BCE Stock: Should You Buy it if the Rogers-Shaw Deal Closes?

Description

BCE (TSX:BCE) stock has been one of the best telecommunications stocks to buy over the last few decades. In fact, it's not only been one of the best stocks to buy in the past, but also on the **TSX** today. Yet, there's been questions over whether the king of telecom may come down from its throne?

We're still waiting on whether a deal will be finalized between **Rogers Communications** (TSX:RCI.B) and **Shaw Communications** (TSX:SJR.B). However, when it does, it could certainly be trouble for BCE stock. So let's see whether investors should still consider it one of the best stocks to buy right now.

First, some background

An acquisition of Shaw by Rogers first came up back on March 15, 2021. The company announced it would acquire Shaw for $26 billion, as long as it got regulatory and shareholder approval. And it's the former that has become the fly in the ointment for Rogers stock.

The issue came down to creating even *less* competition in the Canadian wireless communication sector. The merger would remove one of the four largest competitors in the market. This is bad news for Canadians, as it would mean less competition could result in higher prices from the top four companies.

So while the Canadian Radio-television and Telecommunications Commission (CRTC) approved the merger on March 24, 2022, the Canadian Competition Bureau (CCB) took the company to task in May last year. By the end of 2022, the Tribunal dismissed the CCB's application, and the latter went on to appeal the decision.

Which brings us to today, and the question as to which of these are the best stocks to buy?

Deadline looming

As of writing, news came down that the Federal Court of Appeal would hear the CCB's concerns. The hearing should only last a day, though a decision date isn't yet set. However, it's really coming down to the wire as the acquisition is expected to close by January 31, 2023.

Whether or not you want to invest in Rogers stock, BCE stock or Shaw stock, Canadians should certainly be concerned about the deal. If you look to the United States, there is a massive amount of competition. This allows healthy competition and healthy prices for consumers of wireless services.

Less competition means these companies can continue to raise prices, and Canadians already pay *exorbitantly* high wireless fees. For example, one of the largest companies in the United States offers a deal of USD$25 per phone line. Compare that to BCE and Rogers whose comparable servicses *start* at $85!

Alright, but what about BCE stock versus Rogers stock?

Alright, alright, enough of my anger at the high Canadian wireless prices. Though come on, it's insane. Still, if you're looking to at least gain back some of that money through investing, then here's what you should consider among the best stocks to buy on the TSX today.

When it comes to the market share of the telecommunications industry, BCE stock leads the pack right now. It currently boasts a $56-billion market cap, compared to Rogers stock at $33 billion and Shaw stock at $19 billion. And *even if* the deal went through, the merger *still* would only create about a $53-billion market share. Still three billion shy of the BCE stock market cap.

So when it comes to where's the best place to invest, I would still stick with BCE stock. Sure, you could see a share jump if/when the merger goes through. However, if you're looking to invest long-term, BCE stock has the strategy in place to continue being Canada's number one choice.

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