

Canadian and US Vehicle Sales — May 2018

CANADA

Vehicle sales in Canada fell by 0.8% y/y in May for a third consecutive year-over-year decline. However, we estimate that purchases rose to an annualised 2.05mn units last month, after edging below the two-million mark in April.

For the third month in a row, the Detroit Three automakers drove the headline sales figures into negative territory with volumes falling by 4.5% y/y compared to ongoing strength for the remaining automakers. Behind this decline is the continuing industry-wide weakness in car sales, which fell by 9.4% y/y. On the other hand, truck sales increased by 4% y/y strengthening from a 2.2% y/y gain the previous month.

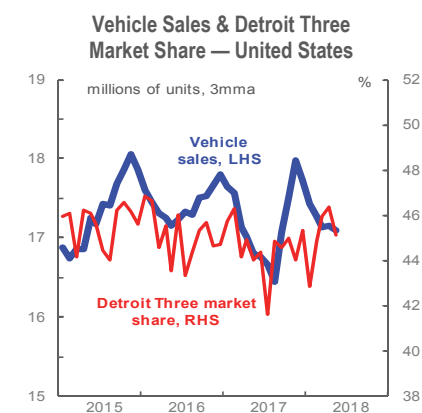
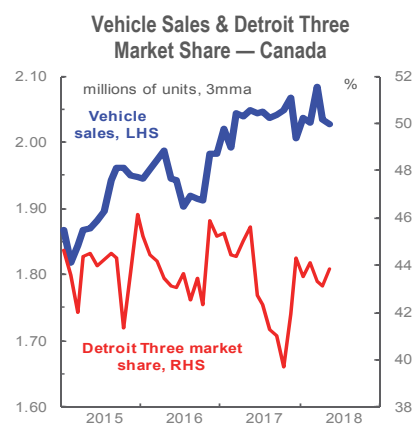
UNITED STATES

New vehicle sales ticked up by 0.7% y/y in May to an annualized 16.8mn units, outperforming an expected year-on-year decline. Yet, May's figures mark only the second time since September 2017 that sales fall under 17mn units. Results were mixed across companies. In contrast to Canada, two of the Big Three automakers posted double-digit annual increases which were offset by lower volumes at a couple of major foreign firms.

Purchases of SUVs, crossovers and pickups continue to move higher, posting an 8.3% y/y increase to an annualized pace of 11.6mn units sold, the ninth consecutive month in excess of 11mn. In contrast, car sales declined by 13% y/y. The transition towards larger vehicles is set to continue, though rising gasoline prices may slow the pace of the change.

CONTACTS

Juan Manuel Herrera
 416.866.6781
 Scotiabank Economics
juanmanuel.herrera@scotiabank.com



Sources: Scotiabank Economics, company reports.

Canada/US Motor Vehicle Sales Outlook

	1991–01 Average	2002–15 Average	2016	2017	2018	
					Jan-May *	Annual f
	(thousands of units, annualized)					
CANADA	1,323	1,651	1,949	2,041	2,052 *	2,000
Cars	772	802	662	644	601 *	610
Light Trucks	551	849	1287	1397	1451 *	1390
	(millions of units, annualized)					
UNITED STATES	15.0	15.1	17.5	17.1	17.1	17.4
Cars	8.5	7.1	6.9	6.1	5.4	6.0
Light Trucks	6.5	8.0	10.6	11.0	11.7	11.4
	(millions of units, annualized)					
NORTH AMERICAN PRODUCTION**	15.30	15.12	18.15	17.48	18.34	17.76

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

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

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