

AutoWatch

This month








- Light vehicle sales hit record level in 2016
- A new sales record for the light truck segment last year
- The F-Series was the top-selling vehicle in Canada in 2016

Canadian light vehicle sales, led by solid gains at different OEMs and increased demand for light trucks, reached an all-time sales record in 2016. Overall sales rose almost 50,000 units or 2.6 percent over 2015, finishing at an unprecedented 1,948,899 cars and light trucks last year. It was the seventh straight year of new vehicle sales gains, recovering from the low point of the industry during the 2008/2009 Recession. December sales dropped marginally by 2.6 percent, a disappointing finish to an incredible year. Driven by the shift in consumer preference, the light truck segment also posted a new annual sales record of 1,286,797 units, up 8.8 percent over 2015. The increase was delivered primarily by stronger sales in SUVs and pickup trucks. On the other hand, 2016 was a new low point for the passenger car segment. Total sales hit a historic low at 662,102 units, down 7.6 percent from 2015. Sales of small and mid-sized cars dropped off significantly last year. Company by company, Ford reclaimed number one in sales with a new annual record of 304,445 units in 2016. Honda, Nissan and Subaru, representing the mainstream Japanese brands, set new company sales records. The luxury vehicle market had an excellent year with almost every brand reporting sales gains in 2016.

Market Snapshot

	December 2016	December 16/15	YTD 2016	YTD 16/15	Share 2016
1 Ford	19,749	0.7%	304,445	9.3%	15.6%
2 FCA	18,870	-14.1%	277,445	-5.3%	14.2%
3 General Motors	18,129	-2.5%	267,341	1.5%	13.7%
4 Toyota (Scion)	11,943	4.5%	195,283	4.4%	10.0%
5 Honda	11,050	9.5%	166,449	6.4%	8.5%
6 Nissan	7,578	-11.4%	122,059	2.9%	6.3%
7 Hyundai	5,796	-12.2%	138,069	1.8%	7.1%
8 Mazda	4,722	-2.7%	69,210	-3.5%	3.6%
9 Kia	4,202	16.7%	71,670	5.6%	3.7%
10 Subaru	3,704	9.8%	50,190	7.7%	2.6%
11 Mercedes-Benz	3,425	1.2%	46,445	6.0%	2.4%
12 BMW	2,945	18.8%	38,012	8.6%	2.0%
13 Volkswagen	2,709	-39.9%	60,017	-14.7%	3.1%
14 Audi	1,937	2.3%	30,544	14.2%	1.6%
15 Lexus	1,745	4.7%	22,509	2.2%	1.2%
16 Mitsubishi	1,663	18.5%	22,293	4.3%	1.1%
17 Acura	1,516	-7.0%	20,227	-3.7%	1.0%
18 Infiniti	1,009	9.6%	12,094	6.8%	0.6%
19 Land Rover	836	-7.1%	9,140	18.4%	0.5%
20 Porsche	550	22.2%	7,061	10.1%	0.4%
21 Volvo	433	27.4%	6,103	27.5%	0.3%
22 MINI	350	-33.3%	6,609	-6.3%	0.3%
23 Jaguar	332	315.0%	3,034	134.1%	0.2%
24 smart	228	533.3%	1,875	161.9%	0.1%
Total Market	125,600	-2.6%	1,948,899	2.6%	

Industry Checklist

	Economic Condition	YELLOW
	Vehicle Sales	GREEN
	Auto Production	YELLOW
	Fuel Prices	YELLOW
	Incentives	GREEN
	Economic Condition	YELLOW
	Light Vehicle Sales	GREEN

Note: Manufacturers sorted based on December 2016 sales.

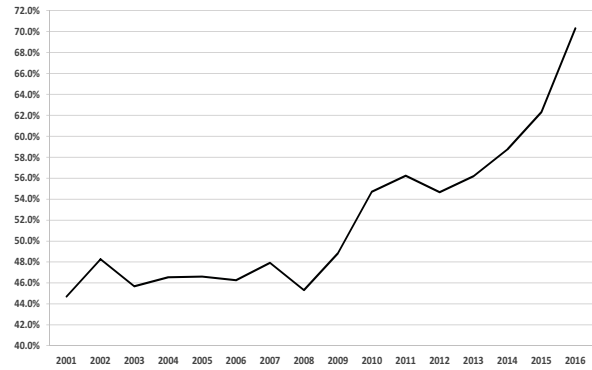
Source: DesRosiers Automotive Consultants Inc., GAC, CVMA

Monthly Sales Highlights



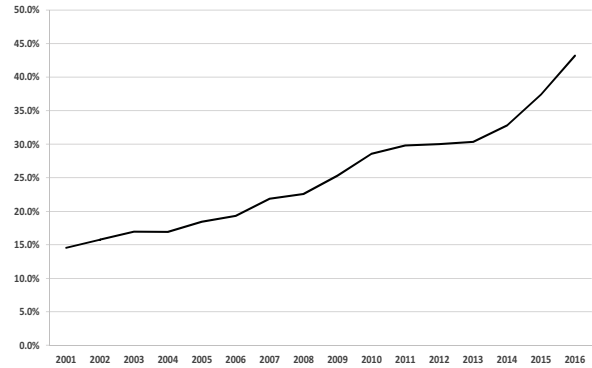
Sales of the most popular vehicle in Canada just got even more popular in 2016. The Ford F-Series finished last year with an incredible 145,409 units in sales, up 22.4 percent over 2015. Its dominance was evidenced by the massive sales gap between itself and the second ranked vehicle. The F-Series was critical to the company’s record breaking year in 2016. Nearly half of Ford’s sales in 2016 were the F-Series models. Ford will be adding a new exciting product in the growing subcompact SUV market. The Ford EcoSport will be the smallest SUV model in its lineup.

Canadian Light Truck Market Share of Total Industry
 2016 tracking



Source: DesRosiers Automotive Consultants Inc.

Canadian SUV Market Share of Total Industry
 2016 tracking



Source: DesRosiers Automotive Consultants Inc.



Jaguar (+134.1% YOY) and Maserati (+33.5% YOY) became the fastest-growing luxury brands in Canada in 2016. Both companies have been expanding their product lineups, branching out into different luxury segments. They have found great success in the growing luxury SUV market in 2016.

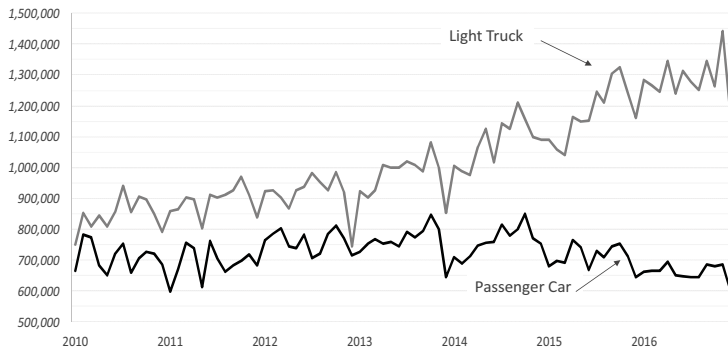
Top Ten Selling Models - December YTD

			2016	16/15
1	Ford	F-Series	145,409	22.4%
2	Ram	Pickup	89,048	-2.4%
3	Honda	Civic	64,552	-0.6%
4	Dodge	Caravan	51,349	9.4%
5	GMC	Sierra	51,091	-4.9%
6	Toyota	RAV4	49,103	16.2%
7	Hyundai	Elantra	48,875	2.4%
8	Ford	Escape	46,661	-2.2%
9	Toyota	Corolla	45,626	-3.3%
10	Chevrolet	Silverado	44,932	-3.2%

Monthly Sales Analysis

Monthly Canadian Vehicle Sales - SAAR

January 2010 – December 2016



Source: DesRosiers Automotive Consultants Inc.

Note: SAAR is based on a 10-year tracking of seasonal variations.

December sales were down for the entire market. Seasonally adjusted, total sales retreated to 1.74 million units in December, dropping from 2.16 million units in November. Passenger car sales dropped below 600,000 units seasonally adjusted for the first time since the tracking started in the year 2000. The oil price rally did little to harm overall light truck sales but at the same time it did not improve the prospect for the passenger car segment.

Segmentation Sales Report

Overall, the gap between the passenger car segment and the light truck segment remained stable in December. Total sales for both segments were relatively the same in December compared to the same period last year. Mid-sized and large SUVs were popular last month - large utility (+23.4% YOY), intermediate luxury utility (+13.0% YOY) and large luxury utility (+49.4% YOY) led the market in percentage gains in December. For the passenger car market, most segments saw red ink in December with the rare exception of subcompact cars. The outlook for crude oil received a boost following a rally in recent months. The impact of the price increase on 2017 auto sales remains to be seen. We will monitor the situation as the new calendar year unfolds.

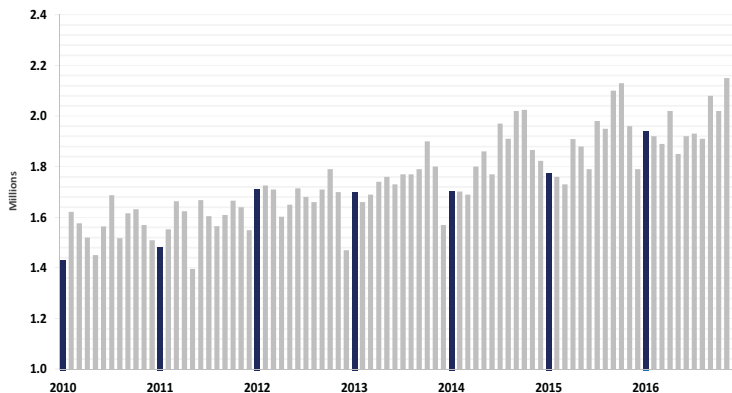
December (sales - 000's)	2012	2013	2014	2015	2016	16/15
Subcompact Utility	0.8	1.6	1.8	3.4	3.6	4.1%
Compact Utility	16.6	22.8	24.8	26.5	27.1	2.3%
Intermediate Utility	10.3	9.4	11.0	12.2	11.4	-6.6%
Large Utility	0.8	0.8	1.3	1.3	1.6	23.4%
Compact Luxury Utility	2.5	2.5	4.0	4.4	4.8	9.5%
Intermediate Luxury Utility	2.9	3.5	3.5	3.9	4.4	13.0%
Large Luxury Utility	0.7	0.7	0.9	0.9	1.4	49.4%
Small Pickup	1.2	1.1	1.2	1.9	2.1	7.0%
Large Pickup	18.2	20.3	25.9	23.4	22.8	-2.7%
Small Van	4.4	4.8	5.9	6.7	5.7	-14.4%
Large Van	2.4	2.1	3.1	3.4	3.4	0.1%
Total Light Truck	60.9	69.7	83.4	88.1	88.2	0.2%
Subcompact	5.0	6.1	6.9	4.5	4.8	6.2%
Compact	25.6	21.3	22.7	20.5	18.3	-11.0%
Intermediate	9.8	8.4	9.6	8.0	7.0	-12.5%
Sport	1.6	1.3	2.0	1.6	1.5	-3.6%
Luxury Sport	0.2	0.2	0.2	0.3	0.3	-7.1%
Compact Luxury	0.9	0.8	1.0	1.2	0.9	-21.1%
Intermediate Luxury	3.9	4.0	4.4	3.7	3.6	-2.8%
Luxury High	1.0	1.1	1.0	1.1	1.0	-6.3%
Total Passenger Car	48.0	43.4	48.0	40.8	37.4	-8.6%
Total Vehicle Sales	108.9	113.0	131.4	128.9	125.6	-2.6%

Source: DesRosiers Automotive Consultants Inc., GAC, CVMA

Monthly Sales Commentary

Monthly Canadian Vehicle Sales – SAAR

January 2011 – December 2016

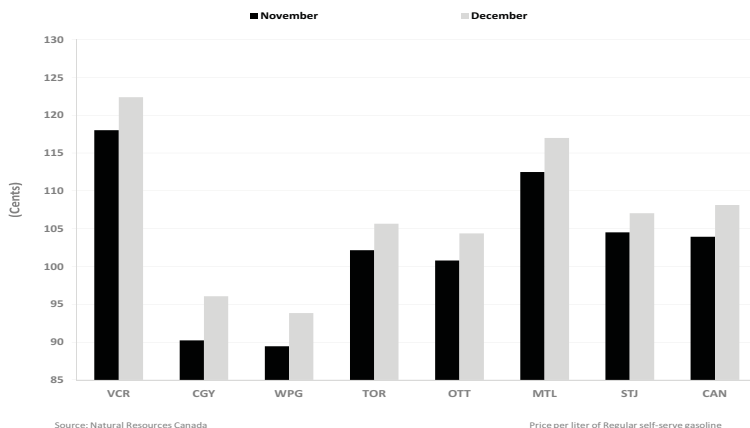


Source: DesRosiers Automotive Consultants Inc.

Note: SAAR is based on a 10-year tracking of seasonal variations.

The market failed to break 1.95 million in sales last year, after December turned out to be another soft month in the calendar (December typically is not a strong selling month). Last month the market only recorded a seasonally adjusted annualized rate of 1.74 million units (November was at 2.16 million). The market seems accustomed to the sudden drop off in selling pace towards year end - at least it has been the case over the last few years. It is possible that there are more factors in play than just the seasonal trend. We anticipate the market to rebound in January, but is unlikely to set a new sales record.

Canadian Monthly Gasoline Price



Source: Natural Resources Canada

Price per liter of Regular self-serve gasoline

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EconoWatch

This month

- The job market ended 2016 on a positive note
- Analysts predict the Canadian dollar to fall in 2017

Monthly Economic Commentary

Excerpt from BMO Capital Markets Economic Research - January 6, 2017

Canadian employment handily topped expectations in December with a hefty 53,700 rise in jobs. Details of the jobs report were also upbeat as, for a change, the gains were led by full-time jobs at +81,300. As well, the private sector led the way with a 43,500 advance. The only real blemish in the report was an uptick in the jobless rate to 6.9%, but that was of course due to a bulge in the labour force and a two-tick rise in the participation rate. For the year as a whole, the economy added 214,100 jobs (or nearly 18k per month), with full-time positions accounting for only 60,400 of the increase.

The provincial gains were nicely spread out, with 8 of the 10 posting jobs increases in December. Quebec and B.C. were notably strong, but Ontario and, yes, even Alberta chipped in with decent gains as well. Perhaps most notably, Alberta's 6,900 job rise helped carve the local jobless rate by half a point to 8.5%. At the other end, a 17,000 rebound in B.C. employment left that province in the clear lead - both in terms of annual job growth and the lowest jobless rate. The next strongest province in 2016 was Quebec at 2.2% y/y growth and a nice 20,400 jobs created in December alone. After probing all-time lows in November, though, Quebec's jobless rate moved back up to 6.6% on a surge in its labour force.

(Average Annual Rate percentage change unless indicated)

Leading Indicators	2017F	2016T	2015	2014	2013	2012	2011
Real Gross Domestic Product	1.9	1.3	1.2	2.5	2.0	1.8	2.5
Consumer Spending	1.9	2.2	1.9	2.6	2.4	1.9	2.2
Consumer Price Index	2.1	1.5	1.1	1.9	0.9	1.5	2.9
Exchange Rate (US\$/CDN\$)	73.3	74.9	78.3	90.6	97.1	100.1	101.1
Real Disposable Income	2.0	2.7	2.7	1.1	2.4	2.5	1.3
Industrial Production	2.4	-0.7	-1.3	4.0	1.9	0.9	3.5
Unemployment Rate	6.9	7.0	6.9	6.9	7.1	7.3	7.5
Overnight Target Rate (Percentage)	0.50	0.50	0.50	1.00	1.00	1.00	1.00

Source: BMO Nesbitt Burns, Scotiabank, TD Bank, CIBC, Statistic Canada

Unemployment Rate

January 2008 to December 2016



Source: Statistics Canada

Consumer Price Index

January 2008 to November 2016
 YOY Change



Source: Statistics Canada

Exchange Rate

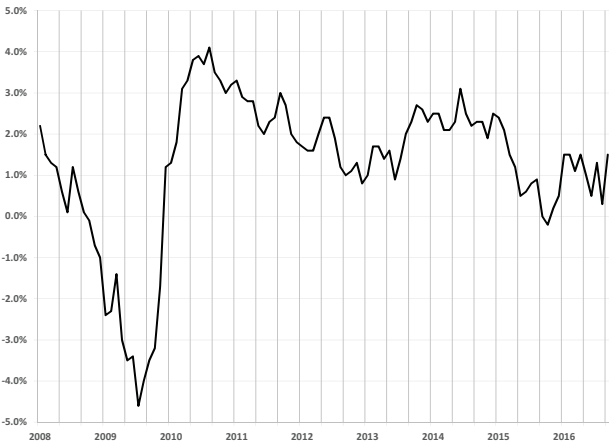
January 2008 to December 2016
 (\$CDN/\$US)



Source: Bank of Canada

Gross Domestic Product

January 2008 to October 2016
 YOY Change



Source: Statistics Canada

NEXT ISSUE - February 13, 2017

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