



Sweden

Country Commodity

Report

Q2 2023



Sweden

Q2 2023

The Swedish economy outperformed expectations in Q1 2023, and inflation is gradually easing, but interest rates remain high, putting pressure on the construction industry.

Commodity prices are stabilising, with steel prices declining from the highs of 2022. Prices of high production cost materials like cement and concrete are still elevated but likely to dip in coming quarters.

Overall, the construction industry is expected to contract this year, primarily due to weakness in the residential sector. However, the industrial sector is expected to grow by 9.3% in 2023, fuelled by positive manufacturing trends and investments in the construction of electric vehicles and battery manufacturing plants. Furthermore, government investment is expected to increase to meet the institutional sector's pent-up demand.



Damien Gallogly
Senior Director - Europe



Key Indicators

GDP

Increased by 0.8% on an annual basis in Q1 2023



- On a QoQ basis GDP grew by 0.6% in Q1 2023
- The upturn is primarily attributed to increased inventories and robust growth in goods exports

CPI

Stood at 9.3% in June 2023 on a YoY basis



- It was down from 9.7% in May 2023
- The inflation rate was predominantly influenced by elevated interest expenses for both owner-occupied homes and tenant-owned apartments

Construction output

Expected to shrink by 4.7% in real terms in 2023



- This shrinkage is due to a sharp drop in the residential sector, influenced by high interest rates and weak investor sentiment
- Investment in transport and energy infrastructure will bolster overall construction activity in coming years

Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e) Q2 (e) - Q3 '23 (f)		
Copper	↓ -6%	↔ 0%	↓ -1%	Prices have declined but are likely to remain volatile
Steel rebar (raw)	↓ -38%	↔ 0%	↓ -2%	Prices are trending downward
Cement	↑ 33%	↓ -1%	↓ -1%	Price are still elevated, but are likely to reduce in coming quarters
Lumber	↓ -23%	↑ 3%	↓ -3%	Prices were on a declining trend, and are likely to stabilise in coming quarters

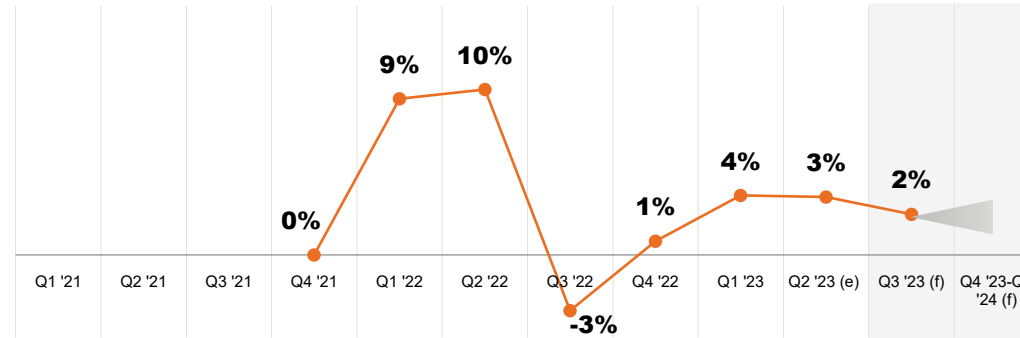
Sweden – Commodity Price Trends



Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK88,231	SEK87,348	↓ -0.1%	↓ -1.0%

Price change comparison against Q4 2021



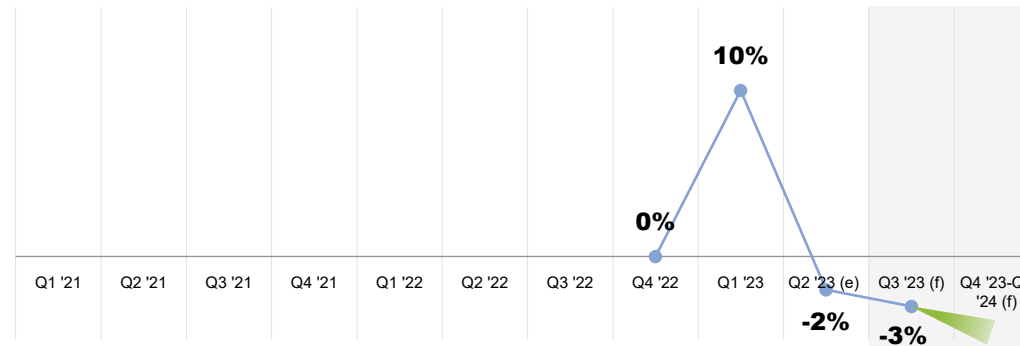
- Copper prices edged lower on a quarterly average basis in Q2 2023, and there is expected to be a further steady decline in Q3 2023, reflecting weak global demand
- Prices could be volatile in the short term, given the competing pressures of low demand, contrasted by concerns over low inventories
- On a quarterly average basis, though prices will remain close to current levels



Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK40,588	SEK40,186	↓ -10.3%	↓ -1.0%

Price change comparison against Q4 2022



- Stainless steel prices fell in Q2 2023 reflecting increased availability of raw materials and declining prices particularly for nickel
- With nickel prices set to remain low amid higher production levels, and also because of weaker demand in the Swedish construction sector, stainless steel prices will fall further in the short term

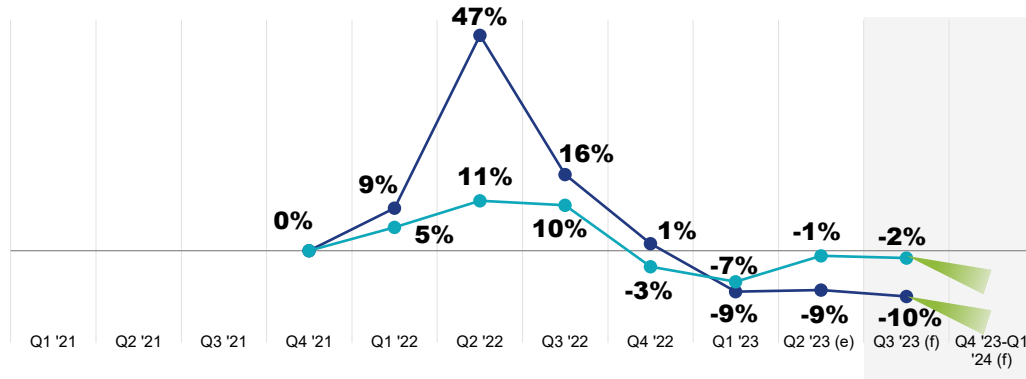
Sweden – Commodity Price Trends



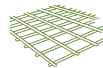
Steel – rebar and flat

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)
● Steel rebar (raw) (SEK/mt)			
SEK7,164	SEK7,056	↑ 0.4%	↓ -1.5%
● Steel flat product (SEK/mt)			
SEK7,299	SEK7,263	↑ 6.1%	↓ -0.5%

Price change comparison against Q4 2021



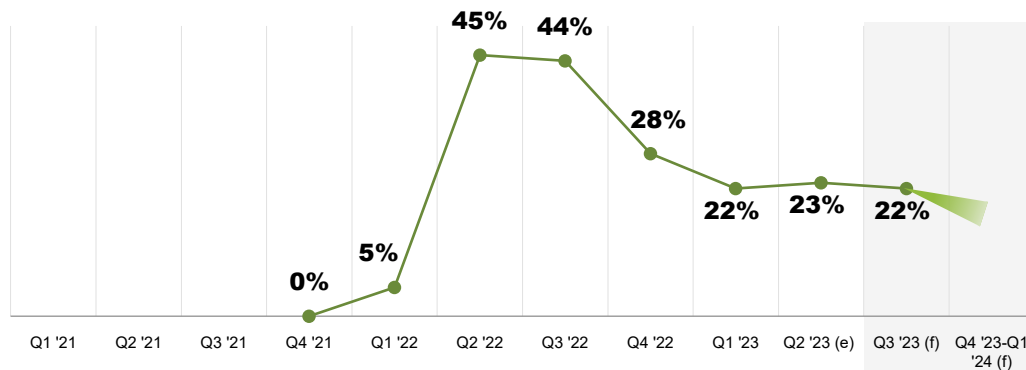
- Steel rebar prices have been trending downwards, with prices edging lower, reflecting weak demand from the residential construction sector
- In contrast, there was a pick up in steel flat prices in Q2 2023 owing to demand pressures from industrial construction sectors
- Any price increases will be offset by low demand in the short term, given high interest rates and weak investor confidence



Welded mesh

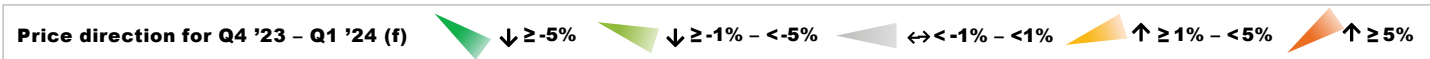
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●● Moderate		●●● Low	●●● Low
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK795	SEK787	↑ 0.4%	↓ -1.0%

Price change comparison against Q4 2021



- Welded mesh prices stayed high in Q2 2023, but there has been a general downward trend as reflected in steel rebar prices
- Demand will be bolstered by investment in infrastructure and non-residential buildings, offsetting the drop in residential building activity, which means welded mesh prices will stay high compared to historical levels

* 120 x 240 cm; diameter 5mm



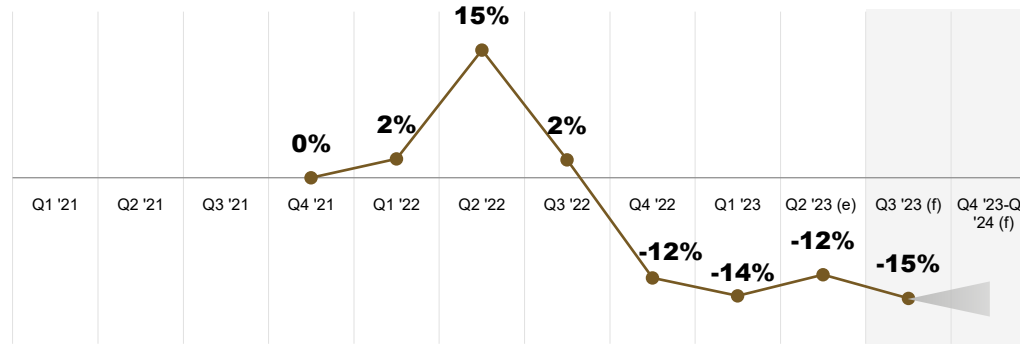
Sweden – Commodity Price Trends



Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (SEK/m ³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK734	SEK710	↑ 3.0%	↓ -3.2%

Price change comparison against Q4 2021



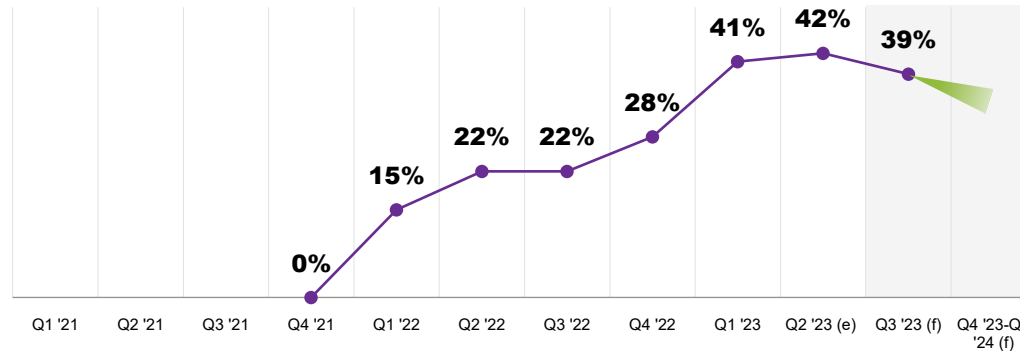
- In Q2 2023, lumber prices picked up marginally having been on a downward trend since mid-2022
- Prices will edge lower again in Q3 2023, but at this relatively low level, prices will stabilise in the coming quarters
- Despite weakness in the residential sector, timber's popularity in Sweden's construction industry ensures strong long-term demand
- Sweden is a key EU timber exporter, and rising demand for sustainable construction adds pressure to stocks



Plasterboard

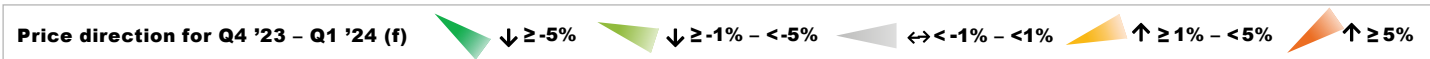
Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Moderate
Price (SEK/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK107.6	SEK104.9	↑ 1.0%	↓ -2.5%

Price change comparison against Q4 2021



- Plasterboard prices have stayed relatively high in recent quarters, despite weakening demand
- Prices edged up marginally in Q2 2023, and stood at a level that was 42% higher than in Q4 2021
- Reflecting the sharp drop in building permits this year, residential construction activity will fall sharply, and this will contribute to a drop in plasterboard prices

* 240 x 120 x 1.25 cm (L x W x T)



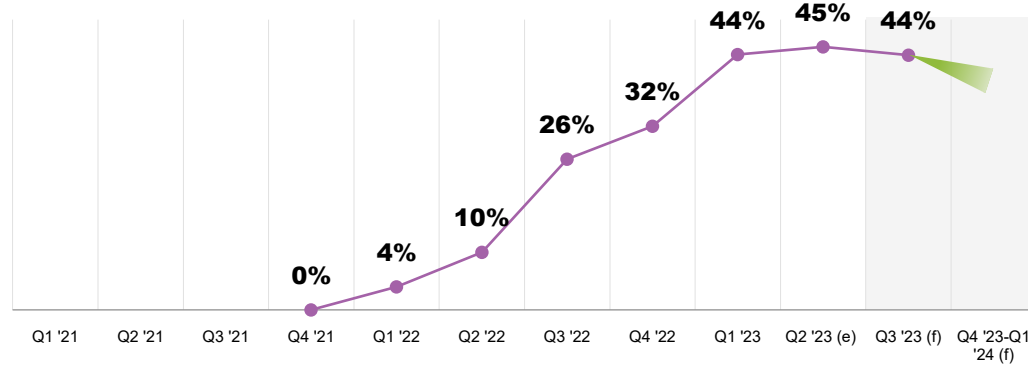
Sweden – Commodity Price Trends



Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK721.7	SEK714.6	↑ 0.9%	↓ -1.0%

Price change comparison against Q4 2021

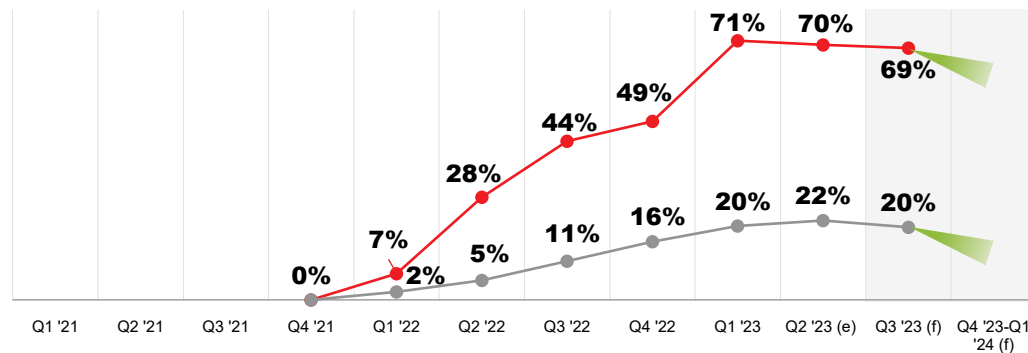


- Limestone prices have stayed at a high level, edging up by 0.9% on a QoQ basis in Q2 2023
- Soft demand from construction sector and rising interest rates are expected to put increased downward pressure on limestone prices in short term

Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK3,077	SEK3,062	↓ -0.6%	↓ -0.5%
● Cement (SEK/mt)			
SEK1,478	SEK1,456	↑ 1.2%	↓ -1.5%
● Concrete (SEK/m ³)			

Price change comparison against Q4 2021



- Cement prices fell marginally on a quarterly average basis in Q2 2023, but prices remain elevated despite weak demand from the construction industry
- Concrete prices have also remained at a high level
- Soft demand will lead to a price decreases in the coming quarters
- The resolution of an environmental dispute at a major quarry brings enhanced certainty to Sweden's domestic market compared to late 2022

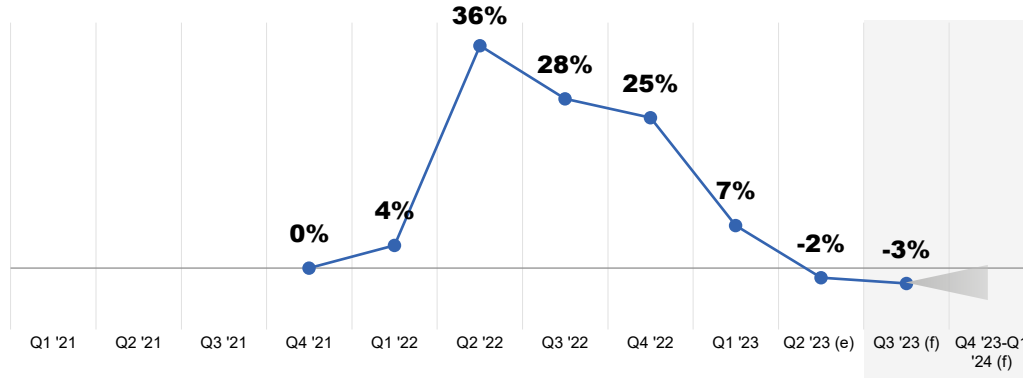
Sweden – Commodity Price Trends



Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK765	SEK758	↓ -7.9%	↓ -1.0%

Price change comparison against Q4 2021



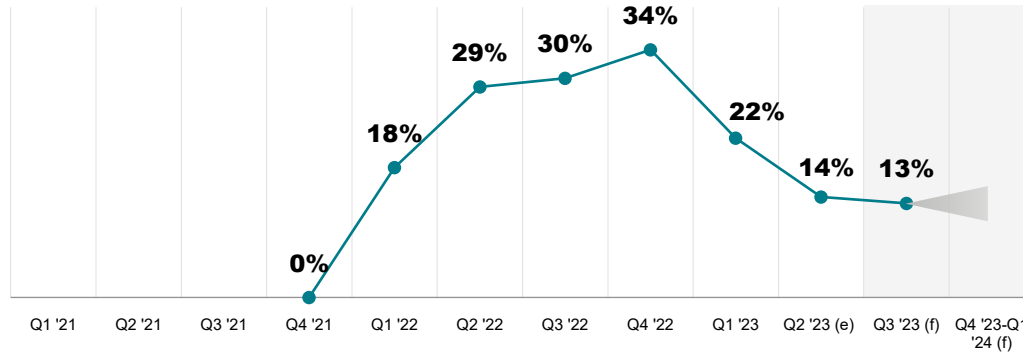
- Asphalt price have continued to fall from the highs of Q2 2022, dropping by 7.9% QoQ in Q3 2023, when it fell marginally below the level of Q4 2021
- This downward trend reflects the decline in refined petroleum product prices
- A pick up in demand from the infrastructure sector along with relatively stable oil prices on a quarterly average basis will mean that prices remain close to current levels in the short term



Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (SEK/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK21.6	SEK21.4	↓ -6.6%	↓ -0.8%

Price change comparison against Q4 2021



- Prices continued to fall on a quarterly average basis from Q1 2023 to Q2 2023, reflecting recent trends in prices for crude oil imports
- Although easing back in Q3 2023, prices will be relatively stable in the coming quarters, as global crude oil prices come under some upward pressure amid cuts in production

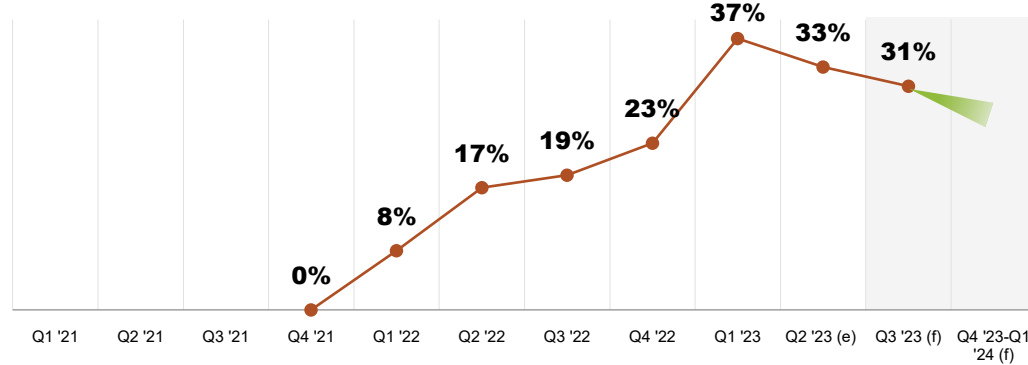
Sweden – Commodity Price Trends



Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Low	●●●● Low
Price (SEK/'000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
SEK9,873	SEK9,675	↓ -2.8%	↓ -2.0%

Price change comparison against Q4 2021



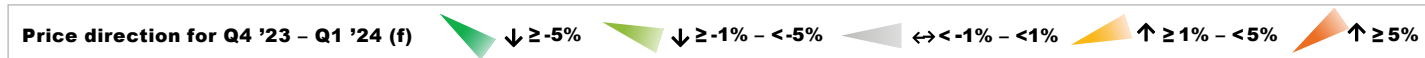
- Having increased sharply in Q1 2023, brick prices have been declining due to decreasing demand
- Prices in Q2 2023 were down by 2.8% on a quarterly average basis
- However, given the impact on prices from the surge in production costs in previous quarters, brick prices are still relatively high

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%	●●●● High	Deficit	●●●● High	Stressed	●●●● High
≥1% – <5%	●●● Moderate	Balanced	●●● Moderate	Adequate	●●● Moderate
<1%	●● Low	Surplus	●● Low	Easily Available	●● 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



Sweden – Industry trends

Sector trends



Data Centres

Sweden is a preferred Data Centres location for its commitment to sustainability, focus on district heating, a stable political environment, and excellent power and transport infrastructure. Currently, projects with a value of more than SEK18.6bn are in the pipeline.



Life Sciences

Sweden is a healthcare innovation hub and is witnessing rapid growth, featuring top talent, cutting-edge R&D, and specialised manufacturing capabilities. The industry has also seen substantial growth, reaching an all-time high of SEK139.4bn in life sciences exports in 2022.



High-tech Industrial

The Swedish government is actively promoting EV usage and has production target of 2.5 million EVs and PHEVs by 2023. Moreover, in response to the European Chips Act, the government is investing in the semi-conductor industry. Notably, a recent investment of SEK60mn was made in ClassIC, a Swedish semiconductor hub, funded by the Swedish Foundation for Strategic Research.

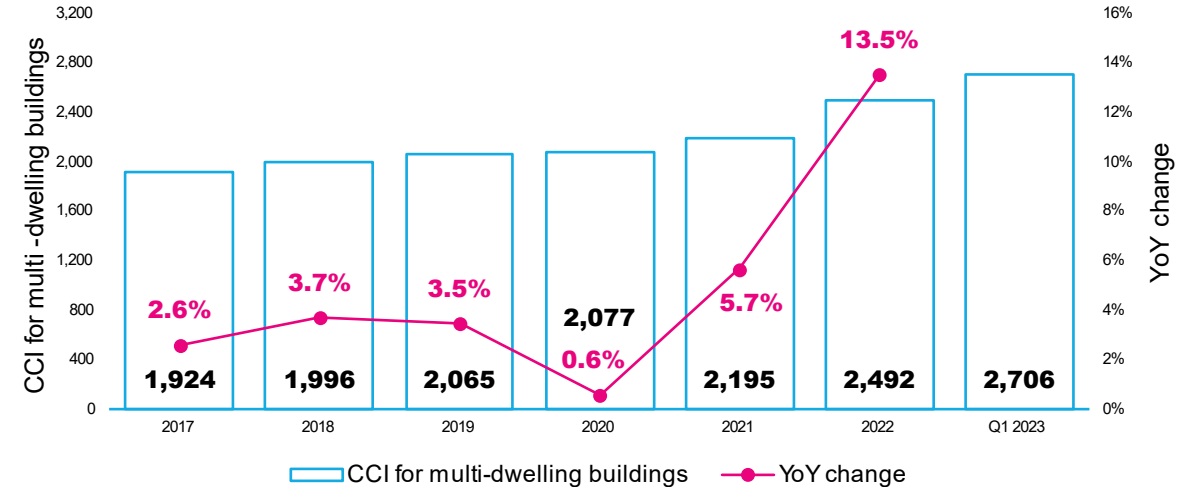


Renewable Energy

The Energy and utilities sector is projected to grow at an annual rate of 4.4% in 2023, followed by an average growth rate of 4% from 2024 to 2027. This growth is driven by the government's emphasis on renewable energy infrastructure, particularly wind energy, to achieve 100% renewable electricity by 2040. According to the Swedish Energy Agency, Sweden aims to increase wind-generated electricity from 27.4TWh in 2021 to 46.9TWh in 2024, and eventually reach between 70-90TWh by 2040.



Construction Cost index (CCI) for buildings*



* base year 1968=100, Construction Cost Index for multi-dwelling buildings including wage drift and VAT . Average change in CCI from Q1 2022 to Q1 2023 is 16.3%

Sweden – 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 – Sweden

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

- IMF
- Mynak
- Statistics Sweden
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- Economic Research Institute
- Eurostat

Disclaimer: The commodity report contains information, data, and analysis related to the construction industry.

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