



Shopify Stock: Here's What's Coming in 2023

Description

Shares of **Shopify** ([TSX:SHOP](#)) have started the new year with optimism, as signs of cooling inflationary pressures in the United States have led to a renewed buying in high-growth stocks. SHOP stock has risen 10.8% to \$52.09 per share in the first two weeks of 2023, taking its [market capitalization](#) to \$65.6 billion. By comparison, the **TSX Composite Index** has seen 5% gains during these two weeks. Before looking at expectations from Shopify stock in 2023 and beyond, let's quickly review how the stock fared in recent years and what key factors affected its movement.

Why SHOP stock crashed in 2022

Shopify has been one of the most attractive high-growth stocks for Canadian investors since its listing on the [Toronto Stock Exchange](#) and the New York Stock Exchange in 2015 due mainly to its robust business model, strong [fundamentals](#), and impressive future growth prospects. While the Canadian e-commerce giant is yet to announce its full-year 2022 results, its total revenue rose 585% in four years between 2017 and 2021. More importantly, its adjusted earnings jumped by a solid 3,906% from just US\$0.02 per share in 2017 to US\$0.64 per share in 2021. That's why SHOP stock rocketed 2,919% in these four years.

However, Shopify stock became Canada's worst-performing [large-cap](#) tech stock last year, as it dived by 73% in 2022. Macroeconomic challenges like high inflation and rapidly rising interest rates triggered a [market crash](#) at the start of 2022. Besides that, gradually subsiding coronavirus-driven demand for its e-commerce services started haunting its investors, intensifying the selloff in SHOP stock further.

What to expect from Shopify stock in 2023

Despite all the challenges it faced in 2022, Shopify continues to maintain strong, double-digit top-line growth. In the latest reported quarter ended in September, its total revenue rose 21.6% YoY (year over year) to US\$1.37 billion, as the demand for its services remained stable. Street analysts expect the company's double-digit YoY revenue growth to remain intact in 2023, despite economic uncertainties and improve further in 2024.

Also, Shopify continues to focus on long-term growth initiatives. For example, in June 2022, the company announced more than 100 product releases to make its digital commerce offerings more attractive. The continued strength in Shopify's business model can also be seen by the fact that merchants on its platform set a new sales record on 2022's Black Friday and Cyber Monday weekend with US\$7.5 billion in sales.

In the first week of January 2023, Shopify unveiled Commerce Components, which will allow large retailers to utilize its composable stack. In addition, the Canadian e-commerce company [informed](#) investors that the American toy and entertainment giant **Mattel** is going to "bring its entire portfolio of brands to Shopify using Commerce Components." I expect these efforts to help Shopify accelerate its financial growth in the coming years, which should help SHOP stock soar.

Bottom line

Although macroeconomic uncertainties and the possibility of a moderate recession could keep Shopify stock volatile in the short term, it still looks extremely attractive for long-term investors at the current market price due mainly to its strong future growth prospects.

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