



Will Shopify's Stock Price Soar in 2023?

Description

The massive drop in technology stocks last year could give way to a rebound this year, as more companies work to safeguard their profitability, and the Fed's clamps down its rate-hike spree. That's according to Wedbush Securities, and a growing number of analysts, who believe that 2023 could be a much better year for companies like **Shopify** ([TSX:SHOP](#)).

Beaten down by this current macro environment, Shopify stock has been a real underperformer in 2022. While the overall [growth](#)-heavy NASDAQ index sunk by more than 30%, Shopify stock plunged more than 70%, greatly outpacing the market.

The good news for those bullish on Shopify is that this is a company that also tends to outperform on the way up. We saw this during the most recent bull market, and we could see this gain. Let's dive into whether such a surge could be on the horizon right now.

Why is Shopify getting investors' attention?

Shopify is anticipated to report breakeven earnings per share for the current quarter. Shopify's most recent reported quarter showed revenue of \$1.37 billion, an increase of 21.6% year over year. Shopify has twice outperformed consensus earnings-per-share forecasts over the past four quarters. Over this time, the company beat consensus revenue projections twice.

The company recorded a massive surge in transaction volumes this previous Black Friday/Cyber Monday, bringing in \$7.5 billion. The company also launched its highly anticipated POS Go last year. This offline payment device is one that many bullish on Shopify believes could make the e-commerce-focused company more diversified in the brick-and-mortar space.

Another key update for Shopify is the company's partnership with toymaker **Mattel** to allow businesses to integrate various tools and services into their online platforms.

Bottom line

Shopify stock certainly has the potential to outperform in 2023. Should the company hit its numbers and provide investors with a fundamental reason to own this stock, it's one of the few growth companies that could make waves this year. That is, if the aforementioned catalysts play out how many think they will.

For now, this is a stock that looks poised to provide volatility. Thus, this is a company that investors should really consider in line with their investment objectives. Things like capital needs, time horizon, and risk tolerance all need to be considered. For those more defensively oriented, this may not be the best pick right now — it can fall as fast as it can climb.

That said, 2023 could certainly provide the kinds of returns Shopify investors are used to. Those willing to brush off 2022 and look forward have plenty to be excited about.

CATEGORY

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