



MIDF Research 'positive' on the construction sector

PETALING JAYA: MIDF Research has maintained its “positive” view on the construction sector, noting that the cost headwinds remain manageable.

It said the issue of a foreign labour shortage is also alleviating and will improve further as the government has agreed to ease the conditions for the hiring of foreign workers and to shorten the process.

The research house said uncertainties for the sector remain with the potential reviews, delays, or even termination of infrastructure projects.

“We still expect the Mass Rapid Transit Line 3 (MRT3) to be the bright spot for the sector, albeit a delay in the rollout of its main packages, as it is a crucial final piece to complete the urban rail network in the Klang Valley,” it said in a note today.

On construction cost, MIDF Research said the ongoing decline in steel bar prices remains a positive development for construction players, which have faced higher price pressures over the past two years with steel bar prices rising for 19 consecutive months to the peak of RM3,901.81 per tonne in June 2022.

“On the flip side, we expect cement prices to remain elevated at current levels and we do not discount the possibility of further hikes, especially in the peninsula, due to elevated coal prices and the impact of higher electricity surcharge from January to June this year,” it said.

Prices of steel bars maintained their downward trend in December 2022, marking the sixth consecutive month of decline.

According to data released by the **Department of Statistics** yesterday, the average prices of five types of mild steel bars and four types of high-tensile deformed bars it tracked saw a month-on-month reduction of 0.6% to RM3,602.94 per tonne in December 2022.

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