

Monthly Statistics of Building Materials and Components

Commentary

January 2012

Coverage: UK and Great Britain
Geographical area: Country, region and county
Date of publication: 1 February 2012

Headline results:

- The 'All Work' Construction Material Price Index rose by 6.8% in the year to December, up slightly from 6.7% in the year to November.
- The construction materials experiencing the largest price increases in the year to December were Concrete Reinforcing Bars (up 15.7%), Thermal or Acoustic Insulating Material (up 11.4%) and Particle Board (up 10.8%).
- Production of concrete blocks rose by 26.8% in the year to December, following a 4.7% increase in the year to November.
- In 2011Q3, exports of construction materials fell by 2.9% (to £1,537 million) compared to the previous quarter, while imports rose by 0.8% (to £3,070 million). As a result, the trade deficit in construction materials widened by £69 million, to £1,533 million, in 2011Q3.

Introduction

This commentary accompanies the latest Monthly Statistics of Building Materials and Components bulletin, published on the BIS Construction [website](#) on 1 February 2012.

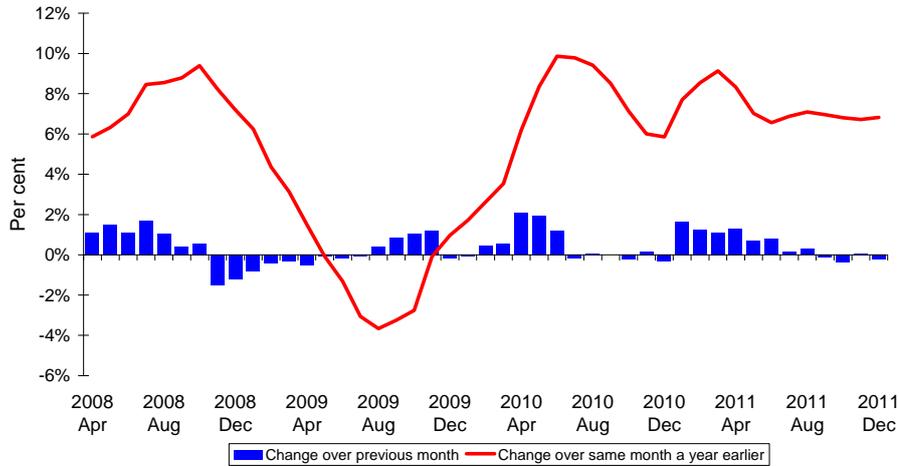
It aims to provide a brief overview of recent trends in the data presented in the bulletin. These data cover the following building materials statistics (in parentheses, the data collection frequency and the geographical area covered):

- 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

Summary

Chart 1: Growth in 'All Work' Construction Material Price Index, UK
Percentage change over previous month and a year earlier (%)



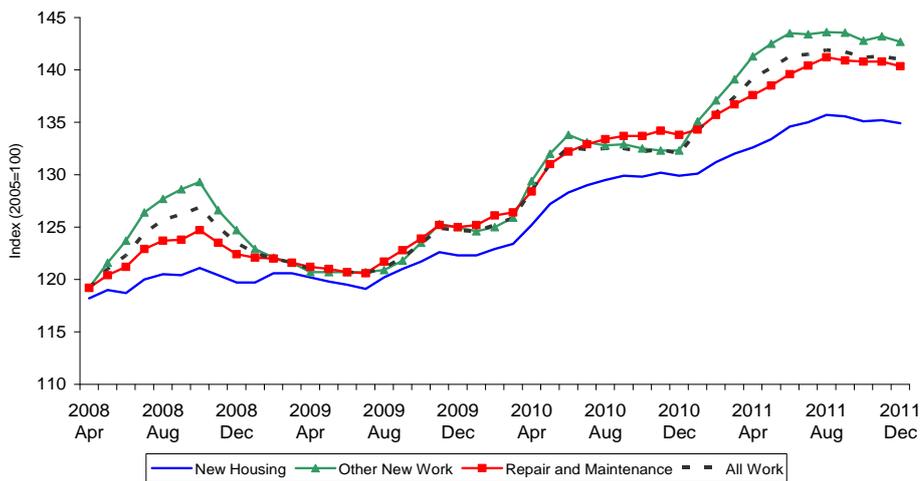
Source: Table 1 Monthly Statistics of Building Materials and Components

The headline 'All Work' Construction Material Price index fell by 0.2% on the month in December, after rising by 0.1% on the month in November.

The annual inflation rate was 6.8% in December, slightly higher than in November (6.7%).

In 2011 as a whole, 'All Work' Construction Material Prices rose by 7.4%.

Chart 2: Construction Material Price Indices, UK
2005 = 100



Source: Table 1 Monthly Statistics of Building Materials and

The year-on-year increase in the headline 'All Work' price index was broad-based, reflecting increases in all sub-indices.

The 'Other New Work' sub-index recorded the largest rise (up 7.9%), followed by 'Repair and Maintenance' (up 4.9%) and the 'New Housing' (up 3.9%) sub-indices.

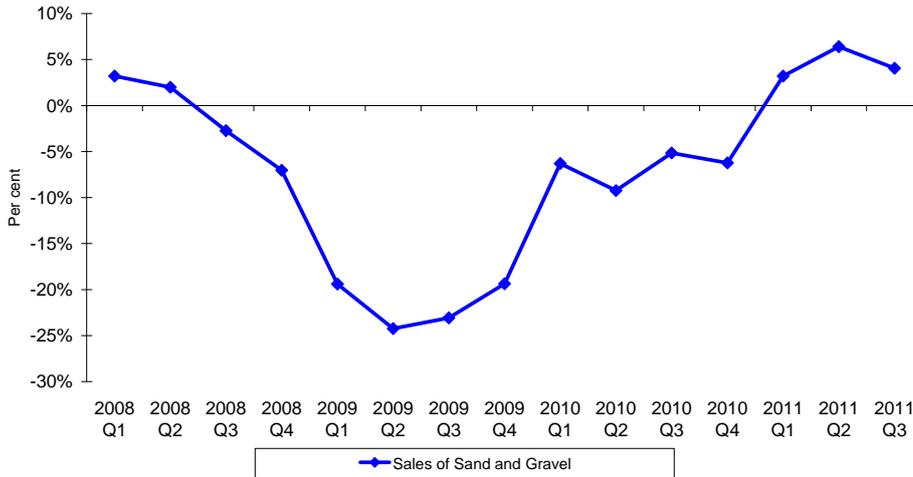
Table 1: Construction materials experiencing the largest price increases and decreases in the year to December 2011, UK

Construction Materials	% change on a year earlier
Largest price increases	
Concrete reinforcing bars	15.7
Insulating materials (thermal or acoustic)	11.4
Particle Board	10.8
Largest price decreases	
Imported plywood	-4.0
Imported sawn or planed wood	-3.7
Ceramic tiles	-0.9

Source: Table 2 Monthly Statistics of Building Materials and Components

Concrete Reinforcing Bars (up 15.7%), Thermal or Acoustic Insulating Materials (up 11.4%) and Particle Board (up 10.8%) experienced the largest price increases in the year to December. Over the same period, the materials that saw the largest price falls were Imported Plywood (down 4.0%), Imported Sawn or Planed Wood (down 3.7%) and Ceramic Tiles (down 0.9%).

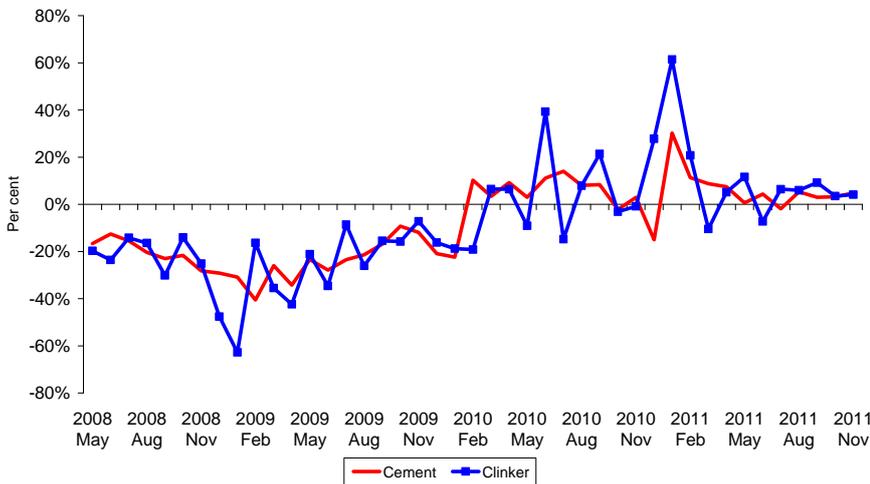
Chart 3: Sales of Sand and Gravel, GB
Percentage change over a year earlier (%)



Source: Table 4 Monthly Statistics of Building Materials and Components

Sales of Sand and Gravel in Great Britain decreased by 1.0%, to 14.7 million tonnes, on the quarter in 2011Q3, following solid increases in the previous two quarters. However, compared to the same quarter last year, sales rose (up 4.1%), as was the case in the previous two quarters in 2011.

Chart 4: Production of Cement and Clinker, GB
Percentage change over a year earlier (%)

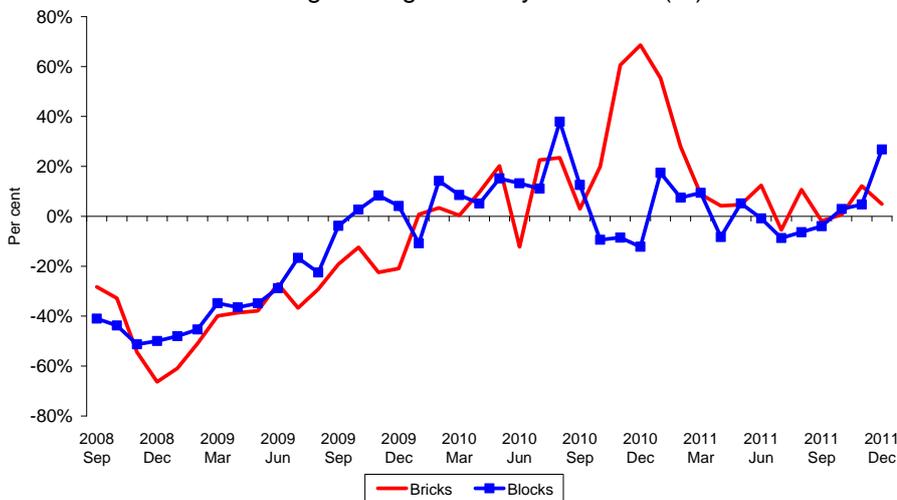


Source: Table 8 Monthly Statistics of Building Materials and Components

Cement production rose by 4.8%, to 720 thousand tonnes, in the year to November 2011. This was the fourth successive month of positive year-on-year growth.

Meanwhile, production of Clinker rose for the fifth successive month on this basis in November - up 4.2%, to 615 thousand tonnes.

Chart 5: Production of Bricks and Blocks, GB
Percentage change over a year earlier (%)

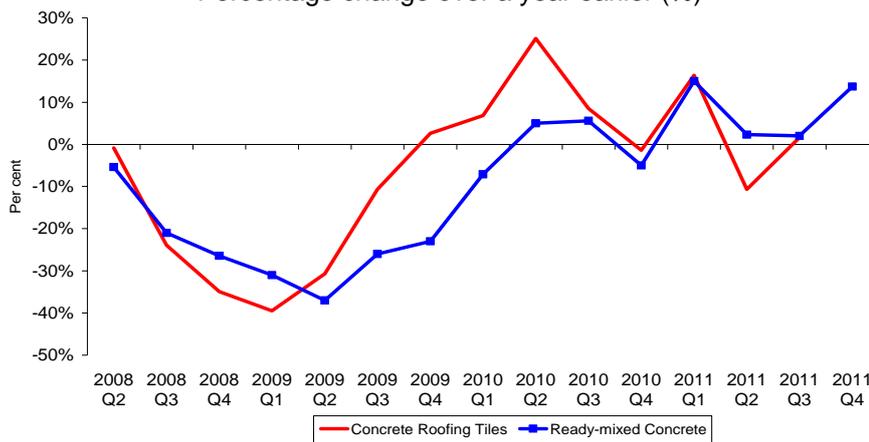


Source: Tables 9 and 11 Monthly Statistics of Building Materials and Components

Bricks data were revised between January 2009 and February 2011 inclusively (see paragraph 10 in 'Background Notes'). In December, production of Bricks increased by 4.9% compared to a year ago.

Blocks production in Great Britain also rose on a year-on-year basis in December by 26.8%, faster than in November (up 4.7%). This was the largest year-on-year increase since August 2010.

Chart 6: Deliveries of Concrete Roofing Tiles (GB) and Ready-mixed Concrete (UK)
Percentage change over a year earlier (%)

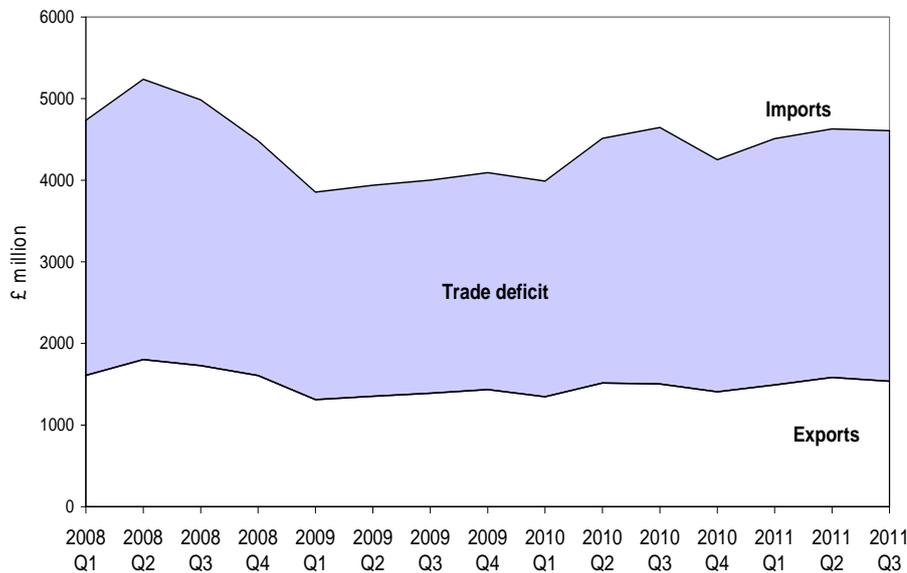


Source: Table 13 Monthly Statistics of Building Materials and Components

Deliveries of Concrete Roofing Tiles recovered from a year-on-year fall of 10.7% in 2011Q2, rising by 1.6% on this basis in 2011Q3.

More timely data show that deliveries of Ready-mixed Concrete rose by 13.7% in the year to 2011Q4, up from 2.0% in the year to 2011Q3.

Chart 7: Exports and Imports of Construction Materials, UK
£million



Source: Table 14 Monthly Statistics of Building Materials and Components

Exports of construction materials fell by 2.9% on the quarter in 2011Q3 (to £1,537 million) while imports rose by 0.8% (to £3,070 million). As a result, the trade deficit widened by £69 million, to £1,533 million, in 2011Q3.

The increase in the trade deficit in 2011Q3 was due to a widening in the trade deficit in 'products and components' of £112 million. Over the same period, the trade deficit in 'semi-manufactures' and 'raw materials' narrowed by £29 million and £14 million, respectively.

Table 2: Top-5 Exported and Imported Construction Materials, UK
£ million

Top-5 Exported Materials		Top-5 Imported Materials	
Paints & Varnishes	155.4	Electrical Wires	317.9
Electrical Wires	146.5	Structural Units (steel)	166.7
Structural Units (steel)	119.7	Sawn Wood > 6mm thick	153.3
Lamps & Fittings	67.5	Air Conditioning Equipment	150.4
Air Conditioning Equipment	65.5	Central Heating Boilers	146.5

Source: Table 14 Monthly Statistics of Building Materials and Components

The top five imported construction materials in 2011Q3 were Electrical Wires, Structural Units (Steel), Sawn Wood (more than 6mm thick), Air Conditioning Equipment, and Central Heating Boilers.

The top five exported materials were Paint and Varnishes, Electrical Wires, Structural Units (Steel), Lamps & Fittings, and Air Conditioning Equipment.

Table 3: UK Trade of Construction Materials with EU and Non-EU Countries, 2010

<i>£million (% of total trade in italics)</i>		
All Building Materials & Components	EU	Non-EU
Exports	3,630 <i>63%</i>	2,142 <i>37%</i>
Imports	7,416 <i>64%</i>	4,216 <i>36%</i>

In 2010, around 64% of all building material imports were from EU countries, while 63% of exports 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 2010

<i>£ million</i>			
Top-5 Export Markets		Top-5 Import Markets	
Ireland	875	Germany	1790
Germany	558	China	1671
France	491	Italy	891
Netherlands	451	Netherlands	688
USA	344	Sweden	543

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, the Netherlands and Sweden.

Source: HMRC Overseas Trade Statistics

Economic background

Preliminary GDP estimates, published by the Office of National Statistics (ONS) on 25th January 2012, show that the UK economy contracted by 0.2% in 2011Q4. The quarterly decline was bigger than expected by private analysts and the first since 2010Q4 when the economy shrank by 0.5%, partly due to the disruption caused by the bad weather.

The biggest contributors to the decline in GDP in 2011Q4 were the manufacturing and utilities sectors, where output fell by 0.9% and 4.1%, respectively. The construction sector also subtracted from growth over the same period, shrinking by 0.5%, having grown in the previous two quarters. Activity in the services sector also weakened in 2011Q4, with output recording flat (0.0%) growth, following growth of 0.6% in 2011Q3.

These figures imply that, in 2011 as a whole, the level of manufacturing and construction output was 2.2% and 3.1%, respectively, higher than in the previous year. While positive, however, these growth rates represent a slowdown from 2010 when manufacturing and construction expanded by 3.7% and 8.2%, respectively.

More timely data from CIPS/Markit suggest that the manufacturing sector stagnated in January while both services and construction expanded, with activity in the latter driven by the civil engineering sector.

Looking further ahead, the latest (January) forecasts by Consensus Economics imply that the manufacturing sector will fall back into recession this year, with output projected to decline by 0.1%. Short-term prospects for the construction sector also look weak, with the latest forecasts from the Construction Products Association (CPA) and Experian suggesting that the sector will contract by over 5% this year, reflecting the worsening global economic environment and continued weakness in domestic demand. Both organisations, however, expect the sector to return to growth in 2013 and the pace of activity to strengthen in subsequent years.

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 preliminary [findings](#). ONS/MAS are due to complete their work in March 2012 which will inform a full summary Quality Report that will be published by BIS.
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 Amendments](#) to the May 2011 'Monthly Statistics of Building Materials and Components' Publication 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 January 2012 edition	Bulletin table number	Response rate
Quarterly Sand and Gravel	4, 5 & 6	90%
Quarterly Sand and Gravel – Land Won	4, 5 & 6	52%
Quarterly Sand and Gravel – Marine Dredged	4, 5 & 6	100%
Quarterly Slate	7	69%
Monthly Bricks	9 & 10	97%
Monthly Concrete Blocks	11	61%
Quarterly Roofing Tiles	13	100%

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. In its monthly Index of Production (IoP) publication, the ONS publishes Gross Value Added (GVA) data (seasonally adjusted, UK) 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 trends in the production 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 has risen on a year-on-year basis in every month this year, though the annual rate of increase has moderated in recent months. The latest data from the ONS show output growth of 5.3% in the year to November, down from 7.0% in the year to October. A different picture emerges in the SIC 23.5-66 industry. In November, this sector saw its output contracting for the ninth successive month (down 4.8%) on a year-on-year basis, following positive growth in most of 2010.

As regards the construction sector, the ONS publishes on a monthly basis estimates of construction output in Great Britain. A breakdown of the data by type of work is not yet available for 2011Q4. The data breakdown for the previous quarter shows that the weakness in growth in the third quarter was primarily driven by falls in 'public new housing' work, a likely reflection of the impact of the fiscal consolidation, with large negative contributions also coming from the 'private new housing' and 'private industrial' sectors.

Revisions

9. Our [revisions](#) policy can be found on the BIS Building Materials webpage.
10. Following the receipt of more accurate data on Brick Production, Deliveries and Stocks from sites already sampled and additional historical data from new sites which were added to the sample panel from February 2011, data covering January 2009 to February 2011 have been revised. A pre-announcement of the change was posted on the BIS website from 22 November 2011 and revised data tables were published on 11 January 2012. These revisions affect tables 9 and 10 of the Monthly Statistics of Building Materials and Components bulletin and subsequent bricks data discussed in this commentary document.

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.

Next publication: 7 March 2012

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