

J.D. POWER



COMMERCIAL TRUCK GUIDELINES

INDUSTRY REVIEW

March 2019

J.D. Power Valuation Services



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SUMMARY

Used Class 8 Market Unaffected by End of New Truck Cycle

Demand for used trucks with desirable specs and mileage is still strong. Units with less desirable specs and mileage continue to lose value. Heavier-GVW medium duty trucks had a very strong month.

CLASS 8 AUCTION UPDATE

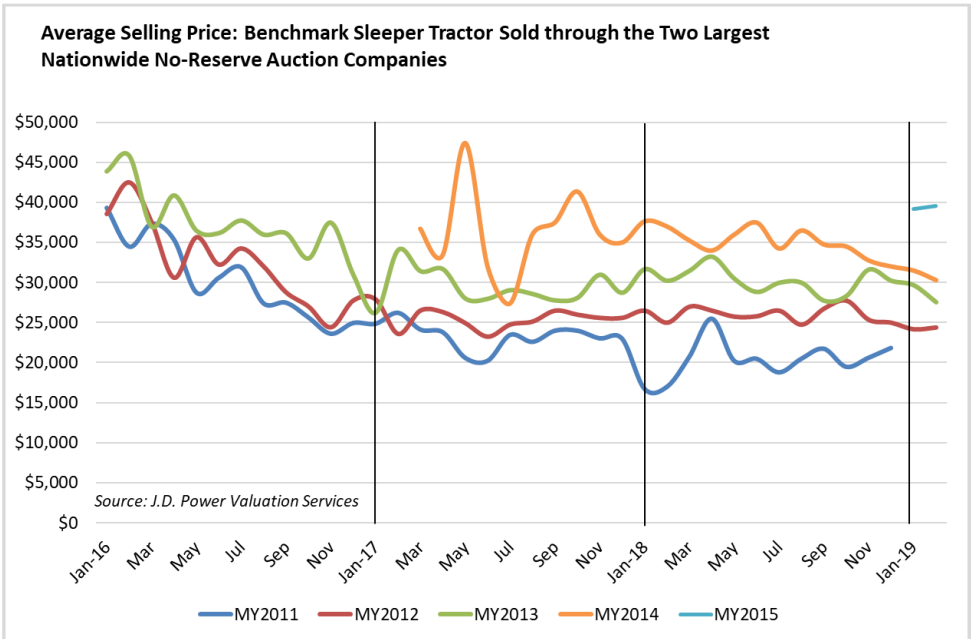
Volume of our benchmark model was up moderately in February, an encouraging data point in a month with few auctions on the calendar. Pricing was mildly lower, although very low volume for newer trucks means we're not drawing any conclusions just yet. See below for detail.

- Model year 2016: \$46,300 average; \$5,595 (10.8%) lower than January
- Model year 2015: \$39,600 average; \$475 (1.2%) higher than January
- Model year 2014: \$30,300 average; \$800 (3.8%) lower than January
- Model year 2013: \$27,575 average; \$2,119 (7.1%) lower than January
- Model year 2012: \$24,400 average; \$225 (0.9 %) higher than January
- Model year 2011: No sales in February

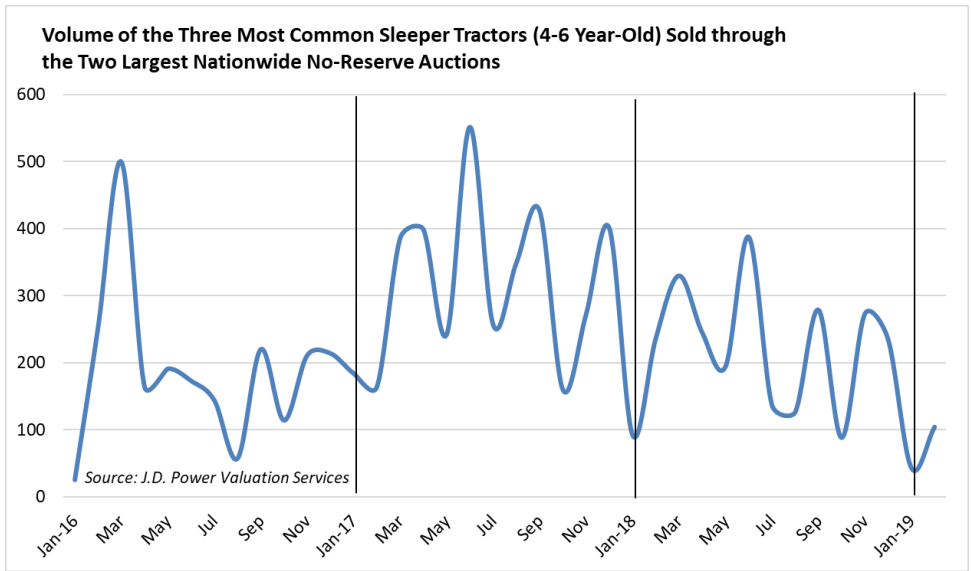
In the first 2 months of 2019, 4-6 year-old examples of our benchmark model brought 5.8% more money than in the same period of 2018. Going forward, expect year-over-year comparisons to look less impressive this year because the market was strong for all of 2018. We expect that strength to continue into at least the second quarter.

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

Demand for used trucks with desirable specs and mileage is still strong.



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CLASS 8 RETAIL UPDATE

There were a few more buyers on dealer lots in February compared to January, and they continued to pay strong money for more desirable trucks. Units with less desirable specs and mileage continue to lose value.

The average sleeper tractor retailed in February was 69 months old, had 470,528 miles, and brought \$55,817. Compared to January, the average sleeper was one month newer, had 3,257 (0.7%) more miles, and brought \$556 (1.0%) less money. Compared to February 2018, this average sleeper was identical in age, had 12,211 (2.7%) more miles, and brought \$7,225 (14.9%) more money.

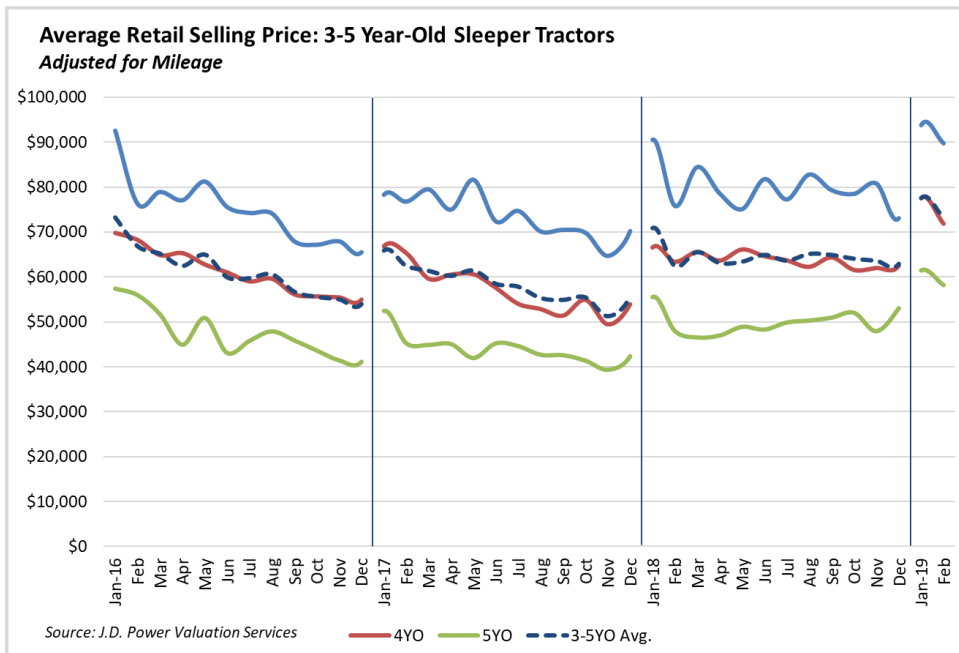
Looking at trucks three to five years of age, February’s average pricing was as follows:

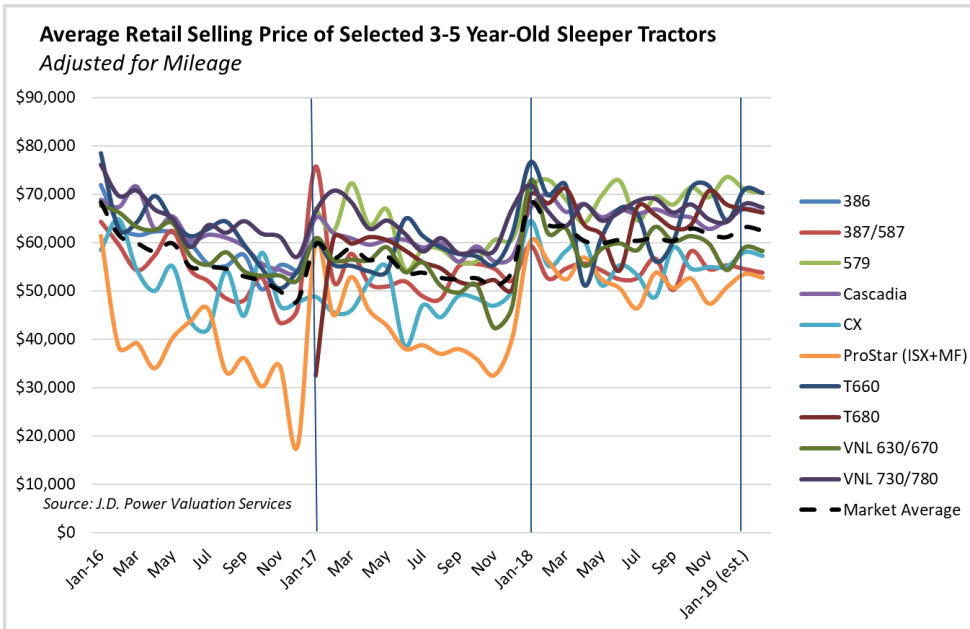
- Model year 2017: \$89,841; \$4,042 (4.3%) lower than January
- Model year 2016: \$71,897; \$5,681 (7.3%) lower than January
- Model year 2015: \$58,247; \$3,293 (5.4%) lower than January

The month-over-month drop in average pricing is due mainly to an increased number of trucks with less-desirable specs and mileage sold in February. Individual trucks did not lose an appreciable amount of value. On a year-over-year basis, late-model trucks sold in the first two months of 2019 brought 13.2% more money than in the same period of 2018. We will provide a monthly depreciation average in the next edition when we have three months of 2019 data.

See the “Average Retail Selling Price: 3-5 Year-Old Sleeper Tractors” and “Average Retail Selling Price of Selected 3-5 Year-Old Sleeper Tractors” graphs for detail.

Late-model trucks sold in the first two months of 2019 brought 13.2% more money than in the same period of 2018.

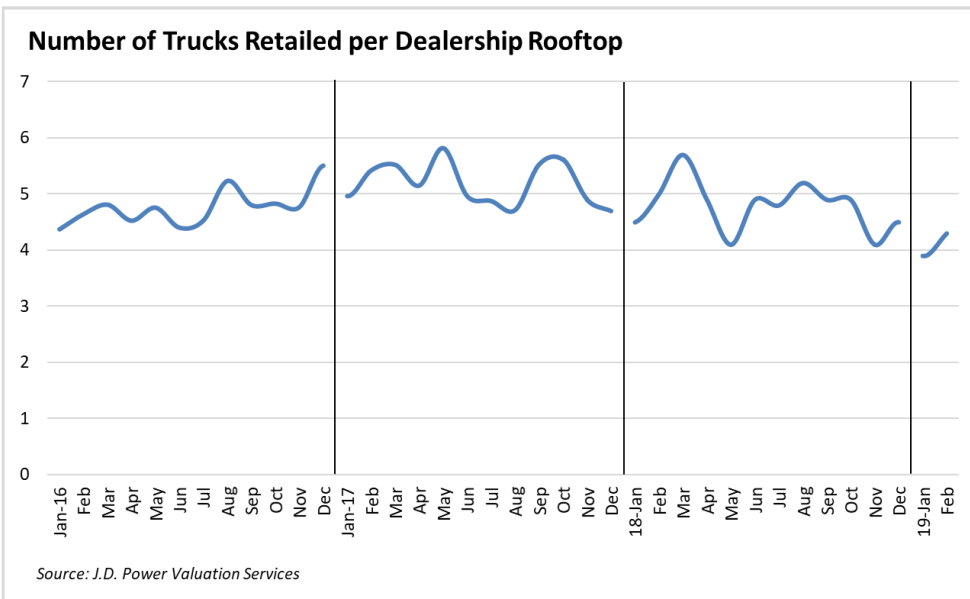




Class 8 sales per dealership edged back up to 4.3 in February, a 0.4 truck increase over an unusually low January. Sales activity remains constrained by a limited supply of late-model, low-mileage trucks.

See “Number of Trucks Retailed per Dealership Rooftop” graph for detail.

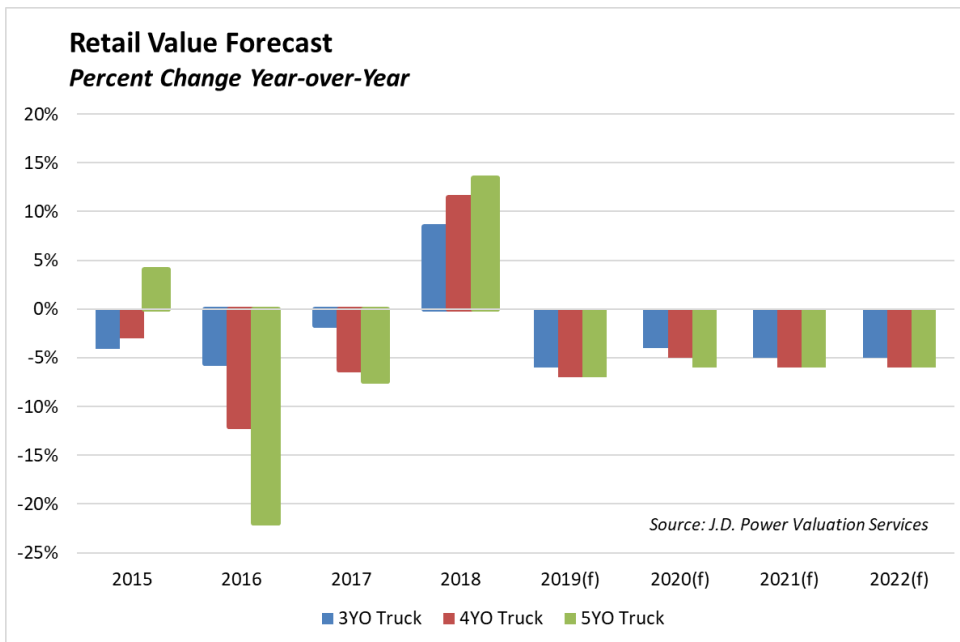
Sales activity remains constrained by a limited supply of late-model, low-mileage trucks.



Looking forward over the long term, Class 8 orders remained subdued in February, in line with a typical post-boom period of a cycle. Deliveries of new trucks will remain strong into the second half of 2019, but demand is on the downward slope as supply of used trucks heads in the other direction.

See the “Retail Value Forecast” graph for a look at how we see used truck pricing unfolding over the next four years.

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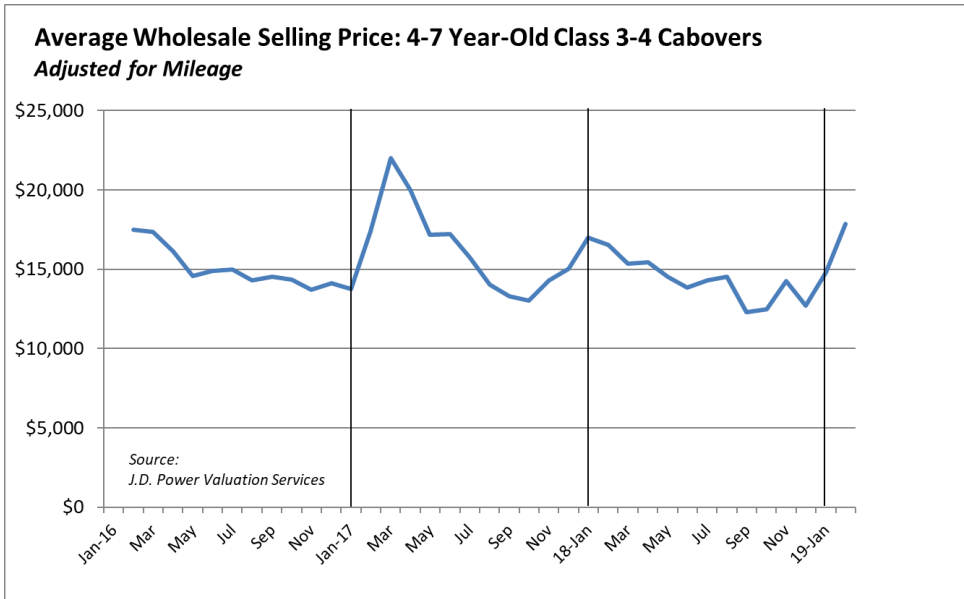


Medium Duty Trucks

Lighter-GVW trucks performed similarly to January, while heavier-GVW units turned in a very impressive month.

Starting with Class 3 – 4 cabovers, February’s average pricing came in at \$16,819. This figure is \$2,036 lower than January, and \$2,625 higher than February 2018. Average mileage was moderately lower than January, so we characterize this month’s result as not overly strong but in line with expectations.

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

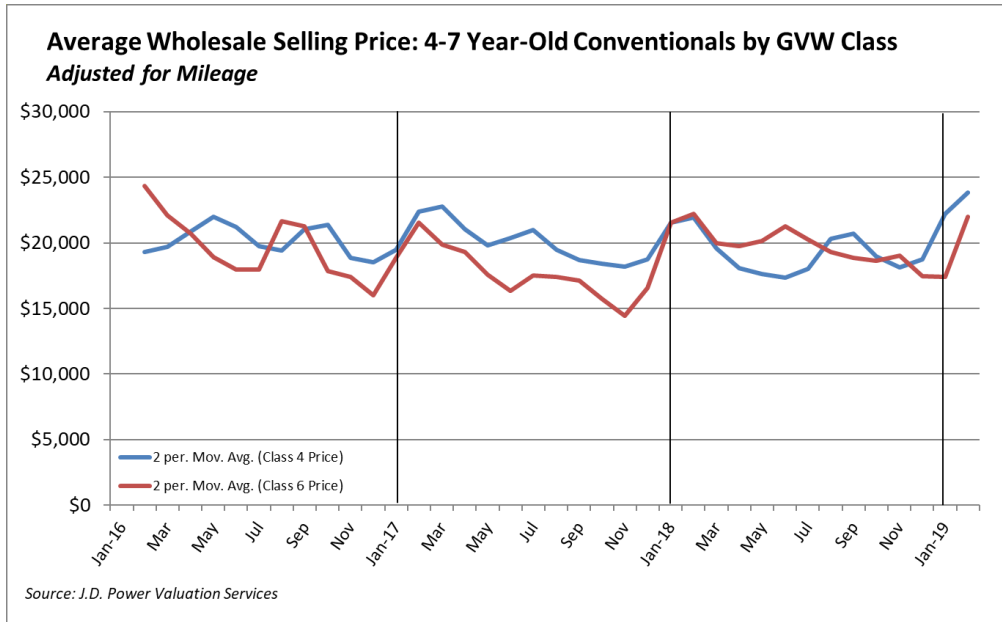


Lighter-GVW trucks performed similarly to January, while heavier-GVW units turned in a very impressive month.

Looking at conventionals, Class 4’s averaged \$22,401 in February. This figure is \$2,860 (7.4%) lower than January, and \$2,111 higher than February 2018. Average mileage was similar to January, while the age mix trended moderately older. As such, this month’s result was solid.

Class 6’s averaged \$25,457 in February. This figure is \$6,943 (24.0%) higher than January, and \$5,400 higher than February 2018. This group surprised on the upside, as both average mileage and volume were up notably compared to last month. There does not appear to be any obvious factor behind the higher pricing, so we view the result as promising.

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



Forecast

The lead time for new trucks is still healthy, although cancellations continue to rise. This is typical behavior at the end of a boom cycle. Economic factors that determine freight volumes, such as consumer spending, manufacturing activity, and imports and exports, will determine how much used truck pricing will be impacted by the increased volume of trades.

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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 Market Analysis

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