



Singapore

Country Insights and Commodity Report

Q1 2023      

Singapore

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Singapore's GDP is expected to grow at a 1.5% in 2023, down from a growth of 3.6% in 2022. The slowing growth is primarily due to manufacturing contraction amid global slowdown. Singapore's Monetary Authority has stopped tightening and is maintaining its exchange rate policy band. Consumer Price Inflation (CPI-All) is still expected to be high in 2023, with the MAS projecting inflation to be in the range of 5.5% and 6.5%.

Last year, the construction sector in Singapore experienced a real-term expansion of 6.6%, which can be attributed to the uptick in consumer and investor confidence, along with the easing of COVID-19-related travel and business restrictions. The industry is also expected to grow at a 5.4% annual rate in 2023, due to planned public housing projects. The industry still faces challenges such as labour shortages and high prices; however, conditions are improving, and the industry is expected to regain momentum in the medium to long term.



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Lumber

Lumber prices have remained stable but elevated and are likely to stay in the similar price range in the coming quarters due to consistent demand driven from the incentives for sustainable construction through the use of engineered lumber and the expansion in residential construction, which is recovering from the 2020 slump.



Cement and aggregates

After rising sharply in the first half of last year, cement prices have remained elevated, held up by high production costs and improving demand. Construction output is expanding following the sharp slump in 2020, with particularly strong growth in investment in infrastructure and residential, and this will contribute to upward pressure on cement and aggregates prices.



Concrete blocks and bricks

Brick prices have been relatively stable, but with construction demand picking up, there will be increased upwards pressure on prices in the coming quarters.



Steel (rebar and structural)

Having dropped throughout the second half of last year and into early 2023, steel prices are set to pick up again, buoyed by rising demand, with the commencement of works on a number of large civil engineering projects. Demand across the region will also pick up given the expansion in China's demand. Raw materials prices are set to remain volatile, but not returning to highs of the first half of 2022.



Copper

Copper prices rose sharply in January 2023 as global copper demand strengthened, owing in part to China's reopening following the end of its zero-COVID policy. Prices did slow in the period from Jan-March 2023, however despite the drop, prices remained high on a quarterly basis. Domestic copper prices will also rise in the long run as a result of public infrastructure development projects under Singapore's Green Plan 2030.

Singapore – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2023 (e)
	S\$	S\$	2022-23 % change	% change
Copper (S\$/MT)	13,777	13,108	5.1% ↑	11.2% ↑ ●
Steel rebar (S\$/MT)	961	1,254	-23.4% ↓	-6.2% ↓ ●
Steel flat (S\$/MT)	1,381	1,357	1.8% ↑	-1.5% ↓ ●
Stainless steel (S\$/MT)	3,585	NA	NA	1.8% ↑ ●
Lumber (S\$/M ³)	122	117	4.0% ↑	0.0% ↔ ■
Asphalt (S\$/MT)	453	507	-10.7% ↓	-3.5% ↓ ●
Limestone (S\$/MT)	41.8	41.7	0.2% ↑	-1.0% ↓ ●
Cement (S\$/MT)	119	115	3.1% ↑	0.0% ↔ ■
Concrete (S\$/M ³)	118	118	0.0% ↔	-0.7% ↓ ●
Welded mesh (S\$/unit)	13.6	15.0	-9.7% ↓	-3.8% ↓ ●
Bricks (S\$/'000 unit)	3,437	3,587	-4.2% ↓	0.2% ↑ ■
Plasterboard (S\$/unit)	9.42	9.40	0.2% ↑	0.0% ↔ ■
Diesel (S\$/litre)	2.66	2.97	-10.4% ↓	-3.3% ↓ ●

(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

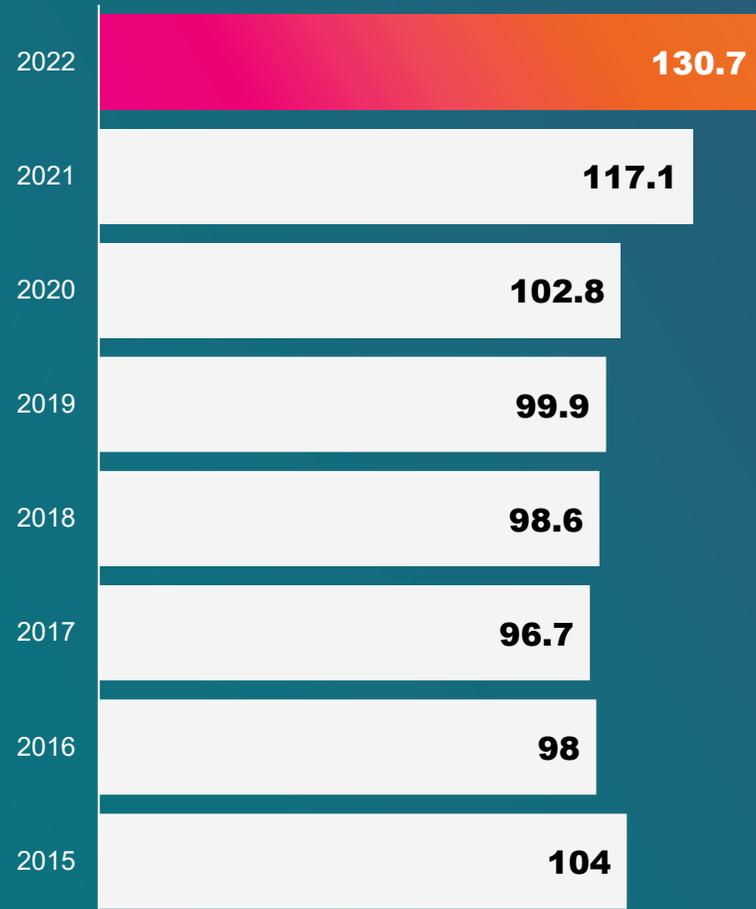
Welded mesh: 200 x 300cm, dia.-4mm Plasterboard: 10 x 20 x 1.25cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	+0.4% ↑	Moderate	Copper prices rose sharply in Q1 2023, with strengthening demand in China contributing to an 11% QoQ increase in prices. Prices did, however, slow through the quarter, being approximately 3% lower in March 2023 in comparison to January 2023. Prices are expected to rise in the coming quarters, albeit at a slower pace.
Steel prices - Steel rebar - Flat steel	+2.3% ↑ +1.6% ↑	High	Prices for both steel rebar and steel flat products declined on a quarterly average basis in the first quarter of this year, with prices dropping by 6.2% and 1.5%, respectively, in comparison to their Q4 2022 levels. A seasonal moderation of construction activity in Singapore is expected to have driven the larger fall in rebar prices at the start of the year, but prices have picked up since January, and in Q2 2023, prices for both rebar and flat are expected to rally.
Stainless Steel	+0.8% ↑	Moderate	Due to high input costs, stainless steel prices are expected to rise in the second quarter of this year, following the 1.8% QoQ price increase recorded in Q1 2023. A potential moderation of nickel pig iron prices as supply increases may, however, soften price growth in Q2 2023.
Lumber	+0.2% ↑	High	Lumber prices remained stable in Q1 2023, after witnessing an increase in Q3 2022. The Singapore Housing Development Board estimates it will build approximately 20,000 flats in 2023, roughly matching the 20,064 flats built in 2022. Lumber demand is expected to be stable as a result, with prices expected to remain around their current levels in Q2 2023.
Asphalt	+1.3% ↑	Moderate	Asphalt prices declined by approximately 3.5% Q1 2023, in comparison to Q4 2022 levels. A fall in crude oil prices is expected to have driven this decline. In Q2 2023, prices are projected to rise, with crude prices anticipated to trend upwards following the recent OPEC+ output cuts and a continued strengthening of oil demand in China.
Limestone	+0.2% ↑	Low	Prices for limestone remained relatively stable in Q1 2023, with prices declining by a marginal 0.7%. Limestone prices are projected to remain around their current levels in Q2 2023, with an expected improvement in construction activity contributing to upwards pressure.

Singapore – Commodity Report



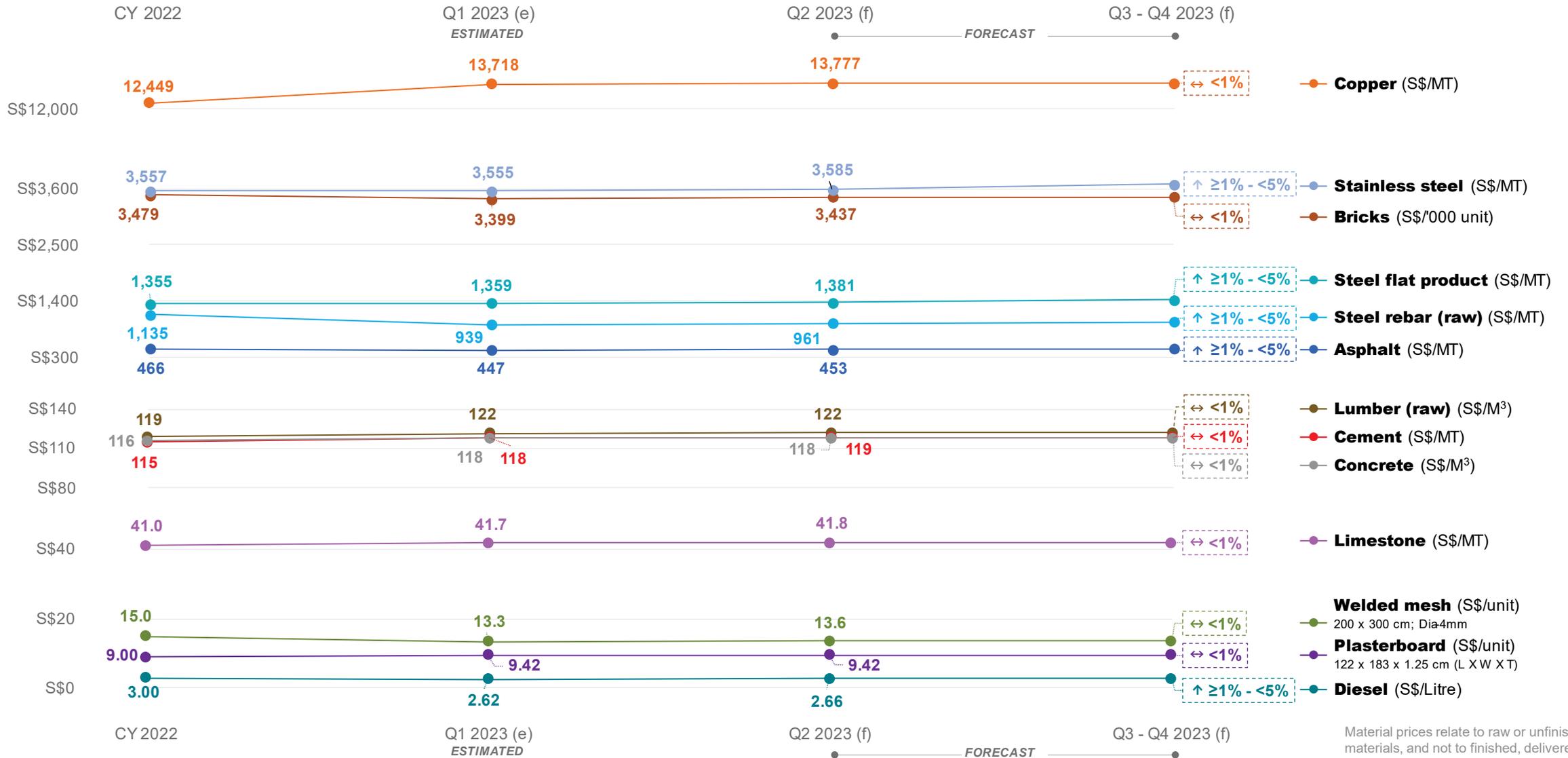
Construction Tender Price Index 2015-2022 (2010=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+0.1% ↑ +0.2% ↑	 Moderate Cement and concrete prices declined marginally in recent months due to a seasonal moderation in construction activity. Cement prices are estimated to have declined by 0.04% in Q1 2023, while concrete prices are anticipated to have fallen by 0.7%. Prices are expected to rise marginally in Q2 2023, as construction activity begins to pick up.
 Welded mesh	+2.1% ↑	 High Welded mesh prices declined in the first quarter of this year, as steel rebar prices fell. In line with the expected increase in rebar prices in Q2 2023, welded mesh prices are projected to rise.
 Bricks	+1.1% ↑	 Moderate A moderation in energy prices, easing supply chain disruption and softer construction activity have kept brick prices relatively stable; prices are estimated to have increased by just 0.2% in Q1 2023, in comparison to their Q4 2022 levels. As construction activity ramps up in the coming quarters, brick demand is expected to strengthen, with prices expected to rise.
 Plasterboard	0.0% ↔	 Low The price of plasterboard is estimated to have remained stable in the first quarter of this year, with no notable price change recorded. Prices are expected to remain around their current levels in Q2 2023, though may trend upwards as construction activity accelerates.
 Diesel	+1.5% ↑	 Moderate Diesel prices in Singapore fell 3.5% in the first quarter of this year, due to a drop in global crude oil prices. With OPEC+ recently cutting their oil output by 1.16 million barrels per day, crude prices are expected to trend upwards in the coming quarters, and this is expected to drive an increase in diesel prices in Singapore in Q2 2023.

* 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.

Singapore – Construction Materials Pricing (2022-2023)



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

Singapore – Macroeconomic overview



Economic indicators

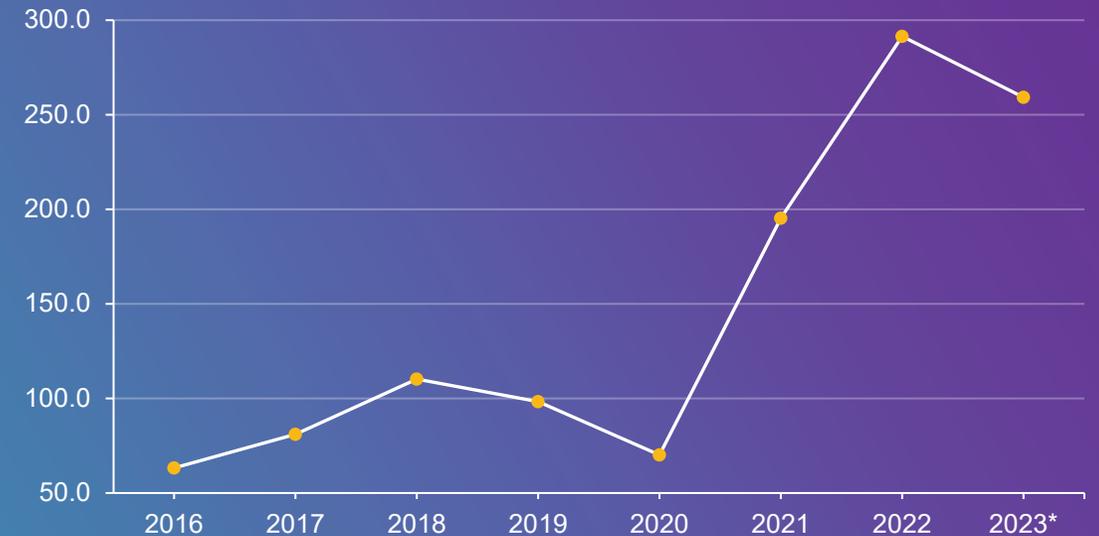


National holidays



Singapore Energy Prices

Average Uniform Singapore Energy Price
(USEP in S\$/MWh)



Note:

*As of March 2023

Excludes Goods & Services Tax

The Uniform Singapore Energy Price (USEP) is the half-hourly energy price in the Singapore Wholesale Electricity Market. Energy withdrawal from the national grid is settled at the USEP.

Singapore – Construction overview



Output 2022 and 2023 (in SG\$ millions)			
	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	1,386	1,473	1,574
Energy and utilities 	1,939	2,001	2,079
Industrial 	5,344	5,656	5,988
Infrastructure 	4,033	4,186	4,349
Institutional 	3,316	3,491	3,660
Residential 	6,183	6,590	6,735

*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 finally started to stabilize, 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.

Construction Health and Safety practices and culture



3.3 fatal injuries per 100,000 workers in 2021 in construction industry

2.9 fatal injuries per 100,000 workers in 2022 in construction industry

Singapore – 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 – Singapore

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

- IMF
- Ministry of Trade and Industry
- Singapore Institute of Surveyors and Valuers
- BCA
- GlobalData's Construction Intelligence Center (CIC)
- Energy Market Authority Singapore
- Ministry of Manpower Singapore
- Economic Research Institute
- Public Holidays
- Energy Market Authority of Singapore

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