

Apple Signals Coronavirus's Threat to Global Businesses by Theman Taylor III, J.D. Candidate 2022 | February 18, 2020

[Apple](#) is one of the world's largest tech companies, but as it sits amongst the world's elite in the business, there are obstacles ahead for CEO Tim Cook to overcome. The coronavirus has hit the global economy by storm, and it doesn't seem to be stopping any time soon. The growing epidemic has impacted the Chinese [economy](#) in manufacturing, banking, and other sectors and the government has imposed restrictions on travel for 150 million people in the country. Apple has strong ties to China due to the use of factories for production and many stores selling its products across the nation.

Apple detailed just how bad the forecast for the company was with the spread of this deadly disease. The New York Times highlighted concerns by saying, "[the virus] was cutting sales expectations for this quarter, which a month ago it had projected to be robust." Forty-two of Apple's stores were closed and many of them have yet to reopen due to the growing concern from medical officials and ongoing research concerning how the disease was spreading.

Daniel Ives, Managing Director of Equity Research at Wedbush Securities [stated](#), "Apple is heavily exposed. It confirms the worst fears that the iPhone impact was going to be more dramatic than expected." China is Apple's second largest market after the U.S. and has played a major role in the stock price continuously rising after previous quarterly earnings reports. Apple's concerns are valid, as one of its most sought-after products is assembled in China, although not in the same province where the outbreak of the virus started. Apple is not the only company being affected by the coronavirus, as world leaders such as Starbucks, General Motors, and Ikea have been impacted as well. Many people travel to China for business, vacation, and other important events, but major airlines like American, Delta, and United have halted trips to the region due to growing fears of the disease spreading.

[Tim Cook](#) responded to Apple's large sales forecast range by stating, "the company provided investors with a wider than expected estimate range because it was uncertain about the rapidly spreading coronavirus." The company is working on plans to mitigate the impact but will face more challenges when the factories are back to normal operations and the government conducts inspections and tests for current workers.

