

Apple Inc. (AAPL)

NASDAQ: AAPL | Consumer hardware and digital services | Equity research update | 16 October 2026

Last close (15 October 2026)	\$342.00	Recommendation	WATCHLIST, from fundamentals (unchanged)
Previous report (12 Oct)	\$336.64 close of 9 Oct	Investment score	69.0 / 100 (prior 71.2)
Move since then	+1.6%	Weighted fair value	\$305.10; -10.8%
P/E, FY26E / FY27E	38.7x / 35.7x	Price of interest	\$285-\$295, on the 200-day average
Market value (approx.)	\$5.03 trillion	Technical read (chart only)	Conflicts: uptrend
FY27 EPS consensus	\$9.59	Next results	Q4 FY26: 2 Nov, after the close

China Clears Apple Intelligence, and the Numbers Barely Move

Apple Intelligence is finally cleared for mainland China, but in pieces and over several months. China's internet regulator registered the service in July. In mid-October China's Ministry of Industry and Information Technology issued updated network-access permits for the iPhone Duo, the iPhone 18 Pro and several earlier iPhones, covering Apple Intelligence and Alibaba's Qwen language models and Tongyi Wanxiang image models; the permits are reported to date from 29 September. On 15 October in Shanghai, executive chairman Tim Cook said a beta would open to Chinese users later in October, starting with writing tools, live translation and photo Clean Up. A public release in December with iOS 27.3 is reported but not confirmed by Apple. The redesigned Siri AI and Image Playground are not part of it, and Baidu is reported to handle search.

This removes a gap that had left the iPhone without its headline software in its third-largest market for two years, and Greater China revenue rose 22% in the June quarter without it. But the features are free, they are the 2024 set rather than the new Siri, and rivals' phones have offered similar tools in China for some time. Our estimate puts the base effect at about \$0.02 of FY27 EPS, under 0.2% of earnings, and a strong uptake at about \$0.04. Without the item the weighted value would be about \$304.60, against \$305.10 with it. The approval is welcome news. It does not change the case.

The shares have risen 1.6% since the last report, to \$342.00, and traded close to their \$348.15 high as iPhone Duo pre-orders opened on 16 October. FY27 consensus EPS sits near \$9.59, so the stock trades at 35.7 times next year's earnings. The base case is worth \$311.80 a share, on FY27 EPS of \$9.45 at 33 times, and the probability-weighted value is \$305.10, 10.8% below the price.

Verdict: Watchlist, from fundamentals. Technical read (chart only): Conflicts. The chart is in an uptrend, above a rising 50-day average, so the stock is moving away from the level of interest; watch closely without changing the rating. The name becomes interesting at **\$285 to \$295**, 30 to 31 times base FY27 EPS, where the 200-day average now sits at \$292.11. At \$290 the base case would pay about 8%.

1. What has changed since the last report

Item	12 October report	16 October	Read
Price	\$336.64 (9 Oct)	\$342.00 (15 Oct)	+1.6%; 52-week high \$348.15
FY27 EPS used (base)	\$9.33	\$9.45	No follow-up to the reported Pro order cut; Duo demand firm
Base / bull / bear multiple	33x / 36x / 27x	33x / 36x / 27x	Unchanged; rates still high, peers unchanged
Scenario weights	27 / 47 / 26	27 / 48 / 25	One point from bear to base
Weighted fair value	\$300.60	\$305.10	Up 1.5% on higher base EPS
China Apple Intelligence	Not available	Permits issued; beta later in October	Sized under 0.5% of FY27 EPS
Price of interest	\$290-300	\$285-\$295	30-31x base EPS; on the 200-day

Item	12 October report	16 October	Read
Investment score	71.2	69.0	Financial Strength and Competitive Advantage down 1, Risk up 1

The prior Risk score was already on the 10 = lowest risk scale, so no restatement was needed.

2. Do the published levels still hold?

Level	Anchor then	Anchor now	Status
\$290-300 price of interest	30-31x FY27 EPS of \$9.33; near the 200-day average of \$290.74	30-31x base EPS of \$9.45 is \$283.50-\$292.95; 200-day now \$292.11	Moved to \$285-\$295
50-day line in the technical note	\$322.39	\$325.08, still rising	Price 5.2% above
Cut-loss / targets	None (Watchlist)	None (Watchlist)	No position is recommended

Averages computed in code from daily closing prices to 15 Oct 2026.

No published level has been reached or broken: the stock is 14% above the top of the old band. Both anchors still describe the structure. The 200-day average has risen to \$292.11 and sits inside the band, and the earnings anchor moves only because base EPS is higher. Applying the same 30 to 31 times multiple to \$9.45 gives \$284 to \$293, so the band shifts down by five dollars at the top and is rounded to \$285-\$295.

3. Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
iPhone Duo, first foldable iPhone	Pre-orders 16 Oct; in stores 23 Oct	\$1,999; A20 Pro; 5.4-inch outer screen; supply tight. Early US delivery dates slipped into January (reported)	Counterpoint: about 6m shipped by year-end. Our range: 4m-10m in the first year	High
iPhone 18 Pro and Pro Max at higher prices	On sale since 18 Sep	\$1,199 and \$1,299, \$100 above the prior Pro models	Reported 9 Oct: October Pro component orders cut at least 15%; no follow-up cut reported since	High
Memory cost inflation	Into the December quarter	September-quarter gross margin guided to 47-48% including about one point of tariff refunds	Analyst estimate (TrendForce): Q4 DRAM contracts up 10-15%, NAND up 15-20%	High
Apple Intelligence in mainland China	Permits mid-Oct; beta later in Oct; public release reported for Dec	Network-access permits cover Duo, 18 Pro and earlier iPhones with Alibaba Qwen and Tongyi Wanxiang; first features: writing tools, translation, Clean Up; no Siri AI	Reported: public release with iOS 27.3 in December. Our estimate: +\$0.02 base FY27 EPS	Medium
Home push: HomeView and Home Collection	Announced 13 Oct; HomeView on sale 13 Nov; Collection from Dec	\$299 HomeView smart display with Siri AI beta; cameras, locks and thermostats with LG and Schneider at \$40-\$400	No company targets; new category in a segment of about \$36bn a year	Medium
DOJ antitrust case	Settlement talks reported since Jul; developer concern reported 16 Oct	No settlement announced	Terms unknown	Medium
Meta model on the Mac	Reported 15 Oct	Meta's Muse model to run on Macs under a joint effort	Analyst view (Wedbush): sign of a wider AI tie-up	Low
EU app terms	In force since 1 Oct	5% commission replaces the Core Technology Fee	Small cost to EU App Store revenue	Medium
Q4 FY26 results	2 Nov, after the close	Date set by Apple	December-quarter guide settles Pro demand and memory costs	Low

Status as of 16 Oct 2026. 'Reported' marks items not confirmed by Apple.

3a. The China approval, sized

What is known. The service was registered by China's internet regulator in July 2026. Updated network-access permits from the Ministry of Industry and Information Technology now cover the iPhone Duo, iPhone 18 Pro and several earlier models with Apple Intelligence and Alibaba's Qwen and Tongyi Wanxiang models. Apple's executive chairman said on 15 October that a beta would start later in October. Apple has issued no release. The public December date and Baidu's role in search are reported, not confirmed.

Why it matters here. Greater China produced \$18.8bn of revenue in the June quarter, 17% of the total, and iPhone is most of it, though Apple does not disclose the split. The features are free, so any gain comes through iPhone share and upgrade timing, plus a small Services effect. Success would show as Greater China revenue growth holding near the June quarter's 22% through the March 2027 quarter, and in third-party share data for the December quarter.

Case	Assumed effect on China iPhone revenue	Revenue, \$bn	FY27 EPS	Value at 33x
Success	+4%	+2.02	+0.043	\$1.42
Base	+1.5%	+0.76	+0.016	\$0.53
Failure (beta stalls or is withdrawn)	-1%	-0.50	-0.011	-\$0.35

Our estimate. Inputs: FY27 Greater China revenue \$72bn and iPhone share 70% (assumptions), incremental gross margin 37%, tax rate 16%, 14.6bn shares.

What the price assumes. The approval had been expected since July, and the stock barely moved on 15 October, so it is largely in the price. A failure would cost about \$0.35 a share at the base multiple. Even the success case adds about \$1.42 a share. The verdict and levels would be the same without it. What is still unknown is how quickly Siri AI, the feature Apple is marketing this year, can follow; no timetable exists, and the beta only covers the older set.

3b. iPhone Duo

The Duo is a new top tier for the flagship, which makes it High by definition, but the sizing is small. Against a 7m first-year base, 10m units would add about \$0.08 of FY27 EPS and 4m would subtract about the same, assuming half of buyers would otherwise have bought a \$1,299 Pro Max and a 35% gross margin (our estimate). Pre-orders opening on 16 October with US delivery dates quickly slipping to January is an early signal, and a weak one: supply is tight, so a sell-out says as much about volume as about demand. The first hard data is the December-quarter guide on 2 November and the January results.

3c. Pro pricing and memory costs

The two December-quarter risks named in the last report are unresolved. No second round of Pro order cuts has been reported since 9 October, and the Duo's reception argues against weak demand at the top of the range. Memory is the larger number: each point of product gross margin is worth about \$0.22 of FY27 EPS (our estimate, on about \$385bn of product revenue), and the base case assumes about half a point is lost. The 2 November margin guide settles it.

4. Growth drivers

Driver	Status	Likelihood	Impact
iPhone Duo and the 18 Pro cycle	Shipped / pre-orders 16 Oct	High	FY27 iPhone growth mid-single digits or better
Services (App Store, iCloud, advertising, payments)	Grew 12% in the June quarter; guided similar	High	Highest-margin line; EU and US rules cap it
Apple Intelligence in China	Beta later in Oct; public release reported for Dec	Medium	Under 0.5% of FY27 EPS
Home category (HomeView, Home Collection)	Announced 13 Oct; on sale Nov-Dec	Medium	Small in FY27; ecosystem breadth
Mac on Apple silicon	Mac revenue up 29% in the June quarter	Medium	Supply-limited by advanced chip capacity

5. Business and financials

Apple sells premium hardware and earns a growing stream of Services revenue from more than 2.5bn active devices. In the June quarter revenue rose 16% to \$109.4bn, iPhone 22% to \$54.3bn, Mac 29% and Services 12% to \$30.7bn. Gross margin was 50.1%, about two points of which came from tariff refunds, and diluted EPS of \$2.02 included \$0.11 from those refunds. Management guided the September quarter to revenue growth of 9-11%, iPhone up in the mid-teens and gross margin of 47-48% including about one point of refunds, with memory costs rising again and supply of advanced chips tight.

Metric	Value	What it means
Revenue, trailing 12 months	\$466.8bn	Growth reaccelerated through FY26 on iPhone and Mac
Gross / operating margin (TTM)	48.7% / 33.2%	Inflated by tariff refunds that are now ending
Free cash flow (TTM)	\$136.7bn	About 2.7% of market value
Cash and securities / term debt	\$146.5bn / \$82.3bn	Net cash about \$62bn, shrinking with buybacks
Buybacks, nine months FY26	\$62.1bn	Share count down about 1.6% a year
ROIC (TTM)	About 100%	Asset-light and highly cash generative

Company filings to the June quarter (27 Jun 2026); trailing figures to the same date.

6. Competitors

Samsung leads foldables and has shipped several generations, and Huawei, Xiaomi and Honor ship foldables and AI phones in China with on-device assistants that Apple's China beta only partly matches. Apple's advantage is the ecosystem and pricing power at the top of the market, not being first. The AI layer is the area of dependence: in China it runs on Alibaba models with Baidu reported for search, and Apple has let Meta's model run on the Mac. That keeps the cost of AI low but leaves the differentiation with the partners.

7. Management

John Ternus became chief executive this year, with Tim Cook moving to executive chairman, and the 2 November results will be the first full quarter under him. The June quarter beat its own guide, but management admitted it underestimated iPhone and Mac demand and that supply would tighten. Capital return remains disciplined: \$25.8bn of buybacks in the June quarter and a \$0.27 quarterly dividend. Insiders continue routine scheduled sales; one reported on 15 October was worth about \$0.8m.

8. Risks

Risk	Probability	Severity	Comment
Valuation	High	High	35.7x FY27 consensus EPS, above the average analyst target
Memory cost inflation	High	High	Contract prices rising again into the December quarter
Discount rates	High	Medium	Fed raised rates in September; 10-year near 5.1%
Pro demand at higher prices	Medium	Medium	Reported October order cut, unconfirmed and not repeated
Services deceleration or regulation	Medium	High	12% growth; EU terms in force; DOJ case unresolved
Greater China competition and policy	Medium	High	Permits granted, but each model update needs approval
Duo supply and cannibalisation	Medium	Low	Tight supply; revenue moves up-tier
Leadership transition	Low	Medium	No disruption seen so far

Risk score check: 6/10 describes moderate risk, and the list above is a high-quality business with valuation, margin and rate risks; the two agree.

9. Valuation and macro drivers

At \$342.00 Apple trades at 38.7 times FY26 consensus EPS of \$8.83 and 35.7 times FY27 consensus of \$9.59, against a five-year average forward multiple in the high twenties. Free cash flow yields about 2.7%. The base case uses \$9.45 of FY27 EPS, consensus less about half a point of product margin for memory, at 33 times, a premium to history for a new

product cycle but not a further expansion. The stock is overvalued on these inputs.

Two macro variables matter. The first is the discount rate: the Fed raised its target range to 3.75-4.00% in September, September CPI ran at 3.7% and the 10-year yield closed near 5.10% on 15 October. A multiple in the mid-thirties is hard to defend with long yields at that level. The second is the high-end consumer. Confidence fell to a 12-year low in September and payrolls grew only 29,000, but retail sales rose 0.8% in September; the control group, at 0.1%, was softer. Apple's buyers sit at the top of the income range, which has held up so far.

10. Sentiment

Broker actions in the past week were mostly positive: JPMorgan raised its target to \$360 and Loop Capital to \$370, BofA held Buy at \$370, Evercore held \$380 and Morgan Stanley \$355, while KeyBanc kept its Sell rating at \$250. The average target, about \$329, sits below the price. Short interest is low at about 0.8% of the float. Insider filings in October were routine scheduled sales. The news run in the past week has been positive, led by the Duo pre-orders and the China permits.

11. Scenarios

Case	Probability	Outlook	FY27 EPS x multiple	Fair value
Bull	27%	Duo near 10m units, China beta succeeds, memory absorbed within guidance; China AI success case	\$9.85 x 36	\$354.60
Base	48%	Duo near 7m, half a point of product margin lost to memory, China AI base case	\$9.45 x 33	\$311.80
Bear	25%	Pro demand about 10% below plan, 1.5 points of margin lost, Duo near 4m, China AI stalls	\$8.85 x 27	\$238.90
Weighted	100%			\$305.10

Our estimates. Probability-weighted value computed in code.

12. Investment scorecard

Criterion	Weight	Score	Basis
Business Quality	16%		9/10 Unchanged. Installed base above 2.5bn active devices, Services attach and a June quarter with revenue up 16%.
Financial Strength	16%		9/10 Down 1. Net cash of about \$62bn is shrinking as buybacks run close to free cash flow; still far stronger than any peer.
Competitive Advantage	16%		8/10 Down 1. Hardware lead intact and the Duo opens a new tier, but the AI layer leans on partners: Alibaba and Baidu in China, Meta's model on the Mac.
Management	10%		7/10 Unchanged. Ternus's first quarter as chief executive is reported on 2 November; supply forecasting fell short in the June quarter.
Growth Potential	16%		6/10 Unchanged. FY27 consensus EPS growth about 9%; the Duo and China AI add at the margin, the Pro price rise tests demand.
Valuation	16%		3/10 Unchanged. 35.7x consensus FY27 EPS, above the \$329 average analyst target.
Risk (10 = lowest risk)	10%		6/10 Up 1. China AI permits and settlement talks with the DOJ trim two policy risks; memory inflation and rates still weigh.

Scored 1-10, where 10 is always best, including Risk. Weights 16/16/16/10/16/16/10.

Overall Investment Score: 69.0 / 100 (prior 71.2).

13. Recommendation: Watchlist

Rating: WATCHLIST, unchanged, and on the same grounds. October's news has been good: the Duo opened to strong orders, the China permits arrived and no second Pro cut has followed. None of it is large enough to close a gap of about 11% between the price and the weighted value, and the price has risen by more than the value. The China approval does not drive the verdict; without it the weighted value is about fifty cents lower. The name becomes interesting at \$285 to \$295, best judged after the 2 November results. No cut-loss or take-profit is published because no position is recommended.

What would change the view	Direction
A retreat into the \$285-\$295 range with FY27 consensus intact	Up
December-quarter guidance on 2 November implying iPhone growth with gross margin at or above 47%	Up
Siri AI cleared for China, or Greater China growth holding near 20% into 2027	Up
Duo supply-limited through December with Pro Max share holding	Up
December-quarter gross margin guided below the 47-48% band	Down
A second round of Pro component-order cuts reported for November	Down
The China beta stalls or a model update is refused	Down
Long-term yields rising further alongside weakening consumer spending and hiring	Down

14. Technical read

Chart as of 15 October 2026 close

Verdict: Watchlist, from fundamentals. Technical read (chart only): Conflicts. The chart is in an uptrend, with the price 5.2% above a rising 50-day average and 17.1% above the 200-day, so it is stronger than the fundamental case. Watch closely without changing the rating: a close below the 50-day near \$325.08 and the 20-session low of \$325.81 would end the uptrend, and the \$285-\$295 band lines up with the 200-day average at \$292.11. Momentum is flat: MACD sits just above its signal line and 20-day volume runs about 5% under the 50-day average.

Indicator	Value	Reading
Trend	Uptrend	50-day rising; no close under the 200-day in 10 sessions
SMA 20 / EMA 20	\$337.06 / \$336.12	Price 1.5% / 1.8% above
SMA 50 / EMA 50	\$325.08 / \$328.19	Price 5.2% / 4.2% above
SMA 100 / EMA 100	\$317.37 / \$316.67	Price 7.8% / 8.0% above
SMA 200 / EMA 200	\$292.11 / \$298.95	Price 17.1% / 14.4% above
RSI (14)	60.6	Neutral
MACD (12,26,9)	4.03 / 3.89	Histogram +0.14, just above signal
ATR (14)	\$6.65	1.9% of price
Volume, 20-day vs 50-day	38.3m vs 40.1m	Participation fading
Support	\$325.81 (20-session low); \$302.25 (60-session closing low)	Then the 200-day
Resistance	\$348.15 (52-week high)	
100-session / 52-week range	\$273.75-\$348.15 / \$243.42-\$348.15	

Daily OHLCV to 15 Oct 2026, raw closes; distances measured against the 15 Oct closing price.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

15. Final verdict

Would a disciplined investor buy Apple with their own money today? Not at \$342.00. The business is among the best in the market and October's news has been good, but the price already pays for it: 35.7 times next year's earnings with long yields near 5%, a memory squeeze on margins and the first quarter under a new chief executive still to be reported. The single biggest concern is the multiple. What must change is the price, toward \$285-\$295, or the earnings, through a December-quarter guide that shows the margin holding. The China approval was sized in full and did not change the answer.

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This report is for informational purposes only and does not constitute financial advice. Figures marked as our estimate are the author's calculations with inputs shown.