



September 15, 2025

Valued Customer,

At Border States, keeping you informed is a top priority. In this month's supply chain update, we share our latest insights across the core markets we serve (construction, industrial, utility), where we see both persistent challenges and notable signs of stability. While we work diligently to provide you with the most current and up-to-date information, the content of this newsletter remains volatile and is subject to change at any point.

As we move into September, the global supply chain continues to present a dynamic and complex landscape for our customers. Geopolitical conflicts, high interest rates and broader economic uncertainty are still creating challenges. Pricing remains volatile, both for finished goods and commodities. This continues to be driven by evolving tariffs and trade negotiations. The copper market saw extreme volatility for example. This was due to tariff negotiations and policy announcements that led to both record-high prices and the largest single-day decline on the COMEX index.

Despite these persistent challenges, there are continued encouraging signs of stability. Transportation costs, including fuel costs, continue to remain stable and at or below historical averages for both ocean and trucking transport. Material lead times remain relatively stable and predictable across most product categories and markets we serve.

The Consumer Price Index (CPI) measures changes in the prices households pay for goods and services, making it a key gauge of inflation that directly influences the Federal Reserve's (the Fed) interest rate decisions. When CPI runs above the Fed's 2% target, it signals persistent consumer inflation, often prompting higher rates to slow demand. When it falls, the Fed may consider pausing hikes or cutting rates to support growth. The Producer Price Index (PPI), which tracks prices businesses receive for goods and services at the wholesale level, serves as a leading indicator since rising producer costs can eventually flow through to consumers. These measures tie directly to the Fed's dual mandate of promoting maximum employment and stable prices, as interest rate adjustments aim to balance inflation control with sustainable economic growth. Together, CPI shows the current state of inflation, while PPI offers insight into future pressures, both of which help guide the Fed's policy stance.

The PPI decreased unexpectedly in August, down 0.1% from July, and it also saw July's figure revised down. From the prior year, the PPI rose 2.6%, which is also lower than expectations of 3.3%. The CPI rose to 2.9% on a year-over-year basis in August, in line with many economists' expectations. While inflation is still running above ideal levels, most economists are predicting a rate cut in September as a softening labor market continues (see labor section for additional details). The Fed is scheduled to meet again Tuesday–Wednesday, September 16 and 17.

When considering the Fed's dual mandate (noted above), tariffs can affect both elements of it. 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, with intentions of using them as a tool to protect U.S. industries and pressure trading partners. A significant development last month came when the U.S. Court of Appeals ruled most of these tariffs — specifically those issued under the authority of the

International Emergency Economic Powers Act (IEEPA), including the liberation day tariffs — were unlawful. These tariffs remain in effect while the administration considers whether to appeal to the Supreme Court. The government has until Tuesday, October 14, to file its appeal, leaving the ultimate outcome uncertain. The ruling does not apply to tariffs imposed under other legal authorities, which remain unaffected. To better understand the landscape, the table below outlines the key features and differences among the main statutory authorities for imposing tariffs: IEEPA, Section 232, Section 301 and Section 201.

Law/authority	Trigger	Goal	Who investigates?	Current legal status
<b>IEEPA (1977)</b>	National emergency	Sanctions, trade controls	None (President acts directly)	Court struck down tariffs.
<b>Section 232 (1962)</b>	National security	Protect defense supply chains	Commerce Department	Legal, active
<b>Section 301 (1974)</b>	Unfair foreign practices	Retaliation/pressure	U.S. Trade Representative (USTR)	Legal, active
<b>Section 201 (1974)</b>	Surge of imports harming industry	Temporary relief	U.S. International Trade Commission (ITC)	Legal, less used

Additional developments from August and September are noted below:

- **September 5:** President Trump signed an executive order modifying the scope of reciprocal tariffs. This removed certain goods from the list of exemptions, making them subject to reciprocal tariffs and effective on September 8.
- **September 4:** President Trump signed an executive order formalizing a U.S.-Japan trade agreement. This agreement reduces U.S. tariffs on Japanese automobiles and auto parts to 15% and will be effective by September 16. In return, Japan committed a \$550 billion investment package in U.S. projects across sectors, like chips, metals, pharmaceuticals, energy and shipbuilding.
- **August 27:** An additional 25% tariff on most imports from India to the United States went into effect, bringing the total to 50% and due to its purchases of Russian oil.
- **August 18:** The U.S. Department of Commerce announced an expanded list of imports subject to the 50% steel and aluminum tariffs, effective August 18. According to the notice, hundreds of derivative steel and aluminum products are now subject to the 50% tariff, while non-steel and non-aluminum components remain subject to the applicable tariff rates based on their country of origin.
- **August 11:** President Trump extended the 90-day U.S.-China trade agreement for another 90 days, pushing the deadline to Monday, November 10. The original deal, made on May 12 and set to resume on August 12, called for both nations to significantly reduce reciprocal tariff rates for 90 days and allow for more negotiations.
- **August 6:** President Trump signed an executive order issuing an additional 25% tariff on imports from India, effective August 27. This is due to India's purchases of Russian oil and brings the total tariff rate to 50%. President Trump also proposed a 100% tariff on semiconductor imports, excluding companies that manufacture or commit to manufacturing in the United States.

While the landscape regarding tariffs is ever evolving, continued impacts are expected, but not limited to:

- 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, which increases the risk of supply chain disruptions as demand increases and increased 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.

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

Tariff summary, as of September 9:

**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 semfinished 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 the 90-day trade agreement.
- 35% on goods from Canada, excluding 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.
- Total of 50% on imports from India due to its purchases of Russian oil.

**Upcoming tariffs:**

- TBD: 100% tariff on semiconductor imports, excluding companies that manufacture or commit to manufacturing in the United States.
- Tariffs on lumber imports: 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.

In addition to tariffs, we continue to monitor critical mineral policy, which focuses on ensuring a secure, reliable and sustainable supply of key raw materials essential for clean energy, defense, electronics and advanced manufacturing. Primary goals around critical mineral policy are to reduce dependance on foreign sources, like China and Russia, stabilize supply chains and support domestic industries. While critical mineral policies can overlap with tariffs when they are used to support or

protect critical mineral strategies, they differ from tariffs in scope, intent and timeframe. For example, and regarding mineral strategies: If the United States wants to reduce dependence on Chinese rare earths, it might impose tariffs to make Chinese imports less competitive, while simultaneously funding domestic mines or allied-country supply chains. Below you will find a summary of the law/authority noted above regarding tariffs and potential relevance to critical minerals.

Law/authority	
<b>IEEPA (1977)</b>	Could have been used to implement broad “emergency” tariffs on minerals but is now invalid for tariffs. Still used for sanctions (e.g., restricting exports of rare earth technology to adversaries).
<b>Section 232 (1962)</b>	Already used in 2025 to impose 50% tariffs on copper. Could expand to rare earths, lithium, cobalt, graphite, etc., if Commerce finds dependence on foreign sources (especially China) a “security threat.”
<b>Section 301 (1974)</b>	Could target China’s state subsidies or export restrictions on rare earths, lithium or graphite. Was used in the U.S.-China trade war to hit a wide range of technology-related imports.
<b>Section 201 (1974)</b>	Could be applied if there is an increase in low-cost foreign critical minerals (e.g., Chinese graphite or nickel) undermines U.S. miners/processors. But this is complex since it applies globally, not just to adversaries.

### Material Lead Times

In August, lead times rose by 0.73 days but remained below levels from one year ago. Most categories saw slight increases compared to July, influenced by ERP transitions, stronger demand and raw material pressures tied to tariff policies. We continue to assess how tariffs may affect demand and material availability. Aside from utility, all categories are sustaining or outperforming prepandemic benchmarks. Overall, current trends point to steady and stable 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.
- Bypass meter valves and bars.
- PE pipe, tap tees, and line stoppers.

## **Logistics and Freight**

### **Ocean freight market**

The ocean freight market continues the trend of softening rates, ongoing challenges driven by geopolitical issues and strategic actions from carriers to manage capacity to try and protect price levels from further decline.

Despite the traditional peak season approaching for imports, anticipation is that we will see a slower volume of imports this next quarter as many importers worked to ship ahead of anticipated tariffs June through August. U.S. container imports in August exceeded 2.5 million TEUs (20-foot container equivalents), the second highest month this year. Volumes were down 4% from July, but up 2% from the previous year and 18% above prepandemic levels seen in 2019. While Chinese imports continue to exceed 30% of all U.S. imports, volumes continue to decline due to tariffs and unsettled trade negotiations and are shifting to other Asian countries. August imports from the country were down 6%, down 11% over the previous year and are down 15% from peak volumes. Many countries, such as Vietnam, India and Thailand, are seeing significant growth in exports to the United States as shippers divert away from China.

Container shipping rates continue to soften, driven by overcapacity and weaker demand, despite ongoing geopolitical disruptions. Average container rates across all freight lanes have declined 57% over prior year, with most freight lanes at or below prepandemic rates seen in 2019. Carriers are responding to current market conditions of pricing decline and overcapacity with aggressive measures to stabilize. In September, many carriers implemented general rate increases (GRIs) at the beginning of the month and announced an increase in blank sailing (canceled voyages). While these actions resulted in some rate increases early this month across selected freight lanes, it's uncertain if carriers can sustain the higher prices.

A major policy change implemented by the Trump administration went into effect at the end of August, suspending the "de minimis" rule for importing. This rule previously allowed imports valued under \$800 to enter the United States duty-free. The suspension of this exemption now subjects all commercial shipments to duties, which is expected to have a significant impact on e-commerce and smaller-scale importers. It is uncertain if and how this will directly impact our supply chain. For reference, in 2024, the value of goods entering the United States under the de minimis exemption was approximately \$65 billion, spread across 1.36 billion individual shipments.

Ongoing security challenges in the Red Sea, primarily driven by Houthi rebels in Yemen, continue to create unpredictable risk for global shipping. While some carriers, particularly those not tied to U.S., U.K. and Israeli interests, have attempted to resume transit through the Suez Canal, most major container lines continue to reroute vessels around the Cape of Good Hope. This extended route adds roughly 10–14 days to transit times and increases fuel and operational costs. The Red Sea will likely remain a high-risk zone for the foreseeable future, impacting primarily Asia and Europe but with some noted impact on U.S. trade.

### **Trucking market**

The U.S. trucking market continues to navigate a complex environment, showing signs of stabilization but not yet a full recovery from the prolonged "freight recession" seen over the past few years. While shippers still hold the advantage, new market dynamics are emerging. The fundamental issue remains excess capacity. The Cass Freight Index shows a continued year-over-year decline in freight demand, with August volumes dropping by nearly 8%. This softening, combined with a significant number of freight carriers that entered the market in recent years, is keeping spot rates at historic lows across most segments.

While per-mile spot and contract rates are expected to remain relatively soft through the end of the year, several factors could introduce volatility. Diesel fuel prices remain stable, but ongoing conflicts in the Middle East and Ukraine/Russia create risk of global fuel costs. The ongoing Atlantic hurricane season also presents a risk of short-term price spikes and supply chain disruptions. In this environment, communication and agile planning are more critical than ever to ensure freight moves smoothly and cost-effectively.

Commodity markets remain volatile as tariffs, trade policy shifts, supply chain disruptions and geopolitical tensions continue to create uncertainty. Rising costs, constrained supply and uneven demand are driving short-to-medium-term price fluctuations. At the same time, broader changes, like increased domestic production and investment in onshore and near-shore capacity, offer potential for longer-term stability. Elevated cost pressures and fluctuating demand suggest that price swings and market uncertainty are likely to continue through the near term.

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

- **Copper** – Copper prices are 1.2% higher than at the beginning of August and 34% higher when compared to 2024, driven by a weaker U.S. dollar, higher import premiums and expectations of slower refined copper production. The dollar is weaker due to speculation the Fed may cut rates in September, making dollar-priced commodities, like copper, cheaper for international buyers. Rising U.S. copper import premiums suggest a tighter supply, while some analysts also expect slower production to continue to support copper's rise. Additionally, copper mine production continues to face environmental and social complexities. A U.S. appeals court temporarily blocked the land exchange scheduled for August 19, delaying the Resolution Copper mine in Arizona, after a coalition of the San Carlos Apache people and environmental advocacy groups filed an appeal. President Trump criticized the court's decision, stating the need for domestic copper.
- **Aluminum** – The U.S. 50% tariff on aluminum imports and expanded coverage of derivative products is pushing producers to rely more on recycling scrap, which has become a cost-effective alternative to imported aluminum. Once a global leader, the U.S. aluminum industry has seen production decline for decades due to foreign competition and high energy costs, but it is now emerging as a top producer of secondary aluminum. Recycling requires only about 5% of the energy used in primary production, though experts caution recycling alone won't meet total domestic demand. Aluminum prices have been mixed — slipping on the LME as China's output remains high and rising slightly in Shanghai on seasonal demand, but 54% higher than compared to 2024 levels. Analysts expect the supply to tighten by 2026 as global production slows.
- **Steel** – The U.S. steel industry is undergoing its largest capacity expansion in decades, driven by new plants and supported by tariffs aimed at revitalizing domestic production, strengthening national security and reducing reliance on imports. While tariffs have allowed producers to temporarily raise prices by as much as \$400 per ton above international levels at times, weak demand from sectors, like automotive and construction, and persistently low-priced imports have limited long-term gains.

Experts caution that sustaining the new capacity will require stronger economic growth and greater manufacturing investment.

- **Resins** – PVC prices continued their slight downward trend due to oversupply, weak downstream demand and slower construction activity. Rising input and logistics costs, including steel tariffs affecting infrastructure projects, add potential for future strain on demand outlooks. Additionally, manufacturers have extended steel and PVC lead times to about a week due to hyperscale projects consuming available capacity.

- **Lumber** – Lumber prices declined to \$530 per thousand board feet in September, down nearly 20% month over month but still 1.23% above last year. This decline was driven by an imbalance of oversupply and weaker homebuilding demand. Tariffs on Canadian softwood rose from roughly 15% to more than 35%, producing a large inventory backlog that now must be worked off. At the same time, demand for new residential construction has continued to be slower than expected. U.S. building permits declined to their lowest level since June 2020.

- **Crude Oil** – Western Texas Intermediate (WTI) crude oil rose more than 1% to over \$63 a barrel after reported blasts in Doha, Qatar, where Israel claimed it struck senior Hamas leaders. This geopolitical turmoil added to existing bullish drivers for oil, including OPEC+'s smaller-than-expected production hike and continued stockpiling of oil in China.

#### **Labor**

The U.S. job market slowed again in August, adding only 22,000 jobs, which was fewer than expected. The unemployment rate increased to 4.3% (from 4.2% in July and 4.1% in June), which is the highest it's been in nearly four years. The labor force participation rate, which measures the number of Americans actively working, held steady at 62.3%.

Ahead of August's job report, several signs pointed to a cooling U.S. labor market. Job openings fell to their lowest since 2021, with more unemployed workers than available jobs. Earlier payroll numbers were repeatedly revised down and, at the same time, tariffs and inflation pressure have added economic uncertainty for many with broader economic indicators trending lower than expected.

#### **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 likely will never return to a pre-pandemic 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.

Richelle Bragg



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