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Chart 1

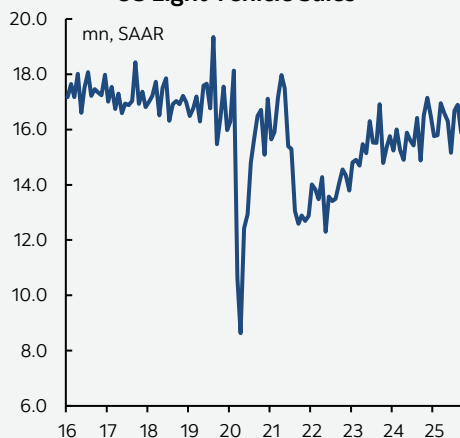
Canada Light Vehicle Sales



Sources: Scotiabank Economics, Omdia.

Chart 2

US Light Vehicle Sales



Sources: Scotiabank Economics, Omdia.

September Auto Sales: Annual Growth Amid Softness

CANADA: SOFTNESS IN SEASONAL FIGURES MASKS YEAR-OVER-YEAR GROWTH

Canadian auto sales were essentially unchanged in September at 1.86 mn units (-0.1% month-over-month) at a seasonally adjusted annualized rate (SAAR) according to Omdia, formerly Wards Automotive (chart 1). Seasonally adjusted sales remain lower relative to higher levels of around 2 mn in the spring, down to an average 1.89 mn units in Q3 (-3.5% q/q). In non-seasonally adjusted terms, sales in September were up by 2.4% year-over-year, and in Q3 were up 4.4% y/y compared to the same period last year. Annual auto sales growth in Q3 was slightly below Q1-2025 (4.5% y/y), but marked the slowest year-over-year growth in a given quarter since 2022, as uncertainty and softer economic growth from tariff-induced headwinds weigh on vehicle demand.

Canadian jobs data for September rebounded stronger than expected, having added 60.4 k jobs, mostly reversing the job losses in August, with the unemployment rate holding at 7.1% and averaging around 7% since April 2025. Meanwhile, the federal budget scheduled for November 4th is expected to show a larger deficit, as the government looks to stimulate investment and growth amid the ongoing trade headwinds from US tariffs. We expect the Bank of Canada to cut the policy rate by 25 bps once more, lowering the overnight rate to 2.25%, by the end of this year in the face of weaker economic and jobs growth while inflation remains within the 1-3% target range. However, the BoC could choose to hold the policy rate unchanged at the upcoming meeting on October 29th given that the labour market, while soft, may not be as weak as previously expected and uncertainty around what fiscal measures will be presented in the upcoming federal budget and how that may add to near-term inflationary pressures.

Our outlook for Canadian light vehicle sales is 1.89 mn in 2025 and 1.84 mn in 2026. The automotive sales rate is expected to remain soft through the end of 2025, compared to the spring, as softer labour markets pose headwinds to consumer spending growth.

UNITED STATES: RISKS OF ESCALATING HEADWINDS

US auto sales in September fell by -6.0% month-over-month in seasonally adjusted terms to 15.9 mn units at an annualized rate according to Omdia, formerly Wards Automotive (chart 2). Auto sales averaged 16.5 mn (SAAR) in Q3, up 2.9% quarter-over-quarter as automotive sales have been resilient so far this year but volatile on a monthly basis. The Q3 surge in US automotive sales was likely supported by demand from consumers that were looking to take advantage of the EV consumer subsidy that ended October 1st. Non-seasonally adjusted sales were up 6.7% year-over-year in September and up 6% in Q3 for the strongest annual growth in a given quarter since the end of 2024.

The US federal government shutdown that began October 1st adds further uncertainty, leading many to look towards third party or private sector data to track developments in the economy amid an absence in public data. At the end of September, President Trump announced tariffs ranging from 10% to 25% on US imports of softwood lumber, upholstered furniture, kitchen cabinets, and other wooden products that came into effect October 14th, continuing with volatile tariff and trade policies. Meanwhile, China's Commerce Ministry announced further controls on exports of rare-earth materials, essential components of EVs and electronics, that could repeat supply disruptions similar to earlier this year. A continued escalation in trade-restricting measures is likely to add further headwinds to the economic outlook, including the automotive sector.

Our outlook for US auto sales expects the quarterly sales rate to remain soft through the second half of the year given the softer labour market, resulting in 16.2 mn sales in 2025 and 15.9 mn in 2026.

GLOBAL AUTO SALES: SOFT SEPTEMBER AT THE REGIONAL LEVEL

Global auto sales fell by -0.9% m/m (SA) in August, as monthly sales pulled back in all regions tracked except Asia Pacific, and continue a trend of easing from higher levels earlier this year (chart 3). In western Europe, auto sales pulled back by -5.8% m/m (SA), more than offsetting the 5.2% surge the prior month. In eastern Europe, auto sales declined by -0.9% m/m (SA) but remain near the highest level since December 2024. In the Asia Pacific region, auto sales increased 0.8% m/m (SA), supported by higher sales in China (3.5%) and South Korea (4.1%) but largely offset by lower sales in the other countries tracked across the region. In the Latin American region, vehicle sales declined by -3.4% m/m (SA) in August as the sales rate pulls back from higher levels in the middle of the year but remain up year-over-year. Our outlook for global vehicle sales growth is 2.2% in 2025 and 0.9% in 2026, as tariffs and uncertainty pose headwinds towards the global outlook (chart 4).

Chart 3

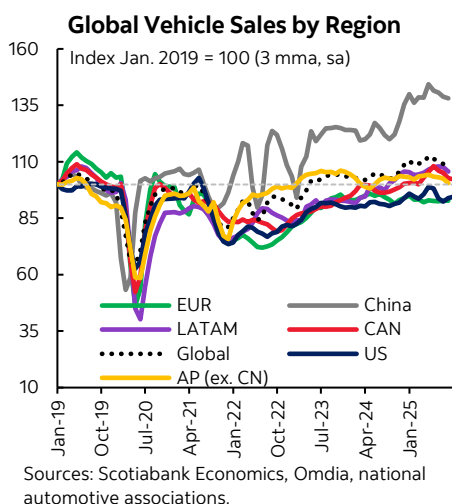


Chart 4

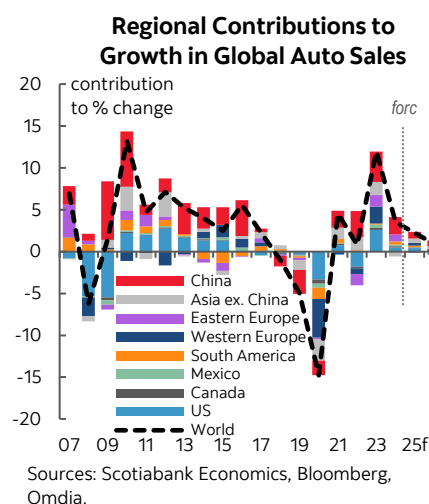


Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2021	2022	2023	2024	2025f	2026f	Aug-25, SA % m/m	Aug-25, NSA % y/y	2025 ytd, NSA % y/y
Total Sales	71.1	66.7	67.3	75.3	78.0	79.7	80.4	-0.9	6.1	6.1
North America	18.7	17.6	16.4	18.5	19.2	19.6	19.3	-1.0	2.7	4.2
Canada	1.82	1.66	1.52	1.68	1.82	1.89	1.84	-5.3	2.3	7.1
United States	15.7	14.9	13.8	15.5	15.9	16.2	15.9	-0.4	3.2	4.2
Mexico	1.22	1.01	1.09	1.36	1.49	1.52	1.54	-1.8	-2.7	-0.1
Western Europe	13.0	10.5	10.0	11.4	11.4	11.6	11.8	-5.8	3.4	-0.1
Germany	3.2	2.6	2.7	2.8	2.8	2.9	3.0	-8.3	5.0	-1.7
United Kingdom	2.3	1.6	1.6	1.9	2.0	2.0	2.0	0.8	-2.0	2.1
Eastern Europe	3.3	2.8	1.9	2.8	3.4	3.3	3.3	-0.9	-4.0	-7.0
Russia	2.1	1.5	0.6	1.1	1.6	1.5	1.5	-5.4	-19.3	-22.2
Asia	31.9	32.7	35.9	39.4	40.5	41.5	42.3	0.8	9.7	9.6
China	19.7	21.5	23.6	26.0	27.6	28.2	28.8	3.5	16.5	13.6
India	3.3	3.6	4.4	4.7	4.9	5.1	5.1	-6.4	-5.4	0.4
Japan	5.1	4.4	4.2	4.8	4.4	4.6	4.7	-6.8	-8.3	6.2
South America	4.3	3.1	3.2	3.2	3.5	3.7	3.8	-4.0	3.6	12.5
Brazil	2.91	1.98	1.96	2.18	2.49	2.55	2.59	-4.1	-3.9	3.2
Chile	0.34	0.42	0.43	0.31	0.30	0.31	0.31	-6.7	-3.1	2.1
Colombia	0.26	0.24	0.25	0.18	0.20	0.20	0.20	-11.3	27.5	26.9
Peru	0.16	0.16	0.16	0.16	0.15	0.16	0.16	-0.4	26.7	20.2

Sources: Scotiabank Economics, Omdia, Bloomberg.

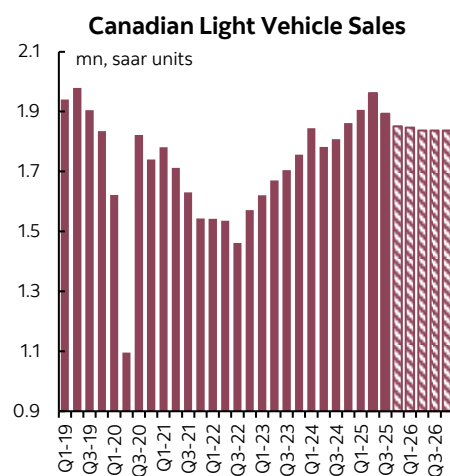
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

	2010-19	2021	2022	2023	2024	2025f	2026f	Jul-25, SA % m/m	Jul-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Jul-25) % of new LV sales
Canada	1,817	1,663	1,523	1,684	1,819	1,886	1,840				7.7
Atlantic	134	120	105	115	135	141	126	7.3	11.9	16.4	2.8
Central	1,179	1,080	1,014	1,129	1,237	1,230	1,185	8.0	7.3	2.6	8.9
Quebec	441	413	372	411	473	458	441	9.0	4.8	-0.4	16.6
Ontario	738	667	642	718	764	772	744	7.5	8.7	4.4	4.4
West	548	492	454	508	547	550	529	5.6	4.5	8.5	6.5
Manitoba	56	50	46	49	58	59	54	2.4	3.5	14.6	3.9
Saskatchewan	54	43	42	45	51	51	48	10.7	5.7	14.5	1.9
Alberta	239	197	184	209	223	226	215	5.0	6.8	10.5	2.4
British Columbia**	199	203	182	205	214	215	212	6.0	2.1	3.4	13.1

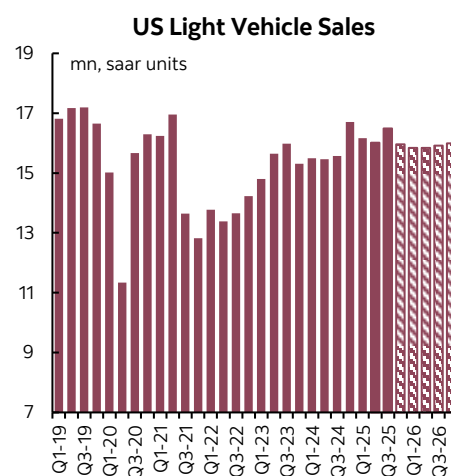
*ZEV includes battery electric and plug-in hybrid electric vehicles. **British Columbia includes the territories.

Sources: Scotiabank Economics, Omdia, Statistics Canada.

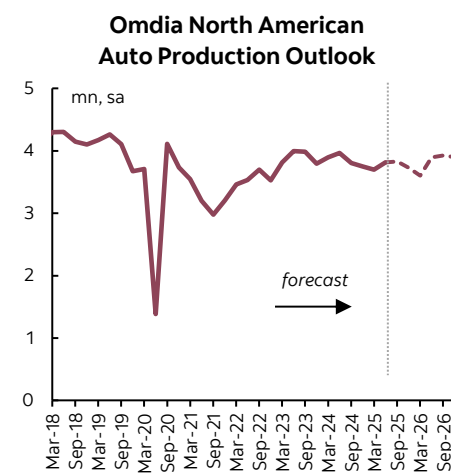
Quarterly Outlook for North American Auto Sector



Sources: Scotiabank Economics, Omdia.



Sources: Scotiabank Economics, Omdia.



Sources: Scotiabank Economics, Omdia.

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	15.1	15.5
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	10.0	10.2
Mexico	3.2	2.9	3.3	3.8	4.0	3.9	4.0

Sources: Scotiabank Economics, Omdia.

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