# Monthly Statistics of Building Materials and Components

## Commentary

## January 2013

Coverage: UK and Great Britain
Geographical area: Country, region and county
Date of publication: 6 February 2013

### Headline results:

- The ‘All Work’ Construction Material Price Index rose by 0.4% in the year to December, down from 1.0% in November. This follows a downward trend in annual inflation seen in each of the eight months to August.
- The construction materials experiencing the largest price increases in the year to December were Sand & Gravel excluding levy (up 10.1%), Sand and Gravel including levy (up 8.6%) and Coated Roadstone excluding levy (up 8.1%).
- In the year to December, production of bricks fell by 15.4% and production of blocks fell by 2.0%.
- Exports of construction materials rose by 0.3% on the quarter in 2012Q3 (to £1,413 million). Imports fell by 2.9% (to £2,960 million). As a result, the trade deficit narrowed by £91 million, to £1,547 million, in 2012Q3.

# Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS Construction website on 6 February 2013.

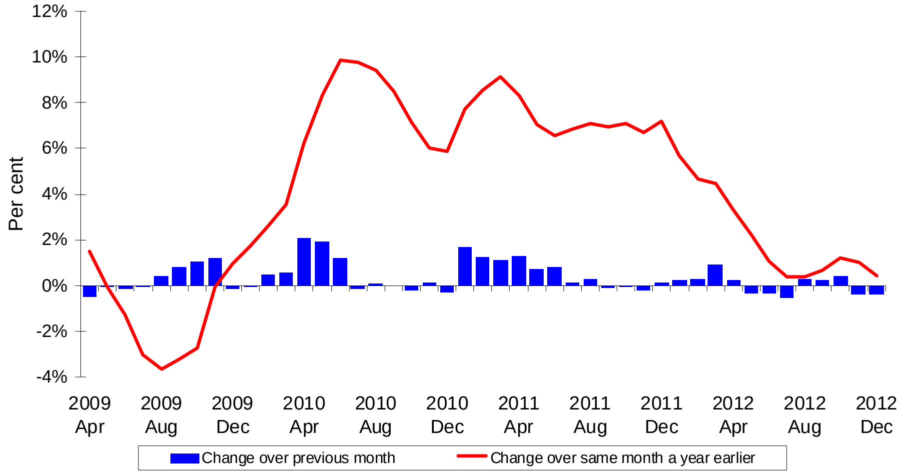
It aims to provide a brief overview of recent trends in the data presented in the bulletin. These data cover the following building materials statistics (in parentheses, the data collection frequency and the geographical area covered):

- Construction Material Price Indices (monthly, UK)
- Sand and Gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and Clinker production, deliveries and stocks (monthly, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks production, deliveries and stocks (monthly, GB*)
- Concrete roofing tiles production, deliveries and stocks (quarterly, GB)
- Ready Mixed Concrete deliveries (quarterly, UK)
- Values of overseas imports and exports trades for selected materials and components for use in construction (quarterly, UK)
- Value of EU and Non-EU Trade for selected materials and components for use in construction (annual, UK)

Note: * Regional figures available

# Summary

**Chart 1: Growth in 'All Work' Construction Material Price Index, UK**
Percentage change over previous month and a year earlier (%)

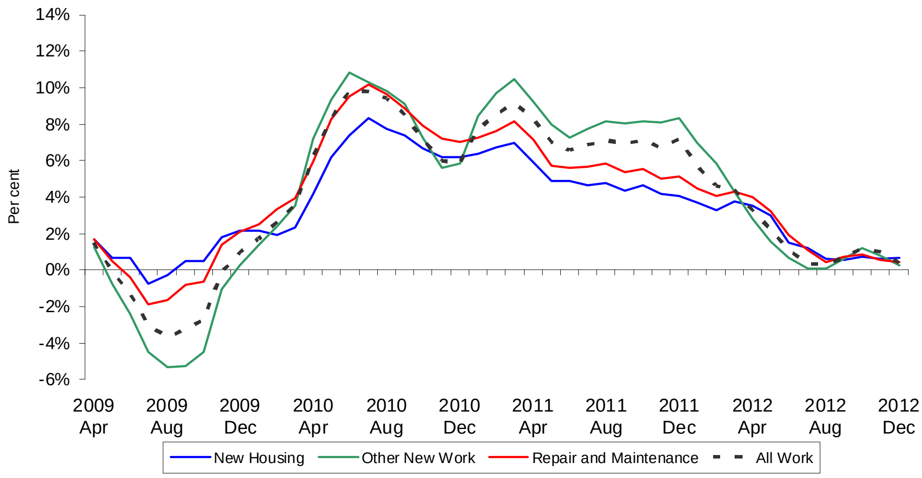



*Source: Table 1 Monthly Statistics of Building Materials and Components*

The headline 'All Work' Construction Material Price index fell by 0.4% on the month in December, following a 0.4% fall on the month in November.

Annual inflation fell to 0.4% in December, from 1.0% in November. This is 6.8 percentage points down from the recent peak of 7.2% in December 2011.

**Chart 2: Growth in Construction Material Price Indices, UK**
Percentage change over a year earlier (%)




*Source: Table 1 Monthly Statistics of Building Materials and Components*

Annual construction material price inflation fell in all construction sub-sectors in December, except in the 'New Housing' sub-sector, which was up from 0.6% in November to 0.7% in December.

The 'Repair and Maintenance' sector saw annual inflation falling to 0.4% in December, from 0.6% in November and in the 'Other New Work' sector it fell to 0.3% from 0.8%.

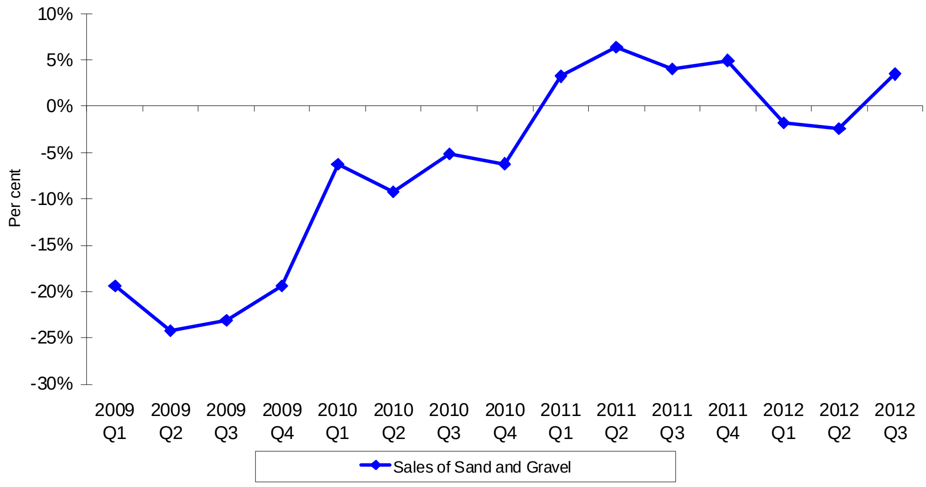
**Table 1: Construction materials experiencing the largest price increases and decreases in the year to December 2012, UK**

| Construction Materials | % change on a year earlier |
|---|---|
| Largest price increases | |
| Sand and Gravel (excluding levy) | 10.1 |
| Sand and Gravel (including levy) | 8.6 |
| Coated Roadstone (excluding levy) | 8.1 |
| Largest price decreases | |
| Crushed Rock (excluding levy) | -4.1 |
| Crushed Rock (including levy) | -3.5 |
| Fabricated Structural Steel | -2.7 |

*Source: Table 2 Monthly Statistics of Building Materials and Components*

Sand & Gravel excluding levy (up 10.1%), Sand & Gravel including levy (up 8.6%) and Coated Roadstone excluding levy (up 8.1%) experienced the largest price increases in the year to December. Over the same period, Crushed Rock excluding levy (down 4.1%), Crushed Rock including levy (down 3.5%) and Fabricated Structural Steel (down 2.7%) experienced the largest price falls.

**Chart 3: Sales of Sand and Gravel, GB**
Percentage change over a year earlier (%)

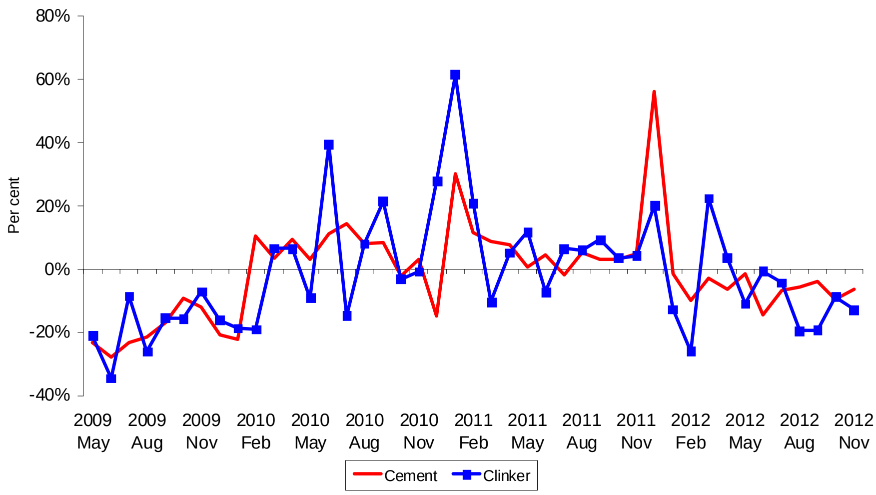



*Source: Table 4 Monthly Statistics of Building Materials and Components*

Sales of Sand and Gravel in Great Britain increased by 5.0% on the quarter in 2012Q3, to 15.2 million tonnes, the highest volume sold since 2009Q2. This follows a quarterly increase of 4.2% in 2012Q2.

Compared to the same quarter last year, sales rose by 3.5% in 2012Q3, having fallen on this basis in the two previous quarters.

**Chart 4: Production of Cement and Clinker, GB**
Percentage change over a year earlier (%)

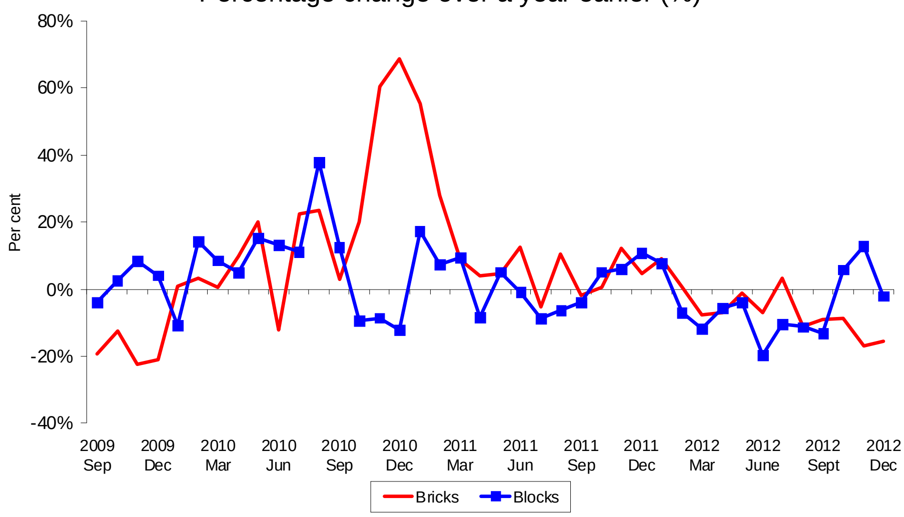



*Source: Table 8 Monthly Statistics of Building Materials and Components*

Cement production fell by 6.4% to 674 thousand tonnes in the year to November 2012. This is the eleventh successive month in which production fell on a year-on-year basis, following five successive months of positive year-on-year growth.

Production of Clinker also fell in the year to November, by 12.9%, following a decrease of 8.8% in the year to October. This is the ninth decline on this basis since the start of the year.

**Chart 5: Production of Bricks and Blocks, GB**
Percentage change over a year earlier (%)

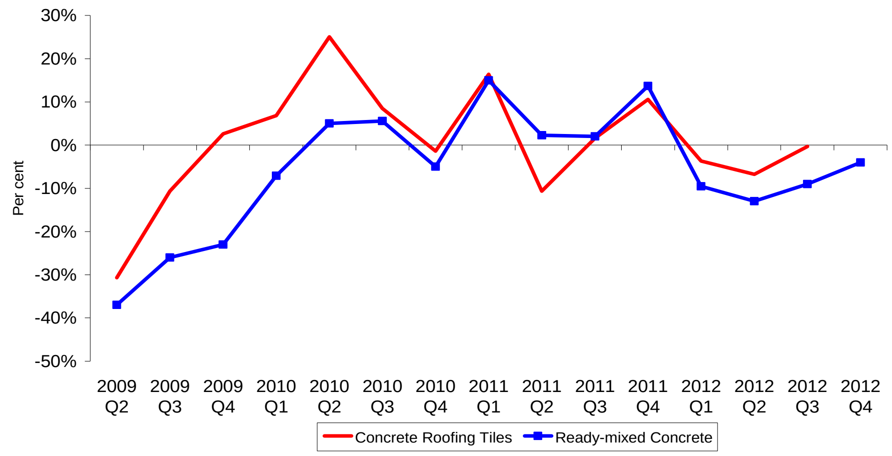



*Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components*

In the year to December 2012, production of Bricks fell by 15.4%, the ninth decline on this basis in ten months.

Production of Blocks also fell in the year to December 2012, by 2.0%, the ninth year-on-year fall in 2012. This followed an increase of 12.8% in the year to November 2012.

**Chart 6: Deliveries of Concrete Roofing Tiles (GB) and Ready-mixed Concrete (UK)**
Percentage change over a year earlier (%)

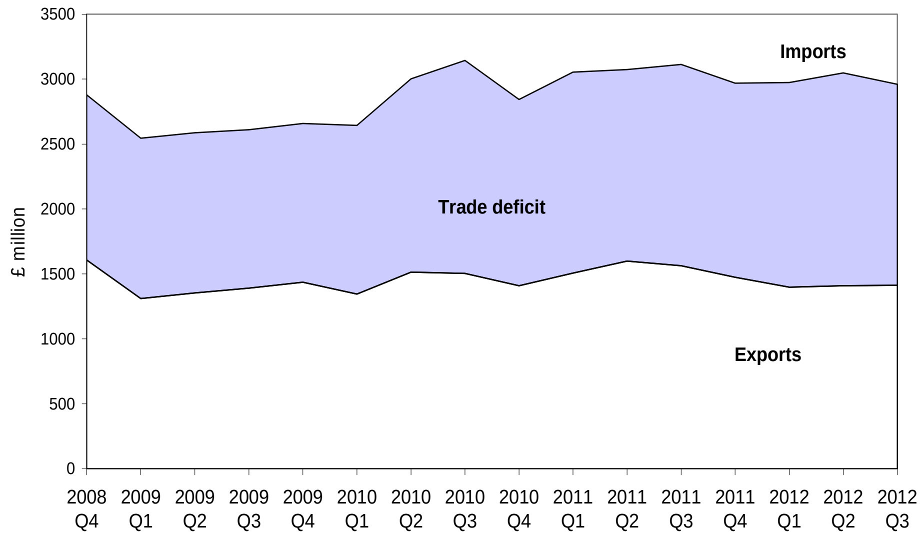



*Source: Table 13 Monthly Statistics of Building Materials and Components*

Deliveries of Concrete Roofing Tiles declined on a year-on-year basis for the third successive quarter in 2012Q3 (down 0.3%), after increasing on this basis in the second half of 2011.

Deliveries of Ready-mixed Concrete fell by 4.0% in the year to 2012Q4. Deliveries fell on this basis in each quarter of 2012. Comparing deliveries in 2012 with 2011, delivery volumes have fallen by 9.0%.

**Chart 7: Exports and Imports of Construction Materials, UK**
£million




*Source: Table 14 Monthly Statistics of Building Materials and Components*

Exports of construction materials rose by 0.3% on the quarter in 2012Q3 (to £1,413 million). Imports fell by 2.9% (to £2,960 million). As a result, the trade deficit narrowed by £91 million, to £1,547 million, in 2012Q3.

The decrease in the trade deficit in 2012Q3 was largely due to a narrowing in the trade deficit in 'semi-manufactures' by £86 million. The trade deficit in 'Raw materials' also narrowed, by £6 million, whilst the 'products and components' stayed the same.

**Table 2: Top-5 UK Exported and Imported Construction Materials in 2011**

*£ million*

| Top-5 Exported Materials | | Top-5 Imported Materials | |
|---|---|---|---|
| Paints & Varnishes | 622 | Electrical Wires | 1,347 |
| Electrical Wires | 572 | Structural Units (Steel) | 648 |
| Structural Units (Steel) | 473 | Sawn Wood > 6mm thick | 623 |
| Lamps & Fittings | 267 | Air Conditioning Equip. | 576 |
| Air Conditioning Equip. | 263 | Central Heating Boilers | 572 |

*Source: Table 14 Monthly Statistics of Building Materials and Components*

The top five exported materials in 2011 were Paints and Varnishes, Electrical Wires, Structural Units (Steel), Lamps & Fittings and Air Conditioning Equipment.

The top five imported construction materials in 2011 were Electrical Wires, Structural Units (Steel), Sawn Wood (thicker than 6mm), Air Conditioning Equipment and Central Heating Boilers.

**Table 3: UK Trade of Construction Materials with EU and Non-EU Countries, 2011**

£million (% of total trade in italics)

| All Building Materials & Components | EU | Non-EU |
|---|---|---|
| Exports | 3,836 | 2,308 |
| | *62%* | *38%* |
| Imports | 7,791 | 4,415 |
| | *64%* | *36%* |

*Source: Table 15 Monthly Statistics of Building Materials and Components*

In 2011, around 64% of all building material imports were from EU countries, while 62% of exports were to EU countries.

**Table 4: Top 5 UK Export and Import Markets for Construction Materials in 2011**

*£ million*

| Top-5 Export Markets | | Top-5 Import Markets | |
|---|---|---|---|
| Ireland | 837 | Germany | 1,912 |
| Germany | 634 | China | 1,664 |
| France | 562 | Italy | 899 |
| Netherlands | 469 | Netherlands | 702 |
| USA | 373 | Spain | 586 |

*Source: HMRC Overseas Trade Statistics*

UK's largest export market for building materials was Ireland, followed by Germany, France, the Netherlands and the USA.

The largest import market was Germany, followed by China, Italy, the Netherlands and Spain.

# Economic background

Preliminary estimates of GDP, published by the Office for National Statistics (ONS) on 25 January, reported that the economy shrank by 0.3% on the quarter in 2012Q4, following 0.9% growth on the quarter in 2012Q3. GDP is estimated to have been flat between 2011 and 2012, with ONS acknowledging that growth on the quarter in 2012Q3 was partly supported by special factors such as the boost from the Olympic and Paralympic games and the bounce-back from the Jubilee-affected second quarter.

The fall in GDP estimated between 2012Q3 and 2012Q4 reflected falls to construction output and industrial production, with no change to the services sector. Total industrial production fell by 1.8% and within this manufacturing output also fell, by 1.5%. Meanwhile, construction output returned to growth of 0.3%, after contracting by a total of 11.3% over the previous three quarters. In all, construction output decreased by 11.0% between 2011 Q4 and 2012 Q4.

Going forward, the International Monetary Fund (IMF) expects the UK to grow by 1.0% in 2013 and 1.9% in 2014. These forecasts are in broad agreement with Consensus Economics forecasts (the average of private sector forecasts) of 1.0% in 2013 and 1.7% in 2014. However, 2013 expectations were revised down by both forecasters from previous forecasts of 1.1% growth.

Recent Confederation of British Industry (CBI) Industrial Trends Survey results and the latest reports from the Bank of England regional agents suggest that the there are signs that the rate of decline in construction activity is gradually beginning to ease. However, two major forecasters have downgraded their expectations for growth in the construction sector. The Construction Products Association (CPA) now expects a fall in construction output of 2.2% in 2013 (previously -1.4%) before output rebounds to positive growth of 2.0% in 2014 (previously +2.4%); each representing downgrades to their previous forecasts made in July. Construction output is also expected to grow in 2015 (+3.7%) and 2016 (+4.6%). Similarly, in its latest forecasts, Experian also expects the sector to contract in 2013, by 3.5%, and return to growth in 2014, by 0.8% (rather than a decline of 2.5% in 2013 and growth of 0.7% in 2014, estimated in October). Both forecasters cite deep public sector cuts and weak private sector activity as reasons for their downbeat forecasts, with both suggesting a return to growth in 2014 and 2015 driven by private sector activity alongside an ease in public sector spending cuts.

According to the latest Consensus Economics forecasts, manufacturing output is expected to return to growth in 2013, by 0.5%. However, this expectation represents a downgrade, with growth of 0.8% forecast last month. Greater growth in the sector is forecast for 2014 (1.7%).

# Background notes

## Quality information for the Building Materials bulletin

1. The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

   Designation can be broadly interpreted to mean that the statistics:
   - meet identified user needs;
   - are well explained and readily accessible;
   - are produced according to sound methods, and
   - are managed impartially and objectively in the public interest.

   Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed. The full assessment report, published on 22nd December 2011, can be found on the UK Statistics Authority website.

2. Quality issues related to the *Building Materials and Components* outputs are discussed in the review of the Building Material statistics that was carried out in 2010 by BIS's construction team. The review aimed to: ascertain user needs; examine whether existing data collection methodologies are fit for purpose; estimate compliance costs; assess compliance with the Code of Practice; and identify options for change.

   The full report can be found on the BIS *Building Materials and Components* webpage.

   Detailed information on data suppliers, coverage and data collection methodology can be found in sections 2.1-2.10. Quality issues (coverage and accuracy of sample panels, response rates, survey results processing, disclosure etc.) and potential measures that could be employed to improve the quality of the statistics are discussed in section 2.11 of the review. Users' views on the quality of the *Building Materials and Components* statistics are given in section 3.3.4. These are derived from a user survey carried out in early 2010, as part of the review (see section 3 for details).

3. Following the review, BIS acted on the recommendations including commissioning the Office for National Statistics Methodology Advisory Service (ONS/MAS) to address some of the recommendations from the 2010 review. In July 2011, MAS published their interim report. In July 2012, MAS published their final report. This will inform a full summary Quality Report that will be published by BIS shortly.

4. HM Revenue and Customs use administrative sources to produce Overseas Trade Statistics. A *Statement of Administrative Sources* used to compile construction material trade statistics is available on the BIS *Building Materials and Components* webpage:

   Separately, HM Revenue and Customs also have a *Statement of Administrative Sources* which covers Overseas Trade Statistics.

5. *The pre-announcement of any major changes to samples or methodology* also details some methodological changes to the collection of data.

6. The following table gives a summary of response rates related to some of the latest survey results. Where the response rate is less than 100%, estimates are made for missing values.

| **Latest data used in December 2012 edition** | **Bulletin table number** | **Response rate** |
|---|---|---|
| Quarterly Sand and Gravel | 4, 5 & 6 | 95% |
| Quarterly Sand and Gravel – Land Won | 4, 5 & 6 | 61% |
| Quarterly Sand and Gravel – Marine Dredged | 4, 5 & 6 | 100% |
| Quarterly Slate | 7 | 83% |
| Monthly Bricks Provisional data | 9 | 99% |
| Monthly Bricks Final data | 9 & 10 | 100% |
| Monthly Concrete Blocks Provisional data | 11 | 82% |
| Monthly Concrete Blocks Final data | 11 | 98% |
| Quarterly Concrete Blocks Final data | 11 & 12 | 98% |
| Quarterly Roofing Tiles | 13 | 71% |

## Uses of the data

7. The *Building Materials and Components* statistics are used for a variety of purposes, including policy development and evaluation concerning the construction products industry, as well as monitoring market trends. In a wider context, the figures are regularly reported in the construction press to facilitate market analysis and business planning for its wide range of readers. The statistics are also increasingly used by financial institutions for assessing market information and industry trends. For more information on the uses of the Building Materials statistics, their usefulness to users and users' views on the quality of these statistics, see Section 3 of the *Building Materials and Components* review.

## Related Statistics

8. The Construction Statistics Annual brings together a wide range of statistics currently available on the construction industry from a variety of sources and provides a broad perspective on statistical trends in the construction industry, with some international comparisons.

9. In its monthly **Index of Production (IoP)** publication, the ONS publishes Gross Value Added (seasonally adjusted, UK) data for the following two industries:

- SIC 23.1-4/7-9 which includes the manufacture of bricks, tiles and other construction products.
- SIC 23.5-66 industry which includes the manufacture of concrete, cement and other products for construction purposes.

These data are not directly comparable with the data in this bulletin, due to differences in coverage and methodology. They are nevertheless useful in illustrating the latest output trends of related construction materials as measured by the ONS.

The latest IoP data show that output in the SIC 23.1-4/7-9 industry fell by 13.5% in the year to November 2012. This was the eleventh successive month in which output fell on this basis, following a 12-month period in which the sector recorded uninterrupted year-on-year growth. Since January 1997, the index (2009=100) was at its second lowest in November 2012 (it's lowest being in June 2012). In 2011 as a whole, the industry expanded by 7.1%, up from 2.5% in 2010.

In the year to November 2012, output in the SIC 23.5-6 industry fell by 11.5%, also the eleventh consecutive fall on this basis, with 21 months in the last 24-month period seeing year-on-year declines. In 2011 as a whole, the sector suffered a 6.1% decline in output, more than offsetting a 4.7% increase in output recorded in 2010.

Turning to the **construction contracting sector**, the latest (non-seasonally adjusted) ONS data indicate that construction output fell by 9.8% in the year to November, a faster pace of decline than in the year to October (down 4.7%) and the eleventh consecutive decline on a year-on-year basis. The fall in the year to November was driven by declines in new public and private commercial non-residential output. In 2011 as a whole, the construction sector achieved growth of 2.2%, down substantially from 8.3% in 2010.

## Revisions

10. Our *revisions policy* can be found on the BIS Building Materials webpage.

11. *The pre-announcement of any major changes to samples or methodology* and *Summary of Revisions* give further information on revisions and other changes to data and can also be found on the BIS Building Materials webpage.

## Further information

The coverage of cement and cementitious statistics changed from UK to GB in 2002 due to data confidentiality issues in Northern Ireland as the number of manufacturers decreased. Where the coverage of figures for other building materials is limited to Great Britain (i.e. sales of sand and gravel, and production, deliveries and stocks of slate, clinker, bricks, concrete building blocks and concrete roofing tiles), no equivalent data are collected for Northern Ireland.

The most recently published bulletin and accompanying data tables can be found on BIS' *Building Materials and Components* website

Accompanying tables with data relating to 2011 are accessible from this link.

Accompanying tables for 2005 - 2010 are accessible from this link.

Requests for older data should be sent to MaterialStats@bis.gsi.gov.uk

Please send us any comments or feedback you may have about this commentary.

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