



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

MoM% change for Construction Materials & Services 6% 3% 2021

(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)



e: 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

Lumber & Wood Products



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

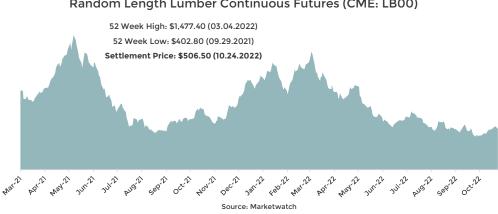
Lumber & Wood Products

■1 Y	r Change	■ YTD Cha	nge
-1.2%		ooard and board	-9.5%
27.5%		veneer and wood	9.1%
19.6%	Plyv	wood	7.3%
-6.9%	Hardwo	od lumber	-9.0%
14.5%	Softwoo	od lumber	-18.4%

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

PPI Multifamily -0.5% +8.5% MoM Change (Source: U.S. Bureau of Labor Statistics, change in PPI as of Sept 30, 2022)

Random Length Lumber Continuous Futures (CME: LB00)



22.1% \$1.600/mbf 10.9% \$1.200/mbf 56.0% 23 4% (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

■1Y	r Change	YTD Chang	ge
-8.7%	Copper wire and cable		-9.0%
11.3%	Hot rolled	steel, carbon	7.6%
-28.0%		nd alloy steel crap	-31.0%
-23.8%	Iron and	steel scrap	-28.4%
0.9%		ated metal Idings	-0.4%
6.9%	Fabricate	d steel plate	3.0%

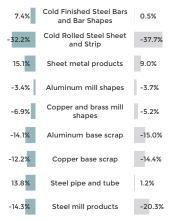
Metals & Metal Products

\$0/mbf

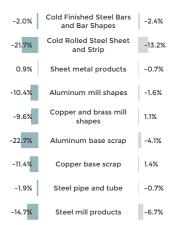
■31	Mo Change	■1 Mo Cha	ange
-9.6%	Copper v		-0.25
-5.4%	Hot rolled st	eel, carbon	-2.5%
-18.8%	Stainless and scra		2.5%
-22.2%	Iron and st	eel scrap	-3.6%
-1.8%	Prefabricat build		-2.09
0.3%	Fabricated :	steel plate	0.0%

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.

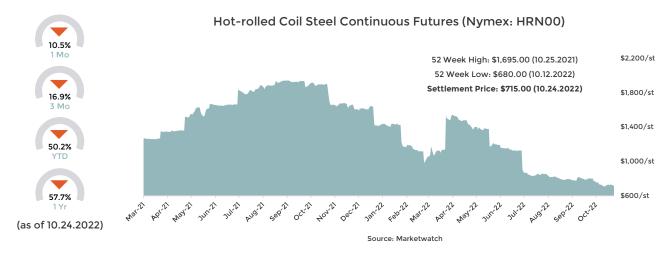
A cut back in production by one of the largest steelmakers in the U.S. suggest a domestic supply surplus. Higher inventory levels translate into lower lead times. Argus Media, a global metal market intelligence platform, reports in October hot-rolled coil lead times in the Midwest are down to 3-4 weeks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



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Equipment & Others 14.0% Heating 8.5% 7.5% Lighting 5.7% Construction machinery and equipment 8.6% equipment 17.3% elevators, escalators, and other lifts

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

Equipment & Others

■3 Mo Change ■1 Mo Change			
0.9%	Heating equipment	0.1%	
0.7%	Lighting fixtures	0.2%	
3.1%	Construction machinery and equipment	0.2%	
1.5%	Air conditioning and refrigeration equip	0.5%	
0.8%	Elevators, escalators, and other lifts	0.8%	

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

Nonmetallic Mineral Products

■3 Mo Change ■1 Mo Change			
1.6%	Construction 1.6% sand/gravel/crushed 0.49 stone		
4.0%	Insulation materials	0.3%	
3.2%	Gypsum products	-0.1%	
2.9%	Flat glass	0.2%	
1.6%	Brick and structural clay tile	0.0%	
3.6%	Prestressed concrete products	-0.3%	
3.1%	Precast concrete products	0.4%	
4.5%	Ready-mix concrete	1.1%	
2.4%	Concrete pipe	0.1%	
4.1%	Concrete block and brick	1.7%	
4.5%	Cement	1.0%	

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

Fuels & Related Products

=117	nange Til	Change
43.3%	Asphalt (at refinery)	42.2%
65.9%	No.2 diesel fuel	60.1%

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

Fuels & Related Products

■1 Mo Change

■ 3 Mo Change

-13.5%	Asphalt (at refinery)	-11.8%
-16.7%	No.2 diesel fuel	11.7%

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

Nonmetallic Mineral Products

■1 Yr Change ■ YTD Change			
12.0%	Construction sand/gravel/crushed stone	12.0%	
13.4%	Insulation materials	13.3%	
18.4%	Gypsum products	16.2%	
10.3%	Flat glass	7.0%	
10.2%	Brick and structural clay tile	7.5%	
33.8%	Prestressed concrete products	30.5%	
14.0%	Precast concrete products	11.5%	
11.6%	Ready-mix concrete	10.7%	
19.8%	Concrete pipe	10.4%	
14.6%	Concrete block and brick	13.7%	
10.9%	Cement	11.1%	

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

Rubber & Plastic Products

■1 Y	r Change	■ YTD C	Change
8.2%	Plastics plu fixtur		2.8%
24.2%	Plastics fittings and		16.8%
28.2%	Plastics v		11.3%
24.5%	Plastics	drain	12.2%
20.3%	Plastics	pipe	10.0%

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

Rubber & Plastic Products

Change ■1 Mo	Change
Plastics plumbing fixtures	-0.4%
Plastics pipe fittings and unions	-0.5%
Plastics water pipe	-0.5%
Plastics drain	0.7%
Plastics pipe	-0.9%
	Plastics plumbing fixtures Plastics pipe fittings and unions Plastics water pipe Plastics drain

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