



Shopify: A Great Canadian Growth Stock to Buy After Tech's Latest Slide

Description

Growth investors were dealt another [vicious sell-off](#) on Monday, with the growth-heavy **Nasdaq 100** plunging over 2.6% in a single trading session. The **S&P 500** and **TSX Index** were also dragged down by 1% and 0.6%, respectively, amid inflation jitters.

With rates remaining pretty stable at around 1.6%, this latest growth-driven sell-off definitely came as a surprise to some. Inflation jitters are still in the air, and they've overpowered some pretty [incredible earnings numbers](#) over these past few weeks. Like most other top-tier tech winners from 2020, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) blew away the numbers, but to no avail.

As tech and growth continue leading the downward charge, should investors look to go bargain hunting in their favourite Canadian tech stocks? Or are we still in the early innings of the correction that many pundits on TV have been calling for over the past several months?

Nobody knows if this market is going to roll over, as it did in the dot-com bust, or if this is another run-of-the-mill growth-driven correction.

In any case, it's a wise idea to start nibbling on some of the more battered Canadian tech stocks, especially those that recently posted stellar earnings results. The quarterly beats are real, but Mr. Market doesn't seem to care.

Growth stocks feeling the pain again: Look out below?

While there's no telling how much longer the growth and tech trade will sour or how much pain will be in the cards for growth-heavy investors, it's a mistake not to pick up any merchandise, some of which may have been forced out of the hands of beginner investors facing margin calls.

Margin debt is still high, and the speculative appetite is still a tad on the high side. So, if you have the dry powder, you should be cheering for a further sell-off, which is likely to bring forth many great bargains, the likes of which we may not have seen since the second quarter of 2020.

Without further ado, consider Shopify, one of my favourite Canadian growth plays that have been decimated in recent weeks.

Shopify cools off on the back of stellar earnings

Shopify stock is down 30% from its 52-week high at the time of writing. The company blew away the numbers for the first quarter, but management did caution that growth could slow down moving forward. Shares of the e-commerce kingpin popped immediately post-earnings before surrendering all of the gains and then some.

Today, the stock is back at \$1,300 and change at a critical support level. Even if the level doesn't hold, I think investors would be wise to punch their ticket into the name if they've been waiting patiently for an entry point over the past few months. Given Shopify's knack for delivering blowout surprises, I wouldn't at all be shocked if CEO Tobias Lütke and company were to pole vault over a now modestly lowered bar in late 2021.

Sure, Shopify's pandemic tailwinds are slated to fade over the next 18 months, but I think it's a mistake to discount the firm's ability to continue riding high. Now, Shopify stock could realistically get cut in half from here, as margin calls come flowing in. So, nibble your way into a full position in case the tech hangover drags into summer.

Foolish takeaway

This isn't the first time white-hot tech stocks like Shopify have stumbled en route to much higher levels. Every time they've fallen hard, they've proven to be great long-term buys on weakness.

With Shopify's target market still lightly penetrated, so the company could very well be still in the early innings of its growth story. This is just another rough patch induced by pressure in the broader tech scene. So, if you've been waiting on Shopify, as so many Canadians have been over the past year, now is not the time to be lowering the bar.

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