ProcurementIQ

CustomIQ Research

Inflation & Commodity Trends

Aidan Manley

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What's in this Report

This report contains information on thirteen primary commodities. Information provided for these commodities includes forecast growth rates, the impact of these primary commodities on secondary commodities, substitutes for primary commodities, and upstream and downstream supply chain analysis for each primary commodity.

Contents

Executive Summary

- In September 2025, the Fed cut rates by 0.25 percentage points, marking the first reduction since the December 2024 cut and lowering the benchmark range to 4.0%–4.25%. The Fed has signaled as many as two additional cuts before the end of the year.
    - Lower rates are projected to gradually ease borrowing costs, with anticipated benefits for housing, vehicle, and capital equipment markets as access to credit improves.
    - The pace and magnitude of future cuts will hinge on economic data, especially labor market trends and inflation signals; a weakening job market may hasten additional rate reductions, while any resurgence in inflation could limit this easing cycle.
    - Businesses are expected to respond positively, but high input costs and caution around spending will persist until rate relief fully translates into demand recovery.
- Tariffs remain a core driver of market volatility and input cost inflation for steel, aluminum, crude oil, lumber, vehicles, and select imports from Canada, China, and Mexico throughout 2025.
    - Ongoing negotiations and unresolved trade tensions have led to the extension and adjustment of tariffs, forcing businesses to diversify suppliers or pass costs to consumers when possible.
    - Sectors highly exposed to tariffs—such as construction, manufacturing, and automotive—are seeing price pressures persist, with commodity markets reacting to each round of policy change and escalation.
    - Policy uncertainty continues to undermine long-range planning, resulting in market hesitancy and occasional price spikes despite generally high inventory levels.
- The US economy continues to exhibit stagflation risk—marked by stubbornly high inflation despite only modest or weakening economic growth—due to the combined impact of ongoing tariffs, costlier borrowing, and tepid consumer and business demand.
    - Most commodity markets face downward price pressure from oversupply and weak global demand, while input and wage costs remain elevated, contributing to uncertainty for producers.
    - Sectors such as housing, construction, and manufacturing are experiencing especially slow recoveries, with lower rates providing only limited near-term relief as businesses and consumers remain cautious.
- Global supply chains and commodity markets remain under pressure from persistent oversupply in energy and materials, volatile demand conditions, and policy uncertainty related to tariffs and rate changes.
    - Energy markets (oil and natural gas) are forecast to stay soft, with ample global inventories keeping prices subdued and supply chain disruptions prompting producers to diversify and automate operations.

- Industrial commodities (lumber, steel, plastics) face prolonged weakness due to oversupply, slow construction/manufacturing activity, and sporadic trade shifts; stabilization is possible, but meaningful price recovery will depend on significant demand rebounds or policy shifts.
- Consumer and tech-linked commodities (vehicles, semiconductors, paper, XaaS software) are experiencing steady or gradually rising prices, largely driven by higher input costs, ongoing innovation, and resilience in certain demand segments.
- Elevated wage, shipping, and compliance costs—combined with unpredictable price swings in inputs—are expected to drive more supply chain diversification, tighter inventory management, and increased investment in automation as firms seek margin protection.

Commodity Analysis

1. Aluminum

Forecast CAGRs:

- 6 Month: 13.6%
- 1 Year: 10.5%
- 2 Year: 6.3%
- 3 Year: 4.8%

Analysis: Forecasts for aluminum prices show strong gains in the near and medium term, reflecting expectations for continued market tightness and robust demand drivers. The global aluminum market is anticipated to shift from a mild surplus to a notable supply deficit over the next year, primarily due to production caps and declining exports from China, as well as elevated US import tariffs that continue to drive up domestic premiums. While inventory levels have increased, price support remains firm owing to ongoing supply restrictions, resilient demand in sectors such as construction, automotive, and packaging, and a steady global economic outlook reinforced by monetary easing policies in key regions. Prices are expected to increase throughout 2025 before gradually normalizing as new production capacity is brought online. Persistent supply-side risks from policy changes, potential weather disruptions in China, and trade tensions may sustain market volatility. Longer term, the aluminum market outlook remains positive, with gradual price growth forecasted on the back of rising demand, technological advancements, and the accelerating shift toward recycled aluminum across major industries worldwide.

Secondary Commodities:

- Cameras/Cell Phones/Computers/Copiers
  - Aluminum is used in printed circuit boards, computer chips, and other structural or body technology components, such as cameras, cell phones, and computers. Thus, the overall increase in aluminum prices during the next three years may increase these prices.
- Canned Goods
  - Canned goods and beverage manufacturers will see input costs increase over the next three years as aluminum prices climb due to greater demand.
- Vehicle/Vehicle Parts
  - Vehicle and auto part prices are expected to increase due, in part, to overall increases in aluminum prices.

Substitute Commodities:

- Magnesium Alloys

Upstream Supply Chain:

- Alumina Producers & Processors
  - Bauxite Miners
- Mining Equipment Manufacturers

Analysis: Recent export bans in Guinea and stricter environmental regulations in Australia and China have caused significant volatility and driven up costs throughout the aluminum supply chain, especially for bauxite and alumina. As a result, aluminum manufacturers are facing higher input costs and increased supply risks, with prices expected to remain elevated through 2025 and into 2026. Persistent

1. Aluminum

supply chain fragility and rising regulatory pressures are likely to sustain price volatility and keep market risks high for producers and end-users.

Downstream Supply Chain:

- Car & Automobile Manufacturers
- Metal Can & Container Manufacturers
- Construction Materials Manufacturers

Analysis: The downstream supply chain for aluminum comprises final products and solutions engineered and built from aluminum. Major downstream players include aircraft and automobile part and equipment manufacturers, construction materials manufacturers, and canned goods and beverage suppliers. Aluminum demand is expected to increase as interest rates continue to fall, contributing to upward pressure on market prices in the long run.

2. Chlorine

Forecast CAGRS:

- 6 Month: 3.9%
- 1 Year: 4.0%
- 2 Year: 3.2%
- 3 Year: 2.5%

Analysis: Chlorine prices are expected to increase gradually over the next several periods, supported by balanced supply and steady chlor-alkali production across key regions. Demand remains consistent from sectors such as PVC, water treatment, and chemical manufacturing, though growth is limited by subdued construction activity and cautious purchasing in North America and Europe, while the market in Asia is shaped by stable operating rates and intermittent restocking. Overall, with inventory levels sufficient to meet current needs and no major production disruptions, prices are forecast to follow a stable, upward trajectory unless there is a significant change in downstream demand or broader market conditions.

Secondary Commodities:

- Pharmaceutical Products
    - As chlorine prices rise in the next three years, the cost of producing pharmaceuticals using chlorine will rise, though this market will face less volatility than other markets more exposed to shifts in US trade policy.

Substitute Commodities:

- Bromine

Upstream Supply Chain:

- Chemical Product Manufacturers
    - Inorganic Chemical Manufacturers
- Mineral & Phosphate Miners
    - Mining Equipment Manufacturers

Analysis: The upstream supply chain for chlorine remains stable, driven by sufficient chemical production capacity, steady availability of key feedstocks, and new plant expansions in the United

2. Chlorine

States and other regions. Most post-pandemic disruptions have been resolved, reducing immediate risks to supply continuity, although cost pressures could arise from changing tariff policies or regulatory requirements for certain chemicals and equipment. With ongoing investment in production infrastructure and generally consistent input markets, the upstream segment is well-positioned to support reliable chlorine manufacturing over the near term.

Downstream Supply Chain:

- Pharmaceutical Manufacturers
- Chemical Product Wholesalers
- Facility Maintenance Providers

Analysis: Demand from downstream suppliers is steady on average, as most buyers in the market require the product at a regular, predictable pace for operations to continue. However, increased water stress throughout the United States and growth in domestic chemical and pharmaceutical production will lead to long-term growth in chlorine demand.

3. Food Products

Forecast CAGRS:

- 6 Month: 1.3%
- 1 Year: -1.4%
- 2 Year: 0.0%
- 3 Year: -0.3%

Analysis: Food prices are expected to remain stable to slightly lower over the next year, with forecasts pointing to flat or modestly declining growth rates compared to past inflationary periods. While certain categories such as eggs and beef may experience continued volatility and higher prices due to supply constraints, the overall trend for food-at-home products is toward little to no inflation, reflecting improved supply chains, better crop conditions, and easing energy and transportation costs. Looking ahead, most food product categories are likely to see minimal price movement as consumer demand adjusts and global and domestic factors contribute to a more balanced pricing environment.

Secondary Commodities:

- Animal Feed/Products
    - Record-high US corn production and increased feed grain supplies are expected to put downward pressure on feed costs in the coming year, with the season-average corn price projected to decline and barley and oats prices following a similar trend. Abundant and competitively priced corn is likely to reduce demand for alternative feed grains and support higher exports, while domestic feed use for livestock is rising on lower prices. With global production of coarse grains set to reach new highs, U.S. livestock producers should benefit from a more favorable cost environment for animal feed, despite tightness in select specialty grains and persistent volatility in export markets.

Substitute Commodities:

- Barley & Other Grains

3. Food Products

- Rice

Upstream Supply Chain:

- Fertilizer Manufacturers
  - Chemical Product Manufacturers
- Farm Product Storage & Warehousing Providers
- Tractors & Agricultural Machinery Manufacturers
  - Steel Manufacturers
- Water Supply & Irrigation Providers
  - Pipe & Tube Manufacturers

Analysis: Major supply chain disruptions can result from fluctuations in the price or availability of fertilizer. Stabilization in fertilizer prices over the next three years will increase crop production, increasing the overall supply of food products, which will help mitigate other demand forces pushing prices upward.

Downstream Supply Chain:

- Animal Feed Producers
- Food & Grocery Stores
- Fruit & Vegetable Markets

Analysis: Downstream demand is steady; however, many substitutes are available to consumers and farmers alike, reducing the impact of demand shocks in the market.

4. Crude Oil

Forecast CAGRS:

- 6 Month: -2.6%
- 1 Year: -1.0%
- 2 Year: 0.2%
- 3 Year: 0.6%

Analysis: Crude oil prices are expected to decline in the short term as global supply growth outpaces demand, driven by OPEC+ unwinding production cuts and increasing inventories, while US producers pull back on drilling in response to lower prices. The resulting supply glut is forecast to keep Brent crude prices low through 2025, with persistent inventory builds and subdued demand growth creating downward price pressure. However, in the longer term, these low prices are likely to incentivize further production cuts by both OPEC+ and non-OPEC producers, gradually tightening supply and setting the stage for prices to stabilize or recover modestly by late 2026 and beyond. Geopolitical risks and economic policy shifts may add volatility, but overall, the market's adjustment to oversupply is expected to eventually support a rebound in crude oil prices.

4. Crude Oil

Secondary Commodities:

- Diesel/Gasoline
  - In September, gasoline prices currently stand at $3.168, and diesel prices average $3.739 per gallon.
- Grounds Maintenance Equipment/Heavy Equipment
  - Many types of equipment rely on lubricating oils to ensure the longevity of machines. Because these products are refined from crude oil, owners of these machines can expect significant volatility in future costs associated with maintaining their equipment.
- Tires/Auto Parts
  - Oil is a primary component in tires and in manufacturing additional auto parts. Both manufacturers and buyers of tires can expect price relief as oil prices are expected to stabilize.
- Industrial Consumables:
  - Industrial consumables, including motor and lubricating oils, paint, and plastic products, depend heavily on the market for crude oil, as many of these products are oil derivatives.

Substitute Commodities: N/A

Upstream Supply Chain:

- Mining, Oil & Gas Machinery Manufacturing
  - Steel Manufacturers
- Industrial Supplies Wholesalers
  - Power Tools & Other General Purpose Machinery Manufacturers
  - Pump & Compressor Manufacturers
- Metal Pipe & Tube Manufacturers
  - Steel Manufacturers
  - Iron Manufacturers

Analysis: The upstream crude oil supply chain continues to face elevated risks and volatility in 2025 due to ongoing geopolitical instability, heightened tariffs, and shifting global trade patterns. Higher import duties and regional conflicts have increased costs for equipment and disrupted oilfield logistics, contributing to softer domestic production and greater supply chain uncertainty. Nevertheless, energy companies are responding by diversifying suppliers, increasing onshore sourcing, and investing in automation and resilience, which is gradually improving stability and outlooks for the remainder of the year even as supply chain risks persist.

Downstream Supply Chain:

- Petroleum Refineries
- Gasoline & Petroleum Stations
- Petrochemical Manufacturers
- Rubber Product Manufacturers
- Plastics & Related Products Manufacturers

Analysis: Downstream demand shocks in the market can significantly strain oil markets; however, as inventories are high, downstream supply chain issues are limited.

5. Lumber

Forecast CAGRS:

- 6 Month: -7.7%
- 1 Year: -14.1%
- 2 Year: -5.0%
- 3 Year: -5.1%

Analysis: Lumber prices are on a steep downward trend, driven by weakened demand in the housing and construction sectors, significant oversupply, and ongoing market volatility from shifting tariff policies on Canadian imports. Producers have begun implementing production cuts in response to persistently weak market conditions, but industry inventories remain high and are expected to keep prices depressed over the near- and medium-term. Unless there is a substantial rebound in residential construction or a major policy shift, lumber markets are likely to experience continued price declines and heightened uncertainty. Ongoing volatility in trade policy and the potential for further curtailments by major producers may spark occasional price movements, but the overall outlook remains bearish.

Secondary Commodities:

- Toilet Paper
  - As lumber prices decline, the cost of wood pulp is likely to face downward pressure, which could help limit input costs for personal paper products such as toilet paper.

Substitute Commodities:

- Metals/Steel
- Concrete/Asphalt
- Plastics

Upstream Supply Chain:

- Tools & Hardware Wholesalers
  - Tools & Hardware Manufacturers

Analysis: Upstream supply chain risk primarily stems from the availability of wood and lumber to be cut and sold. Weather events or wildfires can reduce the overall stock of lumber and contribute to higher prices.

Downstream Supply Chain:

- Hardware Stores
- Commercial Building Construction
- Residential Building Construction
- Municipal Building Construction
- Lumber & Building Material Stores

Analysis: Lowering interest rates and the gradual return of construction activity may help support demand for lumber in the coming period. However, given the current oversupply and weak housing market, any lift in prices is likely to be limited unless there is a significant rebound in new construction and home improvement activity. While lower borrowing costs can encourage spending on home repair and remodeling, prevailing market dynamics suggest continued downward pressure on lumber prices overall.

6. Natural Gas

Forecast CAGRS:

- 6 Month: -13.3%
- 1 Year: -4.0%
- 2 Year: -3.9%
- 3 Year: -0.7%

Analysis: Natural gas prices are expected to remain subdued through 2025 due to high inventory levels, robust domestic production, and only moderate growth in demand, despite continued expansion of US LNG exports. Ample storage and ongoing output gains have helped moderate any sustained price spikes, even as swings in weather and export demand create short-term volatility. Looking ahead, while prices may begin to strengthen gradually in 2026 as exports climb and production flattens, the market is likely to remain oversupplied in the near term, keeping a lid on meaningful price increases. Additionally, growth in US renewable electricity generation is expected to further dampen natural gas demand from the power sector, reinforcing the outlook for relatively soft prices.

Secondary Commodities:

- Equipment
  - Equipment like generators depends on natural gas to operate and generate electricity. As a result, generator owners, including extensive facilities, universities, and other buildings, can expect operating costs to decrease throughout the forecast period, with natural gas prices expected to fall.

Substitute Commodities:

- Propane
- Biofuel
- Coal

Upstream Supply Chain:

- Mining, Oil & Gas Machinery Manufacturing
  - Steel Manufacturers
- Industrial Supplies Wholesalers
  - Power Tools & Other General Purpose Machinery Manufacturers
  - Pump & Compressor Manufacturers
- Metal Pipe & Tube Manufacturers
  - Steel Manufacturers
  - Iron Manufacturers

Analysis: Supply chain disruptions stem from low gas yields at drilling sites and fluctuations in markets for steel and iron, as these metals make up a significant portion of the machinery required to drill for natural gas.

Downstream Supply Chain:

- Coal & Natural Gas Power Providers
- Fuel Dealers
- Fertilizer Manufacturers

Analysis: Downstream demand for natural gas is steady. However, shifts toward green power have made demand shocks more likely in the forecast period.

7. Plastic

Forecast CAGRS:

- 6 Month: 1.2%
- 1 Year: 1.9%
- 2 Year: 1.8%
- 3 Year: 1.7%

Analysis: Plastic prices are projected to rise slowly over the next year, as the industry navigates a landscape of global overcapacity, high inventory levels, and softer demand, particularly in sectors like automotive, appliances, and construction where end-users are sensitive to currently high interest rates. Persistent global competition, especially from new capacity additions in Asia and the Middle East, has led to price pressure and squeezed margins, but lower feedstock costs due to easing oil and natural gas prices are helping to offset some of these effects. Market sentiment remains cautious due to frequent changes in international tariffs (such as US-China and US-Brazil reciprocal tariffs impacting polyethylene exports), the risk of weather-related supply disruptions during hurricane season, and ongoing logistics challenges. Despite these headwinds, steady demand from packaging and agriculture, combined with strategic investments in process efficiency and supply chain diversification by major producers, are expected to support slight upward price movement in plastics.

Secondary Commodities:

- Medical Equipment
  - Plastic is a crucial input for medical equipment used in vials, beakers, implants, and medical instruments. Input costs for plastic medical equipment are projected to increase overall in the next three years.
- Disposables and Polystyrene Foam
  - As disposable bottles and bags rely on plastic, increases in plastic prices directly impact prices for these goods. Polystyrene foam is also a plastic-based product used in packaging and automobile parts.
- PVC Pipes
  - PVC pipes are plastic-based products often used for sewage pipes and water mains for irrigation.
- Consumer Electronics
  - Smartphones and other consumer electronics use a wide variety of plastic products, including Polycarbonate (PC), Acrylonitrile Butadiene Styrene (ABS), and Polymethyl Methacrylate (PMMA). These plastics are used for display frames, haptic feedback cushioning, and mounting frames, among other purposes.

Substitute Commodities:

- Paper & Paperboard
- Bioplastics
- Glass
- Platinum Silicone
- Ceramics

Upstream Supply Chain:

- Petrochemical Manufacturers

7. Plastic

    - Petroleum Refiners
- Industrial Machinery & Equipment Wholesalers
    - Steel Manufacturers
    - Iron Manufacturers
- Inorganic & Organic Chemical Manufacturers
    - Steel Manufacturers
- Resin Producers
    - Coal Miners

Analysis: Petrochemicals, such as ethylene and propylene, are critical inputs for plastic manufacturing and are produced from propane and butane, both of which derive from crude oil refining. Thus, declining crude oil prices will lower these input costs, restricting price growth in the plastics market.

Downstream Supply Chain:

- Plastic Bottle Manufacturers
- Plastic Film, Sheet & Bag Manufacturers
- Plastic Pipe & Part Manufacturers
- Urethane Foam Manufacturers
- Plastic Product Wholesalers
- Plastic Toys
- Adhesive Manufacturers

Analysis: Increasing demand and prices for plastic will push prices higher for plastic-based products, including plastic containers, bags, and bottles. The price of polyolefins is also rising, which impacts various products, including clothing, carpet, and roofing materials.

8. Semiconductors

Forecast CAGRS:

- 6 Month: 0.7%
- 1 Year: 1.5%
- 2 Year: 1.5%
- 3 Year: 1.6%

Analysis: Semiconductor prices are projected to grow gradually, supported by robust demand for advanced logic and memory chips that power AI, cloud computing, and electric vehicles, as well as continued investment in new manufacturing capacity, and packaging technologies. The industry's current momentum is driven by accelerated data center build-outs and increasing adoption of AI hardware, with memory and logic segments performing especially well, while other areas like analog and sensors benefit from the rise of industrial automation and smart devices. However, the sector continues to navigate headwinds including volatile memory pricing, export controls on leading-edge chips and equipment, and heightened global tariffs that are reshaping supply routes and sourcing. These risks are prompting chipmakers to diversify suppliers, invest in digital supply networks, and

8. Semiconductors

pursue regionalization strategies, all while contending with talent shortages and increased R&D spending to keep pace with next-generation design and manufacturing demands.

Secondary Commodities:

- Cell Phones
  - The semiconductor market for mobile phones is projected to increase in the forecast period, which is expected to contribute to rising prices.
- Computers, Copiers, Web Cameras, and Smartboards
  - As demand for computers increases, market prices for products and inputs such as semiconductors are expected to start rising into the forecast period.
- Vehicles
  - EV demand has declined, and interest in purchasing EVs in the future has continued to decline, according to a survey by AAA. This trend has been attributed to factors such as consumer range anxiety, inadequate charging infrastructure, and unaffordable pricing amid declining consumer confidence, which is currently at a three-year low.

Substitute Commodities: N/A

Upstream Supply Chain:

- Semiconductor Machinery manufacturers
  - Steel Manufacturers
  - Iron Manufacturers
  - Aluminum Manufacturers
- Copper Rolling, Drawing & Extruding Suppliers
  - Copper Miners
- Chemical Product Manufacturers
  - Silicon Suppliers

Analysis: While silicon production slowed during the past three years, silicon wafer shipments are expected to increase in 2025 as they become increasingly used for new applications like AI and 5G. This trend will continue to increase demand for semiconductors, helping to restrict price declines in this market further into the forecast period.

Downstream Supply Chain:

- Consumer Electronics Stores
- Computer Manufacturers
- Wireless Telecommunication Manufacturers
- Automobile Electronics Manufacturers

Analysis: Demand for consumer electronics is forecast to rise in the next three years, as the eventual reduction of interest rates increases the average consumer's disposable income. This trend will translate to greater demand and prices for semiconductors.

9. Steel

Forecast CAGRS:

- 6 Month: -0.8%
- 1 Year: -3.3%
- 2 Year: -0.2%
- 3 Year: 0.5%

Analysis: Steel prices are expected to remain under downward pressure over the next year as global overcapacity, persistent sluggish demand—especially in construction and China's property sector—and record exports from Asia continue to tip the balance in favor of oversupply. Mounting trade restrictions, and competitive export activity by major producers like China are further depressing prices and squeezing producer margins worldwide. While long-term prospects are supported by infrastructure investment, green steel initiatives, and sustained demand from sectors like automotive, the market is unlikely to see a meaningful price recovery before a significant rationalization of excess capacity occurs, with regional price stabilization possible only after 2026 as decarbonization policies, strategic mergers, and trade measures begin to take hold. In the near term, price volatility may persist as industry participants navigate fluctuating demand, changing trade policies, and ongoing consolidation efforts.

Secondary Commodities:

- Grounds Maintenance Equipment
  - Grounds maintenance equipment, such as shears, is made of hardened carbon or chromium steel. Lower steel prices are expected to contribute to downward price pressure on this equipment.
- Heavy Equipment
  - Steel is the backbone for scaffolding, cranes, bulldozers, and other heavy equipment. Lower prices are expected to contribute to downward pressure on heavy equipment.
- Industrial MRO Supplies
  - Falling steel prices are expected to place downward pressure on repair tools and safety equipment prices.
- Medical Equipment
  - Medical equipment includes a wide range of steel products, such as medical carts, wheelchairs, hospital beds, IV stands, surgical tools, medical syringes and needles, surgical screws, and plates, among a host of other steel-based products. Falling prices are expected to place downward pressure on these pieces of equipment.
- Vehicle & Vehicle Parts
  - Steel is a critical component in vehicles and vehicle parts. As the price of steel decreases, the price of vehicles and vehicle parts will also decrease.

Substitute Commodities:

- Aluminum
- Wood
- Stone
- Concrete
- Plastic

Upstream Supply Chain:

9. Steel

- Iron Ore Miners
- Copper, Nickel, Lead & Zinc Miners
- Industrial Machinery & Equipment Manufacturers
  - Steel Manufacturers
- Utilities & Energy Providers
  - Coal Miners

Analysis: Steel production primarily relies on coal as the primary energy source. This reliance is especially true in the blast furnace method, the most common steel production method globally.

Downstream Supply Chain:

- Constructors
- Metal Pipe & Tube Manufacturers
- Car & Automobile Manufacturers
- Steel Rolling & Drawers
- Ferrous Metal Foundry Products

Analysis: Downstream demand for steel includes products and services that rely on steel and steel-based products as a critical input. This includes industrial and construction markets that use steel in heavy equipment and structures, such as shipbuilding, oil and gas refining, and vehicle production.

10. Consumer Paper Products

Forecast CAGRS:

- 6 Month: 1.2%
- 1 Year: 1.0%
- 2 Year: 0.9%
- 3 Year: 1.2%

Analysis: Consumer paper product prices are projected to rise modestly through the forecast period, with steady growth supported by the ongoing shift toward sustainable packaging, resilient demand in hygiene and household segments, and persistent input cost pressures. Unlike lumber, which has seen significant price declines, paper prices remain firm as strong demand for packaging, driven by e-commerce and environmental regulations, combines with higher costs for energy, pulp, and transportation. Regional dynamics, labor shortages, and supply chain adjustments are also contributing to slight upward price momentum, while innovation in recycled materials and production efficiency may help temper larger price hikes. Notably, recent capacity expansions at major European and North American paper mills and new environmental regulations in the Asia-Pacific are shaping global supply trends and helping to sustain gradual price growth in the coming year.

Secondary Commodities: N/A

Substitute Commodities:

- Paper alternatives (Recycled materials, bamboo, other materials)

10. Consumer Paper Products

Upstream Supply Chain:

- Paper Mills
- Wood Pulp Mills

Analysis: Upstream supply chain risk depends entirely on the stability of the lumber and wood pulp markets, as all consumer paper products will be produced directly from these.

Downstream Supply Chain:

- Office Stationery Wholesalers
- Printing Suppliers
- Paper and Paper Product Wholesalers

Analysis: Consumer paper products typically go to printing providers, office supply wholesalers, and other paper and paper wholesalers who supply products to office buildings, hotels, and other large commercial spaces.

11. XaaS

Forecast CAGRS:

- 6 Month: 1.9%
- 1 Year: 4.1%
- 2 Year: 1.7%
- 3 Year: 1.0%

Analysis: XaaS prices are expected to rise over the forecast period as providers continue transitioning to subscription-based and usage-based models, increasing the frequency of price adjustments, and introducing charges for new AI-powered features. This upward pressure is influenced by ongoing vendor consolidation, the widespread integration of artificial intelligence, and the shift away from perpetual licensing toward more flexible but often costlier subscription and hybrid options. Additionally, organizations are facing rising compliance and support costs, more proactive software audits, and evolving billing structures, all of which contribute to a gradual increase in XaaS spending. Market trends show a growing focus on billing transparency, multi-year agreements, and hybrid pricing models as providers seek to drive retention and unlock new revenue streams. As customers demand more flexibility and operational complexity rises, many organizations are investing in software asset management and vendor diversification to help offset future price risks.

Substitute Commodities:

- On-Premises Software
- In-House IT
- Open-Source Software

Upstream Supply Chain:

- Software Engineers & Developers
- Internet Service Providers
- Energy Suppliers

11. XaaS

- Third-Party Software Suppliers
- IT Hardware Manufacturers

Analysis: As the costs of servers, storage, and networking hardware rise due to inflation, supply-chain disruptions, and higher manufacturing costs, service providers must shoulder these costs and pass them on to buyers. The tight labor market, specifically in the tech sector, will continue to push XaaS prices higher.

Downstream Supply Chain:

- Businesses & Corporate Entities
- Government Agencies
- Tech Start-Ups
- Healthcare Institutions
- Education Institutions
- Retailers
- E-Commerce Platforms

Analysis: Demand for XaaS will increase due to its scalability and cost-effectiveness, ultimately supporting price increases in this market.

12. Vehicles

Passenger Vehicles

Forecast CAGRS:

- 6 Month: 1.8%
- 1 Year: 1.2%
- 2 Year: 1.3%
- 3 Year: 1.2%

Analysis: Vehicle prices for consumers are forecast to rise steadily over the next several years as automakers contend with higher production costs, continued supply chain disruptions, and the added expense from rising tariffs on both imported vehicles and raw materials like steel and aluminum. The growing adoption of electric vehicles, expanded model choices, and ongoing product innovation are pushing average transaction prices higher, especially as new technologies and features become standard. Despite these increases, automakers are treading carefully given customer sensitivity to payment amounts and economic uncertainty, ensuring that price hikes remain measured rather than dramatic. Incentives have softened, and retail sales performance continues to be strongest in higher-priced segments, though affordability is becoming more of a concern for buyers in the under-$30,000 category.

Fleet Vehicles

Forecast CAGRS:

- 6 Month: 3.0%
- 1 Year: 2.0%
- 2 Year: 1.8%

12. Vehicles

- 3 Year: 2.1%

Analysis: Fleet vehicle prices are also expected to climb, moving in line with trends observed in the broader passenger market but amplified by industry-wide cost pressures and the transition to more technologically advanced, electrified fleet offerings. Increased tariffs on imported vehicles and key components have led manufacturers to adjust fleet pricing structures, and the integration of more electric and hybrid models is reshaping procurement strategies for commercial buyers. Fleet purchasers face rising acquisition costs, but demand remains resilient thanks to ongoing infrastructure investment and the need for newer, lower-emission vehicles. Operational cost savings from EV adoption and connected vehicle technology are partially offsetting initial purchase price increases, supporting sustained, though moderate, price growth across the fleet segment.

Secondary Commodities:

- Gasoline/Diesel:
- Tires

Substitute Commodities:

- Public transportation
- Air transportation

Upstream Supply Chain:

- Auto Parts Manufacturers
  - Iron & Steel Manufacturers
- Car Battery Manufacturers
  - Copper, Nickel, Lead and Zinc Mining

Analysis: Supply chain risk is significant as the market depends on both iron and steel manufacturing and mining for metals such as lead and zinc, both of which experience high levels of volatility, particularly as tariffs partially insulate the US from the broader global market. Supply chain disruptions can lead to long-term shortages of specific parts in vehicle manufacturing, leading to temporary price spikes for certain types of cars that depend more heavily on a product.

Downstream Supply Chain:

- Automobile Wholesalers
- Car Rental Dealers
- Fleet Vehicle Suppliers

Analysis: New passenger vehicles are typically sold directly to a consumer, from an automobile wholesaler or dealer to a car rental agency to rent to customers or fleet vehicle suppliers, provided to large corporations as a part of their fleet. As vehicles are a crucial aspect of day-to-day life for many customers and businesses, downstream demand is relatively stable and only impacted significantly by large-scale events.

13. Labor: Professional Services

Forecast CAGRS:

- 6 Month: 5.4%
- 1 Year: 4.5%
- 2 Year: 4.0%
- 3 Year: 3.8%

Analysis: Wages in professional services are expected to rise over the next year, driven by minimum wage increases at the state level, ongoing inflation, competitive pressures to attract and retain skilled talent, and rising costs of living. Businesses are responding with strategies such as automation, workforce restructuring, and increased use of outsourcing or nearshoring, especially for roles in administration, customer service, and technology. Demand for expertise in data analytics, digital transformation, and risk management continues to push up rates for specialized talent, even as firms adopt flexible and hybrid work models to remain competitive. Persistent cost pressures and a tight labor market mean organizations will need to rely on a mix of efficiency improvements and strategic investments in both people and technology to manage rising labor expenses in the professional services sector.

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