



## Fall Forecast Report: 2009

### Overview

Although this current forecast now contains a small dose of optimism for next year, do not yet make the misjudgment of referring to the recession in the past tense. Global recessionary toll on Canada's primary industries, commodities markets, and its primary trading partners have left a distressing mark on the Canadian economic landscape. Unlike prior recessions, no province was immune and extraordinary monetary and fiscal strategies were required to stem the tide of economic adversity. PCA's forecast suggests a cement demand decline of nearly 19% this year. However, some fragile optimism is now reflected in the forecast for 2010-2011.

- Uncertainty in the automotive sector continues to gradually lift suggesting renewed optimism in this critical central province industry. Although expectations for improved motor vehicle sales in the U.S. remain muted, an improving labour market, both domestically and in the U.S., along with consumer confidence, suggest a more positive outlook for auto sensitive provinces.
- Residential sector momentum appears to be gathering steam. Existing home sales have staged a dramatic comeback and, supported by favorable interest rates and overall affordability, suggest a somewhat stronger market next year. A progressing residential market carries positive implications for both business and consumer spending.
- Nonresidential construction will be hampered in the near-term by tight credit, overcapacity, and minimal expectations for return on investment. Typically a recessionary laggard, the burn off of inventory and a reboot of investment incentive will not materialize until clear signs of a consumer and business recovery are evident.
- Led by a recovery in world economic growth, commodity price improvement, particularly in oil and natural gas, will subsidize the recovery in the oil patch. Marginal gains in housing will begin to shore up those provinces engaged in forestry based production.
- All provincial regions are forecast to contract in terms of real GDP this year with Ontario the pack leader (-3.4%) followed closely by B.C. (-2.7%). The Atlantic (-1.3%), Quebec (-2.0%), and the Prairies (-1.5%) are fairing slightly better. Rebounds in 2010 will be led by the Prairies and B.C.
- The Prairie region is expected to show the largest gain in cement consumption next year, growing 3.7% from a recessionary resized market. Cement gains in Atlantic Canada (+2.8%) and B.C. (+1.9%) will follow. Quebec (+1.1%) and Ontario (+1.0%) will manage marginal gains.



## ***Canadian Forecast Tables***

***Fall 2009***

**Economic Outlook**

2007      2008      2009      2010      2011      2012      2013      2014

**Economic Activity**

**Real GDP (Millions 2002\$)**  
% Change

Capacity Utilization (%)

Consumer Price Index (2002=1.0)  
% Change

Consumer Spending (Million 2002\$)  
% Change

Oil Prices, WTI (U.S.\$/bbl)

**Oil Prices (C\$/bbl)**

**Labor Markets (000)**

Labour Force  
% Change

**Employment (Total)**

% Change

Change (000)

Manufacturing

% Change

Services

% Change

Unemployment Rate (%)

**Housing Starts (Units)**

**Total**

% Change

Single Family

% Change

Multifamily

% Change

**Interest Rates (%)**

5 Year Mortgage Rate

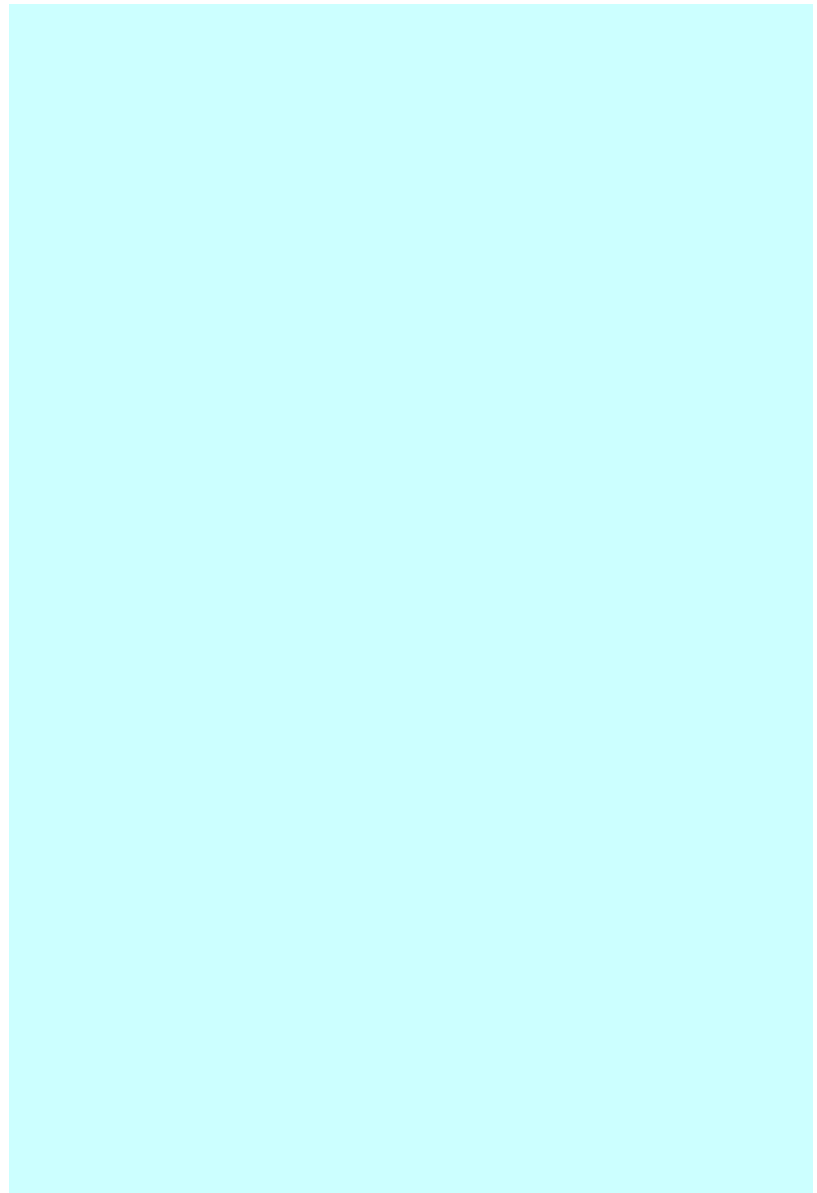
Prime Rate

Policy Rate

**Exchange Rates**

US\$ (Canadian \$)

Canadian \$ (US\$)



**Canadian Cement & Construction Outlook**

<b>Construction Activity (Millions 2008\$)</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Total Construction</b>								
% Change								
<b>Residential Construction</b>								
% Change								
<b>Single Family</b>								
% Change								
<b>Multifamily</b>								
% Change								
<b>Other</b>								
% Change								
<b>Nonresidential Construction</b>								
% Change								
<b>Industrial</b>								
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<b>Commercial</b>								
% Change								
Office Buildings								
Retail & Wholesale								
Other								
<b>Institutional</b>								
% Change								
Educational								
Hospitals								
Other								
<b>Engineering</b>								
% Change								
Transportation								
% Change								
Other								
% Change								
<b>Cement Consumption (000 Metric Tonnes)</b>								
<b>Total Cement</b>								
% Change								
<b>Portland Cement</b>								
% Change								
<b>Masonry Cement</b>								
% Change								
<b>Cement Consumption by Market (000 Metric Tonnes)</b>								
<b>Residential Construction</b>								
% Change								
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<b>Commercial</b>								
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Office Buildings								
Retail & Wholesale								
Other								
<b>Institutional</b>								

**Atlantic Provinces**

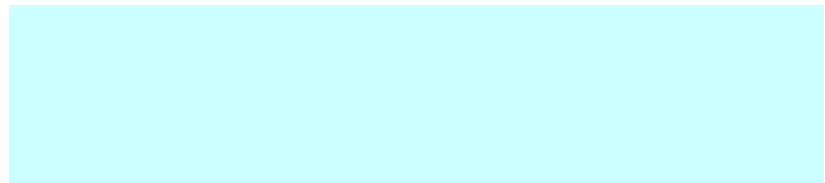
<b><u>Economic Activity</u></b>	2007	2008	2009	2010	2011	2012	2013	2014
<b>Real GDP (Millions 2002\$)</b>								
% Change								
Consumer Price Index (2002=1.0)								
% Change								
Consumer Spending (Million 2002\$)								
% Change								
<b><u>Labor Markets (000)</u></b>								
Labour Force								
% Change								
Employment (Total)								
% Change								
Unemployment Rate (%)								
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Other								
% Change								

**Atlantic Provinces**

2007 2008 2009 2010 2011 2012 2013 2014

**Cement Consumption (000 Metric Tonnes)**

**Total**  
% Change  
**Portland Cement**  
% Change  
**Masonry Cement**  
% Change



**Cement Consumption by Market (000 Metric Tonnes)**

**Residential Construction**  
% Change  
**Single Family**  
% Change  
**Multifamily**  
% Change  
**Other**  
% Change

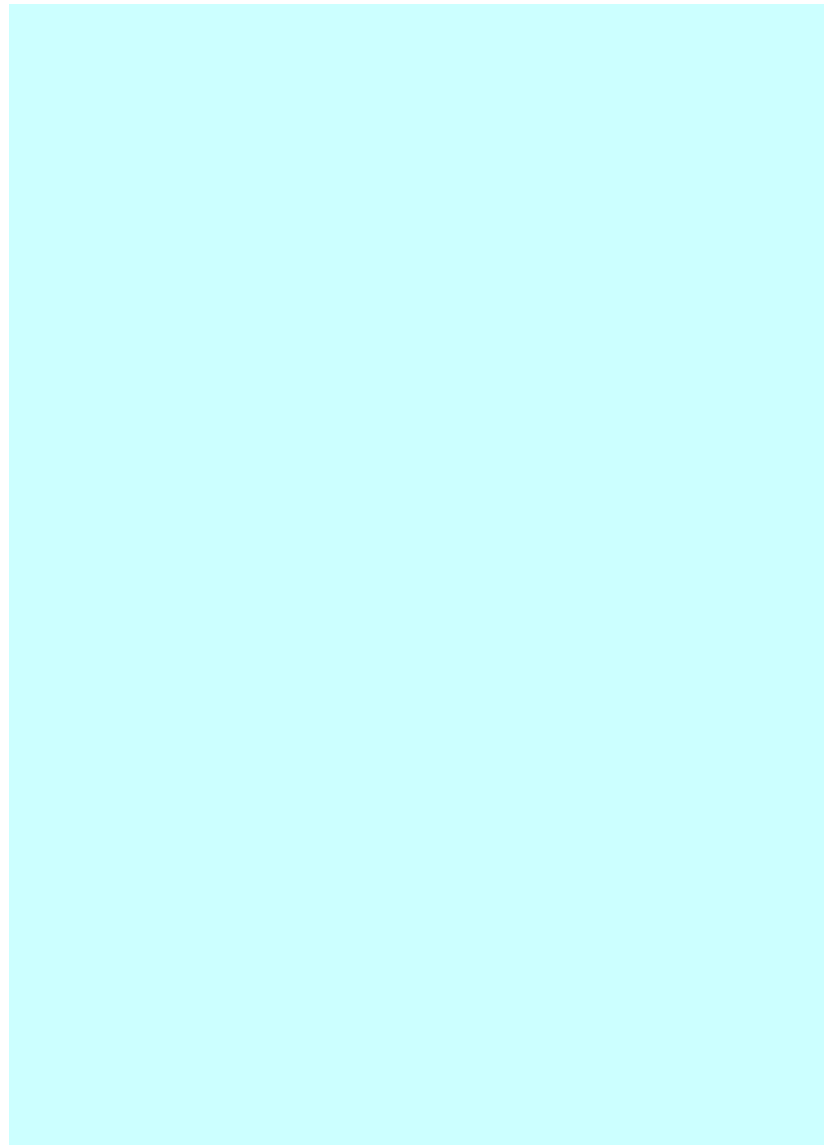
**Nonresidential Construction**

% Change  
**Industrial**  
% Change  
**Commercial**  
% Change  
Office Buildings  
% Change  
Retail & Wholesale  
% Change  
Other  
% Change  
**Institutional**  
% Change  
Educational  
% Change  
Hospitals  
% Change  
Other  
% Change

**Engineering**

% Change  
Transportation  
% Change  
Other  
% Change

**Other (Flow-Through Exports)**



Residential Other= Improvements/Cottages  
Commercial Other=Hotel/Motel/Restaurants

Institutional Other=Religious/Public Buildings  
Engineering Other=Oil&Gas/Electric/Communications

Quebec

<u>Economic Activity</u>	2007	2008	2009	2010	2011	2012	2013	2014
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Quebec

2007 2008 2009 2010 2011 2012 2013 2014

Cement Consumption (000 Metric Tonnes)

**Total <sup>(1)</sup>**

% Change

**Portland Cement**

% Change

**Masonry Cement**

% Change

Cement Consumption by Market (000 Metric Tonnes)

**Residential Construction**

% Change

**Single Family**

% Change

**Multifamily**

% Change

**Other**

% Change

**Nonresidential Construction**

% Change

**Industrial**

% Change

**Commercial**

% Change

Office Buildings

% Change

Retail & Wholesale

% Change

Other

% Change

**Institutional**

% Change

Educational

% Change

Hospitals

% Change

Other

% Change

**Engineering**

% Change

Transportation

% Change

Other

% Change

**Other (Flow-Through Exports)**

<sup>(1)</sup> Includes estimates for Cement Survey nonrespondents

Residential Other= Improvements/Cottages Institutional Other=Religious/Public Buildings

Commercial Other=Hotel/Motel/Restaurants Engineering Other=Oil&Gas/Electric/Communications

Ontario

<u>Economic Activity</u>	2007	2008	2009	2010	2011	2012	2013	2014
<b>Real GDP (Millions 2002\$)</b>								
% Change								
Consumer Price Index (2002=1.0)								
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Ontario

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**Total <sup>(1)</sup>**

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**Other (Flow-Through Exports)**

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Prairie Provinces

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**British Columbia**

2007 2008 2009 2010 2011 2011 2013 2014

**Cement Consumption (000 Metric Tonnes)**

**Total**  
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**Cement Consumption by Market (000 Metric Tonnes)**

**Residential Construction**  
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**Other (Flow-Through Exports)**



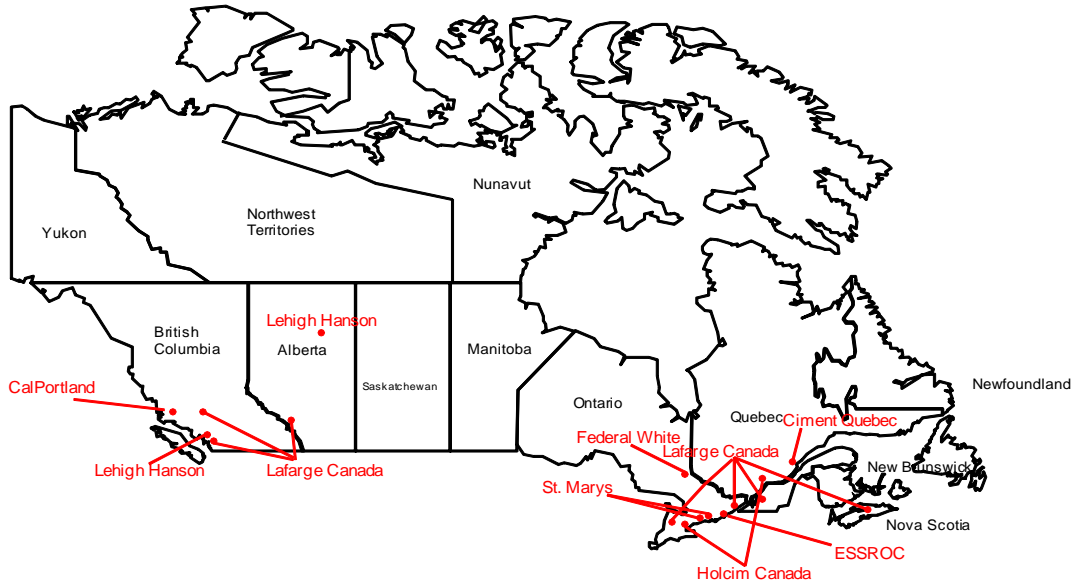
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**CEMENT ASSOCIATION OF CANADA  
MEMBER COMPANIES**



CalPortland  
 Ciment Quebec, Inc.  
 Essroc Italcementi Group  
 Federal White Cement Ltd.  
 Holcim (Canada) Inc.  
 Lafarge Canada Inc.  
 Lehigh Hanson  
 St. Marys Cement Group



Cement Association  
 of Canada  
 Association  
 Canadienne  
 du Ciment

Cement Association of Canada  
 350 Sparks Street Suite 502  
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David Zwicke, Sr. U.S. Economist	847.972.9192
Michael Howard, Research Economist	847.972.9188
Karen A. Arneson, Program AdmAssistant	847.972.9048