

Canadian and US Vehicle Sales — August 2019

CANADA

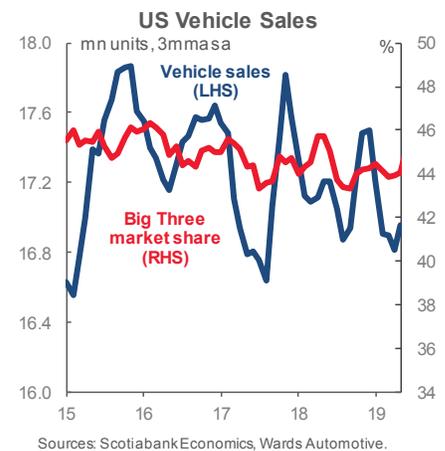
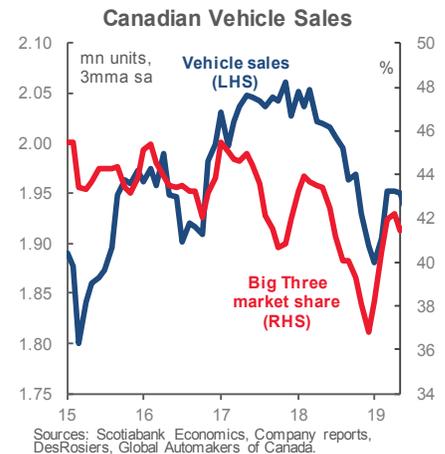
Canadian auto sales posted a modest increase in August, though the 0.6% y/y (nsa) headline boost benefited from an accounting anomaly. All Labour Day weekend sales—even those falling in September—are attributed to August totals with the traditionally strong sales weekend falling early this year. Furthermore, preliminary estimates suggest double-digit fleet sales also lifted headline sales figures. Solid job and wage growth in key markets have underpinned retail sales; nevertheless not to the degree to which consumer confidence might suggest. The sales rate picked up by 2.4% m/m (sa), surpassing the 2 mn saar for the first time in more than a year, but the monthly selling rate has been notably volatile. While September is traditionally a strong sales month, Labour Day weekend may have pulled forward some sales, while other cost-conscious consumers may wait to see where financing rates go with markets pricing a policy rate cut by the Bank of Canada in October.

UNITED STATES

US auto sales grew at a robust 10.5% y/y (nsa), but also benefited from an artificial boost due to an early Labour Day weekend. Year-to-date sales have shown steady improvement as the year advances and are now on par with last year's sales to-date. Solid household finances and lower financing costs have put a floor under the decline in auto sales, with August experiencing a modest acceleration (0.9% m/m) in the seasonally adjusted sales rate to 17 mn saar units. The policy rate cut by the Federal Reserve in late July, along with market expectations for further cuts, should continue to strengthen auto sales as the year advances. However, trade uncertainty continues to pose headwinds. Cracks in consumer confidence began to emerge in August (U. of Mich. survey), with the auto sector particularly caught in the fray. While an alternative consumer confidence metric (Conference Board) paints a more optimistic outlook, particularly for auto purchase intentions, it does not capture the late-August escalation in US-China trade tensions.

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Canada & US Motor Vehicle Sales and Production Outlook

	2000–16	2017	2018	2019 Jan-Aug**	2019 Annual f
(thousands of units, annualised)					
Canada	1,685	2,041	1,983	1,932	1,940
Cars	769	644	575	502	504
Domestic	487	438	377	328	329
Imports	282	206	198	175	176
Light trucks	915	1,397	1,407	1,430	1,436
(millions of units, annualised)					
United States	14.6	17.1	17.2	16.8	17.0
Cars	6.9	6.1	5.1	5.0	4.6
Light trucks	7.7	11.1	12.1	11.8	12.4
(millions of units, annualised)					
North American Production*	14.8	17.5	17.5	16.9	17.6
Canada	2.2	2.2	2.0	2.0	1.9
United States	9.9	11.2	11.3	11.0	11.5
Mexico	2.6	4.1	4.1	4.0	4.2

Canada & US Vehicle Sales

	Jul '19	Aug '19	YTD
(y/y % change, NSA)			
Canada	-1.0	0.6	-3.6
US	2.1	10.5	0.1
(m/m % change, SA)			
Canada	3.7	2.4	-3.7
US	-1.8	0.9	-1.3

Sources: Scotiabank Economics, Wards Automotive, Desrosiers, Global Automakers of Canada.

*Includes light, medium and heavy trucks. Sources: Ward's Automotive Reports, Statistics Canada. **Scotiabank Estimates

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