World Auto Sales Weakness Continues but the Chinese Market Shows Signs of Life

- **Global vehicle sales fell by 4.7% y/y in March for a seventh consecutive month of year-on-year declines, though posted their strongest month-to-month expansion since early-2012 at 7.6% on the back of a surge in purchases in China following depressed sales activity around the Lunar New Year (chart 1).**
- **Auto purchases in Canada continue to fall in year-on-year terms while showing signs of stabilising following especially weak sales figures in late 2018.**

CANADA: SALES REBOUND FROM Q4

Canadian auto sales fell again in March by 2.5% y/y—their thirteenth consecutive year-on-year decline—though continued to improve from a weak end-2018 with a 0.9% m/m rise to 1.97 mn units purchased in seasonally-adjusted annualised rate (saar) terms. Compared to the fourth quarter of 2018, sales in the first three months of this year have risen by 2.8% to a monthly average of 1.95 mn saar units sold. We forecast that vehicle sales in Canada will slowly edge downward for the remainder of the year for a total of 1.93 mn units delivered in 2019.

Sales to households continue to fall from year-ago levels while showing some signs of stabilising: purchases in March recorded their smallest year-on-year decline since October 2018 and rose quarter-on-quarter following three consecutive quarterly declines. Households likely held back on big ticket purchases in the final quarter of 2018 owing to losses in equity markets and an overall souring of economic sentiment, though strong employment gains in January and February and a marked recovery in financial markets appear to have put a soft floor on the decline in retail auto sales. Nevertheless, we anticipate that household spending will slow in 2019 in line with a temporary soft-patch in economic growth in Canada owing to government-mandated oil production cuts in Alberta, in addition to an anticipated slowing of GDP growth domestically as the economy aligns itself to its long-run potential. Though retail numbers have improved, fleet purchases have been the main driver of the rise in deliveries seen so far in 2019 on the back of a sharp rebound from weak sales in late-2018. However, given abnormally-high fleet purchases in February and March, we anticipate that sales to businesses will soften in the coming months.

Total sales have been supported by the light truck segment, with purchases picking up year-on-year for two consecutive months as trucks continues to gain market share over cars which saw a nineteenth straight month of year-on-year sales declines (chart 2). Beyond double-digit y/y truck sales declines for GM and Fiat-Chrysler, all the other major automakers with the exception of Toyota saw a strong rise in deliveries of trucks for the month.

CANADIAN PROVINCES

Ontario auto sales improved upon last month's 6.6% y/y decline with a slight drop of 0.5% y/y in March on the back of a strong double-digit increase in fleet

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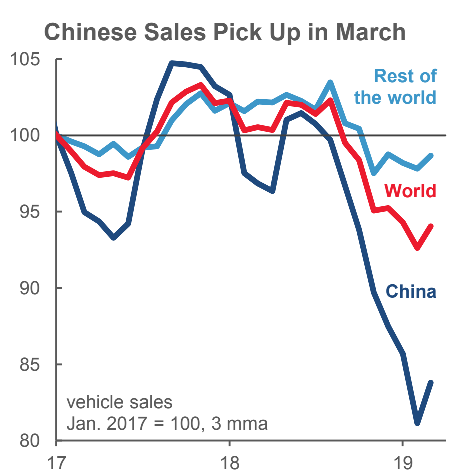
Motor Vehicle Sales

	Feb '19	Mar '19	Jan-Mar '19
		(y/y % change)	
World	-6.5	-4.7	-6.5
North America			
Canada	-3.7	-2.5	-4.1
US	-2.3	-2.2	-2.0
Mexico	-5.3	-1.2	-1.5
South America			
Argentina	-58.8	-57.6	-56.8
Brazil	25.2	-0.2	10.1
Chile	-5.1	-9.5	-3.5
Colombia	0.6	2.7	0.1
Peru	-0.1	-7.1	-0.6
Western Europe			
France	2.1	-2.3	-0.6
Germany	2.7	-0.5	0.2
Italy	-2.1	-9.6	-6.5
Spain	-21.4	-4.3	-13.6
UK	1.4	-3.4	-2.4
Eastern Europe			
Russia	-3.6	1.8	-0.5
Turkey	-47.5	-36.6	-44.9
Asia Pacific			
Australia	-9.4	-7.1	-8.1
China	-17.4	-6.9	-13.8
India	0.0	-1.7	-1.0
Japan	1.2	-4.0	-0.8
Korea	-4.4	2.1	-0.4

Sources: Scotiabank Economics, Wards Auto, national automotive associations.

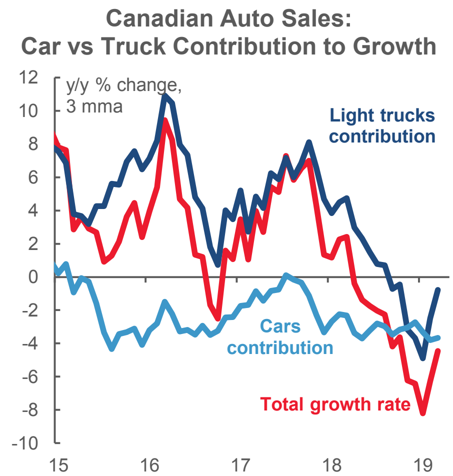
Chart 1



Sources: Scotiabank Economics, national automotive associations.

deliveries in contrast to an estimated decline of about 5% y/y in sales to households which nevertheless halved last month's 10% y/y drop. Retail purchases early in the year were likely impacted by abnormally rough weather and may pick up in the coming months. However, we anticipate that sales in Ontario, as in all other provinces, will decline for the year as a whole as the Canadian auto market continues to soften from record deliveries in 2017. Although we forecast that economic growth in Ontario will slow in 2019 to 1.7% from 2.2% last year, steady job creation in the province should continue to support healthy, albeit plateauing, vehicle sales (see our latest *provincial outlook* for a full analysis of the provinces' economies).

Chart 2



Sources: Scotiabank Economics, GAC.

In Quebec, vehicle purchases dropped by 5% y/y as auto deliveries continue to fall from all-time highs. Economic growth in the province is set to edge down from its strongest two-year expansion period since 2001 which was supported by solid gains in private investment in response to capacity pressures. The provincial economy will nevertheless be assisted by new accelerated depreciation rules which should support firms' spending this year and next, partially offsetting slowing exports gains to the US.

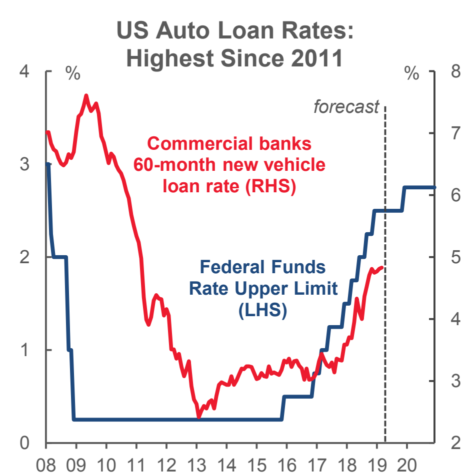
Vehicle sales in Alberta recorded their tenth straight year-on-year decrease in March, at 0.2% y/y, while improving from February's 5.2% y/y contraction thanks to improving fleet deliveries. After sharp declines in the first two months of 2018, March sales marked the smallest y/y drop of this most recent negative streak. While sales to households were flat relative to a year ago, we don't anticipate a significant reversal of declining retail purchases in the province. With uncertainty in the energy sector hampering hiring and investment plans in Alberta, our latest forecast calls for an increase in real GDP of 1.2% in 2019, the province's slowest pace of growth since the 2015–16 provincial recession.

BC auto deliveries contracted by 4.9% y/y last month, with household consumption still adjusting to the impact of provincial and federal housing policies which have led to fourteen consecutive months of year-on-year declines in home sales. We forecast that vehicle sales will lift off later this year on the back of the strong employment gains observed since September 2018 as the province's real estate sector finalises its adjustment to new mortgage rules and the economy is supported by the construction of a $40 bn LNG export terminal over the coming years.

US: STRONG M/M GAIN BUT SALES EXPECTED TO EDGE DOWN

Vehicle purchases in the US fell by 2.2% y/y in March—their third consecutive year-on-year drop—though rose by a strong 5.9% m/m to 17.5 mn saar units sold. The March sales pick-up will likely only prove temporary, however, following relatively weak sales in January and February which were impacted by transitory factors, such as adverse weather and the federal government shutdown. We project that auto sales in the US will trail down from 17.2 mn units sold in 2018 to 16.8 mn in 2019 mirroring an overall deceleration in economic activity in the US.

Chart 3



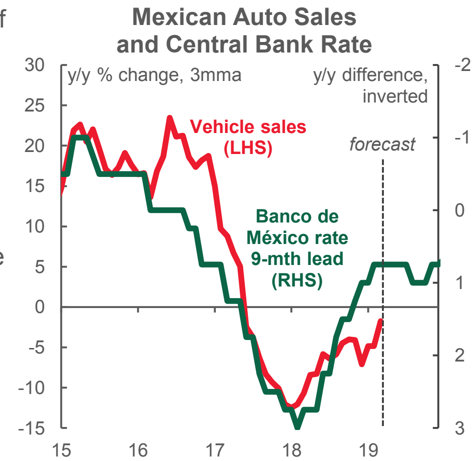
Sources: Scotiabank Economics, New York Times, Federal Reserve Board.

Interest rates on new vehicles have quickly risen over the last year in the US to their highest point since early-2011 (chart 3). The 60-month auto loan rate at commercial banks sat at 4.8% last month, up from 3.7% twelve months back and in line with the four 25 basis points increases by the US Federal Reserve since March 2018. Given slowing GDP growth and muted inflationary pressures, we expect that the Fed will remain on the sidelines through 2019 and only increase its policy rate once next year in the first quarter. Although borrowing rates are near cycle-highs, they are not expected to continue to climb significantly in the near-term, which would further depress auto sales. Alongside rising interest rates, reduced rebates on new vehicles and a broader shift toward larger, costlier, vehicles have pushed the average monthly payment on a new car by 5.1% y/y in March, according to Edmunds. In comparison, weekly wages rose by 3.2% y/y in the same month.

MEXICO: SALES MAY BE STABILISING

Mexican auto sales fell by 1.2% y/y in March, improving from February's 5.3% y/y dip. Purchases have contracted year-on-year for 22 consecutive months with the exception of an increase in January due to a one-off change in reporting methodology by GM (chart 4). Nevertheless, the decline in vehicle sales appears to be stabilising, with purchases rising month-on-month in each of January, February and March, marking the market's first three-month positive streak since December 2015. A 16% increase in the national minimum wage—and a 100% minimum wage increase across US-border regions—will likely provide a boost to vehicle sales in the country, particularly in the North; real average wages have risen year-on-year for twelve consecutive months. However, private investment will be stunted in 2019 as business uncertainty remains elevated in the country, particularly in relation to the energy sector, with the state-owned petroleum company Pemex facing financial troubles and necessitating monetary assistance from the Federal government. Business investment plans also remain subdued given the unpredictable trade agenda of the US administration with threats by President Trump to shut down the Mexico-US border and the ratification of USMCA facing legislative delays in the US.

Chart 4

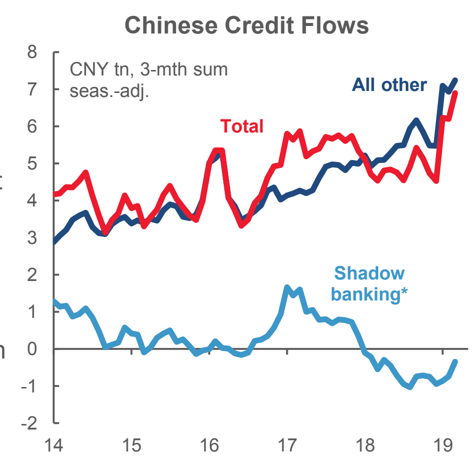


Sources: Scotiabank Economics, Banco de México, INEGI.

ASIA-PACIFIC: LARGE M/M INCREASE IN CHINA AFTER WEAK JAN–FEB

Vehicle purchases in China eased their year-on-year decline with a 6.9% y/y drop in March following six straight months of double-digit y/y contractions, and recorded a massive seasonally-adjusted increase of 29% m/m after posting their lowest Jan–Feb sales total since 2014. Household purchases during the second half of 2018 were impacted by a strong deleveraging effort by the Chinese government, with total new credit to the economy falling by over 3 tn renminbi relative to 2017, i.e. a 14% decline. The deleveraging campaign mainly targeted the non-traditional financial sector, also known as 'shadow banking', which had been an important driver of the fast buildup in debt through 2016–2017 (chart 5). The marked slowdown in credit creation, in addition to economic uncertainty stemming from turbulent US-China trade relations, led to reduced GDP growth in H2-2018. Chinese officials, in the executive branch and the central bank, have taken stimulative measures to counteract economic weakness, which should support auto sales in the latter half of 2019 (for more details, see our latest *Global Outlook* report). Relative to the same point last year, new loans rose by 52% y/y in the January to March period, albeit on the back of a strong rise in traditional lending (chart 5, again). We anticipate that auto purchases will continue to contract in year-on-year terms through the first half of the year off near-record high sales in H1-2018, before picking up later in the year for an annual sales total in line with 2018's figure thanks to growth-supportive measures and an easing of trade tensions with the US.

Chart 5



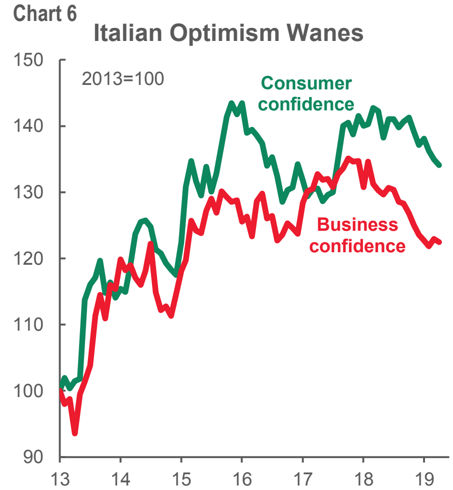
Sources: Scotiabank Economics, PBoC.
*Entrusted & trust loans and bankers' acceptances

The pace of growth in Indian auto sales has markedly decelerated since July 2018 as rising interest rates and fuel costs, as well as more stringent insurance requirements on new autos, keep consumers at bay. Vehicle deliveries fell by 1.7% y/y from an all-time March high for a 1% y/y year-to-date drop. Auto sales in India should recover in coming months as easing monetary policy and recently-deployed tax cuts support household expenditures through 2019. We forecast vehicle purchases to rise by 4% in 2019 following an 8% climb last year.

WESTERN EUROPE: SLOWING GROWTH AND BREXIT FEARS DAMPEN SALES

Auto deliveries fell year-on-year for a seventh consecutive month in Western Europe with the region's economy shifting down a gear alongside a stabilisation in sales following an erratic transition to new vehicle emissions requirements. In addition to slowing global economic growth—with China at the forefront—Europe is facing political turmoil domestically owing to messy EU-UK divorce proceedings, civil unrest in France, and an unstable leadership team in Italy, as well as concerns over the possible imposition of US auto tariffs. The region's 3.6% y/y auto purchases decline in March was principally driven by a sharp 9.6% y/y drop in Italy and a 4.3% y/y contraction in Spain, while purchases fell by 2.3% y/y in France and ticked down slightly by 0.5% y/y in Germany following year-on-year gains the previous month. In the UK, sales dropped by 3.4% y/y and will likely record a sharper decline in April as the country moved dangerously close to a 'no-deal' exit from the European Union on April 12th, before being granted a delay to Brexit until as late as October 31st.

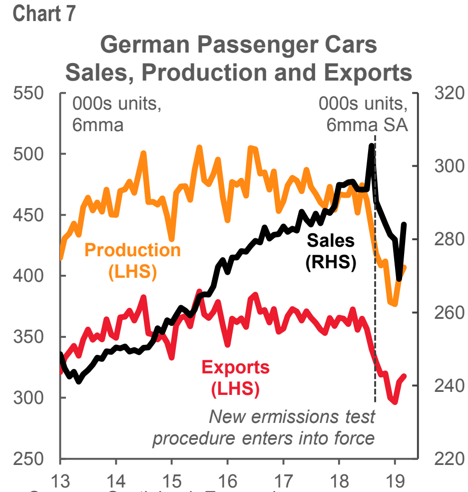
Chart 6



Sources: Scotiabank Economics, Istat.

The Italian economy contracted in each of the third and fourth quarter of 2018, and likely continued its decline in Q1-2019 with political uncertainty and a worsening economic outlook (chart 6) weighing on business and consumer spending. Italy's coalition government faces the difficult task of boosting growth through additional spending and investment incentives while maintaining its commitments with the European Union to rein in public debt. Political stability in Italy is also at further risk from quarrelling between the coalition-government's constituent parties. Furthermore, lending to corporations remains restricted as efforts to clean banks' balance sheets of bad loans continue. With these factors in mind, auto sales are set to contract in Italy in 2019 together with near-flat, or possibly even negative, economic growth for the year.

Chart 7



Sources: Scotiabank Economics, Kraftfahrt-Bundesamt.

Despite a slight year-on-year drop in March, vehicle sales in Germany appear to be steadying after the EU's new emission standards led certain automakers to cut production and sales of non-qualifying vehicles during the second half of 2018 (chart 7). The fall in auto assemblies depressed industrial production in the country, further exacerbated by slowing economic growth in China. Germany narrowly avoided a technical recession—two consecutive quarters of negative economic growth—thanks to a tiny expansion in real GDP in the fourth quarter of 2018, which was followed by a greater pick-up in economic activity during the first three months of 2019. We forecast that German automobile demand in 2019 will remain practically unchanged relative to last year amid subdued GDP growth, which we expect to record its lowest level since 2013 at 0.9%.

Auto purchases in France fell year-on-year in March, but, similarly to Germany, are on a stabilising trajectory from abnormally weak sales figures in the latter part of 2018. The decline in auto deliveries in relation to the new emission rules was compounded by weakened business and consumer confidence in France from the 'yellow vests' protests against wealth inequality. The French government has rolled out a set of measures—with further efforts in the pipeline—aimed to quench social unrest via a boost to disposable incomes, and thus household spending, in 2019. Nevertheless, we project that auto sales will remain flat in 2019 as economic and political uncertainty prevails. Auto sales likely declined in April as protests against wealth inequality intensified in reaction to multi-million-dollar pledges to rebuild Notre Dame Cathedral.

EASTERN EUROPE: SLIGHT BOOST FROM GOVT SUBSIDIES IN RUSSIA

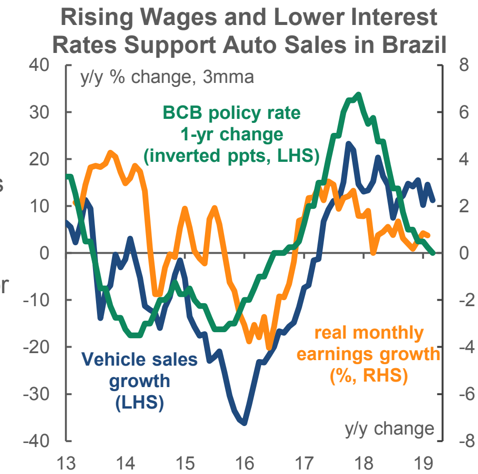
March vehicle sales in Russia were aided by government subsidies on lower-cost vehicles implemented to curb a slowing in vehicle demand growth. After rising by 13% in 2018, Russian auto sales are down by 0.5% y/y in the first three months of 2019 following a 1.8% y/y increase in March. A marked acceleration in inflation since the summer which has pushed real earnings growth into negative territory, declining employment, a two percentage-point increase in value-added taxes at the turn of the year, and rising interest rates will all combine to depress household spending growth through 2019, with vehicle sales expected to tick up only slightly this year.

SOUTH AMERICA:

Following a 25% y/y increase in February, auto sales in Brazil fell by 0.2% y/y in March, although both figures mainly reflect the timing of the Brazilian Carnival, and thus a reduced number of business days, which took place during February in 2018 and in

March of this year. For the quarter, vehicle purchases in Brazil rose by a strong 10.1% y/y amid an improved economic outlook and real interest rates currently sitting at their lowest level since mid-2013, while real wages growth has been in positive territory for over two years (chart 8). Yet, the Brazilian economy continues to operate significantly below potential following contractions in real GDP in each of 2015 and 2016, while the unemployment rate has remained elevated at 12.5% on average since late-2016, thus hindering what could be a much more pronounced acceleration in vehicle sales. Concerns over public finances with an as-of-yet failure to enact fiscal reform that would reduce spending on pensions—which absorb over 40% of federal spending—continue to weigh on business sentiment, delaying a strong rebound in private investment that was hoped for under recently-elected president Jair Bolsonaro. We forecast that vehicle sales in Brazil will rise by about 7% in 2019, following last year's 14% jump.

Chart 8



Sources: Scotiabank Economics, IBGE, BCB.

Chilean auto sales posted a sharp contraction of 9.5% y/y in March with year-to-date sales down by 3.5% y/y, although coming off record January to March deliveries last year. Auto sales in Chile reached all-time highs in 2018, during which purchases rose by 16% aided by falling auto prices and a marked acceleration in economic growth. However, a moderation in Chilean real GDP growth which began in the second half of 2018, alongside a worsening, though still robust, economic outlook and slowing employment growth will likely dent vehicle sales in 2019.

Table 1 — International Motor Vehicle Sales Outlook (mns units)

	2000–15	2016	2017	2018	2019f
Total Sales	**54.9**	**77.3**	**79.0**	**78.6**	**78.7**
North America*	**17.9**	**21.0**	**20.7**	**20.6**	**20.1**
Canada	1.62	1.95	2.04	1.98	1.93
United States	15.24	17.46	17.13	17.21	16.80
Mexico	0.99	1.60	1.53	1.42	1.36
Western Europe	**13.7**	**14.0**	**14.3**	**14.2**	**14.2**
Germany	3.23	3.35	3.44	3.44	3.43
Eastern Europe	**3.1**	**3.1**	**3.4**	**3.4**	**3.5**
Russia	1.87	1.43	1.60	1.80	1.86
Asia	**17.1**	**36.1**	**37.1**	**36.8**	**37.1**
China**	7.31	23.57	24.20	23.44	23.50
India	1.23	2.09	2.19	2.37	2.47
South America	**3.2**	**3.1**	**3.5**	**3.7**	**3.8**
Brazil	1.94	1.39	1.50	1.71	1.82

*Includes light trucks. **Includes crossover utility vehicles from 2005.
Sources: Scotiabank Economics, Ward's Automotive Reports, Bloomberg.

Table 2 — Canada & US Motor Vehicle Sales and Production Outlook

	2000–15	2016	2017	2018	2019 Jan-Mar	2019 fcst
	(thousands of units, annualised)					
Canada**	**1,668**	**1,949**	**2,041**	**1,984**	**1,954**	**1,930**
Cars	776	662	644	576	526	490
Domestic	490	439	438	378	361	325
Imports	286	223	206	197	165	165
Light trucks	892	1,287	1,397	1,408	1,428	1,440
	(millions of units, annualised)					
United States	**14.40**	**17.50**	**17.10**	**17.21**	**16.94**	**16.80**
Cars	6.90	6.90	6.10	5.30	5.08	4.50
Light trucks	7.50	10.60	11.00	11.91	11.86	12.30
	(millions of units, annualised)					
North American Production*	**14.63**	**18.15**	**17.48**	**17.46**	**16.96**	**17.63**
Canada	2.24	2.37	2.19	2.02	1.92	1.93
United States	9.80	12.18	11.23	11.32	11.07	11.50
Mexico	2.59	3.60	4.06	4.11	3.97	4.20

*Includes light, medium and heavy trucks. **Canadian sales are Scotiabank estimates.
Sources:Ward's Automotive Reports, Statistics Canada.

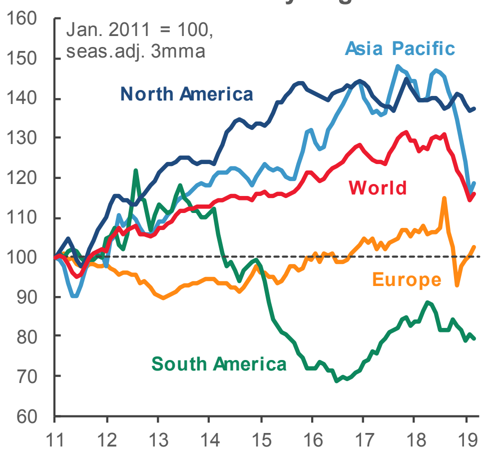
Table 3 — Provinces Motor Vehicle Sales Outlook (mns units ann.)* **

	2000–15	2016	2017	2018	2019f
Canada	**1,668**	**1,948**	**2,040**	**1,987**	**1,930**
Atlantic	**125**	**140**	**143**	**125**	**121**
Central	**1,034**	**1,264**	**1,299**	**1,302**	**1,256**
Quebec	411	458	462	449	430
Ontario	623	806	837	853	826
West	**509**	**544**	**598**	**557**	**553**
Manitoba	49	55	62	67	60
Saskatchewan	49	51	56	47	48
Alberta	232	220	245	226	220
British Columbia	179	218	235	217	225

*Includes cars and light trucks. **Scotiabank estimates.
Sources: Statistics Canada, Canadian Vehicle Manufacturers' Association.

Chart A1

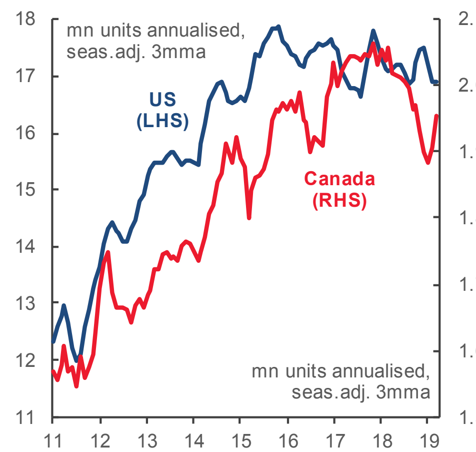
Vehicle Sales by Region



Sources: Scotiabank Economics, national automotive associations.

Chart A2

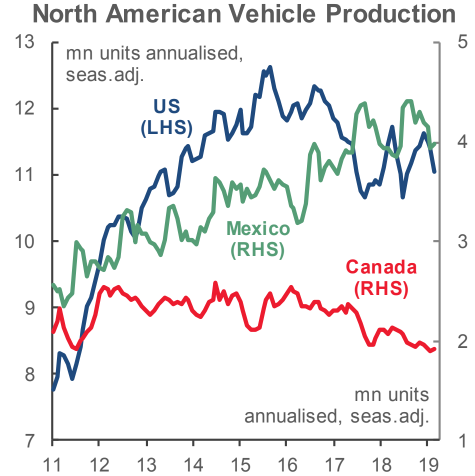
Canada and US Vehicle Sales



Sources: Scotiabank Economics, GAC, WardsAuto.

Chart A3

North American Vehicle Production



Sources: Scotiabank Economics, WardsAuto.

Table 4 — Canadian Car Sales Share By Manufacturer (000s units)*

	2018 Jan to Mar		2019 Jan to Mar		2018 Mar		2019 Mar	
	Units	% of total	Units	% of total	Units	% of total	Units	% of total
Total Sales	**43.8**	**100.0**	**40.2**	**100.0**	**53.7**	**100.0**	**48.3**	**100.0**
Big Three	**7.8**	**17.7**	**6.0**	**15.0**	**10.0**	**18.6**	**9.1**	**18.9**
Fiat-Chrysler	4.6	10.6	2.6	6.6	5.9	11.0	3.8	7.8
Ford	2.2	5.1	2.1	5.2	3.0	5.6	3.3	6.9
General Motors	0.9	2.0	1.3	3.2	1.1	2.0	2.0	4.2
Japanese	**18.9**	**43.2**	**17.3**	**43.0**	**25.6**	**47.8**	**23.6**	**48.8**
Honda	6.6	15.0	6.4	15.9	8.5	15.8	9.0	18.7
Toyota	5.5	12.4	5.5	13.7	7.7	14.3	7.5	15.4
Nissan	3.4	7.7	2.3	5.7	4.7	8.8	2.8	5.8
Mazda	2.1	4.8	1.8	4.5	2.9	5.3	2.5	5.2
Mitsubishi	0.4	1.0	0.3	0.6	0.6	1.0	0.4	0.9
Subaru	1.0	2.3	1.0	2.5	1.4	2.5	1.3	2.7
European	**7.3**	**16.6**	**6.1**	**15.3**	**9.2**	**17.1**	**7.8**	**16.2**
BMW	1.4	3.2	1.0	2.4	1.9	3.6	1.3	2.6
Mercedes-Benz	1.7	3.8	1.3	3.2	1.9	3.5	1.6	3.3
Volkswagen Group	3.9	9.0	3.7	9.2	4.8	8.9	4.6	9.6
Volvo	0.1	0.3	0.2	0.4	0.2	0.4	0.2	0.4
Other	0.2	0.4	0.1	0.2	0.4	0.7	0.1	0.3
Rest of the world	**9.8**	**22.5**	**10.7**	**26.7**	**8.9**	**16.6**	**7.8**	**16.2**
Hyundai	3.8	8.6	3.2	8.1	5.2	9.8	4.2	8.7
KIA	2.4	5.4	2.4	6.0	3.6	6.8	3.6	7.5
All other	3.7	8.4	5.1	12.7	-	0.0	-	0.0

*Sources: Scotiabank Economics, Global Automakers of Canada.

Table 5 — Canadian Truck Sales Share By Manufacturer (000s units)*

	2018 Jan to Mar		2019 Jan to Mar		2018 Mar		2019 Mar	
	Units	% of total	Units	% of total	Units	% of total	Units	% of total
Total Truck Sales	**109.0**	**100.0**	**108.6**	**100.0**	**139.6**	**100.0**	**140.7**	**100.0**
Total Light Truck Sales	**109.0**	**100.0**	**108.6**	**100.0**	**139.6**	**100.0**	**140.7**	**100.0**
Big Three	**57.5**	**52.7**	**54.6**	**50.3**	**74.4**	**53.3**	**69.2**	**49.2**
Fiat-Chrysler	17.0	15.6	15.8	14.5	24.3	17.4	20.8	14.8
Ford	18.1	16.6	18.7	17.2	23.0	16.5	24.6	17.5
General Motors	19.5	17.9	16.8	15.5	23.4	16.8	19.7	14.0
Other Domestic	2.9	2.7	3.3	3.0	3.7	2.6	4.1	2.9
Japanese	**33.1**	**30.3**	**33.9**	**31.3**	**42.7**	**30.5**	**46.1**	**32.8**
Honda	7.6	6.9	7.7	7.1	9.1	6.5	10.5	7.5
Toyota	10.1	9.3	10.5	9.7	13.4	9.6	12.9	9.2
Nissan	7.9	7.3	8.2	7.6	10.5	7.5	12.2	8.7
Mazda	3.3	3.0	2.8	2.6	4.2	3.0	3.7	2.6
Mitsubishi	1.4	1.3	2.1	1.9	2.1	1.5	3.3	2.4
Subaru	2.7	2.5	2.7	2.4	3.5	2.5	3.5	2.5
European	**9.6**	**8.8**	**9.3**	**8.6**	**11.6**	**8.3**	**12.2**	**8.7**
BMW	1.8	1.6	1.9	1.8	1.7	1.2	2.4	1.7
Mercedes-Benz	2.4	2.2	2.2	2.0	2.7	1.9	2.7	1.9
Volkswagen Group	3.8	3.5	3.6	3.3	4.7	3.4	4.6	3.3
Volvo	0.5	0.4	0.5	0.5	0.7	0.5	0.7	0.5
Other	1.1	1.0	1.1	1.0	1.9	1.3	1.8	1.3
Rest of the world	**8.9**	**8.1**	**10.7**	**9.9**	**11.0**	**7.9**	**13.2**	**9.4**
Hyundai	3.4	3.1	4.9	4.5	4.6	3.3	6.5	4.6
KIA	2.3	2.1	2.6	2.4	3.2	2.3	3.5	2.5
All other	3.2	3.0	3.2	3.0	3.2	2.3	3.2	2.3

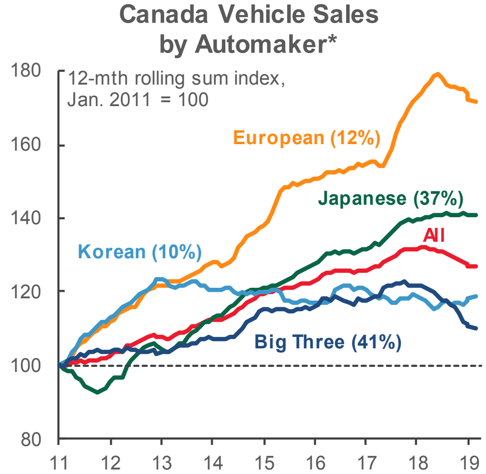
*Sources: Scotiabank Economics, Global Automakers of Canada.

Table 6 — Car Sales By Province (000s units)

	2017 Jan to Feb	2018 Jan to Feb	2017 Feb	2018 Feb
CANADA	**69.80**	**56.70**	**37.04**	**29.88**
ATLANTIC	**4.17**	**3.35**	**2.25**	**1.74**
Newfoundland and Labrador	0.85	0.62	0.42	0.36
Prince Edward Island	0.22	0.22	0.13	0.12
Nova Scotia	2.00	1.57	1.15	0.81
New Brunswick	1.09	0.94	0.56	0.45
CENTRAL	**47.84**	**39.88**	**25.57**	**21.38**
Quebec	18.41	14.58	9.53	7.49
Ontario	29.43	25.30	16.05	13.89
WEST	**17.80**	**13.47**	**9.22**	**6.76**
Manitoba	2.17	1.60	1.32	1.01
Saskatchewan	1.12	0.76	0.52	0.40
Alberta	5.48	3.80	2.76	1.95
British Columbia	9.04	7.31	4.62	3.40

Source: Statistics Canada.

Chart A4



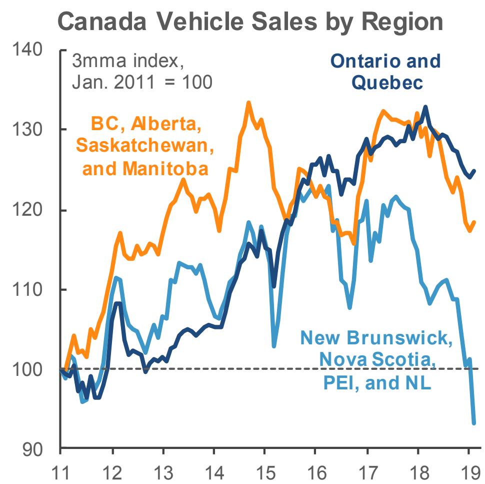
Sources: Scotiabank Economics, GAC.
*market share in parentheses.

Table 7 — Truck Sales By Province (000s units)*

	2017 Jan to Feb	2018 Jan to Feb	2017 Feb	2018 Feb
CANADA	**178.69**	**179.28**	**88.30**	**94.17**
ATLANTIC	**10.17**	**10.91**	**2.25**	**5.73**
Newfoundland and Labrador	2.41	2.71	0.42	1.37
Prince Edward Island	0.50	0.61	0.13	0.31
Nova Scotia	3.82	4.09	1.15	2.15
New Brunswick	3.45	3.50	0.56	1.90
CENTRAL	**108.01**	**108.18**	**57.22**	**57.33**
Quebec	33.21	34.87	17.53	18.41
Ontario	74.80	73.31	39.70	38.93
WEST	**60.51**	**60.19**	**28.82**	**31.11**
Manitoba	8.28	8.58	3.72	5.36
Saskatchewan	5.31	5.64	2.48	2.81
Alberta	25.84	24.66	12.40	12.46
British Columbia	21.08	21.31	10.22	10.49

*Light, medium and heavy trucks. Source: Statistics Canada.

Chart A5



Sources: Scotiabank Economics, Statistics Canada.

Table 8 — Canadian Motor Vehicle Dealers and Repair Shops Corporate Financial

	Annual			Quarterly (annualised)		
	2016	2017	2018	2018Q2	2018Q3	2018Q4
Net Income after tax (CAD, mn)	2,940.0	3,662.0	3,481.0	4,024.0	3,684.0	3,872.0
Pre-tax corporate profit margin (%)	2.5	2.7	2.4	2.5	2.5	2.7
Inventory turnover ratio	5.1	4.9	4.8	4.7	4.9	5.0
Interest coverage ratio	7.5	8.0	6.6	7.3	7.0	6.5
Debt/equity ratio	1.9	1.9	1.9	1.9	1.9	1.8
Return on shareholders equity (%)	18.8	21.4	18.3	19.3	18.2	19.6

Definition of Ratios:
Pre-tax Profit Margin: pre-tax income/sales
Inventory Turnover Ratio: sales/inventory
Interest Coverage Ratio: (pre-tax income & interest payments)/(interest payments)
Debt/Equity Ratio: (short-term and long-term debt)/total equity
Return of Shareholders' Equity: after-tax income/total equity
Source: Statistics Canada.