



Market Crash 2020: One Top Tech Stock You Should Add to Your Watch List Today

Description

Investors across the globe have experienced dramatic levels of volatility throughout 2020. What began with two relatively strong months of the year, the Canadian market then took a nose dive starting during the last week of February. The market crash drove a near 40% drop in the **S&P/TSX Composite Index** in just over one month.

As Canadians began to flatten the curve with daily COVID-19 cases, the market began to rebound. After the market bottomed out on March 23, the previously mentioned index surged close to 50% over the next five months.

After the incredible five-month Bull Run, the Canadian market has been trading sideways for close to three months. With COVID-19 cases beginning to once again ramp up, many investors are anxiously trying to predict if we're heading for another steep market crash.

Preparing for the next market crash

No one, not even famed investor Warren Buffett, can predict when the next market crash will occur. We can, however, confidently say that there will at one point be another downturn in the stock market. The problem is, no one can confidently predict when it will happen.

It might be disappointing to hear that no one can accurately predict when the next market crash will occur, but that doesn't mean there's nothing we can do to prepare for it. Having an up to date watch list regardless of the market condition can be extremely beneficial for investors.

Market crashes bring out all sorts of emotions in investors. Dramatic fluctuations in stock prices can cause even the most seasoned investors to make rash decisions. A watch list can help keep your investing philosophy in-check, ensuring that you're sticking to a sound plan that was made during much calmer market conditions.

No one can predict if we're about to be hit with another market crash, but there's no denying that we're experiencing above-average levels of volatility today. With that in mind, I've reviewed a top **TSX** tech stock that I'll seriously consider picking up shares of the next time the market crashes.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is not only one of the most talked-about companies in Canada, but in the U.S. as well. Share price growth of more than 3,000% over the past five years can do that. However, Shopify is not the only public company in North America to put up growth numbers like that over the past five years.

A major reason for all the hype surrounding this tech stock is the fact that the company continues to grow at an incredible rate, even as the Canadian company is nearing a market cap of \$150 billion. Already Canada's largest company, Shopify is coming off a quarter that saw [revenue growth of 96%](#) following a quarter that saw revenue growth of 97%.

The growth rate of the entire e-commerce industry is helping fuel the near 100% quarterly-growth that Shopify has put up in back-to-back quarters. You could even argue that the global pandemic has sped up that growth rate as the dependence on online shopping has only increased as a result of the COVID-19 virus.

Valuation is probably the main reason why investors might be bearish on Shopify stock. The company trades at a price-to-sales (P/S) ratio of 60, which means investors are expecting revenue growth to not slow down anytime soon. That's why even after the company reported revenue growth of 96% last week, the stock traded down close to 5% on the day earnings were released.

Foolish bottom line

That said, I don't think valuation alone is a reason to not invest in Shopify. This stock might [never be considered cheap](#) from a valuation perspective. A P/S ratio of 60 is definitely high, which is exactly why I'm adding this stock to my watch list today rather than adding more shares to my current position.

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1. Coronavirus
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4. Shopify
5. Shopify Stock
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TICKERS GLOBAL

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Date

2025/08/18

Date Created

2020/11/03

Author

ndobroruka

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