

Apple (AAPL US)

Overweight

Price: \$161.41
23 Nov 2021

Wave7 October US Survey Highlights Robust iPhone 13 Sales, Including Greater Demand Relative to iPhone 12

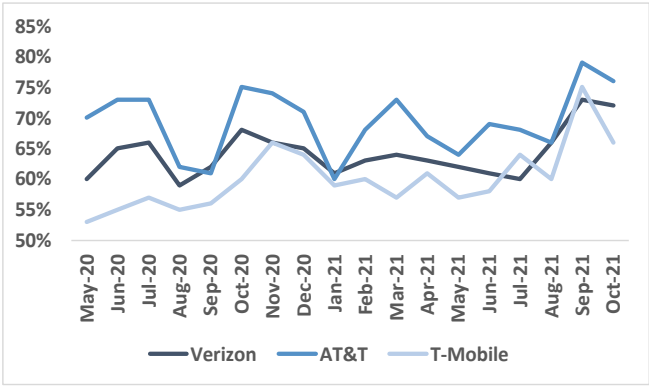
Recent surveys from Wave7 Research into US sales trends across various carriers in October 2021 indicate that iPhone 13 sales are robust despite the ongoing supply shortages, led by better inventory management by Apple relative to Android OEMs. *These incremental data points support our positive outlook for iPhone 13 demand into CY22, as we estimate record CY22 volumes on an iPhone 13 product cycle that eclipses the iPhone 12 cycle – one of several positive catalysts that drive our Overweight rating on AAPL shares.*

Key takeaways from the WAVE7 Research survey for October include:

- Overall iPhone share remains elevated above pre-launch levels, including >70% for both Verizon and AT&T, helped by outsized supply issues for high-end Samsung Galaxy phones. The more constrained position of Android OEMs continues to validate Apple's better execution in managing chipset shortages and other logistics/shipping issues.
- **Early demand for iPhone 13 is higher than iPhone 12** according to a majority (65%) of store representatives surveyed, on par with September results. Respondents attributed the strong demand to the promotional environment, return to typical launch (vs. split launch in 2020), greater in-person store traffic, more widespread 5G coverage, and the improved camera. The early data track with our own survey work conducted in October (see results [here](#)), which showed strong underlying demand for the new iPhone across the US, UK, and China.
- **Mix to remain high despite constraints.** Among iPhone 13 variants, supply of the iPhone 13 Pro and Pro Max was poor in October at all three carriers, with many wait times extending through December, and even January in some cases, which is consistent with our iPhone lead times tracker (see latest update [here](#)). Meanwhile, the base iPhone 13 model is generally available now, which points to the "stickiness" of premium models, as consumers are willing to wait instead of substitute with a base iPhone 13 or iPhone 13 Mini.
- The base iPhone 13, iPhone 13 Pro, and iPhone Pro Max appear to be the most popular choices among carriers, followed by the iPhone 12. The Mini versions of iPhone 13 and iPhone 12 are less popular, partly due to the smaller form factor being less *Zoom-friendly*, which has also factored into limited SE sales. *However, we expect a 5G-enabled SE phone in CY22 will reignite interest in the SE model and contribute to our projections of record CY22 iPhone volumes.*
- Several representatives commented that iPhone 13 Pro Max is faring well for video conferencing usage. The telephoto capability of the iPhone 13 Pro and Pro Max appears to be a factor in their popularity.
- 100% of respondents agreed there is a shortage of handsets (vs. ~70% polled in late August).

Figure 1: iPhone Share by Carrier

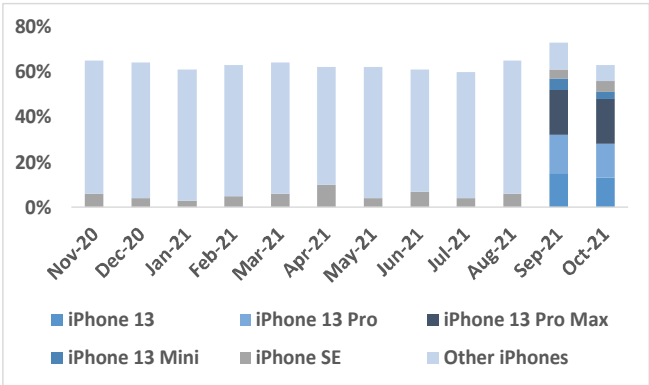
% of Total



Source: Wave7 Research.

Figure 2: Share at Verizon by iPhone Model

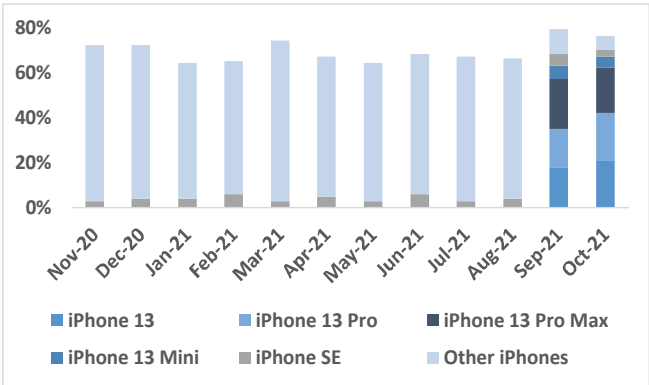
% of Total



Source: Wave7 Research. Note: Other iPhones includes iPhone 12 variants.

Figure 3: Share at AT&T by iPhone Model

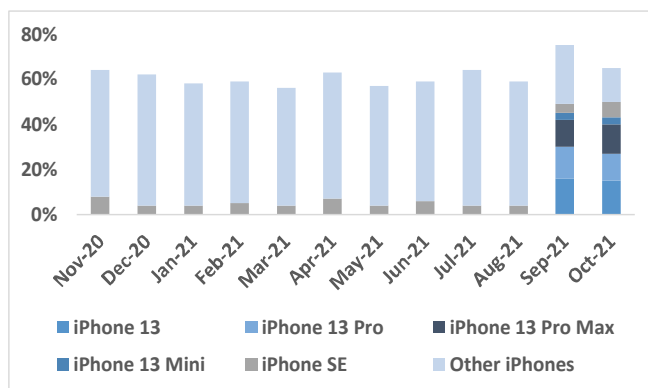
% of Total



Source: Wave7 Research. Note: Other iPhones includes iPhone 12 variants.

Figure 4: Share at T-Mobile by iPhone Model

% of Total



Source: Wave7 Research. Note: Other iPhones includes iPhone 12 variants.

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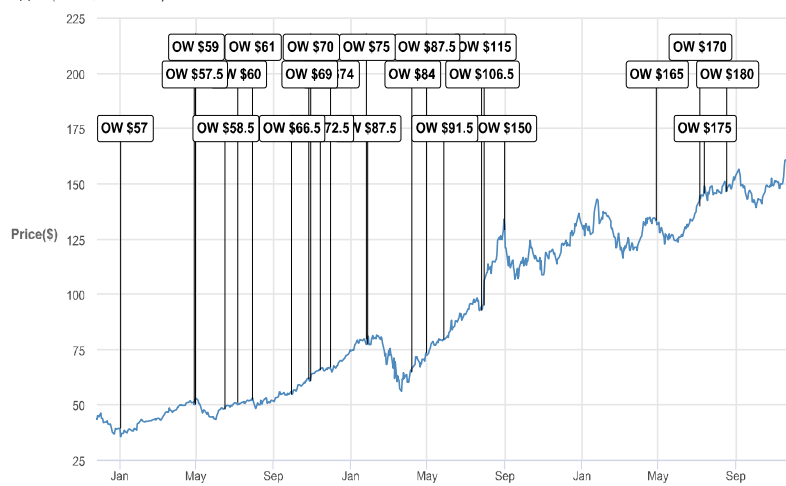
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Apple (AAPL, AAPL US) Price Chart



Sources: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage May 01, 1999. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
03-Jan-19	OW	39.48	57
29-Apr-19	OW	51.08	57.5
01-May-19	OW	50.17	59
17-Jun-19	OW	48.18	58.5
08-Jul-19	OW	51.06	60
30-Jul-19	OW	52.42	61
30-Sep-19	OW	54.70	66.5
28-Oct-19	OW	61.64	69
31-Oct-19	OW	60.82	70
15-Nov-19	OW	65.66	72.5
01-Dec-19	OW	66.81	74
27-Jan-20	OW	79.58	75
28-Jan-20	OW	77.24	87.5
08-Apr-20	OW	64.86	84
01-May-20	OW	73.45	87.5
28-May-20	OW	79.53	91.5
27-Jul-20	OW	92.62	106.5
30-Jul-20	OW	95.04	115
01-Sep-20	OW	129.04	150
29-Apr-21	OW	133.58	165
06-Jul-21	OW	139.96	170
14-Jul-21	OW	145.64	175
19-Aug-21	OW	146.36	180

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