

Canadian and US Vehicle Sales — November 2019

CANADA

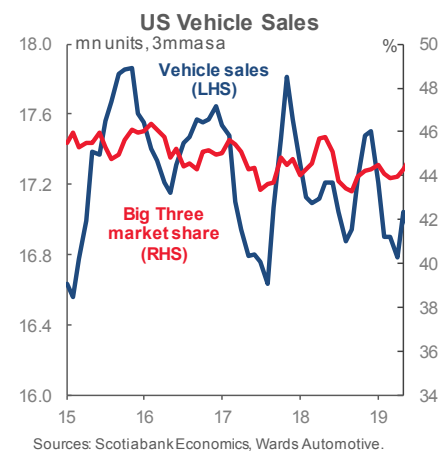
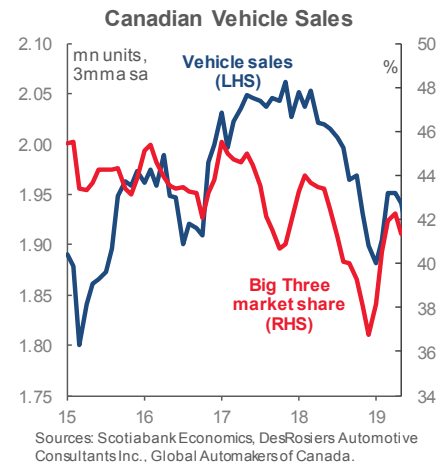
Canadian auto sales were flat on an annual unadjusted basis in November. Base effects mask some weakness given last year's November sales pulled back by almost 10% y/y (nsa). Financing costs have been relatively stable over the Fall, still sitting above summer lows but well-below last year's highs. Consumer fundamentals are solid, namely unemployment remains low and wage growth firm, fueling decent growth in consumer credit and mortgage growth at 7.9% y/y (sa, Sept.) and 4.0% y/y (sa, Oct.) respectively. However, this is not materially translating into stronger auto sales at least on a unit basis (vehicle sales on a value-weighted basis have provided a small, but positive boost to Canadian retail sales in recent readings). Job growth and consumer confidence pulled back modestly in the latest October readings, but still remain relatively high. The selling rate deteriorated by 2.68% m/m (sa) to a pace of 1.90 mn saar units bringing the year-to-date sales rate down slightly to 1.935 mn saar units.

UNITED STATES

US auto sales picked up in November by 2.1% y/y (nsa). The uptick in sales—which also increased on a seasonally adjusted basis by 3.3% m/m—offers some reprieve from a sharp pull-back in US auto sales so far this fall. An additional weekend in November, along with record-high incentive spending over the holiday weekend, likely provided substantial tailwinds to sales. GM sales were relatively flat after last month's 13.5% drop as a result of the strikes, suggesting any deferred purchases were modest given year-to-date sales are down by about 1.4% y/y (nsa). Consumer fundamentals have been relatively resilient this fall including solid job and wage growth. A temporary tapering of tensions on the US-China trade front also arguably removed some headwinds in November. Nevertheless consumer confidence has been edging down over the last four months according to the Conference Board as waning business activity amid heightened trend uncertainty takes a toll. The year-to-date sales rate stands at 16.9 mn saar units.

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Canada & US Motor Vehicle Sales and Production Outlook

	2000–17	2018	2019	2020f	2021f
			Jan-Nov**	Annual f	
(thousands of units, annualised)					
Canada	1,704	1,983	1,935	1,940	1,915
Cars	762	575	500	504	440
Domestic	484	377	319	321	281
Imports	278	198	182	183	160
Light trucks	942	1,407	1,434	1,436	1,455
(millions of units, annualised)					
United States	14.7	17.2	16.9	17.0	17.0
Cars	6.9	5.1	4.7	4.6	4.1
Light trucks	7.9	12.1	12.2	12.4	12.9
(millions of units, annualised)					
North American Production*	15.0	17.5	16.7	17.0	17.4
Canada	2.2	2.0	1.9	1.9	1.7
United States	10.0	11.3	10.9	11.0	11.6
Mexico	2.7	4.1	3.9	4.0	4.1

*Includes light, medium and heavy trucks. Sources: Ward's Automotive Reports, DesRosiers Automotive Consultants Inc., Global Automakers of Canada, Statistics Canada. **Scotiabank Estimates.

Canada & US Vehicle Sales

	Oct '19	Nov '19	YTD
(y/y % change, NSA)			
Canada	-0.6	0.0	-3.1
US	-1.9	2.1	-0.9
(m/m % change, SA)			
Canada	4.1	-2.7	-3.2
US	-3.6	3.4	-1.6

Sources: Scotiabank Economics, Wards Automotive, DesRosiers Automotive Consultants Inc., Global Automakers of Canada (all dealer-reported).

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