



# Singapore Country Insights and Commodity Report Q3 2022





# Singapore

## Q3 2022

In its October update, the International Monetary Fund (IMF) has forecast 3% economic growth for Singapore and 2.3% for 2023, down from its previous forecasts earlier in the year. Similar to many other parts of the world, inflation is proving a key challenge, with the Monetary Authority of Singapore using the exchange rate rather than interest rates in an effort to address this. The upcoming tightening of monetary policy will mark the fifth such move in a year, as the highest core inflation rate since November 2008 was posted for August 2022, at 5.1%.

The construction output forecast has been revised downwards to 3.5% growth in real terms by GlobalData, as inflation, supply chain delays, sustained elevation in material costs and labour market constraints come to bear. Growth will be buoyed by a small number of ongoing infrastructure and energy-related projects that faced disruption at the onset of the pandemic but have resumed as of last year.



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### Lumber

Although the construction industry has been on a recovery trend in recent quarters, pushing up demand for construction materials including lumber, leading indicators suggest that the expansion is weakening, with the outlook for investment undermined by a slowing economy and higher interest rates.



### Cement and aggregates

With production costs set to remain high for energy-intensive materials such as cement, producers will be looking to pass on these higher costs to buyers. Imports of raw materials for concrete remain healthy, sufficient to support the construction industry's concrete needs. However, concrete prices will remain high given the increasing raw materials and conveyance costs.



### Concrete blocks and bricks

Construction output remains below pre-COVID-19 levels, but the partial recovery has pushed up demand for construction materials, and combined with supply disruptions and higher production costs, this has meant prices for materials such as bricks have stayed at elevated levels.



### Steel (rebar and structural)

Steel prices are coming off their recent highs that were reflective of supply disruptions and higher production costs. Weak demand in China has also helped to bring down prices, and cuts in production in China will also reduce demand for key raw materials. However, Singapore is pushing ahead with major transport infrastructure investments, thus propping up demand for steel products used in the construction industry.



### Copper

The gloomy outlook for global economic growth, along with the slowdown in China, has contributed to the recent weakness in copper prices, but demand stemming from investments in renewable energy, for example, will contribute to keeping copper prices relatively high.

# Singapore - Commodity Report



	Q4 2022 (f)	Q4 2021 – Q4 2022 (f)	Q2 2022 – Q3 2022 (e)
Materials	S\$	S\$	2021-22* % change
<b>Copper</b> (S\$/MT)	11,134	12,768	-12.67% ↓
<b>Steel rebar</b> (S\$/MT)	1,095	1,110	-1.18% ↓
<b>Steel flat</b> (S\$/MT)	1,360	1,236	11.50% ↑
<b>Lumber</b> (S\$/M3)	122	105	21.15% ↑
<b>Asphalt</b> (S\$/MT)	483	365	38.11% ↑
<b>Limestone</b> (S\$/MT)	42	35	23.40% ↑
<b>Cement</b> (S\$/MT)	120	96	26.16% ↑
<b>Concrete</b> (S\$/M3)	119	104	15.85% ↑
<b>Welded mesh</b> (S\$/unit (a))	14	12	19.74% ↑
<b>Bricks</b> (S\$/'000 unit)	3,375	3,435	-3.56% ↓
<b>Plasterboard</b> (S\$/unit (b))	9	9	-1.38% ↓
<b>Diesel</b> (S\$/litre)	2.89	2.14	40.76% ↑

(a) 200x300cm, dia.-4mm  
(b) 10x20x1.25cm (LxWxT)

● Q2 to Q3 2022 % change greater than estimation in our Q2 report  
■ Q2 to Q3 2022 % change less than estimation in our Q2 report

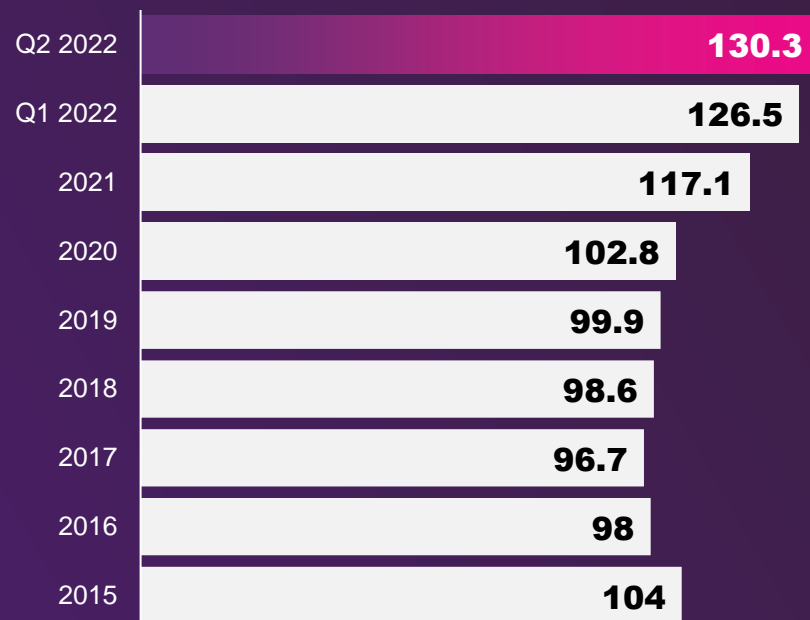
Material	% change Q3 – Q4 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
<b>Copper</b>	+1.0% ↑	Moderate Copper prices have dropped back from the mid-2022 highs, with regional demand being hit by the weakness in China's economy, along with a general decline in investor confidence.
<b>Steel prices</b> - Steel rebar - Flat steel	-4.5% ↓ -3.0% ↓	High From the highs of early Q2 this year, when geopolitical risk spiked upon the outbreak of the Russia-Ukraine conflict, steel prices have trended downwards. This trend is expected to continue, in part owing to the drop in iron ore prices across Asia, with steel production weakening in China given the slowing economy and real estate development downturn.
<b>Lumber</b>	-1.0% ↓	Moderate The recovery in residential construction appears to be faltering, but in late July 2022, Singapore's HDB reported that all Build to Order (BTO) projects that were delayed by the COVID-19 pandemic will be completed in the next two to three years. This will be a factor in keeping lumber prices relatively high.
<b>Asphalt</b>	-1.0% ↓	Moderate Bitumen prices have remained elevated in recent months, having risen sharply during the first half of the year. Although Singapore is a major producer and export of bitumen, local prices reflect trends in global crude oil, which has eased back from mid-year highs. However, prices are unlikely to drop markedly in the coming quarters given the recent decision by OPEC+ to cut oil production.
<b>Limestone</b>	+0.5% ↑	Low Limestone prices have not been subject to a high degree of volatility, but given a reliance on imports from Malaysia, the UK, and other EU and Asian markets, prices are expected to remain close to current levels given high production and transportation costs.











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 - Commodity Report



## Tender price index 2015 – Q2 2022

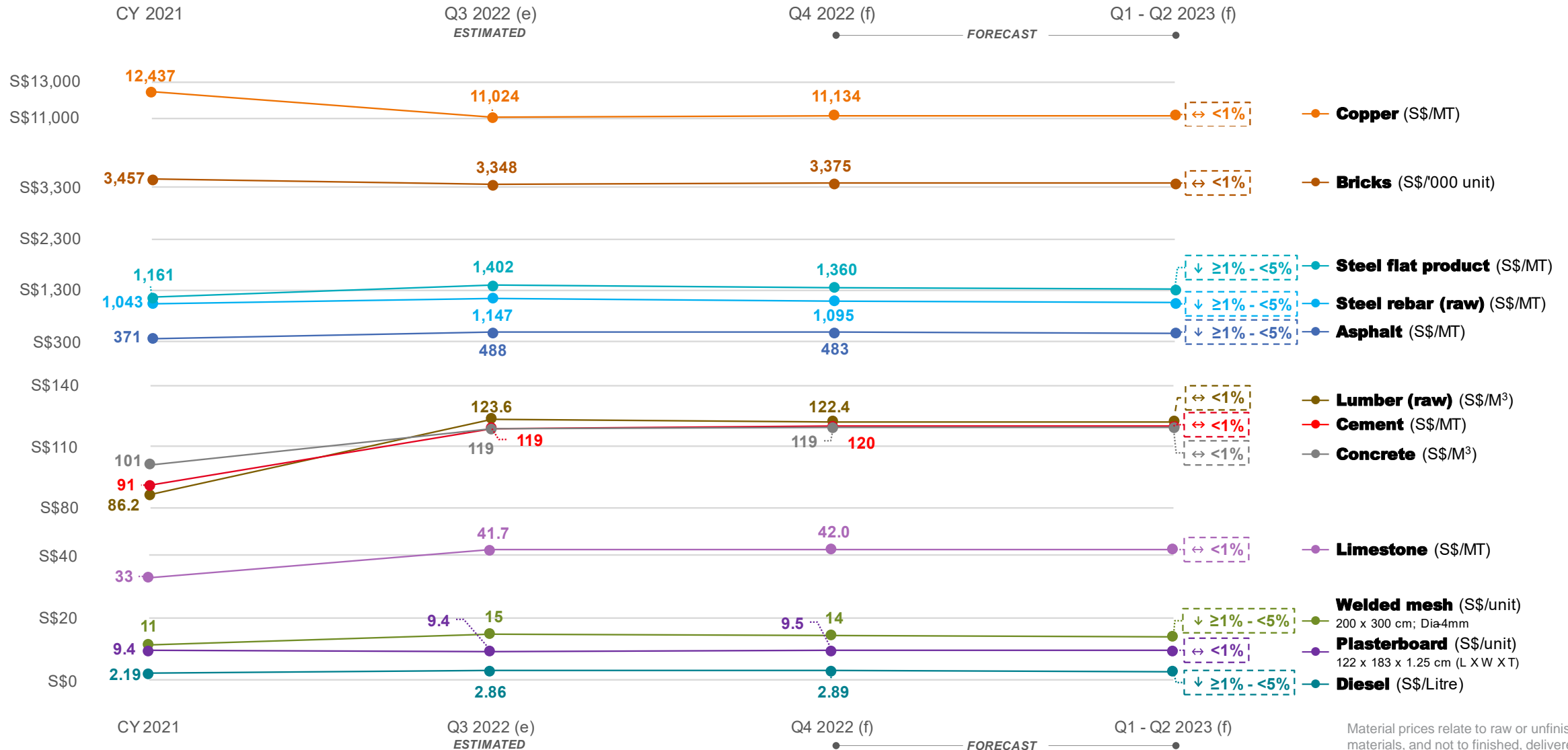


Material	% change Q3 – Q4 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 <b>Cement Concrete</b>	+0.8% ↑ +0.7% ↑	 Moderate	After rising during the first half of the year owing to a recovery in construction output and higher production costs, in recent months concrete and cement prices have stabilised at a high level. Given the outlook for relatively high prices for raw materials and transportation costs, prices will remain elevated.
 <b>Welded mesh</b>	-3.8% ↓	 High	In line with the expected decline in steel prices, welded mesh prices will fall back in the coming quarters.
 <b>Bricks</b>	+0.8% ↑	 Moderate	Brick prices have fallen from the highs of the first half of the year. Overall construction output will continue to edge upwards, maintaining demand levels, and production costs will remain relatively high.
 <b>Plasterboard</b>	+0.5% ↑	 Low	Plasterboard prices will stay around the current levels, having been relatively stable in recent quarters.
 <b>Diesel</b>	+0.9% ↑	 Moderate	Diesel prices fell in Q3 2022 after rising to a high of close to S\$3.20 in June. The main sellers reduced prices by 11 cents per litre in August, a response to the downward movement in prices of crude oil and refined products. However, the decision by OPEC+ in early October to cut production is likely to keep prices relatively high.

\* 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.

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# Singapore – Construction Materials Pricing (2021-2022)



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

# Singapore – Macroeconomic overview



## Economic indicators



**3%**

GDP growth in 2022 (f) and **7.61%** in 2021



**5.88%**

inflation rate in 2022 (f), and **2.3%** for 2021



**3.13M**

people employed in 2022 (f) and **3.11M** in 2021



**2.49%**

unemployment rate for 2022 (f) and **2.65%** in 2021



**123.69**

Consumer Price Index in 2022 (f) and **116.83** in 2021



**114.80**

Producer Price Index in Aug 2022 and **100.09** in Aug 2021

## National holidays



### 11 public holidays

In Singapore each year.







- New Year's Day (1 January)
- Chinese New Year (1 and 2 February)
- Good Friday (15 April)
- Labour Day (1 May)
- Hari Raya Puasa (3 May)
- Vesak Day (15 May)
- Hari Raya Haji (10 July)
- National Day (9 August)
- Deepavali (24 October)
- Christmas Day (25 December)



# Singapore – Macroeconomic overview



## Output 2021 and 2022 (in millions)

	Total 2021	Total 2022 (f)	% change
Commercial 	S\$1,250	S\$1,325	6%
Energy and utilities 	S\$1,974	S\$2,013	2%
Industrial 	S\$5,427	S\$5,612	3.4%
Infrastructure 	S\$4,148	S\$4,242	2.3%
Institutional 	S\$3,348	S\$3,479	3.9%
Residential 	S\$5,423	S\$5,654	4.3%

## Long-lead equipment (LLE) and Supply Chain narrative

Long-lead equipment (LLE) lead times have changed drastically since the start of 2022. Suppliers have seen the implications of material shortages, delays and price hikes throughout the supply chain, which is leading to extended lead times and reduced commitment from suppliers for new projects. The key areas in focus are:

- Demand:** The demand for long-lead equipment in the data centre sector has continued to increase in Q3 2022. More data centre and crypto mining providers are joining the market, and this continued demand far outweighs the capacity of the supply chain. Entry onto the production line remains a significant challenge, with suppliers reporting fully booked capacity until Q2 2024. There has been some growth in the development of Tier 2 and Tier 3 suppliers to support this demand. However, it will take time to build an extended supply chain. There has also been no sign of a decline in demand yet in early Q4 2022.
- Material shortage:** Just as material availability started to improve, the further threat of escalation with the Russia-Ukraine conflict has cast further uncertainties of future material stocks and reserves. The supply chain has continued to seek alternative sources of raw materials, and although this has been with partial success, market lead times remain conservative.
- Freight durations and costs:** Heightened by the increase in fuel costs, and compounded by the instability of labour and container availability, freight durations have been particularly volatile in recent times. Early indications from Q4 2022 suggest some stabilization in shipping durations is returning to the market, but the associated costs remain volatile due to the global fuel crisis. As clients consider alternative solutions, it almost becomes cost prohibitive to use quicker forms of transport, such as air freight, due to these increasing fuel costs.

## Construction Health and Safety practices and culture



**10**

fatalities in the construction industry in 2022 (as of July)



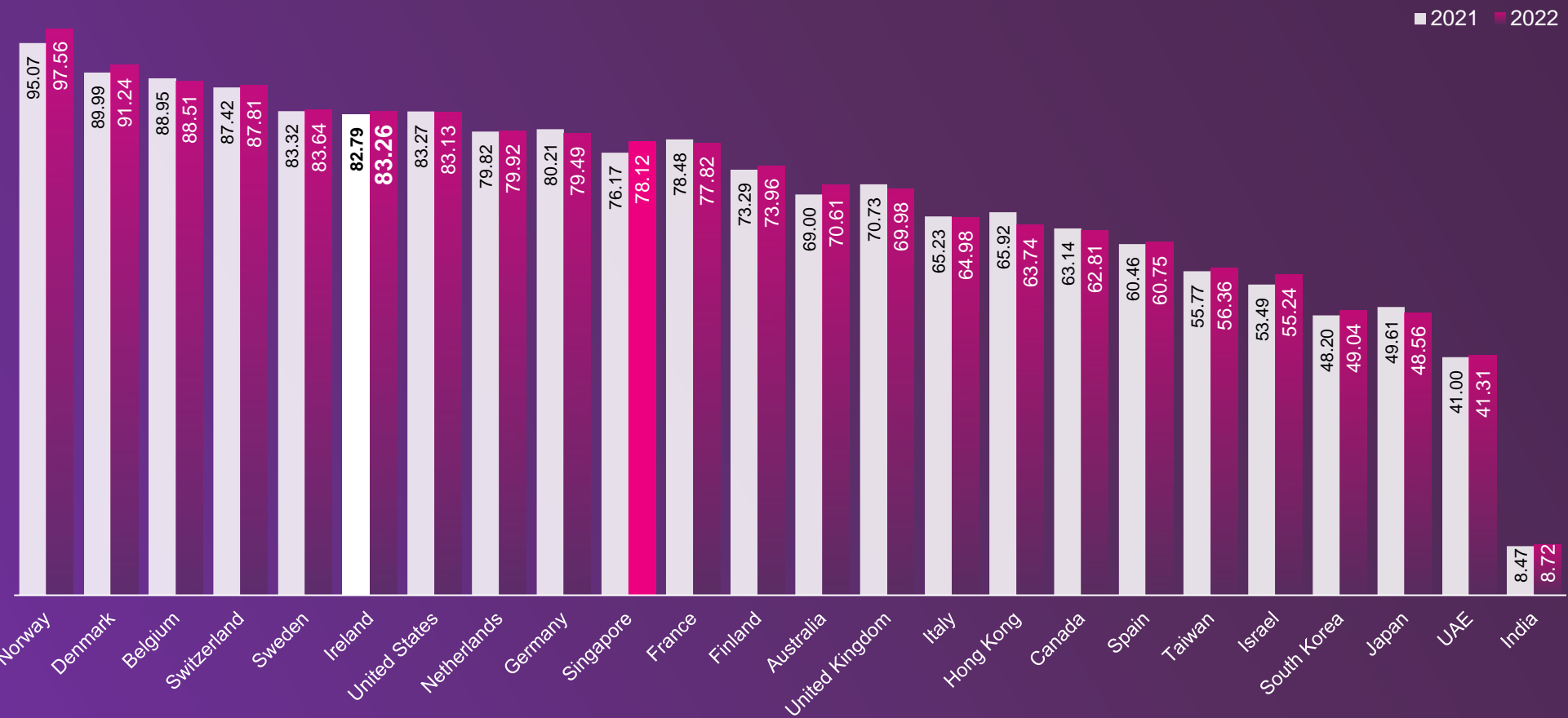
**13**

fatalities in the construction industry in 2021

# Singapore – Macroeconomic overview



## Labour productivity



## Labour costs



**S\$5,847**  
average monthly total labour costs in August 2022, compared to S\$5,474 in August 2021.

Labour productivity per hour worked in 2021 international dollars, converted using Purchasing Power Parities



# Singapore – 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. A more comprehensive list of sources is included below.

## 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
- BCA
- GlobalData's Construction Intelligence Center (CIC)

