

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

November 2020

J.D. Power Valuation Services



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SUMMARY

Class 8 Market Took a Breather in October

Class 8 pricing was generally stable in October while volume pulled back. Medium duty trucks were mixed.

CLASS 8 AUCTION UPDATE

Fewer auctions on the calendar in October meant volume looked more like August than September. The sales that did occur did not give us much to go on in terms of market analysis, particularly for the newest model years. Looking beyond the figures below, pricing appeared stable following September's healthy increase. Don't be concerned about the model-year 2017 result – it's based on a very small sample of high-mileage trucks, and not necessarily representative of actual conditions. Otherwise, here's the average pricing detail for our benchmark truck.

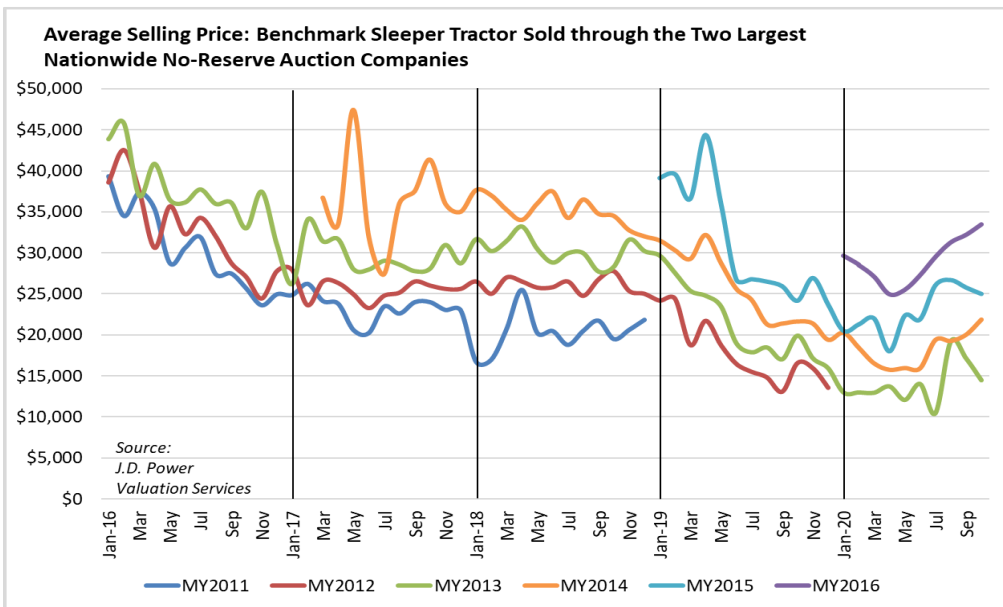
- Model year 2017: \$36,500 average; \$15,042 (29.2%) lower than September
- Model year 2016: \$33,500 average; \$1,272 (3.9%) higher than September
- Model year 2015: \$25,000 average; \$775 (3.0%) lower than September
- Model year 2014: \$21,850 average; \$1,850 (9.3%) higher than September
- Model year 2013: \$14,050 average; \$2,671 (18.2%) lower than September

Month-over-month, our benchmark group of 4-6 year-old trucks brought 13.3% less money. In the first 10 months of 2020, pricing averaged 9.9% lower than the same period of 2019. Despite this decline, pricing in the 2nd half of 2020 is still running well ahead of 2019. Thanks to this year's recovery, our benchmark truck now shows an average monthly price gain of 2.8% per month in 2020.

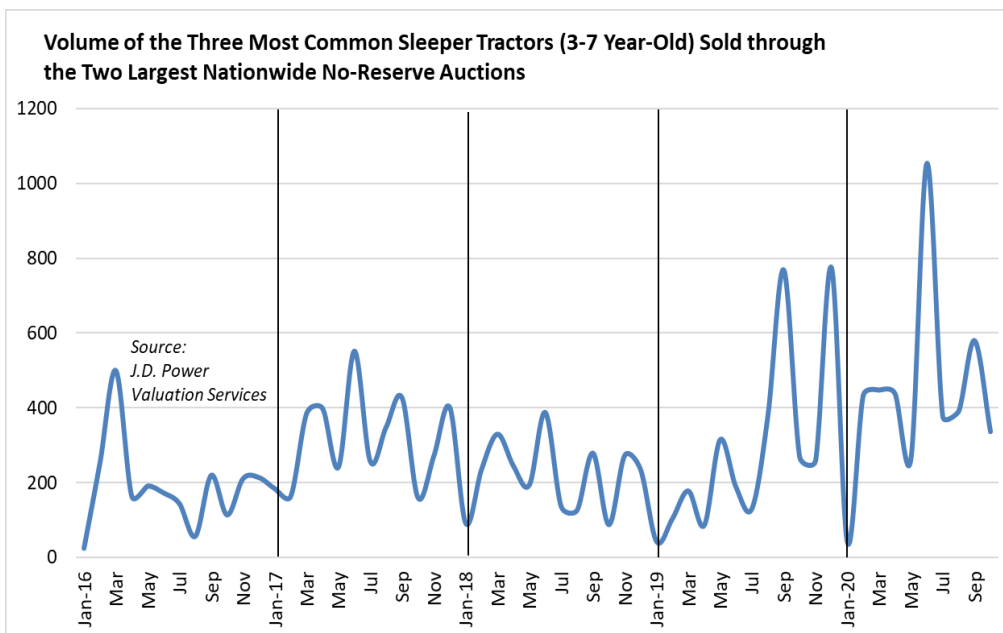
... pricing in the 2nd half of 2020 is still running well ahead of 2019.

Again, we're not drawing any conclusions about market conditions based on the relatively small sample size of sales this month. That said, we have been predicting a 4th quarter plateau, so we'll continue to watch sales results and listen to your feedback to track how pricing unfolds through the end of the year.

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

The volume of lower-spec trucks selling in the retail channel continues to creep up, impacting our averages. Despite this factor, monthly depreciation remains in the historically-typical range.

The average sleeper tractor retailed in October was 68 months old, had 451,925 miles, and brought \$43,854. Compared to September, this average sleeper was one month newer, had 17,933 (3.80%) fewer miles, and brought \$1,788 (4.3%) more money. Compared to October 2019, this average sleeper was 4 months newer, had 12,747 (2.8%) more miles, and brought \$6,727 (13.3%) less money.

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

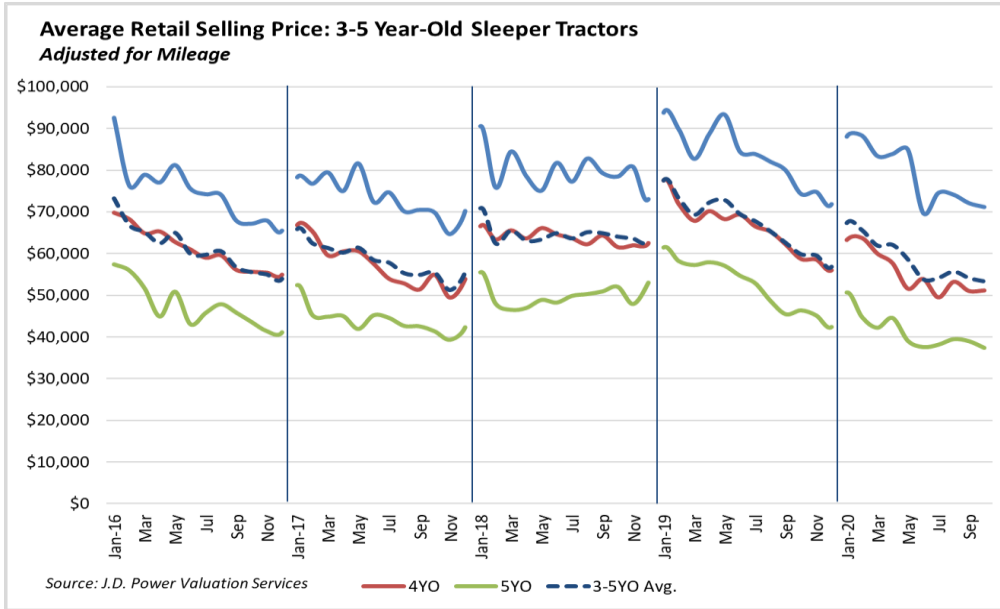
- Model year 2019: \$93,179; \$1,118 (1.2%) higher than September
- Model year 2018: \$71,246; \$932 (2.7%) lower than September
- Model year 2017: \$51,254; \$121 (0.2%) higher than September
- Model year 2016: \$37,409; \$1,602 (4.1%) lower than September

Month-over-month, late-model trucks brought 1.5% less money. In the first 10 months of 2020, pricing averaged 15.1% lower than the same period of 2019. Depreciation in 2020 is now averaging 2.4% per month, a 0.4% improvement from last month, and in the historically-typical range.

October's retail averages were held back a bit by a larger volume of lower-spec trucks in the data, particularly for model-year 2016. Certain makes and models may start to see a more notable volume-related impact on pricing if this trend continues.

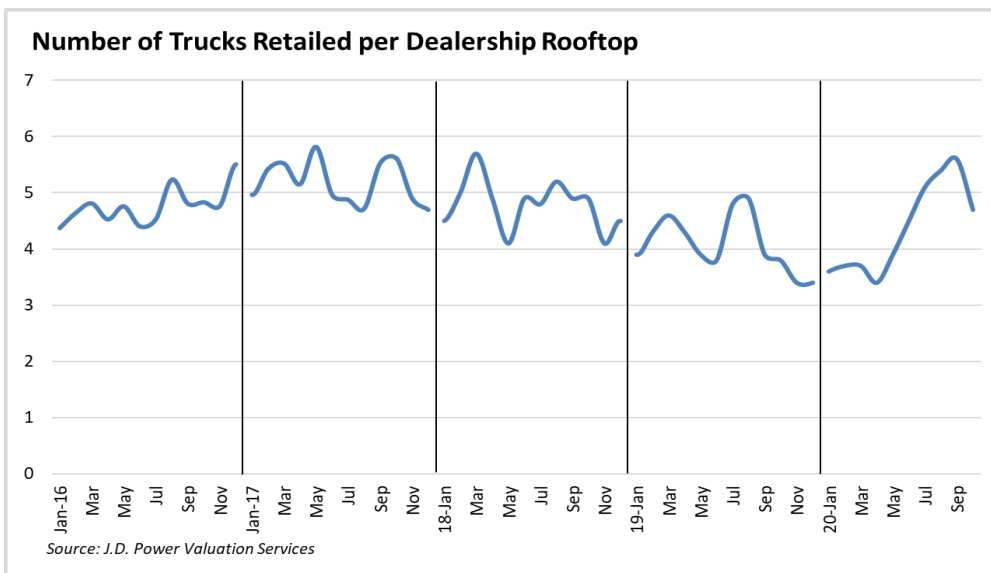
Depreciation in 2020 is now averaging 2.4% per month, a 0.4% improvement from last month...

See the "Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors" graph for detail.



Dealers retailed an average of 4.7 trucks per rooftop in October, a substantial 0.9 truck drop from September, but 0.9 truck higher than last October. The 4th quarter is not typically strong for retail traffic, but we were hoping 3rd quarter strength would continue. Still, 4.7 trucks per rooftop is better than any month since last August.

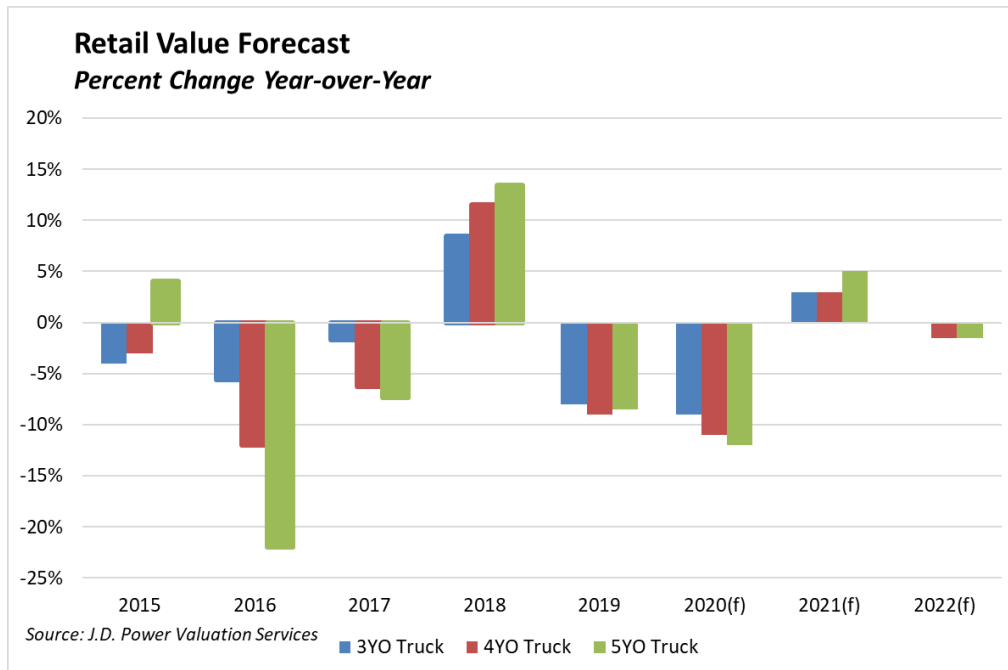
See the "Number of Trucks Retailed per Dealership Rooftop" graph for detail.



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Our Retail Value Forecast for the remainder of 2020 and first half of 2021 shouldn't change notably unless there is some major disruption to the economy.

See the "Retail Value Forecast" graph for a look at how we see used truck pricing unfolding over the next four years. Note our residual value forecasts (available by subscription, not included here) provide a much more detailed analysis of future pricing.



Medium Duty Trucks

Lighter-GVW trucks fared better than their heavier counterparts in October.

Starting with Class 3 – 4 cabovers, October's average for our benchmark group was \$11,981, \$394 (3.2%) lower than September, and \$240 (2.0%) higher than October 2019. Volume was up moderately month-over-month. Pricing in the first 10 months of 2020 is averaging 20.9% lower than the same period of 2019. However, the 2nd half has been remarkably stable, and average monthly depreciation year-to-date is negligible.

Looking at Class 4 conventionals, average pricing for our benchmark group was \$21,675, \$1,123 (4.9%) lower than September, and \$2,995 (16.0%) higher than October 2019. Volume was up substantially. Pricing in the first 10 months of

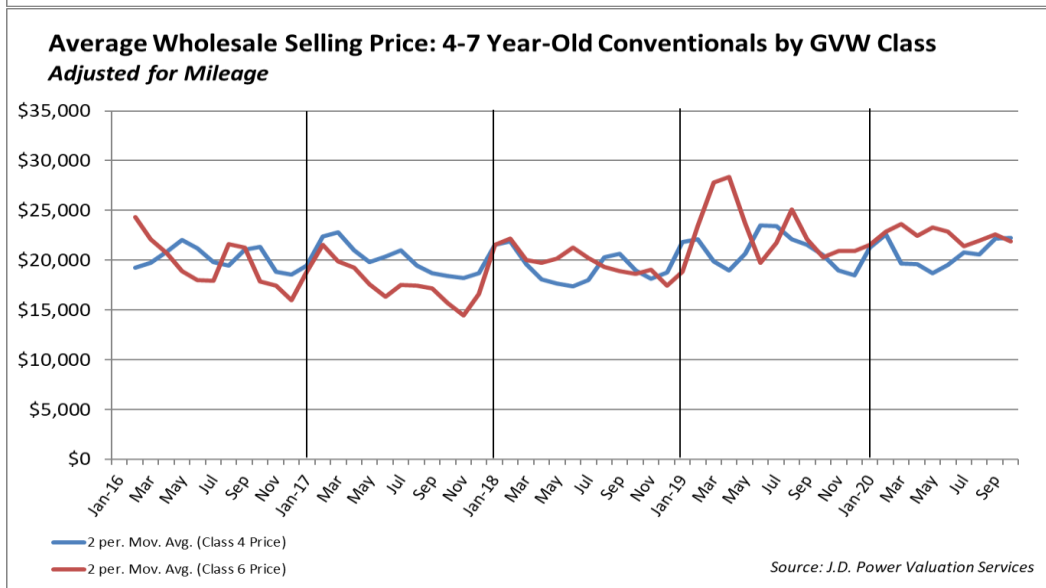
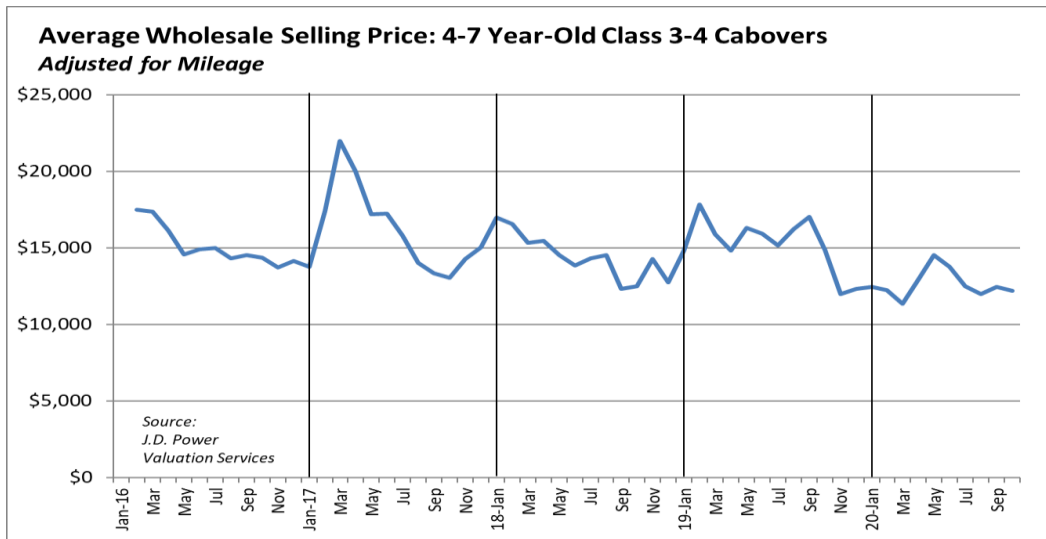
Lighter-GVW trucks fared better than their heavier counterparts in October.

2020 is averaging 2.5% lower than the same period of 2019. Average monthly depreciation remains at 0 for the year.

Class 6 conventional pricing averaged \$20,737 in October, \$2,365 (10.2%) lower than September, and \$797 (3.7%) lower than October 2019. Volume was down moderately. Pricing in the first 10 months of 2020 is averaging 5.5% lower than the same period of 2019. Despite October's decrease, average monthly depreciation is still well under 1% for the year.

See the "Average Wholesale Selling Price: 4-7 Year-Old Class 3-4 Cabovers" and "Average Wholesale Selling Price: 4-7 Year-Old Conventionals by GVW Class" graphs for detail.

Average monthly depreciation is still well under 1% for the year.



Forecast

Hear any interesting news lately? As of this writing, the economy appears to be shrugging off the Presidential election/transition mess. As long as the Federal Reserve keeps rates near zero and development of a COVID vaccine continues to progress, Wall Street sees business as usual. Two items of concern are the spiking COVID caseload in many states (which will continue to get worse as winter sets in), and the cessation of the CARES Act, Paycheck Protection Plan, and other stimulus. The net result of these factors could be negative to the employment picture. Keep watching that metric.

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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 Costa Mesa, California, 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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