

COMMERCIAL TRUCK GUIDELINES

Industry Update

OCTOBER 2017

Used truck market not notably impacted by hurricanes

- Auction volume up nationwide in September, with solid pricing
 - Retail volume and pricing in line with recent trends
-

Medium duty market stays on trend

- Pricing and volume similar to last month
-

Certain segments could see mild short-term increase in demand

- Daycabs and construction trucks could see mild regional bumps
-

J.D. Power Valuation Services [formerly NADA Used Car Guide] | nada.com/b2b

NADA Used Car Guide® and its logo are registered trademarks of National Automobile Dealers Association, used under license by J.D. Power.
© 2017 J.D. Power. All Rights Reserved.



Licensed to J.D. Power

TABLE OF CONTENTS

COMMERCIAL TRUCK MARKET TRENDS.....	2
J.D. POWER VALUATION SERVICES COMMERCIAL TRUCK VALUE TRENDS	7
AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE).....	8

COMMERCIAL TRUCK MARKET TRENDS

Used Truck Market Not Notably Impacted by Hurricanes

Despite regional slowdowns due to remaining effects of Hurricanes Harvey and Irma, auction volume nationwide was up moderately in September, with solid pricing. Retail selling prices dipped in August, but depreciation remains milder than last year. The medium duty market was mixed and very similar to last month.

Sleeper Tractors – Auction/Wholesale

Volume of the most common sleeper tractors auctioned this month was up moderately from August. Of the major nationwide auctions we track, only one was postponed due to Hurricane Harvey or Irma. Pricing was relatively strong, with model-year 2011-2013 trucks gaining 2.6% of their value on average month-over-month.

September auction performance of our benchmark model was as follows:

MY2013: \$27,800 average; \$802 [2.8%] lower than August

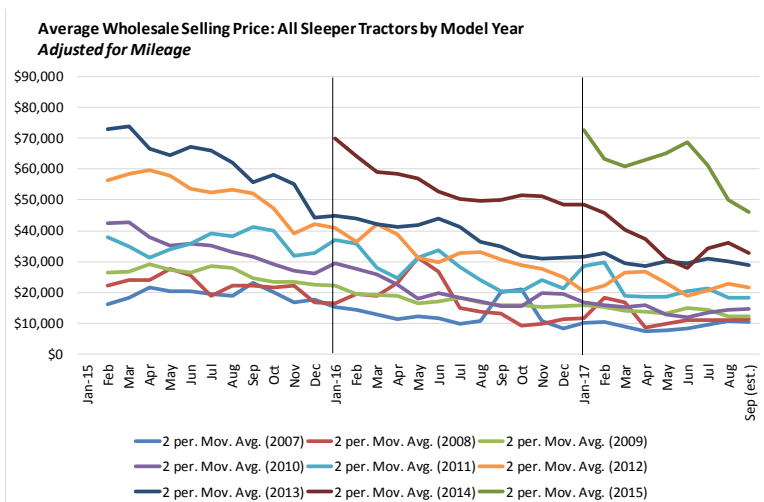
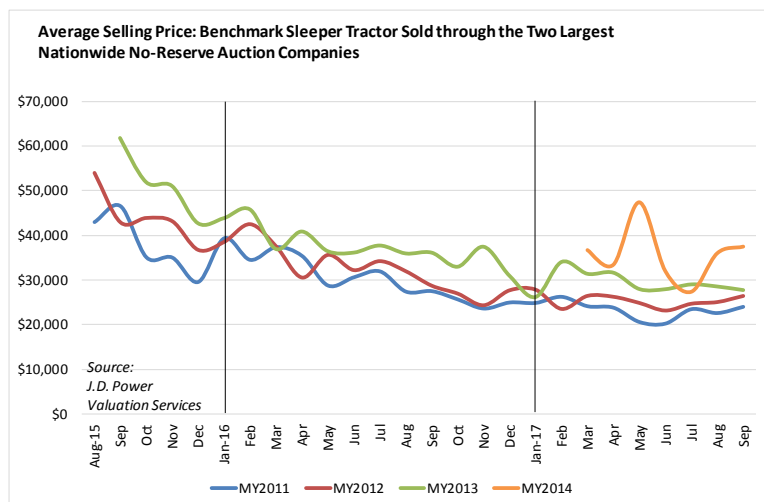
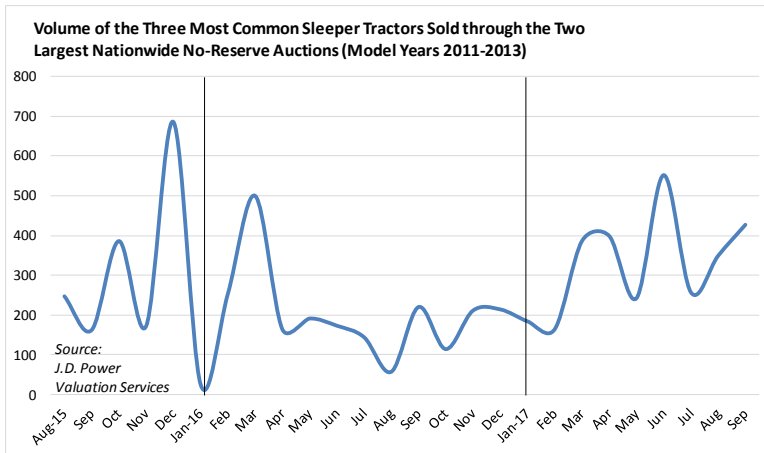
MY2012: \$26,500 average; \$1,361 [5.4%] higher than August

MY2011: \$24,000 average; \$1,390 [6.1%] higher than August

In the first 9 months of the year, trucks of model year 2011 averaged 1.2% depreciation per month, trucks of model year 2012 depreciated 0.4% per month, and trucks of model year 2013 depreciated 0.9% per month.

We remain focused on model years 2011-2013 because volume is still concentrated on those

Despite regional slowdowns due to remaining effects of Hurricanes Harvey and Irma, auction volume nationwide was up moderately in September, with solid pricing. Retail selling prices dipped in August, but depreciation remains milder than last year. The medium duty market was mixed and very similar to last month.



years. Three- and four-year-old trucks are still scarce in the auction lanes, particularly compared to last year.

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

In the larger overall wholesale environment (auction, dealer-to-dealer, and dealer-to-wholesaler combined), late-model trucks dipped notably in August. Average pricing in the first 8 months of 2017 is running 3.0% lower than the same period of 2016.

The average sleeper tractor sold wholesale in August was 70 months old, had 519,211 miles, and brought \$26,447. Compared to July, trucks sold in August were 5 months newer, had 13,807 [2.6%] fewer miles, and brought \$1,765 [6.3%] less money. Compared to August 2016, the average sleeper sold this month was 7 months newer, had 26,849 [4.9%] fewer miles, and brought \$4,808 [15.4%] less money.

The average wholesale selling price of 3-5 year-old sleepers dropped in August, with a group of low-priced 2015 model-year trucks responsible for the bulk of the decline. Average wholesale pricing for the 3-5 year-old cohort was \$34,842 - \$7,928 [18.5%] lower than July.

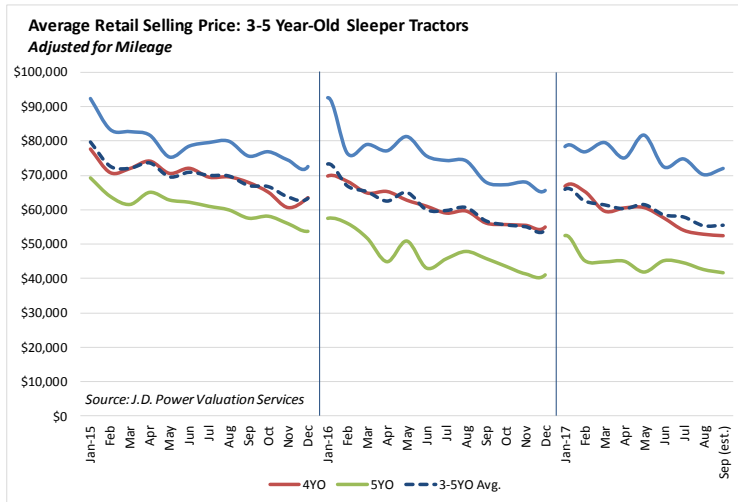
Average pricing by age was as follows:

3 year-old trucks: \$43,069 - \$14,065 [24.6%] lower than July

4 year-old trucks: \$32,402 - \$7,345 [18.5%] lower than July

5 year-old trucks: \$28,965 - \$1,871 [7.6%] lower than July

See the “Average Sleeper Tractor Pricing by Model Year [All Wholesale]” graph for detail.



Sleeper Tractors – Retail

Late-model trucks sold retail in August generally brought moderately less money than in July. There were no notable differences in the makeup of models or mileage month-over-month, so pricing differences in our averages appear to be a natural market movement. Hurricane Harvey undoubtedly impacted demand in the Eastern Texas and Louisiana markets late in the month, but the net effect on our nationwide averages was to basically remove this region from the equation. The market overall was essentially unchanged.

The average sleeper tractor retailed in August was 73 months old, had 447,013 miles, and brought \$47,863. Compared to July, the average sleeper was 2 months newer, had 6,968 [1.5%] fewer miles, and brought \$309 [0.6%] more money. Compared to August 2016, this average sleeper was 1 month older, had 22,196 [4.7%] fewer miles, and brought \$3,390 [6.6%] less money. The retail sleeper market overall averaged 8.5% lower pricing in the first 8 months of 2017 compared to the same period of 2016.

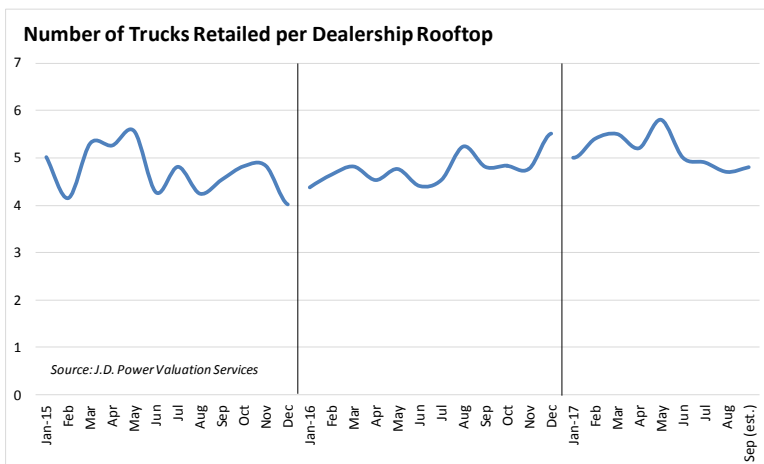
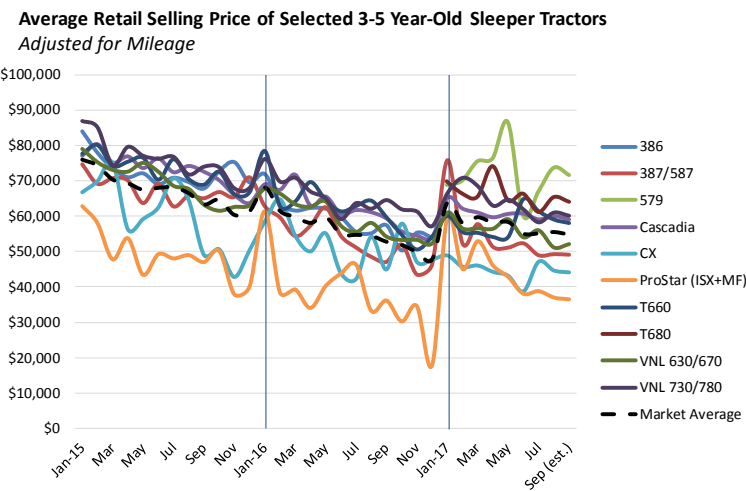
Looking at trucks three to five years of age, retail selling prices have dropped an average of 1.6% per month so far in 2017. This figure remains milder than the 1.9% per month average in the first 8 months of 2016.

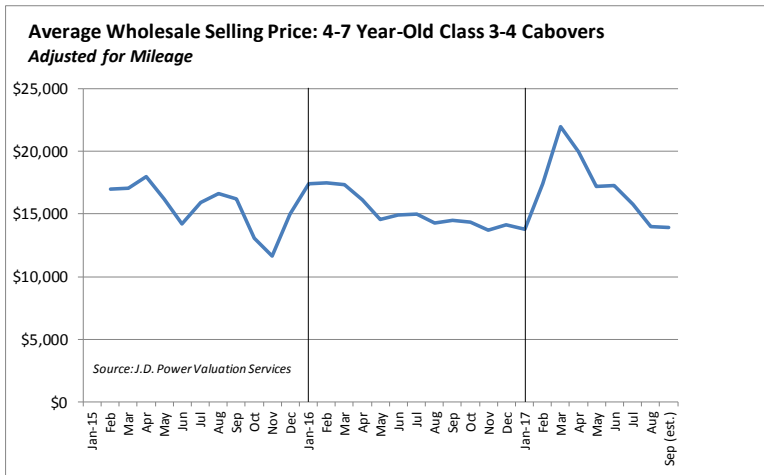
Average pricing by age was as follows:

3 year-old trucks: \$70,196 - \$4,580 [6.1%] lower than July

4 year-old trucks: \$52,936 - \$1,153 [2.1%] lower than July

5 year-old trucks: \$42,692 - \$1,932 [4.3%] lower than July





On a year-over-year basis, late-model trucks sold in the first 8 months of 2017 are averaging 5.9% lower than in the same period of 2016. Despite August's dip, the trend continues to point to milder depreciation.

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

The most common aerodynamic sleeper tractors showed some movement relative to each other in August. The Peterbilt 579 once again appeared to greatly outperform other models, but this is due mainly to the lack of any model-year 2013 579's in our data this month, which artificially inflated the average. The same factor applied to the Kenworth T680. The Freightliner Cascadia continues to perform well despite its volume in the used market. Other models performed similarly to the recent trend.

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

Sales volume at individual dealership rooftops was down only 0.2 truck from last month, not a bad result given the hurricane-related impact to sales in the last week of the month. August's average of 4.7 trucks per rooftop is 0.5 truck lower than an unusually-high August 2016. The first 8 months of 2017 are running

0.5 truck ahead of same-period 2016. The incremental improvement continues.

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

Medium Duty Trucks

Starting with Class 3-4 cabovers, August's results looked very similar to July's. Age and mileage of our benchmark group was similar month-over-month, while volume was down moderately. August's average pricing was \$14,076, which was \$135 [1.0%] higher than July, and \$365 [2.7%] higher than August 2016.

The cabover market continues to feature an ample supply of 4-7 year-old trucks with average mileage. Pricing improves notably for newer trucks with lower mileage.

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

The conventional market in August looked very similar to July, with the exception of Class 6 volume, which returned closer to the average after an unusually high July.

Specifically, Class 4's averaged \$19,101 in August. This figure is \$739 [3.7%] lower than July, and \$382 [2.0%] higher than August 2016. Class 6's continue to underperform Class 4's, averaging \$17,218 in August. This figure is \$421 [2.4%] lower than July, and \$8,248 [or 32.4%] lower than an unusually high August 2016.

In the first 7 months of 2017, Class 4 trucks lost 1.3% of their value each month. While strong, this figure is slightly behind the same period of 2016, in which trucks were essentially flat over this period. Nonetheless, pricing for our benchmark group of Class 4 trucks is running 3.0% ahead of 2016.

In Class 6, another month of stable pricing reduced our average monthly depreciation figure to 3.1%, which is roughly in line with historical trend but behind to last year's 1.4% over the same period. Class 6 trucks in our benchmark age group are running 25.9% behind 2016.

Volume for Class 4 was down moderately versus last month, while volume for Class 6 was moderately higher than the year-to-date average. Demand should continue to incrementally improve in upcoming months for trucks of all GVW classes, based on general macroeconomic trends.

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

Forecast

Auction and retail pricing could show mild regional strength in the short term due to replacement demand in the areas most heavily affected by storms. There are more than enough sleeper tractors to meet this demand, but daycabs and construction trucks could benefit somewhat more notably. No hard figures are yet available on Class 8 losses, but feedback suggests most in-service trucks were kept away from the hardest-hit areas. As such, most damaged trucks were likely in dealer inventory.

Outside of hurricane impact, the macro economy continues to incrementally improve. Tax policy is the next major factor in play.

ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in ATD/NADA Commercial Truck Guide Value

September v. October 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*
Commercial Van	↔ -0.7%	↔ -0.5%	↔ 0.0%	↔ -0.4%	↔ 0.3%
Extended Hood	↓ -6.1%	↓ -5.9%	↓ -3.8%	↓ -7.0%	↓ -4.1%
Highway Aerodynamic	↔ -1.6%	↔ -0.8%	↔ -1.7%	↓ -1.8%	↔ -1.6%
Highway Traditional	↓ -7.4%	↓ -6.7%	↓ -8.1%	↓ -6.0%	↓ -2.4%
Local/Delivery Daycab	↓ -2.0%	↔ -1.1%	↓ -2.6%	↓ -4.6%	↓ -4.9%
Medium Duty Cabover	↔ 0.0%	↔ -0.5%	↔ -0.7%	↔ 0.0%	↔ 0.0%
Medium Duty Conventional	↔ 0.0%	↔ -0.3%	↔ 0.0%	↔ 0.0%	↔ -1.5%
Vocational/Construction	↔ 0.0%	↔ 0.0%	↔ 0.0%	↔ 0.0%	↔ -0.4%

*Value movement can be influenced by newly valued vehicles.

Annual Change in ATD/NADA Commercial Truck Guide Value

October, 2016 v. 2017

Used Car Guide Segment	5YR	4YR	3YR	2YR	Segment Change
Commercial Van	-13.2%	-6.7%	-13.6%	-5.1%	-16.7%
Extended Hood	-7.5%	-8.4%	9.4%	-0.9%	-13.1%
Highway Aerodynamic	-16.1%	-5.6%	-0.2%	-4.8%	-26.2%
Highway Traditional	-2.3%	-5.7%	5.7%	3.9%	-11.9%
Local/Delivery Daycab	-6.5%	7.3%	4.6%	-0.4%	-14.8%
Medium Duty Cabover	-5.6%	3.7%	-4.0%	-7.8%	-11.1%
Medium Duty Conventional	-3.1%	10.3%	5.1%	2.8%	-7.3%
Vocational/Construction	23.1%	4.4%	11.8%	12.8%	-0.6%

*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.

YTD Change in ATD/NADA Commercial Truck Guide Value

January — October 2017

Used Car Guide Segment	2011MY	2012MY	2013MY	2014MY	2015MY*	Segment
Commercial Van	-0.6%	1.4%	3.2%	-2.4%	-6.4%	-1.8%
Extended Hood	-14.4%	-11.6%	-6.6%	-8.1%	-5.5%	-9.1%
Highway Aerodynamic	-13.0%	-12.1%	-18.4%	-17.7%	-13.8%	-14.9%
Highway Traditional	-12.3%	-10.4%	-9.0%	-6.8%	-3.8%	-8.5%
Local/Delivery Daycab	-9.3%	-8.9%	-9.8%	-12.0%	-10.2%	-7.1%
Medium Duty Cabover	-10.7%	-9.9%	-12.9%	-6.7%	-9.9%	-8.9%
Medium Duty Conventional	-5.6%	-4.1%	-4.8%	-5.9%	-7.6%	-4.8%
Vocational/Construction	-1.3%	-2.8%	-2.5%	-3.5%	-1.3%	-0.1%

AT J.D. POWER VALUATION SERVICES (FORMERLY NADA USED CAR GUIDE)

What's New

J.D. Power is pleased to offer a new **Residual Values** product suite designed to help manufacturers, captive finance companies, and lenders make informed decisions on residual setting, lease support, and risk management. This benchmark product incorporates industry-leading data from three trusted sources. Coupled with a seasoned team of data scientists and analysts, the product suite's sophisticated valuation forecast methodology provides a fresh, reliable approach based on objective expertise and complete transparency.



On the Road

Stop by and say hello to *Chris Visser* on the exposition floor of the UTA Convention and Expo this Oct. 30 through Nov. 4 in Las Vegas.

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. Residual Values is the first product to be launched by J.D. Power Valuation Services.

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

Financial Industry, Accounting, Legal, OEM Captive

Steve Stafford
703.821.7275
Steve.Stafford@jdpa.com

Automotive Dealers, Auctions, Insurance, Credit Unions, Fleet, Lease, Rental Industry, Government

Doug Ott
703.749.4710
Doug.Ott@jdpa.com

Director Business Development

James Gibson
703.821.7136
James.Gibson@jdpa.com

Media Relations

Ryan Morris
202.826.4029
Ryan.Morris@jdpa.com

CONSULTING SERVICES

J.D. Power Valuation Services' market intelligence team leverages a database of nearly 200 million transactions and more than 100 economic and market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to dealers, financial institutions, businesses and consumers.

Complemented by J.D. Power Valuation Services' analytics team, which maintains and advances its internal forecasting models and develops customized forecasting solutions for clients, the market intelligence team is responsible for publishing white papers, special reports and the Commercial Vehicle Blog. Throughout every piece of content, the team strives to go beyond what is happening in the industry to confidently answer why it is happening and how it will impact the market in the future.

VP Vehicle Analysis & Analytics

Jonathan Banks

703.610.7008

Jonathan.Banks@jdpa.com

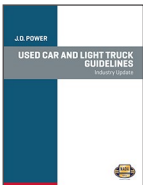
Senior Analyst and Product Manager

Chris Visser

703.610.7067

Chris.Visser@jdpa.com

ADDITIONAL RESOURCES



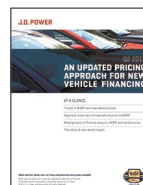
Guidelines

Updated monthly with a robust data set from various industry sources and J.D. Power Valuation Services' proprietary analysis, *Guidelines* provides the insight needed to make decisions in today's market.



Perspective

Leveraging data from various industry sources and J.D. Power Valuation Services' analysts, *Perspective* takes a deep dive into a range of industry trends to determine why they are happening and what to expect in the future.



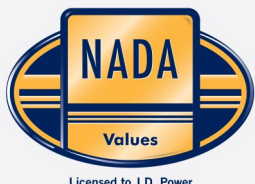
White Papers

J.D. Power Valuation Services' white papers and special reports aim to inform industry stakeholders on current and expected used vehicle price movement to better maximize today's opportunities and manage tomorrow's risk.



Commercial Vehicle Blog

Written and managed by Senior Analyst Chris Visser, the Commercial Vehicle Blog analyzes market data, lends insight into industry trends and highlights relevant events.



Read our Blog

nada.com/commercialtruck



Follow Us on Twitter

[@NADAValues](https://twitter.com/NADAValues)



Find Us on Facebook

Facebook.com/NADAUsedCarGuide



Watch Us on YouTube

Youtube.com/NADAUsedCarGuide

Disclaimer: J.D. Power Valuation Services [formerly NADA Used Car Guide] makes no representations about future performance or results based on the data and the contents available in this report ["Guidelines"]. Guidelines is provided for informational purposes only and is provided AS IS without warranty or guarantee of any kind. By accessing Guidelines via email or by visiting www.nada.com/b2b, you agree not to reprint, reproduce, or distribute Guidelines without the express written permission of J.D. Power.

J.D. Power Valuation Services (formerly NADA Used Car Guide) 8401 Greensboro Drive, Suite 1000 | McLean, VA 22102 | 800.544.6232 | nada.com/b2b

NADA Used Car Guide® and its logo are registered trademarks of National Automobile Dealers Association, used under license by J.D. Power.

© 2017 J.D. Power. All Rights Reserved.