



Taiwan

Country Commodity Report

Q2 2023



Taiwan

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Following strong growth in 2021 and 2022, Taiwan's economy saw two successive quarters of negative growth in Q4 2022 and Q1 2023, due to the slowdown of exports in the global economy. Interest rates have remained high, affecting the construction sector, however, inflation is now showing signs of easing, and we are not expected to see further interest rates rises. There are overall concerns for the declining semiconductor exports, due to weak global demand and competition from developed countries with their semiconductor resilience plans. While the construction sector is projected to grow marginally, data centres and renewables attract investments from local and international players.

Labour shortage is a significant concern in the construction industry, impacting project timelines and budgets, however the government is making efforts to address it. The recent easing of restrictions on hiring migrant workers in the construction industry allows for more overseas workers. The supply chain is gradually normalising, and commodity prices are easing, with the exception of those which incurred high product cost last year, like concrete and bricks. A collaborative approach with meticulous planning can help navigate the industry's challenges.



Garvan Barry
Director - North East Asia



Key Indicators

GDP

Contracted by 2.87% in Q1 2023 on an annual basis



- The contraction of the GDP was mainly attributed to a dip in the exports, due to weak global economic outlook
- However, private consumption grew by 6.48% in Q1 2023, and GDP growth for 2023 has still been projected to grow by 2.04%

CPI

Grew by 1.75% in June 2023 on YoY basis



- CPI increased by 0.11% from the previous month.
- This was the lowest yearly increase in inflation since March 2021

Construction output

Likely to expand by 0.5% in 2023 in real terms



- A slowdown in growth is attributed to high interest rates and weak demand
- The construction sector is expected to rebound at a growth rate of 3.5% from 2024 to 2027 led by investments in transport and energy infrastructure

Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)	QoQ Q2 (e) - Q3 '23 (f)	
Copper	↓ -10%	↓ -12%	↓ -0.5%	Prices have declined but likely to remain volatile
Steel rebar (raw)	↓ -17%	↓ -5%	↓ -6%	Prices continued trending downward
Cement	↓ -8%	↔ 0%	↓ -0.2%	Prices have stabilised, likely to edge downward
Lumber	↓ -2%	↔ 0%	↓ -0.2%	Prices edged downward, likely to decrease further

(e) - estimate (f) - forecast

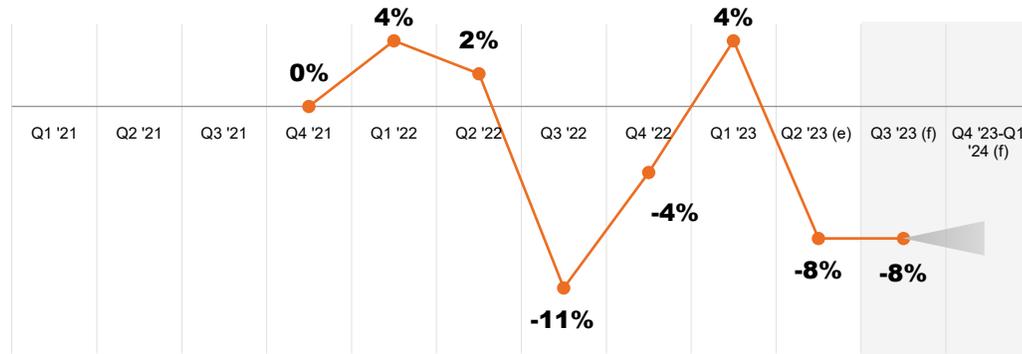
Taiwan – Commodity Price Trends



Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$239,595	NT\$238,464	↓ -11.8%	↓ -0.5%

Price change comparison against Q4 2021



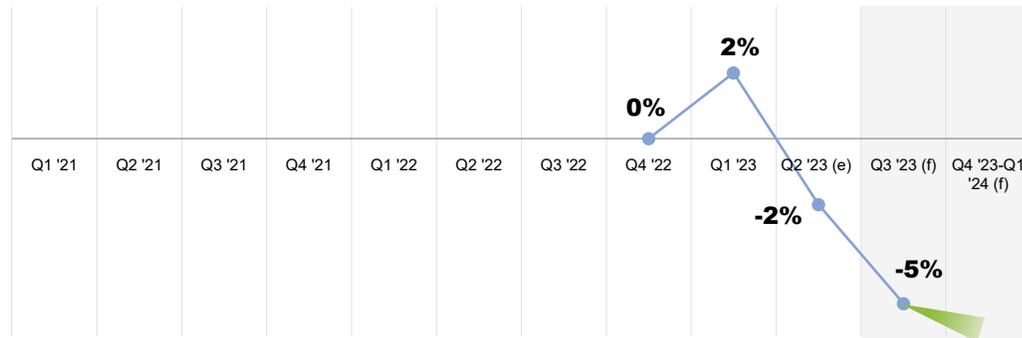
- Copper prices declined by 11.8% QoQ in the second quarter of this year
- Copper prices fell sharply in May 2023, recording a decline of 5.2% MoM, before improving in June 2023
- Prices will remain volatile, but on a quarterly average basis, prices will remain close to current levels, with weak global manufacturing activity and China's faltering economic rebound being offset by concerns over limited inventories



Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$35,374	NT\$34,447	↓ -4.1%	↓ -2.6%

Price change comparison against Q4 2022



- Stainless steel prices declined by 4% QoQ in Q2 2023, weighed down by weaker domestic and global demand
- Prices are expected to continue to fall in the second half of this year, as global demand continues to soften and increased nickel output in Indonesia sees input prices fall further
- Weak manufacturing production in China, the US and the Eurozone will further weigh on stainless demand, generating additional downwards pressure on prices

Taiwan – 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)

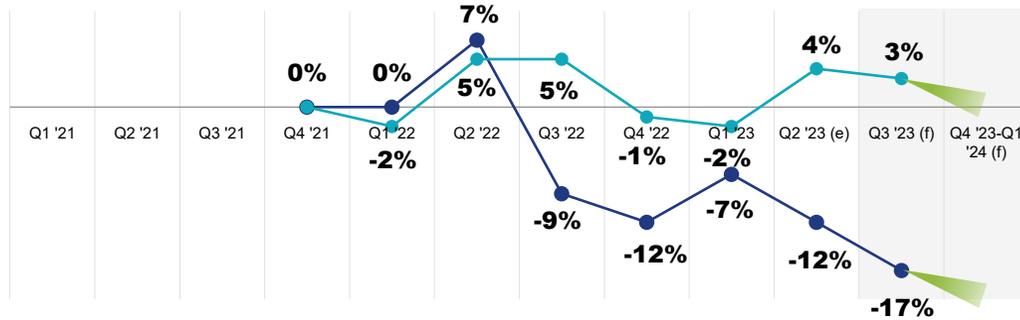
—●— **Steel rebar (raw)** (NT\$/mt)

NT\$19,831 **NT\$18,708** ↓ **-5.3%** ↓ **-5.7%**

—●— **Steel flat product** (NT\$/mt)

NT\$33,247 **NT\$32,850** ↑ **6.4%** ↓ **-1.2%**

Price change comparison against Q1 2021



- Steel flat prices rose by 6.4% QoQ in Q2 2023, while rebar prices declined by 5.3%
- China Steel Corporation (CSC) increased prices in Q2 2023, expecting higher global demand, driving up steel-flat prices but rebar prices fell due to excess supply and weak residential construction output in China
- However, with the demand recovery on hold, CSC announced cuts of up to TWD2,000 a ton for Q3 2023, causing both steel-flat and rebar prices to fall



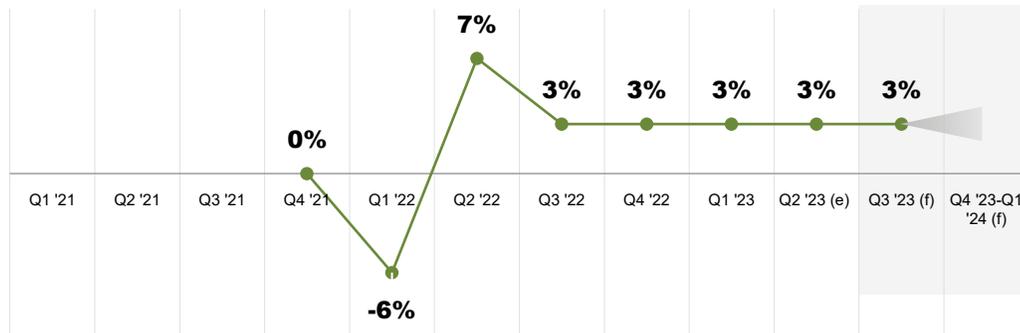
Welded mesh

Level of Impact		
Price Change (e) vs (f)	Material Availability	General State of Supply Chain
Moderate	Low	Low

Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$360	NT\$360	↔ 0%	↔ 0%

* 150 x 300 cm; diameter 5mm

Price change comparison against Q1 2021



- Welded mesh prices have remained flat, recording no notable change from their Q1 2023 levels in the second quarter of this year
- Falling rebar prices and weak construction activity are expected to see welded mesh prices remain around their current levels into the second half of this year

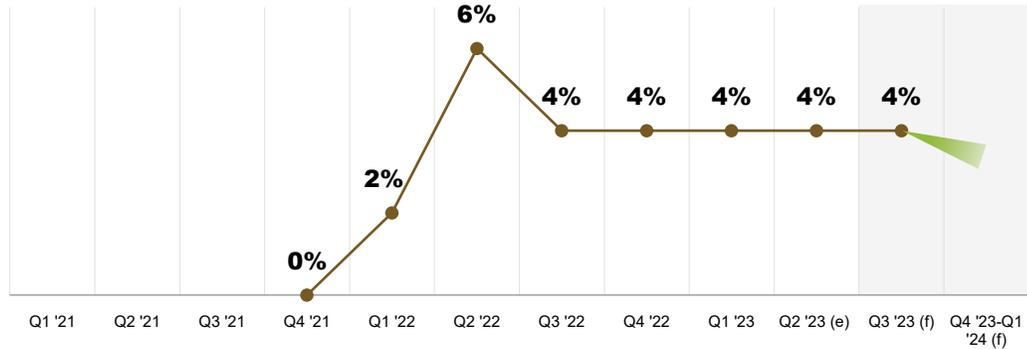
Taiwan – Commodity Price Trends



Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (NT\$/m ³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$6,809	NT\$6,798	↓ -0.1%	↓ -0.2%

Price change comparison against Q1 2021



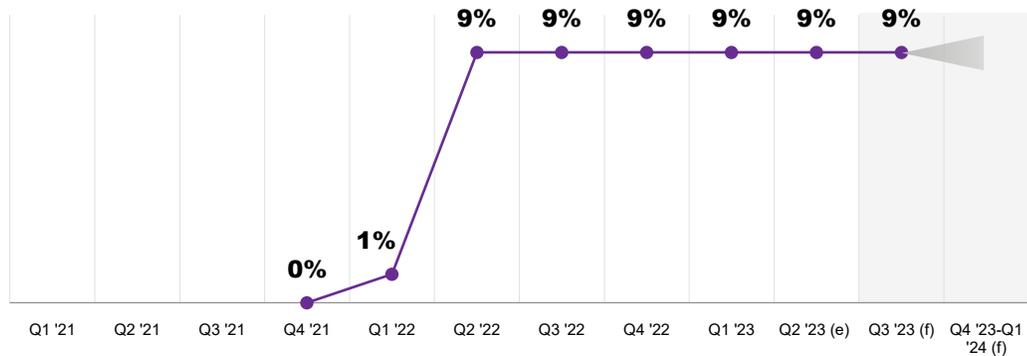
- Lumber prices remained stable in Q2 2023, recording a minor decline of 0.1% in comparison to their Q1 2023 levels
- Lumber prices remain elevated however, in comparison to Q4 2021, being approximately 4.1% higher in Q2 2023
- Comparatively softer demand from the construction sector is expected to see lumber prices continue to fall in H2 2023



Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$250	NT\$250	↔ 0%	↔ 0%

Price change comparison against Q1 2021



- The price of plasterboard is expected to remain flat in short-term owing to a softer demand from the residential construction sector
- Despite plateauing, plasterboard prices remain elevated as producers are still recovering losses incurred due to high production costs last year

* 122 x 183 x 1.2 cm (L x W x T)

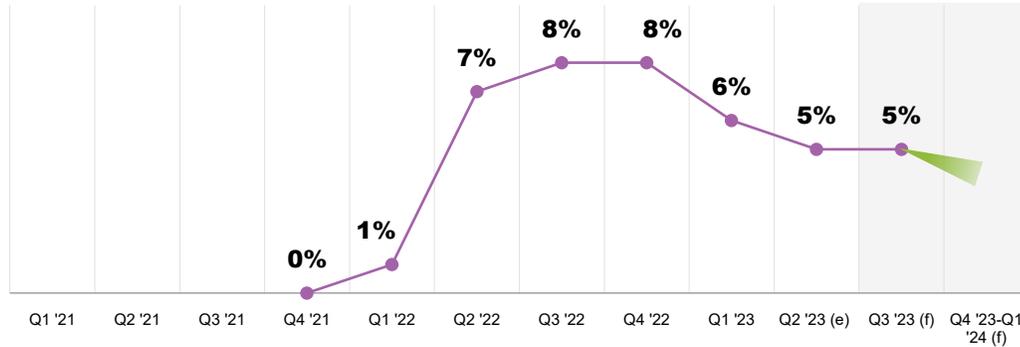
Taiwan – Commodity Price Trends



Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Low	Low	
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$1,809	NT\$1,794	↓ -0.5%	↓ -0.8%

Price change comparison against Q1 2021

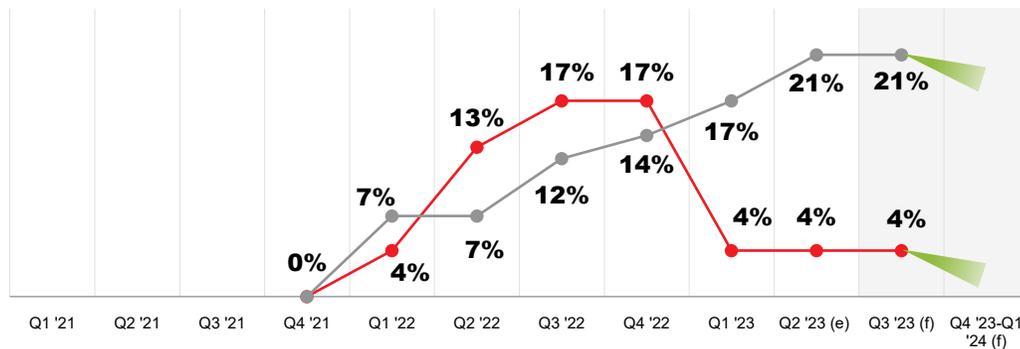


- Limestone prices recorded a third successive quarterly decline in Q2 2023, falling by 0.5% QoQ during the quarter
- Despite this decline however, prices remain elevated in comparison to their Q4 2021 levels, being 5.4% higher in Q2 2023
- Sluggish demand from the construction sector and soft economic growth is expected to see demand for limestone remain relatively weak in the second half of this year

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)
NT\$3,390	NT\$3,383	↔ 0%	↓ -0.2%
<p>● Cement (NT\$/mt)</p> <p>● Concrete (NT\$/m³)</p>			
NT\$1,801	NT\$1,808	↑ 3.6%	↑ 0.3%

Price change comparison against Q1 2021



- In Q2 2023, cement prices remained stable, recording no notable change in price. In contrast, concrete prices picked up by 3.6% QoQ during the quarter
- Despite the recent declines in cement prices, concrete prices continued to rise in Q2 2023, with manufacturers reluctant to pass on the fall in input costs. Though with growth in construction activity expected to be relatively weak this year, with residential construction set to contract, concrete prices are expected to moderate

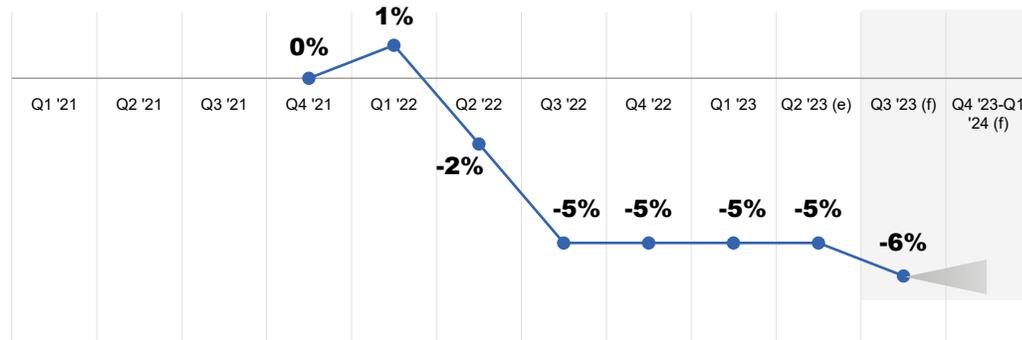
Taiwan – Commodity Price Trends



Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$13,070	NT\$13,057	↓ -0.8%	↓ -0.1%

Price change comparison against Q4 2021



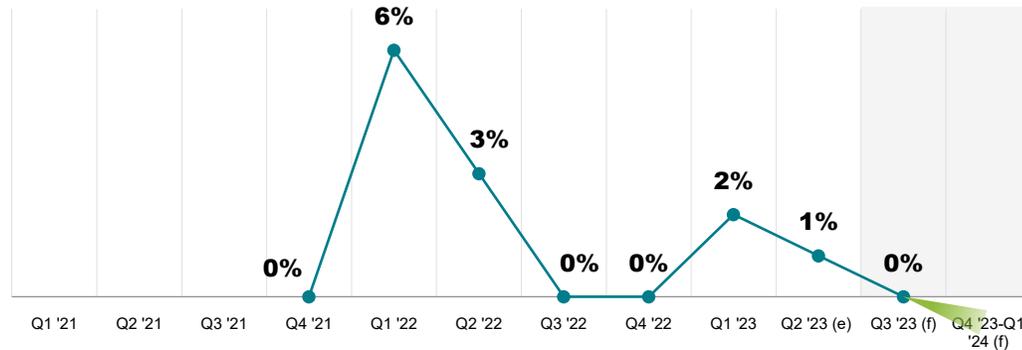
- Asphalt prices continued to decline, registering a quarterly fall of 0.8%
- In comparison to its price in Q4 2021, the price of asphalt is estimated to have been 5.5% lower in Q2 2023
- Prices are expected to continue to decline in the second half of this year, with global oil demand anticipated to remain soft



Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (NT\$/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
NT\$27.27	NT\$26.95	↓ -0.8%	↓ -1.2%

Price change comparison against Q4 2021



- Diesel prices declined by around 1% QoQ in Q2 2023, with weak global oil demand contributing to the drop in prices. Prices are expected to remain relatively low in accordance with the government's requirement that fuel prices in Taiwan remain lower than those in neighbouring economies
- While prices are expected to continue to fall in H2 as global oil demand remains weak, the extension of OPEC+ output cuts through 2024 and Saudi Arabia's additional 1 million bpd output cut from July 2023 will moderate this decline

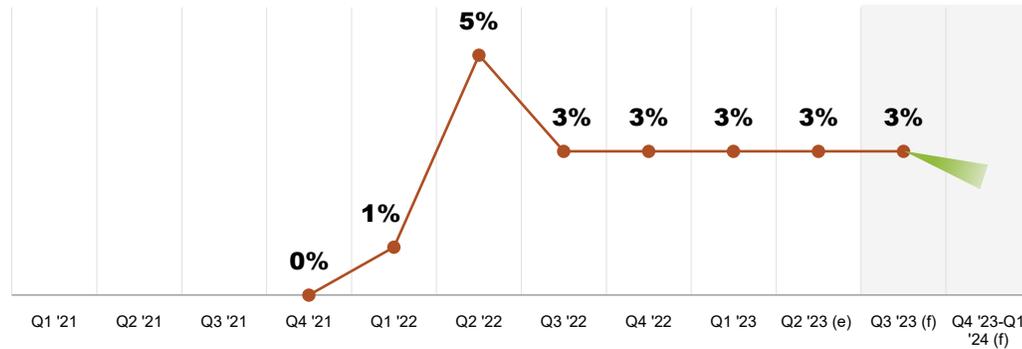
Taiwan – Commodity Price Trends



Bricks

Price Change (e) vs (f)		Level of Impact		General State of Supply Chain	
o o o o Moderate		o o o o Moderate		o o o o Moderate	
Price (NT\$/'000 unit)		% change			
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)		
NT\$17,505	NT\$17,467	↓ -0.2%	↓ -0.2%		

Price change comparison against Q4 2021



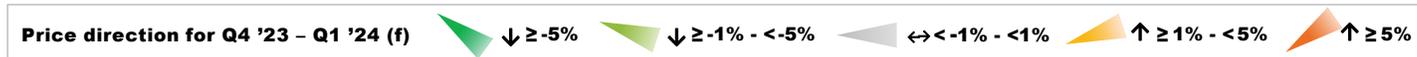
- Brick prices are expected to have declined marginally by 0.2% in Q2 2023, with soft demand as construction activity weakened weighing on prices during the quarter
- With construction industry growth projected to be relatively marginal this year, brick demand is expected to ease, with prices edging down from their current levels in the second half of this year

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%	o o o o High	Deficit	o o o o High	Stressed	o o o o High
≥1% - <5%	o o o o Moderate	Balanced	o o o o Moderate	Adequate	o o o o Moderate
<1%	o o o o Low	Surplus	o o o o Low	Easily Available	o o o o 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



Taiwan – Industry trends

Sector trends



Data Centres

Taiwan is among the fastest-growing data centre markets in Asia-Pacific, driven by cloud adoption, digitalization, and enhanced fibre connectivity. The government's launch of the AI Centre for Excellence is expected to further boost data traffic and demand for data centres. There is a strong emphasis on renewable energy and Corporate Power Purchase Agreements (CPPA) in this sector. There are approximately \$3bn worth of data centre projects in the pipeline.



Life Sciences

Taiwan is emerging as a prominent destination for life sciences in the APAC region. The biotech industry is a key focus for the Taiwanese government, actively promoting it to strengthen international partnerships and expand export services. As per a report by Biotechgate, in 2022, life sciences companies received \$53million in venture capital funding, following \$103mn in 2021.



High-tech Industrial

Taiwan is a leading player in the semiconductor industry, however competition is rising due to other economies setting up chip manufacturing. To maintain competitiveness, Taiwanese companies are focusing on R&D, supported by government initiatives to improve external demand. Additionally, Taiwan's rapid push in renewables has created a growing battery market.

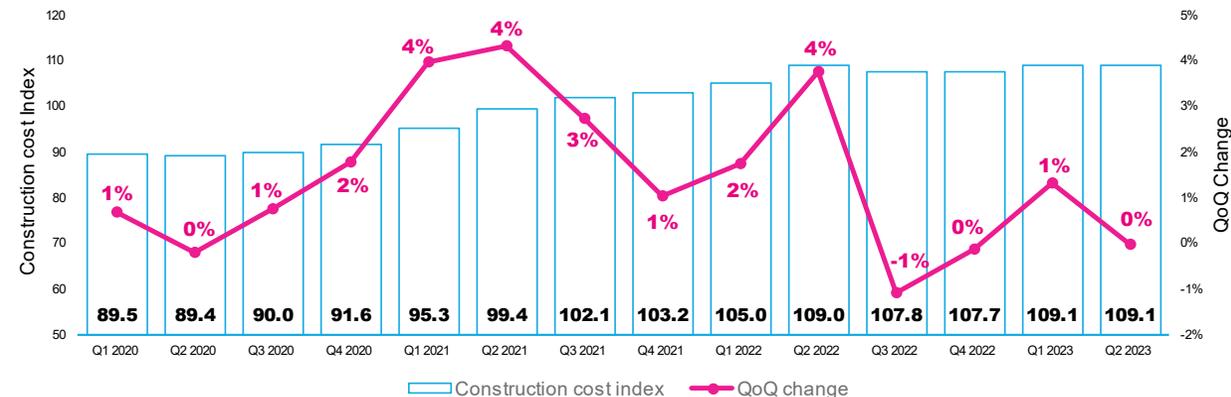


Renewable Energy

Taiwan aims to achieve a renewable energy share of 20% by 2026, with significant focus and investments from both the government and the private sector. Currently, more than US\$31bn worth of renewable energy projects are under construction in the country.



Construction Cost Index (CCI)*



*Base year 2021=100

% change from Jun 2022 to Jun 2023 is -0.2%

Taiwan – 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 – Taiwan

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

- IMF
- National Statistics
- Directorate General of Budget, Accounting and Statistics (DGBAS)
- GlobalData's Construction Intelligence Center (CIC)
- Research and Markets
- Economic Research Institute
- Bureau of Energy Taiwan
- Biotechgate

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

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