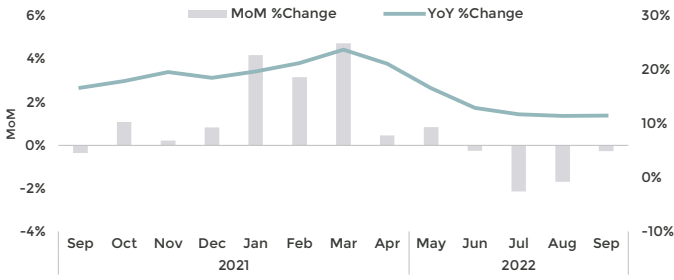


Broad Index for all Construction Inputs



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

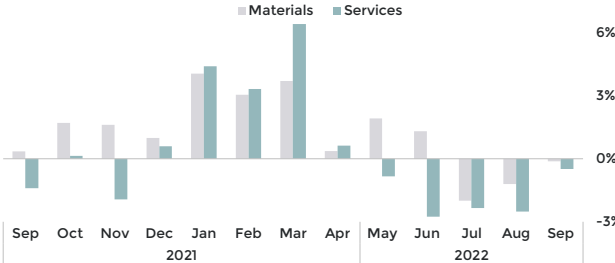
Construction Inflation At a Glance



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

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)

MoM% change for Construction Materials & Services



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

YoY Change

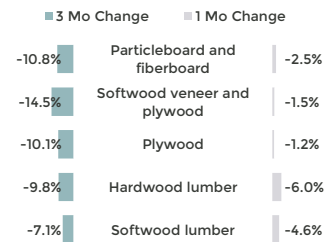


(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Deeper into the woods | Lumber futures rebound above \$500/mbf during the second half of October, trading 22% higher than a month ago as of Oct 24, 2022. Is another rally on the horizon despite headwinds from credit tightening and bleak macroeconomic data? New single-family construction permits fell again in September (-3% MoM) while multifamily increased (+8.2% MoM). Builder sentiment dropped for a 10th consecutive month in October in the wake of soaring mortgage rates, softening demand for housing. No surprise there; homes remain expensive to build and buy.

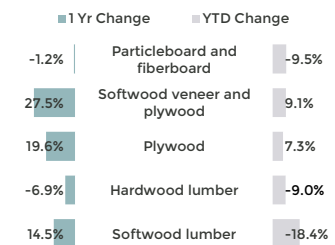
Yet despite the data, the uptick in lumber futures suggests that the market is bracing for cyclical buying in Q4. Demand for lumber is expected to ramp up in the next few months due seasonal building in the spring. Another view that supports higher demand for lumber in the near future is the unassessed damage from hurricane Ian that could spur a rebuilding frenzy. But the most salient points against another rally in lumber is hawkish monetary policy that is suppressing builder and buyer appetite. A pivot from rate hikes could change that in a heartbeat.

Lumber & Wood Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Lumber & Wood Products



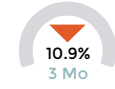
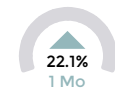
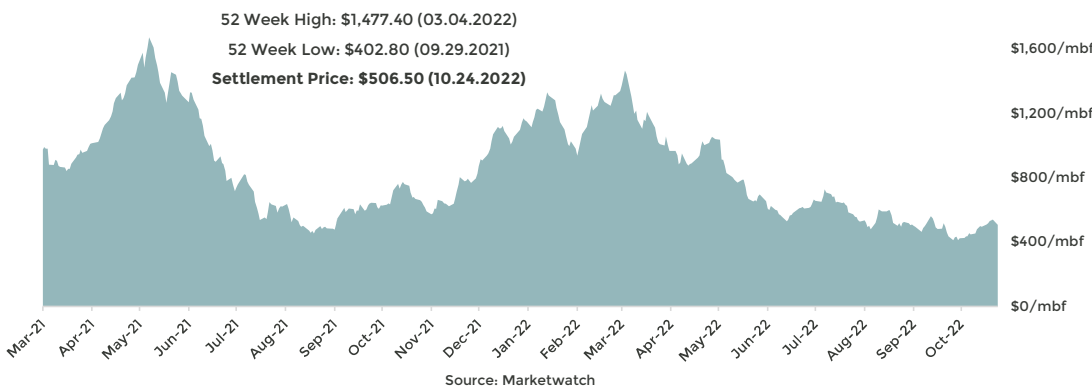
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

PPI Multifamily



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Random Length Lumber Continuous Futures (CME: LB00)

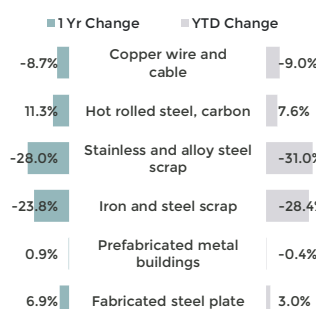


(as of 10.24.2022)

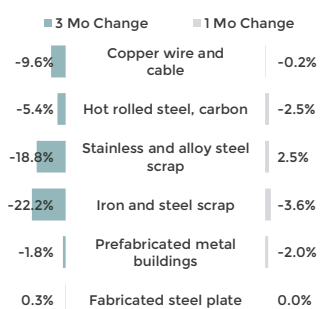
Out of the furnace | Steel futures dip in October, PPI for metals & metal products fall again in September. PPI for Steel Mill Products is down -6.7% from August and down -14.3% from a year ago.

Dampened manufacturing sentiment is softening demand for industrial metals and finished steel products thus impacting steel prices. Economic headwinds attributed to high energy costs and weaker industrial

Metals & Metal Products

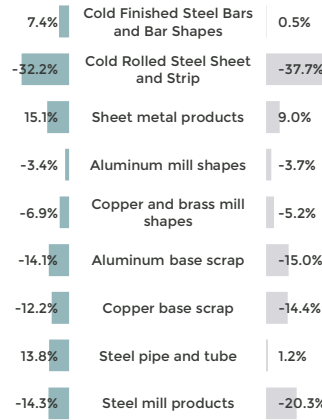


Metals & Metal Products

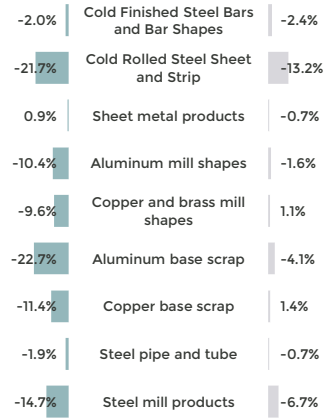


demand are driving U.S. based steelmakers towards production cuts. Earlier in the month, U.S. Steel announced that it idled two blast furnaces with a combined annual capacity of 2.9 million short tons.

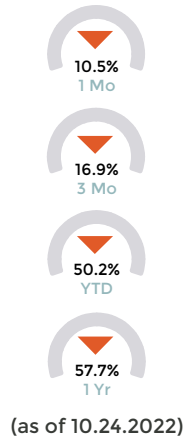
A cut back in production by one of the largest steelmakers in the U.S. suggest a domestic supply surplus. Higher inventory levels translate into lower lead times. Argus Media, a global metal market intelligence platform, reports in October hot-rolled coil lead times in the Midwest are down to 3-4 weeks and cold-rolled coil is down to 6 weeks.



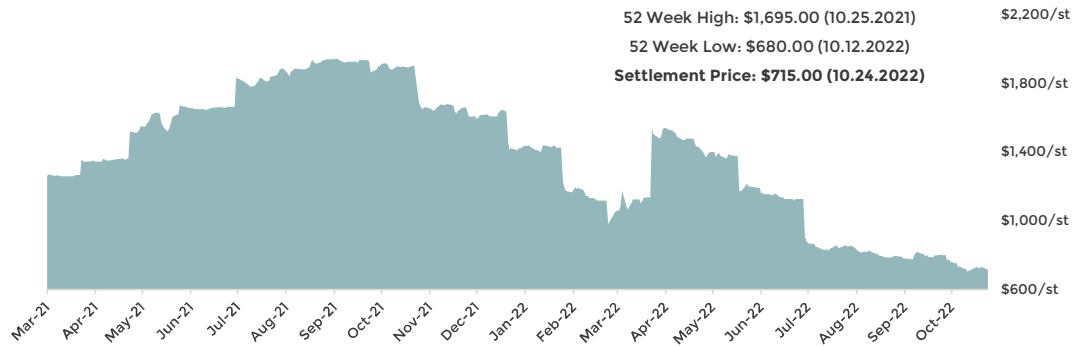
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

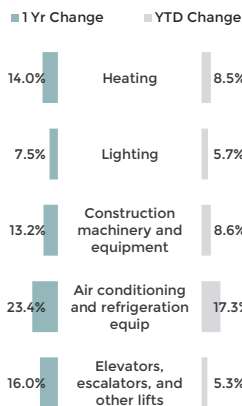


Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)



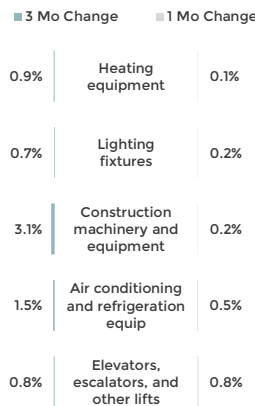
Source: Marketwatch

Equipment & Others



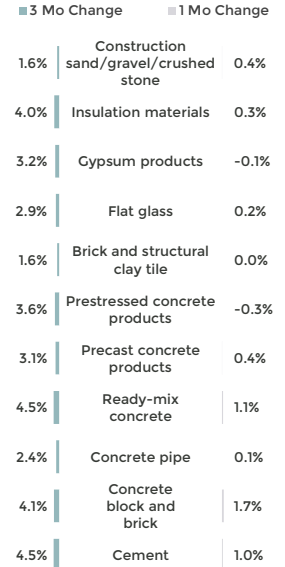
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Equipment & Others



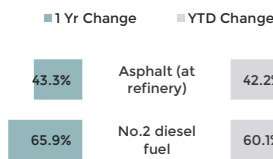
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Nonmetallic Mineral Products



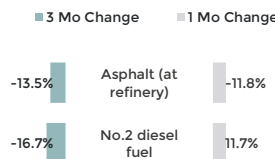
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Fuels & Related Products



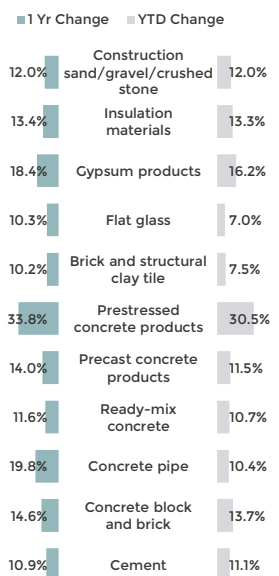
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Fuels & Related Products



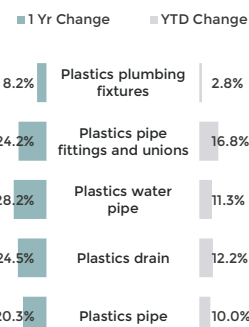
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Nonmetallic Mineral Products



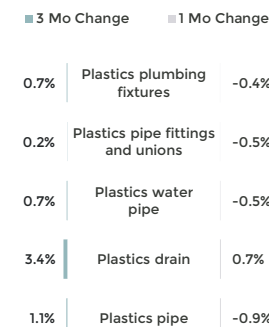
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)