



3 Steps to Find the Next Shopify (TSX:SHOP)

Description

It's the perfect time for investors looking for quick, big returns. [Winning stocks](#) are being sold for a reduced share price. However, so are those stocks that could be the *next* big thing. Take, for example, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify hit a milestone last month by surpassing the \$1,000-per-share mark. Since then, the stock has come down, currently trading at about \$995 as of writing. But that's nowhere near the share price that analysts predicted it would fall to, especially during a market downturn.

The stock has increased about 2,750% since its initial public offering. Many have stood back in wonder, thinking it's too late to get in. And then the stock jumps yet again. So, what should investors do if they hope to find another stock like Shopify?

Don't fear the share price

There's no doubt about it: Shopify is expensive. But it's not just expensive now; it's been expensive for the last two years, according to analysts. When it was trading at \$300 per share, analysts thought it was worth \$150. Then at \$500 per share, it would fall to \$240, especially with an impending market crash. Now, it's at about \$1,000 per share, with no signs of a real slow down.

Granted, the pandemic has been a huge influence. The stock's [e-commerce business](#) has actually seen an uptick in earnings rather than a fall. But when there's a good business model, and the earnings to prove it, there isn't really anything to argue with.

So, when looking for the next Shopify, I wouldn't say *ignore* analysts, exactly, but definitely don't be afraid of spending some money. The point is you're looking for stocks to make you big returns. If it's a winning stock, it's a winning stock, and the share price reflects that. Then, don't be afraid to buy more. For example, you'll see that I bought Shopify. I bought some at around \$450 per share, then again in the \$600 range. Sure, both times it was a pricey stock, but look how it played out! That's because I was confident then — and now — in the company I was buying.

Don't ignore old stocks

I had originally purchased Shopify around \$185 per share. Then I made some money and decided to sell, as analysts predicted a drop. After that time, the stock skyrocketed. After a lot of humming and hawing, I bought in again at the share prices I recently mentioned. Then the stock went on to be one of the biggest winners of last year.

Many investors do the same thing as I did. They buy low and sell high. However, many then never look at the stock again. And why not? Go take a look at your past performers and see what they're doing now. Even if the company wasn't performing well in the beginning, fundamentals, valuations, and share prices change — especially during a market downturn. It could spell out an easy win in the near future.

Stay optimistic!

It's a weird thing to say right now, especially in the financial sector. But optimism can be your friend. It is so easy to be pessimistic about a stock and just selling it, thinking you're safe. But take into consideration one thing: if you hold a stock long enough, it's almost guaranteed to go up.

Look at Shopify. It took it nearly two years to pass the \$100 mark. It took almost another two years to reach \$200. There's always the fear of dropping, and analysts are supposed to tell you that. This can put any one on edge, preparing for the inevitable drop. But that drop doesn't have to be huge, and can rebound quickly. So, when it comes to buying stocks, you should always go in with the plan to hold onto it for decades. That way, your risk substantially decreases the chance of selling at a loss.

Bottom line

It can be easy to look at a stock like Shopify and think you've missed the boat. But if a company is a winner, then you should be able to get in at any price point. As long as you're willing to hold onto it, there's little chance you'll see a loss. Just get in as early as you can.

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