



## Shopify (TSX:SHOP) Stock Could Be Poised for Another Explosive Move Higher

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of those [white-hot stocks](#) that you should never seek to bet against. Short-sellers have tried to knock Shopify off the podium, only to take a massive hit to the chin, as shares continued defying the laws of gravity. The COVID-19 pandemic was seen as the perfect tailwind for the unstoppable Shopify, and the longer it drags on, the more powerful the e-commerce kingpin will become.

Shares of Shopify soared again on Tuesday, rising nearly 7% on the day alongside its pandemic-resilient tech peers who've been leading the upward charge for many months now. With a potential second wave of coronavirus cases on the horizon and the possibility of another round of COVID-induced economic shutdowns, it's the intuitive but powerful e-commerce platforms that will be viewed as lifelines through the eyes of small- and mid-sized merchants once again.

### Shopify stock's next stop could be \$2,000

In a [prior piece](#), I'd highlighted that Shopify hitting the \$2,000 mark wasn't at all far-fetched.

Yes, the valuation is stretched, but when has it not been? The company is riding high on pandemic tailwinds, and while it could face some near-term downside on the advent of a coronavirus vaccine, I believe it'll be short-lived. Merchants who won amid this pandemic will likely remain subscribed to Shopify's platforms for life, opening a window of upselling opportunities for the Canadian e-commerce kingpin.

Moreover, there's no telling how long this pandemic will last without an effective vaccine that's available for broader distribution. Many health experts think that an effective (or at least effective enough) vaccine will land at some point over the next year. Still, there are few things more unpredictable than biology. So, it'd be foolish (that's a lower-case *f*) to position your portfolio in a way that assumes COVID-19 will be in the rear-view mirror in 2021. While it's likely the economy will bounce back sharply next year, you should always have a backup plan in case things head south, and we're due for reopening rollbacks.

## The strength of Shopify's tailwinds are difficult to fathom

Shopify is not only a solid growth stock to own for the long term. It's one of the best pandemic hedges that exists in the **TSX Index**. If a bear-case scenario unfolds and the vaccine timeline is pushed back, Shopify will be continuing to enjoy an acceleration to many aspects of its business. Such an acceleration in top-line growth could allow Shopify to continue pole-vaulting over the ridiculously high bar that's set in front of the stock.

Shopify now trades at an absurd 62 times sales multiple, making it one of the most expensive stocks you'll ever come across. There are a tonne of momentum chasers behind the name. While shares look ripe for a catastrophic implosion, I'd encourage investors to resist the urge to go short the name, as the strength of Shopify's tailwinds and the magnitude of multiple compression are both very difficult to fathom.

That said, I also wouldn't back up the truck on the name here, unless your portfolio lacks a pandemic hedge. For most investors, I'd encourage getting a tiny bit of skin in the game, because there's no telling how the stock will react once COVID-19 is eliminated, and people head back to the realm of the physical.

## Foolish takeaway

Despite the absurd valuation, I'd much rather investors go long than short the name that continues to defy the laws of gravity. The pandemic tailwinds are profoundly powerful, and if we're due for another year or two of intermittent shutdowns and stringent containment measures, I suspect Shopify stock will be much higher, as quarterly blowouts propel shares to new heights.

Heck, if Shopify decided to follow in the footsteps of **Apple** and **Tesla** by choosing to split its stock, count me as unsurprised if Shopify stock doubles again, as retail investors continue piling into low-cost stocks.

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