

Monthly Statistics of Building Materials and Components

Commentary

March 2012

Coverage: UK and Great Britain
Geographical area: Country, region and county
Date of publication: 4 April 2012

Headline results:

- The 'All Work' Construction Material Price Index rose by 5.5% in the year to February, down from 5.7% in the year to January.
- The construction materials experiencing the largest price increases in the year to February were Ceramic Sanitaryware (up 13.8%), Thermal or Acoustic Insulating Materials (up 11.9%) and Metal Doors and Windows (up 10.3%).
- Production of bricks and concrete blocks fell by 0.4% and 5.2%, respectively, in the year to February.
- In 2011Q4, exports of construction materials fell by 6.6% (to £1,441 million) compared to the previous quarter, while imports also fell by 6.1% (to £2,909 million). As a result, the trade deficit in construction materials narrowed by £89 million, to £1,468 million, in 2011Q4.

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS Construction [website](#) on 4 April 2012.

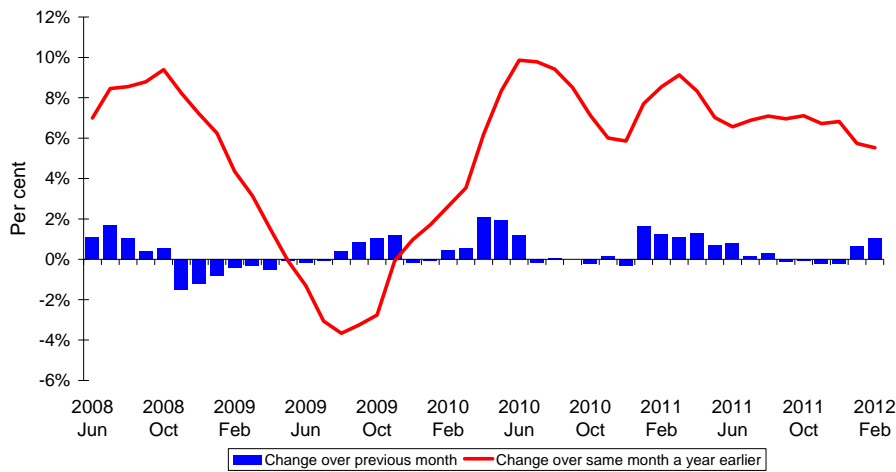
It aims to provide a brief overview of recent trends in the data presented in the bulletin. These data cover the following building materials statistics (in parentheses, the data collection frequency and the geographical area covered):

- 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 (%)



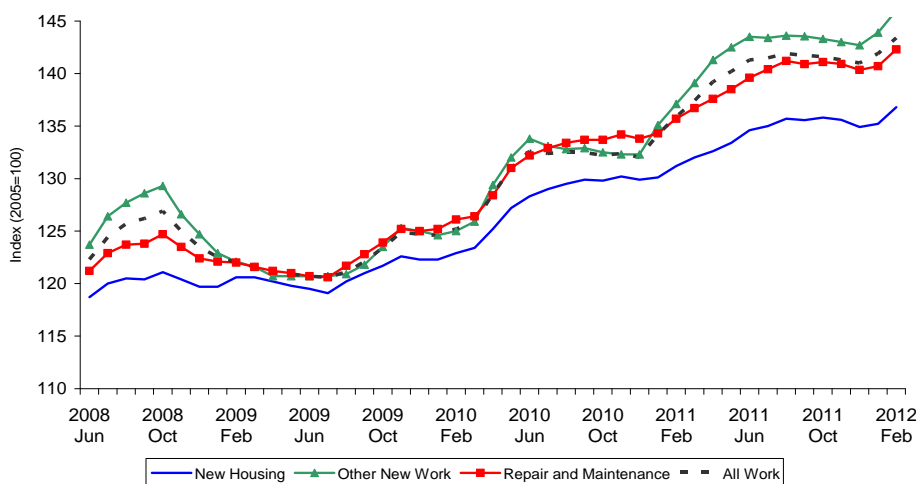
Source: Table 1 Monthly Statistics of Building Materials and Components

The headline ‘All Work’ Construction Material Price index rose by 1.1% on the month in February, after rising by 0.6% on the month in January.

The annual inflation rate was 5.5% in February, lower than in January (5.7%), and the lowest since March 2010 (3.5%).

In 2011 as a whole, ‘All Work’ Construction Material Prices rose by 7.4%.

Chart 2: Construction Material Price Indices, UK
2005 = 100



Source: Table 1 Monthly Statistics of Building Materials and Components

The year-on-year increase in the headline ‘All Work’ price index was broad-based, reflecting increases in all sub-indices.

The ‘Other New Work’ sub-index recorded the largest rise (up 6.5%), followed by ‘Repair and Maintenance’ (up 4.9%) and the ‘New Housing’ (up 4.3%) sub-indices.

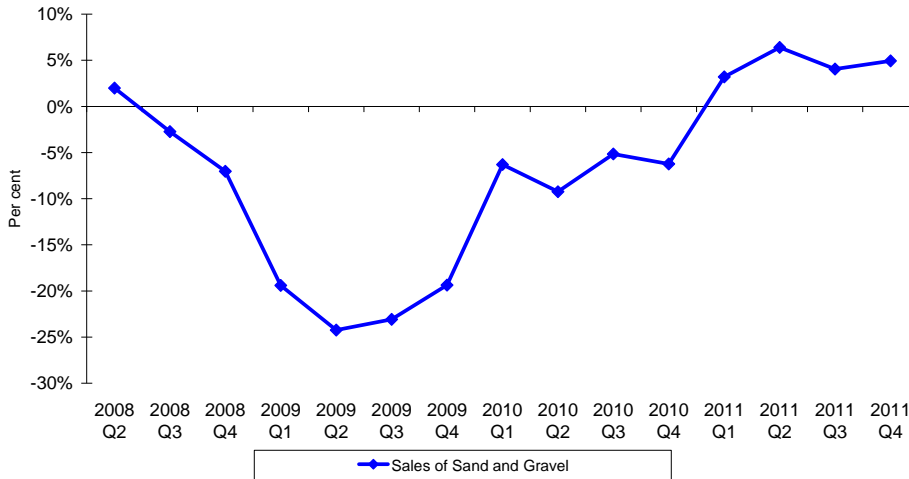
Table 1: Construction materials experiencing the largest price increases and decreases in the year to February 2012, UK

Construction Materials	% change on a year earlier
Largest price increases	
Ceramic Sanitaryware	13.8
Insulating Materials (thermal or acoustic)	11.9
Doors and Windows (metal)	10.3
Largest price decreases	
Imported sawn or planed wood	-2.5
Ceramic tiles	-1.1

Source: Table 2 Monthly Statistics of Building Materials and Components

Ceramic Sanitaryware (up 13.8%), Thermal or Acoustic Insulating Materials (up 11.9%) and Metal Doors and Windows (up 10.3%) experienced the largest price increases in the year to February. Over the same period, there were only two materials that saw price falls, which were Imported Sawn or Planed Wood (down 2.5%) and Ceramic Tiles (down 1.1%).

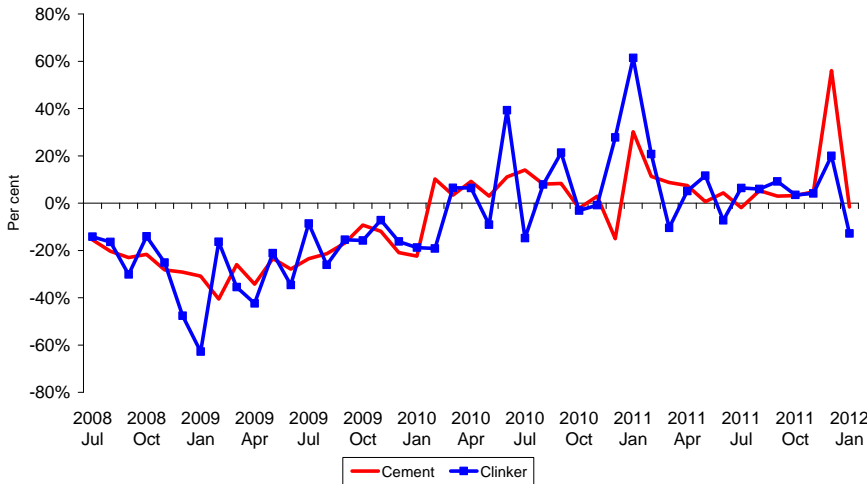
Chart 3: Sales of Sand and Gravel, GB
Percentage change over a year earlier (%)



Source: Table 4 Monthly Statistics of Building Materials and Components

Sales of Sand and Gravel in Great Britain decreased by 8.8% on the quarter in 2011Q4, to 13.4 million tonnes. This is a continuation of the decline seen in the previous quarter (Q3) which followed solid increases in Q1 and Q2. However, compared to the same quarter last year, sales rose (up 4.9%), as was the case in the previous three quarters in 2011.

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

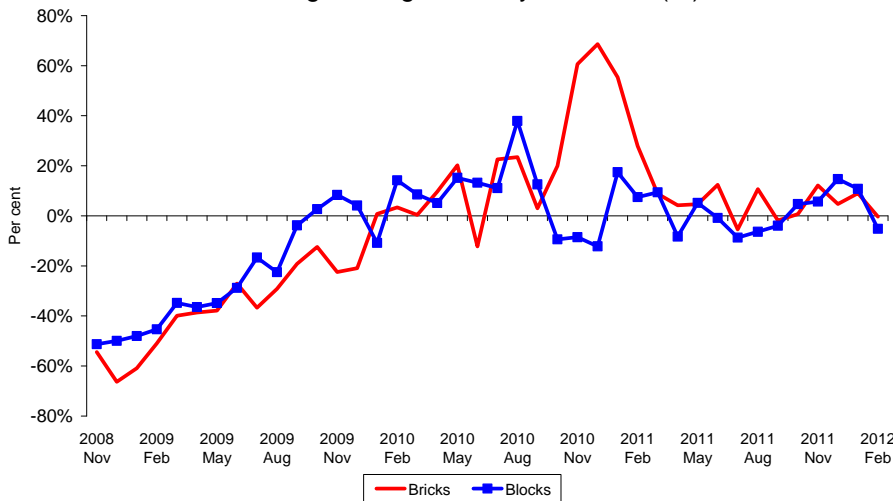


Source: Table 8 Monthly Statistics of Building Materials and Components

Cement production fell by 1.6% to 513 thousand tonnes in the year to January 2012. This decrease follows five successive months of positive year-on-year growth.

Production of Clinker also fell on a year-on-year basis in January (by 12.8%), after six successive increases on this basis.

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

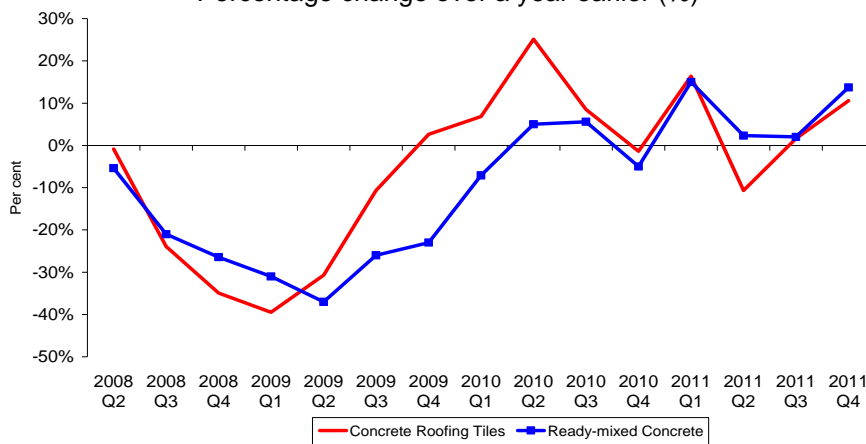


Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components

In the year to February 2012, production of Bricks fell by 0.4%, while Blocks production fell by 5.2% - the first year-on-year falls for both materials since September 2011.

Note: This month's release contains revisions to Bricks data between January 2009 and February 2011 inclusively (see 'Revisions' in Background Notes on page 10).

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

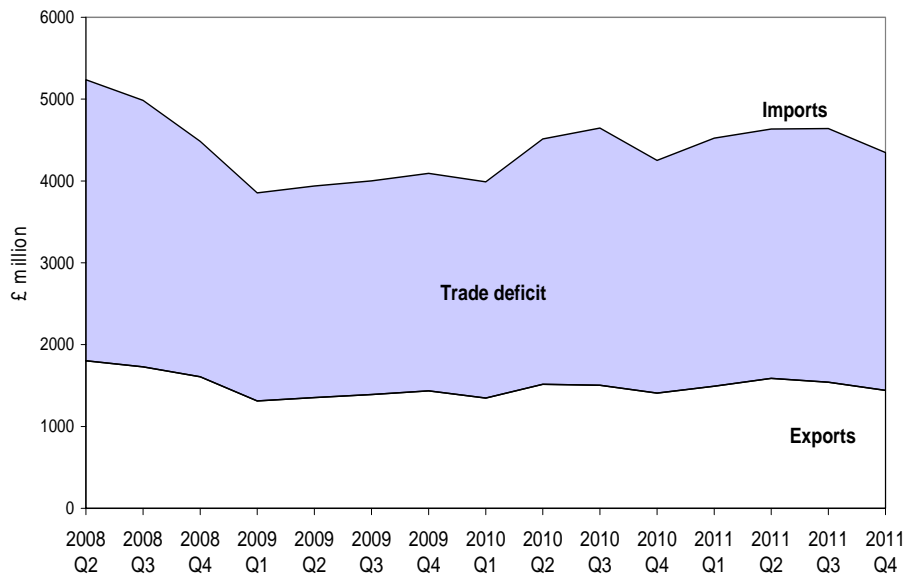


Source: Table 13 Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles continued to recover from a year-on-year fall of 10.7% in 2011Q2, rising by 1.6% on this basis in 2011Q3 and by 10.6% in 2011Q4.

Deliveries of Ready-mixed Concrete rose by 13.7% in the year to 2011Q4, up from 2.0% in the year to 2011Q3.

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



Source: Table 14 Monthly Statistics of Building Materials and Components

Exports of construction materials fell by 6.6% on the quarter in 2011Q4 (to £1,441 million) while imports also fell, by 6.1% (to £2,909 million). As a result, the trade deficit narrowed by £89 million, to £1,468 million, in 2011Q4.

The decrease in the trade deficit in 2011Q4 was due to a narrowing in the trade deficit in 'products and components' and 'semi-manufactures', of £68 and £37 million, respectively. Over the same period, the trade deficit in 'raw materials' widened by £15 million.

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

£ million

Top-5 Exported Materials		Top-5 Imported Materials	
Paints & Varnishes	621	Electrical Wires	1,346
Electrical Wires	572	Structural Units (steel)	643
Structural Units (steel)	470	Sawn Wood > 6mm thick	620
Lamps & Fittings	266	Air Conditioning Equip.	580
Air Conditioning Equip.	263	Central Heating Boilers	571

Source: Table 14 Monthly Statistics of Building Materials and Components

The top five exported materials 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 (more than 6mm thick), Air Conditioning Equipment and Central Heating Boilers.

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

<i>£million (% of total trade in italics)</i>		
All Building Materials & Components	EU	Non-EU
Exports	3,763 <i>62%</i>	2,299 <i>38%</i>
Imports	7,680 <i>64%</i>	4,407 <i>36%</i>

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

Source: Table 15 Monthly Statistics of Building Materials and Components

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

<i>£ million</i>	
Top-5 Export Markets	Top-5 Import Markets
Ireland	819
Germany	629
France	545
Netherlands	465
USA	373
Germany	1,845
China	1,661
Italy	887
Netherlands	701
Spain	588

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.

Source: HMRC Overseas Trade Statistics

Economic background

Revised GDP estimates published by the Office for National Statistics (ONS) on 28 March showed that the UK economy contracted by 0.3% on the quarter in 2011Q4, 0.1 percentage points (ppts) lower than previously estimated. The ONS also revised down by 0.1 ppts its previous estimates, for both 2011Q1 and 2011Q2 growth but revised up its estimate for 2011Q3 growth by 0.1 ppts. As a result, GDP growth in 2011 as a whole came in slightly weaker than last estimated, at 0.7%, down from a previous estimate of 0.8%, and down from 2.1% in 2010.

The breakdown of the quarterly data indicates that the production sector contributed most to the decline in GDP in 2011Q4, with output falling by 1.3%. Within this, manufacturing output, the largest component of industrial production, declined for a second successive quarter, by 0.7%. Output in the other two broad sectors of the economy, services and construction, also fell over the same period, by 0.1% and 0.2%, respectively, following increases in the previous quarter.

Timelier business survey data are more positive, suggesting that activity in both manufacturing and construction rebounded in the first three months of 2012. According to CIPS/Markit, construction activity rose in January and strengthened further in February and March, supported by a rise in new orders and business confidence. The latest CIPS/Markit surveys for the manufacturing sector are also upbeat, "*pointing to output growth of around 0.3% in the first quarter*". What is more, the CBI reported that manufacturer's expectations about trading conditions over the next three months were at their strongest for a year in March, although rapidly rising input costs (as a result of higher oil prices) remained a concern.

Looking further ahead, most commentators remain cautious about future prospects in both sectors. The private sector forecasters polled by Consensus Economics expect, on average, that the manufacturing sector will stagnate (0.0%) this year after expanding by 2.2% in 2011 and 3.7% in 2010. The latest forecasts on construction are not too encouraging either. Organisations such as the Construction Products Association and Experian believe that the sector will contract by over 5% this year, reflecting the combination of public expenditure cuts, rising economic uncertainty and continued weakness in lending to finance private sector projects. Trading conditions, however, are expected to improve in 2013, with growth strengthening substantially in subsequent years.

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 preliminary [findings](#). ONS/MAS are due to complete their work in March 2012 which will inform a full summary Quality Report that will be published by BIS.
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 Amendments](#) to the May 2011 'Monthly Statistics of Building Materials and Components' Publication 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 February 2012 edition	Bulletin table number	Response rate
Quarterly Sand and Gravel	4, 5 & 6	94%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	58%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	100%
Quarterly Slate	7	77%
Monthly Bricks Provisional data	9	94%
Monthly Bricks Final data	9 & 10	100%
Monthly Concrete Blocks Provisional data	11	83%
Monthly Concrete Blocks Final data	11	100%
Quarterly Concrete Blocks Final data	11 & 12	100%
Quarterly Roofing Tiles	13	100%

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. 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 3.4% in the year to January 2012. This was the first year-on-year decline since December 2010. In 2011 as a whole, the industry expanded by 7.0%, up from 3.2% in 2010.

A different picture emerges in the SIC 23.5-66 industry which contracted by 5.1% last year, following growth of 4.6% in 2010. The latest data show that the sector has also started the year on a downbeat note, contracting by 10.9% on a year-on-year basis in January.

Turning to the construction contracting sector, the latest ONS data indicate that construction output fell by 2.3% in the year to January, having increased by 3.8% in the year to December. Looking at 2011 as a whole, the pace of growth has moderated substantially, to 2.4%, from 8.3% in 2010. This was predominantly due to a decline in publicly-funded construction activity and, to a lesser extent, weaker growth in private house-building and infrastructure activity.

Revisions

9. Our [revisions policy](#) can be found on the BIS Building Materials webpage.
10. [The pre-announcement of any major changes to samples or methodology](#) and [Pre-announcements 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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