



## Will Shopify Stock (TSX:SHOP) Hit \$1,500 This Year?

### Description

It's astounding that at the beginning of 2020 I was looking at why shares of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) [might reach \\$600 this year](#). The tech company's blown past \$600 and its highs have more than doubled that figure — soaring above \$1,200.

Its astronomical valuation hasn't prevented the stock from rising in value, and neither has the COVID-19 pandemic. At this point, it's hard to guess when shares of Shopify might reach a ceiling.

If the stock rises to \$1,500, investors who bought the stock at \$1,200 will have earned a solid return of 25%. When looking at stocks, I always consider the likelihood that a stock will rise at least 10%. If it's not likely to do so, then the stock probably isn't a good buy (unless it pays a dividend).

In Shopify's case, the stock can easily trounce the 10% threshold. That's why today I'm looking at whether \$1,500 is a possibility and whether its already [expensive valuation](#) can continue to climb higher.

### Deal with Walmart could drive a lot of bullishness

Shopify's stock price isn't driven as much by fundamentals and profitability as it is by news and growth expectations. And that's precisely why \$1,500 could be well within reach.

On June 15, investors learned that Shopify would be working with big-box retailer **Walmart** to try to wrestle away e-commerce sales from **Amazon**. Under the partnership, Shopify merchants in the U.S. will be able to sell products on the retailer's website.

Regardless of how much additional revenue Shopify will earn as a result of the deal, all that matters here is the expectation of future growth. And given that shares were up last week after the news was released, it's clear that investors are more bullish than ever on Shopify's future. It's that excitement and those high expectations that will continue to drive Shopify's stock price higher.

As long as the markets remain hot, it's likely that Shopify will see its stock rise even higher.

## Why it's still not a buy

Even if Shopify's stock is likely to hit \$1,500, that's not enough to make the stock a buy. The company has the highest valuation on the **TSX** and the risk to investors who buy the stock now is that the bubble could pop at any time.

Investors shouldn't forget that earlier this year, in March, shares of Shopify plummeted below \$500. If a similar market crash were to happen, investors who buy the stock today could lose more than half of their investment.

Buying a stock at all-time highs while the economy's in a recession and likely headed for some challenging economic times isn't a sound investment to be making. There's a lot of speculation in the markets these days with people even buying up shares of companies that have filed for bankruptcy. That makes investing in any stock, especially an overvalued one like Shopify, especially risky.

While shares of Shopify may hit \$1,500, that doesn't mean that they'll stay there. Even growth investors are better off looking at more stable stocks to invest in with more reasonable valuations than Shopify.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

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

### Category

1. Investing

### Date

2025/07/21

### Date Created

2020/06/23

### Author

djagielski

default watermark