



## Tech Meltdown: Has Shopify Stock Bottomed Out?

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has been under pressure for the last couple of months amid the ongoing [tech meltdown](#). After posting its all-time high near \$2,229 on November 19, the stock has seen about 41% value erosion. On January 18, SHOP stock plunged to its lowest level in more than six months, even after releasing a piece of positive news related to its international market expansion. Before we discuss whether Shopify stock has bottomed out, let's take a closer look at some recent related developments.

### Shopify stock falls, despite positive developments

Looking at the recent downside trend in Shopify stock, most investors would try to look for company-specific negative news that triggered this selloff. In reality, there haven't been any significant negative development or any major change in its growth outlook during this period. In contrast, the company has shared several positive developments lately, which highlight management's consistent focus on business growth acceleration.

To give you an example, Shopify [announced](#) its partnership with the Chinese e-commerce giant **JD.com** on January 18. This partnership would simply make it easier for the Canadian e-commerce company's merchants to sell their products in China — the world's largest e-commerce market. Shopify merchants would be able to utilize JD's U.S.-based warehouses and logistics facilities to fulfill their orders for customers in China. The partnership is also expected to significantly reduce the time for the U.S. brands to start selling their products in China to around three to four weeks.

Overall, this partnership could attract more U.S.-based merchants towards its platform who want to expand their international market reach, in my opinion. That's why it could help Shopify report solid growth in its merchant count in the coming years, leading to stronger growth in its total sales.

While the normal market condition, such positive news could trigger a rally in Shopify stock. However, the stock [dived by 5% on Tuesday](#) instead — mainly due to the ongoing [tech sector](#) meltdown.

## Has SHOP stock bottomed out?

In 2021, [SHOP stock rose](#) by 21%, posting its lowest yearly gains since its listing on the TSX in 2015. Interestingly, the stock delivered an outstanding 661% positive returns previously in 2019 and 2020 combined.

Currently, the ongoing tech sector selloff is mainly driven by investors' rising expectations about a tighter monetary policy in the U.S. to keep inflation in check. In such a market condition, even a minor negative trigger could accelerate the downside correction in high-growth stocks like Shopify. That's one of the reasons why it's extremely difficult to predict at the moment whether SHOP stock has already bottomed out.

## Is Shopify stock worth buying today?

Considering the risks involved due to the ongoing tech sector crash, investors with a small risk appetite may want to avoid buying Shopify stock today. Nonetheless, you should definitely keep a close eye on any sign of a positive reversal in it to buy this amazing tech stock at a big bargain. Given its consistently improving growth outlook and huge growth potential of the e-commerce industry, SHOP stock has the potential to yield outstanding returns for long-term investors.

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1. Investing
2. Tech Stocks

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2. TSX:SHOP (Shopify Inc.)

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