

Canadian and US Vehicle Sales — November 2017

CANADA

The record-setting pace of recent months likely ended in November, but confirmation will only be available next week, as one automaker has delayed reporting its Canadian and US results until Monday due to systems outages. Based on available data, Canadian sales declined 2% y/y in November, ending the 6-month streak of monthly records. However, despite the year-year-over decline, we estimate that the annualized sales pace remained above 2 mn units for the ninth consecutive month.

Light trucks remained a source of strength last month, with nearly all automakers reporting year-over-year sales gains, as the crossover utility craze remains in full force. In contrast, nearly all manufacturers sold fewer cars than a year ago. In fact, car sales actually fell below the level prevailing during the Global Financial Crisis in late 2008.

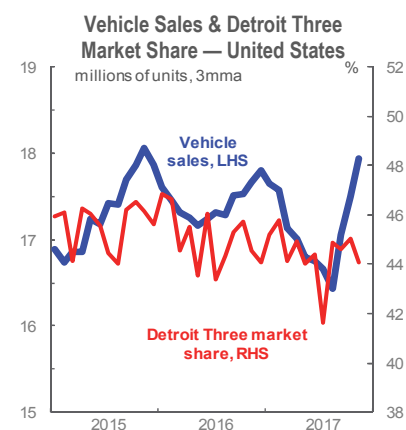
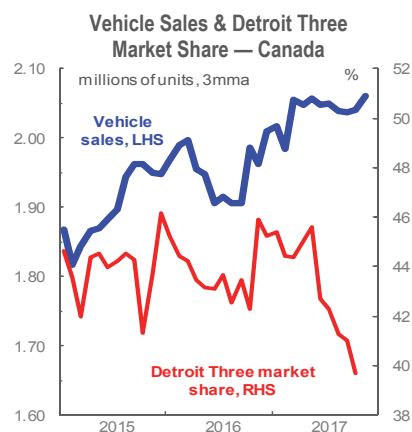
UNITED STATES

Sales softened from the record-breaking pace of the last two months, but preliminary data point to industry volumes remaining above expectations. Based on the available data, we estimate that US purchasers totalled an annualized 17.3 mn units last month, down from more than 18 mn in September and October, but roughly in line with the 2016 full-year total.

Last month's sales were buoyed by Black Friday promotions, as well as strengthening economic conditions which have lifted growth in the US economy to the highest level since 2014, and boosted consumer confidence to a 17-year high. We expect sales to remain above 17 mn units over the coming year, supported by a solid labour market and ongoing replacement demand—nearly 40% of all vehicles on the road in the US are at least 13 years old.

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Sources: Scotiabank Economics, company reports.

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-Nov *	Annual f
(thousands of units, annualized)						
CANADA	1,323	1,631	1,899	1,949	2,048 *	2,030
Cars	772	809	715	662	648 *	650
Light Trucks	551	822	1184	1287	1400 *	1380
(millions of units, annualized)						
UNITED STATES	15.0	14.9	17.4	17.5	17.1	17.1
Cars	8.5	7.1	7.5	6.9	6.1	6.1
Light Trucks	6.5	7.8	9.9	10.6	11.0	11.0
(millions of units, annualized)						
NORTH AMERICAN PRODUCTION**	15.30	14.90	17.90	18.17	17.41	17.51

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

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

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