August 17, 2026

Valued Customer,

One of the encouraging signs heading into August is the overall supply chain environment feels more predictable than it did during the peak disruption period. We are not dealing with the same level of broad market stress, and many standard categories are easier to manage than they were a year ago. That said, we would not describe the market as “back to normal.” The risk has simply become more targeted, which means the details matter more than ever.

From a supply chain standpoint, the biggest issue for contractors is still schedule risk tied to specific product categories. Companywide lead times are up compared with last August, and we are seeing the most meaningful pressure in construction, natural gas/PVF and select utility materials. Transformers, capacitors, voltage regulators, pad-mount switchgear, underground cable accessories, fiberglass enclosures, select wire and cable, conduit, communications fiber and gas/PVF products are areas where early planning can make a real difference.

Cost pressure also remains something we need to manage carefully. Headline commodity prices do not always tell the full story. Tariffs, freight, regional premiums, supplier availability, documentation requirements and lead times can all affect the final delivered cost of a project. Even when a market looks more favorable on the surface, replacement costs can move quickly if capacity tightens or sourcing options become limited.

Trade and compliance also remain important. The focus right now is less about new announcements and more about execution — making sure classification, country-of-origin support, supplier documentation and tariff-related processes are handled correctly. On items like potential tariff rebates, our role remains advisory. We can help share information and support the conversation, but Border States is not the Importer of Record, does not file claims and does not control whether upstream refunds are pursued or passed through.

Over the next 60 to 90 days, our guidance is straightforward: Get us involved early, identify critical-path materials during takeoff, confirm quote validity, understand documentation requirements, and keep alternate options visible. The customers who stay closest to these details will be in the best position to protect schedules, manage cost and avoid surprises.

Key Indicator Metrics (latest available)

- **Global Supply Chain Pressure Index (GSCPI)**: 0.79 in July (down from a revised 1.19 in June), indicating continued easing in global supply chain pressure. While conditions remain above the index’s historical average, transportation and manufacturing-related supply chain friction improved during the month.

- **ISM Manufacturing PMI**: 55.6 in July (up from 53.3 in June), marking the seventh consecutive month of manufacturing expansion and the strongest reading since May 2022. Factory activity strengthened with new orders and production both expanding faster, which points to healthier demand and a firmer industrial backdrop.
- **ISM Prices Index**: 71.1 in July (down from 73.0 in June), the third straight monthly decline but still in “increasing” territory. Input costs continue to rise, but the pace moderated, with steel, aluminum, tariffs and petroleum-linked products still cited as major drivers of price pressure.
- **ISM Supplier Deliveries**: 58.9 in July (up from 57.4 in June), signaling supplier deliveries slowed at a faster rate for the eighth consecutive month. Because this index is inverted, readings above 50 indicate slower deliveries; the July move suggests elevated demand and select supply constraints are still extending lead times.
- **Federal Reserve (Fed)**: The Federal Open Market Committee maintained the federal funds rate at 3.50%–3.75% at its July meeting, with a 9–3 vote and three members preferring a 25 basis-point increase. The committee described economic activity as solid despite elevated geological uncertainty, job gains as keeping pace with the workforce and inflation as elevated relative to its 2% goal, reinforcing that policy remains focused on price stability.
- **Consumer Price Index (CPI) and Producer Price Index (PPI)**: July CPI increased 0.1% month over month and 3.4% year over year, down slightly from June’s 3.5% annual rate as the impact of the energy shock caused by the war with Iran continued to ease. Core CPI, excluding food and energy, rose 0.2% for the month and 2.5% year over year, also easing from June. The report points to moderating inflation pressure, helped by lower energy prices, but overall inflation remains above the Fed’s 2% target and continues to influence interest-rate expectations, supplier pricing, freight costs and customer project costs. Meanwhile, PPI increased 4.7% year over year in July, following a 5.5% gain in June.

Tariff Policy Changes and Updates

Tariff policy is now focused on implementation, compliance and product-level cost impact. Since the July update, the biggest change is the Section 301 action that became effective July 24, adding new duties of 10% to 12.5% on covered goods from 60 countries. Section 232 metals tariffs remain active, the Department of Commerce is reviewing additional derivative products, and Customs and Border Protection (CBP) continues to increase examination around origin, classification, valuation and documentation. Canada also remains a watch item after the July 20 announcement of additional 50% tariffs on certain Canadian goods, scheduled Wednesday, August 19, while U.S.-Canada trade talks continue. Supplier cost messages remain blended: Many price increases are being tied to inflation, labor, freight and raw materials rather than tariffs alone, even though tariff-related costs continue to influence those inputs. For manufacturers, distributors and customers, the practical focus remains total landed cost, quote validity, documentation quality and supplier visibility.

- **Section 232 metals (steel/aluminum/copper):** The main August update is the Department of Commerce proposal to add 14 derivative product categories to Section 232 coverage, with comments due Thursday, August 27. The proposed list includes products, such as certain electric conductor cables, welding-machine parts, heat-exchange-unit parts, hydraulic engine and motor parts, trailers, fire extinguishers and filled steel containers. This is not a final rate change yet, but it is important for industrial, utility and infrastructure supply chains because it could expand tariff exposure into additional finished products and assemblies. The practical takeaway remains product-level review: Classification, country of origin, metal content and supplier documentation will drive landed-cost exposure more than broad category assumptions.

- **Section 301 – Final action now effective:** The Section 301 action moved from proposal to implementation on July 24. Covered imports from 60 countries are now generally subject to new duties of 10% or 12.5%, depending on country treatment and applicable exemptions. Products already covered by Section 232 are generally excluded from this new Section 301 action, which reduces stacking risk for many metal-intensive products. The new tariffs effectively replace the temporary 10% global tariff under Section 122 of the Trade Act, which expired July 24. As a result, immediate economic impacts are expected to be limited because the new tariff rates are generally similar to the now-expired Section 122 tariff. For manufacturers and importers, the focus has shifted from planning around a possible future action to confirming country of origin, exemption status, entry treatment and landed-cost impact.
- **Customs enforcement posture:** CBP and related agencies continue to focus on whether importers are applying duties correctly. The main areas of scrutiny remain country-of-origin support, transshipment, valuation accuracy, HTS classification and documentation integrity. For customers, country-of-origin support and accurate classification records are becoming increasingly important to avoid delays, audits or unexpected duty assessments.

When considering how tariffs may affect our business, impacts include, but are not limited to, the following areas:

- **Delivered pricing and quote validity**: Tariff-related costs continue to affect delivered pricing, even when suppliers attribute increases to broader inflation, labor, freight or raw material pressures. Clear quote-validity periods and escalation language remain important, especially for imported, metal-intensive and tariff-sensitive products.
- **Lead times and availability**: Tariff changes and uncertainty influence sourcing decisions, supplier allocations and inventory planning. When demand shifts toward lower-risk sources or products with clearer documentation, alternate supply options may experience longer lead times.
- **Compliance and documentation workload**: Accurate classification, country-of-origin support, supplier certifications, metal-content information and entry-level records remain important. Better documentation is becoming a competitive advantage rather than simply an administrative requirement.
- **Cost volatility by product mix**: Electrical equipment, wire and cable, 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 useful than looking only at headline tariff rates alone.

Tariff Rebate Update

The International Emergency Economic Powers Act tariffs (IEEPA) refund landscape continues to evolve, but the overall message remains largely unchanged. The CBP continues to process eligible refund claims through the

Consolidated Administration and Processing of Entries (CAPE) tool in the Automated Commercial Environment (ACE), and refund activity is moving through the system.

Public court filings show CAPE processing has advanced materially, with CBP reporting that approximately $100 billion in IEEPA refunds, including duties and interest, had been completed, certified and sent to the U.S. Department of the Treasury for disbursement as of July 31, 2026 — roughly 60% of the approximately $166 billion collected. However, customer-level recovery still depends on importer eligibility, entry status and commercial pass-through decisions. The largest uncertainty remains older, finally liquidated entries, where eligibility continues to depend on ongoing litigation and Department of Justice appeals.

For Border States, this reinforces our advisory-only role. We are not the Importer of Record, do not file claims and do not control whether manufacturers or other upstream parties pursue or pass through any recovered duties. Any potential rebate should continue to be viewed as a possible future recovery rather than guaranteed project cost relief.

- **Where things stand:** CAPE remains active and continues to process eligible claims. Progress is being made, but recovery opportunities remain highly dependent on entry status, liquidation timing and ongoing court proceedings.
- **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.
- **What we can help with:** We can help customers understand where IEEPA-related costs may have been 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 we are doing now:** We continue to monitor supplier actions, engage manufacturers regarding claim activity and assess where IEEPA-related costs may have been embedded in material pricing. While claims continue to move through CAPE, we have not received widespread confirmation of customer-specific credits or reimbursements.
- **Key takeaway:** Treat IEEPA rebates as a potential back-end recovery, not guaranteed project cost relief. CAPE processing continues to advance, but recovery remains dependent on importer eligibility, legal outcomes and commercial pass-through decisions. 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 and 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.	Active effective July.	The United States imposed new tariffs ranging from 10% to 12.5% on 60 countries under Section 301, citing alleged unfair trade practices related to imports of goods made from forced labor, Importantly, products covered under existing Section 232 tariffs, including steel, aluminum and automobiles, will not be subject to the new tariffs. And certain food and agricultural imports, fertilizers and energy products are also exempt.
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.
Section 122	Global import duty.	Currently inactive.	No longer in effect — expired July 24. The temporary Section 122 tariff was implemented after the Supreme Court invalidated the IEEPA tariffs in February.
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/EAPA	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 remain more stable than the peak disruption period, but August data shows pressure is still concentrated in project-driven categories. Overall companywide lead times are up four days, or 23%, compared with August 2025. Construction is up four days, industrial is up two days, electric utility is up one day, and natural gas/PVF is up six days. For contractors, the biggest planning risk is not broad shortage conditions, it is long-lead exposure in specific categories that can delay job schedules if they are not released early.

- Plan early around utility equipment and project-driven materials: Transformers, capacitors, voltage regulators, pad-mount switchgear, underground cable accessories, fiberglass enclosures and select wire/cable categories remain the most important schedule risks.
- Watch conduit and steel-related products: Steel conduit, colored EMT, cable tray, ground rods and larger-diameter metal or PVC conduit — especially 2.5 inches and above — should be reviewed early for availability, quote validity and alternate options.
- Treat communications fiber as a long-lead category: BABA-compliant fiber, high-fiber-count ribbon, ADSS and OPGW remain tight. Confirm domestic-content requirements and acceptable alternates before finalizing schedules.
- Monitor gas utility materials closely: Regulators, meter risers, meter set assemblies, bypass meter valves and bars, PE tap tees and line stoppers remain the highest-risk gas/PVF categories.
- Contractor takeaway: Release long-lead materials as early as possible, confirm quote validity, identify critical-path items during takeoff, and keep alternates visible. The best protection against schedule risk is early coordination between contractors, project owners, suppliers and manufacturers.

Transportation and Logistics

July told a more nuanced story than the near-vertical climb of prior months, as the freight market moved past its early-summer peak and began to show the first signs of cooling, even as it stayed firmly in carrier-favorable territory. On the surface side, truckload spot rates crested in early July before easing through the back half of the month, though they remained well above year-ago levels. ACT Research reported aggregate spot rates finished 43% higher year over year in June, excluding fuel, with contract rates up 13% over year — evidence that pricing strength has migrated well beyond short-term spot disruption. Tender rejections told the same story, climbing a second straight month to 17.2% in June and holding elevated through July. Diesel, meanwhile, whipsawed: After bottoming in early July as the Strait of Hormuz reopened, prices rebounded through month-end on renewed Middle East tensions with the July monthly average landing at $4.96/gal (down 1.4% month but up 31.1% year over year). Internationally, ocean freight peaked mid-July before softening, with the Drewry World Container Index touching $4,639/FEU on July 9, its highest reading since September 2024, before receding to $4,255 by month-end.

Heading deeper into the back half of 2026, expect a market that has shifted from acceleration to a firm, elevated plateau, with pockets of renewed volatility. Truckload capacity remains structurally tight, reinforced by non-domiciled CDL and English Language Proficiency (ELP) enforcement that pulled roughly 5,000 drivers out of service over two months and prompted carriers to raise wages at the fastest two-month pace on record. That dynamic points to a higher rate floor holding through year-end. Ocean freight is the swing factor: Peak-season frontloading faded ahead of the July 24 U.S. Section 301 tariff activation but resumed U.S.–Iran hostilities in late July and fresh Emergency Fuel Surcharges — which went into effect in early August — are keeping the lane unsettled. Cost pressure across both modes should persist, shaped by fuel swings, trade-policy uncertainty and constrained surface capacity. The shippers who fare best will be those who locked in capacity during the run-up and continue to keep routing options flexible.

Ocean freight market

Ocean freight in July marked the crest and early rollover of a rally that ran for 10 consecutive weeks. Carriers pushed the market to fresh 2026 highs in the first half of the month on the back of tariff-driven frontloading, tight equipment and stubborn port congestion before the index began to ease as the front-loading rush faded ahead of the July 24 U.S. tariff deadline. The Drewry World Container Index climbed to $4,639/FEU on July 9, its highest level since September 2024, then slipped roughly 8% to $4,255/FEU by July 30 as peak-season momentum moderated and European port congestion eased.

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

- Drewry World Container Index Composite: $4,166/FEU (late June) → $4,255/FEU (late July) — +2.1%, after peaking at $4,639 mid-month.
- Shanghai → New York (USEC): $7,149/FEU → $7,578/FEU — +6%.
- Shanghai → Los Angeles (USWC): $5,750/FEU → $5,739/FEU, essentially flat
- HMM PSS (Transpacific): $3,000/FEU, effective July 15.
- Blank sailings: Nine announced on the Transpacific for late July, signaling continued capacity management as demand cooled.
- Tariff-driven demand: Frontloading ahead of the July 24 Section 301 U.S. tariff activation faded through the month, removing a key demand prop.
- Strait of Hormuz: Reopened in mid-June, but the resumed U.S.–Iran hostilities in mid-July reintroduced uncertainty and prompted carriers to file Emergency Fuel Surcharges effective August.

Behind the numbers, the July story for U.S.-bound ocean freight was one of a peak reached and demand quietly deflating. Importers front-loaded aggressively into early July to beat the tariff action, exhausting vessel space and holding rates near crisis levels, but once that deadline passed, the urgency drained and the transpacific began to soften. Even so, carriers defended pricing effectively through blank sailings, GRIs and mid-July freight of all kinds hikes, keeping Shanghai–New York above $7,500/FEU and Shanghai–Los Angeles near $5,700/FEU into month-end. With hostilities flaring again in the Gulf and Emergency Fuel Surcharges landing in August, the market enters Q3 elevated and unsettled rather than clearly declining.

U.S surface transportation market

The surface market spent July digesting the extraordinary run-up of the prior three months, with rates cresting early before drifting lower as the post-July-4 lull set in, all while capacity stayed historically tight. Spot rates hit a milestone in June with dry van moving above contract rates for the first time in more than four years, and July confirmed the shift held even as monthly readings eased. For July, DAT monthly average spot rates settled at $3.00/mi for dry van and $3.64/mi for flatbed, each down modestly month over month (-1.3% and -1.6%, respectively) but still running sharply above prior year levels, up 48.5% and 41.6% year over year. Load-to-truck ratios reflected the same cooling-from-a-high pattern: The van ratio eased to 10.5 (-1.3% month over month) while flatbed pulled back to 42.5 (-28.4% month over month), yet both remained dramatically elevated year over year, up 62.1% and 80.4% respectively. The flatbed linehaul rate ended a remarkable 17 consecutive weeks of increases in mid-July, having added 69 cents per mile since early March, yet still posted an all-time week 29 record. Compounding the tight backdrop, non-domiciled CDL and ELP enforcement continued pulling drivers from the pool. Insurance costs climbed following the Montgomery liability ruling, and carriers raised wages at a record pace to hold onto capacity. In short, July was the market catching its breath, not reversing course; carriers retained pricing leverage while shippers absorbed a higher, stickier cost floor.

Intermodal extended its standout run in July, with U.S. rail intermodal volume setting a new July record, following June's record, and marking the sixth consecutive month of year-over-year growth. Through the first 29 weeks of 2026, cumulative intermodal units reached 8.12 million, up 3.7% year over year, while total carloads rose for the seventh straight month and were up +2.7% year-to-date (up 4.3% excluding coal). The holiday week ending July 4 was especially strong, with intermodal up 12.9% year over year, and the Association of American Railroads noted gains remained broad-based, with 14 of 20 carload categories posting year-over-year increases. The persistent truck-to-rail cost gap continues to fuel conversion, though with truckload spot rates beginning to ease off their peaks, some of that urgency may moderate as the year progresses.

The through-line from July is the carrier-favorable cycle has matured from breakneck acceleration into a firm, elevated plateau, with volatility now concentrated in fuel and geopolitics rather than raw rate momentum. Over-the-road spot rates cooled modestly off their peaks but held well above prior-year levels, tender rejections stayed elevated, and freight continued flowing into intermodal and rail networks. Less-than-truckload carriers are maintaining pricing discipline with further increases telegraphed for the balance of 2026, while ocean rates crested and began easing on key transpacific lanes. Shippers with strong carrier and supplier partnerships, backed by proactive planning and clear contingency playbooks, remain best positioned for what comes next. Longer term, the rate environment will be shaped by carriers continuing to recover the margin they surrendered during the multi-year downturn, with the fall bid season shaping up as the pivotal window for locking in contract pricing before 2027.

Raw materials (commodities)

In August, the raw materials picture has become more selective. Metals remain the primary cost risk, but the pressure is not the same across every category. Copper continues to be the commodity we are watching most closely, supported by strong demand from electrification, utility infrastructure, grid modernization and data center construction. Aluminum remains expensive for U.S. buyers because tariffs, import dependence and the Midwest premium continue to influence delivered costs. Steel prices remain firm and continue to be supported by strong domestic demand and a favorable environment for U.S. mills.

Resins remain mixed. High inventories, softer export demand and cautious buying activity continue to pressure some grades, while suppliers are attempting to implement selective price increases, particularly in PVC-related products. Lumber remains relatively stable but continues to be influenced by housing activity and Canadian trade developments. Crude oil remains volatile enough to keep freight, diesel, bunker fuel and petrochemical feedstocks on the watch list. As always, customers should focus on the total delivered cost rather than commodity prices alone. Tariffs, freight, regional premiums, supplier availability, lead times and quote validity often have as much impact on project costs as the commodity itself.

- **What changed vs. last month:** August is less about broad-based inflation and more like targeted cost pressure. Copper moved higher and remained one of the strongest-performing industrial commodities. Aluminum and steel continue to hold at elevated levels, supported by tariffs, strong domestic demand and supply constraints. Resin markets remain mixed, although PVC suppliers entered August seeking price increases. Lumber remains relatively stable, while crude oil continues to fluctuate based on inventory levels, geopolitical developments and production expectations.
- **What we are watching:** COMEX and the London Metal Exchange (LME) copper pricing, LME aluminum and the Midwest premium, U.S. hot-rolled coil pricing and mill lead times, steel imports, polyethylene (PE), polypropylene (PP) and PVC pricing, lumber demand tied to housing and construction activity, and WTI and Brent crude oil as indicators for diesel, freight and bunker fuel costs. Tariff actions, customs enforcement and country-of-origin requirements also remain important because product-level duty exposure can affect delivered costs just as much as commodity prices.
- **Next 60–90 days:** Expect continued volatility in metal-intensive, imported and freight-heavy products. The best approach remains the same: Engage early on larger projects, closely monitor quote validity, confirm tariff and country-of-origin assumptions and maintain flexibility, where alternate sourcing options are available. For larger projects, total delivered cost and schedule risk should be evaluated together rather than independently.

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

Copper remains one of the most important raw material risks for electrical, utility and infrastructure projects. Copper on the COMEX is currently trading near $6.60/lb., up approximately 6% over the past three months and 44% over the past year, while LME copper is near $13,834/metric ton, up 45% year over year.

Demand from grid investment, electrification, renewable energy projects and data center construction continues to support the market. At the same time, supply concerns have become more visible. Chile and Peru, which together account for roughly 35%–40% of global mined copper production, continue to face challenges ranging from weather disruptions and declining ore grades to permitting delays, political uncertainty and infrastructure constraints.

Another important development is the continued movement of copper into U.S. warehouses ahead of potential trade actions. During July, global inventories declined while U.S. inventories increased significantly, creating tighter conditions outside the United States and contributing to higher domestic pricing. While some analysts believe prices may be above current supply-and-demand fundamentals, most continue to expect copper to remain structurally tight over the long term due to growing electrical infrastructure needs. For customers, wire, cable, grounding products, utility hardware and other copper-intensive materials remain exposed to elevated replacement costs. Early planning, careful quote review and visibility into project timing remain important.

Aluminum remains elevated and continues to be influenced by both global supply concerns and domestic market conditions. Aluminum is currently near $2.54/lb, up approximately 36% from a year ago, while LME aluminum is trading near $3,196/metric ton, up roughly 26% year over year. Recent pricing strength has been supported by lower production outside China, reduced operating rates at several Middle Eastern smelters and declining exchange inventories. At the same time, China's production cap continues to limit the market's ability to rapidly increase supply.

For U.S. buyers, however, the bigger story remains delivered cost rather than the global benchmark price. The Midwest premium remains elevated due to tariffs, transportation costs, tight regional availability and the United States' continued dependence on imported aluminum. Domestic primary aluminum production remains limited, with only four active smelters remaining compared to 24 in 2000. While recycling remains an important source of supply, recycled material cannot replace primary aluminum in every application. For customers, aluminum-intensive products, such as cable, enclosures, conduit, fittings, utility hardware and other aluminum-heavy components, remain exposed to premium-driven cost pressure. Supplier availability, freight costs and tariff exposure continue to be just as important as the underlying aluminum price.

Steel remains firm and continues to move within an elevated pricing environment. Hot-rolled steel is currently near $58.46/cwt, up approximately 10% over the past three months and 36% over the past year. Cold-rolled steel is near $69.00/cwt, up approximately 15% over the past three months and 33% over the past year. Steel plate pricing is also up 30% year over year, reflecting broad strength across steel products.

Domestic demand tied to utility infrastructure, manufacturing, energy projects and hyperscale data center construction continues to support the market. Imports remain a factor despite tariffs, particularly from Asia, where pricing remains approximately half of U.S. steel levels. Even so, domestic mills continue to maintain pricing power due to strong demand, favorable trade protections and relatively low import penetration compared to prior years. Steel conduit lead times continue to improve overall, but select categories — including colored EMT and project-driven products — remain elevated due to demand associated with large construction and data center projects. For customers, steel-intensive products, such as pipe, conduit, strut, cable tray, enclosures, fittings, anchors, brackets and fabricated structures, remain exposed to ongoing cost pressure. Early planning, close attention to quote validity and visibility into mill lead times remain important.

Resins markets remain mixed entering August. HDPE pricing is currently near $1.02/lb, down approximately 14% over the past three months, although it is still more than 45% above year-ago levels. PVC resin remains near $0.84/lb, down slightly from earlier this year but still approximately 8% above year-ago levels. High inventories, softer export demand and cautious purchasing activity continue to pressure portions of the polyethylene (PE) and polypropylene (PP) markets. At the same time, suppliers are attempting to implement selective price increases, particularly where feedstock, fuel and freight costs have increased.

PVC remains the area receiving the most attention. PVC conduit manufacturers announced August price increases tied to resin, additives, transportation and energy costs. While inventory levels remain healthy in many standard sizes, lead times on larger-diameter conduit and certain specialty products have started to extend with some suppliers. Overall, the market remains more balanced than earlier this year, but buyers should not assume resin pricing will continue moving lower. For customers, conduit, pipe, fittings, enclosures, polyethylene gas materials and other resin-intensive products should continue to be monitored closely for changes in supplier pricing, inventory positions and petroleum-linked feedstock costs.

Lumber remains mixed but generally stable. Lumber in August is near $614 per thousand board feet, down approximately 12% from a year ago, although still roughly 23% above levels from two years ago. Softer housing activity, higher mortgage rates and slower residential construction continue to weigh on demand, while production discipline and ongoing Canadian trade issues continue to support pricing.

While Canadian softwood lumber is exempt from the incoming 50% U.S. tariff on certain Canadian goods, it remains subject to existing duties of nearly 35%, pressuring producers' margins and creating ongoing uncertainty for cross-border supply flows. At the same time, producers continue adjusting production levels to better align with demand. For customers, lumber is not currently showing the same inflationary pressure as metals, but regional availability, freight costs and housing-driven demand trends remain important factors to monitor.

Crude oil remains volatile but has generally stabilized compared to the extreme swings experienced earlier this year. Crude oil is currently near $82.92 per barrel, up approximately 21% from a year ago, although still below levels seen earlier this spring. Markets continue to balance, improving supply conditions against ongoing geopolitical risks, inventory levels and OPEC production decisions.

While oil prices remain below spring highs, they are still elevated enough to influence diesel, freight, ocean shipping and petrochemical feedstock costs. The biggest implication for customers is not necessarily the price of crude itself, but the effect it has on transportation and manufacturing costs throughout the supply chain. Diesel prices, fuel surcharges, bunker fuel costs and resin feedstocks remain sensitive to changes in energy markets. For customers with heavy transportation projects or long lead-time materials, fuel assumptions, freight exposure and quote validity should continue to be monitored closely over the coming months.

Labor

The July labor market — reported in early August — weakened further as hiring slowed and prior months were revised lower. The economy lost 23,000 jobs in July, labor force participation declined again, and wage growth continued to moderate. While the broader labor market is becoming more selective, labor availability remains uneven across the sectors most important to our customers. Construction continued to add jobs in July, while healthcare and manufacturing also remained a source of hiring strength. For construction, utility infrastructure, industrial and distribution customers, the practical takeaway is that overall hiring is slowing, but skilled trades, field service resources and project execution labor can remain constrained by region, certification and project demand.

Key labor indicators (July data released August 7):

- Nonfarm payrolls: -23,000 in July, compared with a revised gain of +20,000 in June. May and June combined figures were revised lower by 103,000 jobs.
- Unemployment rate: 4.1%, down from 4.2% in June.
- Labor force participation: 61.4%, down from 61.5% in June.
- Average hourly earnings: +0.1% m/m and +3.2% y/y, the slowest annual wage growth since May 2021.
- Sector trends: Job losses were led by a 53,000 decline in government. Separately, Challenger, Gray & Christmas reported AI-related restructuring was the leading cited reason for announced job cuts for the fifth straight month, accounting for 10,970 July cuts, or 33%, and about 112,713 cuts year to date.

What has changed since July is that labor market conditions are showing clearer signs of slowing. Nonfarm payroll growth turned negative, prior months were revised lower and participation declined again, suggesting employers are becoming more cautious about hiring. For customers, this could gradually improve availability of some general labor positions and help moderate future labor-cost increases. However, the biggest operational risk remains skilled trades, utility crews, field service resources, transportation-related labor and other execution-critical roles that directly affect project schedules. Over the next 60–90 days, we will be watching labor market changes, labor force participation, construction employment, wage trends and AI-related restructuring activity to determine whether labor availability continues to improve or remains tight in the specialized roles most critical to infrastructure and project execution.

Conclusion

While our supply chain continues to improve, we anticipate seeing ongoing challenges and pressures across all core markets we serve through 2026 and likely will 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.

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