APRIL 2022 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Auction volume increased in March 2022, which is typical for the month of March. Trucks with average-to-low mileage continue to bring extremely high hammer prices, while high-mileage trucks cooled a bit. The negative month-over-month comparisons below are due mainly to lower pricing for those higher-mileage trucks included in our averages.

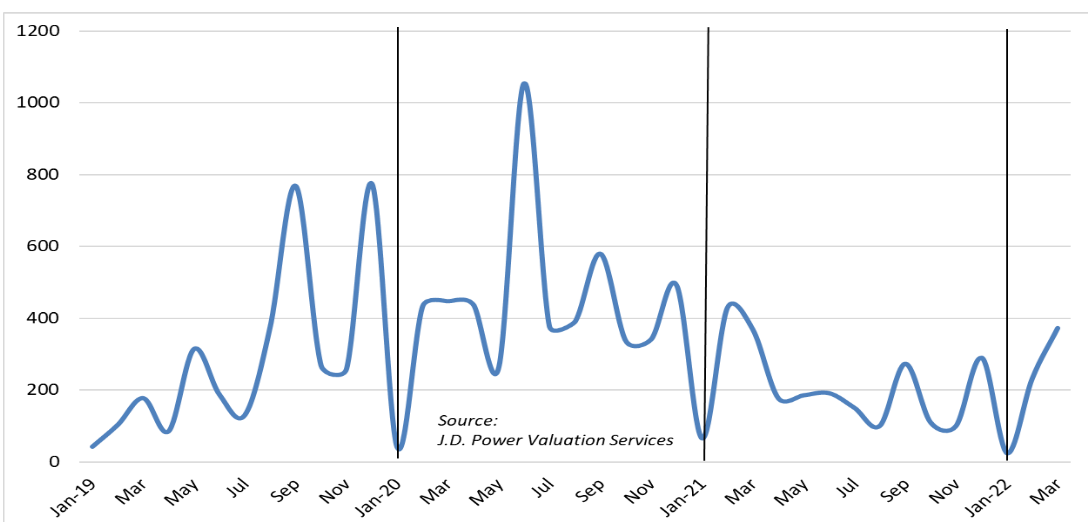
Looking at two- to six-year-old trucks, March's average pricing for our benchmark was as follows:

- Model year 2021: No trucks sold in March
- Model year 2020: $159,500; $3,804 (2.4%) higher than February
- Model year 2019: $95,309; $8,705 (8.4%) lower than February
- Model year 2018: $73,984; $11,361 (13.3%) lower than February
- Model year 2017: $60,792; $8,225 (11.9%) lower than February

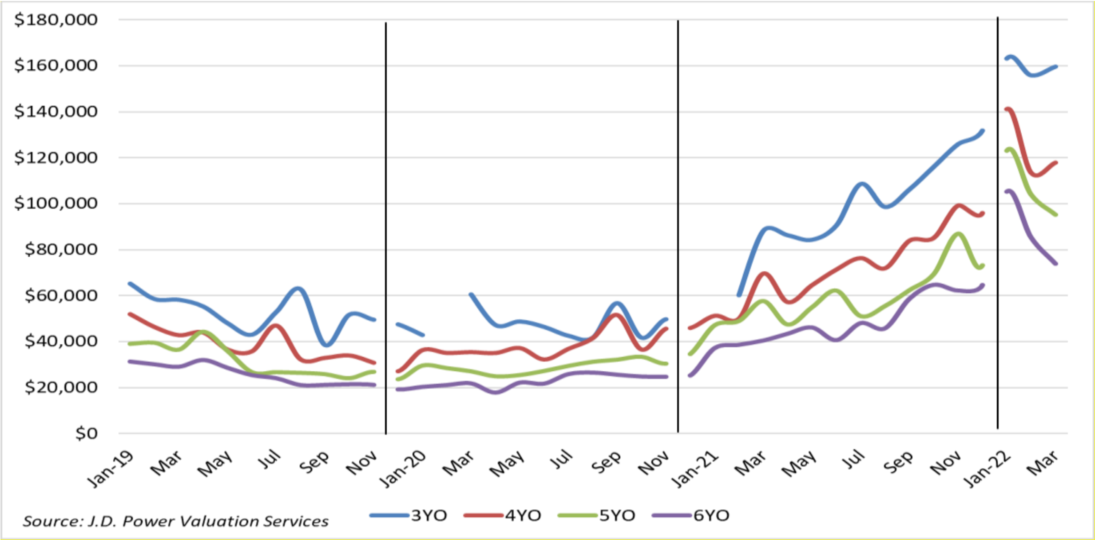
In March, three- to five-year-old trucks averaged 0.1% less money than February, and 72.9% more money than March 2021. Year over year, late-model trucks sold in Q1 2022 averaged 99.0% more money than the same period of 2021.

Keep a close eye on hammer prices for higher-mileage trucks, especially when placing values on future trades. See the Forecast section at the end of this document for more 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



CLASS 8 RETAIL UPDATE

Retail buyers continued to pay record-breaking prices for any desirable trucks that became available in March.

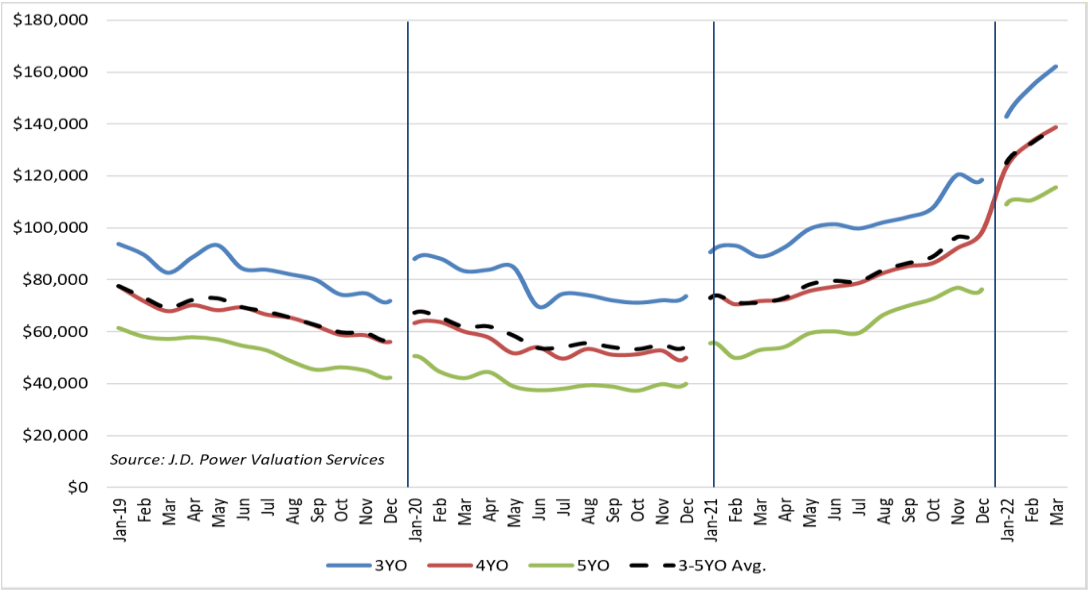
The average sleeper tractor retailed in March was 68 months old, had 461,001 miles and brought $117,791. This average selling price figure has now set a new record every month for a full year. Compared with February 2022, this average sleeper was identical in age, had 8,632 (1.9%) more miles, and brought $7,105 (6.4%) more money. Compared with March 2021, this average sleeper was identical in age, had 2,548 (0.6%) more miles, and brought $60,300 (104.9%) more money.

Looking at two- to six-year-old trucks, March's average pricing was as follows:

- Model year 2021: $181,126; $6,043 (3.5%) higher than February
- Model year 2020: $162,283; $7,894 (5.1%) higher than February
- Model year 2019: $138,891; $5,856 (4.4%) higher than February
- Model year 2018: $115,570; $4,953 (4.5%) higher than February
- Model year 2017: $82,324; $6,947 (9.2%) higher than February

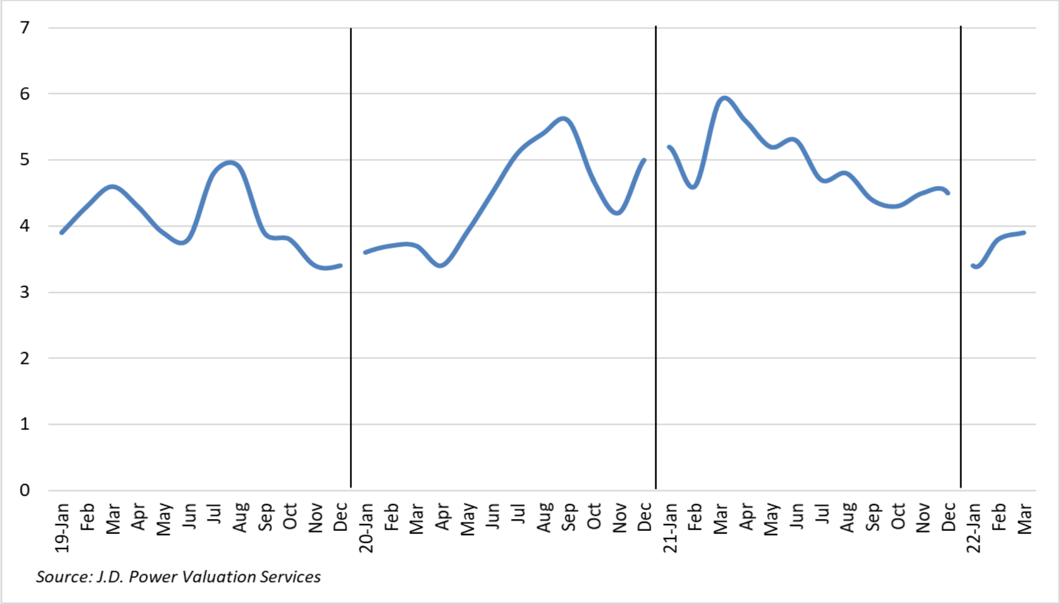
Three- to five-year-old trucks brought an average of 4.7% more money in March than February. Trucks in this age group brought 83.9% more money in the first three months of 2022 than the same period of 2021. Even higher-mileage trucks brought consistent money in March, so any evolution in that segment of the market is so far limited to the auction channel. That said, any changes to market conditions usually show up at auctions first, and we are noting an increased spread between auction and retail selling prices.

Average Retail Selling Price: 3- to 5-Year-Old Sleeper Tractors, Adjusted for Mileage



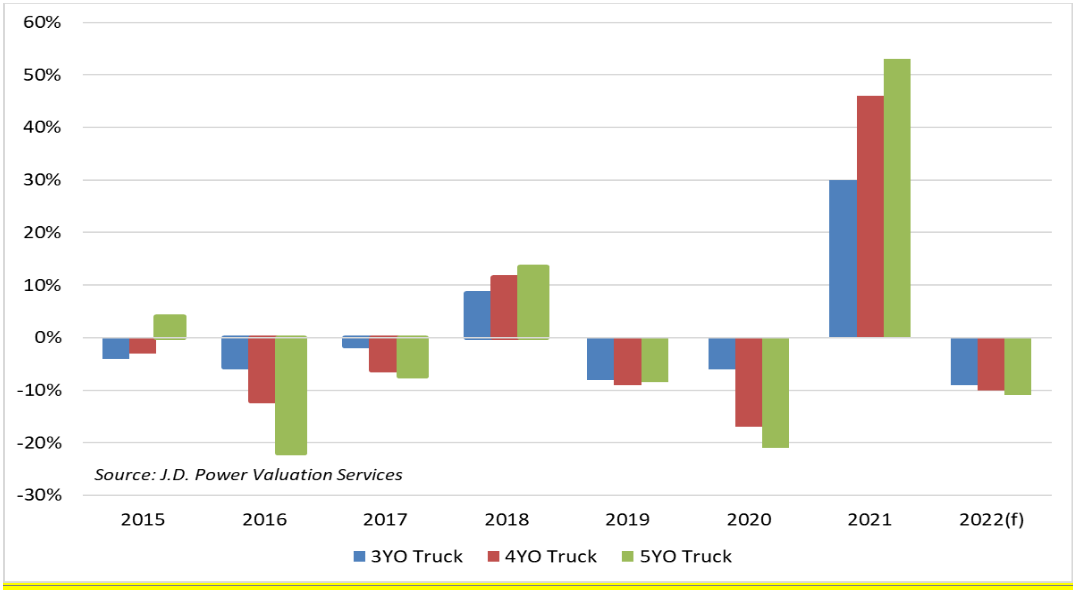
Dealers retailed an average of 3.9 trucks per rooftop in March, 0.1 truck more than February. Overall volume was very similar to February, with no model year showing notable movement.

Number of Trucks Retailed per Dealership Rooftop

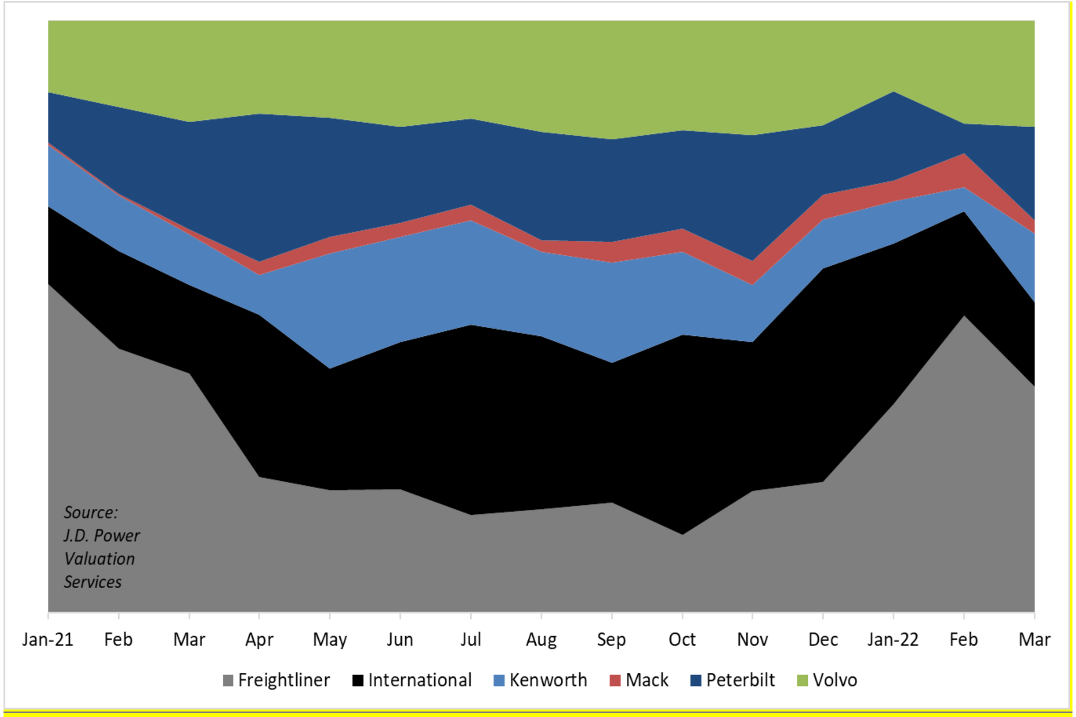


For now, we're sticking with our assessment that supply of new and used trucks is currently tight enough to insulate against any potential changes in the freight environment. See the Forecast at the end of this document for additional commentary.

Retail Price History/Forecast: Percent Change Year Over Year



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

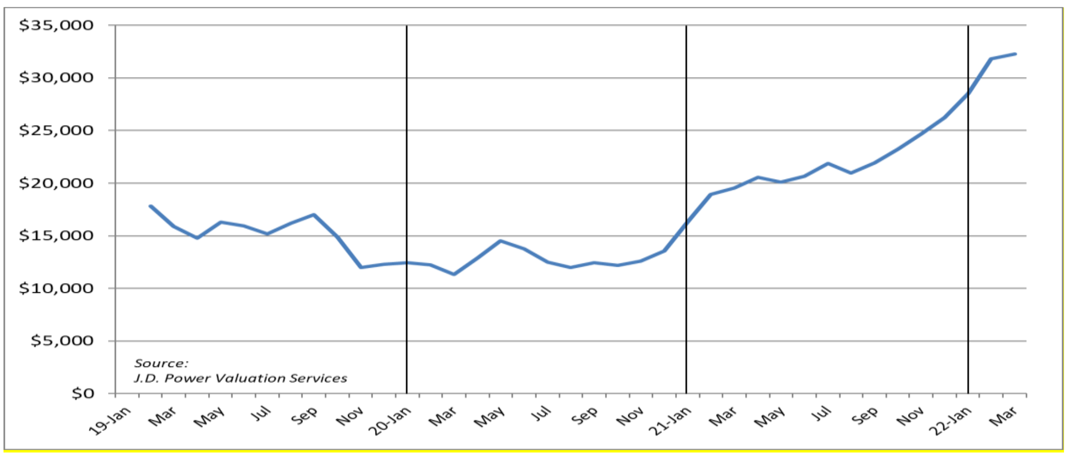


MEDIUM DUTY UPDATE

Pricing pulled back in the three segments we track, most notably for heavier conventionals. Selling prices were still comfortably higher than any month in 2021. Results appear to be natural market movement.

Starting with Class 3-4 cabovers, our benchmark group averaged $31,869 in March. This figure is $822 (2.5%) lower than February, and $11,795 (58.8%) higher than March 2021. The first three months of 2022 are running 64.8% ahead of the same period of 2021.

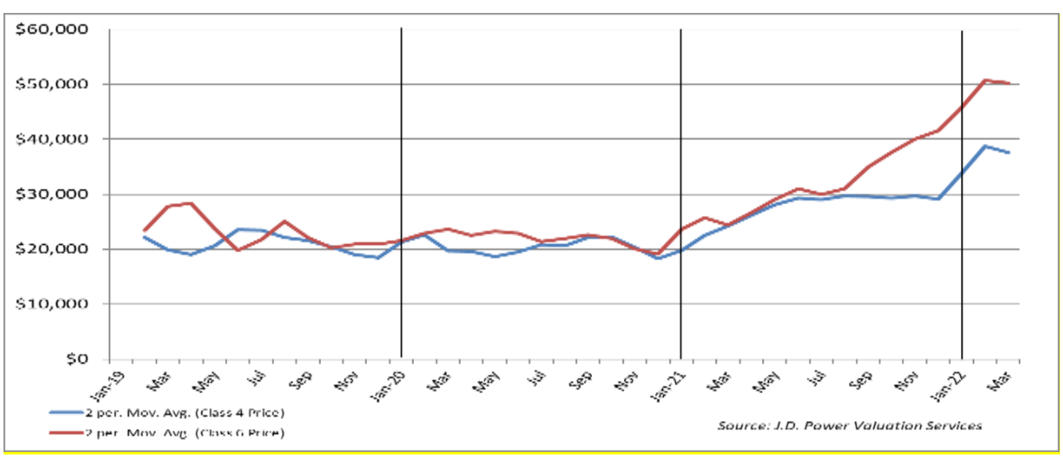
Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers, Adjusted for Mileage



Looking at Class 4 conventionals, average pricing for our benchmark group was $36,781 in March, $1,553 (4.1%) lower than February and $11,068 (43.0%) higher than March 2021. The first three months of 2022 are running 61.6% ahead of the same period of 2021.

Class 6 conventional pricing averaged $48,733 in March, $2,948 (5.7%) lower than March and $23,024 (89.6%) higher than March 2021. The first three months of 2022 are averaging 94.3% higher than the same period of 2021.

Average Wholesale Selling Price: 4- to 7-Year-Old Conventionals by GVW Class, Adjusted for Mileage



FORECAST

For more than a year, we've been discussing the various factors keeping the freight market superheated and predicting what could cause eventual cooling. Based on published freight volume and pricing data, it is apparent the freight environment is undergoing some degree of maturation. Our core focus is the used truck market, so here's our take on how a potentially changing freight market could affect pricing.

On the supply side, new- and used-truck availability is still tight. In the first two months of this year, truckmakers delivered about 15,000 new trucks, which would be roughly 20% low in a typical freight economy and is severely inadequate in the current environment. In March, deliveries increased substantially to more than 20,000. It is not yet clear if this increase represents the first month of improved production or just a one-month anomaly like December 2021. Regardless, the 50,132 trucks delivered in the first quarter are substantially less than the industry demands. On the used side, our sales per rooftop figures are 20-25% below what we would expect in typical economy—and this lower figure is due solely to an inadequate supply of trucks to sell, not lack of demand. According to FTR Transportation Intelligence, the percentage of seated trucks currently engaged in moving freight is still clearly constrained, well above the 10-year average and a full 10% higher than the worst of the 2019 bust cycle. These figures will inevitably return closer to trend, but they're not moving much yet.

On the demand side, consumer spending on goods has been the driving force behind superheated freight volumes. March data shows spending still very strong if not increasing as notably. Business and manufacturing inventories have increased in recent months to meet this demand and insulate against future shortages. Inventories are now above the pre-pandemic trend. The need for supplies is less desperate.

On a related note, even though it's extremely premature to discuss this topic, some published analysis of the freight environment has included discussion of the wave of bankruptcies in the last freight downturn in 2019. During a period of 6-8 months, values dropped roughly 30%. In the current cycle, we're coming off much higher freight rates and much tighter capacity. As such, any desirable trucks made available through bankruptcies will be snapped up by other truckers in the early stages of a down cycle. Keep in mind an owner-operator may dissolve their business when rates drop too low *for them*, not necessarily because there's no freight to move. Some of these individuals return to driving for a fleet, while others leave the industry and are replaced to some degree by new hires. The net effect to truck supply and capacity is, therefore, not one to one.

Overall, prior to the Russian invasion of Ukraine, we had predicted economic conditions would support strong pricing in the first half of this year. That prediction hasn't changed. Looking further ahead, we have been clear all along that the current record-shattering, once-in-a-lifetime market values would not be the permanent new normal. A sustained decline in freight volume and rates, combined with increased new truck production, would pull used truck pricing off historic highs.

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.