



Why Shopify Stock Popped 14% on Wednesday

Description

What happened?

The shares of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) turned positive on Wednesday, staging a sharp recovery after consistently falling for the previous six sessions. The **TSX**-listed SHOP stock jumped by nearly 14% on Wednesday after losing about 25% of its value in the previous six days. Despite yesterday's sharp gains, Shopify stock is still trading with 57% year-to-date losses at \$754 per share against a 1.3% rise in the TSX Composite gauge in 2022 so far.

So what?

In the last couple of weeks, tech stocks have seen a massive fall, as the recent [Russian invasion of Ukraine](#) continued to hurt investors' sentiments. Wednesday's sharp recovery in Shopify stock came a day after it announced a temporary suspension of its operations in Russia and Belarus. In a press release, the Canadian e-commerce giant also [said](#) that it "will not collect fees from our Ukrainian merchants and partners" for the foreseeable future while calling the ongoing war in Ukraine a "profound tragedy."

Although this news is unlikely to be the main reason for a sharp recovery in Shopify stock, yesterday's tech sector-wide recovery amid easing commodity prices seemingly pushed its stock higher.

Now what?

Even after a recent steep recovery in Shopify stock, it continues to be the worst-performing TSX stock this year. March is the fourth month it's witnessing big losses after SHOP stock started plunging in December last year due to a tech sector-wide selloff. In January 2022, investors rising fears about inflationary pressures and speculations about monetary policy tightening intensified the tech meltdown further. That's why Shopify Stock ended January with nearly 30% losses to start the new year on a strong bearish note.

Nonetheless, the ongoing trend in Shopify's financials looks impressive, as the company continues to post strong revenue and earnings growth. In 2021, the Ottawa-based company reported a 57% jump in its total revenue, and its adjusted earnings jumped by 61% from a year ago. While its sales growth might slow down a bit this year, you could expect Shopify to continue reporting strong double-digit top-line growth this year, as the demand for its easy-to-use e-commerce platform remains strong. These positive factors could help Shopify stock recover fast in the coming months.

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