



United States Country Commodity Report Q4 2022



United States

Q4 2022

The overall GDP growth rate for 2022 is expected to be around 2%, and slowdown is anticipated to continue well into 2023. In its most recent update, the IMF forecasts a 1.4% GDP growth in 2023. Inflation has been similarly high, at 6.2% in 2022, and is expected to remain around 4.7% in 2023, despite all of the policies introduced by federal authorities to minimize inflation.

In 2022, the US construction industry is expected to contract by 7%. This anticipated contraction is significantly larger than the previous estimate of 4.3%. The growth of the sector is being hampered by high input costs, rising interest rates, inflationary pressures, and supply-chain issues. With investments by the government in the housing, transportation and manufacturing sectors from this year through to 2026, the industry is expected to grow at an average annual rate of 3.7%. While demand for the majority of commodities is expected to ease in the coming year, rising input costs, high energy costs and other factors are expected to offset this.



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Lumber

The lumber market has calmed after a period of extreme volatility as intensive demand- and supply-side disruptions have subsided. Demand-side signals now largely dominate the narrative in the lumber market with increased interest rates. Demand for housing has slowed resulting in reduced demand for lumber. With further rate hikes anticipated and the cost-of-living crisis likely to intensify, residential construction is not expected to recover in the short- to medium-term.



Cement and aggregates

High cement prices in recent quarters have mainly stemmed from elevated energy prices, and supply issues from lower shipments. However, the downturn in residential construction will add to negative demand-side pressure in the coming quarters.



Concrete blocks and bricks

Brick prices have remained elevated in recent quarters, with high production costs driving the recent upward trend at a time of waning residential demand. With high interest rates and a weak economic outlook, residential construction will remain sluggish in the coming quarters, containing further upward pressure on brick prices.



Steel (rebar and structural)

Steel producers will seek to reverse the downward trend in prices, but demand in the coming quarters will remain weak, and buyers appear to be running down their relatively high stock levels. Over the longer term, demand will be bolstered by spending under key public investment programs, but the real incomes squeeze and low investor sentiment remain key issues for the industry in the short term.



Copper

Demand for copper has been relatively weak, but supply issues are prevalent; political instability and protests in Chile and Peru have disrupted supplies. Over the short- to medium-term, despite weak global economic growth, copper demand will be bolstered by public spending programs related to the energy transition, and a recovery in auto manufacturing.

United States – Commodity Report



Materials	Q1 2023 (f)	Q1 2022 – Q1 2023 (f)		Q3 – Q4 2022 (e)
	US\$	US\$	2022-23 % change	% change
Copper (US\$/T)	7,313	9,206	-20.6% ↓	1.2% ↑ ●
Steel rebar (US\$/T)	988	978	1.0% ↑	-4.7% ↓ ●
Steel flat (US\$/T)	1,770	1,743	1.6% ↑	-8.8% ↓ ●
Stainless steel (US\$/T)	4,603	NA	NA	NA
Lumber (US\$/cu.ft.)	5.7	15.3	-62.9% ↓	-18.4% ↓ ●
Asphalt (US\$/T)	590	514	14.8% ↑	-14.0% ↓ ●
Limestone (US\$/T)	28.2	26.9	5.0% ↑	0.0% ↔ ■
Cement (US\$/T)	135	123	9.4% ↑	1.6% ↑ ●
Concrete (US\$/CY)	118	108	8.9% ↑	1.6% ↑ ●
Welded mesh (US\$/unit)	232	231	0.4% ↑	-4.7% ↓ ●
Bricks (US\$/'000 unit)	850	683	24.4% ↑	4.5% ↑ ●
Drywall (US\$/unit)	13.1	12.4	5.5% ↑	1.2% ↑ ●
Diesel (US\$/gallon)	4.9	4.6	8.3% ↑	-2.0% ↓ ■

(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

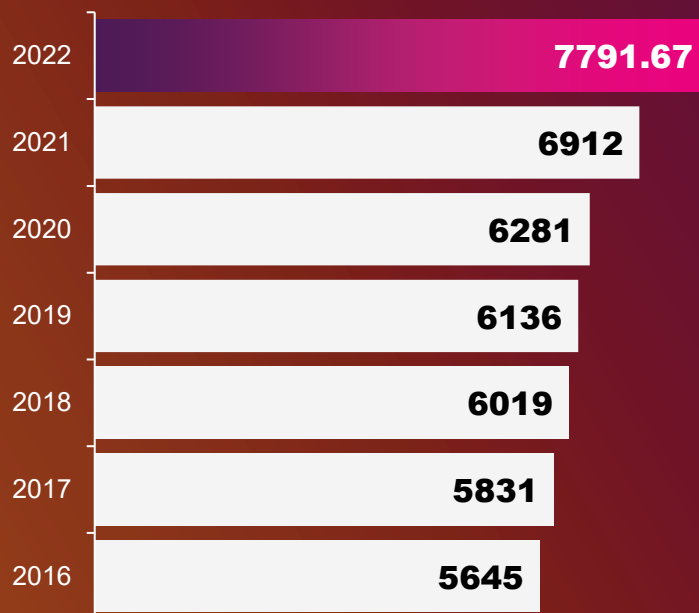
Welded mesh: 47.2 x 118.1 in, dia.-0.24 in Drywall: 47.2 x 143.7 x 0.49 in (L x W x T)

Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Copper	+0.5% ↑		Moderate
Copper prices rose in Q4 2022, reflecting in part supply disruptions and an expectation of a demand boost from the re-opening of the Chinese economy. Recession fears and the Fed's interest rate hikes will apply downward pressure on copper in the short term, but this will be offset by investment in the energy transition and concerns over tight supply.			
 Steel prices - Steel rebar - Flat steel	-0.5% ↓ -0.5% ↓		Moderate
Steel prices continued to fall in late 2022, reflecting underlying weakness in demand, and the lack of new investment in infrastructure recently. Furthermore, the drop in European demand and the stronger dollar will further add to negative pressure. However, public investment programs such as the Investment Infrastructure and Jobs Act, the CHIPS and Science Act, and the Inflation Reduction Act, will help to boost the demand in coming years.			
 Stainless steel	+0.5% ↑		Moderate
Despite weak demand, stainless steel prices have come under upward pressure owing to higher raw materials prices.			
 Lumber	-1.0% ↓		Moderate
As the housing market has slowed, price pressure has eased and stockpiles have been replenished. After significant supply setbacks in Canada caused by forest fires and flooding in early to mid-2022, producers have rebuilt stock levels. Prices are expected to decline further in the near future given the gloomy outlook for housebuilding demand.			
 Asphalt	-0.6% ↓		Moderate
A recent drop in oil prices has reduced costs for producers. As spending on infrastructure projects starts to ramp up again, growth in demand is expected to keep prices relatively elevated.			
 Limestone	+0.5% ↑		Low
Prices for limestone will remain relatively stable in the near future, with weaker demand being offset by continued high production costs.			

United States – Commodity Report



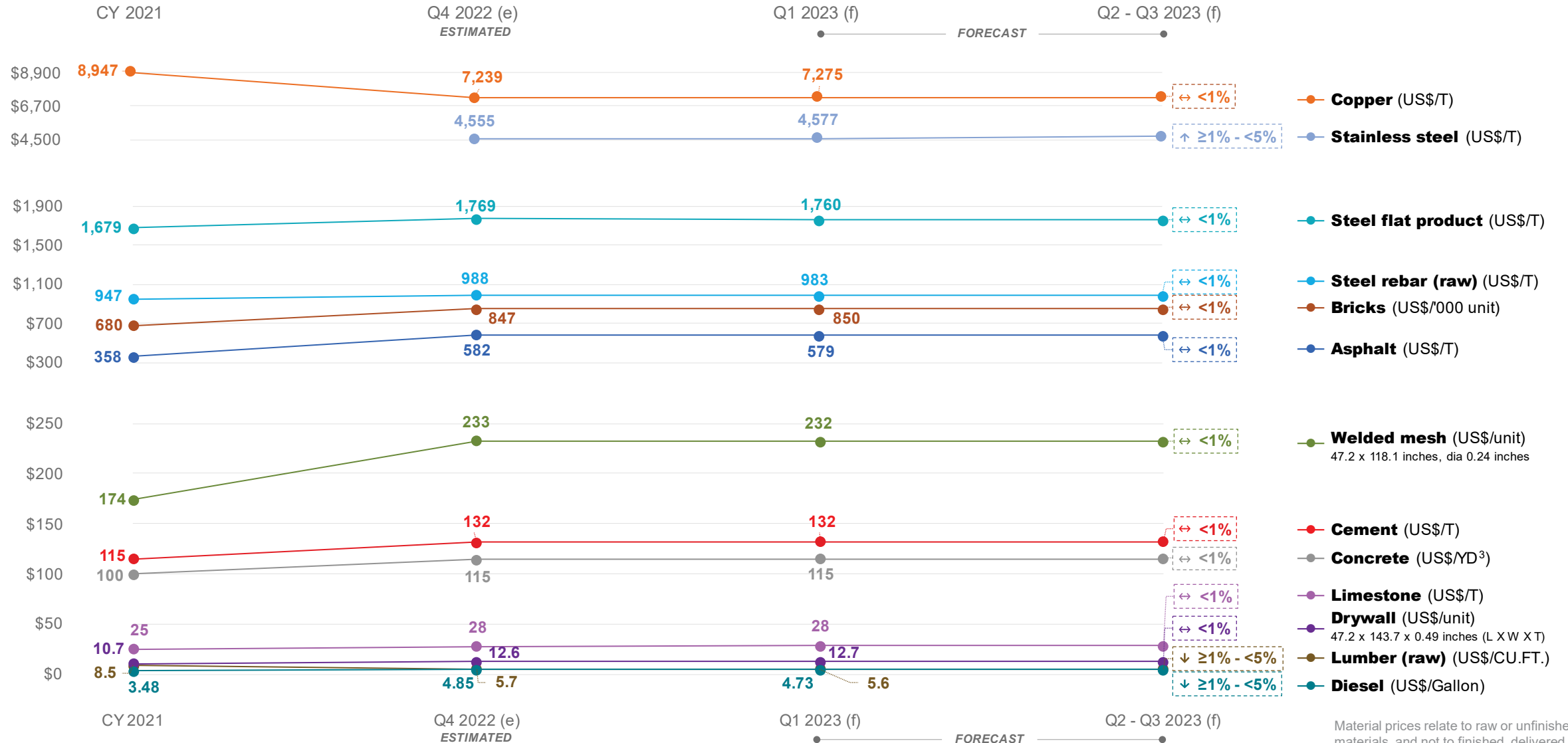
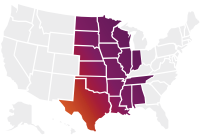
Building cost Index 2016-2022



Material	% change Q4 – Q1 2023 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Cement Concrete	+0.5% ↑ +0.7% ↑	 Moderate	Despite weaker demand in the residential construction sector reflected in a drop in housing starts, cement and concrete prices continued on an upward trend in late 2022. This primarily reflects higher production costs; the producer price index for cement and concrete manufacturing was up by 15% year on year in November 2022. However, demand-side price pressure is expected to ease. The Portland Cement Association (PCA) estimates that demand will decline by 3.5% in 2023.
 Welded mesh	-0.5% ↓	 Moderate	Similar to the steel price trend, the price of welded mesh is set to fall steadily.
 Bricks	+0.4% ↑	 Moderate	Housing starts have been steadily declining since February and there has been a decline in refurbishment work. However, supply-side pressures have persisted, contributing to the continued upward trend in brick prices. The producer price index for brick manufacturing was up by 15% year on year in November. Ongoing weakness in demand will limit further upward pressure in the coming quarters.
 Drywall	+0.5% ↑	 Low	High production costs contributed to a steady rise in drywall prices in late 2022, along with restocking efforts by building material suppliers. However, with the residential building sector continuing to decline, demand-side price pressures will ease in 2023.
 Diesel	-2.5% ↓	 High	Diesel prices dropped below \$5 per gallon in December, and will continue to decline from recent highs. The Energy Information Administration, in its December Short-Term Energy Outlook, lowered the forecast for the average 2023 retail diesel price by 17 cents to \$4.48 per gallon, falling 11% from the expected full-year 2022 average of \$5.05 per gallon owing to high refinery utilization.

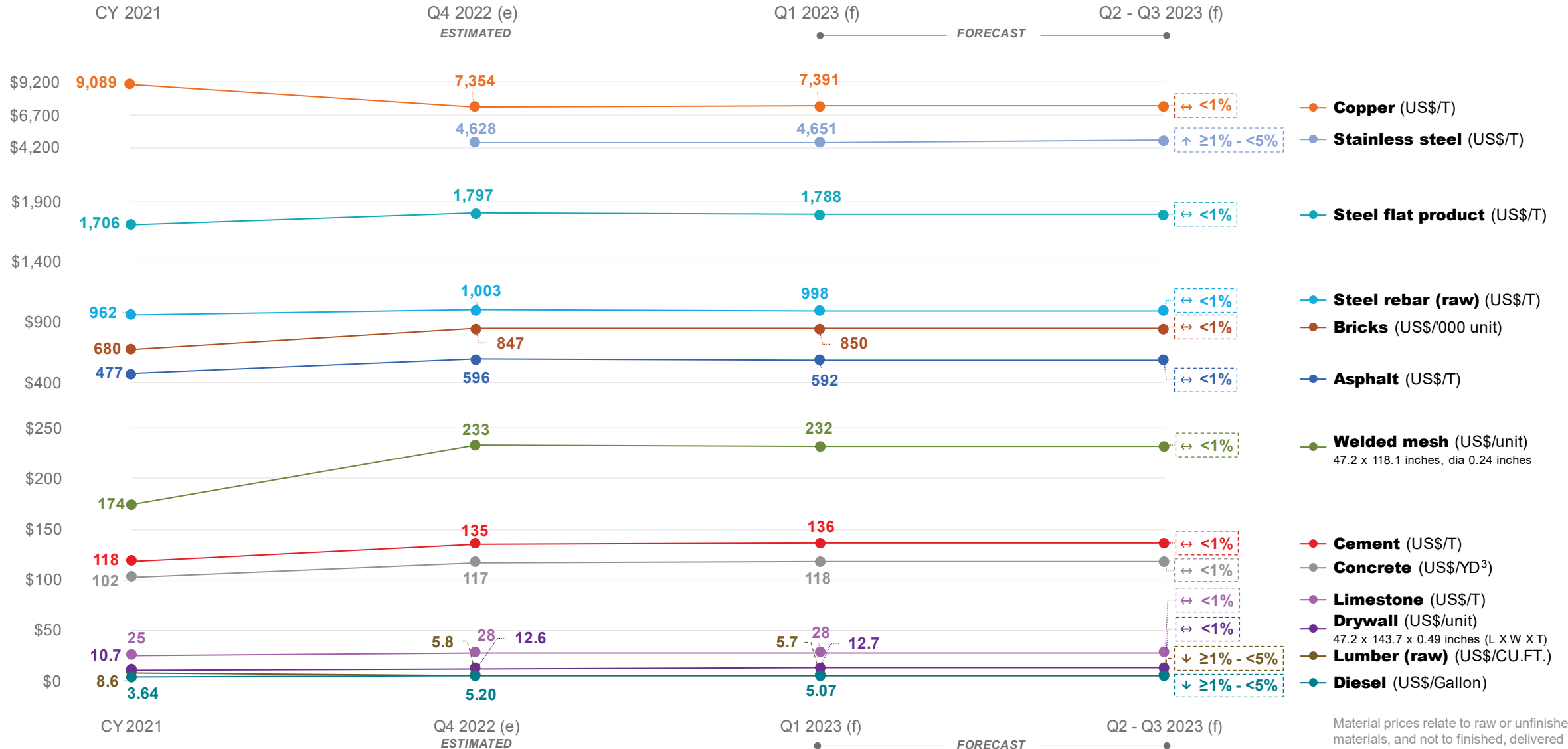
* Level of impact rating reflects a combination of factors: the price movement and also price level (compared to recent past beyond the last quarter), the importance of the material, and general state of the supply chain in terms of stability. Please note that commodity prices are based on representative 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.

US Central – Construction Materials Pricing (2021-2023)

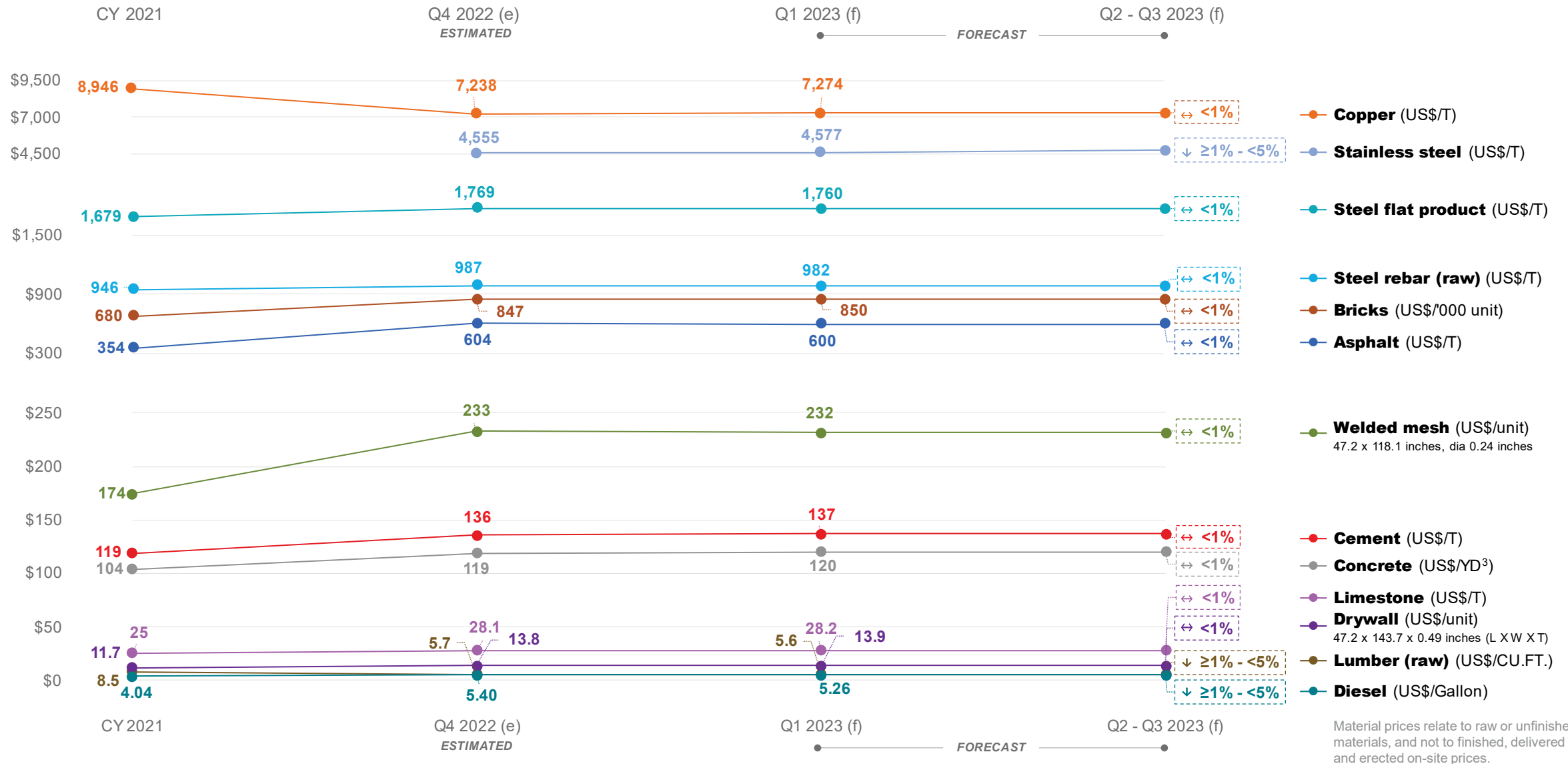
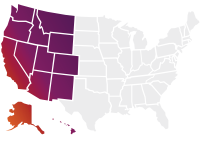


Material prices relate to raw or unfinished materials, and not to finished, delivered and erected on-site prices.

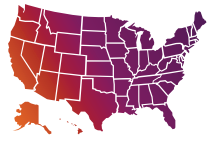
US East – Construction Materials Pricing (2021-2023)



US West – Construction Materials Pricing (2021-2023)



United States – 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 labor 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 – United States

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

- ENR
- IMF
- GlobalData's Construction Intelligence Center (CIC)
- Federal Reserve Economic Data
- Bureau of Economic Analysis

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