Caterpillar Shares Fall On 3-Month Sales Figures

The Associated Press

NEW YORK (AP) — Shares of Caterpillar Inc. fell Thursday after the maker of heavy equipment reported slower growth in dealer sales.

THE SPARK: Caterpillar said worldwide retail sales of machines rose 12 percent in the three months ending April 12. That was less than the 18 percent and 21 percent gains in the 3-month periods ending in March and February, respectively.

The strongest gains continued to be in North America, up 32 percent in the latest period, while Latin America was the only shrinking market, down 13 percent. Europe, Africa and the Middle East were in between — up 14 percent through April 12, while the region was up 21 percent and 13 percent in the 3-month periods ending in March and February.

Power-systems sales rose 5 percent in the three months ended April 12, indicating continued uneven results. The engines business shrunk 1 percent in the March 12 period after rising 13 percent in the Feb. 12 period. Engines used in transportation and petroleum have experienced rising sales while ones for electric power and industry have been declining.

THE ANALYSIS: Jefferies analyst Stephen Volkmann said that although sales figures from some developing markets "weakened around the edges," the company has suggested that the Latin American market is improving and Asia remains strong, other than China.

China is attempting to slow its economic growth to avoid inflation, and its astounding growth rate appears to be waning.

In North America, Volkmann said, continued strong sales growth "suggests that demand strength remains intact despite recent macro fears."

THE SHARES: Caterpillar shares fell $3.23, or 3.5 percent, to $88.63 in midday trading. Stock in Caterpillar and rival Deere & Co. have slipped since February as investors fretted that the market for heavy farm and other machinery might have peaked.

Through Wednesday's closing, Caterpillar shares had slumped 21 percent and Deere shares 17 percent since their February peaks.

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