



Sweden

Country Insights and Commodity Report

Q1 2023



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Sweden's GDP grew by 2.6% in 2022, despite a decline of 1.1% in Q4 2022. Furthermore, a contraction of 0.5% is forecasted for 2023 amid supply chain disruptions and increased inflation. On a positive note, the headline rate for the core CPI is easing out slightly, from 9.4% in February to 8% in March this year, but it is still significantly higher than the central bank's target rate of 2%.

The Swedish construction industry is expected to contract by 4.8% in 2023 due to high material costs and a weak global economic outlook. However, it is likely to rebound with an annual growth rate of 2.2% from 2024 to 2026, supported by the government's investment in transport and energy infrastructure. The industrial sector is likely to sustain the growth momentum, supported by a positive trend in manufacturing activities and the nation's investment in automobile industry.



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Lumber

Demand for lumber in Sweden is generally driven by the homebuilding sector, which is set to weaken significantly in 2023. As a result, lumber demand will be subdued compared to historical levels, which will cause short-term prices to decline. However, the popularity of wood products in Sweden's construction industry will ensure that long-term demand will remain strong. Moreover, as Europe's largest timber exporter, rising demand for sustainable construction materials across Europe will increase pressure on Sweden's timber stocks, which will exacerbate upward pressure on prices over the long term.



Cement and aggregates

Concrete and cement prices are continuing to rise despite the easing of energy costs, as the reduction in input costs is yet to be reflected in producers' prices. However, greater certainty over cement and limestone supplies following the resolution of the environmental dispute regarding Cementa's mining license has improved the market's outlook and limited further upward pricing pressure. Nevertheless, greater awareness of environmental degradation, coupled with the rise of sustainable materials is expected to reduce demand for traditional concrete and aggregate materials over the long term.



Concrete blocks and bricks

Brick prices have continued to rise in recent quarters despite weakening construction activity, particularly in the residential sector. However, given the weakening of the homebuilding sector, coupled with a high proportion of wooden housing developments relative to brick and mortar, further significant upward pressure on prices will be limited.



Steel (rebar and structural)

Demand for steel will be partially buoyed by a high-value pipeline of infrastructure projects over the coming years, which will limit downward pressure on prices. As a net exporter of steel, Sweden's steel productive capacity has provided enough resilience to avoid major price fluctuations stemming from shortages. However, weakening external demand and a rise in cheaper imports will keep prices on a downward trend.



Copper

Global copper prices remain volatile following disruption from the Russia-Ukraine conflict, leading to ongoing supply tightness. Further demand shocks stemming from China's re-opening, have led to an increase in prices in Q1 2023. Copperstone Resources' decision to increase domestic production in 2023, by re-opening the Viscaria copper mine in Kiruna, will help to ease supply-side pressures, but prices will continue to be driven primarily by the global market.



Sweden – Commodity Report



Materials	Q2 2023 (f)	Q2 2022 – Q2 2023 (f)		Q4 2022 – Q1 2022 (e)
	SEK	SEK	2022-23 % change	% change
Copper (SEK/MT)	85,939	93,747	-8.3% ↓	2.0% ↑ ■
Steel rebar (SEK/MT)	7,115	8,675	-18.0% ↓	-4.9% ↓ ●
Steel flat (SEK/MT)	6,739	8,176	-17.6% ↓	-4.9% ↓ ●
Stainless steel (SEK/MT)	45,272	NA	NA	7.6% ↑ ●
Lumber (SEK/M3)	706	959	-26.3% ↓	-2.9% ↓ ●
Asphalt (SEK/MT)	818	1,059	-22.8% ↓	-15.6% ↓ ●
Limestone (SEK/MT)	721	546	32.0% ↑	9.4% ↑ ●
Cement (SEK/MT)	3,128	2,319	34.9% ↑	14.8% ↑ ●
Concrete (SEK/M3)	1,480	1,278	15.8% ↑	4.1% ↑ ●
Welded mesh (SEK/unit)	784	938	-16.4% ↓	-4.7% ↓ ●
Bricks (SEK/'000 unit)	9,879	8,643	14.3% ↑	8.0% ↑ ●
Plasterboard (SEK/unit)	107.1	92.2	16.1% ↑	10.2% ↑ ●
Diesel (SEK/litre)	23.3	24.4	-4.5% ↓	-9.1% ↓ ●

(f) Forecast (e) Estimated

- Q4 2022 to Q1 2023 % change greater than estimation in our Q4 2022 report
- Q4 2022 to Q1 2023 % change less than estimation in our Q4 2022 report

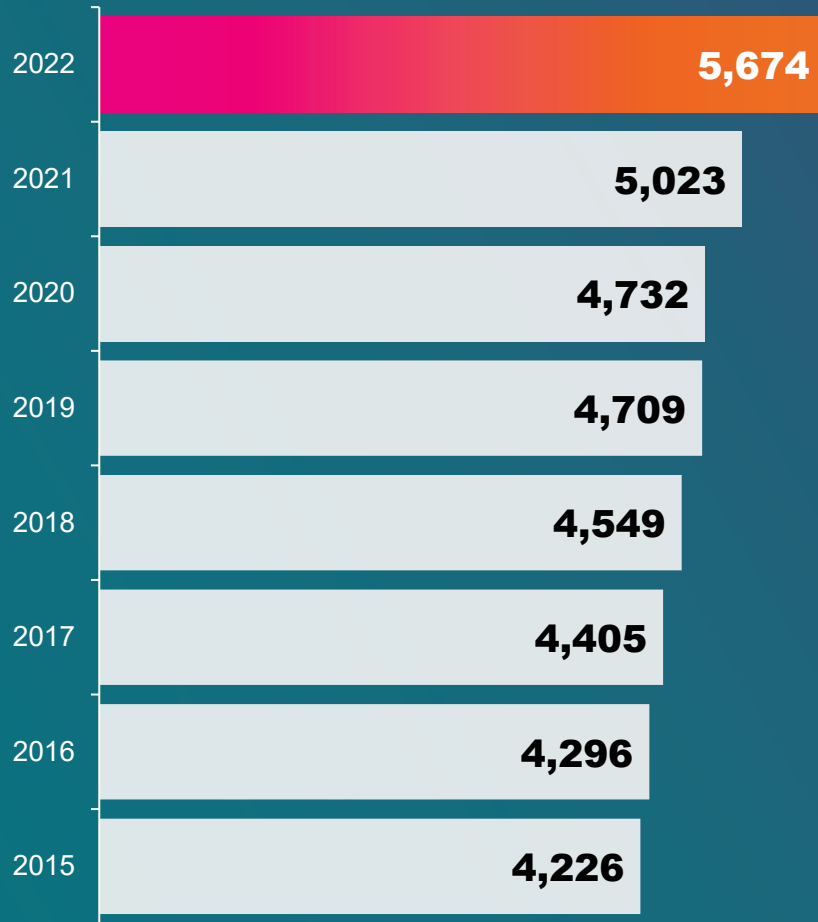
Welded mesh: 500 x 230cm, dia.-6mm Plasterboard: 250 x 90 x 1.25cm (L x W x T)

Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	-2.0% ↓	Low	The re-opening of China's economy following the end of its zero-Covid policy, coupled with subdued output at major copper mines has significantly increased pressure on global supplies, leading to higher copper prices. As a result, prices peaked in February before retracting slightly in March. The global copper market is expected to remain volatile over the coming quarters.
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -0.5% ↓	Low	Prices for steel rebar dropped significantly in the second half of 2022 and were down through January of this year. Although prices somewhat increased in February and March, subdued demand from manufacturing and construction will exacerbate the downward trend over the coming quarters. Flat steel products will follow a similar downward trend.
 Stainless steel	+2.0% ↑	Low	Although there has been a slight increase in stainless steel prices, a larger rise is anticipated in the upcoming quarter due to the instability of nickel supplies as a result of the trade restrictions on Russian imports. Despite the volatility in nickel prices, market participants are closely monitoring the continuing influx of inexpensive nickel from Asia.
 Lumber	-0.5% ↓	Low	Lumber prices have been on a downward trend in recent quarters on a quarterly average basis. Prices dropped by 5% MoM in December 2022 before rebounding slightly in January. Despite supply limitations and increased demand for exports as many countries pivot away from Russian supplies, overall weak demand is expected to keep prices close to current levels in the coming quarters.
 Asphalt	+1.0% ↑	Low	Despite the stability of crude oil prices in Q1, recent sanctions placed on the imports of bitumen and asphalt from Russia may lead to tighter supply, which will ultimately impact on prices in Sweden. Additionally, production cuts by OPEC+ countries could also exacerbate upward pressure on prices, and so prices are likely to be volatile in coming quarters.
 Limestone	+0.8% ↑	Low	Limestone prices rose throughout 2022 owing to tight supplies and strong growth in the Swedish construction sector. Prices in Q1 2023 were up 40% year-on-year, and are expected to remain elevated in the coming months but further upward pressure will be limited due to weakening demand.

Sweden – Commodity Report



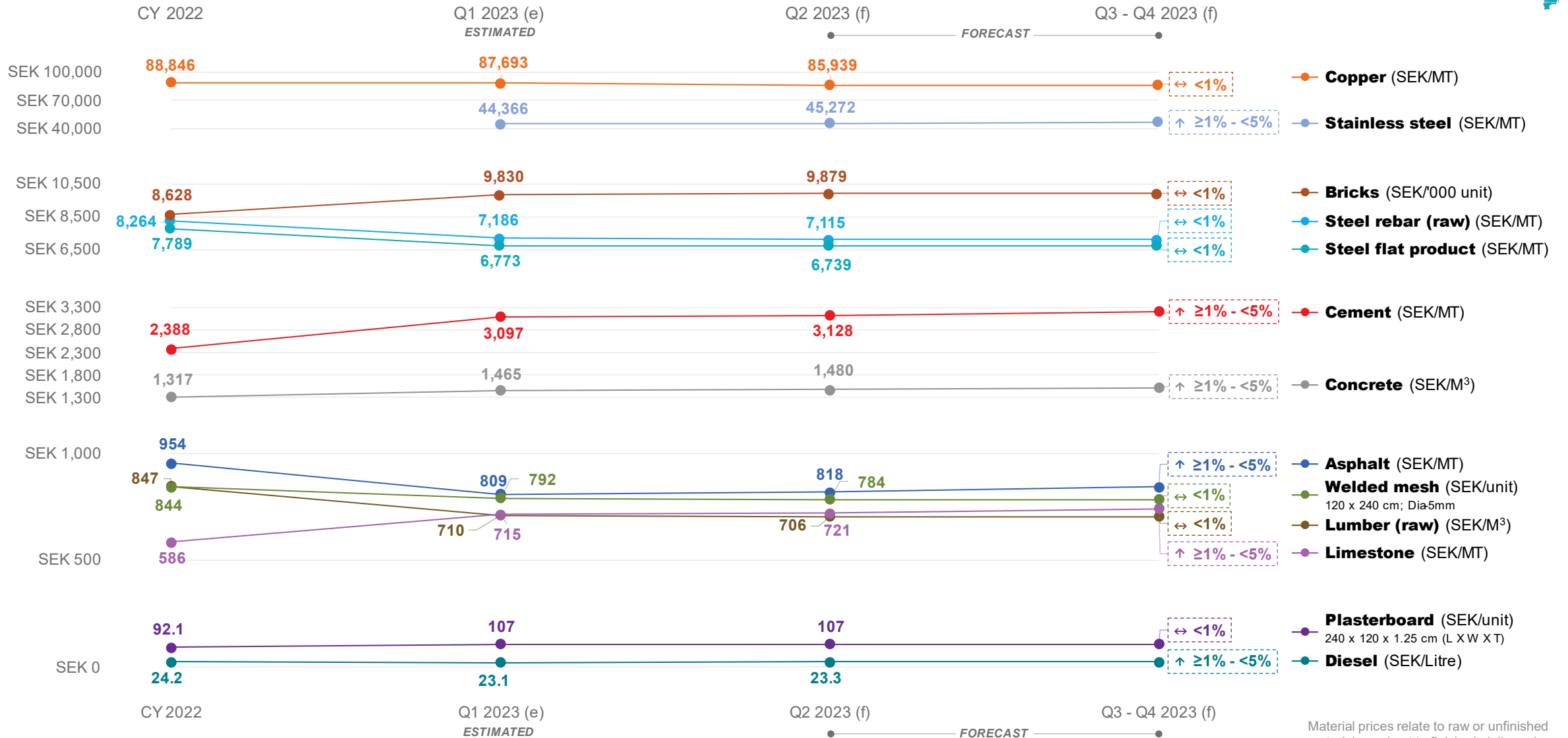
Construction cost Index (Input Price): 2015-2022 (1939=100)



Material	% change Q1 – Q2 2023 (f)	Level of impact of pricing on construction procurement and supply chain *
 Cement Concrete	+1.0% ↑ +1.0% ↑	 Moderate Prices rose rapidly in mid-2022 as a result of companies passing on greater expenses to consumers due to increasing energy and raw material costs. Despite recent drops in input costs, prices remain elevated. Throughout the ensuing quarters, prices are anticipated to remain stable.
 Welded mesh	-1.0% ↓	 Low Welded mesh prices have been on a declining trend since spiking in Q2 2022, reflecting falling steel rebar prices. Prices in Q1 2023 fell by almost 5% quarter-on-quarter, marking a deceleration from a 10% quarter-on-quarter decline in Q4 2022. Prices are expected to remain relatively low in the coming quarters.
 Bricks	+0.5% ↑	 Low Brick prices have continued on an upward trend in recent quarters, rising by around 8% quarter-on-quarter in Q1 2023 despite the fall in energy prices and weakening demand, particularly in the residential sector. Over the upcoming quarters, it is anticipated that the prices will remain at elevated levels.
 Plasterboard	+0.5% ↑	 Moderate Plasterboard prices increased by 10% quarter-on-quarter in Q1 2023, marking an acceleration in the price growth from previous quarters. Relatively high demand due to strong levels of renovation activity, coupled with supply shortages and elevated raw materials costs have increased upward pressure on prices which have been rising since mid-2022.
 Diesel	+1.0% ↑	 Low Due to the decline in crude oil prices, diesel prices have declined from their mid-2022 highs, but there has been some stability in recent months. Global crude oil production cuts are expected to increase volatility in oil prices which are likely to impact diesel prices.

* 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.

Sweden – Construction Materials Pricing (2022-2023)



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

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Sweden – Macroeconomic overview



Economic indicators



-0.48%

GDP growth in 2023 (f)
and **2.64%** in 2022



6.82%

inflation rate in 2023 (f) and
8.01% for 2022



5.17M

people employed in 2023 (f)
and **5.18M** in 2022



7.80%

unemployment rate for 2023 (f)
and **7.47%** in 2022



398.08

Consumer Price Index in
March 2023 and **359.80** in
March 2022



134.60

Producer Price Index in Feb
2023 and **129.90** in Feb
2022

National holidays

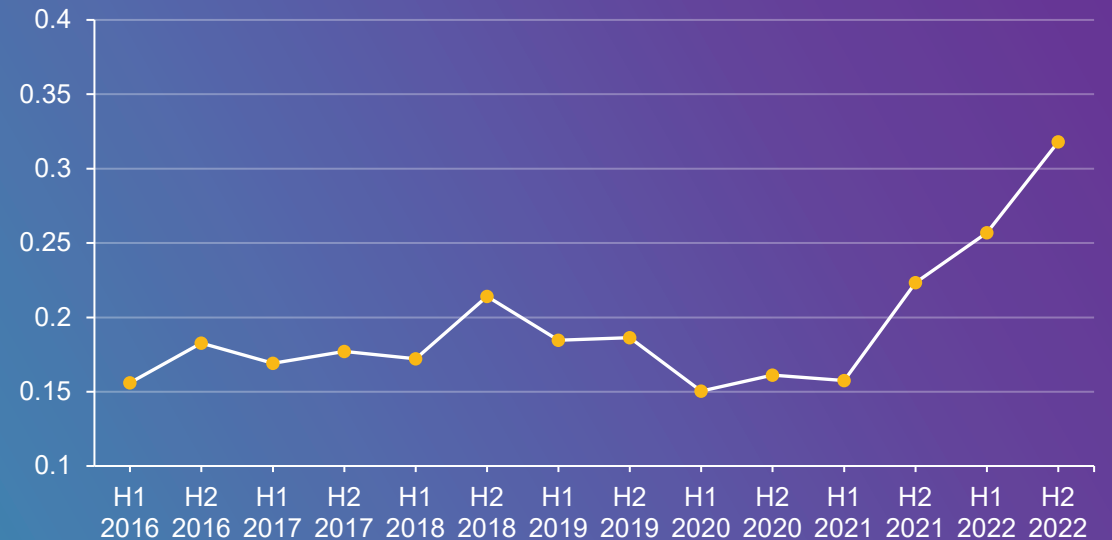


13 public holidays

in Sweden in 2023.

Energy prices







Electricity prices for non-household consumers,
consumption < 20 MWh (€ per kWh)



Note: All taxes and levies included

Sweden – Construction overview



Output 2022 and 2023 (in SEK millions)*			
Sector	Total 2022	Total 2023 (f)	Total 2024 (f)
Commercial 	83,602	79,226	82,719
Energy and utilities 	33,863	35,288	36,783
Industrial 	80,642	85,765	87,601
Infrastructure 	99,016	103,938	112,051
Institutional 	41,912	45,302	46,998
Residential 	330,670	288,087	276,007

*The output is in real terms at constant prices with 2017 as base year

Long lead equipment (LLE) - Supply Chain Overview

2022 was a turbulent year for the global supply chain with the fallout from the global pandemic combined with the emergence of the Russia-Ukraine conflict, leading to supply chain disruptions across the globe. However, 2023 is showing signs of relief in the market for long lead equipment (LLE). The following are the specifics of the LLE supply chain dynamic:

- Demand:** Demand for LLE has remained exceptionally high across all regions and industry sectors. Organizations have moved to expand their supply chain portfolios and include secondary and tertiary suppliers, whilst most are continuing to invest in inventory management systems to prevent any supply chain disruptions. There is no sign of reduced demand, so the constraints to the supply chain will continue for the remainder of 2023.
- Supply:** The stock levels of raw materials have finally started to stabilise, alleviating some recent pressures on manufacturers and suppliers. However, it is worth noting that most LLE suppliers have reported being at operational capacity, with order books full up to Q3 2024, which may cause some concern for those relying on their products. Nevertheless, there is some hope as Tier 2 and Tier 3 supply chains have started to increase their capacity and support the larger demand within the market, which may help to mitigate any negative impact of capacity restrictions.
- Freight durations and costs:** Freight durations have begun to shorten in early 2023 as the global infrastructure and operations have developed to meet the rising demand and freight companies are shipping much faster than they did during the pandemic. Average freight costs have also reduced to align with pre-pandemic levels suggesting a return to normality within the industry. The benefits have been experienced in early 2023 and further reductions are expected throughout the rest of 2023.

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
- Public Holidays
- Eurostat

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