



Monthly Statistics of Building Materials and Components

Commentary

July 2013

Coverage: UK and Great Britain
Geographical area: Country, region and
county
Date of publication: 7 August 2013

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Headline results:

- The 'All Work' Construction Material Price Index rose by 0.5% in the year to June, up from -0.1% in May.
- The construction materials experiencing the largest price increases in the year to May were Sand & Gravel including levy (up 5.1%), Thermal/Acoustic Insulating Materials (up 3.8%) and Rigid Pipes and Fittings (up 3.4%)
- In the year to June, deliveries of bricks rose by 28.3% and deliveries of blocks rose by 20.6%.
- Exports of construction materials rose by 0.2% on the quarter in 2013Q1 (to £1,360 million). Imports rose by 4.6% (to £2,949 million). As a result, the trade deficit widened by £127 million, to £1,588 million, in 2013Q1.

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS Construction [website](#) on 7 August 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):

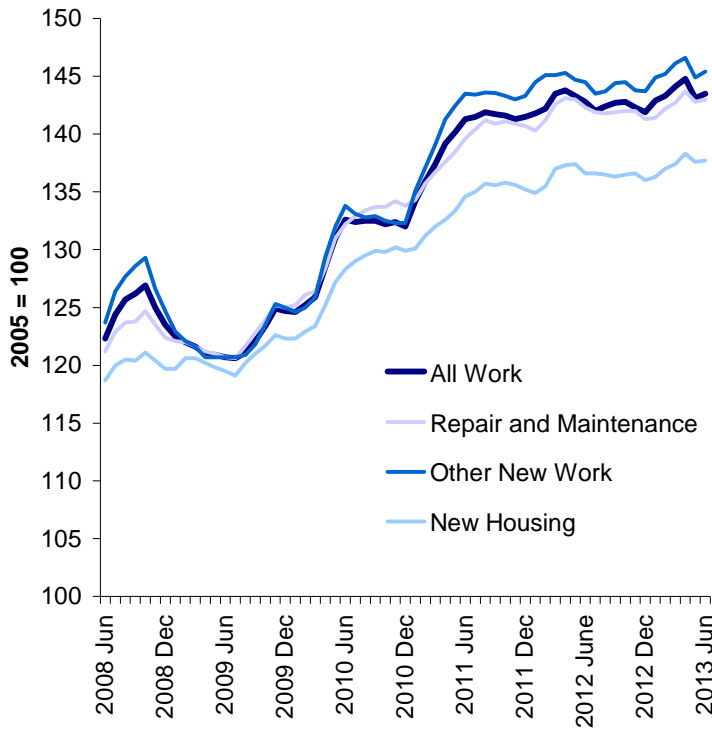
- Construction Material Price Indices (monthly, UK)
- Sand and Gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and Clinker production, deliveries and stocks (monthly, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks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

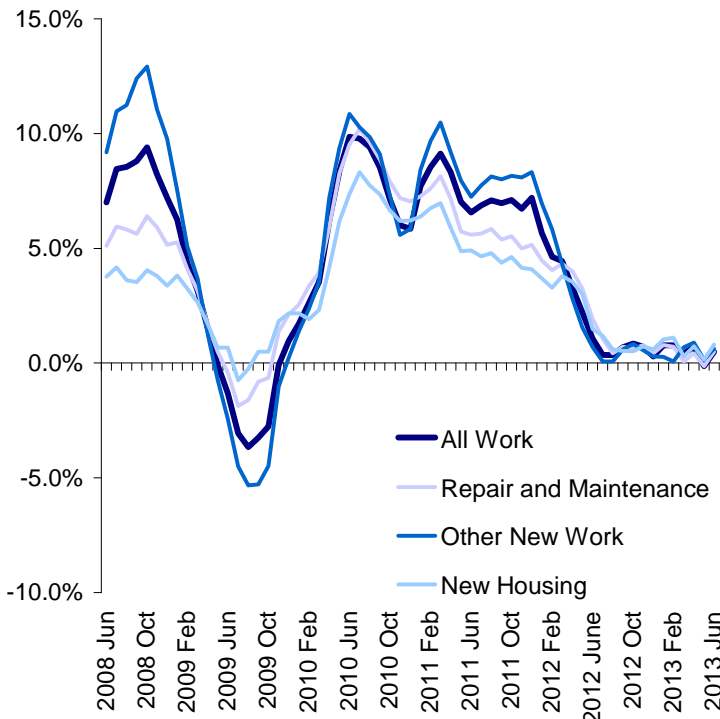


The headline 'All Work' Construction Material Price index rose by 0.3% on the month in June, following a 1.2% fall on the month in May.

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

Chart 2: Growth in Construction Material Price Indices, UK

Percentage change over a year earlier (%)



Annual construction material price inflation rose to 0.5% in June, from -0.1% in May. Although annual inflation has been less than 1.0% in each month since July 2012, May was the first month since November 2009 to record negative annual inflation.

Annual inflation fell in all construction sub-sectors in June. The 'Repair and Maintenance' sector saw annual inflation rise to 0.5% in June, from -0.1% in May, in the 'New Housing' sector it rose to 0.8% from 0.1% and in the 'Other New Work' sector it rose to 0.6% from 0.1%.

Source: Table 1 Monthly Statistics of Building Materials and Components

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

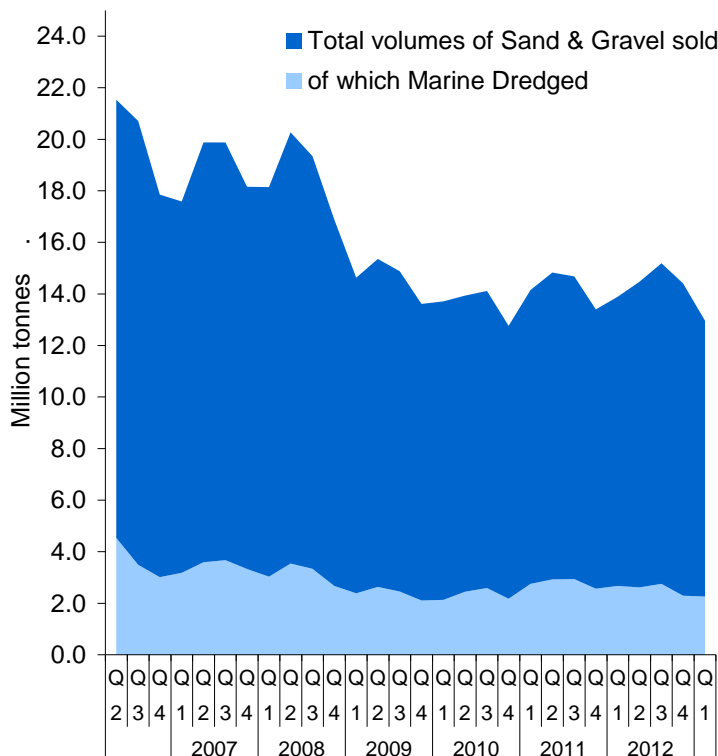
Construction Materials	% change on a year earlier
Largest price increases	
Sand and Gravel (including levy)	5.1
Insulating Materials (Thermal/Acoustic)	3.8
Pipes and Fittings (Rigid)	3.4
Largest price decreases	
Concrete Reinforcing Bars	-5.3
Fabricated Structural Steel	-3.7
Coated Roadstone (excluding levy)	-2.8

Sand & Gravel including levy (up 5.1%), Thermal or Acoustic Insulating Materials (up 3.8%) and Rigid Pipes and Fittings (up 3.4%) experienced the largest price increases in the year to June. Over the same period, Concrete Reinforcing Bars (down 5.3%), Fabricated Structural Steel (down 3.7%) and Coated Roadstone excluding levy (down 2.8%) 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](http://www.hmrc.gov.uk/levies/agg.htm).

Source: Table 2 Monthly Statistics of Building Materials and Components

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



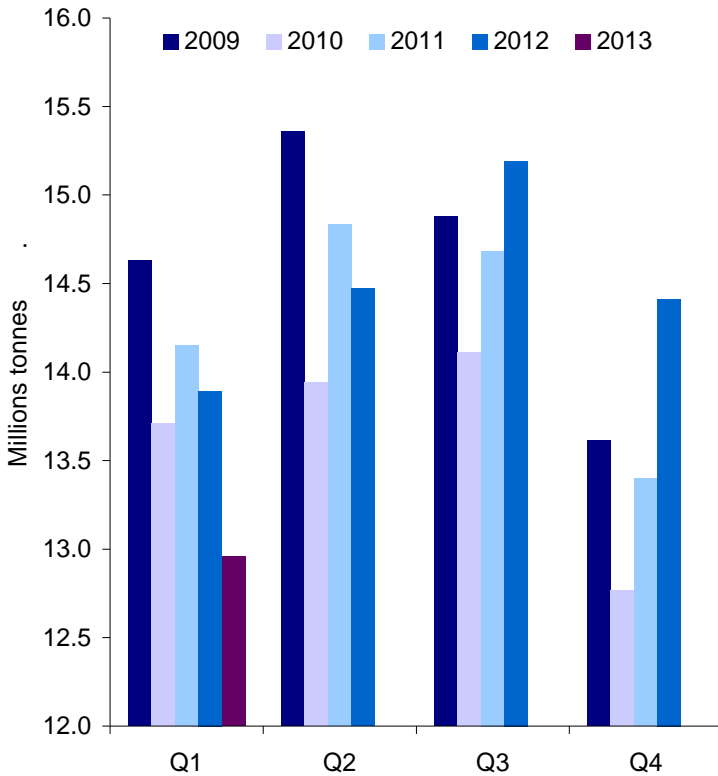
Source: Table 4 Monthly Statistics of Building Materials and Components

Volumes of Sand and Gravel sold in Great Britain decreased by 10.1% on the quarter in 2013Q1, to 13.0 million tonnes. This follows a quarterly decrease of 5.1% in 2012Q4.

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 19.1 million tonnes. During this recession, sales averaged 17.8 million tonnes. Following this recession (from 2009Q3), sales averaged 14.1 million 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% of total sales.

Chart 4: Volumes of Sand and Gravel sold, GB



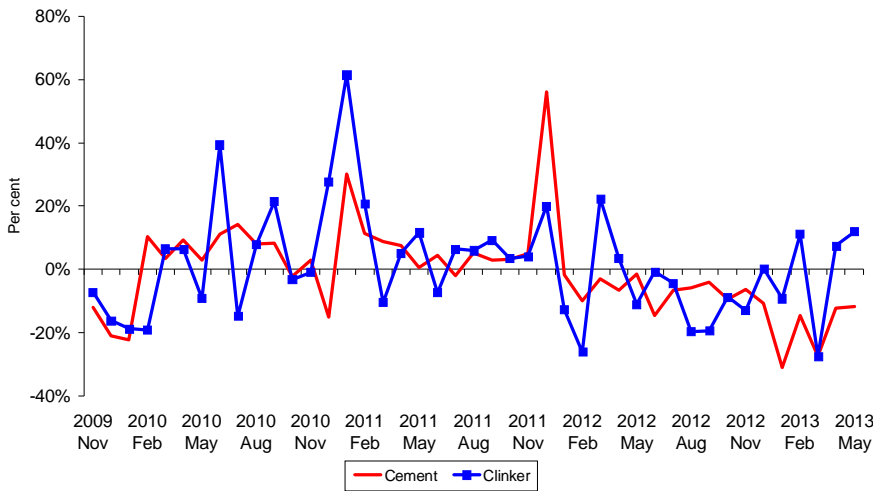
A closer look at the differences in total Sand and Gravel sales (Chart 4) shows that the volume sold in quarter 4 of 2012 was the largest compared to the same quarter in each year from 2009 to 2011. Compared to 2011Q4, sales rose by 7.6% in 2012Q4.

Continuing to compare sales in the same quarter across each year, quarter 3 sales in 2012 were also the largest since 2009. Compared to 2011Q3, sales rose by 3.5% in 2012Q3.

However, provisional sales figures suggest that quarter 1 sales volumes in 2013 were the lowest seen in the first quarter of any year since 2009, falling 6.7% from 2012Q1.

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

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

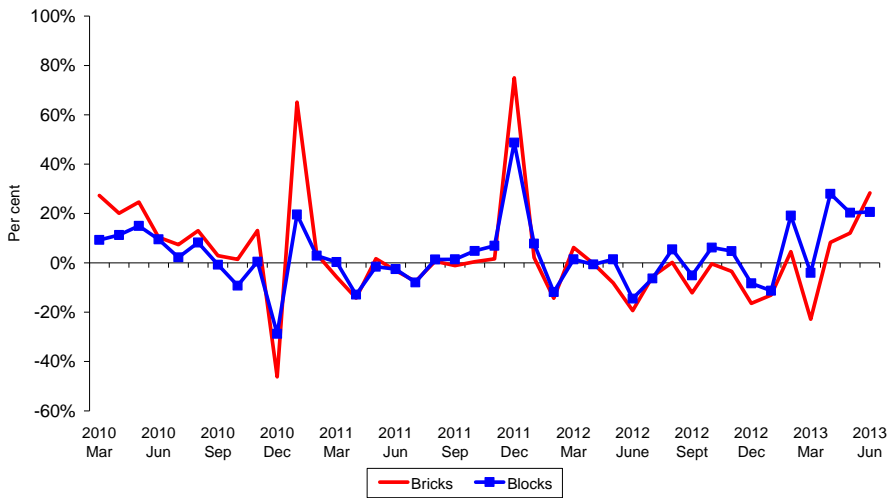


Source: Table 8 Monthly Statistics of Building Materials and Components

Cement production fell by 11.6% to 642 thousand tonnes in the year to May 2013. Production has fallen on a year-on-year basis in each month from January 2012. Each month in 2011 except July saw positive year-on-year growth.

Production of Clinker rose in the year to May, by 12.0%, following an increase of 7.5% in the year to April. This is the fourth increase on this basis in the twelve months to April.

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

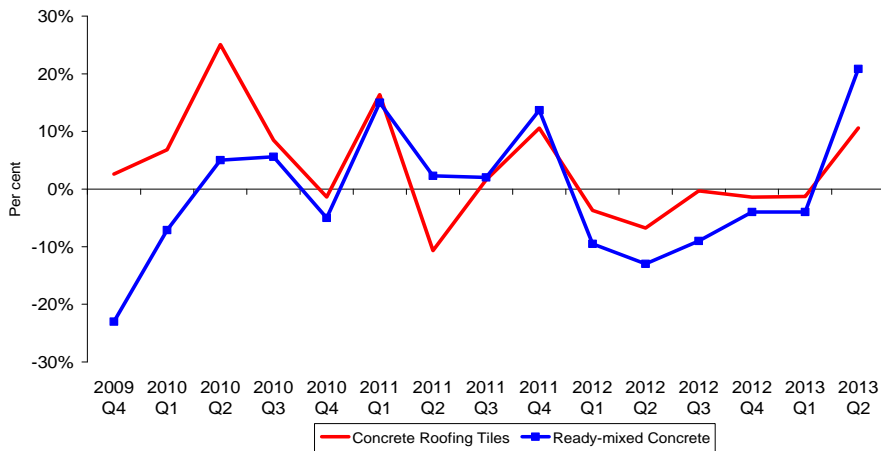


Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components

In the year to June 2013, deliveries of Bricks rose by 28.3%, following a rise of 12.0% in the year to May. This increase in brick deliveries coincides with a reported surge in recent house building activity (see the [Economic Background](#) for further detail)

Production of Blocks rose in the year to June, by 20.6%, following a 20.3% increase in the year to May. Deliveries (non-seasonally adjusted) in May were the highest since July 2008.

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

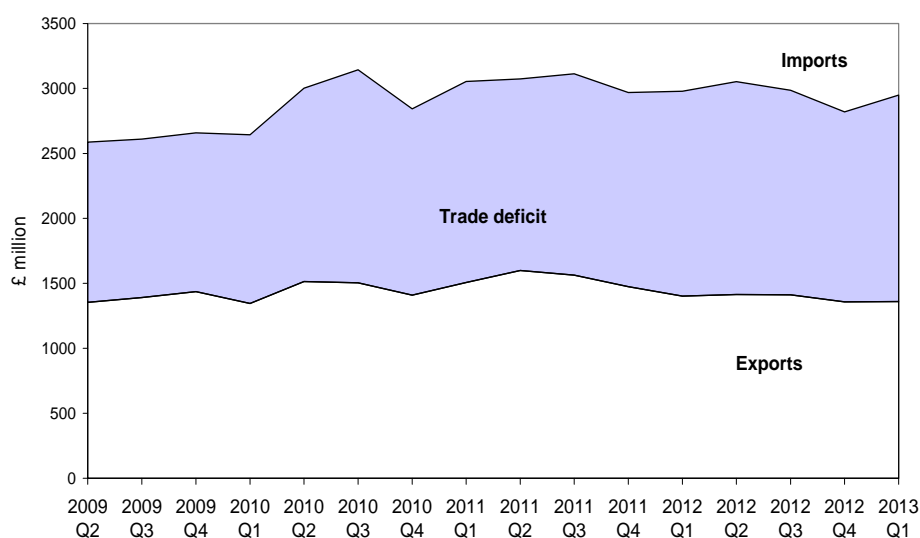


Source: Table 13 Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles in 2013Q2 increased (up 10.6%) on a year-on-year basis for the first time since 2011Q4, with deliveries in Q2 sufficient to cover roughly 4.5 million square metres of roof area.

Deliveries of Ready-mixed Concrete also rose, by 20.9%, in the year to 2013Q2. This was also the first year-on-year increase since 2011Q4. Comparing deliveries in 2012 with 2011, delivery volumes fell 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 rose by 0.2% on the quarter in 2013Q1 (to £1,360 million). Imports also rose, by 4.6% (to £2,949 million). As a result, the trade deficit widened by £127 million, to £1,588 million, in 2013Q1.

The increase in the trade deficit in 2013Q1 was largely due to a widening in the trade deficit in 'products and components' by £80 million. The trade deficit in 'semi-manufactures' also widened, by £39 million, as did 'raw materials', by £7 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	1,381
Electrical Wires	512	Sawn Wood > 6mm thick	626
Lamps & Fittings	287	Lamps & Fittings	597
Air Conditioning Equip.	255	Central Heating Boilers	524
Plugs & Sockets	217	Air Conditioning Equip.	522

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	3,348 <i>60%</i>	2,236 <i>40%</i>
Imports	7,457 <i>63%</i>	4,380 <i>37%</i>

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

£ million

Top-5 Export Markets		Top-5 Import Markets	
Ireland	674	Germany	1,853
Germany	564	China	1,670
France	492	Italy	822
Netherlands	433	Spain	610
USA	364	Netherlands	575

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.

Source: HMRC Overseas Trade Statistics

Economic background

Preliminary estimates of GDP, published by the Office for National Statistics (ONS) on 25 July, reported that the economy grew by 0.6% on the quarter in 2013Q2. This followed growth of 0.3% on the quarter in 2013Q1. GDP has gradually increased since the recession (between 2008Q2 and 2009Q3) however it remains 3.3% below its pre-recession peak (in 2008Q1).

Of the three broad sectors of the economy, growth of 0.6% in services largely drove the estimated rise in GDP between 2013Q1 and 2013Q2. Industrial production, another broad sector, saw growth of 0.6% over the same period. Manufacturing output, which accounts for nearly two-thirds of total production, rose by 0.4%, after contracting in each of the last two quarters. Construction output, the other broad sector, rose 0.9% after contracting in six out of the last seven quarters. Between 2012Q2 and 2013Q2 construction output decreased by 1.0%.

According to CIPS/Markit, construction activity rose in May and June, which they report is supported by an increase in house building activity. Similarly, the latest reports from the Bank of England regional agents suggest that increases in house building activity has helped ease the annual rate of decline in construction output.

Going forwards, Consensus Economics (which uses an average of private sector forecasts) has upgraded GDP expectations for 2013 to 1.0% this month, saying its panel member were prompted by “further signs of recovery in the UK service and manufacturing sectors, alongside a recent upturn in housing market activity”.

Two major forecasters have revised their expectations for growth in the construction sector. The Construction Products Association (CPA) now expects a fall in construction output of 1.5% in 2013 (previously -2.1%) before output rebounds to positive growth of 2.2% in 2014 (previously +1.9%); each representing upgrades to their previous forecasts made in April. This growth is “expected to be driven primarily by private sector activity, coupled with a general improvement across the wider economy.” Construction output is also expected to grow in 2015 (+4.5%) and 2016 (+5.0%), with CPA expecting the recovery to be led by private housing and infrastructure. Experian now expect a fall in construction output of 2.3% in 2013 (previously -2.6%) and growth of 1.0% in 2014 (previously +0.8%), citing the slightly better prospects for the UK economy as their reason for the upward revisions. However, Experian have cut their forecast for 2015 from 3.0% to 2.5% growth, due to the uncertainty they see “around the timing of the start of main works on new nuclear build projects, or in fact whether they will begin in this forecast period at all.”

According to the latest Consensus Economics forecasts, manufacturing output is expected to decline in 2013, by 0.5%, unchanged from last month’s forecast. Growth is expected to return in the sector in 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 June 2013 edition	Bulletin table number	Response rate
Quarterly Sand and Gravel	4, 5 & 6	90%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	53%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	100%
Quarterly Slate	7	70%
Monthly Bricks Provisional data	9	97%
Monthly Bricks Final data	9 & 10	100%
Monthly Concrete Blocks Provisional data	11	82%
Monthly Concrete Blocks Final data	11	91%
Quarterly Concrete Blocks Final data	11 & 12	91%
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. [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 23.5-6 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 3.5% in the year to May 2013. This was the seventeenth 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 contracted by 12.2%, down from an expansion of 7.0% in 2011. Monthly indices (2010=100) from March 2012 to May 2013 inclusively have been some of the lowest on record (since January 1997), with 15 of the 29 values below 100.0 featuring in this period (the lowest being in October 2012).

In the year to May 2013, output in the SIC 23.5-6 industry fell by 15.6%, also the seventeenth consecutive fall on this basis, with 27 months in the last 36-month period seeing year-on-year declines. Monthly indices from December 2012 to May 2013 have seen the lowest monthly index values on record (since January 1997). In 2012 as a whole, the sector suffered a 14.7% decline in output, following a contraction of 6.3% in output recorded in 2011.

Turning to the **construction contracting sector**, the latest (seasonally adjusted) ONS data indicate that the volume of construction output fell 2.4% between 2012Q4 and 2013Q1. Compared to the same quarter in the previous year, construction output fell 6.3%, the fifth consecutive decline on this basis. The fall in the year to 2013Q1 was largely driven by declines in new public and private commercial non-residential output. A new seasonally adjusted monthly series reported no change in output volumes between April and May, however ONS emphasise that “due to seasonal adjustment taking place on the minimum amount of data points used to interpret the seasonal effects (36 months), there is potential for increased revisions until the seasonal pattern is established within the time series”. In 2012 as a whole, the construction sector shrank by 8.0%, more than offsetting growth of 2.4% 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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Statistical Contact: James Liley
Tel: +44 (0)207 215 6221
Email: MaterialStats@bis.gsi.gov.uk

Website: BIS Building Materials Construction Statistics,
<https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/building-materials-and-components-monthly-statistics-2012>

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