

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Construction Inflation At a Glance



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

The producer price index (PPI) for net inputs to construction industries - not seasonally adjusted (a broad index that measures producer inflation in materials and services to construction excluding capital investments, labor, and imports)



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Deeper into the woods | Throughout February, lumber futures experienced

limited volatility (minimal price fluctuations), maintaining a steady level above \$550 per thousand board feet. The Producer Price Index (PPI) for January revealed a 1.1% increase in the price of softwood lumber in comparison to the previous month. The significant deflation in lumber prices witnessed over the past year is showing signs of easing, with the year-over-year decline now reaching single-digit figures. The PPI for softwood lumber prices recorded a 9% decrease in January compared to the same period last year. The average interest rate for 30-year fixed-rate mortgages crossed over 7%, while the National Association of Home Builders (NAHB) has observed a gradual improvement in home builder confidence. According to the latest NAHB/Wells Fargo Housing Market Index (HMI), builder confidence in the market for newly built single-family homes has risen by four points to 48 in February.

The beginning of 2024 brought disappointing news for housing starts which indicate the number of residential buildings that commenced construction in the previous month. According to the Census Bureau's January report, there was a notable 14.8% decline in housing starts from December, with a marginal 0.7% year-over-year decrease on a seasonally adjusted basis. In terms of specific categories, single-family housing starts experienced a modest setback with a 4.7% decrease for the month, but showed resilience with a substantial 22% year-over-year increase. On the other hand, multifamily (five or more units) starts underwent a substantial contraction, declining by 36% for the month and 38% year-over-year. Permits also reflected a mixed picture, exhibiting a 1.5% decline in January but showing an encouraging 8.6% year-over-year uptick. Within this, the single-family segment continued on a positive trajectory with a 1.6% monthly increase and an impressive 36% year-over-year rise in permits. In contrast, multifamily permits experienced a 9% monthly decrease and a 26.6% year-over-year contraction.

Lumber & Wood Products

■3 Mo Change ■1 Mo Change			
0.4%	Particleboard and fiberboard	-0.2%	
-2.5%	Softwood veneer and plywood	-0.2%	
-1.5%	Plywood	-0.1%	
5.6%	Hardwood lumber	0.1%	
-3.8%	Softwood lumber	1.1%	

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Lumber & Wood Products

■1 Y	r Change ■ YTD Cha	nge
10.5%	Particleboard and fiberboard	-0.2%
1.0%	Softwood veneer and plywood	-0.2%
-2.6%	Plywood	-0.1%
-2.7%	Hardwood lumber	0.1%
-9.0%	Softwood lumber	1.1%

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Lumber Continuous Futures (CME: LBR00)



\$800/mbf 1.8% 1 Mo \$700/mbf 4.0% 3 Mo \$600/mbf 4.1% YTD \$400/mbf 13.1% 1 Yr

(as of 02.26.2024)

Out of the furnace | As February nears

its end, U.S. hot-rolled coil (HRC) futures persist in a downward trajectory, currently trading slightly above \$800 per short ton, reflecting a 28.6% decline since the beginning of the year. A significant shift in market dynamics is evident over the last few months, with new sellers dampening sentiment and contributing to a \$300 per short ton reduction in prices during the preceding two months.

Following several consecutive months of

Metals & Metal Products

■1 Y	r Change	■ YTD Chang	je
-2.2%		wire and able	1.8%
-4.8%	Hot rolled	steel, carbon	-0.3%
2.3%		nd alloy steel crap	0.0%
7.7%	Iron and	steel scrap	-0.5%
7.7%		ated metal dings	0.7%
-6.3%		ed Steel Bars r Shapes	1.7%

Metals & Metal Products

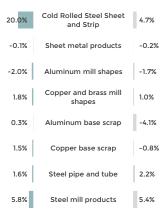
■ 3	Mo Change	■1 Mo Cha	ange
3.6%	Copper v cab		1.8%
-1.8%	Hot rolled st	eel, carbon	-0.3%
16.5%	Stainless and scr		0.0%
14.9%	Iron and st	eel scrap	-0.5%
1.0%	Prefabrica build		0.7%
1.4%	Cold Finished		1.7%

negative growth, the Producer Price Index (PPI) for steel mill products shifted course in December, sustaining growth into January with a 5.4% rise compared to the previous month. Year-over-year, PPI for steel mill products has increased by 4.4%.

In the U.S., steel prices have experienced a substantial decline from their late 2023 peak. While global hot-rolled coil prices have risen in major markets, U.S. steelmakers anticipate relatively stable demand throughout 2024. Nevertheless, the anticipation of oversupply in the U.S. compared to demand is expected to mitigate significant price growth.

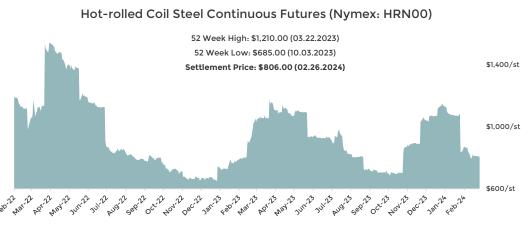
35.5%	Cold Rolled Steel Sheet and Strip	4.7%
0.8%	Sheet metal products	-0.2%
-5.5%	Aluminum mill shapes	-1.7%
-2.2%	Copper and brass mill shapes	1.0%
-2.5%	Aluminum base scrap	-4.1%
-4.2%	Copper base scrap	-0.8%
-13.4%	Steel pipe and tube	2.2%
4.4%	Steel mill products	5.4%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)





Source: Marketwatch

Equipment & Others

■1Yr C	hange ¶YTD 0	Change
2.8%	Heating	0.7%
2.7%	Lighting	0.0%
4.5%	Construction machinery and equipment	0.6%
3.6%	Air conditioning and refrigeration equip	0.4%
4.5%	Elevators, escalators, and other lifts	0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Equipment & Others

■3 Mo Change ■1 Mo Change		
0.9%	Heating equipment	0.7%
0.2%	Lighting fixtures	0.0%
1.7%	Construction machinery and equipment	0.6%
0.4%	Air conditioning and refrigeration equip	0.4%
0.0%	Elevators, escalators, and other lifts	0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Nonmetallic Mineral Products

■3 M	o Change ■1 Mo C	hange
4.9%	Construction sand/gravel/crushed stone	4.5%
1.1%	Insulation materials	0.8%
-0.2%	Gypsum products	0.0%
0.6%	Flat glass	-0.2%
0.8%	Brick and structural clay tile	0.8%
2.6%	Prestressed concrete products	-0.8%
0.9%	Precast concrete products	0.9%
0.6%	Ready-mix concrete	2.2%
3.5%	Concrete pipe	2.2%
2.9%	Concrete block and brick	1.0%
4.1%	Cement	4.2%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Fuels & Related Products

■1 Yr C	hange	■ YTD (Change
15.7%	Aspha refir	alt (at nery)	1.9%
-27.0%	No.2		-4.1%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Fuels & Related Products

■1 Mo Change

■ 3 Mo Change

-5.2%	Asphalt (at refinery)	1.9%
-19.6%	No.2 diesel fuel	-4.1%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Nonmetallic Mineral Products

	Trillional Libar	<u> </u>
■1 Yr C	Change TYTD Change	
8.1%	Construction sand/gravel/crushed stone	4.5%
1.7%	Insulation materials	0.8%
-1.6%	Gypsum products	0.0%
2.4%	Flat glass	-0.2%
5.4%	Brick and structural clay tile	0.8%
3.5%	Prestressed concrete products	-0.8%
4.9%	Precast concrete products	0.9%
6.9%	Ready-mix concrete	2.2%
5.9%	Concrete pipe	2.2%
6.1%	Concrete block and brick	1.0%
8.2%	Cement	4.2%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Rubber & Plastic Products

■1 Y	r Change YTD C	Change
0.6%	Plastic plumbing fixtures	1.3%
-1.0%	Plastic pipe fittings and unions	0.8%
-8.2%	Plastic water pipe	1.2%
-15.5%	Plastic drain	-1.8%
-10.8%	Plastic pipe	-0.5%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2024)

Rubber & Plastic Products

■3 Mo Change ■1 Mo Change			Change
-0.4%	Plastic plumbing fixtures		1.3%
1.0%	Plastic pipe fittings and unions		0.8%
-3.0%	Plastic pip		1.2%
-4.4%	Plastic drain		-1.8%
-3.0%	Plastic	pipe	-0.5%

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