Data Digest

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Input costs flatten or slide, BLS and Thompson Research Group find; ConstructConnect starts diverge

The **producer price index** (PPI) **for material and service inputs to new nonresidential construction** was unchanged from May to June and decreased 3.8% year-over-year (y/y), according to Bureau of Labor Statistics (BLS) data posted on Thursday. Fuel and metals prices logged especially sharp declines from June 2022, when prices peaked following Russia's invasion of Ukraine. The index for diesel fuel tumbled 6.9% in May and 49% y/y; steel mill products, -0.6% and -18%; aluminum mill shapes, -1.3% and -10.7%; and copper and brass mill shapes, -3.1% and -8.5%. In contrast, the PPI for concrete products rose for the 31st month in a row, by 0.3% and 11.3% y/y. The **PPI for new nonresidential building construction**—a measure of the price that contractors say they would bid to build a fixed set of buildings—was flat for the month. Although this "bid price" index rose 11.0% y/y, the y/y change has decelerated for nine consecutive months after rising 24.1% from September 2021 to September 2022. Changes in **PPIs for new, repair, and maintenance work by subcontractors** were mixed: roofing contractors (0.2% for the month and 17.2% y/y), plumbing contractors (0.2% and 9.5%, respectively), electrical contractors (-0.2% and 9.0%), and concrete contractors (0.2% and 2.8%). AGC posted tables of construction PPIs. Readers are invited to send information on price and supply-chain changes to ken.simonson@agc.org.

In its quarterly review of building-products manufacturers, investment research firm Thompson Research Group reported on Monday: "**Wallboard pricing** has remained relatively flat sequentially (with modest declines in certain markets). Overall pricing is more resilient versus prior cycles….we do not expect pricing actions for the rest of the year. **Insulation pricing** is seeing support from visibility and tight capacity, with no further pricing actions expected in 2023 at present. That said, this could change should demand going into the fall take a step up and puts further strain on already high utilization rates. Note that pre-Covid, the insulation industry in most years saw a price increase at the start of the year (focused on home builders) and Aug/Sept….**Ceiling-tile pricing** is following the historical cadence of two modest pricing actions a year, with expectations for some level of acceptance given the market structure. That said, the traditional office end-market remains challenged, which could call into question certain products' ability to gain pricing. **Roofing** has a mid-year increase in the market….This is the second price increase in 2023."

The **value of construction starts** in current dollars declined 7.1% y/y in June, data firm ConstructConnect reported today. **Residential starts** plunged 35%, with single-family down 19% and apartments down 58%. **Nonresidential building starts** slipped 3.2%, with the largest component—institutional starts—up 25%, commercial starts down 10%, and industrial (manufacturing) starts down 49%. **Engineering (civil)** starts jumped 40%, with increases for most segments: roads, up 21%; water/sewage, up 7.6%; power and miscellaneous civil, up 230%; bridges, down 31%; dams/marine, up 43%; and airports, up 52%.

The Dodge Momentum Index fell 2.5% in July but rose 25% y/y, Dodge Construction Network reported on Tuesday. The index "is a monthly measure of the initial report for **nonresidential building projects in planning**, shown to lead construction spending for nonresidential buildings by a full year." The commercial component rose 3.1% for the month and 17% y/y. The institutional component sank 10.9% for the month but jumped 39% y/y.

CPWR—The Center for Construction Research and Training—on Wednesday posted a dashboard that "summarizes **projections for construction industry employment** using national data from [BLS] and state data from Projections Central….The dashboard includes employment projections by state, major subsector, detailed subsector, and occupation, as well as projected job openings due to workers leaving the occupation (e.g., separations) and growth by occupation. The projections presented are likely an underestimate as BLS does not include potential impacts of the Infrastructure Investment and Jobs Act (IIJA) and Build Back Better Framework, which together are expected to add an average of 1.5 million jobs annually." Another "story-dashboard" tracks annual employment totals and the **impact of the pandemic** on the mix of workers by characteristics such as age, sex, and U.S. or foreign birthplace. A third story-dashboard tracks **wages and earnings** by year for detailed construction sectors, occupations, and worker characteristics.

Contractors are invited to fill out the 2023 Autodesk/AGC **Workforce Survey**. Results will be posted in late August.

Data DIGest is a weekly summary of economic news. Sign up here. Editor: Ken.Simonson@agc.org, Chief Economist, AGC. Go here for Ken's PPT or more construction data.