

Apple Rises to Intraday Record on Jefferies iPad Mini Report (1)

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(Updates with analyst's comment in fourth paragraph.)

By Lisa Rapaport

Aug. 17 (Bloomberg) -- Apple Inc.'s shares rose to an intraday record after a research report from Jefferies & Co. said the company had started production of the iPad mini, a smaller version of its popular iPad tablet.

The shares increased as much as 1.2 percent to \$644.13, and were up 0.9 percent to \$642.10 at 10:50 a.m. in New York.

Through yesterday, the stock had gained 57 percent this year.

With tablet sales predicted by research firm Yankee Group to overtake those of personal computers by 2015, Apple is preparing for challengers for its iPad. Microsoft Corp. later this year will begin selling its Surface tablet, while Google Inc. introduced its Nexus 7 device in June. Amazon.com Inc. debuted its Kindle Fire tablet last year.

"We believe Hon Hai is the main manufacturer for the iPad mini," Peter Misek, an analyst at Jefferies in New York who recommends buying Apple, said in the report today. Hon Hai Precision Industry Co., maker of iPads for Apple, had revenue increase 5 percent in July from the previous month, while sales are typically little changed at this time of year, he said.

Apple plans to debut a smaller, cheaper iPad by the end of

this year, people familiar with the plans said in July.

Apple's shipments of iPads surged 44 percent to 17 million in the second quarter, giving the company its biggest share of the market in more than a year as devices from competitors lost ground, according to a report this month from IHS.

The Cupertino, California-based company may have also started production of a television product, Misek said, citing recent data from Sharp Corp., Hon Hai and "other specialty chemical and TV component suppliers."

Apple is in talks with at least one of the largest U.S. cable companies about teaming up on a product to carry live television and other content, a person with knowledge of the plans said yesterday.