



February 16, 2026

Valued Customer,

At Border States, keeping you informed on the evolving state of the global supply chain remains a top priority. Across our core markets — construction, industrial, and utility — supply chains continue to show resilience entering February, but conditions remain highly dynamic and uneven by product category. Customer demand remains solid in key end markets, while a combination of policy, logistics and material-specific factors continue to influence cost, availability and lead times. We remain committed to providing timely, actionable insights to help you plan effectively and navigate these conditions with confidence.

As we progress through early 2026, supply chain conditions are increasingly shaped by tariff uncertainty, tightening transportation capacity and strong demand tied to grid investment and datacenter and hyperscale infrastructure projects. While overall U.S. economic growth remains moderate, government actions — including trade policy, Department of Transportation regulations and interest rate decisions — continue to introduce volatility into supply chains and cost structures. These forces are particularly impactful for electrical materials that rely on globally sourced metals, specialized manufacturing and time-sensitive logistics.

Commodity markets remain volatile, with metals continuing to exert meaningful price pressure across all markets we serve. Copper prices remain elevated due to tight global supply and sustained demand tied to electrification, grid hardening and digital infrastructure but are down slightly from January highs. Aluminum pricing continues to be influenced by tariffs, energy-intensive production costs and strong demand from datacenter and utility scale projects. Steel markets are facing mixed signals, with domestic pricing supported by tariffs and infrastructure demand, while international competition and trade developments continue to influence market dynamics.

Trucking capacity is tightening as carrier exits, regulatory changes and slower fleet replenishment place upward pressure on per-mile freight rates, even as fuel prices remain relatively stable. Ocean freight markets are experiencing seasonal rate pressure tied to carrier capacity management and ongoing geopolitical risk, reinforcing the importance of early planning and schedule flexibility for imported commodities and finished goods.

While supply chains today are more stable than in recent years, they remain structurally different than prepandemic conditions. Policy shifts, geopolitical events and long-term investment in electrical infrastructure are reshaping how materials are sourced, produced and delivered. The information below reflects current market conditions as of today and will continue to evolve as these forces develop.

A partial government shutdown began January 31 and lasted four days, ending February 3, when a bipartisan spending bill was passed and signed into law. The main political dispute centered on immigration enforcement policy and funding for the Department of Homeland Security (DHS). Due to the short duration of the shutdown, overall impacts to the supply chain and economy, such as delayed federal paychecks and temporary interruptions in the government data releases, are expected to be limited. Some reports note risk of an additional shutdown since the spending bill extended funding for two weeks to allow time for negotiations. This extension expired on February 13th.



basis increased 3.0% after rising by the same margin in November 2025. The Bureau of Labor Statistics will release the PPI report for January on Friday, February 27. The PPI measures inflation at the production level, while CPI measures inflation at the consumer level.

President Trump has continued to make tariffs a central part of his trade policy, using them to protect U.S. industries and pressure trading partners. 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.

While the tariff environment remains ever-changing, a summary of notable changes in the recent month are included below but are not reflective of all monthly tariff changes and developments.

- The Supreme Court has not yet issued a ruling on whether President Trump's use of the International Emergency Economic Powers Act (IEEPA) was legal. Under IEEPA, which allows the president to act in response to unusual or extraordinary threats, the Trump administration imposed several categories of tariffs in 2025. These included tariffs on imports from China, Canada and Mexico tied to alleged threats, such as fentanyl trafficking, reciprocal tariffs and punitive/secondary tariffs, which include tariffs on all goods imported from countries that import Venezuelan oil. The next round of rulings is currently scheduled for Friday, February 20.
- The United States and India reached a trade deal under which the United States will reduce the reciprocal tariff on Indian imports from 25% to 18% and drop the additional 25% tariff imposed over India's purchases of Russian oil. In exchange, India has agreed to stop buying oil from Russia.
- In January, the planned tariff increase on upholstered furniture, household cabinets and vanities was delayed for one year and will remain at 25% due to productive negotiations with trade partners, according to White House officials. President Trump withdrew his plan to impose an additional 10% tariff on NATO allies after reaching an outline of a deal on Greenland and the Arctic region with NATO Secretary General Mark Rutte. Lastly, President Trump said he would impose a 100% tariff on all Canadian goods if Canada made a trade deal with China.
- President Trump announced plans in January for new tariffs on eight European nations tied to disagreements over Greenland, initially proposing 10% duties starting February 1 and rising to 25% in June if negotiations failed. In late January, a framework of a deal was reached with European leaders, defusing the dispute and stopping plans to move forward with these additional tariffs. The European Union also extended a suspension of tariffs on approximately \$110 billion in U.S. imports for six months, reflecting reduced escalations after these negotiations.

When looking at the impacts of tariffs on our business, they include, but are 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, 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 further costs and challenges to the supply chain.



- 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**

As we progress through the first quarter of 2026, logistics markets remain more stable than the highly volatile conditions that defined the past few years. The market outlook for 2026 is one of normalized demand and fuel price stability, but it will be heavily influenced by government policy and ongoing geopolitical disruption.

### **Ocean freight market**

Ocean freight markets continue to see normalizing global demand compared to prepandemic levels, following considerable volatility in 2025 driven by tariff uncertainty. Global container rates have eased in early February as capacity continues to expand and demand softens modestly across key trade lanes. Container rates across all lanes declined 23% over the past month as carriers worked to artificially increase market rates through general rate increases to begin the year. At the same time, service reliability remains uneven as carriers actively manage capacity through blank sailing and schedule adjustments to prevent further rate erosion.

U.S. container import volumes reached more than 2.3 million TEUs (20-foot container equivalents) in January 2026, approximately a 7% decline compared with January 2025, but a 4% increase month over month. January U.S. import volumes from China are up 9% from December, but down 23% year over year and 25% below the July 2024 peak. While both countries continued to signal a desire to manage ongoing trade tensions, the broader trade policy remains fragile and unpredictable in 2026. As companies redesign their supply chains to reduce reliance on China, import demand continues to shift to other Asian countries, particularly Vietnam, Thailand and Indonesia.

A key development shaping ocean markets is the gradual and selective return of vessels to the Red Sea and Suez Canal. While some major carriers have resumed limited transits, routing remains inconsistent and subject to rapid change based on continued fragile peace negotiations with Israel and Hamas. This partial reopening is contributing to downward pressure on both spot and contract rates, but it has not yet restored predictable transit times or network stability. Friction between the United States and Iran is creating additional maritime security risk in the Middle East, particularly around the Strait of Hormuz in the Persian Gulf, a critical chokepoint for global crude oil, where as much as 25% of global petroleum product volumes transit.

### **Trucking market**

The U.S. trucking market is showing clear signs of tightening as we move through February, driven less by demand growth and more by structural capacity constraints. While overall freight volumes remain moderate, winter weather disruptions and reduced carrier availability





