



Ireland

Country Commodity Report

Q2 2022



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While economic growth is still forecast for 2022, the current inflationary pressures will weigh on both households and businesses in the near term. Supply-side challenges remain and the overall impact of the Russia-Ukraine conflict has slowed the recovery in demand that was being seen as the effects of COVID began to subside. However, the Central Bank expects that inflation will moderate in H2 2022 and drop to around the 2% mark by 2024.

While the construction industry is still expected to rebound this year after the challenges seen in 2020 and 2021, downside risks remain with the current geopolitical climate, material price volatility, high energy costs, and supply chain constraints. On a positive note, Ireland's ability to attract and retain Foreign Direct Investment (FDI) plays a significant role in weathering economic storms. We must ensure that we continue to attract talent and provide for a pro-enterprise business environment.

As material costs will continue to represent a challenge for the construction industry for the foreseeable future, Linesight will publish quarterly updates to track commodities and provide insights about future projections on movements.



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Lumber

Disruptions in domestic supply and high import prices drove up lumber prices in 2021. Although there is likely to be an improvement on the supply side in 2022, reflecting the recent increase in felling licences issued, prices will remain relatively high owing to construction demand and high transportation costs.



Cement and aggregates

There was only marginal upward pressure on prices of cement and concrete in 2021 when compared to trends in other construction materials. However, as demand in the construction industry strengthens, and also as energy costs push up production and transportation costs, prices will stay relatively high.



Concrete blocks and bricks

Prices for concrete blocks and bricks has picked up recently, having increased steadily during 2021. With higher energy costs and solid demand from a recovering construction industry, prices will remain elevated in 2022.



Steel (rebar and structural)

Steel prices have softened in recent weeks following a sharp increase in Q1 2022. As Ireland rely on steel imports, prices were impacted by the stresses in the global market, exacerbated by the Russia-Ukraine conflict. Although the outlook is uncertain as a result of the conflict, prices have softened, with global demand falling amidst the recent lockdowns in China. However, high energy costs and supply-side constraints will maintain upward pressure on prices. It is worth noting that scrap prices, which are typically a good indicator, are beginning to soften.



Copper

Having remained high during much of the first half of this year, copper prices have fallen sharply since June, reflecting weak global demand and relatively gloomy investor sentiment.



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	Q3 2022 (f)	Q3 2021 - Q3 2022 (f)		Q1 2022 - Q2 2022 (e)
Materials	€	€	2021-22* % change	% change
Copper (€/MT)	7,671	7,973	-3.79% ↓	-0.5% ↓ ■
Steel rebar (€/MT)	858	723	18.61% ↑	12.6% ↑ ●
Steel flat (€/MT)	955	748	27.71% ↑	23.9% ↑ ●
Lumber (€/M3)	104	90	16.01% ↑	-1.4% ↓ ●
Asphalt (€/MT)	868	699	24.16% ↑	3.7% ↑ ●
Limestone (€/MT)	91	78	16.51% ↑	5.3% ↑ ●
Cement (€/MT)	237	220	7.67% ↑	6.3% ↑ ●
Concrete (€/M3)	76	70	9.19% ↑	3.9% ↑ ●
Welded mesh (€/unit)	59	50	17.06% ↑	11.1% ↑ ●
Bricks (€/000 unit)	799	700	14.19% ↑	3.9% ↑ ●
Plasterboard (€/unit)	12	9	36.71% ↑	1.4% ↑ ●
Diesel (€/litre)	2.08	1.44	44.49% ↑	12.1% ↑ ●

● Q1 to Q2 2022 % change greater than estimation in our Q1 report
■ Q1 to Q2 2022 % change less than estimation in our Q1 report

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
Copper	-12.0% ↓		Copper prices locally levelled off at a relatively high level during Q2 2022, but global prices have been on a downward trend recently given weak demand in China and fears of economic recession. Prices are likely to remain volatile in the coming months given the uncertain economic and geopolitical outlook.
Steel prices - Steel rebar - Flat steel	-2.5% ↓ -2.9% ↓		After rising sharply in Q1 2022 and into early Q2 2022, steel prices have softened, although the outlook is clouded by uncertainty stemming from the Russia-Ukraine conflict. Global demand weakened amid the recent COVID-19 lockdowns in major cities in China, but high energy costs and supply side disruption will be a factor in keeping prices elevated. Importantly, scrap metal demand has significantly reduced, which is a key indicator of potential further softening in steel prices.
Cement Concrete	+0.8% ↑ +0.8% ↑		Prices of cement and concrete were not subject to sharp increases in 2021, unlike other construction materials, but given the impact of high energy costs on production and transportation costs, prices picked up in Q2 2022. Weaker construction demand growth will help to cool price pressures.
Asphalt	+1.5% ↑		The rise in international crude prices has contributed to higher asphalt prices in Ireland, as demand is primarily met through imports. The expected rise in the crude oil output globally will help to contain production costs, and prices for asphalt will ease back in the coming quarters.
Limestone	+0.5% ↑		Limestone prices have been edging upwards recently, but given domestic quarrying, there is not expected to be any major volatility in 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 - Commodity Report



Linesight tender price index 2011-2021



Knoema World Data Atlas

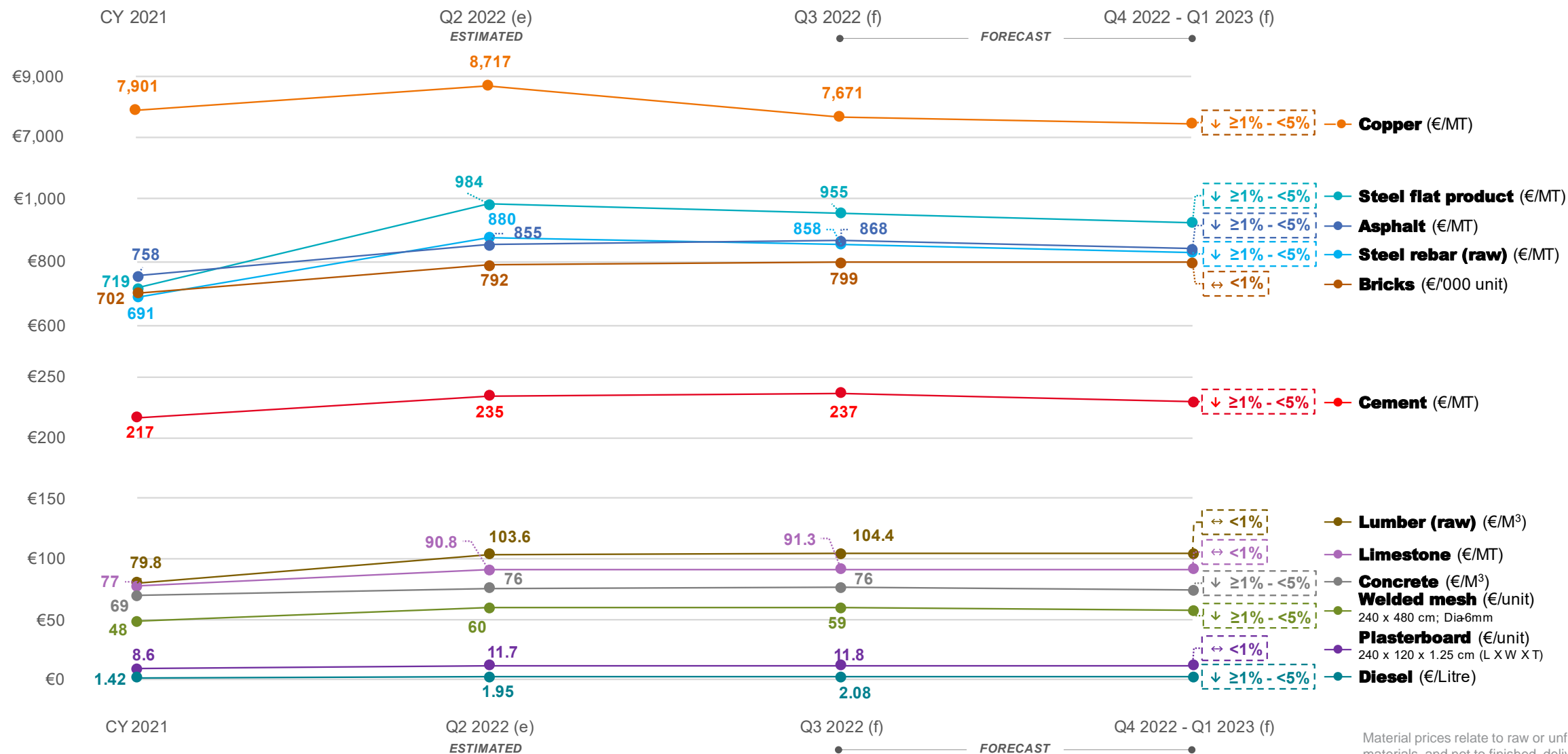
Index of economic freedom **81.4 out of 100**

Material	% change Q2 – Q3 2022 (f)	Level of impact of pricing on construction procurement and supply chain *	
 Lumber	+0.8% ↑	 High	Lumber prices rose sharply in 2021, driven by a recovery in demand as well as supply side issues relating to delays in processing licencing for felling, and in recent months they have stabilised around current high levels (around 60% higher than in Q2 2021). While supply-side issues persist, prices are set to remain relatively high, given solid domestic demand.
 Welded mesh	-0.7% ↓	 High	Given the pressures on steel prices and the expansion in construction demand, welded mesh prices will stay relatively elevated in comparison to 2021 in the coming quarters, but are softening.
 Bricks	+1.0% ↑	 Moderate	In recent months prices for bricks have continued on a steady rising trend, reflecting higher energy costs and also demand side factors. Although construction activity eased back in Q1 2022 compared to the previous quarter, supply-side factors will continue to be key in keeping prices around current highs.
 Plasterboard	+0.5% ↑	 Low	As noted above for bricks, plasterboard prices have steadily risen as energy costs increased alongside demand. Supply-side factors are expected to continue to impact and keep prices elevated.
 Diesel	+6.8% ↑	 Moderate	Domestic diesel prices rose above €2 per litre in June, with the sharp increase in recent months being driven by the jump in crude oil prices. Although Ireland does not import significant amounts directly from Russia, its main sources of imports (the UK and the EU). The estimated increase in the output of crude oil by OPEC is also expected to limit price pressures in the near future.

* 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.

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Ireland - Construction Materials Pricing (2021-2022)



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

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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. A more comprehensive list of sources is included below.

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

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

