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Analyst says weak  
Apple stock is a good  
buy opportunity  
time

## [Apple Still the Best Play on Digital Media, Analyst Says](#)

*Shaw Wu claims weak stock is a good buy opportunity*

Apple's stock recently tumbled, due to concerns for the health of Apple's CEO and bad forecast for fourth quarter earnings. However, analyst Shaw Wu, of American Technology Research, believes this is a good chance to buy Apple stock. "We continue to see Apple as the best play on digital media in the home and a large beneficiary of the shift to mobile computing," Wu [wrote](#). He added: "In two of its three big franchises, Mac and iPhone, penetration is very low and starting in the higher-income demographics. The disturbance in the macroeconomic environment is within lower-income demographics and financial institutions with exposure and impact to overall liquidity. This could certainly spread, but we believe Apple's business will remain strong in the near- to medium-term. Enough high-end consumers are still buying technology, though commodities inflation could pressure future margins." Wu also made a reference to Apple's recent Back-to-School promotion, which offers a free iPod touch for every Mac sold. He noted that Apple offering students a free iPod Touch with the purchase of a Mac in its Back-to-School promotion means "the cost of the rebate is applied contra-revenue against the Mac and iPod sale on a pro-rata revenue basis. For the overall company, the cost of sales on the promotional iPods is a drag on the gross margin. Assuming 20 per cent of Macs sold in the September quarter are under this promotion, we estimate a 90-100 basis point drag on the overall gross margin." As far as Apple's conservative guidance for future quarters was concerned, the analyst said the economic situation could, indeed, affect component prices. American Technology Research is an employee-owned firm that provides independent, timely and focused research on information technology and defense companies for institutional investors. The firm's analysts, including Wu, have strong technical backgrounds, as well as experience in both the buy- and sell-side. The research is leveraged by a first class sales and trading capability.