



Forget Apple (NASDAQ:AAPL): BCE (TSX:BCE) May Be the 5G Stock to Buy

Description

Apple ([NASDAQ:AAPL](#)) pulled the curtain on its 5G iPhone on Tuesday, causing shares to sell-off just shy of 3% on the news. The stocks of various telecoms were moving on Apple's keynote, including the likes of **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), which surged 1.5% on what was a down day for the broader markets, with the TSX Index pulling back 0.3% in a post-Thanksgiving bout of indigestion despite not having participated in the feast of a Thanksgiving rally that was enjoyed by the U.S. indices just a day prior.

Apple reveals its 5G phones, BCE rallies

Apple's post-keynote reaction was pretty mixed. I thought the design of the iPhone 12, iPhone 12 Pro, iPhone 12 Pro Max, and iPhone 12 Mini screamed iPhone 4, with wireless antennae located along the outside edges of the device. While the iPhone's latest design and the latest camera enhancements may not have been to the liking of critics, the wide range of 5G-enabled devices will sell like hotcakes as a part of the much-talked-about 5G supercycle. And Canadian telecom BCE (Bell Canada) is likely to be a huge beneficiary over the next few years from the coming 5G boom.

Apple shares will likely continue moving higher on the strength of its latest handsets. However, the 5G supercycle will result in modest strength that could span multiple years, rather than just one big explosive year like the supercycle that followed the release of the iPhone 6. Why?

The COVID-19 pandemic could weigh heavily on consumer demand for discretionary spending — and that could see many Canadians delay their move to the next generation in telecom tech, as they look to [tighten the belt](#) and reduce telecom expenses, rather than looking to upgrade their phones and, in effect, their monthly bill.

The timeliest of bets?

Sure, the [technology](#) may be here, but consumer sentiment isn't where it needs to be for the telecoms like BCE to enjoy the full force of a boom induced by a new generation of telecom tech.

There will be pent-up demand for 5G devices, but it may be spread out over a long duration that most think. And sell-side analysts expecting a massive 5G boom next year may find themselves lowering the bar, as results could have the potential to be far more muted due to the COVID-19 impact.

That said, shares of top telecom BCE have already taken a hit to the chin due to the COVID-19 impact. BCE's media segment has been a major weak spot alongside fading wireless revenues. As the economy gradually heals over the next two years, more Canadians will consider jumping on the 5G bandwagon to give 5G wireless service providers like BCE a much-needed revenue and margin boost.

Betting on BCE for a 5G boom?

The reason to bet on BCE is for the 5G boom that could span the next two or even three years. In the meantime, BCE will continue rolling with the punches thrown its way by Mr. Market for the duration of this horrific pandemic. The appetite for lower cost LTE wireless offerings is likely to increase in the recessionary environment that lies ahead.

Once the coronavirus recession ends, whether it be in 2021 or 2022, BCE will then have greater 5G coverage and Canadians who've regained their employment lost at the hands of the coronavirus will finally have a reason to upgrade.

BCE faces a tough road ahead in the face of another wave of COVID lockdowns. With shares trading at a mere three times book value, though, I'd buy the stock here in preparation for 5G-induced growth potential beyond 2022. In the meantime, there's the near-6% yield to collect from the stalwart.

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