



Ireland Country Commodity Report Q4 2022



Ireland

Q4 2022

According to a recent update by the CSO, GDP growth in Ireland is estimated to have increased by 12.2%, when compared with 2021. Initial indications reveal it has been mainly driven by expansion in the manufacturing sector. The annual inflation rate fell to 8.2% in December 2022 from 8.9% the previous month, due to a 6.5% drop in energy prices. However, energy prices are still 34.2% higher now than they were in December 2021, indicating that inflationary pressures are still high. Though Ireland's overall fiscal position and economic fundamentals remain strong, factors including high inflation and weak consumer confidence will keep the country's economic performance in check for the foreseeable future.

The fourth quarter of 2022 saw a decline in construction activity, particularly in the civil engineering sector, amid concerns of global recession. Construction output has been impacted by labour shortages, high energy prices, and high financing costs due to elevated interest rates, driving up construction prices and causing demand to weaken. However, with planned investments in data centres, leisure, and hospitality, as well as government's investments in infrastructure and housing, the industry is expected to gain momentum in the coming years.



Stephen Ashe
Senior Director - Europe
stephen.ashe@linesight.com



Lumber

Lumber prices are set to decline further in the coming quarters following the hyperinflation levels recorded in 2022, with supply disruptions easing across Europe and the expectation of improved domestic supplies. Although the construction industry will weaken heading into 2023, demand for timber framed houses could improve given the planned introduction of a concrete levy (to come into effect in September 2023).



Cement and aggregates

Cement and aggregate prices started to level off toward the end of 2022, but given the rising trend throughout the year, prices were still up sharply compared to levels in late 2021. The concrete levy will contribute to a jump in prices for concrete in late 2023, however the proposed measure has been cut to 5% (from the initial plan of a 10% levy).



Concrete blocks and bricks

With growth in building construction work set to slow, impacted in part by rising interest rates, demand for blocks and bricks will ease. Over the past year, prices have been pushed up by supply-side factors, but these too are expected to subside. Concrete blocks (and other concrete products) will be subject to a 5% levy from September 2023, a measure that has been introduced to fund the costs of the redress scheme for homeowners affected by defective products used in residential construction.



Steel (rebar and structural)

Having soared during the first half of the year, steel prices fell back in the second half of 2022. However, in October, prices for structure steel were up 51% year on year, and prices for steel rebar had increased by 16.4%. With costs pressures easing, and demand set to wane, prices are set to continue to trend downwards.



Copper

Reflecting trends on the London Metal Exchange (LME), copper prices picked up in Q4 2022 having previously eased from the highs reached in the first half of the year. Prices are expected to be volatile in the coming quarters reflecting concerns over supply shortages and weaker demand globally amid the slowing global economy.

Ireland – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
Copper (€/MT)	7,906	8,899	-11.2% ↓	2.0% ↑ ●
Steel rebar (€/MT)	883	781	13.0% ↑	-2.0% ↓ ●
Steel flat (€/MT)	1,170	794	47.3% ↑	-1.9% ↓ ●
Stainless steel (€/MT)	3,182	NA	NA	NA
Lumber (€/M3)	91.2	105.1	-13.2% ↓	-13.2% ↓ ●
Asphalt (€/MT)	958	824	16.2% ↑	1.4% ↑ ●
Limestone (€/MT)	95.1	86.2	10.4% ↑	2.6% ↑ ●
Cement (€/MT)	251	221	13.8% ↑	0.0% ↑ ■
Concrete (€/M3)	90.2	73.0	23.6% ↑	6.2% ↑ ●
Welded mesh (€/unit)	60.1	54.0	11.4% ↑	-2.0% ↓ ●
Bricks (€/000 unit)	878	762	15.3% ↑	3.5% ↑ ●
Plasterboard (€/unit)	15.1	11.5	31.0% ↑	27.5% ↑ ●
Diesel (€/litre)	1.7	1.7	0.4% ↑	-2.2% ↓ ●

(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

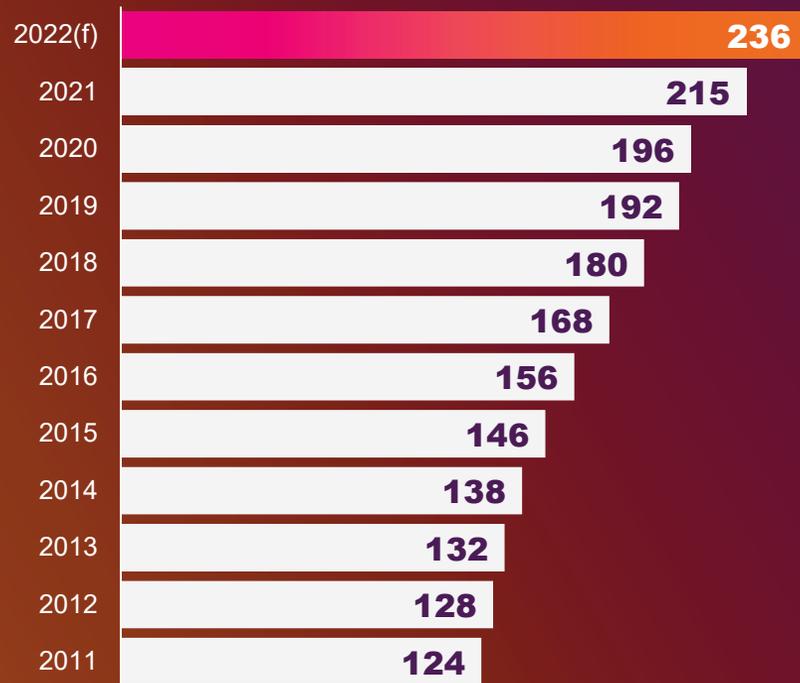
Welded mesh: 240 x 480cm, dia.-6mm Plasterboard: 240 x 120 x 1.25cm (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.8% ↑	Moderate	Prices for copper trended upwards in the final few months of 2022, partially recovering from the sharp decline during the second quarter of the year. Local wholesale prices for copper pipes and fittings jumped sharply in July (by 18%) and have remained at a relatively high level since then. However, all copper prices represented in this report reflect movements of copper prices as traded on the LME. <i>Note: Previous Linesight Commodity Reports tracked copper prices based on figures sourced from the CSO.</i>
 Steel prices - Steel rebar - Flat steel	-1.0% ↓ -1.0% ↓	Moderate	Although edging downwards, steel prices in late 2022 were still at an elevated level, with increased production costs keeping prices high. Prices are expected to fall further in the coming quarters, owing to a drop in energy costs and weaker demand from end-users.
 Stainless steel	+0.5% ↑	Low	Stainless steel prices are expected to face further upwards pressure stemming from the increase in the prices for key raw material, such as nickel.
 Lumber	-0.8% ↓	Moderate	Lumber prices have fallen in recent months, as supply-side pressure has diminished and demand has weakened. Prices had remained at a high level during much of the first three quarters of 2022, propped up in part by supply disruption stemming from the conflict in Ukraine.
 Asphalt	+0.7% ↑	Moderate	Asphalt prices continued to edge upwards in late 2022 - in October prices were up by 20% year on year. Crude oil prices have fallen from the highs of mid-2022, but production cuts by OPEC+ will keep prices elevated in the coming quarters. Domestic demand for asphalt will also be propped up by spending on road infrastructure projects outlined in the New National Development Plan (NDP) 2021–30.
 Limestone	+0.5% ↑	Low	Limestone prices rose further in late 2022, reflecting higher production costs, but there will be a levelling off in the coming quarters.

Ireland – Commodity Report



Linesight tender price index 2011-2022(f)

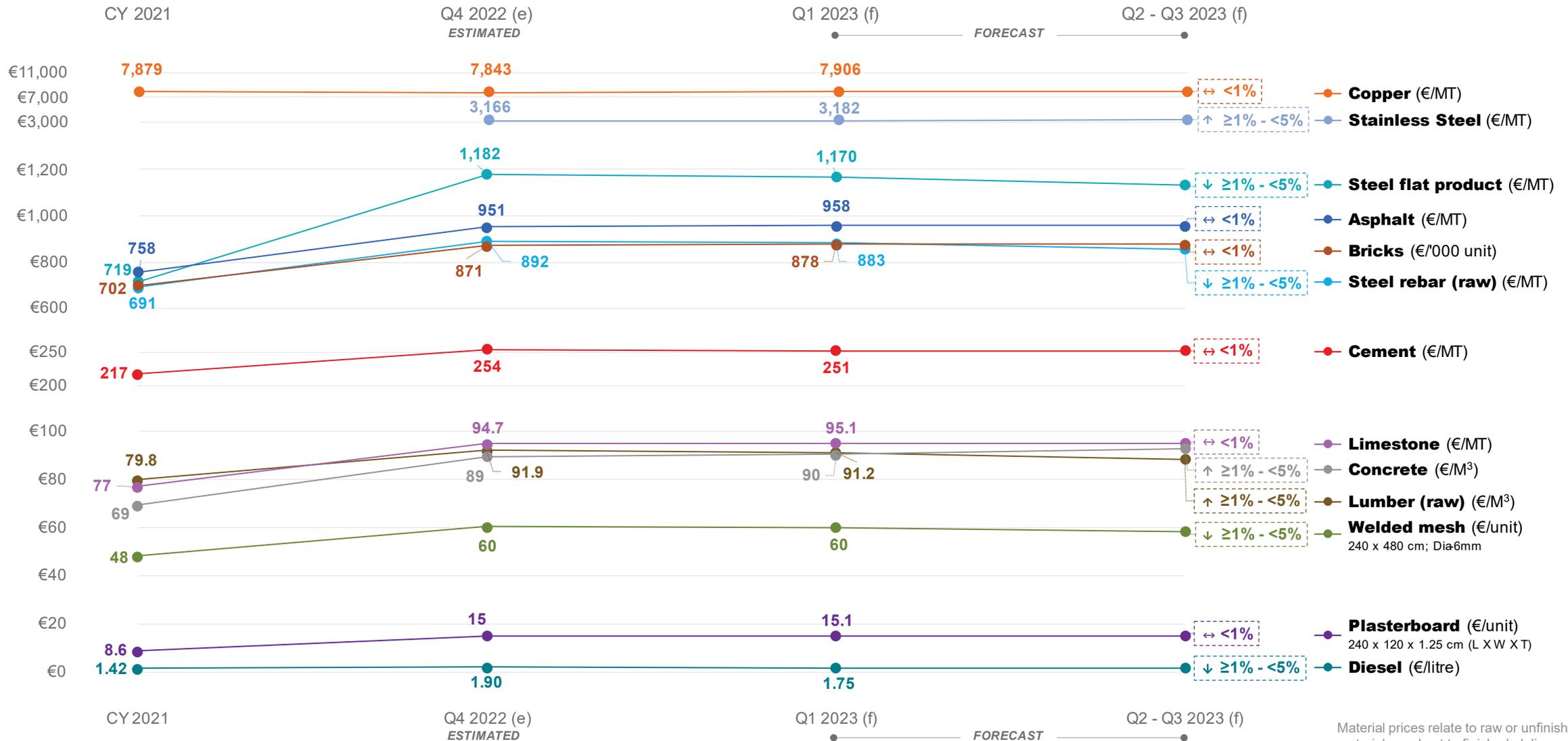


Note: The above infers a full-year increase of +9.8% for 2022. Our 2022 estimate is broken down @ +7.5% for H1 2022 and +2.3% for H2 2022. There is a definite downward trend in the rate of increase going into 2023 as some key commodity prices reduce, shipping costs reverting to pre-pandemic level costs, fuel costs are reducing and with some traditional sector projects in question due to viability concerns.

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement	-1.0% ↓	Moderate	Cement prices were relatively stable in late 2022 having been under upward pressure during much of the year as producers passed on higher costs to buyers. Weaker demand will be a key factor in containing further price inflation.
 Concrete	+0.9% ↑	High	Despite the stability in cement and aggregates prices, high energy and transportation costs continue to impact ready mixed concrete prices. In October prices jumped by 5%, such that on a year-on-year basis prices were up by 32%, from October 2021.
 Welded mesh	-0.4% ↓	Moderate	Welded mesh prices have fallen marginally from highs of Q2 2022, and as with the general trend in steel prices, there will be a further decline in the coming quarters.
 Bricks	+0.9% ↑	Moderate	Brick prices continued to rise in late 2022, with producers passing on higher costs to buyers, and were up 20% year on year by October. However, with demand weakening and supply-side pressures set to ease, further price inflation is expected to be contained.
 Plasterboard	+0.4% ↑	Low	Plasterboard prices jumped in Q4 2022 owing to higher production and raw materials costs, which were passed on to buyers.
 Diesel	-8.2% ↓	High	The decline in diesel prices quickened towards the end of 2022, with prices in December down by 15% compared to the June high of just over €2 per litre and were at the lowest level since February. Prices are expected to continue to drop back, but efforts by OPEC+ to cut production levels could result in global crude oil remaining around \$80 per barrel in 2023.

* 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.

Ireland – Construction Materials Pricing (2021-2023)



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

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.

Ireland – 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 – Ireland

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

- IMF
- Central Bank
- CSO
- SCSi
- GlobalData's Construction Intelligence Center (CIC)

Linesight 

