



Market Rally: Top Canadian 5G Stocks to Buy Now

Description

In February, prior to the outbreak of COVID-19, I'd recommended three companies at the forefront of Canada's launch of 5G technology.

Although these stocks experienced losses when the pandemic began, today each stock is performing better than the broader market. This is due to the strength of their businesses and the recent market rally.

Canada's move to 5G

5G is viewed as a major step in advancing technology, from driverless cars to robotic surgeries to smart buildings.

Once available, this fifth generation of wireless technology will immediately decrease download speeds up to 100 times over. 5G will also decrease latency and offer the ability to connect a massive number of devices simultaneously.

According to market research firm NPD Group, 5G was available on only about 1% of phones sold in 2019. This market is expected to explode from US\$5.53 billion this year to an estimated US\$667.90 billion by 2026.

Market rally: Rogers Communications, Sierra Wireless, and American Tower

In my [original article](#), I'd recommended three companies involved in different aspects of 5G. These companies include a telecommunications giant, a manufacturer in the supply chain of 5G equipment, and a REIT that rents space to carriers.

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) was the first to launch the 5G network in Canada. The company began its rollout in Toronto, Ottawa, Montreal, and Vancouver in January. Through its

partnership with Ericsson, Rogers expects to add 20 more markets by the end of this year.

As of this writing, shares of Rogers Communications are trading at \$60.28. Year to date, the stock is down only 6.6%, far less than the broader market. Currently, Rogers has a dividend yield of 3.38%.

Sierra Wireless ([TSX:SW](#))([NASDAQ:SWIR](#)) makes equipment needed for 5G technology. The company is a leading manufacturer of embedded machine-to-machine (M2M) modules and gateways. Sierra's chips have been crucial to the manufacture of cellular devices for the past two decades.

Since the market meltdown and the subsequent market rally, shares of Sierra Wireless have performed relatively well. The stock is trading at \$11.63, as of this writing, down 8.8% year to date.

American Tower (NYSE:AT), a telecommunications REIT, is a leading independent owner, operator, and developer of multi-tenant communications real estate. The company maintains a portfolio of over 170,000 communications sites.

All 5G cell service providers will require more cell tower space to deploy the network. Therefore, it makes sense to invest in REITs that rent out towers to primary cell service providers.

As of this writing, American Tower is trading at \$254.06, up from its price of \$228.50 at the beginning of the year. The company currently has a dividend yield of 1.57%.

Will Canada's 5G rollout be delayed?

Since the crisis began, there have been conflicting reports on how the pandemic will affect the international launch of 5G.

Last week, *The Globe and Mail* reported that Canada's 5G rollout could be delayed due to several factors. These factors include waning consumer demand, shrinking telecom budgets, and the rapid growth of conspiracy theories linking 5G to the transmission of the virus.

These conspiracy theories range from claims that the virus transmits through 5G radio waves and targets its victims to claims that 5G suppresses the immune system, making individuals more likely to contract the disease. Other theories point to the lack of 5G in Africa as the reason the continent has so few cases of the coronavirus.

These outlandish claims have prompted several government authorities to publicly dispute these theories.

A conflicting [story from CNBC](#) suggests that the pandemic may actually speed up the launch of 5G. The report points to the unprecedented increase in remote work, which has advanced the need for more robust 5G technologies.

The bottom line

Regardless of the infinite number of conspiracy theories, the demand for 5G continues to strengthen. While the rollout may be slightly delayed due to the pandemic, the stay-at-home orders have

highlighted the need for this technology.

Despite some losses early on, the recent market rally has boosted the stock prices of Rogers, Sierra Wireless, and American Tower REIT. As the demand for the benefits offered by 5G grows, these stocks should continue to outperform.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:AMT (American Tower Corporation)
3. NYSE:RCI (Rogers Communications Inc.)
4. TSX:RCI.B (Rogers Communications Inc.)
5. TSX:SW (Sierra Wireless)

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