

COMMERCIAL TRUCK GUIDELINES

Industry Update

JULY 2018

- **Substantial increase in number of sleepers sold at auction**

Could this be the predicted return to more normal volumes?

- **Pricing stable to mildly downward**

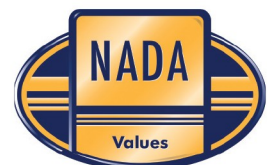
Late-model, low-mileage trucks still bringing strong money

- **Medium duty market recovers ground**

Conventionals stronger this month, cabovers stable

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COMMERCIAL TRUCK MARKET TRENDS

Volume Returns to the Auctions

A higher volume of sleeper tractors cycled through auctions in June, but demand is still outstripping supply. Medium duty conventionals recovered ground, while cabovers were steady.

Sleeper Tractors – Auction

We finally saw an upward bump in volume of trucks sold at auction in June. The volume of the three most popular sleeper tractors sold through the two largest nationwide auction companies jumped from 135 to 298 trucks. While a 121% increase sounds massive, keep in mind volume typically fluctuates wildly month over month based on seasonality and fleet trade-in strategies. The 298 total merely matches March, but it marks a return to levels more in line with expectations.

Despite the increased volume, pricing for our benchmark model was mixed, with no real indications of a market shift. See below for detail.

Model year 2015: \$41,250 average; \$1,750 (4.1%) lower than May

Model year 2014: \$37,500 average; \$1,500 (4.2%) higher than May

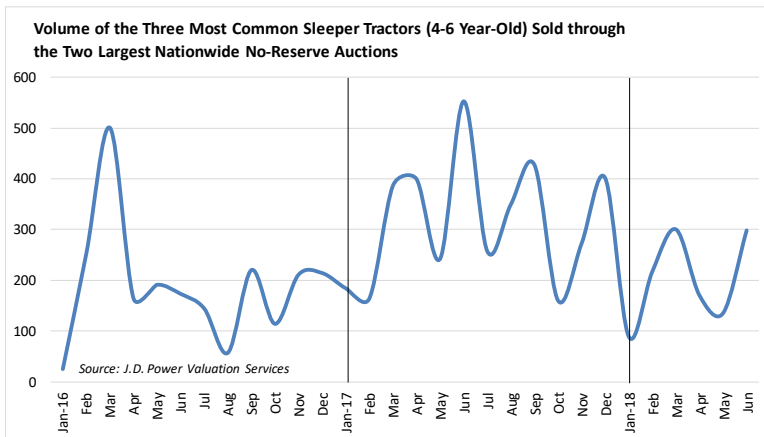
Model year 2013: \$28,850 average; \$1,650 (5.4%) lower than May

Model year 2012: \$25,800 average; \$50 (0.2%) higher than May

Model year 2011: \$20,500 average; \$250 (1.2%) higher than May

Year-over-year, trucks 4 to 6 years of age sold in the first six months of 2018 showed a price increase of 19% vs. the first six months of 2017.

A higher volume of sleeper tractors cycled through auctions in June, but demand is still outstripping supply. Medium duty conventionals recovered ground, while cabovers were steady.



Demand still outpaces supply in the late-model, low-mileage segment. In upcoming months, fleets will take delivery of additional new trucks, and trade activity will increase. Market dynamics will start to look more normal.

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

Sleeper Tractors – Retail

Retail pricing was essentially unchanged from May. Sales volume remained subdued as fleets kept their lower-mileage trucks in service rather than trading them in as expected. The newest, lowest-mileage trucks that do become available are bringing strong money.

The average sleeper tractor retailed in May was 81 months old, had 448,612 miles and brought \$53,062. Compared to April, the average sleeper was identical in age, had 11,125 [2.4%] fewer miles and brought \$3,763 [7.6%] more money. Compared to May 2017, this average sleeper was 9 months older, had 2,088 [0.5%] more miles and brought \$4,294 [8.8%] more money.

Looking at trucks 3-5 years of age, May’s average pricing was as follows:

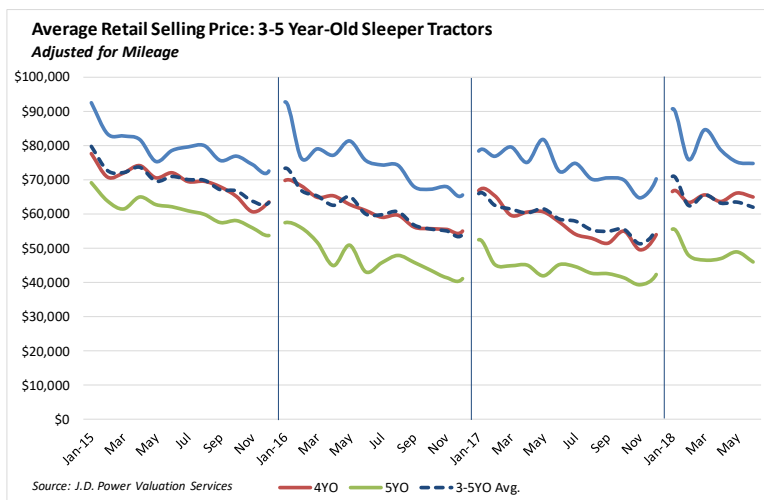
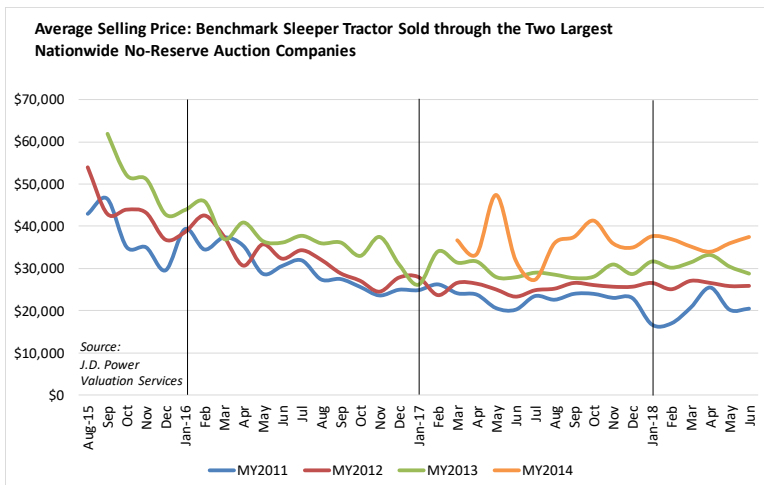
Model year 2016: \$75,161; \$3,506 [4.5%] lower than April

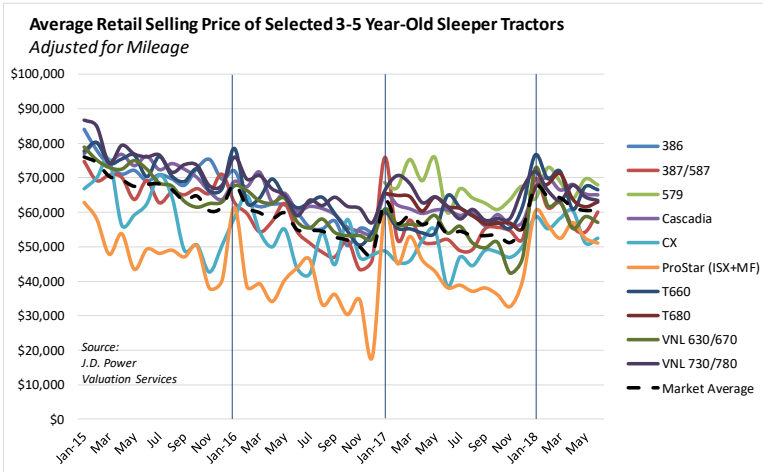
Model year 2015: \$66,167; \$2,481 [3.9%] higher than April

Model year 2014: \$48,939; \$1,944 [4.1%] higher than April

On a year-over-year basis, late-model trucks sold in the first five months of 2018 brought 4.5% more money than in the same period of 2017.

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





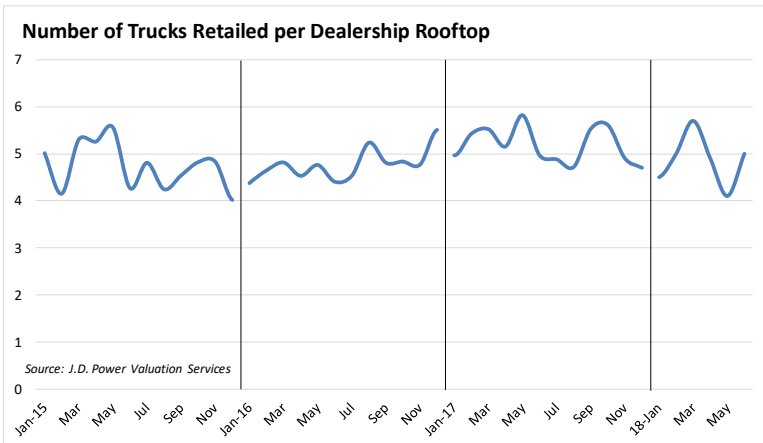
Looking at specific models, there was essentially no price movement in May. The newest, lowest-mileage trucks are appreciating moderately across the board. See the “Average Retail Selling Price of Selected 3-5-Year-Old Sleeper Tractors” graph for detail.

Class 8 sales per dealership continued their downward trend in May, coming in at 4.1 trucks per rooftop. This result is 0.8 truck lower than April, and is in fact the lowest result since December of 2015. Fleets need all the trucks they can get to move freight and compensate for the impact of the ELD mandate, so trucks that would otherwise have been traded in are being kept in service. We expect retail volume to increase incrementally in upcoming months commensurate with supply.

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 upcoming months.

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

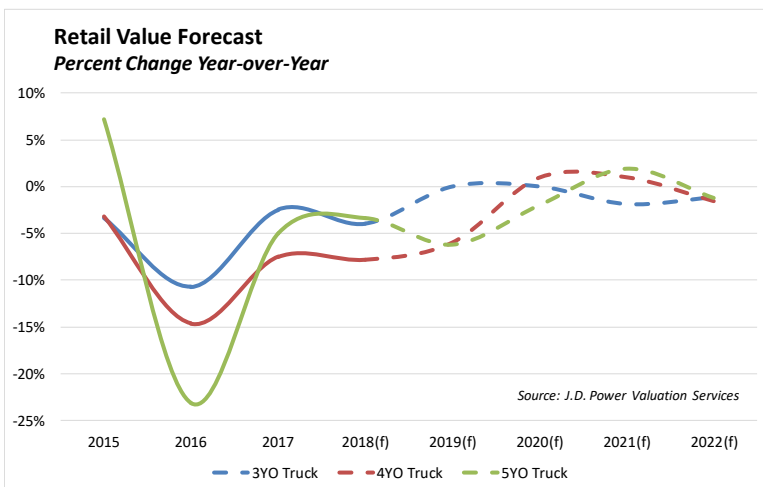


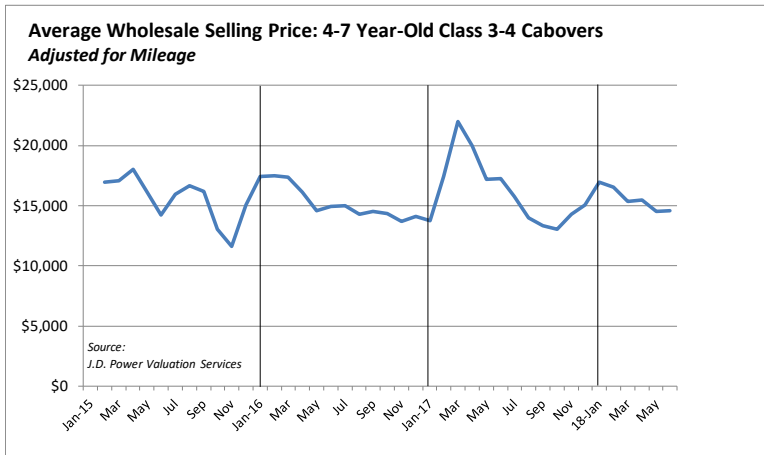
Medium Duty Trucks

Medium duty conventionals recovered some ground in May, particularly in heavier-GVW segments. Cabovers held steady.

Starting with Class 3–4 cabovers, May’s average pricing came in at \$14,613. This figure is \$205 [1.4%] higher than April and \$2,256 [13.4%] lower than May 2017. Trucks sold in May looked very similar to April in terms of mileage and pricing.

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





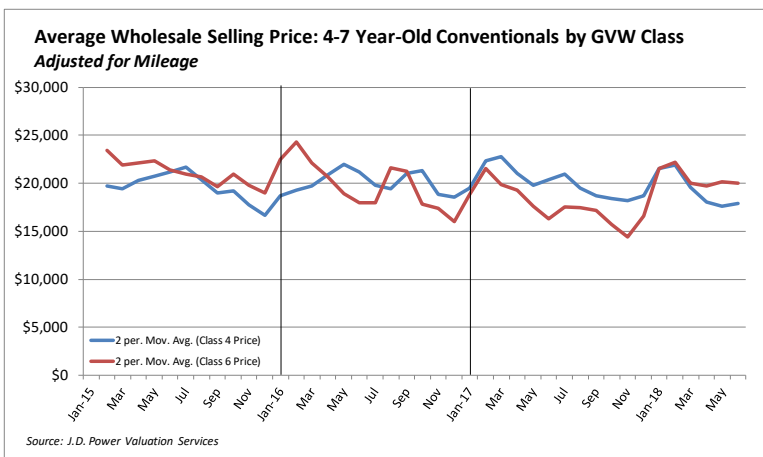
Looking at conventionals, Class 4s averaged \$18,012 in May. This figure is \$775 (4.5%) higher than April and \$628 (3.4%) lower than May 2017. Class 6s averaged \$20,712 in May. This figure is \$1,149 (5.9%) higher than April and \$5,501 (36.2%) higher than an unusually low May 2017.

The mild gain in Class 4 value came despite higher average mileage, so this month's result is mildly encouraging. Still, the most recent three months have not been particularly impressive for this segment. The gain in Class 6 value was more substantial, suggesting continued strength in this segment.

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

Forecast

June's auction volume was closer to expectations than recent months. Historical delivery patterns and the massive increase in new truck orders continue to point to increased supply. In the second half of the year, OEMs will gradually iron out component shortages and increase delivery of new trucks. Trades will return to a more typical level.



ATD OFFICIAL COMMERCIAL TRUCK GUIDE TRENDS

Monthly Change in J.D. Power Valuation Services' Value

June 2018 vs. July 2018

Commercial Truck Segment	2012MY	2013MY	2014MY	2015MY	2016MY*
Commercial Van	→ 0.0%	↗ 0.6%	↘ -0.7%	↘ -0.9%	↘ -1.5%
Extended Hood	→ 0.0%	→ -0.1%	→ 0.0%	↓ -4.0%	↓ -3.3%
Highway Aerodynamic	→ 0.0%	→ 0.0%	→ 0.0%	→ -0.3%	→ -0.1%
Highway Traditional	→ -0.1%	→ -0.1%	→ 0.0%	↓ -3.6%	NULL
Local/Delivery Daycab	→ 0.0%	→ 0.0%	→ 0.0%	↘ -0.6%	→ 0.0%
Medium Duty Cabover	↑ 2.5%	↗ 0.8%	→ -0.1%	↑ 3.6%	↑ 2.4%
Medium Duty Conventional	→ -0.1%	→ -0.1%	→ 0.0%	→ 0.0%	→ 0.0%
Vocational/Construction	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%	→ 0.0%

*Value movement can be influenced by newly valued vehicles.

Annual Change in J.D. Power Valuation Services' Value

July 2017 vs. July 2018*

Commercial Truck Segment	5YR	4YR	3YR	2YR
Commercial Van	0.8%	-4.0%	7.0%	2.7%
Extended Hood	8.4%	-3.9%	5.5%	-3.4%
Highway Aerodynamic	13.6%	8.1%	8.4%	2.5%
Highway Traditional	6.1%	-0.8%	NULL	NULL
Local/Delivery Daycab	10.3%	2.5%	6.5%	8.3%
Medium Duty Cabover	6.4%	-6.9%	-7.2%	4.5%
Medium Duty Conventional	17.8%	13.7%	10.9%	1.6%
Vocational/Construction	14.0%	11.9%	1.0%	5.7%

*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 J.D. Power Valuation Services' Value

January 2018 — July 2018

Commercial Truck Segment	2012MY	2013MY	2014MY	2015MY	2016MY*
Commercial Van	-8.5%	-4.6%	-5.0%	-5.4%	-4.8%
Extended Hood	-1.1%	-0.1%	-7.3%	-6.0%	-7.5%
Highway Aerodynamic	-2.8%	-8.8%	-10.4%	-7.9%	-11.7%
Highway Traditional	-0.3%	-0.1%	-6.4%	-7.3%	NULL
Local/Delivery Daycab	-1.2%	-2.8%	-5.3%	-6.0%	-10.9%
Medium Duty Cabover	-3.5%	-5.6%	-10.1%	-5.7%	-3.4%
Medium Duty Conventional	-1.3%	-0.7%	-2.0%	1.4%	-0.5%
Vocational/Construction	-2.9%	-2.8%	-2.3%	-2.3%	-1.3%

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.



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.

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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.

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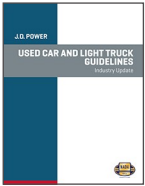
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ADDITIONAL RESOURCES



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.

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