

Apple Stock Surges Based on Mystery Sales and Supply of iPhone 7

Today I decided to [replace my iPhone 5 with the new iPhone 7 Plus](#). I've had my iPhone 5 for almost 4 years now and it really was time for a new phone.

I don't actually have my new phone though because it is on back order. The estimated ship date for my iPhone 7 Plus is November 10th. I ordered the jet black iPhone 7 as it had the soonest availability. If I wanted the matte black iPhone, the sales associate informed me that I would have to wait until November 30th. The tone of black makes no difference to me. I use a protective case which usually hides the color of the phone.

So what's the hold up on receiving my phone? How could a huge, experienced company like Apple not be prepared for the ensuing demand?

I don't think it's a demand issue, but rather a supply issue. **The phones are available, they just have not made their way onto U.S. shores.**

Hanjin Bankruptcy

The [latest bankruptcy filing from Hanjin](#), has caused tremendous confusion as dozens of their ships have been stranded around the world. Hanjin is one of the largest shipping container companies in the world.

In April 2016, Hanjin applied to its creditors for debt restructuring, in order to avoid formal insolvency proceedings. As a result, Hanjin has been experiencing access issues to ports all over the world as the ports demand prepayments from Hanjin ships.

On September 2, Hanjin filed bankruptcy paperwork in Newark, New Jersey. This allows its vessels to dock without its ships, cargo or equipment being confiscated by creditors.

It is estimated that Hanjin's problems have left an estimated [\\$14 billion in merchandise left stranded at sea](#). This is bad news for many retailers, and especially Apple who relies on huge sales surges surrounding the release of their flagship product.

Bobbing for Apples

Here is a timeline for key dates surrounding the iPhone 7:

- September 7th: iPhone 7 is revealed
- September 9th: Stock price closes at \$103.13
- September 15th: Apple announces iPhone 7 initial quantities have sold out
- September 15th: Stock price closes at \$115.57
- September 16th: iPhone 7 goes on sale

In four stock trading days, the price of AAPL increased 10.7%. With current shares outstanding of 5,388,443,000, Apple's market value increased by \$67B.

It was strange however, that this time around Apple announced they [will not be revealing the first weekend sales figures](#) for the iPhone 7. This will be the first time Apple will not be reporting this important figure. If Apple expected the numbers to be great, you can bet they would issue a press

release to let their investors know.

However Apple has shrugged this number off and has stated, "These initial sales will be governed by supply, not demand, and we have decided that it is no longer a representative metric for our investors and customers." Instead, device sales will be discussed in the firm's quarterly earnings release.

So as you can see, letting consumers and investors think there was a huge demand with pre-orders being sold out, has paid off for Apple for now. But isn't it possible that Apple's announcement that they ran out of iPhones to sell is due to delayed deliveries because of Hanjin's bankruptcy? As Apple stated, initial sales will be governed by supply.

Cell Phone Carrier Incentives

Apple is feeling the heat with slowing demand of iPhones and declining sales . This explains why cell phone carriers are offering [nice incentives for iPhone buybacks](#) in September. In fact, [I took advantage of this opportunity](#) as well. Cell phone carriers sign deals with Apple agreeing to sell a set number of units. This puts pressure on the carriers to sell iPhones which is why they are offering to buy back old phones.

I will be receiving a \$400 credit for my 4 year old, slow moving, battery sucking iPhone 5. I'm not sure what they do with these phones, but perhaps it is less expensive to buyback old phones for a ridiculous price than to not meet the contract obligations with Apple.

Conclusion

If investors knew the real pre-order figures, perhaps the stock price may have gone down instead of up. I would not be a buyer of Apple stock at this time. I feel it would be best to know iPhone 7 sales before jumping into AAPL after the recent surge in stock price.

Hi readers! Are you a current shareholder of Apple? Did you get caught up in the hype of the new iPhone 7 being sold out?

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