

Apple Inc.

07:19 29 Oct 2020

Apple, Alphabet, Amazon and Facebook release earnings in blockbuster Thursday

The US earnings calendar is entering a blockbuster day on Thursday, with the majority of the FAANG set of tech giants scheduled to release quarterly earnings.

Those reporting comprise phone and computer giant Apple Inc (NASDAQ:AAPL), Google parent Alphabet Inc (NASDAQ:AAPL), e-commerce titan Amazon Inc (NASDAQ:AMZN) and social media network Facebook Inc (NASDAQ:FB).

Apple

Apple's results will be one of the most closely watched following the announcement of its new iPhone 12 range of smartphones as well as a number of other new products.

On October 13, the company announced four new devices, all of which incorporate 5G mobile internet in a first for the firm, however it was also said that none of the phones will ship with headphones or a power adaptor, ostensibly to reduce the carbon footprint.

READ: Apple unveils new iPhone 12 smartphone range

The mid-range model, named simply the iPhone 12, will be priced from £799 in the UK and US\$799 in the US and will be available from October 23.

Other products making their first appearance at the launch event included the HomePod mini, a smaller version of Apple's HomePod smart speaker, which will be priced at £99 in the UK and US\$99 in the US and will be shipping on November 16.

Meanwhile, investors will also be keeping an eye on the firm's services revenues, which include its Apple TV+ streaming service through which it is hoping to go toe-to-toe with rival services set up by Amazon, Netflix Inc (NASDAQ:NFLX) and Walt Disney Co (NYSE:DIS).

There is generally a positive sentiment around the firm even though the market is expecting (with wide consensus) a drop in quarterly earnings.

"The shares may not have quite recaptured the closing all-time high of \$134.18 achieved on 1 September (straight after the 4-for-1 stock split) but they are still up by more than 60% in 2020, so expectations are running hot for Apple," UK stockbroker AJ Bell said in a note.

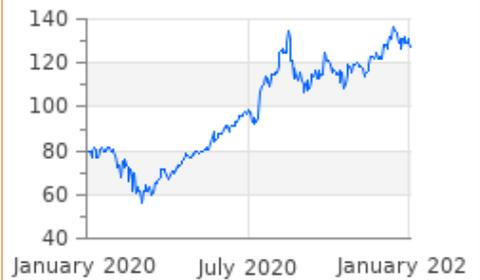
Alphabet

Like its tech giant peers, Alphabet continues to be a major beneficiary amidst the increased digitalisation of the workplace and social space as a result of the COVID-19 pandemic - albeit, it has somewhat lagged the likes of Amazon

Price: 127.85

Market Cap: \$2.15 trillion

1 Year Share Price Graph



Share Information

Code: AAPL

Listing: NASDAQ

52 week High Low
138.78 53.1575

Sector: Hardware & electrical equipment

Website: www.apple.com

Company Synopsis:

Apple Inc. designs, manufactures, and markets personal computers, mobile communication devices, and portable digital music and video players, and sells a variety of related software, services, peripherals, and networking solutions.

action@proactiveinvestors.com

and Facebook.

In July, Alphabet managed to meet Wall Street expectations for its second quarter with a net income of US\$6.96bn, down from US\$9.95bn a year ago, while revenues fell to US\$31.6bn from US\$31.7bn.

The number followed a dip in advertising revenues, which dropped by US\$2.6bn year-on-year, although sales from its Google Cloud and YouTube businesses grew 43% to US\$3bn and 6% to US\$3.8bn respectively.

Scrutiny over policy and privacy, meanwhile, remain consistent discussion points around the search engine business - the most recent and possibly significant of late came earlier this month as Google's search business was hit with an anti-trust lawsuit.

READ: Google hit with anti-trust lawsuit by US Department of Justice

Google has been accused of abusing its market position and maintaining an illegal monopoly over internet searches by the US Department of Justice. Sources in the Justice Department quoted by the Wall Street Journal said that the lawsuit will also challenge how Google's search engine is embedded on mobile phones running the Android operating system.

The US move follows a step-up in actions against the major tech firms by the European Union and comes a year after the DoJ and Federal Trade Commission started an investigation into the combined power of Google, Amazon.com, Apple and Facebook.

The EU has already fined Google more than US\$9bn in three different actions related to blocking access to advertisers and Android.

There will naturally be plenty of attention on such matters as Alphabet announces its quarterly numbers.

Amazon

As COVID-19 has driven more and more retail transactions online it's no surprise that the world's largest e-commerce business, Amazon is going from strength to strength.

Most recently quarterly trading, reported in July, revealed an 89.5% rise in operating profit which amounted to US\$5.8bn on revenue of US\$88.9bn, which was marked 40% higher. Amazon generated some US\$13.1bn of free cash flow.

READ: Amazon to dodge UK digital sales tax, but third party sellers will still have to foot the bill

At that time, it guided for US\$87bn to US\$93bn of net sales for the next quarter.

Investors will see just how strongly Amazon fared through the 'new normal' and will keenly eye at the online seller's outlook for the holiday period ahead, as well as any numbers from its recent 'Prime Day' sales.

Facebook

Back in July, Facebook Inc (NASDAQ:FB) topped Wall Street expectations for its second quarter and investors will be hoping for more of the same in its new figures.

Policy, privacy, advertising and political influence are naturally still hot topics around the social network, especially in the days and weeks running up to the Presidential Election on November 3.

The firm and its boss Mark Zuckerberg are also finding themselves back under the glare of public scrutiny after appearing in front of the US Senate Commerce Committee on Wednesday alongside Google and Twitter as debate rages in America about the future of the controversial Section 230, a law that designates that the websites are not

responsible for content published on their platforms, protecting them from legal liability.

While the hearing revealed that Zuckerberg was in favour of "updating" the rules if done appropriately, Democrat politicians accused Republican representatives of using the hearing to criticise the tech firms for supposedly censoring conservative political opinions, particularly those of president Donald Trump, who tweeted for the repeal of Section 230 during the hearing.

In pre-market trading in New York on Thursday, shares in Apple were up 1.5% at US\$112.8 while Alphabet rose 1.2% to US\$1,529, Amazon increased 1.2% to US\$3,201 and Facebook climbed 3.2% to US\$276.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.