



Why Investors May Want to Consider Shaw Stock Right Now

Description

Telecom players have really never been the “sexy” plays investors have looked for in the market. Indeed, companies like **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Rogers Communications** ([TSX:RCI.B](#))([NYSE:RCI](#)) are rather steady, long-term income plays for investors over time.

Many choose Shaw stock as a way to earn a bond-like 3.3% yield while maintaining some significant leverage to underlying growth catalysts.

Indeed, the telecom sector has come into focus as a result of the pandemic. Work from home restrictions and the reliance on stable internet and wireless services have provided a spotlight on telecom players. With the highly-anticipated continuing [rollout of 5G](#) across Canada, this sector is seeing even more interest of late.

Here's why Shaw remains a top pick of mine in the Canadian telecom space right now.

Shaw stock has become a bigger player

The recent massive [acquisition bid](#) Rogers has put in to swallow up Shaw has sent Shaw stock on a nice ride of late. Indeed, it appears the market remains bullish on this deal going through. Regulatory hurdles appear to be low enough for the combined entity to jump over. And the deal may indeed be good for the industry and consumers as well. At least, that's what investors in Shaw stock hope for.

The merger of these two key Canadian telecom players is a big deal. Size is everything in the telecom space. Accordingly, the ability for Shaw to roll out its services to a greater number of paying customers has been enhanced. I see real synergies from this deal and think investors in Shaw stock stand to benefit from the combination.

Both Shaw and Rogers look compelling at these levels. However, investors may note that Shaw's stock price does imply some upside from here should the deal go through. Right now, Shaw is trading at a level that is attractive to those seeking an arbitrage play, but also those looking for a long-term

pick. Accordingly, this is a stock I think should be on everyone's radar right now.

Bottom line

The growth prospects of both Rogers and Shaw have been improved as a result of this deal. Indeed, investors in either stock are likely to do well over the long term.

That said, I like the upside Shaw stock provides right now. If the deal doesn't go through, Shaw will receive a big break fee. And given the pricing discrepancy with Shaw stock right now, I see little in the way of downside with this stock over the near term.

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TICKERS GLOBAL

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2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:SJR.B (Shaw Communications)

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