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Chart 1

Canada Light Vehicle Sales



Sources: Scotiabank Economics, Wards Automotive.

Chart 2

US Light Vehicle Sales



Sources: Scotiabank Economics, BEA.

# April Auto Sales: Warm Winter to Mild Spring?

## CANADA: SLOWDOWN FOLLOWING UPWARD REVISIONS TO Q1

Canadian auto sales slowed for a second consecutive month to 1.72 mn units at a seasonally adjusted annualized rate (-5.8% m/m SA) in April according to Wards Automotive (chart 1). A considerable portion of the slowdown is attributable to the upward revision of non-seasonally adjusted sales for January through March that were revised upwards by 4.5% to 6.6% each. The updated figures suggest that auto sales averaged 1.86 mn (SAAR) in Q1 as opposed to the previously reported 1.78 mn (SAAR) units. While Canadian auto sales had a strong start to the year and are up 10.6% year-to-date (NSA) compared to 2023 they slowed considerably in April, up 1.2% from the same month last year, which is down from the 12% to 19% y/y for each of the five prior months. The average auto loan rate eased to 8.1% by the end of February, slightly down from 8.3% in November 2023. However, remaining at or above 8% for the seventh consecutive month as interest rates weigh on demand. At their April policy rate meeting, the Bank of Canada (BoC) held the overnight rate at 5.0% and acknowledged that recent data has been encouraging but they need to see further progress before they can begin rate cuts. Our view is that the BoC will begin easing their policy rate in Q3, with their policy rate ending 2024 at 4.25% and further easing beyond. Our outlook for Canadian auto sales is 1.75 mn units in 2024, and expect sales to increase to 1.79 mn in 2025 as interest rate headwinds ease.

## UNITED STATES: STEADY SALES AS SUPPLY AND DEMAND REBALANCE

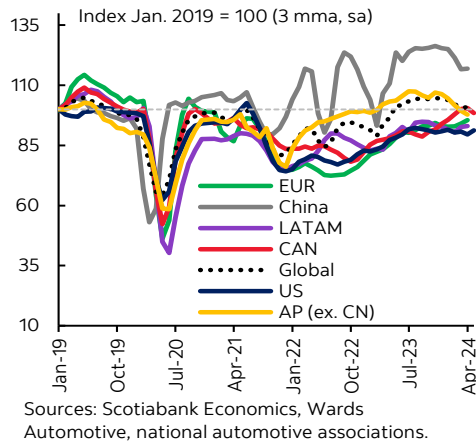
US auto sales increased 1.1% m/m to 15.7 mn (SAAR) units in April (chart 2). Light vehicle sales in the US have fluctuated from month-to-month, with slight easing from Q2-2023, but generally held steady since the second half of last year. The six month moving average has fluctuated between 15.5 mn and 15.7 mn (SAAR) for ten consecutive months now. This period of consistency in the automotive sector is allowing supply and demand to rebalance. North American light vehicle production continues to support the recovery in supply-side factors, averaging 15.7 mn (SAAR) units in Q1, up 5.8% from the Q4 seasonally adjusted pace when production was reduced owing to labour strikes in the fall. US light vehicle inventories continue to build up from pandemic lows. In seasonally adjusted terms, inventories have increased in 24 of the past 26 months, but they are still less than 70% of pre-pandemic levels. The average 48-month new car loan rate has fluctuated around 7.85% for the three months ending in April, as interest rates weigh on economic activity. Persistence in monthly measures of core inflation have pushed back on expectations for the Federal Reserve to ease their policy rate in the face of still strong economic activity and labour markets. We expect the Federal Reserve to continue holding their policy rate at 5.50%, with rate cuts beginning in Q3 and only 50 basis points of cuts this year and further cuts in 2025. Our outlook for US auto sales is 15.7 mn units in 2024 as elevated interest rates and still recovering inventories pose headwinds to demand and supply, increasing to 16.5 mn units in 2025 as these headwinds ease.

## GLOBAL AUTO SALES: MIXED MOMENTUM IN Q1 TO START 2024

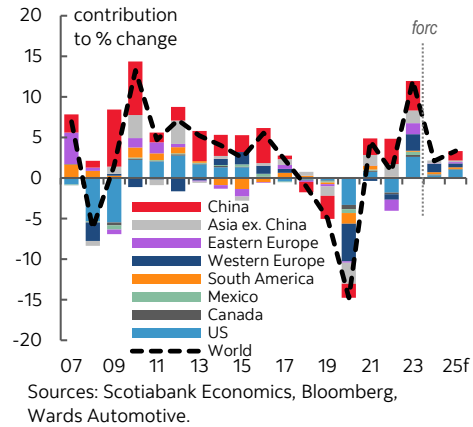
Global auto sales increased 2.0% m/m in March, marking back-to-back increases after having slowed the three prior months, as increased sales in Asia Pacific and eastern Europe were partially offset by slower sales elsewhere (chart 3). This small rebound coming off of declining levels towards the end of 2023 has led global auto sales to fall 3.0% q/q in Q1, with differences at the regional level. In the Asia Pacific region, Q1 auto sales fell 6.4% q/q as Chinese auto sales, which make up two-thirds of the region's market share, slowed 6.5% q/q. Vehicle sales in four of the five other Asia Pacific countries covered all fell in Q1, increasing only in India (5.8% q/q) to start the year. In Western

Europe, auto sales through Q1 increased 2.9% q/q with mixed details as sales increased in eight of the 15 countries covered. Of the major markets in the region, Q1 auto sales increased in Spain (13.7% q/q), Germany (4.1%), the UK (3.0%), were relatively unchanged in Italy (0.9%), and fell in France (-1.0%). And in eastern Europe, Q1 auto sales increased 3.1% q/q, up in the four countries covered and 2.7% in Russia. In Latin America, Q1 auto sales for the region were mostly higher, up 1.6% q/q, increasing in four of the six countries covered. Similar to the US, Mexico vehicle sales have come down slightly from their recent peak in mid-2023, having slowed 1.8% in Q1 to start the year. Our outlook for global auto sales forecasts an increase of 2.1% in 2024 and 3.3% in 2025 as elevated interest rates weigh on consumer spending and activity (chart 4).

**Chart 3**  
**Global Vehicle Sales by Region**



**Chart 4**  
**Regional Contributions to Growth in Global Auto Sales**



**Table 1—Global Auto Sales Outlook (mns units)**

	2010-19	2020	2021	2022	2023	2024f	2025f	Mar-24, SA % m/m	Mar-24, NSA % y/y	2023 ytd, NSA % y/y
<b>Total Sales</b>	<b>71.1</b>	<b>63.8</b>	<b>66.7</b>	<b>67.3</b>	<b>75.3</b>	<b>77.1</b>	<b>79.6</b>	<b>2.2</b>	<b>3.1</b>	<b>5.8</b>
<b>North America</b>	<b>18.7</b>	<b>17.0</b>	<b>17.6</b>	<b>16.4</b>	<b>18.5</b>	<b>19.1</b>	<b>19.9</b>	<b>-1.6</b>	<b>5.8</b>	<b>6.6</b>
Canada	1.82	1.54	1.66	1.52	1.68	1.74	1.78	-5.4	13.2	14.5
United States	15.7	14.5	14.9	13.8	15.5	15.9	16.7	-0.9	5.1	5.4
Mexico	1.22	0.95	1.01	1.09	1.36	1.39	1.43	-3.9	4.7	11.0
<b>Western Europe</b>	<b>13.0</b>	<b>10.7</b>	<b>10.5</b>	<b>10.0</b>	<b>11.4</b>	<b>12.2</b>	<b>12.5</b>	<b>-5.5</b>	<b>-2.4</b>	<b>4.8</b>
Germany	3.2	2.9	2.6	2.7	2.8	3.1	3.1	-4.9	-6.2	4.2
United Kingdom	2.3	1.6	1.6	1.6	1.9	2.0	2.1	-8.2	10.4	10.4
<b>Eastern Europe</b>	<b>3.3</b>	<b>2.8</b>	<b>2.8</b>	<b>1.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.9</b>	<b>6.6</b>	<b>38.7</b>	<b>42.2</b>
Russia	2.1	1.5	1.5	0.6	1.1	1.1	1.1	42.1	115.5	85.8
<b>Asia</b>	<b>31.9</b>	<b>30.6</b>	<b>32.7</b>	<b>35.9</b>	<b>39.4</b>	<b>39.6</b>	<b>40.7</b>	<b>7.2</b>	<b>2.9</b>	<b>3.9</b>
China	19.7	20.1	21.5	23.6	26.0	26.0	26.9	13.2	10.9	10.6
India	3.3	2.8	3.6	4.4	4.7	4.9	4.9	-0.9	7.7	9.7
Japan	5.1	4.6	4.4	4.2	4.8	4.8	4.8	-6.1	-21.1	-18.1
<b>South America</b>	<b>4.3</b>	<b>2.8</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.4</b>	<b>3.6</b>	<b>-6.2</b>	<b>-13.0</b>	<b>1.0</b>
Brazil	2.91	1.95	1.98	1.96	2.18	2.27	2.38	0.6	-5.4	10.8
Chile	0.34	0.26	0.42	0.43	0.31	0.33	0.35	-9.5	-37.4	-22.2
Colombia	0.26	0.19	0.24	0.25	0.18	0.20	0.21	-6.3	-8.0	-6.5
Peru	0.16	0.11	0.16	0.16	0.16	0.18	0.19	-30.5	-30.3	-13.0

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

**Table 2—Provincial Auto Sales Outlook (thousands of units ann.)**

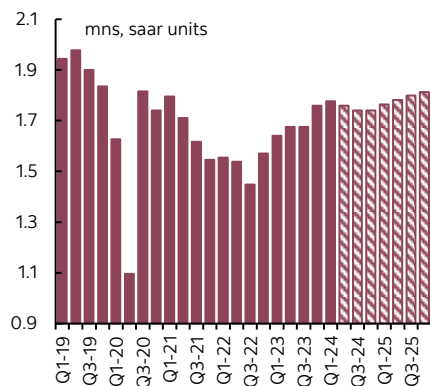
	2010-19	2020	2021	2022	2023	2024f	2025f	Feb-24, SA % m/m	Feb-24, NSA % y/y	2024 ytd nsa % y/y	ZEV* (Q4-23) % of new LV sales
<b>Canada</b>	<b>1,817</b>	<b>1,543</b>	<b>1,663</b>	<b>1,523</b>	<b>1,684</b>	<b>1,740</b>	<b>1,776</b>				<b>12.0</b>
<b>Atlantic</b>	<b>134</b>	<b>109</b>	<b>119</b>	<b>105</b>	<b>115</b>	<b>119</b>	<b>121</b>	<b>0.0</b>	<b>24.7</b>	<b>24.7</b>	<b>--</b>
<b>Central</b>	<b>1,179</b>	<b>1,030</b>	<b>1,070</b>	<b>1,004</b>	<b>1,132</b>	<b>1,134</b>	<b>1,157</b>	<b>1.3</b>	<b>13.4</b>	<b>13.4</b>	<b>13.2</b>
Quebec	441	378	404	369	412	415	423	-1.5	19.9	19.9	21.4
Ontario	738	653	665	635	720	719	734	3.2	9.8	9.8	8.2
<b>West</b>	<b>548</b>	<b>453</b>	<b>487</b>	<b>449</b>	<b>509</b>	<b>501</b>	<b>511</b>	<b>-4.5</b>	<b>10.2</b>	<b>10.2</b>	<b>--</b>
Manitoba	56	47	49	45	50	51	52	5.3	15.4	15.4	3.5
Saskatchewan	54	42	43	41	45	45	46	-1.6	15.9	15.9	2.1
Alberta	239	184	196	182	210	204	208	-6.7	6.5	6.5	--
British Columbia**	199	179	199	181	205	201	206	-5.2	11.6	11.6	21.4

\*ZEV includes battery electric and plug-in hybrid electric vehicles (estimates for NL, NS, and AB unavailable due to limitations in data sharing with Statistics Canada, but are included in the Canadian aggregate). \*\*British Columbia includes the territories.

Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

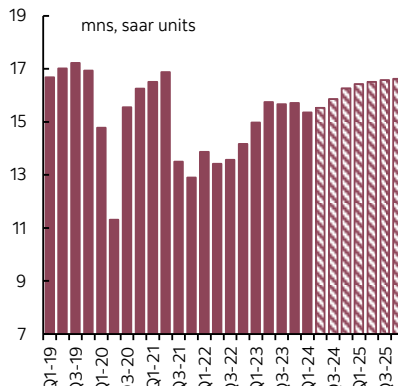
Quarterly Outlook for North American Auto Sector

Canadian Light Vehicle Sales



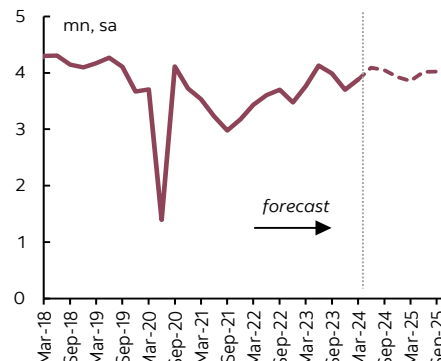
Sources: Scotiabank Economics, Wards Automotive Group.

US Light Vehicle Sales



Sources: Scotiabank Economics, Wards Automotive Group.

Wards Automotive North American Auto Production Outlook



Sources: Scotiabank Economics, Wards Automotive.

Table 3—North American Annual Production Outlook

	2010–19	2020	2021	2022	2023	2024f	2025f
	(millions of units, annualised)						
<b>North American Production</b>	<b>15.9</b>	<b>13.0</b>	<b>12.9</b>	<b>14.2</b>	<b>15.6</b>	<b>16.1</b>	<b>16.0</b>
Canada	2.2	1.4	1.1	1.2	1.5	1.3	1.4
United States	10.4	8.6	8.9	9.7	10.3	11.0	10.9
Mexico	3.2	3.0	2.9	3.3	3.7	3.8	3.7

Sources: Scotiabank Economics, Wards Automotive.

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