Apple becomes most valuable company of all time

Edward Krudy, Reuters

(Reuters) - Apple Inc became the most valuable public company of all time on Monday, after its market value climbed beyond $620 billion to surpass a milestone set by Microsoft Corp more than a decade ago.

Its shares were up 2.3 percent at $662.73 in afternoon trade, after having gained more than 8 percent this month as Wall Street bets on the September 12 rollout of the latest version of the iPhone, the device that revolutionized the mobile industry.

Apple shares reached a high of $664.74 in the morning, giving them a value of $623.14 billion. They edged past the record of $620.58 billion set by Microsoft in 1999 at the height of the tech bubble, according to data provided by S&P Dow [1] Jones Indices. The data, however, did not take into account the impact of inflation.

Apple's climb came at the same time fellow technology heavyweight Facebook Inc plumbed new depths. The No. 1 social network slid to a record intraday low of $18.75 in the morning before bouncing back to trade around $20 after Capstone upgraded the company's stock to buy from hold on Monday.

Apple's stock usually rallies in the runup to major product launches, among the most heavily watched events on the annual tech calendar. The iPhone is the company's biggest product, yielding half or more of its sales.

Sources have said the company will take the wraps off a larger version of its iPhone on September 12. Some analysts also think it intends to announce a smaller version of its iPad [2], to safeguard its market share, as rivals from Google Inc to Amazon.com Inc begin selling cheaper, seven-inch tablets.

But Bernstein Research's Toni Sacconaghi warned that questions remained about the availability of components for both the iPhone and the iPad, which in the past has constrained Apple's product shipments.

"A key question for the launch will be Apple's expected rollout schedule," the analyst wrote on Monday. "Apple's intention is to continue to ramp offerings as quickly as possible, but the company's ability to do so remains a key near-term question."

POLAR OPPOSITES

Apple became the biggest public company in the world when it overtook Exxon Mobil to reach the No. 1 spot last year. Monday's move means it has now entered the record books as the biggest company ever.

At Monday's close, its shares need to settle at $657.50 for the record to be set on a closing basis as well, according to S&P Dow Jones indices. The shares traded at $662.73 at 3 p.m. EDT.

"Everyone loves a winner; if you play the quick trade be careful," said Howard Silverblatt, senior index analyst at S&P Dow Jones Indices in emailed comments. "If you are an investor, check the fundamentals and business plans, and avoid the hype in your decision."

Facebook's stock has gone the opposite direction in the past month, the butt of concerns about the company's ability to make revenue grow. Last week, some early investors were given the go-ahead to sell for the first time since Facebook's May 18 IPO. Several similar "lockups" will expire through to the end of the year.

It was back up above $20 in afternoon trade after Capstone's upgrade, based on a combination of a more attractive valuation since its decline, and good long-term advertising prospects.

"It seems to be down around levels that people who didn't like the deal thought it was really worth. And now it seems to have stabilized," said Eric Kuby, chief investment officer, North Star Investment Management Corp in Chicago.

It may have "found a level which seems more of a better price for people valuing the company in terms of the future."

(Reporting by Edward Krudy; Editing by Kenneth Barry and Steve Orlofsky)

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