

Common colds and car sales. Correlation yes, but no causation.

Canada: New vehicle sales (Dec) up 2.6% m/m. H1N1 infection rates down.

Hours lost to seasonal flu and H1N1 were down in December at the same time that vehicle sales in Canada rose by 2.6% m/m. But like the correlation between tipplers and churches, the two are correlated but not necessarily causal - think about population densities in this case.

Quiet day for Canadian data, quiet week. The week is closed out by the release of the December new motor vehicle sales which is typically a 3rd tier number at best. In the current month, new vehicles sales advanced by 2.6% m/m, just slightly above expectations at 2.0% that are based upon the preliminary estimates of 2.0% that were published in the November report produced by Statcan. For January Statcan is suggesting that sales are "relatively unchanged".

Outside of the aggregate rise in unit sales, the sales mix is important when attempting to translate unit sales into dollar sales for reporting purposes (the broader retail sales report is measured in dollars). For December, sales were concentrated on domestically produced brands (+5.1%) vs. a 1.0% decline for overseas built autos. The tendency is for the pricing points for domestically produced vehicles come in at lower levels than imports. So too do vehicles in the SUV/truck category tend to come in at higher pricing points than is the case for passenger vehicles. In December the vehicle class mix was nearly evenly split between passenger cars up 2.5% and SUV/trucks up 2.7%. For dollar sales, based upon the product mix and emphasis on domestic vs. imports it suggests that the assumptions around the growth in receipts will be for sales to be moderately less than the headline 2.6% rise in unit sales.

Also out today is a report on the impact of H1N1 and seasonal flu on hours worked. In December, 734K people reported they were absent from work due to H1N1 or seasonal flu. Sounds rather daunting given that it represents 4.4% of the working population, and a total net loss of 6.5 million hours. Remarkably, this is down from November when nearly 10% of workers were idled and a net 20.9 million hours were lost. An impact equivalent to that associated with the great blackout of 2003 that hit the North American northeast. Yet GDP was all but seemingly untouched as the Canadian economy managed to churn out a growth rates of 0.4% m/m for November of 2009.

Canada is very much a seasonal economy and November's experience suggests that even with the onset of H1N1, the impact was little beyond that which is typically felt by seasonal flu which get adjusted out of the numbers before reporting. So too one must assume that December's experience is quite similar to November, whereby the seasonal rates of flu are in keeping with seasonal norms.

Although one could perhaps make the case that despite what ostensibly look to be very large numbers of absenteeism due to cold and flu symptoms, that in fact given the publicity of H1N1 people were actually more careful this year than in previous years - think preventative medicine and avoidance measures - lending itself to overall lower infection rates. Unfortunately there are no comparables that we are aware of at this time.

Disclosure appendix

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