June 16, 2025

Valued Customer,

Border States is committed to keeping you updated on current supply chain trends, including material constraints, inflationary price pressures and other market impacts. We continue to work diligently to provide you with the most current information possible, knowing this information could change at any point.

We continue to see supply chain resiliency challenges, driven by ongoing global armed conflicts, geopolitical actions including tariffs and negotiations, high interest rates to combat inflation, and economic/demand uncertainty. Prices remain volatile due to continued commodity volatility and tariff impacts. Ocean container freight costs are rising amid ongoing trade negotiations. While wage growth and labor participation remain stable, we expect ongoing global inflation will continue to drive price pressures this year across each of our core markets.

The Federal Reserve (the Fed) is scheduled to meet on Tuesday, June 17, and Wednesday, June 18, with most economists predicting interest rates will hold for the next several months. Multiple factors are at play when considering these predictions, including the potential risk that comes with most trade negotiations remaining incomplete as the July deadline for a 90-day pause on tariffs announced in April approaches.

The Fed's dual mandate, which drives interest rate decisions, keeps the economy healthy by achieving two main goals: Maximum employment and stable prices. This means they work to strike the balance of creating as many jobs as possible while keeping inflation low and steady. In May — even with some signs of cooling — labor data remained strong with the Bureau of Labor Statistics, showing employers adding 139,000 jobs. The Consumer Price Index (CPI), which measures price changes across commonly purchased goods and services and the average change over time in the price paid for those goods, increased 0.1% month over month, below April's 0.2% rise and lower than economists' estimates.

While May's report showed inflation pressure easing, economists continue to say there is a risk of higher prices later this year as there are still many unknowns regarding the impact of tariffs. The Producer Price Index (PPI), which measures the average change over time in the selling prices received by domestic producers for their goods and services and reflects inflation at the wholesale level, which can signal future consumer price changes, rose 0.1%. This was below an expected 0.3% rise, lifting the annual rate to 2.6%.

Despite pressure directly from President Trump to cut rates, the Fed has, so far, maintained interest rates at 4.25% to 4.5% in 2025, after lowering them by one percentage point over the last four months of 2024. Interest rates remain above the Fed's benchmark target of 2%.

Tariffs can impact both elements of the Fed's dual mandate. By raising the costs of goods, tariffs can contribute to higher inflation, making it harder for the Fed to maintain price stability. At the same time, if tariffs lead to trade disruption or reduced business investment, they can slow economic growth and job creation, putting pressure on employment. Since taking office, President Donald Trump has implemented significant tariff measures affecting international trade. While the landscape continues to change regarding tariffs, impacts are expected but not limited to the following areas:

- Increased costs for components and finished goods coming from impacted countries.
- Tariffs may cause companies to seek alternative suppliers in countries not subject to tariffs. This increases the risk of supply chain disruptions as demand rises and more logistical complexities potentially enter the supply chain.
- Tariffs can also drive further onshoring. While both onshoring and nearshoring build a more resilient supply chain over time, they also require significant investments in infrastructure and workforce training which can drive up costs in the short term.
- Retaliatory tariffs on U.S. goods from countries responding to additional tariffs could also add additional costs and challenges to the supply chain.

Monthly tariff summary for April, May and June to date:

- **June 4**: A 50% tariff on steel and aluminum imports took effect after midnight, doubling the 25% that took effect in March. Steel and aluminum from the United Kingdom will have a 25% tariff while both countries work out a trade deal.
- **May:** A federal appeals court temporarily paused the U.S. Court of International Trade's ruling to block most of the Trump administration's tariffs. The United States and China reached an agreement to cut tariffs for 90 days. The European Union (EU) fast-tracked trade talks after President Trump threatened 50% tariffs on EU imports. The United Kingdom reached a deal with the United States to lower tariffs and exemptions on certain goods, and the United States expanded its 25% tariff on automobiles to include most automotive parts that don't meet USMCA standards.
- **April:** President Trump issued an executive order to prevent tariffs from "stacking" on top of the 25% tariff on automobile and auto part imports. The administration issued a 90-day pause on reciprocal tariffs for most countries, except China, but the 10% baseline tariff on all imports remains in effect. The EU paused its first set of counter-tariffs to pursue negotiations. Tariffs on goods from China totaled at least 145%.

For additional information on tariffs, please read the **Fact Sheet** on our website.

Tariff summary, as of June 10:

Active tariffs:
* Indicates tariffs that were temporarily blocked by the U.S. Court of International Trade

- Total of 30% on all imports from China. *
- 10% baseline tariff on all U.S. imports, except for energy, gold, copper, pharmaceuticals, semiconductors, lumber and other products. *
- 25% on automobiles and certain automotive parts (overrides other active tariffs rather than stacking on top of them), plus an additional 25% tariff that includes most automotive parts.
- 25% on imports from Mexico and Canada, excluding USMCA-compliant goods. *
- 10% on energy products from Canada.
- 50% on all steel and aluminum imports.
- 25% on countries that import Venezuelan oil.

Upcoming tariffs:

- Early July: 90-day pause on reciprocal tariffs for all countries, except China, will expire.
- Wednesday, July 9: Postponement of 50% tariffs on EU imports ends.
- Tariffs on copper and lumber imports: Rate and effective date are yet to be determined by the Department of Commerce's investigation.
- Tariff on the semiconductor imports: Rate and effective dates are yet to be determined by the Department of Commerce's investigation.

Counter tariffs:

- China: Total of 10% tariff on U.S. goods after negotiations.
- Canada: Initial 25% on certain U.S. imports and a separate 25% on automobiles that don't comply with USMCA.
- European Union (paused): Initial set of tariffs on certain U.S. goods.

Material Lead Times

May average lead times decreased by 0.4 days. All categories, except data communications, continue to show improvement compared to one year ago. Although lead times in the data communications category improved slightly last month, they remain nearly two days longer than six months ago, largely due to the peak construction season. All categories, except utility, are at or below prepandemic lead times. While utility lead times remain elevated compared to prepandemic levels, they are significantly lower than the highs seen over the past four years. We continue to closely monitor the impact of imposed tariffs, with current data indicating overall stability in lead times. Additionally, federal weather forecasters are warning of an above-average hurricane season this year. The National Oceanic and Atmospheric Administration (or NOAA) predicts up to 10 hurricanes with the potential to develop into major storms. While these forecasts are not currently affecting lead times, we will continue to monitor conditions closely as the season progresses. Key areas we are observing include:

Construction and Industrial

- Distribution equipment: Circuit breakers, load centers, panels, switches
- Fuses
- Meter sockets and hubs
- Automation products controls
- Strut
- Cable tray

Utility – Electrical, natural gas, communications

- Wire and cable: 600V aluminum, bare overhead distribution and transmission, primary underground
- Communication cable: loose tube and ribbon
- Transformers, capacitors and voltage regulators
- Pad-mount switchgear
- Fiberglass box pads and enclosures
- Transmission insulators and related hardware
- Underground cable accessories
- Gas regulators
- Excess flow valves
- Meter risers and meter set assemblies
- Bypass meter valves and bars

- PE pipe, tap tees and line stoppers

Logistics and Freight

Ocean freight market

Global container prices have risen more than 70% over the past 30 days, driven heavily by ongoing trade negotiations between the United States and China. Several shipping lanes between the two countries have seen prices quadruple during this period due to strong demand with shippers working to get ahead of the 90-day “truce period” that will end in August. Prices are expected to stabilize but will remain volatile with ongoing trade negotiations with many countries.

U.S. container imports saw the first decline in several months in May, down 10% from April and down 7% over prior year. This was heavily impacted by declining import volumes from China as many shippers worked to get ahead of imposed tariffs in the spring. Chinese imports in May were down more than 20% and down nearly 30% from prior year. Even as import volumes remain volatile, total volumes remain 4% above historical prepandemic levels (2019).

Despite a truce agreement in place between the United States and Yemen-based Houthi rebels and ongoing peace negotiations between Israel and Hamas, most shippers continue to avoid the Red Sea and Suez Canal, adding considerable time and cost to sailings. Thirty percent of all global ocean traffic has historically used this waterway but that has declined more than 60% over the past two years. Shipping around the Cape of Good Hope instead of the Suez adds an average of 7–10 days of transit and up to $1 million in fuel costs per voyage.

Trucking market

While there are some continued signs of recovery, the U.S. trucking market remains in a more than two-year down period, seeing many small carriers exit the market. Capacity is tightening compared to the past two years, most notably on flat beds, but spot rates remain at or below historical levels, suggesting it is still a “shippers’ market.” Load-to-truck ratios — representing the available loads to the number of trucks on the road — show capacity has tightened by 70% on flatbeds and 30% on dry vans over the past year. This is being driven by many small carriers exiting the market and many shippers transporting goods from ports brought in ahead of tariff impacts.

Diesel fuel prices remain soft, down 20 cents per gallon from 2024, with the 2025 annual average at its lowest point in nearly five years. Oil and gas prices have remained volatile, driven by ongoing tariffs and trade negotiations, but 2025 fuel costs will likely remain low due to a resolution on Canadian oil tariffs, consistently strong U.S. oil production and increasing strategic oil reserves.

Raw materials (commodities)

From May to June, commodity markets showed varied trends by commodity influenced by a combination of geopolitical events, trade policies and supply-demand factors. Prices for metals, such as copper, aluminum and steel, were impacted by trade tariffs and operational challenges at key production sites, which also reflected broader market uncertainties. Construction-related materials, such as resins and lumber, experienced shifts driven by seasonal demand and changes in production capacity. Energy prices saw slight declines amid fluctuating supply expectations and geopolitical developments. Overall, the commodity landscape remains volatile, shaped by ongoing economic, political and environmental influences.

Sign up for our [Commodity Update]() for a monthly overview on what's affecting the prices of copper, aluminum, steel and PVC.

• **Copper** – Copper prices have continued to fluctuate, briefly climbing above $5 per pound during the first week of June. Global supply challenges, including seismic activity and legal disputes, are affecting major copper mines worldwide. In the Democratic Republic of Congo, the Kamoa-Kakula copper complex — one of the world's largest and highest-grade copper projects — is grappling with flooding caused by recent seismic events, raising concerns about its operational status. Meanwhile, in the United States, the Supreme Court rejected an appeal from the Apache Stronghold, a coalition of Apache locals in Arizona, aimed at blocking a federal land exchange for a mining development. The coalition argued the mine threatens a sacred religious site, while mining companies maintain they have consulted local tribes to minimize impacts. In Panama, officials have emphasized that an inactive mine, which closed following anti-mining protests, will not reopen. The mine was shut down to prevent environmental damage despite plans to export 120,000 tons of copper concentrate to cover maintenance costs.

• **Aluminum** – Between May and June, aluminum prices experienced notable volatility, primarily driven by the tariff hike that took effect on June 4, increasing the tariff rate from 25% to 50%. The increased tariff rate aimed to boost U.S. metal production for national security purposes per Section 232 but also raised concerns about potential supply shortages and higher costs. Alcoa, a U.S.-based company that produces mostly in Canada, faces increased costs and a 1% drop in shares, while Century Aluminum, a smaller competitor, saw shares jump about 18%. Century Aluminum supports the tariff increases as they plan the first U.S. smelter in five decades, doubling national production capacity. Aluminum prices saw increases month over month when compared to last year.

• **Steel** – President Trump announced tariffs for steel imports would double from 25% to 50% on June 4 during a steel rally endorsing the U.S. Steel-Nippon Steel acquisition. The move aims to bolster domestic production but has faced criticism for potentially intensifying global trade disputes impacting U.S. industries. Steel producers are planning significant investments in new production capacity in the United States, including a $2.4 billion investment to modernize steel mills through Nippon Steel's approximate $14 billion purchase of U.S. Steel. While the tariffs are intended to encourage U.S. production and investment, experts warn of straining relations with major trade partners and increasing costs for industries reliant on the metals. Although these factors, and others, run the risk of impacting future price and availability, steel prices have continued to show downward trends month over month, when compared to last year.

• **Resins** – The onset of the construction season drove a modest increase in PVC resin prices from May to June, with year-over-year prices remaining down and overall price trends this year staying flat. The performance of the housing market and the corresponding impact on construction season and broader economic volatility are factors that may drive more drastic supply and price changes throughout the remainder of 2025.

• **Lumber** – Lumber prices declined to around $590 per thousand board foot, down from seven-week highs of $605 seen toward the end of May. Expanded U.S. production capacity and declining construction demand have led to more supply. Since early 2025, mills have added roughly 8.7 billion board feet of capacity — partly in response to tariffs on Canadian softwood. Meanwhile, high interest rates and a slowdown in housing have reduced builder purchases, leading some downstream buyers to offer lower prices.

• **Crude oil** – WTI crude oil futures fell nearly 0.5%, coming in below $65 per barrel. WTI crude oil futures refer to a type of financial contract based on West Texas Intermediate (WTI) crude oil, which is a high-quality oil commonly used as a benchmark for U.S. oil prices. Crude oil prices were shaped by a mix of geopolitical and market-driven factors. Optimism around ongoing trade talks between the U.S. and China raised expectations for stronger oil demand. At the same time, OPEC+, led by Saudi Arabia, modestly increased output. However, a sharp rise in U.S. crude inventories added downward pressure on prices. Additionally, Iran's renewed nuclear negotiations and the possibility of easing U.S. sanctions raised concerns that more Iranian oil could return to the market, adding further uncertainty to the global supply outlook.

Labor

The U.S. job growth in May was largely in line with expectations, according to the Bureau of Labor Statistics' monthly report, reflecting what some economists are calling a "steady but cautious" labor market in the face of ongoing uncertainty. While the steady unemployment rate and rising wages suggest underlying strength in the job market, the data also reflects some signs of cooling, with slower job growth and a dip in labor force participation.

- Employers added 139,000 jobs last month, slightly above economists' expectations.
- Revisions to the March and April data indicated 95,000 fewer jobs than initially reported.
- The unemployment rate held steady at 4.2%, consistent with last month's rate.
- The labor force participation rate declined from 62.6% to 62.4% in April, reflecting a decrease of approximately 625,000 workers from the labor force. The labor force participation rate reflects the share of working-age individuals who are employed or actively seeking work.
- Average hourly earnings increased by 0.4% month over month.

Conclusion

While our supply chain continues to improve, we anticipate ongoing challenges and pressures across all core markets we serve through the balance of 2025, and we will likely never return to a prepandemic state.

Even in the face of these ongoing supply chain resiliency challenges, we understand our customers' work cannot stop — you are unstoppable businesses, and we understand the importance of maintaining your operations while managing your costs.

At Border States, we continue to invest in working inventories, maintaining emergency and storm response inventories in core markets and working diligently to justify all price increases align with current market conditions. We are focused on tightly integrating supply chains, improving forecasts and planning with customers and vendors and delivering better insights through technology to ensure your long-term success. Communication and partnership remain key in continuing to navigate the challenges.

Although we cannot control the global supply chain issues, we will continue to be transparent and straightforward with you about the challenges and work closely with our best customers and vendors to navigate these challenges together. If you have additional questions, please reach out to your Border States Account Manager for more information.

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