



Norway

Country Commodity Report

Q4 2022



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The GDP growth rate of Norway in 2022 is expected to remain at 2.9%, while slipping to 0.7% in 2023 before partially recovering to 1.3% in 2024. Inflation rates continue to remain relatively high at around 5.8% in 2022 and expected to drop slightly to 4.5% in 2023 before easing out at a healthy rate of 2.4% in 2024. As energy prices stabilise, domestic demand will increase helping the economy to recover.

The construction industry in Norway is expected to grow at an annual rate of 2.3% between 2023 and 2026, aided by investments in transportation and renewable energy. Rising inflation rates, high construction material costs, and a labour shortage are the industry's main challenges. The annual average year-on-year rate of increase in the construction cost index for residential buildings in Norway was 9% over the last two years in 2021 and 2022, up from 3% from 2016 to 2020.



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Lumber

High demand for wooden housing has driven demand for lumber and other wood-based sustainable building materials in recent years as Norway increasingly transitions toward a circular economy. The city of Trondheim has been an early adopter of the 'Build-in-Wood' initiative funded by the EU to promote greater usage of timber-based construction. This will continue to support long-term demand for lumber in Norway. However, the competitive nature of lumber market will cause prices to fluctuate over the short to medium term owing to slowing economic growth and a decline in demand for housing amid rising interest rates.



Cement and aggregates

Despite following an upward trend in 2022, concrete and cement prices are expected to stabilise in 2023. Weakening demand owing to slowing economic growth will offset further upward pressure on production costs. Prices are likely to remain elevated however, due to the impact of high energy costs and the lack of competition in the domestic market which will delay the adjustment of prices. Norcem, a subsidiary of HeidelbergCement, is the sole producer of cement in Norway.



Concrete blocks and bricks

Owing to strong demand in the first half of 2022 and rising production costs, concrete block and brick prices rose significantly in 2022. However, despite production and transportation costs remaining high

due to elevated energy costs, declining demand for new housing amid rising interest rates will, in turn, weaken demand for bricks. As a result of competing supply and demand pressures, prices are expected to remain high but stable over the coming quarters.



Steel (rebar and structural)

As a marginal net exporter of steel, Norway has been relatively well-positioned to cope with global supply shortages resulting from the conflict in Ukraine. However, falling steel prices globally amid weakening demand and an increase in supply from Asian exporters will cause domestic prices to fall over the coming quarters. However, domestic long-term demand for steel is expected to be driven by the Norwegian government's plan to develop transport infrastructure. Under the new National Transport Plan 2022–2033, the government increased its allocation for railway infrastructure by 23.2%.



Copper

Despite the prospect of a global recession in 2023, a resurgence in China's economy could renew upward pressure on prices, which exposes prices to significant levels of volatility in the coming quarters. Over the longer term, greater investment in renewable energy and electrification will drive demand for copper in Norway. To help meet this demand domestically and in a sustainable manner, Norway is planning to build a new copper mine that will be powered by renewable sources. This may be delayed as environmental impact assessments are undertaken to review concerns raised by environmental groups



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Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	NOK	NOK	2022-23 % change	% change
Copper (NOK/MT)	79,845	88,455	-9.7% ↓	2.7% ↑ ●
Steel rebar (NOK/MT)	10,291	8,389	22.7% ↑	-0.6% ↓ ■
Steel flat (NOK/MT)	9,119	9,603	-5.0% ↓	-3.0% ↓ ●
Stainless steel (NOK/MT)	39,787	NA	NA	NA
Lumber (NOK/M3)	441	525	-16.0% ↓	-7.3% ↓ ●
Asphalt (NOK/MT)	1,132	974	16.2% ↑	4.3% ↑ ●
Limestone (NOK/MT)	606	480	26.2% ↑	1.4% ↑ ●
Cement (NOK/MT)	4,505	3,880	16.1% ↑	-4.7% ↓ ●
Concrete (NOK/M3)	1,705	1,486	14.7% ↑	0.4% ↑ ■
Welded mesh (NOK/unit)	207	164	26.2% ↑	0.0% ↔ ■
Bricks (NOK/'000 unit)	10,950	9,444	15.9% ↑	6.8% ↑ ●
Plasterboard (NOK/unit)	178	131	35.4% ↑	1.6% ↑ ●
Diesel (NOK/litre)	23.1	19.3	19.6% ↑	2.5% ↑ ●

(f) Forecast (e) Estimated

- Q3 to Q4 2022 % change greater than estimation in our Q3 report
- Q3 to Q4 2022 % change less than estimation in our Q3 report

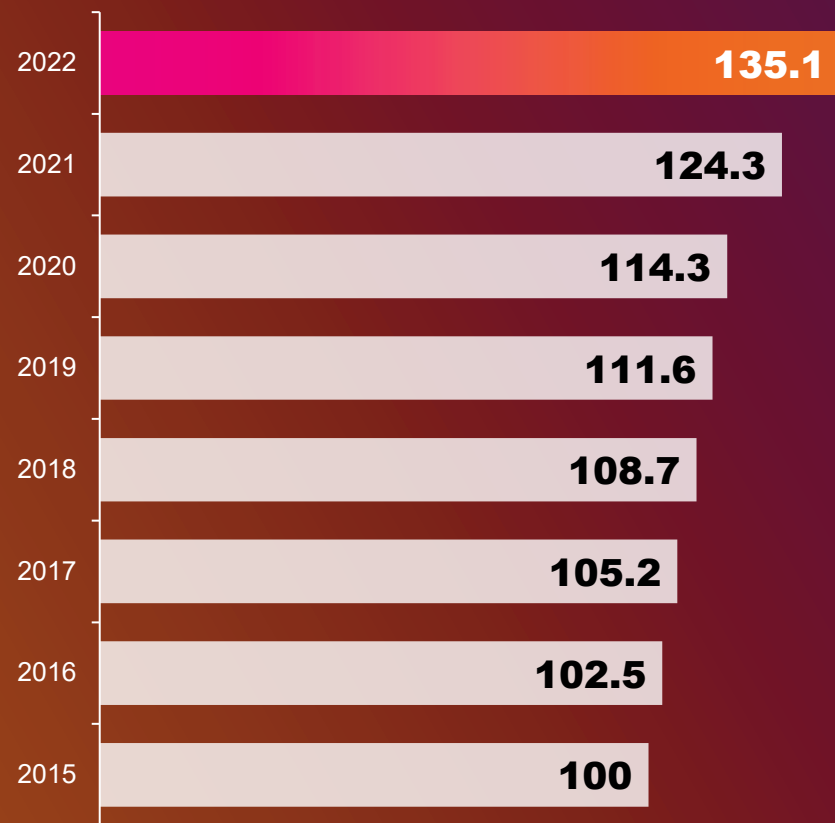
Welded mesh: 120 x 240cm, dia.-5mm Plasterboard: 240 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Due to low global stocks and reasonably resilient demand, copper prices have remained high in recent quarters. Additionally, the continued growth in investment in alternative energy sources and electric vehicles, and projections that China may experience an economic resurgence, means that there will likely continue to be long-term upward pressure on copper prices.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Low	Due to low consumer demand, high energy costs in the EU, and declining fixed capital investment levels owing to rising interest rates, it is anticipated that Norway's steel consumption will continue to decline in the coming quarters. Weak demand, coupled with rising steel export volumes from Asia, is expected to cause prices to decline.
 Stainless steel	+1.5% ↑	Low	Due to the rise in the prices of nickel and other key alloying materials, stainless steel prices are anticipated to increase in the coming quarters.
 Lumber	-1.0% ↓	Low	Lumber prices are expected to remain relatively stable over coming quarters as a result of decreased construction demand and supply-side pressures caused by increased production and shipping costs.
 Asphalt	-1.0% ↓	Low	Recent drops in crude oil prices have relieved pressure on asphalt prices, which had slightly decreased in Q4 2022. In 2023, worldwide demand for crude oil is expected to decline as a result of slower economic growth, offsetting supply-side disruptions in the crude oil market and assisting the easing of asphalt prices over the coming quarters.
 Limestone	+1.0% ↑	Low	Demand for limestone is likely to decline in the coming quarters, but producers will continue to pass on high production and shipping costs to developers, keeping prices stable but high.

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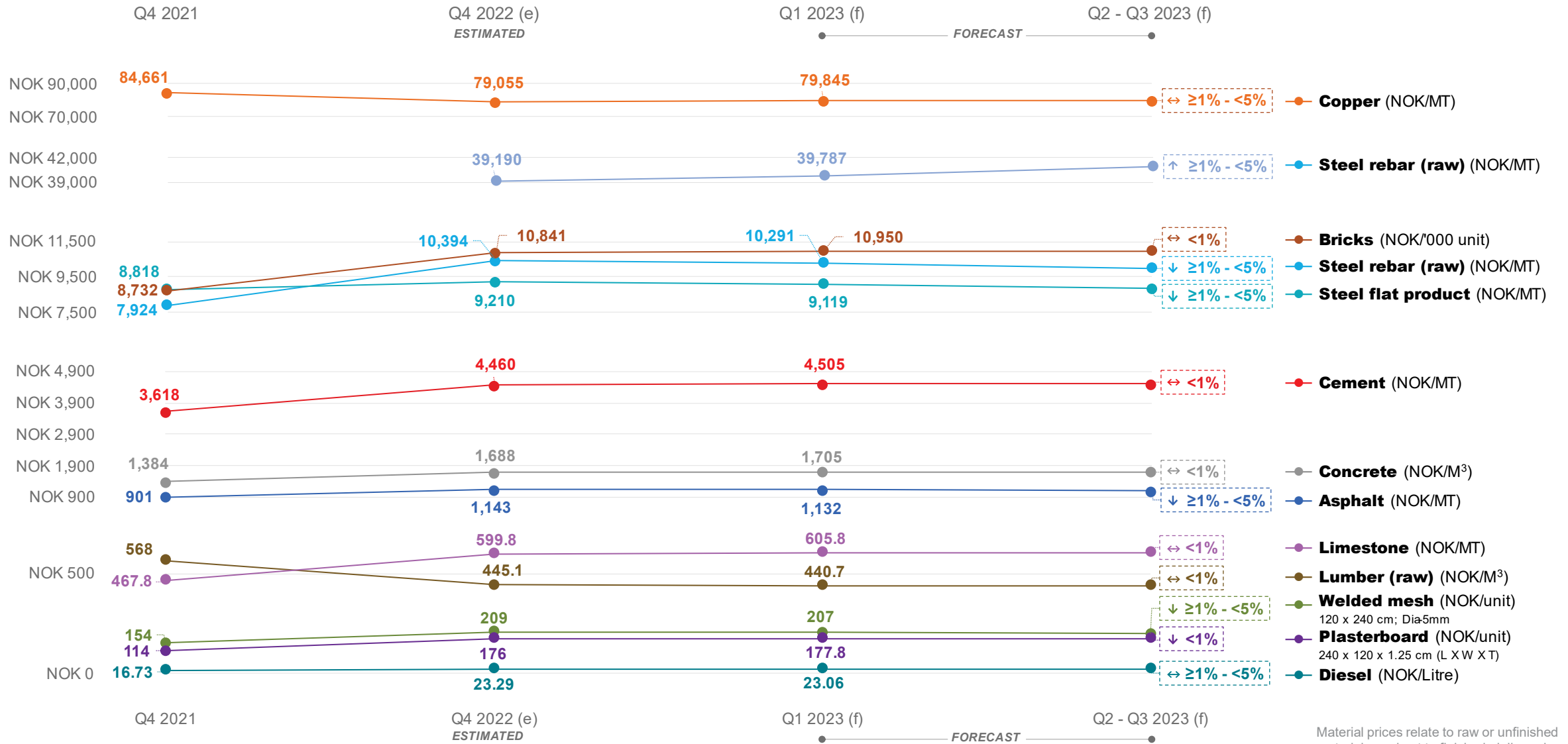
Construction cost index for residential buildings (2015-2022)



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.0% ↑ +1.0% ↑	Moderate	<p>Cement and concrete prices generally followed an upward trend in 2022, due to relatively high demand and increasing pressure on production costs. However, it is unlikely that this trend will continue in the coming quarters. Demand is expected to fall as a result of slowing levels of construction activity, which will reduce upward pressure on prices, despite high energy costs continuing to keep prices elevated.</p>
 Welded mesh	-1.0% ↓	Low	<p>The price of welded mesh increased in Q2 and remained elevated in Q3. However, prices may decline in the coming quarters due to the anticipated drop in steel prices.</p>
 Bricks	+1.0% ↑	Low	<p>Brick prices have increased significantly as a result of high levels of construction activity in first two quarters of 2022. With elevated production costs in the recent months, prices remain near to current highs despite weaker demand in coming quarters.</p>
 Plasterboard	+1.0% ↑	Moderate	<p>Plasterboard prices rose significantly in 2022 owing to high energy and raw material costs. Nevertheless, prices have begun to stabilise in recent months as a result of declining demand and a limited increase in the cost of energy and raw materials. Over the coming quarters, plasterboard prices are predicted to hold steady at high levels.</p>
 Diesel	-1.0% ↓	Low	<p>Declining crude oil prices have eased pressure on diesel prices in recent quarters. Due to declining demand for crude oil amid slowing worldwide economic growth, diesel prices are expected to fall slightly over the coming quarters. However, supply-side disruptions stemming from sanctions on Russian oil and potential OPEC+ supply cuts will keep prices relatively elevated and volatile over the medium term.</p>

* 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.

Norway – Construction Materials Pricing (2021-2023)



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

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Norway – 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 – Norway

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

- IMF
- Statistics Norway
- GlobalData's Construction Intelligence Center (CIC)
- Statistisk Sentralbyrå (SSB)

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