



June 15, 2026

Valued Customer,

In June, the operating environment is more stable than in recent years, but it remains uneven. Factory activity is holding up, supply chain pressure is still elevated, and supplier deliveries remain slower than normal.

The biggest external shift is geopolitical: On June 14, U.S. and Iranian officials announced a peace agreement to end their nearly four-month conflict, including an immediate halt of military operations on all fronts. The deal also includes plans to remove the U.S. naval blockade of Iran and reopen the Strait of Hormuz, with President Trump confirming the agreement via social media. The official signing is scheduled for Friday, June 19.

This deal is significant for supply chains because disruption in the Strait of Hormuz and broader Gulf shipping lanes has pressured energy, freight and transit reliability for most of this year. Markets are just starting to react to the news and disruption may continue for some time. The dynamics have now shifted from "continued escalation/risk to de-escalation with lagged operational recovery impacts."

Overall, cost pressure remains concentrated rather than broad-based. Tighter U.S. customs enforcement and ongoing tariff actions are reshaping landed-cost assumptions and compliance expectations. Energy is still the main near-term volatility driver, while copper, aluminum and steel remain elevated, and resins and lumber are more mixed. In practical terms, customers should watch fuel, metal pricing, freight conditions and any movement in the Middle East shipping routes, because delivered cost is being influenced more by tariffs, freight and regional supply conditions than by benchmark pricing alone.

From a trade and compliance standpoint, customers should expect continued rigor at the border. June Section 232 changes, the progression of the Section 301 process and the new customs enforcement order all raise the importance of accurate classification, origin support and documentation integrity. Separately, the International Emergency Economic Powers Act (IEEPA) rebate process remains active for certain entries, but recovery on older entries is less certain due to ongoing Department of Justice (DOJ) appeal activity. For Border States, that reinforces an advisory-only role: We are not the Importer of Record, do not file claims and do not control whether upstream refunds are pursued or passed through.

Lead times continue to improve across many construction, industrial and natural gas/PVF categories, but utility grid projects remain the clearest area of pressure. Wire and cable, transformers, regulators, switchgear and other project-driven categories are still being shaped by grid investment, larger utility programs and constrained specialty capacity. Broad supply chain conditions are more stable, but category-specific constraints still require early forecasting and realistic schedule buffers on long-lead materials.

Over the next 60–90 days, the main things to watch are fuel and freight volatility, Middle East shipping conditions, tariff policy implementation, customs enforcement and long lead

- Utility programs: Electric utility remains the clearest long-lead area, with ongoing pressure on wire and cable, transformers, voltage regulators, switchgear, underground accessories and fiberglass enclosures tied to large project demand and constrained specialty manufacturing capacity.
- Natural gas/PVF: Conditions improved modestly month over month, but lead-time exposure still remains on regulators, valves, risers, meter sets and polyethylene-related gas system materials, where project schedules and supplier variability continue to matter.
- Implication for customers: The biggest planning risk is now less about broad shortages and more about category-specific constraints. Early forecasting and release timing remain most important on utility materials, larger equipment and project-driven categories, where capacity is still being absorbed by large programs.

Construction and Industrial

- Distribution equipment: Circuit breakers, load centers, panels, switches
- Fuses
- Meter sockets and hubs
- Automation products/controls
- Strut
- Cable tray
- Ground rods
- Steel conduit (EMT, GRC, IMC)

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

Transportation and Logistics

The transportation and logistics market entering June continues to reflect a tightening environment across both domestic and international freight. In U.S. trucking, the national load-to-truck ratio widened even further with open market load postings up 65% compared to May 2025, coupled with a 23% decline in open market capacity postings. National spot rates are trending towards historic highs as capacity exit replenishment is not keeping pace with demand, and diesel prices remain elevated around \$5.35 per gallon. Driver shortages and regulatory pressures continue to limit fleet growth, contributing to a market that increasingly favors carriers. On the ocean freight side, peak season has arrived earlier than anticipated, with

container rates rising in May across major trade lanes due to a combination of strong demand, port congestion, and ongoing geopolitical disruptions.

Looking through the remainder of 2026, the market is expected to remain firm but manageable for shippers who plan proactively. Trucking capacity will likely stay constrained through summer produce season and into Q3 as seasonal retail buildup begins for fall peak, while ocean freight presents a more mixed picture as demand growth meets expanding vessel supply. Upward rate pressure is expected to persist across both modes, influenced by fuel costs, trade policy shifts and significant capacity constraints for surface transportation. Organizations that prioritize early capacity commitments, flexible routing strategies and disciplined cost management will be best positioned to navigate the months ahead.

Ocean freight market

The global ocean freight market shifted meaningfully from April to May 2026, moving from a period of geopolitical shock absorption into an early and peak season. In April, the market was still digesting the Iran conflict and Strait of Hormuz closure, with rates elevated but somewhat ranged as carriers managed capacity through selective blank sailings and emergency surcharges. Throughout May, carriers escalated pricing strategy through layered surcharges, general rate increases (GRIs), and freight of all kinds (FAK) increases, and an early arrival of peak season began pulling demand forward across Transpacific lanes into the U.S. The Drewry World Container Index reflected this acceleration, climbing from \$2,309/FEU (40-foot equivalent unit) in April to \$2,800/FEU by late May, a roughly 21% increase over the period.

Key April → May changes impacting the U.S. market:

- Drewry WCI Composite: \$2,309/FEU (April) → \$2,800/FEU (May) — +21.3%.
- Shanghai → New York (USEC): \$3,671/FEU → \$4,317/FEU — +17.6%.
- Shanghai → Los Angeles (USWC): \$2,910/FEU → \$3,385/FEU — +16.3%.
- MSC Emergency Bunker Surcharge (EBS): Asia–USEC raised from \$430 → \$644/FEU; Asia–USWC from \$272 → \$467/FEU.
- CMA CGM Peak Season Surcharge (PSS): \$2,000/FEU on Asia-origin shipments to the United States, effective May 1.
- TPEB (Transpacific Eastbound) capacity deployment: Slipped to 82%, removing roughly 25% of available slots into the United States.
- U.S. inbound container volume: Fell 8.3% year over year to 1.97 million TEU (20-foot equivalent unit) according to NRF Global Port Tracker.
- Blank sailings: Carriers implemented 10%–15% blank sailings on Transpacific services to support mid-May GRIs.

Beyond rate movements, the broader story for U.S.-bound ocean freight in May was one of carrier-driven market control meeting geopolitical disruption. In May, the Strait of Hormuz remained effectively closed to commercial shipping, elevating bunker fuel costs and war-risk insurance premiums, costs that carriers passed directly to U.S. shippers through surcharge layering. Transpacific capacity tightened as carriers used blank sailings and FAK floor increases to manage supply, even as U.S. inbound volumes

- What changed vs. last month: Energy has eased from peak levels but remains the primary volatility driver, while copper, aluminum and steel continue to hold at elevated replacement-cost levels. Resins and lumber are more mixed, with fewer broad-based spikes but ongoing sensitivity to feedstocks, tariffs and regional supply conditions.
- Key indicators to watch: West Texas Intermediate and diesel for freight and fuel surcharges; COMEX and London Metal Exchange pricing for copper and aluminum; U.S. hot-rolled coil benchmarks and lead times for steel; and feedstock and supplier availability for resins. For wood-related projects, lumber futures and Canadian trade policy remain important watchpoints.
- Next 60–90 days: Expect continued headline-driven volatility, with the greatest delivered-cost risk still concentrated in imported and metal-intensive products. Early demand signals on copper-, steel- and aluminum-heavy projects, close monitoring of petroleum-linked freight exposure and flexibility where alternate materials or sourcing options exist will help reduce disruption.

<u>June 2026 commodity update</u>							
Commodity	Price (Prior Week Avg)	Price (Prior Month)	Price (3 Months Prior)	Price (12 Month Prior)	% Change (MOM)	% Change (3 Month)	% Change (YOY)
Crude Oil	\$93.10	\$105.88	\$78.47	\$63.35	-12.07%	18.65%	46.98%
Lumber	\$587.50	\$580.00	\$561.00	\$602.62	1.29%	4.72%	-2.51%

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- **Copper** – Copper remains elevated entering June, with COMEX copper recently around \$6.31/lb and LME copper around \$13,500–\$13,700/tonne, supported by electrification, grid and data-center demand alongside continued supply sensitivity. LME inventories remain relatively tight by historical standards, keeping the market sensitive to additional disruption even as prices sit below spring highs. For customers, products with significant copper content — especially wire, cable and electrical components — are still exposed to elevated replacement costs, making early planning important on projects with meaningful copper exposure. A recent J.P. Morgan report forecasts a 2 million-ton supply deficit by 2030, potentially widening to 8 million by 2035.
- **Aluminum** – Aluminum remains firm entering June, with LME aluminum recently around \$3,590/tonne and U.S. delivered pricing still heavily influenced by an elevated Midwest Premium, reflecting tight regional availability, trade uncertainty and higher import costs. While global benchmark pricing has eased modestly from early-June highs, North American all-in costs remain pressured by premium behavior and tariff-related market distortion. For customers, aluminum-containing products continue to carry elevated delivered-cost risk, so benchmark metal moves alone are not the best guide to total project cost.
- **Steel** – Steel pricing remains firm entering June, with U.S. hot-rolled coil around \$1,105–\$1,126/ton and futures still pointing to an elevated replacement-cost environment. Domestic mills continue to hold pricing power because of tight spot availability, extended lead times, reduced imports and lean service-center inventories, while Section 232 tariffs continue to limit the attractiveness of offshore supply. For customers, steel-intensive products remain exposed to both elevated pricing and lead-time risk, making early planning and close attention to quote validity increasingly important.

• Resins – Resin markets remain mixed but generally firm entering June, with polyethylene and polypropylene still supported by feedstock volatility and selective supply tightness, while PVC remains more stable. Broad-based spikes appear less likely than earlier this spring, but costs can still move quickly with changes in feedstocks, logistics or supplier availability — especially on products with meaningful polyethylene, polypropylene or PVC content.

• Lumber – Lumber pricing has moved modestly higher entering June, with CME lumber futures recently around \$603–\$606 per thousand board feet, as tight North American supply continues to offset softer housing activity. The market remains especially sensitive to constrained Canadian imports, production disruptions and trade policy, even as overall demand stays more balanced than other commodity categories. For customers, lumber costs appear more likely to remain range-bound to firm in the near term, supporting modest flexibility in planning but not a broad-based reset lower.

• Crude Oil – Crude oil remains volatile but with some relief from the announced peace framework expecting to be signed. Oil markets reacted almost immediately with a 4%–5% drop. WTI is now \$80 per barrel, the lowest we have seen since the beginning of the Iran conflict. Continued caution should be used as prewar levels will be unstable and unlikely to return immediately.

Labor

For May, which was reported in early June, the U.S. labor market remained resilient and steadier than many expected. Nonfarm payroll growth accelerated from April, unemployment held flat and wage growth stayed moderate — supporting the view that the market is cooling gradually rather than breaking. The broader pattern remains “low-hire, low-fire,” but with enough hiring momentum to keep labor conditions relatively firm in key operating categories. For our markets, that means broad labor availability is not deteriorating sharply, but skilled-trade, field and project execution labor can still stay tight by region and specialty.

Key labor indicators (May data, released June 5):

- Nonfarm payrolls: Rose 172,000 in May (down from a revised 179,000 increase in April).
- Unemployment rate: 4.3% (unchanged month over month).
- Labor force participation: 61.8% (unchanged).
- Average hourly earnings: Rose 0.3% month over month and 3.4% year over year (continued wage moderation).
- Long-term unemployment: 2.0 million, up 524,000 over the past year.
- Part time for economic reasons: 4.8 million (little changed).

What changed in June’s view is that the labor market looks firmer than expected — not overheating, but also not rolling over. Payroll gains beat expectations, prior months were revised higher and unemployment remains in a narrow range. The caution flags are underneath the surface: Long-term unemployment has risen over the past year, hiring remains selective, and employers are still cautious outside a few service categories. For the next 60–90 days, we expect overall labor conditions to remain stable but uneven. Broad-based labor stress is not the headline; instead, the bigger operational risk is continued tightness in skilled trades, project labor and certain transportation or field-

