

Notes for June 14th, 2023 CCI Report

This month's **Oil Price** forecast for the remainder of 2023 has ticked down to \$74.70 per barrel from last month's \$80. The forecast for 2024 has been revised higher to \$78.50 per barrel. The Energy Information Administration's forecast assumes U.S. GDP growth of 1.3% in 2023 and 1.0% in 2024, which is down from last month's forecast of 1.6% and 1.8%, respectively. This lower GDP growth reduces total U.S. energy consumption in both years compared with last month's forecast.

Historical and forecasted **Construction Employment Changes** in major Florida markets - UCF's Institute for Economic Forecasting expects construction employment growth to decline for the next 2 ½ years, with the biggest losses in 2023 and 2024. This tells us competition as a supply chain variable should remain neutral for most of FDOT's construction materials during this time.

The average bid price of **Asphalt** in the 2nd quarter is up 2% higher than the first quarter and nearly 6% higher than this same time last year. May lettings were not kind, with several large quantity projects that had elevated asphalt unit price bids. As previously reported, demand for asphalt is likely to continue climbing over the next few years due to the significant increases in infrastructure funding.

Like asphalt, **Structural Concrete** bid prices were higher in the May lettings, mainly due to small quantities for superstructures, culverts and retaining walls. While bid prices have been overshooting forecasts, recent declines indicate there is still a chance for some moderation in bid prices into 2024.

Reduced housing starts, and lower crude prices have resulted in lower bid price forecasts for **Earthwork**, however elevated prices are still being supported by infrastructure demand from other sectors. One spot of good news is that prices for used earthmoving equipment have stabilized after steep increases and declines in 2022.

Despite recent cost increases, **Steel** makers are reporting there will be significant production ramp-ups this summer. Input prices remained flat in May for some products, while others like round bar and galvanized steel saw increases. FDOT suppliers have adjusted bids to account for the unexpected cost increases over the last few months for some steel products like plate and pipe. Partly due to the increases in production, price changes for structural steel are expected to be minimal in June and early July.

Through May, the cost of building a **New 4-Lane Divided Typical Section** is 10% higher than this time last year. And for ease of reference, we have added the cost per lane mile figure to the typical section index slides.

The cost of **Resurfacing a 4-Lane divided typical section** is 24.4% higher than this time last year.

Competition for FDOT construction contracts remained at 3.5 bids per contract through May, and the number of contracts with two or less bidders increased to nearly 29%.