

Defying the odds

Confidence in growth and capital investment for aluminium despite rising costs

The much anticipated Q2, 2018 CAB *State of the Market Survey* highlights that despite continuing expressions of concern post Brexit next year, there is still confidence in the aluminium in building sector. Results show that 59% net balance of members expect sales growth in the next quarter (80% in Q1) and 76% see growth in the next 12 months (79% in Q1). The period was characterised by manufacturers, buoyed by the good weather, catching up on lost production from Q1.

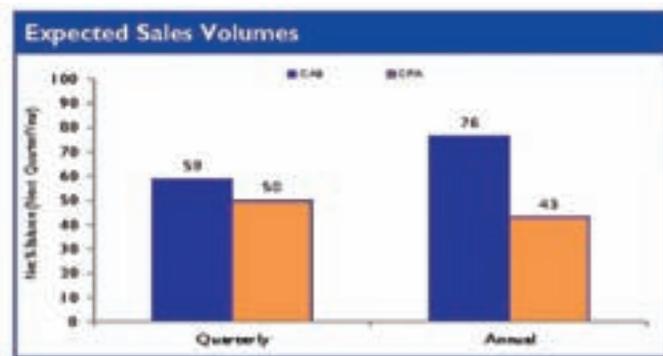
24% of CAB members reported significant rises in sales increases of over 5% (43% in Q1), compared to a year earlier and 35% reported that sales had increased by up to 5% (29% in Q1) over the same period.

increases over the previous 12 month period.

Looking ahead, members' cost pressures are expected to continue over the next quarter (41%) and the next year (59%). The key drivers of cost inflation in Q2 were wages and salaries, raw materials and fuel costs (all 88%)

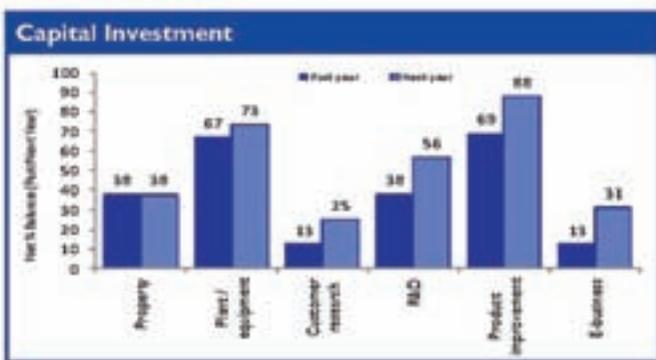


Justin Ratcliffe



Expected sales volumes

Demand was again reported as the key constraint on sales growth over the next year for 53% compared to 80% in Q1. The other constraints were equal at 12% of



Capital investment

respondents: capacity, raw material prices; material supply and no constraints.

In Q2, 91% of members net balance reported unit cost

followed by energy costs (76%). Interestingly only 18% quoted exchange rates as a factor.

In the year to Q2, capacity remained sufficient although 41% of members reported that they had operated at between 90% and full capacity over the last 12 months, up significantly from 20% in Q1. In 12 months' time, capacity utilisation is anticipated to be 90% or higher according to 35% of members (20% in Q1).

Once again there was a very positive view of capital investment over the next 12 months. In Q2, on balance, 88% net balance reported that investment in product improvement would be higher, followed by plant and equipment (73%), R & D (56%), and property (38%). Interestingly an equivalent or higher net balance of members saw increases in capital investment in the year ahead, across all the metrics, compared to the previous year.

On the employment front, in Q2, 47% of members on balance reported that employment rose from a year earlier (40% in Q1). However, encouragingly 71% anticipated increasing headcount during the next 12 months (47% in Q1). □

To enquire about CAB membership and forthcoming conference programmes please contact: Julie Harley julie.harley@c-a-b.org.uk or telephone 01453 828851