



## Mark Cuban Warns of a Huge Tech Bubble

### Description

Newbie investors are pouring in money in the stock market and taking advantage of the recent technology-driven rally from COVID-19 lows. Billionaire Mark Cuban and team owner of Dallas Mavericks in the NBA sees a huge tech bubble reminiscent of the infamous dot.com fiasco in the late 1990s and early 2000s.

The tech-laden **NASDAQ Composite Index** has risen by nearly 57% from its lowest point in March 2020. Suddenly, the get-rich-quick crowd is investing with reckless abandon. It seems these upstarts have a fear of missing out and are chasing the market. Cuban is [skeptical about the market rally](#) and the bubble could burst in a couple of years.

### Stuffed liquidity

Unlike the tech debacle at the turn of the millennium, Cuban opines that this year's version has the Federal Reserve's help. The U.S. central bank is pumping money into the pandemic-battered economy, but unintentionally supporting risk appetite on Wall Street. Bolder investors are even picking up shares of bankrupt companies.

Mark Cuban made billions during the dot.com boom but warns [younger investors](#) today not to get greedy. People have a newfound interest in the stock market and joining the bandwagon because the Feds are injecting money to prop up the economy. The internet bubble began in 1995 and burst in 2000. To date, Cuban has holdings in **Amazon** and **Netflix**.

Across the border, the **Toronto Stock Exchange** (TSX) is also gaining lately on the strength of tech stocks. The weight of the information technology sector is only 9.3% of the index, but millennials have a field day choosing from among the tech superstars.

### Leader of the pack

Names such as **Kinaxis**, **Real Matters**, and **Absolute Software** are rising in prominence. Investors in

all three stocks are winning thus far in 2020. But the most prominent and leader of the pack is none other than **Shopify** ([TSX:SHOP](#))(NYSE:SHOP). This e-commerce platform is a significant component of TSX's IT sector.

Shopify happens to be the largest publicly-listed company in Canada as of July 31, 2020, besting bank giant **Royal Bank of Canada**. The 16-year old e-commerce company has a market capitalization of \$164.53 billion versus the 156-year old bank's \$131.49 billion. In terms of stock performance, the year-to-date gain is 165.31%.

Had you invested \$20,000 on December 31, 2019, you would have earned \$33,061.40 today. At the height of the market crash in mid-March, the price sunk to \$458.52. Those who picked up the stock realized an even higher return of 198.74%. A \$5,000 investment is worth \$14,936.97 in the present.

Shopify's cloud-based multichannel commerce platform caters to small and medium-sized businesses in Canada, the U.S., and other select countries. Market observers are saying this stock goes up most of the time and that the TSX follows. It has a substantial influence on the index, and there's no stopping its growing popularity worldwide.

## Don't get caught in the bubble

Mark Cuban cautions people not to be foolish. Apart from the excessive speculations and overblown euphoria, investors did not look into the business models and cash-flow generating potentials of internet-related companies. The result was \$5 trillion losses.

To avoid the tech bubble, don't get caught in one. Follow the fundamentals of stock investing.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Koyfin
2. Msn
3. Newscred
4. Sharewise

### Category

1. Investing
2. Tech Stocks

### Date

2025/08/24

**Date Created**

2020/08/04

**Author**

cliew

default watermark

default watermark