



Why Shopify Stock Climbed 12% Last Week

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock showed some minor signs of life last week, which may already be bleeding over into this week, as January comes to a close. The e-commerce stock announced its next quarterly results will come out on Feb. 16. Investors soon started showing the love, after a series of announcement and a tech crash brought Shopify stock to value territory.

What happened?

Yes, I do mean value territory, and analysts tend to agree. Shopify stock started climbing back last week after two Wall Street analysts weighed in on the recent price drop. Each believed the e-commerce stock would outperform the industry. Furthermore, they increased their price targets both for US\$1,200. That would represent a [potential](#) upside of 29% as of writing on the U.S. market.

As for Canada, analysts continue to weigh in on what they feel is a huge opportunity for investors. The last quarter, many state, was actually quite strong, despite the [tech crash](#). And the reports flooding in will create a catalyst for buying — especially Shopify stock.

So what?

The main thing here is that tech companies are coming out with their reports *before* Shopify stock. **Lightspeed Commerce** reports this week. Should it have a strong report, investors may actually see Shopify climb as well.

Technology stocks were stripped down to the bone in the beginning of 2022 during the recent tech crash. Now in some cases, this was warranted. But for Shopify stock? Not likely. A correction may have been needed, true. But to bring it down a full \$1,000 and more was certainly not what analysts had in mind.

Now, that the United States Federal Reserve will be increasing interest rates in the near future, investors have a more confident outlook on the next year. Long-term investors in particular are keeping

their eyes on a good deal, but don't want to lose a lot in the process. That's why today's share price of about \$1,200 is now such a steal.

Now what?

Shopify stock has a consensus target price of about \$2,000 as of writing. That's a potential upside of 67% as of writing. Analysts continue to believe the company will outperform, and estimates continue to be beat by the e-commerce company. Last earnings, the company doubled analyst estimates. This quarter, analysts predict earnings of \$1.25 per share.

While there has been negative commentary on funding its Shopify Fulfillment network, plus developers lashing out at algorithm changes, long-term investors should still love this stock. Shopify stock provides a solid future, as it continues to expand and collect merchants along the way. It now has Chief Executive Officer Tobias "Tobi" Lütke on the board of **Coinbase Global**, so investors may get some cryptocurrency news coming their way soon.

Shopify is now up 3,317% since coming on the market in 2015. It trades at a fair 34.41 times earnings, yet it trades at a 37 relative strength index. This is *just* shy of oversold territory. There seem to be endless opportunities for growth from Shopify stock. And while we still may see some hiccoughs in the near term, [long term](#), this is a stock you'll want to buy and hold forever.

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