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PPI for inputs accelerates in July as prices jump for metal products; more tariff increases take effect

Input prices for new nonresidential construction rose 0.2% in July, not seasonally adjusted, and 2.6% year-over-year (y/y), according to producer price index (PPI) data the Bureau of Labor Statistics (BLS) posted on Wednesday. AGC posted tables and a chart of PPI changes relevant to construction. The y/y change accelerated for the third month in a row (following increases of 1.0% y/y in April, 1.9% in May, and 2.4% in June) and was the largest since February 2023. There were notable y/y increases in the PPIs for aluminum mill shapes (13.7%), steel mill products (8.8%), copper and brass mill shapes (6.9%), and lumber and plywood (5.1%). PPIs exclude foreign producers' prices but the aluminum and steel price increases likely reflect domestic produces' reactions to the 50% **tariffs** on those materials that took effect on June 4.

Several additional **tariff developments** that affect construction inputs have occurred this month. A 50% tariff on the copper content of products (but not raw copper) took effect on August 1. Numerous tariff increases for countries that supply construction materials and equipment also took effect on August 1: Brazil, 50%; Canada, 35%; Mexico, 25%; European Union, Japan, and South Korea, 15%. Combined antidumping and countervailing duties on Canadian lumber increased from 14% to 35%. Numerous exceptions apply and many details need clarifying. A pause on higher tariffs on China was extended to November 10. **Readers are invited to consult AGC's Tariff Resource Center for the latest details and to send information about project timing, materials price changes, and supply chains** to ken.simonson@agc.org.

BLS has begun posting an experimental set of **inputs to industry price indexes** that combines PPIs and import price indexes, excluding capital investment and labor. The latest reading for inputs to new construction (residential and nonresidential), for May, shows a combined y/y increase of 1.8% y/y, comprising a 2.0% price rise for domestically produced products (90% of the total) and 0.1% for imported goods (10% of the total). The domestic index comprises a 1.6% y/y increase for domestic goods (62% of the total) and 2.7% for domestic services (28% of the total).

Data provider ConstructConnect reported on August 6 that its Project Stress Index (PSI) plunged 24% from June to July. "Month-on-month decreases were seen across the board, with a 37.1% fall in **abandonment activity**, **on-hold activity** down by 15.4%, and **bid-date delays** retreating 4.0%. Year-to-date, we have seen abandonment activity rise 38.7%, on-hold activity decline 15.9%, and bid-date delays increase by 3.2%....Public and private projects often exhibit distinct stress trends due to the different market forces influencing them. July data showed bid-date delays activity dipping in both sectors. On-hold activity has diverged as public on-hold activity has rapidly risen to its highest level year-to-date, while private project on-hold levels have held steady near their historic mean. Project abandonments typically follow a seasonal pattern, with elevated abandonment levels in the first half of the year before trailing off in the second half. July 2025 has broken the trend with both construction sector abandonments remaining near historic upper bounds [. The PSI] represents an equal-weight measure of the seasonally adjusted level of preconstruction projects that have experienced a delayed bid date, been placed on hold, or abandoned in the last 30 days. The PSI only monitors nonresidential and multifamily projects in their preconstruction phases."

Investment research firm Thompson Research Group (TRG) posted on Wednesday that its "15 core **state** [department of transportation (DOT) **highway and bridge**] lettings, or **contract awards**," increased 14% y/y from fiscal year 2024 (FY24, covering July 2023-June 2024 in most states) to FY25. "In addition, several states (FL, NC, TN) have passed new legislation further boosting transportation funding. TRG spoke with DOT representatives sharing 'backlogs are at record levels' and that 'contractor payments were the highest ever last year.' We expect that momentum to continue in FY26 as more federal and state dollars are put to work. Budgets:…state and local municipalities typically account for as much as two-thirds of all road/bridge work funding. FY26 DOT budgets are up 5.0% y/y. As a single year's DOT budget is expended over multiple years, we believe the snowballing effect of projects, thus expenditures, will continue in FY26 and beyond."

Last chance: Contractors are invited to complete the AGC/NCCER Workforce Survey by 5 pm ET today, August 15. Survey results will be released on August 28, with breakouts for states with at least 20 responses.