

## Pandemic Decimates Global Auto Sales in April

- Global auto sales plunged to historic lows in April, posting a 46% y/y\* drop. On a month-over-month basis, sales decelerated by over 15% (sa). Auto purchases are now down by 30% year-to-date.
- These global figures mask a robust recovery in Chinese auto purchases which saw only a modest 2.5% y/y dip in April. With the pandemic seemingly under control (at least for now), sales rapidly rebounded to pre-crisis levels just three months after the dramatic 80% y/y decline in February at the height of its outbreak. A combination of pent-up demand, increased incentives, and importantly, lower vehicle ownership penetration are likely supporting a faster recovery than other countries can expect.
- The US represents another anomaly in April auto sales. Despite escalating cases of COVID-19 in many parts of the country, its auto sales were down by 'only' 47% y/y. A patchwork approach to shutdowns across various States likely moderated the decline.
- The drop in Japanese sales was even less pronounced at -29% y/y despite a re-escalation of cases at the beginning of the month. A combination of low base effects from weak sales activity last year, as well as some growing pent-up demand from persistently poor sales activity since the October 2019 sales tax hike may have factored into April sales.
- Otherwise, all other major auto markets saw massive declines in April. Western European sales were down by 80% y/y, with countries hit hardest by the pandemic—such as the UK, Spain and Italy—approaching 100% y/y declines. Germany's auto sales declines were relatively more modest at -61% y/y.
- South America was the next hardest-hit region after Europe with regional sales down by 79% y/y. Sales activity in Colombia and Peru stalled completely as their economies shut down.
- In North America, US numbers moderated the regional slowdown at -50% y/y with Canada and Mexico suffering 75% and 65% y/y declines, respectively. This month, a more detailed discussion on North American auto markets can be found [here](#).
- April should represent the trough for global auto sales. Advanced economies are beginning to re-open as the pandemic curve is flattening for the most part. Preliminary May data suggests modest improvements in auto sales.
- However, some emerging markets will continue to face further challenges ahead. In particular, Russia, Brazil, and India have suffered auto sales declines of -74%, -77% and -100% y/y, respectively. And they still face a mounting pandemic.

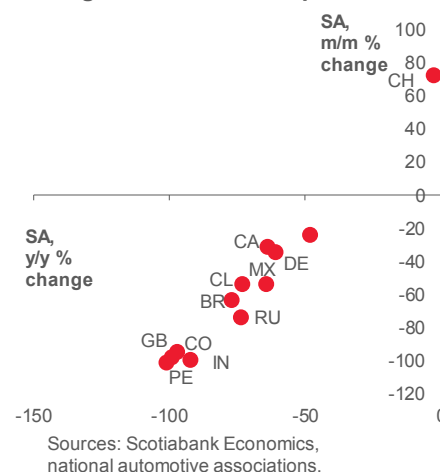
### CONTACTS

Rebekah Young  
Director, Fiscal & Provincial Economics  
416.862.3876  
Scotiabank Economics  
[rebekah.young@scotiabank.com](mailto:rebekah.young@scotiabank.com)

Alena Bystrova, Senior Economic Analyst  
416.866.4212  
Scotiabank Economics  
[alena.bystrova@scotiabank.com](mailto:alena.bystrova@scotiabank.com)

Chart 1

Light Vehicle Sales April 2020



\*All numbers reported are not seasonally adjusted (nsa), unless otherwise indicated (sa).

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

	2010-18	2018	2019	2020f	Apr-20, SA % m/m	Apr-20, NSA % y/y	2020 YTD, NSA % y/y	2020 YTD, SAAR
<b>Total Sales</b>	<b>70.6</b>	<b>78.9</b>	<b>75.0</b>	<b>59.4</b>	<b>-15.5</b>	<b>-46.0</b>	<b>-30.1</b>	<b>42.1</b>
<b>North America</b>	<b>18.6</b>	<b>20.6</b>	<b>20.2</b>	<b>14.8</b>	<b>-25.3</b>	<b>-49.7</b>	<b>-22.5</b>	<b>15.9</b>
Canada	1.81	1.98	1.92	1.34	-57.0	-75.0	-31.0	1.41
United States	15.5	17.2	17.0	12.6	-24.5	-46.6	-21.2	13.4
Mexico	1.20	1.43	1.32	0.90	-54.1	-64.5	-23.1	1.06
<b>Western Europe</b>	<b>12.9</b>	<b>14.1</b>	<b>14.1</b>	<b>11.1</b>	<b>-55.6</b>	<b>-79.8</b>	<b>-39.9</b>	<b>8.8</b>
Germany	3.2	3.4	3.6	2.9	-35.3	-61.1	-31.0	2.5
United Kingdom	2.3	2.4	2.3	1.8	-95.2	-97.3	-43.4	1.5
<b>Eastern Europe</b>	<b>3.4</b>	<b>3.2</b>	<b>3.0</b>	<b>2.5</b>	<b>-61.7</b>	<b>-65.3</b>	<b>-21.9</b>	<b>2.4</b>
Russia	2.1	1.8	1.8	1.4	-74.3	-73.8	-21.8	1.4
<b>Asia</b>	<b>31.6</b>	<b>37.0</b>	<b>33.8</b>	<b>27.9</b>	<b>27.7</b>	<b>-21.8</b>	<b>-30.9</b>	<b>23.1</b>
China	19.5	23.7	21.4	17.5	72.2	-2.5	-35.5	13.4
India	3.3	4.0	3.6	2.9	-92	-100	-42.2	2.2
Japan	5.1	5.3	5.2	4.3	-8.1	-28.6	-13.9	4.5
<b>South America</b>	<b>4.3</b>	<b>4.0</b>	<b>3.8</b>	<b>3.1</b>	<b>-66.1</b>	<b>-78.6</b>	<b>-29.3</b>	<b>2.8</b>
Brazil	2.94	2.48	2.67	2.10	-64.2	-76.8	-27.1	1.97
Chile	0.34	0.42	0.37	0.30	-54.3	-72.8	-33.2	0.27
Colombia	0.26	0.25	0.26	0.24	-98.5	-99.1	-31.7	0.17
Peru	0.16	0.15	0.15	0.15	-101.7	-100.0	-36.2	0.10

Sources: Scotiabank Economics, Ward's Automotive Reports, Bloomberg.

**Table 2 — North American Production Outlook**

	2010-18	2019	2020 Apr.	2020f	2021f
	(millions of units, annualised)				
<b>North American Production*</b>	<b>16.3</b>	<b>16.8</b>	<b>15.5</b>	<b>13.0</b>	<b>14.6</b>
Canada	2.3	1.9	1.5	1.2	1.4
United States	10.7	10.9	10.2	8.9	10.0
Mexico	3.3	4.0	3.8	2.9	3.2

\*Includes light, medium and heavy trucks.

Sources: Ward's Automotive Reports, Statistics Canada, DesRosiers Automotive Consultants Inc.

**Table 3 — Provinces Motor Vehicle Sales Outlook (thousands of units ann.)\* \*\***

	2010-18	2018	2019	2020f	2021f	Apr-20, SA % m/m	Apr-20, NSA % y/y	2020 YTD, NSA % y/y	2020 YTD, SAAR
<b>Canada</b>	<b>1,809</b>	<b>1,984</b>	<b>1,922</b>	<b>1,342</b>	<b>1,505</b>	<b>-57.0</b>	<b>-75.0</b>	<b>-31.0</b>	<b>1,413</b>
<b>Atlantic</b>	<b>133</b>	<b>130</b>	<b>136</b>	<b>92</b>	<b>99</b>	<b>-63.9</b>	<b>-76.7</b>	<b>-32.1</b>	<b>109</b>
<b>Central</b>	<b>1,141</b>	<b>1,285</b>	<b>1,243</b>	<b>885</b>	<b>1,003</b>	<b>-72.8</b>	<b>-83.5</b>	<b>-37.0</b>	<b>873</b>
Quebec	432	450	454	310	350	-78.2	-88.1	-41.4	306
Ontario	709	835	789	575	653	-70.2	-80.7	-34.5	567
<b>West</b>	<b>535</b>	<b>565</b>	<b>540</b>	<b>365</b>	<b>403</b>	<b>-38.7</b>	<b>-62.5</b>	<b>-27.4</b>	<b>424</b>
Manitoba	54	66	53	40	43	-49.9	-63.7	-24.4	42
Saskatchewan	53	49	46	30	32	-34.2	-56.5	-25.4	37
Alberta	235	230	227	135	149	-46.8	-66.0	-27.1	180
British Columbia	193	220	214	160	179	-27.2	-59.7	-28.9	166

\*Includes cars and light trucks. \*\*Scotiabank estimates.

Sources: Statistics Canada, Canadian Vehicle Manufacturers' Association.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a "call to action" or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with "Global Banking and Markets", is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including, Scotiabanc Inc.; Citadel Hill Advisors L.L.C.; The Bank of Nova Scotia Trust Company of New York; Scotiabank Europe plc; Scotiabank (Ireland) Limited; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Scotia Inverlat Casa de Bolsa S.A. de C.V., Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorised by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorised by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., and Scotia Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.