

February 2016 Overview - January data

Inflation year-on-year movement

- alinea TPI forecast : 2016 = 5%
- BCIS TPI forecast : 2016 = 3.1%
- Average of other QS TPI forecast : 2016 =5.1%
- UK CPI : January - January = 0.3%

Materials

- On a quarterly basis, material prices increased more than last month showing a range from -2.26% (concrete) to +1.08% (clay), and was the third month in a while that this range has not been bookended with fabricated structural steel and cement. The quarterly average price movement over the last three months is higher than we reported last month at -0.37%.
- The year-on-year range is smaller at -9.97% to +3.67% and the average of all material price movements was slightly higher but still remained low at +0.97% (last month was +1.13%).
The main movements were:
 - Clay +3.67%
 - Cement +2.93%
 - Timber -3.87%
 - Fabricated structural steel -9.97%

Metals

- Metals continued to show volatility with price movements between -3.59 and 0% this month. Steel billet seems to have halted its fall after having lost 59% of its value over the last year but has held at \$220 for the last three months.
- Bottom of the monthly range is now copper. The metal which has lost nearly 15% of its value in the last 3 months is usually seen as a global bellwether for global economic health.
- All of the metals we track have fallen across the year (range of -56.00% to -9.96%)

Crude oil

- Crude oil saw a huge sell-off in January as the global supply glut persisted. As the International Energy Agency warned that global markets could "drown in oil" Iraqi output reached a record high.
- British and American standard oil slumped a third from near \$40/barrel in December to \$25/barrel in January. Since the start of our tracker (January 2013), oil has lost nearly 77% of its value.

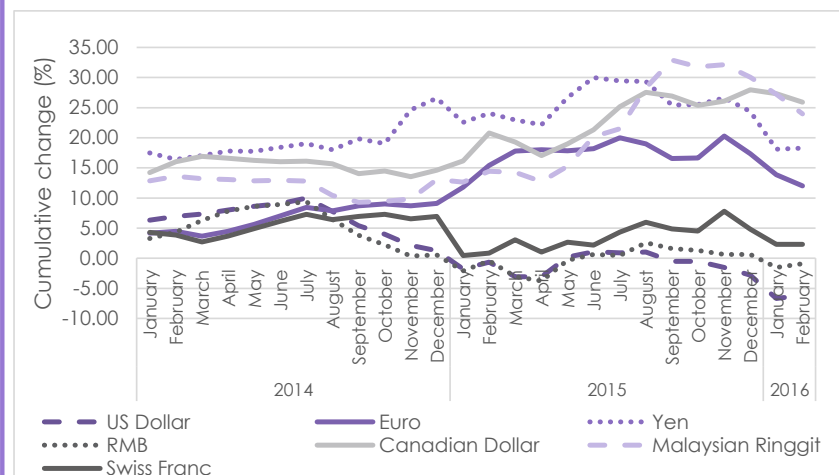
Baltic Dry Index¹

- The index fell to new historic lows every day in January. It reached a peak in May 2008 at 11,793 points and reached a multi-decade low 647 in February 2012 and dropped below 500 for the first time in November 2015 but at the end of January 2016, the index stood at just 317 points.
- The current drop is caused both by a drop in global trade and a glut of ships as such many are questioning how in-tune the index is with the world economy.

Currency

- Sterling has fallen against all the main currencies we track over the past two months, with its longest downward streak against the euro since the single currency was introduced in 1999.
- At a time when the UK economy is considered to be stronger than its peers. Sterling is one of the worst performing major currencies. This is thought to be partly due to the Bank of England's reluctance to raise interest rates and weak economic data such as slow earnings growth, slowing industrial output and persistently low inflation.

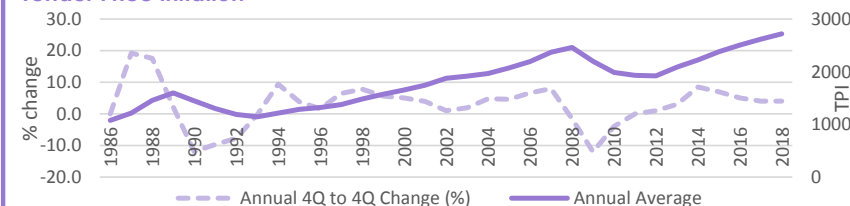
Exchange rates



Movement

	£ per unit	in the month (%)	in the year (%)
US Dollar	1.4405	-3.87	-4.97
Euro	1.3265	-3.50	1.75
Japanese Yen	170.7343	-6.25	-4.80
Chinese RMB	9.4632	-2.13	0.40
Canadian Dollar	2.0426	-0.63	11.45
Malaysian Ringgit	6.2356	-2.84	15.03
Swiss Franc	1.4516	-2.50	1.65

Tender Price Inflation



¹ Baltic Dry Index is an assessment of the price of moving a tonne of major raw materials by sea by different sizes of dry bulk vessels, driven by supply and demand.

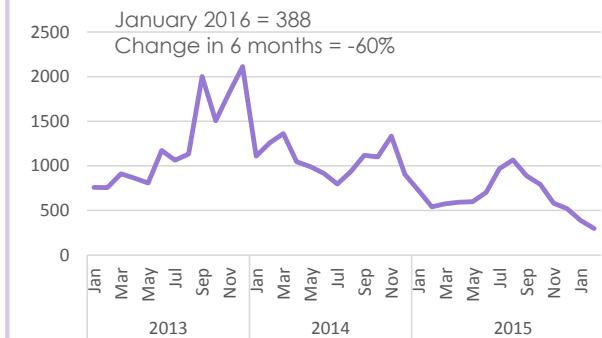
February 2016 Overview - January data

Materials and commodities

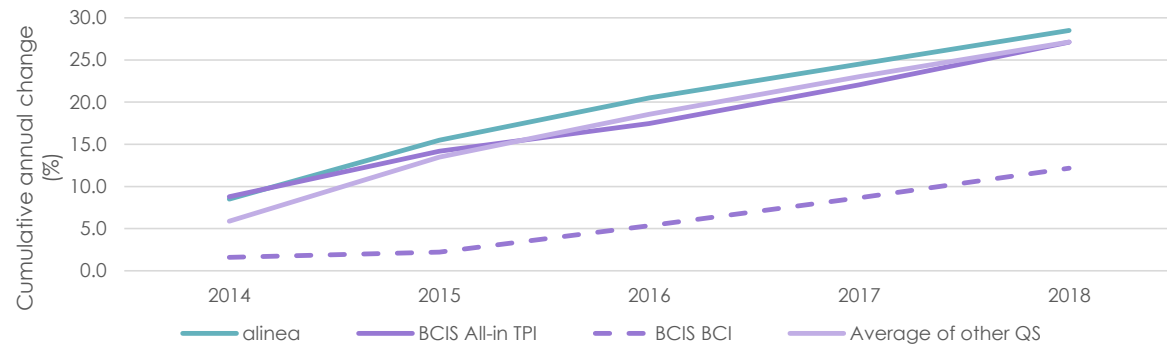
	Index (2010=100)	Movement in the month (%)	Movement in the year (%)
Aggregates	114.72	0.12	0.83
Cement	119.30	0.25	2.93
Concrete	106.05	-0.73	-2.35
Timber & joinery	110.57	-0.15	-3.87
Clay	121.60	0.58	3.67
Plastic products	112.65	0.22	0.33
Fabricated structural steel	85.80	-1.38	-9.97
Average	110.10	-0.10	0.97

	Cost (\$)	Movement in the month (%)	Movement in the year (%)
Oil - BRENT	25.37	-35.00	-49.26
Oil - WTI	25.41	-32.19	-46.44
Aluminium	1,479.43	-0.99	-18.17
Steel billet	220.00	0.00	-56.00
Copper	4,462.75	-3.59	-23.27
Lead	1,646.95	-3.19	-9.96
Average		-8.43	-15.12

Baltic Dry Index



Building Cost Index and Tender Price Indices



	2014	2015	2016	2017	2018
alinea TPI	8.50	7.0	5.0	4.0	4.0
BCIS All-in TPI	8.8	5.4	3.3	4.6	5.1
BCIS BCI	1.6	0.6	3.1	3.3	3.5
Average of other QS	5.9	7.6	5.1	4.5	4.1

Wage agreements

	2015		2016		2017	
	Date	Award	Date	Award	Date	Award
Asphalters	29-Jun	3.0%				
Thermal insulation H&V	01-Jan	2.0%				
Thermal insulation	01-Jan	2.0%				
Builders (BATJIC)	29-Jun	3.0%				
Heating and Ventilating	05-Oct	3.0%				
Demolition	20-Jul	2.5%				
Flat glass industry			01-Jan	2.4%	01-Jan	2.3%
Plumbers (England)	05-Jan	2.6%	04-Jan	2.5%	02-Jan	2.0%
Steelworkers	05-Jan	3.2%	04-Jan	1.5%	09-Jan	2.0%
Electricians (England)		2.0%	04-Jan	3.0%		
Builders (CICJ)	29-Jun	3.0%				
Civils (CICJ)	29-Jun	3.0%				
Building & Engineering Services	05-Oct	3.0%				
London Living Wage						
Minimum wage	01-Oct	£6.70				