



## Is Inter Pipeline Ltd. or Shaw Communications Inc. a Better Monthly Income Stock?

### Description

Retirees are searching for generous monthly income to help supplement their pension payments.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **Shaw Communications Inc.** ([TSX:SJR.B](#)) ([NYSE:SJR](#)) to see if one deserves to be in your portfolio.

### Inter Pipeline

Inter Pipeline is a diversified energy infrastructure business with storage and pipeline assets located in Canada and Europe.

The company transports 15% of western Canadian conventional oil and 35% of the country's oil sands production.

Low oil prices are putting pressure on the broader industry, but Inter Pipeline continues to deliver solid results, primarily driven by stronger throughput and expanded storage capacity.

Last year the company put two new oil sands assets into service in Alberta, extended a conventional output pipeline in Saskatchewan, and increased its storage facilities in Europe through acquisitions and organic growth.

As a result, 2015 net income jumped 33% compared with the previous year.

Management raised the dividend by 6% last November, and investors could see another increase later this year or in early 2017 as new assets go into service.

The current monthly payout of 13 cents per share should be safe, and investors who buy the stock today can get a 5.8% yield. As the energy sector recovers, Inter Pipeline should also deliver some decent capital gains.

## Shaw Communications

Shaw is going through a major transition, and that has kept some investors on the sidelines.

The company recently purchased Wind Mobile in a deal that has some analysts scratching their heads. Shaw had long maintained it wouldn't get sucked into the wireless game and even sold off some valuable spectrum. In the end, management realized it had to have a mobile offering to compete with the other major players.

Why?

Canadians like the idea of getting their TV, internet, and mobile services in discounted bundles from a single supplier. Shaw is already struggling with cord cutting on the cable side, so it has to have a complete communication package to entice customers to stay.

With the addition of a phone business Shaw should be able to slow down the exodus and start to win back some customers that have already switched to its rivals.

In order to pay for the Wind Mobile deal, Shaw sold its media division to **Corus Entertainment**. The move was probably a smart one because it reduces the amount of debt the company will have to take on to expand the wireless network and eliminates content risk at a time when Canadians are shifting to a pick-and-pay system for TV subscriptions.

The stock isn't likely to move much until the dust clears on the transition process, and dividend growth appears to be on hold. Shaw currently offers a yield of 4.9%.

## Which should you buy?

Both stocks pay above-average dividends that should be safe, but I would go with Inter Pipeline for the higher yield and opportunity for share-price growth.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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**Author**  
aswalker

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