



August 18, 2025

Valued Customer,

Border States continues to keep you informed on current supply chain developments and trends, such as material constraints, price inflation and other market impacts. We are dedicated to working hard to give you the most recent information and insights, with the understanding that this information may change at any time.

August continues to present a complex and dynamic global supply chain landscape for our customers in the construction, industrial and utility segments. Geopolitical conflicts, high interest rates and economic uncertainty continue to drive ongoing challenges. Despite softening in transportation costs in both the ocean and trucking markets, commodity prices remain volatile due to evolving tariffs, trade relationships and geopolitical factors. Copper — in particular, saw extreme volatility with ongoing tariff negotiations and imports, causing both a record high and the largest single-day decline in the COMEX index in July. Despite these challenges, there are continued signs of stability, particularly in the on-going softening and predictability of material lead times across most product categories in all the markets we serve.

The Federal Reserve (Fed) has opted against cutting interest rates at all five of its meetings this year, including July's. Fed officials continue to balance their dual mandate of fostering maximum employment while keeping inflation low and steady — an increasingly difficult task, as recent data sends mixed signals. July's job report, which came in well below economists' expectations and included sizable downward revisions to May and June, has increased market expectations for a September rate cut, with some economists placing the odds near 90%. Yet, the July Producer Price Index (PPI) complicated this outlook, showing wholesale prices rising 0.9% month-over-month and 3.3% year-over-year — both well above forecasts — indicating that inflationary pressures remain. For the Fed, this complicates future rate decisions: Cut too aggressively and risk reigniting inflation, move too cautiously and risk deepening labor market weakness. Most September predictions, which reflect this tension, lean toward a 25 basis-point cut in September rather than a larger move.

- The Consumer Price Index, which measures price changes across commonly purchased goods and services and the average change over time in the price paid for those goods, rose 2.7% in July, which was slightly lower than economists expected and held steady from the previous month.
- The 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, increased more than expected, jumping 0.9% since June and lifting the annual rate to 3.3%.
- Employers added 73,000 jobs, below forecasts of 115,000 jobs. Please see the **Labor** portion of this letter for additional details on July's labor statistics.

President Trump — who has been vocal in calling for lower rates and repeatedly criticized Fed Chair Jerome Powell — fired Erika McEntarfer, U.S. Commissioner of Labor Statistics, after the Labor Department reported the United States added 73,000 jobs in July. Each month, the Bureau of Labor Statistics (BLS) compiles the jobs report using two main surveys: The Current Employment Statistics Survey and the Current Population Survey.

The Current Employment Statistics Survey — also called the establishment survey — collects payroll data from hundreds of thousands of businesses and government agencies to measure job gains, hours worked and wages. The Current Population Survey — also called the household survey — interviews tens of thousands of households to estimate unemployment, labor force participation and demographic

trends. The BLS combines and analyzes this data, adjusting for seasonal patterns, to produce the monthly employment report.

Tariffs can affect 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.

President Trump has made tariffs a central part of his trade policy since taking office. Notable developments from July and August are shown below:

July 2025: The Trump administration issued a series of executive orders, beginning with the 90-day reciprocal tariff extension to August 1. The administration sent letters to more than two dozen countries outlining a range of 20%–50% higher reciprocal tariff rates if they did not secure a deal by the August 1 deadline. Many partners met the deadline, with the United States agreeing to lower rates by as much as half of the initially announced rate and trading partners committing to significant investments in U.S. industries. On July 31, President Trump signed an executive order adjusting reciprocal tariff rates to 10%–41% according to negotiations, effective August 7 instead of the initial August 1 deadline.

Other tariff actions by Trump in July:

- A 50% tariff on certain semi-finished and derivative copper imports and exempted copper materials and scrap took effect on August 1.
- A 40% tariff on certain goods from Brazil began on August 6.
- A 90-day extension of the current 25% rate on Mexican imports to give Mexico time to negotiate a trade deal.
- A suspension of the “de minimis” exemption starting on Friday, August 29.
- A 40% additional tariff on transshipped goods.

August 2025:

- On August 11, President Trump signed an executive order extending a tariff truce with China by another 90 days.
- President Trump has stated that he will impose “approximately 100%” tariffs on imported semiconductors.
- On August 7, the tariff pause ended and imposed adjusted reciprocal tariffs for dozens of countries ranging from 10%–41% according to their negotiations with the United States.

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, raising the risk of supply chain disruptions from higher demand and added logistical complexities.
- 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.

For additional information on tariffs, please read the [Fact Sheet](#) on our website.

Tariff summary, as of August 11:

Active tariffs:

- Reciprocal tariff rates ranging from 10%–41% are in effect on dozens of countries.
- 10% baseline tariff on all U.S. imports, except for energy, gold, copper, pharmaceuticals, semiconductors, lumber and other products.
- 50% on certain semi-finished and derivative copper imports — pipes, wires, rods, sheets, tubes, pipe fittings, cables, connectors and electrical components.
- 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.
- Total of 30% on all imports from China due to 90-day trade agreement.
- 35% on goods from Canada, excluding United States-Mexico-Canada Agreement (USMCA)-compliant goods, and 10% on energy products from Canada.
- 25% on goods from Mexico for at least 90 days after August 1. It remains unclear if USMCA-compliant goods are exempt.
- 50% on all steel and aluminum imports, except those from the United Kingdom, which received a 25% tariff while trade talks take place.
- 25% on countries that import Venezuelan oil.
- 20% on Vietnamese goods and 40% on goods passing through Vietnam from other countries.
- Total of 50% on most imports from Brazil.

Upcoming tariffs:

- Wednesday, August 27: An additional 25% tariff on goods from India due to its purchases of Russian oil.
- TBD: 100% tariff on semiconductor imports, excluding companies that manufacture or commit to manufacturing in the United States.
- Tariffs on lumber imports: The rate and effective date are yet to be determined by the Department of Commerce's investigation.

Counter tariffs:

- Canada: Initial 25% on certain U.S. imports and a separate 25% on automobiles that don't comply with USMCA.
- China: Total of 10% tariff on U.S. goods after negotiations.
- European Union: Delayed planned counter tariffs for six months to allow for more negotiations.

Material Lead Times

July lead times remained flat compared to June but were still lower than six to the past year. Most categories experienced slight increases month over month, with construction the only category to see a reduction. A few manufacturers undergoing ERP conversions contributed to a 0.5-day to one-day increase in lead times; we expect these figures to improve as shipping schedules return to normal. Notable categories with 0.5-day to three-day increases included hardware and fasteners, tapes and adhesives, terminating and splicing, marking and locating, insulators and insulator hardware, and communication cables — largely due to heightened seasonal demand. Historically, this period mirrors 2024 trends, when lead times rose more sharply from June to September before easing into late fall and winter. We continue to monitor the impact of imposed tariffs and the growing number of weather-related restoration events on material prioritization. Overall, current data points to relative stability in lead times.

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
- By-pass meter valves and bars
- PE pipe, tap tees and line stoppers

Logistics and Freight

Ocean freight market

The global ocean freight market continues to be shaped by a mix of volatility and shifting trade policies. The market is currently experiencing a correction, with a global capacity increase of 6%, outpacing a demand growth of 3%. This has led to a softening of ocean freight rates (down 9% last month and 58% over prior year on average), particularly on freight lanes bound for ports on the U.S. West Coast. Carriers are responding by reducing capacity and implementing blank sailings to stabilize prices. Ongoing import tariffs and continued trade negotiations with many countries, including China, are a major factor influencing the market. These tariffs have driven "front-loading" of shipments as importers rush to move goods ahead of deadlines, causing a near record month for import volumes in July.

In July, U.S. container imports surged 18% over June, 3% rising 3% from the prior year and 19% from prepandemic (2019) levels. Chinese imports reversed recent trends, and were up 44% month-over-month, the highest level since January as the expected "tariff truce" set to expire in August has been extended into November. It is expected that there will be a softening in import volumes over the next 60 days in correction, which will likely cause further softening in transportation costs.

Ongoing disruptions in the Red Sea/Suez Canal due to attacks by Houthi rebels in Yemen continue to add complexity and cost to the industry, particularly in sailing times, fuel costs and insurance costs. This is hitting ports in Europe and Asia particularly hard and is a factor in the global market. It will be an ongoing factor if the conflict between Israel and Hamas and instability throughout the Middle East continues.

Trucking market

The U.S. trucking market remains in a prolonged freight recession that has been ongoing since 2023. The current state of the market is characterized by a high degree of carrier fragmentation, with a significant increase in the number of carriers

The commodity landscape remains volatile, as evolving tariffs, trade relationships and geopolitical factors drive uncertainty in both demand and costs. Depending on the commodity, shifting tariffs have caused raw material prices to fluctuate both up and down month over month. Economists continue to caution this volatility is likely to persist in the near term, with cost pressures remaining elevated due to ongoing supply chain disruptions and input price inflation. While many expect trade tensions will stabilize over time and the increased investment in onshore and nearshore production will help stabilize availability and moderate price spikes, the short- and medium-term impacts will likely continue to be felt.

President Trump met Russian President Vladimir Putin on August 15 in Alaska to discuss the Russia-Ukraine War. Beyond peace talks, the meeting was expected to highlight mutual interest in Arctic resources, particularly regarding critical minerals. Critical minerals are raw materials essential for manufacturing advanced technologies, such as batteries, electronics, defense systems and renewable energy equipment. Improving diplomatic relations could lead to cooperative ventures in critical mineral extractions and Arctic development. On the flip side, there is risk in furthering Russian control over mineral-rich territories, adding risk to global supply chain stability and U.S. efforts to secure independent sources, as critical mineral production is concentrated in a few countries.

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

- **Copper** – President Trump's July 30 executive order imposing a 50% tariff on certain copper imports surprised markets by exempting key raw materials, such as ores, concentrates, cathodes and scrap, while targeting only semi-finished and derivative products, like pipes, wires and cables. It had been assumed the tariff would apply to all copper imports, prompting a surge in U.S. shipments and driving up COMEX copper prices — North America's price for the metal — well above the London Metal Exchange (LME) benchmark. This price gap fueled by arbitrage trade in which traders bought cheaper copper on LME and sold it at a premium on COMEX, pushing COMEX inventories to their highest levels in over two decades while LME inventories dropped sharply. The exemption announcement abruptly ended this trade practice, triggering a record 22% one-day drop in COMEX futures and narrowing its premium over LME. Analysts state copper pricing has risen this year largely because of tariff policy, rather than stronger demand or tighter supply.
- **Aluminum** – The U.S. Midwest Premium (MWP) for aluminum increased to a record 68.25 cents per pound on July 18 following the 50% tariff, reflecting strong domestic market pressures, even as premiums in Europe and Japan fell amid

- **Steel** – American steelmakers are raising prices in response to higher tariffs on steel and aluminum. In early August, two major producers, Cleveland-Cliffs and Steel Dynamics, reported charging more for their products in the second quarter than in the first. With roughly one-fifth of domestic steel coming from abroad, last month's increase in steel tariffs from 25% to 50% has made imports far more expensive. As foreign supply declines, buyers say domestic producers have gained greater leverage to raise prices. Ripple effects are being felt north of the border, where Canada has introduced its own trade measures to protect its steel industry from both U.S. tariffs and global overproduction with certain free-trade partners apart from the United States and Mexico. These include a 50% tariff on steel imports exceeding 2024 levels and an additional 25% tariff on all imports containing steel melted and poured in China. Prime Minister Mark Carney said the measures are designed to shield Canadian producers from unfair competition and trade diversion, helping safeguard the industry's competitiveness.

- **Resins** – PVC prices continued a slight downward trend due to oversupply, weak downstream demand and slower construction activity. PVC manufacturers continue to report strong inventory, aside from larger diameter pipes and special radius bends. Rising input and logistics' costs, including steel tariffs affecting infrastructure projects, added potential for future strain on demand outlooks.

- **Lumber** – Lumber prices declined from highs seen in early August as the new home construction decline continued. Single-family homebuilding is down about 10% year over year in June, reducing demand for framing lumber. Mills continue to run at low utilization — around 64%, further signaling over supply in a slower than expected market. On the trade side, U.S. tariffs on Canadian lumber exports rose above 20% and are set to exceed 30%, disrupting traditional supply patterns. Canadian producers are accelerating shipments to alternative markets, pushing up prices and cutting available regional volume.

- **Crude oil** – Earlier this month, Western Texas Intermediate crude oil futures held near \$64 per barrel after experiencing a 5.1% drop — the largest since late June. This decline was primarily driven by President Trump’s efforts to end the Russian-Ukraine war, which eased fears of disrupted Russian supply. A peace deal could lift Russian oil sanctions, removing supply disruption risks. So far this year, oil has been down by over 10%, driven by Organization of the Petroleum Exporting Countries (OPEC+) restoring output faster than planned and slowing economic growth, impacting demand.

The July monthly jobs report showed the U.S. labor market added fewer jobs than expected:

- Employers added 73,000 jobs, below forecasts of 115,000 jobs.
- The health care sector showed strong job growth, while manufacturing and the federal government saw declines.
- The unemployment rate rose to 4.2%, up from 4.1% in June.
- The number of Americans actively working has also been moderately slowing, reflected in the labor force participation rate, which was 62.2% in July, down from 62.3% in June and at the lowest level since 2022.

- The Labor Department also revised job growth down from May and June by a combined 258,000 jobs, a sign that the hiring earlier this year was weaker than previously estimated.
- These changes bring the three-month average employment gain from May to June to 35,000 compared to an average of 123,000 from January to April.

Conclusion

While our supply chain continues to improve, we anticipate seeing ongoing challenges and pressures across all core markets we serve through the balance of 2025 and 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 more tightly integrating supply chains, improved forecasting 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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