

Truck Tire Demand Should Rebound in 2013

Commercial tire demand in the US should increase slightly over 2012, according to Yokohama Tire Corp.'s director of commercial sales, as the industry achieves more supply-demand equilibrium to keep pace with a recovering economy.

Yokohama's assessment of the market parallels that of the Rubber Manufacturers Association, which is forecasting aftermarket truck tire shipments this year will rise about 2 percent, to 16.3 million units, based on what the RMA termed a "sluggish" forecast for Industrial Production Index.

Shipments in 2012 fell about 5 percent, the RMA said, as fleets opted to upgrade their rolling stock. That trend, however, led to a jump in OE truck tire shipments last year of more than 5 percent to 5.2 million units.

For 2014 and beyond, Yokohama expects replacement market demand for truck tires to pick up again significantly, according to Rick Phillips, who's been the company's top truck tire executive since January 2011.

As for 2013, "...freight and GDP are pretty tightly tied together... Right now, GDP growth is not great but it's enough to challenge the capacity," he said. "There's a good bit of money on the sidelines, but still a lot of uncertainty so spending is very cautious."

Phillips pointed to the housing industry as one economy segment that's starting to show signs of recovery. He also singled out the recovery efforts on the East Coast in the wake of Hurricane Sandy, which should help the trucking industry recover from lost revenue attributed to the storm of as much as \$140 million a day.

Phillips' forecast contrasts with his assessment of the industry the past two years, which he characterized as "challenging" and "surprising."

"In the 35 years I've been in the industry, I've never seen two years back to back that were as different as 2011 and 2012," he said, referring to an "unpredicted swing" in supply and demand and swings in the price of raw materials.

