



Why Apple Stock Climbed 11% in October

Description

What happened

Shares of **Apple** ([NASDAQ: AAPL](#)) rose 11.1% in value last month, according to data from [S&P Global Market Intelligence](#). The stock price has been steadily rising this year on the hopes that strong growth in services and non-iPhone products can pick up the slack on the top line.

With a saturated smartphone market, iPhone sales are not enough to grow the company anymore, but the fiscal fourth-quarter earnings report showed [why that shouldn't be a concern](#).

So what

[The tech titan](#) beat analysts' estimates for revenue and earnings in the fiscal fourth quarter. Here's a look at the key numbers:

- iPhone sales came in at \$33.362 billion, down 9.2% year over year.
- The decline in iPhone was mostly offset by growth in services revenue of 18%.
- Sales of wearables, home, and accessories climbed 54% year over year to \$6.52 billion.
- Total sales were \$64.04 billion, up 1.8% year over year.
- Earnings per share were \$3.03, up from \$2.91 in the year-ago quarter.

As CEO Tim Cook was quick to point out on the company's [conference call](#), Apple's revenue excluding iPhone increased by 17% year over year. That number was not given to sugarcoat the decline in iPhone sales, as it's still the largest source of sales for the company. The growth outside of iPhone points to the success Apple is experiencing as management shifts their strategy to monetizing the company's massive base of users.

Here is how Cook described the momentum in services:

We established new all-time highs for multiple services categories including the App Store, AppleCare, Music, cloud services and our App Store search ad business. We are well on

our way to accomplishing our goal of doubling our fiscal year '16 services revenue during 2020.

Now what

Apple has received a lot of attention lately from its [announcements to beef up its services category](#). Apple TV+ is expected to quickly gain a large subscriber base, since Apple is offering [a one-year subscription](#) at no charge to anyone who buys a new iPhone, iPad, Apple TV, iPod touch, or Mac. For those who don't buy a new device, the \$4.99 monthly price should be enough to win some subscribers, since it [undercuts competing streaming services](#).

The [Apple Card](#) launched in August and the [feedback from users](#) has already been positive. Also, the new noise-canceling AirPods Pro just launched. Cook said during the call that "AirPods just keep hitting new highs."

All of these services and accessories are a large and fast-growing business for Apple. The combined sales of services, wearables, home products, and accessories totaled \$70.8 billion in fiscal 2019, which ended in September. That amount doesn't include any revenue yet from Apple TV+, which speaks to the opportunity in front of the company, and why the stock is up 62% since January.

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Date

2025/09/27

Date Created

2019/11/07

Author

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