

Global Tire Demand Falls Off in October: Analysts

Demand for tires is reported to have slowed during October, showing “further weaknesses,” according to financial analysts.

The October decline is said to have been especially prevalent in North America and in the truck aftermarket globally. Commenting on the news, which follows Groups Michelin’s publication of its regular market overview figures, Morgan Stanley analysts wrote: “While we believe consensus already expects a slowdown, we think risks to fourth quarter 2011 and 2012 volume are still high.”

Michelin data shows the extent to which the North American market has been hit. According to the figures, light vehicle tire aftermarket sales in NAFTA were down 3.5% year-on-year. The same sector grew 3.8% during the same period in Europe.

“We are concerned about growth prospects in North America given lack of recovery in miles driven, declining since March,” the analysts commented, pointing out that European sales are still benefiting from a strong winter tire restocking but stressing “a warm winter to date and softening economic growth pose significant risks to tire sales and pricing going forward.”

Brazilian tire sales grew by a very good 13%. In heavy trucks, declines afflicted global markets with NAFTA, Europe and Brazil declining 7%-8% year-on-year. While OE sales are still growing from low levels, weaknesses in aftermarket are described as “a worrying leading indicator.” (Tyres & Accessories)