



Market Rally: Why Shopify (TSX:SHOP) Stock Can Get to \$1,000

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock was up 0.44% in early afternoon trading on April 29. Shares have climbed 50% over the past month, which has made Shopify one of the best bets after the sharp market pullback in March. Markets are now on a renewed run, so investors will be forced to be choosy.

Today I want to explore reasons investors can continue to trust Shopify in the 2020s.

Shopify: The hottest tech stock on the TSX

The **TSX** is light on high-powered tech stocks in comparison to indices south of the border. Fortunately, Shopify has made up for that, establishing itself as a juggernaut in the technology sector. Back in the summer of 2019, I'd discussed how and why Shopify had the legs to reach the [\\$1,000 valuation mark](#).

Shares of Shopify have increased by over 195% year over year. In the middle of March, the stock fell below the \$500 mark. Recent history has shown whether it's a broad sell-off or negative attention from a short-seller, investors should rush to buy the dips in Shopify.

Why has the stock gained such momentum in recent years? Let's find out.

Huge growth in e-commerce activity

This past week, I discussed why investors should seek exposure to companies that are relying on [e-commerce growth](#). There's no company on the TSX better suited to this goal than Shopify. The company released its fourth-quarter and full-year 2019 results on February 12.

Total revenue for 2019 reached \$1.57 billion – up 47% from 2018. Subscription solutions revenue and merchant solutions revenue grew 38% and 54%, respectively, from the prior year. Gross merchandise volume increased 49% to \$61.1 billion for 2019. Its adjusted gross profit climbed 46% to \$879 million.

Shopify launched “Shop” this week, a mobile app that allows its consumers to browse, buy, and track

more brands. Investors hungry for access to artificial intelligence development should also focus on Shopify stock. It has worked to develop personalization at scale, and broad market optimization through its AI development.

In the article linked above, Oberlo projected that total e-commerce retail sales would exceed \$6.5 trillion globally by 2023. This would represent approximately 22% of total retail sales in comparison to 14% in 2019. The company is focused on expanding its international operations with good reason.

Should you buy Shopify today?

Shopify stock has gained significant momentum in the month of April. The stock last had an RSI of 68, putting just outside of technically overbought territory. While those looking to buy-the-dip may have missed their shot, it doesn't mean they should ignore Shopify entirely.

Shopify still boasts an immaculate balance sheet and it is well-positioned for huge growth going forward.

Investors will be paying a premium for Shopify today, but this company has the legs for high growth in the 2020s. Quadruple digits are almost certainly in its future.

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