Shopify's Hyper Bubble Put In Perspective

Jun. 24, 2020 10:08 PM ET | 133 comments | 26 Likes | About: Shopify Inc. (SHOP), Includes: AMZN

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Long/short equity, Growth, momentum, long-term horizon
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Summary

- In the last eight trading days, on no meaningful news, Shopify's market cap has increased by 22.7%, or roughly $20 billion. This is 12.7x their FY19 revenue, 11.5x TTM.
- Net loss of $125 million in FY19 from $1.58 billion in revenue with losses increasing since IPO at an average of 66% per year.
- Growth of 45% is nothing to balk at, but it's far lower than the 100% FY15 or the 72% FY17, declining an average 17.2% per year since IPO.
- Eighth highest sales multiple of any large cap in the market, easily taking the number one spot for those making $1 billion or more in revenue.
- No FAANG stock has ever exceeded 43x, which is where Amazon peaked for a single day on January 11, 1999, before the dot-com bubble burst.

Depot

Symbol	Price	Change
ACN	214.48	6.26%
CHTR	512.21	0.83%
SHOP	904.20	0.80%
FB	235.47	0.62%
AAPL	361.31	0.35%
AMZN	2,733.08	-0.05%
CHD	76.15	-0.13%
GOOGL	1,430.13	-0.18%
NVO	66.39	-0.21%
VRNT	42.88	-0.31%
DG	189.71	-1.12%
GILD	74.82	-1.46%
BABA	222.23	-1.76%

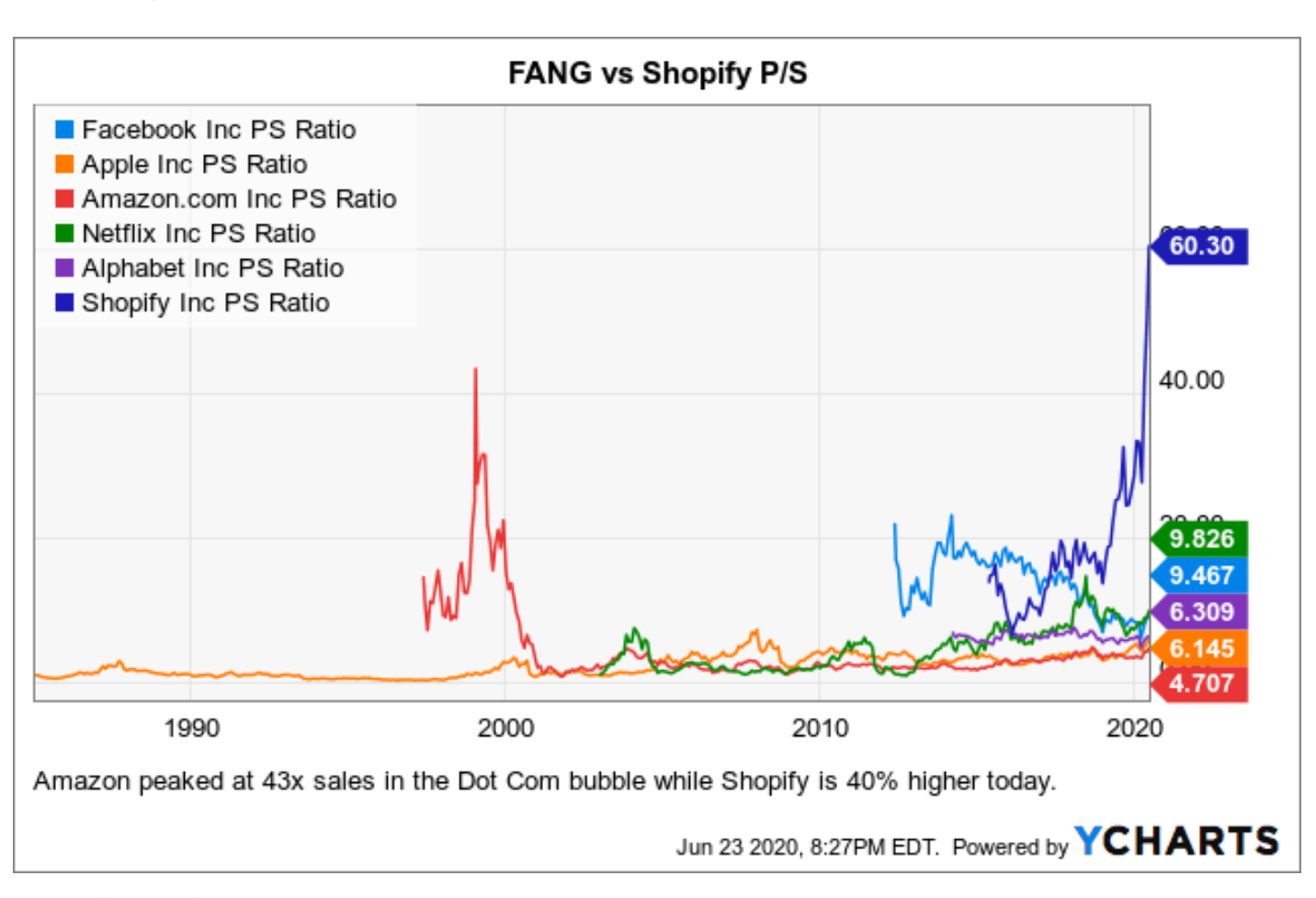
Expand Portfolio

The Bubble

Shopify (NASDAQ:SHOP) is undoubtedly in a bubble, a massive one that far exceeds a good number of those from the dot-com era. Since my last article, Shopify's Road To $200, the stock has risen an incredible 22.3% and added more than $100 to its share price. What makes this so incredible is that it was published just over a week ago and there's been no fundamental news during that time. They have been fairly consistently adding many times their FY19 revenue to their market cap, on a daily basis, since. With this article I hope to provide some context on just how unprecedented a bubble this is.

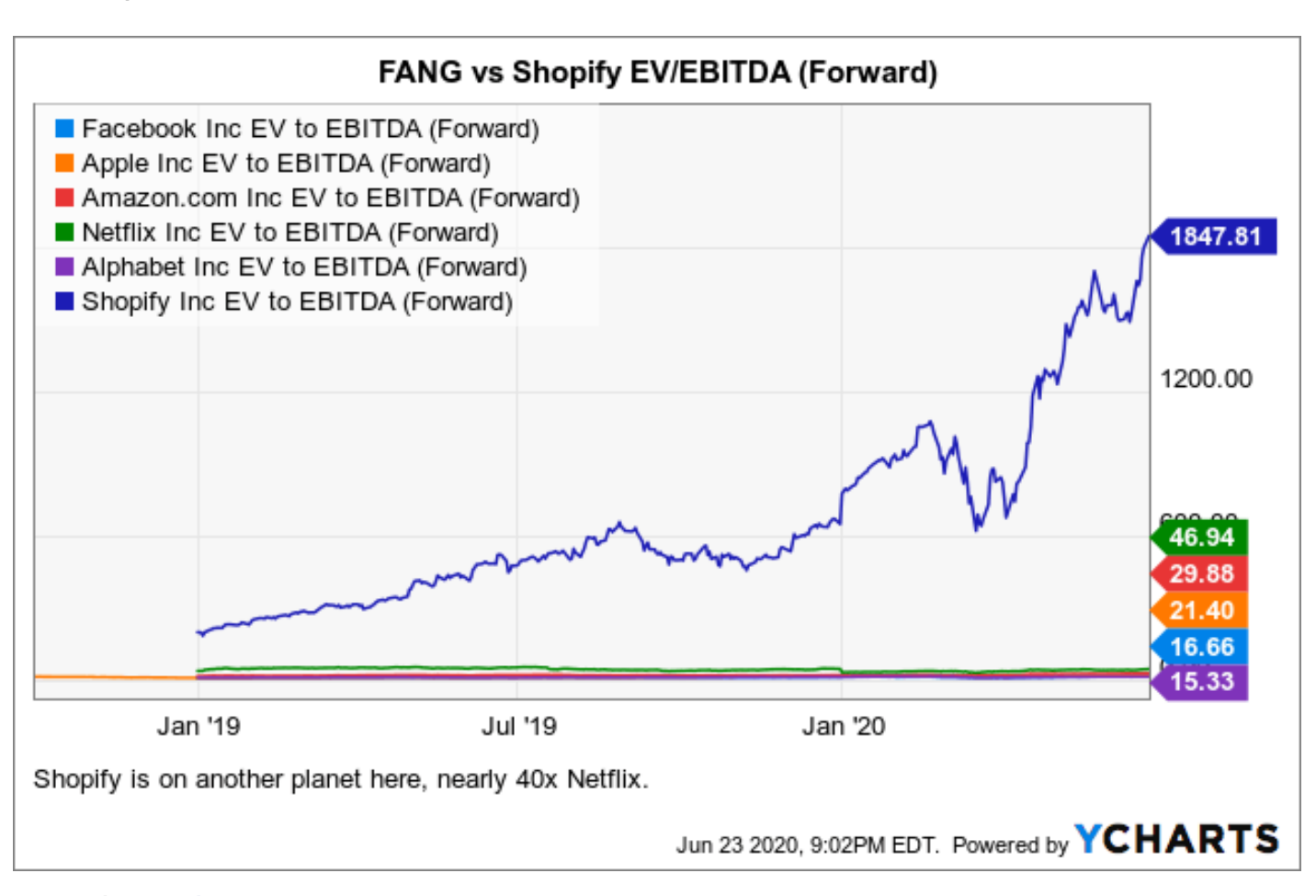
Shopify Vs. FAANG

While these are all very different companies and in very different situations, it's not uncommon for bulls to suggest Shopify belongs in FAANG and I've lost count how many times I've been told it's the next Amazon (NASDAQ:AMZN). My last article got into more detail about why this isn't the case, namely that Shopify isn't even a retailer to start with, but it's pretty widely acknowledged that FAANG has some of the best growth and returns in the market. So, with that said, let's look at a few different metrics.



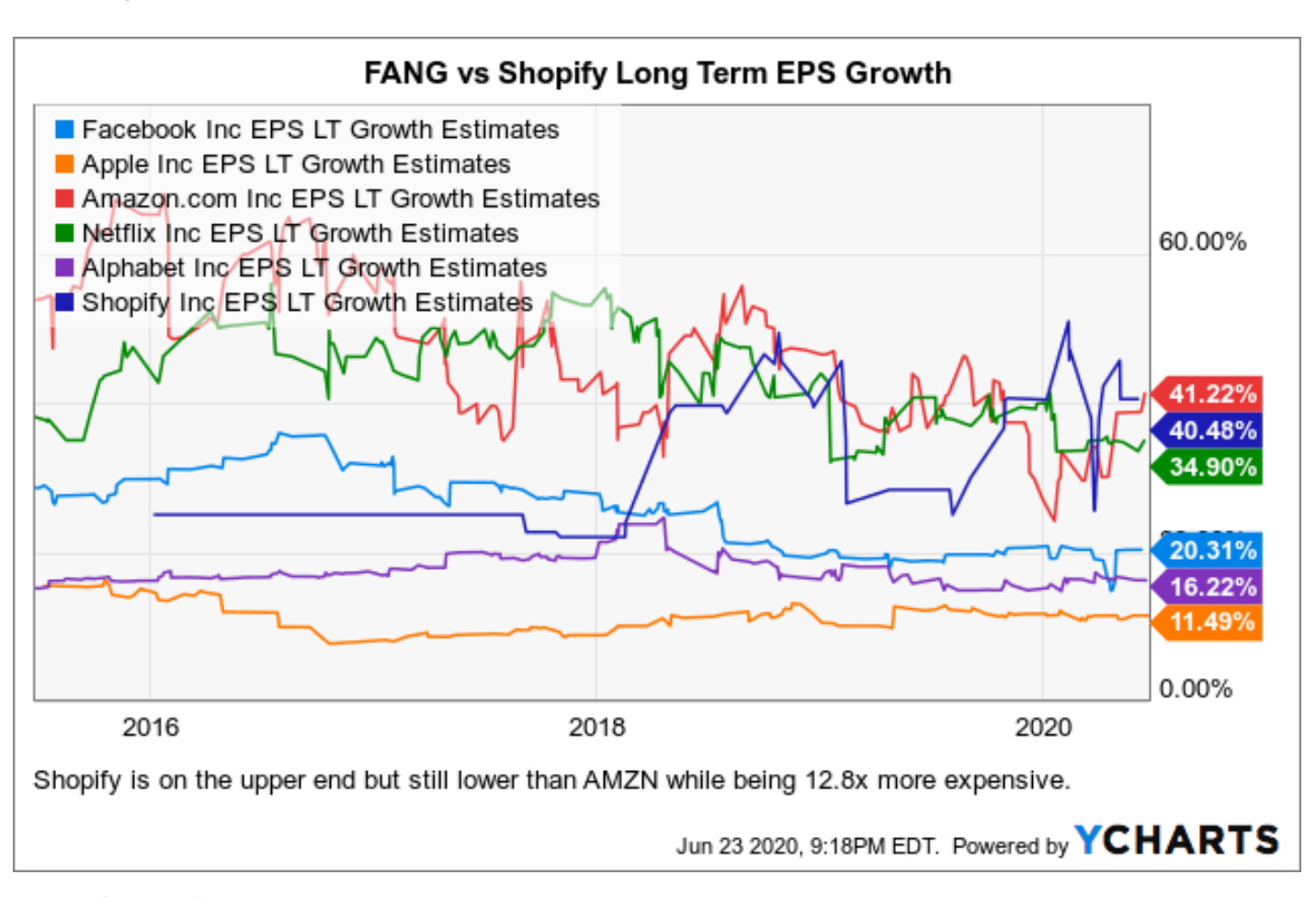
Amazon peaked at 43x sales in the Dot Com bubble while Shopify is 40% higher today.

Data by YCharts



Shopify is on another planet here, nearly 40x Netflix.

Data by YCharts



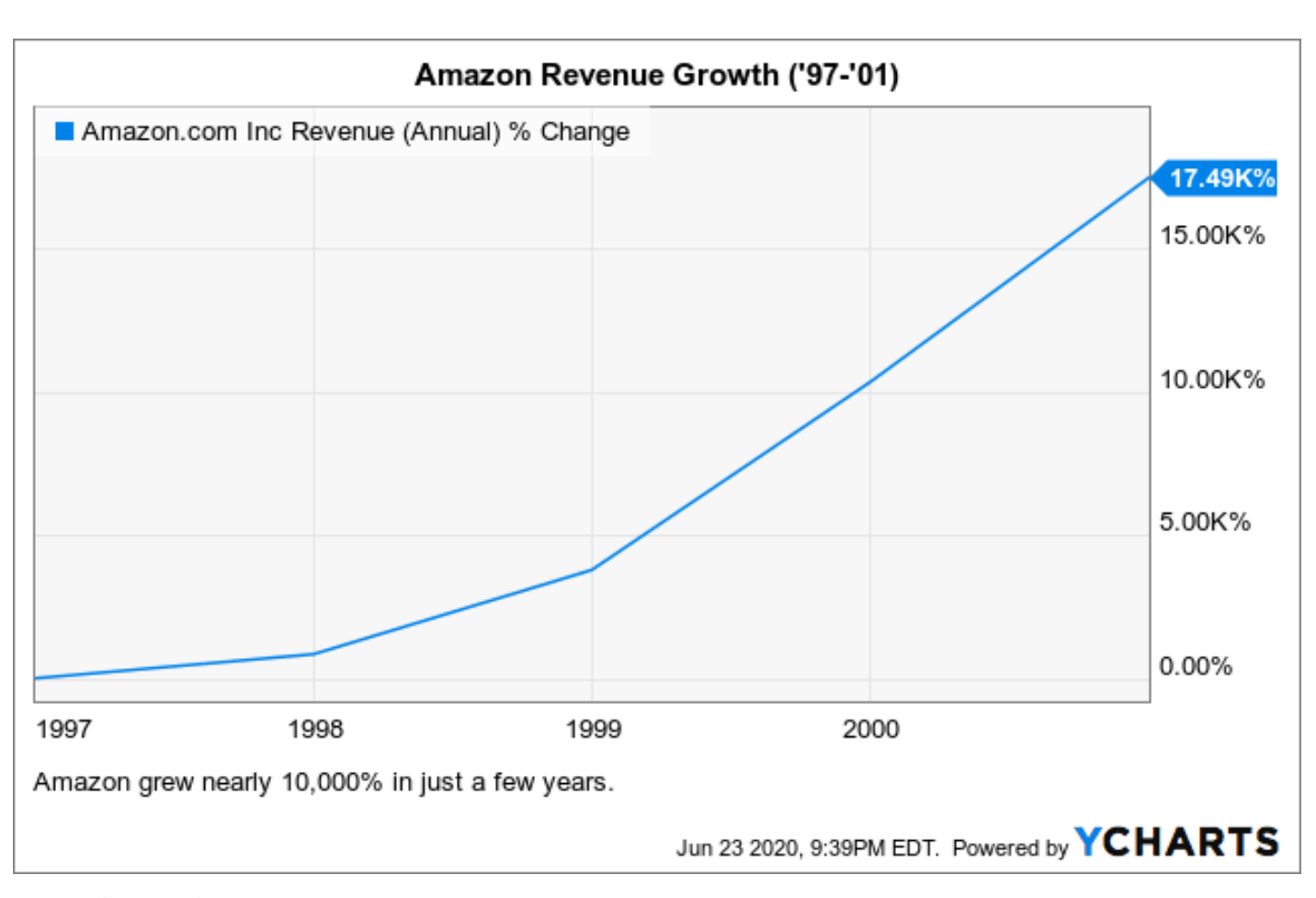
Shopify is on the upper end but still lower than AMZN while being 12.8x more expensive.

Data by YCharts

It's fairly clear that Shopify is on another planet in terms of valuation, and also that it hardly seems justified. They're currently second place in terms of long-term projected EPS growth, still 1.83% behind Amazon while being 12.8x more expensive. You want the lowest number possible for EV/EBITDA and Shopify is completely off the charts, 40x higher than Netflix (NASDAQ:NFLX) in second place. Looking at P/S not a single FAANG stock has ever been anywhere near the level of Shopify. Amazon came the closest at 43x, but this was during the dot-com bubble and quite literally only lasted a single day. Between IPO and the bubble bursting, that was the only day they reached 40x P/S or higher. Apple, even in 2008 with the massive hype surrounding the initial release of the iPhone, never even reached 6x, roughly 10% of what Shopify is today.

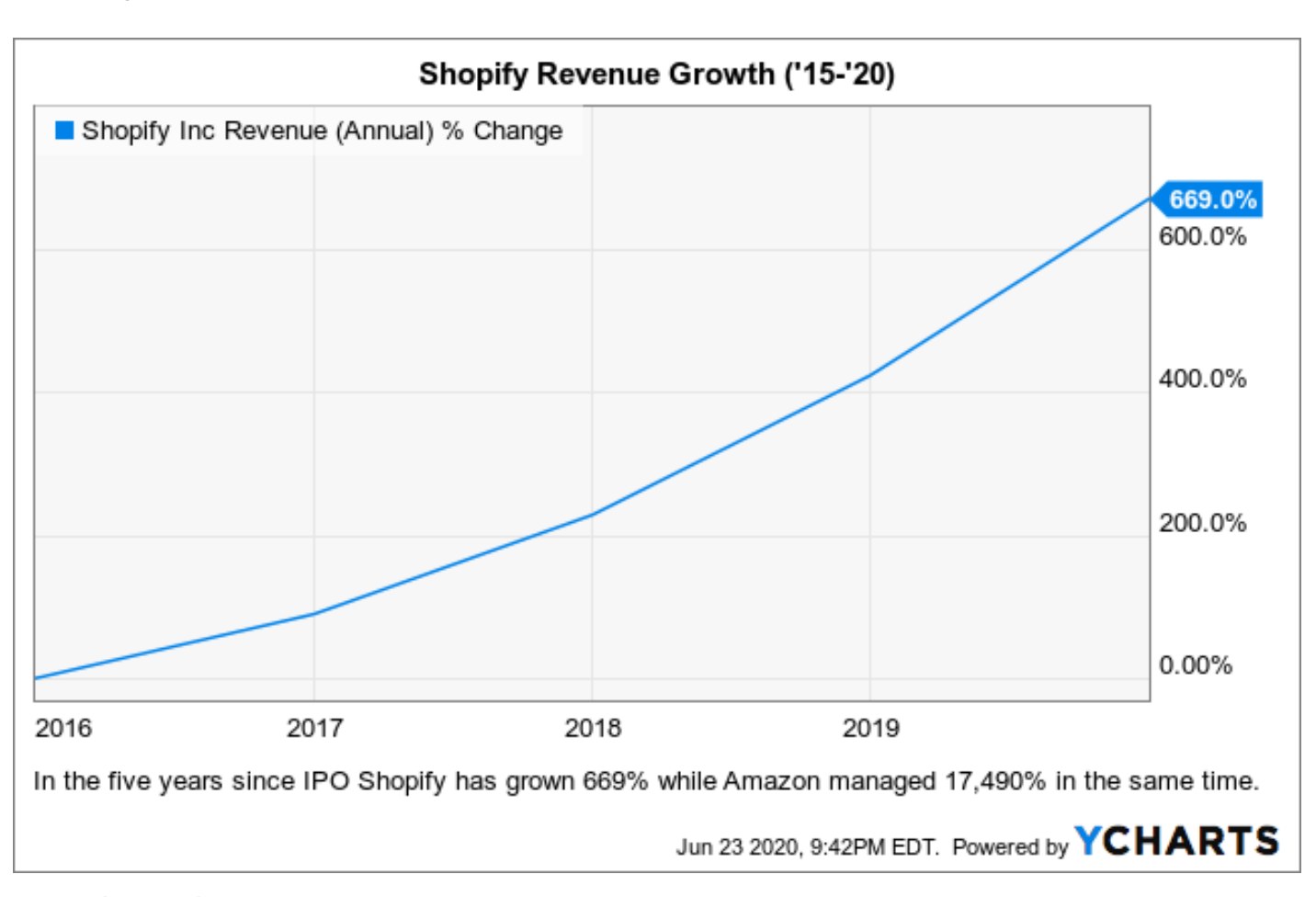
Amazon's Dot-Com Bubble

Amazon is just about the best imaginable company to benefit from the dot-com bubble. Not only did they have a website with lots of traffic (clicks drove value more than earnings) but they were going to take over retail! The euphoria during this period in general cannot be overstated, and Amazon had a far better story than most to benefit from the said euphoria. Even with all that, and during the most well-known tech bubble in history, one in which we can all universally agree was a bubble, Amazon still only managed to break 40x sales for a single day while Shopify has been comfortably sitting above 60x. Now let's take a look at revenue growth for Amazon from IPO in '97 to after the bubble had burst in '01, as compared to Shopify's growth since IPO below it.



Amazon grew nearly 10,000% in just a few years.

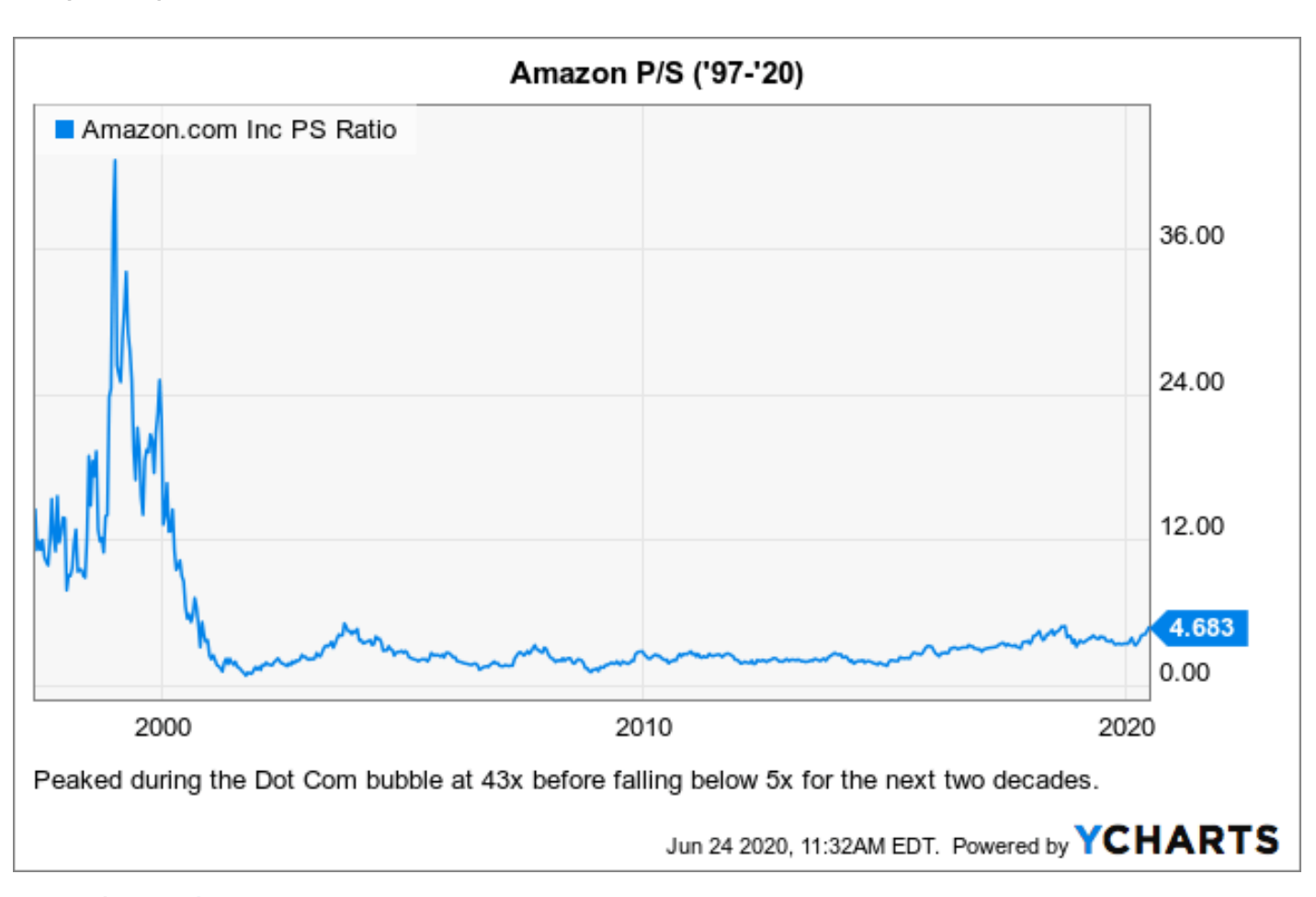
Data by YCharts



In the five years since IPO Shopify has grown 669% while Amazon managed 17,490% in the same time.

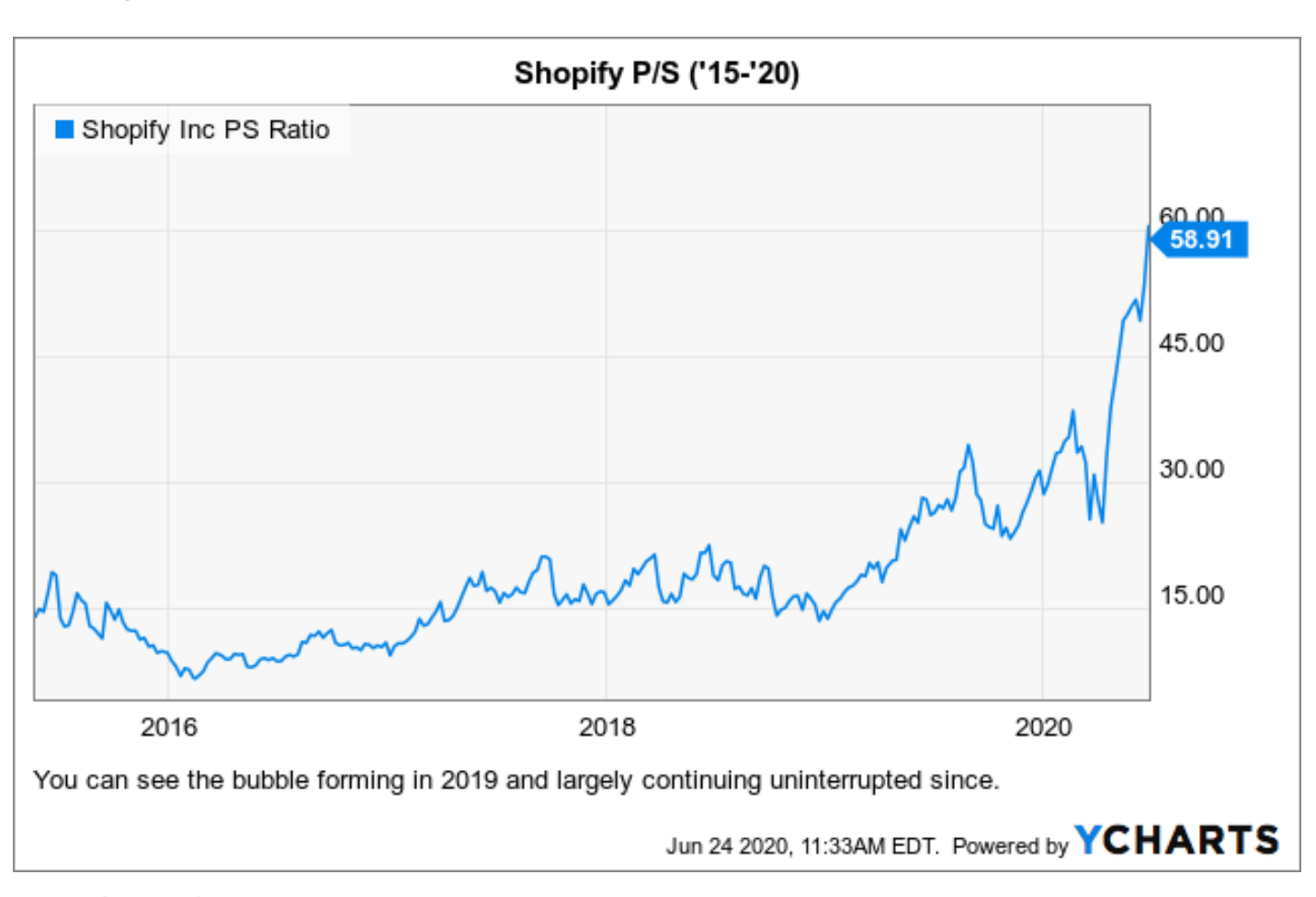
Data by YCharts

As you can see here, Amazon was growing more than 26x the rate of Shopify in their respective 5 years after IPO. Despite this significantly better growth and during one of the most well-known tech bubbles in modern history, Amazon still only managed to reach 70% of the sales multiple given to Shopify. Within one year of the bubble bursting, the P/S fell below 1x and has remained between ~2x and ~5x for the two decades since. Below you can see both Amazon and Shopify P/S since IPO, their respective bubbles are very easy to spot.



Peaked during the Dot Com bubble at 43x before falling below 5x for the next two decades.

Data by YCharts

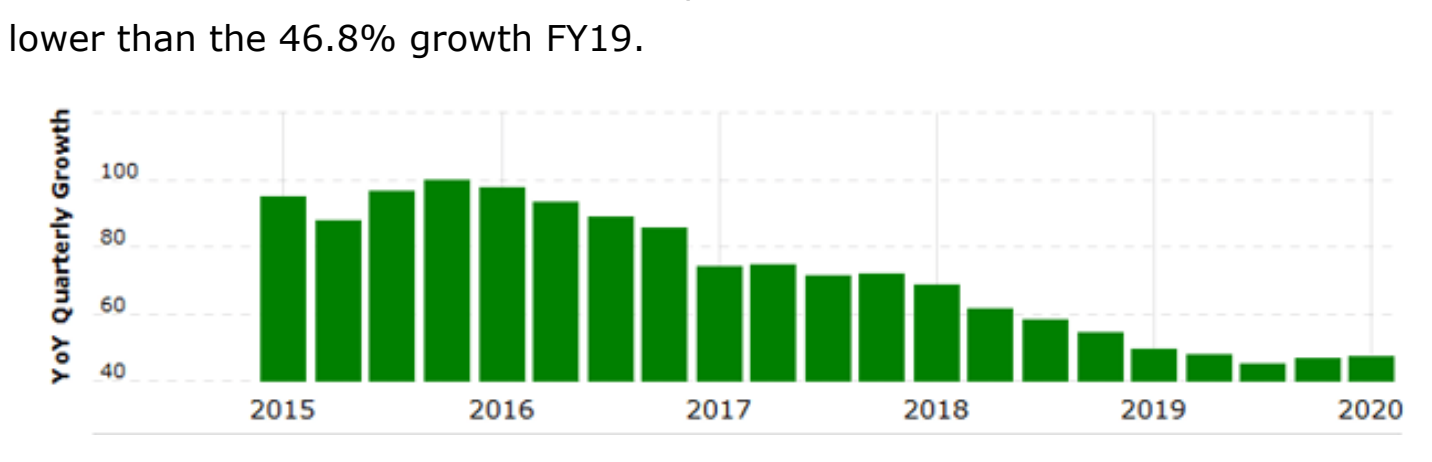


You can see the bubble forming in 2019 and largely continuing uninterrupted since.

Data by YCharts

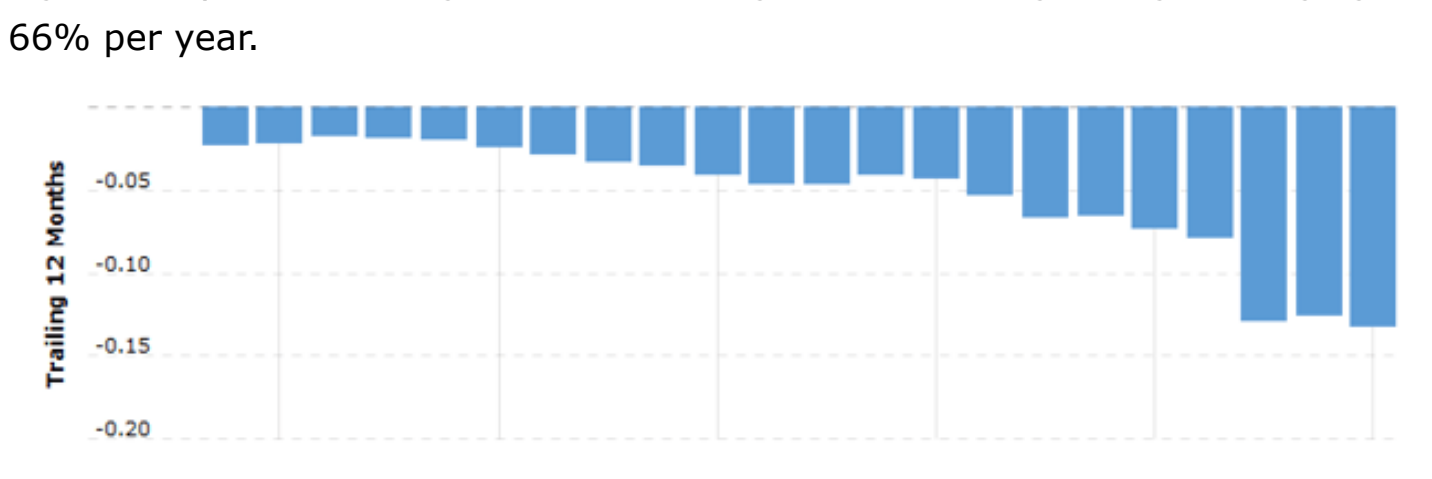
Declining Growth

While Shopify continues to have a phenomenal growth rate of ~45%, it's significantly lower than the ~100% rate they had in FY15 or the ~70% they had in FY17. Growth has been declining fairly consistently by an average of 17.2% per year, and guidance had initially called for an even larger drop in revenue growth this year before they pulled it in 20Q1. Guidance was initially $2.13 billion to $2.16 billion, which represents a ~36% increase YoY or ~23% lower than the 46.8% growth FY19.



Increasing Losses

Similar to their declining growth numbers, losses have been increasing at a fairly consistent rate since IPO. Unfortunately, the losses are increasing significantly faster than growth is declining or revenue is growing, averaging 66% per year.



Projections

In my last article, sourced earlier, I extrapolated Shopify's projected revenue out to FY25. The first extrapolation was based on their 17.2% decline in growth, the second one was a "bullish" extrapolation which lowered the decline all the way to 10%. The last one is exclusive to this article and assumes a CAGR of 35% indefinitely, which is of course completely unsustainable and far better than their historical results.

Historical (-17.7% YoY)	**Revenue**	**Sales Growth**
FY19	$1.57 billion	46.80%
FY20	$2.18 billion	38.75%
FY21	$2.88 billion	32.08%
FY22	$3.65 billion	26.56%
FY23	$4.42 billion	21.04%
FY24	$5.10 billion	15.52%
FY25	$5.61 billion	10.00%

Bullish (-10% YoY)	**Revenue**	**Sales Growth**
FY19	$1.57 billion	46.80%
FY20	$2.23 billion	42.12%
FY21	$3.07 billion	37.91%
FY22	$4.12 billion	34.12%
FY23	$5.38 billion	30.71%
FY24	$6.87 billion	27.64%
FY25	$8.58 billion	24.88%

Perfection (35% Constant)	**Revenue**	**Sales Growth**
FY19	$1.57 billion	35.0%
FY20	$2.12 billion	35.0%
FY21	$2.86 billion	35.0%
FY22	$3.86 billion	35.0%
FY23	$5.21 billion	35.0%
FY24	$7.03 billion	35.0%
FY25	$9.49 billion	35.0%

The final extrapolation, using a 35% constant growth rate indefinitely, will still only achieve $9.49 billion by FY25. Assuming both outstanding shares and share price remain the same by FY25 it would still be trading at 11.3x sales by then. This is still 15% higher than Netflix, the most expensive FAANG stock by sales today. Taking it even further, an indefinite 35% CAGR would not achieve the first $100 billion until FY34, finally putting it at ~1x sales after more than 14 years.

Of course, this extrapolation is extraordinarily unlikely as it would require them to not only end their consistently declining growth but then maintain that growth rate for another five years out. Given that guidance had already called for a 23% decline in growth FY20, down to 36%, more than their 17.2% historical average, it's incredibly unrealistic and overly optimistic to expect them to maintain a long-term growth rate of 35%.

Shopify's Week

As previously mentioned, Shopify has flown off the charts in just the last week, adding roughly 13x more to their market cap than their entire FY19 revenue. What's stranger is that there wasn't any fundamentally meaningful news to support it. So what were the catalysts that led to this bubble growing even larger?

- Monday, Piper Sandler lifted Shopify to "overweight", suggesting revenue was poised to quadruple to $12 billion by 2025. To remind you, it added nearly double that 2025 revenue projection to its market cap just five days later.
- Thursday, RBC raised their price target to $1,000, hilariously (and in my view unethically) suggesting a company with $1.58 billion FY19 revenue is worth $120 billion, more than 75 years of trailing sales.
- Friday showed a collaboration with BlackBerry (NYSE:BB) to develop a contact tracing app for Canada. Of course, it was really developed by the government with input from Shopify and a security audit by BlackBerry. In any case, as of writing this, they've added several billion to their market cap today alone.

Does any of this news justify adding ~13x FY19 revenue to their market cap in just a week? On a near daily basis Shopify is adding 1-2x FY19 revenue almost without exception. Of course, to be fair, they are in such a bubble at this point that a minute ~1.5% move represents more than their FY19 revenue.

Conclusion

Shopify is beyond a hyper bubble, there are few other stocks that have ever reached anywhere near it, including anything in FAANG. Any long-term holders should be very cautious at these prices, it will very likely drop between 50% and 80% within the next six months just as Amazon did after the dot-com bubble burst. They are trading at more than 60 years of trailing revenue, have only seen one (barely) profitable quarter, growth declining and losses increasing since IPO. On Friday alone, in a single day, they added more to their market capitalization than they generated in total revenue in FY19. In the last week alone they've added ~13x their FY19 revenue, more than $20 billion in value added with $1.58 billion in revenue.

Disclosure: I am/we are short SHOP. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it. I have no business relationship with any company whose stock is mentioned in this article.

Will SHOP slide in the next 2 weeks?
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Tony Montana Munich
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stevem1
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morning...

11:00am est...
day's going to be tough.. Given Amzn isn't playing, Shop can easily wind up down 40 today.

trade at your own peril!

and no.. I'm not short... Although.. I think as I age.. I am shrinking a bit... and my hops are long gone!!! a 10 year old could block my shot now!!

peace out

25 Jun 2020, 11:04 AM

Like 0 Reply

sirtradealot
Comments (36) | + Follow

Totally agree that this is a massive bubble. Another similarity with the dot-com era is that back then, the internet stocks would jump 20-30% in a few days based on the announcement of some new "partnership" with a major company. This happens with SHOP all the time when they announced the agreement with Walmart, FB, etc. Do people really think that a single partnership is going to triple SHOP's revenue overnight? Well that's the amount of market cap they're adding on these announcements. In reality the vast majority of these types of announcements are nothing more than hype. They either never actually materialize or they end up being cancelled after a year or so. But there's never any press release when a partnership ends, it just goes away. So there's no downside for a company to announce these types of arrangements. They get a nice pop in their stock price and no one ever follows up to see if the partnership actually benefited the company. This is exactly like the dot-com bubble with stocks trading on nothing but hopes and dreams and empty press releases. In the end folks, valuation does matter. When you buy a stock you're becoming an owner in the business. Would you pay $100B for a company with $2B in sales and losing money?

25 Jun 2020, 10:42 AM

Like 0 Reply

stevem1
Comments (17) | + Follow

@sirtradealot -- umm I'm going to agree.. and seriously disagree!!!

When you buy stock you're becoming an owner in the business!!! For the vast majority of tech stocks, this is utter garbage!! Even in the best of companies, the stock you own might give you some shareholders rights.. to vote on certain items at shareholder meetings!! In the worst of companies (cough Snap/FB/Google) you don't even get that due to multi class/tiers of stocks.

If you want to be a "partial" owner, you want dividends.. tech companies doing this are few/far between! (msoft/appl - i think..)

Most stocks being traded have 0.. repeat 0 worth!!.. you dont even get the old stock certificates! The value of thee trade is what you agree on as buyer/seller. There's no tie in to the company, or the underlying assets of the company.

If you really want to tie yourself to the underlying assets, go into the bond market. At least there, you become part of the process to be able to claim some of the subordinated debt in the event of a company blowout!

As to your point on "Partnerships"... you are sooooooo on point!!.. A lot of "Partnership" is really nothing more than fluff, with no real substance regarding the deal.

peace out!

25 Jun 2020, 11:02 AM

Like 0 Reply

shcst13
Comments (29) | + Follow

@Oracle Of Alpha I really enjoyed your article. And I 100% agree with you in your analysis. But the problem is that simply shorting SHOP is not generating alpha. As a matter of fact, the whole setup of the stock market for people to long not short makes shorting SHOP even harder. How do you maintain increasing margin requirement while the stock price keeps getting higher? You don't unless you have infinite amount of money. In fact, I got burned shorting each and every one of FAANGs in the past. Is there any meaningful way to generate alpha by shorting SHOP without deploying some derivatives such as options? In other words, I am still searching a way to short bubble stocks like SHOP, W, BYND, PTON, CVNA and .... without getting burned.

25 Jun 2020, 10:41 AM

Like 0 Reply

Think Long Term
Contributor
Comments (782) | + Follow

This downdraft on this thing is going to be massive, I mean it can easily lose half its value in less than a day its so over valued. I can't believe people are actually holding this thinking its going higher....just incredible the ignorance out there right now.

25 Jun 2020, 09:49 AM

Like 1 Reply

Rainer-63
Comments (735) | + Follow

To lose 50% of value they should have lost great part of their market while it's gaining market share every day. That growth deserves a great premium.

25 Jun 2020, 10:20 AM

Like 0 Reply

jvini
Comments (6) | + Follow

Can you tell us how much you've lost shorting this stock? Just looking for objective opinions here and I imagine this run up has been very painful. Could you tell us how you did after the next earnings release?

25 Jun 2020, 08:54 AM

Like 4 Reply

stinky29
Comments (7) | + Follow

I doubt he will be that forthcoming. The "Road to $200" is paved with broken dreams.

25 Jun 2020, 10:06 AM

Like 2 Reply

Tall Seller
Comments (7917) | + Follow

It can never be objective when it ignores all the real indicators from 3 FAANG, a bunch of other Big Tech related to e-commerce and Shopify themself who ALL SAY e-commerce is SURGING due to COVID.

25 Jun 2020, 11:13 AM

Like 0 Reply

coolfx35
Comments (25) | + Follow

You never know the size the bubble until it pops. we all learned it in 2000.

25 Jun 2020, 08:46 AM

Like 2 Reply

gianpaj
Comments (1) | + Follow

Another catastrophy that can happen is that Shopify gets hacked and, being a single point of failure for millions of websites, their customers credit cards get stolen

25 Jun 2020, 08:16 AM

Like 1 Reply

Rainer-63
Comments (735) | + Follow

Is it possible that you find every possible disaster linked to Shop?! Try once to think positive, should help to live.

25 Jun 2020, 10:22 AM

Like 0 Reply

bobcajun55
Comments (86) | + Follow

analyze all you want, none if it really applies, the stock market is divorced from the economy, valuation for SHOP is based on what the company will be in the future, not Amazon, but something better than Amazon which means people don't want to miss out buying now at a price that will look so cheap in a couple of years. these might be the same people that missed the big Amazon gains. you snooze you lose.

25 Jun 2020, 07:52 AM

Like 5 Reply

fm.dividend
Comments (146) | + Follow

This.

25 Jun 2020, 08:34 AM

Like 0 Reply

LeBrok
PREMIUM
Comments (30) | + Follow

@bobcajun55
This is exactly what people were saying in 2000 about Amazon and others. But market didn't care about their theses and Amazon price got deflated from 100 bucks to 4 bucks in 2 years. Lessen was that market doesn't think that long in advance but about trends and supply and velocity of money, also roughly Fallow's economic cycles. I didn't know that back than. I bought in at the hype of 2000 and liquidated my portfolio at 2002. Market is a cruel teacher.

25 Jun 2020, 09:51 AM

Like 1 Reply

bobcajun55
Comments (86) | + Follow

yeah but back then no one knew what ecommerce was or would be. Amazon was just another dot com feather in the wind. we know better now.

25 Jun 2020, 10:07 AM

Like 0 Reply

264
Comments (67) | + Follow

No news right! RBC issues a 1000.00 price target while you continue to write negative articles that are so far off the mark that you can't wait 30 days to write another one. Nothing against the author here but a broken clock is right twice a day. In regards to shorting this stock price one would have to be crazy knowing that Shopify has such a tiny float. Past experience has shown that those individuals have gotten stepped on like a bug.

25 Jun 2020, 07:47 AM

Like 5 Reply

The Sublime Porte
PRO
Comments (152) | + Follow

I bought some long term puts on this when it hit 830 a few weeks ago, thought there was little chance this stock could get any more extended in terms of valuation. I was wrong.

25 Jun 2020, 07:13 AM

Like 2 Reply

valdr
Comments (763) | + Follow

Good write up. The only question I have would be around true valuation for SHOP. You say the stock could crash 50 to 80 % but there is no explanation how you arrive at these numbers other than the comparison to the AMZN sales multiple.
SHOP was a good stock for me to hold the last two years, but I did get nervous about the valuation. I may miss so of the run, but have booked my alpha for sure.

25 Jun 2020, 06:42 AM

Like 0 Reply

henry133
Comments (35) | + Follow

and there I was thinking that SHOP price was in a bubble. Hyper Bubble more properly describes it.

I am sure Shopify will be a good company to own in time, but the valuation now is insane

25 Jun 2020, 05:25 AM

Like 2 Reply

Entreri
Comments (1229) | + Follow

Most definitely Shopify will crash massively, only a matter of when not if.

We Canadians love our massive bubbles.

25 Jun 2020, 05:25 AM

Like 3 Reply

Tall Seller
Comments (7917) | + Follow

Check out this video for Founder or Shopify merchant Gymshark (https://www.gymshark.com) went from $0 sales to $300,000,000 in 2019 from using Shopify's omnichannel/multichannel direct-to-consumer REVOLUTION: (https://youtu.be/3vgQEUJfANA), by selling through their MILLIONS of followers on Instagram, YouTube, Twitter, Facebook, TikTok, LinkedIn, ETC..

Here are some of the channels they use, with Shopify being the agnostic hub between all such channels for them:
- 4,600,000 followers on Instagram (instagram.com/...)
- 1,800,000 followers Facebook (www.facebook.com/...)
- 257,000 followers on Twitter (https://twitter.com/Gymshark)
- 79,000 followers on LinkedIn (www.linkedin.com/...)
- 1,900,000 followers on TikTok (www.tiktok.com/...)
- 2,400,000 followers on their founder's and company'sYouTube (www.youtube.com/...)

And it's really cool that's Gymsharks CBO credits Shopify's platform 100% for their success: "It ain't Gymshark without Shopify!" (SEE HERE: twitter.com/...).

This company is essentially the Lululemon of gymware and, as such, remember Lululemon has near $4BILLION/year in revenue so Gymshark has potential to grow a lot, and they are using Shopify's OMNICHANNEL solutions (seen here for now POWERFUL that is: www.shopify.com/...) brilliantly.

Shopify upcoming Q2 earnings call is going to be MASSIVE with Shopify's ACCELERATION in growth due to the global SURGE in e-commerce sales since COVID.

BUY AND HOLD baby.
📈📈📈📈

25 Jun 2020, 05:22 AM

Like 3 Reply

InterestedInvestor11
Comments (245) | + Follow

@Tall Seller Do u hold only SHOP shares or something else as well? How concentrated are u in SHOP?

25 Jun 2020, 05:58 AM

Like 2 Reply

Tall Seller
Comments (7917) | + Follow

Great example of how Shopify's OMNICHANNEL solutions help CRUSH their so called competitors and why Shopify has received a TIDAL WAVE of new merchant since COVID to help them thrive/survive:

Flow Alkaline Hydration (https://flowhydration.ca) is so EXTREMELY successful with Shopifys OMINHANNEL offerings, they closed a $45 million funding round, backed by a group of investors that includes pop star Post Malone [twitter.com/...] and former MLB champion Chase Utley [instagram.com/...] to scale distribution &amp; production, &amp; DOUBLE its consumer base.

DOUBLE!

⬇⬇⬇
👉 www.bevnet.com/...
⬆⬆⬆

Shopify's OMNICHANNEL (www.shopify.com/...) is helping them SKYROCKET....during Covid!!!

These are some of their Shopify channel profiles I could find and there are many more advertising &amp; sales channels that they use (google them):

- Facebook: www.facebook.com/...
- Twitter: twitter.com/...
- Pinterest: www.pinterest.ca/...
- Instgram: www.instagram.com/...
- YouTube: www.youtube.com/...
- Microsoft: www.linkedin.com/...
- Amazon: www.amazon.com/...
- Costco: www.costco.ca/...
- Loblaws: www.realcanadiansuperstore.ca/...
- Staples: www.staples.ca/...
- Kroger: www.kroger.com/...
- MANY MORE!

Even "Gwyneth Paltrow Wants People To Start Drinking 'Flow' Alkaline Water"😂
👉 www.google.com/...

Ya, OBVIOUSLY Shopify's new Walmart PARTNERSHIP will help merchants like this sell a shit ton more.

BUY AND HOLD Shopify baby. Shopify's upcoming Q2 earnings call is going to be MASSIVE.
📈📈📈📈

25 Jun 2020, 05:02 AM

Like 1 Reply

Ramy Taraboulsi, CFA
Contributor PREMIUM
Comments (1945) | + Follow

@Tall Seller , in a previous post, we established the costco.ca and staples.ca are merchants not channels. Please stop copying and pasting without reviewing what you are writing...

25 Jun 2020, 08:00 AM

Like 2 Reply

ludicrous_display
Comments (862) | + Follow

typical ugly bubble of a QE-era

25 Jun 2020, 04:15 AM

Like 1 Reply

chicagotim1
Comments (1685) | + Follow

Thanks for the article, I appreciate the point of view.

I don't doubt SHOP is uniquely positioned in the on-line retail space. I don't doubt the pandemic has been good for their model. I don't doubt SHOP stock has been on a tear, doubling from its lows of ~$416 at the end of March.

I've always thought RBC's Mahaney was pretty good; here's a link to the RBC "$1,000" note:
www.thestreet.com/...
RBC calls for $25B of revenue by '28.

And here's a link to Sandler's note:
seekingalpha.com/...

If I read these two notes correctly, they credit the pandemic for accelerating the transition of US retail sales to on-line from ~15% to ~30%. And, they see SHOP improving its 'take rate', the key driver of SHOP's top line. Another tidbit; a global $16T market, at 1% penetration. And, an unspoken point that is implied by these bullish notes; SHOP has the sandbox pretty much to itself,

SHOP, IMHO, is a fine company. For those of you long, congrats. I've made a little money selling puts on the name. But I do think SHOP is trading at rarefied levels. I'm going to stay on the sidelines and await the next earnings report.

Best of luck to all.

25 Jun 2020, 04:07 AM

Like 5 Reply

Tall Seller
Comments (7917) | + Follow

...by the way, if you aren't buying now, what will you do if they announce a 350% to 750% growth rate quarter over quarter, like their CTO implied with his comment on Twitter, SEEN HERE:
👉 mobile.twitter.com/...

25 Jun 2020, 05:23 AM

Like 1 Reply

Tall Seller
Comments (7917) | + Follow

Shopify has MORE MARKET SHARE than anyone for the TOP 100K e-commerce merchant website and DOUBLE their next biggest competitor, SEEN HERE:
👉 trends.builtwith.com/...

DOUBLE

25 Jun 2020, 05:23 AM

Like 1 Reply

chicagotim1
Comments (1685) | + Follow

@Tall Seller
...I'll wait and see, of course, then re-evaluate.

25 Jun 2020, 07:56 AM

Like 0 Reply

stevem1
Comments (17) | + Follow

morn/afternoon peeps (depending on where you are)
3:00am est
futures are down.. trending for a down day.
this could/will get a bit ugly.
when amzn can lose 30, shop can as well.
the question to ask/answer... does one close up shop now and ride a short term loss of 30+ in shop and then get back in.

i have no doubt that shop will drop 30-50, unless the nasdaq/s&p trend reverses...

a key issue i'm grappling with (and have no clue as to the answer) - just what's driving the short term selling pressure. is it rebalancing? is it "fear"? is it "sanity" returning? is it fear of biden being elected?

there's apparently a great deal of cash sitting on the sideline. if the markets drop by 5-10% will it trickle in?

if one has a 30-60 day timeframe, this could be interesting right now. choices made today, could effect gains/losses next week!

going to be a fun day kids! (edited)

25 Jun 2020, 03:23 AM

Like 1 Reply

ArnieW
Comments (13834) | + Follow

@disruption Investors Who repeat the same touting lines over and over again have little credibility . I have encountered such posters on SA and they are narcissistic in nature who care less about the facts and responsible investment.
(edited)

25 Jun 2020, 03:20 AM

Like 0 Reply

stevem1
Comments (17) | + Follow

@ArnieW

cmon dude! as far as I can tell, most of the longer comments here, are of the same bent as the conversations from the yahoo finance chat areas back in the dotcom era!

I realized (my opinion) that when dealing with momo stocks and people "trading" them, facts had little value. Talking one's book was more important.

but then, I seriously doubt that most of the small guys who are into trading are really into serious analysis.

On a much more cerebral/serious note, I've wondered if the

On a much more cerebral/serious note, I've wondered if the democratization of the stock market has been good when a pension/mutual fund is putting cash into stock X based on their "analysis" and a guy can "trade" the stock with 0 cost/little effort, which then effects the mutual fund, is that good/bad? I have no clue!

In the same vein, I'm not sure having stocks that have no relationship to the issuing company is good either. And yeah, I know, just stay in companies with dividends!

peace out!

25 Jun 2020, 04:09 AM Like 1 Reply

Tall Seller
Comments (7917) | + Follow

@ArnieW

You mean the ones who invest differently than you?
Long vs Short?
😂😂😂

25 Jun 2020, 05:03 AM Like 0 Reply

ArnieW
Comments (13834) | + Follow

@Tall Seller

You know I have been long SHOP, Made very good money and intend to go long the stock at the right price. I do not day trade either as you have implied.

Ignore the valuation of any company at your peril.

SHOP is now overbought by at least $200 if not more in my opinion.

Good luck to you.

25 Jun 2020, 09:07 AM Like 1 Reply

ArnieW
Comments (13834) | + Follow

@stevem1 I agree with all your points.
The hardest thing to do in investing is to be able to SELL.

I always think of the fortune of the Rothschilds. The family made fortunes, real huge fortunes.

Their mantra was buying low, and selling too soon.

25 Jun 2020, 09:14 AM Like 1 Reply

funny money monkey
Comments (136) | + Follow

Can't wait to see explosions and exclamation points from Tall Seller. The analysts pumping this are criminals.

25 Jun 2020, 02:05 AM Like 4 Reply

SeaMonkeyMafia
Comments (19) | + Follow

I'm sure this has been mentioned somewhere in the replies already. But, the fact that Shopify is teaming up with Facebook, Walmart, &amp; Pinterest etc is huge... and just the beginning of a massive success story over the long run.

25 Jun 2020, 01:15 AM Like 4 Reply

Tall Seller
Comments (7917) | + Follow

@SeaMonkeyMafia

Yes, those are HUGE growth drivers for Shopify. Shopify has the very best in the world OMNICHANNEL e-commerce integrations (as described here: www.shopify.com/...), with these being some of the many Shopify merchants can integrate too:

- amazon
- all google products
- Facebook
- Instagram
- Pinterest
- Snapchat
- Kik
- Wish
- Bonanza
- Fruugo
- Catch
- Tophatter
- Rakuten
- Sophie
- Sears
- Newegg
- Jet
- Reverb
- Xero
- DPD
- PowerBuy
- Buy Button
- Ddiscount
- MyDeal
- Wanelo
- Messenger
- GOTit
- Jioukuo
- linkr
- Lyst
- Apple chat
- Microsoft products
- Best Buy
- Walmart
- TikTok
- Mercadolibre
- JD
- TMall
- wechat
- WhatsApp
- Messenger
- Etsy
- Bing
- eBay
- Houzz
- buzzfeed
- some video games
- ETC ETC

25 Jun 2020, 01:56 AM Like 3 Reply

henry133
Comments (35) | + Follow

The point is that it is a good company, just insanely valued at the moment

25 Jun 2020, 05:25 AM Like 1 Reply

F Maz
Comments (618) | + Follow

@Tall Seller I'm so happy SHOP can integrate to Sears and Buzzfeed.

25 Jun 2020, 05:54 AM Like 1 Reply

DDOG to the Moon
Comments (455) | + Follow

As more and more companies underperform and/or go bankrupt, there is no doubt that investors will pay a survivor premium for great businesses.

25 Jun 2020, 01:08 AM Like 3 Reply

funny money monkey
Comments (136) | + Follow

@DDOG to the Moon What about when Shopify's vendors go bankrupt or have to close?

25 Jun 2020, 02:06 AM Like 2 Reply

Tall Seller
Comments (7917) | + Follow

You mean the Shopify merchants with TOP market share with DOUBLE that market share than any of their so called competitors (seen here: trends.builtwith.com/...) for TOP producing in the TOP 100K e-commerce websites on the entire internet with increasing such TOP market share in a PARABOLIC trajectory (seen here: trends.builtwith.com/...).

...all while the CEO of VISA said TODAY (and many other such sources recently) about e-commerce:
🗣 "In the last three months we've probably had five years' worth of acceleration in terms of e-commerce..."
👉 milkeninstitute.org/...

I think Shopify will do just fine, with their ACCELERATING growth!😂

25 Jun 2020, 02:33 AM Like 2 Reply

Tall Seller
Comments (7917) | + Follow

Check out my SCREAMING BUY before Shopify's upcoming Q2 earnings call list for:
👇👇👇👇

✔Shopify's CFO said the following:
🗣"The way that we're sort of looking at this is - there is a set of tailwinds and headwinds and right now those TAILWINDS ARE FAR OUTWEIGHING the headwinds for Shopify"
⬆️⬆️⬆️
👉 seekingalpha.com/...)

✔Google, President of Commerce said "With physical stores shuttered, digital commerce has become a lifeline for retailers. And as consumers increasingly shop online..." in this press release here for Shopify merchants to use Google Shopping FOR FREE:
👉 blog.google/...

✔Miles Roberts is the CEO of DS Smith, who offers a broad range of packaging to all major e-commerce companies, said on Bloomberg things like:
👉"We are seeing a huge increase in e-commerce"
👉"Etailers sales have grown substantially"
👉"E-commerce is DOUBLE in some markets."

✔Shopify's CTO said they are seeing traffic near DOUBLE their normally busiest weekend of the year (Black Friday Cyber Monday) now EVERY DAY:
👉 mobile.twitter.com/...
Do the math on this; if "traffic" correlates to GMV, it suggests between a 350%-750% in growth quarter over quarter =
GROWTH ACCELERATION🚀📈.

✔The CEO of UPS said there are now "more e-commerce residential deliveries across the industry":
👉 www.bloomberg.com/...

✔Amazon Execs. during their recent earnings call said their 3rd party sellers (aka Shopify merchants) are seeing SURGING sales since COVID:
👉 seekingalpha.com/...

✔Facebook Execs. during their recent earnings call said their 3rd party integrators (aka Shopify merchants) are seeing SURGING sales and that their advertisers looking for sales conversions are seeing cheaper ad costs and SURGING sales. Zuckerberg even used the word "SPIKE" when referring to e-commerce:
👉 seekingalpha.com/...

✔Tobi was RECENTLY quoted by Fortune Magazine saying:
🗣"Shopify chief executive Tobi Lütke says his company's clients have experienced a SURGE in e-commerce orders..."
🗣"In the six weeks between the start of lockdowns and April 24, the number of new stores using Shopify's e-commerce platform rose 62% compared with the six prior weeks."
👉 fortune.com/...

✔ Loren Padelford, GM of Shopify Plus, has had a SURGE in inquiries from PLUS sized enterprises RECENTLY:
🗣"I've had more conversations with large retailer executives using legacy platforms in the last 4 weeks than I've had in the last 4 years. Retailers need better partners and better outcomes. The end is nigh for the old enterprise mafia, it's time to upgrade."
👉 twitter.com/...

✔ Salesforce's CEO said recently on their earnings call that their weekly order volume for their Commerce Cloud is UP 100% since February 1st, at the 10:13 mark here:
👉 event.on24.com/...

✔UPS and FedEx are so insanely busy with e-commerce they added holiday surcharges for Amazon and other big box stores for the first time ever outside of a real holiday season:
👉 www.foxbusiness.com/...

✔ Visa just filed an 8-K with the SEC, where the chart at the bottom titled 'US Payments Volume Growth' says US payments volume growth for 'card not present, excluding travel' is UP FORTY PERCENT📈 between March 8th and the end of May:
👉 d18rn0p25nwr6d.cloudfront.net/...

✔Visa's CFO says:
🗣"the benefits of e-commerce are significant on multiple fronts and this is a LONG-TERM SECULAR TREND, as you know, that is being ACCELERATED by what we are seeing. So for example, if you look at our numbers that we just released, in the U.S., card-not-present ex-travel in the last week of May was approaching almost 40% growth. And the growth trajectory has CONTINUED TO IMPROVE even as card-present has improved."
👉 seekingalpha.com/...

✔Visa's CEO last week said....
🗣"it wouldn't surprise me if we have seen FOUR YEARS, or we will see three to four years of ACCELERATION of e-commerce adoption in a SIX MONTH PERIOD because of what happened in COVID. I mean, we've seen HUGE INCREASES in the number of first time e-commerce around the world, we had 13 million people in Latin America, activate an e-commerce transaction for the first time last quarter. We have seen 30% increases in the United States in terms of people who are active in e-commerce.
So it's a very exciting development that I think has got some PERMANENCE to it in terms of upside for the industry and for Visa."
👉 seekingalpha.com/...

✔In MasterCard's 8-K filing last week (here: 👉 www.sec.gov/...), they're Exhibit 99.1 (here: www.sec.gov/...), they say for on Cross-Border Volume:
🗣Card not present growth (yellow line) has been more resilient than card present growth.
🗣We continue to see strong growth in card not present volumes, excluding online travel related spend (green line).

✔Jim Magats - Senior Vice President, Omni Payments from PayPal said:
🗣"...it is just an amazing sort of tidal wave of inertia right now in the digital payment space..."
🗣"...there now as you rightly point out this OMNI-CHANNEL solution that we can help and others can help bring to scale about how do we really create an efficient way to do buy online pickup in store..."
🗣"...this is just an amazing moment of time in terms of what we're seeing holistically, where consumer behaviors are changing immediately and merchants are immediately trying to react to that..."
👉 seekingalpha.com/...

✔Visa's CEO said TODAY...
🗣"In the last three months we've probably had five years' worth of acceleration in terms of e-commerce...."
👉milkeninstitute.org/...

Shopify's growth is ACCELERATING and their upcoming Q2 earnings call is going to be MASSIVE.
📈📈📈📈

25 Jun 2020, 12:32 AM Like 7 Reply

Sam4185
Marketplace
Comments (18) | + Follow

Wow, thanks for links. This explains bubble in SHOP. Looks like everyone is at peak optimism and it makes best time to short it..can come down at same speed (or double) as it went up.

25 Jun 2020, 01:03 AM Like 6 Reply

Tall Seller
Comments (7917) | + Follow

How can any narrative be objective if it OMITS...ALL OF THESE indicators 👆 of Shopify's ACCELERATING growth due to COVID???

25 Jun 2020, 01:04 AM Like 2 Reply

DDOG to the Moon
Comments (455) | + Follow

@Tall Seller You won!

25 Jun 2020, 01:05 AM Like 3 Reply

Tamarack Family Group (TFG)
Comments (430) | + Follow

"12.7x their FY19 revenue, 11.5x TTM." I'll take it!
Forget Amazon, how does it compare to Qualcomm's rocket blast in 1999?

25 Jun 2020, 01:17 AM Like 0 Reply

Sam4185
Marketplace
Comments (18) | + Follow

AMZN does not make money in retail its loss leader for it.. It valuation is primarily driven by AWS and network effect of prime membership.Shopify got pumped up recently due to retail mania crowd comparing it with AMZN.It could drop to $300 or lower range pretty soon.Agree with most of the points author making here.

25 Jun 2020, 01:40 AM Like 1 Reply

Tall Seller
Comments (7917) | + Follow

@Sam4185

No.

Shopify helps real businesses succeed most with their global leading OMNICHANNEL solutions (as described here: www.shopify.com/...) and other competitor crushing solutions.

Shopify's OMNICHANNEL offerings and other solutions, gives Shopify a SIGNIFICANTLY bigger opportunity for e-commerce that Amazon.

Amazon = ONE channel

Shopify = EVERY channel

25 Jun 2020, 01:55 AM Like 0 Reply

GameBuzz
Comments (597) | + Follow

Funny how the naysayers are ignoring that SHOP already dropped nearly in half to $300 in March when the whole market crashed. It's past it's pre-COVID high which is now clear support.

25 Jun 2020, 02:31 AM Like 1 Reply

FOMOInvesting
Comments (88) | + Follow

wow

25 Jun 2020, 12:26 AM Like 0 Reply

ContyC
Comments (844) | + Follow

Great article. The tech bubble right now is of epic proportions. The dot.com bubble of 2000 was child's play compared to this one.

25 Jun 2020, 12:01 AM Like 5 Reply

Tall Seller
Comments (7917) | + Follow

😴😴😴
Did you see the size of Shopify's $40TRILLION/year TOTAL ADDRESSABLE MARKET that's growing by $TRILLION/year, SEEN HERE:
👉 unctad.org/...

Shopify MASSIVE growth ahead had nothing remotely similar to anything in dot com era. Name one company then that had a growing $40TRILLION/year total addressable market??

25 Jun 2020, 12:33 AM Like 3 Reply

GameBuzz
Comments (597) | + Follow

I lived thru that dot.com bubble, losing all my account at the time. Today doesn't even come close.

25 Jun 2020, 02:34 AM Like 1 Reply

F Maz
Comments (618) | + Follow

@ContyC Yup, once tech stocks stop being valued differently than anything else and we fall back to value based investing, some tech stocks will take a serious drop in order to fall back in like with a normal valuation. (edited)

25 Jun 2020, 05:57 AM Like 0 Reply

toshig
Comments (29) | + Follow

Can't compare Amazon back in the day vs Shopify now. Back in the day people would not believe in growth stocks and were more conservative. People cared about things like PE ratio

Now that people realized if you can keep growing your business, you can ignore unprofitablity for now. People learn from Amazon, Netflix or any other popular growth stock that was unprofitable but kept growing.

As you understand growth stocks more and more, it's driving the price of new growth stocks even more. Therefore comparing current growth stocks to Amazon back in 2000s is wrong. The mindset of investors is much different now. Not to mention low interest rates. (edited)

24 Jun 2020, 11:52 PM Like 8 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » "Back in the day people would not believe in growth stocks and were more conservative."

This is just objectively wrong, a fairly central tenant of my article was about the dot-com bubble which saw insanely overpriced valuations on every other company with a website. (edited)

24 Jun 2020, 11:54 PM Like 5 Reply

Tall Seller
Comments (7917) | + Follow

Objectivity can NEVER be a descriptor for any analysis that omits all the sources that show Shopifys growth has ACCELERATED since COVID.

24 Jun 2020, 11:57 PM Like 4 Reply

toshig
Comments (29) | + Follow

@Oracle Of Alpha but e-commerce's or internet's reach is much different now. It's much more bigger. In 2000 a company with a website how many people can they reach vs a company with a website now? Now you can not survive without significant online presence.

Throwing money at things like pets.com in 2000 vs Shopify in 2020 is much different IMO. (edited)

25 Jun 2020, 12:06 AM Like 4 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » I did not use Pets.com as a reference though, I used Amazon. During their first five years they grew ~18,000% while Shopify hasn't even grown 700%, yet Shopify is 40% more expensive than Amazon was in the dot-com bubble despite experiencing only ~3.8% the growth. Amazon was objectively growing at a significantly faster rate than Shopify, in fact more than 25x as fast, and during the most widely recognized tech bubble in history, yet Shopify is 40% more expensive by sales. (edited)

25 Jun 2020, 12:10 AM Like 2 Reply

GameBuzz
Comments (597) | + Follow

@toshig Well said and absolutely correct.

25 Jun 2020, 02:34 AM Like 0 Reply

Niki Schranz
Contributor PREMIUM
Comments (167) | + Follow

The difference, however, is that Amazon had much lower margins (19% gross margins) in 1999, because they were a retailer. Additionally, the online retail business was still largely misunderstood, which meant many people thought this business would never be sustainably profitable. Considering that, a +40 sales multiple was very rich. Also, we didn't have zero interest rates back then – the risk-free interest rate is an important part of the discount rate used in valuation models (basically, the lower the risk-free interest rate the higher the valuation multiple). And I don't even want to mention the money flooding by the Fed which creates "asset bubbles" EVERYWHERE. So the question probably is which "asset bubble" do you prefer?

It's also worth mentioning that Amazon is up around 30 times from its "bubble valuation" in 1999... :)

I'm not saying SHOP is cheap and a strong buy, but you have to consider all facts. Comparisons to the dotcom bubble are not very convincing to me.

25 Jun 2020, 04:57 AM Like 3 Reply

Tall Seller
Comments (7917) | + Follow

🎉SCREAMING BUY SIGNAL🎉

Shopify's COO said TODAY that he's seen e-commerce in the the USA rise from 15% to 25% penetration to retail in the last couple months. That's INSANELY MASSIVE!

✔SEEN HERE: https://youtu.be/NmVRdw4Zsg8

That's a MASSIVE uptick in new e-commerce purchasers, who are cementing behaviors of shopping online now.

The shorts don't mention this; why do you think that is?😂

BUY AND HOLD leading up to Shopify's Q2 earnings call that will quantify this MASSIVE ACCELERATION in Shopify's growth.
📈📈🚀🔜💰💰💰💰🎉

24 Jun 2020, 11:48 PM Like 5 Reply

Irnest
Comments (32) | + Follow

Shopify seems to be an excellent business.

I think the valuations of many stocks today dont make much sense when one looks at them on a DCF perspective. But many are like that, so it has to be other factors.

Shopify will probably continue to do exceptionally well. Their CEO seems to me like a very smart person and driven to succeed. He is young so has lots of energy and can probably do great things in the years to come.

My only worry for Shopify is the competitive situation regarding FaceBook. I wonder if this so called "partnership" wont end up with FB essentially offering this type of service to their small business customers.

After all, it's easier for FB to implement the back end shop mechanics than it is for Shopify to get the audience. And small businesses want the audience to make sales.

(I know FB fairly well but haven't analysed SHOP much.)

24 Jun 2020, 11:38 PM Like 1 Reply

Tall Seller
Comments (7917) | + Follow

How is it competitive? Facebook CEO and Shopify publicly announced together their extended and deepened PARTNERSHIP, and that it's FREE for Shopify merchants to integrate there and FREE for Shopify merchants to transact there.

And, as many Instagram users who are Shopify merchants have millions of followers they're to even tens of millions of followers, many will NEVER need to pay for ads to make sales there as their followers love them and CHOOSE to follow them.

Facebook and Shopify's PARTNERSHIP is massive for Shopify.

24 Jun 2020, 11:51 PM Like 3 Reply

funny money monkey
Comments (136) | + Follow

@Irnest Shopify is a great business at maybe the worst price I've ever seen for anything.

25 Jun 2020, 02:08 AM Like 2 Reply

Tall Seller
Comments (7917) | + Follow

You too? Ignoring ALL the extremely credible sources above of Shopify's ACCELERATING growth due to SURGING e-commerce globally?

25 Jun 2020, 02:33 AM Like 1 Reply

F Maz
Comments (618) | + Follow

@Irnest FB play is interesting here: they get shopify folks to develop a market on their plateform, and once FB is established as a primary marketplace they can release lybra and put some capital towards taking a bigger piece of the pie and stealing merchand from SHOP.

FB is one of the few companies out there with the financial capability to do that.

25 Jun 2020, 06:02 AM Like 0 Reply

geauxnow
Comments (925) | + Follow

As mentioned in my comment to you last article, SHOP had helped make me wealthy, and protection is cheap. Might it go down? Maybe. Do I care? No. Sorry about your losing short. You'll never make as much money shorting it add I have owning it.

24 Jun 2020, 11:36 PM Like 8 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » Hey, have you read the article? I would love to hear any counter arguments but, as I said to another bull, you're doing yourself a disservice by not reading it. Facts are facts and that's the vast majority of what my article is, if you disagree with my thesis in the end then I'm happy to talk about any of your objections. :) (edited)

24 Jun 2020, 11:38 PM Like 7 Reply

geauxnow
Comments (925) | + Follow

I have. No discussion of TAM. No discussion of competition (or rather, the dearth of it). No discussion of the capital investments being made. No discussion of price insensitivity. No discussion of the partnerships being made. Garbage in, garbage out. You just don't get it.

25 Jun 2020, 12:00 AM Like 5 Reply

Tall Seller
Comments (7917) | + Follow

We've heard the shorts preach over valued since $50/share. And now is the worst time to listen to that narrative with Shopify's ACCELERATING growth since the global SURGE in e-commerce began due to COVID.

25 Jun 2020, 12:27 AM Like 4 Reply

scorpion.north
Comments (7565) | + Follow

well he's talking about the past (irrelevant) and you're talking about the future (relevant)

25 Jun 2020, 05:26 AM Like 0 Reply

paulsteinert
Comments (668) | + Follow

Excellent article, with a clear, straight-forward presentation.

The old cliche "the second mouse gets the cheese" will probably apply here. We readers are the second mouse shorties that get the benefit of SHOP going parabolic. Thanks for the heads up. (edited)

24 Jun 2020, 11:33 PM Like 3 Reply

mahagen
Comments (328) | + Follow

@Oracle Of Alpha

So...you are saying you are bullish on Shopify?

24 Jun 2020, 11:32 PM Like 1 Reply

Gregoriou
Comments (2016) | + Follow

Were in a post pandemic voting phase and so ev and all that jazz doesnt matter. People are just voting with buy orders . Zoom, teladoc, shopify, solar, evs, win the election. Eventually, maybe today maybe in 6 months it will turn into the weighing machine and well get back to normal valuations. What I want to know is why isnt anyone voting for cannabis? Sales are lit through the pandemic!

24 Jun 2020, 11:27 PM Like 2 Reply

Tall Seller
Comments (7917) | + Follow

Ya....and Shopify's powers the majority of cannabis sales and everything cannabis related, for governments, for B2B and for D2C.

Shopify is the play on cannabis, as who cares which one fails and which one succeeds...as Shopify succeeds by powering most of them.

24 Jun 2020, 11:36 PM Like 2 Reply

HardytheTrader
Comments (404) | + Follow

@Gregoriou

Why would anyone want to invest into cannabis after $CGC earnings? There is a legitimate reason why software is more popular than cannabis and its called cash flow

25 Jun 2020, 03:45 AM Like 1 Reply

Tall Seller
Comments (7917) | + Follow

Gotta love how all the short sellers act like they are doing everyone a favor my warning ya if Shopify's overvaluation since $50/share.

Thank god I did NOT listen to them over the last 3 years, and with Shopify's ACCELERATING growth due to the global SURGE in e-commerce for COVID, there is NO CHANCE IN HELL that I'm listening to any such warning of overvaluation now.

Shopify's upcoming Q2 earnings call is going to be MASSIVE. You don't hear about that from the shorts sellers. Why do you think that is?? 😂😂

BUY AND HOLD people.
📈📈📈📈📈

24 Jun 2020, 11:22 PM Like 4 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » I would never have suggested shorting Shopify at $50, they were experiencing ~100% growth at the time and trading at ~10x sales. Currently they're experiencing ~45% growth, projected for ~35% FY20, and trading at ~60x sales. (edited)

24 Jun 2020, 11:24 PM Like 9 Reply

Tall Seller
Comments (7917) | + Follow

🥱🥱🥱
Who cares? The shorts still ignore Shopify's significantly ACCELERATING growth due to COVID. NO narrative can be credible unless these FACTS are addressed and qualified.

24 Jun 2020, 11:28 PM Like 0 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » Buddy I showed pretty concrete evidence in my article that their growth is not accelerating at all. We've gone over this, I don't know how you can choose to just simply ignore facts because they don't fit your investment thesis.

24 Jun 2020, 11:32 PM Like 10 Reply

Rainer-63
Comments (735) | + Follow

@Oracle Of Alpha. You should know that today's 45% increase is much more than the 100% of some years ago. We don't need an Oracle to understand that. Your short thesis won't even give Alpha, so maybe something is wrong. But it's clear, shorts are getting out of money.

24 Jun 2020, 11:37 PM Like 0 Reply

Rainer-63
Comments (735) | + Follow

@Oracle Of Alpha if you don't see the growth you're hiding the evidence. But many puts and wait for the next conference call. Hope you'll have a doctor beside you.

24 Jun 2020, 11:41 PM Like 0 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » @Rainer-63

I'm extremely confused by what you mean with this comment. How is a 45% increase in 2020 more than a 100% increase in 1999? The same buying power increased by the same percent is going to obviously have the same result. Of course in absolute value $1 from 1999 is worth $1.54 today but that's completely irrelevant, the growth is relative to inflation for that year. Amazon grew nearly 18,000% their first five years while Shopify hasn't even grown 700% and yet is ~40% more expensive than Amazon was during this bubble. (edited)

24 Jun 2020, 11:51 PM Like 5 Reply

Tall Seller
Comments (7917) | + Follow

No comment @Oracle Of Alpha ? How can the thesis hold, if it ignores all the credible sources I've provided you that says e-commerce is SURGING?

25 Jun 2020, 12:29 AM Like 0 Reply

GameBuzz
Comments (597) | + Follow

"I don't know how you can choose to just simply ignore facts because they don't fit your investment thesis."
That obviously doesn't just apply to the longs!

25 Jun 2020, 02:37 AM Like 0 Reply

F Maz
Comments (618) | + Follow

@Oracle Of Alpha He's talking absolute numbers and you're talking percentage growth.

He's saying that 100% growth of when they were way smaller is a lower dollar amount than the dollar amount that a growth of 45% now represent.

What he fails to understand is that SHOP has to grow a whole lot faster if the valuation (even for a tech stock) is to be justified.

Right now their exponential growth is transforming towards a linear growth. So proportionally speaking the growth is decelerating even if in absolute number the growth is still accelating slightly.

25 Jun 2020, 06:13 AM Like 0 Reply

Rainer-63
Comments (735) | + Follow

It's normal that more you increase less il the % of increase. il you go from 100 to 200 that's a 100% increase but to hold the same 100% growth you have to go from 200 to 420 next year. So the percent is the same but the volume is much higher. So if you add to the 200 of the first year 100 more of growth you are at 300 but the increase is just 50% respect to the year before. That's why it's difficult to grow always at the same level. And, btw, Shop will succeed in doing that, just wait and see.

25 Jun 2020, 08:47 AM Like 0 Reply

PurpleCow4
Comments (128) | + Follow

> I am/we are short SHOP

Ouch. (I don't own it, BTW.)

24 Jun 2020, 11:19 PM Like 2 Reply

Rainer-63
Comments (735) | + Follow

It's absurd to make such projections about a stock of 10 years. We can't immagine what will be in two years. There are too many news that could change everything within short time. What is sure is that Shop is in a great market trend and will continue to grow. What else is sure? That shorts have a short life because they ride against the wind. Once they'll fall and hurt badly.

24 Jun 2020, 11:15 PM Like 2 Reply

Tall Seller
Comments (7917) | + Follow

🎉SCREAMING BUY SIGNAL!

Visa's CEO said TODAY!!!!

TODAY!!

🗣"In the last three months we've probably had five years' worth of acceleration in terms of e-commerce...."

💥That's TWENTY QUARTERS of ACCELERATION for e-commerce into ONE QUARTER.💥

SEEN HERE:
👉 milkeninstitute.org/...

TWENTY QUARTERS of growth in ONE QUARTER!

TWENTY!!!!

This a MASSIVE ACCELERATION in growth for companies like Shopify, especially when Shopify themself also said they are seeing near DOUBLE the "traffic" of their busiest day of the year now EVERY DAY...

💥Shopify's CTO said they are seeing traffic near DOUBLE their normally busiest weekend of the year (Black Friday Cyber Monday) now EVERY DAY:
👉 mobile.twitter.com/...
Do the math on this; if "traffic" correlates to GMV, it suggests between a 350%-750% in growth quarter over quarter =
GROWTH ACCELERATION🚀📈.

Shopify's upcoming Q2 earnings call is going to show their MASSIVE ACCELERATION in their growth.

Today is the best time in the history of Shopify to own shares leading in to their upcoming Q2 earnings call.

BUY AND HOLD!!!

24 Jun 2020, 11:14 PM Like 1 Reply

ViewFar
Comments (42) | + Follow

Nice article, but when will the bubble pop ? everything since 2017 onwards has been price inflation vs. earnings driven... and not just this company so when they fall I expect that prices fall back to at least the 2015 levels across the board. But sentiment still doesn't seem to have changed... tech companies are wearing a coat of teflon and led by a wave of fed provided fuel. Day traders have forgotten fundamentals matter.

24 Jun 2020, 11:13 PM Like 4 Reply

ViewFar
Comments (42) | + Follow

Also why sell far out of the money put options and sit in fear when it becomes clear after a crash that was the wrong thing to do ? I'd rather sell put options on stocks I'd like to own long term and may be undervalued. E.g. CVS, ABBV, QCOM, XOM.

24 Jun 2020, 11:18 PM Like 1 Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » Typically speaking I would use the age old saying of, "The market can stay irrational longer than you can stay solvent." However I don't believe that to be the case this time, and in fact I have serious doubts this bubble will last so much as two weeks longer. The reason is simply because of the economic conditions right now, along with their dependence on struggling SMB's, but this really requires an article of its own to explain properly as it's largely related to macro economics, though I may decide to write it. (edited)

24 Jun 2020, 11:21 PM Like 4 Reply

Tall Seller
Comments (7917) | + Follow

Except the market is perfectly rational NOW, with Shopify's growth ACCELERATING since the surge in e-commerce from COVID.

There are legitimate indicators that suggest Shopify's growth has been between 100-750% quarter over quarter. Why don't you talk about the sources that say this is FACT???😂

24 Jun 2020, 11:35 PM Like 0 Reply

Up and Away
Comments (2857) | + Follow

Please do write it. Most of these posters probably were not even in the market or went to the tech bubble.

25 Jun 2020, 01:13 AM Like 1 Reply

Paul Hylander
Comments (400) | + Follow

Just like with the Bitcoin bubble or any of the other bubbles, valuations versus any real metric simply don't matter. The Robinhood traders don't give a shit about earnings or anything else except what seems "hot". SHOP is the next big thing according to the mindset, so there is no upper bound. Same as it has been with Tesla. The only way this changes is if the Fed stops printing money every time the market drops 5%.

24 Jun 2020, 11:07 PM · Like 2 · Reply

augmented reality
Comments (2822) | + Follow

AMZN has been called a bubble for years...

24 Jun 2020, 10:59 PM · Like 4 · Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » It has indeed, and it's exploded in value from ~$100 to nearly $3k in the decade since they recovered from the dot-com bubble bursting. They've achieved those phenomenal returns without ever once exceeding 5x sales, while Shopify is currently at ~60x. Amazon grew nearly 18,000% during their first five years, taking place in the dot-com bubble, and still only achieved ~40x sales for a single day. Meanwhile Shopify hasn't even grown 700% in the five years since IPO and is comfortably sitting at ~60x. Of course all this is in my article. :) (edited)

24 Jun 2020, 11:15 PM · Like 7 · Reply

Tall Seller
Comments (7917) | + Follow

Shopify's opportunity ahead for e-commerce makes Amazon look TINY.

You should read about Shopify industry leading OMNICHANNEL, as it helps real businesses SUCCEED MOST, helps them attain a Higher Lifetime Value per customer on average and even helps attain higher margins.

SEE HERE (for why Shopify's OMNICHANNEL is more powerful that anything e-commerce that Amazon can ever offer):
👉 www.shopify.com/...

Why do you think Amazon's 3rd party sellers (aka Shopify merchants😂) are Amazon's fastest growing cohort at 26% last year? Funny how amazon shut down their Webstore in 2015 and told their merchants to use Shopify now those merchants make up their best cohort. Hahahah

24 Jun 2020, 11:54 PM · Like 0 · Reply

GameBuzz
Comments (597) | + Follow

Price action says it all, dude. AMZN isn't the only example.

25 Jun 2020, 02:39 AM · Like 0 · Reply

Legal McCloud
PREMIUM
Comments (43) | + Follow

Comparing SHOP in 2020 to AMZN in 2000 is interesting, but probably not an actionable analysis. With the fed's injection of money supply into markets, and the consistent overvaluation of high growth darlings in recent times, things can remain at crazy valuations for a long time. I wouldn't buy here, but I'm not selling either.

24 Jun 2020, 10:57 PM · Like 7 · Reply

chris911
PREMIUM
Comments (3) | + Follow

Walmart?

24 Jun 2020, 10:52 PM · Like 0 · Reply

Tall Seller
Comments (7917) | + Follow

@chris911

Now Walmart is a somethingburger, is you ask me.

😂👉🍔

MASSIVE new merchants coming to Shopify for this new PARTNERSHIP integration to transact $BILLIONS/year through Shopify.

24 Jun 2020, 11:06 PM · Like 2 · Reply

Up and Away
Comments (2857) | + Follow

Walmart fell behind in advancing their technology and is now only trying to catch up. Why the Walton family missed this or did not want to invest is beyond me.

25 Jun 2020, 01:15 AM · Like 0 · Reply

perilous43
Comments (846) | + Follow

I am so diffused. First he states and re-states that shopify is not like Amazon then he goes on to compare shopify with Amazon over and over and over again.

24 Jun 2020, 10:49 PM · Like 4 · Reply

wjw3723
Comments (91) | + Follow

Forever topic. I sold my shared at $199 when people (some analyst) said SHOP would be worth less than $100 by the end of 2019.
4 months later, I bought in again at around $300, and then shortly sold it again when SA people said it was a huge bubble. Now it is more than $800.

That seems to be life. Fast growing stocks are perceived as bubble because they invest 120% of their revenue to grow, and as long as they still can grow, they continue to burn money. AMZN was not profitable for a very long time when they tried to evolve from a bookstore to a life changing e-commerce and cloud company. There has to be a good reason why bubble companies keep growing.

24 Jun 2020, 10:44 PM · Like 6 · Reply

Tall Seller
Comments (7917) | + Follow

@wjw3723

Shopify has barely gotten started.

The author missed tally about their TOTAL ADDRESSIBLE MARKET, according to the United Nation, is near $40TRILLION/year now for B2B and D2C e-commerce and growing neat $1TRILLION/year, as seen here:

👉 unctad.org/...

With Shopify's global leading OMNICHANNEL e-commerce solutions, they are posed to capture mega-multi-$TRILLIONS of this growing e-commerce market.

BUY AND HOLD. Shopify's upcoming Q2 earnings call is going to be MASSIVE with their ACCELERATING growth due to COVID.
📈📈📈

24 Jun 2020, 11:03 PM · Like 1 · Reply

Rainer-63
Comments (735) | + Follow

@Tall Seller have you got some information about the partner event?

24 Jun 2020, 11:11 PM · Like 0 · Reply

augmented reality
Comments (2822) | + Follow

@wjw3723 note to self.... forget shorts on SA and analyst downgrades., Citron tried shorting SHOP back in 2017.. Drove it down to $89; rest is history.

24 Jun 2020, 11:15 PM · Like 4 · Reply

Tall Seller
Comments (7917) | + Follow

Ya, it's right here: https://youtu.be/NmVRdw4Zsg8

Shopify COO said TODAY that e-commerce penetration to retail jumped from 15% to 25% since COVID. This is a MASSIVE acceleration in the use of e-commerce for Shopify merchants.

24 Jun 2020, 11:24 PM · Like 1 · Reply

Tall Seller
Comments (7917) | + Follow

@augmented reality
Ya, don't listen to them. There are sooooo many real indicators that Shopify's growth is significantly ACCELERATING due to COVID and as soon as they announce that at their upcoming Q2 earnings fall I wouldn't be surprised if their share price more than DOUBLES from this price level that day.

24 Jun 2020, 11:26 PM · Like 1 · Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » @augmented reality I would really urge you to forget about whether I'm short or long at all, it's only relevant for disclosure purposes. Simply read the article, it's packed full of information and I'm sure you'll learn something. If you disagree with anything then I'm happy to have a debate about it, but brushing it off as nothing more than "short bashing" does yourself a disservice.

24 Jun 2020, 11:28 PM · Like 5 · Reply

Tall Seller
Comments (7917) | + Follow

It's relavent because it's telltale that nobody is supposed to pay attention to the CEO of Visa saying today:

🗣"In the last three months we've probably had five years' worth of acceleration in terms of e-commerce...."
👉milkeninstitute.org/...

COMMENTS???

25 Jun 2020, 12:30 AM · Like 1 · Reply

ArnieW
Comments (13834) | + Follow

I am holding puts on Shopify and looming for a major reversal over the next month.

24 Jun 2020, 10:32 PM · Like 7 · Reply

Ramy Taraboulsi, CFA
Contributor PREMIUM
Comments (1945) | + Follow

@Oracle Of Alpha , I agree that it is a bubble. However, I don't expect it to pop until a major bad news is announced. I expect that next earnings report will not be as stellar as some analysts are leading us to believe, but then again, I have been wrong many many times before.

I don't think that we can fight the market, and I am trying to capitalize on that by selling deep out of the money put options...

Thanks for the report. Your effort in it is very apparent...

24 Jun 2020, 10:23 PM · Like 6 · Reply

SellLowBuyHigh
Comments (161) | + Follow

@Ramy Taraboulsi, CFA e commerce pre pandemic was 10% of all commerce. Now you need to buy online in order to pick it up at the store. Every thing is going online now and Shopify has the capacity to be the platform for any company.

24 Jun 2020, 10:30 PM · Like 4 · Reply

idrovebus
PREMIUM
Comments (145) | + Follow

@Ramy Taraboulsi, CFA
Good idea. I might do the same.

24 Jun 2020, 10:49 PM · Like 0 · Reply

gordonzen
Comments (164) | + Follow

When you doubt yourself and go hedging after being wrong so many times as you noticed, Ramy. I'm finally going to short it by buying the puts you sold.

24 Jun 2020, 11:04 PM · Like 0 · Reply

Tall Seller
Comments (7917) | + Follow

Ya, and Shopify's COO said TODAY in Shopify's Town Hall (here: https://youtu.be/NmVRdw4Zsg8), that the penetration of e-commerce to retail rose to 25% in the USA since COVID, and he said they are seeing similar trends globally.

This is a MASSIVE increase in new people buying online through Shopify.

🎉MASSIVE!!!🎉

24 Jun 2020, 11:10 PM · Like 1 · Reply

Aek21
Comments (3) | + Follow

You do make valid points and the valuation thing has been brought up since the stock crossed $200.

Not sure this is the best stock to short though. The market is behind it's and they're continuing to expand.

They seem to be setup well long-term

24 Jun 2020, 10:23 PM · Like 1 · Reply

Ascended
Comments (366) | + Follow

Dude, get a GF/BF.

24 Jun 2020, 10:21 PM · Like 6 · Reply

GameBuzz
Comments (597) | + Follow

Amen. Talk about "writing your book." Might as well title it, "For God's sake, please drop already! I can't stand it!"

Keep yelling at the wind, maybe it'll change direction before your voice gives out.

24 Jun 2020, 10:33 PM · Like 4 · Reply

stevemcclearn
Comments (263) | + Follow

Warren Buffet I believe once said most bubbles are born out of good ideas not bad ones.

To borrow another saying, the problem is it can stay crazy overvalued longer than you can stay solvent. Good luck with your short. I think you're clearly accurate in your thesis, the question is timing.

24 Jun 2020, 10:19 PM · Like 12 · Reply

vancouvervic
Comments (201) | + Follow

My RSP hit 1,400% all because of Shopify. No complaints here. Every drop was followed by a bull run.

24 Jun 2020, 10:15 PM · Like 8 · Reply

panic seller
Comments (199) | + Follow

Don't be angry that you're short. Close the position and pick on something that the market doesn't love so much. It's often said that the market can remain irrational for longer than you can remain solvent.

24 Jun 2020, 10:14 PM · Like 18 · Reply

Oracle Of Alpha
Contributor PREMIUM
Comments (203) | + Follow

Author's reply » I'm not angry whatsoever, on the contrary I'm happy to take short term losses as the bubble grows even larger. This provides the opportunity for even greater profits on the elevator trip back down.
(edited)

24 Jun 2020, 10:22 PM · Like 10 · Reply

GameBuzz
Comments (597) | + Follow

Now that made me laugh!

24 Jun 2020, 10:31 PM · Like 4 · Reply

Tall Seller
Comments (7917) | + Follow

The only thing that is going to happen is the shorts will get STEAMROLLED with Shopify's ACCELERATING growth about to be announced at their upcoming Q2 earnings call.

Did you hear Visa's CEO say today that e-commerce globally has ACCELERATED 5 years in the last 3 months.

👉 milkeninstitute.org/...

Thats MASSIVE growth right??? Or, do the shots pretend Visa does not exist?? 😂😂😂

24 Jun 2020, 11:16 PM · Like 0 · Reply

KManIsland
Comments (135) | + Follow

@Oracle Of Alpha

SHOP can go up 10x over the next 5 years. RBC assigns PT=$1000 for this year; ask yourself, are you so much smarter than those pros?

On a broader topic, I have no idea why people try to short with such assymetric return potentials. Make %100, lose %1000... Instead, spend your energy on finding ten baggers, hundred baggers, by going long instead of spending all that energy on just making a 1 bagger maximum by shorting in the best case scenario, i.e. if the stock goes to 0.

I remember I was in that 'shorting' camp years ago. I was trying to short Amazon around $100 because it was so 'expensive'. Glad I covered in time. I don't short anymore, just long great innovative companies with fantastic managements and with incredibly huge TAMs - like Amazon and Shopify.

25 Jun 2020, 12:23 AM · Like 3 · Reply

+ Add a comment

Disagree with this article? Submit your own.
To report a factual error in this article, click here.
Your feedback matters to us!