

SEPTEMBER 2023 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Following a two-month respite from depreciation, downward pressure on pricing materialized once again in August 2023.

Looking at three- to seven-year-old trucks, average pricing for our benchmark truck in August was:

- Model year 2021: \$63,375; \$599 (0.9%) lower than July
- Model year 2020: \$59,543; \$7,382 (11.0%) lower than July
- Model year 2019: \$33,469; \$8,599 (20.4%) lower than July
- Model year 2018: \$29,432; \$355 (1.2%) higher than July
- Model year 2017: \$22,136; \$594 (2.8%) higher than July

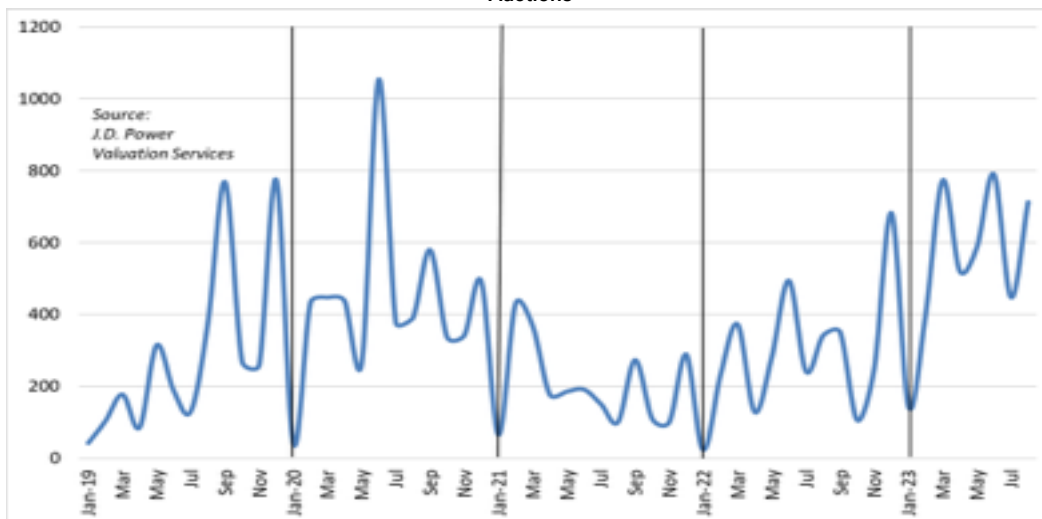
It is increasingly difficult to separate the wheat from the chaff in the auction channel. The number of trucks with missing titles, unverified mileage, and other issues is increasing. We do not include those trucks in our averages.

The late-model segment moved back downward in August, with four- to six-year-old trucks bringing 11.3% less money than in July, and 33.3% less money than August 2022. In the first eight months of 2023, late-model sleepers brought 42.5% less money than the same period of 2022. Monthly depreciation in 2023 is averaging 4.8%. The newest model years available in the marketplace are bringing about 6% more money than the strong pre-pandemic period of 2018 in nominal figures, or 15% less if adjusted for inflation.

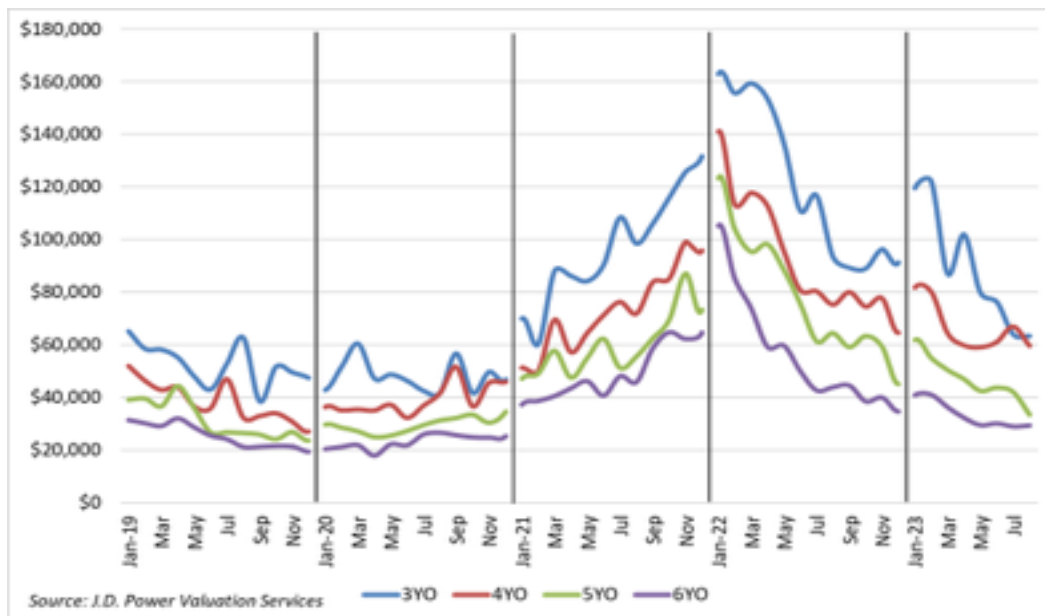
The number of four- and five-year-old off-lease trucks continues to grow. Those trucks are primarily equipped with 13L engines and have extremely high mileage. Our averages adjust for mileage but not for spec. Trucks with more desirable specs and mileage are performing better than the averages.

See the graphs on the next page and the Forecast section at the end of this document for additional analysis.

Volume of the Three Most Common Sleeper Tractors (3- to 7-Year-Old) Sold Through the Two Largest Nationwide No-Reserve Auctions



Average Auction Hammer Price: 3- to 6-Year-Old Benchmark Sleeper Tractor (Nominal Numbers)



CLASS 8 RETAIL UPDATE

The average sleeper tractor retailed in August 2023 was 71 months old, had 448,552 miles and brought \$64,566. Compared with July 2023, this average sleeper was three months newer, had 16,009 (3.4%) more miles and brought \$2,074 (3.1%) less money. Compared with August 2022, this average sleeper was three months older, had 6,097 (1.4%) more miles and brought \$43,925 (59.5%) less money.

August's average pricing for two- to six-year-old trucks was as follows:

- Model year 2022: \$124,534; \$7,312 (5.5%) lower than July
- Model year 2021: \$87,971; \$6,621 (7.0%) lower than July
- Model year 2020: \$72,606; \$6,432 (8.1%) lower than July
- Model year 2019: \$57,700; \$3,277 (5.4%) lower than July
- Model year 2018: \$47,922; \$533 (1.1%) higher than July

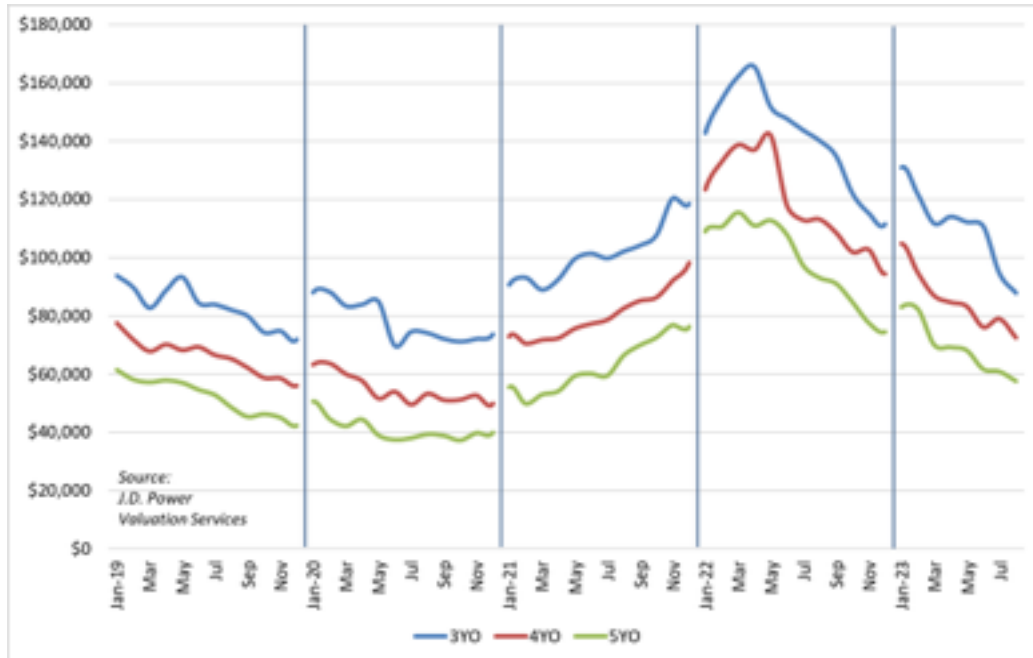
As in the auction channel, more low-spec, high-mileage sleeper tractors are moving through retail outlets, frequently as package deals. This activity negatively impacts the averages above.

Otherwise, three- to five-year-old trucks brought an average of 7.0% less money than July, and 37.0% less than August 2022. The first eight months of 2023 averaged 31.2% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 3.8%. Late-model sleepers are now roughly at parity with the last strong pre-pandemic period of 2018 in nominal dollars, or about 20% less when adjusted for inflation.

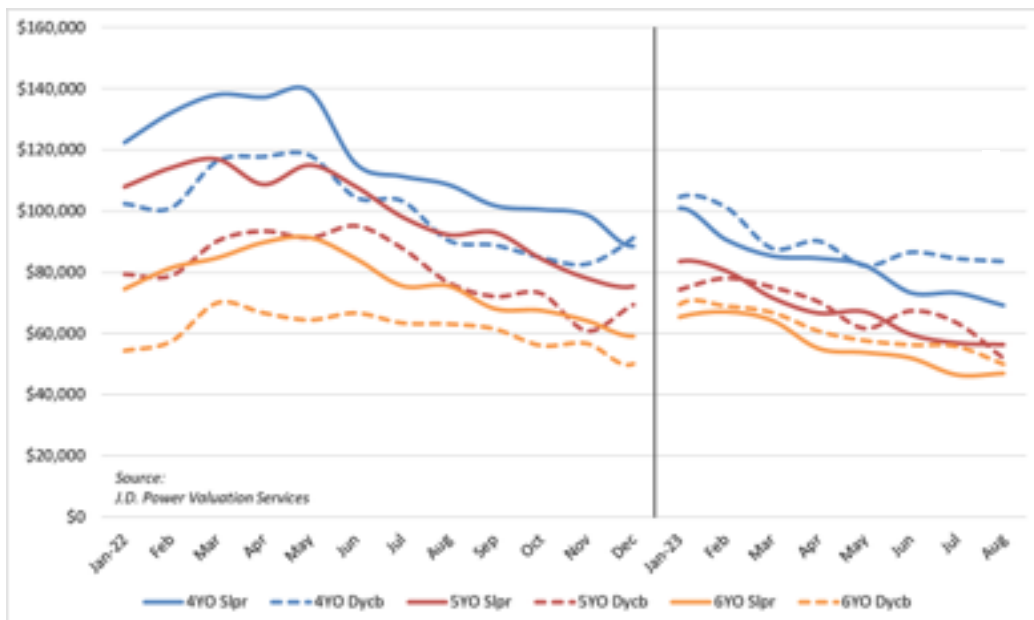
Daycabs continue to hold their value substantially better than aerodynamic sleepers in 2023, losing an average of 3.1% per month in 2023 to date. As in the sleeper segment, a larger volume of lower-spec trucks is cycling through the market, negatively impacting the averages.

See the graphs on the next page and the Forecast section at the end of this document for additional analysis.

Average Retail Selling Price: 3- to 5-Year-Old Aero Sleeper Tractors, Adjusted for Mileage (Nominal Numbers)

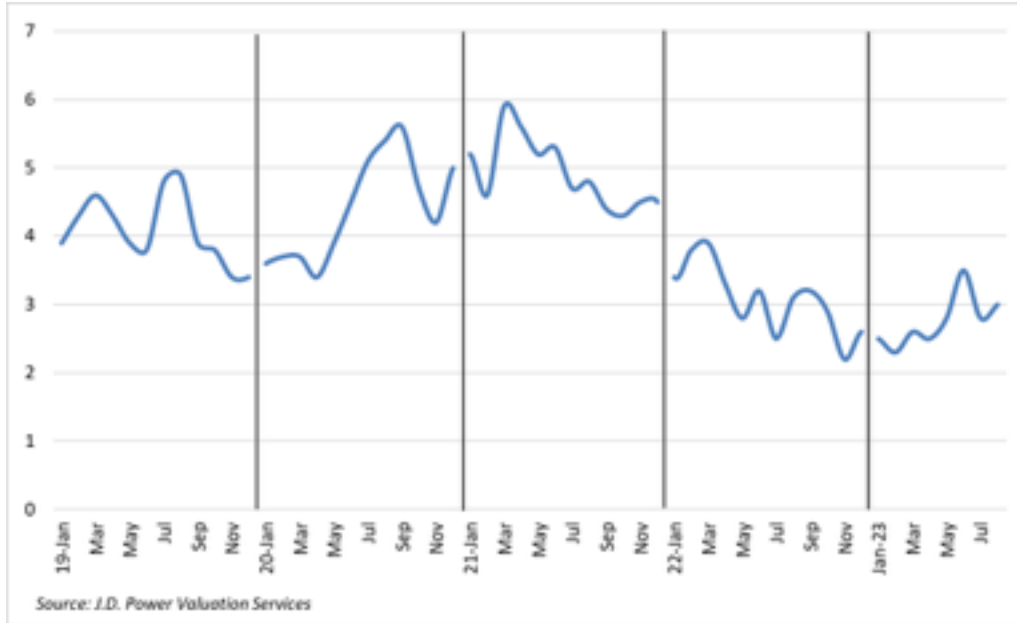


Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)

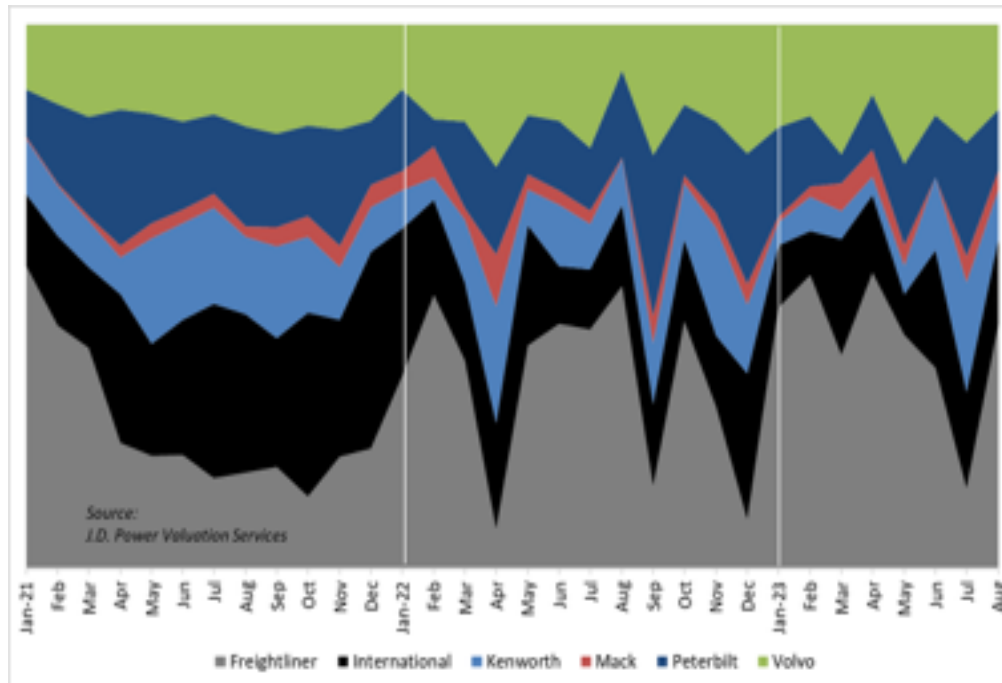


August's retail sales per rooftop increased slightly to 3.0 trucks, 0.2 more than July. Potential buyers continue to contend with negative equity, high interest rates and tougher credit requirements.

Number of Trucks Retailed per Dealership Rooftop



Relative Proportion of Retail Sales Reported by OEM (3- to 5-Year-Old Sleeper Tractors)



MEDIUM DUTY UPDATE

Due to a change in our data collection processes, we are no longer providing a complimentary medium duty update. We will continue to provide custom market analysis on a consulting basis by request.

FORECAST

According to industry reports, the deadline for bids on Yellow Corporation's rolling stock is Oct. 13. If an auction is needed, it will take place on Oct. 18. We've said there should be demand for the newest trucks in that inventory from competitors taking over portions of Yellow's business. Conversely, the very substantial number of older single-axle daycabs in that liquidation will potentially enter a market showing limited demand for that type of truck.

Otherwise, substantial numbers of off-lease units continue to cycle through auctions and retail channels. Market dynamics are unfolding as expected as we enter the fourth quarter.

Our residual forecast products incorporate all possible scenarios and provide a detailed look at how we see the market unfolding in the next five years. For further information about J.D. Power residual forecasting, make and model benchmarking, raw data products and other services, contact Chris Visser at chris.visser@jdpa.com.