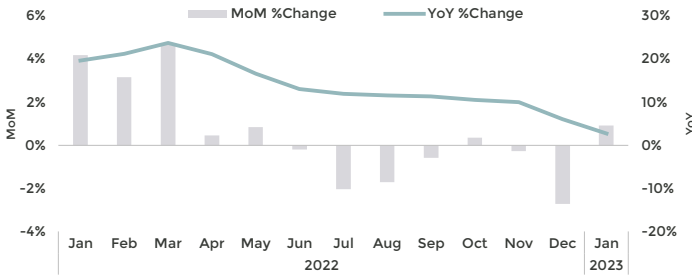


Broad Index for all Construction Inputs



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

MoM% change for Construction Materials & Services



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Construction Inflation At a Glance



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

The producer price index (PPI) for net inputs to construction industries - not seasonally adjusted (a broad index that measures producer inflation in materials and services to construction excluding capital investments, labor, and imports)

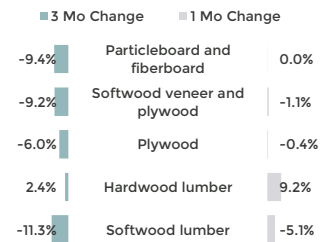


(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Deeper into the woods | Lumber futures are getting axed again. The

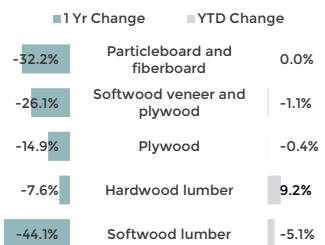
ride up to \$525 per thousand board feet (mbf) was short lived last month. At the beginning of February prices started peeling back to sub \$400/mbf. Rising rents and a directional reversal in mortgage rates are dampening demand for homebuilding and putting a dent in demand for lumber. US Census Bureau reported housing permits and starts for new single family residences shrunk by 1.8% and 4.3% in January, month-on-month, respectively. **The latest CPI print shows inflation for rent of primary residence is up 8.6% in January, year-on-year.** Data from Mortgage Banker's Association reveals that borrowing costs are at their highest in the past 4 months with an average of 6.62% for the 30-year fixed rate, although they haven't moved past recent peak rates which were recorded in October 2022. A question that'll keep haunting the housing market is whether mortgage rates have peaked yet during this cycle of hawkish monetary policy. And as single family housing remains expensive to build and buy, demand for lumber hangs in the balance. On the supply side, depressed lumber prices are enticing mills to curtail production. Lower inventories exacerbate lead times and availability.

Lumber & Wood Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Lumber & Wood Products



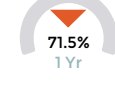
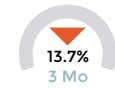
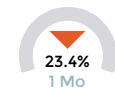
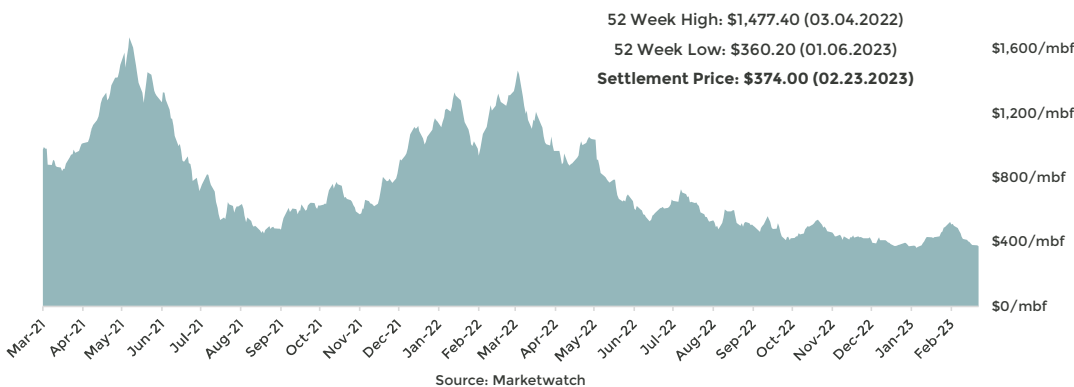
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

PPI Multifamily



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Random Length Lumber Continuous Futures (CME: LB00)

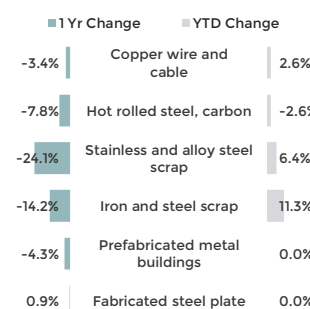


(as of 02.23.2023)

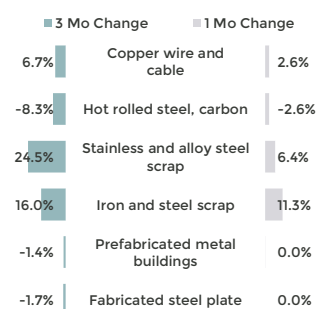
Out of the furnace | U.S. steelmakers continue to raise prices, setting higher floors or minimum targets for their products. Hot-rolled coil (HRC) futures are up nearly 30% year-to-date and close to breaching \$1,000 per short ton (st).

Lackluster competition from import markets (due to trade tariffs, earthquakes in Turkey and war in Ukraine) and growing demand from the nonresidential sector are

Metals & Metal Products

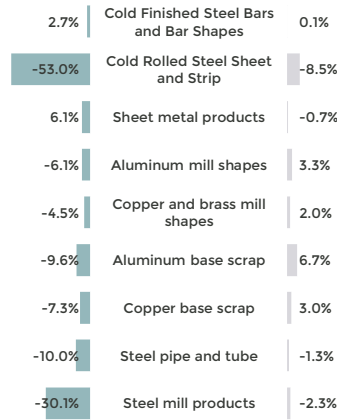


Metals & Metal Products

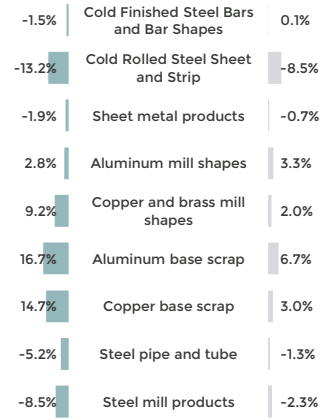


emboldening steelmakers to fan the flames of higher prices. Earlier this week, the largest steelmakers in the U.S, Nucor and Cleveland-Cliffs, announced a \$100/st hike, effectively setting a price floor of \$1,000/st for their HRC products. This would mark their 6th price increase since November.

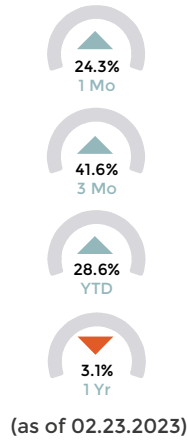
Other factors that are impacting prices and availability of industrial metals are China's relaxation of its zero-COVID policy (increased demand for commodities) and green initiatives that aim to decarbonize industries and advance electrification.



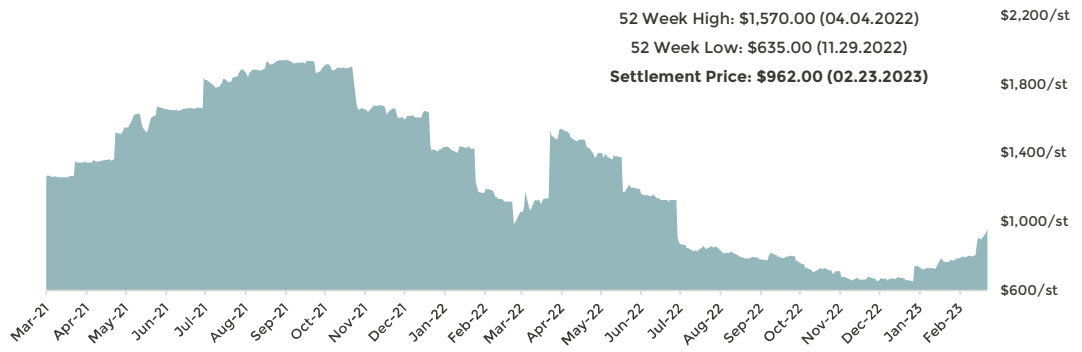
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

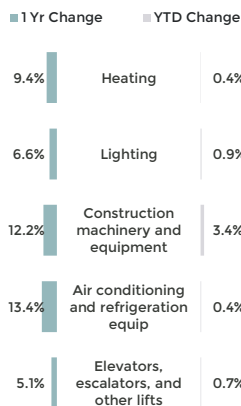


Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)



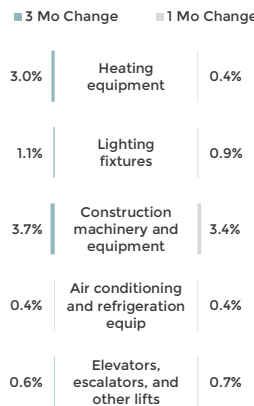
Source: Marketwatch

Equipment & Others



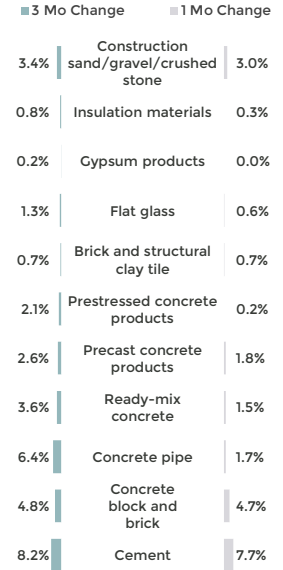
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Equipment & Others



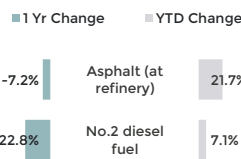
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Nonmetallic Mineral Products



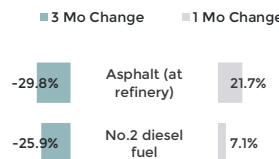
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Fuels & Related Products



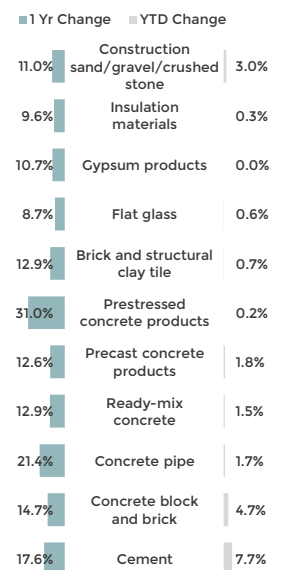
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Fuels & Related Products



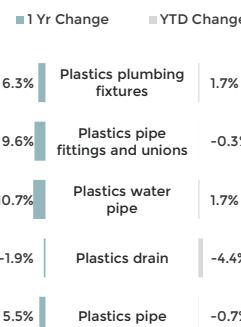
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Nonmetallic Mineral Products



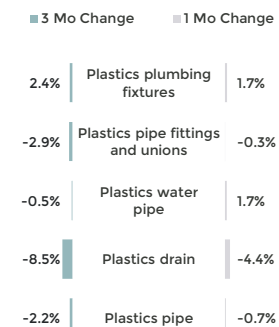
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Jan 31, 2023)