

Roofing and Cladding Market



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Global Cladding Systems Market

Cladding refers to the utilisation of one material over another to create a skin or a layer. In construction, cladding is generally used to give a level of warm protection and climate obstruction or to improve the appearance of the buildings. Claddings are very easy and cost-effective to maintain compared to painted surfaces.

Per the report published by Fior Markets, the global cladding systems market is expected to grow at a CAGR of 5.4% during the forecast period from 2018 to 2025. The roof cladding segment is anticipated to be the fastest growing segment during the period, growing at a CAGR of 7.7% from 2018 to 2025. The firm believes increasing global construction activities in the residential and non-residential sectors will generate increased demand for claddings throughout the forecast period.

“The global increase in infrastructure activities coupled with durability and insulation properties of cladding materials are driving the global cladding systems market; whereas high raw material and installation costs are proving to be the major restraining factors for market growth,” the report explained.

-UK Construction Sector-



Overview

Data from the Office for National Statistics (“ONS”) shows construction output fell 2.0% in April 2021 following a particularly strong increase in March (5.8%), and output now stands slightly above its pre-pandemic February 2020 level; new work continues to be subdued but the level of repair and maintenance is stronger.

Monthly construction fell by 2.0% in April 2021 because of declines in both new work (2.9%) and repair and maintenance (0.6%). The level of construction output in April 2021 remains 0.3% above the February 2020 pre-pandemic level despite the monthly fall; while new work was 3.4% below the February 2020 level, repair and maintenance work remains 7.1% above the February 2020 level.

In contrast to the monthly fall, construction output grew by 5.1% in the three months to April 2021 compared with the previous three-month period, because of a 5.2% increase in new work and 4.9% increase in repair and maintenance.



Outlook

According to a recent report by Construction Products Association (CPA), UK construction output is forecast to rise by 12.9% in 2021 and 5.2% in 2022 compared with 14.0% in 2021 and 4.9% in 2022 in the CPA’s winter main scenario. The downward revision to the growth forecast for 2021 reflects a higher base for construction output in 2020, with official data reporting a smaller fall than initially anticipated of 12.5% in 2020 compared to 2019. The UK economy faltered in 2021 Q1 due to the impacts of the third national lockdown on the services sector that accounts for 81% of UK GDP. For construction, however, activity accelerated in the first quarter of the year, although the story varies amongst its various sectors.

The report goes on to add that Infrastructure was least affected by the initial lockdown as it was considerably easier to enact site operating procedures and

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Fig 1 Aluminium monthly price - LME

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Aluminium prices have increased from \$1,602 per tonne in June 2020 to \$2,404 per tonne at the end of May 2021.
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other safety measures on large sites. In 2021, output is set to increase by 29.3%, reaching its highest level on record. This will be driven by activity on major projects such as HS2, despite the announcement of further delays and cost overruns, as well as activity on long-term frameworks in regulated sectors such as water, roads, electricity and broadband.

-Metal Prices-



Steel

Data from the London Metals Exchange shows steel prices have increased over the past 12 months. Prices have increased from \$261 per tonne in June 2020 to \$499 per tonne at the end of May 2021, with a high of \$525 per tonne on 11th May 2021.



Aluminium

Data from the London Metal Exchange (“LME”) also shows that aluminium prices have increased significantly over the past year. Aluminium prices have increased from \$1,602 per tonne in June 2020 to \$2,404 per tonne at the end of May 2021.

-Economic Impact of Coronavirus-

Undoubtedly, coronavirus is a black swan event – something that happens once in a century. Its spread has left businesses around the world counting costs, with many investors fearing the spread of coronavirus will pose an insurmountable challenge to the economic growth of all major countries across the globe. Almost every industry has been affected, with governments scrambling to somehow arrest the economic decline. Central banks in more than 50 countries, including the US Federal Reserve and the Bank of England have cut interest rates to try to strengthen their economies. Furthermore, most countries have announced unprecedented stimulus packages in the hopes of reviving their economy.

Effect on Global Demand

Owing to the pandemic, in the first half of 2020, restaurants, cinemas and shops around the world emptied, while flights, road traffic and energy use also fell steeply. Now more than one year later, consumer demand is still much below pre pandemic levels.

It is clear now that the spread of coronavirus has led to a decline in global consumer spending, the heart of global economic activity. Moreover, employee layoffs in various industries are becoming increasingly common, in many cases on a large scale. This might lead to further pullback in consumer spending, at least in the near future, exacerbating the economic impact of coronavirus.

Decline in Optimism

After sounding a note of optimism at the end of 2020, respondents to the newest McKinsey Global Survey are greeting 2021 with high hopes for economy’s prospects. Majorities of executives continue to believe that conditions in their home economies and in the global economy will improve

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over the next six months. Yet their positivity has moderated since the previous survey; compared with December, smaller shares of respondents now predict that economic conditions will get better.

Within regions, there are a few changes of note. In India, respondents are now nearly as positive about their own economy's future as are those in Greater China (who, since March, have been the most optimistic about economic conditions at home)—and those in India are also the most upbeat about the global economy's prospects. But in several other regions, sentiment has taken a negative turn. In Asia-Pacific and in Europe, the shares of executives expecting their home economies to improve decreased by 15 and 11 percentage points, respectively, since December. The decline in optimism is most acute in Latin America, where 30 percent of respondents now expect improvements in their home economies. In the previous survey, 56 percent of executives there said the same

UK Construction Sector

According to the Financial Times, UK construction activity declined at the fastest pace since the financial crisis in March 2020 as many builders halted work and cut jobs as coronavirus hit the economy. The IHS Markit purchasing managers' index for UK construction dropped to 39.3 in March from 52.6 in February 2020, marking the lowest reading in more than 10 years.

“As measures to contain the coronavirus Covid-19 pandemic were put in place across the UK, construction sites closed and builders lost their jobs on a frightening scale as overall activity fell to an extent not seen since April 2009. The closure of construction sites and lockdown measures have had a severe impact on construction activity over the past one year. As UK is opening up now, questions still remain regarding the safety of construction workers at sites across the UK.

UK Economic Forecast

The International Monetary Fund has downgraded forecasts for the UK's recovery this year while the expansion of the global economy, aided by accelerating vaccine rollouts, is expected to gather pace. Illustrating the severe impact of the pandemic on the UK economy, the IMF said in its latest forecast that the UK's national income, or GDP, would expand by 4.5% this year, down 1.4 percentage points from the 5.9% growth forecast made last October.

This follows a contraction in UK GDP of 9.9% in 2020, the biggest fall for any G7 country. The UK's acceleration of its vaccination program is not expected to give an extra boost to UK growth until 2022, when its growth rate is upgraded by 1.8 percentage points to 5%.

Global Economic Forecast

According to a report by the IMF, although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage points relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.

The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated at -3.5 percent, nearly one percentage point higher than projected in the previous forecast (reflecting stronger-than-expected momentum in the second half of 2020).

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The report further adds that the strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers and structural characteristics entering the crisis. The recovery will be driven primarily by countries such as India and China, forecast to grow by 8.8% and 8.2%, respectively. Recovery in large services-reliant economies that have been hit hard by the outbreak, such as the UK or Italy, is expected to be slow.

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