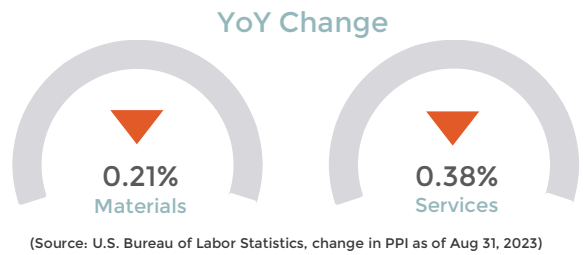
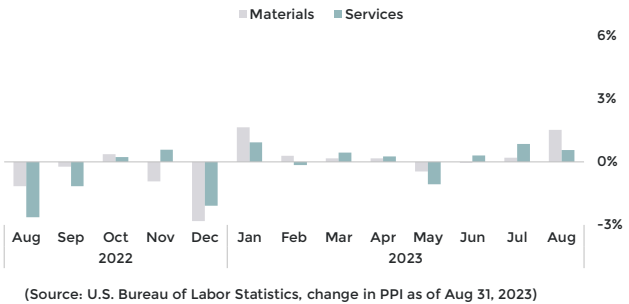


## Construction Inflation At a Glance



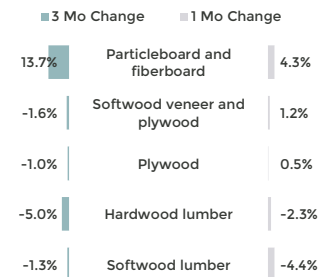
The producer price index (PPI) for net inputs to construction industries - not seasonally adjusted (a broad index that measures producer inflation in materials and services to construction excluding capital investments, labor, and imports)

### MoM% change for Construction Materials & Services



**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% month-on-month increase.

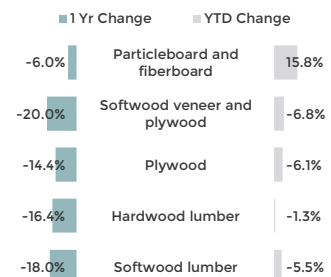
## Lumber & Wood Products



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

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.

## Lumber & Wood Products

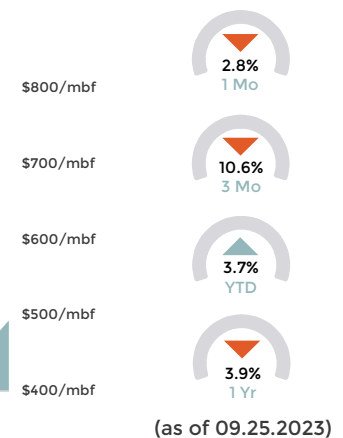
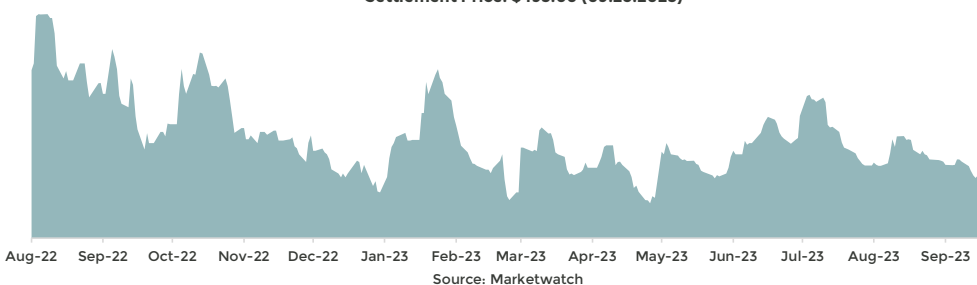


(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

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%.

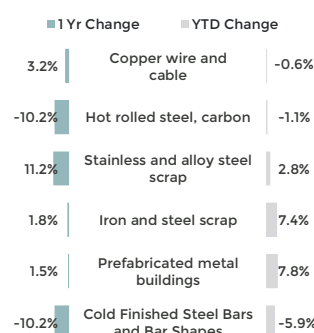
### Lumber Continuous Futures (CME: LBR00)

52 Week High: \$655.00 (10.21.2022)  
52 Week Low: \$436.00 (03.03.2023)  
Settlement Price: \$493.00 (09.25.2023)

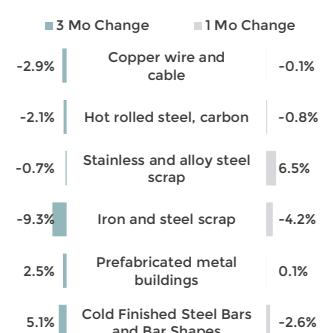


**Out of the furnace | Hot rolled coil (HRC) prices buckle amidst lingering global demand uncertainty and the looming threat of a potential strike at three major U.S. automakers.** Towards the end of September, HRC futures are trading close to **\$700 per short ton (st)**. These levels were last observed 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

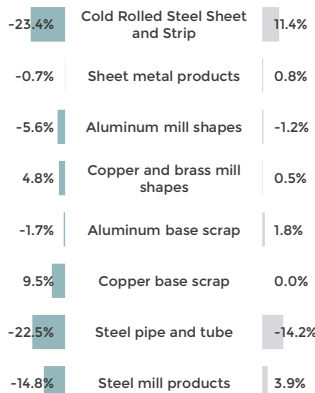


## Metals & Metal Products

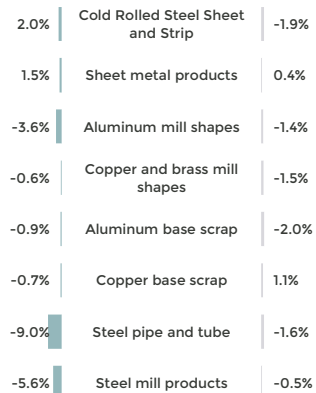


In August, the Producer Price Index (PPI) for steel mill products showed stability, recording a slight decline of 0.5% compared to the prior month. However, when measured against the corresponding period last year, the PPI exhibited a significant contraction of nearly 15%.

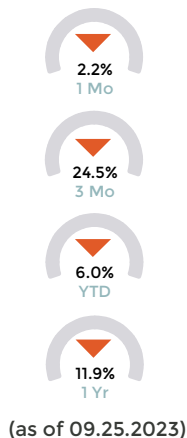
In September, Argus, a global provider of energy and commodity market data, reported that cold-rolled coil (CRC) had dropped to \$905 per short ton (st), on an ex-works. Rebar prices in August averaged \$860/st (ex-works) representing a 13% drop compared to average prices compared to same period last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



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



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

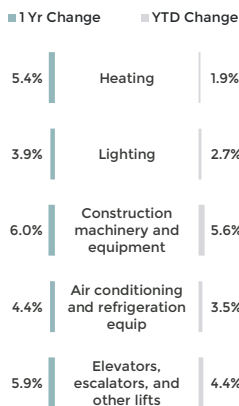


### Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)



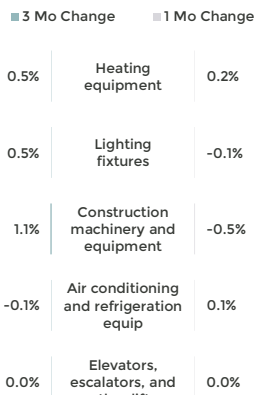
Source: Marketwatch

#### Equipment & Others



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

#### Equipment & Others



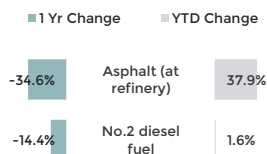
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

#### Nonmetallic Mineral Products



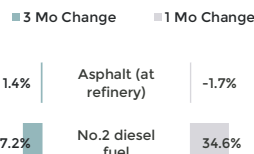
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

#### Fuels & Related Products



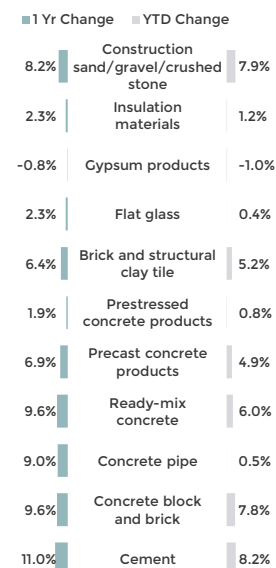
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

#### Fuels & Related Products



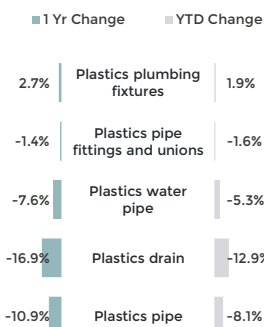
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

#### Nonmetallic Mineral Products



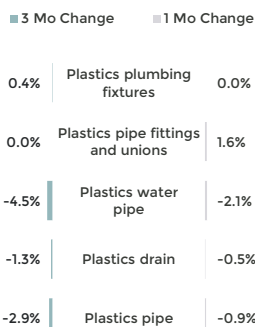
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Aug 31, 2023)

#### Rubber & Plastic Products



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

#### Rubber & Plastic Products



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