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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.

October Auto Sales: A Temporary Rebound in Sales?

CANADA: REBOUND IN SALES THAT REMAIN VOLATILE MONTH-TO-MONTH

Canadian auto sales increased 3.5% m/m (SA) to 1.84 mn units at a seasonally adjusted annualized rate (SAAR) in October according to Wards Automotive (chart 1).

This was the biggest monthly increase since July, when vehicle sales rebounded from June’s recent seasonally adjusted low that were likely negatively distorted by the CDK disruption.

While seasonally adjusted vehicle sales slowed over the summer, October’s rebound has brought the three-month moving average (3mma) back up to 1.8 mn (SAAR) units. However, given the volatility of vehicle sales from month-to-month, growth in the sales rate is likely to remain muted in the near term while we keep an eye out for persistent change in the trend of Canadian vehicle sales.

The Bank of Canada cut the policy rate by 50 basis points (bps) in October, lowering the policy rate to 3.75%. The larger-than-usual cut was supported by the continuing decline in annual inflation which eased to 1.6% year-over-year (y/y) in September, while job growth remains positive but lower than last year, as the unemployment rate held steady at 6.5% in October.

Our outlook for Canadian new light vehicle sales is 1.78 mn in 2024, and 1.8 mn in 2025 as interest rate headwinds ease. However, as we enter a period of uncertainty relating to the outlook, we will be monitoring the implications for the automotive sector over time.

UNITED STATES: HIGHEST SALES RATE SINCE APRIL AMID SIDEWAYS TREND

US auto sales increased 1.7% month-over-month to 16.0 mn (SAAR) units in October, the highest seasonally adjusted sales rate since April 2024 (chart 2).

October’s sales rate was the highest in seasonally adjusted terms since April earlier this year, bringing the trend in automotive sales rate back up to 15.7 mn (SAAR, 3mma) units. US light vehicle sales have generally been moving sideways since June 2023.

With the generally steady sales rate, albeit volatile from month-to-month, US light vehicle inventories as reported by Wards Automotive have increased in 29 of the past 32 months but declined in two of the last three months when adjusting for seasonality. North American light vehicle production averaged 15.4 mn (SAAR) units in Q3-2024, down from both the previous quarter, 16.2 mn (SAAR) in Q2-2024, and the same quarter a year ago, 15.8 mn (SAAR) in Q3-2023, as supply recovered into pent-up demand that was facing uncertainty due amid economic headwinds.

The US Federal Reserve further lowered the policy rate by 25 bps to 4.75% at the November 6-7 FOMC meeting. Annual inflation continued to ease to 2.4% y/y as of September 2024, but pressures on core inflation which increased by more than 3% m/m at an annualized rate the past two months along with slowing, but still positive, job growth and the unemployment rate unchanged at 4.1% in October were some of the contributing factors for the Fed to lower the policy rate, however the size and pace of further easing remains uncertain.

Our outlook for US new light vehicle sales is 15.6 mn in 2024, and increasing to 16.5 mn in 2025 as interest rate headwinds ease. As we enter a period with greater policy uncertainty around the outlook, we will be monitoring the implications for the automotive sector.

GLOBAL AUTO SALES: SALES IMPROVE AT THE END OF A SOFT Q3-2024

Global auto sales increased 1.9% m/m (SA) in September, driven by growth across most of the regions covered (chart 3). Global vehicle sales in Q3-2024 were down -2.1% q/q

(SA) as softness in the western European and Asian regions more than offset growth in eastern Europe and Latin America, while North American vehicle sales were mostly unchanged.

Western European auto sales increased 3.3% m/m in September, however softer seasonally adjusted sales the two months prior resulted in Q3 sales declining -6.4% q/q (SA). Conversely, eastern European auto sales declined -5.0% in September after having increased the two months prior, with auto sales increasing 1.5% q/q (SA).

In the Asia Pacific region, seasonally adjusted auto sales increased for a second consecutive month, up 2.2% m/m (SA) in September, aided by growth in Chinese vehicle sales (3.3% m/m SA) which accounts for approximately two-thirds of regional sales. However, the rebound in vehicle sales was from a slower sales rate at the beginning of the quarter resulting in a decline of -2.8% q/q (SA) in Q3.

Auto sales in Latin America were roughly unchanged (0.1% m/m SA) for a second consecutive month in September, but quarterly levels were up 3.8% q/q (SA) in Q3.

Our outlook for global vehicle sales is 2.0% in 2024 and 3.3% in 2025 (chart 4).

Chart 3

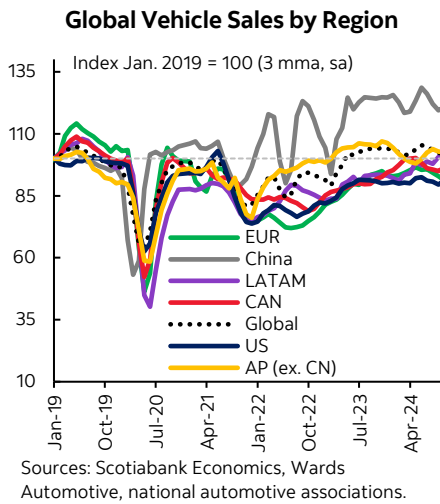


Chart 4

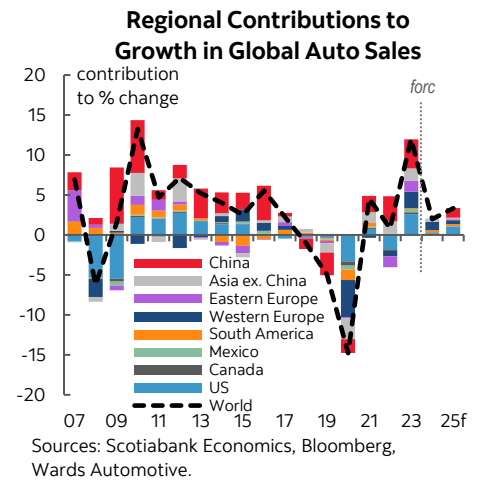


Table 1—Global Auto Sales Outlook (mns units)

| | 2010-19 | 2020 | 2021 | 2022 | 2023 | 2024f | 2025f | Sep-24, SA % m/m | Sep-24, NSA % y/y | 2024 ytd, NSA % y/y |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------|----------------------|------------------------|
| Total Sales | 71.1 | 63.8 | 66.7 | 67.3 | 75.3 | 76.8 | 79.4 | 1.9 | -2.1 | 2.1 |
| North America | 18.7 | 17.0 | 17.6 | 16.4 | 18.5 | 18.8 | 19.7 | 2.0 | -10.6 | 2.1 |
| Canada | 1.82 | 1.54 | 1.66 | 1.52 | 1.68 | 1.78 | 1.80 | 0.3 | 1.0 | 8.2 |
| United States | 15.7 | 14.5 | 14.9 | 13.8 | 15.5 | 15.6 | 16.5 | 2.9 | -12.8 | 0.7 |
| Mexico | 1.22 | 0.95 | 1.01 | 1.09 | 1.36 | 1.39 | 1.43 | -5.0 | -1.3 | 10.6 |
| Western Europe | 13.0 | 10.7 | 10.5 | 10.0 | 11.4 | 12.2 | 12.5 | 3.3 | -4.7 | 0.2 |
| Germany | 3.2 | 2.9 | 2.6 | 2.7 | 2.8 | 3.1 | 3.1 | -1.1 | -7.0 | -1.0 |
| United Kingdom | 2.3 | 1.6 | 1.6 | 1.6 | 1.9 | 2.0 | 2.1 | 1.8 | 1.0 | 4.3 |
| Eastern Europe | 3.3 | 2.8 | 2.8 | 1.9 | 2.8 | 2.8 | 2.9 | -5.0 | 12.0 | 26.1 |
| Russia | 2.1 | 1.5 | 1.5 | 0.6 | 1.1 | 1.1 | 1.1 | -4.8 | 33.0 | 60.3 |
| Asia | 31.9 | 30.6 | 32.7 | 35.9 | 39.4 | 39.6 | 40.7 | 2.2 | 0.2 | 0.6 |
| China | 19.7 | 20.1 | 21.5 | 23.6 | 26.0 | 26.0 | 26.9 | 3.3 | 1.5 | 3.0 |
| India | 3.3 | 2.8 | 3.6 | 4.4 | 4.7 | 4.9 | 4.9 | -1.5 | -2.2 | 3.0 |
| Japan | 5.1 | 4.6 | 4.4 | 4.2 | 4.8 | 4.8 | 4.8 | 2.2 | 0.3 | -8.5 |
| South America | 4.3 | 2.8 | 3.1 | 3.2 | 3.2 | 3.4 | 3.6 | 2.3 | 13.7 | 6.7 |
| Brazil | 2.91 | 1.95 | 1.98 | 1.96 | 2.18 | 2.27 | 2.38 | 4.9 | 18.9 | 14.2 |
| Chile | 0.34 | 0.26 | 0.42 | 0.43 | 0.31 | 0.33 | 0.35 | -7.8 | 1.0 | -6.1 |
| Colombia | 0.26 | 0.19 | 0.24 | 0.25 | 0.18 | 0.20 | 0.21 | -0.4 | 11.4 | 1.9 |
| Peru | 0.16 | 0.11 | 0.16 | 0.16 | 0.16 | 0.18 | 0.19 | 1.3 | 3.2 | -11.7 |

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

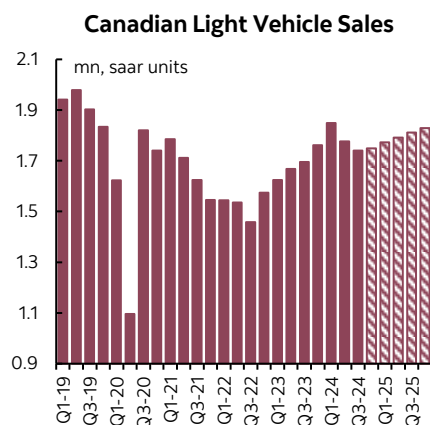
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

| | 2010-19 | 2020 | 2021 | 2022 | 2023 | 2024f | 2025f | Aug-24, SA % m/m | Aug-24, NSA % y/y | 2024 ytd nsa % y/y | ZEV* (Q2-24) % of new LV sales |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|----------------------|-----------------------|-----------------------------------|
| Canada | 1,817 | 1,543 | 1,663 | 1,523 | 1,684 | 1,779 | 1,801 | | | | 12.9 |
| Atlantic | 134 | 109 | 119 | 105 | 115 | 120 | 122 | 2.6 | 25.0 | 21.3 | -- |
| Central | 1,179 | 1,030 | 1,070 | 1,014 | 1,132 | 1,151 | 1,165 | -3.1 | 3.0 | 9.9 | 15.1 |
| Quebec | 441 | 378 | 404 | 372 | 412 | 421 | 426 | 1.8 | 10.1 | 14.3 | 26.2 |
| Ontario | 738 | 653 | 665 | 642 | 720 | 730 | 739 | -6.0 | -1.2 | 7.4 | 7.5 |
| West | 548 | 453 | 487 | 454 | 509 | 508 | 515 | -0.3 | 7.2 | 9.6 | -- |
| Manitoba | 56 | 47 | 49 | 46 | 50 | 52 | 52 | 3.5 | 33.5 | 20.6 | 5.0 |
| Saskatchewan | 54 | 42 | 43 | 42 | 45 | 46 | 46 | 1.7 | 27.1 | 20.3 | 2.4 |
| Alberta | 239 | 184 | 196 | 184 | 210 | 207 | 209 | -0.9 | 3.7 | 8.3 | -- |
| British Columbia** | 199 | 179 | 199 | 182 | 205 | 204 | 207 | -1.1 | 0.9 | 6.0 | 19.8 |

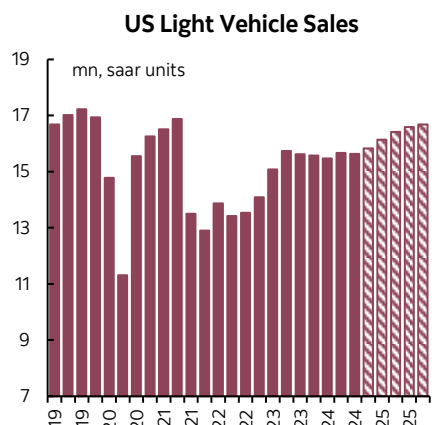
*ZEV includes battery electric and plug-in hybrid electric vehicles (estimates for NL, NS, and AB unavailable due to limitations in data sharing with Statistics Canada, but are included in the Canadian aggregate). **British Columbia includes the territories.

Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

Quarterly Outlook for North American Auto Sector

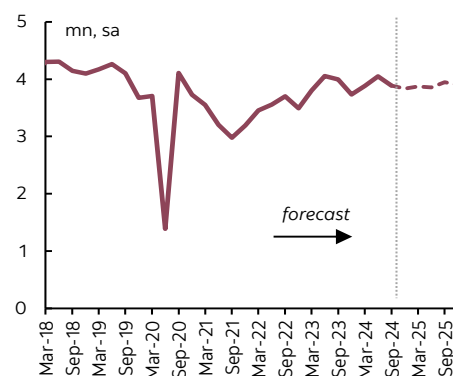


Sources: Scotiabank Economics, Wards Automotive Group.



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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) | | | | | | |
| North American Production | 15.9 | 13.0 | 12.9 | 14.2 | 15.6 | 15.5 | 15.6 |
| Canada | 2.2 | 1.4 | 1.1 | 1.2 | 1.5 | 1.3 | 1.3 |
| United States | 10.4 | 8.6 | 8.9 | 9.7 | 10.3 | 10.3 | 10.3 |
| Mexico | 3.2 | 3.0 | 2.9 | 3.3 | 3.7 | 3.9 | 4.0 |

Sources: Scotiabank Economics, Wards Automotive.

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