Apple

IDC Cuts 2026 Smartphone Forecast But Share Position for Apple Gets Rosier as Competition Struggles

Overweight

AAPL, AAPL US
Price (28 Aug 26):$319.70



Software - Large Cap / Mid & Small Cap

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IDC has cut its 2026 global smartphone shipment estimate to now forecast a decline of -16.7% y/y from -13.9% a quarter ago, which equates to market size closer to 1.0B units. Despite the reduction in the units forecast, global smartphone TAM is still forecasted to expand at 6% y/y with the help of price increases, including IDC raising its market ASP forecast to $581 from $550. Although the headline shipment decline is significant, we believe the read-through for Apple is more favorable, given the company's limited exposure to the price tiers facing the greatest pressure as well as the continued shift in market value toward premium devices. As it relates to Apple, IDC expects iOS shipments to decline -1.3% y/y relative to a -24.3% decline for Android, driving iOS unit share to a record 23.6%. Our latest CY26 estimate of 243.8M iPhone shipments (+1.3% y/y) implies roughly 23% share on IDC's market forecast and is broadly consistent with IDC's share outlook. We expect Apple to be better positioned than other smartphone OEMs on account of: 1) limited exposure to the entry tier where unit pressure is most significant; 2) scale, supplier relationships, and relatively favorable access to memory, despite being faced with the challenge of navigating higher memory costs along with other smartphone OEMs; and 3) scale not only evidencing itself in relatively better access to memory, but also access at a relatively better price to other smartphone OEMs reflecting in our forecast in a more muted price increase relative to other smartphone OEMs - together the above reinforce the opportunity for superior iPhone revenue growth, materially ahead of industry TAM growth in the mid- to high-single digits.

- **Market unit declines are expected to be offset by higher ASPs, supporting revenue TAM growth.** IDC expects the pressure to intensify in the second half, with NAND/DRAM costs up 300%+ y/y, sub-$100 smartphone shipments down almost 60% y/y in 2Q26, and total smartphone shipments forecast to decline -27.2% y/y in 2H26. IDC expects memory costs to remain elevated through 2028 and sees potential consolidation among smaller Android OEMs once supply stabilizes. In our view, the combination of lower industry units and a growing revenue TAM is more favorable for scaled premium OEMs, including Apple, than the headline shipment decline would suggest.
- **Expect shipment declines to be concentrated in segments where Apple has limited exposure.** IDC expects the sub-$100 segment, which accounted for 173M units in 2025, to face the greatest pressure and emerging-market shipments to decline more than 20% y/y - a price category in which Apple has limited exposure.
- **Apple's lower-than-market price increases support continued opportunity for share gains.** We model FY26E/FY27E iPhone ASPs up +10.5%/+12.4% y/y, relative to the roughly 28% increase IDC expects for the overall market in 2026. Apple's relative memory access, component pre-buys, long-term supply agreements, non-memory BOM savings, and vertical

See page 3 for analyst certification and important disclosures.



integration should allow the company to raise prices by less than the market. We expect the combination of lower-than-market pricing and a premium product position to support continued share gains.

- **Foldable iPhone to support mix as well.** IDC expects foldable shipments to increase +12.6% y/y to 22.9M units in 2026, implying only about 2.6M units of category growth. Our estimate includes 7.5M Apple foldable units in CY26 and 13.2M in CY27, and while we do expect some share displacement in the foldable category once Apple launches its foldable product, we would not be surprised to see upside to the current IDC forecasts for the foldable market with the entry of Apple. In keeping with robust revenue increase for iPhones, we expect the launch of foldable iPhones to be another driver over the next fiscal year.
- **Huawei remains the key watchpoint relative to share gains in China.** IDC expects HarmonyOS shipments to roughly triple to 51M units as smaller Chinese OEMs reduce device orders and Huawei absorbs available supply. We expect Huawei's trajectory to be more relevant to Apple's regional share than the aggregate decline in Android shipments, with China remaining the primary market where broad Android weakness may not translate directly into iPhone share gains.