September 21, 2026

Valued Customer,

The supply chain in September is in a better place than it was during the peak disruption years, but it is not fully settled. The challenge today is less about broad shortages across the market and more about targeted pressure in areas that matter most to project schedules and budgets. Many standard products are easier to manage than they were a year ago, but utility equipment, power distribution products, wire and cable, conduit, steel-related materials, communications and fiber products, gas utility materials and PVF categories still require early planning. In some cases, lead times are moving higher by several weeks, especially where demand, production capacity, documentation requirements or sourcing constraints remain tight.

The broader global environment is also keeping pressure on the supply chain. Trade policy continues to shift, especially around tariffs, country-of-origin requirements and compliance documentation. Geopolitical uncertainty is influencing energy markets, ocean freight and fuel costs, while port congestion, carrier capacity decisions and regional disruptions continue to affect how material moves across the globe. These issues do not impact every product the same way, but they can quickly change delivered cost, quote validity, sourcing options and availability on project-critical materials.

At the same time, cost pressure remains an important part of the story. Copper, aluminum and steel remain the key commodities to watch, especially for metal-intensive products. PVC and resin-related products may continue to see pressure, depending on demand, weather and feedstock conditions. Transportation costs are also likely to stay elevated, even if spot freight eases at times, because fuel volatility, carrier capacity and ocean freight conditions continue to create uncertainty.

Looking ahead over the next three to six months, we expect conditions to remain manageable but uneven. Customers should not expect a return to pre-pandemic simplicity, but they also do not need to assume every category is under broad stress. The best approach is to identify critical materials early, confirm lead times and quote validity, understand tariff and documentation requirements where applicable, and keep approved alternates visible. Customers who stay closest to the planning details will be in the best position to protect schedules, manage costs and avoid last-minute surprises.

Key Indicator Metrics (latest available)

- **Global Supply Chain Pressure Index**: Increased to 1.06 in August, up from a revised 0.94 in July, indicating global supply chain pressure increased during the month and remained above its historical average. While overall conditions remain manageable, the increase signals continued potential for transportation delays and longer lead times.

- **Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index**: 54.6 in August, down from 55.6 in July, marking the eighth consecutive month of manufacturing expansion, but at a slower pace. The overall economy also remained in expansion for the 22nd consecutive month. Manufacturing demand remains healthy, but the slower pace suggests customers should continue monitoring order activity, production schedules and supplier capacity.

- **ISM Prices Index**: 71.1 in August, unchanged from 71.1 in July, marking the 23rd consecutive month of increasing prices. Manufacturers continue to face higher input costs, reinforcing the need to closely monitor supplier pricing, quote validity and project costs.

- **ISM Supplier Deliveries**: 59.3 in August, up from 58.9 in July, indicating supplier deliveries slowed further during the month. Readings above 50 mean deliveries are taking longer, reinforcing the importance of early planning and confirming availability for critical materials and equipment.

- **Federal Reserve (Fed)**: In September, the Fed raised the federal funds target range by 25 basis points to 3.75%–4%, as expected — the first hike since 2023. Inflation remains elevated amid the energy shock from the war with Iran, while economic activity, domestic spending, productivity, capital investment and job gains remain solid; unemployment has changed little, though geopolitical uncertainty persists.

- **Consumer Price Index (CPI) and Producer Price Index (PPI)**: CPI increased 0.4% in August, following a 0.1% increase in July, and remained 3.4% higher year over year. Core CPI increased 0.3% month over month and 2.4% year over year. PPI increased 0.4% in August, up from a revised 0.1% increase in July, and rose 5.4% year over year, compared with 4.8% in July. Both measures show inflation remains elevated, which continues to create potential pressure on supplier pricing and overall project costs.

Tariff Policy Changes and Updates

Since the August update, the largest tariff development has been the escalation in trade actions between the United States and Canada. On August 22, after a three-day pause and unsuccessful negotiations, the United States implemented an additional 50% tariff on certain Canadian goods under Section 338. Canada responded with reciprocal tariffs ranging from 15% to 50% on selected U.S. goods, including steel and aluminum products, appliances and electronics, effective September 8.

On September 8, the United States announced further changes in response to Canada's action. The changes remove certain products, including rock salt and cement, from the additional Section 338 tariffs, and replace them with other products, including all-terrain vehicles and additional dairy products. Those product additions and removals took effect September 15. Separate import bans on certain Canadian alcohol, dairy and related products are scheduled to take effect Tuesday, September 29. The Section 338 measures apply to covered goods regardless of whether they qualify under the United States-Mexico-Canada Agreement (USMCA) and may apply in addition to Section 232 tariffs.

Tariff policy remains active, but the impact is increasingly determined at the product level rather than by broad tariff announcements. For utility, industrial and construction customers, the practical effect will depend on products being purchased, where they are sourced and how they move through North American supply chains. Focus on total delivered cost, confirm country-of-origin and classification information where appropriate, monitor quote validity and maintain flexibility around sourcing and project timing. Border States continues to work with our vendor community to understand potential cost and availability impacts and will remain transparent as conditions change.

- **United States-Canada trade actions:** The new Section 338 measures are targeted rather than universal, but the affected product list has changed quickly. Customers purchasing Canadian-origin products, or products that rely on Canadian inputs, should pay close attention to country of origin, product classification, quote validity and supplier communications. Because the September changes include both product additions and removals, the effect should be reviewed at the individual-product level rather than assumed across an entire category.
- **Section 232 metals:** Section 232 remains especially important for copper-, aluminum- and steel-intensive products, where tariffs, material costs and supply-chain conditions are all influencing delivered cost. The current U.S.-Canada Section 338 tariffs can apply in addition to Section 232 treatment for covered products, increasing the importance of understanding the complete tariff treatment of an item rather than looking at one policy in isolation.
- **Section 301:** The Section 301 tariffs implemented July 24 remain in effect, with duties generally starting at 10% or 12.5% on covered goods from 60 trading partners. These duties replaced the temporary 10% global tariff under Section 122 that expired the same day. The focus has shifted to confirming whether a product is covered, validating its country of origin and understanding how the duty affects total delivered cost.

When considering how tariffs may affect our business and our customers, areas of impact include, but are not limited to, the following:

- **Compliance and documentation workload**: Accurate classification, country-of-origin support, supplier certifications, metal-content information and entry-level records remain important. Accurate documentation is becoming more important as customs scrutiny increases. Strong country-of-origin support, classifications and supplier documentation can help reduce delays, audits and unexpected duty costs.
- **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. Final product cost often depends more on a product's country of origin, material content and tariff treatment than on the tariff rate discussed in the news.
- **Delivered pricing and quote validity:** Tariff-related costs continue to affect delivered pricing, even when suppliers attribute increases to raw materials, labor, freight, energy, manufacturing costs or inflation. Customers should evaluate the total delivered cost of a product rather than trying to connect every price movement to a single tariff announcement.
- **Lead times and availability**: Trade actions can change sourcing decisions and redirect demand toward alternative products or countries. Those shifts may place added pressure on manufacturers and sources with lower tariff exposure or clearer documentation.

- **North American sourcing:** The latest U.S.-Canada actions reinforce the need to monitor cross-border sourcing assumptions. Do not assume products moving within North America are automatically unaffected, because the new Section 338 measures apply to covered Canadian goods regardless of USMCA origin status.
- **Product classification and country of origin**: Similar products can receive different tariff treatment based on where they are made, how they are classified and what materials they contain. Confirming classification and country of origin remains one of the most important steps in understanding tariff exposure.
- **Project planning:** Early demand visibility remains one of the most effective ways to manage uncertainty. Accurate need dates, flexibility on approved alternatives and early identification of critical materials can give customers and suppliers more options, if tariff scope, documentation requirements or availability changes.

Tariff Rebate Update

The International Emergency Economic Powers Act (IEEPA) tariff refund process continues to move forward, but the overall message remains largely unchanged. U.S. Customs and Border Protection (CBP) continues to process eligible refund claims through the Consolidated Administration and Processing of Entries (CAPE) tool within the Automated Commercial Environment (ACE), and refund activity continues across qualifying entries. According to court filings, CBP has certified approximately $107 billion in refunds through August 21, about 64% of the $166 billion collected. However, recovery remains dependent on importer eligibility, entry status, ongoing litigation and whether recovered duties are ultimately passed through the supply chain.

For Border States, this reinforces our advisory-only role. Border States is not the Importer of Record and does not act as a customs broker. As a result, we do not have the authorization, visibility or control required to file claims, review claims, amend claims or determine refund status within CBP systems. 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 eligible claims continue to be processed. Progress is being made, but recovery opportunities still depend 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, review claim status 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 identify manufacturers or suppliers that previously communicated tariff-related pricing impacts, provide supporting documentation when available and share updates regarding potential refund recoveries, credits, reimbursements or pricing adjustments if that information becomes available from manufacturers or suppliers.
- **What we are doing now:** We continue to engage manufacturers and suppliers regarding refund filings, claim activity, potential credits, reimbursement treatment and pricing adjustments. We also continue to evaluate where IEEPA-related costs may have been incorporated into material pricing. While refund processing continues, we

have not received widespread confirmation of customer-specific credits or reimbursements.

- **What customers should know:** Any detail provided by Border States should be considered informational only. It may help identify orders that could potentially be impacted if an Importer of Record receives a qualifying recovery, but it does not guarantee refund eligibility, recovery from the U.S. government or pass-through treatment from a manufacturer or supplier.
- **Key takeaway:** Treat IEEPA rebates as a potential back-end recovery, not guaranteed project cost relief. Refund activity continues, but recovery remains dependent on importer eligibility, legal outcomes and pass-through decisions made elsewhere in the supply chain. Border States remains a source of information and support but does not assume responsibility for filing, recovery outcomes or refund administration.

Note: Tariff applicability and the exact duty paid depend on product classification, country of origin and program eligibility. Some duties can apply, together, while others are designed not to stack. As a result, tariff exposure and any potential recovery 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. Certain food and agricultural imports, fertilizers and energy products are also exempt.
AD/CVD	Prevent dumping and unfair subsidies.	Broad enforcement activity.	Antidumping and Countervailing Duty (AD/CVD) policies are trade remedies used by the United States to offset unfair foreign pricing and government subsidies, leveling the playing field for domestic industries through product-, country- and 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 periods, but planning risk is still concentrated in specific project-driven categories. The broader supply chain environment is more predictable than it was a year ago, but some materials are still running longer than normal depending on product type, manufacturer capacity, documentation requirements and regional demand. In several categories, lead times are modestly higher than last year, with some products extending by several weeks where demand, production capacity or sourcing constraints remain tight. The biggest risk for customers is critical-path material that is identified too late in the project cycle.

- **Plan early around utility and power distribution equipment:** Transformers, capacitors, regulators, switchgear, underground accessories, enclosures and related utility materials remain important schedule-risk categories. Some products continue to carry longer planning windows, especially when projects require specific configurations, approvals or documentation.
- **Watch wire, cable, conduit and steel-related products:** Select wire and cable, conduit, cable tray, ground rods, strut, enclosures and fabricated metal products should be reviewed early for availability, quote validity and approved alternates. Steel-related categories have seen lead times move higher in recent weeks, with some products extending into multi-week planning windows.
- **Treat communications and fiber products as long-lead categories:** Fiber, specialty communications products and materials with domestic-content requirements should be confirmed early. Availability can vary significantly depending on project specifications, compliance needs and acceptable alternates.
- **Monitor gas utility and PVF materials closely:** Regulators, meter-related products, valves, fittings, risers and specialty gas distribution materials remain areas where early planning can help reduce schedule risk. Lead times vary by product family, but certain categories continue to require longer advance notice.
- **Customer takeaway:** Lead-time risk is targeted rather than broad. The best protection is early coordination, clear need dates, confirmed quote validity, identification of critical-path materials during takeoff and flexibility around approved alternates where available.

Transportation and Logistics

August pulled the market in two directions at once, with surface freight easing off its summer peak while fuel and ocean costs pushed sharply higher. Spot rates gave background for a second consecutive month, with DAT monthly averages settling at $2.89/mi for dry van and $3.54/mi for flatbed, down 3.7% and 2.7% respectively, though both still sit roughly 42% above year-ago levels. Tender rejections eased from July highs near 17% to 18% down to roughly 13.5%, still approximately double what a balanced market looks like. More telling was the contract side, which moved the opposite direction: Van contract rates rose to $3.11/mi and flatbed to $3.93/mi, up 3.3% and 2.3% on the month; a clear signal that carriers are not giving back what they have gained. The month's single biggest mover was fuel. The U.S.–Iran memorandum expired August 17 and diesel surged, closing the month at a $5.59/gal average, up 12.8% month over month and 49.3% year over year. Ocean freight climbed as well, with the Drewry World Container Index finishing August at $4,473/FEU, up 5.1% month over month and more than double where it stood a year ago.

Looking into the fall, this is shaping up as a cost story more than a capacity story. Surface demand has softened faster than normal seasonality would suggest, but capacity is leaving the market rather than sitting idle, with more than 50,000 net carrier losses over the trailing 12 months and transportation-sector unemployment climbing even as the national rate held flat. That combination keeps a firm floor under rates even while spot cools. Fuel is now the wildcard and the largest single cost mover in the market, with distillate inventories running well below their five-year range, and the Strait of Hormuz still unresolved. On the ocean side, Panama Canal surcharges take effect in September, and carriers continue to manage space aggressively through blank sailings. Shippers heading into fall bid season should plan for elevated contract pricing, build fuel volatility directly into their budgets and keep intermodal firmly in the mix while the cost gap to truck stays this wide.

Ocean freight market

Ocean freight resumed its climb in August after July's pullback, and the move was driven almost entirely by the transpacific as carriers stripped capacity out of the market faster than demand eased. The Drewry World Container Index (WCI) rose through most of the month, peaking at $4,526/FEU August 20 before settling at $4,473/FEU to close out August, up 5.1% from July. Transpacific lanes did the heavy lifting, with Shanghai to New York jumping 10% in a single week to $8,706/FEU in mid-August before reaching $9,507/FEU the following week. Asia to Europe moved in the opposite direction, softening through the month as selective Suez transits resumed, and European port congestion eased.

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

- Drewry WCI Composite: $4,255/FEU (July) → $4,473/FEU (August), +5.1%, and more than double year-ago levels.
- Shanghai → New York (USEC): $7,578/FEU → $9,333/FEU, +23.2%.
- Shanghai → Los Angeles (USWC): $5,739/FEU → $6,818/FEU, +18.8%.
- Transpacific capacity: August capacity fell 9% month over month on Asia-to-U.S. East Coast (USEC) and 0.4% month over month on Asia-to-U.S. West Coast (USWC).
- Blank sailings: Ten sailings canceled in each of two consecutive weeks mid-month, tightening space ahead of General Rate Increases (GRIs).
- Panama Canal surcharges: Multiple carriers announced surcharges on Asia-to-USEC and Asia-to-Gulf Coast trades effective September.
- Port congestion: Average vessel waiting time at Shanghai climbed to 96 hours late in the month, up from 35 hours the prior week.
- Strait of Hormuz: The U.S.–Iran memorandum expired August 17 without resolution, reigniting bunker cost pressure and Emergency Fuel Surcharges.

Behind the numbers, August was a story of carriers successfully retaking control of the transpacific. Demand was not the driver; capacity discipline was. Carriers pulled sailings out of the Asia-to-U.S. trades at a pace that outran the seasonal demand fade, then converted that scarcity into back-to-back double-digit weekly rate gains on the East Coast. The late-month easing to $4,473/FEU reflects a market catching its breath rather than breaking. With Panama Canal restrictions tightening in September, Hormuz unresolved and Asian port congestion worsening, U.S. importers should plan for elevated and choppy pricing rather than a clean descent.

U.S surface transportation market

The surface market spent August unwinding from its summer peak, though the cooling was uneven and came alongside a significant offsetting increase in fuel. DAT monthly average spot rates fell for a second straight month, landing at $2.89/mi for dry van and $3.54/mi for flatbed, down 3.7% and 2.7% month over month, yet both remain roughly 42% above where they stood a year ago. Load-to-truck ratios told a similar story of relief from extraordinary levels: The flatbed ratio dropped sharply to 36.0, down 15.3% month over month, while the van ratio held nearly flat at 10.3, down 1.2% month over month. Year over year, however, both remain up 76.0% and 78.0% respectively. The more meaningful development was on the contract side, where rates moved higher even as spot fell, reaching $3.11/mi for van, up 3.3% month over month and 29.0% year over year, and $3.93/mi for flatbed, up 2.3% month over month and 27.6% year over year. Tender rejections eased from July highs near 17% to 18% to roughly 13.5%, still about double a balanced market. Underneath it all, capacity continued to exit rather than idle. In less-than-truckload (LTL), the PPI rose 19.6% year over year in the second quarter, the second-highest reading on record and the largest quarter-over-quarter jump in the history of the index, with carriers layering off-cycle GRIs on top.

Intermodal delivered its strongest month yet in August, setting a new monthly volume record and extending a run that has defined the year. U.S. railroads averaged nearly 297,000 intermodal containers and trailers per week, up 4.4% year over year and surpassing the record set in June, marking the seventh consecutive month of year-over-year gains. Carloads were equally strong, averaging more than 235,000 per week, the highest level since October 2019 and an eighth straight monthly gain, with 15 of 20 major commodity categories posting increases. Combined carload and intermodal volume reached its highest point in nearly eight years. Through the first 33 weeks of 2026, cumulative intermodal units stood at 9.30 million, up 3.8% year over year. The modal shift is measurable in the tender data as well, with domestic intermodal container volumes running 8% above last year while long-haul truckload tenders are up only 2%, a near mirror-image substitution driven by the persistent truck-to-rail cost gap.

The through-line from August is that the market cooled on the surface without getting cheaper. Spot rates retreated, rejections eased and seasonal demand faded, yet contract rates advanced in every major equipment type, LTL pricing accelerated at a historic pace, and fuel delivered its single largest monthly increase of the year. Capacity is not returning; it is exiting, which means the relief shippers are feeling in spot is a seasonal breather layered on top of a structurally tighter market. For the balance of 2026, the cost conversation will be shaped by fuel volatility, insurance and regulatory pressure on carrier supply, and carriers continued their resolve to recover margin. With fall bid season underway, the shippers who fare best will be those who price realistically, keep intermodal in the mix and build fuel exposure directly into their budgets rather than treating it as a pass-through afterthought.

Raw materials (commodities)

In September, copper, aluminum and steel continue to be the commodities we are watching most closely. Strong demand, tariff developments and supply chain conditions are keeping costs elevated across many metal-intensive products. Resins remain mixed, although PVC pricing has strengthened in recent weeks. Lumber is relatively stable compared with other commodities, while crude oil remains an important watch item for freight, diesel and petrochemical-related costs. As always, customers should focus on total delivered cost rather than commodity prices alone.

Tariffs, freight, regional premiums, supplier availability, lead times and quote validity often have as much influence on project costs as the underlying commodity itself.

- **What changed vs. last month:** Copper moved to record highs on the London Metal Exchange (LME) as markets reacted to the possibility of expanded Section 232 tariffs on refined copper imports. Aluminum remains elevated and continues to be influenced by renewed trade tensions between the United States and Canada. Steel suppliers entered September with price increases and longer lead times across all steel pipe product categories, while PVC price increases have now held for a second consecutive month. Overall, September continues the trend of targeted cost pressure rather than broad-based commodity inflation.
- **What we are watching:** COMEX and LME copper pricing, aluminum pricing and regional premiums, U.S. hot-rolled coil pricing and mill lead times, steel pipe availability, polyethylene (PE), polypropylene (PP) and PVC pricing, weather-related impacts to Gulf Coast resin production, and West Texas Intermediate and Brent crude oil as indicators for diesel, freight and petrochemical feedstock costs. Tariff actions, customs requirements and country-of-origin considerations also remain important because they can influence delivered costs as much as the underlying commodity market.
- **Next 60–90 days:** Expect continued volatility in metal-intensive, imported and project-driven categories. Copper-, aluminum- and steel-intensive products remain the areas most exposed to replacement-cost risk, while PVC products could face additional pricing pressure if demand remains strong or weather-related disruptions affect supply. The best approach remains the same: Engage early on larger projects, closely monitor quote validity, confirm country-of-origin and tariff assumptions where applicable, 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 the commodity we are watching closely. Prices moved to record highs in early September as the market reacted to the possibility of expanded Section 232 tariffs on refined copper imports. Demand from electrification, utility infrastructure, data centers and grid modernization continues to support the market, while copper inventories continue to shift toward the United States. For customers, wire, cable, grounding products and other copper-intensive materials remain exposed to elevated replacement costs, making early planning and quote management increasingly important.

Aluminum remains elevated and is being influenced by ongoing trade tensions between the United States and Canada. More than half of the aluminum consumed in the United States comes from Canada, making tariffs and cross-border trade developments important drivers of cost. While there is no immediate supply shortage, domestic production capacity remains limited and new capacity takes years to bring online. For customers, aluminum-intensive products such as cable, conduit, enclosures and utility hardware remain exposed to pricing pressure tied to tariffs, premiums and freight costs.

Steel prices remain firm entering September. Suppliers implemented price increases at the beginning of the month, and lead times in all steel pipe categories have extended into the six-to-eight-week range. Strong demand from large infrastructure projects and data center construction continues to support both pricing and mill activity. For customers, steel-intensive products, such as conduit, strut, cable tray, enclosures, brackets and fabricated assemblies remain vulnerable to higher replacement costs and longer planning windows.

Resins prices are expected to remain elevated throughout the remainder of the year. Market conditions continue to vary by product type and application, and supplier pricing can change as demand, freight costs and feedstock markets evolve. For customers, the most important factors remain supplier pricing actions, product availability and total delivered cost.

PVC pricing remains firmer than it was earlier this year. September marks the second consecutive month that price increases have held supported by strong demand for large-diameter products used in hyperscale and infrastructure projects. Lead times remain manageable on many standard products but are longer on larger-diameter pipe and specialty applications. Customers with significant PVC exposure should continue planning ahead, especially as weather-related disruptions during hurricane season can quickly affect production and pricing.

Lumber remains one of the more stable commodity categories. Housing activity, construction demand and Canadian trade developments continue to influence the market, but volatility remains lower than in copper, aluminum or steel. While pricing can still move with changes in supply, transportation or trade policy, current conditions are generally more balanced than many other raw material markets. Customers should continue monitoring project timing and supplier lead times but are not facing the same level of pressure found in metal markets.

Crude oil remains an important market to watch because of its impact on diesel, freight and petrochemical-related products. Energy markets continue to respond to geopolitical developments, production decisions and inventory trends, which can create volatility in transportation and fuel-related costs. For customers, the biggest impact is often indirect through freight costs, fuel surcharges and petroleum-based materials rather than the price of oil itself.

Labor

The U.S. labor market showed improvement in August after a weaker July. Job growth rebounded, unemployment remained stable and labor force participation increased modestly. Wage growth remains moderate, suggesting the labor market is still healthy but not showing the broad inflation pressures seen earlier in the year. For customers, the overall labor environment remains more stable than many expected, although hiring conditions can still vary by region, trade and skill set.

Key labor indicators (August data released September 4):

- **Nonfarm payrolls**: +162,000 jobs in August, compared with a revised gain of +21,000 in July, exceeding market expectations.
- **Unemployment rate:** 4.1%, unchanged from July.
- **Labor force participation:** 61.6%, up from 61.4% in July.
- **Average hourly earnings:** +0.3% month over month and +3.1% year over year.
- **Sector trends:** Manufacturing (+16,000) and construction (+22,000) continued to add jobs in August, while food services and local government education saw the strongest overall hiring gains. The information sector lost jobs for another month. For our markets, manufacturing and construction hiring remain supportive of ongoing infrastructure, industrial and project activity.

What changed vs. last month: August was a stronger month than July for the labor market. Payroll growth accelerated meaningfully, labor force participation increased and unemployment remained steady. Wage growth continued at a moderate pace, suggesting labor conditions remain healthy without creating significant new inflation pressure. The improvement helped ease some concerns that emerged after July's weaker employment report.

What we are watching: We continue to monitor payroll growth, unemployment, labor force participation and wage trends. We are also watching hiring activity in construction, manufacturing, transportation and other sectors that directly affect project execution, installation schedules and supply chain performance. Wage growth remains an important indicator because it can influence both customer demand and supplier cost structures.

Next 60–90 days: The labor market appears stable heading into the fourth quarter, but conditions are likely to remain uneven across industries and regions. Broad labor shortages are not the primary concern today. Instead, the biggest risk remains finding enough qualified workers in specialized trades and project-execution roles. For customers, early planning, realistic schedules and strong coordination with contractors and suppliers remain the best ways to reduce labor-related project risk.

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 pre-pandemic 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

Disclaimer: Our information is compiled from several sources that, to the best of our knowledge and belief, are accurate and correct. It is always our intent to present accurate information. Border States accepts no liability or responsibility for the information published herein. These materials are provided for informational use only and do not, nor are they intended to, constitute legal advice. Customers should not take, or refrain from taking, any action based on any information contained in this alert without first seeking independent legal advice.