MAY 2017

Class 8 auction pricing levels out despite higher volume
Average selling prices of late-model trucks are actually trending upward

Retail channel still showing typical depreciation
Pricing should level out in upcoming months

Medium duty segments generally holding up well
Cabovers and lighter-GVW conventionals performing best
COMMERCIAL TRUCK MARKET TRENDS

More Evidence of a Market Hitting Bottom Unfolds

Class 8 auction pricing continues to flatten out despite higher volume. This trend suggests the market is finding a bottom. Retail pricing still shows depreciation on par with late 2016, but we expect that channel to moderate as well. Late-model medium duty cabovers are performing well, while lighter-GVW conventionals continue to outperform their heavier counterparts.

Sleeper Tractors – Auction/Wholesale

Volume of our benchmark model was up slightly in April, just edging out March for the highest result in 13 months. Pricing of this model was 0.3% lower month-over-month on average, which is much better than our 1.5% to 2% rule of thumb for 2017.

April auction performance of our benchmark model was as follows:

MY2013: $31,443 average; $251 (0.8%) higher than March
MY2012: $26,314 average; $208 (0.8%) lower than March
MY2011: $23,810 average; $323 (1.3%) lower than March

Our benchmark model has lost very little value in the first four months of the year. Trucks of model year (MY) 2011 have averaged 1.5% depreciation per month, 2012MY trucks have depreciated 0.3% per month, and 2013MY trucks have actually gained 12.2%. Combined with the higher volume in March and April, we view these flat to upward pricing results positively. It is looking more likely that auction pricing has hit bottom.

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

The larger overall wholesale environment (auction, dealer-to-dealer, and dealer-to-wholesaler
combined) was essentially flat in March on a model-by-model basis (April results were not yet available at the time of this writing). Average pricing in the first quarter of 2017 is running 13.8% lower than the same period of 2016.

The average sleeper tractor sold wholesale in March was 70 months old, had 535,833 miles, and brought $29,314. Compared to February, trucks sold in March were one month newer, had 1,515 (0.3%) fewer miles, and brought $85 (0.3%) more money. Compared to March 2016, the average sleeper sold this month was 12 months newer, had 85,719 (13.8%) fewer miles, and brought $4,385 (13%) less money.

Trucks three to five years of age moved upward in March. A greater number of higher-priced 2015 models counteracted a greater number of lower-priced 2013 models to push our average moderately higher. Average wholesale pricing for this cohort was $44,257, or $1,674 (3.9%) higher than February. The volume of late-model trucks wholesaled in March was lower than February.

Average pricing by age was as follows:

3-year-old trucks: $67,935 — $13,885 (25.7%) higher than February
4-year-old trucks: $40,161 — $46 (0.1%) lower than February
5-year-old trucks: $25,484 — $8,007 (23.9%) lower than February

Again, monthly fluctuations in pricing are attributable to a varying mix of models. Actual model-by-model pricing was generally unchanged in March compared to February. On a quarterly basis, late model trucks sold in the first quarter of 2017 are averaging 3.9% lower than the same period of 2016.

See the “Average Sleeper Tractor Pricing by Model Year (All Wholesale)” graph for detail.
Sleeper Tractors – Retail

The average sleeper tractor retailed in March was 71 months old, had 440,744 miles, and brought $49,094. Compared to February, the average sleeper was 1 month older, had 8,912 (2%) fewer miles, and brought $784 (1.2%) less money. Compared to March 2016, this average sleeper was identical in age, had 35,106 (7.4%) fewer miles, and brought $3,903 (7.4%) less money. The retail market averaged 9.7% lower pricing in the first quarter of 2017 compared to the same period of 2016.

Our 3- to 5-year-old group continued to trend lower year-over-year. Average pricing for this cohort in March was $61,371, or $1,109 (1.8%) lower than February. First quarter pricing for this group is running $5,216 (7.6%) lower than in the same period of 2016. Depreciation averaged 3% per month in the first quarter, identical to last year, and about a full point higher than our initial estimate.

Average pricing by age was as follows:

- 3-year-old trucks: $79,558 — $2,719 (3.5%) higher than February
- 4-year-old trucks: $59,654 — $5,700 (8.7%) lower than February
- 5-year-old trucks: $44,900 — $347 (0.8%) lower than February

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

As in the wholesale channel, monthly fluctuations in our averages are attributable to a varying mix of models. Since the retail channel generally lags the auction channel, we expect continued moderation in retail depreciation at least in the short term.

Drilling down to individual models, the Peterbilt 579, Kenworth T680, Volvo VNL 730/780, and Freightliner Cascadia outperformed the market average in the first quarter. The two PACCAR models perform strongest...
when equipped with an ISX engine. The Cascadia brings the most money when equipped with its proprietary drivetrain (DD15/DT12).

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

Looking at the number of retail sales per rooftop, volume trended up slightly in March for the second month in a row. March’s result of 5.5 trucks brings the 2017 average to 5.3, which is 0.7 truck higher than the same 2016 period. We expect volume to continue its general upward trajectory over the next few months.

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

Medium Duty Trucks

Starting with Class 3 – 4 cabovers, the mix of trucks sold through auction and wholesale channels continued to trend newer, with lower-mileage.

March’s average pricing was $22,475, which beat February’s 5-year record. This figure was $981 (4.6%) higher than February, and $4,597 (25.7%) higher than March 2016.

Unlike pricing, volume has not been particularly impressive in 2017. Buyers appear to be most interested in the newest, lowest-mileage equipment.

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

Looking at conventionalals, average pricing for both Class 4’s and Class 6’s pulled back in March, with Class 4’s continuing to bring more money than Class 6’s.

Specifically, Class 4’s averaged $21,060 in March. This figure is $3,418 (14%) lower than February, and $331 (1.6%) higher than March 2016. Class 6’s averaged $18,568 in March. This figure is $2,632 (12.4%) lower than February, and $2,816 (13.2%) lower than March 2017.

Volume for Class 4 was identical to last month, while volume for Class 6 was moderately higher. Demand should continue to incrementally improve in upcoming months for trucks of all GVW classes.

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

Overall sentiment about the trucking economy is improving. It is possible we are finally seeing a degree of increased demand for used trucks. Values will continue to be impacted by returning supply, but evidence is building that pricing has found its floor.
# ATD Official Commercial Truck Guide Trends

## Monthly Change in ATD/NADA Commercial Truck Guide Value

**April v. May 2017**

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*Value movement can be influenced by newly valued vehicles.

## Annual Change in ATD/NADA Commercial Truck Guide Value

**May, 2016 v. 2017**

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## YTD Change in ATD/NADA Commercial Truck Guide Value

**January — May 2017**

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