

Apple shares retreat after rare earnings miss

July 25 2012, by PETER SVENSSON

(AP) — Apple's stock fell Wednesday after the company did something un-Apple-like: posting results below Wall Street expectations.

Late Tuesday, Apple Inc. reported that in the latest quarter, [earnings](#) rose a mere 21 percent from the year before, not the 33 percent that analysts were expecting.

Apple is the world's most valuable company, and the earnings miss was only the second one in ten years.

In afternoon trading Wednesday, the shares were down \$23.04, or 3.8 percent, to \$577.91. The shares are down 10 percent from their all-time high of \$644, hit in April.

The [share](#) reaction was somewhat milder than the one that greeted the stock in October, the previous time Apple reported earnings that missed expectations. Then, the stock fell 5.6 percent the next day.

Apple executives said Tuesday that consumers appear to be holding off on buying iPhones before a new model comes out, even though it isn't expected until October. They also shifted their buying toward cheaper models of iPhones and iPads.

The company was also hurt by the strengthening dollar, which reduced the value of overseas sales, and by economic turmoil in Europe.

In a rare move for an analyst, Tavis McCourt at Raymond James

downgraded Apple's [stock](#) from "Strong Buy" to "Outperform" on Wednesday, saying that while most of the miss was due to buyers delaying their purchases of iPhones, there are signs that the phone's gains in market share "might become more muted going forward."

He pointed to flat sales in Europe, where consumers are likely not waiting for the next iPhone, because they won't be able to take advantage of what's believed to be its signature feature: access to the latest U.S. high-speed data networks.

Apple is the third-largest maker of cellphones, according to research firm Gartner. It had a 7.9 percent share of the worldwide market in the first quarter, up from 3.9 percent a year earlier. Among smartphones, [Apple](#) had a 23 percent share, up from 17 percent.

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