

Apple slump deepens on iPhone, China concerns

August 4 2015, by Brandon Bailey And Steve Rothwell



In this April 22, 2014 file photo, a man uses his phone near an Apple store in Beijing. Apple Inc., the world's most valuable public company, saw its stock price drop for a fifth straight day on Tuesday, Aug. 4, 2015, as investors fretted over China's economy and whether Apple can keep growing at the pace it's maintained over the last few quarters. (AP Photo/Ng Han Guan, File)

Apple is slumping as the usually high-flying tech stock struggles with the burden of raised expectations.

The world's most valuable [public company](#) saw its stock price drop for a fifth straight day on Tuesday, falling as much as \$5.19, or 4.4 percent, to \$113.25 as investors fret over China's economy and whether Apple can keep growing at the pace it's maintained over the last few quarters.

Apple shares closed Tuesday at \$114.64—down 14 percent since hitting a record \$133.60 in February. That puts Apple in a "correction," which is Wall Street jargon for price declines of 10 percent or more from a peak. The slide has wiped out more than \$96 billion in [market value](#).

The stock also dropped below its 200-day moving average, a technical indicator that traders use to gauge momentum. And as a sign of Apple's outsized role in the market, its decline Tuesday accounted for more than half of the 47-point drop in the Dow Jones industrial average for the day. Apple is also by far the biggest component in the Standard & Poor's 500, making up 3.6 percent of the index, which is a benchmark for most mutual funds.

Apple sold more than 47 million of its signature iPhones in the last quarter, or 35 percent more than a year earlier. That drove the company's profit and earnings above Wall Street estimates. But demand for the iPhone and Apple's new smartwatch still fell short of some analysts' more bullish predictions, and executives gave a forecast for the current period that was also lower than some analysts expected. That has sent the stock into a decline since Apple reported earnings on July 21.

Shareholders are also worried about recent hiccups in China's economy, because the country is viewed as one of Apple's biggest markets for expansion, said Daniel Ives, a managing director and senior analyst for FBR Capital Markets.

He added that investors are looking ahead to the December quarter, which is traditionally Apple's strongest. The company sold 74 million

iPhones during that period last year, a 46 percent jump. But with a much larger volume to compare against, it will be more difficult for Apple to show that kind of year-over-year growth again.

But new products like Apple Pay and the expected release of new iPhone models this fall could give the company a boost, Ives said.

Apple's current slump isn't as severe as an earlier slide that began almost three years ago, in a period when investors worried that the Cupertino, California, company had run out of ideas to counter growing competition from other smartphone and tablet makers. Apple shares fell 45 percent from a split-adjusted peak of \$100.72 in September 2012 to a low of \$55.01 in April 2013. By June of that year, however, the stock had embarked on a steady climb upward again.

© 2015 The Associated Press. All rights reserved.

Citation: Apple slump deepens on iPhone, China concerns (2015, August 4) retrieved 12 September 2024 from <https://phys.org/news/2015-08-apple-slump-deepens-iphone-china.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.
