

Apple stock slumps amid iPhone sales worries

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In this Sept. 9, 2015, file photo, Phil Schiller, Apple's senior vice president of worldwide marketing, talks about the pricing of the new iPhone 6s and iPhone 6s Plus during the Apple event at the Bill Graham Civic Auditorium in San Francisco. Apple fans keep buying iPhones, but Wall Street keeps worrying the company won't be able to match last year's blistering sales pace. Those fears were compounded Wednesday, Jan. 6, 2016, when the Wall Street Journal said one of Apple's most important contractors is sending some workers home on "early holiday" before the Chinese New Year in February. (AP Photo/Eric Risberg, File)

Apple fans keep buying iPhones, but Wall Street keeps worrying the company won't be able to match last year's blistering sales pace.

Shares in the world's most valuable company have fallen more than 15 percent over the last month, amid a drumbeat of news reports that some Asian parts suppliers are expecting Apple to trim orders for its signature smartphone this winter. Those fears were compounded Wednesday when the Wall Street Journal said one of Apple's most important contractors is sending some workers home on "early holiday" before the Chinese New Year in February.

Even an upbeat report from Apple announcing that its online App Store set a [sales](#) record last week failed to boost the stock. Its shares fell just under 2 percent Wednesday and closed at \$100.70.

Apple Inc. declined comment Wednesday. But top executives at the Cupertino, California, company said last fall they expected to sell more iPhones during the last three months of 2015 than they did a year earlier, when the company sold a record 74.5 million.

As evidence for his optimism, CEO Tim Cook said in October that a growing number of consumers were switching from rival Android phones to iPhones, while many current iPhone owners had not yet upgraded to newer models. Cook has also cautioned against drawing conclusions based on reports from individual contractors, since the company has an extensive supply and production network.

The iPhone is crucial for Apple, since it provides almost two-thirds of its revenue. The latest iPhone 6S and 6S Plus models, introduced last fall, have several new features, but analysts say they aren't dramatically different from previous 6 and 6 Plus phones that went on sale in late 2014. Experts also say the global smartphone market isn't growing as fast as it did a few years ago, because many people already own one.

Sales of the 6S phones appear to have slowed during the recent holiday season, Rosenblatt Securities analyst Jun Zhang wrote in a note to clients Wednesday, adding that two of Apple's Asian contractors have reduced their production forecasts.

Apple has introduced other new products in recent months, including the Apple Watch, iPad Pro and a new Apple TV control box. But they "have not become meaningful revenue resources to offset slowing iPhone sales in 2016," Zhang wrote.

Those worries have dogged Apple's stock for months. After peaking at \$134.54 in April, the stock ended the year at \$105.26. Still, many analysts are still bullish. Daniel Ives of FBR Capital Markets called the reports from China "worrisome." But he added in an email that he believes the next iPhone models, expected in September, will offer more significant improvements and produce another "mega" sales cycle.

Apple, meanwhile, said Wednesday that its App Store set a record for sales over the holidays, with sales of apps and in-app purchases totaling more than \$20 billion in the full year 2015. Apple generally keeps 30 percent of App Store revenue, passing the remainder to app developers.

The company didn't disclose app revenue for 2014. But it said previously that 2014 app revenue grew 50 percent from 2013, when it reported more than \$10 billion in app sales. That implies sales were somewhere over \$15 billion in 2014 and may have grown at a somewhat slower pace in 2015.

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