes down to which type of company should you be buying ahead of a likely recession.

The popularity of defensive stocks has increased dramatically because of this market crash, and for good reason. Defensive stocks can help limit the impact of a recession on an investor's portfolio. High-growth companies will likely see a larger pullback than low-risk companies that are essential to everyday living, such as utility stocks.

The fact that many investors are buying defensive stocks right now doesn't mean they are the only game in town. It is also a good time to add growth companies to your portfolio. Defensive stocks can help balance the volatility during a bear market, but it's the growth companies that help an investor outperform the market.

Market crash opportunity

Canadian tech giant **Shopify** (TSX:SHOP)(NYSE:SHOP) has significantly outperformed the Canadian market since going public in May 2015. The stock has grown an astonishing 1,600% since its IPO just under five years ago.

The $70 billion company may not see the same growth over the next five years. But there is plenty of reason to believe it will continue to outperform the market. And with the recent market crash, now is the perfect time to add this company to your portfolio.

The tech company is often compared to **Amazon** as they are both giants in the e-commerce world. Shopify is slightly different than the other e-commerce leaders in the industry, though.

Shopify has grown its product offering into an eco-system that entrepreneurs can incorporate into their entire business. In addition to an e-commerce platform to sell products, Shopify helps merchants with inventory and fulfilment, customer service, marketing and analytics, and financial accounting.

The Canadian tech company made a significant investment in 2019. Shopify spent $1 billion to build an AI-powered fulfilment network to help improve delivery times and shipping efficiencies.

A $1 billion investment in a fulfilment network may not bring Shopify up to par with Amazon. However, it is yet another reason why shareholders can believe in the future growth of the tech company.

Valuation

There is no question that Shopify is an expensive stock day, even after the recent market crash. Trading at a price-to-sales ratio of 45, investors are certainly banking on the growth to continue for many years.

Ranked among the most valuable companies on the **S&P/TSX 60**, Shopify has consistently proved the bears wrong and continued to drive higher.

The track record to date may be exceptional for Shopify, but the high valuation should be a reminder to investors what may happen in the future. There is no question there is a lot of growth still ahead for the company, but the valuation of Shopify today cannot be ignored.

Foolish takeaway

Defensive stocks aren't the only investments Canadians should be making during this market crash. Shopify is an excellent growth stock for any long-term Canadian investor to add today.

With valuations as high as they are for the tech giant, long-term investors need to remind themselves that it may be a bumpy ride in the short-term. But if you are ready to invest in the long-term, Shopify is as good as any company to bet on to outperform the market.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. market crash
2. tech
3. technology
4. technology stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)

2. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. market crash
2. tech
3. technology
4. technology stocks

Date
2025/08/23
Date Created
2020/04/15
Author
ndobroruka