

Market Update Dashboard

Procurement UK Material Price Movements

(13th Sept 2021)

MATERIAL	PRICE CHANGE	CURRENT MOVEMENT 12 MTH	FORECAST 12 MTH	AVAILABILITY CONCERN	MATERIAL	PRICE CHANGE	CURRENT MOVEMENT 12 MTH	FORECAST 12 MTH	AVAILABILITY CONCERN
 AGGREGATES		8%	↑ 8%		 BRICKS		3%	↑ 15%	
 CONCRETE		4%	↑ 8%		 INSULATION		15%	↑ 20%	
 REBAR & MESH		40%	↑ 7%		 PLASTERBOARD		3%	↑ 7%	
 TIMBER /BOARD		80%	↑ 20%		 METAL STUD		35%	↑ 8%	
 STEEL		50%	↑ 7%		 DIESEL		65%	↑ 65%	
 ALUMINIUM		20%	↑ 10%		 SHIPPING		1500%	→ 0%	

Note All rates are estimates on the market overall and not linked to individual products as this can vary within product groups. General material cost inflation is forecast to rise by between 7 and 8 per cent over the next year, according to the Office for National Statistics. Recent Industry Survey By RICS suggest 10% increases on materials

CONCRETE

Concrete Market.

Current Price movements

£3 M3 (Circa 4% on £75mix) from 1st June

July 1st - No current changes - carbon increase still looming

Aug - Environmental Surcharges confirmed effective immediately -
£2.60/M3 on CEM1 and £1.60/M3 on Blended products

Sept - £3.75 increases from Hanson (circa 4-5%)

6 Month Outlook

CO₂ Legislative increases dependent on out come of Carbon auction - between £1.50 an £3.00/M3 (4%)

Aug - Increase applied
Sept - 5% hanson increase

12 Month Outlook

Current Cement Shortages appear short term. Standard increases likely to be requests circa £6 M3. Typically negotiated in adv.

Market Drivers

- Global cement demand causing import export imbalance.
- Stronger than estimated covid rebound
- Limited Haulage in some geographies with a lack of ships for cement or lack of drivers to deliver

Mitigations

- Scheduling is critical, demand plan with key suppliers and Subcontractors. Short notice requests are unlikely to be serviced

Availability

Cement Shortages are impacting Concrete and other cement rich products (mortar) causing supply issues in some geographies.

Likely to avliewiate in June but could vary by supplier based on planned maintance shut downs

July 1st - Whilst not resolved, indications remain athat cement stocks will improve in the summer

Aug - No significant changes, still anticipated to improve towards the end of the summer

Sept- Competing with the market for Drivers is sporadically affect supply

REBAR

Rebar Market

Current Price movements

May Position

Current rate £760/tn

LME Steel Rebar market May 20 was USD 398. Today it is 742USD

JUNE UPDATE: LME @ \$742p/t - no change.

Recent offers into UK building for known tonnages are in the region of £750p/t for immediate order placement. £790 - £800 for order placement in 1 months time fixed for 12 month call-off.

The price of concrete rebar is up almost 43 per cent on what it was a year ago

AUG - Market rate £820 TN being quoted

Sept - Current market rate £770 - £790

6 Month Outlook

Unclear, considered still rising but exceeding market forecast. Estimate potential 10% increase on current rate.

Sept - market is flattening but no signs of decreasing rates, possibility of slight inc.

12 Month Outlook

Scrap market price escalation is beginning to plateau, price escalation to slow down over longer term. 15%

Availability

Material currently available at a price, though lead times are longer than standard.

HS2 under estimate has added a significant qty to the required volumes in the next year. Securing supply will be important.

Restricted supply perfect environment for faked certifications, be aware.

Sept - lead times of up to 5 weeks being experienced in some subcontractor packages.

NOTE - Mesh supply very sporadic, order early!

Market Drivers

- Escalating Raw material
- Strong Chinese import market reducing volume in the UK market
- Strong domestic European market reducing volume in the UK market
- Global post Covid demand increase
- Global shipping increases
- Carbon Voucher auction uncertainty

Risks

- No long term rate fixes - 12m's max and not always offered.
- No way to tell how close to the top, could be caught with expensive steel
- UK Quotas - though unlikely to exceed they are in place
- High Demand sparking uncertified material

Mitigations

- Link material cost to appropriate indices
- Dont accept material risk
- Secure supply asap to obtain cost certainty - buy on behalf of SC.
- Agree Delivery schedules early
- Review all documentation carefully (CARES)

SOFTWOOD TIMBER

Softwood Timber Market

Current Price movements

May Position

Bi-monthly significant price increases.

June Update

Prices increases of between 40% and 60% reported from merchants on MDF and Sterling Board products - supply extremely restricted.

June price rises between 5% and 25% on other timber products

Aug - The situation remains very unstable with availability and price under pressure

Sept - Price has stabilised this month and standard increases have not been received from

6 Month Outlook

Still rising, unclear on likely magnitude, forward buying by SC is at 'zero cost' i.e. without agreed price

Sept - sideways movements with increase in some products.

12 Month Outlook

Continued price pressure leads to a forecast peak of Spring 2022 - likely 15% from June 21 prices

Market Drivers

- traditional UK stock level depleted due to none replenishment in pandemic.
- pre-pandemic UK stock level artificially high due to earlier Brexit deal uncertainty stockpiling.
- Unprecedented DIY usage from Furlough
- European Sawmills on shutdown/reduced staff levels due to Pandemic
- European Sawmills now moving into summer shut down periods
- House building up 30% for first 3 months of 2021 compared to same period last year
- Some countries implementing 'Log Export Bans' to protect domestic market further hampering supply
- CA Marking compliance likely to be deferred
- CA Marking has now been deferred to 2023
- America has become an importer of scandinavian timber, this is driving price pressure here.
- Forest fires and Tree disease/pests impacting supply particularly in the USA
- Canada committing to reduce Exports

Availability

Securing supply remains paramount as UK stocks remain very limited.

Carcassing and Fencing are in particular short supply.

Limited and worsening.

Commitment from merchants for requirements beyond July unlikely.

European Sawmills likely to close for summer shutdowns in June/July will further restrict supply.

Mitigations

Delivery schedules must be in place at point of order for full quantum, could be index linked if suppliers cannot hold price.

BRICKS

Brick Work Market.

<p>Current Price movements Price increase in Jan 2021 av. 2.65%, however Jan 2022 price increase forecast at between 7 - 9%</p> <p>Aug update - lbstock have announced 10% increase from Nov 1st</p>	<p>6 Month Outlook Increasing for wire cut (if available) and stable for more expensive imported bricks as stock available</p>	<p>12 Month Outlook 15% increases anticipated from Jan 2021</p>
<p>Market Drivers Demand is increasing but predominantly from the House Building sector (up 30% first Quarter of 2021 compared to same period 2020) this is meaning 'cheaper' wire cut bricks are in high demand.</p>	<p>Availability As 'architectural' bricks are usually covered by Factors/Merchants way in advance of production and duly allocated there are less issues here. Stock in Europe for export to UK also remains high. Wire-cut bricks are in limited supply with most large housebuilders failing to secure new stock and consolidating existing provision across sites to manage supply.</p> <p>Mitigations Consideration of bricks stocked in Europe for immediate need. Early order placement and coverage by Factor key to ensuing supply and price certainty once bricks approved.</p>	

STEEL

Structural steel Market

Current Price movements

May Position

Rapid Increases recently

£/ tonne rise: July +£30; August +£30; Nov +£40, Dec +£80; Jan +£50; March +£30; May +£50; May +£100

Total of £410 increase in the last 12 months

June Update

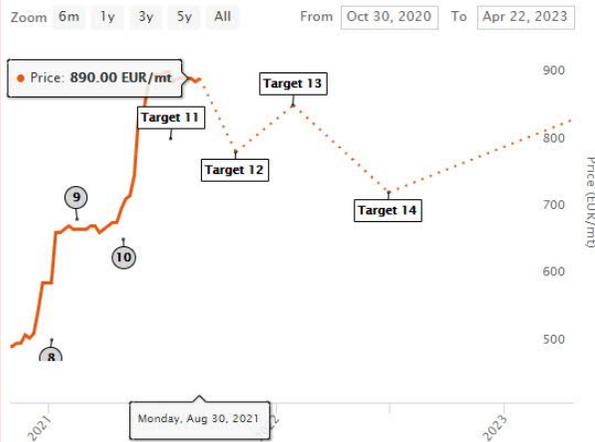
Month increase of av £75pt (British at £80 and Arcelor Mittal a £70)

- Total increase £490/Tn in the year

Aug - No new increases in the period

Sept- No new increases in the period

Fig. 1 Steel merchant bars. Domestic price delivered Europe.



Risks

- Availability
- Subcontract liquidity for larger purchases, may result in shorter

6 Month Outlook

Unclear, considered still rising but exceeding market forecast. Estimate 15% increase.
Aug - potentially flattening for a period - unclear when reduction will hit
Sept - rates flattening but demand is high and securing material is paramount

12 Month Outlook

Longer term reduction expected towards Summer 2022 as supply catches up with demand.

Availability

British Steel advise material will remain available and recent suspension of orders was temporary. However, the market is very tight and Heavy sections could reduce if manufacturers favour more profitable hollow sections.
Aug - Steel cable management supply availability advised as problematic

Mitigations

- Link material cost to appropriate indices
- Dont accept material risk
- Secure supply asap to obtain cost certainty
- Agree Delivery schedules early

Market Drivers

Aluminium

Structural steel Market

Current Price movements

Price increases received from numerous aluminium System suppliers;

Apr/May 5-8% depending on system%

July/August 5% - 12% depending on system

Sept- As previously forecast - Raw aluminium rates are now sideways moving with smaller fluctuations and this will take some time to reach the Sub contractors.



6 Month Outlook

Expect further price increases of 15% towards year end as demand for aluminium increases in favour of steel.

12 Month Outlook

Longer term price pressure should reduce as steel prices come back down. System providers prices should not be held artificially high, challenge required.

Availability

No issues with availability to note as of yet, if demand continues to increase for aluminium as a steel substitute, pressure on demand may be encountered.

Market Drivers

- As with steel (although to a lesser magnitude) escalating material costs were primary driver for first half of year increases.
- There has been a reduction in billet charge however which has lessened the overall magnitude of prices.
- Recent increases in demand as aluminium now being specified in-lieu of 'extensive steel' is likely to result in a further price increase later in the year. Net 30% from January Position.

Risks

- Prices 'held' artificially high by system suppliers post 'normalisation' - to be challenged
- Subcontract liquidity for larger purchases, may result in shorter payment terms

Mitigations

- Link material cost to appropriate indices
- Dont accept material risk
- Secure supply asap to obtain cost certainty
- Agree Delivery schedules early

INSULATION

Insulation Market.

Current Price movements
May Position
Kingspan circa 15%
June Update
10% price increases also received in month (on January numbers) for PIR.
Sept Update
ISOVER, Celotex and Kanuf have all confirmed 10% increases

- Market Drivers
- Chemical raw ingredient demand
 - Strong global demand reducing exports

6 Month Outlook
10% July 21
September
10% increase - chemical costs increasing so may see more before stabilising

12 Month Outlook
Unclear when Chemical demand will stabilise. Could see further increases.

Availability
Longer lead times than usual but manageable with scheduling

Aug - Kingspan advise 20 Week lead times on some products

Sept - Rockwool have advised shortages and allocations on some product groups

- Mitigations
- Scheduling is critical and early ordering

Plasterboard

Plasterboard Market

Current Price movements

May Position

Knauf (6%) and Siniat (3%) implementing increases from June 1st.
No price increase from BG

June update

British Gypsum are announcing price increase from 1st October @7%.

Aug - 6.3% increase on Thermaline products from 1st Sept

Sept - no new changes

6 Month Outlook

7% increase announced from Oct (BG only)
Aug - 6.3% increase on Thermaline products from 1st Sept

12 Month Outlook

No Exceptional increases expected beyond those noted in the next six months.

Market Drivers

- Knauf and Siniat import raw materials and as such more effected by shipping charges
- Global demand has reduced imports
- Increased domestic demand post covid
- Reduced stockholding at merchant level post covid, as quick as it is ordered it is being issued to projects.
- Paper supply has improved for BG and additional investment has been made to secure Haulliers.

Availability

Due to market demand Plasterboard has returned to allocation in June. Long Lead times and material quota will be experienced. Historically, this is normally in place for approximately 3 months but this has not been confirmed. Allocation likely to continue well in to 2022 now as demand

Mitigations

- Scheduling is critical and early order placement in the supply chain as distributors have limited stocks based on previous stock requirements

Metal Stud

Metal Stud Market.

Current Price movements

May Position

Increase between 12% and 15% in March on all steel products

June update

BG Oct price increase annouced of 22% on all metal studs (this isnt on top of earlier reported gains)

Purlins and decking forecast to also increase by similar amount in Q3/Q4 by 15% to 21%

Aug - no new updates

Sept - No new Increases advised

Market Drivers

- Responding to escalating Steel cost
- Prices in an extreme bubble - Kairos
- Increased domestic demand post covid
- Especially bouyant House builder environment
- Reduced stockholding at merchant level post covid, as quick as it is ordered it is being issued to projects.
- Tariffs on exporting scrap (Russia)

Risks

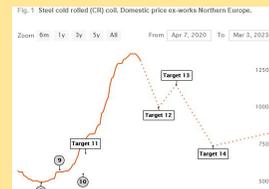
- Potential further allocations and longer lead times

6 Month Outlook

Potential peak reached - Side ways movement in the Kairos Price forecast. Decrease in cost will take some time to hit the market as materials secured in advance and Deman dreains Strong.

12 Month Outlook

Cold Rolled Coil price leveling out and declining over longer term - no January Price increases expected beyond those announced to date.



Availability

Leadtimes curently at 6-8 weeks and availability on some sections are limited. Raw Material supply is unpredictable leading to certain products not being manufactured when sheduled

Mitigations

- Sheduling is critical
- Stay Close to the distributor, Sub contractor and Manufacturer for project

SHIPPING

Shipping Market

Current Price movements

May position

Increase continues;

- current 20ft container price from China circa May USD7000, Jan 21 circa USD4000, Sept 20 USD1100

June updates

Shipping rates from China remain at May levels.

September - 18000USD China to UK

6 Month Outlook

Flat no further increases or decreases anticipated in the period.

12 Month Outlook

Likely to level and decrease slowly - not clear that Sept 20 prices will be achieved again

Market Drivers

- Containers are still not 'where they should be' post Pandemic - stuck in ports, used to stockpile materials or being shipped empty - estimated 5.5% of all ocean capacity is currently waiting outside a port.

- Current increasing demand also driving up prices

- Small additional cost around due diligence post brexit but likely minimal.

- Significant port restrictions/closures remain, along with container shortage – some ships taken offline due to reduction in manufacturing levels. Not a quick thing to put back in service, market waiting for manufacturing levels to

Availability

Lumpy due to container locations and Haulier availability for transporting across EU boundary

Reported UK driver shortage of approx 45,000 hampering this further.

Mitigations

Consider domestic supply chain
Factor in Shipping cost and delay

DIESEL

Diesel Market

Current Price movements

65 % increase per L Since last year on Brent Crude Oil rates
 Aug - current rate 0.61ppl. removal of Diesel Duty next april will significantly increase costs
 Sept - Price holding 61p per L

Brent Crude Oil forecast for 22



Market Drivers

- Global Crude Oil volatility and demand as consumption increases
- Increased use of HVO as diesel tax rebate reduced next year

6 Month Outlook
 Short term Side ways movement from current price

12 Month Outlook
 Crude oil forecast circa 20% decreases in 12 month period on commodity.
 Aug - from April 22 duty rebate not available - rate to increase to circa £1.10 (hence 'Red' Outlook)

Availability

- Currently sourcing HVO alternative in line with changing Duty requirements for Red Diesel.

Mitigations

Consider HVO alternatives
 Aug - Eligible Diesel uses of HVO alternatives are still eligible for duty rebates. The schedule of uses has not been finalised by the gov. yet but will include energy generators reducing cost to 65ppl

AGGREGATES

Aggregates Market.

Current Price movements

Single Size £1.40/TN

Sub base £1.10/TN

Circa 8% from Jun 1st 2021

July 1st - No further notification of increases in the period

Aug - No Significant change in period

Sept - No Significant change in period

6 Month Outlook

Non scheduled but could respond to increasing demand leading reduced availability of hauliers

12 Month Outlook

Expect Typical Annual increase next year in line with those seen here 5-8 %

Market Drivers

- Large Scale infra structure projects providing strong demand HS2
- Haulier availability affected post brexit due to labour

Availability

Regional supply can be lumpy dependng on product specification and haulage operators in the local.

Sept - No change - HS2 remains significant supply demand fro both material and Drivers.

Mitigations

Deliver schedules must be in place at point of order for full quantum, could be index linked if suppliers cannot hold price.