



Telus (TSX:T) Stock Could Soar If This 1 Thing Happens

Description

Telus ([TSX:T](#))([NYSE:TU](#)) is the [quintessential dividend stock](#) for those of us who don't want to take on excessive amounts of risk to obtain solid returns over the long term. It's been a wild 2018, yet the Telus fort has held up strong relative to many other names on the TSX index.

While Telus may not seem like the [biggest bargain](#) after experiencing a dampened fall (shares are down just 7% from peak levels) relative to the broader indices, now is as good a time as any to get some skin in the game if you're in the market for stability, dividends, and above-average growth.

Telus isn't sexy by any means, but if you're looking to batten down the hatches, the dividend, which currently yields 4.8%, will most definitely act as shocks for your portfolio as it navigates a potentially rough road that lies ahead of us.

In addition, Telus stock could be ready for a substantial upward move through its multi-year consolidation channel at some point over the next few years should the company be able to overcome one pressure point that'll be on the horizon.

Indeed, there are many uncertainties in Canada's telecom scene, most notably the rise of 5G wireless technology, the continued proliferation of Fiber-to-home, and the disruptive potential of

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)), which is hungry for Telus's share of the wireless and wireline market.

So, what needs to happen before Telus moves sustainably higher?

Telus needs to weather the Shaw storm

Shaw is a huge threat to Telus, especially on the west coast. While Telus may have the superior fibre-to-home wireline and LTE wireless network at the moment, Shaw could begin to pick up traction as government regulators will undoubtedly grant Shaw with advantages while setting hurdles in front of the Big Three incumbent telecoms like Telus.

You can think of government regulators as the parents, with Telus and Shaw being the black sheep

and golden child, respectively. Telus may be ahead of the game now, but over the course of many years, I do expect the network quality gap to narrow as Shaw picks up traction along with its advantages (first dibs at future spectra auctions?) granted by regulators.

With that in mind, one would be wise to pay close attention to the transition from LTE to 5G and the continued battle for wireline customers. Telus has spared no expense with regard to network upgrades, and although Shaw may be the one experiencing the pressure right now, this could suddenly change as regulators play favourites or should Telus fail to retain its now swollen subscriber base.

Foolish takeaway on Telus and its battle with Shaw

There will be an intense battle between Telus and Shaw over the next three years. There can only be one winner, however, and if Telus' impeccable management team can continue to keep its subscriber base intact as Shaw applies pricing pressure with government-granted advantages, Telus could really take off, as one of the biggest pressures on Telus stock has been the disruptive potential of Shaw.

Stay hungry. Stay Foolish.

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