

Apple Keeps Slipping as New iPhone Orders Start

The Associated Press



Apple shares continued to slip Monday on concerns about early demand for the company's newest iPhone.

THE SPARK: Apple is now taking orders for one of its newest iPhones. The stripped-down, lower-cost 5C model is housed in plastic casing that will be offered in a variety of colors instead of an aluminum casing. The phone will be available Friday along with another new model, the 5S.

The 5S is the first iPhone to be sold with Apple's revamped mobile software, iOS 7, already installed.

THE BIG PICTURE: Apple Inc. reported about \$88 billion in iPhone revenue in the last year. It is trying to fend off challengers like Samsung, HTC, and other companies that make phones that run Google's Android operating system. The iPhone 5C is expected to help boost sales in China and other areas where people don't have as much money to spend on new gadgets as they do in the U.S. and Europe.

THE ANALYSIS: The Cupertino, Calif., company unveiled the new models on Tuesday, and Wall Street has not been enthusiastic. On Wednesday, a Citi Investment Research analyst said the 5C is more expensive than he expected and predicted sales in emerging markets won't be very strong unless the price is subsidized. On Friday a Jefferies & Co. analyst cut his price target for Apple, saying the price will hurt sales.

Cantor Fitzgerald analyst Brian White said Monday that when Apple launched the

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iPhone 5 a year ago, delivery times quickly expanded to about two weeks. As of Monday morning, customers could still order a 5C for delivery on Friday. White said some investors will interpret that as a sign that demand has gotten weaker. However he thinks Apple had more supplies available this time than for past pre-orders.

"We believe the iPhone 5 had significant supply constraints at the launch date last year due to the new aluminum unibody enclosure that was difficult for suppliers to manufacture at first, while our research has not uncovered any supply constraints around the iPhone 5C this year," he said.

White has a strongly positive view on Apple shares. He said last week that this year will be a "year of innovation" for Apple. He has a "Buy" rating on Apple shares with a price target of \$777, the highest among more than 40 analysts reporting to FactSet.

SHARE ACTION: Apple stock declined \$10.52, or 2.3 percent, to \$454.38 in afternoon trading. The shares are down 8.2 percent since Sept. 9 and have lost a third of their value over the last year. The stock hit its highest point, \$705.07, on Sept. 21, 2012.

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