

# Belgium

## Country Commodity Report

**Q2 2023**



# Belgium

## Q2 2023

After a virtual stagnation in Q4 2022, Belgian economic growth exceeded expectations in Q1 2023, with positive signs in the construction sector, showing a 0.4% increase in value add. Inflation is also in decline, with the Bank of Belgium adopting an aggressive approach to raising interest rates. While prices of some construction materials, such as steel and copper, have dropped from their 2022 highs, prices of materials such as cement, brick, and concrete, which incurred high production costs last year, remain high but are expected to fall in the coming quarters.

The overall construction sector is expected to experience a contraction in 2023.

However cautious optimism prevails in the industry, with the construction confidence indicator slightly improving in June and July 2023, due to falling energy prices and a more resilient economy than expected. Labour shortages remain a challenge as job construction vacancy for the construction sector stands at 4.7%, which is above the EU average of 2.8%, highlighting the tight labour market.



**Brian McClinton**  
Senior Director – Europe



## Key Indicators

### GDP

Grew by 1.3% in Q1 2023 on YoY basis



- GDP growth was positively influenced by a substantial expansion of private consumption and is expected to grow by 0.4% in Q2 2023
- The economy is expected to grow by 1.2% in 2023 and 1.4% in 2024, due to resilient private consumption

### CPI

Increased by 4.2% in June 2023 on YoY basis



- Inflation is trending downward and decreased from 5.2% in May to 4.1% in June
- Food inflation remains high, while a significant decrease in energy related inflation has occurred





### Construction output

Expected to contract by 1.2% in 2023



- The Industry's weakness is attributed to challenges from high construction costs and rising interest rates
- Investments in transport and renewable energy are anticipated to bolster a 2.9% growth between 2024 and 2026

## Commodities Pricing Snapshot

	Price % change			Remarks
	YoY Q2 '22 - Q2 '23 (e)	QoQ Q1 - Q2 '23 (e)   Q2 (e) - Q3 '23 (f)		
 <b>Copper</b>	↓ -12%	↓ -6%	↓ -2%	Prices are trending downward, but are likely to remain volatile
 <b>Steel rebar (raw)</b>	↓ -41%	↓ -7%	↓ -3%	Prices will continue to decline
 <b>Cement</b>	↑ 26%	↔ 0%	↓ -3%	Prices are elevated, but are likely to dip slightly
 <b>Lumber</b>	↔ 0%	↓ -3%	↔ 0%	Prices are trending downward, and are likely to dip further

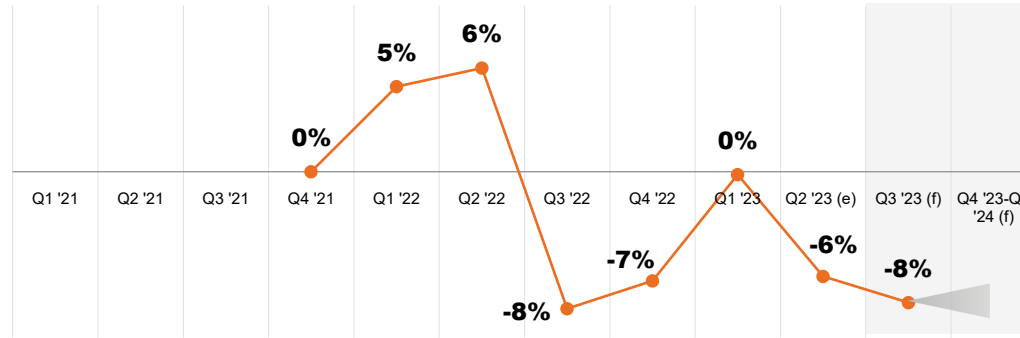
# Belgium – Commodity Price Trends



## Copper

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Low		●●●● Moderate	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€8,127	€7,990	↓ -6.1%	↓ -1.7%

Price change comparison against Q4 2021

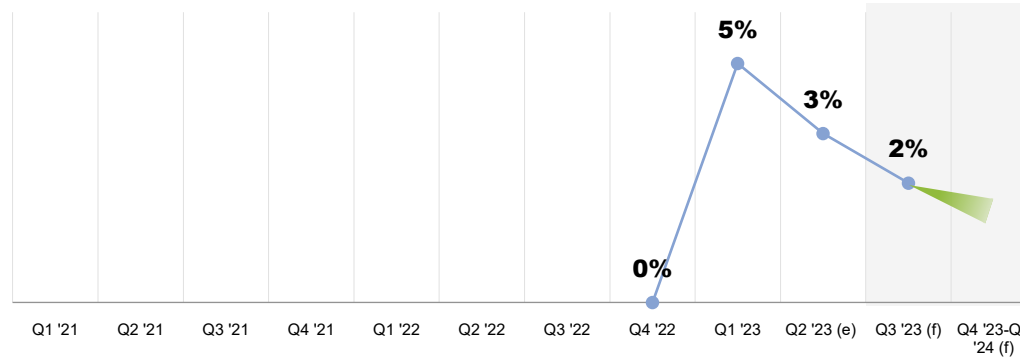


- Copper prices in Belgium fell by 6.1% QoQ in Q2 2023, amid weak domestic demand and a downward trend in the global market
- However, prices have been volatile on a monthly basis, falling in April and May before picking up again in June
- Prices are expected to fall further in Q3 2023 on a quarterly average basis, amid a rising risk of economic slowdown and a lack of growth in solid demand from China

## Stainless Steel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
●●●● Moderate		●●●● Low	●●●● Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€3,899	€3,860	↓ -1.4%	↓ -1.0%

Price change comparison against Q4 2022



- Stainless steel prices are estimated to have fallen by 1.4% QoQ in Q2 2023
- This is continuing on a downward trend, as prices of key materials such as nickel and molybdenum fall
- Rising nickel supply and soft demand from the construction industry is expected to keep stainless steel prices contained in the short term

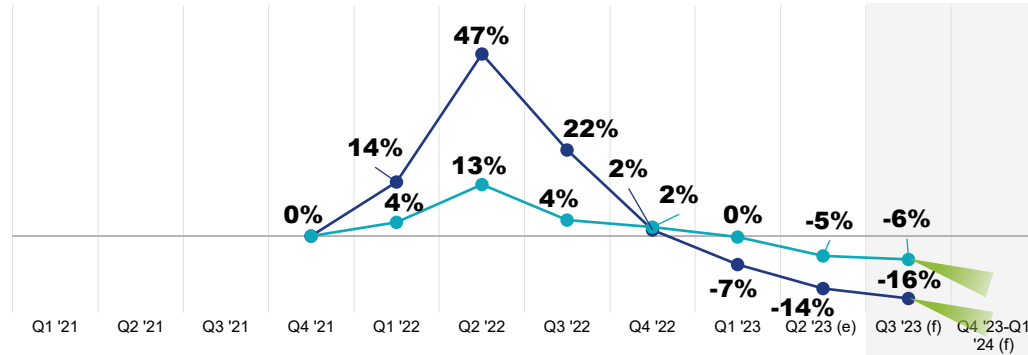
# Belgium – Commodity Price Trends



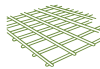
## Steel – rebar and flat

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●●● Low	●●●● Low	●●●● Low	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
<b>Steel rebar (raw) (€/mt)</b>			
€743	€721	↓ -6.7%	↓ -3.0%
<b>Steel flat product (€/mt)</b>			
€1,066	€1,055	↓ -4.9%	↓ -1.0%

Price change comparison against Q4 2021



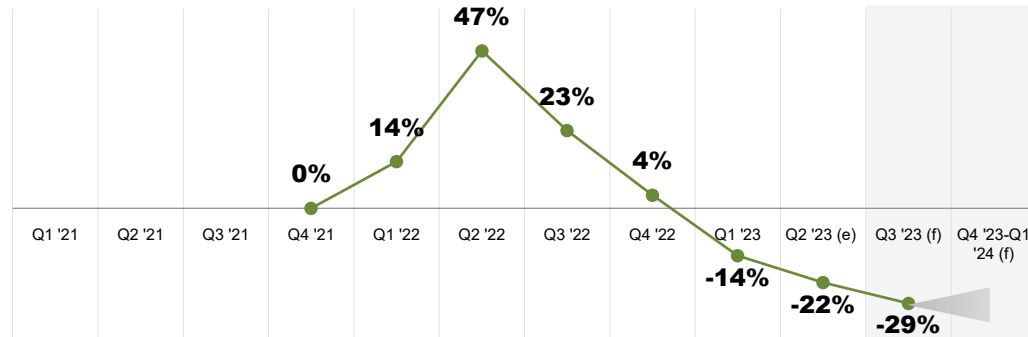
- Steel rebar and steel-flat product prices have continued to trend downwards in recent quarters
- In QoQ terms, in Q2 2023, rebar was down by 6.7% and flat down by 4.9%
- This is attributed to falling demand, along with a decline in production costs and availability of cheaper imports
- This will see prices fall further in the coming quarters
- However, there is significant infrastructure investment planned, which will provide some support on the demand side



## Welded mesh

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
●●● Moderate	●●●● Low	●●●● Low	
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€19.8	€18.2	↓ -9.4%	↓ -8.1%

Price change comparison against Q4 2021



- Welded mesh prices in Belgium have declined sharply from the highs of Q2 2022, when steel prices surged amid supply disruptions
- Average prices in Q2 2023 were down by 47% YoY, and 22% lower than in Q1 2023
- Welded mesh prices are forecast to fall further in Q3 2023, due to weak demand from the construction industry

\* 200 x 200 cm; diameter 6mm

Price direction for Q4 '23 – Q1 '24 (f) ↓ ≥ -5% ↓ ≥ -1% – < -5% ↔ < -1% – < 1% ↑ ≥ 1% – < 5% ↑ ≥ 5%

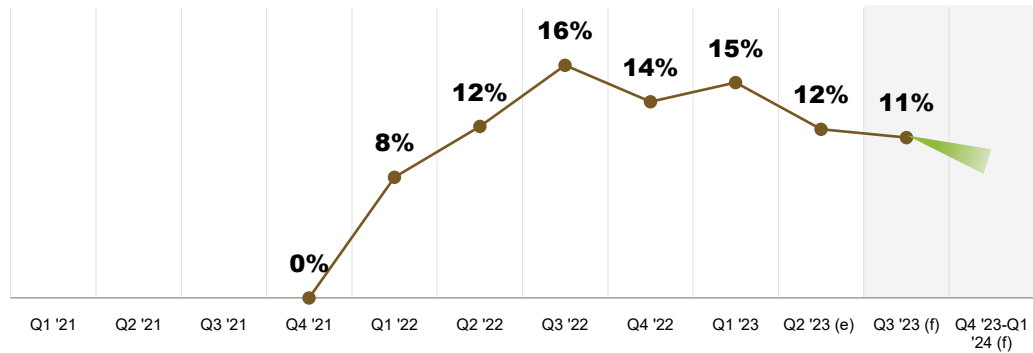
# Belgium – Commodity Price Trends



## Lumber (raw)

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/m³)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€108	€107	↓ -2.8%	↓ -0.5%

### Price change comparison against Q4 2021



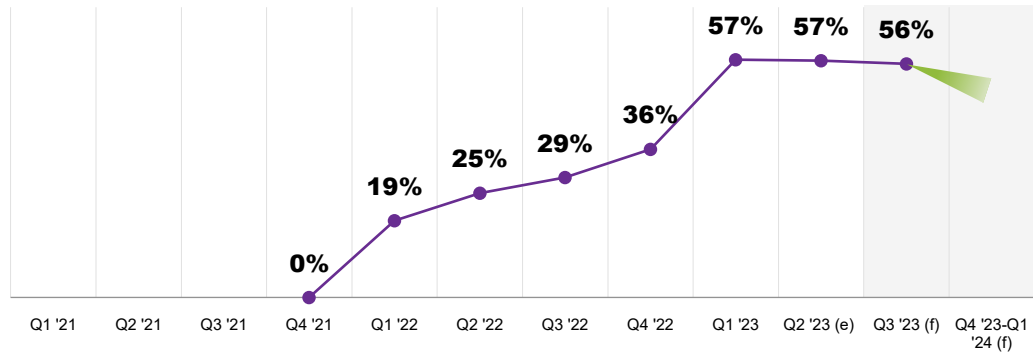
- Lumber prices have trended downwards since Q3 2022, but remain relatively high
- Prices are expected to fall further in the coming quarters, as rising interest rates have negatively impacted demand in new residential construction
- However, lumber is growing in popularity as a construction material, with the share of lumber in total construction accounting for around 2% in Belgium, which is amongst the highest in Europe



## Plasterboard

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Moderate	Moderate
Price (€/unit*)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€6.19	€6.16	↓ -0.2%	↓ -0.5%

### Price change comparison against Q4 2021



- Plasterboard prices have remained relatively stable at a high level, having risen sharply in 2022 amid rising production costs
- In Q2 2023 prices were still 57% above the levels in Q4 2021
- Subdued demand from residential construction amid rising interest rates is expected to contribute to a drop in plasterboard prices in the short term

\* 260 x 60 x 1.3 cm (L x W x T)

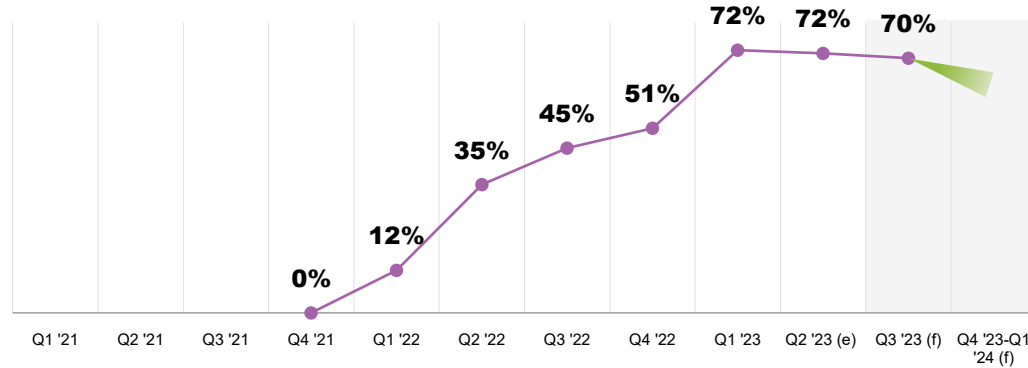
# Belgium – Commodity Price Trends



## Limestone

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Low	Low	Low	
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€96.7	€95.9	↓ -0.5%	↓ -0.8%

Price change comparison against Q4 2021

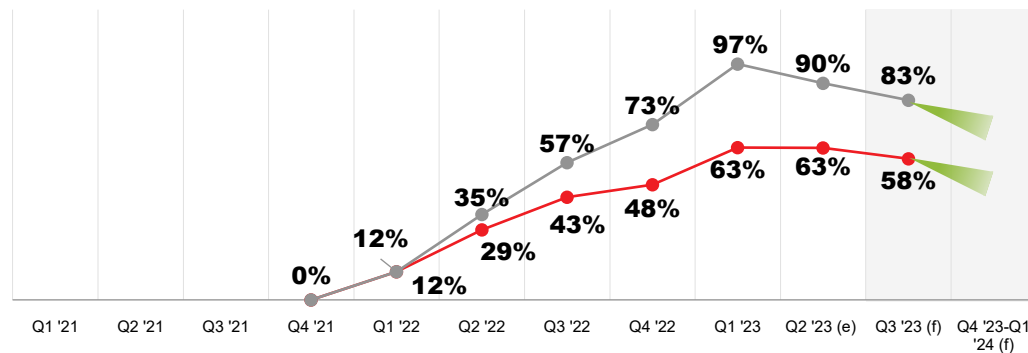


- Limestone prices in Belgium are estimated to have declined marginally by 0.5% QoQ in Q2 2023, but remain at a high level having risen sharply during last year
- Prices are forecast to continue on a steady downward trend in the coming quarters, amid softer demand from the construction industry in part owing to high interest rates and weak investment

## Cement and Concrete

Level of Impact			
Price Change (e) vs (f)	Material Availability	General State of Supply Chain	
Moderate	Moderate	Moderate	
Price		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€260	€253	↔ 0.0%	↓ -2.8%
● <b>Cement</b> (€/mt)			
€133	€128	↓ -4.0%	↓ -3.7%
● <b>Concrete</b> (€/m³)			

Price change comparison against Q4 2021



- Concrete prices in Belgium fell by 4% QoQ in Q2 2023, owing to easing production costs and low demand from the construction industry
- However, prices were still elevated, up by 90% compared to levels in Q4 2021
- Cement prices remain subdued, due to a sharp drop in building permits for new housing, commercial properties as well as renovations
- These prices will continue to trend downward in the coming quarters, contributing to further falls in concrete prices

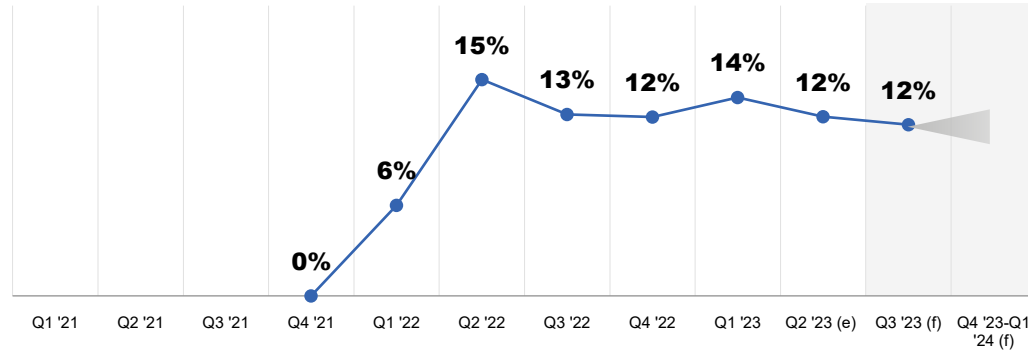
# Belgium – Commodity Price Trends



## Asphalt

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/mt)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€77.9	€77.5	↓ -1.2%	↓ -0.5%

Price change comparison against Q4 2021



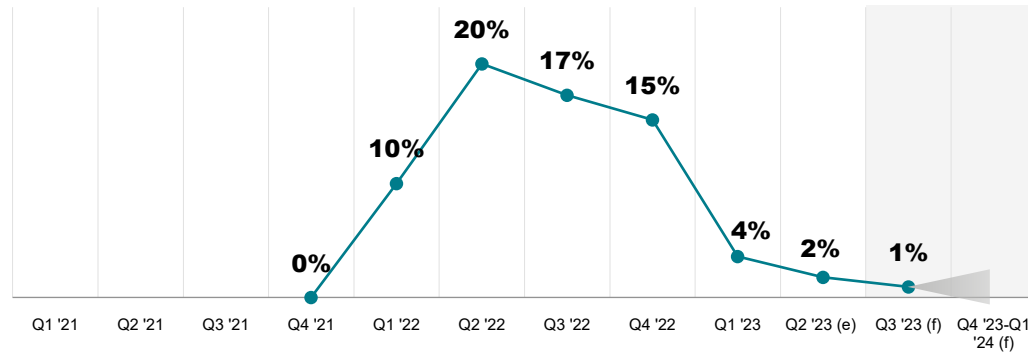
- Asphalt prices are estimated to have declined by 1.2% QoQ in Q2 2023, reflecting falling costs for key inputs
- Prices are forecast to fall marginally in Q3 2023, but volatility in crude oil prices amid the extension of production cuts by OPEC+, could prevent a marked decline in the following quarters
- Spending on road infrastructure projects is also expected to pick up pace



## Diesel

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/litre)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€1.75	€1.74	↓ -1.7%	↓ -0.8%

Price change comparison against Q4 2021



- Diesel prices in Belgium have fallen from the highs of mid-2022, dropping back to a quarterly average of €1.75 per litre in Q2 2023
- However, there has been some volatility on a monthly basis, with the prices falling from €1.79 in April to €1.71 in May, before edging back up to €1.75 in June 2023
- Prices are expected to remain close to current levels in the coming quarters, but there will be some volatility given plans by OPEC+ to cut oil production

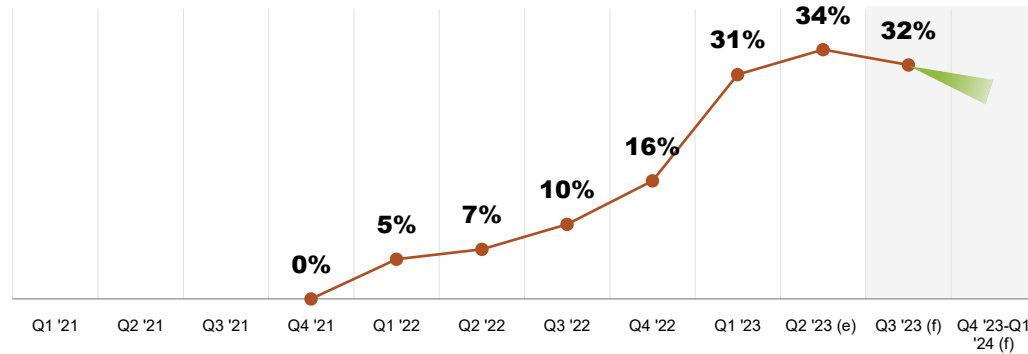
# Belgium – Commodity Price Trends



## Bricks

Level of Impact			
Price Change (e) vs (f)		Material Availability	General State of Supply Chain
Moderate		Low	Low
Price (€/000 unit)		% change	
Q2 '23 (e)	Q3 '23 (f)	Q1 '23 - Q2 '23 (e)	Q2 '23 (e) - Q3 '23 (f)
€788	€776	↑ 2.6%	↓ -1.6%

Price change comparison against Q4 2021



- Despite falling energy prices in Q2 2023, prices for energy-intensive materials such as bricks remained high
- Average quarterly brick prices in Belgium are estimated to have increased by 2.6% QoQ in Q2 2023
- However, prices started falling towards the end of the quarter, and this trend is expected to continue in the coming quarters, due to decreasing demand from the construction industry

Level of impact rating reflects a combination of factors: price change (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability.

Level of Impact					
Price Change Estimate (e) vs Forecast (f)		Material Availability		General State of Supply Chain	
Range	Impact	State	Impact	State	Impact
≥5%	High	<b>Deficit</b>	High	<b>Stressed</b>	High
≥1% – <5%	Moderate	<b>Balanced</b>	Moderate	<b>Adequate</b>	Moderate
<1%	Low	<b>Surplus</b>	Low	<b>Easily Available</b>	Low

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

- QoQ: Quarter on Quarter
- YoY: Year on Year
- MoM: Month on Month
- GDP: Gross Domestic Product
- CPI: Consumer Price Index (wherever not specified)
- e: estimated
- f: forecasted
- EV: Electric Vehicles
- DC: Data Centre



# Belgium – Industry trends

## Sector trends



### Data Centres

Belgium's strategic location in the middle of the FLAP market is making it a prominent Data Centres destination in Western Europe. The majority of DC space is concentrated in and around the Brussels capital region, with notable momentum in Zaventem near Brussels Airport. As per a report by the Belgium Digital Infrastructure Association, the Belgian market is projected to experience substantial growth with a CAGR of 18.3% from 2022 to 2027, and available IT power is expected to rise from 85 MW in 2022 to 197 MW in 2027.



### Life Sciences

Belgium's internationally recognised Life Sciences industry has shown remarkable growth, significantly contributing to the national economy. As per a report by pharma.be, the biopharma sector received a substantial R&D investment of €5.7bn in 2022, marking a 14.7% increase from 2021. The ecosystem is thriving, supported by strong academic environments fostering innovation. Key locations include Ghent and Leuven in Flanders, and Walloon Brabant and Gosselies in Wallonia.



### High-tech Industrial

Belgium is actively attracting battery manufacturers with plans for €50mn in subsidies from the Wallonia government. Additionally, investments are being made in the chip manufacturing industry, with €1.5bn set for Belgian chip technology firm Imec, signifying a commitment to technological growth and innovation.

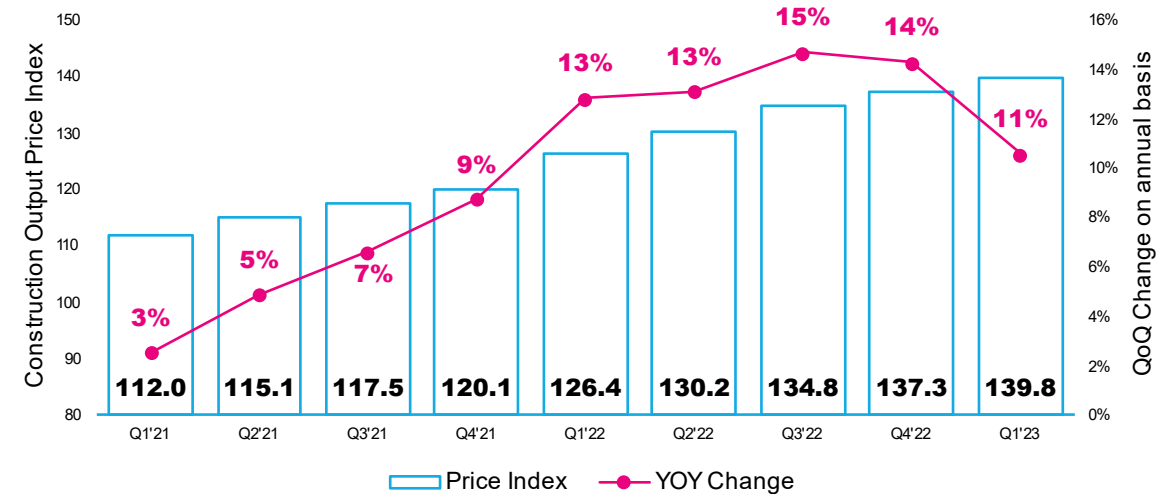


### Renewable Energy

The Energy and utilities sector is expected to expand by 6.5% in 2023, followed by a growth at an average annual rate of 3.5% from 2024 to 2027. This growth is supported by investments in solar and wind energy projects. The government aims to increase the share of renewable energy to 17.5% by 2030 and reduce non-ETS greenhouse gas emissions by 35% from 2005 levels.



## Construction Output Price Index



\* Base year 2015=100

# Belgium – 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 – Belgium

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

- National Bank of Belgium
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)
- STATBEL (the Belgian Statistical Office)
- Economic Research Institute
- Eurostat
- ESRI
- Belgium Digital infrastructure association
- Pharma.be

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