



Netherlands

Country Commodity Report

Q2 2022



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The second estimate for Q1 2022 from Statistics Netherlands put quarterly economic growth at 0.4%, and year-on-year growth at 6.7%. This growth is largely attributable to household consumption, although as of June 2022, consumer confidence was reported at a record low of -50. The European Commission has lowered its forecast for economic expansion in the Netherlands to 2.9%, just above the eurozone average of 2.6%. Inflation for the year is anticipated to be 8.7%, according to the Commission and driven by higher energy prices, falling to circa 3.9% across 2023.

The construction industry in the Netherlands has surpassed the pre-pandemic output level from 2019. With the government's focus on renewables, housing and transport infrastructure, 2.5% growth is anticipated for 2022, although the current challenges around inflation, supply chain disruption and high energy costs are likely to temper growth, as is the case worldwide.

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.



Brian McClinton
Senior Director – Europe
brian.mcclinton@linesight.com



Lumber

With construction demand picking up, and disruptions in regional trade, lumber prices have remained high, having almost doubled in 2021 when compared to the average in 2020. Demand will remain strong in 2022. The Dutch government has announced an investment of €1 billion to boost residential construction, with the funding put into the 'woningbouwimpuls' (residential building impulse) scheme, which will be used by local municipalities to invest in projects that could potentially struggle to secure funding. The total budget of the 4th tranche is €300 million (including VAT). While prices are levelling off, they remain elevated.



Cement and aggregates

Concrete and cement prices have continued an upward trend in recent months in the Netherlands, which is one of the top five importers of cement globally. The trend reflects the rise in production costs, given the increase in gas prices. There are also growing concerns over the potential lack of sand and gravel products if no new extraction licenses are issued.



Concrete blocks and bricks

Demand for blocks and bricks has picked up in line with the recovery in construction output. Reflecting this recovery, there has been fast growth in the value of dwellings on which construction has started. Higher energy costs will also be a factor in prices remaining close to recent levels.



Steel (rebar and structural)

The Netherlands is reliant on imports to meet steel demand, and with the current level of demand and regional supply disruptions, local prices have been rising sharply. The government's plans for 2022 to invest €3.6 billion on the maintenance, replacement and renovation of roads, waterways, railways and bridges will bolster demand.



Copper

Global copper prices will remain volatile, reflecting in part the shifting pattern of consumption in China. Despite global supply chain issues stemming from the Russia-Ukraine conflict, global prices weakened as Chinese demand fell, amid the COVID-19 lockdowns in major cities.

Netherlands - Commodity Report



Materials	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
	€	€	2021-22* % change	% change
Copper (€/MT)	8,804	8,032	9.61% ↑	0.9% ↑ ■
Steel rebar (€/MT)	835	655.0	27.56% ↑	8.1% ↑ ●
Steel flat (€/MT)	896	710.0	26.16% ↑	8.0% ↑ ●
Lumber (€/M3)	107	87.0	23.33% ↑	6.1% ↑ ●
Asphalt (€/MT)	84.87	69.0	23.01% ↑	2.0% ↑ ■
Limestone (€/MT)	87.93	80.0	9.91% ↑	1.0% ↑ ●
Cement (€/MT)	165	150.0	9.92% ↑	4.0% ↑ ●
Concrete (€/M3)	157	135.0	16.57% ↑	4.0% ↑ ●
Welded mesh (€/unit)	82.39	55.0	49.81% ↑	8.1% ↑ ●
Bricks (€/000 unit)	549	500.0	9.90% ↑	1.4% ↑ ●
Plasterboard (€/unit)	11.42	8.5	34.39% ↑	6.0% ↑ ●
Diesel (€/litre)	2.18	1.4	55.90% ↑	10.8% ↑ ●

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

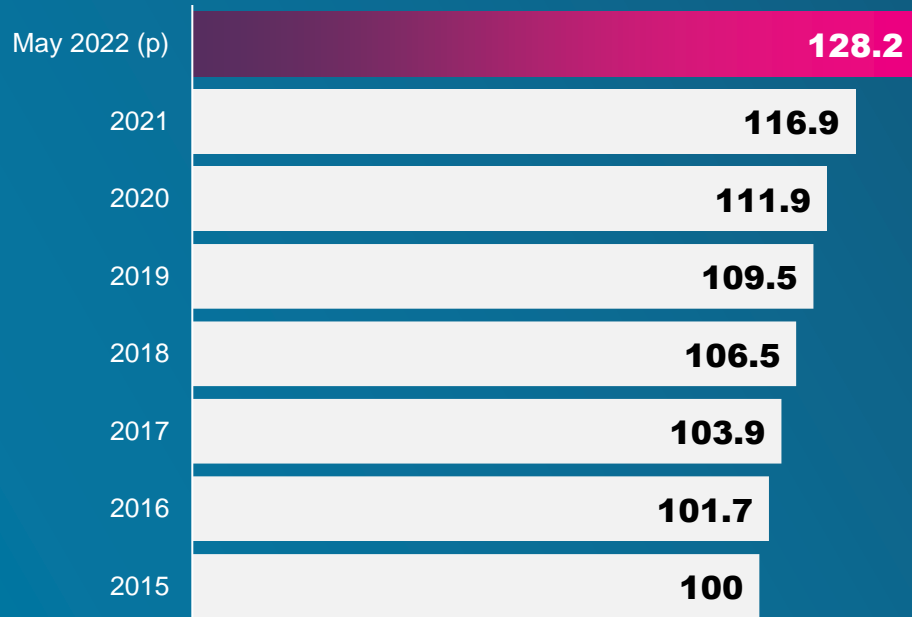
Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-1.0% ↓	High	The recent drop in demand in China contributed to a downturn in global copper prices following an upward trend in early Q2 2022. However, with underlying demand remaining strong, as the government increases investments around renewable energy projects, prices will remain relatively high.
Steel prices - Steel rebar - Flat steel	+1.5% ↑ +1.5% ↑	Moderate	Steel prices rose during 2021, and this upward trend was extended to the first half of this year, as the Russia-Ukraine conflict greatly impacted steel and iron ore supplies to the EU. The demand for steel is primarily met through local production, but the country is highly dependent on imports for iron ore. With the expected decline in energy prices, steel prices are anticipated to remain at lower levels in the coming quarters.
Cement Concrete	+0.7% ↑ +0.6% ↑	Moderate	Although there are likely to be improvements on the supply side compared to the disruption recorded throughout 2021, high demand and limited domestic competition means that prices will remain relatively strong in 2022. Dutch material manufacturers also have a relatively high dependence on gas, and so prices are expected to remain high in the coming quarters.
Asphalt	+2.0% ↑	Moderate	Asphalt prices will remain elevated, reflecting the higher production costs stemming from the rise in global crude oil prices, as well as the strengthening of domestic demand, given government plans to invest €25 billion in new road construction until 2028.
Limestone	+0.5% ↑	Low	The Netherlands' demand for limestone, which is mainly imported across from Belgium, is expected to remain solid, given the steady expansion in construction output.

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.

Netherlands - Commodity Report






New dwellings; input price indices building costs



Note: 2015=100

Knoema World Data Atlas

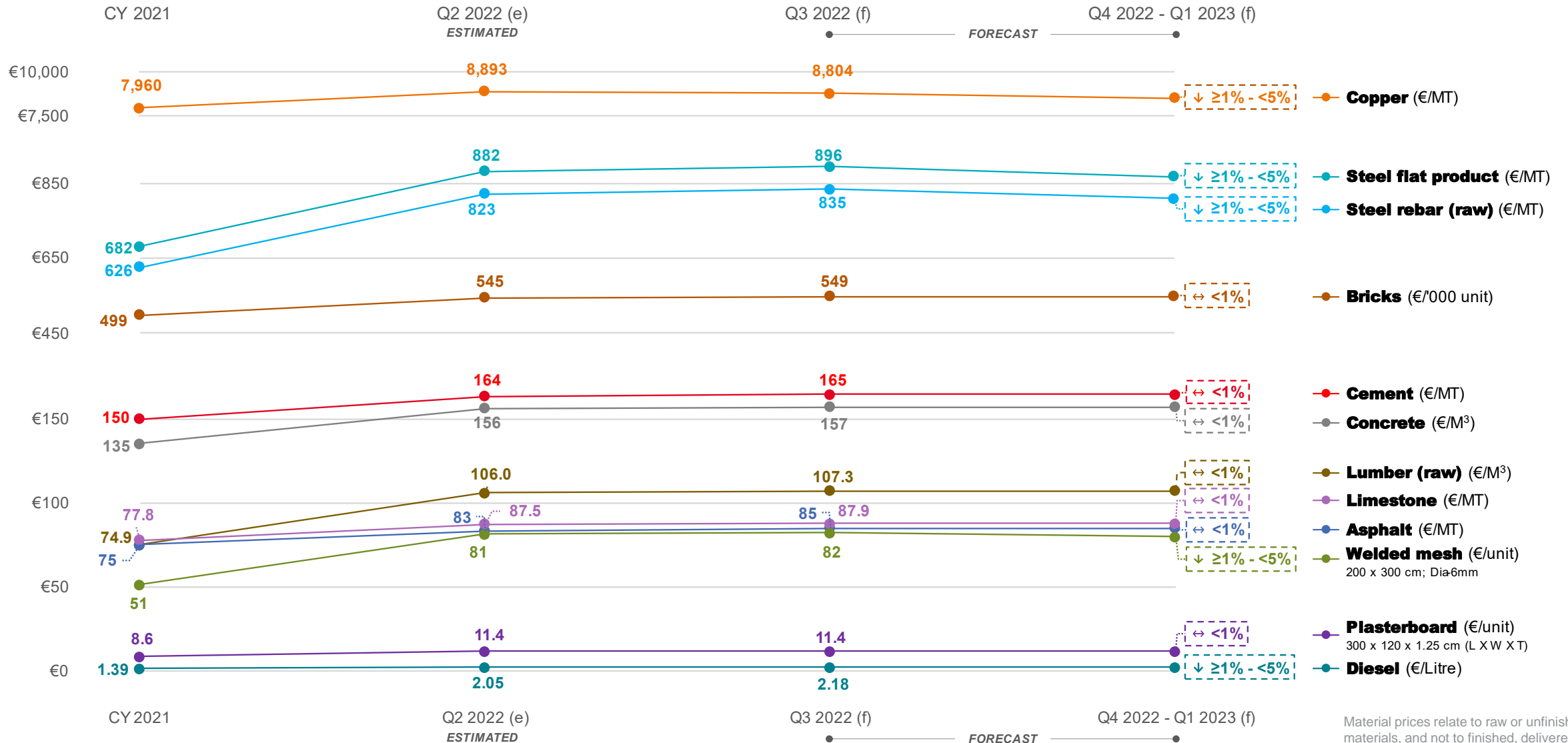
Index of economic freedom 76.8 out of 100

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+1.2% ↑	Moderate	High demand and supply-side constraints have resulted in elevated lumber prices. As the Netherlands is dependent on imports to meet domestic demand, and with regional trade disrupted by the banning of Russian imports, prices in the coming quarters are expected to stay close to current levels.
 Welded mesh	+1.2% ↑	Moderate	Due to the expected decline in the price of steel, the price of mesh will also demonstrate a downward trend in 2022.
 Bricks	+0.8% ↑	Low	Brick prices will continue to edge higher, reflecting continued demand amid the expansion in building construction, alongside upward pressure on production costs. As part of the latest budget, the government announced an investment of €1 billion to boost housing construction, given that the country is facing a housing crisis, with a severe shortage of affordable housing.
 Plasterboard	+0.2% ↑	Low	As with other key building materials, the price of plasterboard is expected to remain at high levels given the ongoing recovery in building construction.
 Diesel	+6.7% ↑	High	Diesel prices averaged above the €2 per litre mark in Q2, having jumped sharply in March, and in spite of a reduction in tax and duty that was applied in April. Prices will remain higher than pre-COVID levels, while the Russia-Ukraine conflict persists and maintains pressure on global crude 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.

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Netherlands - Construction Materials Pricing (2021-2022)



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

Netherlands - 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 - Netherlands

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

- IMF
- Economy.com
- The Global Economy
- Weather Spark
- Netherlands Labour Authority
- Statistics Netherlands (CBS)
- GlobalData's Construction Intelligence Center (CIC)
- Conference-board.org

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