



## Why Shopify Stock Plunged 10% Friday

### Description

### What happened?

Shopify's ([TSX:SHOP](#))([NYSE:SHOP](#)) stock price plunged by about 10% on Friday, taking it in the red territory for the fourth consecutive session. At the time of writing, SHOP stock was trading at \$1,158 per share at its lowest level in more than a year. Today's big selloff also extended its year-to-date losses to well more than 30% against 2.5% losses in the TSX Composite Index.

### So what?

If you've been following SHOP stock or the [tech sector](#) in general lately, you might already be aware of the ongoing [pullback in tech stocks](#). The recent selloff has affected high-flying tech stocks with lofty valuation multiples the most. That's why today's sharp losses in Shopify stock shouldn't come as a big surprise to most investors.

That said, some popular Street analysts seem to be turning less optimistic about the stock lately. For example, Deutsche Bank cut its target price on Shopify stock to \$1,400 per share from its earlier target of \$1,650 per share. This could be one of the reasons prompting investors to cut their position in SHOP stock today — intensifying its selloff further.

Investors also seem to be cutting their exposure to risk on Friday ahead of the next week's key U.S. Federal Open Market Committee meeting, taking tech stocks across North America downward today.

### Now what?

It's important to note that today's heavy [losses in SHOP stock](#) came just a few days after the company [announced](#) its partnership with the Chinese e-commerce giant **JD.com**. The partnership would make it easier for Shopify merchants to sell their products in China. That's why I consider this move to help the Canadian e-commerce company expand its merchant base in the coming years, giving a further boost

to its sales growth.

Despite all these positive factors, I still won't recommend buying Shopify stock right away, as the ongoing tech selloff could help you get a better bargain in the near term.

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1. Investing
2. Tech Stocks

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2. TSX:SHOP (Shopify Inc.)

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