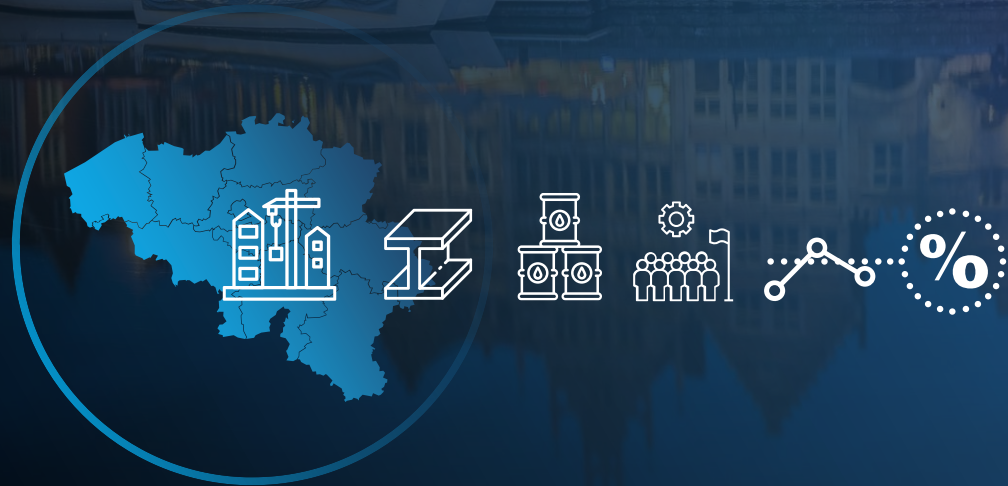




# Belgium

## Country Commodity Report

### Q2 2022



# Belgium

## Q2 2022

Following a strong 2021 performance (+6.2%), Belgium's economy is slowing down this year with the various factors at play, recording real growth of 0.5% in Q1, with 2.3% anticipated for the full year by the EU Commission. As is the case around the world, inflation is surging, with Belgium expecting a particularly high rate of 9.4% for the full 2022 year, impacting consumer confidence and household spending.

Construction posted a strong performance in 2021, with 7.8% growth, and the National Bank of Belgium (NBB), reported that the industry's value-add expanded by 9.6% year-on-year in the first three quarters of 2021. More moderate growth of 2.5% is expected this year, as investments in renewables, residential and infrastructure continues, against a backdrop of high inflation, supply chain constraints, high energy costs and elevated material pricing.

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As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.

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### Lumber

Lumber prices have been relatively stable at an elevated level in recent months, reflecting global supply tightness. Demand in Belgium will remain high, owing to the growing popularity of wood as a construction material. In addition, this is expected to drive the country's push for carbon neutrality by 2050.



### Concrete and aggregates

Cement demand has picked up in line with the recovery in the construction industry in recent quarters, and along with higher production and transportation costs, stemming from energy price rises, cement and concrete prices have trended upwards. Slowing economic activity in Europe and easing energy costs will limit further upward pressure on prices, which are likely to remain close to current levels in 2022.



### Concrete blocks and bricks

Brick prices have been on an upward trend since the start of 2022, due to disrupted supply chains and surging energy costs, feeding into higher production costs. High demand amid the recovery in building construction compounded upward pressure on prices. Prices are expected to stabilise at elevated levels for the remainder of 2022, owing to the easing of demand amid slowing economic growth and stabilising energy markets.



### Steel (rebar and structural)

Belgium's position as a net exporter of steel will help to limit the exposure of domestic prices to large fluctuations in global prices and reduce the risk of domestic shortages. Steel demand is also expected to remain relatively high over the medium term, owing in part to the government's commitment to investing in infrastructure developments.



### Copper

Global copper prices will remain relatively unsettled, reflecting in part the shifting pattern of consumption in China and fears of slowing economic growth in advanced economies, amid rising interest rates and recession concerns. Despite global supply chain issues stemming from the Russia-Ukraine conflict remaining on the supply side, global prices have fallen since peaking in March, as Chinese demand fell amid the COVID-19 lockdowns in major cities. Over the long term, global demand for copper will be strong, as it will be a key material used in EV production and renewable energy technology.



# Belgium - Commodity Report



	Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	€	% change
<b>Copper</b> (€/MT)	<b>8,693</b>	<b>1.1% ↑</b>
<b>Steel rebar</b> (€/MT)	<b>1,199</b>	<b>29.2% ↑</b>
<b>Steel flat</b> (€/MT)	<b>1,226</b>	<b>10.8% ↑</b>
<b>Lumber</b> (€/M3)	<b>109</b>	<b>3.2% ↑</b>
<b>Asphalt</b> (€/MT)	<b>82.00</b>	<b>8.1% ↑</b>
<b>Limestone</b> (€/MT)	<b>75.60</b>	<b>21.3% ↑</b>
<b>Cement</b> (€/MT)	<b>212</b>	<b>21.2% ↑</b>
<b>Concrete</b> (€/M3)	<b>93.10</b>	<b>21.2% ↑</b>
<b>Welded mesh</b> (€/unit)	<b>35.50</b>	<b>29.2% ↑</b>
<b>Bricks</b> (€/’000 unit)	<b>621</b>	<b>1.3% ↑</b>
<b>Plasterboard</b> (€/unit)	<b>4.83</b>	<b>5.6% ↑</b>
<b>Diesel</b> (€/litre)	<b>2.12</b>	<b>9.4% ↑</b>

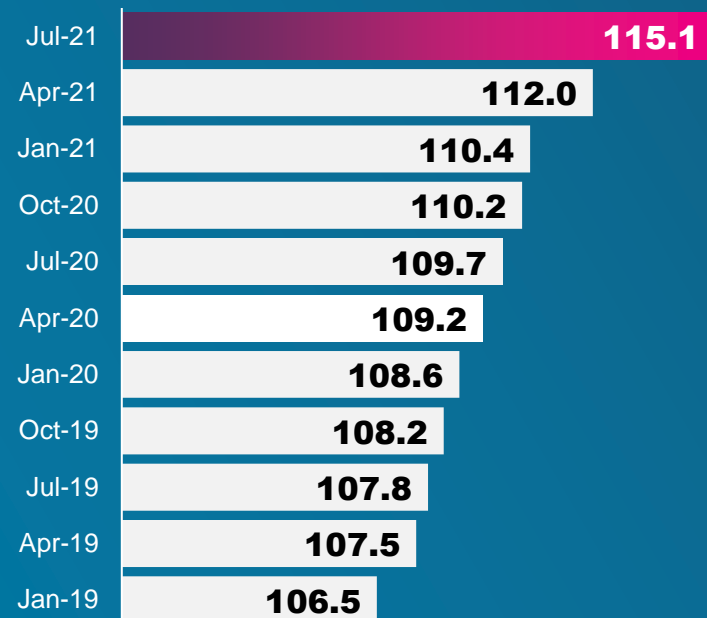
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 <b>Copper</b> -5.6% ↓	 Moderate	Falling demand in China and slowing economic activity in the EU have resulted in a drop in copper prices, following a surge in Q2 2022. Prices will be volatile over the coming quarters, as China continues its zero-COVID policy and fears of a recession in the EU grow amid rising interest rates. However, demand for copper over the long term will be strong, owing to investments in renewable energy technology and EVs, pushing prices higher in the coming years.
 <b>Steel prices</b> - Steel rebar -5.5% ↓ - Flat steel -5.0% ↓	 High	The price of steel products continued on an upward trend in the first half of the year due to tightness in the global market. Higher energy costs, disruption in supply chains, and the embargo on imports from Russia to the EU led to a surge in prices in Q2 2022. According to the Belgian Steel Federation, Russia and Ukraine supply around 6-7 million MT of steel in the region, while steel production in Belgium totalled 7 million MT in 2021. High energy costs will remain a factor in keeping production costs high, but weakening demand and cheaper imports from India and Turkey to replace the dependency on imports from Russia are expected to contribute to the downward trend.
 <b>Cement Concrete</b> -2.0% ↓ -2.0% ↓	 Moderate	According to the Federation of the Belgian cement industry (FEBELCEM), the overall demand for cement in the country is around 6-6.5 million MT annually. The industry is highly consolidated, with three large producers. According to the Federation, imports constituted around 30% of the overall consumption in the country in 2020. Stabilising energy costs and weakening demand will limit upward pressure on prices.
 <b>Asphalt</b> +2.9% ↑	 Moderate	Asphalt prices have continued to rise, reflecting the increase in international crude oil prices that had been seen. However, easing pressure on crude oil prices and the increasing use of recycled material will also help to contain price inflation.
 <b>Limestone</b> -1.0% ↓	 Low	Balanced limestone demand in the market will limit upward pressure on prices, but higher energy costs will keep prices around current levels.

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

# Belgium - Commodity Report



## Construction cost index



## Knoema World Data Atlas

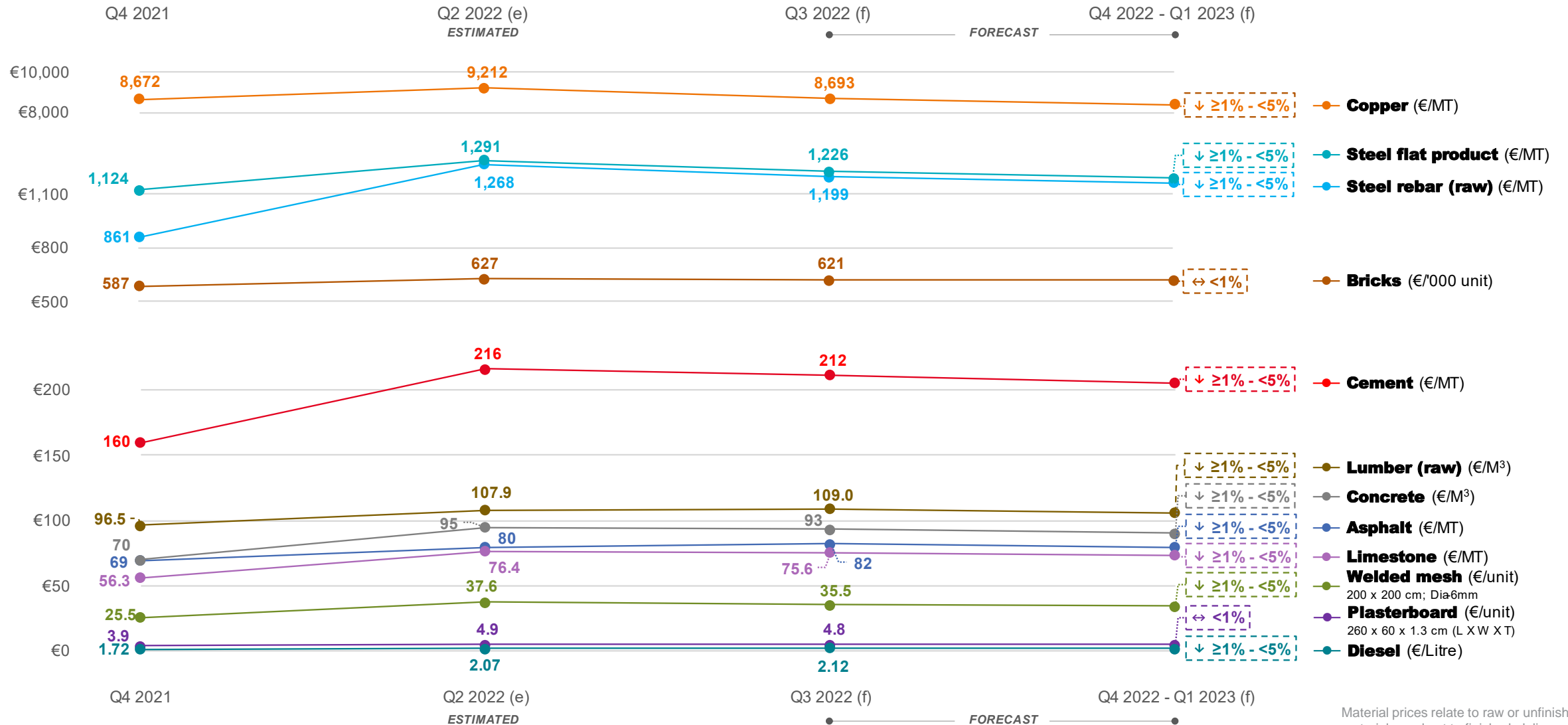
Index of economic freedom **70.1 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 <b>Lumber</b>	+1.0% ↑	 Low	Lumber prices have levelled off recently following a surge in prices earlier in the year, owing to supply shortages and strong demand. Upward pressure on prices will be limited, as demand has weakened slightly amid rising interest rates and slowing economic growth. However, demand for lumber remains stronger than other materials due to its growing popularity. In addition, Belgium is a net importer of lumber. Disrupted regional trade due to the banning of Russian imports will therefore keep prices elevated.
 <b>Welded mesh</b>	-5.5% ↓	 High	The price of welded mesh is expected to fall over the coming quarters, following the trend in steel rebar prices.
 <b>Bricks</b>	-1.0% ↓	 Low	Despite slowing economic growth, the construction industry is expected to expand, which will keep demand for bricks buoyant. High energy prices will also continue to feed into production costs, which will keep prices high.
 <b>Plasterboard</b>	-2.0% ↓	 Low	As with other key building materials, the price of plasterboard is expected to remain at elevated levels due to high production costs and the ongoing recovery in building construction. Further price inflation should be constrained by the weakening economic outlook over the coming quarters.
 <b>Diesel</b>	+2.5% ↑	 Moderate	Diesel prices have fluctuated around €2 per litre in recent months amid soaring crude oil prices. The easing of oil prices will limit further upward pressure on prices over the coming months. Moreover, the government has temporarily reduced taxes on diesel to keep domestic prices affordable.

\* 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.

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# Belgium - Construction Materials Pricing (2021-2022)



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

# Belgium - 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. A more comprehensive list of sources is included below.

## Definitions

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

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

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

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

## Sample sources – Belgium

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

- IMF
- Economie
- Trading Economics
- GlobalData's Construction Intelligence Center (CIC)

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