

## Tata Steel hikes UK coil offer by £50/t

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Tata Steel has added £50/t (\$62.50/t) its coil prices for UK customers with immediate effect, according to a letter obtained by *Argus*.

The fall in steel prices since mid-March and an increase in iron ore costs have "seen EU steel industry margins squeezed to unsustainable levels only experienced a few times previously in the past 20 years", the company said.

Prices have increased in other major steel-consuming regions since May, meaning that European values are now among the lowest in the world. And UK prices are the lowest in Europe, Tata said.

"At the same time we are now seeing a stronger recovery in demand for our products than anticipated," the firm added, suggesting that current low levels of return would prevent it from maintaining necessary levels in its businesses and supply chains.

*Argus*' domestic UK hot-rolled coil (HRC) assessment rose by £10/t last week on the back of the expected announcement, and reduced import penetration, taking it to £405/t ddp West Midlands for S275 material. The benchmark northwest European HRC index fell to a low of €384.50/t ex-works on 25 June, and has since risen to €399.50/t.

By Colin Richardson

<https://www.argusmedia.com/en/news/2122865-tata-steel-hikes-uk-coil-offer-by-50t>

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Posted by: Mane

## Another steel price rise hits UK construction

The price of structural steel has risen yet again, with British Steel announcing its fifth increase in prices since last July.

The latest price jump, in January, added £50 a tonne to the cost of steel, meaning it's shot up from about £500 a tonne last summer to more than £700 a tonne. Not surprisingly, steelwork contractors are reeling.

The unprecedented speed of this price rise is being blamed on equally dramatic rises in the costs of raw materials, along with strict quotes and lower scrap availability, which has also caused rebar prices to skyrocket in the concrete frame industry.

Arcelor, British Steel's only major rival in the UK, has been following suit with all the price rises and also put its prices up in January.

Here's the full breakdown of those price hikes:

July £30

August £30

November £40

December £80

January £50

Smaller steel manufacturers can't keep up. One was quoted as saying that this latest price increase, on top of the extra £80 added to the price before Christmas, would "cripple the construction market."

Citing government promises throughout the pandemic that it would support construction in order to keep the economy moving, the manufacturer questioned how that was going to work with all the price increases.

Another company said nothing like this had been seen since 2004 and that the industry feared still more price increases to come.

<https://www.mane.co.uk/news/another-steel-price-rise-hits-uk-construction-261271/>

## British Steel Price Increase

As of Friday 5th of March, British Steel have announced a £30/tonne price increase on structural sections with immediate effect. This latest price increase is in addition to the £80/tonne and £50/tonne price increases in January. We have seen a total of £260/tonne increase since last summer due to the rising price of iron ore and scrap metal, and anticipate further increases in the near future.

### Raw Material Costs

Rising raw material costs and an increase in tightness of supply has led to multiple price rises. Iron Ore prices have risen to the highest level since March 2013 – an increase of more than 50% compared to the start of the 2020, and unlikely to see any short-term falls.

### Worldwide Demand

With manufacturing and industry being encouraged to continue throughout lockdowns, the steel industry has remained busy. In fact, according to the World Steel Association, there was a 7% increase in crude steel production in October compared to 2019. The increase in production directly correlates to demand and therefore it is expected to reach a point where tightening of raw material supplies which inevitably will lead to price rises.

<https://www.parkersteel.co.uk/Blog/British-Steel-Announce-Price-Rise---Mar-2021>

# Building crisis looms as dwindling supplies bring sites grinding to a halt

**Shortages, delays and soaring prices caused by Brexit, Covid and the Suez blockage are holding up projects across the nation**

An arts venue under construction in Manchester: the north-west has experienced a boom. Photograph: Joel Goodman/LNP

**James Tapper**

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By tradition, the wits of every construction apprentice are tested with two errands early on in their career: to ask the foreman first for some tartan paint and then a long weight.

The joke is ringing even more hollow than usual on building sites across the UK, where firms needing essential building supplies are facing some very, very long waits. The British building industry is in the midst of a supply crisis. From roof tiles to steel, timber to insulation, paint to kitchen sinks, products are scarce – and when they can be found, they're expensive.

Timber costs 80% more than it did in November, steel joists are more expensive because iron ore has gone up by more than 80%. Soft wood is up by almost 100%. Aluminium is up by about a quarter. Copper is up 40%. Plastics up 60%. Paints are up by about a third.

A combination of Covid and Brexit has caused the crisis, while delays to global supplies caused by March's Suez crisis have not helped either. They are affecting projects big and small, across the country.

Garry Moore is one of those affected. He moved his 94-year-old father Stan into their family home in Westcliff-on-Sea in Essex during the first lockdown last year, but space was an issue. "He didn't want to go back to living on his own so we're having an extension built," Moore said. "A loft conversion above the garage. I thought it would be a fairly quick job."

Three months later, the roof still isn't finished and several walls remain unplastered, but not for lack of trying.

"My builder went up to the Midlands yesterday to look for some tiles, and he couldn't get them there either. We ordered enough but we've only had about half delivered – we're about 1,000 short. They're normal terracotta tiles, but you just can't get them. And there's no plaster either. I've no idea when it will be finished."

Roof tiles are particularly scarce but go to most builders' yards and you'll hear the same story about virtually every product from steel and timber to insulation and kitchen stoves.

"It seems to be almost everything that you need for doing domestic building or any sort of construction," said Duncan Brock, group director at the Chartered Institute of Procurement and Supply, which measures construction industry pricing every month. "The only thing we're not seeing shortages of is PPE."

“Demand has increased so rapidly,” said Noble Francis, professor of construction economics at University College London and economics director at the Construction Products Association (CPA), which represents UK firms that make building supplies. “Construction output in April 2020, at the nadir in the initial lockdown, was 45% lower than a year earlier. By March this year, it was already above pre-Covid levels.”

Homeowners are driving the boom – spending is up by 19% in March compared with January 2020. People in secure jobs with little opportunity to spend money on holidays and restaurants decided to invest in their homes and gardens. That appetite for home improvement has boomed since the vaccination programme, after the collective savings of the UK’s luckier classes swelled by about £180bn.

Garry Moore and his father Stan outside the unfinished extension. Photograph: Andy Hall/the Observer

It’s not simply higher prices and shortages – delays are growing too. Cold-rolled steel joists will take nearly five months to arrive, compared with the usual six weeks, according to figures compiled by Aecom, the infrastructure consultancy, for *Building* magazine.

MDF wood, beloved of interior designers on TV makeover shows, usually takes a week to arrive; now it takes six. Roof battens were usually held in stock by building merchants but now there’s a month-long delay. And the reason why Garry Moore’s builder travelled 150 miles to look for some roof tiles is because the order time has gone from six weeks to a dizzying six months.

“It’s not just construction output here that has recovered very quickly,” Francis said. “Global construction has as well. And that’s particularly the case in the US. Lumber prices in the US have gone up over 250% in the past year.”

Other factors are the blockage of the Suez canal by the Ever Given, and global shipping is still struggling with the disruption caused when Covid first hit and empty containers were stacked up in western ports instead of returning to China. The cost of sending a container from China to northern Europe jumped from US\$1,475 in May last year to US\$8,303 last Friday, according to the Freightos Baltic Index.

Jonathan Hayter, the owner of Lloyd’s Gardens of London, has an order book that’s full to bulging for the next 18 months, but he has some more immediate headaches to deal with. “We have an account with our regular builders’ merchants and normally we buy pallets of 65 bags of cement,” he said. “These last two weeks, I’ve been rationed to five bags per collection. You can’t do anything with that.

“I’ve had to tell all my customers: ‘You won’t hear from me for two weeks’. Because I’m just driving around builders’ merchants. I’ve turned into an Amazon delivery driver. I’ve driven about 600 miles this week going around Watford and north London, and by 6.30pm on Wednesday night I had a tonne and a half of materials in my van, driving really slowly over speed bumps. You phone ahead but no one will say if they have anything in stock – ‘Just come and check’. It’s ridiculous.”

His cement prices have doubled, and stock quality is troubling him. “Some of it’s a shambles, absolutely shocking. We got some oak sleepers last week, from a reputable supplier. They were bent like bananas.”

Anyone tempted to do it themselves is facing similar problems. The social media feeds for Homebase and B&Q have regular questions about the apparently lengthening lists of items that are out of stock, or will take months to deliver.

Sheds at Homebase can be ordered but the firm’s website warns some will take up to 99 days to arrive. Most fence panelling at B&Q is listed as out of stock except its standard traditional fencing. Homebase refused to discuss its supply situation. B&Q said it was “working closely with our suppliers to manage stock levels and ensure we have products available for customers when they need them”.

Some DIY-ers like Jake Shropshire, an estate agent in Hertfordshire, have pressed ahead. In January he began building an outdoor kitchen, hoping that the wood-burning oven and outdoor seating under a covered pavilion would be ready by summer.

“Like the rest of the world during lockdown, we decided to do up our outdoor space,” he said. “I’ve got a friend who’s a carpenter and we’ve been doing it together. I thought it would take a few weekends.”

Four oak posts that were meant to arrive in 10 days still hadn’t turned up eight weeks later. The timber for the roof and sides has turned up piecemeal, if at all, and it was a battle to get the concrete base done.

“I just got an email today about the kitchen units, saying the container from China has been delayed,” Shropshire said. “It should have been here in March and now they’re saying it’s going to be July.”

The reality of buyers competing for the attention of sellers is that wholesalers and builders’ merchants will tend to favour regular, larger customers, Brock said. Large infrastructure projects such as HS2, the London tideway, Crossrail, the Leeds flood alleviation scheme and Birmingham’s Big City plan are unlikely to be affected.

“The builders’ merchants and distributors will be selecting who they supply to based on long-term loyalty and long-term plans,” he said. “The construction sector is typically not very good at long-term planning, which means they’re not good at forecasting what they need, and so suppliers don’t know how much they need to order.

“Most builders don’t have any idea where most of their supplies come from, and they haven’t had to care until the last 12 months.”

So where do the UK’s supplies come from? Bricks and bulky materials like sand and gravel are almost all locally produced – 76% of materials are made in the UK – but about two-thirds of sawn wood is imported, according to the Forestry Commission. Much of it comes from Europe, particularly Sweden, but the US is now competing for wood.

The number of construction workers has fallen by 42% since 2017, with London being particularly hard hit.

Europe's larger manufacturing base also provides a substantial proportion of UK steel and other metals. Plastics rely on the oil industry, and February's big freeze in Texas caused polymer production to crash by 80%.

Specialist products need to be sourced from further afield. When Garry Moore is not worrying about his dad's roof, he makes a living as an inventor – the originator of the Propelair toilet, which uses 84% less water than a standard loo by flushing with compressed air, but is only fitted in offices and commercial buildings.

Moore has created a smaller toilet, the Velocity, which is suitable for domestic houses – “it could save an enormous amount of water”, he said – and is about to launch trials of his new invention with Essex County Council.

“It uses plastics and ceramics,” he said. “But we’ve had trouble sourcing ceramic suppliers, and also the polymers for the plastic parts. So I’m arranging the trip to China next month to go to the factories, and try and sort suppliers.” Rather like during last year’s rush for PPE, securing supplies can rest on personal relationships with factory bosses.

There is little else that firms can do but wait, and plan ahead. The UK is a modest buyer in global terms compared to the US, China and the Middle East, Brock said.

Brexit is another factor. Some smaller EU exporters have given up on the UK because of new trade barriers, according to *Building* magazine. Peter Caplehorn, the CPA’s chief executive, said last week that the UK could run out of key materials because there are not enough facilities to test them and provide the new UKCA certification which replaces the European CE quality mark.

Even those builders in the southeast who have materials are finding it impossible to recruit skilled workers because the number of construction workers from the EU in the UK has fallen by 42% since 2017, from 208,067 to 120,723 – nearly all having worked in London. “Don’t even go there,” Hayter said. “There’s not a shortage – there’s just no labour. The cupboard’s bare.”

Yorkshire and the north-west, which have been riding the wave of the UK’s building boom, may see workers heading south for higher wages.

“If they build a third runway at Heathrow, it will suck up all the spare subcontractor labour,” Brock said. “People vote with their feet. That’s why you get the vans on the motorway on a Monday driving down from the north-east.”

Mark Beard, the chairman of Beard construction, said there may be a second squeeze on labour in the south, if eastern European subcontractors decide to take longer holidays to make up for time missed during the lockdowns.

“We’re nervous about the summer,” he said. “If Europe opens up, some of our eastern European labour might want to take four or five weeks off this summer, instead of the two weeks they’ve had in the past.”

The rising prices may hurt firms which had longer contracts, because they were locked into lower pre-pandemic prices, he added, and the industry is also facing higher insurance costs after the Grenfell disaster.

“But there is a flip side – it really forces people to look at their procedures, to minimise risk. It’s driving better behaviours, better processes.” And if wages rise, that might push building firms towards modular manufacturing – building homes in factories.

“The car industry went through a crisis in the 1970s and came out renewed. If we get a perfect storm in our industry, people will look for innovations that will make us better five years down the road.”

<https://www.theguardian.com/business/2021/may/15/building-crisis-looms-as-dwindling-supplies-bring-sites-grinding-to-a-halt>