



Sweden

Country Commodity Report

Q4 2022



Sweden

Q4 2022



Sweden's strong GDP growth rate in the first half of 2022 has been somewhat dampened by the average performance in the second half, bringing the year average close to 2.4%. This is primarily due to high inflation, a troubled household sector and rising unemployment. These are expected to persist in 2023, resulting in a modest GDP drop before showing a minor increase in 2024. Inflation remained as high as 10.2% for 2022, and expected to stay pinching at 6.5% in 2023, before easing out to around 2% in 2024.

The Swedish construction industry is expected to grow at a rate of 2.1% in 2022. The overall economic activity in the industry is on the rise with building permits increasing by around 18% in 2022 as compared to the previous year. However, due to the global economic downturn, growth is expected to remain below 1% in 2023. Nonetheless, given the government's investments in transportation and energy infrastructure, the industry is expected to regain momentum in 2024 to 2026, growing at an annual rate of 2.6%.



Paul Butler

Senior Director - Europe
paul.butler@linesight.com



Lumber

Sweden is Europe's second-largest consumer of lumber as a building material and hence, demand for lumber is generally high, with the residential sector driving most of it. Sweden is largely self-sufficient in meeting domestic demand and is positioned as Europe's largest timber export market, and thus well protected from global supply shocks. Nonetheless, rising global and domestic demand for sustainable construction materials, including lumber, is likely to keep lumber prices rising in the long run, with an expected increase in demand domestically and from major export markets weighing on Sweden's timber stocks. However, declining demand in the short-term will ease pressure on lumber price.



Cement and aggregates

Sweden's domestic market for cement, concrete, and limestone faces much less uncertainty in 2023, following the resolution of an environmental dispute over mining activities at one of Sweden's largest limestone quarries. Cementa, which provides 75% of Sweden's domestic cement usage, will be allowed to continue mining limestone at the quarry for another four years following the Supreme Administrative Court ruling in December 2022. With a greater degree of certainty in the market, prices are expected to decline over the medium term as demand weakens and energy prices begin to normalise.



Concrete blocks and bricks

Slowing economic growth in 2023 is expected to ease upward pressure on concrete block and brick prices, despite production and

transportation costs remaining elevated. Weaker demand in the construction sector, particularly in the homebuilding sector, will reduce producers' ability to pass on higher costs to consumers which will cause prices to fall in the medium term.



Steel (rebar and structural)

Sweden is a net exporter of steel, which helps to mitigate the impact of supply chain disruptions on domestic users. Despite the fact that shortages have been less of an issue in Sweden, rising input costs, driven by higher energy and raw material prices, have resulted in relatively volatile domestic prices over the past year. Steel prices are expected to fall in the coming quarters as demand falls and global production rises, relieving pressure on domestic producers and making imported steel more appealing. Domestic steel demand will be boosted in the medium to long term by a high-value pipeline of infrastructure projects.



Copper

Over the long term, demand for copper will be driven by investment in renewable energy and electric vehicles. In the shorter term, global copper prices are expected to remain volatile owing to competing pressures on the supply and demand sides. Economic recovery in China, the world's largest copper consumer, has the potential to partly offset the fall in demand from other large copper consumers, increasing upward pressure on prices. However, a planned increase in domestic production for 2023, announced by Copperstone Resources, which intends to reopen the Viscaria copper mine in Kiruna, will help to ease supply-side pressures.

Sweden – Commodity Report

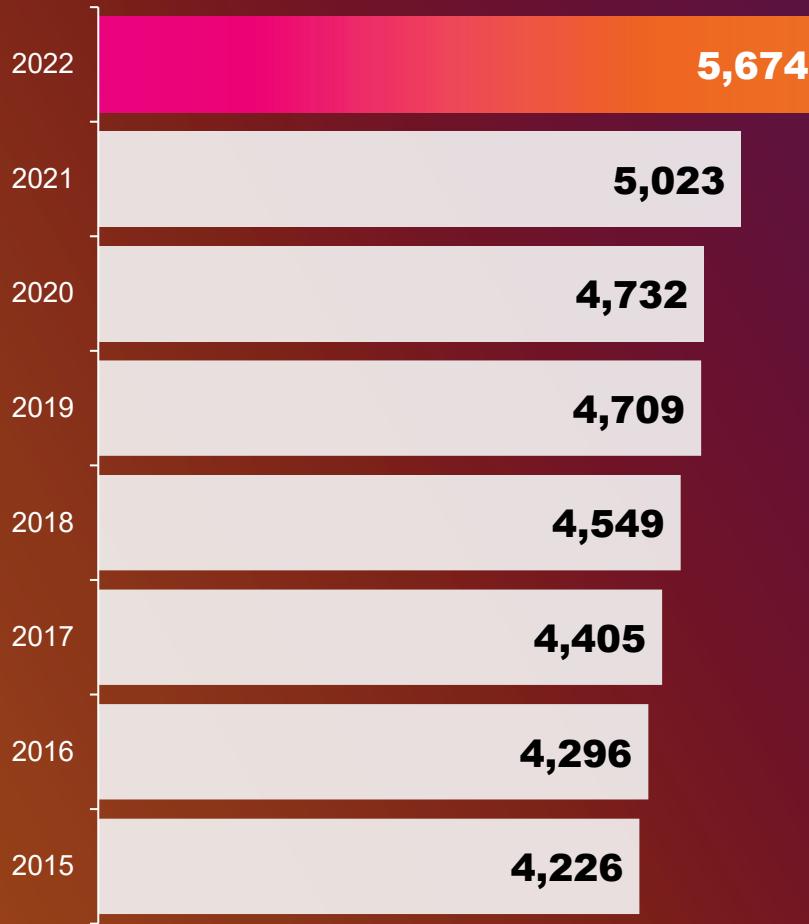


Materials	Q1 2023 (f)		Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)	% change Q4 – Q1 2023 (f)	Material	Level of impact of pricing on construction procurement and supply chain *
	SEK	SEK	2022-23 % change	% change				
Copper (SEK/MT)	88,336	93,268	-5.3% ↓	4.3% ↑ ●			 Copper	+2.8% ↑  Low
Steel rebar (SEK/MT)	7,524	8,224	-8.5% ↓	-11.6% ↓ ●			 Steel prices - Steel rebar - Flat steel	-1.0% ↓  Low
Steel flat (SEK/MT)	7,091	7,751	-8.5% ↓	-11.6% ↓ ●				
Stainless steel (SEK/MT)	42,071	NA	NA	NA				
Lumber (SEK/M3)	736	850	-13.4% ↓	-12.5% ↓ ●				
Asphalt (SEK/MT)	969	806	20.1% ↑	1.2% ↑ ■				
Limestone (SEK/MT)	642	517	24.3% ↑	3.6% ↑ ●			 Stainless steel	+2.0% ↑  Low
Cement (SEK/MT)	2,724	1,938	40.6% ↑	3.8% ↑ ●			 Lumber	-0.9% ↓  Low
Concrete (SEK/M3)	1,468	1,240	18.3% ↑	6.1% ↑ ●				
Welded mesh (SEK/unit)	822	677	21.5% ↑	-10.6% ↓ ●				
Bricks (SEK/’000 unit)	9,189	8,000	14.9% ↑	3.7% ↑ ●				
Plasterboard (SEK/unit)	97.7	87.2	12.0% ↑	4.9% ↑ ●			 Asphalt	-3.5% ↓  Low
Diesel (SEK/litre)	23.2	22.3	3.8% ↑	3.0% ↑ ●				
(f) Forecast (e) Estimated							 Limestone	-1.0% ↓  Low
<ul style="list-style-type: none"> ● 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: 500 x 230cm, dia.-6mm Plasterboard: 250 x 90 x 1.25cm (L x W x T)								

Sweden – Commodity Report



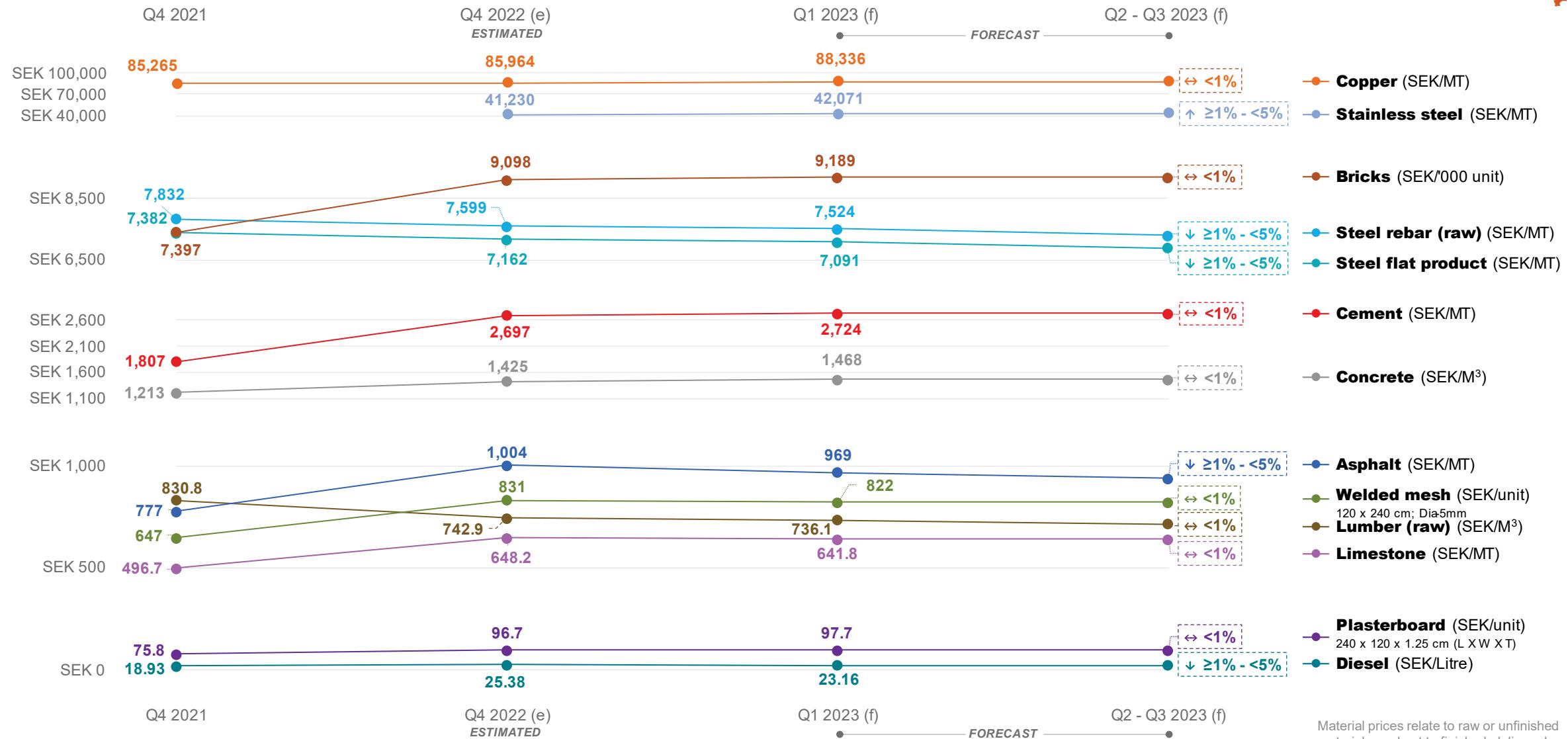
Construction cost Index (Input Price): 2020-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
		Moderate	Low
Cement Concrete	+1.0% ↑ +3.0% ↑		Sweden's high degree of self-reliance in cement production will help to keep prices relatively stable in the coming months, and with Cementa securing its supplies for limestone, supply side pressures have eased slightly. Nevertheless, elevated energy costs are expected to sustain upward pressure on cement prices over the coming quarters. However, weakening demand in the construction industry is likely to limit further upward pressure on prices.
Welded mesh	-1.0% ↓		Owing to easing prices in the global steel market stemming from rising levels of production and weakening demand in the manufacturing and construction sectors, the price of welded mesh is expected to fall in the coming quarters.
Bricks	+1.0% ↑		Brick prices have continued to rise in recent quarters due to high production and transportation costs, despite government support to limit the increase in energy prices. However, with weakening demand in the construction sector driven by a slowdown in the real estate market, prices are expected to stabilise before falling in the coming quarters. Nevertheless, high production costs will continue to keep brick prices elevated.
Plasterboard	+1.0% ↑		High production costs owing to elevated raw material and energy prices have exerted upward pressure on plasterboard prices in recent quarters. However, weakening demand stemming from a decline in housebuilding activity will contain further upward pressure.
Diesel	-8.8% ↓		The expected decline in global crude oil prices, owing to weakening demand amid slowing economic growth, will put downward pressure on diesel prices over the coming quarters. Moreover, the implementation of further tax reductions on petrol and diesel by the Swedish government in December 2022 will reduce prices further.

* 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.

Sweden – Construction Materials Pricing (2021-2022)



Sweden – 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 – Sweden

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

- IMF
- Mynak
- Statistics Sweden
- Organisation for Economic Co-operation and Development (OECD)
- GlobalData's Construction Intelligence Center (CIC)

Linesight

