



The Meter

Transportation (Trucking) Update (6-2026)

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Introduction

Summer is finally upon us, and around our house that means going from one game or practice to the next. I love watching my boys play, but if you've ever sat through 5-year-old and 8-year-old baseball, you know it can be a tough watch at times. That said, seeing the improvement from the beginning of the season to the end is always exciting. They have also caught the fishing bug just like their father. As some of you have experienced firsthand, I don't get a lot of fishing done when they're with me. There's a lot of untangling lines, retying hooks, and fixing problems, but the excitement they have with every fish they catch makes it all worthwhile. The joys of summer—I'm glad it's back.

Turning to the market, truck inventories continue to decline. The inventory levels shown on Slide 7 dropped another 16% from last quarter. While the years, makes, and models represented are somewhat limited, this data set has been a consistent market indicator that we have tracked for nearly 10 years. I have intentionally avoided making major changes to preserve that long-term consistency. We are now approaching fewer than 10,000 units currently listed, which historically has been a strong indicator that used truck values may see upward pressure in the near future.

New truck sales continue to run well below replacement levels. While we anticipate some level of pre-buy activity before year-end, I do not expect it to be extreme. Until new truck sales increase and maintain those levels for at least a quarter, we are unlikely to see a significant influx of used equipment entering the market. In addition, improving freight rates may encourage some fleets to hold onto trade equipment longer than normal. Taken together, these factors continue to support a positive outlook for used truck values during the second half of 2026.

As always, not everything is perfect. We have seen inventory reductions and capacity contraction despite consumer spending remaining relatively flat. Typically, we would expect stronger consumer spending to drive freight demand and rates higher. Instead, U.S. credit card debt remains elevated and continues to grow, while interest rates remain above historical averages. Neither of those factors suggests strong long-term growth in goods demand.

The conflict involving Iran has also impacted disposable income across the country through higher energy costs. Diesel prices have eaten into profits for carriers without fuel surcharge protection built into their contracts. At the same time, stricter driver regulations and rising insurance premiums continue to create challenges, particularly for smaller carriers and companies with less favorable safety records. Even when geopolitical concerns eventually stabilize, fuel costs are unlikely to return to more comfortable levels overnight.

Auction results have continued to improve on the tractor side. Trailer values remain more mixed, with flatbeds performing well while van and reefer values have remained relatively stable. We have seen some improvement in late-model equipment values, although inventories remain limited. Over the last several months, auction results have been 6%-10% above our low auction estimates, and we have noticed that premium widening even further in recent weeks.

Buyer composition has remained remarkably consistent, with approximately 30% dealers and 70% end users. It remains an interesting market dynamic. Freight rates are improving, yet new truck sales remain sluggish. Dealers are not being overwhelmed with trades, and both dealers and end users continue to face limited used equipment options.

Auction volume also remains on the lighter side. We continue to see a good mix of quality equipment, just not as much of it. That limited supply is beginning to command a premium at auction, and current market indicators suggest that trend will continue. Registered bidder counts, however, have not followed auction volume lower. In fact, bidder participation continues to increase, signaling growing interest in used trucks and trailers.

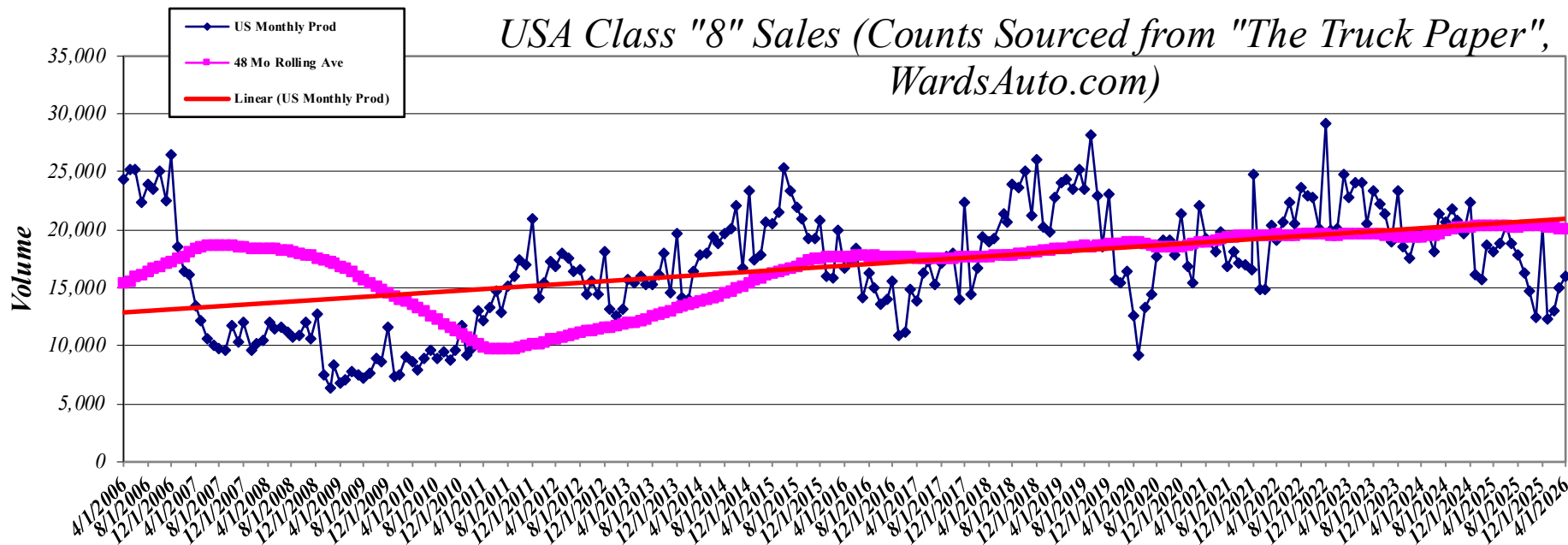
Concerns about rising new truck costs could provide another boost to used truck values and potentially accelerate pre-buy activity. Current expectations are for new truck prices to increase by \$10,000 to \$15,000 beginning January 1. In addition, uncertainty surrounding the next generation of engine technology may lead some fleets to delay purchases or reduce order volumes until the new platforms have proven themselves in real-world applications. Historically, many small and mid-sized fleets have preferred to let the larger fleets work through the early challenges associated with new technology before making significant investments themselves.

For those currently in the market for used trucks, now may be one of the better opportunities to find low-mileage equipment. With many fleets delaying new truck purchases, it is reasonable to assume that when replacement cycles eventually resume, the trade-ins entering the market will carry significantly higher mileage than what we would typically see during a normal replacement cycle.

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 market.

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

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.

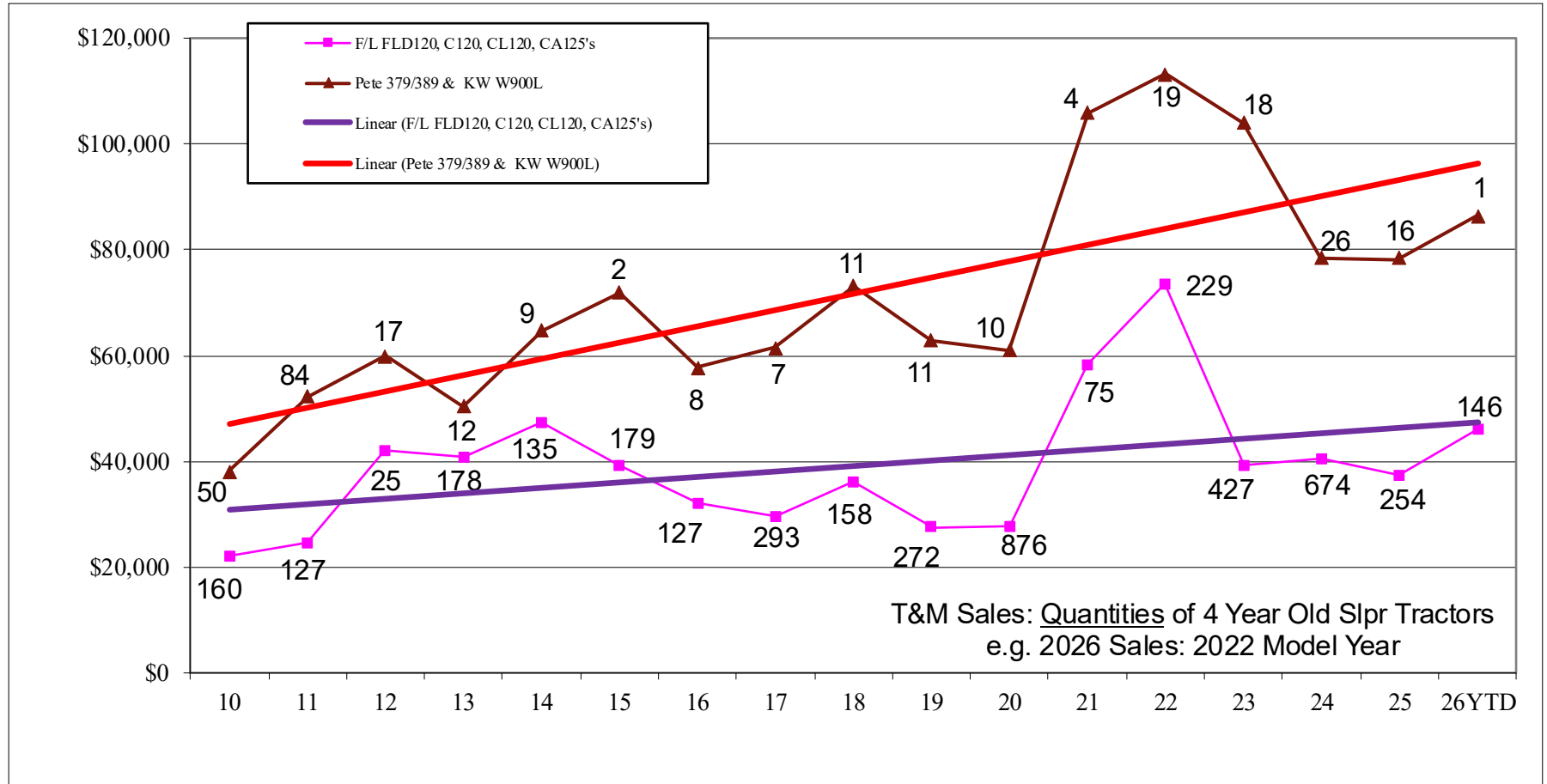
4: Actual Class 8 purchases have been down since the year-end. December 2019 of 23,119 to averaging 15,271 for the year in 2020 with the low at 9,165 in May. We are currently at 19,848 for 48MMR.

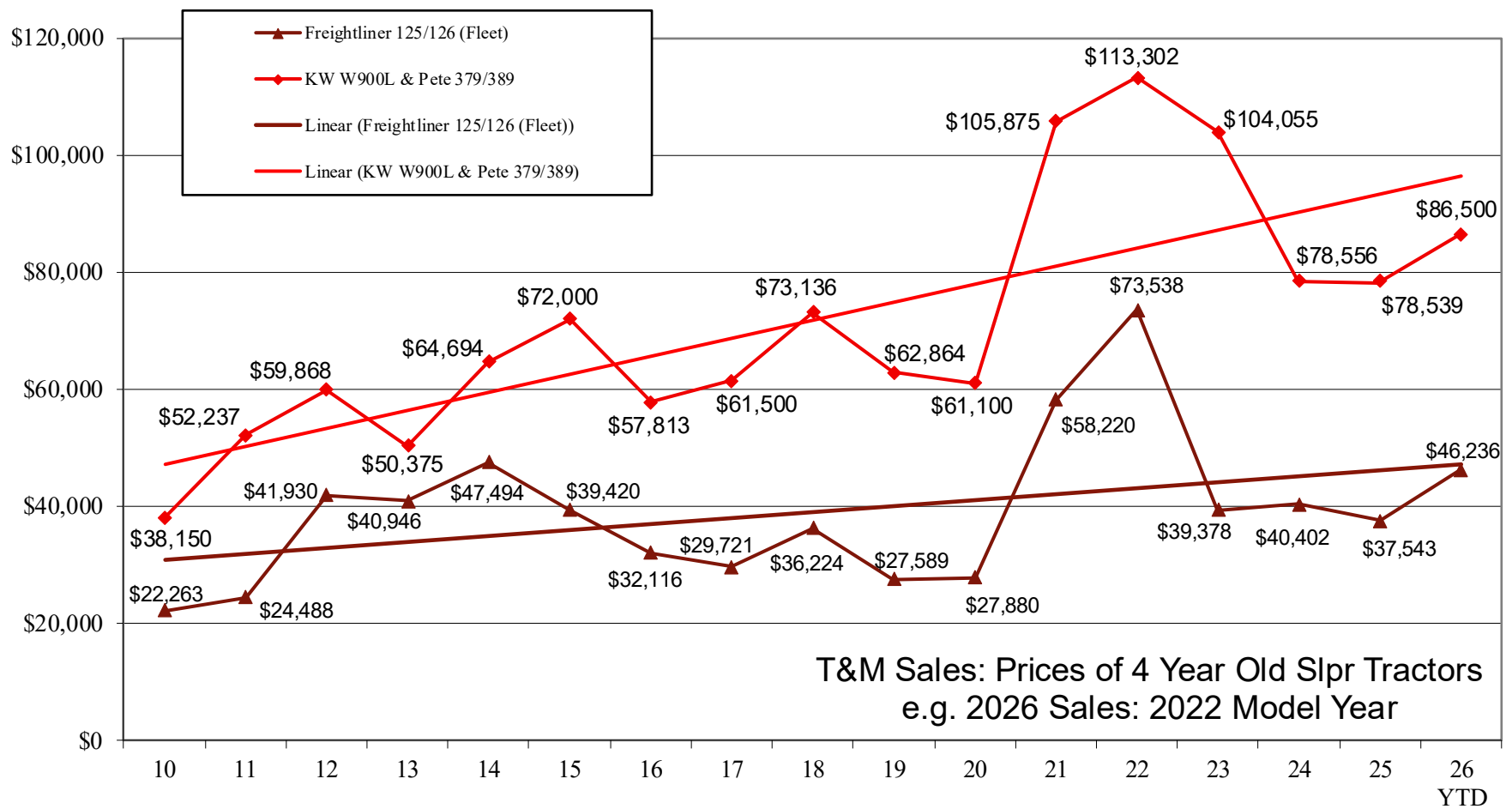
5: Since the drawdown (20%-30%) from July 2015 to July 2017, tractor prices had improved significantly, up until 2019. 2019 was a tough year at the auction level of trade. 2020 showed improvement, and 2021 finished strong. Sales have been relatively stable but down Y/Y. Interest rates have hindered purchases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

6: We have been on a below average trend on new purchases for roughly 2 years now. Majority of it can be blamed on the lack of positive signals we have had in the market. We have seen tightening in the market with the reduced numbers of drivers and carriers in the market but with consumer demand remaining level I would anticipate to see and increase in new sales in the second half of 2026.

7: The market is ready for increased sales. New truck and trailer sales and orders are still running low. It's repetitive, but confidence is still wavering for the future and how much to invest without a clearer road ahead. As stated previously enough signs in the future are providing optimism and opportunities to get back to more standard replacement patterns.

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. Biggest takeaway with this chart is the increase in volume with still an increase of 23% Y/Y in values. We are expecting this trend to continue in the near term. Owner/Operator trucks have been tough to come by in the later models. This chart shows value growth, but with only 1 2022 model sold so far, we are not putting a lot of stock in it. With the increase in diesel costs we are currently seeing, we don't anticipate a huge secondary market demand until those prices level out.





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.

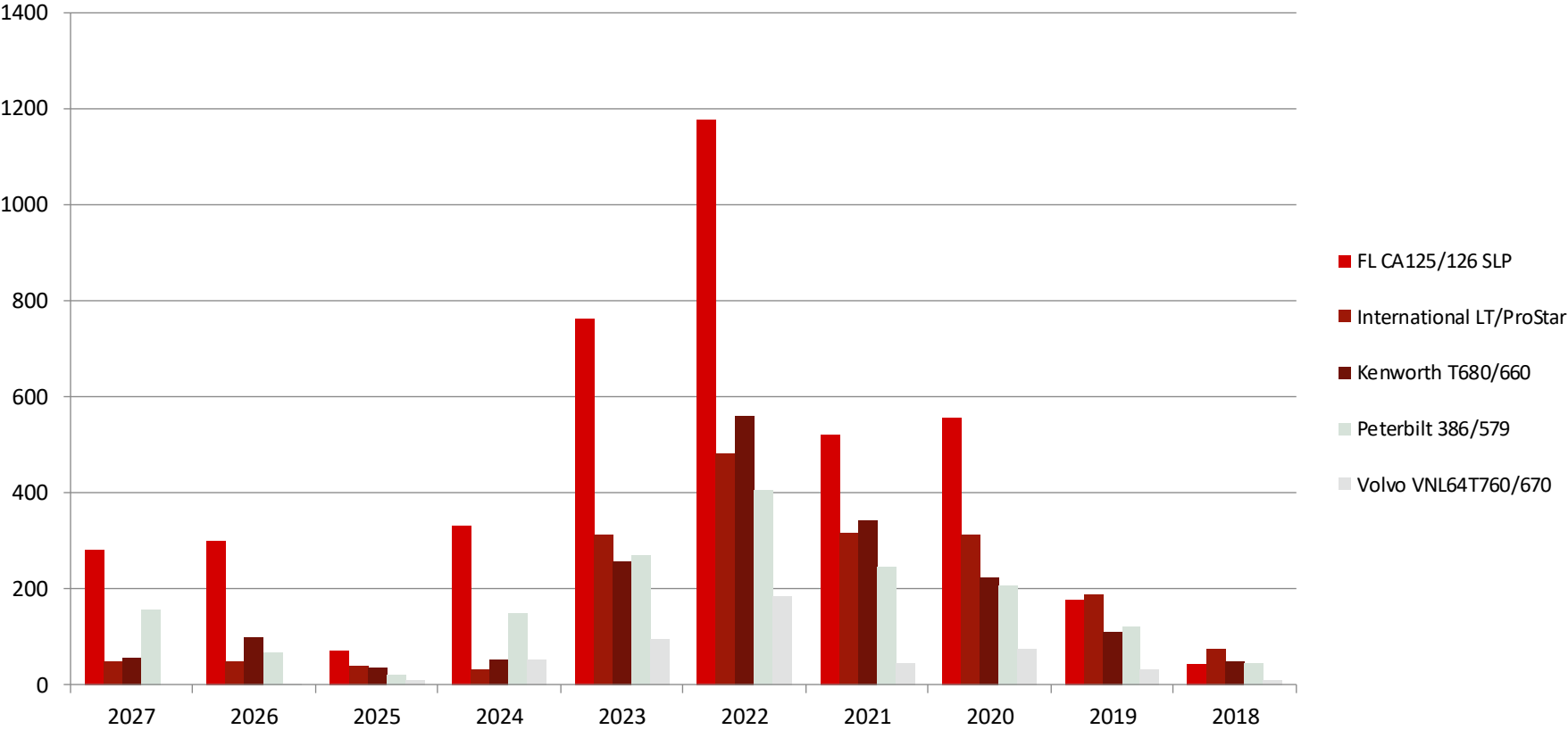
The Cascadia data is encouraging. We have sold enough of these to realize the trend we are seeing. With 146 of the 2022 model years sold up from just 31 sold in Jan and Feb, the Y/Y growth is driven heavily over the last 60-90 days.

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. The vast majority of the growth we have seen in 2026 has been over the last 3 months. With the lack of new truck purchases, we have seen the increase in values of used as replacement trucks are still needed, but overall investment can be reduced by buying used. The increase in contract and spot rates recently should continue to drive these values higher over the next quarter.

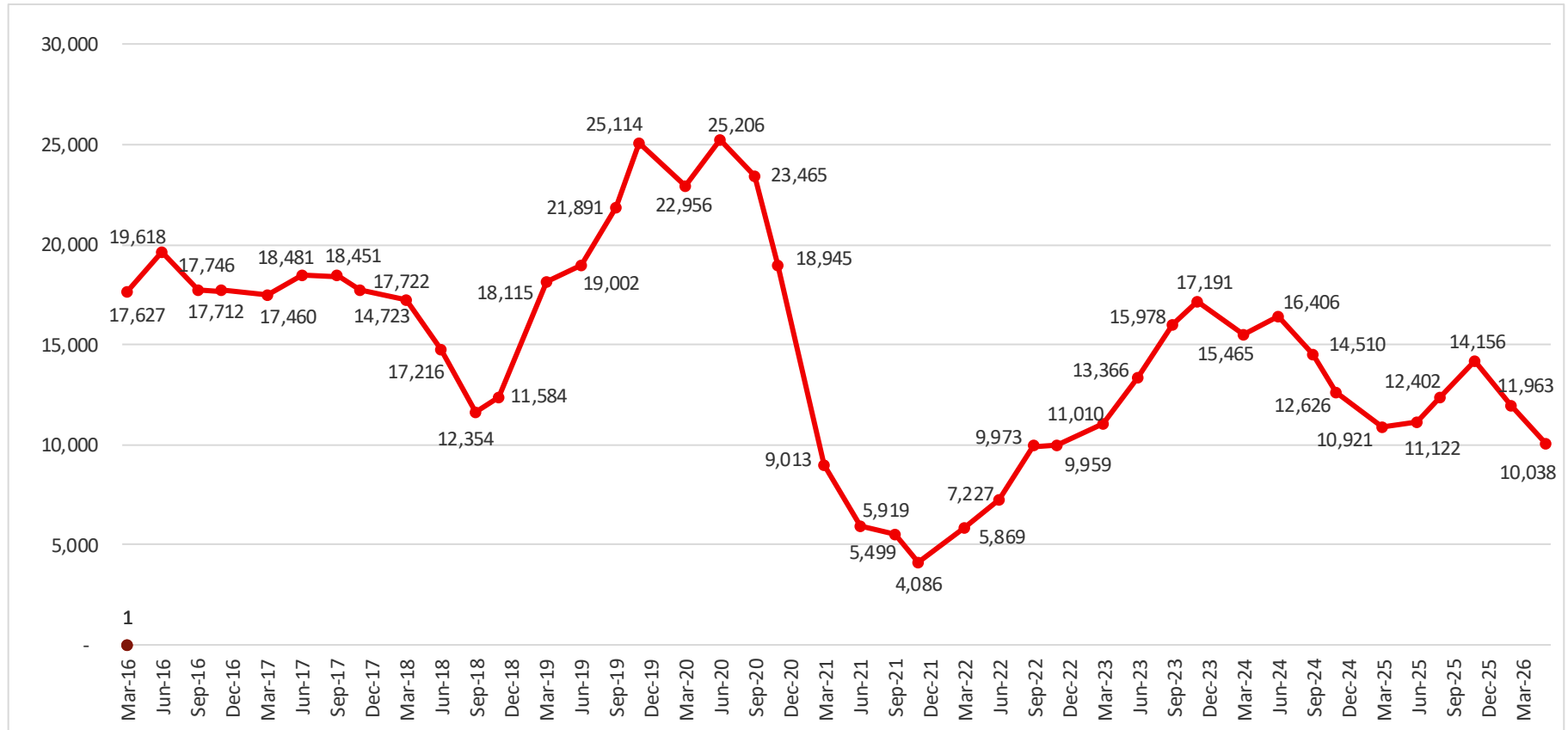
Freightliner 125/126 (Fleet)				
Sale Year	Model Year	Quantity	Average	
99	1995	146	\$21,949	
00	1996	116	\$17,228	78.49%
01	1997	174	\$17,932	104.09%
02	1998	100	\$18,868	105.22%
03	1999	34	\$22,191	117.61%
04	2000	83	\$23,015	103.71%
05	2001	89	\$23,815	103.48%
06	2002	12	\$24,146	101.39%
07	2003	13	\$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	146	\$46,236	123.15%

What is available to the marketplace today? (May 25, 2026) The only model year we had an increase since last quarter was 2027. Outside of that we have seen a continued decrease in listings for all the other years. As we know, new sales have been slow and in turn we expect less used trucks on the market. Until those new trucks are bought and delivered, we anticipate values to continue to increase. Along with the potential of a good-sized increase in new truck costs, a prebuy is still expected by the end of the year but not on a huge scale.



25-May-26	Sleeper Tractors For Sale On TruckPaper.com: May,25, 2026									Ave. Age	2021.14	
Make	<u>2027</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	Total	% of Total
FL 126 SLP	282	297	69	331	761	1176	521	557	179	42	4,215	41.990%
International LT625	48	48	38	30	314	481	318	313	189	74	1,853	18.460%
Kenworth T680	56	98	33	51	255	561	341	224	111	48	1,778	17.713%
Peterbilt 579	155	66	21	150	269	406	245	207	119	46	1,684	16.776%
Volvo VNL64T760/670/660	0	2	10	51	96	184	47	75	32	11	508	5.061%
Year	541	511	171	613	1,695	2,808	1,472	1,376	630	221	10,038	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.



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 returning to the low-\$90 per barrel range. The ongoing conflict and lack of a finalized resolution are expected to keep oil prices elevated in the near term. The petrochemical and aviation sectors are currently the most affected, but higher prices, a weaker economic environment, and demand-saving measures are increasingly weighing on broader fuel consumption. Mounting supply disruptions through the Strait of Hormuz are depleting global oil inventories at a record pace. On the demand side, refiners have reduced operating runs and have sharply scaled back their crude imports. Chinese seaborne crude imports declined in April, while major reductions were also seen in Japan, Korea, and India. As a result, global oil demand is now expected to decline for the year, weaker than pre-conflict forecasts. At present, the steepest demand losses are occurring in the petrochemical sector, where feedstock availability is becoming increasingly constrained. Aviation activity is also running well below normal levels, helping ease some pressure on jet fuel prices, which nearly tripled after Middle Eastern exports were disrupted. Looking ahead, elevated prices, deteriorating economic conditions, and additional demand-saving measures are expected to further pressure global oil consumption. Natural gas production is expected to continue rising through 2027, supported by increased associated gas output as higher crude oil prices encourage additional crude production. Current forecasts project oil prices to average in the mid-\$80s per barrel by year-end 2026 before moderating into the \$70 range during 2027. U.S. crude oil reserves, which averaged approximately 600 million barrels between 2019 and 2022, declined sharply and bottomed in 2023. Since then, inventories have partially rebuilt; however, since the end of March, reserves have fallen sharply to approximately 375 million barrels, still above the 2023 low of 347 million barrels.
- **Building Activity (Home, Office, etc.):** U.S. housing starts declined 2.8% month-over-month in April following March's reading, which was the highest level since December 2024. The data suggests that elevated mortgage rates continue to weigh on builders. Single-family housing starts fell 9%, while multi-family starts (five units or more) increased 14.3%. Regionally, housing starts in the South rose 9.1%, while starts in the Northeast increased 16.1% and the Midwest edged up 2.5%. In contrast, starts in the West declined 11%. 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 began rising in March and currently stands at 6.37%.
- **Trucking Industry:** The 2026 trucking industry is experiencing a slow but stable recovery, characterized by tightening capacity, gradual freight growth, and modest rate increases rather than sharp market expansion. Compared to a year ago, industry conditions have improved as carrier exits, reduced fleet investment, and ongoing driver constraints continue to rebalance supply and demand. Freight pricing has strengthened in both spot and contract markets, supporting improved fleet profitability and replacement activity, although demand remains uneven across sectors. Spot markets continue to be sensitive to regional and seasonal conditions, while many shippers are increasingly favoring asset-based carriers to secure reliable capacity. Freight demand is expected to improve gradually, with stronger momentum possible in the second half of the year as broader industrial activity recovers. Equipment markets are also showing signs of stabilization, particularly in Class 8 trucks, as fleets respond to improving freight conditions and upcoming regulatory changes. At the same time, rising operating costs, higher interest rates, and regulatory pressures continue to encourage disciplined capital spending. Specialized segments such as flatbed and LTL remain closely tied to housing activity, interest rates, and ongoing industry restructuring. Overall, the industry has moved into a healthier and more balanced operating environment compared to the downturn experienced over the prior two years.



Additional Factors Continued

- **Consumers:** U.S. retail sales increased 0.5%, following a downwardly revised 1.6% gain in March and in line with forecasts. Sales at gasoline stations recorded the largest increase (+2.8%) as gasoline prices continued rising due to the war with Iran. Retail sales data is not adjusted for inflation. Excluding gasoline stations, retail sales rose 0.3%. Additional gains were seen in sporting goods, hobbies, musical instruments, and bookstores (+1.4%), electronics stores (+1.4%), and nonstore retailers (+1.1%). In contrast, the largest decline occurred at furniture stores (-2%), followed by clothing retailers (-1.5%) and auto dealers (-0.5%). Bank lending rates have remained unchanged at 6.75% since December, slightly above the long-term average of 6.55% from 1950 through 2026. Personal spending increased 0.9% in March following a 0.6% increase in February. Meanwhile, the household savings rate edged down to 3.6% in March from a 2025 high of 5.5% in April. Consumer spending has remained resilient overall, with total card spending per household rising 2.6% year over year, the strongest pace in nearly two years. However, spending and wage growth continue to diverge by income level. Higher-income household wage growth rose 3.7% year over year in January, while middle-income household wage growth increased only 1.6% year over year.
- **Inflation:** In April, annual Core CPI increased to 2.8% year over year, above forecasts and up from 2.6% in March. On a month-over-month basis, Core CPI rose 0.4% in April, exceeding expectations and accelerating from March's 0.2% increase. Producer prices increased 6% year over year, up sharply from 4% in March. On a monthly basis, PPI rose 1.4%, well above the consensus estimate of 0.5%. The Federal Reserve's preferred inflation gauge, Core Personal Consumption Expenditures (PCE), registered 3.2% year over year in March, up from 3.0% in February. On a monthly basis, Core PCE moderated to 0.3%. Market participants currently expect the Federal Reserve to leave interest rates unchanged throughout calendar year 2026.



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. Corn prices per bushel have increased slightly since last quarter. Grain trailer backlogs have declined by 10% to start the year compared to the 2025 average, while average net orders have decreased by 13%.
- **Pneumatic Trailers:** In the open market (Truck Paper), smaller cube units represent 38.6% of available inventory, down 3% from last quarter. Total pneumatic supply is up 2% from Q1 levels. Since last quarter, new pricing has remained relatively flat. The Aluminum Price Index has also risen sharply in recent months and is now near all-time highs. Backlogs for liquid tanks fell 40%, while bulk tank backlogs declined 60% from the 2025 average. Net builds for liquid tanks increased 70%, while bulk tank production is 60% above the 2025 average.
- **Flatbeds and Drop Decks:** New model-year pricing has risen over the past year, marking a shift from the multi-year downward trend in new equipment costs. The national spot rate has continued to trend upward since the start of the year and currently stands at \$3.64. The Load-to-Truck Ratio (LTR) surged sharply early in 2026 before pulling back slightly in mid-March to 72.26 as of April. The LTR measures posted loads versus 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 key leading indicator of market conditions and pricing direction. Meanwhile, platform trailer backlogs have increased approximately 12% compared to the 2025 average, while net builds have dropped 9%.



Trailers Continued

- **Dry Vans and Reefers:** New model-year costs have moved higher after several years of decline. Since the start of 2026, van trailer backlogs have increased 1%, while reefer backlogs have risen 34% compared to the 2025 average. Net builds for van trailers have increased 50%, while reefer production is up 42% over the 2025 average. Spot rates for both dry vans and reefers have increased since the start of the year. The Load-to-Truck Ratio (LTR) for both segments peaked in February and March and has since started to pull back. Currently, spot rates stand at \$2.85 for dry vans and \$3.34 for reefers, with Load-to-Truck Ratios of 7.49 and 13.47, respectively.
- Auction quantities facilitated by Taylor & Martin experienced substantial growth in recent years, increasing 124% from 2021 to 2022 and rising an additional 158% in 2023. However, that upward momentum reversed in 2024, with auction activity falling by 2,337 units, a 9% decline compared to 2023. For full-year 2025, volumes declined another 9.5% relative to 2024 levels. Through the first five months of 2026, volumes are up 24% year over year, though this increase is partially attributable to the 10 Roads Express liquidation and may not fully reflect underlying market demand.
- The trailer market continues to show signs of stabilization and gradual recovery following several years of softer conditions. Spot rates and Load-to-Truck Ratios have generally improved across multiple segments, indicating tighter capacity and improving freight demand, although some metrics have recently started to pull back from early-2026 highs. New model-year pricing has also begun moving higher again, while elevated material input costs, particularly aluminum and fertilizer-related commodities, continue to pressure manufacturing costs. At the same time, mixed production trends, softer auction activity, and declining order backlogs in certain segments suggest the market remains uneven and is still working through excess capacity and shifting demand conditions.

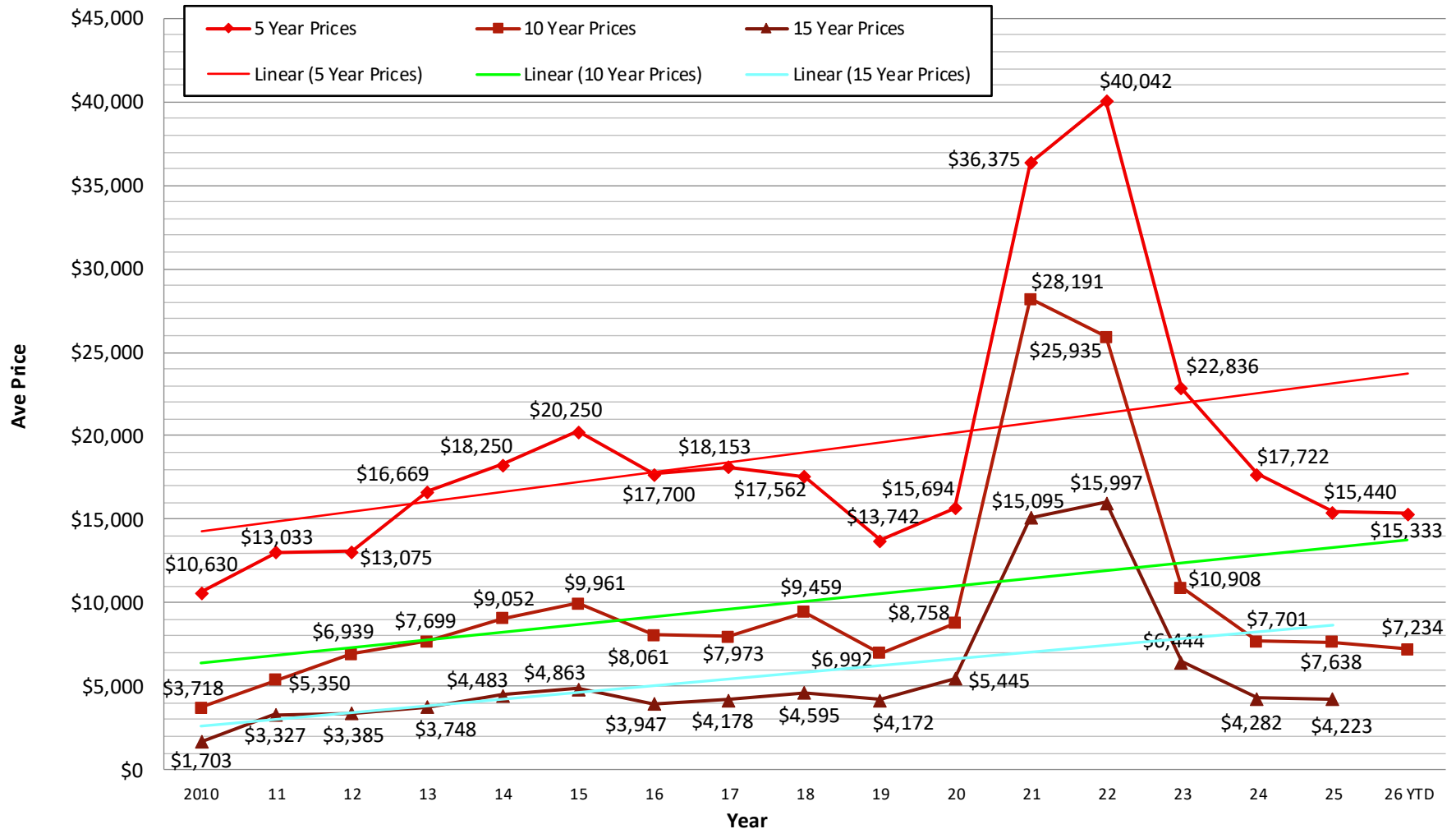


T&M Auction Results:
Tracking 5, 10 & 15-Year-Old A/R Dry Vans

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

We have not seen a big change in the van values this year. We have not seen large volume either. Longer, useful life makes this market harder to fluctuate as drastically as tractors. Covid doesn't count!!! I do believe we will see a slower increase in values over the next couple of years, but once again, not a massive increase.

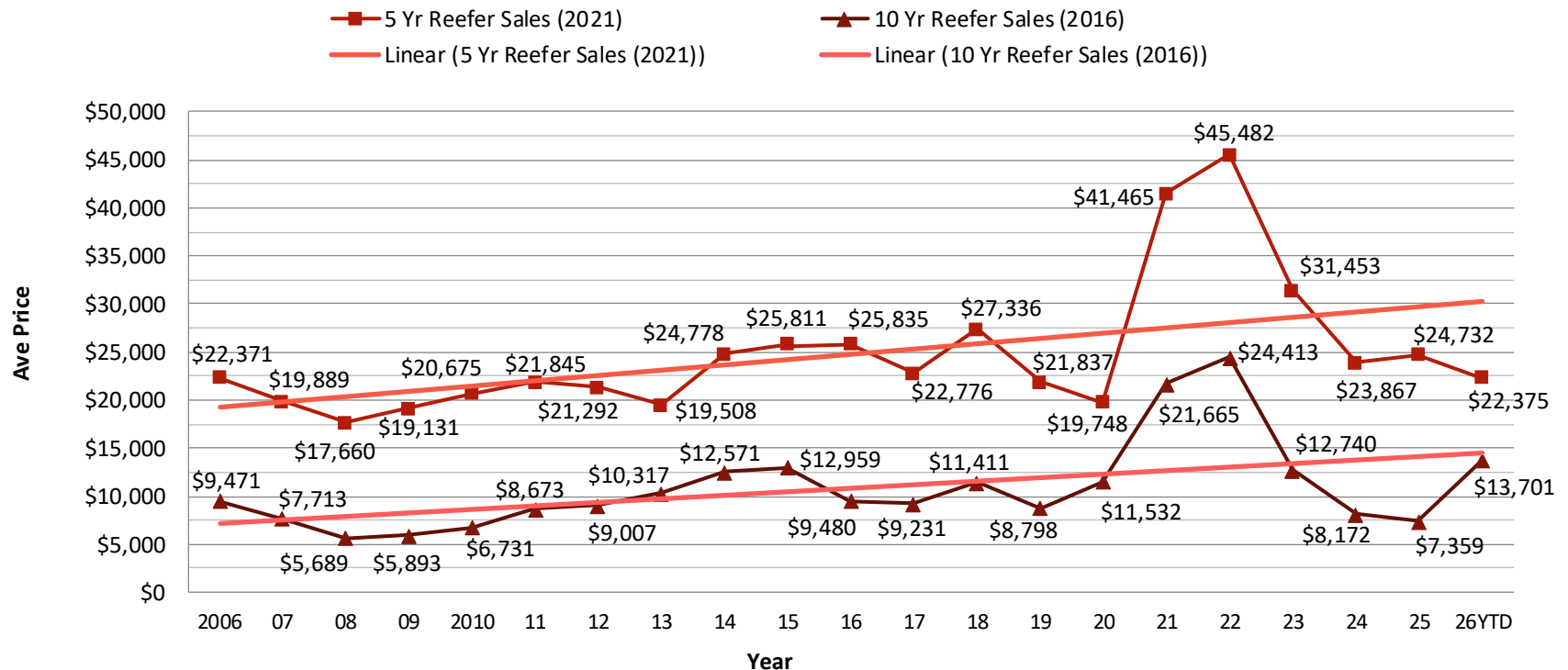
T&M Auction Results: Tracking 5 Yr, 10 Yr & 15 Yr Old A/R Dry Vans



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. The 2021 models we have sold so far have averaged over 20,000 hours holding down the averages. We expect an increase in the 10% range through the end of 2026.

All 53 Ft Reefers



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