

Monthly Customer Supply Chain Update September 2022

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Supply Chain Challenges



[Click image for more info](#)

Raw Materials



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Logistics & Freight



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Labor



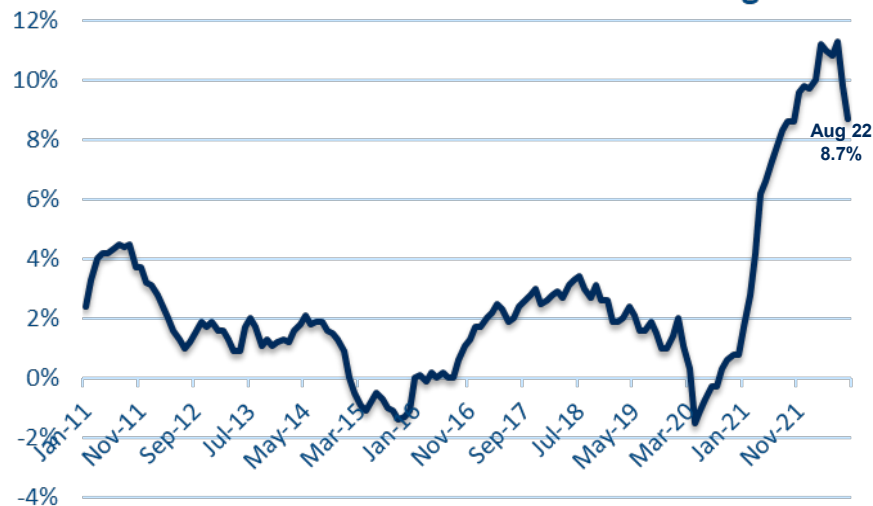
CPI & PPI Index Tracking (Inflation)

Consumer Price Index - 12 Month % Change



- The **CPI (Consumer Price Index)** measures the average of prices paid for a market basket of consumer goods and services
- August 12 month % change of the CPI was 8.3% - down from the record 9.1% in June, but still higher than forecasted
- Monthly change up .1% over July

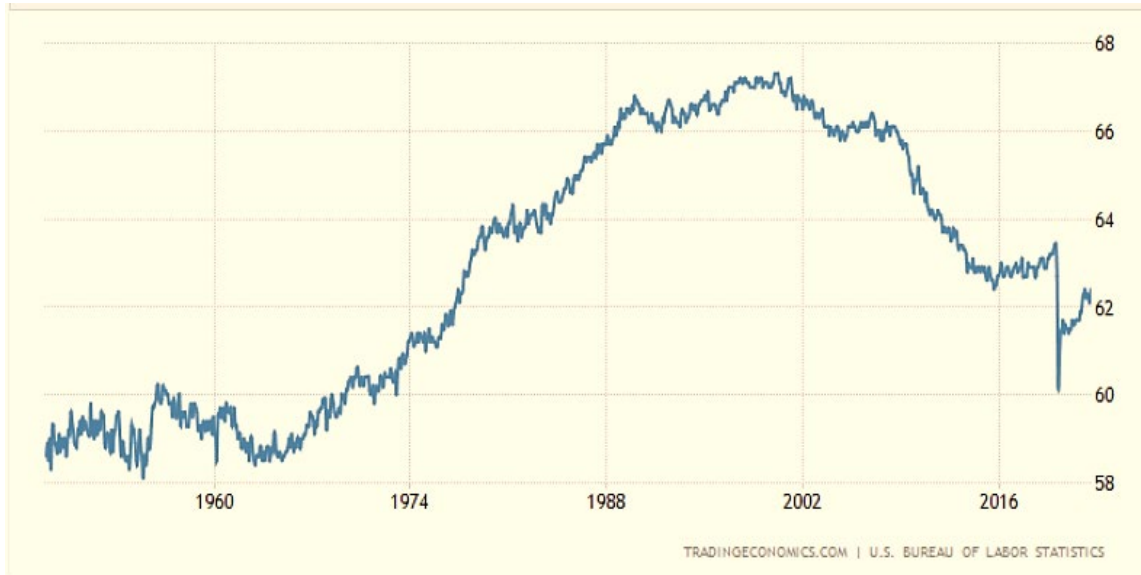
Producer Price Index - 12 Month % Change



- The **PPI (Producer Price Index)** measures the average change over time in the selling prices received by domestic producers for their output
- July 12 month % change of the PPI was 8.7% (Lowest 12 month change since last August)
- Monthly change down .1% from July driven heavily by decline in energy prices

Labor Participation Rate

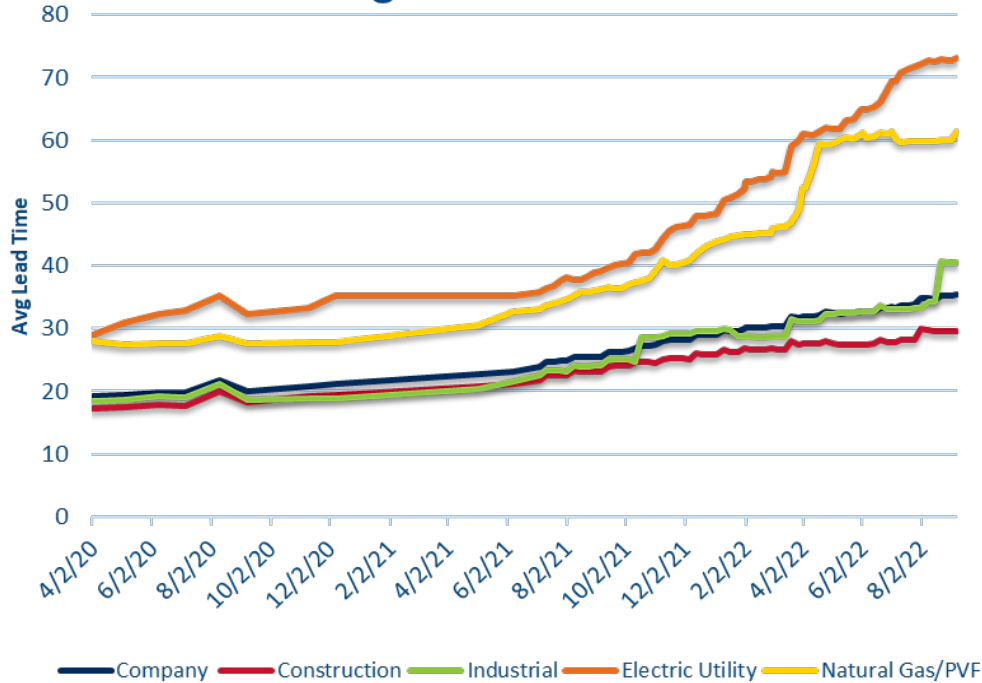
United States Labor Participation Rate for Past 70 years



- Unemployment has ticked up 20 basis points to 3.7% in August.
- Labor participation up to 62.4% which is the highest point since March, but still at 40-year lows.
- Job openings increased by in July to 11.2 million, nearly double the unemployed workforce.
- US job growth in August was 315,000 new payrolls. This is slowing, but companies are still hiring and adding positions.

Lead Time Trends

Average Lead Time Trends



Lead Time (LT) Change Since April 2020

Market	LT Change (Days)	LT Change (%)
Company	16 Days	85%
Construction	12 Days	71%
Industrial	22 Days	82%
Electric Utility	44 Days	152%
Natural Gas/PVF	33 Days	119%

Commodity Trends and Volatility

- Copper is rebounding over the past month but remains volatile due to economic concerns, fed rate hikes, and instability in China
- Steel prices are stable, and inventory is healthy.
- Aluminum continues to stabilize. Demand continues to remain high.
- Resin pricing continues to be stable but remain cautious through Atlantic Hurricane season
- Wood & lumber pricing continues to soften due to decreased demand and slowed housing starts

Commodity Trends Compared to September 1, 2022

Commodity	Prior Month	Prior Quarter	Prior year	2 Years Prior
Copper	1%	-21%	-21%	13%
Aluminum	0%	-15%	-11%	47%
Steel Sheet	-6%	-35%	-58%	55%
Steel HRC	1%	-15%	-58%	28%
HDPE Resin	-3%	0%	-10%	12%
PVC Resin	-4%	-4%	4%	26%
Tin	-1%	-27%	-30%	42%
Wood	-22%	-27%	-3%	-46%

Freight & Logistics Trends

• Ocean Freight

- Global ocean container rates falling but still 3x higher than pre-pandemic levels
- Rates from China to West coast down 60% since January
- Container demand volume slowing in the face of recessionary concerns.
- Labor Contract negotiations continue for 22,000 dock workers in 29 west coast ports – prior agreement expired July 1

• Trucking Transportation

- Transportation costs declining due to softening diesel prices and availability capacity
- Trucking availability at the highest point in more than 2 years.

Category)	Current	1 Month Change	Change YOY	2 Year Change
<u>Drewry Ocean Container Index (\$)</u>	\$5,379	(19%)	(47%)	65%
<u>DAT Flatbed Load to Truck Ratio</u>	14	(36%)	68%	(56%)
<u>DAT Van to Truck Ratio</u>	3.5	(8%)	(46%)	(34%)
<u>DAT National Flatbed Spot Rates/Mile (\$)</u>	\$3.06	(7%)	0%	27%
<u>DAT National Van Spot Rates/Mile (\$)</u>	\$2.52	(5%)	(8%)	6%

Category Impacts – Construction & Industrial

Category	Current Lead Time (weeks)	+/-	Key Drivers
Circuit breakers & Load Centers	4-16 weeks; allocation	↔	Strong demand, large backlogs, raw material availability
	4-8 weeks; allocation	↔	
Commercial steel boxes	3-6 weeks	↓	Strong demand
Fiberglass nail-on boxes	10-20 weeks; allocation	↔	Production constraints
Wiring devices	4-8 weeks; allocation	↔	Raw material availability; GFCI impacted
PVC and weatherproof boxes	4-12 weeks; Allocation	↔	Strong demand in residential market
Power and indicator fuses	10-24 weeks	↔	Raw material availability
Meter sockets and hubs	6-16 weeks	↔	Raw material availability
Industrial Automation Controls	6-8 weeks	↔	Strong demand, semiconductor availability
EMT fittings	3-6 weeks	↓	Import challenges from Asia and India
Portable Cord	Stock to 17 weeks	↔	Strong demand, material availability for jacket
Ground Rods	18-20 weeks	↔	Strong demand, material availability
Cable Tray	4-8 weeks	↑	Strong project demand
Security / Fire Alarm Cable	6-8 weeks	↑	Raw material availability

Category Impacts – Electric Utility

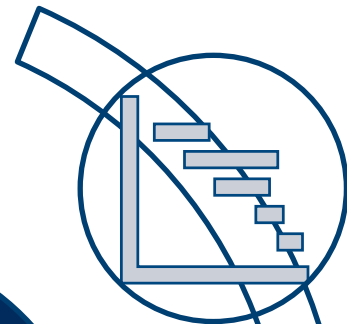
Category	Current Lead Time (weeks)	+/-	Key Drivers
Wire/cable – Bare OH, URD, 600V	6-76	↑	Demand, resin & steel shortages
Anchors	10-32	↔	Demand, labor & steel shortages
Pole line hardware	2-32	↔	Demand, transportation/port delays, aluminum shortages
Fiberglass box pads, enclosures, pedestals	6-50	↔	Demand, resin & steel shortages
Transmission insulators & hardware	14-50	↔	Demand, transportation/port delays, aluminum shortages
Guy strain insulators	13-45	↔	Demand, component delays
Transformers, capacitors, voltage regulators	Trans: 52-200 Caps: 22-24 VRs: 80-107	↑	Demand, labor & steel shortages
Fiber optic cable	20-60+	↔	Demand (FTTH, 5G), resin shortages
HDPE conduit	9-23	↔	Demand, resin shortages
Cutouts	5-25	↔	Demand, component shortages, aluminum shortages
Wood braces	4-29	↔	Demand, labor, production issues in Asia
Fiberglass crossarms	16-32	↔	Demand
Guystrand	12-30+	↔	Demand, steel shortages

Category Impacts – Natural Gas

Category	Current Lead Time (weeks)	+/-	Key Drivers
Gas pipe	8-48	↔	Demand, labor shortages, resin shortages, freight constraints
Regulators	12-50	↔	Demand, component shortages, equipment shutdowns
Meter risers	30-70	↔	Demand, labor shortages, component shortages
Meter set assemblies	48-85	↔	Demand, labor shortages, component shortages
Excess flow valves	10-32	↔	Demand, labor shortages, component shortages
Anodes	10-16	↔	Demand, production disruptions in China, component shortages, freight constraints
By-pass meter valves & bars	40	↔	Demand, raw materials shortages
High yield steel fittings	20	↔	Demand, raw materials shortages
PE Tap Tees	42	↑	Demand, labor shortages
Line stoppers	34	↔	Demand

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Call to Action



Planning & Forecasting

- Early project visibility
- Firm orders have precedence over forecasts
- Replacing panic buying with strategic decision making



Transparency

- No simple solution to current supply challenges
- Engage and educate key stakeholders in your organization



Partnerships & Trust

- Total Cost of Ownership approach
- Build trust, transparency
- Human driven relationships

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