

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

July 2021

J.D. Power Valuation Services

CONTENTS:

CLASS 8 AUCTION UPDATE.....	1
CLASS 8 RETAIL UPDATE.....	3
MEDIUM DUTY UPDATE.....	6
FORECAST.....	7
ABOUT J.D. POWER.....	8

SUMMARY

Third Quarter Starts Out Strong

Most segments of the used truck market are performing extremely well, with price appreciation widespread. Medium duty trucks had a particularly strong month.

CLASS 8 AUCTION UPDATE

Pricing for lower-mileage trucks remains sky-high. There was an increased volume of higher-mileage, rougher-condition trucks sold this month, which impacted June's averages in the chart below:

- Model year 2018: \$71,263 average; \$6,773 (10.5%) higher than May
- Model year 2017: \$62,294 average; \$7,268 (13.2%) higher than May
- Model year 2016: \$40,794 average; \$5,503 (11.9%) lower than May
- Model year 2015: \$32,672 average; \$4,291 (11.6%) lower than May
- Model year 2014: \$26,536 average; \$412 (1.6%) lower than May

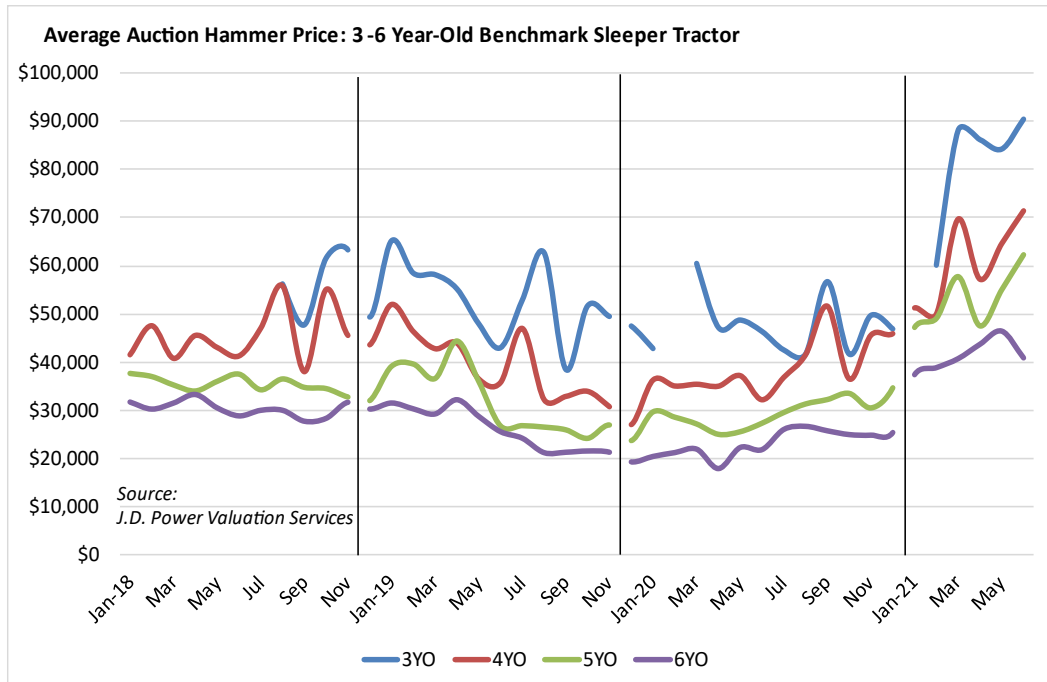
Pricing for lower-mileage trucks remains sky-high.

Month-over-month, our benchmark group of 4-6 year-old trucks brought 5.1% more money. Compared to the first 6 months of 2020, this group is running 85.8% ahead, and compared to the same period of 2019, 41.5% ahead. Late-model trucks have appreciated 5.3% per month on average in 2021 to date.

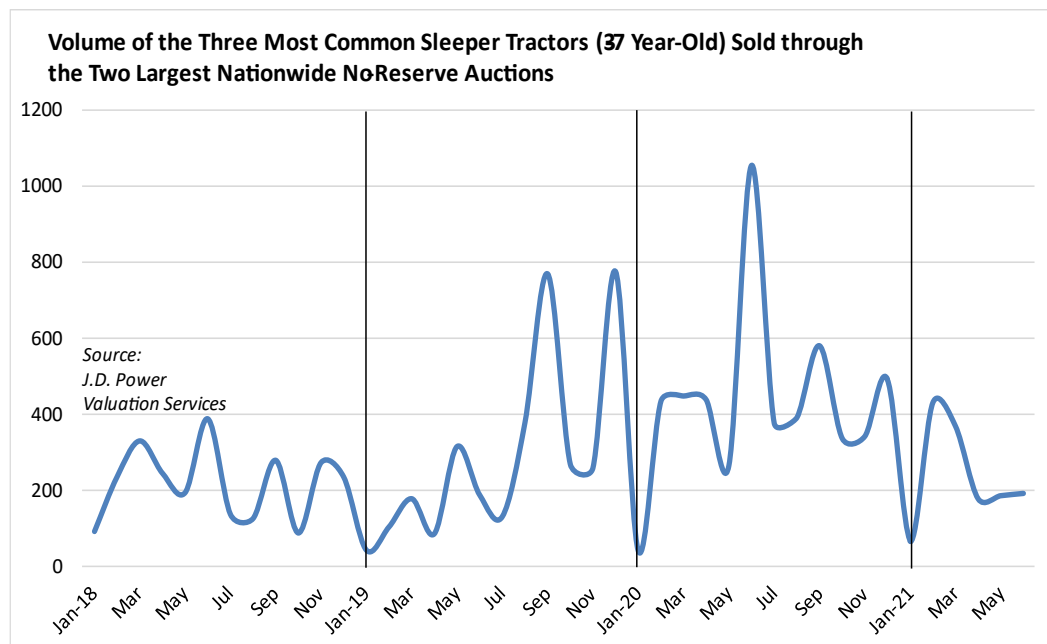
June's auction results were a study in contrasts, with lower-mileage trucks bringing stratospheric money and higher-mileage, rougher-condition trucks unimpressive. A good number of trucks in that second category were present in the averages above, particularly for model-year 2016 and older. Overall volume was similar to last month, so we're attributing the

lower averages to an unfavorable mileage and condition mix. See the summary at the end of this document for additional thoughts on this topic.

See the “Average Selling Price: Benchmark Sleeper Tractor...” and “Volume of the Three Most Common Sleeper Tractors...” graphs for detail.



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CLASS 8 RETAIL UPDATE

Retail selling prices continue to accelerate. The newest available sleeper tractors are breaking records.

The average sleeper tractor retailed in June was 70 months old, had 450,889 miles, and brought \$66,759. Compared to May, this average sleeper was 1 month newer, had 3,650 (0.8%) fewer miles, and brought \$3,151 (5.0%) more money. Compared to June 2020, this average sleeper was 2 months older, had 33,058 (6.9%) fewer miles, and brought \$30,983 (83.9%) more money.

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

- Model year 2020: \$120,655; \$3,189 (2.6%) lower than May
- Model year 2019: \$101,505; \$1,903 (1.9%) higher than May
- Model year 2018: \$77,341; \$1,649 (3.1%) higher than May
- Model year 2017: \$60,229; \$798 (1.3%) higher than May
- Model year 2016: \$50,475; \$2,741 (5.7%) higher than May

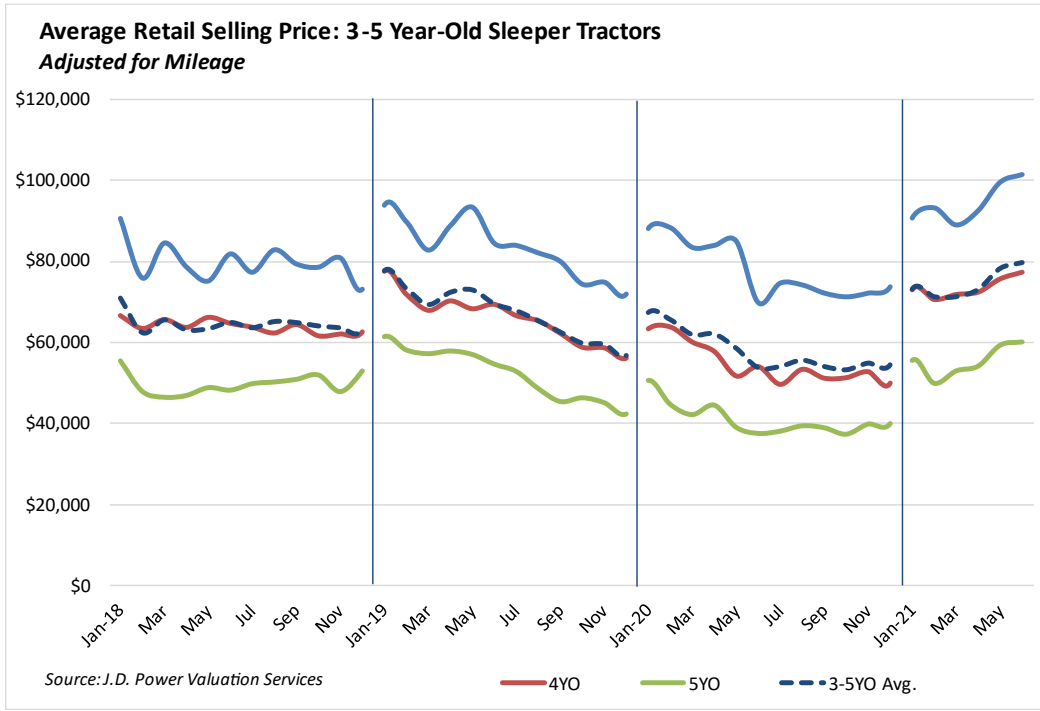
Month-over-month, late-model trucks brought 1.9% more money. In the first 6 months of 2021, late-model trucks were 20.9% ahead of the same period of 2020, and 2.6% ahead of the same period of 2019. On average, late-model trucks have appreciated 1.9% per month in 2021.

The overall value of the used sleeper tractor market – as measured by the average selling price of every truck reported sold – is the highest since at least 2007, which is as far back as our records go. The mix of trucks sold recently hasn’t changed appreciably in terms of age, with 70 months being the long-term average. Mileage is about 7% lower than the long-term average of 487,000, but other market factors are more impactful than this minor difference. COVID-era market strength is mainly driven by trucks with average to low mileage, although the rising tide has lifted all ships.

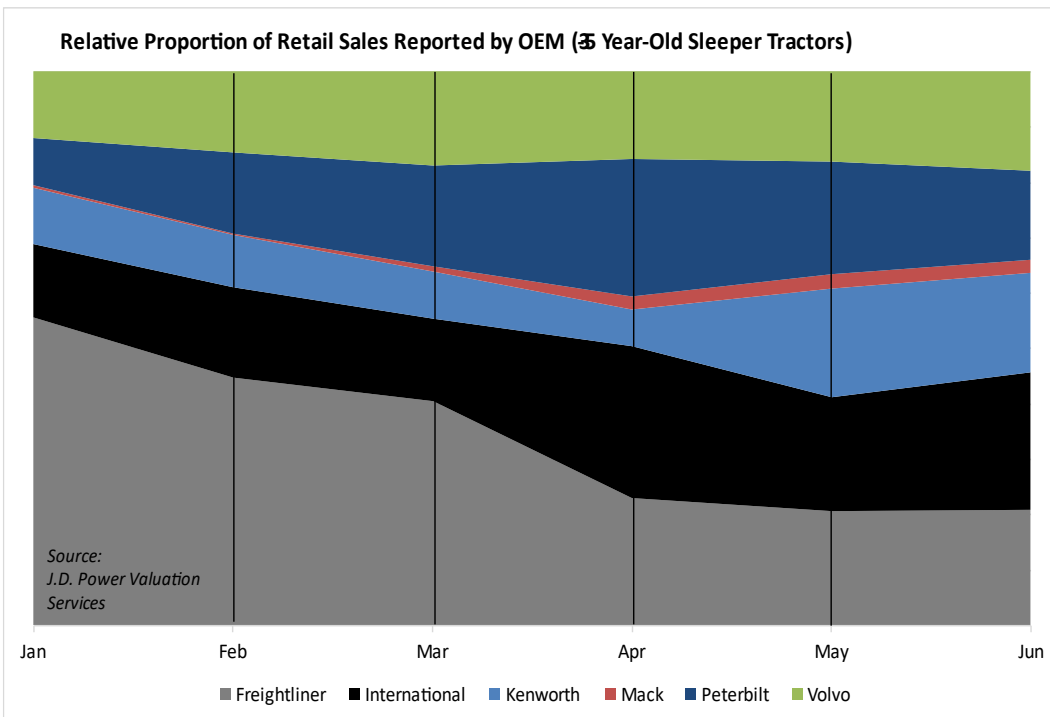
Retail traffic was essentially unchanged from last month. Dealers retailed an average of 5.3 trucks per rooftop in June, 0.1 truck higher than May. Year-over-year, the first 6 months of 2021 are running a healthy 1.3 trucks ahead of the same period of 2020, and 1.1 trucks higher than the same period of 2019. Recent results would most likely be higher if dealers had more inventory.

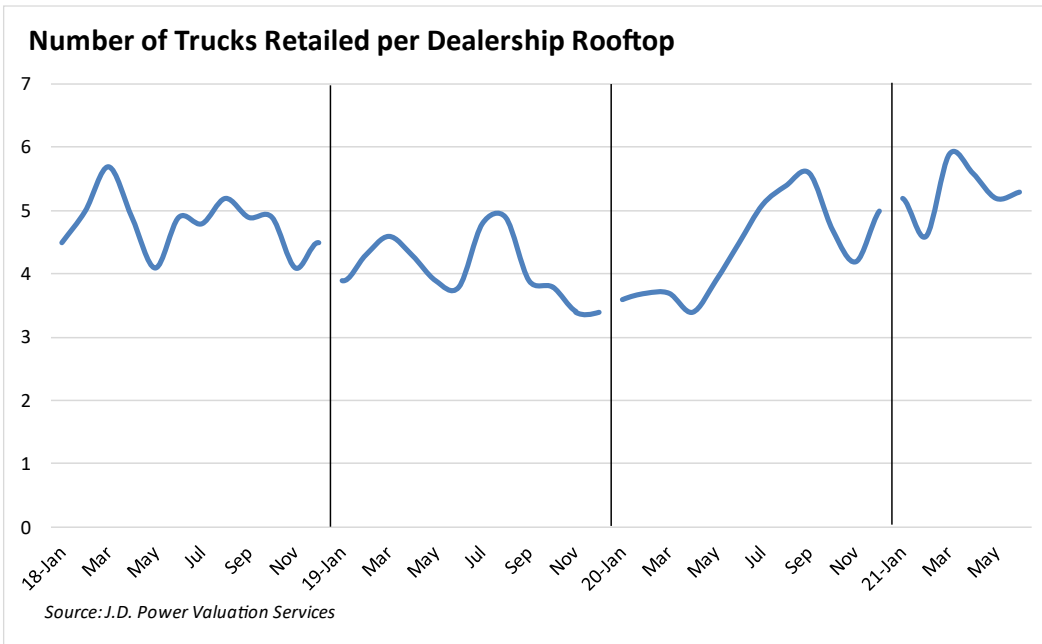
See graphs below for detail.

The newest available sleeper tractors are breaking records.



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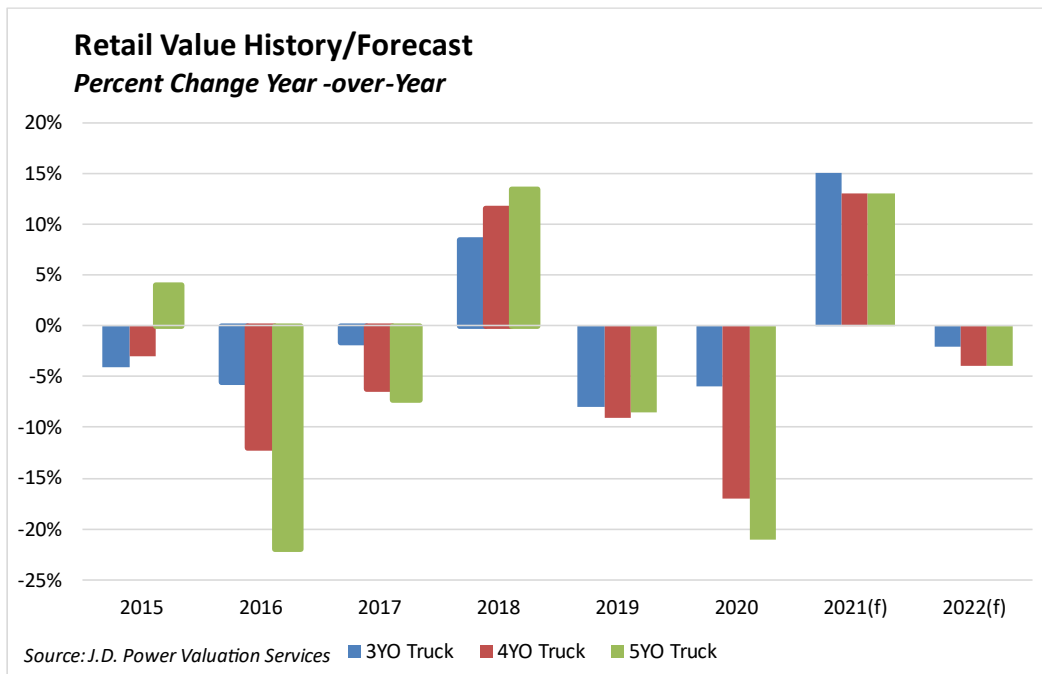




Looking forward, we still see mild to moderate retail appreciation in the summer. Later in the year, economic factors should start moving back towards trend and truck availability should expand somewhat, limiting price appreciation.

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

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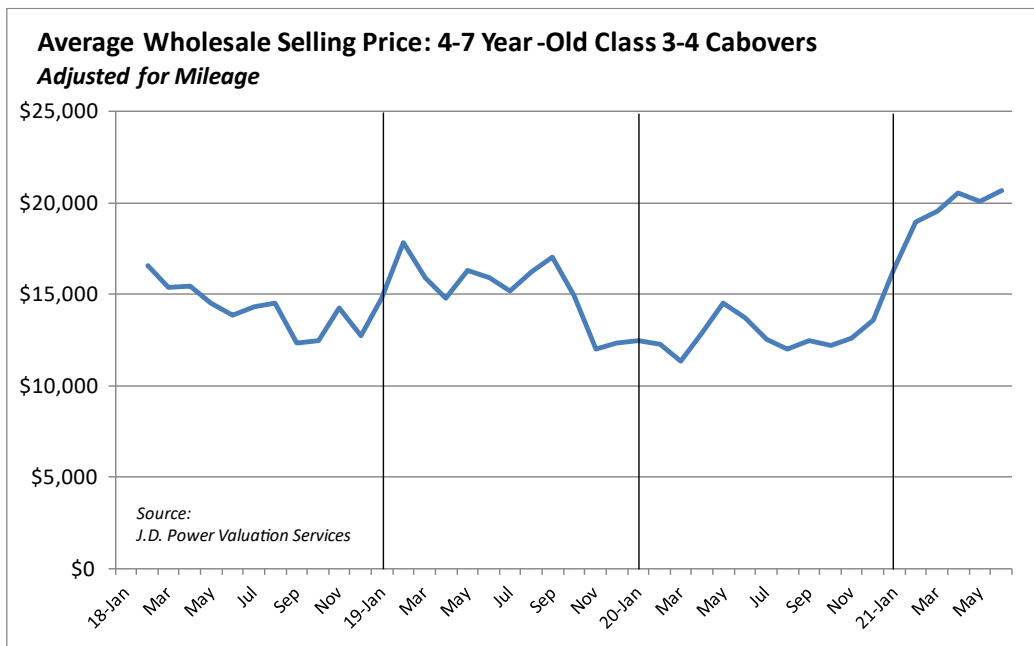


MEDIUM DUTY TRUCKS

The medium duty market had a strong month in June, with most segments bringing more money month-over-month. Year-over-year comparisons were of course strong as well, as were comparisons to 2019.

Starting with Class 3-4 cabovers, our benchmark group bounced back from May’s dip, averaging \$22,154, \$3,020 (15.8%) higher than May, and \$8,569 (59.4%) higher than June 2020. The first 6 months of 2021 are running 54.7% higher than the same period of 2020, and 23.8% higher than the same period of 2019. Thanks to this month’s recovery, trucks in this segment are back into the appreciation zone, gaining an average of 2.0% per month in value so far in 2021.

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



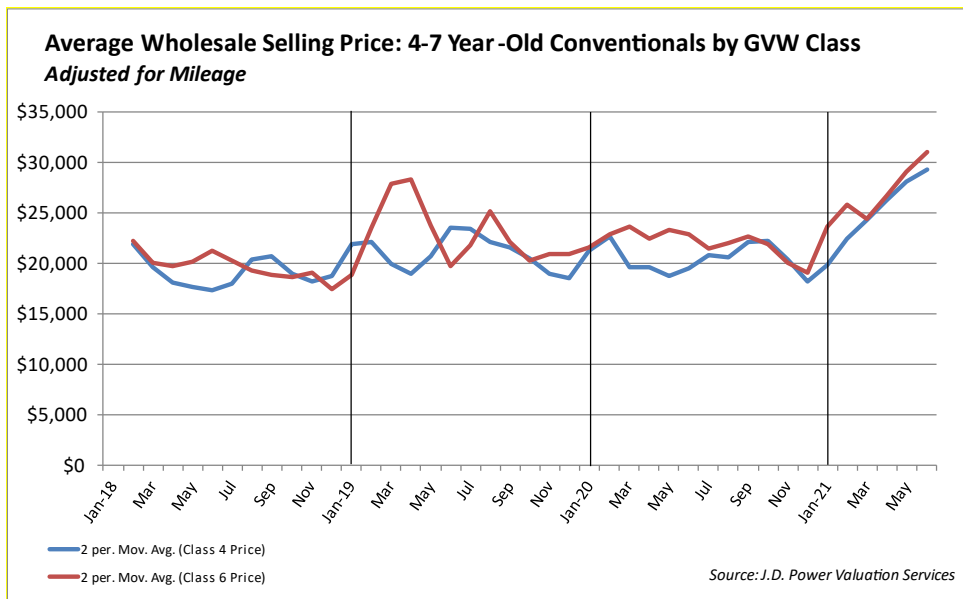
Year-over-year comparisons were of course strong as well, as were comparisons to 2019.

Looking at Class 4 conventionals, average pricing for our benchmark group was \$29,098, \$346 (1.2%) lower than May, and \$7,209 (33.0%) higher than June 2020. The first 6 months of 2021 are now running 26.3% ahead of the same period of 2020, and 20.7% higher than the same period

of 2019. Trucks in this segment have appreciated an average of 3.7% per month so far in 2021.

Class 6 conventional pricing averaged \$31,537 in June, \$859 (2.8%) higher than May, and \$10,517 (50.0%) higher than June 2020. The first 6 months of 2021 are running 25.4% ahead of the same period of 2020, and 16.8% higher than the same period of 2019. Trucks in this group have gained an average of 3.4% per month so far in 2021.

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



FORECAST

We continue to look for an increased volume of fleet trades at auction, and as of this writing in mid-July, we’re not seeing it. Aged and well-used trucks are perhaps showing up in greater numbers, as are daycabs. This activity is what we would expect to see in the very early stages of a return to a normal trade cycle, but for now we’ll just keep an eye on it. As long as new truck availability remains constrained and freight rates keep truckers energized, used truck pricing is on solid footing.

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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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