



Singapore

Country Commodity Report

Q2 2022



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While the Singaporean economy posted 4.8% year-on-year growth in Q2, the Ministry of Trade and Industry has noted that GDP was flat on the previous quarter, on a seasonally adjusted basis. The slowdown being seen in China, coupled with the current global climate and extent of inflation being seen, mean that momentum is expected to slow through the remainder of the year.

Following the marked recovery in the construction industry seen in 2021, growth is expected for 2022, but at more moderate rate of 5.7% in real terms. Total contracts awarded will drive this growth into the coming years also, underpinned by investments in transport, residential, renewables and manufacturing. As is the case around the world, the geopolitical climate globally will impact, which is driving continued material price volatility, high energy costs and supply chain constraints, posing downside risks.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Lumber prices are expected to remain relatively high in 2022, assuming construction continues to recover in the absence of any further COVID-19 lockdowns. The recent upward trend in prices was driven by the improvement in residential construction, combined with global supply pressures.



Cement and aggregates

Stronger demand for cement and concrete has pushed up prices in recent quarters. Singapore is in a position to meet most of its demand for concrete and cement via domestic production, but higher production costs will ensure that prices remain close to current levels.



Concrete blocks and bricks

Although supplies will likely be sufficient to meet the rising demand stemming from the ongoing recovery in the construction industry, prices are being impacted by high energy costs.



Steel (rebar and structural)

Steel prices continued to rise in the first half of 2022, with the main factors driving this trend being supply disruption, higher input costs and improving demand from steel-consuming industries. Although weak demand in China during the local lockdowns eased demand pressures, global supplies have come under pressure amid the Russia-Ukraine conflict, with both countries being key suppliers of steel and iron ore to the EU.



Copper

Copper prices have been volatile in recent quarters, with weaker demand in China and concerns over slow global economic growth contributing to a drop in prices. In view of the uncertain economic outlook, prices are expected to continue to fluctuate in the coming quarters.



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	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)	Q1 2022 - Q2 2022 (e)
Materials	S\$	S\$	2021-22* % change
Copper (S\$/MT)	11,675	12,750	-8.43% ↓
Steel rebar (S\$/MT)	1,252	1,108	12.99% ↑
Steel flat (S\$/MT)	1,360	1,220	11.46% ↑
Lumber (S\$/M3)	115	101	13.63% ↑
Asphalt (S\$/MT)	482	350	37.58% ↑
Limestone (S\$/MT)	42.25	34.00	24.26% ↑
Cement (S\$/MT)	114	95.00	20.10% ↑
Concrete (S\$/M3)	118	103	14.74% ↑
Welded mesh (S\$/unit)	15.30	12.00	27.52% ↑
Bricks (S\$/'000 unit)	3,590	3,500	2.56% ↑
Plasterboard (S\$/unit)	9.50	9.60	-1.38% ↓
Diesel (S\$/litre)	3.19	2.14	55.73% ↑

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
Copper -13.0% ↓ Moderate	Having continued on an upward trend in the first few months of 2022, prices have since fallen back, with COVID-19 lockdowns in China constraining demand. Given the uncertain geopolitical and economic outlook, copper prices are expected to display a high degree of volatility in the coming quarters, but underlying demand will be strengthened in the long term amid investments in EV and renewable energy sectors.	
Steel prices - Steel rebar +1.5% ↑ - Flat steel +1.5% ↑ High	Steel prices have levelled off in recent months, having soared early in Q2 amid supply disruptions, stemming from the Russia-Ukraine conflict. According to NatSteel, by mid-March, rebar prices in Singapore had already risen by 15% since the outbreak of the conflict, and imports from Turkey and the Middle East were limited because of higher energy and transportation costs, as well as preferences to target European buyers. High demand and the potential for further supply disruption will keep prices relatively high. Assuming energy price inflation is contained compared to recent acceleration, pressure on production costs will ease.	
Cement Concrete +1.1% ↑ +1.1% ↑ Moderate	Concrete and cement prices continued to rise through Q2, with demand strengthening and production costs being pushed up by high energy prices. Given the outlook for relatively high prices for raw materials and transportation costs, prices will remain elevated in the coming quarters.	
Asphalt -5.0% ↓ Moderate	Singapore is one of the largest producers and exporters of bitumen in the region, but local prices are mainly driven by global crude oil prices. Given the impact on crude oil prices from the Russia-Ukraine conflict, asphalt prices will remain close to recent highs, but there will likely be sufficient supply to meet domestic demand. With oil prices expected to soften, asphalt prices are expected to fall, but remain at elevated levels.	
Limestone +1.2% ↑ Low	Singapore imports limestone from Malaysia, the UK, and other EU and Asian countries, and domestic prices have edged up amid the surge in transportation costs. Prices will remain high in 2022, given solid demand from the construction industry.	

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 2015-2022



Knoema World Data Atlas

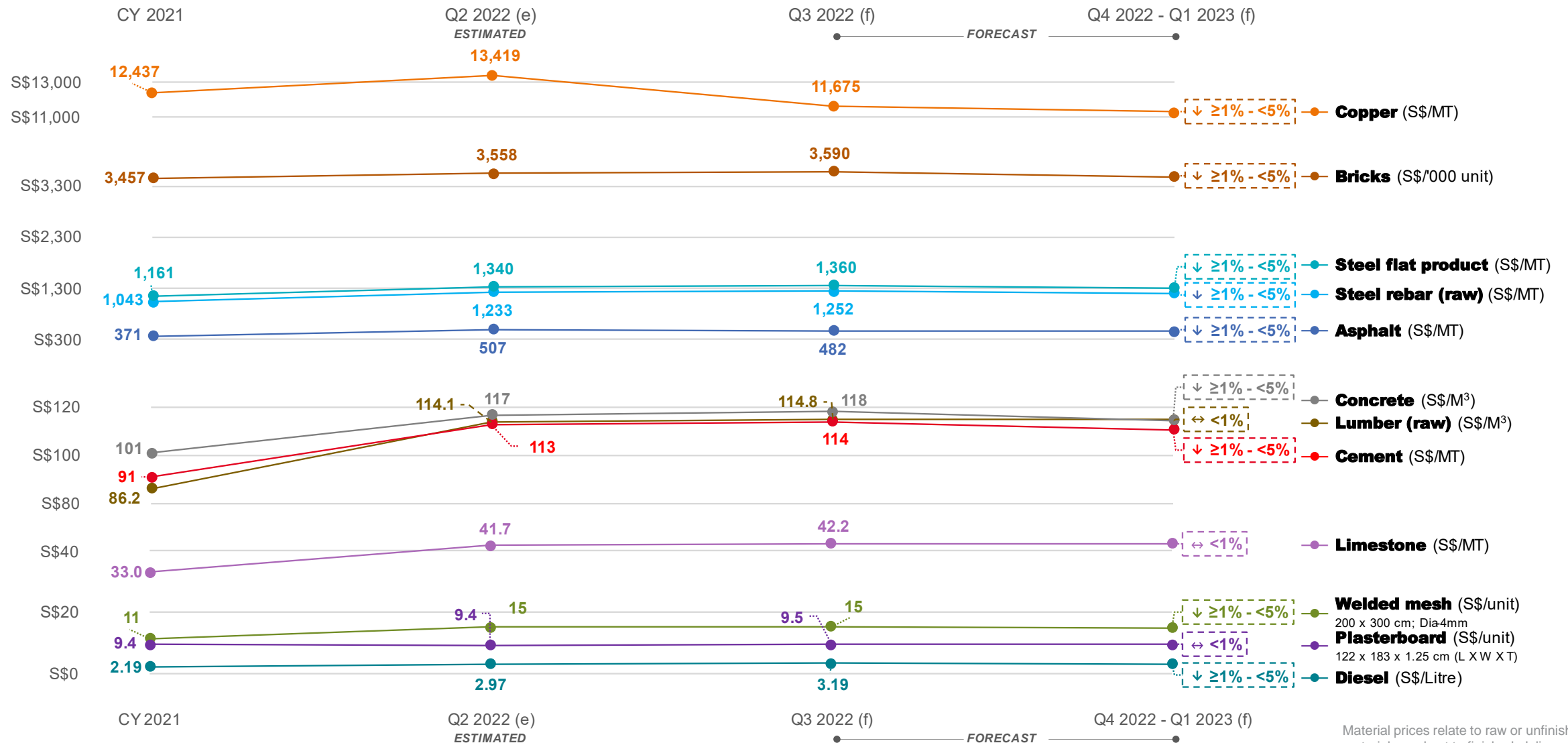
Index of economic freedom **89.70 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *
 Lumber	+0.6% ↑	 Moderate Lumber prices have stabilised at a high level. Although supply-side pressures appear to have eased, the ongoing recovery in residential construction will keep prices relatively elevated in the coming quarters.
 Welded mesh	+1.3% ↑	 High Reflecting the expectation of a continued upward trend in the price of steel, the price of wired mesh is also set to edge higher.
 Bricks	+0.9% ↑	 Moderate Reflecting the expected improvement in demand as construction output continues to recover, along with higher energy prices that will push up production costs, brick prices will stay close to current high levels in the coming quarters.
 Plasterboard	+0.5% ↑	 Low Plasterboard will remain relatively high, bolstered by the recovery in domestic demand as construction picks up.
 Diesel	+7.5% ↑	 Moderate Diesel prices hit S\$3 per litre in June, continuing an upward trend driven by the rise in global crude oil prices, which surged following the outbreak of the Russia-Ukraine conflict and ensuing supply disruptions. There are also emerging shortages of diesel in Singapore; Singapore's inventories in March 2022 were 4 million barrels below the five-year average (prior to the COVID-19 outbreak).

* 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 - 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. 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)

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