

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

August 2021

J.D. Power Valuation Services

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SUMMARY

Used Truck Pricing Remains Superheated

The Class 8 auction market is hotter than ever, and retail selling prices continue to break records. Medium duty selling prices relaxed after last month's strong result, but trucks are still appreciating.

CLASS 8 AUCTION UPDATE

July's auction results showed buyers are still hungry for sleeper tractors with average to low mileage. Sellers have the upper hand as new truck availability and supply of trades remains tight. See chart below for detail:

- Model year 2018: \$76,265 average; \$5,002 (7.0%) higher than June
- Model year 2017: \$51,168 average; \$11,126 (17.9%) lower than June
- Model year 2016: \$48,206 average; \$7,412 (18.2%) higher than June
- Model year 2015: \$40,757 average; \$8,085 (24.7%) higher than June
- Model year 2014: \$29,427 average; \$3,304 (12.6%) higher than June

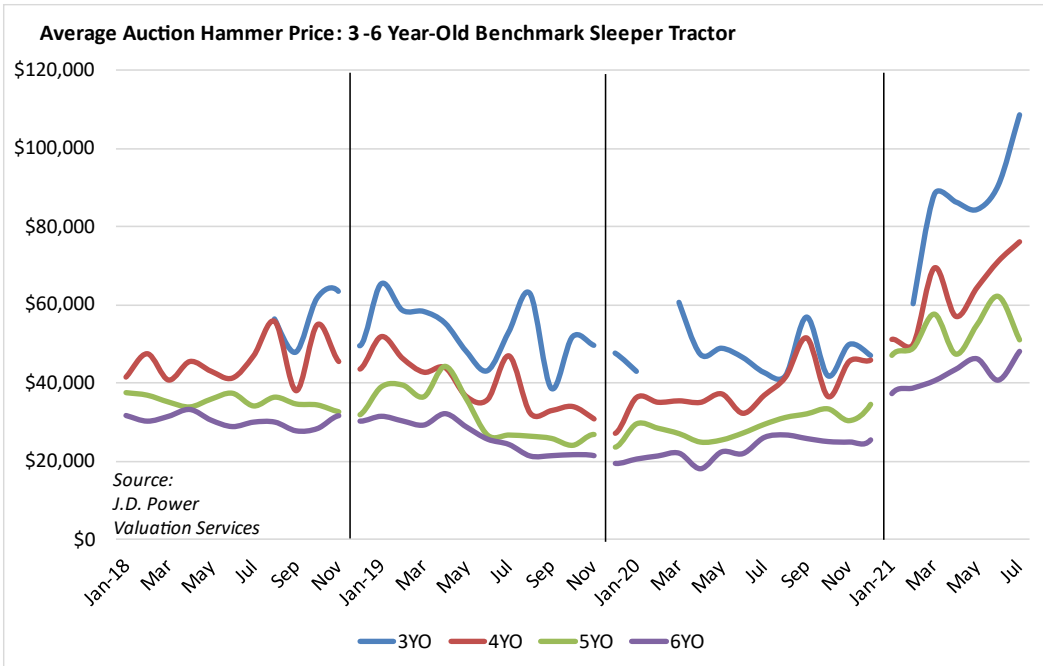
Sellers have the upper hand as new truck availability and supply of trades remains tight.

Month-over-month, our benchmark group of 4-6 year-old trucks brought 0.7% more money, but this average doesn't adequately convey the substantial increase in selling prices of the newest, lowest-mileage equipment available. Compared to the first 7 months of 2020, this group is running 86.5% ahead, and compared to the same period of 2019, 46.4% ahead. Late-model trucks have appreciated 4.8% per month on average in 2021 to date.

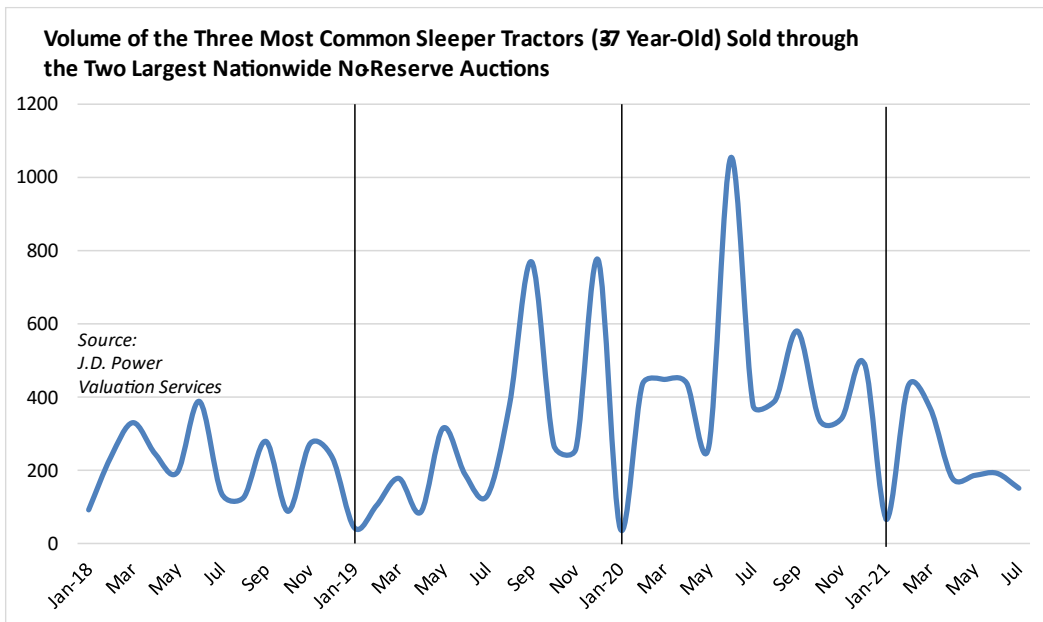
Disregard the lower average for model-year 2017 above – it's the result of low volume and a high-mileage mix of trucks sold, and not reflective of market conditions. Sales volume was down substantially in July, typical for a month with fewer auctions on the calendar. The main takeaway from this month's results is

the market is not yet showing any signs of pullback. If anything, prices have strengthened even more.

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



Late-model trucks have appreciated 4.8% per month on average in 2021 to date.



CLASS 8 RETAIL UPDATE

Retail selling prices appear to have plateaued a bit in July, but are still at record levels.

The average sleeper tractor retailed in July was 73 months old, had 453,040 miles, and brought \$69,600. Compared to June, this average sleeper was 3 months older, had 2,151 (0.5%) more miles, and brought \$2,841 (4.3%) more money. Compared to June 2020, this average sleeper was 5 months older, had 17,163 (3.7%) fewer miles, and brought \$29,918 (75.4%) more money.

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

- Model year 2020: \$121,599; \$944 (0.8%) higher than June
- Model year 2019: \$99,861; \$1,644 (1.6%) lower than June
- Model year 2018: \$78,710; \$1,379 (1.8%) higher than June
- Model year 2017: \$59,555; \$674 (1.1%) lower than June
- Model year 2016: \$49,284; \$1,191 (2.4%) lower than June

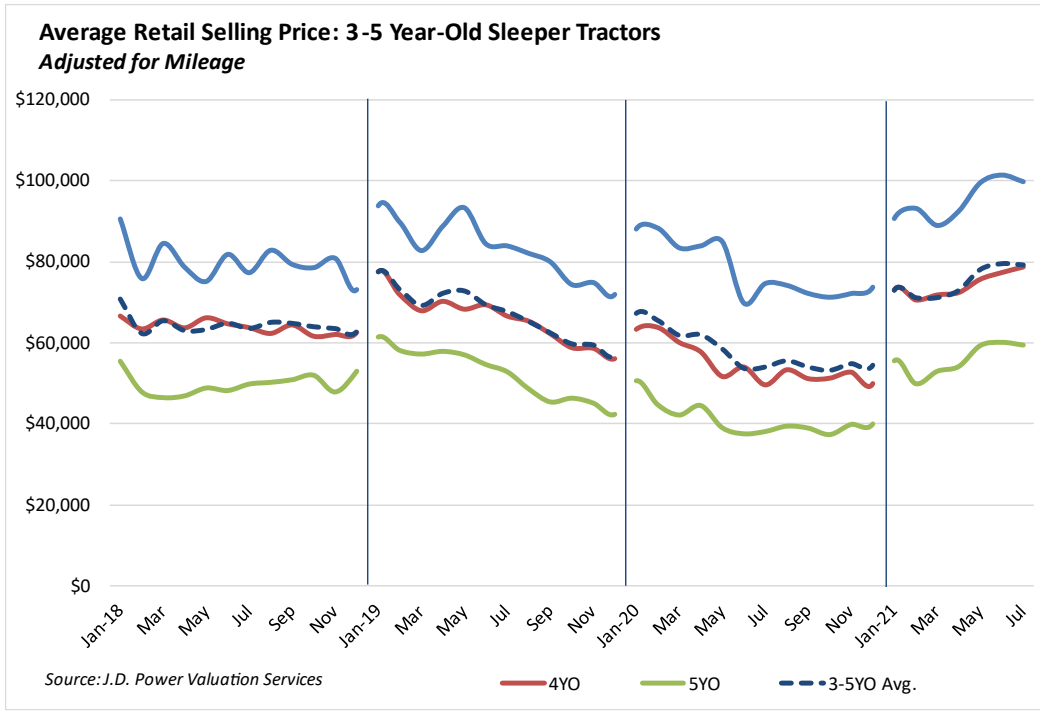
Month-over-month, late-model trucks brought 0.4% more money. In the first 7 months of 2021, late-model trucks were 24.2% ahead of the same period of 2020, and 4.6% ahead of the same period of 2019. On average, late-model trucks have appreciated 1.8% per month in 2021.

The overall average retail selling price of every sleeper tractor reported sold topped last month's result, which was the highest we've ever recorded. With auction pricing continuing to increase, we don't see much downside for retail pricing in upcoming months, assuming economic conditions remain stable. See the Forecast at the end of this document for additional thoughts.

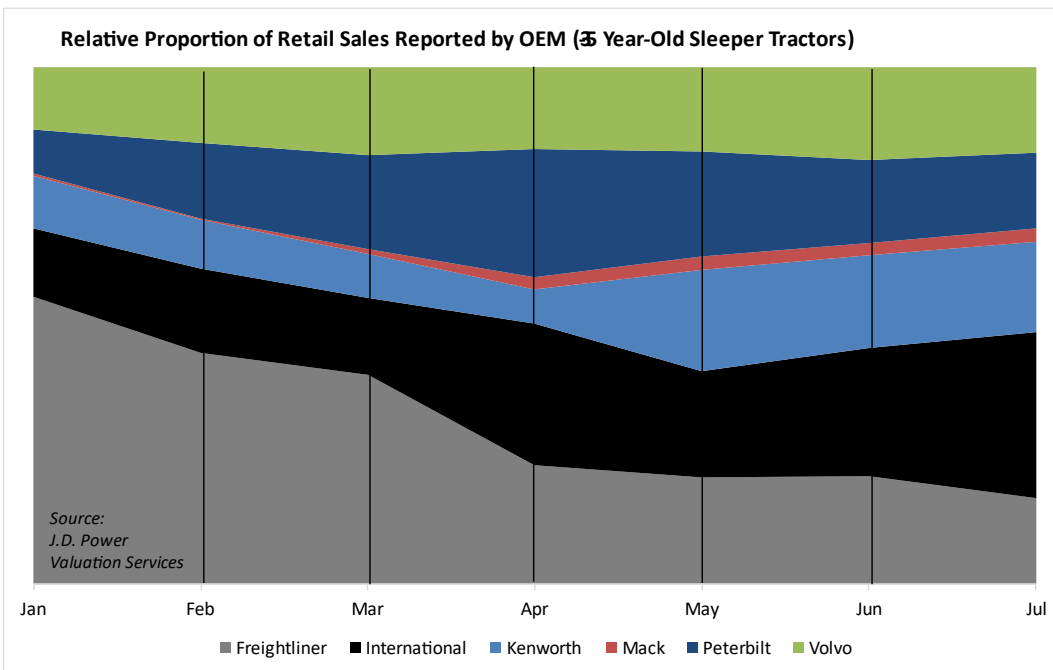
Retail traffic decreased moderately from last month, most likely due to a lack of desirable trucks to sell. Dealers retailed an average of 4.7 trucks per rooftop in June, 0.6 truck lower than June. Year-over-year, the first 7 months of 2021 are still running a healthy 1.2 trucks ahead of the same period of 2020, and 1.0 trucks higher than the same period of 2019.

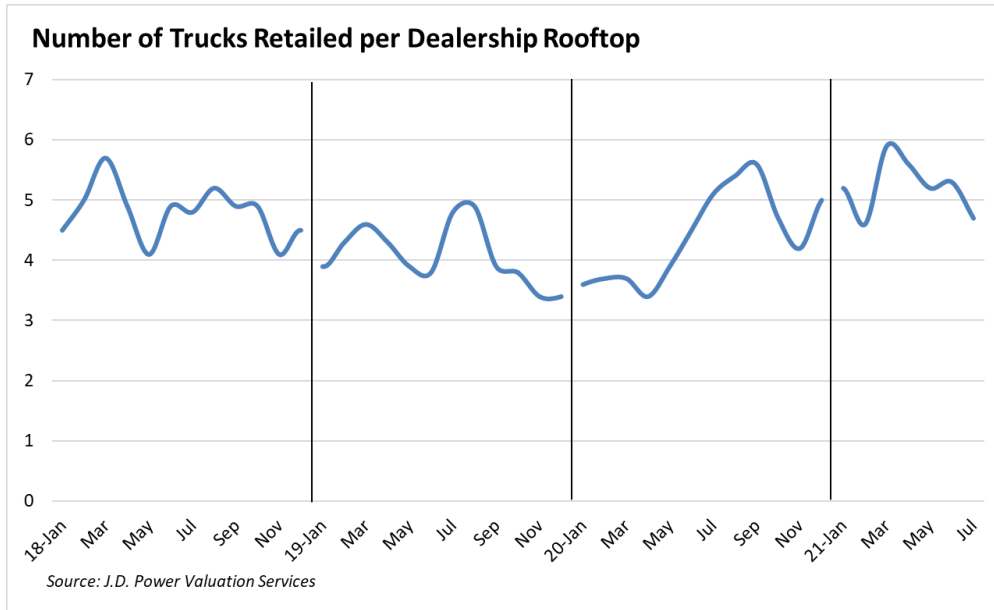
See graphs on next page for detail.

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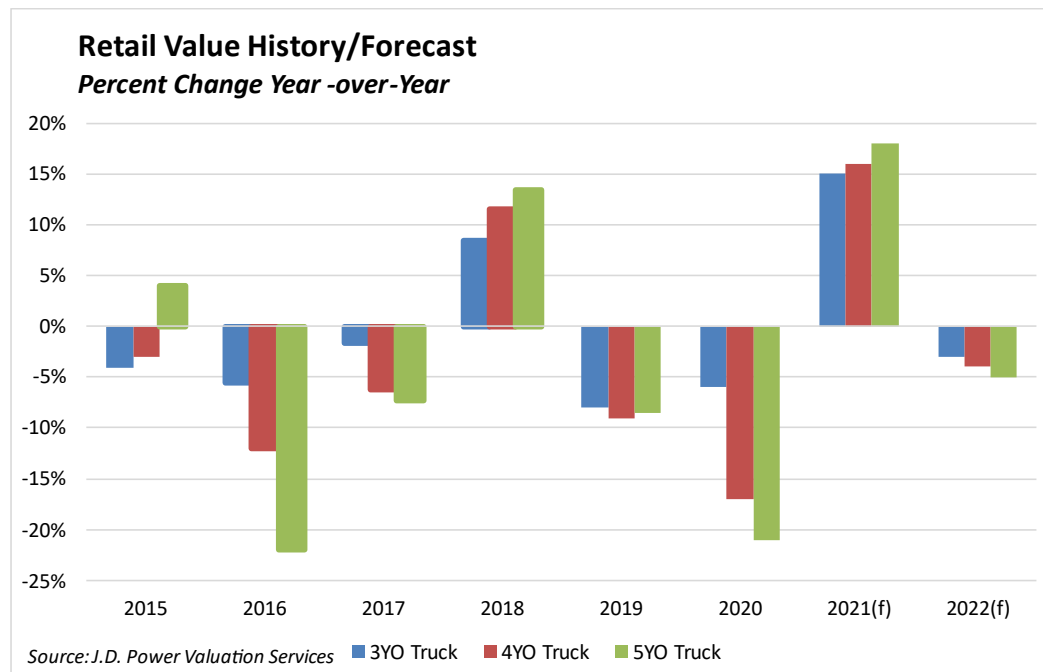




Looking forward, the parts shortage has stayed critical longer than we predicted, which means new truck supply should remain tight in upcoming months. As such, used truck pricing should stay strong as well, assuming economic conditions stay the course.

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

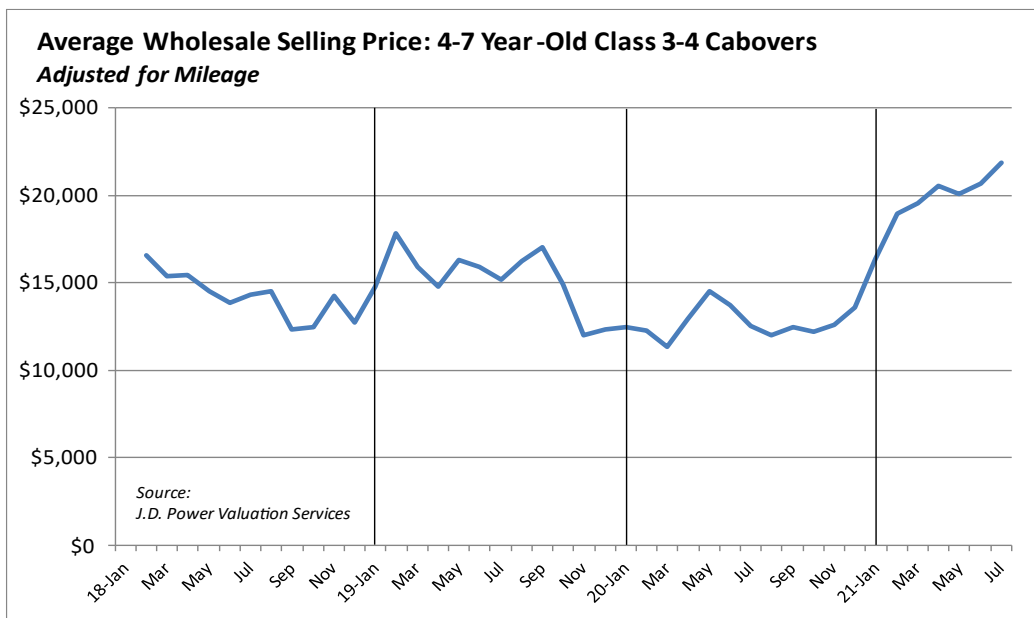


MEDIUM DUTY TRUCKS

The medium duty segments we track in this report pulled back to varying degrees from June’s strong results. Trucks are still generally appreciating, and comparisons vs. 2020 and 2019 remain extremely strong.

Starting with Class 3-4 cabovers, our benchmark group retrenched a bit from last month’s strong result, averaging \$21,580, \$1,026 (4.5%) lower than June, and \$10,162 (89.0%) higher than July 2020. The first 7 months of 2021 are running 59.5% higher than the same period of 2020, and 25.3% higher than the same period of 2019. Trucks in this segment have gained an average of 2.2% 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.



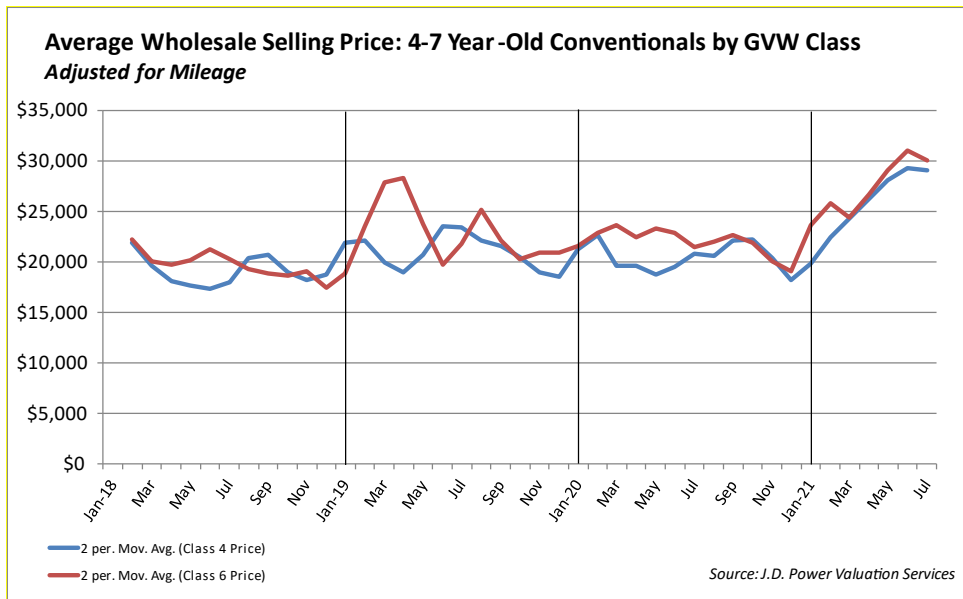
Trucks are still generally appreciating, and comparisons vs. 2020 and 2019 remain extremely strong.

Looking at Class 4 conventionals, average pricing for our benchmark group was \$28,958, \$140 (0.5%) lower than June, and \$9,268 (47.1%) higher than July 2020. The first 7 months of 2021 are now running 29.2% ahead of the same period of 2020, and 21.2% higher than the same period of 2019. Trucks in this segment have appreciated an average of 4.8% per month so far in 2021.

Class 6 conventional pricing averaged \$28,441 in July, \$3,096 (9.8%) lower than June, and \$10,517 (30.5%) higher than July 2020. The first 7 months of 2021 are running 26.1% ahead of the same period of 2020, and 16.4% higher than the same period of 2019. Trucks in this group have gained an average of 2.8% per month so far in 2021.

Despite worsening regional COVID outbreaks, most economists predict continued macroeconomic strength into next year. The ongoing new truck shortage should keep the supply/demand balance for used medium duty trucks solidly on the seller’s side in upcoming months.

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



FORECAST

The economic reopening continues to be held back by local and regional outbreaks of the Delta variant of COVID. Vaccinations have finally passed the 70% mark nationwide (for eligible people), but certain regions are much lower, and the rate in many states is downright pitiful. The economy won’t return to normal until the virus is for all intents and purposes behind us, and that requires more people in COVID hot spots to get vaccinated.

Despite the renewed outbreaks, most economists predict strong economic conditions into 2022, so the demand side looks good. Supply is usually the overarching factor in used truck pricing, and as of this writing in mid-August, the microchip crisis and rolling shortages of other assorted parts show no signs of alleviating to any great extent. This means new truck availability will remain constrained, limiting supply of trades. This situation has lasted longer than we predicted, and at this point we’re not even sure there will be much improvement through the end of the year. Like everyone else, we’ll be talking with our OEM contacts to get a feel for the production environment and watching the auctions for any notable increase in fleet trades.

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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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