

Apple's stock bounces back to hit a new high (Update 2)

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In this June 2, 2014 file photo, Apple CEO Tim Cook gestures during the Apple Worldwide Developers Conference in San Francisco. Apple's stock touched a new high Wednesday, Aug. 20, 2014, reflecting investors' renewed faith in Cook's ability to outwit the competition and expand the technological hit factory built by the late Steve Jobs. (AP Photo/Jeff Chiu, File)

Apple's stock touched a new high Wednesday, reflecting investors' renewed faith in CEO Tim Cook's ability to outwit the competition and expand the technological hit factory built by the late Steve Jobs.

The milestone represents a dramatic turnaround in sentiment since Apple's shares reached its previous split-adjusted peak of \$100.72 in September 2012. After hitting \$101.09 Wednesday afternoon, shares closed up 4 cents at \$100.57. That gave Apple a market value of \$602 billion—by far more than any other publicly held company.

Apple's stock had fallen to a split-adjusted \$55.01 in April 2013 to wipe out about \$300 billion in shareholder wealth amid worries that the Cupertino, California, company had run out of ideas without Jobs as its mastermind. The anxiety escalated as sales of iPhones and iPads slowed amid the growing popularity of less expensive smartphones and tablet computers made by Samsung Electronics and other rivals relying on Google's free Android software.

Now, there are signs that Samsung's devices are losing momentum while Apple prepares to release the next version of its iPhone this fall and investors wait for Cook to deliver on his promise to introduce a product that will open up new opportunities. The breakthrough is widely expected to be a smartwatch that will include sensors to help people monitor their health.

Hewing to its secretive ways, Apple hasn't provided details about its upcoming products.

Cook, though, has been raising hopes that Apple is poised to create a new product category for the first time since the iPad's release four years ago. "We've got some great things that we're working on that I'm very, very proud of and very, very excited about," he told analysts in April.

Anticipation for the next iPhone already is running even higher than the usual frenetic buildup. The device is expected to feature a display screen of at least 4.7 inches, an upgrade likely to spur many Apple fans to scrap their old models for a more spacious version. Apple's stock hit its

previous high the last time the company increased the iPhone's screen size in 2012, going from 3.5 inches to 4 inches that time.

Analysts are also enthused about Apple's efforts to immerse its devices and services even more deeply into people's lives by creating a system that syncs the iPhone with display screens in autos and implanting a health-tracking system in the next version of its mobile software due out this fall. The new software, called iOS 8, could also work with a smartwatch, if Apple does release one.

Apple's stock has bounced back with the help of some financial engineering, too. The company's board voted in April to spend an additional \$30 billion buying back Apple's stock and approved an unusual 7-for-1 stock split.

The split, completed last month, was Apple's first in nine years.

Although a split doesn't change a company's market value, it often helps lift a stock's price by making the shares appear more affordable to a larger pool of potential investors. In Apple's case, the split caused the stock price to fall from about \$645 to \$92 to adjust for the issuance of more than 5 billion additional shares. Apple's stock has risen 34 percent since the split was announced in April.

The rally is a vindication of sorts for Cook, whose every move is viewed through the prism of what Jobs might have done if he were still alive and running Apple. Jobs groomed Cook as his successor before he died in October 2011 after a long battle with cancer.

Apple's stock has nearly doubled since Cook became CEO, outpacing the roughly 70 percent gain in the Standard & Poor's 500 during the same stretch. Cook has done some things that most analysts doubt Jobs would have done, including buying headphone maker and music-

streaming service provider Beats Electronics for \$3 billion and funneling so much of Apple's cash into buying back its own stock.

Cook and the rest of the board increased the amount being spent on Apple's stock under pressure from activist investor Carl Icahn, who began accumulating his 0.8 percent stake in the company last summer when the stock was hovering around a split-adjusted \$60. Icahn spent the next few months trumpeting Apple's stock as a bargain investment, an assessment that now looks prescient.

In a Tuesday post on his Twitter account, Icahn reminded his 175,000 followers that he considered his investment in Apple to be one of his "no-brainers." He added: "All my chips are still on the table."

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