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Chart 1

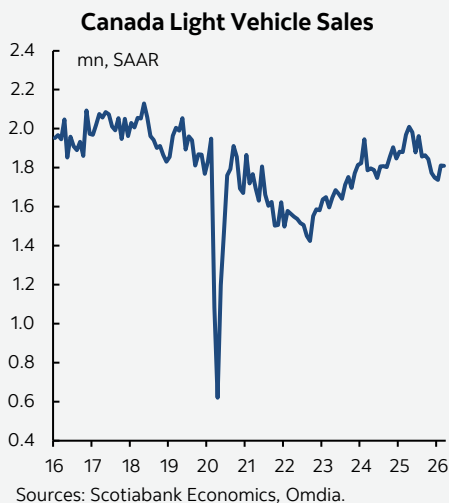
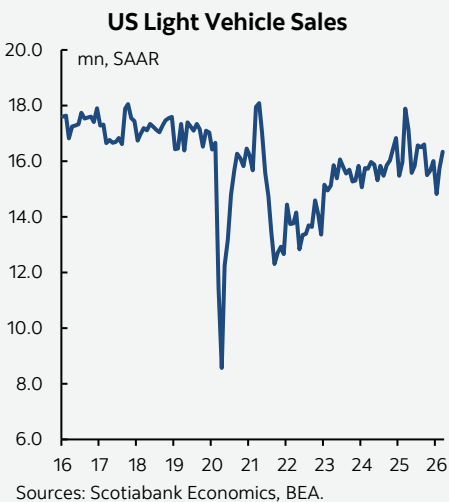


Chart 2



# March Auto Sales: Holding Steady Amid Headwinds

## CANADA: NEW VEHICLE SALES HOLD STEADY IN Q1

**Canadian auto sales marginally declined 0.1% month-over-month to 1.81 mn units at a seasonally adjusted annualized rate in March based on data from Omdia (chart 1).**

Upward revisions to data for January and February resulted in Q1 sales averaging 1.79 mn (SAAR) units, stronger than previously expected but still down 0.2% relative to Q4-2025. Non-seasonally adjusted sales reported by the same source for March were 170.6 k, down 7.8% year-over-year, albeit compared to a relatively strong start last year before newly imposed tariffs began to upend global trade. When comparing Q1 sales in NSA terms against the same period across recent years, sales were down 6.5% relative to 2025 and down 2.3% relative to 2024.

The recent decline in seasonally adjusted new vehicle sales may have bottomed out, as the selling rate over the past two months has increased in line with historical trends. However, only time will tell as there remains a host of competing factors that will impact demand. Canada’s overall employment level has contracted in January and February, while the unemployment rate trends sideways around 6.7% (3mma). Global oil prices remain elevated amid the conflict in the Middle East, which is widely expected to push up headline inflation, while the Bank of Canada will be looking for signs of risks that higher input costs are being passed through to core inflation. And while we estimate that higher oil prices are likely a small net positive to Canadian GDP growth, higher costs at the pump may weigh on vehicle demand in the near term. Meanwhile, the new federal Electric Vehicle Affordability Program may boost EV sales over the coming months.

Our outlook for Canadian light vehicle sales is 1.81 mn in 2026. We expect demand to gradually improve throughout this year and next, rising to 1.87 mn in 2027, albeit with larger uncertainty given elevated and volatile oil prices clouding the outlook.

## UNITED STATES: MARGINAL DECLINE IN Q1 MASKS MONTHLY VOLATILITY

**US auto sales increased 3.7% month-over-month to 16.3 mn units at a seasonally adjusted annualized rate in March, according to the BEA (chart 2).** In Q1, sales averaged 15.6 mn (SAAR) units, down 0.5% relative to Q4 as the sales rate continues to pull back from the recent highs in 2025. Non-seasonally adjusted sales were 1.4 mn for March, down 11.9% year-over-year. Meanwhile, Q1 sales in NSA terms were down 5.3% and 0.6% when compared with the same quarter in 2025 and 2024 respectively.

US vehicle sales remain volatile from month-to-month, as headwinds weigh against durable improvement in the near term. Job growth in the US has improved since December, averaging 68 k (3mma), but it is uncertain as to whether it’s long lasting or a temporary increase, while the unemployment rate holds steady around 4.3%. At the same time, higher and more volatile oil prices risk adding upward pressure to core inflation. These factors could complicate the Federal Reserve’s task of bringing inflation from 2.5–3% back toward 2% while supporting maximum sustainable job growth. Meanwhile, recent changes to US tariffs on metals and pharmaceutical goods further reinforce uncertainty surrounding global trade amid the more protectionist US trade policy.

Our outlook for US auto sales is 15.7 mn units in 2026 with the sales rate trending sideways this year, and marginally improving to 15.8 mn in 2027 as expected interest rate relief and improving labour market dynamics support consumer demand but remains highly uncertain in the face of headwinds from elevated and volatile oil prices.

## GLOBAL AUTO SALES: MONTHLY SALES IMPROVE AMID SOFT START TO YEAR

**Global auto sales increased 2.4% month-over-month in February, the first seasonally adjusted increase since September (chart 3).** The monthly increase was broad based

across most of the major regional markets tracked but global sales remain soft relative to year-ago levels. In western Europe, auto sales increased 4.8% m/m (SA) in February as sales rebounded from the prior month’s lowest seasonally-adjusted level since September 2024, and February sales are up 1.5% y/y in non-seasonally adjusted terms. Meanwhile, in eastern Europe vehicle sales fell 1.2% m/m (SA) amid a soft start to the year with sales down 2.8% y/y (NSA). In the Asia Pacific region, auto sales increased 1.1% m/m (SA) but are 8% below the same month one year ago, weighed down by Chinese auto sales that are down 15.4% y/y (NSA) despite increasing 1.4% m/m (SA) in February. In Latin America, auto sales fell 1.8% m/m (SA) in February, continuing a general upward trend with the occasional monthly decline as sales in the region are up 3.8% y/y (NSA). Our outlook for global vehicle sales is a decline of 0.6% in 2026 before increasing 1.9% in 2027 but could face downside risk from the recent higher and more volatile oil prices (chart 4).

Chart 3

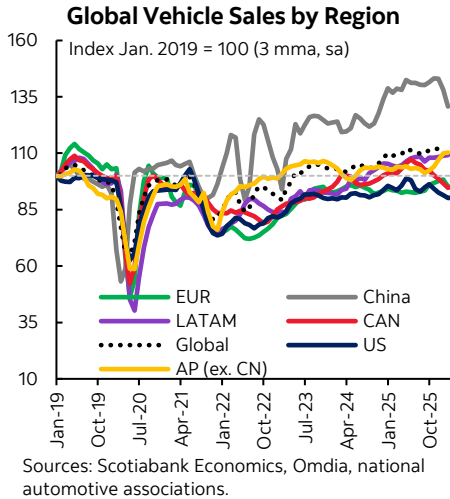
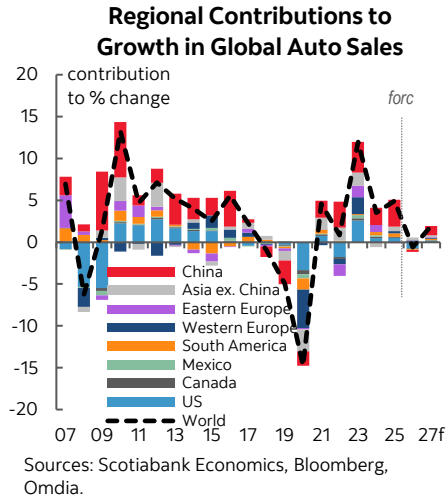


Chart 4



**Table 1—Global Auto Sales Outlook (mns units)**

	2010-19	2023	2024	2025	2026f	2027f	Feb-26, SA % m/m	Feb-26, NSA % y/y	2026 ytd, NSA % y/y
<b>Total Sales</b>	<b>71.1</b>	<b>75.4</b>	<b>78.0</b>	<b>81.8</b>	<b>81.3</b>	<b>82.9</b>	<b>2.4</b>	<b>-4.2</b>	<b>-3.0</b>
<b>North America</b>	<b>18.7</b>	<b>18.5</b>	<b>19.2</b>	<b>19.7</b>	<b>19.0</b>	<b>19.2</b>	<b>4.8</b>	<b>-1.4</b>	<b>-0.7</b>
Canada	1.82	1.68	1.82	1.89	1.81	1.87	4.3	-3.6	-5.5
United States	15.7	15.5	15.9	16.3	15.7	15.8	6.3	-1.4	-0.8
Mexico	1.22	1.36	1.49	1.51	1.54	1.57	-8.6	0.5	5.3
<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>11.8</b>	<b>4.8</b>	<b>1.5</b>	<b>-0.6</b>
Germany	3.2	2.8	2.8	2.9	2.9	3.0	7.0	3.8	-1.4
United Kingdom	2.3	1.9	2.0	2.0	2.0	2.0	4.5	7.2	4.8
<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>-1.2</b>	<b>-2.8</b>	<b>-4.9</b>
Russia	2.1	1.1	1.6	1.4	1.5	1.5	1.4	-4.1	-10.6
<b>Asia</b>	<b>31.9</b>	<b>39.4</b>	<b>40.5</b>	<b>43.4</b>	<b>43.5</b>	<b>44.6</b>	<b>1.1</b>	<b>-8.0</b>	<b>-5.2</b>
China	19.7	26.0	27.6	30.1	29.9	30.8	1.4	-15.4	-10.8
India	3.3	4.7	4.9	5.2	5.2	5.3	-1.4	10.4	10.8
Japan	5.1	4.8	4.4	4.6	4.7	4.7	0.6	-3.5	-2.9
<b>South America</b>	<b>4.3</b>	<b>3.2</b>	<b>3.5</b>	<b>3.9</b>	<b>3.8</b>	<b>3.9</b>	<b>1.1</b>	<b>3.8</b>	<b>4.3</b>
Brazil	2.91	2.18	2.49	2.55	2.60	2.68	2.9	1.8	1.8
Chile	0.34	0.31	0.30	0.31	0.31	0.32	0.5	6.1	1.6
Colombia	0.26	0.18	0.20	0.25	0.22	0.23	2.0	48.2	44.5
Peru	0.16	0.16	0.15	0.19	0.16	0.16	12.8	52.1	36.8

Sources: Scotiabank Economics, Omdia, Bloomberg.

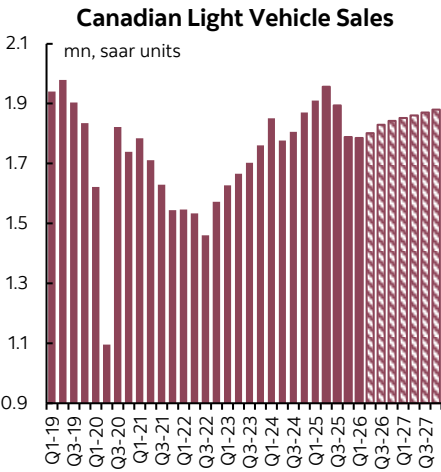
**Table 2—Provincial Auto Sales Outlook (thousands of units ann.)**

	2010-19	2023	2024	2025	2026f	2027f	Jan-26, SA % m/m	Jan-26, NSA % y/y	2026 ytd nsa % y/y	ZEV* (Jan-26) % of new LV sales
<b>Canada</b>	<b>1,817</b>	<b>1,684</b>	<b>1,819</b>	<b>1,894</b>	<b>1,806</b>	<b>1,866</b>				<b>7.7</b>
<b>Atlantic</b>	<b>134</b>	<b>115</b>	<b>135</b>	<b>148</b>	<b>130</b>	<b>128</b>	<b>-1.9</b>	<b>-10.8</b>	<b>-10.8</b>	<b>3.5</b>
<b>Central</b>	<b>1,179</b>	<b>1,129</b>	<b>1,237</b>	<b>1,244</b>	<b>1,157</b>	<b>1,196</b>	<b>-1.9</b>	<b>-6.1</b>	<b>-6.1</b>	<b>8.4</b>
Quebec	441	411	473	457	431	438	0.3	-5.7	-5.7	12.1
Ontario	738	718	764	787	726	757	-3.1	-6.3	-6.3	6.3
<b>West</b>	<b>548</b>	<b>508</b>	<b>547</b>	<b>566</b>	<b>526</b>	<b>543</b>	<b>2.2</b>	<b>-3.6</b>	<b>-3.6</b>	<b>7.3</b>
Manitoba	56	49	58	63	57	57	10.5	7.9	7.9	3.7
Saskatchewan	54	45	51	55	51	51	8.9	-10.5	-10.5	2.2
Alberta	239	209	223	234	220	223	5.8	-4.5	-4.5	3.6
British Columbia**	199	205	214	215	199	211	-4.7	-4.0	-4.0	13.6

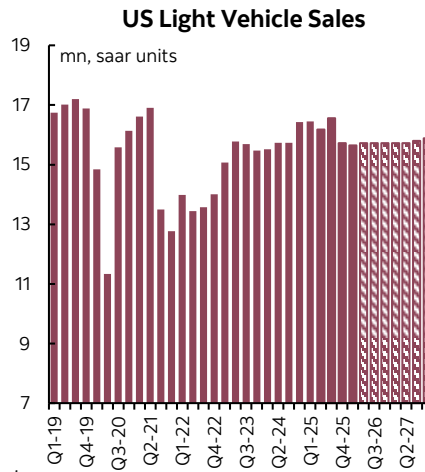
\*ZEV includes battery electric and plug-in hybrid electric vehicles. \*\*British Columbia includes the territories.

Sources: Scotiabank Economics, Omdia, Statistics Canada.

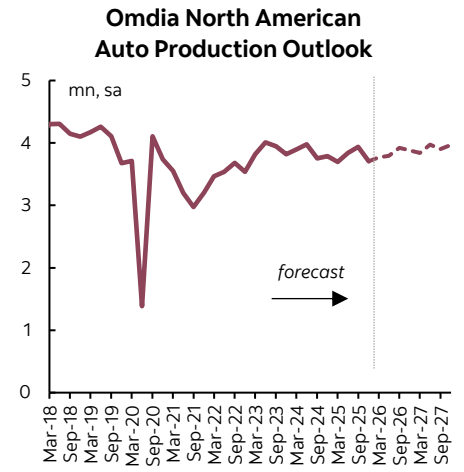
Quarterly Outlook for North American Auto Sector



Sources: Scotiabank Economics, Omdia.



Sources: Scotiabank Economics, Omdia.



Sources: Scotiabank Economics, Omdia.

Table 3—North American Annual Production Outlook

	2010–19	2023	2024	2025	2026f	2027f
	(millions of units, annualised)					
<b>North American Production</b>	<b>15.9</b>	<b>15.6</b>	<b>15.5</b>	<b>15.2</b>	<b>15.4</b>	<b>15.7</b>
Canada	2.2	1.5	1.3	1.3	1.3	1.4
United States	10.4	10.3	10.2	10.0	10.0	10.5
Mexico	3.2	3.8	4.0	3.9	4.0	3.8

Sources: Scotiabank Economics, Omdia.

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