



Why Shopify Stock Fell 5% Today

Description

What happened?

The shares of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) fell by more than 5% Tuesday morning, taking its year-to-date losses to more than 24%. By comparison, the main Canadian market index has risen by 1.5% in 2022 so far. At the time of writing, [SHOP stock was trading](#) near its eight-month low at \$1,317 per share.

So what?

Earlier this morning, Shopify [announced](#) its partnership with the Chinese e-commerce giant **JD.com** ([NASDAQ:JD](#)) in a push to its global-expansion strategy. With this, Shopify merchants would now be able to list their products on JD.com's global e-commerce platform JD Worldwide to sell in China.

Simply put, the Shopify-JD.com partnership would open doors to the world's largest e-commerce market for merchants on Shopify's platform. In its latest press release, the Canadian e-commerce giant highlighted JD's massive market reach with over 550 million active customers in China. Here are some of the key points to note about this partnership:

- Shopify merchants could start selling their products in China "as quickly as three to four weeks."
- JD's warehouses in the United States would provide end-to-end logistics to Shopify merchants to fulfill their orders from China.
- Shopify merchants will be provided an intelligent translation service of their product names and description to list their products for China.

Overall, this news is positive, as this partnership would help Shopify expand its business faster. However, the ongoing selloff in [tech stocks](#) continued to pressurize SHOP stock today, taking it down by more than 5%. Notably, the tech-heavy **NASDAQ Composite** fell by nearly 2% Tuesday morning.

Now what?

SHOP stock has been one of the most sought-after stocks since its listing on the TSX in 2015. The COVID-19-driven restrictions on physical stores massively accelerated its financial growth in 2020, which continued in the first half of 2021 as well. This is one of the reasons why Shopify stock surged by 178% in 2020. However, its sales growth rate has dropped in the last couple of quarters. But this drop shouldn't be surprising to investors, as the company itself was expecting a decline in its financial growth in the post-pandemic era.

The latest Shopify-JD.com partnership clearly reflects how the Canadian e-commerce giant is striving to aggressively expand its business globally. This is one of the factors that make SHOP stock worth buying on the dip.

CATEGORY

1. Investing
2. Tech Stocks

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

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