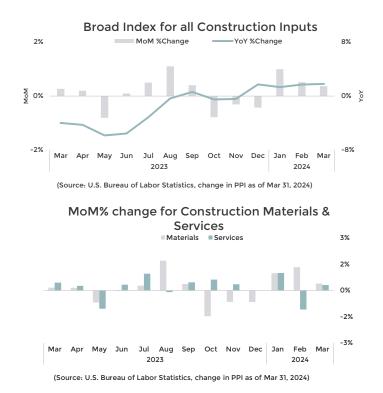
Construction Commodity Report



Deeper into the woods In April, lumber futures sagged by nearly 15% in the past 30 days, trading around the low \$500s per thousand board feet. This dip was catalyzed by a push back in new housing construction signaling a drop in demand for dimension softwood lumber products. The Producer Price Index (PPI) for softwood lumber, which rose by 3.2% in March compared to the previous month, lags recent market dynamics.

The NAHB/Wells Fargo Housing Market Index (HMI), an index that measures homebuilders' sentiment, held steady at 51 in April. Although this reading translates to no change from March and still above the crucial breakeven mark of 50, new residential construction activity indicates a dip in momentum.

Residential construction starts, which had undergone a substantial rise in February, reversed all those advances in March. The latest monthly report on new residential construction from the U.S. Census Bureau reveals a significant decline in housing starts. Compared to February, there was a notable slump of 14.7%, with a further decrease of 4.3% compared to March of the previous year. This decline was primarily driven by a substantial drop in multifamily housing, which decreased by 20.8%, while single-family housing also saw a significant decrease of 12.4%. In contrast, construction permits, which serve as a barometer for future construction activity, experienced a more moderate decline of 4.3% from the previous month coupled by a modest increase of 1.5% from the same period last year.

On the housing front, purchase applications declined, and the average 30-year mortgage rate increased to 7.24% from 7.13% and for the week ending April 19 according to Mortgage Bankers Association. Higher interest rates weighed in heavily on housing construction activity, softening demand for lumber in April.

Lumber Continuous Futures (CME: LBR00)

52 Week High: \$624.00 (03.12.2024) 52 Week Low: \$441.50 (05.03.2023)



Source: Marketwatch

Out of the furnace | In late March and early April, U.S. hot-rolled coil (HRC) futures experienced significant fluctuations, largely influenced by the collapse of the Francis Scott Key Bridge and the subsequent temporary closure of the Port of Baltimore. This event had a localized impact on shipping activity, triggering a surge in speculation among investors. Steel futures skyrocketed by 20% in a single day as speculators anticipated that an increase in freight costs would lead to increased metal prices. However, with the port partially reopening this

Metals & Metal Products

=11	'r Change	YTD Chan	ge
-3.0%		r wire and able	2.1%
-0.5%	Hot rolled	steel, carbon	3.9%
0.2%		nd alloy steel crap	4.1%
-18.1%	Iron and	steel scrap	-10.5%
3.4%		cated metal Idings	1.4%
-8.0%		ed Steel Bars ar Shapes	1.4%

Construction Inflation At a Glance



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

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



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

Lumber & Wood Products

■3 1	Mo Change	1 Mo Chang	ge
2.9%	Particleboard and fiberboard		2.6%
-0.3%		l veneer and wood	1.0%
-0.5%	Ply	wood	0.6%
1.4%	Hardwo	od lumber	0.6%
6.0%	Softwo	od lumber	3.2%
(Source: U.S. Bureau of Labor Statistics, change i PPI as of Mar 31, 2024)			

Lumber & Wood Products

■1 Yr Change ■ YTD Change			
14.0%		board and board	2.9%
3.4%		veneer and vood	-0.3%
-0.1%	Plyv	vood	-0.5%
1.6%	Hardwoo	od lumber	1.4%
-6.8%	Softwoo	d lumber	6.0%

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



(as of 04.24.2024)

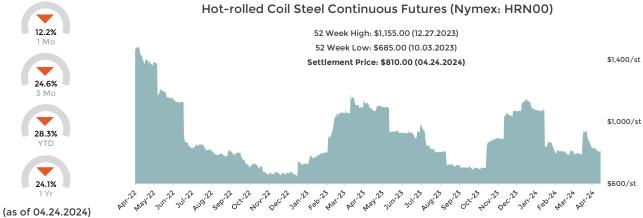
Metals & Metal Products

3 Mo Change				
2.1%	Copper v cab		1.6%	
3.9%	Hot rolled st	eel, carbon	1.0%	
4.1%	Stainless and scra		8.2%	
-10.5%	Iron and st	eel scrap	-9.6%	
1.4%	Prefabricat build		0.6%	
1.4%	Cold Finished and Bar		-1.7%	

month, concerns regarding long-term supply chain disruptions began to subside, causing the sharp rise in steel futures to dissipate. Consequently, HRC futures stabilized, remaining largely unchanged over the past month.

After a three-month streak of gains, the Producer Price Index (PPI) for steel mill products gave back almost all those gains in March and posted an anemic 0.5% increase since the beginning of the year. PPI for steel mill products plunged by 7.8% in March compared to February, on a nonseasonally adjusted basis and dropped by 3.6% compared to the same period last year.

16.7%	Cold Rolled Steel Sheet and Strip	-4.1%	-4.1%	Cold Rolled Steel Sheet and Strip	-12.6%
2.4%	Sheet metal products	1.1%	1.1%	Sheet metal products	0.5%
-6.6%	Aluminum mill shapes	-1.1%	-1.1%	Aluminum mill shapes	-0.5%
-3.1%	Copper and brass mill shapes	2.1%	2.1%	Copper and brass mill shapes	2.0%
6.4%	Aluminum base scrap	2.2%	2.2%	Aluminum base scrap	-1.0%
1.8%	Copper base scrap	6.5%	6.5%	Copper base scrap	5.0%
-10.3%	Steel pipe and tube	0.8%	0.8%	Steel pipe and tube	-2.6%
-3.6%	Steel mill products	0.5%	0.5%	Steel mill products	-7.8%
	e: U.S. Bureau of Labor Stat nge in PPI as of Mar 31, 202			e: U.S. Bureau of Labor Stati nge in PPI as of Mar 31, 202	



Equipment & Others

■1Yr Change YTD Change

3.6%	Heating	2.5%
2.3%	Lighting	1.2%
3.9%	Construction machinery and equipment	0.6%
1.4%	Air conditioning and refrigeration equip	0.5%
3.5%	Elevators, escalators, and other lifts	1.6%

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

Fuels & Related Products



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

Rubber & Plastic Products

■1Y	Change	
0.4%	Plastic plumbing fixtures	1.2%
-0.9%	Plastic pipe fittings and unions	1.8%
-9.5%	Plastic water pipe	-0.9%
-11.8%	Plastic drain	-3.4%
-9.0%	Plastic pipe	-1.3%

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

Source: Marketwatch

Equipment & Others

■3 M	o Change 🛛 🔳 Mo	Change
2.5%	Heating equipment	1.8%
1.2%	Lighting fixtures	0.9%
0.6%	Construction machinery and equipment	0.0%

Air conditioning and refrigeration equip 0.5% -0.5%

Elevators, escalators, and other lifts 0.0% 1.6%

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

Fuels & Related Products



refinery) No.2 diesel fuel 11.4% -0.6%

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

Rubber & Plastic Products

∎3 Mo	Change	
1.2%	Plastic plumbing fixtures	0.0%
1.8%	Plastic pipe fittings and unions	0.7%
-0.9%	Plastic water pipe	-0.3%
-3.4%	Plastic drain	-1.3%
-1.3%	Plastic pipe	-0.5%

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

Nonmetallic Mineral Products

■3 Mo Change ■1 Mo C			hange
5.8%	Construction 5.8% sand/gravel/crushed stone		0.4%
4.1%	Insulation r	naterials	-0.1%
4.4%	Gypsum p	roducts	1.9%
0.0%	Flat g	lass	-0.3%
3.6%	Brick and s clay t		0.3%
-1.0%	Prestressed produ		-0.5%
1.5%	Precast co produ		0.0%
3.3%	Ready- concr		0.1%
2.5%	Concret	e pipe	0.0%
1.8%	Concr block bric	and	0.0%
2.5%	Ceme	ent	0.0%

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

Nonmetallic Mineral Products

∎1 Yr C	Change YTD Change	
8.3%	Construction sand/gravel/crushed stone	5.8%
3.9%	Insulation materials	4.1%
1.1%	Gypsum products	4.4%
-0.7%	Flat glass	0.0%
4.0%	Brick and structural clay tile	3.6%
3.5%	Prestressed concrete products	-1.0%
4.2%	Precast concrete products	1.5%
7.0%	Ready-mix concrete	3.3%
7.5%	Concrete pipe	2.5%
6.2%	Concrete block and brick	1.8%
5.0%	Cement	2.5%

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