Google stock crosses $1,000 mark after earnings

October 19 2013, by Bree Fowler

In this , Tuesday, Oct. 8, 2013, file photo, the Chrome logo is displayed at a Google event in New York. Google reports quarterly earnings on Thursday, Oct. 17, 2013. (AP Photo/Mark Lennihan, File)

Google's stock surpassed the $1,000 mark for the first time, helped by strong third-quarter results.

Shortly after the markets opened Friday, Google Inc. shares jumped 14 percent to $1,015.46 and closed a day heavy trading at $1,011.41. The gains marked Google's biggest one-day jump in more than five years.

The stock had never been higher than $928 in regular market trading since Google went public at $85 per share nine years ago.

Late Thursday, Google reported a 36 percent jump in third-quarter net income that beat Wall Street's predictions. The numbers showed that while the company's average ad prices continue to decline, they're being offset by a larger number of people clicking on ads.

Over the years, Google has expanded its reach far beyond the powerful search engine that made it famous. It now includes the video sharing site YouTube, along with the Android operating system that runs on close to 1 billion smartphones and tablets. The company ranks as the No. 1 digital ad company by revenue, leaving rivals such as Yahoo Inc. and Facebook Inc. far behind.

Google's stock has climbed steadily in the last five years, more than doubling in value. But the stock slipped slightly in recent months, while the overall market has risen, amid worries about deteriorating ad prices.

Google's average ad price has fallen from the prior year in each of the last eight quarters, primarily because advertisers aren't paying as much for mobile ads because the screens on smartphones and tablet computers are smaller than those on laptop and desktop computers.

As more people rely on mobile devices to connect to Google's search engine and other services, the trend is driving down the company's average ad price, or "cost per click."

But the number of so-called "paid clicks" on Google's ads helped offset

the lower prices in the third quarter. The clicking volume increased 26 percent from last year, an indication that Google's data analysis is doing a good job matching ads with the interests of its services' users.

Friday's stock surge takes Google's market capitalization to about $333 billion, which still pales in comparison to that of technology industry rival Apple Inc. The iPhone and iPad maker ranks No. 1 in the world with a market capitalization of $462 billion.

It's unlikely that Google shares will stay above $1,000 for very long. The Mountain View, California, company plans to issue a new class of stock that will likely cut the value of the shares in half, though its market capitalization will be unaffected.

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Citation: Google stock crosses $1,000 mark after earnings (2013, October 19) retrieved 18 April 2024 from https://phys.org/news/2013-10-google-stock.html

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