



# Denmark

## Country Commodity Report

### Q4 2022



# Denmark

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The overall GDP growth rate of Denmark for the year 2022 is forecast to be around 3% as a result of a slowdown in the economy. This slowdown is expected to continue well into 2023, before recovering in the latter half, resulting in negligible growth for the year. Growth is expected to return in 2024, albeit marginal at a rate of 1% to 1.5%. The decline in growth is driven by economic and geopolitical pressures from the Russia-Ukraine conflict, volatile energy prices, and slacking labour market. Inflation is also impacting at almost 8% for the year however it is expected to ease out to 3.7% and 2% in the years after.

The Danish construction industry seems to, for now, defy the overall economic concerns in country, registering a robust growth of approximately 5.1% (in real terms) for the year 2022 with the sector forecast to grow at an average annual growth of 3% during 2024-26.



**Paul Butler**  
Senior Director - Europe  
paul.butler@linesight.com



### Lumber

Denmark saw record high lumber prices in mid-2022 as a result of supply chain disruption. High production and transportation costs due to elevated energy costs sustained upward pressure on lumber prices, which eased slightly in recent quarters. However, this may be offset by weakening demand in construction industry in coming quarters. Falling residential demand is expected to dampen domestic lumber demand. However, residential construction will benefit from government's focus on affordable housing to combat housing shortage. Additionally, Copenhagen leads the 'Build-in-Wood' initiative funded by the EU to promote timber-based construction.



### Cement and aggregates

High demand for cement and other aggregates amid the expansion in construction output in the first half of 2022 combined with high production and transportation costs caused the price of cement to rise sharply. However, declining demand amid falling levels of construction activity is expected to offset supply-side pressure in the coming quarters and keep prices relatively stable. Prices are likely to prove sticky over the medium term, owing to low competition in the domestic cement market.



### Concrete blocks and bricks

Strong domestic demand amid strong growth in the construction sector has kept brick prices relatively high in Denmark in recent



years, while the supply-chain disruptions stemming from the Russia-Ukraine conflict have exacerbated upward pressure on prices in recent quarters. Despite high production and transportation costs continuing to feed into prices, falling demand for bricks as the construction sector weakens in 2023 will offset upward pressure from the supply side, keeping prices stable in the short term.



### Steel (rebar and structural)

As a net importer of steel, Denmark has been heavily exposed to supply shortages and price volatility in the global market following the supply shock resulting from EU sanctions on Russian steel imports. However, demand for steel is expected to fall in the coming quarters due to weakening manufacturing output and a reduction in fixed capital investment amid rising interest rates, which will cause steel prices to decline. Moreover, greater levels of steel production in Turkey and China will offset pressures on the supply side and offer cheaper alternatives to net steel importers such as Denmark.



### Copper

Long-term demand for copper will be driven by investment in renewable energy and electric vehicles to support the green transition in Denmark. However, global copper prices are expected to remain volatile in the short-term owing to competing pressures on the supply and demand sides. Low global stockpiles will sustain upward pressure on prices while falling demand amid slowing economic growth globally will limit further upward pressure. Economic recovery in China, the world's largest copper consumer, could offset the fall in demand from other large copper consumers, exacerbating volatility in global the copper market.

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Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	DKK	DKK	2022-23 % change	% change
<b>Copper</b> (DKK/MT)	59,326	66,227	-10.4% ↓	2.1% ↑ ●
<b>Steel rebar</b> (DKK/MT)	6,509	6,570	-0.9% ↓	-6.9% ↓ ●
<b>Steel flat</b> (DKK/MT)	5,366	7,505	-28.5% ↓	-6.9% ↓ ●
<b>Stainless steel</b> (DKK/MT)	28,457	NA	NA	NA
<b>Lumber</b> (DKK/M3)	768	771	-0.4% ↓	-2.4% ↓ ●
<b>Asphalt</b> (DKK/MT)	2,284	2,025	12.8% ↑	-0.2% ↓ ■
<b>Limestone</b> (DKK/MT)	1,492	1,448	3.0% ↑	2.0% ↑ ●
<b>Cement</b> (DKK/MT)	1,655	1,459	13.4% ↑	1.8% ↑ ●
<b>Concrete</b> (DKK/M3)	1,153	1,029	12.0% ↑	2.7% ↑ ●
<b>Welded mesh</b> (DKK/unit)	261	258	1.3% ↑	-9.4% ↓ ●
<b>Bricks</b> (DKK/000 unit)	7,493	6,361	17.8% ↑	3.5% ↑ ●
<b>Plasterboard</b> (DKK/unit)	93.7	73.0	28.3% ↑	2.0% ↑ ●
<b>Diesel</b> (DKK/litre)	14.0	13.1	6.3% ↑	-3.4% ↓ ●

(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

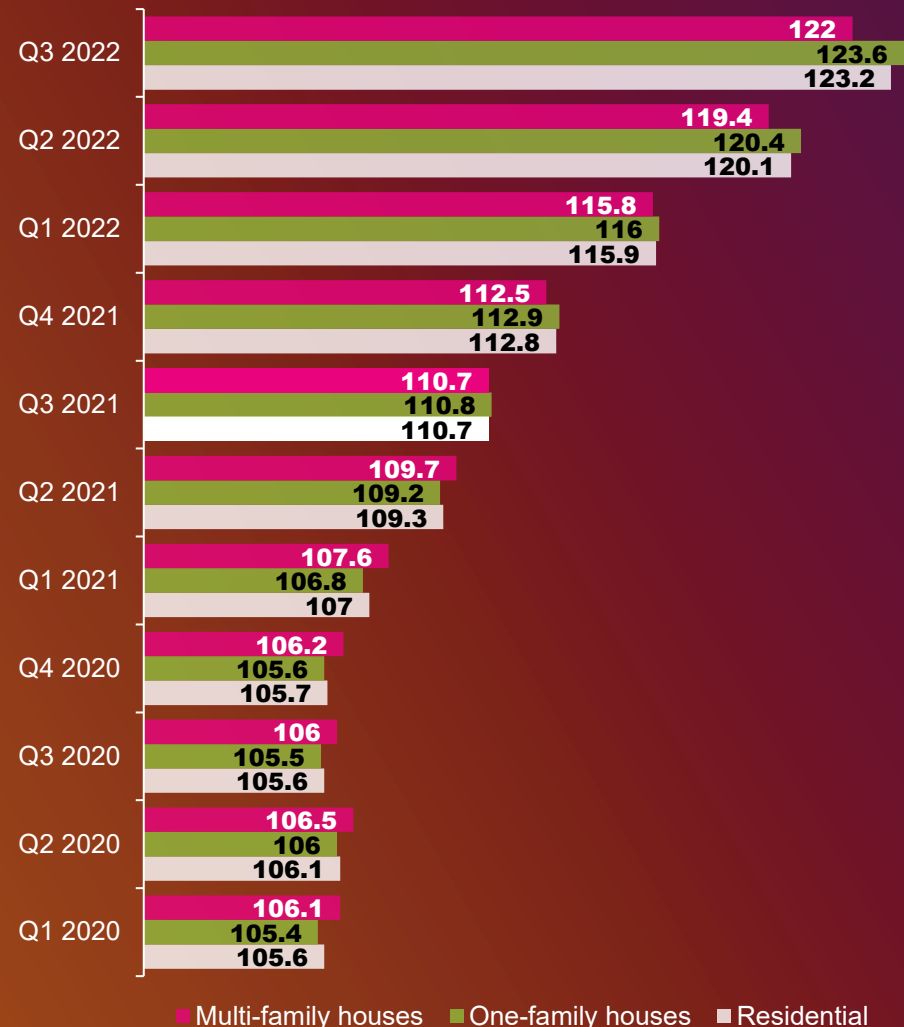
Welded mesh: 250 x 215cm, dia.-6mm Plasterboard: 240 x 90 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
<b>Copper</b>	+1.7% ↑	Moderate	Low global stockpiles and resilient demand have kept copper prices elevated in recent quarters, despite prices falling from record highs reached in Q2 2022. Slowing economic growth will keep demand subdued compared to historical levels, but supply-side issues will keep prices sensitive to changes in demand.
<b>Steel prices</b> - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Low	Steel demand in Denmark is expected to continue to fall in the coming quarters, owing to the impact of high energy costs, weak consumer demand, and falling levels of fixed capital investment amid rising interest rates. Declining demand for steel globally, coupled with an increase in steel imports from Turkey and China to ease supply-side pressure, will exacerbate the downward trend in steel prices expected over the coming quarters.
<b>Stainless steel</b>	+1.5% ↑	Low	Stainless steel prices are expected to rise further due to increase in the prices of key raw materials such as nickel and molybdenum.
<b>Lumber</b>	-2.3% ↓	Low	Lumber prices are expected to remain stable over the coming quarters, owing to weaker demand in the construction sector, which will offset supply-side pressures stemming from high production and transportation costs. A cooling housing market, will drive the downturn in demand for lumber. Nevertheless, underlying demand for lumber as a sustainable construction material will limit downward pressure on prices.
<b>Asphalt</b>	-1.0% ↓	Low	Declining crude oil prices in recent months have eased pressure on asphalt prices, which marginally declined in Q4 2022. Falling demand for crude oil globally owing to slowing economic growth in 2023 will offset supply-side disruptions in the crude oil market, which will help to stabilise asphalt prices over the coming quarters.
<b>Limestone</b>	+1.0% ↑	Low	Limestone prices have fallen from highs reached in Q2 2022 and have since stabilised around DKK1,460/MT. Despite falling demand production and transportation costs for limestone producers remain high, keeping prices stable but elevated.

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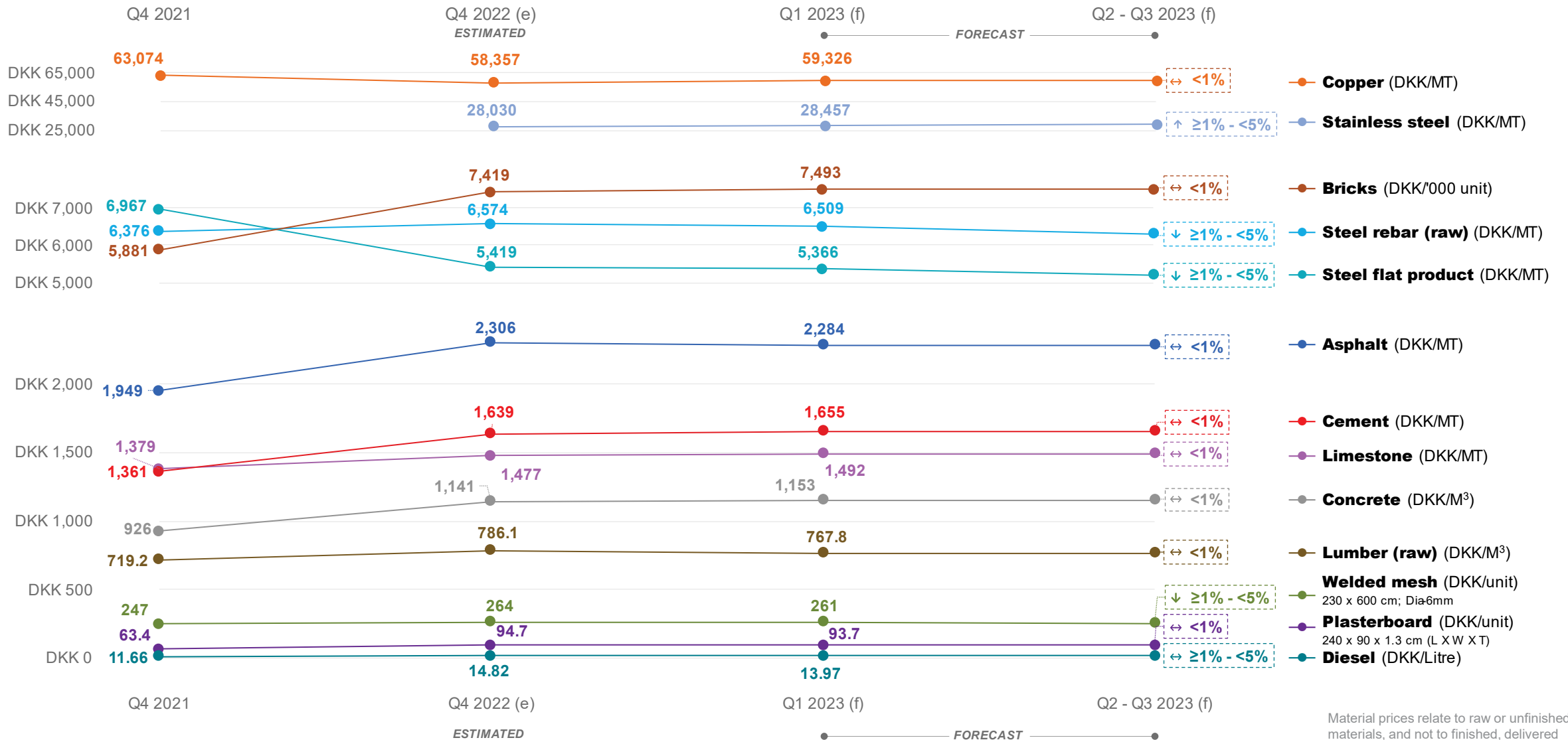
## Construction cost index 2020-2022 (2015=100)



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 <b>Cement</b> <b>Concrete</b>	+1.0% ↑ +1.0% ↑	Moderate	High energy costs feeding into production and transportation costs will keep prices elevated. However, falling output levels in the residential construction sector will offset further upward pressure on cement prices.
 <b>Welded mesh</b>	-1.0% ↓	Low	With an expected fall in steel prices, the price of welded mesh is expected to decline over the coming quarters. High production costs, as a result of high energy costs, are likely to limit downward pressure on prices, therefore, keeping prices elevated compared to historical levels.
 <b>Bricks</b>	+1.0% ↑	Low	Due to high energy costs, brick prices have remained elevated in recent quarters. While producers will continue to pass on higher costs to developers over the coming quarters, weakening demand from the construction industry will limit further upward pressure on prices, which are expected to remain stable in the first half of 2023.
 <b>Plasterboard</b>	-1.0% ↓	Moderate	High energy and raw materials costs have been the primary drivers of rising plasterboard prices in 2022. In recent months however, prices have begun to stabilise due to weakening demand and limited further upward pressure on energy and raw materials costs. Plasterboard prices are expected to remain stable at elevated levels over the coming quarters.
 <b>Diesel</b>	-5.8% ↓	Low	Since the start of the Russia-Ukraine conflict in 2022, diesel prices in Denmark have been among the highest in Europe. However, prices have been falling since Q3 2022, owing primarily to falling crude oil prices. Prices are expected to fall further in the coming quarters as weakening global demand for crude oil offsets supply-side issues. However, crude oil market volatility may cause diesel prices to rise again in the medium term.

\* 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.

# Denmark – Construction Materials Pricing (2021-2023)



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

# Denmark – 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 – Denmark

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

- IMF
- Statistics Denmark
- Nationalbanken
- GlobalData's Construction Intelligence Center (CIC)
- European Commission

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