

## Contributors

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## December Auto Sales: A Year of Policy Volatility

## CANADA: GROWTH IN ANNUAL SALES BUT YEAR ENDED ON A SOFTENING TONE

Canadian auto sales in December were 109.7 k in non-seasonally adjusted terms, down 6.2% year-over-year, according to data from Omdia (chart 1). In seasonally adjusted terms, auto sales fell 2.0% month-over-month to 1.72 mn units at an annualized rate (SAAR).

The selling rate for automotives continued to decline towards the end of last year relative to the spring and summer, slowing to an average 1.78 mn (SAAR) in Q4, down 5.9% quarter-over-quarter (q/q) relative to Q3 and down 4.3% year-over-year (y/y) relative to Q4 of 2024. The softness in the final months of the year likely reflects demand that was pulled forward to the spring when consumers were looking to front run any tariff distortions to prices and supply. Nevertheless, annual light vehicle sales rounded out the year at 1.89 mn units in 2025, up 4.1% y/y from 1.82 mn in 2024, and rising to the highest level since 2019 when sales were 1.92 mn.

Economic data through much of 2025 was more resilient than feared in the spring. Job growth began to rebound in the fall, averaging 42.8 k in the fourth quarter with the unemployment rate at 6.8%, unchanged from a year earlier. We expect the Bank of Canada to remain on the sidelines, holding the policy rate at 2.25%, while assessing how the economy evolves and the subsequent impact on the inflation outlook, with their next move likely higher in the second half of 2026. As a result, borrowing costs for consumers and businesses in the near term are unlikely to ease much further and could in fact increase over the medium term. Our outlook for Canadian light vehicle sales is 1.83 mn in 2026 as we expect the sales rate to rebound from the recent declines albeit not to the same level as last spring, and rising to 1.87 mn in 2027.

## UNITED STATES: SALES IMPROVE IN DECEMBER TO END A VOLATILE YEAR

US auto sales increased 1.9% month-over-month to 16.0 mn units at a seasonally adjusted annualized rate (SAAR) in December according to the US Bureau of Economic Analysis (chart 2).

Seasonally adjusted light vehicle sales increased for a second consecutive month, but the selling rate has pulled back following the end of the federal electric vehicle subsidy in September, averaging 15.7 mn (SAAR) in the fourth quarter (-4.4% q/q). Similar to above, some softness in recent vehicle sales may be as a result of demand that was pulled forward to avoid tariff effects. For the year as a whole, light vehicle sales totaled 16.2 mn units in 2025, up 2.4% y/y relative to annual 2024. However, excluding the months of March and April which saw a surge in tariff front-running demand, sales for the remaining ten months averaged 15.9 mn (SAAR) in 2025 and were only up 0.5% compared to the same period in 2024.

While the US economy continued to grow at a strong pace, increasing 4.3% (q/q SAAR) in Q3 supported by higher personal consumption (3.5% q/q SAAR) and a shrinking trade deficit, we expect the pace of growth to moderate. Job gains have stalled in recent months, outside of the healthcare sector, with the unemployment rate trending around 4.4% due to tightened immigration policies. This softer employment hiring is likely to be a greater focus for the Federal Reserve which is a driving factor of our expectations for further rate cuts from the current 3.75% towards 3% by the middle of this year. Our outlook for US auto sales is 15.76 mn in 2026, as we expect the softer labour market to weigh on demand, before increasing to 15.82 mn in 2027, supported by further declines in borrowing costs for consumers as the effects of previous and future expected interest rate cuts work their way through the economy.

Chart 1



Sources: Scotiabank Economics, Omdia.

Chart 2



Sources: Scotiabank Economics, BEA.

## GLOBAL AUTO SALES: REVERTING TO TREND AT THE REGIONAL LEVEL

**Global auto sales fell 1.3% m/m (SA) in November, as higher sales in North America were offset by declines in all other regions tracked (chart 3).**

In western Europe, auto sales decreased 3.2% m/m (SA), as sales eased back in line with their 12-month moving average but remain up 2.2% y/y (NSA). Meanwhile in eastern Europe, auto sales decreased 5.8% m/m (SA) in November after growing to their highest seasonally adjusted month since 2014. Auto sales in the Asia Pacific region decreased 1.0% m/m (SA), as the sales rate declined in most countries covered, including China (-0.5% m/m, SA) which accounts for approximately two thirds of unit sales in the region. Auto sales in Latin America fell 3.8% m/m (SA), slowing to the lowest seasonally adjusted sales rate since August 2025. Our outlook for global vehicle sales is 3.4% in 2025, with growth expected to slow to 1.1% in 2026 before picking up to 2.0% in 2027 (chart 4).

Chart 3

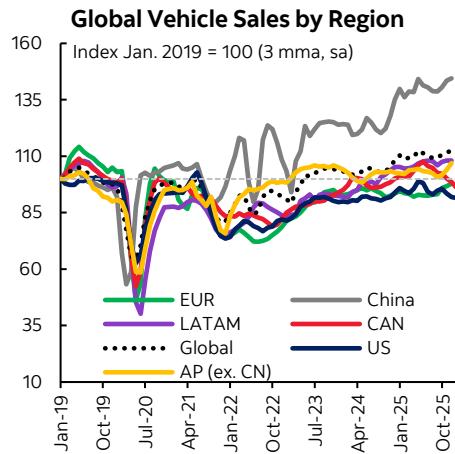


Chart 4

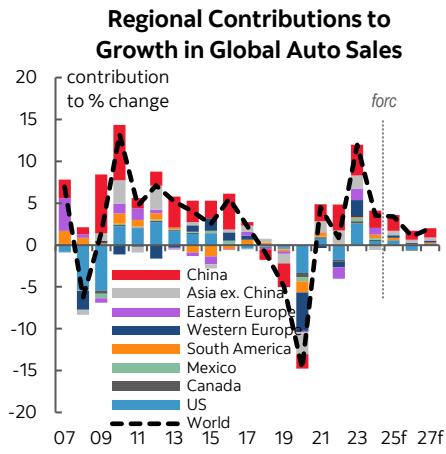


Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2023	2024	2025e	2026f	2027f	Nov-25, SA % m/m	Nov-25, NSA % y/y	2025 ytd, NSA % y/y
<b>Total Sales</b>	<b>71.1</b>	<b>75.3</b>	<b>78.0</b>	<b>80.6</b>	<b>81.5</b>	<b>83.1</b>	<b>-1.3</b>	<b>0.2</b>	<b>5.5</b>
<b>North America</b>	<b>18.7</b>	<b>18.5</b>	<b>19.2</b>	<b>19.6</b>	<b>19.1</b>	<b>19.3</b>	<b>1.0</b>	<b>-6.0</b>	<b>2.9</b>
Canada	1.82	1.68	1.82	1.89	1.83	1.87	-4.0	-6.6	4.8
United States	15.7	15.5	15.9	16.2	15.8	15.8	1.8	-6.6	2.8
Mexico	1.22	1.36	1.49	1.52	1.54	1.57	-1.1	0.3	0.8
<b>Western Europe</b>	<b>13.0</b>	<b>11.4</b>	<b>11.4</b>	<b>11.6</b>	<b>11.7</b>	<b>11.9</b>	<b>-3.2</b>	<b>2.2</b>	<b>1.5</b>
Germany	3.2	2.8	2.8	2.9	2.9	3.0	-7.3	2.5	0.7
United Kingdom	2.3	1.9	2.0	2.0	2.0	2.0	0.0	-1.6	3.4
<b>Eastern Europe</b>	<b>3.3</b>	<b>2.8</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>	<b>-5.8</b>	<b>3.6</b>	<b>-4.1</b>
Russia	2.1	1.1	1.6	1.5	1.5	1.5	-9.0	0.0	-17.8
<b>Asia</b>	<b>31.9</b>	<b>39.4</b>	<b>40.5</b>	<b>42.4</b>	<b>43.5</b>	<b>44.7</b>	<b>-1.0</b>	<b>2.4</b>	<b>8.4</b>
China	19.7	26.0	27.6	29.0	29.9	30.8	-0.5	1.2	11.4
India	3.3	4.7	4.9	5.1	5.2	5.4	-1.5	21.1	3.9
Japan	5.1	4.8	4.4	4.6	4.7	4.7	-5.8	-5.1	3.4
<b>South America</b>	<b>4.3</b>	<b>3.2</b>	<b>3.5</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>-6.2</b>	<b>-3.7</b>	<b>9.3</b>
Brazil	2.91	2.18	2.49	2.55	2.60	2.68	-5.8	-5.8	1.8
Chile	0.34	0.31	0.30	0.31	0.31	0.32	6.1	2.1	2.4
Colombia	0.26	0.18	0.20	0.22	0.22	0.23	-16.0	8.3	27.0
Peru	0.16	0.16	0.15	0.16	0.16	0.16	1.0	30.4	21.1

Sources: Scotiabank Economics, Omdia, Bloomberg.

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

	2010-19	2023	2024	2025e	2026f	2027f	Oct-25, SA % m/m	Oct-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Oct-25) % of new LV sales
<b>Canada</b>	<b>1,817</b>	<b>1,684</b>	<b>1,819</b>	<b>1,893</b>	<b>1,830</b>	<b>1,872</b>				<b>8.9</b>
<b>Atlantic</b>	<b>134</b>	<b>115</b>	<b>135</b>	<b>145</b>	<b>130</b>	<b>128</b>	<b>-5.1</b>	<b>-0.3</b>	<b>12.0</b>	<b>3.4</b>
<b>Central</b>	<b>1,179</b>	<b>1,129</b>	<b>1,237</b>	<b>1,256</b>	<b>1,175</b>	<b>1,205</b>	<b>1.4</b>	<b>-1.8</b>	<b>2.1</b>	<b>10.1</b>
Quebec	441	411	473	466	439	449	-1.7	-9.9	-1.2	17.3
Ontario	738	718	764	790	736	756	3.4	4.0	4.1	5.7
<b>West</b>	<b>548</b>	<b>508</b>	<b>547</b>	<b>561</b>	<b>526</b>	<b>538</b>	<b>5.0</b>	<b>1.7</b>	<b>5.2</b>	<b>7.3</b>
Manitoba	56	49	58	61	55	55	0.4	9.1	10.8	4.1
Saskatchewan	54	45	51	53	49	49	-1.8	10.5	12.5	1.7
Alberta	239	209	223	231	215	219	4.7	-0.3	6.5	3.3
British Columbia**	199	205	214	216	206	216	8.7	-0.5	0.6	14.5

\*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

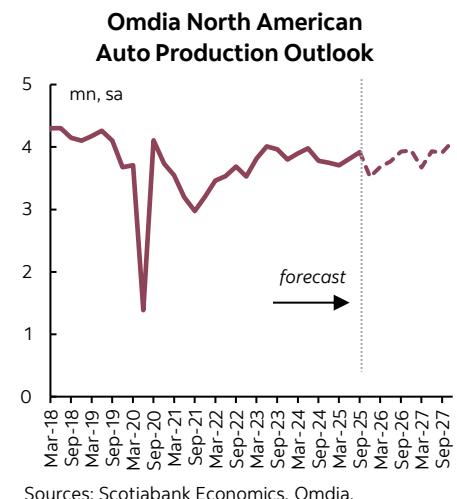
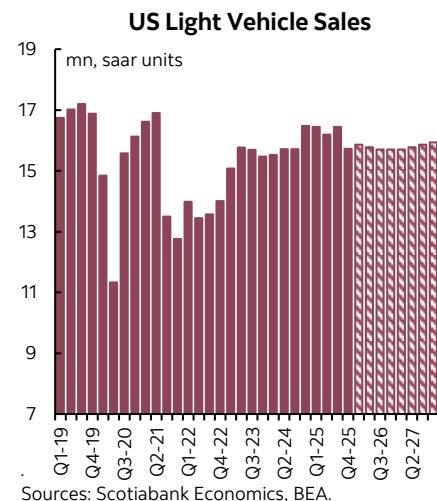
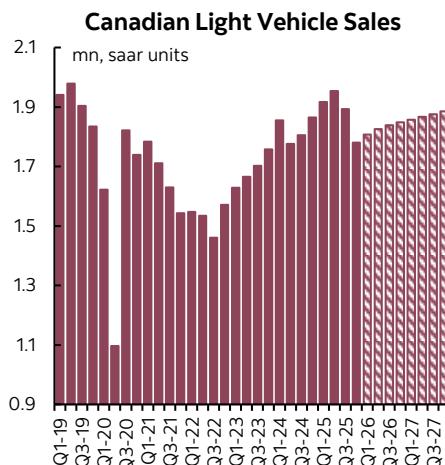


Table 3—North American Annual Production Outlook

2010–19	2023	2024	2025e	2026f	2027f
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(millions of units, annualised)

North American Production	15.9	15.6	15.5	14.9	15.4	15.5
Canada	2.2	1.5	1.3	1.2	1.2	1.4
United States	10.4	10.3	10.2	9.8	10.0	10.3
Mexico	3.2	3.8	4.0	3.9	4.1	3.9

Sources: Scotiabank Economics, Omdia.

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