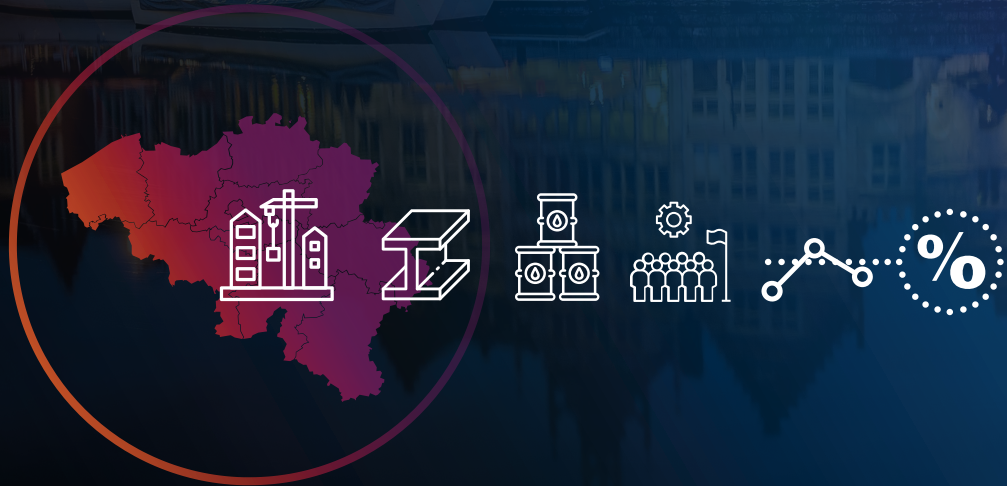




Belgium Country Commodity Report Q4 2022



Belgium

Q4 2022

The overall growth rate of the Belgian economy for 2022 is expected to hover around 3.1%, given moderate growth in the last quarter. As far as the coming years are concerned, the growth rate will drop back in 2023 to around 0.6% as a result of pressures on the economy, a slowing labour market and international cues such as energy related headaches arising from the Russia-Ukraine conflict. Inflation has continued to increase over the last few quarters as a result of energy prices remaining strained especially given the extreme cold conditions, although moderating slightly in last two months of 2022, to make the year average around 10%. Inflation is expected to further ease out over the coming years, riding on an expectation of energy prices normalising.

The construction sector in Belgium looks stagnated at 0.3% growth in the last quarter of 2022, which is not all bad, given that the other sectors are bearing the brunt of a slowing economy, high inflation and adverse global economic and political pressures. Amid inflationary pressures and muted demand, the prices of commodities are expected to level off in coming quarters.



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Lumber

Lumber prices are set to remain relatively high. The decline in construction output in the short term will contribute to an easing in price pressure, but demand for lumber will increase over the long term given the growing popularity of wood as a construction material. Lumber accounts for around a 2% share of total construction value in Belgium, which is lower than in Scandinavian markets, but relatively high compared to other major markets in Europe.



Cement and aggregates

The construction industry is facing a challenging period with output set to decline in 2023, and this will impact on demand for cement and concrete. Prices for these materials soared over the course of 2022 and will stay relatively high over the coming quarters owing to high energy costs. According to Embuild (the Belgium Construction Association), there will be some price stability going forward, but given the risk of market volatility it has advised construction companies to continue to include price review clauses in their contracts.



Concrete blocks and bricks

Brick prices rose throughout 2022, with producers passing on higher energy costs. Higher material costs along with product shortages have been a key factor in reports of construction companies having to halt projects temporarily. Heading into 2023, weaker demand will be a factor in containing upward price pressures, given the wider economic slowdown and rising interest rates, but a marked reversal in materials prices is not expected.



Steel (rebar and structural)

Steel prices have fallen from the highs reached during the second quarter of 2022, with rebar prices in particular dropping sharply, such that in December 2022 they were marginally below the levels in December 2021. With high energy costs and a rise in cheaper imports from Asian suppliers, local producers have been temporarily cutting production and idling facilities.



Copper

As has been the case in recent quarters, copper prices will remain volatile in the coming quarters. Although demand will be subdued in the short-term owing to the global economic slowdown, there are fears of supply shortages and disruptions. 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



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,249	9,116	-9.5% ↓	1.8% ↑ ■
Steel rebar (€/MT)	822	982	-16.3% ↓	-17.0% ↓ ●
Steel flat (€/MT)	1,144	1,164	-1.7% ↓	-1.3% ↓ ■
Stainless steel (€/MT)	3,844	NA	NA	NA
Lumber (€/M3)	108	105	3.8% ↑	-2.2% ↓ ●
Asphalt (€/MT)	77.1	73.7	4.7% ↑	-0.2% ↓ ■
Limestone (€/MT)	84.8	63.0	34.7% ↑	2.2% ↑ ●
Cement (€/MT)	236	178	32.3% ↑	2.1% ↑ ●
Concrete (€/M3)	123	78	56.6% ↑	10.1% ↑ ●
Welded mesh (€/unit)	25.0	29.1	-14.0% ↓	-15.7% ↓ ●
Bricks (€/000 unit)	682	619	10.2% ↑	4.4% ↑ ●
Plasterboard (€/unit)	5.4	4.7	15.7% ↑	5.3% ↑ ●
Diesel (€/litre)	1.8	1.9	-5.1% ↓	-1.8% ↓ ■

(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: 200 x 300cm, dia.-6mm Plasterboard: 260 x 60 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.8% ↑	Moderate	Copper prices in Belgium are expected to follow global trends given the country's dependence on imports of raw material for copper production. Copper prices picked up again in late 2022 and will be volatile in the coming quarters. The global economic slowdown will exert downward pressure, but this will be offset by fears of a supply shortage as well as demand linked to investments in the green energy transition and electric vehicle production.
 Steel prices - Steel rebar - Flat steel	-6.0% ↓ -1.0% ↓	Low	Steel rebar prices declined by 17% when comparing the average in Q4 2022 to the average of the previous quarter, while flat products posted a more marginal decline. The sharp drop in rebar primarily reflects a slowdown in demand, as well as cheaper imports from outside the EU. The Belgian Construction Association expects a slowdown in demand in the country during the first half of 2023 owing to the higher interest rates.
 Stainless steel	+2.0% ↑	Low	The price of stainless steel is expected to increase because of high energy costs and high prices for raw materials, such as nickel.
 Lumber	-1.0% ↓	Low	Although edging downwards in Q4 2022, lumber prices are still at a relatively high level as a result of high production and manufacturing costs. Price pressure will continue to ease, with rising interest rates impacting housing demand. However, over the longer term, the growing popularity of wood as a construction material will be a factor in keeping local prices elevated.
 Asphalt	-1.0% ↓	Low	Asphalt prices stabilised at a relatively high level in Q4 2022. Demand stemming from road infrastructure investment growth along with elevated crude oil prices will keep asphalt prices close to current levels in the coming quarters.
 Limestone	+1.3% ↑	Low	Upward pressure on limestone prices has eased, but prices are still relatively high owing to supply-side factors. In the coming quarters, as construction demand growth wanes, prices will start to decline.

Belgium - Commodity Report



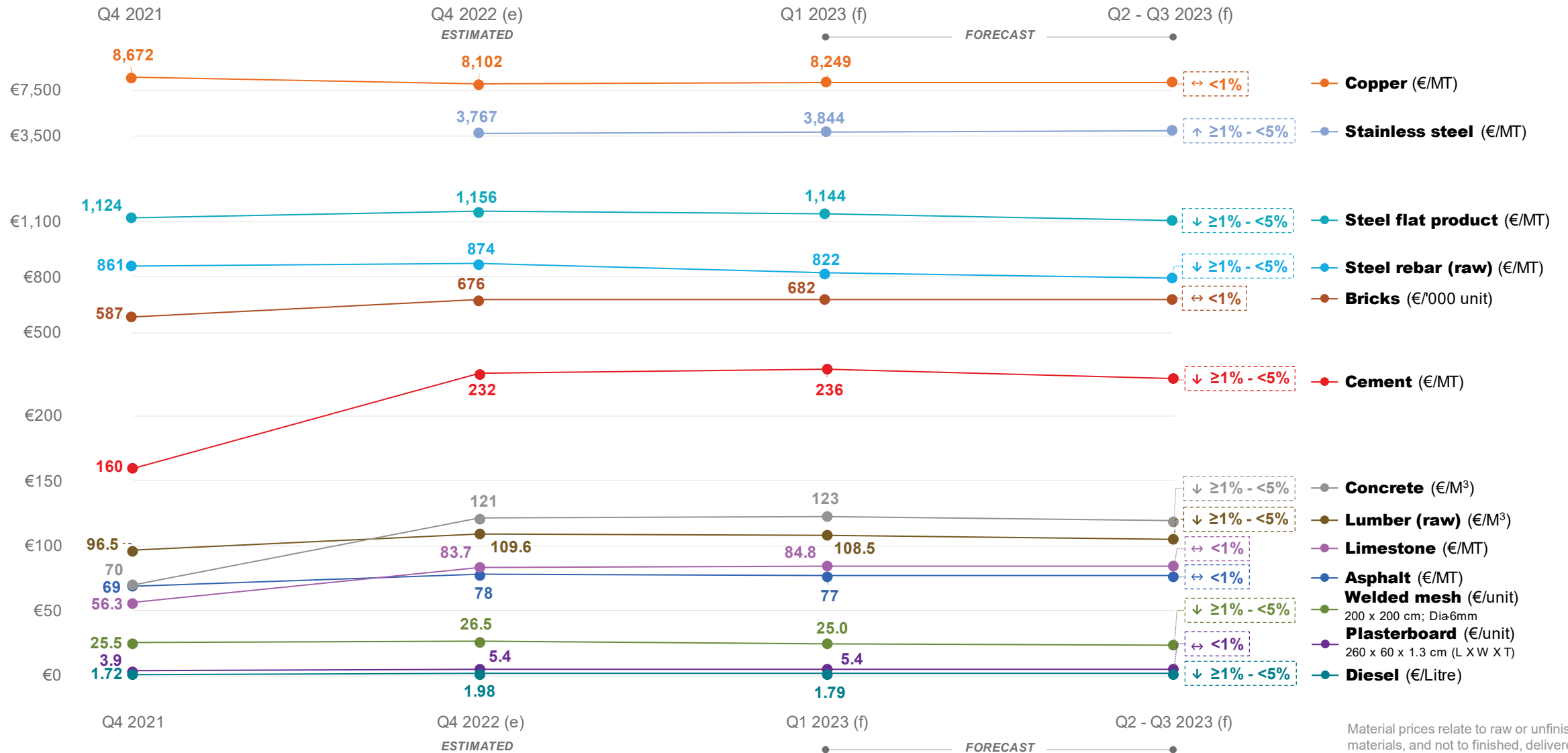
Construction Output Price Index 2015-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+1.6% ↑ +1.3% ↑	Moderate	<p>Cement and concrete prices started to level off in Q4 2022, having been on a steep upward trend during the year as a result of rising production costs. By November, cement prices were close to 50% higher than in November 2021, while ready mixed concrete prices were up by 53%. Although prices remain elevated, further upward pressure on prices is expected to ease due to falling levels of activity in the construction industry, limiting cement producers' ability to continue to pass on higher costs.</p>
 Welded mesh	-5.7% ↓	Moderate	<p>Welded mesh prices have declined from the highs of Q2 2022, in line with the general trend recorded for reinforcement bars. Prices are expected to decline on the back of sluggish demand in the coming quarters.</p>
 Bricks	+1.0% ↑	Low	<p>Brick prices continued on an upward trend in Q4 2022, with prices at the end of the year around 15% higher than at the end of 2021. Given the energy-intensive nature of manufacturing, producers have faced a sharp jump in costs, which have been reflected in prices. However, weaker demand owing to declining levels of construction activity will contain inflationary pressures in the coming quarters.</p>
 Plasterboard	+1.0% ↑	Moderate	<p>Plasterboard prices edged higher in Q4 2022, with producers still facing high costs for raw materials and energy. However, with construction activity set to decline marginally in 2023, producers will struggle to continue passing on higher costs to buyers.</p>
 Diesel	-9.6% ↓	Low	<p>Diesel prices dropped below €2 per litre in November for the first time since May 2022. Prices dropped further in December and are expected to continue to slide in the coming months. Crude oil prices will remain volatile given the production cuts by OPEC+ on one hand, and the expected global economic slowdown on the other. However, prices are not expected to return to the peaks in 2022.</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.

Belgium - 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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Belgium – 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 – Belgium

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

- National Bank of Belgium
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- STATBEL (the Belgian Statistical Office)

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