

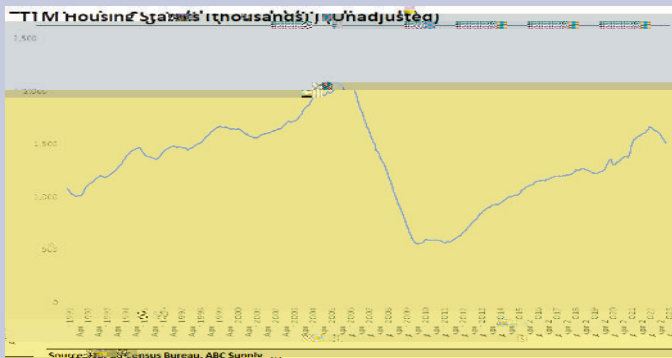
L W SUPPLY MERCHANDISING UPDATE SPRING

Housing starts have softened, but a strong construction backlog and growing builder confidence has kept demand relatively strong. The pace of building has slowed compared with the peak of the last two years, but remains at some of the highest levels in the last decade.

In his update, Kevin Hocevar provides an overview of the choppy start to the year.

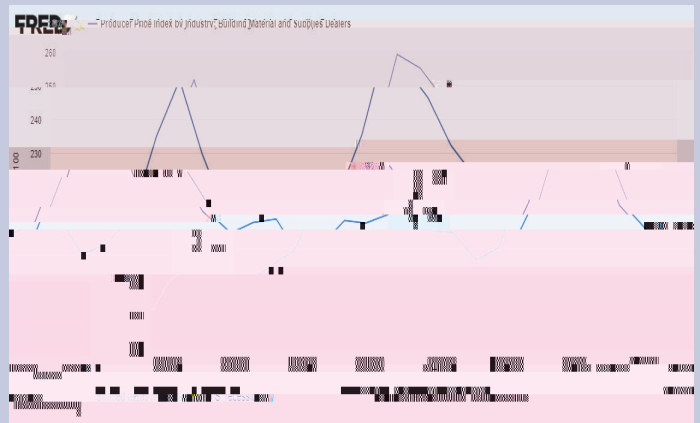
DEMAND

- US Housing Starts (seasonally adjusted) were down in Q1, but historically high backlogs have softened impact in the short term.
- Non-Res Put in Place Construction was down 14% in the first part of 2023, but there was wide variation across sectors (manufacturing and construction drove a significant part of the decline) and geography.
- After six months of declines, the Architectural Billings Index was above 50 in March.



INFLATION

- Inflation on several key product cost drivers like freight, energy and paper eased considerably in Q1.
- Labor/wage inflation continued to rise in Q1, but the rate of increase slowed from prior quarters.
- The pace of price increases on key product categories (wallboard, steel, ceilings, etc.) has been much lower in the past nine months as costs continue to stabilize.



KEY PRODUCT UPDATES

WALLBOARD

... n t r r o r s p n t s r o n .
Y Y t s s t t s t o r y s t r o n . B F p
W o r v t y s p r o v s n n t y n
r t s t o n y s p t y p r o t s r n n
t t A t o n p t y o n o n n n
p r o v v t y n t o s r t s n t n t p y
G s s t v t y o n t n s t o p r o v n
n t o n s r t t s p p y o n t n t o p r o v
t r o o t v

STEEL

... n t r r s t s p n t s r p o r t y F I A r
p . Y Y n t n s o s t r t o v
A t r , s t r t s o n r s s n n n n
o v r G v n o p r n s o n o v r t s t
s s o v r n s t n t s s o r t

CEILINGS

A t t r t n o r s t . r t o s n t n
t o v r v o r s t o D v o n
p p o r t n t s t n s v r y y t v r t t
t o n t r n s p o r t t o n n t r n t y
n o n v r s y r t n o s t o r y t r s t
s n t t n t n s s n s s n
o s n n t n t r n p t y s s s r
t r o n s t r n s t r n s p o r t o n o s t s n o r n

OTHER PRODUCTS

F r s s n s t o n v t y s p r o v n t s t
n n b o s n s t o n s p p y r n s t t
n s t o n p r o t o n s p r o v s n n t y n
t p s t o n t s
o n t o p o n v t y s s t s o v r
n s s o t n

