Apple cutting orders for iPhone 5 components

The Associated Press

NEW YORK, N.Y. - Apple shares fell in premarket trading Monday after The Wall Street Journal reported that the company has cut its orders for iPhone 5 components due to weaker-than-expected demand.

The newspaper said that two people it did not identify by name told it that Apple's first quarter orders for iPhone 5 screens have dropped to about half of what the company had previously planned to order.

It said one of the people told the newspaper that the Cupertino, Calif., company has also cut orders for components other than screens. The Journal said it was told Apple notified the suppliers of the order cut last month.

Apple didn't immediately return an email seeking comment before business hours Monday.

The move is a sign that sales of the new iPhone haven't been as strong as previously expected and demand may be waning. It comes as the company has been facing increased competition from Samsung Electronics Co. and other makers of smartphones that run Google Inc.'s Android operating system.

South Korea's Samsung, which sells Android-based models at various price points, has already overtaken the U.S. company as the world's largest smartphone vendor by market share.

Android devices accounted for 75 per cent of smartphone shipments during the three months ending in September, up from 58 per cent at the same time in 2011, according to the research firm IDC. The iPhone's share stood at 15 per cent in September, up from 14 per cent in the previous year.

Google says more than 500 million Android devices have been activated since the software's release four years ago. By comparison, Apple had sold about 271 million iPhones through last September.

Last week, the Journal reported that Apple is trying to decide whether it makes sense to offer a cheaper iPhone as it tries to boost sales in less-affluent countries and reclaim some of its lost market share.

Apple Inc. shares dropped $17.45, or 3.4 per cent, to $502.85 in premarket trading Monday.

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