

Canadian and US Vehicle Sales — June 2017

CANADA

Purchases climbed 6.5% y/y last month, setting a record for June and lifting the annualized sales pace to nearly 2.1 million units—roughly 2% above the January—May average. Light truck sales posted a double-digit year-over-year increase and continued to lead the way, garnering nearly 69% of the Canadian new vehicle market, up from 65% a year ago. In particular, sales of pickup trucks surged 21% y/y, pointing to improving prospects for business investment, especially in oil patch. Nearly one-third of all pickup trucks sold in Alberta are bought for business purposes. This is roughly double the share of business purchases in the rest of Canada.

UNITED STATES

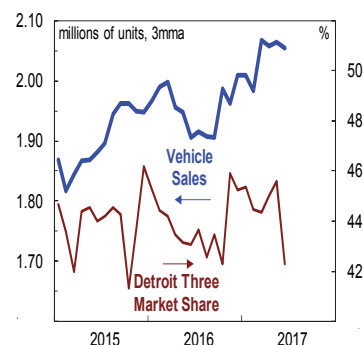
Most automakers reported better-than-expected sales last month, as demand continues to shift to crossovers, SUVs and pickup trucks. However, double-digit declines in fleet volumes and at several Asian automakers reduced the annualized sales pace to only 16.4 million units, well below the average of 17 million during the previous five months. Despite the sub-par overall performance, retail volumes remained healthy and the industry's average transaction price (ATP) climbed to new heights, as light trucks garnered a record share of the US market.

US purchases have eased 2% y/y in the first half of 2017, largely due to a weaker fleet purchases, especially from North American automakers. This suggests that even with some stabilization in fleet activity in the second half of 2017, the industry will likely experience a small annual sales decline for the first time since 2009. However, strengthening economic activity, especially a robust labour market, elevated consumer confidence and an ageing vehicle fleet point to a healthy US auto market for an extended period.

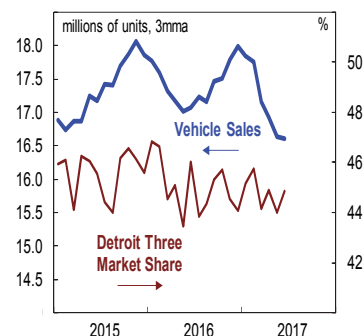
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Vehicle Sales & Detroit Three



Vehicle Sales & Detroit Three Market Share — United States



Canada/US Motor Vehicle Sales Outlook

	<u>1991–01</u> Average	<u>2002–14</u> Average	<u>2015</u>	<u>2016</u>	<u>2017</u>	
					Jan-Jun *	Annual f
(thousands of units, annualized)						
CANADA	1,323	1,631	1,899	1,949	2,061 *	2,000
Cars	772	809	715	662	664 *	644
Light Trucks	551	822	1184	1287	1397 *	1356
(millions of units, annualized)						
UNITED STATES	15.0	14.9	17.4	17.5	16.9	17.4
Cars	8.5	7.1	7.5	6.9	6.1	6.2
Light Trucks	6.5	7.8	9.9	10.6	10.8	11.2
(millions of units, annualized)						
NORTH AMERICAN PRODUCTION**	15.30	14.90	17.90	18.20	17.90	18.50

*Includes Scotiabank estimates for May-June 2017. **Canada, USA and Mexico; cars, light, medium and heavy trucks.

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