

Canadian and US Vehicle Sales — April 2020

CANADA

Canadian auto sales plunged by 75% y/y (nsa) in April with annualised sales estimated at 450 k units. This was not unexpected with most—if not all—auto dealerships closed across the country. The selling rate decelerated sharply by 57% m/m, with only essential purchases enabled through online sales. This follows a steep 47% y/y drop in March that led to a 16% y/y decline for the first quarter of the year. While provinces will gradually start re-opening on varying timelines in May, we expect auto sales to remain weak throughout the second quarter in line with our latest economic [forecasts](#). The number of Canadians applying for temporary employment insurance has surged to over 7 million since the onset of the pandemic. This will weigh on sales activity at least in the near-term until re-hiring begins and the economic recovery firmly takes hold. We anticipate annual sales of 1.35 mn units for 2020, subject to further downside risk if re-openings falter.

UNITED STATES

US auto sales sank by 47% y/y (nsa) in April at an annualised rate of 8.6 mn units. On a month-over-month basis, sales stalled by 25% relative to March when sales fell by 38% y/y. By April 1st, almost all States had issued statewide or local shelter-in-place orders that remained in place for the month, with outbreaks varying significantly across States. Not surprisingly, vehicles piled up on dealer lots with Ward's Automotive estimating the average days' supply surged to 156 days relative to year-ago 76 days. A more patchwork approach—in rigour and coverage—of the American "Lockdown" measures likely explains a modestly 'less-bad' sales performance relative to other countries at the peak of the pandemic, but its effectiveness is left to be seen as pockets of the country are still experiencing accelerating cases. While many States have announced plans to gradually re-open their economies beginning in May, auto sales will remain anaemic. A reported 30 mn Americans have applied for employment insurance benefits in the last six weeks which will stifle the near-term recovery. We forecast annual sales of 12.6 mn units by year-end, subject to further deterioration should the outbreak persist beyond the second quarter.

CONTACTS

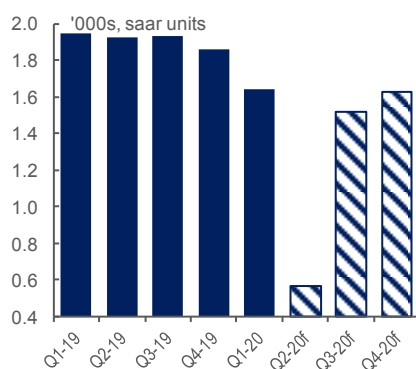
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Canada & US Vehicle Sales

	Mar '20	Apr '20	YTD
(y/y % change, NSA)			
Canada	-47	-75	-38
US	-38	-47	-21
(m/m % change, SAAR)			
Canada	-47	-57	-31
US	-32	-25	-20

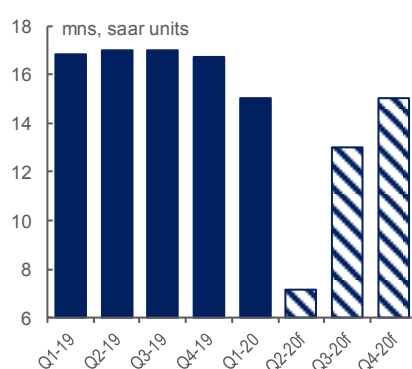
Sources: Scotiabank Economics, Wards Automotive, DesRosiers Automotive Consultants Inc.

Canadian Light Vehicle Sales



Sources: Scotiabank Economics, DesRosiers Automotive Consultants Inc.

US Light Vehicle Sales



Sources: Scotiabank Economics, Ward's Automotive Group.

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