

Europe

Country Commodity Reports

Q4 2022



Europe Country Commodity Reports



EUROPE

Belgium

Italy

Denmark

Netherlands

Finland

Norway

France

Spain

Germany

Sweden

Ireland

Switzerland

Israel

United Kingdom

Belgium Country Commodity Report Q4 2022



Belgium

Q4 2022

The overall growth rate of the Belgian economy for 2022 is expected to hover around 3.1%, given moderate growth in the last quarter. As far as the coming years are concerned, the growth rate will drop back in 2023 to around 0.6% as a result of pressures on the economy, a slowing labour market and international cues such as energy related headaches arising from the Russia-Ukraine conflict. Inflation has continued to increase over the last few quarters as a result of energy prices remaining strained especially given the extreme cold conditions, although moderating slightly in last two months of 2022, to make the year average around 10%. Inflation is expected to further ease out over the coming years, riding on an expectation of energy prices normalising.

The construction sector in Belgium looks stagnated at 0.3% growth in the last quarter of 2022, which is not all bad, given that the other sectors are bearing the brunt of a slowing economy, high inflation and adverse global economic and political pressures. Amid inflationary pressures and muted demand, the prices of commodities are expected to level off in coming quarters.



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Lumber

Lumber prices are set to remain relatively high. The decline in construction output in the short term will contribute to an easing in price pressure, but demand for lumber will increase over the long term given the growing popularity of wood as a construction material. Lumber accounts for around a 2% share of total construction value in Belgium, which is lower than in Scandinavian markets, but relatively high compared to other major markets in Europe.



Cement and aggregates

The construction industry is facing a challenging period with output set to decline in 2023, and this will impact on demand for cement and concrete. Prices for these materials soared over the course of 2022 and will stay relatively high over the coming quarters owing to high energy costs. According to Embuild (the Belgium Construction Association), there will be some price stability going forward, but given the risk of market volatility it has advised construction companies to continue to include price review clauses in their contracts.



Concrete blocks and bricks

Brick prices rose throughout 2022, with producers passing on higher energy costs. Higher material costs along with product shortages have been a key factor in reports of construction companies having to halt projects temporarily. Heading into 2023, weaker demand will be a factor in containing upward price pressures, given the wider economic slowdown and rising interest rates, but a marked reversal in materials prices is not expected.



Steel (rebar and structural)

Steel prices have fallen from the highs reached during the second quarter of 2022, with rebar prices in particular dropping sharply, such that in December 2022 they were marginally below the levels in December 2021. With high energy costs and a rise in cheaper imports from Asian suppliers, local producers have been temporarily cutting production and idling facilities.



Copper

As has been the case in recent quarters, copper prices will remain volatile in the coming quarters. Although demand will be subdued in the short-term owing to the global economic slowdown, there are fears of supply shortages and disruptions. Over the long term, global demand for copper will be strong as it will be a key material used in EV production and renewable energy technology.

Belgium - Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,249	9,116	-9.5% ↓	1.8% ↑ ■
Steel rebar (€/MT)	822	982	-16.3% ↓	-17.0% ↓ ●
Steel flat (€/MT)	1,144	1,164	-1.7% ↓	-1.3% ↓ ■
Stainless steel (€/MT)	3,844	NA	NA	NA
Lumber (€/M3)	108	105	3.8% ↑	-2.2% ↓ ●
Asphalt (€/MT)	77.1	73.7	4.7% ↑	-0.2% ↓ ■
Limestone (€/MT)	84.8	63.0	34.7% ↑	2.2% ↑ ●
Cement (€/MT)	236	178	32.3% ↑	2.1% ↑ ●
Concrete (€/M3)	123	78	56.6% ↑	10.1% ↑ ●
Welded mesh (€/unit)	25.0	29.1	-14.0% ↓	-15.7% ↓ ●
Bricks (€/000 unit)	682	619	10.2% ↑	4.4% ↑ ●
Plasterboard (€/unit)	5.4	4.7	15.7% ↑	5.3% ↑ ●
Diesel (€/litre)	1.8	1.9	-5.1% ↓	-1.8% ↓ ■

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

Welded mesh: 200 x 300cm, dia.-6mm Plasterboard: 260 x 60 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+1.8% ↑	Moderate	Copper prices in Belgium are expected to follow global trends given the country's dependence on imports of raw material for copper production. Copper prices picked up again in late 2022 and will be volatile in the coming quarters. The global economic slowdown will exert downward pressure, but this will be offset by fears of a supply shortage as well as demand linked to investments in the green energy transition and electric vehicle production.
Steel prices - Steel rebar - Flat steel	-6.0% ↓ -1.0% ↓	Low	Steel rebar prices declined by 17% when comparing the average in Q4 2022 to the average of the previous quarter, while flat products posted a more marginal decline. The sharp drop in rebar primarily reflects a slowdown in demand, as well as cheaper imports from outside the EU. The Belgian Construction Association expects a slowdown in demand in the country during the first half of 2023 owing to the higher interest rates.
Stainless steel	+2.0% ↑	Low	The price of stainless steel is expected to increase because of high energy costs and high prices for raw materials, such as nickel.
Lumber	-1.0% ↓	Low	Although edging downwards in Q4 2022, lumber prices are still at a relatively high level as a result of high production and manufacturing costs. Price pressure will continue to ease, with rising interest rates impacting housing demand. However, over the longer term, the growing popularity of wood as a construction material will be a factor in keeping local prices elevated.
Asphalt	-1.0% ↓	Low	Asphalt prices stabilised at a relatively high level in Q4 2022. Demand stemming from road infrastructure investment growth along with elevated crude oil prices will keep asphalt prices close to current levels in the coming quarters.
Limestone	+1.3% ↑	Low	Upward pressure on limestone prices has eased, but prices are still relatively high owing to supply-side factors. In the coming quarters, as construction demand growth wanes, prices will start to decline.

Belgium - Commodity Report



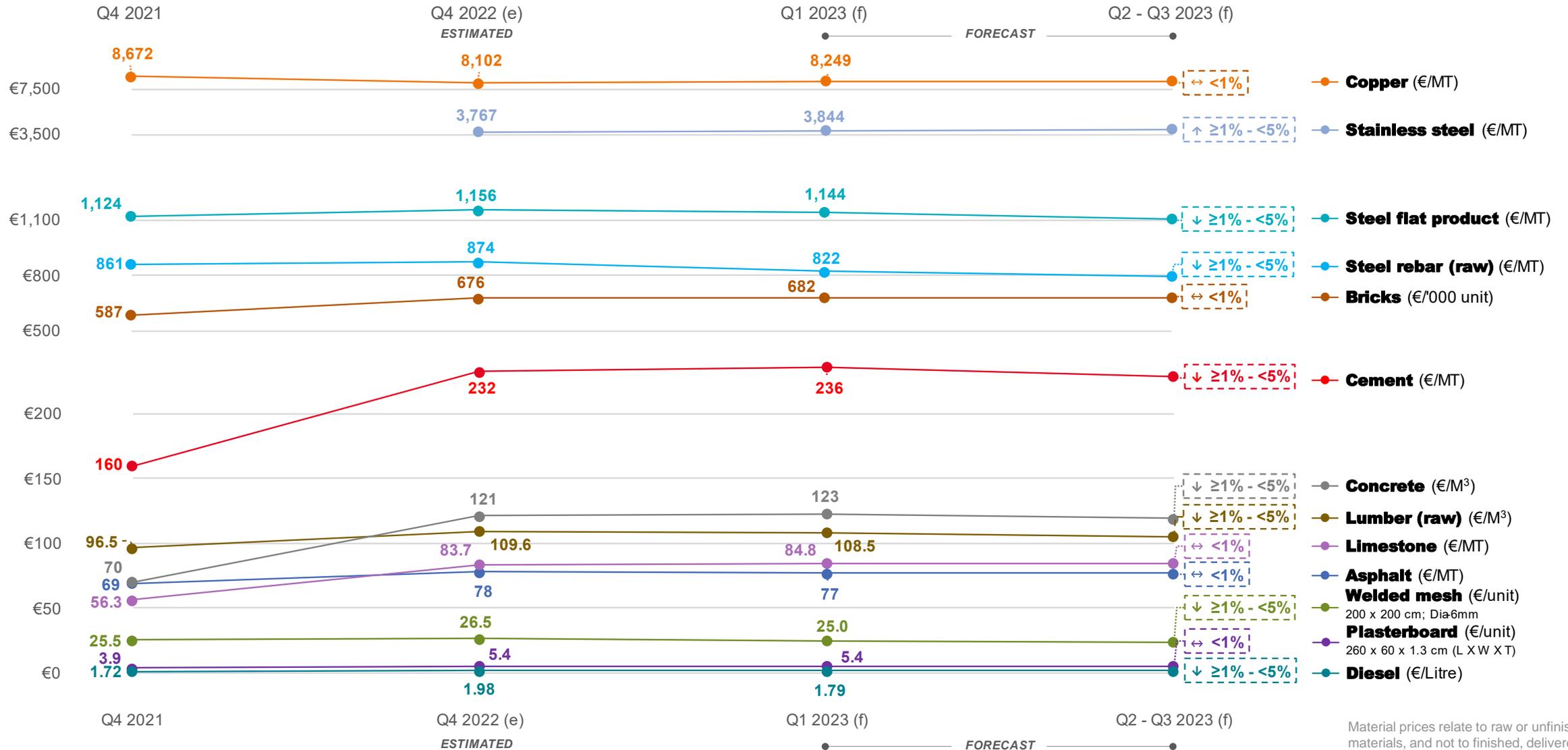
Construction Output Price Index 2015-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.6% ↑ +1.3% ↑	Moderate	<p>Cement and concrete prices started to level off in Q4 2022, having been on a steep upward trend during the year as a result of rising production costs. By November, cement prices were close to 50% higher than in November 2021, while ready mixed concrete prices were up by 53%. Although prices remain elevated, further upward pressure on prices is expected to ease due to falling levels of activity in the construction industry, limiting cement producers' ability to continue to pass on higher costs.</p>
 Welded mesh	-5.7% ↓	Moderate	<p>Welded mesh prices have declined from the highs of Q2 2022, in line with the general trend recorded for reinforcement bars. Prices are expected to decline on the back of sluggish demand in the coming quarters.</p>
 Bricks	+1.0% ↑	Low	<p>Brick prices continued on an upward trend in Q4 2022, with prices at the end of the year around 15% higher than at the end of 2021. Given the energy-intensive nature of manufacturing, producers have faced a sharp jump in costs, which have been reflected in prices. However, weaker demand owing to declining levels of construction activity will contain inflationary pressures in the coming quarters.</p>
 Plasterboard	+1.0% ↑	Moderate	<p>Plasterboard prices edged higher in Q4 2022, with producers still facing high costs for raw materials and energy. However, with construction activity set to decline marginally in 2023, producers will struggle to continue passing on higher costs to buyers.</p>
 Diesel	-9.6% ↓	Low	<p>Diesel prices dropped below €2 per litre in November for the first time since May 2022. Prices dropped further in December and are expected to continue to slide in the coming months. Crude oil prices will remain volatile given the production cuts by OPEC+ on one hand, and the expected global economic slowdown on the other. However, prices are not expected to return to the peaks in 2022.</p>

* 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.

Belgium - Construction Materials Pricing (2021-2023)



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

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Belgium – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – Belgium

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

- National Bank of Belgium
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- STATBEL (the Belgian Statistical Office)

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Denmark

Country Commodity Report

Q4 2022



Denmark

Q4 2022

The overall GDP growth rate of Denmark for the year 2022 is forecast to be around 3% as a result of a slowdown in the economy. This slowdown is expected to continue well into 2023, before recovering in the latter half, resulting in negligible growth for the year. Growth is expected to return in 2024, albeit marginal at a rate of 1% to 1.5%. The decline in growth is driven by economic and geopolitical pressures from the Russia-Ukraine conflict, volatile energy prices, and slacking labour market. Inflation is also impacting at almost 8% for the year however it is expected to ease out to 3.7% and 2% in the years after.

The Danish construction industry seems to, for now, defy the overall economic concerns in country, registering a robust growth of approximately 5.1% (in real terms) for the year 2022 with the sector forecast to grow at an average annual growth of 3% during 2024-26.



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Lumber

Denmark saw record high lumber prices in mid-2022 as a result of supply chain disruption. High production and transportation costs due to elevated energy costs sustained upward pressure on lumber prices, which eased slightly in recent quarters. However, this may be offset by weakening demand in construction industry in coming quarters. Falling residential demand is expected to dampen domestic lumber demand. However, residential construction will benefit from government's focus on affordable housing to combat housing shortage. Additionally, Copenhagen leads the 'Build-in-Wood' initiative funded by the EU to promote timber-based construction.



Cement and aggregates

High demand for cement and other aggregates amid the expansion in construction output in the first half of 2022 combined with high production and transportation costs caused the price of cement to rise sharply. However, declining demand amid falling levels of construction activity is expected to offset supply-side pressure in the coming quarters and keep prices relatively stable. Prices are likely to prove sticky over the medium term, owing to low competition in the domestic cement market.



Concrete blocks and bricks

Strong domestic demand amid strong growth in the construction sector has kept brick prices relatively high in Denmark in recent



years, while the supply-chain disruptions stemming from the Russia-Ukraine conflict have exacerbated upward pressure on prices in recent quarters. Despite high production and transportation costs continuing to feed into prices, falling demand for bricks as the construction sector weakens in 2023 will offset upward pressure from the supply side, keeping prices stable in the short term.



Steel (rebar and structural)

As a net importer of steel, Denmark has been heavily exposed to supply shortages and price volatility in the global market following the supply shock resulting from EU sanctions on Russian steel imports. However, demand for steel is expected to fall in the coming quarters due to weakening manufacturing output and a reduction in fixed capital investment amid rising interest rates, which will cause steel prices to decline. Moreover, greater levels of steel production in Turkey and China will offset pressures on the supply side and offer cheaper alternatives to net steel importers such as Denmark.



Copper

Long-term demand for copper will be driven by investment in renewable energy and electric vehicles to support the green transition in Denmark. However, global copper prices are expected to remain volatile in the short-term owing to competing pressures on the supply and demand sides. Low global stockpiles will sustain upward pressure on prices while falling demand amid slowing economic growth globally will limit further upward pressure. Economic recovery in China, the world's largest copper consumer, could offset the fall in demand from other large copper consumers, exacerbating volatility in global the copper market.

Denmark – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	DKK	DKK	2022-23 % change	% change
Copper (DKK/MT)	59,326	66,227	-10.4% ↓	2.1% ↑ ●
Steel rebar (DKK/MT)	6,509	6,570	-0.9% ↓	-6.9% ↓ ●
Steel flat (DKK/MT)	5,366	7,505	-28.5% ↓	-6.9% ↓ ●
Stainless steel (DKK/MT)	28,457	NA	NA	NA
Lumber (DKK/M3)	768	771	-0.4% ↓	-2.4% ↓ ●
Asphalt (DKK/MT)	2,284	2,025	12.8% ↑	-0.2% ↓ ■
Limestone (DKK/MT)	1,492	1,448	3.0% ↑	2.0% ↑ ●
Cement (DKK/MT)	1,655	1,459	13.4% ↑	1.8% ↑ ●
Concrete (DKK/M3)	1,153	1,029	12.0% ↑	2.7% ↑ ●
Welded mesh (DKK/unit)	261	258	1.3% ↑	-9.4% ↓ ●
Bricks (DKK/000 unit)	7,493	6,361	17.8% ↑	3.5% ↑ ●
Plasterboard (DKK/unit)	93.7	73.0	28.3% ↑	2.0% ↑ ●
Diesel (DKK/litre)	14.0	13.1	6.3% ↑	-3.4% ↓ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
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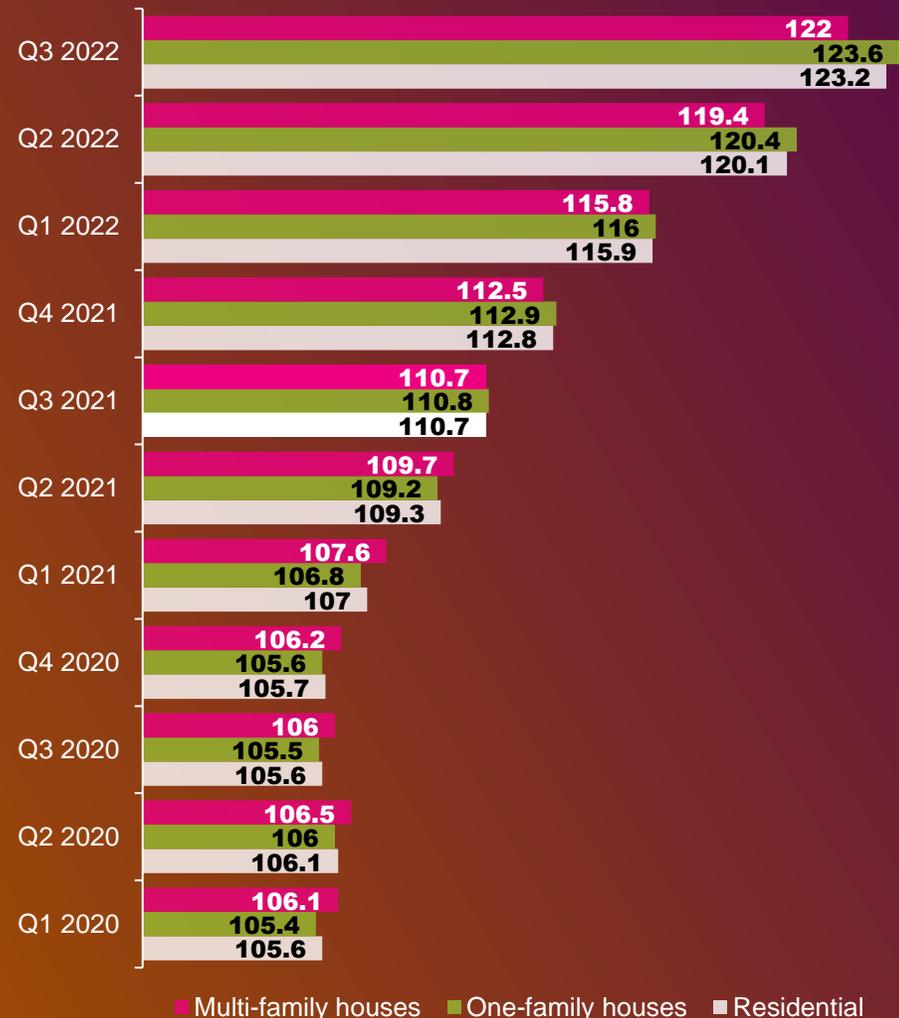
Welded mesh: 250 x 215cm, dia.-6mm Plasterboard: 240 x 90 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+1.7% ↑	Moderate	Low global stockpiles and resilient demand have kept copper prices elevated in recent quarters, despite prices falling from record highs reached in Q2 2022. Slowing economic growth will keep demand subdued compared to historical levels, but supply-side issues will keep prices sensitive to changes in demand.
Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Low	Steel demand in Denmark is expected to continue to fall in the coming quarters, owing to the impact of high energy costs, weak consumer demand, and falling levels of fixed capital investment amid rising interest rates. Declining demand for steel globally, coupled with an increase in steel imports from Turkey and China to ease supply-side pressure, will exacerbate the downward trend in steel prices expected over the coming quarters.
Stainless steel	+1.5% ↑	Low	Stainless steel prices are expected to rise further due to increase in the prices of key raw materials such as nickel and molybdenum.
Lumber	-2.3% ↓	Low	Lumber prices are expected to remain stable over the coming quarters, owing to weaker demand in the construction sector, which will offset supply-side pressures stemming from high production and transportation costs. A cooling housing market, will drive the downturn in demand for lumber. Nevertheless, underlying demand for lumber as a sustainable construction material will limit downward pressure on prices.
Asphalt	-1.0% ↓	Low	Declining crude oil prices in recent months have eased pressure on asphalt prices, which marginally declined in Q4 2022. Falling demand for crude oil globally owing to slowing economic growth in 2023 will offset supply-side disruptions in the crude oil market, which will help to stabilise asphalt prices over the coming quarters.
Limestone	+1.0% ↑	Low	Limestone prices have fallen from highs reached in Q2 2022 and have since stabilised around DKK1,460/MT. Despite falling demand production and transportation costs for limestone producers remain high, keeping prices stable but elevated.

Denmark – Commodity Report



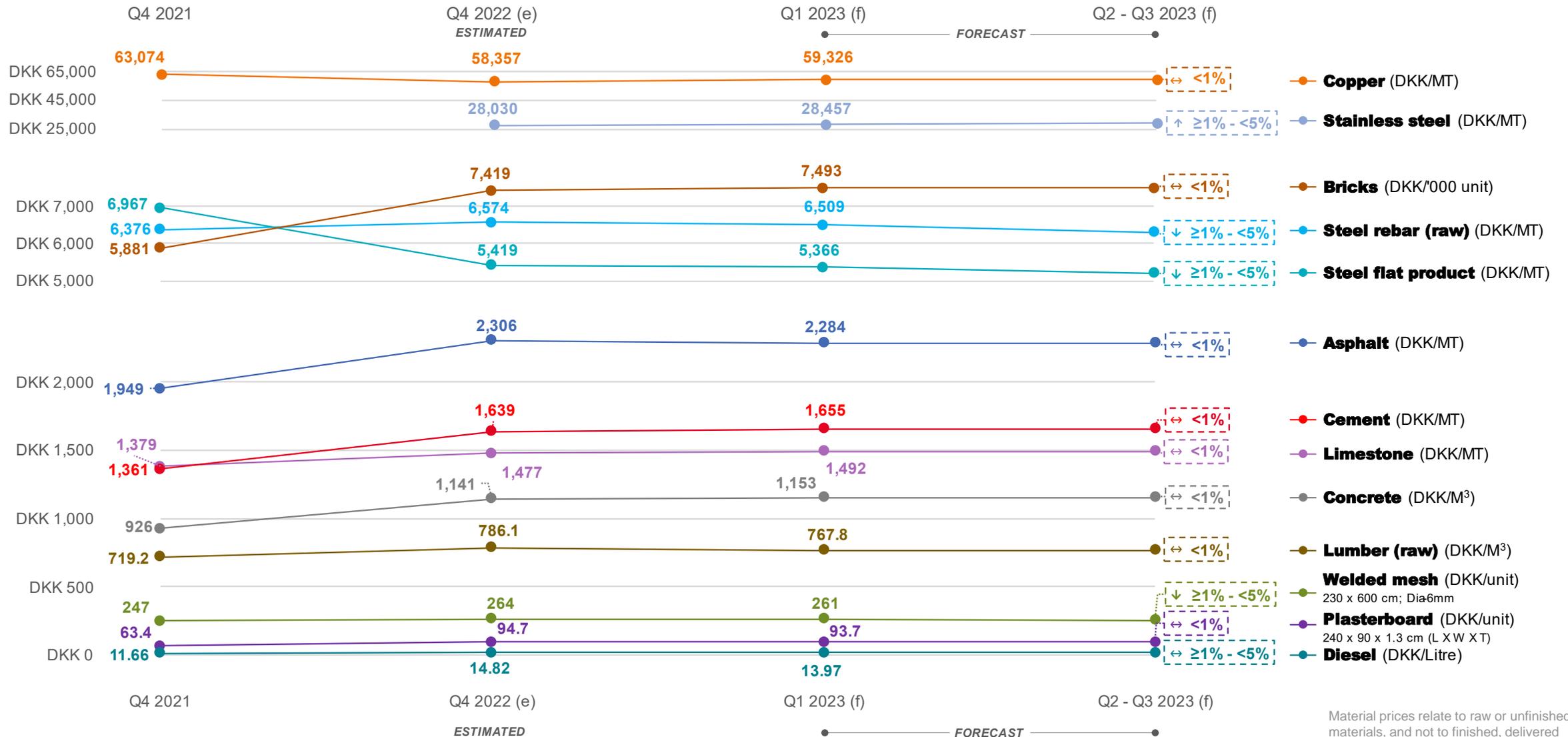
Construction cost index 2020-2022 (2015=100)



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	High energy costs feeding into production and transportation costs will keep prices elevated. However, falling output levels in the residential construction sector will offset further upward pressure on cement prices.
 Welded mesh	-1.0% ↓	Low	With an expected fall in steel prices, the price of welded mesh is expected to decline over the coming quarters. High production costs, as a result of high energy costs, are likely to limit downward pressure on prices, therefore, keeping prices elevated compared to historical levels.
 Bricks	+1.0% ↑	Low	Due to high energy costs, brick prices have remained elevated in recent quarters. While producers will continue to pass on higher costs to developers over the coming quarters, weakening demand from the construction industry will limit further upward pressure on prices, which are expected to remain stable in the first half of 2023.
 Plasterboard	-1.0% ↓	Moderate	High energy and raw materials costs have been the primary drivers of rising plasterboard prices in 2022. In recent months however, prices have begun to stabilise due to weakening demand and limited further upward pressure on energy and raw materials costs. Plasterboard prices are expected to remain stable at elevated levels over the coming quarters.
 Diesel	-5.8% ↓	Low	Since the start of the Russia-Ukraine conflict in 2022, diesel prices in Denmark have been among the highest in Europe. However, prices have been falling since Q3 2022, owing primarily to falling crude oil prices. Prices are expected to fall further in the coming quarters as weakening global demand for crude oil offsets supply-side issues. However, crude oil market volatility may cause diesel prices to rise again in the medium term.

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Denmark – Construction Materials Pricing (2021-2023)



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Sample sources – Denmark

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

Linesight 





Finland

Country Commodity Report

Q4 2022



Finland

Q4 2022

According to a latest update by Statistics Finland, Finnish GDP shrunk by 0.3% in Q3 2022 from the previous quarter and is expected to remain bleak in coming quarters as well. This is primarily because of a surge in energy prices and high inflation impacting purchasing power. The consumer price index in Finland grew by 7% in 2022, but with labour market recovery and government's support, it is predicted to moderate in 2023.

Amid challenges such as high construction costs, supply chain disruptions, high inflation rates, and low investor confidence, Finland's construction industry is expected to grow by 1.8% in real terms in 2022. However, growth is expected to accelerate somewhat to 1.9% in 2023-2024, due to government investments in infrastructure and renewables. Finland's national Recovery and Resilience Plan (RRP) under the EU's Recovery and Resiliency Facility (RRF) and EU's funding to boost SMEs are the key programmes that are likely to fuel the growth of the industry.



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Lumber

Finland has been reliant on Russian lumber imports in recent years, despite its large domestic wood industry. With the value of wood products accounting for 8% of its total construction production value, Finland uses more lumber for construction than any other European country. The domestic market has been sensitive to short-term supply shocks. However, Finland is likely to cut its lumber export volume and increase its usage of domestically produced lumber, which, according to the Finnish Central Union of Agricultural Producers and Forest Owners, can meet the construction industry's needs.



Cement and aggregates

Supply disruptions and high energy costs have pushed up the price of cement and concrete in recent quarters. However, further upward pressure on prices will be contained by falling demand amid weakening activity in the construction sector. Prices are likely to remain elevated over the coming quarters due to limited competition in the cement and concrete markets, which will allow producers to pass on higher costs for longer. Finnsementti, a subsidiary of CRH, is the only Finnish cement manufacturer, with the majority of domestic cement production taking place at its Parainen and Lappeenranta plants.



Concrete blocks and bricks

Despite elevated energy costs continuing to feed into the production and transportation costs of bricks, weakening demand owing to slowing activity in the construction sector and a cooling housing



market will limit further upward pressure on brick and concrete block prices over the coming quarters. Prices are likely to remain elevated over the medium term as domestic brick producers continue to pass on higher costs to developers.



Steel (rebar and structural)

Owing to its position as a net importer of steel, Finland has been heavily exposed to supply shortages and price fluctuations in the global market in the wake of EU sanctions on Russian steel imports. However, weakening global demand for steel, coupled with increasing production in China and Turkey is expected to ease pressure on prices over the coming quarters. Over the longer term, strengthening demand driven by improving economic conditions and government plans to develop transport and energy infrastructure could put upward pressure on steel prices in Finland.



Copper

Although copper prices have fallen from record highs reached in Q2 2022, low global stockpiles and the potential for an increase in demand from China, the world's largest consumer of copper, could keep upward pressure on copper prices. Copper prices are likely to remain volatile over the medium term due to its sensitivity to global supply and demand. Over the longer term, greater investment in renewable energy and electric vehicle production will keep copper demand strong.

Finland – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,006	8,939	-10.4% ↓	2.1% ↑ ●
Steel rebar (€/MT)	890	828	7.5% ↑	-13.9% ↓ ●
Steel flat (€/MT)	887	1,003	-11.6% ↓	-1.6% ↓ ●
Stainless steel (€/MT)	3,805	NA	NA	NA
Lumber (€/M3)	70.0	63.9	9.6% ↑	-2.0% ↓ ●
Asphalt (€/MT)	74.1	68.2	8.7% ↑	-1.8% ↓ ●
Limestone (€/MT)	58.6	49.0	19.6% ↑	0.8% ↑ ■
Cement (€/MT)	299	228	31.0% ↑	0.9% ↑ ■
Concrete (€/M3)	154	133	15.7% ↑	6.9% ↑ ●
Welded mesh (€/unit)	89.1	76.0	17.2% ↑	-6.0% ↓ ●
Bricks (€/000 unit)	822	773	6.4% ↑	1.8% ↑ ●
Plasterboard (€/unit)	14.3	10.5	35.6% ↑	12.8% ↑ ●
Diesel (€/litre)	2.0	1.9	4.5% ↑	-1.8% ↓ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

Welded mesh: 235 x 500cm, dia.-8mm Plasterboard: 120 x 240 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.9% ↑	 Low	Global demand for copper has been relatively strong in recent months, despite prospects of slowing economic growth in 2023. Underlying demand also remains strong as it will increasingly be used in the renewable energy drive. Low global stockpiles are also increasing pressure on the supply side, which will keep prices high in the coming quarters.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	 Low	The impact of high energy costs was particularly strong in Finland where 40% of domestic production use the electric arc furnace process, causing prices to soar in Q2 2022. While high energy costs will continue to impact domestic producers, pressure on steel prices will ease somewhat as supply increases from Asian exporters such as China and Turkey and demand reduces due to slowing global economic growth.
 Stainless steel	+1.0% ↑	 Low	High energy costs and volatility in the price of nickel and key alloying materials such as molybdenum are expected to sustain upward pressure on stainless steel costs over the coming quarters.
 Lumber	-1.2% ↓	 Low	Lumber prices have edged downwards but will remain at an elevated level due to high production and transportation costs as a result of continued high energy prices. However, further upward pressure on prices will be contained by falling demand from the construction sector, particularly in the residential sector which has been impacted by rising interest rates.
 Asphalt	-1.0% ↓	 Low	The impact of declining crude oil prices in recent months has caused asphalt prices to fall. Weakening demand amid slowing economic growth will keep downward pressure on prices over the coming quarters. However, uncertainty in the global crude oil market and planned supply cuts by OPEC+ could keep asphalt prices volatile in the medium term.
 Limestone	+1.0% ↑	 Low	Although limestone demand is largely met through domestic production, high energy and transportation costs have driven inflated costs in recent quarters. Supply-side costs will continue to keep upward pressure on prices in the coming quarters, however, weakening demand in the construction sector will limit further price increases.

Finland – Commodity Report



Building cost index 2015-2022

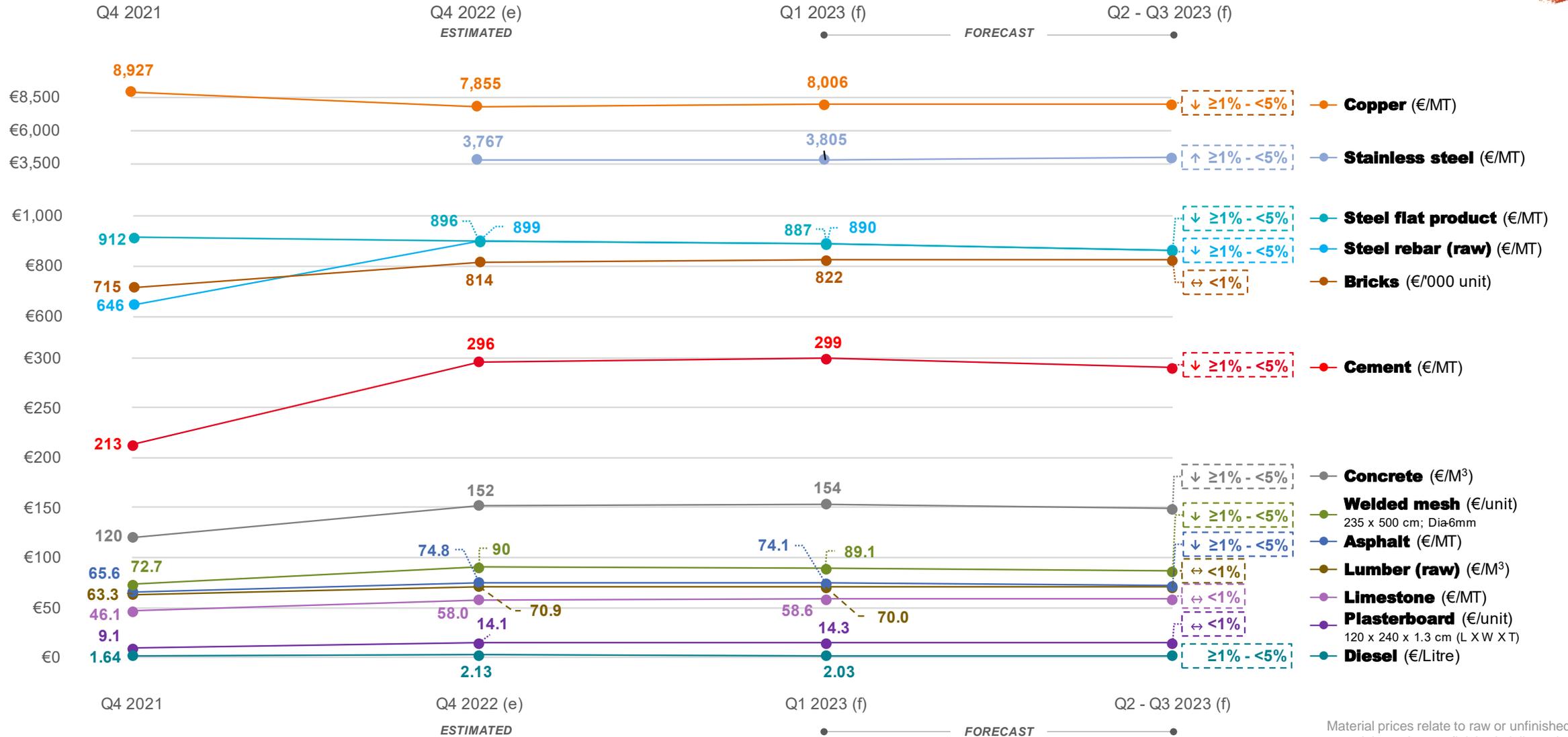


Note: 2015=100

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	Despite high energy costs continuing to exert upward pressure on production and transportation costs, falling demand for concrete and cement is expected to ease further pressure on prices, which are expected to remain elevated but stable over the coming quarters. Further ahead, legislation approved by the Finnish government such as the Building Act, which will go into force in early 2024, will ensure the increasing use of recycled and carbon-free materials in the production process such as fly ash or blast furnace slag. This is expected to keep prices on a declining trend.
 Welded mesh	-1.0% ↓	Low	Welded mesh prices have retracted in recent quarters from highs reached in Q2 2022, owing primarily to declining steel rebar prices. As rebar prices are expected to continue to fall in the coming quarters, mesh prices are expected to be subjected to downward pressure. However, prices are likely to remain elevated due to volatility in the steel market.
 Bricks	+1.0% ↑	Low	Demand for bricks is expected to weaken over the coming quarters due to declining demand in the residential sector, which will ease further upward pressure on prices. However, high energy costs feeding into production and transportation costs will keep prices elevated.
 Plasterboard	+1.0% ↑	Low	Prices are expected to remain elevated, but weakening demand in the construction sector will prevent further upward pressure.
 Diesel	-4.8% ↓	Low	Diesel prices are expected to fall over the coming quarters, as a result of decline in crude oil prices and weakening demand. However, from January 2023, the government has imposed a tax increase on paraffinic diesel of 2 cents per litre, partially offsetting the fall in prices. Volatility in the global crude oil market could renew upward pressure on diesel prices in the medium term.

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Finland – Construction Materials Pricing (2021-2022)



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Finland – Report methodology



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Primary and secondary research

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

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

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

Sample sources – Finland

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

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

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France Country Commodity Report Q4 2022



France

Q4 2022

The strong recovery of the French economy earlier in 2022 has been offset by a slowdown towards the end of the year as a result of the ongoing Russia-Ukraine conflict and elevated energy costs. GDP for the year is expected to remain at a moderate 2.6% but is projected to decrease to 0.7% in 2023 due to the current macroeconomic outlook. Inflation is estimated at 5.9% in 2022 and while high, it is a lower rate than many neighbouring countries. However, continued high inflation rates will impact consumer demand and cost of finance, resulting in the low levels of forecast growth outlined.

The construction industry in France is expected to contract by 0.5% in 2022, compared to earlier estimates of 3.3% growth with 0.6% decrease predicted for 2023. While there will be muted demand for key real estate sectors, investment is likely to continue to grow in mission-critical facilities such as data centres.



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Lumber

Weaker demand in the short term will contribute to a marginal fall in lumber prices. However, demand will be sustained over the longer term owing to key directives such as a requirement that any new buildings for the 2024 Summer Olympics (measuring eight stories or less) are to be made entirely from wood. In addition, a 2020 law was introduced requiring half of the materials used to construct public buildings to be wood or other natural substances.



Cement and aggregates

High production costs have driven up concrete and cement prices, but weakening demand and an easing in energy costs will result in prices falling back in 2023. Production levels have also been on a downward trend, with ready-mixed concrete volume falling by 4% in 2022, according to the National Union of Quarry and Materials Industries, and set to fall by a further 4% in 2023.



Concrete blocks and bricks

France has domestic capacity to meet demand, being a major manufacturer of bricks. Brick manufacturers have faced a prolonged period of rising costs, which have been the key factor in driving up prices. However, with energy prices likely to have peaked, and with growth in the construction industry slowing amid wider economic weakness and higher interest rates, brick prices are set to ease.



Steel (rebar and structural)

The steel industry in France has been facing major challenges in the form of high energy costs, falling demand and competition from cheaper imports from Turkey and India. Although domestic prices are still relatively high compared to 2021 levels, major players in the steel industry have been cutting production. In November ArcelorMittal announced that it was temporarily shutting down one of the two blast furnaces at its Fos-sur-Mer site (Bouches-du-Rhône), blaming weak demand and high energy prices.



Copper

There will continue to be a high degree of volatility in copper prices, given the downside pressure from slowing global economic growth and upside pressure from potential supply-side disruptions and a possible revival in demand in China following the relaxation of its zero COVID policy.

France – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,264	9,120	-9.4% ↓	2.6% ↑ ●
Steel rebar (€/MT)	767	692	10.8% ↑	-6.5% ↓ ●
Steel flat (€/MT)	813	801	1.6% ↑	-3.6% ↓ ●
Stainless steel (€/MT)	3,952	NA	NA	NA
Lumber (€/M3)	100	100	0.1% ↑	-1.2% ↓ ●
Asphalt (€/MT)	79.6	78.6	1.3% ↑	-1.6% ↓ ●
Limestone (€/MT)	55.0	45.9	19.9% ↑	-0.1% ↓ ■
Cement (€/MT)	180	150	19.8% ↑	2.3% ↑ ●
Concrete (€/M3)	160	134	19.8% ↑	2.3% ↑ ●
Welded mesh (€/unit)	154	133	16.0% ↑	-5.0% ↓ ●
Bricks (€/000 unit)	1,111	760	46.3% ↑	10.0% ↑ ●
Plasterboard (€/unit)	3.2	3.1	4.4% ↑	2.0% ↑ ●
Diesel (€/litre)	1.7	1.8	-4.3% ↓	-1.6% ↓ ■

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

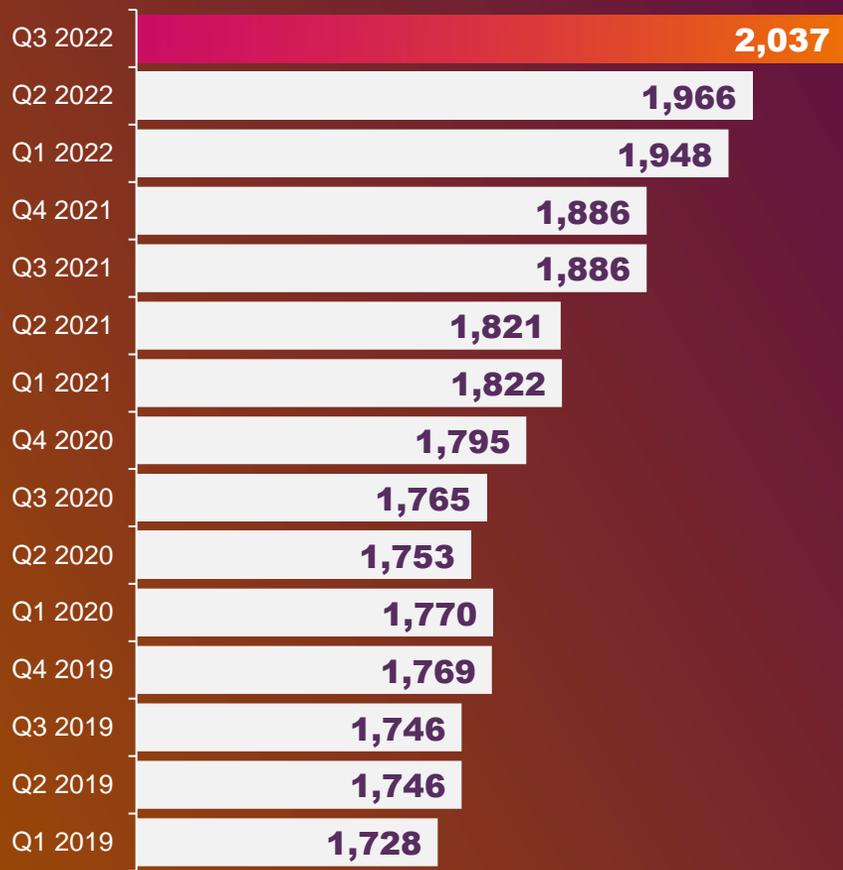
Welded mesh: 240 x 600cm, dia.-7mm Plasterboard: 250 x 120 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+2.0% ↑	Moderate	Copper prices picked up towards the end of 2022, with supply disruptions in Peru and the relaxation in China's zero COVID policy having an influence on this trend. Although there are expectations of a global economic downturn, concerns over a global supply deficit in copper and higher demand from the renewable energy and electric vehicle sectors will keep prices elevated.
 Steel prices - Steel rebar - Flat steel	-2.0% ↓ -2.0% ↓	Moderate	Steel prices have continued to trend downwards from the highs reached in Q2 2022. Rising energy costs had been a key factor in driving up prices earlier in the year. However, weaker demand and cheaper imports from suppliers outside Europe will continue to drive down prices in the coming quarters. Producer prices for steel for use in construction were down by 14% in October 2022 compared to the May 2022, but were still up by 19% compared to October 2021.
 Stainless steel	+2.0% ↑	Low	Stainless steel prices will face upward pressure owing to high energy costs and disruption in the supply of raw materials. Russia is one of the largest suppliers of nickel globally, and the ongoing conflict in Ukraine has resulted in trade disruptions.
 Lumber	-1.2% ↓	Low	Lumber prices have edged downwards in recent months as a result of slowing demand, particularly from the residential sector which saw a decrease of 2.3% year-on-year (January to September 2022). This trend is likely to continue through 2023 as demand continues to decline.
 Asphalt	-1.0% ↓	Low	Asphalt prices have eased back in line with the fall in crude oil prices from mid-2022 highs. The use of recycled asphalt will help to contain the price increase in the future.
 Limestone	+1.0% ↑	Low	There has been minimal change in limestone prices in recent quarters, and prices are still elevated compared to 2021 levels.

France – Commodity Report



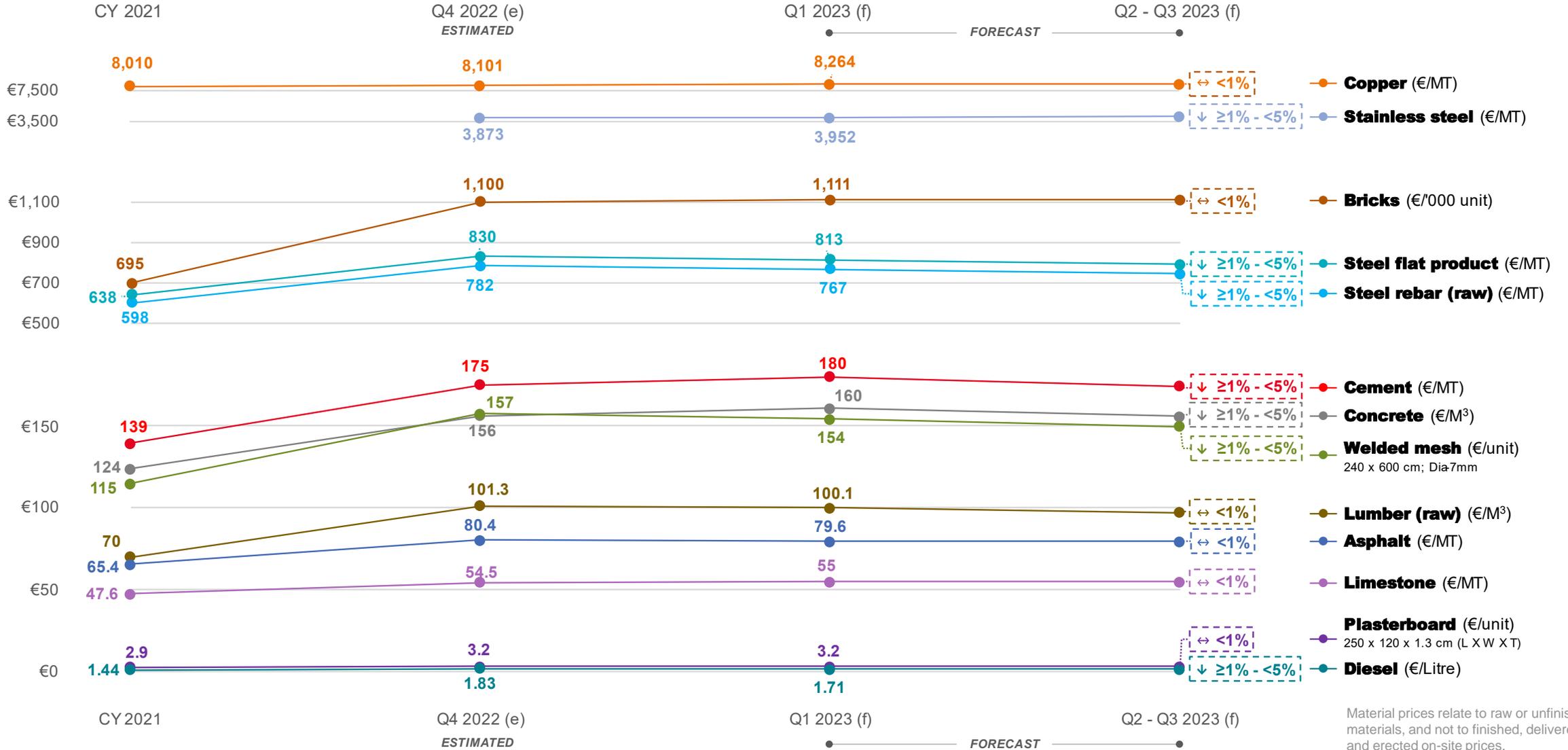
Cost of Construction Index (CCI) 2019-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+2.8% ↑ +2.8% ↑	 High	Cement prices continued on an upward trend in late 2022, with producers pushing up prices in line with higher production costs (which were up by 22% year-on-year in November). Although prices will remain high in the coming quarters, upward pressure will reduce as energy costs fall back and demand in the construction industry weakens.
 Welded mesh	-2.0% ↓	 Moderate	In line with the decline in steel prices, welded mesh prices have fallen from recent highs, and will continue to edge downwards.
 Bricks	+1.0% ↑	 Moderate	Although the rate of increase in brick prices slowed in Q4 2022, prices were still elevated reflecting the high cost of production. In November, producer prices for brick manufacturing were up by 14% year-on-year. The French Association of Construction Products Industries anticipates that the price of bricks will remain high in the coming quarters, despite weakening demand.
 Plasterboard	+1.0% ↑	 Moderate	Production costs have been a factor in driving prices up, as a result of higher costs for raw materials, transportation and energy. Demand has weakened as a result of a decrease in construction activity.
 Diesel	-6.2% ↓	 Low	Diesel prices have continued to fall from the highs of around €2.1 per litre in mid-2022. This reflects the decline in crude oil prices. Diesel prices will continue to slide, but with OPEC+'s planned production cuts, crude oil prices will remain relatively high.

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France – Construction Materials Pricing (2021-2023)



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Sample sources – France

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- IMF
- French National Institute of Statistics and Economic Studies (INSEE)
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Germany Country Commodity Report Q4 2022



Germany

Q4 2022

Amid massively increasing prices, labour shortages and supply-chain bottlenecks, the German economy grew by 1.9% in 2022, as per a recent update by Destatis. Despite being adversely impacted by the energy crisis and high inflation caused by the Russia- Ukraine conflict, Germany's economy narrowly escaped recession and is now expected to grow at 0.2% in 2023, up from the October forecast of a contraction of 0.4%. Though the outlook appears to be positive, the situation remains volatile due to the record high inflation rates. While the inflation rate was 7.9% in 2022, it is expected to fall to 6% in 2023, a 1% decrease from the previous forecast.

Germany's construction industry output is expected to fall by 3.2% in 2022, compared to the previous 1.6% estimate. High energy prices resulting in higher material and financing costs have had a significant impact on the industry. Shortages of skilled labour and materials are exacerbating the industry's woes. Even though supply chain issues are subsiding, low investor confidence and high borrowing costs will have an impact on the residential and commercial sectors. Nonetheless, investment in mission-critical facilities such as Data Centres, Life Sciences, and High-Tech Industrial will continue.



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Lumber

Lumber prices will remain elevated as a result of the ongoing Russia-Ukraine conflict and high energy costs. In 2021, Russian softwood lumber accounted for 14% of overall imports. With weakness on the demand side, further upward price pressure will be contained.



Cement and aggregates

Despite weak demand amid the downturn in the construction industry, prices for cement have stayed high. Germany is a leading producer of cement within the EU, and key producers have been passing on higher costs to buyers. When presenting its recent results, Heidelberg Cement noted that high energy and raw material costs in the third quarter of 2022 were offset by energy savings, cost discipline, and price adjustments.



Concrete blocks and bricks

Despite weak demand, brick prices have stayed relatively high owing to rising production costs. Production capacity will remain healthy. Wienerberger recently took over the Steinheim brick plant in North Rhine Westphalia, which it stated was a demonstration of its commitment to long-term growth and further expanding the production of sustainable clay building materials.



Steel (rebar and structural)

Germany's construction industry remains weak, and demand for structural steel and rebar has been sluggish. Production costs have also fallen from recent highs, with electricity prices easing, it will become less expensive to manufacture with electric arc furnaces.



Copper

Copper prices faced significant volatility in 2022, reaching record highs in the second quarter amid uncertainty over the Russia-Ukraine conflict, before falling back on concerns over weakening global demand. Prices rallied again in the fourth quarter, with supply tightness and prospects of stronger demand. The outlook remains mixed, but a tightly balanced market and limited stocks will keep prices relatively high.

Germany – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,169	8,900	-8.2% ↓	3.9% ↑ ●
Steel rebar (€/MT)	569	626	-9.1% ↓	-13.0% ↓ ●
Steel flat (€/MT)	760	714	6.5% ↑	-3.1% ↓ ●
Stainless steel (€/MT)	3,773	NA	NA	NA
Lumber (€/M3)	128	114	12.2% ↑	2.2% ↑ ●
Asphalt (€/MT)	74.0	60.0	23.3% ↑	0.5% ↑ ■
Limestone (€/MT)	38.5	35.7	7.9% ↑	1.0% ↑
Cement (€/MT)	157	130	20.3% ↑	0.9% ↑ ■
Concrete (€/M3)	186	168	10.9% ↑	1.5% ↑ ●
Welded mesh (€/unit)	68.9	75.6	-8.9% ↓	-12.9% ↓ ●
Bricks (€/000 unit)	715	610	17.2% ↑	3.1% ↑ ●
Plasterboard (€/unit)	3.7	2.9	28.9% ↑	12.2% ↑ ●
Diesel (€/litre)	2.0	1.8	9.7% ↑	-1.5% ↓ ●

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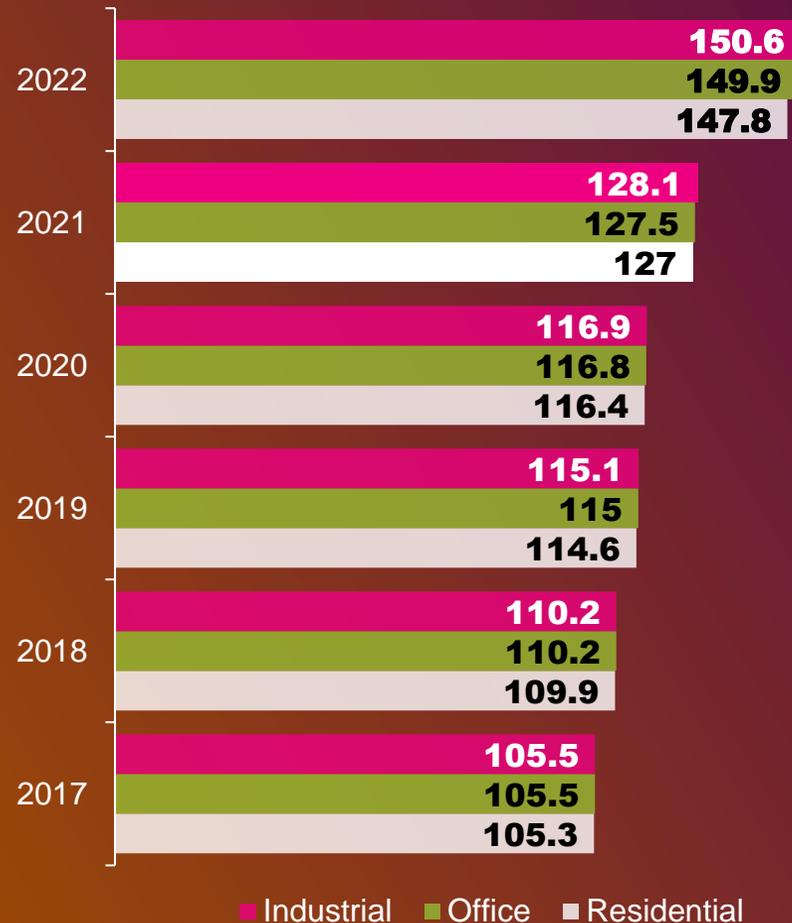
Welded mesh: 600 x 230cm, dia.-6mm Plasterboard: 200 x 60 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.55% ↑	Moderate	Copper prices rose in the final few months of 2022, as supply tightness and expectations of a boost to demand from China's relaxation of its zero COVID policy. Political unrest in Peru, the second largest producer in the world, also added to upside price pressure.
 Steel prices - Steel rebar - Flat steel	-6.78% ↓ -2.83% ↓	Moderate	Steel prices dropped in Q4 2022 reflecting weak demand and lower production costs (as gas prices have fallen from recent peaks). Prices are expected to remain weak, although sellers are reportedly demanding higher prices.
 Stainless steel	+3.02% ↑	Low	Stainless steel prices are expected to face further upwards pressure stemming from the increase in the prices for key raw materials, such as nickel.
 Lumber	-0.99% ↓	Moderate	Lumber prices have remained relatively high, despite weak demand on the construction side. This trend mainly reflects limited raw materials and supply constraints stemming from the disruption caused by the Russia-Ukraine crisis.
 Asphalt	-1.00% ↓	Moderate	Crude oil prices have dropped from the Q2 2022 highs but are expected to remain high relative to average levels in recent years, given action by OPEC+ to cut supplies. Demand in Germany though will be flat. The volume of new construction orders in civil engineering has been in decline in recent months, with new orders for road construction dropping by 6.3% year-on-year in the first three quarters of 2022.
 Limestone	+0.72% ↑	Low	Limestone prices have been steady in recent months, reflecting high production and transportation costs on one hand and weak demand on the other.

Germany – Commodity Report



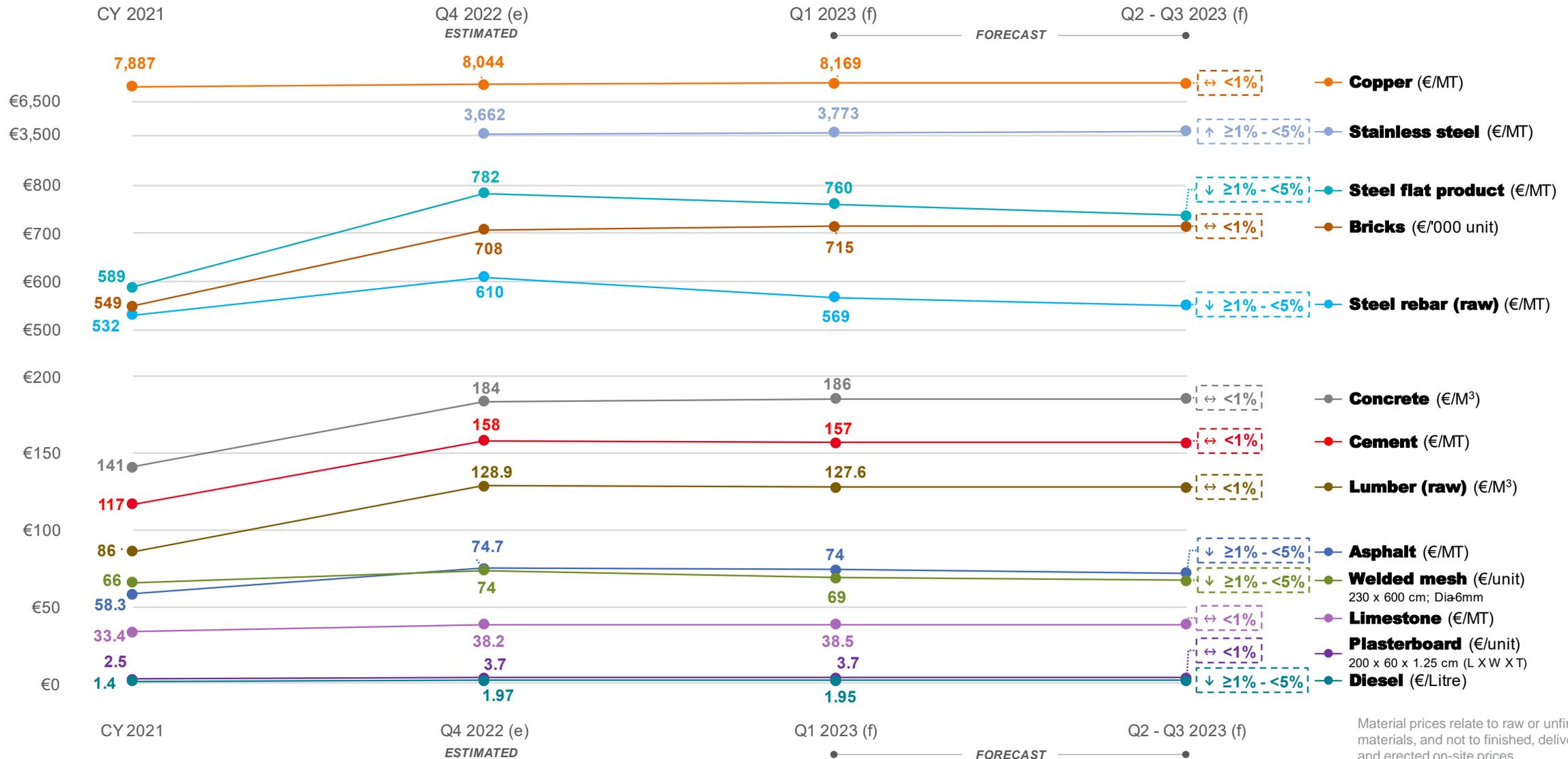
Construction price indices 2017-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	-0.74% ↓ +1.01% ↑	 High Weakness in the German construction industry is expected to continue into 2023, reflecting the downturn in the number of building permits issued and as a result of current economic headwinds. However, concrete and cement prices are set to remain close to recent highs given the determination of producers to pass on high production costs.
 Welded mesh	-6.63% ↓	 Moderate Welded mesh prices have continued to fall from the highs of Q2 2022, in line with the general trend recorded for steel. In addition to weakness in demand, domestic prices will fall amid a rise in cheaper imports from CIS and Asian suppliers.
 Bricks	+1.00% ↑	 Low Brick production costs remained elevated in the past quarter, and the producer price index for bricks was up by 17% year-on-year in November 2022. However, with building construction facing a downturn, brick demand growth will be limited.
 Plasterboard	+1.01% ↑	 Low Plasterboard prices have stayed relatively high, reflecting ongoing high production costs. In November 2022, producer prices for plaster products for the construction industry were up by 18% year on year.
 Diesel	-0.99% ↓	 Low Although crude oil prices have fallen from the highs of Q2 2022, the drop in diesel prices has been marginal. Prices are expected to edge downwards, but crude oil prices are projected to remain close to current levels.

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Sample sources – Germany

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- IMF
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Linesight 



Ireland Country Commodity Report Q4 2022



Ireland

Q4 2022

According to a recent update by the CSO, GDP growth in Ireland is estimated to have increased by 12.2%, when compared with 2021. Initial indications reveal it has been mainly driven by expansion in the manufacturing sector. The annual inflation rate fell to 8.2% in December 2022 from 8.9% the previous month, due to a 6.5% drop in energy prices. However, energy prices are still 34.2% higher now than they were in December 2021, indicating that inflationary pressures are still high. Though Ireland's overall fiscal position and economic fundamentals remain strong, factors including high inflation and weak consumer confidence will keep the country's economic performance in check for the foreseeable future.

The fourth quarter of 2022 saw a decline in construction activity, particularly in the civil engineering sector, amid concerns of global recession. Construction output has been impacted by labour shortages, high energy prices, and high financing costs due to elevated interest rates, driving up construction prices and causing demand to weaken. However, with planned investments in data centres, leisure, and hospitality, as well as government's investments in infrastructure and housing, the industry is expected to gain momentum in the coming years.



Stephen Ashe
Senior Director - Europe
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Lumber

Lumber prices are set to decline further in the coming quarters following the hyperinflation levels recorded in 2022, with supply disruptions easing across Europe and the expectation of improved domestic supplies. Although the construction industry will weaken heading into 2023, demand for timber framed houses could improve given the planned introduction of a concrete levy (to come into effect in September 2023).



Cement and aggregates

Cement and aggregate prices started to level off toward the end of 2022, but given the rising trend throughout the year, prices were still up sharply compared to levels in late 2021. The concrete levy will contribute to a jump in prices for concrete in late 2023, however the proposed measure has been cut to 5% (from the initial plan of a 10% levy).



Concrete blocks and bricks

With growth in building construction work set to slow, impacted in part by rising interest rates, demand for blocks and bricks will ease. Over the past year, prices have been pushed up by supply-side factors, but these too are expected to subside. Concrete blocks (and other concrete products) will be subject to a 5% levy from September 2023, a measure that has been introduced to fund the costs of the redress scheme for homeowners affected by defective products used in residential construction.



Steel (rebar and structural)

Having soared during the first half of the year, steel prices fell back in the second half of 2022. However, in October, prices for structure steel were up 51% year on year, and prices for steel rebar had increased by 16.4%. With costs pressures easing, and demand set to wane, prices are set to continue to trend downwards.



Copper

Reflecting trends on the London Metal Exchange (LME), copper prices picked up in Q4 2022 having previously eased from the highs reached in the first half of the year. Prices are expected to be volatile in the coming quarters reflecting concerns over supply shortages and weaker demand globally amid the slowing global economy.



Ireland – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	7,906	8,899	-11.2% ↓	2.0% ↑ ●
Steel rebar (€/MT)	883	781	13.0% ↑	-2.0% ↓ ●
Steel flat (€/MT)	1,170	794	47.3% ↑	-1.9% ↓ ●
Stainless steel (€/MT)	3,182	NA	NA	NA
Lumber (€/M3)	91.2	105.1	-13.2% ↓	-13.2% ↓ ●
Asphalt (€/MT)	958	824	16.2% ↑	1.4% ↑ ●
Limestone (€/MT)	95.1	86.2	10.4% ↑	2.6% ↑ ●
Cement (€/MT)	251	221	13.8% ↑	0.0% ↑ ■
Concrete (€/M3)	90.2	73.0	23.6% ↑	6.2% ↑ ●
Welded mesh (€/unit)	60.1	54.0	11.4% ↑	-2.0% ↓ ●
Bricks (€/000 unit)	878	762	15.3% ↑	3.5% ↑ ●
Plasterboard (€/unit)	15.1	11.5	31.0% ↑	27.5% ↑ ●
Diesel (€/litre)	1.7	1.7	0.4% ↑	-2.2% ↓ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

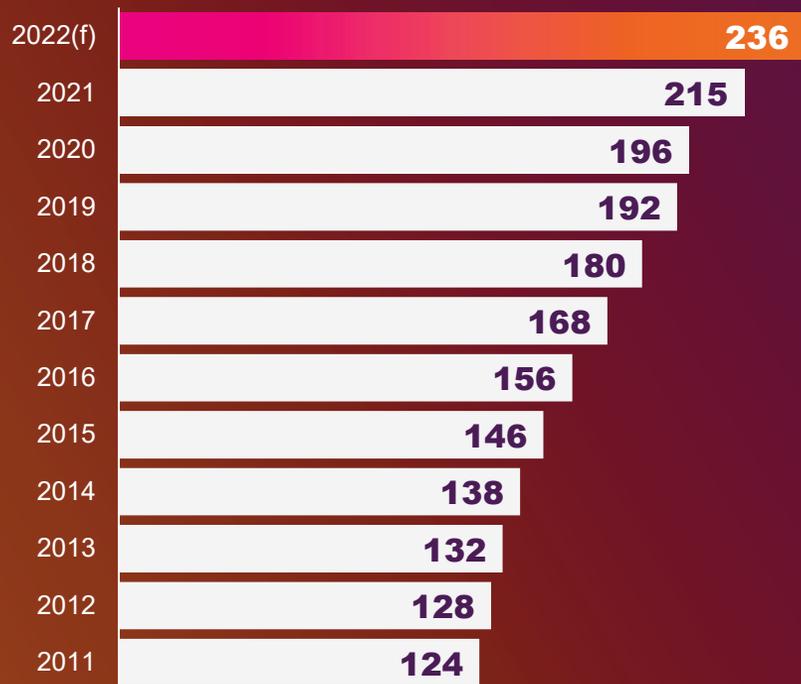
Welded mesh: 240 x 480cm, dia.-6mm Plasterboard: 240 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.8% ↑	Moderate	Prices for copper trended upwards in the final few months of 2022, partially recovering from the sharp decline during the second quarter of the year. Local wholesale prices for copper pipes and fittings jumped sharply in July (by 18%) and have remained at a relatively high level since then. However, all copper prices represented in this report reflect movements of copper prices as traded on the LME. <i>Note: Previous Linesight Commodity Reports tracked copper prices based on figures sourced from the CSO.</i>
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Moderate	Although edging downwards, steel prices in late 2022 were still at an elevated level, with increased production costs keeping prices high. Prices are expected to fall further in the coming quarters, owing to a drop in energy costs and weaker demand from end-users.
 Stainless steel	+0.5% ↑	Low	Stainless steel prices are expected to face further upwards pressure stemming from the increase in the prices for key raw material, such as nickel.
 Lumber	-0.8% ↓	Moderate	Lumber prices have fallen in recent months, as supply-side pressure has diminished and demand has weakened. Prices had remained at a high level during much of the first three quarters of 2022, propped up in part by supply disruption stemming from the conflict in Ukraine.
 Asphalt	+0.7% ↑	Moderate	Asphalt prices continued to edge upwards in late 2022 - in October prices were up by 20% year on year. Crude oil prices have fallen from the highs of mid-2022, but production cuts by OPEC+ will keep prices elevated in the coming quarters. Domestic demand for asphalt will also be propped up by spending on road infrastructure projects outlined in the New National Development Plan (NDP) 2021–30.
 Limestone	+0.5% ↑	Low	Limestone prices rose further in late 2022, reflecting higher production costs, but there will be a levelling off in the coming quarters.

Ireland – Commodity Report



Linesight tender price index 2011-2022(f)

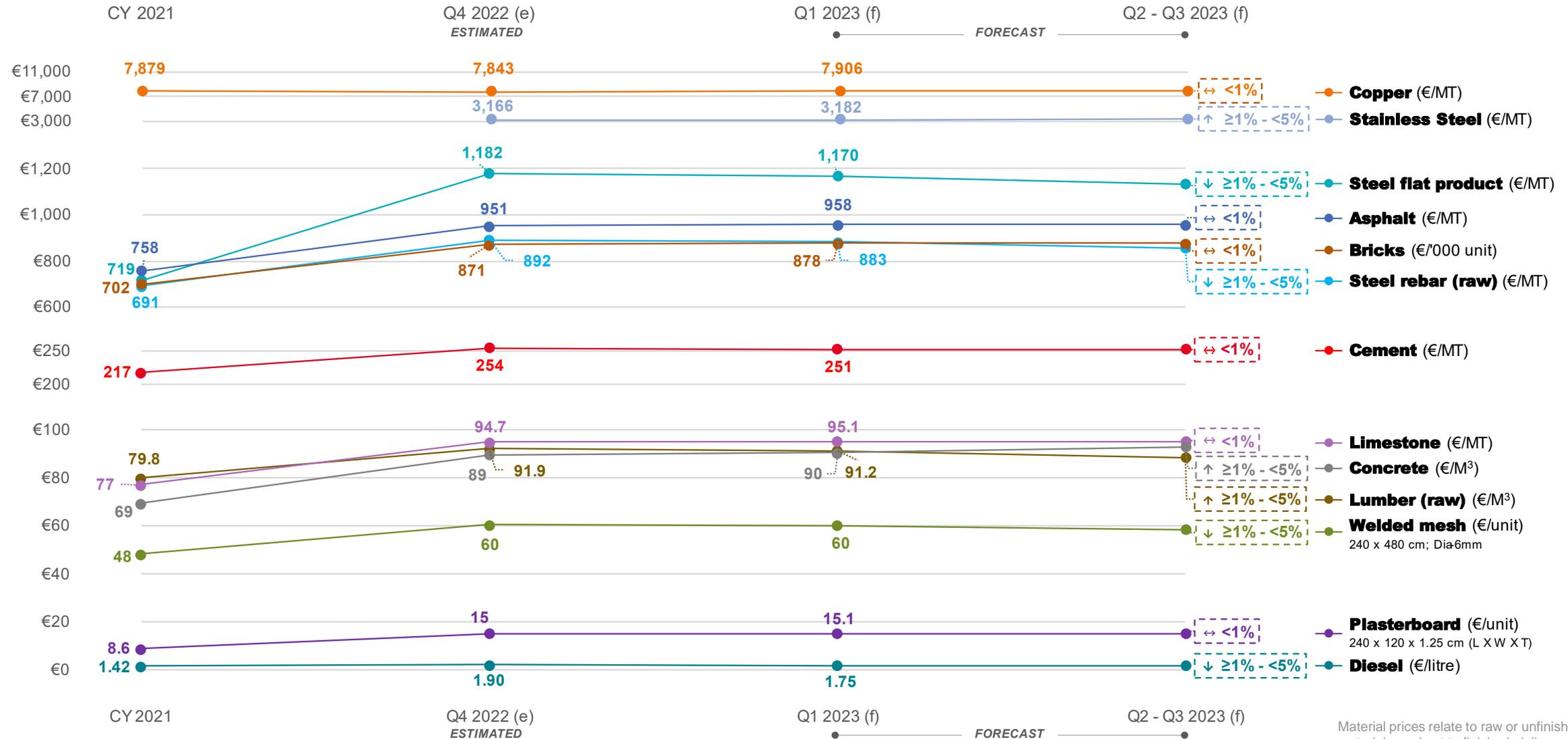


Note: The above infers a full-year increase of +9.8% for 2022. Our 2022 estimate is broken down @ +7.5% for H1 2022 and +2.3% for H2 2022. There is a definite downward trend in the rate of increase going into 2023 as some key commodity prices reduce, shipping costs reverting to pre-pandemic level costs, fuel costs are reducing and with some traditional sector projects in question due to viability concerns.

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement	-1.0% ↓	Moderate	Cement prices were relatively stable in late 2022 having been under upward pressure during much of the year as producers passed on higher costs to buyers. Weaker demand will be a key factor in containing further price inflation.
 Concrete	+0.9% ↑	High	Despite the stability in cement and aggregates prices, high energy and transportation costs continue to impact ready mixed concrete prices. In October prices jumped by 5%, such that on a year-on-year basis prices were up by 32%, from October 2021.
 Welded mesh	-0.4% ↓	Moderate	Welded mesh prices have fallen marginally from highs of Q2 2022, and as with the general trend in steel prices, there will be a further decline in the coming quarters.
 Bricks	+0.9% ↑	Moderate	Brick prices continued to rise in late 2022, with producers passing on higher costs to buyers, and were up 20% year on year by October. However, with demand weakening and supply-side pressures set to ease, further price inflation is expected to be contained.
 Plasterboard	+0.4% ↑	Low	Plasterboard prices jumped in Q4 2022 owing to higher production and raw materials costs, which were passed on to buyers.
 Diesel	-8.2% ↓	High	The decline in diesel prices quickened towards the end of 2022, with prices in December down by 15% compared to the June high of just over €2 per litre and were at the lowest level since February. Prices are expected to continue to drop back, but efforts by OPEC+ to cut production levels could result in global crude oil remaining around \$80 per barrel in 2023.

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Ireland – Construction Materials Pricing (2021-2023)



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Ireland – Report methodology



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Primary and secondary research

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

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Sample sources – Ireland

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

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

Linesight 





Israel

Country Commodity Report

Q4 2022



Israel

Q4 2022

According to a recent Finance Ministry's update Israel's economy is projected to grow at a rate of 6.3% in 2022, followed by a slower growth of 2.8% in 2023, owing to contractions in consumer spending, amid a slowdown in the global economy. Driven by the increasing cost of housing, transportation and communication, inflation has hit a record high, with the consumer price index rising to 5.3% in 2022, however it is expected to ease to 3% over the coming year.

The construction sector is expected to grow by 4% in real terms in 2022, driven by growth in the industrial and commercial sectors. Downside risks including high inflation, material costs, and supply chain disruptions as well as impacts of tightening monetary policy, which are likely to dampen the growth in the short-term. However, opportunities in sectors such as data centres and life sciences will continue to expand in the medium to long term



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Lumber

With Israel's construction industry expanding rapidly, demand for materials such as lumber has been high. Israel relies on imports to meet its local demand, and weaker lumber prices globally have helped to contain upwards pressure on domestic prices.



Cement and aggregates

Cement and aggregate prices are expected to remain at a high level, given the high costs faced by domestic producers amid strong demand, primarily from significant investment in transport infrastructure projects. However, helping to alleviate some of this upward pressure is the availability of cheaper imports, notably from Turkey.



Concrete blocks and bricks

High interest rates will slow residential construction growth, but public housing programs will keep activity levels relatively high, thereby maintaining demand for blocks and bricks.



Steel (rebar and structural)

Domestic demand for steel is set to stay relatively high, given the ongoing expansion in building and infrastructure construction albeit at a slower pace than in the past two years. However, steel prices globally have been on a downward trend from the highs of mid-2022, and this will feed into domestic prices as Israel relies heavily on steel imports to meet its demand, given limited domestic capacity.



Copper

Copper prices recovered ground in late 2022, having previously dropped sharply from the highs reached in April 2022. Concerns on the supply-side, including disruptions in production in Chile and Peru, and underinvestment in new mining operations will contribute to upward pressure, but the global economic slowdown will contain price rises in the short term.

Israel – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	ILS	ILS	2022-23 % change	% change
Copper (ILS/MT)	28,241	31,772	-11.1% ↓	7.6% ↑ ●
Steel rebar (ILS/MT)	2,285	4,250	-46.2% ↓	1.9% ↑ ●
Steel flat (ILS/MT)	1,911	2,520	-24.2% ↓	-4.7% ↓ ●
Stainless steel (ILS/MT)	3,813	NA	NA	NA
Lumber (ILS/M3)	757	819	-7.6% ↓	-0.1% ↓ ■
Asphalt (ILS/MT)	2,488	2,367	5.1% ↑	0.0% ↔ ■
Limestone (ILS/MT)	231	216	6.7% ↑	0.8% ↑ ■
Cement (ILS/MT)	392	315	24.4% ↑	-0.1% ↓ ■
Concrete (ILS/M3)	430	347	23.9% ↑	-0.1% ↓ ■
Welded mesh (ILS/unit)	216	239	-9.9% ↓	-6.1% ↓ ●
Concrete blocks (ILS/'000 unit)	3,417	3,167	7.9% ↑	0.4% ↑ ■
Plasterboard (ILS/unit)	43.9	42.2	3.8% ↑	-0.4% ↓ ■
Diesel (ILS/litre)	6.5	6.7	-3.3% ↓	-7.0% ↓ ■

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
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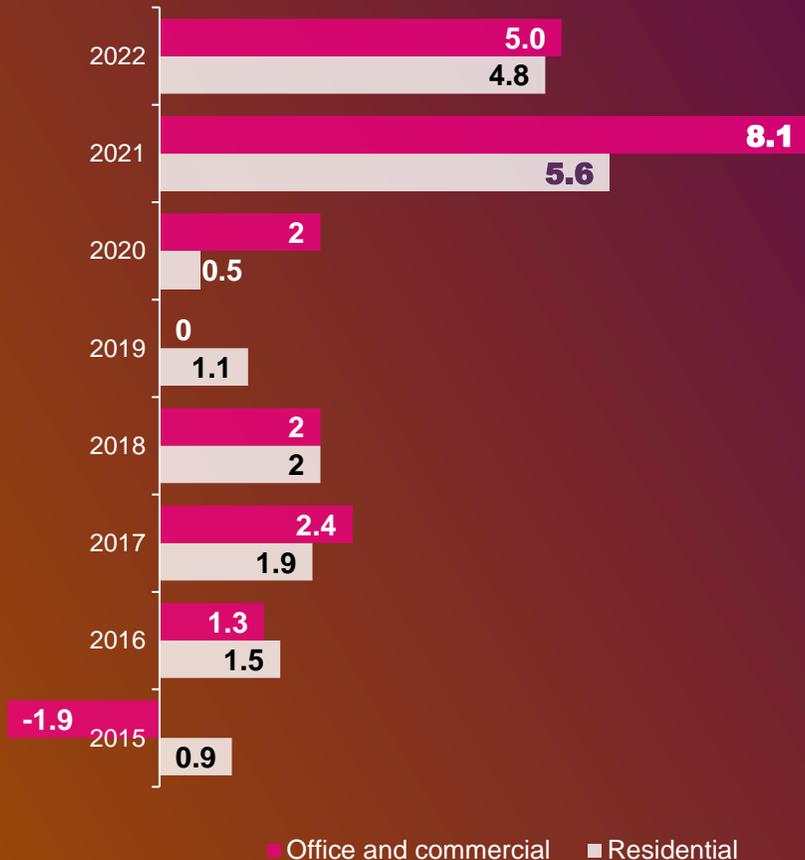
Welded mesh: 600 x 250cm, dia.-6mm Plasterboard: 260 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Low	Copper prices appreciated by more than 5% in Q4 2022 compared to the previous quarter, with the reopening of China's economy providing an expectation of a boost on the demand side. In addition, low global stockpiles and falling levels of copper production have sustained upward pressure on copper prices. Despite the outlook for weaker demand globally, copper prices are likely to remain volatile over the medium term.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Low	On a quarterly average basis, flat steel prices registered a decline of close to 5% in Q4 2022 from Q3 prices, while steel rebar prices edged higher on a quarterly average basis. Strong demand from the construction sector driven by residential construction activity has kept the demand for steel rebar relatively high. However, declining steel demand globally and greater supply driven by increasing export volumes from China and Turkey will sustain downward pressure on prices.
 Stainless steel	+1.0% ↑	Low	Rising nickel and other key alloying materials prices have sustained upward pressure on stainless steel prices, despite overall steel demand falling.
 Lumber	+0.5% ↑	Low	Lumber prices have remained stable in recent months. Construction industry demand has been strong, but improvements in the supply chain have helped to keep prices in check. Although increased interest rates will contribute to a slowdown in construction industry growth, residential construction will be supported by the government's plan to build new houses. Lumber prices will therefore stay elevated in the coming quarters.
 Asphalt	-0.5% ↓	Moderate	Asphalt prices have stabilized in recent quarters, owing primarily to cooling demand for crude oil on international markets. With demand for crude oil expected to remain weak in the coming quarters, asphalt prices are likely to remain stable. However, supply-side disruptions in the international crude oil market could renew upward pressure on asphalt prices in the medium term.
 Limestone	+1.0% ↑	Low	Limestone prices have remained fairly stable in recent months. Although the pace of expansion in the construction industry will reduce, production and transportation costs will keep prices close to current levels.

Israel – Commodity Report



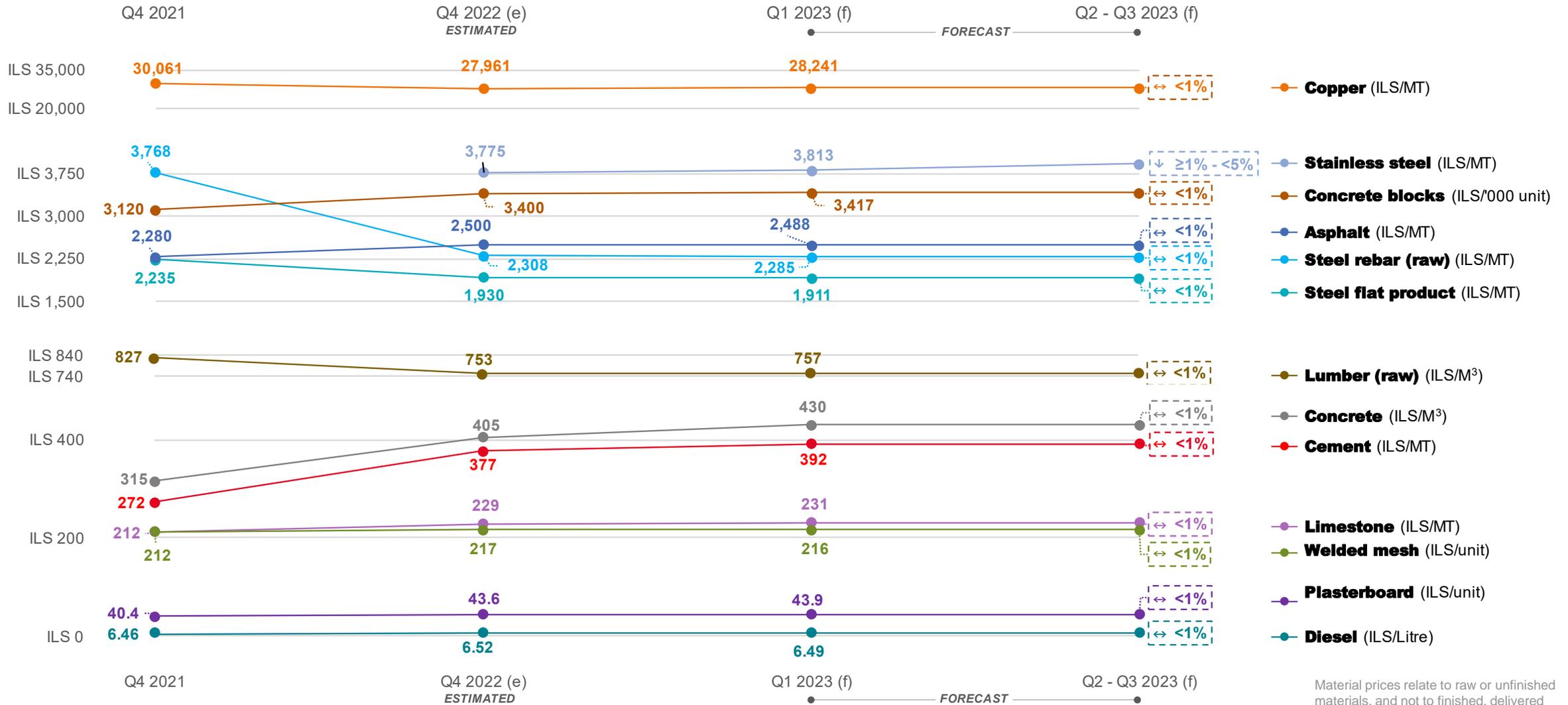
Price index of input in residential, office and commercial buildings 2015-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+4.0% ↑ +6.0% ↑	Moderate	Prices for cement and related products have remained high in recent quarters, reflecting both solid demand from the construction industry and high production costs. Cement prices are expected to increase in the short term. In December ready-mixed cement industries announced that it was intending to increase ready-mixed concrete prices by up to 15% owing to abnormal increases in prices for key inputs.
 Welded mesh	-0.5% ↓	Low	Welded mesh prices dropped back in Q4 2022 and will fall marginally in the coming months in line with steel rebar prices. However, with production costs remaining high, prices will remain elevated.
 Concrete blocks	+0.5% ↑	Moderate	Concrete block prices have stayed at a high level in the past quarter, reflecting strong demand in the residential construction sector and high production costs. Although the pace of expansion in residential construction will slow, costs pressures will remain significant in the coming quarters.
 Plasterboard	+0.5% ↑	Low	Prices for plasterboard are expected to remain close to current high levels. Although demand pressure will ease as high interest rates are likely to impact rate of growth in construction, high production costs will prevent a marked decline in prices.
 Diesel	-0.5% ↓	Low	Diesel prices fell by 7% in Q4 compared to Q3, primarily due to a decline in international crude oil prices. Decreasing demand for oil amid slowing global economic growth, coupled with fuel tax subsidies implemented by the Israeli government to ease cost-of-living pressures, will contain further increases in the price of diesel. However, supply-side disruptions in the international crude oil market could cause some volatility in diesel prices over the medium term.

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Israel – Construction Materials Pricing (2021-2023)



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Sample sources – Israel

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- IMF
- The Central Bureau of Statistics
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Italy

Country Commodity Report

Q4 2022



Italy

Q4 2022

According to a recent ISTAT update, Italian GDP is expected to grow by 3.9% in 2022 before reducing to 0.6% in 2023. As one of the largest exporters in Europe, Italy was heavily impacted by the rise in energy costs resulting in inflated production and transport costs. The average inflation rate in 2022 was 8.1%, and prices are expected to remain high in 2023.

The Italian construction industry expanded by 12.8% year-on-year in the first three quarters of 2022. The Recovery and Resilience Facility (RRF), supported by the EU was introduced to finance large-scale residential building renovations and was a key driver in improving the performance of the residential sector. However, a slowdown is expected in 2023 due to delays in the delivery of residential schemes, economic uncertainty, high inflation, and rising interest rates. Nonetheless, the industry is expected to recover in 2024-26, with an average annual growth of 2.1% led by investments in the transportation, electricity, and housing sectors.



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Lumber

High production and transportation costs, as well as strong demand from the residential construction sector have helped to keep lumber prices high. The share of wood in construction in Italy is relatively low compared to other markets in Europe, but the Italian city of Trento is one of seven Early Adopter Cities under the EU's 'Build-in-Wood' project to increase the use of wood as a building material.



Cement and aggregates

There has been a surge in concrete and cement prices in recent quarters, driven by the sharp rise in energy costs. Demand levels have also been high, while production levels have fallen owing to the impact of high production costs on producer profits.



Concrete blocks and bricks

Brick prices have remained high, with producers passing on their higher production costs. Prices are expected to stay close to current levels, with an easing of pressure on the demand side containing further price rises.



Steel (rebar and structural)

Steel prices have trended downwards amid weaker demand. With producers struggling to pass on high production costs to buyers, output levels have been cut. Prices will remain under downward pressure in the short term given the weaker demand outlook.



Copper

Copper prices will remain volatile given the competing forces of weak demand and the potential for supply-side shocks in the short term. However, demand over the long term will be strengthened by investments in renewable energy projects and electric vehicle manufacturing.

Italy – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	7,925	8,939	-11.3% ↓	1.6% ↑ ●
Steel rebar (€/MT)	902	828	8.9% ↑	-5.7% ↓ ●
Stainless steel (€/MT)	881	1,003	-12.2% ↓	0.1% ↑ ■
Steel flat (€/MT)	3,825	NA	NA	NA
Lumber (€/M3)	101	118	-14.5% ↓	-5.3% ↓ ●
Asphalt (€/MT)	104.0	96.0	8.3% ↑	-0.8% ↓ ■
Limestone (€/MT)	59.4	46.5	27.8% ↑	11.8% ↑ ●
Cement (€/MT)	222	148	50.3% ↑	6.8% ↑ ●
Concrete (€/M3)	155	139	11.6% ↑	4.7% ↑ ●
Welded mesh (€/unit)	46.3	43.0	7.6% ↑	-5.7% ↓ ●
Bricks (€/000 unit)	875	690	26.8% ↑	11.8% ↑ ●
Plasterboard (€/unit)	13.4	10.2	31.2% ↑	4.2% ↑ ●
Diesel (€/litre)	1.6	1.8	-9.9% ↓	-12.4% ↓ ●

(f) Forecast (e) Estimated

- Q3 to Q4 2022 % change greater than estimation in our Q3 report
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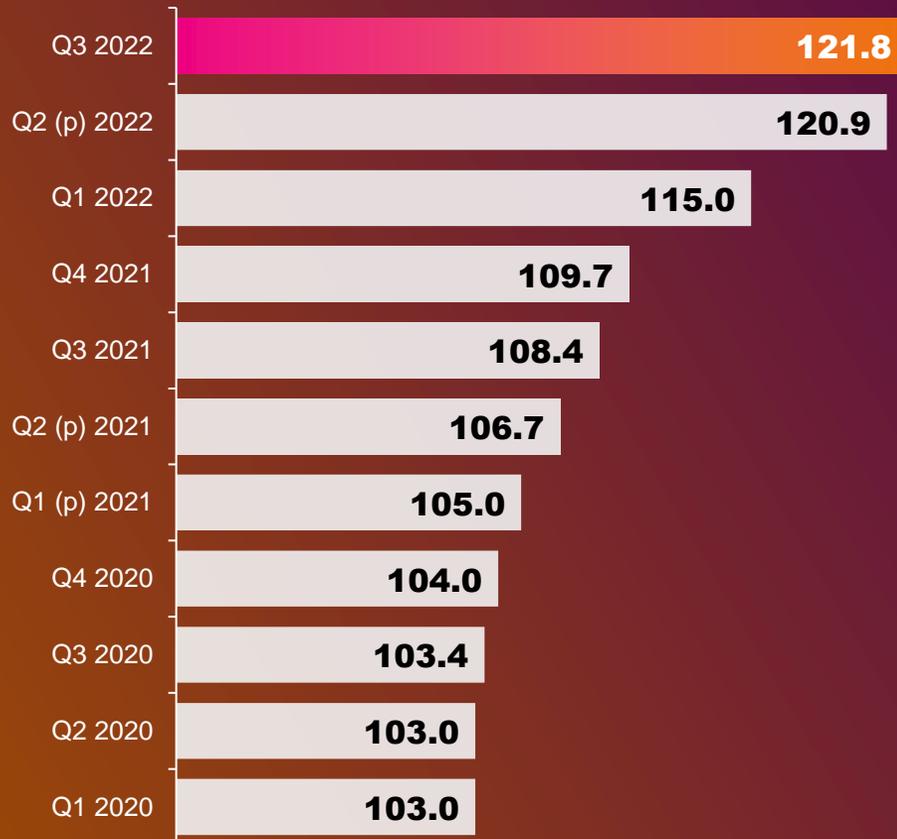
Welded mesh: 3m x 2m, dia.-6mm Plasterboard: 13mm x 200 x 120cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Copper prices picked up in November and December and are set to edge higher in Q1 2023. The reopening of China's economy has provided optimism for renewed demand growth, despite the country's real estate crisis. Political disruption in South America is also adding to price pressures. Although the global economic outlook is gloomy, copper demand will be bolstered by investment in energy transition projects.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.3% ↓	Moderate	Steel prices continued on a general downward trend during the final few months of 2022. Prices had soared earlier in the year as a result of rising energy costs. However, prices will continue to decline in the coming quarters due to decreased demand and less expensive imports from producers outside of Europe. Given the challenging operating environment, local manufacturers have cut production levels.
 Stainless steel	+1.5% ↑	Low	As a result of high raw materials prices, including nickel, stainless steel prices are predicted to remain high in the coming quarters.
 Lumber	+2.0% ↑	Low	Lumber prices have been at a relatively high level over the past year amid the surge in residential construction works and high energy costs. Demand levels are expected to ease, which will contain price pressures.
 Asphalt	-1.0% ↓	Low	With crude oil prices falling from mid-2022 highs, asphalt prices have eased back down. Utilising reclaimed asphalt will help to limit future price increases.
 Limestone	-1.0% ↓	Low	High energy prices have driven up production costs, which has resulted in limestone prices remaining elevated.

Italy – Commodity Report



Construction cost index for residential buildings (Q1 2020 - Q3 2022)

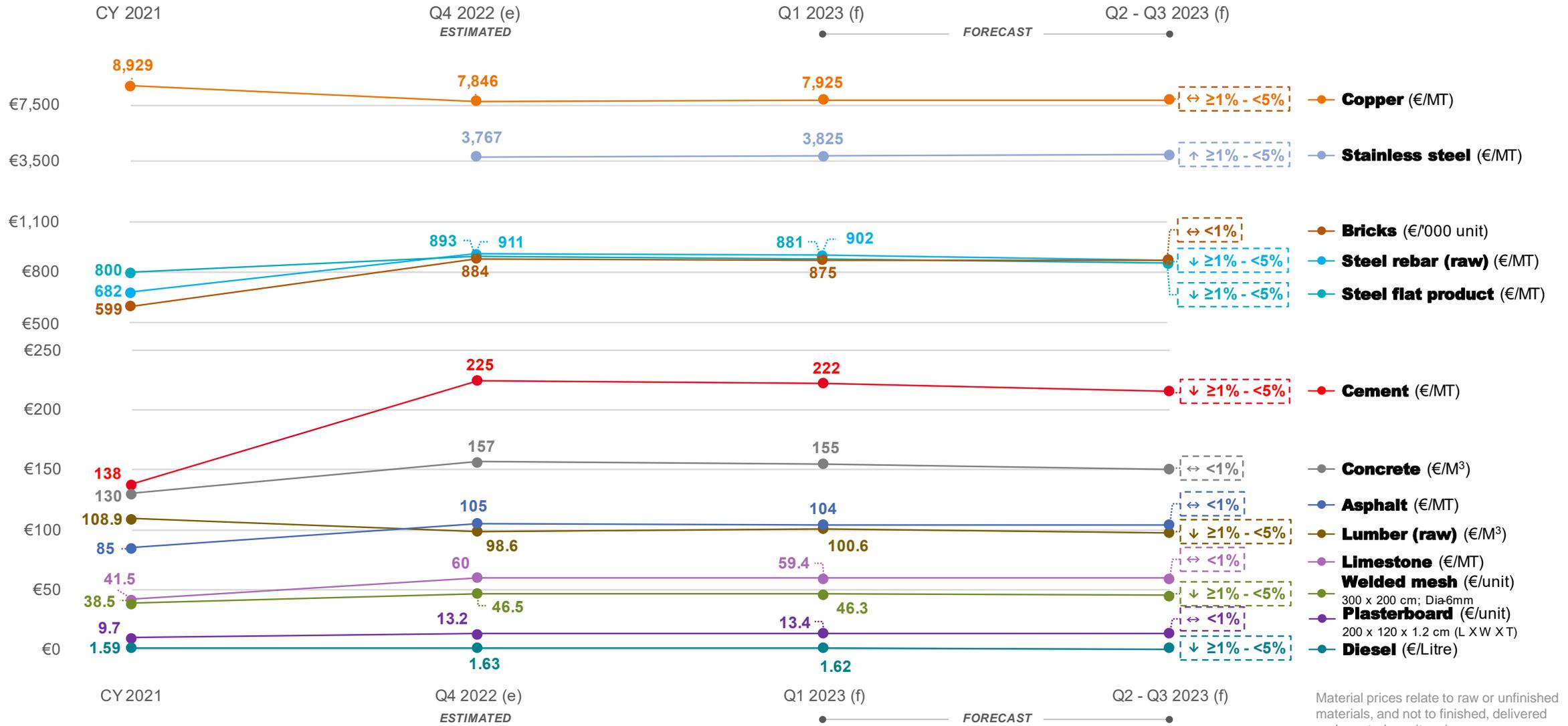


*(p) - Provisional

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-1.0% ↓ -1.0% ↓	High	Cement prices continued on an upward trend in late 2022, primarily driven by high production costs. In November, the producer price index for cement manufacturing was up by 67% year on year, and facing such high costs, producers have cut output levels. Ready-mixed concrete prices have also risen sharply in recent quarters. Residential construction has also been booming, and this has contributed to solid demand growth. Although expected to ease back, prices will remain elevated.
 Welded mesh	-0.5% ↓	Moderate	Prices for welded mesh have been falling in line with the decline in steel rebar. Due to the outlook for weaker market demand, prices are anticipated to drop.
 Bricks	-1.0% ↓	Moderate	Due to increased production costs, brick prices have remained at a high level. In November, the producer price index for brick manufacturing was 63% higher than in November 2021. Although inflationary pressures will ease amid a slowdown in demand, prices are expected to remain close to current highs in the coming quarters.
 Plasterboard	+1.1% ↑	Moderate	Prices have continued to increase as a result of higher production costs and continued high demand in the residential sector. Although residential construction output has fallen back from recent highs, activity levels are still much higher than in previous years.
 Diesel	-0.5% ↓	Low	Due to the decreased demand and government financial assistance, diesel prices are anticipated to continue to fall in the first quarter of 2023. However, prices will remain volatile, with OPEC+'s production cuts preventing a marked fall in diesel prices.

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Italy – Construction Materials Pricing (2021-2023)



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Sample sources – Italy

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

- IMF
- ISTAT
- Eurostat
- GlobalData's Construction Intelligence Center (CIC)

Linesight 



Netherlands

Country Commodity Report

Q4 2022



Netherlands

Q4 2022

The Netherlands' economic trend points to a slowdown in the coming years as a result of the Russia-Ukraine conflict, high inflation, and unfavourable energy prices. GDP growth in 2022 is estimated to be around 4.3%, with marginal growth rates of around 0.8% forecast for 2023 and 1.1% in 2024. In Q4 2022, the inflation rate was 15.4%, bringing the year average to close to 11.6%. However, it is expected to moderate by the end of 2024, at roughly 3.9%.

The Dutch construction industry is estimated to grow at 2.5% in real terms in 2022, which is slightly higher than the growth of 2.1% recorded in 2021. However, industry growth is forecast to reduce to 0.4% in 2023, amid high energy costs and inflationary pressures on material prices. The industry will also be impacted by the recent Council of State announcement to revoke the validity of building activity exemptions for nitrogen emissions, which could have an impact on the infrastructure sector. Despite short-term challenges, medium to long-term growth looks reasonable, with the government's continued investment in the renewable and housing sectors.



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Lumber

Lumber prices have stayed relatively high in the Netherlands, reflecting high-cost levels. Residential construction demand will be constrained as investment levels will be impacted by rising interest rates, but government commitments to boost housing will provide some support. The Netherlands has a relatively high share of wood products used in construction compared to others in the region, behind only Finland, Sweden and Austria.



Cement and aggregates

Cement and aggregate prices have been pushed up by high production costs. Despite weakening demand, growth in the construction industry materials prices will remain elevated until energy prices fall back to levels seen prior to the surge in the first half of 2022.



Concrete blocks and bricks

Although brick production in the Netherlands is relatively efficient in terms of energy use, producers have faced increased costs that have been passed on to buyers. However, upward pressure will ease as demand weakens.



Steel (rebar and structural)

Steel prices will continue to trend downwards from the highs of mid-2022, when supply disruptions and soaring energy costs resulted in a sharp jump in prices. Demand will be buoyed by government investment in infrastructure projects, preventing a steep drop in prices when production costs ease.



Copper

Global supply disruptions and concerns over potential tight supplies have been a factor contributing to copper price volatility. Although the weak global economic outlook would typically result in a decline in copper prices, there is scope for demand to build in line with investment in renewable energy projects and electric vehicle manufacturing.

Netherlands – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23* % change	% change
Copper (€/MT)	9,579	8,814	8.7% ↑	1.9% ↑ ●
Steel rebar (€/MT)	802	762	5.2% ↑	-5.0% ↓ ●
Steel flat (€/MT)	859	817	5.2% ↑	-5.0% ↓ ●
Stainless steel (€/MT)	3,719	NA	NA	NA
Lumber (€/M3)	106	100	6.5% ↑	-0.2% ↓ ■
Asphalt (€/MT)	95.3	81.6	16.8% ↑	6.9% ↑ ●
Limestone (€/MT)	90.8	86.6	4.9% ↑	0.2% ↑ ■
Cement (€/MT)	171	157	8.9% ↑	1.5% ↑ ●
Concrete (€/M3)	171	150	13.9% ↑	4.6% ↑ ●
Welded mesh (€/unit)	77.9	75.4	3.4% ↑	-4.0% ↓ ●
Bricks (€/000 unit)	568	538	5.5% ↑	0.5% ↑ ■
Plasterboard (€/unit)	10.9	10.8	1.6% ↑	6.2% ↑ ●
Diesel (€/litre)	1.8	1.8	-2.6% ↑	-4.8% ↓ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

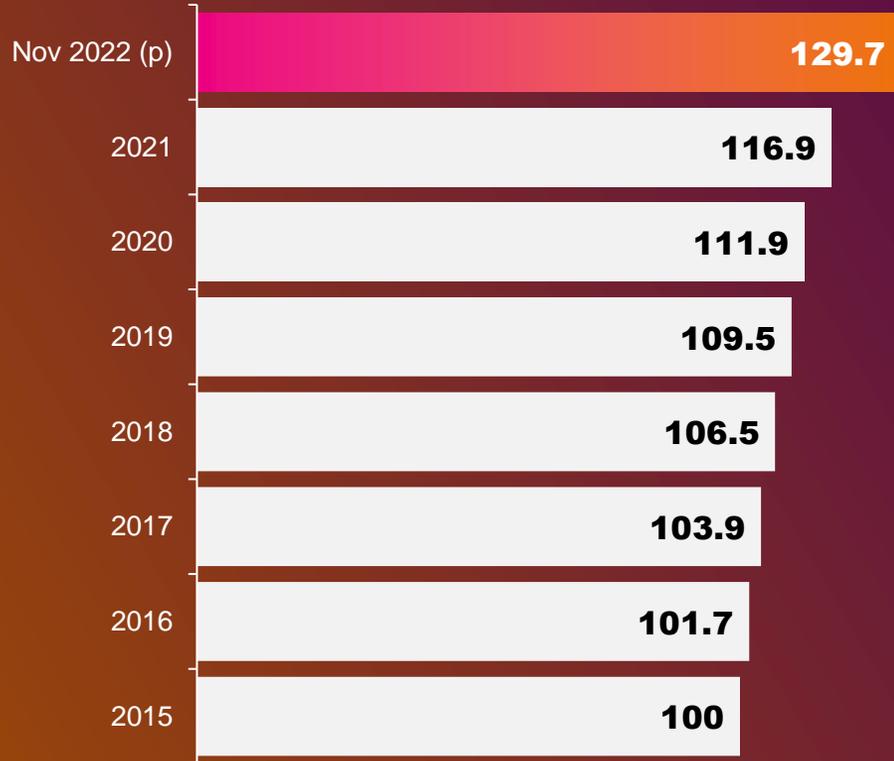
Welded mesh: 200 x 300cm, dia.-6mm Plasterboard: 300 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Copper prices regained ground in late 2022, despite growing concerns over the global economic outlook. The recent upturn has reflected supply disruptions and expectations of a possible demand boost following the relaxation of COVID restrictions in China. Despite the global economic slowdown, copper prices will remain relatively high reflecting short-term supply tightness, while demand linked to energy transition investment will also be a factor.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Moderate	Reflecting a decline in demand, steel prices have fallen in recent months, despite producers still facing high costs. There will be efforts by producers to try to push up prices in the coming quarters, but insufficient demand could result in production cuts if prices do not reach a level to cover costs.
 Stainless steel	+0.5% ↑	Moderate	Stainless steel prices are expected to edge up further stemming from the increase in the prices for key raw materials, such as nickel.
 Lumber	-0.5% ↓	Moderate	On a quarterly average basis lumber prices stayed relatively high in Q4 2022, owing to high production costs. However, prices are expected to edge downward into 2023. This decline reflects weakness in residential construction, as indicated by the decreasing number of residential building permits recently.
 Asphalt	+1.0% ↑	Moderate	Asphalt prices have been fairly volatile in recent months. Oil prices are expected to remain close to current levels of around \$80 per barrel, and asphalt demand will be stimulated by the government's infrastructure investment plans. To reduce the increasing pressure on roads, rail, airports, and waterways, the government plans to invest €25 billion to construct new roads and to resolve bottlenecks up to 2028.
 Limestone	+0.4% ↑	Low	Despite weaker construction demand, higher production and transportation costs have kept limestone prices at recent high levels.

Netherlands – Commodity Report



New dwellings; input price indices building costs (2015-2022)



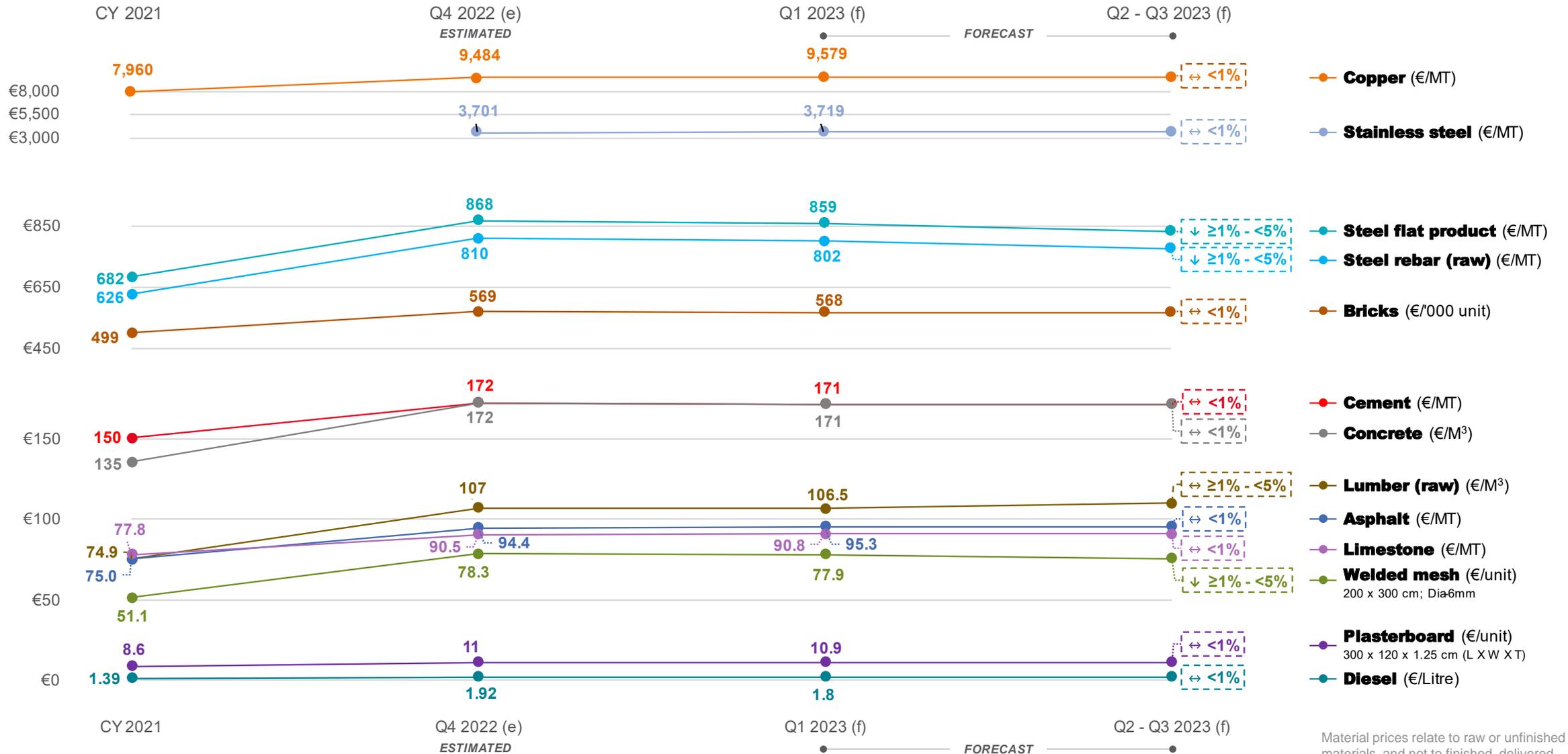
Note: new dwellings; input price indices building costs 2015=100,
*(p): provisional

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-0.5% ↓ -0.5% ↓	Moderate	Although the pace of growth in Dutch construction output has been declining steadily, high energy prices have continued to push up costs for energy-intensive materials such as concrete and cement. In November the producer price index for ready-mixed concrete was up by 22% year-on-year. Prices are expected to remain elevated in the coming quarters.
 Welded mesh	-0.5% ↓	Moderate	Welded mesh prices fell back in Q4 2022, reflecting general trends in rebar prices. This trend is expected to continue in the coming quarters, as demand weakens.
 Bricks	-0.3% ↓	Moderate	Given the energy-intensive process of brick production, brick prices have remained high in recent months. The producer price index for bricks was up by 12% year-on-year to November 2022 reflecting the impact of high energy costs, which have largely been passed on to buyers.
 Plasterboard	-0.2% ↓	Moderate	Plasterboard prices stayed high in Q4 2022, with production costs being passed on to buyers. However, with weaker demand growth, price pressure will dissipate.
 Diesel	-6.3% ↓	High	Diesel prices edged up to over €2.1 / litre in October but dropped back to below €1.8 by the end of the year. Prices will remain around this level in the coming quarters, with OPEC+ production cuts keeping crude oil prices elevated despite weakening demand.

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Netherlands – Construction Materials Pricing (2021-2023)



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Netherlands – Report methodology



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Primary and secondary research

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

Sample sources – Netherlands

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

- IMF
- Statistics Netherlands (CBS)
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)

Linesight 





Norway

Country Commodity Report

Q4 2022



Norway

Q4 2022

The GDP growth rate of Norway in 2022 is expected to remain at 2.9%, while slipping to 0.7% in 2023 before partially recovering to 1.3% in 2024. Inflation rates continue to remain relatively high at around 5.8% in 2022 and expected to drop slightly to 4.5% in 2023 before easing out at a healthy rate of 2.4% in 2024. As energy prices stabilise, domestic demand will increase helping the economy to recover.

The construction industry in Norway is expected to grow at an annual rate of 2.3% between 2023 and 2026, aided by investments in transportation and renewable energy. Rising inflation rates, high construction material costs, and a labour shortage are the industry's main challenges. The annual average year-on-year rate of increase in the construction cost index for residential buildings in Norway was 9% over the last two years in 2021 and 2022, up from 3% from 2016 to 2020.



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Lumber

High demand for wooden housing has driven demand for lumber and other wood-based sustainable building materials in recent years as Norway increasingly transitions toward a circular economy. The city of Trondheim has been an early adopter of the 'Build-in-Wood' initiative funded by the EU to promote greater usage of timber-based construction. This will continue to support long-term demand for lumber in Norway. However, the competitive nature of lumber market will cause prices to fluctuate over the short to medium term owing to slowing economic growth and a decline in demand for housing amid rising interest rates.



Cement and aggregates

Despite following an upward trend in 2022, concrete and cement prices are expected to stabilise in 2023. Weakening demand owing to slowing economic growth will offset further upward pressure on production costs. Prices are likely to remain elevated however, due to the impact of high energy costs and the lack of competition in the domestic market which will delay the adjustment of prices. Norcem, a subsidiary of HeidelbergCement, is the sole producer of cement in Norway.



Concrete blocks and bricks

Owing to strong demand in the first half of 2022 and rising production costs, concrete block and brick prices rose significantly in 2022. However, despite production and transportation costs remaining high

due to elevated energy costs, declining demand for new housing amid rising interest rates will, in turn, weaken demand for bricks. As a result of competing supply and demand pressures, prices are expected to remain high but stable over the coming quarters.



Steel (rebar and structural)

As a marginal net exporter of steel, Norway has been relatively well-positioned to cope with global supply shortages resulting from the conflict in Ukraine. However, falling steel prices globally amid weakening demand and an increase in supply from Asian exporters will cause domestic prices to fall over the coming quarters. However, domestic long-term demand for steel is expected to be driven by the Norwegian government's plan to develop transport infrastructure. Under the new National Transport Plan 2022–2033, the government increased its allocation for railway infrastructure by 23.2%.



Copper

Despite the prospect of a global recession in 2023, a resurgence in China's economy could renew upward pressure on prices, which exposes prices to significant levels of volatility in the coming quarters. Over the longer term, greater investment in renewable energy and electrification will drive demand for copper in Norway. To help meet this demand domestically and in a sustainable manner, Norway is planning to build a new copper mine that will be powered by renewable sources. This may be delayed as environmental impact assessments are undertaken to review concerns raised by environmental groups



Norway - Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	NOK	NOK	2022-23 % change	% change
Copper (NOK/MT)	79,845	88,455	-9.7% ↓	2.7% ↑ ●
Steel rebar (NOK/MT)	10,291	8,389	22.7% ↑	-0.6% ↓ ■
Steel flat (NOK/MT)	9,119	9,603	-5.0% ↓	-3.0% ↓ ●
Stainless steel (NOK/MT)	39,787	NA	NA	NA
Lumber (NOK/M3)	441	525	-16.0% ↓	-7.3% ↓ ●
Asphalt (NOK/MT)	1,132	974	16.2% ↑	4.3% ↑ ●
Limestone (NOK/MT)	606	480	26.2% ↑	1.4% ↑ ●
Cement (NOK/MT)	4,505	3,880	16.1% ↑	-4.7% ↓ ●
Concrete (NOK/M3)	1,705	1,486	14.7% ↑	0.4% ↑ ■
Welded mesh (NOK/unit)	207	164	26.2% ↑	0.0% ↔ ■
Bricks (NOK/'000 unit)	10,950	9,444	15.9% ↑	6.8% ↑ ●
Plasterboard (NOK/unit)	178	131	35.4% ↑	1.6% ↑ ●
Diesel (NOK/litre)	23.1	19.3	19.6% ↑	2.5% ↑ ●

(f) Forecast (e) Estimated

- Q3 to Q4 2022 % change greater than estimation in our Q3 report
- Q3 to Q4 2022 % change less than estimation in our Q3 report

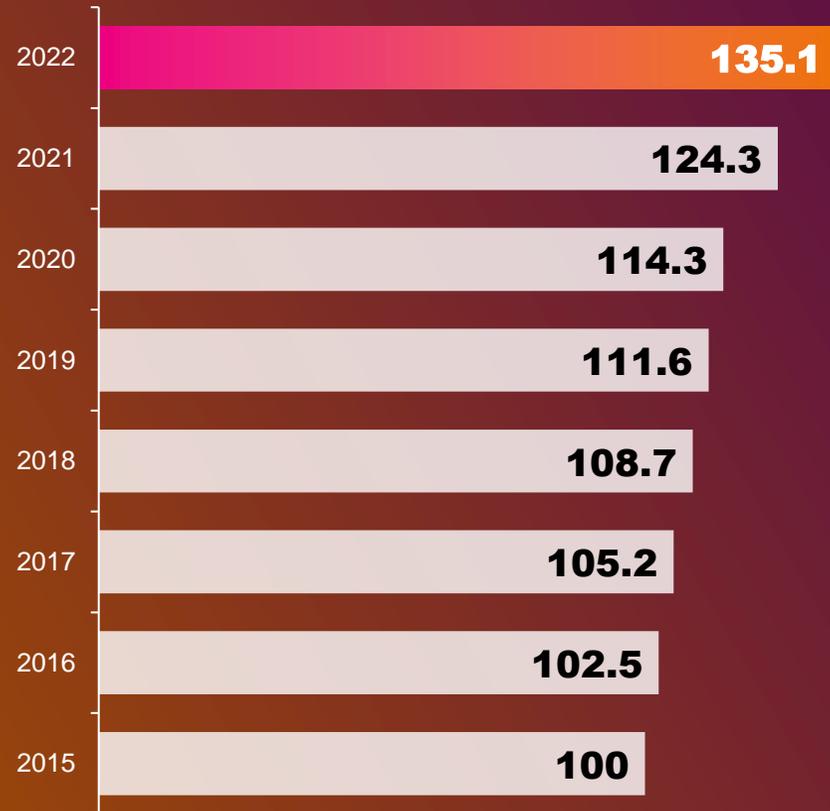
Welded mesh: 120 x 240cm, dia.-5mm Plasterboard: 240 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Due to low global stocks and reasonably resilient demand, copper prices have remained high in recent quarters. Additionally, the continued growth in investment in alternative energy sources and electric vehicles, and projections that China may experience an economic resurgence, means that there will likely continue to be long-term upward pressure on copper prices.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Low	Due to low consumer demand, high energy costs in the EU, and declining fixed capital investment levels owing to rising interest rates, it is anticipated that Norway's steel consumption will continue to decline in the coming quarters. Weak demand, coupled with rising steel export volumes from Asia, is expected to cause prices to decline.
 Stainless steel	+1.5% ↑	Low	Due to the rise in the prices of nickel and other key alloying materials, stainless steel prices are anticipated to increase in the coming quarters.
 Lumber	-1.0% ↓	Low	Lumber prices are expected to remain relatively stable over coming quarters as a result of decreased construction demand and supply-side pressures caused by increased production and shipping costs.
 Asphalt	-1.0% ↓	Low	Recent drops in crude oil prices have relieved pressure on asphalt prices, which had slightly decreased in Q4 2022. In 2023, worldwide demand for crude oil is expected to decline as a result of slower economic growth, offsetting supply-side disruptions in the crude oil market and assisting the easing of asphalt prices over the coming quarters.
 Limestone	+1.0% ↑	Low	Demand for limestone is likely to decline in the coming quarters, but producers will continue to pass on high production and shipping costs to developers, keeping prices stable but high.

Norway - Commodity Report



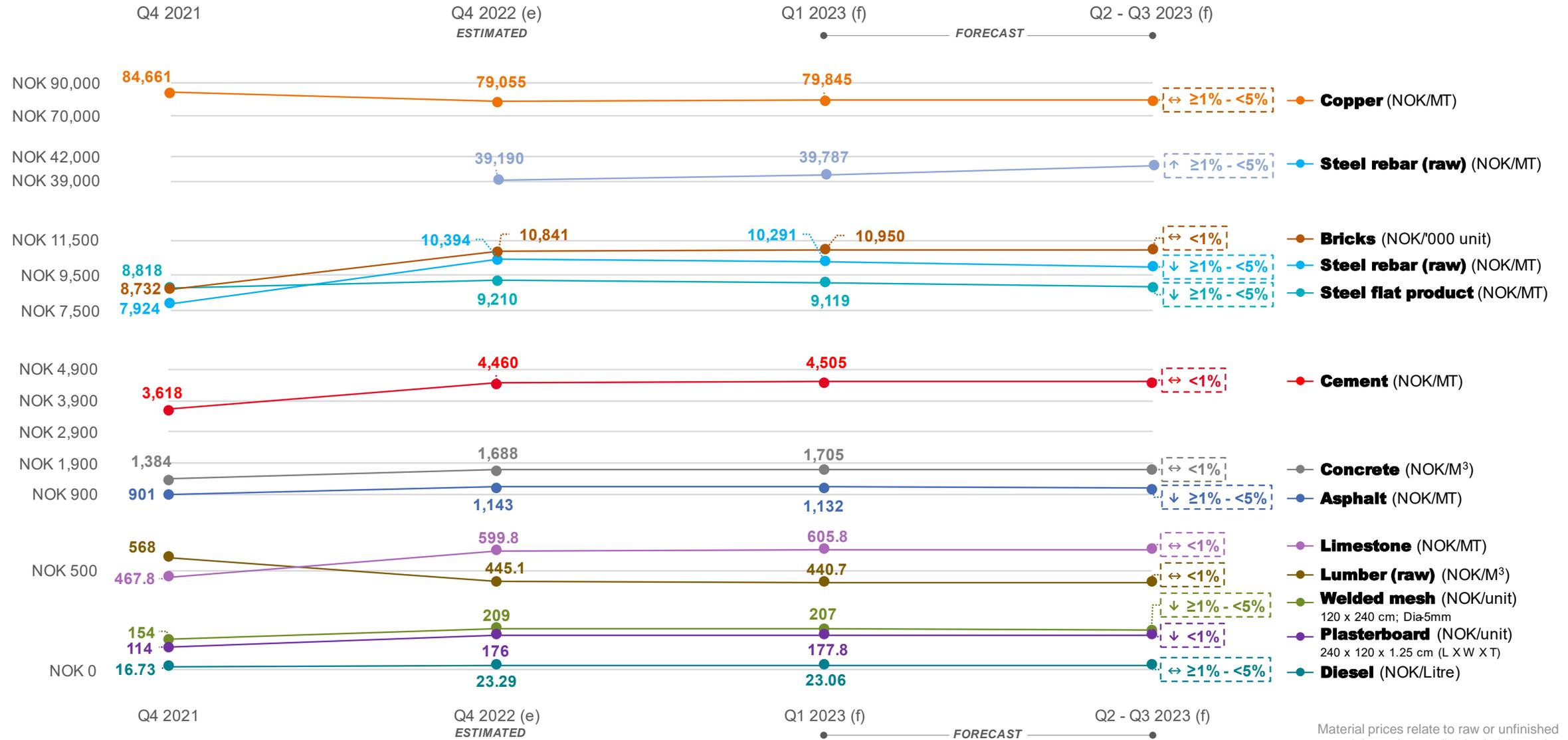
Construction cost index for residential buildings (2015-2022)



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	Cement and concrete prices generally followed an upward trend in 2022, due to relatively high demand and increasing pressure on production costs. However, it is unlikely that this trend will continue in the coming quarters. Demand is expected to fall as a result of slowing levels of construction activity, which will reduce upward pressure on prices, despite high energy costs continuing to keep prices elevated.
 Welded mesh	-1.0% ↓	Low	The price of welded mesh increased in Q2 and remained elevated in Q3. However, prices may decline in the coming quarters due to the anticipated drop in steel prices.
 Bricks	+1.0% ↑	Low	Brick prices have increased significantly as a result of high levels of construction activity in first two quarters of 2022. With elevated production costs in the recent months, prices remain near to current highs despite weaker demand in coming quarters.
 Plasterboard	+1.0% ↑	Moderate	Plasterboard prices rose significantly in 2022 owing to high energy and raw material costs. Nevertheless, prices have begun to stabilise in recent months as a result of declining demand and a limited increase in the cost of energy and raw materials. Over the coming quarters, plasterboard prices are predicted to hold steady at high levels.
 Diesel	-1.0% ↓	Low	Declining crude oil prices have eased pressure on diesel prices in recent quarters. Due to declining demand for crude oil amid slowing worldwide economic growth, diesel prices are expected to fall slightly over the coming quarters. However, supply-side disruptions stemming from sanctions on Russian oil and potential OPEC+ supply cuts will keep prices relatively elevated and volatile over the medium term.

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Norway – Construction Materials Pricing (2021-2023)



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Norway – Report methodology



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Primary and secondary research

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Sample sources – Norway

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

Linesight 





Spain

Country Commodity Report

Q4 2022



Spain

Q4 2022

According to a latest update by INE, Spain's GDP rose at a rate of 5.5% in 2022. Economic growth has been attributed to labour market recovery and robust performance in the services sector, however this has been slightly offset by rising energy prices. Yet, consumer price inflation decreased to 5.6% in December 2022, down from 6.8% the previous month.

Despite contractions in the last two years, Spain's construction industry is anticipated to rise by 3.5% in real terms in 2022. It is largely backed by investments in energy and transportation infrastructure, as well as government funding through the NextGenerationEU (NGEU) Recovery Fund. Given the ongoing energy crisis, high inflation and interest rates, the industry is expected to contract by 0.3% in 2023; but, with pledged government investments, the industry is expected to rebound in the following years.



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Lumber

Spain's construction industry will weaken as high interest rates and a slowing economy impact on new residential investment. Demand-side pressures on lumber prices will therefore ease, but production and transportation costs will still be a factor in keeping prices relatively high.



Cement and aggregates

Although consumption picked up in late 2022, demand in the year as a whole was sluggish, and Spain's cement exporters have also struggled to generate sales growth given the availability of cheaper products from other sources. Therefore, despite high production costs, price inflation has been contained.



Concrete blocks and bricks

Brick prices have remained stable as producers have been unable to fully pass on higher production costs to buyers owing to weak demand, and this will remain the case in the coming quarters given the negative outlook for the growth in demand of residential and commercial buildings.



Steel (rebar and structural)

Steel makers in Spain face ongoing challenges, with high production costs, weak demand and low prices. ArcelorMittal decided to delay the restart of its Acería Compacta de Bizkaia (ACB) plant after maintenance in August 2022, citing difficult market conditions and the availability of cheaper imports. Producers have sought to push up the price of flat products, with demand from the automotive sector picking up.



Copper

Copper prices will be volatile given concerns over supply-side constraints and weakening global economic growth. Demand will be sustained to some extent by the expansion in investment in renewable energy facilities and electric vehicle production.

Spain – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,095	8,897	-9.0% ↓	4.4% ↑ ●
Steel rebar (€/MT)	760	719	5.7% ↑	-8.6% ↓ ●
Steel flat (€/MT)	690	890	-22.5% ↓	-27.6% ↓ ●
Stainless steel (€/MT)	3,717	NA	NA	NA
Lumber (€/M3)	146	135	8.2% ↑	1.0% ↑ ■
Asphalt (€/MT)	97.1	95.0	2.2% ↑	-0.9% ↓ ■
Limestone (€/MT)	61.5	53.0	16.0% ↑	8.0% ↑ ●
Cement (€/MT)	142	132	7.7% ↑	0.0% ↔ ■
Concrete (€/M3)	137	130	5.7% ↑	1.4% ↑ ●
Welded mesh (€/unit)	93.3	83.0	12.5% ↑	-5.5% ↓ ●
Bricks (€/000 unit)	854	790	8.1% ↑	0.0% ↔ ■
Plasterboard (€/unit)	4.4	3.6	23.2% ↑	11.6% ↑ ●
Diesel (€/litre)	1.7	1.5	9.1% ↑	-3.1% ↓ ■

(f) Forecast (e) Estimated

- Q3 to Q4 2022 % change greater than estimation in our Q3 report
- Q3 to Q4 2022 % change less than estimation in our Q3 report

Welded mesh: 100 x 100 x 6cm Plasterboard: 125 x 60 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Copper prices picked up in late 2022, but still remain below the highs reached in April 2022. Additionally, tightened supply from major copper producer Peru, as well as the reopening of China's economy has put upward pressures on the prices. However, further price inflation will be contained by the slowdown in the global economy in the short term.
 Steel prices - Steel rebar - Flat steel	-1.5% ↓ -1.0% ↓	Moderate	Steel prices have weakened in recent months, reflecting sluggish demand. Elevated energy prices have squeezed profit margins, with producers cutting down output levels as a result. Prices will continue to trend downwards in the short term given the expected decline in construction industry output.
 Stainless steel	+1.5% ↑	Low	Stainless steel prices are expected to rise owing to increased raw material costs, notably nickel. Demand from the construction industry is expected to weaken though.
 Lumber	+1.0% ↓	Low	Lumber prices edged slightly upward in Q4 2022. However, sluggish demand from construction sector is expected to offset the impact of continued high production and transportation costs.
 Asphalt	-0.5% ↓	Low	With international crude oil prices stabilising at a lower level in recent months, asphalt price inflation has eased. Prices will edge downwards in the coming quarters, but with infrastructure spending set to pick up, prices will remain close to current highs.
 Limestone	+0.8% ↑	Low	Sluggish demand in buildings construction due to increased interest rates and slowing economic growth will result in weaker demand for limestone. However, elevated production costs will keep prices relatively high.

Spain – Commodity Report



Construction cost index for residential buildings (Q12020-Q3-2022)

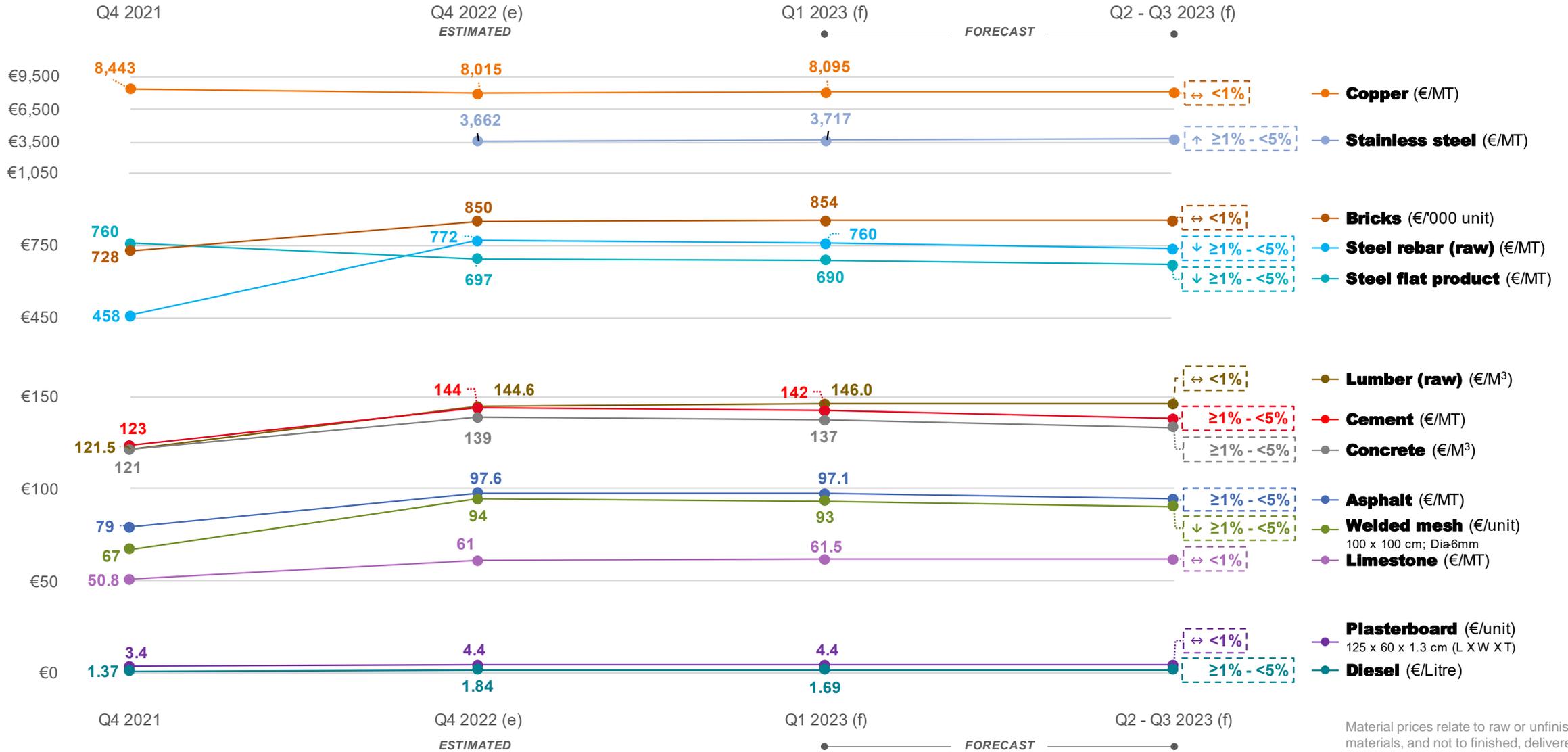


*(p) - Provisional

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-1.0% ↓ -0.8% ↓	High	Cement prices have remained stable at a high level in recent quarters, reflecting high production costs. However, producers have not been able to fully pass on these higher production costs to buyers, given weak demand. In the first 11 months of 2022, domestic consumption was flat compared to the same period in 2021. Spain's cement exports have also fallen, which has helped to contain domestic price pressures.
 Welded mesh	-1.0% ↓	Moderate	Welded mesh prices have followed the trend of steel rebar prices, dropping back in Q4 2022. With steel rebar prices set to decline further, welded mesh prices are expected to edge slightly downward in the near future.
 Bricks	+0.5% ↑	Moderate	Despite sluggish demand from construction industry, elevated energy prices will keep brick prices close to current high levels in the forthcoming quarters.
 Plasterboard	+0.5% ↑	Moderate	Plasterboard prices rose higher in Q4 2022, with producers passing on higher costs. Despite an easing in demand-side pressures, higher production costs will continue to keep prices elevated.
 Diesel	-8.3% ↓	Low	With international crude oil prices having fallen from mid-2022 highs, the price for diesel has continued on a downward trend. Prices will be volatile in the coming quarters, as international supply-side issues including OPEC+ production cuts will offset the impact of weakening global economic growth.

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Spain – Construction Materials Pricing (2021-2022)



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Sample sources – Spain

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

Linesight 



Sweden Country Commodity Report Q4 2022



Sweden

Q4 2022

Sweden's strong GDP growth rate in the first half of 2022 has been somewhat dampened by the average performance in the second half, bringing the year average close to 2.4%. This is primarily due to high inflation, a troubled household sector and rising unemployment. These are expected to persist in 2023, resulting in a modest GDP drop before showing a minor increase in 2024. Inflation remained as high as 10.2% for 2022, and expected to stay pinching at 6.5% in 2023, before easing out to around 2% in 2024.

The Swedish construction industry is expected to grow at a rate of 2.1% in 2022. The overall economic activity in the industry is on the rise with building permits increasing by around 18% in 2022 as compared to the previous year. However, due to the global economic downturn, growth is expected to remain below 1% in 2023. Nonetheless, given the government's investments in transportation and energy infrastructure, the industry is expected to regain momentum in 2024 to 2026, growing at an annual rate of 2.6%.



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Lumber

Sweden is Europe's second-largest consumer of lumber as a building material and hence, demand for lumber is generally high, with the residential sector driving most of it. Sweden is largely self-sufficient in meeting domestic demand and is positioned as Europe's largest timber export market, and thus well protected from global supply shocks. Nonetheless, rising global and domestic demand for sustainable construction materials, including lumber, is likely to keep lumber prices rising in the long run, with an expected increase in demand domestically and from major export markets weighing on Sweden's timber stocks. However, declining demand in the short-term will ease pressure on lumber price.



Cement and aggregates

Sweden's domestic market for cement, concrete, and limestone faces much less uncertainty in 2023, following the resolution of an environmental dispute over mining activities at one of Sweden's largest limestone quarries. Cementa, which provides 75% of Sweden's domestic cement usage, will be allowed to continue mining limestone at the quarry for another four years following the Supreme Administrative Court ruling in December 2022. With a greater degree of certainty in the market, prices are expected to decline over the medium term as demand weakens and energy prices begin to normalise.



Concrete blocks and bricks

Slowing economic growth in 2023 is expected to ease upward pressure on concrete block and brick prices, despite production and



transportation costs remaining elevated. Weaker demand in the construction sector, particularly in the homebuilding sector, will reduce producers' ability to pass on higher costs to consumers which will cause prices to fall in the medium term.



Steel (rebar and structural)

Sweden is a net exporter of steel, which helps to mitigate the impact of supply chain disruptions on domestic users. Despite the fact that shortages have been less of an issue in Sweden, rising input costs, driven by higher energy and raw material prices, have resulted in relatively volatile domestic prices over the past year. Steel prices are expected to fall in the coming quarters as demand falls and global production rises, relieving pressure on domestic producers and making imported steel more appealing. Domestic steel demand will be boosted in the medium to long term by a high-value pipeline of infrastructure projects.



Copper

Over the long term, demand for copper will be driven by investment in renewable energy and electric vehicles. In the shorter term, global copper prices are expected to remain volatile owing to competing pressures on the supply and demand sides. Economic recovery in China, the world's largest copper consumer, has the potential to partly offset the fall in demand from other large copper consumers, increasing upward pressure on prices. However, a planned increase in domestic production for 2023, announced by Copperstone Resources, which intends to reopen the Viscaria copper mine in Kiruna, will help to ease supply-side pressures.

Sweden – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	SEK	SEK	2022-23 % change	% change
Copper (SEK/MT)	88,336	93,268	-5.3% ↓	4.3% ↑ ●
Steel rebar (SEK/MT)	7,524	8,224	-8.5% ↓	-11.6% ↓ ●
Steel flat (SEK/MT)	7,091	7,751	-8.5% ↓	-11.6% ↓ ●
Stainless steel (SEK/MT)	42,071	NA	NA	NA
Lumber (SEK/M3)	736	850	-13.4% ↓	-12.5% ↓ ●
Asphalt (SEK/MT)	969	806	20.1% ↑	1.2% ↑ ■
Limestone (SEK/MT)	642	517	24.3% ↑	3.6% ↑ ●
Cement (SEK/MT)	2,724	1,938	40.6% ↑	3.8% ↑ ●
Concrete (SEK/M3)	1,468	1,240	18.3% ↑	6.1% ↑ ●
Welded mesh (SEK/unit)	822	677	21.5% ↑	-10.6% ↓ ●
Bricks (SEK/000 unit)	9,189	8,000	14.9% ↑	3.7% ↑ ●
Plasterboard (SEK/unit)	97.7	87.2	12.0% ↑	4.9% ↑ ●
Diesel (SEK/litre)	23.2	22.3	3.8% ↑	3.0% ↑ ●

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

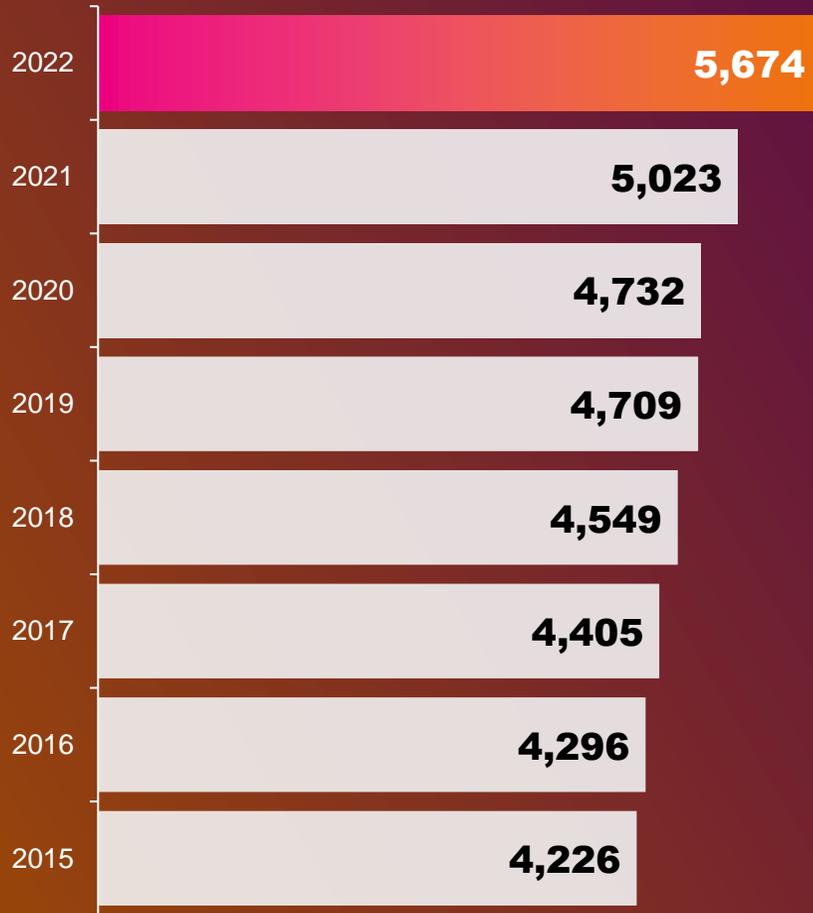
Welded mesh: 500 x 230cm, dia.-6mm Plasterboard: 250 x 90 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+2.8% ↑	 Low	Although copper prices fell from record highs in Q3 2022, they are expected to rise again in Q4 2022 due to an anticipated increase in demand from China. Low global stockpiles are also increasing pressure on the supply side, while Europe's expected economic slowdown will offset some of this pressure. Nonetheless, rising demand from the renewable energy drive, will keep prices high in the long run.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	 Low	Steel prices have eased in recent quarters following a surge in prices in Q2 resulting from increase in energy and raw materials costs. Despite production costs remaining relatively high in Europe, supply-side pressures have eased recently due to an increase in production in major Asian exporting countries. In addition, weakening demand in Europe will support a further decline in steel prices over the coming quarters.
 Stainless steel	+2.0% ↑	 Low	The price of stainless steel has recently increased due to an increase in the price of nickel, a key alloying material, and is expected to rise slightly in the coming quarters.
 Lumber	-0.9% ↓	 Low	Lumber prices declined in the second half of 2022, primarily due to weakening demand. A cooling residential sector is expected to keep demand subdued over the coming quarters, leading to a further decline in prices. Nevertheless, underlying demand will remain resilient due to the popularity of lumber as a construction material in Sweden, coupled with rising global demand for sustainable construction materials.
 Asphalt	-3.5% ↓	 Low	Despite asphalt prices rising marginally in Q4 2022, prices are set to fall over the coming quarters, in line with global crude oil prices. Although supply-side pressures remain in the global oil market, prices are expected to remain elevated compared to historical levels.
 Limestone	-1.0% ↓	 Low	Previously at risk of a severe supply shock, the limestone market in Sweden faces much less uncertainty following the resolution of a dispute over mining activities at Cements's limestone quarries. As a result, prices are expected to be stable over the coming quarters, with some downward pressure due to declining levels of construction activity, particularly in the residential sector.

Sweden – Commodity Report



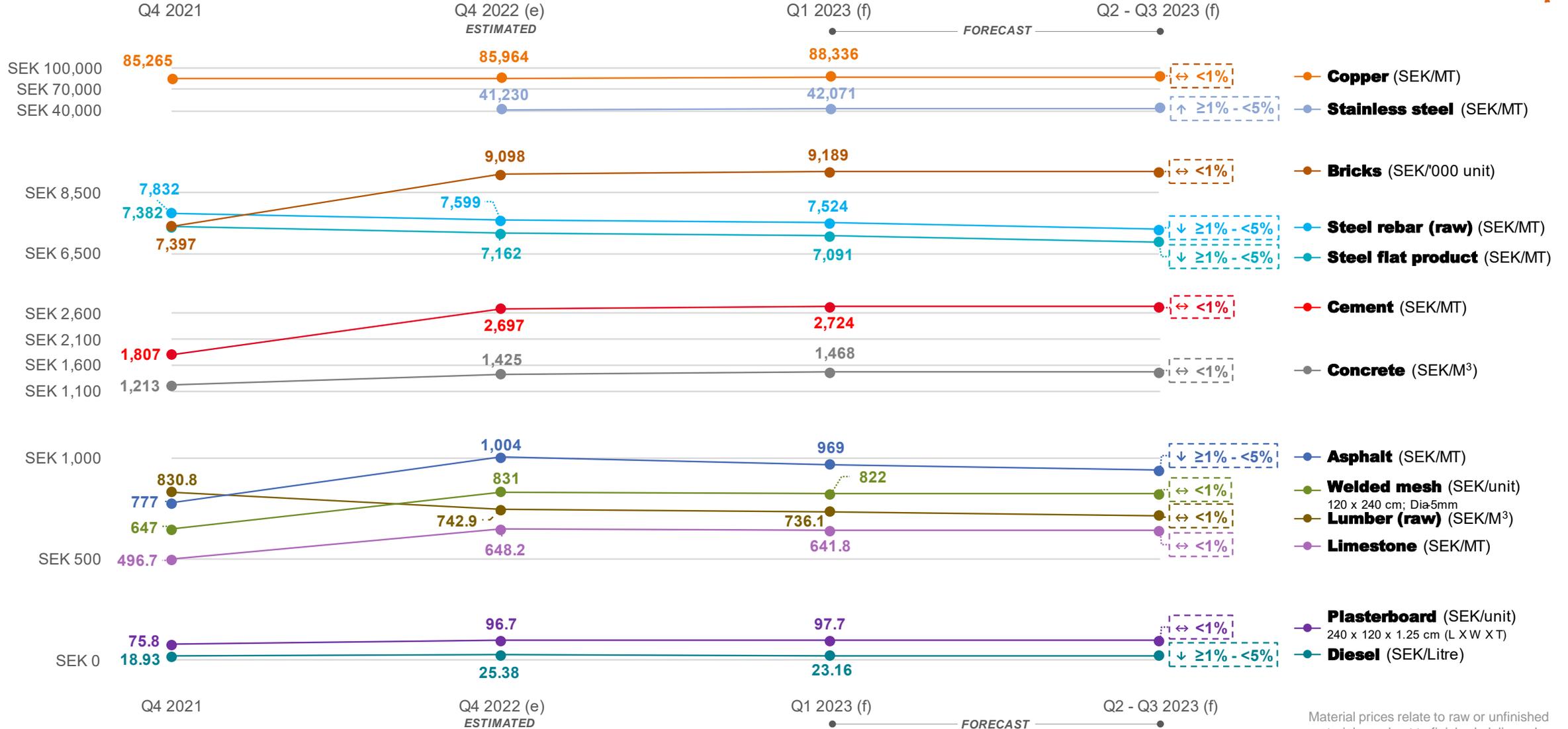
Construction cost Index (Input Price): 2020-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +3.0% ↑	Moderate	Sweden's high degree of self-reliance in cement production will help to keep prices relatively stable in the coming months, and with Cementsa securing its supplies for limestone, supply side pressures have eased slightly. Nevertheless, elevated energy costs are expected to sustain upward pressure on cement prices over the coming quarters. However, weakening demand in the construction industry is likely to limit further upward pressure on prices.
 Welded mesh	-1.0% ↓	Low	Owing to easing prices in the global steel market stemming from rising levels of production and weakening demand in the manufacturing and construction sectors, the price of welded mesh is expected to fall in the coming quarters.
 Bricks	+1.0% ↑	Low	Brick prices have continued to rise in recent quarters due to high production and transportation costs, despite government support to limit the increase in energy prices. However, with weakening demand in the construction sector driven by a slowdown in the real estate market, prices are expected to stabilise before falling in the coming quarters. Nevertheless, high production costs will continue to keep brick prices elevated.
 Plasterboard	+1.0% ↑	Moderate	High production costs owing to elevated raw material and energy prices have exerted upward pressure on plasterboard prices in recent quarters. However, weakening demand stemming from a decline in housebuilding activity will contain further upward pressure.
 Diesel	-8.8% ↓	Low	The expected decline in global crude oil prices, owing to weakening demand amid slowing economic growth, will put downward pressure on diesel prices over the coming quarters. Moreover, the implementation of further tax reductions on petrol and diesel by the Swedish government in December 2022 will reduce prices further.

* 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.

Sweden – Construction Materials Pricing (2021-2022)



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

Sweden – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – Sweden

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

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

Linesight 



Switzerland

Country Commodity Report

Q4 2022



Switzerland

Q4 2022



According to a recent update by SECO, Swiss GDP grew by 0.2% in Q3 2022, following a slight increase of 0.1% in Q2 2022. The growth of the economy in Q3 2022 is largely driven by domestic consumption supported by service sector growth. Amid high energy prices, the inflation rate is anticipated to remain at 2.9% in 2022, followed by a drop to 2.2% in 2023, and the economy is expected to be dampened by current global macro-economic factors, growing at a below average rate of 1% in 2023.

The Swiss construction industry is expected to contract by 3.6% in 2022, because of surging energy prices, high inflation and interest rates, and labour shortages. The industry's contraction is expected to continue in 2023, with the industry shrinking at 1.5%, but it is expected to recover in the period 2024-26, with an average annual growth rate of 1.7%. The government's planned investments in transportation and renewable energy sectors are likely to provide the industry with much needed impetus.



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Lumber

Lumber suppliers have reported relatively strong inventories and some sawmills have been cutting production in response to lower demand. Demand in the residential construction sector has waned in recent months due to higher interest rates and falling real incomes. However, energy price hikes have caused a spike in demand for firewood and increased competition in hardwood plantations.



Cement and aggregates

Switzerland is relatively self-sufficient with regard to cement production, and its rich limestone deposits has enabled cement supply to remain relatively buoyant. However, cost-push pressures stemming from the energy crisis have put upward pressure on prices. The demand for cement is slowing, with Q4 2022 cement orders down by 6% from the previous year and rising interest rates have caused many firms in the construction industry to scale back operations.



Concrete blocks and bricks

Price increases have been in large part due to the energy crisis, with suppliers in 2022 noting extremely high gas prices, resulting in many kilns shutting down. The supply of core inputs such as clay has remained more predictable; domestic supply from local clay deposits has been unimpeded by external shocks. However, high energy costs remain a key factor in imposing a tight squeeze on margins.



Steel (rebar and structural)

Switzerland is heavily dependent on steel imports and exposed to fluctuations in global supply. Energy costs are still very much elevated, but demand has weakened. The decarbonisation effort will contribute to higher production costs further ahead.



Copper

Switzerland is heavily dependent on imported copper, with the majority of copper imports sourced from Zambia which is then re-exported by Swiss-based traders. Copper prices have been volatile. Supply shocks in Chile and Peru, have limited supply and inventories have fallen moderately. In addition, further upward pressure from the re-opening of the Chinese economy and the energy transition will keep prices elevated in the short to medium term. However, the global economic downturn due to monetary tightening in major economies will limit price increases.

Switzerland – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	CHF	CHF	2022-23 % change	% change
Copper (CHF/MT)	7,876	8,942	-11.9% ↓	2.4% ↑ ●
Steel rebar (CHF/MT)	944	1,140	-17.2% ↓	-8.8% ↓ ●
Steel flat (CHF/MT)	821	920	-10.7% ↓	-11.1% ↓ ●
Stainless steel (CHF/MT)	3,743	NA	NA	NA
Lumber (CHF/M3)	95.7	87.3	9.6% ↑	0.7% ↑ ■
Asphalt (CHF/MT)	120.1	96.1	25.0% ↑	0.3% ↑ ■
Limestone (CHF/MT)	41.9	35.9	16.7% ↑	1.1% ↑ ●
Cement (CHF/MT)	200	170	17.5% ↑	1.1% ↑ ●
Concrete (CHF/M3)	154	132	17.3% ↑	1.8% ↑ ●
Welded mesh (CHF/unit)	101	93	8.0% ↑	-8.1% ↓ ●
Bricks (CHF/'000 unit)	1,040	805	29.2% ↑	2.0% ↑ ●
Plasterboard (CHF/unit)	6.4	4.7	36.5% ↑	1.2% ↑ ●
Diesel (CHF/litre)	2.0	1.8	10.1% ↑	-5.5% ↓ ●

(f) Forecast (e) Estimated

- Q3 to Q4 2022 % change greater than estimation in our Q3 report
- Q3 to Q4 2022 % change less than estimation in our Q3 report

Welded mesh: 150 x 300cm, dia.-5mm Plasterboard: 200 x 60 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+2.7% ↑	Low	Copper prices picked up in late Q4 2022, reflecting pressures stemming from lower inventory and supply concerns from Peru and anticipated demand from China, following the reopening of its economy. With interest rate hikes and a slowdown in the global economy, copper price inflation will be contained, but demand from investment in renewable energy projects and electric vehicle manufacturing will pick up.
 Steel prices - Steel rebar - Flat steel	-2.2% ↓ -0.1% ↓	Low	Steel prices continued to fall in late 2022 from the highs reached in the first half of the year. Steel prices are expected to decline further, given a weakening in demand. However, Swiss Steel expects the energy price to remain at a high level, which will continue to squeeze margins and prevent a much sharper drop in prices in the coming quarters.
 Stainless steel	+1.0% ↑	Low	Stainless steel prices are expected to remain relatively high given the importance of alloying materials such as nickel and chromium, prices for which remain high.
 Lumber	-1.0% ↓	Low	Lumber prices have edged downwards, and this trend is expected to continue reflecting the slowdown in domestic demand. Residential construction in particular has been in decline, and although interest rates are still quite low, they are set to rise, and this will dampen investment growth.
 Asphalt	-1.0% ↑	Low	Asphalt prices remained high in Q4 2022, but upward pressure has diminished, and prices will fall back from recent highs in the coming quarters.
 Limestone	+1.0% ↑	Low	Although production costs remain high due to elevated energy costs, weakening demand in the construction industry is expected to contain price increases.

Switzerland – Commodity Report



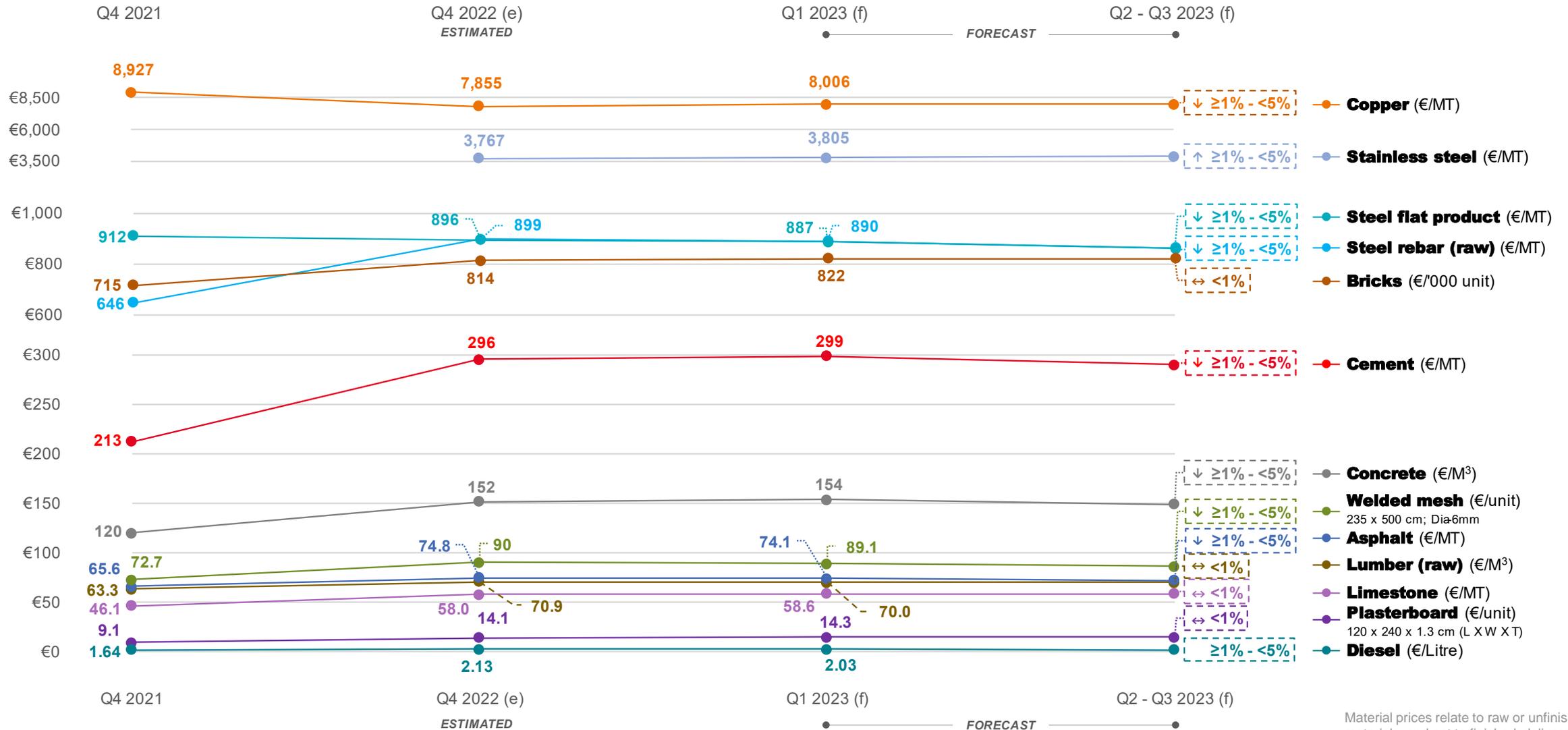
Swiss Construction Price Index (Oct 2020 - Oct 2022)



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	Cement and concrete prices increased in the second half of 2022 owing to high electricity prices. Higher production costs have forced cement producers to pass on price increases to customers and with high costs expected to run into Q1 2023, prices are expected to remain high despite weakening demand.
 Welded mesh	-1.0% ↓	Low	The price of welded mesh declined because of the overall drop in the price of steel reinforcement bars. The slowdown in demand and adequate supply is expected to result in a decline in the price of welded mesh over medium term, however, short-run cost increases will hold prices higher over the next couple of months.
 Bricks	+1.0% ↑	Low	Brick prices continued to increase in late 2022, primarily due to the high cost of energy. However, weakened demand amid slowing economic growth in early 2023 will contain further inflationary pressures.
 Plasterboard	+1.0% ↑	Low	Plasterboard prices showed a marginal increase in late 2022 owing to high production costs. With demand easing, prices are expected to flatten in the coming months.
 Diesel	-9.0% ↓	Low	The price of diesel declined in Q4 2022 owing to a drop in international crude oil prices and a slowdown in demand. The outlook for crude oil prices is mixed, given supply constraints stemming from OPEC+ production cuts on one hand, and weaker demand on the other. However, the worsening global economic outlook looks to be the dominant narrative and is likely to push prices down further over the next quarter.

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Switzerland – Construction Materials Pricing (2021-2022)



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Switzerland – Report methodology



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Primary and secondary research

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

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Sample sources – Switzerland

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

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

Linesight 





United Kingdom Country Commodity Report Q4 2022



United Kingdom

Q4 2022

The outlook for the UK economy remains gloomy for 2023 with a recovery unlikely before 2024. While the Office for National Statistics reported that the economy grew by 0.1% and 0.5% in October and November 2022, respectively, the Bank of England predicts that the economy will remain in recession for an extended period of time, owing to the high cost of living. The BoE's monetary tightening appears to be continuing in the near term, with inflation remaining high at 10.5% in December 2022, albeit slightly down from 10.7% in November 2022.

The outlook for the construction sector is similarly tough and is expected to contract by 1.9% with output being negatively affected by rising interest rates, high energy prices and uncertain global conditions. With material price hyperinflation largely behind us, it is expected that for the most part prices will either continue to moderate or drop back throughout 2023. Sectors such as residential, commercial and industrial are forecast to slow sharply but 'mission critical' sectors such as data centres and life sciences will see continued high demand. However, a continued shortage of labour and specialist skills, high energy prices, contractor capacity and funding challenges remain a concern. Relationship-based supply chain management continues to be a key strategy to mitigate such risks.



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Lumber

Although construction activity has held up well amid wider economic weakness, lumber prices have dropped from recent highs. Strong domestic stock levels has eased price pressures and has also resulted in a drop off in imports. With the residential construction sector facing a downturn as recent interest rate hikes impact on investment, lumber prices will fall further in the coming quarters. However, demand for lumber will be maintained in the longer term, with lumber offering a solution for low carbon building projects.



Cement and aggregates

Cement prices stabilised at a high level in late 2022, having risen steadily throughout the year - by October cement prices were up by 17% year-on-year, while ready-mixed concrete was up by 18.5%. Solid demand in the construction sector has driven this trend along with high production costs. Aggregates prices have been more stable, coming down marginally from mid-2022 highs. However, longer-term concerns persist over risks of insufficient supply.



Concrete blocks and bricks

Brick production levels stayed high in late 2022, and the downward trend in stocks had slowed. Prices have continued to rise, pushed up mainly by high production costs. In its most recent trading update, Forterra Group revealed that its revenue was up 23% year-on-year in January to October, bolstered by price hikes during the year (the latest being a 16.5% increase effective October 1st). It noted further price increases planned for Q1 2023 to account for cost inflation.



Steel (rebar and structural)

Steel prices have fallen from recent highs. However, the UK steel industry is facing significant challenges, with two of British Steel's blast furnaces facing closure. With the pressures of rising energy costs and weakening demand, the company has stated that it requires approximately £100 million to offset the financial impact of carbon permits issued under the government's emissions trading scheme. At the same time, the company is negotiating a financial assistance package with the government.



Copper

Copper prices edged higher in late 2022, and there is an expectation of price volatility in the coming quarters, with potential supply-side disruption offsetting the impact of weakening global demand in the short term.

United Kingdom – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	£	£	2022-23 % change	% change
Copper (£/MT)	6,840	7,458	-8.3% ↓	3.3% ↑ ●
Steel rebar (£/MT)	619	588	5.1% ↑	-9.9% ↓ ●
Steel flat (£/MT)	724	706	2.6% ↑	-9.3% ↓ ●
Stainless steel (£/MT)	2,073	NA	NA	NA
Lumber (£/M3)	55.7	61.8	-9.9% ↓	-14.1% ↓ ●
Asphalt (£/MT)	581	531	9.4% ↑	8.7% ↑ ●
Limestone (£/MT)	40.0	45.0	-11.2% ↓	0.7% ↑ ■
Cement (£/MT)	219	195	12.4% ↑	0.7% ↑ ■
Concrete (£/M3)	144	122	18.3% ↑	2.3% ↑ ●
Welded mesh (£/unit)	43.5	35.5	22.5% ↑	-5.3% ↓ ●
Bricks (£/000 unit)	1,338	981	36.5% ↑	10.2% ↑ ●
Plasterboard (£/unit)	10.5	7.9	31.9% ↑	1.2% ↑ ●
Diesel (£/litre)	1.8	1.6	15.8% ↑	-2.2% ↓ ■

(f) Forecast (e) Estimated

● Q3 to Q4 2022 % change greater than estimation in our Q3 report
■ Q3 to Q4 2022 % change less than estimation in our Q3 report

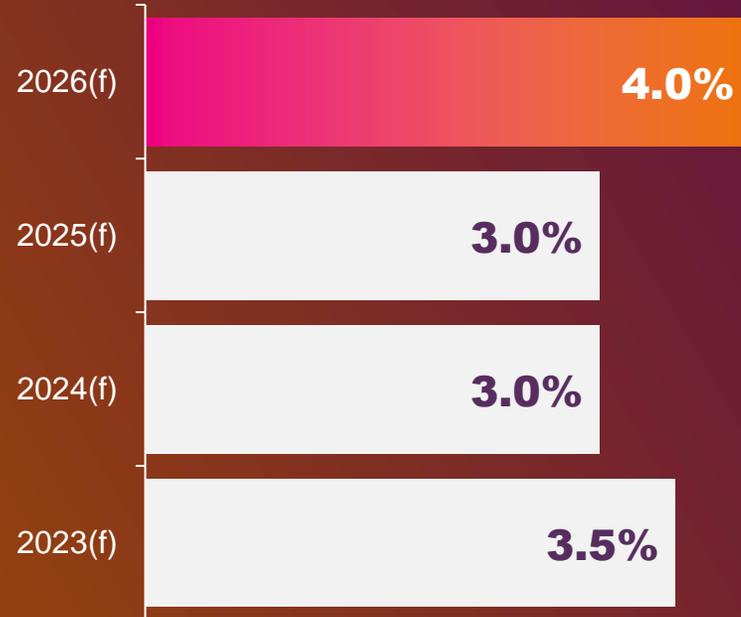
Welded mesh: 240 x 480cm, dia.-6mm Plasterboard: 240 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.50% ↑	Moderate	Copper prices faced some upward pressure towards the end of 2022. Supply disruptions in Peru, impacted by political unrest, have been a factor driving recent trends, and the relaxation in China's zero COVID policy has lifted investor confidence. The outlook is mixed, with concerns over a global economic downturn on one hand being offset by projections of a global supply deficit in copper.
 Steel prices - Steel rebar - Flat steel	-0.5% ↓ -0.5% ↓	Moderate	Steel prices continued on a downward trend in Q4 2022, dropping at a faster rate than previously anticipated. This is despite steel production levels being hit by high energy costs, which has led to temporary shutdowns of production plants. Although prices were down from the highs reached in Q2 2022, prices are still high compared to year-earlier levels.
 Stainless steel	+0.6% ↑	Low	Stainless steel prices are expected to remain elevated due to the increase in the prices for key raw materials, such as nickel.
 Lumber	-1.0% ↓	Moderate	Lumber prices have declined further, reflecting mainly a healthy stock level. Construction activity has held up well in recent quarters, including new residential works and refurbishment. Import volumes have also been on a downward trend. Prices are set to weaken further given the expectation of a drop-off in construction work.
 Asphalt	-1.0% ↓	Moderate	Asphalt prices picked up in the fourth quarter of 2022 having been fairly stable in the preceding few quarters. Demand for material for road repairs has been high, and the value of new orders for road construction rose by 20% year-on-year in the first three quarters of the year. Although global crude oil prices have fallen from the highs of the second quarter, prices are expected to remain around \$80 per barrel.
 Limestone	+0.8% ↑	Low	Limestone prices have been relatively stable compared to other materials. Prices are expected to remain close to current levels, as weaker demand will be offset by still high production and transport costs.

United Kingdom – Commodity Report



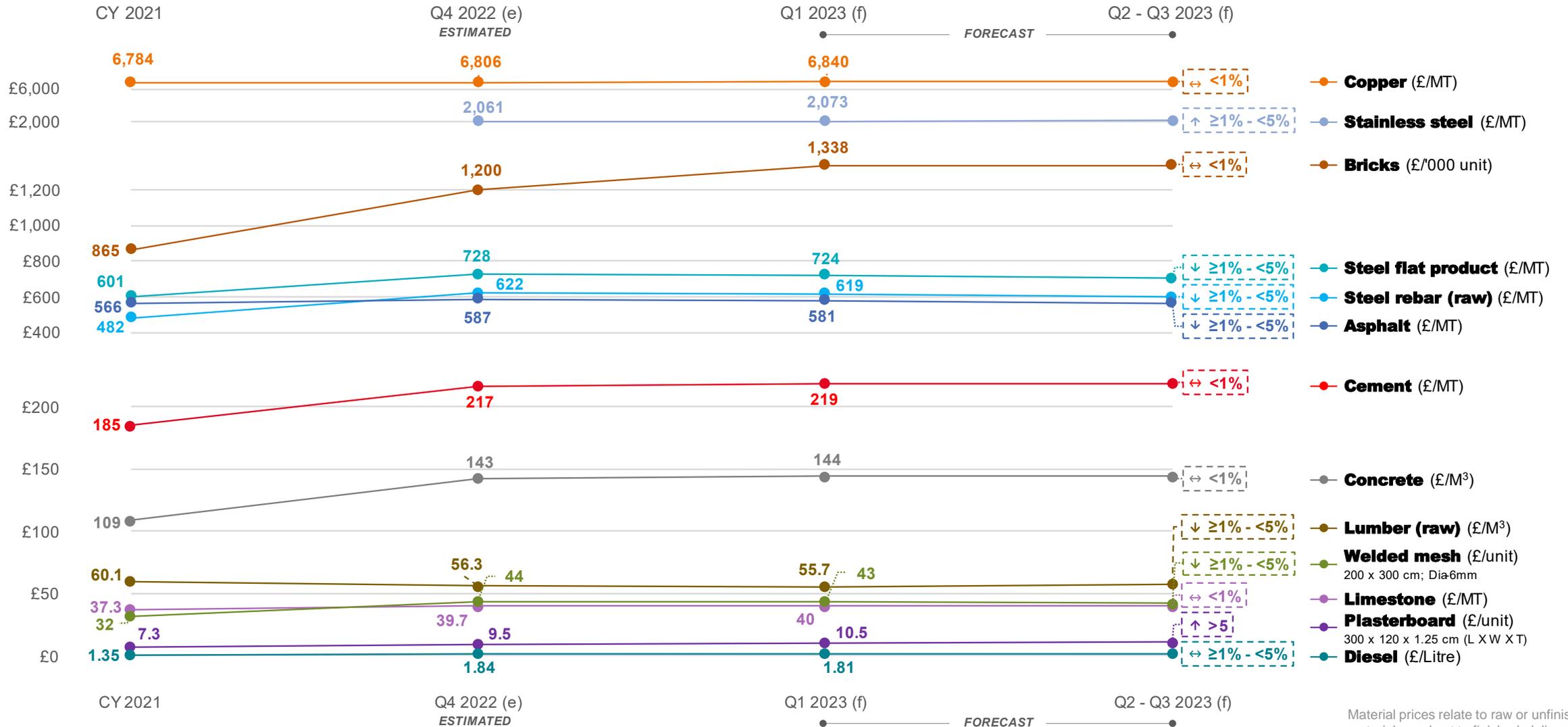
Linesight tender price change forecast 2023-2026



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	Concrete and cement prices have continued to trend upwards in recent months, with solid demand and high energy costs being key factors. Although prices will remain elevated in the short term, a decline in construction activity and easing upward pressure on energy prices will result in concrete and cement prices coming down from recent highs.
 Welded mesh	-0.4% ↓	High	Welded mesh prices have eased back from recent high levels, a trend that reflects movement in rebar prices.
 Bricks	+11.5% ↑	Moderate	Brick prices have recorded a further jump in recent months, driven primarily by high production costs being passed on to buyers. Prices are set to remain elevated in the coming quarters, based on indications from producers of further increases to come, despite emerging weakness on the demand side.
 Plasterboard	+10.0% ↑	Low	Plasterboard prices edged higher in Q4 2022 and are set for further increases in the coming quarters, with manufacturers and distributors indicating forthcoming price rises.
 Diesel	-1.7% ↓	Moderate	Diesel prices have fallen back from the high levels of close to £2 per litre reached in July 2022, but in late 2022 were still around 20% higher than in late 2021. Crude oil prices are expected to remain above \$80 per barrel in 2023, which will keep pressure on diesel prices. There is also a possibility of a hike in fuel duty in March 2023, according to recent forecasts made by the Office for Budget Responsibility. Duty could rise by 23%, which would add 12p per litre on fuel 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.

United Kingdom – Construction Materials Pricing (2021-2023)



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

United Kingdom – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – United Kingdom

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

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

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