



## Is Shopify Stock Immune to Pandemic Impacts?

### Description

As a core pillar to getting this global pandemic under control, various coronavirus vaccines are here to save the day! That is, unless you're certain stocks like **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) that have benefited from this pandemic in so many ways.

The question some investors are now asking is: how durable are the gains companies like Shopify have made during the pandemic? A follow-up question might be: Can Shopify maintain its growth rate in a vaccinated, pandemic-free world?

### Secular shifts and trends remain strong

Right now, it appears the shift to e-commerce is not only here to stay, but may accelerate at a faster pace once the pandemic is over. There may be an initial itch to go out and do some "touch and feel" shopping for those shopaholics. Restaurants may once again be jammed to the brim. Bars and nightclubs (hello Vegas) will once again rise from the dead. This is to be expected. The question is, how will Shopify's customer base respond?

Shopify's stock has benefited greatly from this pandemic. The forced move for traditional bricks-and-mortar retailers to online stores has accelerated Shopify's earnings growth. While these trends are likely to continue long-term, there are some risks to this stock right now.

### Valuation absolutely insane

Trading at more than 70-times earnings, Shopify is the furthest thing from cheap right now. Investors are factoring in decades of growth that will beat the stock market by a massive margin. Of course, Shopify has yet to disappoint investors with its earnings releases. Investors set the bar ever higher, and Shopify exceeds expectations every time.

Some fund managers have called Shopify's valuation one of the highest in the universe. I have to agree on this point. While I do see the pathway to ridiculous long-term growth, if Shopify were to miss

expectations just a single time, we could see a lot of this valuation disappear overnight.

## Bottom line

Whether or not Shopify can continue to accelerate its growth long-term remains to be seen. Indeed, I do think the end of this pandemic could bring shoppers back to bricks-and-mortar locations, at least for a while.

That said, Shopify does have a number of avenues for growth that can be exploited moving forward. Shopify continues to build out its platform, finding additional revenue streams.

Until this stock is valued at a level that fundamental investors can understand, I'd recommend steering clear of Shopify right now. There are simply too many factors that can upend this stock's meteoric rise right now. Excellent growth at a much more reasonable price is available with many other technology stocks right now.

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1. Investing
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