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Auto industry GDP at slowest pace since mid-2009

Gross domestic product (GDP) of motor vehicle manufacturing industries in Canada in the second quarter increased 3.7% from the first quarter, according to the latest estimates from Statistics Canada. That is the slowest quarterly growth since mid-2009, when the industry turned the corner from recessionary declines. Ontario accounts for over 90% of Canada's total motor vehicle manufacturing output.

Auto manufacturing output in Canada remains at only two-thirds of pre-recession levels. Given the outlook for auto sales in North America, it will likely be two or three years before production regains those earlier highs.

The U.S. market for new vehicles is treading water as the broader recovery there has weakened. Sales inched lower in August, slipping to 11.47 million units on a seasonally adjusted annualized basis, compared with 11.53 million units in July. Unadjusted sales fell by 21% from a year earlier, when the market was lifted by the "cash for clunkers" program. It will likely be several years before new auto sales regain pre-recession levels in the U.S.

In Canada, sales of new vehicles rose 2.5% in June, the second consecutive increase. Preliminary data indicates the number of new motor vehicles sold was up just 1% in July. June's sales brought some relief after the sharp declines in passenger vehicle sales earlier this year. Sales of passenger cars still languish at levels last seen in 1996, while truck sales continue to perform well. It will likely be two years before new auto sales regain pre-recession levels in Canada.

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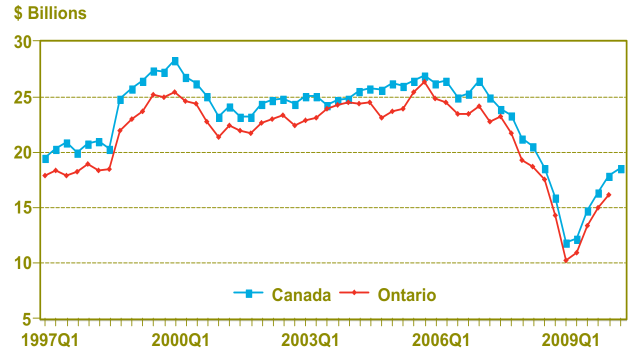
Motor Vehicle, Body, Trailer & Parts Manufacturing Gross Domestic Product (GDP), Quarterly
Chained (2002) Dollars, Seasonally Adjusted Annual Rate (SAAR)



Source: Statistics Canada. Note: Data ends Q2 2010.