



Why Shopify Stock Soared 23% This Week

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) shares started to come back from the brink of disaster this week, with Shopify stock climbing 23% in the last seven days.

What happened?

It seems investor sentiment finally started to change this week surrounding Shopify stock. But it really wasn't based on any new news coming from the company itself. Instead, it seems that after [hitting lows](#) of \$654, shares started to climb upwards. As of writing, shares are trading at about \$850.

Even as analysts cut back their targets, it's finally clear that those targets are still well above where Shopify stock sits. Even now, with shares in the \$850s, most analysts give it a potential target price of about \$1,200 based on TipRanks.com.

So what?

The same reason to buy Shopify stock before remains true today. The company continues to grow steadily. Sure, analysts cut back their potential prices back in February due to a few factors. There was the drop in the tech sector, the invasion of Ukraine, and supply chain disruptions to name a few. But the biggest catalyst was the earnings report.

Shopify stock reported a fourth quarter in February showing 57% growth for the full-year to US\$4.6 billion, with adjusted net income at US\$814.4 million. Sales came in at \$1.38 billion for the fourth quarter alone, up 41% year over year.

After reporting earnings that showed growth in the double instead of triple digits, analysts believed they saw the beginning of the end of stellar growth for the company. Not only did share prices become lower, but so did EBITDA forecasts. This is despite Shopify stock coming above earnings expectations. Instead, the company's focus on its rollout of the Shopify Fulfillment Network and its two-day delivery goal seem like a lot of future investment to handle.

Now what?

There you have it. Growth continues, and shares are climbing, but the question will be, by how much? Shares haven't seen this much growth from Shopify stock in a week since December of last year. Even then, shares fell back once more, and that was when they traded around \$1,800 per share, not \$850.

It looks like what it may come down to is another earnings report. Shopify stock won't be announcing one of those until around May, so investors will have to take a wait-and-see approach before they buy up this stock in bulk and hope for the best. That being said, [long-term investors](#) may still want to jump on this opportunity while it lasts. Shopify is clearly looking long-term, with shorter delivery times, an expanded fulfillment network, payments methods, and more all creating a strong operation.

Still, expect some lower growth as the company continues to expand, as nothing at those heights lasts forever. As Shopify stock president Harley Finkelstein said, "We are emerging from the sprint of these last two years."

Shopify stock is up 2.6% on Friday as of writing and 21% in the last seven days. It's trading at \$850 per share.

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Author

alegatewolf

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