



March 16, 2026

Valued Customer,

At Border States, we remain focused on providing clear, timely insights into the global supply chain and what they mean for our customers and partners. As we move deeper into March, supply chains across construction, industrial and utility markets continue to operate with greater stability than in recent years, but they remain highly sensitive to policy decisions, geopolitical risk and infrastructure-driven demand. These dynamics are creating a more uneven operating environment, reinforcing the need for early planning, flexibility and close coordination across the supply chain.

Commodity markets remain a key driver of supply chain conditions. Copper and aluminum prices continue to reflect tight long-term supply expectations and strong demand tied to electrification and digital infrastructure, even as near-term signals remain mixed. Steel markets are being supported by infrastructure demand and trade measures, while energy markets are seeing recent inflationary pressure following increased geopolitical disruptions. Together, these inputs continue to influence pricing, availability and procurement strategies across each of our core markets.

Transportation markets are also showing signs of transition. Trucking capacity has tightened in early 2026 driven by multiple factors. Coupled with rising diesel fuel prices, these will put imminent pressure on logistics costs. Ocean freight markets have eased from early-year volatility but remain exposed to carrier capacity management and ongoing geopolitical risk in the Middle East.

In late February, the United States and Israel conducted joint military strikes on Iran. Iran responded with attacks against U.S. forces, Israeli territory and infrastructure in several other areas. Since then, military engagements have continued with strikes affecting energy and logistics infrastructure across the region, including multiple Iranian oil storage facilities and a production transfer center. These attacks on energy infrastructure, combined with threats to the Strait of Hormuz and regional export routes (noted further below), have contributed to crude oil prices above \$100 per barrel. Additional potential impacts to the supply chain include:

- The Strait of Hormuz, a key maritime corridor for oil and liquefied natural gas (LNG) exports, has seen significant disruption to commercial traffic. The Strait of Hormuz typically handles roughly one-fifth of global oil and a significant share of LNG flows.
- Regional attacks have affected port operations and other logistics. Constrained tanker movements and raised transit costs can also affect freight rates and insurance premiums (see the "Logistics and Freight" portion of the letter for additional details).

steel startup, announced a major investment in North Carolina for its new manufacturing facility, where it plans to expand the domestic production of critical steel components to serve the industrial sector.

- **Resins** – The PVC market saw a 7% to 10% price increase in early March, while resin saw a 1% price increase in February. Suppliers report strong inventory levels, except for large-diameter pipes and special radius bends, which have extended lead times. The resin market is expected to grow by nearly 5% by 2035, driven by demand in the packaging and automotive industries which highlights an increased reliance on lightweight and durable materials across a range of vital industries.

- **Lumber** – Lumber futures declined toward \$550 per thousand board feet, marking a six-week low. The North American housing sector continued to be sluggish with demand weakening as January data showed a 7% year-over-year drop in single family starts and an 8.4% decline in units under construction. On the supply side, regional inventory remained elevated. The impact of a 45% tariff on Canadian softwood lumber has also impacted demand and builder confidence in the market.

- **Crude Oil** – West Texas Intermediate crude oil futures rose more than 23% month over month to above \$100 per barrel, as major Middle Eastern producers started to cut output following disruptions in the Strait of Hormuz. With tanker traffic heavily restricted, several major producers, including Saudi Arabia, the United Arab Emirates, Kuwait and Iraq, have begun curbing output as storage facilities fill. The supply disruption has elevated concerns about global energy shortages and rising inflation. The previous time prices rose above \$100 per barrel was after Russia invaded Ukraine in 2022.

Labor

According to the U.S. Bureau of Labor Statistics, total nonfarm payroll employment decreased by 92,000 jobs in February, reversing most of the gains reported in January, when employment increased by approximately 130,000 jobs. The current economic environment — which includes key factors, like fluctuating oil prices and geopolitical tensions — suggests a cautious but still stable labor market, signaling a period of softening rather than abrupt weakness.

Detailed labor statistics for February are noted below:

- Nonfarm payroll declined by 92,000, which was weaker than expected.
- The unemployment rate rose to 4.4%, signaling a softening in labor market conditions.
- The Labor force participation rate declined slightly from 62.6% to 62.0%, indicating a slight decline in the percentage of the working-age population that is either employed or actively looking for a job. A higher rate generally implies more people are working or actively seeking work, which can signal a stronger job market. A lower rate usually implies fewer people are engaged in the labor market, which can reflect a weaker labor market.
- Average hourly earnings increased 0.4% month over month and roughly 3.8% year over year, showing ongoing wage growth despite the weakening job market.

