

Notes for May 24th, 2023 CCI Report

This month's **Oil Price** forecast has remained at \$80 per barrel through 2023, before moderating down to just below \$70 per barrel in 2024 under current economic conditions. The Energy Information Administration expects the seasonal rise in oil consumption and a drop in OPEC crude oil production to put some upward pressure on crude oil prices in the coming months. Oil and fuel as supply-chain variables will remain negative influences on FDOT costs but should not worsen over the rest of the year.

This month's Monthly **Costs Composition** chart shows that asphalt costs maintained the majority of total dollars at a higher sustained rate than in previous years. Labor costs have remained stable over the past few months at about 9%, potentially indicating that the labor market has reached a new normal.

The average bid price of **Asphalt** in April dropped by 1.6% compared to the first quarter's price, possibly due to dropping asphalt binder prices. However, binder costs are not declining at the same rate as fuel costs. Demand for asphalt paving is likely to continue climbing over the next few years due to the significant increases in infrastructure funding, and current forecasts now predict prices to rise through 2024 as well.

Structural Concrete producers have been capitalizing on the import disruptions and extensive infrastructure spending to make up for COVID losses and increase their operating margins while they can. All concrete supply chain variables are still exerting a negative influence on FDOT's costs for concrete. But while bid prices are still overshooting forecasts, recent declines indicate there is a chance for further moderation in bids.

Although lower housing development and lower fuel costs would drive **Earthwork** prices down, intensive infrastructure demand is supporting higher prices, and earthwork prices are forecast to remain elevated. Though equipment and truck costs have declined, availability is tight, lead times are still long, and large projects are dominating resource competition.

Year-to-date **Reinforcing Steel** bids have declined below expected estimate forecasts. According to **Structural Steel** supplier interviews, perception of the labor market is mixed as some believe conditions have improved, but others believe that conditions are getting worse. While less competition for resources from other sectors like commercial and residential may potentially bring down costs for specific products, this hasn't happened yet.

Through April, the cost of building a **New 4-Lane Divided Typical Section** remains 17% higher since last fiscal year.

The cost of **Resurfacing** that **typical section** has ticked up again and is 26.1% higher than this time last year.

The **Florida Producer Input Price Index vs Bid Prices** shows input prices rose slightly through March. FDOT average bid prices decreased this past month and now match FDOT's average winning bid prices. We are still seeing a large spread between the lowest bid and the highest bid on many proposals.

Competition for FDOT construction contracts remained at 3.5 bids per contract in April, and the number of contracts with two or less bidders dropped to 23%.