

MAY 2023 COMMERCIAL VEHICLE MARKET UPDATE

CLASS 8 AUCTION UPDATE

Sales volume was mildly lower in April 2023 than March's substantial total but it remains elevated as excess capacity is offloaded.

Looking at three- to seven-year-old trucks, average pricing for our benchmark truck in April was:

- Model year 2021: \$102,000; \$15,000 (17.2%) higher than March
- Model year 2020: \$59,729; \$4,588 (7.1%) lower than March
- Model year 2019: \$46,981; \$3,430 (6.8%) lower than March
- Model year 2018: \$32,371; \$3,997 (11.0%) lower than March
- Model year 2017: \$24,924; \$532 (2.1%) lower than March

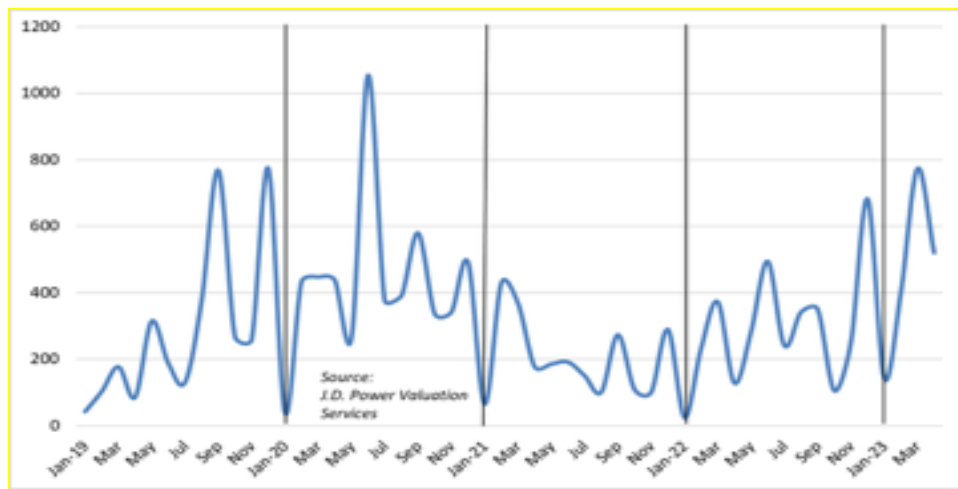
As mentioned a month ago, expect substantial swings in the model-year 2021 average due to very low volume. This month's result is probably more representative of actual market conditions.

With that in mind, late-model trucks averaged 8.0% less money in April than March, and 48.5% less money than April 2022. In the first four months of 2023, late-model sleepers brought 47.0% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 5.8%. The newest model years available in the marketplace are bringing about 20% more money than the strong pre-pandemic period of 2018, assuming average mileage per year. If we adjust values over time to 2023 dollars, that difference drops to parity.

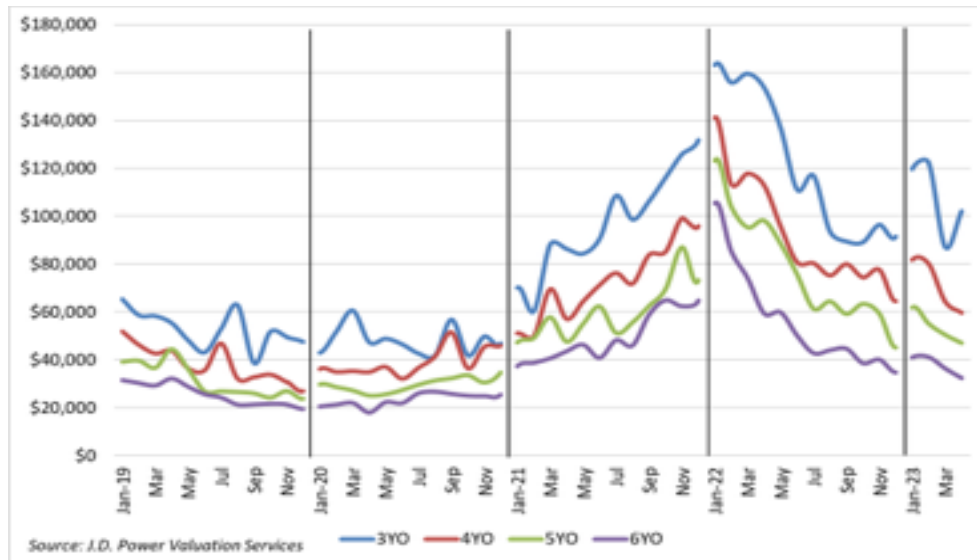
Four-year-old trucks continue to cycle through auctions in substantial numbers. Most of these trucks are off-rental units with extremely high mileage. Our averages adjust for mileage, but trucks of this age with lower mileage are bringing stronger money.

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 (Nominal Numbers)



CLASS 8 RETAIL UPDATE

The average sleeper tractor retailed in April 2023 was 68 months old, had 441,050 miles and brought \$74,621. Compared with March, this average sleeper was one month older, had 14,456 (3.2%) fewer miles and brought \$1,481 (1.9%) less money. Compared with April 2022, this average sleeper was five months newer, had 7,632 (1.7%) fewer miles and brought \$36,682 (34.1%) less money.

April's average pricing for two- to six-year-old trucks was as follows:

- Model year 2022: \$112,721; \$23,050 (17.0%) lower than March
- Model year 2021: \$114,167; \$2,402 (2.1%) higher than March
- Model year 2020: \$84,748; \$2,237 (2.6%) lower than March
- Model year 2019: \$69,336; \$801 (1.1%) lower than March
- Model year 2018: \$55,051; \$6,576 (10.7%) lower than March

Three- to five-year-old trucks brought an average of 0.2% less money than March, and 35.2% less than April 2022. The first four months of 2023 averaged 28.0% less money than the same period of 2022. Monthly depreciation in 2023 is currently averaging 4.2%. Late-model sleepers are bringing about 19% more money than the last strong pre-pandemic period of 2018, assuming average mileage per year. If we adjust values over time to 2023 dollars, that difference is slightly below that 2018 peak. The substantial decrease in the model-year 2022 average is due to a large group of one specific model selling for unimpressive money which artificially affected the average. Actual market conditions are not as bad as that figure might suggest.

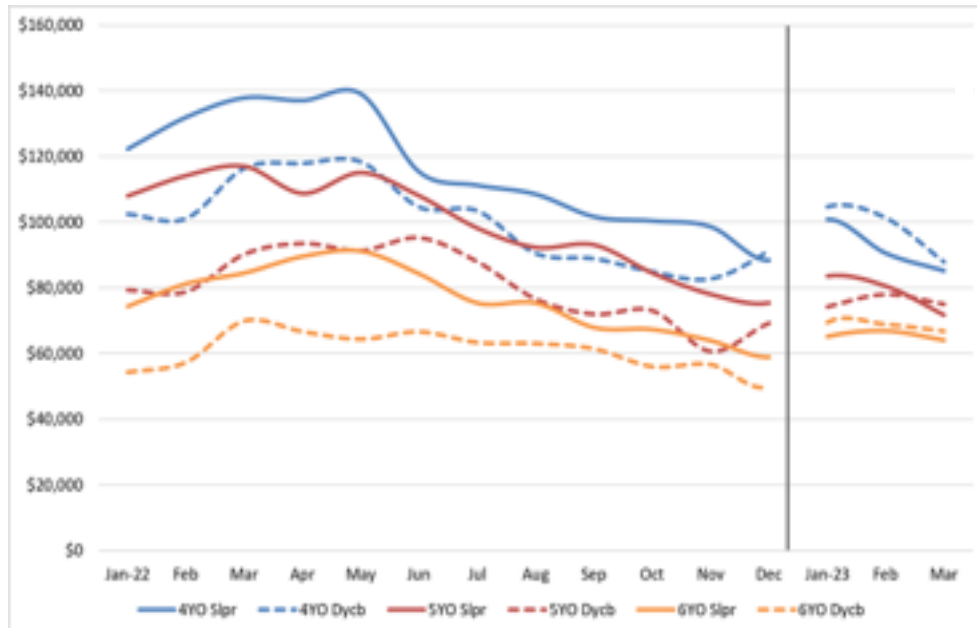
Daycabs continue to hold their value substantially better than sleepers in 2023. Due to time constraints, we were unable to update our daycab data this month. We will include an updated graph with April and May data next month.

See the graphs on the next page and the Forecast section at the end of this document for additional analysis.

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

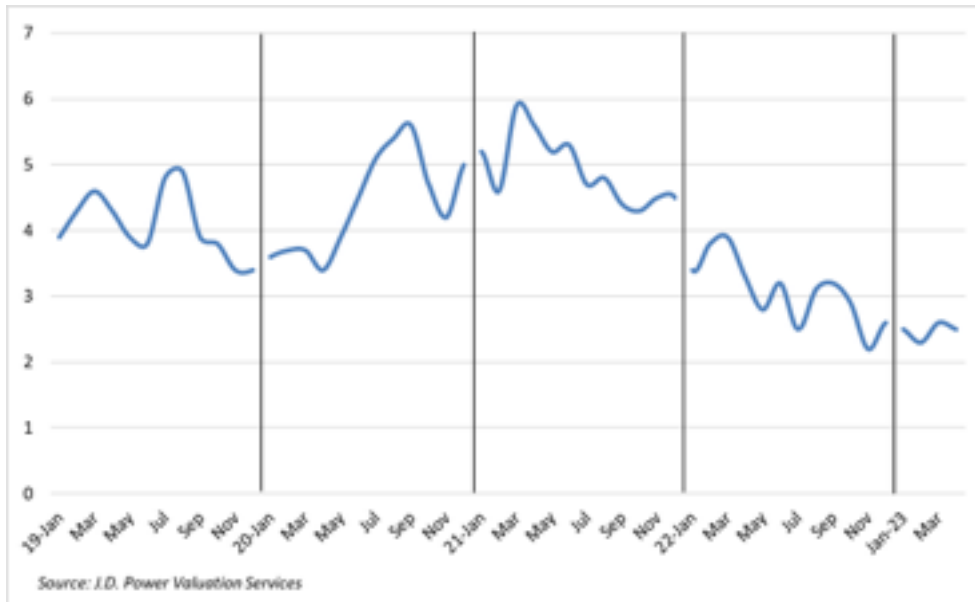


Avg. Retail Selling Price: 4- to 6-Year-Old Aerodynamic Sleepers and Daycabs, Adj. for Mileage (Nominal Numbers)

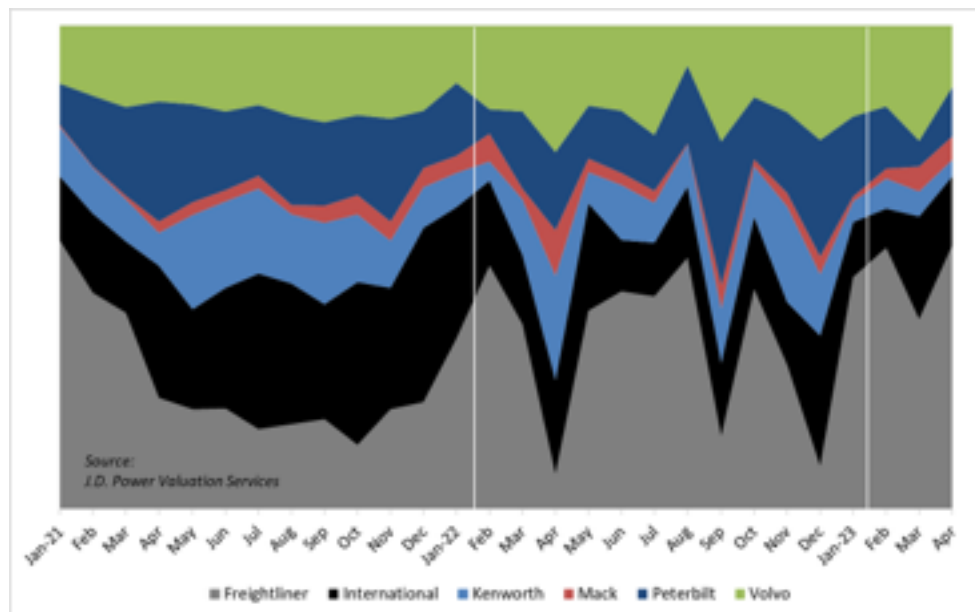


April's retail sales per rooftop averaged 2.5 trucks, 0.1 truck less than March. Spot rates, financing, and negative equity will remain headwinds through the end of the year.

Number of Trucks Retailed per Dealership Rooftop



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

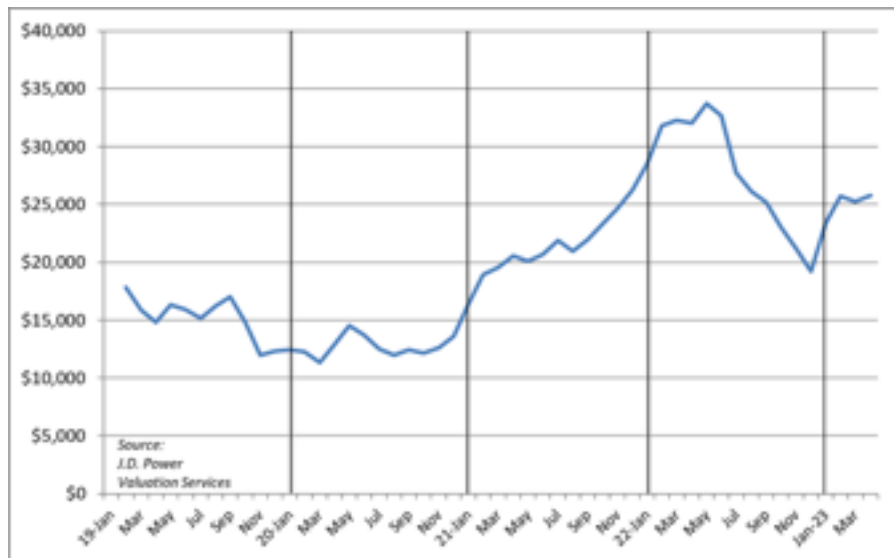


MEDIUM DUTY UPDATE

Following a strong March, medium duty pricing dipped somewhat in April, potentially due to substantially higher volume.

Class 3-4 cabover pricing in April dipped again after recovering in March, with our benchmark group averaging \$24,204. This figure is \$3,157 (11.5%) lower than March, and \$8,032 (24.9%) lower than April 2022. Trucks sold in the first four months of 2023 brought 19.4% less money than the same period of 2022. Depreciation in 2023 is currently averaging about 1.7% per month. As always, low volume of trucks sold can result in outsized month-over-month swings, and we recommend using the average depreciation figure of 1.7% as a gauge of market conditions. In general, market conditions remain strong, especially for the lowest-mileage trucks available.

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

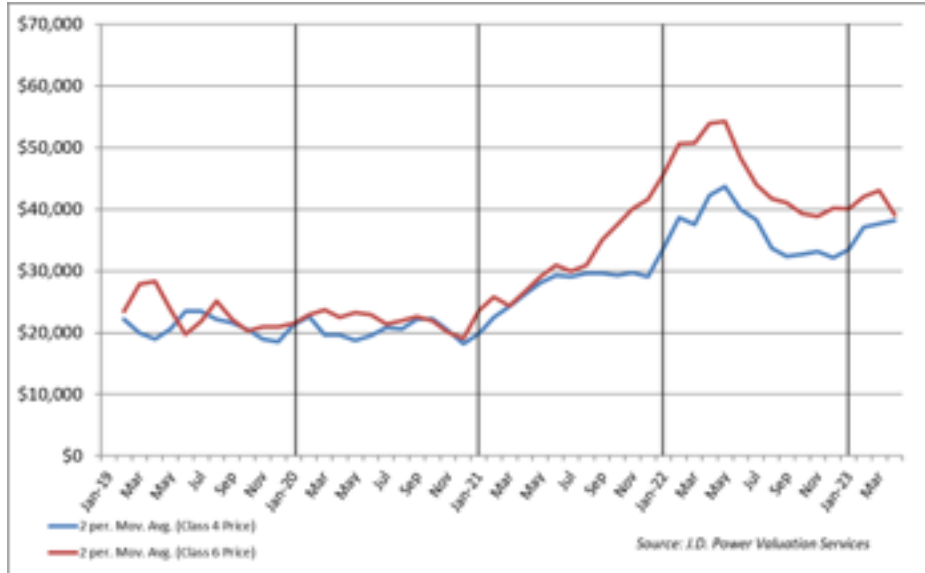


Average pricing for our benchmark group of Class 4 conventionals was \$38,205 in April, \$90 (0.2%) higher than March, and \$9,492 (19.9%) lower than an unusually strong April 2022. Trucks sold in the first four months of 2023 brought 7.1% less than the same period of 2022, but if we eliminate April 2022's outlier result, that difference drops to 1.2%. After depreciating in the second half of 2022, this segment is now mildly appreciating in 2023. Ongoing demand from a wide variety of end users combined with tight availability and high price of new trucks are contributing to market strength.

Class 6 conventionals averaged \$36,571 in April, \$4,939 (11.9%) lower than March, and \$21,554 (27.5%) lower than April 2022. Trucks sold in the first four months of 2023 brought 22.5% less than the same period of 2022. As with Class 4's, April 2022 was an unusually strong month for Class 6, leading to somewhat distorted year-over-year comparisons. Depreciation in 2023 is now averaging 2.4% per month. There were substantially more trucks sold in this segment than last month, and in fact we need to go

back to August of 2021 for a higher-volume month. This month's price decrease could be a result of increased volume, but we'll wait to see what next month brings before making any judgments.

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



FORECAST

The excess capacity created in 2020-2022 continues to cycle through the auction and retail markets. The industry still has a substantial volume of trucks to “burn off” before pricing will stabilize, and end users are facing a substantially tougher credit environment. Assuming freight conditions remain stable, we see this stabilization starting to take shape later in the summer.

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.