



## Did You Miss the Boat to Buy Shopify (TSX:SHOP) Stock?

### Description

The COVID-19 pandemic locked everybody indoors for several months. People working in essential industries and those requiring supplies were the only ones heading out. As most people stayed indoors and avoided public places, the demand for e-commerce stores substantially increased.

With a global pandemic, the matter of convenience gave way to necessity. Many businesses suffered from the lack of foot traffic to their stores and sought to shift their stores online. When it comes to the e-commerce sector, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is the go-to company for online retailers to see their business flourish.

As of close September 3, 2020, the market capitalization for Shopify is \$159.75 billion. That is \$20.5 billion more than the country's largest bank, **Royal Bank of Canada**. The [banking sector is performing well](#) amid the adversity, but tech stocks have left them far behind. The tech industry is booming amid the pandemic. However, the stock could be too expensive for many Canadians at its current price.

### A remarkable climb

Shopify raised \$131 million through its initial public offering (IPO) on May 21, 2015. In just five years since it went public, Shopify's share price has gone up by almost 8,000% of its IPO. Due to the pandemic, the initial sell-off frenzy saw Shopify's share price fall below \$500 for the first time since its climb in March. However, the stock has climbed by 190% since its March 2020 bottom.

There is immense growth for the stock. In Q2 2020, its total revenue increased to \$714.3 million. It translates to 97% more than the same period last year. As more merchants go online, Shopify's subscriptions keep growing. The company's revenue growth increased by 148% to \$517.9 million. In its latest partnership with the Canadian government, thousands of small businesses will move online and adopt a digital economy.

### Should you invest right away?

With all the positive news, Shopify seems like a stock that will not lose momentum. However, I would advise waiting before you invest in the stock. Shopify is a fantastic growth story. Even if you invested late in 2019, you would have substantially grown your capital. According to analysts, the annual growth rate starting from 2020 should be 45% for the company to declare profits in 2022. The price is high right now.

I would recommend waiting for a pullback of 20% or more before you invest in the stock. The stock has declined 10% between September 1 and the close of September 3. I think that you should give it a little more time to drop before you buy its shares.

## Foolish takeaway

If you ask me whether you have missed the boat to buy Shopify stock, I would tell you that you can still have a chance. With more businesses moving online, Shopify is the leading provider to facilitate online migration. I think it still has the potential to grow further. Investing in the [high-growth tech stock](#) with a pullback could line you up for substantial gains.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

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### Author

adamohtman

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