



# APAC

## Country Commodity Reports

**Q2 2023**



# APAC Country Commodity Reports



## APAC

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# Australia

## Country Commodity Report

**Q2 2023**



# Australia

## Q2 2023

The Australian economy saw marginal QoQ growth in Q1 2023, with positive trends in business investments. Inflation has also appeared to have peaked.

In the construction industry, labour costs are rising across the board due to a shortage of skilled workers. Furthermore, interest rates remain high, affecting the profitability of the construction industry, particularly for small businesses.

Despite the expected contraction in the construction industry this year, there is a positive outlook with investments in data centres, renewables, hospitality, and manufacturing sectors, which are anticipated to drive the industry's recovery and regain momentum in the following year.

Additionally, freight costs, which have a significant impact on material prices in Australia, have slightly decreased, and steel prices have substantially fallen, providing some relief to the industry.



**John Carleton**  
Director – Australia | New Zealand



**Brian Coyle**  
Director



## Key Indicators

### GDP

Increased by 2.3% on a YoY basis



- Economic activity increased at a slow pace of 0.2% on a seasonally adjusted QoQ basis in Q1 2023
- Business investment increased by 2.9% QoQ, marking the highest growth rate since early 2021

### CPI

Increased to 5.6% in May 2023 on a YoY basis



- Inflation appears to have peaked as May's figures show a decrease from April's figure of 6.8%
- Nominal unit labour costs surge, up 2% QoQ and tracking close to 8% YoY, reflecting cyclical pressure in the labour market

### Construction output

Expected to contract by 2.5% in real terms in 2023



- Contraction is expected due to high interest rates, labour shortages and weakness in the residential sector
- It is expected to grow at a rate of 3.1% from 2024 to 2027 supported by investments in infrastructure, manufacturing, renewables and health sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)    Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -7%	↓ -3%	↓ -2%	Prices are in decline but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -20%	↓ -7%	↓ -1%	Prices have fallen from peaks of last year and likely to marginally reduce further
<b>Cement</b>	↑ 7%	↔ 0%	↑ 0.2%	Prices are still elevated and are expected to marginally increase further
<b>Lumber</b>	↑ 9%	↑ 2%	↑ 0.2%	Prices have continued to rise and are expected to marginally increase

(e) - estimate    (f) - forecast

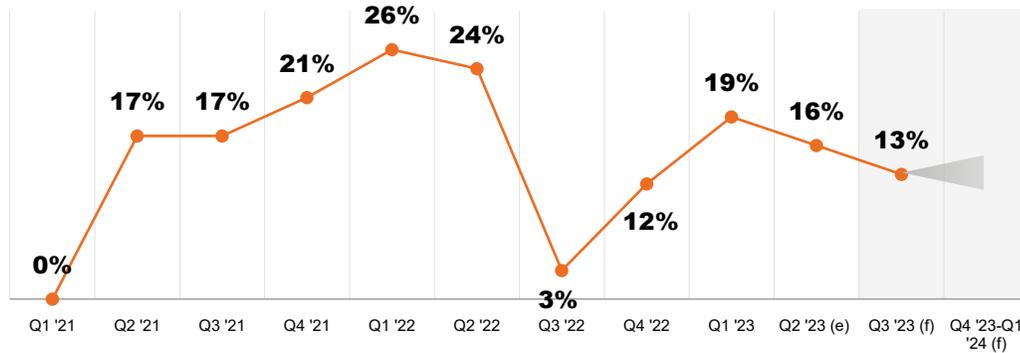
# Australia – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$12,776	AU\$12,534	↓ -2.6%	↓ -1.9%

Price change comparison against Q1 2021



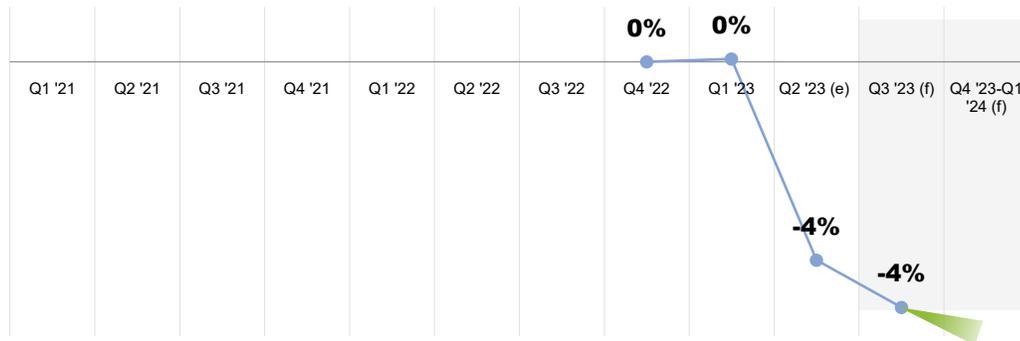
- Copper prices are estimated to have fallen by 2.6% QoQ in Q2 2023, with the slowing of global economic growth and weak manufacturing output
- Though copper prices rose in the first quarter due to optimism that China's recovery would be strong, the recovery has faltered, with manufacturing activity contracting for a third successive month in June 2023
- Copper prices are expected to remain relatively high in the coming quarters, owing to concerns over global inventories



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$2,006	AU\$1,988	↓ -3.7%	↓ -0.9%

Price change comparison against Q4 2022



- Falling nickel prices, due to surplus supply, and declining production costs resulted in a 3.7% QoQ decline in stainless steel prices in Q2 2023
- Subdued demand from the construction sector and the decline in global manufacturing activity is expected to exert additional downward pressure on stainless steel prices in the coming quarters

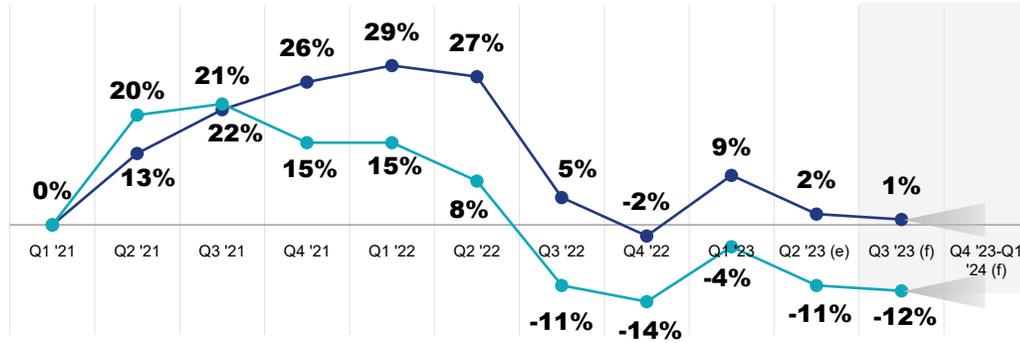
# Australia – Commodity Price Trends



## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (AU\$/mt)</b>			
AU\$824	AU\$815	↓ -6.6%	↓ -1.2%
<b>Steel flat product (AU\$/mt)</b>			
AU\$847	AU\$836	↓ -6.9%	↓ -1.2%

### Price change comparison against Q1 2021



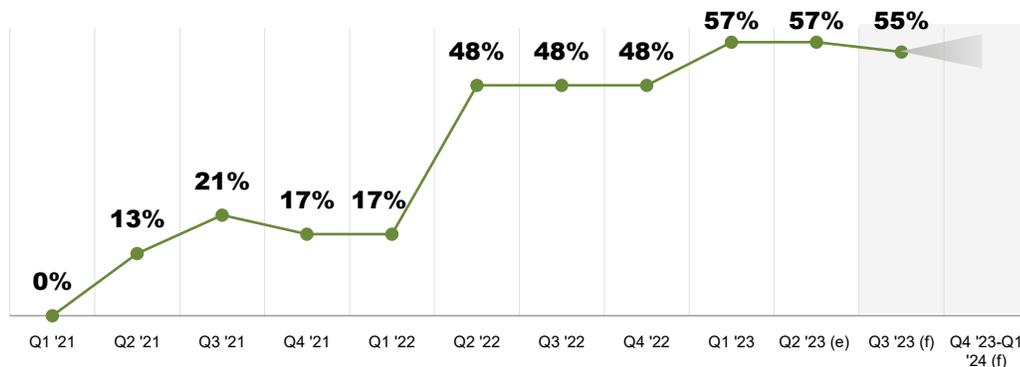
- Steel rebar and steel flat prices declined in Q2 2023, due to softer demand and a glut of supply from China as its residential construction sector continued to slump
- Steel prices have fallen substantially from their peaks in 2021/2022; steel rebar prices only 1.8% higher in Q2 2023 than Q1 2021, while steel flat prices were 10.7% lower
- A slowing of construction activity is expected to further weigh on prices in the coming quarters



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (AU\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$130	AU\$128	↔ 0%	↓ -1.2%

### Price change comparison against Q1 2021



- Welded mesh prices remained relatively stable in Q2 2023, having picked up earlier in the year
- In annual terms and in comparison, to Q1 2021 however, prices remained elevated, being 6.1% higher in Q2 2023 than in Q2 2022 and 57.1% higher than in Q1 2021
- In the coming quarters, prices for welded mesh are expected to ease back in line with trends in steel rebar prices

\* 600 x 240 cm; diameter 6mm



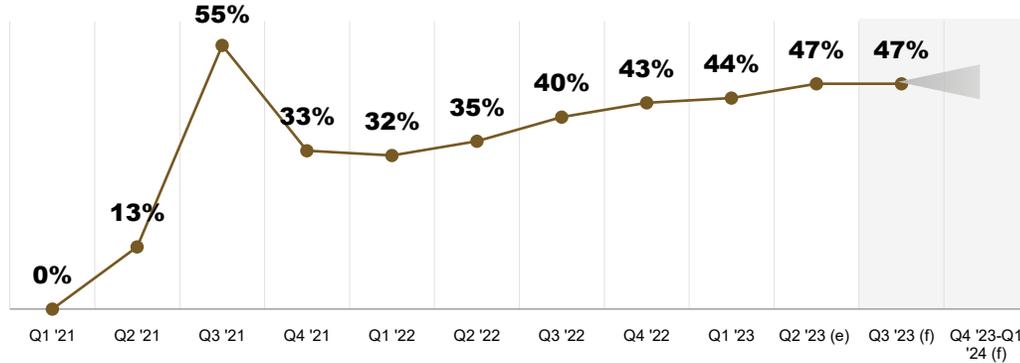
# Australia – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (AU\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$144	AU\$145	↑ 1.9%	↑ 0.2%

### Price change comparison against Q1 2021



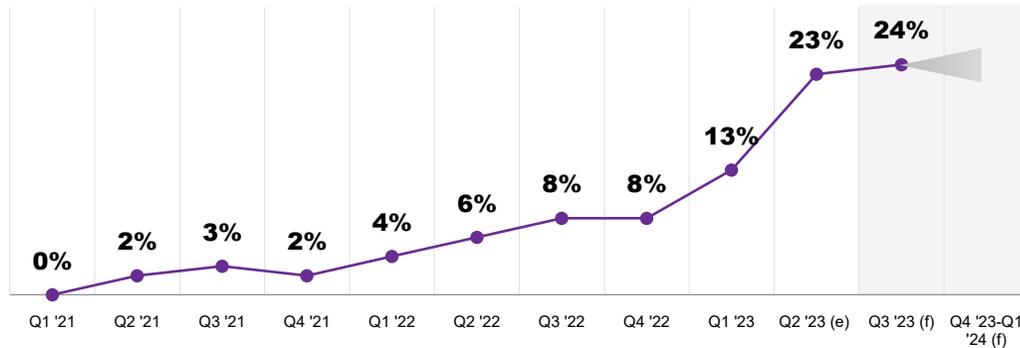
- Lumber prices edged up further in Q2 2023, rising by 1.9% QoQ, and are expected to continue to increase in Q3 2023
- While the quarterly price increases recorded in Q2 2023 was relatively marginal, lumber prices remain inflated, being 46.9% higher in Q2 2023 than in Q1 2021
- Price rise in Q3 2023 is expected to be moderate, offset by the decline in residential building activity



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (AU\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$41.7	AU\$41.8	↑ 9.4%	↑ 0.3%

### Price change comparison against Q1 2021



- Higher input costs, as well as labour and transport costs see plasterboard prices rise in Q2 2023
- Plasterboard prices were approximately 23% higher in Q2 2023 than in Q1 2021
- The price of plasterboard is expected to remain elevated in the second half of this year, with upward pressure being moderated by the slowdown in building activity

\* 300 x 120 x 1 cm (L x W x T)

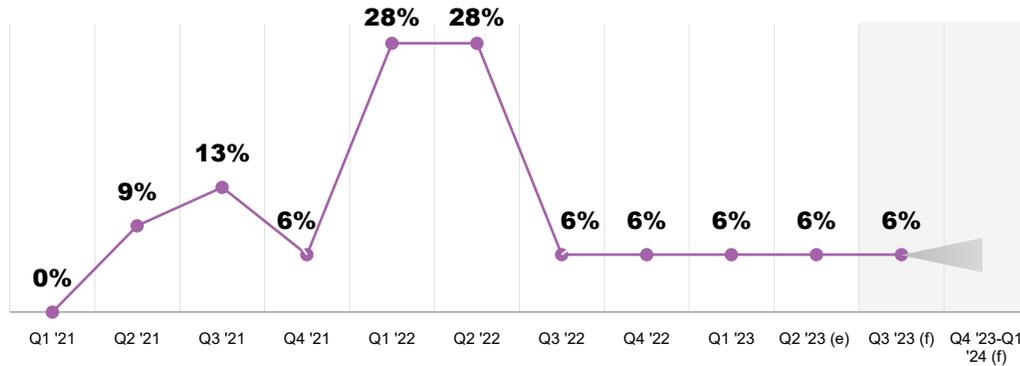
# Australia – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$50.0	AU\$50.0	↔ 0%	↔ 0%

Price change comparison against Q1 2021

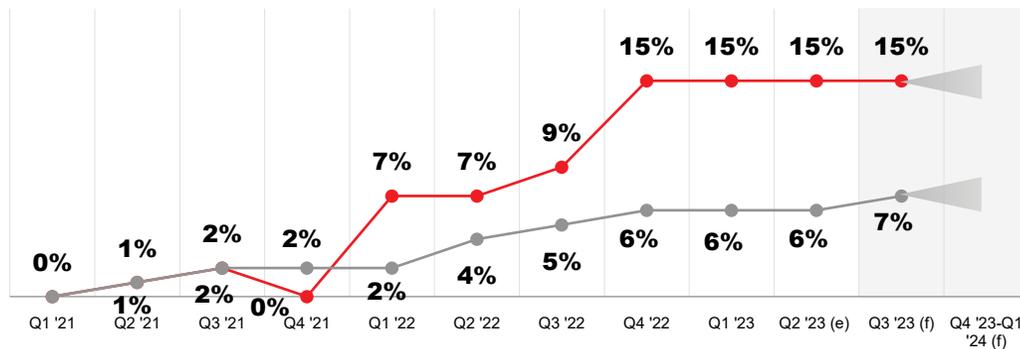


- Limestone prices were stable in Q2 2023. Although prices are below the levels of the first half of 2022, they are still 6.4% higher than in Q1 2021
- Prices are likely to remain stable in the coming quarters, though the expected decline in residential construction and lower production costs could affect this

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<p>● <b>Cement</b> (AU\$/mt)</p> <p>AU\$554   AU\$554   ↔ 0%   ↑ 0.2%</p> <p>● <b>Concrete</b> (A\$/m<sup>3</sup>)</p> <p>AU\$333   AU\$333   ↔ 0%   ↑ 0.1%</p>			

Price change comparison against Q1 2021



- Cement and concrete prices remained stable in Q2 2023, recording no notable change in price
- In annual terms, prices remained elevated, with cement prices 7.0% higher in Q2 2023 than in Q2 2022, while concrete prices were up 2.2% YoY
- Prices are expected to trend upwards in the coming quarters, though this is only expected to be marginal, with weaker demand in the building construction sector partially offsetting elevated cartage and labour costs

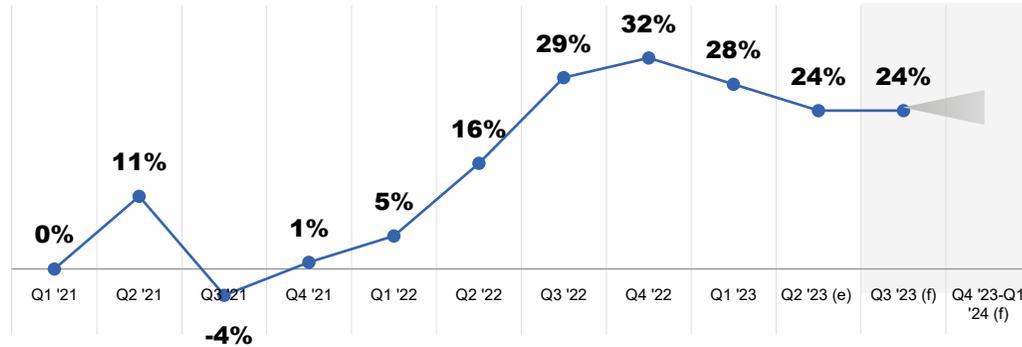
# Australia – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (AU\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1,552	AU\$1,542	↓ -3%	↓ -0.7%

Price change comparison against Q1 2021



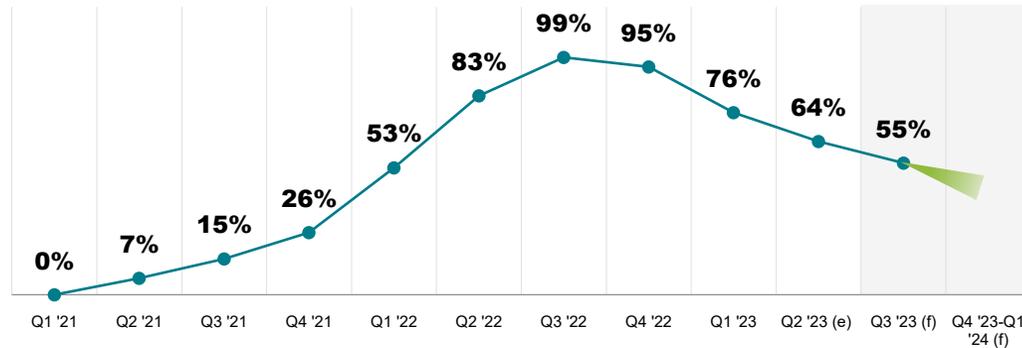
- Asphalt prices have continued to trend downwards, falling by approximately 3% QoQ in Q2 2023, due to the fall in crude oil prices
- Despite this decline, asphalt prices remain elevated, being approximately 7% higher than the previous year
- While some upwards pressure on prices will be generated by Australia's significant pipeline of road infrastructure works, prices are expected to moderate further in Q3 2023 as economic activity and oil demand continues to struggle



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (AU\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1.90	AU\$1.80	↓ -6.8%	↓ -5.2%

Price change comparison against Q1 2021



- Diesel prices dropped further in Q2 2023, falling by 6.8% QoQ. Softer global oil demand as China's recovery falters, and weak global economic activity have weighed on crude oil prices, leading to the decline in diesel prices
- Despite this decline however, diesel prices remain elevated, being 64% higher in Q2 2023 than in Q1 2021
- With these trends expected to continue into the second half of this year, diesel prices are expected to continue to fall

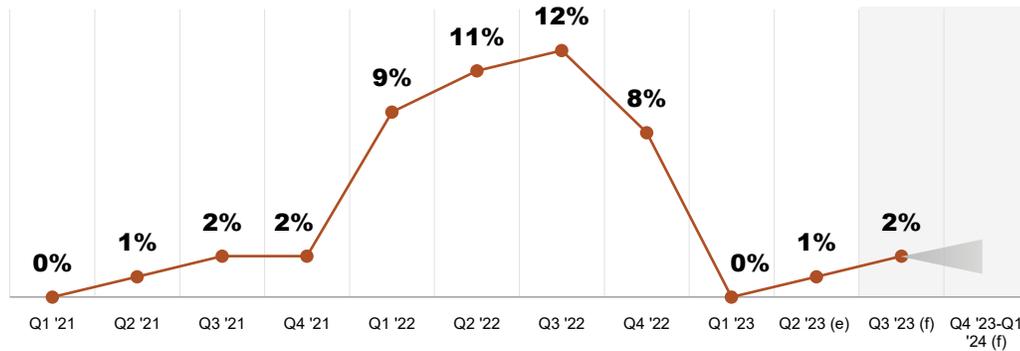
# Australia – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (AU\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
AU\$1,536	AU\$1,547	↑ 1.5%	↑ 0.7%

Price change comparison against Q1 2021



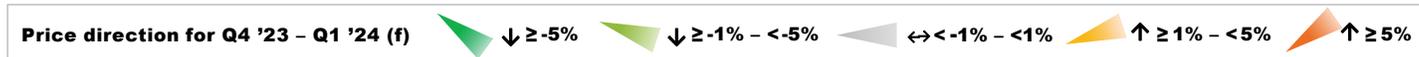
- Despite the decline in building activity during the quarter, brick prices edged up again in Q2 2023, owing to still elevated transport and labour costs
- Although prices have picked up, they are close to the levels of early 2021 having dropped from the peaks reached in Q3 2022
- Brick prices are expected to remain close to current levels in the coming quarters, with higher electricity costs offsetting a softening of demand as building activity declines

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre



# Australia – Industry trends

## Sector trends



### Data Centres

The Australian data centre market has a substantial pipeline, with approximately US\$11bn worth of projects currently in progress. Approximately 60% of these projects, in terms of value, are in the planning or design stage. Sydney remains a preferred location for data centres, with the majority of projects concentrated there, while Melbourne is also attracting investments from international players. Other upcoming regions include, Adelaide, Perth, and Brisbane.



### Life Sciences

The life sciences sector has witnessed a significant 43% growth from 2019 to 2022, with Victoria, Queensland and NSW serving as vital hubs for 73% of the sector. The Government's National Reconstruction Fund is prioritising the life sciences sector, aiming to foster medical science innovation, local manufacturing, and intellectual property support in Australia.



### High-tech Industrial

The Australian government is developing a national battery strategy with the aim of establishing Australia as a prominent battery manufacturing hub. While the semiconductor industry in Australia is currently in its early stages, it is gradually gaining traction and showing potential for future growth. Battery and semiconductor manufacturing projects, valued at around US\$900m, are currently in the pipeline across Victoria, Northern Territory and Queensland. Most of these projects are still in the early stages of planning.

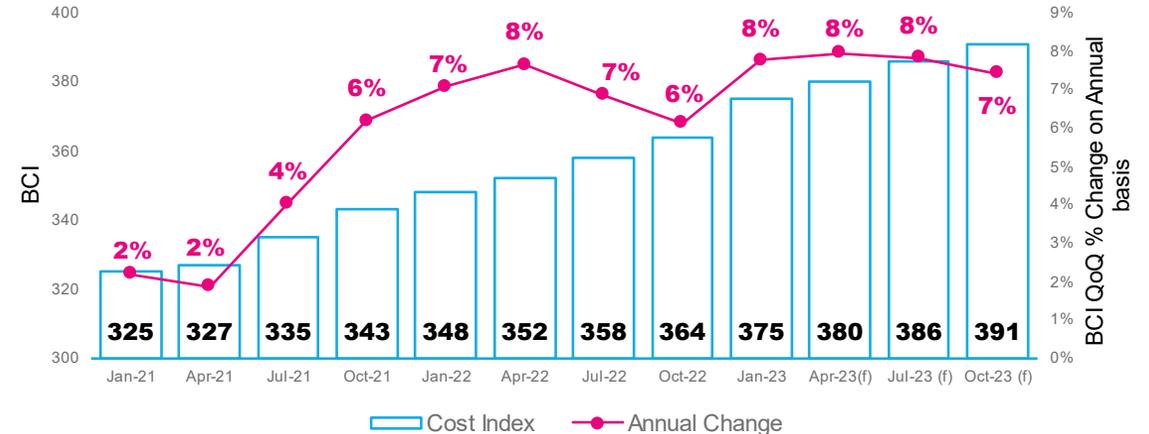


### Renewable Energy

The energy and utilities sector is projected to achieve an average annual growth of 4.9% from 2024 to 2027, driven by investments in renewable energy projects, in line with the government's target to increase the share of renewable energy in the electricity mix to 82% by 2030. Notably, there is a specific focus on hydrogen projects through the government's US\$2bn Hydrogen Headstart program. Furthermore, the Climate Change Act of 2022 is set to further drive investments in the clean energy sector.



## AIQS Building Cost Index(BCI) and annual change



\*The base has been set at 100 and represents the Australian Weighted Average (AWA) Building Cost Index as of July 1985

# Australia – Report methodology



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

## Primary and secondary research

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

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

## Definitions

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

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

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

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

## Sample sources – Australia

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

- IMF
- ABS
- AIQS
- RBA
- GlobalData's Construction Intelligence Center (CIC)
- The Conference Board Total Economy Database™
- Australian Energy Market Operator
- Economic Research Institute
- Ausbiotech Annual report 2022

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A white silhouette map of Hong Kong is positioned to the left of the main title text.

# Hong Kong

## Country Commodity Report

**Q2 2023**



# Hong Kong

## Q2 2023

Hong Kong's economy showed improvement in Q1 2023, driven by domestic demand and a recovery in tourism. The construction sector is expected to recover further due to government investments in housing and infrastructure. To support the construction industry, the government has also allocated HKD 75 million for studies on establishing a Building Testing and Research Institute and strengthening the supply chain of Modular Integrated Construction.

There is an overall improvement in the supply chain and material costs are stabilising. Steel and copper prices have declined, but cement and concrete prices remain elevated, although showing some signs of easing.

There is a shortage of labour in the construction industry, and to address this, Hong Kong is relaxing immigration rules and introducing new plans to recruit up to 12,000 foreign workers. Additionally, they have allocated a HK\$100 million fund for career development and training allowances to support the industry's workforce needs.



Scott Halyday  
Director



## Key Indicators

### GDP

Grew by 2.7% in Q1 2023 on an annual basis



- GDP grew by 5.3% on a QoQ basis as compared to the previous quarter
- In the first quarter of 2023, the Hong Kong economy showed clear signs of improvement, primarily driven by the robust rebound in both inbound tourism and domestic demand

### CPI

Rose by 1.9% in June 2023 from the same month in last year



- Prices of energy-related items as a whole continued to increase sharply year-on-year

### Construction output

Expected to grow by 3.6% in real terms in 2023



- Growth of 2.3% is expected in the period 2024-2027 led by investments in transportation, electricity, housing, and industrial sectors

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -1%	↓ -5%	↓ -1%	Prices declined but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -14%	↓ -10%	↓ -2%	Prices trending downwards, likely to dip further
<b>Cement</b>	↑ 3%	↓ -2%	↓ -1%	Prices edging downwards but still elevated
<b>Lumber</b>	↓ -5%	↓ -4%	↔ 0%	Prices declining, expected to remain stable

(e) - estimate (f) - forecast

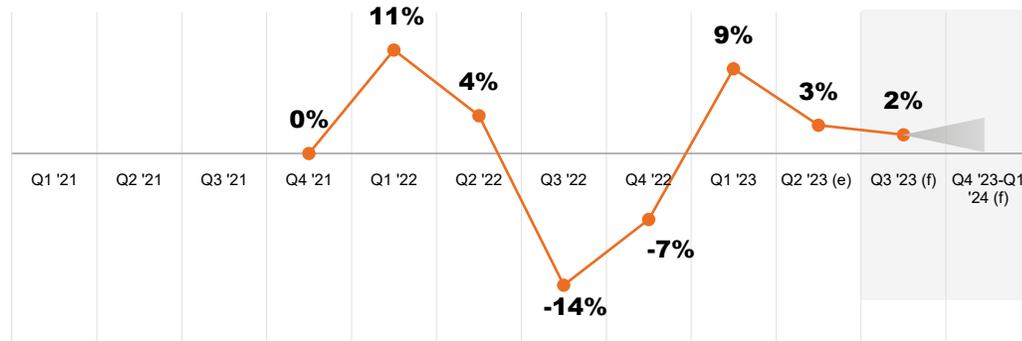
# Hong Kong – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$66,584	HK\$66,175	↓ -5.2%	↓ -0.6%

Price change comparison against Q4 2021

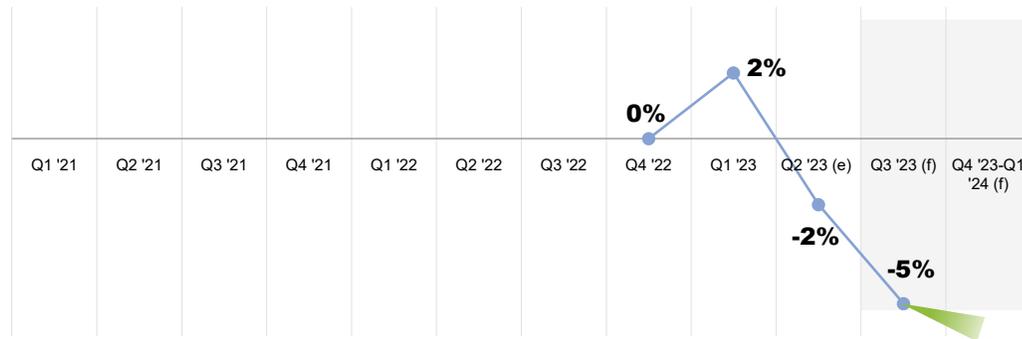


- Copper prices fell by 5.2% QoQ in Q2 2023, reversing some of the price gain in the previous quarter
- Global demand fell sharply in Q2 2023, largely due to China's faltering economic rebound, which weighed on prices during the quarter
- Prices are expected to edge downwards on a quarterly average basis in Q3 2023, amid weak global manufacturing activity and sluggish economic growth

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Low	Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$9,228	HK\$8,987	↓ -4.1%	↓ -2.6%

Price change comparison against Q4 2022



- Stainless steel prices fell by 4.1% QoQ in Q2 2023, driven down by lower nickel and nickel pig iron prices and weaker global demand
- With global demand expected to remain weak in the second half of this year and rising nickel output in Indonesia is likely to see prices fall further, stainless steel prices are expected to continue to fall
- The continued decline in global manufacturing activity will also weigh on the demand for stainless steel

# Hong Kong – Commodity Price Trends



## Steel – rebar and flat

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

Low	Moderate	Moderate
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Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$5,185	HK\$5,090	↓ -9.8%	↓ -1.8%

—●— **Steel rebar (raw)** (HK\$/mt)

HK\$5,185   HK\$5,090   ↓ -9.8%   ↓ -1.8%

—●— **Steel flat product** (HK\$/mt)

HK\$6,470   HK\$6,393   ↓ -4.4%   ↓ -1.2%

Price change comparison against Q4 2021



- Steel prices declined in Q2 2023, with rebar prices dropping by 9.8% QoQ and steel-flat prices down by 4.4%
- Lower iron ore prices and weak steel demand in China contributed to the drop in prices during the quarter
- Prices are expected to continue to decline in the coming quarters, though the decline will be softened by an expected improvement in construction activity in Hong Kong



## Welded mesh

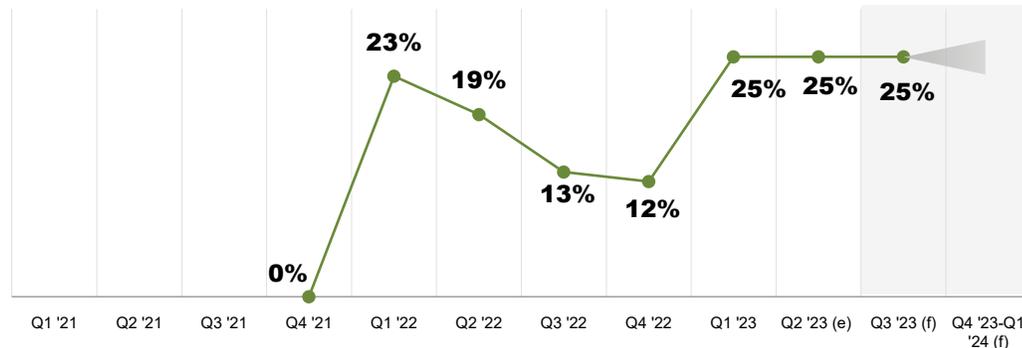
Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Moderate	Moderate

Moderate	Moderate	Moderate
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Price (HK\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$78.1	HK\$78.1	↓ -0.5%	↔ 0%

\* 100 x 100 cm; diameter 6mm

Price change comparison against Q4 2021



- The price of welded mesh remained relatively stable in Q2 2023, recording a marginal decline of 0.5% from Q1 2023
- In comparison to Q4 2021, welded mesh prices were 25% higher in Q2 2023
- Though construction activity is expected to improve in the second half of this year, falling rebar prices are expected to offset this, keeping welded mesh prices stable

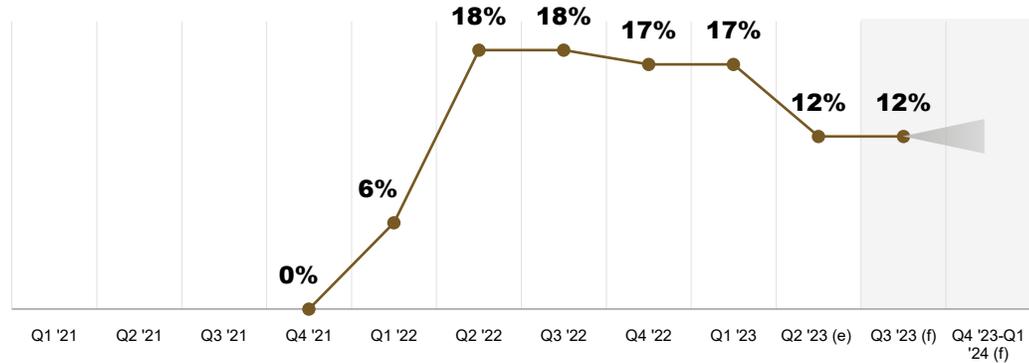
# Hong Kong – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price (HK\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$7,465	HK\$7,450	↓ -3.9%	↓ -0.2%

### Price change comparison against Q4 2021



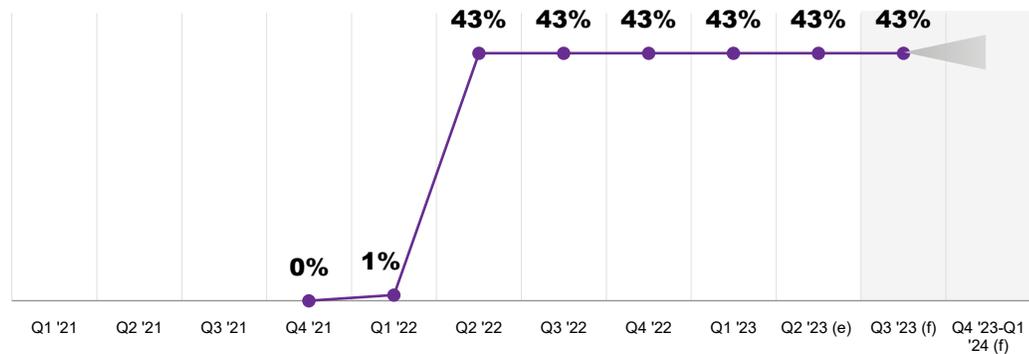
- Lumber prices have fallen back marginally from recent highs, recording a decline of 1% QoQ in Q2 2023
- Weak demand from the residential construction sector, which is expected to record only marginal growth this year, is expected to keep lumber prices trending downwards in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (HK\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$100	HK\$100	↔ 0%	↔ 0%

### Price change comparison against Q4 2021



- Since the sharp rise of plasterboard prices in mid-2022, the price of plasterboard has been stable in recent quarters
- Plasterboard prices are expected to remain around their current levels in the coming quarters, reflecting solid demand in the construction industry

\* 122 x 244 x 1.2 cm (L x W x T)

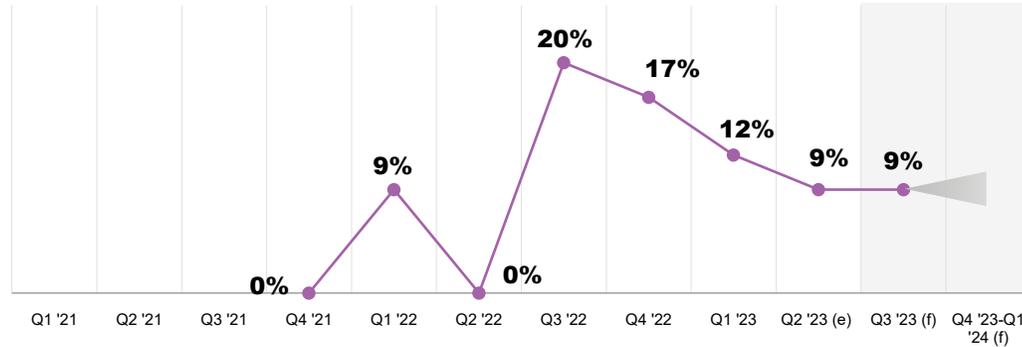
# Hong Kong – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$68.8	HK\$68.7	↓ -2.2%	↓ -0.1%

Price change comparison against Q4 2021

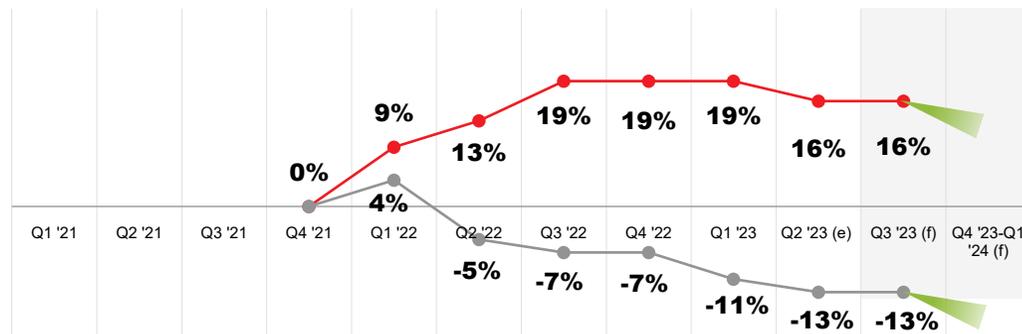


- Limestone prices declined by 2.2% QoQ in Q2 2023, recording a third successive quarterly fall in prices
- An improvement in activity in the construction sector is expected to see demand for limestone strengthen in the second half of this year, stabilising prices around their current levels

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$911	HK\$904	↓ -2.2%	↓ -0.7%
● <b>Cement</b> (HK\$/mt)			
HK\$1,074	HK\$1,069	↓ -1.9%	↓ -0.4%
● <b>Concrete</b> (HK\$/m <sup>3</sup> )			

Price change comparison against Q4 2021



- In Q2 2023, cement and concrete prices declined marginally, reflecting a decline in energy costs as thermal coal and LNG prices fell. A decline in building work in H1 has weighed on cement and concrete prices during the quarter
- While construction activity is expected to strengthen in the second half of this year, driving an improvement in demand, cement and concrete prices are expected to continue to moderate owing to falling production costs

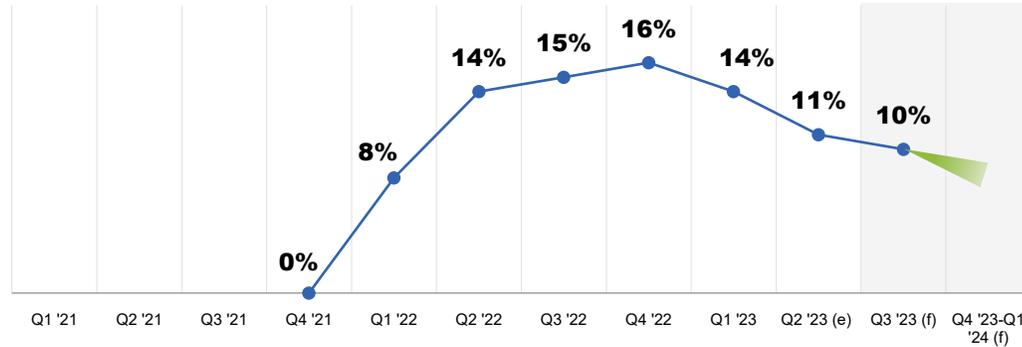
# Hong Kong – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (HK\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$9,321	HK\$9,210	↓ -2.2%	↓ -1.2%

Price change comparison against Q4 2021



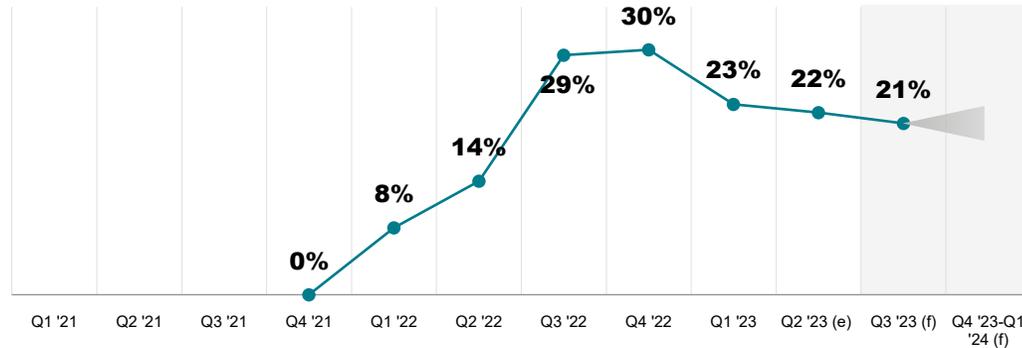
- Asphalt prices declined further in Q2 2023, falling by 2.2% QoQ due to the decline in refined petroleum products
- Asphalt prices are expected to decrease further in the coming quarters, with continued weakness in prices for key materials. However, government spending on major road projects will prop up demand



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (HK\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$17.1	HK\$16.9	↓ -0.8%	↓ -1.1%

Price change comparison against Q4 2021



- Diesel prices have declined by approximately 0.8% QoQ in Q2 2023, driven down by weak global oil demand
- Despite the decline, prices were still 22% higher than in Q4 2021
- Prices are expected to remain close to current levels in the coming quarters. Global oil demand is likely to remain weak, but prices will be held up by the extension of OPEC+ output cuts through 2024 and Saudi Arabia's additional output cut from July 2023

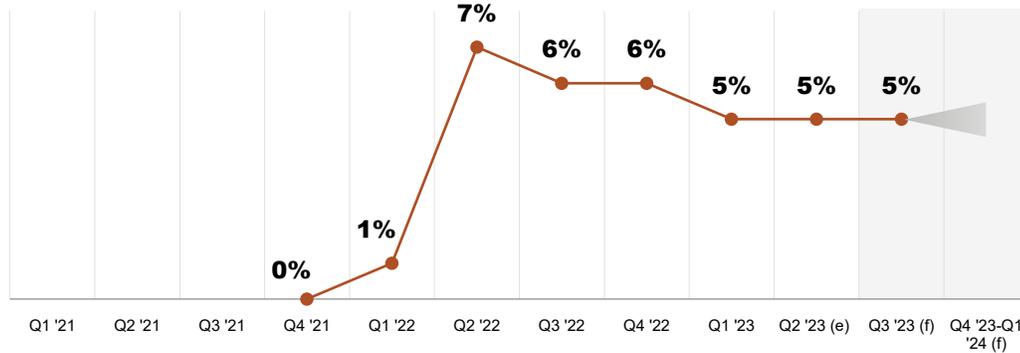
# Hong Kong – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (HK\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
HK\$3,314	HK\$3,306	↓ -0.2%	↓ -0.2%

Price change comparison against Q4 2021



- Brick prices declined further in Q2 2023, registering a fourth successive quarterly decline
- The price decline has been moderate, though, and prices are still around 5% higher than in Q4 2021
- With construction activity expected to strengthen in the second half of this year, the impact on prices from stronger demand will be offset by falling LNG and thermal coal costs

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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

QoQ Quarter on Quarter  
 YoY Year on Year  
 MoM Month on Month  
 GDP Gross Domestic Product  
 CPI Consumer Price Index (wherever not specified)  
 e estimated  
 f forecasted  
 EV Electric Vehicles  
 DC Data Centre

# Hong Kong – Industry trends

## Sector trends



### Data Centres

Hong Kong's data centre market benefits from strong demand, digitisation initiatives and excellent connectivity. Additionally, the presence of major cloud operators, strong ecosystems, nationwide deployment of 5G technology, and data protection laws further contribute to the market's growth. Land shortage has been a concern in Hong Kong for data centre development. The government has introduced various measures to address this, including waivers for converting industrial buildings.

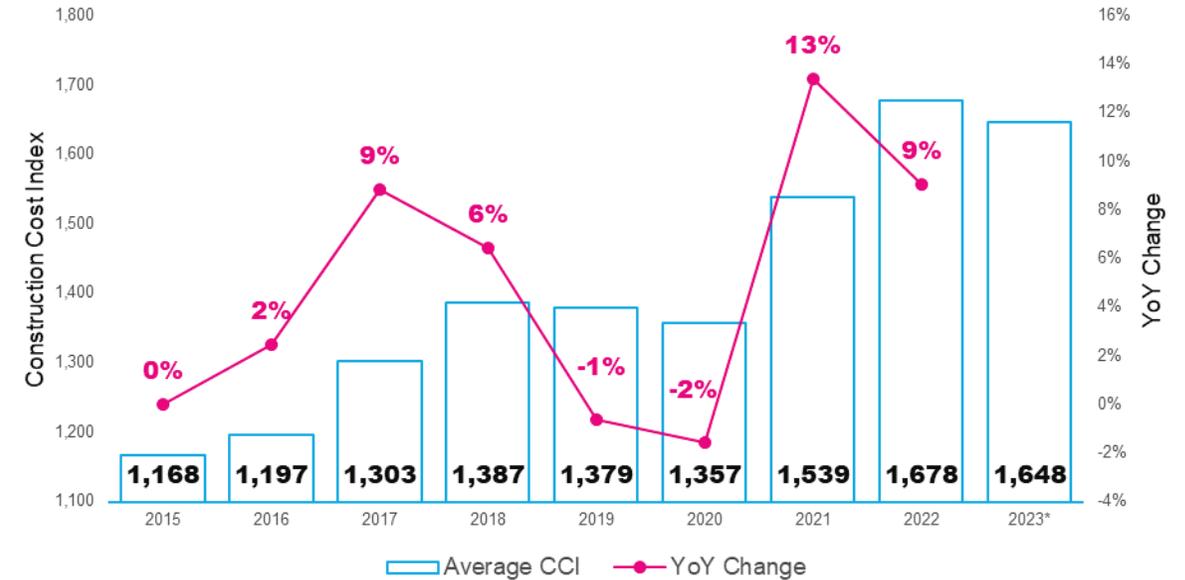


### Renewable Energy

The energy and utilities construction sector is set to grow by 3.4% in 2023 driven by the government's aim to increase renewable energy's share in the total energy mix from 7.5% in 2021 to 10% by 2035 and to reduce carbon emissions by 50% by 2035. In October 2022, the "RE100 Hong Kong" platform was launched by the Hong Kong Association of Solar Energy Industry and GBA Carbon Neutrality Association to promote renewable energy adoption among local organisations and companies, contributing to carbon emission reduction.



## Construction Cost Index (CCI)\*\*



\*Average from Jan 2023 to June 2023

\*\*The index is Revised Index effective from July 09. Original HyD CCI index applies to Lighting Division/HyD's MOM contracts until Sep 2013.

# Hong Kong – Report methodology



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

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## Primary and secondary research

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

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

## Definitions

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

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

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

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

## Sample sources – Hong Kong

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

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

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

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# India

## Country Commodity Report

**Q2 2023**



# India

## Q2 2023

India's economy has shown resilience amidst global challenges, with Q1 2023 witnessing growth in the construction and manufacturing sectors, driven by increased domestic demand. The real estate sector also expanded, contributing to the positive outlook. The Reserve Bank of India's decision to maintain the policy repo rate (unchanged at 6.5%) indicates stability in the financial landscape.

The construction industry is now expected to grow at 6% in real terms in 2023 which was earlier estimated to expand by 5%. The revision in growth is attributed to the government's focus on completion of infrastructure projects and improving investor confidence. Furthermore, hi-tech sectors such as Data Centres, and Semi-conductors have become attractive investment asset classes for foreign players.

Commodity prices are stabilising but prices of a few materials such as cement, concrete and bricks are still elevated. Challenges for availability of skilled labour also still persists. Technology adoption is becoming increasingly important in the construction sector to meet the growing demand effectively. However, the pace of technology adoption in the industry is relatively slow. Exploring modular off-site manufacturing and implementing contractual protections for supply chain disruptions are part of the evolving landscape.



**Ameya Gumaste**  
Country Head – India



## Key Indicators

### GDP

Grew at 6.1% in Q4 of FY 2023



- GDP growth for the fiscal 22-23 was 7.2% which is above the RBI estimates of 7%
- Growth is attributed to capital spending by government, growth in service exports and improved consumer confidence

### CPI

Stood at 4.8% in June 2023



- Inflation was higher than RBI estimates but still below the tolerance band of 6%
- A surge in inflation was primarily driven by food prices

### Construction output

Expected to expand by 6% in 2023 in real terms



- Growth is led by the government's focus to complete infrastructure projects, increased investor confidence, and investments in across all the sectors
- A faster growth of 6.4% is expected in the period 2024-2027

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -6%	↓ -3%	↓ -1%	Prices decreased in the last quarter, likely to remain volatile
 <b>Steel rebar (raw)</b>	↓ -15%	↓ -6%	↓ -1%	Prices trending downwards
 <b>Cement</b>	↓ -3%	↓ -1%	↓ -1%	Prices have marginally decreased but remain elevated
 <b>Lumber</b>	↑ 4%	↔ 0%	↔ 0%	Prices are expected to remain stable

(e) - estimate (f) - forecast

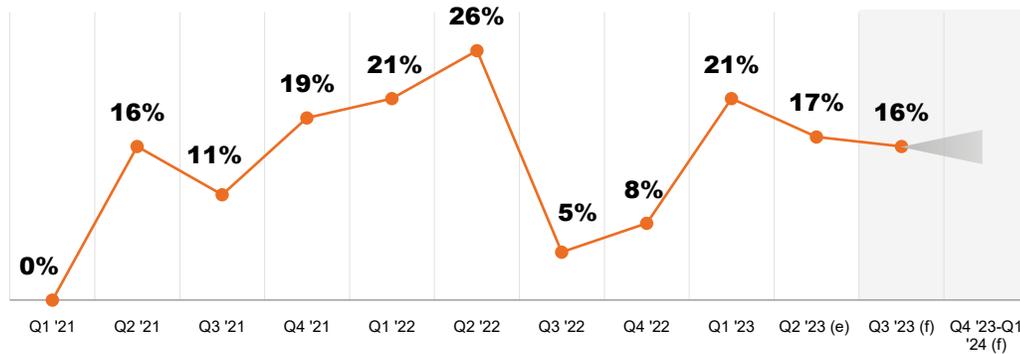
# India – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR795,255	INR787,302	↓ -2.7%	↓ -1%

Price change comparison against Q1 2021



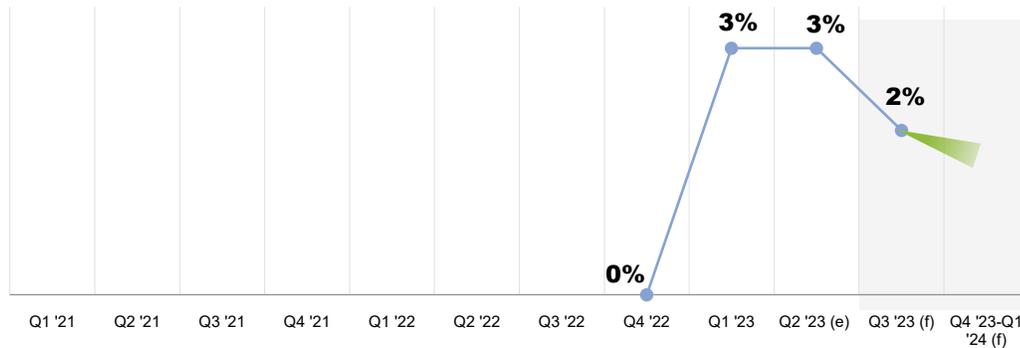
- Copper prices in India fell by 2.7% QoQ in Q2 2023, owing to a weakness in the global markets
- Prices are forecast to continue on a downward trend in Q3 2023, on quarterly average basis, however it is likely there will be ongoing volatility
- Concerns over low inventories could soon be limited by an improvement in copper production in Peru following the resumption of operations at large mines



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR195,000	INR194,025	↔ 0%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices in India remained fairly stable in Q2 2023, compared to the previous quarter
- Prices are however expected to fall in Q3 2023, owing to the government's efforts (including customs duty exemptions on stainless steel scrap and nickel cathode, and 30% export duty on chrome ore) to reduce prices, coupled with cheap imports from China and Indonesia
- Demand will provide support to prices though, amid India's ongoing expansion in construction activity

# India – Commodity Price Trends



## Steel – rebar and flat

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

Moderate	Moderate	Moderate
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Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

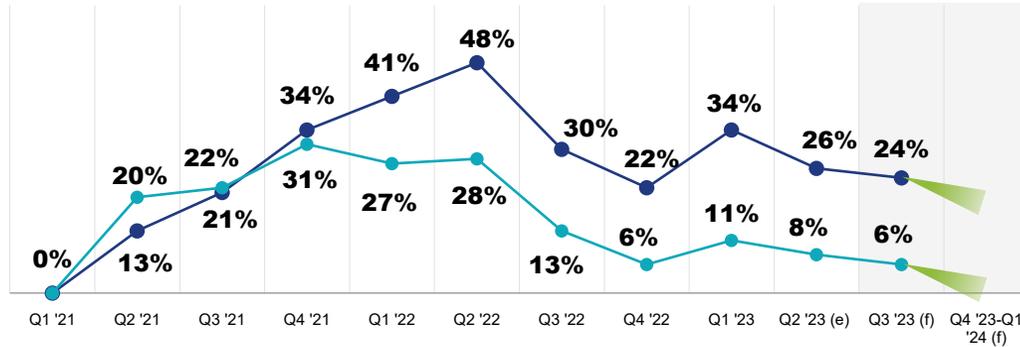
—●— **Steel rebar (raw)** (INR/mt)

**INR57,133**   **INR56,562**   ↓ **-6.5%**   ↓ **-1.0%**

—●— **Steel flat product** (INR/mt)

**INR57,112**   **INR56,541**   ↓ **-2.9%**   ↓ **-1.0%**

Price change comparison against Q1 2021



- Steel-rebar and steel-flat product prices fell by 6.5% and 2.9%, respectively, in Q2 2023, compared to Q1 2023. This is due to slower-than-anticipated demand coupled with a reduction in realizations
- Flat prices have been propped up by demand in the automotive sector. However, in the coming quarters, falling prices of raw material are likely to exert downward pressure on steel prices in the short term
- Weak global demand is expected to further weigh on steel prices in the coming quarters



## Welded mesh

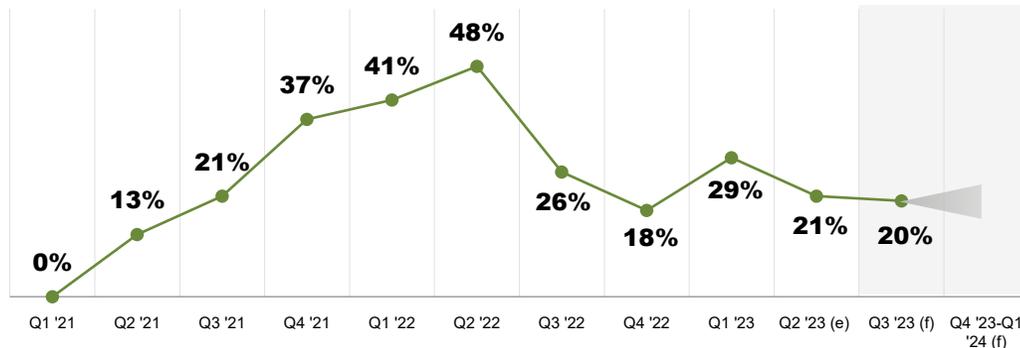
Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain

Moderate	Moderate	Moderate
----------	----------	----------

Price (INR/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

**INR300**   **INR297**   ↓ **-6.5%**   ↓ **-1.0%**

Price change comparison against Q1 2021



- Welded mesh prices shrunk by 6.5% QoQ in Q2 2023, reflecting a general downward trends in steel prices
- Prices are forecast to ease down by 1% QoQ in Q3 2023, owing to high supply and inventory levels. However, with demand remaining strong, prices will remain relatively high in the coming quarters

\* 100 x 100 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f)   ↓ ≥ -5%   ↓ ≥ -1% - < -5%   ↔ < -1% - < 1%   ↑ ≥ 1% - < 5%   ↑ ≥ 5%

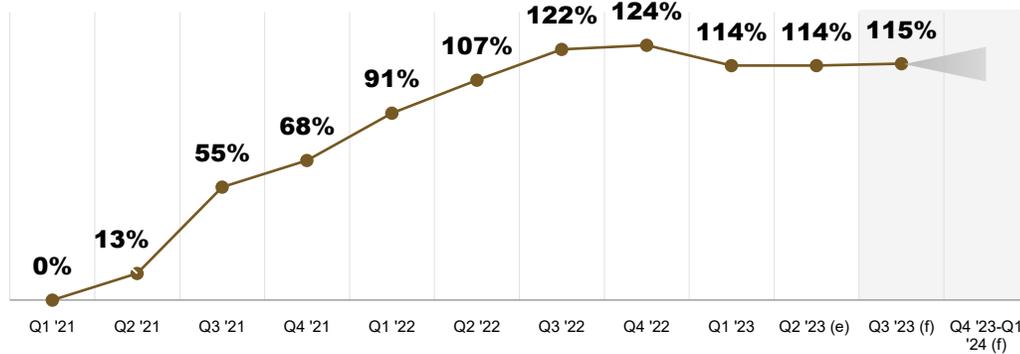
# India – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (INR/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR12,250	INR12,311	↔ 0%	↑ 0.5%

### Price change comparison against Q1 2021



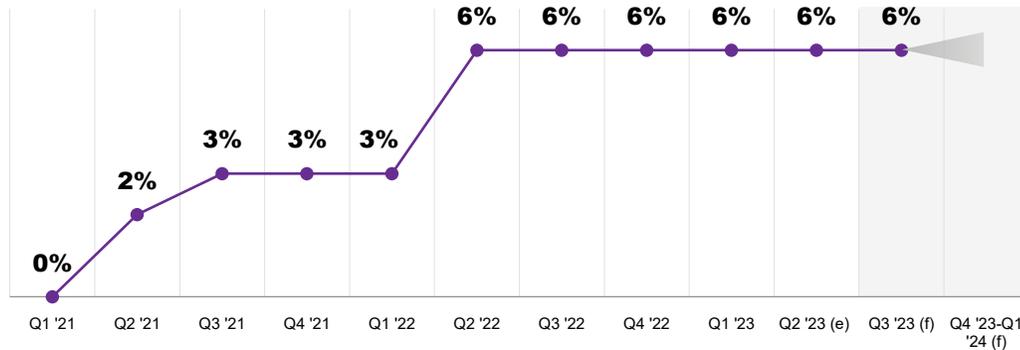
- The prices of lumber remained unchanged in Q2 2023, compared to the previous quarter. However, prices are still at an elevated level
- Prices are forecast to edge up marginally supported by demand from key construction sectors. Although lumber has limited use in the construction industry in India, the expansion in India's residential sector will contribute to relatively high demand



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (INR/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR358	INR358	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Plasterboard prices in India have remained stable in recent quarters, with solid demand in the construction sector holding prices at a relatively high level
- Prices are expected to remain stable in the coming quarters, with a well-balanced market

\* 120 x 180 x 1.25 cm (L x W x T)

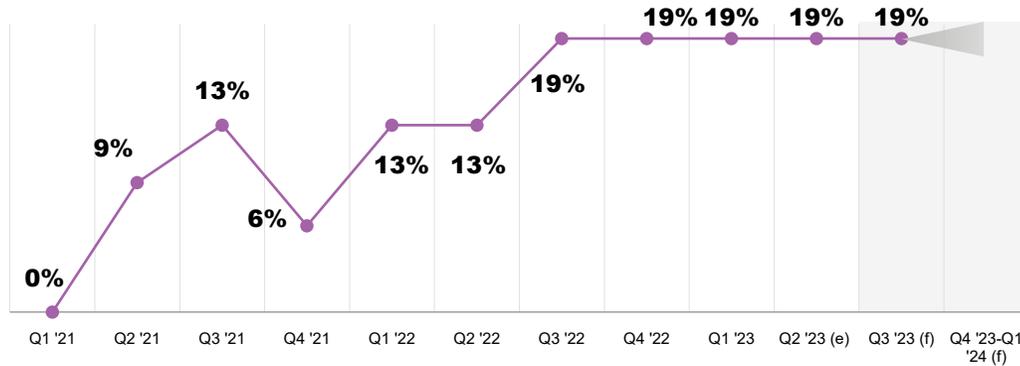
# India – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR475	INR475	↔ 0%	↔ 0%

Price change comparison against Q1 2021

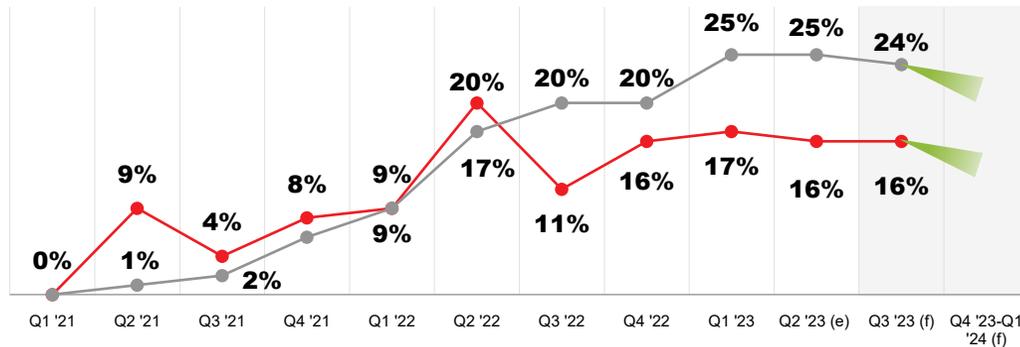


- Limestone prices in India have remained stable in recent quarters, with producers keeping prices unchanged amid relative stability in demand and supply conditions
- Prices are likely to remain at this high level, approximately 19% above Q1 2021 prices, in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR8,177	INR8,137	↓ -1.0%	↓ -0.5%
<p>● Cement (INR/mt)</p> <p>● Concrete (INR/m<sup>3</sup>)</p>			
INR4,700	INR4,677	↔ 0%	↓ -0.5%

Price change comparison against Q1 2021



- Cement prices dropped by 1% QoQ in Q2 2023, due to the gradual softening of energy costs, and intensified competition for market share
- Concrete prices have remained at the same level in Q2 2023, compared to the previous quarter. Similarly, cement prices are also expected to continue on a downward trend in the coming quarters, off the back of heightened competitive intensity and falling production and input costs

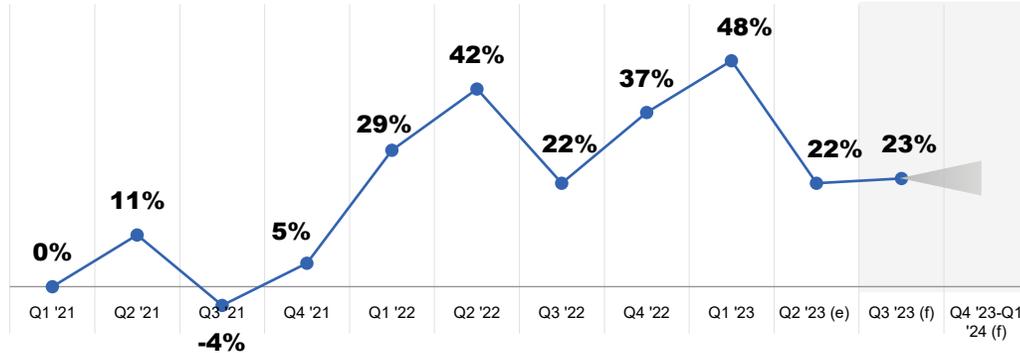
# India – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (INR/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR50,801	INR51,309	↓ -17.6%	↑ 1.0%

### Price change comparison against Q1 2021



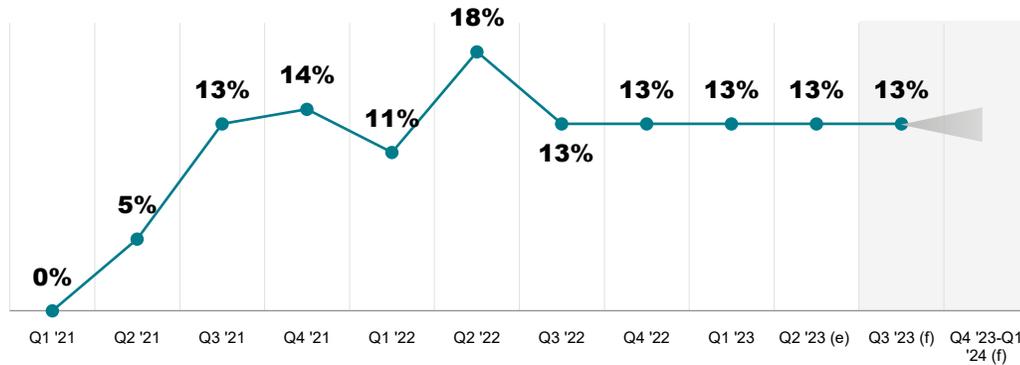
- Asphalt prices dropped by 17.6% QoQ in Q2 2023, owing to a slowdown in the infrastructure sector, amid extreme climate changes, high-cost inflation for road projects and cash flow challenges for road engineering, procurement, and construction (EPC) companies
- Prices are forecasted to edge up again in Q3 2023 as demand picks up with infrastructure works regaining momentum



## Diesel

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (INR/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR89.6	INR89.6	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Diesel prices in India have remained unchanged over the past year and no significant change expected in the next quarter
- Although profit margins on diesel have turned positive following a drop in international oil prices, an adjustment to retail prices is likely to happen only after state-owned oil firms recoup losses that they had incurred in 2022

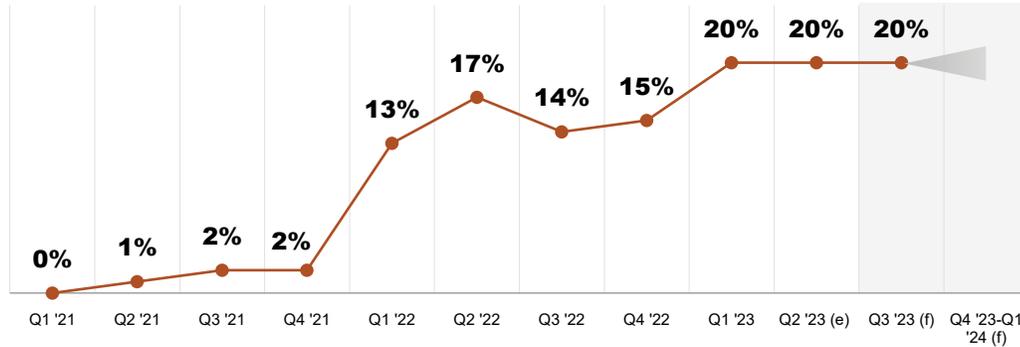
# India – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (INR/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
INR9,500	INR9,500	↔ 0%	↔ 0%

Price change comparison against Q1 2021



- Brick prices in India have remained stable in Q2 2023, but are still at a high level, up by 20% compared to prices in Q1 2021
- Although production costs will have eased, demand from the expanding construction sector will keep prices elevated in the coming quarters. A recent ban on the use of coal at the brick-kilns in the National Capital Region (NCR) will push up prices in the region

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

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

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                      Electric Vehicles  
 DC                      Data Centre

# India – Industry trends

## Sector trends



### Data Centres

The Indian data centre market is poised for significant growth, projected to expand at a CAGR of 40% and reach a capacity of around 1700 MW by 2025, with developers planning to deliver over 3000 MW in the next decade, as per a report by Aventus Capital. However, the key challenges in this thriving sector are, supply chain issues for major capital equipment and availability of skilled contractors and labour to keep up with the increasing demand for data centre infrastructure.



### Life Sciences

India has emerged as a major player in the biotechnology sector, ranking third in the Asia-Pacific region and among the top 12 globally. The industry is set to witness substantial growth, with projections of reaching US\$150bn by 2025 and an impressive US\$ 270-300bn by 2030. Termed as the "Pharmacy of the World," India is now positioning itself as the "Research-Lab of the World", with its biotechnology industry rapidly expanding.<sup>1</sup>



### High-tech Industrial

India is gearing up to become a semi-conductor hub. The Indian government recently announced a US\$10bn programme to develop a semiconductor and display manufacturing ecosystem that includes both manufacturing and design. Recent announcements from international players like Micron, AMD, and Foxconn are poised to accelerate the growth of the semiconductor industry.

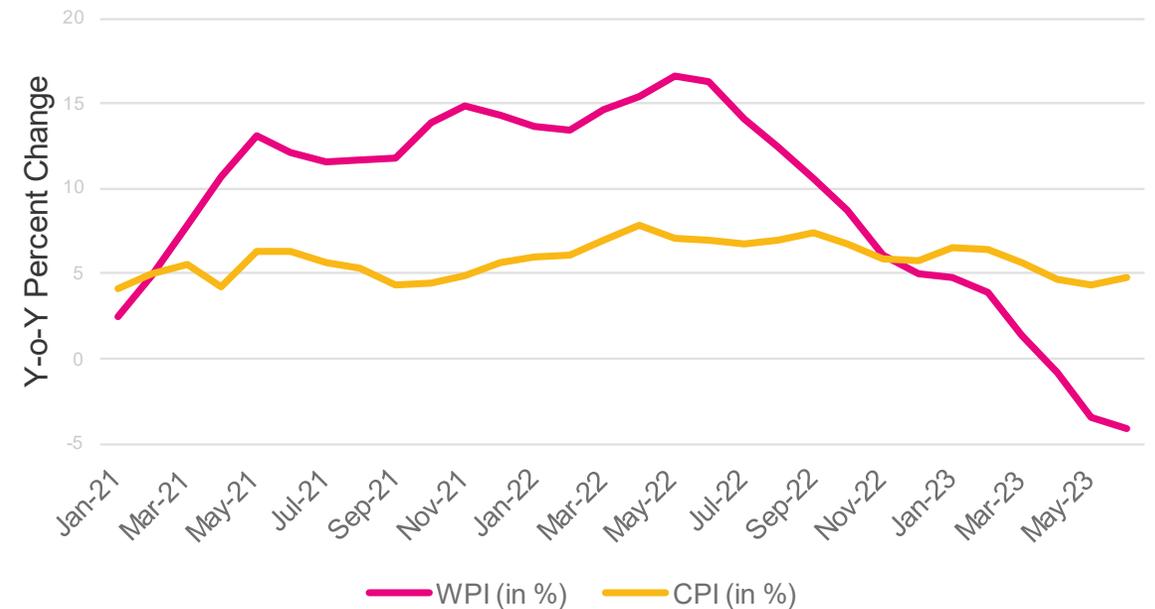


### Renewable Energy

The Indian government is strongly committed to promoting the renewable energy sector. In 2023, this sector is expected to experience significant growth, bolstered by the allocation of INR 102bn (\$1.2 bn) in the FY2023/2024 Budget to the Ministry of New and Renewable Energy (MNRE), marking a notable 45% increase from the previous year's allocation. The government's long-term vision includes achieving energy independence by 2047 and striving for net-zero emissions and enhanced energy security by 2070, further supporting the growth trajectory of the renewable energy industry.



## CPI and WPI Trends\*



CPI= Consumer Price Index, WPI= Wholesale Price Index

\*CPI has been considered as average of rural & urban CPIs for India

# India – Report methodology



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

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## Primary and secondary research

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## Definitions

- Commodity prices are net of taxes for all the countries
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Nominal data series do not exclude changes in prices and are also referred to as current prices series.

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

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## Sample sources – India

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

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

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.



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# Japan Country Commodity Report

**Q2 2023**



# Japan

## Q2 2023

Japan's economy has seen a faster-than-expected growth rate, primarily attributed to the revival of tourism due to eased pandemic-related border restrictions. Inflation has shown a downward trend but remains elevated.

The construction industry in Japan is grappling with a significant labour shortage, as per a recent study by Recruits Works Institute suggesting a potential shortage of 11 million workers by 2040. The scarcity of skilled labour is driving up wage costs, posing additional challenges for the industry. In particular trades related to mechanical, electrical, and plumbing (MEP) are experiencing the highest increase in labour costs. The weakening yen is also having an impact on construction costs.

Commodity prices have started to stabilize but remain elevated. Further reduction in price is expected in steel and lumber. Freight costs are also slowly normalizing. Overall, the construction sector is expected to grow at a moderate pace, but continued investments are expected in the data centre and semi-conductor space.



**Garvan Barry**  
Director - North East Asia



### Key Indicators

#### GDP

Grew by 2.7% QoQ annualised in Q1 2023



- Despite high inflationary pressures, the economy has rebounded and is projected to grow by 1.5% in FY 2023
- Bank of Japan (BOJ) projects a QoQ annualised growth rate of +2.2% for the real GDP in Q2 2023

#### CPI

In May 2023 rose to 3.2% YoY, slightly lower than April's 3.4%



- Inflation remains above the BOJ's target of 2%, but the bank expects it to reach 2.4% in FY 2023
- However, with wages set to increase at the highest rate in 30 years, the forecast has been significantly revised upward due to the cyclical rise in labour market

#### Construction output

Expected to grow by 1% in 2023 in real terms



- Investment in renewable energy, telecommunication and manufacturing is likely to spur the growth

### Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -6%	↓ -2%	↔ 0%	Prices declined on a quarterly basis and likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -3%	↓ -2%	↔ 0%	Prices continue to decline
<b>Cement</b>	↑ 15%	↔ 0%	↔ 0%	Prices remained elevated but are stable
<b>Lumber</b>	↑ 2%	↓ -1%	↓ -1%	Prices are trending downwards

(e) - estimate (f) - forecast

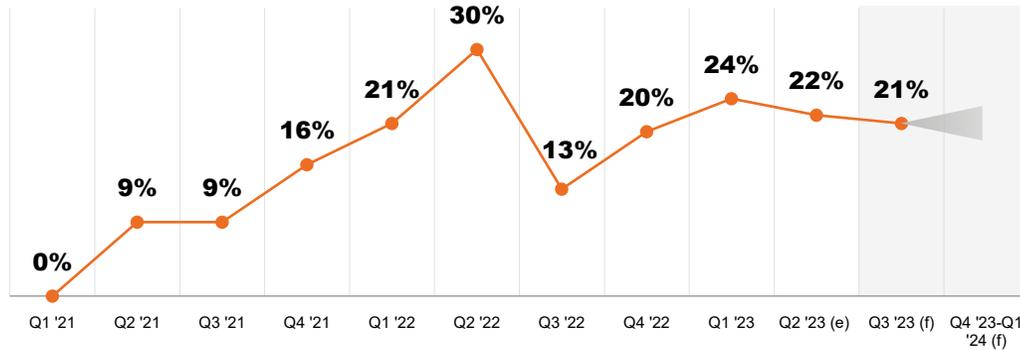
# Japan – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,213,754	1,208,978	↓ -1.7%	↓ -0.4%

Price change comparison against Q1 2021



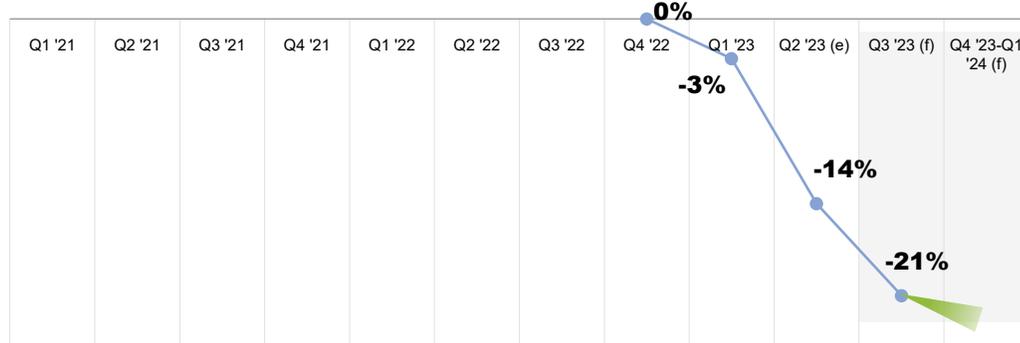
- Copper prices declined by approximately 1.7% QoQ in Q2 2023, predominantly due to the slowing of China's economic recovery
- Despite this decline however, copper prices remain elevated, being 22% higher in Q2 2023 than in Q1 2021
- Copper prices will be volatile, but on a quarterly average basis will remain close to current levels. Weak manufacturing activity and slowing global economic growth weigh on demand, but concerns remain over copper inventories



## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
155,000	142,969	↓ -11.4%	↓ -7.8%

Price change comparison against Q4 2022



- Stainless steel prices continued to decline in Q2 2023, falling by approximately 11.4% QoQ during the quarter
- Weak factory activity in Japan and a softening of external demand has weighed on demand for stainless steel
- Nippon Steel cut the price of its July 2023 contract for cold-rolled stainless-steel sheet by JPY5,000 per ton, following a JPY20,000 per ton reduction in April 2023, reflecting a decline in demand

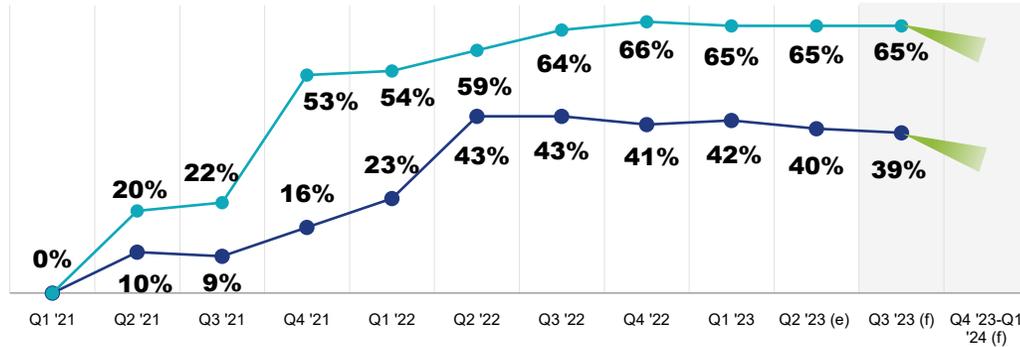
# Japan – Commodity Price Trends



## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (JPY/mt)</b>			
113,000	112,707	↓ -1.6%	↓ -0.3%
<b>Steel flat product (JPY/mt)</b>			
147,000	146,681	↓ -0.2%	↓ -0.2%

### Price change comparison against Q1 2021



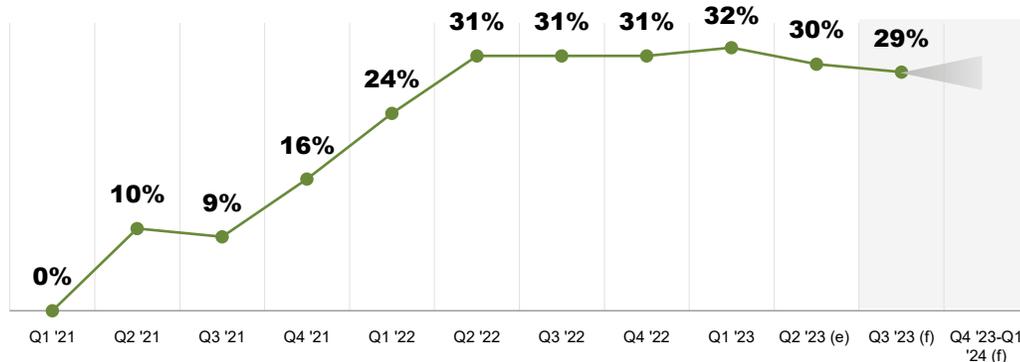
- Steel rebar prices declined by 1.6% QoQ in Q2 2023, while steel flat prices fell by 0.2% QoQ
- Steel prices however, remain elevated, with rebar prices being 40% higher in Q2 2023 than in Q1 2021, while steel flat prices were 65% higher
- Prices are projected to continue to decline in Q3 2023, driven down by weak global economic activity and falling iron ore prices



## Welded mesh

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
661	660	↓ -1.6%	↓ -0.1%

### Price change comparison against Q1 2021



- Welded mesh prices declined by approximately 1.6% QoQ in Q2 2023, in line with the fall in steel rebar prices
- In comparison to Q1 2021, welded mesh prices were 29.5% higher in the second quarter of this year
- In the coming quarters, welded mesh prices are expected to weaken marginally amid sluggish demand

\* 100 x 100 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% - < -5% ↔ < -1% - < 1% ↑ ≥ 1% - < 5% ↑ ≥ 5%

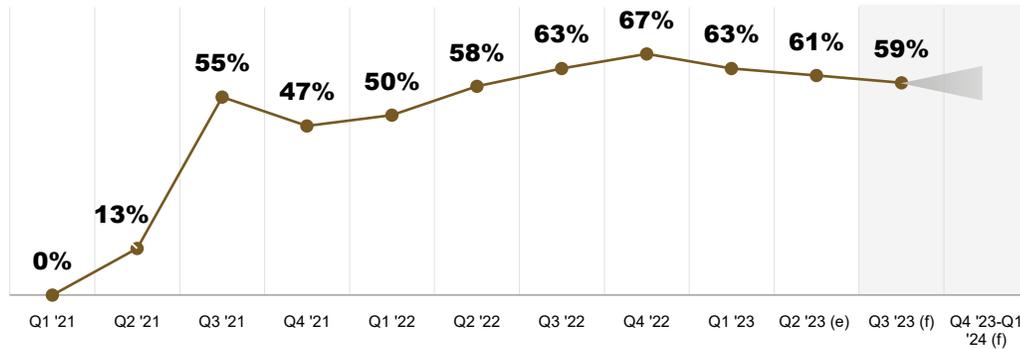
# Japan – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (JPY/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
71,424	70,629	↓ -1.4%	↓ -1.1%

### Price change comparison against Q1 2021



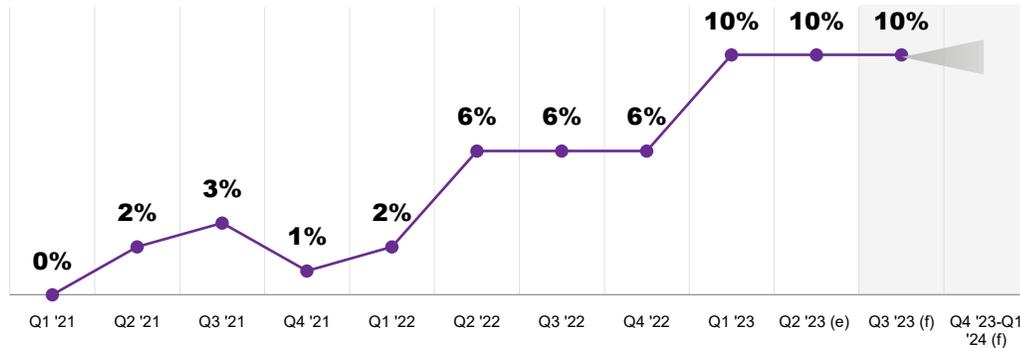
- Lumber prices trended downwards in Q2 2023, declining by 1.4% QoQ as weak activity in the housing sector weighed on demand
- Despite this decline, lumber prices remain elevated in comparison to their Q1 2021 levels, being 61% higher in Q2 2023
- Prices are expected to continue to fall in the second half of this year, with a stronger Japanese yen reducing the relative price of imported lumber



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,600	1,600	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- Plasterboard prices have remained stable in the past two quarters and are expected to remain at their current level in the second half of this year
- In comparison to Q1 2021, plasterboard prices were 10.3% higher in Q2 2023. Weakness in the residential sector, with sluggish demand for new housing construction, will contain any further upwards pressure on prices

\* 120 x 180 x 1.25 cm (L x W x T)

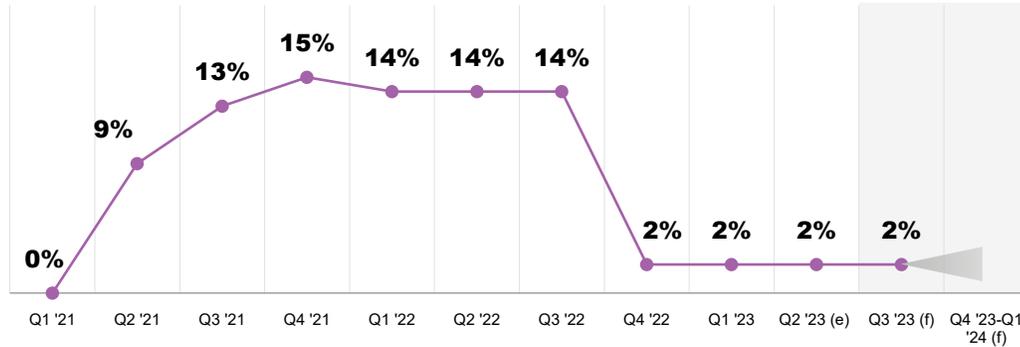
# Japan – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
81,667	81,667	↔ 0%	↔ 0%

Price change comparison against Q1 2021



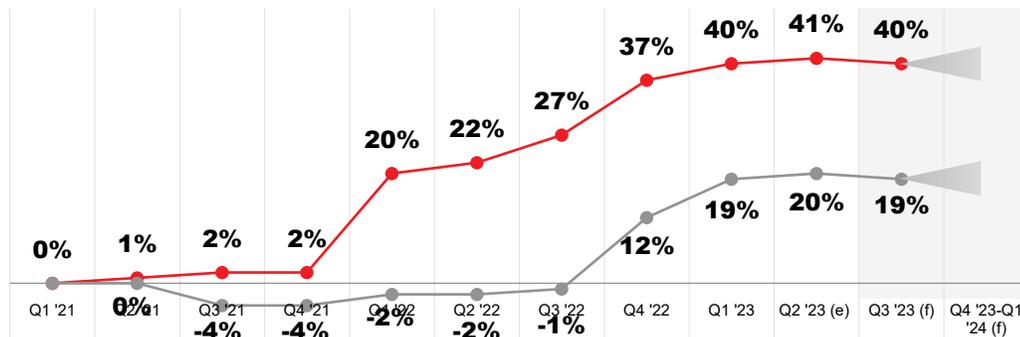
- Having fallen in late 2022 from previous highs, limestone prices have remained stable in recent quarters
- Prices did, however, remain higher than their Q1 2021 levels, being up by 2.3% in Q2 2023
- Limestone prices are projected to remain around their current levels in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>14,947</b>	<b>14,900</b>	↑ 0.4%	↓ -0.3%
<b>18,336</b>	<b>18,223</b>	↑ 0.4%	↓ -0.6%

● **Cement** (JPY/mt)  
● **Concrete** (JPY/m<sup>3</sup>)

Price change comparison against Q1 2021



- Cement and concrete prices remained relatively stable in Q2 2023, with both recording only a marginal increase of 0.4% in comparison to Q1 2023
- In comparison to Q1 2021 however, concrete prices up 19.6% and cement prices up 40.7%
- Prices are expected to remain around their current levels in the coming quarters, moderated by softer demand from the construction sector, due to increased interest rates and the general slowing of economic activity

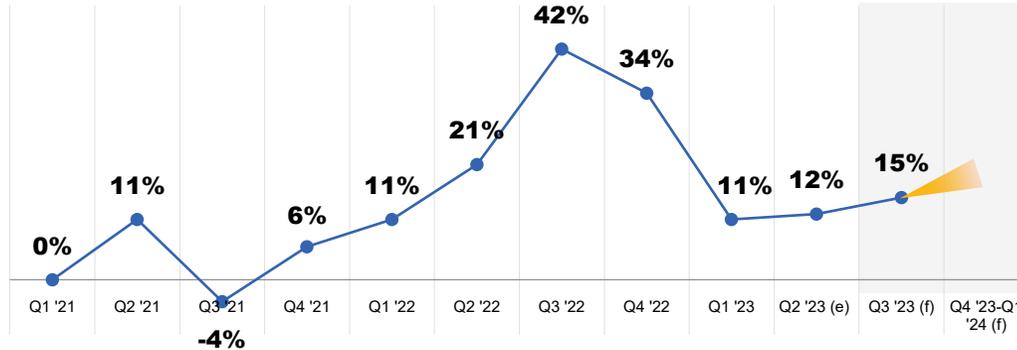
# Japan – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
96,500	98,789	↑ 0.9%	↑ 2.4%

### Price change comparison against Q1 2021



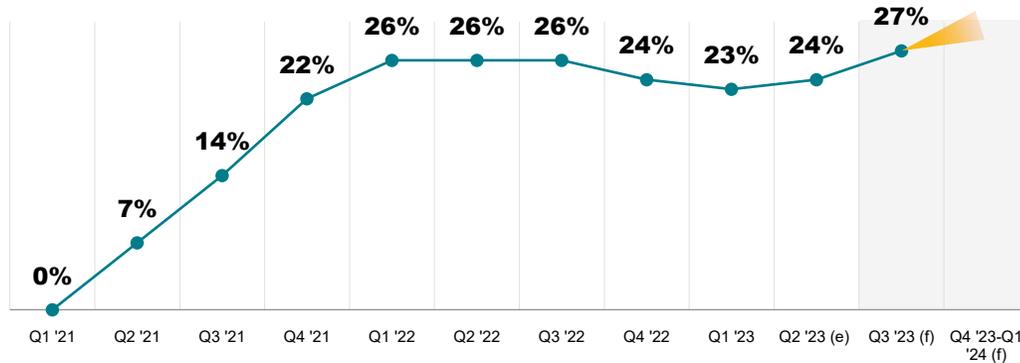
- Asphalt prices rose marginally in Q2 2023, driven in part by the weakening of the yen during the quarter and the phasing out of government oil subsidies in June 2023
- Asphalt prices are expected to continue to rise in the third quarter of this year, despite the strengthening of the yen, due to the progressive phasing out of subsidies to oil wholesalers. Spending on road infrastructure is also set to edge upwards



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (JPY/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
149	152	↑ 0.6%	↑ 2.1%

### Price change comparison against Q1 2021



- Diesel prices edged up marginally in Q2 2023, with the depreciation of the yen and the beginning of the phased ending of the government's fuel subsidy program in June 2023
- Prices remain significantly high in comparison to their Q1 2021 levels, being 24.1% higher during the second quarter
- Prices are expected to continue to rise in Q3 2023, with fuel subsidies ending, but a stronger yen will help to moderate this increase

# Japan – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (JPY/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
136,694	135,711	↑ 0.5%	↓ -0.7%

Price change comparison against Q1 2021



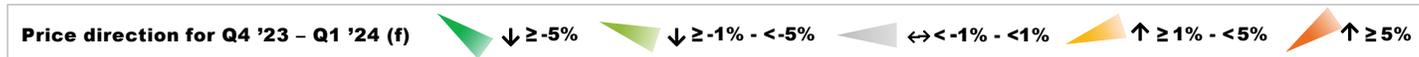
- Brick prices rose marginally in Q2 2023, recording an increase of 0.5% QoQ during the quarter
- In comparison to their prices in Q1 2021, brick prices were 25.5% higher in Q2 2023.
- Rising energy costs as government subsidies come to an end are expected to contribute to upward pressure on costs. However, this is expected to be offset by subdued demand from construction sector, keeping prices relatively stable in the second half of this year

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% - <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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 DC                       Data Centre



# Japan – Industry trends

## Sector trends



### Data Centres

The data centre market in Japan is rapidly growing, due to an increase in cloud adoption, high internet penetration and boosted by government funds dedicated to research in 6G communications systems. Improved submarine and inland connectivity is further supporting the sector's expansion. The market is expected to witness substantial growth, with a projected increase in value from JPY 2.1 tn in 2018 to JPY 3.7 tn in 2023, and a further rise to JPY 4.4 tn in 2027, according to Fuji Chimera Research Institute. While Greater Tokyo and Osaka remain the preferred data centre locations, the government is now promoting other regions such as Hokkaido and Kyushu.



### Life Sciences

Japan's biotechnology and pharmaceutical market is one of most prominent in APAC. The government has taken several initiatives such as tax breaks and financing for R&D to promote the sector. The Life Sciences sector in Japan is expected to expand due to an ageing population and rapid digitisation and as such, is attracting investments from international investors. Mirroring global trends, in 2021 US and European venture investors brought in US\$98mn worth of biopharma deals - almost triple the deals in 2019 and 2020.<sup>1</sup>



### High-tech Industrial

The Japanese government plans to boost semiconductor production by offering subsidies to attract global chip manufacturers. In October 2022, they announced plans to establish new semiconductor and battery factories. They have also allocated JPY 450bn (US\$373.1 mn) for semiconductor production, and JPY 6 tn (US\$49.8bn) for clean energy vehicles and research and development in the budget for 2023.

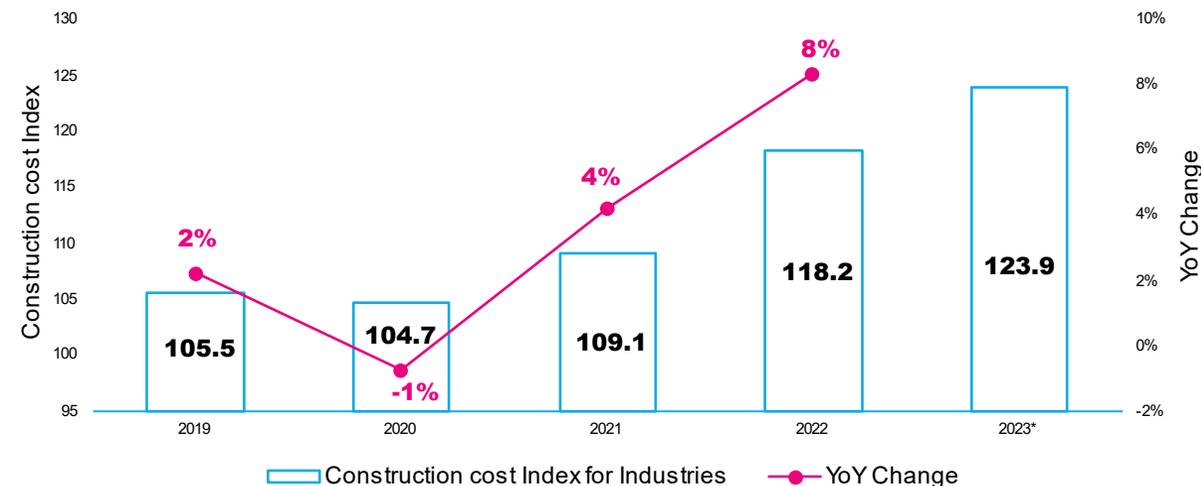


### Renewable Energy

Japan aims to generate 36-38% of its power from renewables by 2030 and achieve carbon neutrality by 2050. There has been a focus on offshore wind power as a sustainable energy source. One of the notable projects include offshore windfarm in Fukuoka, with 220 MW capacity.



## Construction price Index (CPI) for Industries\*\*



\*\*QoQ Change in CPI on annual basis

\*Average taken from Jan-23 to June-23

YoY Change (June-22 to June-23) - 6.27%

# Japan – Report methodology



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## Primary and secondary research

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## Sample sources – Japan

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

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# Singapore Country Commodity Report

**Q2 2023**



# Singapore

## Q2 2023

Singapore's economy grew by 0.7% in Q2 2023 on a YoY basis, faster than the 0.4% growth in Q1 2023. Inflation is showing signs of moderation but still elevated.

The construction sector grew by 6.6% since Q2 2022, led by an expansion of output in both public and private sectors. With the exception of the manufacturing sector, all construction sectors experienced growth. Interest rates are still affecting the profitability of construction sector, however, there is a positive outlook as some commodity prices are expected to stabilize.

Labour shortages in the industry are gradually improving, but still presents challenges. Although the job vacancy rate in the construction sector decreased to 2.4% in Q1 2023 from 4.5% in Q1 2022, it remains almost twice as high as pre-COVID levels. Adopting digital technologies and fostering a collaborative approach can assist in navigating the existing challenges within the industry.

There is a continued focus by the Building Construction Authority (BCA) on sustainable practices and the authority is implementing regulations related to use of prefabrication elements, decarbonisation, redevelopment and environmental protection and management at construction sites.



**Michael Murphy**  
Director - South East Asia



## Key Indicators

### GDP

**Grew by 0.7% on Q2 2023 YoY (advanced estimates)**



- YoY GDP growth in Q2 2023 was faster than the growth of 0.4% recorded in Q1 2023
- On a QoQ basis, the economy expanded by 0.3%, a reversal from the 0.4% contraction in the previous quarter

### CPI

**Rose to 5.1% YoY in May 2023, the lowest rate since early July 2022**



- Decline in inflation was attributed to a fall in food, services and private transportation sectors
- The Monetary Authority of Singapore (MAS) expects inflation to moderate further in H2 2023

### Construction output

**Expected to expand by 5.4% in real terms in 2023**



- Growth is being driven by investments in renewable energy, transport, housing and industrial projects
- Commercial sector is likely to witness the maximum growth of 17.6% in real terms

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 <b>Copper</b>	↓ -2%	↓ -6%	↓ -2%	Prices have moderated in recent quarters but will remain volatile
 <b>Steel rebar (raw)</b>	↓ -25%	↑ 1%	↑ 1%	Marginal quarterly increase in prices, expected to remain stable
 <b>Cement</b>	↑ 3%	↔ 0%	↔ 0%	Prices edging up marginally on a QoQ basis, and likely to remain stable
 <b>Lumber</b>	↑ 4%	↔ 0%	↔ 0%	Prices continue to remain flat on a QoQ basis

(e) - estimate (f) - forecast

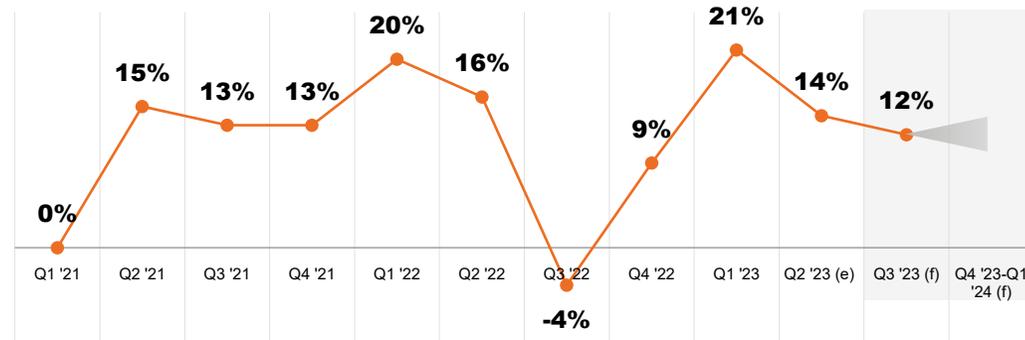
# Singapore – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$12,860	S\$12,664	↓ -6.3%	↓ -1.5%

Price change comparison against Q1 2021

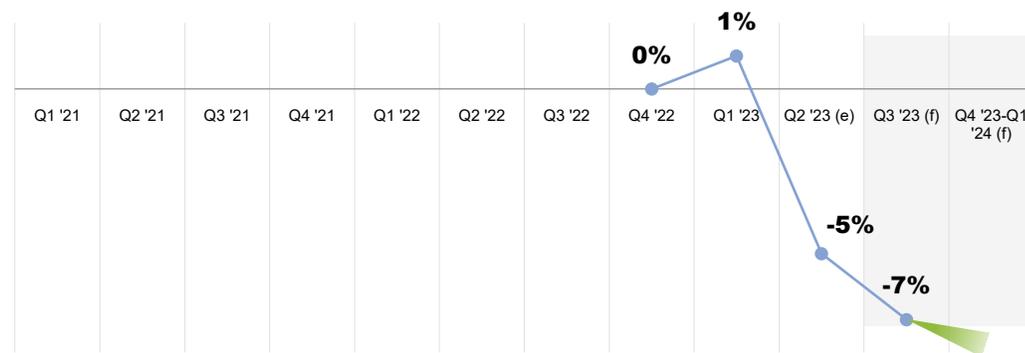


- Copper prices in Singapore moderated in the second quarter of this year, with a 6.3% QoQ fall in prices in Q2 2023
- Prices did, however, rise in June 2023, up 2% from May 2023, the first monthly increase this year
- Prices will be volatile in the coming quarters, but on a quarterly average, will remain close to current levels. Potential for further stimulus in China may see some upwards pressure on prices

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Low
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$3,318	S\$3,238	↓ -5.9%	↓ -2.4%

Price change comparison against Q4 2022



- Weak global manufacturing activity, an increase in nickel output in Indonesia and falling nickel pig iron prices see stainless steel prices decline by 5.9% QoQ in Q2 2023
- With manufacturing activity expected to remain soft in the coming quarters, a further decline of approximately 2.4% is expected in Q3 2023

# Singapore – Commodity Price Trends



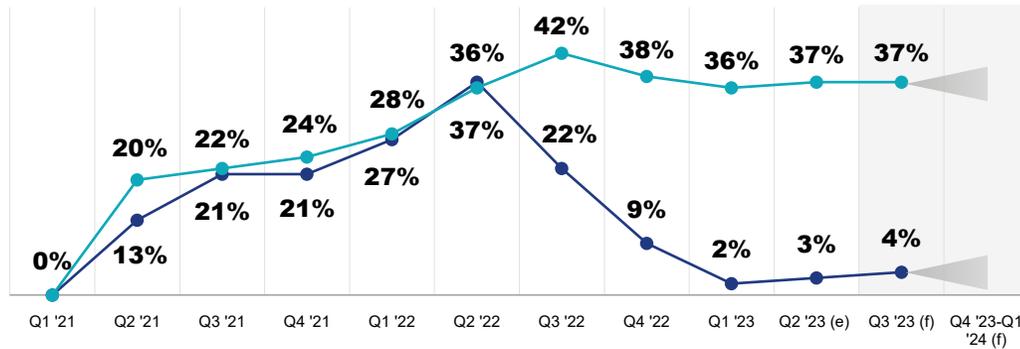
## Steel – rebar and flat

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

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (S\$/mt)</b>			
<b>S\$943</b>	<b>S\$949</b>	<b>↑ 0.6%</b>	<b>↑ 0.7%</b>
<b>Steel flat product (S\$/mt)</b>			
<b>S\$1,363</b>	<b>S\$1,369</b>	<b>↑ 0.3%</b>	<b>↑ 0.4%</b>

Price change comparison against Q1 2021



- Steel prices recorded a marginal quarterly increase in Q2 2023, as seasonal construction activity strengthened
- Although edging up in Q2 2023, steel rebar prices were down by 25% year on year. However, steel-flat prices have stayed relatively high, owing to demand from other industries
- Steel rebar and flat prices are expected to remain around currently levels in the coming quarters, as domestic demand improves. However, potentially weaker global demand could see prices ease back

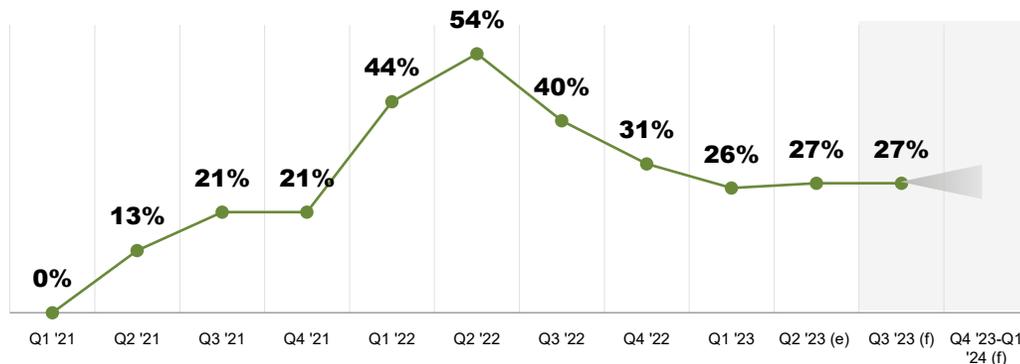
## Welded mesh

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

Price (S\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$12.6</b>	<b>S\$12.6</b>	<b>↑ 0.5%</b>	<b>↑ 0.4%</b>

Price change comparison against Q1 2021



- Welded mesh prices rose by approximately 0.5% QoQ in the second quarter of this year, predominantly reflecting a similar increase in steel rebar prices
- With rebar prices expected to continue to increase in Q3 2023, welded mesh prices are projected to rise

\* 200 x 300 cm; diameter 4mm



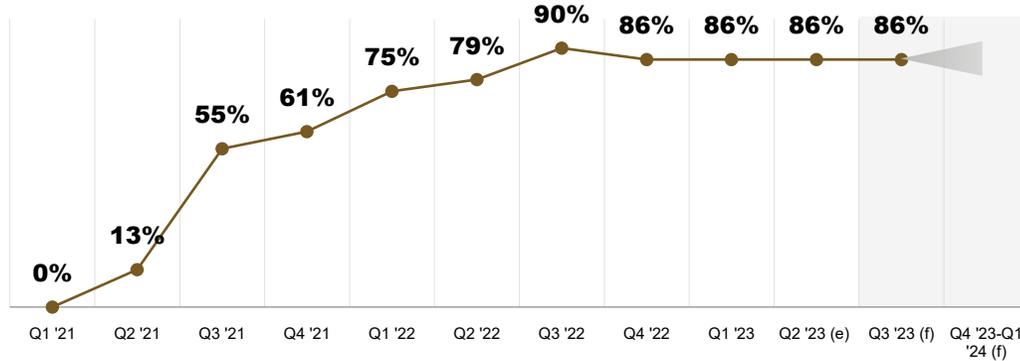
# Singapore – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (S\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$122</b>	<b>S\$122</b>	↔ 0%	↑ 0.1%

Price change comparison against Q1 2021



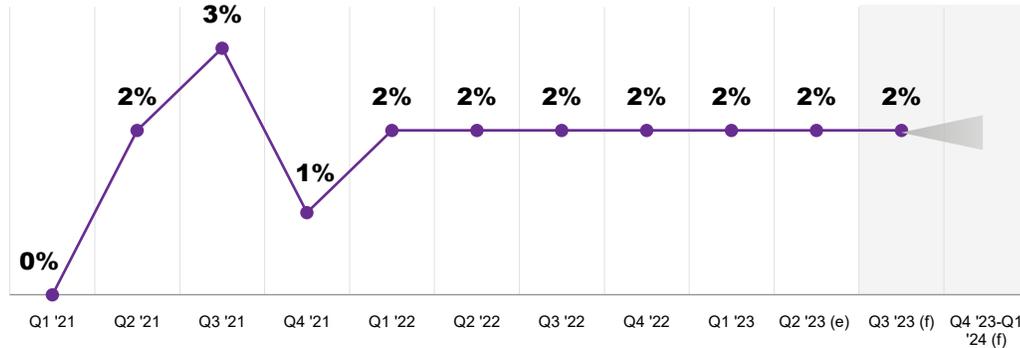
- Lumber prices remained relatively flat in the second quarter of this year, with no real change in prices seen. Prices were, however, still elevated, being approximately 3.8% higher than in Q2 2022 and 86% higher than in Q1 2021
- Prices are expected to remain close to current levels in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (S\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$9.4</b>	<b>S\$9.4</b>	↔ 0%	↔ 0%

Price change comparison against Q1 2021



- Plasterboard prices have remained stable in recent quarters, indicating a well-balanced market
- Prices are expected to remain around their current levels in Q3 2023, with the potential for price increases in the medium term, given demand may pick up quickly as construction activity continues to improve

\* 122 x 183 x 1.25 cm (L x W x T)

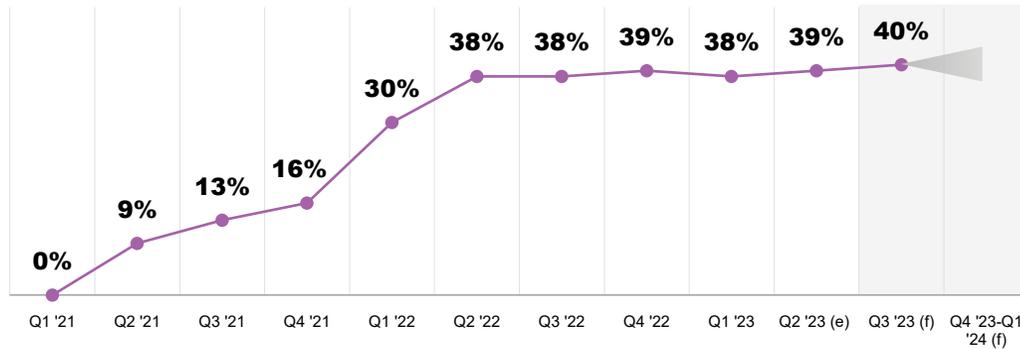
# Singapore – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$42.0</b>	<b>S\$42.1</b>	↑ 0.5%	↑ 0.3%

Price change comparison against Q1 2021

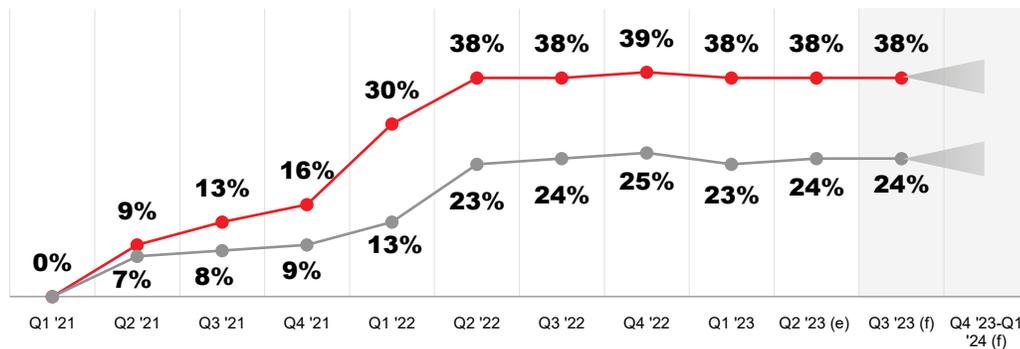


- Limestone prices remained relatively stable in the second quarter of this year, with prices estimated to have risen by a marginal 0.5%
- Though transport and production costs have eased, this has not been passed on to buyers
- Limestone prices are projected to remain around their current levels in Q3 2023, with stronger construction activity expected to contribute to an upwards pressure

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$118</b>	<b>S\$118</b>	↑ 0.1%	↔ 0%
● <b>Cement</b> (S\$/mt)			
<b>S\$118</b>	<b>S\$118</b>	↑ 0.2%	↔ 0%
● <b>Concrete</b> (S\$/m³)			

Price change comparison against Q1 2021



- Concrete and cement prices have remained high in recent quarters, with improving demand as construction activity strengthened, outweighing an easing of energy costs
- At current levels, prices for cement are 38% higher than in Q1 2021, while concrete prices are up by 24%
- Despite an easing of energy and logistics costs, higher cement prices and robust demand are expected to see prices remain elevated in the coming quarters

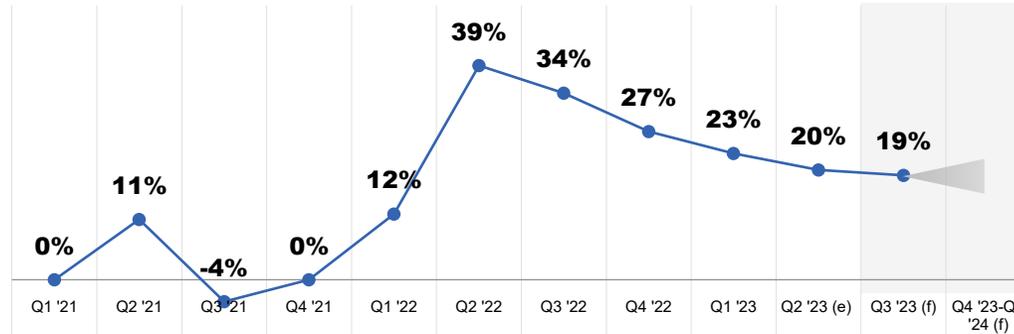
# Singapore – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (S\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$436</b>	<b>S\$433</b>	↓ -2.5%	↓ -0.7%

Price change comparison against Q1 2021



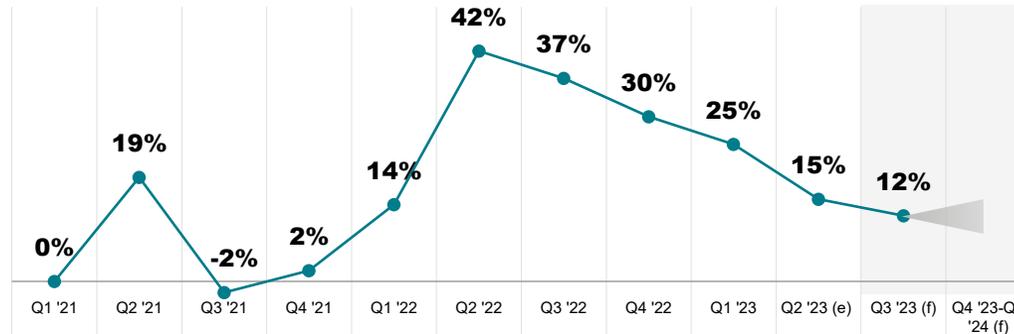
- Asphalt prices declined by approximately 2.5% in Q2 2023, compared to Q1 2023 levels
- Despite a tightening of output by OPEC+, global oil demand has continued to slow, constrained by China's faltering economic rebound
- With oil prices expected to continue fall in the coming quarters, a further decline in asphalt prices is expected in Q3 2023. However, prices will stay relatively high



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Low		Moderate	Low
Price (S\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>S\$2.41</b>	<b>S\$2.35</b>	↓ -7.8%	↓ -2.6%

Price change comparison against Q1 2021



- Diesel prices are estimated to have fallen by 8% QoQ in Q2 2023, a fourth successive quarter of decline since their peak in Q2 2022
- Diesel prices were down by 18.7% YoY in Q2 2023, but in comparison to Q1 2021 diesel prices remain elevated, being 15.4% higher in Q2 2023
- Despite the OPEC+ output cut, the slowing of global economic activity is expected to drive a further fall in diesel prices in Q3 2023

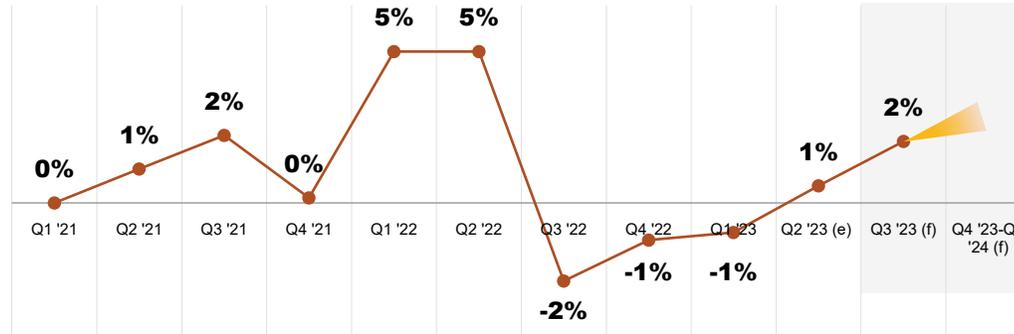
# Singapore – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (S\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
S\$3,447	S\$3,494	↑ 1.4%	↑ 1.3%

Price change comparison against Q1 2021



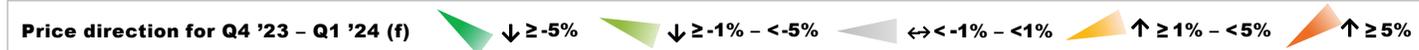
- Brick prices are estimated to have risen in the second quarter of this year, as construction activity strengthened. Brick prices increased by 1.4% QoQ in Q2 2023, though did fall 3.9% from their peak in Q2 2022
- With construction activity expected to remain robust in Q3 2023, brick demand is expected to strengthen and prices are expected to continue to rise, although falling energy costs and easing supply chain disruption will moderate this price growth

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% – <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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

- QoQ Quarter on Quarter
- YoY Year on Year
- MoM Month on Month
- GDP Gross Domestic Product
- CPI Consumer Price Index (wherever not specified)
- e estimated
- f forecasted
- EV Electric Vehicles
- DC Data Centre



# Singapore – Industry trends

## Sector trends



### Data Centres

As a key data center hub in APAC, Singapore data centres had a market value of \$1.6bn in 2021 which is projected to grow at a 5-year CAGR of 16%.<sup>1</sup> After relaxing the moratorium, 4 DC operators were allocated 80 MW of capacity for new facilities, with plans for further capacity allocation to strengthen Singapore's position as a sustainable global digital hub. Additionally, Infocomm Media Development Authority (IMDA), released operating standards to optimise energy efficiency, allowing data centers to operate at 26 degrees celsius and above.



### Life Sciences

Singapore is emerging as a thriving hub for the booming life sciences industry, leading to a surge in demand for associated real estate infrastructure. With its skilled talent pool, robust logistical network, government funding, and well-developed physical infrastructure, the country maintains its competitive edge as a biomedical hub. As per Statista, the pharmaceutical sector in Singapore is expected to grow at a CAGR of 6.77%, to reach a value of \$2.2bn by 2028.



### High-tech Industrial

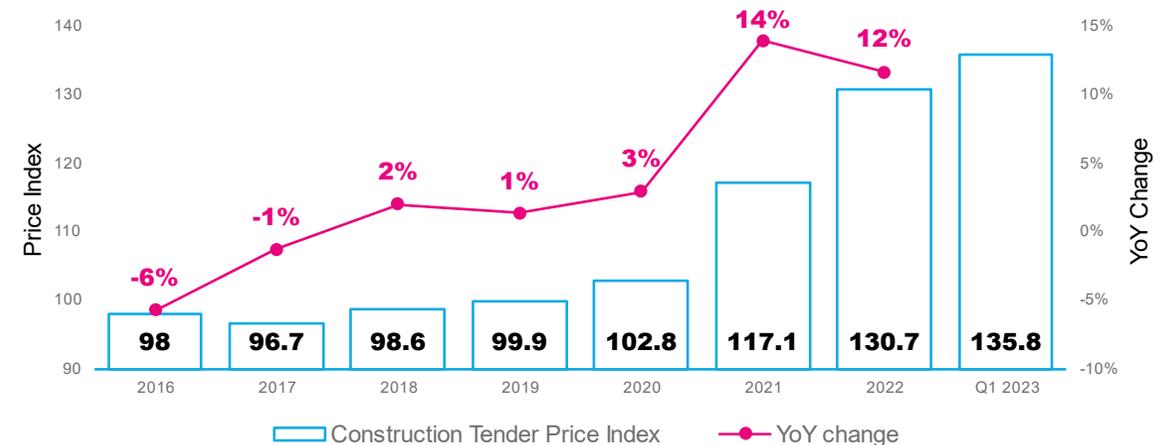
Singapore's semiconductor industry has a strategic advantage due its strong ecosystem, skilled workforce, and government support. Whilst there is a global competition in the semiconductor space due to economic and strategic reasons, Singapore attracted a record SGD22.5bn (\$16.4bn) in fixed asset investments in 2022 driven largely by electronics sector, as reported by Economic Development Board of Singapore. Amidst a downturn in the manufacturing sector caused by weak global demand, there is a glimmer of hope as the overall electronics sector's decline has started to slow down.



### Renewable Energy

With a resolute commitment to achieve net zero emissions by 2050, the Singaporean government continues to prioritise the renewable energy sector. Notable investments are being made in the wind power sector to bolster clean energy production. Moreover, the launch of the National Hydrogen Strategy in late October 2022 signifies the country's ambitious plan to have low-carbon fuel contribute up to 50% of Singapore's power needs by 2050, further solidifying its dedication to a sustainable and green future.

## BCA Construction Tender Price Index\*



\* BCA refers to Building and construction authority, (Base Year 2010 =100)

# Singapore – Report methodology



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

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## Primary and secondary research

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

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

## Definitions

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

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

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

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

## Sample sources – Singapore

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

IMF

- Ministry of Trade and Industry
- Singapore Institute of Surveyors and Valuers
- BCA
- GlobalData's Construction Intelligence Center (CIC)
- Energy Market Authority Singapore
- Ministry of Manpower Singapore (Singapore Yearbook Of Manpower Statistics 2023)
- Economic Research Institute
- Economic Development Board of Singapore
- 1-Structure Research DCI Report Series (market: Singapore)

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

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# South Korea

## Country Commodity

### Report

**Q2 2023**



# South Korea

## Q2 2023

The South Korean economy outperformed expectations in Q2 2023, with inflation also following a decelerating trajectory. Interest rates however, are still elevated which is impacting the construction industry.

Freight costs are gradually normalising and prices of key commodities like steel and copper have declined from the highs of 2022, however, prices of cement and concrete are still elevated.

The construction industry is projected to experience a marginal growth in 2023 due to a weakness in the residential sector. Major South Korean construction firms are planning to boost their overseas ventures and decrease domestic projects in 2023 to enhance profitability. This shift comes in response to escalating domestic construction costs and a slowdown in the housing market. However, investments in high-tech sectors like EV and battery manufacturing projects are steadily increasing. Despite short term challenges, the overall construction sector is expected witness growth in medium-long term.



**Garvan Barry**  
Director - North East Asia



### Key Indicators

#### GDP

**Grew by 0.9% QoQ on an annual basis**



- GDP grew by 0.6% on a QoQ basis as compared to previous quarter
- Growth was faster than expected which was led by an increase in manufacturing and services sector output

#### CPI

**Rose by 2.7% in June 2023 from the same month in last year**



- Inflation slowed more than expected and was lowest in the last 21 months
- Slowdown was attributed to reduction in fuel prices

#### Construction output

**Expected to grow marginally by 0.8% in real terms in 2023**



- A slowdown in growth is attributed to global economic and industrial weakness, increase in inflation and high interest rates
- Growth of 3.5% is expected in the period 2024-2027 led by investments in battery and electric vehicle manufacturing sectors

### Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
<b>Copper</b>	↓ -6%	↓ -2%	↔ 0%	Prices have declined and likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -16%	↓ -3%	↓ -1%	Prices have continued to decline
<b>Cement</b>	↑ 12%	↑ 4%	↑ 1%	Prices have continued to rise, likely to edge upwards
<b>Lumber</b>	↑ 6%	↓ -1%	↓ -2%	Prices trending downwards

(e) - estimate (f) - forecast

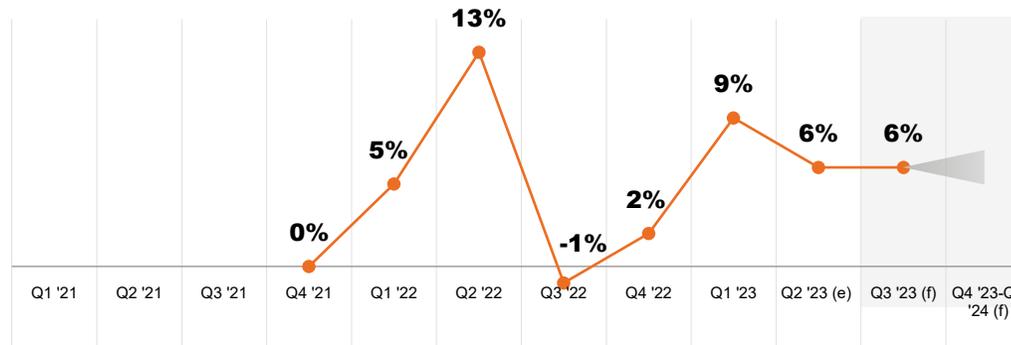
# South Korea – Commodity Price Trends



## Copper

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
11,151,644	11,099,089	Low	Low	-2%	-0.5%

Price change comparison against Q4 2021



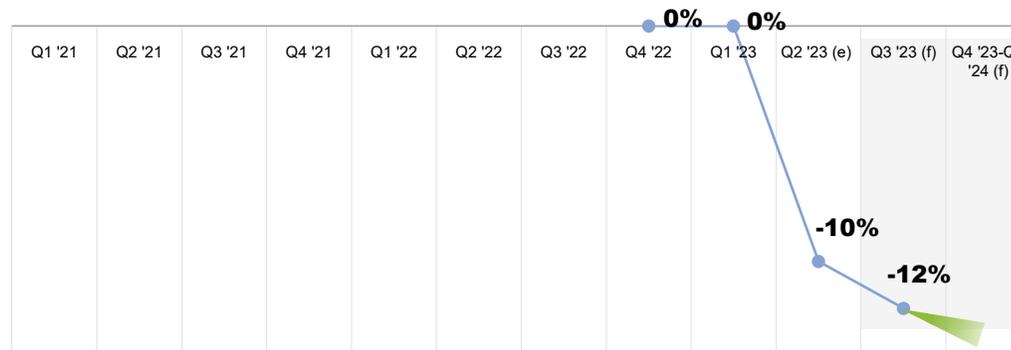
- Copper prices dropped by 2% QoQ in Q2 2023
- The fall in price was primarily due to declining demand from China and weaker market sentiment as global economic growth slowed
- Prices are expected to remain at current levels on a quarterly average basis in the short term, given ongoing weakness on the demand side



## Stainless Steel

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,645,707	1,609,595	Moderate	Moderate	-10%	-2.2%

Price change comparison against Q4 2022



- Stainless steel prices dropped by 10% QoQ in Q2 2023, driven down by declining nickel and nickel pig iron prices and a softening of demand as global manufacturing output slumped
- With steel manufacturer POSCO freezing its prices in June 2023, prices will remain close to current levels in the short term, however with weak end-user demand and further weakness in key inputs, price is expected to decline further in the coming quarters

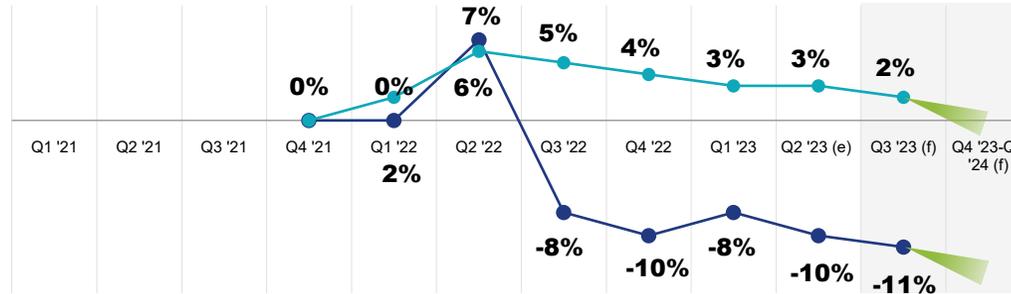
# South Korea – Commodity Price Trends



## Steel – rebar and flat

Price Change (e) vs (f)		Level of Impact		Material Availability		General State of Supply Chain	
Moderate		Moderate		Moderate		Moderate	
Price		% change		Q1 '23 - Q2 '23 (e)		Q2 '23 (e) - Q3 '23 (f)	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)				
<b>Steel rebar (raw) (KRW/mt)</b>							
931,915	924,522	↓ -2.6%	↓ -0.8%				
<b>Steel flat product (KRW/mt)</b>							
971,771	968,263	↓ -0.7%	↓ -0.4%				

Price change comparison against Q4 2021



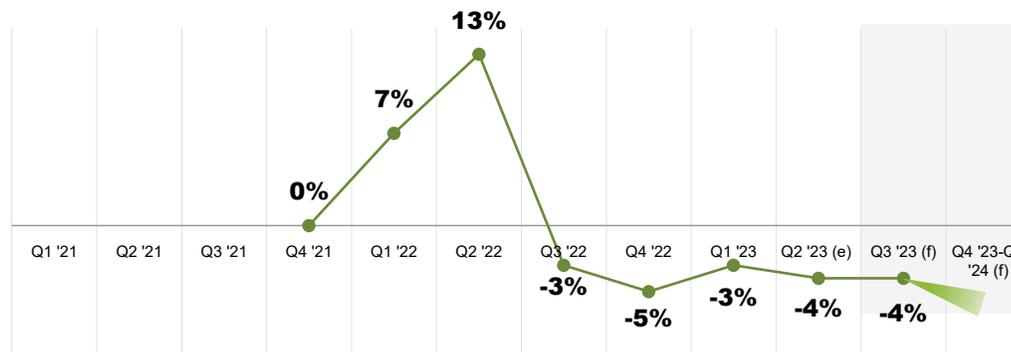
- Steel prices have continued on a general downward trend, with steel rebar prices dropping in Q2 2023 by 2.6% QoQ and steel flat prices by a more marginal 0.7%
- Comparatively weaker demand from the construction sector amid high interest rates and a slowing economy is expected to keep demand for steel soft in the short term, although demand from the automobile manufacturing sector will moderate the decline in steel flat prices



## Welded mesh

Price Change (e) vs (f)		Level of Impact		Material Availability		General State of Supply Chain	
Moderate		Low		Low		Low	
Price (KRW/unit*)		% change		Q1 '23 - Q2 '23 (e)		Q2 '23 (e) - Q3 '23 (f)	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)				
7,957	7,932	↓ -1.1%	↓ -0.3%				

Price change comparison against Q4 2021



- Steel mesh prices have been relatively stable in recent quarters, and in comparison, to Q4 2021, steel mesh prices were 4.1% lower in Q2 2023
- With steel rebar prices declining and demand from the building construction sector relatively soft, the price of steel mesh is expected to continue to fall in the second half of this year

\* 100 x 200 cm; diameter 5mm

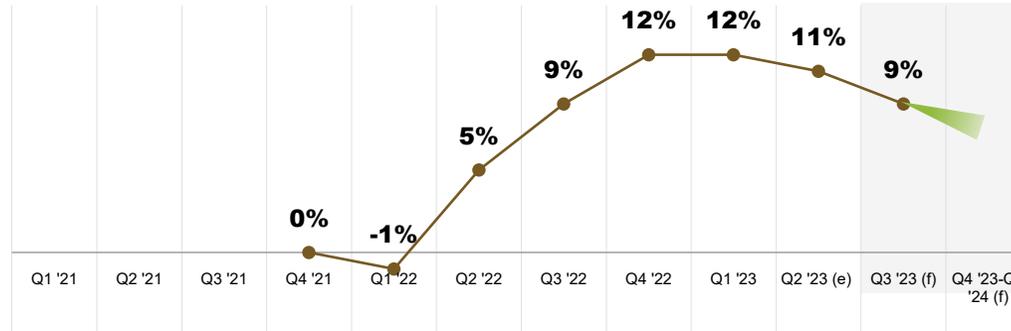
# South Korea – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (KRW/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
367,738	361,000	↓ -0.9%	↓ -1.8%

### Price change comparison against Q4 2021



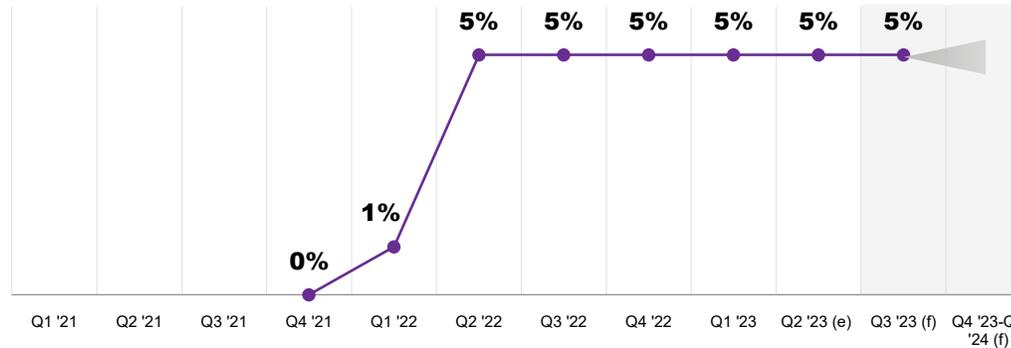
- Lumber prices have fallen back marginally from recent highs, recording a decline of 1% QoQ in Q2 2023
- Weak demand from the residential construction sector, which is expected to record only marginal growth this year, is expected to keep lumber prices trending downwards in the coming quarters



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (KRW/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
4,125	4,125	↔ 0%	↔ 0%

### Price change comparison against Q4 2021



- Weak demand from the building construction sector has contained upward pressure on plasterboard prices, which has been stable in recent quarters
- Prices were, however, still up by 5% in comparison to Q4 2021
- Building construction activity will remain sluggish in the coming quarters, keeping the price of plasterboard close to current levels

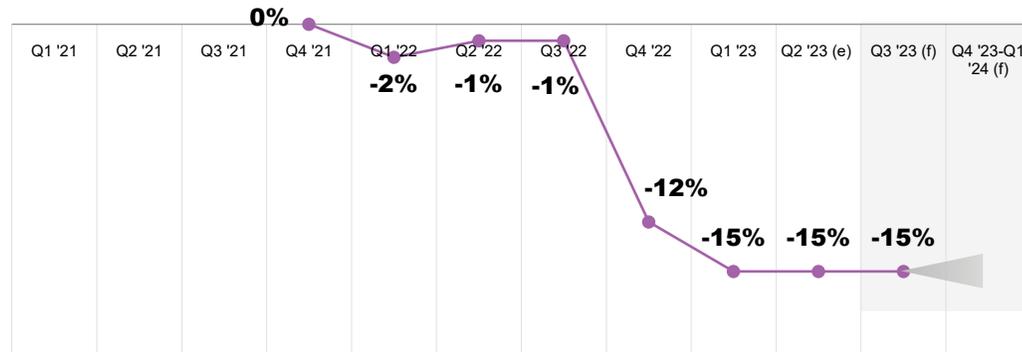
\* 90 x 180 x 1.2 cm (L x W x T)

# South Korea – Commodity Price Trends

## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (KRW/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
825,833	825,833	↔ 0%	↔ 0%

Price change comparison against Q4 2021

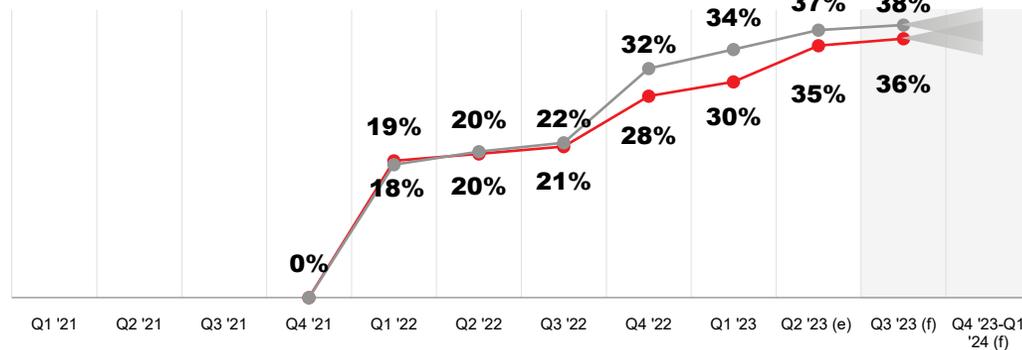


- The price of limestone is estimated to have remained stable in Q2 2023, having dropped back in late 2022
- With construction demand being sluggish, limestone prices are expected to remain close to current low levels in the coming quarters

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>420,081</b>	<b>423,695</b>	<b>↑ 4.0%</b>	<b>↑ 0.9%</b>
<b>—●— Cement (KRW/mt)</b>			
<b>162,798</b>	<b>163,612</b>	<b>↑ 2.0%</b>	<b>↑ 0.5%</b>
<b>—●— Concrete (KRW/m³)</b>			

Price change comparison against Q4 2021



- Owing to high production costs, cement and concrete prices continued to rise in Q2 2023
- The upward trend reflects KEPCO's increase of electricity rates in H1 2023 with major cement producers citing higher electricity rates as a reason for the rise. Prices will remain high in the short term, however the Ministry of Trade, Industry, and Energy is urging cement manufacturers to prioritize price stabilisation
- Weaker demand will also help in levelling off the price

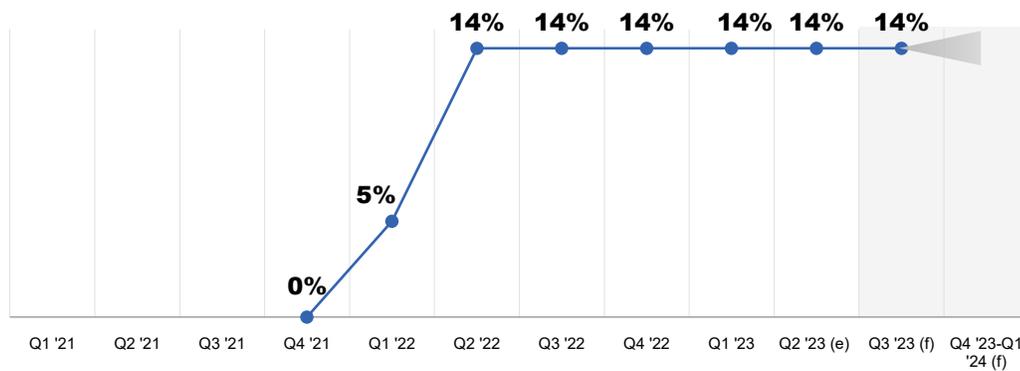
# South Korea – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (KRW/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
66,200	66,200	↔ 0%	↔ 0%

Price change comparison against Q4 2021



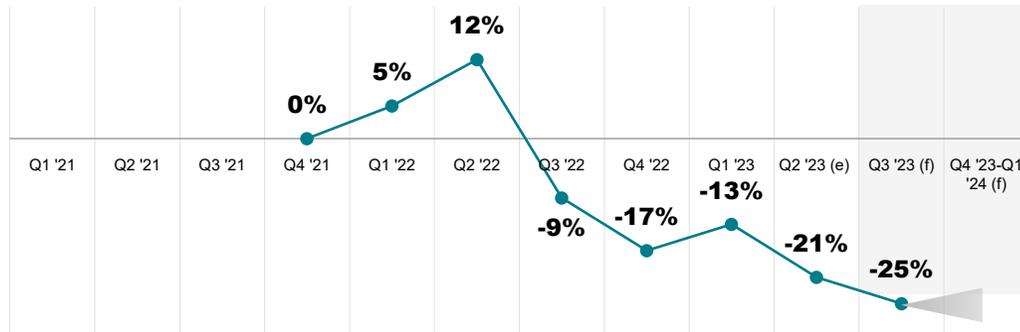
- Asphalt prices remained stable in Q2 2023, recording no notable change to Q1 2023 levels
- The price of asphalt is expected to remain around its current level in the coming quarters, with lower crude oil prices offset by robust demand from the road construction sector
- The Korea Motorway Corporation's Motorway Construction Promotion Plan, 2023, involves a total investment of \$4.7 billion for the development of a 150km motorway



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (KRW/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
1,467	1,402	↓ -8.8%	↓ -4.5%

Price change comparison against Q4 2021



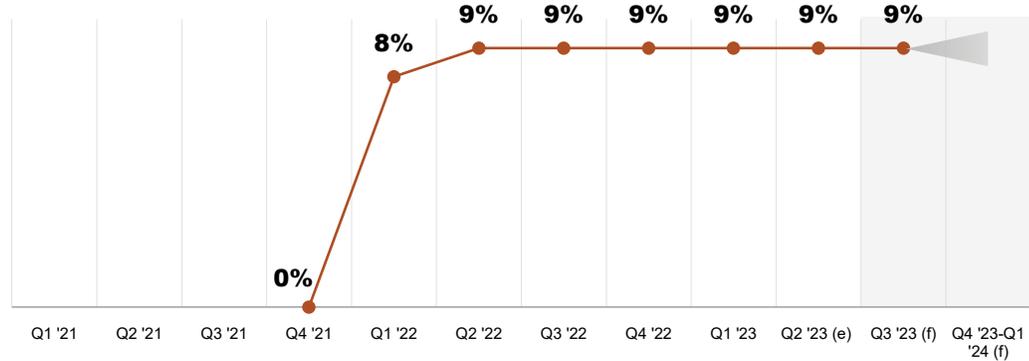
- Diesel prices decreased by 9% QoQ in Q2 2023, continuing a general downward trend since Q2 2022
- Prices fell sharply through the quarter, dropping by 5.3% MoM in June 2023, following a 4.1% decline in May and a 0.3% fall in April 2023
- Diesel prices are expected to continue to decline in Q3 2023. However, with OPEC+ nations extending crude oil production cuts into 2024, prices will then remain relatively stable

# South Korea – Commodity Price Trends

## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (KRW/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
650,000	650,000	↔ 0%	↔ 0%

Price change comparison against Q4 2021



- Brick prices have remained stable in recent quarters, but at a high level relative to Q4 2021
- Higher interest rates, sluggish economic growth and elevated rates of inflation have kept construction activity relatively moderate, containing upward pressure
- Brick prices are expected to remain at their current levels in the second half of this year

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

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

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                        Electric Vehicles  
 DC                        Data Centre

# South Korea – Industry trends

## Sector trends



### Data Centres

The Korean data centre market, previously dominated by local players, is now attracting international investors due to its digital progression, growing cloud adoption, and a flourishing gaming and media industry, supported by robust connectivity. The Seoul Metropolitan region serves as the primary hub for data centres in the country. There are more than \$13bn worth of data centre projects in the pipeline with 70% of the projects (by value) in planning stage.



### Life Sciences

The life science industry in South Korea has experienced rapid growth in recent years, supported by various initiatives to enhance research, development, and commercial activities in the sector. As per a report by biotechgate, in 2021, the industry received a VC funding of US\$228 mn. Songdo International City is an established bio cluster while regions like Pangyo Techno Valley, Osong High-tch medial complex, Kmedi-hub are supporting R&D activities.



### High-tech Industrial

South Korea is known for its technology-oriented manufacturing industry. It is one of the world's leading players in the memory chip market and EV manufacturing sector. To boost the battery manufacturing sector, the South Korean government recently announced a US\$15bn funding initiative to support advanced battery technologies, including solid state batteries.

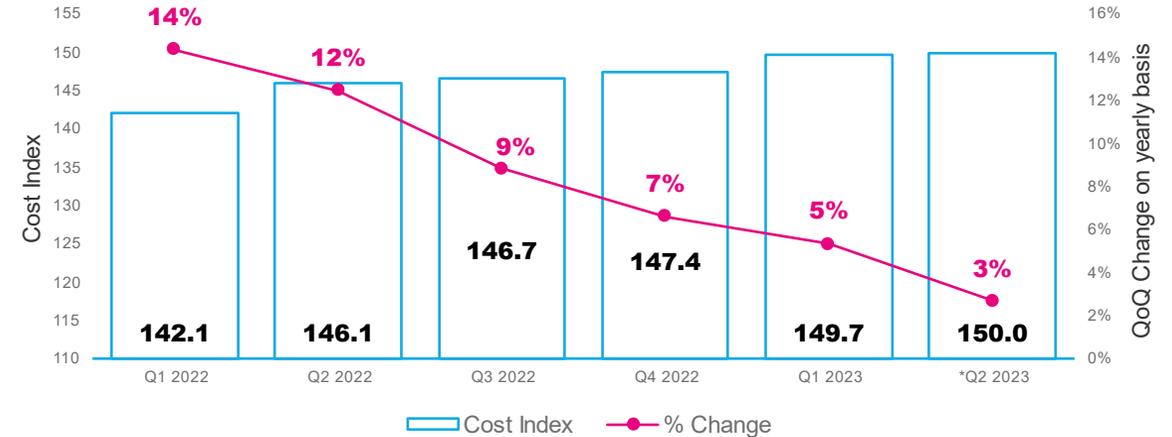


### Renewable Energy

The South Korean government is committed to substantially increasing the share of renewable energy as a percentage of the total energy generation in the country. The government has a target to reduce greenhouse gas emissions by 40% from 2018 levels by 2023, and achieving carbon neutrality by 2050. The Ministry of Industry, Trade, and Energy (MoI TE) has set new goals to escalate renewable energy generation from 9% in 2021 to 21.6% in 2030 and 30.6% in 2036.



## Construction price Index (CPI) for Non-Residential\*\*



\*Average of April and May 2023 (Values for May are provisional)

\*\*Base year 2015=100,

# South Korea – Report methodology



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

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## Primary and secondary research

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

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

## Definitions

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

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

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

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

## Sample sources – South Korea

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

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

**Disclaimer:** The commodity report contains information, data, and analysis related to the construction industry. While we strive to provide accurate and up-to-date information, it is important to note that the commodity market is subject to various factors, uncertainties, and changes that may impact the accuracy or reliability of the report's contents. By using the commodity report, you acknowledge and agree that Linesight assumes no responsibility or liability for any inaccuracies, errors, omissions, or losses that may arise from your reliance on the information presented in the report. It is essential that users exercise their independent judgment, conduct their own research, and seek professional advice before making any decisions based on the information contained within the report.



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# Taiwan

## Country Commodity

### Report

#### Q2 2023



# Taiwan

## Q2 2023

Following strong growth in 2021 and 2022, Taiwan's economy saw two successive quarters of negative growth in Q4 2022 and Q1 2023, due to the slowdown of exports in the global economy. Interest rates have remained high, affecting the construction sector, however, inflation is now showing signs of easing, and we are not expected to see further interest rates rises. There are overall concerns for the declining semiconductor exports, due to weak global demand and competition from developed countries with their semiconductor resilience plans. While the construction sector is projected to grow marginally, data centres and renewables attract investments from local and international players.

Labour shortage is a significant concern in the construction industry, impacting project timelines and budgets, however the government is making efforts to address it. The recent easing of restrictions on hiring migrant workers in the construction industry allows for more overseas workers. The supply chain is gradually normalising, and commodity prices are easing, with the exception of those which incurred high product cost last year, like concrete and bricks. A collaborative approach with meticulous planning can help navigate the industry's challenges.



**Garvan Barry**  
Director - North East Asia



## Key Indicators

### GDP

Contracted by 2.87% in Q1 2023 on an annual basis



- The contraction of the GDP was mainly attributed to a dip in the exports, due to weak global economic outlook
- However, private consumption grew by 6.48% in Q1 2023, and GDP growth for 2023 has still been projected to grow by 2.04%

### CPI

Grew by 1.75% in June 2023 on YoY basis



- CPI increased by 0.11% from the previous month.
- This was the lowest yearly increase in inflation since March 2021

### Construction output

Likely to expand by 0.5% in 2023 in real terms



- A slowdown in growth is attributed to high interest rates and weak demand
- The construction sector is expected to rebound at a growth rate of 3.5% from 2024 to 2027 led by investments in transport and energy infrastructure

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
<b>Copper</b>	↓ -10%	↓ -12%	↓ -0.5%	Prices have declined but likely to remain volatile
<b>Steel rebar (raw)</b>	↓ -17%	↓ -5%	↓ -6%	Prices continued trending downward
<b>Cement</b>	↓ -8%	↔ 0%	↓ -0.2%	Prices have stabilised, likely to edge downward
<b>Lumber</b>	↓ -2%	↔ 0%	↓ -0.2%	Prices edged downward, likely to decrease further

(e) - estimate (f) - forecast

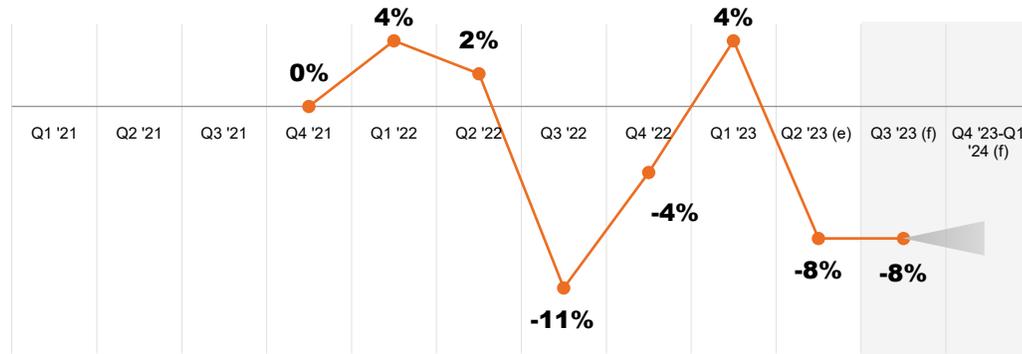
# Taiwan – Commodity Price Trends



## Copper

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$239,595	NT\$238,464	Low	Low	-11.8%	-0.5%

Price change comparison against Q4 2021



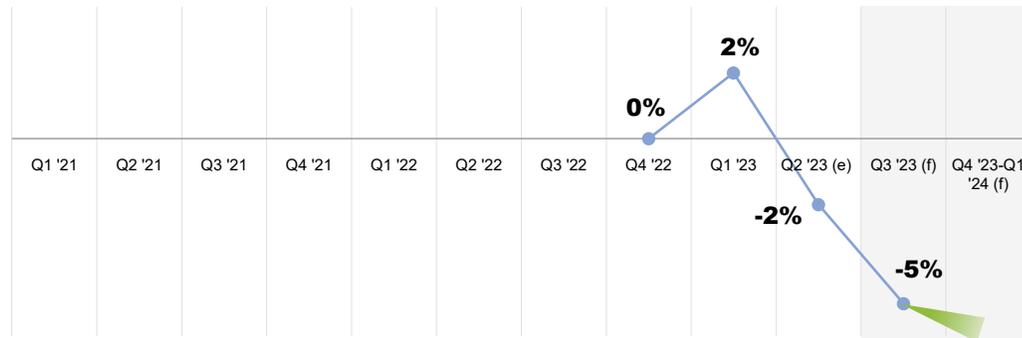
- Copper prices declined by 11.8% QoQ in the second quarter of this year
- Copper prices fell sharply in May 2023, recording a decline of 5.2% MoM, before improving in June 2023
- Prices will remain volatile, but on a quarterly average basis, prices will remain close to current levels, with weak global manufacturing activity and China's faltering economic rebound being offset by concerns over limited inventories



## Stainless Steel

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
Q2 '23 (e)	Q3 '23 (f)	Material Availability	General State of Supply Chain	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$35,374	NT\$34,447	Low	Low	-4.1%	-2.6%

Price change comparison against Q4 2022



- Stainless steel prices declined by 4% QoQ in Q2 2023, weighed down by weaker domestic and global demand
- Prices are expected to continue to fall in the second half of this year, as global demand continues to soften and increased nickel output in Indonesia sees input prices fall further
- Weak manufacturing production in China, the US and the Eurozone will further weigh on stainless demand, generating additional downwards pressure on prices

# Taiwan – Commodity Price Trends



## Steel – rebar and flat

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

Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)

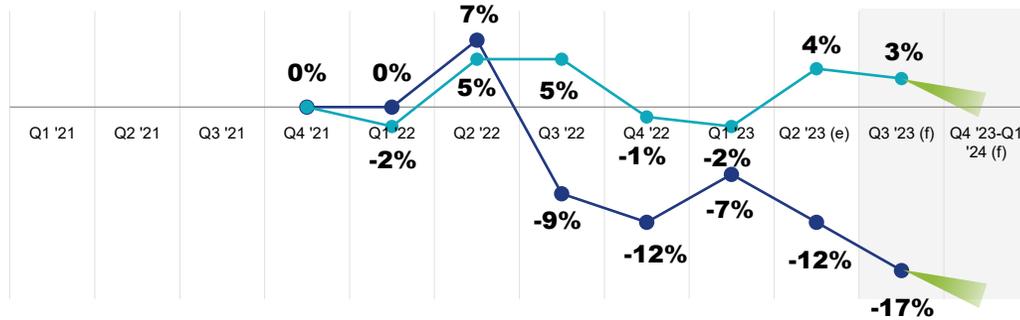
—●— **Steel rebar (raw)** (NT\$/mt)

**NT\$19,831** **NT\$18,708** ↓ **-5.3%** ↓ **-5.7%**

—●— **Steel flat product** (NT\$/mt)

**NT\$33,247** **NT\$32,850** ↑ **6.4%** ↓ **-1.2%**

Price change comparison against Q1 2021



- Steel flat prices rose by 6.4% QoQ in Q2 2023, while rebar prices declined by 5.3%
- China Steel Corporation (CSC) increased prices in Q2 2023, expecting higher global demand, driving up steel-flat prices but rebar prices fell due to excess supply and weak residential construction output in China
- However, with the demand recovery on hold, CSC announced cuts of up to TWD2,000 a ton for Q3 2023, causing both steel-flat and rebar prices to fall



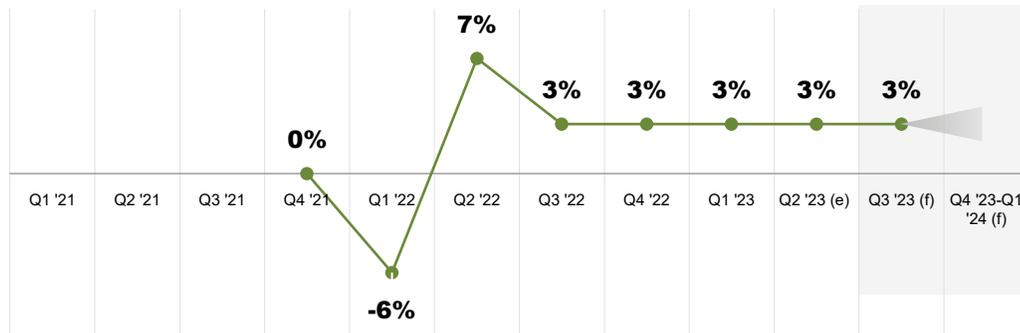
## Welded mesh

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

Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>NT\$360</b>	<b>NT\$360</b>	↔ <b>0%</b>	↔ <b>0%</b>

\* 150 x 300 cm; diameter 5mm

Price change comparison against Q1 2021



- Welded mesh prices have remained flat, recording no notable change from their Q1 2023 levels in the second quarter of this year
- Falling rebar prices and weak construction activity are expected to see welded mesh prices remain around their current levels into the second half of this year

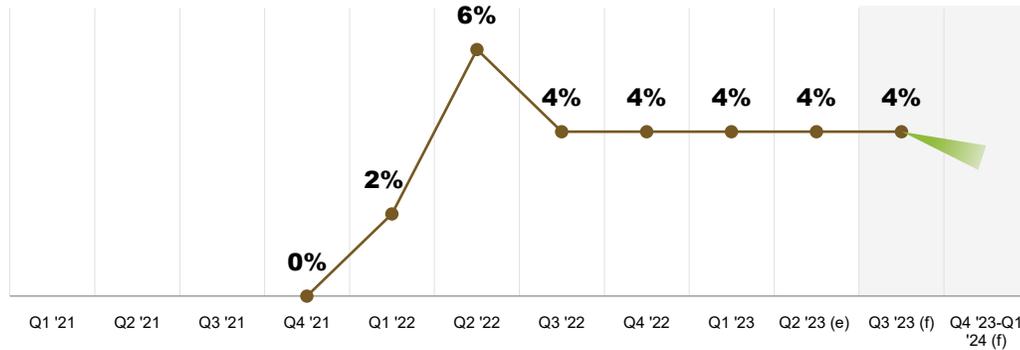
# Taiwan – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (NT\$/m <sup>3</sup> )		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$6,809	NT\$6,798	↓ -0.1%	↓ -0.2%

### Price change comparison against Q1 2021



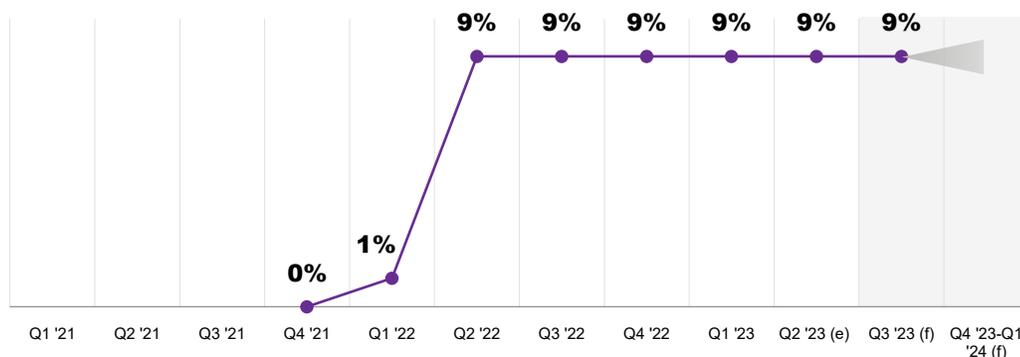
- Lumber prices remained stable in Q2 2023, recording a minor decline of 0.1% in comparison to their Q1 2023 levels
- Lumber prices remain elevated however, in comparison to Q4 2021, being approximately 4.1% higher in Q2 2023
- Comparatively softer demand from the construction sector is expected to see lumber prices continue to fall in H2 2023



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$250	NT\$250	↔ 0%	↔ 0%

### Price change comparison against Q1 2021



- The price of plasterboard is expected to remain flat in short-term owing to a softer demand from the residential construction sector
- Despite plateauing, plasterboard prices remain elevated as producers are still recovering losses incurred due to high production costs last year

\* 122 x 183 x 1.2 cm (L x W x T)

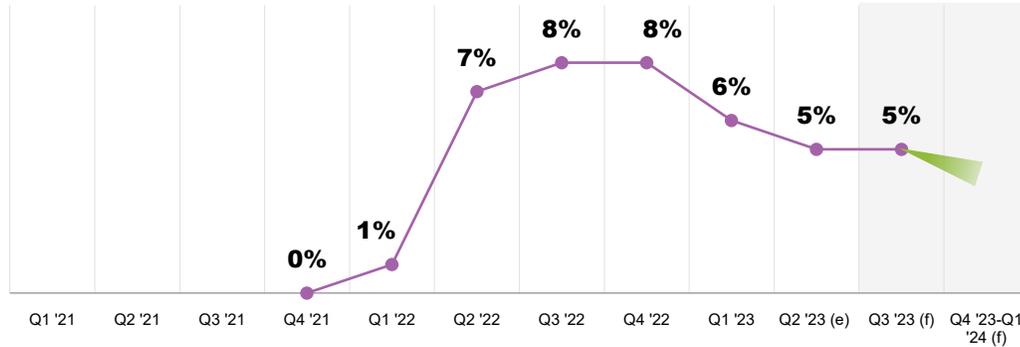
# Taiwan – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$1,809	NT\$1,794	↓ -0.5%	↓ -0.8%

Price change comparison against Q1 2021

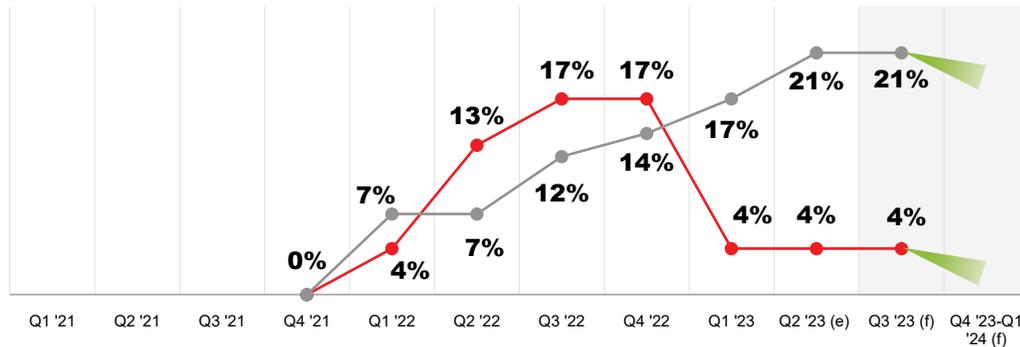


- Limestone prices recorded a third successive quarterly decline in Q2 2023, falling by 0.5% QoQ during the quarter
- Despite this decline however, prices remain elevated in comparison to their Q4 2021 levels, being 5.4% higher in Q2 2023
- Sluggish demand from the construction sector and soft economic growth is expected to see demand for limestone remain relatively weak in the second half of this year

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$3,390	NT\$3,383	↔ 0%	↓ -0.2%
<p>● <b>Cement</b> (NT\$/mt)</p> <p>● <b>Concrete</b> (NT\$/m<sup>3</sup>)</p>			
NT\$1,801	NT\$1,808	↑ 3.6%	↑ 0.3%

Price change comparison against Q1 2021



- In Q2 2023, cement prices remained stable, recording no notable change in price. In contrast, concrete prices picked up by 3.6% QoQ during the quarter
- Despite the recent declines in cement prices, concrete prices continued to rise in Q2 2023, with manufacturers reluctant to pass on the fall in input costs. Though with growth in construction activity expected to be relatively weak this year, with residential construction set to contract, concrete prices are expected to moderate

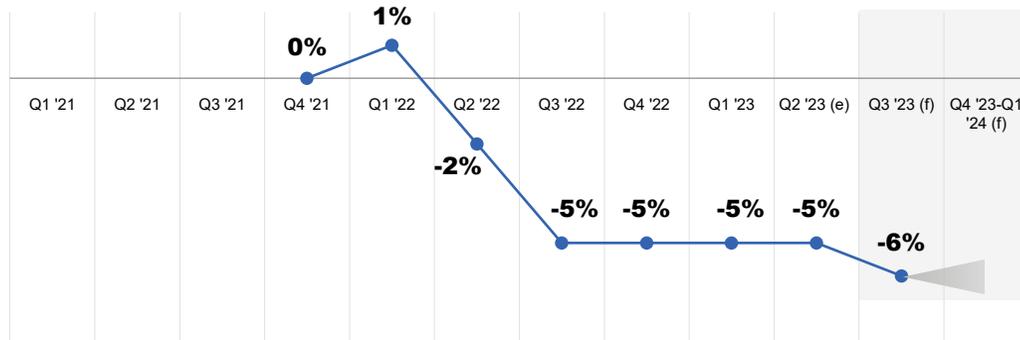
# Taiwan – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$13,070	NT\$13,057	↓ -0.8%	↓ -0.1%

Price change comparison against Q4 2021



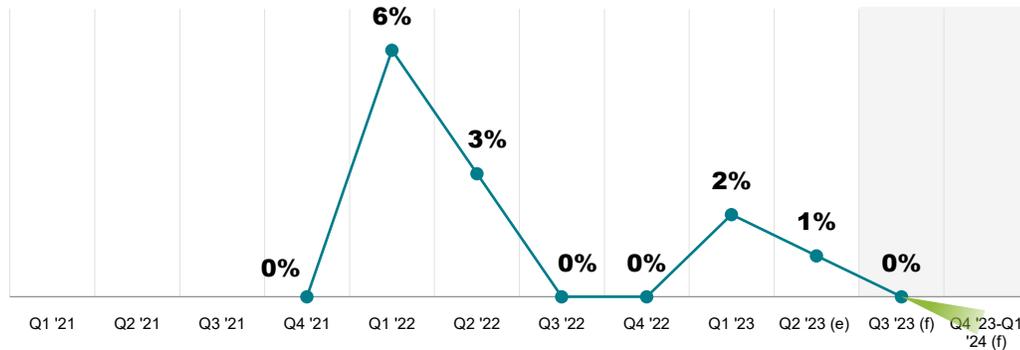
- Asphalt prices continued to decline, registering a quarterly fall of 0.8%
- In comparison to its price in Q4 2021, the price of asphalt is estimated to have been 5.5% lower in Q2 2023
- Prices are expected to continue to decline in the second half of this year, with global oil demand anticipated to remain soft



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$27.27	NT\$26.95	↓ -0.8%	↓ -1.2%

Price change comparison against Q4 2021



- Diesel prices declined by around 1% QoQ in Q2 2023, with weak global oil demand contributing to the drop in prices. Prices are expected to remain relatively low in accordance with the government's requirement that fuel prices in Taiwan remain lower than those in neighbouring economies
- While prices are expected to continue to fall in H2 as global oil demand remains weak, the extension of OPEC+ output cuts through 2024 and Saudi Arabia's additional 1 million bpd output cut from July 2023 will moderate this decline

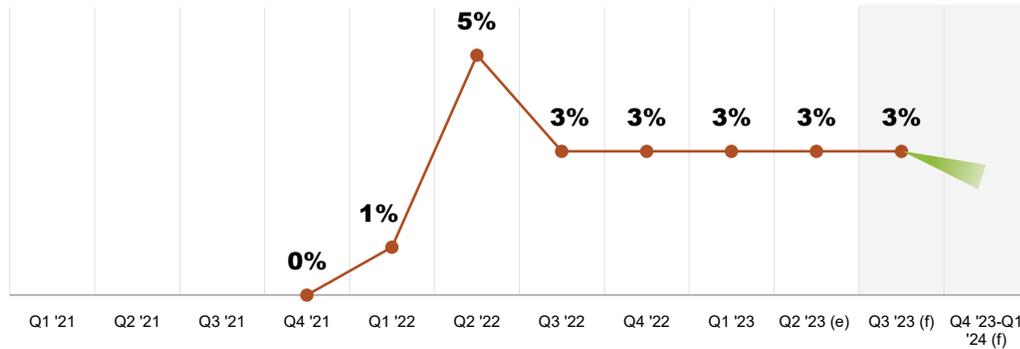
# Taiwan – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
o o o o Moderate		o o o o Moderate	o o o o Moderate
Price (NT\$/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$17,505	NT\$17,467	↓ -0.2%	↓ -0.2%

Price change comparison against Q4 2021



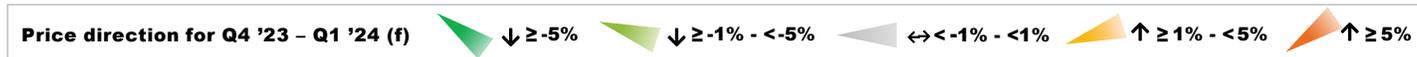
- Brick prices are expected to have declined marginally by 0.2% in Q2 2023, with soft demand as construction activity weakened weighing on prices during the quarter
- With construction industry growth projected to be relatively marginal this year, brick demand is expected to ease, with prices edging down from their current levels in the second half of this year

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

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% - <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o Low

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

QoQ                      Quarter on Quarter  
 YoY                     Year on Year  
 MoM                    Month on Month  
 GDP                    Gross Domestic Product  
 CPI                     Consumer Price Index (wherever not specified)  
 e                         estimated  
 f                         forecasted  
 EV                       Electric Vehicles  
 DC                       Data Centre



# Taiwan – Industry trends

## Sector trends



### Data Centres

Taiwan is among the fastest-growing data centre markets in Asia-Pacific, driven by cloud adoption, digitalization, and enhanced fibre connectivity. The government's launch of the AI Centre for Excellence is expected to further boost data traffic and demand for data centres. There is a strong emphasis on renewable energy and Corporate Power Purchase Agreements (CPPA) in this sector. There are approximately \$3bn worth of data centre projects in the pipeline.



### Life Sciences

Taiwan is emerging as a prominent destination for life sciences in the APAC region. The biotech industry is a key focus for the Taiwanese government, actively promoting it to strengthen international partnerships and expand export services. As per a report by Biotechgate, in 2022, life sciences companies received \$53million in venture capital funding, following \$103mn in 2021.



### High-tech Industrial

Taiwan is a leading player in the semiconductor industry, however competition is rising due to other economies setting up chip manufacturing. To maintain competitiveness, Taiwanese companies are focusing on R&D, supported by government initiatives to improve external demand. Additionally, Taiwan's rapid push in renewables has created a growing battery market.

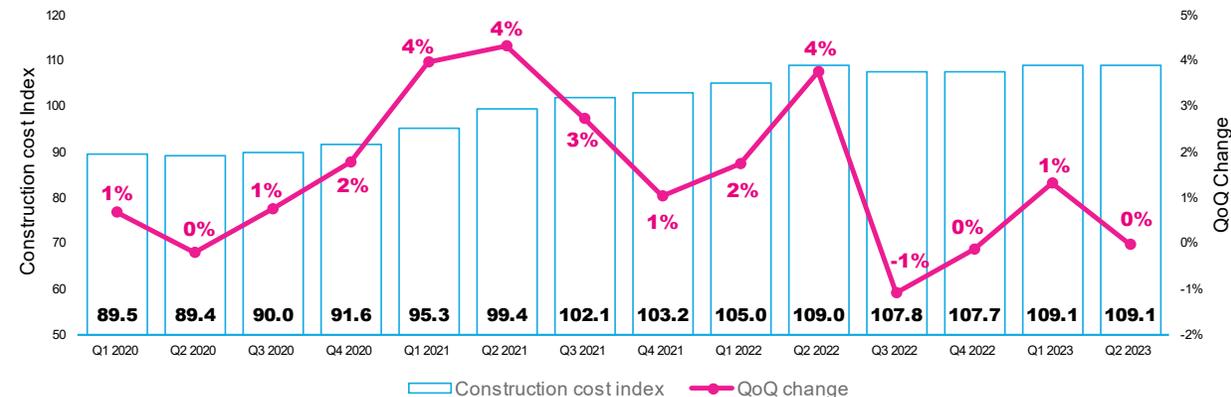


### Renewable Energy

Taiwan aims to achieve a renewable energy share of 20% by 2026, with significant focus and investments from both the government and the private sector. Currently, more than US\$31bn worth of renewable energy projects are under construction in the country.



## Construction Cost Index (CCI)\*



\*Base year 2021=100

% change from Jun 2022 to Jun 2023 is -0.2%

# Taiwan – Report methodology



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

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## Primary and secondary research

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

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

## Definitions

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

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

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

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

## Sample sources – Taiwan

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

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

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

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