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ECONOMIC UPDATE

Number 63 • August 2025

EXECUTIVE SUMMARY

U.S. MANUFACTURING MOMENTUM REMAINED MUTED IN JULY, with the ISM Manufacturing PMI contracting for a fifth consecutive month at 48.0, while the Services PMI slowed to 50.1, indicating marginal growth. **Consumer confidence rose to 97.2** in July, up from 95.2 in June, signaling cautious optimism. **Industrial production increased 0.3% in June,** and **manufacturing output edged up 0.1%.** **Durable goods orders** fell sharply by 9.3%, the steepest decline since 2020, led by steep drops in aircraft and defense-related equipment. **The Conference Board's Leading Economic Index fell 0.3% in June to 98.8,** falling by 2.8% over the first half of 2025, a substantially faster rate of decline than the -1.3% contraction over the second half of 2024. **Retail sales inched up 0.6% in June,** while consumer spending edged up 0.1%. **Nonfarm payrolls rose by 73,000 in July,** while the unemployment rate ticked up to 4.2% and labor force participation dipped to 62.2%. **The U.S. trade deficit narrowed to \$60.2 billion in June,** a 16% improvement from May, as exports slipped 0.5% and imports declined 3.7%. **Factory orders fell 4.8% in June,** reflecting softening global demand and slowing capital investment.

STEEL: U.S. TARIFFS SPARK TRADE DISPUTES AND INVESTMENT SHIFTS, as Canada reverses duties on Turkish steel and launches new OCTG complaints. U.S. Steel names new board members to meet national security terms. Brazilian tariffs add pressure across the Americas.

AUTOMOTIVE: TARIFFS HIT ASIAN AUTOMAKERS HARD, with Mitsubishi and Hyundai suffering sharp Q2 profit declines due to steep U.S. tariffs, intensified global competition, and a rising yen. Toyota and Honda forecast significant earnings drops, while Chinese dealers warn of worsening price wars and overproduction. The U.S.-South Korea deal includes some relief, but uncertainty remains high across Asia's auto sector.

ENERGY: U.S. GRID STRAINS UNDER AI-DRIVEN DEMAND, pushing capacity prices to record highs and electricity bills up 1-5%. China, Japan, and Australia are boosting renewable and defense-linked energy efforts: China's graphite tariffs and rare earth exports shake up battery supply chains, while Japan partners with Vestas on wind tower steel. Vietnam faces new food energy pressures amid a worsening swine fever outbreak.

MEDICAL: TARIFF PRESSURE TRIGGERS MAJOR INVESTMENTS, as AstraZeneca pledges \$50B to expand U.S. manufacturing ahead of possible 250% pharma tariffs. Teva's Ajovy becomes the first FDA-approved migraine prevention drug for children.

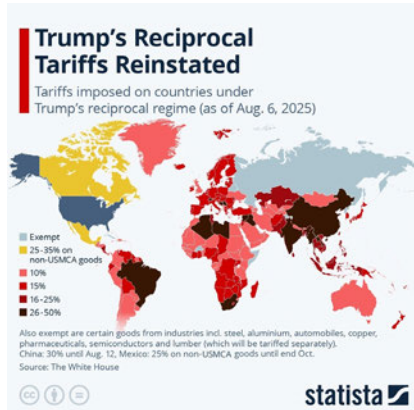
AEROSPACE: JAPAN-AUSTRALIA STRIKE LANDMARK WARSHIP DEAL, the largest Japanese defense export in decades, as the two allies counter China's Indo-Pacific influence. NASA awarded Firefly Aerospace a \$176.7M contract for a 2029 Moon mission, deploying two rovers and three instruments to the lunar South Pole under the CLPS program. India's aviation audit uncovers 51 safety violations at Air India, prompting regulatory scrutiny unrelated to its recent fatal crash.

COMMODITIES: CHINA BOOSTS RARE EARTH EXPORTS, hitting a 15-year high despite recent restrictions, as agreements with the U.S. and EU ease shipment approvals. The U.S. imposed a 93.5% tariff on Chinese graphite, spurring investor optimism in North American producers. Meanwhile, China's new financial support for advanced manufacturing targets high-end materials and chip production.

OVERSEAS: TRADE REALIGNMENTS ACCELERATE UNDER U.S. PRESSURE, with new tariffs on India, Indonesia, South Korea, and China sparking retaliation threats. India's GDP outlook remains strong, while ASEAN jet fuel exports to Europe surged. U.S. sanctions disrupted Russian oil shipments to India, and China braces for more graphite and EV supply chain upheaval amid escalating global trade battles.

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President Trump imposed sweeping tariffs on dozens of U.S. trading partners, including 35% on Canada, 50% on Brazil, 25% on India, 20% on Taiwan, and 39% on Switzerland. Mexico received a 90-day reprieve from higher tariffs on most goods, while Canada was penalized for fentanyl-related concerns. The new duties, enabled through emergency powers, cover 69 countries and are already impacting global markets and U.S. consumer prices. China faces an August 12 deadline for a final trade agreement; additional trade deals are said to be in progress.



President Trump increased tariffs on Canadian goods to 35%, citing a lack of cooperation on fentanyl smuggling and retaliatory trade actions. The new rate applies to all goods not covered under the USMCA, with a 40% levy on transshipped goods meant to evade the tariffs. Prime Minister Mark Carney expressed disappointment but vowed to protect Canadian jobs and diversify exports. U.S. Commerce Secretary Howard Lutnick suggested the tariff could be reversed if Canada halts retaliation. Despite the pressure, Canada's economy has shown resilience, with 90% of exports to the U.S. now USMCA-compliant.

The U.S. will impose a small initial tariff on pharmaceutical imports, President Trump announced, with plans to raise it to 150% within 18 months and eventually to 250% to encourage domestic production. While no specific initial rate was given, Trump also said tariffs on semiconductors will be announced soon. The pharmaceutical sector remains under national security review, and some companies, including AstraZeneca, have pledged major U.S. investments in response.

Mexican President Claudia Sheinbaum secured a 90-day reprieve on new U.S. tariffs, delaying a 30% increase and allowing time to negotiate a new trade deal. The pause preserves preferential treatment under the USMCA, with compliant goods remaining exempt from existing 25% fentanyl-related tariffs. Officials emphasized that no concessions were made and that Mexico retains one of the most favorable access positions to the U.S. market.

The U.S. trade deficit narrowed 16% in June to \$60.2 billion, hitting a two-year low as tariffs curbed imports, especially from China, where the gap fell 70% over five months. While the trade balance helped boost Q2 GDP to 3.0%, tariffs have begun straining the U.S. services sector, with ISM's July non-manufacturing index stalling at 50.1 and employment contracting for the fourth time in five months.

U.S. steel exports rose 10% in May, rebounding from a near five-year low in April, but volumes remain historically weak. At 636,000 short tons, May exports were 19% below year-ago levels and 11% below the 12-month average, with over 90% shipped to Mexico and Canada. Flat-rolled products saw broad monthly gains, though most categories are still trending below longer-term averages.

Cleveland-Cliffs posted a \$470 million net loss in Q2 2025, its third consecutive quarterly deficit, including \$323 million in one-time charges tied to recently idled mills in Illinois and Pennsylvania. The company has hired JP Morgan to explore asset sales and foreign investment opportunities, citing potential interest from data center developers. Cliffs expects Section 232 tariffs and rising North American vehicle production to support stronger performance in the second half.

Canada has reversed a provisional dumping ruling on Turkish steel, with the CBSA terminating its investigation into CORE imports from Borçelik. The agency found no evidence of dumping despite earlier duties of 22.9% and a CITT finding of probable harm. Duties paid since April will be refunded, and final reasoning is expected in the coming weeks.

Canadian tube producers have filed a trade complaint targeting OCTG imports, seeking anti-dumping duties on products from Mexico, the Philippines, Turkey, South Korea, and the U.S. The petition, led by Evraz and Welded Tube, follows a post-China surge in OCTG volumes from the named countries and calls for swift action to protect Canadian manufacturing jobs.

SunCoke Energy has completed its \$325 million acquisition of Phoenix Global, expanding into international markets and diversifying into electric-arc furnace operations. The deal includes all common units of Flame Aggregator LLC and marks a strategic shift for the Lisle-based coke producer as it broadens its global footprint.

U.S. Steel has appointed three independent U.S. citizens to its board, meeting national security requirements outlined in its agreement with Nippon Steel. The new members—John Donovan, Robert Stevens, and Admiral Timothy Keating—

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bring experience in defense, telecommunications, and public policy, supporting board composition terms established under the current transaction framework.

President Trump has imposed a 50% tariff on most Brazilian exports, citing political retaliation over Brazil's prosecution of former President Jair Bolsonaro. Key sectors like aircraft, energy, pig iron, and fertilizers were spared from the full rate, resulting in an estimated average tariff of 30.8%. The U.S. also issued sanctions on Brazilian Supreme Court Justice Alexandre de Moraes, escalating diplomatic tensions. Brazil condemned the move as unjustifiable but indicated willingness to negotiate. Coffee and beef exports were notably excluded from exemptions, with Brazil's meat industry projecting \$1 billion in losses for the second half of the year.

Caterpillar warned of a \$1.5 billion hit from tariffs, citing the impact of rising manufacturing costs and recent U.S. trade policy shifts. The company's Q2 earnings fell short of expectations, with adjusted EPS down 21% year over year and operating profit down 18%, largely due to higher tariffs. Caterpillar's results reflect broader struggles in industrial and consumer sectors, while tech and banking firms have seen stronger performance amid the same trade environment.

AI-driven energy demand is pushing electricity supply costs to record highs, according to PJM, the grid operator for 13 U.S. states and Washington, D.C. Capacity auction prices jumped 22% year over year to \$329.17 per megawatt day, with total payments to power producers reaching \$16.1 billion for the 2026–2027 period. The spike is linked to surging power needs from AI data centers, delayed power plant construction, and the retirement of aging infrastructure. The rise undercuts President Trump's pledge to cut energy costs by 50%, with electricity prices up 5.6% over the past year. Consumers are expected to see bill increases between 1–5%, depending on regional utility decisions.

AstraZeneca has pledged \$50 billion in U.S. investment, aiming to expand its manufacturing and research operations amid the threat of pharmaceutical tariffs as high as 200% under a U.S. Section 232 national security probe. The UK-based drugmaker plans to build or expand facilities in states including Virginia, Maryland, and Texas, with a goal of producing more medicine domestically and boosting U.S. revenue share from 42% to 50% by 2030. The announcement aligns with recent comments from U.S. Commerce Secretary Howard Lutnick and is seen as a strategic response to evolving trade and tariff policies under the Trump administration.

U.S. senators are questioning Delta Air Lines over its planned use of AI in ticket pricing, expressing concern it could lead to fare increases based on consumers' individual "pain points." Delta says it's testing AI to streamline dynamic pricing and forecast demand, not to personalize prices based on personal data. The airline emphasized that all customers see the same fares, and that its AI partnership with Fetcherr is aimed at eliminating manual processes. However, lawmakers remain skeptical amid broader scrutiny of airline pricing practices involving customer data.

The U.S. has eliminated fuel economy penalties for automakers going back to model year 2022, following a new law signed by President Trump. The change, part of a broader rollback of efficiency standards, removes hundreds of millions in potential fines for companies like GM and Stellantis and reflects the administration's support for gasoline-powered vehicles. Critics say the measure rewards noncompliance, while automakers argue the previous rules were unrealistic under current market conditions.

NASA has awarded Firefly Aerospace a \$176.7 million contract to deliver five payloads to the Moon's South Pole in 2029 under the Commercial Lunar Payload Services program. The mission, dubbed Blue Ghost Mission 4, will deploy two rovers and three scientific instruments to study lunar conditions vital to future human exploration. Firefly's Elytra Dark orbital vehicle and Blue Ghost lander will support the mission, following the company's successful Moon landing earlier this year.

U.S. airlines and travel groups are pushing back against a Senate bill that would restrict the TSA's use of facial recognition at airport checkpoints. The legislation would require clear opt-out options and prohibit discrimination against travelers who decline biometric scans. Industry groups argue the bill could slow down identity verification and hinder airport efficiency by tying TSA operations to manual staffing.

The U.S. FDA has approved Teva's Ajovy for migraine prevention in children aged six and older who weigh at least 45 kilograms. This marks the first-ever approval of a migraine prevention treatment for children. Ajovy, a once-monthly CGRP inhibitor injection, was initially approved for adults in 2018 and now expands its reach amid competition from drugs like Amgen's Aimovig and Eli Lilly's Emgality.

A Stanford study found that virtual labs run by AI scientists can generate novel biomedical solutions, including a promising nanobody-based COVID-19 vaccine design. Researchers gave AI agents tools to "collaborate" and solve

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problems with minimal human intervention. In real-world tests, the nanobody showed high stability and strong viral binding, outperforming traditional antibodies. Additional studies highlighted genetic causes of stuttering and how the brain responds to the sight of sick individuals by activating immune defenses.

The U.S. Environmental Protection Agency may cancel a \$7 billion solar energy grant program aimed at low- and moderate-income households, according to sources familiar with internal discussions. The “Solar for All” program, funded by the Inflation Reduction Act under the Biden administration, awarded grants to 60 nonprofit groups, tribes, and states in 2024. The Trump administration is now reviewing the initiative, with no final decision yet announced. Critics say the potential termination contradicts congressional intent and undermines efforts to expand clean energy access in underserved communities.

U.S. electricity demand hit new record peaks in late July as extreme heat swept across the country, the Energy Information Administration reported. Demand in the Lower 48 reached 759,180 megawatts on July 29, surpassing the previous day’s peak and the 2024 record. The EIA forecasts electricity demand will grow by just over 2% annually in 2025 and 2026, with faster growth expected in areas planning new data centers and manufacturing hubs, such as Texas and Northern Virginia.

Stellantis is expecting a \$1.7 billion hit from U.S. tariffs in 2025, and is planning new product launches, including the return of the V8 Hemi Ram, to reconnect with American customers and recover from a poor 2024. New CEO Antonio Filosa, in his first public remarks, emphasized a return to volume growth and brand effectiveness while forecasting modest improvements in revenue and cash flow in the second half. The automaker remains heavily exposed to elevated U.S. import tariffs, especially on vehicles built in Mexico and Canada, despite a new EU-U.S. trade framework reducing some duties.

EUROPE, AFRICA, & THE MIDDLE EAST:

Poland is planning to launch a new tax-free investment scheme aimed at boosting household investment and sustaining economic growth. The initiative could attract up to \$27 billion (100 billion zlotys) over three years, or 2.5% of GDP. The program will introduce Personal Investment Accounts (OKIs), allowing tax-free profits on investments up to 100,000 zlotys, with minimal taxation above that

threshold. Finance Minister Andrzej Domanski said the plan is expected to take effect in the second half of 2026 and will drive capital market activity while enhancing Poland’s economic competitiveness and security.

Italy’s competition authority has fined Shein 1 million euros for misleading environmental claims, marking the fast fashion company’s second greenwashing penalty in Europe in just over a month. The AGCM found Shein’s sustainability messaging vague, exaggerated, and in some cases false. The regulator also criticized Shein’s emission reduction goals as misleading, noting a rise in the company’s emissions in 2023 and 2024. Shein says it has cooperated fully and is strengthening its internal review processes to improve compliance.

European airline stocks have outperformed U.S. carriers over the past six months, as disciplined cost management and strong demand, particularly from American travelers, boosted earnings for major EU carriers like Lufthansa and Air France-KLM. In contrast, U.S. airlines have faced declining share prices due to reduced consumer spending and tariff-related uncertainty. While the U.S. market has shown slight recent recovery, analysts say future growth hinges on renewed consumer confidence and business travel demand.

The U.S. has imposed a 39% tariff on Swiss imports, surprising officials in Bern and prompting warnings from manufacturers about the potential loss of tens of thousands of jobs. The new rate, more than double the 15% tariff applied to most EU goods, was announced after negotiations stalled, with the White House citing Switzerland’s refusal to drop trade barriers. Talks are expected to continue ahead of the August 7 implementation date, but the move has already rattled key industries including machinery, watches, and pharmaceuticals.

Nissan has begun talks with union representatives over job cuts at its European regional office in France, which oversees operations across Europe, Africa, the Middle East, India, and Oceania. The discussions, part of a broader global restructuring plan, could impact some of the 560 employees at the site. CEO Ivan Espinosa’s cost-cutting strategy includes reducing production capacity by nearly 30%, closing several plants, and cutting around 15% of the company’s global workforce to save \$3.4 billion.

Tesla’s new car registrations in July dropped by nearly 60% in Britain and over 55% in Germany, two of Europe’s largest auto markets, as CEO Elon Musk’s political affiliations and regulatory issues appear to be eroding consumer trust. Meanwhile, electric vehicle competitors, particularly China’s BYD, saw major sales gains, with BYD sales rising nearly fivefold in Germany and more than fourfold in Britain. Overall

EUROPE, AFRICA, & THE MIDDLE EAST:

EV sales grew in both markets, signaling strong demand despite Tesla's slump.

Italy's largest EV battery-based energy storage system has been launched at Rome's Fiumicino Airport, developed by Enel and ADR using 762 repurposed battery packs from Nissan, Mercedes, and Stellantis. The 10 MWh system, dubbed "Pioneer," will store solar energy to support carbon reduction efforts and help stabilize the grid, cutting an estimated 16,000 tons of CO₂ over the next decade.

France says talks on a European satellite alliance involving Leonardo, Thales, and Airbus are progressing, with the goal of creating a joint venture to rival Elon Musk's Starlink. French and Italian ministers emphasized a shared commitment to equal partnership under "Project Bromo," which seeks to strengthen Europe's competitiveness in satellite manufacturing against the U.S. and China.

Neuralink will begin a clinical study in Great Britain to test its brain implants in patients with severe paralysis. The study, conducted in partnership with University College London Hospitals and Newcastle Hospitals, will explore how Neuralink's chips allow users to control digital and physical tools using only their thoughts. This marks the company's first international clinical trial following earlier U.S. human testing.

The European Commission is considering pooling demand from EU companies to boost purchases of U.S. liquefied natural gas under a new \$750 billion energy trade agreement. The deal, part of a broader U.S.-EU framework, aims to significantly increase energy imports over the next three years, though analysts question its feasibility. The Commission said it may use its existing AggregateEU platform to organize group purchases of U.S. LNG as early as September, while maintaining that the plan will not compromise the bloc's climate targets.

Tesla is experiencing continued sales declines across much of Europe, with July registrations down sharply in Sweden, Denmark, France, the Netherlands, and Belgium despite a revamp to its Model Y. Regulatory hurdles, a backlash against Elon Musk, and increased EV competition, especially from China's BYD, are contributing to the slump. While Tesla saw sales gains in Norway and Spain, the brand's European market share has shrunk for seven consecutive months. CEO Musk acknowledged the challenges and said sales may rebound once automated driving features can match the U.S. experience.

European steelmakers are warning of weakening demand and pricing pressures, as tariffs and trade distortions cloud the outlook for the rest of 2025. ArcelorMittal, Outokumpu, and Aperam all flagged risks from diverted steel shipments and cheap Asian imports, with Outokumpu projecting a 5–15% drop in Q3 deliveries. While ArcelorMittal sees relatively stronger demand in Europe, it still lowered its regional growth outlook and now expects a \$150 million profit hit from U.S. tariffs.

Glencore is planning \$1 billion in cost savings by 2026, following a 26% drop in copper output during the first half of 2025. The company blamed declining grades for the production dip but expects a sharp recovery in the second half and has narrowed its full-year copper forecast. As part of its industrial asset review, Glencore will shutter its final copper mines in Australia's Mount Isa and sell its idled refinery in the Philippines. Marketing guidance was revised upward following the Viterro sale, with first-half trading profits reaching \$1.35 billion.

Scottish rocket maker Skyrora is looking abroad for its next launch site, after receiving a long-awaited UK license but finding no availability at the Shetland-based SaxaVord spaceport. Despite being the first British company licensed to operate up to 16 launches annually, Skyrora was told the facility is fully booked through 2025 due to a deal with rival Orbex. The company is now considering Australia and other international sites for its suborbital Skylark L rocket, while also seeking additional funding for its larger orbital vehicle, XL. Meanwhile, the UK government continues to back Orbex with funding and support through the European Space Agency's Launcher Challenge.

British carmakers are underwhelmed by the UK-India trade deal, which delays significant tariff reductions on petrol and diesel vehicles until 2031 and imposes tight quotas. Luxury brands like Bentley and Jaguar Land Rover face initial tariffs of up to 30%, while lower-end vehicles face up to 50% before gradually falling. The deal, signed during Indian Prime Minister Narendra Modi's UK visit, includes provisions for electric and hybrid vehicles but favors higher-priced models. While officials tout potential long-term savings and expanded access to India's growing middle class, automakers had hoped for faster relief and broader sales allowances.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA :

Nippon Steel posted a fiscal Q1 loss of ¥195.8 billion (\$1.32 billion), reversing a ¥157.6 billion profit the year prior,

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

with revenue down 8.3%. The company now expects a full-year loss of ¥40 billion (\$270 million), driven by a \$1.56 billion one-time charge from transferring its stake in AM/NS Calvert to ArcelorMittal as part of its \$14.9 billion acquisition of U.S. Steel.

President Trump has threatened a sharp increase in tariffs on Indian imports, citing New Delhi's continued purchases of Russian oil. The move follows a July 31 announcement of a 25% tariff and comes amid broader warnings of penalties for countries trading with Russia. India has defended its energy ties with Moscow as stabilizing for global oil markets and accused the U.S. and EU of applying double standards.

President Trump has imposed a 19% tariff on goods from Indonesia as part of a new bilateral trade agreement. In return, the U.S. gains full market access, while Indonesia has committed to major U.S. purchases, including \$15 billion in energy products, \$4.5 billion in agricultural goods, and 50 Boeing jets. The deal mirrors recent pacts with Vietnam and underscores the administration's strategy of pressuring smaller trading partners.

President Trump announced a 15% tariff on South Korean imports, part of a broader agreement that includes a \$350 billion South Korean investment in U.S.-owned projects. The deal reduced auto tariffs and confirmed exemptions for South Korean firms on future U.S. tariffs targeting chips and pharmaceuticals, though steel and aluminum remain at a 50% rate. South Korea agreed to purchase \$100 billion in U.S. energy products, while discussions continue over food safety, auto safety standards, and digital regulations. Key unresolved topics, including foreign exchange, security, and China-related restrictions, were left for future talks.

India is projected to lead global GDP growth through 2030, maintaining a steady 6.5% annual growth rate according to the IMF. The country is on track to become the world's third-largest economy by nominal GDP this year, overtaking Japan. Meanwhile, China's growth is forecast to slow to below 4% by 2030 amid structural challenges like a deepening



property crisis, weak domestic demand, and a shrinking population. Though India's headline numbers are strong, domestic inequality persists, with large corporations benefiting disproportionately

from tax breaks and smaller firms and households facing mounting economic pressures.

China has threatened countermeasures against Canada, responding to Canada's plan to impose a 25% tariff on steel imports from non-U.S. countries with Chinese-origin melt. A spokesperson for China's Ministry of Commerce blamed U.S. trade policy for the current strain on Canada's steel sector and urged Ottawa to reverse course. If Canada does not change direction, Beijing warned it would implement "necessary measures" to protect Chinese firms.

Asian automakers' Q2 profits dropped sharply, citing the "unprecedented" impact of steep U.S. tariffs. Japan's Mitsubishi Motors saw nearly all of its profit wiped out, while Hyundai reported a ₩828 billion (\$604 million USD) tariff-related hit, contributing to a 22% drop in net income. The tariffs, alongside intensified global competition and rising incentives, created spillover effects in markets beyond the U.S. Japan recently secured a tariff reduction from 27.5% to 15%, while South Korea continues to negotiate for comparable relief, with current tariffs still at 25%. Hyundai and Mitsubishi both expect worsening effects if trade talks stall in the second half of 2025.

The U.S. has announced a 93.5% tariff on Chinese graphite, sending shares of non-Chinese producers like Syrah Resources and Nouveau Monde Graphite soaring as investors anticipate reduced competition from China. The tariff—part of a broader push to counter Chinese dominance in the battery supply chain—could bring the total duty on Chinese graphite to 160% and follows Beijing's new export restrictions on lithium battery technologies. While the move signals strong U.S. intent to foster a domestic supply chain, analysts warn North American producers still face hurdles in delivering high-quality graphite at scale.

Japan has secured a landmark \$6.5 billion warship deal with Australia, marking its largest defense export since lifting a postwar military export ban in 2014. Mitsubishi Heavy Industries will build the first three Mogami-class frigates in Japan, with eight more to be constructed in Australia starting in 2029. The move strengthens security ties between the two nations and aims to counter China's growing presence in the Indo-Pacific.

Some of Europe's aging coal and gas power plants are being repurposed into AI-driven data centers, as tech companies like Microsoft and Amazon seek quick access to power and water infrastructure. Utilities such as Engie, RWE, and Enel are turning to these conversions as a way to offset closure costs and secure long-term revenue streams. With grid connection delays across Europe, the trend is accelerating efforts to modernize infrastructure while supporting the continent's renewable energy goals.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

The U.S. has imposed new sanctions that forced at least two Russian oil tankers en route to India to divert to other destinations, as part of broader efforts to cut off funding for Russia's war in Ukraine. The affected vessels, Tagor and Tassos, are now heading to China and Egypt respectively, while a third ship, Guanyin, continues toward India despite also being under sanctions. The disruptions come amid heightened pressure from the U.S. to halt oil purchases from Moscow, with threats of 100% tariffs if no peace agreement is reached.

Jet fuel exports from China, South Korea, and Southeast Asia to Europe surged in July, reaching an estimated 600,000 to 775,000 metric tons, the highest volume in nearly five years, driven by strong arbitrage opportunities. European jet fuel prices averaged \$65 per ton higher than Asia's, while lower shipping costs also encouraged the trade. Most volumes originated from China and South Korea, helping reduce Asia's oversupply and meeting robust European demand, with July flight activity in Europe exceeding pre-pandemic levels.

Toyota and Honda are forecasting significant profit drops—31% and 36% respectively—due to new U.S. tariffs and a stronger yen, despite steady demand for hybrid vehicles in key markets. Analysts expect weak Q1 earnings as Japanese automakers face rising costs and pricing pressure from a 15% tariff on exports to the U.S., replacing a prior 27.5% rate. While Toyota saw gains in global and hybrid sales, Honda continues to struggle with falling sales outside the U.S., prompting a renewed focus on hybrids over electric vehicles.

Chinese auto dealers are urging automakers to stop offloading excess inventory, as ongoing price wars and overproduction are straining dealer cash flow, eroding profitability, and causing store closures. The China Auto Dealers Chamber of Commerce has called for more reasonable sales targets, shorter payment cycles, and an end to coercive network reductions following a fresh wave of discounting in Q2 2025.

India's aviation regulator uncovered 51 safety violations at Air India, including unqualified simulators, pilot training deficiencies, and poor crew rostering. The audit, unrelated to the June Dreamliner crash that killed 260, highlighted major operational and safety gaps, with seven Level I breaches and 44 lesser non-compliances. The DGCA gave deadlines of July 30 and August 23 for corrective action, while Air India pledged transparency and cooperation.

China accounted for 57% of global BEV registrations in Q1 2025, far surpassing all other regions despite lower

average range (390 km) and slower charging times (1.2 hours). The surge is driven by widespread adoption of lithium iron phosphate (LFP) batteries, which are cheaper to produce but have lower energy density. This cost-focused strategy has expanded EV accessibility across China, even as performance trade-offs remain.

Vietnam has warned that African swine fever outbreaks are spreading rapidly, raising the risk of food supply disruptions. The disease has been detected in 28 of 34 provinces, leading to the culling of over 30,000 pigs. Despite approval of a domestic vaccine in 2023, vaccination rates remain low, with officials citing possible issues with cost, availability, or effectiveness. Prime Minister Pham Minh Chinh has ordered emergency disease control measures to prevent further impact on the pig farming sector and national food security.

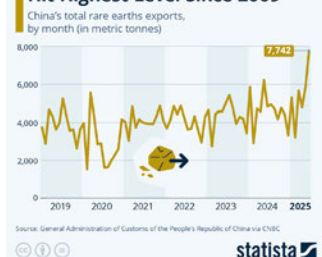
Nippon Steel has signed a cooperation agreement with Vestas to supply steel for wind towers serving markets in Europe, Asia, and Japan. The partnership supports Japan's efforts to bolster its wind energy supply chain and reduce reliance on imported components. It follows similar initiatives by Japan's Ministry of Economy, Trade and Industry (METI) with Siemens Gamesa and GE Vernova as the country pushes toward 45 GW of offshore wind capacity by 2040.

China has issued new guidelines to increase financial support for advanced manufacturing, aiming to strengthen domestic industry and offset external pressures. The policy, led by the central bank and six other agencies, encourages banks to boost medium- and long-term financing for sectors like integrated circuits, medical equipment, and advanced materials. The move is part of broader efforts to curb overcapacity, promote technological innovation, and support high-end, intelligent, and green development in manufacturing.

China's rare earths exports surged to their highest level since 2009, reaching 7,742 metric tonnes in June, a 60% increase from a year earlier and 32% month-over-month. Total exports for the first half of 2025 rose nearly 12% compared to the same period last year. The spike follows April's export restrictions on select rare earth elements and magnets, initially imposed in response to escalating U.S. tariffs. However, Beijing has since reached agreements



China's Rare Earths Exports Hit Highest Level Since 2009



ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

with both the U.S. and EU to expedite approvals and shipments, signaling efforts to stabilize supply chains critical to defense, energy, and automotive industries.

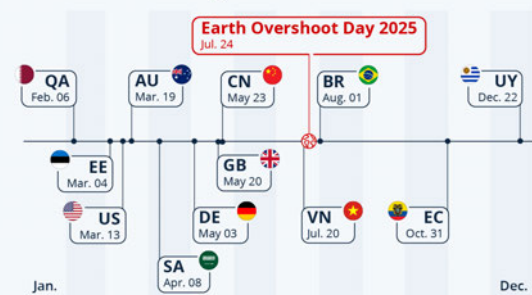
ECONOMIC UPDATE: APPENDIX TO THE AUGUST 2025 ISSUE

SUSTAINABILITY: EARTH OVERSHOOT DAY HIGHLIGHTS GLOBAL RESOURCE INEQUALITY

Earth Overshoot Day 2025 falls on July 24, marking the point at which humanity will have used more natural resources than the planet can regenerate in a year. If everyone lived like the average Qatari, that threshold would have been reached by February 6. In contrast, Uruguay's overshoot day lands on December 22, illustrating a stark disparity in consumption rates across nations. Wealthier, industrialized countries like the U.S. (March 13), Australia (March 19), and Germany (May 3) deplete resources at significantly faster rates than lower-income countries. The Global Footprint Network's methodology accounts for each country's available biocapacity and population-level demand for essentials like food, energy, and land use. The findings reveal both the ecological strain of overconsumption and the systemic inequalities that shape global environmental impact.

How Fast Are Countries Burning Through Natural Resources?

Date of Earth Overshoot Day if the world's population lived like the following selected countries



Source: National Footprint and Biocapacity Accounts via Earth Overshoot Day



statista

TECHNOLOGY: NVIDIA BECOMES FIRST \$4T COMPANY AS AI BOOM FUELS 1,000% STOCK SURGE

AI Boost: Nvidia Surges 1,000% in 30 Months

Nvidia's stock price since January 3, 2023*



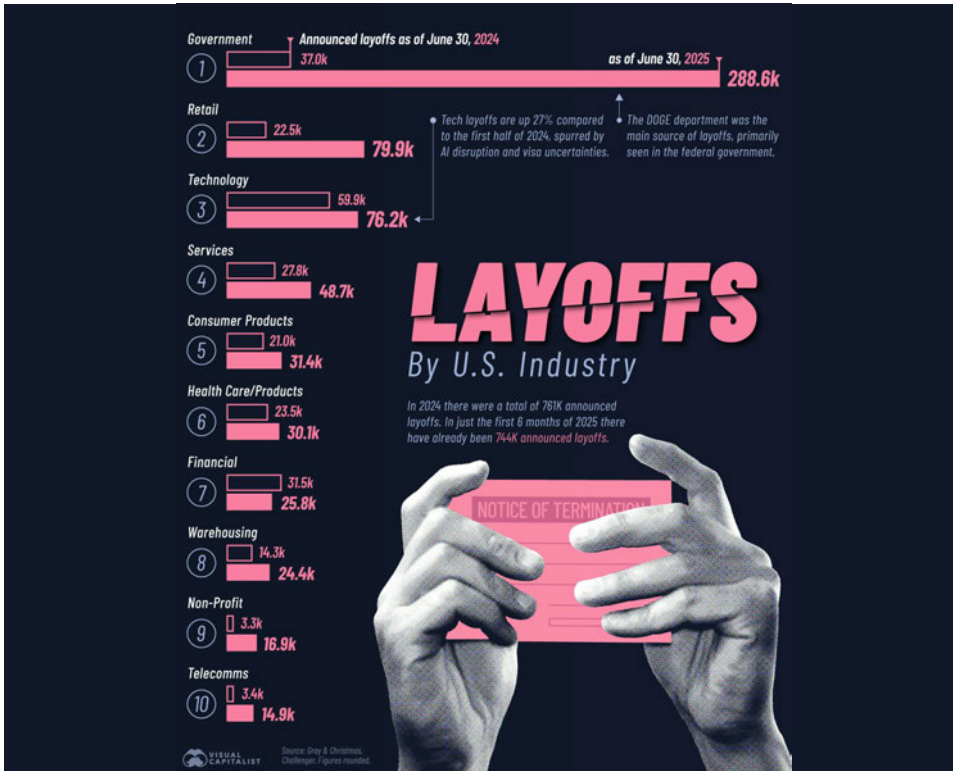
* Daily closing prices adjusted for stock splits
Source: Yahoo Finance



statista

Nvidia's stock has skyrocketed 1,000% in just 30 months, making it the first \$4 trillion company in the world. Often dubbed the "shovel seller" in the AI gold rush, Nvidia's chips power the accelerated computing infrastructure behind generative AI's explosive growth. Since CEO Jensen Huang's May 2023 projection of a global shift from general-purpose to AI-optimized data centers, investor interest has surged. While the stock has seen volatile swings spurred by geopolitical tariffs and technical competition from models like DeepSeek-R1, it has repeatedly rebounded, climbing 74% since a post-tariff low in April. As of July 10, 2025, Nvidia's share price closed at a record \$164.10, driven by continued demand for its hardware and leadership in the AI ecosystem.

ECONOMY: GOVERNMENT LAYOFFS SURGE AS 2025 CUTS NEAR FULL-YEAR 2024 TOTALS IN SIX MONTHS

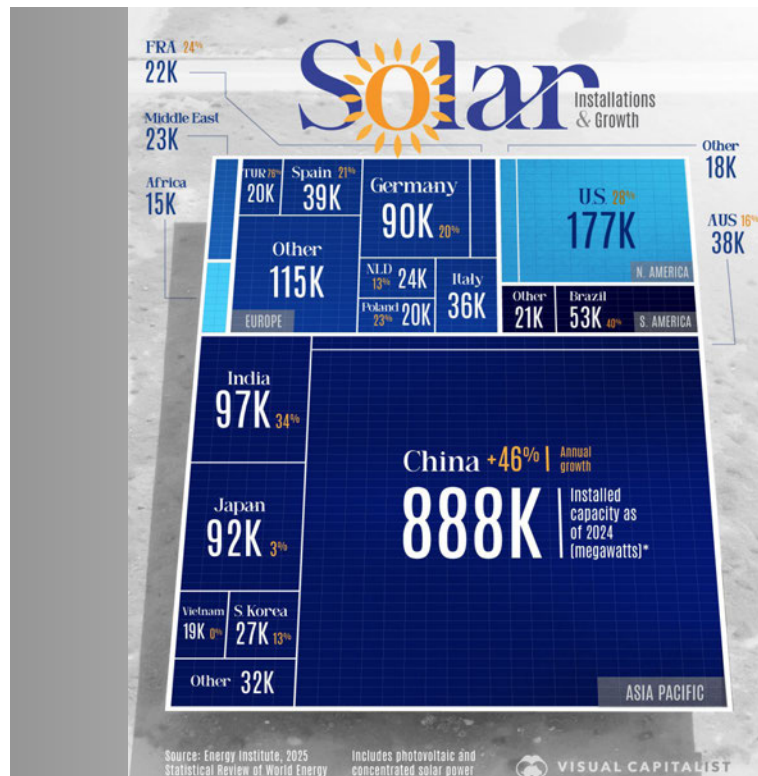


Announced U.S. layoffs reached 744,000 in the first half of 2025, nearly matching the 761,000 total for all of 2024. The sharpest rise came from the government sector, which logged 288,600 job cuts by June 30, with most driven by DOGE-related federal reductions. This accounts for nearly 40% of all layoffs so far this year. Retail and technology followed with 79,900 and 76,200 layoffs, respectively. Tech sector cuts rose 27% year over year, spurred by ongoing AI disruption and visa uncertainties, while the retail sector faced tariff-related volatility. Other notable declines were seen in services (48.7k), consumer products (31.4k), and healthcare (30.1k). Major corporations like Microsoft and Intel have slashed thousands of jobs, while uncertainty around trade and budget policy continues to shake workforce stability across multiple industries.

ENERGY: CHINA WIDENS SOLAR LEAD AS GLOBAL INSTALLATIONS SURGE IN 2024

Solar power continues to grow rapidly worldwide, driven by falling costs and aggressive climate goals. According to the Energy Institute's 2025 Statistical Review, China remains the undisputed leader with nearly 888 gigawatts (GW) of installed solar capacity, more than five times that of the second-ranked United States. China added 278 GW in 2024 alone, marking 45.6% annual growth. The U.S. also saw a strong 27.5% increase, reaching 177 GW, while India surged to third with 97 GW at a 33.7% growth rate.

Several other countries posted double-digit growth, including Brazil (+40%), Türkiye (+76.1%), and France (+23.7%). Solar is quickly becoming central to Brazil's energy mix, while Türkiye's explosive growth makes it one of the world's fastest-expanding solar markets. In contrast, mature markets like Japan (+2.8%) and Vietnam (+0.4%) saw little movement. With costs down more than 50% over the past decade, the global solar race is accelerating, but dominated by China's sheer scale.

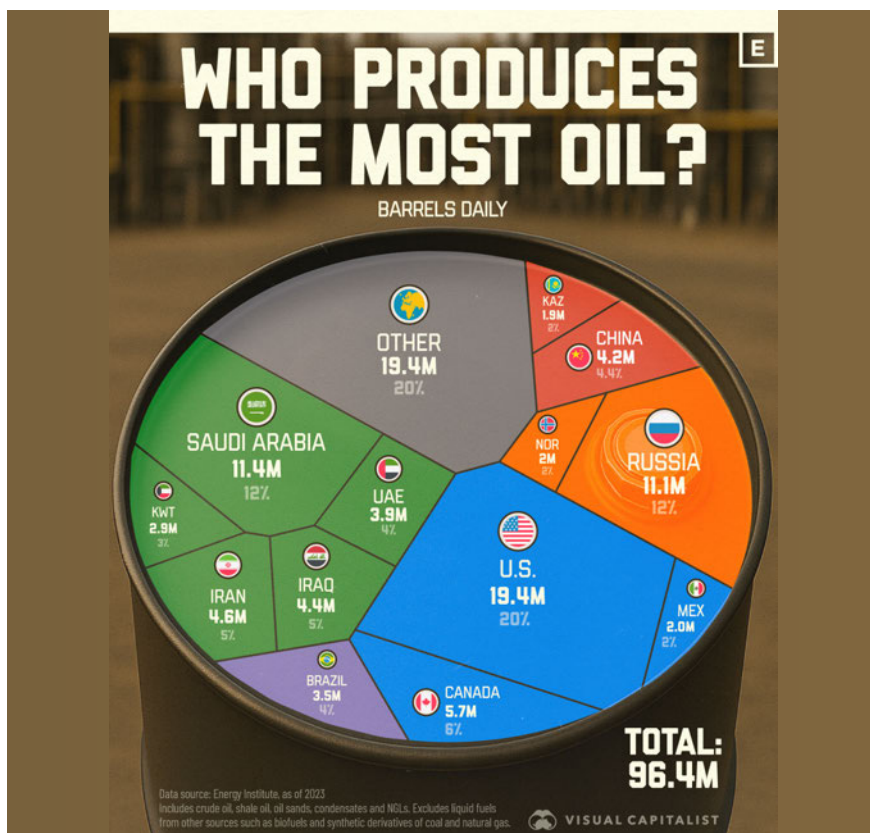


ECONOMY: TEXAS AND SOUTH CAROLINA LEAD RESHORING JOB GROWTH ACROSS U.S.

Texas has gained more reshored manufacturing jobs than any other state in 2025, adding over 40,200 positions—nearly a quarter of the national total—fueled by major investments from Samsung, Tesla, and public infrastructure projects. South Carolina follows with 24,800 jobs, alongside Mississippi (12,100), New Mexico (9,800), and Michigan (8,700). Nationally, computer and electronics manufacturing leads all reshoring activity with 68,700 jobs, followed by transportation (52,500) and electrical equipment (34,800). Companies like Walmart, Apple, and GE Aerospace are driving the trend, with total reshored jobs expected to reach 2.3 million by year-end.



ENERGY: U.S. REMAINS TOP OIL PRODUCER AS SAUDI ARABIA AND RUSSIA TRAIL CLOSELY



The United States leads global oil production at 19.4 million barrels per day—20% of total output—thanks to continued investment in shale regions like the Permian Basin and Bakken. Saudi Arabia and Russia follow closely, each producing over 11 million barrels daily and collectively accounting for nearly a quarter of global supply. Canada, Iran, and Iraq round out the top six producers. Despite geopolitical shifts, coordinated production strategies by OPEC+ members continue to shape global pricing. Meanwhile, countries like Brazil and the UAE are steadily increasing output, reflecting a broader push to secure energy dominance through 2030.

ECONOMY: INFLATION REMAINS AMERICA'S NO. 1 CONCERN FOR FOURTH STRAIGHT YEAR

Inflation: America's No. 1 Problem Four Years in a Row

Share of U.S. respondents who rank inflation/rising prices/cost of living among the country's biggest issues*



* Out of 18 options
25,100 - 60,600 U.S. respondents (18-64 y/o) surveyed per year
Source: Statista Consumer Insights



statista

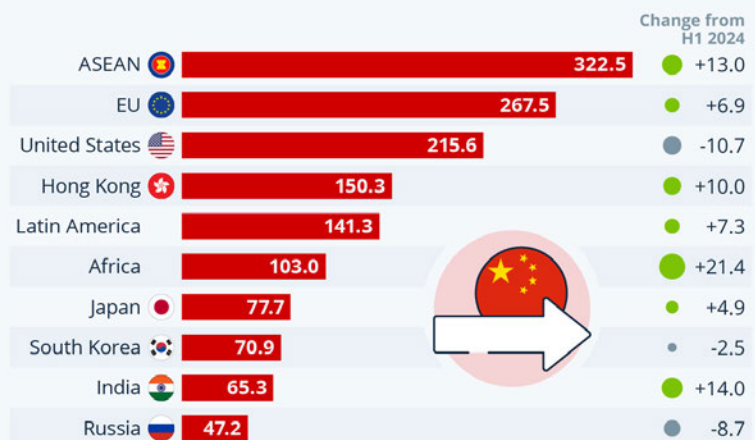
According to Statista Consumer Insights, 52% of U.S. respondents ranked inflation, rising prices, or the cost of living as the country's most pressing issue in 2025, making it the top concern for the fourth year in a row. From 2019 to 2021, inflation ranked third or fourth, but has dominated public concern since 2022. The issue cuts across party lines and age groups, highlighting broad national anxiety around economic stability, even as inflation concern dipped slightly from 53% in 2024.

ECONOMY: CHINA FILLS U.S. EXPORTS GAP WITH ASEAN, EU & AFRICA

As Chinese exports to the U.S. fell 10.7% in H1 2025, down \$25.7 billion, China increased trade with ASEAN (+\$37.1B), the EU (+\$16.3B), and Africa (+\$18.2B), offsetting much of the loss. Despite the drop, the U.S. remained China's top trading partner, accounting for nearly 12% of exports. Analysts note China is rerouting goods through emerging manufacturing hubs like Vietnam, Mexico, and India, where U.S.-bound products are increasingly assembled using Chinese-made parts.

China Fills U.S. Exports Gap with ASEAN, EU & Africa

Chinese exports to the following countries/groups of nations in H1 2025 (in billion U.S. dollars)



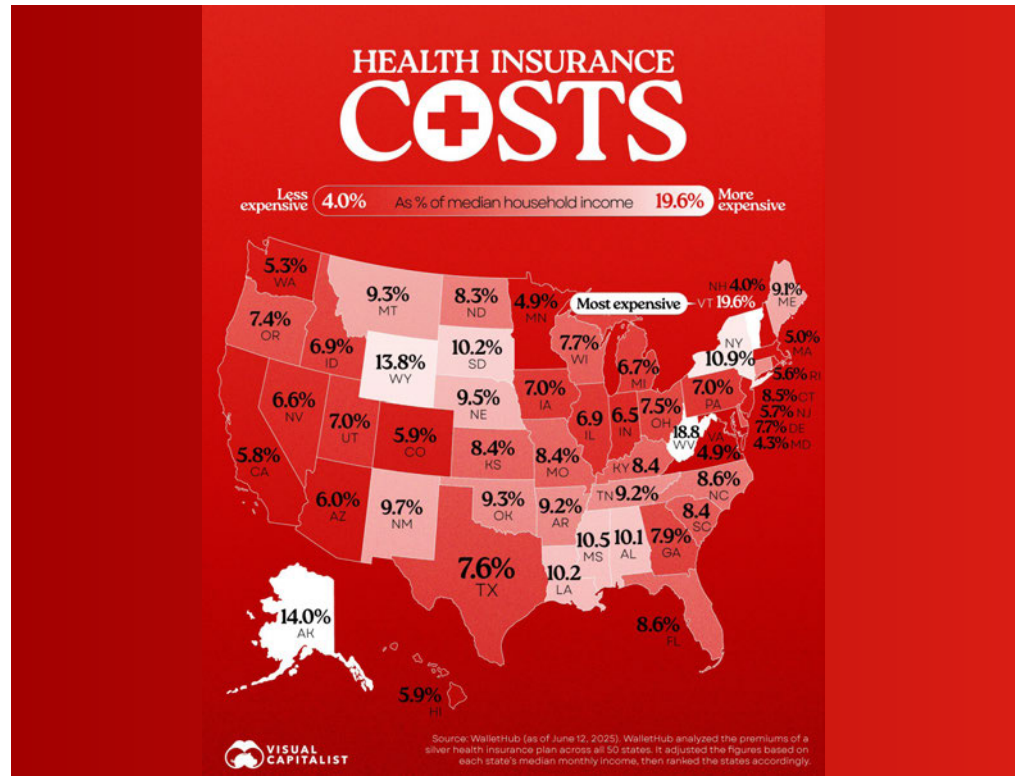
Source: General Administration of Customs of the People's Republic of China



statista

HEALTHCARE: WHERE AMERICANS PAY THE MOST (AND LEAST) FOR HEALTH INSURANCE

Americans face drastically different health insurance burdens by state, with Vermont residents spending 19.6% of their income on premiums, the highest in the country, while New Hampshire pays the least at just 4.0%. Southern and Mountain West states like West Virginia, Mississippi, and Wyoming also rank high in cost burden, reflecting a mix of lower incomes, weaker health outcomes, and limited Medicaid expansion. In contrast, northeastern states benefit from stronger healthcare systems and policies that reduce insurance costs as a share of income.



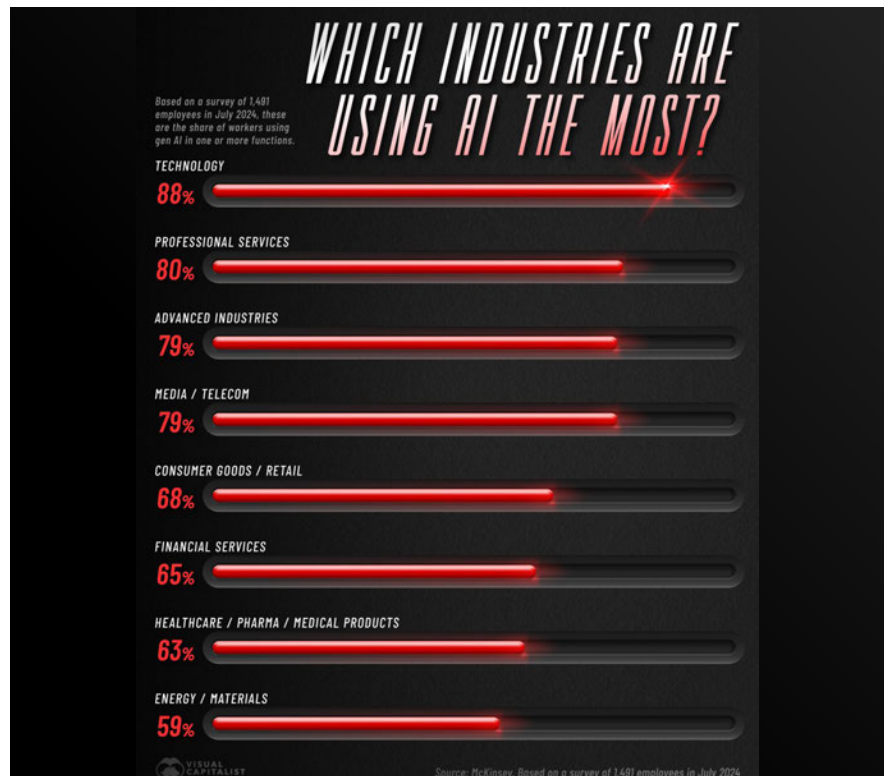
ENVIRONMENT: THE 28 BIGGEST GLOBAL RISKS, ACCORDING TO THE UN



The United Nations' 2024 Global Risk Report identifies climate change inaction as the world's most pressing threat, followed closely by large-scale pollution and mis- and disinformation. Based on a survey of 1,100 stakeholders across 136 countries, the report ranks risks by combined likelihood and severity, with environmental threats dominating the top 10. Mis- and disinformation is considered the most immediate risk, already occurring according to 84% of respondents. While concerns like AI and cybersecurity rank higher in certain regions, the global consensus underscores a mounting urgency around environmental degradation and societal instability.

TECHNOLOGY: RANKED: THE INDUSTRIES LEVERAGING AI THE MOST

According to McKinsey, 71% of employees across industries were using generative AI in at least one function as of mid-2024, with the tech sector leading adoption at 88%. Professional services (80%) and advanced industries (79%) follow closely, primarily leveraging AI for marketing and sales. While AI usage is widespread, sectors like energy and materials show lower engagement (59%). Manufacturing and supply chain functions remain the least AI-integrated, at just 5–7% of usage, even as more firms expand AI adoption across business operations.





PMA Triannual Report

July 2025

Providing a snapshot of the latest association activities and member benefits

Ulbrich is a long-time member of the Precision Metalforming Association. This content is being shared in this newsletter as we believe it provides beneficial information to the readership. Learn more about PMA membership and the resources available to the metalforming industry at www.pma.org.

Membership / Association Update

- As of July 17, 2025 membership stood at 915 companies with a 94% retention rate. Twenty-five new members have joined the association since April 1.
- PMA is launching a financial professionals networking group for CFOs, vice presidents of finance and controllers. The first meeting takes place August 19-20 in Batesville, IN.

Magazine / Tradeshow Update

- PMA looks forward to FABTECH 2025, September 8-11 in Chicago, IL. PMA also has organized 13 stamping conference sessions during the show. If attending the sessions, use code **PMA20** to receive a **20% discount**. www.fabtechexpo.com
- *MetalForming* is hosting its first Metal Fabricating Strategy Summit, November 18-19 in Chicago, IL: www.metalformingmagazine.com/event/?/fabrication-strategy-summit



Workforce Development

- The number of companies using the METALFORM EDU online training platform continues to increase, and several OEMs/Tier Ones have begun using it and are joining PMA. If you haven't taken a look at EDU recently, schedule a demonstration with PMA's workforce development team (workforce@pma.org).
- PMA has received approval by the state of Ohio for two apprenticeship programs—Stamping Press Operator (1 year) and Die Setter (2 years)—and is working on federal approval. Additionally, a Tool & Die Maintenance and Troubleshooting (2.5 years) apprenticeship is being finalized with support from NIMS and Honda.

Advocacy

- Virtually every priority that PMA's D.C. team and members lobbied for was included in the new tax law, which will save members hundreds of thousands of dollars, if not more. Watch the July 30 webinar for details and how to incorporate the new manufacturing investment incentives into your business: <https://youtu.be/bYPsLNQwwyM>
- PMA President David Klotz testified before OSHA in June on the proposed indoor/outdoor heat rule.



Key Upcoming Events

September 8-11, 2025

FABTECH

Chicago, IL



October 28-29, 2025

Automotive Parts Suppliers Conference

Nashville, TN



November 18-19, 2025

Metal Fabrication Strategy Summit

Chicago, IL



Visit www.pma.org/calendar for all upcoming PMA events, seminars, webinars, roundtables, district meetings and more!

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