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Chart 1

Canada Light Vehicle Sales



Sources: Scotiabank Economics, Omdia.

Chart 2

US Light Vehicle Sales



Sources: Scotiabank Economics, BEA.

February Auto Sales: Rebound in Sales and Uncertainty

CANADA: DECLINE IN VEHICLE SALES POSSIBLY LEVELLING OFF

Canadian auto sales increased 3% month-over-month to 1.76 mn units at a seasonally adjusted annualized rate in February based on data from Omdia (chart 1). February marked the first seasonally adjusted increase in vehicle sales since September 2025. The three month moving average is essentially unchanged at 1.74 mn (SAAR) units, the lowest level since the middle of Q4-2023. Non-seasonally adjusted sales for the month were 116.6 k, as reported by the same source, down 6.2% year-over-year.

While the decline in vehicle sales in Canada may be showing signs of levelling off, the sector and overall economic outlook continue to face headwinds from tariffs and other shocks. The recent US Supreme Court ruling on February 20th struck down IEEPA tariffs, which included the 35% tariff on most Canadian goods exports to the US, but the case did not impact Section 232 tariffs such as those targeting US imports of automotive and automotive parts. The Trump administration promptly announced and implemented 10% tariffs using Section 122, which similar to the IEEPA tariffs do not stack with Section 232 tariffs and allow for exemptions of many CUSMA-compliant goods. The volatile trade and tariff policy adds further uncertainty leading into the CUSMA renewal discussions. Large changes to or a total breakdown in the trade agreement would weigh heavily on Canada’s economy as noted in this recent Scotiabank Economics [report](#).

Meanwhile, the recent spike in global oil prices adds further uncertainty to the outlook. While a permanent upward shock to WTI could add to Canada’s GDP growth, as noted in this Scotiabank Economics [report](#), the higher cost at the pump for an extended period could impact consumer demand. Our outlook for Canadian light vehicle sales is 1.83 mn in 2026, as we expect demand to improve throughout the year albeit with larger uncertainty given the recent developments, and rising to 1.87 mn in 2027.

UNITED STATES: UNCERTAINTY RISING AMID VOLATILE TARIFFS AND OIL PRICES

US auto sales increased 6.3% month-over-month to 15.75 mn units at a seasonally adjusted annualized rate in February, according to the BEA (chart 2). Auto sales last month rebounded from the recent low 14.8 mn (SAAR) selling rate in January, which was the lowest level since December 2022. As a result, the three month moving average (3mma) remains around 15.5 mn (SAAR) units but is down from the 16.3 mn sold last year.

On February 20th, the US Supreme Court struck down tariffs imposed using the International Emergency Economic Powers Act (IEEPA) that ranged from 10% to 50% or more on nearly all trading partners. The Trump administration promptly invoked Section 122 to impose broad 10% tariffs for up to 150 days, which would need congressional approval to extend beyond, and has threatened raising the tariff rate to 15%. While this new tariff policy has lowered the estimated effective tariff rate on US imports, tariffs imposed using Section 232 are unchanged. As such, the 25% tariffs on US imports of automotives and auto parts remain in place, and will continue to weigh on the US and North American auto sector.

In addition to tariffs, there remain a host of other headwinds to the outlook. US employment levels have been flat since September, owing in large part from job gains in the health sector. However, the unemployment rate is trending around 4.4% amid slower population and labour force growth. Meanwhile, the recent spike in global oil prices towards 100 USD/bbl from 65 USD/bbl in February owing to the conflict in the Middle East adds to concerns about future inflation. While the Federal Reserve would normally be able to look through oil price shocks, headline and core CPI are around 2.5% y/y and persistent upward price pressures could slow their progress on returning inflation to 2%. As such, financial markets have begun to pull back some of the end-of-year policy rate

pricing. Our outlook for US auto sales is 15.8 mn units in 2026 and 2027, with a softer sales rate through the first half of this year amid soft employment growth and marginally improving next year as expected interest rate relief supports consumer demand.

GLOBAL AUTO SALES: SOFT START TO THE YEAR ACROSS MOST REGIONS TRACKED

Global auto sales declined 5.3% month-over-month in January, continuing a trend of softening seasonally adjusted sales over the past three months (chart 3). January marked the slowest single seasonally adjusted month for the global automotive selling rate since August 2024. The slow start to the year was broad based with auto sales down in all regions tracked except for South America, where sales were marginally higher (0.2% m/m SA). At the regional level, eastern European auto sales declined the most in percentage terms, down 16.5% m/m (SA) in January, to their lowest level since June 2025. In western Europe, auto sales declined 8.4% m/m (SA), as sales were down in 11 of the 15 countries tracked. Meanwhile, in the Asia Pacific region, auto sales slowed 3.5% m/m (SA), contracting for a third consecutive month, notably from softer sales in China (-4.9%). Our outlook for global vehicle sales is a decline of 0.4% in 2026 before increasing 1.8% in 2027 (chart 4).

Chart 3

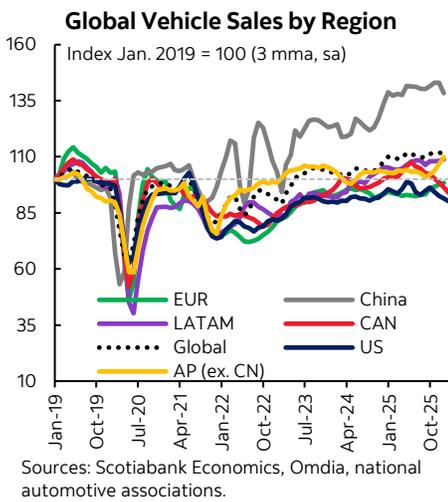


Chart 4

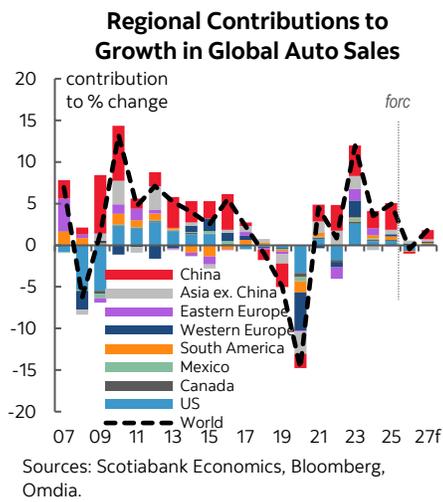


Table 1—Global Auto Sales Outlook (mns units)

	2010-19	2023	2024	2025	2026f	2027f	Jan-26, SA % m/m	Jan-26, NSA % y/y	2025 ytd, NSA % y/y
Total Sales	71.1	75.3	78.0	81.8	81.5	83.0	-5.3	-1.5	-1.5
North America	18.7	18.5	19.2	19.7	19.1	19.3	-5.9	0.0	0.0
Canada	1.82	1.68	1.82	1.89	1.83	1.87	-2.0	-8.9	-8.9
United States	15.7	15.5	15.9	16.3	15.8	15.8	-7.4	-0.2	-0.2
Mexico	1.22	1.36	1.49	1.51	1.54	1.57	5.6	10.0	10.0
Western Europe	13.0	11.4	11.4	11.6	11.7	11.8	-8.4	-2.7	-2.7
Germany	3.2	2.8	2.8	2.9	2.9	3.0	-9.0	-6.6	-6.6
United Kingdom	2.3	1.9	2.0	2.0	2.0	2.0	-1.2	3.4	3.4
Eastern Europe	3.3	2.8	3.4	3.3	3.3	3.4	-16.5	-7.1	-7.1
Russia	2.1	1.1	1.6	1.4	1.5	1.5	-16.0	-16.4	-16.4
Asia	31.9	39.4	40.5	43.4	43.5	44.6	-3.5	-1.9	-1.9
China	19.7	26.0	27.6	30.1	29.9	30.8	-4.9	-6.8	-6.8
India	3.3	4.7	4.9	5.2	5.2	5.3	-7.2	11.2	11.2
Japan	5.1	4.8	4.4	4.6	4.7	4.7	3.0	-2.3	-2.3
South America	4.3	3.2	3.5	3.9	3.8	3.9	-1.9	4.8	4.8
Brazil	2.91	2.18	2.49	2.55	2.60	2.68	-3.8	1.8	1.8
Chile	0.34	0.31	0.30	0.31	0.31	0.32	-4.0	-2.1	-2.1
Colombia	0.26	0.18	0.20	0.25	0.22	0.23	9.6	40.0	40.0
Peru	0.16	0.16	0.15	0.19	0.16	0.16	-2.0	24.0	24.0

Sources: Scotiabank Economics, Omdia, Bloomberg.

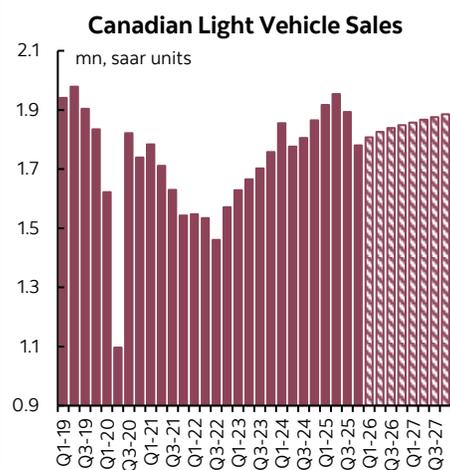
Table 2—Provincial Auto Sales Outlook (thousands of units ann.)

	2010-19	2023	2024	2025	2026f	2027f	Dec-25, SA % m/m	Dec-25, NSA % y/y	2025 ytd nsa % y/y	ZEV* (Dec-25) % of new LV sales
Canada	1,817	1,684	1,819	1,894	1,830	1,872				12.5
Atlantic	134	115	135	148	130	128	-0.3	-4.7	9.6	4.5
Central	1,179	1,129	1,237	1,245	1,175	1,205	-1.0	-7.2	0.6	12.9
Quebec	441	411	473	458	439	449	-1.3	-14.5	-3.2	20.3
Ontario	738	718	764	787	736	756	-0.8	-2.6	3.0	8.8
West	548	508	547	567	526	538	-1.3	-4.0	3.7	13.6
Manitoba	56	49	58	63	55	55	2.0	-4.4	8.6	5.2
Saskatchewan	54	45	51	55	49	49	-10.0	-15.6	9.1	2.3
Alberta	239	209	223	234	215	219	-6.1	-8.6	4.6	5.3
British Columbia**	199	205	214	215	206	216	5.0	3.7	0.2	25.4

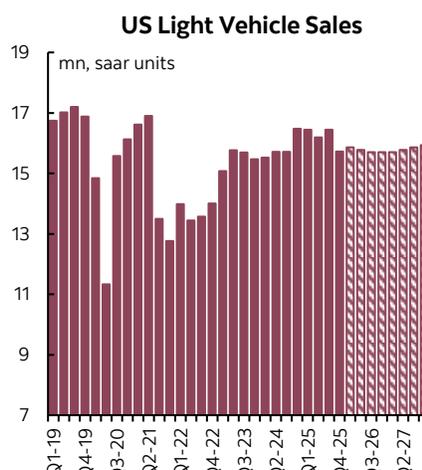
*ZEV includes battery electric and plug-in hybrid electric vehicles. **British Columbia includes the territories.

Sources: Scotiabank Economics, Omdia, Statistics Canada.

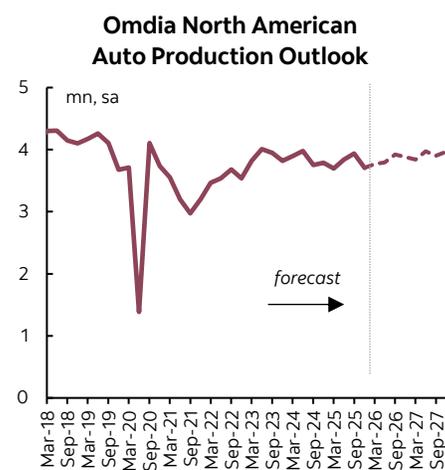
Quarterly Outlook for North American Auto Sector



Sources: Scotiabank Economics, Omdia.



Sources: Scotiabank Economics, BEA.



Sources: Scotiabank Economics, Omdia.

Table 3—North American Annual Production Outlook

	2010–19	2023	2024	2025	2026f	2027f
	(millions of units, annualised)					
North American Production	15.9	15.6	15.5	15.2	15.3	15.5
Canada	2.2	1.5	1.3	1.2	1.2	1.4
United States	10.4	10.3	10.2	10.0	10.0	10.3
Mexico	3.2	3.8	4.0	3.9	4.0	3.7

Sources: Scotiabank Economics, Omdia.

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