Linesight

Singapore
Country Commodity Report
Q4 2022

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According to recent advance estimates from the Ministry of Trade and Industry, Singapore's economy is expected to grow at 3.8% in 2022, up 30 basis points from previous projections. Core inflation was constant at roughly 5.1% in November 2022 and is anticipated to stay high for the ensuing few quarters. In coming quarters Singapore being a trade-reliant economy is likely to face more challenges as the world economy slows.

The construction sector in Singapore is now anticipated to rise by 5.1% in real terms in 2022, up from an earlier forecast of a 3.5% growth. The recommencement of halted infrastructure projects and the government's commitment to complete all delayed housing projects by H1 2025 are driving this revision.

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Lumber
Despite a marginal fall in the final quarter of this year as residential construction softened and a further decline expected in Q1 2023, lumber prices are expected to begin to increase as construction activity strengthens through 2023.A possible drop in housing prices in 2023, with private residential property prices only increasing by 0.2% quarter on quarter in Q4 2022 due to rising borrowing costs, may deter new residential investments, weighing on lumber demand. However, demand for lumber from public residential construction is likely to compensate.

Cement and aggregates
Elevated production costs are expected to drive cement and concrete price growth in the coming quarters, with cement producers passing on these costs to buyers. With Singapore reliant on imports, predominantly from Malaysia and China, increased transport and logistical costs and disruption due to the COVID-19 outbreak in China are expected to generate further upwards pressure on prices in early 2023.

Concrete blocks and bricks
With construction output expected to strengthen in 2023 and energy costs likely to remain elevated, brick and concrete prices are expected to record marginal price growth in the first half of 2023.

Steel (rebar and structural)
Steel prices are expected to continue to moderate in early 2023, as global demand slows on weaker economic growth and contracting industrial activity. Through 2023, upwards pressures on prices will be generated by increased input costs as coking coal and iron ore prices rise, and strengthening demand for steel in China. Further upwards pressure will be driven by an expected improvement in construction activity through 2023, with works on a number of large civil engineering projects due to commence.

Copper
Global copper demand is expected to strengthen in early 2023, with China easing its zero COVID restrictions in November 2022 and investing significantly in infrastructure construction in the second half of 2022. In the longer term, domestic copper prices are expected to rise considerably, driven by works on Singapore's Green Plan 2030, for which the government plan to issue SGD35 billion of green bonds to finance green public infrastructure development.

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Materials	Q1 2023 (f) S$	Q1 2022 – Q1 2023 (f) S$	Q1 2022 – Q1 2023 (f) 2022-23 % change	Q3 – Q4 2022 (e) % change	
Copper (S$/MT)	12,464	13,503	-7.7% ↓	13.8% ↑	●
Steel rebar (S$/MT)	1,031	1,165	-11.5% ↓	-7.2% ↓	●
Steel flat (S$/MT)	1,365	1,271	7.4% ↑	-1.7% ↓	■
Stainless steel (S$/MT)	3,579	NA	NA	NA	
Lumber (S$/M3)	121	114	6.2% ↑	-0.2% ↓	■
Asphalt (S$/MT)	463	407	13.9% ↑	-4.1% ↓	●
Limestone (S$/MT)	42.3	39.2	7.8% ↑	0.7% ↑	●
Cement (S$/MT)	119	107	11.5% ↑	-0.1% ↓	■
Concrete (S$/M3)	119	108	10.2% ↑	0.1% ↑	■
Welded mesh (S$/unit)	14.0	14.3	-2.2% ↓	-4.4% ↓	●
Bricks (S$/'000 unit)	3,418	3,558	-3.9% ↓	1.3% ↑	●
Plasterboard (S$/unit)	9.4	9.4	0.2% ↑	0.0% ↔	■
Diesel (S$/litre)	2.7	2.4	13.9% ↑	-4.1% ↓	●

(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.-4mm Plasterboard: 10 x 20 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	Following a substantial decline in Q3 2022, copper prices were volatile in Q4 2022, rising sharply in November before dropping back in December. A strengthening of copper demand in China and a weakening of the Singapore dollar against the US dollar are expected to keep prices high in early 2023.
Steel prices - Steel rebar - Flat steel	 -1.0% ↓ -1.0% ↓	High	Weak residential construction and soft infrastructure output is expected to drive down steel prices in the final quarter of 2022. This trend is expected to continue into Q1 2023, although an improvement in construction activity and rising iron ore and coking coal prices pose considerable upside risk to the price outlook.
Stainless Steel	+0.5% ↑	Moderate	The price of stainless steel is expected to increase due to high energy costs and increased raw material prices.
Lumber	-0.8% ↓	High	Weak demand in residential construction is expected to have driven a marginal decline in lumber prices in Q4 2022 and a further fall in price is projected in Q1 2023. However, with Singapore's Housing and Development Board (HDB) committed to completing all delayed build-to-order projects by the latest H1 2025 and plan to construct up to 23,000 apartments in 2023, prices are expected to begin to rise from Q2 2023.
Asphalt	-1.0% ↓	Moderate	A moderation of oil prices resulted in a decline in asphalt prices in Q4 2022. In early 2023, assuming a further decline in oil prices, asphalt prices are expected to continue to decline.
Limestone	+0.5% ↑	Low	Limestone prices remained relatively stable in Q4 2022, recording a marginal quarterly increase of 0.7%. A similar marginal rise is expected in Q1 2023 and into Q2 2023. As Singapore imports much of its limestone, elevated transport costs and an increase in demand is expected to drive price growth.

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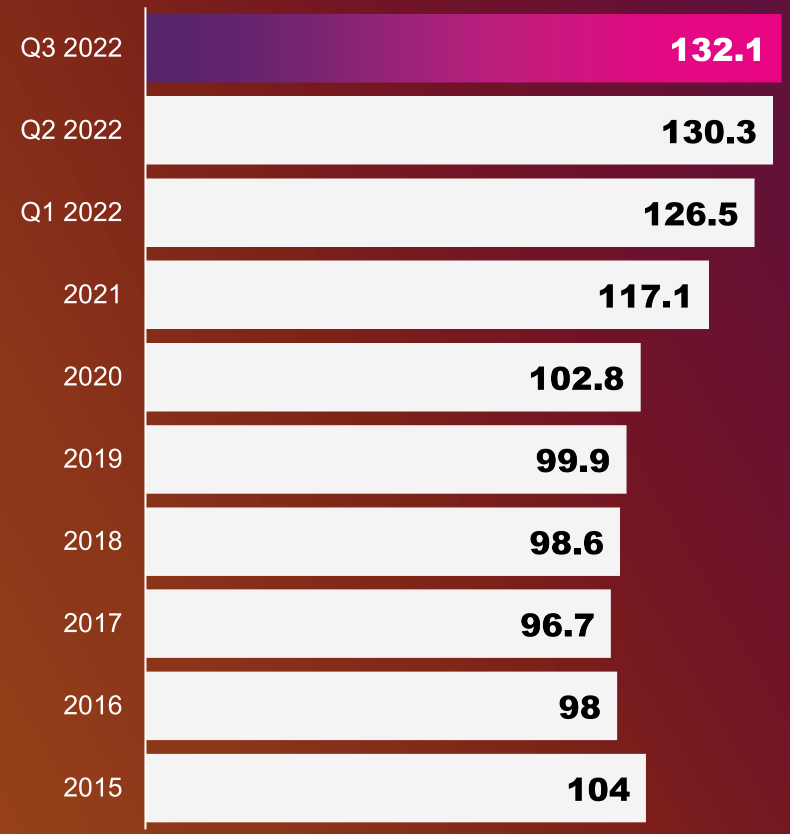
Tender price index 2015 – Q3 2022

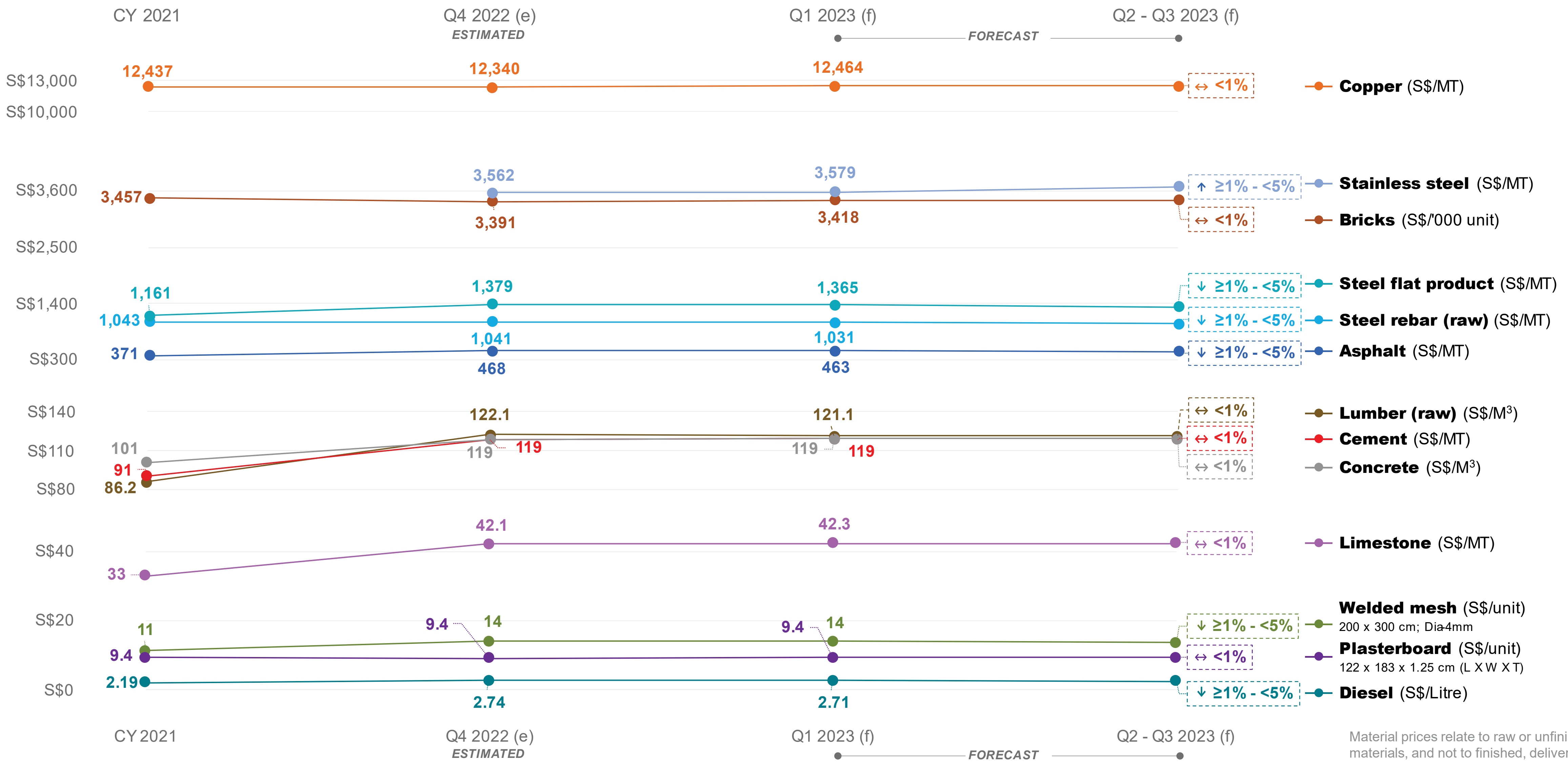


Material	% change Q4 – Q1 2023(f)	Level of impact of pricing on construction procurement and supply chain *	
Cement **Concrete**	+0.3% ↑ +0.3% ↑	Moderate	Cement and concrete prices remained stable in Q4 2022, with no notable change recorded. An improvement in construction activity in 2023 and an expected rise in thermal coal prices will see prices record marginal growth in the first half of 2023.
Welded mesh	-1.0% ↓	High	Reflecting the expectation of a continued downtrend in the price of steel, the price of welded mesh is also expected to fall in the first half of 2023.
Bricks	+0.8% ↑	Moderate	Brick demand will improve as construction activity strengthens and higher energy prices will push up production costs, causing brick prices to trend upwards in the coming quarters.
Plasterboard	+0.2% ↑	Low	Plasterboard prices remained stable in Q4 2022, and as construction activity strengthens in the first half of 2023, plasterboard prices will rise marginally.
Diesel	-1.0% ↓	Moderate	Diesel prices continued to moderate in Q4 2022, recording a quarterly decline of 4.1%. Although the trend is expected to continue in the first half of 2023, prices will remain high compared to 2021 levels.

* 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 (2021-2023)



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

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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)

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