THE TRUCK BLUE BOOK®

# Commercial Truck Monthly Report

**June 2014 in Review** | Released July 2014

## Contents



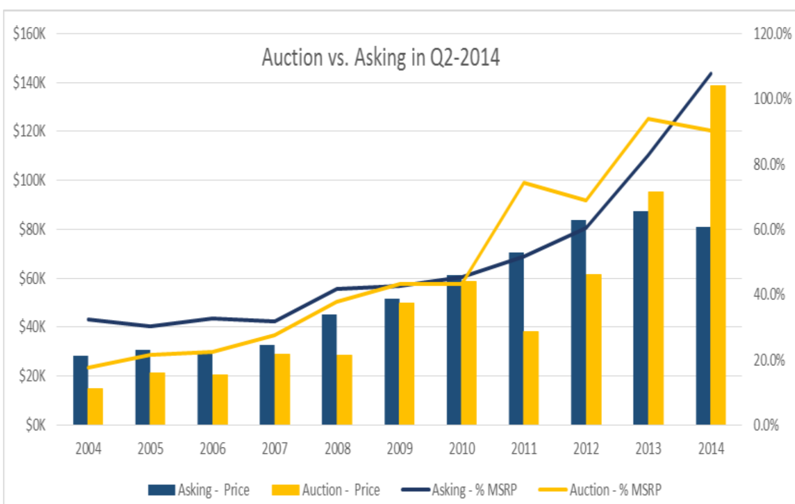
There were decreases across both asking and auction markets for class 5-8 used trucks during May, which did not continue into June. June prices are averaging much closer to what was seen during April, compensating for some of the drop in May. June brought on a price decrease of 2.2% in the resale market and increases of 45% at auction.

The auction market increase was not enough to compensate for the large drop during May. However, the average auction prices are the second highest on market this year.

- June continued the trend of leveling out on the private sector with minimal changes on the heavy duty market.
- Q2 volume was down to the lowest thus far in 2014 for both heavy and medium duty trucks.
- Prices are up for Q2 from Q2 of 2013 while volume is still down significantly

## June at a Glance

**Now that Q2 is complete, prices remained higher than Q1 into June.** Throughout June, prices were up on all markets except heavy duty asking prices. April saw some of the highest prices all year and June came in close behind after a positive month. The heavy duty market saw only a slight decrease on asking prices, and auction prices were on the rise. Medium duty saw a larger incline in asking than heavy at 18% while the medium duty auction market saw a significantly smaller change than heavy duty at a 4% increase. The volume on the auction market fell for both heavy and medium trucks. Prices and volumes are moderating on the private sector and we expect a calm remainder of the summer.

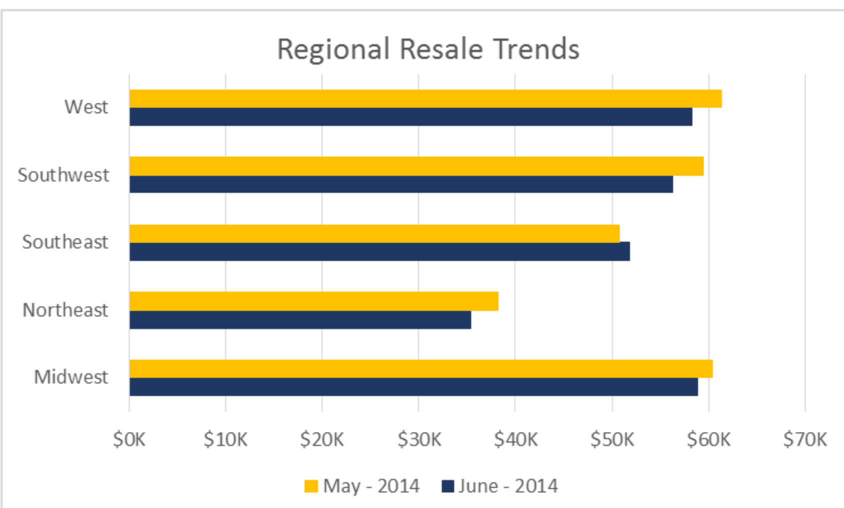


When focusing on commercial trucks between model years 2004-2014 within the US under 1 million miles, the average asking prices decreased between May and June, but are not the lowest thus far this year. Heavy duty asking prices during June came out 0.5% below May. Prices remained flat during Q1, but due to April's large increases with a drop in May allowed for heavy fluctuation during Q2. Medium duty asking prices had an 18% increase ending Q2 with average prices 4.5% above Q1. As always, the auction market saw more variability month over month in comparison to the private sales market. Heavy duty auction prices were up 64% from May to June. Medium duty trucks sold at auction 3.8% higher, on average, than those during May. May's auction prices were the lowest in the first half of 2014 for both heavy and medium duty trucks.

Volume continued to fall on the auction market between May and June for both heavy and medium duty markets. Volume was up however for both heavy and medium duty private markets. Heavy duty asking volume is up 37% after the 32% drop during May. Final Q2 prices are up 18% in comparison to Q2 of 2013 on the medium duty private market while heavy duty trucks are up 15%. Volume is still down significantly from last year, but up drastically month over month as the demand for new trucks is growing with a need to upgrade fleets and more trucks are becoming available on the used market at this time.

## Regional Trends

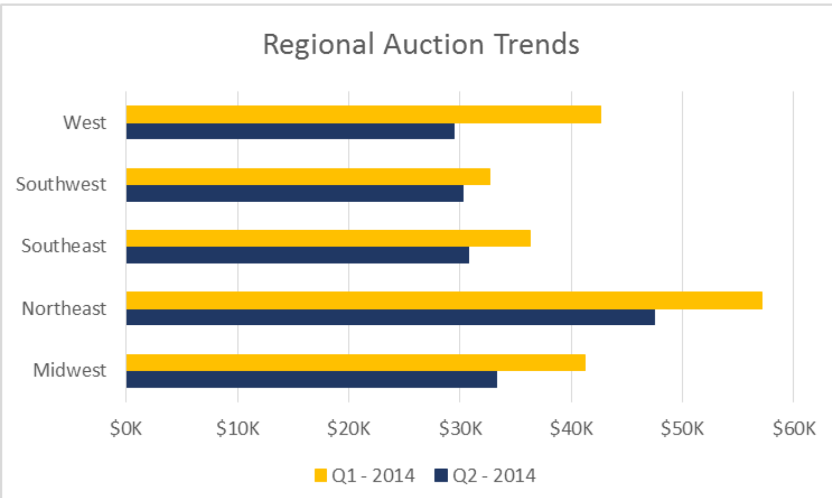
**Prices decreased in every region on the private market during June in comparison to May with the exception of the Southeast where prices saw slight increases.** The Northeast was hit the hardest with a 7.5% drop from May after the second highest drop between April and May at 9%. The West is still the highest priced region for both heavy and medium duty trucks. Due to the large percentage of higher priced trucks in the Midwest, it is giving the West a run for its money coming in with equivalent overall pricing. On both heavy and medium duty markets, volume is up in all regions except the Southwest. The Southeast had the highest increase almost doubling from May.




Regionally, prices increased in Q1 and continued to increase as all five regions ended Q2 with higher asking prices than Q1. Overall, prices are up compared to January 2014, but individually prices are down in both the Northeast and Southwest. The positive change was heavily driven by the large increases in the Southeast. Volume is down significantly in Q2 on the private market in comparison to Q1 for all five regions as well as on the auction market. The high demand for new trucks along with the summer months slowing down the volume on the used market has allowed for prices to remain competitive despite the drop in availability.

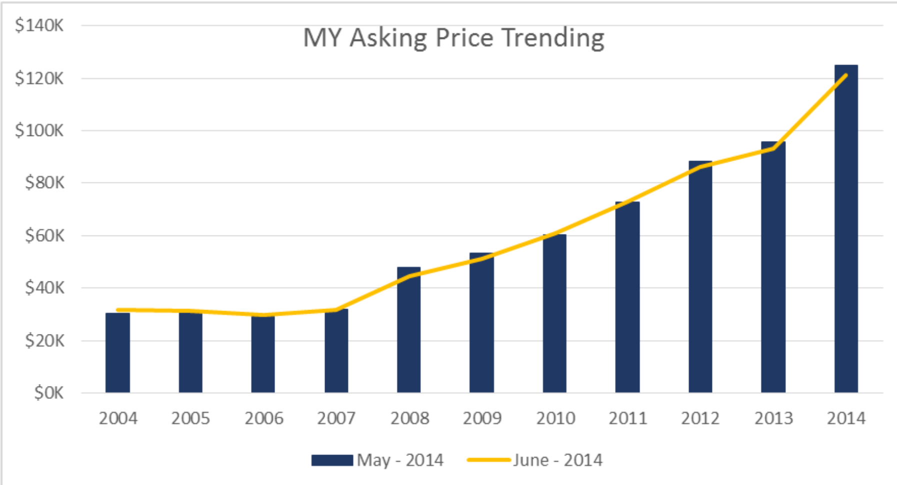
Medium duty asking price changes from May to June were drastically higher than the heavy duty changes. Heavy duty prices all went down except for the Southeast with only a 5% increase, while the minimum medium duty change was a 7% increase. The largest increase during May was the Midwest and again in June prices jumped allowing them to catch up to the West which is the highest priced region on the market. Even though medium duty saw larger decreases overall, they also saw larger increases in volume within all five regions than the heavy duty trucks. As previously noted, the Southeast had the largest volume increase MoM, which was due to the significant increase in volume for both heavy and medium duty trucks.

Activity on the auction market was limited again in June for medium and heavy duty trucks as volume continued to decline. Per usual, there were large increases in prices as the availability of used trucks was slim. The smallest price increase between May and June at auction was within the Southwest, which is to compensate for the increase during May as every other region fell. The highest price drop during Q2 was in the West on heavy duty trucks and the highest price drop for medium was the Northeast. For medium and heavy duty trucks together, the largest decrease was within the West which can be contributed to the large decline in heavy duty prices as the medium duty prices cannot compensate. Q1 was slow on the auction market and Q2 was even slower. As new trucks are being bought, the sellers are holding out on quick sales of used heavy and medium duty trucks leaving less on the auction market.




## Model Year Trends

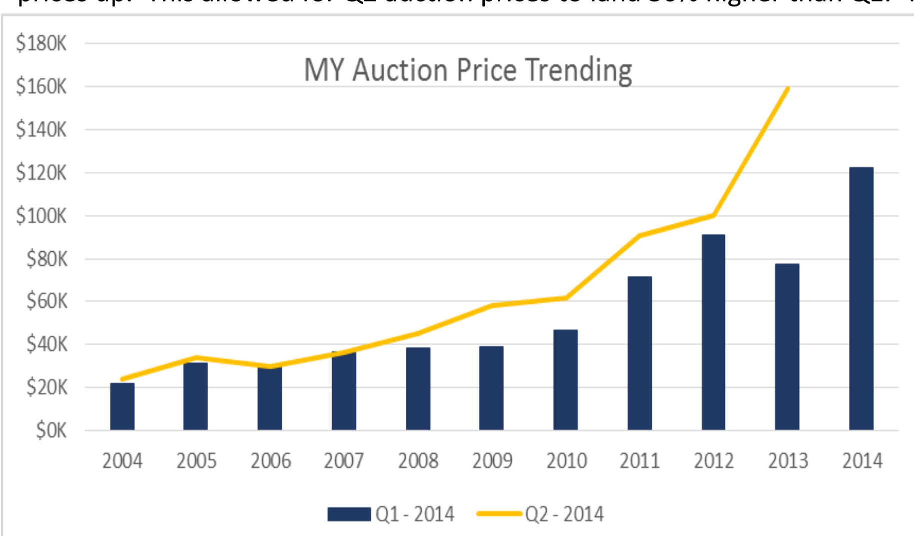
Overall Q2 prices were up from Q1, but a few model years saw slight decreases quarter over quarter. Asking prices on the 2015 model trucks are down 1% from Q1 for heavy duty trucks while the 2015 medium duty trucks recently entered the used market at an applicable volume. Another year that saw price decreases was the 2011's at 2% and 2004's again at 2% as well. Both of these MYs had large drops in volume along with the remaining models, but these two years were among the smaller volume decreases in Q2. The most significant volume decreases were on MYs 2007-2005 as these trucks are aging out of the popular used market age group. Looking at June specifically, overall asking prices for heavy and medium together were down. The largest price decrease was on the 2008 models, down 7%




from May. The largest increase was on the 2004's at 5%, which was driven by the large increase in heavy duty volume during June raising the average price.

There has been a large drop in volume throughout Q2 with the exception of more 2015 models entering the market. The average age of used trucks at the end of Q2 is between 6 and 7 years. 50% of the used market during Q2 fell between MYs 2009 and 2011. Looking at May alone, volume was up for all model years. The highest increase was on the 2005's, but Q2 as a whole saw large decreases in the number of these trucks on the market indicating that June carried the majority of the volume for the older MYs. For both May and June, the 2007 MY were the most commonly seen on the market with the 2010's following closely behind. As a larger quantity of lower mileage, newer trucks are bought on the used market falling between MYs 2012 and 2014 there are less waiting to be sold allowing the demand to rise.

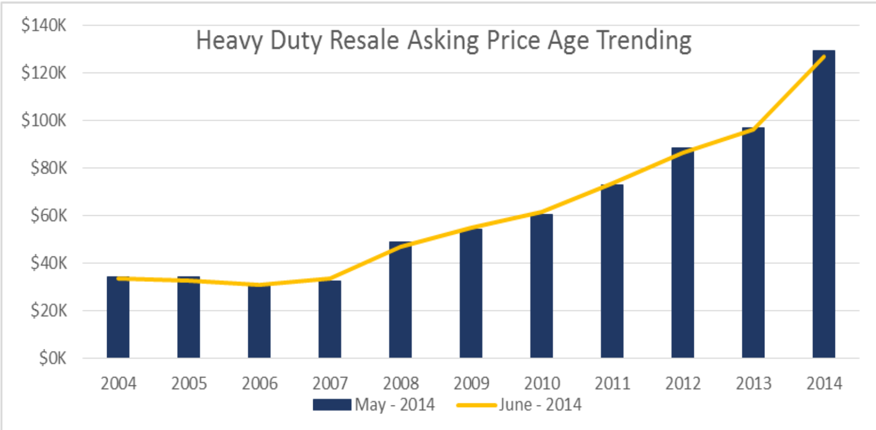
Auction prices continued to rise in June as a larger quantity of new models entered the market driving prices up. This allowed for Q2 auction prices to land 36% higher than Q1. The largest increase in price



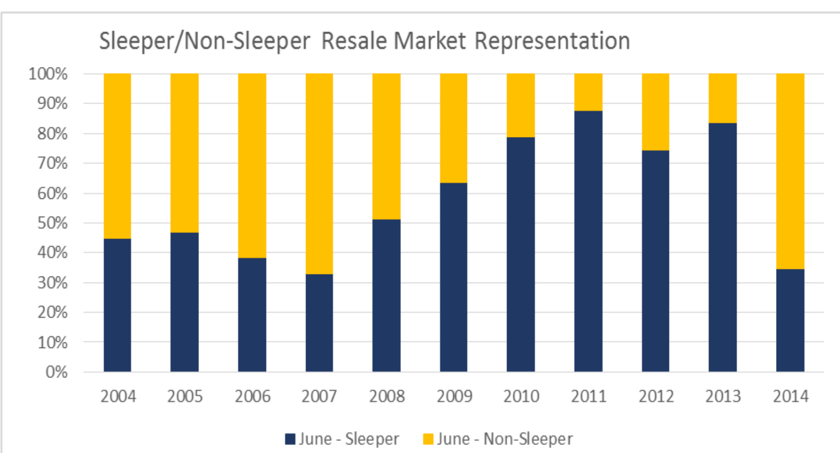

during each month throughout Q2 was on the 2013 trucks. Volume continued to fall at auction for heavy and medium trucks during June and Q2 as a whole. Despite the drastic drop in volume of 2013 MYs in June, these were the only models with a volume increase in Q2 which is a result of increases during April and May. The average age of medium and heavy duty trucks on the auction market during Q2 is 7 years holding 36% of the market between MYs 2007 and 2009.

## Heavy Duty Trends

**Q1 showed a positive momentum on average asking prices which continued into April and finally slowed down during May and June as prices remained relatively stagnant for heavy duty trucks this past month.** Asking prices fell 0.5% on heavy duty trucks while auction is up 64% from May. This is a turn in the opposite direction from May's negative price changes as prices had fallen 8% on the private sector and 40% at auction. April had large prices increases and auction prices during June have risen to the April average despite the May dip. The private sector however did not compensate for last month's drop but average prices remain higher than any seen during Q1 allowing Q2 to end 7% higher than Q1.

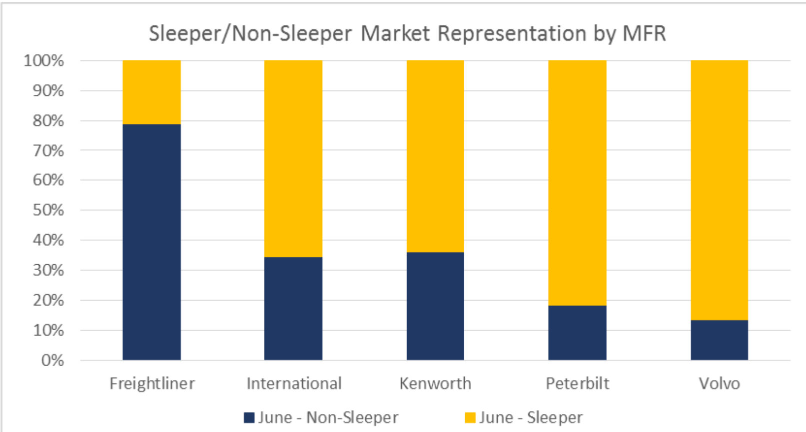



Overall, June saw a large increase in average auction prices for heavy trucks bringing the average Q2 price up 32% over Q1. Prices on the newer model trucks fell throughout May as the demand for new 2015 models rises these slightly older trucks on the used market must remain competitive allowing an incentive to buy used versus new. This trend did not continue into June as prices remained relative static month over month with increases driven by the auction market. However, Q2 as a whole saw higher average prices on the newer models than Q1. After May's drop in supply of 2013 and 2014 model years, June saw another month over month increase as seen in the beginning of Q2. Q2 of 2014 ended with 15% higher prices than Q2 of 2013 and significantly lower volume. This is a reflection of the higher prices that started in Q1 of this year.




June was an even slower month for heavy duty trucks at auction than May. Class 7 and 8 trucks sold during June jumped up in prices on average as the number of 2014's sold was on the rise. The need for quick sales of heavy trucks is dwindling as more time is available to keep trucks on the market while buyers are waiting on the new trucks to be made with the current high demands. People are more willing to wait for the right sale at this time. Auction has been hurt more than private resale due to people trading in trucks while updating fleets.

Throughout June average asking price for non-sleeper trucks went up while sleepers were on the rise, which is the opposite of what was occurring during May. There were price increases on a few older sleeper trucks suck as 2005's and 2006's, but the increase in newer models drove the overall pricing up. There was not much variability on either end of the age spectrum for sleepers while non-sleepers saw more change in values between older and newer models. The evening out of sorts between April and May allowed overall prices to see no change and there were minimal changes during June as well. Non-sleeper class 7 and 8 trucks saw an overall average price decline of 0.9% on the private market and sleepers increased 0.4%.




Overall, there were more sleepers on the privat4e resale market than non-sleeper class 7 and 8 trucks during June. The number of both sleepers and non-sleepers increased during June as volume throughout the entire heavy duty market rose, but the number of sleepers saw a greater incline in volume. Non-sleepers held 40% of the heavy duty market again in June holding onto that increase in volume from last month. There are a few cases where there are more non-sleepers than sleepers currently available for certain model years. This is most common on the older years such as 2004-2007 as well as the 2014's. The remaining years have more sleepers currently up for sale.

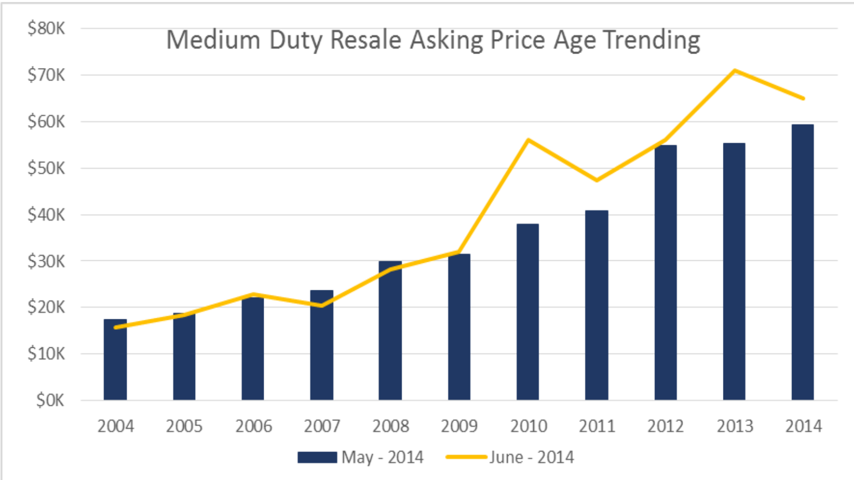
The trend for the top four manufacturers during June includes a smaller drop in Freightliner than last month. International also saw a large decline in prices during May, but was the only manufacturer among the top sold heavy duty trucks with an increase at 3.5%. During May prices began to decline and the only manufacturers who saw a move in the positive direction were Kenworth at 2% and Volvo at 0.1%. The declines were much more significant allowing the overall class 7 and 8 price averages to drop for both May and June. As International's volume increased during June as well as Kenworth, overall heavy duty prices remained relatively static as the smaller changes controlled the monthly price changes. Volvo saw the highest price drop in June and the only volume drop.

**Top 4 Heavy Duty Manufacturer Resale Prices**

| | May 2014 | June 2014 | Difference |
|---|---|---|---|
| Freightliner | $37,860 | $36,040 | -4.8% |
| International | $50,474 | $52,225 | 3.5% |
| Kenworth | $67,379 | $66,953 | -0.6% |
| Volvo | $60,640 | $56,012 | -7.6% |

## Medium Duty Trends

**The medium duty market saw an 18% increase in asking prices and a 4% increase at auction during June in response to May's 12% and 15% decreases.** There were large asking price increases for models 2010 and newer driving overall prices up. The large decline in 2014 MY volume was followed by a large increase in June nearly doubling the number of medium duty trucks on the market for this model. The largest volume increase was on the 2010 MY leaving 2009 and 2010 MYs with 34% of the medium duty used market in June. Class 4-6 truck prices inclined at a steady rate during Q1 with high prices going into April. May took prices down and June increased prices back up for medium duty trucks. Medium duty asking prices in June were the highest of Q2 and the entire first half of 2014. June ended with asking prices 11% higher than January and auction prices down 28% which is reflective of the large decrease in private market volume and increase in auction volume.




Among the top four most popular class 4-6 trucks on the private resale market, the largest drop in price was on the Freightliner after only a 2.5% decrease in May. During May Ford declined 24% and only 2.2% during June. Hino and International also saw decreases during May, but June turned prices around rising 6.2% and 16.2% respectively. Overall, volume was up significantly for with the exception of Freightliner. Hino saw the largest volume increase followed by International. During May International had the largest drop in volume, which allowed June to compensate with both high prices and quantity to end Q2 strong.

**Top 4 Medium Duty Manufacturer Resale Prices**

| | May 2014 | June 2014 | Difference |
|---|---|---|---|
| Ford | $27,624 | $27,030 | -2.2% |
| Freightliner | $28,905 | $25,015 | -13.5% |
| Hino | $37,367 | $39,675 | 6.2% |
| International | $25,911 | $30,118 | 16.2% |

## Model Year Pricing Trends

**Monthly Change in Trucks**
***February 2014 vs March 2014***

| | 2008MY | 2009MY | 2010MY | 2011MY | 2012MY |
|---|---|---|---|---|---|
| Heavy Non-Sleeper | -9.1% | -3.4% | 6.1% | -12.3% | 0.2% |
| Heavy Sleeper | -0.6% | -0.7% | -1.1% | -0.2% | -2.5% |
| Medium | -15.7% | 2.7% | -39.6% | 18.5% | 18.2% |

**YTD Change in Trucks**
***January 2014 - March 2014***

| | 2008MY | 2009MY | 2010MY | 2011MY | 2012MY |
|---|---|---|---|---|---|
| Heavy Non-Sleeper | -8.3% | -2.1% | 1.4% | -9.8% | -0.5% |
| Heavy Sleeper | 1.0% | -0.6% | -1.3% | -1.6% | -1.1% |
| Medium | -16.9% | 1.6% | -38.0% | 13.1% | 16.6% |

**YOD Change in Trucks**
***March 2013 - March 2014***

| | 2008MY | 2009MY | 2010MY | 2011MY |
|---|---|---|---|---|
| Heavy Non-Sleeper | -13.1% | 3.5% | -5.8% | 14.0% |
| Heavy Sleeper | -8.7% | 0.7% | 1.1% | 0.2% |
| Medium | -16.3% | -2.7% | 65.6% | -15.6% |