



BCE Stock Is a Top 5G Dividend Pick for 2021

Description

Former [dividend darling](#) **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) stock, like so many other firms, was dealt a ridiculously tough hand in 2020. The coronavirus crisis could have the potential to get much worse before it gets any better. If the pandemic drags on for longer than expected, mobile (and roaming) data demand could depress ARPUs (average revenues per user) further and the much-anticipated 5G boom and its associated [tailwinds](#) could be pushed back by several quarters.

BCE stock: COVID-19 headwinds won't last forever

There's no denying the headwinds facing BCE's business. The stock has taken a modest tumble and is currently down just over 15% from its high, with a slightly swollen 6%-yielding dividend. While the backdrop isn't looking great for the Canadian telecom behemoth now, I think it makes a tonne of sense to accumulate shares ahead of a 2021 economic recovery. Not only do income investors have a shot to lock in a larger yield with the name, but they could also be looking at outsized gains over the next 18 months.

Now, I'm not sure when the pandemic will end exactly, but I think the handful of effective vaccines and treatments will ultimately conquer COVID-19 in due time. Some pandemic-hit businesses, such as those in the travel and leisure industry, may take longer to recover to those 2019 levels. I think the defensive telecoms, though, can surge above and beyond their 2019 highs over the next three years, making BCE and the Big Three telecoms some of the lower-risk COVID-19 recovery plays to buy right now.

When will the 5G boom be?

The advent of 5G technologies got many investors excited before the pandemic when many folks opted to stay indoors to reduce the spread of the insidious coronavirus. Once COVID is conquered, I think people, many of whom have had cabin fever amid quarantines, will be going outside again, and they'll probably use a record amount of mobile data. Many will buy 5G-enabled devices to take advantage of the next generation of telecom tech. Although the COVID-19 pandemic may hit the rate

of 5G adoption, I ultimately think that a majority of folks will be aboard over the next three years.

I like to view the 5G boom as more of a longer-lasting 5G tailwind that could extend through 2025. Regardless, I view the Canadian telecoms as one of the best opportunities for investors seeking value, income, and long-term upside. The 5G boom may or may not be off the table. Regardless, it's a mistake to count BCE out of the game just because of its slate of headwinds.

Why buy BCE stock over its peers?

BCE is a dominant behemoth that'll be fending off rising competition over the coming years. With a less-desirable media business, BCE may not be as "agile" as some of its smaller brothers, as they look to take share in the wireless markets. That said, I wouldn't underestimate management's ability to retain customers, even as competition heats up over the coming years. The stock is also one of the cheaper ways (shares trade at 2.2 times sales and three times book) to get a safe and sound 6% dividend yield, making it a perfect contrarian buy for passive-income investors.

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