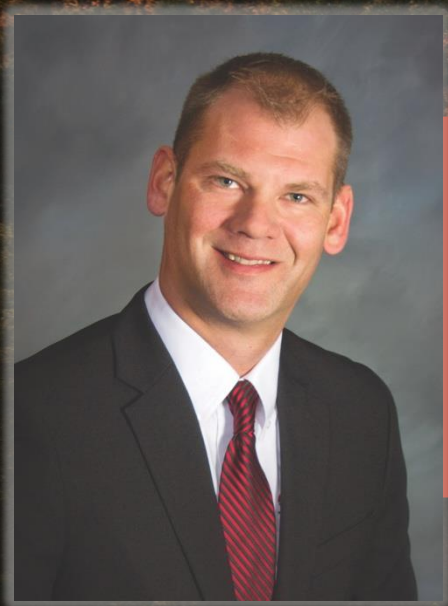




The Meter

Transportation (Trucking) Update (9-2026)

Produced By: Andy Vering, ASA

With Input From: Alan Harding, ASA

Introduction

I love fall in Nebraska. Harvest season, hunting season, and football season — three of my favorites. Now, if this dang heat would just subside, it would be perfect. We have been over 90 degrees for two weeks now, and the humidity is unreal with all the crops in the area.

I am coaching my 9-year-old's tackle football team and helping with the 6-year-old's flag football team. Let me tell you, it really reinforces how important patience is. It is so much fun watching these kids grow, learn, and figure out the game, but sometimes the hardest part is simply getting them to listen.

Patience is important in all parts of life and business. The trucking industry has certainly had to be patient over the past several years, and we are finally beginning to see some signs that the patience may be paying off.

An Interesting Time in the Trucking Industry

We are in an interesting time in the trucking industry. Very low used truck inventory, decent spot and contract rates, and average-to-below-average consumer spending are all contributing to where we are today. Sluggish new truck sales over the past several years have also played a significant role. Then, of course, we have the uncertainty surrounding the conflict in the Middle East, making it difficult for anyone to have a clear picture of what comes next.

What we do know is that used equipment inventory remains low, while we continue to see drivers leave the industry as new regulations take effect. These factors alone should help keep used truck values moving steadily higher, but other economic factors are preventing a more significant increase. At this point, our expectation is that **used truck values will remain stable with a gradual upward bias**, barring any significant change in the broader economy or freight market.

Fuel Costs Continue to Pressure Margins

Brent crude oil prices have recently climbed sharply as fighting in Iran has intensified. With no clear end to the conflict, trucking companies have little confidence that diesel prices will recede anytime soon.

Higher fuel costs immediately eat into operating margins. They also make it more difficult for fleets to invest in new equipment and reduce the amount of used equipment entering the market through trade-ins and auctions.

While higher fuel prices are clearly a negative for trucking companies, they can also contribute to tighter equipment supply by causing fleets to delay capital expenditures.

Aging Fleets and New Emissions Standards

In the post-COVID era, many trucking companies have chosen to age their fleets as they navigate the uncertainty the market has provided. The 2027 emissions standards have changed multiple times and delayed some investment decisions as fleets wait to see what the new technology will ultimately cost and how it will perform.

All indications point toward a substantial increase in the cost of new equipment. We have already seen evidence of this, although there has been some inconsistency in pricing and availability.

Over the last few months, we have started to see new truck orders and sales increase back toward more historical levels. Overall, we will remain on the lighter side of inventory because of the lack of new purchases over the extended period of time.

With demand beginning to increase, the market is positioned for another potential increase in used truck values. At this point, however, it looks more likely that values will remain steady rather than experience a significant jump, barring any major outside influence.

Used Truck Inventory Remains Historically Low

The chart I always bring up on slides 7 and 8 paints a solid picture of the current inventory situation. While the data represents only five models, having more than 10 years of information on these same five models provides a good representation of what we are seeing throughout the sleeper truck market.

Current inventory levels are at a point we have rarely seen outside of the COVID era. The rise in used truck values has correlated closely with these inventory levels.

I cannot imagine inventories getting much lower. Production issues played such a significant role in inventory levels during the pandemic, and with current purchases and orders increasing, we should begin to see more used equipment enter the market over the next six months.

The question is not whether inventory will increase — it is **how quickly it will increase and whether demand can absorb that additional supply**. At this point, we believe the answer is yes.

Introduction (Continued)

Auctions Continue to Be Strong

Auctions have continued to perform well. Values have steadied somewhat but remain well above the levels we saw a year ago.

I expect we could see another bump in auction values when new truck pricing increases across the board. Higher new truck costs could force smaller fleets that are looking to upgrade and reduce fleet age to reconsider their options. Rather than paying substantially more for new equipment, some may choose to purchase newer used equipment instead, particularly while the new emissions technology remains relatively unproven.

Auction volume overall remains on the lighter side, as expected. Repossessions remain strong, along with fleet realignment and restructuring.

I would expect auction volumes to begin increasing more noticeably around the second quarter of next year as deliveries of new trucks begin to spark an increase in available used equipment. However, it will take some time for that additional supply to work its way through the market.

Because of this, along with the anticipated increase in new truck costs, we aren't expecting a significant drop in used values even as inventory begins to increase.

Dealers Are Becoming More Active

We have also begun to see dealers become more active at the auctions. They have recently been approaching 40% of successful auction buyers, which is a meaningful change from where we were previously.

This is an important indicator because dealers are typically buying equipment with the expectation that they can retail it at a higher price.

As auction values have increased, the retail side of the market is beginning to catch up. Sellers are raising asking prices based on what they are seeing at auction, and those higher auction results are beginning to translate into higher retail values.

COVID threw off what a typical equipment cycle looked like. The extremes of the pandemic changed the market for several years, making it difficult to compare current conditions to a normal cycle.

What we are seeing now looks much more like a traditional market cycle — **supply, demand, freight rates and equipment availability all working together.**

Outside forces will always have an impact and the trucking market is certainly more complicated than those four factors. However, the underlying fundamentals are beginning to look much more like a traditional equipment cycle.

Our Outlook

Our current outlook is **stable to moderately positive for used truck values.**

We expect used truck inventory to remain historically tight in the near term, while auction values should remain above prior year levels. New truck orders and deliveries appear to be improving, which should eventually increase the amount of used equipment entering the market.

We expect auction volume to gradually increase beginning around the second quarter of next year. However, we do not anticipate enough additional supply to create a significant correction in used values.

Higher new equipment costs should also continue to provide support for late-model used equipment.

The biggest risk to this outlook would be a significant deterioration in freight rates, consumer spending, or the broader economy. Conversely, continued improvement in freight rates combined with higher new equipment costs could push used values higher than our current expectations.

For now, however, we believe the market is entering a period of **stability with modest appreciation rather than another dramatic price cycle.**

After several years of extremes, that may actually be a good thing.

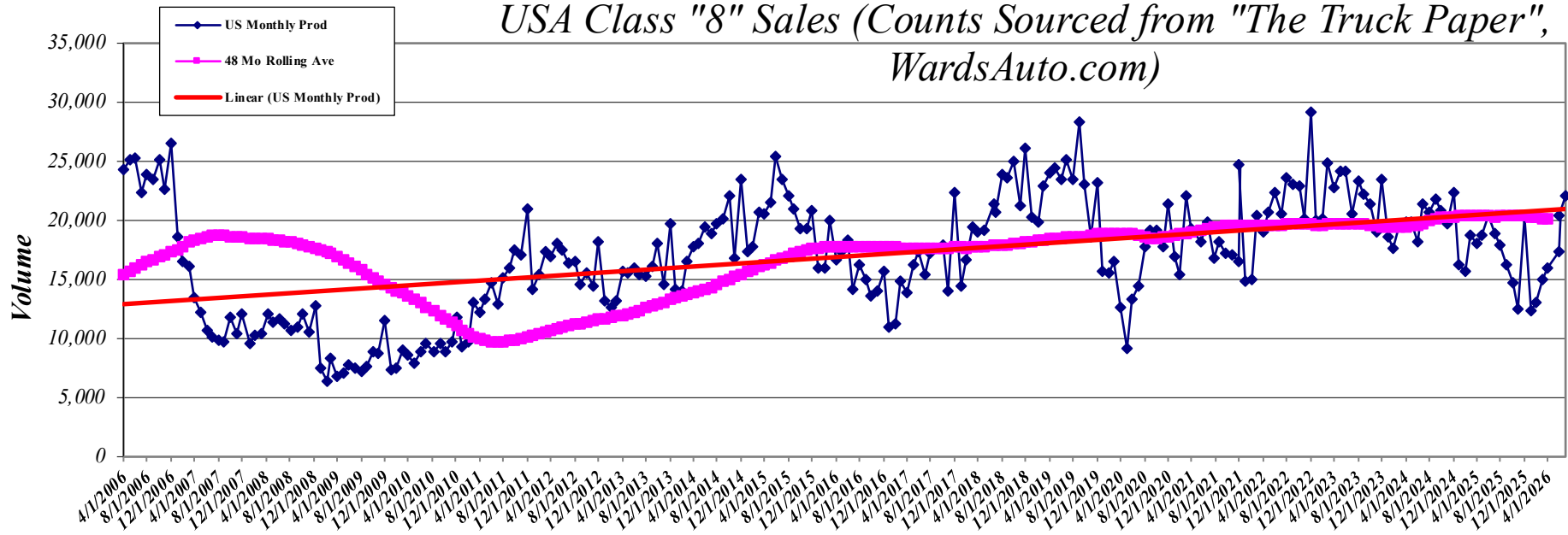
Final Thoughts

As always, we appreciate your feedback and welcome your input. This quarter's update includes supporting market charts that provide additional insight into the trends we are tracking and the factors influencing the used truck and trailer markets.

Thank you for your continued support, and I hope everyone has a safe and enjoyable fall season.

And if you're in Nebraska, enjoy harvest, hunting season, and football. Hopefully, by the time you read this, the heat has finally broken.

USA Class "8" Sales (Counts Sourced from "The Truck Paper", WardsAuto.com)



Historical By Month

The chart above shows historical trends that tend to repeat themselves. (Disclaimer: past activity does not necessarily indicate future activity.)

What are the data points and trends telling us now? (Some of my comments are repetitive, and may be found in previous newsletters, but again, repeating a notable point makes it more likely to be remembered.)

1: Trucking typically runs in a 7 to 8-year cycle [peak to peak OR trough to trough]. Expected, the new sales volume is above the 48MRA. The trend suggests we would see higher builds and values should erode more slowly. Obviously, the market has been thrown out of any typical trend, but keeping an eye on what recovery looks like from the past can give us an idea on what to look for. Sales should stay above the 48MRA barring any major economic changes for the next couple quarters.

2: Historical needs have grown from slightly lower than 15,000 Class 8 tractors per month (in the 2000's) to about 20,000 Class 8 tractors per month now. Since the pandemic low of 9,165 in May of 2020, we have been seeing quantities in the low 20,000s.

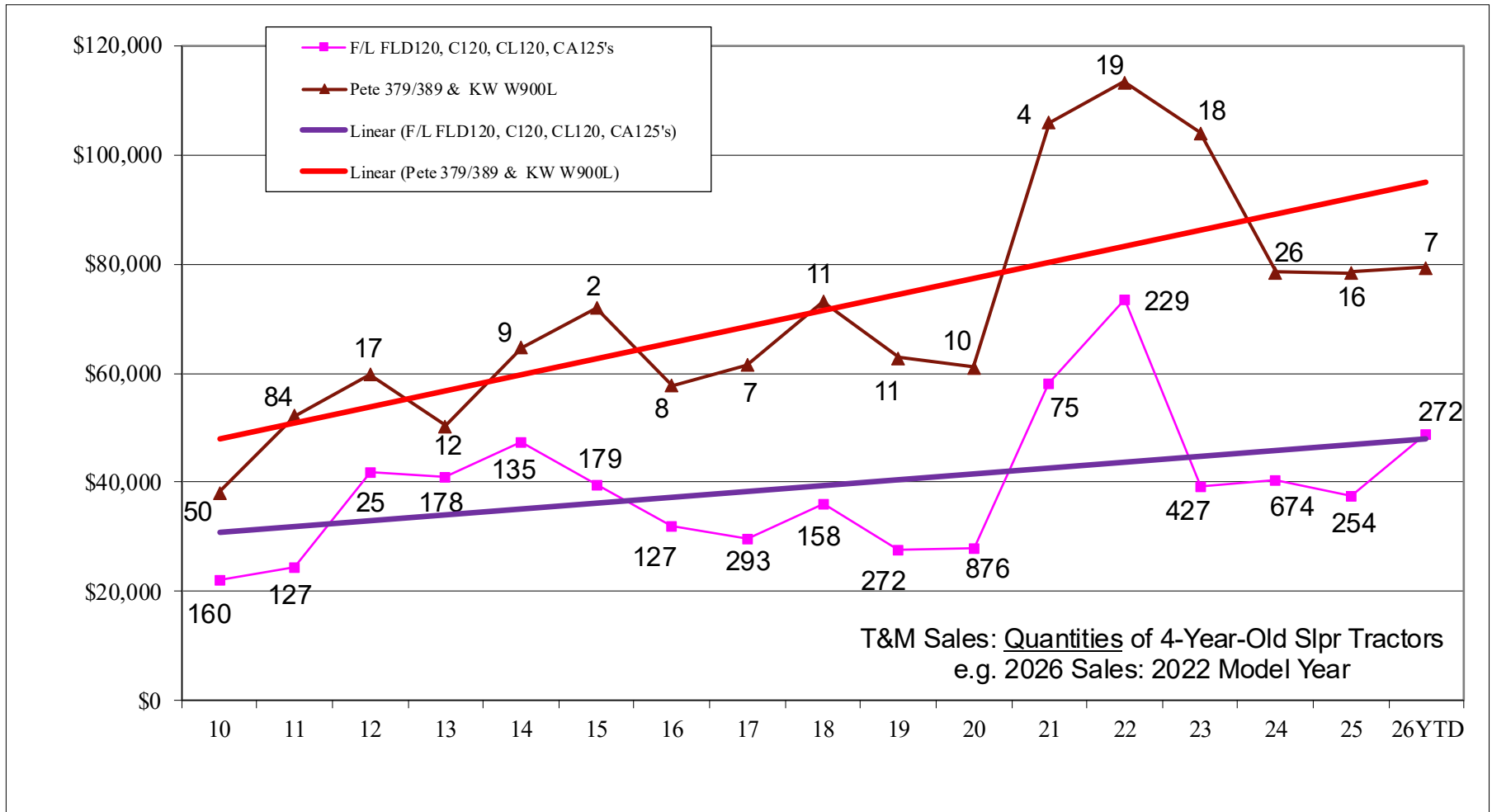
3: U.S. Sales ONLY: The 48MRA is the rolling average of all tractors 48 months old or newer. The 48MRA bottomed in 2/2011 (7-year low) with the 48MRA at 9,712. The previous 48MRA high was recorded in 5/2007 at an average of 18,678 (we are now above the high in 2007), which was six months after the actual monthly sales peak in 12/2006, when 26,462 units were sold. We marked a peak for monthly sales in 6/2015 with 25,369 units sold and now again in 9/2019 with 28,258 units sold. This 48MRA Cycle high of (12/2024) 20,407 is a new all-time high.

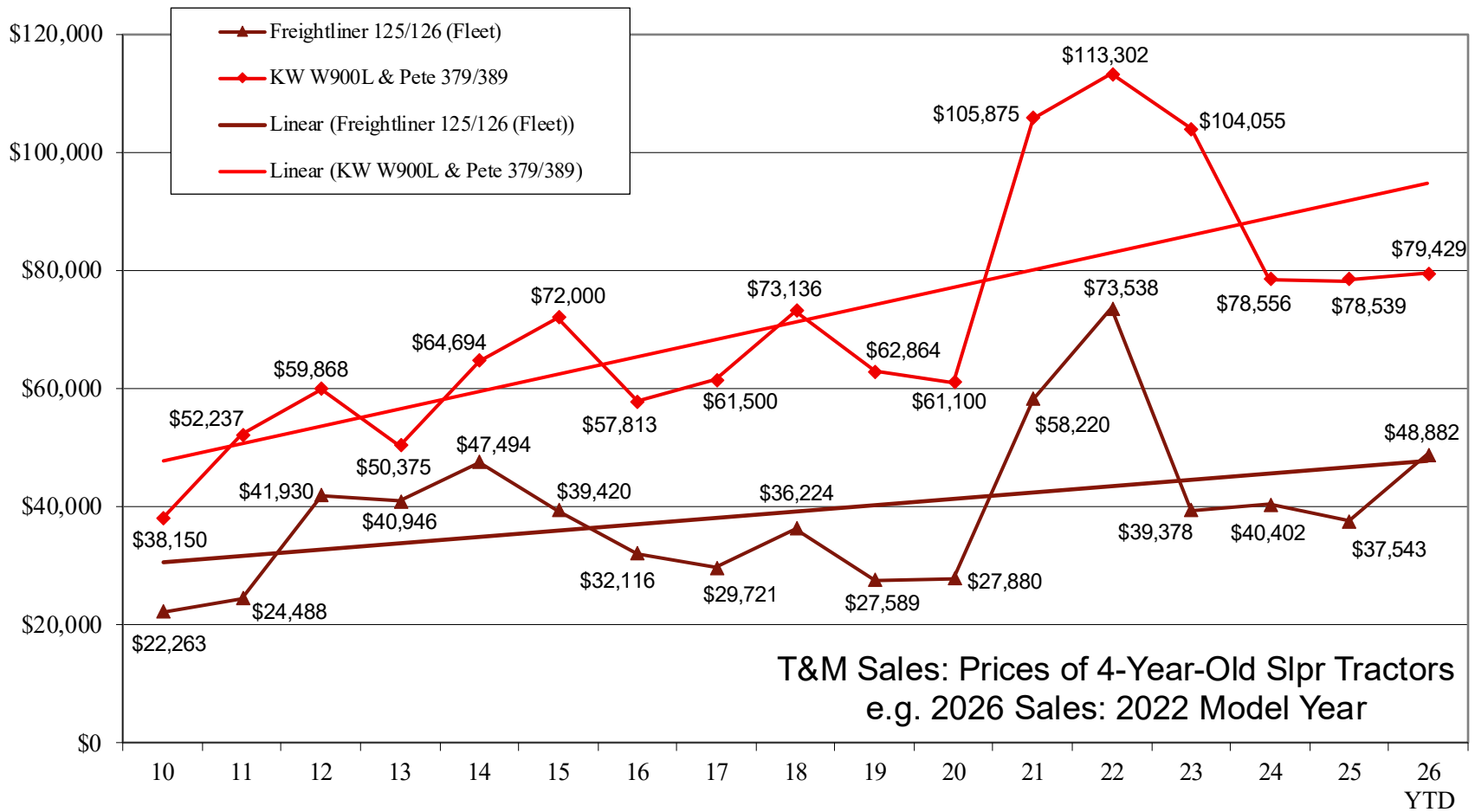
4: Actual Class 8 purchases have been down since the year-end. December 2019 of 23,119 to averaging 15,271 for the year in 2020 with the low at 9,165 in May. We are currently at 19,848 for 48MMR.

5: Since the drawdown (20%-30%) from July 2015 to July 2017, tractor prices had improved significantly, up until 2019. 2019 was a tough year at the auction level of trade. 2020 showed improvement, and 2021 finished strong. Sales have been relatively stable but down Y/Y. Interest rates have hindered purchases along with an election year that will generally make buyers hesitate.

6: We finally have started to see the expected rise in new class 8 sales. It is still light but with the uncertainty on future pricing with new emissions and volatility with the industry it is good to see the turnaround. I would expect the sales numbers to hover around the 20,000 per month through the end of the year.

This chart shows the True Value Guide Quantities of 4-year-old tractors. Here are total actual sales of the Freightliner Cascadia (Fleet) and the O/O Spec'd Petes and KWs. We saw a decent jump in volume since the last newsletter but inventory levels being low equipment is getting harder to find. Volume has been the biggest driver in the increase in values. We expect lighter volumes through Q4 but values should remain fairly steady.





Above are T&M Sales by average annual prices. (As usual, I have combined the Peterbilt 379/389 and Kenworth W900L tractors since both are generally considered to be spec'd as Owner-Operator (O/O) tractors.)

We have not seen much change in the O/O tractors. Still not a lot of data with these types of trucks yet. Diesel costs a huge factor as these are not considered fuel efficient and no clear time frame for when fuel costs could recede.

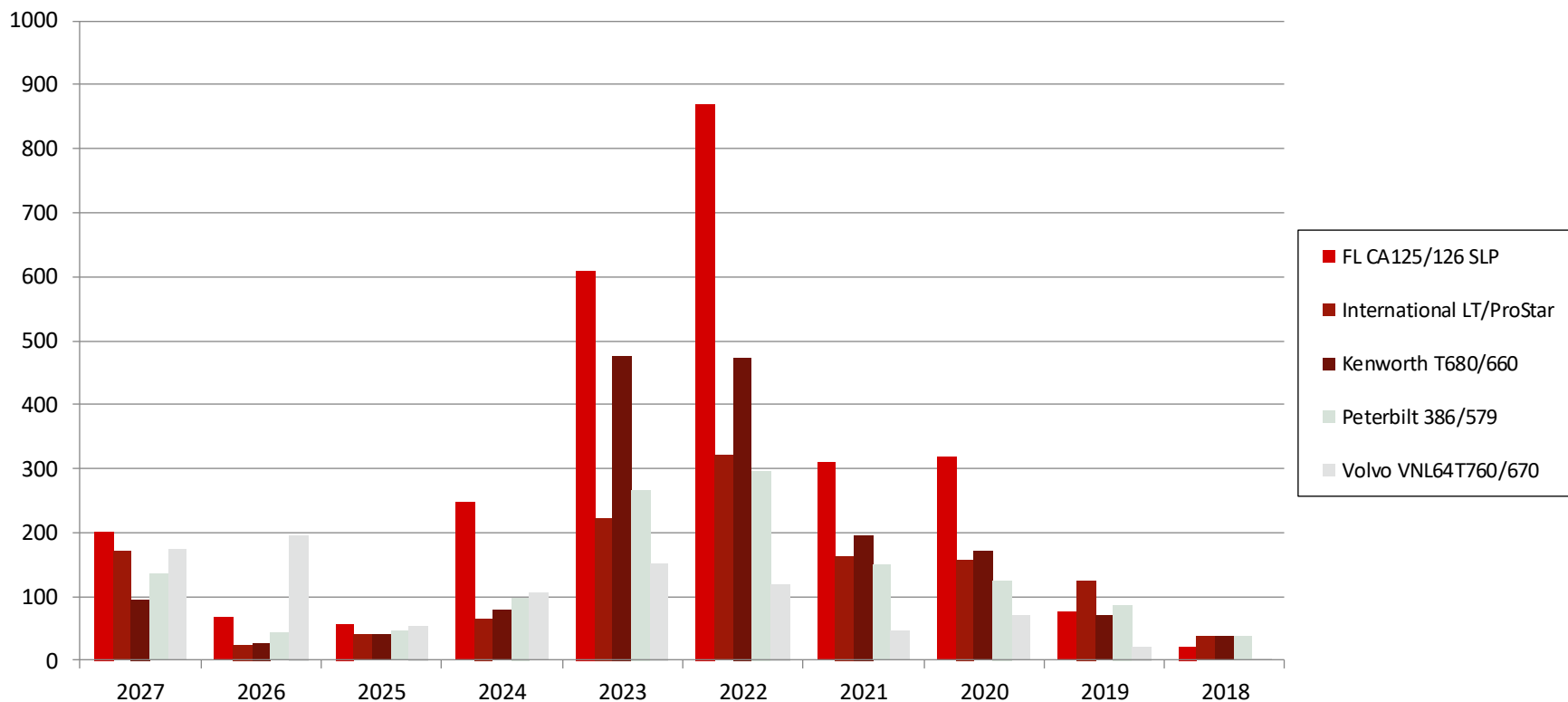
The Cascadia data is encouraging. Prices continue to increase in the fleet truck sleeper market. The increase has slowed but continues to rise driven by lack of quality used trucks available.

The trends (red and purple lines) over time have been higher, but the price declines are clearly evident (2001-2003 & 2008-2011 & 2015-2017 & 2019 and 2020). Remember, RCN is up (from material costs, EPA requirements, technology and safety/comfort improvements); additionally, inflation is included in the sale prices, thus the upward trendline.

Here are results at our auctions since 1999 on 4-year-old Cascadia sleeper trucks. This is just a continuation of the previous slide. We are continuing to see an increase in pricing and demand for late model sleeper trucks at auction. While overall inventory remains low, we do not expect much decline to the average values through 2026.

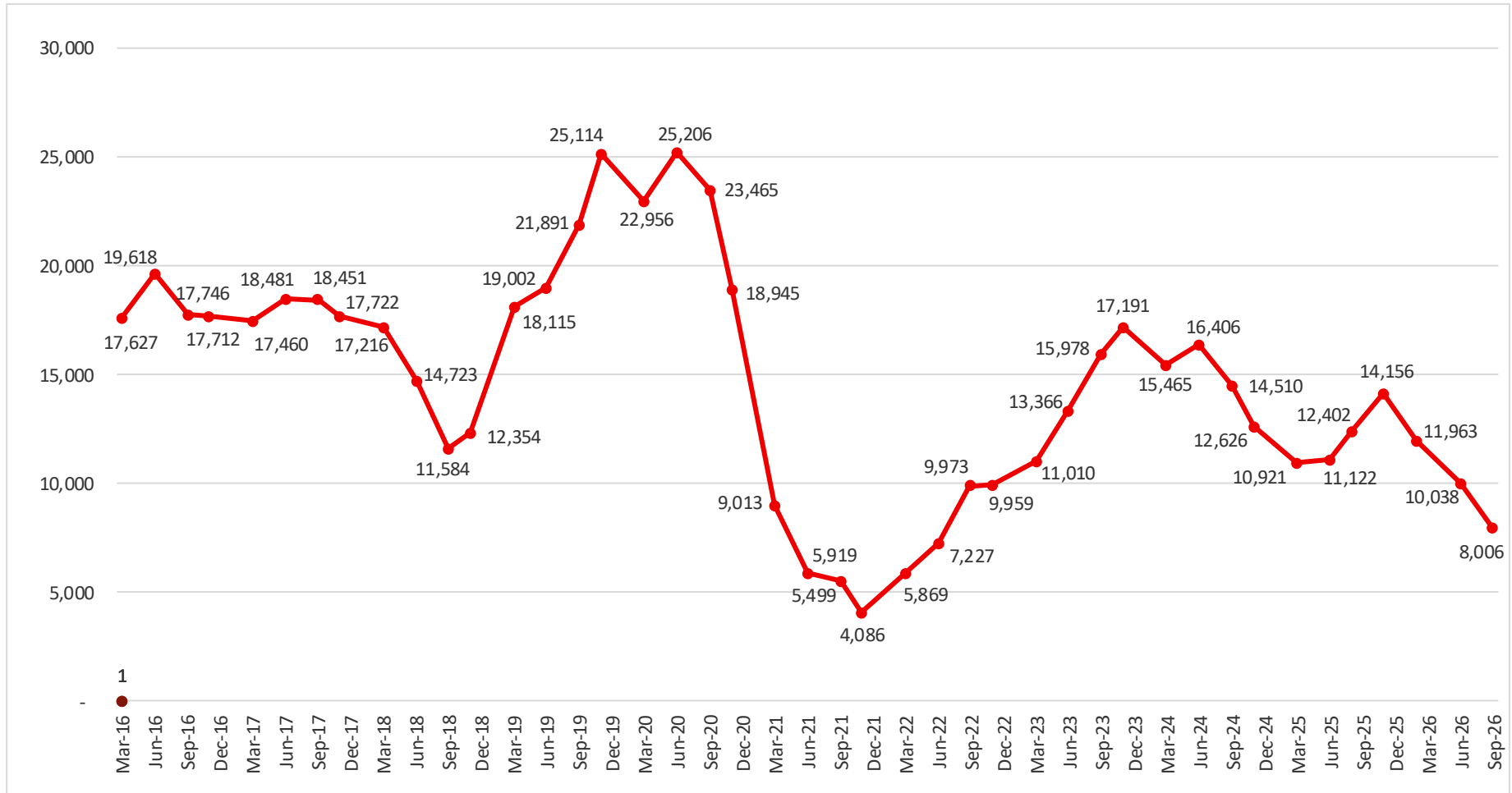
Freightliner 125/126 (Fleet)				
Sale Year	Model Year	Quantity	Average	
99	1995	146	\$21,949	
00	1996	116	\$17,228	78.49%
01	1997	174	\$17,932	104.09%
02	1998	100	\$18,868	105.22%
03	1999	34	\$22,191	117.61%
04	2000	83	\$23,015	103.71%
05	2001	89	\$23,815	103.48%
06	2002	12	\$24,146	101.39%
07	2003	13	\$25,635	106.17%
08	2004	67	\$22,780	88.86%
09	2005	147	\$17,930	78.71%
10	2006	160	\$22,263	124.17%
11	2007	127	\$24,488	109.99%
12	2008	25	\$41,930	171.23%
13	2009	178	\$40,946	97.65%
14	2010	135	\$47,494	115.99%
15	2011	179	\$39,420	83.00%
16	2012	127	\$32,116	81.47%
17	2013	293	\$29,721	92.54%
18	2014	158	\$36,224	121.88%
19	2015	272	\$27,589	76.16%
20	2016	876	\$27,880	101.05%
21	2017	75	\$58,220	208.82%
22	2018	229	\$73,538	126.31%
23	2019	427	\$39,378	53.55%
24	2020	765	\$40,402	102.60%
25	2021	254	\$37,543	92.92%
26 YTD	2022	272	\$48,882	130.20%

What is available to the marketplace today? (August 28, 2026) These numbers continue to decrease, helping drive the used values up. I even added the Volvo VNL860s due to popularity, adding around 300 units to the total. We are down about 20% over the last 3 months. We were only down this low during the peak of covid and have been tracking this inventory since 2016. It's hard for prices to decrease with these levels. With sales and order just now increasing, we will not see much of a jump on levels this year.



28-Aug-26	Sleeper Tractors For Sale On TruckPaper.com: Aug 28, 2026									Ave. Age	2021.60	
Make	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018	Total	% of Total
Freightliner 126 SLP	202	69	56	246	609	870	310	318	76	21	2,777	34.686%
International LT625	171	25	40	66	223	320	162	158	126	39	1,330	16.613%
Kenworth T680	94	27	41	79	476	474	196	172	71	38	1,668	20.834%
Peterbilt 579	136	44	45	99	266	295	150	126	88	38	1,287	16.075%
Volvo VNL64T860/760/670	173	195	54	107	151	120	46	71	23	4	944	11.791%
Year	776	360	236	597	1,725	2,079	864	845	384	140	8,006	100.000%

Using information from charts like the prior page shows the listings per quarter over the last 10 years. Prior to 2020, we only went back 9 years as opposed to 10 as we do now. We continue to have the inventories decline. Not unexpected, but where will the bottom be? We saw what the values were the last time we saw inventories this low. We understand this is a small snapshot into inventory levels, but historically it has provided us with good insight to what used truck values will do in the near term. It is looking like a continued increase in used truck values based on this chart. We have just continued the trend we have been on since Q1.



Additional Factors... to consider for a bias (positive or negative)

- **Crude oil prices** have trended upward since the start of 2026 after bottoming in mid-December, with prices recently fluctuating between the mid-\$70s and high-\$80s per barrel. Analysts expect most crude oil production to return to near pre-conflict averages in early 2027, although ongoing disruptions are expected to continue throughout the year. Oil prices are expected to remain elevated in the \$70–\$90 range toward year-end, while still averaging approximately \$69 per barrel in 2027. J.P. Morgan estimates fourth-quarter prices will average approximately \$80 per barrel, with the year ending near \$78 per barrel. Net imports are forecast to remain below average through 2027 due to strong international demand for U.S. crude oil exports. Elevated fuel prices are also putting additional downward pressure on oil consumption. Increasingly tight product markets pushed Atlantic Basin refining margins to all-time highs in July, as diesel, jet fuel, and gasoline cracks surged amid seasonally higher demand. LNG exports have declined so far in the third quarter due to ongoing maintenance at Freeport LNG. Natural gas prices have also declined, driven by reduced LNG feedgas demand, robust natural gas production, and near-record storage levels. New solar projects and increased use of natural gas-fired power plants are leading sources of electricity generation growth in 2026. Solar, hydropower, and wind generation increased 21%, 9%, and 6%, respectively, during the first half of 2026 compared with the first half of 2025. U.S. crude oil inventories, which averaged approximately 600 million barrels between 2019 and 2022, declined sharply and bottomed in 2023. Inventories have since been partially rebuilt; however, since the end of March, they have fallen sharply and are now below 300 million barrels, well below the 2023 low of approximately 347 million barrels.
- **Building Activity (Home, Office, etc.):** U.S. housing starts dropped 12.4% in July from the previous month, coming in well below market expectations. Starts declined 15.6% in multi-unit housing and 9.9% in single-unit housing. By region, housing starts declined in the Midwest (27.6%), South (12.6%), and West (13.8%), while starts increased 17.1% in the Northeast. As a cyclical and interest-rate-sensitive sector, housing is often viewed as a broad indicator of economic momentum. Meanwhile, the national average 30-year mortgage rate currently stands at 6.51%.
- **Trucking Industry:** The trucking market is transitioning toward a tighter carrier environment even though freight demand has not recovered strongly. Years of weak rates have pushed carriers and drivers out of the market, while regulatory changes are accelerating capacity reductions. As a result, rates are rising primarily because there are fewer trucks available, not because freight volumes are booming. Carrier costs remain elevated. The cost of operating a truck, excluding fuel, is 29% higher than at the 2021 market peak, while diesel prices have risen 54% since the beginning of 2026. June 2026 truckload spot rates, excluding fuel, were up 43% year over year, while contract rates increased 13%. The biggest wildcard is demand. If freight demand remains muted, rate increases should be somewhat contained. However, if consumer goods spending, industrial production, or inventory restocking picks up, reduced carrier capacity could cause a much sharper increase in spot rates and market volatility. Carriers report that tightening is primarily supply-driven, with firms becoming more selective about customers and freight. Driver recruitment and retention remain major concerns, while fleet investment is focused primarily on replacing older equipment rather than adding significant capacity. For 2027, the tighter supply environment should create firmer freight-rate floors and give carriers more pricing power. However, higher rates do not necessarily translate into significantly higher profits, as insurance, labor, maintenance, equipment, and financing costs remain elevated. EPA 2027 is another important wildcard, with fleets considering whether to accelerate purchases ahead of regulatory changes, although the size and timing of any potential prebuy remain uncertain. Overall, the equipment market is likely to remain primarily replacement driven rather than expansion driven, with fleet purchasing decisions dependent on the durability of higher freight rates, carrier cash flow, equipment costs, and regulatory timing.



Additional Factors (Continued)



- **Consumers:** U.S. retail sales fell 0.6% month-over-month in July 2026, sharply missing expectations for a 0.1% increase and reversing June's 0.2% gain. It was the first decline since October 2025 and the largest since May 2025. The decline was led by a 2.2% drop in non-store retailers, reflecting some spending that was pulled forward into June after Amazon shifted its Prime Day event from July to June this year. Sales also declined at motor vehicle and parts dealers (-1.8%), gasoline stations (-0.9%), and electronics and appliance stores (-0.5%). Retail sales are not adjusted for inflation, and excluding autos and gasoline, sales fell 0.2%. Increases were recorded at clothing and clothing accessories stores (1.9%), health and personal care stores (0.7%), building material and garden supply stores (0.3%), and furniture stores (0.3%). Sales excluding food services, auto dealers, building material stores and gasoline stations, a measure used in calculating GDP, fell 0.4%, marking the largest decline since the beginning of 2025. The prime lending rate has remained at 6.75% since December, slightly above its long-term average of 6.55% from 1950 through 2026. Personal spending increased 0.3% in June following a 0.9% increase in May, while the household savings rate edged down to 2.7% from 5.5% in April. Despite the weaker July retail sales data, consumer spending has generally continued to trend higher on a quarterly basis, supported by continued growth in disposable personal income since the pandemic. Overall, the data suggests consumer spending remains resilient, although July's decline indicates that higher borrowing costs and lower savings are beginning to place some pressure on household spending.
- **Inflation:** In July, annual Core CPI increased 2.5% year over year, matching forecasts and down from 2.6% in June. On a month-over-month basis, Core CPI rose 0.2% in July, matching expectations and accelerating from June's 0.0% increase. Producer prices increased 4.7% year over year, down from 5.5% in June. On a monthly basis, July PPI was unchanged at 0.0%, below the consensus estimate of 0.2%. The Federal Reserve's preferred inflation gauge, Core Personal Consumption Expenditures (PCE), increased 3.7% year over year in July, unchanged from June. On a monthly basis, Core PCE increased 0.2% in July, compared with a 0.1% decline in June. Market participants currently expect the Federal Reserve could raise interest rates by 25 basis points (0.25 percentage points) at either its October or December 2026 meeting.

Trailers

- **Ag Trailers:** Auction volumes have declined significantly since the start of the year, reflecting normal seasonal trends. The Fertilizer Price Index began rising sharply in March and is currently near levels not seen since the end of 2022, while also approaching its 2025 high. Corn prices per bushel have reached new highs for 2026 and are also approaching 2025 highs. Grain trailer backlogs and net orders have declined approximately 10% compared with the 2025 average.
- **Pneumatic Trailers:** In the open market (Truck Paper), smaller-cube units represent 40% of available inventory, up 2% from last quarter. Total pneumatic trailer supply is up 1.5% from Q2 levels. Since last quarter, new trailer pricing has increased slightly. The Aluminum Price Index has recently pulled back after reaching all-time highs. Liquid tank and bulk tank backlogs have declined 40% from the 2025 average. Net builds for liquid tanks have increased 80%, while bulk tank production is 65% above the 2025 average.
- **Flatbeds and Drop Decks:** New aluminum trailer costs have increased since last quarter. The national spot rate has recently pulled back from its June high and currently stands at \$3.55. The Load-to-Truck Ratio (LTR) surged sharply early in 2026 but has since declined to 42.49, near the 2026 low of 40.53. The LTR measures posted loads related to available trucks on load boards. A higher ratio indicates tighter capacity, with more loads than trucks, giving carriers greater pricing power and often pushing spot rates higher. Conversely, a lower ratio signals excess capacity, with more trucks than loads, placing downward pressure on rates. Seasonal patterns, construction cycles, and broader freight demand all influence these fluctuations, making the LTR a useful leading indicator of market conditions and pricing direction. Meanwhile, platform trailer backlogs have increased approximately 12% compared with the 2025 average, while net builds have remained flat.



Trailers (Continued)

- **Dry Vans and Reefers:** New trailer costs have moved higher over the last quarter. In 2026, van trailer backlogs have increased 5%, while reefer backlogs have risen 31% compared with the 2025 average. Net builds for van trailers have increased 40%, while reefer production is up 25% from the 2025 average. Spot rates for both dry vans and reefers have recently pulled back from their June and July highs. The Load-to-Truck Ratio (LTR) for both segments peaked in May and June before experiencing a modest pullback. Currently, spot rates stand at \$2.90 for dry vans and \$3.35 for reefers, with Load-to-Truck Ratios of 10.47 and 19.21, respectively.
- Auction volumes facilitated by Taylor & Martin experienced substantial growth in recent years, increasing 124% from 2021 to 2022 and an additional 158% in 2023. However, this upward momentum reversed in 2024, with auction activity falling by 2,337 units, a 9% decline from 2023. Full-year 2025 volumes declined another 9.5% from 2024 levels. Through August 2026, volumes are up 5% year over year, although this increase is partially attributable to the 10 Roads Express liquidation and may not fully reflect underlying market demand.
- Overall, the trailer market remains mixed but continues to show signs of stabilization. New trailer costs have moved higher across most segments, while backlogs and production levels remain elevated in several areas. Freight rates and Load-to-Truck Ratios have pulled back from their earlier 2026 highs, reflecting a moderation in freight market conditions. At the same time, trailer production remains elevated, with some segments showing stronger supply growth than demand. Market conditions remain uneven, but the overall market appears to be gradually moving toward a more balanced environment.

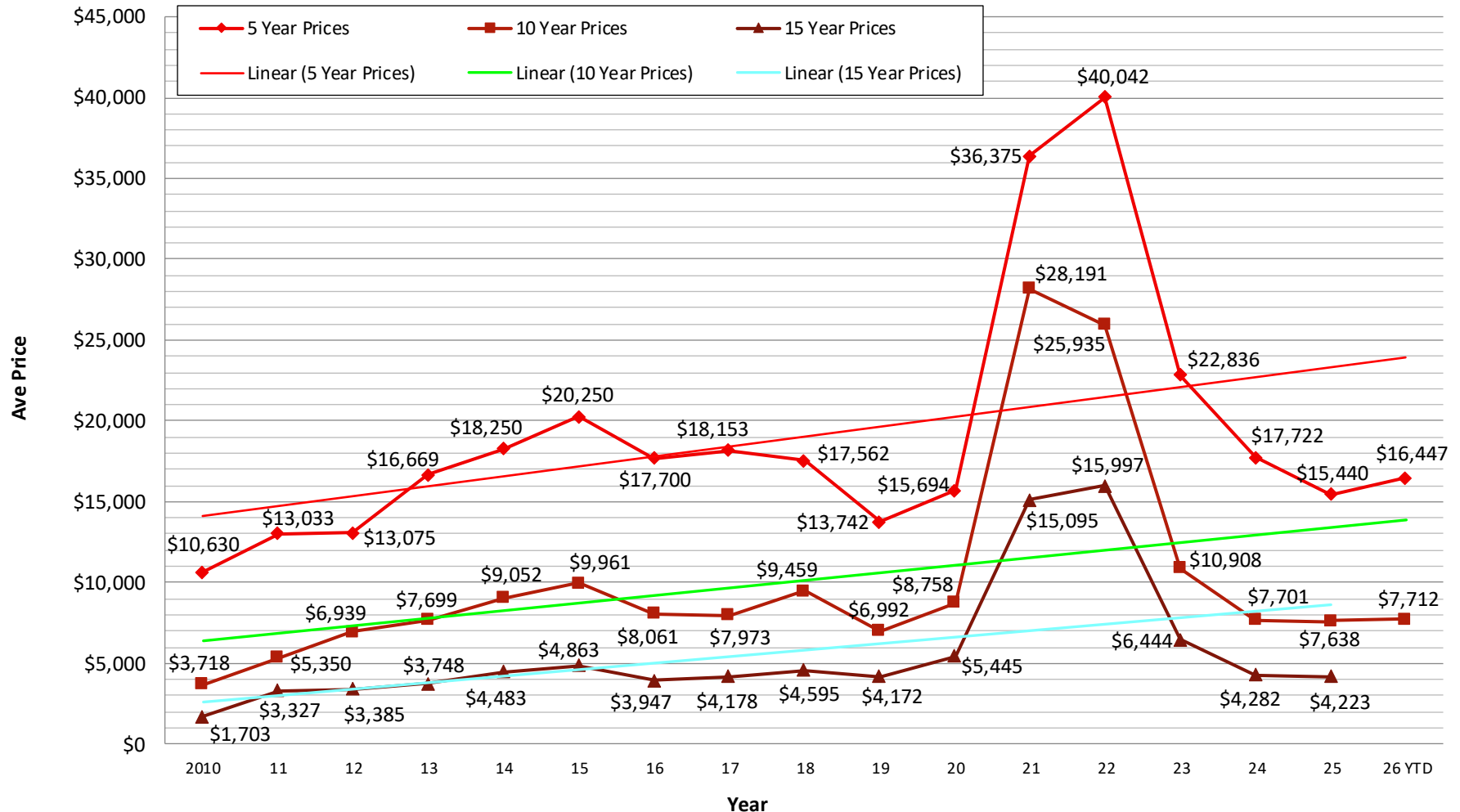


T&M Auction Results:
Tracking 5, 10 & 15-Year-Old A/R Dry Vans

5, 10 & 15-Year-Old Dry Vans Sales (Taylor & Martin Auctions) are charted below:

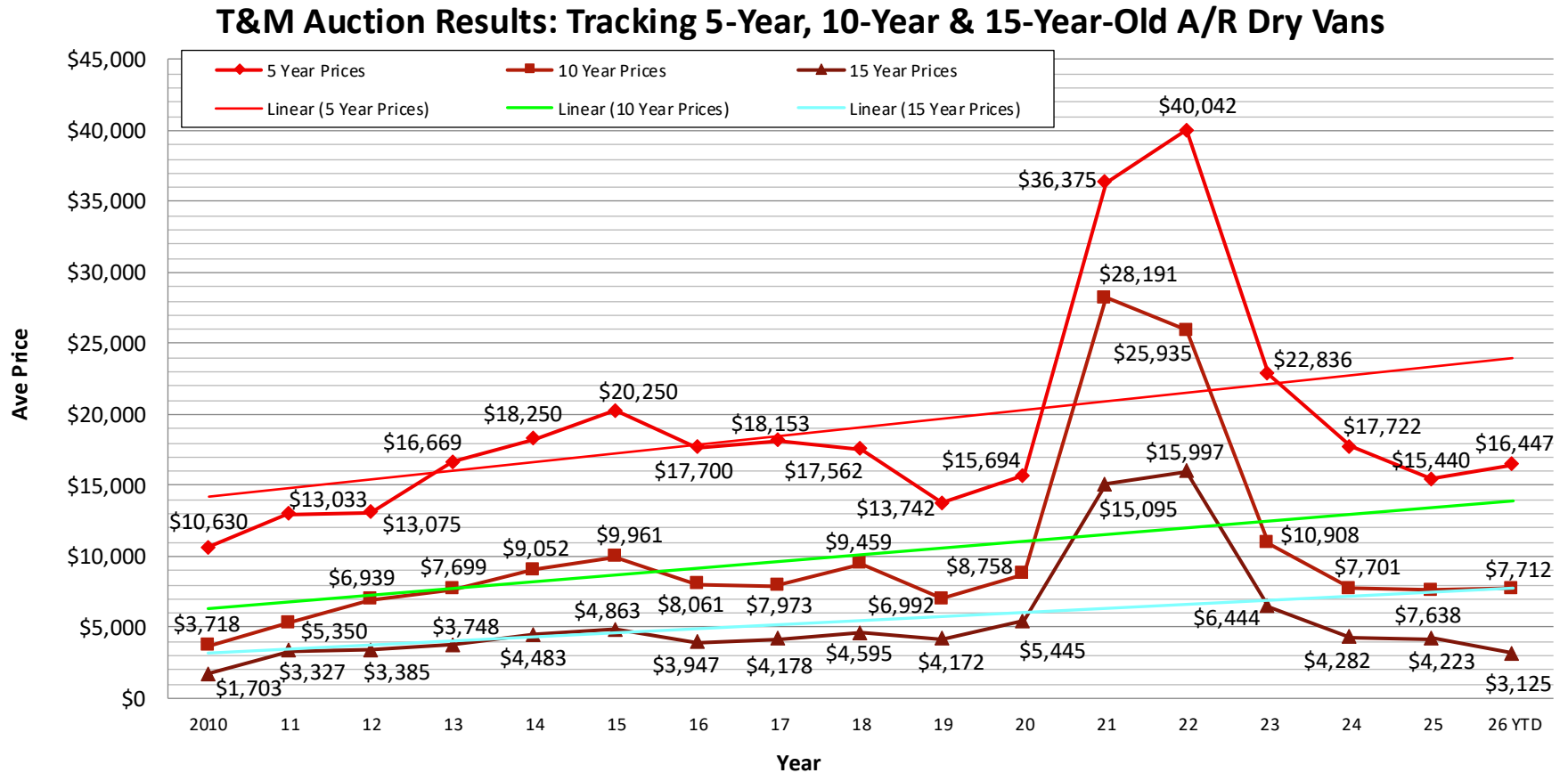
Vans have continued to remain pretty level over the last 12 months. We have just begun to see a slight increase in values on the later models with the rise we had in spot and contract rate. They have receded some but remain elevated compared to 2025 levels. Anticipating a continued slow rise in values for the remainder of the year.

T&M Auction Results: Tracking 5-Year, 10-Year & 15-Year-Old A/R Dry Vans



5 & 10-Year-Old Refrigerated Trailer Sales (Taylor & Martin Auctions) are charted below:

Reefers: Both 5 & 10-Year-Old. Not much excitement here either. Reefers continue to perform similarly to vans. We still have a limited pool of these model years that have sold at auction so far this year. We have seen a slight increase in other years. We are expecting a mild increase in values for reefers in the near term but expect late model low hour trailer to overperform at auction in Q4.



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