

news

Press releases

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Construction Demand for Mineral Products Flat Over the First Quarter

MPA sales of mineral products in the first quarter of the year provide hard evidence that recent construction activity has flattened out. Whilst overall activity is still positive on an annual basis and higher than 2015Q1, sales of aggregates, ready-mixed concrete (RMC) and mortar have been static in recent months and asphalt sales have continued to decline.

Annual sales volumes are modestly positive in the 12-months to March 2016, with aggregates, RMC and mortar sales volumes up by 3% compared to the previous 12-months period, and asphalt sales up by 1%.

Compared to 2015Q4, aggregates sales volumes were broadly flat in 2016Q1 (-0.1%), RMC sales volumes fell 1%, mortar by -0.2%. The overall flattening in these markets indicates a slowdown in general construction activity. Housing growth has slowed significantly in recent months, and anticipated improvements in commercial and industrial work are yet to be seen.

Asphalt sales in GB have now fallen by about 4%-5% for two consecutive quarters, indicating that road construction and maintenance activity has also slowed down. This is supported by ONS infrastructure construction data, which indicate lower levels of output since last summer.

In England, asphalt demand has declined for three consecutive quarters following a strong first half of 2015, raising industry concerns about the speed of delivery of both national and local road investment and maintenance programmes.

On the assumption that improvements in housing, infrastructure and commercial activity would be evident as 2016 progresses and through 2017-19, construction activity is now forecast to grow by 3% this year, down from 3.6% in CPA's winter forecast, followed by 3.5%-4% pa until 2019.

Based on this forecast and the current pipeline of infrastructure work, by 2019 we expect aggregates sales to be up 16% compared to 2015, 13% for RMC, cementitious and mortar, and up 14% for asphalt sales.

Nigel Jackson, Chief Executive MPA, commented, "While our results show a disappointing flattening of construction work in recent months, the general indicators remain positive in spite of uncertainties such as those related to global economic performance and the EU Referendum."

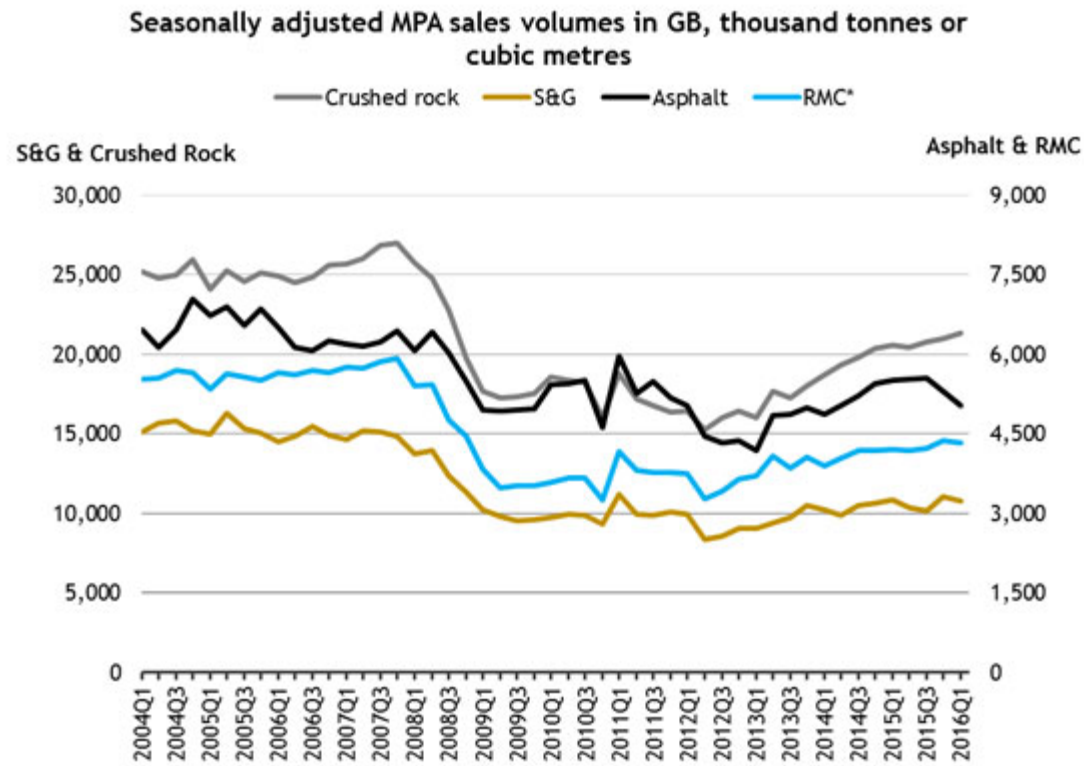
"One particular problem is self-inflicted in England. In spite of the new national Road Investment Strategy starting in 2015/16 and cash announced for local road maintenance, asphalt sales have declined in England for three quarters, suggesting there is a serious problem with the implementation of road improvements and again raising concerns about our ability to match ambitious infrastructure investment plans with project delivery."

Historical sales volumes in GB:

% Change on same period of the previous year (Non-Seasonally Adjusted)						
	Asphalt	RMC*	Crushed Rock	Sand & Gravel	Mortar	Construction Output
2014	8.8%	3.7%	13.5%	6.5%	17.9%	8.7%
2015	6.5%	4.3%	5.8%	3.1%	4.2%	3.8%
2015Q2	10.1%	3.6%	5.6%	4.6%	8.4%	6.0%
2015Q3	5.7%	1.2%	4.7%	-2.6%	-1.2%	1.6%
2015Q4	-2.6%	4.7%	3.1%	4.8%	2.6%	1.2%
2016Q1	-9.3%	3.1%	3.6%	-1.2%	3.6%	(-1.7%)

% Change on previous period (Seasonally Adjusted)						
	Asphalt	RMC*	Crushed Rock	Sand & Gravel	Mortar	Construction Output
2014	8.8%	3.7%	13.5%	6.5%	17.9%	7.5%
2015	6.5%	4.3%	5.8%	3.1%	4.2%	3.4%
2015Q2	0.3%	-0.5%	-0.8%	-4.7%	0.1%	0.5%
2015Q3	0.2%	1.1%	1.6%	-1.7%	-1.2%	-1.6%
2015Q4	-4.2%	3.3%	1.1%	8.9%	4.8%	0.3%
2016Q1	-5.3%	-1.0%	1.5%	-3.0%	-0.2%	(-0.9%)

(.) ONS preliminary estimates. * RMC is the sum of sales from both fixed & site plants.



Source: MPA.
 * Sum of fixed & site plants.

Ends.