

**Inflation year-on-year movement**

- alinea TPI forecast : 2016 = 6.0% (Q3 2016 - Q1 2017: 0.4%)
- BCIS TPI forecast : 2016 = 0.4%
- Average of other QS TPI forecast : 2016 =4.8%
- UK CPI : June - June = +0.5%

**Materials**

- This quarter, all materials saw increases in price. The range of movement was 0.00% to +5.88% (cement and fabricated structural steel, respectively).
- Annually, average prices remained fairly stable, showing a movement of +0.15%
- Year-on-year the main movements were:
  - Concrete = +2.33%
  - Clay = +1.81%
  - Fabricated Structural Steel = -3.57%
- Steel shows the largest fall owing to volatile prices and global demand across the year.

**Metals**

- Base metal prices have all shown price increases this month of between +2.36% (aluminium) and +25.99% (steel billet).
- Annually the range of movement has been a lot wider. Copper has fallen -11% whilst, due to the volatility seen recently, steel billet has increased in price by 117%
- Steel billet has been subject to large monthly price changes recently caused first by speculative trading in China pushing up prices then subsequently falling when new market controls were put in place, then the most recent rally is being fuelled by falling production and increasing demand in China thanks to stimulus measures for infrastructure.

**Crude oil**

- Oil prices fell as concerns of an oversupply continued. US oil production fell to a three month low whilst OPEC output neared an 8-year high and previous disruptions to Canadian output eased.
- Consumption cannot keep pace with supply.
- A lull in demand for oil has led to traders storing the equivalent of 2 weeks' supply off the coast of the UK. The last time that floating storage was a major feature of the oil market was in 2008-09 after Brent oil prices fell to \$35 following a period of price increases driven by speculation.
- Oil prices are now nearly 60% below the price seen in July 2014.

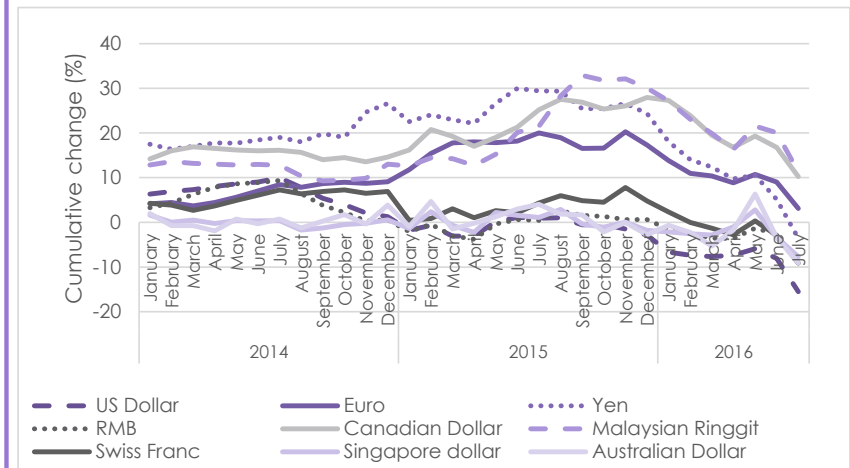
**Baltic Dry Index<sup>1</sup>**

- The BDI staged a small rally towards the middle of the month as the Typhoon Nepartak caused port congestion and unloading delays at Chinese ports, forcing higher rates for other vessels.
- Demand for ships between Brazil and China has been high, pushing capesize rates to a seven-month high along the route.
- Demand from China for coal, iron ore and grain grew, with a record amount of iron ore shipped to the country. Questions have been raised over the extent of China's stockpiling program and therefore how sustainable this demand is.

**Currency**

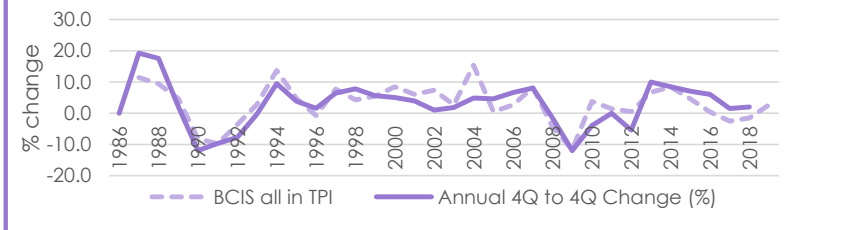
- Sterling fell against all major currencies, extending its run as the worst performing major currency of 2016.
- Since the day of the EU referendum, Sterling has fallen 11% against the Dollar and 9% against the Euro.
- The early appointment of Theresa May as Prime Minister provided a boost to the pound, which rose more than 2% against the Dollar and Euro as May was confirmed to office.

**Exchange rates**



		Movement	
	£ per unit	in the month (%)	in the year (%)
<b>US Dollar</b>	1.3146	-7.42	-15.50
<b>Euro</b>	1.1884	-5.89	-15.94
<b>Japanese Yen</b>	136.5098	-8.70	-28.84
<b>Chinese RMB</b>	8.7753	-6.20	-9.15
<b>Canadian Dollar</b>	1.7135	-6.51	-14.33
<b>Malaysian Ringgit</b>	5.2799	-8.75	-10.71
<b>Swiss Franc</b>	1.2901	-6.25	-13.02
<b>Singapore Dollar</b>	1.7747	-7.67	-16.16
<b>Australian Dollar</b>	1.7440	-9.09	-16.85

**Tender Price Inflation**



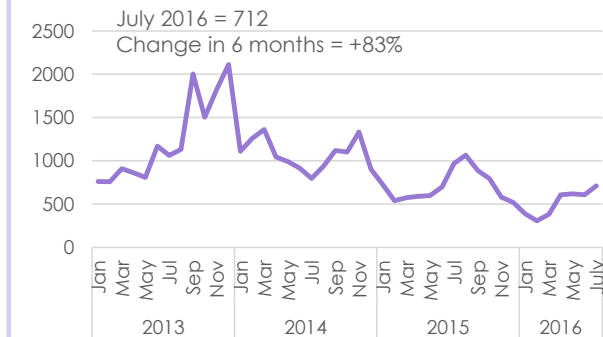
<sup>1</sup> Baltic Dry Index is an assessment of the price of moving a tonne of major raw materials by sea by different sizes of dry bulk vessels, driven by supply and demand.

Materials and commodities

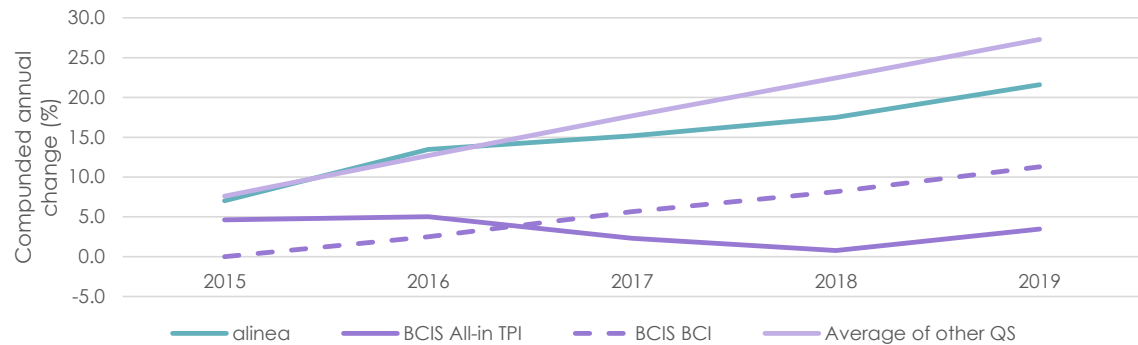
	Index (2010=100)	Movement in the month (%)	Movement in the year (%)
Aggregates	114.52	0.00	-0.14
Cement	118.70	0.00	0.42
Concrete	112.05	0.34	2.33
Timber & joinery	110.88	0.45	-2.38
Clay	123.70	0.08	1.81
Plastic products	114.33	0.97	1.45
Fabricated structural steel	86.40	3.97	-3.57
<b>Average</b>	<b>111.51</b>	<b>0.69</b>	<b>0.11</b>

	Cost (\$)	Movement in the month (%)	Movement in the year (%)
Oil - BRENT	46.68	-6.39	-18.58
Oil - WTI	45.34	-7.14	-12.20
Aluminium	1,629.83	2.36	-0.50
Steel billet	325.00	25.99	116.67
Copper	4,855.79	4.86	-11.02
Lead	1,834.88	7.06	4.12
<b>Average</b>		<b>5.36</b>	<b>-4.16</b>

Baltic Dry Index



Building Cost Index and Tender Price Indices



	2015	2016	2017	2018	2019
<b>alinea TPI</b>	7.0	6.0	1.5	2.0	3.5
<b>BCIS All-in TPI</b>	4.6	0.4	-2.6	-1.5	2.7
<b>BCIS BCI</b>	0.0	2.5	3.1	2.4	2.9
<b>Average of other QS</b>	7.6	4.8	4.4	4.1	3.9

Wage agreements

	2015		2016		2017		2018	
	Date	Award	Date	Award	Date	Award	Date	Award
Asphalters	29-Jun	3.0%						
Thermal insulation H&V	01-Jan	2.0%	01-Jan	2.0%	01-Jan	0.8%		
Thermal insulation	01-Jan	2.0%	01-Jan	2.0%	01-Jan	1.0%		
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%	08-Jan	2.5%
Electricians (England)		2.0%	04-Jan	3.0%				
Builders (CICJ)	29-Jun	3.0%	25-Jul	2.6%	26-Jun	2.8%		
Civils (CICJ)	29-Jun	3.0%						
Building & Engineering Services	05-Oct	3.0%						
London Living Wage	01-Nov	£9.40						
Minimum wage	01-Oct	£6.70	01-Apr	£7.20				