



# Finland

## Country Commodity Report

### Q2 2023



# Finland

## Q2 2023

The Finnish economy bounced back in Q1 2023 after a contraction in the previous quarter, however The Bank of Finland have forecasted that the economy will contract by 0.4% in 2023. This is due to inflation, tighter monetary policy and weak export demand weighing on growth across the board.

On a more positive note, indicators are showing that Finland's inflation should subside to 1.3% next year, which is expected to spur economic growth for 2024, albeit to a modest 0.9%. In 2025, growth in the economy will gather pace, reaching 1.5%. In addition, lower energy prices and receding concerns about energy availability will support growth in the euro area economy.

Rising interest rates have led to a sharp decline in construction, especially residential construction. However, construction activity will be maintained by non-residential projects, with a return to growth expected to take place in 2024. There is a significant amount of wind power investments planned in Finland, as well as production plant investments related to the green transition, that seek to take advantage of cheap and clean wind power, and to produce hydrogen and steel, for example. The total value of these plans is as high as €90bn.



**Paul Butler**  
Senior Director - Europe



## Key Indicators

### GDP

Grew by 0.4% in Q1 2023 on annual basis



- Economic activity bounced back from a 0.5% contraction in Q4 2022 to a growth of 0.4% in Q1 2023 on quarterly basis
- The improvement in the economy was led by growth in domestic consumption

### CPI

Increased by 6.3% in June 2023 on YoY basis



- Inflation in May was 6.8%
- The decrease in inflation is attributed to lower prices of fuel
- MoM change in CPI was 0.2% which was primarily due to an increase in interest rates of housing loans

### Construction output

Expected to contract by 8% in 2023



- Weakness in the construction industry is due to elevated costs and lack of capital funds for projects
- A growth of 1.9% is expected from 2024 to 2027 supported by investments in transport and renewable energy

## Commodities Pricing Snapshot

|  | Price % change             |                        |                            | Remarks  |
|--|----------------------------|------------------------|----------------------------|--|
|  | YoY<br>Q2 '22 - Q2 '23 (e) | QoQ<br>Q1 - Q2 '23 (e) | QoQ<br>Q2 (e) - Q3 '23 (f) |  |
|  <b>Copper</b>             | ↓ -13%                     | ↓ -6%                  | ↔ 0%                       | Prices have declined in the last quarter and are expected to remain volatile |
|  <b>Steel rebar (raw)</b> | ↓ -31%                     | ↑ 2%                   | ↓ -1%                      | Prices picked up moderately last quarter but are likely to decrease          |
|  <b>Cement</b>            | ↑ 1%                       | ↓ -2%                  | ↓ -3%                      | Prices are edging downwards, and are expected to decrease further            |
|  <b>Lumber</b>            | ↑ 14%                      | ↑ 5%                   | ↓ -1%                      | Prices have continued to increase but expected to remain stable              |

# Finland – Commodity Price Trends



## Copper

| Level of Impact         |            |                       |                               |
|-------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f) |            | Material Availability | General State of Supply Chain |
| Moderate                |            | Low                   | Low                           |
| Price (€/mt)            |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €7,784                  | €7,816     | ↓ -6.5%               | ↑ 0.4%                        |

### Price change comparison against Q4 2021



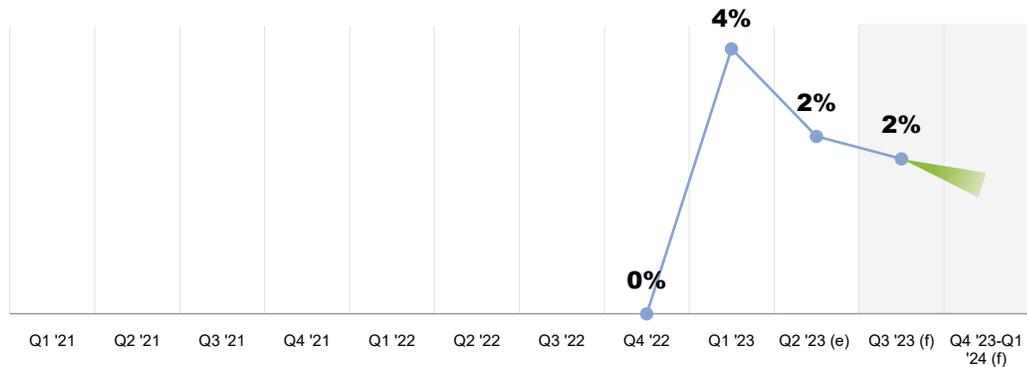
- Copper prices in Finland are estimated to have fallen by 6.5% QoQ in Q2 2023, owing in part to subdued demand
- Prices have been falling in recent months such that in June prices were 7.4% lower than in January
- Reduced demand from Chinese manufacturers has been a factor in keeping global prices low, but concerns over inventories will offset weakness on the demand side



## Stainless Steel

| Level of Impact         |            |                       |                               |
|-------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f) |            | Material Availability | General State of Supply Chain |
| Moderate                |            | Moderate              | Moderate                      |
| Price (€/mt)            |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €3,907                  | €3,895     | ↓ -1.2%               | ↓ -0.3%                       |

### Price change comparison against Q4 2022



- Stainless steel prices decreased by an estimated 1.2% in Q2 2023 compared to the average price in the previous quarter, and will continue on a downward trend with prices for key inputs falling recently
- Demand will also be weak in the short term given the downturn in the construction industry

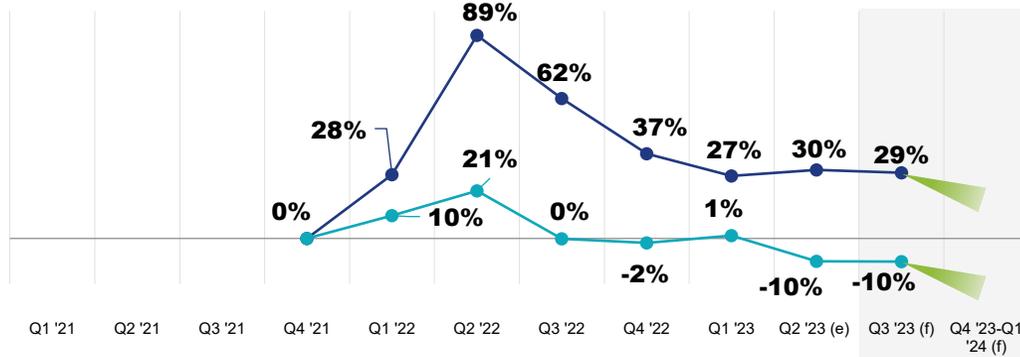
# Finland – Commodity Price Trends



## 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) |
| <b>Steel rebar (raw) (€/mt)</b>  |                       |                               |                         |
| €841                             | €832                  | ↑ 2.1%                        | ↓ -1.0%                 |
| <b>Steel flat product (€/mt)</b> |                       |                               |                         |
| €820                             | €818                  | ↓ -11.2%                      | ↓ -0.2%                 |

Price change comparison against Q4 2021



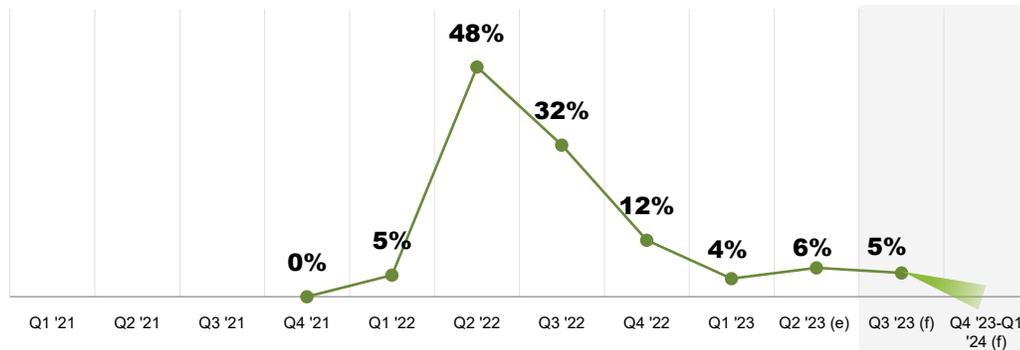
- Steel rebar prices increased by 2.1% QoQ in Q2 2023, the first quarterly increase after three successive quarters of decline
- However, prices are expected to return to a downward trend in the coming quarters given weakness in demand
- Domestic demand for steel products and import steel volumes has decreased significantly, and prices are likely to remain low until infrastructure developments gather pace



## Welded mesh

| Level of Impact         |                       |                               |                         |
|-------------------------|-----------------------|-------------------------------|-------------------------|
| Price Change (e) vs (f) | Material Availability | General State of Supply Chain |                         |
| ●●●● Low                | ●●●● Low              | ●●●● Low                      |                         |
| Price (€/unit*)         |                       | % change                      |                         |
| Q2 '23 (e)              | Q3 '23 (f)            | Q1 '23 - Q2 '23 (e)           | Q2 '23 (e) - Q3 '23 (f) |
| €77                     | €76                   | ↑ 2.1%                        | ↓ -1.0%                 |

Price change comparison against Q4 2021



- Welded mesh prices edged up again in Q2 2023, but prices remain way below the highs recorded in Q2 2022 when steel prices soared amid disruption stemming from the Russia-Ukraine conflict
- In Q2 2023 prices were down by 28% YoY, but are still higher than in Q4 2021
- Prices are expected to fall further in the coming quarters, as weak demand and easing energy costs will contribute to the decline in costings

\* 235 x 500 cm; diameter 6mm



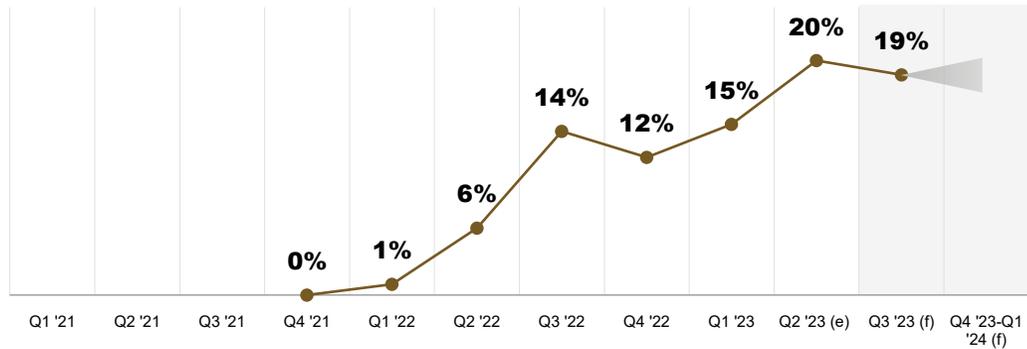
# Finland – Commodity Price Trends



## Lumber (raw)

| Level of Impact           |            |                       |                               |
|---------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f)   |            | Material Availability | General State of Supply Chain |
| ●●●● Low                  |            | ●●●● Moderate         | ●●●● Moderate                 |
| Price (€/m <sup>3</sup> ) |            | % change              |                               |
| Q2 '23 (e)                | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €76                       | €75        | ↑ 4.8%                | ↓ -1.0%                       |

### Price change comparison against Q4 2021



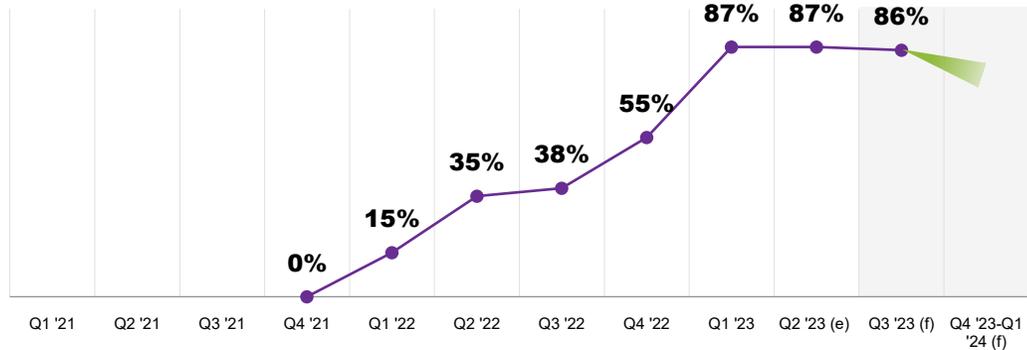
- Lumber prices in Finland continued to rise in Q2 2023, increasing by 4.8% QoQ, preceded by a 2.6% increase in Q1 2023
- Compared to levels in Q4 2021, prices were 20.4% higher in Q2 2023, which reflects the disruptions to supply over the past six quarters and high transportation costs
- With domestic construction demand falling, prices will ease back, but wood products remain popular in Finland's construction industry, and potential supply shortages given the lack of imports from Russia will keep upward pressure on prices



## Plasterboard

| Level of Impact         |            |                       |                               |
|-------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f) |            | Material Availability | General State of Supply Chain |
| ●●●● Moderate           |            | ●●●● Low              | ●●●● Low                      |
| Price (€/unit*)         |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €17                     | €17        | ↔ 0.0%                | ↓ -0.6%                       |

### Price change comparison against Q4 2021



- Plasterboard prices remained stable in Q2 2023, yet remain at an elevated level compared to late 2021 owing to high production costs
- In Q2 2023 plasterboard prices were 87% higher than in Q4 2021
- Building permits have plummeted in recent months, indicating severe weakness in construction in the short term
- The decline in residential and commercial construction will contribute to a downward trend in prices in the coming quarters

\* 120 x 240 x 1.3 cm (L x W x T)

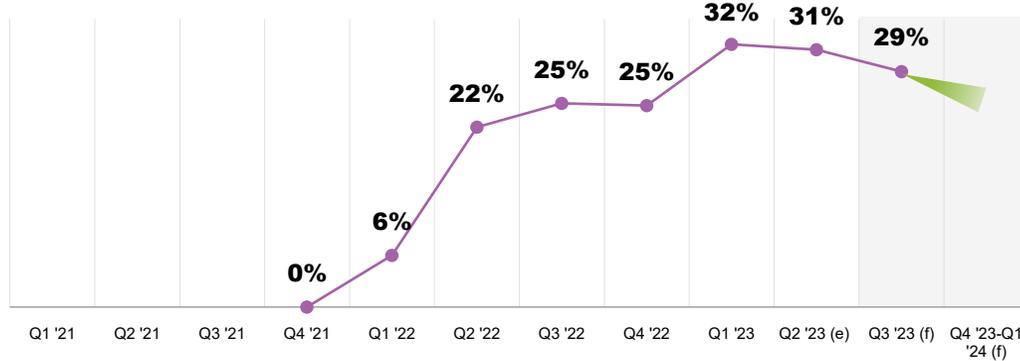
# Finland – Commodity Price Trends



## Limestone

| Level of Impact         |                       |                               |                         |
|-------------------------|-----------------------|-------------------------------|-------------------------|
| Price Change (e) vs (f) | Material Availability | General State of Supply Chain |                         |
| ●●●● Low                | ●●●● Low              | ●●●● Low                      |                         |
| Price (€/mt)            |                       | % change                      |                         |
| Q2 '23 (e)              | Q3 '23 (f)            | Q1 '23 - Q2 '23 (e)           | Q2 '23 (e) - Q3 '23 (f) |
| €61                     | €59                   | ↓ -0.5%                       | ↓ -2.0%                 |

Price change comparison against Q4 2021

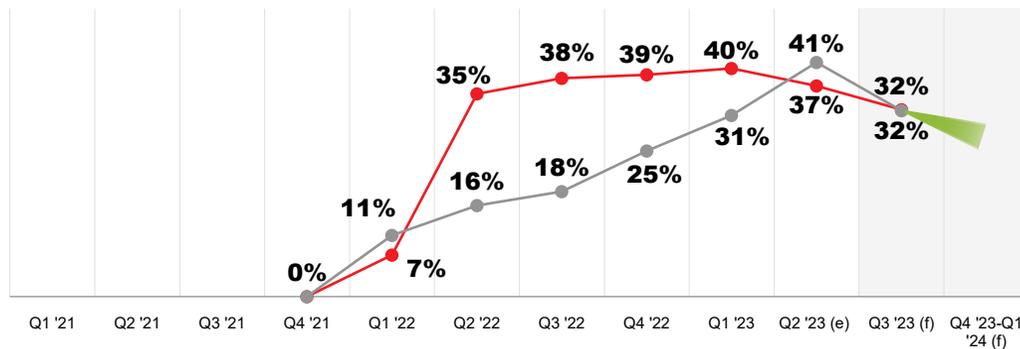


- Limestone prices are estimated to have decreased marginally by 0.5% QoQ in Q2 2023, and will continue on a downward trend as construction demand weakens
- Demand is largely met through domestic production, and the surge in prices during 2022 was driven by high energy and transportation costs

## Cement and Concrete

| Level of Impact                         |                       |                               |                         |
|---|-----------------------|-------------------------------|-------------------------|
| Price Change (e) vs (f)                 | Material Availability | General State of Supply Chain |                         |
| ●●●● Low                                | ●●●● Moderate         | ●●●● Moderate                 |                         |
| Price                                   |                       | % change                      |                         |
| Q2 '23 (e)                              | Q3 '23 (f)            | Q1 '23 - Q2 '23 (e)           | Q2 '23 (e) - Q3 '23 (f) |
| €291                                    | €282                  | ↓ -2.2%                       | ↓ -3.0%                 |
| ●—● <b>Cement</b> (€/mt)                |                       |                               |                         |
| €169                                    | €159                  | ↑ 7.0%                        | ↓ -5.9%                 |
| ●—● <b>Concrete</b> (€/m <sup>3</sup> ) |                       |                               |                         |

Price change comparison against Q4 2021



- Cement prices have started to drop from the high levels recorded in early 2023
- In Q2 2023 prices edged down by 2.2% QoQ, reflecting decreased housing demand and construction activity
- Despite the weakening trend in cement prices, concrete prices rose further in Q2 2023 on a quarterly average basis
- This reflected a jump in prices early in the quarter, and prices have since dropped back and will continue to decline amid weak demand in the short term

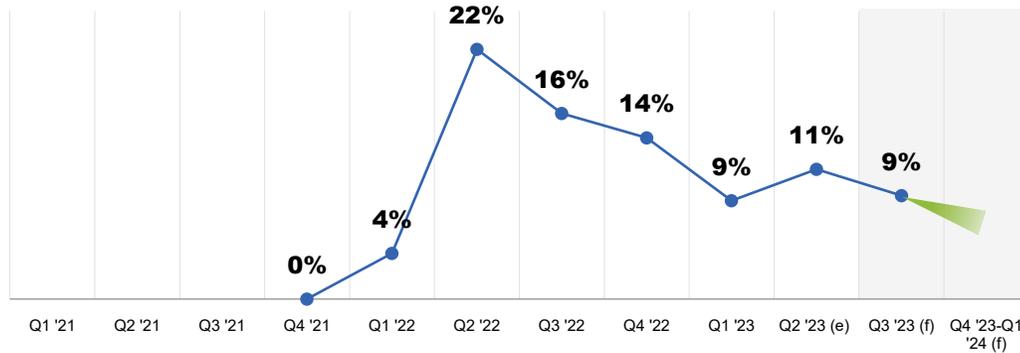
# Finland – Commodity Price Trends



## Asphalt

| Level of Impact         |            |                       |                               |
|-------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f) |            | Material Availability | General State of Supply Chain |
| ●●●● Low                |            | ●●●● Low              | ●●●● Low                      |
| Price (€/mt)            |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €73                     | €72        | ↑ 2.5%                | ↓ -2.1%                       |

Price change comparison against Q4 2021



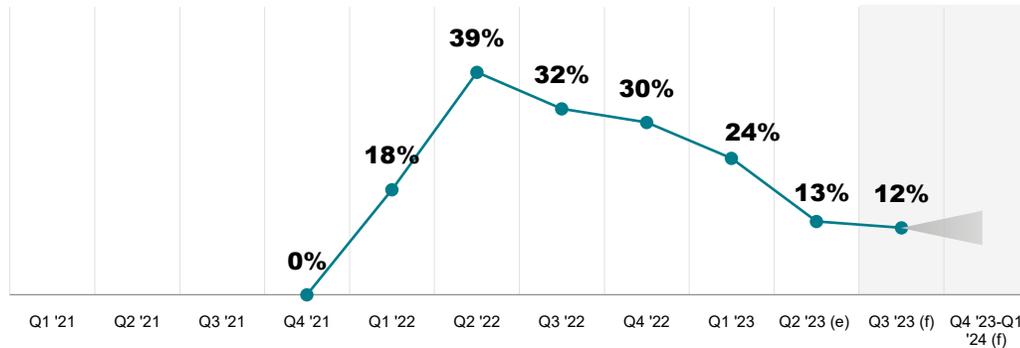
- Asphalt prices had been on a steady downward trend from the highs of Q2 2022, but there was a pick up in May this year that contributed to a 2.5% QoQ increase in the quarterly average price in Q2 2023
- Prices are expected to trend downwards in the coming quarters, but will stay above the levels of Q4 2021 as road construction demand edges up



## Diesel

| Level of Impact         |            |                       |                               |
|-------------------------|------------|-----------------------|-------------------------------|
| Price Change (e) vs (f) |            | Material Availability | General State of Supply Chain |
| ●●● Moderate            |            | ●●●● Low              | ●●●● Low                      |
| Price (€/litre)         |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €2                      | €2         | ↓ -8.8%               | ↓ -1.0%                       |

Price change comparison against Q4 2021



- Diesel prices in Finland have continued to decline, decreasing by 8.8% QoQ in Q2 2023, preceded by QoQ decline of 4.8% in Q1 2023
- Despite the recent decline from the highs of mid-2022, diesel prices were still 12.8% higher than levels in Q4 2021
- Volatility in the global crude oil market could renew upward pressure on diesel prices in the medium term

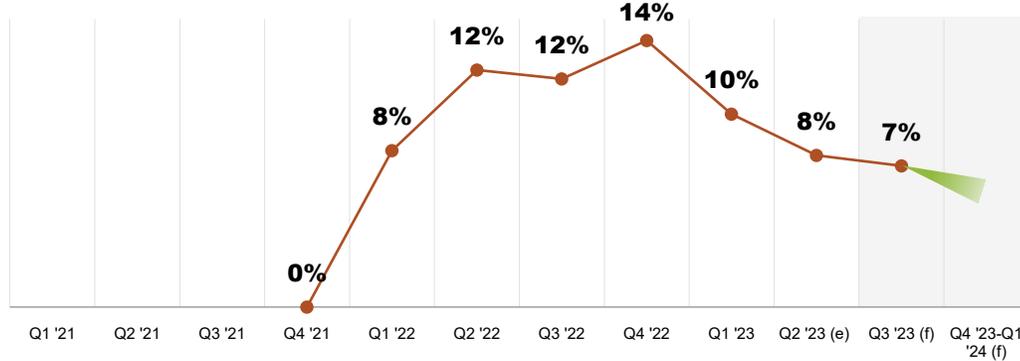
# Finland – Commodity Price Trends



## 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 (€/000 unit)      |            | % change              |                               |
| Q2 '23 (e)              | Q3 '23 (f) | Q1 '23 - Q2 '23 (e)   | Q2 '23 (e) - Q3 '23 (f)       |
| €772                    | €768       | ↓ -2.0%               | ↓ -0.5%                       |

Price change comparison against Q4 2021



- Brick prices have been on a downward trend recently from the highs of late 2022, owing to weaker demand and easing supply-side pressures
- Although falling, prices in Q2 2023 were 8% higher than in Q4 2021
- Demand in building construction has plummeted recently, such that building permits in Q1 2023 were at their lowest level since the mid 1990s

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

# Finland – Industry trends

## Sector trends



### Data Centres

Finland's Data Centres market is thriving, thanks to its favourable business environment, reliable power infrastructure, and advanced connectivity. The country's investments in high-speed internet connectivity under the recovery plan is fueling further growth. Additionally, 'Invest in Finland' has identified over 50 potential sites for further Data Centres investment in the country.



### Life Sciences

The government supports R&D through initiatives like 'Business Finland', and Finland is emerging as one of the key hubs for Life Sciences in Europe. There is a strong focus on pharmaceutical research and health technology, particularly in the Southwest. Health technology is one of the country's fastest-growing high-tech export sectors, with exports exceeding €2.7bn in 2022.



### High-tech Industrial

Finland's battery industry is booming, with significant investments underway and existing factories in operation. The country's abundant essential minerals for battery production, along with its capability to manage the entire battery value chain, positions Finland to meet the growing demand driven by the surge in electric vehicles in Europe. The Battery Industry Association of Finland has plans to invest more than €6bn in the next 5 years.



### Renewable Energy

The Energy and utilities construction sector is set to grow by 1.6% in real terms in 2023 and continue expanding at an annual average rate of 2.2% from 2024 to 2027. This growth is driven by investments in wind energy and heat recovery projects, aligned with the government's goal of generating 50% of electricity from renewables by 2030 and achieving carbon neutrality by 2035.



## Building Cost Index and YoY change\*



\* Base year 2015=100

# Finland – 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 – Finland

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

- IMF
- Statistics Finland
- Finnish Institute of Occupational Health (FIOH)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org
- Economic Research Institute
- Healthtech Finland
- Eurostat

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