



Is it Worth Investing in Rogers or Shaw Before the Pending Merger?

Description

Rogers Communications ([TSX:RCI.B](#)) and **Shaw Communications** ([TSX:SJR.B](#)) attempting a merger. This merger has been in the works for years, starting out in 2021. Now, it's two years later with still no deal quite yet.

However, a deal could be made in just a few weeks, with the self-imposed deadline now coming in at Feb. 17. Should investors consider Rogers stock and Shaw stock before the merger? Let's take a look.

What's happening?

Rogers announced in 2021 that it planned to acquire Shaw, yet since then there has been worry over competition in Canada. Such a merger would mean that there is even *less* competition among the telecommunications companies. And this isn't good news for Canadians.

For example, an average wireless plan in Canada costs about \$85 right now. In the United States, there are some deals going for \$25 at even the largest of [telecommunication](#) companies. This is because Canada simply does not have enough competition to allow for such cheap deals.

This is why ministers have come forward asking for Rogers stock and others to "maintain affordable and accessible wireless service" even after the transaction goes through. If not, there will be consequences imposed that should be made in writing.

So, before the \$26 billion deal goes through, could returns be on the way for Rogers stock and Shaw stock?

Think big picture

Whether or not the deal goes through, analysts believe investors should remain focused on the [telecommunications](#) sector as a whole. There is continued strong demand for wireless, especially as fibre networks are rolled out across the country. Everyone wants the fastest service available, so

companies will have to get them out there as soon as they can. That includes Rogers stock.

In fact, with all the news surrounding Rogers stock and Shaw stock, the companies have seen an increase in share price. Shares are up 12% in the last six months, with the company above where it was a year ago. Plus, it offers a 3.1% dividend yield as well.

As for Shaw stock, shares are up 16.25%, as it would be a major winner in this merger. Plus, it too has a dividend at 2.99%. And now that the Federal Court of Appeal has dismissed the challenge by the Competition Bureau, there is only one more approval needed before the final hurdle can be reached. And that simply lies with the agreement of Minister Champagne.

Bottom line

It's now not just if but *when* a final deal will be reached in terms of the Rogers-Shaw deal. However, note that shares are already up for both stocks quite dramatically over the past while. Because of this, analysts believe that the cost synergies are already built into the companies' share prices.

Given this, sure there could be growth in the near term, but this could also be followed by a drop. In short, I would wait for the dust to settle after Feb. 17 to see whether these stocks are a buy.

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