

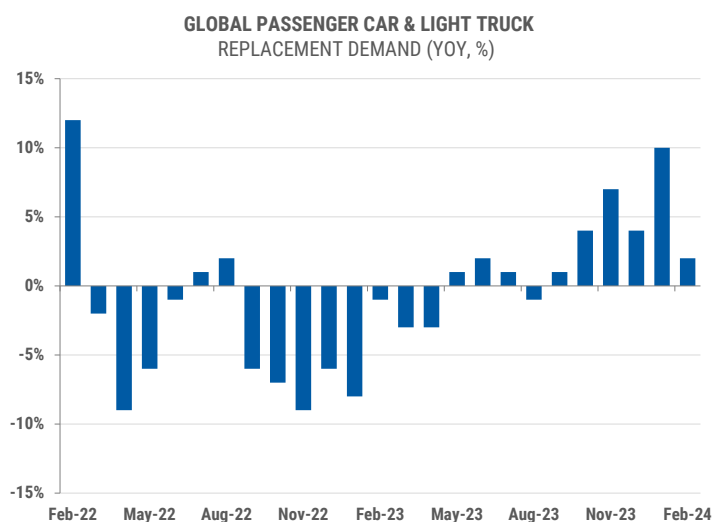
ongoing inventory rebuild at OEMs. China OE demand is seen at -23% YoY, again reflecting Chinese New Year timing impacts. Global OE demand is seen at -1% YoY on the back of these dynamics. You can see our latest note on Global Light Vehicle Production trends here: [Autos & Shared Mobility: Auto production – a small revision higher \(15 Mar 2024\)](#). We have also written an in-depth note on the EU supplier stocks which you can find here: [Autos & Shared Mobility: Suppliers: Disruption, De-layering, De-leveraging \(19 Mar 2024\)](#)

OE Truck demand declining modestly YoY... According to Michelin, global truck OE demand was -4% YoY in February. Europe is seen at -15% YoY, North America -19% and South America +23%. As it relates to Truck OE demand, Michelin comments that the YoY decline in OE truck volumes reflects *"unfavorable comparative bases after three years of sustained activity of vehicles manufacturers, particularly in North America where the 2023 demand was driven by the new environmental standards that came into effect in January 2024. Conversely, demand in South America continues to rebound on a very favourable comparative basis following the significant drop in 2023 following the anti-pollution regulations that came into force in early 2023."*

... with replacement truck tyre demand improving, especially in North America:

Replacement truck tyre demand continues to show signs of recovering with global Truck RT demand at +10% YoY vs +5% in Jan-24. Easy comps are again at play for the US and Michelin suggests that much of this growth is driven by Asian imports into the US market, which grew 31% YoY in aggregate. European Truck RT demand remains negative at -1% YoY on the back of a weak economic environment which the company see as impacting Northern Europe most.

Exhibit1: Global passenger car RT demand remains positive even despite unfavourable comps from the timing of Chinese New Year. RT demand has been positive for six straight months now and continues to support tyre stocks, we think:



Source: Company data, Morgan Stanley Research