

AUGUST 2022 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Auction volume was lower than June but is trending generally upward as fleets offload their highest-mileage units and owner-operators either leave the industry or go to work for a company. As the averages below suggest, the depreciation gap between lower- and higher-mileage trucks continues to widen.

Looking at two- to six-year-old trucks, July's average pricing for our benchmark truck was:

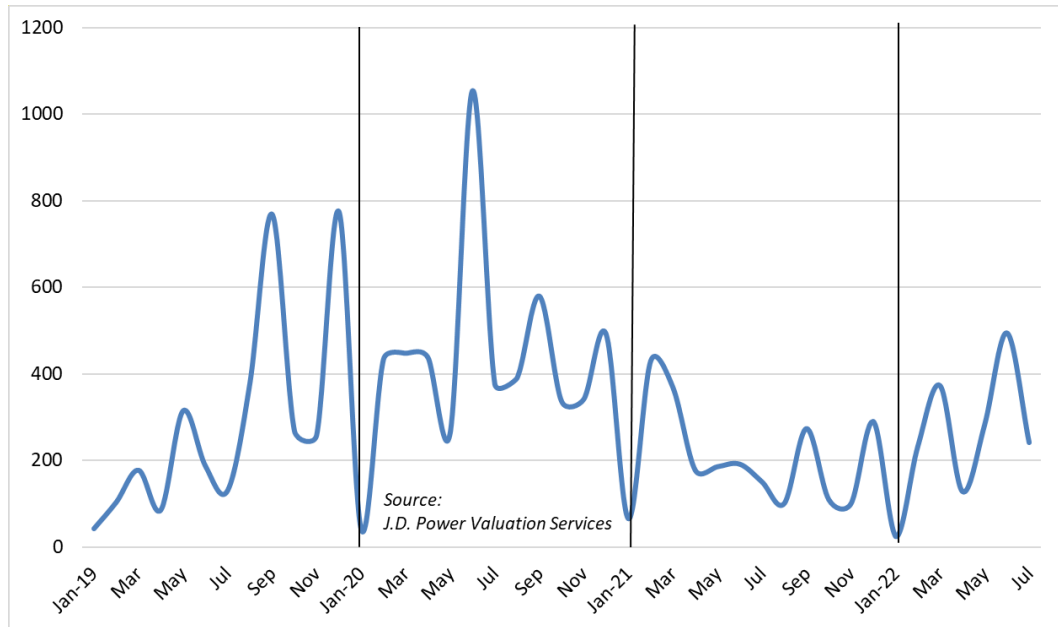
- Model year 2021: \$145,278; \$8,611 (5.6%) lower than June
- Model year 2020: \$116,840; \$5,839 (5.3%) higher than June
- Model year 2019: \$80,347; \$380 (0.5%) lower than June
- Model year 2018: \$61,323; \$14,318 (18.9%) lower than June
- Model year 2017: \$42,778; \$7,329 (14.6%) lower than June

In July, three- to five-year-old trucks averaged 3.3% less money than June, but 9.6% more money than July 2021. Year over year, late-model trucks sold in the first seven months of 2022 averaged 68.6% more money than the same period of 2021. Year to date, four- to six-year-old sleepers have depreciated 7.1% per month on average.

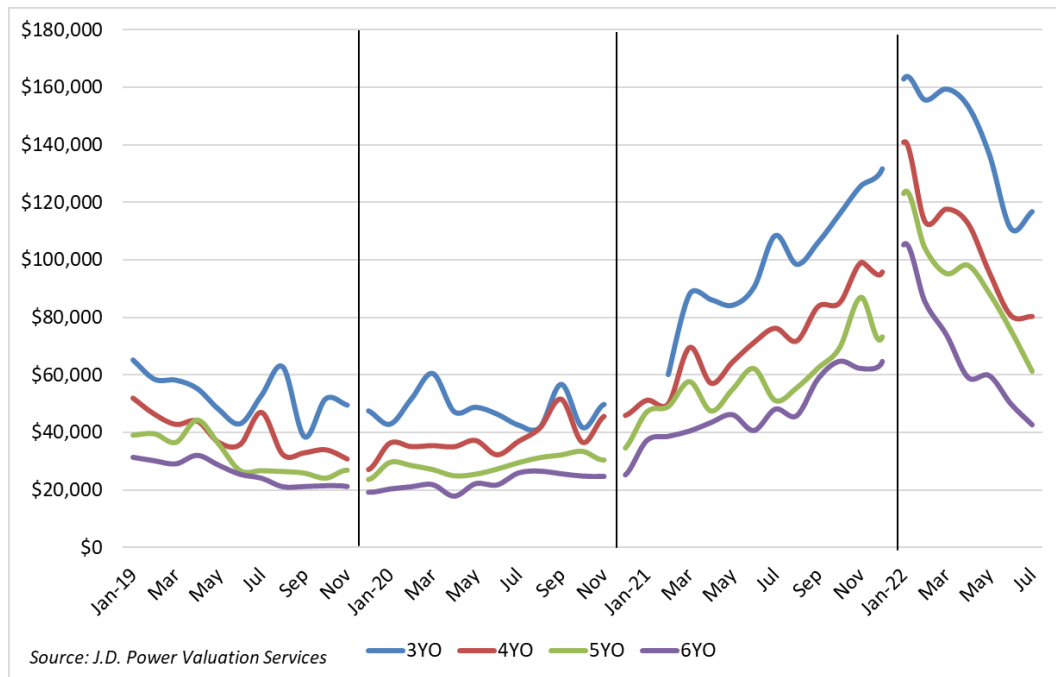
In July, late-model trucks were still bringing 50.5% more money than the last pre-pandemic peak month of January 2019, so values are still extremely high by historical standards. Pricing will continue to fall closer to historical norms as demand returns to a more rational level.

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



CLASS 8 RETAIL UPDATE

July saw a smaller month-over-month drop than June, suggesting buyers are still out there for the most desirable trucks in the marketplace.

The average sleeper tractor retailed in July was 66 months old, had 435,581 miles and brought \$108,041. Compared with June, this average sleeper was three months newer, had 28,774 (6.2%) fewer miles, and brought \$600 (0.6%) less money. Compared with July 2021, this average sleeper was seven months newer, had 17,669 (3.9%) fewer miles, and brought \$38,436 (55.2%) more money.

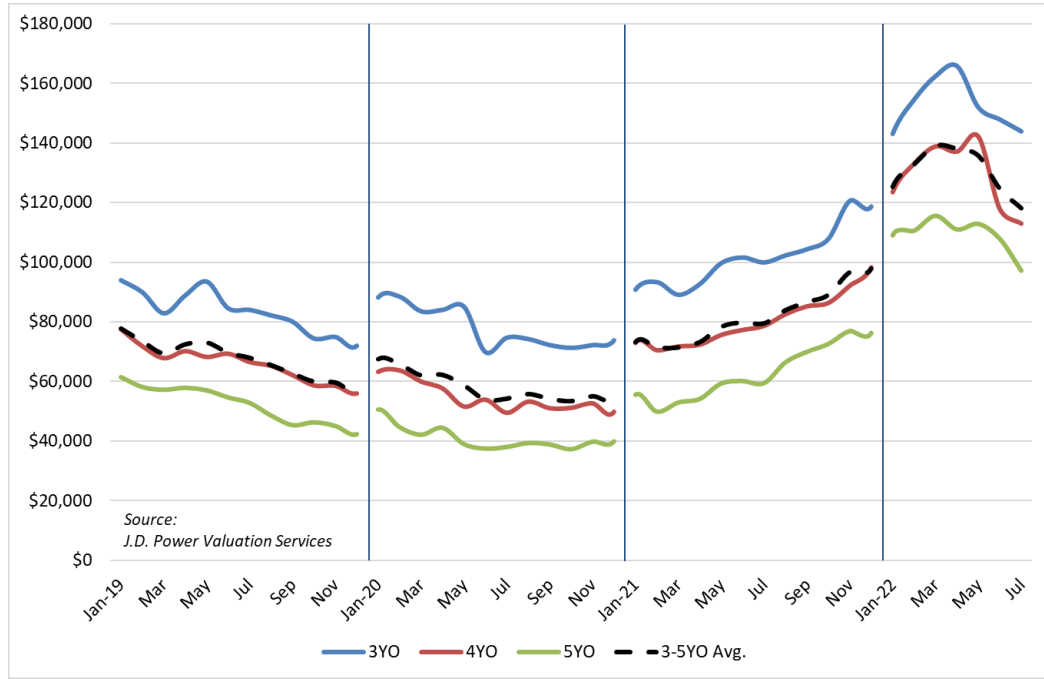
Looking at two- to six-year-old trucks, July's average pricing was as follows:

- Model year 2021: \$154,415; \$27,888 (15.3%) lower than June
- Model year 2020: \$143,799; \$3,962 (2.7%) lower than June
- Model year 2019: \$112,976; \$4,867 (4.1%) lower than June
- Model year 2018: \$97,244; \$10,655 (9.8%) lower than June
- Model year 2017: \$72,815; \$8,487 (10.4%) lower than June

This month's average for model-year 2021 is misleading due to a mix of trucks with substantially higher mileage in a relatively small sample. Our mileage adjustment was inadequate to fully smooth the effect. On an individual basis, trucks with average mileage for that year did not change appreciably in value, indicating trucks with under 400,000 miles are still in very high demand.

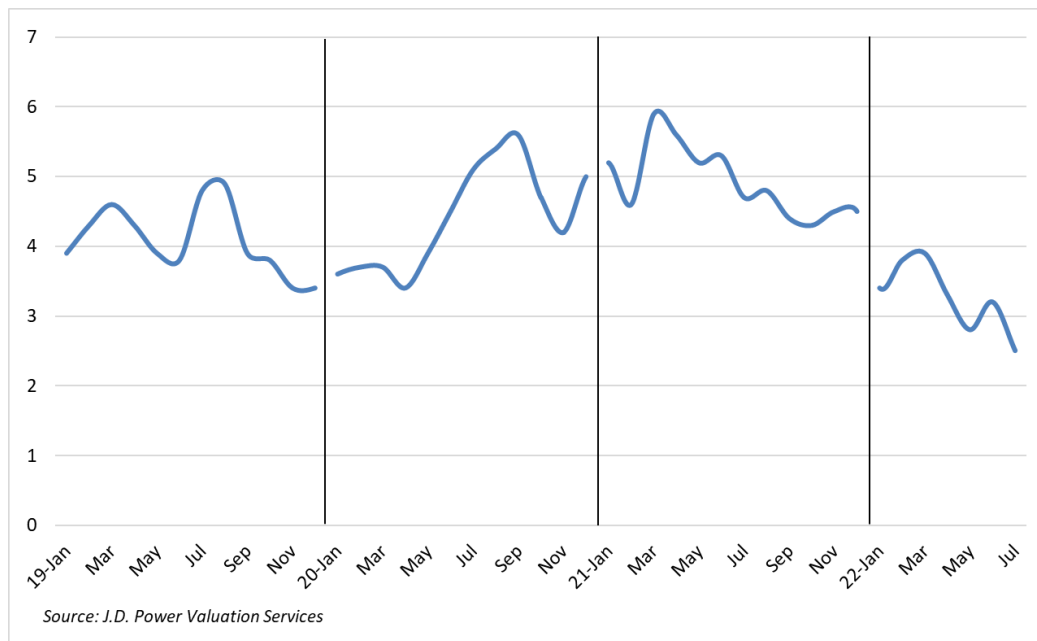
Otherwise, three- to five-year-old trucks brought an average of 5.2% less money in July than June. Trucks in this age group brought 73.5% more money in the first seven months of 2022 than the same period of 2021. Depreciation is averaging 1.0% per month in 2022, but looking at only the most recent three months, that number increases to 4.3%. Despite downward movement, retail pricing is still roughly 50% higher than the last pre-pandemic peak in late 2018.

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



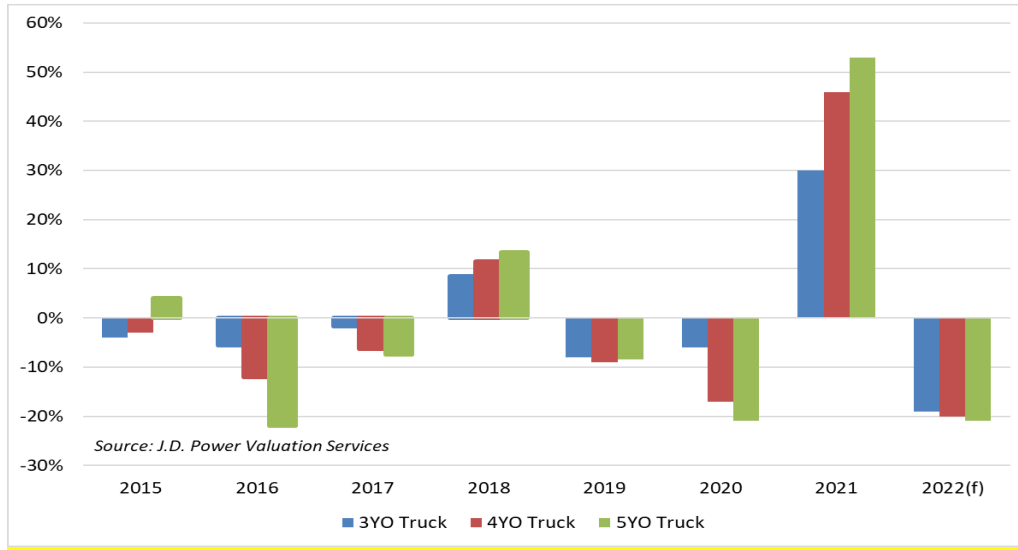
Dealers retailed an average of 2.5 trucks per rooftop in June, 0.7 fewer than June, and the lowest result since we adopted the current methodology in January 2009. The potential pool of buyers continues to recalibrate to a more typical freight environment.

Number of Trucks Retailed per Dealership Rooftop

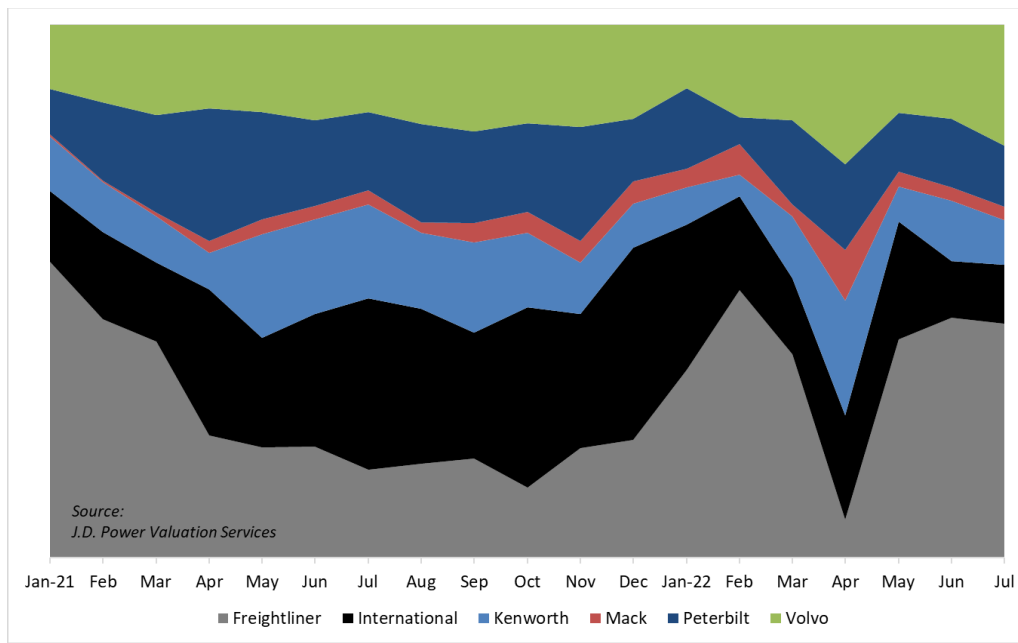


By the end of this year, retail pricing will almost certainly be lower than the end of 2021. However, the calendar-year 2022 average could still end up higher than the calendar-year 2021 average. August and September results will provide greater insight into retail demand.

Retail Price History/Forecast: Percent Change Year Over Year



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

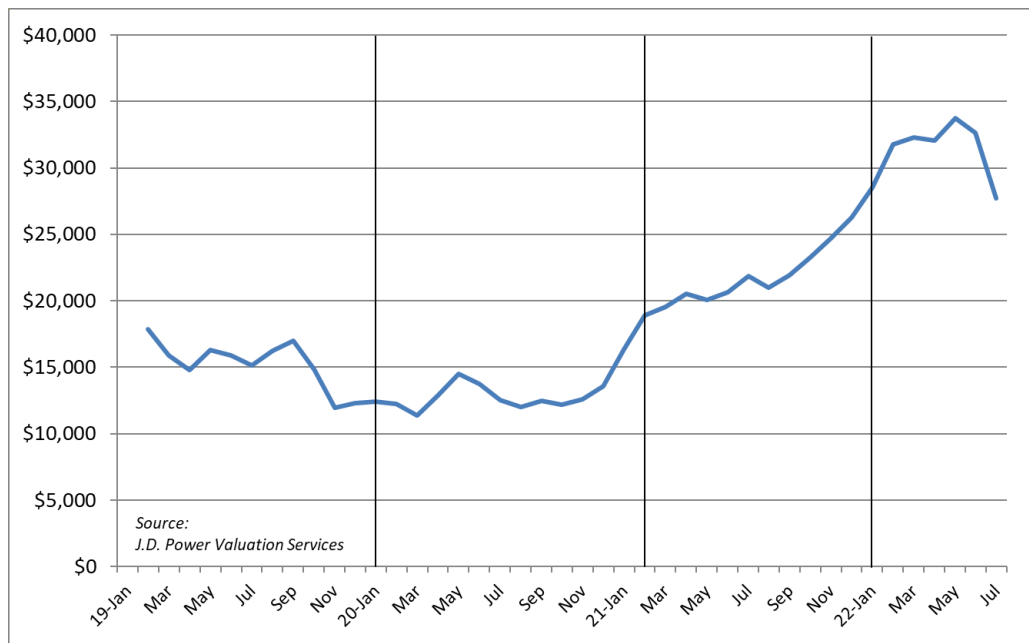


MEDIUM DUTY UPDATE

Medium duty segments had another somewhat lackluster month, with the market placing less value on older and higher-mileage trucks. More desirable trucks continue to bring very strong money, and year-over-year comparisons are still extremely positive across the board.

Starting with Class 3-4 cabovers, our benchmark group averaged \$25,386 in July. This figure is \$4,690 (15.6%) lower than June, but \$3,806 (17.6%) higher than July 2021. The first seven months of 2022 are running 53.5% ahead of the same period of 2021. Trucks in this segment have lost an average of 1.3% per month on average. This month's result is the lowest in nine months, and the first to show clear movement away from the year-to-date average. We have some thoughts on this development but will see what August results bring before making any judgment.

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



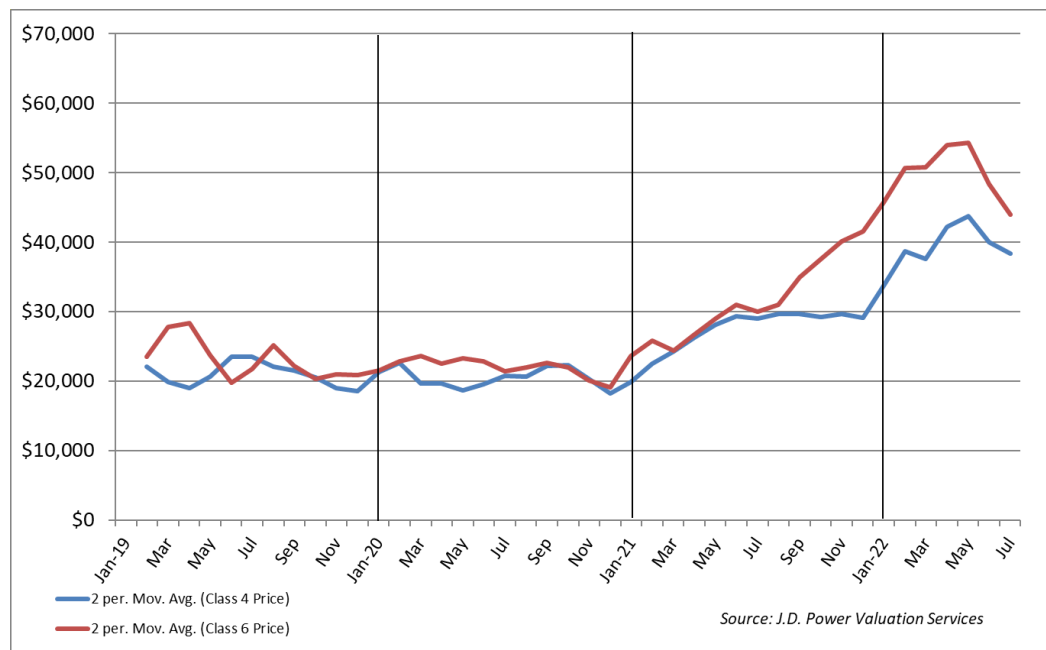
Looking at Class 4 conventionals, average pricing for our benchmark group was \$36,357 in July, \$3,962 (9.8%) lower than June and \$7,399 (25.6%) higher than July 2021. The first seven months of 2022 are running 55.1% ahead of the same period of 2021. Average monthly price movement is still flat for the year.

Class 6 conventionals averaged \$41,475 in July, \$4,483 (10.3%) lower than June but \$13,809 (49.9%) higher than July 2021. The first seven months of 2022 are running 78.5% ahead of the same period of 2021. Trucks have lost an average of 1.8% of value

per month so far this year. Lower pricing for higher-mileage trucks was primarily responsible for the lower month-over-month pricing.

Although July was the second consecutive month of flat to downward average pricing, the medium duty environment is very strong by historical standards, and it will take notable degradation in macroeconomic conditions to cause any real pullback in pricing in upcoming months.

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



FORECAST

As we've often said, truck supply needs to be viewed in the context of the freight market. Auction volume is trending upward, but supply is not the reason for the pricing downturn. Demand is returning to a more typical level in a post-bubble freight rate environment.

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@jdpva.com.