



Why Shopify Stock Dived 35% in April 2022

Description

What happened?

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock just posted its worst monthly losses ever in April 2022, as it tanked by 35% against a 5.2% drop in the **TSX Composite Index** during the month. TSX-listed SHOP's price has now plunged below \$550 per share — its lowest level since April 2020. With its huge 68% year-to-date losses, it continues to be the worst-performing TSX stock in 2022.

So what?

If you've been following the stock market lately, you might already be aware of the ongoing tech sector-wide crash. In the last few months, this massive selloff has affected 2020's and 2021's high-flying tech stocks the most, including Shopify. This sector-wide selloff is one of the key reasons why Shopify's home market peers like **Lightspeed Commerce** and **BlackBerry** have also seen 44% and 38% value erosion in 2022 so far, respectively.

Notably, several factors like growing expectations of aggressive monetary policy moves in the U.S. and Canada to control inflation and continued supply chain disruptions took a big toll on tech investors' sentiments last month. In addition, the new COVID-related restrictions in China have also triggered fears about global economic slowdown, leading to a broader market selloff and pressurizing tech stocks further.

On April 11, Shopify [informed](#) investors "that its board approved a proposed 10-for-1 stock split," while also proposing some other key changes to its governance structure. With these moves, the Canadian e-commerce giant intends to make Shopify stock's "ownership more accessible to all investors" and design its governance structure to support continued long-term growth goals. While this news briefly helped SHOP stock recover, the intensifying tech sector selloff soon erased all these gains.

Another factor that could be responsible for Shopify stock's big losses lately could be analysts' and investors' low expectations from its upcoming quarterly results, which are scheduled to be released on

May 5.

Now what?

Clearly, [Shopify stock](#) has been one of the biggest victims of the recent tech rout. While the Canadian tech company sales growth rate has declined in the post-pandemic era (in line with the company's expectations), the recent massive crash in SHOP stock still has made it look really cheap for the long term, as its long-term growth outlook remains solid with increasing demand for its commerce solutions. Given that, if you're a long-term investor who's looking to buy a fundamentally strong high-growth stock, you could consider buying Shopify stock at a big bargain right now.

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