Total Cement Consumption

Index, 2000=100

Source: USGS, PCA
Composition of Cement Growth: West South Central

Metric Tons

- Residential
- Commercial
- Other NR
- Public

2022-2020
2026-2023
Economic Outlook
Strength & Duration of U.S. Recoveries

Real GDP Percentage Growth From Previous Trough

Duration (# of Quarters)
Durable goods spending far outpacing demand for services

Real Personal Consumption Expenditure, Index

Source: BEA, PCA
Labor Markets Remain Tight

Job Openings Rate, %, SA

Source: BLS
Workers are now re-entering the labor force

Labor Force Participation Rate

Source: BLS
Demand-Side and Supply-Side factors are resulting in 40 year high inflation rates.

- Wage inflation brought on by reduced labor participation, health concerns due to Covid, child care, heightened unemployment & Covid relief benefits, & retirements.
- Global supply chain disruptions.
- Logistic disruptions ship, truck & rail.

The longer these trends are in place, the more likely higher inflation becomes “embedded” and implies a longevity for higher than desired inflation rates.
Residential Outlook
Housing Market Remains Very Tight

Months Supply of existing homes on market

Source: NAR
Demographics By Generation

Source: U.S. Census Bureau, PCA
Substantial Deterioration in Affordability

Mortgage Principle and Interest Payment as Share of Median Household Income

Source: NAR, BEA, BOC, Moody's
Substantial Deterioration in Affordability

Mortgage Principle and Interest Payment as Share of Median Household Income

Source: NAR, BEA, BOC, Moody's
Rising Mortgage Rates Impact on Affordability - 2022

Regional MSA, Annual Mortgage Payment as share of Household Income, Mortgage Rate: 5%

Of the 77 MSAs in the Central US, 82% show ‘caution’ and 7% show ‘concern’

Source: PCA
Rising Mortgage Rates Impact on Affordability - 2023

Regional MSA, Annual Mortgage Payment as share of Household Income, Mortgage Rate: 6%

Of the 77 MSAs in the Central US, all show 'caution' and 38% show 'concern'

Source: PCA
Residential Cement Consumption – Central U.S.

Index, 2000=100

Source: USGS, PCA
Nonresidential Outlook
Oil & Gas Drilling Improving, Still Slower Than Past Cycles

2Q Moving Average

Source: Baker Hughes Incorporated, EIA
Oil Well Cement Consumption – Central U.S.

Metric Tons, Thousands

Oil Share of Total Regional Cement Consumption: 8%

Texas: 7%
Oklahoma: 9%
North Dakota: 21%

Source: PCA
U.S. Net Farm Income

Real 2019 $s, billions

Share of U.S. Gross Farm Receipts
West North Central: 29%
West South Central: 11%

Downside risks exist in Farm Net Income due to rising input costs

Source: U.S. Department of Agriculture (USDA): Farm Income and Wealth Statistics
Input cost pressures are impacting fertilizer cost

Source: BLS, EIA
Non-Commercial Cement Consumption – Central U.S.

West South Central

Metric Tons

Source: PCA

West North Central

3.9% -5.5% -7% 2.1% 2.3% 2.5% 2.3%

2020 2021 2022 2023 2024 2025 2026
Commercial Sector Construction Spend

Put-In-Place Construction
January 2018=100

Central Region (WNC+WSC)

Nonresidential Construction Spend

<table>
<thead>
<tr>
<th>Category</th>
<th>2021 Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total NR</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Amusement</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Commercial/Retail</td>
<td>6.4%</td>
</tr>
<tr>
<td>Education</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Industrial</td>
<td>18.6%</td>
</tr>
<tr>
<td>Lodging</td>
<td>-40.8%</td>
</tr>
<tr>
<td>Office</td>
<td>-18.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>-21.6%</td>
</tr>
</tbody>
</table>

Source: PCA
Commercial Cement Consumption – Central U.S.

**Metric Tons**

**West South Central**

- 2020: -10%
- 2021: -11%
- 2022: 1.6%
- 2023: 2.3%
- 2024: 1.7%
- 2025: 2.1%
- 2026: 2.3%

**West North Central**

- 2020: -8%
- 2021: 0.8%
- 2022: -5%
- 2023: 1.1%
- 2024: 2.2%
- 2025: 2.5%
- 2026: 2.5%

Source: PCA
Public Outlook
General Fund Percentage Expenditure Change – FY2022

On a state weighted basis, 2022 general fund expenditures are expected to increase 9.3%.

Source: NASBO – The Fiscal Survey of States 2021
Employees returning to Work

Percentage change from baseline visits—Workplace

Source: Google Mobility Report, PCA
Consumers Showing Apprehension

Percentage change from baseline visits—Retail & Recreation

Retail & Recreation: Mobility trends for places like restaurants, cafes, shopping centers, theme parks, museums, libraries and movie theaters.

Source: Google Mobility Report, PCA
Infrastructure Package

- Represents $545 billion in new spending

- Bill reauthorizes current surface transportation bills (FAST Act, WRDA, FAA, etc.) at current levels for 5 years, which totals $1.2 trillion

- Much less in dollar size than previous proposals but heavier emphasis on traditional infrastructure
Infrastructure Timing Distribution
Highway & Bridges

<table>
<thead>
<tr>
<th>Spending Allocation Billion $</th>
<th>Fiscal Year Spending</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Total Spent</th>
<th>Total Spent</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td>2026</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$14</td>
<td>$3</td>
<td>$6</td>
<td>$3</td>
<td>$2</td>
<td>$14</td>
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</tr>
<tr>
<td>2024</td>
<td>$14</td>
<td>$3</td>
<td>$6</td>
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<td>$3</td>
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<tr>
<td>2025</td>
<td>$14</td>
<td>$3</td>
<td>$6</td>
<td>$3</td>
<td>$6</td>
<td>$9</td>
<td>64%</td>
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<tr>
<td>2026</td>
<td>$14</td>
<td>$3</td>
<td>$9</td>
<td>$12</td>
<td>$3</td>
<td>$3</td>
<td>21%</td>
</tr>
<tr>
<td>Total Spending</td>
<td>$70</td>
<td>$3</td>
<td>$9</td>
<td>$12</td>
<td>$14</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Process repeated across all construction segments that are impacted by the Infrastructure Program.
Public Cement Consumption – Interior U.S.

Metric Tons

West South Central

Source: PCA
Total Cement Consumption – Interior U.S.

**Metric Tons (000s)**

**West South Central**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-2.5%</td>
<td>-0.4%</td>
<td>3.1%</td>
<td>3.6%</td>
<td>3.5%</td>
<td>3.8%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

**West North Central**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>7.0%</td>
<td>0.9%</td>
<td>0.3%</td>
<td>1.5%</td>
<td>3.5%</td>
<td>3.0%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

*Source: PCA*