



India

Country Commodity Report

Q4 2022



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In its latest update, World Bank retained India's GDP growth at 6.9% for the fiscal year 2022-23. The World Bank has revised its GDP forecast for India from 6.5% (in October 2022) to 6.9% in December 2022, citing the Indian economy's resilience to global shocks and strong macroeconomic fundamentals. Inflation has also decreased to an eleven-month low of 5.88%, falling within the Reserve Bank of India's 2-6% tolerance band.

The Indian construction industry is expected to grow at a 6.6% annual rate in 2022, up from a 5.8% annual rate previously predicted. While the government is committed to spending on infrastructure, the real estate sector has seen considerable upswing this year. Indeed, critical sectors such as warehousing, and data centers are expected to expand significantly in the coming years. Many global data center operators are establishing hyperscaler operations in the country. The government's recent announcement of plans to launch product-linked incentives for the manufacturing of IT hardware and computer servers will also benefit the hi-tech industry as well. Commodity prices are likely to remain stable in the short term.



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Lumber

Lumber prices are expected to rise, although marginally in early 2023, despite an easing for supply chain disruption and reduced global demand for lumber. Robust demand from the Indian construction sector, particularly the commercial and residential construction sectors, is expected to be the primary driver of price growth in early 2023.



Cement and aggregates

Despite falling in Q3 2022, predominantly due to a seasonal moderation in construction activity during the monsoon season, cement prices are rising and are expected to continue to increase into the first half of 2023. Due to an unseasonably long monsoon season, that stretched through October 2022, many cement producers were unable to push up their asking prices, despite an increase in input costs. With demand strengthening as construction activity picks up and works on a number of large civil engineering projects commencing, cement producers will begin to pass on these costs to buyers.



Concrete blocks and bricks

Concrete block and brick prices are expected to have risen marginally in the final quarter of 2022, as construction activity rebounded following its slump during the monsoon season. With construction activity expected to continue to strengthen in early 2023 and thermal coal

prices (which power the majority of India's brick kilns) likely to rise, brick and concrete block prices are expected to continue to increase.



Steel (rebar and structural)

Steel prices are expected to increase in the coming quarters as a result of the removal of export duty on steel products, which came into effect in November 2022 and an acceleration of construction activity. An increase in coking coal and iron ore prices, increased demand from China to supply its infrastructure construction drive, and work on India's \$1.4 trillion National Infrastructure Pipeline will drive the price momentum in early 2023. Further upwards pressure on domestic steel prices will be generated by the government's inclusion of steel products in the RoDTEP Scheme (Remission of Duties and Taxes on Exported Products) from December 15, 2022.



Copper

Copper prices have picked up following the decline in Q3 2022, with prices expected to have recorded a quarterly increase of 2.9% in Q4 2022. While there will be downward pressure on copper prices in the short term due to slowing global economic growth and declining industrial production, domestic prices will stay relatively high. Copper demand in India will be driven by an expansion of domestic manufacturing activity, supported by robust car sales, with India surpassing Japan as the third largest auto market globally in 2022. Further domestic price pressure will come from India's investment in expanding renewable energy capacity.



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Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	INR	INR	2022-23 % change	% change
Copper (INR/MT)	740,243	821,492	-9.9% ↓	2.9% ↑ ●
Steel rebar (INR/MT)	55,741	64,180	-13.1% ↓	-6.1% ↓ ●
Steel flat (INR/MT)	57,283	67,383	-15.0% ↓	-6.2% ↓ ●
Stainless steel (INR/MT)	191,919	NA	NA	NA
Lumber (INR/M3)	12,942	10,938	18.3% ↑	0.8% ↑ ■
Asphalt (INR/MT)	61,130	53,810	13.6% ↑	12.1% ↑ ●
Limestone (INR/MT)	480	450	6.6% ↑	0.0% ↔ ■
Cement (INR/MT)	8,306	7,640	8.7% ↑	3.7% ↑ ●
Concrete (INR/M3)	4,545	4,100	10.9% ↑	0.0% ↔ ■
Welded mesh (INR/unit)	296	350	-15.3% ↓	-6.1% ↓ ●
Bricks (INR/'000 unit)	9,225	9,000	2.5% ↑	0.7% ↑ ■
Plasterboard (INR/unit)	361	350	3.2% ↑	-0.7% ↓ ■
Diesel (INR/litre)	88.7	87.6	1.3% ↑	0.0% ↔ ■

(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: 100 x 100cm, dia.-6mm Plasterboard: 120 x 180 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	+1.2% ↑		Moderate
 Steel prices - Steel rebar - Flat steel	+0.6% ↑ +2.0% ↑		Moderate
 Stainless steel	+1.0% ↑		Low
 Lumber	+1.2% ↑		Low
 Asphalt	+6.8% ↑		Low
 Limestone	+1.0% ↑		Low

Copper prices rose during November and December 2022, primarily driven by the weakening of the Indian rupee against the US dollar and growing domestic demand. With economic growth in India expected to be a considerable 7.0% in FY2023, according to the National Statistical Office of India, domestic demand for copper is expected to remain robust, keeping prices relatively high in the coming quarters.

Steel prices are expected to fall in Q4 2022 on a quarterly average basis, with the export duty on steel products limiting the price setting power of steel producers and depressing local prices. However, with the export duty removed on November 19th 2022, an ensuing pick up in exports will reduce domestic product availability, and combined with solid demand from the housing and infrastructure sector, domestic prices of steel products are expected to increase in the coming quarters.

India is not dependent on nickel imports from Russia and as a result the global raw material price has had a limited impact on the stainless steel price in India. India's stainless steel demand is nearly 4 million tonnes annually and the demand is met through domestic production.

Lumber prices are expected to rise marginally further as demand from the commercial and residential sectors strengthens.

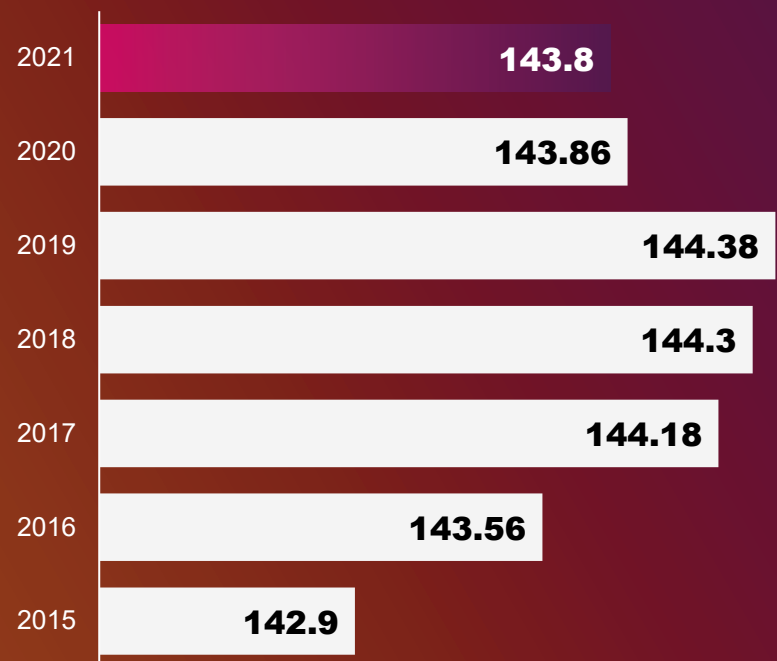
Given an increase in international crude prices, leading Indian oil companies increased the price of bitumen in both November and December 2022. The depreciation of the rupee against the US dollar was also an important factor driving the increase in the price of bitumen in India.

Owing to robust demand from the Indian construction sector, limestone prices are expected to remain stable, with elevated energy costs further buttressing prices at their current high levels.

India – Commodity Report



Construction cost index – 2015-2021

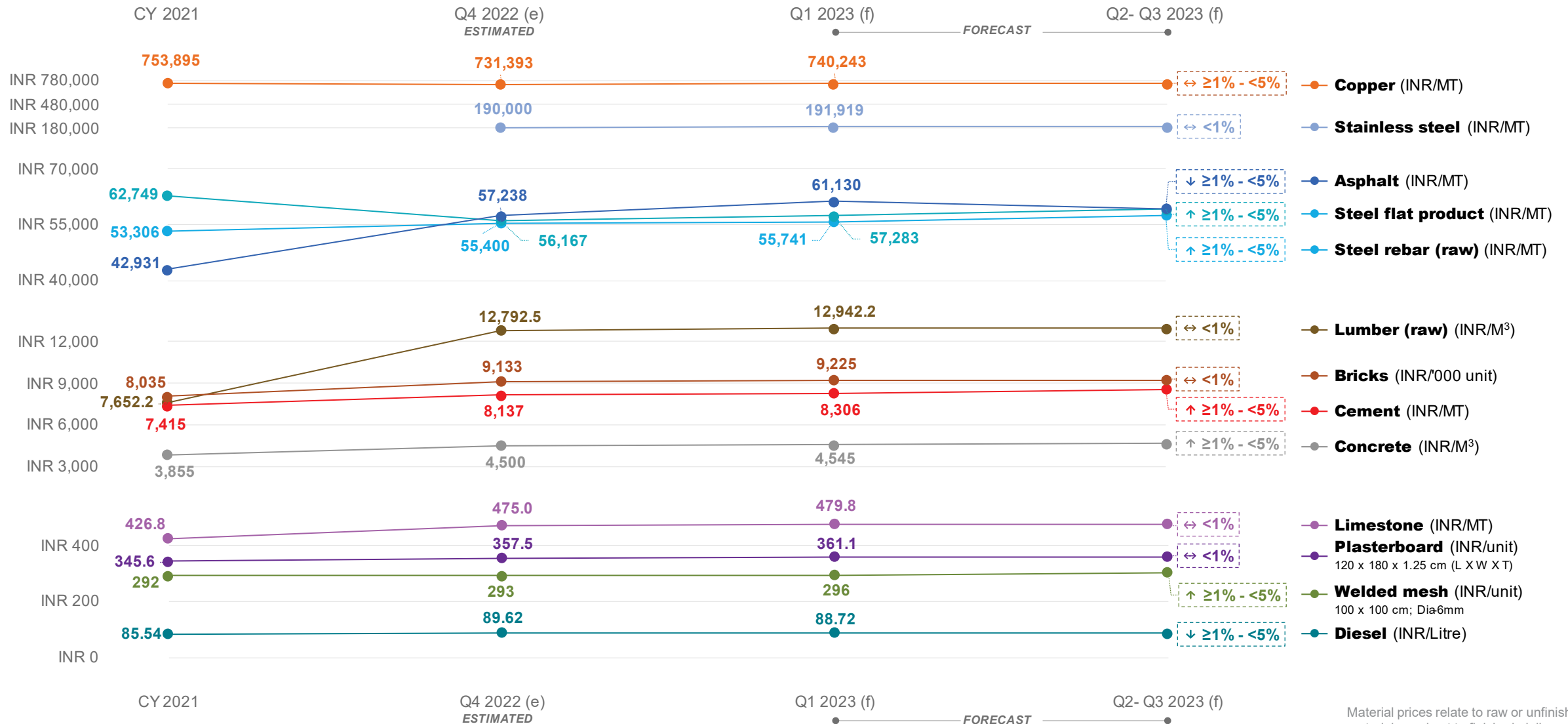


Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+2.1% ↑ +1.0% ↑	 High Cement prices increased in the last quarter of 2022, primarily due to the increase in fuel and petroleum coke prices. Cement prices are expected to increase further in Q1 2023, with demand from the construction and civil engineering sectors expected to remain substantial. Elevated logistical costs and raw material prices will also continue to contribute to the increase in price. Concrete prices are expected to reflect the price trend of cement.
 Welded mesh	+1.3% ↑	 Moderate Welded mesh prices are expected to have moderated in Q4 2022, similar to steel rebar prices, and to rise marginally in the following quarters.
 Bricks	+1.0% ↑	 Low No significant change is expected in the price of bricks, though prices are expected to have marginally increased due to the increase in construction activity. Prices are expected to continue to rise into H1 2023, driven by elevated logistical and energy costs, and strengthening demand from the construction sector.
 Plasterboard	+1.0% ↑	 Low No notable change is expected in the price of plasterboard, though prices are expected to continue to increase marginally as construction activity strengthens.
 Diesel	-1.0% ↓	 Low There is expected to have been no significant change in the price of diesel in India in Q4 2022. Petroleum prices are decided by Oil Marketing Companies, which have kept prices unchanged over the last 6 months.

* 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.

India – Construction Materials Pricing (2021-2023)



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

India – 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 – India

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

- World Bank
- Reserve Bank of India
- Ministry of Statistics and Programme Implementation
- ILO
- Construction Industry Development Council (CIDC)
- GlobalData's Construction Intelligence Center (CIC)

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