NAVIGATING VOLATILITY

HOW GEXPRO SERVICES IS RESPONDING TO STEEL MARKET, FREIGHT, & CURRENCY CHALLENGES

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Trade Tensions, Tariffs & Supply Chain Disruptions

As of mid-2025, the global metals and freight landscape is entering a turbulent phase. Businesses are facing heightened volatility in steel pricing, freight lanes, currency markets, and global trade relations.

Steel prices in North America have declined due to oversupply from newly added domestic capacity and reduced downstream demand. At the same time, the reintroduction of Section 232 tariffs—a 50% duty on steel imports—has reintroduced cost volatility and planning challenges for procurement leaders. The average supplier price increase has hiked up to 35% due to the existing tariffs levied on the 1st half of the year, and in anticipation of potential increase coming August 1st.

Freight markets are equally volatile. Red Sea rerouting, elevated fuel costs, and equipment shortages continue to strain global logistics. Inland bottlenecks are developing at East Coast ports and Midwest hubs. Spot rates surged in late May but plunged by mid-June as demand waned, leaving contract shippers with rolled containers. Another swing may come in August.

50%
Imported Steel Tariff

35%
Supplier Price Increase

In this uncertain environment, Gexpro Services is acting decisively to adapt and support customers through proactive strategies.

Understanding the Tariff Agenda

Markets have reacted accordingly. The Dow dropped 600 points and volatility in commodities has increased. For supply chain leaders, this creates major challenges in budgeting, sourcing, and forecasting.

Recent developments in U.S. trade policy include:

Deadline Extended to August 1

The Reciprocal Tariff implementation window has been extended, with the U.S. Treasury signaling this is the final grace period before "boomerang-back" tariffs take effect.

Tariff Notices Sent to 20 Countries

Nations including Japan, South Korea, Malaysia, and Canada are facing potential duties between 20% and 50%, impacting manufacturers sourcing from these regions.

50% Tariff on Copper Imports

This has driven U.S. copper prices to $5.68/lb, affecting cost structures in electronics, automotive, and energy sectors.

New 50% Tariffs on Brazilian Goods

Targeting items like coffee, these have sparked political tension and currency devaluation in Brazil.

Pharmaceutical Tariffs Up to 200%

These proposed measures could affect pricing and inventories in the healthcare and biotech sectors.

Why Tariffs? A Strategic Tool for Reshoring

While tariffs can raise short-term costs, they are often intended to drive long-term national objectives. In this case, one central goal is to encourage reshoring: rebuilding the U.S. manufacturing base.

Key motivations include:

Rebalancing Trade

Pushing global partners to renegotiate trade terms perceived as unfavorable to the U.S.

Countering Unfair Practices

Responding to practices like dumping and market manipulation.

Strategic Sector Protection

Prioritizing industries critical to national health and infrastructure, such as copper and pharmaceuticals.

Encouraging Domestic Investment

Making imports more expensive nudges businesses to invest in U.S. production capabilities.

Why Reshoring Matters

1.

Economic & National Security

Domestic manufacturing reduces reliance on foreign supply chains for semiconductors, critical minerals, and pharmaceuticals.

2.

Job Creation & Innovation

Shifting production closer to R&D enables more agile product development and growth in skilled sectors like robotics and AI.

3.

Supply Chain Resilience

Localized supply chains are more responsive to global shocks.

Challenges to Reshoring

Labor Costs

4–10x higher than typical low-cost countries

Support Gaps

U.S. lacks finishing units, local suppliers, and integrated logistics

Loss of Global Scale

Asia retains cost-efficient mega-factories and mature ecosystems

Regulatory Burden

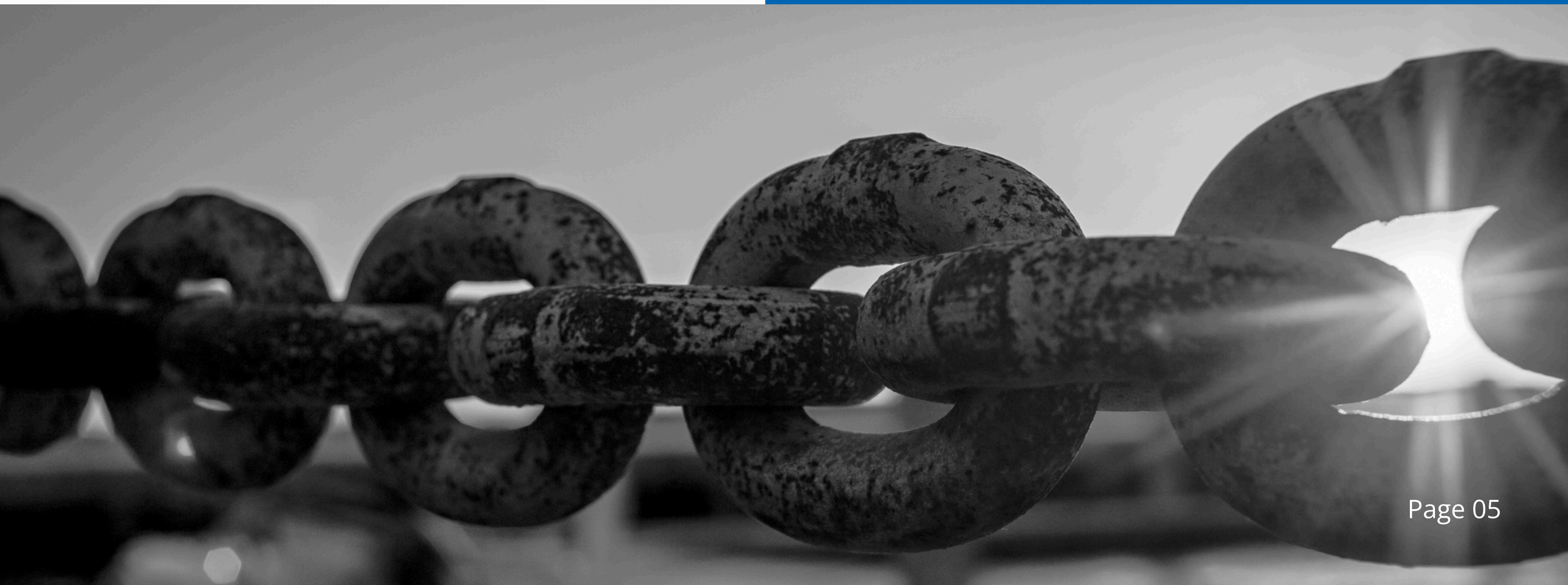
Compliance increases cost and complexity

Price Sensitivity

Domestic production can raise consumer prices

Low ROI

High costs and thin margins deter investment in some goods



The Reshoring Surge: Investments Taking Shape

The administration's push to revitalize manufacturing has led to substantial foreign and private sector commitments in high-tech, defense, and green sectors.

Foreign Government Pledges

$ 4.2 Trillion

Private Sector

$ 3.2 Trillion

Notable Government Commitments

$ 1.4 Trillion
UAE

$ 1.2 Trillion
Qatar

$ 1.0 Trillion
Japan

$ 600 Billion
Saudi Arabia

Notable Private Sector & Companies

Softbank, OpenAI & Oracle: $500B in AI infrastructure (Project Stargate, over 10 years).

Apple: $500B for U.S. manufacturing and workforce training (by 2035).

NVIDIA: $500B in U.S.-based AI supercomputers (by 2029).

Micron: $200B for memory chip production (next 7 years).

IBM: $150B in U.S. manufacturing and growth (next 5 years).

TSMC: $100B in chip manufacturing (by 2030).

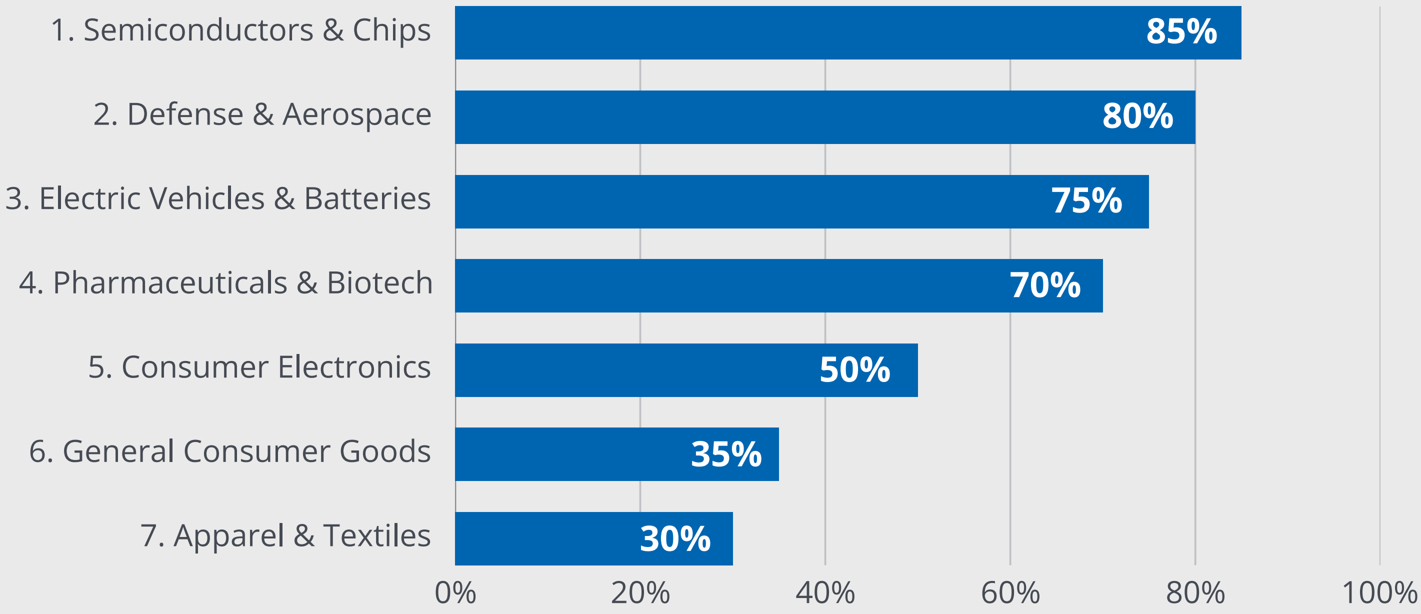
Johnson & Johnson: $55B for manufacturing and R&D (next 4 years).

Hyundai: $21B in U.S. facilities (by 2028).

Assessing the Probability of Successful Reshoring by Sector

As reshoring efforts accelerate across the U.S., not all industries face the same path to success. Each sector carries different levels of feasibility, investment needs, and infrastructure readiness. This overview breaks down the key factors influencing reshoring potential across various industries.

Reshoring Probability by Sector (2025-2030)



1. Strong momentum in semiconductors due to the CHIPS Act and national security priorities

2. Growth in green energy manufacturing driven by the Inflation Reduction Act and the energy transition

3. Pharmaceuticals and biotech boosted by COVID-19 lessons and a focus on healthcare sovereignty

4. Defense and high-tech reshoring remain a long-term strategic priority with bipartisan support

5. Automotive and electronics may see partial reshoring, but complex global supply chains remain a challenge

6. Apparel and consumer goods face low reshoring probability due to cost, labor, and scale disadvantages

7. Small-scale manufacturing niches may see gains, but mass reshoring in labor-intensive sectors is unlikely

Gexpro Services: How We're Staying One Step Ahead

To mitigate volatility and stay competitive, Gexpro Services has launched a range of strategic initiatives:

Metals Market Turbulence: Supply Chain Challenges & Our Response – Summer 2025

The global metals and freight landscape is becoming increasingly complex. Supplies of raw materials like coking coal, nickel, and manganese are tightening due to production cuts and geopolitical instability. As of June 2025, steel prices are softening across key regions, but rising trade tensions—such as U.S. tariffs on steel, aluminum, and copper surging to 50%—are driving up sourcing costs and straining global trade. Meanwhile, logistics disruptions like port congestion, Red Sea rerouting, and inland transport delays continue to stress already fragile supply chains. In this volatile environment, businesses must adapt quickly—and we're no exception.

How We're Staying One Step Ahead:

- ☑ We've invested in advanced AI systems that analyze demand signals, and global supply trends in real time to give our teams an edge in decision-making.
- ☑ Alternate supply lines in Asia, India, and North America are helping us navigate tariff and logistics risks through a more diversified sourcing strategy.
- ☑ We are focusing on dynamic cost modeling by exchange rate monitoring (CNY, INR, CAD, GBP) and embedding them in contracts to maintain cost competitiveness even as currency markets shift.
- ☑ We utilize our global footprint to accelerate supply chain localization for customers producing outside the U.S.
- ☑ We're investing in a smart supplier portal to create seamless collaboration across geographies, enable faster order visibility and risk alerts, and strengthen supplier relationships.
- ☑ We are pursuing more vertical integration through a strategic mergers and acquisitions (M&A) approach.

Gexpro Services

Gexpro Services: How We're Staying One Step Ahead

Freight Market Volatility: How We're Staying Ahead

Mid-2025 freight dynamics are proving volatile—and we understand our response needs to be just as agile.

1. Supply Surge & Spot Rate Whiplash

Late May saw a transpacific spot rate spike as carriers blanked sailings and shippers rushed in front of tariff deadlines. But by mid-June, oversupply hit—and prices plunged. Contract shippers learned the hard way: "paper rates" don't guarantee space. Some containers were rolled when premium cargo emerged.

2. What's Next?

Demand is winding down post-tariff frenzy but grill the horizon—August may bring another round of blank sailings. Inland bottlenecks are already building at East Coast ports and Midwest hubs. And tariff decision coming in weeks could trigger another market swing.

How We're Staying One Step Ahead:

- **90-day action plans** to pivot quickly as rates and capacity shift.
- **Maximize Containers for cost efficiency:** Using AI based tools to maximize container loads
- **Flexible contracts and volume rebalancing** to lock in value.
- **" What if " drills** for potential August space crunches.
- **Proactive inland strategies** to manage port and rail delays.
- **Dynamic landed-cost models** now account for spot moves, tariffs, and inland delays.

While policy clarity is lacking, we're not waiting on decisions to act. Our team is already optimizing procurement strategies and diversifying sources to reduce cross-border risk.

About the Author

Kartik D. is a seasoned supply chain analytics leader with over 10 years of experience driving data-driven transformation in global organizations. He specializes in predictive analytics, market research on the metals industry, and global supply chain economics. Kartik has led initiatives delivering multimillion-dollar business impact across procurement, demand planning, and logistics. Passionate about enabling sustainable, scalable supply chain solutions through advanced analytics and cross-functional collaboration, he holds an MBA in Business Analytics from the University of Connecticut and is a Lean Six Sigma Green Belt certified professional.