



Shopify Stock: Why it's the Best Canadian Growth Stock You Can Buy for Your Retirement

Description

Shares of **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) have seen a massive value erosion in 2022 so far. SHOP stock currently trades with well over 70% year-to-date losses at \$42.06 per share, despite witnessing a minor recovery in July. Several macro-level concerns like high inflationary pressures, continued supply chain disruptions, heightened geopolitical tensions, and rapidly rising interest rates have caused a [tech](#) meltdown this year. Nonetheless, it could probably be a once-in-a-lifetime opportunity for long-term investors to buy an amazing high-growth stock at such a big bargain.

In my opinion, SHOP stock even has the potential to single-handedly make your dream retirement come true if you act now. Before I explain how, let's take a closer look at Shopify's recent stock price movement.

Shopify's stock price movement

After getting listed on the **Toronto Stock Exchange** and the **New York Stock Exchange** in May 2015, Shopify has consistently pleased its investors by yielding outstanding returns on their investments.

To give you a rough idea, at the end of 2020, SHOP stock was up by 3,937% from its year-end closing level in 2015. It simply means if you invested \$15,000 in the stock at the end of 2015, your invested money would have turned into roughly \$605,612 by the end of 2020.

In 2021, however, Shopify stock registered its weakest yearly returns ever, as it rose by only 21.2%. And now, in the ongoing year, the stock has lost nearly 75% of its value. Let's find out what's hurting it.

Is Shopify's slowing sales growth concerning?

In 2020, when the global pandemic-related restrictions on physical activity started affecting business operations across the globe, the demand for Shopify's e-commerce solutions surged sharply. With this, the Canadian tech company registered an outstanding 85.6% YoY (year-over-year) growth in its total

revenue that year to US\$2.9 billion. With this, the tech company also posted an outstanding 1,227% YoY growth in its adjusted earnings to \$0.40 per share. During the year, Shopify's management kept on warning investors that the pandemic-driven sudden surge in demand for its services might not sustain forever. And this is exactly what happened the next year.

As the pandemic-related restrictions started easing in 2021, Shopify's sales growth slowed a bit, but the company still managed to post a solid 57% YoY increase in its sales for the year. Its ability to sustain year-over-year sales growth even in 2021, when pandemic-related restrictions were easing, was a big achievement, in my opinion. Then came 2022, when investors suddenly became worried about several macro factors that I've mentioned above, including high inflation, which raised the possibility of an increase in interest rates. This was the starting point for the tech meltdown, which has erased nearly 75% of SHOP stock this year so far.

But the growth story is not yet over

Despite its terrible performance on the Bay Street this year, Shopify stock continues to be one of the most attractive tech stocks in Canada to buy now. The company's management continues investing in new innovations and attractive services. For example, SHOP recently [released](#) more than a hundred products for the next era of commerce, including Tokengated commerce, **Twitter** Shopping, and Local Inventory on Google. Such continued innovations are likely to make its platform more appealing to merchants across the globe and help it sustain strong sales growth in the coming years. Moreover, the long-term growth outlook for digital commerce remains strong.

Given all these positive factors, Shopify stock looks massively [undervalued](#) right now and has the potential to make millions for you in the long run.

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