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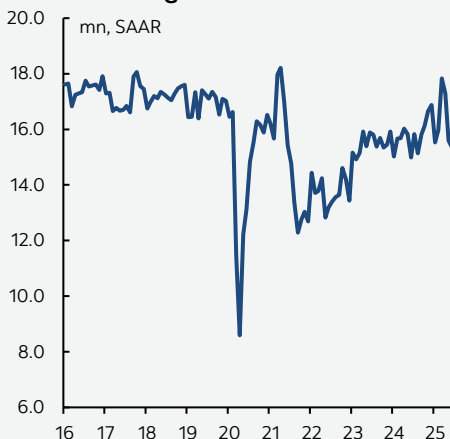
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**Chart 1**
**Canada Light Vehicle Sales**


Sources: Scotiabank Economics, Wards Automotive.

**Chart 2**
**US Light Vehicle Sales**


Sources: Scotiabank Economics, BEA.

# June Auto Sales: Clouds Over the Horizon as Sales Slow at the End of a Strong 2025H1

## CANADA: SALES EASE FURTHER AT THE END OF A STRONG 2025H1

**Canadian auto sales slowed further in June (-7.5% month-over-month) to 1.80 mn units at a seasonally adjusted annualized rate (SAAR) according to Wards Automotive (chart 1).**

Canadian auto sales fell for a third consecutive month in seasonally adjusted terms, as the sales rate continues to pull back from the strong start to the year, which likely was driven in part from a tariff front-running-induced surge in March and April. Last month's seasonally adjusted decline in the sales rate was the largest monthly slowdown since January 2022. However, the annualized sales rate is only slightly below the 1.82 mn units sold in 2024.

For Q2 as a whole, average light vehicle sales were flat (0.1% quarter-over-quarter), supported by upward revisions to the prior two months. Automotive sales through the first six months are up 5.5% year-over-year. Nevertheless, the monthly sales rate has fallen to the lowest seasonally adjusted level since Q3-2024 as consumer spending growth slows.

Tariffs and uncertainty continue to weigh on the outlook for the Canadian economy. Canada's job gains remain soft to start the year, averaging little more than 10 k per month through the first five months, down from the 33 k per month average across 2024, with the unemployment rate rising to 7% in May. And while headline inflation has slowed to 1.7% y/y, pulled down by the removal of the consumer carbon tax, the Bank of Canada's core measures of inflation remain at 3%. The BoC is expected to hold the policy rate at 2.75% through the rest of 2025 as they weigh risks to inflation against underlying growth in the economy before easing the policy rate in 2026.

Our outlook for Canadian light vehicle sales is 1.88 mn in 2025 and 1.81 mn in 2026. The automotive sales rate is expected to remain soft through the second half of 2025 as softer labour markets and uncertainty weigh on consumer spending growth. However, this outlook faces large uncertainty around the impacts that tariffs and potential price pressures will have, particularly on the automotive sector.

## UNITED STATES: SALES CONTINUE TO PULL BACK AMID HEADWINDS

**US auto sales in June fell by -1.7% month-over-month in seasonally adjusted terms to 15.3 mn units at an annualized rate (chart 2).**

Seasonally adjusted auto sales have declined for three consecutive months following the tariff front-running surge earlier in the spring. The monthly sales rate has fallen to the lowest level since last summer. Quarterly auto sales contracted for a second consecutive quarter, declining by -2.2% q/q in Q2. Sales through the first half of the year are up 3.9% year-over-year in non-seasonally adjusted terms.

The US Federal Reserve held the policy rate at 4.5% at the FOMC meeting on June 17<sup>th</sup>-18<sup>th</sup>. The median federal funds rate in the updated projection materials remained at 50 basis points of easing by the end of 2025, the distribution of FOMC participants' forecasts showed an increase in views to hold the policy rate unchanged through the rest of this year.

While US job growth slowed at the beginning of the year, employment gains averaged 150 k per month in Q2 and the unemployment rate fell back to 4.1% in June. A still-steady labour market is allowing monetary policy to remain on hold as core inflation is sticky at 2.8% y/y through the three months to May. The US administration has recently announced plans to impose tariffs ranging from 25% to 40% on imports from select countries beginning August 1<sup>st</sup>, up from the baseline 10% tariffs on most imports, with plans for additional tariffs which risks adding to inflation. We expect the Federal Reserve to hold the policy rate at 4.5%

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through the rest of 2025 as they closely monitor data and policy developments with gradual easing of the policy rate throughout 2026, which will likely keep borrowing costs elevated in the near term, weighing on vehicle demand.

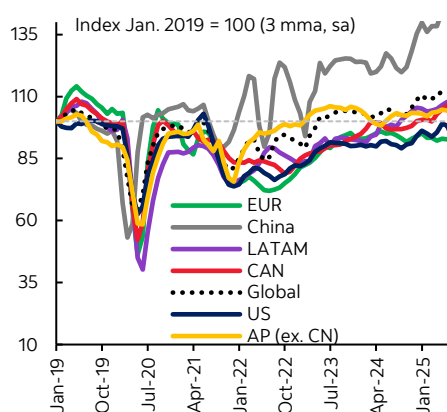
Our outlook for US auto sales expects the quarterly sales rate to remain soft through the second half of the year, resulting in 16.0 mn sales in 2025 and 15.7 mn in 2026.

### GLOBAL AUTO SALES: MIXED AT THE REGIONAL LEVEL AS GLOBAL SALES PULL BACK IN MAY

**Global auto sales fell by -2.5% m/m (SA) in May, as the sales rate eased back in line with late 2024 levels, albeit varied at the regional level (chart 3).** In western Europe, auto sales decreased by -3.6% m/m (SA), offsetting April's 3% increase but remaining in line with the Q1 sales rate. Likewise, auto sales in eastern Europe decreased by -5.3% m/m (SA) but remain above the recent seasonally adjusted low in March 2025. Automotive sales in Asia Pacific were flat (0.2% m/m SA), as the small increases in China (0.9%) and Japan (0.6%) were partially offset by softness in much of the rest of the region. In Latin America, vehicle sales increased by 1.5% m/m (SA), rising in four of the past five months. Our outlook for global vehicle sales growth is 1.6% in 2025 and 0.9% in 2026, with risks around tariff developments pose large uncertainty towards the global outlook (chart 4).

Chart 3

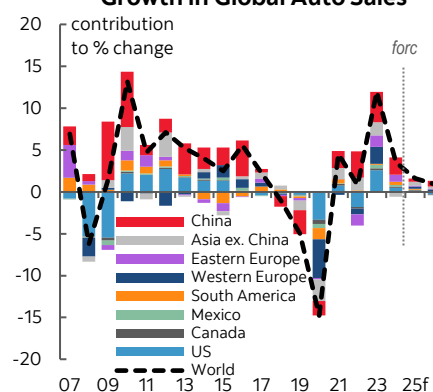
#### Global Vehicle Sales by Region



Sources: Scotiabank Economics, Wards Automotive, national automotive associations.

Chart 4

#### Regional Contributions to Growth in Global Auto Sales



Sources: Scotiabank Economics, Bloomberg, Wards Automotive.

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Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2021	2022	2023	2024	2025f	2026f	May-25, SA % m/m	May-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>79.2</b>	<b>80.0</b>	<b>-2.5</b>	<b>6.2</b>	<b>6.5</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>19.4</b>	<b>19.1</b>	<b>-8.0</b>	<b>2.7</b>	<b>5.4</b>
Canada	1.82	1.66	1.52	1.68	1.82	1.88	1.81	-1.8	8.7	6.7
United States	15.7	14.9	13.8	15.5	15.9	16.0	15.7	-9.7	2.2	5.6
Mexico	1.22	1.01	1.09	1.36	1.49	1.52	1.54	4.2	0.0	1.7
<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>-3.6</b>	<b>1.7</b>	<b>-0.1</b>
Germany	3.2	2.6	2.7	2.8	2.8	2.9	3.0	-6.8	1.2	-2.4
United Kingdom	2.3	1.6	1.6	1.9	2.0	2.0	2.0	10.7	1.6	2.8
<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>-5.3</b>	<b>-11.3</b>	<b>-8.4</b>
Russia	2.1	1.5	0.6	1.1	1.6	1.7	1.7	-0.2	-29.2	-23.6
<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>0.2</b>	<b>9.2</b>	<b>9.8</b>
China	19.7	21.5	23.6	26.0	27.6	27.9	28.4	0.9	13.3	12.6
India	3.3	3.6	4.4	4.7	4.9	5.1	5.1	-1.3	3.1	3.4
Japan	5.1	4.4	4.2	4.8	4.4	4.6	4.6	0.6	3.7	11.3
<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>0.5</b>	<b>27.0</b>	<b>15.1</b>
Brazil	2.91	1.98	1.96	2.18	2.49	2.55	2.59	1.5	17.0	6.2
Chile	0.34	0.42	0.43	0.31	0.30	0.31	0.31	-3.1	4.3	1.2
Colombia	0.26	0.24	0.25	0.18	0.20	0.20	0.20	5.1	34.2	23.1
Peru	0.16	0.16	0.16	0.16	0.15	0.16	0.16	-8.8	19.7	13.8

Sources: Scotiabank Economics, Wards Automotive, Bloomberg.

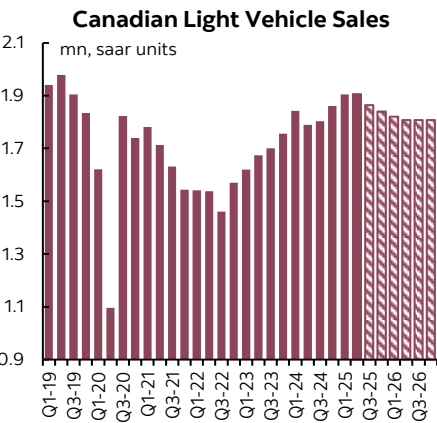
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

	2010-19	2021	2022	2023	2024	2025f	2026f	Apr-25, SA % m/m	Apr-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Apr-25) % 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>1,880</b>	<b>1,810</b>				<b>7.5</b>
<b>Atlantic</b>	<b>134</b>	<b>119</b>	<b>105</b>	<b>115</b>	<b>135</b>	<b>133</b>	<b>124</b>	<b>2.6</b>	<b>21.4</b>	<b>15.7</b>	<b>3.0</b>
<b>Central</b>	<b>1,179</b>	<b>1,070</b>	<b>1,014</b>	<b>1,129</b>	<b>1,237</b>	<b>1,224</b>	<b>1,166</b>	<b>4.4</b>	<b>10.3</b>	<b>0.9</b>	<b>8.5</b>
Quebec	441	404	372	411	473	460	434	13.0	13.0	-3.0	14.4
Ontario	738	665	642	718	764	765	732	-0.2	8.7	3.2	4.9
<b>West</b>	<b>548</b>	<b>487</b>	<b>454</b>	<b>508</b>	<b>547</b>	<b>548</b>	<b>521</b>	<b>0.9</b>	<b>11.0</b>	<b>10.5</b>	<b>6.5</b>
Manitoba	56	49	46	49	58	57	53	-0.9	21.2	22.8	3.4
Saskatchewan	54	43	42	45	51	51	47	-0.6	15.8	19.9	1.5
Alberta	239	196	184	209	223	225	212	-1.3	11.6	12.4	2.9
British Columbia**	199	199	182	205	214	214	209	4.3	6.5	3.3	12.8

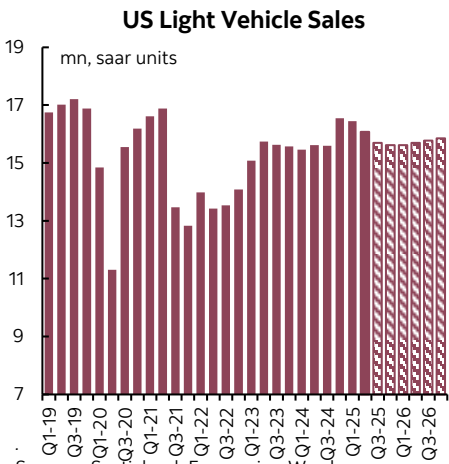
\*ZEV includes battery electric and plug-in hybrid electric vehicles. \*\*British Columbia includes the territories.

Sources: Scotiabank Economics, Wards Automotive, Statistics Canada.

Quarterly Outlook for North American Auto Sector

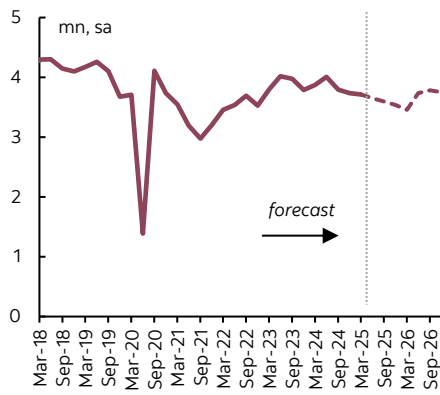


Sources: Scotiabank Economics, Wards Automotive.



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)							
North American Production	15.9	12.9	14.2	15.6	15.5	14.6	14.7
Canada	2.2	1.1	1.2	1.5	1.3	1.2	1.2
United States	10.4	8.9	9.7	10.3	10.2	9.9	9.9
Mexico	3.2	2.9	3.3	3.8	4.0	3.5	3.7

Sources: Scotiabank Economics, Wards Automotive.

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