



Spain

Country Commodity Report

Q4 2022



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According to a latest update by INE, Spain's GDP rose at a rate of 5.5% in 2022. Economic growth has been attributed to labour market recovery and robust performance in the services sector, however this has been slightly offset by rising energy prices. Yet, consumer price inflation decreased to 5.6% in December 2022, down from 6.8% the previous month.

Despite contractions in the last two years, Spain's construction industry is anticipated to rise by 3.5% in real terms in 2022. It is largely backed by investments in energy and transportation infrastructure, as well as government funding through the NextGenerationEU (NGEU) Recovery Fund. Given the ongoing energy crisis, high inflation and interest rates, the industry is expected to contract by 0.3% in 2023; but, with pledged government investments, the industry is expected to rebound in the following years.



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Lumber

Spain's construction industry will weaken as high interest rates and a slowing economy impact on new residential investment. Demand-side pressures on lumber prices will therefore ease, but production and transportation costs will still be a factor in keeping prices relatively high.



Cement and aggregates

Although consumption picked up in late 2022, demand in the year as a whole was sluggish, and Spain's cement exporters have also struggled to generate sales growth given the availability of cheaper products from other sources. Therefore, despite high production costs, price inflation has been contained.



Concrete blocks and bricks

Brick prices have remained stable as producers have been unable to fully pass on higher production costs to buyers owing to weak demand, and this will remain the case in the coming quarters given the negative outlook for the growth in demand of residential and commercial buildings.



Steel (rebar and structural)

Steel makers in Spain face ongoing challenges, with high production costs, weak demand and low prices. ArcelorMittal decided to delay the restart of its Acería Compacta de Bizkaia (ACB) plant after maintenance in August 2022, citing difficult market conditions and the availability of cheaper imports. Producers have sought to push up the price of flat products, with demand from the automotive sector picking up.



Copper

Copper prices will be volatile given concerns over supply-side constraints and weakening global economic growth. Demand will be sustained to some extent by the expansion in investment in renewable energy facilities and electric vehicle production.

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Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	8,095	8,897	-9.0% ↓	4.4% ↑ ●
Steel rebar (€/MT)	760	719	5.7% ↑	-8.6% ↓ ●
Steel flat (€/MT)	690	890	-22.5% ↓	-27.6% ↓ ●
Stainless steel (€/MT)	3,717	NA	NA	NA
Lumber (€/M3)	146	135	8.2% ↑	1.0% ↑ ■
Asphalt (€/MT)	97.1	95.0	2.2% ↑	-0.9% ↓ ■
Limestone (€/MT)	61.5	53.0	16.0% ↑	8.0% ↑ ●
Cement (€/MT)	142	132	7.7% ↑	0.0% ↔ ■
Concrete (€/M3)	137	130	5.7% ↑	1.4% ↑ ●
Welded mesh (€/unit)	93.3	83.0	12.5% ↑	-5.5% ↓ ●
Bricks (€/000 unit)	854	790	8.1% ↑	0.0% ↔ ■
Plasterboard (€/unit)	4.4	3.6	23.2% ↑	11.6% ↑ ●
Diesel (€/litre)	1.7	1.5	9.1% ↑	-3.1% ↓ ■

(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

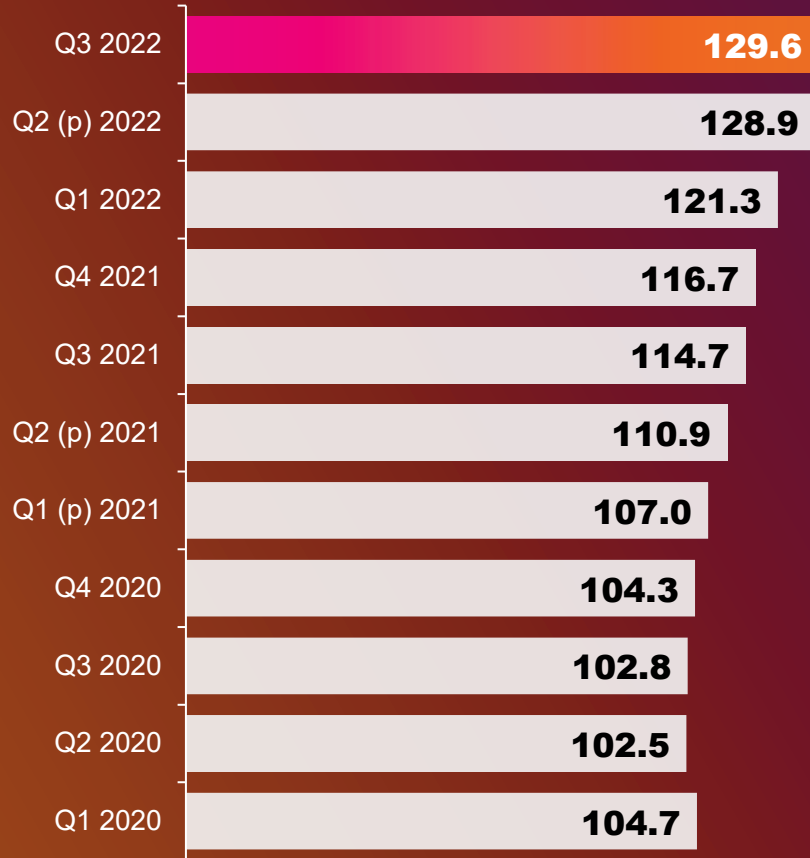
Welded mesh: 100 x 100 x 6cm Plasterboard: 125 x 60 x 1.3cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+1.0% ↑	Moderate	Copper prices picked up in late 2022, but still remain below the highs reached in April 2022. Additionally, tightened supply from major copper producer Peru, as well as the reopening of China's economy has put upward pressures on the prices. However, further price inflation will be contained by the slowdown in the global economy in the short term.
 Steel prices - Steel rebar - Flat steel	-1.5% ↓ -1.0% ↓	Moderate	Steel prices have weakened in recent months, reflecting sluggish demand. Elevated energy prices have squeezed profit margins, with producers cutting down output levels as a result. Prices will continue to trend downwards in the short term given the expected decline in construction industry output.
 Stainless steel	+1.5% ↑	Low	Stainless steel prices are expected to rise owing to increased raw material costs, notably nickel. Demand from the construction industry is expected to weaken though.
 Lumber	+1.0% ↓	Low	Lumber prices edged slightly upward in Q4 2022. However, sluggish demand from construction sector is expected to offset the impact of continued high production and transportation costs.
 Asphalt	-0.5% ↓	Low	With international crude oil prices stabilising at a lower level in recent months, asphalt price inflation has eased. Prices will edge downwards in the coming quarters, but with infrastructure spending set to pick up, prices will remain close to current highs.
 Limestone	+0.8% ↑	Low	Sluggish demand in buildings construction due to increased interest rates and slowing economic growth will result in weaker demand for limestone. However, elevated production costs will keep prices relatively high.




Spain – Commodity Report



Construction cost index for residential buildings (Q12020-Q3-2022)

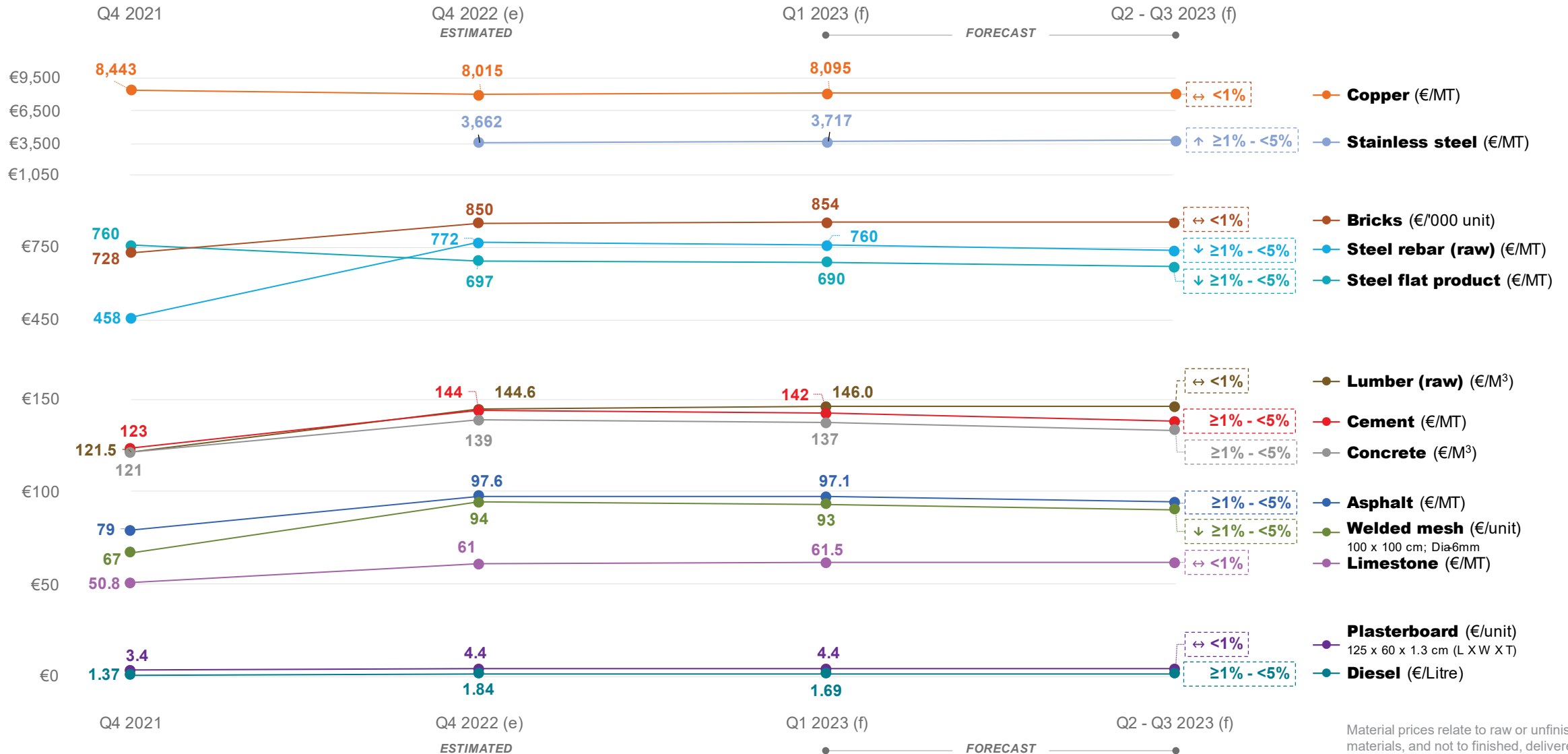


*(p) - Provisional

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	-1.0% ↓ -0.8% ↓	High	Cement prices have remained stable at a high level in recent quarters, reflecting high production costs. However, producers have not been able to fully pass on these higher production costs to buyers, given weak demand. In the first 11 months of 2022, domestic consumption was flat compared to the same period in 2021. Spain's cement exports have also fallen, which has helped to contain domestic price pressures.
 Welded mesh	-1.0% ↓	Moderate	Welded mesh prices have followed the trend of steel rebar prices, dropping back in Q4 2022. With steel rebar prices set to decline further, welded mesh prices are expected to edge slightly downward in the near future.
 Bricks	+0.5% ↑	Moderate	Despite sluggish demand from construction industry, elevated energy prices will keep brick prices close to current high levels in the forthcoming quarters.
 Plasterboard	+0.5% ↑	Moderate	Plasterboard prices rose higher in Q4 2022, with producers passing on higher costs. Despite an easing in demand-side pressures, higher production costs will continue to keep prices elevated.
 Diesel	-8.3% ↓	Low	With international crude oil prices having fallen from mid-2022 highs, the price for diesel has continued on a downward trend. Prices will be volatile in the coming quarters, as international supply-side issues including OPEC+ production cuts will offset the impact of weakening global economic growth.

* 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.

Spain – Construction Materials Pricing (2021-2022)



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

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Spain – 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 – Spain

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

- IMF
- National Statistics Institute(INE)
- International Labour Organization
- Eurostat
- GlobalData's Construction Intelligence Center (CIC)

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