



Shopify Stock: 1 Top TSX E-Commerce Stock to Buy on Weakness

Description

There aren't that many e-commerce stocks on the TSX, but the ones on this side of the border are incredibly [dominant](#), and they should be atop the watchlist of Canadian investors going into the fourth quarter of 2021. Undoubtedly, many great Canadian e-commerce plays have attracted the attention of U.S. investors and traders over the past few years. Given the incredible gains lying behind them, it's tough not to!

Although past performance does not indicate what's to come, I still think that many young and venturesome investors have a lot to gain by buying high with the intention of selling higher. Remember, not all white-hot momentum stocks are bubbles that are bound for a 70-80% implosion. Today, valuations are a concern in specific parts of the market. Most notably, in cryptocurrencies, electric vehicles, meme stocks, SPACs, and recent IPOs.

Does a [correction](#) in such areas of froth mean that everything will be dragged down? Probably not. We've seen more than our fair share of rotating corrections this year. As rates steadily ascend towards the 2% mark once again, the most expensive stocks in this market could be due for a big plunge.

Broader growth weakness drags down Canada's top e-commerce stocks

At the same time, stocks with growth stories that justify their premium multiples may be among the first to bounce back from such a plunge. And after the past few weeks of selling pressure, I think that some of the dominant e-commerce plays are worth picking up. Now, I have no idea if there will be more pain going into October, another seasonally weak month for markets. Rather, I think now is as good a time to top up a top-performing e-commerce stock on recent weakness if you're already in it. And if you're not, now may be a great time to get a bit of skin in the game, as the e-commerce secular trend is likely to overpower this near-term volatility.

It's not going to be pain-free by buying e-commerce firms like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), as negative momentum builds and shares roll over into year-end. But for young investors, I'd argue that

now represents an opportune moment to begin averaging down.

Shopify stock: One of the best e-commerce plays to buy on dips

Shopify is just one of few e-commerce firms that was able to bring the fight to **Amazon.com**. In the small- and medium-sized business (SMB) space, Shopify stock is a king among men. And the incredible multi-bagger gains behind it show just the magnitude of the opportunity at hand. Despite posting quarter after quarter of blowout top-line growth, the firm is unlikely to sustain a slowdown anytime soon. Yes, it's a bigger company, but that doesn't necessarily mean the end of impressive double-digit revenue growth. If anything, it could mean sustained profits are closer in sight, as revenues continue to swell to record levels.

The SMB corner of e-commerce is profoundly large, leaving much growth to be had. Still, Shopify will need to fend off increasing competition, and I think it can under CEO Tobias Lütke, one of the brightest tech minds in Canada. After a 18% fall off all-time highs, I think now is a great time to start nibbling. It's not too often you get a dominant company that's been punished so severely through mostly exogenous macroeconomic concerns.

Historically, it's proven to be smart to buy Shopify stock on plunges in excess of 10%. I think this time will be no different. Even if the selloff drags shares over 30% off the bottom, cash-overweight dip buyers should rejoice as the name tends to recover quite quickly after such excessive declines.

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