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Chart 1

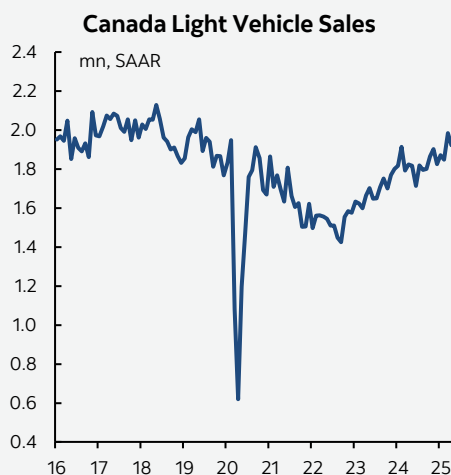
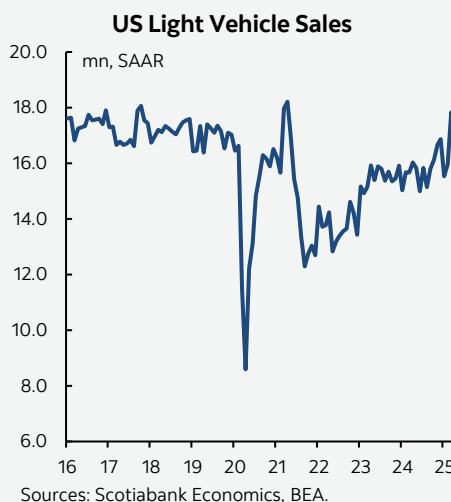


Chart 2



April Auto Sales: Partial Pullback From Spring Surge

CANADA: SPRING SALES REMAIN ELEVATED BUT FACE DOWNSIDE RISKS

Canadian auto sales slowed by -3.2% month-over-month to 1.92 mn units at a seasonally adjusted annualized rate (SAAR) in April according to Wards Automotive (chart 1).

Seasonally adjusted sales surged 7.3% m/m to 1.98 mn (SAAR) in March before pulling back to 1.92 mn (SAAR) in April as demand was likely pulled forward with consumers potentially front-running any US-Canada tariff effects. While new vehicle sales may be elevated in the near term, the sales rate will likely slow in the coming months after front-running effects and risk possibly declining further should the impact of tariffs start to strengthen such as through distortions to supply from changes to production plans, higher prices as tariff costs get passed through to consumers, or weighing on economic activity and labour markets through increased uncertainty and direct tariff headwinds. On April 15th, the Canadian Department of Finance announced measures to support Canadian businesses and entities impacted by tariffs which includes a performance-based remission framework for automakers subject to conditions such as continuing to manufacture vehicles in Canada.

The Bank of Canada held the policy rate at 2.75%, the midpoint of their estimated neutral range, on April 16th after having cut the policy rate each meeting since June 2024 from a peak 5%. The future path for interest rates is largely uncertain as the BoC assesses incoming data and developments and their implications to maintaining inflation near 2%, noting that monetary policy cannot offset the impacts of a trade war and that they will support economic growth while ensuring that inflation remains well controlled. Our latest forecast expects the Bank of Canada to hold the policy rate unchanged through 2025 and could see the policy rate decline over time against weakening growth and partial retaliation, versus holding or hiking should upside risks to inflation warrant tightening.

Our outlook for Canadian light vehicle sales of 1.86 mn in 2025 and 1.80 in 2026 faces large uncertainty, notably in the outer years to reflect developments and pressures that the tariffs will have on the automotive sector and overall economic activity.

UNITED STATES: SALES REMAIN ELEVATED AMID FRONT-RUNNING TARIFF RISKS

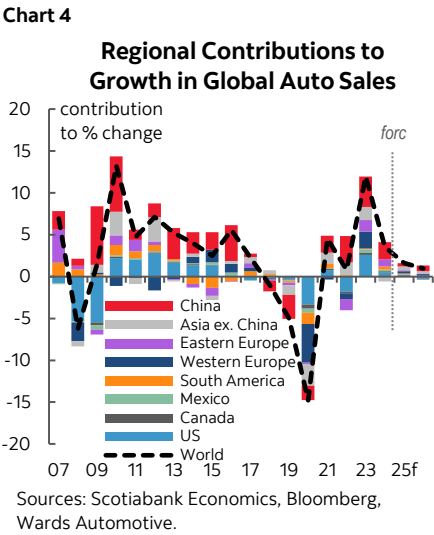
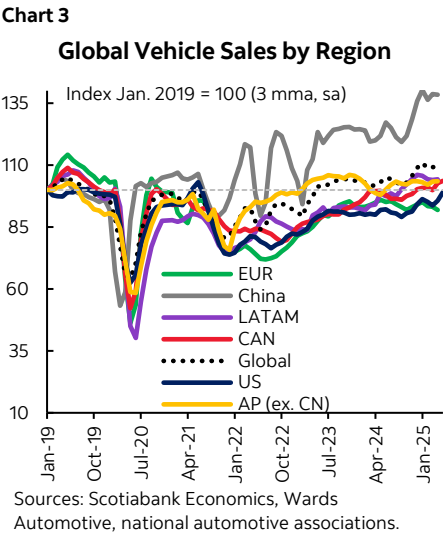
US auto sales in April fell by -3.1% month-over-month in seasonally adjusted terms to 17.3 mn units at an annualized rate (chart 2). While auto sales slowed in April, US consumers continue to front-run tariff effects with the three-month moving average (3mma) increasing to 17.0 mn (SAAR) in April, the highest three-month sales rate since May 2021, and up from 16.5 mn (SAAR) in Q4 last year.

At the end of April and early May, the US revised some of their policies to limit some of the potential impacts of tariffs on the domestic economy. These include removing the stacking effect on select goods that were subject to multiple tariffs such that they only face one tariff rate rather than a combined rate. The US also introduced a rebate program worth 3.75% of the MSRP on US-made vehicles sold in the US that declines to 2.75% a year later and requires a larger share of US-content in the vehicle. Additionally, the US is pausing for two years the 25% tariffs on CUSMA-compliant auto parts imports from Canada and Mexico that were expected to come into effect on May 3rd. While these adjustments provide some relief to the automotive sector compared to what was previously announced, there remains large uncertainty around future developments and potential impacts to North American automotive supply chains.

Our outlook for US auto sales of 16.0 mn in 2025 and 15.8 mn in 2026 faces large uncertainty as tariffs imposed on a large swath of goods imported to the US weigh on the economic outlook.

GLOBAL AUTO SALES: SOFT Q1 SALES RATE IN MOST REGIONS TO START 2025

Global auto sales decreased -1.8% m/m (SA) in March, contracting in three of the past four months when adjusting for seasonality (chart 3). The slower sales rate to start the year was broad based at the regional level and resulted in Q1 automotive sales contracting by -1.3% quarter-over-quarter (SA). Auto sales in western Europe increased 0.8% q/q in Q1, as sales were mixed at the country level, increasing in five of the 15 countries covered, and have mostly trended sideways since October. Meanwhile, auto sales in eastern Europe fell by -17.1% q/q, the first quarterly seasonally adjusted contraction since Q2-2022. Asia Pacific auto sales were down by -0.9% q/q, as softening was broad based across the region, including a -1.4% q/q decline in China, the largest market in the region by volume. In Latin America, auto sales fell by -1.4% q/q, with the quarterly seasonally adjusted sales rate declining for the first time since Q4-2023. Our outlook for global vehicle sales is 1.6% in 2025 and 1.0% in 2026, with the risks potentially weighing more to the downside as tariffs pose headwinds to global growth (chart 4).



May 7, 2025

Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2021	2022	2023	2024	2025f	2026f	Mar-25, SA % m/m	Mar-25, NSA % y/y	2025 ytd, NSA % y/y
Total Sales	71.1	66.7	67.3	75.3	78.0	79.2	80.0	-1.8	6.8	6.3
North America	18.7	17.6	16.4	18.5	19.2	19.4	19.1	10.2	10.4	4.8
Canada	1.82	1.66	1.52	1.68	1.82	1.86	1.80	7.3	10.8	4.4
United States	15.7	14.9	13.8	15.5	15.9	16.0	15.8	11.7	11.1	4.9
Mexico	1.22	1.01	1.09	1.36	1.49	1.52	1.54	-3.2	2.4	4.3
Western Europe	13.0	10.5	10.0	11.4	11.4	11.6	11.8	-0.7	2.4	-0.5
Germany	3.2	2.6	2.7	2.8	2.8	2.9	3.0	-1.2	-3.9	-4.3
United Kingdom	2.3	1.6	1.6	1.9	2.0	2.0	2.0	7.6	12.4	6.4
Eastern Europe	3.3	2.8	1.9	2.8	3.4	3.4	3.5	-6.6	-18.3	-9.1
Russia	2.1	1.5	0.6	1.1	1.6	1.7	1.7	-17.7	-44.8	-20.2
Asia	31.9	32.7	35.9	39.4	40.5	41.2	41.9	-6.5	8.4	10.0
China	19.7	21.5	23.6	26.0	27.6	27.9	28.4	-7.4	10.4	12.9
India	3.3	3.6	4.4	4.7	4.9	5.1	5.1	-0.4	2.2	2.1
Japan	5.1	4.4	4.2	4.8	4.4	4.6	4.6	-7.8	10.7	13.6
South America	4.3	3.1	3.2	3.2	3.5	3.6	3.7	-5.4	13.1	13.4
Brazil	2.91	1.98	1.96	2.18	2.49	2.55	2.59	-5.6	4.6	7.1
Chile	0.34	0.42	0.43	0.31	0.30	0.31	0.31	0.6	2.0	-0.3
Colombia	0.26	0.24	0.25	0.18	0.20	0.20	0.20	4.9	37.2	22.4
Peru	0.16	0.16	0.16	0.16	0.15	0.16	0.16	-5.8	18.9	11.4

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

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

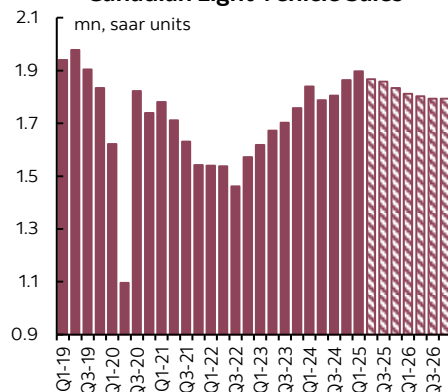
	2010-19	2021	2022	2023	2024	2025f	2026f	Feb-25, SA % m/m	Feb-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Q4-24) % of new LV sales
Canada	1,817	1,663	1,523	1,684	1,819	1,864	1,800				18.3
Atlantic	134	119	105	115	135	132	123	-1.6	8.7	9.8	--
Central	1,179	1,070	1,014	1,129	1,237	1,214	1,159	-4.0	-16.4	-9.3	22.5
Quebec	441	404	372	411	473	456	432	-14.8	-22.5	-14.1	40.0
Ontario	738	665	642	718	764	758	728	2.2	-13.0	-6.6	9.3
West	548	487	454	508	547	543	518	1.5	9.2	8.4	--
Manitoba	56	49	46	49	58	57	53	5.7	24.2	19.7	6.8
Saskatchewan	54	43	42	45	51	50	47	2.0	20.6	18.6	3.1
Alberta	239	196	184	209	223	224	211	4.5	12.9	9.7	--
British Columbia**	199	199	182	205	214	212	208	-3.1	-0.6	2.1	20.9

*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.

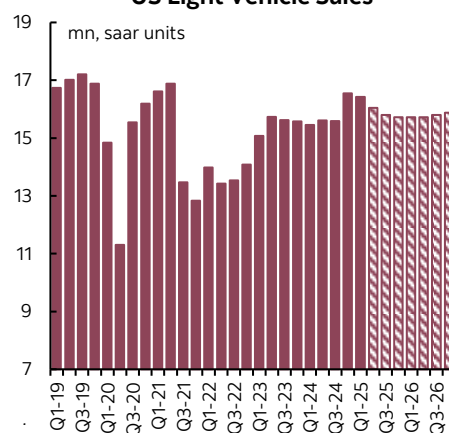
Quarterly Outlook for North American Auto Sector

Canadian Light Vehicle Sales



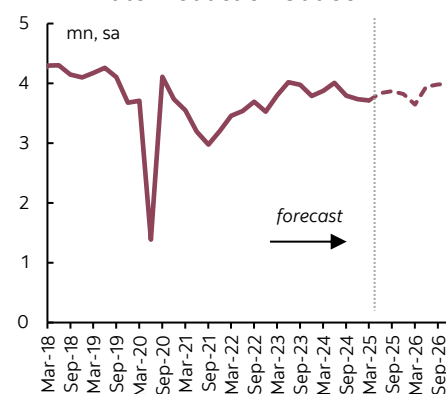
Sources: Scotiabank Economics, Wards Automotive.

US Light Vehicle Sales



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)							
North American Production	15.9	12.9	14.2	15.6	15.5	15.3	15.6
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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