July 20, 2026

Valued Customer,

In July, the operating environment continues to improve, but it remains uneven. Manufacturing activity is still expanding, supply chain pressure has eased from earlier highs, and inflation has moderated. At the same time, supplier deliveries remain slower than normal, labor availability varies by region and specialty, and project-driven demand continues to keep pressure on select materials and transportation networks. Our supply chain is more stable than it was a year ago but is far from predictable.

One of the biggest things to watch is the Middle East. While the June ceasefire between the United States and Iran initially helped calm energy markets and improve shipping conditions through the Strait of Hormuz, renewed tensions and recent security incidents in the region remind us how quickly conditions can change. The Strait of Hormuz remains one of the world's most important energy corridors, and any disruption has the potential to affect crude oil, diesel, ocean freight costs and broader supply chain reliability. While we are not seeing the same level of concern that existed earlier this year, geopolitical developments remain a meaningful near-term risk for transportation and energy-intensive supply chains.

From a supply chain perspective, the conversation continues its shift from broad disruption to targeted constraints.". Most construction, industrial and natural gas/PVF categories are more stable than they were a year ago, but utility infrastructure, data center expansion and other large capital projects continue to absorb capacity in key categories. Transformers, switchgear, voltage regulators, wire and cable and certain gas utility products remain the areas where planning ahead matters most. Broad supply chain conditions continue to improve, but category-specific constraints still require early forecasting and realistic schedule expectations.

Cost pressure also remains concentrated rather than broad-based. Copper, aluminum and steel continue to carry elevated replacement costs once tariffs, freight and regional premiums are considered. Resins have become more favorable for buyers, while lumber remains mixed. Customers should focus less on headline commodity prices and more on total delivered cost because tariffs, freight, supplier availability and lead times often have just as much influence on project costs as the commodity itself.

From a trade and compliance standpoint, implementation continues to be more important than new policy announcements. The June Section 232 changes, the continued progression of the Section 301 process, and increased customs enforcement all reinforce the importance of accurate classification, country-of-origin support and supplier documentation. Separately, the International Emergency Economic Powers Act (IEEPA) rebate process remains active for certain entries, but recovery on older entries continues to depend on ongoing legal proceedings. For Border States, that reinforces our 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.

Over the next 60–90 days, key areas of impact will be energy and freight volatility, developments in the Middle East, tariff implementation, customs enforcement and long-lead utility materials. Our advice to customers remains straightforward: Engage early on larger projects, maintain visibility on quote validity and documentation requirements and work closely with suppliers on critical-path materials. Our goal is to help you stay ahead of these changes and plan with confidence.

Key Indicator Metrics (latest available)

- Global Supply Chain Pressure Index (GSCPI): 1.25 in June (down from a revised 1.81 in May), indicating a meaningful easing in global supply chain pressure. While conditions remain above long-term norms, transportation and logistics disruptions improved during the month.
- ISM Manufacturing PMI: 53.3 in June (down from 54.0 in May), marking the sixth consecutive month of manufacturing expansion. Factory activity remains healthy, though growth moderated slightly as production and new orders cooled from May levels.
- ISM Prices Index: 73.0 in June (down from 82.1 in May), the largest monthly decline since 2022. Input costs continue to rise, but pricing pressure eased significantly as energy markets stabilized and some supply chain conditions improved.
- ISM Supplier Deliveries: 57.4 in June (down from 60.6 in May), signaling deliveries remain slower than normal but improved month over month. Supplier performance continues to reflect elevated demand, though inbound supply friction is gradually easing.
- Federal Reserve (Fed): The Federal Open Market Committee maintained the federal funds rate at 3.50%–3.75% at its June meeting and continues to emphasize a data-dependent approach. Moderating inflation, easing supply chain pressure and slower labor market growth have reduced some policy pressure, though economic and geopolitical uncertainty remain elevated.
- Consumer Price Index (CPI) and Producer Price Index (PPI): CPI cooled to 3.5% year over year in June, down from 4.2% in May and the first annual inflation decline in five months. Meanwhile, PPI increased 5.5% year over year in June, the lowest reading in three months, following a downwardly revised 6% gain in May.

Tariff Policy Changes and Updates

Tariff policy continues its shift toward implementation and compliance. While there has been no major new tariff framework introduced in July, the practical effects of the June Section 232 changes, the continued advancement of the Section 301 proposed-remedy process and heightened customs enforcement are becoming more visible throughout supply chains. For many manufacturers, the focus has moved from evaluating tariff exposure to managing landed-cost increases, documentation requirements and pricing actions. As reflected in current supplier notifications, many vendors are increasingly attributing price increases to inflation, labor, freight and raw material costs rather than explicitly citing tariffs, although tariff-related costs continue to influence those inputs.

- **Section 232 metals (steel/aluminum/copper):** The June Section 232 revisions remain the most significant tariff development affecting industrial, utility and infrastructure markets. The current framework continues to apply a tiered approach based on product classification, metal content and country of origin, including temporary 15% treatment through December 31, 2027, for certain industrial, agricultural, utility-grid and HVAC-related equipment. The practical impact entering July is customers are seeing greater variation in tariff exposure at the product level rather than broad category-level impacts.

As a result, accurate classification, supplier documentation and country-of-origin verification remain critical in evaluating total landed cost.
- **Section 301 – moved into proposed remedy phase:** The United States Trade Representative (USTR) Section 301 investigation remains in the proposed-remedy phase. Proposed tariff rates generally remain in the 10%–12.5% range for covered countries and products, subject to completion of the public review process before any final implementation. While no final action has been announced, the process has advanced far enough that many manufacturers are evaluating sourcing alternatives, pricing strategies and inventory positions in anticipation of possible implementation later in 2026. Importantly, products already subject to Section 232 treatment are still proposed to be excluded from this new Section 301 action, which would reduce tariff-stacking risk for many metal-intensive products.
- **Customs enforcement posture:** The most visible July development is continued strengthening of the federal customs enforcement posture. Customs and Border Protection (CBP) and other agencies remain focused on origin verification, transshipment, valuation accuracy, Harmonized Tariff Schedule (HTS) classification and documentation integrity. The message to importers remains clear: Compliance expectations are increasing, and incomplete documentation or aggressive tariff-avoidance strategies are likely to face greater scrutiny. For customers, supplier certifications, country-of-origin support and accurate classification records are becoming increasingly important to avoid delays, audits or unexpected duty assessments.

When looking at the impacts of tariff on our business they include, but are not limited to, the following areas:

- Delivered pricing and quote validity: Tariff-related costs continue to influence delivered pricing even when suppliers attribute increases to broader inflation, labor, freight or raw material pressures. Short quote-validity periods and clear escalation language remain important, particularly for metal-intensive and imported products.
- Lead times and availability: Ongoing tariff uncertainty continues to influence sourcing behavior, supplier allocations, and inventory positioning. Alternative supply sources can experience longer lead times as demand shifts toward lower-risk sourcing options.
- Compliance and documentation workload: Increased enforcement activity continues to raise the importance of HTS classification accuracy, origin documentation, metal-content reporting and supplier certifications. Compliance preparedness is becoming a competitive advantage rather than simply an administrative requirement.
- Cost volatility by product mix: Electrical equipment, wire and cable products, enclosures, utility materials and other metal-intensive assemblies remain the areas most exposed to tariff-related cost pressure. Product-level landed-cost analysis remains more important than headline tariff rates alone.

Tariff Rebate Update (IEEPA)

The U.S. Customs and Border Protection (CBP) continue to process certain IEEPA refund claims through the Consolidated Administration and Processing of Entries (CAPE) tool in Automated Commercial Environment (ACE). However, entering July, the overall refund landscape remains largely unchanged and continues to be shaped by ongoing litigation, appeals activity and importer-specific eligibility requirements.

The most important development for customers is that the legal process — not the administrative process — is increasingly becoming the determining factor for many potential refunds. While CBP continues to process eligible CAPE claims, the DOJ appeal of the Court of International Trade ruling means there is still no definitive resolution regarding refunds on finally liquidated entries for importers that did not participate in the original litigation. As a result, the clearest path to recovery remains through CAPE for eligible entries, while recovery on older entries remains uncertain and may ultimately depend on future court decisions.

For Border States, this continues to reinforce an advisory-only role. We are not the Importer of Record, do not file claims, do not participate in the ACE filing process on behalf of customers and do not control whether manufacturers or other upstream parties pursue or pass through any recovered duties. Any potential rebate should still be viewed as a possible future recovery rather than guaranteed project cost relief.

- **Where things stand:** CAPE Phase 1 is live in ACE and continues to process certain unliquidated entries and certain entries within 80 days of liquidation. Finally liquidated entries remain uncertain. The DOJ appeal process continues, and no final resolution has been reached regarding broader refund eligibility for importers outside the original litigation. The focus has shifted from administration to litigation. The largest remaining uncertainty is now tied to court outcomes rather than ACE system availability or CAPE processing capability.
- **Border States' position:** Border States is not the Importer of Record and does not act as a customs broker. We cannot file CAPE claims, access the ACE filing process on a customer's behalf, or assume responsibility for refund recovery. Our role remains advisory only — sharing information and supporting communication where documentation is available.
- **Who typically controls the filing:** In many cases, the manufacturer or another upstream party is the Importer of Record and will decide whether to pursue the refund, how it is filed and whether any recovered duty is passed through commercially.
- **What we can help with:** We can help customers understand where IEEPA-related costs may be embedded in pricing, provide supporting documentation when available and coordinate with manufacturers on potential timing, eligibility and pass-through mechanisms if refunds are ultimately received.
- **What are we doing now:** We continue to monitor vendor cost increases tied to IEEPA tariffs, re-engage suppliers to confirm whether claims are being pursued and assess where impacted costs may have been embedded in material pricing. Recently we have sent formal requests to manufacturers asking for detailed guidance on their claim process. While some claims are moving through CAPE, we have not received confirmed notifications of customer-specific credits or reimbursements to date.
- **What customers should do:** If you self-imported, work directly with your customs broker or Importer of Record to identify eligible entries, confirm ACE and Automated Clearing House (ACH) readiness, and evaluate whether additional legal or protest steps may be needed for older entries. If you purchased through distribution, any refund benefit depends on the actions of the upstream Importer of Record and the commercial terms governing pass-through of recovered duties.
- **Key takeaway:** Treat IEEPA rebates as a potential back-end recovery, not guaranteed project cost relief. CAPE is active for certain entries, but the path for finally liquidated entries is now less certain because of ongoing appeals and court activity. Border States remains a conduit for information only and does not assume liability or responsibility for filing, recovery outcomes or refund administration.

Note: Tariff applicability and the exact duty paid depend on product classification (HTS), country of origin and program eligibility. Some duties can apply in combination (while others are designed not to “stack”), so landed-cost impact should be evaluated on a product-by-product basis.

Policy authority	Goal/purpose	Current status	Tariff impact / %
Section 232	National security tariffs on strategic materials.	Active + expanded; updated rules effective June.	Still a tiered structure, but now more nuanced: Commonly 50% for certain metal articles made entirely/almost entirely of steel, aluminum or copper; 25% for many derivative articles; and 15% temporary treatment through December 31, 2027, for certain industrial, grid, agricultural and select HVAC-related equipment. Certain goods with qualifying U.S.-origin metal content can receive lower treatment, and low-metal-content products remain excluded
Section 301	Targets unfair foreign trade practices	Public hearing. Moved to Proposed Remedy Phase.	Proposed new tariffs are now more concrete: Generally, 10% for certain economies with partial or developing forced-labor import controls and 12.5% for many other covered economies, but not yet final. Importantly, USTR proposes products already subject to Section 232 would be excluded from this new Section 301 action, reducing stacking risk for some metal-intensive products. [jdsupra.com], [jdsupra.com], [ustr.gov]
AD/CVD	Prevent dumping and unfair subsidies.	Broad enforcement activity.	Product/country/company-specific rates; can be material and can change at periodic reviews. (Often layered on top of base duty rates.)
Section 201	Temporary safeguard relief for industries.	Used selectively.	If adopted, relief can be tariffs, quotas or tariff-rate quotas; rates vary by case and are time-limited.
IEEPA tariffs	Emergency-based tariff authority.	Currently invalidated by court ruling.	No longer in effect. Importers may be eligible for refunds, depending on entry status and CBP processing.
CBP enforcement/ Enforce and Protect Act	Prevent duty evasion and fraud.	Active investigations.	Not a tariff “rate” by itself — can result in collection of unpaid duties, cash deposits, and other enforcement actions tied to the underlying AD/CVD orders.

For additional information on tariffs, including a list of active, upcoming and counter tariffs, please read the **Fact Sheet** on our website.

Material Lead Times

Lead times continue to stabilize across much of the supply chain, but conditions remain uneven by market and product category. Construction, industrial and many natural gas/PVF categories have generally improved compared with a year ago. While utility and communications projects continue to experience the greatest pressure from strong demand, component constraints and large capital investment programs. The most significant lead-time exposure remains in transformers, switchgear, voltage regulators, underground cable accessories, fiber infrastructure, meter-set assemblies and certain gas utility products. The broader story is no longer one of widespread shortages but rather targeted constraints in project-driven categories, where capacity continues to be absorbed by utility modernization, grid expansion and data center growth. For customers, early forecasting, timely project releases and close coordination on long-lead materials remain the best tools for reducing schedule risk.

- **Overall lead times:** Slight improvement month over month at the company level, with most non-utility categories continuing to trend lower from prior peaks.
- **Construction/industrial:** General improvement continues, but planning windows remain extended on power distribution, breakers, metering and selected steel-related categories tied to backlog, build-slot management and project timing.

- **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

June marked another step deeper into the carrier-favorable cycle, with both domestic and international freight markets extending, and, in several cases, intensifying, the tightening trends seen in May. Domestically, load-to-truck imbalances persisted, as open-market load postings rose 62.2% ahead of June 2025, while capacity postings fell 12.0% year over year. National spot rates continued their upward march, climbing from $3.00/mile at the beginning of June to $3.07/mile by month-end; and ACT Research is now projecting June truckload spot rates to finish more than 40% higher year over year, excluding fuel. Diesel provided a modest tailwind for shippers, retreating to roughly $5.02/gallon by the end of June (down from $5.60 in May) as the U.S.-Iran ceasefire relieved pressure on global energy markets, although prices remain $1.42 above prior-year levels. Regulatory and legal developments added further friction: Driver availability remained constrained, the Federal Motor Carrier Safety Administration's (FMCSA) enforcement of non-domiciled CDLs continued to trim capacity, and the Supreme Court's May 14 decision in Montgomery vs. Caribe reshaped broker liability nationwide. Internationally, ocean freight surged into a full peak season posture, with the Drewry World Container Index leaping from $2,712/FEU (40-foot equivalent unit) at the end of May to $4,166/FEU by June 25, its highest reading since September 2024.

Heading into the back half of 2026, expect the market to stay firm and — in several segments — more volatile. Trucking capacity will likely remain constrained through summer produce season and into Q3 as retail begins its fall peak buildup, with tender rejections north of 15% and Class 8 truck orders up 231% year over year in June, signaling carriers are reinvesting as rates finally justify it. Ocean freight is the wildcard. Rates have vaulted well past May levels, but carriers are working to sustain pricing through blank sailings, general rate increases (GRIs) and Peak Season Surcharge programs ahead of the July bunker adjustment. Cost pressure across both modes should continue, shaped by fuel, trade policy shifts and structural surface capacity constraints. The shippers that come out ahead this year will be those securing capacity early, keeping route options open and applying disciplined cost management to their networks.

Ocean freight market

Ocean freight shifted from an early peak season warm-up in May into a full-blown rate spike in June, driven by a combination of tariff-related frontloading, tight carrier capacity and ongoing geopolitical risk. Carriers doubled down on their pricing strategy, layering surcharges, GRIs, PSS and freight-of-all-kinds (FAK) increases, while using blank sailings to keep vessel space scarce even as shippers rushed cargo forward ahead of expected July tariff changes and the July 1 bunker fuel adjustment. The Drewry World Container Index captured the acceleration in stark terms, jumping from $2,712/FEU at the end of May to $4,166/FEU by June 25, a roughly 54% increase in a single month, reaching its highest level since September 2024.

Key May to June changes impacting the U.S. market:

- Drewry WCI Composite: $2,712/FEU (May) → $4,166/FEU (June) — +53.6%.
- Shanghai → New York (USEC): $4,317/FEU → $7,149/FEU — +65.6%.
- Shanghai → Los Angeles (USWC): $3,385/FEU → $5,750/FEU — +69.9%.
- Maersk PSS (Transpacific): $1,000/20ft and $2,000/40ft, effective June 17.
- Blank sailings: Only four blank sailings announced for the transpacific trade route week ending late June; capacity remains tight.
- Peak season demand: Shippers frontloading ahead of anticipated July U.S. tariff changes and 2026 FIFA World Cup cargo demand.
- Strait of Hormuz: U.S.–Iran ceasefire eased some disruption risk, but security concerns and elevated bunker fuel costs continue to drive surcharge layering.

Behind the numbers, the June story for U.S.-bound ocean freight was one of surging demand meeting entrenched carrier discipline. Importers pulled cargo forward aggressively to stay ahead of potential July tariff moves, while carriers reinforced tight supply through blank sailings and stacked new PSS and GRI programs across transpacific lanes. For U.S. importers, the result was severe: Transpacific rates roughly doubled in a single month, with Shanghai to Los Angeles now running nearly three times where it stood in early May. And there's more coming. Carriers have announced additional GRIs of $2,000 to $3,000/FEU on the transpacific effective July 15, pointing to sustained upward pressure moving into Q3.

U.S surface transportation market

The surface transportation market carried its May momentum straight through June, with the supply-driven tightening cycle expanding across every major equipment type. Spot market moves told the story most clearly. Van spot rates climbed 4% month over month and are now up 46% year over year, while flatbed jumped 1% month over month and 45% year over year. Reefer rates stood out with a 28.8% month-over-month surge and a 21% year-over-year gain as peak produce demand kicked in. Compounding the supply squeeze were persistent driver shortages, ongoing FMCSA non-domiciled CDL enforcement and the Supreme Court's May 14 Montgomery vs. Caribe ruling, which elevated broker liability and pulled additional capacity out of the system. Tender rejections crossed 15%, the highest since early 2022, and, notably, spot rates moved above contract rates for the first time in several years. Simply put, June was less a continuation of May and more of an acceleration. Carriers firmly hold the pricing pen, and shippers are absorbing sustained cost pressure.

Intermodal continued to outperform in June, with weekly average intermodal volume hitting a new monthly record and marking the fifth straight month of year-over-year intermodal growth. For the week ending June 27, U.S. intermodal volume was up 10.1% year over year, and cumulative volume through the first 25 weeks of 2026 reached 6.98 million units, a 3.3% year over year gain. The Association of American Railroads noted June was also the sixth consecutive month of carload growth, with gains broadening meaningfully across commodity groups; a healthier and more durable signal than a narrow, single-sector move. Driving all of this is a still-widening truck-to-rail cost gap. With truckload spot rates comfortably above $3/mile, intermodal remains an increasingly attractive alternative, especially on mid-length lanes between 550 and 1,500 miles, where C.H. Robinson notes conversion is picking up speed.

The through-line from June is that the carrier-favorable cycle has deepened and volatility is spreading across every mode. Over-the-road spot rates continue climbing alongside multi-year highs in tender rejections, pushing more freight into less-than-truckload (LTL), intermodal and rail networks. LTL carriers are holding the line on pricing discipline with additional rate increases telegraphed for the balance of 2026. Shippers with well-developed carrier and supplier partnerships, supported by proactive planning and clear contingency playbooks, will be the ones best positioned for the rest of the year. Longer-term, the rate environment will be defined by carriers rebounding from a multi-year shipper-dominated market and moving quickly to recover the margins they gave up along the way. Early Q3 shapes up as the critical window for locking in contract pricing before the fall peak fully arrives.

Raw Materials (commodities)

In July, the raw materials picture is still challenging, but it is not moving in one direction across the board. Metals remain the area we are watching most closely because copper, aluminum and steel are still expensive once tariffs, freight and regional premiums are included. Energy has backed off earlier highs, but crude remains jumpy and that still matters for fuel, freight and resin feedstocks. Resins have become more favorable for buyers, while lumber continues to move unevenly. Customers should look beyond the headline commodity price and focus on the full delivery cost, including tariffs, premiums, lead times, freight and supplier availability.

- What changed vs. last month: July feels less like broad inflation and more like selective pressure**.** Metals remain high; crude is volatile but below spring peaks; resins have softened as supply runs ahead of demand, and lumber remains uneven, with weaker construction demand offsetting tighter production.
- What we are watching: West Texas Intermediate (WTI) and Brent Crude Oil Benchmark Index for crude oil, diesel and bunker fuel surcharges, copper and aluminum on the COMEX and London Metal Exchange (LME), U.S. hot-rolled coil and mill lead times, Midwest premium for aluminum; polyethylene (PE), polypropylene (PP), PVC and naphtha feedstocks**.** Tariff actions, customs enforcement and regional supply availability can move the final customer cost just as much as the market price itself.
- Next 60–90 days: Expect continued volatility, especially in metal-intensive, imported and freight-heavy products**.** The best approach is to gain visibility into projects early, review quote validity carefully and keep alternates or sourcing options available where they make sense.

July 2026 commodity update							
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	$71.20	$88.42	$102.84	$67.93	-19.48%	-30.77%	4.81%
Lumber	$623.00	$587.50	$596.50	$599.02	6.04%	4.44%	4.00%

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

Copper remains elevated in July, though momentum has cooled from the spring rally. COMEX copper is near $6.35–$6.40/pound as of July 14, down about 2% over the past month but still roughly 15% above prior-year levels. LME copper remains in the low-$13,000/tonne range, with U.S. pricing still carrying a premium because of tariff uncertainty, regional tightness and logistics. Demand from electrification, grid investment and data centers remains supportive, while Chilean supply issues, mine disruptions, smelter constraints and inventory positioning keep the market sensitive to headlines. Some analysts believe copper prices may be slightly above today's supply-and-demand support, but, over time, copper is still expected to be in short supply due to the continued demands of grid investments and data centers. For customers, copper-heavy products — especially wire, cable, grounding, utility hardware and electrical components — remain exposed to elevated replacement costs. Early planning, close quote-validity review and visibility to project timing remain important where copper content is material.

Aluminum remains elevated in July, though global benchmark pricing has eased from June highs. LME aluminum is near $3,170–$3,200/tonne as of July 14, down about 5% over the past month but still roughly 24% above prior year levels. The bigger issue for U.S. buyers remains the delivered cost: The Midwest premium is still elevated due to tariffs, tight regional inventories, import uncertainty and transportation costs. Since the June update, the market has shifted from peak-price pressure to premium-driven cost risk. Middle East volatility and higher energy costs also matter, as aluminum smelting is power-intensive and LME stocks remain tight compared to normal levels. For customers, the benchmark aluminum may look less pressured than it did in June, but all-in pricing for aluminum-containing products can remain stubbornly high. Quote validity, supplier availability, tariff exposure and freight assumptions should remain under review for wire, cable, enclosures, fittings, utility hardware and other aluminum-heavy products.

Steel remains elevated in July, but the market has shifted from rapid escalation to a high plateau. U.S. hot-rolled coil (HRC) is near $1,130–$1,180/ton, with HRC futures around $1,178/ton as of July 14 — slightly lower over the past month but still roughly one-third above year-ago levels. Since the June update, mills have mostly paused after a long run of increases; Nucor held HRC at $1,130/ton before moving to $1,135/ton for the week of July 13. Service-center inventories remain lean, imports are constrained by tariffs, and flat-rolled lead times remain elevated: HRC 5–10 weeks, CRC 7–12 weeks, and galvanized/coated 6–12 weeks. Plate, structural products, heavier wall tubing and select bar remain tighter than standard sheet. For customers, this is not a broad price break; steel-intensive work still needs early planning, close quote-validity review and attention to mill lead times, tariff exposure and freight assumptions.

Resin markets have shifted to more buyer-friendly in July, especially across PE, PP, PVC and polyethylene terephthalate (PET). Over the past 30 days, PE and PP have moved lower as inventories stayed above seasonal norms, production outpaced demand, exports remained soft and buyers resisted producer increase attempts. PVC also posted another monthly decline, with seasonal construction demand not strong enough to reverse the pricing trend. Current global benchmarks show PE, PP and PVC are still down month over month, even though daily moves have been choppy as crude and naphtha prices react to Middle East headlines. The main caution is that the window for favorable resin pricing may not remain open indefinitely: Renewed crude volatility, benzene-linked feedstock pressure and any disruption in the Persian Gulf or global petrochemical logistics could quickly narrow buyer leverage. For customers, products with meaningful PE, PP or PVC content should be less exposed to broad resin-driven spikes than earlier this spring, but quote timing, supplier availability, freight exposure and petroleum-linked feedstocks still need close monitoring — especially on pipe, conduit, enclosures, packaging, polyethylene gas materials and other resin-intensive categories.

Lumber prices rebounded to above $620 per thousand board feet, as supply tightened faster than demand. Domestic sawmill output declined for a second consecutive quarter, while production capacity fell 6% from a year earlier. Although lumber prices rose 6.1% from the previous quarter as producers attempted to capitalize, they remained 3.8% below year-ago levels earlier amid subdued buyer activity. At the same time, British Columbia, Canada's largest lumber-exporting province, seeks to expand shipments to

China as higher U.S. import costs on Canadian softwood lumber reshape trade flows. Meanwhile, the United States maintained antidumping and countervailing duty orders on certain wood products and renewed trade measures on Chinese wood-related imports, which went into effect June 24, citing the need to "quarantine forest pests." On the demand side, Canadian lumber exports to Japan fell by 27%, while elevated borrowing and labor costs, and a weaker housing market, continued to curb demand for construction lumber.

Crude oil has moved back into a more volatile range in July after briefly easing, when the Strait of Hormuz reopened in mid-June. As of July 14, WTI is trading near $80/bbl and Brent near $86–$87/barrel of crude oil (bbl), up sharply from early July lows, as renewed U.S.-Iran tensions and fresh shipping attacks in the Strait of Hormuz have rebuilt the geopolitical risk premium. Over the past 30 days, the market has swung between two competing forces: Improving Persian Gulf flows and higher expected production, which should pressure prices lower, vs. renewed security risk, low inventories, strategic reserve restocking and tight refined-product markets that can keep diesel, gasoline, heating oil and freight-related costs elevated. The U.S. Energy Information Administration's outlook for July now expects Brent crude to average about $74/bbl in Q3 as production recovers and inventories improve, while the International Energy Agency notes crude prices fell sharply in June before rebounding in early July after the ceasefire was breached. The Organization of the Petroleum Exporting Countries lowered its 2026 oil demand growth forecast to 800,000 barrels per day. For customers, crude is no longer at spring peak levels, but petroleum-linked volatility remains a major planning factor. Fuel surcharges, diesel costs, resin feedstocks, ocean bunker charges and transportation-heavy projects should be monitored closely, with quote validity and freight assumptions reviewed on any work exposed to long lead times or heavy logistics content.

Labor

For June, which was reported in early July, the U.S. labor market cooled more noticeably than in prior months. Nonfarm payroll growth slowed sharply, prior-month gains were revised lower and the unemployment rate edged down mainly because fewer people were participating in the labor force rather than because of accelerated hiring. Wage growth remained steady, which keeps labor costs elevated, but the broader hiring signal now points to a slower, more selective market. For our markets, the practical takeaway is that broad labor availability may be improving in some areas, but skilled trades, project labor, field service and transportation-related roles can still remain tight by region and specialty.

Key labor indicators (June data, released July 2):

- Nonfarm payrolls: 57,000 gain in June, down from a revised 129,000 in May and well below expectations.
- Unemployment rate: 4.2%, down from 4.3%, though the improvement was tied partly to a lower participation rate.
- Labor force participation: 61.5%, down a 0.3 percentage point from May and the lowest level since early 2021.
- Average hourly earnings: 0.3% month-over-month increase and 3.5% year-over-year increase, indicating wage growth remains moderate but still above pre-pandemic norms.

- Long-term unemployment: 1.9 million, little changed for the month but up 286,000 over the past year.
- Part time for economic reasons: 4.7 million, little changed month over month.

What changed in July’s view is that the labor market now looks slower and more uneven. The headline unemployment rate remains low, but June’s small decline was not a clean sign of strength because labor force participation fell at the same time. Payroll growth also slowed sharply, and April and May were revised down by a combined 74,000 jobs, suggesting spring hiring momentum was weaker than previously reported. For the next 60–90 days, we expect labor conditions to remain stable but more selective. Broad layoffs are not the central risk, but hiring is likely to stay cautious and role specific. The biggest operational exposure remains in skilled trades, project labor, transportation, field service and other execution-critical roles, where regional capacity, certifications and scheduling constraints can still affect project timelines.

Conclusion

While our supply chain continues to improve, we anticipate seeing ongoing challenges and pressures across all core markets we serve through 2026 and will likely never return to a prepandemic 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.

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.

Tony Serati
VP Supply Chain Strategy

Zach Kincaid
VP Procurement

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