



Denmark

Country Insights and Commodity Report

Q1 2023      

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Despite a decline in private consumption, Denmark witnessed a GDP growth of 3.6% in 2022, primarily led by high employment and strong pharmaceutical exports. However, amidst a weak global outlook, the IMF recently projected a GDP growth of just 0.5% in 2023. Nonetheless, inflationary pressures are easing, with the inflation rate expected to fall from 8.5% in 2022, to 4.8% in 2023.

In 2023, construction output in Denmark is expected to fall by 4.3% due to inflation, high interest rates, and geopolitical tensions. However, the industry is expected to regain its momentum, with annual growth of 3% from 2025 to 2027, fuelled by investments in transportation, renewable energy, and housing infrastructure. With a focus on sustainability, Denmark has become the first Nordic country to incorporate embodied carbon limits into building regulation.



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Lumber

Lumber prices have been stable at elevated levels in recent quarters as a result of lingering supply disruptions. Despite supply-side challenges, upward pressure will be contained by weak levels of activity in the construction sector. The residential construction sector, which accounts for a large proportion of the industry's wood usage, is expected to be hit heavily by rising interest rates, notwithstanding the government's push to address the country's affordable housing shortage. Long-term demand for lumber will be strengthened by this policy, however, coupled with developments in Copenhagen under the EU's 'Build-in-Wood' initiative.



Cement and aggregates

Despite the easing of energy costs which fed heavily into high concrete and cement prices in the second half of 2022, prices have continued to edge upward in recent months due in part to low competition in the domestic cement and concrete market. However, weak demand from the construction industry will limit the extent to which prices can be raised further over the coming quarters.



Concrete blocks and bricks

Strong demand and high production and transportation owing to high energy costs caused brick prices to increase in the second half of 2022. However, prices have continued to rise despite weakening growth and easing energy costs. In large part, limited competition in

the Danish brick market has allowed producers to increase prices and keep stocks low to increase profits. Although prices are expected to remain elevated over the coming quarters, weak demand due to falling levels of homebuilding activity will force producers to bring prices down.



Steel (rebar and structural)

Following the spike in prices in mid-2022, steel prices in Denmark have been on a declining trend in the following quarters, with prices standing around 30% lower than Q2 2022 levels, in Q1 2023. As a net importer of steel, Denmark is highly exposed to global market volatility which could impact on prices in the coming quarters. However, weak demand from the construction and manufacturing sectors, coupled with increasing steel production in exporting countries such as China and Turkey have eased pressure on steel supplies.



Copper

Copper prices in Denmark have come under renewed pressure in recent months amid China's reopening following the lifting of its "zero-COVID" policy. Prices in Q1 2023 reached the highest levels since Q2 2022, as a result of the continued volatility in the global copper market. Weak demand amid the global economic slowdown will partially ease pressure on prices, but strong underlying demand amid the green transition, coupled with low global stockpiles will keep prices volatile over the coming quarters.

Denmark – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2022 (e)
	DKK	DKK	2022-23 % change	% change
Copper (DKK/MT)	62,599	66,527	-5.9% ↓	6.2% ↑ ●
Steel rebar (DKK/MT)	6,450	9,099	-29.1% ↓	0.0% ↔ ■
Steel flat (DKK/MT)	5,317	8,201	-35.2% ↓	0.0% ↔ ■
Stainless steel (DKK/MT)	29,895	NA	NA	6.3% ↑ ●
Lumber (DKK/M3)	795	800	-0.5% ↓	-0.1% ↓ ■
Asphalt (DKK/MT)	2,365	2,215	6.8% ↑	1.2% ↑ ●
Limestone (DKK/MT)	1,455	1,648	-11.7% ↓	1.5% ↑ ●
Cement (DKK/MT)	1,679	1,585	5.9% ↑	2.1% ↑ ●
Concrete (DKK/M3)	1,175	1,078	9.1% ↑	2.1% ↑ ●
Welded mesh (DKK/unit)	209	334	-37.3% ↓	-19.9% ↓ ●
Bricks (DKK/000 unit)	8,181	7,335	11.5% ↑	9.2% ↑ ●
Plasterboard (DKK/unit)	91.0	83.0	9.7% ↑	1.2% ↑ ●
Diesel (DKK/litre)	13.0	15.4	-16.1% ↓	-10.7% ↓ ●

(f) Forecast (e) Estimated

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

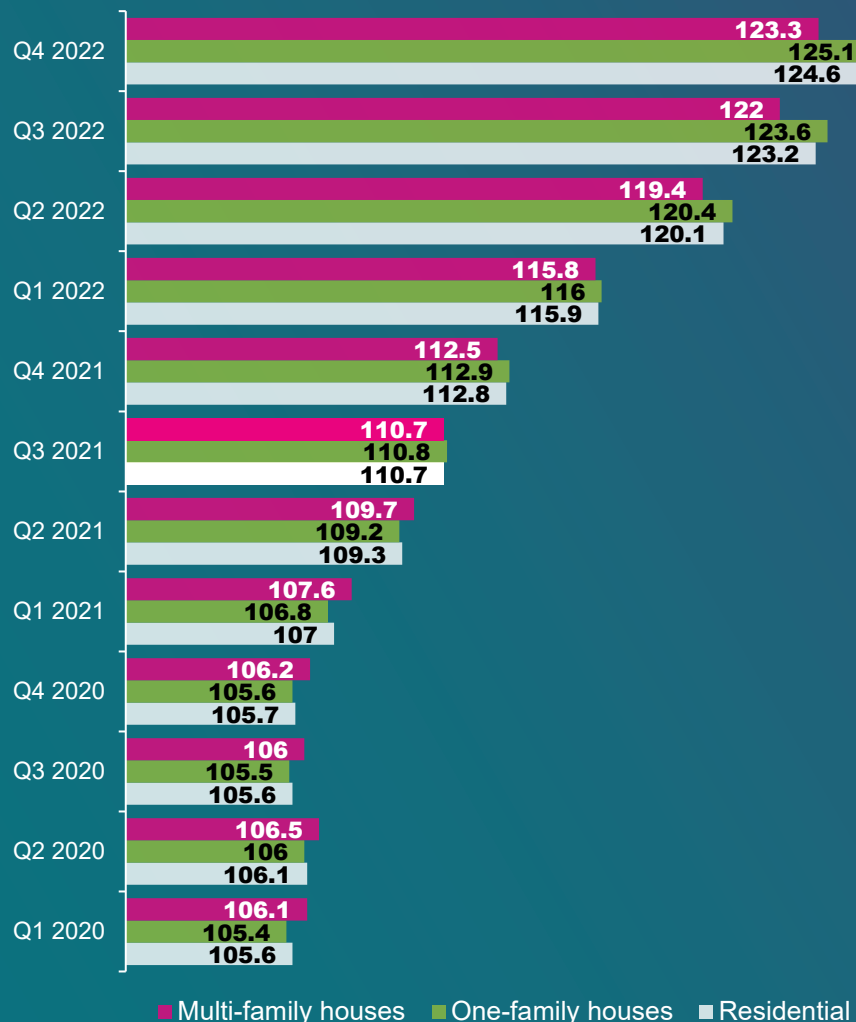
Welded mesh: 250 x 215cm, dia.-6mm Plasterboard: 240 x 90 x 1.3cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+1.0% ↑	Moderate	Following a 6% rise in January 2023 compared to the previous month, copper prices have risen to the highest levels since Q2 2022, reflecting renewed upward pressure from China's re-opening. Although prices in Denmark retracted slightly in March, the average price in Q1 2023 was 6.2% higher than average prices in the previous quarter. Strong underlying demand and supply-side fragility will keep prices volatile over the coming quarters.
Steel prices - Steel rebar - Flat steel	-0.5% ↓ -0.5% ↓	Low	Steel prices in Denmark faced some resurgence in February 2023 following nine consecutive months of decline. However, prices remain around 30% below highs reached in April 2022 and further upward pressure is expected to be limited due to weaker demand.
Stainless steel	+1.5% ↑	Low	Although demand for stainless steel has weakened amid slowing economic growth and subdued construction activity in recent months, the price of stainless steel continues to edge upward owing to an increase in the price of alloying materials such as nickel, which is expected to remain high due to volatile global supplies. An increase in the supply of low-cost nickel from Asia could ease supply-side pressures and help bring prices down.
Lumber	+0.5% ↑	Low	Prices have been stable in recent quarters but have remained relatively high compared to historical levels due to supply disruptions stemming from the Russia-Ukraine conflict. Prices are expected to remain stable over the coming quarters as weakness in the construction sector will offset disruptions on the supply side.
Asphalt	+1.5% ↑	Low	Although asphalt prices remain elevated, the stabilization of crude oil prices and weakening demand has eased further upward pressure on prices in recent quarters. However, price volatility is expected to increase over the coming quarters, due to uncertainty over global supplies.
Limestone	-1.0% ↓	Low	Limestone prices have retracted from Q2 2022 highs but remain elevated compared to historical levels. Prices are expected to remain stable over the coming quarters as production cuts by domestic producers will offset weaker demand from the construction industry.

Denmark – Commodity Report



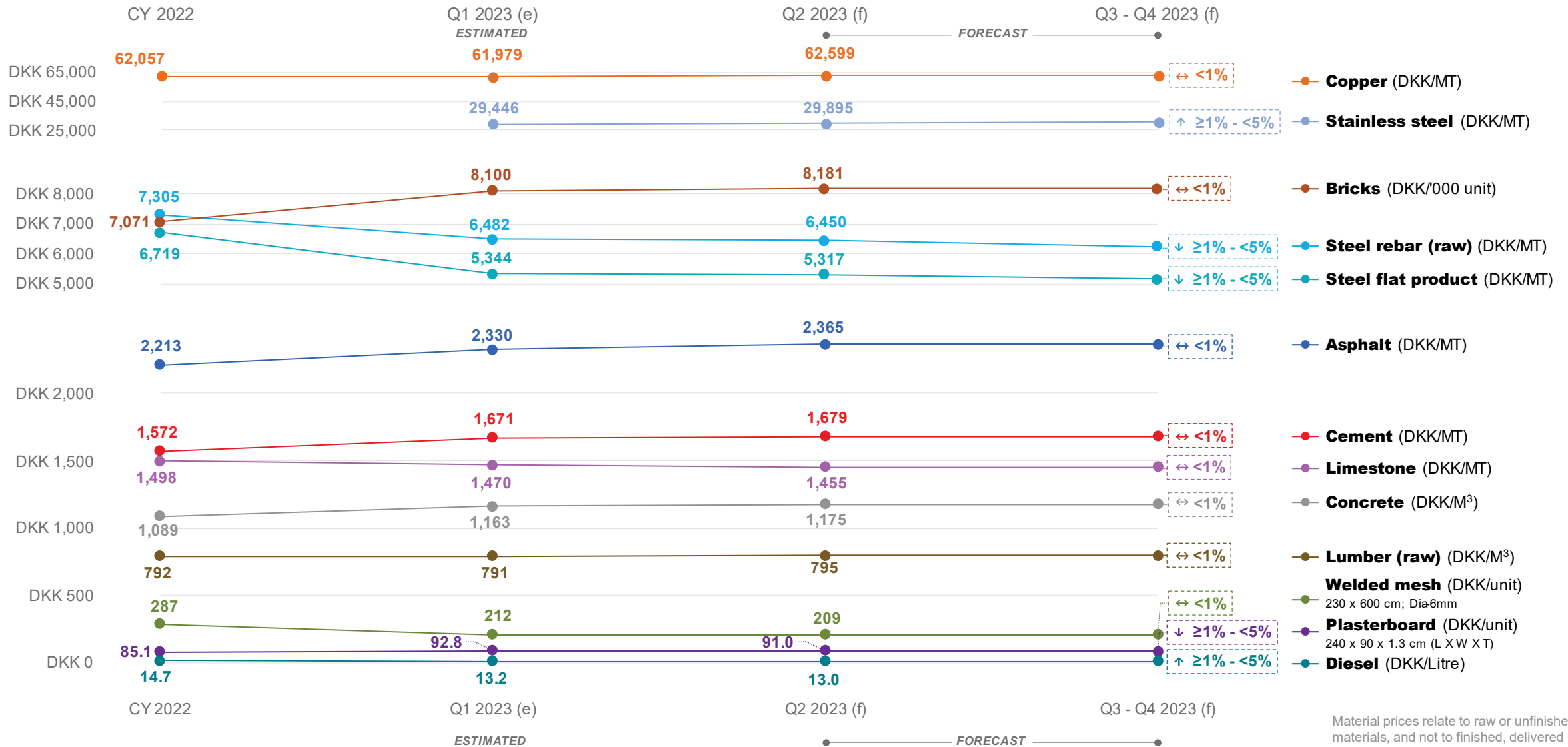
Construction cost index 2020-2022 (2015=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Cement Concrete	+0.5% ↑ +1.0% ↑	Moderate	Cement and concrete prices have continued to edge upward in recent quarters following the initial spike in prices as a result of high energy costs. Prices rose by 2.1% quarter-on-quarter in Q1 2023, marking a continuation of the upward trend. Price hikes and production cuts by producers are expected to keep prices elevated but weak demand will limit further upward pressure.
Welded mesh	-1.0% ↓	Low	The decline in steel rebar prices from mid-2022 highs has significantly eased pressure on welded mesh prices, which dropped by around 20% quarter-on-quarter in Q1 2023. Weak demand from the construction industry and greater availability of cheap steel imports will also keep prices relatively low in the coming quarters.
Bricks	+1.0% ↑	Low	Brick prices have continued to edge upwards in recent quarters despite the reduction in energy costs and falling demand from the construction sector. In large part, this reflects the higher production costs faced by producers in 2022. Prices are expected to remain elevated in the coming quarters before beginning to normalize.
Plasterboard	-1.9% ↓	Moderate	Plasterboard prices have risen sharply over the past year. However, price pressure will be contained going forward by weakening demand in the construction sector.
Diesel	-2.1% ↓	Low	Diesel prices in Denmark have recorded steady consecutive month-on-month declines since October 2022, owing to falling crude oil prices and weakening demand. Prices in February fell by 5.6% MoM, followed by a further 2% decline in March. However, growing uncertainty over global crude oil supplies is expected to limit further downward pressure on prices over the coming months and price volatility is likely to increase.

* Level of impact rating reflects a combination of factors: the price movement and also price level (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability. Please note that commodity prices are based on representative materials available in the respective countries, and as these materials may not be standard across all markets, cross-country comparisons on prices can be ineffective. For example, asphalt types can vary between hot, cold or a bitumen price, and standard unit sizes for materials can vary across countries.

Denmark – Construction Materials Pricing (2022-2023)



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

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Denmark – Macroeconomic overview



Economic indicators



0.10%

GDP growth in 2023 (f)
and **3.62%** in 2022



4.8%

inflation rate in 2023 (f) and
8.53% for 2022



2.96M

people employed in 2023 (f)
and **2.98M** in 2022



5.10%

unemployment rate for 2023 (f)
and **4.47%** in 2022



117.30

Consumer Price Index in Mar
2023 and 109.90 in Mar 2022



149.60

Producer Price Index in Feb 2023
and **143.30** in Feb 2022

National holidays

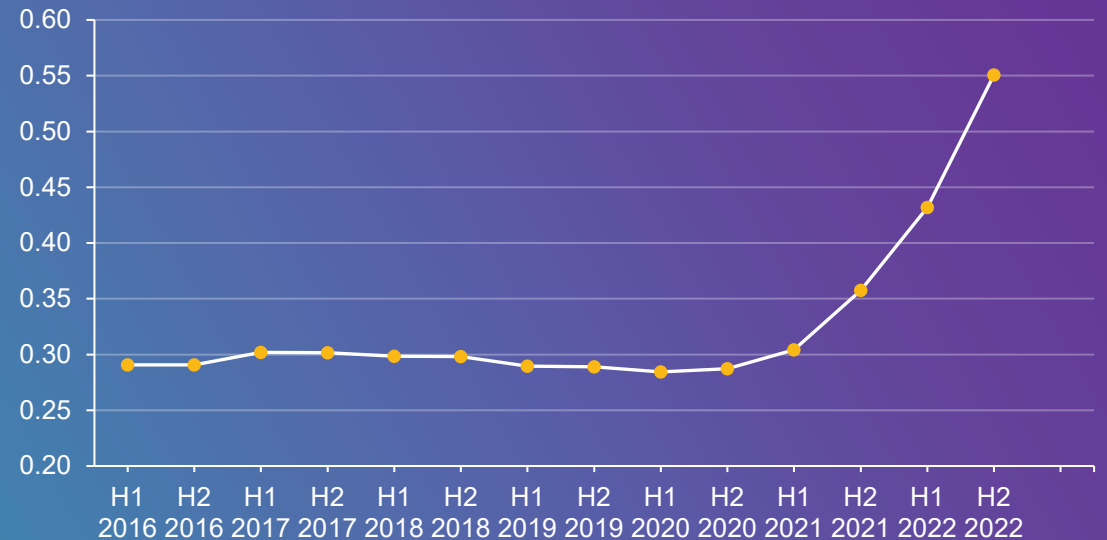


11 public holidays

in Denmark in 2023.

Energy prices







Electricity prices for non-household consumers,
consumption < 20 MWh (€ per kWh)



Note: All taxes and levies included

Denmark – Construction overview



Output 2022 and 2023 (in DKK millions)*			
Sector	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	62,366	59,430	57,725
Energy and utilities 	46,421	47,810	48,585
Industrial 	17,175	16,778	16,205
Infrastructure 	49,301	49,634	49,690
Institutional 	11,056	10,750	10,373
Residential 	152,038	139,423	134,059

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

Long lead equipment (LLE) - Supply Chain Overview

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

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

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
- Public Holidays
- Eurostat
- Trading Economics

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