



Denmark

Country Commodity Report

Q2 2023



Denmark

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The Danish economy recovered strongly from the pandemic, although more recently, there are signs that economic activity is cooling, as inflation lowers real incomes, financial conditions tighten, and external demand weakens. Moderating energy prices will continue to reduce headline inflation, but core inflation will ease slowly, and is likely to stay above 2% in the near term.

The construction industry in Denmark is expected to decline by 4.3% in real terms in 2023 and 2.2% in 2024, following an annual growth of 10.7% in 2022. While the industry has been strong in recent years, supported by government policies to sustain construction activity, growth momentum is expected to reverse this year under the weight of economic and market turbulence and elevated interest rates and high labour costs, that will weigh heavily on the execution of projects.

However, it is expected the Danish construction industry will register an annual average growth of 3.2% from 2025 to 2027, supported by investments in transport, renewable energy, and housing infrastructure projects. This will be further supported by government investments aimed at strengthening public transport and facilitating the green transition.



Paul Butler
Senior Director - Europe



Key Indicators

GDP

Grew by 3.65% in Q1 2023 on seasonally adjusted annualised base terms



- 0.6% QoQ growth compared to previous quarter
- Positive developments in the manufacturing and utility sectors supported overall GDP growth

CPI

Stood at 2.5% in June 2023 on a YoY basis



- This was the lowest rate observed since Sep 2021
- In May, the inflation rate stood at 2.9%

Construction output

Expected to decline by 4.3% in real terms in 2023



- Weakening housing demand, high interest rates and labour costs are weighing on the industry
- The industry is expected to return to growth from 2025 to 2027

Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
 Copper	↓ -13%	↓ -6%	↓ -1%	Prices declined in the last quarter and are expected to remain volatile
 Steel rebar (raw)	↓ -36%	↑ 0.4%	↓ -2%	Prices edged up marginally but are expected to decline in coming quarters
 Cement	↑ 8%	↑ 2%	↓ -2%	Prices have continued to rise, but likely to decline in coming quarters
 Lumber	↓ -4%	↓ -2%	↓ -1%	Prices have been falling and expected to decline further

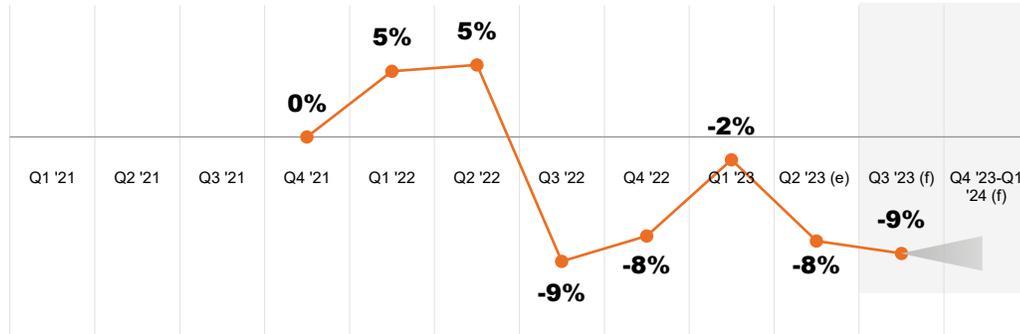
Denmark – Commodity Price Trends



Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Low
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK58,089	DKK57,509	↓ -6.3%	↓ -1.0%

Price change comparison against Q4 2021



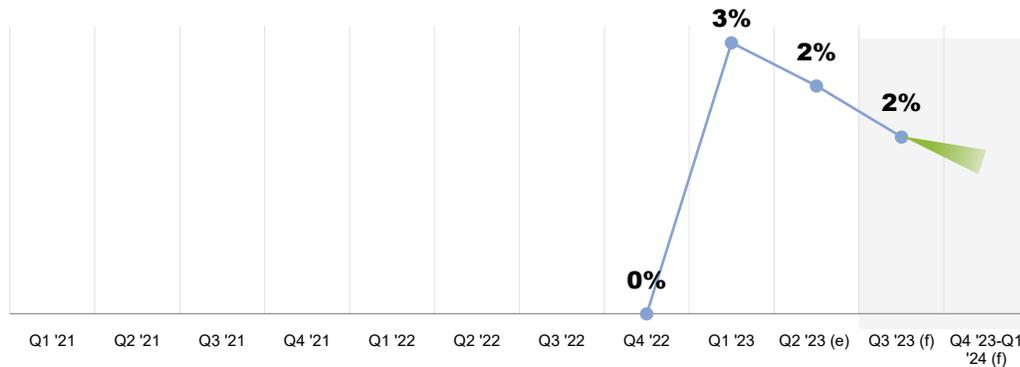
- Copper prices in Denmark dropped by 6.3% QoQ in Q2 2023, reflecting weakness in domestic and global demand
- Although, copper prices in Denmark were down on a quarterly average basis, prices edged up in June 2023 and there will be volatility in the coming quarters
- However, on a quarterly average basis prices will remain close to current levels in the short term



Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK28,357	DKK28,210	↓ -0.4%	↓ -0.5%

Price change comparison against Q4 2022



- Stainless steel prices decreased marginally by an estimated 0.4% in Q2 2023, and will continue to trend downward
- Owing to low demand as well as falling prices for key inputs, such as nickel, price pressure will be limited
- However, production levels are likely to be cut to rebalance supply and demand

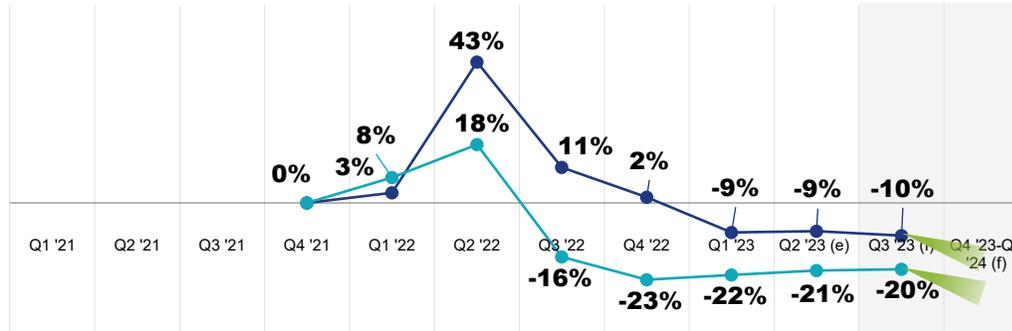
Denmark – Commodity Price Trends



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) (DKK/mt) DKK5,832 DKK5,745 ↑ 0.4% ↓ -1.5%			
● Steel flat product (DKK/mt) DKK5,537 DKK5,564 ↑ 1.7% ↑ 0.5%			

Price change comparison against Q4 2021



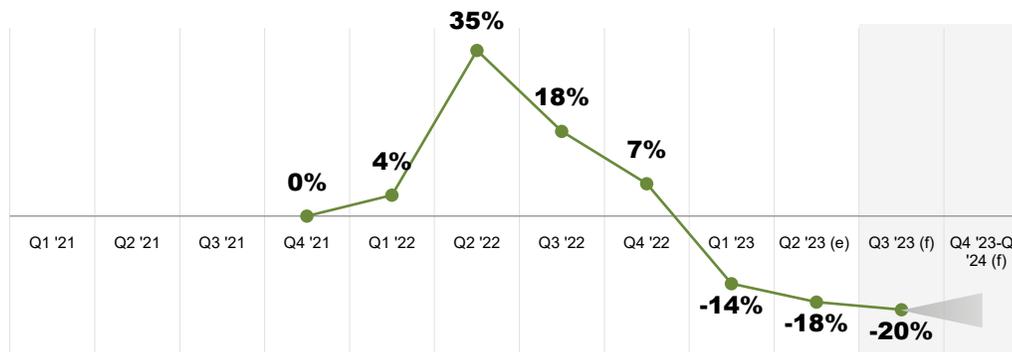
- After a steady decline from the peaks of Q2 2022, steel prices edged up marginally in Q2 2023, but they remain low, with rebar prices 9% below Q4 2021 levels and steel flat down 21%
- Demand for steel products is expected to decline given the weakness in the construction industry and a reduction in fixed capital investment amid rising interest rates
- However, as a net importer of steel, Denmark will continue to be heavily exposed to potential price volatility in the global market



Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (DKK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK202	DKK198	↓ -4.5%	↓ -2.0%

Price change comparison against Q4 2021



- Prices of welded mesh have been dropping back from the highs recorded in mid-2022
- Prices fell by 4.5% QoQ in Q2 2023, dropping to a level that was 40% below the Q2 2022 average and 18% below the level in Q4 2021
- Weak demand in the construction industry and relatively low costs will keep prices low in the coming quarters

* 230 x 600 cm; diameter 6mm

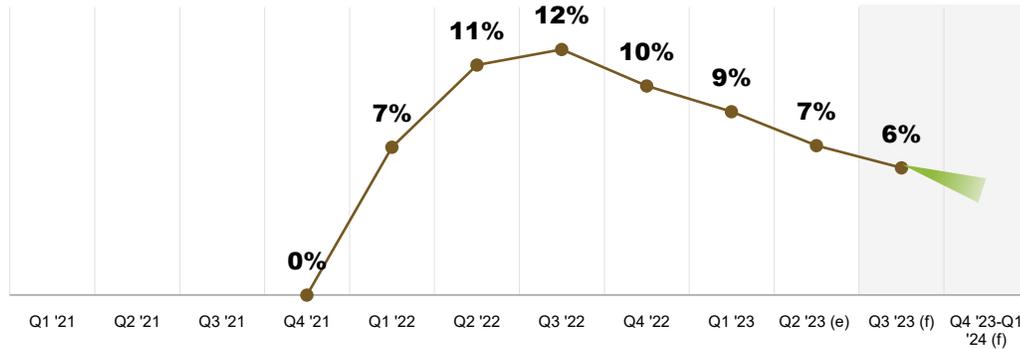
Denmark – Commodity Price Trends



Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (DKK/m ³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK771	DKK764	↓ -1.5%	↓ -1.0%

Price change comparison against Q4 2021



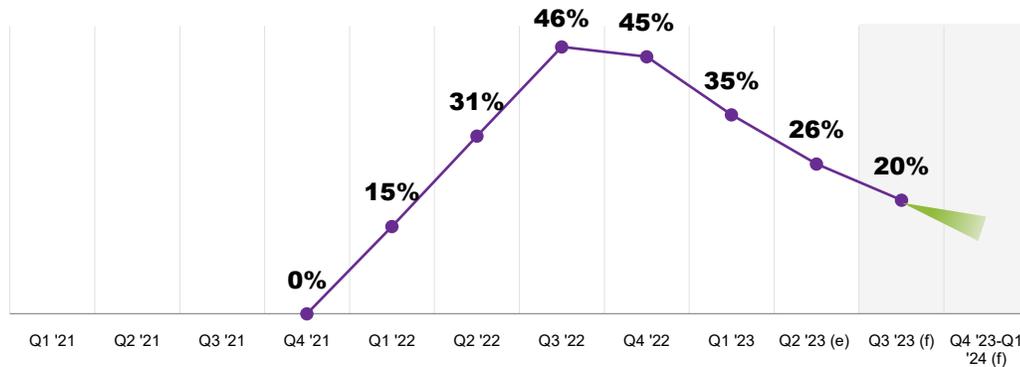
- Lumber prices in Denmark have been falling steadily in recent quarters, and this trend will continue given the sharp drop in residential construction activity in the short term
- However, Copenhagen has been an early adopter of the 'Build-in-Wood' initiative funded by the EU to promote greater usage of timber-based construction, and so lumber remains a popular housebuilding material in Denmark



Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (DKK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK79.9	DKK75.9	↓ -6.3%	↓ -5.0%

Price change comparison against Q4 2021



- Plasterboard prices continued on a downward trend in Q2 2023, falling by 6% QoQ
- Prices rose sharply during 2022, owing to high production costs and solid demand in the construction industry
- However, residential construction is now in decline, with residential building permits plummeting by 50% YoY in Q1 2023
- Easing production costs will also be a factor in plasterboard prices falling further over the coming quarters

* 240 x 90 x 1.3 cm (L x W x T)

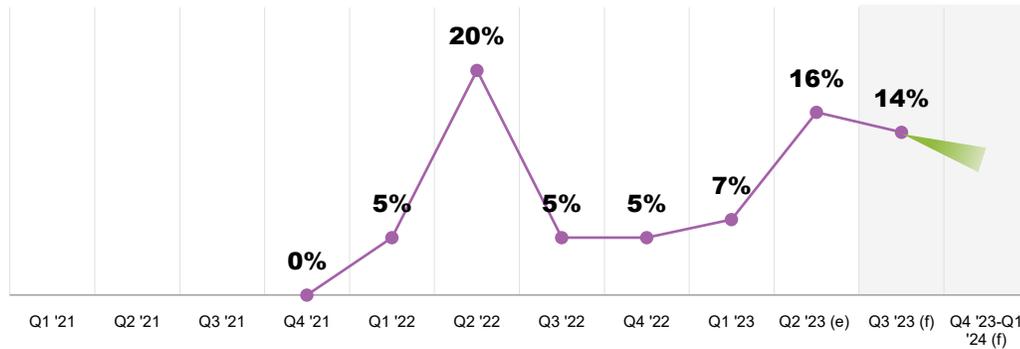
Denmark – Commodity Price Trends



Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK1,598	DKK1,574	↑ 8.7%	↓ -1.5%

Price change comparison against Q4 2021

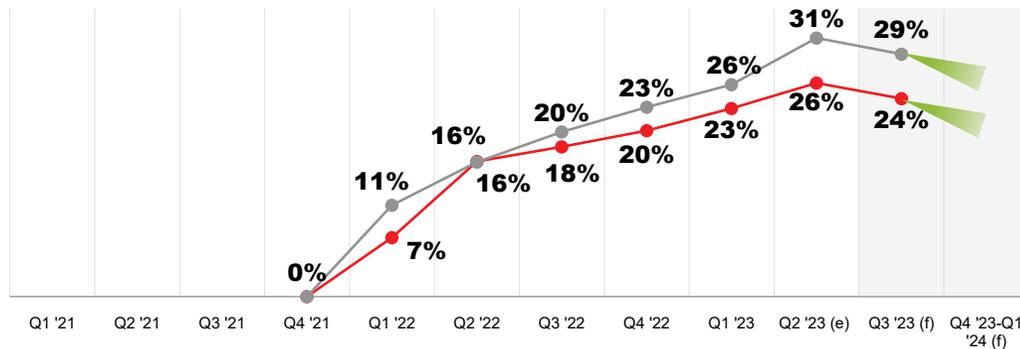


- Limestone prices picked up again in Q2 2023, rising by 8.7% on a quarterly average basis, with high prices persisting following the surge in production costs last year
- With the overall construction industry facing a decline in the short term, prices for raw materials including limestone are set to fall back, but will still be relatively high compared to levels in 2021

Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Moderate	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK1,714	DKK1,689	↑ 2.5%	↓ -1.5%
<p>● Cement (DKK/mt)</p> <p>● Concrete (DKK/m³)</p>			
DKK1,217	DKK1,199	↑ 4.5%	↓ -1.5%

Price change comparison against Q4 2021



- Cement and concrete prices continued to rise in Q2 2023 despite weakening demand
- High production and transportation costs had been a factor in driving up prices last year
- A recent easing in such costs has yet to be reflected in pricing, likely due to low competition in the domestic cement market
- However, with demand from the construction industry set to be sluggish in the coming quarters, prices for cement and concrete will decline

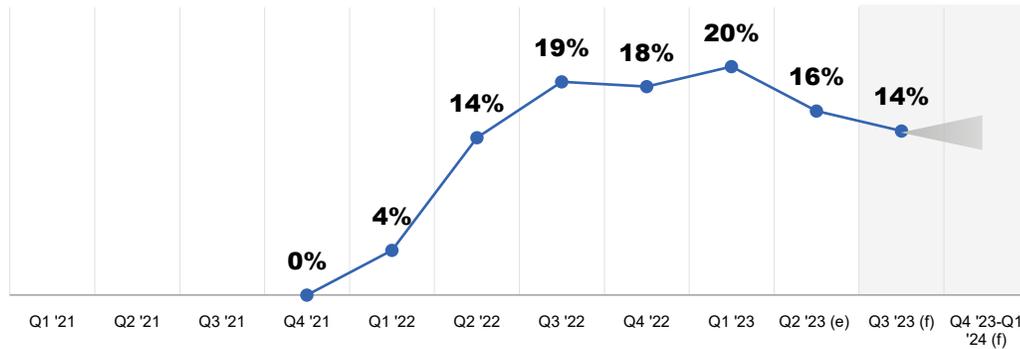
Denmark – Commodity Price Trends



Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (DKK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK2,261	DKK2,227	↓ -3.2%	↓ -1.5%

Price change comparison against Q4 2021



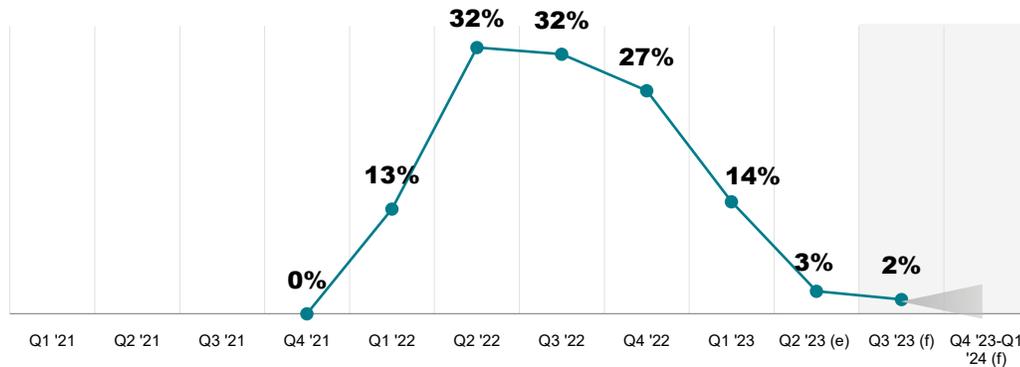
- Asphalt prices decreased by 3.2% in Q2 2023 on a quarterly average basis, reflecting a decline in prices for key materials
- Prices are expected to ease back further in the short term, but with spending on road infrastructure on the increase, and some volatility in global crude oil prices, asphalt prices will remain relatively high when compared to the levels of 2021



Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●●● Low	●●●● Low
Price (DKK/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK12.0	DKK11.9	↓ -9.5%	↓ -1.0%

Price change comparison against Q4 2021



- Diesel prices in Denmark continued to fall during Q2 2023, down by around 9.5% QoQ, and were 22% lower than in Q2 2022
- Prices stabilised in June, and will face some volatility in the coming quarters, amid the OPEC+ decision to reduce overall production
- However, on a quarterly average basis, prices will remain close to current levels

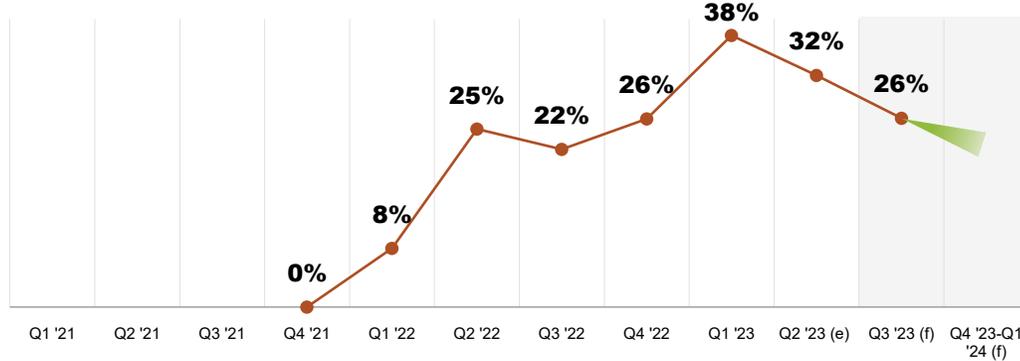
Denmark – Commodity Price Trends



Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (DKK/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
DKK7,775	DKK7,425	↓ -4.0%	↓ -4.5%

Price change comparison against Q4 2021



- As with most building materials, brick prices rose sharply during 2022, as increasing production costs, limited competition and high demand created upward pressure
- However, there has been a reversal in these trends this year, with prices expected to decline further in the coming quarters
- Prices fell by 4% QoQ in Q2 2023, and although continuing to drop in the coming quarters, prices will still be relatively high in the short term

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	Deficit	●●●● High	Stressed	●●●● High
≥1% – <5%	●●● Moderate	Balanced	●●● Moderate	Adequate	●●● Moderate
<1%	●●● Low	Surplus	●●● Low	Easily Available	●●● 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

Denmark – Industry trends

Sector trends



Data Centres

Denmark is an emerging Data Centres location in the Nordic region. This is due to its access to cleaner and low-cost energy, excellent connectivity, and the adoption of cloud AI, IoT, and 5G deployments. Currently projects with a value of more than DKK5bn are under execution in the country.



Life Sciences

Denmark's pharmaceutical industry plays a pivotal role in its economy, with a significant biopharmaceutical sector and domestic companies actively involved in pharmaceutical research and manufacturing. In 2022, the government invested DKK82mn to bolster and promote the Life Sciences sector in the capital region of Denmark. Denmark's substantial investment of its GDP in research and innovation place it among the top countries globally for per capita R&D expenditure.



High-tech Industrial

The industrial construction sector is projected to decline by 2.3% this year and 3.4% in 2024 due to a decrease in factory permits and the cancellation of some industrial projects in 2022. However, it is anticipated to regain momentum and grow at a rate of 3.6% from 2025 to 2027, driven by a manufacturing rebound and the government's ambitious plan to produce at least 775,000 electric or hybrid cars by 2030.

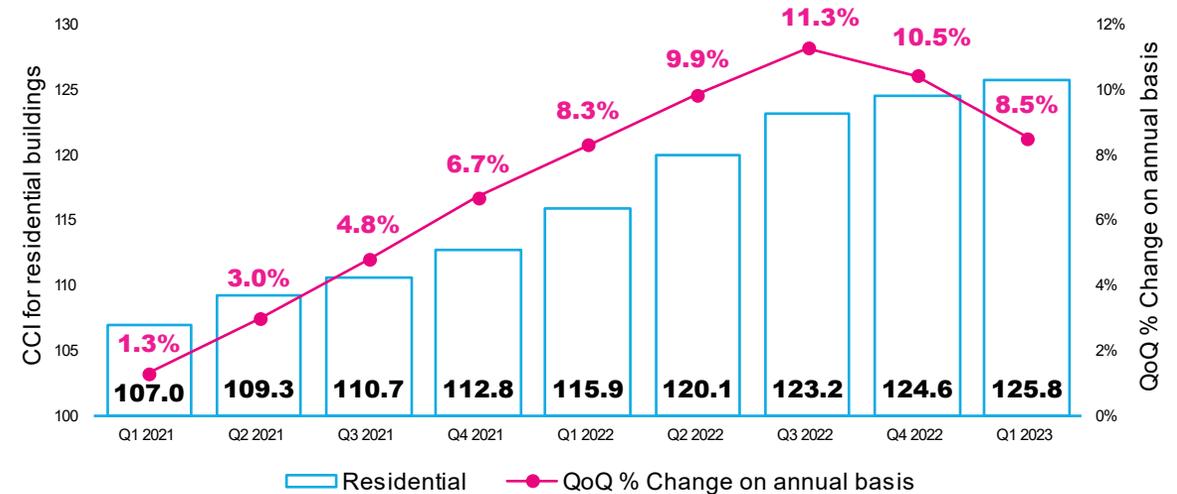


Renewable Energy

Denmark has a rich history of renewable energy, with wind and solar power supplying 50% of its electricity. In 2022, solar panels and wind turbines achieved a "new green record" of 21.2 TWh of electricity. The Energy and utilities sector is projected to grow at an annual average rate of 2.9% from 2024 to 2027, fueled by continuous investments.



Construction Cost Index (CCI)*



* CCI for residential buildings and QoQ change on annual basis
Base year 2015=100

Denmark – 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 – Denmark

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

- IMF
- Statistics Denmark
- Nationalbanken
- GlobalData's Construction Intelligence Center (CIC)
- European Commission
- Economic Research Institute
- Eurostat
- Trading Economics
- Statista
- Confederation of Danish Industry's (DI) Energy Department

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