Canadian and US Vehicle Sales — February 2018

CANADA

The record-setting pace continued in February, with sales advancing 2% above a year earlier. We estimate that purchases totalled an annualized 2.07 mn units last month, marginally below the previous month's pace, but well ahead of the full-year 2017 total. So far this year, purchases have averaged an annualized 2.09 mn units, a much stronger performance than our projection for all of 2018 (table below).

Five automakers posted double-digit year-over-year sales gains last month, with the advances powered by light trucks. These models now account for more than 72% of the Canadian new vehicle market, up from less than 60% four years ago and only 45% a decade ago. In contrast, car sales declined 6% y/y last month, with only four automakers bucking the downward trend.

UNITED STATES

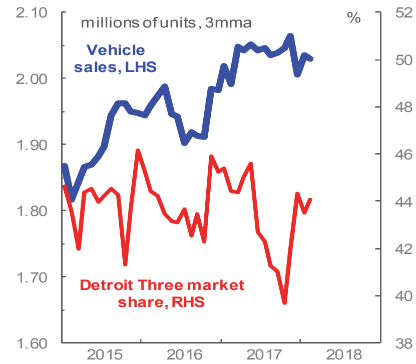
Purchases were mixed south of the border in February, with each of the Detroit automakers reporting lower sales. We estimate that purchases totalled an annualized 17 mn units last month, held back by double-digit declines in most car segments and a 9% y/y slump in pickup truck volumes for the Detroit 3.

Last month's weak pickup truck performance is likely to prove temporary, as automakers indicate that orders for new trucks have picked up since the enactment of US tax reform. Furthermore, the industry is planning to increase light truck assemblies across North America 3% y/y between April and June. The ramp -up in production will be even greater for medium and heavy trucks due to surging demand and tight capacity in the North American trucking industry.

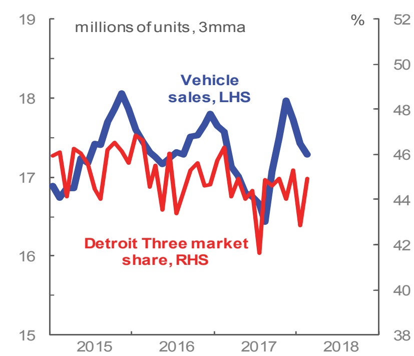
CONTACTS

Carlos Gomes
416.866.4735
Scotiabank Economics
carlos.gomes@scotiabank.com

Vehicle Sales & Detroit Three Market Share — Canada



Vehicle Sales & Detroit Three Market Share — United States



Sources: Scotiabank Economics, company reports.

Canada/US Motor Vehicle Sales Outlook

	1991–01 Average	2002–15 Average	2016	2017	2018 Jan-Feb *	2018 Annual f
			(thousands of units, annualized)			
CANADA	**1,323**	**1,651**	**1,949**	**2,041**	**2,089 ***	**2,000**
Cars	772	802	662	644	627 *	610
Light Trucks	551	849	1287	1397	1462 *	1390
			(millions of units, annualized)			
UNITED STATES	**15.0**	**15.1**	**17.5**	**17.1**	**17.0**	**17.4**
Cars	8.5	7.1	6.9	6.1	5.9	6.0
Light Trucks	6.5	8.0	10.6	11.0	11.1	11.4
			(millions of units, annualized)			
NORTH AMERICAN PRODUCTION**	**15.30**	**15.12**	**18.15**	**17.48**	**17.83**	**17.76**

*Includes Scotiabank estimates for Jan-Feb 2018. **Canada, USA and Mexico; cars, light, medium and heavy trucks.

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