



Americas

Country Insights and
Commodity Reports

Q1 2023



Americas Country Commodity Reports



AMERICAS

United States

Canada

Mexico



United States

Country Insights and Commodity Report

Q1 2023      

United States

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Despite multiple challenges, the US economy grew by 2.1% in 2022 due to growth in manufacturing, private investment, and consumer spending. However, amid a weak global outlook, the IMF forecasts a moderate growth of 1.6% in 2023. Furthermore, the recent banking crisis has created concerns in terms of tightening lending standards, which may impact industries that rely on smaller regional banks for credit. Nonetheless, inflation has reached its lowest level in nearly two years, with a 5% year-on-year increase in March 2023. There are also signs of positivity in the job market with the unemployment rate falling to a 53-year low of 3.4% in April 2023.

The US construction industry contracted by 8.2% in 2022, due to a decline in residential output. The industry is expected to contract further in 2023 by 0.9% because of continued decline in the residential sector, ongoing labor shortages, worker unrest and elevated interest rates. The longer-range forecast is more optimistic with a projected growth rate of 4.5% CAGR from 2024 to 2027 due to increased investments in the energy, transportation, and housing sectors. The manufacturing sector will also continue to grow rapidly, aided by the government's industrial promotion programs. Furthermore, mission-critical industries such as data centers and life sciences are expanding. Supply chain issues remain but have subsided slightly. Material prices are expected to fall through the middle of the year as rising demand is offset by high inventories. Skilled labor shortages are expected to last a few more quarters.



John Fitzgerald
Vice President
john.fitzgerald@linesight.com



Eoin Byrne
Vice President
eoin.byrne@linesight.com



Dawn Cantrell
Vice President
dawn.cantrell@linesight.com



Lumber

Weak demand in the housebuilding sector has contributed to a decline in lumber prices, and with high interest rates and leading indicators for housebuilding suggesting further weakness, lumber prices will continue to slide. Stockpiles have also recovered, and mill capacity has improved, suggesting limited shocks on the supply-side in the coming quarters.



Cement and aggregates

Although residential construction has weakened, there has been a revival in construction activity in the industrial and infrastructure sectors, which has bolstered demand for materials such as cement and concrete. Cement manufacturers have also maintained pricing power, being able to pass on higher production costs to buyers and move towards restoring profit margins recorded prior to the surge in energy prices.



Concrete blocks and bricks

With non-residential construction demand improving, and with production costs remaining high, brick manufacturers have been successful in pushing up prices in recent months. However, prices will level off in the coming quarters.



Steel (rebar and structural)

Having risen during the first few months of the year, steel prices are expected to drop back again. Although there will be significant demand stemming from government stimulus programs, with improvements on the supply side, and cheaper imports potentially available, price pressures are likely to be contained.



Copper

Although not expected to return to the highs of March 2022, copper prices are being bolstered by demand stemming from government stimulus programs related to the energy transition, as well as demand from China, following its relaxation of COVID restrictions. The potential for further bouts of political instability and protests in Chile and Peru could disrupt supplies and generate volatility in prices.

United States – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	US\$	US\$	2022-23 % change	% change
Copper (US\$/T)	8,497	8,825	-3.7% ↓	12.0% ↑ ●
Steel rebar (US\$/T)	998	1,064	-6.2% ↓	1.2% ↑ ●
Steel flat (US\$/T)	1,554	1,931	-19.5% ↓	-7.5% ↓ ●
Stainless steel (US\$/T)	4,897	NA	NA	0.0% ↔ ●
Lumber (US\$/FT ³)	4.8	11.9	-59.3% ↓	-14.6% ↓ ●
Asphalt (US\$/T)	520	631	-17.6% ↓	-10.7% ↓ ●
Limestone (US\$/T)	30.2	28.1	7.5% ↑	6.5% ↑ ●
Cement (US\$/T)	143	127	12.8% ↑	3.2% ↑ ●
Concrete (US\$/YD ³)	122	110	11.3% ↑	3.2% ↑ ●
Welded mesh (US\$/unit)	238	250	-5.0% ↓	1.2% ↑ ●
Bricks (US\$/'000 unit)	976	810	20.5% ↑	15.0% ↑ ●
Drywall (US\$/unit)	13.1	12.2	7.6% ↑	0.4% ↑ ■
Diesel (US\$/gallon)	4.27	5.48	-22.1% ↓	-13.0% ↓ ●

(f) Forecast (e) Estimated

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

Welded mesh: 47.2 x 118.1 in, dia.-0.24 in Drywall: 47.2 x 143.7 x 0.49 in (L x W x T)

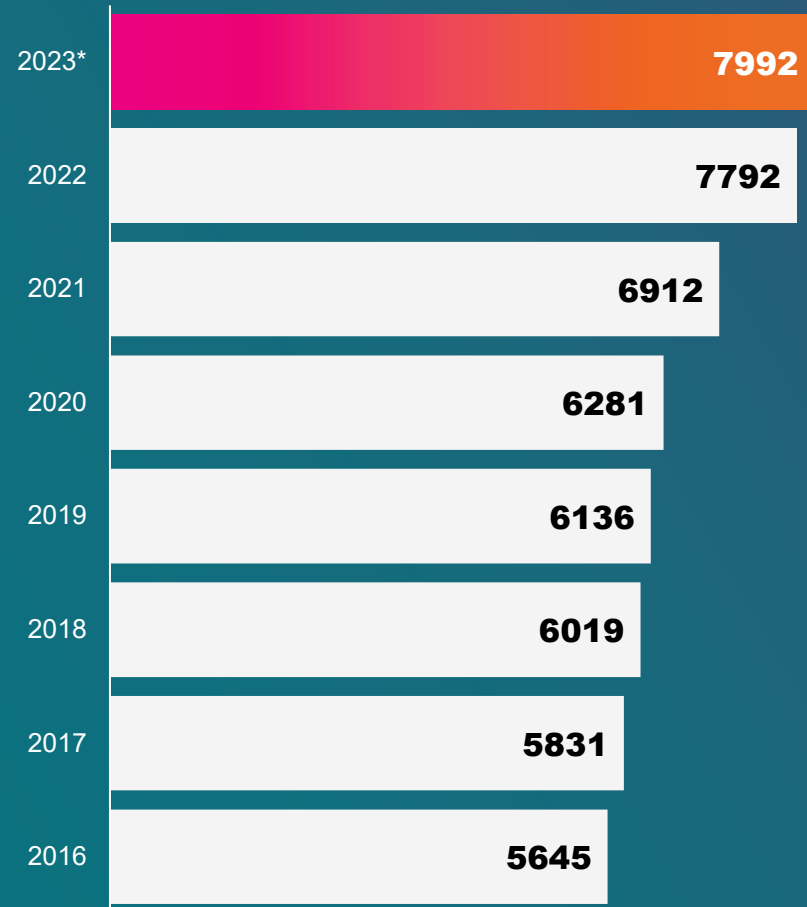
Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+2.0% ↑	Moderate	Copper prices picked up in early 2023, with tightening supply conditions affecting Chile and Peru coupled with resurgent demand from China. Prices are expected to remain around current levels in the coming quarters. Although there are concerns over the potential for economic weakness given the recent interest rate hikes, investment in the energy transition will contribute to solid underlying demand for copper.
Steel prices - Steel rebar - Flat steel*	-1.0% ↓ +2.5% ↑	Moderate	Steel prices came under renewed upward pressure in Q1 2023, having declined throughout the second half of 2022. Prices for rebar in March were at the highest level since mid-2022. Flat steel also rose in Q1 2023, but on a quarterly average basis prices were below the Q4 2022 level. Prices are expected to fall back from the recent monthly highs in March, with improved supply and weakness in the residential sector helping to offset the impact of increased spending on infrastructure and industrial construction projects. However, on a quarterly average basis, flat steel prices in Q2 2023 will still be relatively high compared to the first quarter.
Stainless Steel	+1.0% ↑	Moderate	Stainless steel prices have been fairly stable in recent months, with the impact of relatively sluggish demand being offset by high prices for key inputs, such as nickel and molybdenum.
Lumber	-1.0% ↓	Moderate	Lumber prices continued to fall in Q1 2023, with the average quarterly price being down by 14.5% compared to Q4 last year. With weak output in residential construction, and ample supplies available, lumber prices will remain on a downward trend.
Asphalt	-2.0% ↓	Moderate	Asphalt prices fell sharply in Q1 2023, dropping by 11% compared to the average of Q4 last year. Recent trends have mainly reflected weakness in oil prices, but demand is expected to strengthen as road construction investment picks up. Prices will remain close to current levels on a quarterly average basis, but there will be bouts of volatility given the prospect for further surprise production cuts by OPEC+.
Limestone	+1.0% ↑	Low	There has been a steady increase in limestone prices recently reflecting higher production costs. Increased spending on infrastructure projects will prop up demand in the coming quarters.

*flat steel prices refer to Hot Coiled Plates

United States – Commodity Report



Building Cost Index (2016-2023) (1993=100)

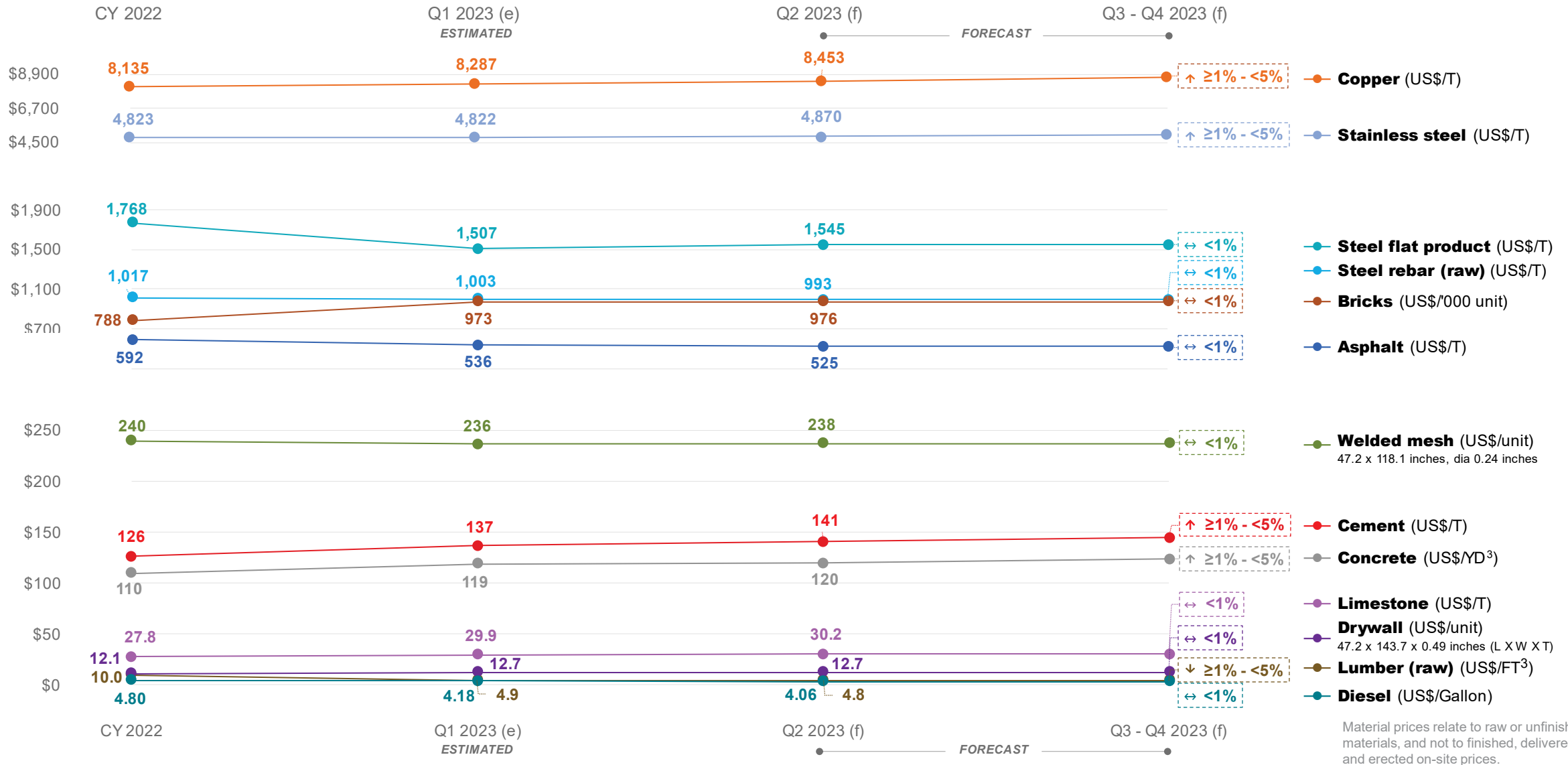


Note: *As of March 2023

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+3.0% ↑ +1.0% ↑	 Moderate <p>Cement prices have continued to increase in recent months, and in February 2023 were up by 14% compared to levels in the same month last year. Producers have been able to pass on higher costs to buyers. Despite weak demand in the housebuilding sector, there is significant growth in industrial and infrastructure construction. With emerging signs of domestic supply shortages, prices are expected to continue to trend upwards.</p>
 Welded mesh	+0.5% ↑	 Moderate <p>Reflecting trends in steel rebar prices, prices for welded mesh have edged upwards in recent months.</p>
 Bricks	+0.3% ↑	 Moderate <p>Brick prices have jumped sharply again, rising by 15% on an average quarterly basis in Q1 2023. Although demand-side pressures have eased amid the downturn in the housebuilding sector, brick manufacturers are succeeding in passing on high production costs.</p>
 Drywall	+0.5% ↑	 Low <p>Despite weak demand in housing construction, drywall prices remained high in Q1 2023 compared to year-earlier levels, being 12% higher. This reflects the relatively high production costs still impacting manufacturers. However, after a consistent upward trend in prices since late 2020, prices are levelling off.</p>
 Diesel	-3.0% ↓	 High <p>Diesel prices continued to fall in Q1 2023, with average quarterly prices dropping by 13% compared to Q4 last year, and in March prices were 27% lower than the July 2022 highs. Weaker demand and the decline in crude oil prices have contributed to the downturn. However, OPEC+ production cuts could generate some upward pressure on prices in the near term.</p>

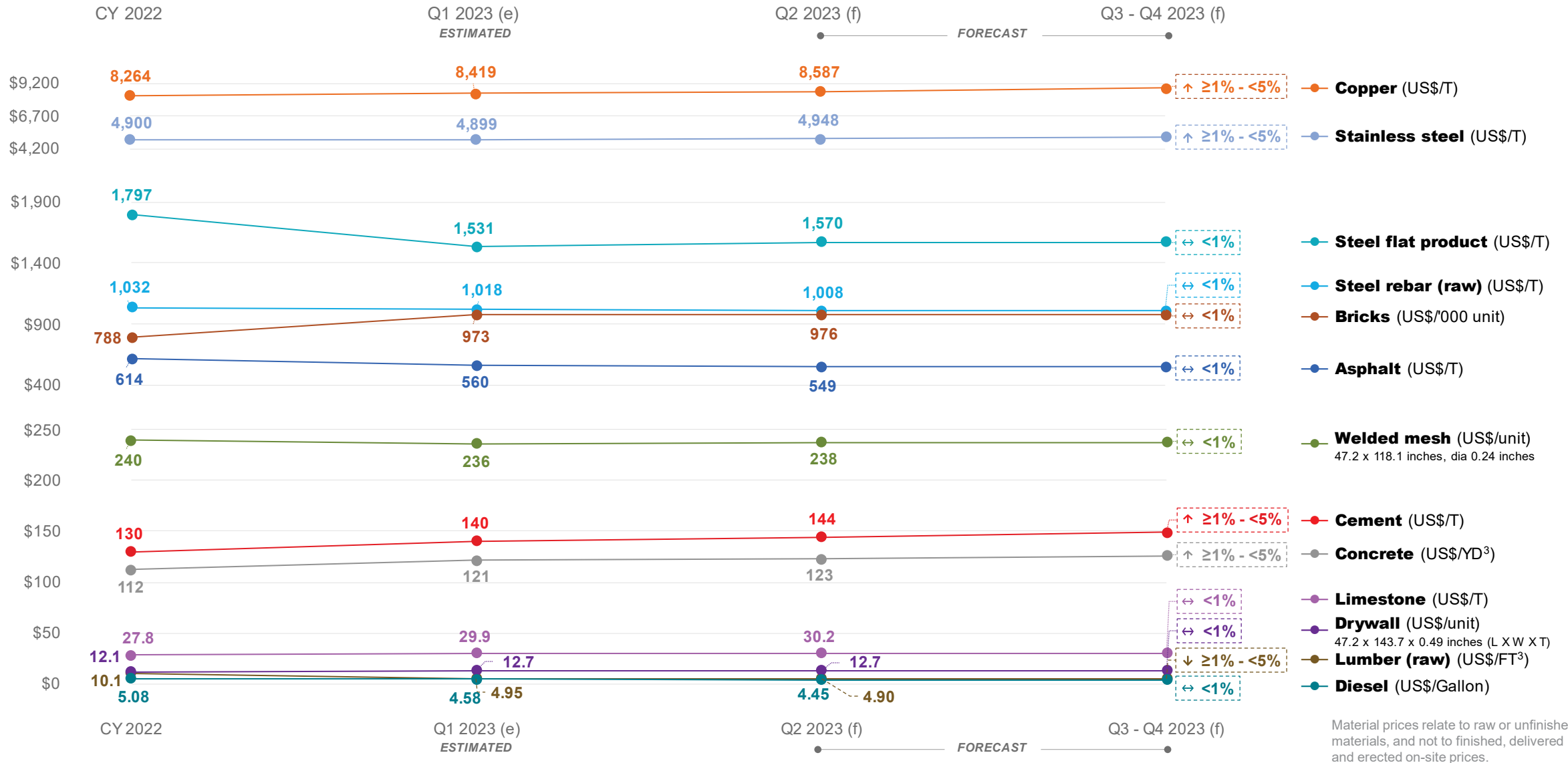
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US Central – Construction Materials Pricing (2022-2023)



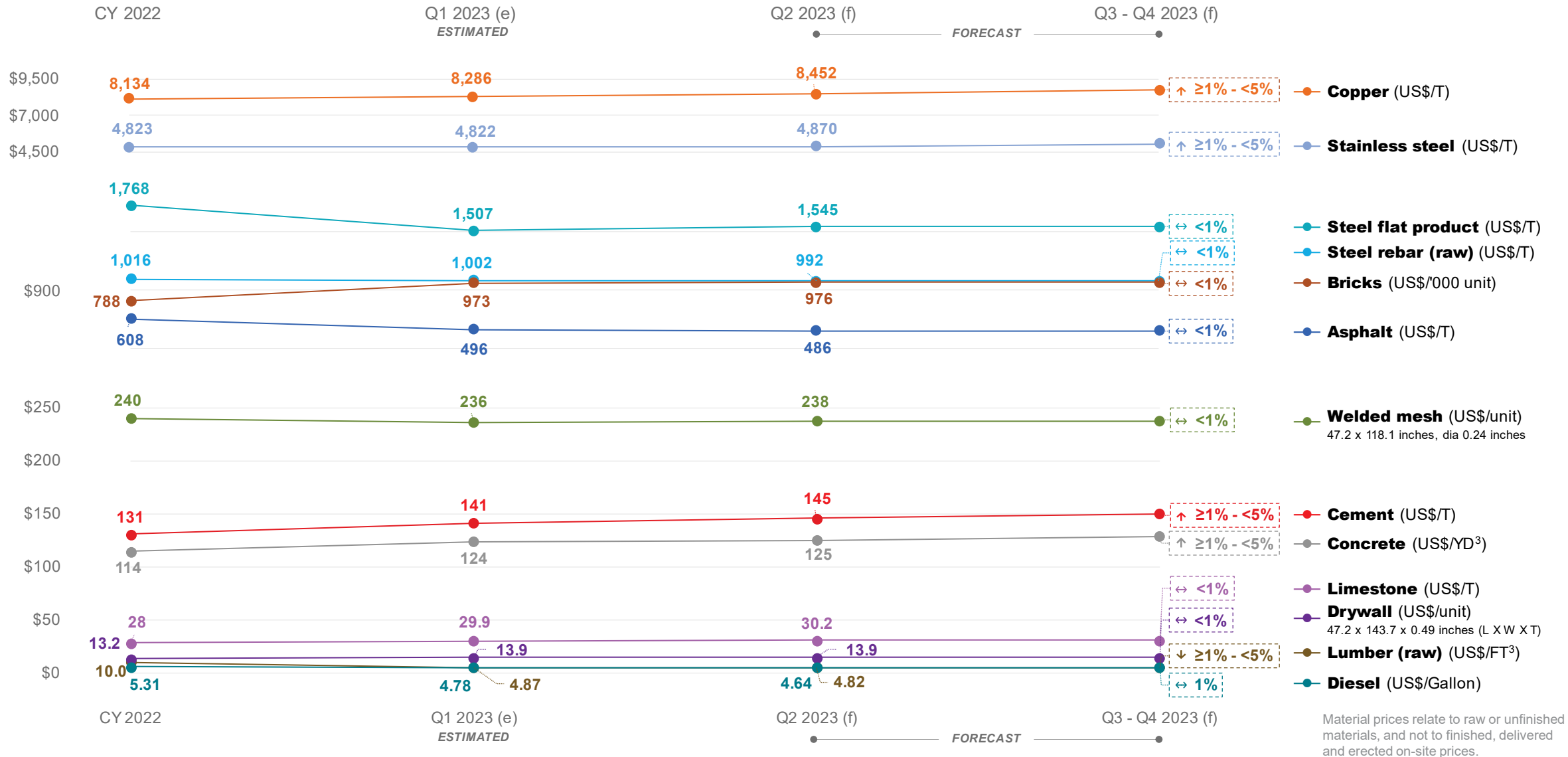
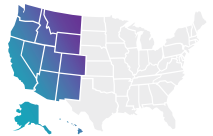
Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

US East – Construction Materials Pricing (2022-2023)



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

US West – Construction Materials Pricing (2022-2023)



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United States – Macroeconomic overview



Economic indicators



1.58%

GDP growth in 2023 (f)
and **2.07%** in 2022



4.52%

inflation rate in 2023 (f)
and **7.99%** for 2022



159.38M

people employed in 2023 (f)
and **158.30M** in 2022



3.83%

unemployment rate for 2023 (f)
and **3.64%** in 2022



300.80

Consumer Price Index in Feb
2023 and **287.50** in Feb 2022

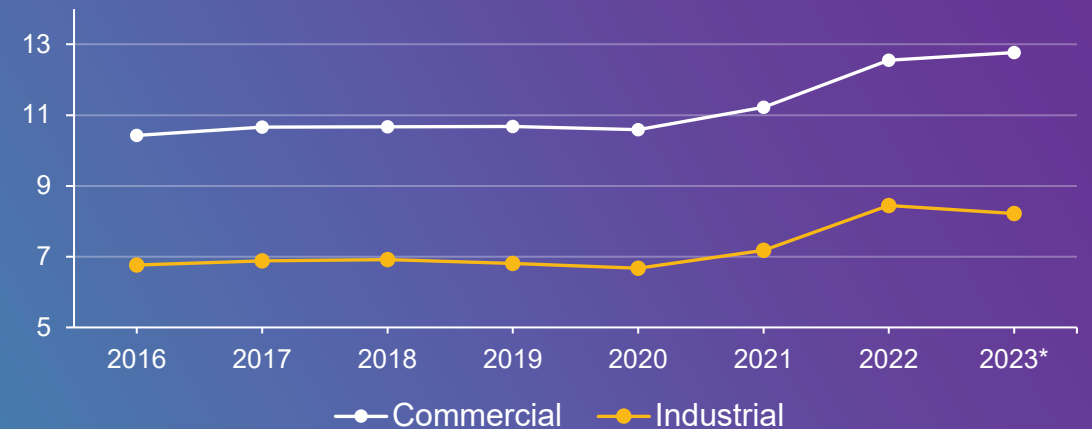


172.68

Producer Price Index in Feb 2023
and **182.57** in Feb 2022

US Energy Prices

Average Electricity Price for Commercial & Industrial Sector- Prices to Ultimate Customers (cents/kWh)









Note: *As of February 2023

Energy prices rose sharply in 2021 as a result of increased business activity following the pandemic. Weather-related factors played a significant role in raising energy prices in 2022. The year 2022 saw a mild winter and record-breaking summer temperatures across the country. The United States felt the effects of higher energy costs caused by the Russia-Ukraine conflict in February 2022. The rise in wholesale energy prices was also reflected in end-user prices. According to the EIA, natural gas prices fell by 41% from December 2022 to January 2023 as a result of higher national average winter temperatures. Following a sharp increase from 2021 to 2023, electricity costs may fall or at least slow.

United States – Construction overview



Output 2022 and 2023 (in USD millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	208,032	215,512	221,931
Energy and utilities 	194,561	221,347	242,695
Industrial 	59,998	64,279	67,146
Infrastructure 	139,588	156,146	174,276
Institutional 	139,639	145,940	151,770
Residential 	764,710	689,846	674,157

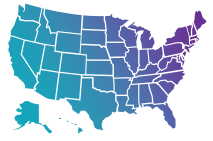
*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

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

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

United States – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

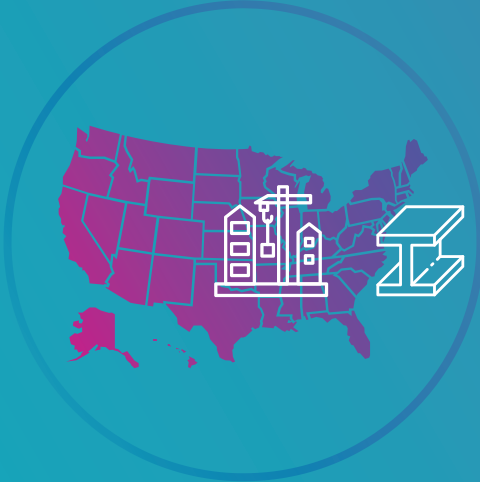
Real data series are calculated by keeping prices constant (so, are also referred to as constant price series), and therefore, they reflect changes in activity only. Growth rates in nominal terms can overstate the pace of growth in construction activity if there is high inflation stemming from rising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

Sample sources – United States

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

- ENR
- IMF
- GlobalData's Construction Intelligence Center (CIC)
- Federal Reserve Economic Data
- Bureau of Economic Analysis
- Economic Research Institute
- World Data
- U.S. Energy Information Administration
- Save on Energy
- International Energy Agency (IEA)
- US Energy Information Administration (EIA)

Linesight 





Canada

Country Insights and Commodity Report

Q1 2023 A series of white icons representing various aspects of industry and commerce: a factory, a warehouse, a construction crane, a gear, a group of people, a network of nodes, and a percentage sign.

Canada

Q1 2023

The Canadian economy grew by 3.4% in 2022 and is expected to experience a more modest growth rate of 1.4% in 2023. However, the Bank of Canada has provided a recent update indicating that the GDP growth in Q1 2023 is stronger than previously projected in January. Inflation is expected to decrease in the near term, with the Bank of Canada anticipating a decline to around 3% by the middle of this year due to lower energy prices, improved supply chain conditions, and tighter monetary policy.

The Canadian construction industry is expected to contract by 0.9% in 2023, because of a drop in residential output coupled with elevated construction cost and a shortage of skilled labor. While supply chain pressures are easing out, the lead time for certain goods and equipment, such as doors and electrical hardware, remains very long. On a positive note, Canada's industrial construction sector is expected to remain robust, with a forecasted growth of 14.9% in 2023, supported by increased investment and permits for industrial construction, as well as the government's efforts to establish Canada as an industrial hub. The life sciences sector is also expected to grow because of investor interest and government policy support.



John Fitzgerald
Vice President
john.fitzgerald@linesight.com



Eoin Byrne
Vice President
eoin.byrne@linesight.com



Dawn Cantrell
Vice President
dawn.cantrell@linesight.com



Lumber

The outlook for the housebuilding sector is gloomy, with high interest rates and falling building permits indicating a decline in construction works in the coming quarters. This will limit demand growth for lumber, prices for which have continued to drop in recent months from the highs reached in the first half of last year.



Cement and aggregates

Higher energy costs have been a key factor in the recent upward trend in cement and aggregates prices. Over the medium term, higher costs due to increased environmental regulations on production will contribute to further upward pressure on prices.



Concrete blocks and bricks

Despite weak demand in the buildings construction sector, brick manufacturers have been passing on higher production costs to buyers. However, such pricing power will be limited in the coming quarters given the weak buildings construction outlook. The value of residential building permits, for example, dropped by 12% in 2022.



Steel (rebar and structural)

Steel prices rose in the first few months of 2023, having trended downwards in the second half of last year. In addition to improved demand as civil engineering works have picked up, prices rose on the back of higher input costs, lower import volumes and reports of domestic mill production delays. However, with supply improving, prices are set to fall from recent highs posted in late March.



Copper

A combination of improved demand, following China's relaxation of COVID policies and supply pressures stemming from unrest in Chile and Peru, drove up copper prices in Q1 2023. Demand over the medium to long term will be supported by the Net Zero agenda and the energy transition, especially in the US and the EU.

Canada – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	CAS	CAS	2022-23 % change	% change
Copper (CA\$/T)	11,105	11,015	0.8% ↑	12.1% ↑ ●
Steel rebar (CA\$/T)	866	946	-8.4% ↓	7.0% ↑ ●
Steel flat (CA\$/T)	2,093	2,464	-15.1% ↓	-7.7% ↓ ●
Stainless steel (CA\$/T)	6,561	NA	NA	-0.3% ↓ ■
Lumber (CA\$/cu.ft.)	45.5	82	-44.7% ↓	-10.5% ↓ ●
Asphalt (CA\$/T)	1,070	1,144	-6.5% ↓	-3.0% ↓ ●
Limestone (CA\$/T)	37.2	35.4	5.2% ↑	4.5% ↑ ●
Cement (CA\$/T)	281	237	18.5% ↑	8.3% ↑ ●
Concrete (CA\$/CY)	204	176	15.7% ↑	6.4% ↑ ●
Welded mesh (CA\$/unit)	234	255	-8.3% ↓	7.0% ↑ ●
Bricks (CA\$/'000 unit)	689	613	12.4% ↑	4.1% ↑ ●
Drywall (CA\$/unit)	18.4	17.7	4.1% ↑	-0.7% ↓ ●
Diesel (CA\$/gallon)	6.3	10.4	-39.3% ↓	-14.1% ↓ ●

(f) Forecast (e) Estimated

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

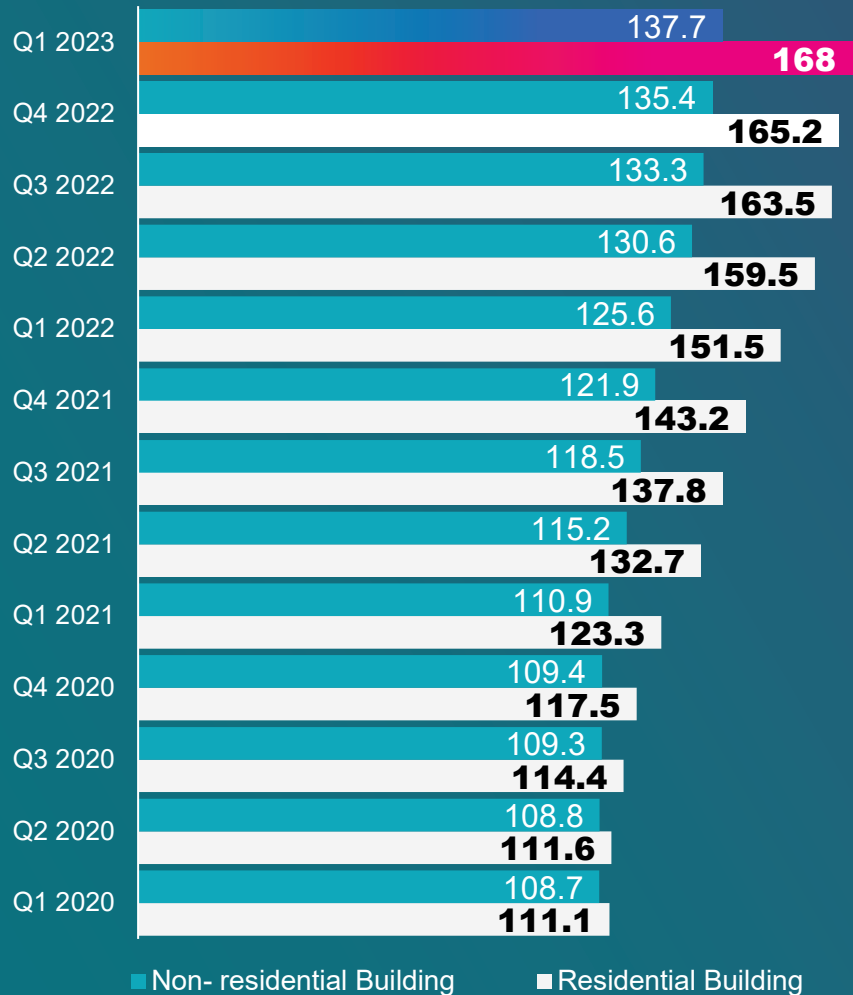
Welded mesh: 47.2 x 118.1 in, dia.-0.24 in Drywall: 47.2 x 96.1 x 0.5 in (L x W x T)







Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.5% ↑	Moderate	Copper prices jumped in January, by around 8% compared to the average level in December, but prices have eased back since then. The elevated level reflects the impact of the re-opening of China's economy and continued momentum behind the energy transition. However, prices will be volatile in the coming quarters, given the potential for disruption on the supply side and ongoing uncertainty over the outlook for the global economy.
 Steel prices - Steel rebar - Flat steel	-0.7% ↓ +2.1% ↑	Moderate	After dropping steadily through to late last year, steel prices picked up in the first few months of 2023, reflecting higher production costs and efforts by steel manufacturers to maintain margins. Rebar prices in March were up by 6.8% compared to the December average, and hot rolled plate prices in early April were at their highest level since November last year. Although flat steel prices are likely to drop from these April highs, on a quarterly average basis they will still be relatively high when compared to the Q1 2023 average.
 Stainless Steel	+0.6% ↑	Low	Recent trends in stainless steel prices reflect upward price pressure from key inputs being offset by weakness on the demand side. This will continue to be the case in the coming quarters.
 Lumber	+0.1% ↑	High	Lumber prices continued on a steep downward trend in early 2023, dropping in January to a level that was around 58% lower than the highs of March 2022. Prices have started to edge up again, but given the gloomy outlook for the residential market domestically and in the US, lumber prices are expected to remain around the current low levels.
 Asphalt	+1.0% ↑	Moderate	Asphalt prices dropped sharply in Q4 2022 and remained low on a quarterly average basis in Q1 2023. However, prices picked up in March, and with crude oil prices facing upward pressure following OPEC+'s production cuts, prices will rise in Q2 2023, then remain relatively high given the prospect of an expansion in road infrastructure spending.
 Limestone	+0.7% ↑	Low	Limestone prices edged up in Q1 2023, and will remain fairly stable in the coming quarters. There has been an improvement in mining for limestone and primary aggregates, which will support steady supply.

Canada – Commodity Report



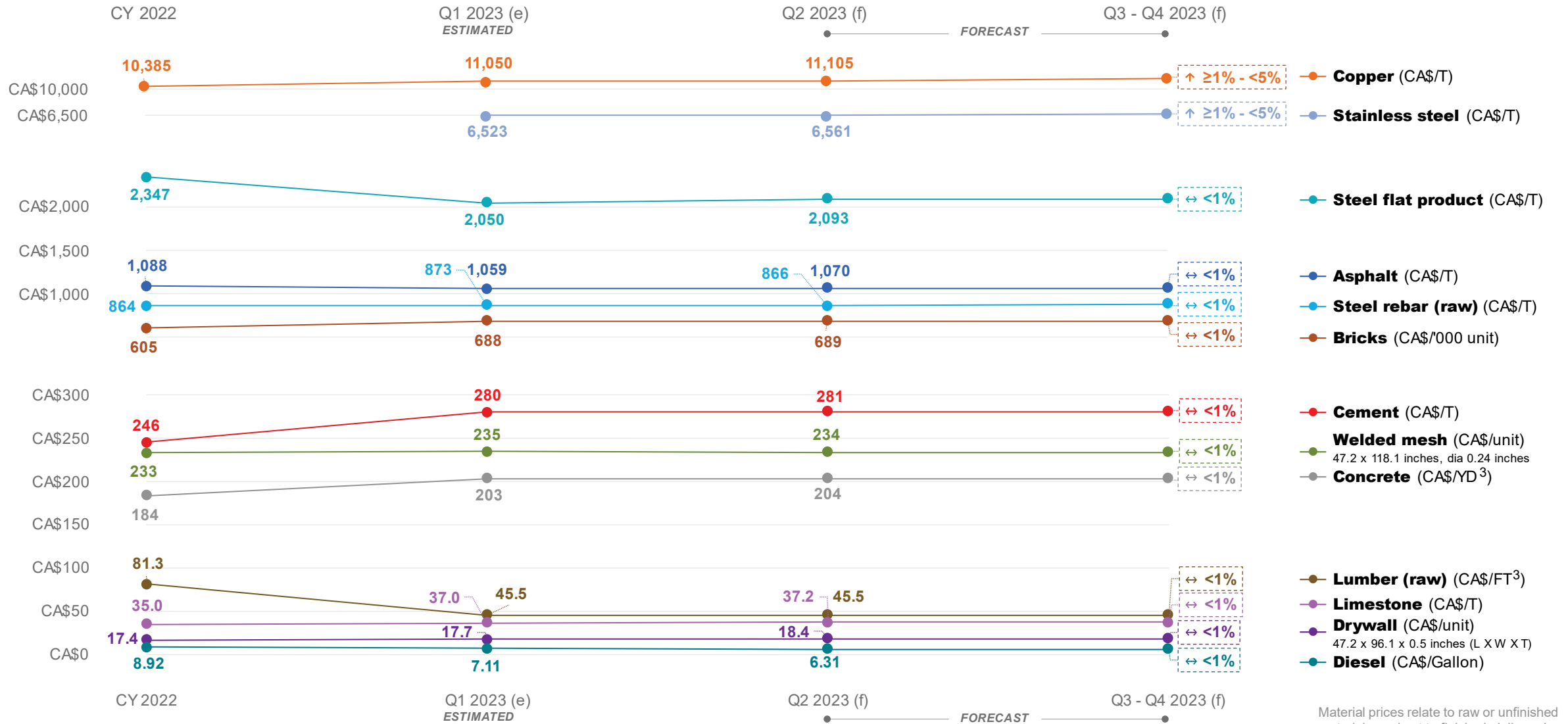
Building Cost Index (2016-2023) (2017=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+0.2% ↑ +0.2% ↑	 Moderate After stabilizing in Q4 last year, cement and concrete prices came under renewed upward pressure in the first few months of 2023. On an average quarterly basis, cement prices in Q1 2023 jumped by 8% compared to Q4 2022, owing to higher production costs, including coking coal price increases.
 Welded mesh	-0.3% ↓	 Moderate Overall demand for welded mesh will ease, but production and logistical costs will remain elevated.
 Bricks	+0.1% ↑	 Moderate Higher production costs have driven up brick prices, as manufacturers have pushed up prices to maintain margins. In Q1 2023 prices were up by 4.1% on a quarterly average basis compared to Q4 last year. Demand will be sluggish in the coming quarters, with buildings construction work in decline, which will contain further rises in brick prices.
 Drywall	+4.2% ↑	 Low Drywall prices were fairly stable in early 2023, but there is underlying upward pressure owing to high costs, with producer prices for lime and gypsum products picking up in recent months. However, demand is weak in the residential sector, which could make it difficult to pass on higher costs to buyers.
 Diesel	-11.3% ↓	 High Diesel prices have continued on a downward trend, dropping below CA\$7 per gallon in March for the first time since February last year. With crude oil prices picking up after OPEC+'s production cuts in March, further drops in diesel prices will be contained.

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

Canada – Construction Materials Pricing (2022-2023)

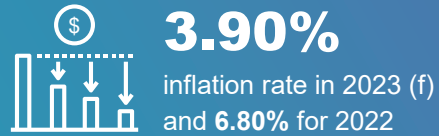


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Canada – Macroeconomic overview

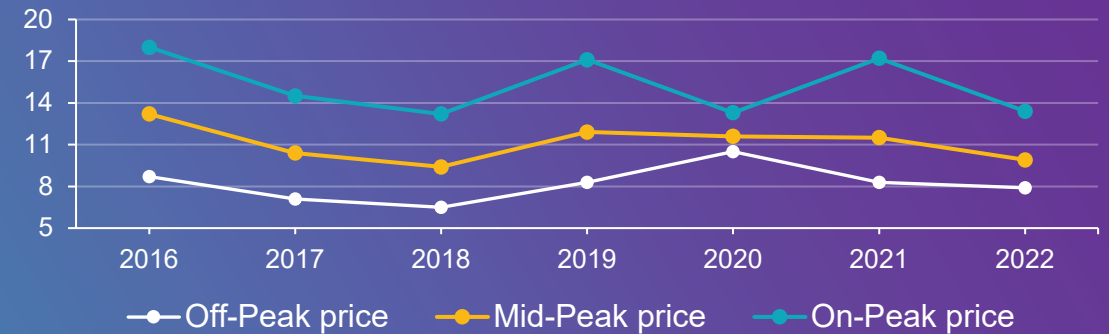


Economic indicators



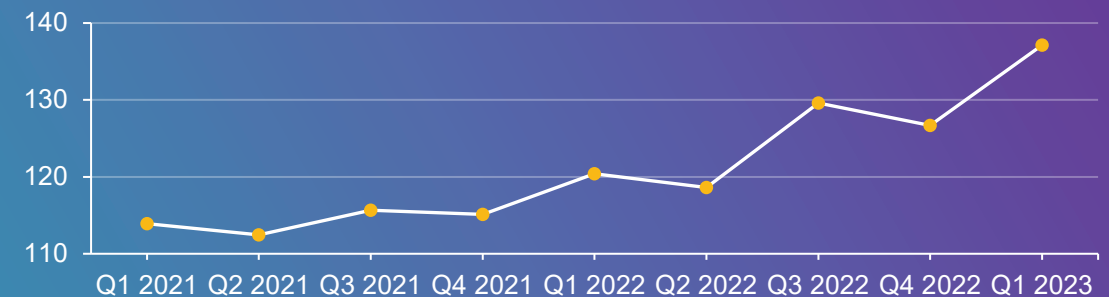
Canada Energy Prices

Average Energy Price (Canadian cents/kWh)









Note: The above graph is for time-of-use electricity rates (yearly average- based on monthly data in the respective year) as published by Ontario Energy Board. These rates applies to residential consumers, small business and farms

Indexed quarterly average electric power selling price (2014=100)



Canada – Construction overview



Output 2022 and 2023 (in CAD millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	30,858	30,813	32,395
Energy and utilities 	99,636	100,231	102,413
Industrial 	19,534	22,449	23,731
Infrastructure 	30,175	30,384	31,260
Institutional 	22,355	22,913	23,442
Residential 	180,617	173,118	169,902

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

Long lead equipment (LLE) - Supply Chain Overview

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

Canada – Report methodology



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

Primary and secondary research

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

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

Definitions

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

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

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

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

Sample sources – Canada

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

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

Linesight 





Mexico

Country Insights and Commodity Report

Q1 2023     

Mexico

Q1 2023

According to the IMF, Mexico's GDP grew by 3% in 2022 but is expected to grow by 1.8% in 2023. The Mexican government's budget for 2023, on the other hand, predicts a 3% growth rate for the economy. Inflation is also easing out, with annual headline inflation falling to 6.24% in mid-April, the lowest level since October 2021.

The Mexican construction industry was expected to contract by 1.7% in 2023, but this has now been reduced to a 0.5% contraction. Though inflation is easing out in the country, still the construction industry is facing challenges such as elevated construction costs and subdued investor confidence amid a weak global outlook. Despite the current challenges, the industry is expected to recover in the short to medium term and to grow at an annual rate of 2.6% between 2024 and 2027. This expansion is expected because of investments in infrastructure and manufacturing projects, as well as anticipated nearshoring activities.



John Fitzgerald

Vice President
john.fitzgerald@linesight.com



Eoin Byrne

Vice President
eoin.byrne@linesight.com



Dawn Cantrell

Vice President
dawn.cantrell@linesight.com



Lumber

Lumber prices in Mexico have been declining, with the country importing increasing volumes of cheaper US lumbers. A decline in housebuilding in the US has contributed to a fall in lumber prices, while supply chains have improved. With demand unlikely to pick up in the coming quarters, prices will remain around current low levels.



Cement and aggregates

Producers of cement and aggregates had been warning buyers of imminent price hikes in early 2023, and these have now been reflected in recent trends. The price rises have reflected increased production costs, as well as the impact of green taxes for limestone extracting companies.



Concrete blocks and bricks

Brick prices have edged upwards but have not faced the same upward price pressures as other key materials. On a year-on-year basis, brick prices were up by around 5% in March 2023. Weak building construction activity has been a factor in containing brick price inflation.



Steel (rebar and structural)

Higher costs, in part reflecting the jump in coking coal prices in early 2023, have contributed to renewed steel price increases in recent months. However, prices are set to remain around current levels in the coming quarters, with production cost pressures likely to ease.



Copper

Copper prices will remain volatile, with the potential for further periods of concern over supply disruption stemming from unrest in key supplier markets in Chile and Peru, along with uncertainty over the strength of global demand. In the medium to long term, the EV production and the energy transition will drive up copper demand.

Mexico – Commodity Report



Materials	Q2 2023 (f)	Q4 2022 – Q1 2023 (e)
	MXN	% change
Copper (MXN/T)	155,360	7.5% ↑ ●
Steel rebar (MXN/T)	22,098	8.2% ↑ ●
Steel flat (MXN/T)	26,013	0.0% ↔ ■
Stainless steel (MXN/T)	70,582	-4.4% ↓ ●
Lumber (MXN/cu.ft.)	38.7	-5.1% ↓ ●
Asphalt (MXN/T)	10,758	-9.1% ↓ ●
Limestone (MXN/T)	191	8.8% ↑ ●
Cement (MXN/T)	3,213	5.0% ↑ ●
Concrete (MXN/CY)	1,584	3.2% ↑ ●
Welded mesh (MXN/unit)	4,962	6.2% ↑ ●
Bricks (MXN/'000 unit)	7,815	1.1% ↑ ●
Drywall (MXN/unit)	182	9.8% ↑ ●
Diesel (MXN/gallon)	85.6	0.6% ↑ ■

(f) Forecast (e) Estimated

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

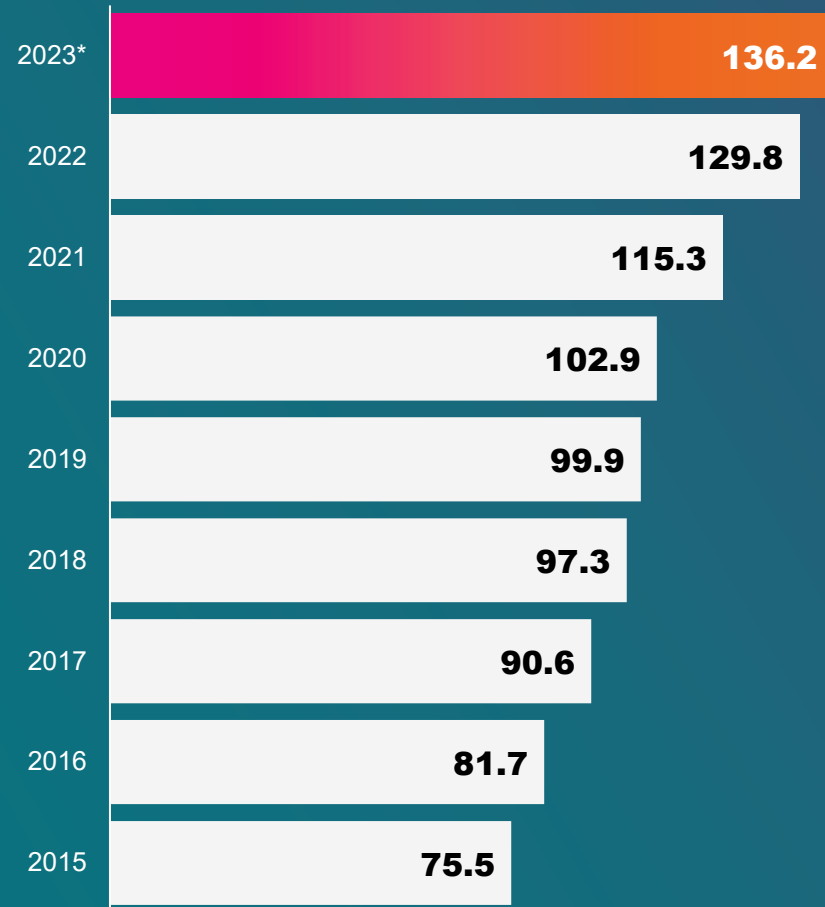
Welded mesh: 98.4 X 1,574.8 in; dia-0.19 in Drywall: 56.7 X 48 X 5.1 in (L X W X T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Copper	+2.0% ↑	 Low There was a jump in copper prices in January, when prices reached a seven-month high, driven by expectations of a boost to demand from China, along with concerns over supply disruptions with unrest in Chile and Peru. However, prices have eased back since then. Volatility is expected to continue in the coming quarters given ongoing concerns over supplies and demand shocks.
 Steel prices - Steel rebar - Flat steel	+1.0% ↑ +1.0% ↑	 Low Steel rebar prices have regained ground in recent months, having dropped by around 28% over the course of the second half of last year. Prices for flat products have been relatively stable in comparison. Prices are still inflated when compared to levels pre 2021 as a result of high production costs and investment in railway construction.
 Stainless Steel	+2.0% ↑	 Low Weak demand has contributed to an easing in stainless steel prices, but relatively high raw materials prices will be a factor in containing further price weakness.
 Lumber	-1.0% ↓	 Low Rising interest will be a factor in dampening investment growth in the housebuilding sector, and this will contain lumber price inflation. Mexico's imports of wood from the US jumped in 2022, rising by 8% to the third highest volume on record.
 Asphalt	+1.0% ↑	 Low Following a 24% drop in prices in the second half of 2022, prices have stabilized at a relatively low level. Road infrastructure spending will remain sluggish in the coming quarters, but there could be renewed upward pressure on prices stemming from a rise in crude oil prices.
 Limestone	+2.0% ↑	 Low Limestone prices rose sharply in the first quarter of 2023 after remaining relatively stable in the second half of last year. Producers have continued to raise prices because input costs are still elevated compounded by the impact of green taxes on limestone extraction companies.

Mexico – Commodity Report



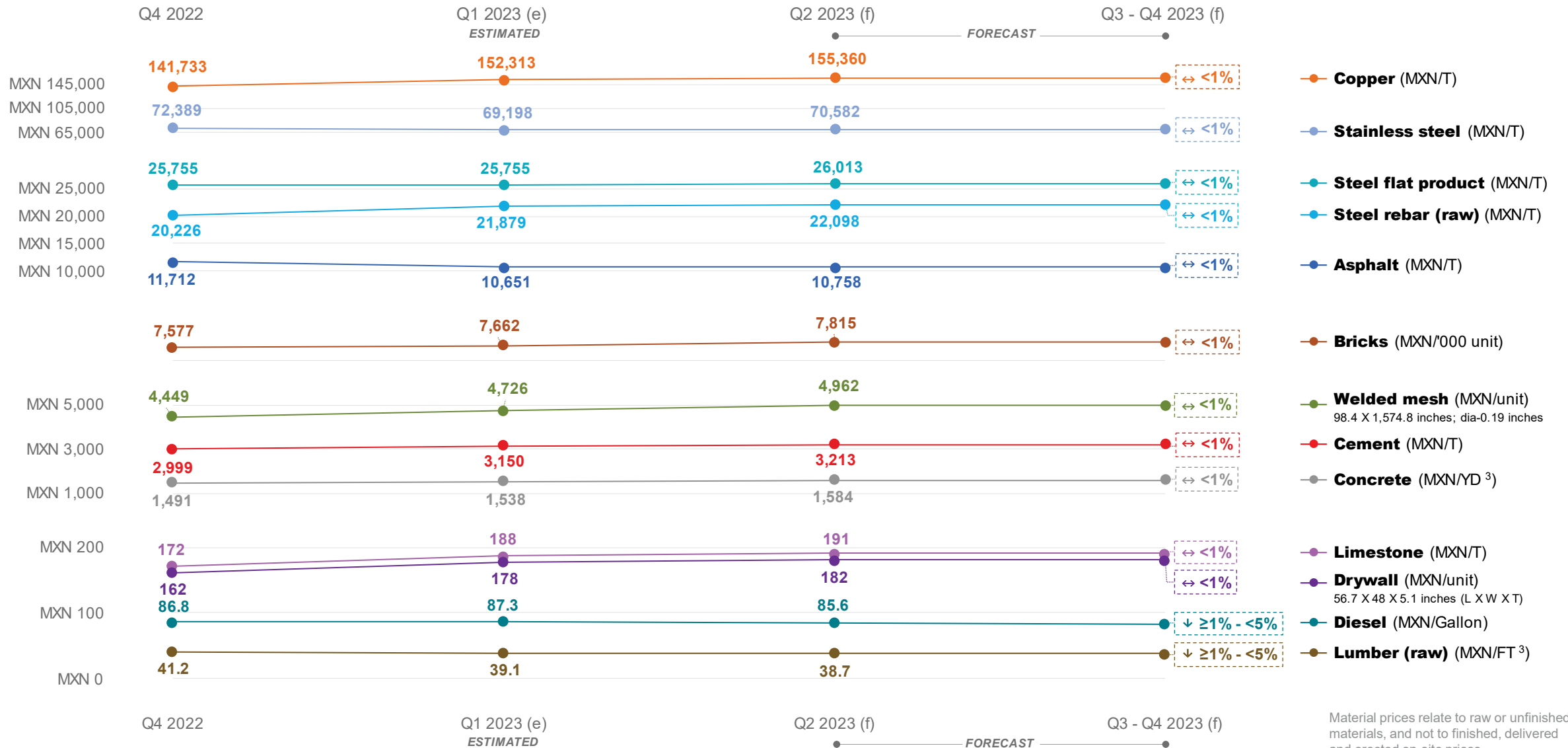
Building Construction Price Index 2015-2023 (2019 = 100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+2.0% ↑ +3.0% ↑	 Moderate Facing higher production costs, cement manufacturers have pushed up prices even further in recent months, such that in March prices were up by 15% compared to levels in March last year. Concrete prices are also on an upward trend reflecting the jump in key materials.
 Welded mesh	+5.0% ↑	 Low Welded mesh products have increased in price, jumping by around 6% on a quarterly average basis between Q1 2023 and the previous quarter. Prices will remain relatively high reflecting high production cost pressures.
 Bricks	+2.0% ↑	 Low Brick prices have edge upwards in recent months. Building construction activity has been in decline, but production costs are still elevated, and these are being passed on to buyers.
 Drywall	+2.0% ↑	 Low Drywall prices rose by close to 10% quarter on quarter in Q1 2023. As with the trends in other buildings materials, this has been entirely due to production costs being passed on to buyers, rather than improved demand.
 Diesel	-2.0% ↓	 Low State subsidies have kept diesel prices relatively stable in recent quarters, with costs covered by the country's higher crude oil revenues.

* 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.

Mexico – Construction Materials Pricing (2022-2023)



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

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Mexico – Macroeconomic overview



Economic indicators



1.8%

GDP growth in 2023 (f)
and **3%** in 2022



2.42%

inflation rate in 2023 (f)
and **0.98%** for 2022



97.60%

employment rate in Mar
2023 compared to **96.96%** in
Mar 2022



3.28%

unemployment rate for 2023 (f)
and **3.27%** in 2022



128.39

Consumer Price Index in Mar
2023 and **120.16** in Mar 2022









121.26

Producer Price Index in Mar 2023
and **116.86** in Mar 2022

Mexico – Construction overview



Output 2022 and 2023 (in MXN millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	394,242	389,645	399,589
Energy and utilities 	497,827	514,713	531,581
Industrial 	293,428	288,791	294,980
Infrastructure 	483,547	479,776	490,559
Institutional 	104,990	101,943	104,245
Residential 	608,418	594,804	601,790

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

Long lead equipment (LLE) - Supply Chain Overview

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

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
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- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Public Holidays

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