

Raw Material Costs Increased 8.0% YOY in 3Q25

The price of virtually everything, from energy to food, building supplies, white goods, vehicles, and electronics have been affected by political turmoil, inflation or the potential of hefty tariffs, in the first three quarters of 2025. The exception to this is the decline in crude oil prices over the last several months of 2025, driven primarily by slower growth in demand and increased production from non-OPEC countries. This is important because crude oil is the primary source used for producing thermoplastics, which along with gold, copper/brass, and steel account for roughly 75% of the raw material costs of connectors.

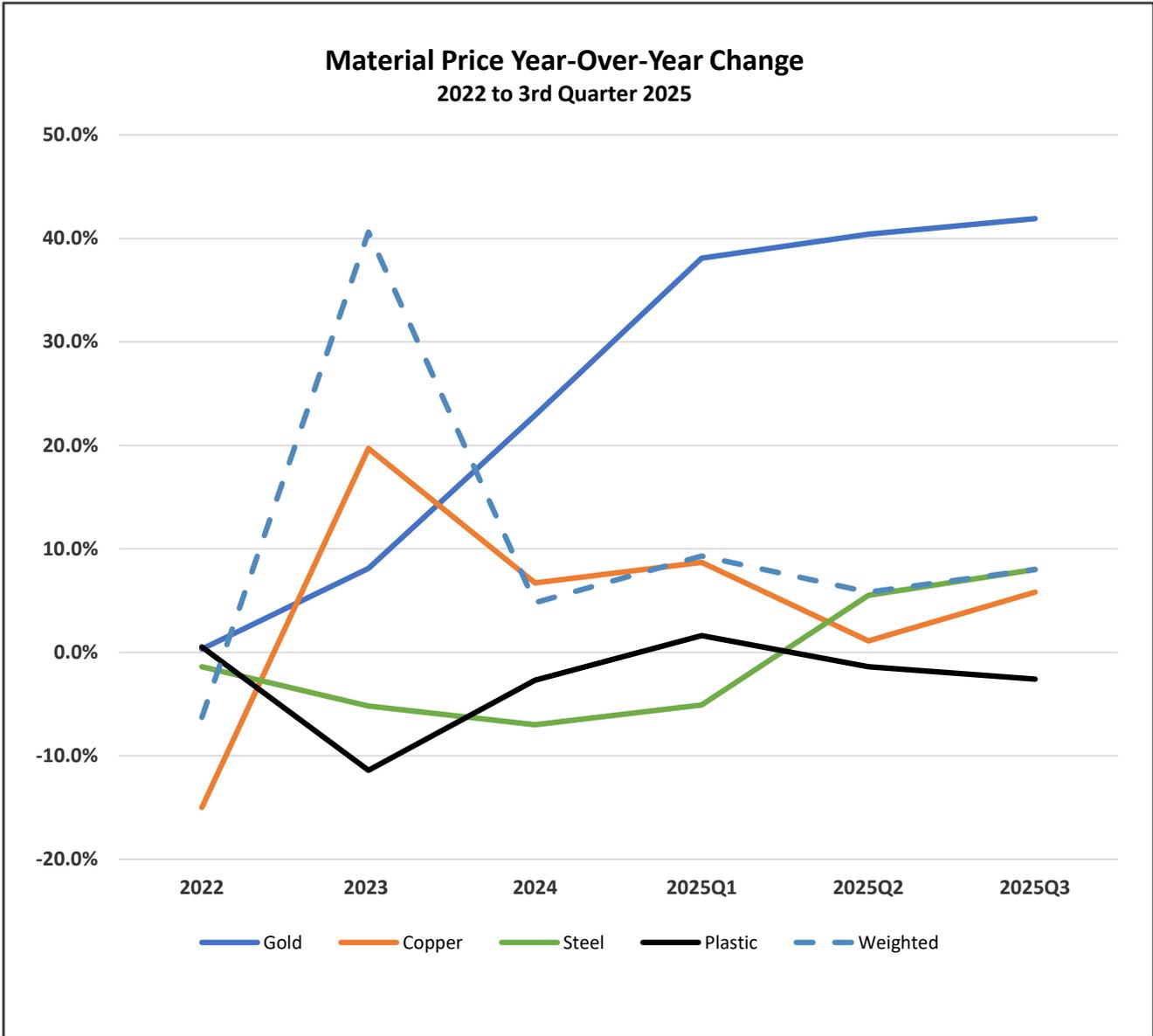
The following table shows the year-over-year change in 3Q25 for each material. Gold, which took a monumental leap in price during the second half of 2024, continued to climb from a +38.1% increase in the first quarter of 2025 to a +40.4% increase in the second quarter, to a +41.9% increase in the third quarter. This means that in 2024, gold climbed from a year-over-year increase of +9.8% in the first quarter of 2024, to +18.2% in the second quarter, to a +28.4% increase in the third quarter, to a +34.6% increase in the fourth quarter of 2024, to a staggering +38.1% year-over-year increase in the first quarter of 2025, +40.4% in the second quarter, to a +41.9% in the third quarter. Although all other materials except thermoplastics, where year-over-year pricing declined -2.6%, also showed a year-over-year increase, the increase in gold is by far the largest influence in year-over-year pricing of raw materials used in the manufacturing of connectors.

Change in Material Cost 3Q2025 Year-Over-Year

Material	3Q25 YOY	Usage Weight	3Q25 Weighted
Gold	41.9%	13.3%	5.6%
Copper/Brass	5.8%	46.7%	2.7%
Steel	8.0%	6.7%	0.5%
Thermoplastics	-2.6%	33.3%	-0.9%
Total Change	13.3%	100.0%	8.0%

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The following chart shows the YOY change in the cost of these materials over the last three years and the first three quarters of 2025.



On a sequential or quarter-over-quarter (QOQ) basis, material costs increased +1.5% when comparing 2Q2025 with 3Q2025. The weighted total cost for connectors on a sequential basis also increased +1.5% in the third quarter of 2025.

Change in Material Cost Quarter-Over-Quarter

Material	3Q25	3Q25
	QOQ	Weighted
Gold	7.2%	1.0%
Copper/Brass	2.8%	1.3%
Steel	-2.1%	-0.1%
Thermoplastics	-1.8%	-0.6%
Total Change	1.5%	1.5%

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If we examine 3Q2025 from a year-to-date perspective, as the chart below shows, total raw materials increased +11.8% year-to-date, with the greatest increase, as would be expected, seen in gold, where prices increased a strong +39.2%. This strong increase, coupled with the increase of +6.6% in steel and +3.1% in copper/brass were the force behind any year-to-date increase in material costs in the third quarter of 2025. From a weighted perspective, 3Q2025 prices increased +6.5% with gold exhibiting a weighted increase of +5.2% and copper/brass a weighted increase of +1.4%.

**Change in Material Costs
Year-to-Date
3Q2025**

Material	3Q25 YTD	Usage Weight	3Q25 Weighted
Gold	39.2%	13.3%	5.2%
Copper/Brass	3.1%	46.7%	1.4%
Steel	6.6%	6.7%	0.4%
Thermoplastics	-1.9%	33.3%	-0.6%
Total Change	11.8%	100.0%	6.5%

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Bishop Comments

Bishop maintains that if a high level of geopolitical uncertainty remains, price volatility of many raw materials and especially of precious metals like gold, becomes a key contributing factor of fluctuating material costs. Other things like trade policies spurred by environmental regulations, and environmental factors caused by droughts, floods or other natural disasters will also play a role in raw material prices. And, not to be overlooked, is the importance of economic factors such as inflation, labor shortages, market speculation, and technological advancements. Considering the vast number and variety of factors that can affect raw material prices, it is not surprising that Bishop finds it extremely difficult to determine how much a specific raw material will increase or decrease over a specific period. We will state that although impossible to pinpoint a future price, it is important to remember historically the price of gold rarely decreases, and that the price of gold will continue to play a major factor in overall connector prices, driving connector manufacturers to develop alternative materials to replace gold in specific applications, reducing the industries' reliance on the precious metal

Based on the information we have today, Bishop believes raw material prices will increase modestly, probably in the 5% to 8% range. It is important to note that this modest price increase does not consider any raw material pricing instabilities that may occur due to the factors mentioned in the previous paragraph.