



## New Data: Shopify (TSX:SHOP) Stock Could Go on Steroids in December

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a millionaire-maker stock. Shares have risen nearly 40 times in value since 2015. A \$25,000 investment would now be worth a cool \$1 million.

But this story isn't done yet. This month, shares could go on steroids.

### The right time

When the COVID-19 crisis first began, consumer spending fell off a cliff. Any stock related to retail took a big hit. We now know that those fears were overdone, as consumer spending rebounded sharply within weeks.

Fast forward to the current holiday season, and digital spending appears to be reaching historic levels. Black Friday and Cyber Monday weekend sales exceeded \$5 billion, generated from more than one million Shopify-powered websites.

"In addition to this record-setting weekend, we saw holiday shopping start earlier than ever before, with daily total sales increasing 19 days before Cyber Monday, nearly two weeks earlier than previous years," [reported Business Wire](#). "In fact, in the week leading up to Cyber Monday, from November 23 through November 30, sales increased by 84% from 2019."

This is a fantastic sign for the stock. December is usually the best month for retailers, often by far. If the data suggests that we're on pace for a record year, Shopify could also be primed for a record season. This is impressive for a stock that has already doubled in value this year.

### Should you bet on Shopify stock?

When you look at the valuation, it's challenging to think this stock is a bargain.

Right now, Shopify shares trade at 53 times sales. That makes it one of the priciest stocks on the

market. In September, however, the stock traded above 60 times sales. The valuation has come down because underlying sales continue to rise at double-digit rates. Despite having a \$130 billion market cap, this company remains a high-growth story.

When judging whether to make an investment, I wouldn't look at the current multiple. I would look at how big the company could theoretically get and compare that to the current market cap.

Globally, e-commerce sales are well into the trillions. Shopify could feasibly triple in value *several times* before it runs out of steam. This will take years to play out, but the upside potential is inarguable. Value investors will be scared by the sky-high multiple, but patient investors know that rapid sales growth rates will make that multiple look cheap rather quickly.

"Companies are drawn to Shopify not just because of the platform's simplicity and accessibility, but also because it allows them to create a unique touch point and relationship with their customers," [wrote Forbes's Gulnaz Khusainova](#). "There is no 'Powered by Shopify' branding on a merchant's website. One can choose design of their online-shop and decide how to interact with customers."

The technology is adaptable to nearly every retail business on the planet. And with e-commerce sales picking up heavily due to coronavirus fears, there's still a long runway of growth ahead. There's a chance the stock could double again before 2020 is even finished, especially if holiday sales data continues to outpace expectations. Just don't forget to remain patient.

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