



Shopify Stock Rose 15% in November: Is it a Buy Today?

Description

Shopify ([TSX:SHOP](#)) saw some positive movement for the first time in quite a while in November. The tech stock finally saw upward movement of 14% in just one month. However, it remains down 69% year to date.

So, the question is, with this positive movement today, is Shopify stock finally a buy?

The first jump

There were two catalysts for a jump from Shopify stock in the last month. Coming off of strong earnings at the start of the month, mid-November saw another rise in Shopify stock. The stock jumped 25% due to Wall Street analysts stating the company was due for a rally, as the market looked like it may be finally recovering.

The news came as the U.S. Bureau of Labor Statistics released its monthly report on wholesale prices, with inflation coming in lower than expected, rising 8% from the year before. This ease in inflation showed analysts that perhaps the worse is now over, and [tech stocks](#) like Shopify stock would soon see an investment.

The second jump

The second reason that Shopify stock came from its major growth during Black Friday to Cyber Monday. Despite inflation rising, the company cutting costs, interest rates on the rise and other bad news, the company *still* saw growth. In fact, from Black Friday to Cyber Monday the company brought in US\$7.5 billion merchant sales for the one weekend, blowing last year out of the water.

The growth was a 19% increase year over year from the US\$6.3 billion brought in last year. Peak sales were also up from US\$3.1 million to US\$3.5 million per minute, with consumers spending an average US\$102.10 per order.

Surprised?

This improvement is remarkable given the lower interest in Shopify stock this year. Analysts worried how the stock would fare during a recession and downturn, and they had every right to worry. After all, executives admitted the company expanded too much, too soon and had to make major layoffs and cuts throughout the year.

But it looks like with these record-breaking results Shopify stock could be back on track. That's what shares would suggest, with this second jump marking a 15% rise in the last month alone. And now the company cannot be ignored, with analysts beginning to weigh in and raising price targets — especially as the company comes off strong earnings — and with this record-breaking performance suggesting an even stronger next quarter.

Bottom line

So, if Shopify stock a buy? Right now, shares are still down 69%. Do I think that means it's going to rise by that much in the future? No, I really don't. The stock was overvalued and that was clear. However, with the company getting back on track, there is a real chance that the stock could soar to a solid potential target price of \$75 per share. That would create a potential upside of 36% as of writing.

While we're not out of the woods yet, remember that investments shouldn't be made with the thought of sales in the near future. Shopify stock has a strong future ahead of it, operating in 175 countries and growing stronger through acquisitions and major partnerships. So, I would certainly buy with the attitude that this stock could provide you with strong growth that [lasts a lifetime](#).

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