



# France Country Commodity Report Q4 2022





# France

## Q4 2022

The strong recovery of the French economy earlier in 2022 has been offset by a slowdown towards the end of the year as a result of the ongoing Russia-Ukraine conflict and elevated energy costs. GDP for the year is expected to remain at a moderate 2.6% but is projected to decrease to 0.7% in 2023 due to the current macroeconomic outlook. Inflation is estimated at 5.9% in 2022 and while high, it is a lower rate than many neighbouring countries. However, continued high inflation rates will impact consumer demand and cost of finance, resulting in the low levels of forecast growth outlined.

The construction industry in France is expected to contract by 0.5% in 2022, compared to earlier estimates of 3.3% growth with 0.6% decrease predicted for 2023. While there will be muted demand for key real estate sectors, investment is likely to continue to grow in mission-critical facilities such as data centres.



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### Lumber

Weaker demand in the short term will contribute to a marginal fall in lumber prices. However, demand will be sustained over the longer term owing to key directives such as a requirement that any new buildings for the 2024 Summer Olympics (measuring eight stories or less) are to be made entirely from wood. In addition, a 2020 law was introduced requiring half of the materials used to construct public buildings to be wood or other natural substances.



### Cement and aggregates

High production costs have driven up concrete and cement prices, but weakening demand and an easing in energy costs will result in prices falling back in 2023. Production levels have also been on a downward trend, with ready-mixed concrete volume falling by 4% in 2022, according to the National Union of Quarry and Materials Industries, and set to fall by a further 4% in 2023.



### Concrete blocks and bricks

France has domestic capacity to meet demand, being a major manufacturer of bricks. Brick manufacturers have faced a prolonged period of rising costs, which have been the key factor in driving up prices. However, with energy prices likely to have peaked, and with growth in the construction industry slowing amid wider economic weakness and higher interest rates, brick prices are set to ease.



### Steel (rebar and structural)

The steel industry in France has been facing major challenges in the form of high energy costs, falling demand and competition from cheaper imports from Turkey and India. Although domestic prices are still relatively high compared to 2021 levels, major players in the steel industry have been cutting production. In November ArcelorMittal announced that it was temporarily shutting down one of the two blast furnaces at its Fos-sur-Mer site (Bouches-du-Rhône), blaming weak demand and high energy prices.



### Copper

There will continue to be a high degree of volatility in copper prices, given the downside pressure from slowing global economic growth and upside pressure from potential supply-side disruptions and a possible revival in demand in China following the relaxation of its zero COVID policy.

# France – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	€	€	2022-23 % change	% change
<b>Copper</b> (€/MT)	8,264	9,120	-9.4% ↓	2.6% ↑ ●
<b>Steel rebar</b> (€/MT)	767	692	10.8% ↑	-6.5% ↓ ●
<b>Steel flat</b> (€/MT)	813	801	1.6% ↑	-3.6% ↓ ●
<b>Stainless steel</b> (€/MT)	3,952	NA	NA	NA
<b>Lumber</b> (€/M3)	100	100	0.1% ↑	-1.2% ↓ ●
<b>Asphalt</b> (€/MT)	79.6	78.6	1.3% ↑	-1.6% ↓ ●
<b>Limestone</b> (€/MT)	55.0	45.9	19.9% ↑	-0.1% ↓ ■
<b>Cement</b> (€/MT)	180	150	19.8% ↑	2.3% ↑ ●
<b>Concrete</b> (€/M3)	160	134	19.8% ↑	2.3% ↑ ●
<b>Welded mesh</b> (€/unit)	154	133	16.0% ↑	-5.0% ↓ ●
<b>Bricks</b> (€/000 unit)	1,111	760	46.3% ↑	10.0% ↑ ●
<b>Plasterboard</b> (€/unit)	3.2	3.1	4.4% ↑	2.0% ↑ ●
<b>Diesel</b> (€/litre)	1.7	1.8	-4.3% ↓	-1.6% ↓ ■

(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

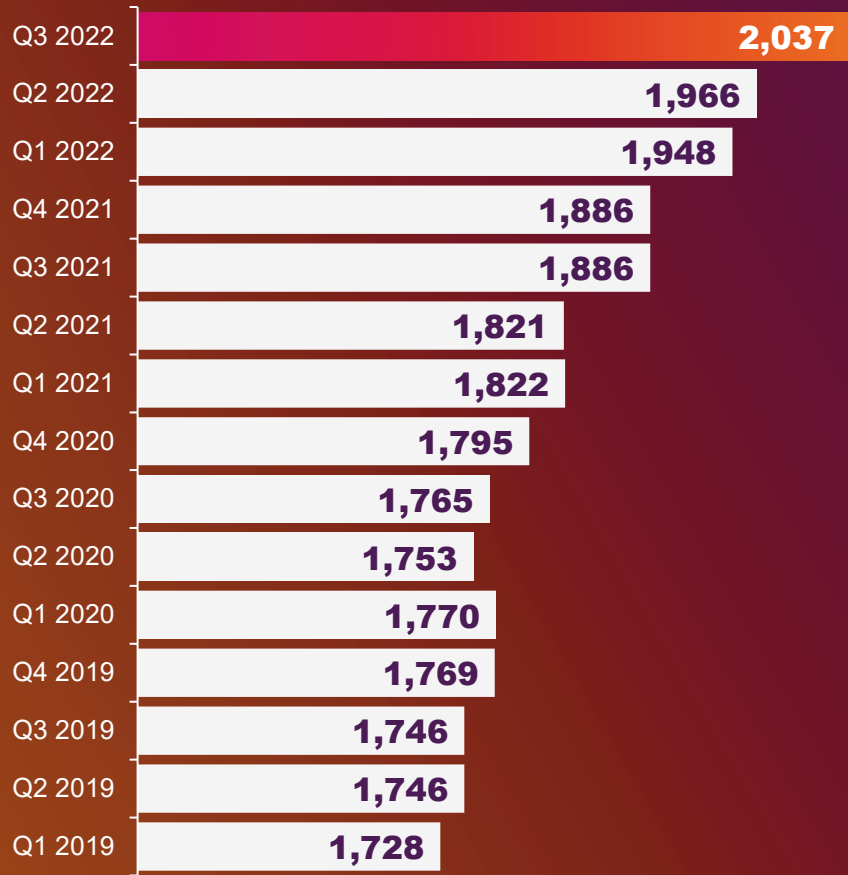
Welded mesh: 240 x 600cm, dia.-7mm Plasterboard: 250 x 120 x 1.3cm (L x W x T)











Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 <b>Copper</b>	+2.0% ↑	Moderate	Copper prices picked up towards the end of 2022, with supply disruptions in Peru and the relaxation in China's zero COVID policy having an influence on this trend. Although there are expectations of a global economic downturn, concerns over a global supply deficit in copper and higher demand from the renewable energy and electric vehicle sectors will keep prices elevated.
 <b>Steel prices</b> - Steel rebar - Flat steel	-2.0% ↓ -2.0% ↓	Moderate	Steel prices have continued to trend downwards from the highs reached in Q2 2022. Rising energy costs had been a key factor in driving up prices earlier in the year. However, weaker demand and cheaper imports from suppliers outside Europe will continue to drive down prices in the coming quarters. Producer prices for steel for use in construction were down by 14% in October 2022 compared to the May 2022, but were still up by 19% compared to October 2021.
 <b>Stainless steel</b>	+2.0% ↑	Low	Stainless steel prices will face upward pressure owing to high energy costs and disruption in the supply of raw materials. Russia is one of the largest suppliers of nickel globally, and the ongoing conflict in Ukraine has resulted in trade disruptions.
 <b>Lumber</b>	-1.2% ↓	Low	Lumber prices have edged downwards in recent months as a result of slowing demand, particularly from the residential sector which saw a decrease of 2.3% year-on-year (January to September 2022). This trend is likely to continue through 2023 as demand continues to decline.
 <b>Asphalt</b>	-1.0% ↓	Low	Asphalt prices have eased back in line with the fall in crude oil prices from mid-2022 highs. The use of recycled asphalt will help to contain the price increase in the future.
 <b>Limestone</b>	+1.0% ↑	Low	There has been minimal change in limestone prices in recent quarters, and prices are still elevated compared to 2021 levels.

# France – Commodity Report



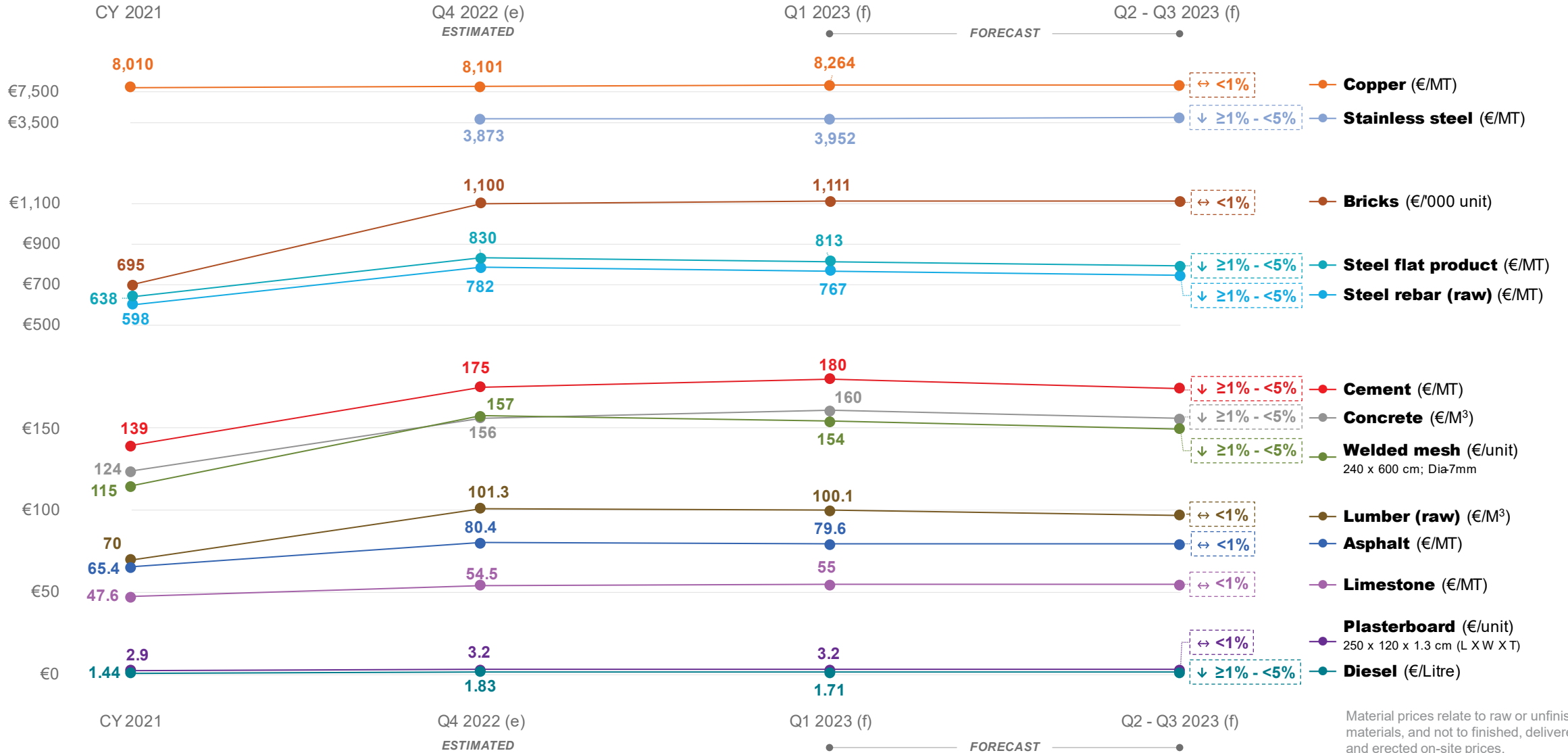
## Cost of Construction Index (CCI) 2019-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 <b>Cement Concrete</b>	+2.8% ↑ +2.8% ↑	 High	Cement prices continued on an upward trend in late 2022, with producers pushing up prices in line with higher production costs (which were up by 22% year-on-year in November). Although prices will remain high in the coming quarters, upward pressure will reduce as energy costs fall back and demand in the construction industry weakens.
 <b>Welded mesh</b>	-2.0% ↓	 Moderate	In line with the decline in steel prices, welded mesh prices have fallen from recent highs, and will continue to edge downwards.
 <b>Bricks</b>	+1.0% ↑	 Moderate	Although the rate of increase in brick prices slowed in Q4 2022, prices were still elevated reflecting the high cost of production. In November, producer prices for brick manufacturing were up by 14% year-on-year. The French Association of Construction Products Industries anticipates that the price of bricks will remain high in the coming quarters, despite weakening demand.
 <b>Plasterboard</b>	+1.0% ↑	 Moderate	Production costs have been a factor in driving prices up, as a result of higher costs for raw materials, transportation and energy. Demand has weakened as a result of a decrease in construction activity.
 <b>Diesel</b>	-6.2% ↓	 Low	Diesel prices have continued to fall from the highs of around €2.1 per litre in mid-2022. This reflects the decline in crude oil prices. Diesel prices will continue to slide, but with OPEC+'s planned production cuts, crude oil prices will remain relatively high.

\* 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.

# France – Construction Materials Pricing (2021-2023)



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# France – Report methodology



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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.

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## 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 – France

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

- IMF
- French National Institute of Statistics and Economic Studies (INSEE)
- GlobalData's Construction Intelligence Center (CIC)



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