



APAC and GCC

Country Insights and
Commodity Reports

Q1 2023 A series of six white icons representing various industrial and economic concepts: a factory, a building, a gear, a group of people, a network of nodes, and a percentage sign.

APAC and GCC Country Commodity Reports



APAC and GCC

- Australia
- Hong Kong
- India
- Japan
- Singapore
- South Korea
- Taiwan
- UAE



Australia

Country Insights and Commodity Report

Q1 2023      

Australia

Q1 2023

In Q4 2022, Australia's economic growth decelerated due to rising interest rates and high inflation, although trade improved. The annual growth rate for 2022 was 3.7%, down from 5.2% in 2021. RBA predicts that economic growth will slow to 1.5% by the end of 2023 due to rising interest rates, high living costs, and declining incomes. However, the rebound in tourism and education-related travel is expected to support growth in coming years. Inflation is also gradually easing, with the annual Consumer Price Index standing at 7% in the March quarter, 80 points lower than the December quarter last year.

Australian construction industry is predicted to decrease by 2.6% in real terms, following a 0.6% increase in 2022. Supply chain problems, labour constraints, and the country's residential sector's persistent difficulties all weighing on the industry's growth. Nonetheless, due to the government's sustained emphasis on infrastructure development, the industry is predicted to grow at a 3.1% annual rate from 2024 to 2027. Another sector that is seeing investment, particularly in health, education, and research projects, is the institutional sector, which is expected to expand by 8.8% in 2023.



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Lumber

New residential construction activity, a leading indicator for lumber demand, continued to decline in early 2023, with the number of private sector houses approved falling to an 11-year low of 7,560 in January 2023. With this trend expected to continue through this year, lumber prices are expected to plateau, with the fall in demand in the residential construction sector offsetting upwards pressure on prices generated by tariffs on imported Russian and Belarussian timber and demand from the non-residential construction sector.



Cement and aggregates

Government's wholesale price cap on natural gas and thermal coal and a projected decline in overall construction activity in Australia this year is expected to see cement prices trend downwards. Coal remains the primary energy source used by Australia's cement manufacturers, with the cap expected to result in an appreciable reduction in costs. However, Labor's tightening of the Safeguard Mechanism, which will see many cement manufacturers required to reduce their CO₂ emissions by 4.9% per annum from July 2023, may generate some upwards pressure on prices.



Concrete blocks and bricks

Declining residential and commercial construction activity this year is expected to see demand for brick and concrete blocks moderate, weighing on prices this year. The AUD12 per gigajoule price cap on natural gas through the Energy Price Relief Plan will continue to generate

further downwards pressure on prices. However, worries in the Australian LNG industry over unintended compliance breaches of the plan, with energy deals being assessed on a case-by-case basis, may see some tightness of LNG supply to industry, preventing a large decline in brick and concrete block prices.



Steel (rebar and structural)

With risks of economic recession easing globally and many central banks coming to the end of their tightening cycles, manufacturing and construction output in China continuing to strengthen, and demand in the Australian civil engineering sector expected to remain robust this year, demand for steel is expected to rise in the coming quarters. A potential 2.5% cut in Chinese crude steel output this year will keep pressure on prices as supply tightens.



Copper

Robust demand in China, due to both a strengthening of manufacturing activity and its expansive investment in renewable energy and electricity grid infrastructure, and a brighter outlook for global economic growth is expected to see global prices trend upwards in the coming quarters. In Australia, spending on electricity infrastructure as part of Labor's Rewiring the Nation initiative and the beginning of construction works on the \$1.7 billion Townsville to Mount Isa transmission line development will keep domestic prices high this year.

Australia – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	AUS	AUS	2022-23 % change	% change
Copper (AU\$/MT)	13,235	13,677	-3.2% ↓	6.4% ↑ ●
Steel rebar (AU\$/MT)	902	1,027	-12.1% ↓	11.3% ↑ ●
Steel flat (AU\$/MT)	949	1,021	-7.1% ↓	11.0% ↑ ●
Stainless steel (AU\$/MT)	2,112	NA	NA	0.1% ↑ ●
Lumber (AU\$/M ³)	142	133	6.9% ↑	1.1% ↑ ●
Asphalt (AU\$/MT)	1,616	1,448	11.5% ↑	-1.6% ↓ ●
Limestone (AU\$/MT)	50.3	60.0	-16.3% ↓	0.0% ↔ ■
Cement (AU\$/MT)	547	518	5.7% ↑	0.0% ↔ ■
Concrete (AU\$/M ³)	332	326	1.8% ↑	0.2% ↑ ■
Welded mesh (AU\$/unit)	133	123	8.4% ↑	6.1% ↑ ●
Bricks (AU\$/000 unit)	1,508	1,691	-10.8% ↓	-8.1% ↓ ●
Plasterboard (AU\$/unit)	37.9	35.8	5.9% ↑	4.4% ↑ ●
Diesel (AU\$/litre)	2.0	2.1	-7.3% ↓	-9.7% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

Welded mesh: 600 x 240cm, dia.-6mm Plasterboard: 300 x 120 x 1cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.9% ↑	Low	Copper prices in Australia appreciated by in excess of 6% quarter-on-quarter in the first quarter of this year, though prices did slow towards the end of the quarter. With demand in China strengthening and global copper inventories at their lowest in over a decade, prices are expected to continue to rise. In Australia, weak building construction will somewhat soften the impact of the global increase in demand on domestic prices.
 Steel prices - Steel rebar - Flat steel	+2.2% ↑ +4.3% ↑	Low	Steel rebar and flat are estimated to have registered growth of more than 10% quarter-on-quarter in Q1 2023. Within the quarter, prices for both steel flat and rebar rose, being in excess of 7% higher in March 2023 than in January 2023. Stronger demand in China and robust demand in the Australian civil engineering sector have been the primary drivers of this price increase.
 Stainless Steel	+1.5% ↑	Low	With input prices, such as nickel and ferrochrome, rising on low inventories and stronger demand, stainless steel prices are expected to rise in the coming quarters. Higher iron ore prices, with demand in China expected to remain robust, will add yet further upwards pressure on stainless steel prices.
 Lumber	+0.3% ↑	Low	Lumber prices are estimated to have risen marginally in the first quarter of this year, increasing by 1.1% QoQ. However, with housing demand softening as high interest rates and inflation erode homebuyer demand, declining new residential construction is expected to see lumber prices plateau. Residential building approvals declined by 14.7% in 2022.
 Asphalt	-0.7% ↓	Low	Asphalt prices are estimated to have declined marginally in the first quarter of this year, primarily due to a fall in diesel prices during the quarter. Prices are expected to continue to decline in line with diesel prices, though the decline will be softened by healthy demand from the road infrastructure construction sector.
 Limestone	+0.5% ↑	Low	Limestone prices have remained stable and have not recorded any notable change in Q1 2023, in comparison to Q4 2022. Declining demand from the residential construction sector is expected to maintain prices at close to their current levels in the upcoming quarter.

Australia – Commodity Report



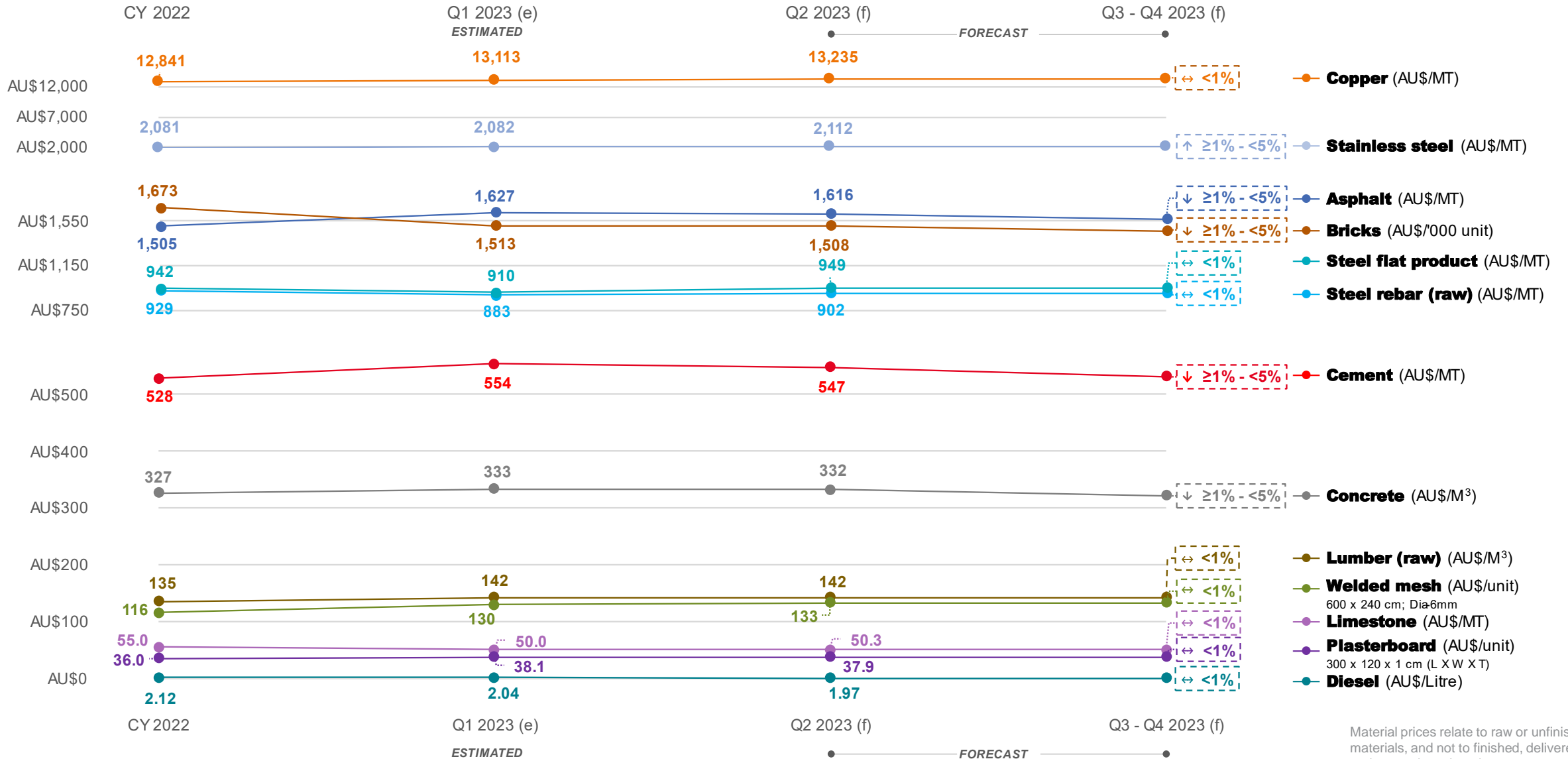
AIQS Building Cost Index 2020-2023(f) (1985=100)

Oct-23 (f)	391
Jul-23 (f)	386
Apr-23(f)	380
Jan-23	375
Oct-22	364
Jul-22	358
Apr-22	352
Jan-22	348
Oct-21	343
Jul-21	335
Apr-21	327
Jan-21	325
Oct-20	323
Jul-20	322
Apr-20	321
Jan-20	318

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-1.1% ↓ -0.4% ↓	Moderate	Cement prices remained stable in Q1 2023 and have not recorded any notable change from their Q4 2022 levels. In line with the negligible change in cement prices, concrete prices have also exhibited little change from the levels of Q4 2022. However, with overall construction activity expected to decline in Australia this year, cement and related product prices are expected to decline marginally in the coming quarters.
 Welded mesh	+2.1% ↑	Low	Welded mesh prices are estimated to have increased by in excess of 6% in the first quarter of this year, in comparison to Q4 2022, primarily due to an increase in steel rebar prices. Prices are expected to continue to rise in Q2 2023, by approximately 2.1% quarter-on-quarter, in line with the projected increase in rebar prices. An expected decline in construction activity in Australia will, however, soften the increase in prices this year.
 Bricks	-0.3% ↓	Moderate	Brick prices are estimated to have fallen by 8% in Q1 2023 compared to their Q4 2022 levels. This decrease in price is expected to have been due to a fall in new demand from the residential construction sector. With inflation expected to remain elevated in the short-term and interest rates high, demand from the residential construction sector is expected to continue to soften in the coming quarters.
 Plasterboard	-0.7% ↓	Low	Plasterboard prices are expected to have registered a moderate growth of approximately 3% in Q1 2023, in comparison to their prices in Q4 2022. Prices are expected to decline in the coming quarters however, with demand from the residential construction sector expected to soften as declining new residential investment weighs on construction activity.
 Diesel	-3.6% ↓	Low	In Q1 2023, diesel prices declined by 10% in comparison to their Q4 2022 price levels. The pace of decline slowed through the quarter, with the average diesel price in March 2023 falling 2.2% month on month, in February 2023 by 3.0%. With international crude oil prices set to stabilize around current levels, diesel prices are expected to remain just below AUD 2 per litre in 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. 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 – Construction Materials Pricing (2022-2023)



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

Australia – Macroeconomic overview



Economic indicators



1.60%

GDP growth in 2023 (f)
and **3.66%** in 2022



5.35%

inflation rate in 2023 (f)
and **6.62%** for 2022



13.71M

people employed in 2023 (f)
and **13.58 M** in 2022



3.96%

unemployment rate for 2023 (f)
and **3.71%** in 2022



132.60

Consumer Price Index in March
2023 and **123.90** in March 2022



124.40

Producer Price Index in March
2023 and **118.30** in March 2022

National holidays

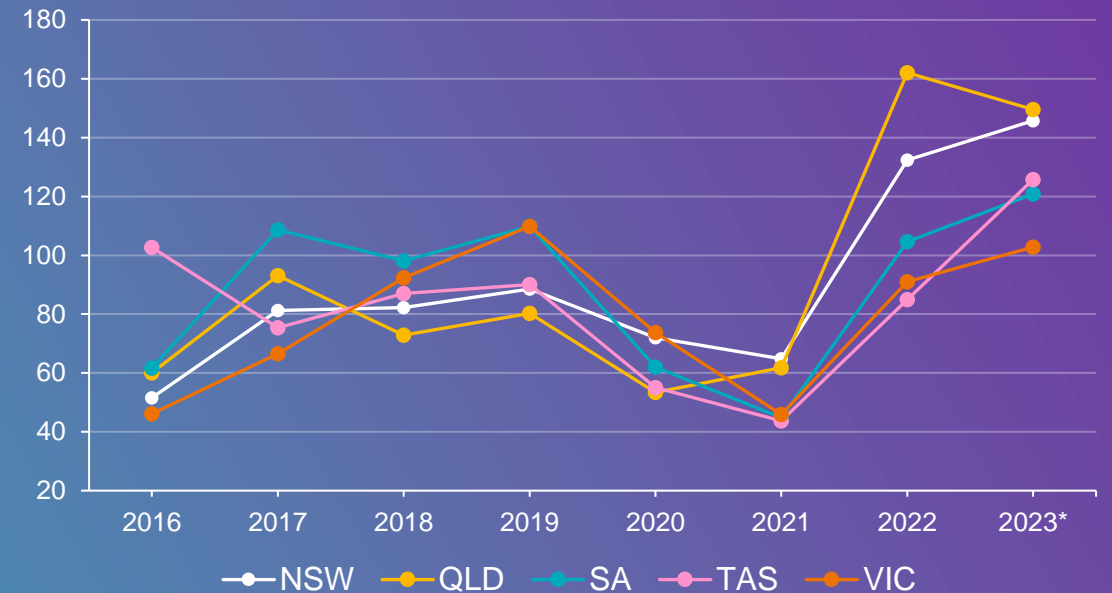


8 public holidays

in Australia, each year

Australia Energy Prices

Average wholesale spot energy price across national electricity market regions in Australia (AU\$/MWh)









Note:

* As of March 2023

Annual year refers to the financial year, not calendar year

Australia – Construction overview



Output 2022 and 2023 (in AU\$ millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	31,516	30,499	31,958
Energy and utilities 	36,144	36,643	38,913
Industrial 	14,646	14,591	15,153
Infrastructure 	36,509	37,959	40,775
Institutional 	15,055	16,374	17,014
Residential 	70,785	63,368	61,886

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



160 Australian worker fatalities on the job in 2022.

Fatalities in key sectors in 2022:

- Transport, postal & warehousing **65 fatalities**
- Agriculture, forestry & fishing **37 fatalities**
- Manufacturing and Construction **17 fatalities**

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.

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
- RBA
- Safe Work Australia
- GlobalData's Construction Intelligence Center (CIC)
- Australian Energy Market Operator
- Public Holidays
- AEMO

Linesight 





Hong Kong

Country Insights and Commodity Report

Q1 2023      

Hong Kong

Q1 2023

Hong Kong's economy, which suffered a contraction of 3.5% in 2022 due to strict Covid restrictions and weakened global demand, is expected to return to growth and expand by 3.5% in 2023. With the relaxation of COVID related curbs, economic growth is likely to be supported by rise in industries such as tourism, real estate, and trade. Inflation rate in Hong Kong stood at 1.88% in 2022 which is expected to remain at 2.3% in 2023.

The construction industry's growth was estimated to be around 1.42% in 2022, and it is expected to grow by 1.95% in real terms in 2023. Like other regions, the industry has faced challenges, including labour shortages, inflated construction costs, and supply chain issues. However, with these challenges expected to get settled gradually, the industry will grow at a 2.3% annual average growth rate from 2024 to 2027, also supported by investments in infrastructure, housing, and industrial sectors.



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Lumber

Despite lumber prices declining in the first quarter of this year, an improvement in construction activity in the coming quarters is expected to see demand pick up. The government's commitment to complete approximately 13,000 public housing units this year and a further 31,800 in 2024 is expected to underpin lumber prices around current levels.



Cement and aggregates

An easing of thermal coal costs, seasonally slow construction activity in Hong Kong and the continued downturn in the Chinese residential construction sector, saw cement and concrete prices decline in early 2023. With demand for thermal coal in China strengthening in March and expected to continue in the coming quarter, rising input costs are expected to see cement prices increase in Q2 2023. However, with RMC producers not fully passing on the decline in cement prices in Q1 2023, concrete prices are expected to marginally soften in Q2 2023.



Concrete blocks and bricks

With construction activity in Hong Kong expected to have been relatively soft in the first quarter of 2023 and thermal costs falling during the quarter, brick prices moderated, though only marginally. As construction activity begins to pick up and thermal coal costs firm on increased demand, brick prices are expected to trend upwards in Q2 2023.



Steel (rebar and structural)

Amid weak global manufacturing outlook, the price of steel flat products continued to decline in Hong Kong. Rebar prices, in contrast, are expected to have strengthened following their decline in Q4 2022. With construction activity in Hong Kong expected to improve in Q2 2023, increased domestic demand for steel is expected to see steel prices rise, though moderating iron ore and metallurgical coal prices will ensure this is relatively marginal.



Copper

Unrest in Peru and robust Chinese construction activity, is expected to have seen copper prices in Hong Kong rise in Q1 2023. However, with disruption in Peru easing in March 2023 and Chinese copper smelters announcing lower refining and treatment charges for Q2 2023, the growth of copper prices is expected to moderate in Q2 2023.



Hong Kong – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	HK\$	HK\$	2022-23 % change	% change
Copper (HK\$/MT)	66,557	67,249	-1.0% ↓	6.3% ↑ ●
Steel rebar (HK\$/MT)	5,824	6,003	-3.0% ↓	1.8% ↑ ●
Steel Flat (HK\$/MT)	6,820	8,026	-15.0% ↓	-1.2% ↓ ●
Stainless Steel (HK\$/MT)	9,655	NA	NA	1.8% ↑ ●
Lumber (HK\$/M3)	7,796	7,842	-0.6% ↓	-0.4% ↓ ■
Asphalt (HK\$/MT)	9,740	9,553	2.0% ↑	-1.9% ↓ ●
Limestone (HK\$/MT)	73.8	62.8	17.6% ↑	-0.5% ↓ ●
Cement (HK\$/MT)	881	884	-0.4% ↓	-6.0% ↓ ●
Concrete (HK\$/M3)	1,114	1,163	-4.2% ↓	-1.4% ↓ ●
Welded mesh (HK\$/unit)	72.8	74.9	-2.7% ↓	2.0% ↑ ●
Bricks (HK\$/'000 unit)	3,332	3,390	-1.7% ↓	-0.4% ↓ ●
Plasterboard (HK\$/unit)	100.0	100.0	0.0% ↔	0.0% ↔ ■
Diesel (HK\$/litre)	17.9	15.9	12.1% ↑	-4.3% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

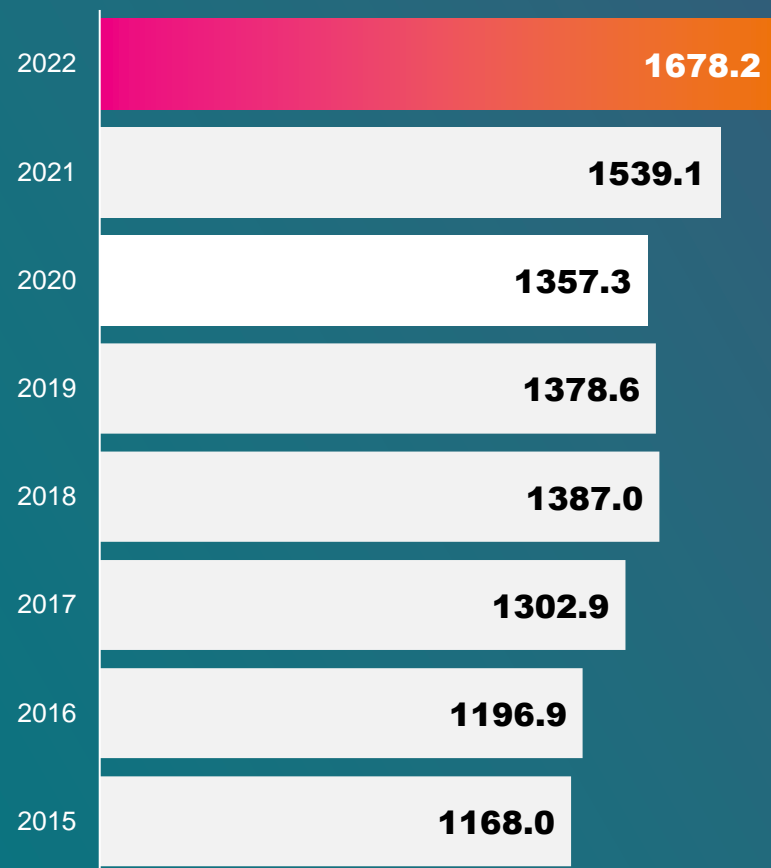
Welded mesh: 100 x 100cm, dia.-6mm Plasterboard: 122 x 244 x 1.2cm (L x W x T)





Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+4.3% ↑	Low	Copper prices rose by over 6% in Q1 2023 compared to the average price in Q4 2022. However, prices declined in March 2023, with the average copper price being 1.5% lower than in January 2023, but prices are expected to continue to rise in Q2 2023.
 Steel prices - Steel rebar - Flat steel	+1.3% ↑ +0.7% ↑	Low	While steel rebar prices rose marginally on a quarterly average basis in 1.8% in Q1 2023, prices for steel flat products edged downwards by 1.2%, in part owing to weaker demand from manufacturing activity. However, in Q2 2023, the price of both rebar and flat is expected to rise with demand in construction set to improve following recent weakness.
 Stainless Steel	+0.3% ↑	Low	The price of stainless steel is estimated to have risen by approximately 1.8% in the first quarter of this year. Rising ferrochrome and iron ore prices, and still elevated nickel prices, are expected to have driven this increase. With nickel pig iron prices declining, the increase in stainless steel prices is expected to moderate in Q2 2023.
 Lumber	+0.4% ↑	Moderate	Seasonally weaker residential construction activity and an easing of supply chain pressures resulted in lumber prices falling marginally in the first quarter of this year. However, prices are expected to rise in the coming quarters, as construction activity begins to pick up.
 Asphalt	+2.2% ↑	Low	Asphalt prices continued on a downward trend in the first quarter of this year, primarily due to the decline in crude oil prices during the quarter. However, with an expected rise in crude prices following OPEC+ production cuts, asphalt prices will come under upward pressure.
 Limestone	+0.4% ↑	Low	No significant change in limestone prices is expected in the coming quarters, though prices are projected to trend marginally upwards as construction activity improves.

Hong Kong – Commodity Report



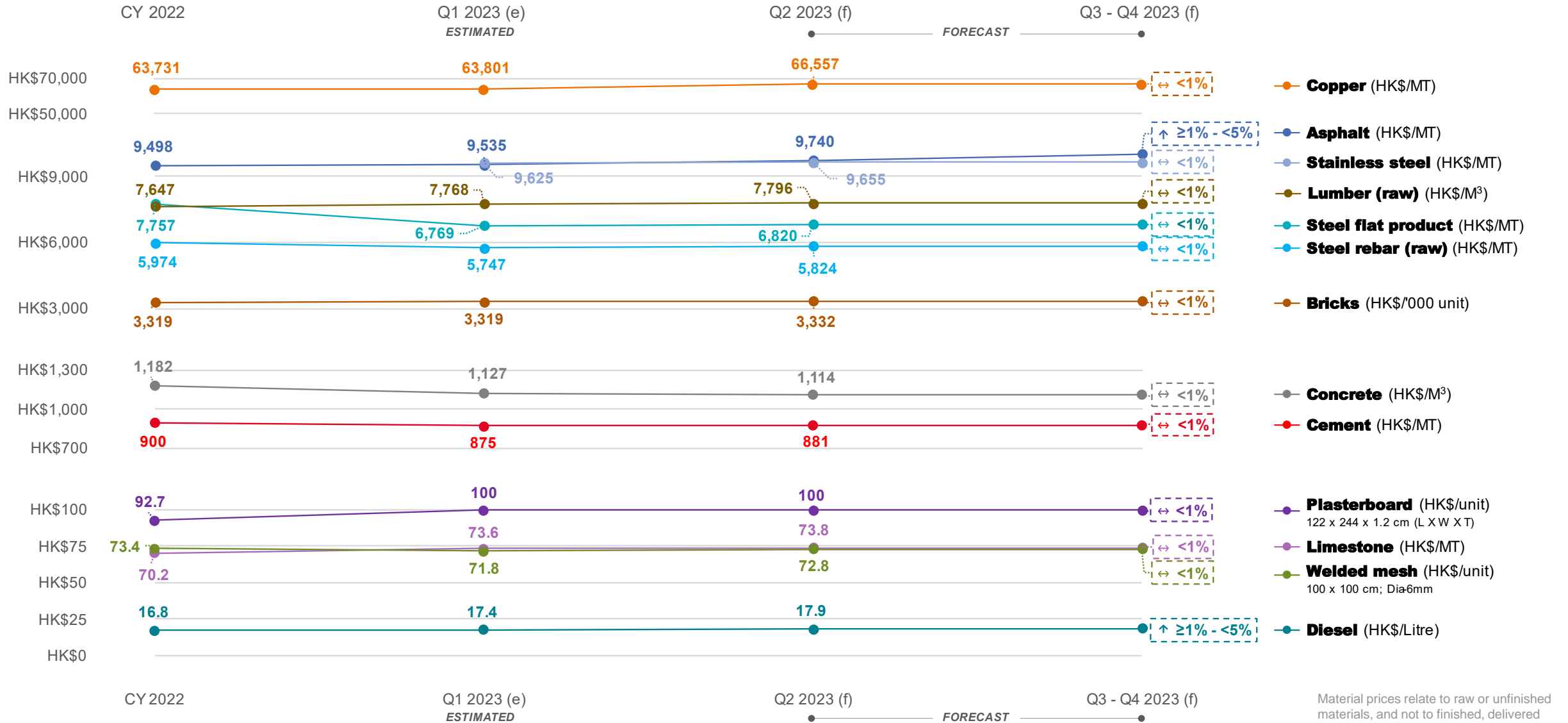
Construction Cost Index 2015-2022 (1975=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+0.7% ↑ -1.1% ↓	Moderate	Cement and concrete prices are expected to have fallen in the first quarter of this year, primarily due to seasonally slow construction activity in Hong Kong and the continued downturn in residential construction activity in China. Cement prices are expected to rise slightly in Q2 2023, as construction picks up in Hong Kong and the Chinese construction industry enters its peak season.
 Welded mesh	+1.4% ↑	Low	Driven by a rise in steel rebar prices in the first quarter of this year, welded mesh prices are estimated to have increased by approximately 2% in comparison to their Q4 2022 levels. Prices are expected to continue to rise in Q2 2023, in line with the projected increase in rebar prices.
 Bricks	+0.4% ↑	Moderate	Brick prices fell in Q4 2022, weighed down by soft demand from the residential construction sector. With construction output in Hong Kong forecast to strengthen in 2023, brick demand is expected to improve and a marginal rise in prices is anticipated in the first half of 2023.
 Plasterboard	0.0% ↔	Low	No notable change in plasterboard prices is expected to have occurred in the first quarter of this year. Prices are expected to remain similarly stable in Q2 2023.
 Diesel	+2.8% ↑	Low	Diesel prices are expected to fall by approximately 4.3% in the first quarter of 2023, though prices did pick up towards the end of the quarter. The average diesel price in March 2023 was estimated to be 1.2% higher than in February and 0.9% higher than in January 2023. With OPEC+ announcing output cuts in April 2023, oil prices are expected to rise, driving higher diesel prices in Q2 2023.

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Hong Kong – Construction Materials Pricing (2022-2023)



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Hong Kong – Macroeconomic overview



Economic indicators



3.47%

GDP growth in 2023 (f)
and **-3.51%** in 2022



2.30%

inflation rate in 2023 (f)
and **1.88%** for 2022



3.64M

people employed in 2023 (f)
and **3.62M** in 2022



3.43%

unemployment rate for 2023 (f)
and **4.20%** in 2022



103.10

Consumer Price Index in Feb
2023 and **104.90** in Feb 2022



110.70

Producer Price Index in Jan 2023
and **111.1** in Jan 2022

National holidays









11 public holidays

in Hong Kong each year

Hong Kong – Construction overview



Output 2022 and 2023 (in HK\$ millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
 Commercial	47,794	49,346	51,151
 Energy and utilities	21,093	21,814	22,648
 Industrial	4,479	4,542	4,583
 Infrastructure	56,998	57,191	57,201
 Institutional	13,081	13,214	13,348
 Residential	72,014	73,549	75,234

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

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- Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



29.5 per 1,000 workers
construction industry
accident rate in Hong Kong
in 2022 up to Q3 2022

3,065 industrial
accidents were recorded on
construction sites in 2022
(up to Q3 2022)



0.162 per 1000
workers fatality rate
for the construction industry
recorded in 2022

Hong Kong – Report methodology



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

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

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

Sample sources – Hong Kong

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

- IMF
- Civil Engineering and Development Department – The Government of the Hong Kong Special Administrative Region
- The Census and Statistics Department
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Public Holidays
- Trading Economics

Linesight 





India

Country Insights and Commodity Report

Q1 2023      

India

Q1 2023

The IMF forecasts 6.83% growth in the Indian economy in FY 2023, and the Ministry of Statistics' second advance estimates indicate growth of around 7%. Although there will be some moderation in growth due to global challenges and slower consumption, the IMF predicts a growth rate of 5.9 % for FY 2024. Additionally, inflation has eased, falling to 5.8% in March 2023, which is within the RBI's tolerance band.

India's construction industry is anticipated to grow by 5% in real terms in 2023, bolstered by government investments to complete significant infrastructure projects. From 2024 to 2027, the industry is projected to experience an annual growth rate of 6.3%, driven by investments and government's support in renewable energy, housing, and transport sectors. Notably, data centres, industrial and logistics, and healthcare are expected to be among the fastest-growing real estate sectors due to continued investments. However, rising construction costs and supply chain constraints are likely to remain a challenge for the industry. The construction market has been evolving and there has also been an increased focus on sustainability aspects in the construction, use of digital tools, and construction cost benchmarking.



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Lumber

Lumber prices are expected to ease in the first half of 2023. However, domestic demand for lumber is expected to remain strong, owing to India's urbanisation efforts, rebound in real estate market, and healthy outlook for building construction in the hospitality and healthcare sectors.



Cement and aggregates

Cement prices are expected to remain elevated in 2023, supported by strong demand amid increased government spending, accelerated project executions, rising real-estate and urban housing demand, and increasing private capital expenditure. The upward pressure from demand side is likely to be offset by expected reduction of GST on cement.



Concrete blocks and bricks

Brick prices are estimated to have increased in the first quarter of 2023, due to a surge in the cost of coal. Prices are expected to rise further in the coming quarters, due to a ban on use of coal at the brick-kilns in the National Capital Region (NCR), which came into effect on January 1st, 2023.



Steel (rebar and structural)

The imposition of a 15% duty on steel exports (in May 2022) resulted in an increase in supply in the domestic market, thereby leading to a decline in steel prices in India. Steel-rebar and steel-flat product prices fell by approximately 6% quarter-on-quarter in Q4 2022, but they rebounded in early 2023 owing to the removal of export duty on steel products in November 2022. Moreover, the increased capital expenditure in the recent Indian budget is expected to boost demand for steel in 2023.



Copper

Copper prices increased sharply in Q1 2023 owing to an increase in consumer and industrial demand, amid a loosening of COVID-19 restrictions in China. In India, copper prices are expected to remain relatively high in 2023, amid higher government spending on infrastructure and demand from automobile and energy sectors.

India – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	INR	INR	2022-23 % change	% change
Copper (INR/MT)	810,767	849,931	-4.6% ↓	11.7% ↑ ●
Steel rebar (INR/MT)	61,717	67,500	-8.6% ↓	10.3% ↑ ●
Steel flat (INR/MT)	59,428	68,033	-12.6% ↓	4.7% ↑ ●
Stainless steel (INR/MT)	195,980	NA	NA	2.6% ↑ ●
Lumber (INR/M ³)	12,373	11,813	4.7% ↑	-4.2% ↓ ●
Asphalt (INR/MT)	62,297	59,126	5.4% ↑	7.8% ↑ ●
Limestone (INR/MT)	477	450	6.1% ↑	0.0% ↔ ■
Cement (INR/MT)	8,056	8,423	-4.4% ↓	1.5% ↑ ■
Concrete (INR/M ³)	4,606	4,400	4.7% ↑	4.4% ↑ ●
Welded mesh (INR/unit)	324	368	-11.9% ↓	9.6% ↑ ●
Bricks (INR/'000 unit)	9,548	9,257	3.1% ↑	4.0% ↑ ●
Plasterboard (INR/unit)	358	360	-0.6% ↓	0.1% ↑ ■
Diesel (INR/litre)	89.6	93.1	-3.8% ↓	0.0% ↔ ■

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

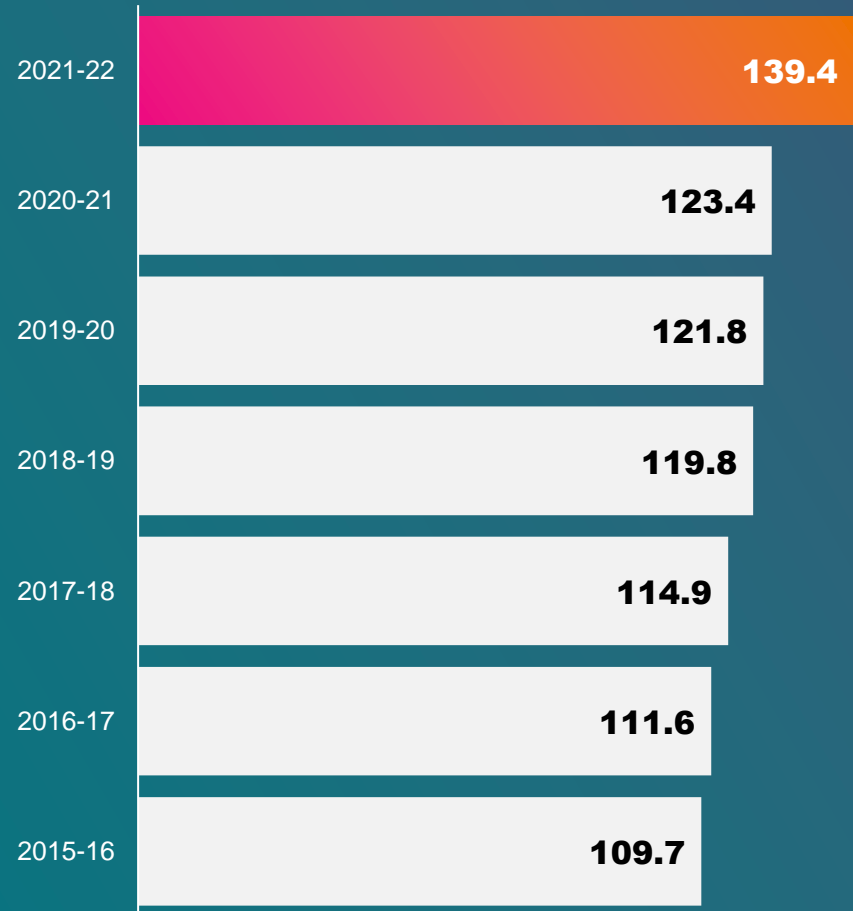
Welded mesh: 100 x 100cm, dia.-6mm Plasterboard: 120 x 180 x 1.25cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-0.8% ↓	 High	Domestic copper prices rose in line with global prices and peaked in February, due to low inventories and rising Chinese demand. Global supply issues erupted due to protests in Peru where key mines reduced or temporarily halted production in January and February 2023. Although Peru's top mines have stabilized since early March 2023 and hope to increase output in the remaining part of the year, the potential for further bouts of instability could disrupt supplies again in the coming quarters.
 Steel prices - Steel rebar - Flat steel	+1.0% ↑ +1.0% ↑	 Moderate	Steel prices have continued to increase in recent months, owing to increases in input prices of materials such as iron ore and coking coal. Additionally, the removal of export duty on steel in November 2022 has also contributed to the increase of steel prices in India. The prices are expected to remain strong over the next quarter, owing to low inventories and strong domestic demand.
 Stainless Steel	+0.5% ↑	 Low	Stainless steel prices are expected to remain high in 2023, amid export demand from sanction hit Russian buyers coupled with strong domestic demand. India's biggest stainless-steel manufacturer, Jindal Stainless expects its exports to reach a five-year high in FY2023-24.
 Lumber	+1.0% ↑	 Low	Lumber prices are estimated to have shrunk by 4.2% quarter-on-quarter in Q1 2023, owing to easing of supply chain disruption and reduced global demand for lumber. Prices are expected to remain stable in 2023, supported by demand from key construction sectors, notably residential and commercial buildings.
 Asphalt	+1.0% ↑	 Low	Bitumen prices remain at an elevated level. Prices are expected to remain high in the next few quarters, as demand for the commodity will be supported by an infrastructure push by the government. Moreover, demand for bitumen is likely to outpace supply this year, despite steady domestic production and imports.
 Limestone	+0.5% ↑	 Low	Although limestone prices have remained relatively unchanged in the past quarter, owing to stable supply and demand, prices are expected to continue at an elevated level owing to high production costs.

India – Commodity Report



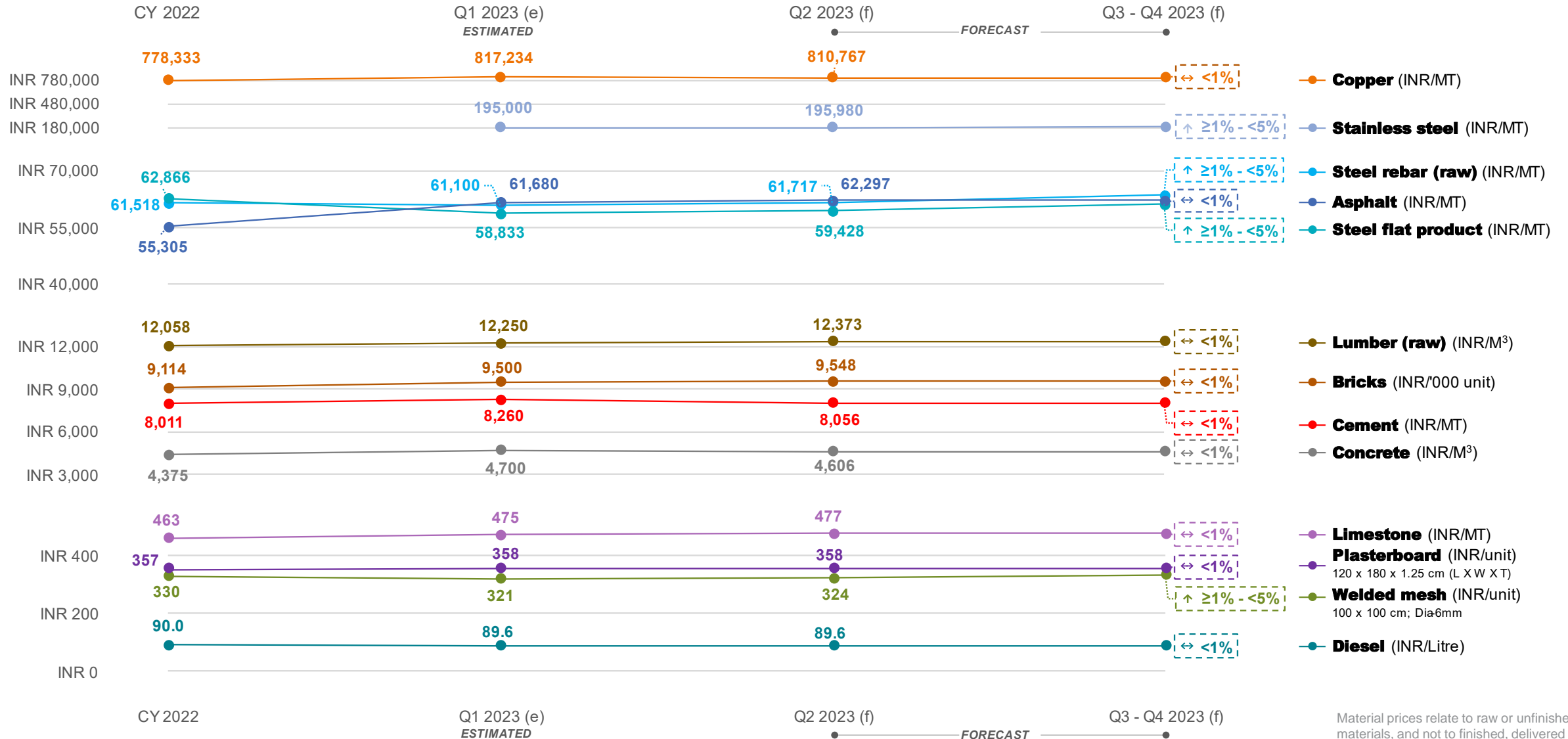
India - Wholesale Price Index FY 2015-2022 (2007=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	-2.5% ↓ -2.0% ↓	 High Cement prices rose in January 2023, owing to factors such as a seasonal uptick in demand, and shortage due to closure of some plants in Himachal Pradesh, amid truckers' strike over freight charges. Prices have however declined albeit marginally in February and March 2023, due to discounts, incentives, and price cuts offered by manufacturers, to meet their financial year-end volume targets. Government planning to reduce the GST on cement from 28% to 18%, as part of the updated tax scheme is expected to lead to a reduction in cement prices in the coming quarters.
 Welded mesh	+1.0% ↑	 Moderate The prices for welded mesh increased in Q1 2023, on account of hike in steel rebar prices. Furthermore, the industry is expected to witness price fluctuations, owing to varied prices of steel rebar across the regions.
 Bricks	+0.5% ↑	 Low Brick prices are expected to rise marginally in the coming months, due to factors such as increasing coal rates – which is one of the primary raw materials for bricks. Businesses are likely to shut down their kilns temporarily if coal rates are not reduced. This could further impact output of bricks and put upward pressure on brick prices.
 Plasterboard	0.0% ↔	 Low Plasterboard prices are expected to remain relatively stable in the coming quarters, with demand remaining strong.
 Diesel	0.0% ↔	 Low Diesel prices in India have remained stable since May 2022. The price of diesel is expected to remain unchanged in the coming months, despite global decline in crude oil price, as oil marketing companies (OMCs) have to recover accumulated losses of INR180 billion (\$2.2 billion) that have been incurred due to high crude 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. 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 (2022-2023)



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

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India – Macroeconomic overview



Economic indicators



5.89%

GDP growth in FY 2024 (f)
and **6.83%** in FY 2023 (e)



4.95%

inflation rate in 2023 (f)
and **6.67%** for 2022



410.20

people employed in 2022
and **406.00** in 2023



7.80%

unemployment rate for Mar 2023
and **7.60%** in 2022



177.20

Consumer Price Index (general) in
Mar 2023 (p) and **167.7** in 2022



150.90

Wholesale Price Index in March
2023 and **148.90** in Mar 2022

National holidays









17 public holidays

in India each year

India – Construction overview



Output 2022 and 2023 (in INR millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	2,827,450	2,943,604	3,088,132
Energy and utilities 	11,547,018	12,165,699	13,061,052
Industrial 	3,127,772	3,264,263	3,483,287
Infrastructure 	9,987,885	10,602,596	11,332,416
Institutional 	1,453,144	1,503,780	1,577,993
Residential 	12,081,669	12,610,352	13,428,314

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



40% fatalities due to falls
8% stuck by objects fatalities
8.5% fatalities by electrocution*

* Based on Studies on Labour Safety in Construction Sites Volume 2015 | Article ID 590810



165 per 1,000 workers
accident rate*

* Based on A study on construction jobsite safety management, *International Journal of Innovative Research in Science, Engineering and Technology*, vol. 3

India – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – India

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

- World Bank
- Reserve Bank of India
- Ministry of Statistics and Programme Implementation (MoSPI)
- ILO
- Construction Industry Development Council (CIDC)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Public Holidays
- Statista
- Centre for Monitoring Indian Economy Pvt. Ltd.
- Office of Economic Advisor

Linesight 





Japan

Country Insights and Commodity Report

Q1 2023



Japan

Q1 2023

The Japanese economy experienced a decline in its GDP growth rate, dropping from 2.1% in 2021 to 1.1% in 2022, which was largely attributed to a deceleration in its export growth. However, the latest report from the IMF anticipates a rebound and predicts a growth rate of 1.3% for 2023. Additionally, there is a noticeable relaxation of inflationary pressures, with the Consumer Price Index estimated to be 3.3% in 2022, showing a decrease from 3.8% in the previous year.

Japan's construction grew by 2.5% in real terms in 2022 and is expected to continue to expand with a growth rate of 0.9% in 2023. This is attributed to a surge in private investment in building construction, particularly in the renewable energy infrastructure, telecommunications, and manufacturing sectors. The industry is expected to maintain an annual growth rate of 1% from 2024 to 2027, supported by ongoing investments in these sectors. The government's emphasis on 6G communication and the semiconductor industry is also likely to spur investments in data centres and high-tech industrial sectors. Despite these positive developments, there are still risks to the industry's overall outlook, such as elevated material costs and shortage of skilled labour.



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Lumber

Weak residential investment in the final quarter of 2022 and sluggish demand for new housing construction, which is projected to expand by only 0.3% this year, is expected to weigh on lumber demand in 2023. New housing loans fell by approximately 1.5% in 2022, due entirely to a 5.0% decline in the second half of the year. Imports of softwood lumber, which accounts for a relatively significant proportion of Japanese lumber consumption, declined in the first two months of this year.



Cement and aggregates

While the increase in cement prices seen in Q1 2023 was not as sharp as in Q4 2022, despite thermal coal costs remaining elevated, prices are expected to continue to rise in the coming quarters. Major cement companies, such as Taiheiyo and Sumitomo Osaka, are in the process of deciding price revisions, which are likely to see cement prices rise. Sumitomo Osaka, which last increased its prices in October 2022, is expected to revise its prices from April 2023.



Concrete blocks and bricks

Brick and concrete block prices are projected to appreciate slightly in the short-term, with the latter impacted by the increase in cement costs. Increase in import costs will add further upward pressure to the pricing.



Steel (rebar and structural)

The continued decline in factory activity in Japan, which contracted for the fifth consecutive month in March 2023, and the weak outlook for the manufacturing sector is expected to see steel prices decline in the second quarter of this year. Elevated metallurgical coal costs and a strengthening of demand in China will soften the decline in domestic steel prices.



Copper

Copper prices continued to rise in Q1 2023 as Chinese demand continued to strengthen, though concerns of a potential global economic recession eased price growth during the quarter. With the global economic outlook appearing brighter, copper prices are expected to continue to appreciate in the second quarter of this year. Further upwards pressure on prices will be driven by efforts by the Japanese government to enhance electricity grid and transmission infrastructure to enable it to meet its decarbonisation targets.



Japan – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	JPY	JPY	2021-22 % change	% change
Copper (JPY/MT)	1,254,788	1,297,000	-3.3% ↓	3.5% ↑ ●
Steel rebar (JPY/MT)	114,386	115,900	-1.3% ↓	0.4% ↑ ■
Steel flat (JPY/MT)	146,730	141,950	3.4% ↑	-0.5% ↓ ■
Stainless steel (JPY/MT)	173,705	NA	NA	-2.8% ↓ ●
Lumber (JPY/M ³)	71,453	70,000	2.1% ↑	-2.1% ↓ ●
Asphalt (JPY/MT)	96,929	104,000	-6.8% ↓	-17.1% ↓ ●
Limestone (JPY/MT)	81,152	90,722	-10.5% ↓	0.0% ↔ ■
Cement (JPY/MT)	15,368	12,992	18.3% ↑	2.0% ↑ ■
Concrete (JPY/M ³)	18,905	15,067	25.5% ↑	6.2% ↑ ●
Welded mesh (JPY/unit)	671	669	0.3% ↑	0.7% ↑ ■
Bricks (JPY/'000 unit)	136,576	127,589	7.0% ↑	1.0% ↑ ●
Plasterboard (JPY/unit)	1,603	1,540	4.1% ↑	3.9% ↑ ●
Diesel (JPY/litre)	149	151	-1.9% ↓	-0.4% ↓ ■

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

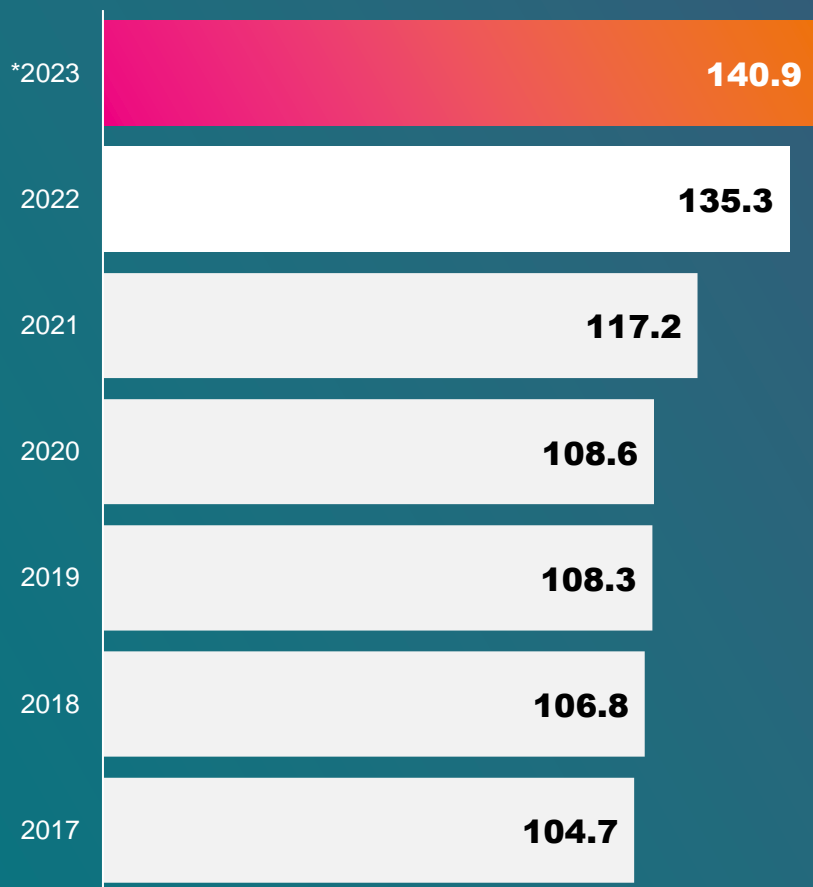
Welded mesh: 100 x 200cm, dia.-5mm Plasterboard: 182 x 91 x 0.95cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.6% ↑	Low	Copper prices in Japan rose by around 3% in Q1 2023, in comparison to their Q4 2022 levels. Domestic prices fell marginally in March 2023 on a monthly basis, in part reflecting concerns over banking sector risks in the US, but prices picked up towards the end of the month and are expected to remain relatively high in the coming quarters.
 Steel prices - Steel rebar - Flat steel	-0.2% ↓ -0.4% ↓	Low	Trends in prices for steel rebar and flat products diverged in Q1 2023, with rebar prices edging up and flat prices falling marginally. This in part reflects weak manufacturing output in Japan, particularly in its automotive sector, which has constrained demand for flat products. Prices of both rebar and flat are expected to decline steadily, with weaker demand offsetting ongoing supply side pressures.
 Stainless Steel	-0.7% ↓	Low	Despite, rising input costs, with ferrochrome, nickel and iron ore prices all rallying on increase demand from China following its reopening, weak demand from the Japanese manufacturing sector is expected to see stainless steel prices soften in the coming quarters.
 Lumber	-1.3% ↓	Moderate	Lumber prices are estimated to have declined by 2% in the first quarter of this year. Driving down prices was a decline in demand from the residential construction sector. Private residential investment was weak in 2022, declining by 4.7%, and this trend is expected to have continued in early 2023. Lumber prices are expected to continue to decline in the second quarter of this year as a result.
 Asphalt	+1.3% ↑	Low	With the international crude oil prices stabilising, the prices of asphalt has witnessed a decline of more than 10%. However, with major road maintenance projects underway, the demand for asphalt is expected to remain strong. The asphalt price is expected to remain at current levels for next quarter.
 Limestone	-0.6% ↓	Low	Limestone prices remained unchanged from their Q4 2022 levels in the first quarter of this year. A softening of demand from the construction sector amid elevated inflation and weak investment levels is expected to keep prices around their current levels in the coming quarters.






Japan – Commodity Report



Building Construction Index 2017-^{*}2023 (2011=100)

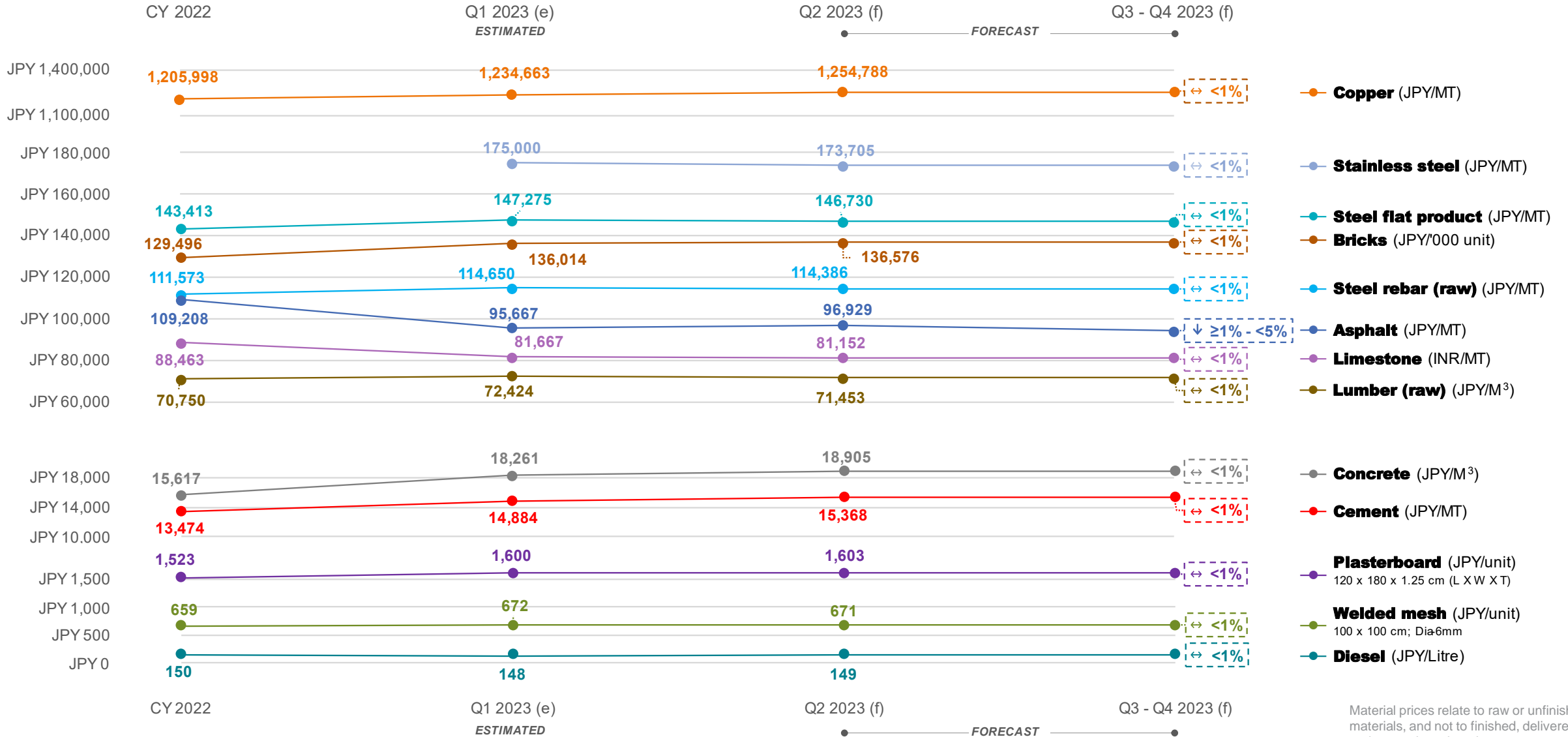


^{*}average of Jan and Feb 2023

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+3.2% ↑ +3.5% ↑	Moderate	The price for cement and related products rose in the first quarter of this year, in comparison to their Q4 2022 levels. Prices rose predominantly due to the passing on of elevated thermal coal costs. Prices are expected to continue to rise in the second quarter of this year, by 3-4%.
 Welded mesh	-0.1% ↓	Low	Welded mesh prices recorded a marginal increase in Q1 2023 in comparison to Q4 2022 in line with the rise in steel rebar prices. With steel rebar prices expected to soften in the coming quarters, the price of welded mesh is expected to decline further in Q2 2023.
 Bricks	+0.4% ↑	Moderate	Brick prices slightly increased in Q1 2023, in comparison to their Q4 2022 levels. Although demand will be relatively sluggish in the construction sector, containing growth in demand, elevated energy costs will keep the price of bricks around its current levels in the coming quarters.
 Plasterboard	+0.2% ↑	Low	Plasterboard price recorded a moderate increase of approximately 3% in Q1 2023, in comparison to prices in Q4 2022. High energy costs have been a major driver for this increase in price. However, with demand from the construction sector relatively soft, the price for plasterboard is expected to remain around its current levels in the coming quarter.
 Diesel	+0.5% ↑	Low	Diesel prices in Q1 2023 declined by 0.4%, in comparison to prices in Q4 2022. Prices fell through Q1 2023, with the average diesel price being 0.4% lower in March 2023 than in January 2023. Government subsidies and lower crude oil prices have driven this decline. However, with crude oil prices beginning to firm, diesel prices are expected to rise marginally in Q2 2023.

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Japan – Construction Materials Pricing (2022-2023)



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Japan – Macroeconomic overview



Economic indicators

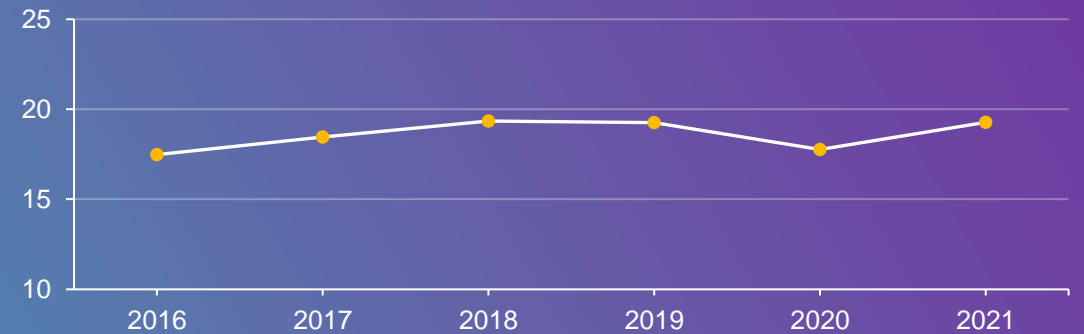


National holidays



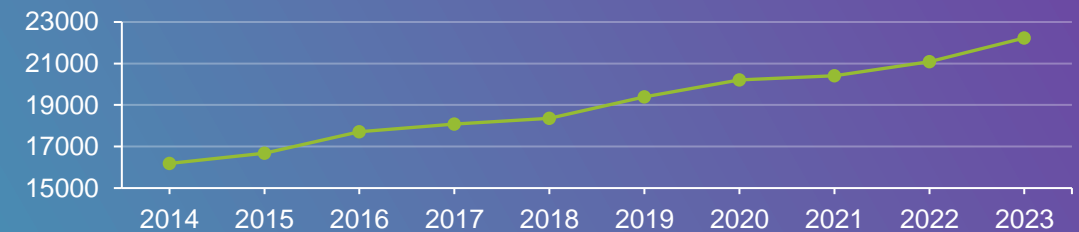
Japan Energy Prices

Electricity costs for the industry
in yen per kWh in Japan



Labour Unit Price Trends

Public works design labour unit price
Trends in the national average for all occupations



The chart shows the unit price of public works design labour published by the Ministry of Land, Infrastructure, Transport and Tourism Japan. As labour costs continue to rise in Japan over the past 11 years, they have increased by 5.2% in 2023 (a 9-year high), reflecting the latest labour market prices. The above-mentioned prices are in JPY per 8 hours, working within the prescribed working hours.

Japan – Construction overview



Output 2022 and 2023 (in JPY millions)

	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	8,186,668	8,300,831	8,422,602
Energy and utilities 	11,040,562	11,090,321	11,156,688
Industrial 	4,848,901	4,884,348	4,894,561
Infrastructure 	17,821,699	18,092,623	18,368,676
Institutional 	2,774,342	2,815,624	2,859,029
Residential 	19,430,980	19,506,100	19,596,918

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

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- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



288 fatalities due to occupational accidents in 2021 in construction* industry

21% reduction in fatalities due to occupational accidents in construction industry in the period 2012-2021

*construction industry includes building construction work

Japan – Report methodology



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

Primary and secondary research

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

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- Nominal and real data

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

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

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

Sample sources – Japan

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

- Japan Industrial Safety and Health Association
- Statistics Bureau of Japan
- GlobalData's Construction Intelligence Center (CIC)
- Bank of Japan (BOJ)
- Construction Prices Research Institute
- Statista
- Economic Research Institute
- Pubic Holidays
- Ministry of Land, Infrastructure, Transport and Tourism

Linesight 





Singapore Country Insights and Commodity Report

Q1 2023      

Singapore

Q1 2023

Singapore's GDP is expected to grow at a 1.5% in 2023, down from a growth of 3.6% in 2022. The slowing growth is primarily due to manufacturing contraction amid global slowdown.

Singapore's Monetary Authority has stopped tightening and is maintaining its exchange rate policy band. Consumer Price Inflation (CPI-All) is still expected to be high in 2023, with the MAS projecting inflation to be in the range of 5.5% and 6.5%.

Last year, the construction sector in Singapore experienced a real-term expansion of 6.6%, which can be attributed to the uptick in consumer and investor confidence, along with the easing of COVID-19-related travel and business restrictions. The industry is also expected to grow at a 5.4% annual rate in 2023, due to planned public housing projects. The industry still faces challenges such as labour shortages and high prices; however, conditions are improving, and the industry is expected to regain momentum in the medium to long term.



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Lumber

Lumber prices have remained stable but elevated and are likely to stay in the similar price range in the coming quarters due to consistent demand driven from the incentives for sustainable construction through the use of engineered lumber and the expansion in residential construction, which is recovering from the 2020 slump.



Cement and aggregates

After rising sharply in the first half of last year, cement prices have remained elevated, held up by high production costs and improving demand. Construction output is expanding following the sharp slump in 2020, with particularly strong growth in investment in infrastructure and residential, and this will contribute to upward pressure on cement and aggregates prices.



Concrete blocks and bricks

Brick prices have been relatively stable, but with construction demand picking up, there will be increased upwards pressure on prices in the coming quarters.



Steel (rebar and structural)

Having dropped throughout the second half of last year and into early 2023, steel prices are set to pick up again, buoyed by rising demand, with the commencement of works on a number of large civil engineering projects. Demand across the region will also pick up given the expansion in China's demand. Raw materials prices are set to remain volatile, but not returning to highs of the first half of 2022.



Copper

Copper prices rose sharply in January 2023 as global copper demand strengthened, owing in part to China's reopening following the end of its zero-COVID policy. Prices did slow in the period from Jan-March 2023, however despite the drop, prices remained high on a quarterly basis. Domestic copper prices will also rise in the long run as a result of public infrastructure development projects under Singapore's Green Plan 2030.

Singapore – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	S\$	S\$	2022-23 % change	% change
Copper (S\$/MT)	13,777	13,108	5.1% ↑	11.2% ↑ ●
Steel rebar (S\$/MT)	961	1,254	-23.4% ↓	-6.2% ↓ ●
Steel flat (S\$/MT)	1,381	1,357	1.8% ↑	-1.5% ↓ ●
Stainless steel (S\$/MT)	3,585	NA	NA	1.8% ↑ ●
Lumber (S\$/M ³)	122	117	4.0% ↑	0.0% ↔ ■
Asphalt (S\$/MT)	453	507	-10.7% ↓	-3.5% ↓ ●
Limestone (S\$/MT)	41.8	41.7	0.2% ↑	-1.0% ↓ ●
Cement (S\$/MT)	119	115	3.1% ↑	0.0% ↔ ■
Concrete (S\$/M ³)	118	118	0.0% ↔	-0.7% ↓ ●
Welded mesh (S\$/unit)	13.6	15.0	-9.7% ↓	-3.8% ↓ ●
Bricks (S\$/'000 unit)	3,437	3,587	-4.2% ↓	0.2% ↑ ■
Plasterboard (S\$/unit)	9.42	9.40	0.2% ↑	0.0% ↔ ■
Diesel (S\$/litre)	2.66	2.97	-10.4% ↓	-3.3% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

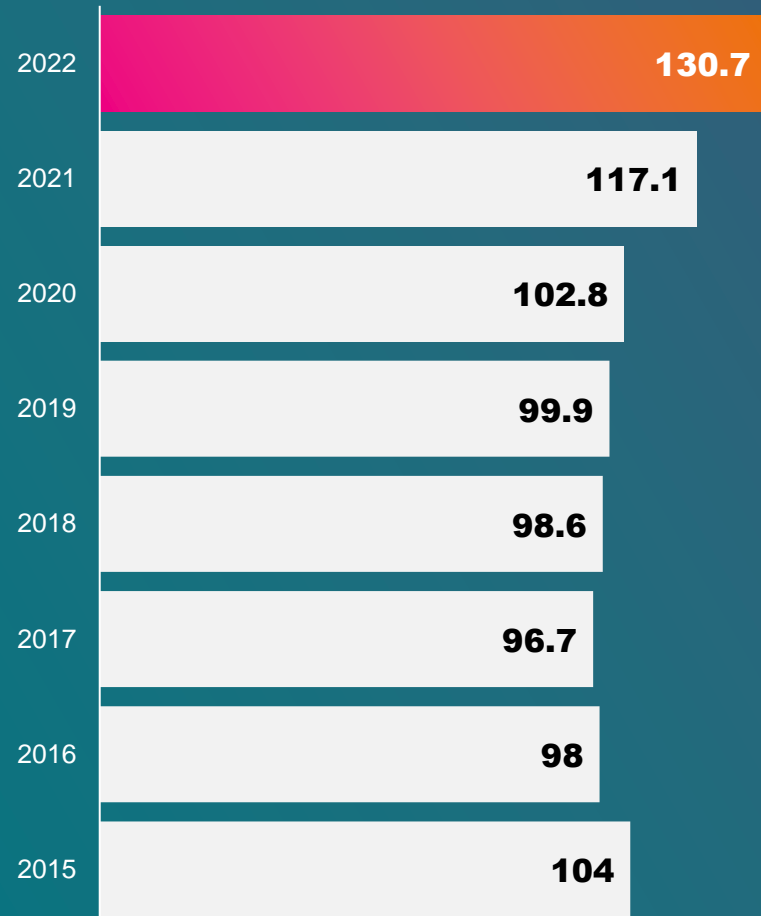
Welded mesh: 200 x 300cm, dia.-4mm Plasterboard: 10 x 20 x 1.25cm (L x W x T)






Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+0.4% ↑	Moderate	Copper prices rose sharply in Q1 2023, with strengthening demand in China contributing to an 11% QoQ increase in prices. Prices did, however, slow through the quarter, being approximately 3% lower in March 2023 in comparison to January 2023. Prices are expected to rise in the coming quarters, albeit at a slower pace.
Steel prices - Steel rebar - Flat steel	+2.3% ↑ +1.6% ↑	High	Prices for both steel rebar and steel flat products declined on a quarterly average basis in the first quarter of this year, with prices dropping by 6.2% and 1.5%, respectively, in comparison to their Q4 2022 levels. A seasonal moderation of construction activity in Singapore is expected to have driven the larger fall in rebar prices at the start of the year, but prices have picked up since January, and in Q2 2023, prices for both rebar and flat are expected to rally.
Stainless Steel	+0.8% ↑	Moderate	Due to high input costs, stainless steel prices are expected to rise in the second quarter of this year, following the 1.8% QoQ price increase recorded in Q1 2023. A potential moderation of nickel pig iron prices as supply increases may, however, soften price growth in Q2 2023.
Lumber	+0.2% ↑	High	Lumber prices remained stable in Q1 2023, after witnessing an increase in Q3 2022. The Singapore Housing Development Board estimates it will build approximately 20,000 flats in 2023, roughly matching the 20,064 flats built in 2022. Lumber demand is expected to be stable as a result, with prices expected to remain around their current levels in Q2 2023.
Asphalt	+1.3% ↑	Moderate	Asphalt prices declined by approximately 3.5% Q1 2023, in comparison to Q4 2022 levels. A fall in crude oil prices is expected to have driven this decline. In Q2 2023, prices are projected to rise, with crude prices anticipated to trend upwards following the recent OPEC+ output cuts and a continued strengthening of oil demand in China.
Limestone	+0.2% ↑	Low	Prices for limestone remained relatively stable in Q1 2023, with prices declining by a marginal 0.7%. Limestone prices are projected to remain around their current levels in Q2 2023, with an expected improvement in construction activity contributing to upwards pressure.

Singapore – Commodity Report



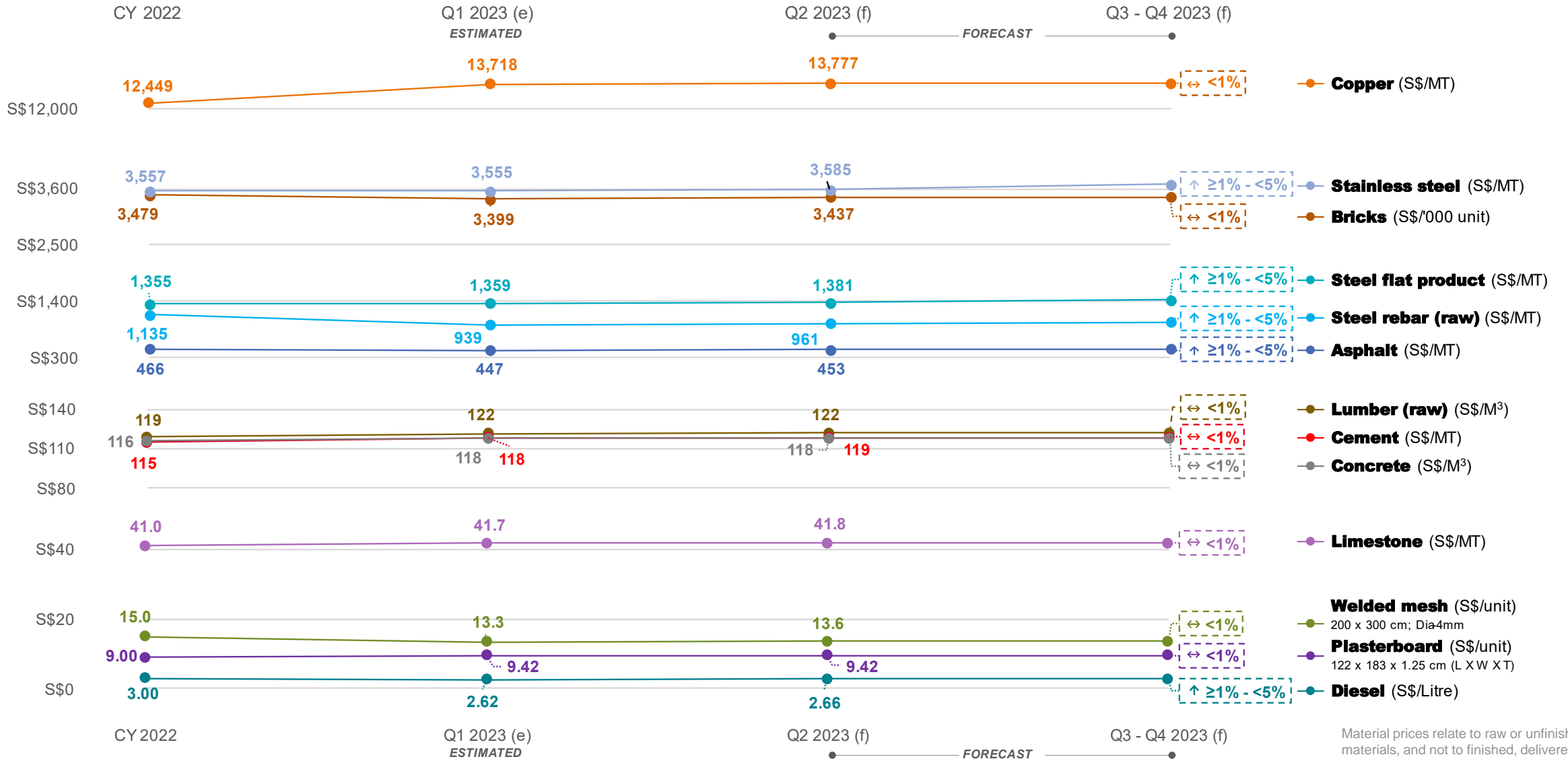
Construction Tender Price Index 2015-2022 (2010=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+0.1% ↑ +0.2% ↑	Moderate	Cement and concrete prices declined marginally in recent months due to a seasonal moderation in construction activity. Cement prices are estimated to have declined by 0.04% in Q1 2023, while concrete prices are anticipated to have fallen by 0.7%. Prices are expected to rise marginally in Q2 2023, as construction activity begins to pick up.
 Welded mesh	+2.1% ↑	High	Welded mesh prices declined in the first quarter of this year, as steel rebar prices fell. In line with the expected increase in rebar prices in Q2 2023, welded mesh prices are projected to rise.
 Bricks	+1.1% ↑	Moderate	A moderation in energy prices, easing supply chain disruption and softer construction activity have kept brick prices relatively stable; prices are estimated to have increased by just 0.2% in Q1 2023, in comparison to their Q4 2022 levels. As construction activity ramps up in the coming quarters, brick demand is expected to strengthen, with prices expected to rise.
 Plasterboard	0.0% ↔	Low	The price of plasterboard is estimated to have remained stable in the first quarter of this year, with no notable price change recorded. Prices are expected to remain around their current levels in Q2 2023, though may trend upwards as construction activity accelerates.
 Diesel	+1.5% ↑	Moderate	Diesel prices in Singapore fell 3.5% in the first quarter of this year, due to a drop in global crude oil prices. With OPEC+ recently cutting their oil output by 1.16 million barrels per day, crude prices are expected to trend upwards in the coming quarters, and this is expected to drive an increase in diesel prices in Singapore in Q2 2023.

* 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.

Singapore – Construction Materials Pricing (2022-2023)



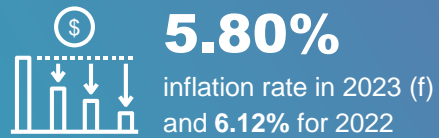
Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

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Singapore – Macroeconomic overview



Economic indicators

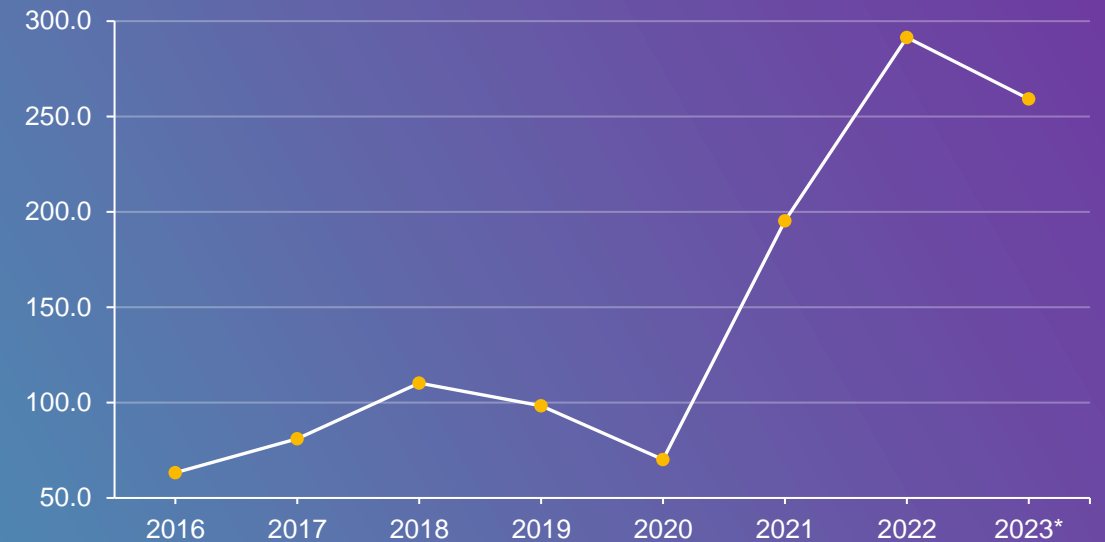


National holidays



Singapore Energy Prices

Average Uniform Singapore Energy Price
(USEP in S\$/MWh)



Note:

*As of March 2023

Excludes Goods & Services Tax

The Uniform Singapore Energy Price (USEP) is the half-hourly energy price in the Singapore Wholesale Electricity Market. Energy withdrawal from the national grid is settled at the USEP

Singapore – Construction overview



Output 2022 and 2023 (in SG\$ millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	1,386	1,473	1,574
Energy and utilities 	1,939	2,001	2,079
Industrial 	5,344	5,656	5,988
Infrastructure 	4,033	4,186	4,349
Institutional 	3,316	3,491	3,660
Residential 	6,183	6,590	6,735

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



3.3 fatal injuries per 100,000 workers in 2021 in construction industry

2.9 fatal injuries per 100,000 workers in 2022 in construction industry

Singapore – Report methodology



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

Primary and secondary research

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

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

Definitions

- Commodity prices are net of taxes for all the countries
- Prices are not customer delivered
- All commodities are raw materials
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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 – Singapore

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

- IMF
- Ministry of Trade and Industry
- Singapore Institute of Surveyors and Valuers
- BCA
- GlobalData's Construction Intelligence Center (CIC)
- Energy Market Authority Singapore
- Ministry of Manpower Singapore
- Economic Research Institute
- Public Holidays
- Energy Market Authority of Singapore

Linesight 



A white silhouette map of South Korea is positioned to the left of the main title text.

South Korea

Country Insights and Commodity Report

Q1 2023      

South Korea

Q1 2023

South Korea's GDP grew by 2.6% in 2022 and is expected to grow by 1.5% in 2023. The economy is expected to slowdown in the first half of 2023, due to weak global economic outlook and interest rate hikes, but it is likely to gradually improve, as global economy picks up. Consumer prices are forecasted to rise by 3.5% in 2023 and then reduce to 2.6% in 2024.

The construction industry in South Korea grew marginally by 0.2% in 2022, due to headwinds caused by inflation, supply chain disruptions and elevated interest rates. It is predicted to gradually regain its growth momentum and register a growth of 0.8% in 2023. Furthermore, with investments in the energy, transport, and industrial sectors, the sector is likely to grow at a 3.6% average annual growth from 2024-2027.



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Lumber

Lumber price inflation is expected to be contained by sluggishness in the residential construction sector, which reflects the impact of recent interest rate hikes. The total number of residential construction permits issued in the country declined by 26% year-on-year in January-February 2023; this followed a drop of 23% in Q4 2022.



Cement and aggregates

Despite a moderation of bituminous coal prices in the first quarter of this year, the Korean government's decision to hike electricity rates by 13.1 won per kilowatt-hour has driven an increase in cement prices. Cement and concrete prices are expected to continue rise this year as electricity rates increase, with KEPCO calling for a total increase of 51.6 won per kilowatt-hour this year, though the government has delayed its decision on raising electricity rates in Q2 2023.



Concrete blocks and bricks

With construction activity relatively soft in the final quarter of 2022 and into the first quarter of this year, subdued demand for bricks ensured prices remained stable. This trend is expected to be maintained in the coming quarters, with the Korean construction industry projected to record only a marginal growth of 0.8% this year.



Steel (rebar and structural)

Steel flat prices declined in the first quarter of this year, primarily driven by a fall in demand due to the downturn of activity in the Korean manufacturing industry and a fall in trade volumes as external demand slowed. In contrast, robust demand for rebar from the Chinese construction industry saw rebar prices rise. In the coming quarters, prices are expected to remain relatively stable, with prices capped by a moderation of iron ore and metallurgical coal prices.



Copper

Robust copper demand and increased optimism of a rapid economic rebound in China in early-2023 saw the average copper price in the first quarter of 2023 rise. A weaker Korean won further drove up domestic prices, with prices rising through the quarter despite a marginal fall in USD prices. Prices are expected to continue to rise in the second quarter of 2023, though the increase is expected to be moderate due to an increase in supply following the end of protests that had disrupted output at Peruvian copper mines.

South Korea – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	KRW	KRW	2022-23 % change	% change
Copper (KRW/MT)	11,466,398	11,811,542	-2.9% ↓	6.0% ↑ ●
Steel rebar (KRW/MT)	959,999	1,111,667	-13.6% ↓	2.5% ↑ ●
Steel flat (KRW/MT)	986,632	1,006,448	-2.0% ↓	-1.0% ↓ ●
Stainless steel (KRW/MT)	1,834,753	NA	NA	0.0% ↔ ■
Lumber (KRW/M3)	354,170	346,000	2.4% ↑	-2.6% ↓ ●
Asphalt (KRW/MT)	66,289	66,200	0.1% ↑	0.0% ↔ ■
Limestone (KRW/MT)	814,650	964,912	-15.6% ↓	-3.8% ↓ ●
Cement (KRW/MT)	411,438	375,000	9.7% ↑	1.5% ↑ ■
Concrete (KRW/M3)	160,307	142,753	12.3% ↑	2.0% ↑ ●
Welded mesh (KRW/unit)	8,065	9,398	-14.2% ↓	2.0% ↑ ●
Bricks (KRW/'000 unit)	650,000	650,000	0.0% ↔	0.0% ↔ ■
Plasterboard (KRW/unit)	4,121	4,125	-0.1% ↓	0.0% ↔ ■
Diesel (KRW/litre)	1,612	2,076	-22.3% ↓	3.8% ↑ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

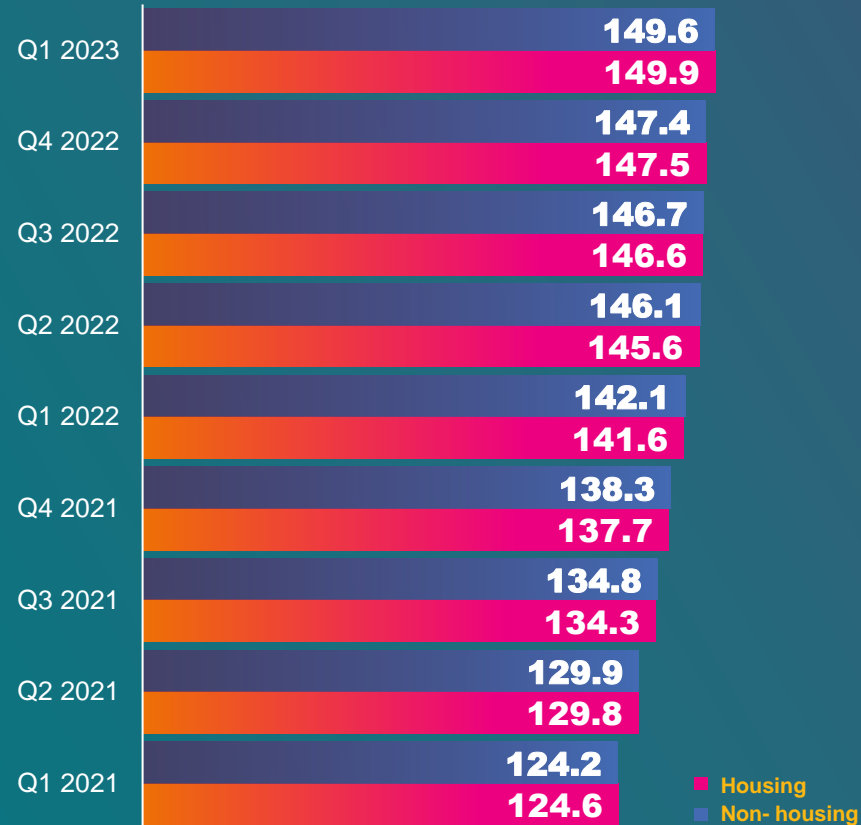
Welded mesh: 100 x 200cm, dia.-5mm Plasterboard: 90 x 180 x 1.2cm (L x W x T)




Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.7% ↑	Low	Copper prices rose by approximately 6% in the first quarter of this year, in comparison to their Q4 2022 levels. Increased copper demand in China and the depreciation of the Korean Won were the primary drivers of this price growth. Prices rose through the quarter, with the average copper price 2.7% higher in March 2023 than in January 2023.
 Steel prices - Steel rebar - Flat steel	+0.3% ↑ +0.8% ↑	Moderate	Steel rebar prices picked up by 2.5% in the first quarter of this year, while the price of steel flat products eased back by 1.0%. Weaker manufacturing activity, both domestically and in the Eurozone and the United States, contributed to the decline in steel flat prices, but marginal growth in the construction industry in the coming quarters will keep prices for both steel rebar and flat products around current levels.
 Stainless steel	+0.3% ↑	High	An increase in nickel supply from Indonesia and falling nickel pig iron prices have kept stainless steel prices fairly stable in the first quarter of this year. Stainless steel prices are expected to trend marginally upwards in the coming quarters.
 Lumber	-1.9% ↓	Moderate	Lumber prices recorded a decline of 2.6% in Q1 2023, in comparison to their Q4 2022 levels. Although construction output will edge upward from recent low levels of activity, improved supply from Vietnam and Indonesia will weigh on lumber prices in the coming quarters.
 Asphalt	+0.1% ↑	Low	Asphalt prices are estimated to have remained stable in the first quarter of this year. With demand from the construction sector expected to remain soft, the price of asphalt is expected to remain around its current levels in the short term. However, a potential increase in crude oil prices following recent OPEC+ output cuts may generate some upwards pressure on prices.
 Limestone	-1.4% ↓	Low	Limestone prices fell by 3.8% on a quarterly average basis in Q1 2023, in comparison to their Q4 2022 levels. Sluggish demand from the construction sector, amid rising interest rates, has contributed to this decline. Limestone prices are expected to continue to fall in Q2 2023, though the pace of the decline is expected to slow.

South Korea – Commodity Report



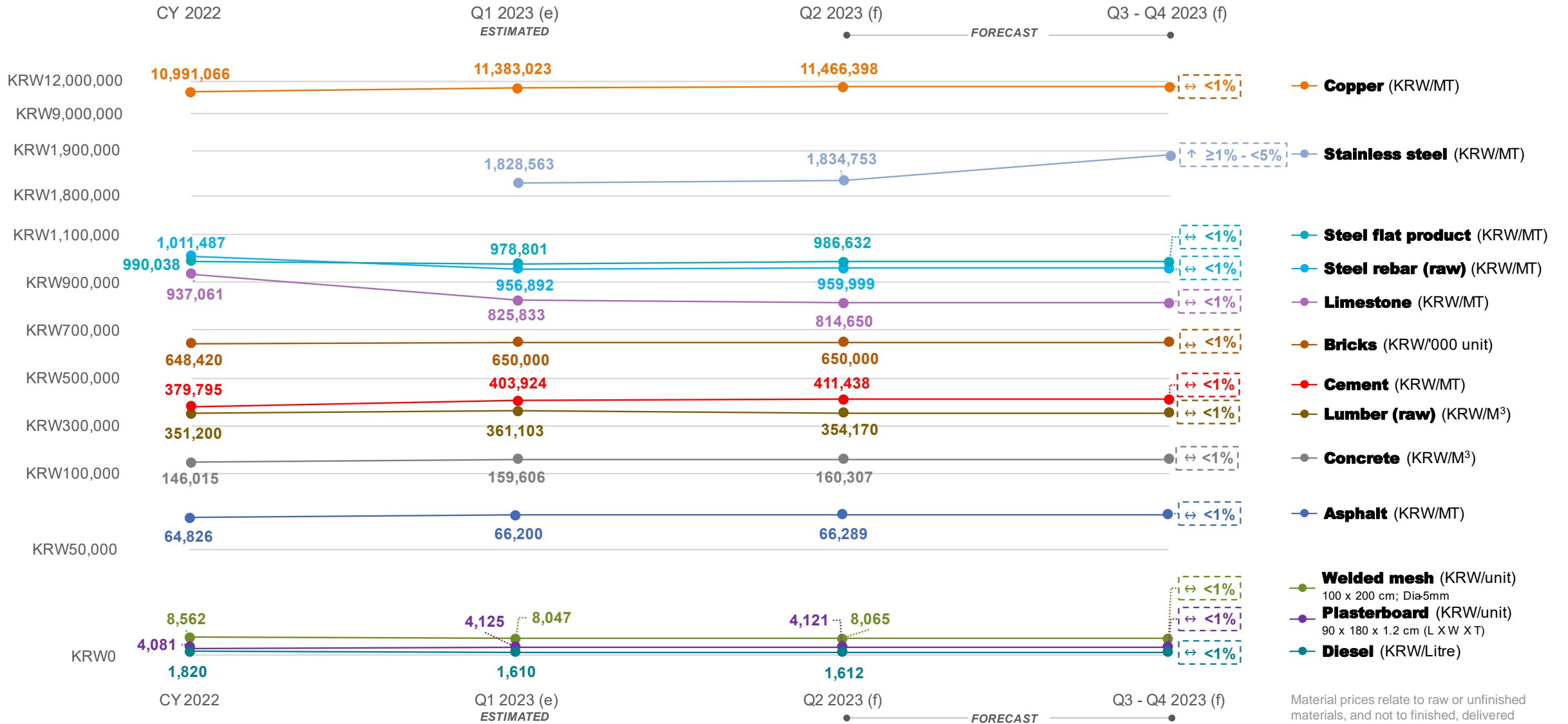
Construction Cost Index (Q1 2021 - Q1 2023) (2015=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+1.9% ↑ +0.4% ↑	 Moderate Cement and concrete prices rose in Q1 2023, with input costs increasing following the government’s decision to increase electricity rates. The increase in prices was, however, softened by weak demand from the construction sector, with activity in the infrastructure sector moderating in the first quarter of 2023. Cement and concrete prices are expected to edge up further in Q2 2023.
 Welded mesh	+0.2% ↑	 Low Welded mesh prices are predominantly driven by the trend of steel rebar prices and are estimated to have risen in line with the increase in rebar prices in Q1 2023. With the price of rebar expected to record only a marginal increase in the second quarter of this year, the price of welded mesh is expected to remain around its current levels.
 Bricks	0.0% ↔	 Moderate Brick prices remained stable in the first quarter of this year. Despite an increase in electricity rates by the government, weak demand growth from the construction sector, particularly in the residential sector, will keep brick prices close to their current levels in the coming quarters.
 Plasterboard	-0.1% ↓	 Low Plasterboard prices are estimated to have remained at their Q4 2022 levels in the first quarter of this year. Weak construction activity and a moderation of residential demand are expected to contain upward price pressures.
 Diesel	+0.1% ↑	 Low Diesel prices rose by 3.8% in the first quarter of this year on a quarter-on-quarter basis. However, prices fell through the quarter. With the government planning to remove its diesel subsidy after May 2023, the price of diesel is expected to continue to rise in Q2 2023.

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South Korea – Construction Materials Pricing (2022-2023)



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

South Korea – Macroeconomic overview

Economic indicators



1.51%

GDP growth in 2023 (f)
and **2.56%** in 2022



3.54%

inflation rate in 2023 (f)
and **5.09%** for 2022



28.27M

people employed in 2023 (f)
and **28.09M** in 2022



3.65%

unemployment rate for 2023 (f)
and **2.88%** in 2022



110.56

Consumer Price Index in Mar
2023 and **106.06** in Mar 2022



120.42

Producer Price Index in Feb 2023
and **116.70** in Feb 2022

National holidays









11 public holidays

in South Korea each year

South Korea – Construction overview



Output 2022 and 2023 (in KRW millions)

	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	45,505,382	45,395,350	46,714,044
Energy and utilities 	8,707,746	8,751,406	8,978,934
Industrial 	36,746,428	37,557,049	38,117,333
Infrastructure 	35,957,538	35,705,392	36,448,138
Institutional 	16,437,382	16,672,645	17,188,859
Residential 	93,234,115	94,375,296	97,879,102

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- 1. Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- 2. Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- 3. Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



4.7 fatalities per 10,000 workers per working week

construction industry occupational fatality rate in 2022.

Ranks 34 out of 38 OECD countries.

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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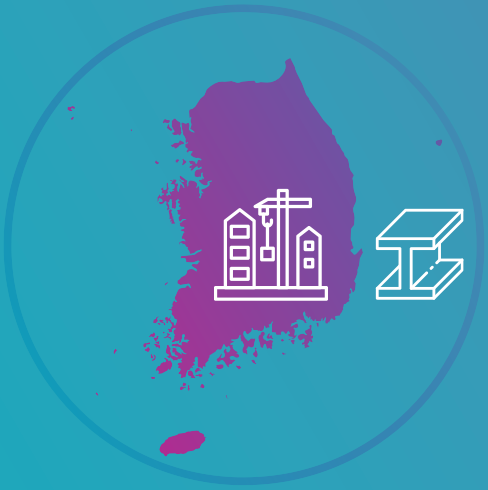
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Sample sources – South Korea

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

- IMF
- Statistics Korea
- The Korean Statistical Information System (KOSIS)
- Bank of Korea
- Korea Institute of Civil Engineering and Building Technology (KICT)
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Taiwan

Country Insights and Commodity Report

Q1 2023



Taiwan

Q1 2023

Taiwan's GDP is projected to grow by 2.1% in 2023, a reduction from the 2.45% growth forecast for 2022. This downward revision is attributed to weak export performance at the beginning of the year. However, the inflationary pressures in the country are showing signs of easing, with the Consumer Price Index (CPI) dropping from 2.4% in February 2023 to 2.35% year-on-year in March 2023.

Taiwan's construction industry grew by 1.5% in real terms in 2022 and is expected to grow by 0.5% in 2023. Growth has slowed due to rising construction costs, subdued demand and a scarcity of skilled labour and contractors. However, it is forecasted that the industry will continue to grow at an average annual growth of 3.6% from 2023 to 2027. The country is emerging as one of the major connectivity hubs in APAC, and data centers are one of the sectors experiencing rapid growth in the country.



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Lumber

An expected weakening of construction activity in the first quarter of this year is anticipated to have resulted in a decline in lumber prices. An additional interest rate hike by the Central Bank of the Republic of China at its March 2023 meeting is expected to further constrain residential construction demand, weighing on lumber demand and prices in the coming quarters.



Cement and aggregates

A glut of domestic supply, a moderation of thermal coal prices and a decline in demand from the construction sector as activity slowed saw cement prices fall sharply in the first quarter of this year. In contrast, concrete prices rose marginally. Some upwards pressure on prices will be generated by the enforcement of tariffs on Vietnamese cement and clinker exports.



Concrete blocks and bricks

Falling thermal coal prices and a moderation of domestic demand as construction activity slowed have weighed on prices in early-2023. Taiwan is reliant on imports from China and Vietnam to meet demand given the steady reduction in domestic production since 2013.



Steel (rebar and structural)

China Steel Corp, Taiwan's largest steel mill, increased its list prices of steel products in March 2023 and April 2023, citing increased input costs due to rising iron ore and metallurgical coal prices. Global steel demand is expected to strengthen as infrastructure construction activity ramps up in the coming months, generating further upwards pressure on steel prices in Taiwan. However, weak manufacturing activity in Japan, the Eurozone and the United States will weigh on steel demand, softening the rise in steel prices.



Copper

Stronger demand from China, disrupted supply due to widespread anti-government protests in Peru and depleted inventories saw copper prices rise sharply in the first quarter of this year. Price increases are expected to moderate in the coming quarters as Peruvian supply recovers, though robust Chinese demand and the more positive global economic outlook will drive continual price growth. Domestically, a less positive economic outlook and weaker manufacturing activity will partly offset the expected global increase in copper prices.



Taiwan – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)	Q4 2022 – Q1 2023 (e)	
	NT\$	NT\$	2022-23 % change	% change
Copper (NT\$/MT)	275,452	264,945	4.0% ↑	8.4% ↑ ●
Steel rebar (NT\$/MT)	21,295	24,011	-11.3% ↓	5.3% ↑ ●
Steel flat (NT\$/MT)	32,010	33,747	-5.1% ↓	-1.6% ↓ ●
Stainless steel (NT\$/MT)	37,924	NA	NA	2.1% ↑ ●
Lumber (NT\$/M ³)	6,805	6,927	-1.8% ↓	0.1% ↑ ■
Asphalt (NT\$/MT)	13,244	13,541	-2.2% ↓	0.2% ↑ ■
Limestone (NT\$/MT)	1,796	1,839	-2.4% ↓	-1.9% ↓ ●
Cement (NT\$/MT)	3,379	3,697	-8.6% ↓	-11.0% ↓ ●
Concrete (NT\$/M ³)	1,730	1,599	8.2% ↑	2.4% ↑ ●
Welded mesh (NT\$/unit)	362	373	-2.9% ↓	0.0% ↔ ■
Bricks (NT\$/'000 unit)	17,452	17,797	-1.9% ↓	-0.1% ↓ ■
Plasterboard (NT\$/unit)	250	250	0.0% ↔	0.0% ↔ ■
Diesel (NT\$/litre)	27.6	27.8	-0.8% ↓	1.7% ↑ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

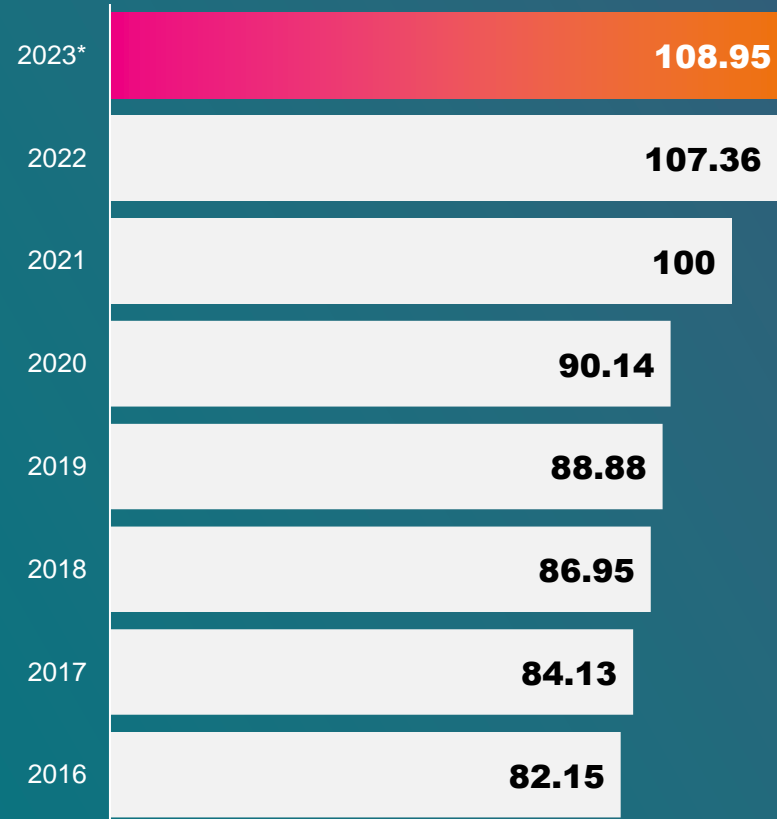
Welded mesh: 200 x 300cm, dia.-4mm Plasterboard: 10 x 20 x 1.25cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.4% ↑	Low	Copper prices are estimated to have risen by approximately 8% in Q1 2023, primarily due to stronger demand in China. Prices did, however, decline through the quarter, being 1.3% lower in March 2023 than in January 2023. Weak manufacturing output in Taiwan and concerns of a weak global economy weighed on prices during the quarter. Copper prices are expected to continue to rise in Q2 2023.
 Steel prices - Steel rebar - Flat steel	+1.7% ↑ +2.4% ↑	Low	Steel rebar prices increased by approximately 5% in Q1 2023. In contrast, steel flat product prices declined by 1.6%. Weaker global manufacturing activity during the quarter weighed on steel flat demand, while robust demand from China's construction sector underpinned rebar price growth. Prices for both steel flat and rebar are expected to rise in the second quarter of this year.
 Stainless Steel	+2.8% ↑	Low	Stainless steel prices are estimated to have risen by approximately 2.1% in the first quarter of this year, primarily due to higher input costs as iron ore and ferrochrome prices rose. With input costs expected to remain elevated, stainless steel prices are projected to continue to rise into the second quarter of this year.
 Lumber	-0.2% ↓	Moderate	Lumber prices remained fairly flat in the first quarter of this year. In the coming quarters, lumber prices are expected to stay around their current levels, with risk to the price outlook weighted to the downside.
 Asphalt	+0.5% ↑	Low	Asphalt prices edged up in the first quarter of this year. With diesel prices likely to increase in the coming quarters, as crude prices rise on the recent OPEC+ output cut and improving demand in China, asphalt prices are expected to appreciate.
 Limestone	-1.2% ↓	Low	Limestone prices are estimated to have fallen by approximately 1.9% in the first quarter of this year, in comparison to their Q4 2022 levels. A contraction of construction activity this year is expected to weigh on demand for limestone, with prices projected to continue to decline in Q2 2023.





Taiwan – Commodity Report



Construction Cost Index 2016-2023* (2021=100)

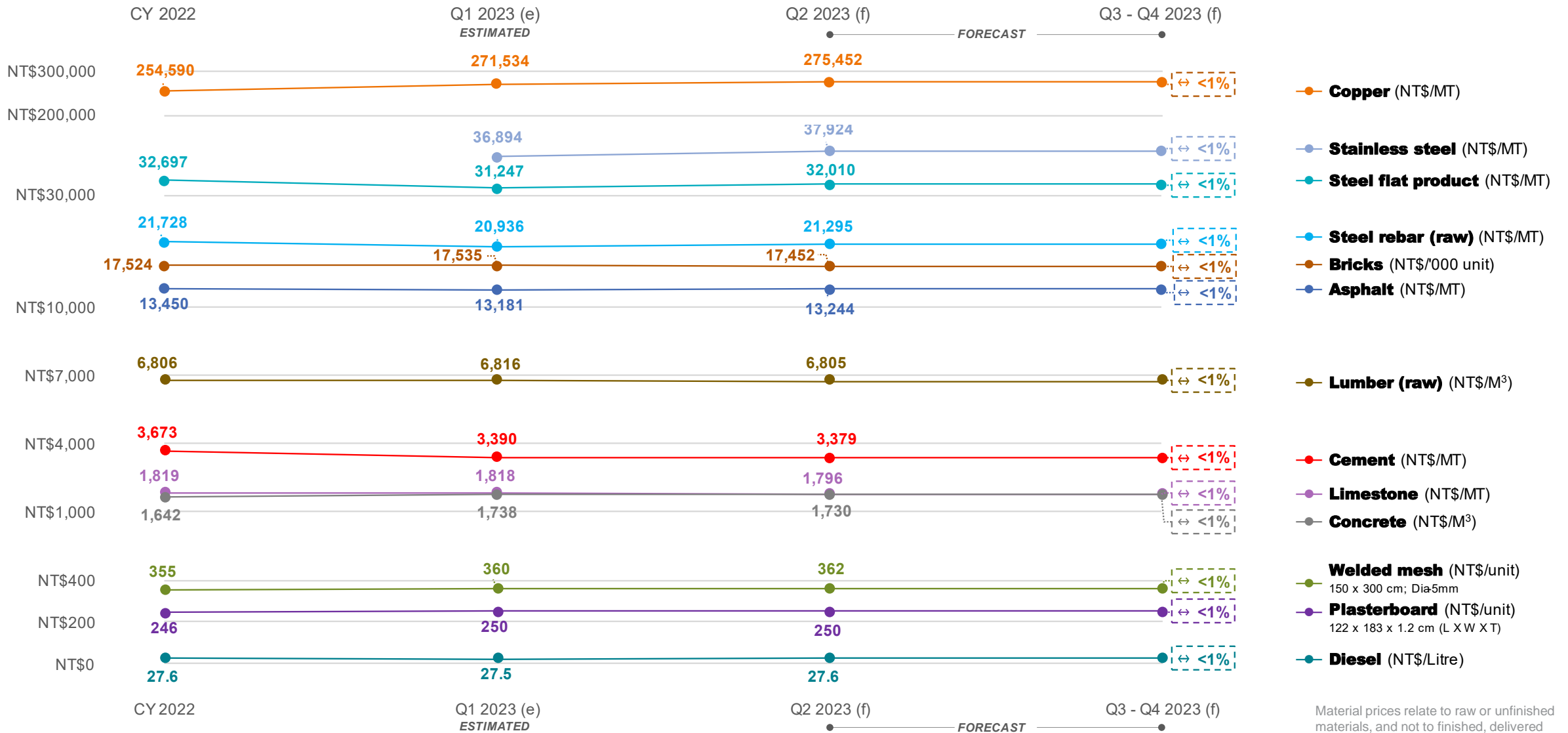


* Average of Jan and Feb 2023

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-0.3% ↓ -0.5% ↓	Moderate	Cement prices fell by 11% in Q1 2023, but concrete prices expected to have risen marginally. Weak construction activity is expected to have weighed on cement demand in the first quarter of this year and will continue to soften prices in the coming quarters. The prices of cement and concrete are both expected to decline in the second quarter of this year.
 Welded mesh	+0.7% ↑	Low	Welded mesh prices have remained stable and recorded no notable change from their Q4 2022 levels. With steel rebar prices expected to rise, welded mesh prices are expected to increase marginally in Q2 2023.
 Bricks	-0.5% ↓	Moderate	Brick prices have remained relatively stable, recording only a marginal decline from their Q4 2022 levels. Soft demand from the construction sector weighed on brick prices in the first quarter of this year. With construction activity expected to remain relatively weak in the short-term, brick prices are expected to continue fall in Q2 2023.
 Plasterboard	0.0% ↔	Low	Plasterboard prices have been stable in the past quarter. With interest rates rising and economic activity slowing, the demand for plasterboard from the housing sector is expected to soften, preventing any notable increase in prices. The price of plasterboard is expected to remain around its current level in Q2 2023.
 Diesel	+0.4% ↑	Low	Diesel prices increased between January and mid-February, with Taiwan's CPC and Formosa Petrochemical Corp increasing their prices. In March 2023, CPC and FPC reduced their diesel prices in accordance with the government's requirement that fuel prices in Taiwan remain lower than those in neighbouring economies. With crude prices likely to rise on OPEC+ production cuts, diesel prices could face some upwards pressure.

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Taiwan – Construction Materials Pricing (2022-2023)



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

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 – Macroeconomic overview



Economic indicators



2.10%

GDP growth in 2023 (f)
and 2.45% in 2022



1.92%

inflation rate in 2023 (f)
and 2.94% for 2022



11.49M

people employed in 2023 (f)
and 11.45M in 2022



3.53%

unemployment rate for Feb 2023
(f) and 3.65% in Feb 2022



104.32

Consumer Price Index in Mar
2023 and 101.92 in Mar 2022



109.38

Producers Prices Index in Mar
2023 and 109.14 in Mar 2022

National holidays

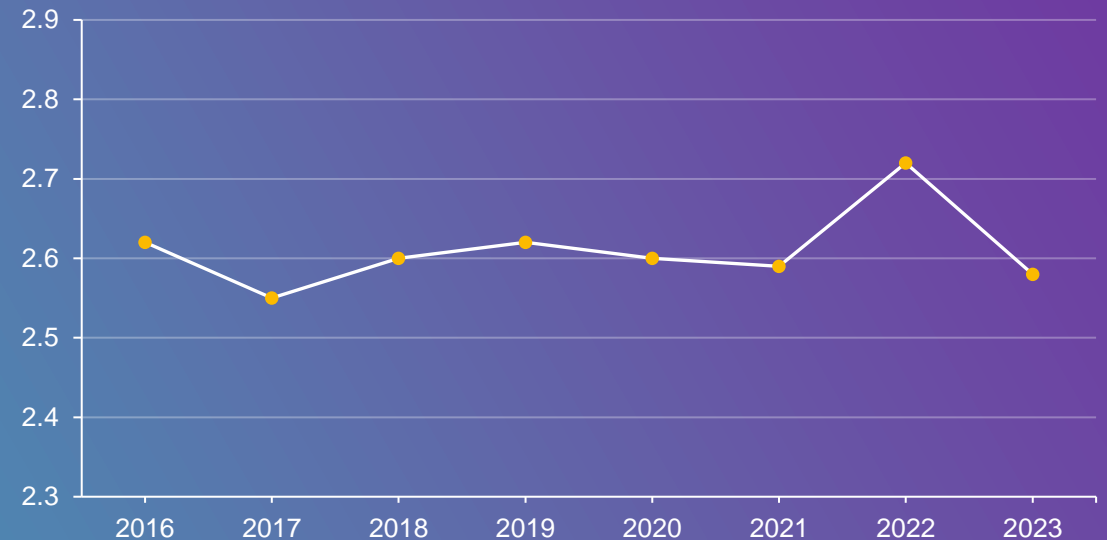


14 public holidays

in Taiwan each year

Taiwan Energy Prices

Electricity Average Selling Price
NT\$ per kWh









Note: Electricity Prices are from Taiwan Power company

*For 2023 Price is average of Jan to March 2023 prices

Taiwan – Construction overview



Output 2022 and 2023 (in NT\$ millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	106,262	104,906	108,592
Energy and utilities 	326,403	332,567	341,021
Industrial 	261,135	256,771	264,183
Infrastructure 	484,275	502,309	524,745
Institutional 	92,783	93,558	95,853
Residential 	555,148	545,659	566,855

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- 1. Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- 2. Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- 3. Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

Construction Health and Safety practices and culture



7.75 per 100 persons is the occupational injury incidence rate for Construction in Taiwan for 2022. It was 8.60 in 2021

Taiwan – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – Taiwan

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

- IMF
- National Statistics
- Directorate General of Budget, Accounting and Statistics (DGBAS)
- GlobalData's Construction Intelligence Center (CIC)
- Research and Markets
- Economic Research Institute
- Public Holidays
- Bureau of Energy Taiwan

Linesight 





UAE

Country Insights and Commodity Report

Q1 2023      

UAE

Q1 2023

In 2022, UAE's GDP grew by 7.4%, the fastest pace since 2010, due to higher oil production and a rebound in the non-oil sector. Despite uncertainties related to the global economic outlook, the IMF predicts that the economy will still grow by 3.5% in 2023. Inflation is also expected to decrease, with the Consumer Price Index projected to be around 3.4% in 2023, compared to 4.8% in 2022.

The UAE's construction industry grew by 2% in real terms in 2022, benefiting from an economic recovery after the easing of COVID-19 restrictions and increased oil receipts. It is anticipated to grow by 3.3% in 2023, supported by the government's continued emphasis on infrastructure investments. Despite concerns over material costs, skills shortages amid increasing labour demand in neighboring states the country's construction sector remains resilient and strong.



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Lumber

The expected improvement in construction output in the UAE, supported by government investment, will contribute to domestic demand for lumber, prices for which have eased globally. With most imports sourced from Europe and North America, where prices have dropped, local price inflation will be contained.



Cement and aggregates

Cement prices will remain at an elevated level in 2023, as consumption increases due to investment in infrastructure and major buildings projects. As the UAE not only has sufficient capacity to meet domestic consumption needs, but is also an exporter, so rising demand would be met by domestic suppliers. Prices are therefore set to remain around current high levels.



Concrete blocks and bricks

Benefiting from the high oil price environment, the UAE is set to push ahead with investment programs that will support a pickup in construction activity. This will generate stronger demand for key building materials, such as bricks, thereby keeping prices at relatively high levels.



Steel (rebar and structural)

Steel prices picked up in the first quarter, and prices will remain high in the coming quarters as producers seek to pass on higher production costs to buyers. Domestic steel production has been positive in recent quarters, with Emirates Steel Arkan, the UAE's largest public steel company, reporting a net profit of AED 125 million in Q4 2022.



Copper

Copper prices will stabilize in the second half of 2023, as an easing in major economic growth constraints in developed countries combined with the restart of production and recovery of consumption by Chinese companies (which consume approximately 52% of the world's copper). Although prices are expected to remain near current lows in the second quarter, demand is expected to increase due to the metal's importance in the energy transition drive.

UAE – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	AED	AED	2022-23 % change	% change
Copper (AED/MT)	30,026	36,162	-17.0% ↓	7.4% ↑ ●
Steel rebar (AED/MT)	2,507	2,975	-15.7% ↓	10.3% ↑ ●
Steel flat (AED/MT)	2,504	3,398	-26.3% ↓	13.9% ↑ ●
Stainless steel (AED/MT)	4,650	NA	NA	5.0% ↑ ●
Lumber (AED/M ³)	644	650	-1.0% ↓	0.0% ↔ ■
Asphalt (AED/MT)	1,721	1,900	-9.4% ↓	-7.0% ↓ ●
Limestone (AED/MT)	455	449	1.4% ↑	1.0% ↑ ●
Cement (AED/MT)	222	217	1.9% ↑	0.0% ↔ ■
Concrete blocks (AED/M ³)	231	230	0.5% ↑	0.0% ↔ ■
Welded mesh (AED/unit)	84.4	94.6	-10.8% ↓	0.0% ↔ ■
Bricks (AED/'000 unit)	1,809	1,700	6.4% ↑	0.0% ↔ ■
Plasterboard (AED/unit)	14.0	13.9	0.8% ↑	0.0% ↔ ■
Diesel (AED/litre)	3.2	4.1	-22.7% ↓	-14.8% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

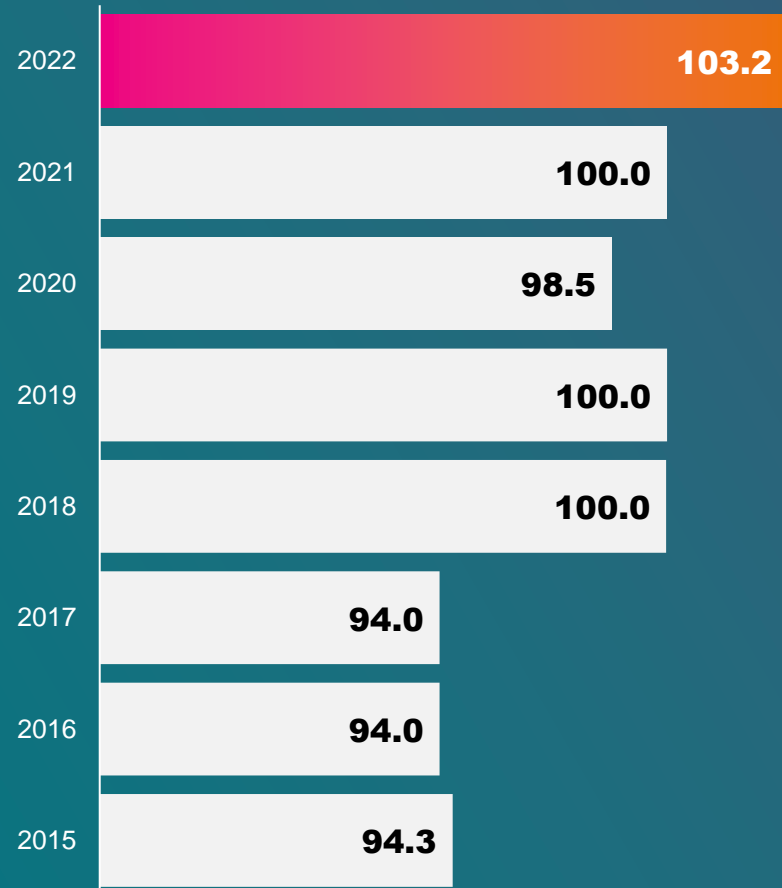
Welded mesh: 244 x 488cm, dia.-6mm Plasterboard: 122 x 244 x 1.2cm (L x W x T)










Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Low	After rising continuously from October to January, copper prices fell in February and March 2023. Despite the drop, Q1 2023 prices remain high due to increased demand from China following its reopening. In the short term, the global slowdown in economic activity, combined with the fear of a recession, will keep price pressures in check, but prices are expected to rise slightly in the coming quarters.
 Steel prices - Steel rebar - Flat steel	+2.0% ↑ +1.0% ↑	Low	Steel rebar prices in the UAE are expected to trend upwards in the short term, following a 3.8% M-o-M increase in March and a 6.9% increase since the start of 2023. Meanwhile, steel flat prices have increased by more than 10% from the price level of Q4 2022. Expectations of big projects to be awarded in first half of 2023, along with an extended import duty period for rebar till November 2023 will keep the demand strong and keep prices relatively high.
 Stainless Steel	+1.8% ↑	Moderate	High raw materials prices have kept stainless-steel prices relatively high. The price of stainless steel has increased by nearly 5% in the current quarter compared to the previous price level in Q4 2022. Stabilising energy and nickel prices are expected to keep stainless steel prices steady at a high level in the coming quarters.
 Lumber	-1.0% ↓	Moderate	Lumber price have witnessed no notable change from the level of Q4 2022. Improvements in the supply chain and reduced transportation cost due to stabilisation of international crude oil prices have improved the supply of imported lumber in the region. The price for lumber is expected to remain at current levels for the next quarter.
 Asphalt	+3.5% ↑	Low	Asphalt prices have fallen sharply from the levels of Q4 2022. However, prices are expected to rise in the short-term owing to production cuts by OPEC as well as rising demand stemming from road construction projects in the country.
 Limestone	-0.5% ↓	Low	Limestone prices edged up slightly in Q1 2023 compared to the price level of Q4 2022. Continued demand from construction sector and stabilising energy costs will likely keep limestone prices close to current levels over the coming quarters.

UAE – Commodity Report



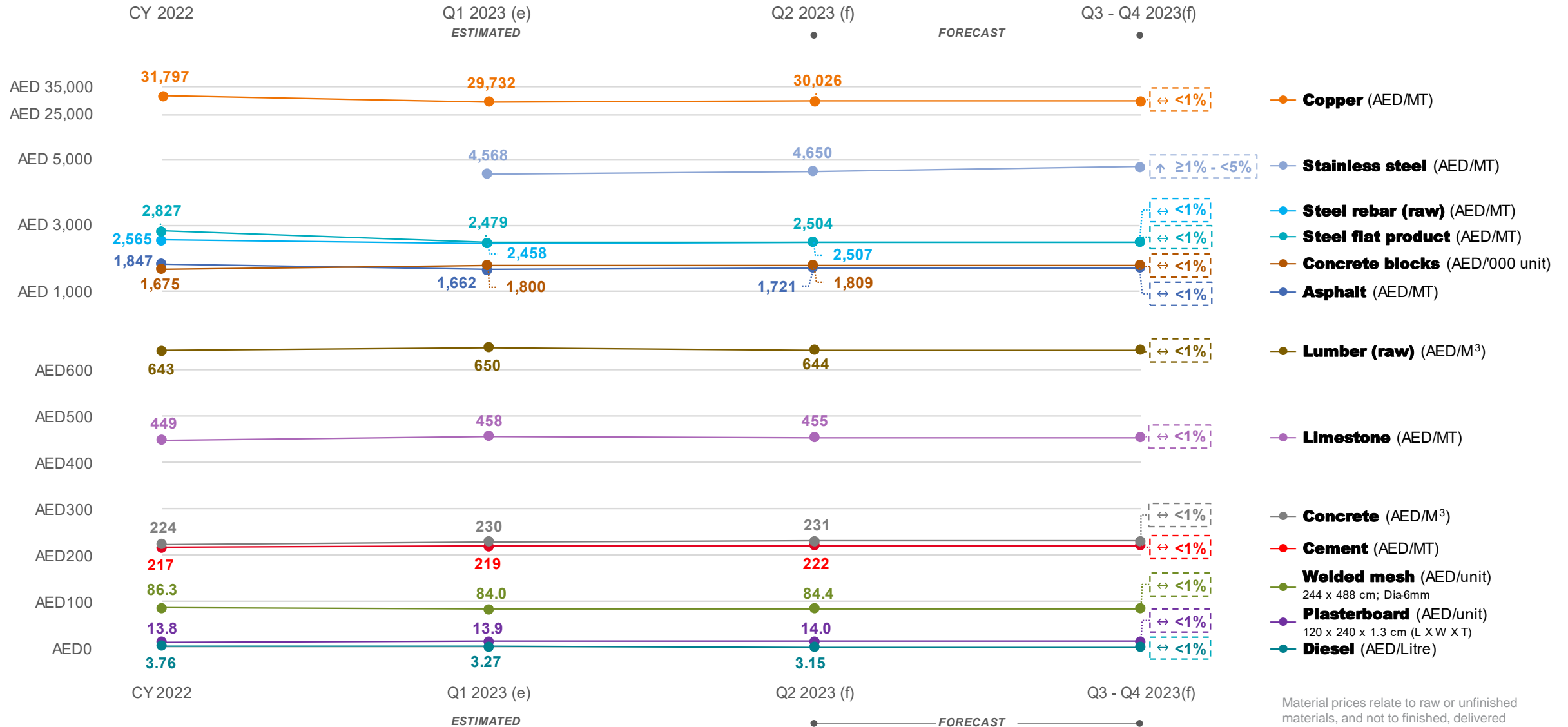
Construction Cost Index 2015-2022 (Dubai) (2019=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+1.0% ↑ +0.5% ↑	 Moderate Cement and concrete prices have remained stable in recent months. With many large construction projects expected to be awarded in first half of 2023, the demand for cement and related products is expected to remain strong, keeping prices relatively high.
 Welded mesh	+0.5% ↑	 Low Welded mesh price are expected to edge upwards marginally reflecting the increasing prices of rebar in next quarter. An increase in demand in line with the expansion in buildings projects will keep prices high in the coming quarters.
 Bricks	+0.5% ↑	 Moderate Prices of concrete blocks have remained stable recently. As with other building materials, demand will be strengthened by commencement of key projects by major developers in the region, and this will keep prices close to current highs.
 Plasterboard	+0.8% ↑	 Low Plasterboard prices are expected to remain stable in the first half of 2023, with no significant changes witnessed in comparison to the prices of Q4 2022. Stabilising energy prices and improvement in supply of domestic gypsum will keep the prices contained.
 Diesel	-3.6% ↓	 Low Diesel prices have fluctuated in the UAE in the past few months. The price of diesel per litre rose from AED3.29 in January to AED3.38 in February before dropping back to AED3.14 in March 2023. On a quarterly average basis, the price of diesel fell from AED3.84/litre in Q4 2022 to 3.27/litre in Q1 2023. The decline in prices has mainly reflected a general decline in international crude oil prices. However, in the coming quarters, prices are expected to remain volatile, with recent OPEC+ production cuts resulting in a jump in crude prices.

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UAE – Construction Materials Pricing (2022-2023)



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UAE – Macroeconomic overview



Economic indicators



3.52%

GDP growth in 2023 (f)
and 7.41% in 2022



3.42%

inflation rate in 2023 (f)
and 4.83% for 2022



3.00%

unemployment rate for 2023 (f)
and 3.50% in 2022



107.19

Consumer Price Index in March
2023 and 102.75 in March 2022

National holidays

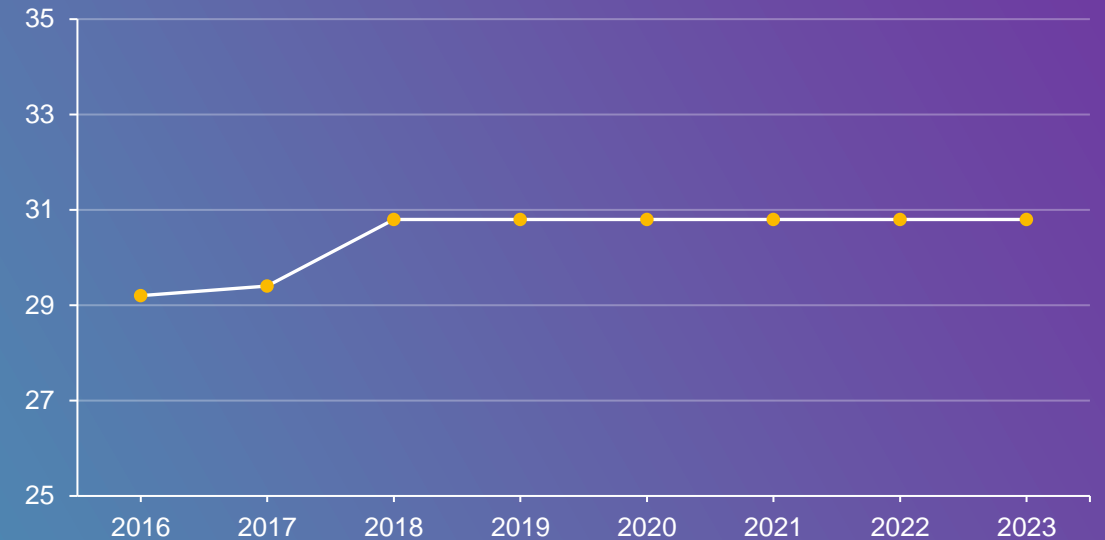


14 public holidays

in UAE each year

UAE Energy Prices

Average Electricity Charges in UAE (fills/kWh) –
Commercial Use









Note:

100 fills = 1 AED

Electricity cost have not changed in the last 5 years for commercial use

UAE – Construction overview



Output 2022 and 2023 (in AED millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	39,358	40,768	42,850
Energy and utilities 	75,354	78,199	81,406
Industrial 	14,570	14,903	15,386
Infrastructure 	60,637	63,305	66,756
Institutional 	8,432	8,643	8,943
Residential 	99,048	101,351	103,968

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- 1. Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- 2. Supply:** The stock levels of raw materials finally started to stabilize, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- 3. Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

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Sample sources – UAE

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- World Bank
- National Bureau of Statistics (United Arab Emirates)
- Dubai Statistics Center
- Statistics Center Abu Dhabi
- GlobalData's Construction Intelligence Center (CIC)
- Central Bank of UAE
- Economic Research Institute

Linesight

