



# Global Country Commodity Reports

**Q2 2023**       

# Global Country Commodity Reports



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# Americas

## Country Commodity Reports

**Q2 2023**





# United States Country Commodity Report

**Q2 2023**



# United States

## Q2 2023

The economic landscape has taken a positive turn as Q2 2023 GDP figures surpassed expectations, pointing toward an economic recovery. Encouraging signals of inflation cooling down have emerged, adding to the optimistic outlook. While prices for a few commodities are stabilizing, prices for materials such as cement and concrete, which experienced high input costs last year, remain inflated. Lead times for some materials are showing signs of stabilization, although they have not yet returned to pre-COVID levels.

There is cause for cautious optimism in the construction industry. Although the Commercial sector is facing headwinds, robust growth is expected in the infrastructure and manufacturing sectors, supported by policies including the Infrastructure Investment and Jobs Act, the CHIPS And Science Act, and the Inflation Reduction Act. The non-residential domain, especially manufacturing, has flourished, doubling since late 2021. The Data Centers sector is attracting investments, as major hyperscale firms unveil expansion plans. However, elevated interest rates and a tight labor market are affecting cashflows and construction budgets. The industry confronts a surplus of unfilled positions, potentially leading to rising worker compensation. The labor situation poses an upside risk as things currently stand.



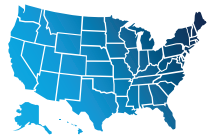
**John Fitzgerald**  
Vice President



**Eoin Byrne**  
Vice President



**Dawn Cantrell**  
Vice President



### Key Indicators

#### GDP

Expanded at an annualized rate of 2.4 % in Q2 2023 (advance estimates)



- Increase in real GDP reflected increase in consumer spending, non-residential fixed investment, government spending and private inventory investment

#### CPI

CPI-U rose by 3% in June 2023



- June 2023 saw the lowest annual inflation increase since March 2021
- Housing costs contributed to inflation the most, while the energy index fell by 16.7% on YoY basis

#### Construction output

Expected to contract by 2.5% in 2023 in real terms



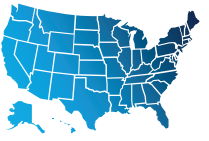
- Contraction is largely attributed to weakness in the residential sector
- The non-residential sector is likely to register a growth of 8% in 2023

### Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -11%	↓ -5%	↓ -1%	Prices have stabilized but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -3%	↑ 2%	↔ 0%	Prices appreciated slightly in the last quarter but likely to edge downwards
<b>Cement</b>	↑ 12%	↑ 1%	↔ 0%	Prices edged up slightly and likely to remain elevated
<b>Lumber</b>	↓ -59%	↔ 0%	↑ 2%	Prices are stable but likely to edge downwards

(e) - estimate (f) - forecast

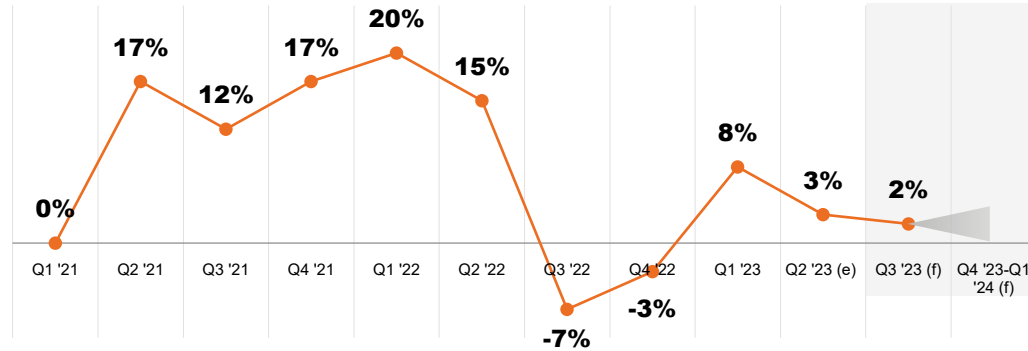
# United States – Construction Materials Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (US\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$7,891	US\$7,813	↓ -4.8%	↓ -1.0%

Price change comparison against Q1 2021



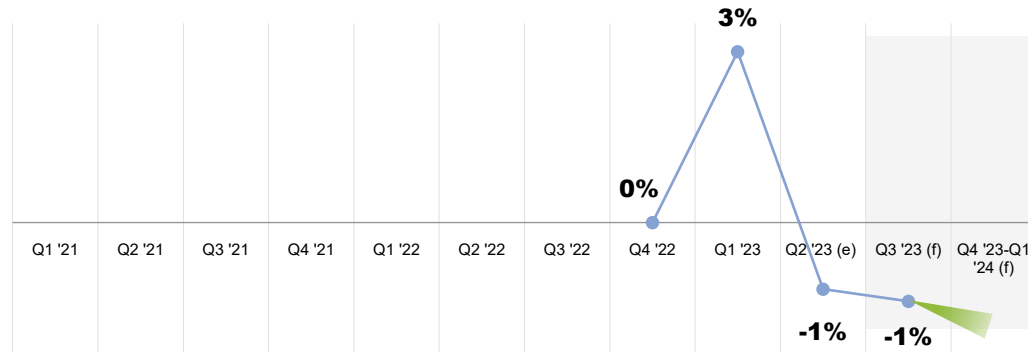
- Copper prices have been volatile in recent months, but on a quarterly average basis prices were down by 4.8% QoQ in Q2 2023.
- High interest rates have dampened investment activity, but federal government spending programs have driven up industrial and infrastructure activity
- There will also be significant investment in electric vehicles and renewable energy projects, which will be a key factor in supporting copper prices



## Stainless Steel

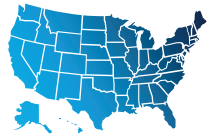
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (US\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$4,816	US\$4,792	↓ -3.2%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices have been weakening, with a 3.2% QoQ drop in Q2 2023
- This decline was reflected in falling nickel prices in May owing to a surplus in supply, coupled with low demand from the construction sector
- However, measures to reduce production will partially offset the impact on prices in the coming quarter

# United States – Construction Materials Price Trends



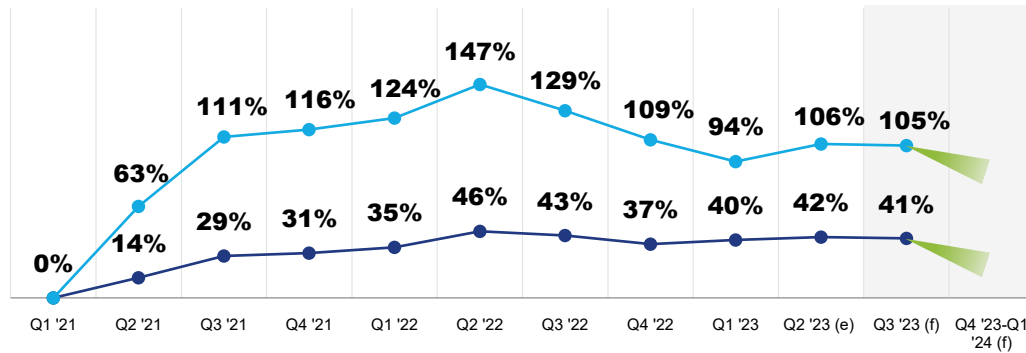
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (US\$/t)</b>			
US\$1,034	US\$1,029	↑ 1.7%	↓ -0.5%
<b>Steel flat product (US\$/t)</b>			
US\$1,612	US\$1,603	↑ 6.3%	↓ -0.5%

Price change comparison against Q1 2021



- Steel prices stayed relatively high in Q2 2023 on a quarterly average basis, with rebar up by 1.7% QoQ, and flat increasing by 6.3%
- Prices have been edging downwards in recent months, and this trend is expected to continue, aided by easing production costs and cheaper imports
- However, this will be slightly offset by a strengthening in non-residential buildings and the infrastructure sector

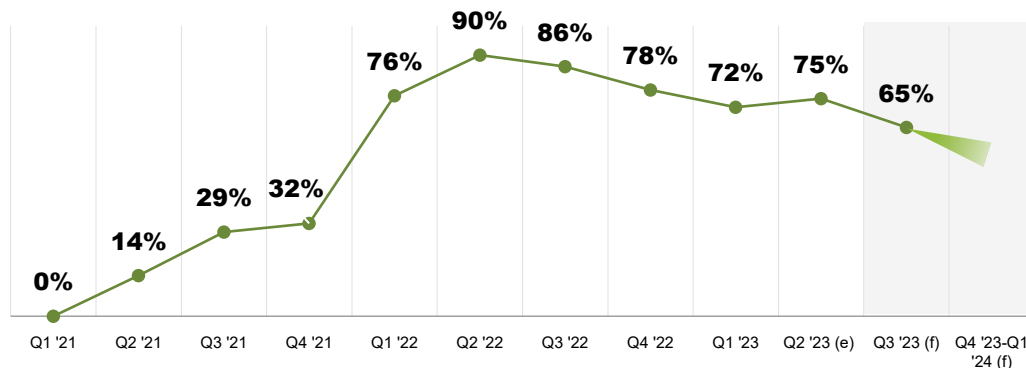
## Welded mesh

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Moderate

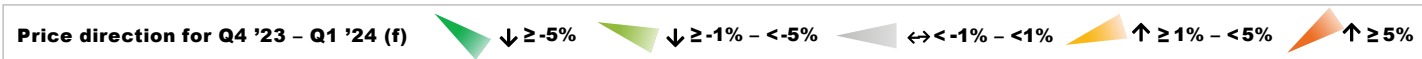
Price (US\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$230	US\$217	↑ 1.7%	↓ -5.7%

Price change comparison against Q1 2021



- Welded mesh prices stayed fairly high in Q2 2023, but there has been a general downward trend as reflected in steel rebar prices
- Demand will be bolstered by investment in infrastructure and non-residential buildings, offsetting the drop in residential building activity, which means welded mesh prices will stay high compared to historical levels

\* 47.2 x 118.1 in, dia.-0.24



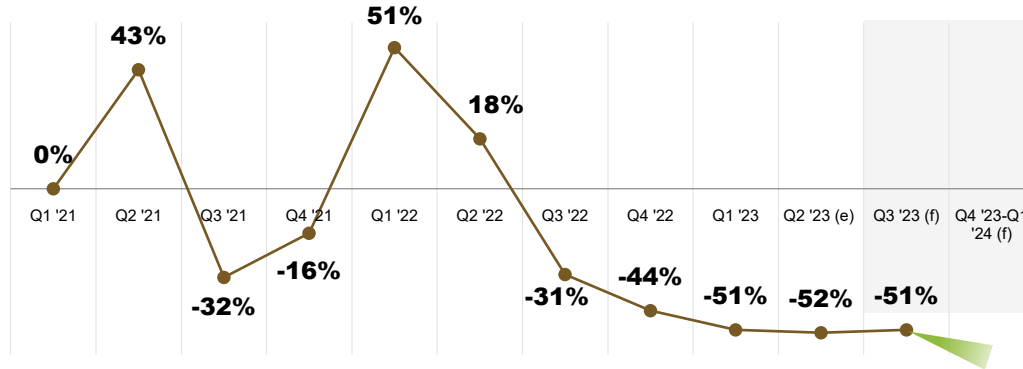
# United States – Construction Materials Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (US\$/ft <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$4.92	US\$5.02	↓ -0.2%	↑ 2.0%

Price change comparison against Q1 2021



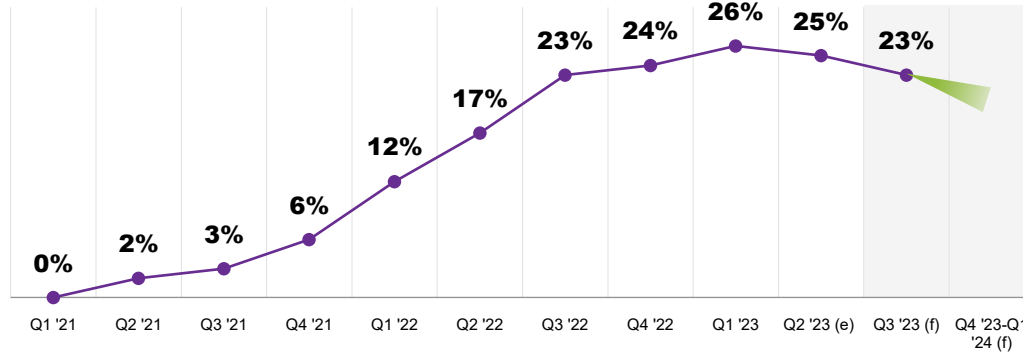
- Lumber prices have been relatively stable in recent months when compared to the volatility recorded over the past two years
- Prices picked up in June, though, owing to wildfires in Canada that resulted in mills shutting down
- However, demand remains weak given the downturn in housing construction



## Drywall

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (US\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$13.0	US\$12.8	↓ -0.8%	↓ -1.5%

Price change comparison against Q1 2021



- Drywall prices have started to edge downwards after having stabilized at a high level in recent quarters
- On a quarterly average basis, prices were down by 0.8% in Q2 2023 compared to Q1, but there has been a slightly steeper drop in monthly terms recently
- With residential construction activity weakening, prices are expected to follow a steady decline in the coming quarters

\* 47.2 x 143.7 x 0.49 in (L x W x T)



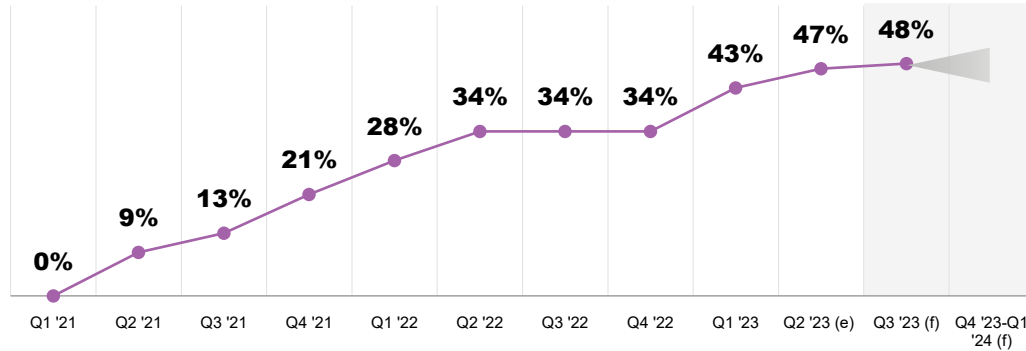
# United States – Construction Materials Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (US\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$30.8	US\$31.0	↑ 3.0%	↑ 0.5%

Price change comparison against Q1 2021

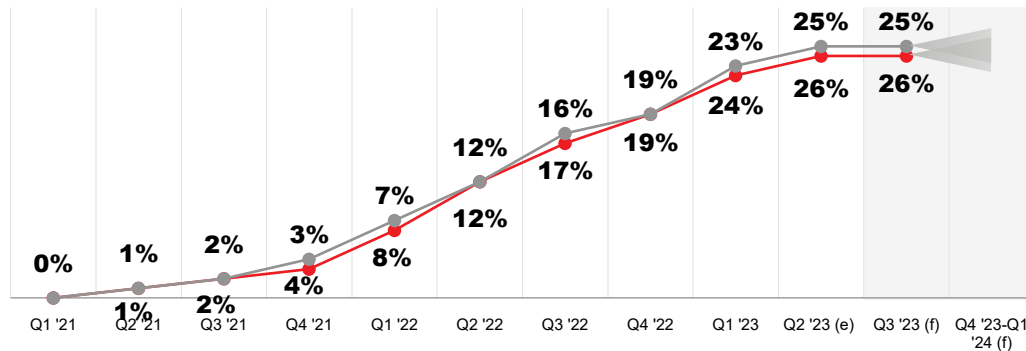


- Limestone prices have continued to increase steadily in recent quarters, rising by 3.0% QoQ in Q2 2023, and standing at a level that was 47.4% higher than in Q1 2021
- Demand from infrastructure construction will support prices at this high level in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$141.7	US\$142.4	↑ 1.5%	↑ 0.5%
<p>● <b>Cement</b> (US\$/t)</p> <p>● <b>Concrete</b> (US\$/yd<sup>3</sup>)</p>			
US\$123.7	US\$124.3	↑ 1.8%	↑ 0.5%

Price change comparison against Q1 2021



- Although prices are increasing at a slower pace, there has been no reduction in the upward trend in cement and concrete prices. On a quarterly average basis, cement prices were up by 1.5% in Q2 2023, while concrete was up by 1.8%
- High production costs and strong demand had been the main factors in pushing prices up to current levels. Although residential construction demand has weakened, other sectors are gathering growth momentum, thereby ensuring continued upward pressure on prices

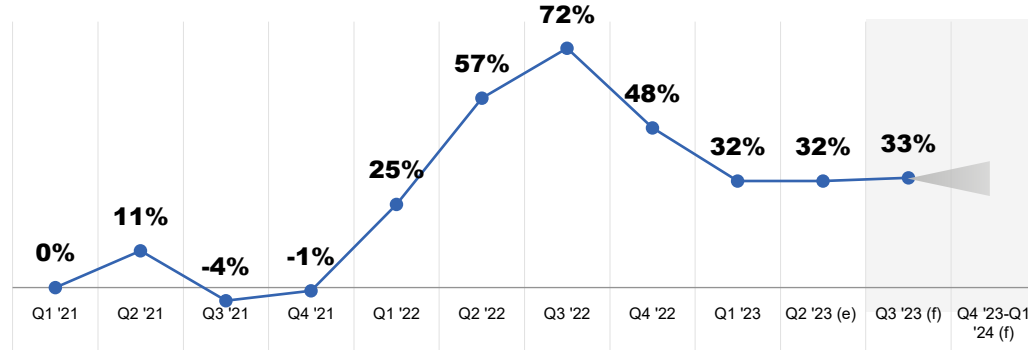
# United States – Construction Materials Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (US\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>US\$531</b>	<b>US\$536</b>	<b>↑ 0.1%</b>	<b>↑ 1.0%</b>

Price change comparison against Q1 2021



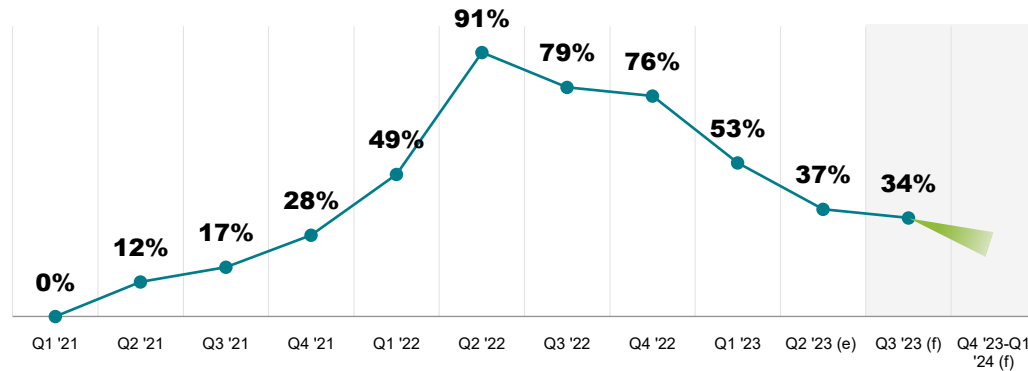
- Asphalt prices stabilized in the first half of 2023. Although dropping back from the highs of mid-2022, prices in Q2 2023 were still 32% higher than in Q1 2021
- Significant investment is planned for road construction projects which will keep upward pressure on pricing



## Diesel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Low	
Price (US\$/gallon)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>US\$1</b>	<b>US\$1</b>	<b>↓ -10.5%</b>	<b>↓ -2.0%</b>

Price change comparison against Q1 2021



- Quarterly average diesel prices dipped by 10.5% QoQ in Q2 2023, continuing a downward trend from the highs of mid-2022
- The trend in part reflects improved domestic oil production and lower demand caused by a relatively warm winter across the country, coupled with lower trucking activity
- Prices will continue to edge downwards, but concerns regarding crude oil supply and OPEC+ production cuts could generate some volatility

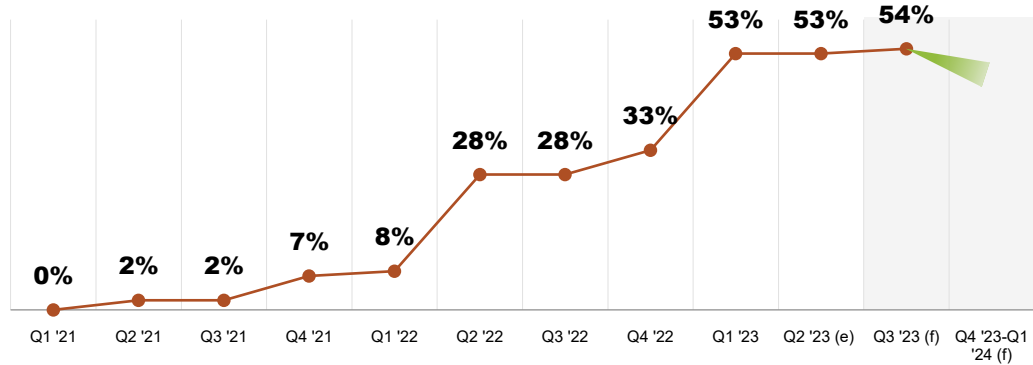
# United States – Construction Materials Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (US\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
US\$973	US\$976	↔ 0%	↑ 0.3%

Price change comparison against Q1 2021



- Prices for bricks have been stable this year, and are projected to remain close to current highs in the coming quarters
- In Q2 2023 prices were 53% higher than in Q1 2021, which reflects a surge in demand along with a jump in production costs over this period
- Despite weakness in the housebuilding sector, demand has been sustained by an improvement in non-residential building construction in recent months

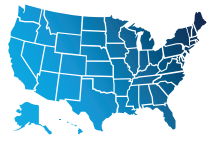
Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	Deficit	High	Stressed	High
≥1% – <5%	Moderate	Balanced	Moderate	Adequate	Moderate
<1%	Low	Surplus	Low	Easily Available	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# United States – Construction Materials Price Trends



Commodity	Unit	Central		West		East	
		Q2 '23 (e)	Q3 '23 (f)	Q2 '23 (e)	Q3 '23 (f)	Q2 '23 (e)	Q3 '23 (f)
<b>Copper</b>	<b>US\$/T</b>	<b>7,850</b>	<b>7,772</b>	<b>7,849</b>	<b>7,771</b>	<b>7,975</b>	<b>7,895</b>
<b>Steel rebar (raw)</b>	<b>US\$/T</b>	<b>1,029</b>	<b>1,024</b>	<b>1,028</b>	<b>1,023</b>	<b>1,045</b>	<b>1,040</b>
<b>Steel-flat product</b>	<b>US\$/T</b>	<b>1,603</b>	<b>1,595</b>	<b>1,603</b>	<b>1,595</b>	<b>1,628</b>	<b>1,620</b>
<b>Stainless Steel</b>	<b>US\$/T</b>	<b>4,790</b>	<b>4,766</b>	<b>4,790</b>	<b>4,766</b>	<b>4,816</b>	<b>4,792</b>
<b>Lumber</b>	<b>US\$/cu.feet</b>	<b>4.9</b>	<b>5.0</b>	<b>4.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.1</b>
<b>Asphalt</b>	<b>US\$/T</b>	<b>543</b>	<b>549</b>	<b>494</b>	<b>499</b>	<b>556</b>	<b>561</b>
<b>Limestone</b>	<b>US\$/T</b>	<b>30.8</b>	<b>31.0</b>	<b>30.8</b>	<b>31.0</b>	<b>30.8</b>	<b>31.0</b>
<b>Cement</b>	<b>US\$/T</b>	<b>139</b>	<b>140</b>	<b>144</b>	<b>144</b>	<b>143</b>	<b>143</b>
<b>Concrete</b>	<b>US\$/yd3</b>	<b>121</b>	<b>122</b>	<b>126</b>	<b>127</b>	<b>124</b>	<b>124</b>
<b>Welded mesh</b> 47.2 x 118.1 in, dia.-0.24	<b>US\$/unit-(a)</b>	<b>230</b>	<b>217</b>	<b>243</b>	<b>241</b>	<b>243</b>	<b>241</b>
<b>Bricks</b>	<b>US\$/'000 unit</b>	<b>973</b>	<b>976</b>	<b>973</b>	<b>976</b>	<b>973</b>	<b>976</b>
<b>Drywall</b> 47.2 x 143.7 x 0.49 in (L x W x T)	<b>US\$/unit-(b)</b>	<b>12.6</b>	<b>12.4</b>	<b>13.8</b>	<b>13.6</b>	<b>12.6</b>	<b>12.4</b>
<b>Diesel</b>	<b>US\$/gallon</b>	<b>3.76</b>	<b>3.68</b>	<b>4.33</b>	<b>4.24</b>	<b>4.00</b>	<b>3.92</b>

- Fuel prices across the US vary depending on their proximity to the source of supply, which affects the cost of transportation. For instance, diesel prices are comparatively higher in the west, due to the region's distance to refineries and the absence of interconnected pipelines. Diesel supply is catered by in-region refineries, which isn't always sufficient. Hence, transporting the supplies from outside the region is expensive due to the longer distance from the source of supply.
- In addition, varying taxes across the states also affect prices. For instance, Alabama, a southeastern state, imposes a 20% federal and state tax on diesel prices, whereas in a western state, California, the tax is as high as 39%. The federal and state tax imposed on diesel prices in Maryland in the eastern region is 25%. As a result, the variation in taxes has a significant impact on diesel prices across the US.
- Local competition and regional operating costs also affect diesel prices. The cost of doing business can vary substantially depending upon the location of the retail outlet, which includes overhead and local real estate costs. The location of local competition also affects the prices. Retail outlets with high-volume truck stops that cater to large commercial vehicles sell diesel at a cheaper price than the smaller-volume service stations.

(e) - estimate  
(f) - forecast

# United States – Industry trends



## Sector trends



### Data Centres

Demand for data centers in the US is projected to grow at a 10% annual rate until 2030, reaching 35GW in 2030 from 17GW in 2022.<sup>1</sup> The vacancy rate in major North American markets is just 2.88% due to considerably high demand and low inventory.<sup>2</sup> To address the high demand, the Data Centers construction sector is increasingly adopting prefabricated infrastructure. Although commodity supply chains are gradually normalizing, lead times for central mechanical and electrical equipment remains long. The industry is facing a skilled labor shortage, which poses another significant challenge in meeting the growing demand for data centers.



### Life Sciences

There is a slowdown in overall VC funding, but public funding from NIH and R&D investments by companies continue to drive momentum in the industry. However, Life Sciences construction, along with other high-tech sectors, is encountering labor shortages and extended material lead times, leading to project delays. To address these challenges, the industry is embracing modularization and emphasizing design flexibility to enhance operational agility, scalability, and meet evolving biotechnology demands.



### High-Tech Industrial

There has been considerable momentum in both semi-conductor and battery manufacturing projects in the US. Semi-conductor projects worth \$223bn to \$260bn are underway.<sup>3</sup> The government's \$52.7bn investment in grants through the CHIPS and Science act also aims to boost domestic semiconductor manufacturing. Battery growth is accelerated by the Inflation Reduction Act which allocates \$369bn of subsidies for electric vehicles and other clean technologies. The DOE's Vehicle Technologies Office predicts a nearly 20-fold increase in total battery manufacturing capacity between 2021 and 2030. Georgia, Kentucky, and Michigan are expected to dominate electric vehicle battery manufacturing in the country. Challenges include limited construction expertise, regional bottlenecks, and the need for localizing the value chain for supply chain resiliency.



### Renewable Energy

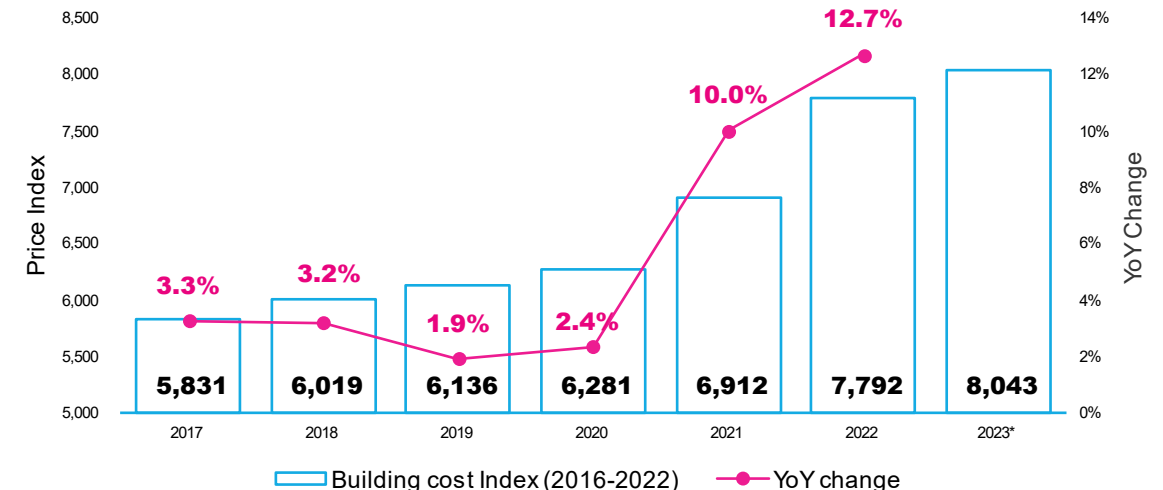
The US government is focused on renewable energy, aiming to add 54.5GW of new electric generating capacity in 2023, with the majority from solar energy (54%). The goal is to achieve 100% clean power by 2035 and cut climate pollution levels by half by 2030. The government also aims to deploy 30GW of offshore wind energy by the end of the decade.



### Commercial

The Commercial sector has been facing challenges since the pandemic. Construction output for the office sector in real terms is expected to contract by 0.1% in 2023. While there is a demand for high-quality sustainable spaces, the office vacancy rate in a lot of major cities is still high. Tenant improvement costs are still elevated but the markets are showing signs of decreasing escalation..

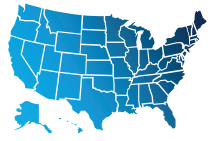
## Building Cost Index\*\*



\*Average from Jan to July 2023

\*\*YoY Change

# United States – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labor prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

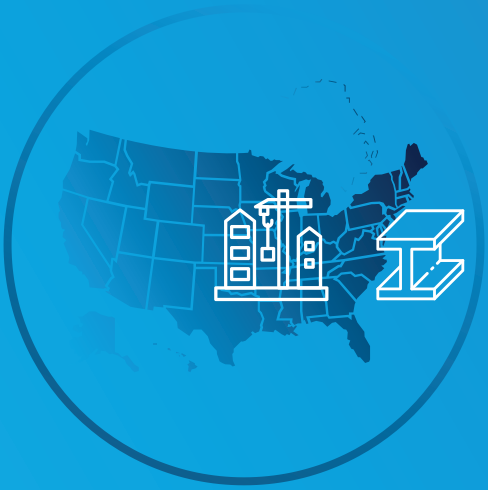
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – United States

For the United States, sources for this report include, but are not limited to:

- ENR
- IMF
- GlobalData's Construction Intelligence Center (CIC)
- Bureau of Economic Analysis
- Economic Research Institute
- World Data
- U.S. Energy Information Administration
- International Energy Agency (IEA)
- US Energy Information Administration (EIA)
- 1- Article by Mckinsey & Company : *Investing in the rising data center economy*, 17, Jan 2023
- 2- datacenterHawk
- 3- Article by Mckinsey & Company: *Semiconductor fabs: Construction challenges in the United States*, 27, Jan 2023

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# Canada

## Country Commodity

### Report

**Q2 2023**





# Canada

## Q2 2023

The Canadian economy showed resilience as Real GDP exceeded expectations and job growth continued in Q1 2023. High inflationary pressures and rising interest rates are indeed impacting the construction industry. It is important to note that the Bank of Canada (BoC) currently maintains a conservative approach, indicating potential further interest rate hikes if inflation does not move towards the 2% target. This situation adds to the uncertainty and challenges faced by the construction industry.

Labor shortages continue to be a major challenge, which are impacting overall project delivery and cost. Despite a relatively modest anticipated increase in costs over the next few quarters, cost growth for certain materials continues to hamper margin recovery. While the residential sector decline has contributed to a contraction in the construction industry, the industrial sector is poised for growth. This growth is fueled by investments in EV markets, green hydrogen, metals and material processing, along with the government's aim to establish the country as an industrial hub.



**John Fitzgerald**  
Vice President



**Eoin Byrne**  
Vice President



**Dawn Cantrell**  
Vice President



## Key Indicators

### GDP

Grew by 3.1% at an adjusted annualized rate in Q1 2023



- GDP growth outperformed the Bank of Canada's forecast of 2.5%
- Favorable international trade and increased household spending contributed to a 0.8% QoQ economic growth following a period of no change

### CPI

Grew by 2.8% YoY in June 2023



- The increase was less than the YoY inflation of 3.4% in May 2023
- Deceleration was attributed to decrease in gasoline prices, while food prices have continued to rise

### Construction output

Anticipated to shrink by 5.2% 2023



- The residential sector has experienced a more significant decline than anticipated, resulting in a slowdown in the industry
- It is expected to grow at an annual rate of 2.7% from 2025-2027 led by investments in the industrial, energy and transportation sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -5%	↓ -5%	↔ 0%	Prices have declined but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -11%	↑ 2%	↓ -1%	Prices are down from the highs of 2022 and likely to edge downwards
<b>Cement</b>	↑ 23%	↑ 4%	↓ -1%	Prices continued to increase but likely to decrease in the coming quarters
<b>Lumber</b>	↓ -42%	↑ 5%	↑ 2%	Prices are down from the highs of 2022 and likely to appreciate slightly

(e) - estimate

(f) - forecast

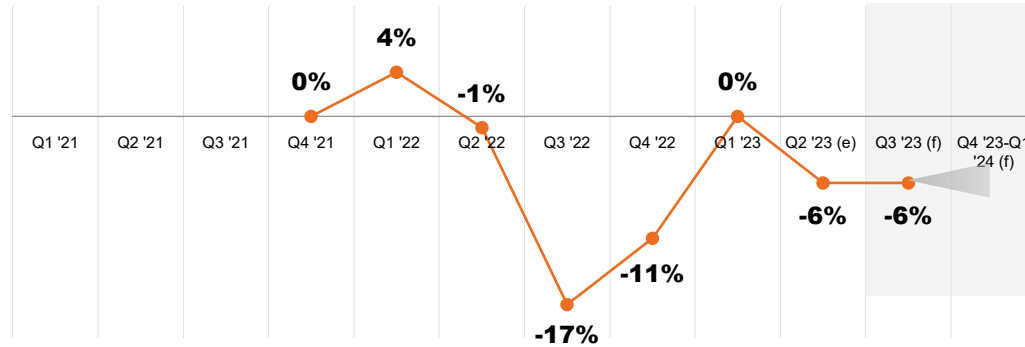
# Canada – Construction Materials Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (CA\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$10,442	CA\$10,441	↓ -5.5%	↔ 0%

Price change comparison against Q4 2021

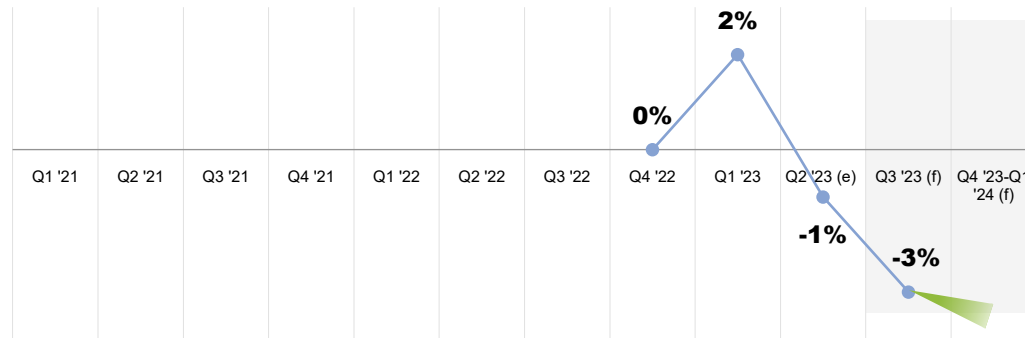


- Copper prices remain volatile, with prices dropping back on a quarterly average basis in Q2 2023, after having recovered ground in the previous two quarters
- Although high interest rates and weaker residential construction activity will dampen demand, price support will come from significant investment in electric vehicles and renewable energy projects

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Low	
Price (CA\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$6,480	CA\$6,322	↓ -3.2%	↓ -2.4%

Price change comparison against Q4 2022



- Owing to weak demand and falling costs for key materials, stainless steel prices have been weakening, with a 3.2% QoQ drop in Q2 2023
- Given the projected drop in demand, production levels will be scaled back in the short term

# Canada – Construction Materials Price Trends



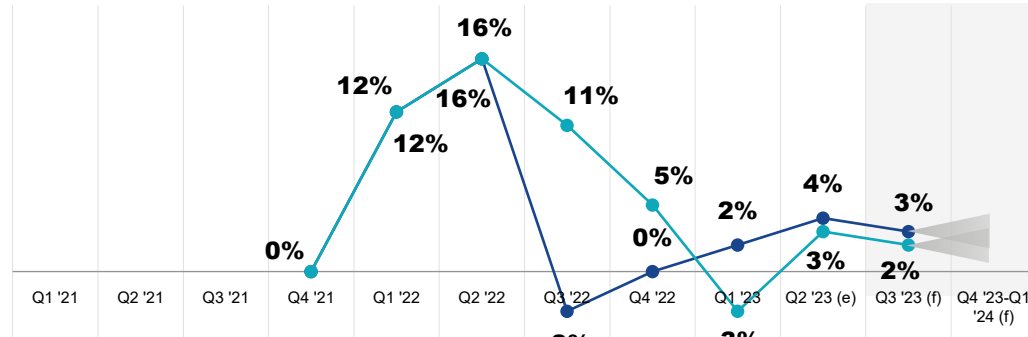
## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Low	Moderate	Moderate

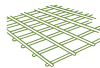
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (CA\$/t)</b>			
CA\$845	CA\$834	↑ 1.7%	↓ -1.2%
<b>Steel flat product (CA\$/t)</b>			
CA\$2,180	CA\$2,154	↑ 6.3%	↓ -1.2%

Price change comparison against Q4 2021



- Steel prices have come down from the highs of Q2 2022, when global supply disruptions and high production costs drove up prices for rebar and flat products. However, prices picked up again in Q2 2023 on a QoQ basis, by 4% for rebar and 3% for steel flat
- Demand will continue to be underpinned by significant investment in infrastructure projects in the coming quarters. However, easing production costs and cheaper steel imports to help meet infrastructure construction needs will help limit upward pressure



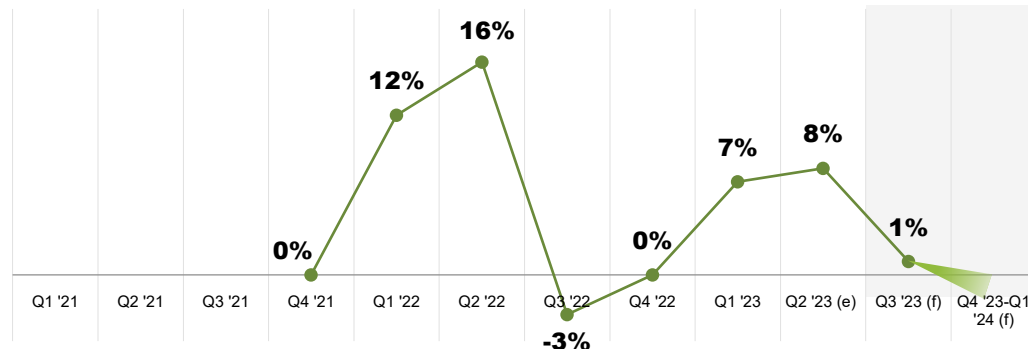
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Low	Moderate	Moderate

Price (CA\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$237	CA\$221	↑ 1%	↓ -6.9%

Price change comparison against Q4 2021



- Although welded mesh prices edged up again in Q2 2023, the general trend remains negative as reflected in steel rebar prices
- There will be an improvement in infrastructure investment, which will provide some support, but this will be offset by a prolonged downturn in housebuilding, as indicated by the recent sharp drop in building permits issued

\* 47.2 x 118.1 inches, diameter 0.24 inches

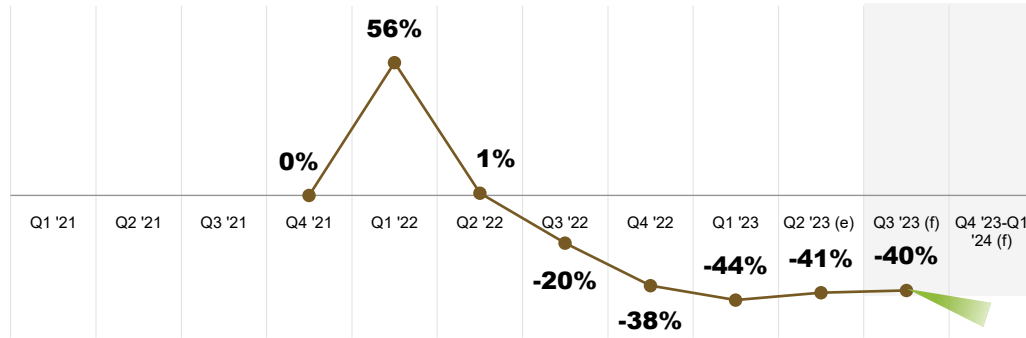
# Canada – Construction Materials Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Moderate	●●●● Moderate
Price (CA\$/ft <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$47.7	CA\$48.6	↑ 4.8%	↑ 2%

Price change comparison against Q4 2021



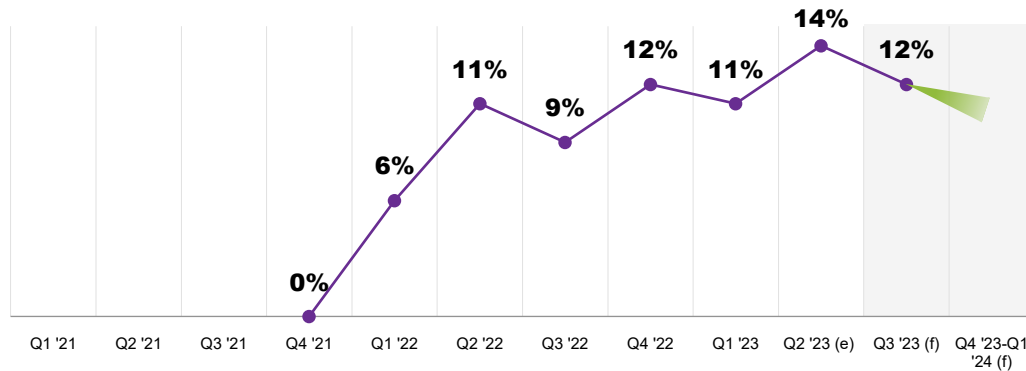
- After two years of high volatility, lumber prices have been relatively stable this year. Prices picked up in Q2 2023, owing mainly to the impact of wildfires in June that resulted in sawmills shutting down
- However, the trend in the coming quarters will be one of weakness, given the downturn in housing construction. A steep decline of 10.7% YoY in residential building investment was recorded in Q1 2023



## Drywall

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CA\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$18.1	CA\$17.9	↑ 2.8%	↓ -1.2%

Price change comparison against Q4 2021



- After staying high in recent quarters on the back of increasing production costs, drywall prices are set to drop amid weakness in the residential construction sector
- Producers have still managed to pass on costs to buyers despite lackluster demand, with prices in Q2 2023 being 14% higher than in Q4 2021

\* 47.2 x 96.1 x 0.5 inches (L X W X T)

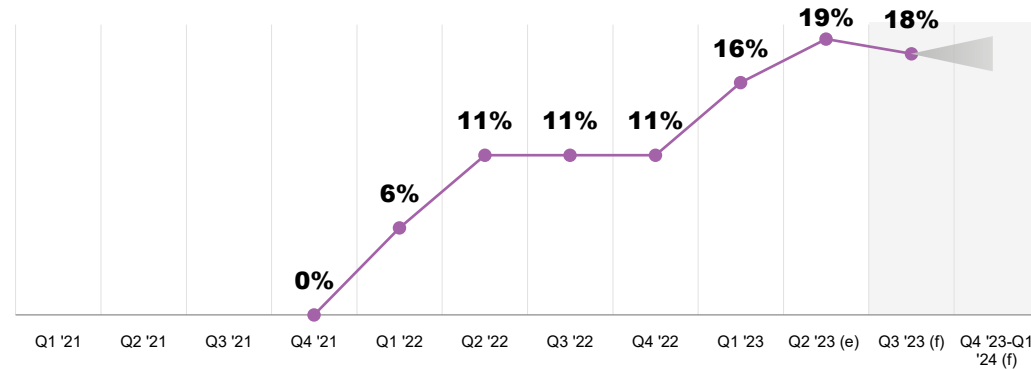
# Canada – Construction Materials Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (CA\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$38.1	CA\$37.9	↑ 3.0%	↓ -0.5%

Price change comparison against Q4 2021

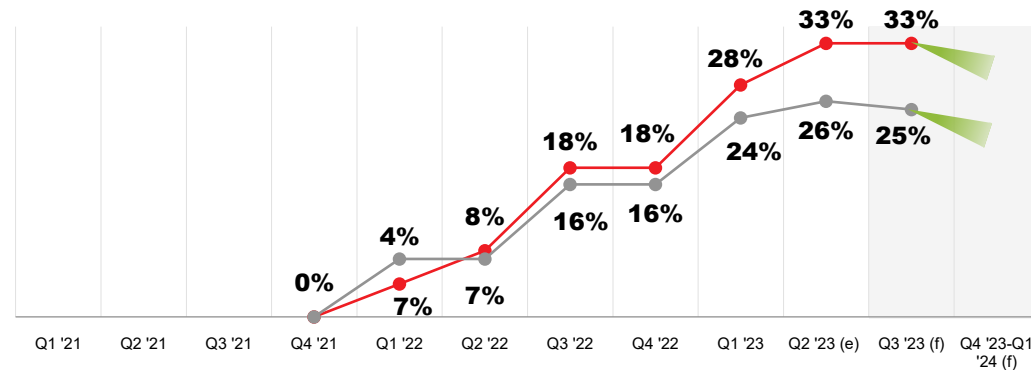


- After rising through 2022, limestone prices continued to rise in the first half of this year, despite weakness in overall construction demand. The producers are still recovering from the high production costs incurred last year
- Prices are set to ease back from these recent highs, as the construction industry contracts

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$293	CA\$291	↑ 4.4%	↓ -0.5%
<p>● <b>Cement</b> (CA\$/t)</p> <p>● <b>Concrete</b> (CA\$/yd<sup>3</sup>)</p>			
CA\$206	CA\$205	↑ 1.4%	↓ -0.5%

Price change comparison against Q4 2021



- Cement and concrete prices have stayed high in recent quarters, edging up further on a QoQ basis in Q2 2023 by 4.4% for cement and 1.4% for concrete
- However, prices are increasing at a slower pace, and with an expected decrease in production costs and overall contraction in construction output, prices are set to decline in the coming quarters
- Over the medium term, higher costs due to increased environmental regulations on production will contribute to further upward pressure

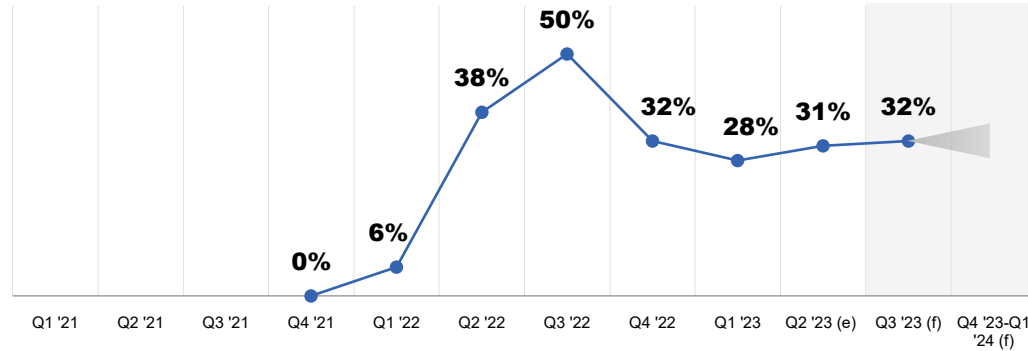
# Canada – Construction Materials Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (CA\$/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$1,086	CA\$1,096	↑ 2.5%	↑ 1%

Price change comparison against Q4 2021



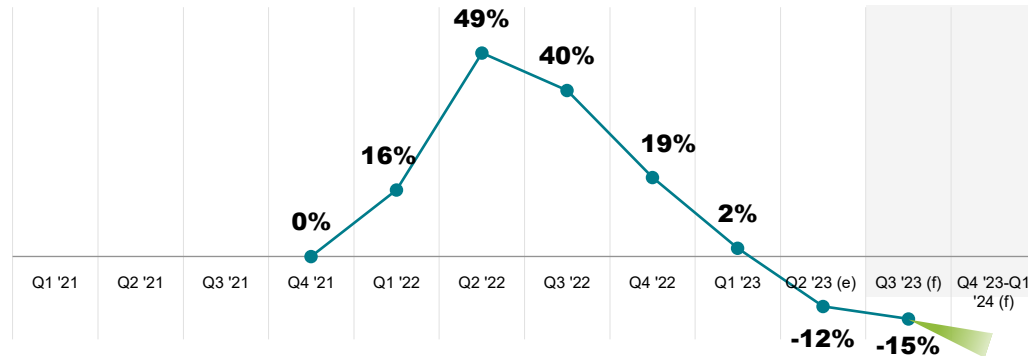
- Asphalt prices edged up again in Q2 2023, after having dropped back sharply in the preceding two quarters. Prices rose by 2.5% QoQ, and although down from the Q3 2022 highs, prices in Q2 2023 were still 31% above the Q4 2021 levels
- Road infrastructure spending is picking up, which is likely to keep upward pressure on prices



## Diesel

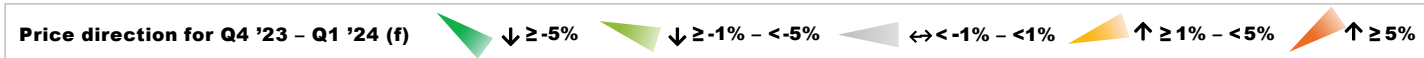
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (CA\$/gallon)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$6.12	CA\$5.90	↓ -13.8%	↓ -3.6%

Price change comparison against Q4 2021



- Diesel prices have continued to fall sharply from the highs of Q2 2022, when high oil prices and supply disruptions drove prices upwards. Prices dropped by 13.8% QoQ in Q2 2023
- Prices will continue on a downward trend in the short term, but OPEC+ production cuts could generate some volatility in crude oil prices

OPEC - Organization of the Petroleum Exporting Countries



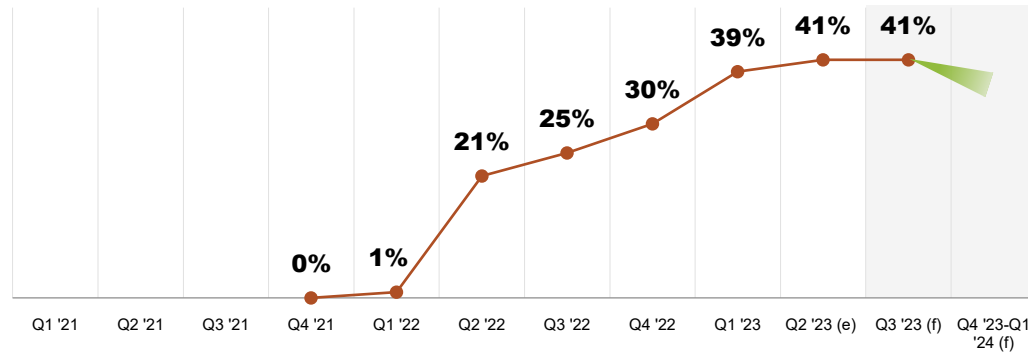
# Canada – Construction Materials Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (CA\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CA\$718	CA\$716	↑ 1.9%	↓ -0.4%

Price change comparison against Q4 2021



- Despite the recent weakness in buildings construction activity, brick prices have stayed high
- Owing to high production costs, prices in Q2 2023 were 41% higher than in Q4 2021.
- However, such pricing power will be limited in the coming quarters given the weak buildings construction outlook

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Canada – Industry trends

## Sector trends



### Data Centers

Over the past years, the Data Center sector in Canada has experienced remarkable growth, driven by increasing demand for cloud computing, IoT favorable climatic conditions, and a low risk profile. Toronto and Montreal serve as key data center locations in the country. Currently, there are numerous data center projects in the pipeline, totaling a value of over US\$7.4bn, with a significant concentration in the Ontario and Quebec regions.



### Life Sciences

Canada's life sciences sector is renowned for research excellence, pioneering life-saving treatments, and houses top-notch universities and hospitals, making it a key location in the field. Recently, the Canadian government unveiled a CA\$50mn investment in six venture capital funds dedicated to the life sciences sector as part of the renewed Venture Capital Catalyst Initiative (VCCI). The three largest markets for life sciences in Canada are Toronto-Golden Horseshoe, Montréal, and Vancouver.



### High-tech Industrial

Despite economic challenges, the industrial construction sector has shown positive trends in investments and building permits since the start of 2023. It is projected to achieve a growth rate of 15.5% in 2023. The sector's output will be bolstered by investments in Electric Vehicle (EV) markets and the government's ambition to establish the country as an industrial hub.

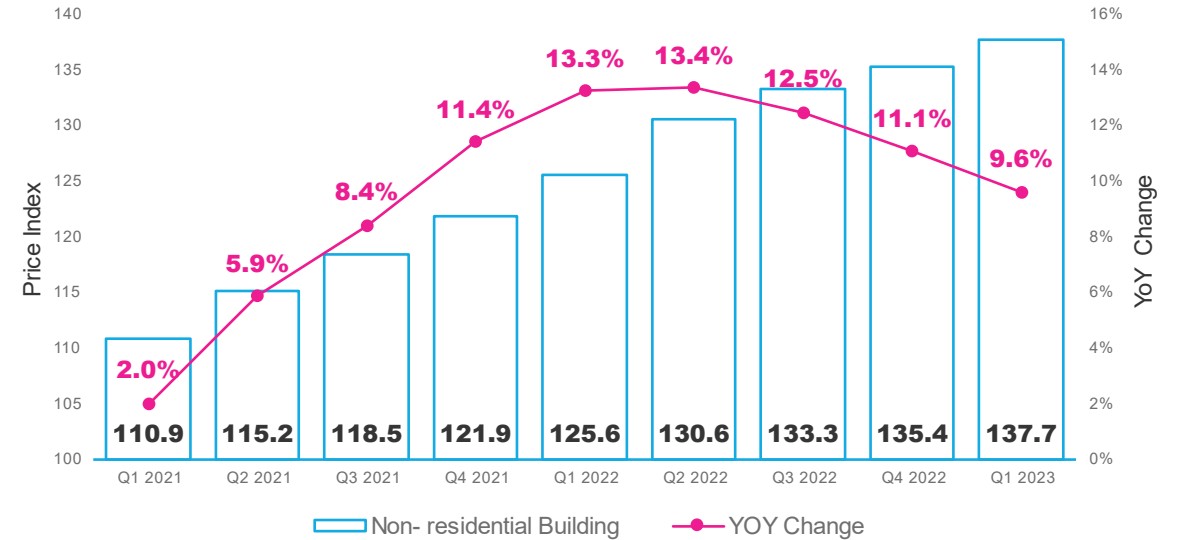


### Renewable Energy

Canada is an established leader in the renewable energy market, benefiting from abundant natural resources that offer significant potential. In 2022, the wind, solar, and energy storage sector experienced substantial growth, expanding by 10.5%. Canada aims for net zero emissions by 2050. The 2023 Budget introduces a 15% refundable Clean Electricity Investment Tax Credit, amounting to CA\$6.3 bn over four years, to support clean electricity technologies.



## Building Construction Price Index for Non-Residential Building





# Canada – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Canada

For Canada, sources for this report include, but are not limited to:

- IMF
- Govt of Canada
- Bank of Canada
- Statistics Canada
- Oxford Economics
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Canada.ca

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.



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# Mexico

## Country Commodity Report

**Q2 2023**



# Mexico

## Q2 2023

In Q1 2023, the Mexican economy continued its growth trajectory, with notable contributions from service sector exports and increased manufacturing activity. Additionally, inflation showed signs of improvement, as it was on a declining trend during this period. The Economy Ministry reported a significant surge in foreign direct investment (FDI) in Mexico, reaching MXN 347.1bn (US\$18.6bn) compared to MXN 235.2bn (\$US12.6bn) in the previous year. This surge in FDI is attributed to the rising demand for nearshoring, which has seen increasing investments in corporate nearshoring activities and public infrastructure projects.

Commodity prices are gradually edging downward; however, labor costs are still elevated. The construction industry is expected to witness a growth of 1.6% in real terms due to increased investment in corporate nearshoring and public infrastructure. The Commercial and Residential sectors, though, are expected to remain sluggish. In contrast, the Data Centers and Industrial sectors are projected to experience growth.



**John Fitzgerald**  
Vice President



**Eoin Byrne**  
Vice President



**Dawn Cantrell**  
Vice President



## Key Indicators

### GDP

**Grew by 3.7% at an adjusted annualized rate in Q1 2023**



- Grew by 1% on QoQ basis
- Private consumption remains dynamic due to increased real wages and formal employment
- Investment in machinery and equipment experiences rapid growth as manufacturing production normalizes

### CPI

**Grew by 5.06% YoY in June 2023**



- Inflation is experiencing a rapid decline, attributed to the delayed impact of tighter financial conditions, lower raw material prices, and the impressive rebound of the Mexican peso in recent months





### Construction output

**Expected to grow by 1.6% in 2023**



- The expected growth acceleration will be backed by sustained economic expansion and a rise in corporate nearshoring investment and public infrastructure spending
- The industry is expected to grow at an annual rate of 2.6% between 2025 and 2027

## Commodities Pricing Snapshot

	Price % change		Remarks
	QoQ		
	Q1 - Q2 '23 (e)	Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -7%	↓ -4%	Prices have declined and likely to remain volatile
 <b>Steel rebar (raw)</b>	↑ 1%	↓ -5%	Prices declined from the highs of 2022, likely to edge downwards
 <b>Cement</b>	↑ 1%	↓ -1%	Prices continued on an upward trend, likely to moderate
 <b>Lumber</b>	↓ -4%	↓ -1%	Prices edging down, likely to decline further

(e) - estimate

(f) - forecast

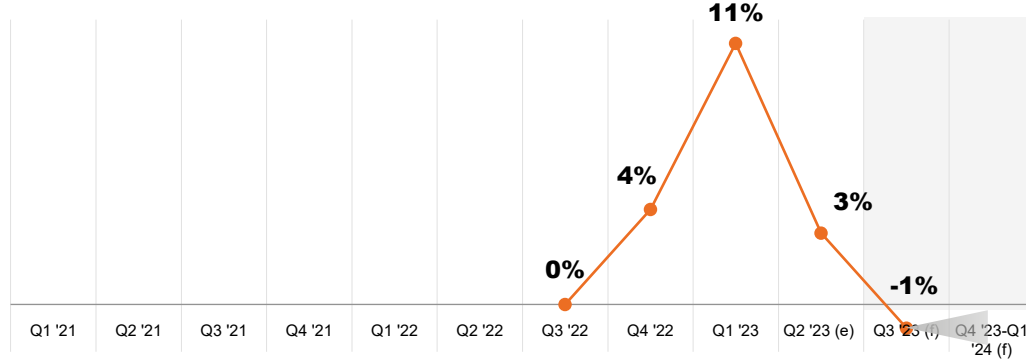
# Mexico – Construction Materials Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (MXN/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
141,074	135,842	↓ -7.4%	↓ -3.7%

Price change comparison against Q3 2022

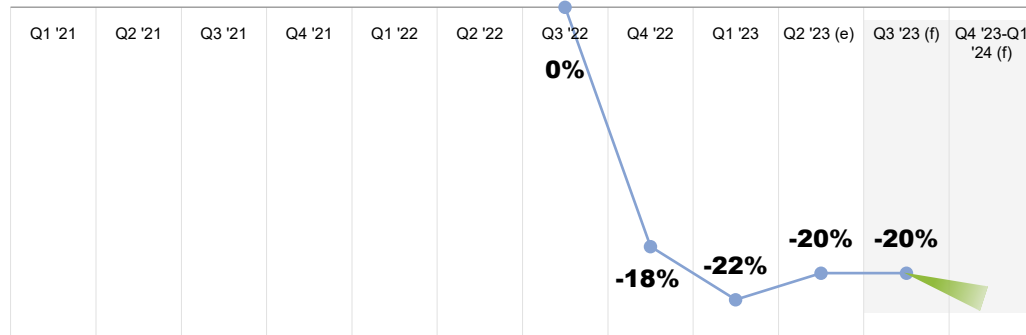


- Copper prices fell by 7.4% QoQ in Q2 2023 reflecting global trends amid softer demand from China and decreased industrial consumption amid global economic weakness
- Prices will be volatile on a monthly basis, but the quarterly average prices will remain close to current levels in the coming quarters

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (MXN/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
70,661	71,015	↑ 2.1%	↑ 0.5%

Price change comparison against Q3 2022



- Having fallen sharply in previous quarters, stainless steel prices edged up marginally on a quarterly average basis in Q2 2023
- Demand from the automotive manufacturing sector has provided support for this metal, at a time of weakening demand in the construction industry
- Falling prices for key inputs will keep stainless steel prices relatively low in the coming quarters

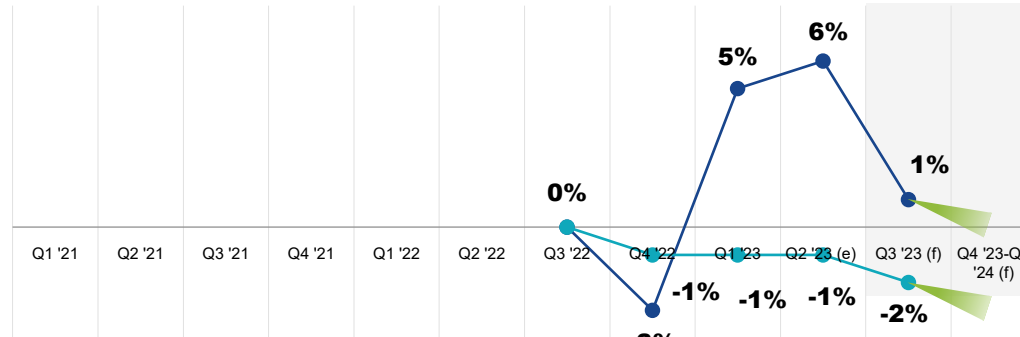
# Mexico – Construction Materials Price Trends



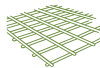
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (MXN/t)</b>			
22,203	21,089	↑ 1.5%	↓ -5.0%
<b>Steel flat product (MXN/t)</b>			
25,761	25,633	↔ 0%	↓ -0.5%

### Price change comparison against Q3 2022



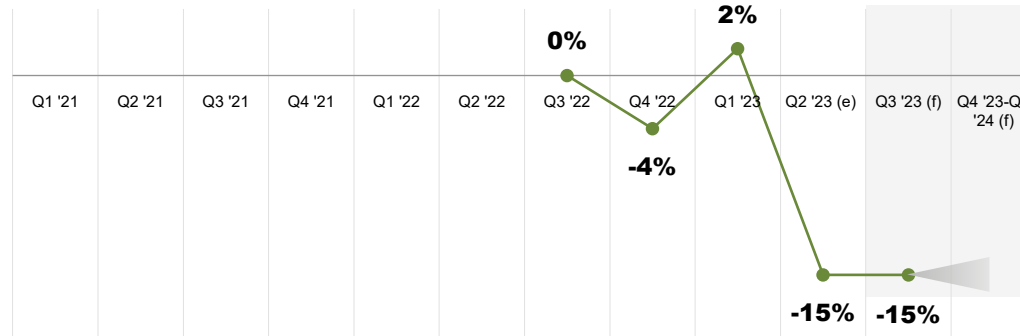
- Although rebar prices edged up again in Q2 2023 on a quarterly average basis, prices have been more volatile on a monthly basis, and fell back sharply in June. Compared to June 2022, prices in June 2023 were down by 22%. Decline expected to continue in Q3 2023, with prices falling further in the following two months amid weakness on the demand side
- Prices for flat steel have been comparatively stable. However, there will be a decline in the coming quarters reflecting demand-side weakness and easing production costs



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (MXN/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
3,967	3,927.7	↓ -16.1%	↓ -1.0%

### Price change comparison against Q3 2022



- Welded mesh prices have fallen sharply, dropping by 16% in Q2 2023 on a QoQ basis
- A general downward trend in steel prices along with weak demand from the construction sector will keep prices at the current relatively low level in the coming quarters

\* 98.4 X 1,574.8 inches; diameter 0.19 inches

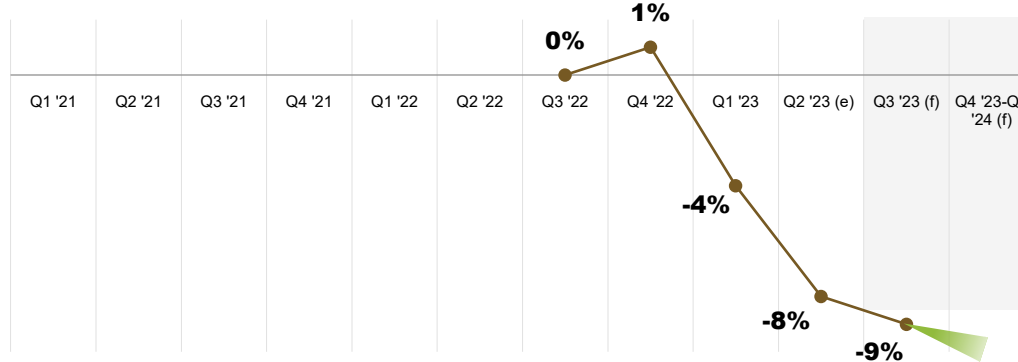
# Mexico – Construction Materials Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (MXN/ft <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
37.4	37.2	↓ -4.2%	↓ -0.5%

Price change comparison against Q3 2022



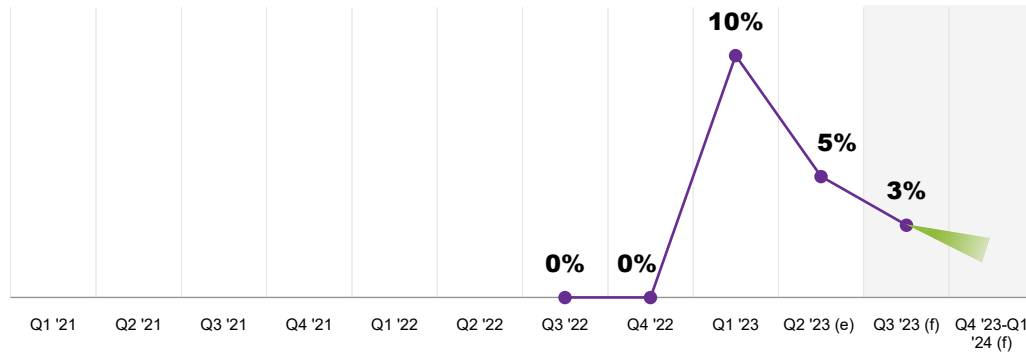
- Lumber prices declined by 4.2% QoQ in Q2 2023, continuing on a downward trend in recent quarters, reflecting improved supply and weaker demand
- Prices edged up late in the quarter, with regional prices being impacted by wildfires in Canada in June that resulted in the mills shutting down
- With high interest rates limiting new investment in the Residential sector, the price of lumber is expected to edge down further in the short term



## Drywall

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (MXN/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
170.0	167.5	↓ -4.5%	↓ -1.5%

Price change comparison against Q3 2022



- Drywall prices fell back in Q2 2023, dropping by 4.5% QoQ
- Prices had increased earlier in the year, but with sluggish demand from new residential construction, prices are set to continue on a downward trend in the short term

\*56.7 X 48 X 5.1 inches (L X W X T)

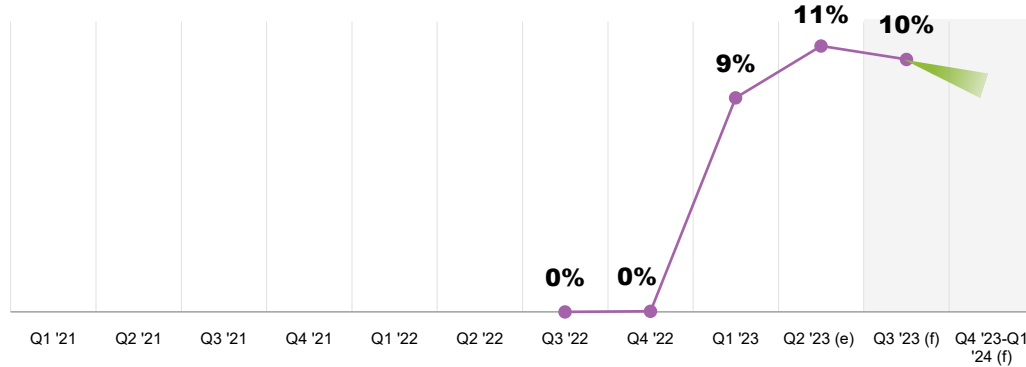
# Mexico – Construction Materials Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (MXN/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
191.3	190.4	↑ 2.0%	↓ -0.5%

Price change comparison against Q3 2022



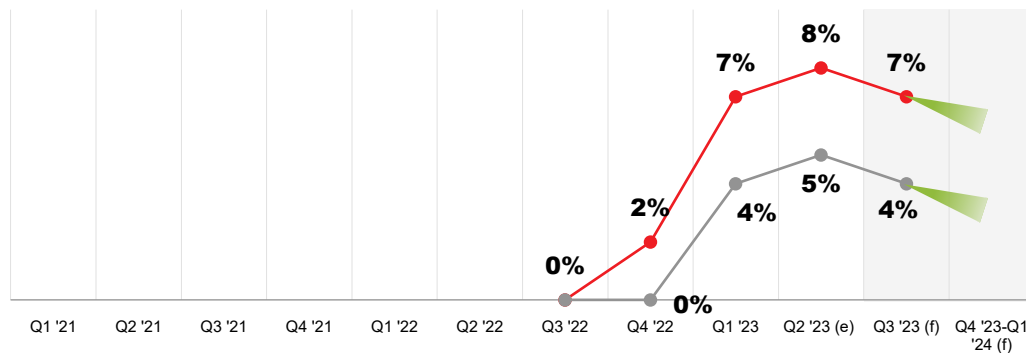
- Having risen sharply in the previous quarter, limestone prices increased further in Q2 2023, up by 2% QoQ, with supply-side pressures still contributing to higher prices
- Rising environmental concern over limestone quarrying may constrain the supply of limestone, but weaker demand and easing price pressures in the short term will result in a decline in prices

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>3,168</b>	<b>3,142</b>	↑ 0.6%	↓ -0.8%
<b>1,554</b>	<b>1,546</b>	↑ 1.0%	↓ -0.5%

● **Cement** (MXN/t)  
● **Concrete** (MXN/yd<sup>3</sup>)

Price change comparison against Q3 2022



- Cement and concrete prices continued on an upward trend in Q2 2023 on a quarterly average basis as producers are recovering from the high production costs incurred over the past year
- However, prices have started to fall on a monthly basis, with cement being 1.5% cheaper in June compared to March
- Prices are expected to fall in the coming quarters, with cost pressures easing. Overall construction industry growth will also be limited, with weakness on the building construction side offsetting investment in infrastructure growth



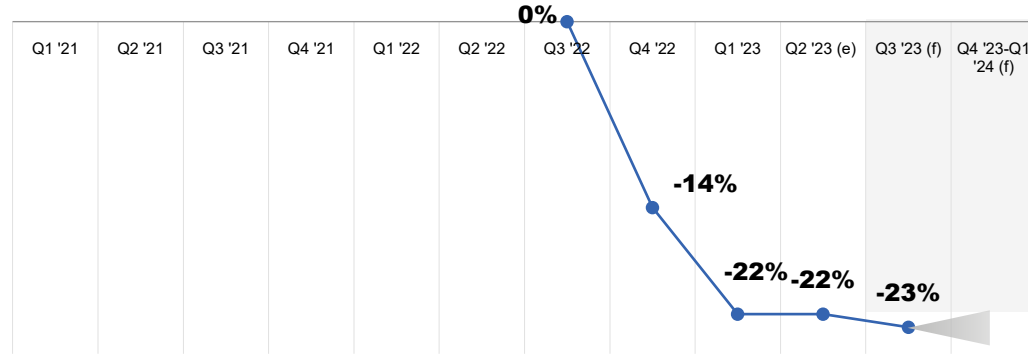
# Mexico – Construction Materials Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (MXN/t)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
10,625	10,572	↓ -0.2%	↓ -0.5%

### Price change comparison against Q3 2022



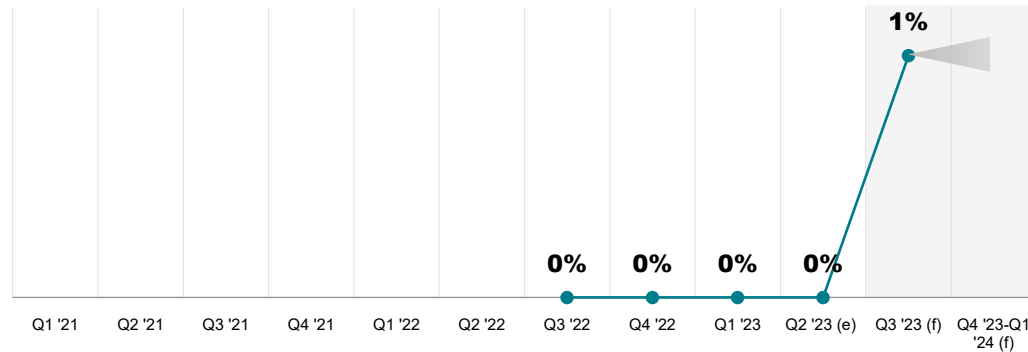
- Asphalt prices dropped back early in 2023, and prices have remained relatively low in recent months reflecting trends in prices for petroleum products
- On a quarterly average basis, prices in Q2 2023 were 22% lower than in Q3 2022
- Increased spending on road infrastructure projects will provide some support on the demand side, but key input costs are expected to remain relatively stable



## Diesel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (MXN/gallon)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
87.25	87.69	↓ -0.1%	↑ 0.5%

### Price change comparison against Q3 2022



- In Q2 2023, diesel prices were fairly stable on a quarterly average basis, with state subsidies in place
- Although subsidies have kept diesel prices relatively stable in recent quarters, the cost of the fuel price subsidy policy has been covered by the country's higher crude oil revenues
- Prices are expected to remain relatively stable in the short term, with subsidies in place to contain fluctuations in global oil prices

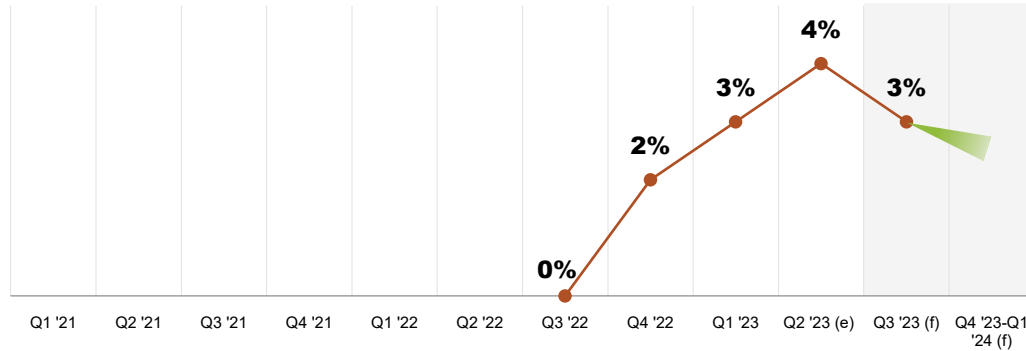
# Mexico – Construction Materials Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (MXN/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
7,725	7,687	↑ 0.8%	↓ -0.5%

### Price change comparison against Q3 2022



- Brick prices continued to edge upwards in Q2 2023, rising by 1% on a QoQ basis, with producers still recovering from the high production costs incurred last year
- However, prices started to ease back in June, and with residential construction set to decline, brick prices will fall steadily in the short term. In Q1 2023, gross fixed investment on residential buildings fell 1.2% YoY

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% - <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                        Electric Vehicles  
 DC                        Data Centre

# Mexico – Industry trends



## Sector trends



### Data Centers

The Mexico data center market has witnessed significant growth in recent years due to rising demand for cloud computing, big data analytics, and IoT. Queretaro is the primary location for data center development in Mexico. However, companies are also expanding in regions like Bajío, a region within the central Mexican plateau that includes cities such as Aguascalientes and Guadalajara. The Mexico Data Center Association anticipates an investment of US\$8.5bn in the Bajío region.



### Life Sciences

According to the National Institute of Statistics and Geography (INEGI) and the Mexico Health Review, Mexico is Latin America's second-largest market for pharmaceuticals and medical devices (after Brazil). Large pharmaceutical companies are located in Mexico, which has positioned the country as one of the main manufacturing centers worldwide. Currently, 20 of the 25 largest pharmaceutical companies in the world have operations in Mexico and the market for generics has been growing exponentially in the country.



### High-tech Industrial

The industrial construction sector is projected to rebound by 2.9% in 2023, following a contraction in 2022. This growth is driven by the government's focus on establishing industrial parks throughout the country. Recently Tesla also announced an investment of MXN93.3 billion (US\$5 billion) to build a new gigafactory in Monterrey.

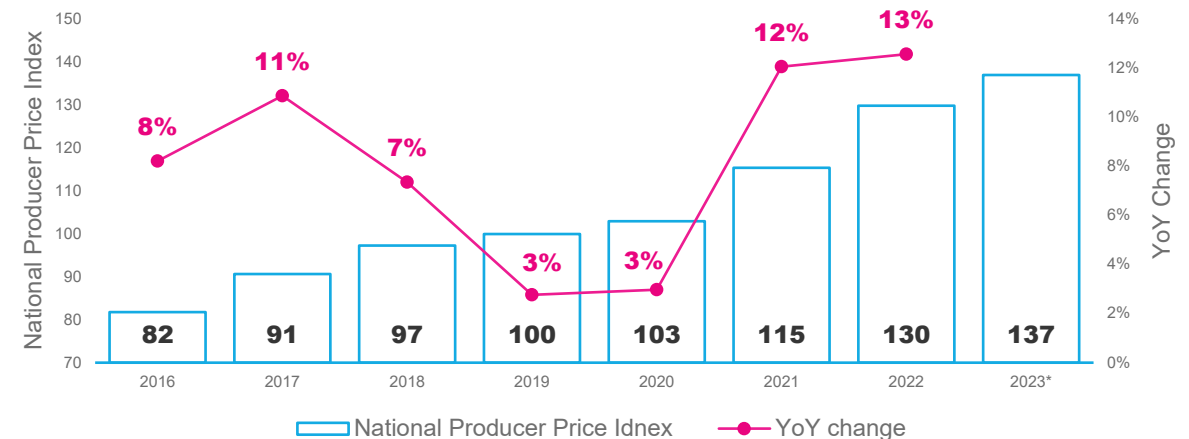


### Renewable Energy

Mexico has set ambitious targets for its renewable energy sector, aiming to double its production by 2030. Despite several ongoing large-scale green energy projects and expansion plans, challenges remain in the form of incomplete climate policies and regulatory shortcomings, which could hinder further development.

The government has established notable renewable energy goals, seeking to achieve 35% of electricity generation from clean sources by 2024, up from around 29% in 2022. In line with these objectives, various new projects scheduled for 2023 are expected to support Mexico's climate objectives.

## National producer price index<sup>+</sup>



+Base July 2019=100 (SCIAN 2013), Construction, Residential construction by city (formerly INCEVIS)

\*Average taken from Jan-23 to June-23

Change in index from June 2022 to June 2023 is 4.1%

# Mexico – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Mexico

For Mexico, sources for this report include, but are not limited to:

- IMF
- National Institute of Statistics and Geography (INEGI)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Mexican Data Center Association

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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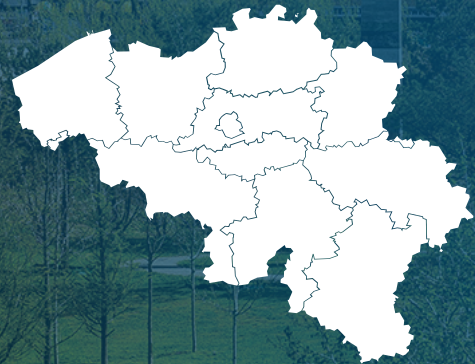


# Europe

## Country Commodity Reports

**Q2 2023**





# Belgium

## Country Commodity Report

**Q2 2023**



# Belgium

## Q2 2023

After a virtual stagnation in Q4 2022, Belgian economic growth exceeded expectations in Q1 2023, with positive signs in the construction sector, showing a 0.4% increase in value add. Inflation is also in decline, with the Bank of Belgium adopting an aggressive approach to raising interest rates. While prices of some construction materials, such as steel and copper, have dropped from their 2022 highs, prices of materials such as cement, brick, and concrete, which incurred high production costs last year, remain high but are expected to fall in the coming quarters.

The overall construction sector is expected to experience a contraction in 2023.

However cautious optimism prevails in the industry, with the construction confidence indicator slightly improving in June and July 2023, due to falling energy prices and a more resilient economy than expected. Labour shortages remain a challenge as job construction vacancy for the construction sector stands at 4.7%, which is above the EU average of 2.8%, highlighting the tight labour market.



**Brian McClinton**  
Senior Director – Europe



## Key Indicators

### GDP

Grew by 1.3% in Q1 2023 on YoY basis



- GDP growth was positively influenced by a substantial expansion of private consumption and is expected to grow by 0.4% in Q2 2023
- The economy is expected to grow by 1.2% in 2023 and 1.4% in 2024, due to resilient private consumption

### CPI

Increased by 4.2% in June 2023 on YoY basis



- Inflation is trending downward and decreased from 5.2% in May to 4.1% in June
- Food inflation remains high, while a significant decrease in energy related inflation has occurred





### Construction output

Expected to contract by 1.2% in 2023



- The Industry's weakness is attributed to challenges from high construction costs and rising interest rates
- Investments in transport and renewable energy are anticipated to bolster a 2.9% growth between 2024 and 2026

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -12%	↓ -6%	↓ -2%	Prices are trending downward, but are likely to remain volatile
 <b>Steel rebar (raw)</b>	↓ -41%	↓ -7%	↓ -3%	Prices will continue to decline
 <b>Cement</b>	↑ 26%	↔ 0%	↓ -3%	Prices are elevated, but are likely to dip slightly
 <b>Lumber</b>	↔ 0%	↓ -3%	↔ 0%	Prices are trending downward, and are likely to dip further



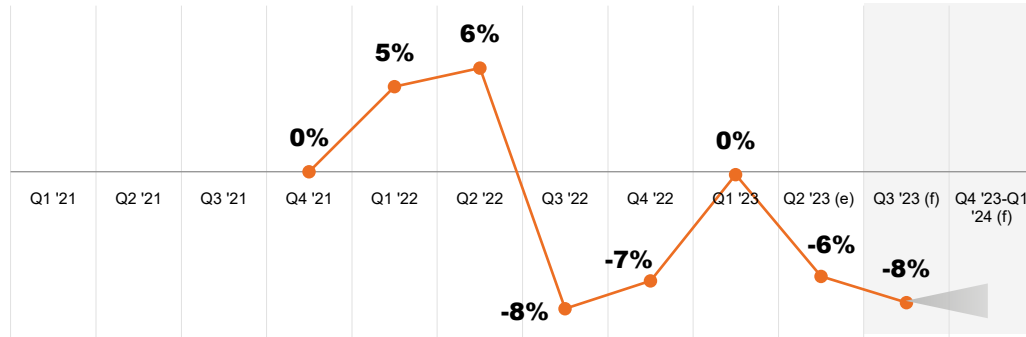
# Belgium – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,127	€7,990	↓ -6.1%	↓ -1.7%

Price change comparison against Q4 2021

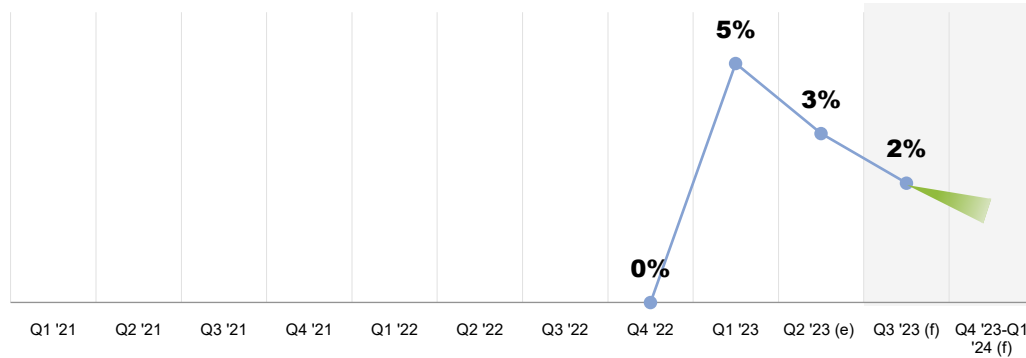


- Copper prices in Belgium fell by 6.1% QoQ in Q2 2023, amid weak domestic demand and a downward trend in the global market
- However, prices have been volatile on a monthly basis, falling in April and May before picking up again in June
- Prices are expected to fall further in Q3 2023 on a quarterly average basis, amid a rising risk of economic slowdown and a lack of growth in solid demand from China

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,899	€3,860	↓ -1.4%	↓ -1.0%

Price change comparison against Q4 2022



- Stainless steel prices are estimated to have fallen by 1.4% QoQ in Q2 2023
- This is continuing on a downward trend, as prices of key materials such as nickel and molybdenum fall
- Rising nickel supply and soft demand from the construction industry is expected to keep stainless steel prices contained in the short term

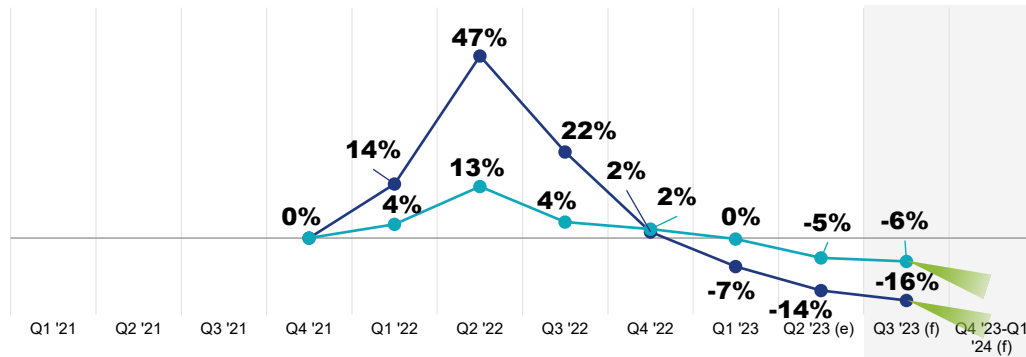
# Belgium – Commodity Price Trends



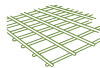
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€743	€721	↓ -6.7%	↓ -3.0%
<b>Steel flat product (€/mt)</b>			
€1,066	€1,055	↓ -4.9%	↓ -1.0%

Price change comparison against Q4 2021



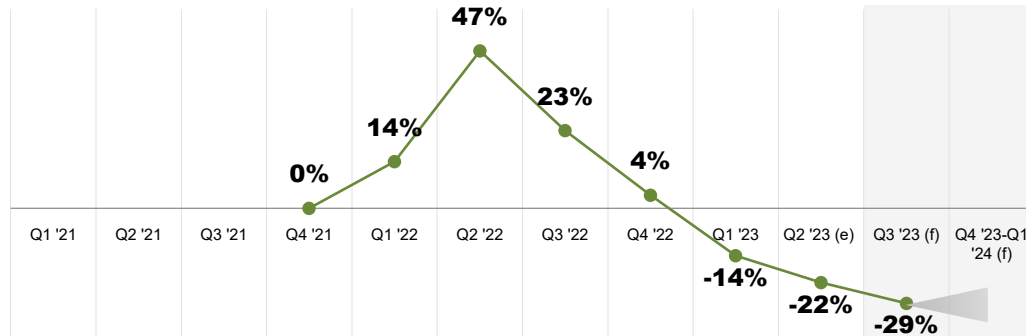
- Steel rebar and steel-flat product prices have continued to trend downwards in recent quarters
- In QoQ terms, in Q2 2023, rebar was down by 6.7% and flat down by 4.9%
- This is attributed to falling demand, along with a decline in production costs and availability of cheaper imports
- This will see prices fall further in the coming quarters
- However, there is significant infrastructure investment planned, which will provide some support on the demand side



## Welded mesh

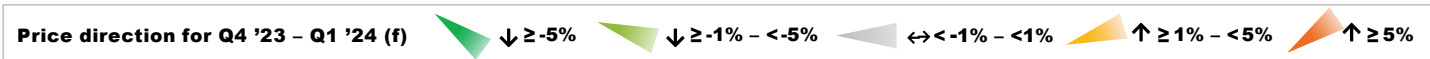
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●● Moderate	●●●● Low	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€19.8	€18.2	↓ -9.4%	↓ -8.1%

Price change comparison against Q4 2021



- Welded mesh prices in Belgium have declined sharply from the highs of Q2 2022, when steel prices surged amid supply disruptions
- Average prices in Q2 2023 were down by 47% YoY, and 22% lower than in Q1 2023
- Welded mesh prices are forecast to fall further in Q3 2023, due to weak demand from the construction industry

\* 200 x 200 cm; diameter 6mm



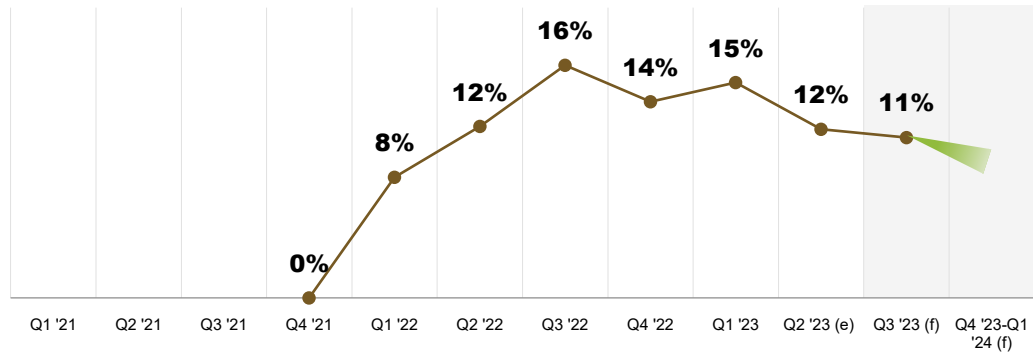
# Belgium – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€108	€107	↓ -2.8%	↓ -0.5%

### Price change comparison against Q4 2021



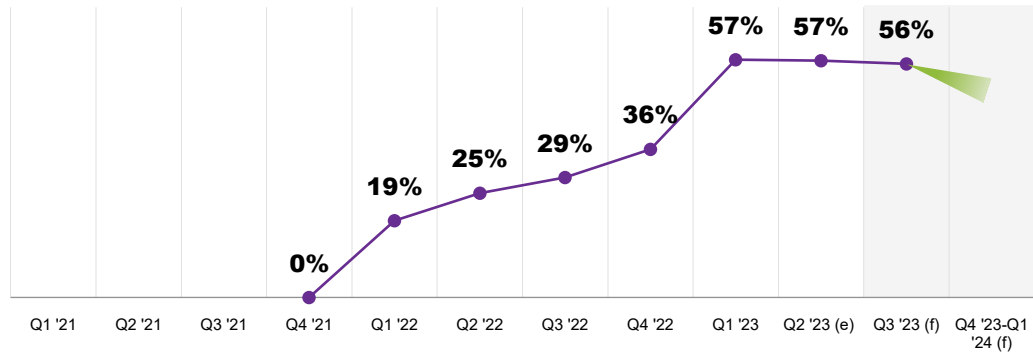
- Lumber prices have trended downwards since Q3 2022, but remain relatively high
- Prices are expected to fall further in the coming quarters, as rising interest rates have negatively impacted demand in new residential construction
- However, lumber is growing in popularity as a construction material, with the share of lumber in total construction accounting for around 2% in Belgium, which is amongst the highest in Europe



## Plasterboard

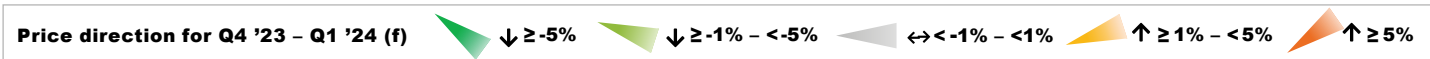
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€6.19	€6.16	↓ -0.2%	↓ -0.5%

### Price change comparison against Q4 2021



- Plasterboard prices have remained relatively stable at a high level, having risen sharply in 2022 amid rising production costs
- In Q2 2023 prices were still 57% above the levels in Q4 2021
- Subdued demand from residential construction amid rising interest rates is expected to contribute to a drop in plasterboard prices in the short term

\* 260 x 60 x 1.3 cm (L x W x T)



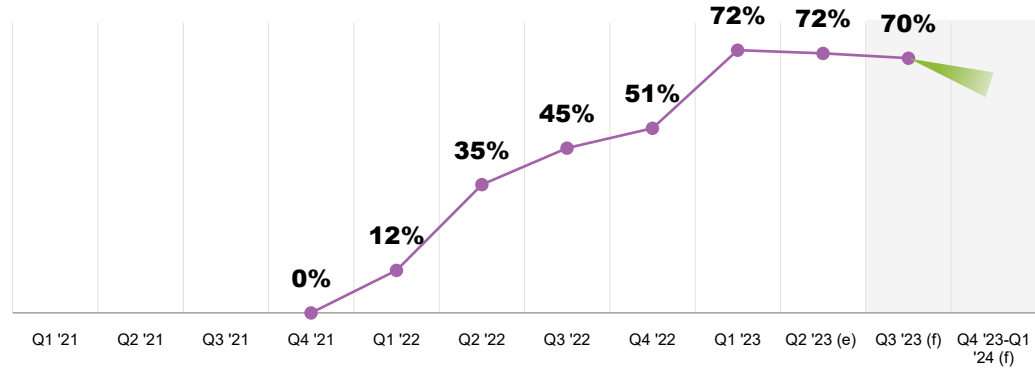
# Belgium – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€96.7	€95.9	↓ -0.5%	↓ -0.8%

Price change comparison against Q4 2021

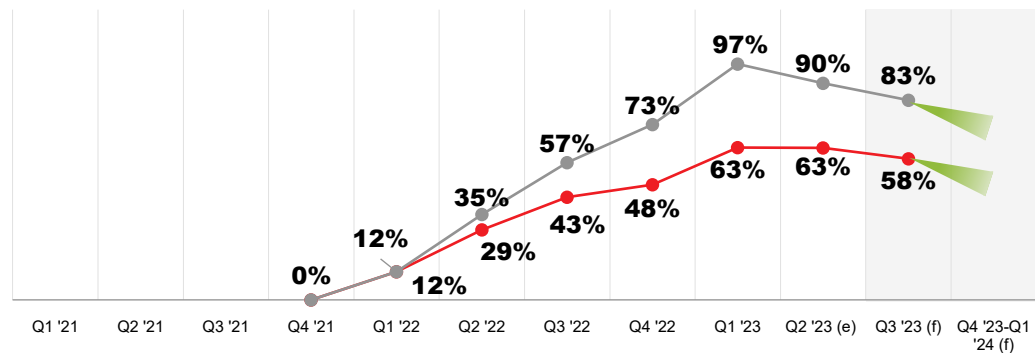


- Limestone prices in Belgium are estimated to have declined marginally by 0.5% QoQ in Q2 2023, but remain at a high level having risen sharply during last year
- Prices are forecast to continue on a steady downward trend in the coming quarters, amid softer demand from the construction industry in part owing to high interest rates and weak investment

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€260	€253	↔ 0.0%	↓ -2.8%
● <b>Cement</b> (€/mt)			
€133	€128	↓ -4.0%	↓ -3.7%
● <b>Concrete</b> (€/m³)			

Price change comparison against Q4 2021



- Concrete prices in Belgium fell by 4% QoQ in Q2 2023, owing to easing production costs and low demand from the construction industry
- However, prices were still elevated, up by 90% compared to levels in Q4 2021
- Cement prices remain subdued, due to a sharp drop in building permits for new housing, commercial properties as well as renovations
- These prices will continue to trend downward in the coming quarters, contributing to further falls in concrete prices

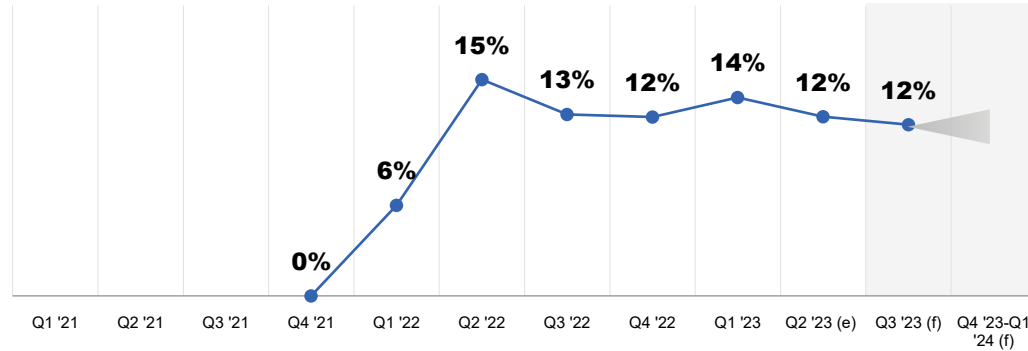
# Belgium – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€77.9	€77.5	↓ -1.2%	↓ -0.5%

Price change comparison against Q4 2021



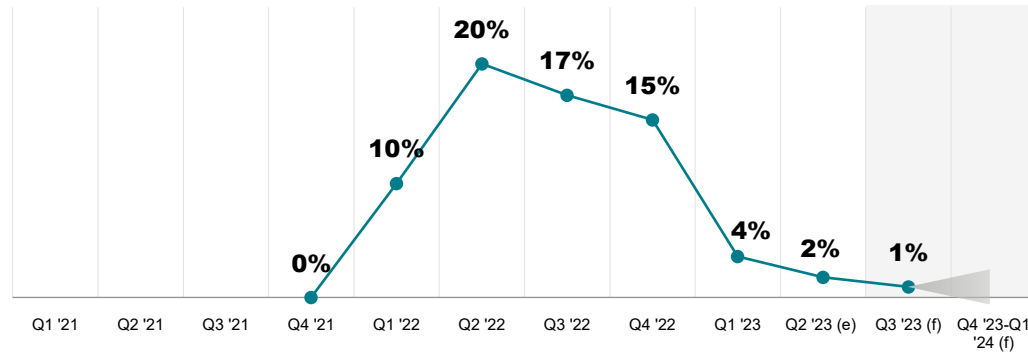
- Asphalt prices are estimated to have declined by 1.2% QoQ in Q2 2023, reflecting falling costs for key inputs
- Prices are forecast to fall marginally in Q3 2023, but volatility in crude oil prices amid the extension of production cuts by OPEC+, could prevent a marked decline in the following quarters
- Spending on road infrastructure projects is also expected to pick up pace



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.75	€1.74	↓ -1.7%	↓ -0.8%

Price change comparison against Q4 2021



- Diesel prices in Belgium have fallen from the highs of mid-2022, dropping back to a quarterly average of €1.75 per litre in Q2 2023
- However, there has been some volatility on a monthly basis, with the prices falling from €1.79 in April to €1.71 in May, before edging back up to €1.75 in June 2023
- Prices are expected to remain close to current levels in the coming quarters, but there will be some volatility given plans by OPEC+ to cut oil production

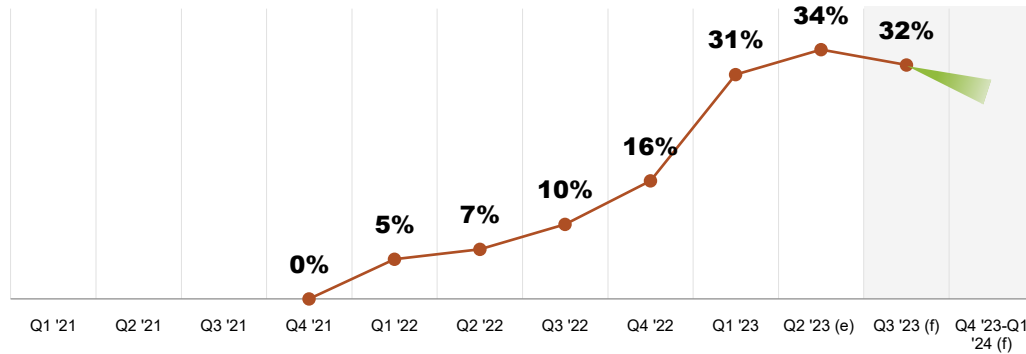
# Belgium – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€788	€776	↑ 2.6%	↓ -1.6%

## Price change comparison against Q4 2021



- Despite falling energy prices in Q2 2023, prices for energy-intensive materials such as bricks remained high
- Average quarterly brick prices in Belgium are estimated to have increased by 2.6% QoQ in Q2 2023
- However, prices started falling towards the end of the quarter, and this trend is expected to continue in the coming quarters, due to decreasing demand from the construction industry

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	Deficit	High	Stressed	High
≥1% – <5%	Moderate	Balanced	Moderate	Adequate	Moderate
<1%	Low	Surplus	Low	Easily Available	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Belgium – Industry trends

## Sector trends



### Data Centres

Belgium's strategic location in the middle of the FLAP market is making it a prominent Data Centres destination in Western Europe. The majority of DC space is concentrated in and around the Brussels capital region, with notable momentum in Zaventem near Brussels Airport. As per a report by the Belgium Digital Infrastructure Association, the Belgian market is projected to experience substantial growth with a CAGR of 18.3% from 2022 to 2027, and available IT power is expected to rise from 85 MW in 2022 to 197 MW in 2027.



### Life Sciences

Belgium's internationally recognised Life Sciences industry has shown remarkable growth, significantly contributing to the national economy. As per a report by pharma.be, the biopharma sector received a substantial R&D investment of €5.7bn in 2022, marking a 14.7% increase from 2021. The ecosystem is thriving, supported by strong academic environments fostering innovation. Key locations include Ghent and Leuven in Flanders, and Walloon Brabant and Gosselies in Wallonia.



### High-tech Industrial

Belgium is actively attracting battery manufacturers with plans for €50mn in subsidies from the Wallonia government. Additionally, investments are being made in the chip manufacturing industry, with €1.5bn set for Belgian chip technology firm Imec, signifying a commitment to technological growth and innovation.

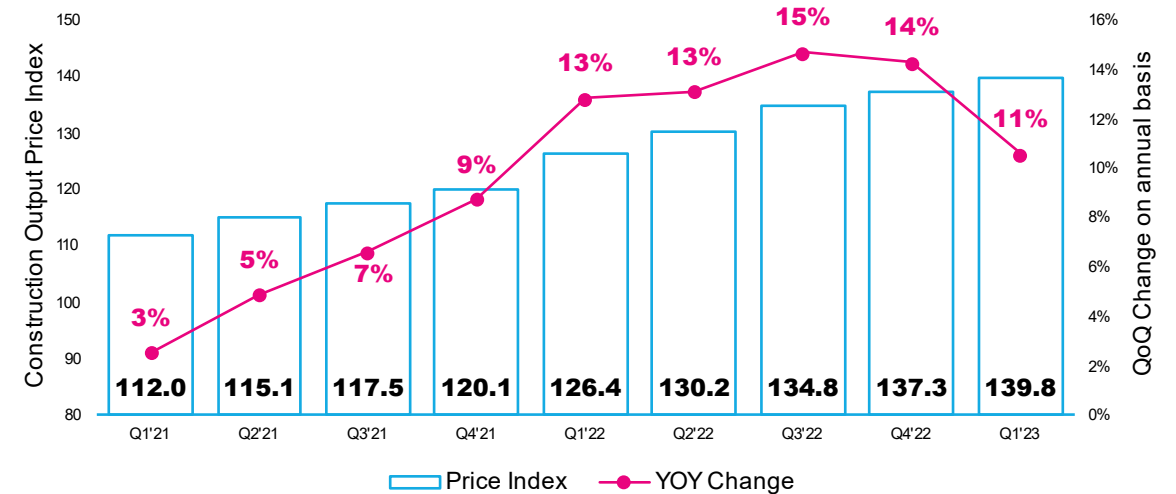


### Renewable Energy

The Energy and utilities sector is expected to expand by 6.5% in 2023, followed by a growth at an average annual rate of 3.5% from 2024 to 2027. This growth is supported by investments in solar and wind energy projects. The government aims to increase the share of renewable energy to 17.5% by 2030 and reduce non-ETS greenhouse gas emissions by 35% from 2005 levels.



## Construction Output Price Index



\* Base year 2015=100

# Belgium – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
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- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

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## Sample sources – Belgium

For Belgium, sources for this report include, but are not limited to:

- National Bank of Belgium
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- STATBEL (the Belgian Statistical Office)
- Economic Research Institute
- Eurostat
- ESRI
- Belgium Digital infrastructure association
- Pharma.be

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# Denmark

## Country Commodity Report

**Q2 2023**



# Denmark

## Q2 2023

The Danish economy recovered strongly from the pandemic, although more recently, there are signs that economic activity is cooling, as inflation lowers real incomes, financial conditions tighten, and external demand weakens. Moderating energy prices will continue to reduce headline inflation, but core inflation will ease slowly, and is likely to stay above 2% in the near term.

The construction industry in Denmark is expected to decline by 4.3% in real terms in 2023 and 2.2% in 2024, following an annual growth of 10.7% in 2022. While the industry has been strong in recent years, supported by government policies to sustain construction activity, growth momentum is expected to reverse this year under the weight of economic and market turbulence and elevated interest rates and high labour costs, that will weigh heavily on the execution of projects.

However, it is expected the Danish construction industry will register an annual average growth of 3.2% from 2025 to 2027, supported by investments in transport, renewable energy, and housing infrastructure projects. This will be further supported by government investments aimed at strengthening public transport and facilitating the green transition.



**Paul Butler**  
Senior Director - Europe



### Key Indicators

#### GDP

**Grew by 3.65% in Q1 2023 on seasonally adjusted annualised base terms**



- 0.6% QoQ growth compared to previous quarter
- Positive developments in the manufacturing and utility sectors supported overall GDP growth

#### CPI

**Stood at 2.5% in June 2023 on a YoY basis**



- This was the lowest rate observed since Sep 2021
- In May, the inflation rate stood at 2.9%

#### Construction output

**Expected to decline by 4.3% in real terms in 2023**



- Weakening housing demand, high interest rates and labour costs are weighing on the industry
- The industry is expected to return to growth from 2025 to 2027

### Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -13%	↓ -6%	↓ -1%	Prices declined in the last quarter and are expected to remain volatile
<b>Steel rebar (raw)</b>	↓ -36%	↑ 0.4%	↓ -2%	Prices edged up marginally but are expected to decline in coming quarters
<b>Cement</b>	↑ 8%	↑ 2%	↓ -2%	Prices have continued to rise, but likely to decline in coming quarters
<b>Lumber</b>	↓ -4%	↓ -2%	↓ -1%	Prices have been falling and expected to decline further

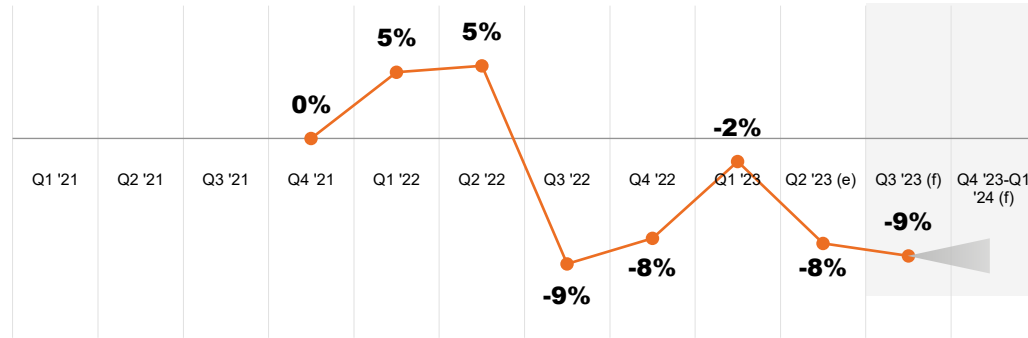
# Denmark – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Low	
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK58,089	DKK57,509	↓ -6.3%	↓ -1.0%

Price change comparison against Q4 2021

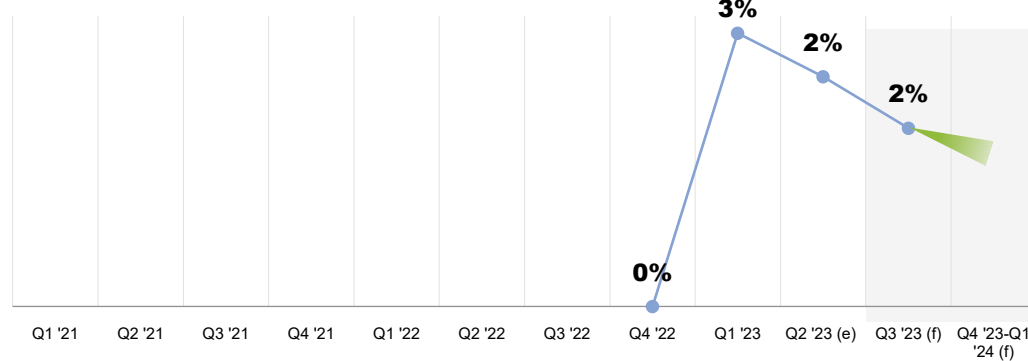


- Copper prices in Denmark dropped by 6.3% QoQ in Q2 2023, reflecting weakness in domestic and global demand
- Although, copper prices in Denmark were down on a quarterly average basis, prices edged up in June 2023 and there will be volatility in the coming quarters
- However, on a quarterly average basis prices will remain close to current levels in the short term

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK28,357	DKK28,210	↓ -0.4%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices decreased marginally by an estimated 0.4% in Q2 2023, and will continue to trend downward
- Owing to low demand as well as falling prices for key inputs, such as nickel, price pressure will be limited
- However, production levels are likely to be cut to rebalance supply and demand

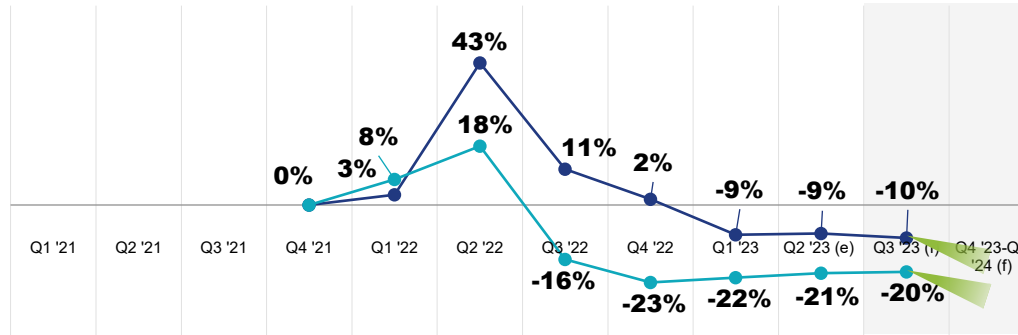
# Denmark – Commodity Price Trends



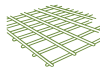
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>● Steel rebar (raw) (DKK/mt)</b> <b>DKK5,832   DKK5,745   ↑ 0.4%   ↓ -1.5%</b>			
<b>● Steel flat product (DKK/mt)</b> <b>DKK5,537   DKK5,564   ↑ 1.7%   ↑ 0.5%</b>			

### Price change comparison against Q4 2021



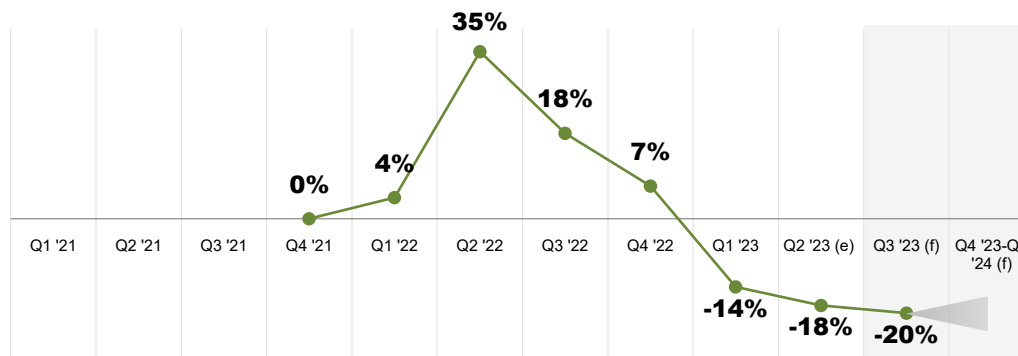
- After a steady decline from the peaks of Q2 2022, steel prices edged up marginally in Q2 2023, but they remain low, with rebar prices 9% below Q4 2021 levels and steel flat down 21%
- Demand for steel products is expected to decline given the weakness in the construction industry and a reduction in fixed capital investment amid rising interest rates
- However, as a net importer of steel, Denmark will continue to be heavily exposed to potential price volatility in the global market



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (DKK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>DKK202</b>	<b>DKK198</b>	<b>↓ -4.5%</b>	<b>↓ -2.0%</b>

### Price change comparison against Q4 2021



- Prices of welded mesh have been dropping back from the highs recorded in mid-2022
- Prices fell by 4.5% QoQ in Q2 2023, dropping to a level that was 40% below the Q2 2022 average and 18% below the level in Q4 2021
- Weak demand in the construction industry and relatively low costs will keep prices low in the coming quarters

\* 230 x 600 cm; diameter 6mm

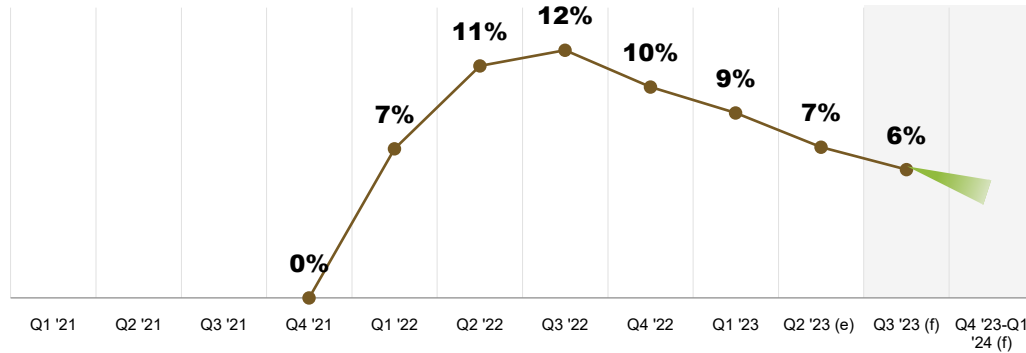
# Denmark – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (DKK/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>DKK771</b>	<b>DKK764</b>	↓ -1.5%	↓ -1.0%

### Price change comparison against Q4 2021



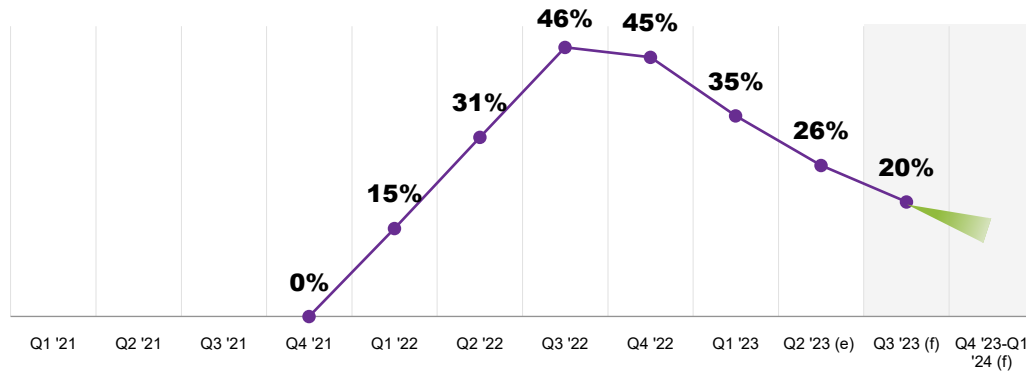
- Lumber prices in Denmark have been falling steadily in recent quarters, and this trend will continue given the sharp drop in residential construction activity in the short term
- However, Copenhagen has been an early adopter of the 'Build-in-Wood' initiative funded by the EU to promote greater usage of timber-based construction, and so lumber remains a popular housebuilding material in Denmark



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (DKK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>DKK79.9</b>	<b>DKK75.9</b>	↓ -6.3%	↓ -5.0%

### Price change comparison against Q4 2021



- Plasterboard prices continued on a downward trend in Q2 2023, falling by 6% QoQ
- Prices rose sharply during 2022, owing to high production costs and solid demand in the construction industry
- However, residential construction is now in decline, with residential building permits plummeting by 50% YoY in Q1 2023
- Easing production costs will also be a factor in plasterboard prices falling further over the coming quarters

\* 240 x 90 x 1.3 cm (L x W x T)

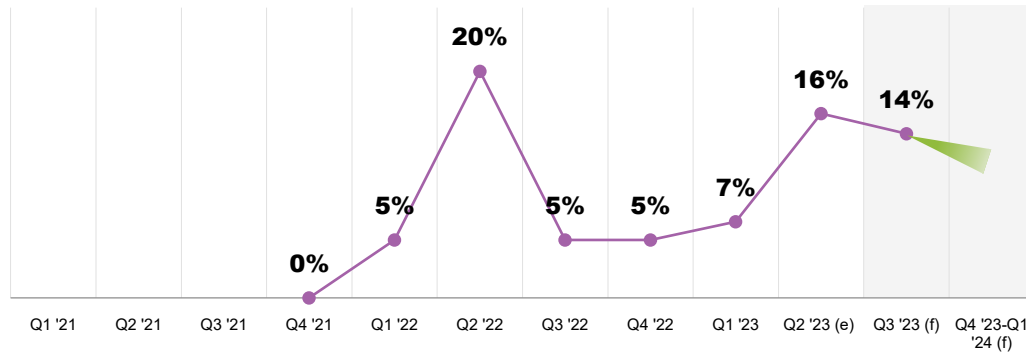
# Denmark – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK1,598	DKK1,574	↑ 8.7%	↓ -1.5%

Price change comparison against Q4 2021

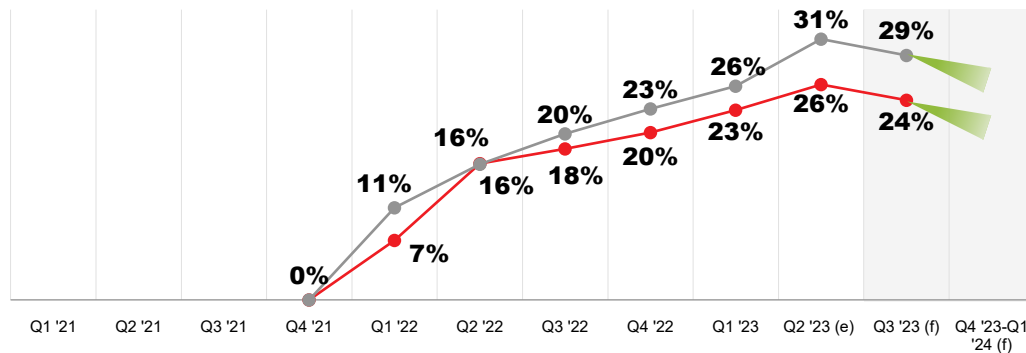


- Limestone prices picked up again in Q2 2023, rising by 8.7% on a quarterly average basis, with high prices persisting following the surge in production costs last year
- With the overall construction industry facing a decline in the short term, prices for raw materials including limestone are set to fall back, but will still be relatively high compared to levels in 2021

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●● Moderate	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK1,714	DKK1,689	↑ 2.5%	↓ -1.5%
<p>●— Cement (DKK/mt)</p> <p>●— Concrete (DKK/m<sup>3</sup>)</p>			
DKK1,217	DKK1,199	↑ 4.5%	↓ -1.5%

Price change comparison against Q4 2021



- Cement and concrete prices continued to rise in Q2 2023 despite weakening demand
- High production and transportation costs had been a factor in driving up prices last year
- A recent easing in such costs has yet to be reflected in pricing, likely due to low competition in the domestic cement market
- However, with demand from the construction industry set to be sluggish in the coming quarters, prices for cement and concrete will decline

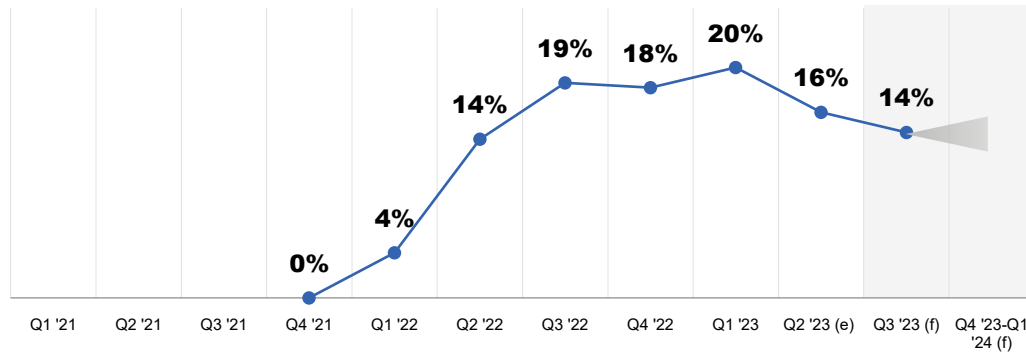
# Denmark – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK2,261	DKK2,227	↓ -3.2%	↓ -1.5%

Price change comparison against Q4 2021



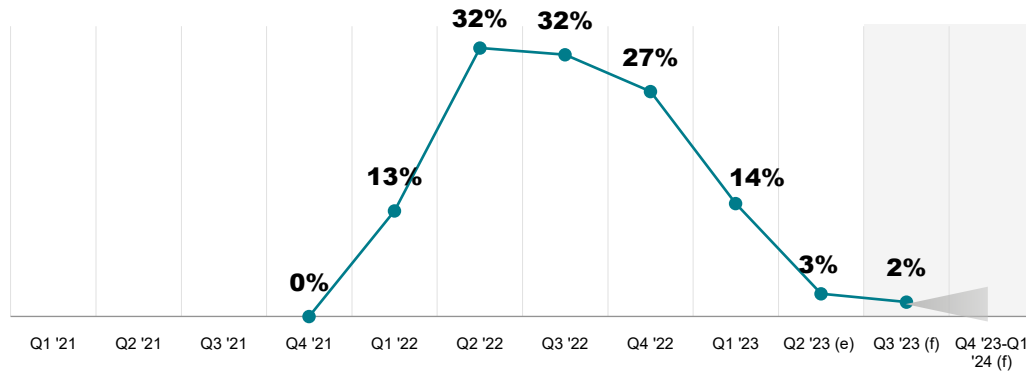
- Asphalt prices decreased by 3.2% in Q2 2023 on a quarterly average basis, reflecting a decline in prices for key materials
- Prices are expected to ease back further in the short term, but with spending on road infrastructure on the increase, and some volatility in global crude oil prices, asphalt prices will remain relatively high when compared to the levels of 2021



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (DKK/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK12.0	DKK11.9	↓ -9.5%	↓ -1.0%

Price change comparison against Q4 2021



- Diesel prices in Denmark continued to fall during Q2 2023, down by around 9.5% QoQ, and were 22% lower than in Q2 2022
- Prices stabilised in June, and will face some volatility in the coming quarters, amid the OPEC+ decision to reduce overall production
- However, on a quarterly average basis, prices will remain close to current levels



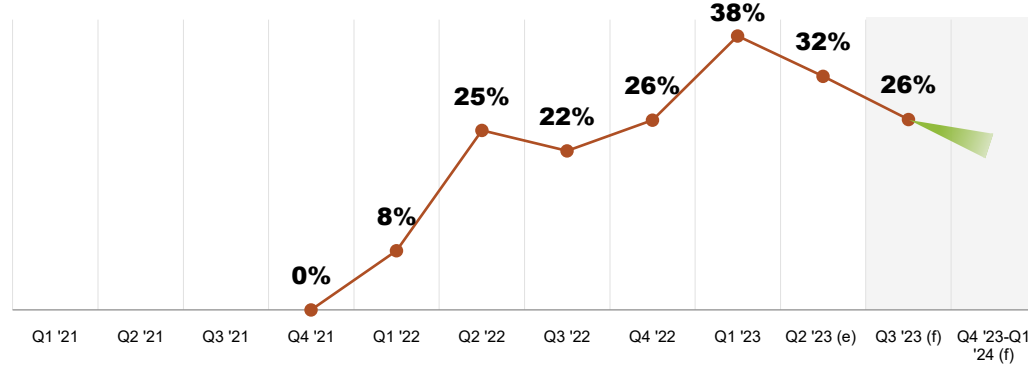
# Denmark – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (DKK/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK7,775	DKK7,425	↓ -4.0%	↓ -4.5%

Price change comparison against Q4 2021



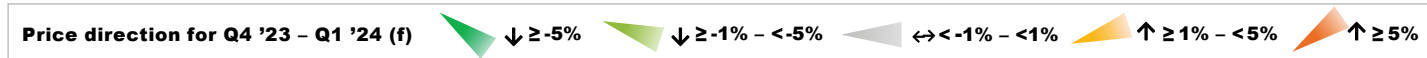
- As with most building materials, brick prices rose sharply during 2022, as increasing production costs, limited competition and high demand created upward pressure
- However, there has been a reversal in these trends this year, with prices expected to decline further in the coming quarters
- Prices fell by 4% QoQ in Q2 2023, and although continuing to drop in the coming quarters, prices will still be relatively high in the short term

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QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre



# Denmark – Industry trends

## Sector trends



### Data Centres

Denmark is an emerging Data Centres location in the Nordic region. This is due to its access to cleaner and low-cost energy, excellent connectivity, and the adoption of cloud AI, IoT, and 5G deployments. Currently projects with a value of more than DKK5bn are under execution in the country.



### Life Sciences

Denmark's pharmaceutical industry plays a pivotal role in its economy, with a significant biopharmaceutical sector and domestic companies actively involved in pharmaceutical research and manufacturing. In 2022, the government invested DKK82mn to bolster and promote the Life Sciences sector in the capital region of Denmark. Denmark's substantial investment of its GDP in research and innovation place it among the top countries globally for per capita R&D expenditure.



### High-tech Industrial

The industrial construction sector is projected to decline by 2.3% this year and 3.4% in 2024 due to a decrease in factory permits and the cancellation of some industrial projects in 2022. However, it is anticipated to regain momentum and grow at a rate of 3.6% from 2025 to 2027, driven by a manufacturing rebound and the government's ambitious plan to produce at least 775,000 electric or hybrid cars by 2030.

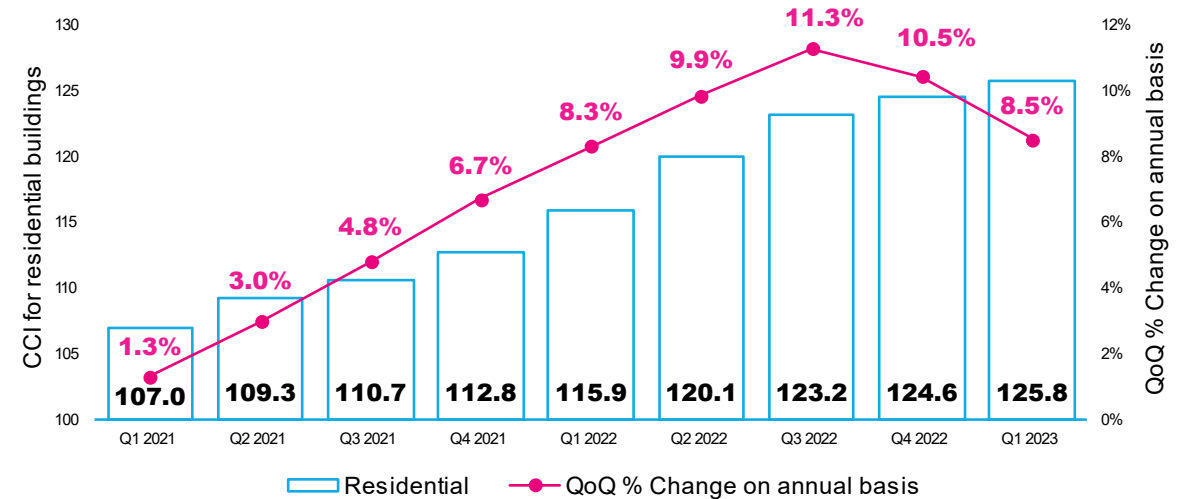


### Renewable Energy

Denmark has a rich history of renewable energy, with wind and solar power supplying 50% of its electricity. In 2022, solar panels and wind turbines achieved a "new green record" of 21.2 TWh of electricity. The Energy and utilities sector is projected to grow at an annual average rate of 2.9% from 2024 to 2027, fueled by continuous investments.



## Construction Cost Index (CCI)\*



\* CCI for residential buildings and QoQ change on annual basis  
Base year 2015=100

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- European Commission
- Economic Research Institute
- Eurostat
- Trading Economics
- Statista
- Confederation of Danish Industry's (DI) Energy Department

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# Finland

## Country Commodity Report

### Q2 2023



# Finland

## Q2 2023

The Finnish economy bounced back in Q1 2023 after a contraction in the previous quarter, however The Bank of Finland have forecasted that the economy will contract by 0.4% in 2023. This is due to inflation, tighter monetary policy and weak export demand weighing on growth across the board.

On a more positive note, indicators are showing that Finland's inflation should subside to 1.3% next year, which is expected to spur economic growth for 2024, albeit to a modest 0.9%. In 2025, growth in the economy will gather pace, reaching 1.5%. In addition, lower energy prices and receding concerns about energy availability will support growth in the euro area economy.

Rising interest rates have led to a sharp decline in construction, especially residential construction. However, construction activity will be maintained by non-residential projects, with a return to growth expected to take place in 2024. There is a significant amount of wind power investments planned in Finland, as well as production plant investments related to the green transition, that seek to take advantage of cheap and clean wind power, and to produce hydrogen and steel, for example. The total value of these plans is as high as €90bn.



**Paul Butler**  
Senior Director - Europe



## Key Indicators

### GDP

Grew by 0.4% in Q1 2023 on annual basis



- Economic activity bounced back from a 0.5% contraction in Q4 2022 to a growth of 0.4% in Q1 2023 on quarterly basis
- The improvement in the economy was led by growth in domestic consumption

### CPI

Increased by 6.3% in June 2023 on YoY basis



- Inflation in May was 6.8%
- The decrease in inflation is attributed to lower prices of fuel
- MoM change in CPI was 0.2% which was primarily due to an increase in interest rates of housing loans





### Construction output

Expected to contract by 8% in 2023



- Weakness in the construction industry is due to elevated costs and lack of capital funds for projects
- A growth of 1.9% is expected from 2024 to 2027 supported by investments in transport and renewable energy

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -13%	↓ -6%	↔ 0%	Prices have declined in the last quarter and are expected to remain volatile
 <b>Steel rebar (raw)</b>	↓ -31%	↑ 2%	↓ -1%	Prices picked up moderately last quarter but are likely to decrease
 <b>Cement</b>	↑ 1%	↓ -2%	↓ -3%	Prices are edging downwards, and are expected to decrease further
 <b>Lumber</b>	↑ 14%	↑ 5%	↓ -1%	Prices have continued to increase but expected to remain stable

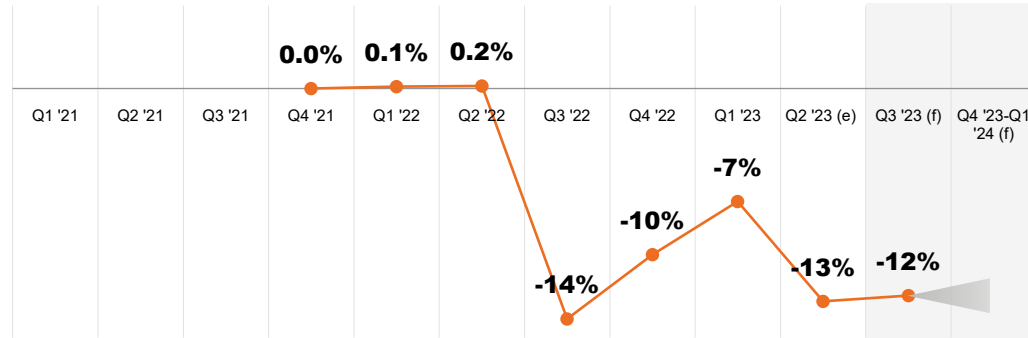
# Finland – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€7,784	€7,816	↓ -6.5%	↑ 0.4%

Price change comparison against Q4 2021

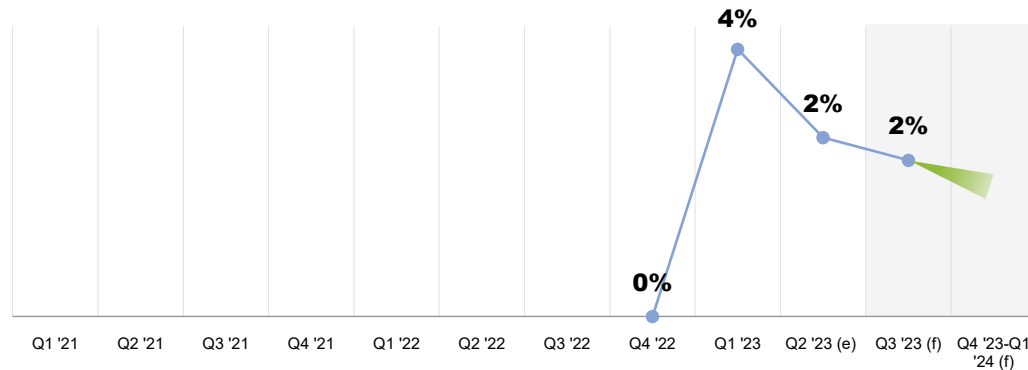


- Copper prices in Finland are estimated to have fallen by 6.5% QoQ in Q2 2023, owing in part to subdued demand
- Prices have been falling in recent months such that in June prices were 7.4% lower than in January
- Reduced demand from Chinese manufacturers has been a factor in keeping global prices low, but concerns over inventories will offset weakness on the demand side

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,907	€3,895	↓ -1.2%	↓ -0.3%

Price change comparison against Q4 2022



- Stainless steel prices decreased by an estimated 1.2% in Q2 2023 compared to the average price in the previous quarter, and will continue on a downward trend with prices for key inputs falling recently
- Demand will also be weak in the short term given the downturn in the construction industry

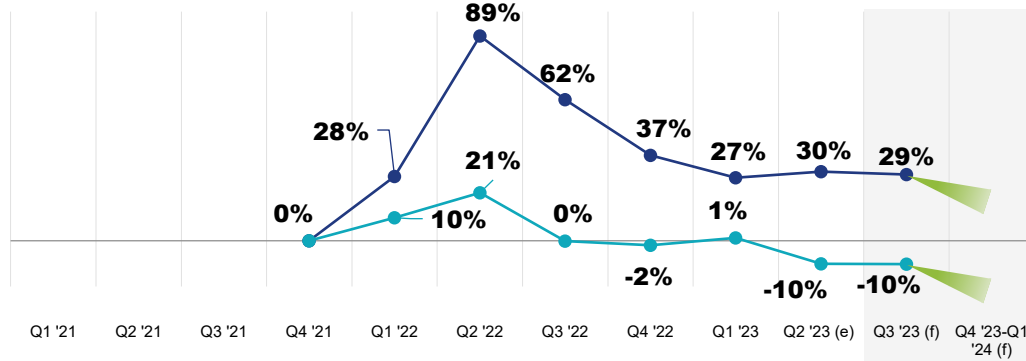
# Finland – Commodity Price Trends



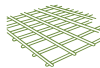
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€841	€832	↑ 2.1%	↓ -1.0%
<b>Steel flat product (€/mt)</b>			
€820	€818	↓ -11.2%	↓ -0.2%

Price change comparison against Q4 2021



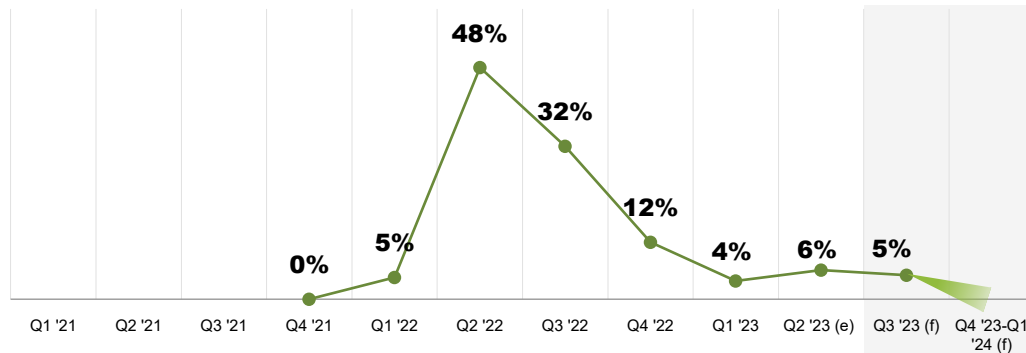
- Steel rebar prices increased by 2.1% QoQ in Q2 2023, the first quarterly increase after three successive quarters of decline
- However, prices are expected to return to a downward trend in the coming quarters given weakness in demand
- Domestic demand for steel products and import steel volumes has decreased significantly, and prices are likely to remain low until infrastructure developments gather pace



## Welded mesh

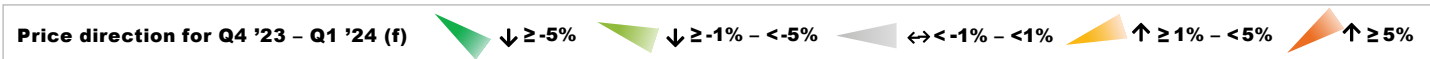
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€77	€76	↑ 2.1%	↓ -1.0%

Price change comparison against Q4 2021



- Welded mesh prices edged up again in Q2 2023, but prices remain way below the highs recorded in Q2 2022 when steel prices soared amid disruption stemming from the Russia-Ukraine conflict
- In Q2 2023 prices were down by 28% YoY, but are still higher than in Q4 2021
- Prices are expected to fall further in the coming quarters, as weak demand and easing energy costs will contribute to the decline in costings

\* 235 x 500 cm; diameter 6mm





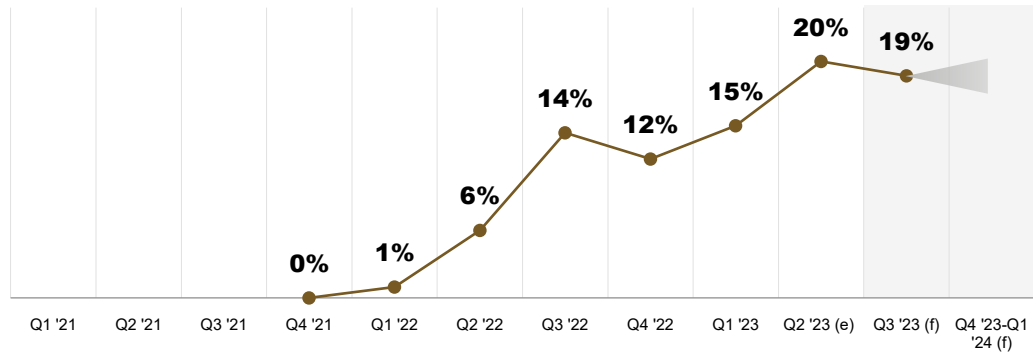
# Finland – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€76	€75	↑ 4.8%	↓ -1.0%

### Price change comparison against Q4 2021



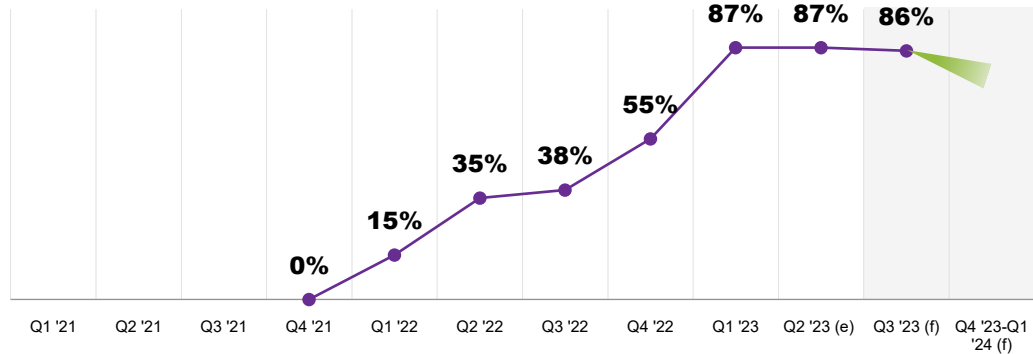
- Lumber prices in Finland continued to rise in Q2 2023, increasing by 4.8% QoQ, preceded by a 2.6% increase in Q1 2023
- Compared to levels in Q4 2021, prices were 20.4% higher in Q2 2023, which reflects the disruptions to supply over the past six quarters and high transportation costs
- With domestic construction demand falling, prices will ease back, but wood products remain popular in Finland's construction industry, and potential supply shortages given the lack of imports from Russia will keep upward pressure on prices



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€17	€17	↔ 0.0%	↓ -0.6%

### Price change comparison against Q4 2021



- Plasterboard prices remained stable in Q2 2023, yet remain at an elevated level compared to late 2021 owing to high production costs
- In Q2 2023 plasterboard prices were 87% higher than in Q4 2021
- Building permits have plummeted in recent months, indicating severe weakness in construction in the short term
- The decline in residential and commercial construction will contribute to a downward trend in prices in the coming quarters

\* 120 x 240 x 1.3 cm (L x W x T)

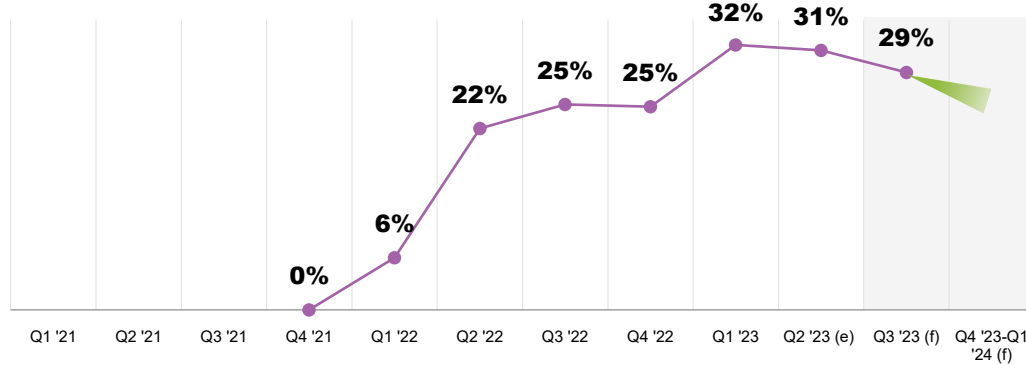
# Finland – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€61	€59	↓ -0.5%	↓ -2.0%

Price change comparison against Q4 2021

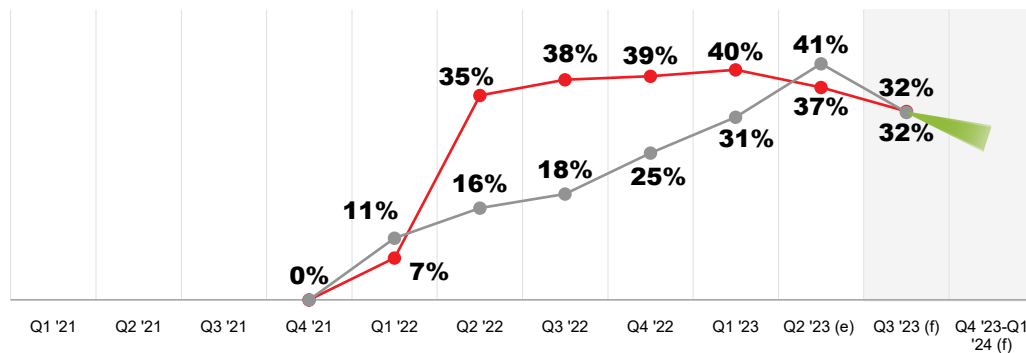


- Limestone prices are estimated to have decreased marginally by 0.5% QoQ in Q2 2023, and will continue on a downward trend as construction demand weakens
- Demand is largely met through domestic production, and the surge in prices during 2022 was driven by high energy and transportation costs

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Moderate	●●●● Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€291	€282	↓ -2.2%	↓ -3.0%
●—● <b>Cement</b> (€/mt)			
€169	€159	↑ 7.0%	↓ -5.9%
●—● <b>Concrete</b> (€/m <sup>3</sup> )			

Price change comparison against Q4 2021



- Cement prices have started to drop from the high levels recorded in early 2023
- In Q2 2023 prices edged down by 2.2% QoQ, reflecting decreased housing demand and construction activity
- Despite the weakening trend in cement prices, concrete prices rose further in Q2 2023 on a quarterly average basis
- This reflected a jump in prices early in the quarter, and prices have since dropped back and will continue to decline amid weak demand in the short term

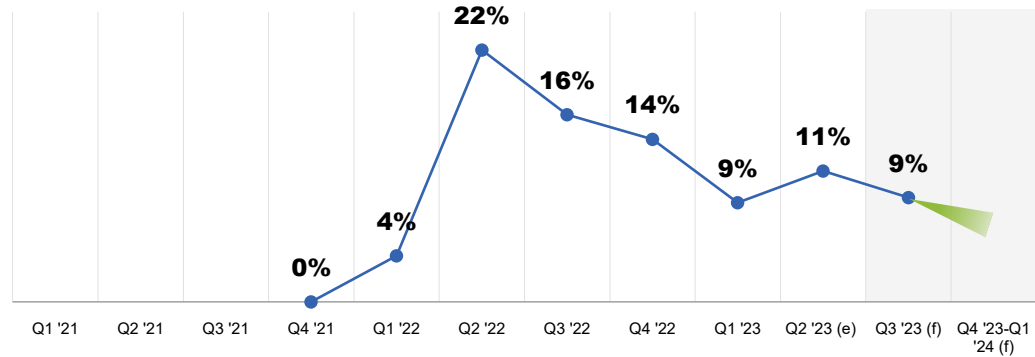
# Finland – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€73	€72	↑ 2.5%	↓ -2.1%

### Price change comparison against Q4 2021



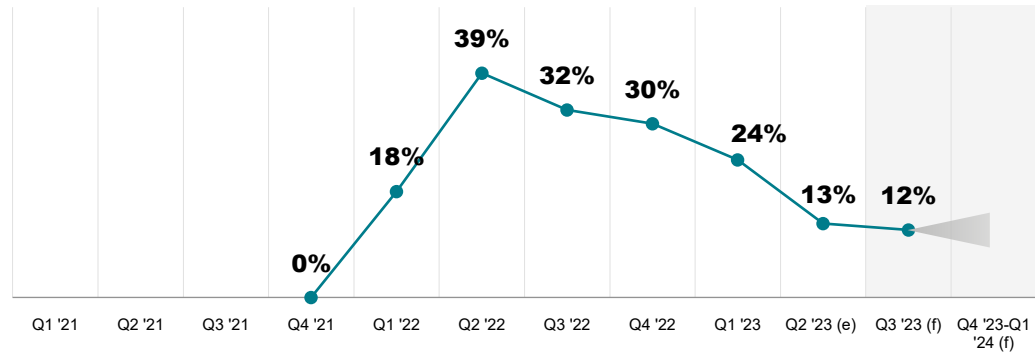
- Asphalt prices had been on a steady downward trend from the highs of Q2 2022, but there was a pick up in May this year that contributed to a 2.5% QoQ increase in the quarterly average price in Q2 2023
- Prices are expected to trend downwards in the coming quarters, but will stay above the levels of Q4 2021 as road construction demand edges up



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€2	€2	↓ -8.8%	↓ -1.0%

### Price change comparison against Q4 2021



- Diesel prices in Finland have continued to decline, decreasing by 8.8% QoQ in Q2 2023, preceded by QoQ decline of 4.8% in Q1 2023
- Despite the recent decline from the highs of mid-2022, diesel prices were still 12.8% higher than levels in Q4 2021
- Volatility in the global crude oil market could renew upward pressure on diesel prices in the medium term

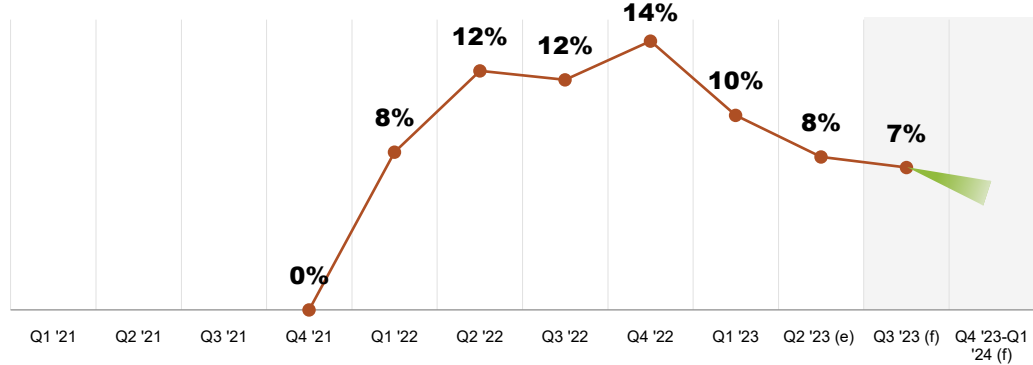
# Finland – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€772	€768	↓ -2.0%	↓ -0.5%

Price change comparison against Q4 2021



- Brick prices have been on a downward trend recently from the highs of late 2022, owing to weaker demand and easing supply-side pressures
- Although falling, prices in Q2 2023 were 8% higher than in Q4 2021
- Demand in building construction has plummeted recently, such that building permits in Q1 2023 were at their lowest level since the mid 1990s

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Finland – Industry trends

## Sector trends



### Data Centres

Finland's Data Centres market is thriving, thanks to its favourable business environment, reliable power infrastructure, and advanced connectivity. The country's investments in high-speed internet connectivity under the recovery plan is fueling further growth. Additionally, 'Invest in Finland' has identified over 50 potential sites for further Data Centres investment in the country.



### Life Sciences

The government supports R&D through initiatives like 'Business Finland', and Finland is emerging as one of the key hubs for Life Sciences in Europe. There is a strong focus on pharmaceutical research and health technology, particularly in the Southwest. Health technology is one of the country's fastest-growing high-tech export sectors, with exports exceeding €2.7bn in 2022.



### High-tech Industrial

Finland's battery industry is booming, with significant investments underway and existing factories in operation. The country's abundant essential minerals for battery production, along with its capability to manage the entire battery value chain, positions Finland to meet the growing demand driven by the surge in electric vehicles in Europe. The Battery Industry Association of Finland has plans to invest more than €6bn in the next 5 years.

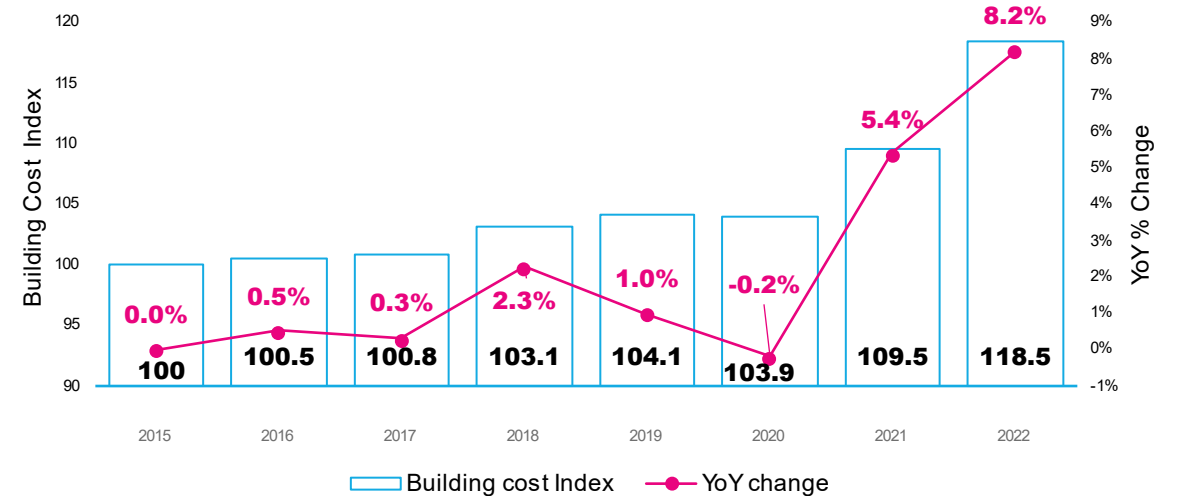


### Renewable Energy

The Energy and utilities construction sector is set to grow by 1.6% in real terms in 2023 and continue expanding at an annual average rate of 2.2% from 2024 to 2027. This growth is driven by investments in wind energy and heat recovery projects, aligned with the government's goal of generating 50% of electricity from renewables by 2030 and achieving carbon neutrality by 2035.



## Building Cost Index and YoY change\*



\* Base year 2015=100

# Finland – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

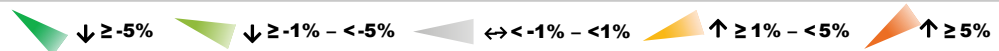
## Sample sources – Finland

For Finland, sources for this report include, but are not limited to:

- IMF
- Statistics Finland
- Finnish Institute of Occupational Health (FIOH)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org
- Economic Research Institute
- Healthtech Finland
- Eurostat

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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# France

## Country Commodity

### Report

**Q2 2023**





# France

## Q2 2023

The French economy grew faster than expected in Q1 2023, with energy prices normalising, inflation easing and supply chains improving. The second half of the year is expected to be modest, but the economy appears to be resilient. The Bank of France has maintained its tighter monetary policy to combat inflation, resulting in high interest rates, which are impacting the profitability of the construction industry.

While the prices of a few key materials, such as steel, have stabilised, cement and concrete prices remain high. YoY growth in construction costs has slowed to 6.6% from 8.8% in Q4 2022.

Nonetheless, according to INSEE's survey, the overall business climate indicator (which reflects general perception and activity in the construction industry) has been declining for the past six months. Amid a weakening residential sector and overall weak global outlook, the construction industry is likely to contract in real terms in 2023.

However, it is expected to receive substantial support in the next few years through investments in renewable energy, decarbonisation of industries, electric vehicle manufacturing, and the development of the green hydrogen sector as part of the France 2030 plan.



**Michael Riordan**  
Senior Director – Europe



## Key Indicators

### GDP

**0.9% growth in Q1 2023 in YoY terms**



- Growth is attributed to increased industrial production and foreign trade
- In QoQ terms, GDP grew by 0.2% followed by muted performance in Q4 2022

### CPI

**Increased by 4.5% on a YoY basis to June 2023**



- The Inflation rate has dropped compared to the previous month which was at 5.1%
- This dip in inflation was triggered by a decrease in energy prices and reduction in food prices





### Construction output

**Expected to shrink by 2.4% in real terms in 2023**



- Contraction is attributed to high construction costs, rising interest rates and subdued residential sector
- Investments in Energy and Infrastructure sectors is expected to support construction industry growth in 2024

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -12%	↓ -7%	↓ -1%	Prices are trending downward but will remain volatile
 <b>Steel rebar (raw)</b>	↓ -15%	↑ 3%	↓ -1%	Prices are decreasing and likely to edge down further
 <b>Cement</b>	↑ 17%	↓ -1%	↓ -1%	Prices edging marginally downward, and are likely to dip further
 <b>Lumber</b>	↑ 5%	↑ 3%	↓ -1%	Prices have remained stable but are likely to drop in the coming quarter

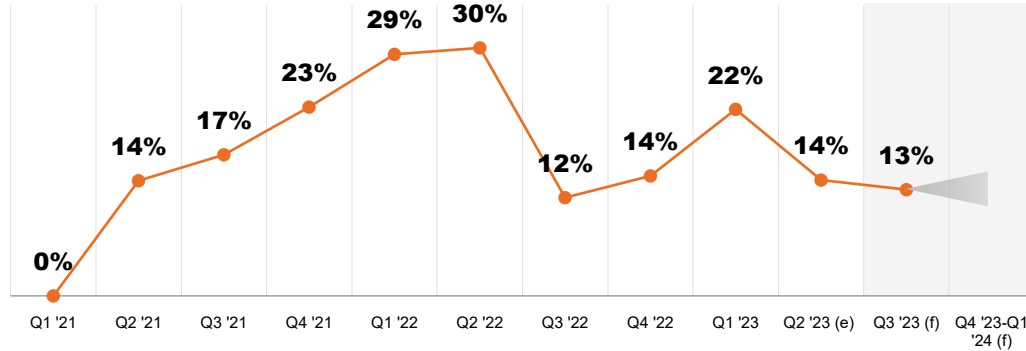
# France – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,049	€7,968	↓ -6.9%	↓ -1.0%

Price change comparison against Q1 2021



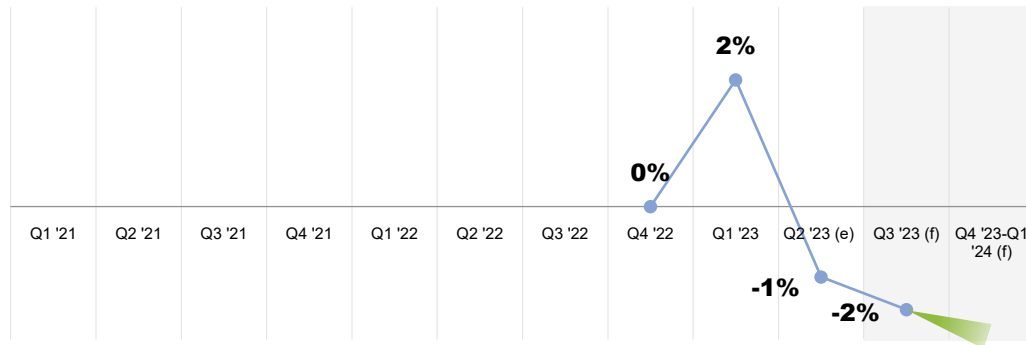
- Having picked up in early 2023, copper prices have again trended downward on a quarterly average basis
- However, the copper market remains volatile
- Prices will face downward pressure given the impact of higher interest rates on global demand, but concerns over low copper stocks will provide some price support in the short term along with demand associated with investment in renewable energy and electric vehicles



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,832	€3,813	↓ -2.9%	↓ -0.5%

Price change comparison against Q4 2022



- With prices for key raw materials dropping, and sluggish demand, there has been a drop in stainless-steel prices on a quarterly average basis in Q2 2023
- This trend will continue in the short term, with prices set to fall further in the coming quarters

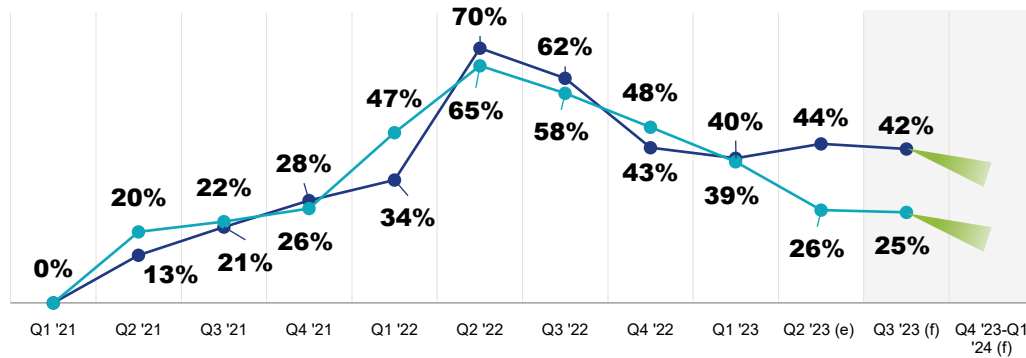
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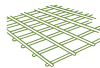
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€744	€736	↑ 2.8%	↓ -1.0%
<b>Steel flat product (€/mt)</b>			
€685	€681	↓ -9.6%	↓ -0.5%

Price change comparison against Q1 2021



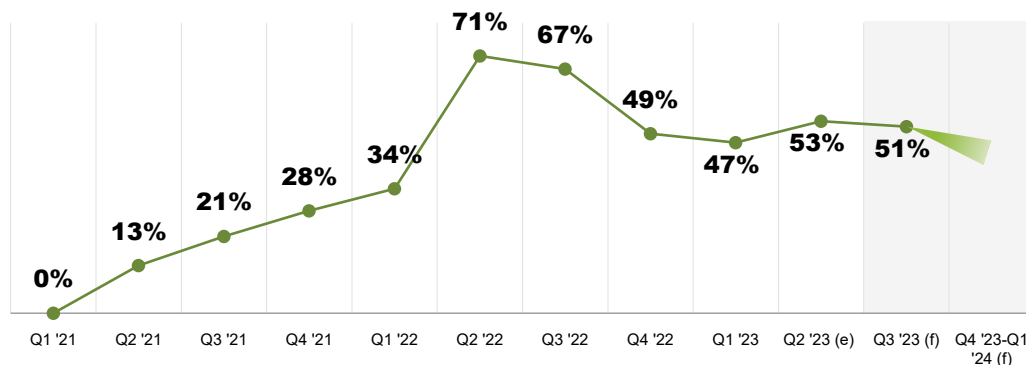
- Steel prices in France have continued on a general downward trend from the highs of mid-2022 when severe supply disruptions resulted in a surge in prices, however prices are still higher than they were in early 2021
- Prices will fall further in the coming quarters owing to weak demand in buildings construction
- However, there will be support as spending increases within the Infrastructure sector



## Welded mesh

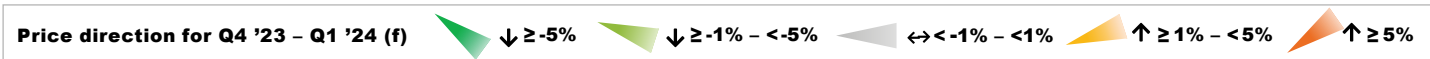
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€151	€150	↑ 4.0%	↓ -1.0%

Price change comparison against Q1 2021



- Prices for welded mesh picked up again in Q2 2023 on a quarterly average basis, but there has been monthly volatility, and prices are again trending downward
- Weak demand in construction activity is expected to contribute to a steady decline in prices in the coming quarters
- However, prices are still at an elevated level, over 50% higher than in Q1 2021

\* 240 x 600 cm; diameter 7mm



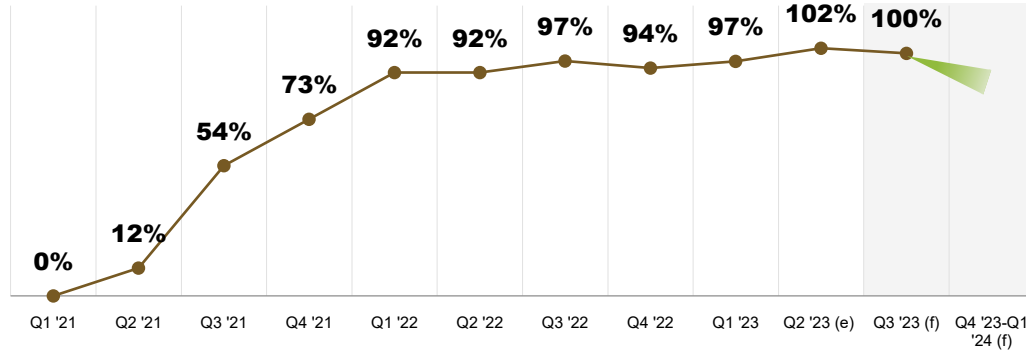
# France – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€105	€104	↑ 2.7%	↓ -1.0%

### Price change comparison against Q1 2021



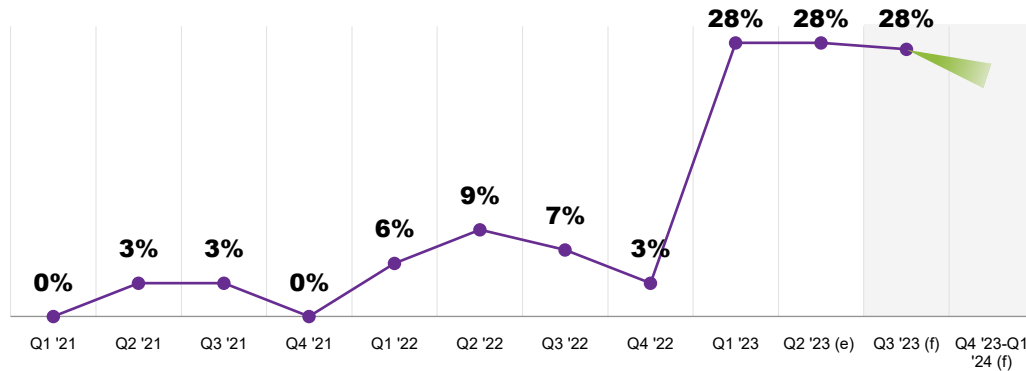
- Lumber prices have remained high in recent quarters despite weak demand from the construction industry
- Prices are expected to fall in the coming quarters, given the weakness in the residential sector
- Key directives requiring the use of natural materials in public buildings, including for a number of building types for the 2024 Summer Olympics, will sustain the demand for wood in construction



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3.72	€3.70	↔ 0.0%	↓ -0.5%

### Price change comparison against Q1 2021



- Despite weak demand in buildings construction, plasterboard prices remain high in France, as producers recover from the high cost of production last year
- Prices jumped in Q1 2023, and have remained stable in recent months
- However, prices are set to fall, as residential demand declines and supply-side pressures ease

\* 250 x 120 x 1.3 cm (L x W x T)

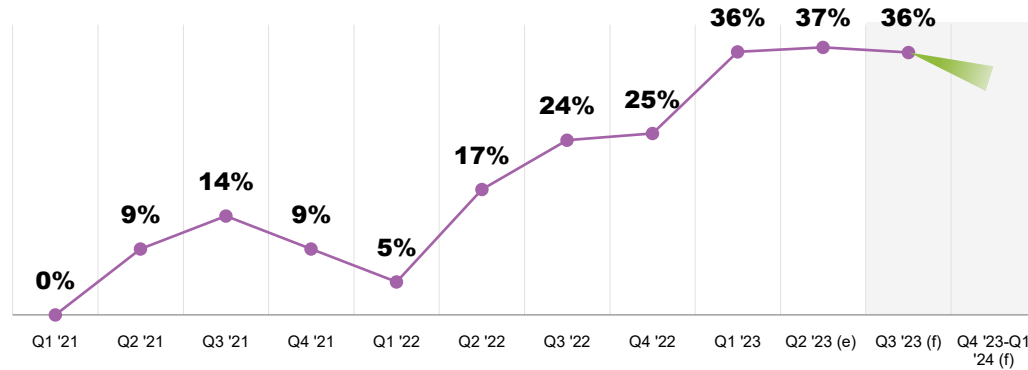
# France – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€60	€60	↑ 0.5%	↓ -0.5%

Price change comparison against Q1 2021

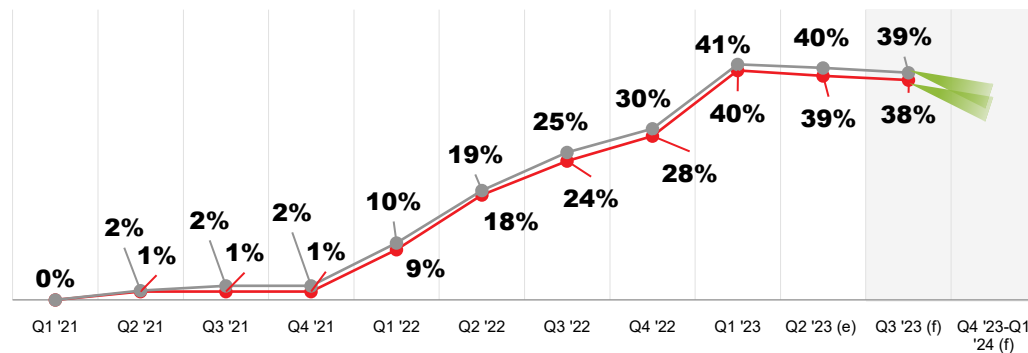


- Limestone prices rose sharply over 2022, and have now stabilised at a high level
- Prices in Q2 2023 were close to 37% higher than in Q1 2021
- Buildings construction is set to weaken, amid high interest rates and weak economic growth, and this will contribute to downward pressure on prices in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€191	€190	↓ -0.7%	↓ -0.5%
<b>● Cement (€/mt)</b>			
€171	€170	↓ -0.4%	↓ -0.6%
<b>● Concrete (€/m³)</b>			

Price change comparison against Q1 2021



- Concrete and cement prices have stayed relatively high in the past quarter, edging down marginally
- Although the demand from the construction industry has been weak, prices remain stubbornly high
- With declines expected in the output of residential and commercial construction this year, demand will remain weak, contributing to a drop in prices in the coming quarters

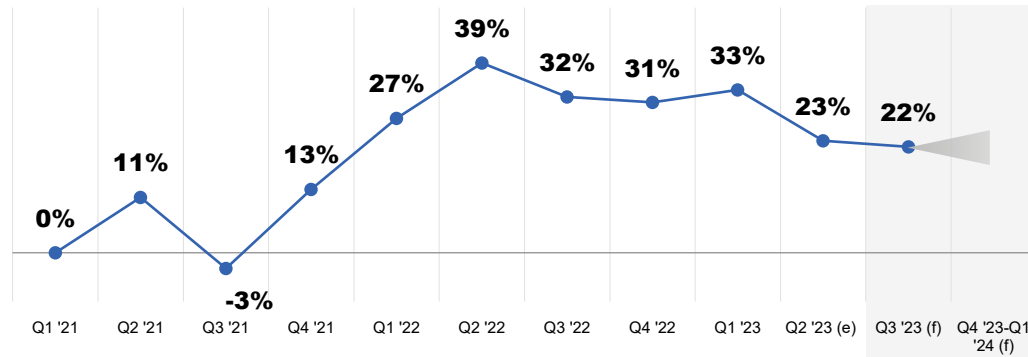
# France – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€76	€75	↓ -7.8%	↓ -1.0%

Price change comparison against Q1 2021



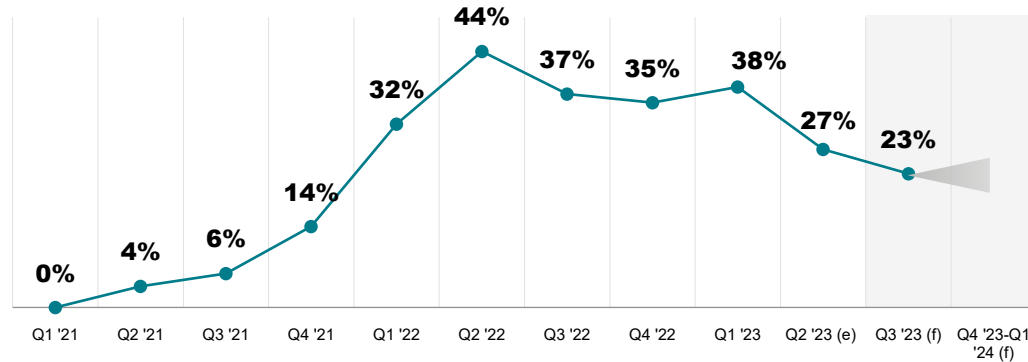
- Asphalt prices have dropped back from recent highs, owing mainly to a decline in raw material costs, but prices are still relatively high historically, being 23% higher in Q2 2023 compared to Q1 2021
- Road infrastructure investment is expected to pick up in the coming quarters, and this will contain further downward pressure on prices



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.73	€1.67	↓ -7.8%	↓ -3.3%

Price change comparison against Q1 2021



- Diesel prices dropped sharply in Q2 2023, falling by 7.8% QoQ, mainly due to a decline in prices in May, when prices fell to the lowest level since January 2022
- Despite the recent fall in prices, on a quarterly average basis, in Q2 2023 prices were still 27% higher than in Q1 2021
- Although there will be further decreases in Q3 2023, prices will face some upwards pressure owing to planned OPEC+ oil production cuts that will limit the supply of crude oil

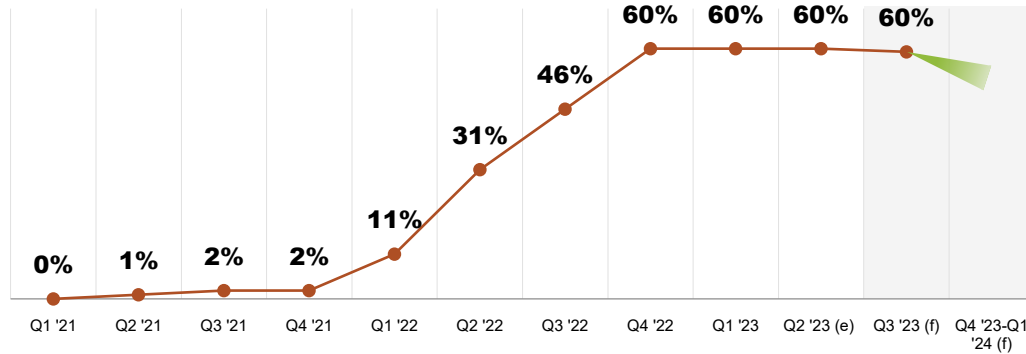
# France – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1,100	€1,095	↔ 0.0%	↓ -0.5%

## Price change comparison against Q1 2021



- Brick prices have remained stable at an elevated level due to the high production costs incurred last year
- With easing pressures on the supply side, along with a projected decline in residential building work, prices will drop back in the coming quarters
- Although in Q3 2023 prices will come down from the recent highs, when compared to levels in Q1 2021 they will still be close to 60% higher in Q3 2023

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

- QoQ: Quarter on Quarter
- YoY: Year on Year
- MoM: Month on Month
- GDP: Gross Domestic Product
- CPI: Consumer Price Index (wherever not specified)
- e: estimated
- f: forecasted
- EV: Electric Vehicles
- DC: Data Centre

# France – Industry trends

## Sector trends



### Data Centres

France is a significant Data Centres hub, with projects of more than €4bn in value at various stages of planning and execution, with the majority of these projects coming up in the Ile-de-France region. The country is steadily rolling out 5G services, with substantial investments from various telecom operators and government sectors aimed at expanding the 5G network across the nation.



### Life Sciences

France is experiencing increased interest from Life Sciences companies and Life Sciences Real Estate investors, both in facilities acquisition as well as developing purpose-built buildings. Pharmaceutical manufacturing plants worth more than €2.9bn are in the pipeline, with more than 50% of the projects by value in execution stage. Paris is emerging as a prominent preferred location.



### High-tech Industrial

France has made semi-conductors a strategic priority with 'Electronique 2030', a €5bn investment plan, aiming to double manufacturing capacity by 2030. Northern France is becoming a favoured location for battery manufacturing, with the French government setting a target to become self-sufficient in electric battery production by 2027. Projects with a value of more than €10bn are in the pipeline.

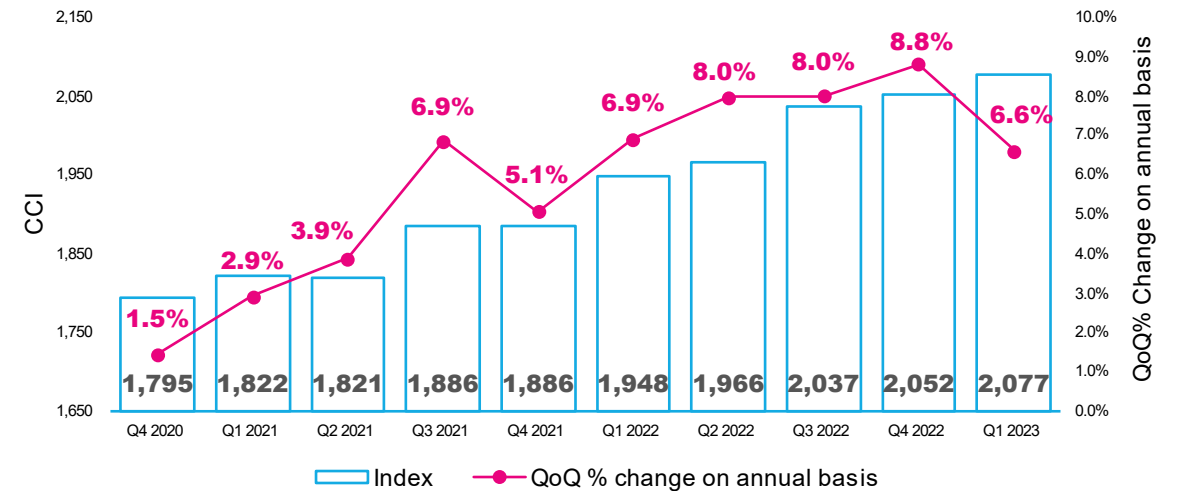


### Renewable Energy

The renewable Energy sector in France is expected to expand by 0.5% in 2023, followed by an average annual growth of 2% from 2024 to 2027. The growth in the sector is largely supported by government's aim of reducing greenhouse gas emissions by 35% compared to 2015 levels, by 2030. Renewable power installed capacity is set to undergo a remarkable tenfold increase by 2050, reaching an impressive 100 GW.



## Cost of Construction Index (CCI)\*



\* QoQ change on annual basis (base year 2010 =100)



# France – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Centre (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labour Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – France

For France, sources for this report include, but are not limited to:

- IMF
- Eurostat
- French National Institute of Statistics and Economic Studies (INSEE)
- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Economic Research Institute
- Biotechgate
- International Energy Agency (IEA)
- France24.com

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Linesight



# Germany

## Country Commodity

### Report

Q2 2023



# Germany

## Q2 2023

The German economy remained in a contraction phase during Q1 of 2023, leading to a technical recession. While real gross domestic product (GDP) declined as expected, real gross value added (GVA) displayed an unexpected increase in the first quarter, with the biggest growth reported in the construction industry at 6.1%, attributable to the unusually mild weather.

Although there are lingering challenges, a slight uptick in GDP is anticipated for the current quarter. Energy and certain commodity prices have shown a gradual decline throughout May and June. However, elevated financing costs are impeding investments in the industry and sustaining higher construction expenses. Additionally, supply chain disruptions, especially in active sectors like Data Centres, are compounding price pressures.

There was a slight improvement in the labour market, with job vacancy rates in construction sector declining to 6.7% in Q1 2023 from 7% in Q4 2022, however it's still very high compared to the EU average of 3.7%. Overall, the construction industry is expected to contract, however continued investments in sectors such as Data Centres and semi-conductor manufacturing are bucking this trend.



**Michael Riordan**  
Senior Director – Europe



## Key Indicators

### GDP

Decreased by 0.2% in Q1 2023 in YoY basis



- GDP contracted by 0.3% on a QoQ basis resulting in two consecutive negative quarters
- The construction industry and manufacturing sector in particular, witnessed the largest increase in GVA on a quarterly basis

### CPI

Increased by 6.4% in June 2023 on annualised basis



- Increase of 0.3% on the previous month
- Private consumption declined on a yearly basis due to rising prices, with food prices remaining the key contributor to inflation

### Construction output

Expected to shrink by 4.4% in real terms in 2023



- A high inflation rate and rising interest rates are impacting the construction industry
- It is likely to gain momentum from 2025 supported by investments in renewable energy and manufacturing sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -6%	↓ -5%	↓ -1%	Prices are edging downwards but likely to remain volatile in coming quarters
<b>Steel rebar (raw)</b>	↓ -38%	↓ -3%	↓ -2%	Prices have continued to decline and are likely to dip further
<b>Cement</b>	↑ 35%	↑ 3%	↓ -1%	Prices are still elevated, but are likely to decrease marginally
<b>Lumber</b>	↑ 6%	↔ 0%	↓ -1%	Prices are elevated but edging downwards

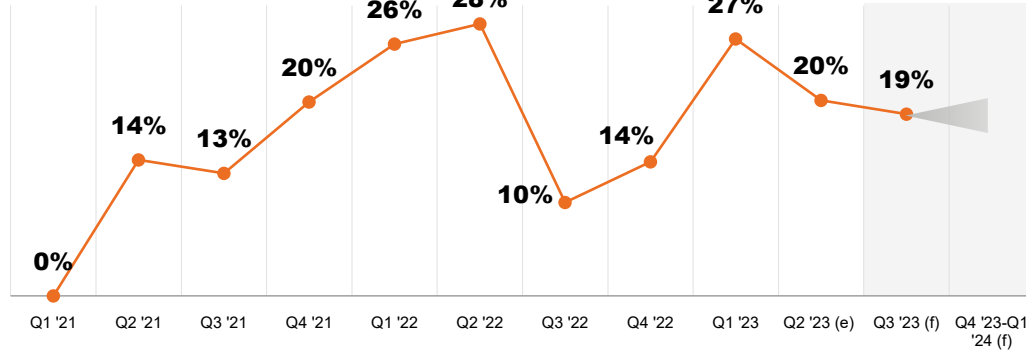
# Germany – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,489	€8,387	↓ -5.0%	↓ -1.2%

Price change comparison against Q1 2021



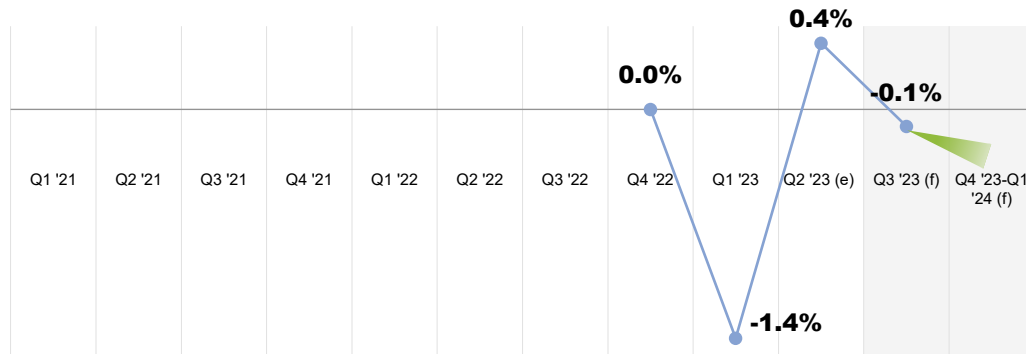
- Copper prices trended downwards on a QoQ basis in Q2 2023, falling by 5.0%
- Prices will remain volatile, due to weak global demand and rising interest rates leading to possible decreases, and yet prices may be propped up given concerns over falling inventories and strengthening demand from China



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,768	€3,749	↑ 1.8%	↓ -0.5%

Price change comparison against Q4 2022



- Despite a decline in nickel prices, stainless steel prices edged up on a quarterly average basis in Q2 2023
- Producers are cutting production to rebalance supply and demand
- Prices are expected to fall steadily in the coming quarters, with weak demand and falling costs contributing to this trend

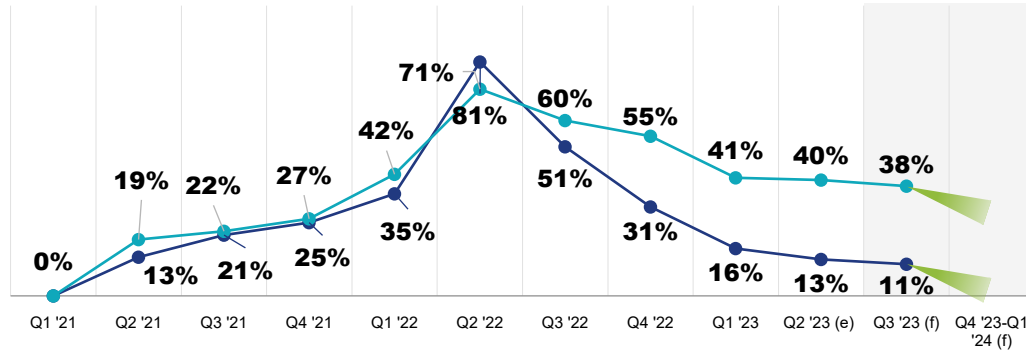
# Germany – Commodity Price Trends



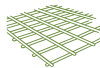
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Moderate	●●●● Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
● Steel rebar (raw) (€/mt)			
€521	€514	↓ -3.2%	↓ -1.5%
● Steel flat product (€/mt)			
€704	€693	↓ -0.6%	↓ -1.5%

### Price change comparison against Q1 2021



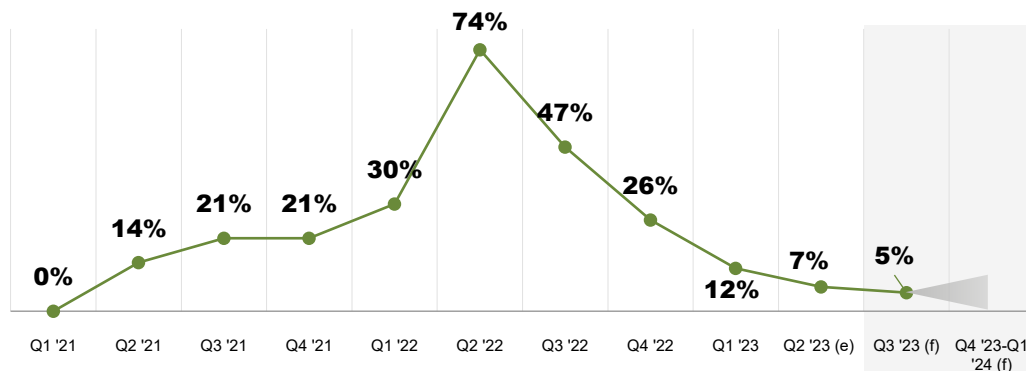
- Steel rebar prices continue to fall amid the slowdown in the construction industry
- In Q2 2023 prices dropped by 3% QoQ, and were 38% lower than in Q2 last year, and are expected to drop further, with reduced demand from the Residential sector
- Steel flat prices have also dropped, but at a much slower pace than for rebar
- Steel mills are reducing their production capacity, to stabilise prices but weak market demand is expected to keep prices under pressure



## Welded mesh

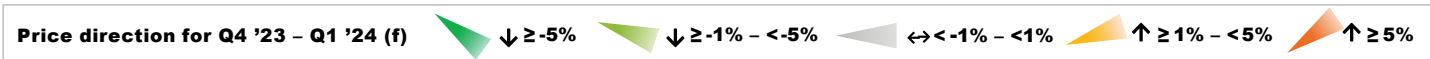
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Moderate	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€62.0	€61.1	↓ -4.7%	↓ -1.5%

### Price change comparison against Q1 2021



- Prices for welded mesh have been on a declining trend, mirroring similar movements in rebar prices
- In Q2 2023 prices were down by 4.7% compared to previous quarter, and 38.6% below prices in Q2 last year
- Weak demand will contribute to a further drop in welded mesh prices in the coming quarters

\* 230 x 600 cm; diameter 6mm



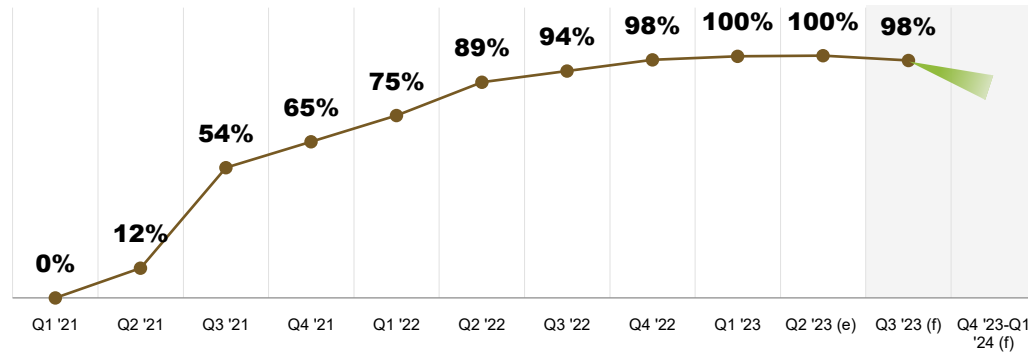
# Germany – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€130	€129	↑ 0.1%	↓ -1.0%

### Price change comparison against Q1 2021



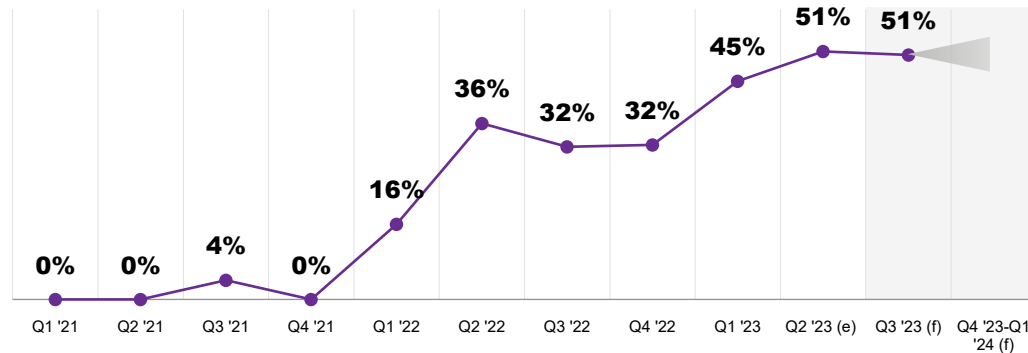
- Despite weak demand, lumber prices have edged upwards in recent quarters, and they remain at a very high level when compared to price levels in 2021
- However, it is unlikely that prices will be maintained at such high levels, given underlying weakness in demand
- Prices are expected to decline in the coming quarters, due to the fall in construction orders and high interest rates dampening investment in new building works



## Plasterboard

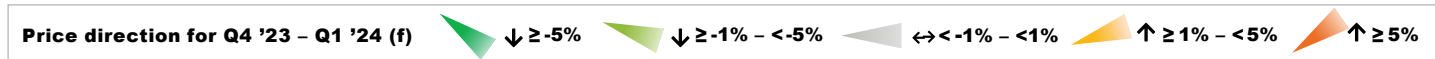
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3.78	€3.76	4.2%	-0.5%

### Price change comparison against Q1 2021



- Despite the decline in buildings construction, plasterboard prices in Germany have stayed high recently, being up by 4% QoQ in Q2 2023
- High costs for inputs and energy have contributed to the upward trend, and in Q2 2023 prices were 51% higher than in Q1 2021
- With supply-side pressures easing and given the context of weakening demand, prices are expected to fall steadily in the coming quarters

\* 200 x 60 x 1.25 cm (L x W x T)



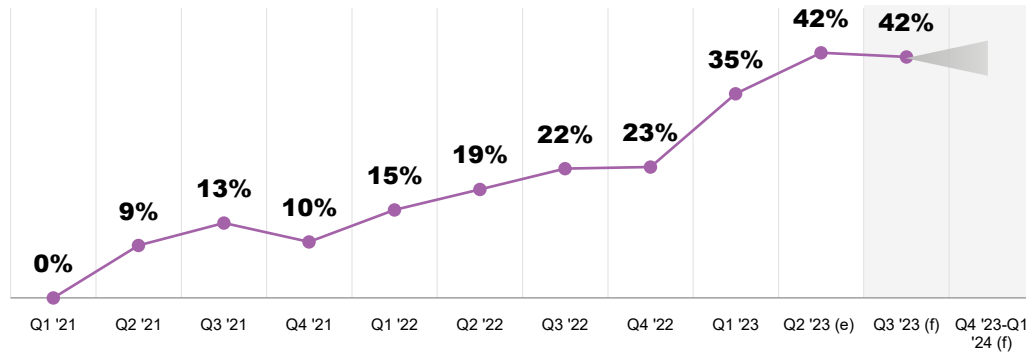
# Germany – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€44.1	€43.9	↑ 5.2%	↓ -0.5%

Price change comparison against Q1 2021

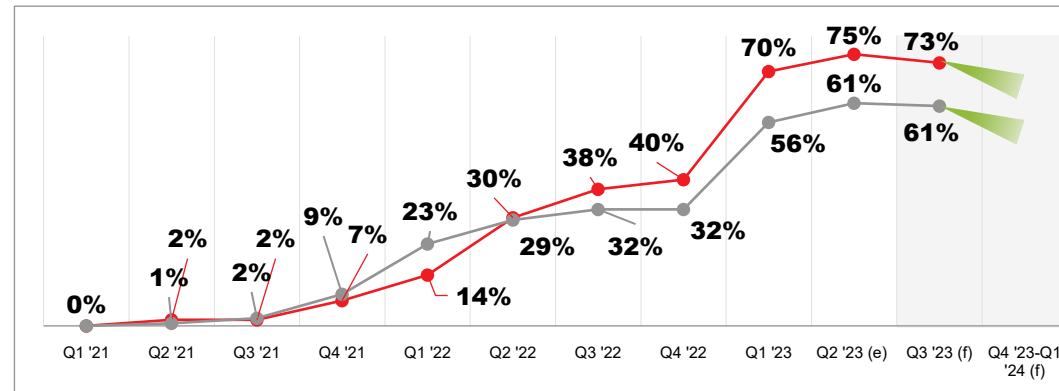


- Despite weak demand in the construction industry, limestone prices rose further in Q2 2023, increased by 5% QoQ
- High production costs have been a factor in driving up prices in recent quarters
- With the buildings construction sector experiencing sluggish demand due to high interest rates and weaker economic growth, prices are expected to fall back in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€199	€197	↑ 2.8%	↓ -1.3%
<b>Cement</b> (€/mt)			
€221	€220	↑ 3.4%	↓ -0.5%
<b>Concrete</b> (€/m³)			

Price change comparison against Q1 2021



- Cement prices edged up further on a quarterly average basis in Q2 2023, with prices up by 3.1% QoQ and 35% YoY
- Concrete prices have followed a similar trend, being up by 3.4% QoQ in Q2 2023
- Production costs are still relatively high compared to levels prior to 2022, and ongoing investment in infrastructure and civil works projects will prevent a marked decline in prices in the coming quarters



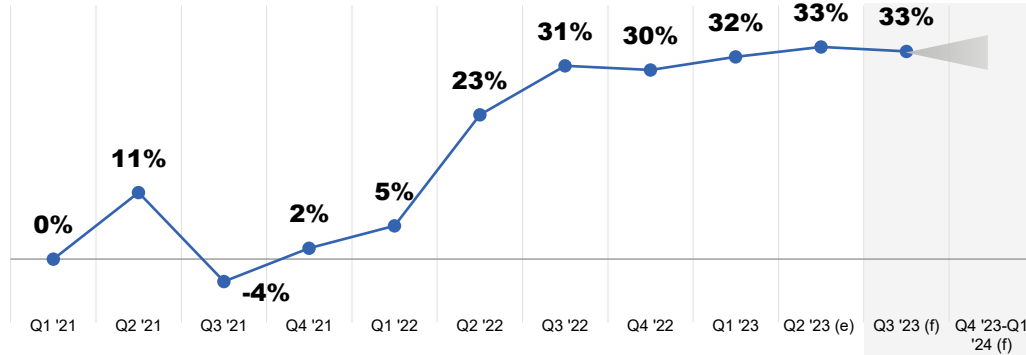
# Germany – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€76.1	€75.7	↑ 1.2%	↓ -0.5%

Price change comparison against Q1 2021



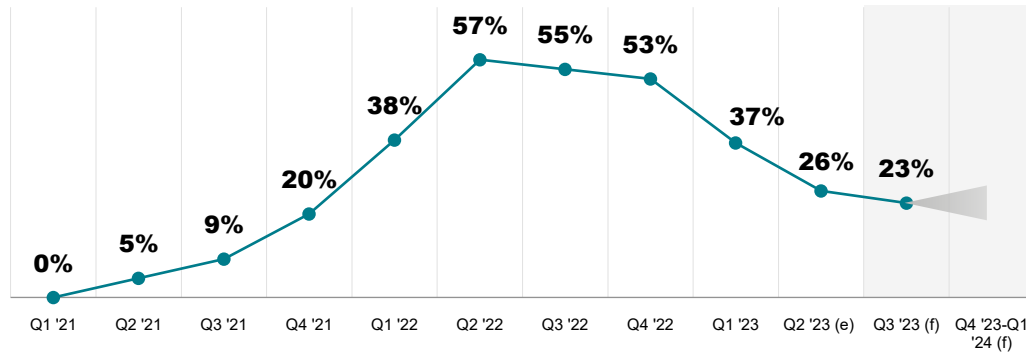
- The price for asphalt recorded a marginal increase of 1.2% QoQ in Q2 2023, contributing to an overall 34% price increase when compared to Q1 2021
- In the short term, prices are expected to ease back owing to falling raw materials costs
- However, ongoing road infrastructure investment in the coming quarters will help to strengthen demand, preventing prices from falling back too sharply



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Low	Low
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.62	€1.58	↓ -8.4%	↓ -2.3%

Price change comparison against Q1 2021



- Diesel prices have continued to decline, dropping by 8.4% QoQ in Q2 2023
- Prices in June were at the lowest level since January last year, but in Q2 2023 prices were still 26% higher than in Q1 2021
- There will be further declines in prices in Q3 2023, however OPEC+ plans to cut production are expected to limit the supply of crude oil, which could prevent prices for diesel falling much further in the following two quarters

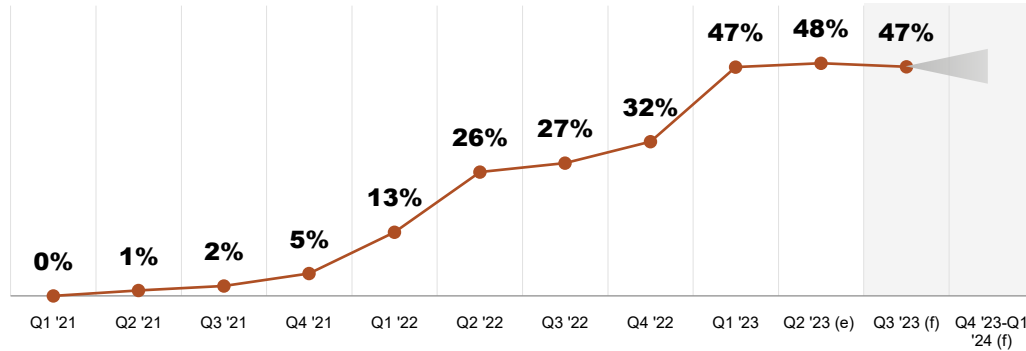
# Germany – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€798	€794	↑ 0.5%	↓ -0.5%

## Price change comparison against Q1 2021



- Brick prices have remained relatively stable, at an elevated price, which has edged up again by 0.5% in Q2 2023 on a QoQ basis
- However, there are signs that prices are set to fall back amid weak demand and easing pressures on the supply side
- In Q3 2023 prices will come down from the recent highs, yet are still 47% higher when compared to levels in Q1 2021
- According to Destatis, the new orders value index for housing construction fell by 27% YoY in Q1 2023

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre

# Germany – Industry trends

## Sector trends



### Data Centres

Germany has projects totaling more than €9bn in the Data Centres pipeline in various stages of planning and execution. The Frankfurt metropolitan region continues to be a preferred Data Centres location, with the majority of the new investments focused there. The German government passed a draft act on the Energy Efficiency Act in April, which is currently under consideration in Parliament. One section of the draft specifically addresses the energy efficiency requirements for Data Centres. With substantial construction activity in the Frankfurt metropolitan region, the local supply chain is coming under pressure.



### Life Sciences

While Berlin-Potsdam and Munich are established Life Sciences regions, the Ruhr valley is an emerging location for this sector. According to Biotechgate following the global VC trend, the German Life Sciences sector saw a decline in investments in 2022. This came after notable investments in the preceding years.



### High-tech Industrial

The industrial sector is projected to grow by 1.9% in real terms in 2023, driven by investments in manufacturing, particularly in semi-conductor plants, which will sustain momentum in the coming years. Germany is now a favoured destination for battery manufacturing, with numerous projects in the pipeline. The country also anticipates further substantial investments in semi-conductor and battery manufacturing plants, amounting to approximately €48bn. Many of these projects are currently in the early stages of planning.

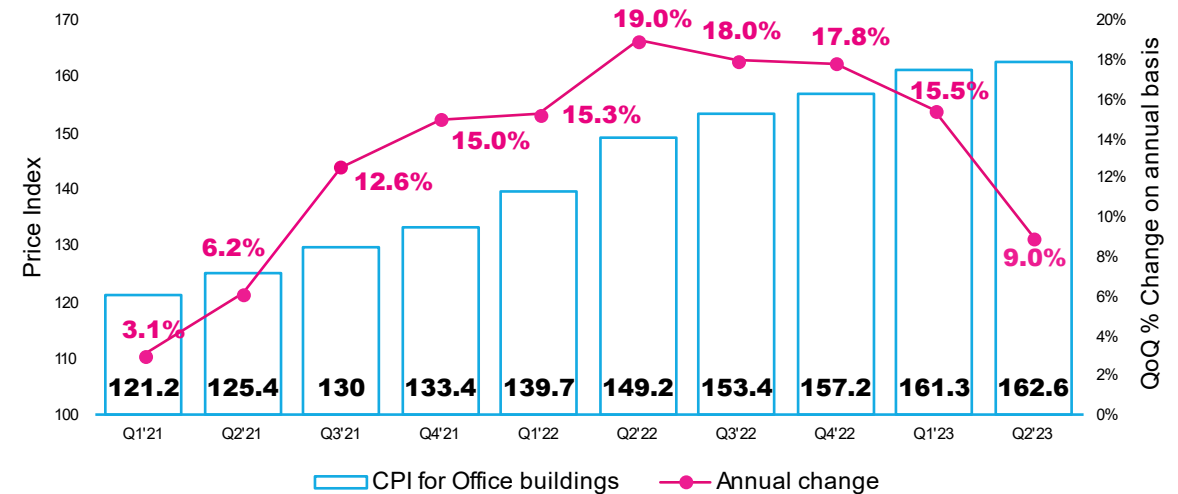


### Renewable Energy

The Energy and utilities sector is expected to expand by 4.6% in 2023 and maintain an average annual growth of 2.2% from 2024 to 2027, driven by investments in renewable energy to achieve the government's 80% renewable electricity target by 2030. Around 2.7 GW of solar capacity was added in Q1 2023 and is on course to reach a target of 9 GW of solar power installations by end of 2023.



## Construction Price Index (CPI)\*



\* CPI for office buildings and QoQ % change in CPI on annual basis (base year 2015 =100)

# Germany – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

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## Sample sources – Germany

For Germany, sources for this report include, but are not limited to:

- IMF
- Destatis
- GlobalData's Construction Intelligence Center (CIC)
- BDEW Federal Association of Energy and Water - Germany
- The Conference Board Total Economy Database™
- Economic Research Institute
- Biotechgate
- Eurostat

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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# Ireland

## Country Commodity

### Report

**Q2 2023**



# Ireland

## Q2 2023

Despite global macroeconomic volatility, which would have implications for the Irish economy, the central outlook for the domestic economy is showing signs of improvement. While Q1 2023 witnessed a decline in GDP QoQ, there was a simultaneous expansion in modified domestic demand output. Although inflation has moderated, it remains high, so still poses a challenge for some sectors. Irish construction output may shrink in real terms in 2023, yet the sector holds a positive long-term outlook. We have witnessed a real slowdown in commercial development, and this, combined with a significant number of projects caught up in the planning process, is creating real capacity in the market into Q4 2023 and 2024. This slowdown is driving hunger in the market from General Contractors and Sub Contractors and in turn more competitive tenders. Strong pipeline and growth is likely to continue in the mission critical sectors of Technology, Life Sciences, Energy and High Tech Industrial.

While the overall supply chain situation is improving and production costs are stabilising, there are a few commodities whose prices remain volatile. Skilled labour shortages remain one of the major challenges, which may have an impact on overall project costs and delivery timelines. Adoption of digital solutions and a collaborative approach can aid in mitigation of this risk to some extent and should be factored-in when developing schedules.



**Stephen Ashe**  
Senior Director - Europe



## Key Indicators

### GDP

Is estimated to have grown by 9.4% in 2022



- On a QoQ basis, GDP declined by 2.8% in Q1 2023 driven by a contraction in multinational corporations
- However, modified domestic demand (MDD) increased by 0.1%

### CPI

Rose by 6.6% over the 12 months to May 2023



- Down from an annual increase of 7.2% in the 12 months to April 2023
- 20th straight month where the CPI annual increase has been at least 5.0%
- Significant cost increases were seen in housing, utilities and fuels

### Construction output





Expected to shrink by \*3% in real terms in 2023



- Contraction in the industry is attributed to rising interest rates and high labour costs
- Industry is expected to gain momentum from 2024 supported by investments in transport and energy sectors

\* Based on CSO's Production in Building and Construction Index

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -7%	↓ -7%	↓ -1%	Prices edged down on a quarterly average basis, and likely to remain stable
 <b>Steel rebar (raw)</b>	↓ -22%	↓ -5%	↓ -1%	Continued decline in prices likely to persist
 <b>Cement</b>	↑ 20%	↑ 3%	↔ 0%	Prices are still elevated and edging upwards
 <b>Lumber</b>	↓ -18%	↔ 0%	↓ -1%	Prices are stabilising

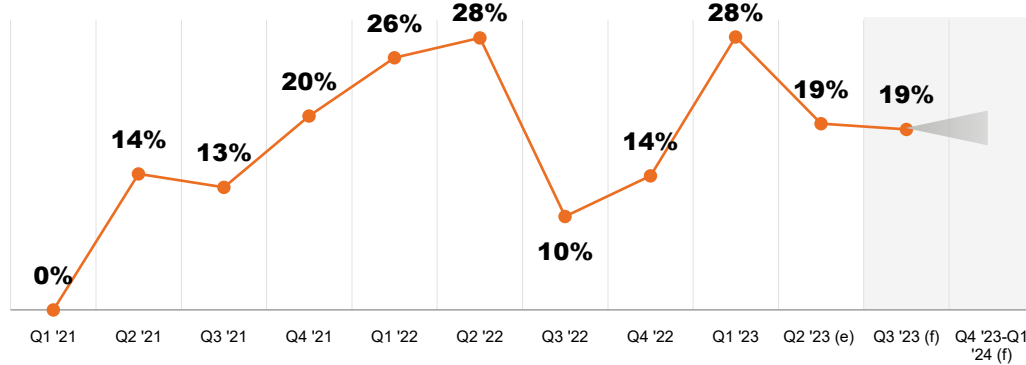
# Ireland – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,418	€8,376	↓ -7.0%	↓ -0.5%

Price change comparison against Q1 2021



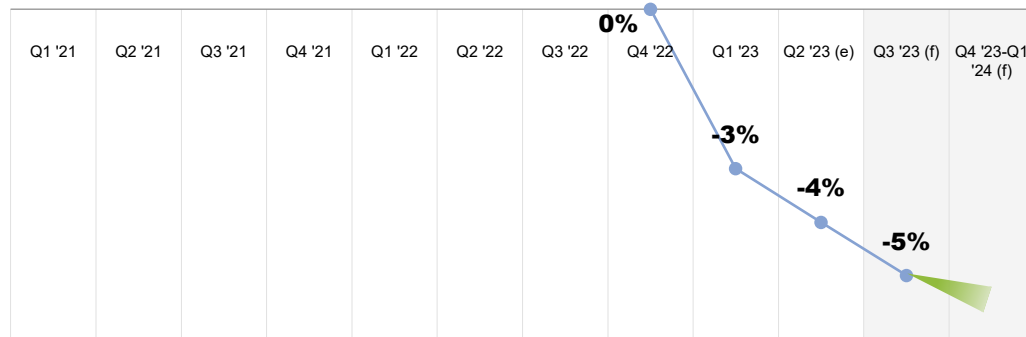
- Copper prices edged down 7% QoQ in Q2 2023, which partly reflects the weak market sentiment following hikes in interest rates
- Although prices have fallen from the highs of mid-2022, compared to levels in Q1 2021 copper prices were 19% higher in Q2 2023
- Prices will remain close to current levels on a quarterly average basis, given concerns over global inventory levels



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,044	€3,014	↓ -1.0%	↓ -1.0%

Price change comparison against Q4 2022



- With global nickel supplies rising, prices are trending downward despite stable demand from end-use industries, resulting in stainless steel prices dropping by 1% QoQ, in Q2 2023
- Nickel prices are expected to be volatile in the coming quarters, and this will impact on stainless steel
- However, prices are set to remain on a downward trend, in part owing to easing of supply-side pressures



# Ireland – Commodity Price Trends



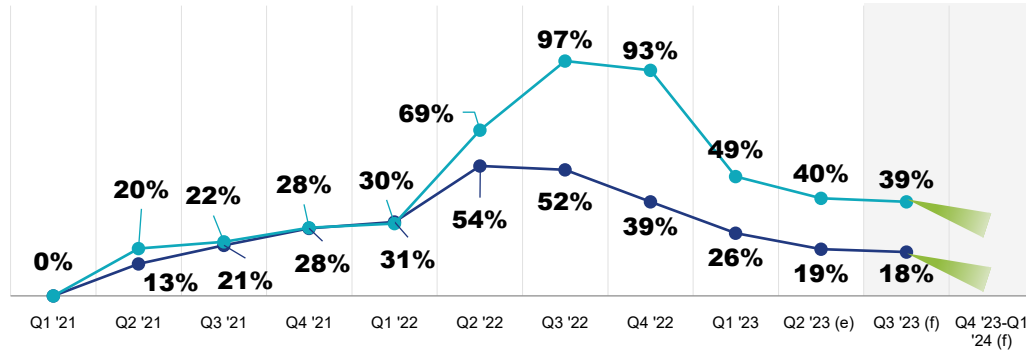
## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

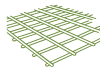
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€714	€707	↓ -5.2%	↓ -1.0%
<b>Steel flat product (€/mt)</b>			
€858	€849	↓ -6.0%	↓ -1.0%

### Price change comparison against Q1 2021



- Steel prices have continued on a downward trend from the high levels reached in mid-2022, with rebar dropping by 5% QoQ and flat products by 6% in Q2 2023
- Residential construction activity has held up relatively well despite challenges, with improvements in civil engineering, and this will help to maintain demand for steel products generally
- Steel prices will be on a general downward trend in the coming quarters given the expected easing in production cost pressures as energy prices fall



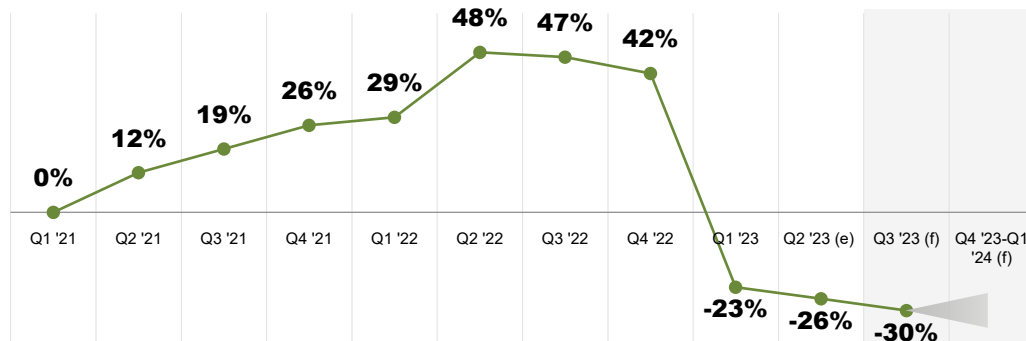
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Low	Low

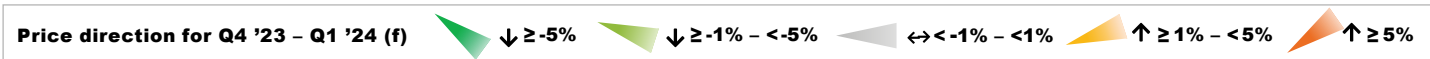
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€31.1	€29.6	↓ -4.5%	↓ -4.8%

### Price change comparison against Q1 2021



- The price for welded mesh has fallen sharply in recent quarters, with production costs decreasing and the decline in rebar prices contributing to this trend
- Prices have dropped to the lowest level since early 2021, and given this steep decline, prices are set to remain close to current levels in the coming quarters

\* 240 x 480 cm; diameter 6mm



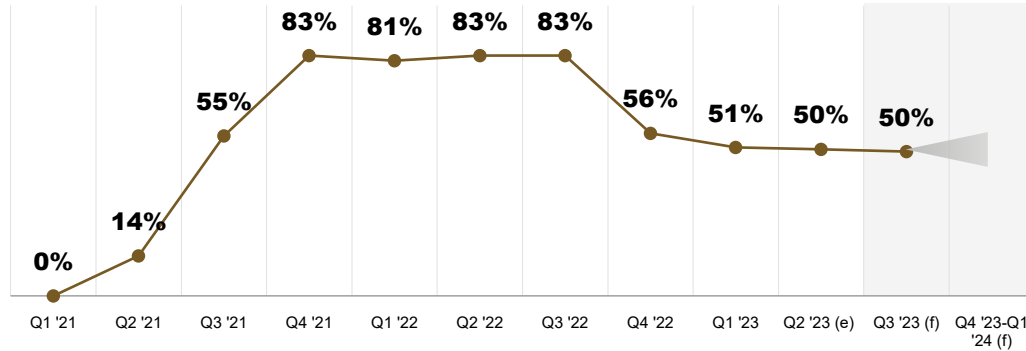
# Ireland – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€87.3	€86.8	↓ -0.4%	↓ -0.5%

### Price change comparison against Q1 2021



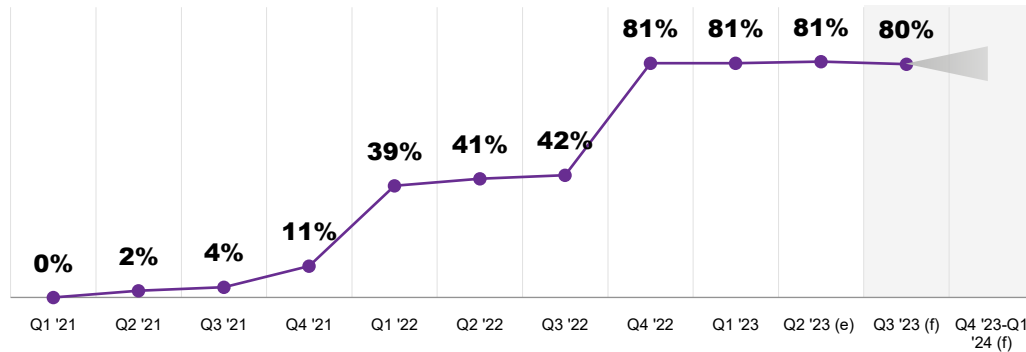
- Prices were particularly high mid-2022 when supply disruptions caused them to spike
- Lumber prices were steady throughout Q2 2023 compared to the average in the previous quarter, but they had declined by 18% when compared to the same period in 2022
- The recent downward trend can be attributed to improved supplies and some weakness in demand



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€15.05	€14.97	↑ 0.3%	↓ -0.5%

### Price change comparison against Q1 2021



- After rising sharply in late 2022, prices for plasterboard have remained stable at an elevated level this year, and in Q2 2023 were still 81% higher than in Q1 2021
- Demand has held up, and despite easing cost pressures on the supply side, producers have yet to drop prices
- With building permits picking up again in Q1 2023, demand is likely to be sustained in the coming quarters, keeping prices relatively high

\* 240 x 120 x 1.25 cm (L x W x T)

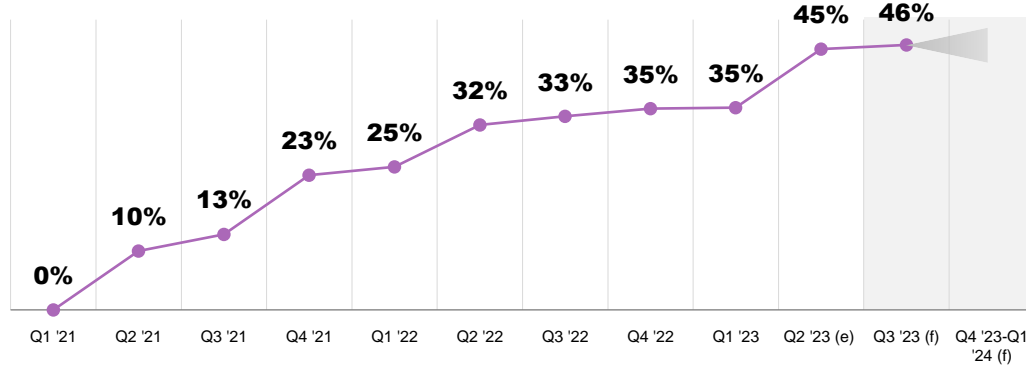
# Ireland – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€100	€100	↑ 7.5%	↑ 0.5%

Price change comparison against Q1 2021

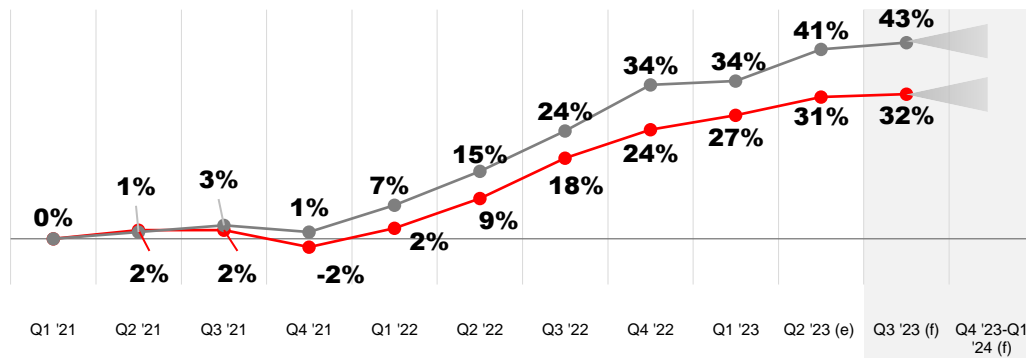


- The prices for limestone have stayed high, picking up by 7.5% QoQ in Q2 2023, with overall solid demand in the construction industry
- Although production costs have eased, this has yet to be passed on to buyers
- Reflecting the continuous upward trend over the past two years, prices in Q3 2023 will be 46% higher than in Q1 2021, however they are expected to stabilise over the next quarter

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€283	€284	↑ 3.1%	↑ 0.5%
<b>● Cement (€/mt)</b> €283    €284    ↑ 3.1%    ↑ 0.5%			
<b>● Concrete (€/m³)</b> €96.1    €97.1    ↑ 5.2%    ↑ 1.0%			

Price change comparison against Q1 2021



- The price for cement edged up again in Q2 2023 on a quarterly average basis, rising by 3.1% compared with Q1 2023
- Demand is holding up relatively well and as production costs ease, producers may pass these savings on to buyers
- Concrete prices are up by 5.2% QoQ in Q2 2023, with a further rise expected in Q3
- A 5% levy on concrete products will come into effect in September, to fund a redress scheme for homeowners affected by mica

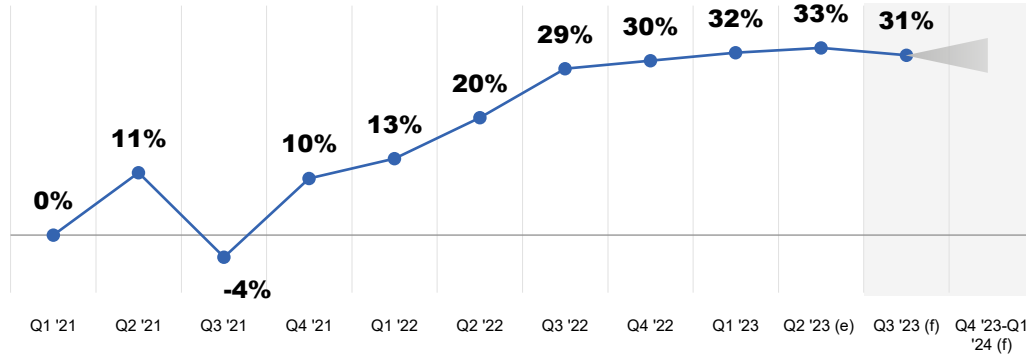
# Ireland – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€964	€955	↑ 0.7%	↓ -1.0%

Price change comparison against Q1 2021



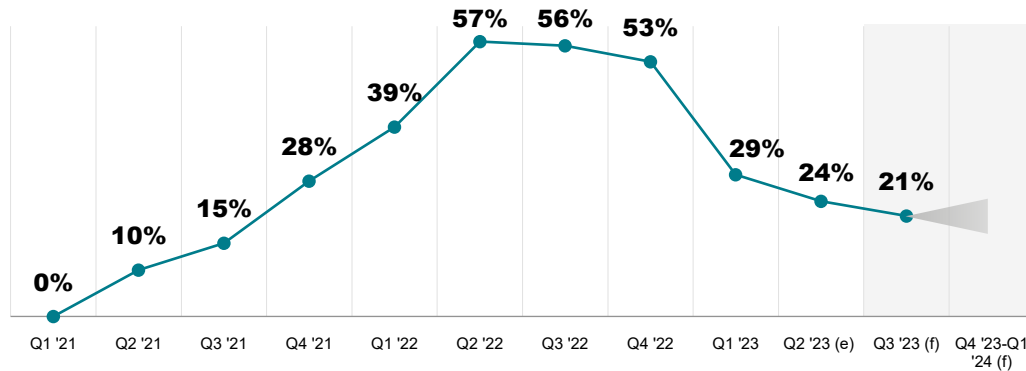
- Asphalt prices have stayed relatively high in recent quarters, edging up by 0.7% on a quarterly average in Q2 2023
- Demand will remain strong, with the government planning significant spending and in February 2023 it announced an investment of €626 million in local roads and €554 million in national roads and greenways over 2023
- Prices are expected to remain elevated, such that in Q3 2023 prices will be around 31% higher than in Q1 2021



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.55	€1.51	↓ -4.3%	↓ -2.4%

Price change comparison against Q1 2021



- Diesel prices fell sharply in May, dropping to a monthly average of €1.47 per litre, having been at a high of over €2 per litre in October last year
- However, prices have since edged upward this June, with the government starting to phase out the excise duty cuts that were brought in as a support measure last year
- There will be further steps to phase out the cuts in excise duty in September and October, which will keep prices around current levels

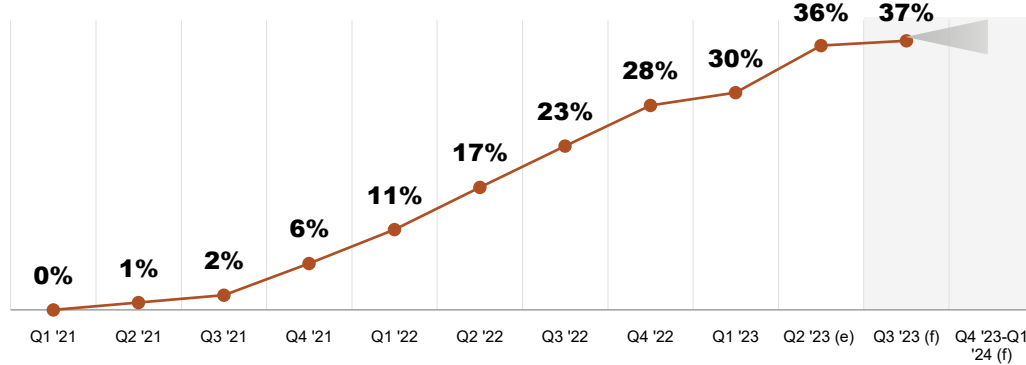
# Ireland – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€936	€941	↑ 5.0%	↑ 0.5%

## Price change comparison against Q1 2021



- Brick prices have continued to rise in recent quarters, moving up by 5% quarter on quarter in Q2 2023
- High production costs have contributed to the high levels, but prices have yet to drop back despite the recent easing in energy and transport costs
- Despite challenges faced by the residential sector, recent planning approvals data have shown an improvement in demand, and this will help to keep prices around current levels in the coming quarters

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

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<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

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 DC                        Data Centre

# Ireland – Industry trends



## Sector trends



### Data Centres

Amid uncertainty regarding development approvals, Ireland has retained its status as a preferred location for Data Centres. The combined projects valued at more than €9bn, are either under construction or at various stages of planning.



### Life Sciences

Ireland's thriving Life Sciences sector saw a 25% increase in medical and pharmaceutical goods exports in 2022 but have a seen a slight dip in the first half of 2023. Expansion plans in the pipeline for Dublin, Kilkenny, and Limerick, for facilities worth approximately €2bn in project value, will further solidify Ireland's status as a preferred destination for this robust sector.



### High-tech Industrial

Ireland has a strong reputation in the semi-conductor industry, spanning the entire value chain and continues to demonstrate expertise in delivering large-scale projects. Due to the availability of talent, reputation of research centres, business-friendly tax environment and long track record of hosting top U.S. chip companies it remains a location of choice for a growing list of semi-conductor firms.



### Renewable Energy

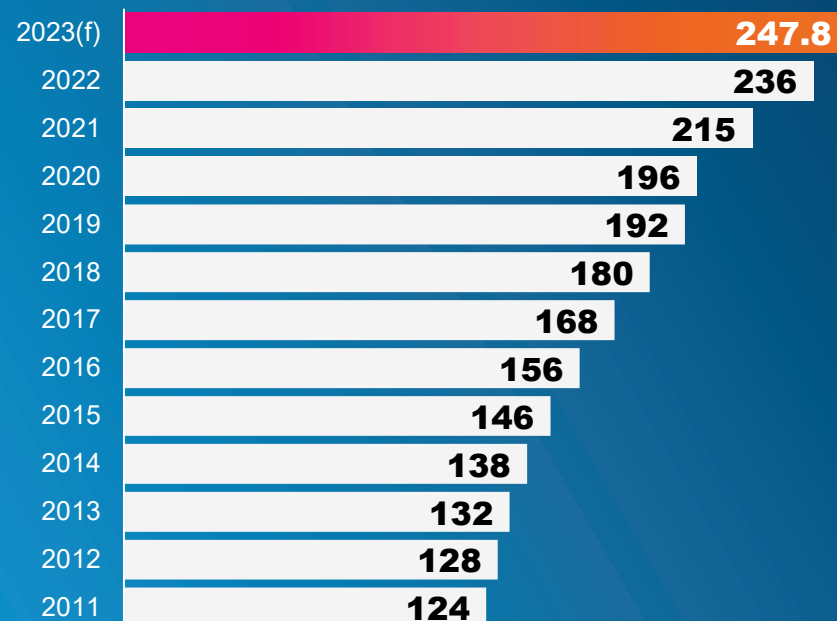
Construction in the Energy and utilities sector is expected to shrink by 2.4% in 2023 due to high material costs, but in the next four years it is anticipated to achieve an annual average growth rate of 3.4%, driven by renewable Energy investments. Recent developments include Statkraft and Copenhagen Infrastructure Partner's agreement to develop 2.2GW of offshore wind capacity, and SSE Renewables' plan for a solar farm and battery energy storage system.



### Commercial

The commercial sector is expected to contract by 4% in real terms in 2023 as a result of challenges including reduced office demand post-COVID and subdued investor activity amid higher interest rates. However, the sector is expected to recover and grow by 0.3% in 2024 and 4.1% in 2025.

## Linesight tender price index 2011-2023(f)



Note: The above infers a full-year increase of +9.8% for 2022. Our 2022 estimate is broken down @ +7.5% for H1 2022 and +2.3% for H2 2022. Our forecast for full year 2023 is c. +5%. This is driven by stabilisation in commodity prices but pressures on wage levels associated with sectoral employment orders and skilled labour shortages. We will review this on an on-going basis.

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- Sustainable Energy Authority of Ireland

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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# Israel

## Country Commodity

### Report

**Q2 2023**



# Israel

## Q2 2023

Following a remarkable recovery from the pandemic, the outlook is for growth to slow. In Q1 2023 Israel's economy grew at a moderate rate of 2.5%, which was higher than expected. Inflation is gradually easing, standing at 4.2% in June 2023, which is above the 1-3% central bank's target range. In July, the Bank of Israel kept the policy rate at 4.75%, driven by a slight decline in inflation in recent months. However, monetary policy conditions should remain tight until inflation is firmly on a path towards the inflation target. Growth is projected to pick up towards in 2024 as inflation abates.

The construction industry which witnessed a growth of 9.2% in 2022, is expected to maintain momentum and grow at a rate of 4% in real terms in 2023. However, the industry continues to be hampered by ongoing labour shortages and a weakening Shekel which has depreciated in the first five months of the year. The industry is expected to register an annual average growth rate of 2.8% between 2024–27, supported by the government's focus on the development of transport infrastructure, energy and utilities, and residential projects.



**Shay Dahan**  
Director



## Key Indicators

### GDP

**Grew by 2.5% in Q1 2023 on seasonally adjusted annualised base terms**



- 0.6% QoQ growth compared to previous quarter
- Despite political instability, there has been growth, led by strong industrial investments, however there was a decline in the private consumption

### CPI

**Stood at 4.2% in June 2023 on a YoY basis**



- In May the inflation rate stood at 6.1%
- The decrease in inflation was mainly due to the price reduction of motor fuels and food

### Construction output

**Expected to grow by 4% in real terms in 2023**



- Growth is likely to be driven by investments in transport infrastructure, and energy construction projects
- Between 2024 and 2027 a growth of 2.8% is expected for the sector

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -3%	↓ -1%	↓ -1%	Prices are falling but expected to remain volatile in coming quarters
<b>Steel rebar (raw)</b>	↓ -16%	↓ -7%	↓ -4%	Prices continue to trend downward
<b>Cement</b>	↑ 8%	↑ 3%	↑ 2%	Prices continued trending upward, but are expected to stabilise
<b>Lumber</b>	↓ -1%	↔ 0%	↓ -2%	Prices have remained stable, but are likely to dip marginally

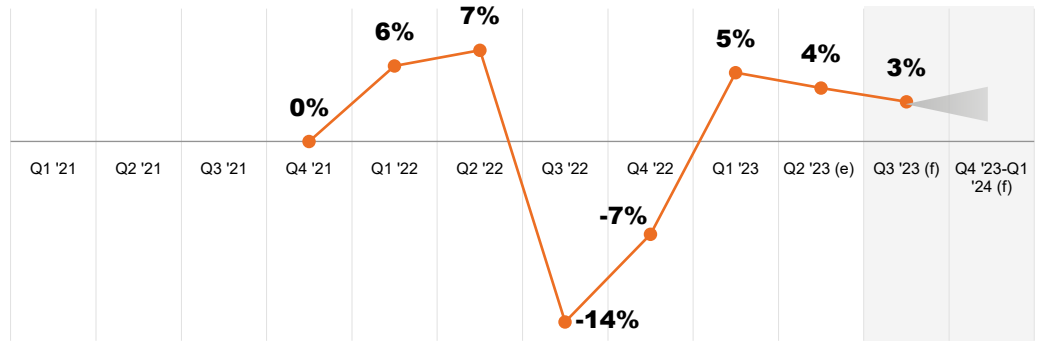
# Israel – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS31,275	ILS30,962	↓ -1.1%	↓ -1.0%

Price change comparison against Q4 2021

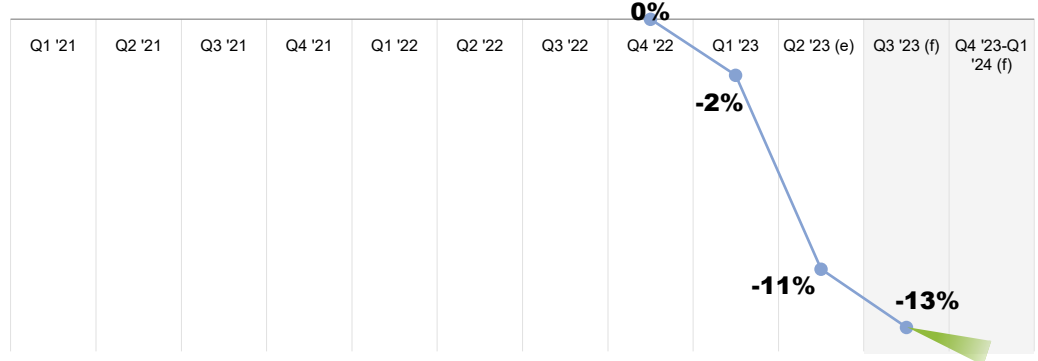


- The copper price in Israel has been volatile on a monthly basis, but dropped back in both May and June, falling by 4% MoM in June and 2% in May
- Prices will stabilize around current levels on a quarterly average basis in the coming quarters, but there will be continued volatility

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (ILS/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS15,235	ILS14,818	↓ -8.4%	↓ -2.7%

Price change comparison against Q4 2022



- With nickel prices falling, amid an increase in global supplies and weak demand from end-use industries, stainless steel prices declined by 8.4% QoQ in Q2 2023
- Prices are expected to remain on a downward trend

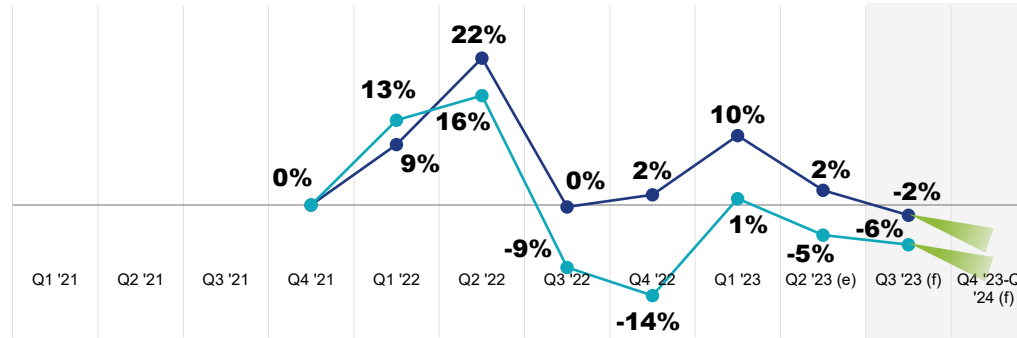
# Israel – Commodity Price Trends



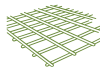
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (ILS/mt)</b>			
ILS2,324	ILS2,238	↓ -7.4%	↓ -3.7%
<b>Steel flat product (ILS/mt)</b>			
ILS2,133	ILS2,101	↓ -5.5%	↓ -1.5%

Price change comparison against Q4 2021



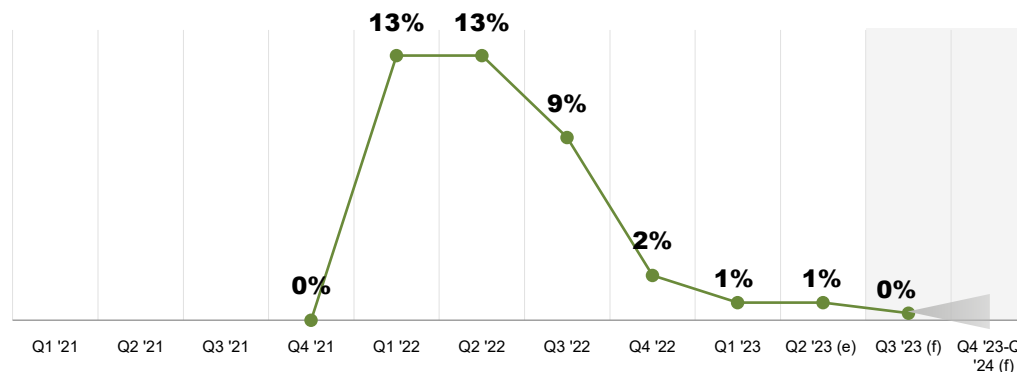
- Steel rebar prices have recorded a downward trend, dropping by 7.4% QoQ in Q2 2023, while steel flat products prices fell by 5.5%
- Weak demand from the construction industry and rising interest rates may lead to relatively weak demand for steel in the short term, but infrastructure investments could provide support
- Israel's reliance on steel imports and Turkey's increased demand due to reconstruction efforts may affect prices



## Welded mesh

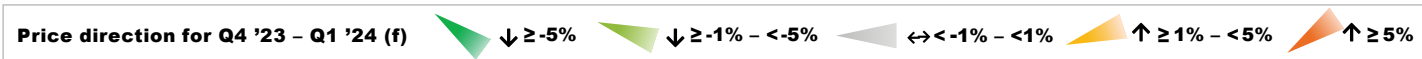
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS214	ILS213	↔ 0.0%	↓ -0.5%

Price change comparison against Q4 2021



- The price for welded mesh has fallen from the highs of mid-2022, in line with lowering production costs, and the decline in rebar also contributing to this trend
- Prices had already dropped back in late 2022, and the period of recent stability in prices is expected to continue over the coming quarters

\* 600 x 250 cm; diameter 6mm



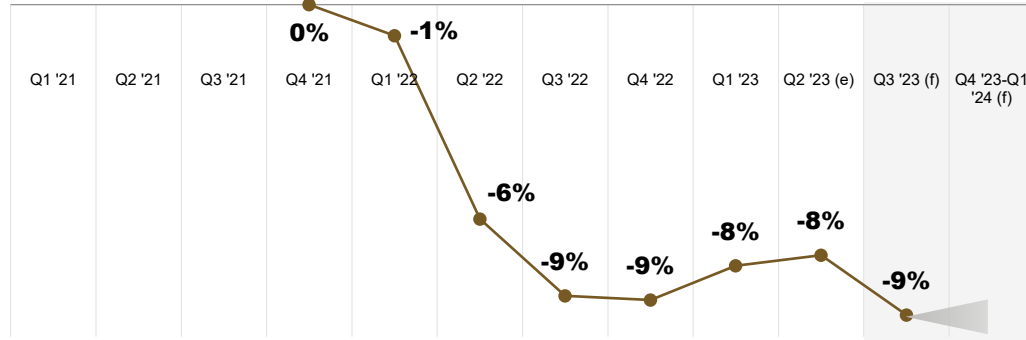
# Israel – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (ILS/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS764	ILS749	↑ 0.3%	↓ -1.9%

### Price change comparison against Q4 2021



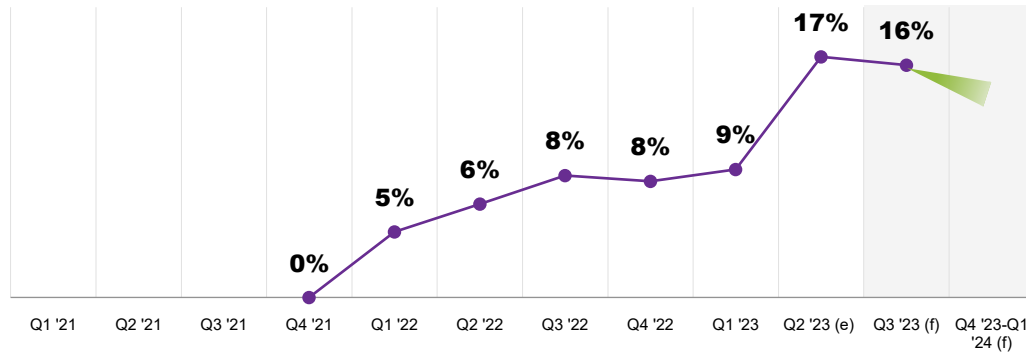
- Lumber prices have been on a downward trend over the past two years, but prices have been relatively stable in the past two quarters
- There will be further weakness ahead in the short term given the decline in the housing sector in part due to rising mortgage rates
- However, the government is pushing to increase the housing supply, which may cause upward pressure on the pricing



## Plasterboard

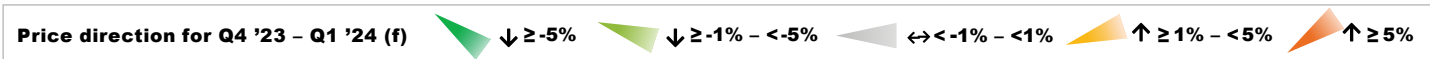
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS47.1	ILS46.9	↑ 7.1%	↓ -0.5%

### Price change comparison against Q4 2021



- After rising moderately during 2022, prices for plasterboard jumped in Q2 2023, increasing by 7.1% on a quarterly average basis
- However, with falling demand for new apartment construction amid increasing interest rates the demand for plasterboard is expected to remain weak, resulting in weaker prices in the coming quarters

\* 260 x 120 x 1.25 cm (L x W x T)



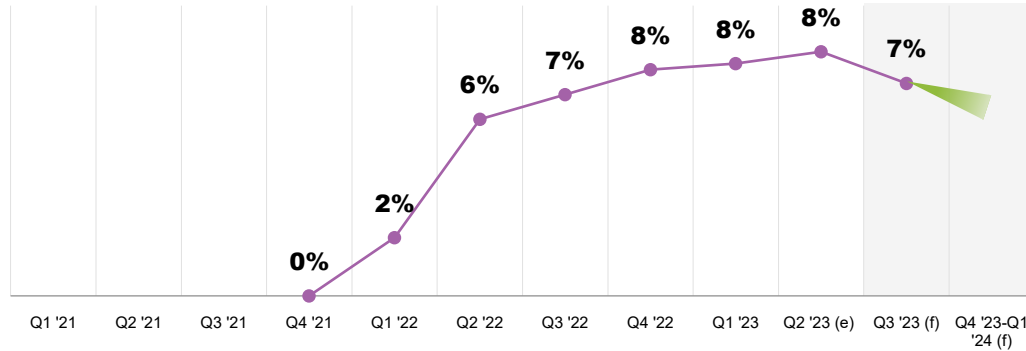
# Israel – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (ILS/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS230	ILS228	↑ 0.4%	↓ -1.0%

Price change comparison against Q4 2021

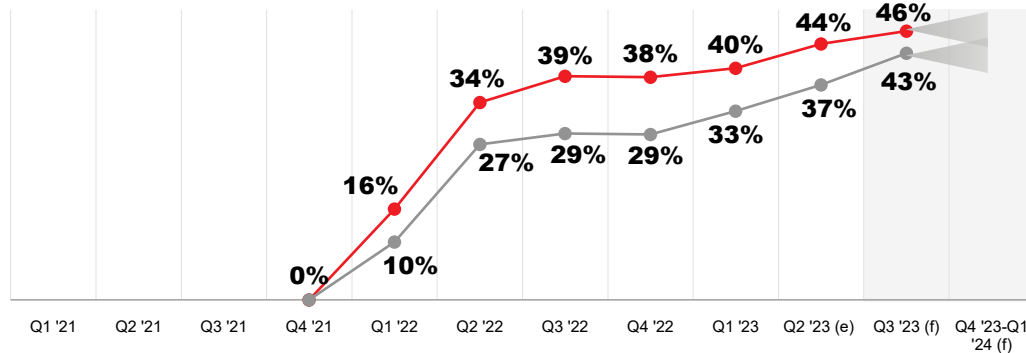


- The prices for limestone remained stable in Q2 2023, and was around 8% higher than the level in Q4 2021
- Although the overall construction sector has posted strong growth recently, the residential buildings sector is weakening, which will contribute to a steady drop in limestone prices from recent highs

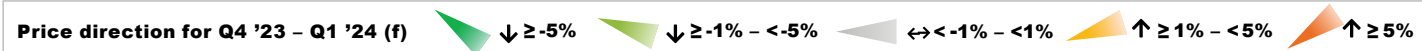
## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS392	ILS398	↑ 3.0%	↑ 1.5%
<p>● <b>Cement</b> (ILS/mt)</p> <p>● <b>Concrete</b> (ILS/m<sup>3</sup>)</p>			
ILS432	ILS450	↑ 3.4%	↑ 4.0%

Price change comparison against Q4 2021



- Concrete and cement prices have continued on an upward trend, with concrete up by 3.4% QoQ in Q2 2023, driven up by higher prices for key materials, along with the 3% increase in cement
- With a further rise expected in Q3, concrete prices will be 43% higher than in Q1 2022 and cement 46% higher
- Demand is expected to weaken reflecting a slowdown in residential buildings construction activity, however infrastructure investment will provide support



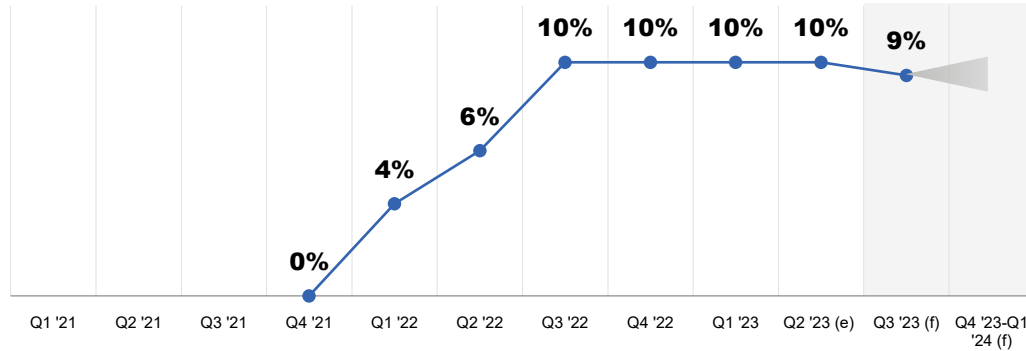
# Israel – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS2,500	ILS2,488	↔ 0.0%	↓ -0.5%

Price change comparison against Q4 2021



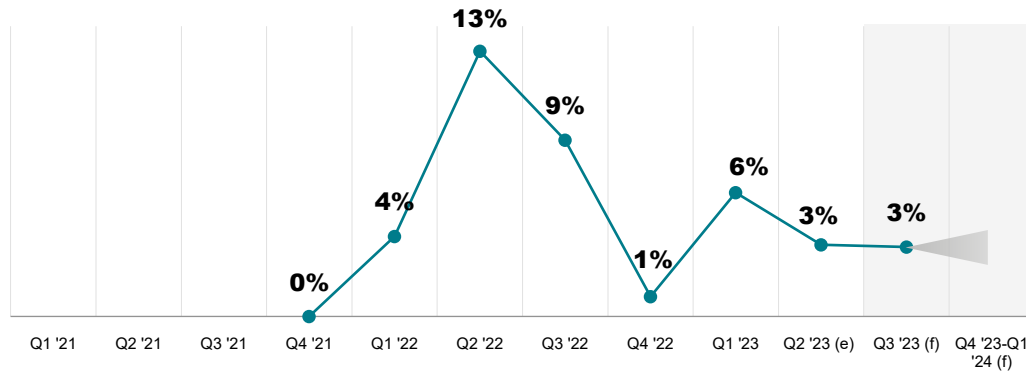
- Asphalt prices have stayed unchanged in recent quarters, standing around 10% higher than in Q4 2021
- Prices are expected to fall marginally in the next quarter owing to subdued demand in the construction industry, amid rising interest rates
- In the long term, prices will be supported by the government's plan to accelerate infrastructure projects in the transportation sector, with significant spending planned



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/liter)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS7	ILS7	↓ -2.4%	↓ -0.1%

Price change comparison against Q4 2021



- Diesel prices decreased by 2.4% in Q2 2023 compared to the average price in the previous quarter
- With OPEC+ extending the crude oil production cuts in order to support prices, diesel prices are expected to remain close to current levels in the coming quarters

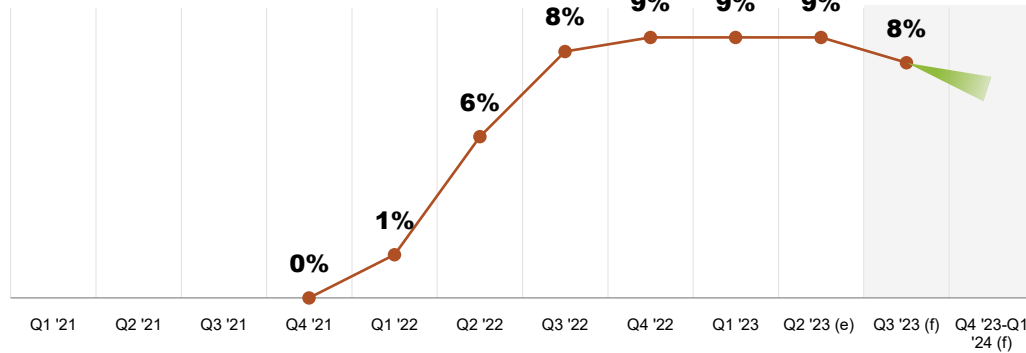
# Israel – Commodity Price Trends



## Concrete blocks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (ILS/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS3,400	ILS3,373	↔ 0.0%	↓ -0.8%

Price change comparison against Q4 2021



- Bricks prices have continued to remain unchanged, with prices at a similar high level to recent quarters, owing to elevated production costs
- However, prices will revert to a downward trend, owing to subdued demand for bricks amid a slowdown in the housing market, caused by higher interest rates

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                      Year on Year  
 MoM                      Month on Month  
 GDP                      Gross Domestic Product  
 CPI                      Consumer Price Index (wherever not specified)  
 e                          estimated  
 f                          forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre



# Israel – Industry trends

## Sector trends



### Data Centres

The Israel Data Centers market stands out as a highly advanced hub in the Middle East region. Factors such as cloud computing adoption, government initiatives, digitalization, and cutting-edge technologies fuel its growth, leading to a surge in colocation demand.



### Life Sciences

Israel's biotech ecosystem is flourishing alongside its high-tech industry. The Life Sciences sector, particularly medical devices, stands out as a leading segment and represents almost half of Israel's industry. Key drivers include a robust network of academic and research institutes, advanced R&D facilities, and well-developed medical centers. Notably, Israeli Health-tech and Life Sciences startups attracted \$2.8bn in investments in 2022.



### High-tech Industrial

In 2023, the industrial construction sector is set to grow by 5.2% due to a resurgence in manufacturing and exports. Israel, a leader in the global semi-conductor industry, houses prominent chip manufacturers. According to Statista, semi-conductor revenue in Israel is projected to hit US\$1.3bn by 2027, with a CAGR of 5.27%.

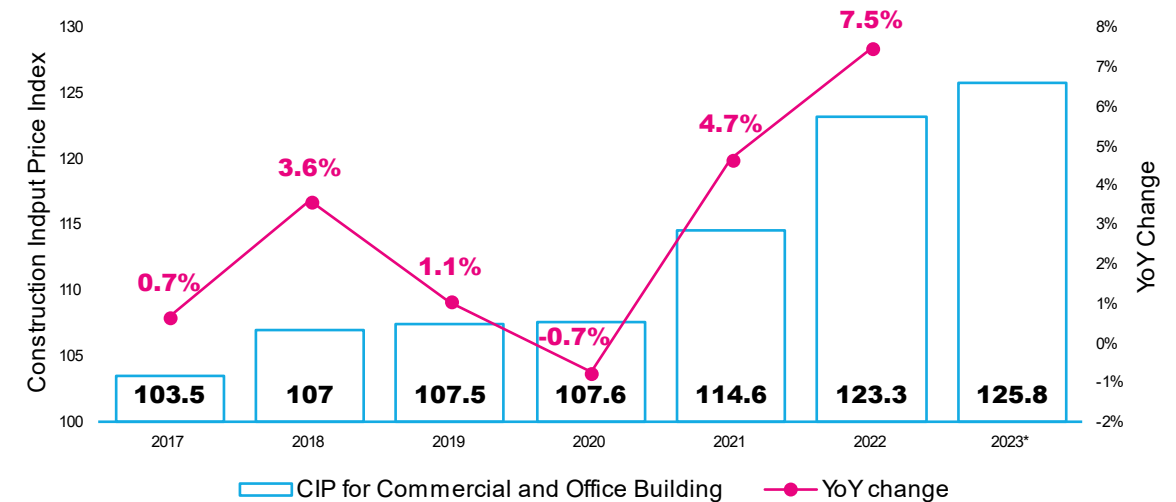


### Renewable Energy

Israel aims to generate 30% of its energy from renewables by the end of the decade. The strategy involves increasing renewable energy capacity from 3.7GW in 2021 to 7.4GW by 2025 and reducing carbon emissions by 27% from 2015 levels by 2030, ultimately achieving carbon neutrality by 2050. Recently the government mandated regulations for solar panels on new non-residential buildings.



## Construction Input Price (CIP) Index\*\*



\*Average from Jan to June 2023

\*\* for Commercial and Office buildings, excl. VAT, Change in construction input price index from June 2022 to June 2023 is 0.9%

Base year 2012 = 100

# Israel – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

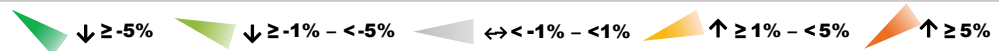
## Sample sources – Israel

For Israel, sources for this report include, but are not limited to:

- IMF
- The Central Bureau of Statistics
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Statista
- Biospace.com
- EIU.com

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# Italy

## Country Commodity

### Report

**Q2 2023**



# Italy

## Q2 2023

Italy's real GDP rebounded in Q1 2023 following a slowdown in the latter half of 2022, while the annual inflation rate reached its lowest point in 14 months. The construction sector stood out with increased confidence and improved employment expectations. Labour input, measured by hours worked, also saw growth. Additionally, construction costs for industrial buildings experienced a 5% decline in May 2023 compared to the previous year. There is cautious optimism in the industry as the second half of the year may see a moderation in economic growth.

While steel prices are declining, copper remains volatile, and cement and concrete prices remain elevated. Following a period of remarkable growth in the last two years, driven by government incentives to boost the residential sector, the construction industry is anticipated to contract in 2023. However, the industry will find support through ongoing investments in the renewable energy sector.



**Damien Gallogly**  
Senior Director - Europe



## Key Indicators

### GDP

Increased by 1.9% on an annual basis in Q1 2023



- On a QoQ basis GDP grew by 0.6% in Q1 2023
- Growth was driven by manufacturing and exports
- However, a recent contraction in the manufacturing sector may impact the economy in the second half of 2023

### CPI

Stood at 4.5% in June 2023 on a YoY basis



- Overall inflation was low because of a decrease in energy prices but core inflation is high, resulting in weak household spending

### Construction output

Expected to shrink by 8.6% in real terms in 2023



- The industry grew by 10.2% in 2022, driven by government incentives to boost residential construction, which are now being phased out
- Industry will be supported by investments in the manufacturing and renewable energy sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -13%	↓ -6%	↓ -1%	Prices have stabilised but could become more volatile
<b>Steel rebar (raw)</b>	↓ -29%	↓ -14%	↓ -9%	Prices have continued to trend downwards
<b>Cement</b>	↑ 1%	↓ -1%	↓ -1%	Prices have started to edge downward, and are likely to drop further
<b>Lumber</b>	↓ -32%	↓ -9%	↓ -12%	Prices have dropped sharply, and are likely to decrease further

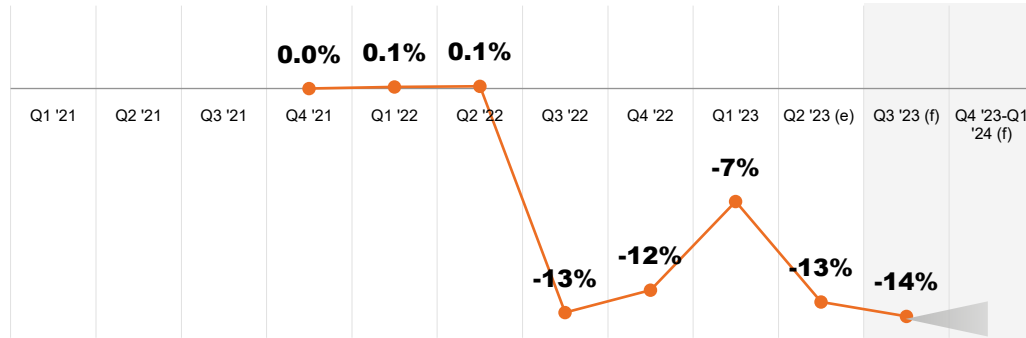
# Italy – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€7,783	€7,705	↓ -6.5%	↓ -1.0%

Price change comparison against Q4 2021



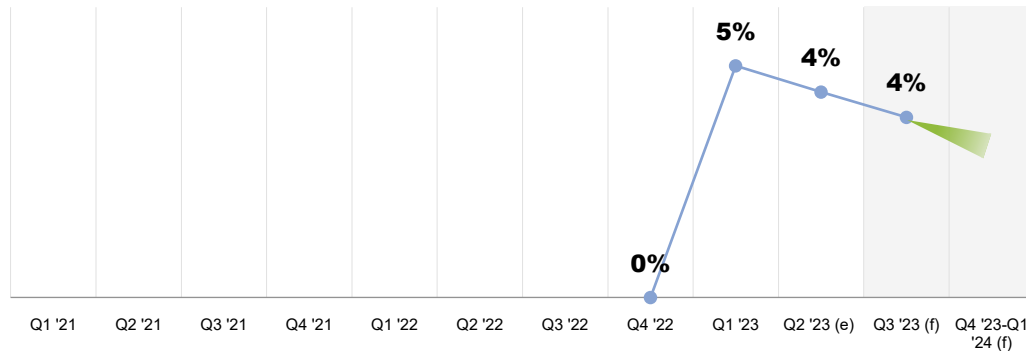
- Although there has been some volatility in copper prices this year, on a quarterly average basis prices were down by 6.5% QoQ in Q2 2023
- Given the impact of weak demand stemming from rising interest rates and also concerns in the short term over limited global inventories, prices will remain volatile, but will stay close to current levels on a quarterly average basis



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,927	€3,907	↓ -0.5%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices will continue on a weakening trend, given the drop in prices for key raw materials, such as nickel
- Global nickel prices are projected to decline further given that the top producer, Indonesia, is ramping up stock levels
- Relatively weak domestic demand will also be a factor in the downward trend in the coming quarters

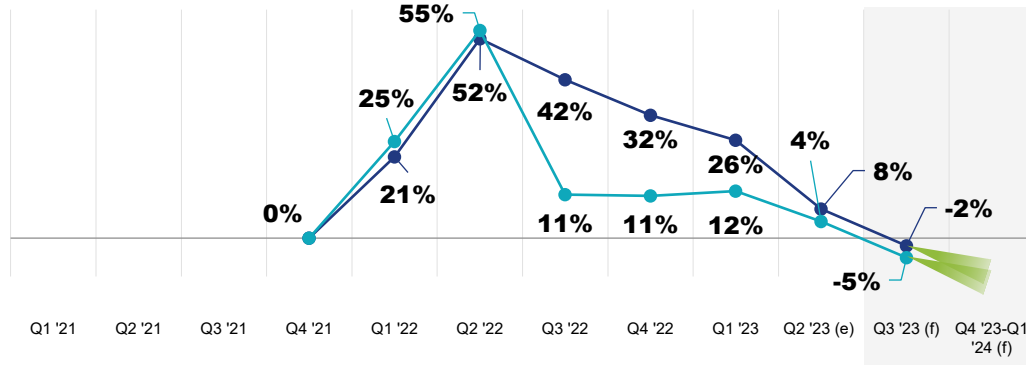
# Italy – Commodity Price Trends



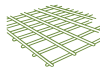
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€734	€668	↓ -14.4%	↓ -9.0%
<b>Steel flat product (€/mt)</b>			
€835	€759	↓ -9.1%	↓ -9.1%

Price change comparison against Q4 2021



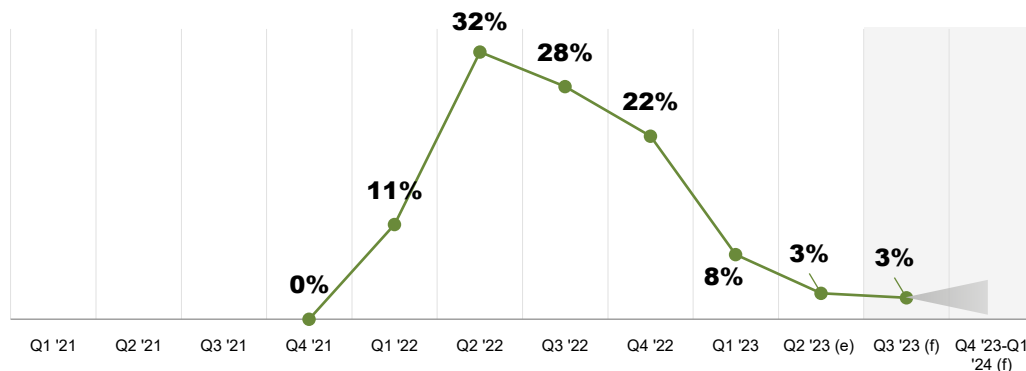
- Steel rebar prices have continued to trend downward given weak demand and easing production costs
- In Q2 2023 prices dropped by 14% QoQ, extending the downward trend to four successive quarters from the peaks of Q2 2022
- Similarly, prices of steel-flat product have also been on a downward trend, registering a 7% QoQ drop in Q2 2023
- Lower supplies for the domestic market will help to limit the decline in prices in the coming quarters



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€39.7	€39.5	↓ -4.3%	↓ -0.5%

Price change comparison against Q4 2021



- Welded mesh prices fell by 4% on a quarterly average basis in Q2 2023, reflecting weaker demand and easing production costs
- Having fallen back to levels close to those in late 2021, prices are expected to remain relatively stable in the coming quarters

\* 300 x 200 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f)



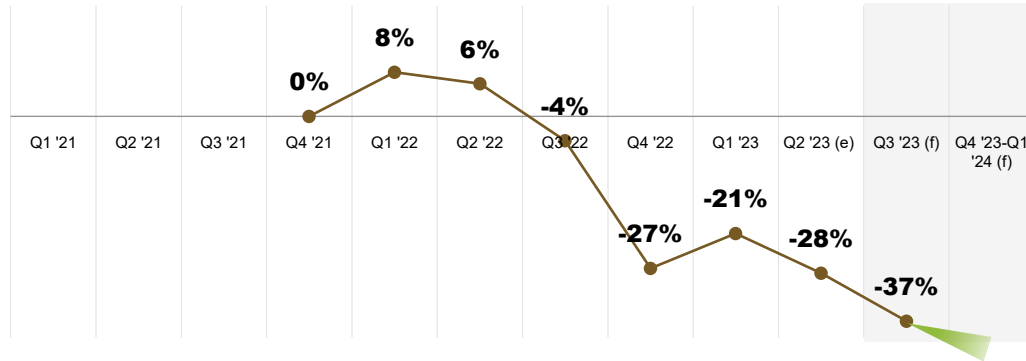
# Italy – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€78.1	€68.6	↓ -9.1%	↓ -12.1%

### Price change comparison against Q4 2021



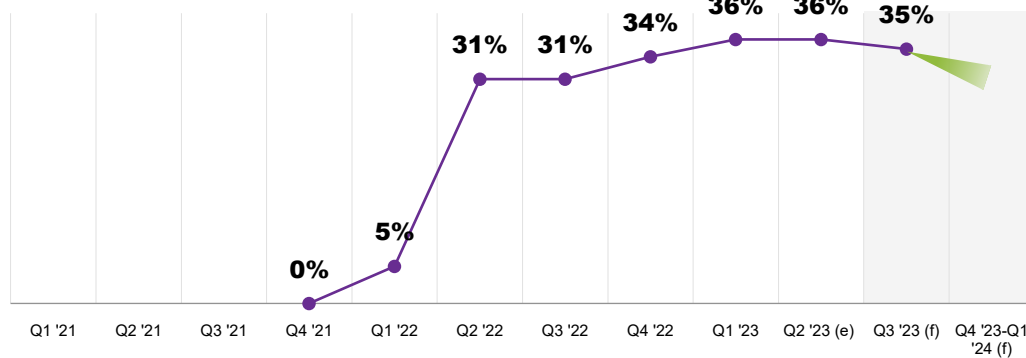
- Lumber prices dropped sharply in Q2 2023 on a quarterly average basis, falling by 9.1% QoQ
- The fall was particularly steep in June, when prices dropped by 15% compared to May
- Weakness in the residential construction sector compared to the high levels of activity in the past two years will be a factor in the downward pressure on prices in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€13.2	€13.1	↔ 0.0%	↓ -1.0%

### Price change comparison against Q4 2021



- Plasterboard prices have remained stable at an elevated level in recent quarters after rising sharply in the first half of last year
- Residential construction boomed last year, but demand is easing amid the reduction in fiscal support schemes for renovation and refurbishment
- High interest rates will also impact on new building construction works

\* 200 x 120 x 1.2 cm (L x W x T)



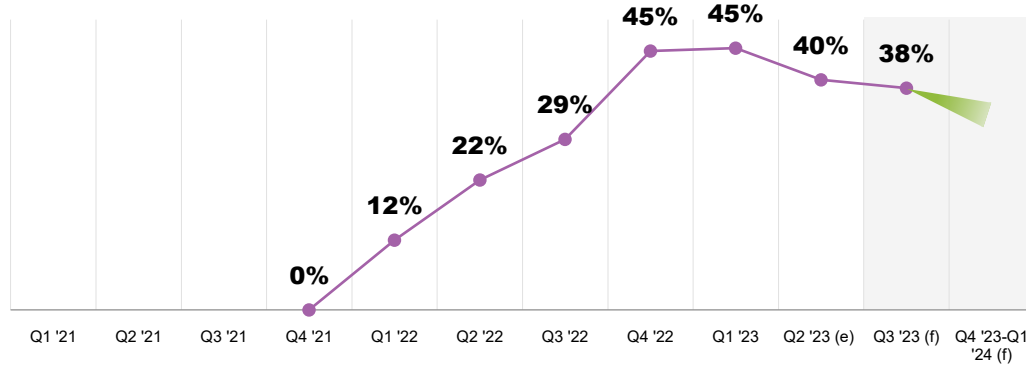
# Italy – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€57.9	€57.4	↓ -3.8%	↓ -1.0%

Price change comparison against Q4 2021

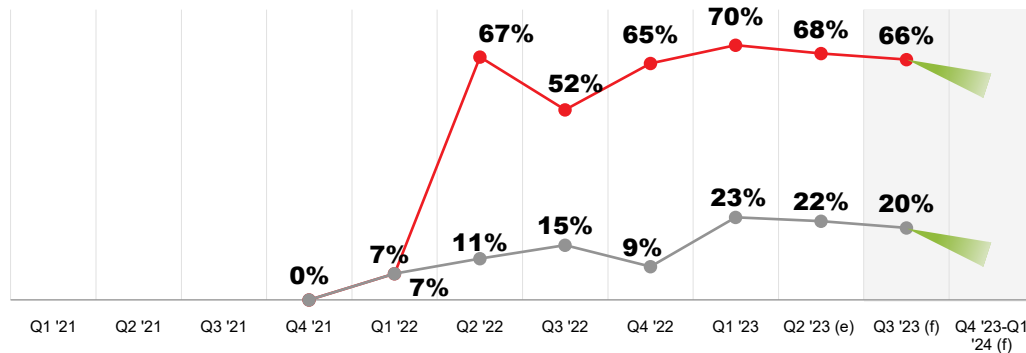


- Limestone prices in Italy have edged down from recent highs, and amid weakening demand and falling energy and transportation costs, and prices will continue on this downward trend
- However, the prices will remain elevated, as Q3 2023 prices will be around 38% higher than in Q4 2021

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€232	€229	↓ -1.3%	↓ -1.0%
<p>● <b>Cement</b> (€/mt)</p> <p>● <b>Concrete</b> (€/m<sup>3</sup>)</p>			
€158	€156	↓ -0.9%	↓ -1.6%

Price change comparison against Q4 2021



- Cement prices are edging downwards, as prices dropped by 1.3% on a quarterly average basis in Q2 2023, but were still 68% higher than in Q4 2021
- There has also been a marginal drop in concrete prices in recent months, and with production and transportation costs on the decline, prices in the coming quarters will fall back further
- Cement production is also contracting, in April cement production was down by 13% YoY, according to Federbeton

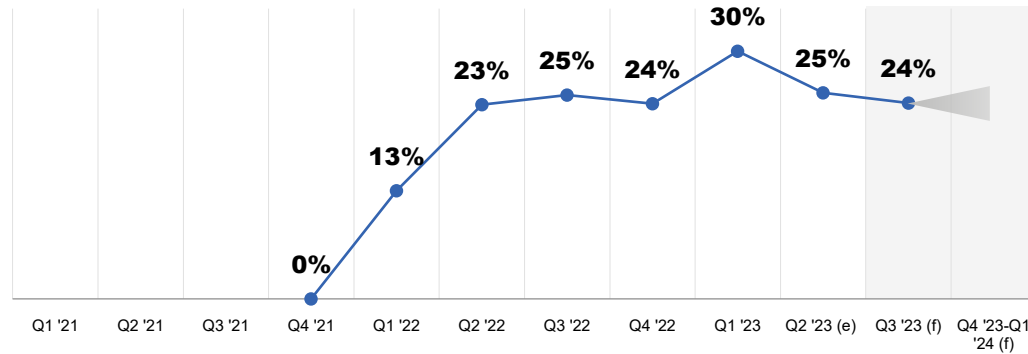
# Italy – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€106	€105	↓ -3.8%	↓ -1.0%

Price change comparison against Q4 2021



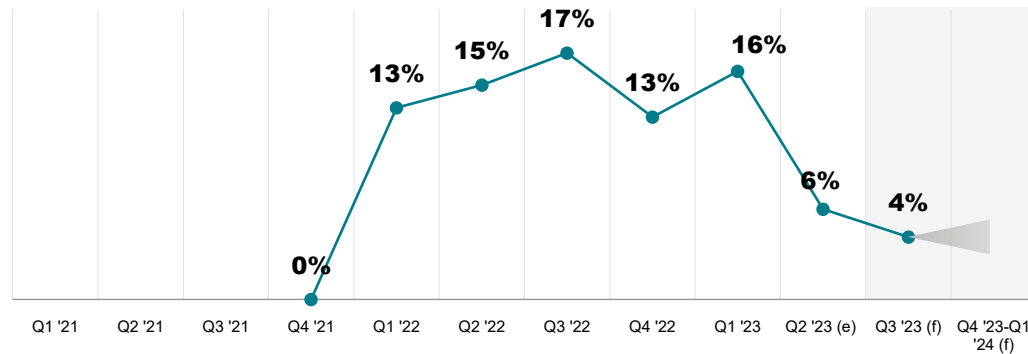
- Asphalt prices declined by 3.8% QoQ in Q2 2023, reflecting an easing in input costs
- Stable demand from road construction is expected to keep asphalt prices close to current levels in the short term
- The Italian government has set aside €4.5bn for this year's execution of major road development projects in Sicily, Calabria, Puglia, and Lazio regions



## Diesel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
High	Low	Low	
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.69	€1.66	↓ -8.2%	↓ -1.8%

Price change comparison against Q4 2021



- Diesel prices in Italy have dropped back again, falling on a quarterly average basis by 8.2% in Q2 2023 reflecting trends in global crude oil prices
- However, prices were still 6% higher than in Q4 2021
- There will be some volatility in diesel prices in the short term, given OPEC+ plan to reduce overall production to support crude oil prices

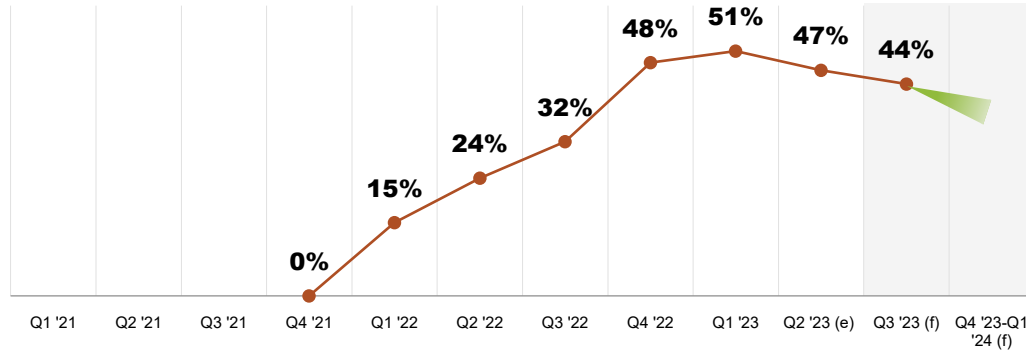
# Italy – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€879	€861	↓ -2.6%	↓ -2.0%

Price change comparison against Q4 2021



- Having risen sharply through 2022 on the back of high demand and a surge in production costs, brick prices in Italy are dropping back, by 2.6% on a QoQ basis in Q2 2023
- Prices are still relatively high, but with subdued demand in the housing sector following the recent period of strong growth, brick prices are expected to decline further in the coming quarters

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Italy – Industry trends

## Sector trends



### Data Centres

Italy is one of the emerging Data Centres markets in Western Europe. The growth in the sector is driven by 5G deployments, cloud service adoption, and improved subsea cable connectivity. Milan is a prominent hub for facility development. Data Centres projects with a value of more than €1bn are in the pipeline with majority of those are coming up in and around Milan and the Lombardy region.



### Life Sciences

Italy's Life Sciences industry thrives on strong manufacturing capabilities and a diverse biotech sector. Italy's pharmaceutical exports reached a value of €47.6bn in 2022, a 25% increase from 2021. Italy's strengthening position in the life sciences industry will drive increasing demand for specialised facilities, research labs, manufacturing plants, and related infrastructure to support sector expansion.



### High-tech Industrial

The Italian government is committed to advancing the semi-conductor and battery manufacturing industries within the country. Several high-tech industrial projects, such as chip manufacturing and assembly, solar photovoltaic production, and battery manufacturing plants, are in the pipeline, with a total value of over €6bn. The majority of these projects are currently in the planning stage.

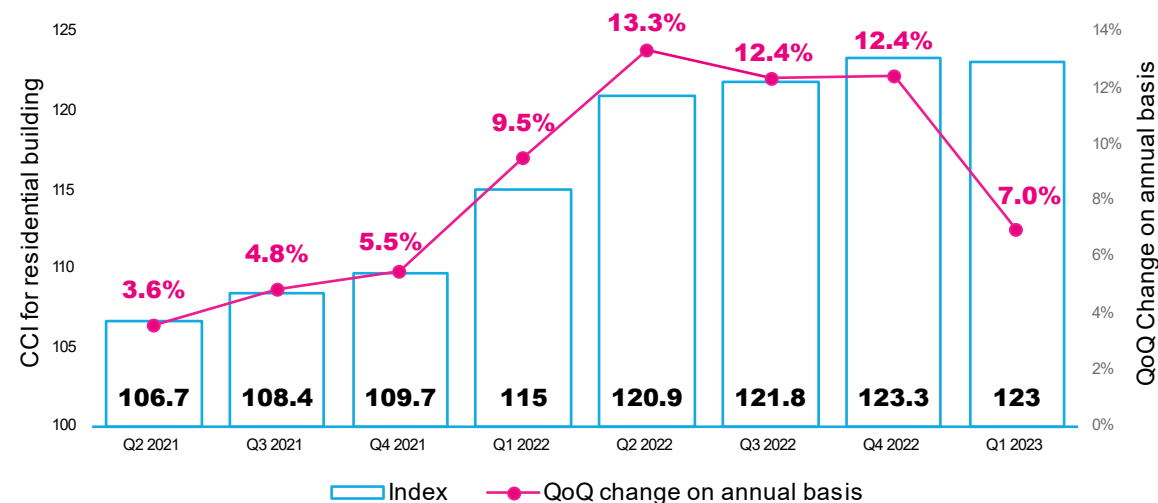


### Renewable Energy

The renewable Energy sector is witnessing considerable growth supported by investments by the government. In January 2023, the Italian Energy Agency, Gestore dei Servizi Energetici (GSE) allocated 116.2MW of renewable energy capacity to their latest auction. The government aims to achieve an additional renewable Energy capacity of approximately 85 GW by 2030.



## Construction Cost Index (CCI)\*



\*CCI for residential buildings and QoQ change on annual basis (base year 2015=100)

# Italy – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Italy

For Italy, sources for this report include, but are not limited to:

- IMF
- ISTAT
- Eurostat
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Eurostat
- Reuters
- UN Comtrade Database

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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# Netherlands

## Country Commodity

### Report

**Q2 2023**



# Netherlands

## Q2 2023

The Dutch economy witnessed a contraction of 0.3% in Q1 2023, however the contraction was lower than the preceding estimate of 0.7%. Inflation is now easing, in part due to a decrease in fuel prices. Interest rates remain high and continue to negatively impact the construction industry.

Following moderate growth in 2022, the construction industry in the Netherlands is expected to shrink by 8.2% in real terms this year. This is due to elevated interest rates and weakness in the residential sector. Falling housing demand is impacting those at the beginning of the value chain as contractors are ordering fewer building materials such as concrete, cement and bricks, causing production of these material to decrease. Prices of these materials have remained elevated but are expected to fall in coming quarters. Steel prices are also on the decline.

The construction industry is expected to regain momentum with the government's plans to allocate €25bn, to further develop the country's transport infrastructure—particularly roads, railroads, and waterways, as well as the air transport network.



**Brian McClinton**  
Senior Director – Europe



## Key Indicators

### GDP

Increased by 1.9% on an annual basis in Q1 2023



- On a QoQ basis GDP shrunk by 0.3% in Q1 2023
- This contraction is primarily due to a decline in the trade balance and increased gas withdrawals from storage facilities
- The economy is expected to grow by 1.8% in 2023

### CPI

Stood at 5.7% in June 2023 on a YoY basis



- In May, the inflation rate stood at 6.1%
- The decrease in inflation was mainly due to the price reduction of motor fuels and food





### Construction output

Expected to shrink by 8.2% in real terms in 2023



- The slowdown is primarily due to subdued investor confidence, high construction costs, and high interest rates
- The industry is expected to be supported by investments in transport and renewable energy

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -9%	↓ -6%	↓ -1%	Prices have declined, but are likely to remain volatile
 <b>Steel rebar (raw)</b>	↓ -42%	↓ -2%	↓ -1%	Prices are trending downward, and are likely to decrease further
 <b>Cement</b>	↑ 15%	↑ 2%	↓ -1%	Prices continued to increase but likely to fall in coming quarters
 <b>Lumber</b>	↓ -15%	↓ -1%	↔ 0%	Prices have remained high but are expected to fall



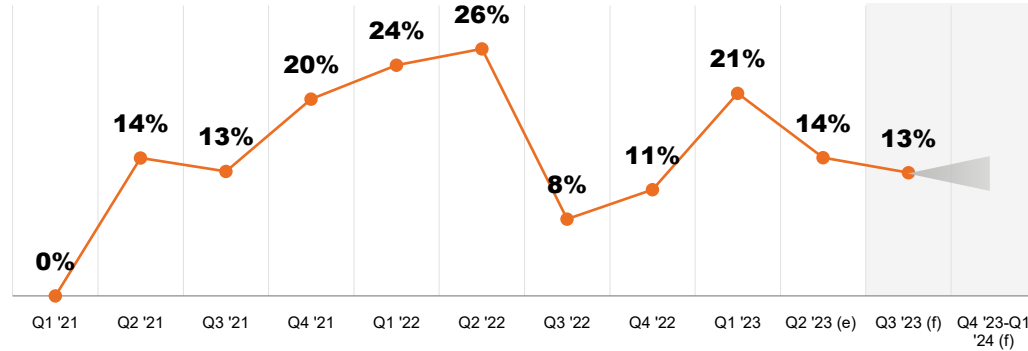
# Netherlands – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,132	€8,023	↓ -5.5%	↓ -1.3%

Price change comparison against Q1 2021

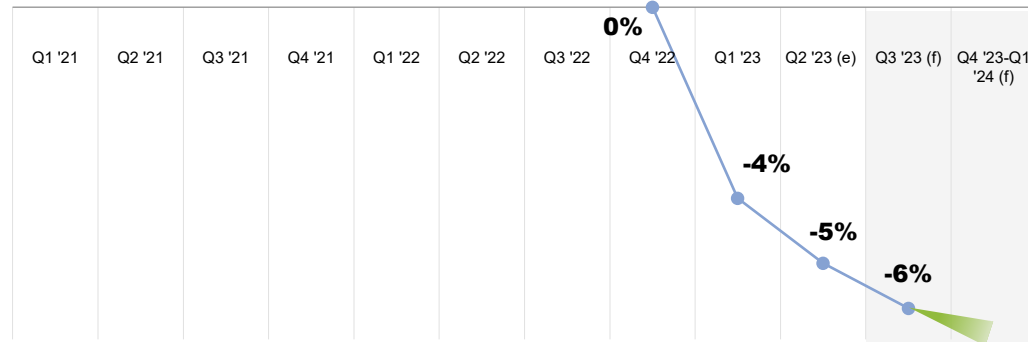


- Copper prices have stayed relatively high in the Netherlands on a quarterly average basis, but there has been some volatility in monthly trends
- Investment in renewable energy projects and electric vehicle manufacturing is helping to sustain demand
- However, global copper prices will remain volatile given concerns over inventories on the one hand and weak global demand amid high interest rates on the other

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,456	€3,421	↓ -1.4%	↓ -1.0%

Price change comparison against Q4 2022



- Price decreases in key raw materials and production costs have resulted in stainless steel prices declining in recent quarters
- There has been a 4% QoQ drop in Q1 2023 and 1.4% in Q2 2023
- Prices will continue to weaken in the short term, given limited demand and increasing global supplies

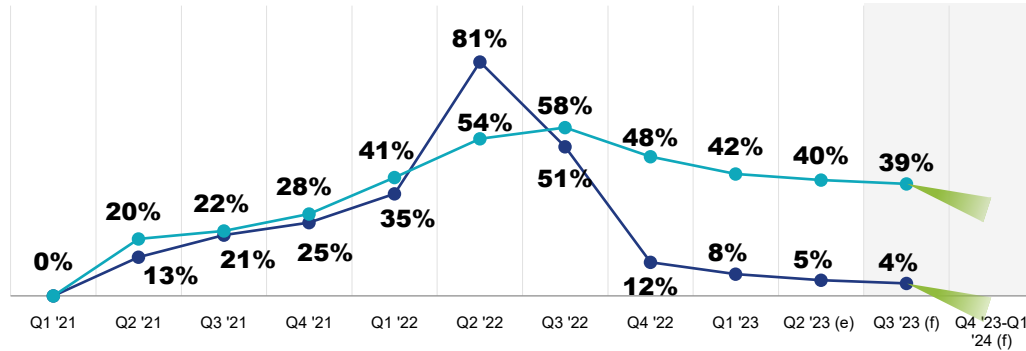
# Netherlands – Commodity Price Trends



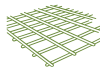
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b> €527    €521    ↓ -2.0%    ↓ -1.0%			
<b>Steel flat product (€/mt)</b> €812    €804    ↓ -1.4%    ↓ -1.0%			

### Price change comparison against Q1 2021



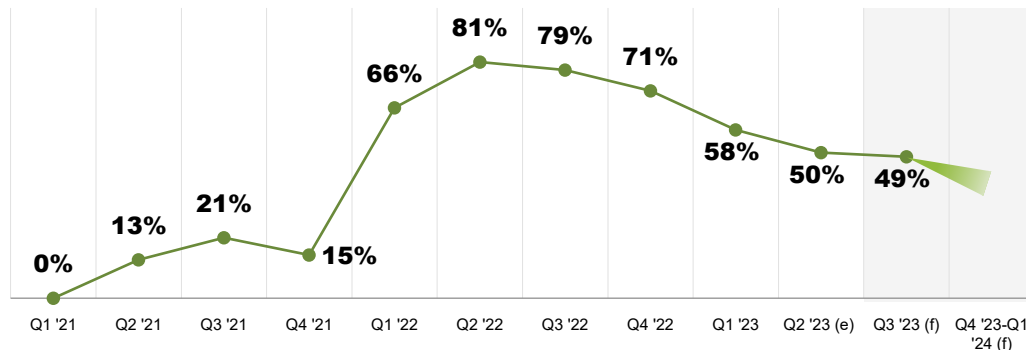
- Steel rebar prices have come down sharply from the highs of Q2 2022, with prices now close to the levels of early 2021
- The slowdown in the residential construction sector will contain any upward pressure in the coming quarters, with production costs also easing
- Prices for flat products have also fallen, but remain relatively high
- Production has decreased recently, due to Tata Steel's plant closure for scheduled maintenance



## Welded mesh

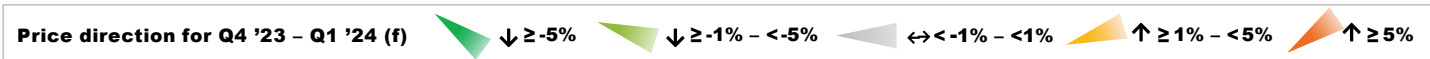
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€68.4	€68.7	↓ -5.0%	↓ -1.0%

### Price change comparison against Q1 2021



- Mesh prices have been steadily declining since Q3 2022, reflecting the falling trends in the prices for raw materials
- Although there will be increased infrastructure spending on the transport network repairs and maintenance, which will provide some support on the demand side, this will be offset by the contraction in building construction activity

\* 200 x 300 cm; diameter 6mm



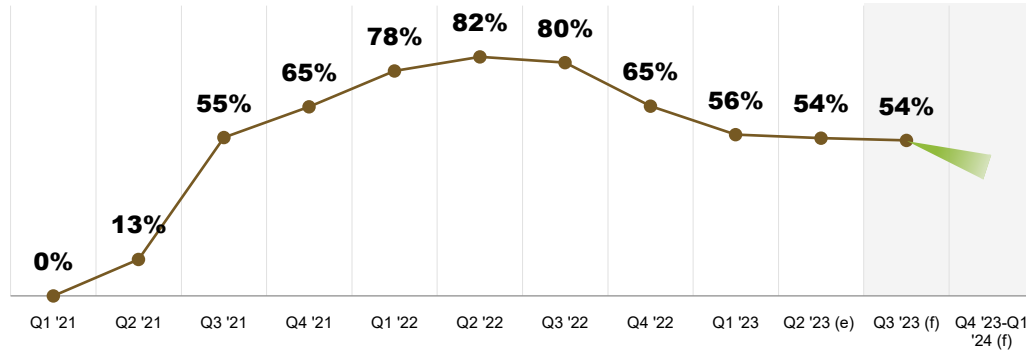
# Netherlands – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Moderate	●●●● Moderate
Price (€/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€86.9	€86.4	↓ -0.8%	↓ -0.5%

### Price change comparison against Q1 2021



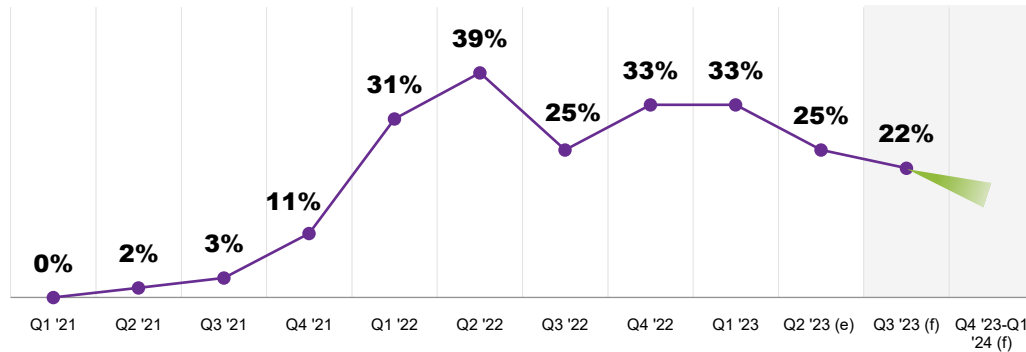
- Prices have remained at a high level in recent quarters, although dropping back from the levels of mid-2022
- Lumber prices will continue to trend lower in the coming quarters reflecting weaker demand and falling prices in the regional market
- Demand from the residential buildings sector will weaken, but there will be some support from the government's "woningbouwimpuls" (residential) scheme to boost affordable housing units



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€10.3	€10.1	↓ -5.8%	↓ -2.5%

### Price change comparison against Q1 2021



- Prices are falling on a quarterly basis due to lower construction demand and an easing in supply-side pressures and transportation costs
- This downward trend will continue in the coming quarters, but prices will remain above the levels of early 2021
- Reflecting the sharp drop in residential building permits, housebuilding activity will be subject to a marked decline, and this will make it challenging for producers to keep prices at current levels

\* 300 x 120 x 1.25 cm (L x W x T)

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

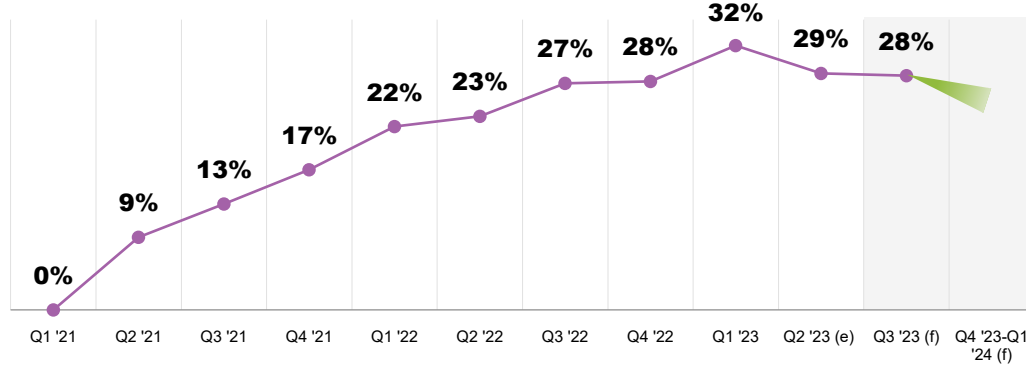
# Netherlands – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€91.2	€91.0	↓ -2.6%	↓ -0.2%

Price change comparison against Q1 2021

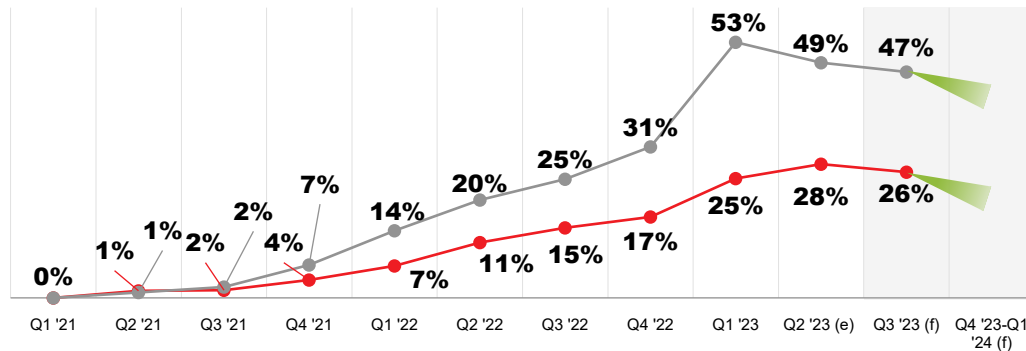


- Prices for limestone have stayed relatively high, having been on a steep upward trend over the past two years
- However, with weakening demand, prices will edge downwards in the coming quarters
- Easing production and transportation cost pressures will also contribute to this downward trend

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€188	€186	↑ 2.4%	↓ -1.3%
● <b>Cement</b> (€/mt)			
€196		↓ -2.8%	
● <b>Concrete</b> (€/m³)			
€194		↓ -1.3%	

Price change comparison against Q1 2021



- Cement prices have continued to rise, and on a quarterly average basis were 2.4% higher than Q1 2023
- Private developers have been delaying projects due to high costs, but public infrastructure projects have been progressing
- However, lower transportation costs and reduced supply-side pressures will result in falling prices in the coming quarters
- Concrete prices started to fall back in May, after surging in Q1 2023, and will continue trending down

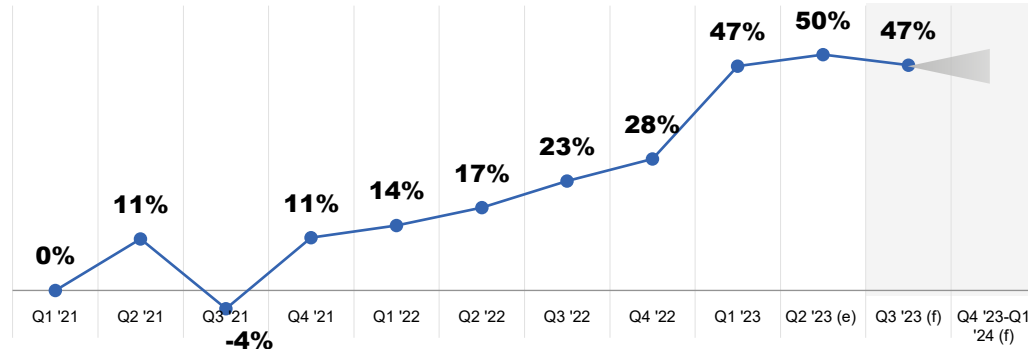
# Netherlands – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€107	€106	↑ 1.6%	↓ -1.5%

### Price change comparison against Q1 2021



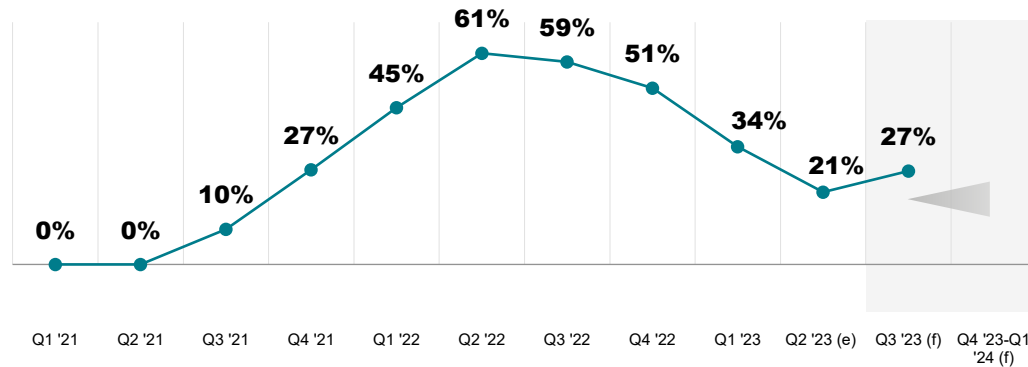
- Asphalt prices remained high in Q2 2023, edging up on a quarterly average basis by 1.6% QoQ
- Price pressures will ease in the upcoming quarters, but demand will continue to grow due to government spending on road maintenance and repair projects
- Prices for key inputs will also fluctuate due to production cuts by OPEC+ and other producers



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.54	€1.61	↓ -9.8%	↑ 5.0%

### Price change comparison against Q1 2021



- Diesel prices dropped sharply in Q2 2023, falling on a quarterly average basis by 9.8%
- Although prices have fallen from the mid-2022 highs, in Q2 2023 they were still 21% higher than in Q1 2021
- Prices in the short term will pick up again, due to the discount on excise duty expiring in the beginning of July, resulting in a 10 cents per litre increase for diesel

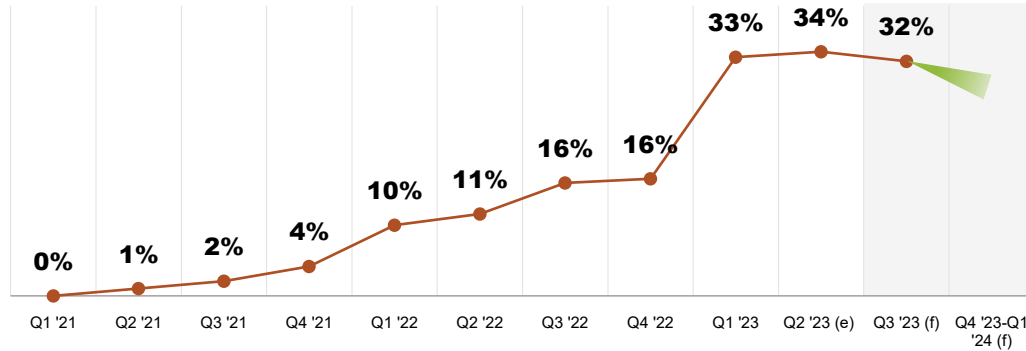
# Netherlands – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€655	€648	↑ 0.6%	↓ -1.0%

Price change comparison against Q1 2021



- Bricks prices have continued to rise despite the weakness in housing construction
- Residential building permits fell by 37% YoY in Q1 2023, which has caused brick manufacturers, such as Steenfabriek Klinkers and Wienerberger to halt production with a temporary closure of factories
- Prices will fall gradually over the coming quarters, yet prices will still be above the levels of early 2021

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre

# Netherlands – Industry trends



## Sector trends



### Data Centres

The Netherlands is a prominent Data Centres destination, offering excellent connectivity and proximity to major corporations and consumers. However, the industry faces challenges, such as electricity infrastructure congestion and restrictions due to public concerns about landscape changes and power consumption. To address these issues, Data Centres are actively adopting sustainable practices and investing in innovative solutions. Amid moratorium concerns for certain regions, last year the Dutch colocation market slowed down significantly. However, it is expected to grow at a CAGR of 9% (in terms of IT power) from 2023- 2028, as per a recent report by the Dutch Data Center Association (DDA).



### Life Sciences

The Life Sciences sector in the Netherlands has been steadily growing, making it a prime location for biotech companies, particularly in biopharmaceuticals and medical technology. The country boasts a well-established and expanding med-tech market, projected to reach €6bn in revenue by 2028, with an expected annual growth rate of 4.16% from 2023 to 2028.<sup>1</sup>



### High-tech Industrial

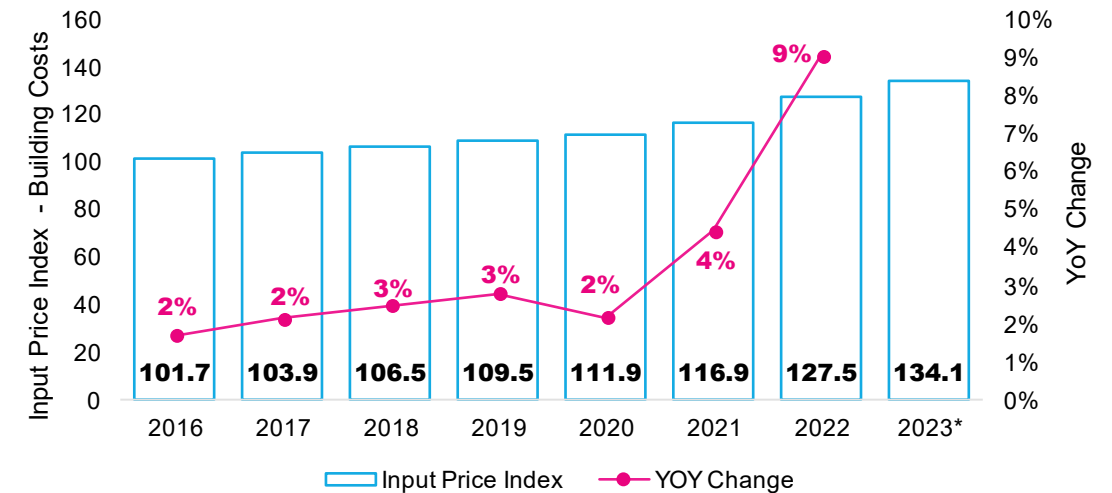
The Netherlands holds a significant position in the European semi-conductor market, with a complete value chain presence. There are also notable investments in large-scale high-tech industries, such as battery manufacturing, with €296mn being allocated by the cabinet to support this sector.



### Renewable Energy

The Netherlands has one of the largest per capita solar capacity in Europe. The government aims to reduce greenhouse gas emissions by 49% compared to 1990 levels by 2030 and 95% by 2050. To support this target, it is focusing on increasing the capacity of renewable energy across the country and has recently allocated a fund of €35bn to finance the sustainable Energy projects.

## New Dwellings Input Price Index\*



\*Average from Jan 2023 to May 2023

\*\* New Dwellings Input Price Index - Building costs (base year 2015=100)

# Netherlands – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

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## Definitions

- Commodity prices are net of taxes for all the countries
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- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Netherlands

For the Netherlands, sources for this report include, but are not limited to:

- IMF
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- Economic Research Institute
- Dutch Data Centre Association
- Eurostat
- 1-Statista

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# Spain

## Country Commodity Report

### Q2 2023



# Spain

## Q2 2023

Spain's economy is showing positive signs, with better than anticipated economic growth and a slowdown in inflation. However, interest rates are still elevated which is impacting the construction industry. On a quarterly basis the business confidence index for the construction industry for Q3 2023 increased by 3%. The increase is attributed to easing price pressures, improvements in supply chain and encouraging developments in tech intensive sectors.

Furthermore, Spain is experiencing a surge in foreign direct investments, witnessing an all-time high during 2022. The majority of these investments are in greenfield projects, which is driving growth in the construction industry, having reached its second highest recorded turnover level of in excess of €34bn. Prices of metals like steel and copper are normalising, while the prices of cement remain stubbornly high. The industry is also facing labour output challenges, however growth in the labour cost index moderated in Q1 2023. There is a growing momentum in the retrofitting sector, especially with the implementation of building energy regulations.



**Damien Gallogly**  
Senior Director - Europe



## Key Indicators

### GDP

Rose by 4.2% in Q1 2023 on YoY terms



- Grew by 0.6% on a QoQ basis exceeding market expectations
- Rebound in investment activity and strong performance of the external sector contributed towards the growth

### CPI

Stood at 1.9% in June 2023 on a YoY basis



- Slowest increase in inflation since March 2021
- First country among the Euro Zone's large economies to have inflation fall below 2% which is ECB's target rate for the euro area as a whole





### Construction output

Expected to grow by 1.7% in real terms in 2023



- Slowdown in growth is attributed to weakness in residential sector and high interest rates
- The industrial sector is expected to grow at 3% in real terms, supported by investments in semi-conductor & EV manufacturing plants

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -13%	↓ -6%	↓ -1%	Prices have been volatile, however are likely to stabilise in Q3 2023
 <b>Steel rebar (raw)</b>	↓ -14%	↓ -5%	↓ -7%	Prices continue to decline, and likely to decrease further
 <b>Cement</b>	↑ 12%	↑ 2%	↑ 1%	Prices continue to increase and likely to remain elevated in Q3 2023
 <b>Lumber</b>	↑ 5%	↓ -1%	↓ -1%	Prices have started to drop back from the highs recorded in early 2023

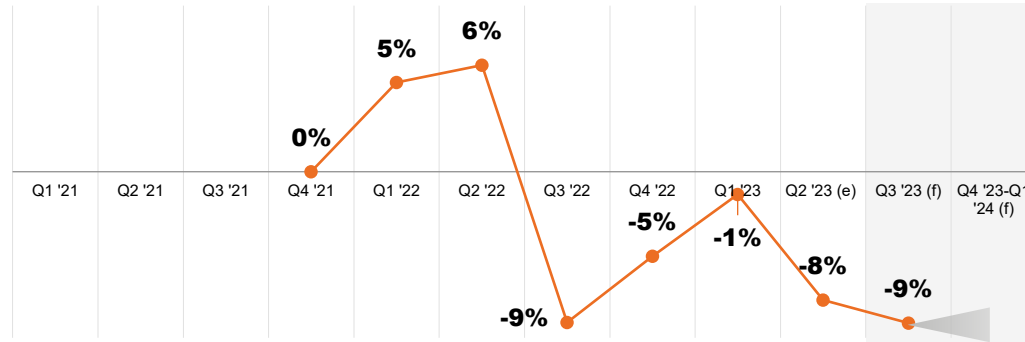
# Spain – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€7,791	€7,674	↓ -6.4%	↓ -1.5%

Price change comparison against Q4 2021

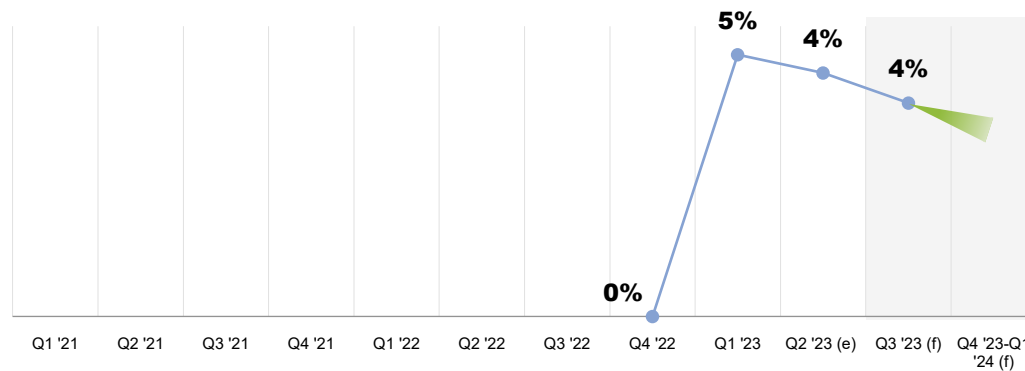


- Copper prices have been volatile, and on a quarterly average basis they dropped by 6.4% QoQ in Q2 2023, as waning demand for industrial metals from China led to a decline in copper prices
- Prices will remain close to current levels on a quarterly average basis, with concerns over weak demand stemming from rising interest rates being offset by short term concerns over global inventories

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,816	€3,797	↓ -0.3%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices fell marginally by 0.3% QoQ in Q2 2023, as the prices of major raw materials, such as nickel, have weakened
- With weakening demand, production levels have also dropped
- This downward trend in prices will continue in the coming quarters, with global nickel prices projected to decline given that the top producer, Indonesia, is ramping up stock levels and production costs are falling

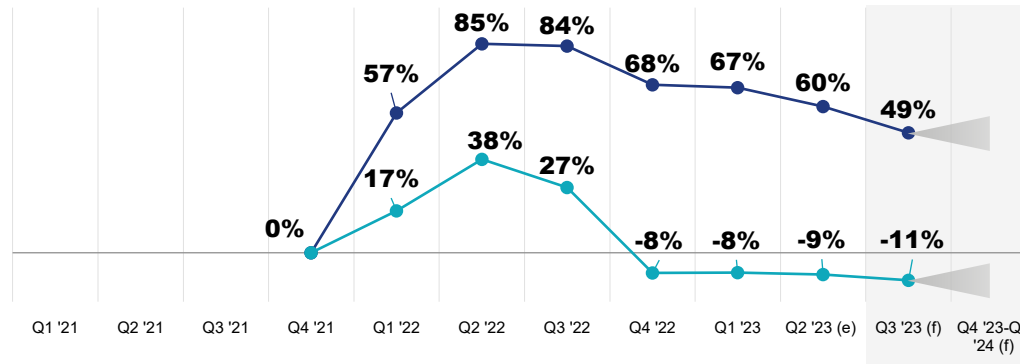
# Spain – Commodity Price Trends



## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€731	€682	↓ -4.6%	↓ -6.7%
<b>Steel flat product (€/mt)</b>			
€692	€675	↓ -0.8%	↓ -2.5%

Price change comparison against Q4 2021

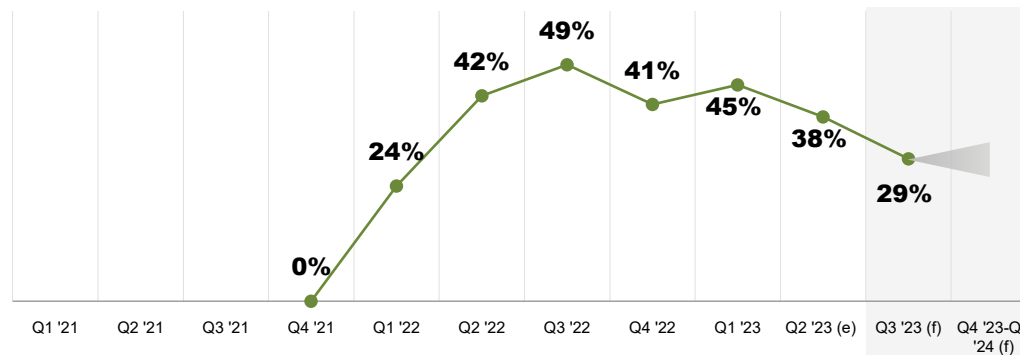


- On a quarterly average basis, steel rebar and steel-flat prices in Spain have continued to drop back from the highs of mid-2022
- The pace of decline has accelerated recently, with rebar MoM decreases of 6% in June and 5% in May 2023
- Steel-rebar and steel-flat product prices are expected to fall even further in Q3 2023, reflecting global trends owing to weaker demand and the risk of excess steel supply from China

## Welded mesh

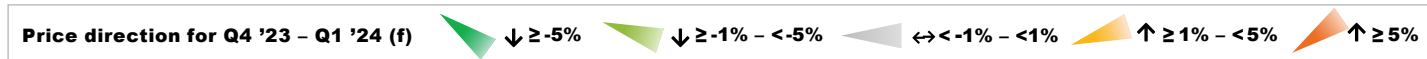
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€93	€87	-4.6%	-6.3%

Price change comparison against Q4 2021



- Prices of welded mesh are estimated to have fallen by 4.6% QoQ in Q2 2023, reflecting weaker prices for steel rebar
- However, prices were still relatively high, up by 38% compared to Q4 2021
- Prices are expected to continue on a downward trend in Q3 2023, amid weakening demand from the construction industry in the short term, but construction output levels are likely to pick up over the coming year

\* 100 x 100 cm; diameter 6mm



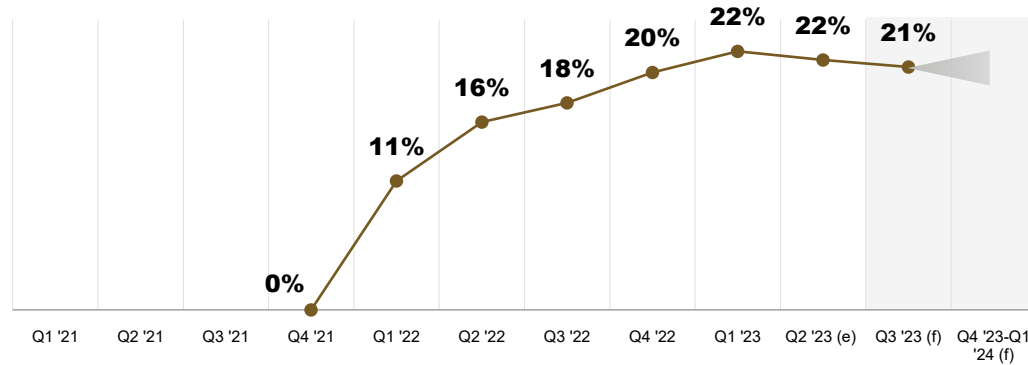
# Spain – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€148	€147	↓ -0.6%	↓ -0.5%

### Price change comparison against Q4 2021



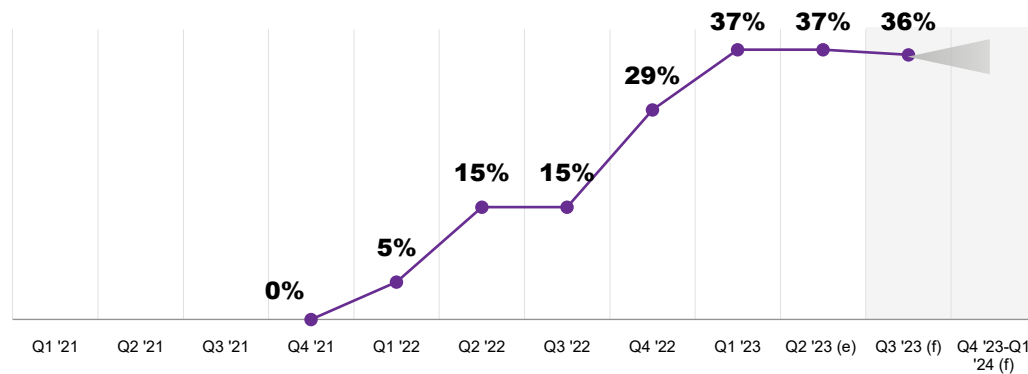
- Lumber prices in Spain have started to drop back from the highs recorded in early 2023
- On a quarterly average basis, prices were down by 0.6% in Q2 2023
- Prices are forecast to fall marginally by 0.5% QoQ in Q3 2023, but residential construction will hold up relatively well, preventing a sharper drop in lumber prices in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€4.65	€4.63	↔ 0.0%	↓ -0.5%

### Price change comparison against Q4 2021



- Having risen sharply in 2022, plasterboard prices have remained stable at an elevated level in the past two quarters, when compared to Q4 2021, prices were 37.2% higher in Q2 2023
- Demand in residential construction has eased, and this will keep prices close to current levels in the coming quarters

\* 125 x 60 x 1.3 cm (L x W x T)

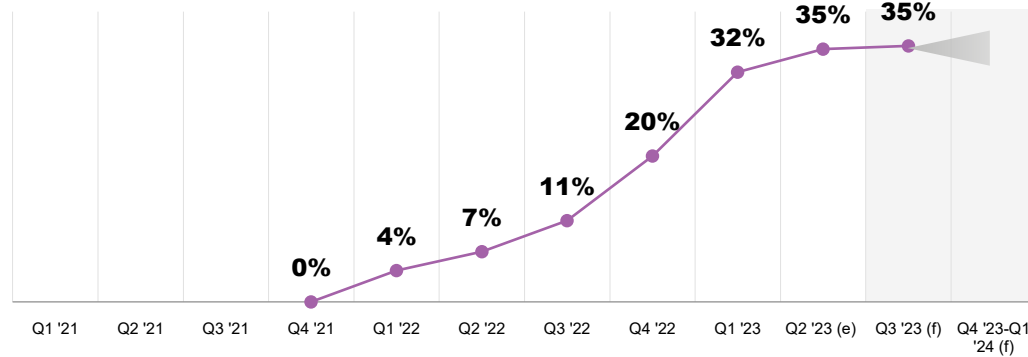
# Spain – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€68.5	€68.7	↑ 2.4%	↑ 0.3%

Price change comparison against Q4 2021

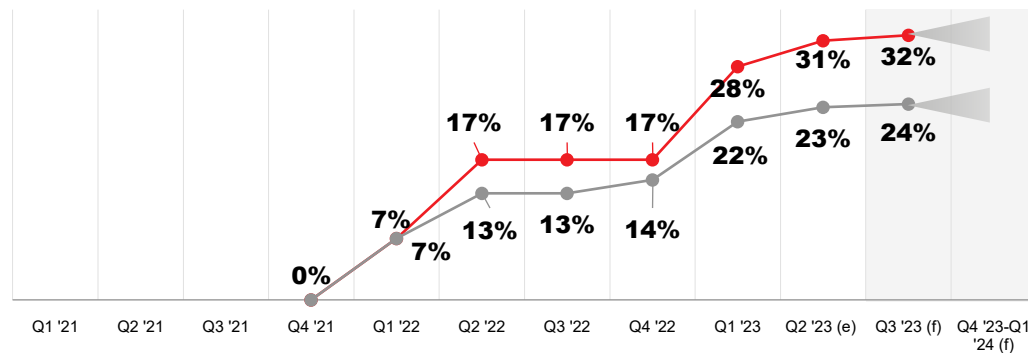


- Limestone prices in Spain are estimated to have increased by 2.4% QoQ in Q2 2023, with high production cost expected to have kept upward pressure on prices
- Prices will remain at historical highs, with pricing nearly 35% higher than in Q4 2021
- Softer demand from the construction industry is however expected to keep the prices of limestone in check in the short term

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€161	€162	↑ 2.4%	↑ 0.5%
<p>● <b>Cement</b> (€/mt)</p> <p>● <b>Concrete</b> (€/m<sup>3</sup>)</p>			
€149	€150	↑ 1.4%	↑ 0.3%

Price change comparison against Q4 2021



- Concrete prices increased by 1.4% QoQ in Q2 2023, continuing an upward trend of recent quarters
- Prices were 23% higher in Q2 2023 than in Q1 2022
- Cement prices have also continued to rise, edging up by 2.4% QoQ in Q2 2023, owing to the ongoing expansion in buildings construction
- Prices are forecast to remain elevated, despite a more challenging economic environment

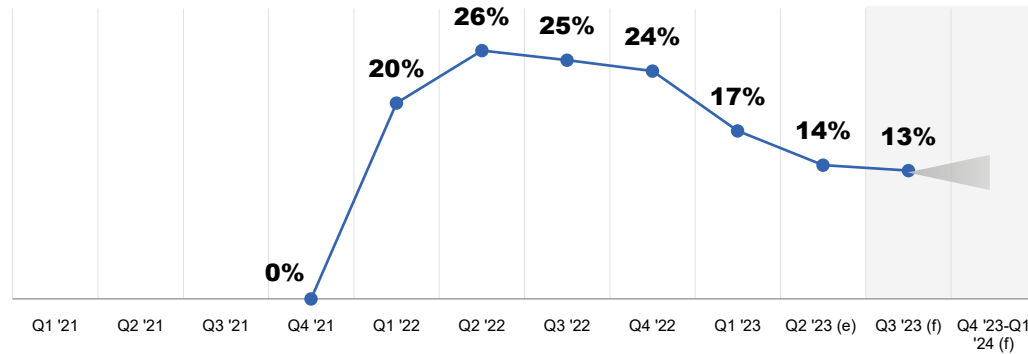
# Spain – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€90	€89	↓ -3.0%	↓ -0.5%

### Price change comparison against Q4 2021



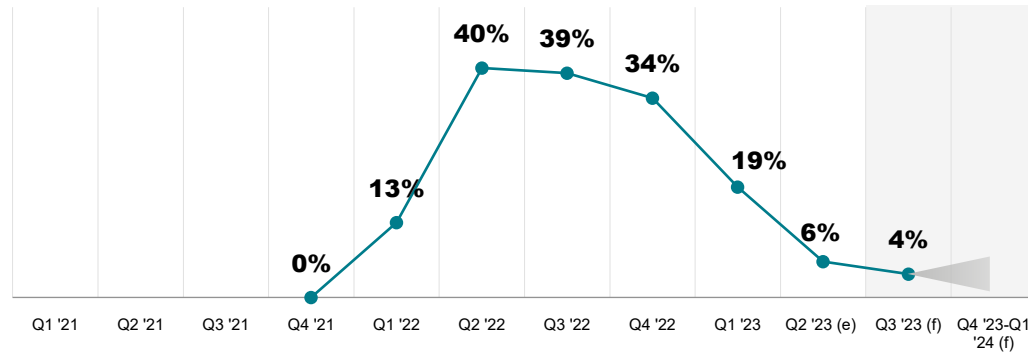
- Asphalt prices are estimated to have declined by 3% QoQ in Q2 2023, reflecting an easing in input costs
- Stable demand from road construction is expected to keep the asphalt prices at its current level in the short term
- In the 2023 Budget, the government approved a budget of €12.3bn for the Ministry of Transport, Mobility, and Urban Agenda, with €2.3 billion allocated for roads projects



## Diesel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.46	€1.43	↓ -10.8%	↓ -2.0%

### Price change comparison against Q4 2021



- Diesel prices in Spain have continued on a downward trend, falling from the highs of mid-2022
- In Q2 2023 prices dropped by 10.8% QoQ, but were still 6.2% above levels in Q4 2021
- Diesel prices are expected to remain volatile in the coming quarters, amid OPEC+ decision to reduce overall production targets from 2024 by a further 1.4 million barrels per day



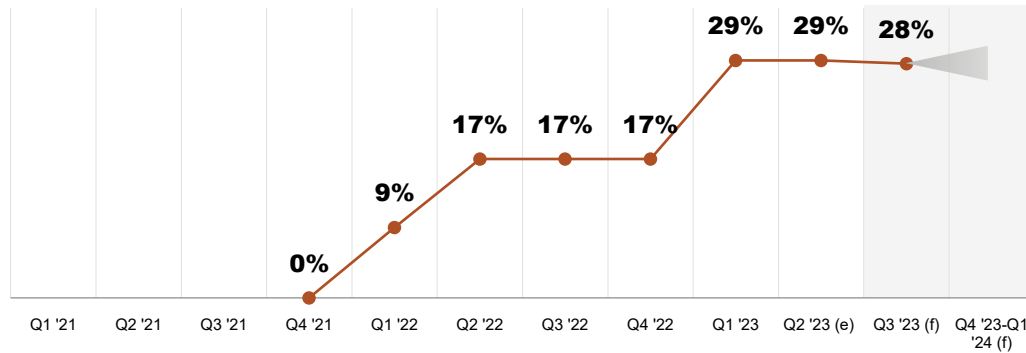
# Spain – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€937	€934	↔ 0.0%	↓ -0.3%

Price change comparison against Q4 2021



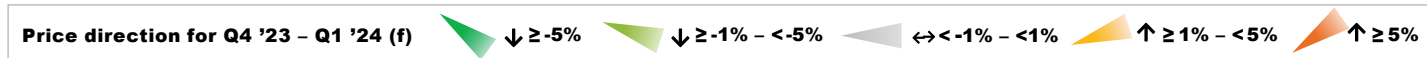
- Brick prices in Spain have stabilised at a high level
- Prices picked up in early 2023, and at this elevated level they are around 28.6% higher than in Q4 2021
- Despite economic challenges, buildings construction is continuing to expand, and this will keep prices of bricks around current levels over the short term

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 EV                      Electric Vehicles  
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# Spain – Industry trends

## Sector trends



### Data Centres

Given its strategic geographical location and improving subsea cable connectivity Spain is becoming an attractive Data Centres location in EMEA region. Madrid remains the top choice for Data Centres companies in Spain, while Barcelona is rapidly emerging as a high-growth destination. There are several projects in the pipeline valued at over €4.4bn, with the majority currently in the planning stages.



### Life Sciences

Spain is one of the top countries in clinical testing and a key Life Sciences region in Europe. It has a strong local pharma industry, and its pharma exports grew by 52% in 2022, reaching a value of €2.7bn, becoming the third sector with the highest exports by value in the country. Catalonia, Barcelona and Madrid regions are the key clusters of life science in the country.



### High-tech Industrial

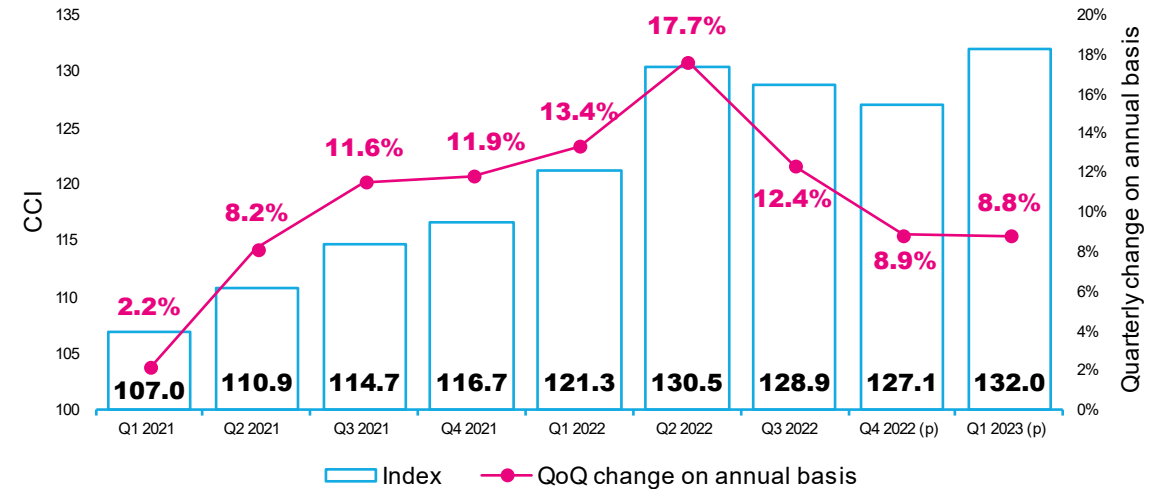
The Spanish government is focusing on attracting significant investments in the semi-conductor and battery manufacturing sectors. Last year the government committed to spend €12.25bn in the semi-conductor and micro-chip industry by 2027, including €9.3bn to fund the building of plants. Additionally, in the battery manufacturing sector they recently announced plans to launch dual tenders in July 2023, allocating €2bn of EU funds for EV and battery production.



### Renewable Energy

Spain's Energy and utilities sector is expected to expand by 6% in 2023, and then to average at 2.8% annual growth from 2024-2027. The growth in the sector will be supported by significant investments in renewable energy, particularly wind power projects and green hydrogen projects targeting carbon neutrality by 2050.

## Construction Cost Index (CCI)\*



\*Construction Cost Index (CCI) for residential buildings except residences for communities, unadjusted data

\*Base year 2015=100

(p) = projected

# Spain – Report methodology



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- National Statistics Institute (INE)
- International Labour Organization
- Eurostat
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- Economic Research Institute
- Public Holidays
- Eurostat

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# Sweden

## Country Commodity

### Report

**Q2 2023**



# Sweden

## Q2 2023

The Swedish economy outperformed expectations in Q1 2023, and inflation is gradually easing, but interest rates remain high, putting pressure on the construction industry.

Commodity prices are stabilising, with steel prices declining from the highs of 2022. Prices of high production cost materials like cement and concrete are still elevated but likely to dip in coming quarters.

Overall, the construction industry is expected to contract this year, primarily due to weakness in the residential sector. However, the industrial sector is expected to grow by 9.3% in 2023, fuelled by positive manufacturing trends and investments in the construction of electric vehicles and battery manufacturing plants. Furthermore, government investment is expected to increase to meet the institutional sector's pent-up demand.



**Damien Gallogly**  
Senior Director - Europe



## Key Indicators

### GDP

Increased by 0.8% on an annual basis in Q1 2023



- On a QoQ basis GDP grew by 0.6% in Q1 2023
- The upturn is primarily attributed to increased inventories and robust growth in goods exports

### CPI

Stood at 9.3% in June 2023 on a YoY basis



- It was down from 9.7% in May 2023
- The inflation rate was predominantly influenced by elevated interest expenses for both owner-occupied homes and tenant-owned apartments





### Construction output

Expected to shrink by 4.7% in real terms in 2023



- This shrinkage is due to a sharp drop in the residential sector, influenced by high interest rates and weak investor sentiment
- Investment in transport and energy infrastructure will bolster overall construction activity in coming years

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -6%	↔ 0%	↓ -1%	Prices have declined but are likely to remain volatile
 <b>Steel rebar (raw)</b>	↓ -38%	↔ 0%	↓ -2%	Prices are trending downward
 <b>Cement</b>	↑ 33%	↓ -1%	↓ -1%	Price are still elevated, but are likely to reduce in coming quarters
 <b>Lumber</b>	↓ -23%	↑ 3%	↓ -3%	Prices were on a declining trend, and are likely to stabilise in coming quarters

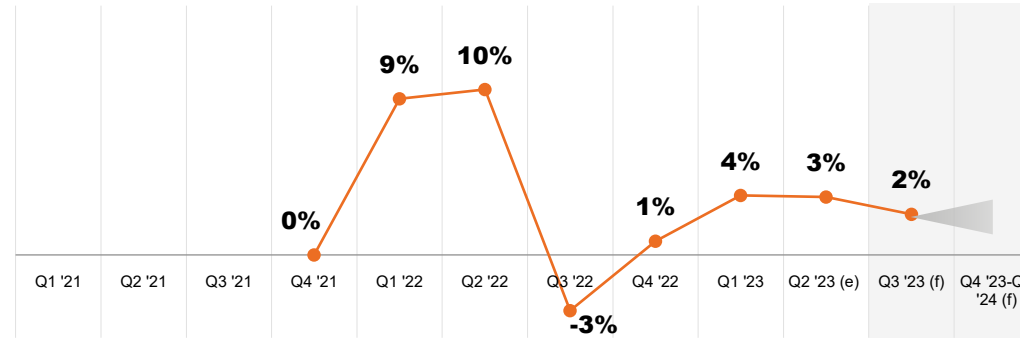
# Sweden – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK88,231	SEK87,348	↓ -0.1%	↓ -1.0%

Price change comparison against Q4 2021

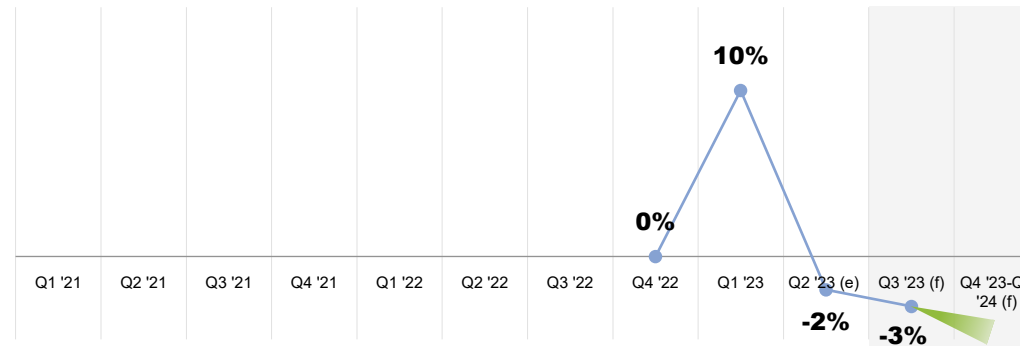


- Copper prices edged lower on a quarterly average basis in Q2 2023, and there is expected to be a further steady decline in Q3 2023, reflecting weak global demand
- Prices could be volatile in the short term, given the competing pressures of low demand, contrasted by concerns over low inventories
- On a quarterly average basis, though prices will remain close to current levels

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK40,588	SEK40,186	↓ -10.3%	↓ -1.0%

Price change comparison against Q4 2022



- Stainless steel prices fell in Q2 2023 reflecting increased availability of raw materials and declining prices particularly for nickel
- With nickel prices set to remain low amid higher production levels, and also because of weaker demand in the Swedish construction sector, stainless steel prices will fall further in the short term

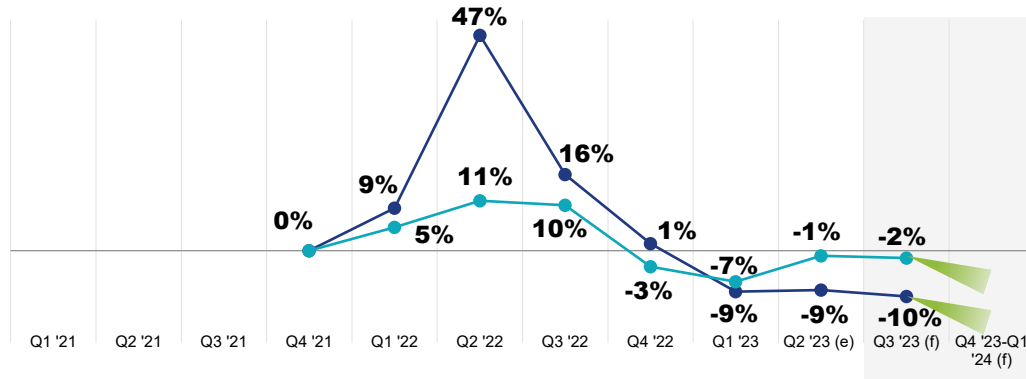
# Sweden – Commodity Price Trends



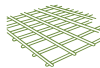
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
● Steel rebar (raw) (SEK/mt)			
SEK7,164	SEK7,056	↑ 0.4%	↓ -1.5%
● Steel flat product (SEK/mt)			
SEK7,299	SEK7,263	↑ 6.1%	↓ -0.5%

Price change comparison against Q4 2021



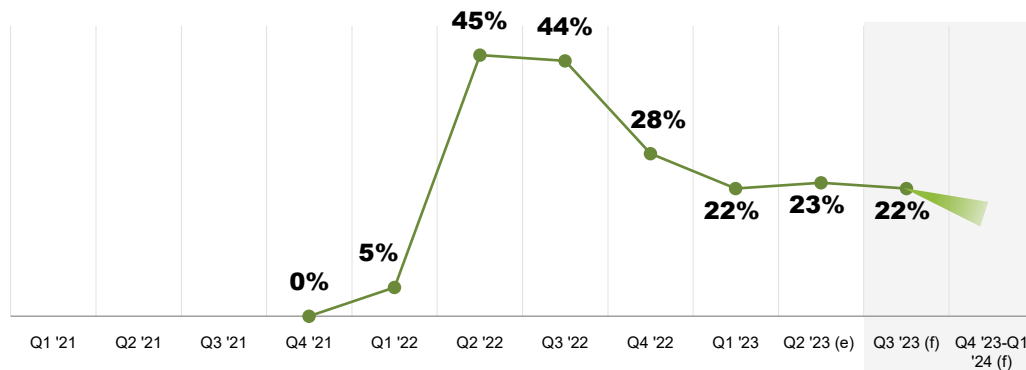
- Steel rebar prices have been trending downwards, with prices edging lower, reflecting weak demand from the residential construction sector
- In contrast, there was a pick up in steel flat prices in Q2 2023 owing to demand pressures from industrial construction sectors
- Any price increases will be offset by low demand in the short term, given high interest rates and weak investor confidence



## Welded mesh

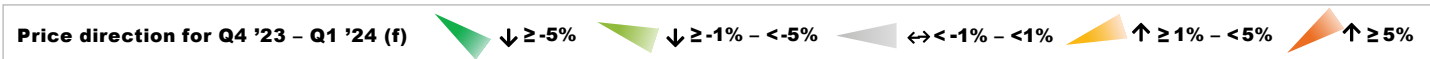
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK795	SEK787	↑ 0.4%	↓ -1.0%

Price change comparison against Q4 2021



- Welded mesh prices stayed high in Q2 2023, but there has been a general downward trend as reflected in steel rebar prices
- Demand will be bolstered by investment in infrastructure and non-residential buildings, offsetting the drop in residential building activity, which means welded mesh prices will stay high compared to historical levels

\* 120 x 240 cm; diameter 5mm





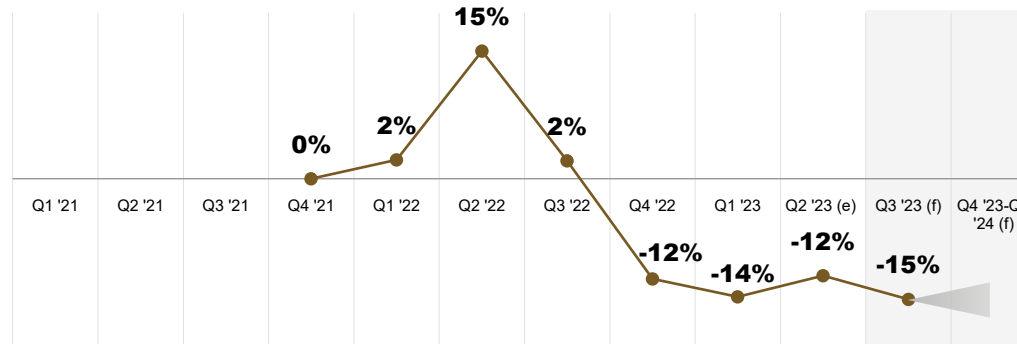
# Sweden – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (SEK/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK734	SEK710	↑ 3.0%	↓ -3.2%

### Price change comparison against Q4 2021



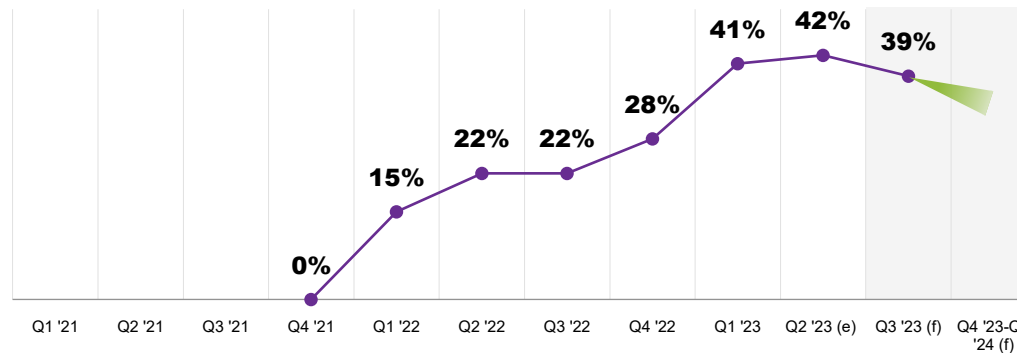
- In Q2 2023, lumber prices picked up marginally having been on a downward trend since mid-2022
- Prices will edge lower again in Q3 2023, but at this relatively low level, prices will stabilise in the coming quarters
- Despite weakness in the residential sector, timber's popularity in Sweden's construction industry ensures strong long-term demand
- Sweden is a key EU timber exporter, and rising demand for sustainable construction adds pressure to stocks



## Plasterboard

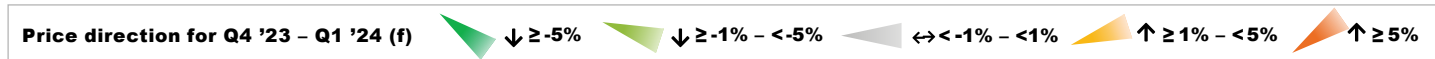
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK107.6	SEK104.9	↑ 1.0%	↓ -2.5%

### Price change comparison against Q4 2021



- Plasterboard prices have stayed relatively high in recent quarters, despite weakening demand
- Prices edged up marginally in Q2 2023, and stood at a level that was 42% higher than in Q4 2021
- Reflecting the sharp drop in building permits this year, residential construction activity will fall sharply, and this will contribute to a drop in plasterboard prices

\* 240 x 120 x 1.25 cm (L x W x T)



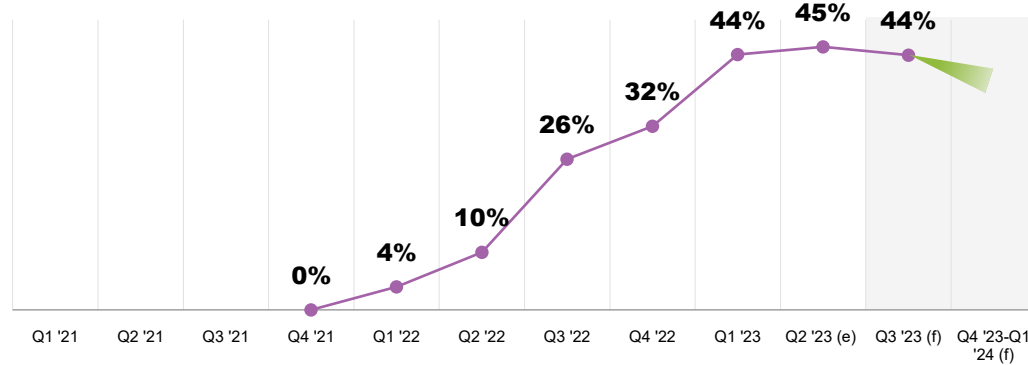
# Sweden – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK721.7	SEK714.6	↑ 0.9%	↓ -1.0%

Price change comparison against Q4 2021

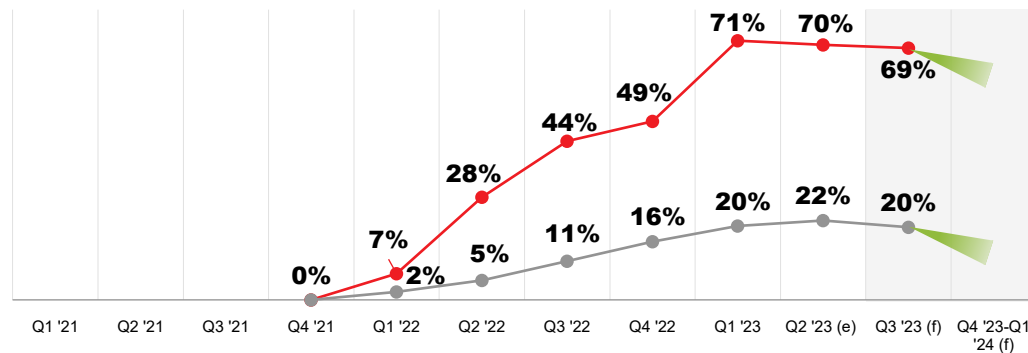


- Limestone prices have stayed at a high level, edging up by 0.9% on a QoQ basis in Q2 2023
- Soft demand from construction sector and rising interest rates are expected to put increased downward pressure on limestone prices in short term

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK3,077	SEK3,062	↓ -0.6%	↓ -0.5%
<p>● <b>Cement</b> (SEK/mt)</p> <p>● <b>Concrete</b> (SEK/m<sup>3</sup>)</p>			
SEK1,478	SEK1,456	↑ 1.2%	↓ -1.5%

Price change comparison against Q4 2021



- Cement prices fell marginally on a quarterly average basis in Q2 2023, but prices remain elevated despite weak demand from the construction industry
- Concrete prices have also remained at a high level
- Soft demand will lead to a price decreases in the coming quarters
- The resolution of an environmental dispute at a major quarry brings enhanced certainty to Sweden's domestic market compared to late 2022

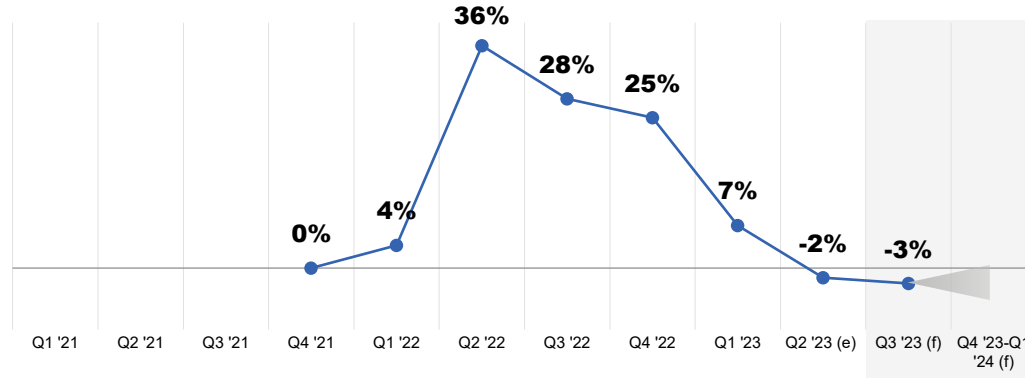
# Sweden – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>SEK765</b>	<b>SEK758</b>	↓ -7.9%	↓ -1.0%

Price change comparison against Q4 2021



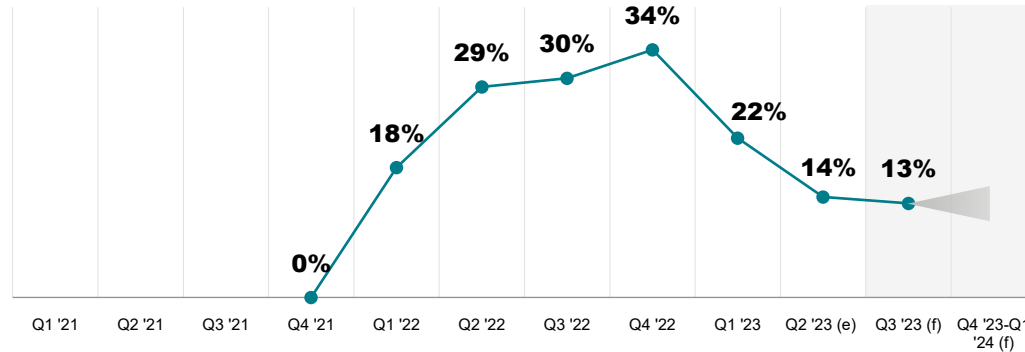
- Asphalt price have continued to fall from the highs of Q2 2022, dropping by 7.9% QoQ in Q3 2023, when it fell marginally below the level of Q4 2021
- This downward trend reflects the decline in refined petroleum product prices
- A pick up in demand from the infrastructure sector along with relatively stable oil prices on a quarterly average basis will mean that prices remain close to current levels in the short term



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>SEK21.6</b>	<b>SEK21.4</b>	↓ -6.6%	↓ -0.8%

Price change comparison against Q4 2021



- Prices continued to fall on a quarterly average basis from Q1 2023 to Q2 2023, reflecting recent trends in prices for crude oil imports
- Although easing back in Q3 2023, prices will be relatively stable in the coming quarters, as global crude oil prices come under some upward pressure amid cuts in production

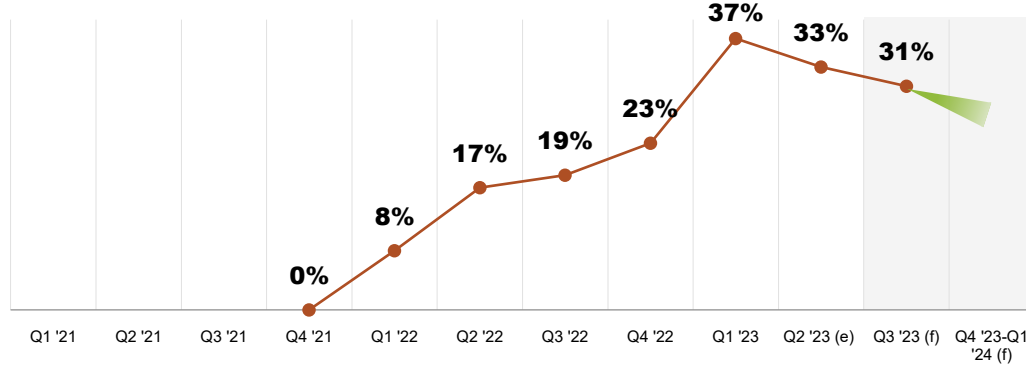
# Sweden – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (SEK/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK9,873	SEK9,675	↓ -2.8%	↓ -2.0%

Price change comparison against Q4 2021



- Having increased sharply in Q1 2023, brick prices have been declining due to decreasing demand
- Prices in Q2 2023 were down by 2.8% on a quarterly average basis
- However, given the impact on prices from the surge in production costs in previous quarters, brick prices are still relatively high

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	●●●● High	Deficit	●●●● High	Stressed	●●●● High
≥1% – <5%	●●● Moderate	Balanced	●●● Moderate	Adequate	●●● Moderate
<1%	●●● Low	Surplus	●●● Low	Easily Available	●●● Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Sweden – Industry trends

## Sector trends



### Data Centres

Sweden is a preferred Data Centres location for its commitment to sustainability, focus on district heating, a stable political environment, and excellent power and transport infrastructure. Currently, projects with a value of more than SEK18.6bn are in the pipeline.



### Life Sciences

Sweden is a healthcare innovation hub and is witnessing rapid growth, featuring top talent, cutting-edge R&D, and specialised manufacturing capabilities. The industry has also seen substantial growth, reaching an all-time high of SEK139.4bn in life sciences exports in 2022.



### High-tech Industrial

The Swedish government is actively promoting EV usage and has production target of 2.5 million EVs and PHEVs by 2023. Moreover, in response to the European Chips Act, the government is investing in the semi-conductor industry. Notably, a recent investment of SEK60mn was made in ClassIC, a Swedish semiconductor hub, funded by the Swedish Foundation for Strategic Research.

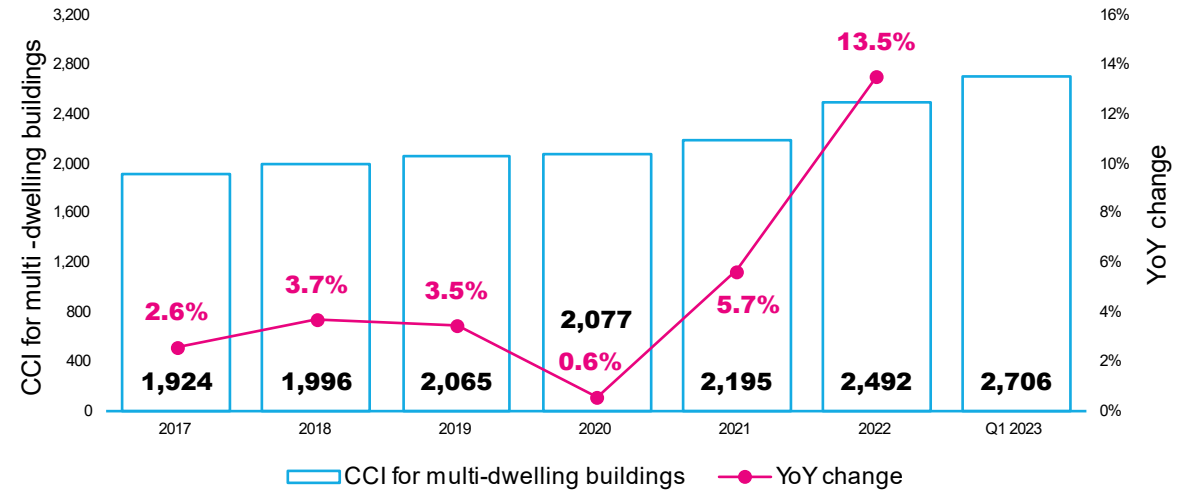


### Renewable Energy

The Energy and utilities sector is projected to grow at an annual rate of 4.4% in 2023, followed by an average growth rate of 4% from 2024 to 2027. This growth is driven by the government's emphasis on renewable energy infrastructure, particularly wind energy, to achieve 100% renewable electricity by 2040. According to the Swedish Energy Agency, Sweden aims to increase wind-generated electricity from 27.4TWh in 2021 to 46.9TWh in 2024, and eventually reach between 70-90TWh by 2040.



## Construction Cost index (CCI) for buildings\*



\* base year 1968=100, Construction Cost Index for multi-dwelling buildings including wage drift and VAT . Average change in CCI from Q1 2022 to Q1 2023 is 16.3%

# Sweden – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Sweden

For Sweden, sources for this report include, but are not limited to:

- IMF
- Mynak
- Statistics Sweden
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Eurostat

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

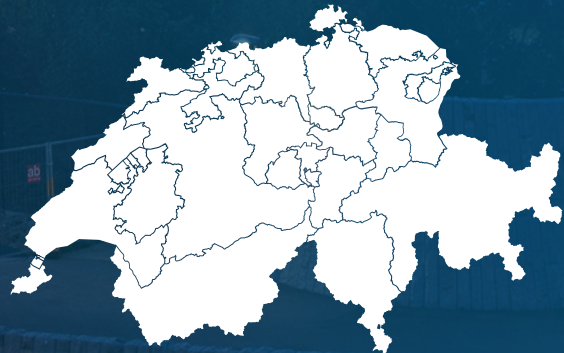
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# Switzerland

## Country Commodity Report

**Q2 2023**





# Switzerland

## Q2 2023

Switzerland's economy held up better than expected in Q1 2023, driven by exports and inventories, with inflation easing to 1.7%, the lowest since January 2022. However, high interest rates continue to impact the construction industry, coupled with low investor confidence and rising construction cost inflation, leading to a projected moderate shrinkage this year. The industry also faces a significant labour shortage, and a study by the Competence Centre for Demographics predicts that 16.6% of construction jobs will remain unfilled by 2040 if no action is taken, with a particular shortage expected in bricklaying jobs.

The supply chain is gradually normalising and price inflation in commodities has been slowly declining from the highs of 2022. The construction industry is expected to rebound next year supported by investments in transport and renewable energy sectors. The Life Sciences sector which represents one of the largest export industries of Switzerland has continued to exhibit resilience amid global disruptions.



**Brian McClinton**  
Senior Director – Europe



### Key Indicators

#### GDP

Increased by 0.9% on an annual basis in Q1 2023



- On a QoQ basis GDP grew by 0.6% in Q1 2023
- Domestic demand proved robust
- Along with rising goods exports, manufacturing also registered a slight increase
- The IMF expects a growth of 0.8% in 2023 and 1.8% in 2024

#### CPI

Stood at 1.7% in June 2023 on a YoY basis



- On a monthly basis, the inflation rate according to the CPI increased by 0.1% from May to June, partly due to rising prices for some fresh food
- In contrast, prices for air transport decreased as well as for petrol and diesel





#### Construction output

Expected to shrink by 1.7% in real terms in 2023



- This is due to subdued investor confidence and elevated interest rates
- Industry will be supported by investments in the infrastructure and renewable energy sectors

### Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -18%	↓ -8%	↓ -4%	Prices continued to decline, but likely to become volatile
 <b>Steel rebar (raw)</b>	↓ -38%	↓ -8%	↓ -8%	Prices continue to decline, and likely to decrease further in Q3 2023
 <b>Cement</b>	↑ 26%	↑ 7%	↓ -1%	Prices continued to increase but likely to edge downward
 <b>Lumber</b>	↓ -4%	↓ -5%	↔ -1%	Prices are on a declining trend and are likely to decrease further

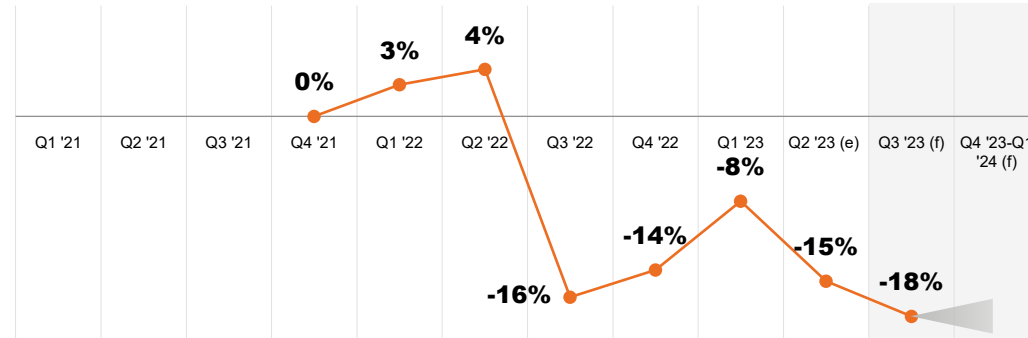
# Switzerland – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (CHF/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF7,613	CHF7,327	↓ -7.8%	↓ -3.8%

Price change comparison against Q4 2021

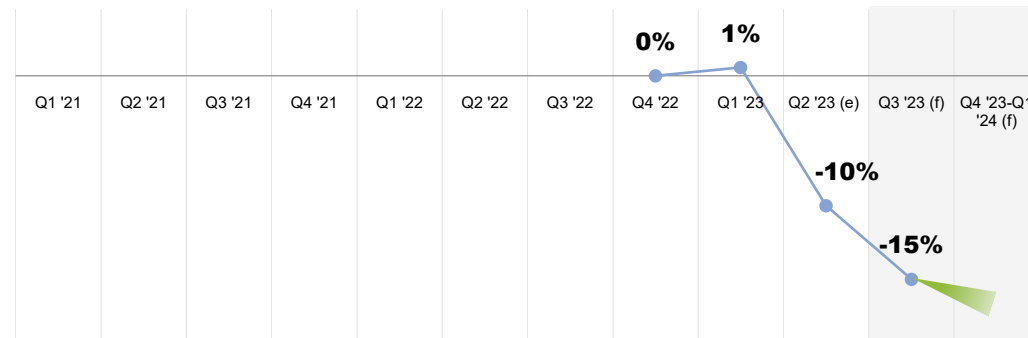


- Prices continued to decline in Q2 2023 on a quarterly average basis, dropping by 7.8% QoQ
- This is a reflection of stunted global demand amid rising interest rates
- However, there continues to be some volatility in global copper prices
- This will continue in the short term due to weakening Chinese demand, which may be offset by concerns over copper inventories

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (CHF/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF3,343	CHF3,138	↓ -10.3%	↓ -6.1%

Price change comparison against Q4 2022



- Decreasing raw material costs have contributed to the decline in stainless steel prices in recent months, with prices down by 15% in June compared to December last year
- With global nickel supplies rising, there will be a further drop in prices, contributing to a continuation in the downward trend in stainless steel prices

# Switzerland – Commodity Price Trends



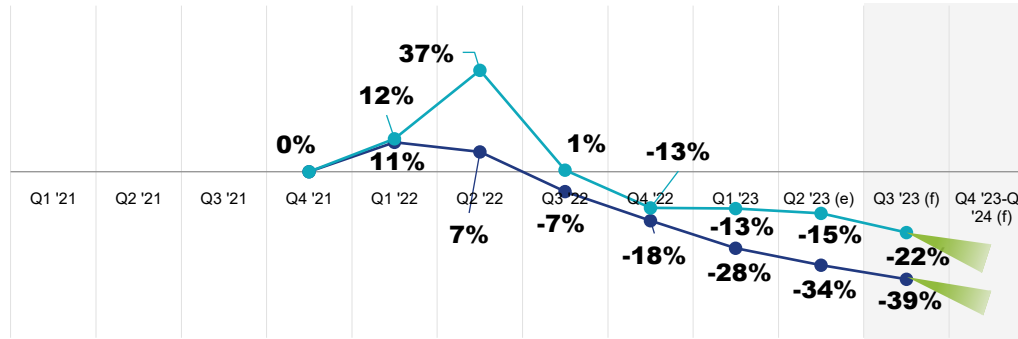
## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
●●●● Low	●●●● Low	●●●● Low

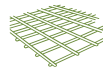
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (CHF/mt)</b>			
CHF756	CHF698	↓ -8.4%	↓ -7.7%
<b>Steel flat product (CHF/mt)</b>			
CHF782	CHF718	↓ -2.1%	↓ -8.2%

### Price change comparison against Q4 2021



- Steel prices have fallen sharply in recent months, reflecting improved supply, declining production costs, and weak demand
- On a quarterly average basis, steel rebar was down by 8.4% in Q2 2023, while steel flat was down by 2.1%
- Steel mills have struggled in their attempts to push prices up and prices are expected to continue on a downward trend in the coming quarters
- However, the decarbonisation effort will contribute to higher production costs



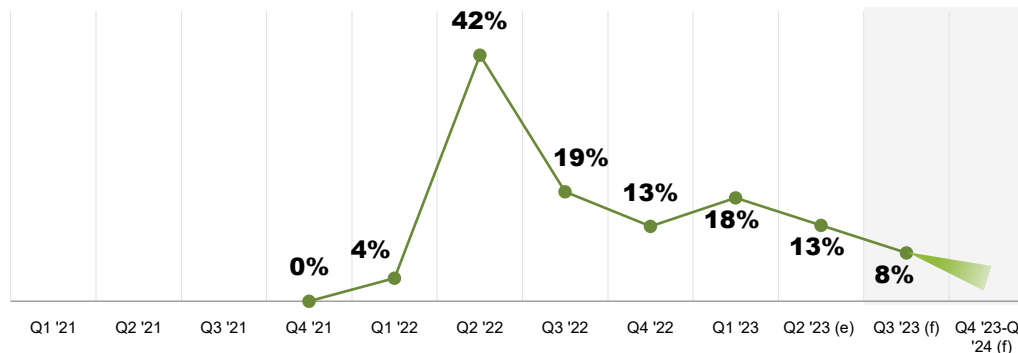
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
●●●● Low	●●●● Low	●●●● Low

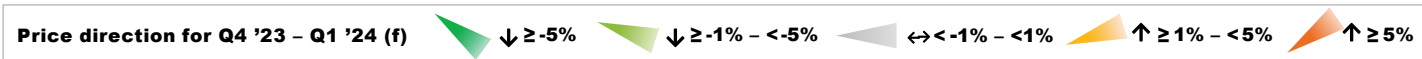
Price (CHF/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF105.2	CHF100.8	↓ -4.0%	↓ -4.2%

### Price change comparison against Q4 2021



- Welded mesh prices declined by 4% QoQ in Q2 2023, reflecting easing supply-side pressures and low demand
- The downward trend in prices is forecast to continue into Q3 2023, owing to the continued slowdown in demand and adequate supply

\* 150 x 300 cm; diameter 5mm



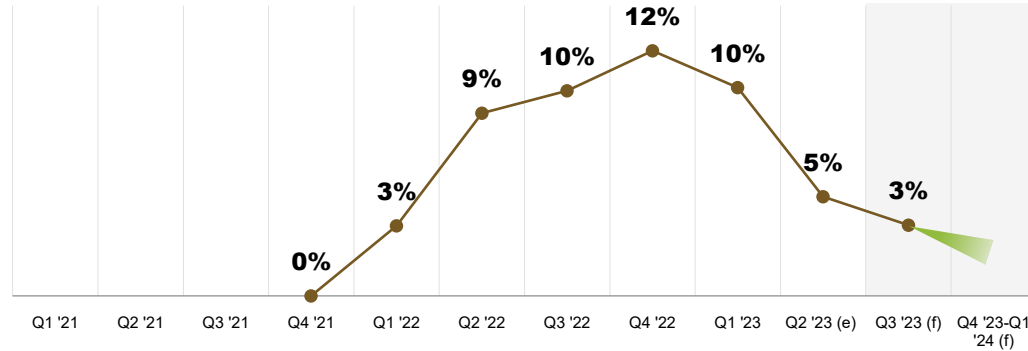
# Switzerland – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CHF/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF91.5	CHF90.3	↓ -4.8%	↓ -1.3%

### Price change comparison against Q4 2021



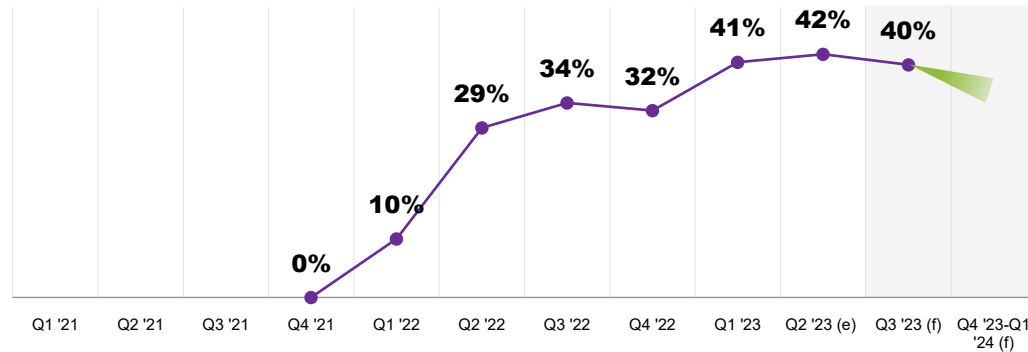
- Lumber prices have continued to fall from the highs of late 2022, dropping by 5% QoQ in Q2 2023, with lower costs being passed on to buyers
- Prices will see further reductions in the coming quarters, as rising interest rates impact on new investment in the residential construction sector
- However, an increased focus on sustainable construction methods will provide support on the demand side for the material



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CHF/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF6.67	CHF6.58	↑ 1.0%	↓ -1.3%

### Price change comparison against Q4 2021



- Despite weak demand from the buildings construction industry, plasterboard prices have remained high, edging up 1% QoQ in Q2 2023
- Prices have been elevated in recent quarters owing to high production costs last year
- With weakening demand for new housing and commercial buildings, plasterboard prices will fall back in the coming quarters

\* 200 x 60 x 1.25 cm (L x W x T)

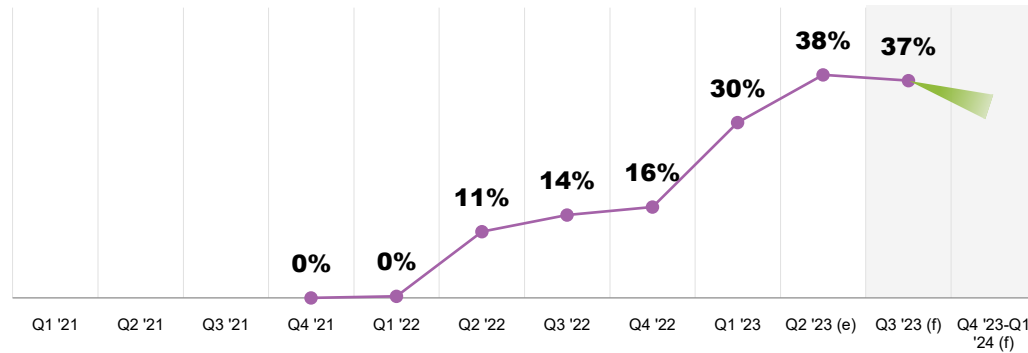
# Switzerland – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (CHF/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF49.7	CHF49.3	↑ 6.3%	↓ -0.7%

Price change comparison against Q4 2021

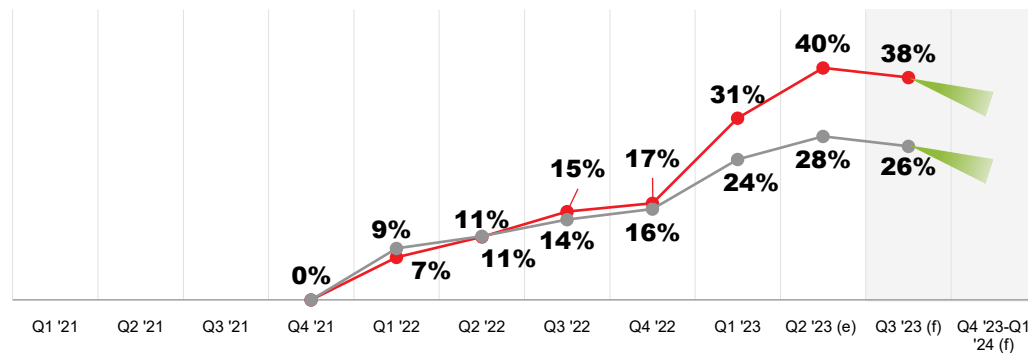


- Limestone prices continued to rise in Q2 2023, picking up by 6.3% QoQ
- Rising production costs contributed to the upward trend over the past year
- Weakening demand in the construction industry will result in prices falling back in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF238	CHF235	↑ 6.6%	↓ -1.2%
<b>—●— Cement (CHF/mt)</b>			
CHF169	CHF167	↑ 3.2%	↓ -1.3%
<b>—●— Concrete (CHF/m³)</b>			

Price change comparison against Q4 2021



- Concrete and cement prices continued to rise in Q2 2023, with concrete jumping by 3.2% QoQ, and cement up by 6.6%
- The trends imply that producers are still recovering from the prolonged period of high energy and transportation costs last year
- Demand has been weak, with cement deliveries in Switzerland falling by 9% YoY in the first half of the year
- As the construction industry is set to remain slow in the coming quarters, prices are set to ease back

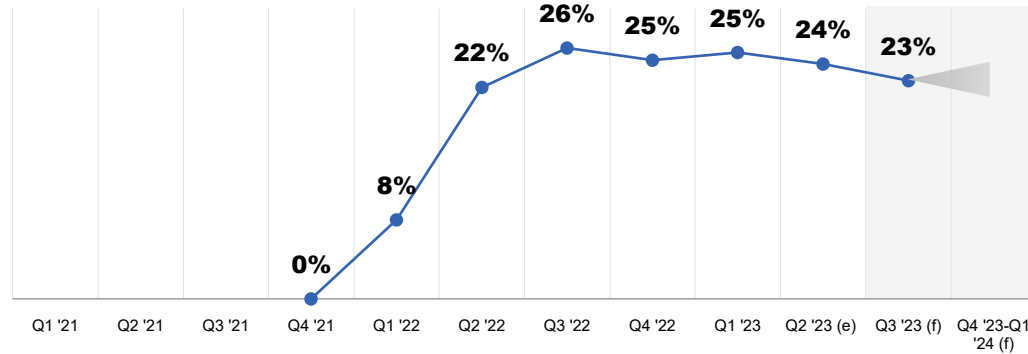
# Switzerland – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CHF/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF119.3	CHF117.7	↓ -0.9%	↓ -1.4%

### Price change comparison against Q4 2021



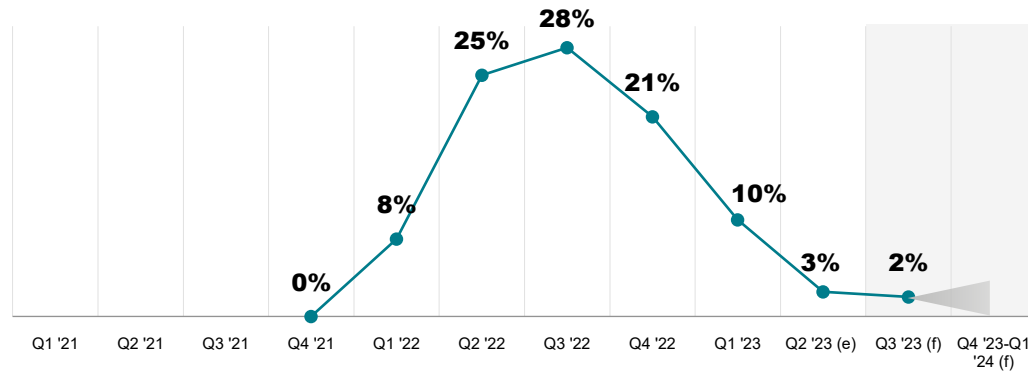
- Although prices have edged downwards over the past quarter, prices are still relatively high, being 24% up on Q4 2021
- Weak road construction activity and falling crude oil prices have helped to contain price pressures
- However, as infrastructure construction momentum starts to pick up, asphalt prices will remain close to current levels
- Crude oil prices could also face some upward pressure amid OPEC+ production cuts



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (CHF/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF1.88	CHF1.87	↓ -6.8%	↓ -0.5%

### Price change comparison against Q4 2021



- Diesel prices have continued to fall from the highs of mid-2022
- In Q2 2023, the quarterly average prices was down by 6.8% QoQ, and 18% lower YoY
- The drop in prices reflects a reduction in crude oil, but prices have stabilised in recent weeks, and there could be volatility in the coming quarters as OPEC+ proceeds with planned cuts in oil production

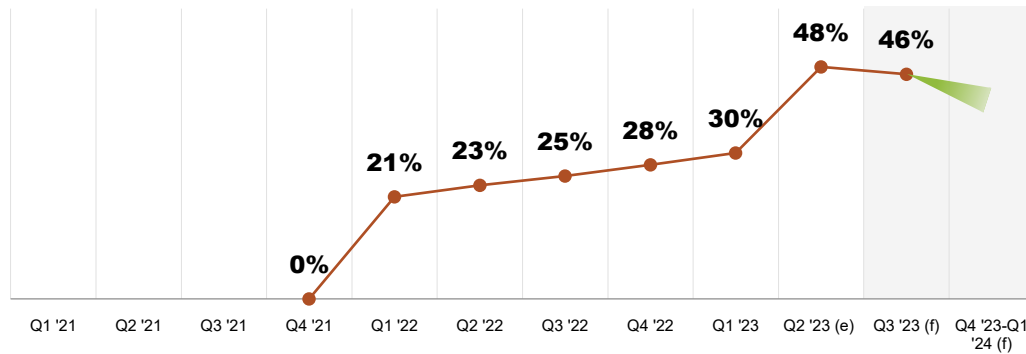
# Switzerland – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (CHF/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF1,191	CHF1,179	↑ 13.6%	↓ -1.0%

Price change comparison against Q4 2021



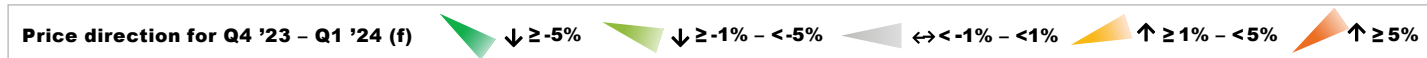
- Brick prices picked up again in Q2 2023, despite a backdrop of weak demand
- Prices continue to be impacted by supply-side pressures
- A slowdown in residential and commercial construction activities will result in prices falling in the coming quarters, with easing production costs also being a factor driving this trend

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                      Year on Year  
 MoM                      Month on Month  
 GDP                      Gross Domestic Product  
 CPI                      Consumer Price Index (wherever not specified)  
 e                          estimated  
 f                          forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre



# Switzerland – Industry trends

## Sector trends



### Data Centres

Switzerland is an attractive Data Centres location due to key advantages such as free cooling, secure power supply, strong connectivity, and a reputation for technical innovation. The market's growth is driven by increased adoption of cloud-based services, AI, IoT, and 5G networks. Projects valued at over €1.2bn are currently under various stages of execution and planning in the country.



### Life Sciences

Switzerland's Life Sciences sector is one of the leading hubs in Europe. It is centred around three clusters in Zug/Zurich, Basel, and Lausanne/Geneva. This represents the largest export industry, accounting for 39% of total Swiss exports and contributing CHF109.6bn in 2022. <sup>1</sup> The Swiss biotech industry achieved new revenue records and R&D investments in 2022.



### High-tech Industrial

Switzerland has a high degree of industrialisation and a strong manufacturing base, and is known for its advanced manufacturing ecosystem. Amid global economic weakness there was a contraction in the overall industrial sector however it is expected to grow at rate of 1.7% from 2024 to 2028, supported by investment in advanced manufacturing. Among the largest high-tech industrial projects currently in the pipeline are the CHF900bn Bulle Watch Production Facility project, and CHF269mn Frauenfeld Solid-State Battery Production Plant project.

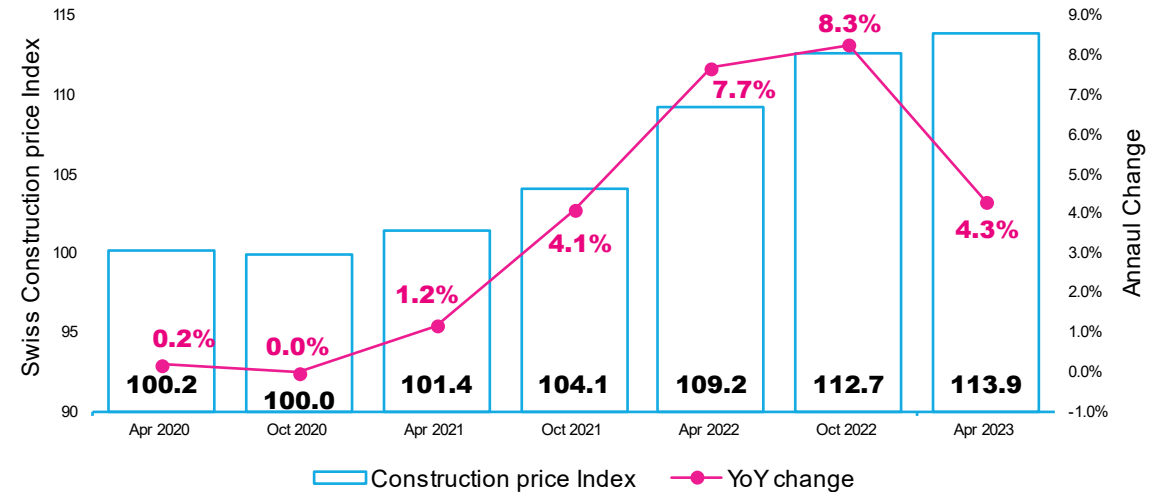


### Renewable Energy

Switzerland's government has placed significant emphasis on the renewable energy sector, with the Swiss Parliament increasing the country's renewable energy production target to 35Twh in 2035 from 17Twh in 2017. Additionally, the government aims to install 50GW of new solar power plants nationwide by 2050.



## Swiss Construction Price Index\*



\* Base year 2020=100, Annual change represents the YOY change with respect to the same time period previous year



# Switzerland – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Switzerland

For Switzerland, sources for this report include, but are not limited to:

- IMF
- BFS
- Swiss Federal Statistic Office
- GlobalData's Construction Intelligence Center (CIC)
- OECD
- Economic Research Institute
- Statista
- 1-Science Industries.ch- Swiss Biotech Report 2023

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.

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# United Kingdom

## Country Commodity

### Report

**Q2 2023**



# United Kingdom

## Q2 2023

The Office for National Statistics reported that the UK's monthly construction output is estimated to have increased by 1.6% in volume terms in June 2023, which is welcome news. Overall however, economic activity has shown mixed results, with high interest rates continuing to impact project profitability. Thankfully we are witnessing some market corrections on commodities which will provide timely relief.

As we move into Q3, a recent Life Sciences Competitiveness Indicators report has highlighted the importance of identifying strengths, areas for improvement and where we can harness innovation opportunities in this high growth sector. The Data Centres sector also has great potential to lead the way for construction industry growth, as the rise of artificial intelligence (AI) technology is accelerating demand for data storage. Lastly, the announcement of the National Semiconductor Strategy, sets out how the UK will build on industry strengths, and maintain supply chains from disruption, which will also further support the government's priority of economic growth.

Embracing these new opportunities, and putting strong supports in place will help safe guard the UK's ongoing competitiveness in these high growth sectors globally.



**Michael Riordan**  
Managing Director – UK



## Key Indicators

### GDP

Increased by 0.1% in Q1 2023 compared to Q1 2022



- A flat growth is attributed to weak consumer spending, due to a surge in cost of living
- The IMF has upgraded the 2023 growth forecast to 0.4%, up from a 0.3% contraction, citing lower energy prices and better financial stability

### CPI

Rose by 8.7% annually in May 2023



- Interest rates were raised to 5%, their highest in 15 years, to help inflation return to the 2% target rate
- Significant cost increases were seen in housing, utilities and fuels over the year

### Construction output

Likely to shrink by 1.2% in real terms in 2023



- The high cost of construction is further impacted by high interest rates which is weighing on the industry
- Mission-critical sector investments are likely to offset the weakness in the construction industry

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -11%	↓ -8%	↓ -1%	Having fallen from recent highs, prices are likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -26%	↓ -2%	↓ -2%	Continued decline in prices likely to persist
<b>Cement</b>	↑ 13%	↓ -1%	↓ -1%	Prices have marginally decreased, but remain elevated
<b>Lumber</b>	↓ -23%	↓ -1%	↓ -1%	Prices have declined from 2022 highs, however volatility remains

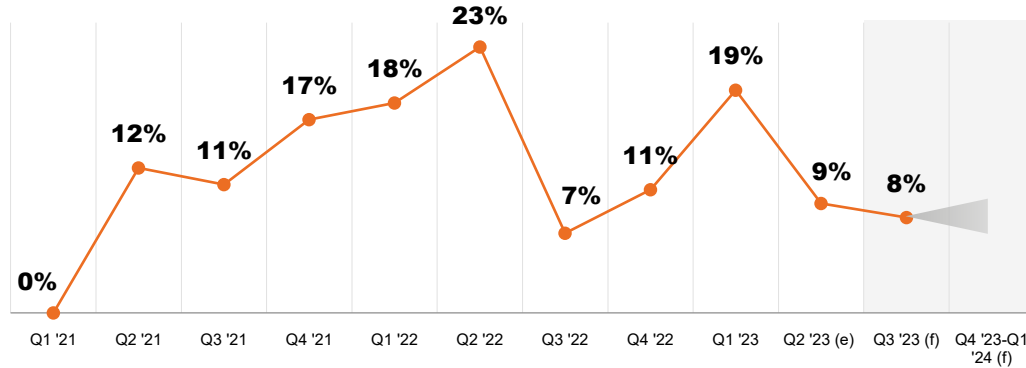
# United Kingdom – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price (£/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£6,745	£6,670	↓ -8.2%	↓ -1.1%

Price change comparison against Q1 2021



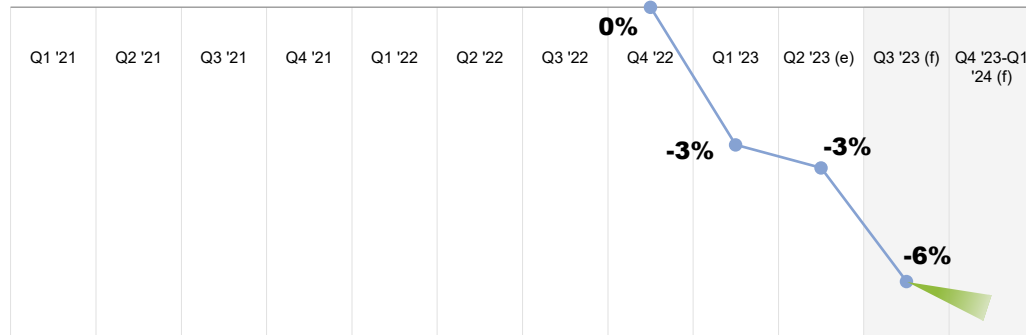
- On a quarterly average basis, copper prices fell back in Q2 2023, dropping by 8.2% compared to the previous quarter
- Short term volatility will persist given concerns on the one hand over tight monetary conditions on economic activity, and on the other tight inventory positions
- Further ahead, investment in renewable energy and electric vehicle production will be a factor in keeping prices elevated



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (£/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£2,017	£1,967	↓ -0.5%	↓ -2.5%

Price change comparison against Q4 2022



- With key raw materials prices falling, stainless steel prices will continue on a downward trend
- Global nickel prices have been declining due to high levels of production in Asia
- The demand outlook is weak, given the expected decline in residential buildings construction, and in response stainless steel production levels are likely to drop

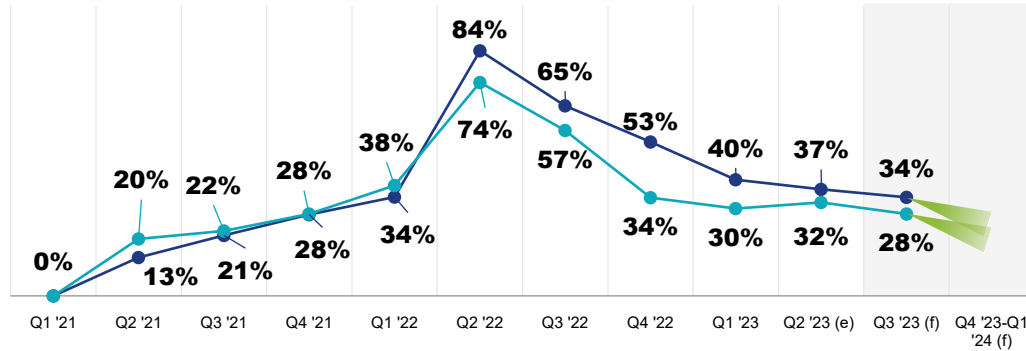
# United Kingdom – Commodity Price Trends



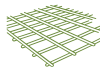
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (£/mt)</b>			
£570	£559	↓ -2.4%	↓ -2.0%
<b>Steel flat product (£/mt)</b>			
£676	£656	↑ 1.5%	↓ -3.0%

### Price change comparison against Q1 2021



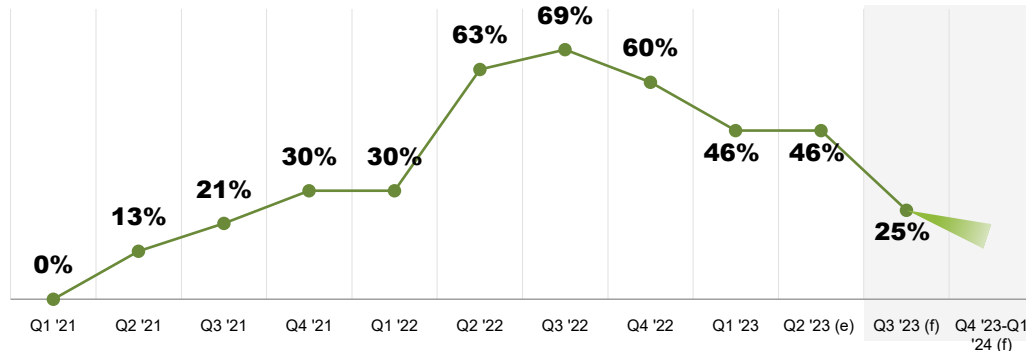
- Steel rebar prices continue to fall from the highs recorded in mid-2022, dropping by 2.4% QoQ in Q2 2023.
- However, prices were still 37% above the levels recorded in Q1 2021
- Steel producers are still struggling with relatively high production costs, and also in meeting the investment required to decarbonise
- Demand within the construction industry is set to weaken, which will contribute to further downward pressure on steel prices



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Low	
Price (£/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£40	£34	↔ 0.0%	↓ -15.0%

### Price change comparison against Q1 2021



- After falling in early 2023 from the highs of mid-2022, prices for welded mesh stabilised in Q2 2023, but will drop sharply in Q3 2023
- Although falling, they remain around 25% higher in Q3 2023 compared to levels in Q1 2021
- Prices are set to continue falling in the coming quarters in line with easing production costs and weaker demand

\* 200 x 300 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

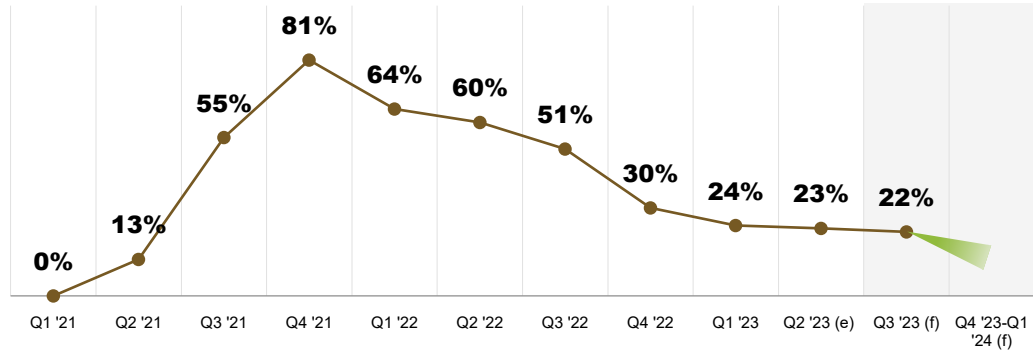
# United Kingdom – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (£/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£54.0	£53.5	↓ -0.8%	↓ -1.0%

Price change comparison against Q1 2021



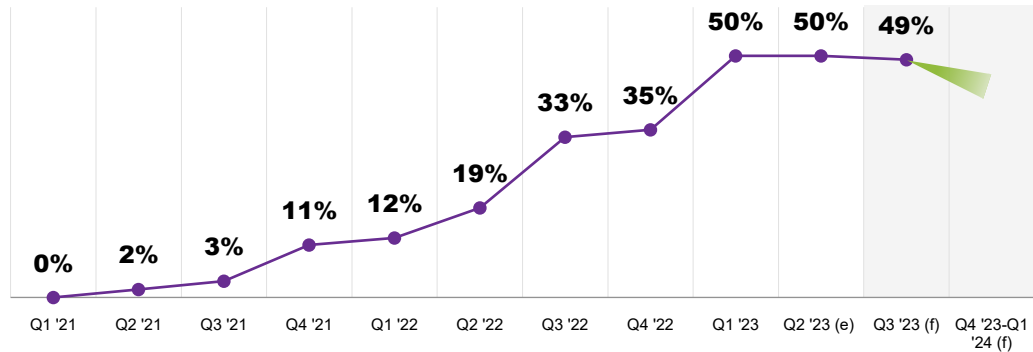
- There has been some volatility in lumber prices in recent months, with prices rising in April before edging back down
- Although continuing to fall on a quarterly average basis, the pace of decline has slowed, with just a 0.8% decline in Q2 2023 compared to Q1
- Prices are still 23.3% higher in Q2 2022 than in Q1 2021
- Residential construction is set to weaken as high interest rates hit demand, so prices will continue to decline in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (£/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£10.6	£10.5	↔ 0.0%	↓ -0.5%

Price change comparison against Q1 2021



- Plasterboard prices have remained stable in recent months, following a sharp rise in 2022, due to increased production costs
- Prices are expected to ease back as these cost pressures lessen and residential construction demand weakens

\* 300 x 120 x 1.25 cm (L x W x T)

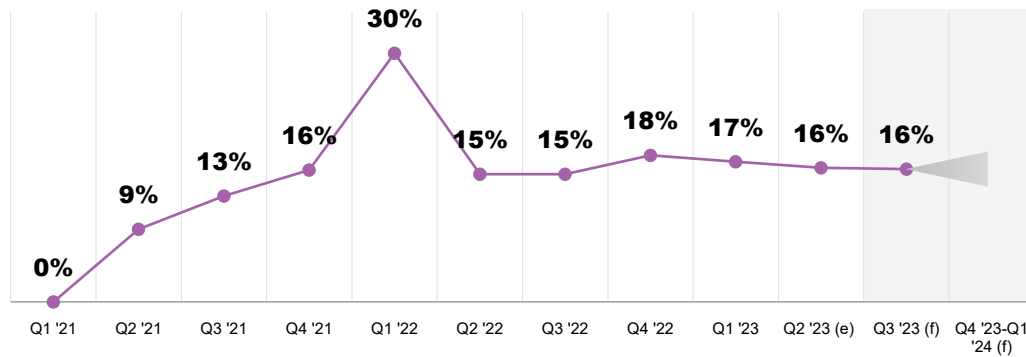
# United Kingdom – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (£/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£40	£40	↓ -0.6%	↓ -0.1%

Price change comparison against Q1 2021

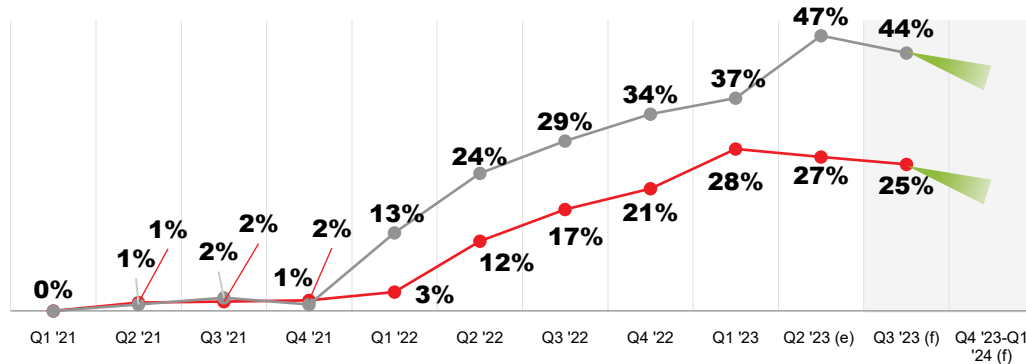


- Limestone prices are expected to continue on a steady decline, but prices have stayed at a relatively high level with Q2 2023 prices 16% higher than in Q1 2021
- Limestone demand is primarily met through domestic production, and high production and transportation costs have contributed to keeping prices at current levels
- However, with weakening demand and easing cost pressures, prices will continue to fall back in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£232	£229	↓ -1.1%	↓ -1.0%
● <b>Cement</b> (£/mt)			
£158	£155	↑ 7.9%	↓ -2.0%
● <b>Concrete</b> (£/m³)			

Price change comparison against Q1 2021



- Having risen sharply since early 2022, prices for cement have started to fall
- On a QoQ basis, prices were down by 1.1% in Q2 2023
- Prices remain elevated, up 26.5% compared to the level in Q1 2021, which reflects the impact of soaring energy costs over this time
- Concrete prices rose further in Q2 2023, jumping by 7.9% QoQ
- Weaker demand and a drop in production costs should see prices for concrete and cement trend downward in the coming quarters



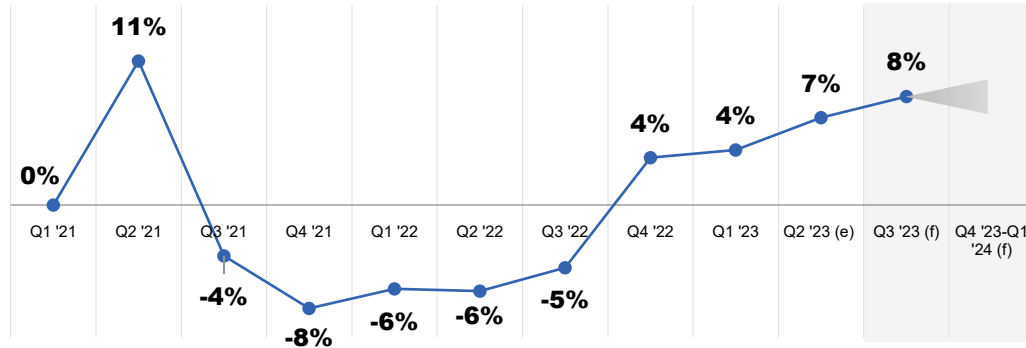
# United Kingdom – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (£/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£604	£613	↑ 2.3%	↑ 1.5%

Price change comparison against Q1 2021



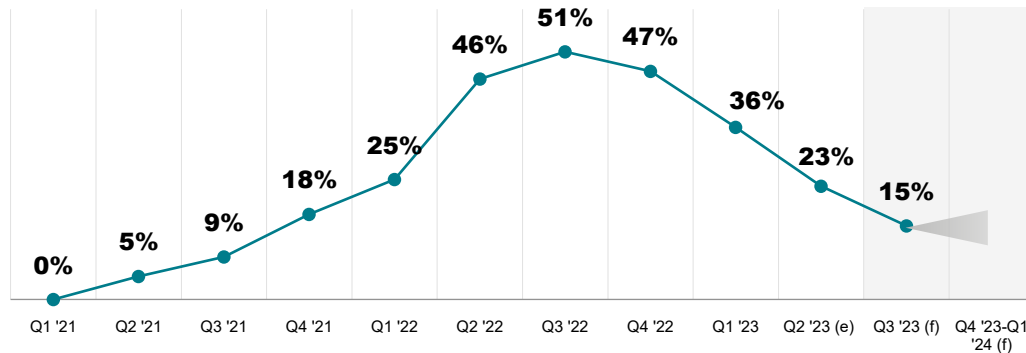
- Asphalt prices have continued on a steady upward trend in recent quarters, rising by 2.3% QoQ in Q2 2023 and 14% YoY
- Solid demand stemming from increased road infrastructure investment will continue to keep prices high
- OPEC+ production cuts will likely result in a fall in global crude oil inventories, keeping oil prices relatively high, and this in turn will keep upwards pressure on asphalt prices in the coming quarters



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Moderate
Price (£/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£1.54	£1.44	↓ -9.0%	↓ -6.6%

Price change comparison against Q1 2021



- Diesel prices fell sharply in May this year and continued to decrease in June, such that the quarterly average price in Q2 2023 was 9% lower than in the previous quarter
- Despite this fall, prices in Q2 2023 were still 23% higher than in Q1 2021
- While prices are expected to fall on a quarterly average basis in Q3 2023, with OPEC+ planning on cutting oil production, this may offset this fall in the following two quarters

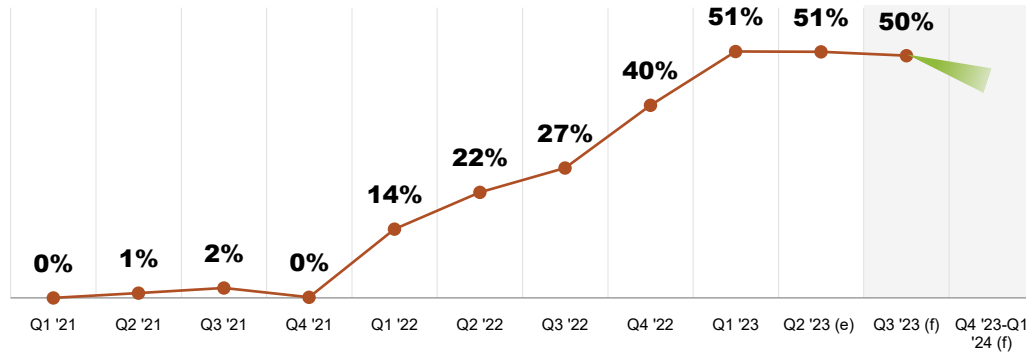
# United Kingdom – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (£/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
£1,295	£1,289	↓ -0.1%	↓ -0.5%

Price change comparison against Q1 2021



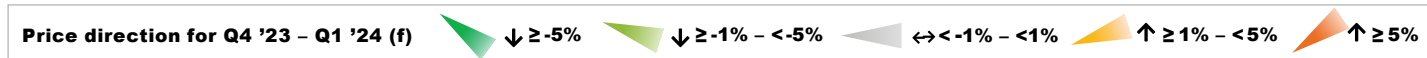
- Brick prices have stabilised, albeit at an elevated level, being 50% higher in Q2 2023 compared to levels in Q1 2021
- Price pressures have mainly come from the supply side amid high production costs
- However, with energy costs easing and demand set to fall, prices will drop in the coming quarters

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                        Electric Vehicles  
 DC                        Data Centre



# United Kingdom – Industry trends



## Sector trends



### Data Centres

Despite challenging macroeconomic conditions, the demand for Data Centre space in the UK is expected to remain strong. While most activity is centered around Greater London, there are also upcoming projects in Cardiff, Oxfordshire, and Slough. The shortage of skilled labour particularly in the MEP trades, is impacting the cost and timelines of projects.



### Life Sciences

As per a recent report by the BioIndustry Association, in Q2 2023, the UK biotech sector saw steady growth in venture investment, raising £338 million, a 31% increase from the previous quarter and 22% higher than the same period last year. Nonetheless regulatory frameworks and flexible designs are needed to expedite project delivery and accommodate emerging pharmaceutical technologies. The Golden Triangle remains a favored investment location.



### High-tech Industrial

The manufacturing sector is forecast to achieve a real growth rate of 4.1% in 2023. This growth is fueled by the UK government prioritising battery manufacturing as the automotive industry shifts towards achieving net-zero emissions, and recently launched a £1bn semi-conductor plan to support this field. Currently, there are battery and semi-conductor manufacturing projects with a value of more than £10bn in various stages of planning and execution.



### Renewable Energy

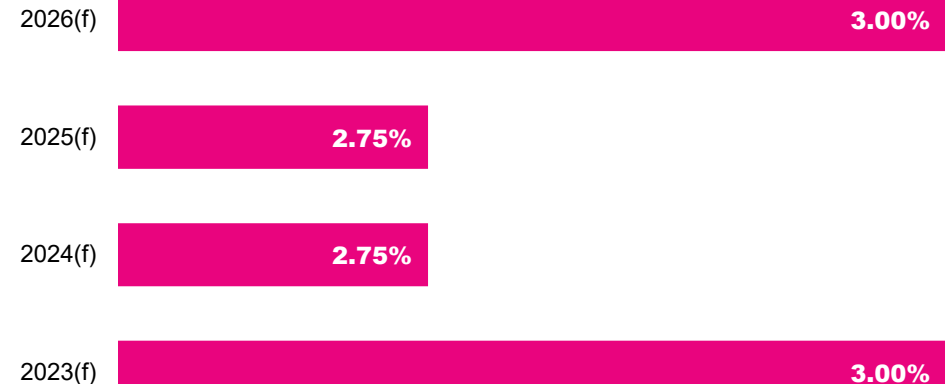
The Energy and utilities sector is forecast to grow by 11.6% in 2023, driven by a governmental focus on renewable energy. The UK government aims to achieve 100% electricity generation from clean sources like wind and solar by 2035. To support the energy transition, the UK Infrastructure Bank announced plans recently to invest £200mn in power storage technologies.



### Commercial

The commercial sector is expected to contract by 2% in real terms in 2023, as demand for office space has yet to fully recover post-COVID, and investor confidence is low. However, there is a greater emphasis on ESG considerations, which is driving demand for high-quality office space. The sector is expected to grow at a 1.7% annual rate in 2024.

## Linesight Tender Price Index change forecasts (2023-2026)



# United Kingdom – Report methodology



Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

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- Commodity prices are net of taxes for all the countries
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Nominal data series do not exclude changes in prices and are also referred to as current prices series.

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## Sample sources – United Kingdom

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- IMF
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- Gov.uk
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# APAC

## Country Commodity Reports

**Q2 2023**





# Australia

## Country Commodity Report

**Q2 2023**



# Australia

## Q2 2023

The Australian economy saw marginal QoQ growth in Q1 2023, with positive trends in business investments. Inflation has also appeared to have peaked.

In the construction industry, labour costs are rising across the board due to a shortage of skilled workers. Furthermore, interest rates remain high, affecting the profitability of the construction industry, particularly for small businesses.

Despite the expected contraction in the construction industry this year, there is a positive outlook with investments in data centres, renewables, hospitality, and manufacturing sectors, which are anticipated to drive the industry's recovery and regain momentum in the following year.

Additionally, freight costs, which have a significant impact on material prices in Australia, have slightly decreased, and steel prices have substantially fallen, providing some relief to the industry.



**John Carleton**  
Director – Australia | New Zealand



**Brian Coyle**  
Director



## Key Indicators

### GDP

Increased by 2.3% on a YoY basis



- Economic activity increased at a slow pace of 0.2% on a seasonally adjusted QoQ basis in Q1 2023
- Business investment increased by 2.9% QoQ, marking the highest growth rate since early 2021

### CPI

Increased to 5.6% in May 2023 on a YoY basis



- Inflation appears to have peaked as May's figures show a decrease from April's figure of 6.8%
- Nominal unit labour costs surge, up 2% QoQ and tracking close to 8% YoY, reflecting cyclical pressure in the labour market

### Construction output

Expected to contract by 2.5% in real terms in 2023



- Contraction is expected due to high interest rates, labour shortages and weakness in the residential sector
- It is expected to grow at a rate of 3.1% from 2024 to 2027 supported by investments in infrastructure, manufacturing, renewables and health sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)    Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -7%	↓ -3%	↓ -2%	Prices are in decline but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -20%	↓ -7%	↓ -1%	Prices have fallen from peaks of last year and likely to marginally reduce further
<b>Cement</b>	↑ 7%	↔ 0%	↑ 0.2%	Prices are still elevated and are expected to marginally increase further
<b>Lumber</b>	↑ 9%	↑ 2%	↑ 0.2%	Prices have continued to rise and are expected to marginally increase

(e) - estimate    (f) - forecast



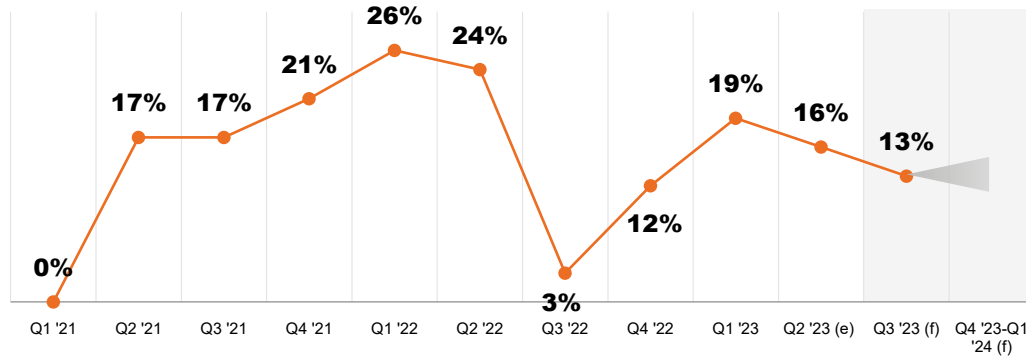
# Australia – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$12,776	AU\$12,534	↓ -2.6%	↓ -1.9%

Price change comparison against Q1 2021



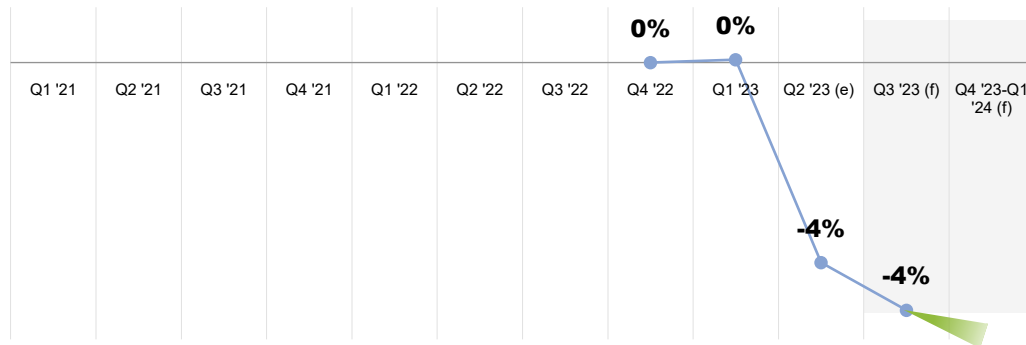
- Copper prices are estimated to have fallen by 2.6% QoQ in Q2 2023, with the slowing of global economic growth and weak manufacturing output
- Though copper prices rose in the first quarter due to optimism that China's recovery would be strong, the recovery has faltered, with manufacturing activity contracting for a third successive month in June 2023
- Copper prices are expected to remain relatively high in the coming quarters, owing to concerns over global inventories



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$2,006	AU\$1,988	↓ -3.7%	↓ -0.9%

Price change comparison against Q4 2022



- Falling nickel prices, due to surplus supply, and declining production costs resulted in a 3.7% QoQ decline in stainless steel prices in Q2 2023
- Subdued demand from the construction sector and the decline in global manufacturing activity is expected to exert additional downward pressure on stainless steel prices in the coming quarters

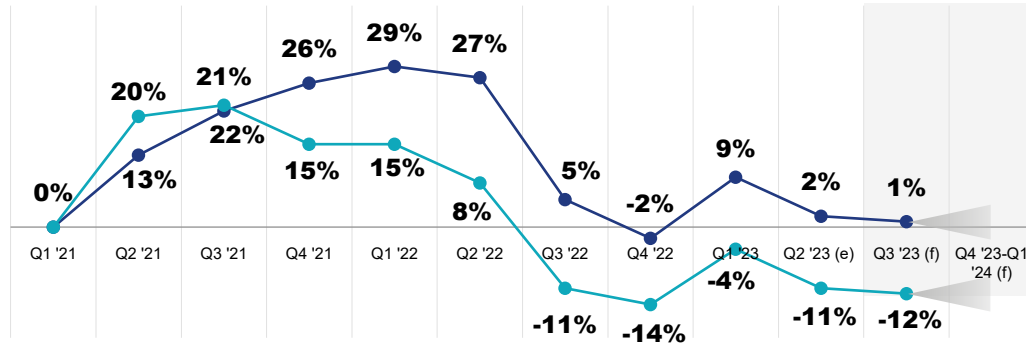
# Australia – Commodity Price Trends



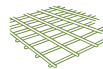
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (AU\$/mt)</b>			
AU\$824	AU\$815	↓ -6.6%	↓ -1.2%
<b>Steel flat product (AU\$/mt)</b>			
AU\$847	AU\$836	↓ -6.9%	↓ -1.2%

### Price change comparison against Q1 2021



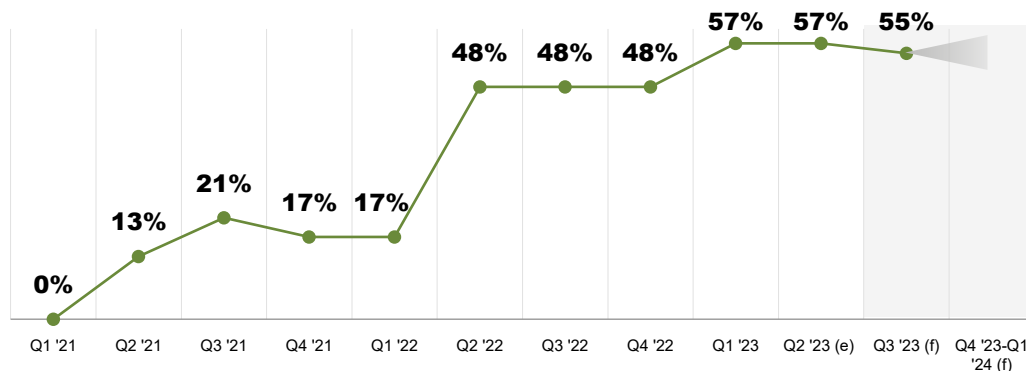
- Steel rebar and steel flat prices declined in Q2 2023, due to softer demand and a glut of supply from China as its residential construction sector continued to slump
- Steel prices have fallen substantially from their peaks in 2021/2022; steel rebar prices only 1.8% higher in Q2 2023 than Q1 2021, while steel flat prices were 10.7% lower
- A slowing of construction activity is expected to further weigh on prices in the coming quarters



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (AU\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$130	AU\$128	↔ 0%	↓ -1.2%

### Price change comparison against Q1 2021



- Welded mesh prices remained relatively stable in Q2 2023, having picked up earlier in the year
- In annual terms and in comparison, to Q1 2021 however, prices remained elevated, being 6.1% higher in Q2 2023 than in Q2 2022 and 57.1% higher than in Q1 2021
- In the coming quarters, prices for welded mesh are expected to ease back in line with trends in steel rebar prices

\* 600 x 240 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

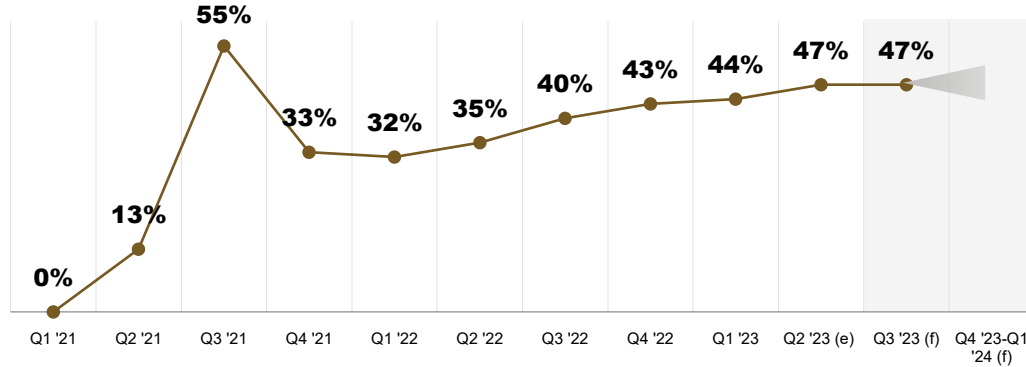
# Australia – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (AU\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$144	AU\$145	↑ 1.9%	↑ 0.2%

### Price change comparison against Q1 2021



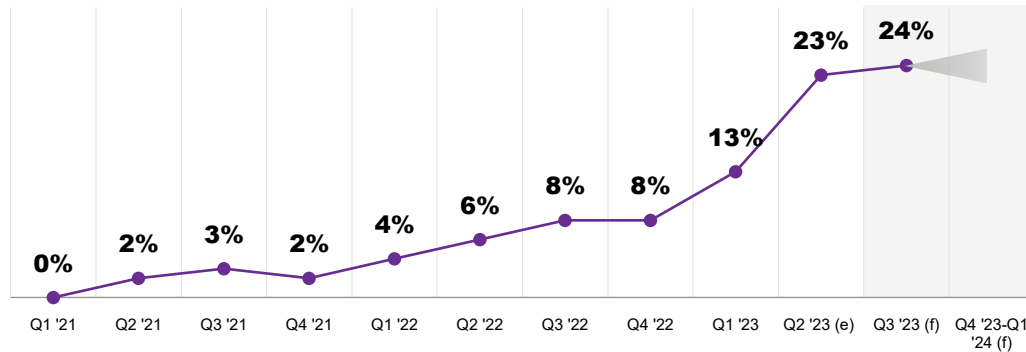
- Lumber prices edged up further in Q2 2023, rising by 1.9% QoQ, and are expected to continue to increase in Q3 2023
- While the quarterly price increases recorded in Q2 2023 was relatively marginal, lumber prices remain inflated, being 46.9% higher in Q2 2023 than in Q1 2021
- Price rise in Q3 2023 is expected to be moderate, offset by the decline in residential building activity



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (AU\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$41.7	AU\$41.8	↑ 9.4%	↑ 0.3%

### Price change comparison against Q1 2021



- Higher input costs, as well as labour and transport costs see plasterboard prices rise in Q2 2023
- Plasterboard prices were approximately 23% higher in Q2 2023 than in Q1 2021
- The price of plasterboard is expected to remain elevated in the second half of this year, with upward pressure being moderated by the slowdown in building activity

\* 300 x 120 x 1 cm (L x W x T)

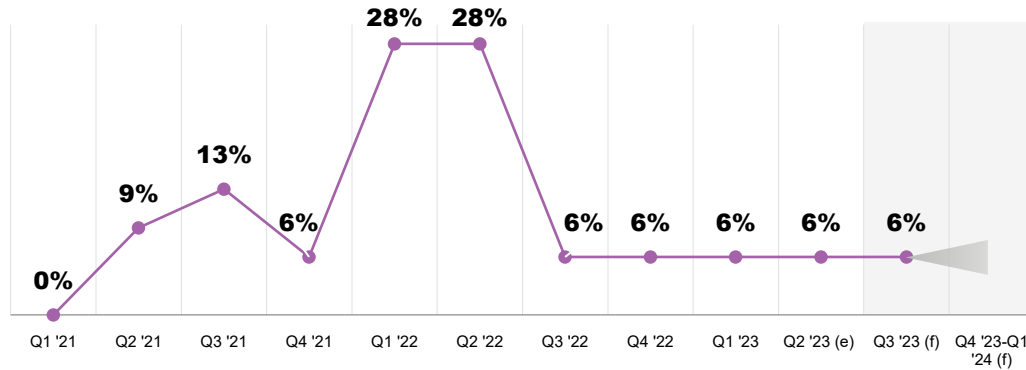
# Australia – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$50.0	AU\$50.0	↔ 0%	↔ 0%

Price change comparison against Q1 2021

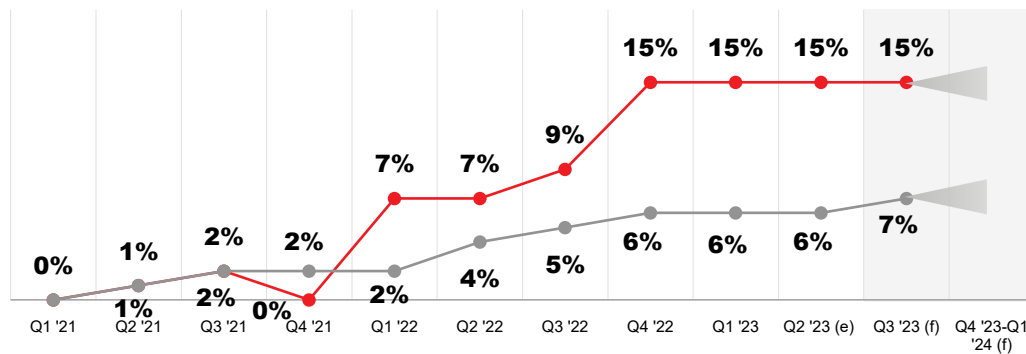


- Limestone prices were stable in Q2 2023. Although prices are below the levels of the first half of 2022, they are still 6.4% higher than in Q1 2021
- Prices are likely to remain stable in the coming quarters, though the expected decline in residential construction and lower production costs could affect this

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<p><b>Cement</b> (AU\$/mt)</p> <p>AU\$554   AU\$554   ↔ 0%   ↑ 0.2%</p> <p><b>Concrete</b> (A\$/m³)</p> <p>AU\$333   AU\$333   ↔ 0%   ↑ 0.1%</p>			

Price change comparison against Q1 2021



- Cement and concrete prices remained stable in Q2 2023, recording no notable change in price
- In annual terms, prices remained elevated, with cement prices 7.0% higher in Q2 2023 than in Q2 2022, while concrete prices were up 2.2% YoY
- Prices are expected to trend upwards in the coming quarters, though this is only expected to be marginal, with weaker demand in the building construction sector partially offsetting elevated cartage and labour costs

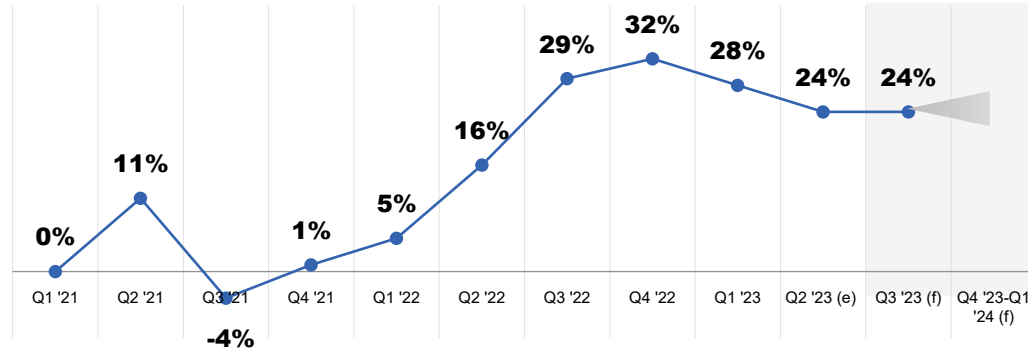
# Australia – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1,552	AU\$1,542	↓ -3%	↓ -0.7%

Price change comparison against Q1 2021



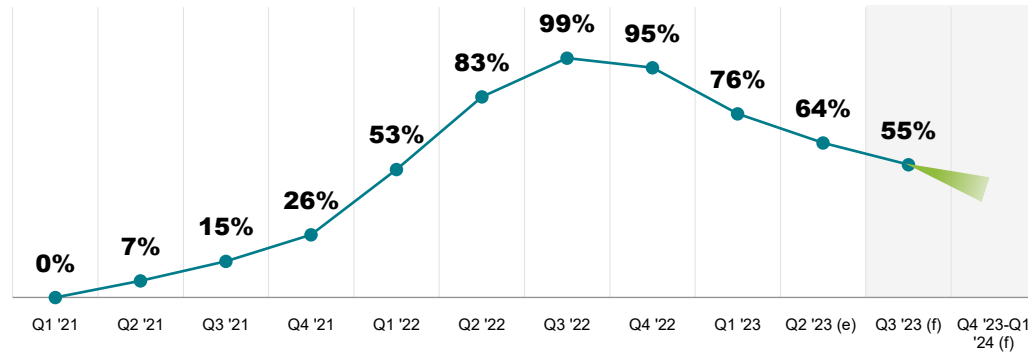
- Asphalt prices have continued to trend downwards, falling by approximately 3% QoQ in Q2 2023, due to the fall in crude oil prices
- Despite this decline, asphalt prices remain elevated, being approximately 7% higher than the previous year
- While some upwards pressure on prices will be generated by Australia's significant pipeline of road infrastructure works, prices are expected to moderate further in Q3 2023 as economic activity and oil demand continues to struggle



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (AU\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1.90	AU\$1.80	↓ -6.8%	↓ -5.2%

Price change comparison against Q1 2021



- Diesel prices dropped further in Q2 2023, falling by 6.8% QoQ. Softer global oil demand as China's recovery falters, and weak global economic activity have weighed on crude oil prices, leading to the decline in diesel prices
- Despite this decline however, diesel prices remain elevated, being 64% higher in Q2 2023 than in Q1 2021
- With these trends expected to continue into the second half of this year, diesel prices are expected to continue to fall

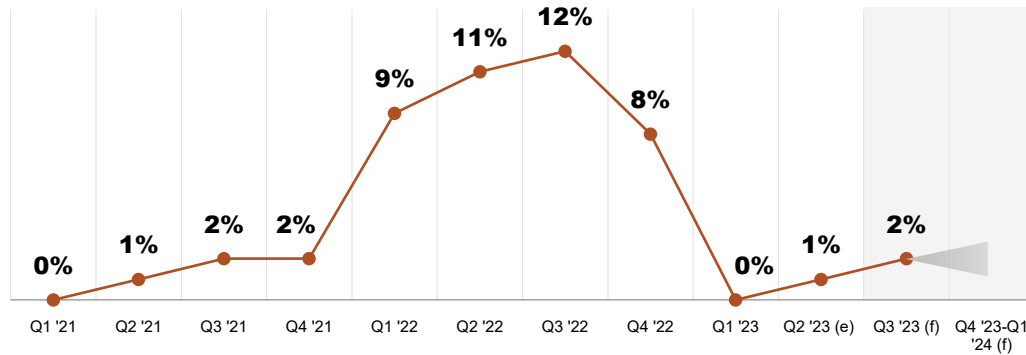
# Australia – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (AU\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1,536	AU\$1,547	↑ 1.5%	↑ 0.7%

Price change comparison against Q1 2021



- Despite the decline in building activity during the quarter, brick prices edged up again in Q2 2023, owing to still elevated transport and labour costs
- Although prices have picked up, they are close to the levels of early 2021 having dropped from the peaks reached in Q3 2022
- Brick prices are expected to remain close to current levels in the coming quarters, with higher electricity costs offsetting a softening of demand as building activity declines

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 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Australia – Industry trends

## Sector trends



### Data Centres

The Australian data centre market has a substantial pipeline, with approximately US\$11bn worth of projects currently in progress. Approximately 60% of these projects, in terms of value, are in the planning or design stage. Sydney remains a preferred location for data centres, with the majority of projects concentrated there, while Melbourne is also attracting investments from international players. Other upcoming regions include, Adelaide, Perth, and Brisbane.



### Life Sciences

The life sciences sector has witnessed a significant 43% growth from 2019 to 2022, with Victoria, Queensland and NSW serving as vital hubs for 73% of the sector. The Government's National Reconstruction Fund is prioritising the life sciences sector, aiming to foster medical science innovation, local manufacturing, and intellectual property support in Australia.



### High-tech Industrial

The Australian government is developing a national battery strategy with the aim of establishing Australia as a prominent battery manufacturing hub. While the semiconductor industry in Australia is currently in its early stages, it is gradually gaining traction and showing potential for future growth. Battery and semiconductor manufacturing projects, valued at around US\$900m, are currently in the pipeline across Victoria, Northern Territory and Queensland. Most of these projects are still in the early stages of planning.

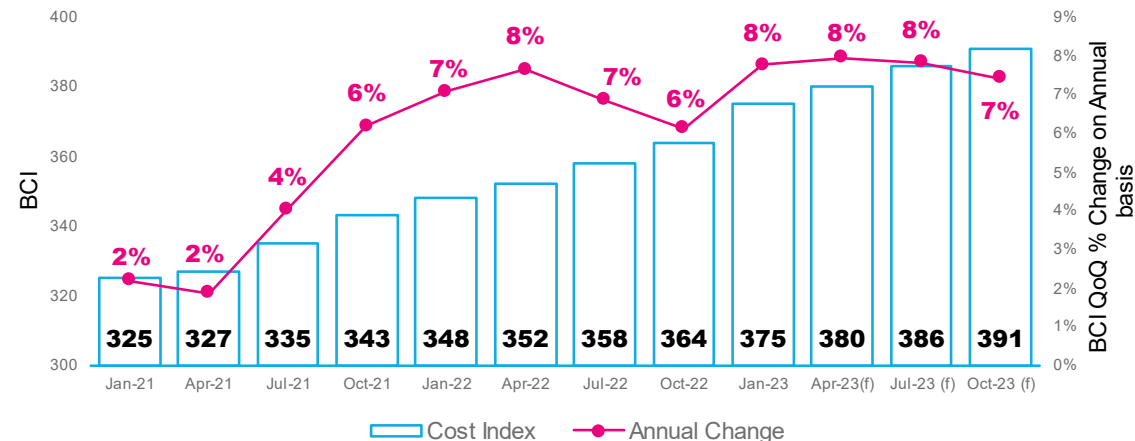


### Renewable Energy

The energy and utilities sector is projected to achieve an average annual growth of 4.9% from 2024 to 2027, driven by investments in renewable energy projects, in line with the government's target to increase the share of renewable energy in the electricity mix to 82% by 2030. Notably, there is a specific focus on hydrogen projects through the government's US\$2bn Hydrogen Headstart program. Furthermore, the Climate Change Act of 2022 is set to further drive investments in the clean energy sector.



## AIQS Building Cost Index(BCI) and annual change



\*The base has been set at 100 and represents the Australian Weighted Average (AWA) Building Cost Index as of July 1985

# Australia – Report methodology



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- RBA
- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Australian Energy Market Operator
- Economic Research Institute
- Ausbiotech Annual report 2022

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A white silhouette map of Hong Kong is positioned to the left of the main title text.

# Hong Kong

## Country Commodity Report

**Q2 2023**



# Hong Kong

## Q2 2023

Hong Kong's economy showed improvement in Q1 2023, driven by domestic demand and a recovery in tourism. The construction sector is expected to recover further due to government investments in housing and infrastructure. To support the construction industry, the government has also allocated HKD 75 million for studies on establishing a Building Testing and Research Institute and strengthening the supply chain of Modular Integrated Construction.

There is an overall improvement in the supply chain and material costs are stabilising. Steel and copper prices have declined, but cement and concrete prices remain elevated, although showing some signs of easing.

There is a shortage of labour in the construction industry, and to address this, Hong Kong is relaxing immigration rules and introducing new plans to recruit up to 12,000 foreign workers. Additionally, they have allocated a HK\$100 million fund for career development and training allowances to support the industry's workforce needs.



Scott Halyday  
Director



## Key Indicators

### GDP

Grew by 2.7% in Q1 2023 on an annual basis



- GDP grew by 5.3% on a QoQ basis as compared to the previous quarter
- In the first quarter of 2023, the Hong Kong economy showed clear signs of improvement, primarily driven by the robust rebound in both inbound tourism and domestic demand

### CPI

Rose by 1.9% in June 2023 from the same month in last year



- Prices of energy-related items as a whole continued to increase sharply year-on-year

### Construction output

Expected to grow by 3.6% in real terms in 2023



- Growth of 2.3% is expected in the period 2024-2027 led by investments in transportation, electricity, housing, and industrial sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -1%	↓ -5%	↓ -1%	Prices declined but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -14%	↓ -10%	↓ -2%	Prices trending downwards, likely to dip further
<b>Cement</b>	↑ 3%	↓ -2%	↓ -1%	Prices edging downwards but still elevated
<b>Lumber</b>	↓ -5%	↓ -4%	↔ 0%	Prices declining, expected to remain stable

(e) - estimate (f) - forecast

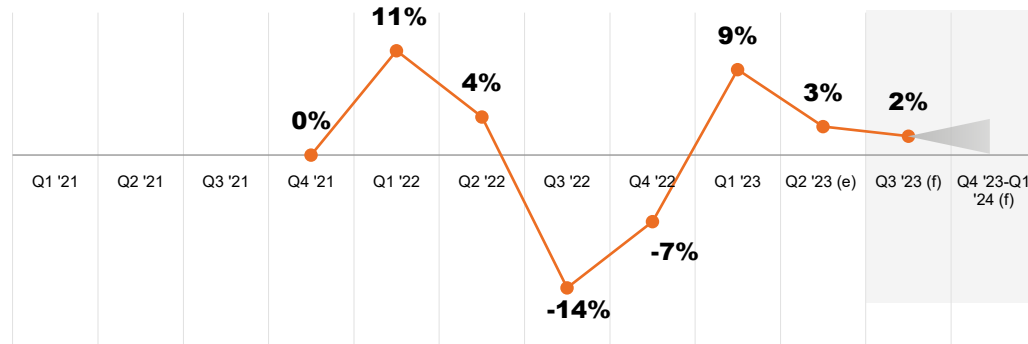
# Hong Kong – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$66,584	HK\$66,175	↓ -5.2%	↓ -0.6%

Price change comparison against Q4 2021

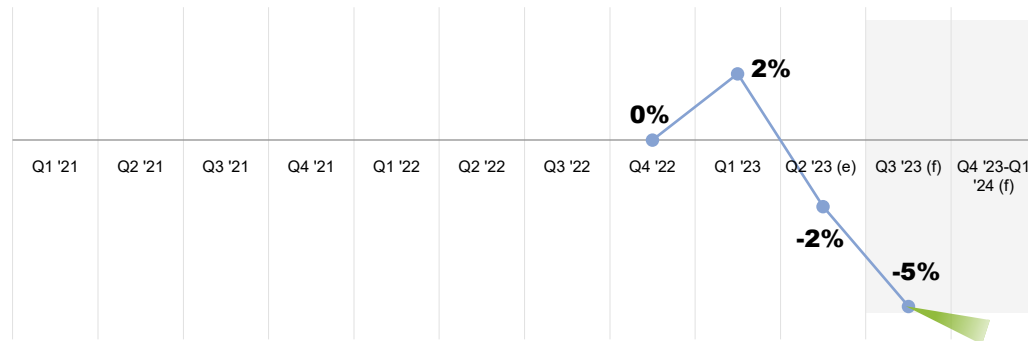


- Copper prices fell by 5.2% QoQ in Q2 2023, reversing some of the price gain in the previous quarter
- Global demand fell sharply in Q2 2023, largely due to China's faltering economic rebound, which weighed on prices during the quarter
- Prices are expected to edge downwards on a quarterly average basis in Q3 2023, amid weak global manufacturing activity and sluggish economic growth

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Low	Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$9,228	HK\$8,987	↓ -4.1%	↓ -2.6%

Price change comparison against Q4 2022



- Stainless steel prices fell by 4.1% QoQ in Q2 2023, driven down by lower nickel and nickel pig iron prices and weaker global demand
- With global demand expected to remain weak in the second half of this year and rising nickel output in Indonesia is likely to see prices fall further, stainless steel prices are expected to continue to fall
- The continued decline in global manufacturing activity will also weigh on the demand for stainless steel

# Hong Kong – Commodity Price Trends



## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Low	Moderate	Moderate

Low	Moderate	Moderate
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Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$5,185	HK\$5,090	↓ -9.8%	↓ -1.8%

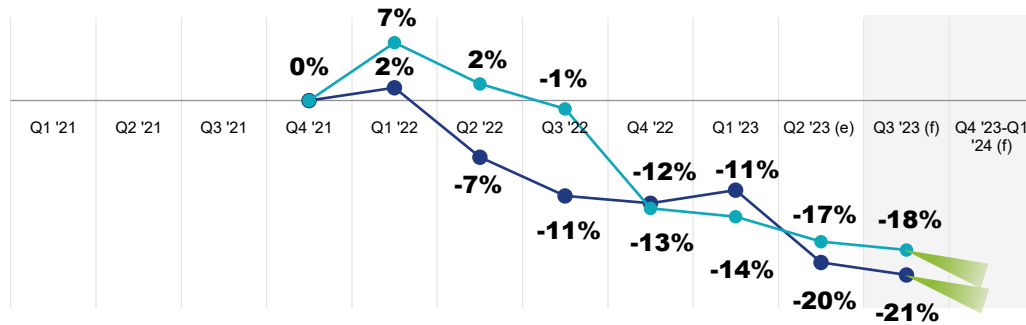
—●— **Steel rebar (raw)** (HK\$/mt)

HK\$5,185    HK\$5,090    ↓ -9.8%    ↓ -1.8%

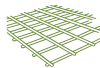
—●— **Steel flat product** (HK\$/mt)

HK\$6,470    HK\$6,393    ↓ -4.4%    ↓ -1.2%

Price change comparison against Q4 2021



- Steel prices declined in Q2 2023, with rebar prices dropping by 9.8% QoQ and steel-flat prices down by 4.4%
- Lower iron ore prices and weak steel demand in China contributed to the drop in prices during the quarter
- Prices are expected to continue to decline in the coming quarters, though the decline will be softened by an expected improvement in construction activity in Hong Kong



## Welded mesh

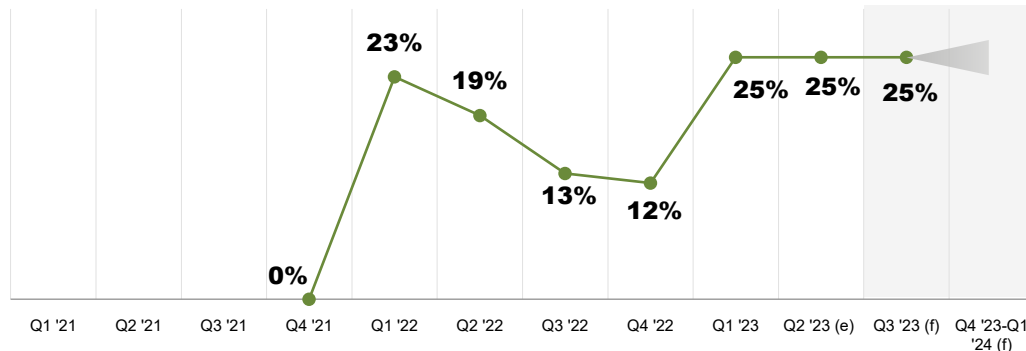
Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

Moderate	Moderate	Moderate
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Price (HK\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$78.1	HK\$78.1	↓ -0.5%	↔ 0%

\* 100 x 100 cm; diameter 6mm

Price change comparison against Q4 2021



- The price of welded mesh remained relatively stable in Q2 2023, recording a marginal decline of 0.5% from Q1 2023
- In comparison to Q4 2021, welded mesh prices were 25% higher in Q2 2023
- Though construction activity is expected to improve in the second half of this year, falling rebar prices are expected to offset this, keeping welded mesh prices stable

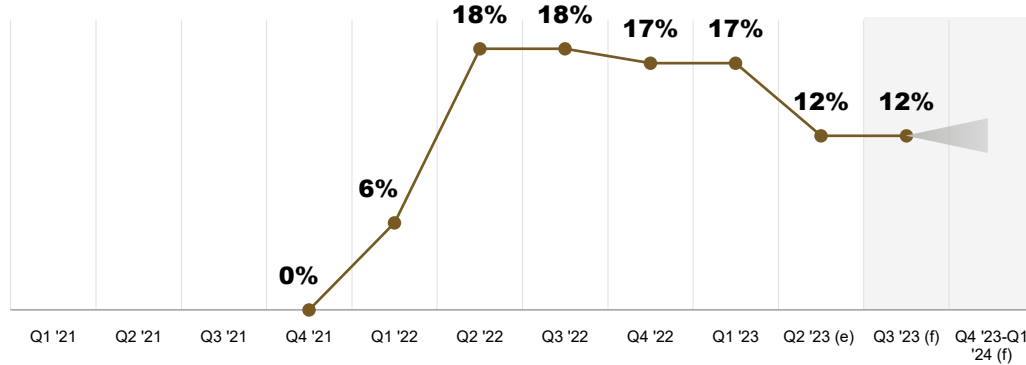
# Hong Kong – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (HK\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$7,465	HK\$7,450	↓ -3.9%	↓ -0.2%

### Price change comparison against Q4 2021



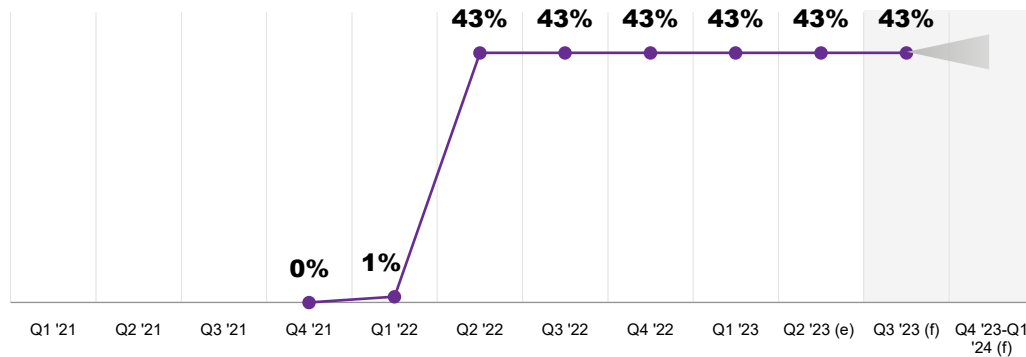
- Lumber prices have fallen back marginally from recent highs, recording a decline of 1% QoQ in Q2 2023
- Weak demand from the residential construction sector, which is expected to record only marginal growth this year, is expected to keep lumber prices trending downwards in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (HK\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$100	HK\$100	↔ 0%	↔ 0%

### Price change comparison against Q4 2021



- Since the sharp rise of plasterboard prices in mid-2022, the price of plasterboard has been stable in recent quarters
- Plasterboard prices are expected to remain around their current levels in the coming quarters, reflecting solid demand in the construction industry

\* 122 x 244 x 1.2 cm (L x W x T)

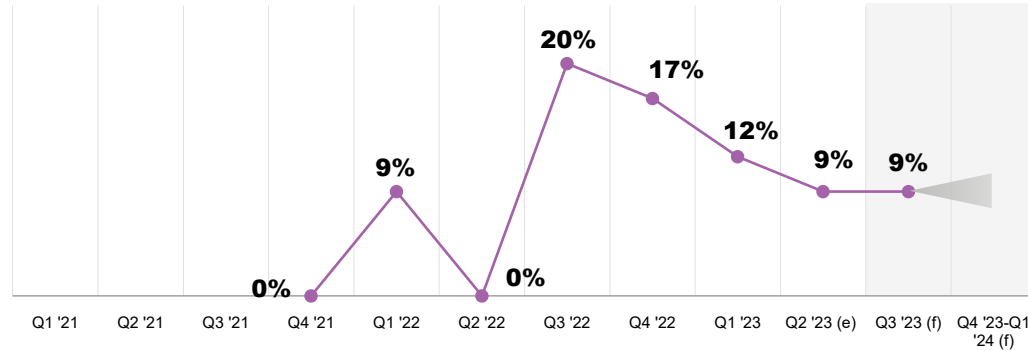
# Hong Kong – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$68.8	HK\$68.7	↓ -2.2%	↓ -0.1%

Price change comparison against Q4 2021

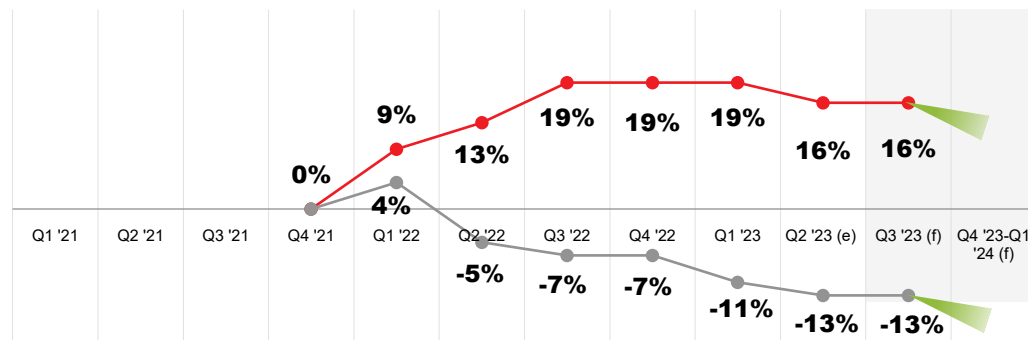


- Limestone prices declined by 2.2% QoQ in Q2 2023, recording a third successive quarterly fall in prices
- An improvement in activity in the construction sector is expected to see demand for limestone strengthen in the second half of this year, stabilising prices around their current levels

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$911	HK\$904	↓ -2.2%	↓ -0.7%
● <b>Cement</b> (HK\$/mt)			
HK\$1,074	HK\$1,069	↓ -1.9%	↓ -0.4%
● <b>Concrete</b> (HK\$/m <sup>3</sup> )			

Price change comparison against Q4 2021



- In Q2 2023, cement and concrete prices declined marginally, reflecting a decline in energy costs as thermal coal and LNG prices fell. A decline in building work in H1 has weighed on cement and concrete prices during the quarter
- While construction activity is expected to strengthen in the second half of this year, driving an improvement in demand, cement and concrete prices are expected to continue to moderate owing to falling production costs

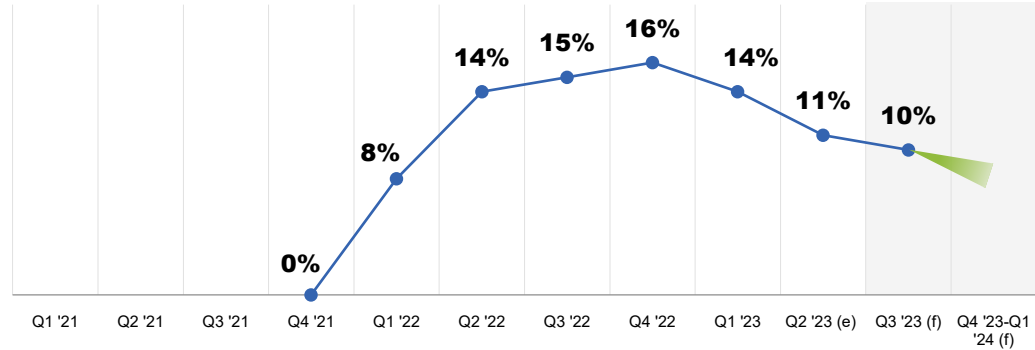
# Hong Kong – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$9,321	HK\$9,210	↓ -2.2%	↓ -1.2%

Price change comparison against Q4 2021



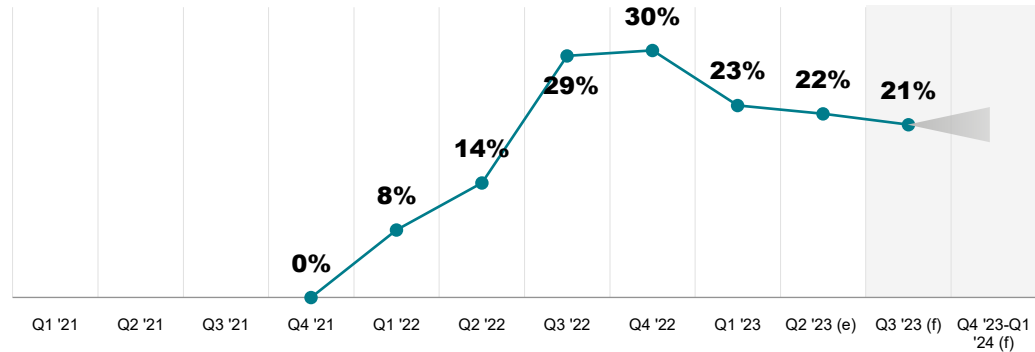
- Asphalt prices declined further in Q2 2023, falling by 2.2% QoQ due to the decline in refined petroleum products
- Asphalt prices are expected to decrease further in the coming quarters, with continued weakness in prices for key materials. However, government spending on major road projects will prop up demand



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (HK\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$17.1	HK\$16.9	↓ -0.8%	↓ -1.1%

Price change comparison against Q4 2021



- Diesel prices have declined by approximately 0.8% QoQ in Q2 2023, driven down by weak global oil demand
- Despite the decline, prices were still 22% higher than in Q4 2021
- Prices are expected to remain close to current levels in the coming quarters. Global oil demand is likely to remain weak, but prices will be held up by the extension of OPEC+ output cuts through 2024 and Saudi Arabia's additional output cut from July 2023



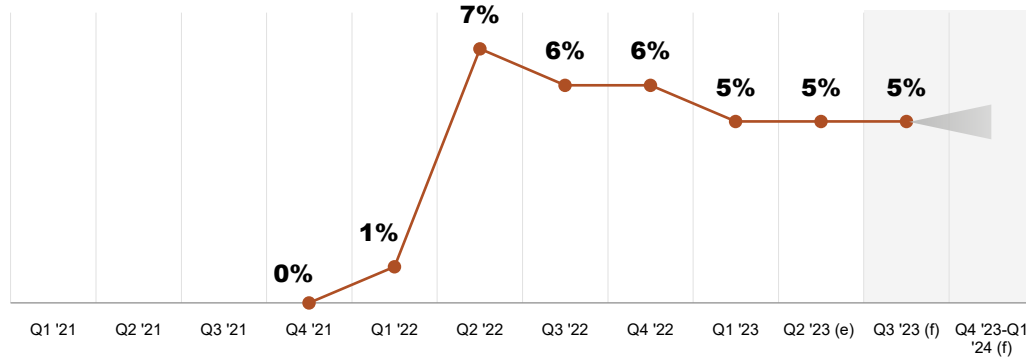
# Hong Kong – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (HK\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$3,314	HK\$3,306	↓ -0.2%	↓ -0.2%

Price change comparison against Q4 2021



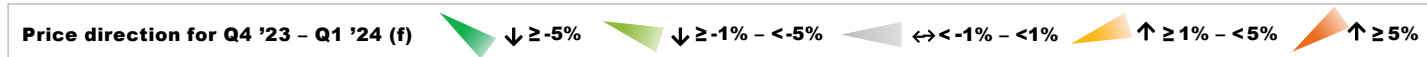
- Brick prices declined further in Q2 2023, registering a fourth successive quarterly decline
- The price decline has been moderate, though, and prices are still around 5% higher than in Q4 2021
- With construction activity expected to strengthen in the second half of this year, the impact on prices from stronger demand will be offset by falling LNG and thermal coal costs

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre



# Hong Kong – Industry trends

## Sector trends



### Data Centres

Hong Kong's data centre market benefits from strong demand, digitisation initiatives and excellent connectivity. Additionally, the presence of major cloud operators, strong ecosystems, nationwide deployment of 5G technology, and data protection laws further contribute to the market's growth. Land shortage has been a concern in Hong Kong for data centre development. The government has introduced various measures to address this, including waivers for converting industrial buildings.

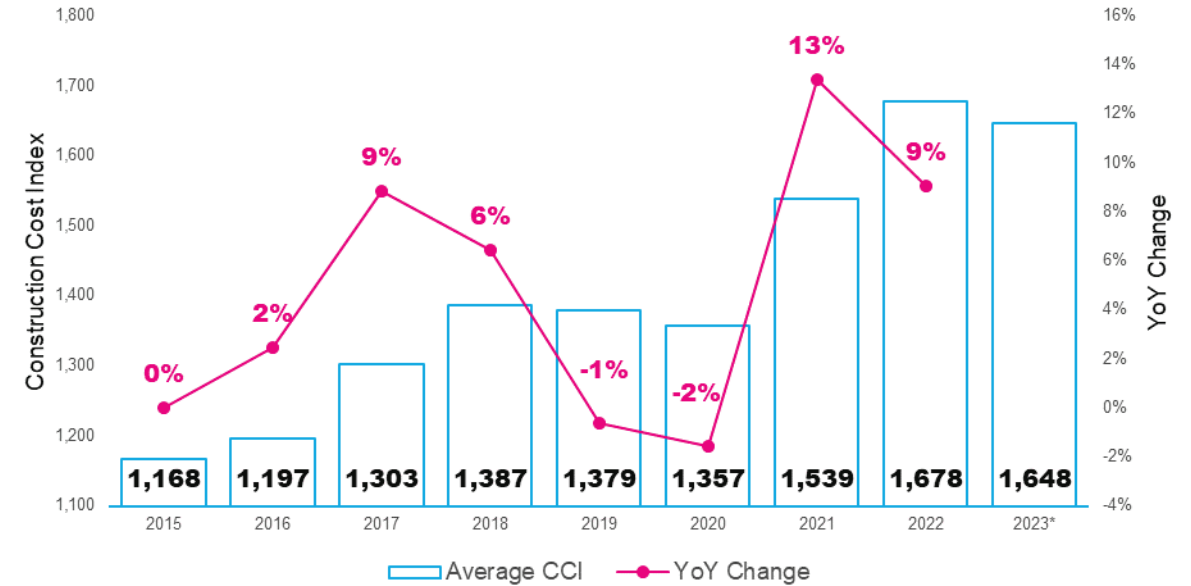


### Renewable Energy

The energy and utilities construction sector is set to grow by 3.4% in 2023 driven by the government's aim to increase renewable energy's share in the total energy mix from 7.5% in 2021 to 10% by 2035 and to reduce carbon emissions by 50% by 2035. In October 2022, the "RE100 Hong Kong" platform was launched by the Hong Kong Association of Solar Energy Industry and GBA Carbon Neutrality Association to promote renewable energy adoption among local organisations and companies, contributing to carbon emission reduction.



## Construction Cost Index (CCI)\*\*



\*Average from Jan 2023 to June 2023

\*\*The index is Revised Index effective from July 09. Original HyD CCI index applies to Lighting Division/HyD's MOM contracts until Sep 2013.

# Hong Kong – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Hong Kong

For Hong Kong, sources for this report include, but are not limited to:

- IMF
- Civil Engineering and Development Department – The Government of the Hong Kong Special Administrative Region
- The Census and Statistics Department
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Public Holidays
- Trading Economics

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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**India**  
Country Commodity  
Report  
**Q2 2023**



# India

## Q2 2023

India's economy has shown resilience amidst global challenges, with Q1 2023 witnessing growth in the construction and manufacturing sectors, driven by increased domestic demand. The real estate sector also expanded, contributing to the positive outlook. The Reserve Bank of India's decision to maintain the policy repo rate (unchanged at 6.5%) indicates stability in the financial landscape.

The construction industry is now expected to grow at 6% in real terms in 2023 which was earlier estimated to expand by 5%. The revision in growth is attributed to the government's focus on completion of infrastructure projects and improving investor confidence. Furthermore, hi-tech sectors such as Data Centres, and Semi-conductors have become attractive investment asset classes for foreign players.

Commodity prices are stabilising but prices of a few materials such as cement, concrete and bricks are still elevated. Challenges for availability of skilled labour also still persists. Technology adoption is becoming increasingly important in the construction sector to meet the growing demand effectively. However, the pace of technology adoption in the industry is relatively slow. Exploring modular off-site manufacturing and implementing contractual protections for supply chain disruptions are part of the evolving landscape.



**Ameya Gumaste**  
Country Head – India



## Key Indicators

### GDP

Grew at 6.1% in Q4 of FY 2023



- GDP growth for the fiscal 22-23 was 7.2% which is above the RBI estimates of 7%
- Growth is attributed to capital spending by government, growth in service exports and improved consumer confidence

### CPI

Stood at 4.8% in June 2023



- Inflation was higher than RBI estimates but still below the tolerance band of 6%
- A surge in inflation was primarily driven by food prices

### Construction output

Expected to expand by 6% in 2023 in real terms



- Growth is led by the government's focus to complete infrastructure projects, increased investor confidence, and investments in across all the sectors
- A faster growth of 6.4% is expected in the period 2024-2027

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -6%	↓ -3%	↓ -1%	Prices decreased in the last quarter, likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -15%	↓ -6%	↓ -1%	Prices trending downwards
<b>Cement</b>	↓ -3%	↓ -1%	↓ -1%	Prices have marginally decreased but remain elevated
<b>Lumber</b>	↑ 4%	↔ 0%	↔ 0%	Prices are expected to remain stable

(e) - estimate (f) - forecast

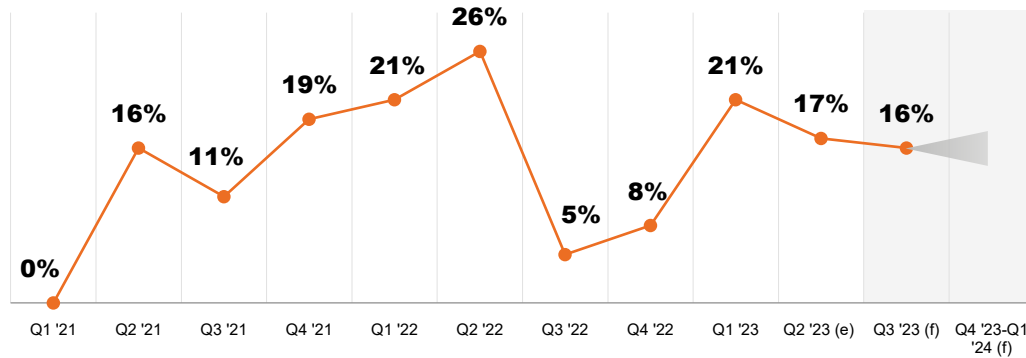
# India – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>INR795,255</b>	<b>INR787,302</b>	↓ <b>-2.7%</b>	↓ <b>-1%</b>

Price change comparison against Q1 2021



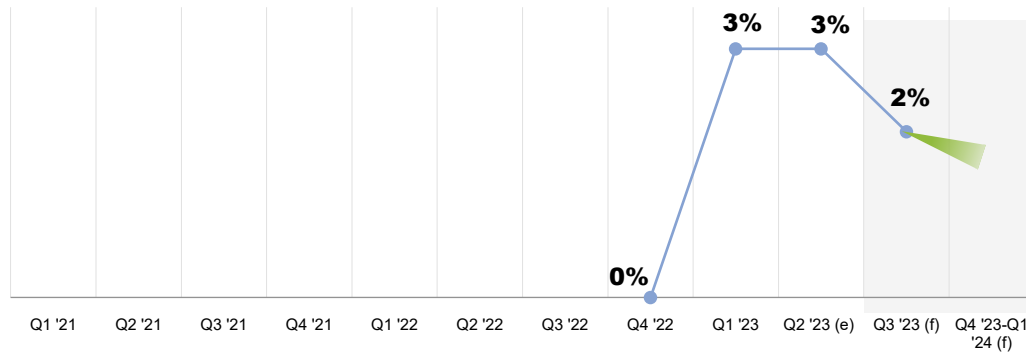
- Copper prices in India fell by 2.7% QoQ in Q2 2023, owing to a weakness in the global markets
- Prices are forecast to continue on a downward trend in Q3 2023, on quarterly average basis, however it is likely there will be ongoing volatility
- Concerns over low inventories could soon be limited by an improvement in copper production in Peru following the resumption of operations at large mines



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>INR195,000</b>	<b>INR194,025</b>	↔ <b>0%</b>	↓ <b>-0.5%</b>

Price change comparison against Q4 2022



- Stainless steel prices in India remained fairly stable in Q2 2023, compared to the previous quarter
- Prices are however expected to fall in Q3 2023, owing to the government's efforts (including customs duty exemptions on stainless steel scrap and nickel cathode, and 30% export duty on chrome ore) to reduce prices, coupled with cheap imports from China and Indonesia
- Demand will provide support to prices though, amid India's ongoing expansion in construction activity

# India – Commodity Price Trends



## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain

Moderate	Moderate	Moderate
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Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

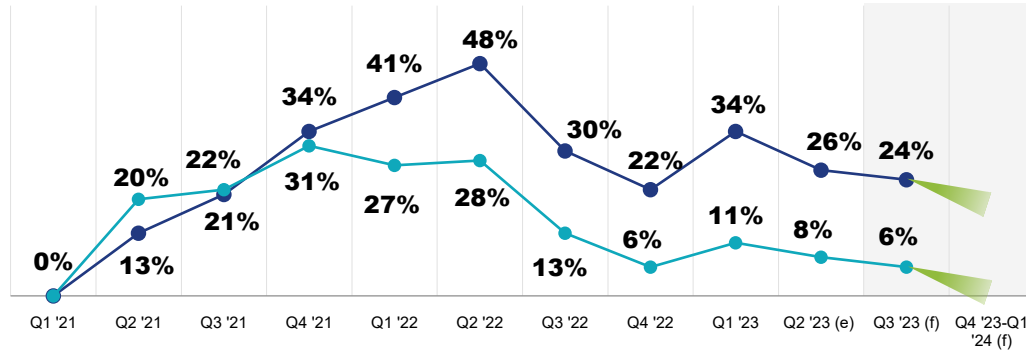
—●— **Steel rebar (raw)** (INR/mt)

**INR57,133**   **INR56,562**   ↓ **-6.5%**   ↓ **-1.0%**

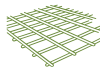
—●— **Steel flat product** (INR/mt)

**INR57,112**   **INR56,541**   ↓ **-2.9%**   ↓ **-1.0%**

Price change comparison against Q1 2021



- Steel-rebar and steel-flat product prices fell by 6.5% and 2.9%, respectively, in Q2 2023, compared to Q1 2023. This is due to slower-than-anticipated demand coupled with a reduction in realizations
- Flat prices have been propped up by demand in the automotive sector. However, in the coming quarters, falling prices of raw material are likely to exert downward pressure on steel prices in the short term
- Weak global demand is expected to further weigh on steel prices in the coming quarters



## Welded mesh

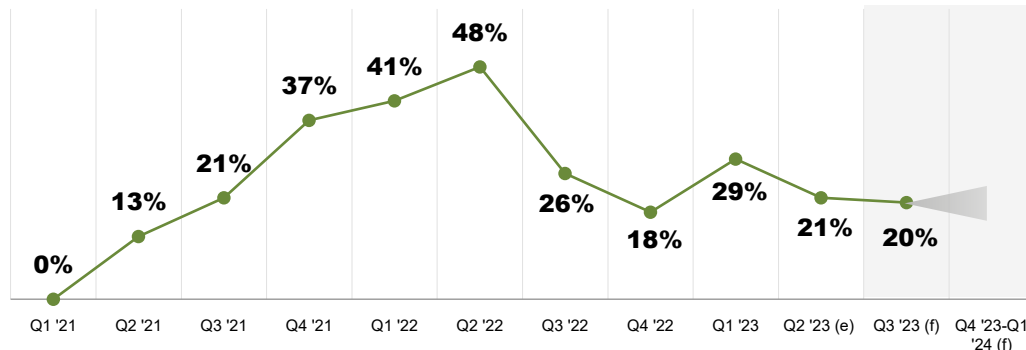
Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain

Moderate	Moderate	Moderate
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Price (INR/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

**INR300**   **INR297**   ↓ **-6.5%**   ↓ **-1.0%**

Price change comparison against Q1 2021



- Welded mesh prices shrunk by 6.5% QoQ in Q2 2023, reflecting a general downward trends in steel prices
- Prices are forecast to ease down by 1% QoQ in Q3 2023, owing to high supply and inventory levels. However, with demand remaining strong, prices will remain relatively high in the coming quarters

\* 100 x 100 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f)   ↓ ≥ -5%   ↓ ≥ -1% – < -5%   ↔ < -1% – < 1%   ↑ ≥ 1% – < 5%   ↑ ≥ 5%



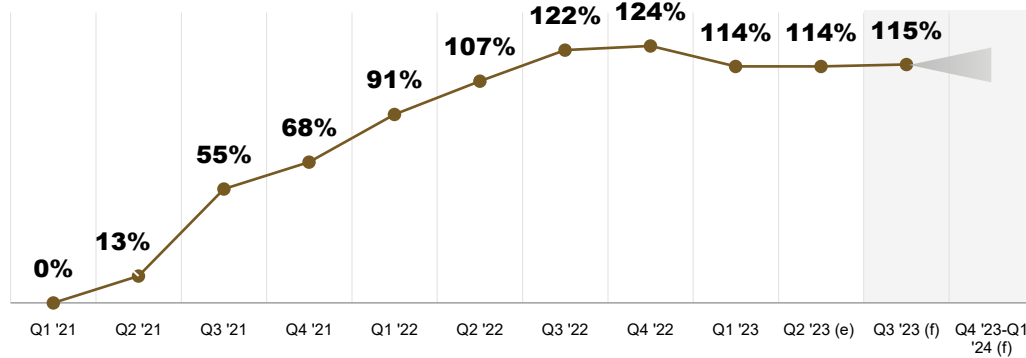
# India – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (INR/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR12,250	INR12,311	↔ 0%	↑ 0.5%

### Price change comparison against Q1 2021



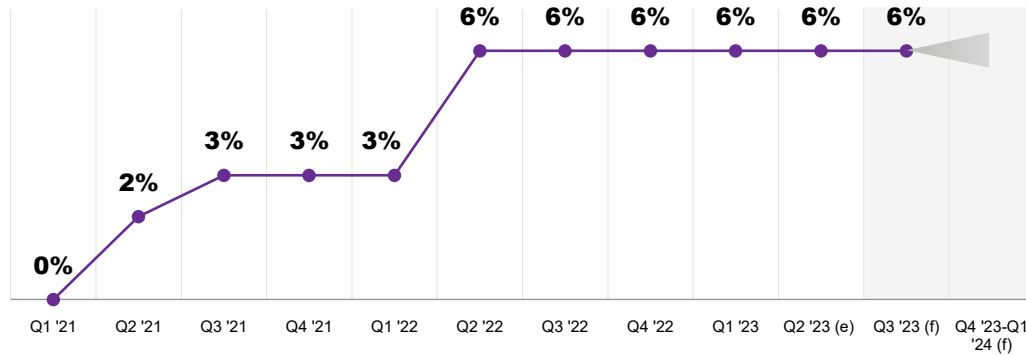
- The prices of lumber remained unchanged in Q2 2023, compared to the previous quarter. However, prices are still at an elevated level
- Prices are forecast to edge up marginally supported by demand from key construction sectors. Although lumber has limited use in the construction industry in India, the expansion in India's residential sector will contribute to relatively high demand



## Plasterboard

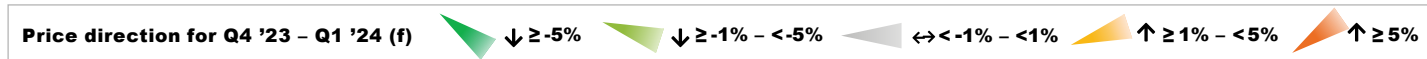
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (INR/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR358	INR358	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Plasterboard prices in India have remained stable in recent quarters, with solid demand in the construction sector holding prices at a relatively high level
- Prices are expected to remain stable in the coming quarters, with a well-balanced market

\* 120 x 180 x 1.25 cm (L x W x T)



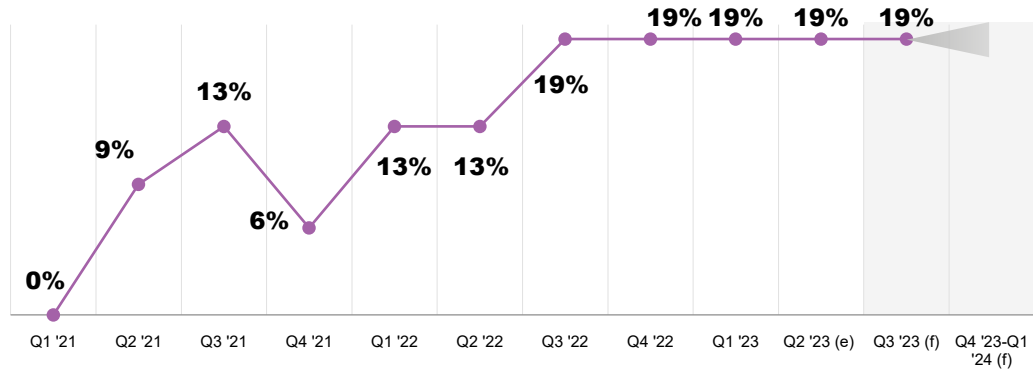
# India – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR475	INR475	↔ 0%	↔ 0%

Price change comparison against Q1 2021

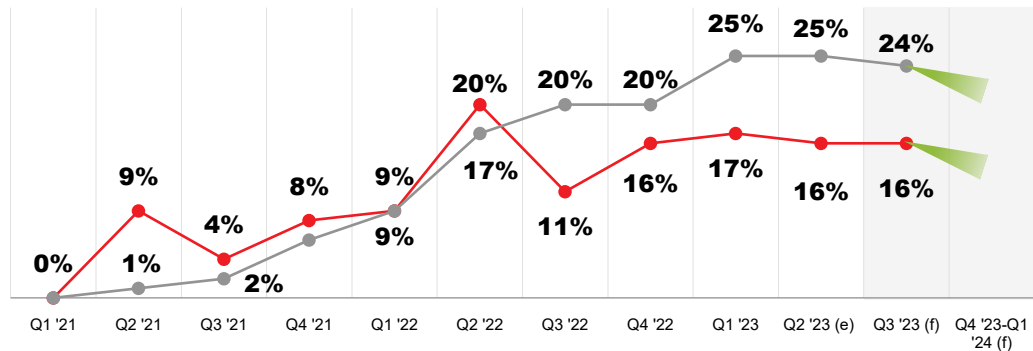


- Limestone prices in India have remained stable in recent quarters, with producers keeping prices unchanged amid relative stability in demand and supply conditions
- Prices are likely to remain at this high level, approximately 19% above Q1 2021 prices, in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR8,177	INR8,137	↓ -1.0%	↓ -0.5%
<b>—●— Cement (INR/mt)</b> <b>—●— Concrete (INR/m³)</b>			
INR4,700	INR4,677	↔ 0%	↓ -0.5%

Price change comparison against Q1 2021



- Cement prices dropped by 1% QoQ in Q2 2023, due to the gradual softening of energy costs, and intensified competition for market share
- Concrete prices have remained at the same level in Q2 2023, compared to the previous quarter. Similarly, cement prices are also expected to continue on a downward trend in the coming quarters, off the back of heightened competitive intensity and falling production and input costs

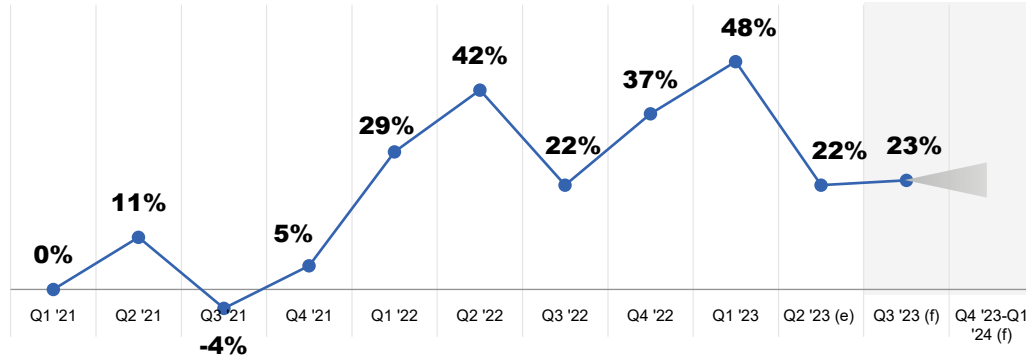
# India – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR50,801	INR51,309	↓ -17.6%	↑ 1.0%

### Price change comparison against Q1 2021



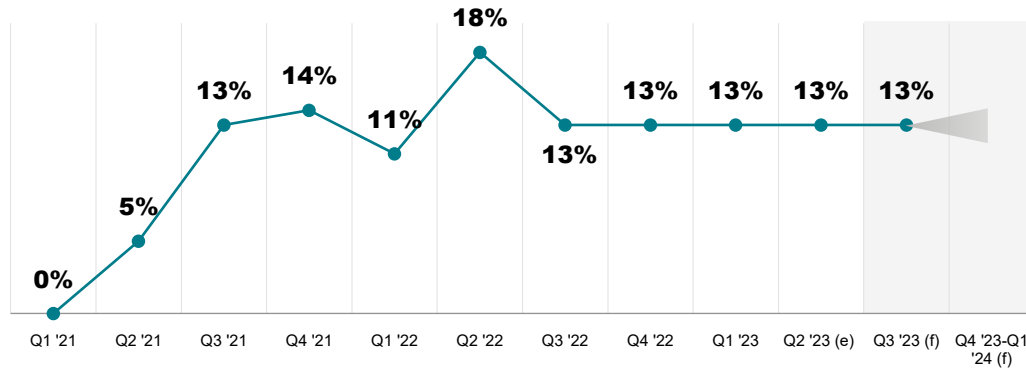
- Asphalt prices dropped by 17.6% QoQ in Q2 2023, owing to a slowdown in the infrastructure sector, amid extreme climate changes, high-cost inflation for road projects and cash flow challenges for road engineering, procurement, and construction (EPC) companies
- Prices are forecasted to edge up again in Q3 2023 as demand picks up with infrastructure works regaining momentum



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR89.6	INR89.6	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Diesel prices in India have remained unchanged over the past year and no significant change expected in the next quarter
- Although profit margins on diesel have turned positive following a drop in international oil prices, an adjustment to retail prices is likely to happen only after state-owned oil firms recoup losses that they had incurred in 2022

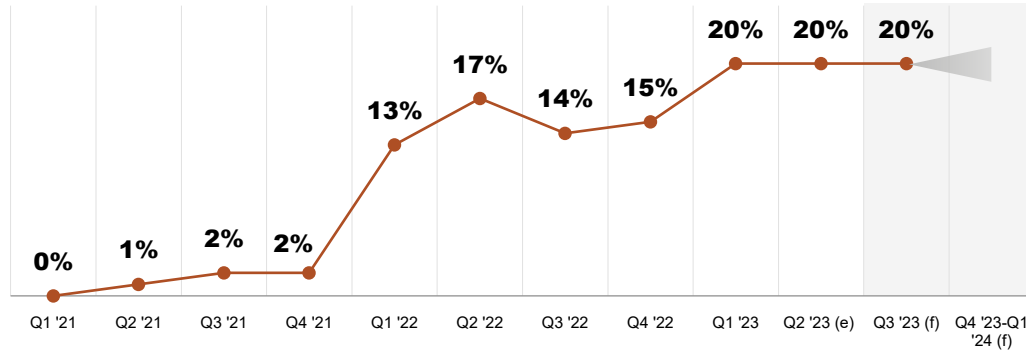
# India – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR9,500	INR9,500	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Brick prices in India have remained stable in Q2 2023, but are still at a high level, up by 20% compared to prices in Q1 2021
- Although production costs will have eased, demand from the expanding construction sector will keep prices elevated in the coming quarters. A recent ban on the use of coal at the brick-kilns in the National Capital Region (NCR) will push up prices in the region

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre

# India – Industry trends

## Sector trends



### Data Centres

The Indian data centre market is poised for significant growth, projected to expand at a CAGR of 40% and reach a capacity of around 1700 MW by 2025, with developers planning to deliver over 3000 MW in the next decade, as per a report by Aventus Capital. However, the key challenges in this thriving sector are, supply chain issues for major capital equipment and availability of skilled contractors and labour to keep up with the increasing demand for data centre infrastructure.



### Life Sciences

India has emerged as a major player in the biotechnology sector, ranking third in the Asia-Pacific region and among the top 12 globally. The industry is set to witness substantial growth, with projections of reaching US\$150bn by 2025 and an impressive US\$ 270-300bn by 2030. Termed as the "Pharmacy of the World," India is now positioning itself as the "Research-Lab of the World", with its biotechnology industry rapidly expanding.<sup>1</sup>



### High-tech Industrial

India is gearing up to become a semi-conductor hub. The Indian government recently announced a US\$10bn programme to develop a semiconductor and display manufacturing ecosystem that includes both manufacturing and design. Recent announcements from international players like Micron, AMD, and Foxconn are poised to accelerate the growth of the semiconductor industry.

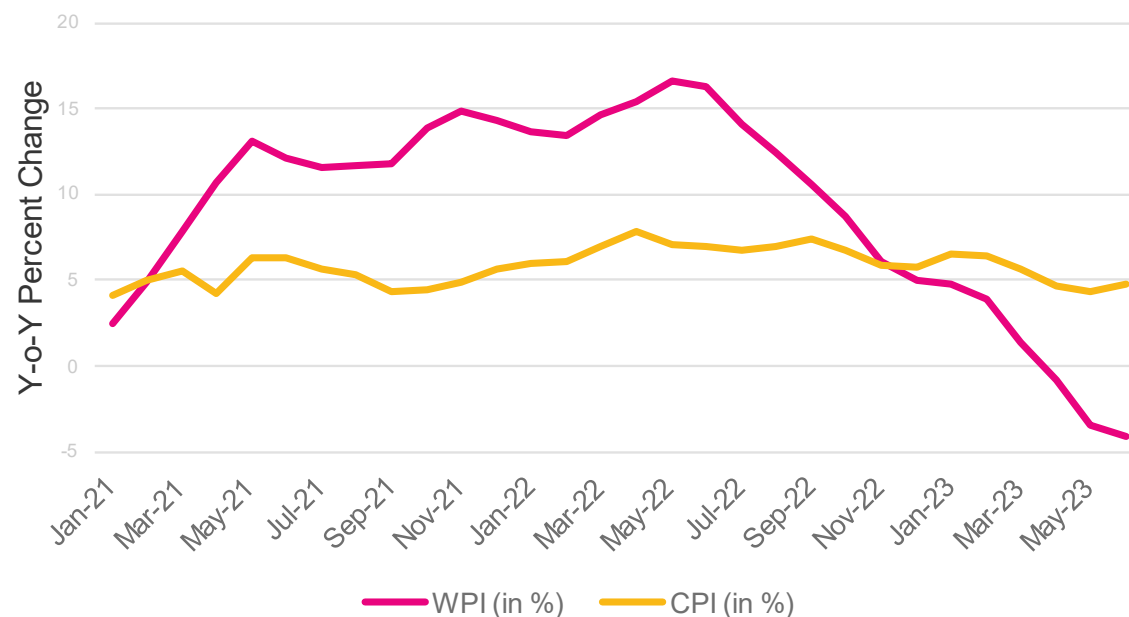


### Renewable Energy

The Indian government is strongly committed to promoting the renewable energy sector. In 2023, this sector is expected to experience significant growth, bolstered by the allocation of INR 102bn (\$1.2 bn) in the FY2023/2024 Budget to the Ministry of New and Renewable Energy (MNRE), marking a notable 45% increase from the previous year's allocation. The government's long-term vision includes achieving energy independence by 2047 and striving for net-zero emissions and enhanced energy security by 2070, further supporting the growth trajectory of the renewable energy industry.



## CPI and WPI Trends\*



CPI= Consumer Price Index, WPI= Wholesale Price Index

\*CPI has been considered as average of rural & urban CPIs for India

# India – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – India

For India, sources for this report include, but are not limited to:

- World Bank
- Reserve Bank of India
- Ministry of Statistics and Programme Implementation (MoSPI)
- ILO
- Construction Industry Development Council (CIDC)
- GlobalData's Construction Intelligence Center (CIC)
- Power Finance Corporation Limited
- Economic Research Institute
- Statista
- Centre for Monitoring Indian Economy Pvt. Ltd.
- Office of Economic Advisor
- 1-ibef.org

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.



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# Japan Country Commodity Report

**Q2 2023**





# Japan

## Q2 2023

Japan's economy has seen a faster-than-expected growth rate, primarily attributed to the revival of tourism due to eased pandemic-related border restrictions. Inflation has shown a downward trend but remains elevated.

The construction industry in Japan is grappling with a significant labour shortage, as per a recent study by Recruits Works Institute suggesting a potential shortage of 11 million workers by 2040. The scarcity of skilled labour is driving up wage costs, posing additional challenges for the industry. In particular trades related to mechanical, electrical, and plumbing (MEP) are experiencing the highest increase in labour costs. The weakening yen is also having an impact on construction costs.

Commodity prices have started to stabilize but remain elevated. Further reduction in price is expected in steel and lumber. Freight costs are also slowly normalizing. Overall, the construction sector is expected to grow at a moderate pace, but continued investments are expected in the data centre and semi-conductor space.



**Garvan Barry**  
Director - North East Asia



## Key Indicators

### GDP

Grew by 2.7% QoQ  
annualised in Q1 2023



- Despite high inflationary pressures, the economy has rebounded and is projected to grow by 1.5% in FY 2023
- Bank of Japan (BOJ) projects a QoQ annualised growth rate of +2.2% for the real GDP in Q2 2023

### CPI

In May 2023 rose to 3.2%  
YoY, slightly lower than  
April's 3.4%



- Inflation remains above the BOJ's target of 2%, but the bank expects it to reach 2.4% in FY 2023
- However, with wages set to increase at the highest rate in 30 years, the forecast has been significantly revised upward due to the cyclical rise in labour market

### Construction output

Expected to grow by 1% in  
2023 in real terms



- Investment in renewable energy, telecommunication and manufacturing is likely to spur the growth

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)    Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -6%	↓ -2%	↔ 0%	Prices declined on a quarterly basis and likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -3%	↓ -2%	↔ 0%	Prices continue to decline
<b>Cement</b>	↑ 15%	↔ 0%	↔ 0%	Prices remained elevated but are stable
<b>Lumber</b>	↑ 2%	↓ -1%	↓ -1%	Prices are trending downwards

(e) - estimate    (f) - forecast

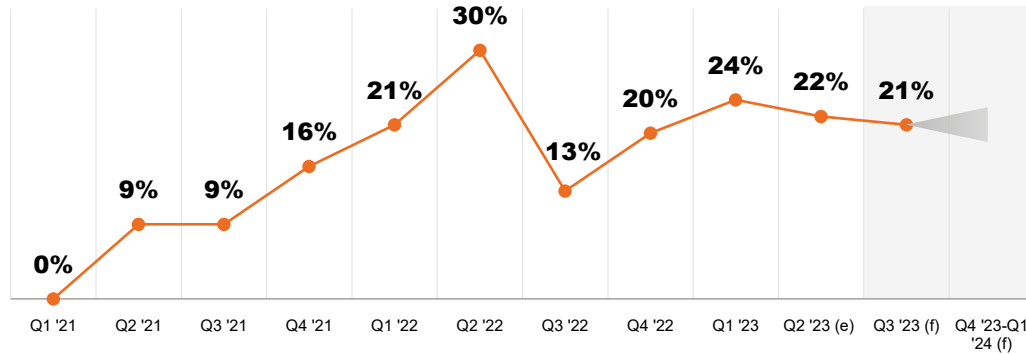
# Japan – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,213,754	1,208,978	↓ -1.7%	↓ -0.4%

Price change comparison against Q1 2021



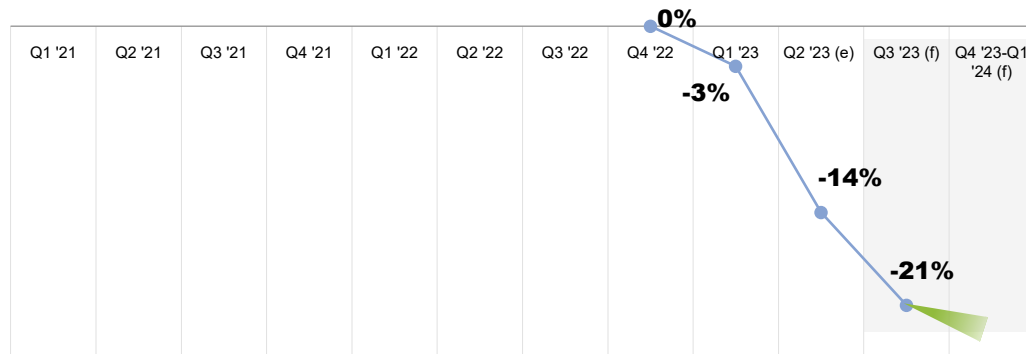
- Copper prices declined by approximately 1.7% QoQ in Q2 2023, predominantly due to the slowing of China's economic recovery
- Despite this decline however, copper prices remain elevated, being 22% higher in Q2 2023 than in Q1 2021
- Copper prices will be volatile, but on a quarterly average basis will remain close to current levels. Weak manufacturing activity and slowing global economic growth weigh on demand, but concerns remain over copper inventories



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
155,000	142,969	↓ -11.4%	↓ -7.8%

Price change comparison against Q4 2022



- Stainless steel prices continued to decline in Q2 2023, falling by approximately 11.4% QoQ during the quarter
- Weak factory activity in Japan and a softening of external demand has weighed on demand for stainless steel
- Nippon Steel cut the price of its July 2023 contract for cold-rolled stainless-steel sheet by JPY5,000 per ton, following a JPY20,000 per ton reduction in April 2023, reflecting a decline in demand

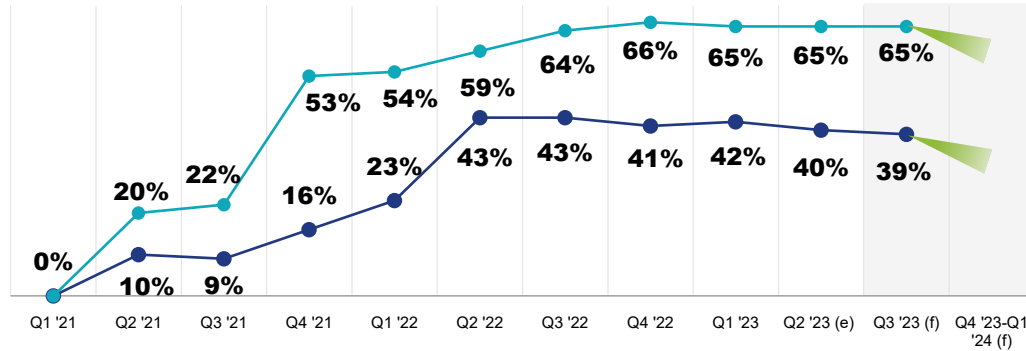
# Japan – Commodity Price Trends



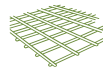
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (JPY/mt)</b>			
113,000	112,707	↓ -1.6%	↓ -0.3%
<b>Steel flat product (JPY/mt)</b>			
147,000	146,681	↓ -0.2%	↓ -0.2%

### Price change comparison against Q1 2021



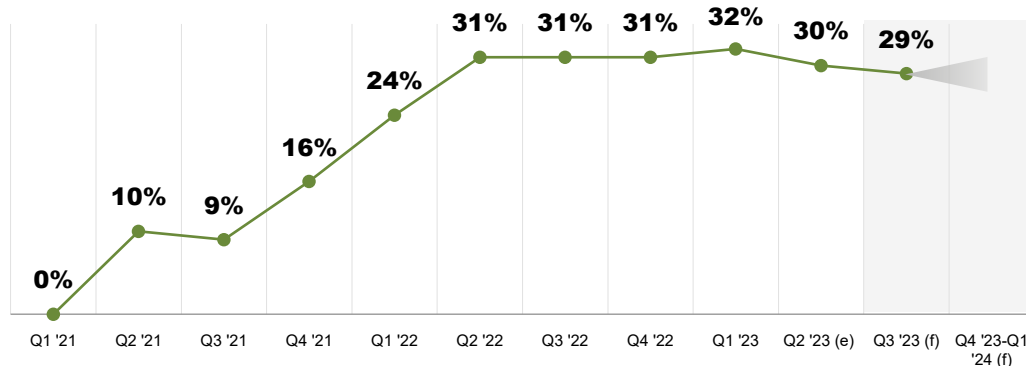
- Steel rebar prices declined by 1.6% QoQ in Q2 2023, while steel flat prices fell by 0.2% QoQ
- Steel prices however, remain elevated, with rebar prices being 40% higher in Q2 2023 than in Q1 2021, while steel flat prices were 65% higher
- Prices are projected to continue to decline in Q3 2023, driven down by weak global economic activity and falling iron ore prices



## Welded mesh

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
661	660	↓ -1.6%	↓ -0.1%

### Price change comparison against Q1 2021



- Welded mesh prices declined by approximately 1.6% QoQ in Q2 2023, in line with the fall in steel rebar prices
- In comparison to Q1 2021, welded mesh prices were 29.5% higher in the second quarter of this year
- In the coming quarters, welded mesh prices are expected to weaken marginally amid sluggish demand

\* 100 x 100 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f)



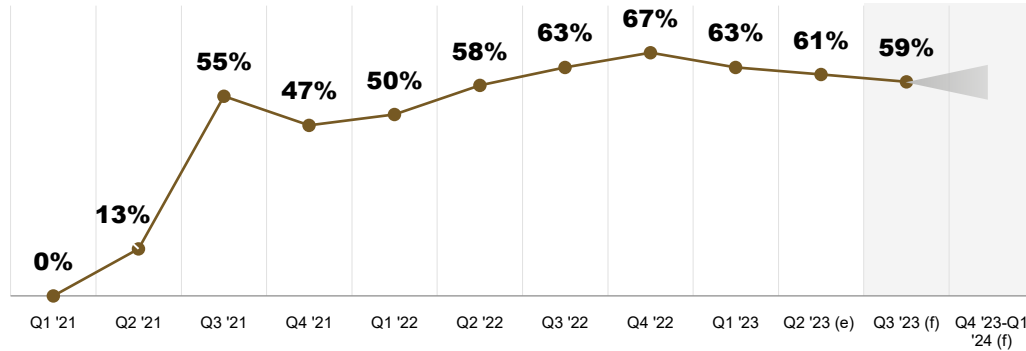
# Japan – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (JPY/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
71,424	70,629	↓ -1.4%	↓ -1.1%

### Price change comparison against Q1 2021



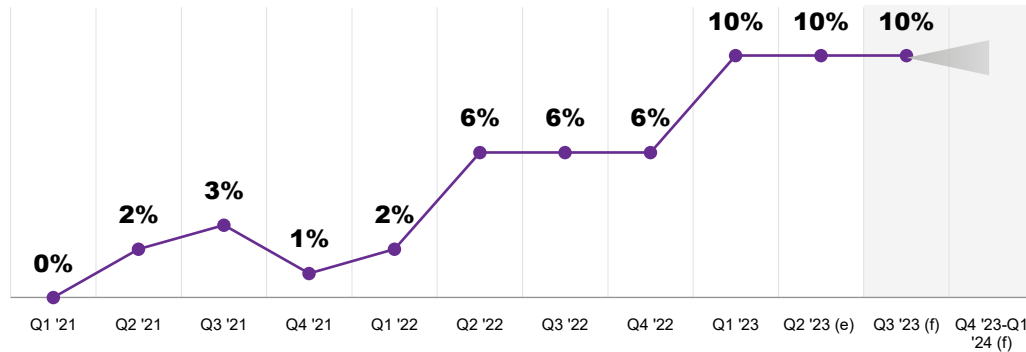
- Lumber prices trended downwards in Q2 2023, declining by 1.4% QoQ as weak activity in the housing sector weighed on demand
- Despite this decline, lumber prices remain elevated in comparison to their Q1 2021 levels, being 61% higher in Q2 2023
- Prices are expected to continue to fall in the second half of this year, with a stronger Japanese yen reducing the relative price of imported lumber



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,600	1,600	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Plasterboard prices have remained stable in the past two quarters and are expected to remain at their current level in the second half of this year
- In comparison to Q1 2021, plasterboard prices were 10.3% higher in Q2 2023. Weakness in the residential sector, with sluggish demand for new housing construction, will contain any further upwards pressure on prices

\* 120 x 180 x 1.25 cm (L x W x T)

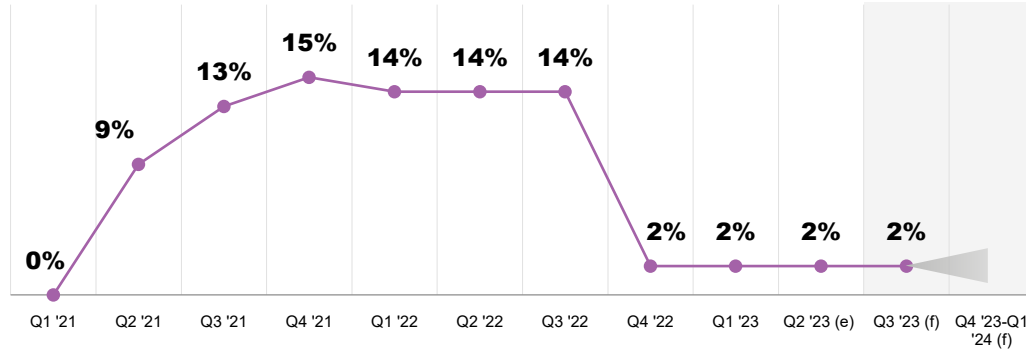
# Japan – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
81,667	81,667	↔ 0%	↔ 0%

Price change comparison against Q1 2021

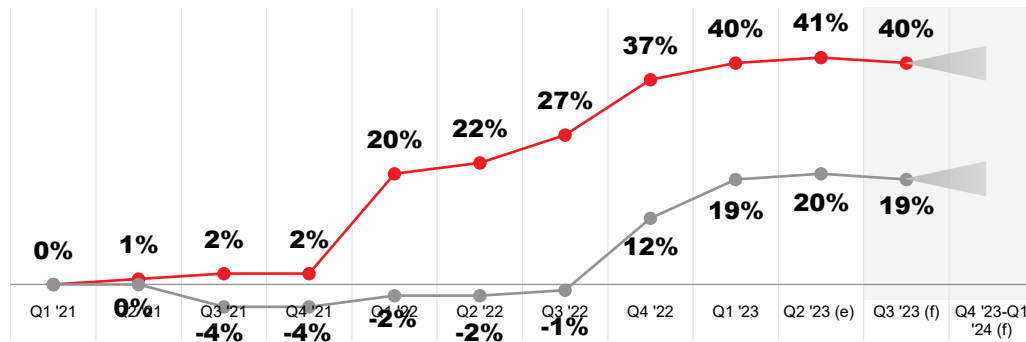


- Having fallen in late 2022 from previous highs, limestone prices have remained stable in recent quarters
- Prices did, however, remain higher than their Q1 2021 levels, being up by 2.3% in Q2 2023
- Limestone prices are projected to remain around their current levels in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>14,947</b>	<b>14,900</b>	<b>↑ 0.4%</b>	<b>↓ -0.3%</b>
<b>● Cement (JPY/mt)</b>			
<b>18,336</b>	<b>18,223</b>	<b>↑ 0.4%</b>	<b>↓ -0.6%</b>
<b>● Concrete (JPY/m³)</b>			

Price change comparison against Q1 2021



- Cement and concrete prices remained relatively stable in Q2 2023, with both recording only a marginal increase of 0.4% in comparison to Q1 2023
- In comparison to Q1 2021 however, concrete prices up 19.6% and cement prices up 40.7%
- Prices are expected to remain around their current levels in the coming quarters, moderated by softer demand from the construction sector, due to increased interest rates and the general slowing of economic activity

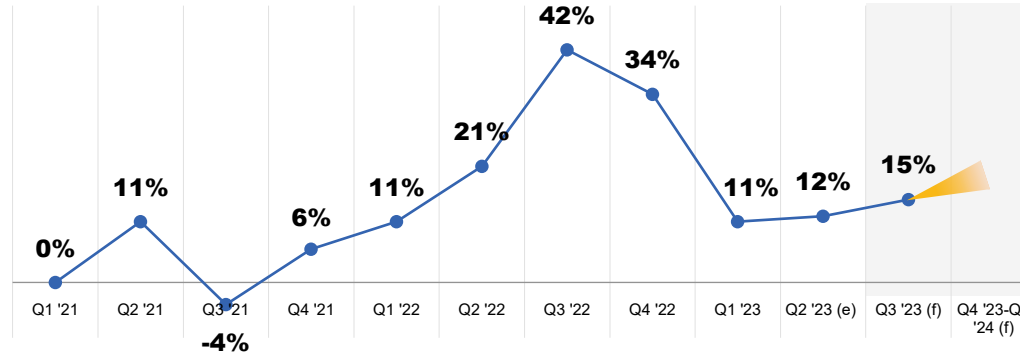
# Japan – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
96,500	98,789	↑ 0.9%	↑ 2.4%

Price change comparison against Q1 2021



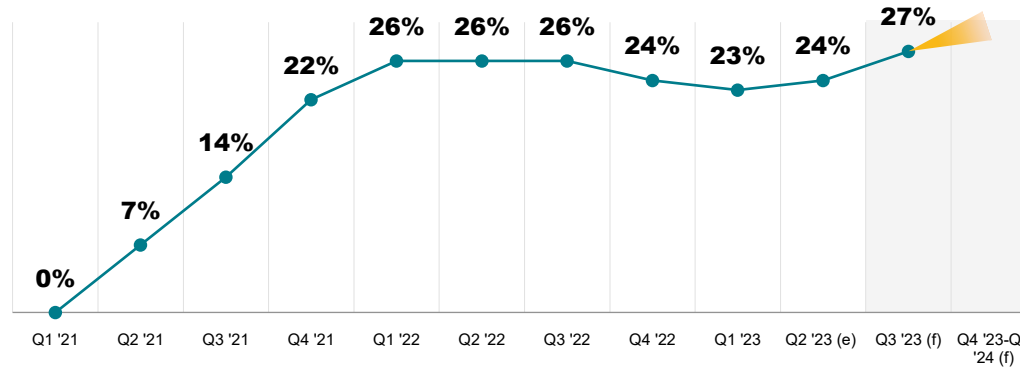
- Asphalt prices rose marginally in Q2 2023, driven in part by the weakening of the yen during the quarter and the phasing out of government oil subsidies in June 2023
- Asphalt prices are expected to continue to rise in the third quarter of this year, despite the strengthening of the yen, due to the progressive phasing out of subsidies to oil wholesalers. Spending on road infrastructure is also set to edge upwards



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
149	152	↑ 0.6%	↑ 2.1%

Price change comparison against Q1 2021



- Diesel prices edged up marginally in Q2 2023, with the depreciation of the yen and the beginning of the phased ending of the government's fuel subsidy program in June 2023
- Prices remain significantly high in comparison to their Q1 2021 levels, being 24.1% higher during the second quarter
- Prices are expected to continue to rise in Q3 2023, with fuel subsidies ending, but a stronger yen will help to moderate this increase

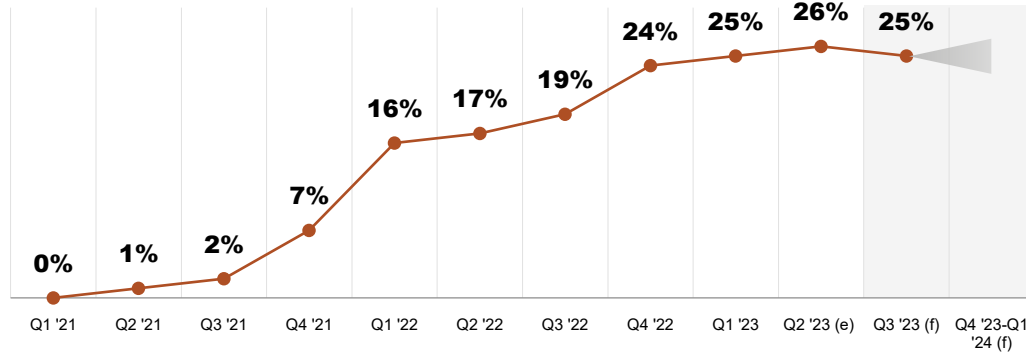
# Japan – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (JPY/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
136,694	135,711	↑ 0.5%	↓ -0.7%

Price change comparison against Q1 2021



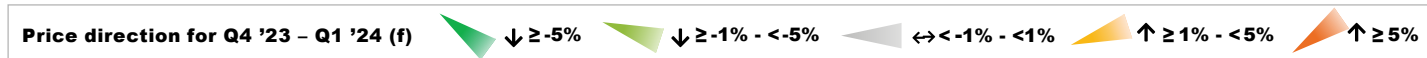
- Brick prices rose marginally in Q2 2023, recording an increase of 0.5% QoQ during the quarter
- In comparison to their prices in Q1 2021, brick prices were 25.5% higher in Q2 2023.
- Rising energy costs as government subsidies come to an end are expected to contribute to upward pressure on costs. However, this is expected to be offset by subdued demand from construction sector, keeping prices relatively stable in the second half of this year

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% - <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre



# Japan – Industry trends

## Sector trends



### Data Centres

The data centre market in Japan is rapidly growing, due to an increase in cloud adoption, high internet penetration and boosted by government funds dedicated to research in 6G communications systems. Improved submarine and inland connectivity is further supporting the sector's expansion. The market is expected to witness substantial growth, with a projected increase in value from JPY 2.1 tn in 2018 to JPY 3.7 tn in 2023, and a further rise to JPY 4.4 tn in 2027, according to Fuji Chimera Research Institute. While Greater Tokyo and Osaka remain the preferred data centre locations, the government is now promoting other regions such as Hokkaido and Kyushu.



### Life Sciences

Japan's biotechnology and pharmaceutical market is one of most prominent in APAC. The government has taken several initiatives such as tax breaks and financing for R&D to promote the sector. The Life Sciences sector in Japan is expected to expand due to an ageing population and rapid digitisation and as such, is attracting investments from international investors. Mirroring global trends, in 2021 US and European venture investors brought in US\$98mn worth of biopharma deals - almost triple the deals in 2019 and 2020.<sup>1</sup>



### High-tech Industrial

The Japanese government plans to boost semiconductor production by offering subsidies to attract global chip manufacturers. In October 2022, they announced plans to establish new semiconductor and battery factories. They have also allocated JPY 450bn (US\$373.1 mn) for semiconductor production, and JPY 6 tn (US\$49.8bn) for clean energy vehicles and research and development in the budget for 2023.

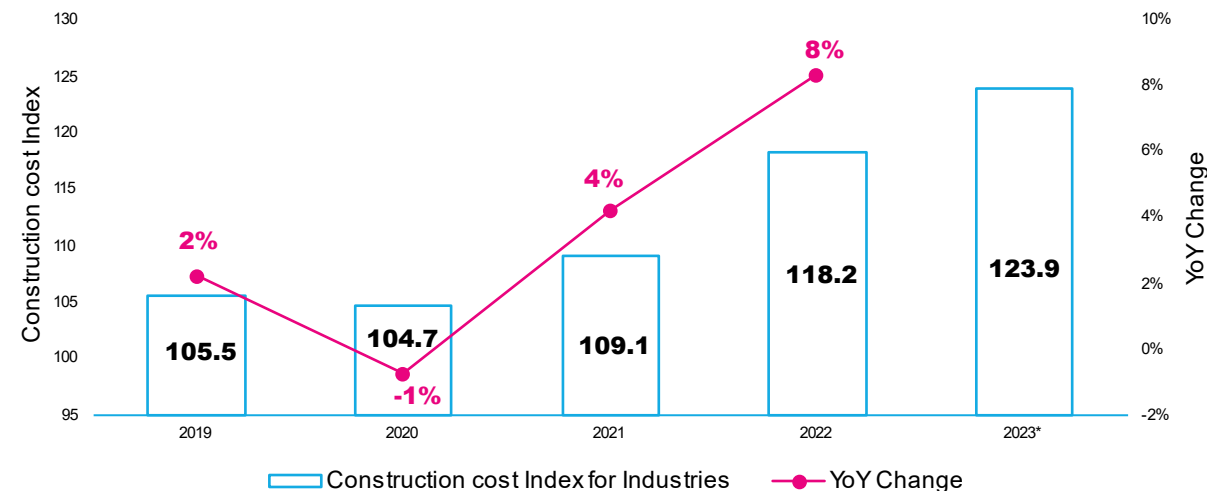


### Renewable Energy

Japan aims to generate 36-38% of its power from renewables by 2030 and achieve carbon neutrality by 2050. There has been a focus on offshore wind power as a sustainable energy source. One of the notable projects include offshore windfarm in Fukuoka, with 220 MW capacity.



## Construction price Index (CPI) for Industries\*\*



\*\*QoQ Change in CPI on annual basis

\*Average taken from Jan-23 to June-23

YoY Change (June-22 to June-23) - 6.27%



# Japan – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Japan

For Japan, sources for this report include, but are not limited to: IMF

- Japan Industrial Safety and Health Association
- Statistics Bureau of Japan
- GlobalData's Construction Intelligence Center (CIC)
- Bank of Japan (BOJ)
- Construction Prices Research Institute
- Statista
- Economic Research Institute
- Ministry of Land, Infrastructure, Transport and Tourism
- 1- labiotech.eu

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.

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# Singapore Country Commodity Report

**Q2 2023**



# Singapore

## Q2 2023

Singapore's economy grew by 0.7% in Q2 2023 on a YoY basis, faster than the 0.4% growth in Q1 2023. Inflation is showing signs of moderation but still elevated.

The construction sector grew by 6.6% since Q2 2022, led by an expansion of output in both public and private sectors. With the exception of the manufacturing sector, all construction sectors experienced growth. Interest rates are still affecting the profitability of construction sector, however, there is a positive outlook as some commodity prices are expected to stabilize.

Labour shortages in the industry are gradually improving, but still presents challenges. Although the job vacancy rate in the construction sector decreased to 2.4% in Q1 2023 from 4.5% in Q1 2022, it remains almost twice as high as pre-COVID levels. Adopting digital technologies and fostering a collaborative approach can assist in navigating the existing challenges within the industry.

There is a continued focus by the Building Construction Authority (BCA) on sustainable practices and the authority is implementing regulations related to use of prefabrication elements, decarbonisation, redevelopment and environmental protection and management at construction sites.



**Michael Murphy**  
Director - South East Asia



## Key Indicators

### GDP

**Grew by 0.7% on Q2 2023 YoY (advanced estimates)**



- YoY GDP growth in Q2 2023 was faster than the growth of 0.4% recorded in Q1 2023
- On a QoQ basis, the economy expanded by 0.3%, a reversal from the 0.4% contraction in the previous quarter

### CPI

**Rose to 5.1% YoY in May 2023, the lowest rate since early July 2022**



- Decline in inflation was attributed to a fall in food, services and private transportation sectors
- The Monetary Authority of Singapore (MAS) expects inflation to moderate further in H2 2023

### Construction output

**Expected to expand by 5.4% in real terms in 2023**



- Growth is being driven by investments in renewable energy, transport, housing and industrial projects
- Commercial sector is likely to witness the maximum growth of 17.6% in real terms

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -2%	↓ -6%	↓ -2%	Prices have moderated in recent quarters but will remain volatile
<b>Steel rebar (raw)</b>	↓ -25%	↑ 1%	↑ 1%	Marginal quarterly increase in prices, expected to remain stable
<b>Cement</b>	↑ 3%	↔ 0%	↔ 0%	Prices edging up marginally on a QoQ basis, and likely to remain stable
<b>Lumber</b>	↑ 4%	↔ 0%	↔ 0%	Prices continue to remain flat on a QoQ basis

(e) - estimate (f) - forecast

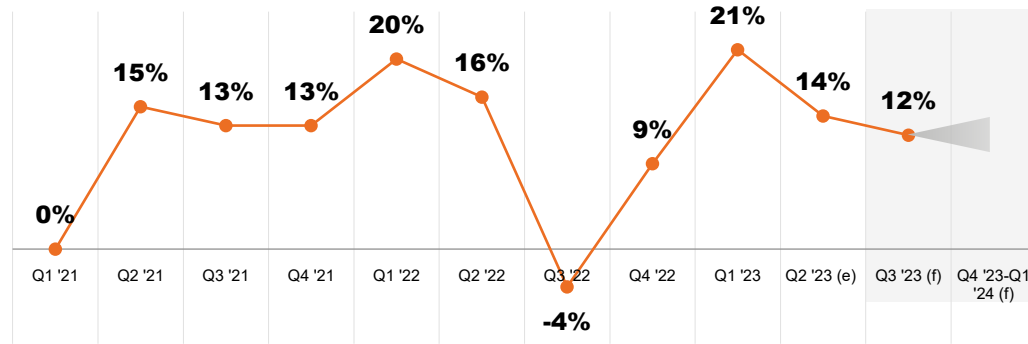
# Singapore – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$12,860	S\$12,664	↓ -6.3%	↓ -1.5%

Price change comparison against Q1 2021

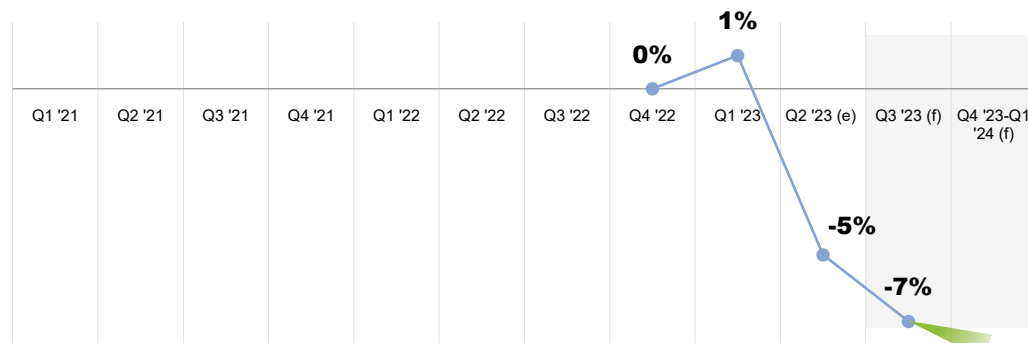


- Copper prices in Singapore moderated in the second quarter of this year, with a 6.3% QoQ fall in prices in Q2 2023
- Prices did, however, rise in June 2023, up 2% from May 2023, the first monthly increase this year
- Prices will be volatile in the coming quarters, but on a quarterly average, will remain close to current levels. Potential for further stimulus in China may see some upwards pressure on prices

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Low
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$3,318	S\$3,238	↓ -5.9%	↓ -2.4%

Price change comparison against Q4 2022



- Weak global manufacturing activity, an increase in nickel output in Indonesia and falling nickel pig iron prices see stainless steel prices decline by 5.9% QoQ in Q2 2023
- With manufacturing activity expected to remain soft in the coming quarters, a further decline of approximately 2.4% is expected in Q3 2023

# Singapore – Commodity Price Trends



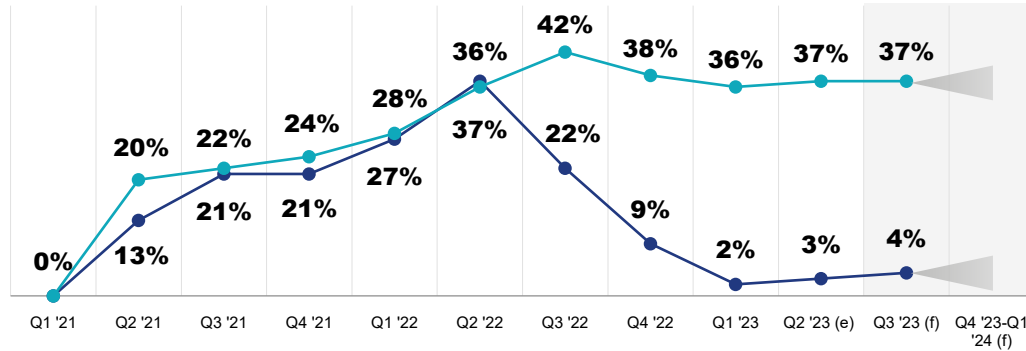
## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

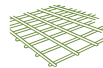
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (S\$/mt)</b>			
<b>S\$943</b>	<b>S\$949</b>	<b>↑ 0.6%</b>	<b>↑ 0.7%</b>
<b>Steel flat product (S\$/mt)</b>			
<b>S\$1,363</b>	<b>S\$1,369</b>	<b>↑ 0.3%</b>	<b>↑ 0.4%</b>

### Price change comparison against Q1 2021



- Steel prices recorded a marginal quarterly increase in Q2 2023, as seasonal construction activity strengthened
- Although edging up in Q2 2023, steel rebar prices were down by 25% year on year. However, steel-flat prices have stayed relatively high, owing to demand from other industries
- Steel rebar and flat prices are expected to remain around currently levels in the coming quarters, as domestic demand improves. However, potentially weaker global demand could see prices ease back



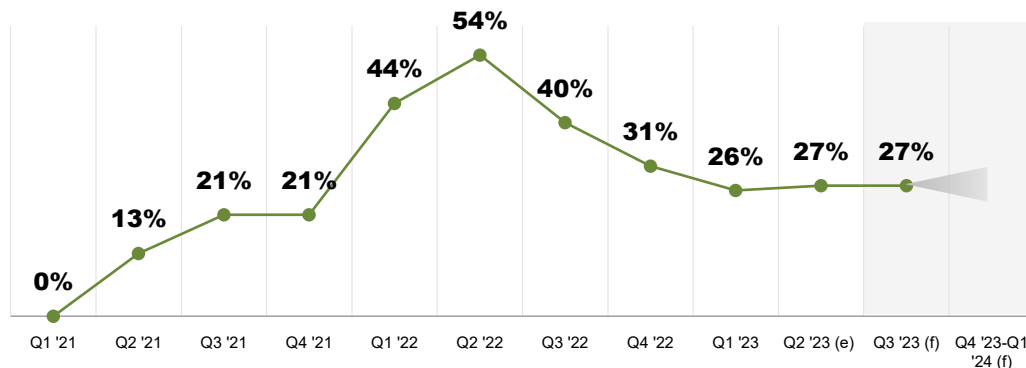
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

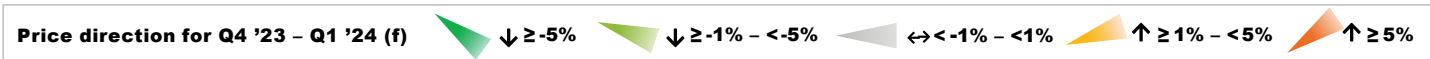
Price (S\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$12.6</b>	<b>S\$12.6</b>	<b>↑ 0.5%</b>	<b>↑ 0.4%</b>

### Price change comparison against Q1 2021



- Welded mesh prices rose by approximately 0.5% QoQ in the second quarter of this year, predominantly reflecting a similar increase in steel rebar prices
- With rebar prices expected to continue to increase in Q3 2023, welded mesh prices are projected to rise

\* 200 x 300 cm; diameter 4mm



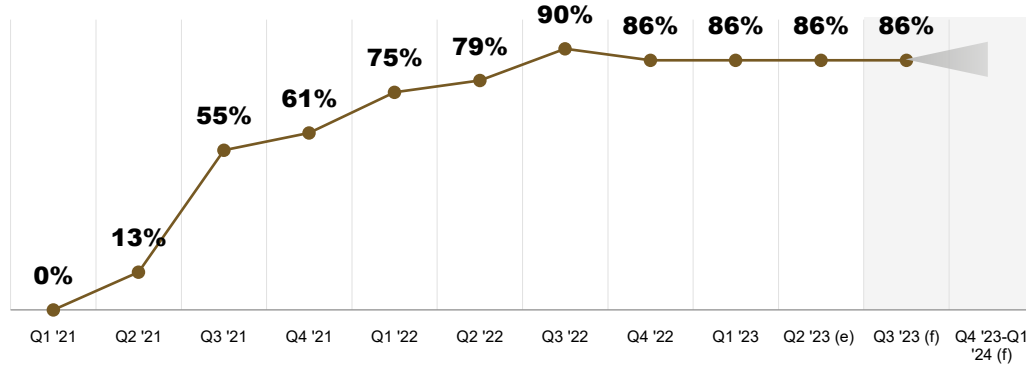
# Singapore – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (S\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$122</b>	<b>S\$122</b>	↔ 0%	↑ 0.1%

Price change comparison against Q1 2021



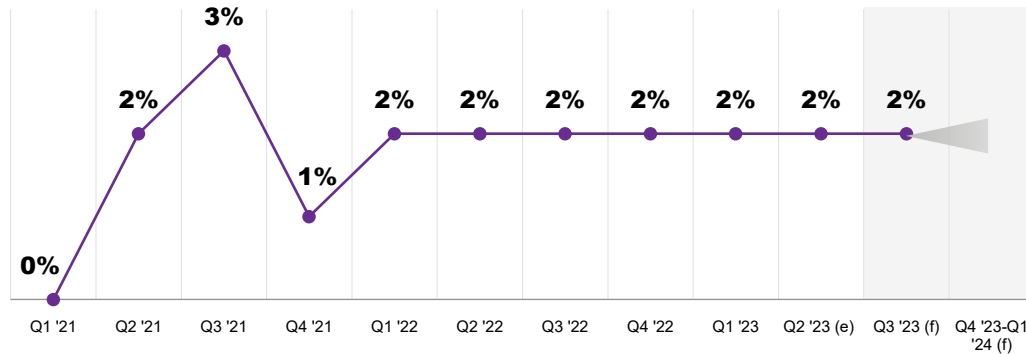
- Lumber prices remained relatively flat in the second quarter of this year, with no real change in prices seen. Prices were, however, still elevated, being approximately 3.8% higher than in Q2 2022 and 86% higher than in Q1 2021
- Prices are expected to remain close to current levels in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (S\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$9.4</b>	<b>S\$9.4</b>	↔ 0%	↔ 0%

Price change comparison against Q1 2021



- Plasterboard prices have remained stable in recent quarters, indicating a well-balanced market
- Prices are expected to remain around their current levels in Q3 2023, with the potential for price increases in the medium term, given demand may pick up quickly as construction activity continues to improve

\* 122 x 183 x 1.25 cm (L x W x T)



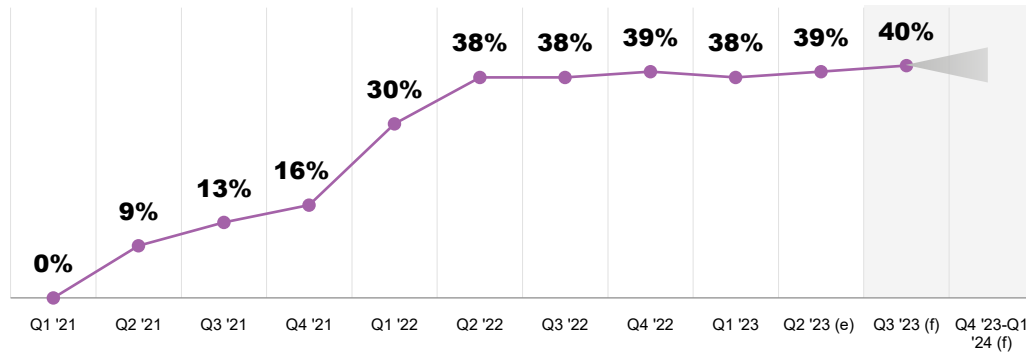
# Singapore – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$42.0</b>	<b>S\$42.1</b>	↑ 0.5%	↑ 0.3%

Price change comparison against Q1 2021

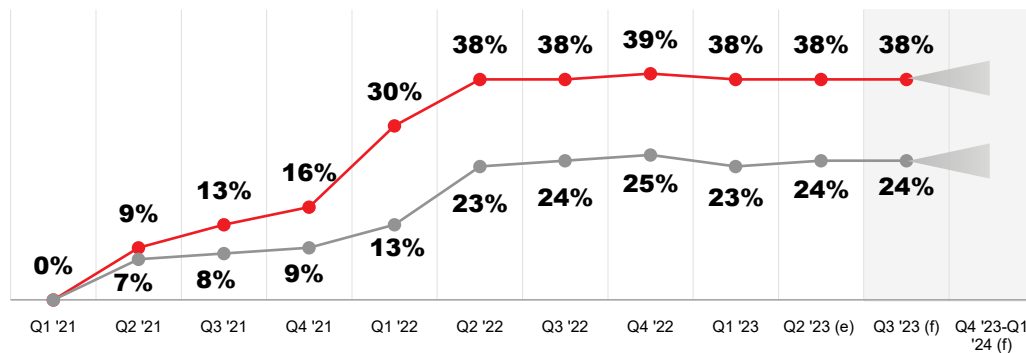


- Limestone prices remained relatively stable in the second quarter of this year, with prices estimated to have risen by a marginal 0.5%
- Though transport and production costs have eased, this has not been passed on to buyers
- Limestone prices are projected to remain around their current levels in Q3 2023, with stronger construction activity expected to contribute to an upwards pressure

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$118</b>	<b>S\$118</b>	↑ 0.1%	↔ 0%
● <b>Cement</b> (S\$/mt)			
<b>S\$118</b>	<b>S\$118</b>	↑ 0.2%	↔ 0%
● <b>Concrete</b> (S\$/m <sup>3</sup> )			

Price change comparison against Q1 2021



- Concrete and cement prices have remained high in recent quarters, with improving demand as construction activity strengthened, outweighing an easing of energy costs
- At current levels, prices for cement are 38% higher than in Q1 2021, while concrete prices are up by 24%
- Despite an easing of energy and logistics costs, higher cement prices and robust demand are expected to see prices remain elevated in the coming quarters



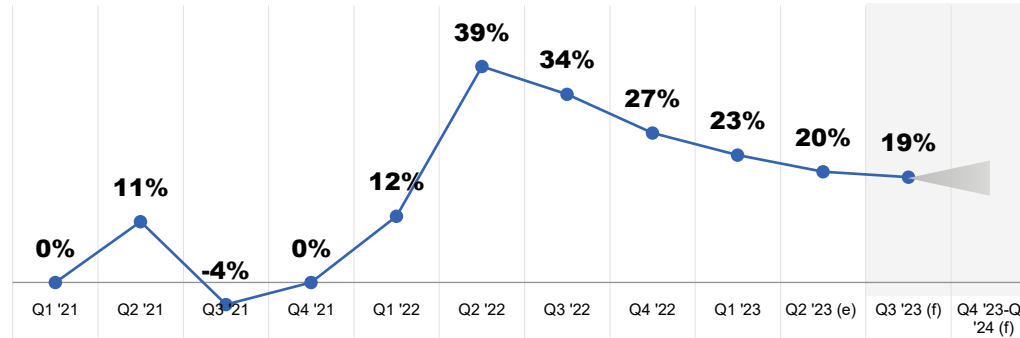
# Singapore – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$436</b>	<b>S\$433</b>	↓ -2.5%	↓ -0.7%

### Price change comparison against Q1 2021



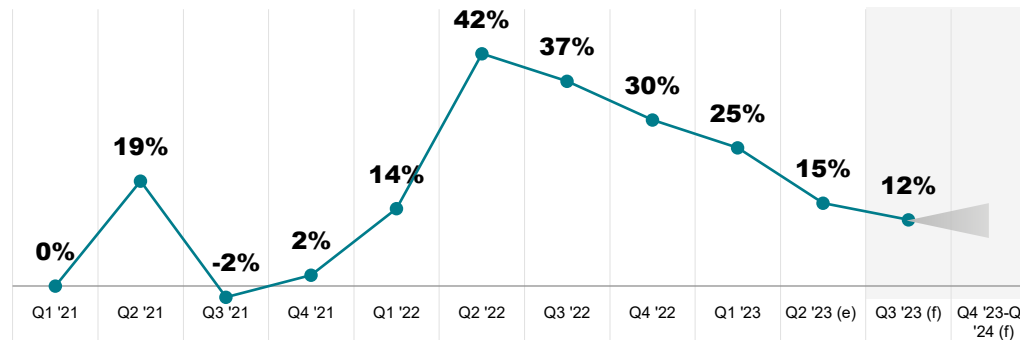
- Asphalt prices declined by approximately 2.5% in Q2 2023, compared to Q1 2023 levels
- Despite a tightening of output by OPEC+, global oil demand has continued to slow, constrained by China's faltering economic rebound
- With oil prices expected to continue fall in the coming quarters, a further decline in asphalt prices is expected in Q3 2023. However, prices will stay relatively high



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Low
Price (S\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$2.41</b>	<b>S\$2.35</b>	↓ -7.8%	↓ -2.6%

### Price change comparison against Q1 2021



- Diesel prices are estimated to have fallen by 8% QoQ in Q2 2023, a fourth successive quarter of decline since their peak in Q2 2022
- Diesel prices were down by 18.7% YoY in Q2 2023, but in comparison to Q1 2021 diesel prices remain elevated, being 15.4% higher in Q2 2023
- Despite the OPEC+ output cut, the slowing of global economic activity is expected to drive a further fall in diesel prices in Q3 2023

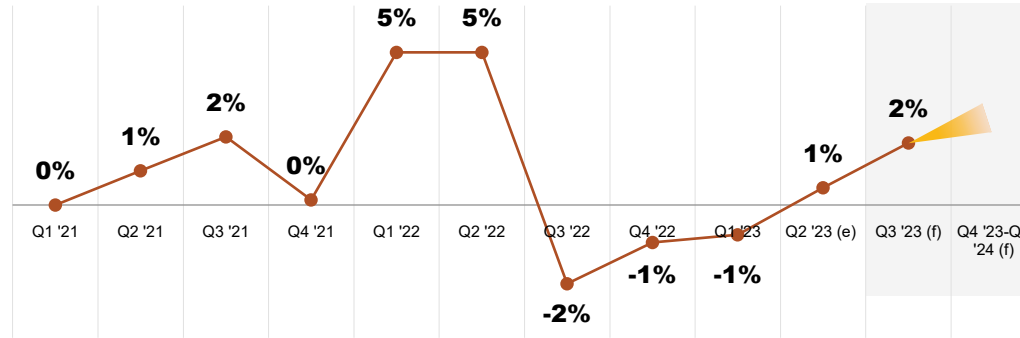
# Singapore – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (S\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$3,447	S\$3,494	↑ 1.4%	↑ 1.3%

Price change comparison against Q1 2021



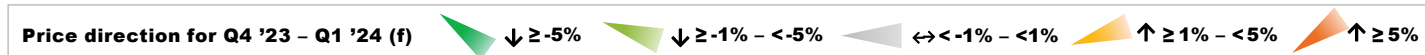
- Brick prices are estimated to have risen in the second quarter of this year, as construction activity strengthened. Brick prices increased by 1.4% QoQ in Q2 2023, though did fall 3.9% from their peak in Q2 2022
- With construction activity expected to remain robust in Q3 2023, brick demand is expected to strengthen and prices are expected to continue to rise, although falling energy costs and easing supply chain disruption will moderate this price growth

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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# Singapore – Industry trends

## Sector trends



### Data Centres

As a key data center hub in APAC, Singapore data centres had a market value of \$1.6bn in 2021 which is projected to grow at a 5-year CAGR of 16%.<sup>1</sup> After relaxing the moratorium, 4 DC operators were allocated 80 MW of capacity for new facilities, with plans for further capacity allocation to strengthen Singapore's position as a sustainable global digital hub. Additionally, Infocomm Media Development Authority (IMDA), released operating standards to optimise energy efficiency, allowing data centers to operate at 26 degrees celsius and above.



### Life Sciences

Singapore is emerging as a thriving hub for the booming life sciences industry, leading to a surge in demand for associated real estate infrastructure. With its skilled talent pool, robust logistical network, government funding, and well-developed physical infrastructure, the country maintains its competitive edge as a biomedical hub. As per Statista, the pharmaceutical sector in Singapore is expected to grow at a CAGR of 6.77%, to reach a value of \$2.2bn by 2028.



### High-tech Industrial

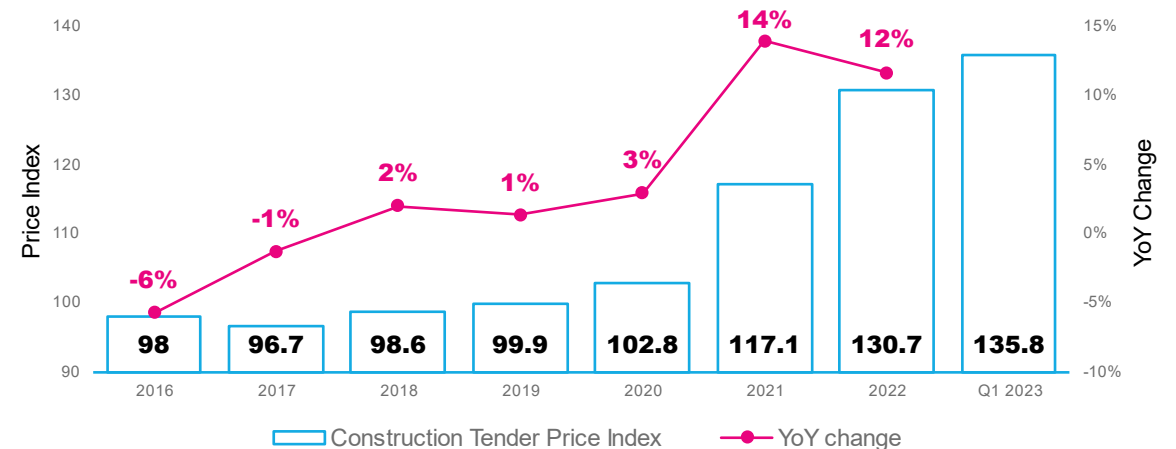
Singapore's semiconductor industry has a strategic advantage due its strong ecosystem, skilled workforce, and government support. Whilst there is a global competition in the semiconductor space due to economic and strategic reasons, Singapore attracted a record SGD22.5bn (\$16.4bn) in fixed asset investments in 2022 driven largely by electronics sector, as reported by Economic Development Board of Singapore. Amidst a downturn in the manufacturing sector caused by weak global demand, there is a glimmer of hope as the overall electronics sector's decline has started to slow down.



### Renewable Energy

With a resolute commitment to achieve net zero emissions by 2050, the Singaporean government continues to prioritise the renewable energy sector. Notable investments are being made in the wind power sector to bolster clean energy production. Moreover, the launch of the National Hydrogen Strategy in late October 2022 signifies the country's ambitious plan to have low-carbon fuel contribute up to 50% of Singapore's power needs by 2050, further solidifying its dedication to a sustainable and green future.

## BCA Construction Tender Price Index\*



\* BCA refers to Building and construction authority, (Base Year 2010 =100)

# Singapore – Report methodology



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## Primary and secondary research

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- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Singapore

For Singapore, sources for this report include, but are not limited to:

IMF

- Ministry of Trade and Industry
- Singapore Institute of Surveyors and Valuers
- BCA
- GlobalData's Construction Intelligence Center (CIC)
- Energy Market Authority Singapore
- Ministry of Manpower Singapore (Singapore Yearbook Of Manpower Statistics 2023)
- Economic Research Institute
- Economic Development Board of Singapore
- 1-Structure Research DCI Report Series (market: Singapore)

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.

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# South Korea

## Country Commodity

### Report

**Q2 2023**



# South Korea

## Q2 2023

The South Korean economy outperformed expectations in Q2 2023, with inflation also following a decelerating trajectory. Interest rates however, are still elevated which is impacting the construction industry.

Freight costs are gradually normalising and prices of key commodities like steel and copper have declined from the highs of 2022, however, prices of cement and concrete are still elevated.

The construction industry is projected to experience a marginal growth in 2023 due to a weakness in the residential sector. Major South Korean construction firms are planning to boost their overseas ventures and decrease domestic projects in 2023 to enhance profitability. This shift comes in response to escalating domestic construction costs and a slowdown in the housing market. However, investments in high-tech sectors like EV and battery manufacturing projects are steadily increasing. Despite short term challenges, the overall construction sector is expected witness growth in medium-long term.



**Garvan Barry**  
Director - North East Asia



## Key Indicators

### GDP

**Grew by 0.9% QoQ on an annual basis**



- GDP grew by 0.6% on a QoQ basis as compared to previous quarter
- Growth was faster than expected which was led by an increase in manufacturing and services sector output

### CPI

**Rose by 2.7% in June 2023 from the same month in last year**



- Inflation slowed more than expected and was lowest in the last 21 months
- Slowdown was attributed to reduction in fuel prices

### Construction output

**Expected to grow marginally by 0.8% in real terms in 2023**



- A slowdown in growth is attributed to global economic and industrial weakness, increase in inflation and high interest rates
- Growth of 3.5% is expected in the period 2024-2027 led by investments in battery and electric vehicle manufacturing sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -6%	↓ -2%	↔ 0%	Prices have declined and likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -16%	↓ -3%	↓ -1%	Prices have continued to decline
<b>Cement</b>	↑ 12%	↑ 4%	↑ 1%	Prices have continued to rise, likely to edge upwards
<b>Lumber</b>	↑ 6%	↓ -1%	↓ -2%	Prices trending downwards

(e) - estimate (f) - forecast

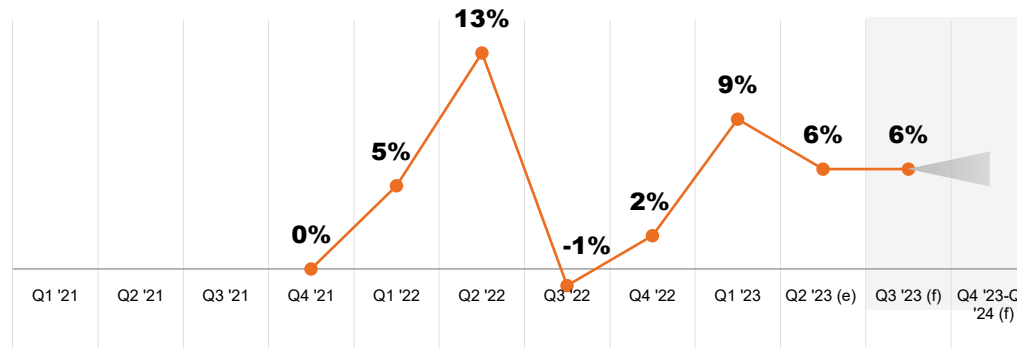
# South Korea – Commodity Price Trends



## Copper

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q2 '23 (e) - Q3 '23 (f)	Q3 '23 (f) - Q4 '23 (f)
11,151,644	11,099,089	Low	Low	-2%	-0.5%

Price change comparison against Q4 2021



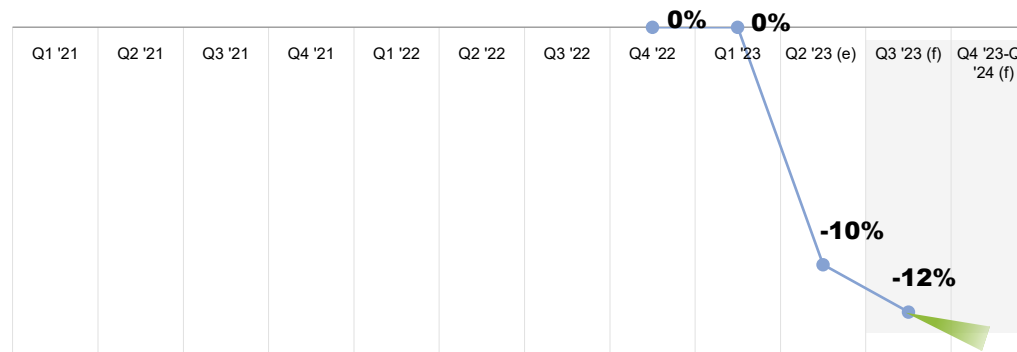
- Copper prices dropped by 2% QoQ in Q2 2023
- The fall in price was primarily due to declining demand from China and weaker market sentiment as global economic growth slowed
- Prices are expected to remain at current levels on a quarterly average basis in the short term, given ongoing weakness on the demand side



## Stainless Steel

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q2 '23 (e) - Q3 '23 (f)	Q3 '23 (f) - Q4 '23 (f)
1,645,707	1,609,595	Moderate	Moderate	-10%	-2.2%

Price change comparison against Q4 2022



- Stainless steel prices dropped by 10% QoQ in Q2 2023, driven down by declining nickel and nickel pig iron prices and a softening of demand as global manufacturing output slumped
- With steel manufacturer POSCO freezing its prices in June 2023, prices will remain close to current levels in the short term, however with weak end-user demand and further weakness in key inputs, price is expected to decline further in the coming quarters



# South Korea – Commodity Price Trends



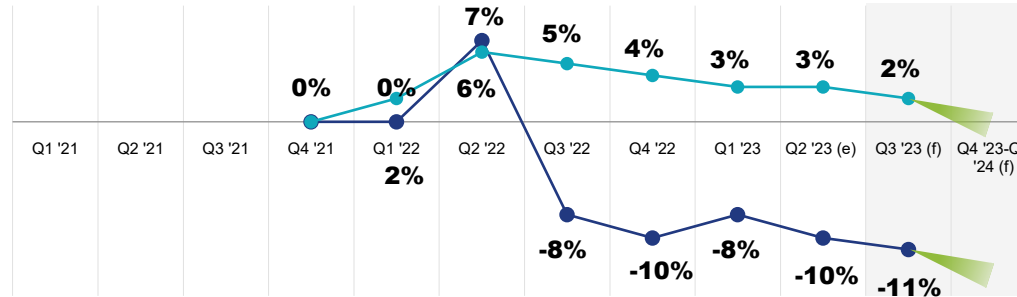
## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

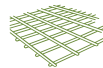
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (KRW/mt)</b>			
931,915	924,522	↓ -2.6%	↓ -0.8%
<b>Steel flat product (KRW/mt)</b>			
971,771	968,263	↓ -0.7%	↓ -0.4%

Price change comparison against Q4 2021



- Steel prices have continued on a general downward trend, with steel rebar prices dropping in Q2 2023 by 2.6% QoQ and steel flat prices by a more marginal 0.7%
- Comparatively weaker demand from the construction sector amid high interest rates and a slowing economy is expected to keep demand for steel soft in the short term, although demand from the automobile manufacturing sector will moderate the decline in steel flat prices



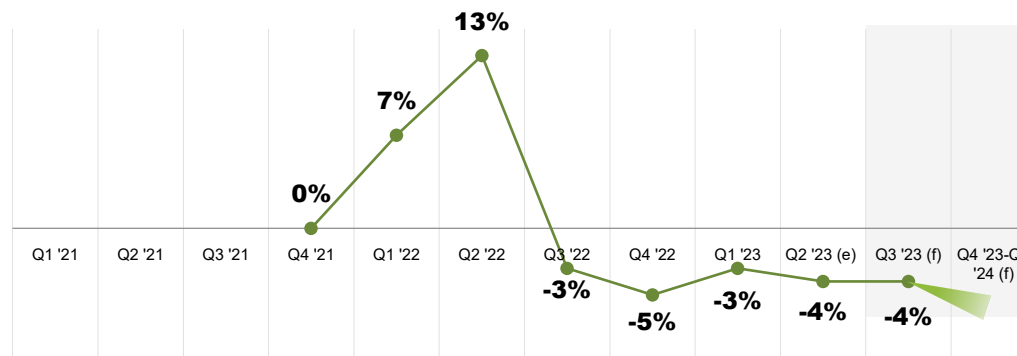
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Low	Low

Price (KRW/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
7,957	7,932	↓ -1.1%	↓ -0.3%

Price change comparison against Q4 2021



- Steel mesh prices have been relatively stable in recent quarters, and in comparison, to Q4 2021, steel mesh prices were 4.1% lower in Q2 2023
- With steel rebar prices declining and demand from the building construction sector relatively soft, the price of steel mesh is expected to continue to fall in the second half of this year

\* 100 x 200 cm; diameter 5mm

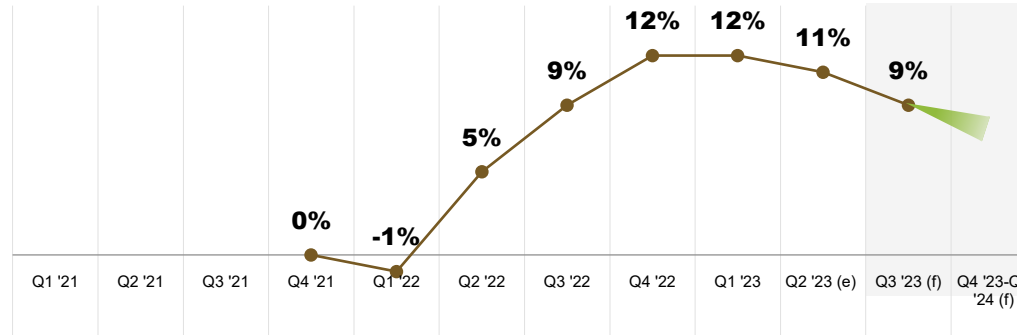
# South Korea – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (KRW/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
367,738	361,000	↓ -0.9%	↓ -1.8%

### Price change comparison against Q4 2021



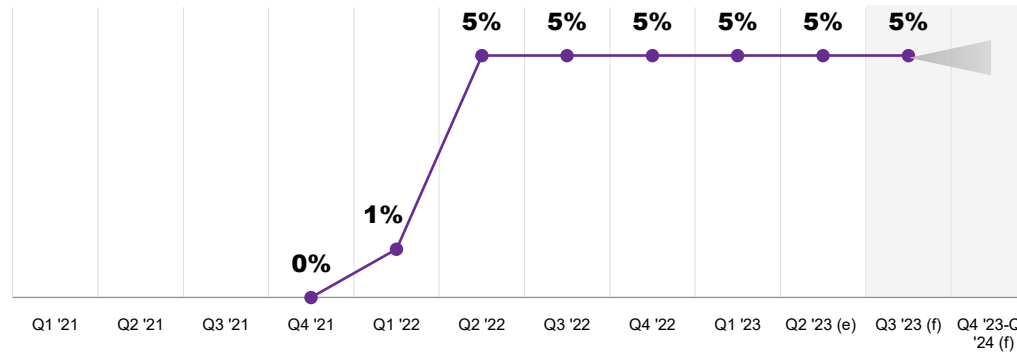
- Lumber prices have fallen back marginally from recent highs, recording a decline of 1% QoQ in Q2 2023
- Weak demand from the residential construction sector, which is expected to record only marginal growth this year, is expected to keep lumber prices trending downwards in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (KRW/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
4,125	4,125	↔ 0%	↔ 0%

### Price change comparison against Q4 2021



- Weak demand from the building construction sector has contained upward pressure on plasterboard prices, which has been stable in recent quarters
- Prices were, however, still up by 5% in comparison to Q4 2021
- Building construction activity will remain sluggish in the coming quarters, keeping the price of plasterboard close to current levels

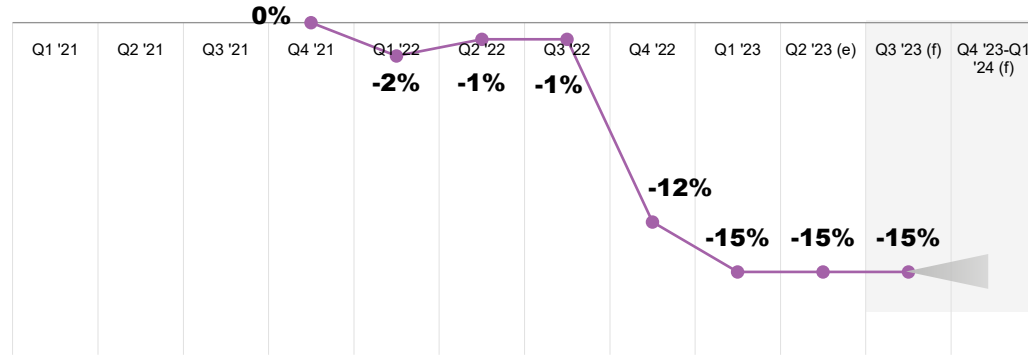
\* 90 x 180 x 1.2 cm (L x W x T)

# South Korea – Commodity Price Trends

## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (KRW/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
825,833	825,833	↔ 0%	↔ 0%

Price change comparison against Q4 2021



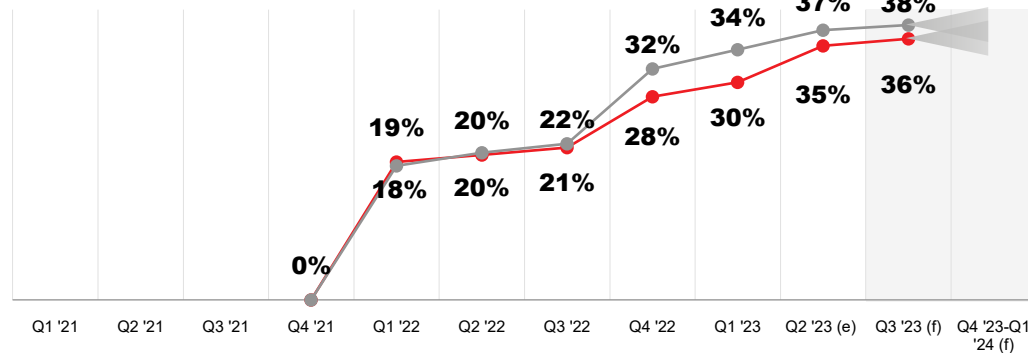
- The price of limestone is estimated to have remained stable in Q2 2023, having dropped back in late 2022
- With construction demand being sluggish, limestone prices are expected to remain close to current low levels in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>420,081</b>	<b>423,695</b>	<b>↑ 4.0%</b>	<b>↑ 0.9%</b>
<b>162,798</b>	<b>163,612</b>	<b>↑ 2.0%</b>	<b>↑ 0.5%</b>

● **Cement** (KRW/mt)  
● **Concrete** (KRW/m<sup>3</sup>)

Price change comparison against Q4 2021



- Owing to high production costs, cement and concrete prices continued to rise in Q2 2023
- The upward trend reflects KEPCO's increase of electricity rates in H1 2023 with major cement producers citing higher electricity rates as a reason for the rise. Prices will remain high in the short term, however the Ministry of Trade, Industry, and Energy is urging cement manufacturers to prioritize price stabilisation
- Weaker demand will also help in levelling off the price

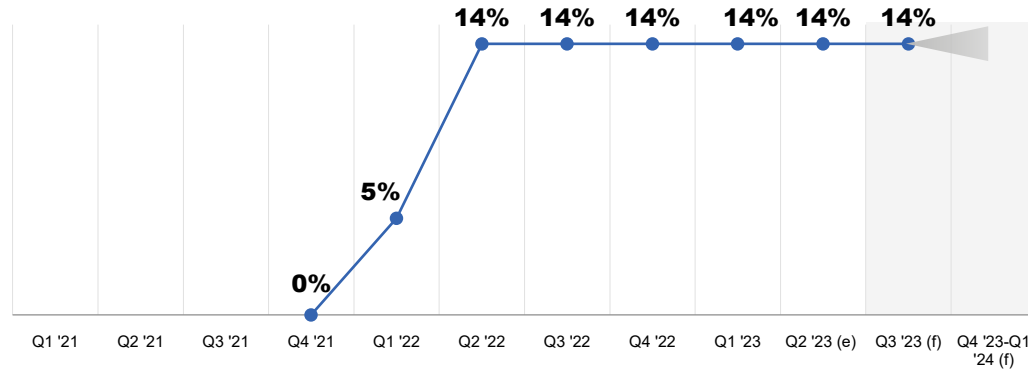
# South Korea – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (KRW/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
66,200	66,200	↔ 0%	↔ 0%

Price change comparison against Q4 2021



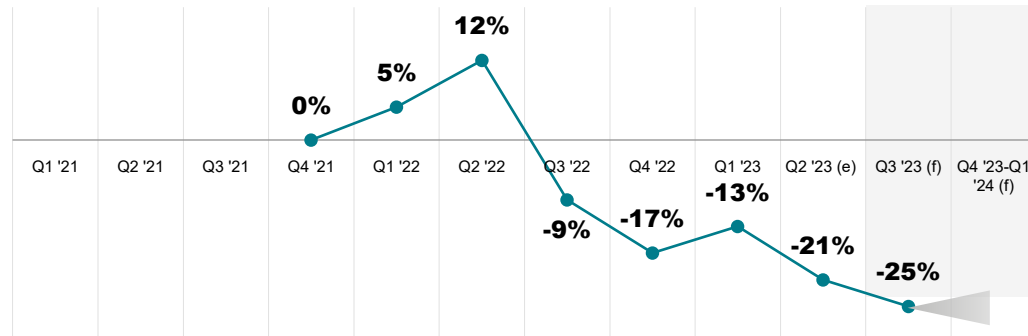
- Asphalt prices remained stable in Q2 2023, recording no notable change to Q1 2023 levels
- Prices are expected to remain around current level in the coming quarters, with lower crude oil prices offset by robust demand from the road construction sector
- The Korea Motorway Corporation's Motorway Construction Promotion Plan, 2023, involves a total investment of \$4.7 billion for the development of a 150km motorway



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (KRW/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,467	1,402	↓ -8.8%	↓ -4.5%

Price change comparison against Q4 2021



- Diesel prices decreased by 9% QoQ in Q2 2023, continuing a general downward trend since Q2 2022
- Prices fell sharply through the quarter, dropping by 5.3% MoM in June 2023, following a 4.1% decline in May and a 0.3% fall in April 2023
- Diesel prices are expected to continue to decline in Q3 2023. However, with OPEC+ nations extending crude oil production cuts into 2024, prices will then remain relatively stable

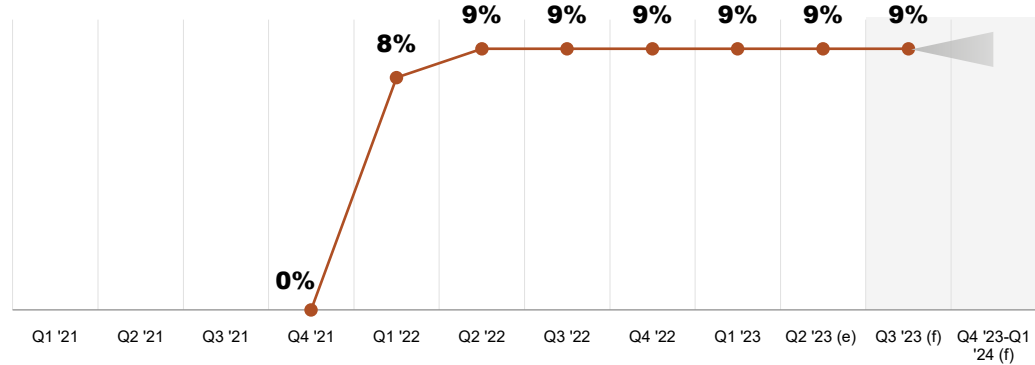
# South Korea – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (KRW/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
650,000	650,000	↔ 0%	↔ 0%

Price change comparison against Q4 2021



- Brick prices have remained stable in recent quarters, but at a high level relative to Q4 2021
- Higher interest rates, sluggish economic growth and elevated rates of inflation have kept construction activity relatively moderate, containing upward pressure
- Brick prices are expected to remain at their current levels in the second half of this year

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre

# South Korea – Industry trends

## Sector trends



### Data Centres

The Korean data centre market, previously dominated by local players, is now attracting international investors due to its digital progression, growing cloud adoption, and a flourishing gaming and media industry, supported by robust connectivity. The Seoul Metropolitan region serves as the primary hub for data centres in the country. There are more than \$13bn worth of data centre projects in the pipeline with 70% of the projects (by value) in planning stage.



### Life Sciences

The life science industry in South Korea has experienced rapid growth in recent years, supported by various initiatives to enhance research, development, and commercial activities in the sector. As per a report by biotechgate, in 2021, the industry received a VC funding of US\$228 mn. Songdo International City is an established bio cluster while regions like Pangyo Techno Valley, Osong High-tch medial complex, Kmedi-hub are supporting R&D activities.



### High-tech Industrial

South Korea is known for its technology-oriented manufacturing industry. It is one of the world's leading players in the memory chip market and EV manufacturing sector. To boost the battery manufacturing sector, the South Korean government recently announced a US\$15bn funding initiative to support advanced battery technologies, including solid state batteries.

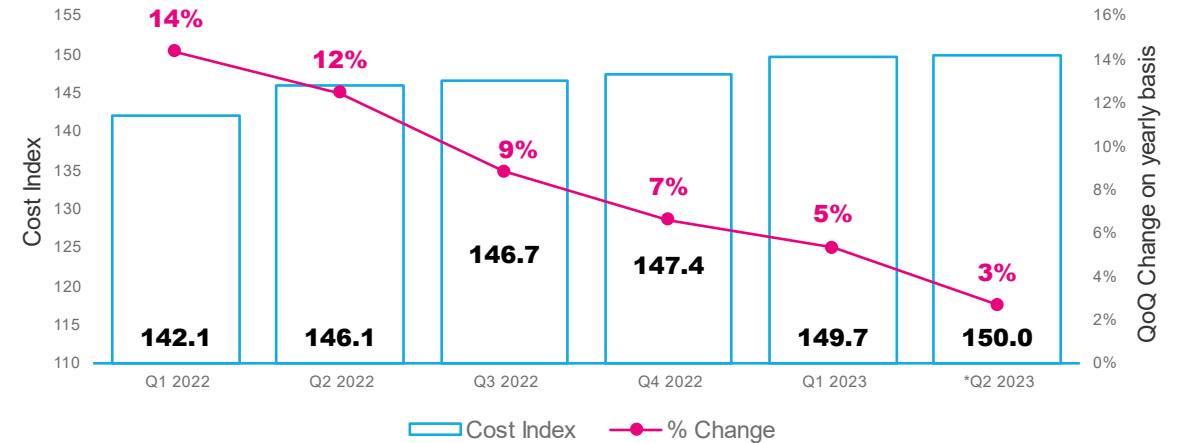


### Renewable Energy

The South Korean government is committed to substantially increasing the share of renewable energy as a percentage of the total energy generation in the country. The government has a target to reduce greenhouse gas emissions by 40% from 2018 levels by 2023, and achieving carbon neutrality by 2050. The Ministry of Industry, Trade, and Energy (MoI TE) has set new goals to escalate renewable energy generation from 9% in 2021 to 21.6% in 2030 and 30.6% in 2036.



## Construction price Index (CPI) for Non-Residential\*\*



\*Average of April and May 2023 (Values for May are provisional)

\*\*Base year 2015=100,

# South Korea – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – South Korea

For South Korea, sources for this report include, but are not limited to:

- IMF
- Statistics Korea
- The Korean Statistical Information System (KOSIS)
- Bank of Korea
- Korea Institute of Civil Engineering and Building Technology (KICT)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Reuters

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# Taiwan

## Country Commodity

### Report

#### Q2 2023



# Taiwan

## Q2 2023

Following strong growth in 2021 and 2022, Taiwan's economy saw two successive quarters of negative growth in Q4 2022 and Q1 2023, due to the slowdown of exports in the global economy. Interest rates have remained high, affecting the construction sector, however, inflation is now showing signs of easing, and we are not expected to see further interest rates rises. There are overall concerns for the declining semiconductor exports, due to weak global demand and competition from developed countries with their semiconductor resilience plans. While the construction sector is projected to grow marginally, data centres and renewables attract investments from local and international players.

Labour shortage is a significant concern in the construction industry, impacting project timelines and budgets, however the government is making efforts to address it. The recent easing of restrictions on hiring migrant workers in the construction industry allows for more overseas workers. The supply chain is gradually normalising, and commodity prices are easing, with the exception of those which incurred high product cost last year, like concrete and bricks. A collaborative approach with meticulous planning can help navigate the industry's challenges.



**Garvan Barry**  
Director - North East Asia



## Key Indicators

### GDP

Contracted by 2.87% in Q1 2023 on an annual basis



- The contraction of the GDP was mainly attributed to a dip in the exports, due to weak global economic outlook
- However, private consumption grew by 6.48% in Q1 2023, and GDP growth for 2023 has still been projected to grow by 2.04%

### CPI

Grew by 1.75% in June 2023 on YoY basis



- CPI increased by 0.11% from the previous month.
- This was the lowest yearly increase in inflation since March 2021

### Construction output

Likely to expand by 0.5% in 2023 in real terms



- A slowdown in growth is attributed to high interest rates and weak demand
- The construction sector is expected to rebound at a growth rate of 3.5% from 2024 to 2027 led by investments in transport and energy infrastructure

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -10%	↓ -12%	↓ -0.5%	Prices have declined but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -17%	↓ -5%	↓ -6%	Prices continued trending downward
<b>Cement</b>	↓ -8%	↔ 0%	↓ -0.2%	Prices have stabilised, likely to edge downward
<b>Lumber</b>	↓ -2%	↔ 0%	↓ -0.2%	Prices edged downward, likely to decrease further

(e) - estimate (f) - forecast

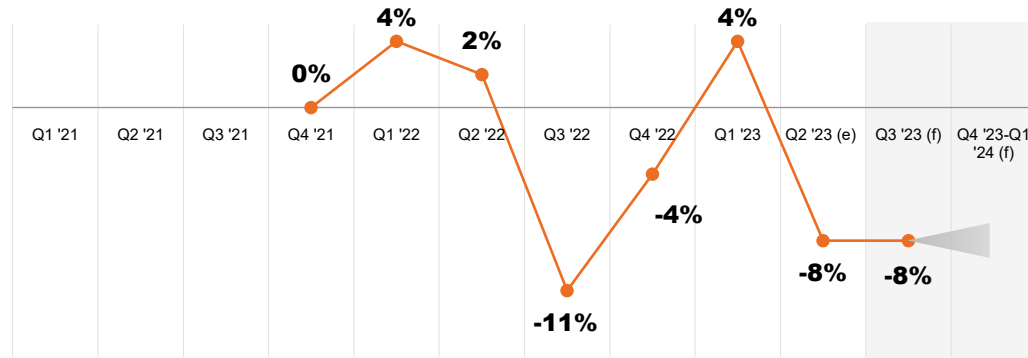
# Taiwan – Commodity Price Trends



## Copper

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$239,595	NT\$238,464	Low	Low	-11.8%	-0.5%

Price change comparison against Q4 2021



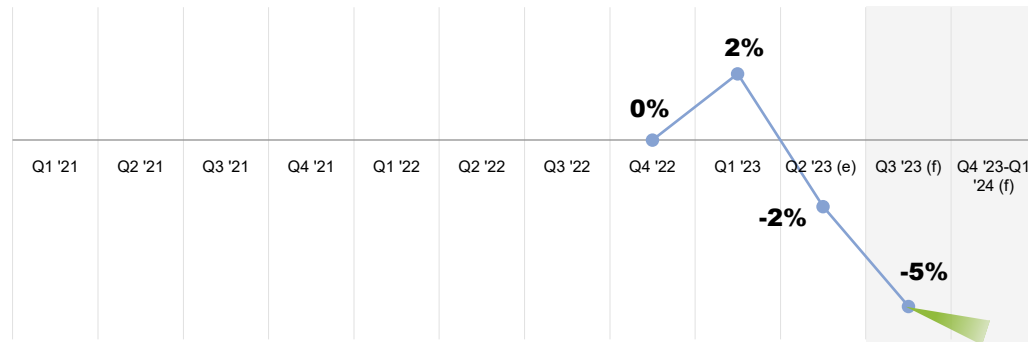
- Copper prices declined by 11.8% QoQ in the second quarter of this year
- Copper prices fell sharply in May 2023, recording a decline of 5.2% MoM, before improving in June 2023
- Prices will remain volatile, but on a quarterly average basis, prices will remain close to current levels, with weak global manufacturing activity and China's faltering economic rebound being offset by concerns over limited inventories



## Stainless Steel

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$35,374	NT\$34,447	Low	Low	-4.1%	-2.6%

Price change comparison against Q4 2022



- Stainless steel prices declined by 4% QoQ in Q2 2023, weighed down by weaker domestic and global demand
- Prices are expected to continue to fall in the second half of this year, as global demand continues to soften and increased nickel output in Indonesia sees input prices fall further
- Weak manufacturing production in China, the US and the Eurozone will further weigh on stainless demand, generating additional downwards pressure on prices

# Taiwan – Commodity Price Trends



## Steel – rebar and flat

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Low	Low	Low

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

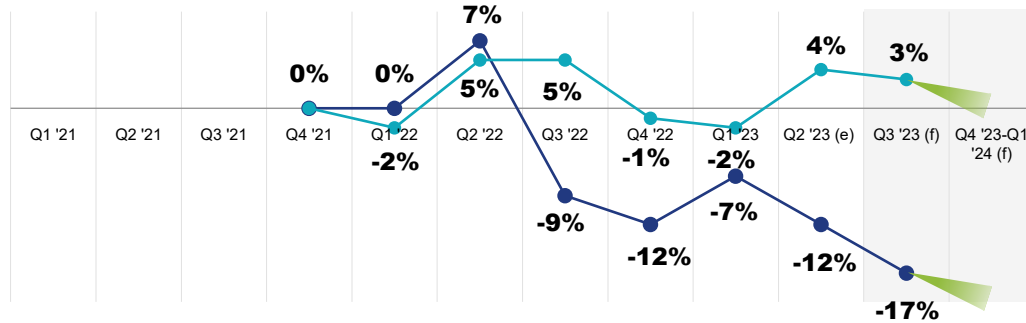
—●— **Steel rebar (raw)** (NT\$/mt)

**NT\$19,831** **NT\$18,708** ↓ **-5.3%** ↓ **-5.7%**

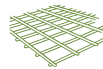
—●— **Steel flat product** (NT\$/mt)

**NT\$33,247** **NT\$32,850** ↑ **6.4%** ↓ **-1.2%**

Price change comparison against Q1 2021



- Steel flat prices rose by 6.4% QoQ in Q2 2023, while rebar prices declined by 5.3%
- China Steel Corporation (CSC) increased prices in Q2 2023, expecting higher global demand, driving up steel-flat prices but rebar prices fell due to excess supply and weak residential construction output in China
- However, with the demand recovery on hold, CSC announced cuts of up to TWD2,000 a ton for Q3 2023, causing both steel-flat and rebar prices to fall



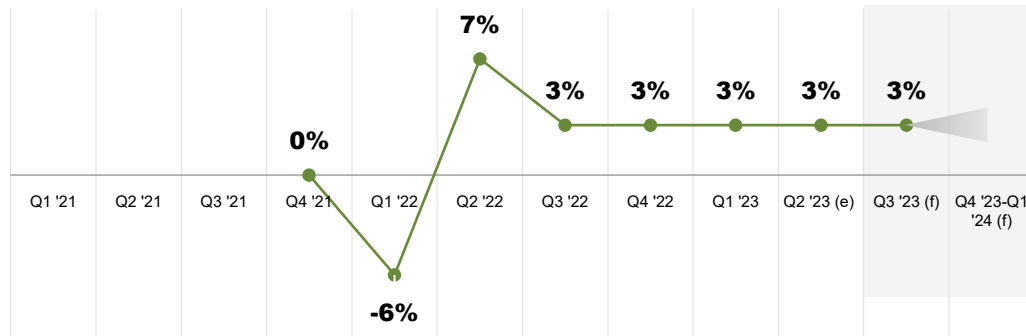
## Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Low	Low

Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>NT\$360</b>	<b>NT\$360</b>	↔ <b>0%</b>	↔ <b>0%</b>

\* 150 x 300 cm; diameter 5mm

Price change comparison against Q1 2021



- Welded mesh prices have remained flat, recording no notable change from their Q1 2023 levels in the second quarter of this year
- Falling rebar prices and weak construction activity are expected to see welded mesh prices remain around their current levels into the second half of this year

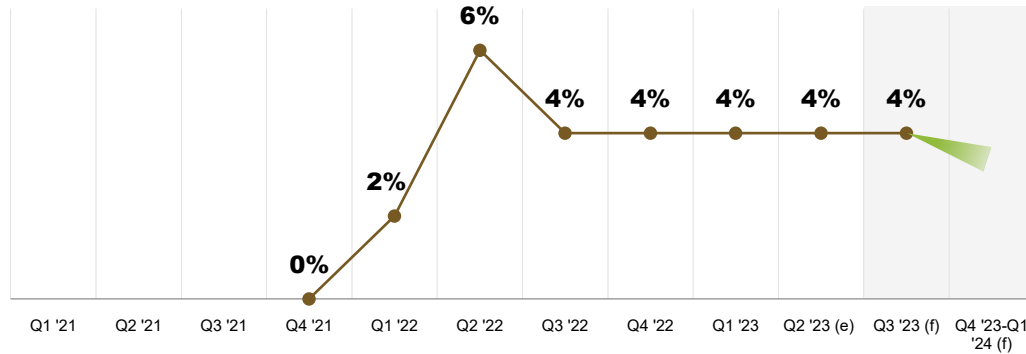
# Taiwan – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (NT\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$6,809	NT\$6,798	↓ -0.1%	↓ -0.2%

### Price change comparison against Q1 2021



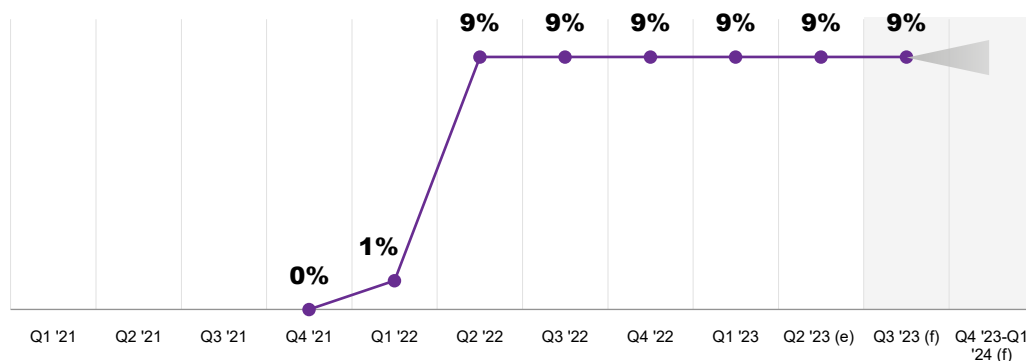
- Lumber prices remained stable in Q2 2023, recording a minor decline of 0.1% in comparison to their Q1 2023 levels
- Lumber prices remain elevated however, in comparison to Q4 2021, being approximately 4.1% higher in Q2 2023
- Comparatively softer demand from the construction sector is expected to see lumber prices continue to fall in H2 2023



## Plasterboard

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$250	NT\$250	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- The price of plasterboard is expected to remain flat in short-term owing to a softer demand from the residential construction sector
- Despite plateauing, plasterboard prices remain elevated as producers are still recovering losses incurred due to high production costs last year

\* 122 x 183 x 1.2 cm (L x W x T)

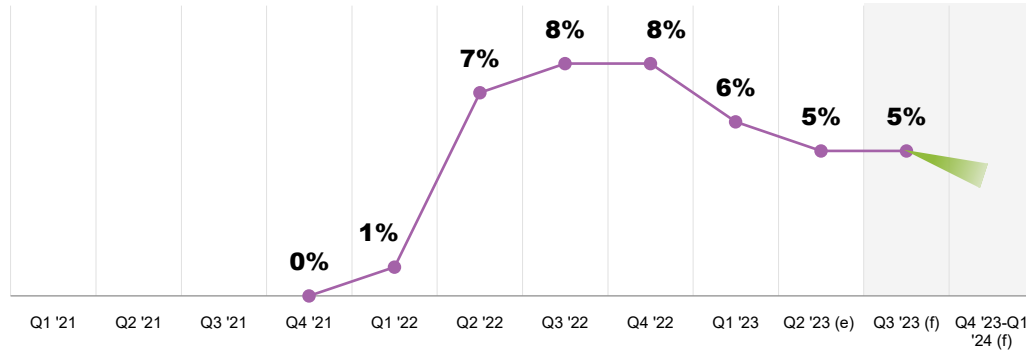
# Taiwan – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$1,809	NT\$1,794	↓ -0.5%	↓ -0.8%

Price change comparison against Q1 2021

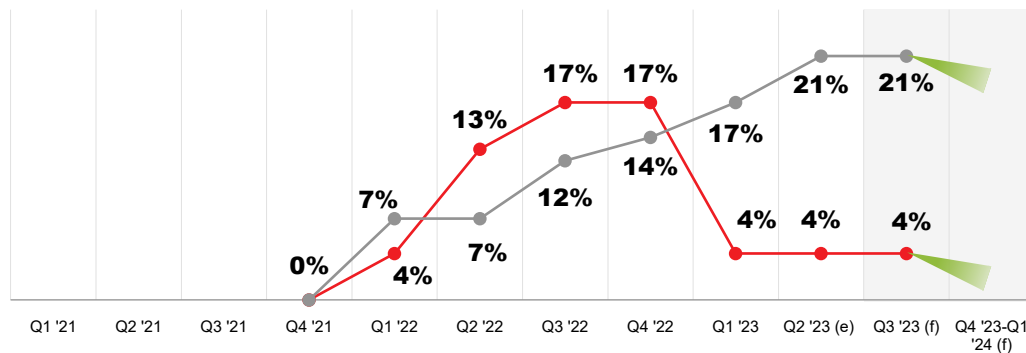


- Limestone prices recorded a third successive quarterly decline in Q2 2023, falling by 0.5% QoQ during the quarter
- Despite this decline however, prices remain elevated in comparison to their Q4 2021 levels, being 5.4% higher in Q2 2023
- Sluggish demand from the construction sector and soft economic growth is expected to see demand for limestone remain relatively weak in the second half of this year

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$3,390	NT\$3,383	↔ 0%	↓ -0.2%
●— Cement (NT\$/mt)			
NT\$1,801	NT\$1,808	↑ 3.6%	↑ 0.3%
●— Concrete (NT\$/m³)			

Price change comparison against Q1 2021



- In Q2 2023, cement prices remained stable, recording no notable change in price. In contrast, concrete prices picked up by 3.6% QoQ during the quarter
- Despite the recent declines in cement prices, concrete prices continued to rise in Q2 2023, with manufacturers reluctant to pass on the fall in input costs. Though with growth in construction activity expected to be relatively weak this year, with residential construction set to contract, concrete prices are expected to moderate

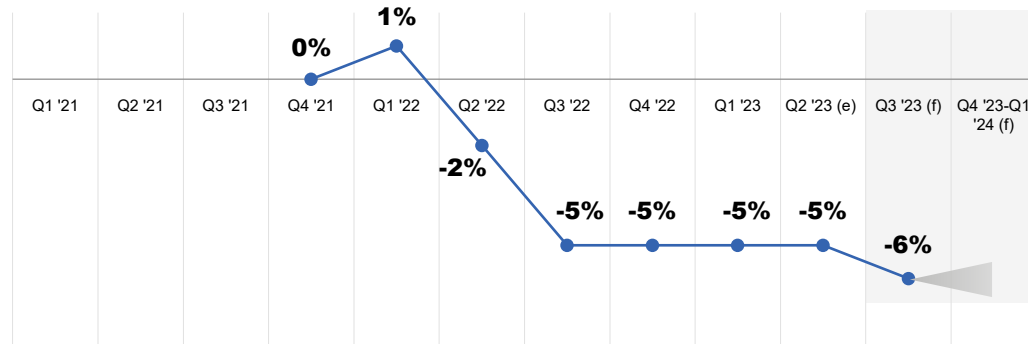
# Taiwan – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$13,070	NT\$13,057	↓ -0.8%	↓ -0.1%

Price change comparison against Q4 2021



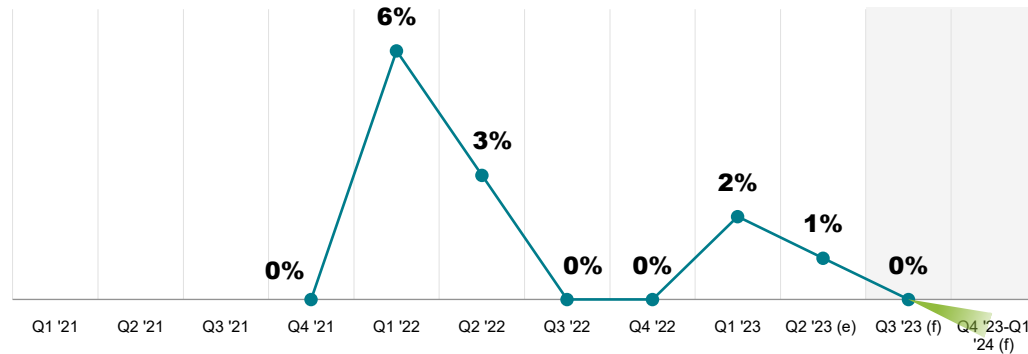
- Asphalt prices continued to decline, registering a quarterly fall of 0.8%
- In comparison to its price in Q4 2021, the price of asphalt is estimated to have been 5.5% lower in Q2 2023
- Prices are expected to continue to decline in the second half of this year, with global oil demand anticipated to remain soft



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$27.27	NT\$26.95	↓ -0.8%	↓ -1.2%

Price change comparison against Q4 2021



- Diesel prices declined by around 1% QoQ in Q2 2023, with weak global oil demand contributing to the drop in prices. Prices are expected to remain relatively low in accordance with the government's requirement that fuel prices in Taiwan remain lower than those in neighbouring economies
- While prices are expected to continue to fall in H2 as global oil demand remains weak, the extension of OPEC+ output cuts through 2024 and Saudi Arabia's additional 1 million bpd output cut from July 2023 will moderate this decline

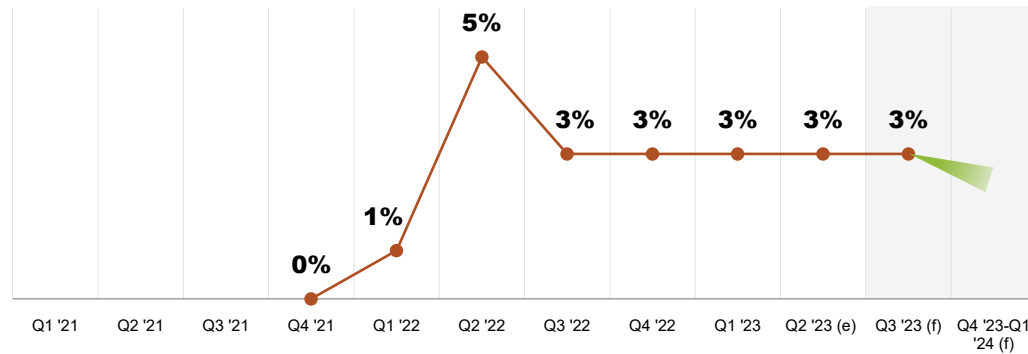
# Taiwan – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (NT\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$17,505	NT\$17,467	↓ -0.2%	↓ -0.2%

Price change comparison against Q4 2021



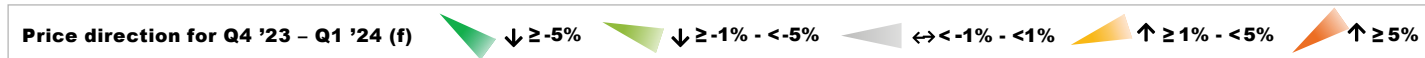
- Brick prices are expected to have declined marginally by 0.2% in Q2 2023, with soft demand as construction activity weakened weighing on prices during the quarter
- With construction industry growth projected to be relatively marginal this year, brick demand is expected to ease, with prices edging down from their current levels in the second half of this year

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% - <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries. Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre





# Taiwan – Industry trends

## Sector trends



### Data Centres

Taiwan is among the fastest-growing data centre markets in Asia-Pacific, driven by cloud adoption, digitalization, and enhanced fibre connectivity. The government's launch of the AI Centre for Excellence is expected to further boost data traffic and demand for data centres. There is a strong emphasis on renewable energy and Corporate Power Purchase Agreements (CPPA) in this sector. There are approximately \$3bn worth of data centre projects in the pipeline.



### Life Sciences

Taiwan is emerging as a prominent destination for life sciences in the APAC region. The biotech industry is a key focus for the Taiwanese government, actively promoting it to strengthen international partnerships and expand export services. As per a report by Biotechgate, in 2022, life sciences companies received \$53million in venture capital funding, following \$103mn in 2021.



### High-tech Industrial

Taiwan is a leading player in the semiconductor industry, however competition is rising due to other economies setting up chip manufacturing. To maintain competitiveness, Taiwanese companies are focusing on R&D, supported by government initiatives to improve external demand. Additionally, Taiwan's rapid push in renewables has created a growing battery market.

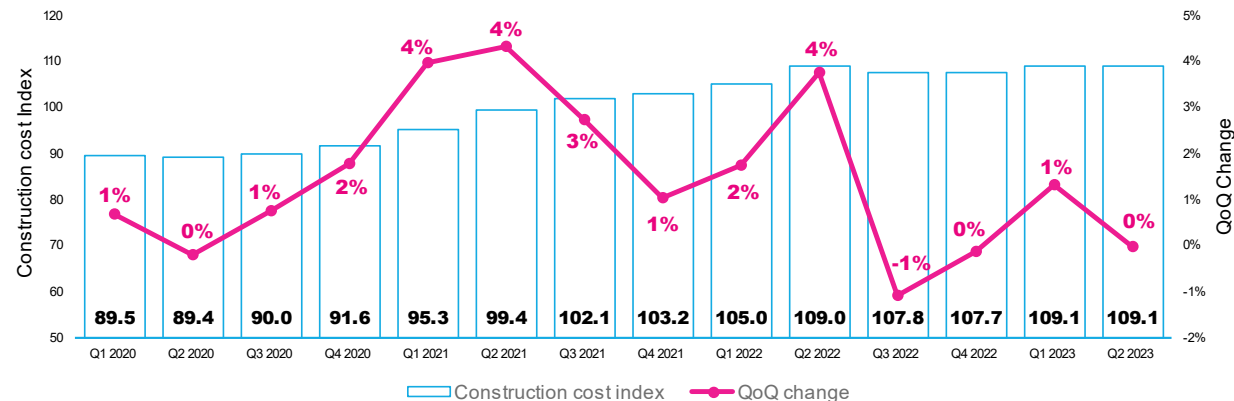


### Renewable Energy

Taiwan aims to achieve a renewable energy share of 20% by 2026, with significant focus and investments from both the government and the private sector. Currently, more than US\$31bn worth of renewable energy projects are under construction in the country.



## Construction Cost Index (CCI)\*



\*Base year 2021=100

% change from Jun 2022 to Jun 2023 is -0.2%

# Taiwan – Report methodology



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Linesight has commissioned independent global research to track construction materials and commodity prices. The approach and methodology for the collection of construction material pricing and other indicators is based on primary and secondary research.

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## Primary and secondary research

Primary research is conducted on a quarterly basis with stakeholders in the value chain, including manufacturers and suppliers/distributors of the target materials, to ascertain market information on prices in recent quarters, and also on projections for changes in the coming quarter and remainder of the year. The market analysis also involves a thorough assessment of secondary sources of data on materials and labour prices, in addition to underlying demand and supply trends that will impact market prices.

Sources include GlobalData's Construction Intelligence Center (CIC), the World Bank, IMF, OECD, as well as country specific national statistics offices, such as the U.S. Bureau of Economic Analysis, Bureau of Labor Statistics, and also industry specific associations and publications.

## Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

Nominal data series do not exclude changes in prices and are also referred to as current prices series.

Annual changes in nominal data for construction output will include changes in construction activity, as well as changes in costs for materials and equipment.

Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising prices for key inputs.

## Sample sources – Taiwan

For Taiwan, sources for this report include, but are not limited to:

- IMF
- National Statistics
- Directorate General of Budget, Accounting and Statistics (DGBAS)
- GlobalData's Construction Intelligence Center (CIC)
- Research and Markets
- Economic Research Institute
- Bureau of Energy Taiwan
- Biotechgate

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry.

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