

# the WHITE METAL MARKET report

News, Views and Expertise on the State of today's Medium Duty Vehicle Wholesale Market

VOLUME 5  
FIRST QUARTER | 2021

## WELCOME TO FLD'S WHITE METAL MARKET REPORT AN IN-DEPTH QUARTERLY ANALYSIS OF THE MEDIUM DUTY RESALE MARKET

### 2020: THE YEAR THAT DEFIED EXPLANATION

No matter how you look at it, trying to make sense of out of 2020 would be an exercise in futility. People died, while others lost jobs and homes. Company revenues were off, and businesses – even successful ones – fought hard to survive or unfortunately failed.

At FLD, we also felt the strain of having lives turned upside down. Recognizing the challenge early on, we immediately took steps to maintain a “business as usual” stance as much as possible. Within days of the first pandemic shutdowns, we mobilized our entire workforce to move off campus, and developed pandemic protocols focused on keeping our customers, associates and partners safe and supported.

As the second half of 2020 started, we began to see glimmers of hope, as volume remained steady and prices rose to meet a building demand for used vehicles. That trend continued through the end of the year. With little to no new inventory available, used vehicles were in high demand, being pushed by phenomena like the growing “last mile” segment, which exploded as home bound consumers scrambled for goods and services.

By the time the dust had settled on 2020, the medium duty truck market had settled into an unsteady rhythm, and in many ways, the damage that took place was mitigated. Certainly a far cry from what many were predicting in March and April, somewhat taking the sting out of what had been an incredibly tough year.



## 2021 CONTINUES THE TREND

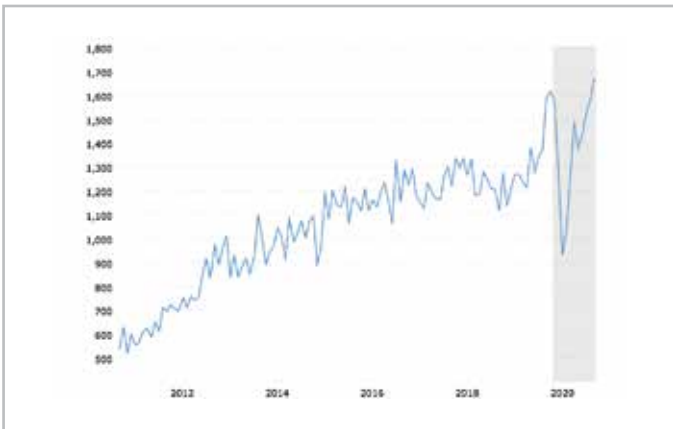
As 2021 chugs to a start, little has changed as the pandemic continues its grip on everyday lives. And while vaccines bring some hope of a return to normalcy, it would be hard to imagine that will happen this year, certainly not entirely. Because of that, much about our lives seems to be in flux, as we all grapple with a much different world than we've ever known.

With respect to the traditional indicators the White Metal Market Report follows, **unemployment** remains historically out of whack, as entire industries are forced with closure. Making things even more tenuous, the second round of stimulus was not as robust as the first, and fed unemployment assistance remains murky. And with PPP money winding up its second go-around, no one is quite sure when – or even if - a third stimulus package will be offered. Or, if it can breath life back into folks hit hard by the pandemic.

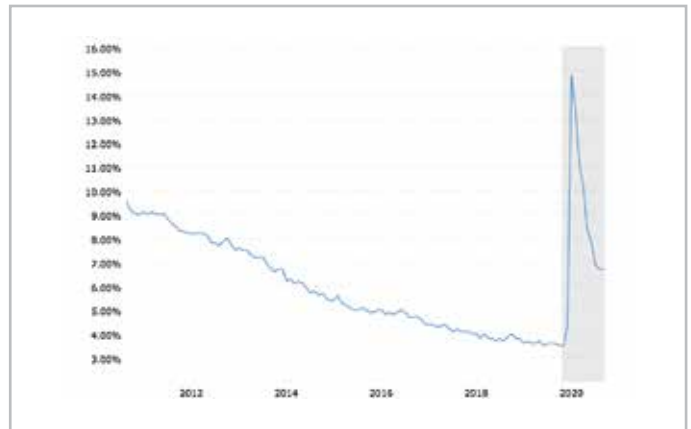
Even more troubling? It now appears as though entire industries like hospitality, tourism, public transportation and ride share have been severely affected – if not crushed – for years to come. This also includes commercial real estate, which faces an entirely different mindset even when the pandemic is tamed. Joining the parade of uncertainty, the energy sector will continue to be unstable for the foreseeable future as a new administration and policies take place.

One bright spot – the housing industry has shown signs of stability, as Americans spend more time at home, and many look to move away from cities and crowded suburbs in the new “work from anywhere” world. This includes enormous demand, increased **housing** starts, and national inventories at historic lows. It's also becoming apparent that a geographical shift in business centers will produce a pronounced boon for some markets, and a bust for historically strong markets, a trend made even more prominent as families grow accustomed to permanent adjustments for life, work and play.

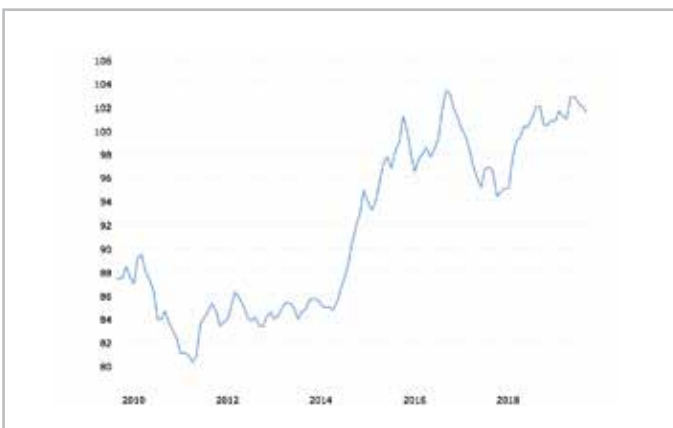
U.S. HOUSING STARTS



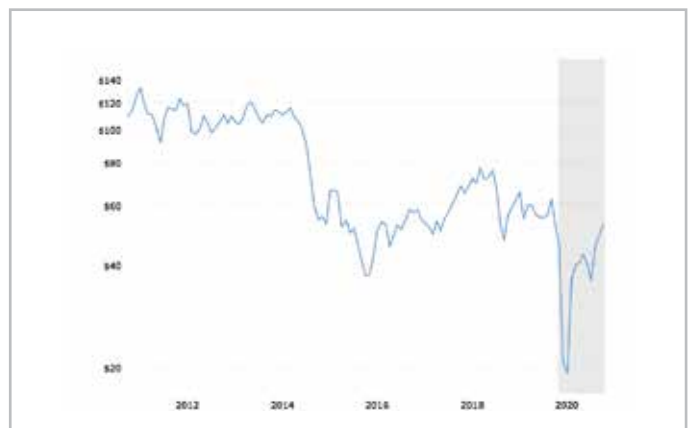
THE UNEMPLOYMENT INDEX



DOLLAR INDEX



CRUDE OIL PRICE HISTORY



## WHOELSALE MARKETS BACK AND GETTING ON TRACK

To everyone's relief, OEM and Factory dealers have all but recovered from the summer shut downs. And even more encouraging, new vehicle sales have picked back up, but are still far from pre-pandemic norms. Some OEMs are still delivering 2020 vehicles in an effort to fulfill last year's commitments.

Even more encouraging - wholesale markets have been extremely strong, with little signs of slowing down. Somewhat surprisingly, the third quarter of 2020 was one of the strongest resale

markets in recent history, a fact due almost exclusively to the pandemic. And while both supply - and demand - waned in the fourth quarter, 2021 is starting off with some positive indicators. Meanwhile, sales of passenger and light duty segment vehicles remain brisk although we've recently seen prices flatten - and even recede - in some markets.

Another bright spot?

Medium and heavy truck segments that were late to the party in 2020, started to

boom in the fourth quarter, and have shown little signs of slowing down.

Day cabs and under CLD straight trucks are leading the way, and several factors will pull this truck group in different directions. That includes home delivery services/final mile package delivery, which continues to grow.

Meanwhile, the relative strength in **housing** markets has helped the small to medium sized vocational markets hold steady.



## JURY OUT, BUT LIKELY MORE OF THE SAME IN 2021

Considering what a tough year 2020 was, trying to predict what 2021 will look like is a dangerous endeavor. If the economy stays stable and the pandemic recedes, we should see moderate growth in the coming year, especially in Q3 and 4. Fleets will obviously be affected across many segments, but given the need for transportation, business should remain stable as a whole.

At this point, we believe wholesale markets are likely to hold up for at least the near-term future.

If the economy does little more than limp along - and only certain sectors see growth - wholesale truck markets, should - at worst - remain stable. And with a strong freight market, new truck sales should do the same at worst.

As usual, we suspect the medium duty market will be strongly tied to the construction and vocational markets, which as of this writing seem consistent. With regards to the wholesale market, we still believe pricing will be flat in most segments, and truck and SUV's will continue to lead. In a way, not too different than what we might expect in most pre-pandemic years.



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The WHITE METAL MARKET REPORT is a publication of **FLD Inc**, a leader and pioneer in medium duty (White Metal) truck disposal and wholesale truck sales. Each quarter, the WMMR will leverage our more than 40 years experience to help our customers avoid risk and plan for success. In every issue, we'll take an in-depth look at the current climate - and important factors - affecting the "White Metal" market, including key economic indicators and emerging trends. The publication is written by FLD **Senior Vice President Bill Bishop**, a recognized expert in medium duty truck sales and remarketing.

