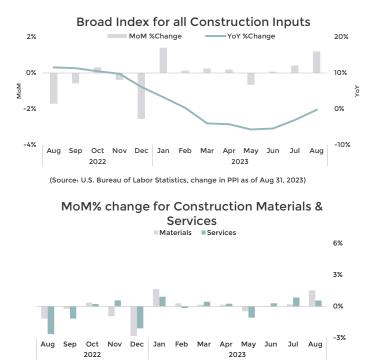
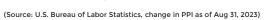
## **Construction Commodity Report**

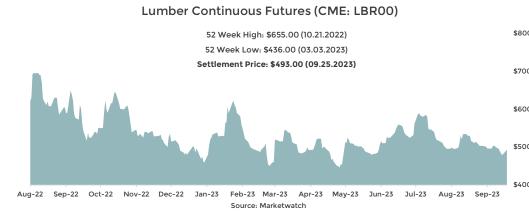




Deeper into the woods | Over the past few weeks of September, lumber futures have seen a decline, falling below \$500/mbf (thousand board feet). The lumber market is currently enjoying a brief respite, allowing supply chains to find stability. This drop in lumber prices can be attributed to the sluggish state of the housing market, which has led to a stabilization of lumber prices at lower levels. The increase in interest rates has resulted in reduced demand within the housing market, subsequently impacting the demand for lumber. Producer Price Index (PPI) for softwood lumber exhibited a 4.4% decrease in August compared to the previous month and an 18.0% decline when compared to the same period in the previous year. Particleboard and fiberboard is up 15.8% year to date with a 4.3% monthon-month increase.

Increasing interest rates have resulted in a reduction in the demand for homebuyers. According to the National Association of Realtors, year-over-year existing home sales have dropped by 15.3%. The burden of high borrowing costs, combined with reduced demand from homebuyers, is now affecting the confidence of builders engaged in single-family home construction.

In September, the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI), a key gauge of builder sentiment, entered negative territory for the first time in five months. Furthermore, activity in the housing construction sector experienced a significant downturn in August. The latest report from the US Census Bureau on New Residential Construction reveals that housing starts declined significantly by 11.3% in August compared to the previous month and are nearly 15% lower than the same period last year. On a more positive note, permits, which serve as an indicator of future residential construction activity, saw a robust 6.9% month-over-month increase. This upswing was primarily driven by a substantial 14.8% surge in permits for multi-family housing, while permits for single-family housing experienced a more moderate rise of 2.0%.



## Out of the furnace | Hot rolled coil

(HRC) prices buckle amidst lingering global demand uncertainty and the looming threat of a potential strike at three major U.S. automakers. Towards the end of September, HRC futures are trading close to \$700 per short ton (st). These levels were last observed in October 2022. HRC futures witnessing a persistent softening in prices, with a significant decline of nearly 25% over the past 3 months as of September 25.

# Metals & Metal Products Tyr Change Tyr Change Tyr Change Tyr Change Copper wire and Coppe



### **Construction Inflation At a Glance**



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

Lumber & Wood Products

■3 M	o Change	1 Mo Chang	ge
13.7%		board and rboard	4.3%
-1.6%		veneer and wood	1.2%
-1.0%	Ply	wood	0.5%
-5.0%	Hardwo	od lumber	-2.3%
-1.3%	Softwoo	od lumber	-4.4%
Source: U.S. Bureau of Labor Statistics, change i PPI as of Aug 31, 2023)			

Lumber & Wood Products

<b>1</b>	Yr Change	YTD Cha	nge
-6.0%		board and board	15.8%
-20.0%		veneer and wood	-6.8%
-14.4%	Ply	wood	-6.1%
-16.4%	Hardwo	od lumber	-1.3%
-18.0%	Softwoo	od lumber	-5.5%
-14.4% -16.4%	Softwood plyv Plyv Hardwoo	veneer and wood wood od lumber	-6.1% -1.3%

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



(as of 09.25.2023)

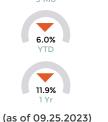
#### Metals & Metal Products

3	Mo Change	1 Mo Cha	inge
-2.9%	Copper wire and cable		-0.1%
-2.1%	Hot rolled ste	el, carbon	-0.8%
-0.7%	Stainless and scra		6.5%
-9.3%	Iron and ste	el scrap	-4.2%
2.5%	Prefabricate buildir		0.1%
5.1%	Cold Finished and Bar S		-2.6%

In August, the Producer Price Index (PPI) for steel mill products showed stability, recording a slight decline of 0.5% compared to the prior month. However, when measured against the corresponding period last year, the PPI exhibited a significant contraction of nearly 15%.

In September, Argus, a global provider of energy and commodity market data, reported that cold-rolled coil (CRC) had dropped to \$905 per short ton (st), on an ex-works. Rebar prices in August averaged \$860/st (ex-works) representing a 13% drop compared to average prices compared to same period last year (\$988/st).



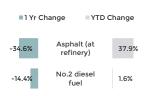


#### **Equipment & Others**

∎1Yr C	hange	TTD C	hange
5.4%	He	ating	1.9%
3.9%	Lig	hting	2.7%
6.0%	machi	truction nery and pment	5.6%
4.4%	and ref	ditioning rigeration quip	3.5%
5.9%	escala	vators, tors, and er lifts	4.4%

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

#### Fuels & Related Products



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

#### Rubber & Plastic Products

■1Y	r Change 🛛 🛛 YTD C	Change
2.7%	Plastics plumbing fixtures	1.9%
-1.4%	Plastics pipe fittings and unions	-1.6%
-7.6%	Plastics water pipe	-5.3%
-16.9%	Plastics drain	-12.9%
-10.9%	Plastics pipe	-8.1%

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

-23.4%	Cold Rolled Steel Sheet and Strip	11.4%	2.0%	Cold Rolled Steel Sheet and Strip	-1.9%
-0.7%	Sheet metal products	0.8%	1.5%	Sheet metal products	0.4%
-5.6%	Aluminum mill shapes	-1.2%	-3.6%	Aluminum mill shapes	-1.4%
4.8%	Copper and brass mill shapes	0.5%	-0.6%	Copper and brass mill shapes	-1.5%
-1.7%	Aluminum base scrap	1.8%	-0.9%	Aluminum base scrap	-2.0%
9.5%	Copper base scrap	0.0%	-0.7%	Copper base scrap	1.1%
-22.5%	Steel pipe and tube	-14.2%	-9.0%	Steel pipe and tube	-1.6%
-14.8%	Steel mill products	3.9%	-5.6%	Steel mill products	-0.5%
	U.S. Bureau of Labor Statist ge in PPI as of Aug 31, 2023)			: U.S. Bureau of Labor Stati nge in PPI as of Aug 31, 202	

#### Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)



Source: Marketwatch

#### Equipment & Others

■3 Mo	o Change ∎1 Mo	o Chang
0.5%	Heating equipment	0.2%
0.5%	Lighting fixtures	-0.1%
1.1%	Construction machinery and equipment	-0.5%

Air conditioning and refrigeration equip -0.1% 0.1%

Elevators, escalators, and other lifts 0.0% 0.0%

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

#### **Fuels & Related Products**







-1.7%

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

#### **Rubber & Plastic Products**

■3 Mo	o Change ∎1 Mo C	hange
0.4%	Plastics plumbing fixtures	0.0%
0.0%	Plastics pipe fittings and unions	1.6%
-4.5%	Plastics water pipe	-2.1%
-1.3%	Plastics drain	-0.5%
-2.9%	Plastics pipe	-0.9%

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

#### **Nonmetallic Mineral Products**

■3 M	o Change ∎1 Mo C	Change
1.4%	Construction sand/gravel/crushed stone	0.6%
-1.1%	Insulation materials	-0.7%
-0.7%	Gypsum products	-0.3%
-1.5%	Flat glass	-1.2%
-0.1%	Brick and structural clay tile	-0.1%
0.3%	Prestressed concrete products	0.6%
1.2%	Precast concrete products	0.2%
0.7%	Ready-mix concrete	0.4%
-1.3%	Concrete pipe	-1.9%
0.7%	Concrete block and brick	0.5%
1.1%	Cement	0.0%

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

#### Nonmetallic Mineral Products

■1 Yr C	hange TTD Change	
8.2%	Construction sand/gravel/crushed stone	7.9%
2.3%	Insulation materials	1.2%
-0.8%	Gypsum products	-1.0%
2.3%	Flat glass	0.4%
6.4%	Brick and structural clay tile	5.2%
1.9%	Prestressed concrete products	0.8%
6.9%	Precast concrete products	4.9%
9.6%	Ready-mix concrete	6.0%
9.0%	Concrete pipe	0.5%
9.6%	Concrete block and brick	7.8%
11.0%	Cement	8.2%

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