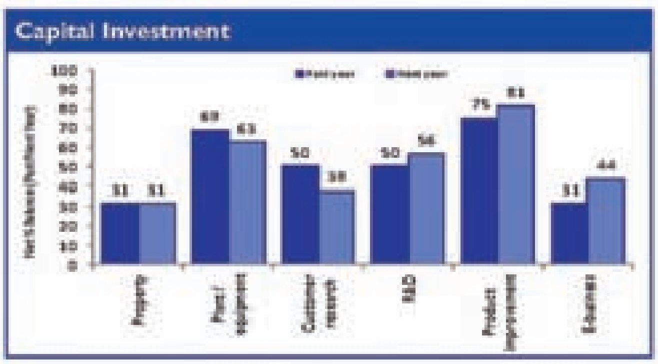
A look at the market

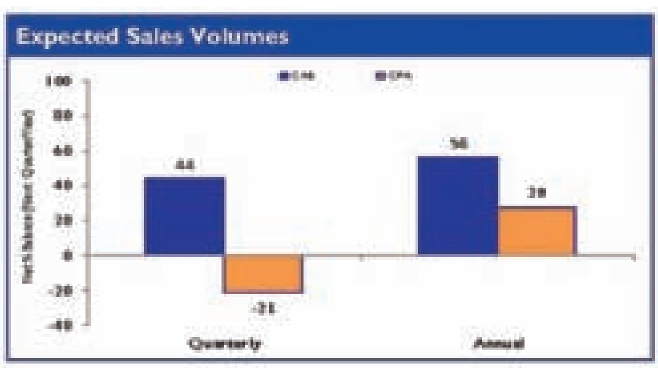
CAB CEO, Justin Ratcliffe, looks at the latest CAB *State of the Market Survey* results for Q3, 2017 and previews the latest in CAB's series of contractual awareness seminars on design liability including a draw for two complimentary places

The latest Q3, 2017 CAB *State of the Market Survey* holds up well compared to other economic data released for the same period. Early indications from ONS are that construction output declined 0.7% in Q3 2017, the largest fall since 2012 Q3, while the CBI is indicating manufacturers investment decisions for the year ahead deteriorated, particularly for buildings. However, construction product sales continued to increase in Q3, the 18th consecutive quarter of growth since 2013 Q2. CAB's quarterly survey showed 31% of member firms net balance increased sales in Q3. Looking ahead,



Capital investment

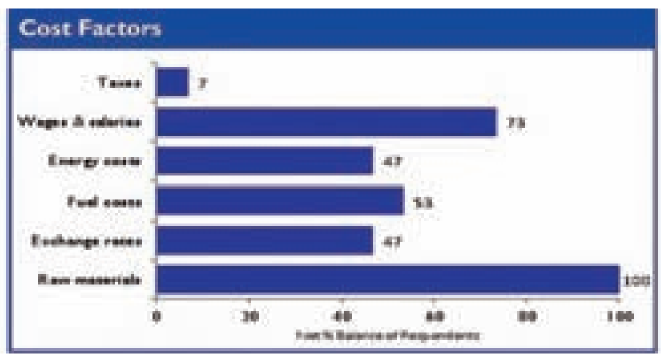
expectations for growth amongst CAB members were 44% net balance for the next quarter and 56% net balance for the year ahead. Once again, these figures compare favourably against the overall construction sector (-21% and 28% respectively).The key driver of cost inflation in Q3 was raw materials (100% net balance), owing to the weak sterling exchange rates and rising global commodity prices. In addition, 73% net balance reported rising wages



Expected sales volumes:
This highlights expectations of CAB members compared to those across the wider construction sector within the Construction Products Association (CPA)

Justin Ratcliffe

and salaries. Demand was reported as the key constraint on sales growth over the next 12 months, 63% net balance (40% net balance in Q2), with raw materials prices 13%. No constraint on activity was reported by 13% of members. In Q3, expected capacity utilisation remained low. Only 20% of members reported that they expected to



Cost factors

operate at between 90% and full capacity over the next quarter (20% for the year ahead).Capital investment again remained one of the key priorities with the focus over the year ahead being product improvement (81%) followed by plant and equipment (63%) and R&D (56%). Encouragingly, across all the capital investment there was a view that investment would increase year-on-year in product improvement, R&D and e-business while property remained the same. The only noticeable fall was customer research (38% net balance for the year ahead against 50% for the past year). ❐

Justin Ratcliffe

For further information about CAB, its activities and how to join, please email jessica.dean@c-a-b.org.uk or contact the CAB office on 01453 828851

New CAB contracts awareness seminar – Design Liability, 30th November (am), Coleshill, Birmingham

Design liability is a hot topic in the industry at present. This half day seminar gives an overview of the highly important and potentially expensive issues that can arise when you take on board full or part design responsibility. The seminar, presented by Geraldine Fleming, executive vice-president, KCA (previously Knowles) follows on from another popular topic *Pre & Post Contractual Awareness* to be presented on November 28th (all day) in Sheffield.

This seminar will include a number of relevant case studies. It is particularly suitable for fabricators, installers, specialist sub-contractors, estimators, project managers, finance departments and anyone who is part of the onsite construction team. ❐

"Two complimentary places available to this members' only event"

Areas to be covered include:

- Who has design responsibility?
- What is the difference between Reasonable Skill and Care (RSC) and Fit For Purpose (FFP)?
- The risks of design engineering.
- The status of 'Approval by Consultants'.
- How do JCT contracts deal with design?
- How do NEC contracts deals with design?
- The importance of record keeping.
- Liability for defects post completion.

CAB in association with The Fabricator is offering two complimentary places to this members' only event.

Please email justin.ratcliffe@c-a-b.org.uk to enter the draw marking your email 'Design Liability Free Draw' and include your full contact details. The deadline for entry is 5 p mMonday 27 November. The lucky winners will be informed no later than 10.00 am Tuesday 28 November 2017.