

# MARKET INTELLIGENCE

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## Spring Cement Outlook

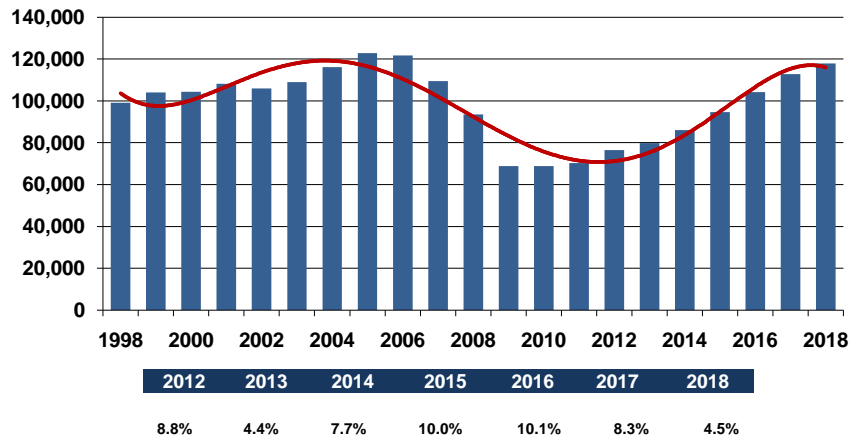
### Overview

PCA's cement volume forecast remains essentially unchanged since the fall forecast. The United States' cement market is expected to grow 7.8% in 2014, followed by 10% growth in 2015 and 2016. Minor adjustments have been made regarding the construction sub-sectors. Aside from the potential of a stronger interest rate stance by the Federal Reserve later in the forecast horizon, the cement volume risks are believed to be on the upside.

There is considerable evidence that the economy's growth path has softened during the past several months. Real GDP weakened considerably during the fourth quarter to 2.6% from 4.1% in the third quarter of 2013. Preliminary first quarter estimates growth at a meager 0.1%. Furthermore, consumer confidence has recorded setbacks, mortgage applications have recorded sustained weekly declines, the housing market has stalled, and real put-in-place construction activity has slowed.

There are some that look at the recent slowdown in growth as a clear indication that the United States' economy has structurally changed in lieu of the recession. By impacting global economic growth, credit conditions, labor markets, consumer and business expectations – sustained, robust economic growth is

### Portland Cement Consumption Thousand Metric Tons





America's Cement Manufacturers™

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## ***U.S. Forecast Tables***

***Spring 2014***

Source: Portland Cement Association's Market Intelligence Group based on publicly available sources believed to be reliable; however, accuracy cannot be guaranteed. The Portland Cement Association assumes no legal responsibility for the outcome of decisions or commitments made on the basis of this information.

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## Economic Forecast

	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Economic Factors</b>								
- Real GDP Growth (%)								
- Unemployment Rate (%)								
- Employment								
- Change in Employment								
- Inflation Rate (%)								
- Consumer Sentiment Index (Year End)								
- Total Housing Starts (000)								
- Oil Price, WTI Per Barrel								
- Note: Oil Rig Count								
<b>Key Interest Rates</b>								
- Mortgage Rate - 30 Yr Fixed (%)								
- Federal Funds Rate								
- Three Year Treasury (%)								
- BAA Bond (%)								
- Implied Corporate Risk Premium								
<b>Key Single Family Factors</b>								
- Single Family Starts (000)								
- Average New Home Sq Footage								
- Total Single Family Sq Footage (Million)								
- Average Cement Tons Per Start								
- Mortgage Rate - 30 Yr Fixed								
- Median Home Price (000)								
- Home Appreciation Rate								
- Average Monthly Payment								
<b>Key Multi-Family Factors</b>								
- Multi-Family Starts (000)								
- Average New Home Sq Footage								
- Total Multi-Family Sq Footage (Million)								
- Average Cement Tons Per Start								
- Vacancy Rate (%)								
- Mortgage to Rent Ratio								
- Target Rental Population (20-29) Index								
<b>Key Nonresidential Factors</b>								
- Capacity Utilization (%)								
- Office Vacancy Rate (%)								
- Office Worker Employment								
<b>General Cement Ratios</b>								
- Cement Consumption (Per 000 Capita)								
- Cement Tons Per Mil Construction								

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**Construction Put-in-Place**  
(Billions 2009\$)

**United States**  
**Spring 2014**

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Total</b>								
<b>Residential Buildings</b>								
New Housing Units								
Single Family								
Multi Family								
Improvements								
<b>Nonresidential Buildings</b>								
Industrial								
Office								
Hotels, Motels								
Hospitals, Institutions								
Religious								
Educational								
Other Commercial								
<b>Public Utility &amp; Other</b>								
<b>Farm Nonresidential</b>								
<b>Miscellaneous</b>								
<b>Public Construction</b>								
Buildings <sup>(1)</sup>								
Highways & Streets								
Military/Public Security <sup>(1)</sup>								
Conservation								
Sewer Systems								
Water Supply Systems								

**Percent Change**

<b>Total</b>								
<b>Residential Buildings</b>								
New Housing Units								
Single Family								
Multi Family								
Improvements								
<b>Nonresidential Buildings</b>								
Industrial								
Office								
Hotels, Motels								
Hospitals, Institutions								
Religious								
Educational								
Other Commercial								
<b>Public Utility &amp; Other</b>								
<b>Farm Nonresidential</b>								
<b>Miscellaneous</b>								
<b>Public Construction</b>								
Buildings								
Highways & Streets								
Military/Public Security								
Conservation								
Sewer Systems								
Water Supply Systems								

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**Portland Cement Consumption**  
(000 Metric Tons)

**United States**  
**Spring 2014**

2011      2012      2013      2014      2015      2016      2017      2018

**Total**

**Residential Buildings**

- New Housing Units
- Single Family
- Multi Family
- Improvements

**Nonresidential Buildings**

- Industrial
- Office
- Hotels, Motels
- Hospitals, Institutions
- Religious
- Educational
- Other Commercial

**Public Utility & Other**

**Farm Nonresidential**

**Oil & Gas Wells**

**Miscellaneous**

**Public Construction**

- Buildings
- Highways & Streets
- Military/Public Security
- Conservation
- Sewer Systems
- Water Supply Systems

**Percent Change**

**Total**

**Residential Buildings**

- New Housing Units
- Single Family
- Multi Family
- Improvements

**Nonresidential Buildings**

- Industrial
- Office
- Hotels, Motels
- Hospitals, Institutions
- Religious
- Educational
- Other Commercial

**Public Utility & Other**

**Farm Nonresidential**

**Oil & Gas Wells**

**Miscellaneous**

**Public Construction**

- Buildings
- Highways & Streets
- Military/Public Security
- Conservation
- Sewer Systems
- Water Supply Systems

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**U.S. Cement Consumption Forecast**  
(000 Metric Tons)

**United States**  
**Spring 2014**

**2011      2012      2013      2014      2015      2016      2017      2018**

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Total Cement Consumption

Portland Cement  
Masonry Cement

- Portland Share of Total, (%)

Cement and Clinker Imports  
- Import Share, (%)

**Percent Change**

Total Cement Consumption

Portland Cement  
Masonry Cement

Cement and Clinker Imports

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