

## Contributors

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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.

## March Auto Sales: Front-Running Potential Tariff Risks

### CANADA: STRONG END TO Q1-2025 AS TARIFFS WEIGH ON THE OUTLOOK

**Canadian auto sales in March increased by 7.3% month-over-month to 1.98 mn units at a seasonally adjusted annualized rate (SAAR) according to Wards Automotive (chart 1).**

The rebound in auto sales, combined with upward revisions of more than 9% to data for both January and February respectively, resulted in a 1.8% quarter-over-quarter gain for Q1. And in non-seasonally adjusted terms, first quarter sales were up 4.3% year-over-year and up 3.6% above the same quarter in 2019.

Auto sales' strong start to the year could be driven at least partially by sales pulled forward from consumers that may have been looking to front-run tariff disruptions, notably from the surge in March. The US had been threatening to impose tariffs on some imported Canadian goods since late-January, with some tariffs coming into effect in early March, and it was announced on March 26<sup>th</sup> that additional tariffs would directly target the automotive sector.

The US has imposed tariffs of 25% on automobile imports with plans, with preferential tariff treatment to CUSMA-compliant vehicles, and plans to expand these tariffs to automotive parts once there is a process in place to apply the tariff exclusively to their value of non-US content. Meanwhile, Canada has retaliated with 25% tariffs on non-CUSMA compliant vehicles being imported to Canada from the US, and 25% tariffs on non-Canadian and non-Mexican content of CUSMA compliant vehicles imported from the US. While Canada's retaliation announced on April 3<sup>rd</sup> does not include automotive parts and the US has put a 90-day pause on retaliatory tariffs for most countries, the overall costs from measures to date and uncertainty around the (de-)escalating trade conflict are likely to have lasting effects with some businesses having announced changes to hiring and production plans while waiting further clarity.

Our outlook for Canadian light vehicle sales of 1.84 mn in 2025 and 1.83 in 2026 likely faces downside risk, notably in the outer years to reflect developments and pressures that the escalating tariffs will have on the automotive sector and overall economic activity.

### UNITED STATES: MARCH SALES SURGE TO FRONT-RUN TARIFFS?

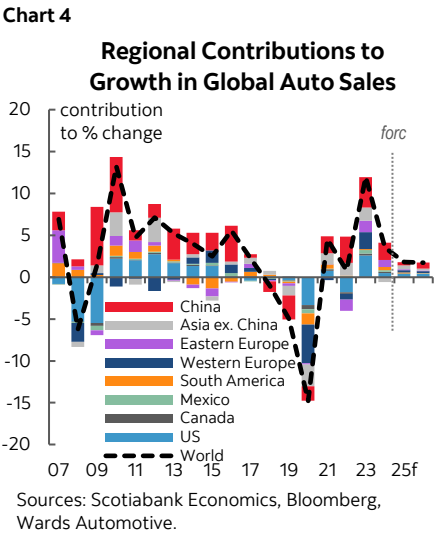
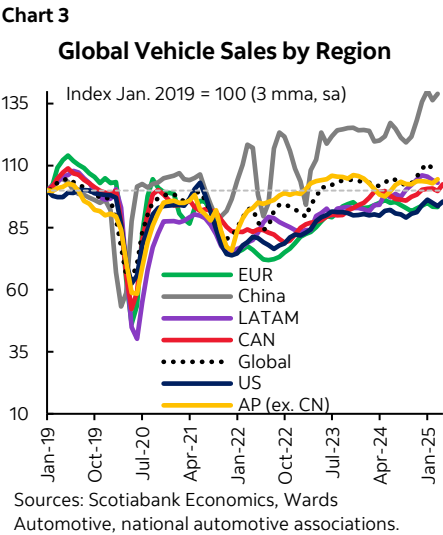
**US auto sales in March increased by 11% month-over-month in seasonally adjusted terms to 17.8 mn units at an annualized rate (chart 2).** Light vehicle sales in Q1 averaged 16.4 mn (SAAR) units, down by -0.8% quarter-over-quarter (SA). Non-seasonally adjusted automotive sales through the first quarter were up 4.8% year-over-year for the strongest start to a year through the first three months since 2019, with sales -1.9% below relative to the same quarter.

Strong auto sales in March could be consumers front-running tariff effects that would add to the cost of imported vehicles. The US imposed tariffs of 10% on nearly all trading partners, with varying retaliatory tariffs that have been put on hold for 90-days. These tariffs include a few exemptions depending on various factors, such as goods that are compliant with the Canada-US-Mexico Agreement (CUSMA). While trade policy continues to be quite volatile, tariffs imposed since the beginning of the year add significant costs to various intermediate and final goods imported to the US, including automotives. Analysis by Anderson Economic Group estimates that the tariffs announced on April 2<sup>nd</sup> could add \$2,500 to \$5,000 to the cost of imported vehicles subject to the lowest tariff rates, and up to \$20,000 for some imported models.

Our outlook for US auto sales of 16.2 mn in 2025 and 16.5 mn in 2026 will likely be revised down as tariffs imposed by the US on imports, including automotives from Canada and Mexico that are not CUSMA-compliant and other trading partners, will weigh on demand and the economic outlook.

GLOBAL AUTO SALES: REBOUND IN FEBRUARY IS MOSTLY BROAD BASED AT THE REGIONAL LEVEL

**Global auto sales increased 8.6% m/m (SA) in February (chart 3).** The rebound in sales was broad based at the regional level and marks the first seasonally adjusted increase since November 2024. Auto sales in western Europe increased for a third consecutive month, +1.1% m/m (SA) in February, however the pace of growth has eased since early the tail end of Q3-2024. Auto sales in eastern Europe fell for the third time in the past four months, -6.6% m/m (SA) in February, continuing a trend of softening sales in the region. Asia Pacific auto sales rebounded by 15.6% m/m (SA) in February primarily owing to the 22.3% m/m (SA) increase in China, the largest market in the region, after declining the two prior months. In Latin America, auto sales were mostly unchanged in February (-0.2% m/m, SA), as the sales rate recovers from the recent low in December. Our outlook for global vehicle sales is 1.8% in 2025 and 1.7% in 2026, with the risks potentially weighing more to the downside as tariffs pose headwinds to global growth (chart 4).



April 11, 2025

Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2021	2022	2023	2024	2025f	2026f	Feb-25, SA % m/m	Feb-25, NSA % y/y	2025 ytd, NSA % y/y
<b>Total Sales</b>	<b>71.1</b>	<b>66.7</b>	<b>67.3</b>	<b>75.3</b>	<b>78.0</b>	<b>79.4</b>	<b>80.7</b>	<b>8.6</b>	<b>10.6</b>	<b>6.1</b>
<b>North America</b>	<b>18.7</b>	<b>17.6</b>	<b>16.4</b>	<b>18.5</b>	<b>19.2</b>	<b>19.5</b>	<b>19.9</b>	<b>2.4</b>	<b>-0.5</b>	<b>1.3</b>
Canada	1.82	1.66	1.52	1.68	1.82	1.84	1.83	-1.2	-2.8	-0.1
United States	15.7	14.9	13.8	15.5	15.9	16.2	16.5	3.4	-0.7	1.1
Mexico	1.22	1.01	1.09	1.36	1.49	1.52	1.54	-3.0	3.9	5.4
<b>Western Europe</b>	<b>13.0</b>	<b>10.5</b>	<b>10.0</b>	<b>11.4</b>	<b>11.4</b>	<b>11.6</b>	<b>11.8</b>	<b>1.1</b>	<b>-2.9</b>	<b>-2.5</b>
Germany	3.2	2.6	2.7	2.8	2.8	2.9	3.0	-3.7	-6.4	-4.6
United Kingdom	2.3	1.6	1.6	1.9	2.0	2.0	2.0	5.0	-1.0	-1.9
<b>Eastern Europe</b>	<b>3.3</b>	<b>2.8</b>	<b>1.9</b>	<b>2.8</b>	<b>3.4</b>	<b>3.4</b>	<b>3.5</b>	<b>-6.6</b>	<b>-5.4</b>	<b>-2.8</b>
Russia	2.1	1.5	0.6	1.1	1.6	1.7	1.7	-12.3	-5.3	2.0
<b>Asia</b>	<b>31.9</b>	<b>32.7</b>	<b>35.9</b>	<b>39.4</b>	<b>40.5</b>	<b>41.2</b>	<b>41.9</b>	<b>15.6</b>	<b>24.2</b>	<b>11.5</b>
China	19.7	21.5	23.6	26.0	27.6	27.9	28.4	22.3	36.2	14.5
India	3.3	3.6	4.4	4.7	4.9	5.1	5.1	-1.4	5.3	5.1
Japan	5.1	4.4	4.2	4.8	4.4	4.6	4.6	1.2	18.7	15.6
<b>South America</b>	<b>4.3</b>	<b>3.1</b>	<b>3.2</b>	<b>3.2</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>0.9</b>	<b>7.0</b>	<b>10.6</b>
Brazil	2.91	1.98	1.96	2.18	2.49	2.55	2.59	1.4	2.9	4.0
Chile	0.34	0.42	0.43	0.31	0.30	0.31	0.31	-8.3	-6.3	-1.4
Colombia	0.26	0.24	0.25	0.18	0.20	0.20	0.20	-1.2	9.4	15.2
Peru	0.16	0.16	0.16	0.16	0.15	0.16	0.16	-1.2	-1.1	8.2

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

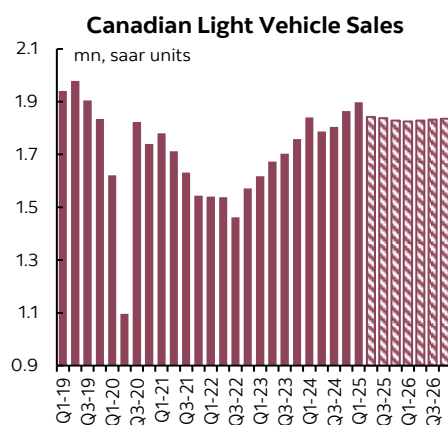
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

	2010-19	2021	2022	2023	2024	2025f	2026f	Jan-25, SA % m/m	Jan-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Q3-24) % of new LV sales
<b>Canada</b>	<b>1,817</b>	<b>1,663</b>	<b>1,523</b>	<b>1,684</b>	<b>1,819</b>	<b>1,838</b>	<b>1,830</b>				<b>15.7</b>
<b>Atlantic</b>	<b>134</b>	<b>119</b>	<b>105</b>	<b>115</b>	<b>135</b>	<b>124</b>	<b>124</b>	<b>4.6</b>	<b>11.6</b>	<b>11.6</b>	<b>--</b>
<b>Central</b>	<b>1,179</b>	<b>1,070</b>	<b>1,014</b>	<b>1,132</b>	<b>1,233</b>	<b>1,188</b>	<b>1,183</b>	<b>-3.6</b>	<b>-0.2</b>	<b>-0.2</b>	<b>18.5</b>
Quebec	441	404	372	412	471	435	433	-10.7	-4.7	-4.7	32.8
Ontario	738	665	642	720	762	754	751	1.2	2.6	2.6	8.7
<b>West</b>	<b>548</b>	<b>487</b>	<b>454</b>	<b>509</b>	<b>547</b>	<b>525</b>	<b>523</b>	<b>0.0</b>	<b>7.7</b>	<b>7.7</b>	<b>--</b>
Manitoba	56	49	46	50	58	53	53	4.1	16.2	16.2	6.2
Saskatchewan	54	43	42	45	51	47	47	4.0	17.3	17.3	3.1
Alberta	239	196	184	210	223	214	213	-1.2	6.2	6.2	--
British Columbia**	199	199	182	205	215	211	210	-0.8	4.8	4.8	22.7

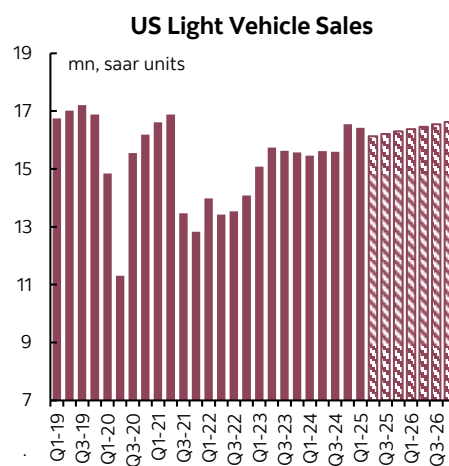
\*ZEV includes battery electric and plug-in hybrid electric vehicles (estimates for NL, NS, and AB unavailable due to limitations in data sharing with Statistics Canada, but are included in the Canadian aggregate). \*\*British Columbia includes the territories.

Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

### Quarterly Outlook for North American Auto Sector

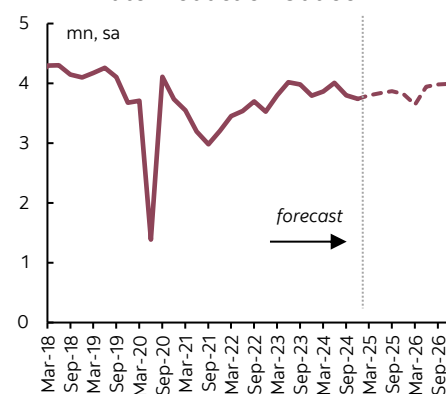


Sources: Scotiabank Economics, Wards Automotive.



Sources: Scotiabank Economics, Wards Automotive.

### Wards Automotive North American Auto Production Outlook



Sources: Scotiabank Economics, Wards Automotive.

**Table 3—North American Annual Production Outlook**

	2010–19	2021	2022	2023	2024	2025f	2026f
	(millions of units, annualised)						
<b>North American Production</b>	<b>15.9</b>	<b>12.9</b>	<b>14.2</b>	<b>15.6</b>	<b>15.5</b>	<b>15.3</b>	<b>15.6</b>
Canada	2.2	1.1	1.2	1.5	1.3	1.3	1.5
United States	10.4	8.9	9.7	10.3	10.2	10.0	10.0
Mexico	3.2	2.9	3.3	3.8	4.0	4.0	4.1

Sources: Scotiabank Economics, Wards Automotive.

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