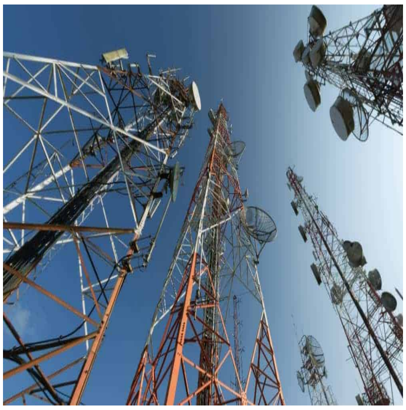

Investing in 5G? These 2 Canadian Telecoms Stocks Are Locking Horns

Description

An investment in communications can be seen as both passive and defensive, and there's nothing wrong with either of these qualities when it comes to picking long-range stocks. Whether for a tax free savings account (TFSA) or registered retirement plan, an investment in one of Canada's biggest telecoms providers can be a relatively safe play for long-term dividends with built-in peace of mind.

Outages and a lower dividend yield are a bad look

Rogers Communications (TSX:RCI.B)(NYSE:RCI) suffered an outage this weekend that may give investors focused on its wireless segment something to think about. The nationwide outage in its wireless service affected calls during July 7 and led to some calls being dropped, with difficulty in placing calls also reported.

In an email to Global News, the company said, "Some of our wireless customers on 2G or 3G networks may experience an intermittent interruption to voice services."

Having put up billions of dollars to win an auction for wireless spectrum licenses, Rogers Communications is serious about its wireless segment. Spectrum auctioning occur when a licensing body, such as the government, uses an auction to assign signal bands to competing providers as a way of apportioning limited spectrum resources.

No wonder the company has been so aggressive about growing this side of its business: Rogers Communications derives approximately 60% of its income from its wireless operations. Since 5G (fifth generation mobile internet coverage) is set to become big news in the telecom industry, Rogers Communications' play for market share will see the company roll out the next generation of mobile tech across heavily populated urban centres, including both the GTA and the capital.

The struggle for 5G dominance is real

The main trick will be to steal market share from **BCE** (TSX:BCE)(NYSE:BCE), which was recently named the fastest major ISP provider in the country by an extensive report in *PC Magazine.* This is no mere opinion piece: some 40,000 speed tests were conducted in the last year in support of the report, with the conclusion being that the Bell company's owner is the current king of the telecoms.

Currently paying a dividend yield of 2.82%, Rogers Communications also comes up short. In fact, a yield of 5.29% makes BCE not only the more lucrative telecoms stock for a passive income investment, but also a higher yielding play than some of the best banking or energy companies. However, only time will tell which company eventually comes to rule the roost in the battle for 5G dominance.

Could BCE emerge long-term as the market leader in 5G? If so, Rogers Communications could be taking the wrong direction by investing so heavily in the new system. In fact, the next generation in mobile internet could actually prove less popular than the majority of pundits are predicting.

The bottom line

Wielding considerable market power, both BCE and Rogers Communications could reward investors for defensive dividends and a lot of growth potential. The downside is that by focusing on the 5G rollout, other potentially more lucrative segments may fall by the wayside. BCE's higher yield makes it the better play, although the goalposts may be about to shift in the field of Canadian telecoms.

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Date
2025/08/18
Date Created
2019/07/11
Author
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