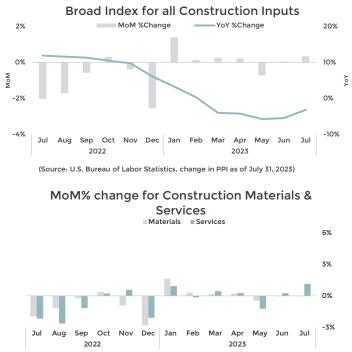
Construction Commodity Report



(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Deeper into the woods | Throughout the recent weeks of August, lumber futures seesawed within a tight range of \$500/mbf to \$525/mbf (thousand board feet). In stark contrast to the tumultuous volatility that characterized previous periods, the current landscape is marked by a tempered calmness, fostered by a confluence of factors. One noteworthy factor contributing to the dampening of lumber market volatility is the recalibrated equilibrium between supply and demand. Concurrently, supply chains that were strained in recent memory have regained a measure of stability. With speculative interests subdued and buyer urgency tempered, the frenetic swings that once defined the lumber market have been subdued.

In July, the Producer Price Index (PPI) for softwood lumber registered a moderate increase of 4.4% compared to the prior month, yet it remains distinctly shadowed by a 17.3% dip from the previous year. This disparity illustrates the nuanced interplay between short-term fluctuations and longer-term trends, underscoring the need for a broader focus when analyzing market dynamics. Beyond the woods, the broader residential landscape presents a tableau of intriguing developments. Average 30-year mortgage rates are flirtatiously close to 7.50%. This marks the highest level since 2000. Sticky home prices (due to a housing shortage) and a tripling in mortgage rates in the span of just a couple of years is putting homeownership further out of reach for many potential buyers. August witnessed a wane in U.S. home builder confidence, the first downturn this year. The National Association of Home Builders/Wells Fargo Housing Market Index receded from July's 13-month peak of 56 to 50. July's New Residential Construction print paints a mosaic of divergent trends. While housing starts rose by 3.9% month-on-month and 5.9% year-on-year, building permits remained relatively stable compared to the prior month but declined by 13% from the same period last year. However, completions plummeted by 11.8% from revised June estimates and marked a 5.4% drop from July 2022. This tapestry of data encapsulates the nature of the construction landscape, where growth in certain metrics is juxtaposed with contractions in others.



Out of the furnace | Sustained

downtrend in prices of ferrous construction materials persists. In July, PPI for steel mill products shrunk by 7.6% on a month-onmonth basis, plunging even more starkly by 20.9% in comparison to the same period last year.

The hot-rolled coil (HRC) futures market continues to experience a steadfast softening in prices, marking a substantial decline of

Metals & Metal Products

■1Y	'r Change	VTD Chan	ge
-2.8%		r wire and able	-1.1%
-13.5%	Hot rolled	steel, carbon	-1.8%
-2.4%		nd alloy steel crap	-6.6%
-12.5%	Iron and	steel scrap	0.3%
2.8%		ated metal Idings	7.9%
-6.9%		ed Steel Bars ar Shapes	2.8%

Construction Inflation At a Glance



(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

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 July 31, 2023)

Lumber & Wood Products

■3 I	Mo Change	1 Mo Chang	ge
9.1%	Particleboard and fiberboard		0.0%
-2.4%		l veneer and wood	-0.6%
-2.0%	Ply	wood	-0.4%
-1.8%	Hardwo	od lumber	-1.1%
3.0%	Softwo	od lumber	4.4%
(Source: U.S. Bureau of Labor Statistics, change i PPI as of July 31, 2023)			

Lumber & Wood Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)



(as of 08.24.2023)

Metals & Metal Products

■ 3 Mo Change ■ 1 Mo Change				
-6.1%	Copper w cabl		-0.3%	
-0.2%	Hot rolled ste	el, carbon	-2.2%	
-7.2%	Stainless and scra		5.6%	
-20.0%	Iron and st	eel scrap	-3.7%	
2.1%	Prefabricat buildi		1.0%	
0.0%	Cold Finished and Bar S		-0.4%	

approximately 21.2% compared to levels recorded just 3 months ago (as of August 24).

Presently, HRC futures are trading below \$750 per short ton (st). This pronounced slide in HRC prices boasts a 35% drop from a peak of \$1,185/st observed in March. Prices are now resting at their lowest point since mid-January 2023.

In August, Argus, a prominent global provider of energy and commodity market data, reported that cold-rolled coil (CRC) prices slid by \$20/st to \$980/st.





Equipment & Others

∎1Yr C	hange TTD (Change
5.9%	Heating	1.9%
4.2%	Lighting	2.9%
9.3%	Construction machinery and equipment	6.2%
3.7%	Air conditioning and refrigeration equip	3.2%
6.0%	Elevators, escalators, and other lifts	4.4%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Fuels & Related Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Rubber & Plastic Products

■1 Yr Change ■ YTD Change			
3.0%	Plastics pl fixtu		1.9%
-3.0%	Plastics fittings and	; pipe d unions	-3.5%
-5.5%	Plastics pip		-3.3%
-21.2%	Plastics	drain	-16.0%
-11.1%	Plastics	pipe	-8.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

-24.1% Cold Rolled Steel SI and Strip	neet 13.5%	5.0% Cold Rolled Steel Sheet -3.2% and Strip	
0.6% Sheet metal produ	icts 1.0%	1.2% Sheet metal products 0.3%	
-7.8% Aluminum mill sha	pes 0.2%	-1.9% Aluminum mill shapes -1.4%	
3.3% Copper and brass shapes	-0.9%	-4.2% Copper and brass mill shapes -0.1%	
-4.1% Aluminum base sc	rap -8.4%	-8.0% Aluminum base scrap -4.7%	
13.9% Copper base scra	ip 1.0%	-2.6% Copper base scrap 0.3%	
-22.0% Steel pipe and tu	oe -12.8%	-7.0% Steel pipe and tube -2.8%	
-20.9% Steel mill produc	ts 1.2%	-3.1% Steel mill products -7.6%	
(Source: U.S. Bureau of Labor change in PPI as of July 31,		(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)	



Source: Marketwatch

Equipment & Others

■3 Mo	o Change ∎1 Mo	Change
0.1%	Heating equipment	0.2%
1.0%	Lighting fixtures	0.5%
1.7%	Construction machinery and equipment	1.6%

Air conditioning and refrigeration equip 0.1% 0.0%

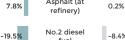
Elevators, escalators, and other lifts 0.0% 0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Fuels & Related Products

3 Mo Change 1 Mo Change





No.2 diesel fuel -8.4%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Rubber & Plastic Products

■ 3 Mo Change ■ 1 Mo Change				
0.0%	Plastics plumbing fixtures	0.3%		
-3.4%	Plastics pipe fitting and unions	gs -1.0%		
-4.3%	Plastics water pipe	-0.7%		
-5.4%	Plastics drain	-2.1%		
-4.3%	Plastics pipe	-1.3%		

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Nonmetallic Mineral Products

■3 M	o Change	■1 Mo C	hange
0.8%	Constru sand/grave stor	l/crushed	0.0%
0.5%	Insulation r	materials	0.2%
-1.3%	Gypsum p	roducts	-0.2%
0.0%	Flat g	lass	0.3%
0.2%	Brick and s clay		0.0%
-0.5%	Prestressed produ		0.0%
1.5%	Precast co produ		0.4%
1.5%	Ready concr		0.6%
2.2%	Concret	e pipe	0.0%
0.1%	Concr block bric	and	0.0%
2.2%	Cem	ent	1.7%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)

Nonmetallic Mineral Products

∎1 Yr C	Change TTD Change	
8.0%	Construction sand/gravel/crushed stone	7.1%
4.2%	Insulation materials	1.9%
2.2%	Gypsum products	-0.7%
6.9%	Flat glass	2.6%
7.6%	Brick and structural clay tile	5.3%
4.4%	Prestressed concrete products	0.2%
7.3%	Precast concrete products	4.8%
10.4%	Ready-mix concrete	5.4%
13.5%	Concrete pipe	3.5%
9.3%	Concrete block and brick	7.1%
12.6%	Cement	8.7%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of July 31, 2023)