



# Europe

## Country Commodity Reports

**Q2 2023**





# Europe Country Commodity Reports



## EUROPE

Belgium

Italy

Denmark

Netherlands

Finland

Spain

France

Sweden

Germany

Switzerland

Ireland

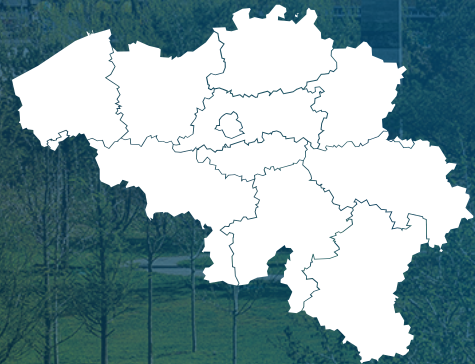
United Kingdom

Israel



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# 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



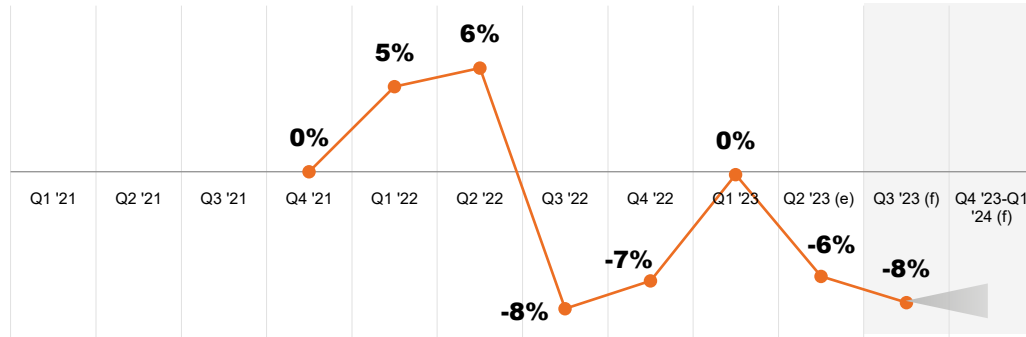
# Belgium – Commodity Price Trends



## 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

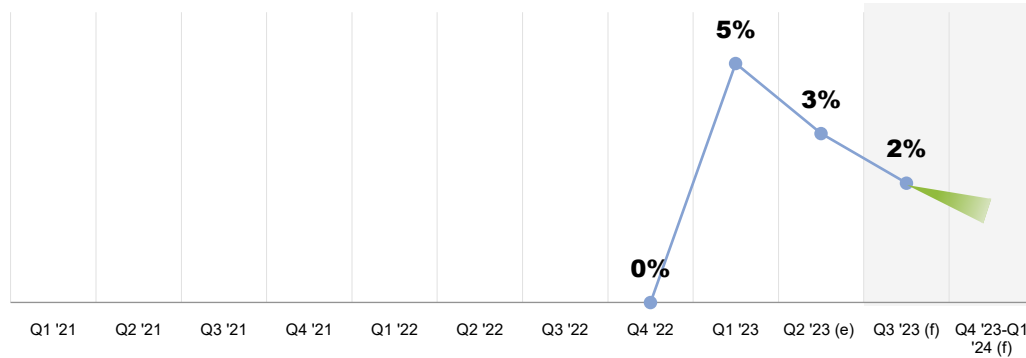


- Copper prices in Belgium fell by 6.1% QoQ in Q2 2023, amid weak domestic demand and a downward trend in the global market
- However, prices have been volatile on a monthly basis, falling in April and May before picking up again in June
- Prices are expected to fall further in Q3 2023 on a quarterly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



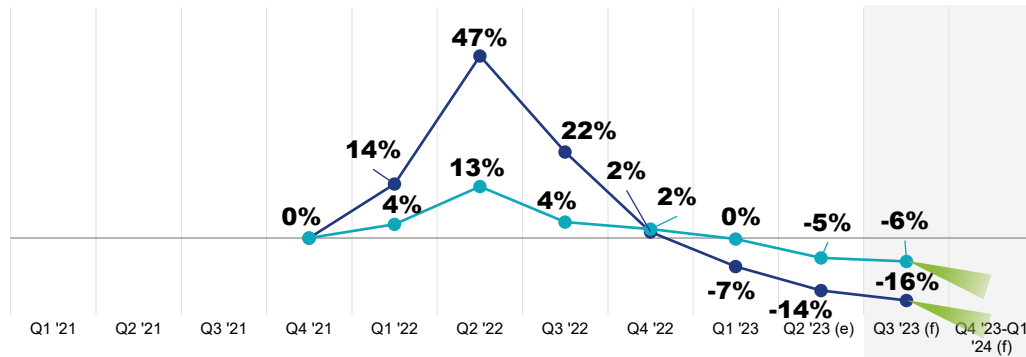
# Belgium – Commodity Price Trends



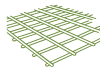
## Steel – rebar and flat

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



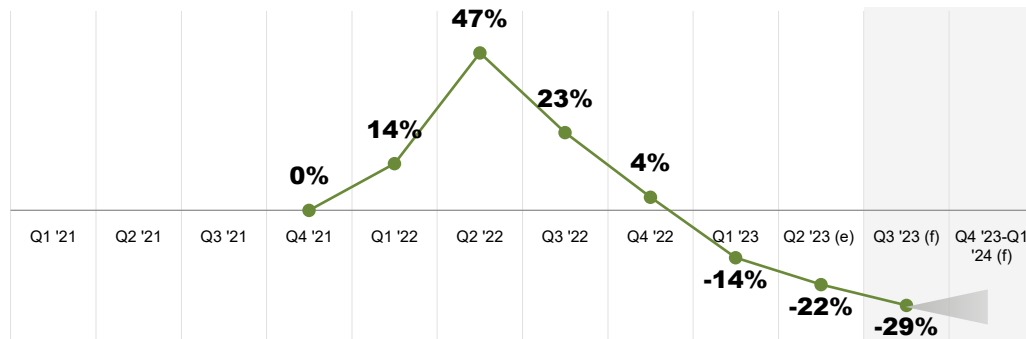
- Steel rebar and steel-flat product prices have continued to trend downwards in recent quarters
- In QoQ terms, in Q2 2023, rebar was down by 6.7% and flat down by 4.9%
- This is attributed to falling demand, along with a decline in production costs and availability of cheaper imports
- This will see 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

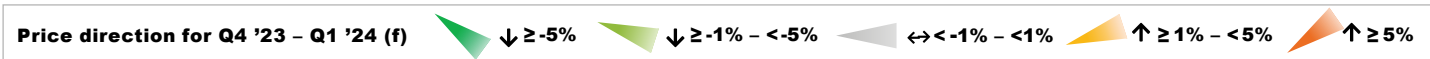
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●● Moderate	●●●● Low	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€19.8	€18.2	↓ -9.4%	↓ -8.1%

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



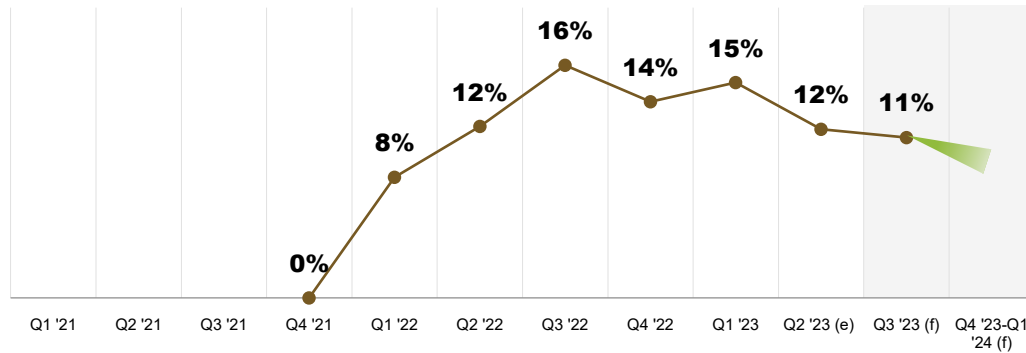
# Belgium – Commodity Price Trends



## 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



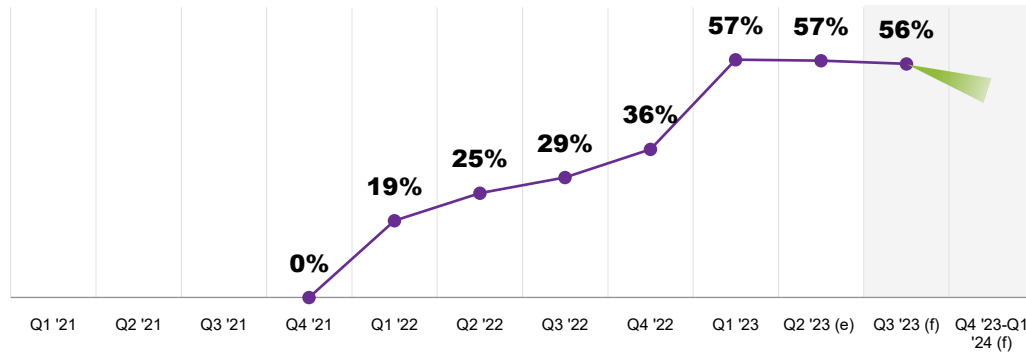
- Lumber prices have trended downwards since Q3 2022, but remain relatively high
- Prices are expected to fall further in the coming quarters, as rising interest rates have negatively impacted demand in new residential construction
- However, lumber is growing in popularity as a construction material,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



## Plasterboard

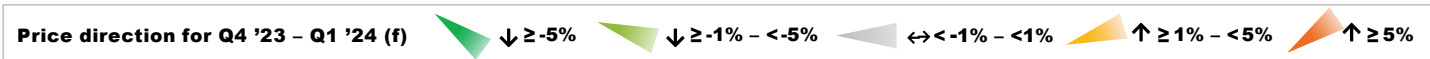
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€6.19	€6.16	↓ -0.2%	↓ -0.5%

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)





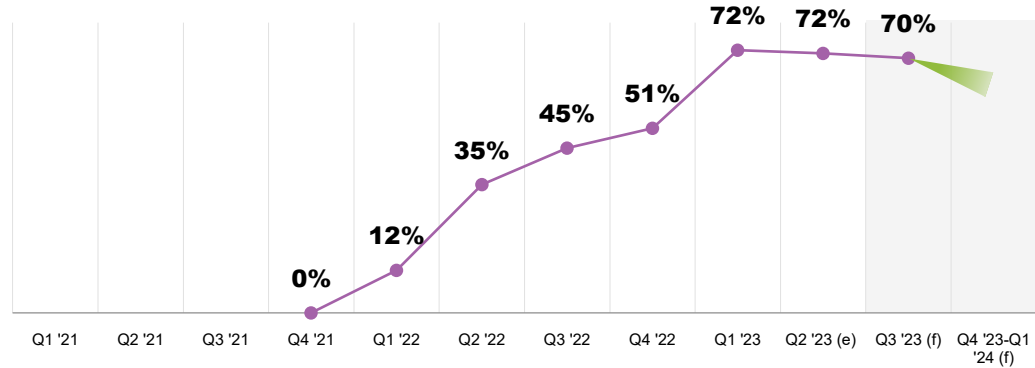
# Belgium – Commodity Price Trends



## 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

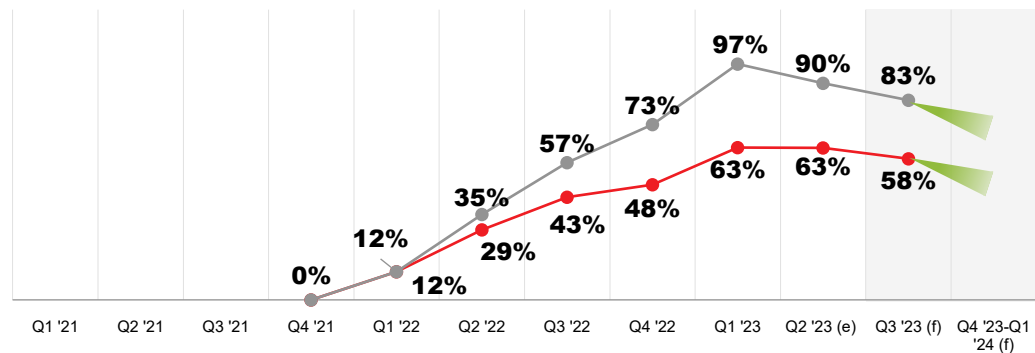


- Limestone prices in Belgium are estimated to have declined marginally by 0.5% QoQ in Q2 2023, but remain at a high level having risen sharply during last year
- Prices are forecast to continue on a steady downward trend in the coming quarters, amid softer demand from the construction industry in part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

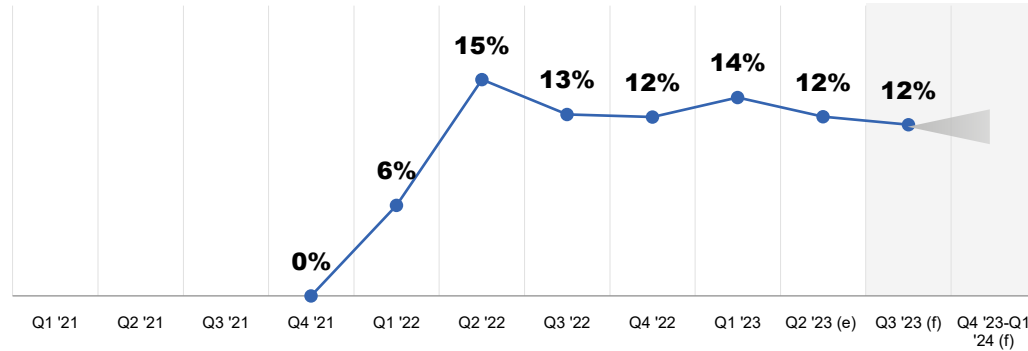
# Belgium – Commodity Price Trends



## 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



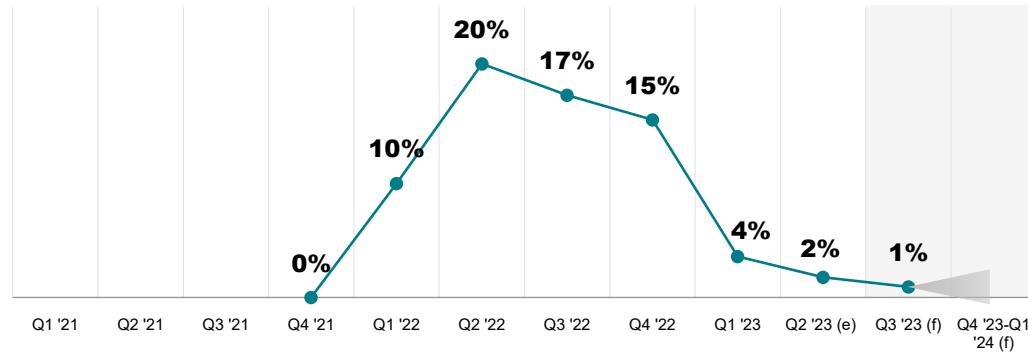
- Asphalt prices are estimated to have declined by 1.2% QoQ in Q2 2023, reflecting falling costs for key inputs
- Prices are forecast to fall marginally in Q3 2023, but volatility in crude oil prices amid the extension of production cuts by OPEC+, could prevent a marked decline in the following quarters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



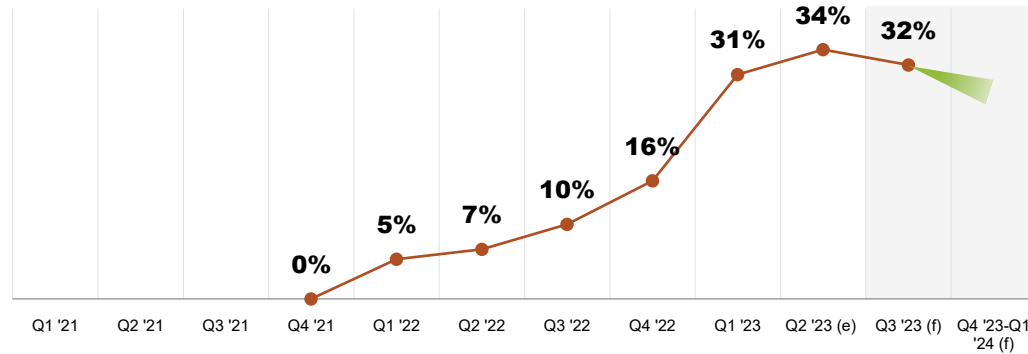
# Belgium – Commodity Price Trends



## 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



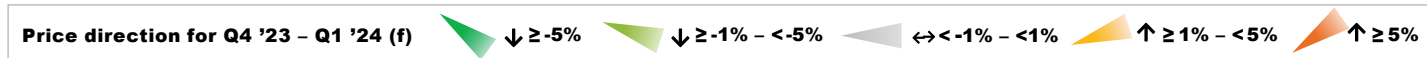
- Despite falling energy prices in Q2 2023, prices for energy-intensive materials such as bricks remained high
- Average quarterly brick prices in Belgium are estimated to have increased by 2.6% QoQ in Q2 2023
- However, prices started falling towards the end of the quarter, and this trend is expected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



# 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.

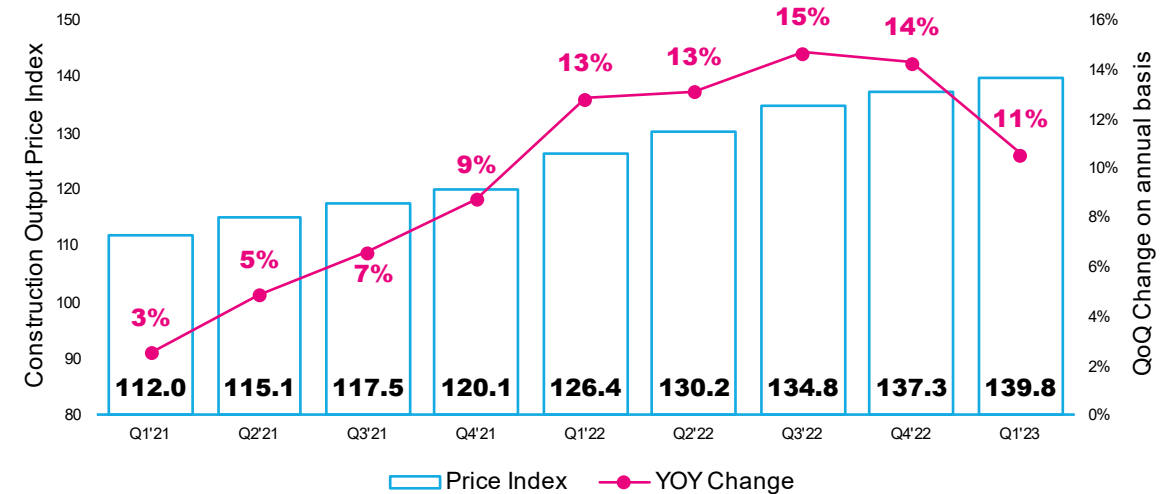


### Renewable Energy

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



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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 – 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

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

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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



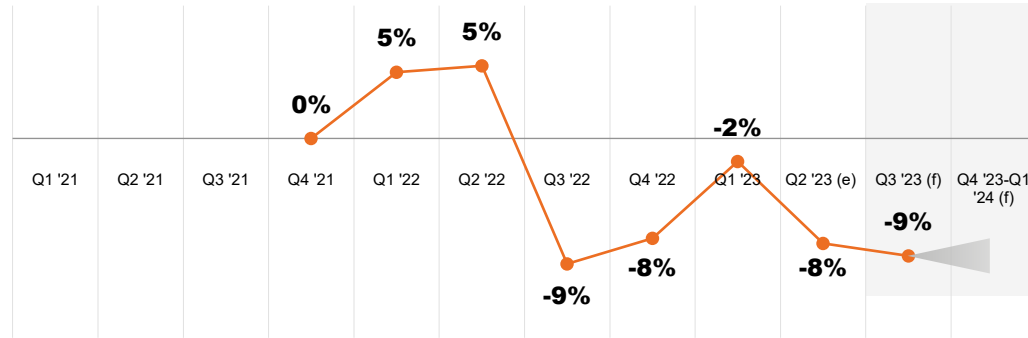
# Denmark – Commodity Price Trends



## 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



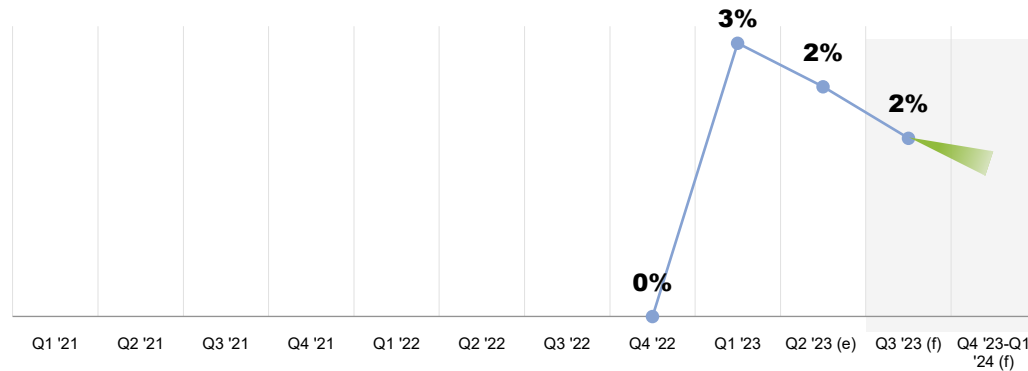
- Copper prices in Denmark dropped by 6.3% QoQ in Q2 2023, reflecting weakness in domestic and global demand
- Although, copper prices in Denmark were down on a quarterly average basis, prices edged up in June 2023 and there will be volatility in the coming quarters
- However, on a quarterly average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

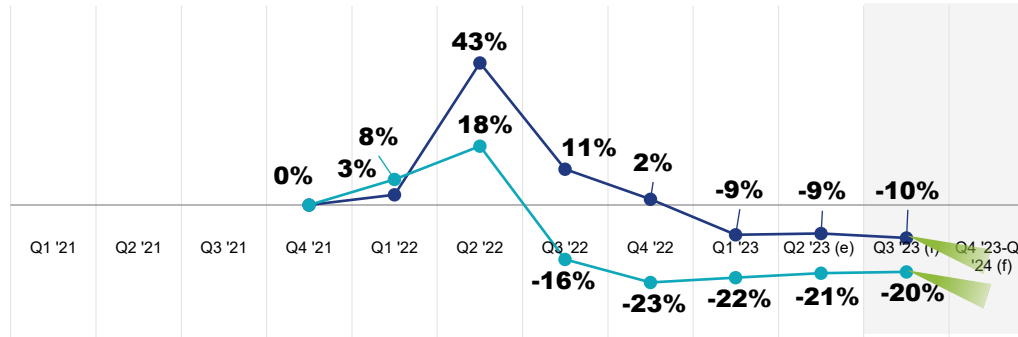
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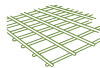
## Steel – rebar and flat

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</b> ↑ 0.4%    ↓ -1.5%			
<b>● Steel flat product (DKK/mt)</b> <b>DKK5,537 DKK5,564</b> ↑ 1.7%    ↑ 0.5%			

Price change comparison against Q4 2021



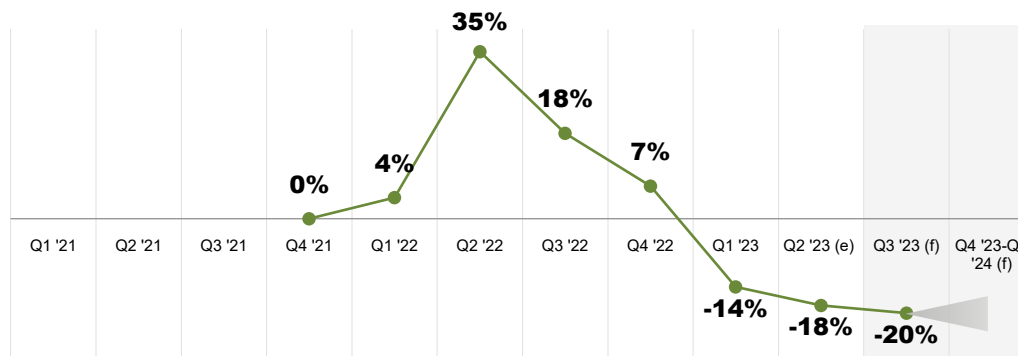
- After a steady decline from the peaks of Q2 2022, steel prices edged up marginally in Q2 2023, but they remain low, with rebar prices 9% below Q4 2021 levels and steel flat down 21%
- Demand for steel products is expected to decline given the weakness in the construction industry and a reduction in 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>	↓ -4.5%	↓ -2.0%

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



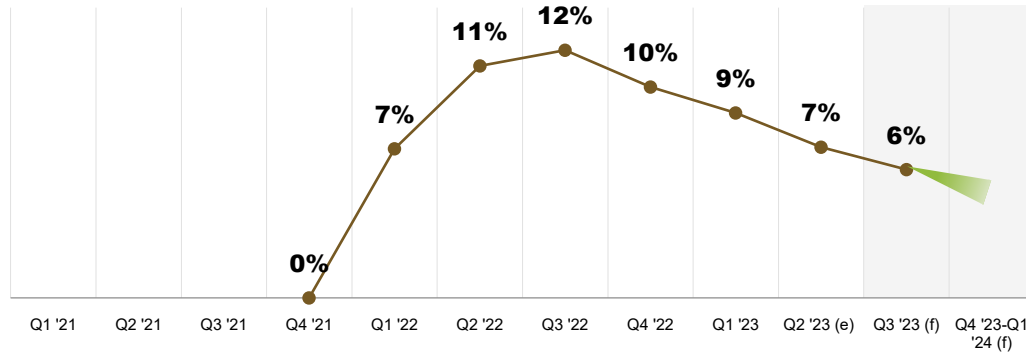
# Denmark – Commodity Price Trends



## 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



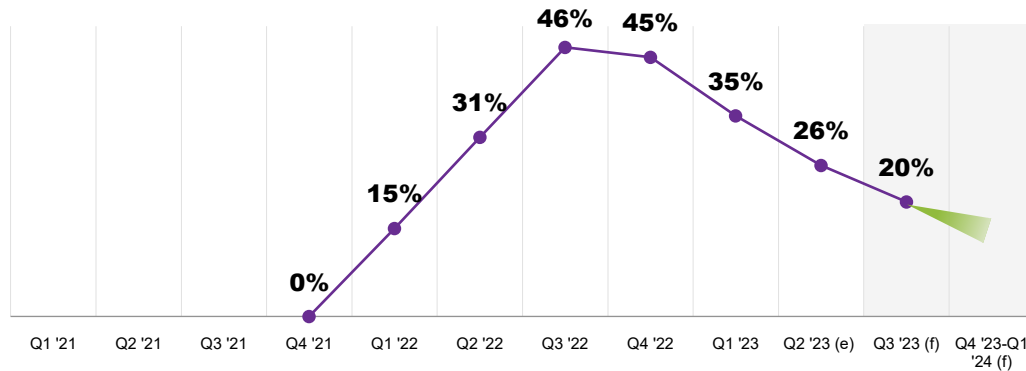
- Lumber prices in Denmark have been falling steadily in recent quarters, and this trend will continue given the sharp drop in residential construction activity in the short term
- However, Copenhagen has been an early adopter of the 'Build-in-Wood' initiative funded by the EU to promote greater usage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

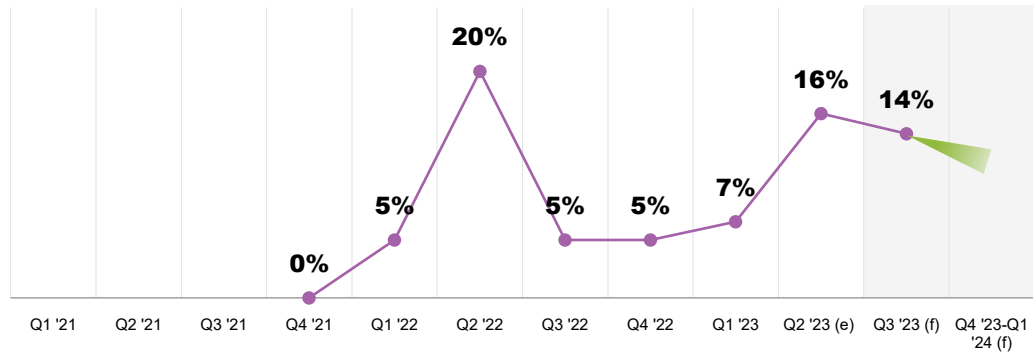
# Denmark – Commodity Price Trends



## 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

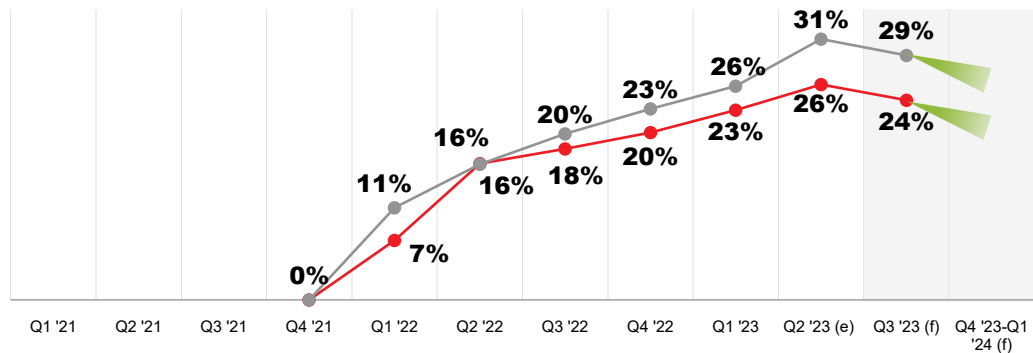


- Limestone prices picked up again in Q2 2023, rising by 8.7% on a quarterly average basis, with high prices persisting following the surge in production costs last year
- With the overall construction industry facing a decline in the short term, prices for raw materials including limestone are set to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

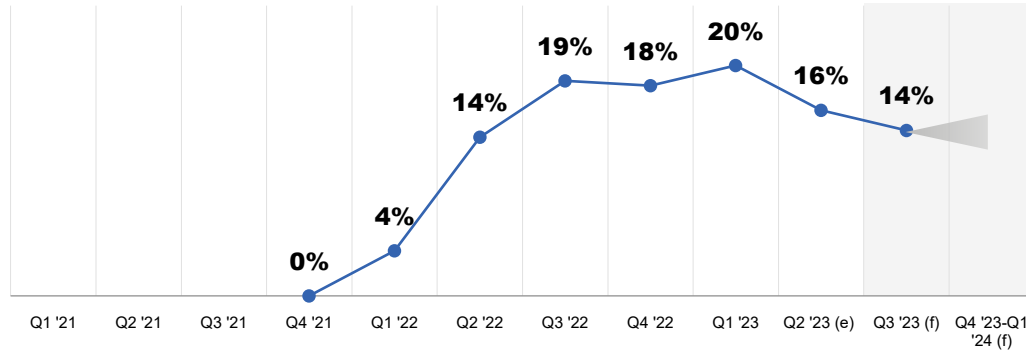
# Denmark – Commodity Price Trends



## 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



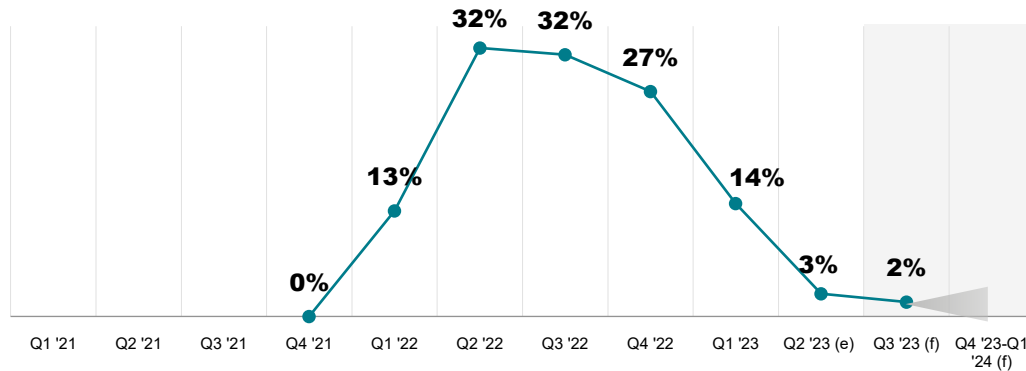
- Asphalt prices decreased by 3.2% in Q2 2023 on a quarterly average basis, reflecting a decline in prices for key materials
- Prices are expected to ease back further in the short term, but with spending on road infrastructure on the increase, and some volatility in global crude oil prices, asphalt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



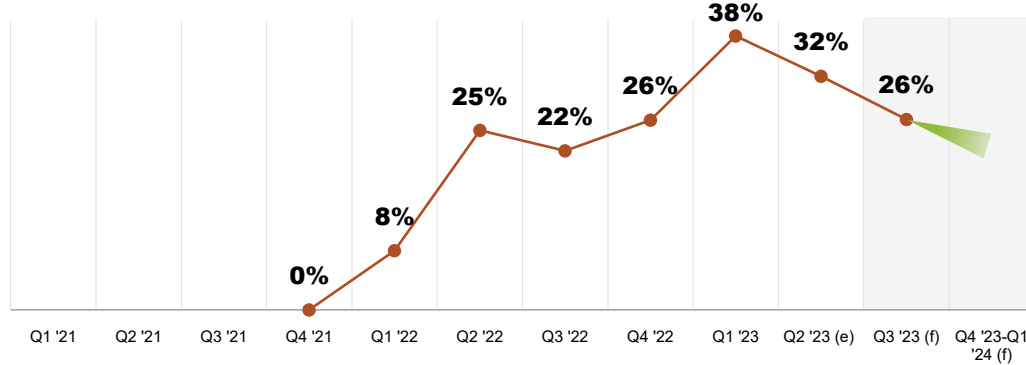
# Denmark – Commodity Price Trends



## 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

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

# 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.

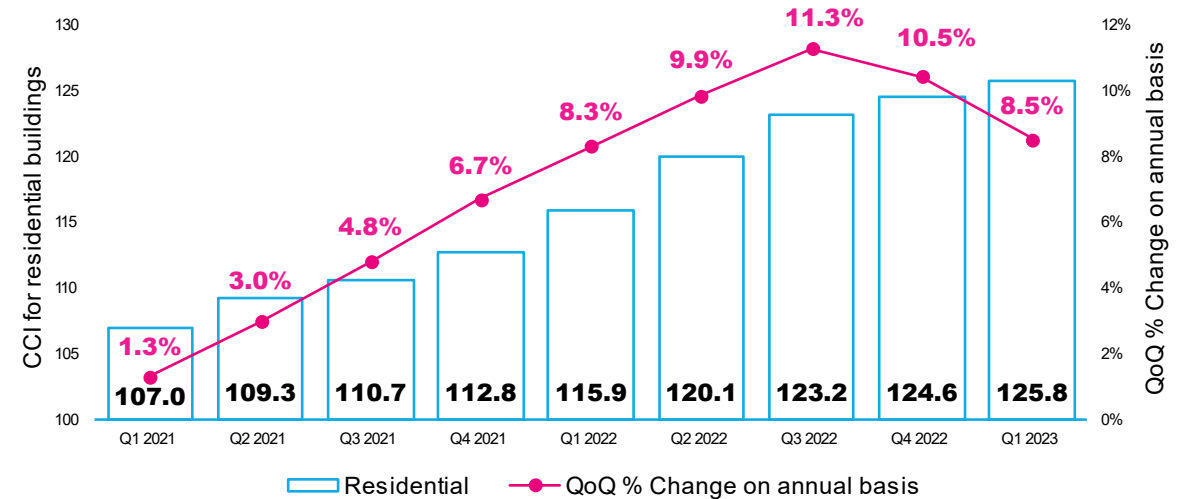


### Renewable Energy

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

# Denmark – 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 – Denmark

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

- IMF
- Statistics Denmark
- Nationalbanken
- GlobalData's Construction Intelligence Center (CIC)
- 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

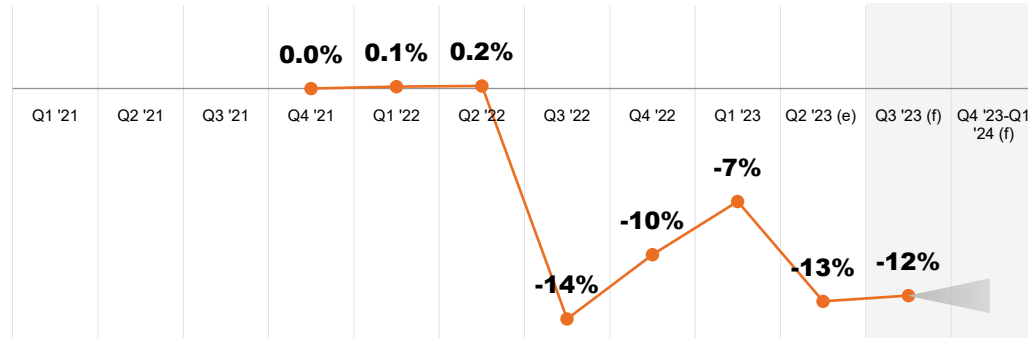
# Finland – Commodity Price Trends



## 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

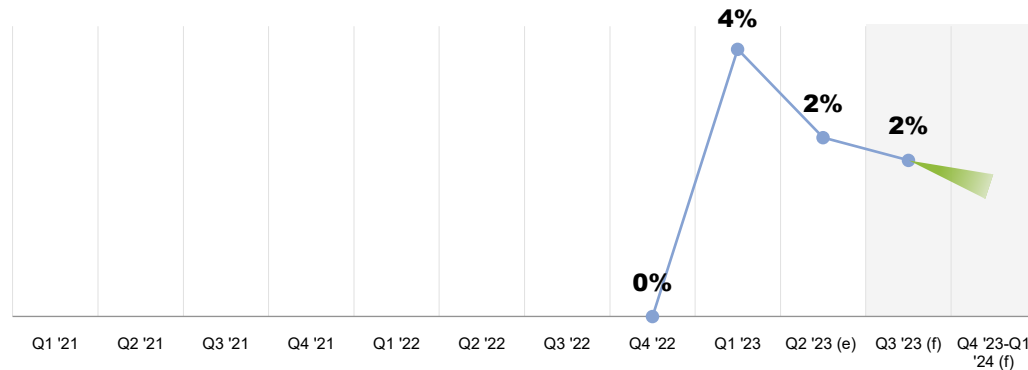


- Copper prices in Finland are estimated to have fallen by 6.5% QoQ in Q2 2023, owing in part to subdued demand
- Prices have been falling in recent months such that in June prices were 7.4% lower than in January
- Reduced demand from Chinese manufacturers has been a factor in keeping global prices low,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

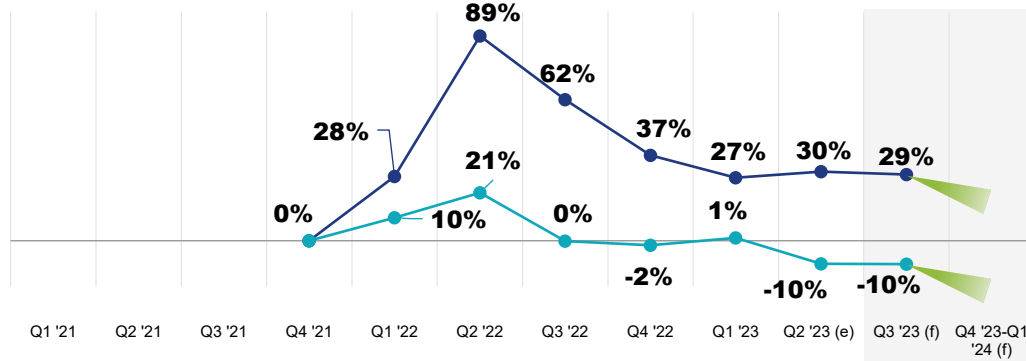
# Finland – Commodity Price Trends



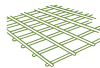
## Steel – rebar and flat

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



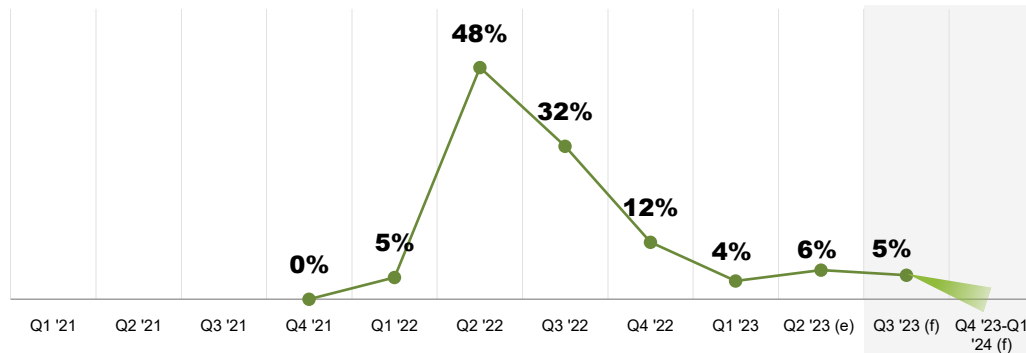
- Steel rebar prices increased by 2.1% QoQ in Q2 2023, the first quarterly increase after three successive quarters of decline
- However, prices are expected to return to a downward trend in the coming quarters given weakness in demand
- Domestic demand for steel products and import steel volumes has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



## Welded mesh

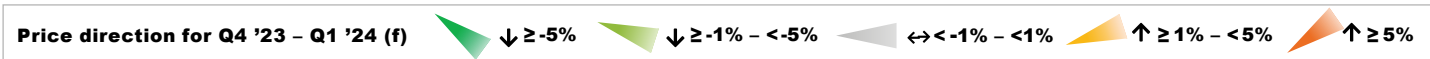
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€77	€76	↑ 2.1%	↓ -1.0%

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





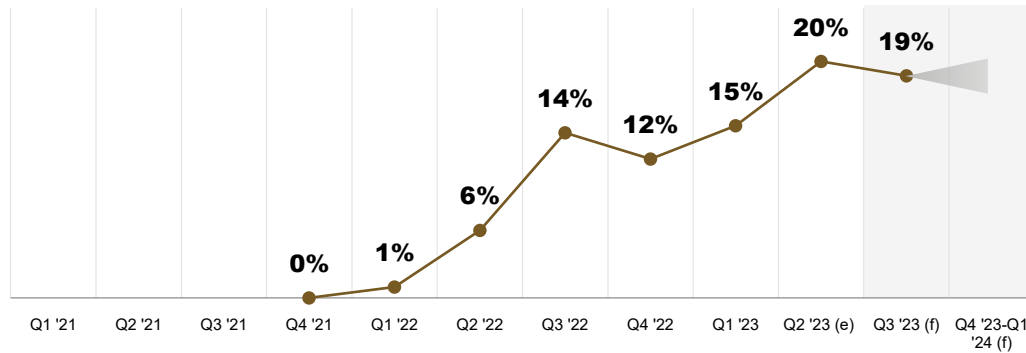
# Finland – Commodity Price Trends



## 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



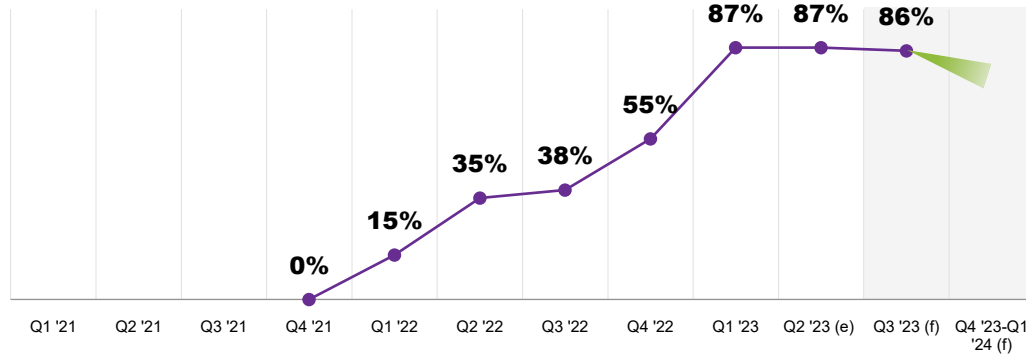
- Lumber prices in Finland continued to rise in Q2 2023, increasing by 4.8% QoQ, preceded by a 2.6% increase in Q1 2023
- Compared to levels in Q4 2021, prices were 20.4% higher in Q2 2023, which reflects the disruptions to supply over the past six quarters and high transportation costs
- With domestic 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)

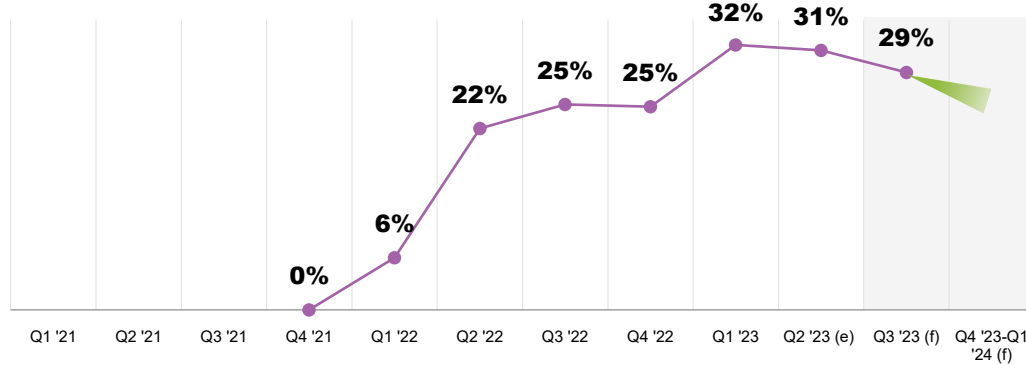
# Finland – Commodity Price Trends



## 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

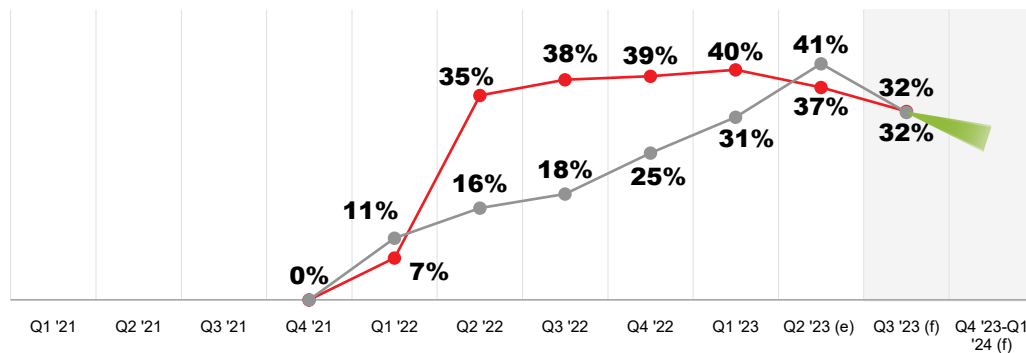


- Limestone prices are estimated to have decreased marginally by 0.5% QoQ in Q2 2023, and will continue on a downward trend as construction demand weakens
- Demand is largely met through domestic production, and the surge in prices during 2022 was driven by high energy and transportation costs

## 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

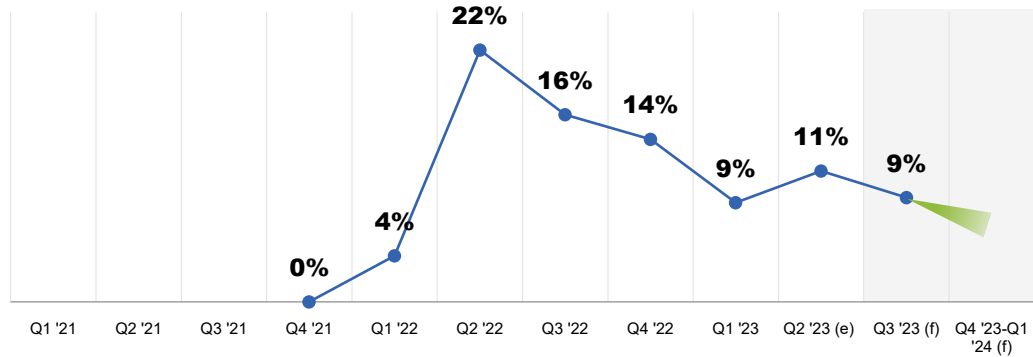
# Finland – Commodity Price Trends



## 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



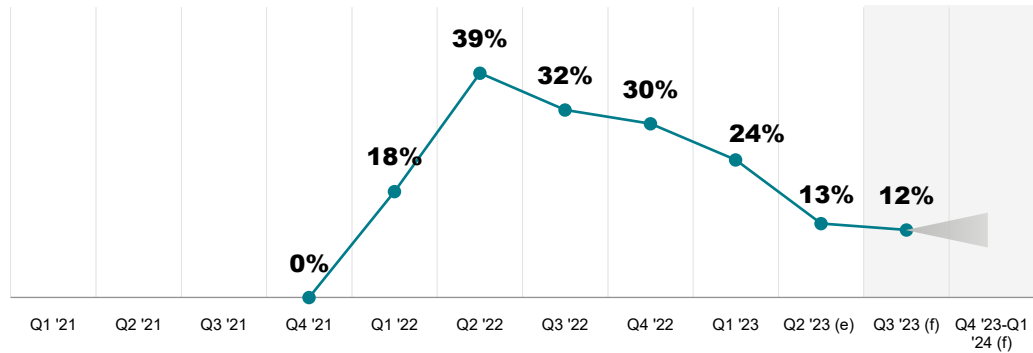
- Asphalt prices had been on a steady downward trend from the highs of Q2 2022, but there was a pick up in May this year that contributed to a 2.5% QoQ increase in the quarterly average price in Q2 2023
- Prices are expected to trend downwards in the coming quarters, but will stay above the levels of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



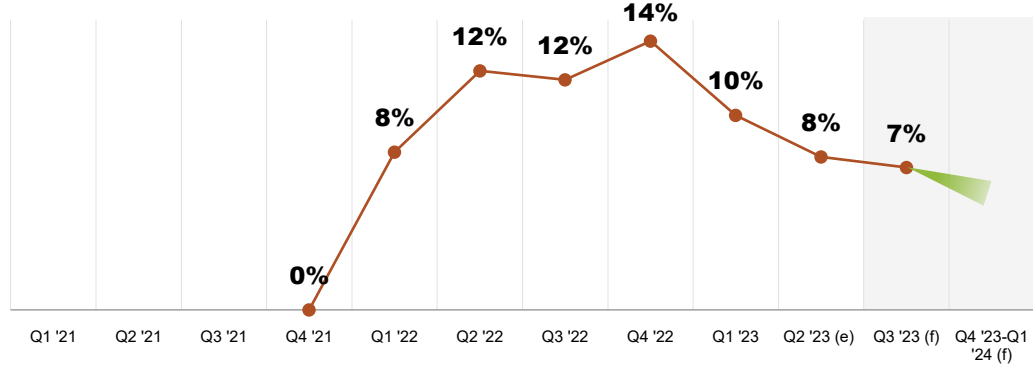
# Finland – Commodity Price Trends



## 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.

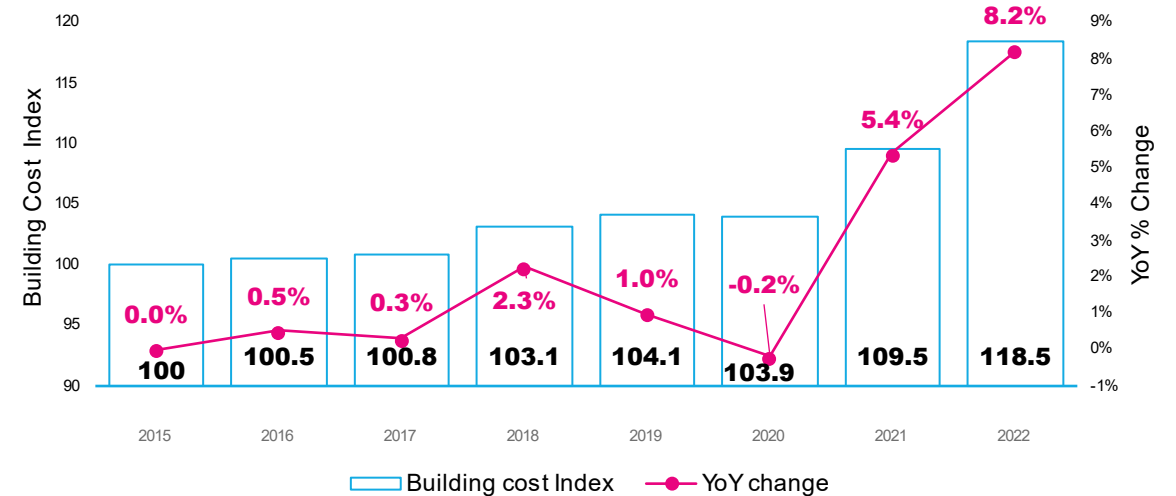


### Renewable Energy

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



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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
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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. 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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# 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

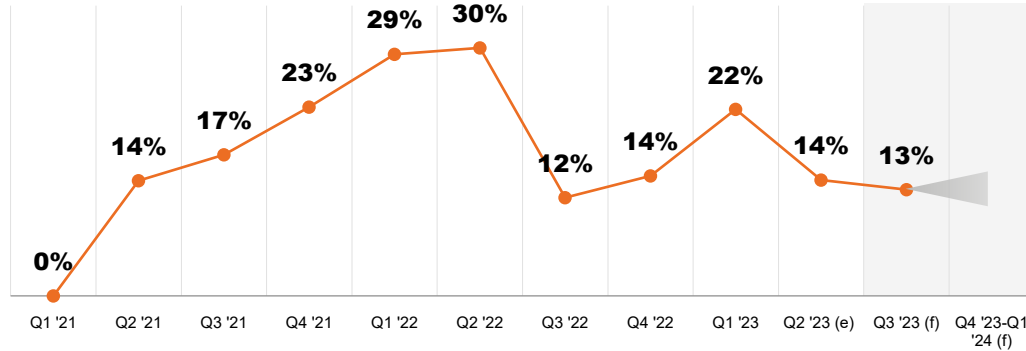
# France – Commodity Price Trends



## 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

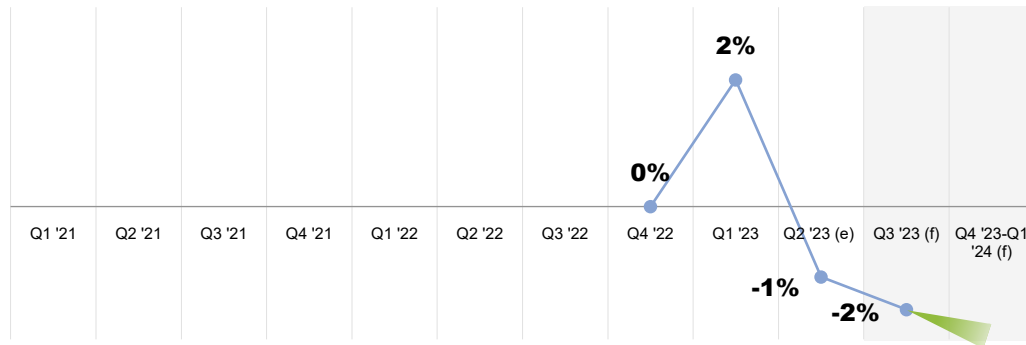


- Having picked up in early 2023, copper prices have again trended downward on a quarterly average basis
- However, the copper market remains volatile
- Prices will face downward pressure given the impact of higher interest rates on global demand, but concerns over low copper stocks will provide some 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



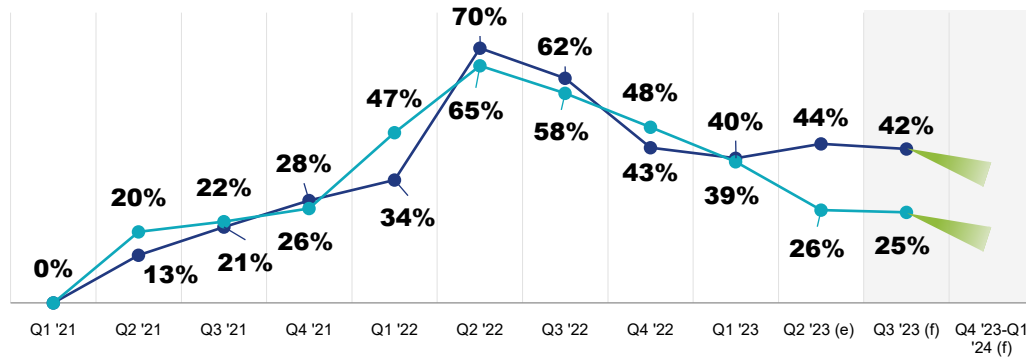
# France – Commodity Price Trends



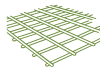
## Steel – rebar and flat

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>			
€744	€736	↑ 2.8%	↓ -1.0%
<b>Steel flat product (€/mt)</b>			
€685	€681	↓ -9.6%	↓ -0.5%

Price change comparison against Q1 2021



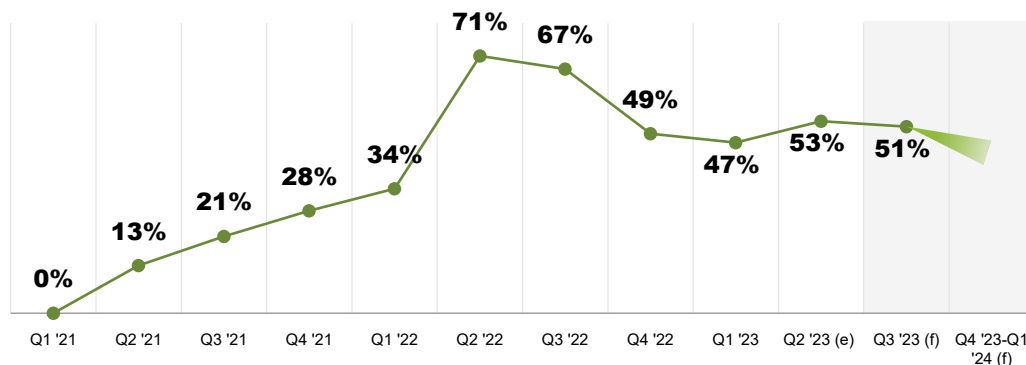
- Steel prices in France have continued on a general downward trend from the highs of mid-2022 when severe supply disruptions resulted in a surge in prices, however prices are still higher than they were in early 2021
- Prices will fall further in the coming quarters owing to weak demand in buildings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



## Welded mesh

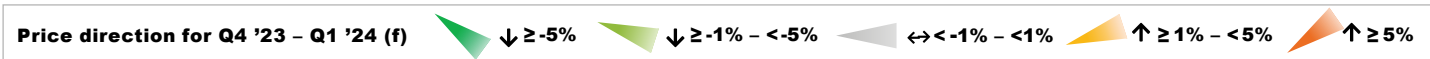
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€151	€150	↑ 4.0%	↓ -1.0%

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



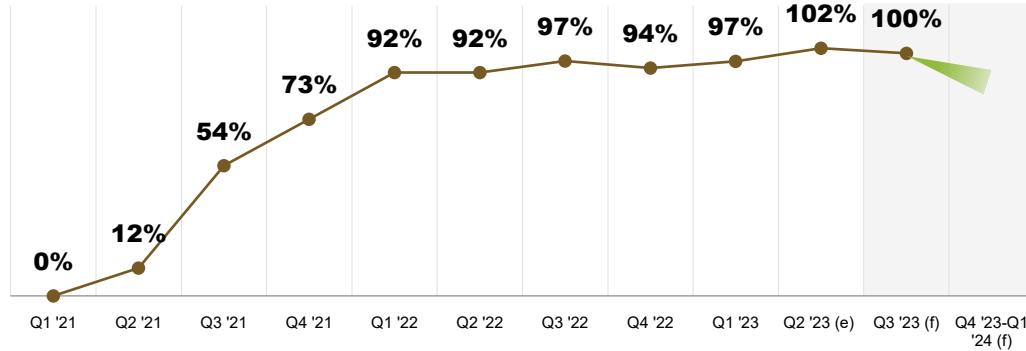
# France – Commodity Price Trends



## 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



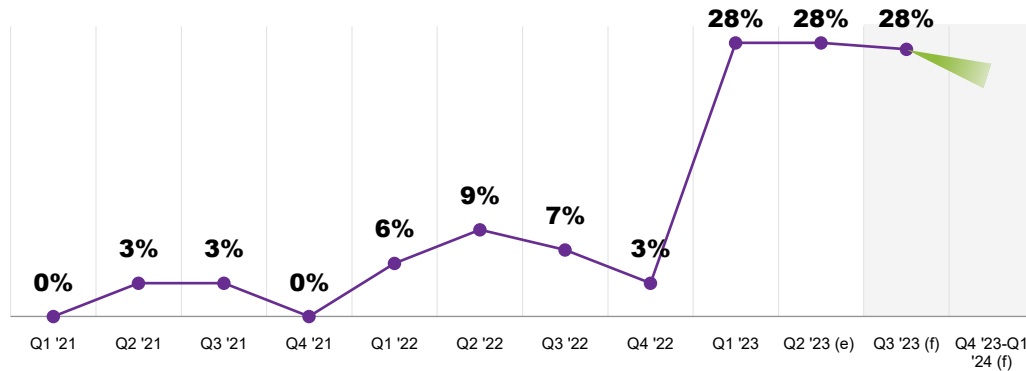
- Lumber prices have remained high in recent quarters despite weak demand from the construction industry
- Prices are expected to fall in the coming quarters, given the weakness in the residential sector
- Key directives requiring the use of natural materials in public buildings, including for a number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

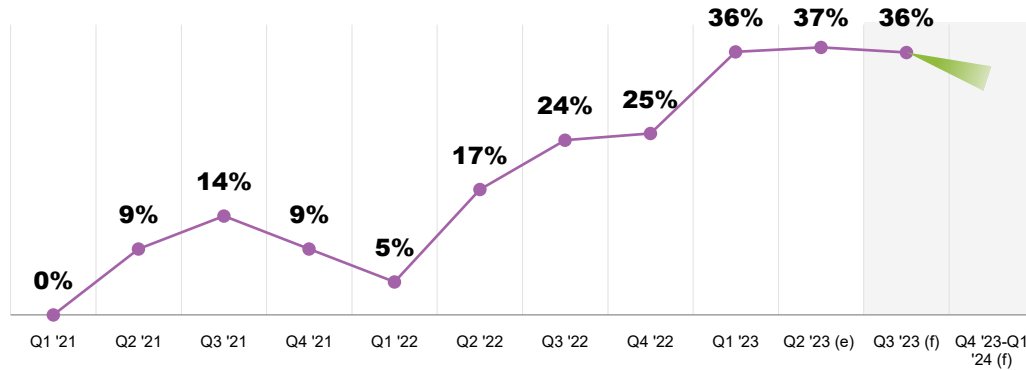
# France – Commodity Price Trends



## 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

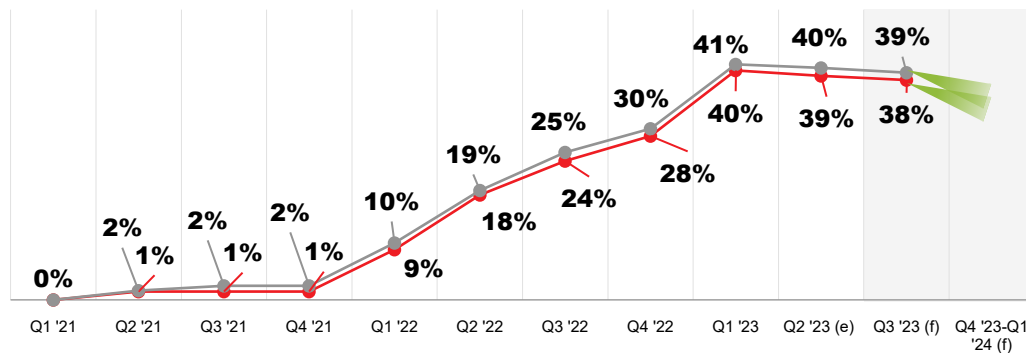


- Limestone prices rose sharply over 2022, and have now stabilised at a high level
- Prices in Q2 2023 were close to 37% higher than in Q1 2021
- Buildings construction is set to weaken, amid high interest rates and weak economic growth, and this will contribute to downward pressure on prices in the 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> €191    €190    ↓ -0.7%    ↓ -0.5%			
<b>● Concrete (€/m³)</b> €171    €170    ↓ -0.4%    ↓ -0.6%			

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

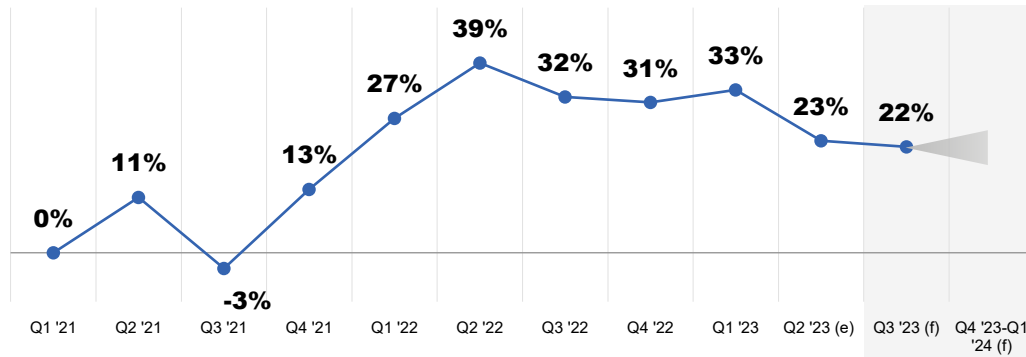
# France – Commodity Price Trends



## 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



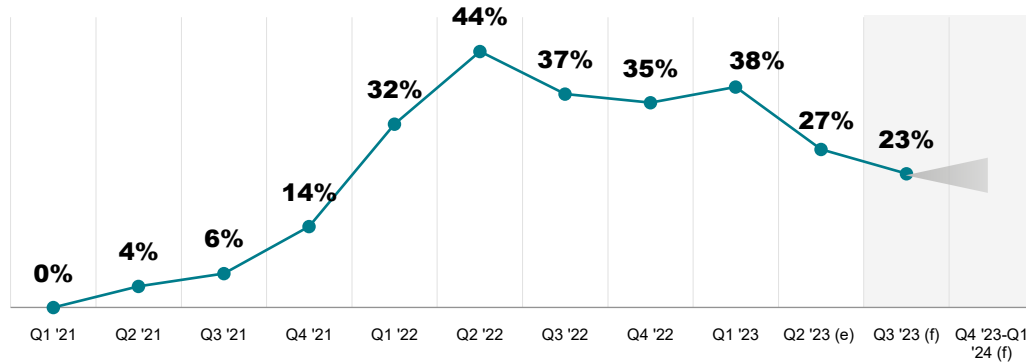
- Asphalt prices have dropped back from recent highs, owing mainly to a decline in raw material costs, but prices are still relatively high historically, being 23% higher in Q2 2023 compared to Q1 2021
- Road infrastructure investment is expected to pick up in the coming quarters, and this will contain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



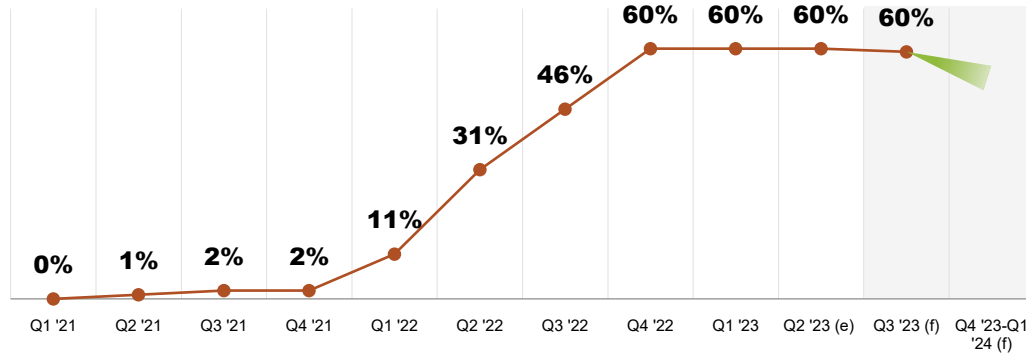
# France – Commodity Price Trends



## 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



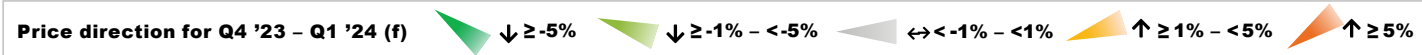
- Brick prices have remained stable at an elevated level due to the high production costs incurred last year
- With easing pressures on the supply side, along with a projected decline in residential building work, prices will drop back in the coming quarters
- Although in Q3 2023 prices will come down 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.

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

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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



# 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.

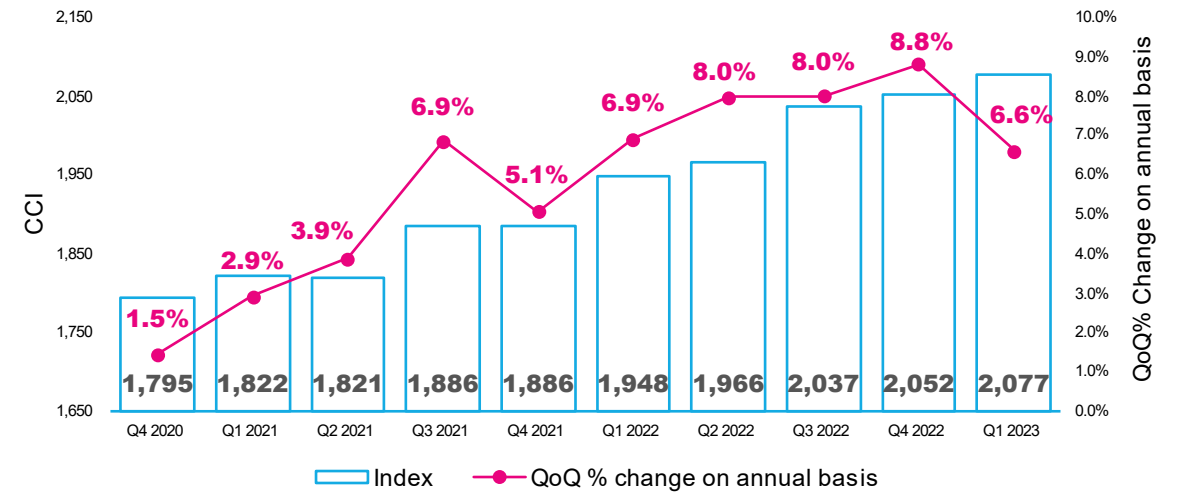


### Renewable Energy

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



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## Primary and secondary research

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- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Economic Research Institute
- Biotechgate
- International Energy Agency (IEA)
- France24.com

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

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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



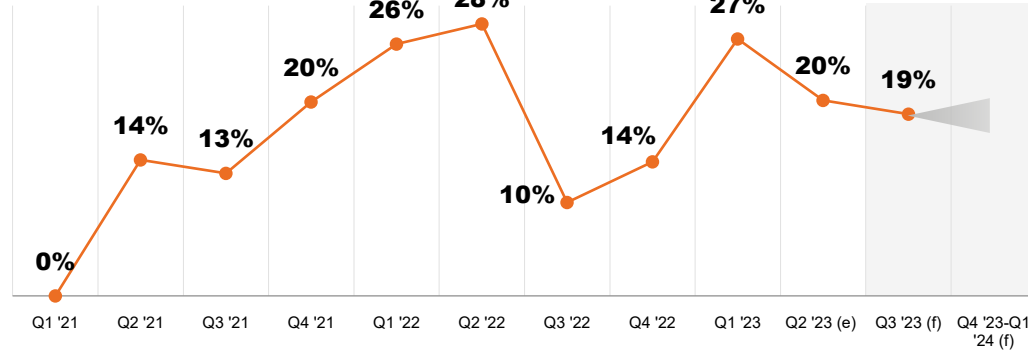
# Germany – Commodity Price Trends



## 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



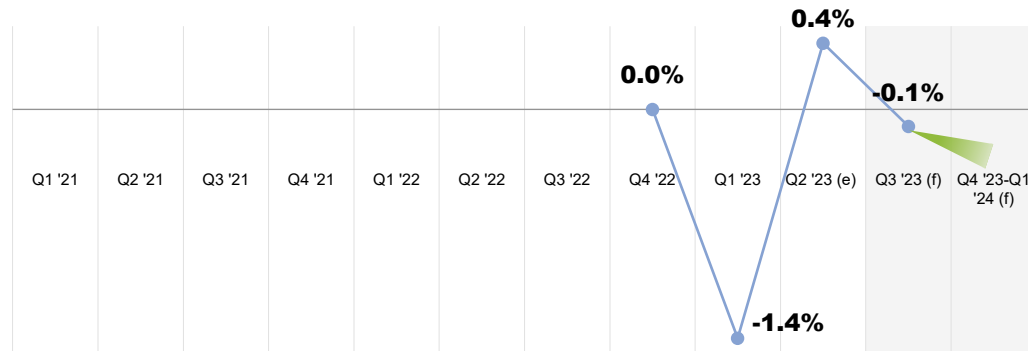
- Copper prices trended downwards on a QoQ basis in Q2 2023, falling by 5.0%
- Prices will remain volatile, due to weak global demand and rising interest rates leading to possible decreases, and yet prices may be propped up given concerns over falling inventories and strengthening demand from China



## 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

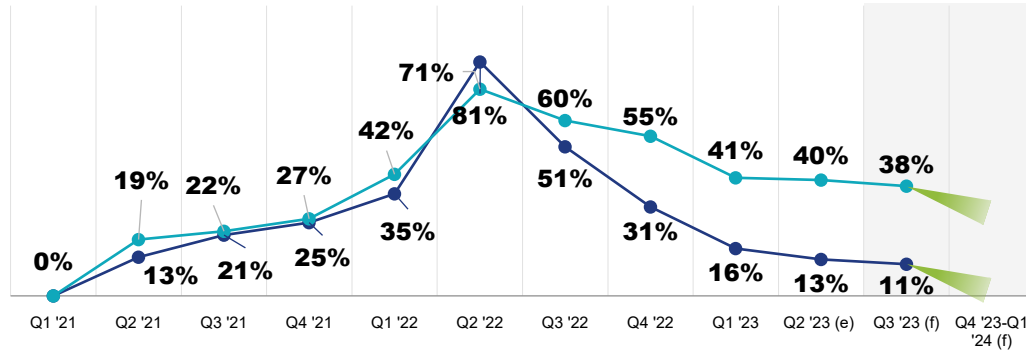
# Germany – Commodity Price Trends



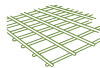
## Steel – rebar and flat

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)
<b>Steel rebar (raw) (€/mt)</b>			
€521	€514	↓ -3.2%	↓ -1.5%
<b>Steel flat product (€/mt)</b>			
€704	€693	↓ -0.6%	↓ -1.5%

### Price change comparison against Q1 2021



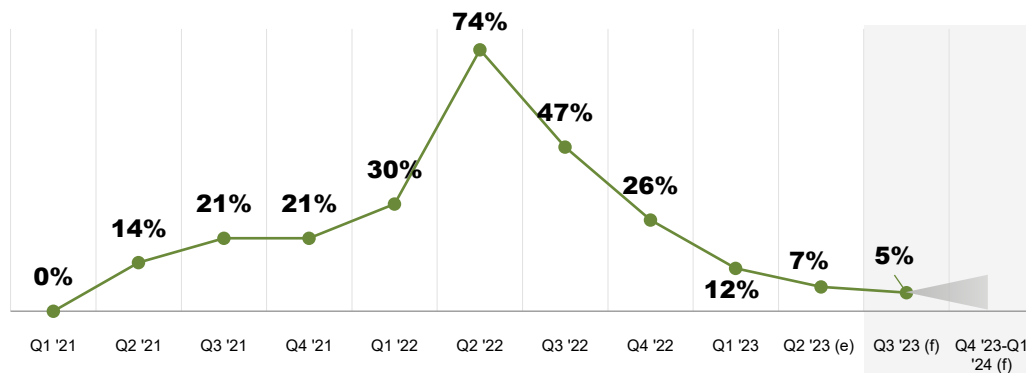
- Steel rebar prices continue to fall amid the slowdown in the construction industry
- In Q2 2023 prices dropped by 3% QoQ, and were 38% lower than in Q2 last year, and are expected to drop further, with reduced demand from the Residential sector
- Steel flat prices have also dropped, but at a much slower 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

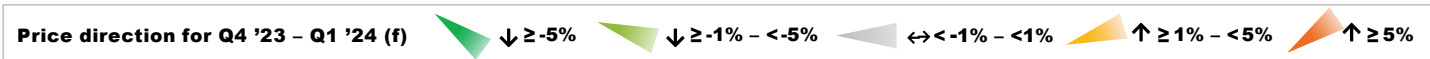
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Moderate	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€62.0	€61.1	↓ -4.7%	↓ -1.5%

### 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



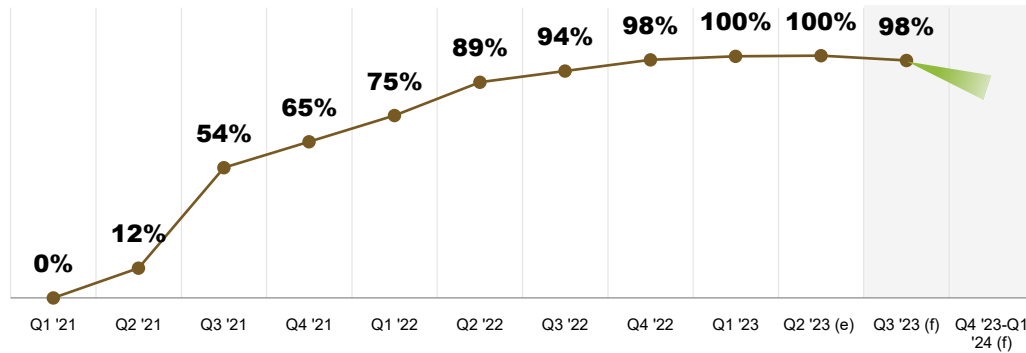
# Germany – Commodity Price Trends



## 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



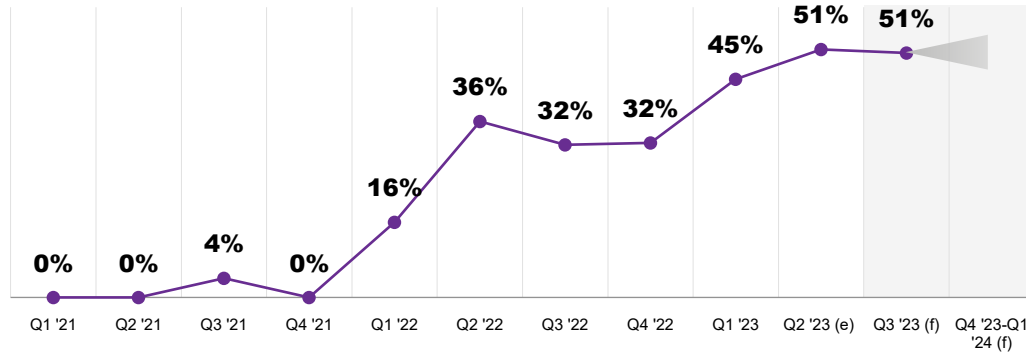
- Despite weak demand, lumber prices have edged upwards in recent quarters, and they remain at a very high level when compared to price levels in 2021
- However, it is unlikely that prices will be maintained at such high levels, given underlying weakness in demand
- Prices are expected to decline in 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)

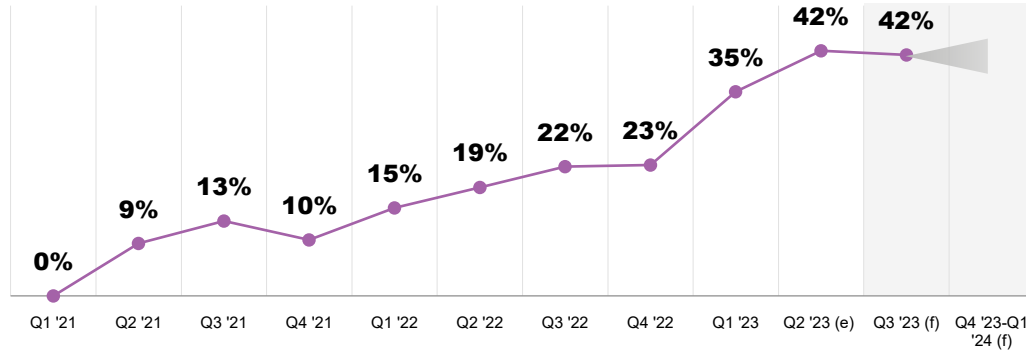
# Germany – Commodity Price Trends



## 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

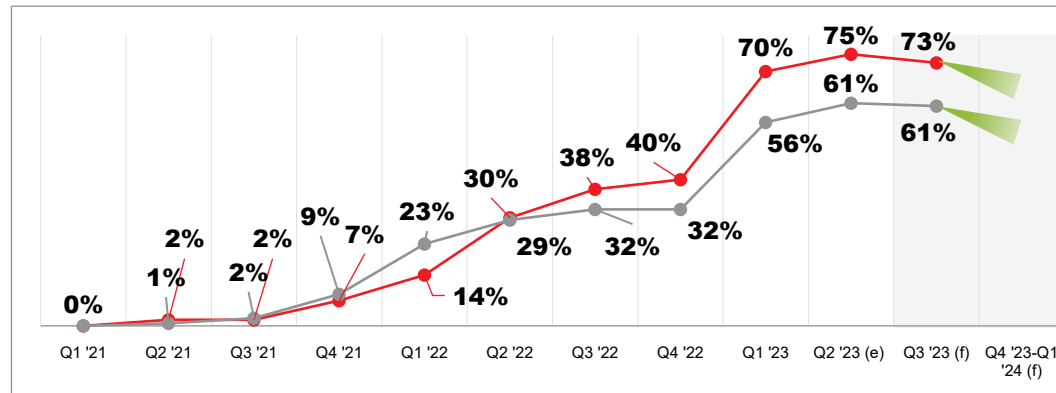


- Despite weak demand in the construction industry, limestone prices rose further in Q2 2023, increased by 5% QoQ
- High production costs have been a factor in driving up prices in recent quarters
- With the buildings construction sector experiencing sluggish demand due to high interest rates and weaker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



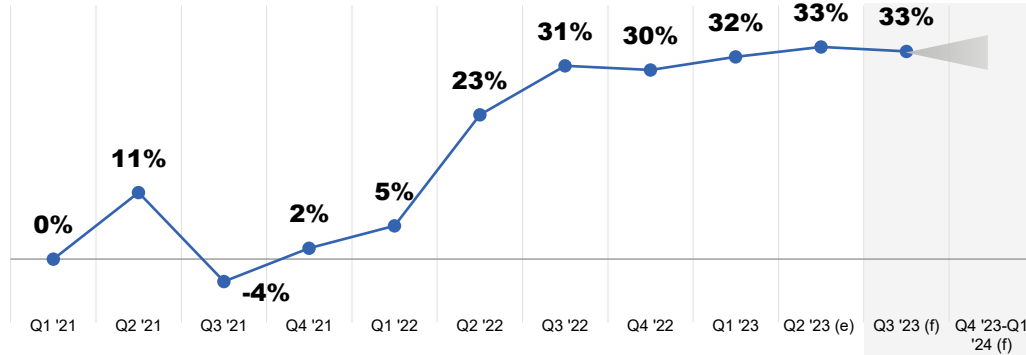
# Germany – Commodity Price Trends



## 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



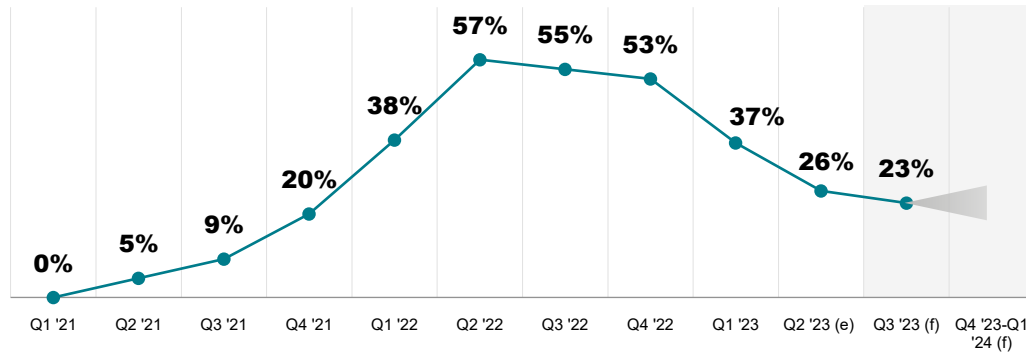
- The price for asphalt recorded a marginal increase of 1.2% QoQ in Q2 2023, contributing to an overall 34% price increase when compared to Q1 2021
- In the short term, prices are expected to ease back owing to falling raw materials costs
- However, ongoing road infrastructure investment in the coming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

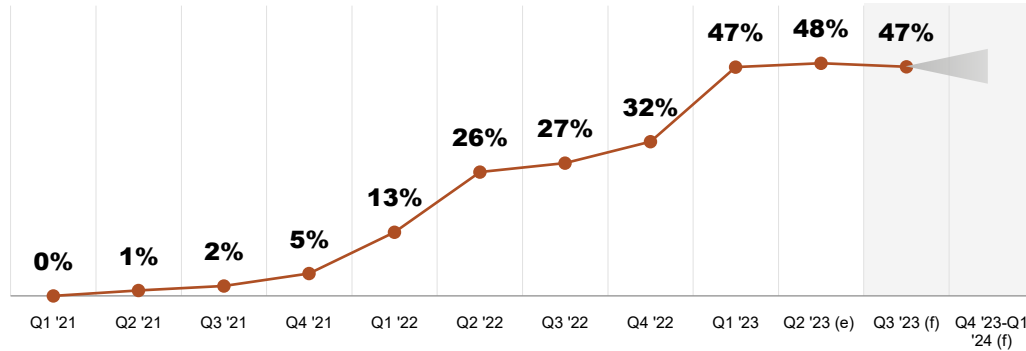
# Germany – Commodity Price Trends



## 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.

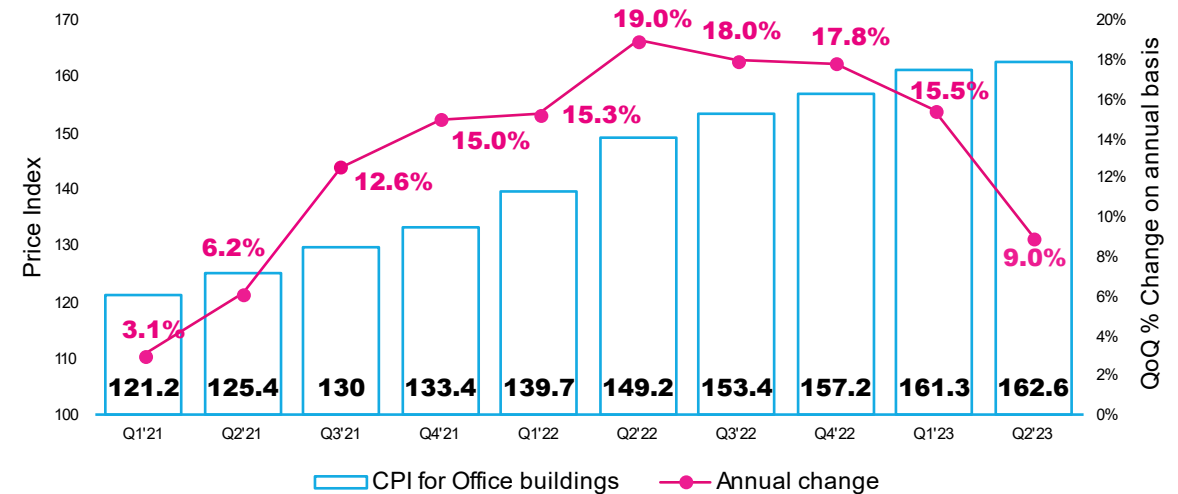


### Renewable Energy

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.

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 – 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

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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



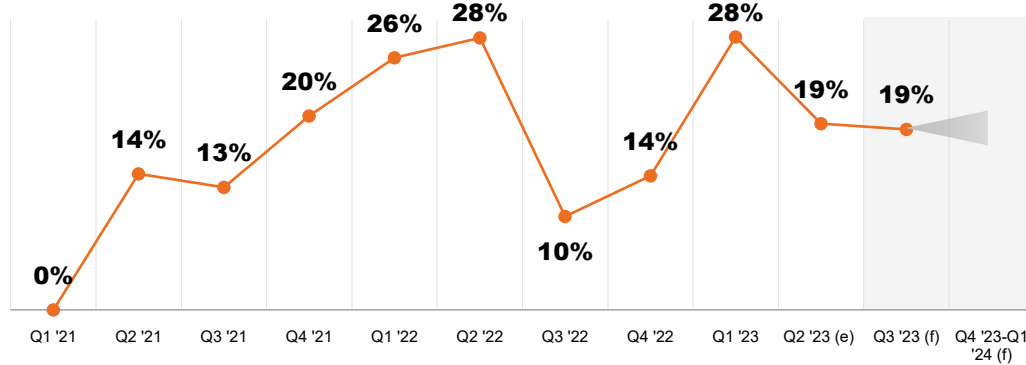
# Ireland – Commodity Price Trends



## 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



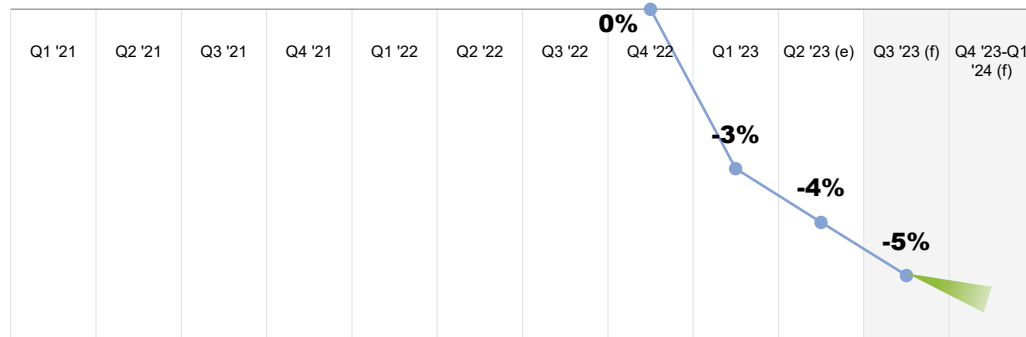
- Copper prices edged down 7% QoQ in Q2 2023, which partly reflects the weak market sentiment following hikes in interest rates
- Although prices have fallen from the highs of mid-2022, compared to levels in Q1 2021 copper prices were 19% higher in Q2 2023
- Prices will remain close to current levels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



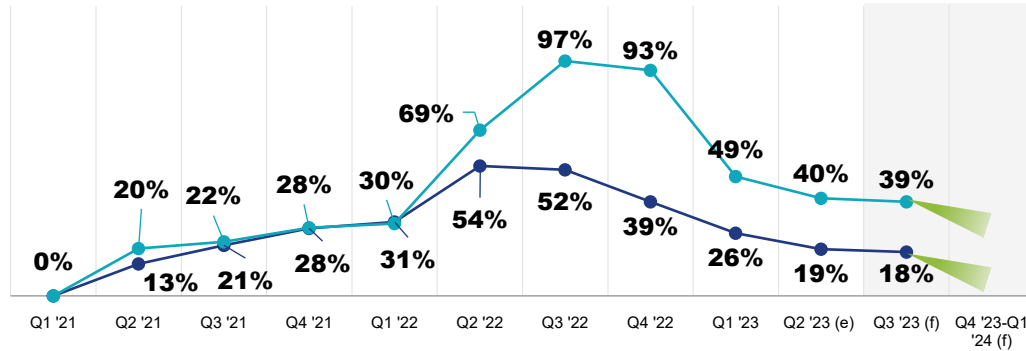
## Steel – rebar and flat

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

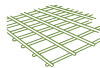
  

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€714	€707	↓ -5.2%	↓ -1.0%
<b>Steel flat product (€/mt)</b>			
€858	€849	↓ -6.0%	↓ -1.0%

### 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



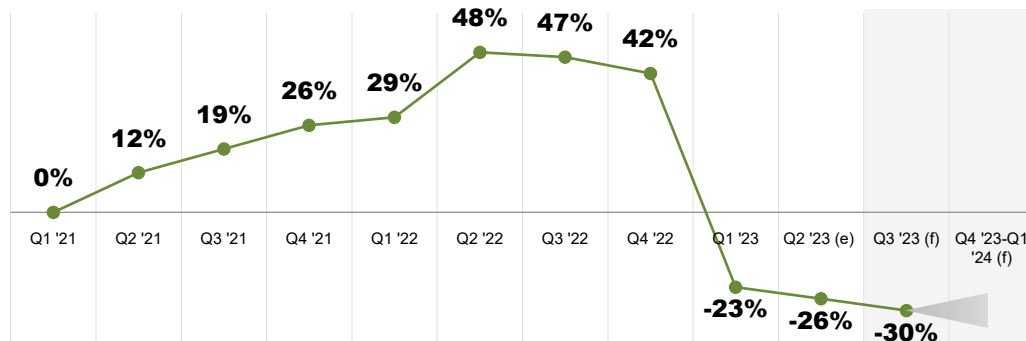
## Welded mesh

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

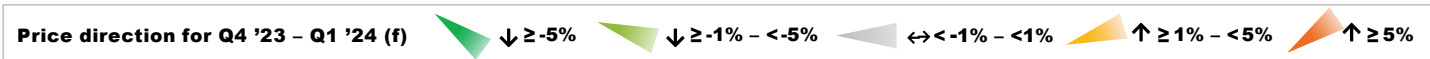
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€31.1	€29.6	↓ -4.5%	↓ -4.8%

### 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



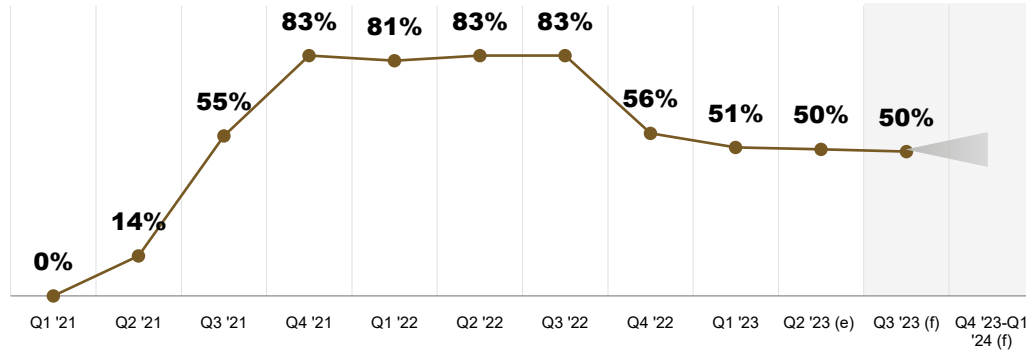
# Ireland – Commodity Price Trends



## 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



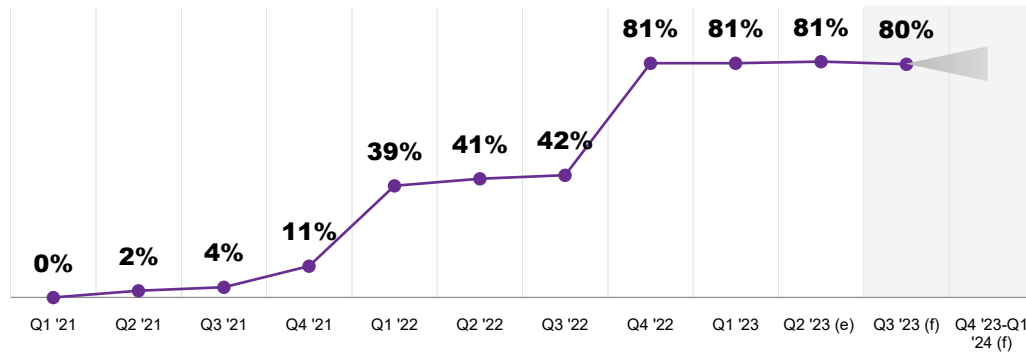
- Prices were particularly high mid-2022 when supply disruptions caused them to spike
- Lumber prices were steady throughout Q2 2023 compared to the average in the previous quarter, but they had declined by 18% when compared to the same period in 2022
- The recent downward trend can be attributed to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

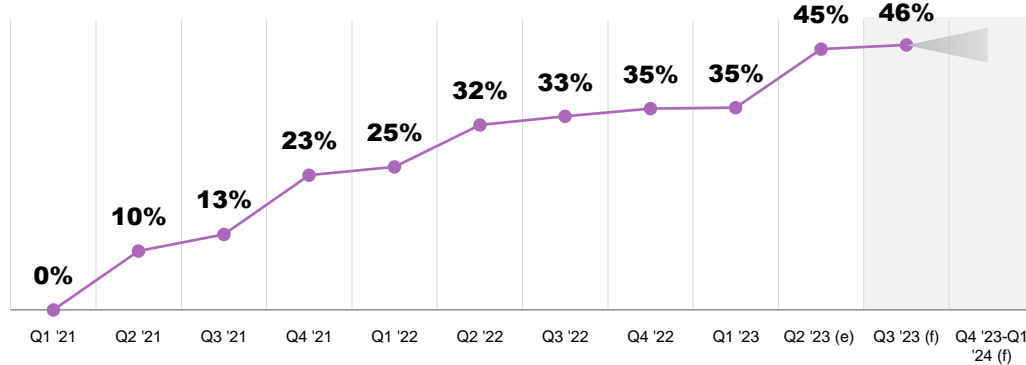
# Ireland – Commodity Price Trends



## 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

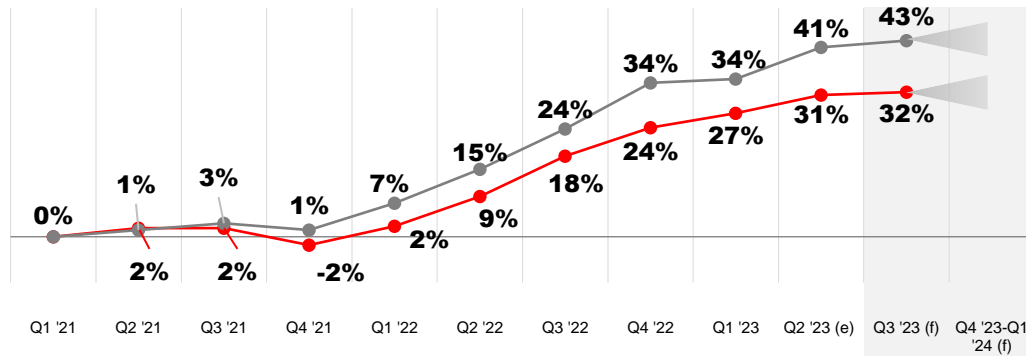


- The prices for limestone have stayed high, picking up by 7.5% QoQ in Q2 2023, with overall solid demand in the construction industry
- Although production costs have eased, this has yet to be passed on to buyers
- Reflecting the continuous upward trend over the past two years, prices in Q3 2023 will 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> <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



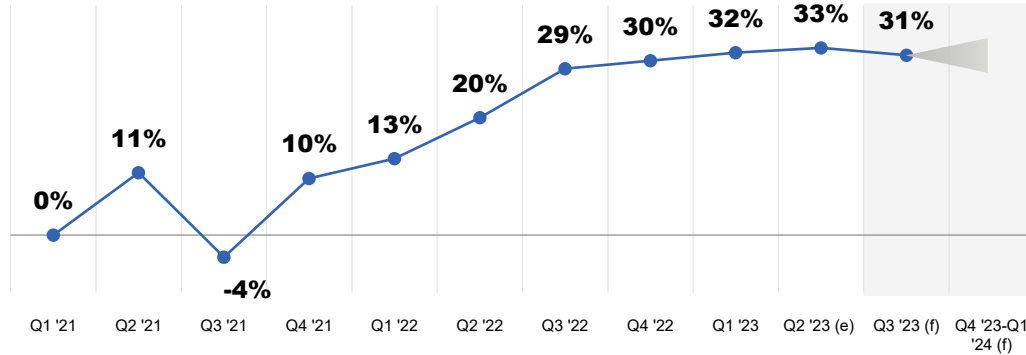
# Ireland – Commodity Price Trends



## 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



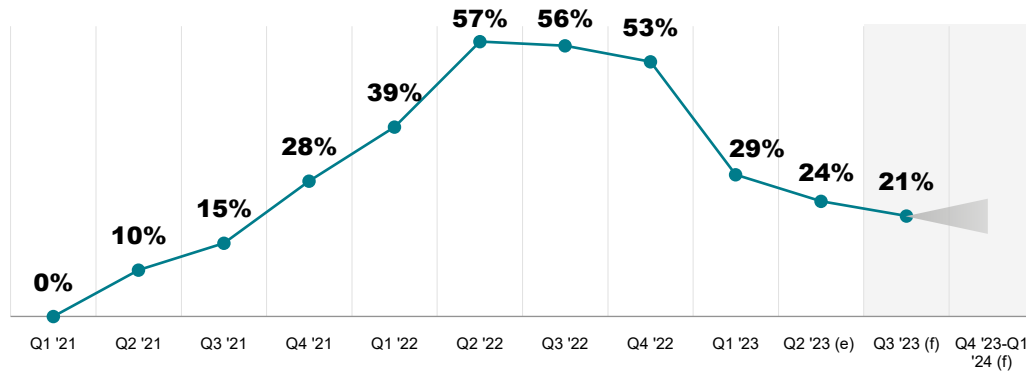
- Asphalt prices have stayed relatively high in recent quarters, edging up by 0.7% on a quarterly average in Q2 2023
- Demand will remain strong, with the government planning significant spending and in February 2023 it announced an investment of €626 million in local roads and €554 million in national 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

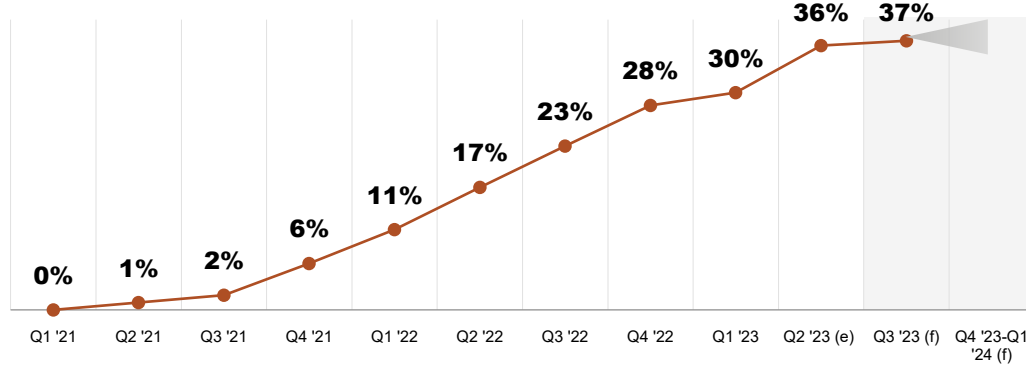
# Ireland – Commodity Price Trends



## 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



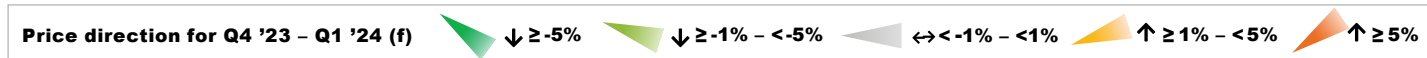
- Brick prices have continued to rise in recent quarters, moving up by 5% quarter on quarter in Q2 2023
- High production costs have contributed to the high levels, but prices have yet to drop back despite the recent easing in energy and transport costs
- Despite challenges faced by the residential sector, 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.

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



# 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

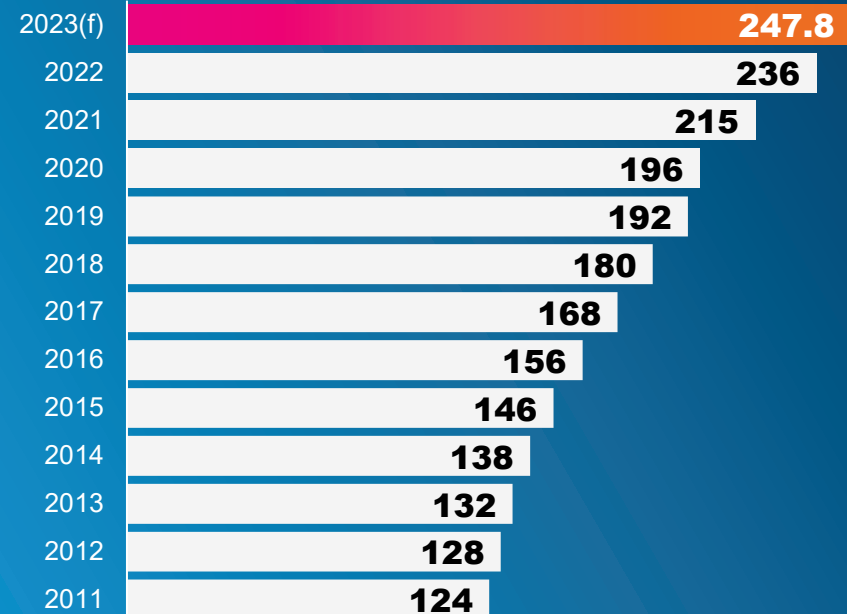
Construction in the Energy and utilities sector is expected to shrink by 2.4% in 2023 due to high material costs, but in the next four years it is anticipated to achieve an annual average growth rate of 3.4%, driven by renewable Energy investments. Recent developments include Statkraft and Copenhagen 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.

# Ireland – 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 – Ireland

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

- IMF
- Central Bank
- CSO
- SCSi
- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Sustainable Energy Authority of Ireland

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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

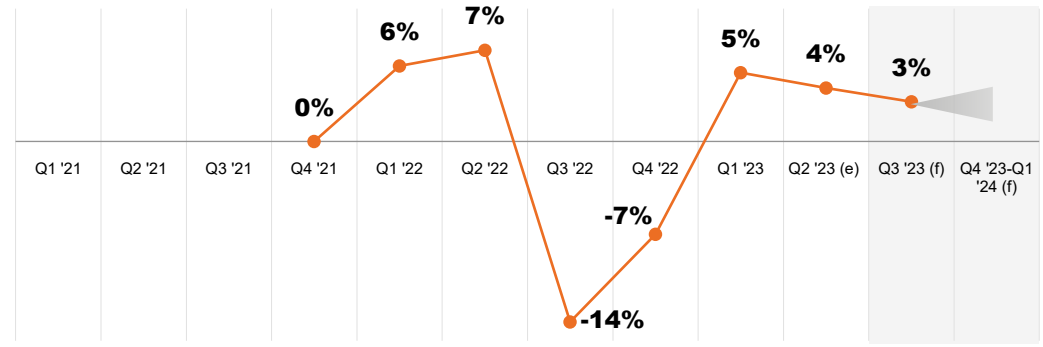
# Israel – Commodity Price Trends



## 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

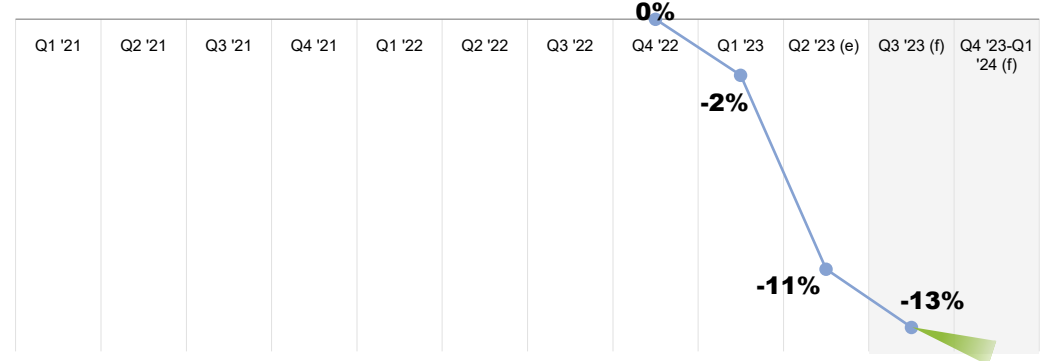


- The copper price in Israel has been volatile on a monthly basis, but dropped back in both May and June, falling by 4% MoM in June and 2% in May
- Prices will stabilize around current levels on a quarterly average basis in the coming quarters, but there will be continued volatility

## 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





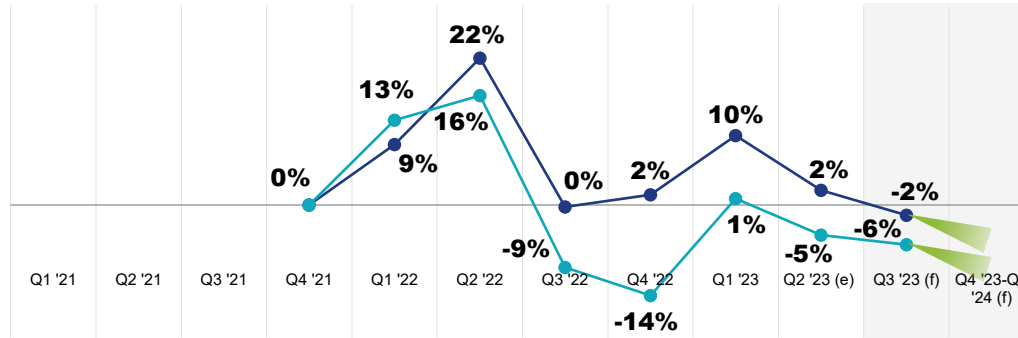
# Israel – Commodity Price Trends



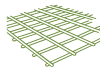
## Steel – rebar and flat

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



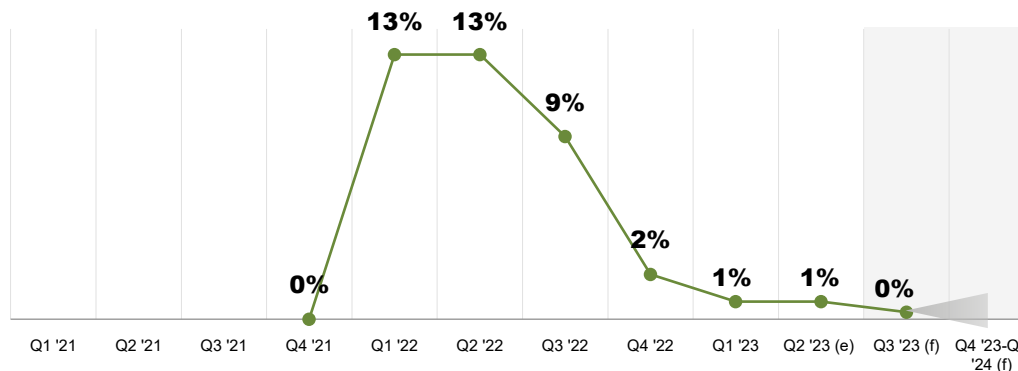
- Steel rebar prices have recorded a downward trend, dropping by 7.4% QoQ in Q2 2023, while steel flat products prices fell by 5.5%
- Weak demand from the construction industry and rising interest rates may lead to relatively weak demand for steel in the short term, but infrastructure investments could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



## Welded mesh

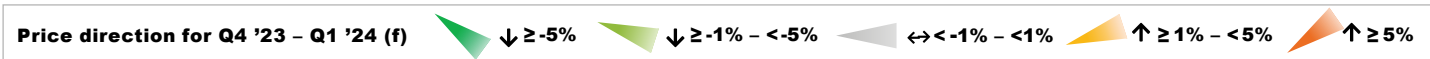
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (ILS/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
ILS214	ILS213	↔ 0.0%	↓ -0.5%

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



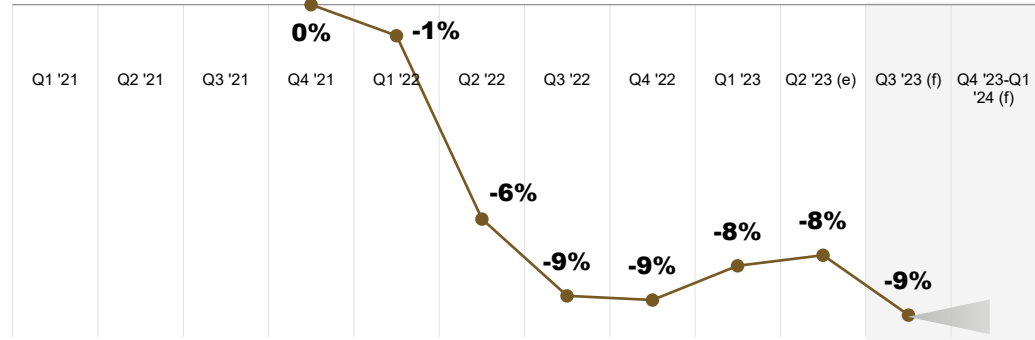
# Israel – Commodity Price Trends



## 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



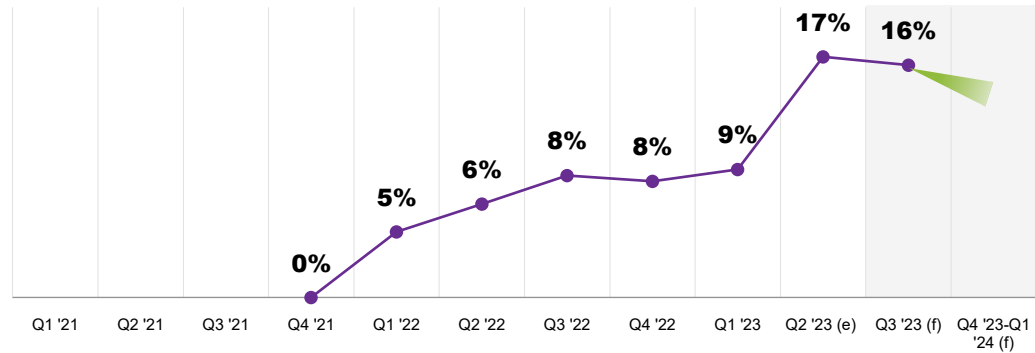
- Lumber prices have been on a downward trend over the past two years, but prices have been relatively stable in the past two quarters
- There will be further weakness ahead in the short term given the decline in the housing sector in part due to rising mortgage rates
- However, the government is pushing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



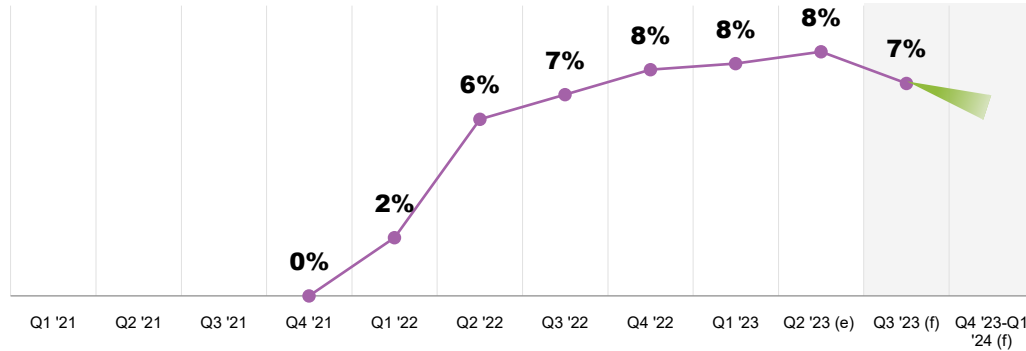
# Israel – Commodity Price Trends



## 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

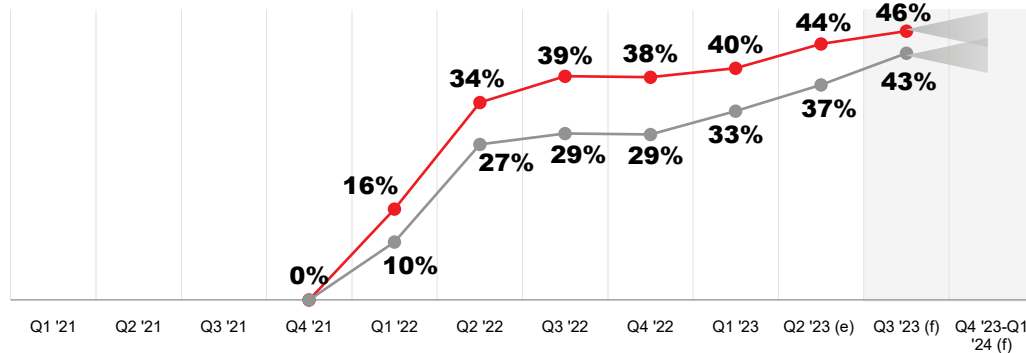


- The prices for limestone remained stable in Q2 2023, and was around 8% higher than the level in Q4 2021
- Although the overall construction sector has posted strong growth recently, the residential buildings sector is weakening, which will contribute to a steady drop in limestone prices from recent 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)
<p>● <b>Cement</b> (ILS/mt)</p> <p>ILS392    ILS398    ↑ 3.0%    ↑ 1.5%</p> <p>● <b>Concrete</b> (ILS/m<sup>3</sup>)</p> <p>ILS432    ILS450    ↑ 3.4%    ↑ 4.0%</p>			

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

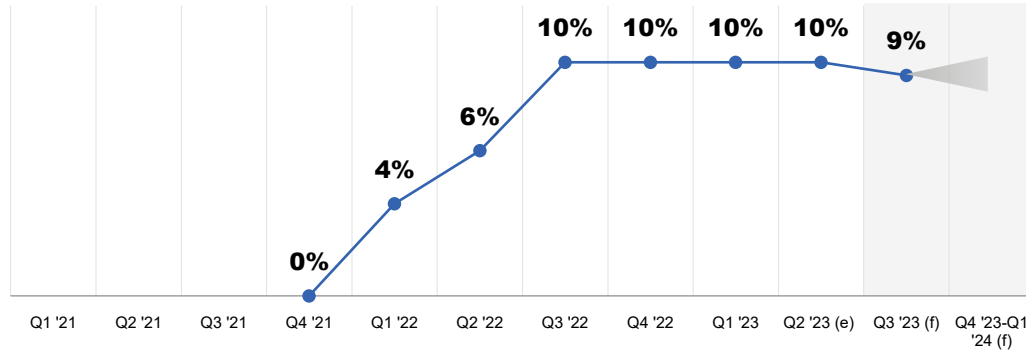
# Israel – Commodity Price Trends



## 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



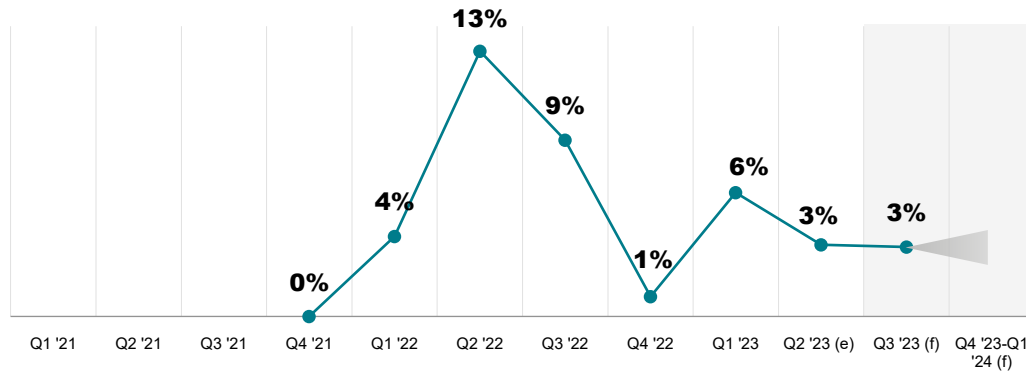
- Asphalt prices have stayed unchanged in recent quarters, standing around 10% higher than in Q4 2021
- Prices are expected to fall marginally in the next quarter owing to subdued demand in the construction industry, amid rising interest rates
- In the long term, prices will be supported by the government's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



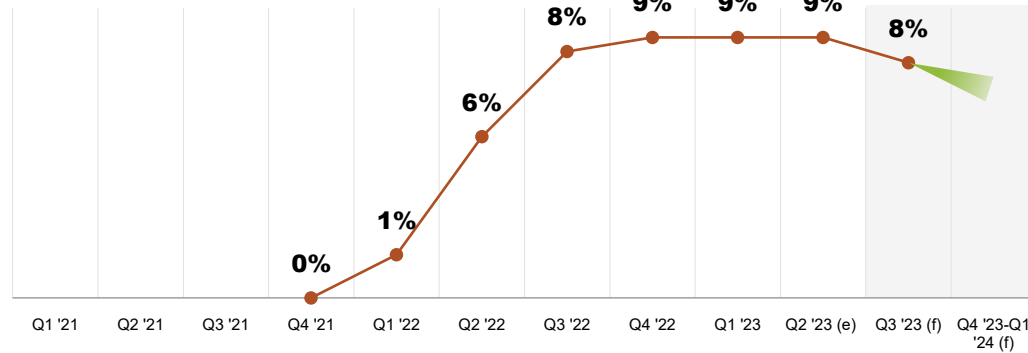
# Israel – Commodity Price Trends



## Concrete blocks

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

# 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%.

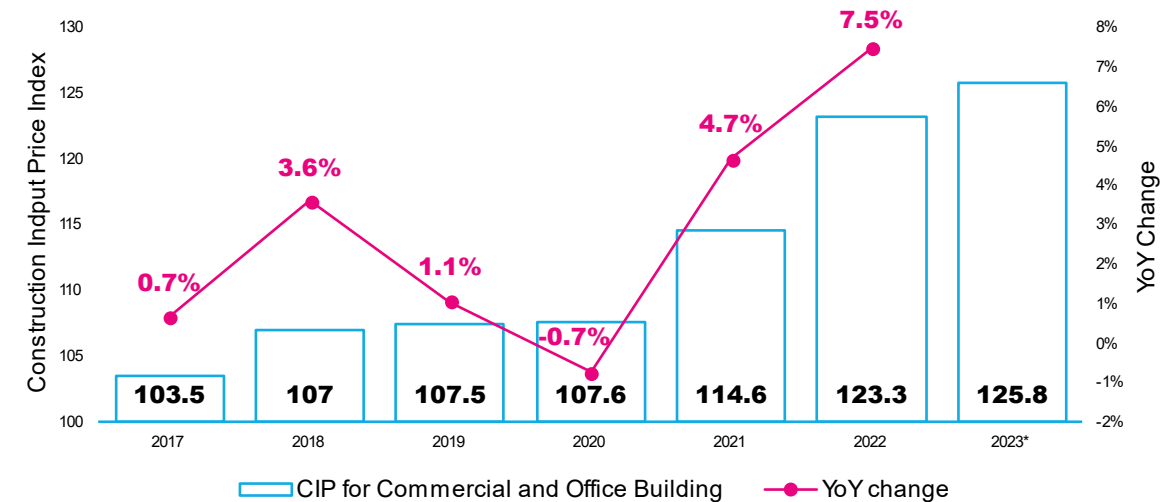


### Renewable Energy

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



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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.

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## Definitions

- Commodity prices are net of taxes for all the countries
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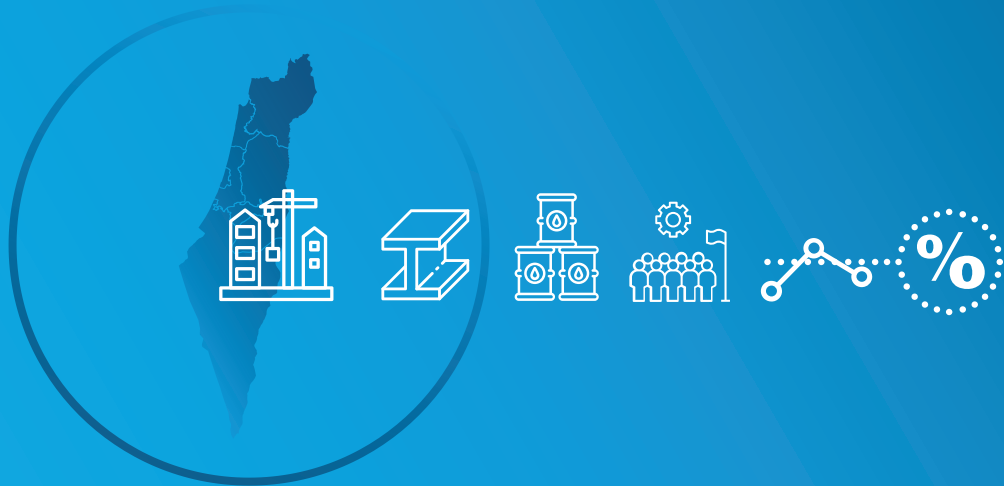
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## Sample sources – Israel

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

**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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# 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

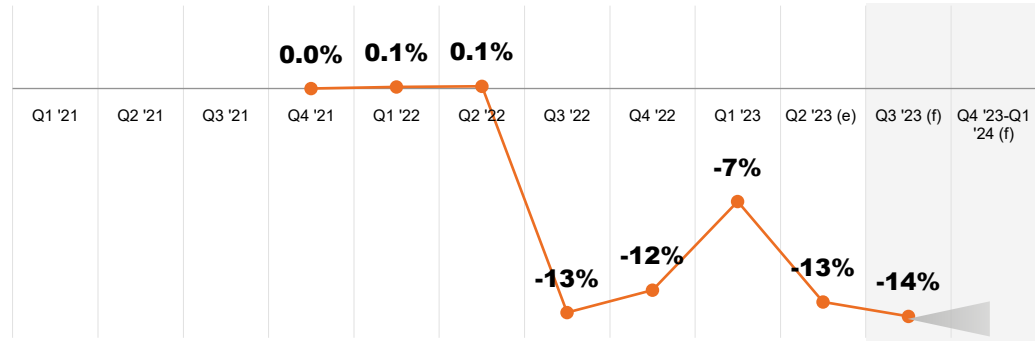
# Italy – Commodity Price Trends



## 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



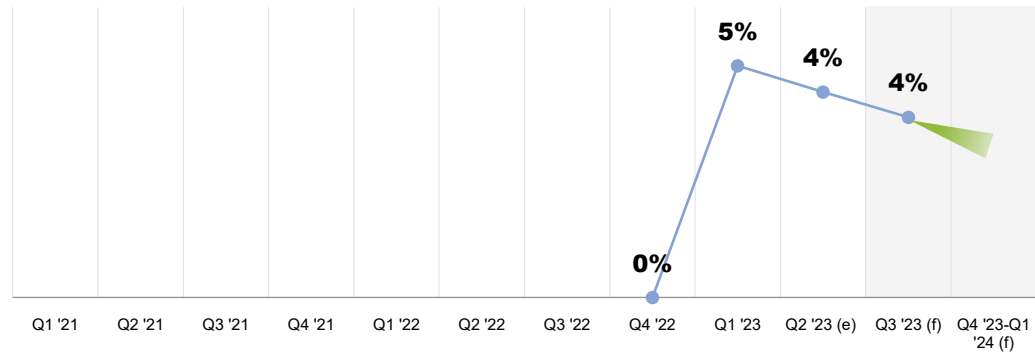
- Although there has been some volatility in copper prices this year, on a quarterly average basis prices were down by 6.5% QoQ in Q2 2023
- Given the impact of weak demand stemming from rising interest rates and also concerns in the short term over limited global inventories, prices will remain volatile,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

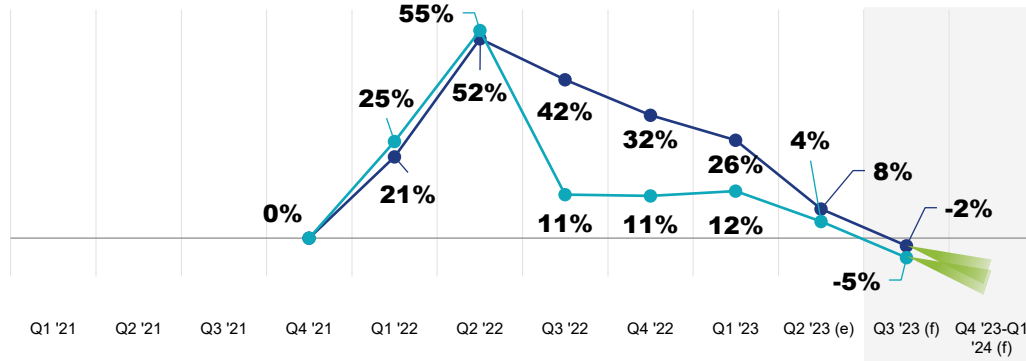
# Italy – Commodity Price Trends



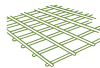
## Steel – rebar and flat

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



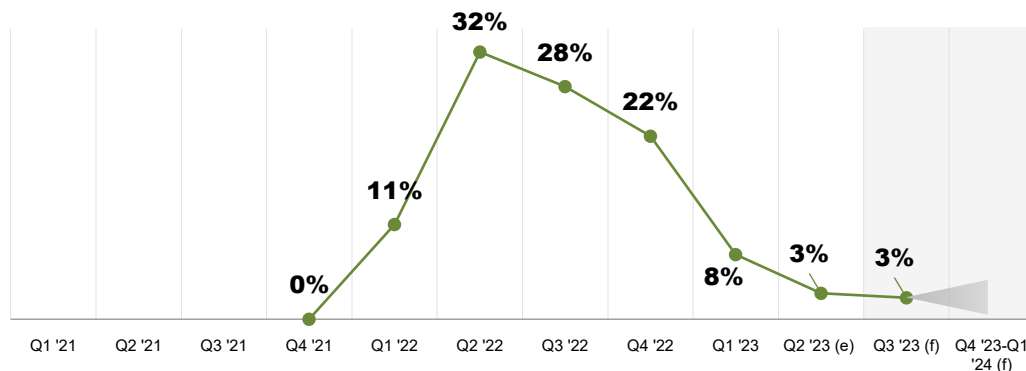
- Steel rebar prices have continued to trend downward given weak demand and easing production costs
- In Q2 2023 prices dropped by 14% QoQ, extending the downward trend to four successive quarters from the peaks of Q2 2022
- Similarly, prices of steel-flat product have also been on a downward trend, 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)





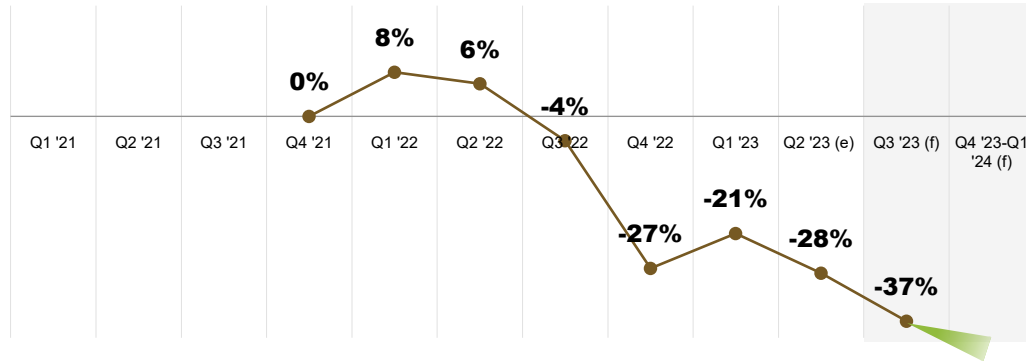
# Italy – Commodity Price Trends



## 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



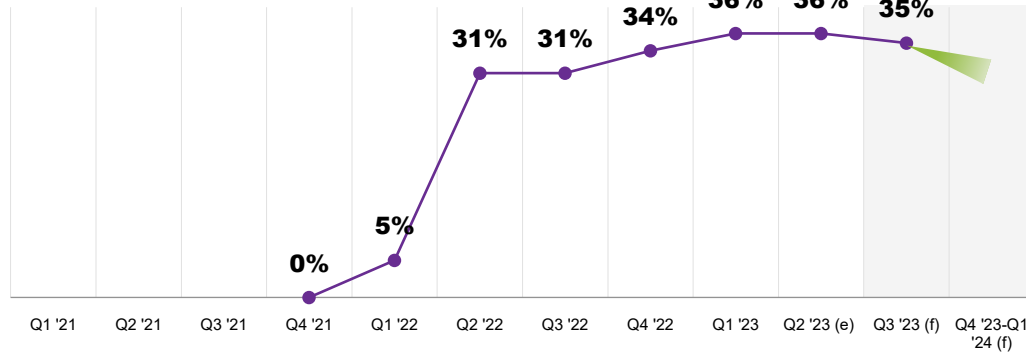
- Lumber prices dropped sharply in Q2 2023 on a quarterly average basis, falling by 9.1% QoQ
- The fall was particularly steep in June, when prices dropped by 15% compared to May
- Weakness in the residential construction sector compared to the high levels of activity in the past two years will be a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

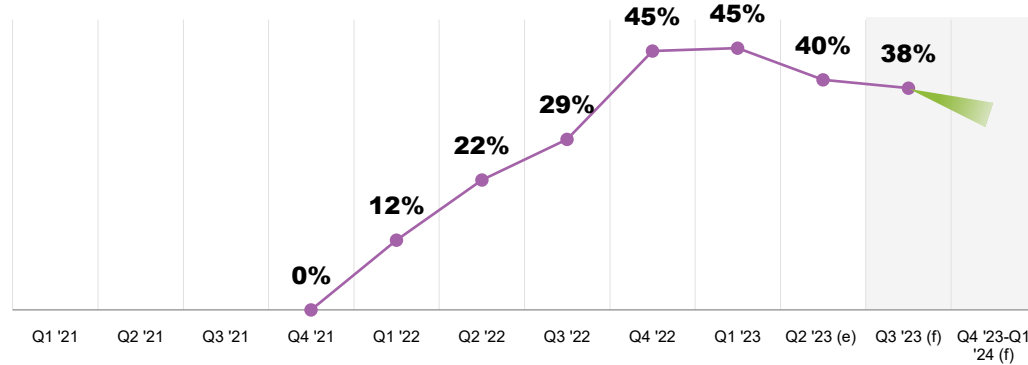
# Italy – Commodity Price Trends



## 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

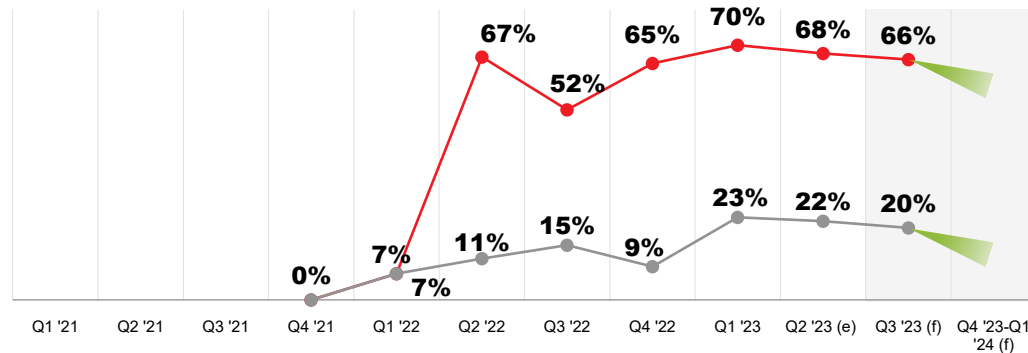


- Limestone prices in Italy have edged down from recent highs, and amid weakening demand and falling energy and transportation costs, and prices will continue on this downward trend
- However, the prices will remain elevated, as Q3 2023 prices will be around 38% higher than in Q4 2021

## 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%
<b>Cement</b> (€/mt)			
€158	€156	↓ -0.9%	↓ -1.6%
<b>Concrete</b> (€/m³)			

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

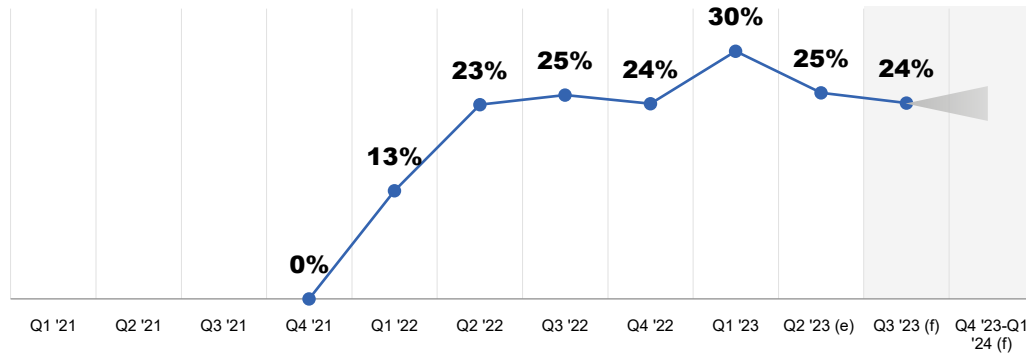
# Italy – Commodity Price Trends



## 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



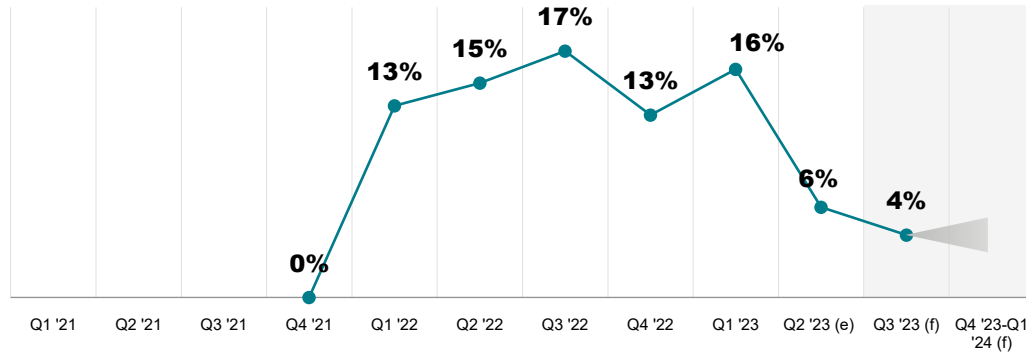
- Asphalt prices declined by 3.8% QoQ in Q2 2023, reflecting an easing in input costs
- Stable demand from road construction is expected to keep asphalt prices close to current levels in the short term
- The Italian government has set aside €4.5bn for this year's execution of major road development projects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

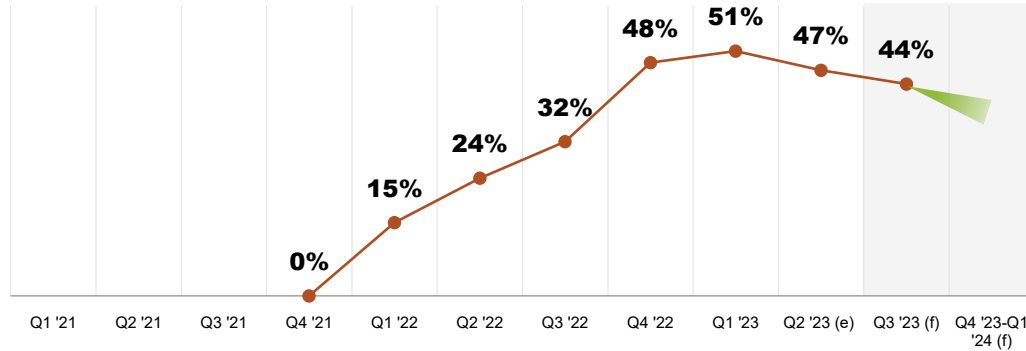
# Italy – Commodity Price Trends



## 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

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 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.

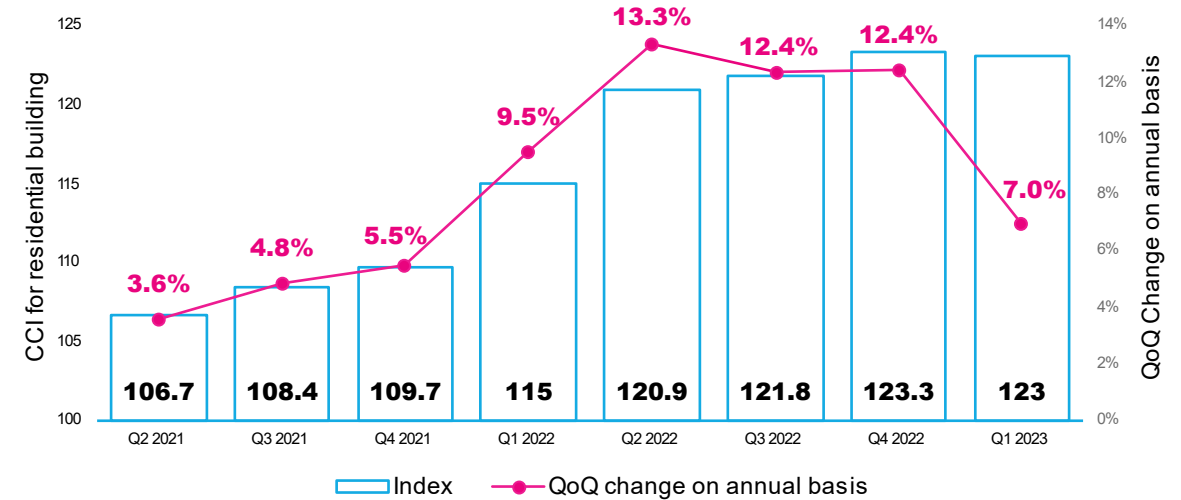


### Renewable Energy

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



---

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

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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

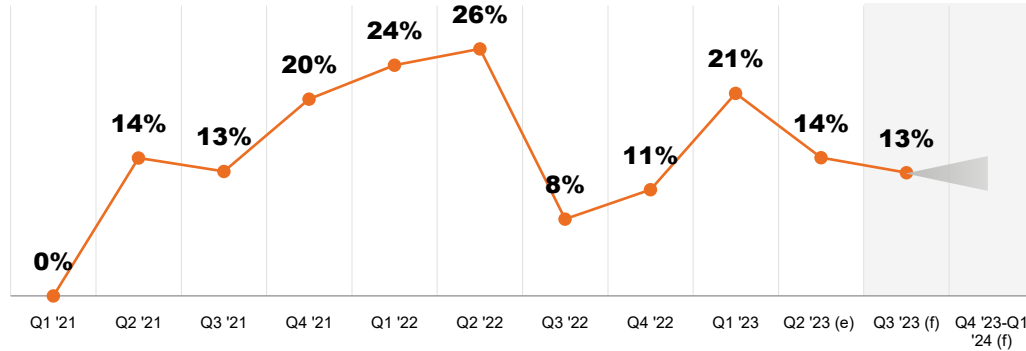
# Netherlands – Commodity Price Trends



## 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



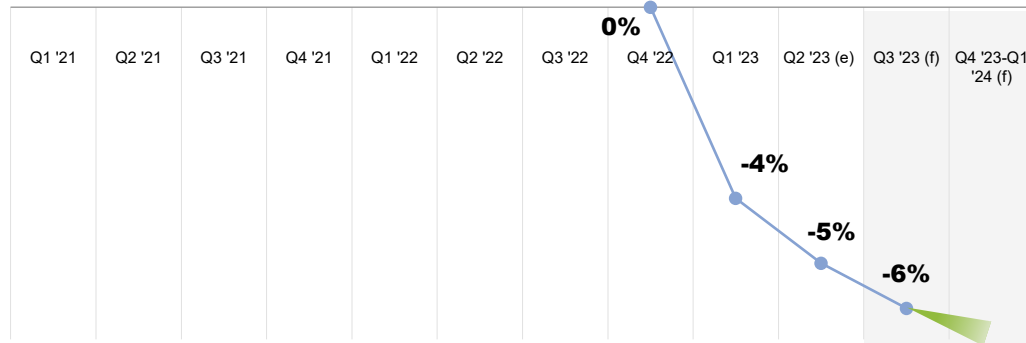
- Copper prices have stayed relatively high in the Netherlands on a quarterly average basis, but there has been some volatility in monthly trends
- Investment in renewable energy projects and electric vehicle manufacturing is helping to sustain demand
- However, global copper prices will remain volatile 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

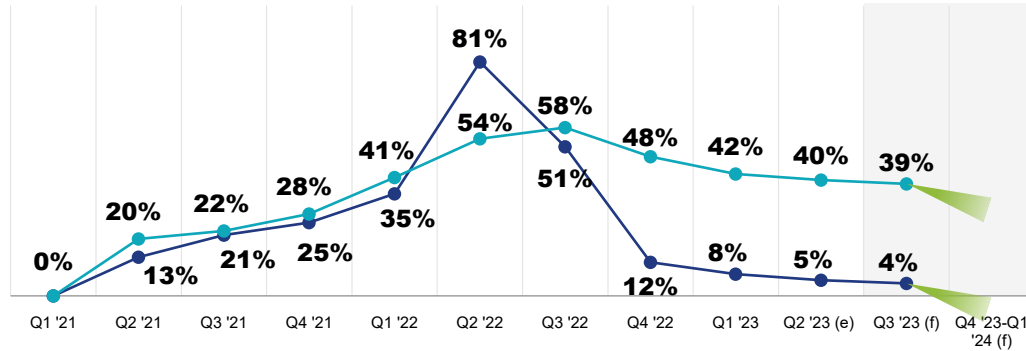
# Netherlands – Commodity Price Trends



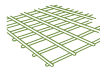
## Steel – rebar and flat

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



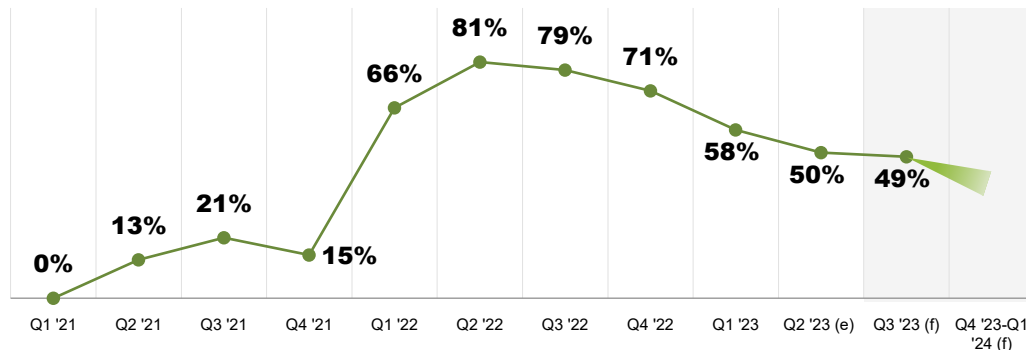
- Steel rebar prices have come down sharply from the highs of Q2 2022, with prices now close to the levels of early 2021
- The slowdown in the residential construction sector will contain any upward pressure in the coming quarters, with production costs also easing
- Prices for flat products have also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



## Welded mesh

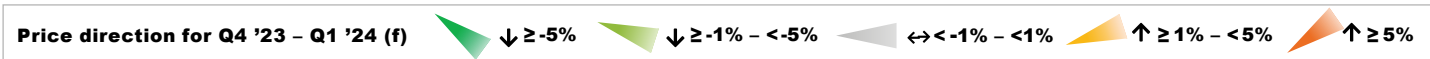
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€68.4	€68.7	↓ -5.0%	↓ -1.0%

### 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



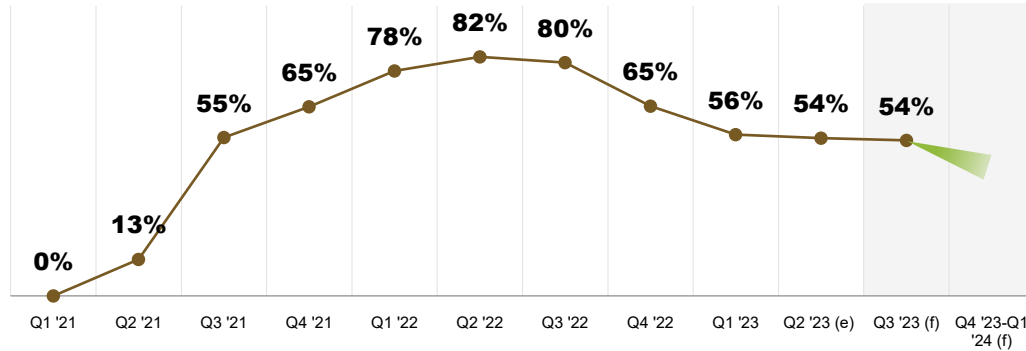
# Netherlands – Commodity Price Trends



## 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



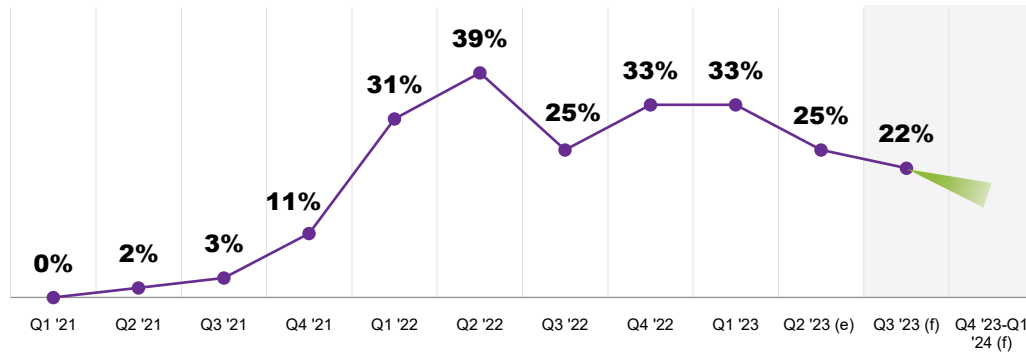
- Prices have remained at a high level in recent quarters, although dropping back from the levels of mid-2022
- Lumber prices will continue to trend lower in the coming quarters reflecting weaker demand and falling prices in the regional market
- Demand from the residential buildings sector will weaken,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



## Plasterboard

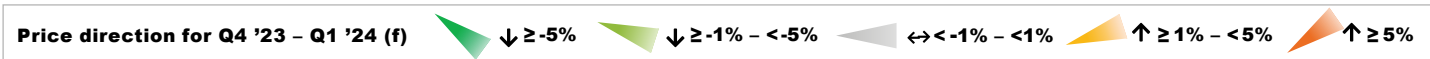
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€10.3	€10.1	↓ -5.8%	↓ -2.5%

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)





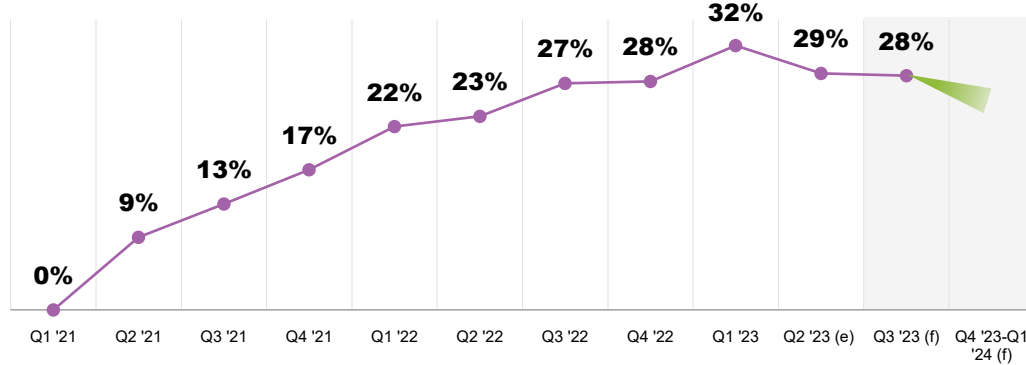
# Netherlands – Commodity Price Trends



## 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

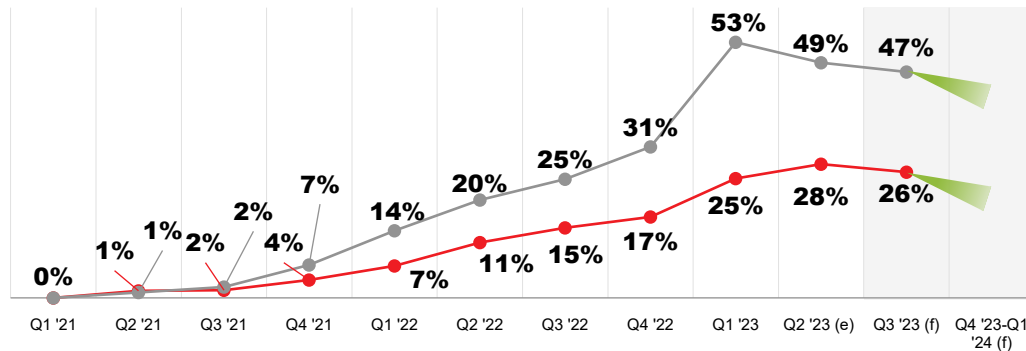


- Prices for limestone have stayed relatively high, having been on a steep upward trend over the past two years
- However, with weakening demand, prices will edge downwards in the coming quarters
- Easing production and transportation cost pressures will also contribute to this downward trend

## 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	€194	↓ -2.8%	↓ -1.3%
● <b>Concrete</b> (€/m³)			

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

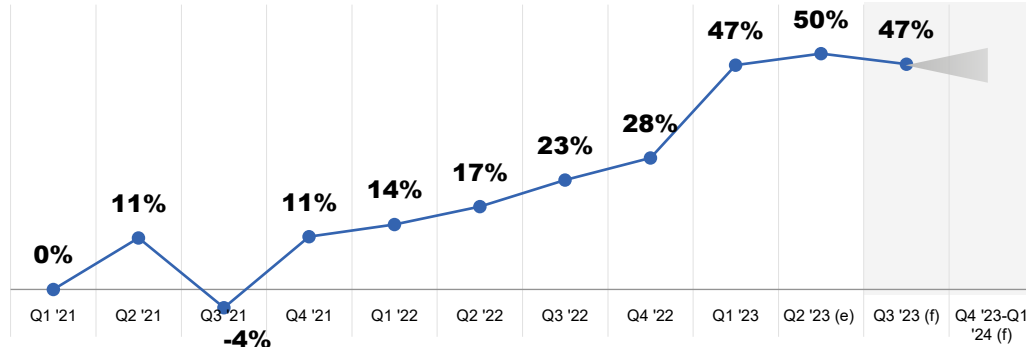
# Netherlands – Commodity Price Trends



## 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



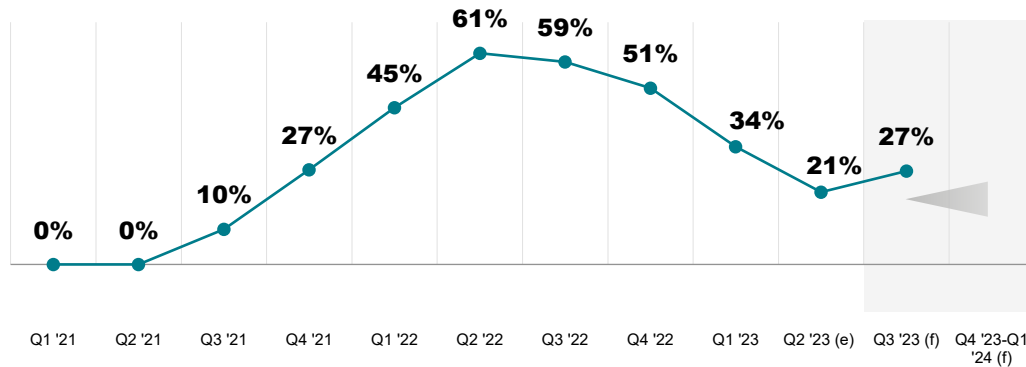
- Asphalt prices remained high in Q2 2023, edging up on a quarterly average basis by 1.6% QoQ
- Price pressures will ease in the upcoming quarters, but demand will continue to grow due to government spending on road maintenance and repair projects
- Prices for key inputs will also fluctuate due to production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

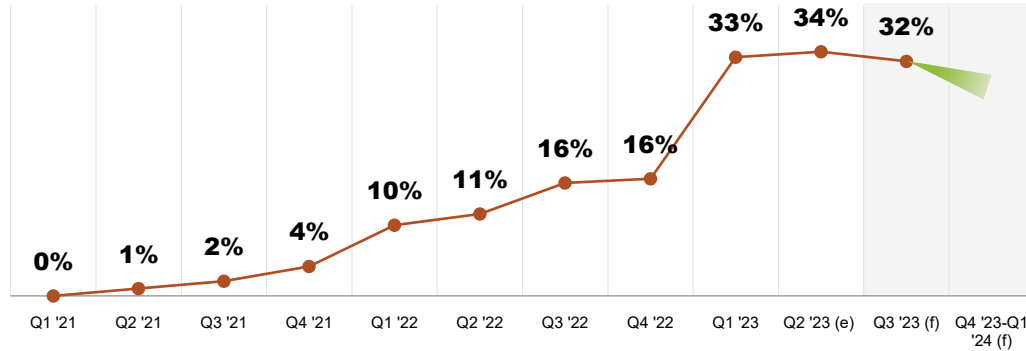
# Netherlands – Commodity Price Trends



## Bricks

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

# 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

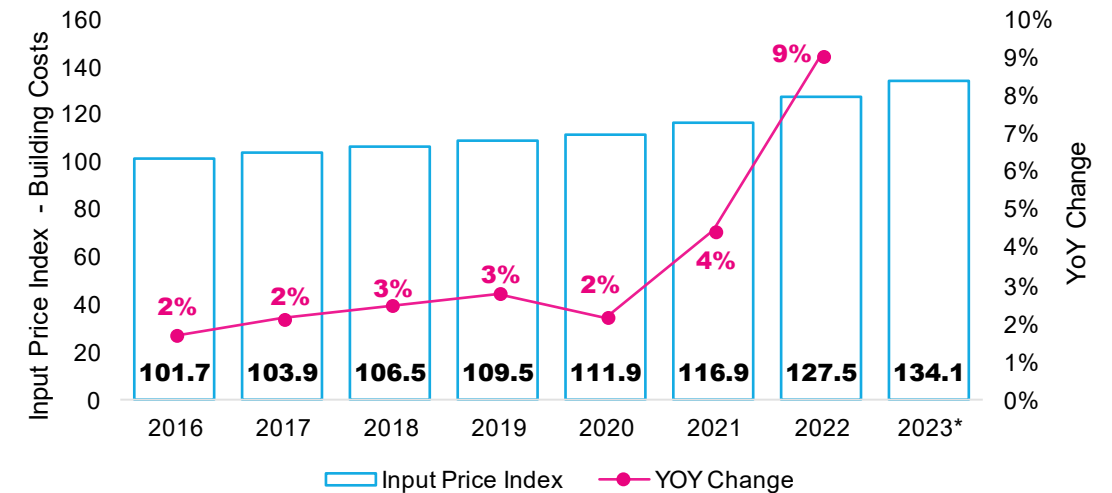
The Netherlands holds a significant position in the European semi-conductor market, with a complete value chain presence. There are also notable investments in large-scale high-tech industries, such as battery manufacturing, with €296mn being allocated by the cabinet to support this sector.



### 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



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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 – Netherlands

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

- IMF
- Statistics Netherlands (CBS)
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Dutch Data Centre Association
- Eurostat
- 1-Statista

**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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# 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



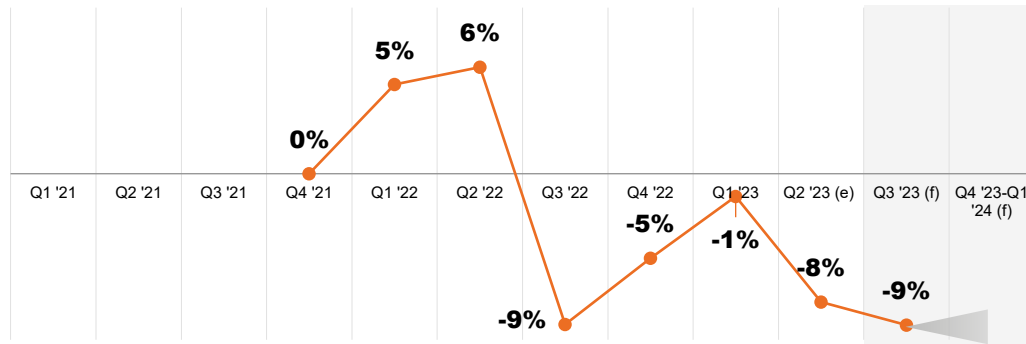
# Spain – Commodity Price Trends



## 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

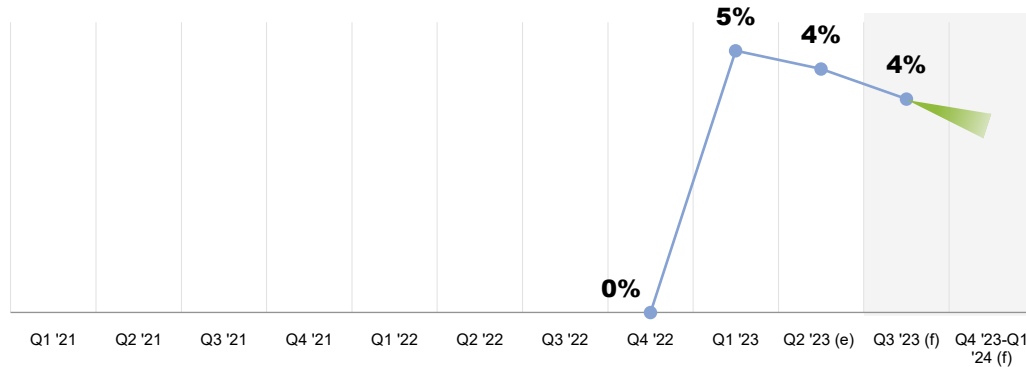


- Copper prices have been volatile, and on a quarterly average basis they dropped by 6.4% QoQ in Q2 2023, as waning demand for industrial metals from China led to a decline in copper prices
- Prices will remain close to current levels on a quarterly average basis, with concerns over weak demand stemming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

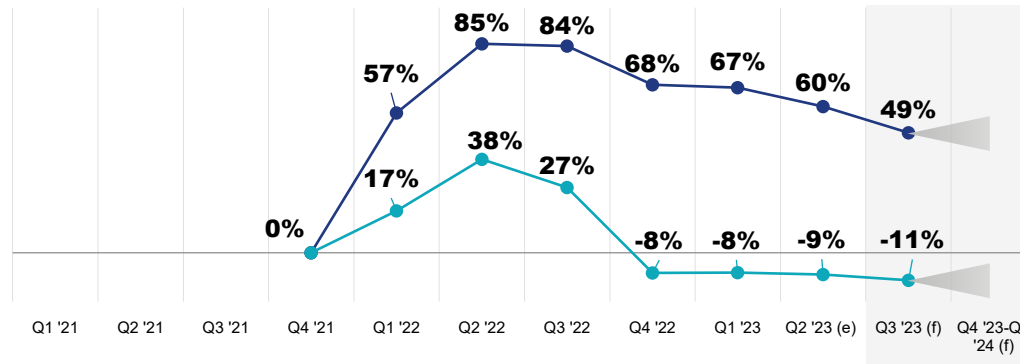
# Spain – Commodity Price Trends



## 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

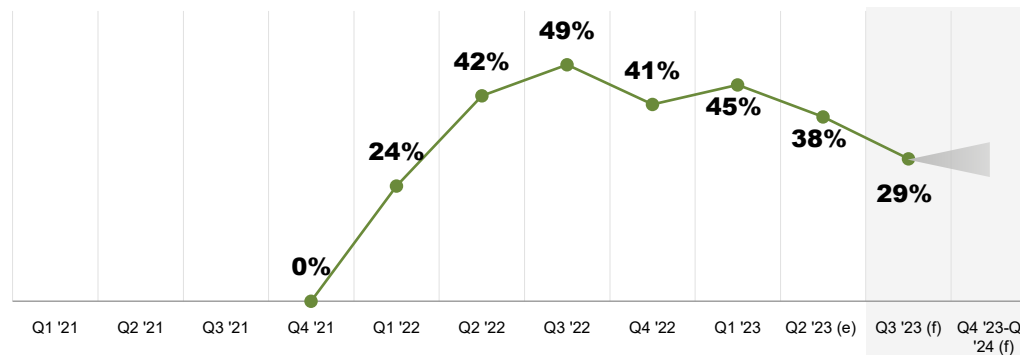


- On a quarterly average basis, steel rebar and steel-flat prices in Spain have continued to drop back from the highs of mid-2022
- The pace of decline has accelerated recently, with rebar MoM decreases of 6% in June and 5% in May 2023
- Steel-rebar and steel-flat product prices are expected to fall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

## Welded mesh

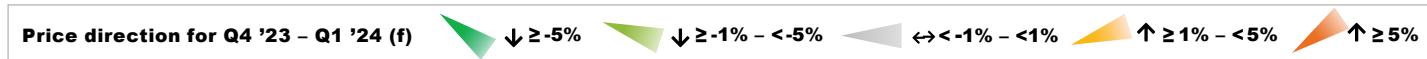
Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Moderate	Moderate	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€93	€87	-4.6%	-6.3%

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



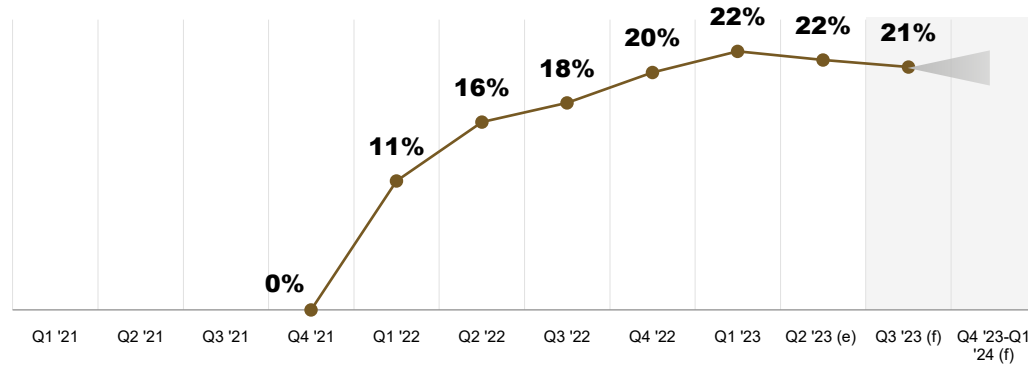
# Spain – Commodity Price Trends



## 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



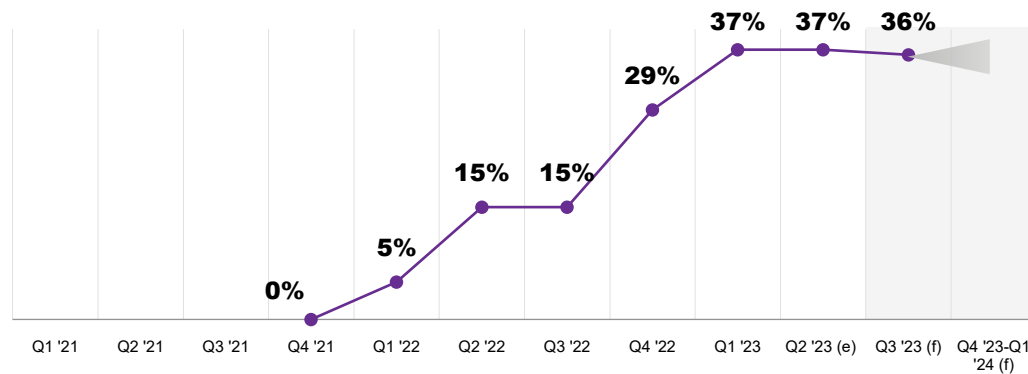
- Lumber prices in Spain have started to drop back from the highs recorded in early 2023
- On a quarterly average basis, prices were down by 0.6% in Q2 2023
- Prices are forecast to fall marginally by 0.5% QoQ in Q3 2023, but residential construction will hold up relatively well, preventing a sharper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

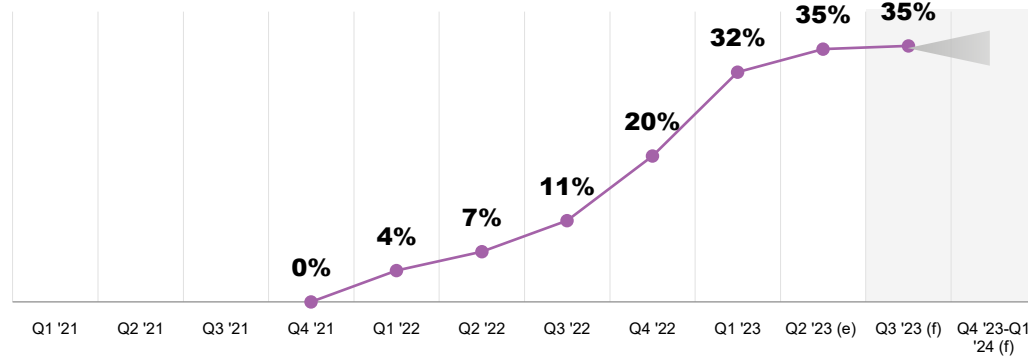
# Spain – Commodity Price Trends



## 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

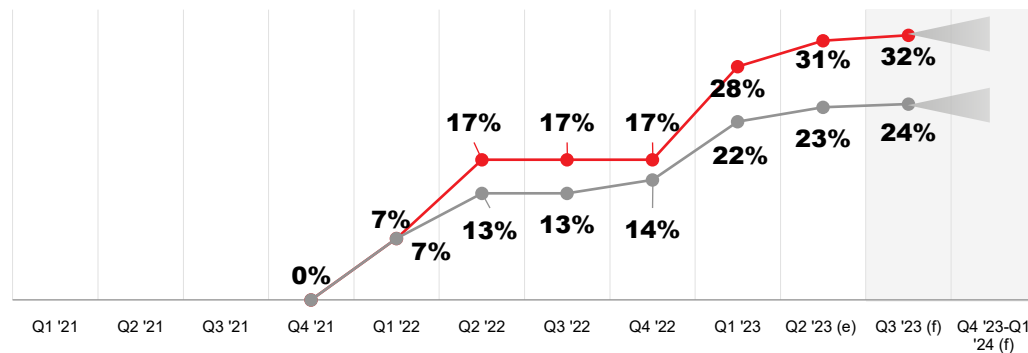


- Limestone prices in Spain are estimated to have increased by 2.4% QoQ in Q2 2023, with high production cost expected to have kept upward pressure on prices
- Prices will remain at historical highs, with pricing nearly 35% higher than in Q4 2021
- Softer demand from the construction industry is however 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%
<b>● Cement (€/mt)</b> €161    €162    ↑ 2.4%    ↑ 0.5%			
<b>● Concrete (€/m³)</b> €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



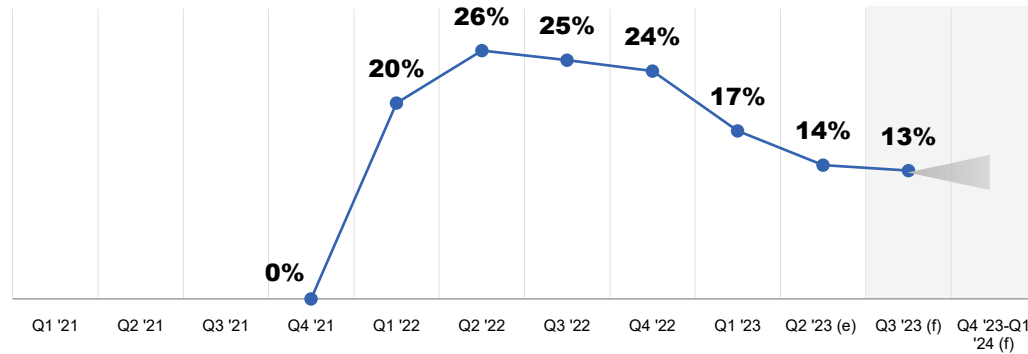
# Spain – Commodity Price Trends



## 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



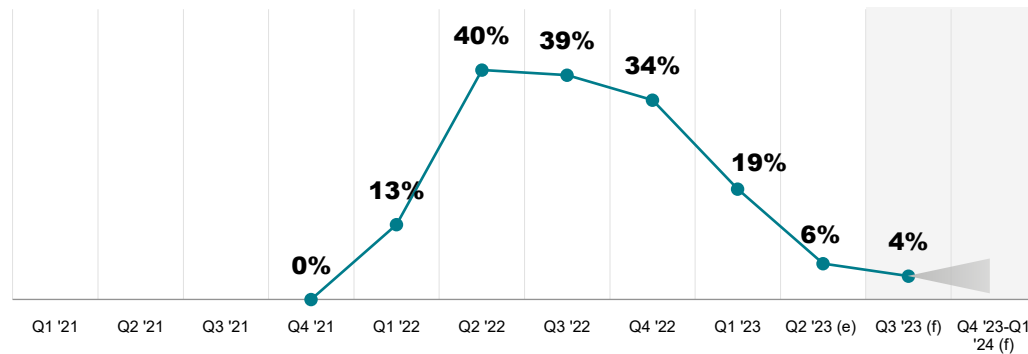
- Asphalt prices are estimated to have declined by 3% QoQ in Q2 2023, reflecting an easing in input costs
- Stable demand from road construction is expected to keep the asphalt prices at its current level in the short term
- In the 2023 Budget, the government approved a budget of €12.3bn for the Ministry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

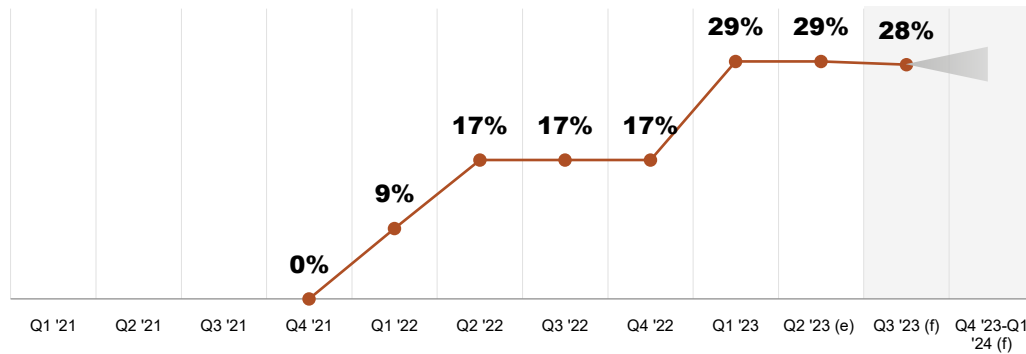
# Spain – Commodity Price Trends



## 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



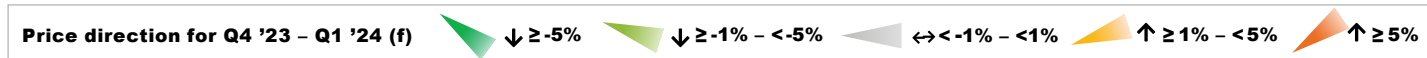
- Brick prices in Spain have stabilised at a high level
- Prices picked up in early 2023, and at this elevated level they are around 28.6% higher than in Q4 2021
- Despite economic challenges, buildings construction is continuing to expand, and this will keep prices of bricks around current levels over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

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



# 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

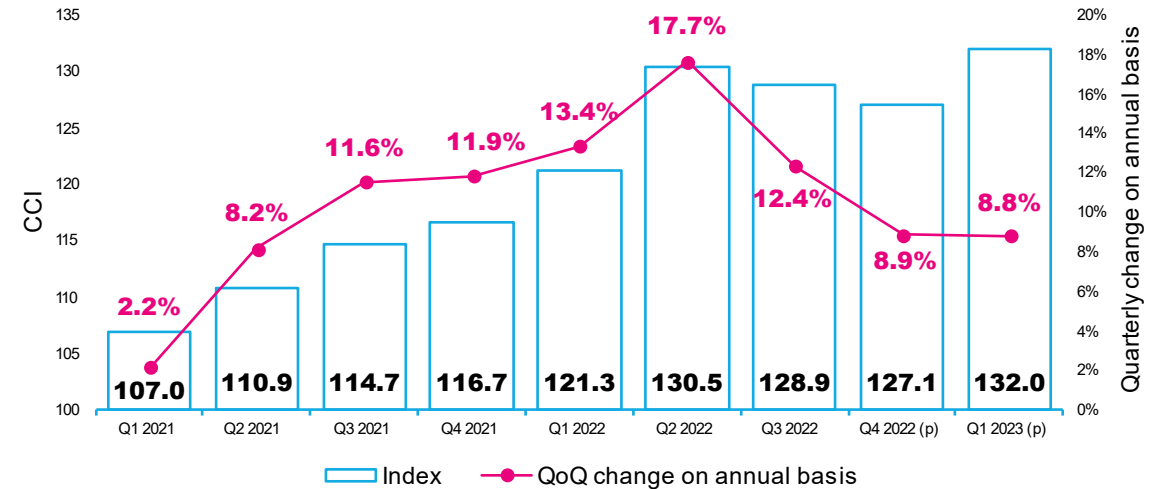
The Spanish government is focusing on attracting significant investments in the semi-conductor and battery manufacturing sectors. Last year the government committed to spend €12.25bn in the semi-conductor and micro-chip industry by 2027, including €9.3bn to fund the building of plants. Additionally, 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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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 – Spain

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

- IMF
- National Statistics Institute (INE)
- International Labour Organization
- Eurostat
- GlobalData's Construction Intelligence Center (CIC)
- 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

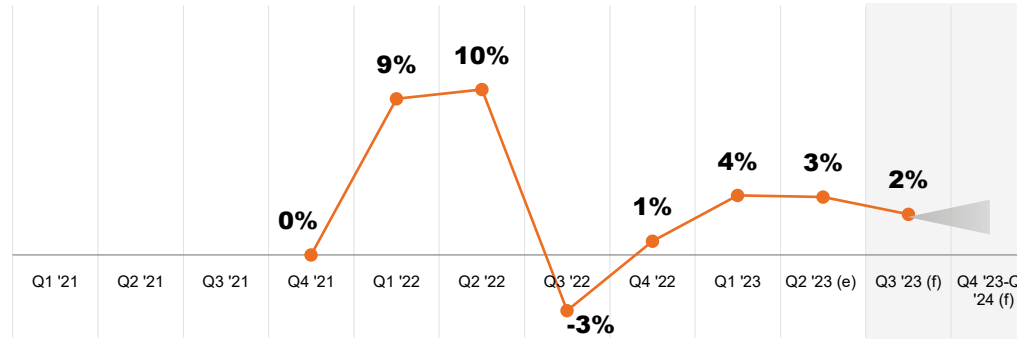
# Sweden – Commodity Price Trends



## 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



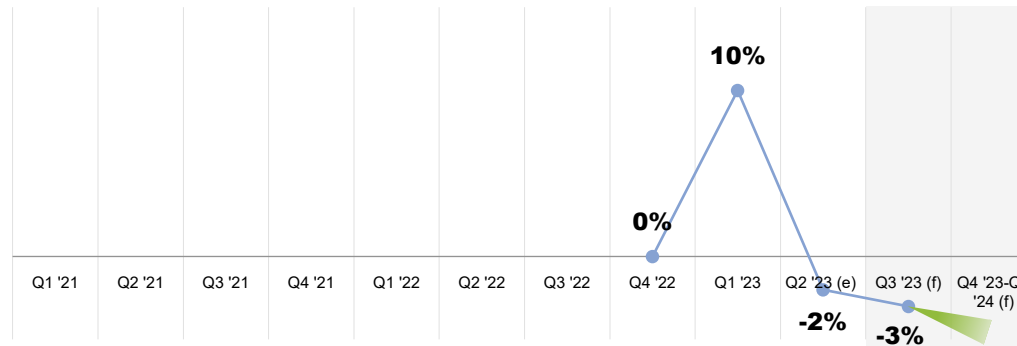
- Copper prices edged lower on a quarterly average basis in Q2 2023, and there is expected to be a further steady decline in Q3 2023, reflecting weak global demand
- Prices could be volatile in the short term, given the competing pressures of low demand, contrasted by concerns over low inventories
-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



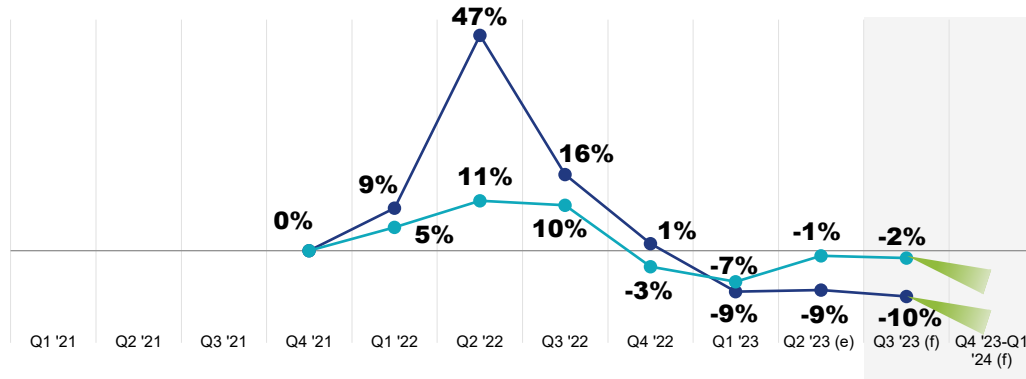
# Sweden – Commodity Price Trends



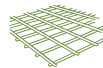
## Steel – rebar and flat

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



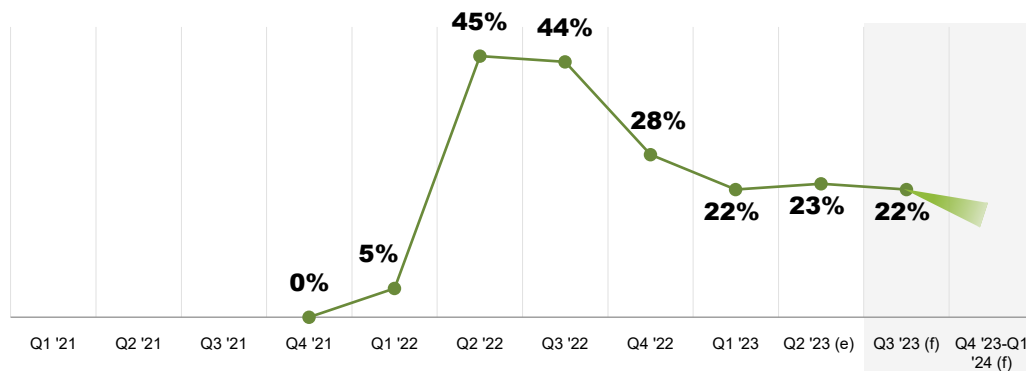
- Steel rebar prices have been trending downwards, with prices edging lower, reflecting weak demand from the residential construction sector
- In contrast, there was a pick up in steel flat prices in Q2 2023 owing to demand pressures from industrial construction sectors
- Any price increases will be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



## Welded mesh

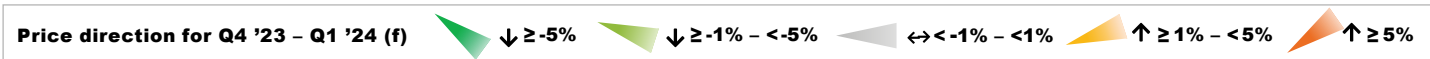
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●● Low	●●● Low
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK795	SEK787	↑ 0.4%	↓ -1.0%

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



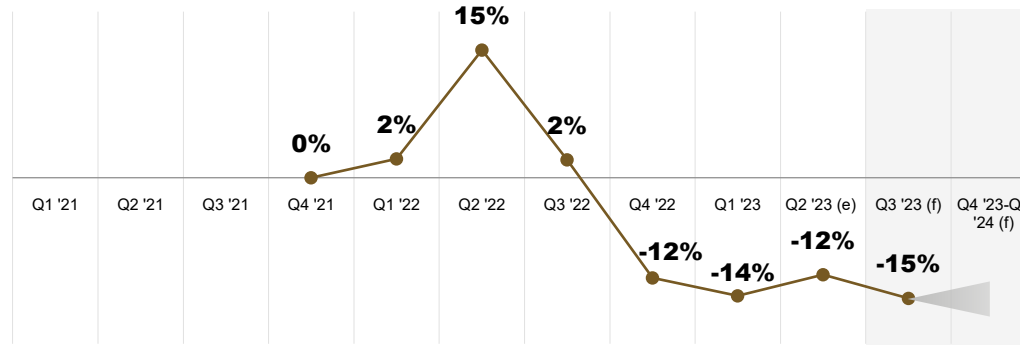
# Sweden – Commodity Price Trends



## 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



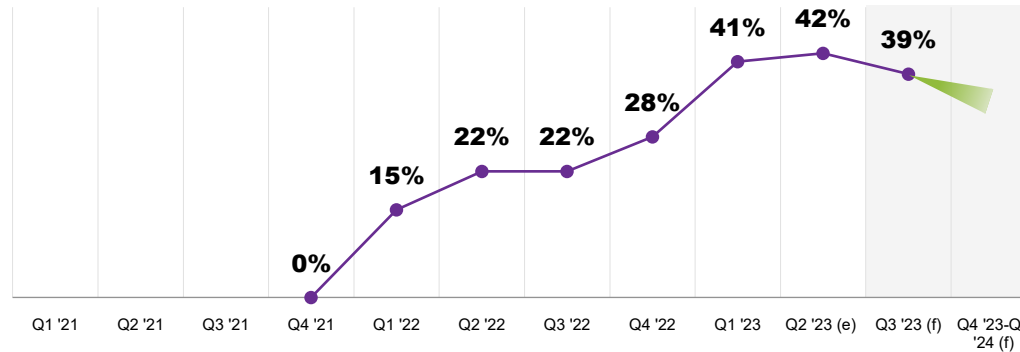
- In Q2 2023, lumber prices picked up marginally having been on a downward trend since mid-2022
- Prices will edge lower again in Q3 2023, but at this relatively low level, prices will stabilise in the coming quarters
- Despite weakness in the residential sector, timber's popularity in Sweden's construction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



## Plasterboard

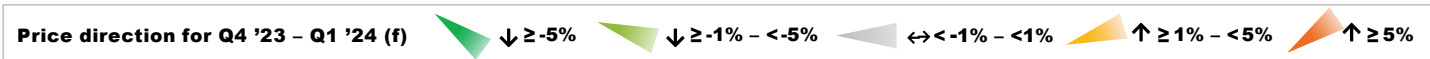
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK107.6	SEK104.9	↑ 1.0%	↓ -2.5%

### 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)



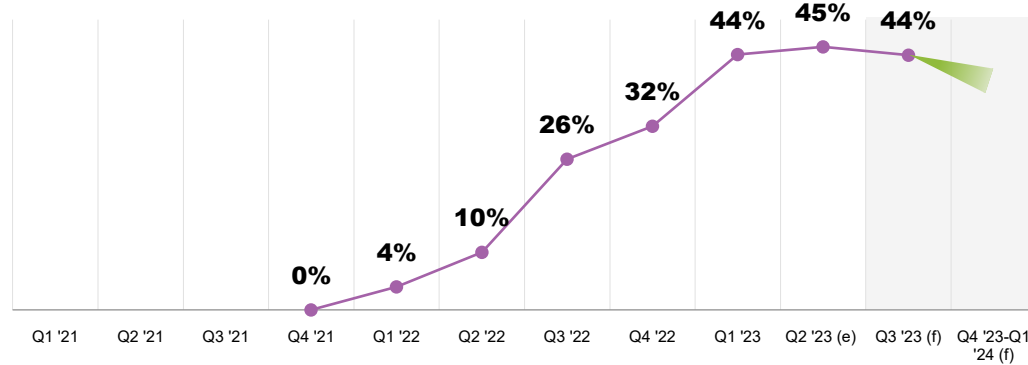
# Sweden – Commodity Price Trends



## 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

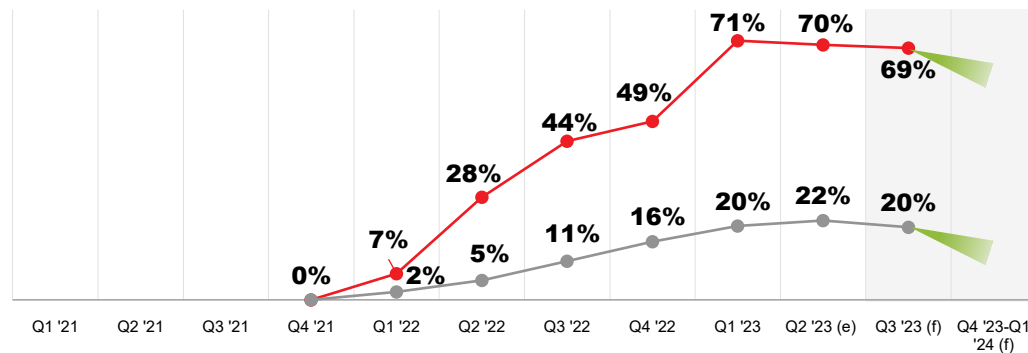


- Limestone prices have stayed at a high level, edging up by 0.9% on a QoQ basis in Q2 2023
- Soft demand from construction sector and rising interest rates are expected to put increased downward pressure on limestone prices in short term

## 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%
●— Cement (SEK/mt)			
SEK1,478	SEK1,456	↑ 1.2%	↓ -1.5%
●— Concrete (SEK/m <sup>3</sup> )			

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

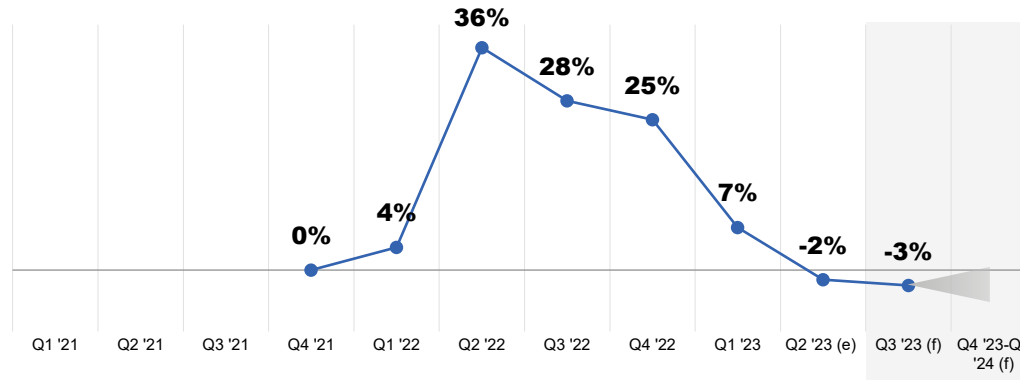
# Sweden – Commodity Price Trends



## 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



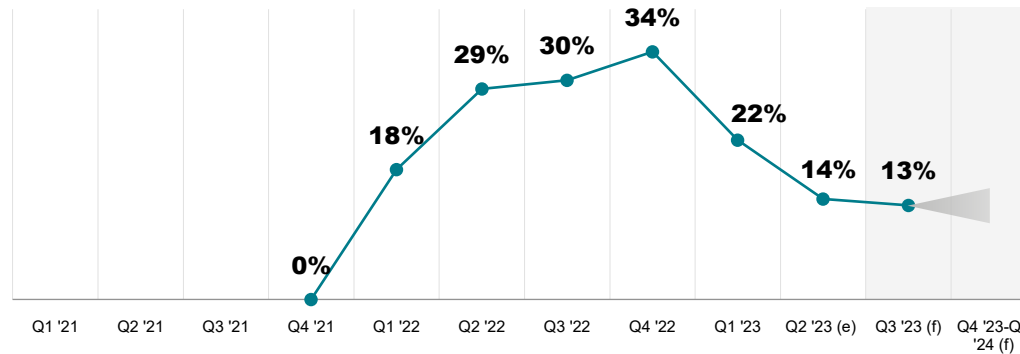
- Asphalt price have continued to fall from the highs of Q2 2022, dropping by 7.9% QoQ in Q3 2023, when it fell marginally below the level of Q4 2021
- This downward trend reflects the decline in refined petroleum product prices
- A pick up in demand from the infrastructure sector along with relatively 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



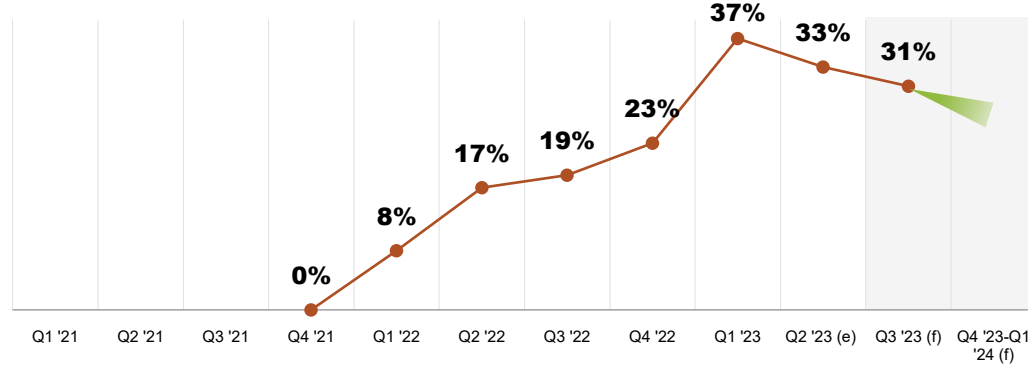
# Sweden – Commodity Price Trends



## 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.

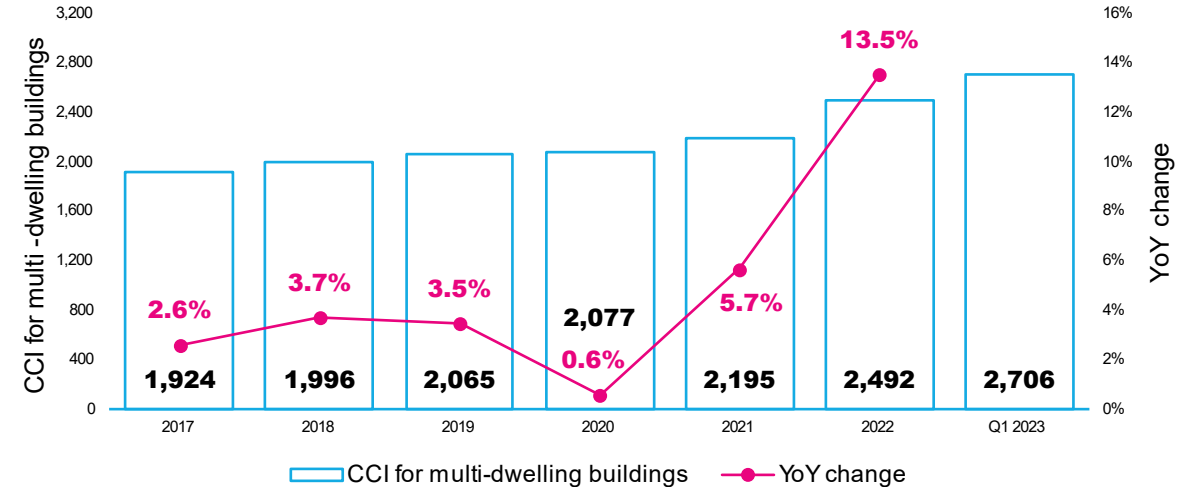


### Renewable Energy

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.

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- Commodity prices are net of taxes for all the countries
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- 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

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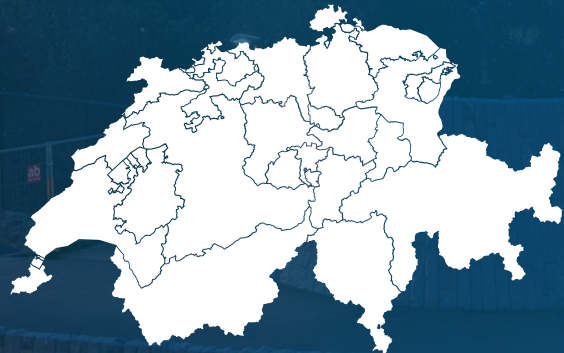
- IMF
- Mynak
- Statistics Sweden
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Eurostat

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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



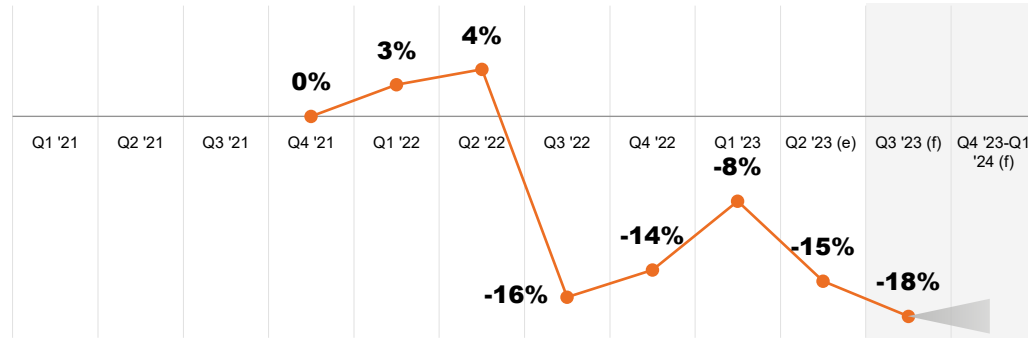
# Switzerland – Commodity Price Trends



## 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

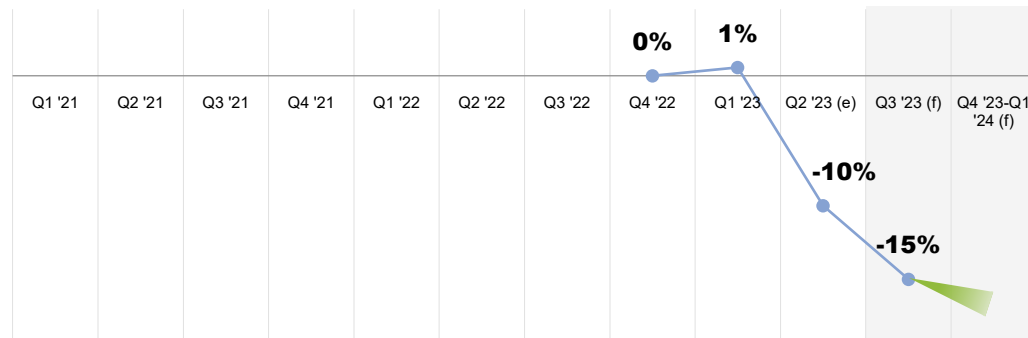


- Prices continued to decline in Q2 2023 on a quarterly average basis, dropping by 7.8% QoQ
- This is a reflection of stunted global demand amid rising interest rates
- However, there continues to be some volatility in global copper prices
- This will continue in the short term due to weakening Chinese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

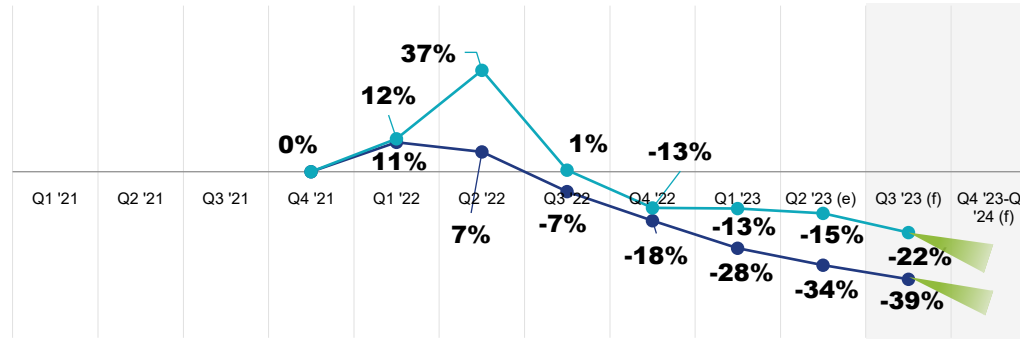
# Switzerland – Commodity Price Trends



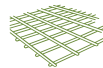
## Steel – rebar and flat

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



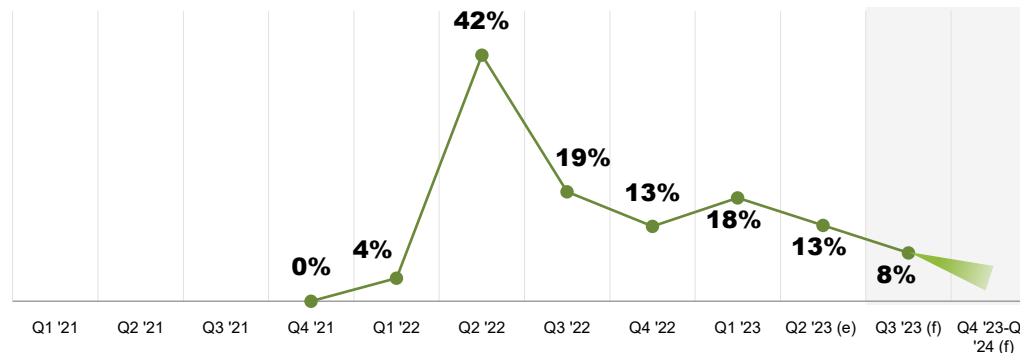
- Steel prices have fallen sharply in recent months, reflecting improved supply, declining production costs, and weak demand
- On a quarterly average basis, steel rebar was down by 8.4% in Q2 2023, while steel flat was down by 2.1%
- Steel mills have struggled in their attempts to push prices up and 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

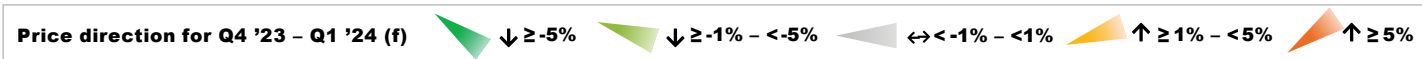
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CHF/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF105.2	CHF100.8	↓ -4.0%	↓ -4.2%

### 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





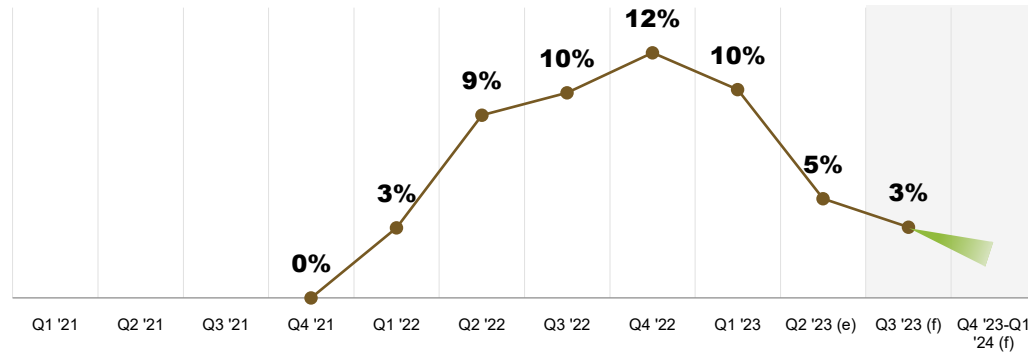
# Switzerland – Commodity Price Trends



## 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



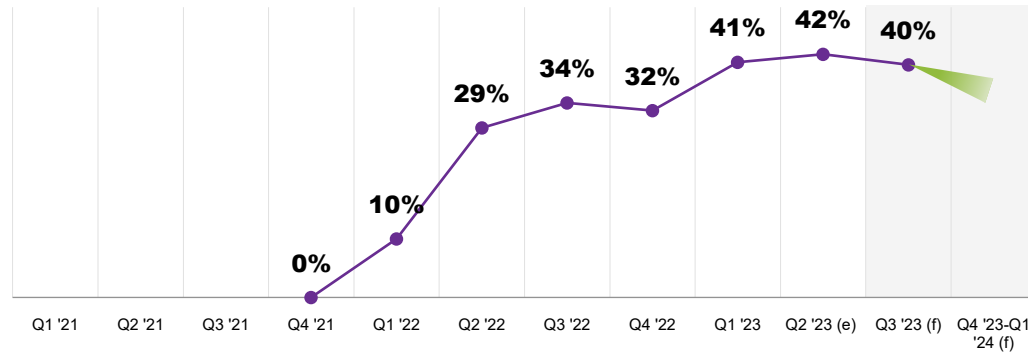
- Lumber prices have continued to fall from the highs of late 2022, dropping by 5% QoQ in Q2 2023, with lower costs being passed on to buyers
- Prices will see further reductions in the coming quarters, as rising interest rates impact on new investment in the residential construction sector
- However,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



## Plasterboard

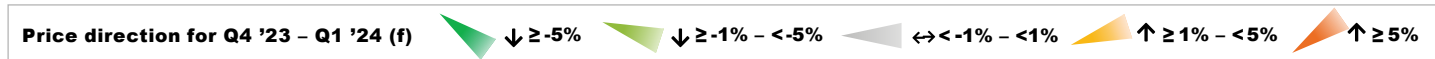
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (CHF/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
CHF6.67	CHF6.58	↑ 1.0%	↓ -1.3%

### 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)



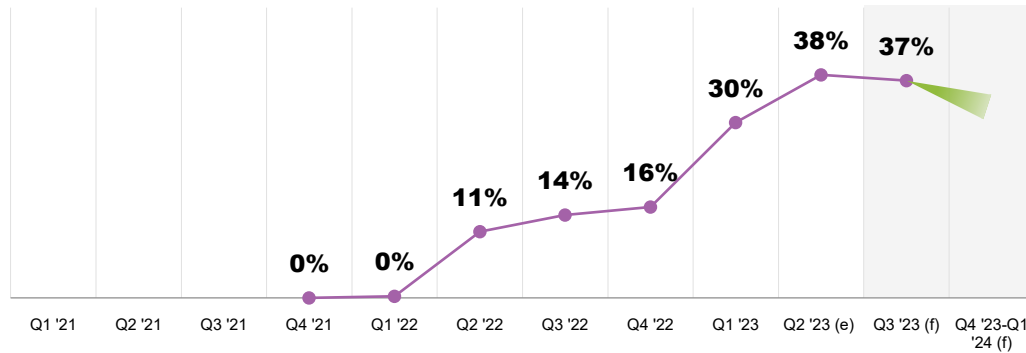
# Switzerland – Commodity Price Trends



## 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

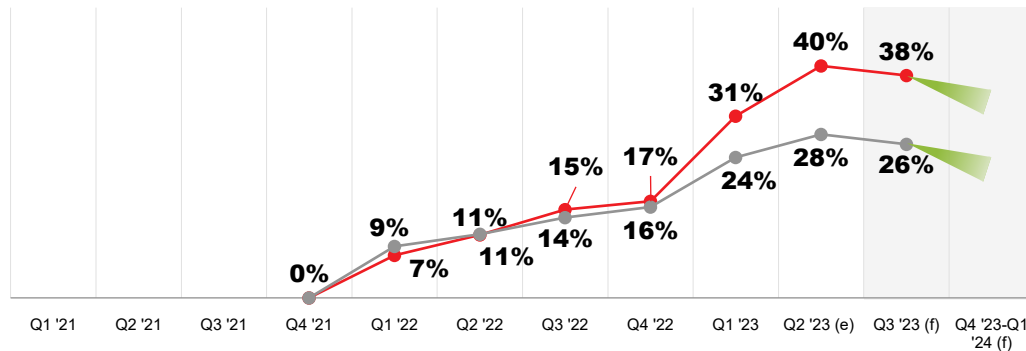


- Limestone prices continued to rise in Q2 2023, picking up by 6.3% QoQ
- Rising production costs contributed to the upward trend over the past year
- Weakening demand in the construction industry will result in prices falling back in the coming quarters

## 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

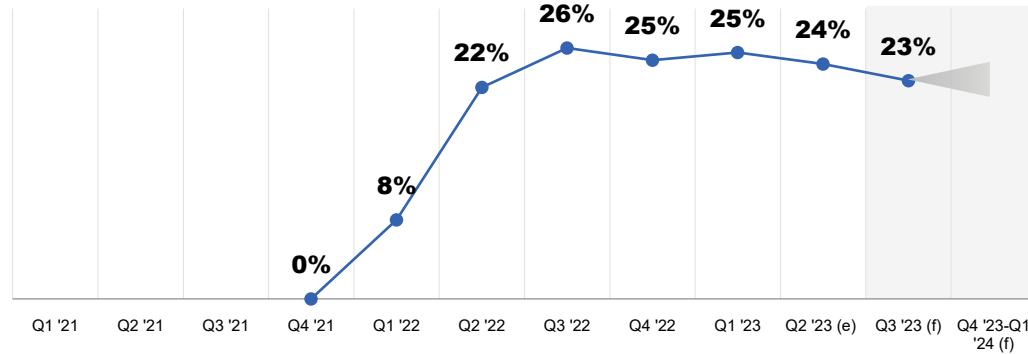
# Switzerland – Commodity Price Trends



## 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



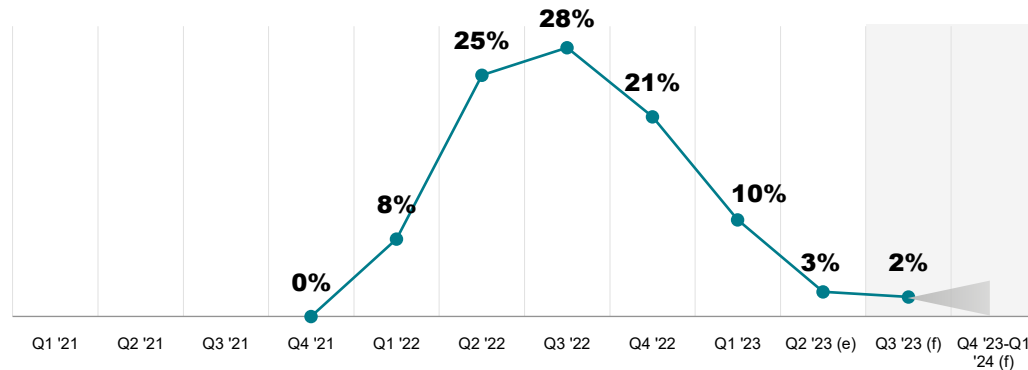
- Although prices have edged downwards over the past quarter, prices are still relatively high, being 24% up on Q4 2021
- Weak road construction activity and falling crude oil prices have helped to contain price pressures
- However, as infrastructure construction momentum starts to pick up, asphalt prices 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

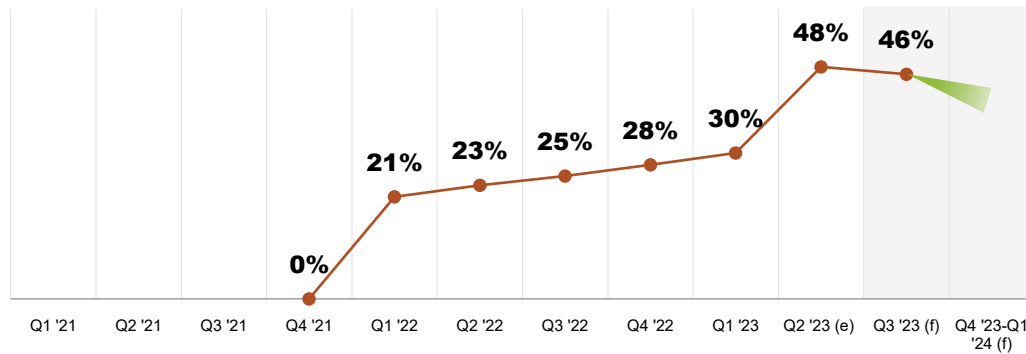
# Switzerland – Commodity Price Trends



## Bricks

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



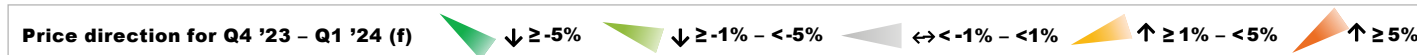
- Brick prices picked up again in Q2 2023, despite a backdrop of weak demand
- Prices continue to be impacted by supply-side pressures
- A slowdown in residential and commercial construction activities will result in prices falling in the coming quarters, with easing production costs also being a factor 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	
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≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
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<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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# 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.

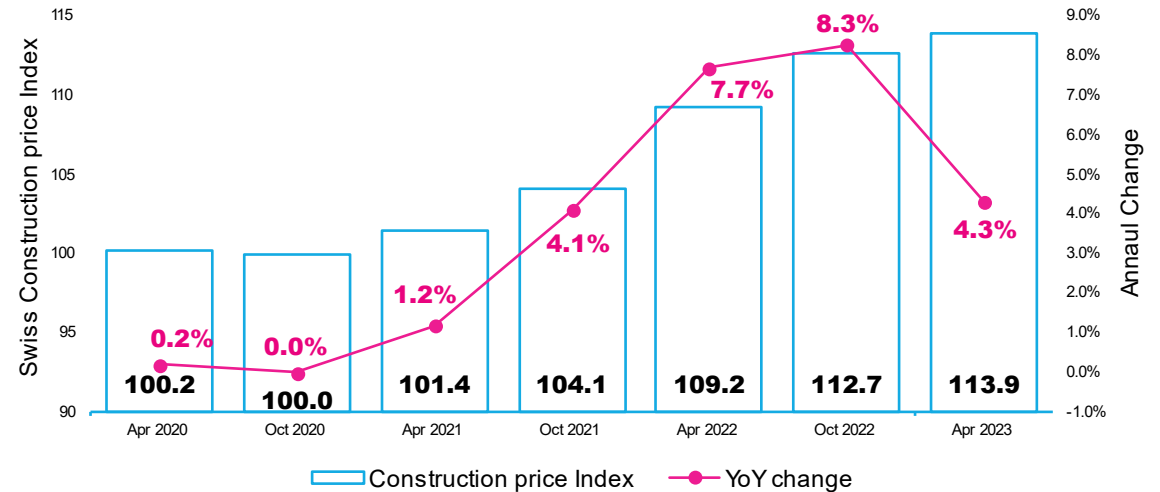


### Renewable Energy

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



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- Statista
- 1-Science Industries.ch- Swiss Biotech Report 2023

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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)	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

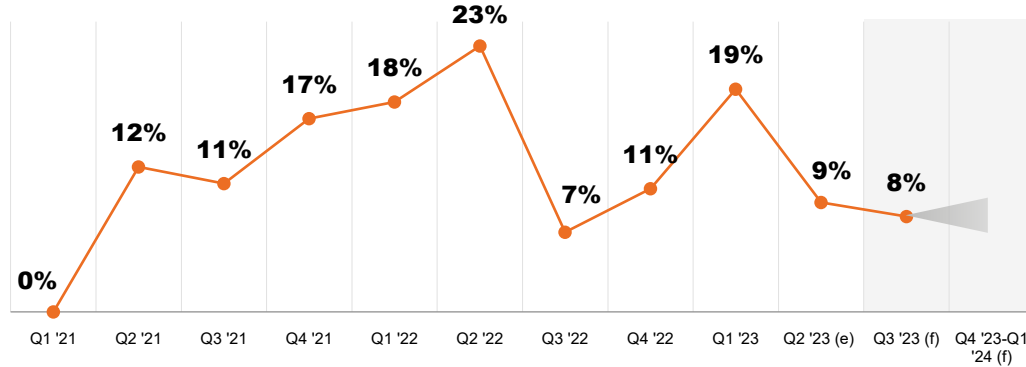
# United Kingdom – Commodity Price Trends



## 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



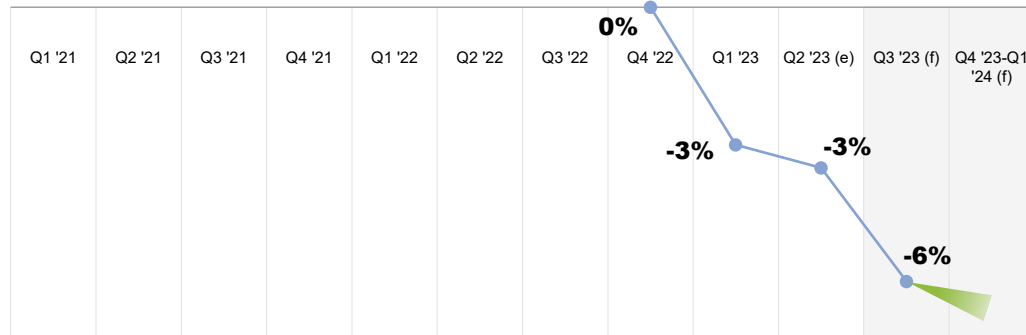
- On a quarterly average basis, copper prices fell back in Q2 2023, dropping by 8.2% compared to the previous quarter
- Short term volatility will persist given concerns on the one hand over tight monetary conditions on economic activity, and on the other tight inventory positions
- Further ahead, investment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

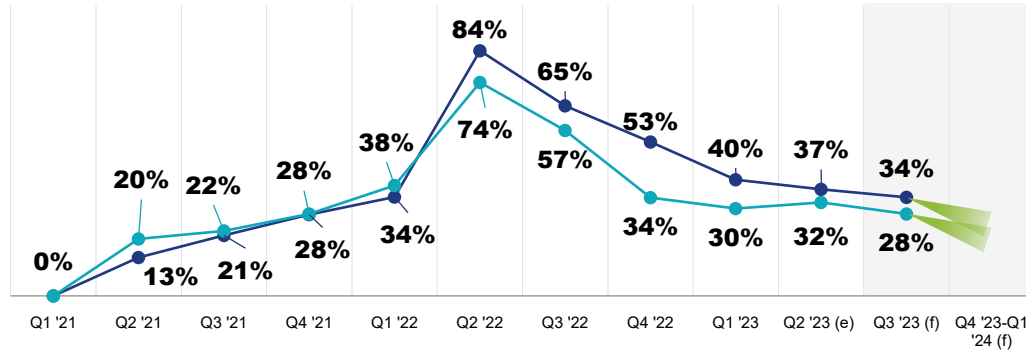
# United Kingdom – Commodity Price Trends



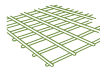
## Steel – rebar and flat

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



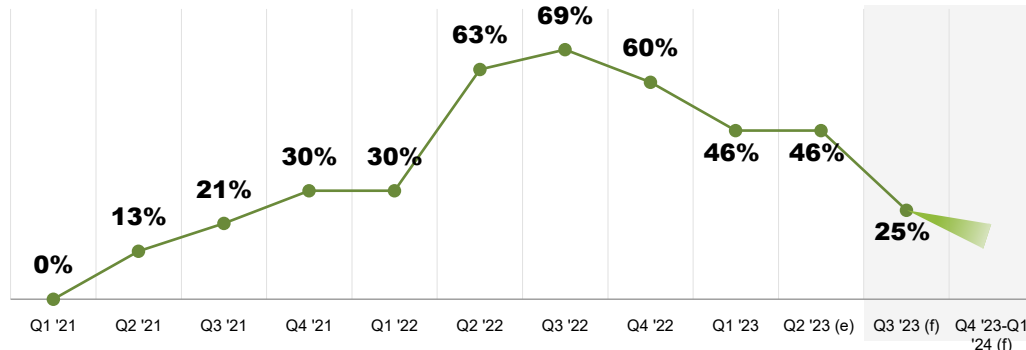
- Steel rebar prices continue to fall from the highs recorded in mid-2022, dropping by 2.4% QoQ in Q2 2023.
- However, prices were still 37% above the levels recorded in Q1 2021
- Steel producers are still struggling with relatively high production costs, and also in meeting the investment required to 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

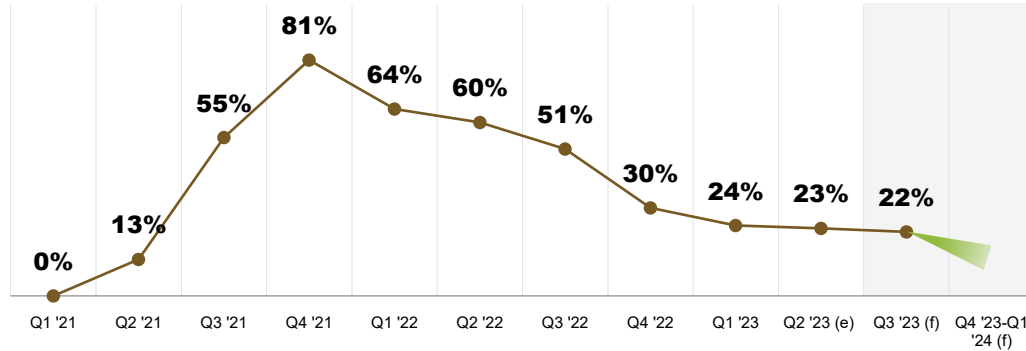
# United Kingdom – Commodity Price Trends



## 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



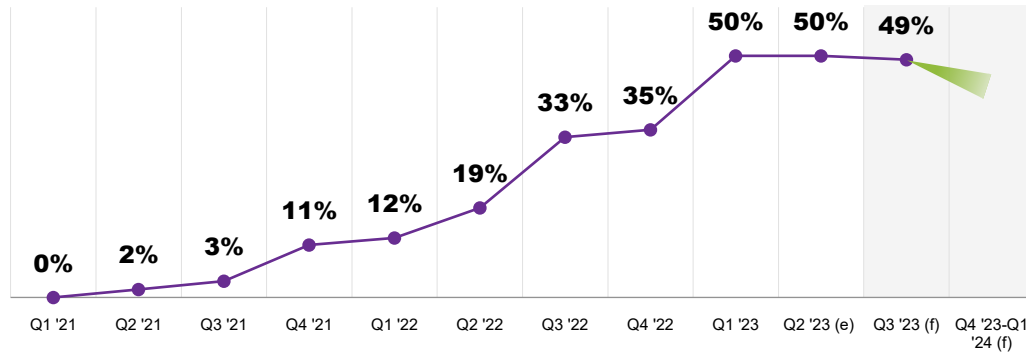
- There has been some volatility in lumber prices in recent months, with prices rising in April before edging back down
- Although continuing to fall on a quarterly average basis, the pace of decline has slowed, with just a 0.8% decline in Q2 2023 compared to Q1
- Prices are still 23.3% higher in Q2 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)



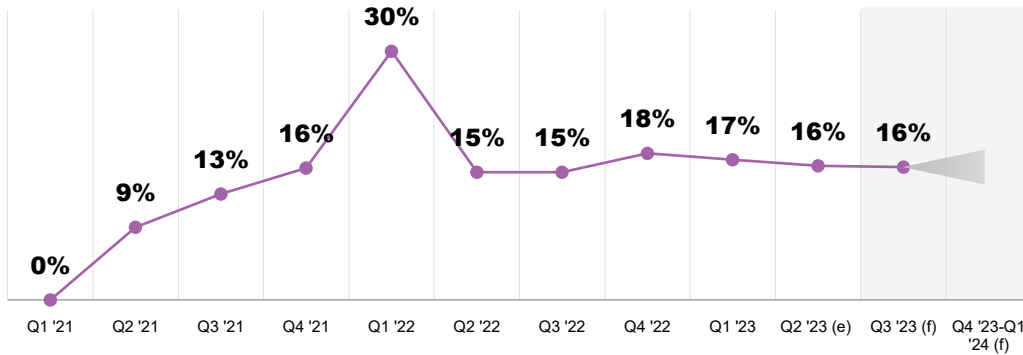
# United Kingdom – Commodity Price Trends



## 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

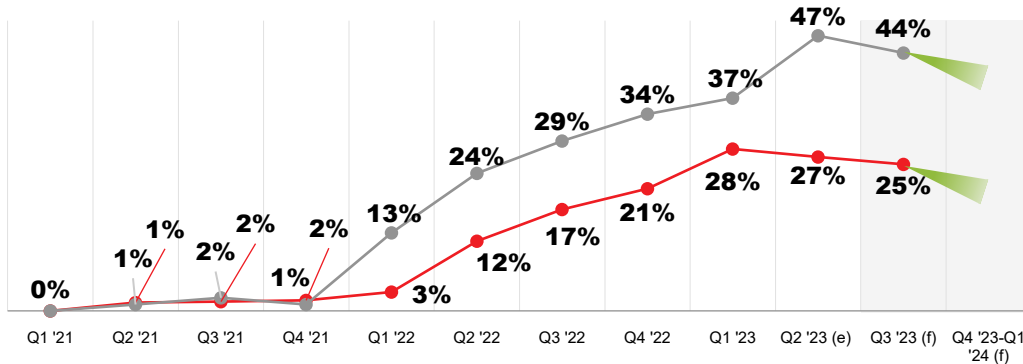


- Limestone prices are expected to continue on a steady decline, but prices have stayed at a relatively high level with Q2 2023 prices 16% higher than in Q1 2021
- Limestone demand is primarily met through domestic production, and high production and transportation costs have contributed to keeping prices 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

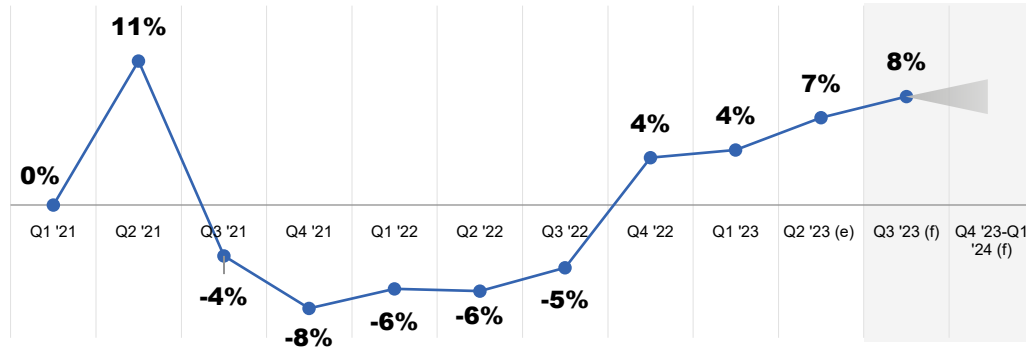
# United Kingdom – Commodity Price Trends



## 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



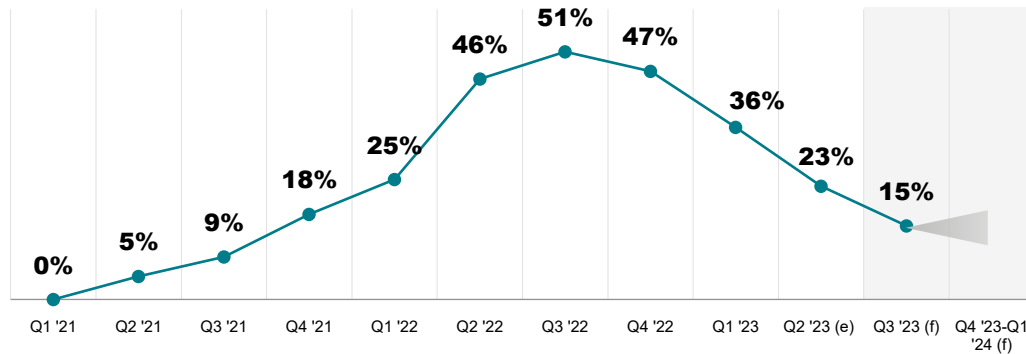
- Asphalt prices have continued on a steady upward trend in recent quarters, rising by 2.3% QoQ in Q2 2023 and 14% YoY
- Solid demand stemming from increased road infrastructure investment will continue to keep prices high
- OPEC+ production cuts will likely result in a fall in global crude oil inventories,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

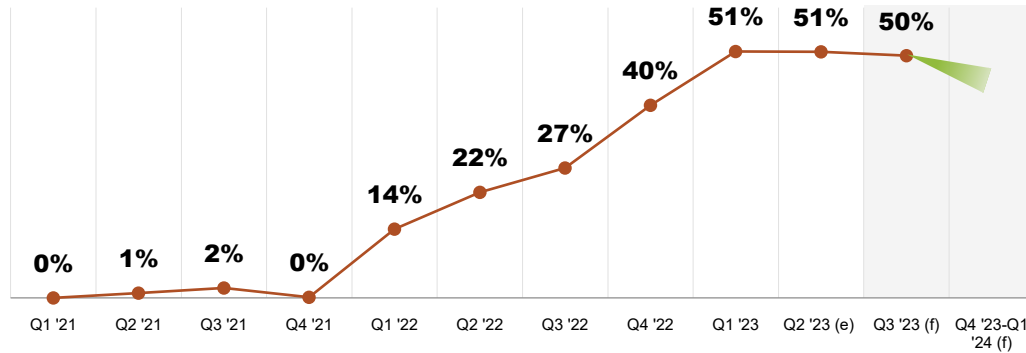
# United Kingdom – Commodity Price Trends



## 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

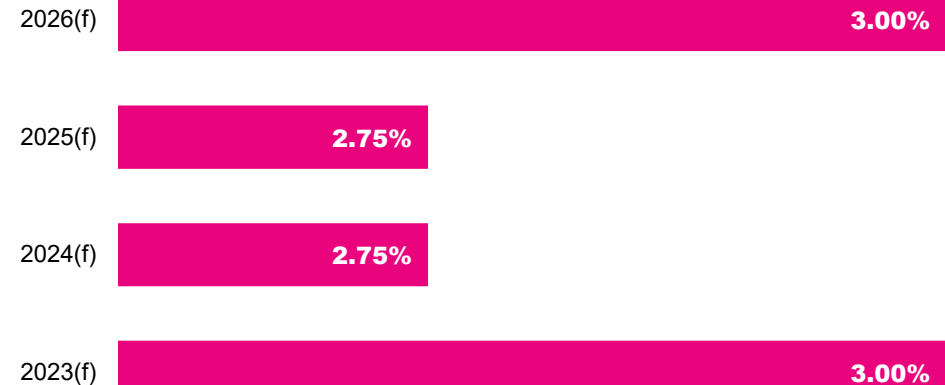
The Energy and utilities sector is forecast to grow by 11.6% in 2023, driven by a governmental focus on renewable energy. The UK government aims to achieve 100% electricity generation from clean sources like wind and solar by 2035. To support the energy transition, the UK Infrastructure Bank announced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

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 – United Kingdom

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

- IMF
- ONS
- Gov.uk
- GlobalData's Construction Intelligence Center (CIC)
- BCIS
- The Conference Board Total Economy Database™
- Gov.uk
- Economic Research Institute

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