

October 28, 2009

Long-Term Cement Consumption Outlook

Overview

United States' cement consumption is expected to decline to 75 million metric tons in 2009, compared to near record levels of 128 million metric tons recorded in 2005. This decline reflects current economic adversities impact on cement consumption. With economic recovery, cement consumption is expected to reach nearly 192 million metric tons in 2035.

PCA's 25-year long-term outlook takes into consideration the population and demographic changes anticipated by the United States Bureau of Census (BOC). These demographic changes are expected to materialize in the context of slow long-term economic growth. Slower real GDP growth rates are expected to materialize as a result of an aging population, structural changes in world demand for oil and raw commodities, climate impacts on energy prices, and the potential for large federal deficits accrued due to rising costs of entitlement programs. Slower economic growth suggests modest gains in per capita cement consumption.

Structural construction considerations are also addressed including state and local government financial stresses and the potential difficulties in funding public construction projects. While these stresses could hinder growth in street and highway construction activity, new opportunities could emerge for the cement industry as a result of a sustained and large improvement in paving costs versus asphalt. Government policies aimed at energy independence and green building suggest further opportunities for cement consumption growth.

Long-term demand considerations must be weighed against supply conditions. Climate change legislation and sustained high oil prices are likely to result in the elimination of wet process cement production. The National Emission Standards for Hazardous Air Pollutants (NESHAP) could force the closure of a further significant portion domestic cement capacity. This uncertain regulatory environment will likely cause a temporary hiatus in plant expansions once existing expansion plans are completed.

Given the likely growth in cement consumption, and considering the context of a potential reduction in domestic capacity, the potential for a 100 million metric ton supply gap may materialize. Decisions regarding how to source the United States market, domestically or through imports, may begin to re-emerge in the next decade.

Cement Consumption

- Thousands of Metric Tons
(Portland + Masonry)

Model	1980	1985	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	CAGR		
													Growth 2005-2035	Growth Rate 2005-2035	
Alabama															
Arizona															
Arkansas															
California															
Colorado															
Connecticut															
Delaware															
District Of Columbia															
Florida															
Georgia															
Hawaii															
Idaho															
Illinois															
Indiana															
Iowa															
Kansas															
Kentucky															
Louisiana															
Maine															
Maryland															
Massachusetts															
Michigan															
Minnesota															
Mississippi															
Missouri															
Montana															
Nebraska															
Nevada															
New Hampshire															
New Jersey															
New Mexico															
New York															
North Carolina															
North Dakota															
Ohio															
Oklahoma															
Oregon															
Pennsylvania															
Rhode Island															
South Carolina															
South Dakota															
Tennessee															
Texas															
Utah															
Vermont															
Virginia															
Washington															
West Virginia															
Wisconsin															
Wyoming															
Total															

Per Capita Cement Consumption

- Metric Tons Consumed Per Person

	1980	1985	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	CAGR		
													Growth 2005-2035	Growth Rate 2005-2035	
Alabama															
Arizona															
Arkansas															
California															
Colorado															
Connecticut															
Delaware															
District Of Columbia															
Florida															
Georgia															
Hawaii															
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West Virginia															
Wisconsin															
Wyoming															
Total															

