

Possible Bottom for Apple

After a vicious 45% decline from all-time highs, Apple (AAPL) looks as if it may finally be bottoming.

Things we like on the chart: (1) an apparent double bottom; (2) contracting volume at the April and June price lows; and (3) the positive divergence expressed by the rising PMO bottoms.



Things we don't like: (1) the price advance off the most recent low has been sluggish with no enthusiasm reflected in volume; and (2) the relative strength line in the bottom panel shows that the stock is still under-performing relative to the S&P 500 Index.

A brief review of fundamentals indicates that AAPL is undervalued, with a P/E of 10. And it is a good company with lots of cash that pays a dividend of 2.9%.

Conclusion

Apple has taken a beating during the last 10 months, but the technicals show that a bottom is currently forming. We can't say that this is THE bottom, but it is the most promising looking bottom since the decline began.