

Do you have the tools to overcome volatility?

A checklist for procurement professionals in construction

The outlook for the construction industry in the near term is clouded by uncertainty. Fluctuating interest rates are impacting housing demand, geopolitical tensions are placing a strain on global supply chains and inflation has led to spiralling costs. Additionally, consolidation among homebuilders reduces visibility in fragmented local markets.

Making the right moves at every step of the procurement process helps reduce risk and maximize profits. Between supply chain disruptions and unexpected price changes, procurement professionals need to be ahead of the market to stay competitive when sourcing raw materials before and during any construction project – no matter the scale.

In this guide, we'll explore some of the questions you should ask yourself about your strategies for raw materials sourcing.

01

Do you have tools to monitor price changes in real-time?



Are you equipped with historical pricing insights? Are you on top of the latest cost dynamics of essential components used? How does this drive your procurement or tender strategies for critical raw materials? Do you have access to market-reflective price data to refine your tactical approach?

Price volatility is nothing new for procurement, but it can strain material management processes and make it difficult to accurately budget for construction projects. Receiving timely updates on pricing trends enables you to grasp the current valuation of critical raw materials such as lumber and steel, giving you a solid foundation for strategic procurement decisions.

02

Do you have visibility over supply and demand forecasts for the metals and forest products markets?



You may be able to see what market prices are now, but how far into the future can you anticipate changes in the price dynamics?

Construction materials like wood products can be volatile due to logistical, supply chain, labor and housing demand factors. It's essential to have clear visibility over supply and demand forecasts for metals and forest products so you can align your strategies with the direction of the market. Accurate forecasts enable businesses to adjust to projected shifts in demand, optimizing procurement strategies and minimizing excess inventory costs.

03

Do you have a solution for managing rising costs and volatile prices?



Inflation has driven construction costs up, compounded by unpredictable raw material prices due to geopolitical tensions and supply chain disruptions. Real-time price data mitigates uncertainty, offering insights into market dynamics for construction-related materials like steel and lumber. With this data, construction companies can adopt an agile procurement strategy, accurately estimating costs and diversifying suppliers to hedge against supply chain risks.

Leveraging Fastmarkets' forecasts and insights streamlines price and supply research, freeing resources for strategic tasks while transferring forecast liability risk externally.

04

Do you have transparency over supply and demand forecasts to optimize inventory levels?



Ensuring a reliable supply for your firm is paramount. It requires visibility into the complex supply chain and a clear outlook on the supply and demand of key materials.

A better understanding of price movements as well as supply and demand dynamics will enable you to prepare for any shocks or fluctuations in the market. With this insight, you can re-assess your options, whether it is dual sourcing, changing raw materials or finding new suppliers to source from.

Additionally, staying informed about the performance and production activities of other companies is essential. This enables you to assess production levels accurately and avoid overproduction, which could adversely impact market prices.

05

How are you staying informed and adapting to evolving regulatory requirements?



The increasing focus on sustainability in the construction industry, driven by a combination of regulatory mandates and heightened client expectations are set to make sustainable construction methods and energy-efficient designs industry standards.

Receiving regular updates and staying ahead of policy developments can help you anticipate shifts in demand and prioritize sourcing materials that align with sustainability goals. Plus, being aware of regulatory requirements and industry trends can help procurement professionals make informed decisions about which suppliers to engage with and which materials to procure, ensuring compliance with regulations and meeting client demands for environmentally friendly products.

06

How well do you understand your suppliers' cost structures?



How do you know if your suppliers are overcharging you? Are their prices the industry standard?

With reliable price data and a firm grasp on market dynamics, construction players will be able to compare cost inflation against industry standards. A better understanding of costs also allows you to evaluate suppliers better, giving your organization the leverage to challenge the suppliers' price-increase logic or negotiate for price decreases.

Overcome uncertainty with Fastmarkets

With over 100 years of price reporting experience including coverage of commodities that are critical to the construction industry, our range of outlooks and forecasts will provide you with the data and expert analysis you need to assess the market effectively.

Our insights and forecasts are designed to address the needs of procurement professionals within the construction industry. Discover:

Price data	✓ Market-reflective commodity prices for steel, wood products, scrap and base metals
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