



December 15, 2025

Valued Customer,

At Border States, keeping you informed of the state of the global supply chain remains a top priority. Across our core markets — construction, industrial and utility — we continue to see a mix of resiliency and stabilization, but persistent headwinds remain. Our goal is to provide timely, actionable insights, so you can plan your business with confidence. Please note, the information below reflects current market conditions as of today and may evolve rapidly.

While the federal government shutdown that began in October was resolved, its effects continue to ripple through the supply chain. Key economic data releases remain delayed, and some federal services are still working through backlogs. These residual impacts, combined with ongoing policy uncertainty, are important considerations for our customers as we close out the year.

The global commodity market, particularly for key industrial metals, like copper, aluminum, steel and other rare minerals, is facing ongoing volatility and upward pricing pressure. This is driven primarily by new tariff policies and underlying inflationary forces related to domestic demand and geopolitical uncertainty. New U.S. tariff measures, particularly the increase of Section 232 duties on steel and aluminum imports to 50% that went into effect June 2025, continue to drive significant cost inflation in the domestic market. While copper has been less impacted by tariffs following the exemption of raw/refined material, tariff impacts on finished copper goods; ongoing strength in copper demand driven by datacenters, electrification and utility grid upgrades; and ongoing operational challenges at several global mines are keeping prices elevated.

The transportation sector remains relatively stable with ocean container rates remaining below historical levels as many companies frontloaded shipments ahead of tariffs. The U.S. trucking market is seeing a decline of available capacity. This is being driven by carrier exits, holidays and severe weather. The load-to-truck ratio spiked to 9.9 :1 the week ending December 6. The decline of available truck load capacity into year-end is more pronounced than in recent years, exacerbated by heightened security and enforcement of commercial driver's license eligibility. This is expected to have an impact through 2026.

The Federal Open Market Committee meeting on December 10 resulted in a quarter point rate cut to the federal funds rate — the third rate cut in a row, which brought the target range down to between 3.5% and 3.75%. This decision was made with a 9 to 3 vote. The Federal Reserve (the Fed) chair, Jerome Powell, stated after the meeting that it was a “close call” and indicated policy makers are in a good place to “wait and see how the economy evolves.” Predictions around this rate cut ahead of the meeting were mixed, with some anticipating the cut and others expecting the government shutdown and tariff-driven inflation pressures to prompt the Fed to hold rates steady.

With the central bank more split than usual on the rate decision, here are a few factors economists note regarding both December's key takeaways and what to expect going forward:

- Fed leaders anticipate more economic growth in 2026 but are cautious of a slowing labor market. Lower rates could help drive hiring.
- Inflation rates remain above the Fed's 2% target, though data is limited due to the government shutdown. With lower rates, there is a risk consumer





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

## **Logistics and Freight**

### **Ocean freight market**

As we close 2025, the global ocean freight market remains in a state of cautious transition, shaped by softening demand, operational volatility and evolving geopolitical and regulatory factors. Container shipping rates remain below pandemic-era highs but have shown modest increases across key trade lanes in December. According to the Drewry Container Index, global container rates at the end of November were down 2% over the past month and down 45% over prior year. Carriers are continuing to combat demand softening by implementing smaller, more frequent rate hikes and “blinking” sailings to tighten capacity. Despite these tactical adjustments, the overall market remains soft, with global demand underperforming forecasts and retailers restocking conservatively ahead of the Chinese New Year.

Total U.S. container import volumes continued their softening trend in November, down 5% over prior month and down 8% over prior year. This is a direct result of many shippers frontloading shipments ahead of known and potential tariff impacts. While November was soft, it was still the fourth largest November on record, highlighting continued resilience and strength of the U.S. market even in the face of uncertainty. Chinese imports continue to soften, down 20% over the prior year, driven by trade regulations and uncertainty. Companies shifting toward Vietnam, Thailand and other Southeast Asian countries continues as they look to diversify sourcing strategies.

The tentative ceasefire in the Middle East has prompted some carriers to begin planning a gradual return to the Suez Canal, which could shorten Asia-Europe transit times by up to two weeks. However, most major lines remain cautious, citing ongoing security risks. A full-scale return is expected to trigger short-term port congestion in Europe and potential volatility in rates as capacity is released back into the market. Until then, diversions around the Cape of Good Hope continue to add cost, time and emissions to global trade.

### **Trucking market**

As noted on page 1, the U.S. trucking market is seeing a decline of available capacity. This is being driven by carrier exits, holidays and severe weather. The load-to-truck ratio spiked to 9.9 :1 the week ending December 6. The decline of available truck load capacity into year-end is more pronounced than in recent years, exacerbated by heightened security and enforcement of commercial driver's license eligibility. This is expected to have an impact through 2026.

National diesel prices have increased slightly, now at just over \$3.80 per gallon in early December, down from September but still higher than a year ago. Prices are climbing due to seasonal demand driven by the heating season, coupled with tightening U.S. supplies. Fuel remains the single largest operating expense for carriers, and even small price changes can significantly affect transportation costs.

New class 8 (semi) truck orders are down 30% year over year, signaling caution and limited confidence in a near-term market rebound. The recent 25% tariffs on imported medium- and heavy-duty trucks and parts, went into effect in November and are expected to drive significant cost increases across the U.S. transportation sector. Fleet operators face higher prices for new vehicles and maintenance, with costs rising by thousands of dollars per truck.

In late September, we reported the Federal Motor Carrier Safety Administration (FMCSA) enacted an emergency interim final rule restricting the issuance and





- Total job additions (nonfarm payroll employment): 119,000.
- Average hourly earnings: \$36.67, up \$0.09 in September.

### 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 work 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.



Richelle Bishoff  
VP Procurement



Tony Serati  
VP Supply Chain Strategy and  
Optimization

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