MAY 2018

- Predicted influx of trades has not yet hit the market
  Stronger demand keeping depreciation to a minimum

- Dealerships reporting better traffic
  Red-hot freight market helping to move iron

- Medium Duty segments mixed
  Cabovers recover from a late-winter weakness
COMMERCIAL TRUCK MARKET TRENDS

Pricing Stronger than Expected as Supply Remains Moderate

The volume of Class 8 trades has been lower than predicted, which means pricing has been more stable than expected. Medium duty segments were mixed, with cabovers recovering from a weak February and conventional flat to downwards.

Sleeper Tractors – Auction

Volume at the auctions we monitor remains lower than predicted. The number of trades entering the market had not yet ramped up to expected levels as of April. As such, pricing remains stable. Smaller auction houses continue to move more trucks than last year.

*April auction performance of our benchmark model was as follows:*
- **Model year 2015:** $45,500 average; $4,750 [11.7%] higher than March
- **Model year 2014:** $34,000 average; $1,250 [3.5%] lower than March
- **Model year 2013:** $33,250 average; $1,750 [5.6%] higher than March
- **Model year 2012:** $26,500 average; $500 [1.9%] lower than March
- **Model year 2011:** $25,500 average; $4,750 [22.9%] higher than March

Year-over-year, trucks four to six years of age sold in the first four months of 2018 brought 20% more money than the same period in 2017. Demand has clearly picked up, but we still predict an accelerated volume of trades in upcoming months. This dynamic should keep depreciation at roughly 2% per month.

*See the “Volume of all Aerodynamic Sleeper Tractors Sold...” and “Average Selling Price: Benchmark Sleeper Tractor” graphs for detail.*
Sleeper Tractors – Retail

March’s pricing was flat to mildly upward compared to February. April looks to be another healthy month as supply remains in check.

The average sleeper tractor retailed in March was 76 months old, had 462,691 miles, and brought $48,534. Compared to February, the average sleeper was two months older, had 4,467 (1%) more miles, and brought $53 (0.1%) less money. Compared to March 2017, this average sleeper was 5 months older, had 21,237 (4.8%) more miles, and brought $623 (1.3%) less money.

Looking at trucks three to five years of age, average pricing was as follows:

Model year 2016: $84,565; $8,672 [11.4%] higher than February
Model year 2015: $65,617; $2,198 [3.5%] higher than February
Model year 2014: $46,555; $1,437 [3%] lower than February

On a year-over-year basis, late-model trucks sold in the first quarter of 2018 brought 4.8% more money than in the same period of 2017.

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

Looking at specific models, there was no notable comparative movement this month. Most models were generally stable and in-step with the larger overall market. See the “Average Retail Selling Price of Selected 3- to 5-Year-Old Sleeper Tractors” graph for detail.

Class 8 sales per dealership moved up solidly in March, coming in at 5.7 trucks per rooftop. This result is the highest in 10 months and is in line with predictions. Winter weather is behind us, the freight environment remains red-hot, and buyers are relatively optimistic about the economy, so expect more dealership traffic.
See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

Looking forward over the long term, new truck orders remain extremely high, which will add supply to a market already expected to increase in 2018. See the “Retail Value Forecast” graph for a look at how we see used truck pricing unfolding over the next four years.

**Medium Duty Trucks**

Medium duty segments were mixed in March, with results more positive than negative following a weak February.

Starting with Class 3 – 4 cabovers, March’s average pricing came in at $16,486. This figure is $2,292 (16.1%) higher than February, yet $5,989 (26.6%) lower than March 2017. March’s result splits the difference between January’s strength and February’s weakness. Demand should support pricing in upcoming months.

See the “Average Wholesale Selling Price: 4- to 7-Year-Old Class 3-4 Cabovers” graph for detail.

Class 4 conventionals lost ground for a second month, while Class 6 conventionals were essentially flat.

Specifically, Class 4’s averaged $18,921 in March. This figure is $1,369 (6.7%) lower than February, and $2,139 (10.2%) lower than March 2017. Class 6’s averaged $19,945 in March. This figure is $112 (0.6%) lower than February, and $1,377 (7.4%) higher than March 2017.

Class 4 weakness this month was due to a relatively large number of lower-priced trucks impacting the average. We do not expect major depreciation in this segment through the Summer.

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

We expect the supply of used trucks to increase noticeably as the second quarter unfolds. Demand has improved quite a bit in recent months, which will keep depreciation at around the 2% level—on average—by year’s end.
## Monthly Change in ATD/NADA Commercial Truck Guide Value  
### April 2018 vs. May 2018

<table>
<thead>
<tr>
<th>Commercial Truck Segment</th>
<th>2012MY</th>
<th>2013MY</th>
<th>2014MY</th>
<th>2015MY</th>
<th>2016MY*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Van</td>
<td>-0.9%</td>
<td>-0.4%</td>
<td>-0.5%</td>
<td>-0.8%</td>
<td>-0.9%</td>
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<tr>
<td>Extended Hood</td>
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<td>Highway Aerodynamic</td>
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<tr>
<td>Highway Traditional</td>
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<td>0.0%</td>
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<tr>
<td>Local/Delivery Daycab</td>
<td>-0.4%</td>
<td>-0.9%</td>
<td>-0.9%</td>
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<tr>
<td>Medium Duty Cabover</td>
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<tr>
<td>Medium Duty Conventional</td>
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<tr>
<td>Vocational/Construction</td>
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<td>0.0%</td>
<td>0.0%</td>
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<td>0.0%</td>
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*Calculations are based on vehicle age, i.e. values for 1-year-old vehicles in CY2017 are compared against values for 1-year-old vehicles in CY2016.

## Annual Change in ATD/NADA Commercial Truck Guide Value  
### May 2017 vs. May 2018*

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<thead>
<tr>
<th>Commercial Truck Segment</th>
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<th>4YR</th>
<th>3YR</th>
<th>2YR</th>
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<tr>
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<td>Medium Duty Cabover</td>
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<td>-11.9%</td>
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<td>Medium Duty Conventional</td>
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<td>Vocational/Construction</td>
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## YTD Change in ATD/NADA Commercial Truck Guide Value  
### January 2018 — May 2018

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<tr>
<th>Commercial Truck Segment</th>
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<th>2013MY</th>
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<td>NULL</td>
<td>-2.9%</td>
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</tbody>
</table>
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