J.D. POWER

COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW
February 2020
J.D. Power Valuation Services

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SUMMARY

January Pricing Met Expectations

Few auctions on the calendar in January meant very little sales volume. Trucks that did sell did not bring impressive money. Retail volume was similar to December, but pricing was down. The medium duty market was mixed, with conventionals stable and cabovers somewhat weak.
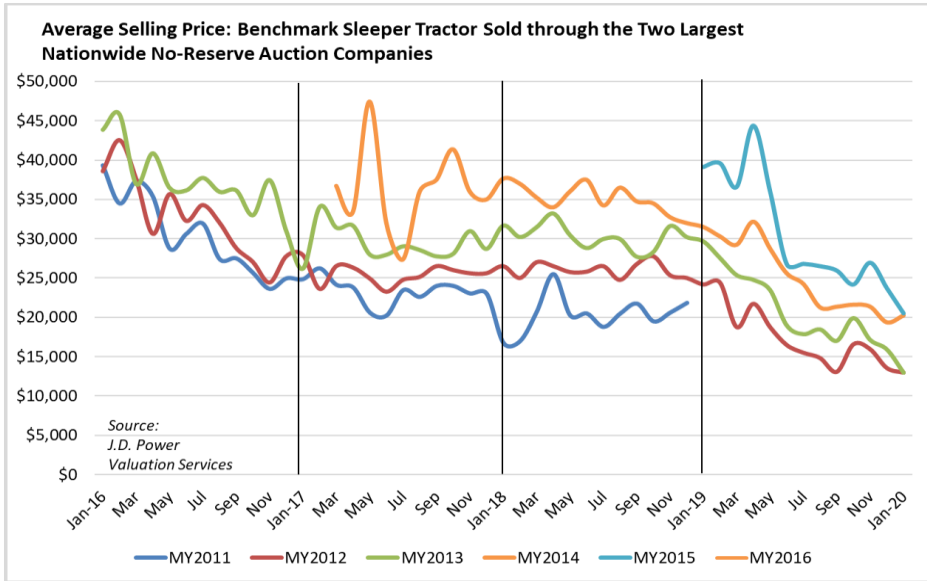
CLASS 8 AUCTION UPDATE

The volume of 4-7 year-old trucks sold at auction decreased notably in January, as is typical for that month. Pricing was mixed, with newer trucks showing the most downward movement. Note we now consider a model-year 2017 truck 4 years old. See below for detail.

- Model year 2017: Not enough data
- Model year 2016: $29,666 average; $2,615 (9.7%) higher than December
- Model year 2015: $20,500 average; $3,197 (13.5%) lower than December
- Model year 2014: $20,250 average; $847 (4.5%) lower than December
- Model year 2013: $13,000 average; $2,954 (18.5%) lower than December
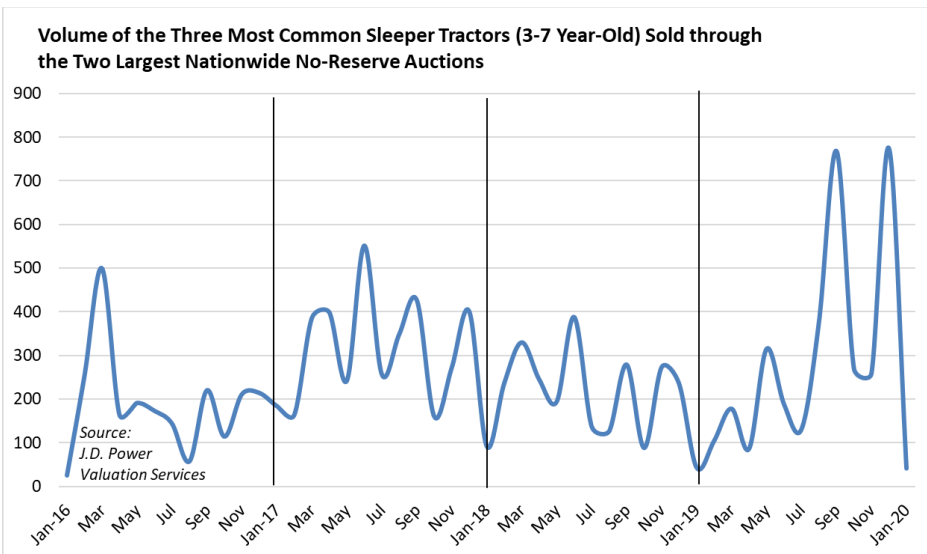- Model year 2012: $12,975 average; $584 (4.3%) lower than December

Our usual month-over-month value comparisons and depreciation averages will return next month, when there's more volume to examine. Early February auction data doesn't suggest much change in pricing, but we should be nearing the end of the worst of the devaluation.

> …we should be nearing the end of the worst of the devaluation.

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

Average Selling Price: Benchmark Sleeper Tractor Sold through the Two Largest Nationwide No-Reserve Auction Companies

Source: J.D. Power Valuation Services

Legend: MY2011 · MY2012 · MY2013 · MY2014 · MY2015 · MY2016

Pricing was mixed, with newer trucks showing the most downward movement.

Volume of the Three Most Common Sleeper Tractors (3-7 Year-Old) Sold through the Two Largest Nationwide No-Reserve Auctions

Source: J.D. Power Valuation Services

CLASS 8 RETAIL UPDATE

Pricing was unimpressive in January, as is typically the case for that month. The mix of trucks sold trended to higher mileage, with models that typically bring less money comprising a good portion of our data. Regardless of these factors, an apples-to-apples comparison of any given truck puts January lower than December.

The average sleeper tractor retailed in January was 70 months old, had 468,378 miles, and brought $46,459. Compared to December, the average sleeper was 1 month newer, had 12,682 (2.6%) fewer miles, and brought $1,549 (1.8%) more money. Compared to January 2019, this average sleeper was identical in age, had 1,229 (0.3%) more miles, and brought $9,938 (17.6%) less money.

Looking at trucks two to five years of age, January's average pricing was as follows. Note we now consider a model-year 2019 truck 2 years old:

- Model year 2019: $109,345; $5,187 (4.5%) lower than December
- Model year 2018: $88,184; $4,041 (4.4%) lower than December
- Model year 2017: $63,322; $8,619 (12.0%) lower than December
- Model year 2016: $50,057; $6,017 (10.7%) lower than December

Year-over-year, late-model trucks sold in January 2020 brought an average of 13.5% less money than January 2019. Month-over-month comparisons will return next month. Pricing is still similar to the last market bottom in 2016.

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

...late model trucks sold in January 2020 brought an average of 13.5% less money than January 2019.

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

Source: J.D. Power Valuation Services   — 4YO   — 5YO   - - - 3-5YO Avg.
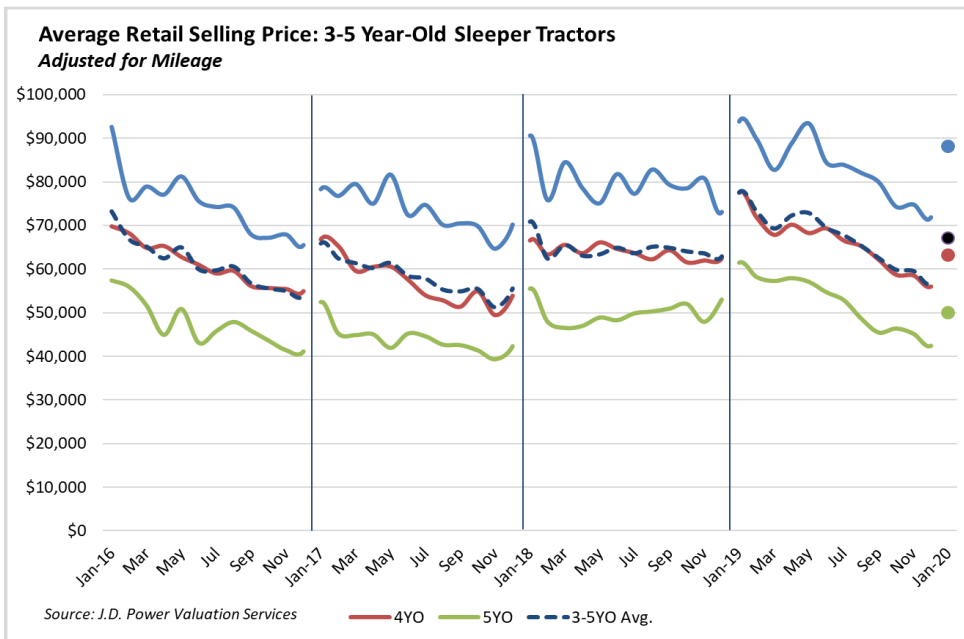
Dealers retailed an average of 3.6 trucks per rooftop in January, a slight uptick from December, and mildly encouraging in a month that typically sees low volume.

See the "Number of Trucks Retailed per Dealership Rooftop" graph for detail.
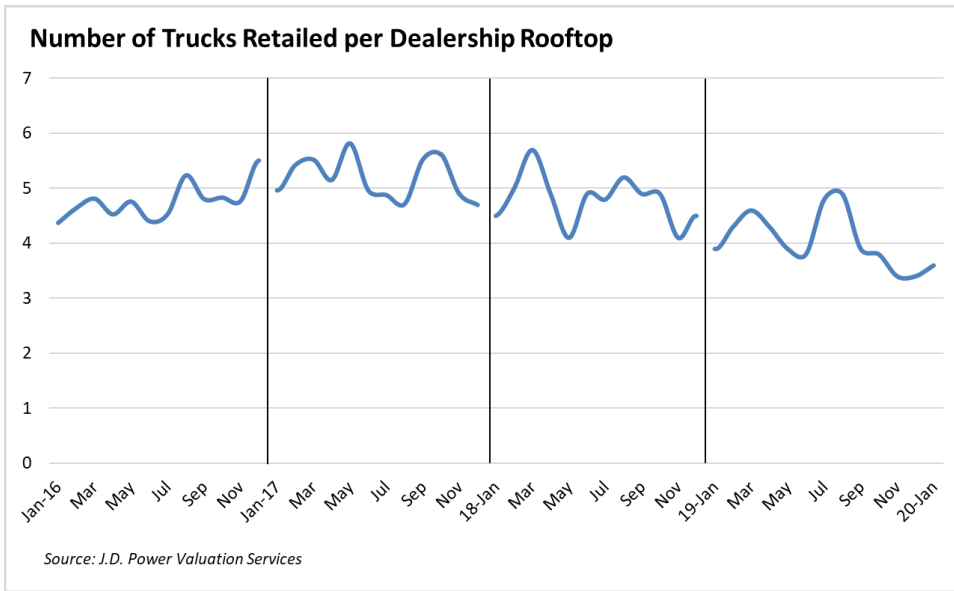
Number of Trucks Retailed per Dealership Rooftop
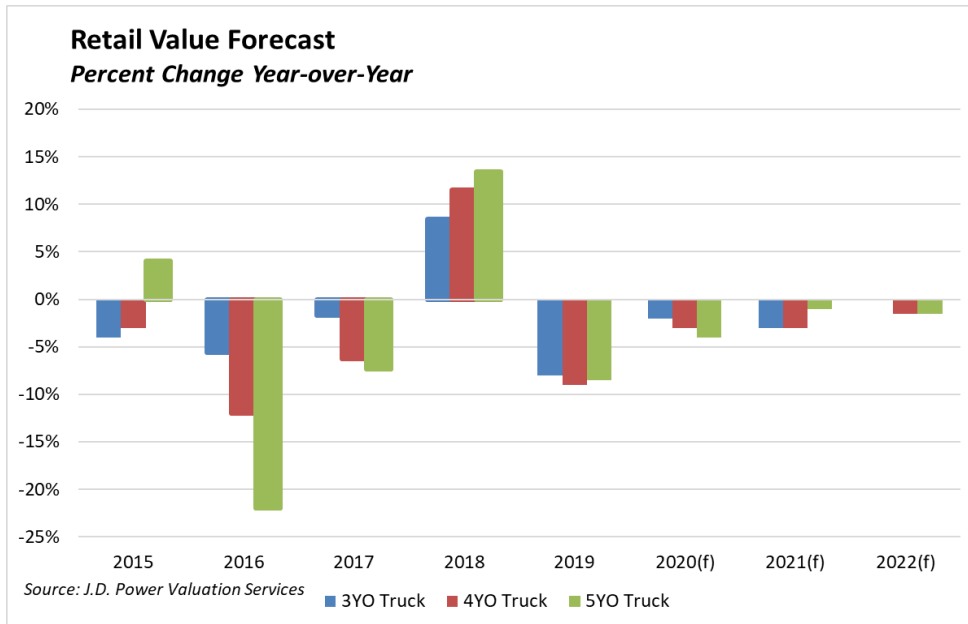
Source: J.D. Power Valuation Services

Dealers retailed an average of 3.6 trucks per rooftop in January, a slight uptick from December…

Looking forward, there will be fewer trade returns this year compared to last, but these trucks will enter a market already oversaturated. Assuming general economic conditions remain roughly consistent, we expect depreciation to relax in the spring, with the supply/demand relationship looking best in the summer. Then in the months leading up to the Presidential election, depreciation should accelerate moderately as it usually does in the fall of an election year.

The industrial side of the economy finally picked back up in January, which was a welcome change from the disappointing second half of 2019. If the industrial sector stays in neutral or positive territory, our pricing forecasts will become more positive.

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

Retail Value Forecast
Percent Change Year-over-Year

Source: J.D. Power Valuation Services
■ 3YO Truck ■ 4YO Truck ■ 5YO Truck

Medium Duty Trucks

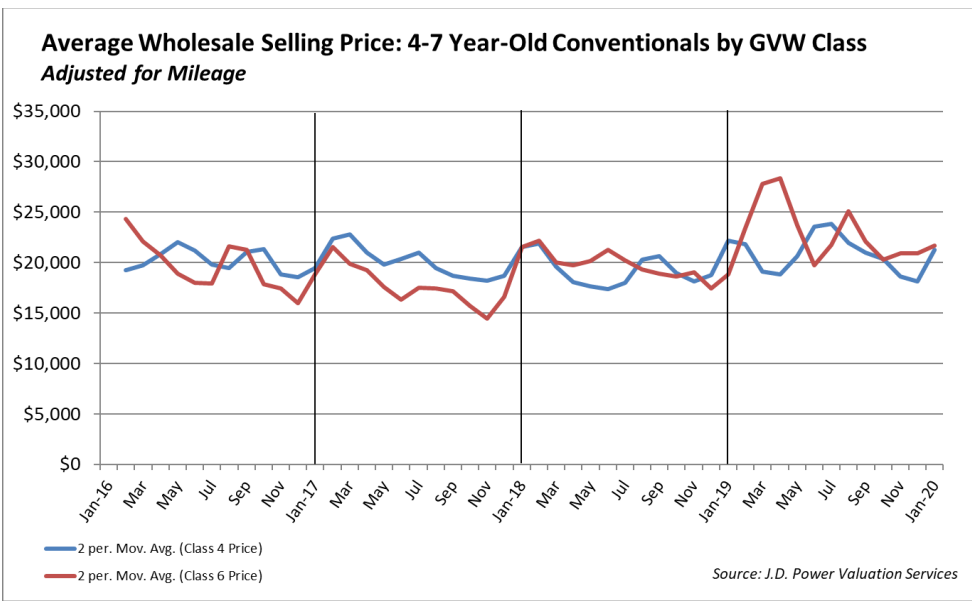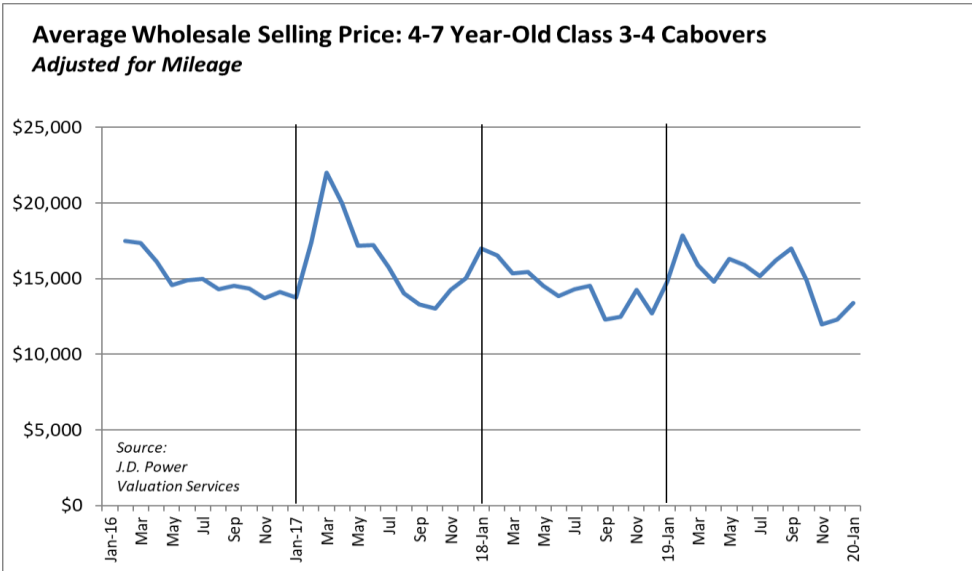Conventionals were largely stable in January, while cabovers did not have a strong month.

Starting with Class 3 – 4 cabovers, January's average was $14,319, $4,537 (14.0%) lower than January 2019, and $1,879 (15.1%) higher than December 2019. Average monthly depreciation figures will return next month.

Looking at Class 4 conventionals, pricing for 4-7 year-old trucks in January was similar year-over-year. Average pricing for our benchmark group was $24,855, $406 (1.6%) lower than January 2019. Month-over-month and average monthly depreciation figures will return next month.

Class 6 conventional pricing was very similar year-over-year as well as month-over-month. In January, our benchmark group averaged $21,853, $402 (1.9%) higher than December, and $394 (1.8%) higher than January 2019. Average monthly depreciation figures will return next month.

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.

Conventionals were largely stable in January, while cabovers did not have a strong month.

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

Source:
J.D. Power
Valuation Services

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

2 per. Mov. Avg. (Class 4 Price)
2 per. Mov. Avg. (Class 6 Price)

Source: J.D. Power Valuation Services

Class 6 conventional pricing was very similar year-over-year as well as month-over-month.

Forecast

We'll have a better sense of market conditions next month, after we have a full two months of 2020 data to crunch. We don't expect any major changes in market conditions other than what is mentioned above.

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
Chris Visser
703.610.7067
Chris.Visser@jdpa.com

Director Sales and Customer Service
Dan Ruddy
703.749.4707
Dan.Ruddy@jdpa.com