



Monthly Statistics of Building Materials and Components

Commentary

June 2013

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

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Headline results:

- The 'All Work' Construction Material Price Index fell by 0.1% in the year to May, down from 0.7% in April.
- The construction materials experiencing the largest price increases in the year to May were Sand & Gravel including levy (up 8.9%), Sand & Gravel excluding levy (up 6.1%) and Particle Board (up 5.7%)
- In the year to May, deliveries of bricks rose by 11.7% and deliveries of blocks rose by 16.0%.
- 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 3 July 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):

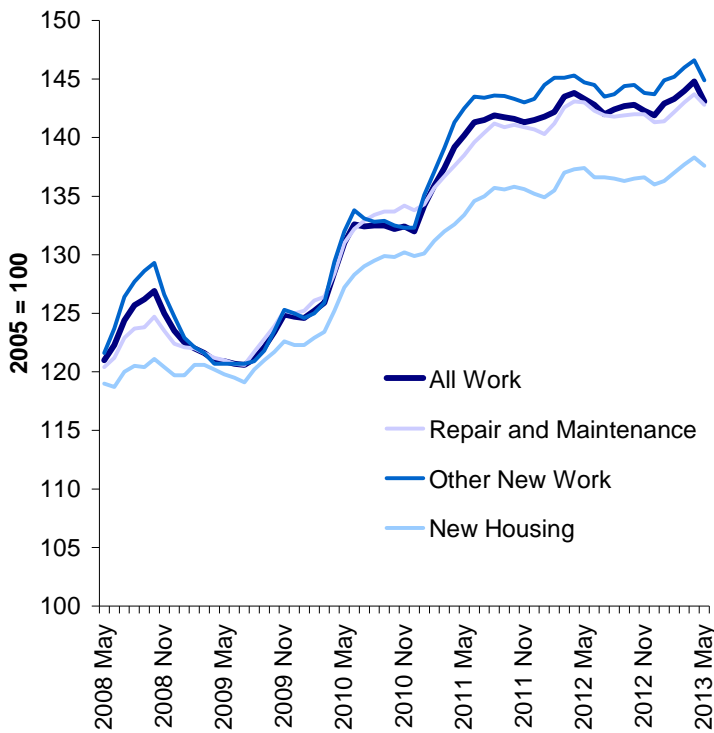
- Construction Material Price Indices (monthly, UK)
- Sand and Gravel sales (quarterly, GB*)
- Slate production, deliveries and stocks (quarterly, GB)
- Cement and Clinker production, deliveries and stocks (monthly, GB)
- Bricks production, deliveries and stocks (monthly, GB*)
- Concrete building blocks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

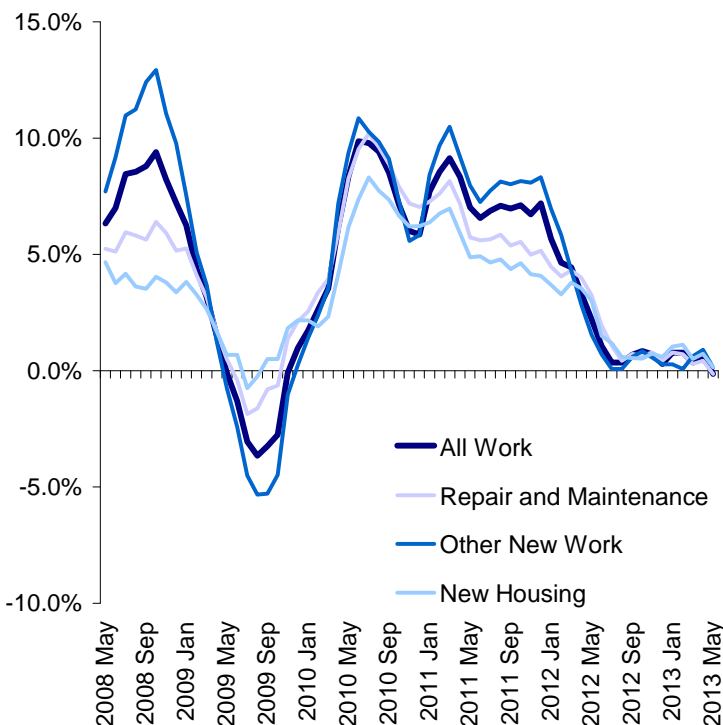


The headline 'All Work' Construction Material Price index fell by 1.2% on the month in May, following a 0.6% rise on the month in April.

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 fell to -0.1% in May, from 0.7% in April. Although annual inflation has been less than 1.0% in each month since July 2012, May is the first month since November 2009 to record negative annual inflation.

Annual inflation fell in all construction sub-sectors in May. The 'Repair and Maintenance' sector saw annual inflation fall to -0.1% in May, from 0.4% in April, in the 'New Housing' sector it fell to 0.1% from 0.7% and in the 'Other New Work' sector it fell to 0.1% from 0.9%.

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 May 2013, UK

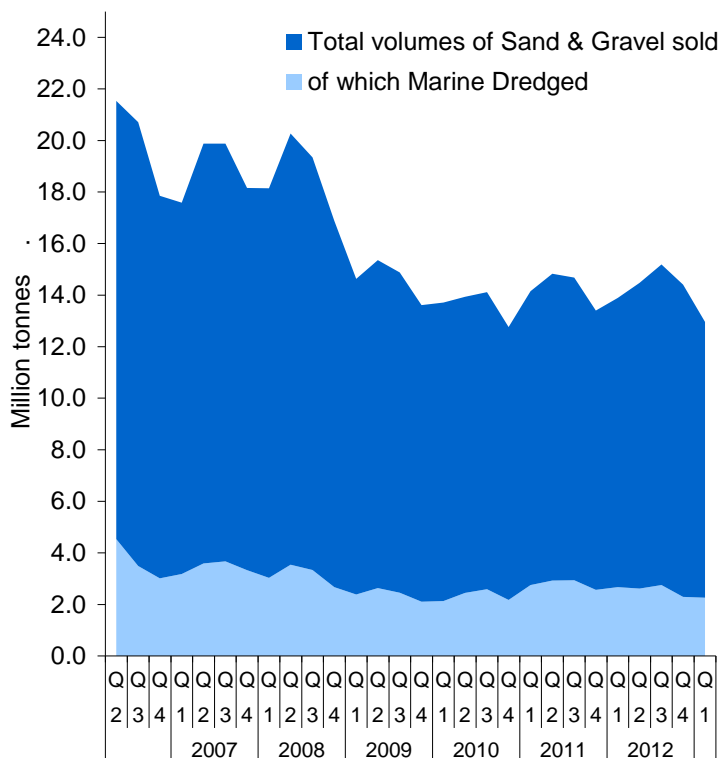
Construction Materials	% change on a year earlier
Largest price increases	
Sand and Gravel (including levy)	8.9
Sand and Gravel (excluding levy)	6.1
Particle Board	5.7
Largest price decreases	
Concrete Reinforcing Bars	-6.3
Fabricated Structural Steel	-4.1
Coated Roadstone (excluding levy)	-3.3

Sand & Gravel including levy (up 8.9%), Sand & Gravel excluding levy (up 6.1%) and Particle Board (up 5.7%) experienced the largest price increases in the year to May. Over the same period, Concrete Reinforcing Bars (down 6.3%), Fabricated Structural Steel (down 4.1%) and Coated Roadstone excluding levy (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](#).

Source: Table 2 Monthly Statistics of Building Materials and Components

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



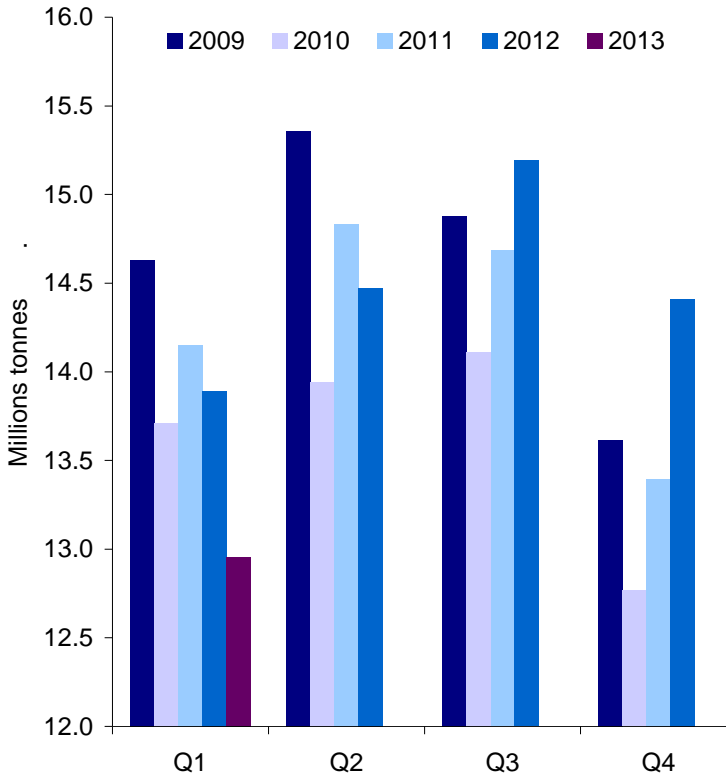
Source: Table 4 Monthly Statistics of Building Materials and Components

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



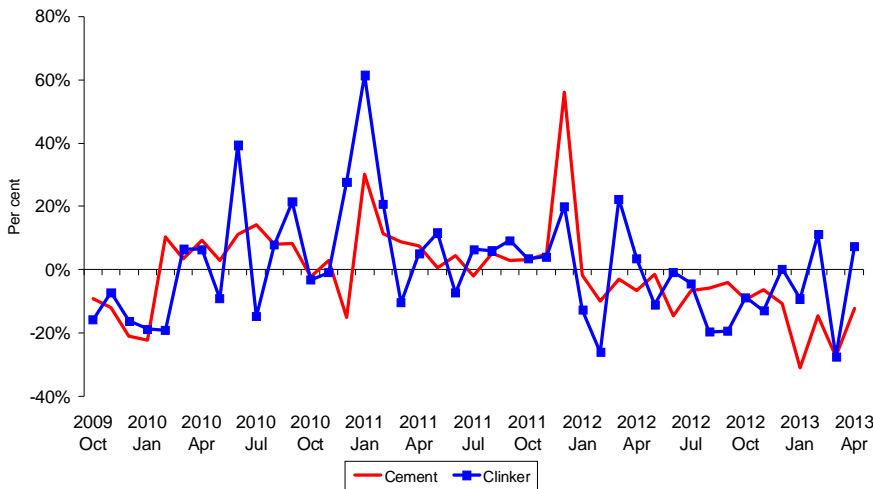
A closer look at the differences in total Sand and Gravel sales (Chart 4) shows that the volume sold in quarter 4 of 2012 was the largest compared to the same quarter in each year from 2009 to 2011. Compared to 2011Q4, sales rose by 7.6% in 2012Q4.

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 (%)

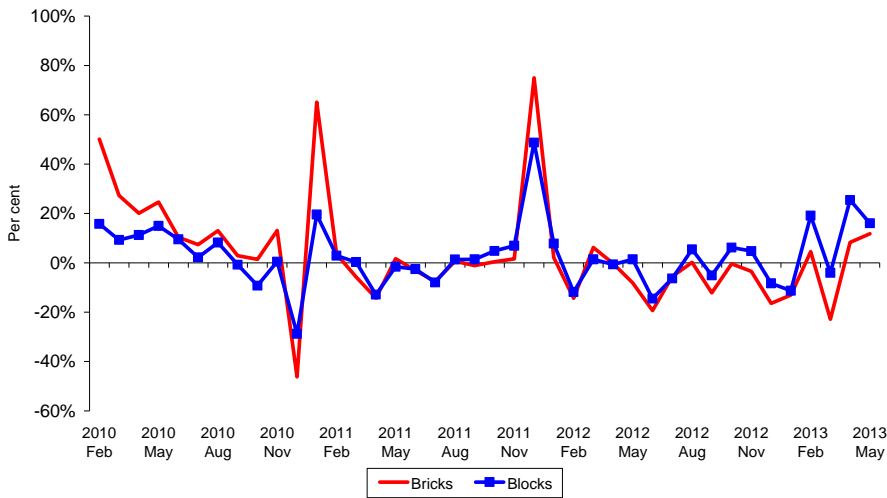


Source: Table 8 Monthly Statistics of Building Materials and Components

Cement production fell by 12.2% to 596 thousand tonnes in the year to April 2013. Production has fallen on a year-on-year basis in each month from January 2012, which was preceded by five successive months of positive year-on-year growth.

Production of Clinker rose in the year to April, by 7.5%, following a decrease of 27.4% in the year to March. This is the third increase on this basis in the twelve months to April.

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

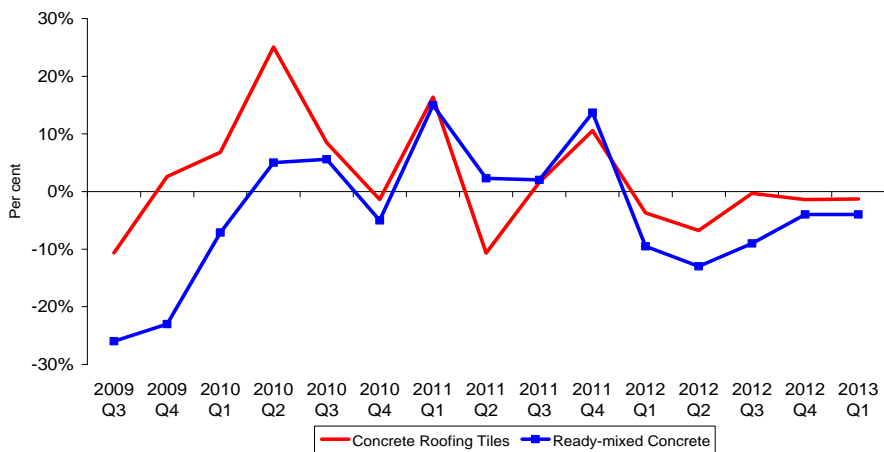


Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components

In the year to May 2013, deliveries of Bricks rose by 11.7%, following a rise of 8.3% in the year to April.

Production of Blocks rose in the year to May, by 16.0%, following a 25.5% increase in the year to April. 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 (%)

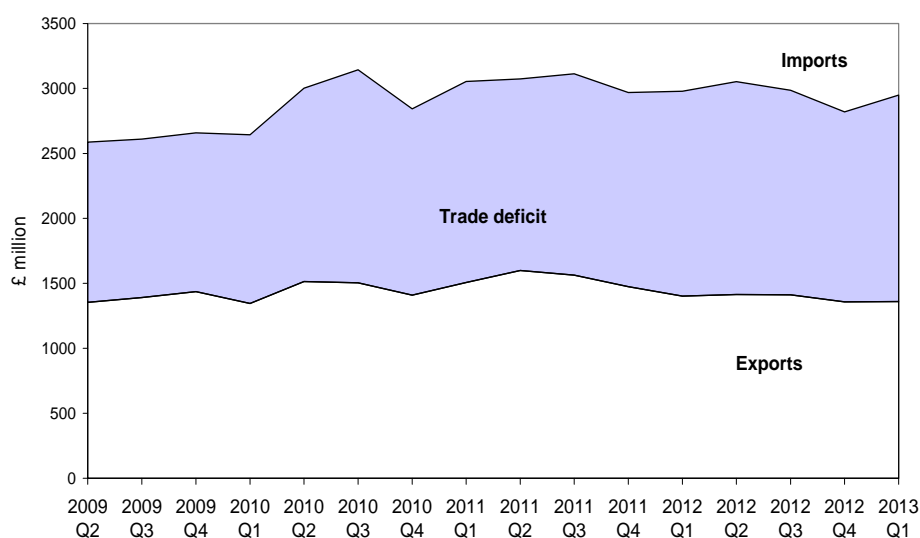


Source: Table 13 Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles declined on a year-on-year basis for the fifth successive quarter in 2013Q1 (down 1.3%), with deliveries in Q1 sufficient to cover roughly 3.9 million square metres of roof area.

Deliveries of Ready-mixed Concrete fell by 4.0% in the year to 2013Q1. Deliveries also 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 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

The third estimate of GDP by the ONS this month saw GDP rise by 0.3% on the quarter in 2013Q1, unrevised from last month's second estimate. However, growth in construction and industrial production – two of three broad economy sectors – were revised up. Meanwhile, growth in the services sector (the other broad sector) was revised down, from 0.6% to 0.5%.

With these revisions, growth in industrial production rose by 0.3% on the quarter while construction contracted by 1.8%. However, construction growth was revised from a contraction of 2.4%. This revision is partly driven by the introduction of a seasonally adjusted monthly series for [Output in the Construction Industry](#). The seasonally adjusted quarterly series forms a component of the output measure of GDP, which, as from the [ONS United Kingdom Economic Accounts, Q1 2013](#) (consistent with ONS Blue Book 2013), is now calculated as the sum of three seasonally adjusted monthly estimates. As a result, the quarterly path of construction output in the years since 2010 sees a slightly higher seasonally adjusted level of output in the first quarter of each year, offset by slightly lower levels in the other quarters. Further information on the changes are provided by ONS in [Improvements to the methods used to compile Output in the Construction Industry statistics](#) and further data on the seasonally adjusted monthly series will be available in each edition of the [Output in the Construction Industry](#) from the May edition, due for publication on 12 July 2013.

Going forward, two major forecasters set out their expectations for growth in the construction sector in April in their set of Spring forecasts. The Construction Products Association (CPA) forecast a fall in construction output of 2.1% in 2013 before output rebounds to positive growth of 1.9% in 2014; each representing downgrades to their previous forecasts made in January. Construction output is also expected to grow in 2015 (+3.8%) and 2016 (+4.7%). Similarly, in its recent Spring forecasts, Experian also expects the sector to contract in 2013, by 2.6%, and return to growth in 2014, by 0.8%. Both forecasters cite the continued effect of severe cuts in public investment and the inability of the private sector to compensate for these cuts as reasons for their downbeat forecasts for 2013, 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 decline in 2013, by 0.5%. This expectation represents a downgrade, with a decline of 0.3% forecast last month. 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	80%
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	91%
Quarterly Concrete Blocks Final data	11 & 12	91%
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 4.0% in the year to April 2013. This was the sixteenth 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 12.7%, down from an expansion of 7.9% in 2011. Monthly indices from May 2012 to April 2013 inclusively have been some of the lowest on record (since January 1997), with 13 of the 18 values below 100.0 falling in this period (the lowest being in October 2012).

In the year to March 2013, output in the SIC 23.5-6 industry fell by 12.5%, also the sixteenth consecutive fall on this basis, with 26 months in the last 36-month period seeing year-on-year declines. The March 2013 monthly index value was the lowest on record (since January 1997) and January, April and February 2013 were the second, third and fourth lowest respectively. 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 8.7% between 2012Q4 and 2013Q1. Compared to the same quarter in the previous year, construction output fell 6.4%, 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. In 2012 as a whole (seasonally adjusted), 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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