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November Auto Sales: Further Strength into 2024Q4

CANADA: REBOUND IN SEASONALLY ADJUSTED LIGHT VEHICLE SALES

Canadian auto sales increased 2.4% m/m (SA) to 1.89 mn units at a seasonally adjusted annualized rate (SAAR) in November according to Wards Automotive (chart 1).

Auto sales have shown persistence into the fourth quarter of the year. Strong growth in recent seasonally adjusted light vehicle sales have pushed the three month moving average up to 1.85 mn (SAAR, 3mma) through November, rebounding from the recent low of 1.77 mn (SAAR, 3mma) in August. Meanwhile, November’s non-seasonally adjusted light vehicle sales was the highest for the given month since 2017.

Canada’s job gains have also picked up from the recent lows, averaging 37.2 k for the three months ending in November, an improvement from the essentially unchanged (6 k, 3mma) pace through August. However, the unemployment rate increased to 6.8% in November as growth in employment was outpaced by the rise in the labour force. Average hourly wage growth for permanent employees has also eased to 1.4% m/m (SAAR, 3mma).

With annual headline inflation at 2% and within the 1% to 3% target range for 10 consecutive months through October, the Bank of Canada is expected to lower the policy rate, currently 3.75%, at the upcoming meeting on December 11th. The path for the policy rate in 2025 and beyond is highly uncertain owing to risks around the outlook, notably whether or not the US imposes tariffs on Canadian imports and if Canada retaliates.

Our outlook for Canadian light vehicle sales is 1.78 mn in 2024, which, based on data to date, the final figure for annual 2024 sales could come in above, and 1.8 mn in 2025. 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: TEMPORARY INCREASE OR BREAKING THE TREND?

US light vehicle sales increased 1.5% m/m (SA) to 16.5 mn seasonally adjusted annualized units in November (chart 2).

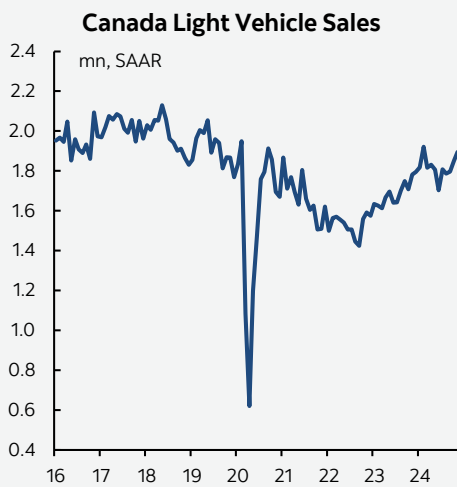
The US seasonally adjusted auto sales rate has increased for a third consecutive month, with the sales rate above 16 mn SAAR for a second consecutive month and in November was the highest pace since May 2021. The three month moving average sales rate has increased to 16.2 mn (SAAR, 3mma) in November, up from the recent low of 15.4 mn (SAAR, 3mma) in August and the trend around 15.7 mn (SAAR) since mid-2023.

North American light vehicle production, which had slowed to an average 15.1 mn (SAAR) units for the three months through August has shown signs of an uptick, increasing to an average 15.8 mn (SAAR, 3mma) units in October according to Wards Automotive. Meanwhile, the pace of US light vehicle inventory accumulation has slowed since the middle of this year, with seasonally adjusted levels declining in three of the past four months to November according to the same source.

The US Federal Reserve cut the policy rate by 25 basis points (bps) at the November meeting, lowering the fed funds rate upper-bound to 4.75% for a cumulative 75 bps of cuts since September. The size and pace of future easing in the policy rate remains uncertain as the Fed weighs the balance of risks to labour markets and inflation. Job gains have been volatile but averaged 173 k for the three months to November while the unemployment rate remains at 4.2%, and core inflation held at 3.3% y/y in October.

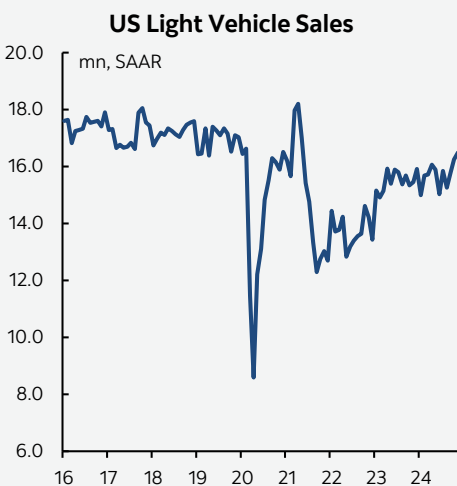
Our outlook for US light vehicle sales is 15.6 mn in 2024 and 16.5 mn in 2025. As we enter a period with greater uncertainty around the outlook, we will be monitoring the implications for the automotive sector.

Chart 1



Sources: Scotiabank Economics, Wards Automotive.

Chart 2



Sources: Scotiabank Economics, BEA.

GLOBAL AUTO SALES: BROAD SEASONALLY ADJUSTED GROWTH IN OCTOBER LIGHT VEHICLE SALES

Global auto sales increased 5.7% m/m (SA) in October, as the seasonally adjusted sales rate increased in all of the regions covered (chart 3).

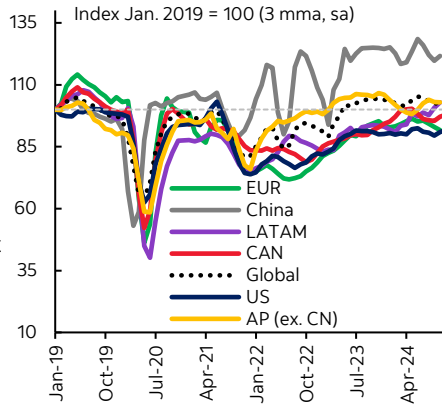
In western Europe, auto sales increased 5.6% m/m (SA), with the sales rate up in 14 of the 15 countries covered. Of the major markets, seasonally adjusted vehicle sales improved in Germany (12.3% m/m, SA), Spain (8.1%), France (4.3%), and Italy (1.9%), while contracting in the UK (-4.0%). In eastern Europe, light vehicle sales increased 14.7% m/m (SA), higher in all four of the countries covered.

In the Asia Pacific region, auto sales increased 6.1% m/m (SA), driven by higher sales in the regions two biggest markets of China (6.1% m/m SA) and India (10.5% m/m SA).

In Latin America, auto sales increased 6.4% m/m (SA) after having stalled the two months prior, supported by higher seasonally adjusted vehicle sales in Brazil (7.4% m/m SA) and Mexico (3.4%).

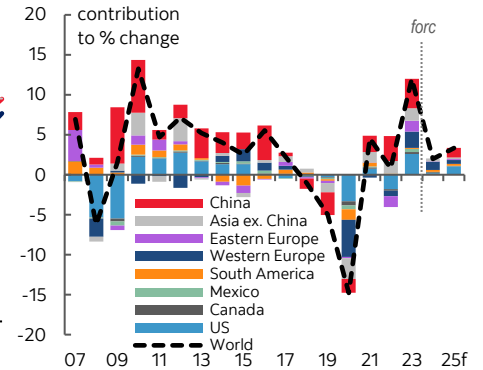
Our outlook for global vehicle sales is 2.0% in 2024 and 3.3% in 2025 (chart 4).

Chart 3
Global Vehicle Sales by Region



Sources: Scotiabank Economics, Wards Automotive, national automotive associations.

Chart 4
Regional Contributions to Growth in Global Auto Sales



Sources: Scotiabank Economics, Bloomberg, Wards Automotive.

Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2020	2021	2022	2023	2024f	2025f	Oct-24, SA % m/m	Oct-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	5.7	8.4	2.7
North America	18.7	17.0	17.6	16.4	18.5	18.8	19.7	3.1	11.3	3.0
Canada	1.82	1.54	1.66	1.52	1.68	1.78	1.80	3.0	8.0	8.4
United States	15.7	14.5	14.9	13.8	15.5	15.6	16.5	3.1	12.1	1.7
Mexico	1.22	0.95	1.01	1.09	1.36	1.39	1.43	3.4	7.5	10.3
Western Europe	13.0	10.7	10.5	10.0	11.4	12.2	12.5	5.6	-1.3	0.1
Germany	3.2	2.9	2.6	2.7	2.8	3.1	3.1	12.3	6.0	-0.4
United Kingdom	2.3	1.6	1.6	1.6	1.9	2.0	2.1	-4.0	-6.0	3.3
Eastern Europe	3.3	2.8	2.8	1.9	2.8	2.8	2.9	14.7	24.1	25.9
Russia	2.1	1.5	1.5	0.6	1.1	1.1	1.1	18.7	51.1	59.0
Asia	31.9	30.6	32.7	35.9	39.4	39.6	40.7	6.1	7.7	1.4
China	19.7	20.1	21.5	23.6	26.0	26.0	26.9	6.1	10.7	4.0
India	3.3	2.8	3.6	4.4	4.7	4.9	4.9	10.5	4.0	3.2
Japan	5.1	4.6	4.4	4.2	4.8	4.8	4.8	1.6	1.2	-7.6
South America	4.3	2.8	3.1	3.2	3.2	3.4	3.6	7.7	18.1	8.0
Brazil	2.91	1.95	1.98	1.96	2.18	2.27	2.38	7.4	21.0	15.0
Chile	0.34	0.26	0.42	0.43	0.31	0.33	0.35	14.6	10.3	-4.5
Colombia	0.26	0.19	0.24	0.25	0.18	0.20	0.21	10.1	35.9	5.4
Peru	0.16	0.11	0.16	0.16	0.16	0.18	0.19	2.5	3.4	-10.3

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

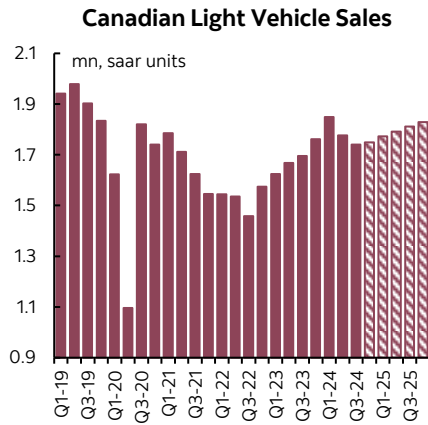
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

	2010-19	2020	2021	2022	2023	2024f	2025f	Sep-24, SA % m/m	Sep-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	0.3	15.5	20.5	--
Central	1,179	1,030	1,070	1,014	1,132	1,151	1,165	1.7	1.6	8.6	15.1
Quebec	441	378	404	372	412	421	426	2.9	10.5	13.3	26.2
Ontario	738	653	665	642	720	730	739	1.0	-3.5	6.0	7.5
West	548	453	487	454	509	508	515	-1.4	2.1	8.5	--
Manitoba	56	47	49	46	50	52	52	-5.7	15.8	19.9	5.0
Saskatchewan	54	42	43	42	45	46	46	-9.0	5.1	18.4	2.4
Alberta	239	184	196	184	210	207	209	0.8	0.8	7.3	--
British Columbia**	199	179	199	182	205	204	207	-0.6	-0.5	5.1	19.8

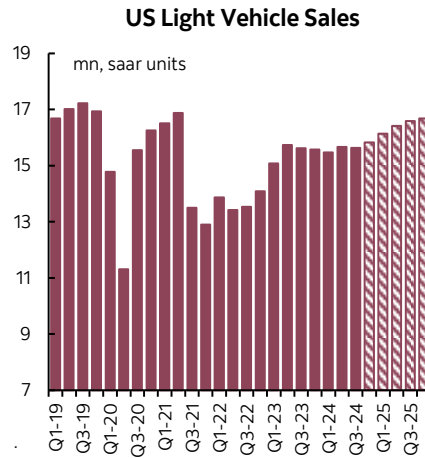
*ZEV includes battery electric and plug-in hybrid electric vehicles (estimates for NL, NS, and AB unavailable due to limitations in data sharing with Statistics Canada, but are included in the Canadian aggregate). **British Columbia includes the territories.

Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

Quarterly Outlook for North American Auto Sector

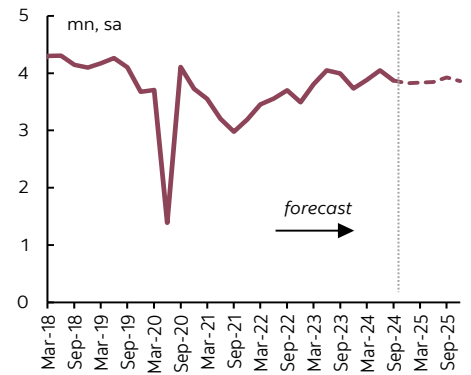


Sources: Scotiabank Economics, Wards Automotive Group.



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)						
North American Production	15.9	13.0	12.9	14.2	15.6	15.5	15.5
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	10.2
Mexico	3.2	3.0	2.9	3.3	3.7	3.9	3.9

Sources: Scotiabank Economics, Wards Automotive.

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