



Shopify (TSX:SHOP) Down 48.51% in 2022: Buy it Now?

Description

To say that **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has had a less-than-ideal start to 2022 would be an understatement. The broad tech sector selloff has sustained for several months, resulting in a significant pullback in the tech giant's performance on the **TSX**. The release of Shopify's fourth-quarter earnings report for fiscal 2021 resulted in even worse news.

Shopify stock declined by a massive 16% in one day of trading after the company released its Q4 2021 and full-year earnings report. Things have not improved since then for the ecommerce giant. At writing, Shopify stock is down by 48.51% year to date. All the pandemic-fueled gains posted by the tech company appear to have been erased.

Is Shopify stock an [undervalued stock](#) that you should buy right now, or should you avoid it at all costs?

Today, I will discuss the situation with Shopify stock to help you determine whether it might be worth adding to your portfolio at its current levels.

Rising rates and shrinking growth rate

Shopify stock has been growing as a company regardless of its performance on the stock market. Inflation rates have been rising at alarming rates for several months, and that has added the risk of interest rate hikes that could impact investor returns. Growth stocks are an area for many investors to avoid due to the volatile conditions.

The conditions impacting the broader market are seeping into Shopify stock's performance as well. One of the top growth stocks on the TSX, Shopify has managed to provide two- or three-fold returns to its investors in a matter of a few quarters. As such, it should not be a surprise to see it shed such a significant portion of its value in a similar timeframe.

Shopify stock went through a significant boom with the onset of COVID-19, accelerating the surge in demand for its services. The normalization of the global health crisis was bound to slow down the

company's [meteoric growth](#). Its growth appears to be slowing down to more reasonable levels.

Foolish takeaway

What could make Shopify stock a value opportunity, despite the e-commerce giant's growth slowing down and its declining performance on the stock market? That would be the performance and growth potential of the underlying business itself.

The Canadian e-commerce giant is well on its way to widening its moat in the industry, as it continues to expand its geographical presence. Shopify is already the second-largest e-commerce company south of the border, and it has its fingers in various international markets.

Shopify's addressable market is growing alongside its expansion. Analysts tracking the company expect its revenue to rise by 31% to reach the US\$7.71 billion mark this year and hit US\$10.30 billion by 2023.

At writing, Shopify stock is down by over 62% from its all-time high valuation. It could be a value opportunity for growth-seeking investors at these [discounted levels](#).

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamohtman
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/07/20

Date Created

2022/02/27

Author

adamothonman

default watermark

default watermark