



Global Country Commodity Reports **Q2 2022**





Australia

Country Commodity Report

Q2 2022



Australia

Q2 2022

The December 2021 to March 2022 quarter saw economic growth slow to 0.8%, and year-on-year, March 2022 posted 3.3% growth. While the Omicron variant did not hamper growth to the extent of other COVID variants, the severe weather events during the quarter did, tempering activity and disrupting supply chains. The IMF has just released its 2022 forecast update for Australia, anticipating 2.9% growth. Similar to the majority of the world, inflation is posing a significant challenge, with a 1.8% CPI increase in the June 2022 quarter, marking a 6.1% year-on-year increase.

Healthy construction activity has been seen, with 3.5% growth reported year-on-year as of March 2022. Industry output is expected to surpass pre-pandemic levels this year, with 4.3% expansion this year and growth is forecast for the coming few years too. Downside risks remain with the current global geopolitical climate, leading to material price volatility, high energy costs, and supply chain constraints.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

While lumber prices in Australia have not been as volatile as those in other major economies, supply disruptions and intense demand from the residential sector have led to shortages in recent quarters. Tariffs on the import of Russian and Belarusian timber, set to be applied from October 2022, will further weigh on availability and inflate the prices of lumber products. According to the Australian Forest Products Association, in the longer term, there are concerns over the supply of housing timber in Australia, with new dwelling construction set to rise considerably as Australia's population grows and the availability of imports set to tighten, as efforts to halt deforestation and the greater use of sustainable biofuels limits global supply.



Cement and aggregates

Robust demand for building construction works, particularly from the residential and public infrastructure sectors, will see continued price growth in H2 2022. Increasing energy costs will further inflate cement production prices, while additional upwards price pressure will be generated by the effect of disruption to global supply chains on the availability of imported cement clinker. Elevated shipping costs due to the rise in oil prices will further contribute to cement price levels.



Concrete blocks and bricks

Much like the rise in cement and concrete prices, solid demand for residential and infrastructure construction will ensure brick prices remain elevated. Increased energy costs will further contribute to price growth this year, as production costs rise.



Steel (rebar and structural)

While steel prices had been expected to moderate sharply this year, limits to global supply as a result of the Russia-Ukraine conflict will likely keep prices elevated in 2022. Robust domestic construction demand in both the residential and public infrastructure sectors will reinforce steel price levels in the coming quarters, with the newly-elected Labor government expected to maintain much of the prior government's planned increase in the level of public infrastructure construction. An acceleration of infrastructure investment in China will add further upwards pressure to steel prices, though this will likely be offset by the slowing of activity in the Chinese residential sector.



Copper






Copper prices recorded a sharp increase 2021, owing to high demand and low inventory levels. Copper futures peaked in March 2022 at US\$10,730 per metric tonne on the London Metal Exchange, with the Russia-Ukraine conflict increasing fears of a supply shortage. However, this peak was short lived, with copper demand moderating, as lockdowns in China dampened industrial production and industrial output in Europe slowed. Copper prices are expected to rise in the coming quarters, as Chinese industrial output recovers, though slowing global economic growth is likely to exert considerable downwards pressure on prices towards the end of the year.

Australia - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)	Q1 2022 - Q2 2022 (e)	
	AUS	AUS	2021-22* % change	% change
Copper (AU\$/MT)	13,467	12,930	4.2% ↑	-2.1% ↓ ■
Steel rebar (AU\$/MT)	989	979	1.0% ↑	-2.1% ↓ ■
Steel flat (AU\$/MT)	977	1,160	-15.7% ↓	-6.0% ↓ ●
Lumber (AU\$/M3)	134	152	-12.0% ↓	2.6% ↑ ●
Asphalt (AU\$/MT)	1,437	1,200	19.7% ↑	10.6% ↑ ●
Limestone (AU\$/MT)	60.30	53.00	13.8% ↑	0.0% ↔ ■
Cement (AU\$/MT)	525	490	7.2% ↑	0.0% ↔ ■
Concrete (AU\$/M3)	331	320	3.3% ↑	1.8% ↑ ■
Welded mesh (AU\$/unit)	120	100	20.1% ↑	26.3% ↑ ●
Bricks (AU\$/'000 unit)	1,689	1,550	9.0% ↑	1.8% ↑ ■
Plasterboard (AU\$/unit)	36.00	35.00	2.9% ↑	1.6% ↑ ●
Diesel (AU\$/litre)	2.10	1.33	57.9% ↑	19.2% ↑ ●

- Q1 to Q2 2022 % change equal to estimation in our Q1 report
- Q1 to Q2 2022 % change greater than estimation in our Q1 report
- Q1 to Q2 2022 % change less than estimation in our Q1 report

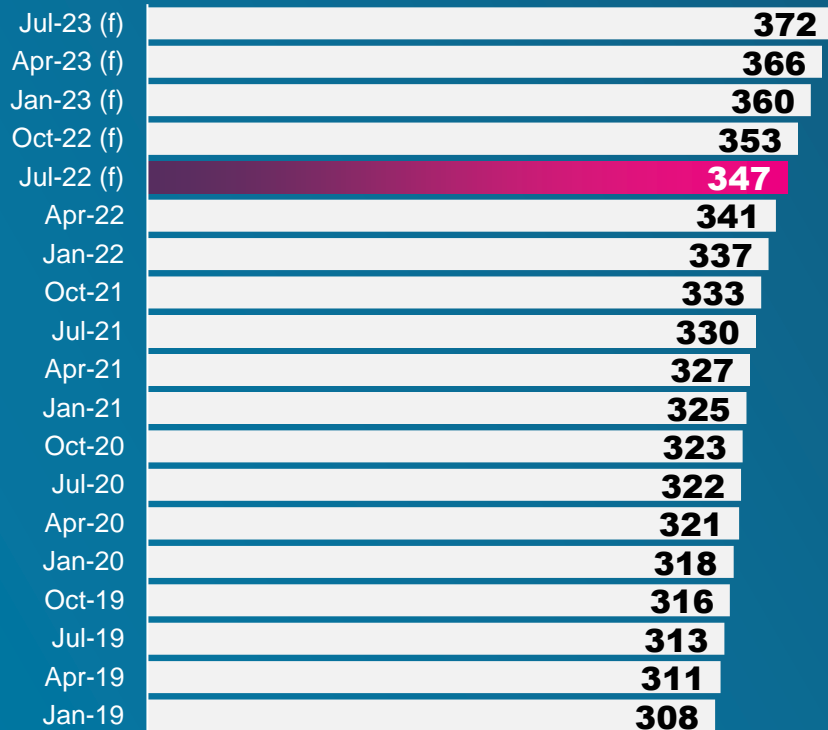
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-1.5% ↓	Moderate	Copper prices moderated in Q2, following their peak in March 2022, when low inventories and fears over a shortage of supply due to the Russia-Ukraine conflict drove prices to a record high of \$10,730 per tonne on the LME. The fall in prices was predominantly due to a softening of demand following a slowing of industrial production in China and Europe, and a stronger US dollar, as the Federal Reserve aggressively tightened policy. In the long term, demand for copper will be underpinned by the the increased prominence of renewable energy.
 Steel prices - Steel rebar - Flat steel	-3.7% ↓ -4.3% ↓	High	Steel rebar prices moderated slightly in Q2. However, rising fuel prices and an increase in raw material prices are expected to keep costs relatively high in the second half of 2022. Disruption to global supply chains will generate additional upwards pressure on steel prices. However, the slowing of construction activity in the Chinese residential sector will soften the increase in prices in the second half of the year.
 Cement Concrete	+1.5% ↑ +1.5% ↑	Moderate	Demand for cement and cement products is expected to remain relatively strong in the second half of 2022, with residential and public infrastructure being the primary drivers of this demand. Elevated fuel costs will exert upwards pressure on cement prices, given the energy intensity of the manufacture of cement clinker. Disruption to global supply chains may further inflate prices, with approximately 40% of the cement clinker used for the manufacture of cement in Australia being imported.
 Asphalt	-0.8% ↓	Moderate	Rising crude oil prices had propped the price of petroleum-based products, which invariably increased the price of asphalt. With a considerable volume of public infrastructure works in the project pipeline, demand for asphalt is expected to remain strong for the remainder of 2022, applying further upward pressure. However, global oil price declines will help to cool asphalt prices.
 Limestone	+0.5% ↑	Low	Following the sharp increase in Q1, prices are expected to remain relatively stable through 2022, as demand remains balanced.

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.

Australia - Commodity Report



AIQS Building Cost Index 2019-2023(f)



Knoema World Data Atlas

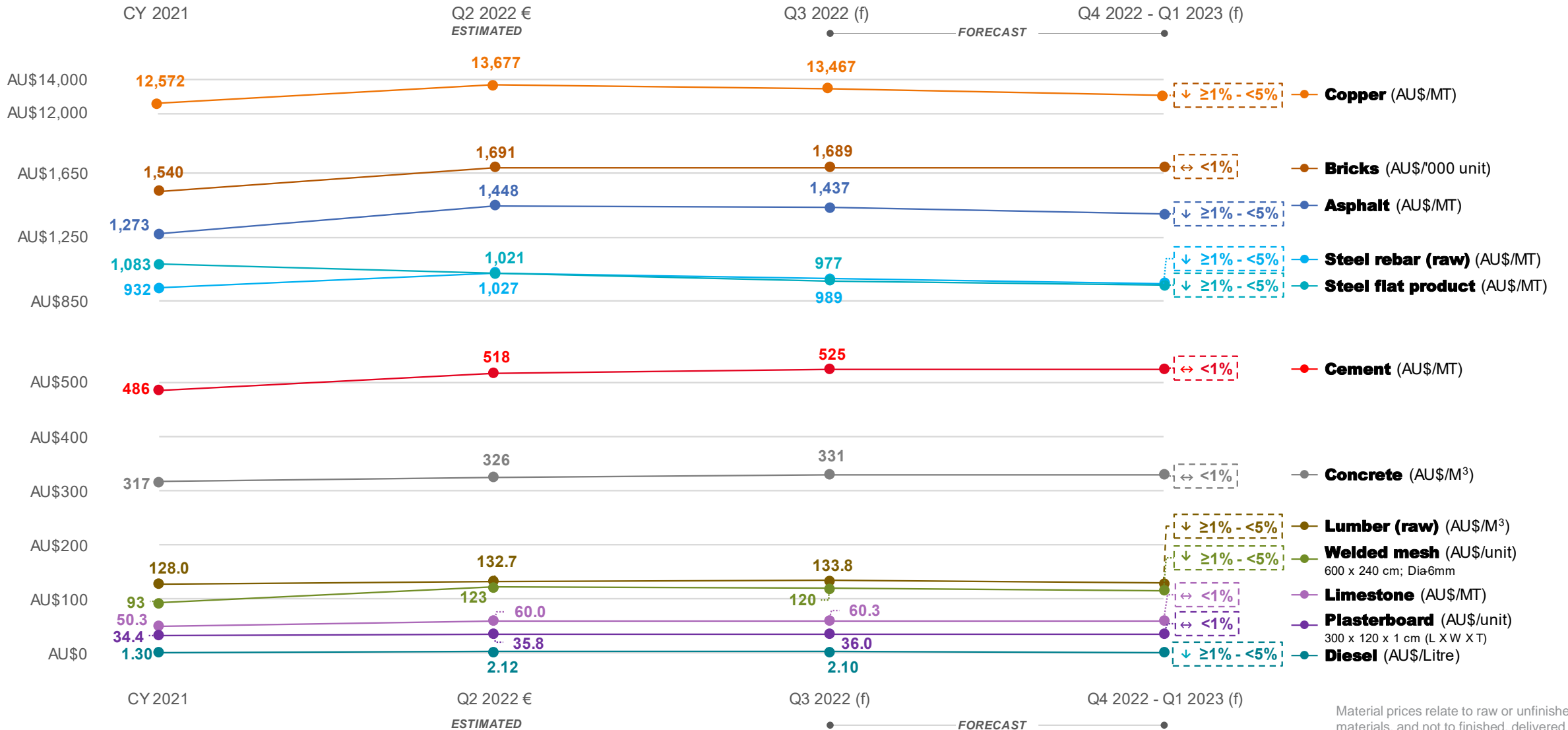
Index of economic freedom 82.4 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+0.8% ↑	High	Continued disruption to global supply chains and the smoothing of residential construction demand stimulated by the HomeBuilder scheme will see lumber prices remain elevated in the second half of the year. However, towards the end of 2022, the normalisation of monetary policy by the Reserve Bank of Australia and rising inflation will soften home buyer demand, leading to a moderation of residential activity, exerting downwards pressure on lumber prices.
 Welded mesh	-2.0% ↓	High	Welded mesh prices are predominantly driven by the price of steel rebar. Prices are expected to moderately trend upward in Q3 2022.
 Bricks	-0.1% ↓	Moderate	Brick and plasterboard prices peaked in Q2 2022, primarily due to increased energy costs as a result of the Russia-Ukraine conflict and strong demand from the residential construction sector. However, price growth will begin to moderate towards the end of this year, as increased interest rates and multi-year inflation rates soften home buyer demand.
 Plasterboard	+0.7% ↑	Low	
 Diesel	-1.0% ↓	Moderate	Australia's diesel price, which is benchmarked against Singapore's, fell slightly in April 2022 due to a 22 cents per litre (cpl) fuel excise cut by the prior federal government in the March 2022 Federal Budget. Daily average retail diesel prices fell by approximately 33 cpl in the weeks following the announcement, while wholesale prices fell by around 32 cpl. Although crude oil prices will ease back in the coming quarters, the weakening of the AU\$ against the US\$ will keep diesel prices relatively high.

* Level of impact rating reflects a combination of factors: the price movement and also price level (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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Australia - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

Australia - 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. A more comprehensive list of sources is included below.

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 – Australia

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

- IMF
- ABS
- AIQS
- Safe Work Australia
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Belgium

Country Commodity Report

Q2 2022



Belgium

Q2 2022

Following a strong 2021 performance (+6.2%), Belgium's economy is slowing down this year with the various factors at play, recording real growth of 0.5% in Q1, with 2.3% anticipated for the full year by the EU Commission. As is the case around the world, inflation is surging, with Belgium expecting a particularly high rate of 9.4% for the full 2022 year, impacting consumer confidence and household spending.

Construction posted a strong performance in 2021, with 7.8% growth, and the National Bank of Belgium (NBB), reported that the industry's value-add expanded by 9.6% year-on-year in the first three quarters of 2021. More moderate growth of 2.5% is expected this year, as investments in renewables, residential and infrastructure continues, against a backdrop of high inflation, supply chain constraints, high energy costs and elevated material pricing.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices have been relatively stable at an elevated level in recent months, reflecting global supply tightness. Demand in Belgium will remain high, owing to the growing popularity of wood as a construction material. In addition, this is expected to drive the country's push for carbon neutrality by 2050.



Concrete and aggregates

Cement demand has picked up in line with the recovery in the construction industry in recent quarters, and along with higher production and transportation costs, stemming from energy price rises, cement and concrete prices have trended upwards. Slowing economic activity in Europe and easing energy costs will limit further upward pressure on prices, which are likely to remain close to current levels in 2022.



Concrete blocks and bricks

Brick prices have been on an upward trend since the start of 2022, due to disrupted supply chains and surging energy costs, feeding into higher production costs. High demand amid the recovery in building construction compounded upward pressure on prices. Prices are expected to stabilise at elevated levels for the remainder of 2022, owing to the easing of demand amid slowing economic growth and stabilising energy markets.



Steel (rebar and structural)

Belgium's position as a net exporter of steel will help to limit the exposure of domestic prices to large fluctuations in global prices and reduce the risk of domestic shortages. Steel demand is also expected to remain relatively high over the medium term, owing in part to the government's commitment to investing in infrastructure developments.



Copper

Global copper prices will remain relatively unsettled, reflecting in part the shifting pattern of consumption in China and fears of slowing economic growth in advanced economies, amid rising interest rates and recession concerns. Despite global supply chain issues stemming from the Russia-Ukraine conflict remaining on the supply side, global prices have fallen since peaking in March, as Chinese demand fell amid the COVID-19 lockdowns in major cities. Over the long term, global demand for copper will be strong, as it will be a key material used in EV production and renewable energy technology.

Belgium - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	€	% change
Copper (€/MT)	8,693	1.1% ↑
Steel rebar (€/MT)	1,199	29.2% ↑
Steel flat (€/MT)	1,226	10.8% ↑
Lumber (€/M3)	109	3.2% ↑
Asphalt (€/MT)	82.00	8.1% ↑
Limestone (€/MT)	75.60	21.3% ↑
Cement (€/MT)	212	21.2% ↑
Concrete (€/M3)	93.10	21.2% ↑
Welded mesh (€/unit)	35.50	29.2% ↑
Bricks (€/000 unit)	621	1.3% ↑
Plasterboard (€/unit)	4.83	5.6% ↑
Diesel (€/litre)	2.12	9.4% ↑

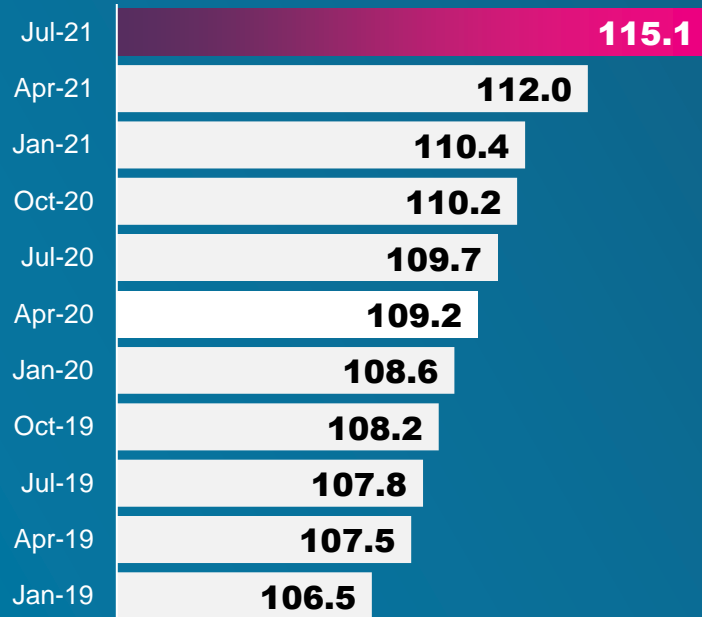
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-5.6% ↓	Moderate	Falling demand in China and slowing economic activity in the EU have resulted in a drop in copper prices, following a surge in Q2 2022. Prices will be volatile over the coming quarters, as China continues its zero-COVID policy and fears of a recession in the EU grow amid rising interest rates. However, demand for copper over the long term will be strong, owing to investments in renewable energy technology and EVs, pushing prices higher in the coming years.
 Steel prices - Steel rebar - Flat steel	-5.5% ↓ -5.0% ↓	High	The price of steel products continued on an upward trend in the first half of the year due to tightness in the global market. Higher energy costs, disruption in supply chains, and the embargo on imports from Russia to the EU led to a surge in prices in Q2 2022. According to the Belgian Steel Federation, Russia and Ukraine supply around 6-7 million MT of steel in the region, while steel production in Belgium totalled 7 million MT in 2021. High energy costs will remain a factor in keeping production costs high, but weakening demand and cheaper imports from India and Turkey to replace the dependency on imports from Russia are expected to contribute to the downward trend.
 Cement Concrete	-2.0% ↓ -2.0% ↓	Moderate	According to the Federation of the Belgian cement industry (FEBELCEM), the overall demand for cement in the country is around 6-6.5 million MT annually. The industry is highly consolidated, with three large producers. According to the Federation, imports constituted around 30% of the overall consumption in the country in 2020. Stabilising energy costs and weakening demand will limit upward pressure on prices.
 Asphalt	+2.9% ↑	Moderate	Asphalt prices have continued to rise, reflecting the increase in international crude oil prices that had been seen. However, easing pressure on crude oil prices and the increasing use of recycled material will also help to contain price inflation.
 Limestone	-1.0% ↓	Low	Balanced limestone demand in the market will limit upward pressure on prices, but higher energy costs will keep prices around current levels.

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Belgium - Commodity Report



Construction cost index



Knoema World Data Atlas

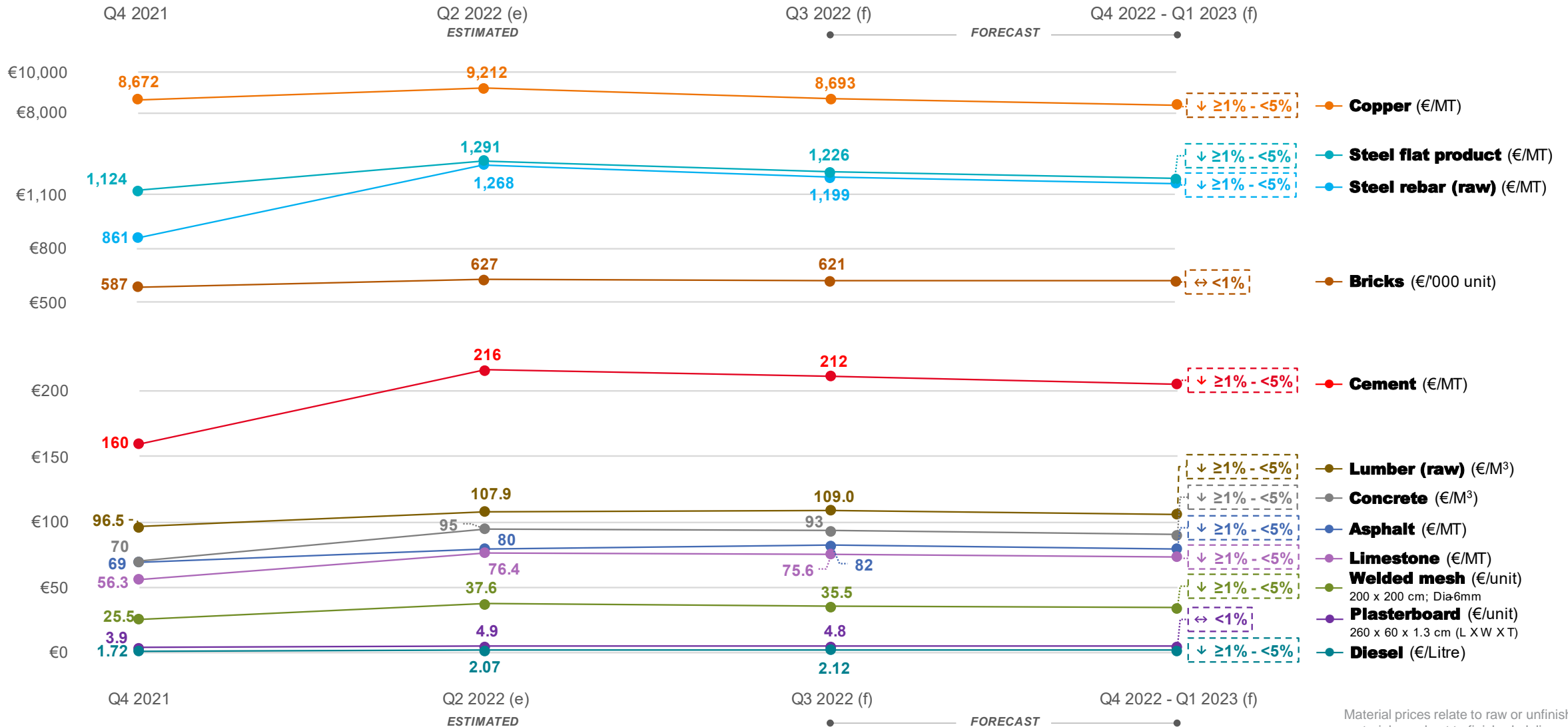
Index of economic freedom **70.1 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	Low	Lumber prices have levelled off recently following a surge in prices earlier in the year, owing to supply shortages and strong demand. Upward pressure on prices will be limited, as demand has weakened slightly amid rising interest rates and slowing economic growth. However, demand for lumber remains stronger than other materials due to its growing popularity. In addition, Belgium is a net importer of lumber. Disrupted regional trade due to the banning of Russian imports will therefore keep prices elevated.
 Welded mesh	-5.5% ↓	High	The price of welded mesh is expected to fall over the coming quarters, following the trend in steel rebar prices.
 Bricks	-1.0% ↓	Low	Despite slowing economic growth, the construction industry is expected to expand, which will keep demand for bricks buoyant. High energy prices will also continue to feed into production costs, which will keep prices high.
 Plasterboard	-2.0% ↓	Low	As with other key building materials, the price of plasterboard is expected to remain at elevated levels due to high production costs and the ongoing recovery in building construction. Further price inflation should be constrained by the weakening economic outlook over the coming quarters.
 Diesel	+2.5% ↑	Moderate	Diesel prices have fluctuated around €2 per litre in recent months amid soaring crude oil prices. The easing of oil prices will limit further upward pressure on prices over the coming months. Moreover, the government has temporarily reduced taxes on diesel to keep domestic prices affordable.

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Belgium - Construction Materials Pricing (2021-2022)



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Sample sources – Belgium

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

- IMF
- Economie
- Trading Economics
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Canada

Country Commodity Report

Q2 2022



Canada

Q2 2022

Canada's GDP growth in Q1 year-on-year was slower than anticipated at 3%, where 5.6% had been forecast by Bank of Canada. Household consumption has been weaker in the face of rising inflation and higher interest rates. The inflation rate hit a 39-year high of 8.1% in June, according to Statistics Canada.

Construction activity has been sluggish this year so far, with Statistics Canada reporting that building permits were down 2% in Q1 and construction investment down 12.3%. Similar to much of the rest of the world, the current geopolitical situation, the supply chain challenges and high inflation rates present downside risks for the industry as a whole, and are expected to temper growth.

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Lumber

A mixture of strong demand and tight supply over the past two years has contributed to a period of extremely volatile lumber prices. Lumber demand soared during 2020-21, reflecting high residential construction activity, both in Canada and the US. This was driven by record-low interest rates, demand for larger living spaces for work-from-home scenarios, and a glut in savings. Forest fires and skilled labor shortages also further exacerbated upward pressure on prices. However, prices tumbled in the second quarter of this year, as demand weakened. Aggressive monetary tightening by the Bank of Canada and the Federal Reserve to tackle excessive inflation has driven up the cost of credit, constraining demand in the residential sector.



Cement and aggregates

Demand has remained fairly strong, and lead times on supplies are long. Challenges on the supply side reflect labor shortages, major issues at production plants (including a recent fire at British Columbia's largest production facility), and inflated raw material prices. The concrete and cement market is expected to remain tight, as there is little sign of the supply chain easing in the short to medium term. However, demand is likely to ease, as the residential sector loses growth momentum, with interest rates set to rise.



Concrete blocks and bricks

The expansion in residential building exerted upward pressure on prices for concrete blocks and bricks in 2021 and into 2022. Although demand is set to ease, production costs have been pushed up by rising energy prices, and this will keep prices close to current levels.



Steel (rebar and structural)

Canada heavily relies on steel imports from the US (45% of Canada's steel imports are sourced from the US), and prices therefore largely reflect trends in the US. Steel prices eased in the latter part of Q2 2022, amid a fall in lead times and capacity gains. Anticipation of a global economic downturn and lockdowns in China have also negatively impacted steel demand and prices.








Copper

Having risen sharply earlier this year, copper prices have fallen amid market expectations of an upcoming slowdown, lockdowns in China, and rising inventories. For the first time since November 2020, copper futures dipped below \$3.50 per pound. Copper supply chains, however, remain tight due to continued disruptions in Peru and Chile, and capacity depletion. There will also be strong underlying demand, stemming from investments in electric vehicles and other 'green' technologies that will support price growth in the medium to long term.

Canada - Commodity Report



	Q1 2022 - Q2 2022 (e)	Q3 2022 (f)
Materials	% change	
Copper (CA\$/T)	-4.0% ↓	9,397
Steel rebar (CA\$/T)	4.3% ↑	824
Steel flat (CA\$/T)	4.3% ↑	2,147
Lumber (CA\$/cu.ft.)	-35.3% ↓	69.14
Asphalt (CA\$/T)	30.4% ↑	1,132
Limestone (CA\$/T)	4.5% ↑	35.49
Cement (CA\$/T)	4.2% ↑	239
Concrete (CA\$/CY)	0.3% ↑	178
Welded mesh (CA\$/unit)	4.3% ↑	243
Bricks (CA\$/'000 unit)	19.5% ↑	610
Drywall (CA\$/unit)	5.5% ↑	17.79
Diesel (CA\$/gallon)	29.8% ↑	10.14

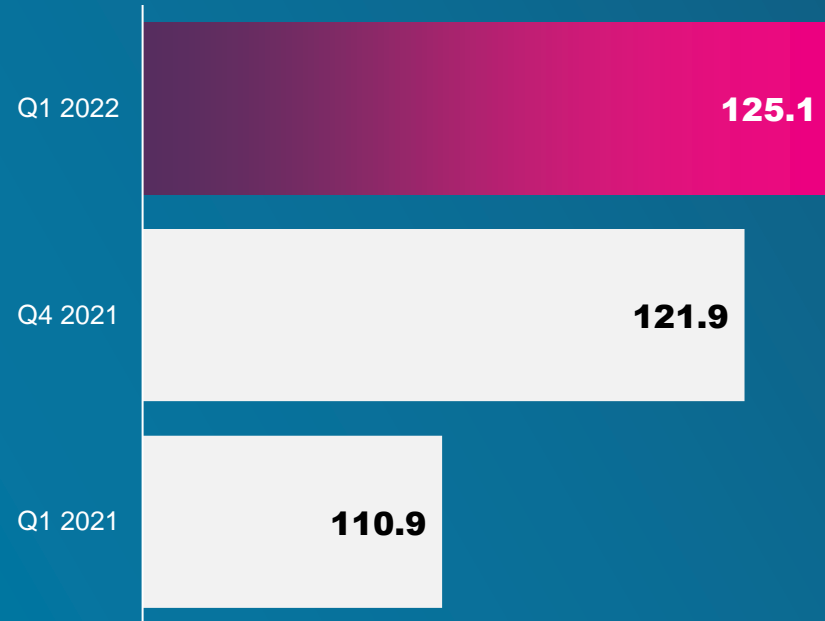
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-14.7% ↓	Moderate	The price of copper is being pulled down by concerns that North America and Europe are facing a slowdown. The recent drop has also reflected the impact on demand stemming from China's COVID-19 lockdowns.
 Steel prices - Steel rebar - Flat steel	-12.9% ↓ -12.9% ↓	Moderate	Steel prices rose sharply during the first five months of the year, reflecting solid demand and tight supplies, which were exacerbated by the disruptions caused by the Russia-Ukraine conflict. Rising energy costs were also a factor. However, prices have since eased, owing to weaker demand growth.
 Cement Concrete	+0.8% ↑ +0.8% ↑	Moderate	Canada's cement and concrete industry is largely dependent on raw materials produced domestically, as well as on imports from the US and China. Supply chains have struggled over the past year as numerous issues have come to a head, driving extended lead times. In addition, demand in the summer months has yet to slow markedly.
 Asphalt	-1.0% ↓	Moderate	The upward trend in crude oil prices contributed to the high levels of pricing for asphalt. Due to the expected increase in output from OPEC and downturn expectations, the price of crude is expected to decline in the near future. Because of this, asphalt prices are expected to fall in the short term.
 Limestone	+0.3% ↑	Low	Canada has little dependence on foreign supply chains, as the country has an established, large-scale limestone mining industry. Demand for limestone from the agricultural and construction industries will keep prices close to current levels.

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Canada - Commodity Report



Building construction price indices – quarterly, non-residential buildings



Knoema World Data Atlas

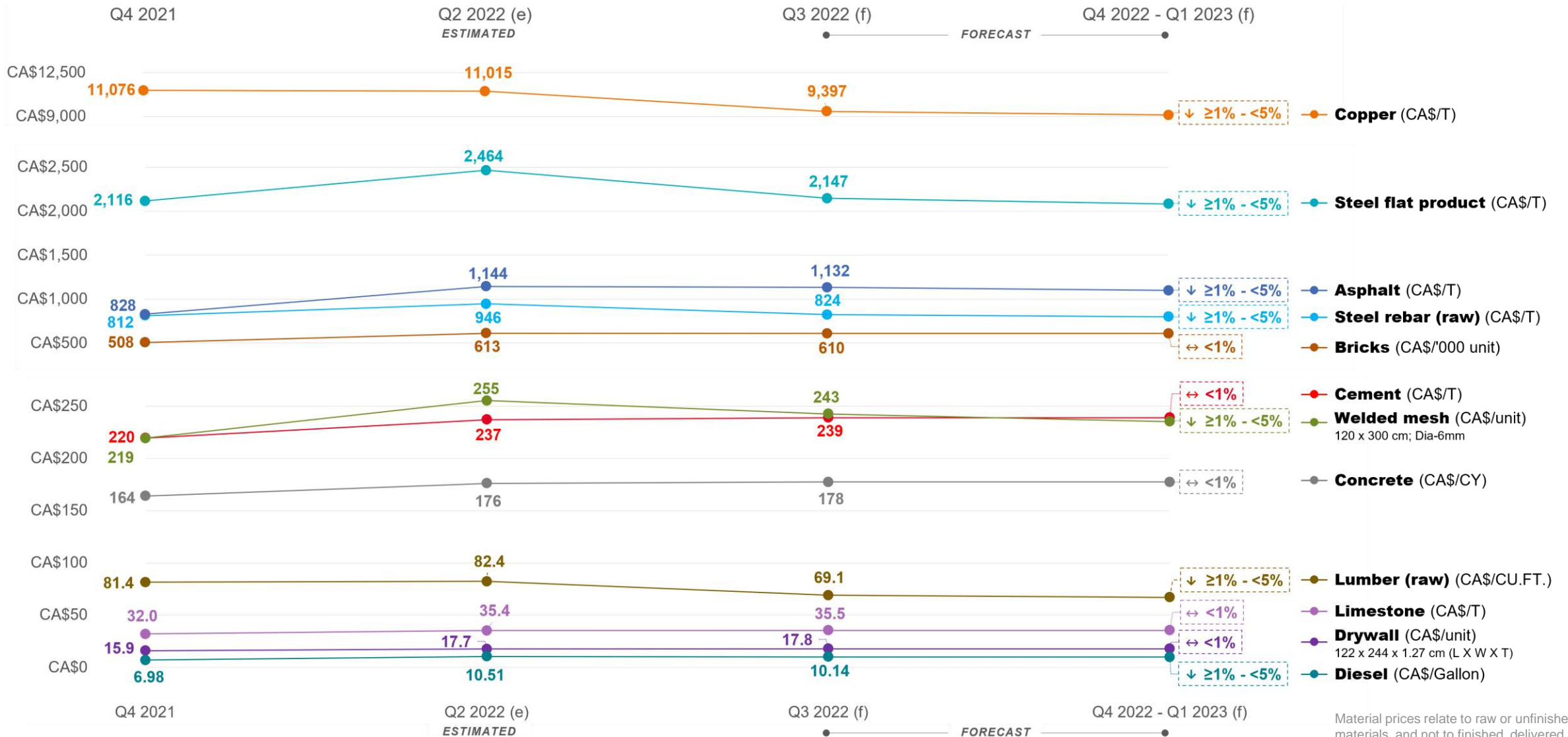
Index of economic freedom **81.4 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 Lumber	-16.0% ↓	 High Lumber prices have been highly volatile over the past 18 months, with spikes reflecting periods of high demand and supply disruption. Demand is heavily dependent on residential construction, both domestically and in the US, and with markets anticipating weaker housing demand due to aggressive rate hikes by the Federal Reserve and the Central Bank of Canada, lumber prices are set to decline in the short to medium term.
 Welded mesh	-5.0% ↓	 Moderate The price of mesh is heavily dependent on steel prices. Hence, it is expected that the prices will decline in 2022, but at a slower pace than steel, with mesh being further down in the supply chain.
 Bricks	-0.5% ↓	 Moderate Although residential output is still at a high level, growth is slowing, and this will put some downward pressure on the demand for bricks. However, this will be balanced by ongoing tightness in supply. Also, although energy prices are expected to fall, they will likely remain relatively high, keeping pressure on production costs.
 Drywall	+0.4% ↑	 Low Having been pushed up by strong demand in recent quarters, drywall prices will stabilize, as residential construction growth loses momentum amid the rising trend in interest rates.
 Diesel	-3.6% ↓	 High Diesel prices have soared this year, but will ease back from these highs, reflecting trends in global crude oil. However, a sharp reversal is not expected.

* Level of impact rating reflects a combination of factors: the price movement and also price level (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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Canada - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

Canada - 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 labor prices, in addition to underlying demand and supply trends that will impact market prices.

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

Definitions

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- Prices are not customer delivered
- All commodities are raw materials
- Nominal and real data

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

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

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

Sample sources - Canada

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

- IMF
- Statistics Canada
- The Global Economy
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Denmark

Country Commodity Report

Q2 2022



Denmark

Q2 2022

Denmark's economic growth is expected to moderate for 2022 and the coming years, but remain positive due to a rebound in private consumption, as well as healthy fixed investment and exports. However, the ongoing Russia-Ukraine conflict poses a continued downside risk, and the Central Bank of Denmark revised its forecast for the year downward to 2.1% as of March. Inflation hit its highest 12-month rate in almost 40 years in May at 7.4% year-on-year.

Construction is expected to continue on a growth trajectory this year, albeit at a more moderate rate of circa 2.1% in real terms, with the Russia-Ukraine conflict driving continued material price volatility and supply chain disruption, presenting downside risks.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Domestic lumber prices have risen amid high demand and global shortages. Prices are likely to remain at relatively high levels, with disruptions in regional trade flows stemming from a ban on Russian imports. Residential construction will be supported by the government's focus on developing affordable housing amid a countrywide housing shortage. Rising interest rates and a possible recession could dampen demand and ease pressure on lumber prices.



Concrete and aggregates

Cement prices have been rising amid the expansion in construction output, which will be driven by the government's investment in transport infrastructure, particularly in rail and road projects, coupled with investments in renewable energy and residential construction projects. Cementir Group's Aalborg Portland is the only grey and white cement producer in Denmark with an annual capacity of approximately 3 million tons, of which 2.1 million grey cement and 0.9 million white cement. The group is concerned over possible tax changes in Denmark to reduce CO2 emissions, with the group previously threatening to move operations out of Denmark should the taxes be too punitive.



Concrete blocks and bricks

Strong domestic demand will keep prices at a relatively high level in Denmark, which has been a small net exporter of bricks in recent years. However, recession fears could dampen global demand, which will put downward pressure on domestic prices.



Steel (rebar and structural)

Steel demand will be boosted by investments in transport infrastructure and renewable energy projects. Prices have been volatile this year with upward pressure coming from the Russia-Ukraine conflict, and more recently, downward pressure from fears of recession, as central banks around the world commit to tightening monetary policy.



Copper

Global supply chain issues were expected to ease during 2022, but the Russia-Ukraine conflict has changed the market outlook, adding to market volatility. Fears of a global recession in response to tightening monetary policy amid soaring inflation is compounding volatility.

Denmark - Commodity Report



Materials	Q3 2022 (f) DKK	Q1 2022 - Q2 2022 (e) % change
Copper (DKK/MT)	63,360	0.5% ↑ ■
Steel rebar (DKK/MT)	8,175	38.5% ↑ ●
Steel flat (DKK/MT)	7,955	9.3% ↑ ●
Lumber (DKK/M3)	815	3.7% ↑ ●
Asphalt (DKK/MT)	2,171	9.4% ↑ ●
Limestone (DKK/MT)	1,664	13.8% ↑ ●
Cement (DKK/MT)	1,601	8.6% ↑ ●
Concrete (DKK/M3)	1,083	4.7% ↑ ●
Welded mesh (DKK/unit)	330	29.5% ↑ ●
Bricks (DKK/'000 unit)	7,408	15.3% ↑ ●
Plasterboard (DKK/unit)	83.82	13.6% ↑ ●
Diesel (DKK/litre)	15.28	17.4% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

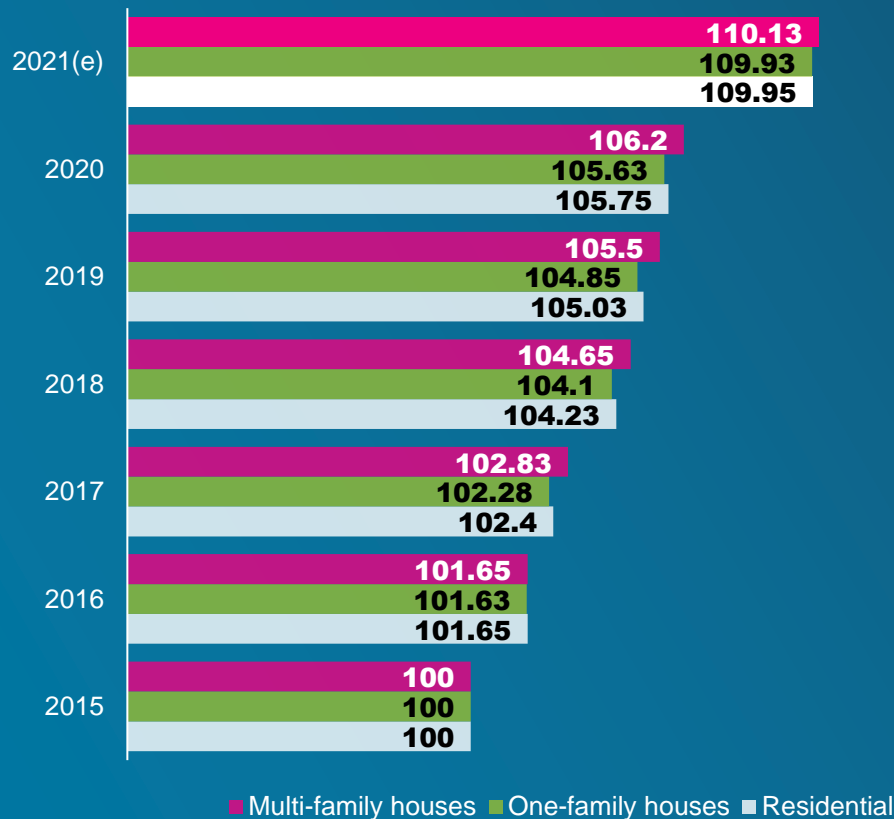
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-4.8% ↓	Moderate	Upside pressure on the price of copper has eased after spiking in April, with prices falling to 18-month lows in June. Demand for copper has weakened in anticipation of a possible recession, amid the tightening of monetary policy globally. In addition, COVID restrictions in China - the world's largest copper consumer - are weighing on Chinese demand which is adding further downward pressure to global prices. However, investment in renewable energy and electric vehicles will boost the demand for copper in long run. The price of copper is likely to remain elevated compared to historic levels, but will show very little appreciation in the short term.
 Steel prices - Steel rebar - Flat steel	-10.2% ↓ -3.0% ↓	High	The price of steel rose more sharply than previously expected from Q1 to Q2 but has since fallen, owing to dampening demand over recession fears. Rising energy costs and fears of shortages since the beginning of the Russia-Ukraine conflict have put upward pressure on steel prices and will continue to keep the price elevated. Moreover, Russia cutting the supply of natural gas to Denmark, which has a long-term supply contract with Gazprom, will threaten Denmark's energy security. Steel prices are likely to decline over the short to medium term.
 Cement Concrete	+1.0% ↑ +0.5% ↑	Moderate	Due to increases in the cost of fuel and energy, cement and concrete prices are expected to remain at high levels.
 Asphalt	-2.0% ↓	Moderate	The rise in international crude oil prices and the demand for construction materials due to the increase in infrastructure construction output will contribute to upward pressure on bitumen and asphalt prices.
 Limestone	+1.0% ↑	Low	Limestone prices are expected to remain at elevated levels, due to high energy and fuel costs. However, Denmark has abundant limestone resources, which will help to reduce price volatility resulting from global supply disruptions and shortages.

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Denmark - Commodity Report



Construction cost index (2015=100)



Knoema World Data Atlas

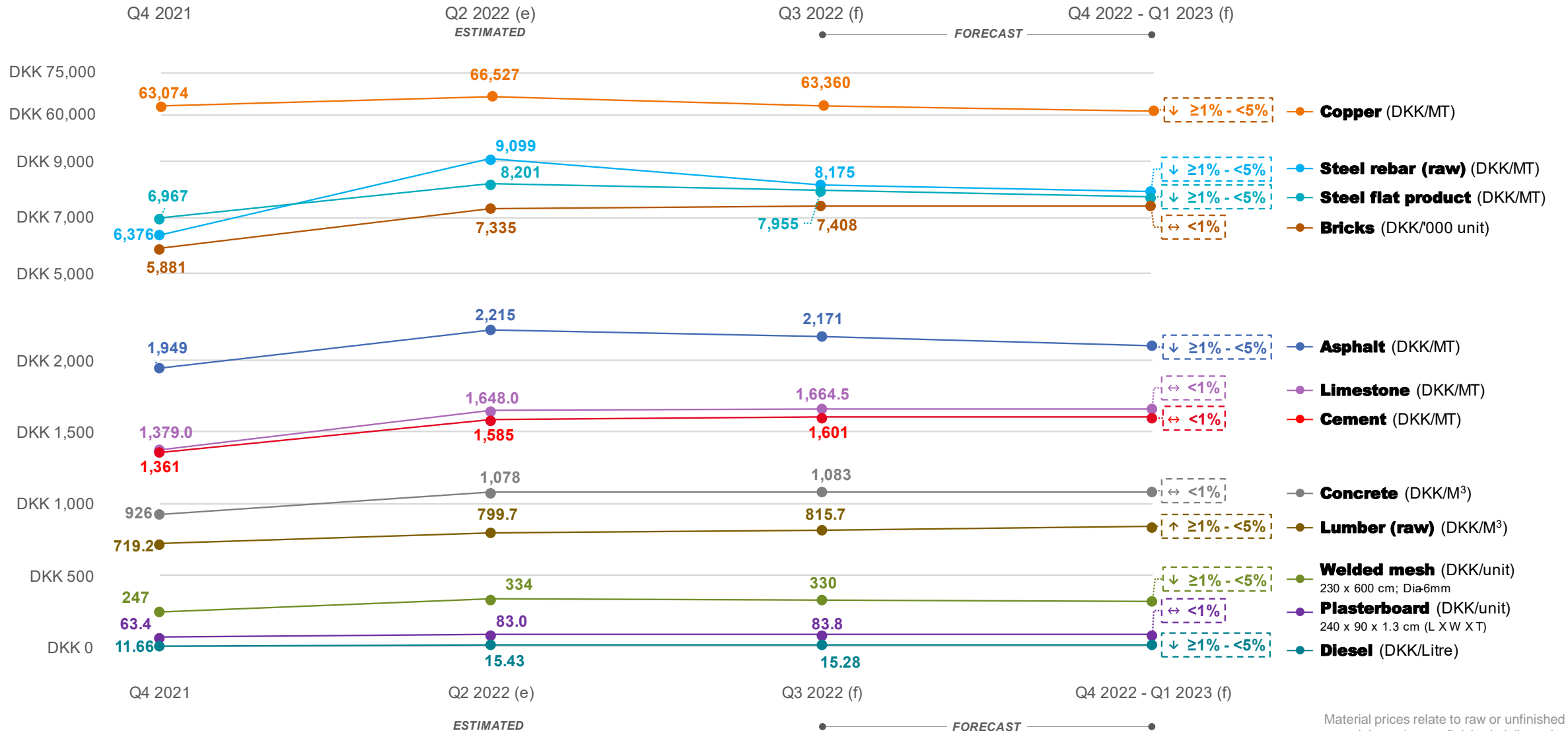
Index of economic freedom **77.8 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+2.0% ↑	 High	Demand for wooden housing and high transportation costs have driven up lumber prices in the first half of 2022. In addition, domestic buyers are likely to face shortages in the short-term as Denmark sources a large share of its construction wood from Russia which is now subject to embargoes. Wood prices are expected to remain volatile under conflicting pressures from high input costs and slowing economic growth.
 Welded mesh	-1.2% ↓	 High	Due to the expected decline in the price of steel, the price of mesh will also decline in 2022.
 Bricks	+1.0% ↑	 Moderate	Inflationary pressures will be contained to some extent owing to sufficient supply of raw materials such as clay, but demand from building construction has been high, which combined with rising fuel and energy costs, has caused prices to rise more sharply than expected from the end of March to end-June. Demand is set to remain strong owing to an increase in government investment in public affordable housing and a rise in the total floor area of residential permits issued for 2022. Prices are expected to remain elevated over the short- and medium-term.
 Plasterboard	+1.0% ↑	 Low	As with other key building materials, the price of plasterboard is expected to remain at high levels given ongoing expansion in building construction. The average price for plasterboard at the end of June was over 13% higher than the average price at the end of March.
 Diesel	-1.0% ↓	 Moderate	Diesel prices soared in March, as global oil prices spiked in the wake of the Russia-Ukraine conflict. Without any clear resolution to the conflict in the short term, with ongoing economic sanctions, and given Denmark's reliance on imports for its oil needs and a large share of its diesel, it is likely that prices will remain elevated in the coming quarters. However, with OPEC countries set to increase the production of crude oil, prices are likely to retract from the highs in previous quarters.

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

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.

Denmark - Construction Materials Pricing (2021-2022)



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Denmark - Report methodology



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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. A more comprehensive list of sources is included below.

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Sample sources – Denmark

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

Linesight 





Finland

Country Commodity Report

Q2 2022



Finland

Q2 2022

In Q1 2022, Finland's real GDP growth slowed, against the backdrop of the Russia-Ukraine conflict, high inflation and weakening private consumption. The European Commission forecasts 1.8% for the full year, supported by investment in construction and government spending. Inflation hit 4.8% in Q1 year-on-year, with 6.4% forecast by the Commission for the full 2022 year.

The construction industry recorded moderate growth in 2021 of 0.8%, as a result of the impact of COVID-19 containment measures. Slightly accelerated growth is expected for 2022 at 1.8%, with significant investment in infrastructure and energy projects aimed at stimulating the economy. However, as is the case globally, growth will be hampered by surging inflation, high energy costs and renewed supply chain disruption, as the Russia-Ukraine conflict continues to impact economies across the world. The additional waves of COVID in China and ensuing lockdowns are also having a bearing.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Although a key exporter of lumber to markets across Europe, Finland has also been an importer of wood products from Russia, which are now banned under EU sanctions. In 2021, around 9 million cubic metres of wood was imported from Russia. However, according to reports from the Finnish Central Union of Agricultural Producers and Forest Owners, the industry's needs can be met by domestic forests.



Concrete and aggregates

Cement supplies will be impacted by the ban on Russian imports, while high energy costs have pushed up Finland's cement manufacturing costs. However, prices could fall over the next few quarters owing to weakening demand amid recession fears. The CRH's Finnsementti is the only Finnish cement manufacturer, with the majority of domestic cement production taking place at its Parainen and Lappeenranta plants. Rudus, also part of CRH, is a leading producer of aggregates and ready-mixed concrete.



Concrete blocks and bricks

Recession fears amid rising interest rates will dampen demand for new buildings over the short and medium term, easing upward pressure on prices. Overall demand could be buoyed by strong housing demand, reflected in a rise in residential building permits in late 2021 and early 2022. However, this could be offset by rising mortgage rates over the next few quarters. High energy and fuel costs, feeding into production and transportation costs, will keep prices elevated.



Steel (rebar and structural)

High production costs owing to elevated energy costs, combined with disruptions in imports, will keep steel prices relatively high. Demand is expected to weaken amid rising interest rates and recession fears, which will put downward pressure on prices. However, demand could be partially buoyed by government plans to develop transport and energy infrastructure.



Copper

Demand for copper in Finland will be boosted by investments in renewable energy and electric vehicles over the long term. However, in the short term, the abovementioned recession fears amid rising interest rates will put downward pressure on copper prices.



Finland - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	€	% change
Copper (€/MT)	8,944	0.0% ↔ ■
Steel rebar (€/MT)	1,099	47.8% ↑ ●
Steel flat (€/MT)	924	9.9% ↑ ●
Lumber (€/M3)	70.69	4.9% ↑ ●
Asphalt (€/MT)	78.24	17.1% ↑ ●
Limestone (€/MT)	56.46	14.7% ↑ ●
Cement (€/MT)	289	26.1% ↑ ●
Concrete (€/M3)	140	4.7% ↑ ●
Welded mesh (€/unit)	105	41.4% ↑ ●
Bricks (€/000 unit)	799	3.9% ↑ ●
Plasterboard (€/unit)	12.35	16.6% ↑ ●
Diesel (€/litre)	2.23	17.1% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	0.0% ↔	Moderate	Global copper prices have fallen from the previous quarter, owing to investors' fears of recession and weak demand, which is likely to continue to put downward pressure on copper prices in the H2 2022 and early 2023. Short-term recession fears as a result of the Russia-Ukraine conflict are reflected in the weakening of the euro against the US dollar. Severe economic pressures facing Europe are likely to weaken demand for copper. However, rising import costs will keep local copper prices relatively elevated.
 Steel prices - Steel rebar - Flat steel	-10.2% ↓ -16.2% ↓	High	Steel prices rose sharply earlier this year. Finland is dependent on steel imports from Germany, which faces high energy costs and disruption due to its heavy reliance on Russian oil and gas imports. This has fed into production costs and adds upward pressure to steel prices in Finland. However, upward pressure on steel prices from the supply-side is likely to be outpaced by falling demand due to recession fears, which will cause the price to decline over the next year.
 Cement Concrete	+0.5% ↑ +1.0% ↑	Moderate	High energy costs and supply chain disruptions have put upward pressure on production and transportation costs this year. However, weakening demand for energy and raw materials amid fears of recession will reduce the upward pressure on prices.
 Asphalt	-2.0% ↓	Moderate	Asphalt prices will remain elevated, owing to high crude oil prices feeding into the production cost of bitumen. However, crude oil prices are expected to stabilise over the long term, as oil production from OPEC countries is set to increase to offset the shortfall in Russian supply. In the short term, a fall in demand for crude oil owing to recession fears could put downward pressure on asphalt prices.
 Limestone	+0.5% ↑	Low	Limestone demand is primarily met through domestic production. High energy costs have pushed up production and transportation costs this year. However, prices are expected to remain stable during the second half of 2022, as energy costs moderate.

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Finland - Commodity Report













Building cost index (2015=100)



Knoema World Data Atlas

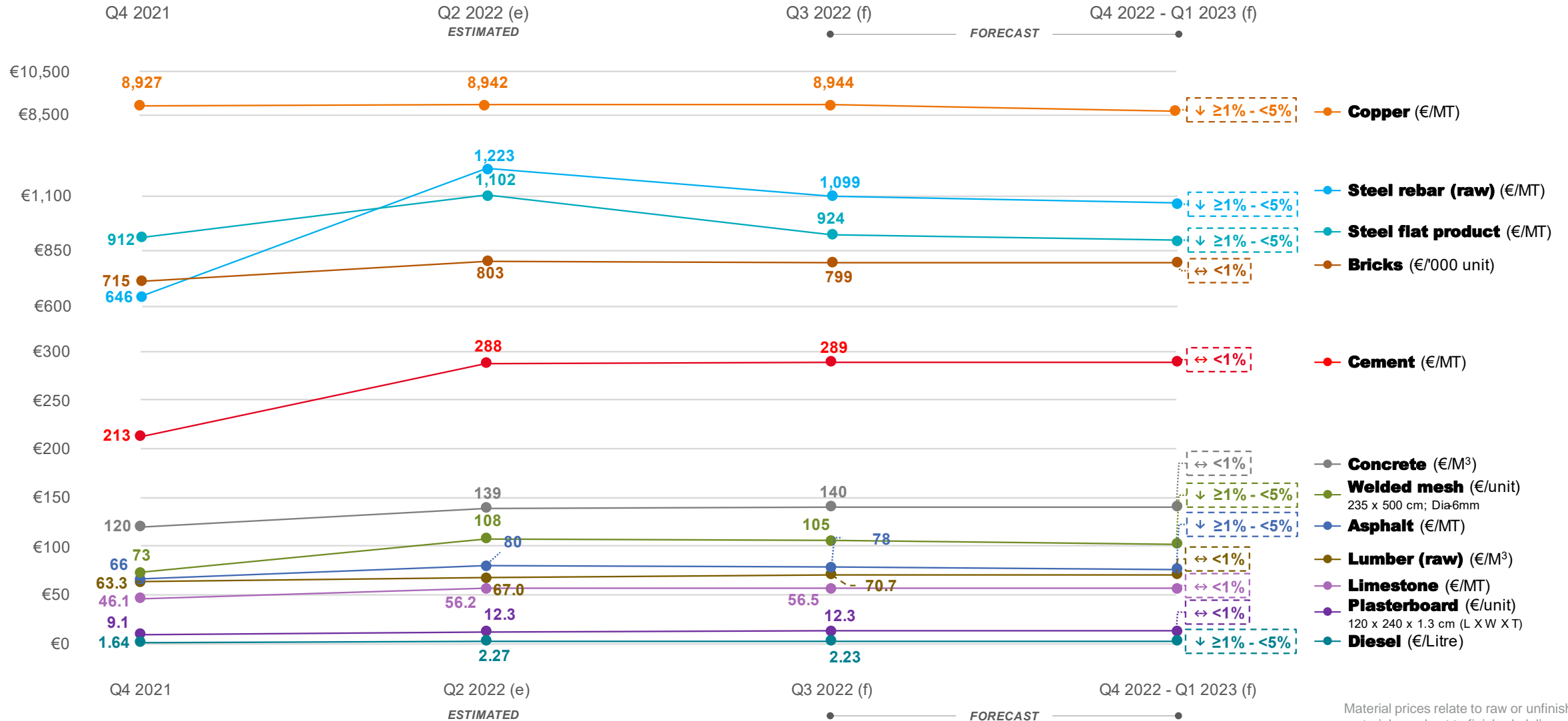
Index of economic freedom **76.1 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+5.5% ↑	 High	Finland has abundant forest coverage, which is sufficient to meet domestic demand, reducing the likelihood of widespread shortages. However, in the short term, the wood processing industry will be impacted by EU restrictions on wood imports from Russia, on which it has been somewhat reliant, and this will keep prices close to current highs.
 Welded mesh	-2.0% ↓	 High	The price of welded mesh is mainly impacted by steel rebar prices. Prices are expected to stay high in the coming quarters, but are likely to retract slightly after peaking in Q2 2022.
 Bricks	-0.5% ↓	 Moderate	As noted above, elevated energy costs and disruptions to the supply chain have put upward pressure on production and transportation costs this year. However, prices are set to stabilise, as demand for energy and raw materials weakens amid fears of recession. This will limit upward pressure on prices over the next few quarters.
 Plasterboard	+0.5% ↑	 Low	The price of plasterboard has been driven upwards this year due to increases in energy and raw material costs. Stabilising input costs will limit upward pressure on prices over the next few quarters.
 Diesel	-2.0% ↓	 Moderate	The price for diesel is expected to stabilise as the price of crude oil eases, amid weakening demand and increased production. Diesel prices are expected to fall over the long term.

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

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.

Finland - Construction Materials Pricing (2021-2022)



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Finland - Report methodology



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Sample sources – Finland

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

- IMF
- Economy.com
- The Global Economy
- Weather Spark
- Statistics Finland
- Finnish Institute of Occupational Health (FIOH)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

Linesight 





France

Country Commodity Report

Q2 2022



France

Q2 2022

France posted a small economic contraction of 0.2% in volume terms in Q1 2022, as household consumption weakened. The Central Bank of France released its latest projections in March, forecasting 3.4% growth for 2022, which is slightly above the April estimate from the IMF for 2.9% growth. As is the case worldwide, inflation is high as a result of the current geopolitical climate, with the provisional figure for June standing at 5.8% according to INSEE, up from 5.2%.

Following the notable expansion in the construction industry seen in 2021, more moderate growth of 3.3% is expected for 2022, as the focus remains on improving infrastructure for increased regional connectivity, as well as energy and manufacturing investments. The Russia-Ukraine conflict, and its impact on the supply chain and material price escalation will continue to pose a risk to industry performance.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices have been relatively stable at an elevated level in recent months, reflecting global supply tightness. Demand in France will remain high, with a 2020 law requiring half of the materials used to construct public buildings to be wood or other natural substances. The law is part of the country's drive to become carbon neutral by 2050. There was already a directive in place that any new buildings constructed in Paris for the 2024 Summer Olympics measuring eight stories or less must be made entirely from wood.



Cement and aggregates

Cement demand has picked up in line with the recovery in the construction industry in recent quarters, and along with higher production costs stemming from energy cost increases, cement and concrete prices have trended upward. It is anticipated that cement and concrete costs will remain at elevated levels in 2022 owing to high energy and transportation costs.



Concrete blocks and bricks

Brick prices jumped sharply in Q2 2022, with production costs being pushed upwards by higher energy costs. France is a major producer of bricks in the EU, and as result, supplies are expected to be sufficient to meet higher demand amid the recovery in construction.



Steel (rebar and structural)

France is the world's fifth largest importer of steel, and domestic prices soared in Q2 2022 amid disruptions in global supply that were exacerbated by the Russia-Ukraine conflict. Steel demand will also remain high, reflecting in part the government's commitment to investing in infrastructure developments, and this will keep prices close to recent levels in the coming quarters.



Copper

Copper prices have been volatile over the past year or so; in 2021, prices were up by 44% on an annual average basis, and there were further increases in the first half of this year. Although local demand will remain relatively strong, global price pressures have eased, which will result in prices softening in H2.

France - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	€	€	2021-22* % change	% change
Copper (€/MT)	8,705	8,263	5.3% ↑	0.6% ↑ ■
Steel rebar (€/MT)	878	625.0	40.4% ↑	27.5% ↑ ●
Steel flat (€/MT)	891	667.0	33.5% ↑	12.4% ↑ ●
Lumber (€/M3)	101	80.0	26.3% ↑	0.0% ↔ ■
Asphalt (€/MT)	88	60.0	46.1% ↑	9.3% ↑ ●
Limestone (€/MT)	52.10	50.0	4.3% ↑	12.4% ↑ ●
Cement (€/MT)	169	140.0	21.0% ↑	6.1% ↑ ●
Concrete (€/M3)	151	125.0	21.0% ↑	6.1% ↑ ■
Welded mesh (€/unit)	169	120.0	40.6% ↑	27.5% ↑ ●
Bricks (€/000 unit)	909	700.0	29.9% ↑	18.5% ↑ ●
Plasterboard (€/unit)	3.20	3.0	7.4% ↑	3.3% ↑ ●
Diesel (€/litre)	2.12	1.4	47.4% ↑	9.3% ↑ ●

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■ Q1 to Q2 2022 % change less than estimation in our Q1 report

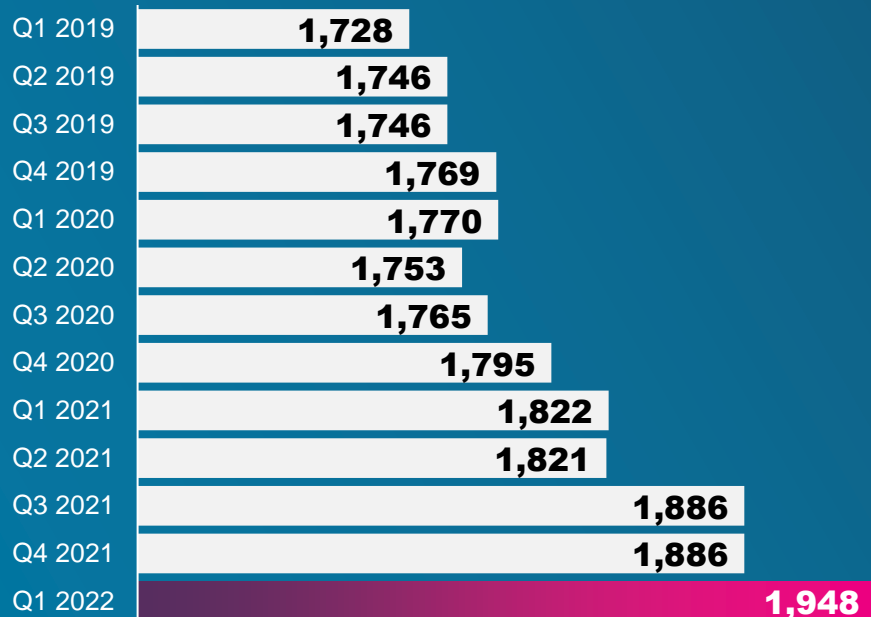
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-5.1% ↓	Moderate	Copper prices continued on an upward trend in early 2022, with disruptions and uncertainty stemming from the Russia-Ukraine conflict contributing to this trend. But prices have started on a downward trend, with and a decline in demand from China due to COVID-19 lockdowns relieving pressure in prices. Nevertheless, longer term demand will be sustained via investments in EVs and renewable energy technology.
Steel prices - Steel rebar - Flat steel	-0.5% ↓ -1.0% ↓	High	The price of steel products continued on an upward trend in the first half of the year, reflecting pressures coming from tight supplies in the global market. Higher energy costs, disruption in supply chains, and the embargo on imports from Russia to EU led to a surge in prices from March to May. Higher energy costs will also ensure prices remain around the current high levels. Cheaper imports from India and Turkey will help to reduce the dependency on imports from Russia, it is expected this will help ease price pressures by end of this year.
Cement Concrete	+6.4% ↑ +6.4% ↑	Moderate	With the French construction industry set to continue to expand in 2022, and with cement producers facing higher energy costs, concrete and cement prices will remain around current levels.
Asphalt	+2.0% ↑	Low	Asphalt prices have continued on an upward trend, reflecting the increase in international crude oil prices. However, the increasing use of recycled material will also help to contain price inflation.
Limestone	+1.0% ↑	Low	Owing to balanced demand in the market, limestone prices will be relatively stable, but higher energy costs will keep prices at around current high levels.

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France - Commodity Report




Construction cost index 2015-2021



Knoema World Data Atlas

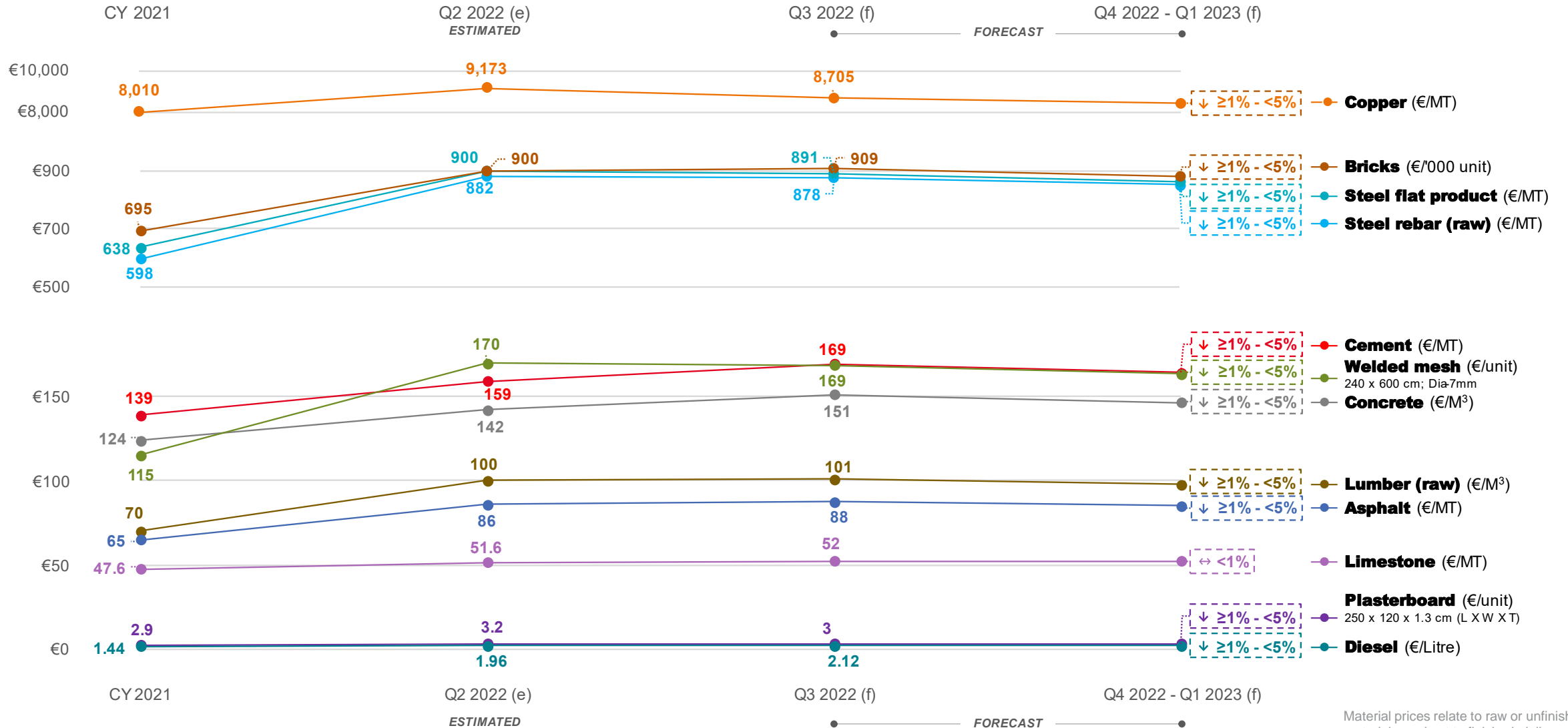
Index of economic freedom **65.7 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	Moderate	Lumber prices have leveled off at a relatively high level, having previously soared amid a shortage of supply. Demand will remain strong, in part stemming from the impact of the 2020 environmental law mandating that wood accounts for 50% of public buildings construction. However, with an easing in supply disruptions, prices will fall back from recent highs.
 Welded mesh	-0.5% ↓	High	Price of welded mesh is mainly impacted by the steel rebar prices, and as such prices are expected to stay high in the coming quarters.
 Bricks	+1.0% ↑	Low	Despite headwinds, the construction industry will continue to expand, and demand for bricks will stay relatively high. Higher energy prices have also fed into production costs, which have been reflected in a sharp rise in brick prices in recent months.
 Plasterboard	+2.0% ↑	Low	With the industry expected to continue to grow, plasterboard demand will be sustained, thus keeping prices buoyant. Similar to a number of materials, rising energy costs will apply upwards pressure on prices.
 Diesel	+8.5% ↑	Low	Diesel prices have fluctuated around €2 per litre in recent months, with prices rising to these highs amid the jump in global crude oil. The government introduced a 15 cents per litre discount on fuel price from April 1st and has also provided support to hauliers.

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

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.

France - Construction Materials Pricing (2021-2022)



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France - Report methodology



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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. A more comprehensive list of sources is included below.

Definitions

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- Nominal and real data

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

Sample sources - France

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

- IMF
- Trading Economics
- INSEE
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

Linesight 





Germany

Country Commodity Report

Q2 2022



Germany

Q2 2022

Germany recorded a modest economic performance in Q1, with 0.2% quarter-on-quarter growth (price and seasonally-adjusted) reported by Destatis. While the Bundesbank had previously forecast 4.2% growth for the full year, it revised this down to 1.9% in June given the current geopolitical climate. Inflation hit an almost 50-year high in May at 7.9% and is expected to further erode consumer confidence.

Construction output is still expected to grow by 1.9% over the year, although small month-on-month contractions were recorded for March, April and May (1.6%, 1.2% and 1.96% respectively). Workforce capacity limits, the level of escalation and supply chain disruption will all weigh on the industry, and these challenges are expected to remain for the foreseeable future, with the ongoing Russia-Ukraine conflict.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices have been relatively stable in recent months, and pressures are easing. However, there remains potential for market supply instability given disruptions in global lumber trade, with Russia being a leading exporter. Domestic lumber prices rose throughout 2021, up by an estimated 65% between Q1 2021 and Q4 2021.



Cement and aggregates

Although a leading producer of cement within the EU, with sufficient capacity to meet local demand, there has been upward pressure on cement prices owing to some supply disruption amid high demand levels. The recent surge in diesel prices will also feed through into higher prices for concrete deliveries. Prices will stay at elevated levels in 2022, given the impact of higher energy prices on production costs.



Concrete blocks and bricks

Although rising recently, brick prices have not faced the same pressure as metals, and this reflects relatively stable supplies and distribution networks that are generally localised. However, higher energy costs will keep production costs elevated, and rising construction activity will maintain demand.



Steel (rebar and structural)

Germany is the leading producer of steel in the EU, but is also a major steel importer, and disruptions in exports from Russia and Ukraine have had a major impact on the market. The EU has banned steel imports from Russia currently under safeguarding measures, as part of its sanctions on Russia. The sharp rise in energy prices has also been a factor in driving up production costs.



Copper

To meet its high levels of demand, Germany has significant domestic capacity, but also relies on imports to meet requirements for copper intermediary products. The onset of the Russia-Ukraine conflict contributed to a rise in prices, but pressure on prices has since eased amid weakness in China.

Germany - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	€	€	2021-22* % change	% change
Copper (€/MT)	8,785	7,956	10.42% ↑	1.6% ↑ ■
Steel rebar (€/MT)	833	560	48.75% ↑	33.9% ↑ ●
Steel flat (€/MT)	860	615	39.84% ↑	21.8% ↑ ●
Lumber (€/M3)	117	100	16.70% ↑	3.6% ↑ ●
Asphalt (€/MT)	73.00	55.00	32.73% ↑	16.9% ↑ ●
Limestone (€/MT)	37.40	35.00	6.86% ↑	3.1% ↑ ●
Cement (€/MT)	142	116	22.41% ↑	10.2% ↑ ●
Concrete (€/M3)	175	140	25.00% ↑	5.5% ↑ ●
Welded mesh (€/unit)	101	70.00	44.29% ↑	33.9% ↑ ●
Bricks (€/000 unit)	672	550	22.18% ↑	8.0% ↑ ●
Plasterboard (€/unit)	3.30	2.59	27.41% ↑	13.8% ↑ ●
Diesel (€/litre)	2.00	1.41	41.84% ↑	14.1% ↑ ■

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

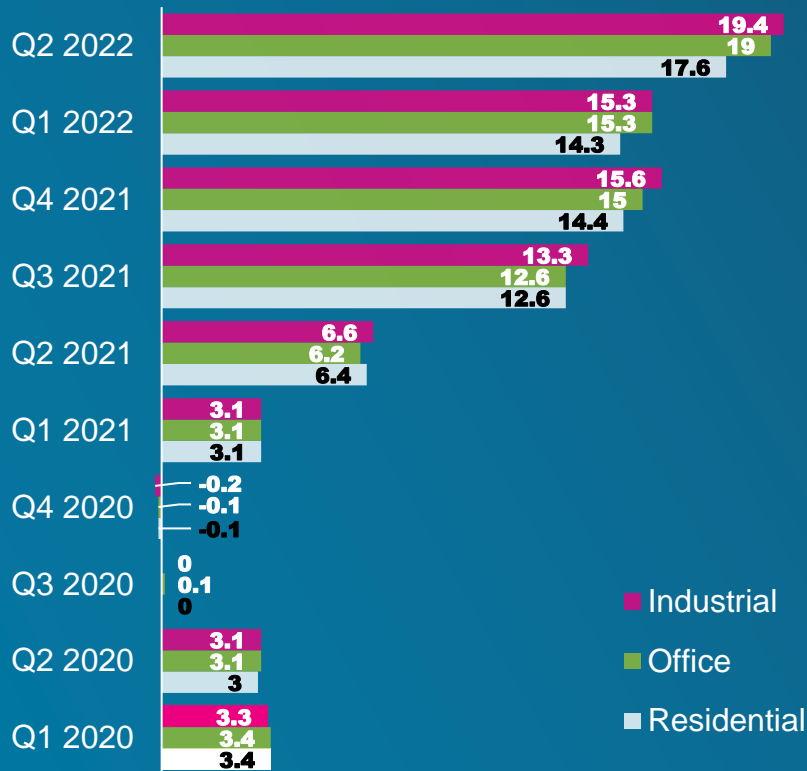
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-2.9% ↓	Moderate	After spiking during the initial stages of the Russia-Ukraine conflict, the copper market has softened recently, with prices trending downwards amid weaker demand in China and fear of economic recession. However, underlying copper demand will continue to be strengthened by investment in electric vehicle manufacturing and associated charging infrastructure, and energy costs will remain high.
 Steel prices - Steel rebar - Flat steel	-0.5% ↓ -1.0% ↓	High	Steel prices jumped sharply in March and then continued to rise in the following months - a result of supply disruptions and high energy costs. Although there has been some reluctance to buy at high prices amid relatively long lead times, mills have been reporting healthy order books. Prices are therefore expected to remain around current levels in the short term and expected to fall in the mid to long term.
 Cement Concrete	-1.3% ↓ -1.0% ↓	Low	Prices for cement and concrete have been on an upward trend, reflecting strong demand to date, but more significantly the sharp jump in energy costs. Although demand has been dampened by the surge in prices, activity in Germany's construction industry remains relatively solid. Germany is a leading producer of cement within the EU, but its previous reliance on energy supplies from Russia have severely impacted producer prices domestically.
 Asphalt	+4.2% ↑	Low	Supply challenges have impacted asphalt prices. The German Asphalt Association, for example, has warned of the risk of up to a third of the local bitumen supply being impacted because key refineries were dependent on supplies from Russia. However, the new government is set to prioritise railway investment over roads, and Germany is the leading adopter of recycled asphalt usage in EU. With more recycling, asphalt price inflation can be relatively well contained.
 Limestone	+1.5% ↑	Low	Demand for limestone is relatively stable, but prices have been pushed up, owing to higher energy costs.

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Germany - Commodity Report



Construction price indices – new construction (2020-2022)



Knoema World Data Atlas

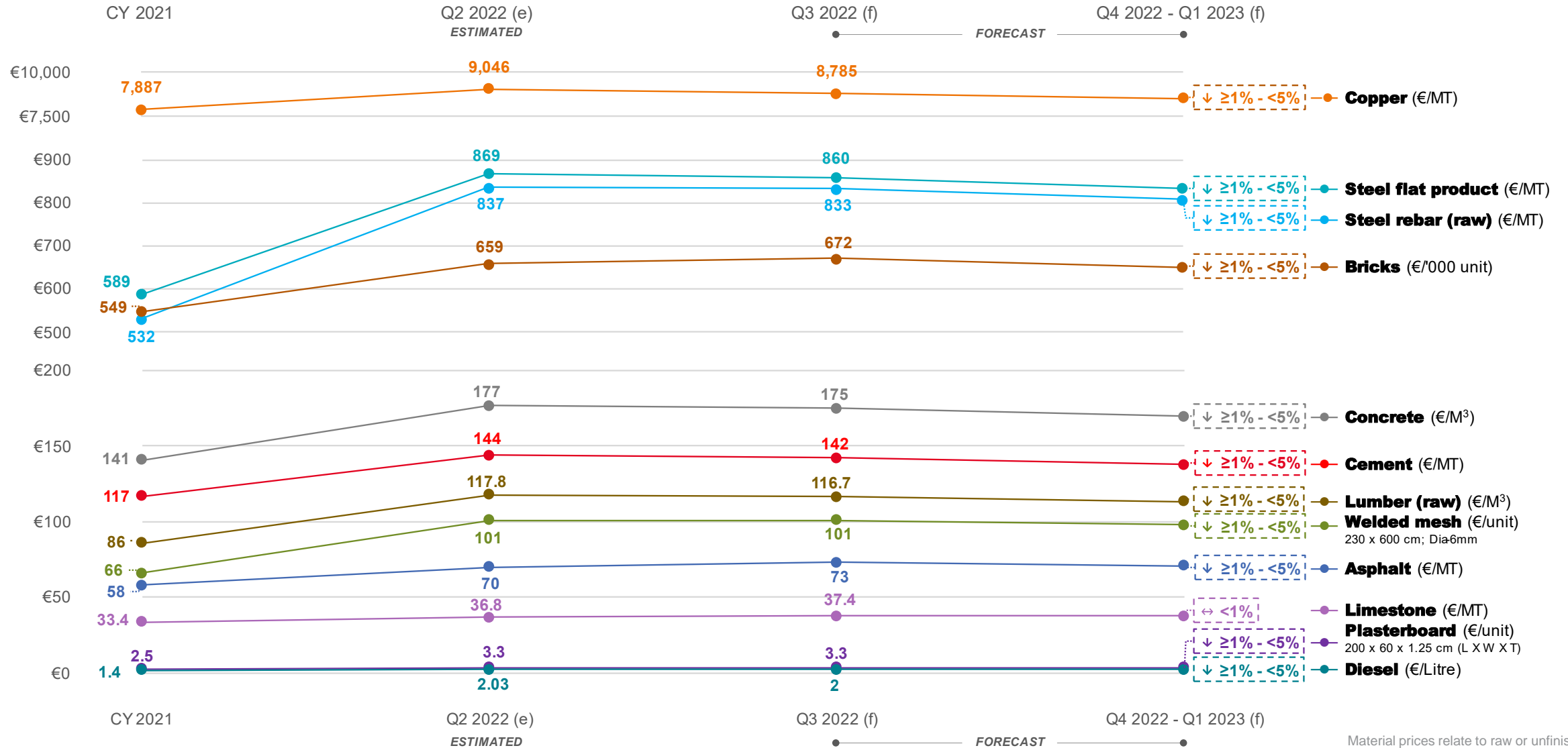
Index of economic freedom **72.5 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	-1.0% ↓	Moderate	The price of lumber continued to edge upwards through to April, but has eased back since then. Russia's timber export ban, which has been in effect since the beginning of 2022, had squeezed supply, and since the outbreak of the conflict and the classification by the PEFC that timber from Russia and Belarus is 'conflict timber', market conditions remain tight across the region. Although demand is still strong, prices are expected to decline by the end of 2022.
 Welded mesh	-0.5% ↓	High	The price of welded mesh is mainly impacted by steel rebar prices. Prices are expected to remain elevated in the coming quarters.
 Bricks	+2.0% ↑	Low	Solid demand for housing construction, combined with higher energy costs, will keep prices for bricks at relatively high levels.
 Plasterboard	+1.0% ↑	Low	As above, sustained residential demand, coupled with higher energy costs, will keep plasterboard prices elevated.
 Diesel	-1.6% ↓	Low	Diesel prices jumped in March, as global oil prices soared in the wake of the Russia-Ukraine conflict, and prices have since remained above €2 per litre. Tax cuts are to be applied between June-August, but without any clear resolution in the short term to the conflict, and given Germany's reliance on imports for its oil needs and a large share of its diesel, prices will remain elevated in the coming quarters and subject to a high degree of volatility.

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Germany - Construction Materials Pricing (2021-2022)



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Germany - Report methodology



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Primary and secondary research

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Sample sources - Germany

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- IMF
- Economy.com
- The Global Economy
- Weather Spark
- Destatis
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

Linesight 





Hong Kong

Country Commodity Report

Q2 2022



Hong Kong

Q2 2022

The Asian Development Bank has cut its growth forecast for Southeast Asia to 3.8%, including Hong Kong, off the back of China's sluggish performance, as new waves of COVID hit, along with a residential market downturn. In contrast to much of the world, inflation is not hitting the record rates seen elsewhere, posting a four-month low in May of 1.2% and expected to be 2% for the year. This is down to residential, which makes up 40% of the CPI, falling by 0.5% upon private rental dropping for a 19th consecutive month.

The Census and Statistics Department reported a 1.1% drop in nominal terms in the total gross value of construction works performed by main contractors in Q1 year-on-year. Downside risks include the supply chain constraints being felt globally, the uncertain geopolitical climate, and the Chinese slowdown weighing on demand.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Hong Kong relies heavily on imports to meet lumber demand. Although prices picked up in H1, demand has been fairly sluggish, as residential construction, for example, has been particularly weak. There are schemes in place to boost residential construction, with the government attempting to increase the housing supply, and this includes the Green Form Subsidised Home Ownership Scheme (GSH) and Starter Homes (SH) pilot projects. Assuming the sector picks up again, lumber prices will stay close to current levels.



Cement and aggregates

Hong Kong has a heavy reliance on cement imports, given that its domestic cement production is limited to Green Island Cement Company Limited. This is the only integrated cement plant in Hong Kong, with a capacity of cement grinding and clinker production at 2.5 MT and 1.5 MT respectively.



Concrete blocks and bricks

The construction industry has continued to recover steadily, which has contributed to an improvement in demand for blocks and bricks, and this has come at a time of rising production costs. Local supplies will be sufficient to meet demand, but costs will be a factor in keeping prices close to current highs.



Steel (rebar and structural)

Steel prices in Hong Kong have dropped from recent highs, reflecting the downward trend in prices from key import markets – notably China, where demand has been weak owing to COVID-19 lockdowns. Hong Kong has also been importing rebar at relatively low prices for markets in the Middle East.



Copper

Copper demand is primarily met through imports from China and South Korea, and reflecting global pressures, prices soared in 2021. Although they are set to fall, prices are likely to remain elevated in the coming quarters, with increased volatility owing to the disruption caused by the Russia-Ukraine conflict.



Hong Kong - Commodity Report



	Q3 2022 (f)	Q1 – Q2 (e) 2022
Materials	HK\$	% change
Copper (HK\$/MT)	61,789	-6.6% ↓ ■
Steel rebar (HK\$/MT)	6,140	-3.3% ↓ ■
Steel flat (HK\$/MT)	7,865	-4.1% ↓ ■
Lumber (HK\$/M3)	7,921	11.1% ↑ ●
Asphalt (HK\$/MT)	9,362	5.3% ↑ ■
Limestone (HK\$/MT)	63.41	-8.6% ↓ ■
Cement (HK\$/MT)	788	-8.6% ↓ ■
Concrete (HK\$/M3)	1,175	-8.6% ↓ ●
Welded mesh (HK\$/unit)	72.61	-3.3% ↓ ■
Bricks (HK\$/'000 unit)	3,424	6.3% ↑ ●
Plasterboard (HK\$/unit)	101	41.4% ↑ ●
Diesel (HK\$/litre)	15.61	5.3% ↑ ■

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 ■ Q1 to Q2 2022 % change less than estimation in our Q1 report

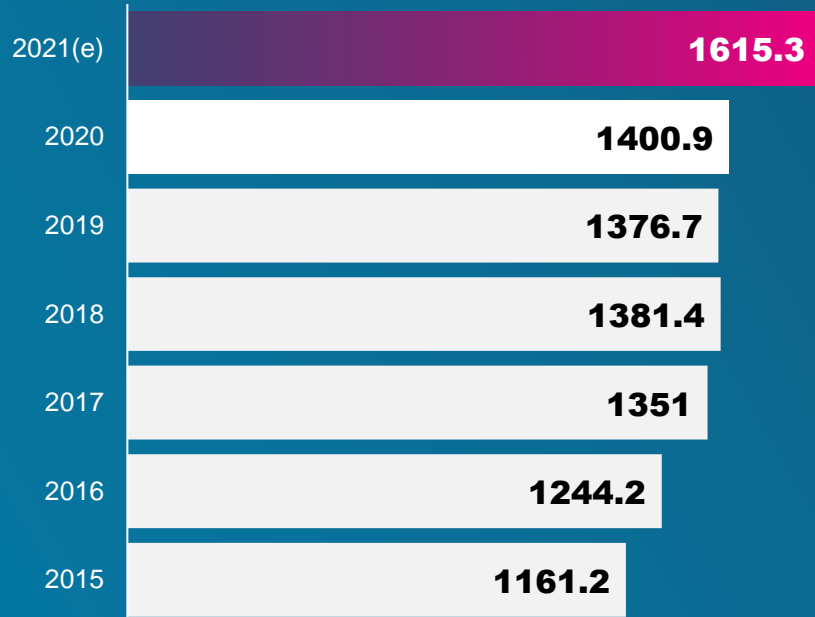
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 Copper	-8.1% ↓	 Moderate Copper prices fell in Q2 2022, as COVID-19 lockdowns in China significantly weakened demand. Prices are expected to be volatile in the coming quarters, given the expectation of improving demand in China and the wider region.
 Steel prices - Steel rebar - Flat steel	-3.0% ↓ -2.0% ↓	 High Owing in part to the drop in demand in China, steel prices went into decline in the latter part of Q2 2022, having been on a steep upward trend in the year to May. Construction output growth in Hong Kong has been fairly sluggish, but there are major infrastructure projects planned and underway, and these will provide a basis for underlying demand.
 Cement Concrete	+1.0% ↑ +1.0% ↑	 Moderate Cement prices have fallen in recent months, reflecting weaker demand in mainland China and sluggish demand in the construction industry. However, given the projection for a steady recovery in construction output along with higher energy costs, prices will remain relatively high in the coming quarters.
 Asphalt	-2.0% ↓	 Moderate Asphalt prices rose further in Q2 2022, having picked up in late 2021 in line with the underlying upward trend in crude oil. Bitumen supplies are primarily met through imports, and with global crude oil prices easing from the recent highs, prices are set to fall from current levels.
 Limestone	+1.0% ↑	 Low There has been an easing in limestone prices, but there will likely be some volatility around current levels in the coming quarters. Demand is primarily met through domestic production, and price fluctuation recently has been due mainly to higher logistics costs.

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Hong Kong - Commodity Report



Construction cost index 2015-2021(e)



Knoema World Data Atlas

Index of economic freedom 89.1 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	High	Although construction output growth has been weak, lumber prices have been on an upward trend, reflecting Hong Kong's reliance on increasingly more expensive imports. Global price pressures will ease, but as output starts to recover, demand will pick up, thereby keeping domestic prices relatively high.
 Welded mesh	-3.0% ↓	High	The price trend for welded mesh is based on the price of steel. Hence, a similar price trend is expected for mesh products.
 Bricks	+1.0% ↑	Moderate	Brick prices have been pushed up by higher fuel prices, used for both production and logistical purposes. Prices are expected to remain elevated, owing to continued upward pressure on energy costs, as well as the steady recovering in construction output.
 Plasterboard	+1.0% ↑	Low	No major changes are expected in plasterboard prices, which edged upwards in 2021.
 Diesel	-2.0% ↓	Moderate	Diesel prices in Hong Kong, which are among the highest in the world, rose to new highs in Q2 2022, reaching around HK\$18.50 per litre in June. With crude oil prices levelling off, and rising production of oil from OPEC countries, further upward pressure on diesel prices is expected to be contained.

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Hong Kong - Construction Materials Pricing (2021-2022)



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Hong Kong - Report methodology



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Sample sources – Hong Kong

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- IMF
- Civil Engineering and Development Department – The Government of the Hong Kong Special Administrative Region
- Hong Kong Housing Authority
- The Census and Statistics Department
- GlobalData's Construction Intelligence Center (CIC)
- Fitch Ratings
- The Asian Development Bank

Linesight 





India

Country Commodity Report

Q2 2022



India

Q2 2022

India's economy recorded year-on-year growth of 4.1% in Q1, according to the Ministry of Statistics and Programme Implementation. This slower pace of growth is being largely attributed to the escalation in commodity prices. In the Reserve Bank of India's latest bulletin, inflation was reported as easing very slightly for a second consecutive month to 7.01% for June. However, inflation, supply chain disruptions and geopolitical tensions are expected to weigh on output in the coming quarters.

While more moderate growth than what was seen in 2021 is expected for construction in 2022 at 5.8% in real terms, there will be a focus on burgeoning demand in sectors like industrial, logistics and data centres, as well as commercial and residential. Some industry challenges exist, including inflation, a general rise in the cost of construction (up 6-12%, and putting pressure on margins and cash flow), material price escalation, volatile FX markets, and supply chain bottlenecks.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

India is reliant on imported lumber for construction, and much of this is sourced from Europe. Reflecting global trends, domestic prices in India rose sharply in 2021 and will remain high in 2022, though price increases are expected to moderate in the second half of the year. This reflects ongoing strong demand and the disruption to supplies in Europe stemming from bans on imports from Russia.



Cement and aggregates

The continued expansion in construction output will ensure high demand for cement and concrete, particularly given the large-scale public infrastructure developments currently underway. While India benefits from having domestic supplies of raw materials for cement production (such as limestone), the prominence of thermal coal and petcoke as fuel sources at Indian cement manufacturers has resulted in production costs rising significantly as global coal and petcoke prices increase, and this will further contribute to higher cement and cement product price levels.



Concrete blocks and bricks

Brick prices are expected to remain elevated in the second half of this year, given the robust demand from the construction industry, and high costs and tight supplies of thermal coal, on which producers of traditional burnt clay bricks are heavily reliant.



Steel (rebar and structural)

Although India is a major steel producer, with limited reliance on imports of steel products, domestic prices rose in 2021, reflecting strong demand, supply disruptions and a surge in iron ore prices. Steel prices continued to rise in the first half of 2022, driven by government development schemes aimed at boosting residential sector growth, as well as major infrastructure development programmes. However, prices are expected to moderate in the second half of the year, with the imposition of an export duty on steel products expected to significantly increase supply in India, leading to a lower equilibrium price level.



Copper

India's imports of copper have risen sharply in recent years, and are expected to rise from 234,000 tonnes in 2021/22 to a projected 300,000 tonnes in 2021/22. Given tight global supplies and a rapid recovery in industrial activity, prices in India soared in 2021 on an annual average basis. Copper prices continued to rise in the first half of this year, with additional price pressures stemming from the Russia-Ukraine conflict and fears over a potential dearth of supply. However, with global economic growth slowing, international demand for copper is expected to moderate in the second half of this year, driving down domestic prices.

India - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)	Q1 2022 - Q2 2022 (e)	
	INR	INR	2021-22* % change	% change
Copper (INR/MT)	832,933	750,000	11.06% ↑	3.5% ↑ ■
Steel rebar (INR/MT)	65,475	55,000	19.05% ↑	5.2% ↑ ■
Steel flat (INR/MT)	66,673	65,000	2.57% ↑	1.0% ↑ ■
Lumber (INR/M3)	11,931	8,832	35.08% ↑	8.0% ↑ ●
Asphalt (INR/MT)	60,308	40,100	50.39% ↑	9.9% ↑ ●
Limestone (INR/MT)	455	450	1.00% ↑	0.0% ↔ ■
Cement (INR/MT)	8,507	7,300	16.54% ↑	10.2% ↑ ■
Concrete (INR/M3)	4,444	3,850	15.43% ↑	7.3% ↑ ■
Welded mesh (INR/unit)	356	300	18.83% ↑	5.0% ↑ ●
Bricks (INR/000 unit)	9,349	8,095	15.49% ↑	2.9% ↑ ■
Plasterboard (INR/unit)	364	350	3.89% ↑	2.9% ↑ ●
Diesel (INR/litre)	91.28	89.4	2.08% ↑	6.4% ↑ ●

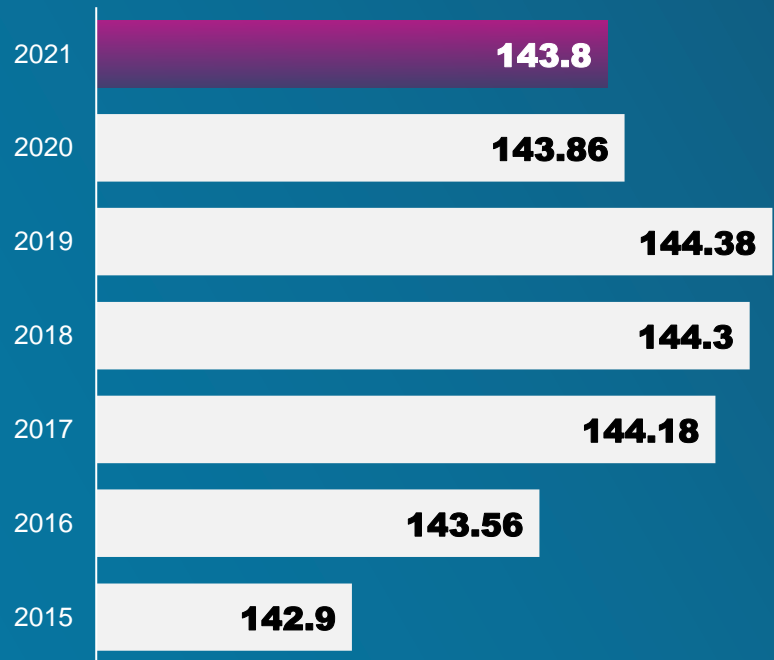
● Q1 to Q2 2022 % change greater than estimation in our Q1 report
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Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-2.0% ↓	Moderate	Copper prices in India remain heavily influenced by international prices, given its reliance on imports of copper concentrate. Prices increased during the March 2022 quarter, reflecting strong demand globally and the uncertainty created by the Russia-Ukraine conflict. However, copper prices began to decline in April, as demand from China and Europe's slowing industrial sectors softened, which is expected to continue in the second half of 2022, as global economic growth slows.
 Steel prices - Steel rebar - Flat steel	-3.0% ↓ -2.0% ↓	Moderate	The supply gap created by the Russia-Ukraine conflict and amidst growing global demand created significant opportunities for Indian steel mills to increase product prices, and rising energy and raw material prices added further upwards pressure. The Indian government increased the export duty of steel products in May 2022, leading to greater availability in the domestic market. Approximately 18 million tonnes of steel was exported in 2021, and this is expected to decrease to 12 million tonnes this year.
 Cement Concrete	+1.0% ↑ +1.0% ↑	High	Strong demand for concrete and cement, amid the robust recovery and expansion of India's construction industry, is expected to drive prices higher in the second half of 2022, though price growth is expected to moderate. The sharp rise in cement producers' costs stemming from higher imported coal prices has also impacted, and further upwards pressure is expected in the coming quarters.
 Asphalt	+2.0% ↑	Moderate	Public investment in the expansion and construction of roads will reinforce strong asphalt demand, and this has been reflected in an increase in more costly imports, compared to rather limited domestic supplies in Q2 2022. The Indian government has increased its purchases of cheap crude oil from Russia, and an early monsoon season is expected to reduce demand for bitumen, slowing price growth in the second half of 2022. Crude oil prices are expected to decline for the rest of the year, as global economic growth slows, and this is expected to ease pressure on the price of domestic and imported bitumen.
 Limestone	+1.0% ↑	Low	With balanced demand in the market, limestone prices will be relatively stable, but higher energy costs will keep prices around current high levels.

India - Commodity Report








Construction cost index



Knoema World Data Atlas

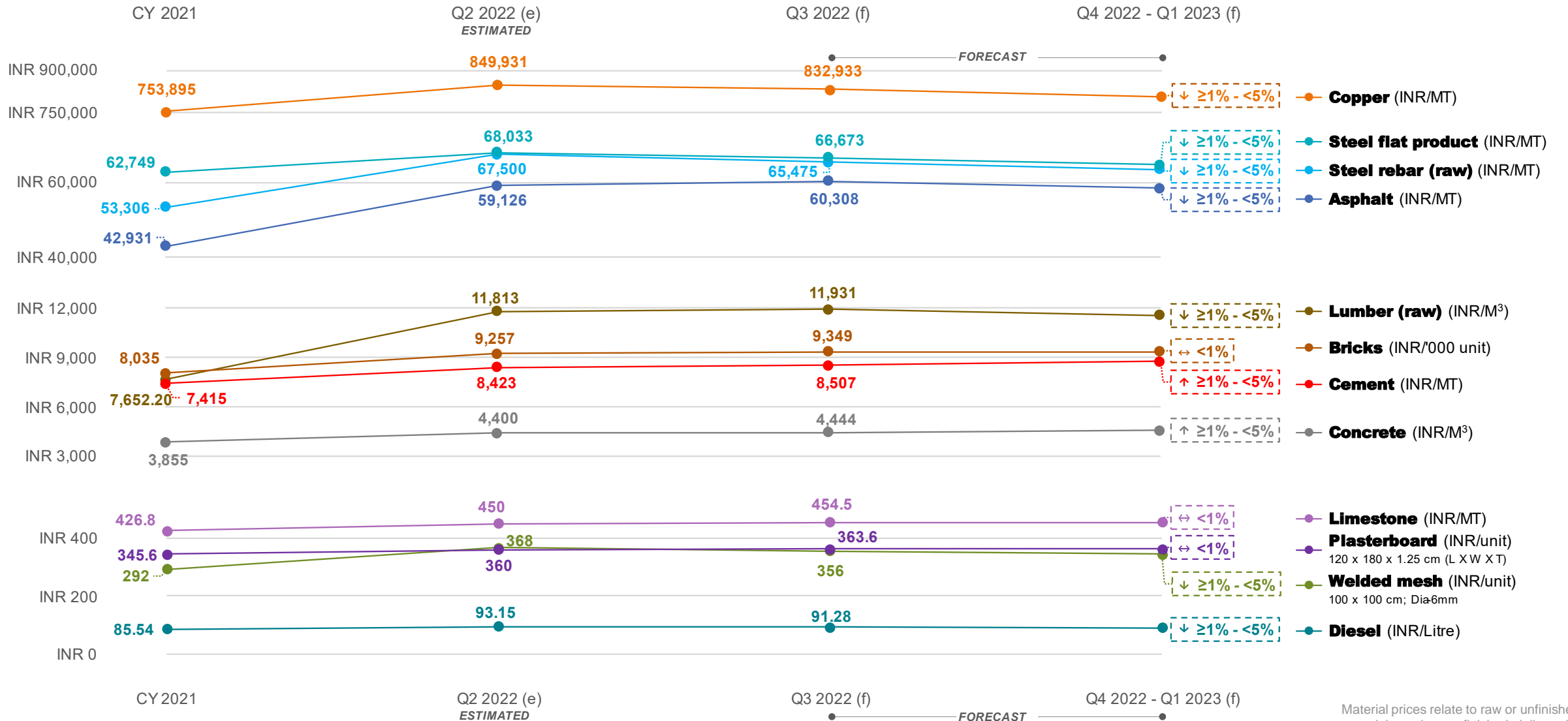
Index of economic freedom 56.50 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	Low	With economic activity accelerating and construction demand strengthening, lumber prices rose sharply over the course of 2021. This trend continued in the first half of this year, with average lumber prices projected to have risen by approximately 87% year-on-year in this period. However, price growth is expected to moderate in the second half of 2022, as global and domestic timber supplies improve.
 Welded mesh	-3.0% ↓	Moderate	Welded mesh prices are expected to fall in the coming quarters, in line with the fall in steel rebar prices.
 Bricks	+1.0% ↑	Low	Having risen throughout 2021, driven in part by higher demand, brick prices are set to remain at a relatively high level, with production costs being pushed up by high energy prices. Bricks produced in India mainly use coal as the key source of energy, as confirmed by the All India Brick Manufacturers Association.
 Plasterboard	+1.0% ↑	Low	No major change is expected in the price of plasterboard. Demand increased marginally, owing to the increase in construction activities.
 Diesel	-2.0% ↓	Low	India is heavily dependent on imported crude oil, which accounts for 80% of domestic needs. While prices of crude oil spiked in the wake of the Russia-Ukraine conflict, the central government cut excise duty in May in a bid to bring petrol and diesel prices down, and this has brought about some stabilisation in the market.

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

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.

India - Construction Materials Pricing (2021-2022)



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India - Report methodology



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Primary and secondary research

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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. A more comprehensive list of sources is included below.

Definitions

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- Nominal and real data

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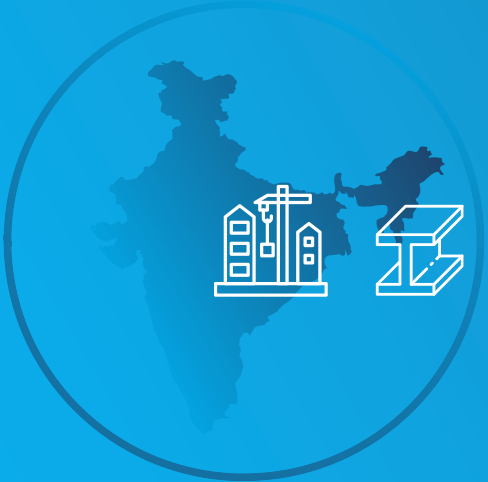
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising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

Sample sources – India

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

- IMF
- Reserve Bank of India
- Ministry of Statistics and Programme Implementation
- ILO
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Ireland

Country Commodity Report

Q2 2022



Ireland

Q2 2022

While economic growth is still forecast for 2022, the current inflationary pressures will weigh on both households and businesses in the near term. Supply-side challenges remain and the overall impact of the Russia-Ukraine conflict has slowed the recovery in demand that was being seen as the effects of COVID began to subside. However, the Central Bank expects that inflation will moderate in H2 2022 and drop to around the 2% mark by 2024.

While the construction industry is still expected to rebound this year after the challenges seen in 2020 and 2021, downside risks remain with the current geopolitical climate, material price volatility, high energy costs, and supply chain constraints. On a positive note, Ireland's ability to attract and retain Foreign Direct Investment (FDI) plays a significant role in weathering economic storms. We must ensure that we continue to attract talent and provide for a pro-enterprise business environment.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Disruptions in domestic supply and high import prices drove up lumber prices in 2021. Although there is likely to be an improvement on the supply side in 2022, reflecting the recent increase in felling licences issued, prices will remain relatively high owing to construction demand and high transportation costs.



Cement and aggregates

There was only marginal upward pressure on prices of cement and concrete in 2021 when compared to trends in other construction materials. However, as demand in the construction industry strengthens, and also as energy costs push up production and transportation costs, prices will stay relatively high.



Concrete blocks and bricks

Prices for concrete blocks and bricks has picked up recently, having increased steadily during 2021. With higher energy costs and solid demand from a recovering construction industry, prices will remain elevated in 2022.



Steel (rebar and structural)

Steel prices have softened in recent weeks following a sharp increase in Q1 2022. As Ireland rely on steel imports, prices were impacted by the stresses in the global market, exacerbated by the Russia-Ukraine conflict. Although the outlook is uncertain as a result of the conflict, prices have softened, with global demand falling amidst the recent lockdowns in China. However, high energy costs and supply-side constraints will maintain upward pressure on prices. It is worth noting that scrap prices, which are typically a good indicator, are beginning to soften.



Copper

Having remained high during much of the first half of this year, copper prices have fallen sharply since June, reflecting weak global demand and relatively gloomy investor sentiment.

Ireland - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	€	€	2021-22* % change	% change
Copper (€/MT)	7,671	7,973	-3.79% ↓	-0.5% ↓ ■
Steel rebar (€/MT)	858	723	18.61% ↑	12.6% ↑ ●
Steel flat (€/MT)	955	748	27.71% ↑	23.9% ↑ ●
Lumber (€/M3)	104	90	16.01% ↑	-1.4% ↓ ●
Asphalt (€/MT)	868	699	24.16% ↑	3.7% ↑ ●
Limestone (€/MT)	91	78	16.51% ↑	5.3% ↑ ●
Cement (€/MT)	237	220	7.67% ↑	6.3% ↑ ●
Concrete (€/M3)	76	70	9.19% ↑	3.9% ↑ ●
Welded mesh (€/unit)	59	50	17.06% ↑	11.1% ↑ ●
Bricks (€/000 unit)	799	700	14.19% ↑	3.9% ↑ ●
Plasterboard (€/unit)	12	9	36.71% ↑	1.4% ↑ ●
Diesel (€/litre)	2.08	1.44	44.49% ↑	12.1% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-12.0% ↓	Moderate	Copper prices locally levelled off at a relatively high level during Q2 2022, but global prices have been on a downward trend recently given weak demand in China and fears of economic recession. Prices are likely to remain volatile in the coming months given the uncertain economic and geopolitical outlook.
 Steel prices - Steel rebar - Flat steel	-2.5% ↓ -2.9% ↓	High	After rising sharply in Q1 2022 and into early Q2 2022, steel prices have softened, although the outlook is clouded by uncertainty stemming from the Russia-Ukraine conflict. Global demand weakened amid the recent COVID-19 lockdowns in major cities in China, but high energy costs and supply side disruption will be a factor in keeping prices elevated. Importantly, scrap metal demand has significantly reduced, which is a key indicator of potential further softening in steel prices.
 Cement Concrete	+0.8% ↑ +0.8% ↑	Moderate	Prices of cement and concrete were not subject to sharp increases in 2021, unlike other construction materials, but given the impact of high energy costs on production and transportation costs, prices picked up in Q2 2022. Weaker construction demand growth will help to cool price pressures.
 Asphalt	+1.5% ↑	Moderate	The rise in international crude prices has contributed to higher asphalt prices in Ireland, as demand is primarily met through imports. The expected rise in the crude oil output globally will help to contain production costs, and prices for asphalt will ease back in the coming quarters.
 Limestone	+0.5% ↑	Low	Limestone prices have been edging upwards recently, but given domestic quarrying, there is not expected to be any major volatility in prices.

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Ireland - Commodity Report



Linesight tender price index 2011-2021



Knoema World Data Atlas

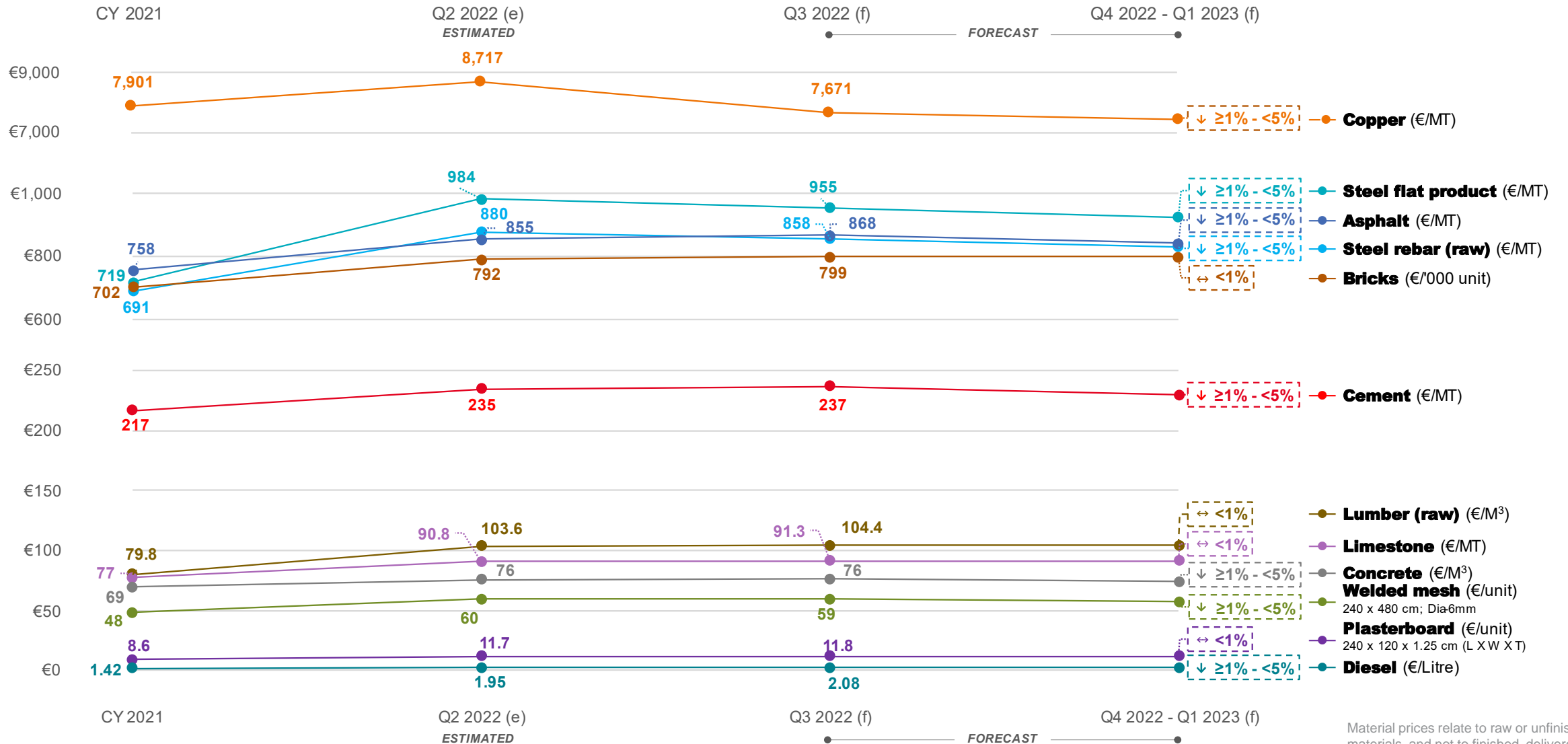
Index of economic freedom 81.4 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+0.8% ↑	 High	Lumber prices rose sharply in 2021, driven by a recovery in demand as well as supply side issues relating to delays in processing licencing for felling, and in recent months they have stabilised around current high levels (around 60% higher than in Q2 2021). While supply-side issues persist, prices are set to remain relatively high, given solid domestic demand.
 Welded mesh	-0.7% ↓	 High	Given the pressures on steel prices and the expansion in construction demand, welded mesh prices will stay relatively elevated in comparison to 2021 in the coming quarters, but are softening.
 Bricks	+1.0% ↑	 Moderate	In recent months prices for bricks have continued on a steady rising trend, reflecting higher energy costs and also demand side factors. Although construction activity eased back in Q1 2022 compared to the previous quarter, supply-side factors will continue to be key in keeping prices around current highs.
 Plasterboard	+0.5% ↑	 Low	As noted above for bricks, plasterboard prices have steadily risen as energy costs increased alongside demand. Supply-side factors are expected to continue to impact and keep prices elevated.
 Diesel	+6.8% ↑	 Moderate	Domestic diesel prices rose above €2 per litre in June, with the sharp increase in recent months being driven by the jump in crude oil prices. Although Ireland does not import significant amounts directly from Russia, its main sources of imports (the UK and the EU). The estimated increase in the output of crude oil by OPEC is also expected to limit price pressures in the near future.

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Ireland - Construction Materials Pricing (2021-2022)



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Ireland - Report methodology



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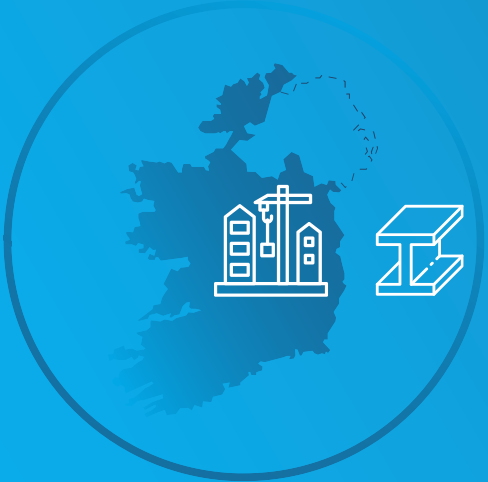
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Sample sources - Ireland

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

- ESRI
- Central Bank
- CSO
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Israel

Country Commodity Report

Q2 2022



Israel

Q2 2022

The Israeli central bank has revised its GDP forecast for 2022 downward to 5% recently, as inflation and supply chain disruptions arise from the Russia-Ukraine conflict and the restrictions imposed in China to combat the additional waves of COVID. An inflation rate of 4.5% is expected across the year, with the Central Bank having raised rates to 1.25% of late, up from 0.1% in April.

While more moderate growth of 2.6% is forecast for this year, following the 6.2% posted last year, the rate of inflation, supply chain bottlenecks and high energy costs remain a downside risk. The core government focus is on public infrastructure and renewable energy projects, in an effort to achieve clean energy targets.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Israel is highly dependent on lumber imports, mainly from China, the US and mainland Europe. A considerable slowdown in residential housing demand globally and domestically has dampened pressure on lumber prices.



Cement and aggregates

Israel has become increasingly reliant on imported cement, with domestic producers losing market share in recent years owing to cheaper imports from Turkey. Neshet is now the only domestic producer. Soaring production costs, both locally and in Turkey, will contribute to continued upward pressure on domestic prices. Concerns over shortages of aggregates recently resulted in a pilot programme to allow Palestinian trucks to avoid security checks and deliver aggregates directly to the construction sites in Israel.



Concrete blocks and bricks

The construction industry has recovered from the COVID-19 crisis and the residential sector, in particular, is continuing to expand, supported by the government's plan to build new houses to meet the demands of a rising population and ongoing urbanisation. This, combined with rising production costs, will keep prices for blocks and bricks at a high level.



Steel (rebar and structural)

Israel relies heavily on steel imports to meet demand, as domestic capacity is limited. Imports from China, the US, Italy and Turkey make up the majority of the market. After steel prices surged in 2021 and the early stages of this year, expectations of a global recession and an economic slowdown in China have put downward pressure on prices, which dropped notably early this summer. Demand globally is likely to recover, infrastructure programmes in China and the US will soak up global demand in the medium to long term, and supply disruptions stemming from the Russia-Ukraine conflict will likely stabilise the price of steel, albeit above pre-pandemic levels.



Copper

Copper prices have fallen sharply in recent months, as market expectations for a global recession and recent lockdowns in China have taken a heavy toll. Although demand has fallen, it is unlikely that prices will fall to pre-pandemic levels, and will probably remain elevated as supply constraints remain prevalent. In particular, strikes and protests in Chile and Peru will continue to constrain global supplies.



Israel - Commodity Report



Materials	Q3 2022 (f) ILS	Q1 2022 - Q2 2022 (e) % change
Copper (ILS/MT)	29,939	1.1% ↑ ■
Steel rebar (ILS/MT)	2,5349	-34.7% ↓ ●
Steel flat (ILS/MT)	2,4539	3.3% ↑ ■
Lumber (ILS/M3)	777	-5.6% ↓ ●
Asphalt (ILS/MT)	2,368	2.1% ↑ ●
Limestone (ILS/MT)	227	4.0% ↑ ●
Cement (ILS/MT)	369	15.9% ↑ ●
Concrete (ILS/M3)	402	15.3% ↑ ●
Welded mesh (ILS/unit)	238	0.0% ↑ ■
Bricks (ILS/'000 unit)	3,310	4.0% ↑ ●
Plasterboard (ILS/unit)	43.43	1.8% ↑ ●
Diesel (ILS/litre)	7.41	8.6% ↑ ●

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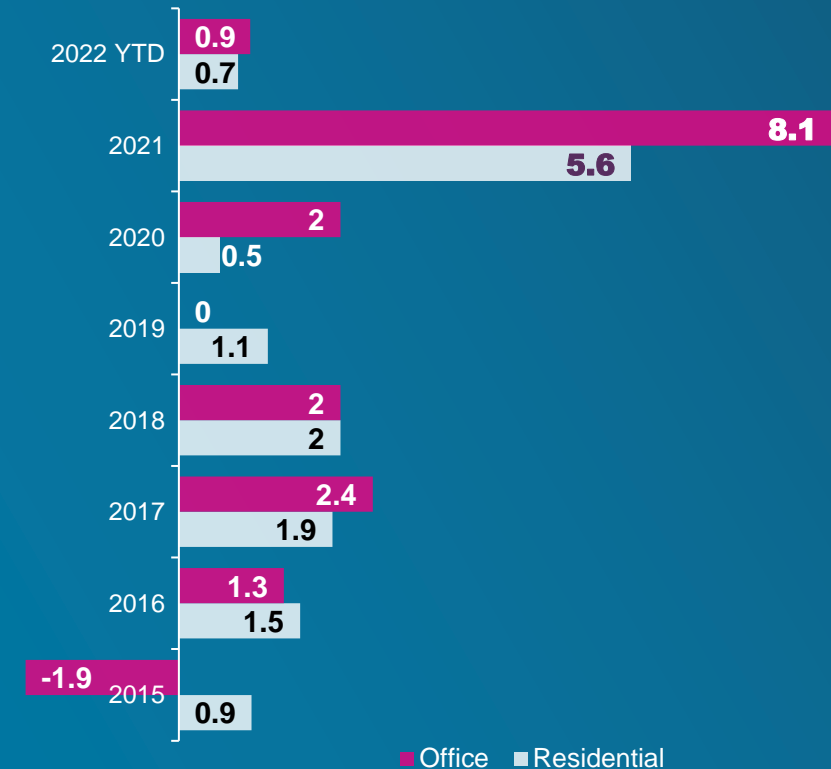
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-6.8% ↓	High	Copper prices have declined from the previous quarter, amid weak demand from major copper consuming countries due to a slowdown in economic activity. Although posting a decline, copper prices will likely remain elevated and above pre-pandemic levels due to tighter supply.
 Steel prices - Steel rebar - Flat steel	-8.7% ↓ -5.7% ↓	High	Steel prices have weakened from recent highs. A decrease in the export price for rebar in Turkey, from which Israel imports a large proportion of steel, has had a significant impact. Soaring energy prices, constrained supply from Russia and Ukraine, and strong post-pandemic demand drove up steel prices earlier in the year, but a deteriorating global economic outlook has had a moderating effect on prices.
 Cement Concrete	+1.0% ↑ +0.5% ↑	Moderate	The cement market in Israel is heavily reliant on imports from Turkey. Soaring pet coke and crude oil prices have increased operational costs, as well as input costs for cement producers, which have reflected an increase in price. However, stable demand from the construction industry, primarily driven by government investment in public housing, will maintain upward pressure on prices.
 Asphalt	-2.0% ↓	Moderate	The price for asphalt has a high dependence on crude oil prices, which reached new highs in previous quarters. Although coming down from these highs, crude oil prices will remain elevated, and consequently impact the price of asphalt.
 Limestone	+1.0% ↑	Low	Limestone prices have been increasing, and given shortages of aggregates, prices are expected to remain high.

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Israel - Commodity Report



Price index of input in residential, office and commercial buildings



Knoema World Data Atlas

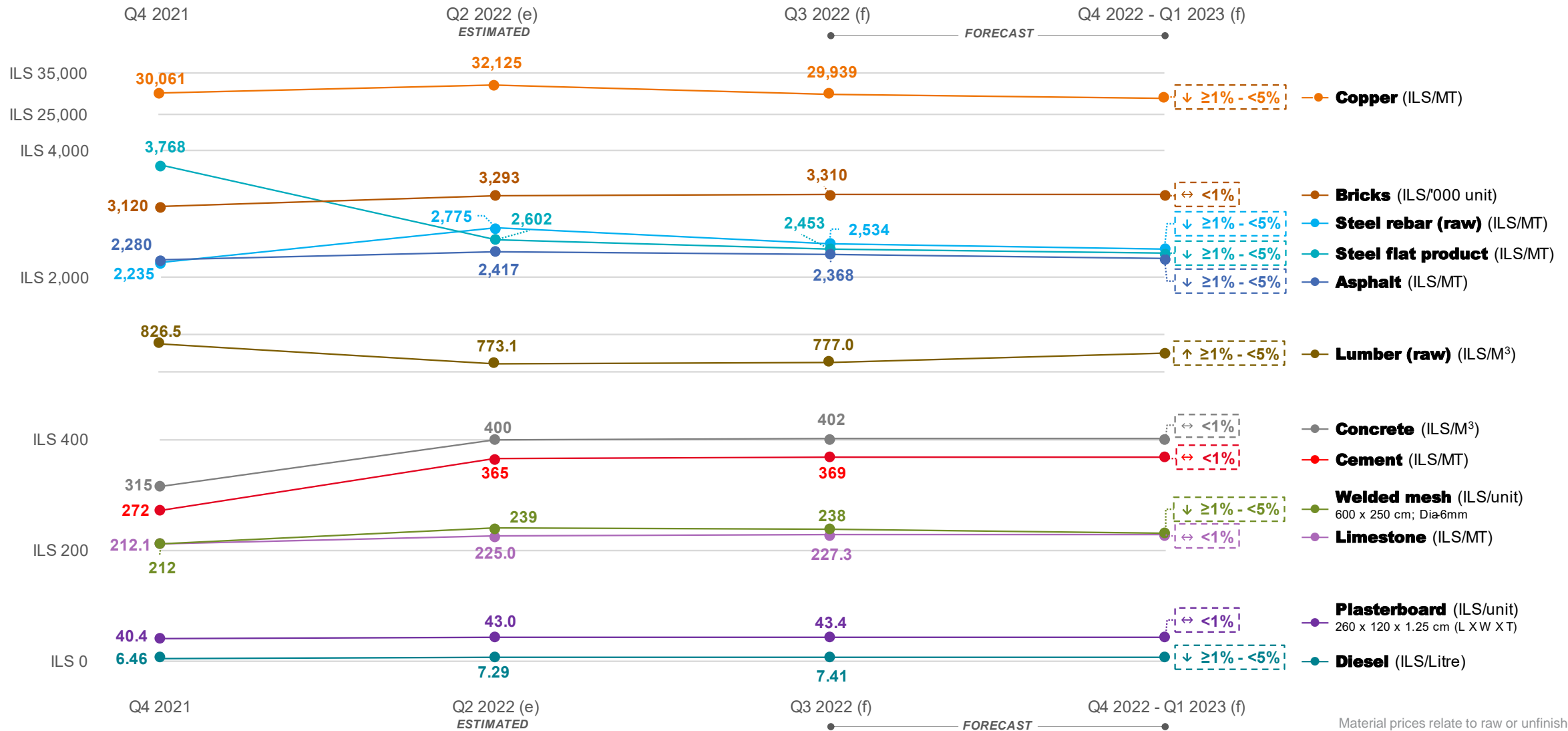
Index of economic freedom **73.8 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Lumber	+0.5% ↑	Moderate	Israel is dependent on lumber imports, and therefore trends in local prices reflect external changes. Lumber prices have stabilised after recently easing back, and this is largely due to weakening global residential demand. The price for lumber will likely remain close to current levels in the coming quarters.
Welded mesh	-0.5% ↓	High	The price of mesh has remained stable and has not shown any change since last quarter. The trend for welded mesh is largely based on the price of steel rebar, and so, a similar price trend is expected for mesh products, likely to follow the decline in the price of steel.
Bricks	+0.5% ↑	Moderate	Rising production costs, along with increasing fuel prices, have been pushing up prices for bricks. The price of bricks will remain relatively high in the coming quarters, but further inflationary pressures will be contained.
Plasterboard	+1.0% ↑	Low	Plasterboard prices have remained stable, and although the domestic mortgage market is deteriorating, residential housing demand will be supported by government investment and consequently demand for plasterboard will be relatively unchanged. In addition, rising energy prices and input costs will maintain a grip on the supply side.
Diesel	+1.7% ↑	Moderate	Diesel prices have soared over the past six months and are likely to remain elevated. However, there will likely be a slight drop off in prices in the medium term, as oil prices are cooling at present. In addition, the government is using subsidies and tax breaks to soften the impact on diesel prices, although, it will not make a considerable difference.

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Israel - Construction Materials Pricing (2021-2022)



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Israel - Report methodology



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Sample sources - Israel

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

- IMF
- Economy.com
- The Global Economy
- Weather Spark
- The Central Bureau of Statistics
- Israel Institute for Occupational Safety and Hygiene (IIOSH)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

Linesight 





Italy

Country Commodity Report

Q2 2022



Italy

Q2 2022

Istat reported 5.8% year-on-year economic growth for Italy in Q1, following growth periods in Q3 and Q4 2021, and overall annual growth in 2021. However, the Russia-Ukraine conflict is weighing on Italy's economy, with investor confidence impacted and an elevated rate of inflation taking hold. Government growth forecasts have been revised downwards to 3.1% for 2022 as a result. Inflation hit a 23-year high in May on an annual basis, at a rate of 6.8%.

Construction industry growth of 19.7% was recorded in Q1, according to Istat, on a year-on-year basis, but growth is expected to slow to 2.3% for the full year. This is a result of the downside risk posed by the Russia-Ukraine conflict and associated impacts – inflation and escalation, energy prices and supply chain disruption.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices are set to remain high in 2022, with domestic demand in Italy being buoyed by high levels of residential building activity, with the extension of the 'first home bonus' until 2022 and the 'Superbonus 110' scheme to enable construction of affordable housing.



Cement and aggregates

Domestic cement producers recorded an upturn in sales in 2021, reflecting the sharp recovery in construction output following the 2020 slump. Rising production costs, pushed up by the marked increase in the prices of energy, will be a key factor underpinning high cement and concrete prices in 2022. Demand will also be strong, supported in part by spending on projects funded by schemes under the Next Generation EU plan.



Concrete blocks and bricks

Government support packages and incentives to drive up the housing sector have contributed to stronger demand for building construction materials, including blocks and bricks. Prices are expected to remain high, with production costs having risen in line with the surge in energy costs. In May 2022, producer prices were already up by 34% year-on-year.



Steel (rebar and structural)

Italy's domestic steel supply has been fairly volatile, and disruptions caused by the Russia-Ukraine conflict have compounded the situation. With steel supply likely to remain tight and energy costs rising, steel prices are expected to remain elevated in 2022.



Copper


Copper prices started to fall in late Q2 2022, following the global trend as weak demand in China impacted. Although fundamentally there has not been much change, and inventory levels are still quite tight, concerns over the global economic outlook have weighed on the metal's price, and this will be a major factor in price volatility in the coming quarters.

Italy - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	€	% change
Copper (€/MT)	8,561	-1.3% ↓ ■
Steel rebar (€/MT)	858	5.8% ↑ ■
Steel flat (€/MT)	1,095	11.8% ↑ ■
Lumber (€/M3)	124	3.5% ↑ ■
Asphalt (€/MT)	103	9.2% ↑ ■
Limestone (€/MT)	51.30	9.2% ↑ ■
Cement (€/MT)	226	55.7% ↑ ●
Concrete (€/M3)	144	3.8% ↑ ■
Welded mesh (€/unit)	49.32	18.5% ↑ ●
Bricks (€/000 unit)	735	6.2% ↑ ■
Plasterboard (€/unit)	12.80	24.5% ↑ ●
Diesel (€/litre)	1.80	3.6% ↑ ■

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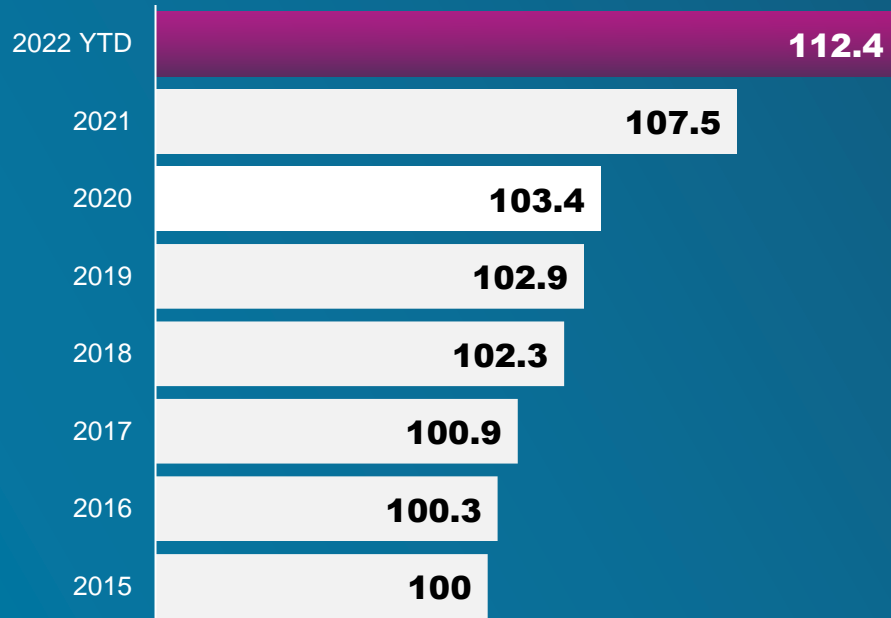
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-3.0% ↓	Moderate	Copper prices rose sharply on an annual average basis in 2021, reflecting global pressures. Prices remained relatively high during the first half of 2022, but have started to ease back amid a global drop that stemmed in part from weaker demand in China.
 Steel prices - Steel rebar - Flat steel	-2.0% ↓ -2.4% ↓	High	High demand and increases in raw materials contributed to the rise in the price of steel products in 2021. The disruption in supply across Europe stemming from the Russia-Ukraine conflict resulted in renewed upward pressure in Q2 2022, and rising energy costs are set to keep mill production costs high.
 Cement Concrete	-2.0% ↓ -0.6% ↓	Moderate	Strong demand stemming from the expansion in construction activity, along with high production and transportation costs will keep concrete and cement prices close to current levels in the coming quarters.
 Asphalt	-2.0% ↓	Moderate	Asphalt demand will remain strong given the expected expansion in investment in road development projects, supported by EU recovery funds. Having jumped in 2021, prices are expected to remain elevated, but easing global crude oil prices will remove some of the upward pressure.
 Limestone	+1.0% ↑	Low	Limestone demand is primarily met through domestic production and the price fluctuation is mainly due to increase in logistics costs.

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Italy - Commodity Report



Construction cost index – residential, 2015-2022



Knoema World Data Atlas

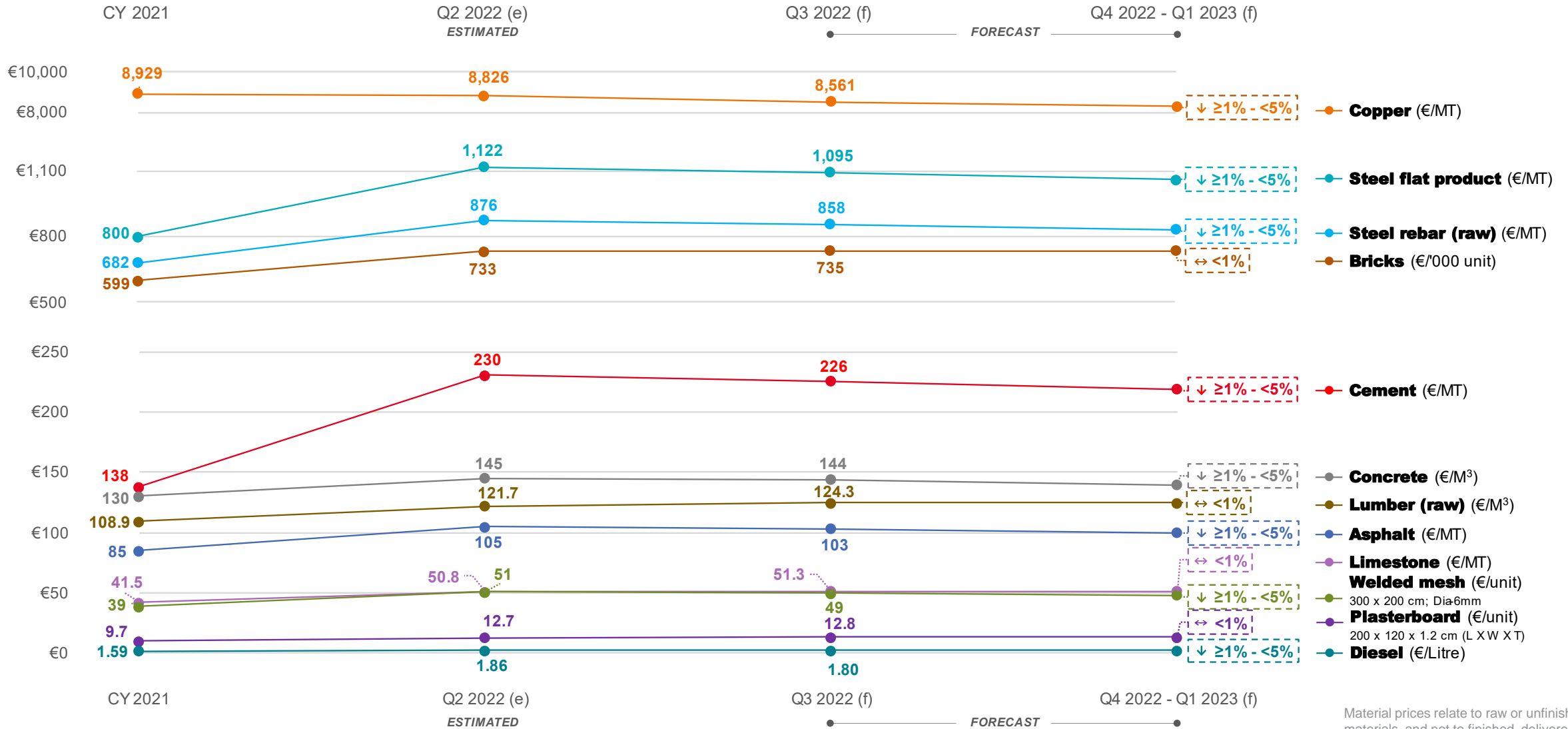
Index of economic freedom 64.9 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+2.1% ↑	Moderate	The sharp expansion in construction activity has contributed to the high price levels for lumber, and with rising transport and logistics costs, prices are expected to remain close to current elevated levels in the coming quarters.
 Welded mesh	-3.0% ↓	High	The price trend for welded mesh reflects movements in the price of steel. Hence a similar price trend is expected for mesh products.
 Bricks	+0.3% ↑	Moderate	Reflecting the surge in energy costs, production costs are rising, while demand is also still strong, particularly stemming from the recovery in residential buildings construction. Prices rose sharply in March 2022 and are expected to remain close to current elevated levels in the coming quarters.
 Plasterboard	+1.0% ↑	Low	The significant rise in fuel prices is expected to affect mining and logistics costs, which is in turn expected to keep the final price of the finished product at a high level.
 Diesel	-3.2% ↓	Moderate	As in other markets across Europe, diesel prices in Italy have crossed the €2 per litre point. Italy relies heavily on imported energy, and Russia accounted for around 12% of its oil and petroleum products imports in 2020. The disruption to trade and the sanctions imposed on Russia following the outbreak of the Russia-Ukraine conflict has resulted in a sharp rise in diesel prices. However, with crude oil prices levelling off, and rising production of oil from OPEC countries, further upward pressure diesel prices is expected to be contained.

* Level of impact rating reflects a combination of factors: the price movement and also price level (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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Italy - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

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Italy - Report methodology



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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. A more comprehensive list of sources is included below.

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

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

Sample sources - Italy

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

- IMF
- Istat
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Japan

Country Commodity Report

Q2 2022



Japan

Q2 2022



The Japan Center for Economic Research expected real GDP year-on-year growth for Q2 2022 to be 3.18% as of its latest release (July), with a 3.38% increase forecast for Q3, as the slowdown in Chinese growth tempers Japanese performance. Inflation is anticipated to move from 2.1% as of Q2 to 2.24% in Q4 of this year.

Construction growth is anticipated to moderate slightly from the 2021 performance, with 3.2% expansion expected in 2022. Growth will be supported by the government focus on renewables and the further development of the semiconductor industry, as well as sustained demand for Japanese exports and a sizeable fiscal stimulus package put into play by the Prime Minister. As is the case in many other parts of the world, ongoing geopolitical tensions, inflation and material price escalation will all weigh on industry performance.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices will face renewed upward pressure in the second half of this year, given the halting of veneer sheet and log exports by Russia. However, domestic lumber supplies have been expanding, and there is an aim to achieve a timber self-sufficiency rate of 50% by 2025, though these measures will have little effect on prices in the short term.



Cement and aggregates

Although Japan's construction industry has recovered from its downturn during the pandemic, activity remains relatively muted. As a result, price pressures on cement and concrete due to domestic demand have been relatively negligible. The majority of the cement price increase expected this year will be attributable to increased production costs as energy prices rise, and to a lesser extent, increased cement clinker import costs.



Concrete blocks and bricks

As with concrete and cement, prices for bricks have edged upwards, but have not recorded the levels of inflation as those seen in the price of industrial metals. However, higher energy costs will generate upward pressure on prices in the coming quarters.



Steel (rebar and structural)

Having been driven up by elevated iron ore and coking coal prices in late 2021, steel prices surged again in March in response to the fallout from the Russia-Ukraine conflict. Russia and Ukraine are key sources of imports of iron ore and coking coal, and scrap steel prices have also soared. However, with greater coking coal production capacity becoming operational in-region this year, metallurgical coal prices are expected to moderate, slowing the rise of steel prices in the second half of the year.



Copper

Copper prices rose sharply over 2021, reflecting global supply constraints and improving demand. This trend continued in the first half of the year, despite demand softening as industrial output in China and Europe slowed. Looking forward, copper prices are expected to fall marginally, as fears over slowing global economic growth soften demand, both domestically and globally. In the longer term, Japan's investment in renewable energy sources and electric vehicles, which will require significant volumes of copper, will keep demand high, and will contribute to ongoing efforts to improve self-sufficiency rates.

Japan - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	JPY	JPY	2021-22* % change	% change
Copper (JPY/MT)	1,285,540	1,085,000	18.48% ↑	7.2% ↑ ●
Steel rebar (JPY/MT)	115,097	88,575	29.94% ↑	15.9% ↑ ●
Steel flat (JPY/MT)	141,966	109,000	30.24% ↑	3.3% ↑ ■
Lumber (JPY/M3)	71,260	68,500	4.03% ↑	5.0% ↑ ●
Asphalt (JPY/MT)	101,960	82,735	23.19% ↑	9.1% ↑ ●
Limestone (JPY/MT)	90,949	90,000	1.05% ↑	0.0% ↔ ■
Cement (JPY/MT)	13,187	10,800	22.10% ↑	1.5% ↑ ■
Concrete (JPY/M3)	15,217	14,700	3.52% ↑	0.4% ↑ ■
Welded mesh (JPY/unit)	655	558	17.47% ↑	5.9% ↑ ●
Bricks (JPY/000 unit)	128,864	111,110	15.98% ↑	1.0% ↑ ■
Plasterboard (JPY/unit)	1,548	1,500	3.18% ↑	4.5% ↑ ●
Diesel (JPY/litre)	148.10	136.00	8.90% ↑	0.3% ↑ ■

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
 ■ Q1 to Q2 2022 % change less than estimation in our Q1 report

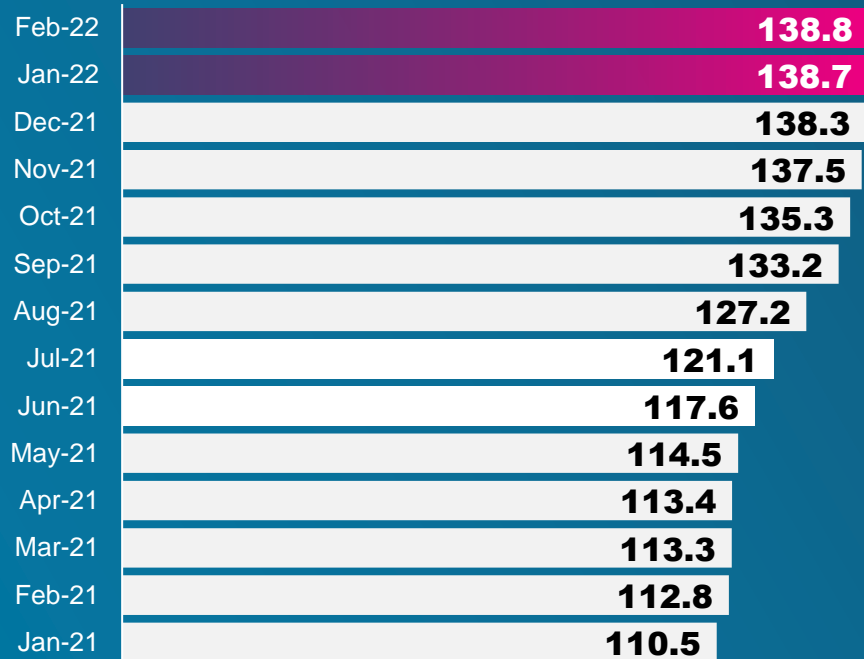
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-0.9% ↓	Moderate	Copper prices in Japan are expected to regress in Q3 2022. Slowing global economic growth is expected to weigh on demand for copper from Japan's manufacturing sector in the second half of the year, while improved global inventories deflate domestic prices.
Steel prices - Steel rebar - Flat steel	-0.7% ↓ 0.0% ↔	High	Rising production and freight costs will keep domestic steel prices at a relatively high level, with energy and fuel prices expected to remain elevated for the rest of 2022. Further upward pressure could come from elevated raw material input costs, though slowing global economic growth has begun to drive down the prices of these inputs. Steel prices will be relatively moderate in the coming quarters.
Cement Concrete	+1.5% ↑ +1.0% ↑	Moderate	Cement prices are expected to remain elevated in the second half of 2022, with rising energy costs impacting production costs. Increased freight costs and the weaker Japanese yen are leading to rising import costs for cement clinker, generating further upward pressure. Japanese manufacturers are adapting their pricing strategies in the face of these difficulties, with Taiheiyō Cement Corporation announcing a surcharge system, which links the market price of coal to cement prices.
Asphalt	-2.0% ↓	Moderate	While the majority of Japan's supply of asphalt is sourced through domestic production, its manufacture is heavily reliant on the import of crude oil. With global crude oil prices expected to remain elevated in the second half of this year, asphalt prices are expected to continue to trend upwards. This will be exacerbated by further pressure on crude oil prices, driven by the weakening of the Japanese yen against the US dollar, which fell to a 24-year low in July 2022.
Limestone	+0.2% ↑	Low	Volatility in limestone prices is expected to be minimal in the second half of this year, and they are not expected to record notable rises.

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Japan - Commodity Report



Construction cost index 2021-2022



Knoema World Data Atlas

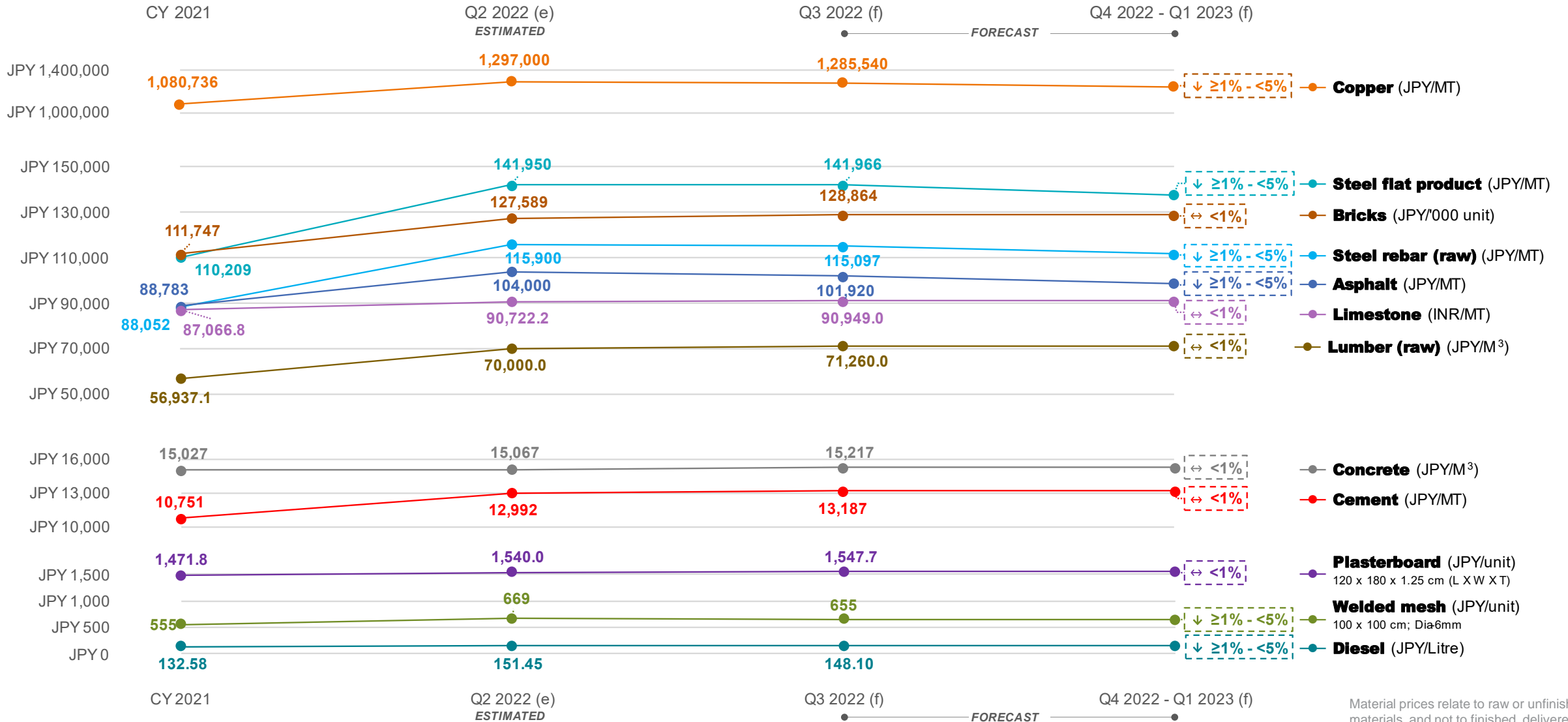
Index of economic freedom 74.1 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.8% ↑	Moderate	The price of lumber continues to trend upwards, which is predominantly due to Russia's halting of the export of logs and veneer sheets to Japan, and a weakening of the yen. Although the Japanese government is taking measures to mitigate lumber shortages and limit its dependence on Russian wood by promoting domestic production, this will have little effect in the short term. Further upward pressure on prices will be generated by increased freight costs, due to the rise of fuel prices.
 Welded mesh	-2.0% ↓	High	The price of welded mesh is primarily influenced by the price of steel rebar, which is expected to decline in H2 2022, driving down welded mesh prices.
 Bricks	+1.0% ↑	Moderate	Elevated production costs are expected to be the primary factor driving up brick prices in the short term, with construction demand likely to only have a moderate impact on prices.
 Plasterboard	+0.5% ↑	Low	Similar to bricks, production costs are trending upwards and impacting plasterboard prices in the short term, and demand is likely to have a relatively limited impact on prices.
 Diesel	-2.2% ↓	Moderate	Though global crude oil prices have fallen from their March 2022 peak, they remain close to multi-year highs. Unsurprisingly, diesel prices in Japan have risen as a result. However, a 35-yen per litre of fuel subsidy announced by the government in April 2022, and in place until September, has prevented the extent of price hikes seen in other economies and is expected to soften the full-year growth of diesel prices.

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Japan - Construction Materials Pricing (2021-2022)



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Japan - Report methodology



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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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Sample sources – Japan

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

- IMF
- Japan Industrial Safety and Health Association
- Statistics Bureau of Japan
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Netherlands

Country Commodity Report

Q2 2022



Netherlands

Q2 2022

The second estimate for Q1 2022 from Statistics Netherlands put quarterly economic growth at 0.4%, and year-on-year growth at 6.7%. This growth is largely attributable to household consumption, although as of June 2022, consumer confidence was reported at a record low of -50. The European Commission has lowered its forecast for economic expansion in the Netherlands to 2.9%, just above the eurozone average of 2.6%. Inflation for the year is anticipated to be 8.7%, according to the Commission and driven by higher energy prices, falling to circa 3.9% across 2023.

The construction industry in the Netherlands has surpassed the pre-pandemic output level from 2019. With the government's focus on renewables, housing and transport infrastructure, 2.5% growth is anticipated for 2022, although the current challenges around inflation, supply chain disruption and high energy costs are likely to temper growth, as is the case worldwide.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

With construction demand picking up, and disruptions in regional trade, lumber prices have remained high, having almost doubled in 2021 when compared to the average in 2020. Demand will remain strong in 2022. The Dutch government has announced an investment of €1 billion to boost residential construction, with the funding put into the 'woningbouwimpuls' (residential building impulse) scheme, which will be used by local municipalities to invest in projects that could potentially struggle to secure funding. The total budget of the 4th tranche is €300 million (including VAT). While prices are levelling off, they remain elevated.



Cement and aggregates

Concrete and cement prices have continued an upward trend in recent months in the Netherlands, which is one of the top five importers of cement globally. The trend reflects the rise in production costs, given the increase in gas prices. There are also growing concerns over the potential lack of sand and gravel products if no new extraction licenses are issued.



Concrete blocks and bricks

Demand for blocks and bricks has picked up in line with the recovery in construction output. Reflecting this recovery, there has been fast growth in the value of dwellings on which construction has started. Higher energy costs will also be a factor in prices remaining close to recent levels.



Steel (rebar and structural)

The Netherlands is reliant on imports to meet steel demand, and with the current level of demand and regional supply disruptions, local prices have been rising sharply. The government's plans for 2022 to invest €3.6 billion on the maintenance, replacement and renovation of roads, waterways, railways and bridges will bolster demand.



Copper

Global copper prices will remain volatile, reflecting in part the shifting pattern of consumption in China. Despite global supply chain issues stemming from the Russia-Ukraine conflict, global prices weakened as Chinese demand fell, amid the COVID-19 lockdowns in major cities.

Netherlands - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	€	€	2021-22* % change	% change
Copper (€/MT)	8,804	8,032	9.61% ↑	0.9% ↑ ■
Steel rebar (€/MT)	835	655.0	27.56% ↑	8.1% ↑ ●
Steel flat (€/MT)	896	710.0	26.16% ↑	8.0% ↑ ●
Lumber (€/M3)	107	87.0	23.33% ↑	6.1% ↑ ●
Asphalt (€/MT)	84.87	69.0	23.01% ↑	2.0% ↑ ■
Limestone (€/MT)	87.93	80.0	9.91% ↑	1.0% ↑ ●
Cement (€/MT)	165	150.0	9.92% ↑	4.0% ↑ ●
Concrete (€/M3)	157	135.0	16.57% ↑	4.0% ↑ ●
Welded mesh (€/unit)	82.39	55.0	49.81% ↑	8.1% ↑ ●
Bricks (€/000 unit)	549	500.0	9.90% ↑	1.4% ↑ ●
Plasterboard (€/unit)	11.42	8.5	34.39% ↑	6.0% ↑ ●
Diesel (€/litre)	2.18	1.4	55.90% ↑	10.8% ↑ ●

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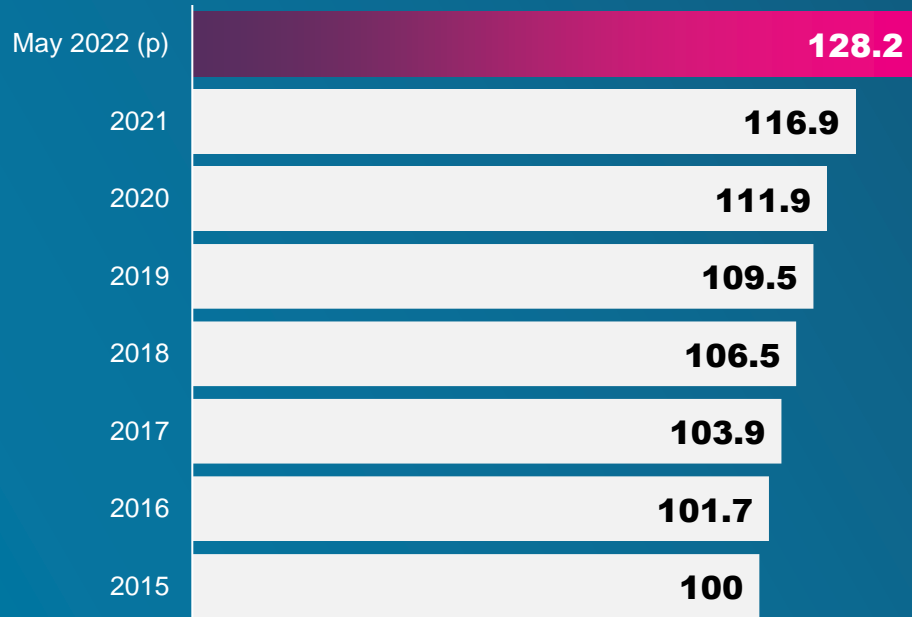
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-1.0% ↓	High	The recent drop in demand in China contributed to a downturn in global copper prices following an upward trend in early Q2 2022. However, with underlying demand remaining strong, as the government increases investments around renewable energy projects, prices will remain relatively high.
Steel prices - Steel rebar - Flat steel	+1.5% ↑ +1.5% ↑	Moderate	Steel prices rose during 2021, and this upward trend was extended to the first half of this year, as the Russia-Ukraine conflict greatly impacted steel and iron ore supplies to the EU. The demand for steel is primarily met through local production, but the country is highly dependent on imports for iron ore. With the expected decline in energy prices, steel prices are anticipated to remain at lower levels in the coming quarters.
Cement Concrete	+0.7% ↑ +0.6% ↑	Moderate	Although there are likely to be improvements on the supply side compared to the disruption recorded throughout 2021, high demand and limited domestic competition means that prices will remain relatively strong in 2022. Dutch material manufacturers also have a relatively high dependence on gas, and so prices are expected to remain high in the coming quarters.
Asphalt	+2.0% ↑	Moderate	Asphalt prices will remain elevated, reflecting the higher production costs stemming from the rise in global crude oil prices, as well as the strengthening of domestic demand, given government plans to invest €25 billion in new road construction until 2028.
Limestone	+0.5% ↑	Low	The Netherlands' demand for limestone, which is mainly imported across from Belgium, is expected to remain solid, given the steady expansion in construction output.

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Netherlands - Commodity Report



New dwellings; input price indices building costs



Note: 2015=100

Knoema World Data Atlas

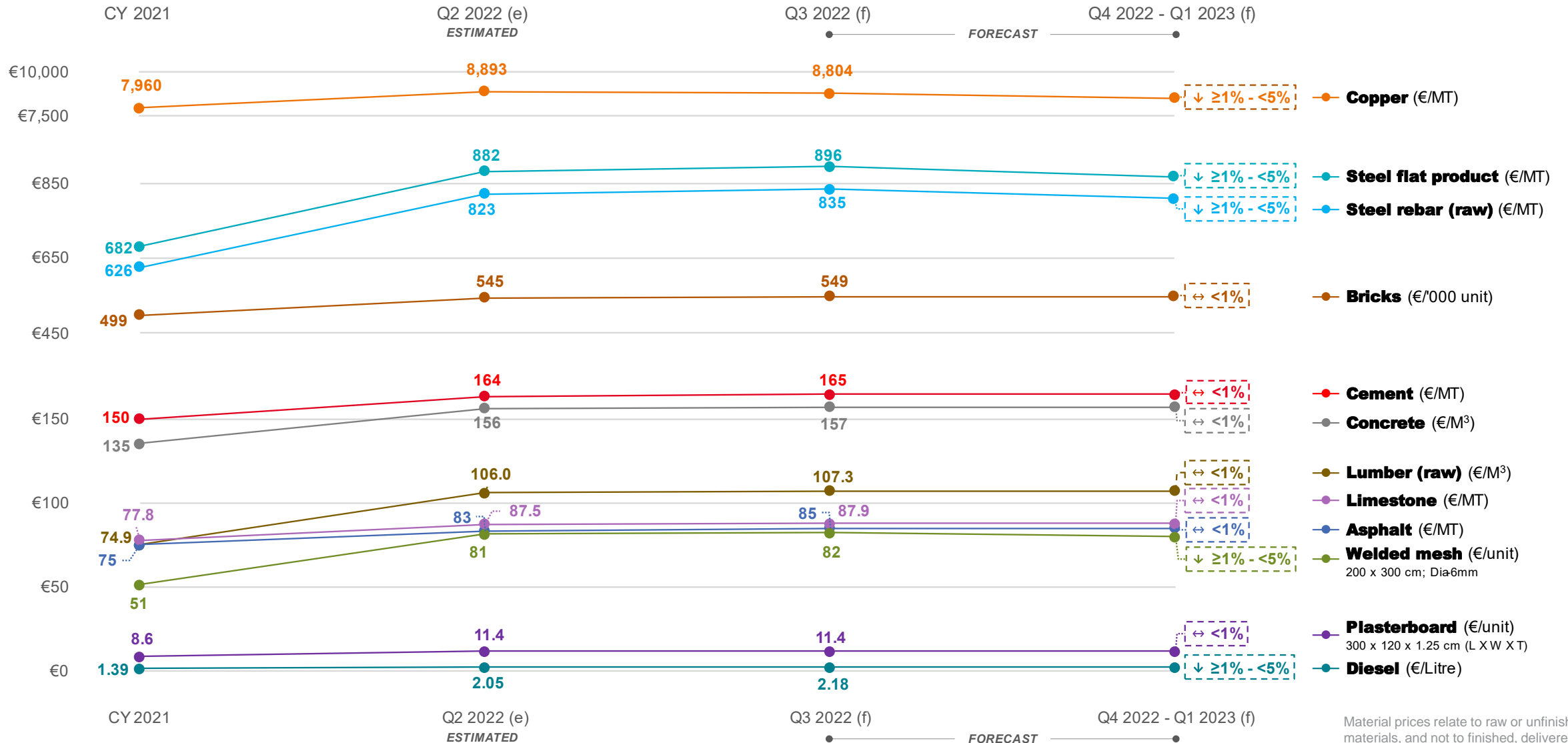
Index of economic freedom 76.8 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.2% ↑	Moderate	High demand and supply-side constraints have resulted in elevated lumber prices. As the Netherlands is dependent on imports to meet domestic demand, and with regional trade disrupted by the banning of Russian imports, prices in the coming quarters are expected to stay close to current levels.
 Welded mesh	+1.2% ↑	Moderate	Due to the expected decline in the price of steel, the price of mesh will also demonstrate a downward trend in 2022.
 Bricks	+0.8% ↑	Low	Brick prices will continue to edge higher, reflecting continued demand amid the expansion in building construction, alongside upward pressure on production costs. As part of the latest budget, the government announced an investment of €1 billion to boost housing construction, given that the country is facing a housing crisis, with a severe shortage of affordable housing.
 Plasterboard	+0.2% ↑	Low	As with other key building materials, the price of plasterboard is expected to remain at high levels given the ongoing recovery in building construction.
 Diesel	+6.7% ↑	High	Diesel prices averaged above the €2 per litre mark in Q2, having jumped sharply in March, and in spite of a reduction in tax and duty that was applied in April. Prices will remain higher than pre-COVID levels, while the Russia-Ukraine conflict persists and maintains pressure on global crude prices.

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Netherlands - Construction Materials Pricing (2021-2022)



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Netherlands - Report methodology



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Sample sources - Netherlands

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

- IMF
- Economy.com
- The Global Economy
- Weather Spark
- Netherlands Labour Authority
- Statistics Netherlands (CBS)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

Linesight 





Norway

Country Commodity Report

Q2 2022



Norway

Q2 2022

Following the spread of the Omicron variant and associated containment measures, the Statistisk Sentralbyrå (SSB) reported a 1% economic contraction in Q1 on a seasonally adjusted quarter-on-quarter basis – the first quarterly decline since Q3 2020. This is down to sluggish private consumption, government spending, fixed investment and exports. Although measures eased in February, it was not sufficient to mitigate the impact of the restrictions. Inflation hit a 33-year high in June, up 6.3% year-on-year.

Construction growth is expected to hit 1.8% in real terms this year, with output supported by oil and gas infrastructure investment, spurred on by the Russia-Ukraine conflict. As is the case throughout Europe and much of the world, downside risks are posed by surging inflation, supply chain bottlenecks, rising energy prices and the current geopolitical uncertainty.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

High domestic demand for wooden houses, as well as for general wood-based building materials internationally, will keep demand for lumber buoyant over the medium to long term. High transportation costs and rising interest rates will dent demand in the short term and put downward pressure on prices. However, supply-side disruptions, such as long lead times and elevated energy costs, are likely to outweigh the short-term downturn in demand, keeping prices elevated.



Concrete and aggregates

HeidelbergCement's Norcem is the sole producer of cement in Norway, with plants in Brevik and Kjølpsvik, and a wide distribution network of depots along the coast. Efforts to capture carbon emissions from Norcem cement factory are running behind schedule and proving more costly than expected. Moreover, demand for cement is expected to weaken as the construction industry slows down amid rising interest rates and weak investor confidence, due to growing fears of recession.



Concrete blocks and bricks

Rising interest rates and recession fears will dampen demand for new buildings over the short and medium term, easing upward pressure on prices. High energy and fuel costs, feeding into production and transportation costs, will keep prices elevated.



Steel (rebar and structural)

Global steel prices are falling due to fears of recession. However, the government's focus on developing transport infrastructure will bolster steel demand. Under the new National Transport Plan 2022–2033, the government increased its allocation for railway infrastructure by 23.2%.



Copper

Demand for copper in Norway will remain high over the long term, reflecting investments in renewable energy and electric vehicles. Norway is planning a controversial copper mine, and according to Nussir ASA, all mining equipment will run on renewable energy, with the underground mine having a low environmental impact, while the surface operation will make use of an existing operational industrial site. However, environmentalists and indigenous rights activists have sought to block the construction work. In the short term, the global price of copper is expected to fall, owing to growing fears of a recession.

Norway - Commodity Report



Materials	Q3 2022 (f) NOK	Q1 2022 - Q2 2022 (e) % change
Copper (NOK/MT)	87,711	2.0% ↑ ■
Steel rebar (NOK/MT)	10,557	37.0% ↑ ●
Steel flat (NOK/MT)	9,286	7.6% ↑ ●
Lumber (NOK/M3)	558	4.3% ↑ ●
Asphalt (NOK/MT)	1,074	12.5% ↑ ●
Limestone (NOK/MT)	571	17.3% ↑ ●
Cement (NOK/MT)	4,438	14.9% ↑ ●
Concrete (NOK/M3)	1,537	4.0% ↑ ●
Welded mesh (NOK/unit)	208	30.5% ↑ ●
Bricks (NOK/'000 unit)	9,950	5.9% ↑ ●
Plasterboard (NOK/unit)	180	36.4% ↑ ●
Diesel (NOK/litre)	21.05	12.5% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

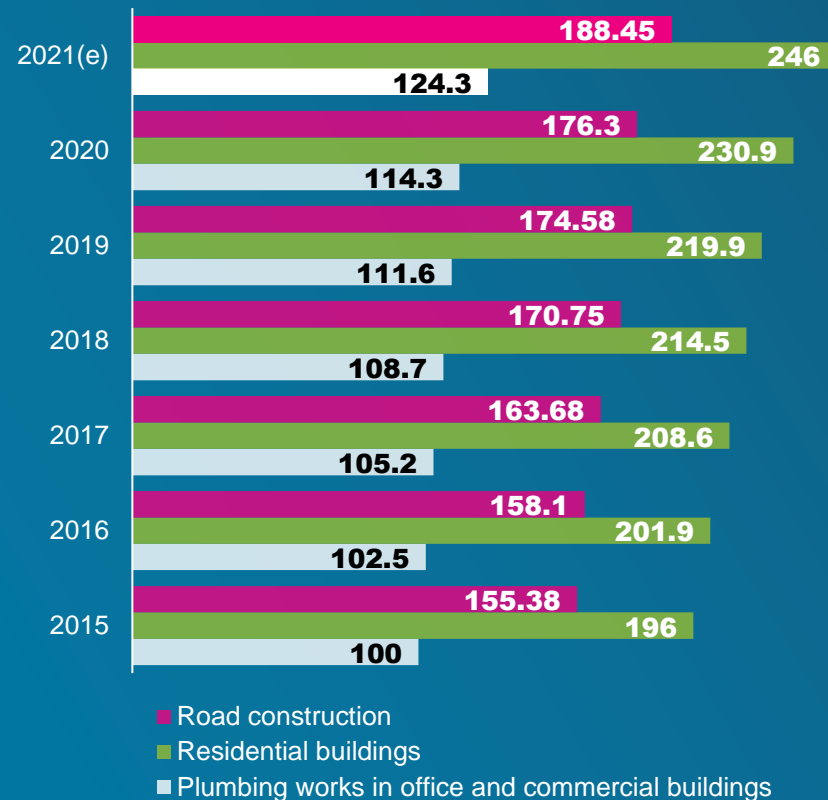
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-2.8% ↓	Moderate	The price of copper has been falling since April, owing to weakening demand from major copper consumers, such as China, and fears of a sharp economic slowdown in Europe due to the Russia-Ukraine conflict and rising interest rates. This is likely to continue to put downward pressure on copper prices over the coming quarters. Over the long term, copper prices will face upward pressure from strong demand to support the green transition in many industries.
 Steel prices - Steel rebar - Flat steel	-8.2% ↓ -10.2% ↓	High	Steel prices have begun to ease in the last few months, largely due to weaker demand from the construction industry and fears of recession. However, high fuel and electricity costs, as well as disrupted supply owing to Russian import bans, continue to keep production costs elevated. Demand-side weaknesses are expected to outpace supply-side headwinds over the coming quarters.
 Cement Concrete	-0.5% ↓ -0.5% ↓	Moderate	Elevated energy prices have pushed up the production and transportation costs of cement and concrete. With energy prices easing and demand for building construction weakening amid recession fears, cement and concrete prices are set to stabilise over the coming quarters.
 Asphalt	-2.0% ↓	Moderate	The easing of international crude oil prices will put downward pressure on asphalt prices over the coming quarters. This is likely to be offset partially by strong demand for infrastructure construction.
 Limestone	+1.5% ↑	Low	Limestone demand is primarily met through domestic production, and prices have been relatively stable. However, high production costs will be passed on to customers, keeping prices elevated compared to pre-pandemic levels.

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.

Norway - Commodity Report








Construction cost index



Knoema World Data Atlas

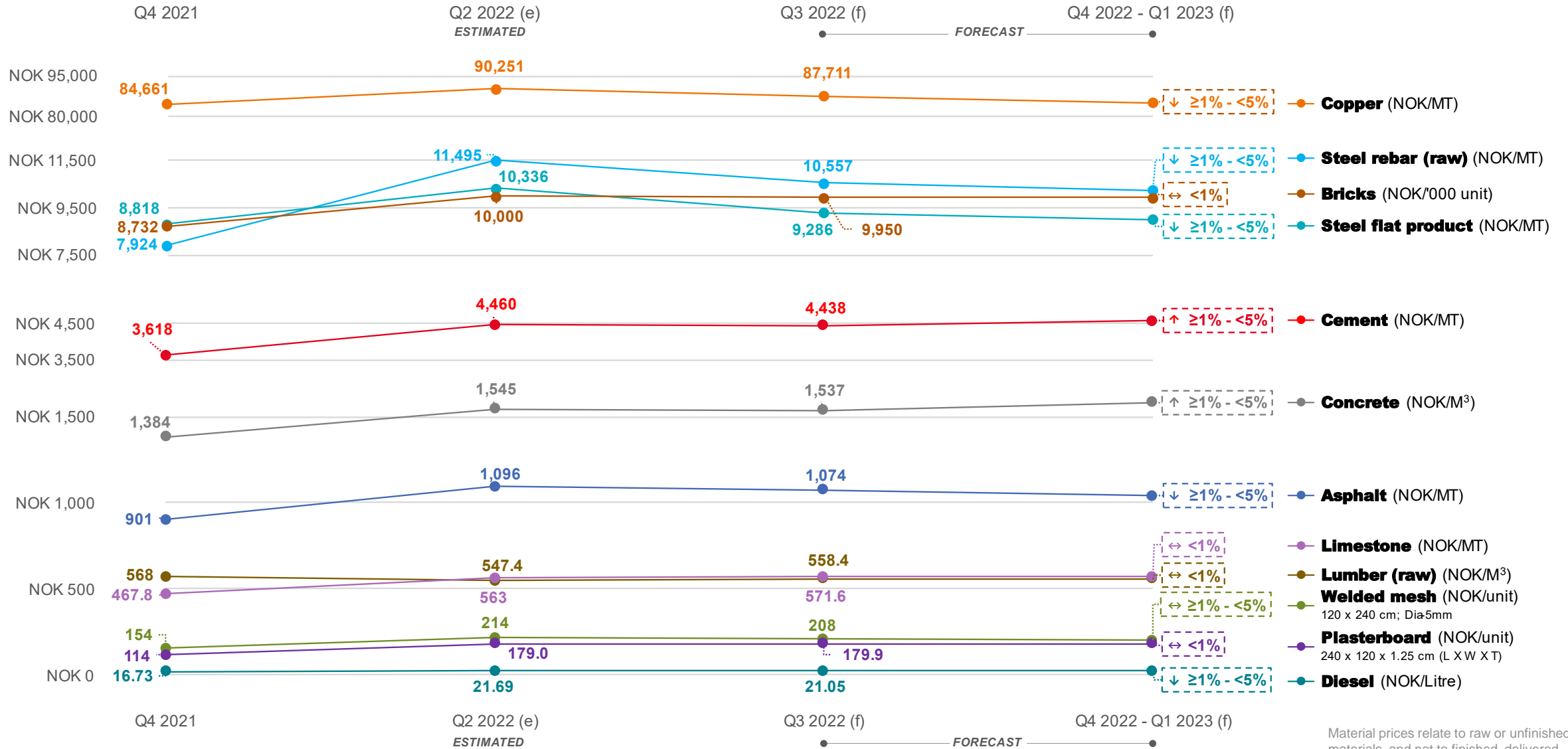
Index of economic freedom 73.4 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+2.0% ↑	Moderate	Increased transportation and logistics costs due to high fuel prices have put upward pressure on lumber prices. Demand for wooden housing in Norway is strong - however, this upside risk to lumber prices is likely to be limited by the impact of rising interest rates on overall housing demand. The price of lumber is expected to rise moderately over the coming quarters.
 Welded mesh	-3.0% ↓	High	Downward pressure on steel prices owing to weak construction demand and recession fears will infer a similar trend with regards to the price of welded mesh.
 Bricks	-0.5% ↓	Moderate	Elevated energy costs will keep brick prices relatively high. However, prices are expected to fall as energy costs are beginning to ease. Weakening demand for new buildings will add further downward pressure to prices.
 Plasterboard	+0.5% ↑	Low	Easing energy costs will limit upward pressure on plasterboard prices, while weakening demand for building construction will assert downward pressure.
 Diesel	-3.0% ↓	Moderate	With OPEC countries set to increase the production of crude oil, prices are likely to retract from the recent highs seen in previous quarters. As a result, diesel prices are expected to decline over the coming quarters.

* Level of impact rating reflects a combination of factors: the price movement and also price level (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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Norway - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

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Norway - 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. A more comprehensive list of sources is included below.

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

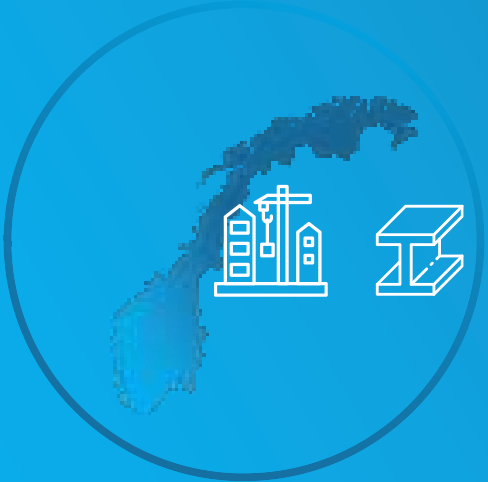
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising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

Sample sources – Norway

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

- IMF
- Statistics Norway
- GlobalData's Construction Intelligence Center (CIC)
- Statistisk Sentralbyrå (SSB)

Linesight 





Singapore

Country Commodity Report

Q2 2022



Singapore

Q2 2022

While the Singaporean economy posted 4.8% year-on-year growth in Q2, the Ministry of Trade and Industry has noted that GDP was flat on the previous quarter, on a seasonally adjusted basis. The slowdown being seen in China, coupled with the current global climate and extent of inflation being seen, mean that momentum is expected to slow through the remainder of the year.

Following the marked recovery in the construction industry seen in 2021, growth is expected for 2022, but at more moderate rate of 5.7% in real terms. Total contracts awarded will drive this growth into the coming years also, underpinned by investments in transport, residential, renewables and manufacturing. As is the case around the world, the geopolitical climate globally will impact, which is driving continued material price volatility, high energy costs and supply chain constraints, posing downside risks.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices are expected to remain relatively high in 2022, assuming construction continues to recover in the absence of any further COVID-19 lockdowns. The recent upward trend in prices was driven by the improvement in residential construction, combined with global supply pressures.



Cement and aggregates

Stronger demand for cement and concrete has pushed up prices in recent quarters. Singapore is in a position to meet most of its demand for concrete and cement via domestic production, but higher production costs will ensure that prices remain close to current levels.



Concrete blocks and bricks

Although supplies will likely be sufficient to meet the rising demand stemming from the ongoing recovery in the construction industry, prices are being impacted by high energy costs.



Steel (rebar and structural)

Steel prices continued to rise in the first half of 2022, with the main factors driving this trend being supply disruption, higher input costs and improving demand from steel-consuming industries. Although weak demand in China during the local lockdowns eased demand pressures, global supplies have come under pressure amid the Russia-Ukraine conflict, with both countries being key suppliers of steel and iron ore to the EU.



Copper

Copper prices have been volatile in recent quarters, with weaker demand in China and concerns over slow global economic growth contributing to a drop in prices. In view of the uncertain economic outlook, prices are expected to continue to fluctuate in the coming quarters.



Singapore - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)	Q1 2022 - Q2 2022 (e)	
	S\$	S\$	2021-22* % change	% change
Copper (S\$/MT)	11,675	12,750	-8.43% ↓	-0.6% ↓ ■
Steel rebar (S\$/MT)	1,252	1,108	12.99% ↑	5.9% ↑ ●
Steel flat (S\$/MT)	1,360	1,220	11.46% ↑	5.4% ↑ ●
Lumber (S\$/M3)	115	101	13.63% ↑	0.0% ↔ ■
Asphalt (S\$/MT)	482	350	37.58% ↑	24.6% ↑ ●
Limestone (S\$/MT)	42.25	34.00	24.26% ↑	6.5% ↑ ●
Cement (S\$/MT)	114	95.00	20.10% ↑	5.8% ↑ ●
Concrete (S\$/M3)	118	103	14.74% ↑	8.3% ↑ ●
Welded mesh (S\$/unit)	15.30	12.00	27.52% ↑	5.6% ↑ ●
Bricks (S\$/'000 unit)	3,590	3,500	2.56% ↑	0.0% ↔ ■
Plasterboard (S\$/unit)	9.50	9.60	-1.38% ↓	0.0% ↔ ■
Diesel (S\$/litre)	3.19	2.14	55.73% ↑	24.6% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
 ■ Q1 to Q2 2022 % change less than estimation in our Q1 report

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-13.0% ↓	Moderate	Having continued on an upward trend in the first few months of 2022, prices have since fallen back, with COVID-19 lockdowns in China constraining demand. Given the uncertain geopolitical and economic outlook, copper prices are expected to display a high degree of volatility in the coming quarters, but underlying demand will be strengthened in the long term amid investments in EV and renewable energy sectors.
Steel prices - Steel rebar - Flat steel	+1.5% ↑ +1.5% ↑	High	Steel prices have levelled off in recent months, having soared early in Q2 amid supply disruptions, stemming from the Russia-Ukraine conflict. According to NatSteel, by mid-March, rebar prices in Singapore had already risen by 15% since the outbreak of the conflict, and imports from Turkey and the Middle East were limited because of higher energy and transportation costs, as well as preferences to target European buyers. High demand and the potential for further supply disruption will keep prices relatively high. Assuming energy price inflation is contained compared to recent acceleration, pressure on production costs will ease.
Cement Concrete	+1.1% ↑ +1.1% ↑	Moderate	Concrete and cement prices continued to rise through Q2, with demand strengthening and production costs being pushed up by high energy prices. Given the outlook for relatively high prices for raw materials and transportation costs, prices will remain elevated in the coming quarters.
Asphalt	-5.0% ↓	Moderate	Singapore is one of the largest producers and exporters of bitumen in the region, but local prices are mainly driven by global crude oil prices. Given the impact on crude oil prices from the Russia-Ukraine conflict, asphalt prices will remain close to recent highs, but there will likely be sufficient supply to meet domestic demand. With oil prices expected to soften, asphalt prices are expected to fall, but remain at elevated levels.
Limestone	+1.2% ↑	Low	Singapore imports limestone from Malaysia, the UK, and other EU and Asian countries, and domestic prices have edged up amid the surge in transportation costs. Prices will remain high in 2022, given solid demand from the construction industry.

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Singapore - Commodity Report



Tender price index 2015-2022



Knoema World Data Atlas

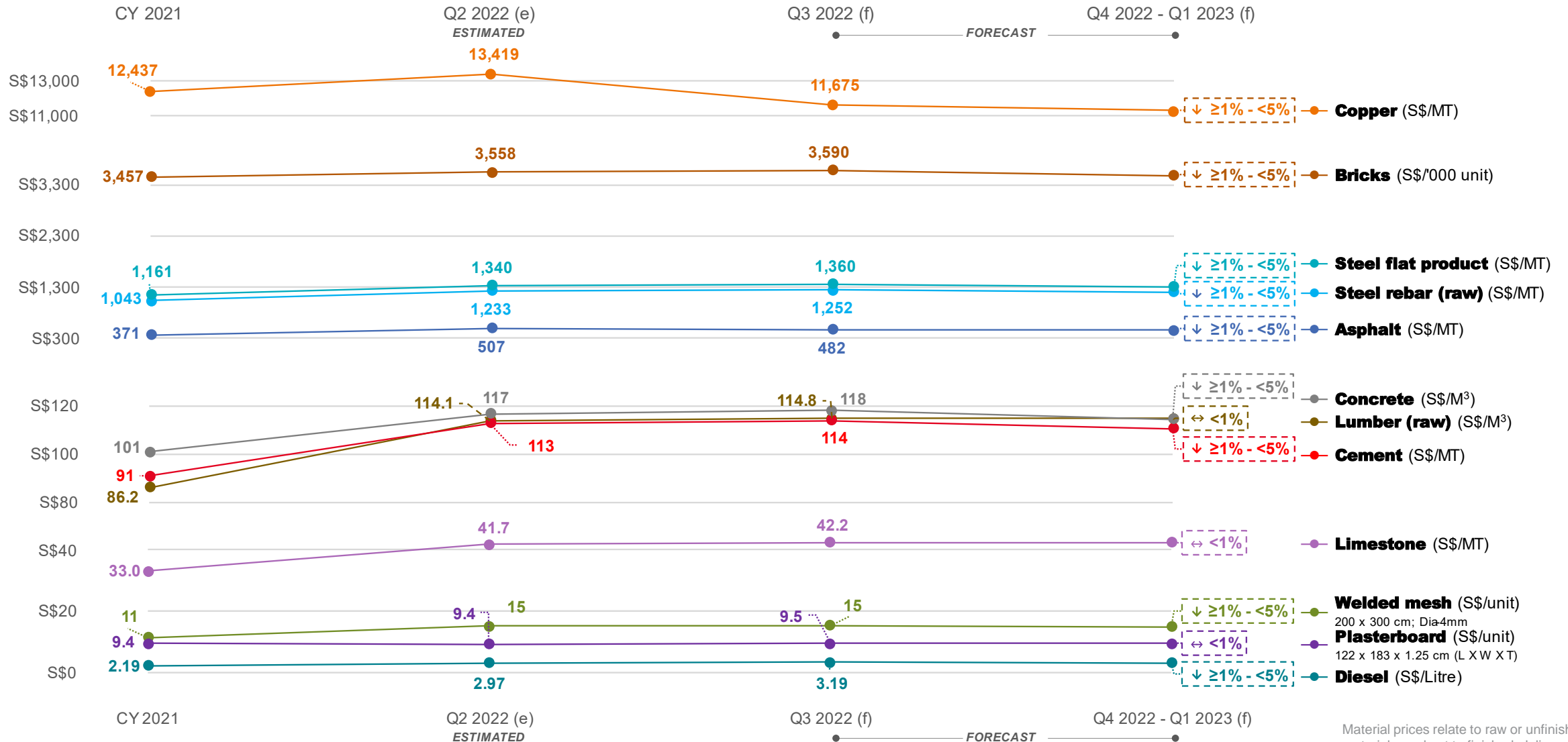
Index of economic freedom 89.70 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+0.6% ↑	Moderate	Lumber prices have stabilised at a high level. Although supply-side pressures appear to have eased, the ongoing recovery in residential construction will keep prices relatively elevated in the coming quarters.
 Welded mesh	+1.3% ↑	High	Reflecting the expectation of a continued upward trend in the price of steel, the price of wired mesh is also set to edge higher.
 Bricks	+0.9% ↑	Moderate	Reflecting the expected improvement in demand as construction output continues to recover, along with higher energy prices that will push up production costs, brick prices will stay close to current high levels in the coming quarters.
 Plasterboard	+0.5% ↑	Low	Plasterboard will remain relatively high, bolstered by the recovery in domestic demand as construction picks up.
 Diesel	+7.5% ↑	Moderate	Diesel prices hit S\$3 per litre in June, continuing an upward trend driven by the rise in global crude oil prices, which surged following the outbreak of the Russia-Ukraine conflict and ensuing supply disruptions. There are also emerging shortages of diesel in Singapore; Singapore's inventories in March 2022 were 4 million barrels below the five-year average (prior to the COVID-19 outbreak).

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Singapore - Construction Materials Pricing (2021-2022)



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Singapore - Report methodology



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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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Sample sources – Singapore

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

- IMF
- Ministry of Trade and Industry
- BCA
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





South Korea

Country Commodity Report

Q2 2022



South Korea

Q2 2022

According to the Korean Statistical Information System (KOSIS), South Korea saw 2.8% economic expansion year-on-year in Q1 2022, following year-on-year growth of 4.2% in Q4 2021. This was weaker than anticipated, with higher energy costs, high inflation and weak private consumption at play. The Bank of Korea (BOK) expects GDP to grow by 3% this year, while the IMF expects growth of 2.5%.

Following a 2.1% contraction in 2021, construction output is expected to return to real growth in 2022 of 2% and in the coming years, as the focus remains on the development of infrastructure and energy production. The downside risks remain for the industry, of supply chain challenges, the rate of inflation and the global geopolitical climate impacting.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Although domestic demand growth has been fairly limited given the sluggish performance of the construction industry, lumber prices have increased marginally, in part owing to higher transportation costs. Lumber trade has also been heavily impacted by the sanctions imposed on Russia by South Korea, Japan and major European markets.



Cement and aggregates

Local cement production has been hampered recently by issues with the supply of bituminous coal, as 75% of such coal imports had come from Russia in 2021. The government is proceeding with plans to improve sustainability and switch away from a reliance on coal to alternative fuel sources. Supplies have also been disrupted recently by a truck drivers' strike in June, which halted operations at a number of ready-mix concrete batching plants.



Concrete blocks and bricks

South Korea's construction industry has been in a steady decline in recent years, which has limited demand growth in key building materials, such as blocks and bricks. However, construction permits for housing and commercial properties recovered in 2021, and this is expected to contribute to renewed demand growth for these materials.



Steel (rebar and structural)

South Korea has a sizeable steel industry, being the sixth largest steel producer in the world in 2021. The industry's focus is on self-sufficiency and reducing emissions. However, there are concerns among major producers that tougher regulations to reduce industry pollution will drive up costs and benefit competitors in China.



Copper

Copper prices are set to remain volatile given the uncertain economic outlook, and major shifts in demand stemming from China's zero-COVID policies.

South Korea - Commodity Report



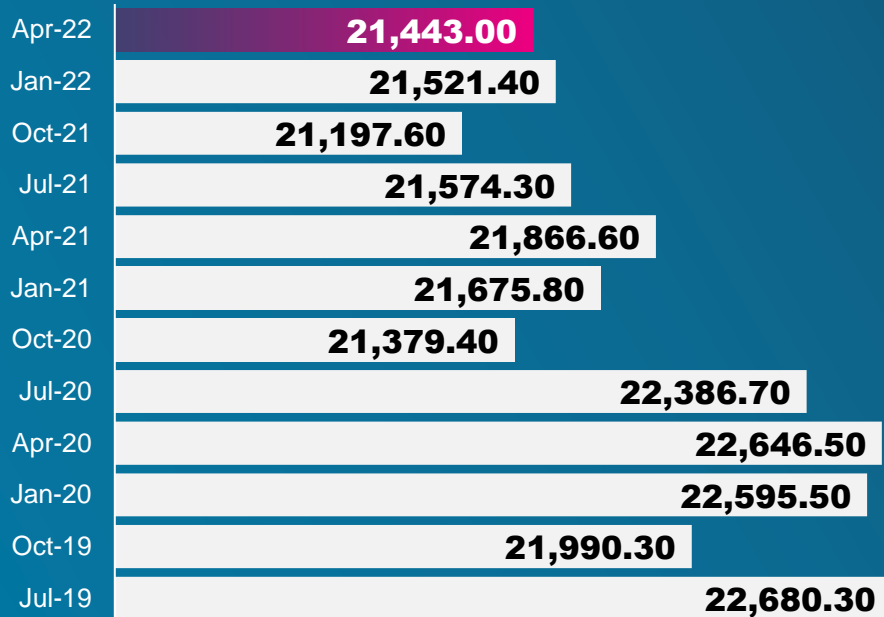
Materials	Q3 2022 (f)	Q1 – Q2 (e) 2022
	KRW	% change
Copper (KRW/MT)	11,602,751	7.2% ↑
Steel rebar (KRW/MT)	1,062,753	6.4% ↑
Steel flat (KRW/MT)	942,037	4.2% ↑
Lumber (KRW/M3)	340,695	3.4% ↑
Asphalt (KRW/MT)	64,545	9.1% ↑
Limestone (KRW/MT)	974,561	0.5% ↑
Cement (KRW/MT)	371,250	1.5% ↑
Concrete (KRW/M3)	141,326	1.5% ↑
Welded mesh (KRW/unit)	9,210	5.9% ↑
Bricks (KRW/000 unit)	653,250	1.0% ↑
Plasterboard (KRW/unit)	4,158	4.5% ↑
Diesel (KRW/litre)	2,024.08	6.2% ↑

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-1.8% ↓	Moderate	Copper prices in South Korea are expected to decline in Q3 2022, following a trend that started late in Q2 as demand in China slowed and amid heightened fears of a slowdown in major countries. The weakness in the won against US\$ is also holding back investment in copper.
 Steel prices - Steel rebar - Flat steel	-4.4% ↓ -6.4% ↓	Moderate	With energy and fuel prices touching record highs, steel prices picked up sharply in Q2 2022, having already risen in the previous quarters. However, with signs of weaker demand, prices have started to drop back, and given a relatively gloomy outlook, prices will continue on a downward trend in the coming quarters.
 Cement Concrete	-1.0% ↓ -1.0% ↓	Moderate	Given the weakness in domestic construction demand in recent quarters, concrete and cement prices have mainly been impacted by higher production costs. However, supplies were tight in Q2 2022, with reports in April that seven cement producers had agreed to ramp up production (by 36% quarter-on-quarter) to alleviate shortages and divert volumes from the export market to help meet domestic demand. Prices are set to remain relatively high owing to a recovery in demand, which is expected as construction picks up.
 Asphalt	-2.5% ↓	Moderate	Bitumen prices have risen sharply this year given the jump in crude oil prices, and South Korea's export prices have reached record highs. However, with international crude oil prices easing, the price of asphalt is expected to show a downward turn in the coming quarters.
 Limestone	+1.0% ↑	Moderate	Volatility in limestone prices is expected to be minimal in the second half of this year, with prices on average set to remain close to current levels.

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South Korea - Commodity Report

GDP from construction – KRW billions



Knoema World Data Atlas

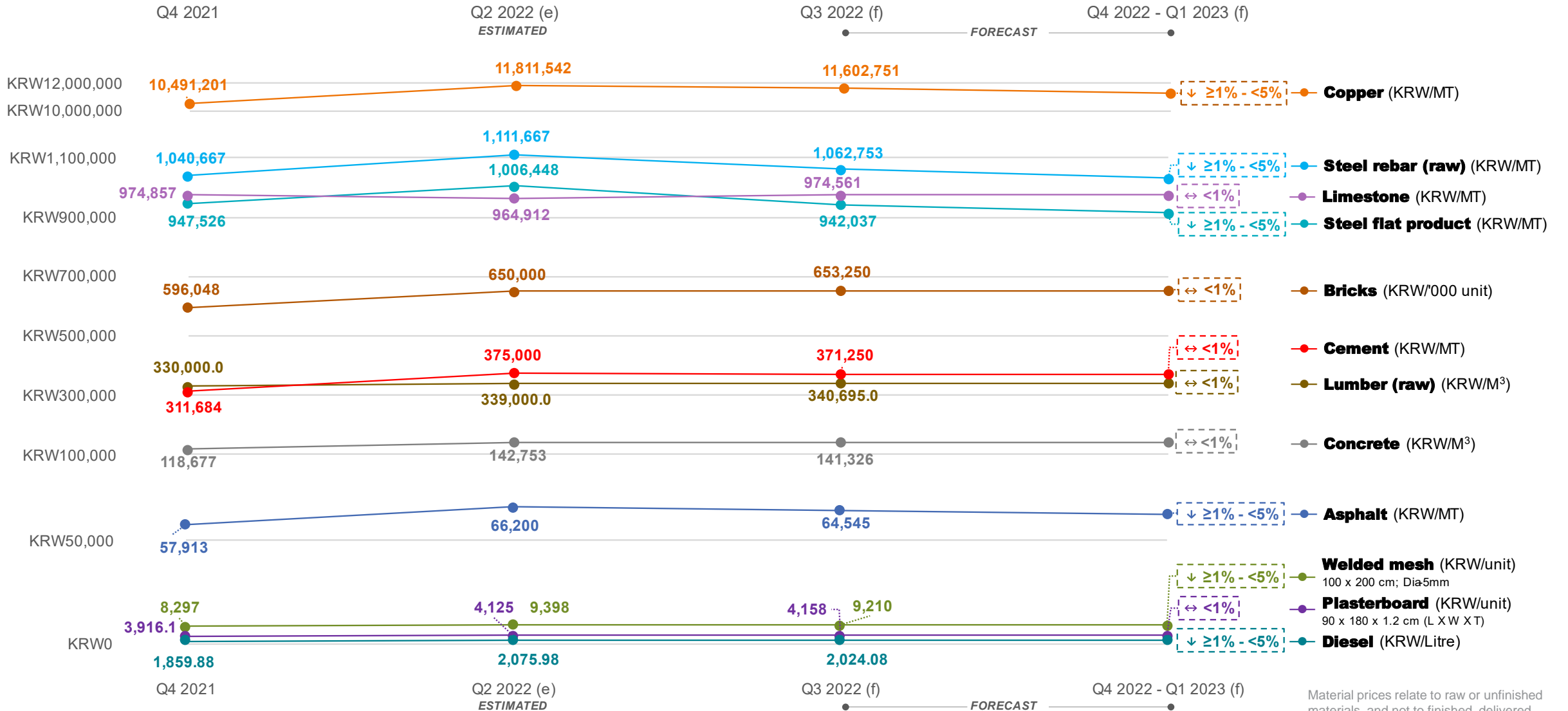
Index of economic freedom **74.6 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+0.5% ↑	 High	The price of lumber continues to trend upwards. Given the sluggish performance of the construction industry, the lumber price trend has mainly reflected rising transportation and logistics costs. However, in the coming quarters, demand is expected to pick up, with the government pushing through major housebuilding programmes. The impact on prices will be offset by easing supply-side pressure.
 Welded mesh	-2.0% ↓	 Moderate	The price of welded mesh is primarily influenced by the price of steel rebar, which is expected to ease in the coming quarters, driving down welded mesh prices.
 Bricks	+0.5% ↑	 Low	Construction activity is expected to pick up in the coming quarters, reflecting a positive trend in building permits recently. This will stimulate demand for bricks, the prices of which have mainly been driven up in recent quarters by elevated production costs. Prices are expected to remain close to current levels, as a pickup in demand is offset by weaker energy cost inflation.
 Plasterboard	+0.8% ↑	 Low	As with other building materials, price trends in recent quarters have reflected higher production and transportation costs, but as construction activity picks up, this will keep prices close to current highs despite the easing in costs.
 Diesel	-2.5% ↓	 High	South Korea is major exporter of refined crude oil, and there has been a fine balancing act in recent quarters to contain domestic price inflation of diesel while also maintaining export volumes. Prices surpassed KRW2,000 per litre in Q2 2022, but with international crude oil prices set to ease, domestic fuel prices will fall back in the coming quarters.

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South Korea - Construction Materials Pricing (2021-2022)



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South Korea - Report methodology



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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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Sample sources – South Korea

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

- IMF
- The Korean Statistical Information System (KOSIS)
- Bank of Korea
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Spain

Country Commodity Report

Q2 2022



Spain

Q2 2022

Spain's economy posted 0.2% growth in Q1 2022, according to official data released in June, slower than the 2.2% seen in Q4 2021. Year-on-year, Q1 saw 6.3% growth. Given the current geopolitical climate, the Bank of Spain has revised its 2022 growth forecast downwards, from 4.5% to 4.1%. In terms of inflation, the year-on-year rate hit 10.2% in June according to the National Statistics Institute (INE), recording a 37-year high.

Construction industry growth is expected this year circa 5.6%, following two consecutive years of contraction, supported by infrastructure development and EU financial assistance, as well as Central Bank of Spain measures. Inevitably, the current level of energy prices, inflation and supply chain constraints will impact this growth.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

As construction demand picks up, lumber prices will remain at relatively high levels - an outcome that also reflects the impact of recent regional supply disruptions amid the EU ban on imports from Russia.



Cement and aggregates

Production costs have risen sharply, and supplies have been disrupted by temporary closures of production plants this year, owing to surging energy costs. Oficemen, Spain's Cement Association, has welcomed recent measures to cap the cost of gas, which has been a major factor in driving up costs. Cement consumption growth has not been excessive; according to the association, it was up by 3.7% year-on-year in the first five months of the year.



Concrete blocks and bricks

After two years of weakness, building construction will recover in 2022, increasing demand for blocks and bricks that will add to upward pressure on prices. This stems from rising production costs amid soaring energy prices.



Steel (rebar and structural)

Steel prices soared in the first half of 2022, as production costs jumped. Producers in Spain were already facing challenges posed by high energy prices in late 2021, when they indicated further increases for rebar were forthcoming. The upward pressure on prices so far this year has been exacerbated by the Russia-Ukraine conflict, which has greatly disrupted supplies. Producer prices were up by around 55% year-on-year from January-May 2022.



Copper


Copper prices started to fall in late Q2 2022, following the global trend, as weak demand in China contributed to a decline in prices. However, high electricity costs will be a key factor in keeping domestic copper prices at relatively high levels.

Spain - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	€	% change
Copper (€/MT)	8,607	1.0% ↑ ■
Steel rebar (€/MT)	835	17.9% ↑ ●
Steel flat (€/MT)	1,039	17.9% ↑ ●
Lumber (€/M3)	142	4.0% ↑ ●
Asphalt (€/MT)	97.29	4.5% ↑ ●
Limestone (€/MT)	54.87	2.5% ↑ ●
Cement (€/MT)	141	8.8% ↑ ●
Concrete (€/M3)	135	5.0% ↑ ●
Welded mesh (€/unit)	93.56	15.1% ↑ ●
Bricks (€/000 unit)	859	7.6% ↑ ●
Plasterboard (€/unit)	3.95	9.8% ↑ ●
Diesel (€/litre)	1.96	23.6% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

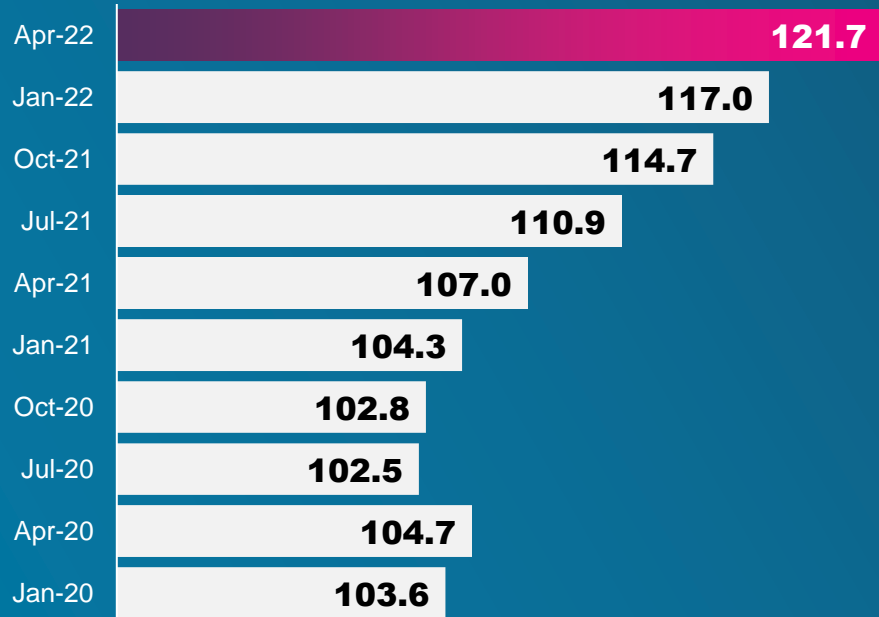
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-4.2% ↓	Moderate	Copper prices have fallen back from recent highs, with weakened demand in China amidst COVID-19 lockdowns contributing to a drop in global prices. Although prices will remain below recent highs in the coming quarters, a recovery in demand in China and globally, stemming from investments in renewable energy technologies and EV production, will mean that prices will still be relatively high.
 Steel prices - Steel rebar - Flat steel	-1.5% ↓ -1.0% ↓	High	Steel prices have been volatile in recent quarters, but high energy costs and disruptions in supply have resulted in a sharp upward trend in prices. With prices at such highs, demand in the market has been fairly weak, with reports of delayed purchases.
 Cement Concrete	-2.0% ↓ -1.0% ↓	Moderate	Although the recovery of Spain's construction industry has been slower than anticipated, concrete and cement prices have increased as production costs have jumped.
 Asphalt	-2.0% ↓	Moderate	Asphalt prices have been pushed up by the increase in crude oil prices, which jumped in the wake of the outbreak of the Russia-Ukraine conflict. Significant investment on roads under the 2022 budget (the government has allocated €2.3 billion towards roads spending) will prop up demand, but the increasing use of recycled materials will help to contain price inflation, as will an easing of global crude oil prices.
 Limestone	+1.0% ↑	Low	Owing to balanced demand and domestic supply of this raw material in the market, limestone prices will be relatively stable, but higher energy costs will keep prices around current levels. Producer prices for quarrying of stone in general edged upwards in the first half of 2022.

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.

Spain - Commodity Report








Construction cost index (Base - Jan 2015)



Knoema World Data Atlas

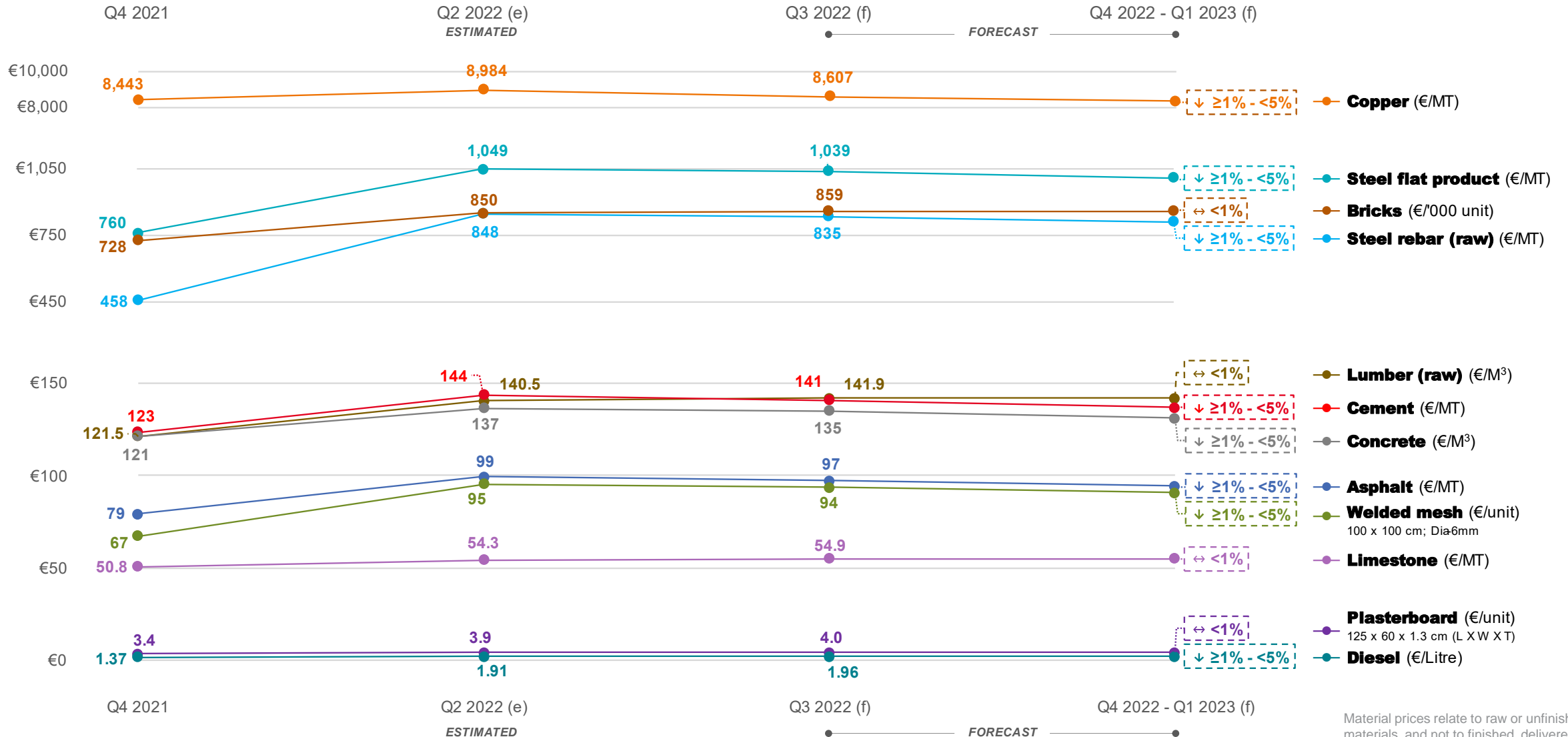
Index of economic freedom 69.9 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	High	Lumber prices have been edging upwards, reflecting a steady rise in producer prices of saw milling and planing. Spain has been struggling with shortages of timber since 2021, amid the growth in demand at a time of supply disruption. The EU ban on Russian imports has constrained supplies across the region, adding to pressures on prices.
 Welded mesh	-2.0% ↓	High	Welded mesh prices have risen, reflecting the upward pressure on the price of steel. However, prices will show a downward shift in H2 2022, owing to declining steel prices.
 Bricks	+1.0% ↑	Moderate	Despite weaker demand than had been expected, there has been a sharp rise in brick production costs in the past quarter, reflecting higher energy costs and the energy-intensive nature of production, and brick prices are expected to remain elevated.
 Plasterboard	+1.0% ↑	Low	Plasterboard prices have edged upwards in recent quarters. Although still fairly weak, construction output is picking up, and production costs have risen. Prices are expected to remain close to current levels, in part reflecting increased demand supported by the government's focus on developing affordable housing.
 Diesel	+2.4% ↑	Moderate	Diesel prices continued on a sharp upward trend in Q2 2022, and as in other major markets, surpassed €2 per litre. However, the government has provided some relief, extending a €0.20 per litre discount until December 2022.

* Level of impact rating reflects a combination of factors: the price movement and also price level (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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Spain - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

Spain - 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. A more comprehensive list of sources is included below.

Definitions

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- 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.

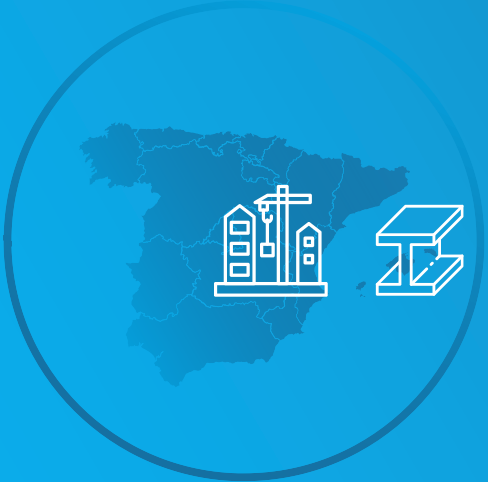
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising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

Sample sources – Spain

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

- IMF
- Economy.com
- The Global Economy
- Weather Spark
- International Labour Organization
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org
- Fitch Ratings

Linesight 





Sweden

Country Commodity Report

Q2 2022



Sweden

Q2 2022

Sweden posted a larger decline than anticipated for Q1 at 0.8% - the first contraction since Q4 2020, according to Statistics Sweden. The decline was off the back of weak exports and upward revisions to past years' figures. The IMF is forecasting 3.4% growth this year, although this figure was released prior to the outbreak of the Russia-Ukraine conflict, which poses obvious threats to economic growth.

The construction industry grew by 1.8% in 2021, following the marginal growth seen in 2020. Growth is expected to accelerate slightly this year to approx. 2.1%, as the Swedish government invests in transport and energy infrastructure, supporting industry activity. The Russia-Ukraine conflict poses a downside risk, with volatility returning to material pricing and disruption to supply chains.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Sweden has substantial forest coverage and the government has taken initiatives to stimulate the sustainable development of the forestry industry. Amid soaring global demand in the first half of 2021, it was reported that Sweden's timber stocks were at their lowest levels in two decades.



Concrete and aggregates

Concerns remain high over the risks of a potential shortage of domestically produced cement. Averting an immediate crisis, in late 2021, the Swedish Government announced that it would allow Cementa to continue mining activities at the Slite limestone quarry until the end of 2022. Cementa, part of HeidelbergCement Group and the only domestic producer of cement in Sweden, has been operating at the quarry for many years and the cement it produces reportedly meets two-thirds of domestic cement demand.



Concrete blocks and bricks

Demand will strengthen as buildings construction picks up, with residential building permits rising sharply in 2021.



Steel (rebar and structural)

Sweden's crude steel production in 2021 reached 4.7 million tonnes – around two thirds of this is ore-based production and one third scrap-based. Demand will pick up in line with the execution of a high-value pipeline of infrastructure construction projects.



Copper

Prices for copper will remain high, with strong demand and continued disruption to the supply chain, as a result of the Russia-Ukraine conflict. In a move that will increase domestic production next year, Copperstone Resources recently announced revised and enlarged ambitions for the reopening of the Viscaria copper mine in Kiruna.



Sweden - Commodity Report



Materials	Q3 2022 (f) SEK	Q1 2022 - Q2 2022 (e) % change
Copper (SEK/MT)	90,934	0.5% ↑ ■
Steel rebar (SEK/MT)	8,510	5.6% ↑ ■
Steel flat (SEK/MT)	8,021	5.6% ↑ ■
Lumber (SEK/M3)	934	13.4% ↑ ●
Asphalt (SEK/MT)	1,015	24.7% ↑ ●
Limestone (SEK/MT)	530	3.7% ↑ ●
Cement (SEK/MT)	2,307	19.7% ↑ ●
Concrete (SEK/M3)	1,258	2.4% ↑ ●
Welded mesh (SEK/unit)	943	38.6% ↑ ●
Bricks (SEK/'000 unit)	8,599	8.0% ↑ ●
Plasterboard (SEK/unit)	91.76	5.7% ↑ ●
Diesel (SEK/litre)	24.30	9.5% ↑ ■

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

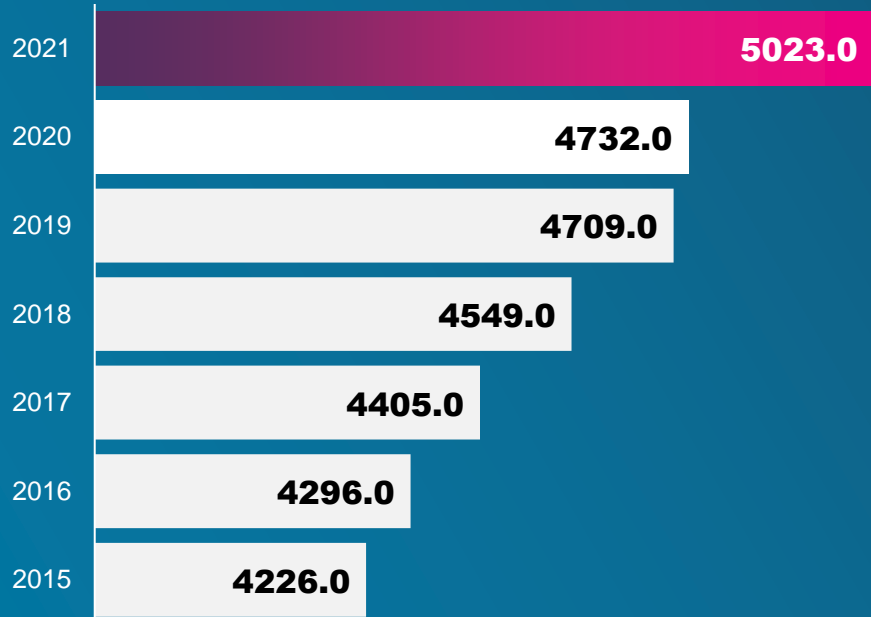
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-3.0% ↓	Moderate	Global copper prices have fallen since peaking in April 2022, reflecting investors' fears of a global recession amid the tightening monetary policy by central banks, including the Riksbank, to combat inflation. As a result, global demand for copper is falling, which is expected to put downward pressure on prices in H2 2022 and early 2023, despite disruptions on the supply side remaining. The Chilean Copper Commission (Cochilco) estimates there will be a surplus supply of global copper in 2023.
 Steel prices - Steel rebar - Flat steel	-2.0% ↓ -2.0% ↓	High	Steel prices rose sharply earlier this year, owing to restrictions imposed by the EU on steel imports from Russia. High energy costs are continuing to put upward pressure on steel production costs. However, the impact on steel prices is likely to be offset by falling demand, due to recession fears coupled with an increasing supply from alternative sources, such as Turkey and India over the next 3-6 months.
 Cement Concrete	-0.5% ↓ -1.0% ↓	Moderate	The supply of cement remains uncertain over the medium to long term which may cause the price to be volatile over the next year.
 Asphalt	+1.0% ↑	High	Asphalt prices will remain elevated, owing to the high cost of crude oil feeding into bitumen production costs.
 Limestone	-1.0% ↓	Moderate	With the Swedish government overturning the decision to refuse Cementa a license to continue mining limestone at its Slite quarry late last year, domestic supply of the commodity is expected to remain sufficient to meet demand. Limestone prices are, however, expected to remain elevated this year, driven by increased demand from the construction and infrastructure sectors.

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Sweden - Commodity Report








Construction cost index (base – 1939=100)



Knoema World Data Atlas

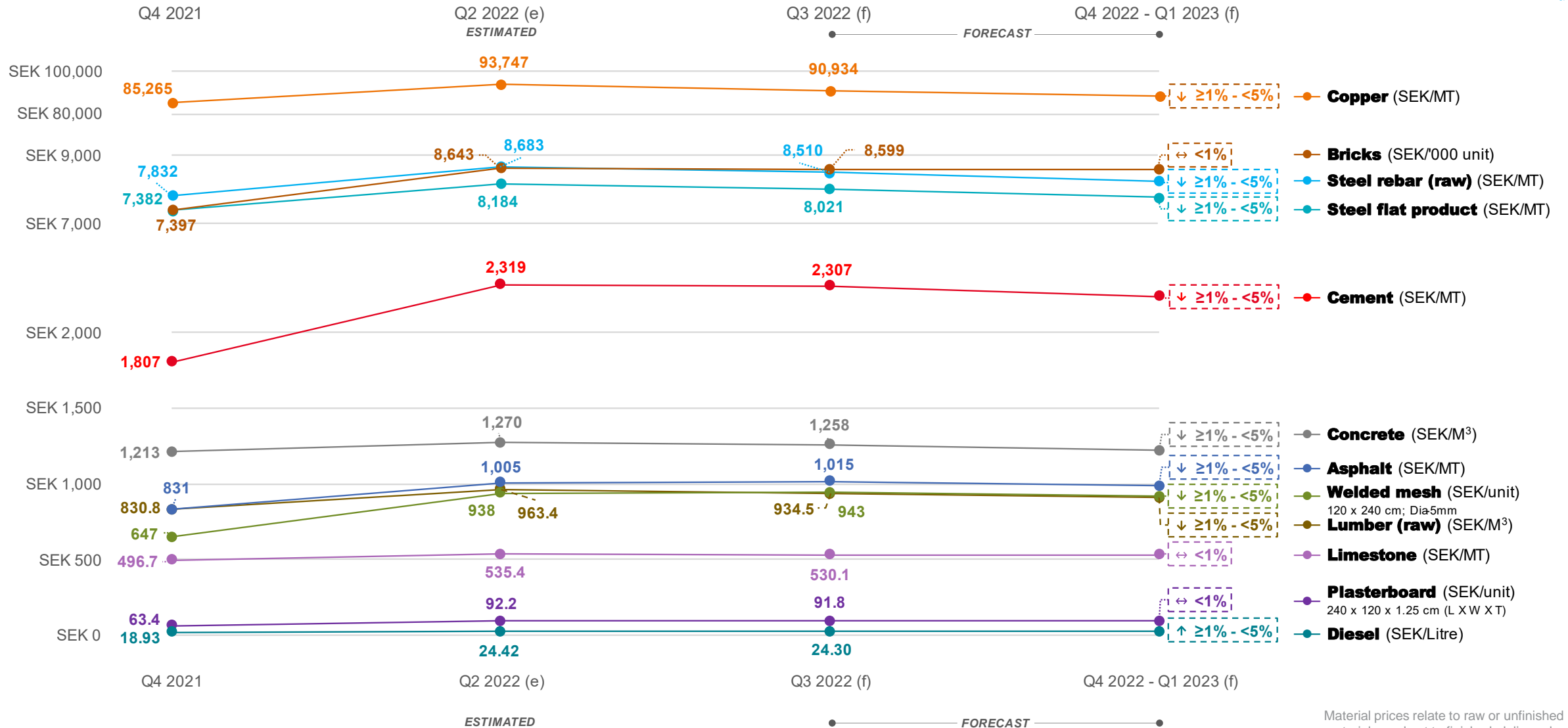
Index of economic freedom **74.7 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	-3.0% ↓	Moderate	Interest rate hikes by the Riksbank will continue to weigh on Sweden's residential market and put downward pressure on materials, such as lumber. House prices have been falling since April, as higher mortgage rates and an uncertain economic outlook has dampened demand. This trend is expected to continue into 2023. Downward pressure on lumber prices will be compounded by an increase in the supply of forest timber, as stocks rebound from record low levels.
 Welded mesh	+0.5% ↑	High	Due to the expected volatility in the price of steel over the next year, the price of welded mesh will also remain volatile.
 Bricks	-0.5% ↓	Low	Rising fuel and energy costs have put upward pressure on the price of bricks. However, weakening demand owing to rising interest rates and low business confidence will counteract supply-side pressures.
 Plasterboard	-0.5% ↓	Low	As above, an increase in fuel and energy costs is pushing plasterboard prices upwards. Rising interest rates and declining business confidence are offsetting supply-side pressures, as a result of weakened demand.
 Diesel	-0.5% ↓	Moderate	Sweden's dependency on imported crude oil will continue to add upward pressure on diesel prices. However, the impact of the Russia-Ukraine conflict on prices is beginning to subside, as the country shifts away from dependency on Russian oil. Global agencies, such as IEA, expect the price of crude oil to trend downwards until the end of the year owing to weakening demand. However, supply-side disruptions will continue to pose a downside risk to prices over the medium and long term, and could compound a sharp rebound in prices if demand picks up next year.

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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.

Sweden - Construction Materials Pricing (2021-2022)



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Sweden - Report methodology



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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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Sample sources – Sweden

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

- IMF
- Mynak
- Statistics Sweden
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Switzerland

Country Commodity Report

Q2 2022



Switzerland

Q2 2022

Economic growth for Switzerland is expected to remain muted, as inflationary pressures and supply-side constraints persist, owing to the Russia-Ukraine conflict, as well as labour market challenges. As is the case for most of the world, inflation is a key issue, hitting a 29-year high in June at 3.4% - well above the Swiss National Bank's 0-2% target range. However, this is less severe than what is being seen in other parts of Europe.

The construction industry is expected to continue on a growth trajectory this year, albeit at a more moderate rate of 1.3%. Supply-side shortages, labour market challenges and inflation are key downside risks for the industry, and may hamper growth for the year to some extent.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Weakening global demand, due to rising interest rates and a potential slowdown in economic activity, will limit upward pressure on lumber prices, which were highly volatile last year. However, domestic demand for Swiss wood is expected to remain relatively strong, owing partly to increased awareness of sustainability, according to the president of Holzindustrie Schweiz, the organisation for Swiss sawmills and wood-based material producers.



Cement and aggregates

Switzerland is highly self-sufficient in its cement usage, with abundant limestone deposits in the country. However, the federal office of topography has raised concerns over the granting of permits for limestone quarry expansions, which would force the country to increase its reliance on imported cement. Cement prices are expected to decrease marginally, due to weakening demand following a surge in prices attributable to spiking energy costs.



Concrete blocks and bricks

Domestic brick prices have been partially shielded from supply chain disruptions and rising transportation costs due to high domestic production, with inputs sourced from local clay deposits. This has helped keep lead times down and transport routes short. High energy prices will keep production costs elevated, but weakening demand will apply downward pressure over the coming quarters.



Steel (rebar and structural)

Supply chain disruptions and the uncertainty stemming from the Russia-Ukraine conflict have had a significant impact on manufacturers' operations in H1 2022. While disruptions remain on the supply side, weakening demand owing to global recession fears has caused steel prices to fall. Prices are likely to be volatile over the next few quarters.



Copper

Reflecting its reliance on imports, copper prices in Switzerland jumped in March, in line with the global trend, that in part reflected uncertainty over supply chains amid the onset of the Russia-Ukraine conflict. Although Switzerland is recorded as a major importer of raw copper, with a large share of these imports coming from Zambia, much of this is re-exported by Swiss-based traders. Global copper prices have since fallen sharply from their peak in March, but are expected to remain volatile into 2023.

Switzerland - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	CHF	% change
Copper (CHF/MT)	8,950	1.3% ↑ ■
Steel rebar (CHF/MT)	1,185	-3.2% ↓ ■
Steel flat (CHF/MT)	934	22.1% ↑ ●
Lumber (CHF/M3)	95.95	5.3% ↑ ●
Asphalt (CHF/MT)	115	12.7% ↑ ●
Limestone (CHF/MT)	39.80	11.1% ↑ ●
Cement (CHF/MT)	187	3.3% ↑ ●
Concrete (CHF/M3)	145	1.9% ↑ ■
Welded mesh (CHF/unit)	121	29.0% ↑ ●
Bricks (CHF/'000 unit)	986	2.0% ↑ ●
Plasterboard (CHF/unit)	5.51	6.9% ↑ ●
Diesel (CHF/litre)	2.26	15.7% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
 ■ Q1 to Q2 2022 % change less than estimation in our Q1 report

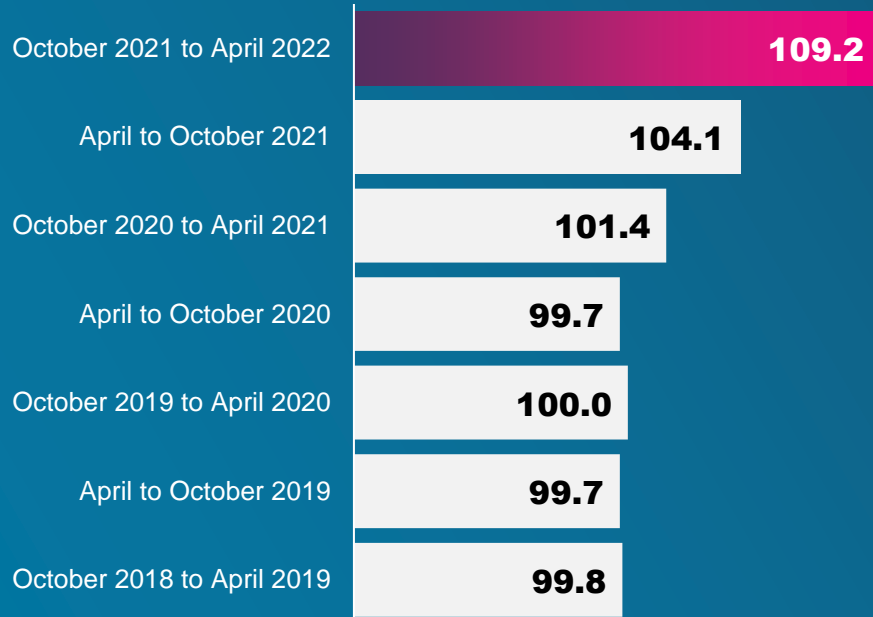
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 Copper	-4.0% ↓	 Moderate Global demand for copper has decreased, owing to falling economic activity in major copper-consuming locations such as China and the EU, as well as growing fears of a recession, amid rising interest rates. This is expected to put downward pressure on global copper prices over the coming quarters. The strengthening of the Swiss franc, driven by global economic uncertainty, will put further downward pressure on import costs, which will feed into lower domestic copper prices. Over the long term, demand for copper is expected to be strong, as it is a key material in supporting the decarbonisation of carbon-intensive industries.
 Steel prices - Steel rebar - Flat steel	-3.0% ↓ -25.7% ↓	 High Steel prices are expected to be volatile over the next year. In the short term, weakening demand amid a global slowdown in economic activity is expected to outpace upward pressure on prices from the supply side. High energy costs due to sanctions on Russian imports will continue to contribute to higher production and transportation costs, which could cause a spike in steel prices once demand recovers.
 Cement Concrete	-0.8% ↓ -1.0% ↓	 Moderate High energy prices feeding into the production costs of cement and concrete will keep prices elevated. However, further upward pressure will be limited, as demand eases, owing to a low reliance on imports.
 Asphalt	-2.0% ↓	 Moderate High crude oil prices due to sanctions on Russian oil imports will continue to put upward pressure on the price of petroleum-based products, which in turn will keep asphalt prices elevated. However, with OPEC nations increasing production and crude oil prices stabilising globally, coupled with weakening demand, the price of asphalt will fall from recent highs.
 Limestone	-0.5% ↓	 Low Energy costs will continue to impact limestone production over the coming quarters. However, due to abundant deposits in Switzerland, domestic demand is largely satisfied, limiting the influence of supply-side disruptions on prices. Weakening demand will limit upward pressure on prices. Over the long term, concerns surrounding the provision of permits for expanding quarries could lead to greater reliance on imports.

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Switzerland - Commodity Report






Construction output price index



Note: 2015=100

Knoema World Data Atlas

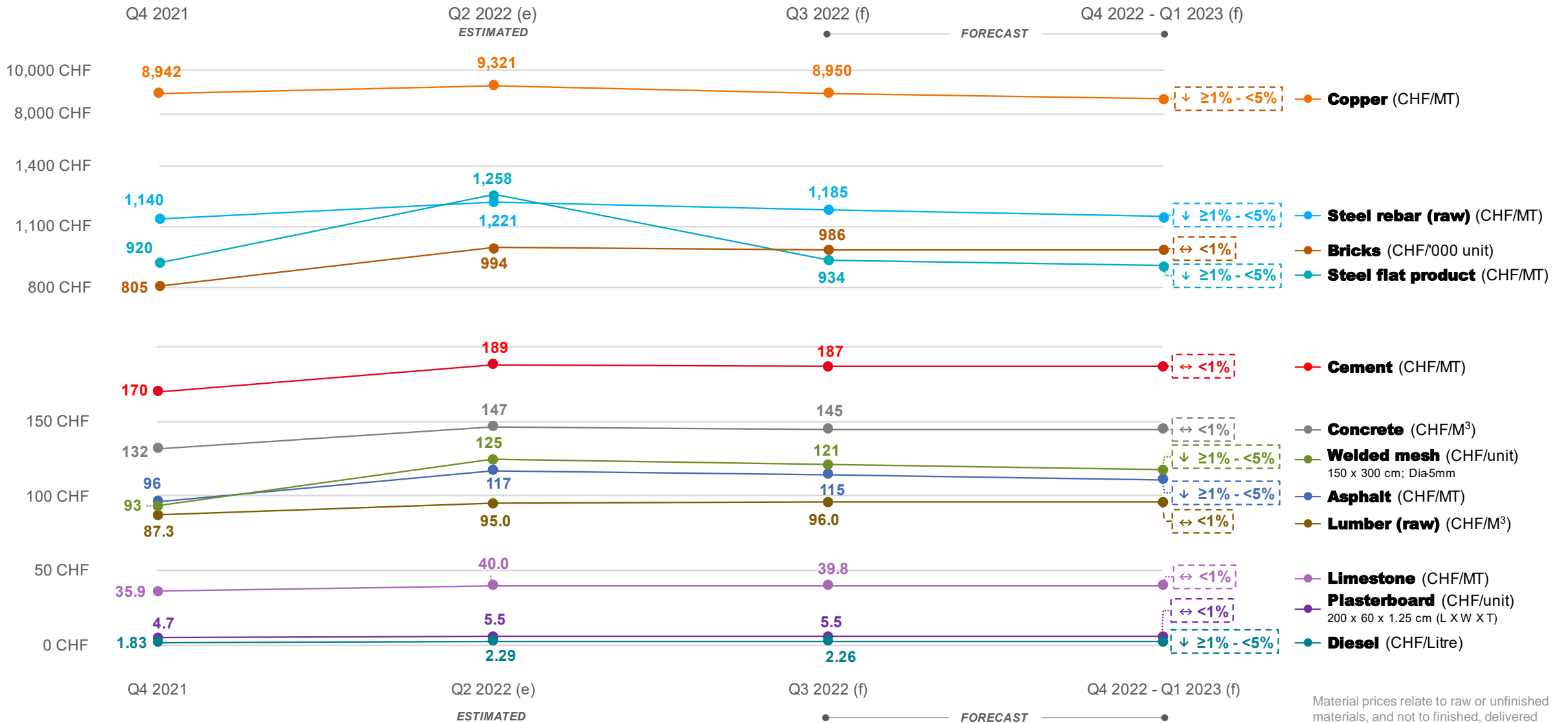
Index of economic freedom 81.9 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.0% ↑	High	The increase in lumber prices in recent quarters had been welcomed by the forestry industry, which had been suffering from a downturn in prices for a number of years prior to the pandemic. High energy costs will continue to feed into production and transportation costs, and keep prices elevated. Furthermore, demand for Swiss wood is expected to remain relatively strong compared to other construction materials.
 Welded mesh	-3.0% ↓	High	The price of welded mesh is correlated with the price trend of steel rebar, which is expected to fall over the short term. Mesh prices are therefore likely to decrease over the coming quarters.
 Bricks	-0.8% ↓	Moderate	The easing of fuel and energy prices will moderate the production cost for bricks. Weakening demand and the strong Swiss franc will put downward pressure on prices over the coming quarters.
 Plasterboard	-0.5% ↓	Low	Stabilising energy prices and weakening demand will contribute to downward pressure on plasterboard prices over the coming quarters.
 Diesel	-1.0% ↓	Moderate	The price of diesel will remain elevated due to high crude oil prices, but is likely to retract from previous highs over the coming quarters as crude oil prices stabilise. The Swiss parliament's decision to reject tax cuts on fuel could contribute to keeping prices in Switzerland elevated relative to its neighbours over the coming quarters.

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Switzerland - Construction Materials Pricing (2021-2022)



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Switzerland - Report methodology



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Primary and secondary research

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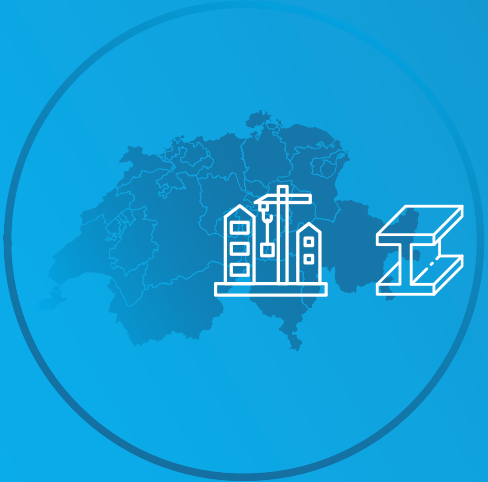
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising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

Sample sources – Switzerland

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

- IMF
- BFS
- Swiss Federal Statistic Office
- GlobalData's Construction Intelligence Center (CIC)
- Reuters

Linesight 





Taiwan

Country Commodity Report

Q2 2022



Taiwan

Q2 2022

Taiwan is demonstrating robust economic growth this year so far, up 3.1% year-on-year across April-June, and 3.14% in Q1 2022. However, full-year forecasts have been revised downwards to 4%, given the current climate. Strong capital expenditure in the semiconductor space will remain a key growth driver, although the COVID-induced lockdowns in major Chinese cities in recent times has impacted the demand for Taiwanese imports. Inflation hit a 14-year high in June at 3.5%, with a rise in interest rates looking highly likely in the near future.

The construction industry in Taiwan is expected to expand by 3.4% in real terms in 2022, following annual growth of 8.5% in 2021. Output will be supported by infrastructure development, under the Forward-Looking Infrastructure Development Program (FLIDP). Similar to the rest of the world, inflation, material price escalation, supply chain bottlenecks and the general geopolitical climate pose downside risks to industry performance.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Director
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Lumber

With freight costs rising and the stress on global supply chains yet to fully ease, Taiwan's dependence on imports to meet lumber demand is expected to lead to prices remaining elevated in H2 2022. Further upward pressure on prices will be generated by demand from the residential sector, which is expected to expand by 2.6% this year.



Cement and aggregates

Robust activity in Taiwanese construction, predominantly due to works on the Forward-Looking Infrastructure Development Program, kept demand for cement and concrete strong in H1, pushing up domestic prices. Rising energy prices due to the Russia-Ukraine conflict, coupled with elevated freight costs, will increase the production and import costs of cement clinker, further pushing up domestic prices of cement and cement products.



Concrete blocks and bricks

Domestic brick production in Taiwan has declined considerably in recent years, despite strong domestic demand, with imports, predominantly from China and Vietnam, making up the shortfall. With freight costs likely to remain elevated in H2, this reliance on imports will continue to contribute to increases in domestic brick prices. Higher energy prices following the outbreak of the Russia-Ukraine conflict are expected to increase domestic production costs, generating further upwards pressure on prices.



Steel (rebar and structural)

Increased production costs as a result of the rise in both energy and raw material prices drove up steel prices in the first half of this year, but weaker demand in China has reversed this trend. Steel demand in Taiwan will be primarily driven by works under the Forward-Looking Infrastructure Development Program, which covers a wide range of public infrastructure projects.



Copper



Copper prices in Taiwan fell on a quarterly basis in the second quarter of this year, as global demand softened following a slowing of production in the industrial sectors of China and Europe. Prices are expected to remain weak in the coming quarters relative to recent highs.

Taiwan - Commodity Report



	Q3 2022 (f)	Q1 – Q2 (e) 2022
Materials	NT\$	% change
Copper (NT\$/MT)	252,694	-2.5% ↓ ■
Steel rebar (NT\$/MT)	22,718	6.5% ↑ ●
Steel flat (NT\$/MT)	32,903	7.0% ↑ ●
Lumber (NT\$/M3)	7,135	3.9% ↑ ●
Asphalt (NT\$/MT)	13,405	-3.1% ↓ ●
Limestone (NT\$/MT)	1,876	6.6% ↑ ●
Cement (NT\$/MT)	3,771	9.5% ↑ ●
Concrete (NT\$/M3)	1,614	0.0% ↔ ■
Welded mesh (NT\$/unit)	355	13.6% ↑ ●
Bricks (NT\$/'000 unit)	18,117	3.8% ↑ ●
Plasterboard (NT\$/unit)	255	7.6% ↑ ●
Diesel (NT\$/litre)	27.69	-3.1% ↓ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

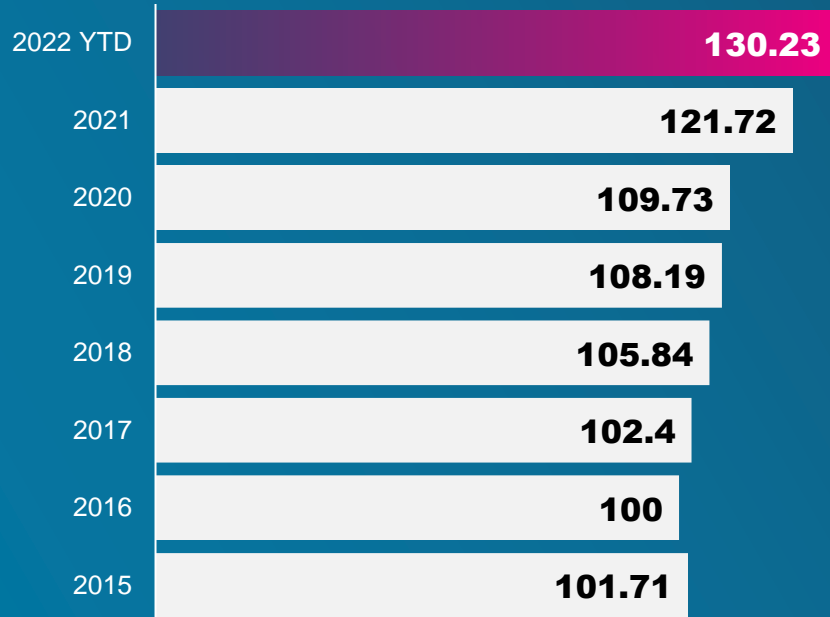
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-4.6% ↓	Moderate	Copper prices fell in the second quarter of this year due to the slowing of industrial production in both China and Europe. Domestic copper prices fell by 2.5% quarter-on-quarter in Q2 2022. Prices are expected to be volatile in the coming quarters, given the fluctuation in demand and the potential for COVID-19 lockdowns in China. Concerns over the global economic outlook will contribute to further weakness in prices in the coming quarters.
 Steel prices - Steel rebar - Flat steel	-5.4% ↓ -2.5% ↓	High	Steel prices fell in the latter part of Q2 2022 in response to slower demand in domestic and international markets. Some large steel producers in Taiwan are expected to reduce steel prices further from August 2022. A decline in iron ore prices will help to contain steel price inflation in the short term.
 Cement Concrete	+2.0% ↑ +0.9% ↑	Moderate	Cement prices increased by over 9% quarter-on-quarter in Q2 2022, with the rise primarily due to higher energy prices as a result of the Russia-Ukraine conflict, as well as strong demand in the construction industry. Price rises in the coming quarters are expected to be far less sharp, though robust construction activity will generate upwards pressure on prices in the second half of the year.
 Asphalt	-1.0% ↓	Moderate	Asphalt prices are primarily influenced by the price of crude oil, with asphalt prices trending upwards in H1 2022, as oil demand strengthened. Given crude oil prices are likely to fall back H2 2022, asphalt prices are expected to show a downward trend from recent highs.

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.

Taiwan - Commodity Report



Construction cost index 2015-2021



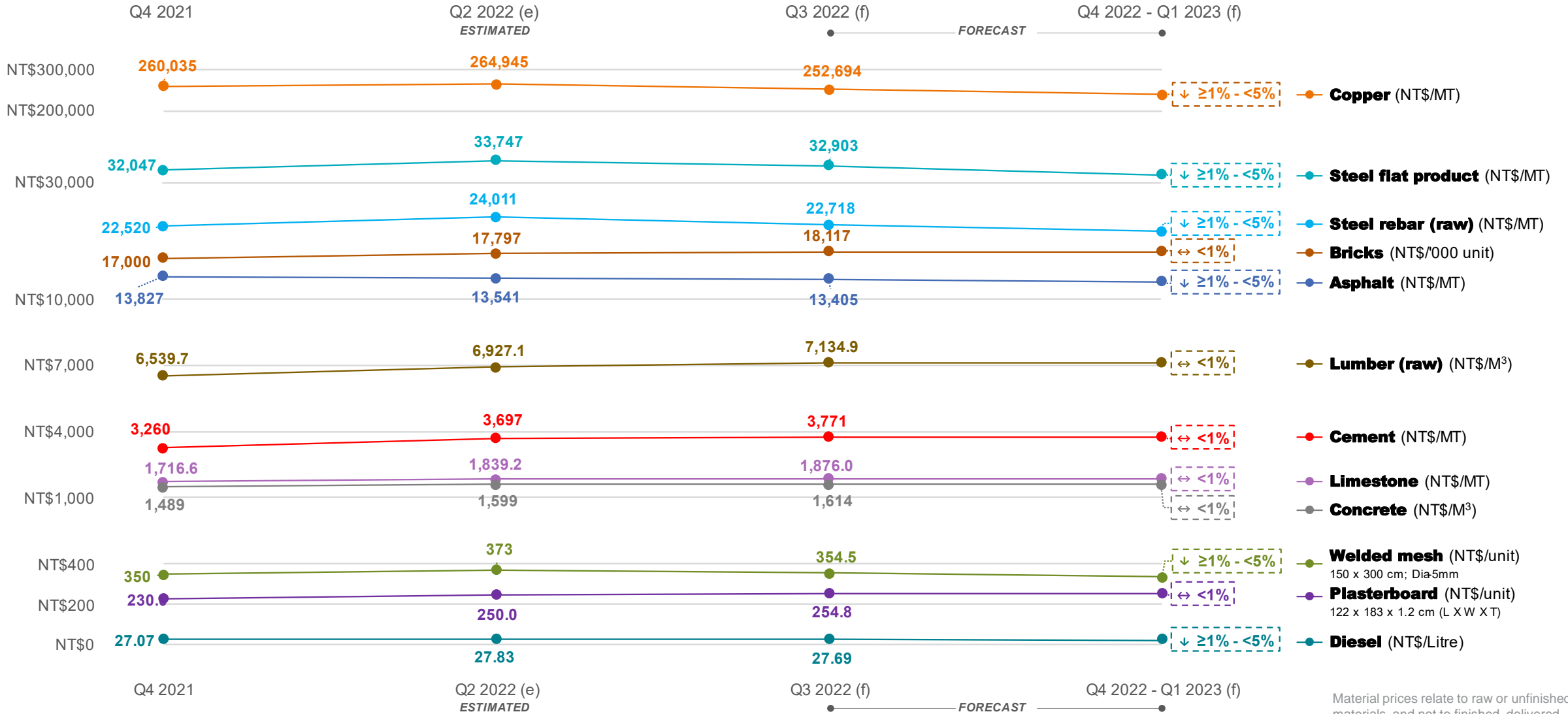
Knoema World Data Atlas

Index of economic freedom 78.6 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Limestone	+2.0% ↑	Low	Limestone prices remain considerably less volatile than those of other construction materials, and prices are to remain stable in H2 2022.
 Lumber	+3.0% ↑	Moderate	Lumber prices are expected to continue to rise in the short term, owing to increased shipping and logistical costs, as fuel prices increase. Robust demand for residential construction will generate additional upwards pressure on lumber prices in the coming quarters.
 Welded mesh	-5.0% ↓	High	Given that welded mesh prices are predominantly influenced by the price of steel and steel prices are expected to decrease moderately in the second half of 2022, welded mesh prices are likely to decline in the same period.
 Bricks	+1.8% ↑	Moderate	Brick prices increased steadily in H1 2022, owing to rising energy and freight costs. On a quarterly basis, prices recorded an increase of approximately 5-7%. Demand is expected to remain robust in H2, with the floor area of construction commencements up approximately 30% year-on-year as of May. However, price increases are expected to moderate in comparison to their rise in H1 2022.
 Plasterboard	+1.9% ↑	Low	Plasterboard recorded similar price increases to brick (5-7% on a quarterly basis), and H2 demand is expected to remain high, although price increases will moderate.
 Diesel	-0.5% ↓	Moderate	While fuel prices have risen due to sanctions on Russia, intervention by the Taiwanese government to stabilise fuel prices and maintain them below neighbouring economies has kept domestic diesel prices from surging. The state-owned refiner, CPC, has incurred losses of approximately \$1.9 billion, absorbing fuel price increases in H1 2022. The price of diesel is expected to remain close to recent highs in the coming quarters.

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Taiwan - Construction Materials Pricing (2021-2022)



Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

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Taiwan - Report methodology



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

Sample sources – Taiwan

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

- IMF
- National Statistics
- Department of Statistics
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





UAE

Country Commodity Report

Q2 2022



UAE

Q2 2022

The Ministry of Economy released its latest estimates in March 2022, forecasting 5-6% economic growth in 2022. The IMF's April 2022 forecast for the year is 4.2% growth. Inflation will weigh on growth, having increased in Q1 by 3.35%. The Purchasing Manager's Index fell from 55.6 in May to 54.8 in June, as these inflationary pressures impacted the non-oil economy.

Construction is anticipated to grow by 3.8% in real terms in 2022, although output is expected to remain below pre-pandemic levels for the moment. The market has seen low base effects and pent-up demand, with infrastructure development expected to drive growth in the coming years. However, inflation will weigh on industry growth, as will supply chain challenges and the current geopolitical climate globally.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Reflecting its reliance on imports, prices for lumber have been impacted by global supply disruptions. Most imports are sourced from Europe and North America.



Cement and aggregates

Cement production in the UAE far outweighs its domestic consumption, with much of its production exported. This will soften the impact of supply chain disruption on domestic prices to some degree. However, rising raw material and energy costs are expected to drive moderate price growth in the coming quarters. Further upward pressure will be generated by increased cement demand from the construction industry, as economic activity continues to strengthen, with non-oil GDP rising by 6.1% year-on-year in Q1 2022. Prices are expected to moderate towards the end of 2022 and into early 2023, as more restrictive monetary policy and inflationary pressures soften mortgage demand, weighing on cement demand in the residential construction sector.



Concrete blocks and bricks

Economic growth and real estate activity strengthened significantly in Q1 2022, with residential sales up 83.4% year-on-year in Dubai. Considerable housing demand and strong economic growth are expected to stimulate an improvement in residential construction works, driving demand for, and increasing prices of, bricks and concrete blocks. Price rises may soften towards the end of the year,

as rising interest rates weigh on mortgage demand. Prices will, however, be underpinned by robust business loan demand, with leading indicators suggesting credit demand will remain strong into the September quarter, which will result in an increase in wider construction activity in the latter half of this year.



Steel (rebar and structural)

Steel prices soared in the UAE up to May 2022. This reflected moves by companies, such as Emirates Steel Arkan Group, which announced a 20% increase in the domestic rebar prices effective April 1st 2022, owing to the surge in the international raw materials prices stemming from the disruption caused by the Russia-Ukraine conflict. However, prices started to fall back at the end of Q2 2022, in part reflecting weaker global demand.



Copper

Global copper prices surged in March 2022, driven by historically low global inventories and intense demand, due to fears of supply disruption due to the Russia-Ukraine conflict. Copper prices in the UAE are expected to remain elevated over the course of this year, driven by robust loan demand and borrowing in the construction and manufacturing industries. A further driver comes in the form of a recovery in copper demand in China, as lockdown restrictions are eased and infrastructure spending ramps up. Towards the end of the year and into early 2023, however, slowing global economic growth will soften copper demand, exerting downwards pressure on prices.

UAE - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	AED	% change
Copper (AED/MT)	36,704	-1.6% ↓ ■
Steel rebar (AED/MT)	2,646	11.0% ↑ ■
Steel flat (AED/MT)	3,060	3.4% ↑ ■
Lumber (AED/M3)	660	4.8% ↑ ●
Asphalt (AED/MT)	1,929	4.5% ↑ ●
Limestone (AED/MT)	454	0.9% ↑ ■
Cement (AED/MT)	219	1.6% ↑ ●
Concrete (AED/M3)	231	12.2% ↑ ●
Welded mesh (AED/unit)	92.74	14.7% ↑ ●
Bricks (AED/'000 unit)	1,717	13.3% ↑ ●
Plasterboard (AED/unit)	14.01	2.8% ↑ ●
Diesel (AED/litre)	4.07	41.8% ↑ ●

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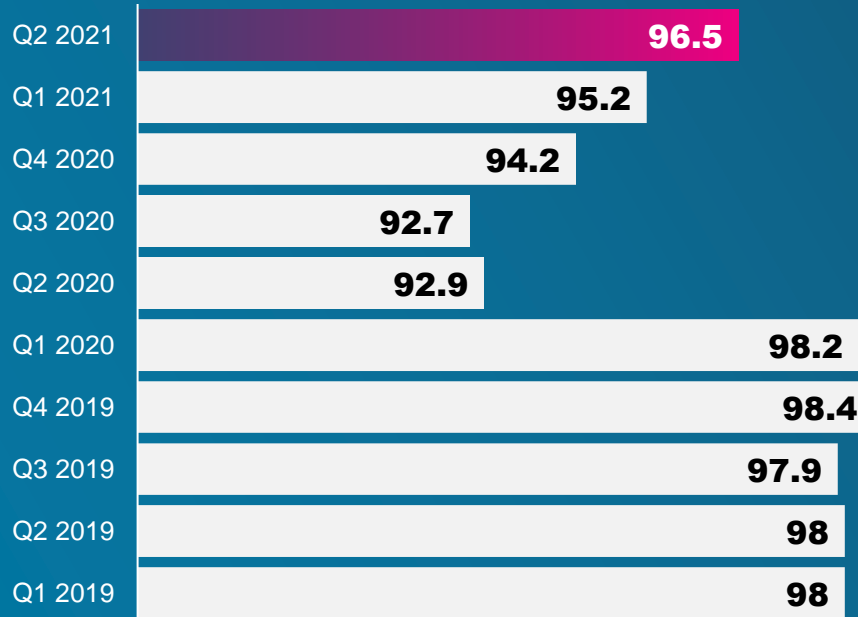
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.5% ↑	Moderate	Copper prices have been volatile in recent months, reflecting weak demand and economic uncertainty in major copper consuming countries, including the impact of further COVID-19 lockdowns in China. Copper prices will continue to reverse from the sharp rise earlier in the year, but upward pressure will still come from the green energy sector and the likely pick-up in demand in China.
 Steel prices - Steel rebar - Flat steel	-11.1% ↓ -9.9% ↓	High	Having soared to new highs from March to May, reflecting major disruptions in supply and soaring production costs, steel prices dropped back in June and look set to weaken steadily amid growing concerns over demand.
 Cement Concrete	+0.8% ↑ +0.5% ↑	Moderate	Input costs for cement have been increasing amid rising energy prices. There is also strong demand from the construction industry, supported by demand for residential buildings, coupled with investments in residential projects as part of the Sheikh Zayed Housing Programme. Prices for cement-related products will remain relatively high in the coming quarters.
 Asphalt	+1.5% ↑	Moderate	High global oil prices have put upward pressure on the price of bitumen, which in turn has contributed to the recent jump in asphalt prices. With oil prices easing back, there is set to be a steady reversal in prices in the coming quarters. However, demand will be supported by a strong pipeline of transport infrastructure projects planned under the 'Traffic and Transportation Plan 2030', including plans to expand roads and public transport routes.
 Limestone	+1.0% ↑	Low	Limestone demand is primarily met through domestic production, and the price fluctuation has mainly reflected a recovery in demand and increase in production costs.

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UAE - Commodity Report








Construction cost index (Base: 2013=100)



Knoema World Data Atlas

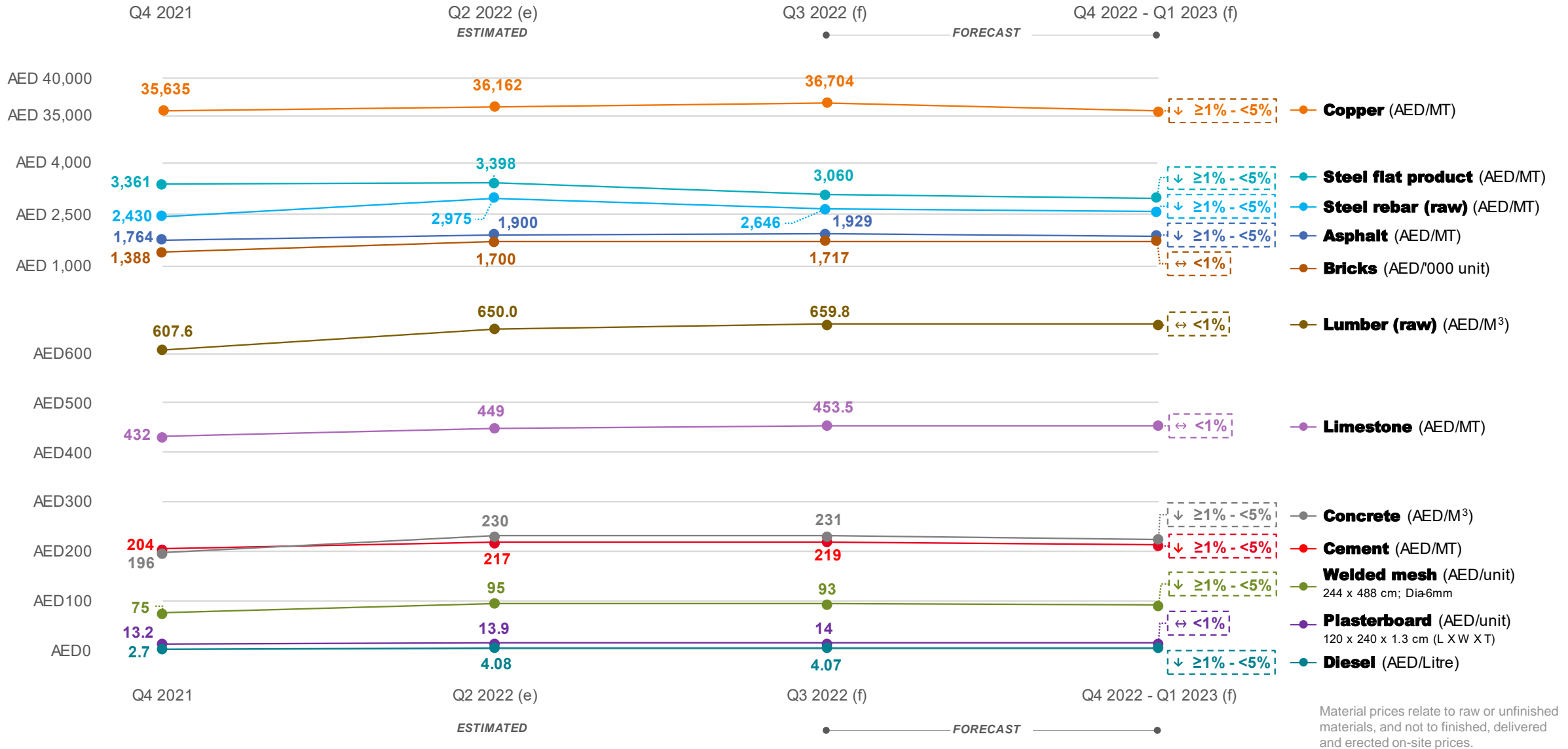
Index of economic freedom 70.20 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.5% ↑	Moderate	The increase in lumber prices has mainly been due to an increase in logistics and transportation costs, and despite some drops in other markets, prices are set to remain close to recent highs domestically.
 Welded mesh	-2.0% ↓	High	The price trend for welded mesh is heavily impacted by the price of steel. Hence, a similar trend as that mentioned above is expected for mesh products.
 Bricks	+1.0% ↑	Moderate	Improving demand for housing construction, combined with higher energy costs, will keep prices for blocks and bricks at relatively high levels.
 Plasterboard	+1.0% ↑	Low	Plasterboard prices have edged upwards in recent quarters amid an improvement in demand stemming from a pick-up in residential construction works, and a brighter outlook for the commercial sector will be a factor in maintaining demand growth momentum.
 Diesel	-0.4% ↓	Moderate	Amid high oil prices, diesel prices have soared, touching AED4.14 per litre in June. However, with increased production of crude oil by OPEC countries, the price of diesel will ease in coming quarters.

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UAE - Construction Materials Pricing (2021-2022)



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Primary and secondary research

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Sample sources – UAE

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

- IMF
- Statistics Center – Abu Dhabi
- National Bureau of Statistics (United Arab Emirates)
- Dubai Statistics Center
- GlobalData's Construction Intelligence Center (CIC)
- The Ministry of Economy

Linesight 





United Kingdom

Country Commodity Report

Q2 2022



United Kingdom

Q2 2022

Following a sluggish start to the year for the UK economy, including some month-on-month contractions, the most recent data from the Office for National Statistics (ONS) indicates growth of 0.5% for May, with year-on-year growth of 3.5%. GDP is now estimated to be around 1.7% above its pre-pandemic level. Consumer price inflation hit a 40-year high as of May at 9.1% (up from April's 9%) - the highest rate of the G7.

Construction continued on an upward trend, posting its seventh consecutive month of output growth in May at 1.5%. This now constitutes the highest level since monthly records began in 2010, according to the ONS, and is over 4% above the pre-pandemic figure. However, as is the case worldwide, downside risks remain with the current geopolitical climate exacerbating material price volatility, inflation, high energy costs and supply chain constraints. There are also more local political considerations at play, with the government's long-term investment strategy currently unclear.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Following the surge in timber prices and a squeeze on stocks in 2021, import demand picked up sharply in Q1 2022. According to the Timber Trade Federation, hardwood import volumes increased by 30% year-on-year in Q1 2022, the highest Q1 import volume recorded this century. Prices had been easing throughout Q1, but have since trended upwards. High transportation costs will be a factor in keeping prices at relatively high levels, but any softening in residential construction will help to contain inflationary pressures.



Cement and aggregates

Shortages in supply and high demand contributed to rising prices for cement in 2021, while the upward trend this year is in part a reflection of the surge in energy prices that has pushed up production costs. Sand and gravel production has been picking up, with production in Q1 2022 being the highest since Q4 2019.



Concrete blocks and bricks

Owing to the energy-intensive production, prices for blocks and bricks will remain high in 2022, given the expectation of a surge in energy costs. Longer lead times can be expected for bricks and aircrete blocks, according to the Construction Leadership Council, which has also previously warned that the UK will remain reliant on imports (mainly from the EU) to meet high demand levels, given that domestic production is already at full capacity.



Steel (rebar and structural)

The escalation in steelmaking costs amid the surge in energy prices has resulted in continued high price levels for steel in H1 2022. Prices have since fallen, and the outlook contains a high degree of uncertainty and volatility given the ongoing Russia-Ukraine conflict, with both Ukraine and Russia being major suppliers of steel products and inputs. To support UK producers, the government extended existing tariffs in June 2022 on five categories of steel until June 2024 - a move that risks breaching WTO rules.



Copper

The copper market has remained volatile, with prices fluctuating sharply in recent quarters reflecting marked changes in demand and supply, as well as in the wider macroeconomic environment. Weak demand in China amid lockdowns in major cities, as well as growing fears of economic recession, have contributed to a recent decline in copper prices.

United Kingdom - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	£	£	2021-22* % change	% change
Copper (£/MT)	6,242	6,846	-8.82% ↓	1.6% ↑ ■
Steel rebar (£/MT)	689	504	36.70% ↑	21.4% ↑ ●
Steel flat (£/MT)	791	626	26.42% ↑	16.7% ↑ ●
Lumber (£/M3)	70.80	67.70	4.52% ↑	12.7% ↑ ●
Asphalt (£/MT)	535	545	-1.83% ↓	-0.2% ↓ ■
Limestone (£/MT)	39.69	38.50	3.09% ↑	-12.5% ↓ ●
Cement (£/MT)	209	186	12.33% ↑	4.5% ↑ ●
Concrete (£/M3)	129	110	17.64% ↑	4.1% ↑ ●
Welded mesh (£/unit)	44.37	33.00	34.47% ↑	24.1% ↑ ●
Bricks (£/'000 unit)	1,062	876	21.18% ↑	6.7% ↑ ●
Plasterboard (£/unit)	8.41	7.30	15.22% ↑	5.5% ↑ ●
Diesel (£/litre)	1.95	1.36	43.26% ↑	15.8% ↑ ●

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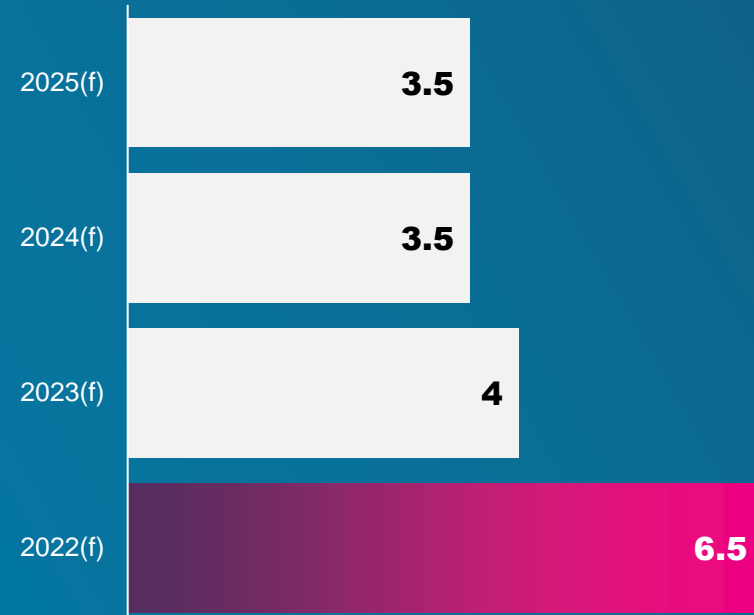
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-17.6% ↓	Moderate	The copper market has weakened recently, with prices trending downwards reflecting the US dollar strengthening and the Chinese lockdowns that hit consumption. Underlying copper demand will also continue to be strengthened by investment in electric vehicle manufacturing and associated charging infrastructure, and energy costs will remain high. However, prices are set to fall below the highs of 2021 in the coming quarters.
 Steel prices - Steel rebar - Flat steel	-3.5% ↓ -3.9% ↓	High	After rising sharply in Q2 2022, steel prices have dropped back and the outlook is clouded by uncertainty stemming from the Russia-Ukraine conflict. Global demand weakened amid the recent COVID-19 lockdowns in China, but high energy costs and supply side disruption will be a factor keeping prices relatively high. High inflation and increased interest rates present some downside risk for new construction investment.
 Cement Concrete	+2.5% ↑ +2.0% ↑	Moderate	Owing to the energy intensity of concrete and cement production, the recent surge in energy costs has pushed prices up. However, a weakening in demand growth as construction industry output slows will contain inflationary pressures in the coming quarters.
 Asphalt	+1.0% ↑	Moderate	Bitumen demand is primarily met through imports, and with crude oil prices at current high levels amid the disruption caused by the Russia-Ukraine conflict, asphalt prices are expected to rise from current highs. Demand will also be propped up with investment in road construction projects. In 2021, new orders for road construction projects reached £2.7 billion, up from £1.2 billion in 2020. Due to the expected increase in crude oil output, the price of fuels and related products is expected to decline in the coming quarters.
 Limestone	+0.8% ↑	Low	Limestone demand is primarily met through domestic production. However, high production costs will be passed on to customers, keeping prices high in 2022.

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United Kingdom - Commodity Report



Linesight tender price change forecast (%), 2022-2025



Knoema World Data Atlas

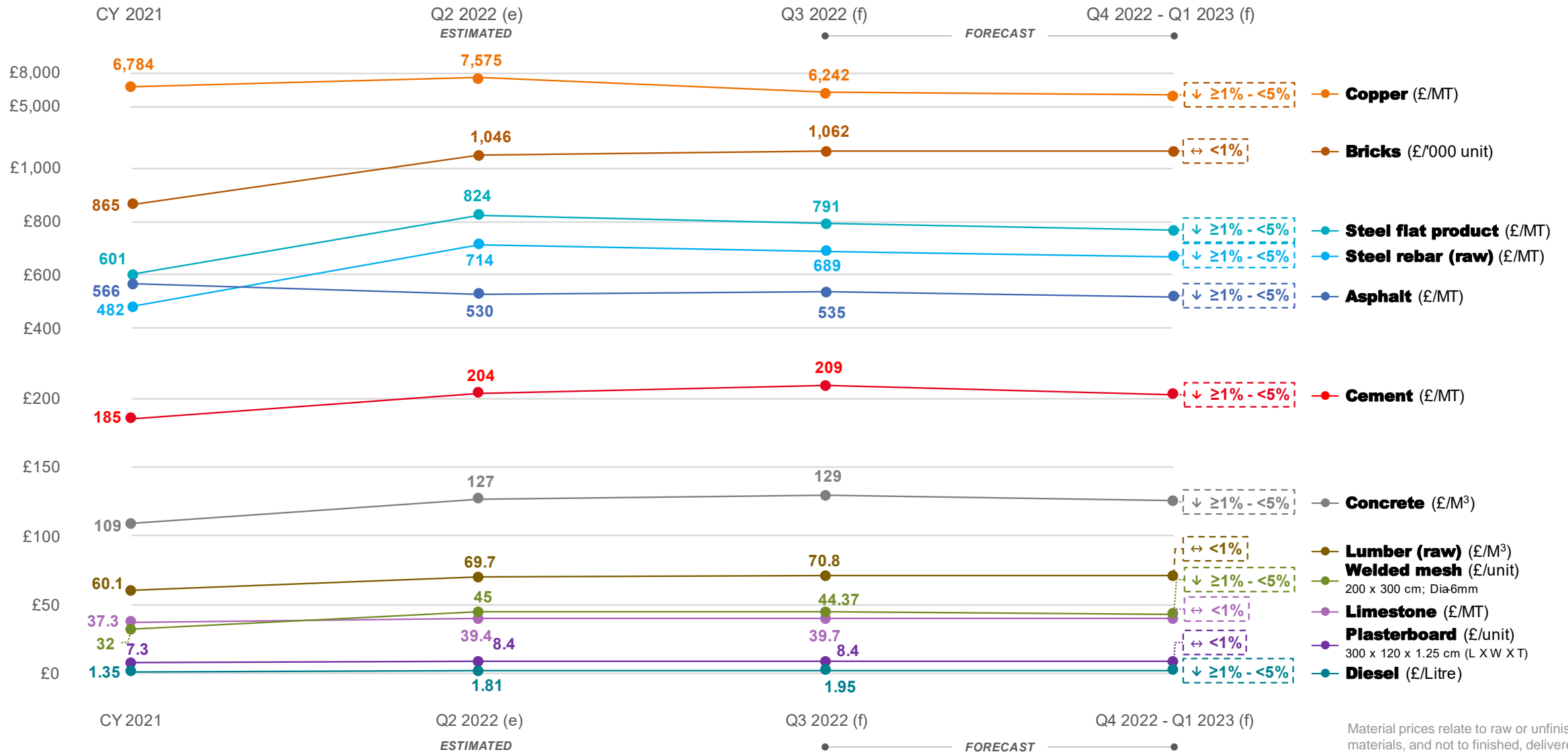
Index of economic freedom **78.4 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.5% ↑	Moderate	Having eased in early 2022 following the surge in prices during 2021, lumber prices again turned upwards in Q2 2022, impacted by supply disruptions and sharp rises in transportation costs. Challenges in distribution will prevent a marked easing in prices, but risks of an economic downturn could impact the residential markets and weaken demand.
 Welded mesh	-0.5% ↓	High	The price trend for welded mesh is closely linked with the price of steel. Hence, a similar price trend is expected for mesh products.
 Bricks	+1.5% ↑	Moderate	Demand for bricks will remain strong given ongoing high levels of construction output in the UK. Although production levels picked up throughout 2021, stocks were also being run down to meet demand. Stocks stood at 283 million in April 2022, close to the average for 2021, but down from 362 million on average in 2017-2020. A combination of ongoing strong demand and upward pressure on production costs stemming from rising energy prices will underpin higher prices in 2022.
 Plasterboard	+0.5% ↑	Low	Prices edged upwards in 2021 amid shortages in supply and a surge in demand. Although there will be greater stability in the coming quarters in the demand-supply balance, higher energy and transportation costs will keep prices elevated.
 Diesel	+7.6% ↑	Moderate	Diesel prices continued on a steep upward trend throughout Q2 2022, owing to rising crude oil prices. As of late June, prices were hovering around £1.95 per litre. Prices will remain high in comparison to pre-COVID levels in the coming quarters, but there will be a high degree of volatility. However, as crude oil prices fall, diesel prices should start to ease.

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United Kingdom - Construction Materials Pricing (2021-2022)



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United Kingdom - Report methodology



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Sample sources – United Kingdom

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- IMF
- ONS
- Gov.uk
- GlobalData's Construction Intelligence Center (CIC)
- BCIS

Linesight 





United States

Country Commodity Report

Q2 2022



United States

Q2 2022

The US economy recorded a contraction in Q1 2022 for the first time since Q2 2020, with the Bureau of Economic Analysis' third estimate showing a decline of 1.6 percent, reflecting a fall-off in exports, federal, state and local government spending, and private investment. In June, the Federal Reserve approved the largest interest rate hike in over 25 years, in a bid to curtail US inflation, which has hit a 40-year record high. Concerns continue to mount about the impact this will have on employment and overall economic health, with two previous interest rate increases having failed to stem the gathering momentum of inflation rates. The dollar and euro reached parity in July for the first time since 2002.

The US's aggressive monetary policy is also impacting construction, with a 0.1 percent decline in industry spending in May, following a 0.8 percent increase in April. Downside risks include the current global geopolitical climate, driving material price volatility, high energy costs and supply chain constraints.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Volatility in the lumber market has remained in 2022; following a substantial uptick in prices earlier this year, prices then fell sharply in early summer. This is the result of a sustained rise in interest rates in the first five months of 2022 and falling real incomes, with pressure on lumber markets easing as demand from the residential sector was expected to fall. However, although demand has substantially decreased, the supply side remains tight; tariffs placed by the US on Canadian suppliers, labor shortages, increased lead times and low stocks will keep some upward pressure on prices.



Cement and aggregates

Higher energy and crude oil prices have driven up the cost of production for asphalt, which combined with steady demand over 2021 and early 2022, and has been passed directly onto end users. However, domestic demand is faltering, which will have a dampening effect on prices, as residential demand subsides due to rising interest rates and infrastructure spending is delayed, which will only be realized towards the end of 2022 and into early 2023. As infrastructure spending starts to ramp up, concrete and cement prices are expected to resume their long-term upward trend.



Concrete blocks and bricks

High price growth in 2021 was supported by strong demand from the residential sector and restricted supply. In 2022, easing pressure from residential demand will likely quell price growth. However, existing fragilities remain. Elevated input costs, with high energy and limestone prices will support a moderate price rise to the end of 2022.



Steel (rebar and structural)

Steel prices have eased at the onset of the summer. Demand has subsided as fears of an economic downturn and lockdowns in China have dampened market expectations, and a recovery in domestic supply has put further negative pressure on prices. However, disruption from the Russia-Ukrainian conflict will stay prevalent, and the supply of pig iron and semi-finished products will likely stay restricted over the rest of the year, which will keep prices above pre-pandemic levels. Infrastructure spending from the US and other major economies will likely rise towards the end of the year, and will prop up demand in the medium term.



Copper

Copper prices have seen a sudden drop in recent months, after a greater than expected increase by the Federal Reserve and COVID-19 related lockdowns in China. Markets are anticipating a slowdown, thus driving down demand in the short term, and consequently, prices. However, ongoing protests and strikes in Peru and Chile, which make up approximately 45% of global copper production, has restricted trade. Demand over the medium to long term will be strong, as 'net zero' targets and continued investment in electric vehicles, as well as renewable energy production and storage will drive demand and price growth.

United States - Commodity Report



Materials	Q1 2022 - Q2 2022 (e)	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)	
	% change	US\$	US\$	2021-22* % change
Copper (US\$/T)	-4.7% ↓ ●	7,696	9,505	-19% ↓
Steel rebar (US\$/T)	8.2% ↑ ●	1,011	1,039	-3% ↓
Steel flat (US\$/T)	10.6% ↑ ●	1,851	1,819	2% ↑
Lumber (US\$/cu.ft.)	-22.2% ↓ ●	10.50	6.92	52% ↑
Asphalt (US\$/T)	24.8% ↑ ●	634	426	49% ↑
Limestone (US\$/T)	4.5% ↑ ●	28.30	26.00	9% ↑
Cement (US\$/T)	4.2% ↑ ●	128	127	0% ↔
Concrete (US\$/CY)	4.2% ↑ ●	111	132	-15% ↓
Welded mesh (US\$/unit)	8.2% ↑ ●	242	170	42% ↑
Bricks (US\$/'000 unit)	18.5% ↑ ●	814	650	25% ↑
Drywall (US\$/unit)	5.5% ↑ ●	12.38	10.83	14% ↑
Diesel (US\$/gallon)*	27.9% ↑ ●	5.02	3.36	49% ↑

* Denotes that this is a US average cost, and will vary across states and regions within the US

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

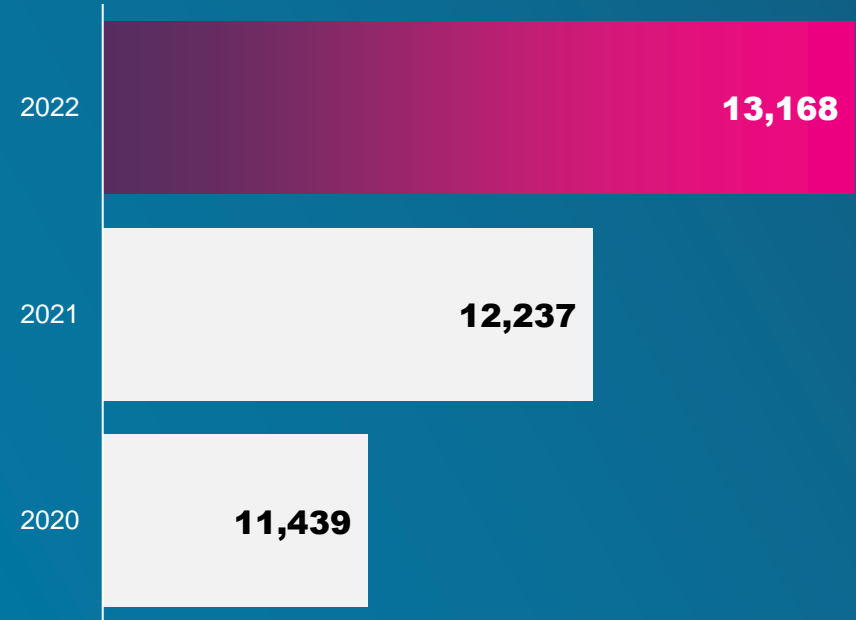
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-12.8% ↓	Moderate	Rising US interest rates have pushed the dollar to its strongest point in two decades, making dollar-priced metals more costly for non-US buyers and dampening demand. Copper prices declined heavily as central banks began to raise rates rapidly to quell decade-high inflation, sparking fears of an economic downturn. The spike in COVID-19 cases in China, a potential weaker economic performance and rising inventories have also weighed on investor sentiment.
 Steel prices - Steel rebar - Flat steel	-5.0% ↓ -4.5% ↓	Moderate	The World Steel Association recently revised its forecast for global steel demand this year to an annual increase of 0.4 percent, down from an estimate of 2.2 percent growth, largely due to expectations of a global economic slowdown and COVID-19 lockdowns in China. However, demand is expected to pick up in 2023, as large-scale infrastructure will drive demand through the medium to long term. In the US, a total of US\$550 billion in new infrastructure spending is planned over the next five years under the President's Infrastructure Investment and Jobs Act. This includes the 'Buy American' clause, restricting buyers to purchasing steel from US suppliers, which will likely drive up domestic prices further. Supply is expected to remain tight and prevent prices from falling below pre-pandemic levels, as the Russia-Ukraine conflict causes huge disruption to the imports of pig iron and semi-finished steel.
 Cement Concrete	+0.8% ↑ +0.8% ↑	Moderate	US cement consumption is forecasted to decline from 4.1 percent growth in 2021 to 1.2 percent in 2022, and 0.8 per cent in 2023 (Portland Cement Association). Cement consumption growth was solid in the Southwest and the East in 2021, driven by low mortgage rates and high residential construction. Although the demand outlook has worsened, owing to higher energy costs, prices will remain high in 2022.
 Asphalt	+0.9% ↑	Moderate	Infrastructure construction was relatively weak in 2021, but the upward trend in crude oil prices contributed to the high levels of pricing for asphalt. As infrastructure spending ramps up, demand for asphalt will rise, and the upward trend in prices will be compounded by rising crude oil prices.

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

United States - Commodity Report



US - construction cost index (July of each year)



Knoema World Data Atlas

Index of economic freedom 77.8 out of 100

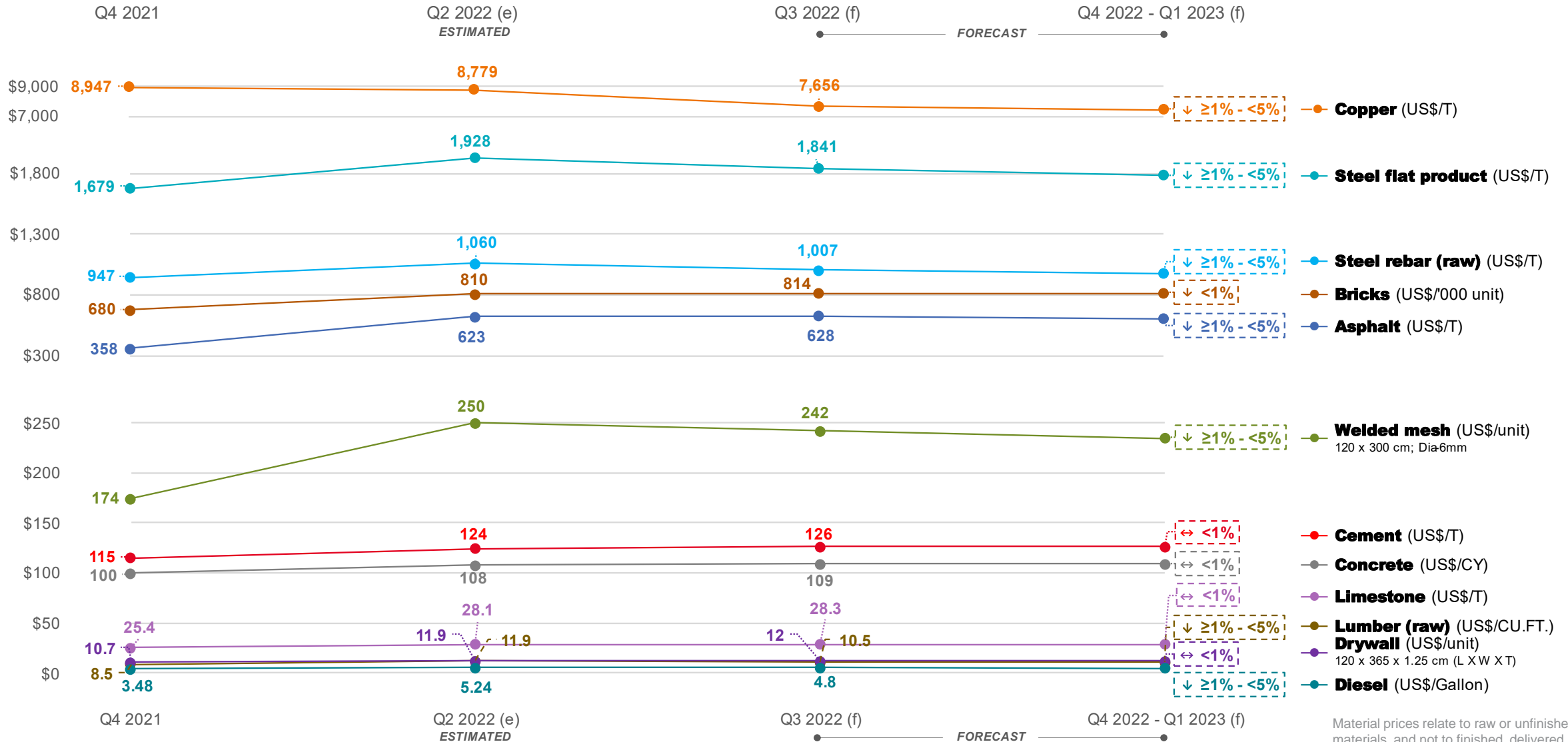
This index compares countries on economic freedom, which is determined by a society in which people are free to work, produce, consume, and invest in any way they please, with that freedom both protected by the state and unconstrained by the state. The maximum score is 100.

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 Limestone	+0.8% ↑	 Moderate Limestone prices will remain stable in 2022, due to growing demand across several industries, in addition to tight supplies.
 Lumber	-12.0% ↓	 High Having eased back, prices more than doubled between mid-November last year and early March 2022. However, prices have since dropped significantly - a greater than expected increase in interest rates by the Federal Reserve has driven up the cost of mortgages, and consequently, has had a negative effect on demand. Although prices are falling, supply-side issues remain, stemming from an increase in tariffs on lumber imports from Canada, which has more than doubled to 17.99%, and continued disruptions from labor shortages at sawmills, as well as transportation and logistical challenges.
 Welded mesh	-3.1% ↓	 Moderate The rise in demand in the early stages of the year for mesh products was down to residential construction, combined with constrained supply chains due to the Russia-Ukraine conflict. The price of mesh will fall further in the coming quarters due to economic slowdown fears.
 Bricks	+0.5% ↑	 Low The double-digit expansion in residential construction work in 2020 and 2021 has contributed to a steady rise in brick and drywall prices. Continued demand, along with restocking efforts by building material suppliers, will keep prices at relatively high levels in 2022. Elevated fuel and production costs will also support prices over the rest of the year.
 Drywall	+0.6% ↑	
 Diesel	-8.5% ↓	 High After crude oil prices skyrocketed past \$100 a barrel upon the outbreak of the Russia-Ukraine conflict, diesel prices followed suit; according to the U.S. Energy Information Administration, diesel prices averaged \$4.91/gal in H1, up from \$3.06/gal year-on-year. However, oil markets have cooled recently, but remain volatile due to recession expectations and uncertain supply levels.

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

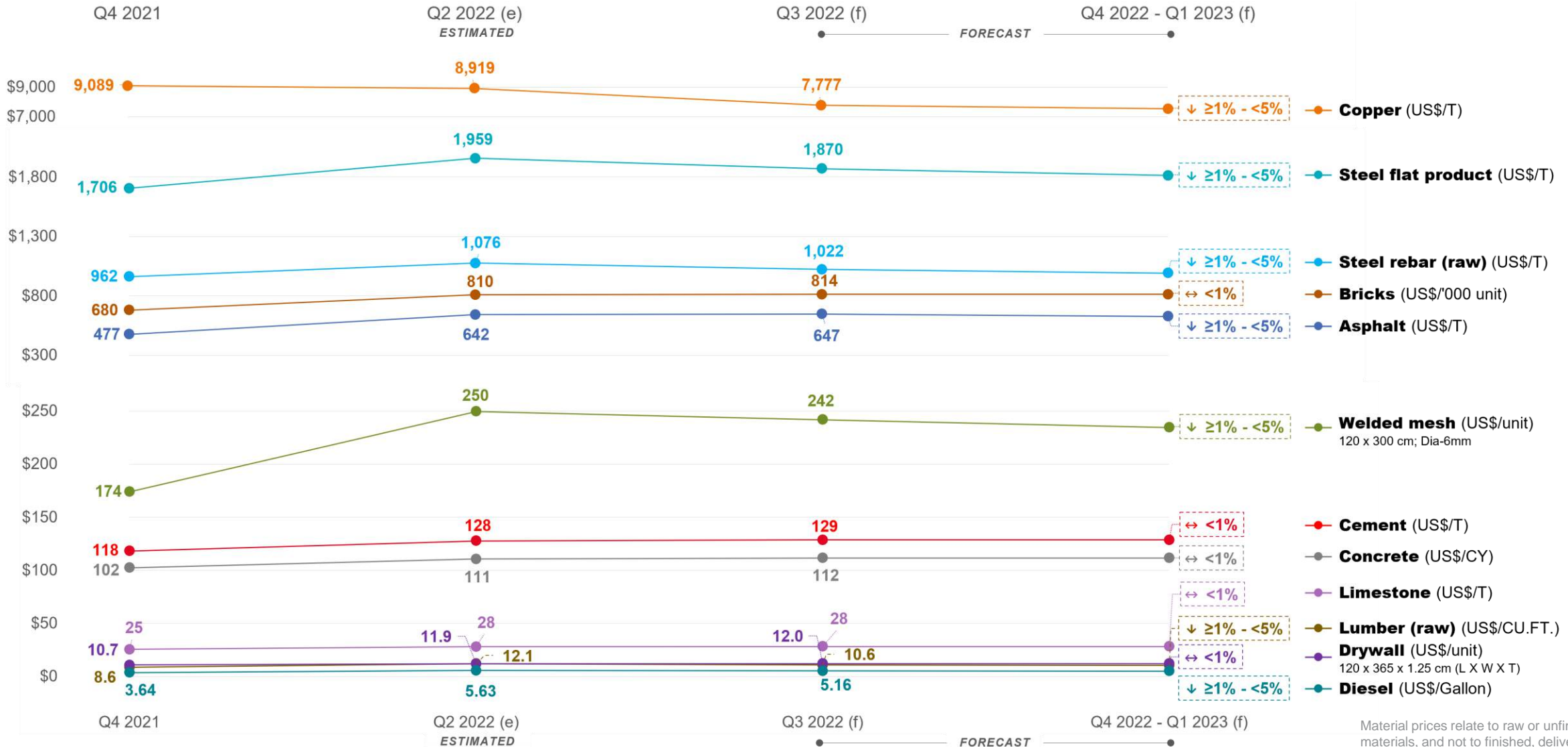
Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price,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

US Central - Construction Materials Pricing (2021-2022)



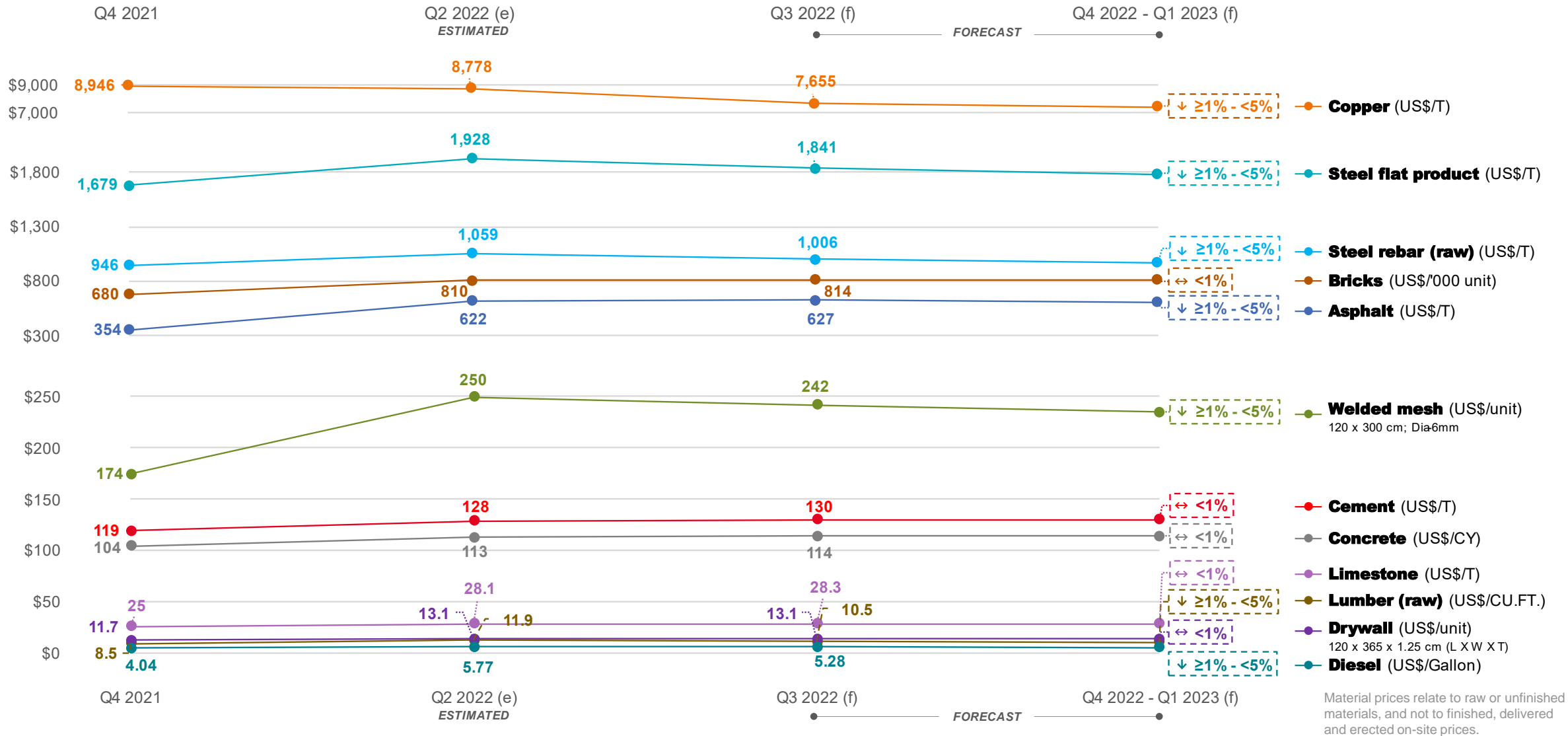
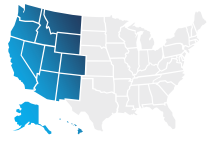
Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

US East - Construction Materials Pricing (2021-2022)



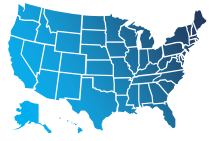
Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

US West - Construction Materials Pricing (2021-2022)



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.

United States - 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 labor prices, in addition to underlying demand and supply trends that will impact market prices.

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

Definitions

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

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

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

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

Sample sources – United States

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

- ENR
- IMF
- US Bureau of Labor Statistics
- GlobalData's Construction Intelligence Center (CIC)
- Federal Reserve Economic Data
- Bureau of Economic Analysis

Linesight 

