CAT Reports Slowing Global Sales Growth

The Associated Press

PEORIA, Ill. (AP) — Shares of Caterpillar Inc. fell more than 2 percent Tuesday after the heavy equipment maker said the pace of its retail machine sales has slowed in recent months.

The company said U.S. retail machine sales rose 51 percent in the month ended Dec. 11, compared to the year before. But by mid-January sales were up 47 percent from 2011 and in mid-February the rise had slowed to 39 percent.

The trend extended across Caterpillar's global operations. In the Asia/Pacific region, year-over-year growth slowed from 31 percent in December to 20 percent in February.

Sales growth is slowing in part because demand is reaching "normal" levels after a big jump last year, said Eli Lustgarten, an analyst with Longbow Research.

Caterpillar makes the kind of earth-moving and heavy construction machinery that companies buy when they feel comfortable about making larger investments. Construction equipment sales plunged 66 percent in 2009 during the global economic downturn, Lustgarten said. He noted that sales rose 21 percent in 2010 from the year before and jumped 38 percent last year. Many companies replaced worn-out machines they were using to get them through lean times.

Lustgarten said he doesn't expect demand to climb sharply this year, so year-over-year growth could be relatively weak.

"It's going to get tougher through the end of this year. These numbers are going to get smaller," he said.

Shares of Caterpillar fell $2.72, or 2.4 percent, to $111.01 in midday trading.

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