



Shopify (TSX:SHOP) Stock's Next Stop: \$2,000?

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has taken another breather over the past month after more than tripling from its March lows. The Canadian e-commerce sensation, which has delivered blowout quarter after blowout quarter, has seen an unprecedented surge in demand for its offerings amid the COVID-19 pandemic.

Another blowout quarter suggests there's still a tonne of growth left in the tank

For the second quarter, analysts had absurdly high expectations for Shopify, and somehow, the company managed to do it again, pole-vaulting over the high bar, sparking another wave of euphoria in a stock that's been defying the laws of gravity (and short-sellers) for years.

As I've mentioned in [prior pieces](#), Shopify was seen as a lifeline through the eyes of small- and mid-sized merchants that have been scrambling to cope with the COVID-19 crisis:

"With many small- and medium-sized (SMB) retailers closing their doors amid the coronavirus pandemic, e-commerce has become the only way to generate revenue. Through the eyes of financially distressed SMB firms, a firm like Shopify is seen as a lifeline through these dark times." I said in a prior piece, urging investors to buy Shopify stock despite its lofty multiple. "Sure, newfound e-commerce sales won't be nearly enough to offset sales at certain brick-and-mortar locations, but they may just be enough to keep the lights on until the coronavirus nightmare is over for firms that would have otherwise closed shop permanently."

The unprecedented Q2 rush to Shopify's solution sparked nearly 150% year-over-year growth in merchant solutions, as customers transitioned from the free tier to becoming paying subscribers. If "the new normal" lasts longer than most expect, Shopify could have a heck of a lot more room to run, as it continues crushing estimates.

Shopify nears mega-cap territory: The best growth days are over, right?

With Shopify stock now sporting a massive \$161 billion market cap, it seems like it's just a matter of time before the company blasts past \$2,000, as it continues capturing the small- to medium-sized merchant market, which, believe it or not, is still lightly penetrated. I think Shopify is still in the early chapters of its growth story and wouldn't be surprised if shares of the name can continue sustaining its momentum for several more years.

Yes, Shopify is now flirting with mega-cap territory (companies with market caps above \$200 billion). But as we've seen in the case of **Apple**, swollen market caps are not an indication that a stock can't result in multi-bagger gains for investors. Market cap is just another number, after all!

Given Shopify's growth ceiling is still remarkably high and the company is led by its visionary founder Tobias Lütke, I'd say it'd be foolish (that's a lower-case *f*, folks) to bet against Canada's most valuable company, as it continues winning merchants from left, right, and centre amid this unprecedented crisis.

So, can Shopify stock blast past \$2,000?

After yet another blowout earnings report that exhibited unprecedented momentum, I wouldn't at all be surprised if Shopify stock were to blast past \$2,000 amid this pandemic. The company is riding high on unfathomably powerful tailwinds, and I think it'll be tough to stop the name in its tracks, as it continues gaining share in the still lightly penetrated SMB market.

Yes, shares are absurdly expensive at nearly 60 times sales, and the market cap is now ridiculously high at north of \$160 billion. But neither, I believe, will stop the Shopify freight train in its tracks. If your portfolio is light on [COVID-resilient tech stocks](#), I'd get some skin in the game today if you've yet to do so already, as you look to scale into a position gradually over the long haul.

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