

# Why Apple falls after new product announcements

October 5 2011, By CHIP CUTTER , AP Business Writer

---



Apple's Phil Schiller talks about the iPhone 4S during an announcement at Apple headquarters in Cupertino, Calif., Tuesday, Oct. 4, 2011. (AP Photo/Paul Sakuma)

(AP) -- Here's a market riddle for you: Why does Apple's stock fall on the same day the company reveals a new product?

A hot gadget would seemingly give [investors](#) reason to buy more shares. But, since early 2007, the stock has fallen about half the time following a major product announcement. That's either because of high investor expectations or sheer bad timing, such as when Apple debuts a product on a day that the rest of the [stock market](#) is falling.

Apple Inc.'s stock lost \$2.10, or 0.6 percent, dipping to \$372.50 on Monday after the company revealed the newest iPhone model, the 4S.

That version will be faster and more powerful than previous models. But some analysts had anticipated a more dramatic upgrade.

"Expectations for Apple's product roll-outs have become really unrealistic," said Channing Smith, a portfolio manager of the Capital Advisors Growth fund, which owns Apple stock. "What are (investors) expecting?"

Here's a look at how Apple's stock has performed after major product announcements over the past four years.

Oct. 4, 2011 - Apple reveals the iPhone 4S. But it's not the [iPhone 5](#) that some analysts and tech bloggers anticipated. Apple's stock falls more than the broader market, dropping 0.6 percent. The Standard & Poor's 500 index rises 2.3 percent.

March 2, 2011 - Apple CEO Steve Jobs briefly returns from medical leave to introduce the second version of the iPad tablet computer. It is noticeably thinner than the original tablet and also faster. Apple's stock rises \$2.81, or 0.8 percent, to \$352.12.

June 7, 2010 - Apple introduces the fourth version of its iPhone. It comes with a second camera on the front that can be used for videoconferencing. The device also has longer battery life. Apple's stock falls \$5.02, or 2 percent, to \$250.94. On the same day, the Dow Jones industrial average and the Standard & Poor's 500 index both plunge to their lowest level of the year because of concerns about Europe's economic problems.

Jan. 27, 2010 - Apple unveils the iPad, a tablet-style computer that resembles the iPhone. Prices will start at \$499, far below the \$1,000 that some analysts were expecting. Apple's stock rises \$1.94, or 0.9 percent, to \$207.88. The S&P 500 rises 0.5 percent.

June 8, 2009 - Apple announces the new iPhone 3GS, a newer version that will come with a faster processor, longer battery life and other features such as an internal compass. It also slashes the entry price for an iPhone in half. Apple falls 82 cents to \$143.85.

June 9, 2008 - Apple introduces the iPhone 3G, an upgraded phone with a faster Internet connection, GPS capabilities and a lower price. But Apple's stock falls \$4.03, or 2.2 percent, to \$181.61 as investors worry that the reduced price could hurt Apple's profit margins.

Jan. 15, 2008 - Apple debuts new MacBook Air, an ultra-slim notebook computer that weighs just 3 pounds, and an online movie rental service. The stock falls \$9.74, or 5.5 percent, to \$169.04 on a day when many technology stocks plunge on concerns about a slowdown in consumer spending.

Jan. 9, 2007 - Apple unveils the first [iPhone](#), to be priced at \$499. Jobs says the phone will "reinvent" wireless communications and "leapfrog" past the current generation of smartphones. Apple's stock rises \$7.10, or 8.3 percent, to \$92.57.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Why Apple falls after new product announcements (2011, October 5) retrieved 27 April 2024 from <https://phys.org/news/2011-10-apple-falls-product.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.