



Forget Bitcoin: Shopify Is a Growth Stock That Could Correct Upwards

Description

Forget about **Bitcoin** ([CRYPTO:BTC](#)) and cryptocurrencies for a moment. While they've enriched many in their 2020-21 ascent, it's clear that the correlation with equities seems to be off the table when the going gets tough.

Thus far in 2022, the going has gotten pretty rough, with the S&P 500 falling into [bear market](#) territory before bouncing back modestly. Indeed, the 20% drop from peak to trough marked the third bear market since 2018. Undoubtedly, investors have had to endure quite a tough ride over the past four years. And there's no telling when the bloodbath in the broader equity markets will end as we head into summer and closer to more Fed rate hikes.

Undoubtedly, the Fed has sounded more hawkish with every meeting. They're taking the fight against inflation seriously. But that's a good thing for investors. Why? The Fed knows that finding a proper balance between rate hikes and sustaining the economy is going to be hard. They're not being complacent this time around by noting problems are transitory in nature.

Instead, they're acknowledging the wider range of potential outcomes. And the best that they can do is be transparent. It's this transparency and acknowledgment that things could get ugly that could rip the band-aid off the stock market.

The case for buying as markets fight the Fed

Though there's been a lot of damage dealt, it's hard to tell when things will reverse. As the last bulls turn into bears, we may finally get a bounce. And it's the hard-hit speculative growth stocks that shed over 70% of their value that could have the most room to run.

As for Bitcoin, I'd look for the digital asset to fall into a cyclical downswing should interest continue drying up as we look to avert a recession. At this juncture, a recession seems hard to avoid. We've witnessed weak earnings, analyst downgrades, and, most recently, workforce layoffs in response to plunging share prices.

The outlook is not looking too great. And as the consumer tightens the purse strings, I'd not look to speculate in securities that have no intrinsic value. Bitcoin is an asset that's only worth as much as someone else is willing to pay. So, unless you're willing to play the Game of Greater Fools (based on the Greater Fool Theory), chasing Bitcoin and its like on the dip may be a money-losing proposition.

Shopify stock: A buy as e-commerce stocks nosedive?

Currently, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) strikes me as a better buy than Bitcoin. The e-commerce darling has fallen on hard times, but the business is continuing to innovate. Though retail has been horrid of late, it's important to remember that the bad times will not last forever. The bull market that rose out of the depths of 2020 may be dead, but a new one will be born once the bear goes back into his cave. When the consumer picks up again, it's names like Shopify that could be given the biggest jolt.

Though a recession has not yet arrived, the stock market is already bracing itself for a rocky couple of quarters. Once the recession actually arrives is when the stock could begin to start trending higher again, as better-than-feared results cause investors to breathe a sigh of relief.

The stock market is forward-looking, and when the near future looks grim, it may be time to be a buyer of the firms while expectations fall to the floor.

The bottom line

Between Bitcoin and Shopify stock, I'd have to go with the latter every day of the week. Yes, growth is out of favour, but Shopify is making moves to better itself. Come the next expansionary cycle, Shopify will likely be back to its old ways.

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