Department for Business Innovation & Skills

Monthly Statistics of Building Materials and Components

Commentary

March 2013

Coverage: UK and Great Britain
Geographical area: Country, region and county
Date of publication: 3 April 2013

Headline results:

- The 'All Work' Construction Material Price Index rose by 1.5% in the year to February, up from 0.8% in January.
- The construction materials experiencing the largest price increases in the year to February were Sand & Gravel excluding levy (up 6.9%), Sand & Gravel including levy (up 6.6%) and Particle Board (up 5.9%).
- In the year to February, production of bricks fell by 11.6% and production of blocks fell by 13.6%.
- Exports of construction materials fell by 3.9% on the quarter in 2012Q4 (to £1,355 million). Imports fell by 6.7% (to £2,783 million). As a result, the trade deficit narrowed by £144 million, to £1,428 million, in 2012Q4.

Monthly Statistics of Building Materials and Components, March 2013

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS Construction website on 3 April 2013. It aims to provide a brief overview of recent trends in the data presented in the bulletin.

The bulletin presents the latest detailed information on selected building materials and components. It covers the following building materials statistics (in parentheses, the data collection frequency and the geographical area covered):

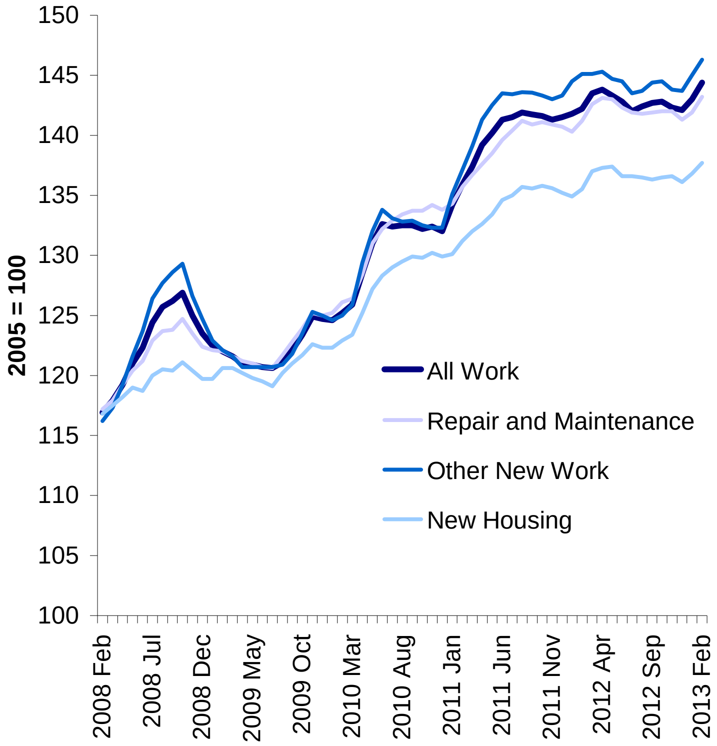
- Construction Material Price Indices (monthly, UK)
- Sand and Gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and Clinker production, deliveries and stocks (monthly, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks 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

The statistics support analysis of the construction materials market and business planning. They are regularly reported in the construction press and are used for a variety of purposes, including policy development and evaluation concerning the construction products industry, as well as monitoring market trends. Further detail is available in this document under Uses of the data.

Summary of results

Chart 1: Construction Material Price Indices, UK

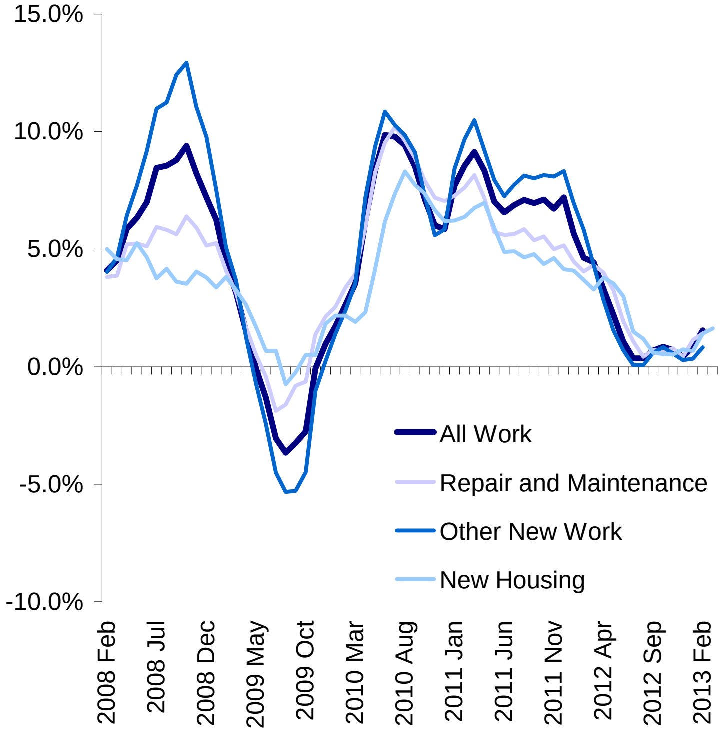


Source: Table 1, Monthly Statistics of Building Materials and Components

The headline ‘All Work’ Construction Material Price index rose by 1.0% on the month in February, following a 0.6% rise on the month in January.

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 rose to 1.5% in February, from 0.8% in January, its highest since June 2012 when it was 1.1%.

Annual inflation rose in all construction sub-sectors in February. The ‘Repair and Maintenance’ sector saw annual inflation rising to 1.4% in February, from 1.1% in January, in the ‘Other New Work’ sector it rose to 0.8% from 0.3% and in the ‘New Housing’ sector it rose to 1.6% from 1.4%.

Table 1: Construction materials experiencing the largest price increases and decreases in the year to February 2013, UK

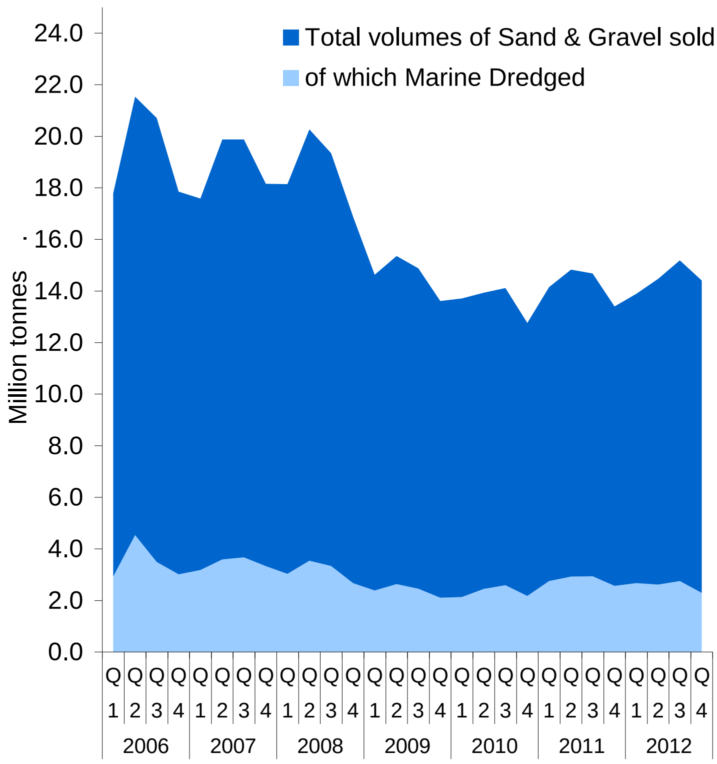
Construction Materials	% change on a year earlier
Largest price increases	
Sand and Gravel (excluding levy)	6.9
Sand and Gravel (including levy)	6.6
Particle Board	5.9
Largest price decreases	
Crushed Rock (including levy)	-8.5
Crushed Rock (excluding levy)	-3.3
Builders Woodwork	-3.3

Source: Table 2 Monthly Statistics of Building Materials and Components

Sand & Gravel excluding levy (up 6.9%), Sand & Gravel including levy (up 6.6%) and Particle Board (up 5.9%) experienced the largest price increases in the year to February. Over the same period, Crushed Rock including levy (down 8.5%), Crushed Rock excluding levy (down 3.3%) and Builders Woodwork (also down 3.3%) experienced the largest price falls.

The aggregates levy (e.g. the levy in 'Sand & Gravel including levy') is a tax on the commercial exploitation of aggregates which applies under certain circumstances. Further information is available from HM Revenue & Customs.

Chart 3: Volumes of Total and Marine Dredged Sand and Gravel sold, GB



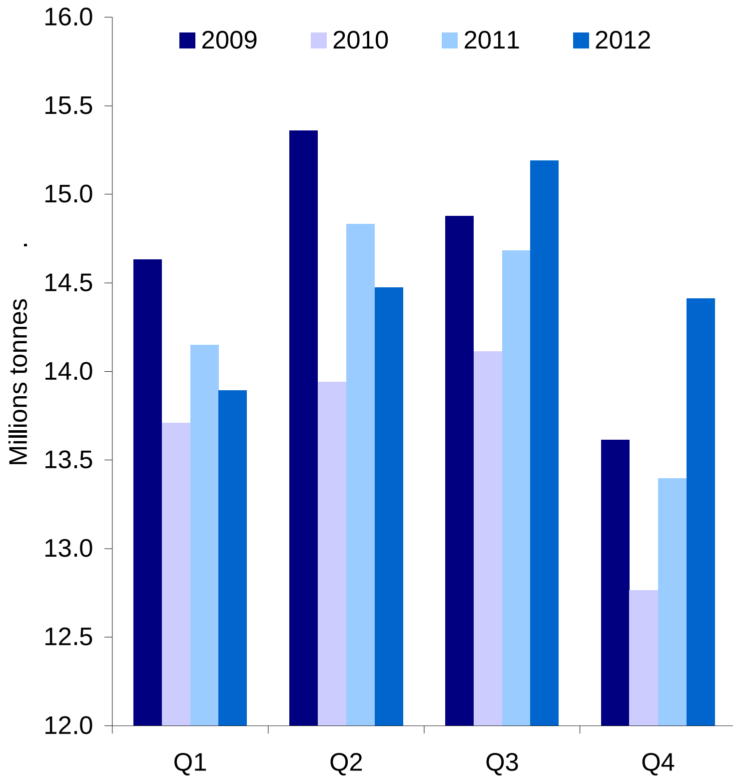
Source: Table 4 Monthly Statistics of Building Materials and Components

Volumes of Sand and Gravel sold in Great Britain decreased by 5.1% on the quarter in 2012Q4, to 14.4 million tonnes. This follows a quarterly increase of 5.0% in 2012Q3.

Chart 3 shows a sharp drop in the total sales trend around the end of 2008. Before the UK economy entered recession in 2008Q2, quarterly sales averaged 19.0 million tonnes. During this recession, sales averaged 17.8 million tonnes. Following this recession (from 2009Q3), sales averaged 14.1 millions tonnes.

The proportion of Sand and Gravel sold that was Marine Dredged has been fairly constant each quarter, ranging between 15.5% and 21.0%.

Chart 4: Volumes of Sand and Gravel sold, GB

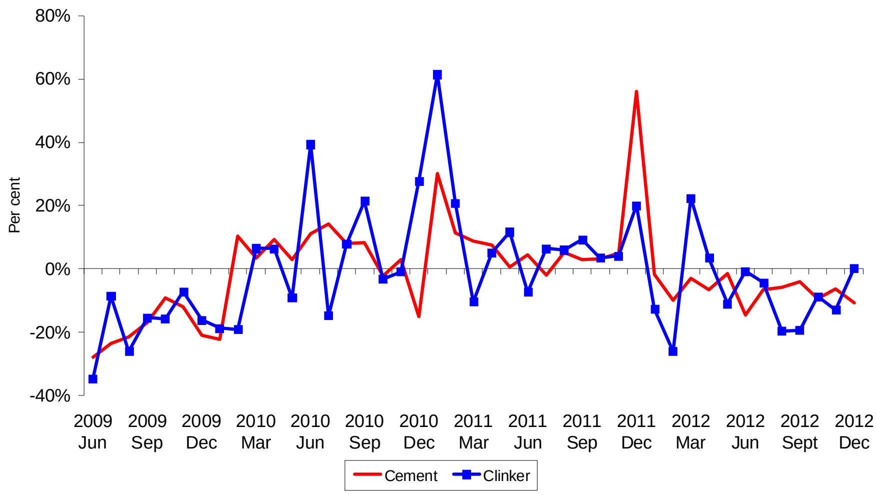


Source: Table 4, Monthly Statistics of Building Materials and Components

A closer look at the differences in total Sand and Gravel sales (Chart 4) shows that the volume sold in quarter 4 of 2012 was the largest compared to the same quarter in each year from 2009 to 2011. Compared to 2011Q4, sales rose by 7.6% in 2012Q4.

Using the same comparison for quarter 3 sales, 2012 were also the largest since 2009. Compared to 2011Q3, sales rose by 3.5% in 2012Q3.

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



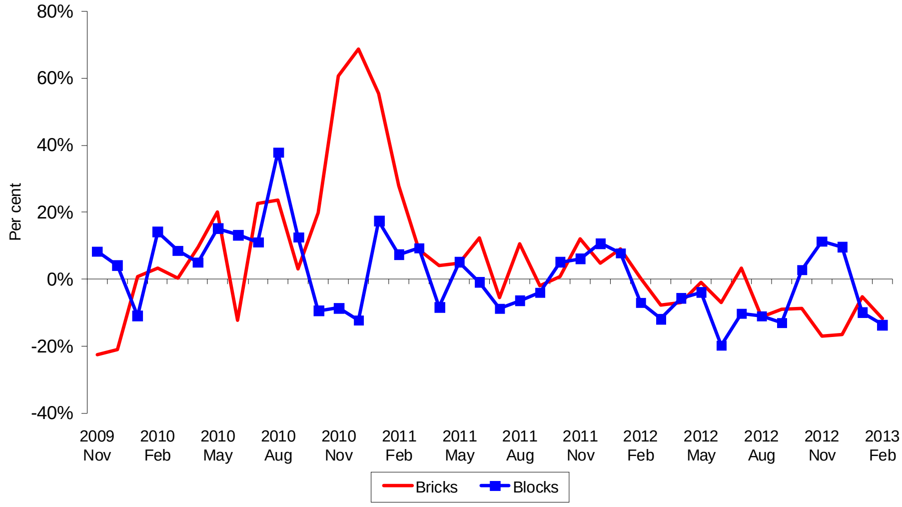
Source: Table 8 Monthly Statistics of Building Materials and Components

Cement production fell by 10.7% to 513 thousand tonnes in the year to December 2012. Production fell on a year-on-year basis in each month of 2012, which was preceded by five successive months of positive year-on-year growth.

Production of Clinker also rose in the year to December, by 0.3%, following a decrease of 12.9% in the year to November. This slight rise is the first following seven successive declines on this basis.

Cement and clinker figures for January 2013, due this month, are temporarily unavailable.

Chart 6: Production of Bricks and Blocks, GB
Percentage change over a year earlier (%)

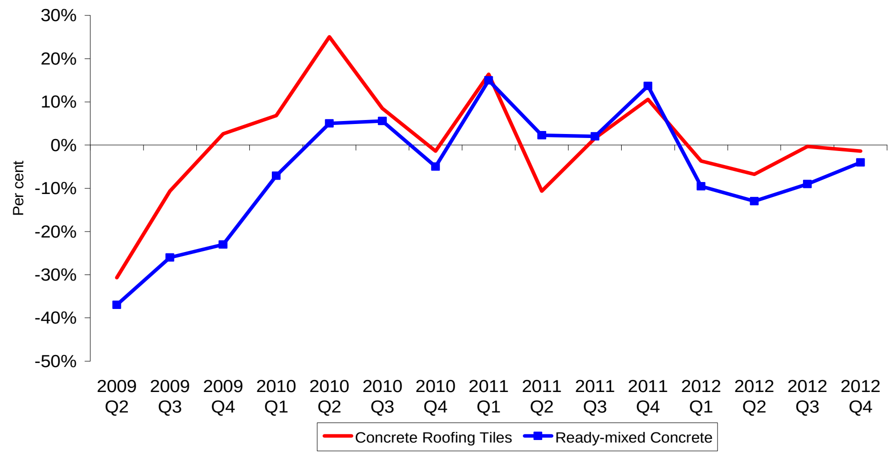


Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components

In the year to February 2013, production of Bricks fell by 11.6%, the eleventh decline on this basis in twelve months.

Production of Blocks also fell in the year to February, by 13.6%, following a 9.8% increase in the year to January. Eight year-on-year declines were seen in 2012 on this basis.

Chart 7: Deliveries of Concrete Roofing Tiles (GB) and Ready-mixed Concrete (UK)
Percentage change over a year earlier (%)

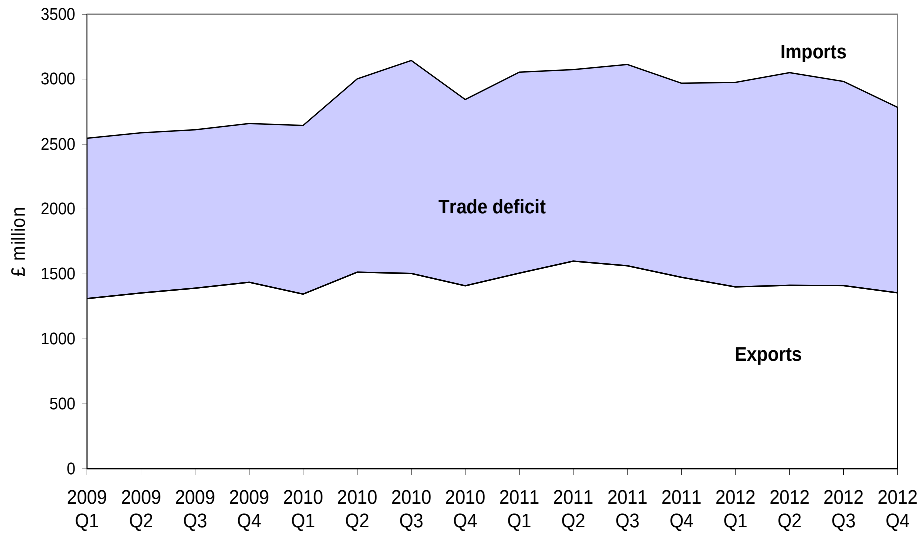


Source: Table 13 Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles declined on a year-on-year basis for the fourth successive quarter in 2012Q4 (down 1.4%), 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 8: Exports and Imports of Construction Materials, UK
£million



Source: Table 14 Monthly Statistics of Building Materials and Components

Exports of construction materials fell by 3.9% on the quarter in 2012Q4 (to £1,355 million). Imports fell by 6.7% (to £2,783 million). As a result, the trade deficit narrowed by £144 million, to £1,428 million, in 2012Q4.

The decrease in the trade deficit in 2012Q4 was largely due to a narrowing in the trade deficit in 'products and components' by £113 million. The trade deficit in 'semi-manufactures' also narrowed, by £24 million, whilst 'raw materials' narrowed by £8 million.

Table 2: Top-5 UK Exported and Imported Construction Materials in 2012

£ million

Top-5 Exported Materials		Top-5 Imported Materials	
Paints & Varnishes	630	Electrical Wires	1,373
Electrical Wires	509	Sawn Wood > 6mm thick	625
Lamps & Fittings	286	Lamps & Fittings	596
Air Conditioning Equip.	255	Central Heating Boilers	524
Plugs & Sockets	215	Air Conditioning Equip.	521

Source: Table 14 Monthly Statistics of Building Materials and Components

The top five exported materials in 2012 were Paints and Varnishes, Electrical Wires, Lamps & Fittings, Air Conditioning Equipment and Plugs & Sockets.

The top five imported construction materials in 2012 were Electrical Wires, Sawn Wood (thicker than 6mm), Lamps & Fittings, Central Heating Boilers and Air Conditioning Equipment.

Table 3: UK Trade of Construction Materials with EU and Non-EU Countries, 2012

£million (% of total trade in italics)

All Building Materials & Components	EU	Non-EU
Exports	3,342	2,236
	60%	*40%*
Imports	7,411	4,380
	63%	*37%*

Source: Table 15 Monthly Statistics of Building Materials and Components

In 2012, around 60% of all building material imports were from EU countries, while 63% of exports were to EU countries.

Table 4: Top 5 UK Export and Import Markets for Construction Materials in 2012

£ million

Top-5 Export Markets		Top-5 Import Markets	
Ireland	673	Germany	1,844
Germany	563	China	1,670
France	491	Italy	819
Netherlands	435	Spain	609
USA	364	Netherlands	560

Source: HMRC Overseas Trade Statistics

The 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, Spain and the Netherlands.

Economic background

The third estimate of GDP by the ONS this month saw a fall of 0.3% on the quarter in 2012Q4, unrevised from last month's second estimate. ONS explained that "*a 'fall-back' effect from the Olympic and Paralympic Games along with the reduced North Sea oil output and weak underlying domestic demand*" contributed to the fall.

The construction sector rose by 0.8% on the quarter, revised down 0.1ppt. According to separate figures published by ONS on 8 March, the fall in construction output was largely driven by falls in private commercial and new public non-housing output. Although the construction sector made a positive contribution to GDP in 2012Q4, this was offset by either very little or negative growth in the other two broad sectors of the economy. The breakdown of the data indicated that the fall in GDP was mostly driven by the industrial production sector which saw its output fall 2.1% on the quarter. Within production, extraction made the largest negative contribution to growth, falling 10.7% on the quarter. There was no growth in the dominant sector of the economy, services (0.0%), revised up 0.1ppt.

However, due to various revisions to quarterly GDP in 2011 and 2012, annual 2012 GDP growth was revised up 0.1ppt to 0.3%. In part, this was driven by a revision to construction output, up 0.1ppt to a fall of 8.1% over the year, and a revision to services, up 0.2ppts to a rise of 1.2% over the year. Production was unrevised, seeing a fall of 2.4% in 2012.

Going forward, most forecasters (including OBR, and those polled by Consensus Economics) expect moderate growth for the UK economy in 2013. In the last month, the Office for Budget Responsibility has downgraded its expectations for the UK economy, expecting it to grow by 0.6% in 2013 rather than by 1.2% as forecast in December. Growth of 1.8% is expected for 2014, also a downward revision (from 2.0%). These revisions, they explain, "*reflect smaller contributions from net trade and consumption, as relatively weak UK export markets reduce the scope for export growth and sluggish disposable income growth weighs on household consumption.*" Growth forecasts are unchanged thereafter, rising steadily each year to 2.8 per cent by 2017. Consensus Economics forecasts (the average of private sector forecasts) are slightly more positive for 2013, expecting growth of 0.9%. However, their forecast of 1.6% for 2014 is more pessimistic than that of the OBR.

Turning to the prospects for construction and manufacturing, two major forecasters downgraded their expectations for growth in the construction sector in their last set of forecasts (both published in January). The Construction Products Association (CPA) and Experian now expect construction output to fall by around 2.2-3.5% in 2013 before the sector returns to growth in 2014 of around 0.8-2.0%. They attribute the weak picture in 2013 to the continued effect of severe cuts in public investment and the inability of the private sector to compensate for these cuts, but see growth for 2014 driven by private sector activity coupled with an ease of the effect of public investment cuts. Both expect growth to gather momentum from 2014 onwards, reaching around 4% in 2015 and 5% in 2016, according to CPA. The near term prospects for the manufacturing sector are also weak. According to the latest Consensus Economics forecasts, moderate growth is expected in the sector for 2013 (+0.4%) and further growth in 2014 (+2.0%).

According to the latest Consensus Economics forecasts, manufacturing output is expected to increase by 0.3% in 2013, a much worse picture than the forecasts for 2013 made in the first half of 2012, which ranged from 1.7%-2.0%. Stronger growth in the sector is forecast in 2014 (1.8%).

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 February 2013 edition	**Bulletin table number**	**Response rate**
Quarterly Sand and Gravel	4, 5 & 6	94%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	60%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	96%
Quarterly Slate	7	67%
Monthly Bricks Provisional data	9	94%
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	96%
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. *Construction Statistics: Sources and Outputs* lists the known sources of information available on the construction industry and their outputs These include information on employees, employment, enterprises, output and new orders in the construction industry as well as the contribution of the industry to the economy. Related information, for example housing, is also included.

9. 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.

10. 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 8.6% in the year to January 2013. This was the thirteenth successive month in which output fell on this basis, following a 12-month period in which the sector recorded uninterrupted year-on-year growth. In 2012 as a whole, the industry contract by 12.7%, down from an expansion of 7.9% in 2011. Monthly indices from April 2012 to January 2013 inclusively have been some of the lowest on record (since January 1997), with 10 of the 15 lowest being in these months (the lowest being in October 2012).

The January 2013 monthly index value was the lowest on record (since January 1997). In the year to January 2013, output in the SIC 23.5-6 industry fell by 21.5%, also the thirteenth consecutive fall on this basis, with 22 months in the last 24-month period seeing year-on-year declines. In 2012 as a whole, the sector suffered a 14.6% decline in output, following a contraction of 5.3% in output recorded in 2011.

Turning to the **construction contracting sector**, the latest (non-seasonally adjusted) ONS data indicate that construction output fell by 7.9% in the year to January 2013, a slower pace of decline than in the year to December 2012 (down 14.5%) and the thirteenth consecutive decline on a year-on-year basis. The fall in the year to January was largely driven by declines in new public and private commercial non-residential output. In 2012 as a whole, the construction sector shrank by 8.2%, more than offsetting growth of 2.2% achieved in 2011.

Revisions

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

12. *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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https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/building-materials-and-components-monthly-statistics-2012

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