

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

January 2022

J.D. Power Valuation Services

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SUMMARY

New and Used Truck Market Closed out 2021 with Higher Volume

Auction volume increased in December, likely due at least in part to a substantial increase in new truck deliveries. Companies taking delivery of long-awaited new trucks were probably eager to offload their older inventory. The retail channel was generally higher in December, breaking records yet again.

CLASS 8 AUCTION UPDATE

Volume increased notably in December, typical for the month and concurrent with higher new truck deliveries.

Pricing for 4 year-old and older trucks pulled back mildly from a very low volume November, which put our averages close to October's results. We don't consider December's results evidence of a market shift, but we do consider the new truck delivery figure a surprise. We will continue to keep a very close eye on auction volume and pricing. See below for results:

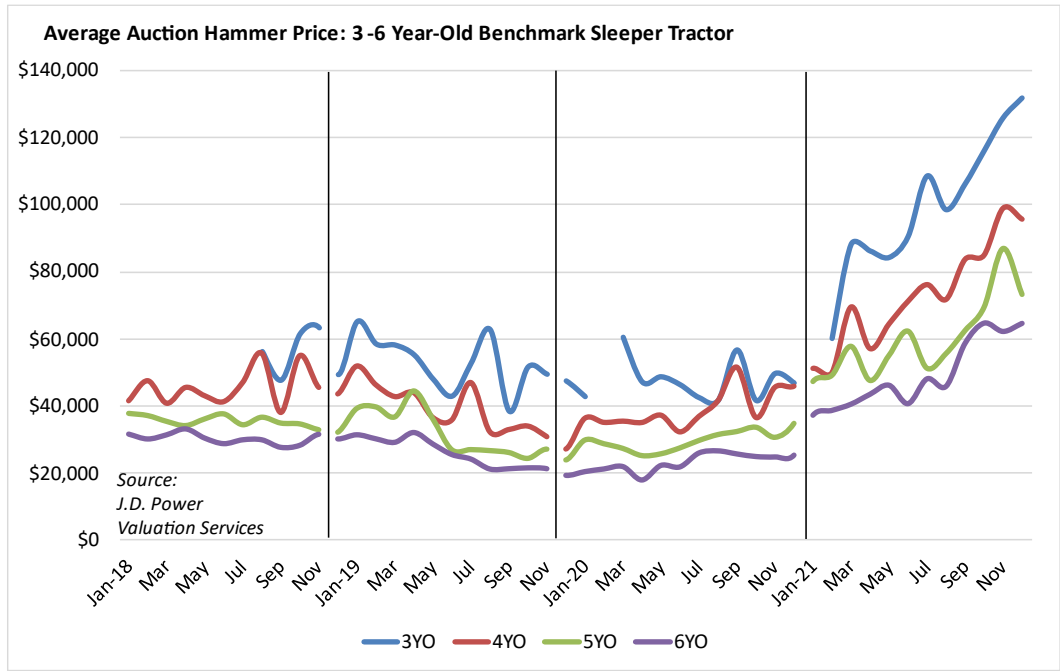
- Model year 2018: \$95,852 average; \$3,268 (3.3%) lower than November
- Model year 2017: \$73,305 average; \$13,766 (15.8%) lower than November
- Model year 2016: \$64,772 average; \$2,412 (3.9%) higher than November
- Model year 2015: \$49,383 average; \$1,586 (3.1%) lower than November
- Model year 2014: \$37,084 average; \$7,272 (16.4%) lower than November

Month-over-month, our benchmark group of 4-6 year-old trucks brought 5.9% less money. Despite this pullback, pricing in calendar year 2021 was 96.3% higher than in 2020, and 89.2% higher than in 2019. Late-model trucks increased in value an average of 7.3% per month in 2021.

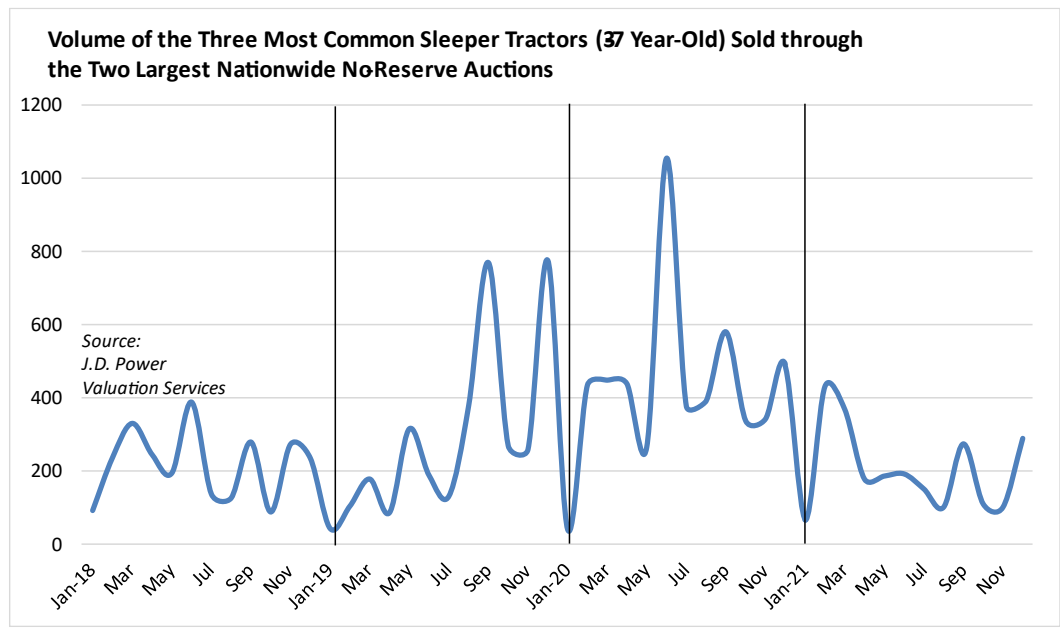
...we do consider the new truck delivery figure a surprise.

Other than one month of increased volume, we haven't seen any data suggesting the super-hot market is cooling much. We'll see what January brings.

See the "Average Auction Hammer Price..." and "Volume of the Three Most Common Sleeper Tractors..." graphs for detail.



Late-model trucks increased in value an average of 7.3% per month in 2021.



CLASS 8 RETAIL UPDATE

Used truck retail pricing increased again in December to close out 2021. History will show 2021 as the year with the highest used truck retail pricing in the modern era... so far.

The average sleeper tractor retailed in December was 73 months old, had 468,285 miles, and brought \$90,398. Compared to November, this average sleeper was one month newer, had 8,664 (1.9%) more miles, and brought \$488 (0.5%) more money. Compared to December 2020, this average sleeper was 6 months older, had 12,865 (2.8%) more miles, and brought \$41,748 (85.8%) more money.

Looking at trucks two to six years of age, December's average pricing was as follows:

- Model year 2020: \$143,468; \$8,656 (6.4%) higher than November
- Model year 2019: \$118,577; \$1,912 (1.6%) lower than November
- Model year 2018: \$98,293; \$6,104 (6.6%) higher than November
- Model year 2017: \$76,396; \$620 (0.8%) lower than November
- Model year 2016: \$68,552; \$5,573 (8.8%) higher than November

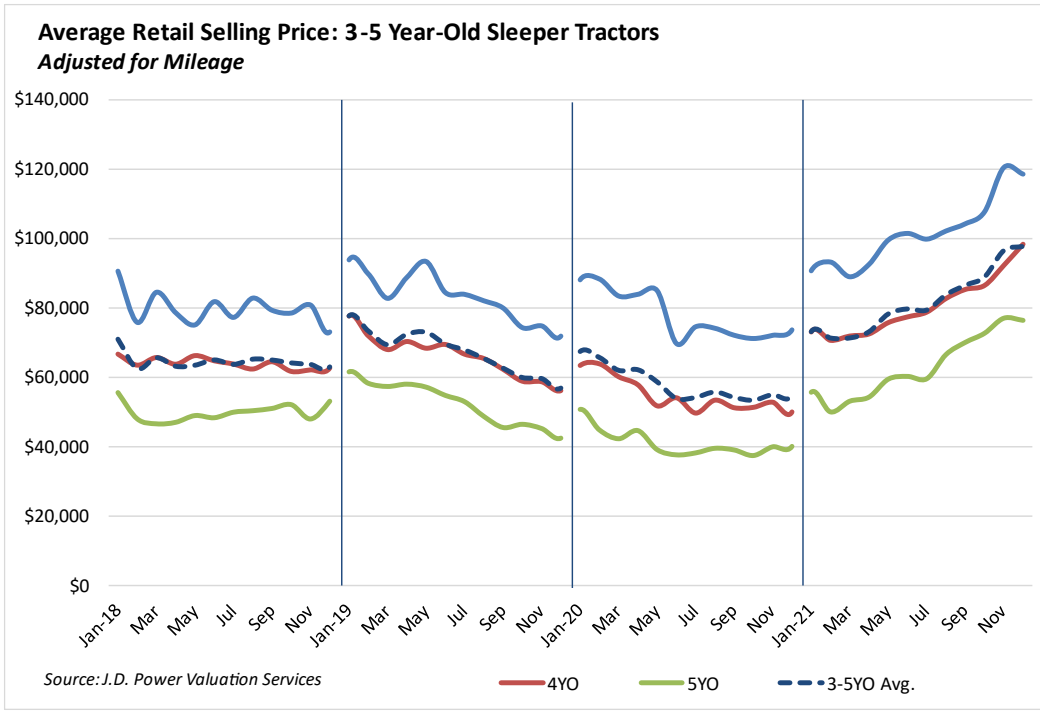
Month-over-month, late-model trucks brought 1.2% more money. In calendar year 2021, late-model trucks brought 40.7% more than 2020, and 21.4% more than 2019. On average, late-model trucks gained 3.3% per month in value in 2021, and this figure is over 5% for trucks with lower-than-average mileage.

In the late-model segment, 5 year-old trucks saw the greatest year-over-year pricing increase, at 53%. It probably goes without saying that this increase was considerably higher than anyone had predicted earlier in 2021. Our published values and residual forecasts (available by subscription, not shown here) were raised substantially in response. In fact, our January 2022 published values contained the largest month-over-month boosts in our 29-year history.

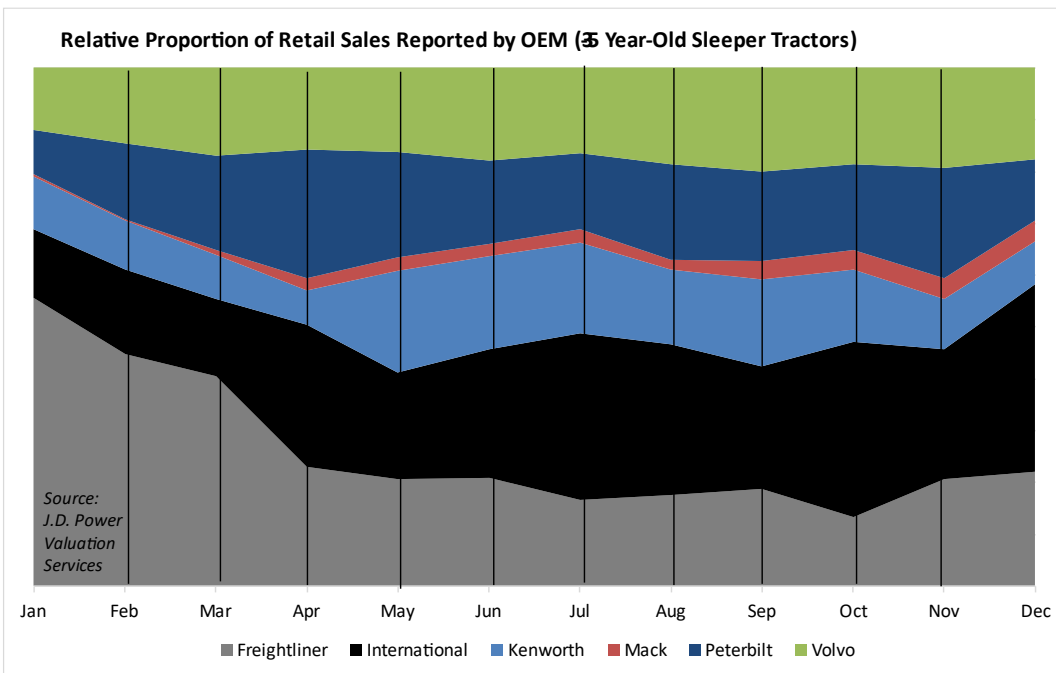
Dealers retailed an average of 4.5 trucks per rooftop in December, identical to November. In calendar year 2021, dealers retailed an average of 0.5 truck more per month than in 2020, and 0.8 truck more than 2019. Sales volume in 2021 could have been higher if there had been more trucks to sell.

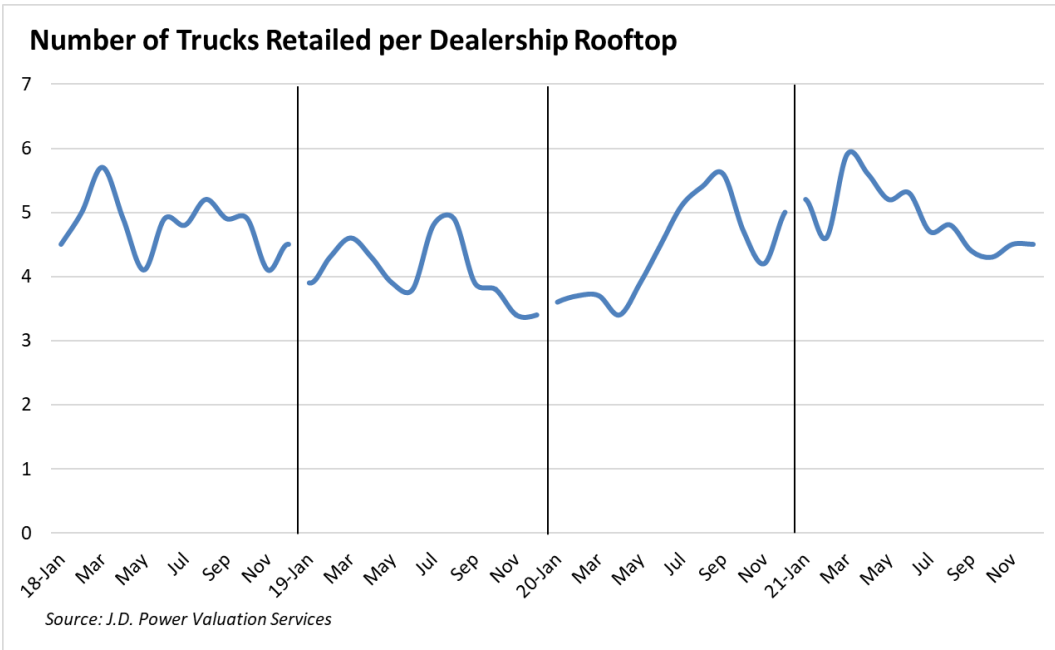
See graphs on next 2 pages for detail.

History will show 2021 as the year with the highest used truck retail pricing in the modern era...

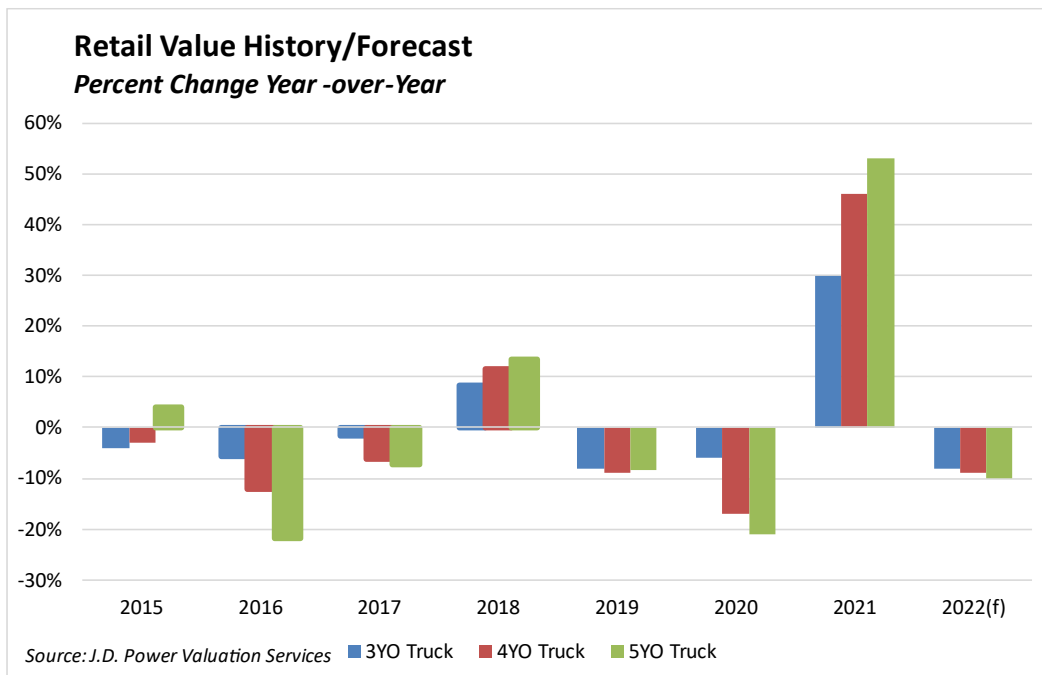


In calendar year 2021, late-model trucks brought 40.7% more than 2020, and 21.4% more than 2019.





Sales volume in 2021 could have been higher if there had been more trucks to sell.



Note our residual value forecasts (available by subscription, not included here) provide a much more detailed analysis of future pricing.

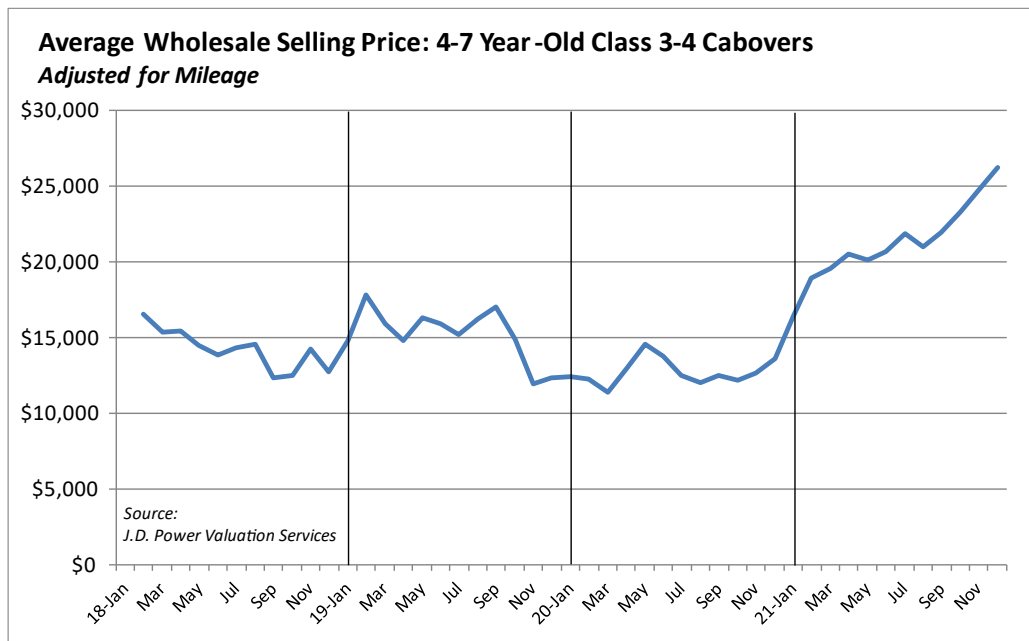
MEDIUM DUTY TRUCKS

Lighter conventionals pulled back a bit in December, but overall the medium duty market remains extremely strong. The wide variety of industries served by medium duty trucks are mostly running at full gallop, keeping demand for scarce late-model trucks elevated.

Starting with Class 3-4 cabovers, our benchmark group averaged \$26,125 in December. This figure is \$231 (0.9%) higher than November, and \$12,211 (87.8%) higher than December 2020. Pricing in calendar year 2021 was 70.7% higher than 2020, and 42.2% higher than 2019. Trucks in this segment gained an average of 3.7% per month in value in 2021.

See the “Average Wholesale Selling Price: 4-7 Year-Old Class 3-4 Cabovers” graph for detail.

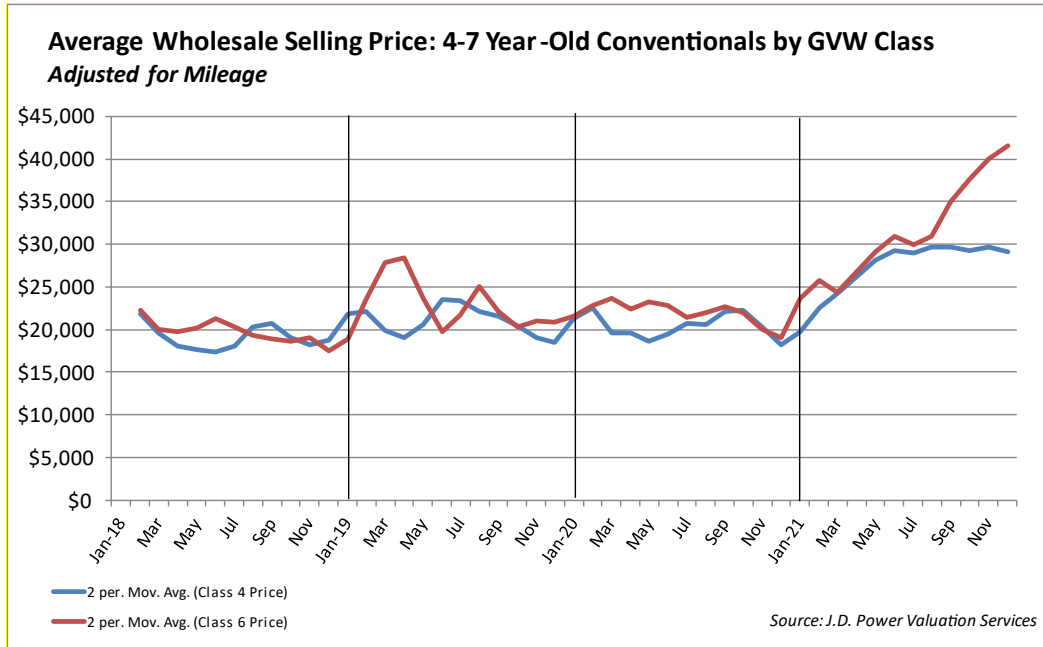
The wide variety of industries served by medium duty trucks are mostly running at full gallop...



Looking at Class 4 conventionals, average pricing for our benchmark group was \$28,390, \$1,368 (4.6%) lower than November, and \$10,970 (63.0%) higher than December 2020. Pricing in calendar year 2021 was 35.2% ahead of 2020, and 32.0% higher than 2019. Trucks in this segment gained an average of 1.8% per month in value in 2021.

Class 6 conventional pricing averaged \$41,695 in December, \$271 (0.7%) higher than November, and \$22,916 (122.0%) higher than December 2020. Pricing in calendar year 2021 was 49.1% ahead of 2020, and 40.3% higher than 2019. Trucks in this group gained an average of 4.0% per month in value in 2021.

See the “Average Wholesale Selling Price: 4-7 Year-Old Conventionals by GVW Class” graphs for detail.



FORECAST

WardsAuto.com reported 24,716 new Class 8 trucks delivered in December, which is 38% higher than the calendar year 2021 average, and the highest-volume month since September 2019 (which was the highest month of the past decade). This figure is unexpectedly strong, but might not be much more than an anomaly. For one, actual monthly build rate and scheduled delivery are two different things, as both buyers and OEM’s typically look to make inventory adjustments at the end of the year. Still, the figure does suggest there were enough parts available to finish a very healthy number of trucks for at least one month.

Looking ahead, January is not typically a very useful month for price or volume insight, since there are few auctions on the calendar. Unless there is a major increase in supply of trades in January - which we don’t expect - we won’t know much about the market until later in the 1st quarter. On the demand side, freight rates are still extremely strong, and the sense of urgency is still palpable. Economic forecasters are still predicting strong macro conditions at least through the first half of the year, and the freight outlook is stable. On the supply side, we’ve been pointing out there were 30% more model-year 2019 trucks delivered than model-year 2018 trucks, and 2019’s turned 4 years old this month. Of course this doesn’t mean supply will increase by 30%, but the potential for a

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more typical market exists if buyer sentiment shifts. Overall, the market will continue to quickly absorb any increased inventory as long as buyers remain confident of strong freight rates.

Now is the time to stay in close contact with your OEM and fleet contacts to get a feel for their inventory levels. As the auction market opens back up in February and March, we'll know more about actual market conditions.

For further information about J.D. Power's residual forecasting, make and model benchmarking, raw data products, and other services, contact Chris Visser at chris.visser@jdpa.com.

J.D. POWER®

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics to help clients measure and improve the key performance metrics that drive growth and profitability. J.D. Power's industry benchmarks, robust proprietary data, advanced analytics capabilities, and reputation for independence and integrity has established the company as one of the world's most well-known and trusted providers of consumer and market insights for more than a dozen industries. Established in 1968, J.D. Power is headquartered in Troy, Michigan, and has 17 global locations serving North/South America, Asia Pacific, and Europe.

About J.D. Power Valuation Services (formerly NADA Used Car Guide)

J.D. Power Valuation Services, formerly NADA Used Car Guide, is a leading provider of vehicle valuation products, services and information to businesses. Its team collects and analyzes over 1 million combined automotive and truck wholesale and retail transactions per month, and delivers a range of guidebooks, auction data, analysis and data solutions. J.D. Power acquired NADA Used Car Guide in 2015, forming a powerful combination that brings the automotive industry rich data sets, strong analytics and over 130 years of market experience.

Commercial Truck Consulting Services

J.D. Power Valuation Services leverages its database of retail, wholesale, and auction transactions to provide residual value forecasting, inventory analysis, competitive model positioning, and other used truck market metrics. Consulting products are customized to each customer's specific needs. Contact Chris Visser to discuss J.D. Power's capabilities.

Commercial Truck Market Analysis

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