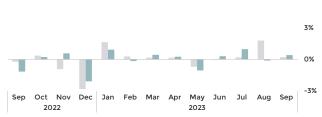


Broad Index for all Construction Inputs 2% MoM %Change YoY %Change 20% 0% 10% -2% 0% Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep -10% 2022 2023

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

MoM% change for Construction Materials & Services



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Construction Inflation At a Glance



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 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 Sep 30, 2023)

Deeper into the woods | In the final week of October, the lumber futures dipped

below \$485 per thousand board feet (mbf); a 4% drop from the previous month and a substantial 21% decrease from the previous year. The market now echoes a semblance of pre-pandemic stability, a welcome respite for industry players. Producer Price Index (PPI) for softwood lumber decreased -1.7% in September month-on-month and is 15.2% lower than a year ago.

However, this stability is fragile, as the housing sector experiences turbulent times due to surging borrowing costs. October echoed a 20 year high in average 30-year fixed mortgage rates at 8%, impacting builder sentiment severely. The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI), a key gauge of builder sentiment, reported a four-point drop in the index, marking the third consecutive monthly decline. The repercussions of rising rates reverberate through the industry. Development and construction loans are becoming scarce and more expensive, disrupting the supply chain and worsening housing affordability challenges. To lure hesitant buyers into the market, home builders are employing various incentives, such as mortgage buy-downs and additional upgrades. Home builders are adapting to market conditions, offering a range of incentives, yet the challenges in financing and affordability persist.

Median sales prices saw a sharp decline, with the median price for newly built single-family houses dropping by a staggering 12.32% in September compared to the previous year, plummeting from \$477,700 to \$418,800. The latest figures on New Residential Construction indicate a 7.0% increase in housing starts in September from the previous month, countered by a 7.2% decline compared to the same period last year on a seasonally adjusted basis. Permits, a key indicator of future construction activity, dropped by 4.4% month-on-month and 7.2% year-on-year.

Lumber & Wood Products

■3 M	o Change	■1 Mo Char	ige
21.6%		board and rboard	0.0%
2.4%		veneer and wood	1.1%
0.7%	Ply	wood	0.1%
-2.4%	Hardwo	od lumber	1.0%
-2.0%	Softwoo	od lumber	-1.7%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Lumber & Wood Products

■1 Yr Change ■ YTD Change			
11.1%	Particleboard and fiberboard	27.0%	
-17.0%	Softwood veneer and plywood	-4.6%	
-13.0%	Plywood	-5.2%	
-11.6%	Hardwood lumber	-0.3%	
-15.2%	Softwood lumber	-7.3%	

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

4.8%

1.0%

Lumber Continuous Futures (CME: LBR00)

52 Week High: \$627.00 (02.01.2023)
52 Week Low: \$436.00 (03.03.2023)

Settlement Price: \$482.00 (10.25.2023)

\$700/mbf

Source: Marketwatch

(as of 10.25.2023)

Out of the furnace | Hot rolled coil

(HRC) prices have rebounded dramatically, resembling a tightly wound spring released. Towards the end of October 2023, HRC futures experienced a remarkable surge, surpassing \$125/st and rallying above \$800 per short ton (st). Notably, within the preceding 30 days leading to October 25, 2023, HRC futures witnessed an impressive 18% surge. This escalation, compared to the figures from a year ago, represents an 20% rise.

Metals & Metal Products

■ I Y	r Change	YID Chang	je
3.6%	Copper v		0.0%
-11.1%	Hot rolled st	teel, carbon	-4.4%
3.9%	Stainless and scr		-3.0%
4.0%	Iron and s	teel scrap	6.0%
2.8%	Prefabrica build		7.0%
-10.5%	Cold Finishe and Bar		-6.4%

Metals & Metal Products

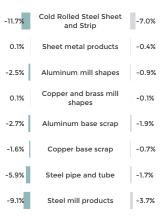
■ 3	Mo Change	■1 Mo Cha	ange
0.9%	Copper v cab		-0.89
-4.8%	Hot rolled st	eel, carbon	-2.8%
3.6%	Stainless and scr		0.8%
-1.5%	Iron and st	eel scrap	0.7%
0.3%	Prefabrica build		-0.89
4.0%	Cold Finished		-1.1%

Both US and Canadian steel mills are once again hiking their prices. Nucor and Cleveland-Cliffs elevated their HRC minimum rates to \$800/st on October 19. Canadian mill ArcelorMittal Dofasco increased their prices to \$803/st.

These price hikes are yet to impact government data and surveys. In September, the Producer Price Index (PPI) for steel mill products exhibited a decline of 3.7% compared to the previous month and 12.1% year-on-year. Reasonable to expect PPI for ferrous commodities to rise in the coming months.

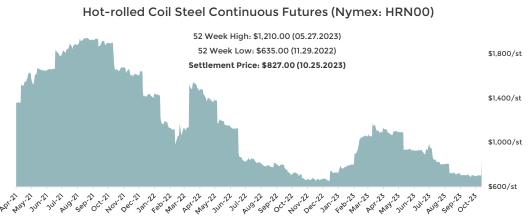
-18.0%	Cold Rolled Steel Sheet and Strip	3.5%
-0.5%	Sheet metal products	0.3%
-4.2%	Aluminum mill shapes	-1.0%
2.3%	Copper and brass mill shapes	-0.8%
0.5%	Aluminum base scrap	-0.8%
7.7%	Copper base scrap	-0.5%
-20.6%	Steel pipe and tube	-15.5%
-12.1%	Steel mill products	-0.4%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)





Source: Marketwatch

Equipment & Others

■1Yr C	hange ¶YT[) Change
4.6%	Heating	1.3%
3.1%	Lighting	2.9%
6.1%	Construction machinery and equipment	5.8%
4.1%	Air conditionin and refrigeratio equip	
6.0%	Elevators, escalators, and other lifts	5.3%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Equipment & Others

■3 Mo	o Change ■1 Mo	Change
-0.2%	Heating equipment	-0.4%
0.5%	Lighting fixtures	0.3%
1.3%	Construction machinery and equipment	0.0%
0.7%	Air conditioning and refrigeration equip	0.2%
0.0%	Elevators, escalators, and other lifts	0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Nonmetallic Mineral Products

■3 M	o Change 1 Mo C	hange
0.9%	Construction sand/gravel/crushed stone	0.2%
-0.6%	Insulation materials	-0.2%
-1.1%	Gypsum products	-0.6%
-1.4%	Flat glass	0.4%
-0.1%	Brick and structural clay tile	0.0%
0.4%	Prestressed concrete products	0.0%
1.4%	Precast concrete products	0.8%
2.3%	Ready-mix concrete	0.1%
6.2%	Concrete pipe	9.4%
0.6%	Concrete block and brick	0.0%
1.7%	Cement	0.7%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Fuels & Related Products

■1 Yr C	Change	■ YTD	Change
-25.7%	Aspha refin		39.1%
-18.6%	No.2 o		6.5%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Fuels & Related Products

■ 3 Mo Change

-1.1%	Asphalt (at refinery)	-0.2%
30.2%	No.2 diesel fuel	4.3%

■1 Mo Change

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Nonmetallic Mineral Products

■1 Yr Change ■ YTD Change		
8.5%	Construction sand/gravel/crushed stone	8.3%
1.6%	Insulation materials	1.1%
-1.7%	Gypsum products	-1.6%
2.9%	Flat glass	1.0%
6.4%	Brick and structural clay tile	5.2%
2.3%	Prestressed concrete products	0.7%
7.4%	Precast concrete products	5.8%
9.8%	Ready-mix concrete	7.2%
16.0%	Concrete pipe	9.9%
8.2%	Concrete block and brick	7.8%
10.8%	Cement	8.8%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Rubber & Plastic Products

■1 Y	r Change	YTD Change
3.2%	Plastics plumb fixtures	oing 2.5%
-3.1%	Plastics pip fittings and un	e ions -2.3%
-7.6%	Plastics water	er -5.8%
-17.5%	Plastics drai	in -13.0%
-10.3%	Plastics pip	e -8.2%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)

Rubber & Plastic Products

■3 Mo Change ■1 Mo Change		
0.9%	Plastics plumbing fixtures	0.0%
-0.1%	Plastics pipe fittings and unions	-0.6%
-3.3%	Plastics water pipe	-0.4%
-0.6%	Plastics drain	0.1%
-1.9%	Plastics pipe	0.0%

(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sep 30, 2023)