

Sustainable Strength through Innovation



Birmingham, Alabama • May 4–8, 2025

U.S. Economic & Cement Outlook

Trevor Storck



Forecast Risks Are High

Trade War Escalates

- Federal Reserve takes cautious approach
- Spending retreats further
- Flight to US treasuries is weak
- Mild form of stagflation induces recession

Loss of Faith

- Uncertainty halts the US consumer
- Firms project more weakness
- Labor market worsens notably
- “Vicious cycle” induces recession

Public Funding Retreats

- A new federal infrastructure funding program is not authorized
- State budgets tighten with slower tax revenues
- Cement intensities weaken further
- Public construction levels recede notably



Confidence Finally Waning

Conference Board Consumer Confidence

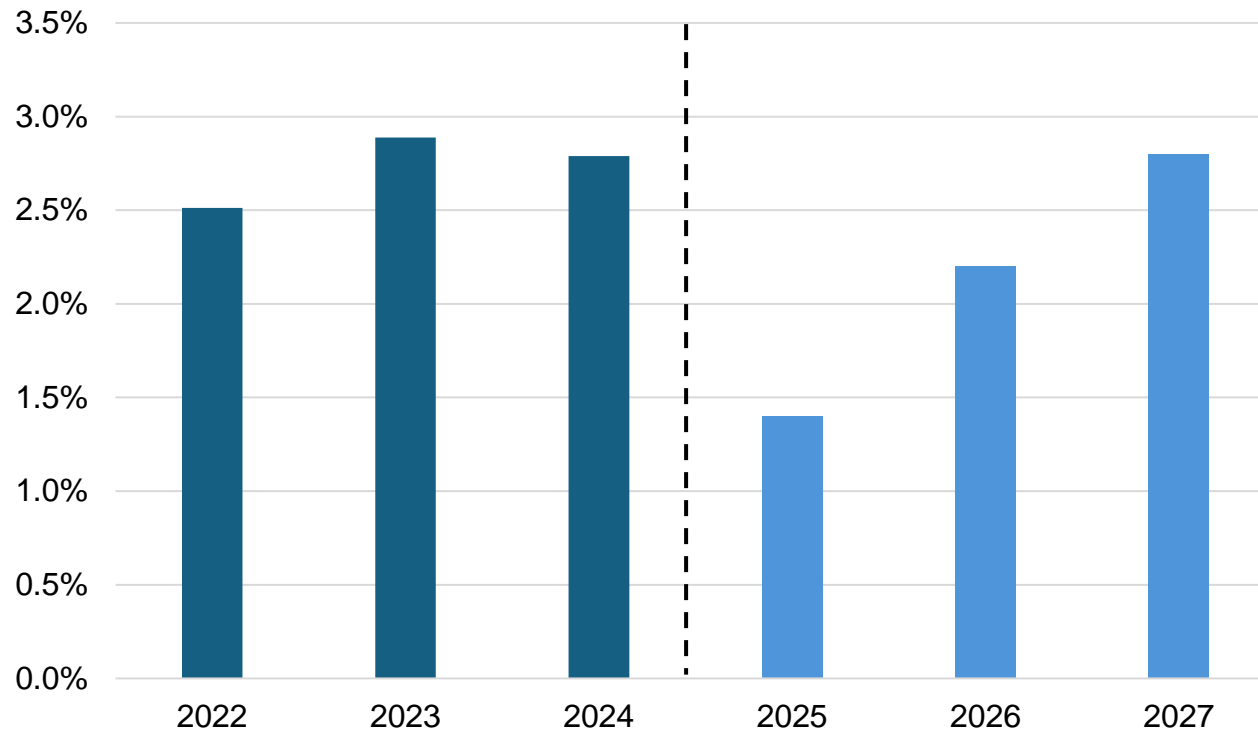


- A 20-point decline in Consumer Confidence over a 3-month period is a recessionary red flag
- Lack of faith can permeate through entire economy



Not as Soft a Landing

Real GDP Growth

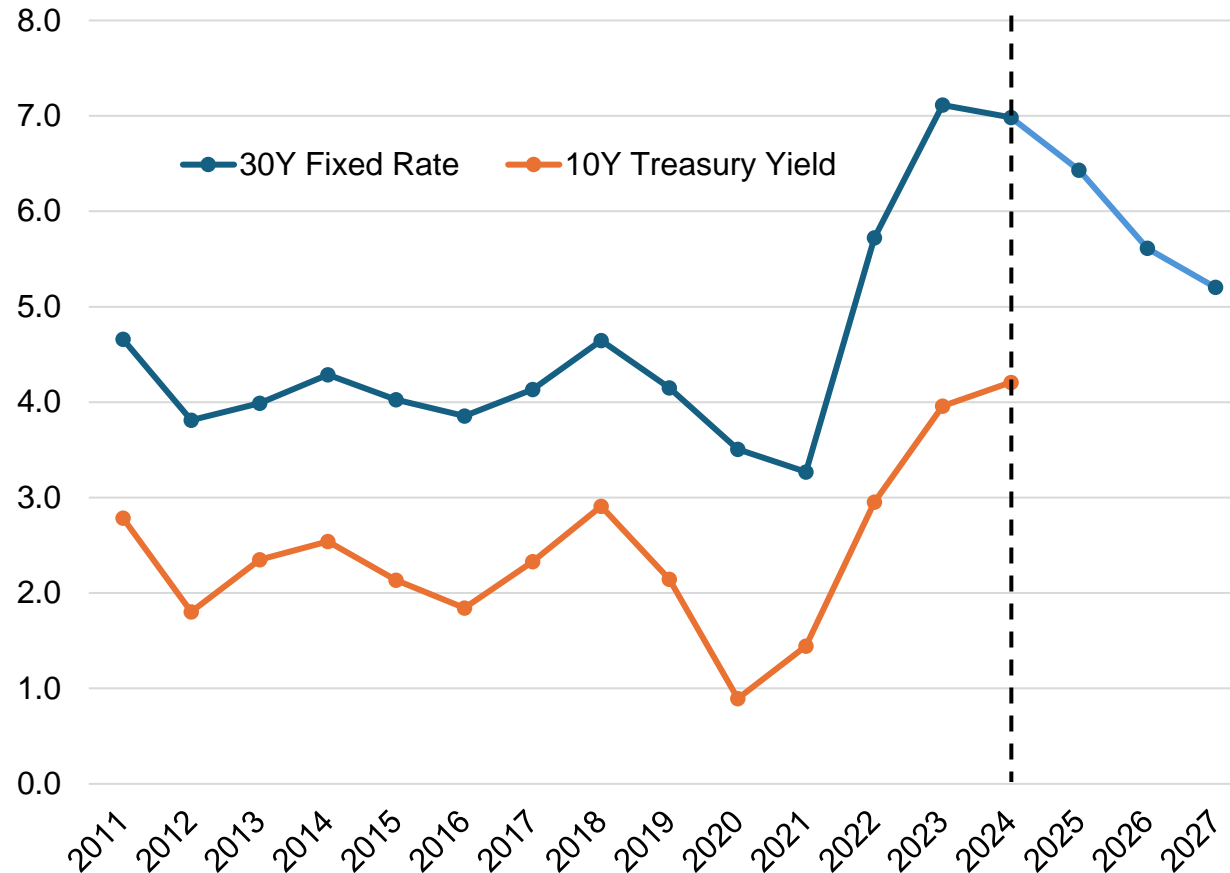


Baseline 2025

- US narrowly avoids recession
- A recession is more than two quarters of negative GDP growth – *depth, diffusion, duration*
- Consumer will determine the economic path in the short term; uncertainty *can* clear quick
- Tariff relief in summer
- **Baseline Scenario is very fragile**



Mortgage Rate Outlook

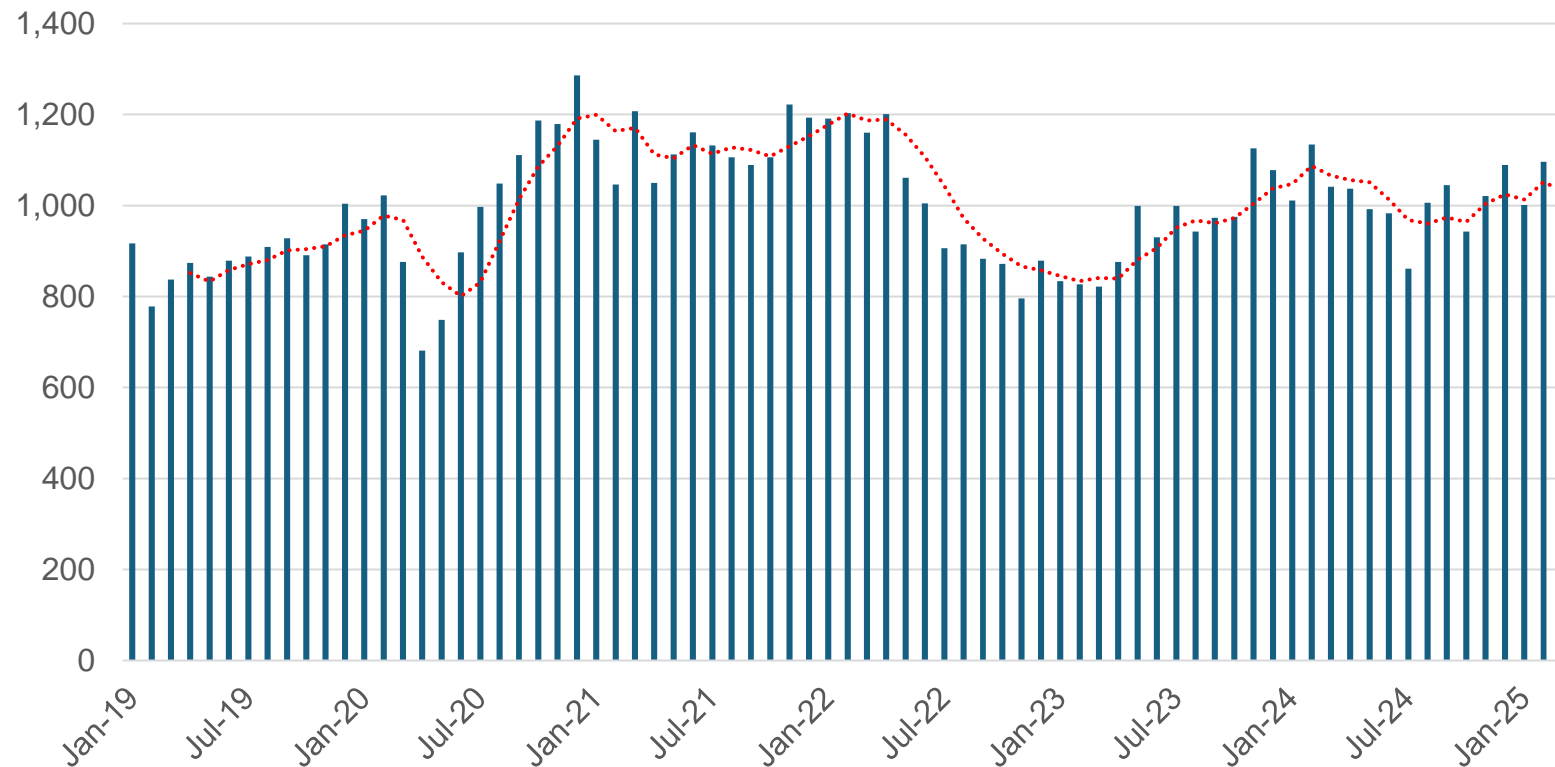


- Uncertainty surrounding the path of inflation increased the spread between mortgage rates and 10Y yield
- Tariffs have reignited an uncertain path
- Higher mortgage rates will continue to hamper affordability, limiting homebuilding during the forecast horizon
- However, if recession is avoided, underlying demand for housing will remain in place



Single Family Faces Challenges

Single Family Housing Starts (SAAR)

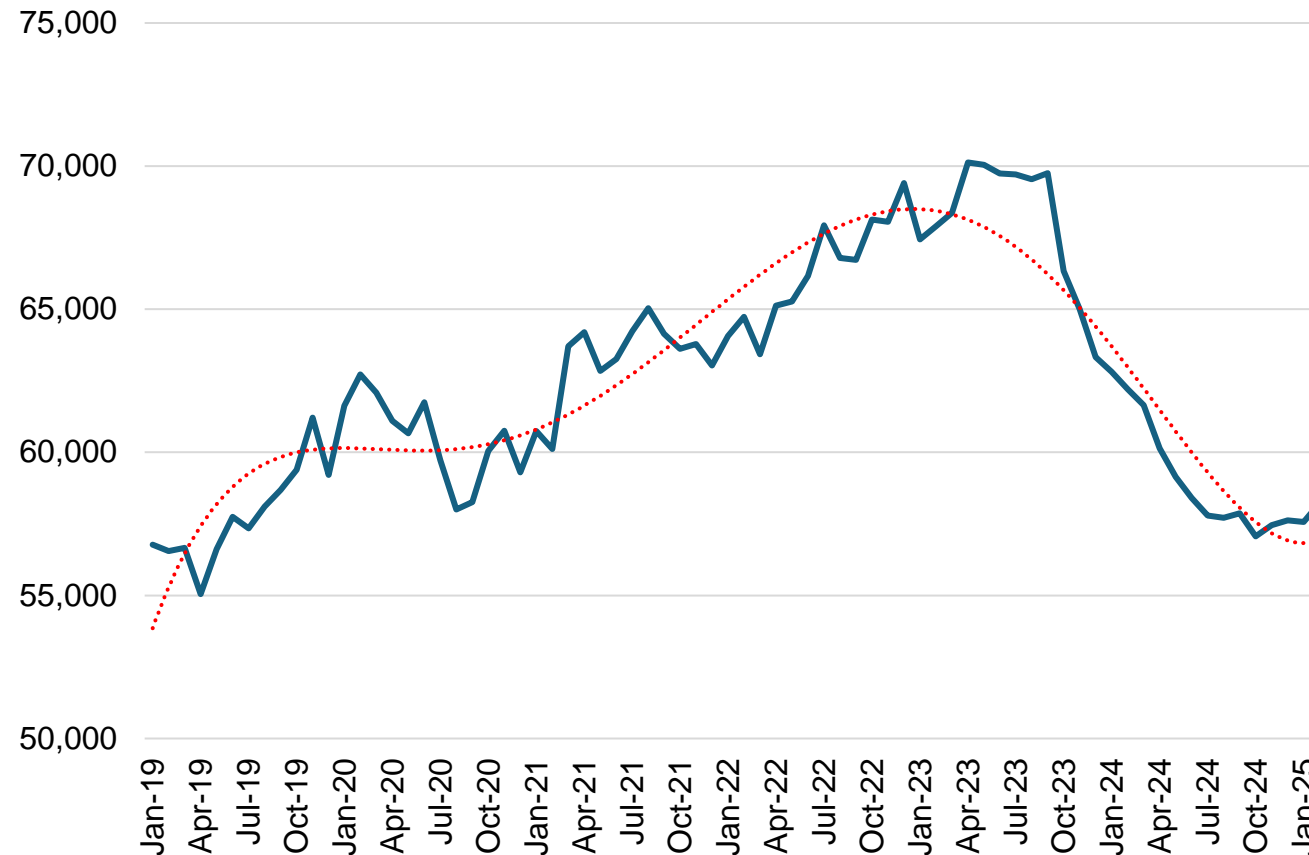


- Starts held steady throughout 2024
- However, challenges lie ahead outside of affordability
 - Slowing labor market and wage growth
 - Higher input costs
 - Regional labor shortages
- This is balanced against a home shortage and strong underlying demand



High Rates Plague Commercial

Real Commercial PIP



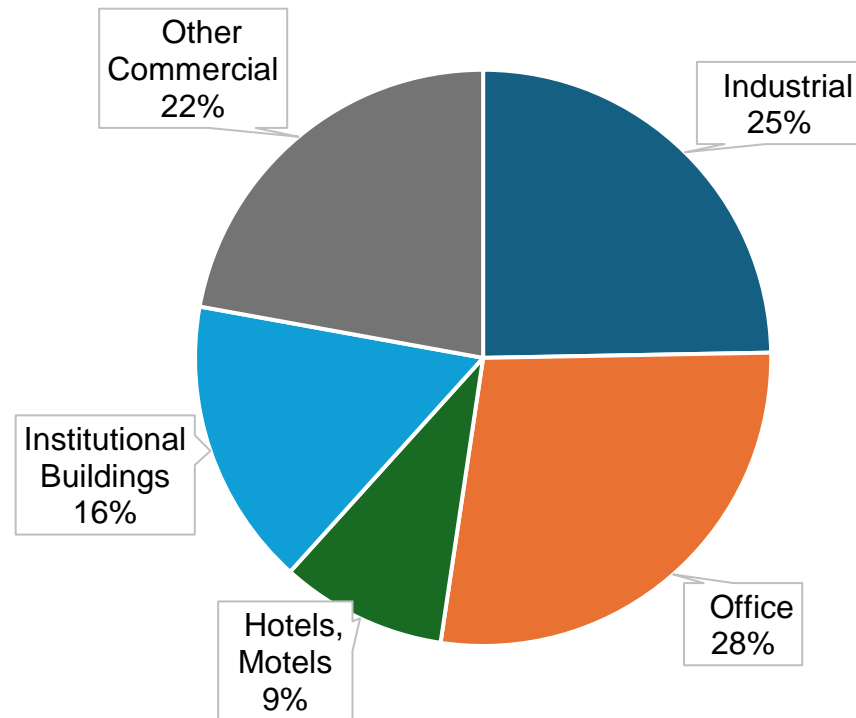
- Tighter lending and reluctance to invest more evident in 2024
- Traditional retail has been modest, but the category was bolstered by warehouse construction
- Commercial decline expected to lessened in 2025 but remain negative before rebounding
- Regionally, the out years have some upside tied to strong demographic trends



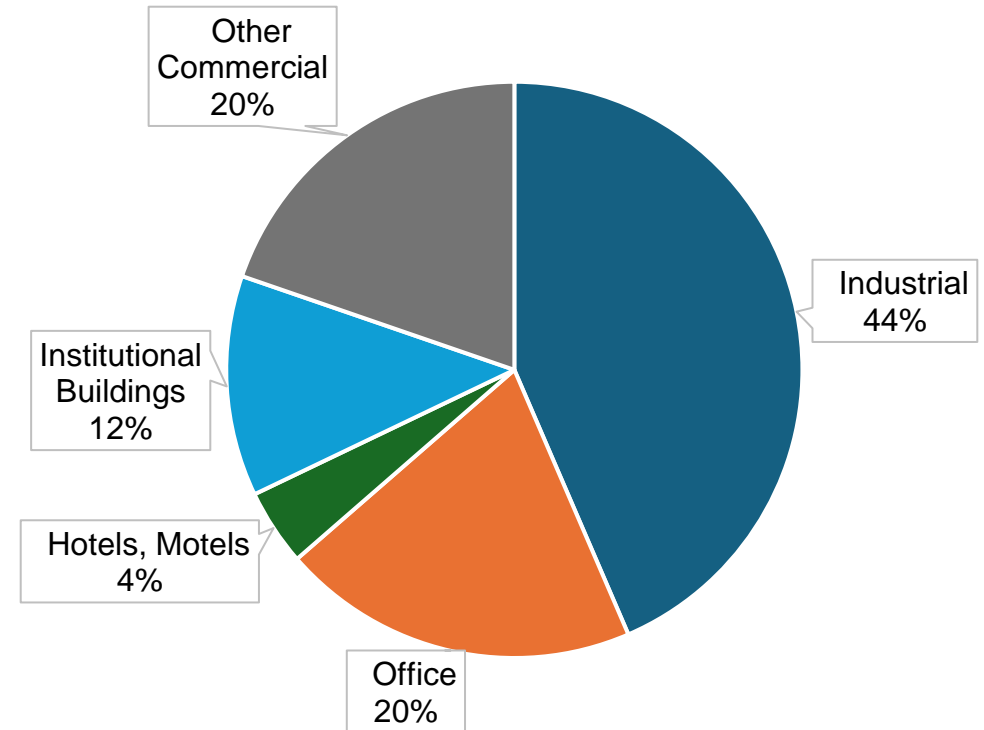
Industrial Spending Boom

Nonresidential PIP Shares

2019



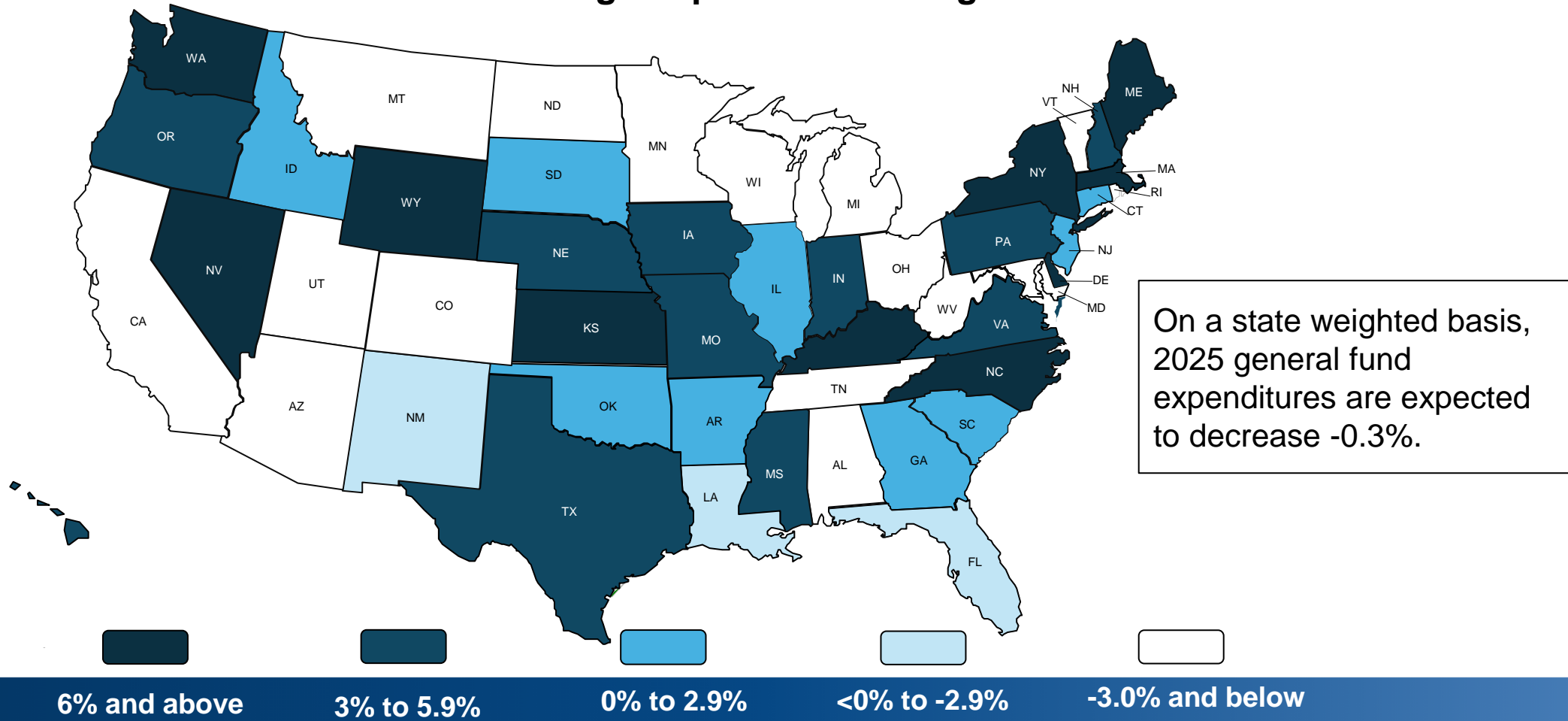
2024





States Tighten Their Spending

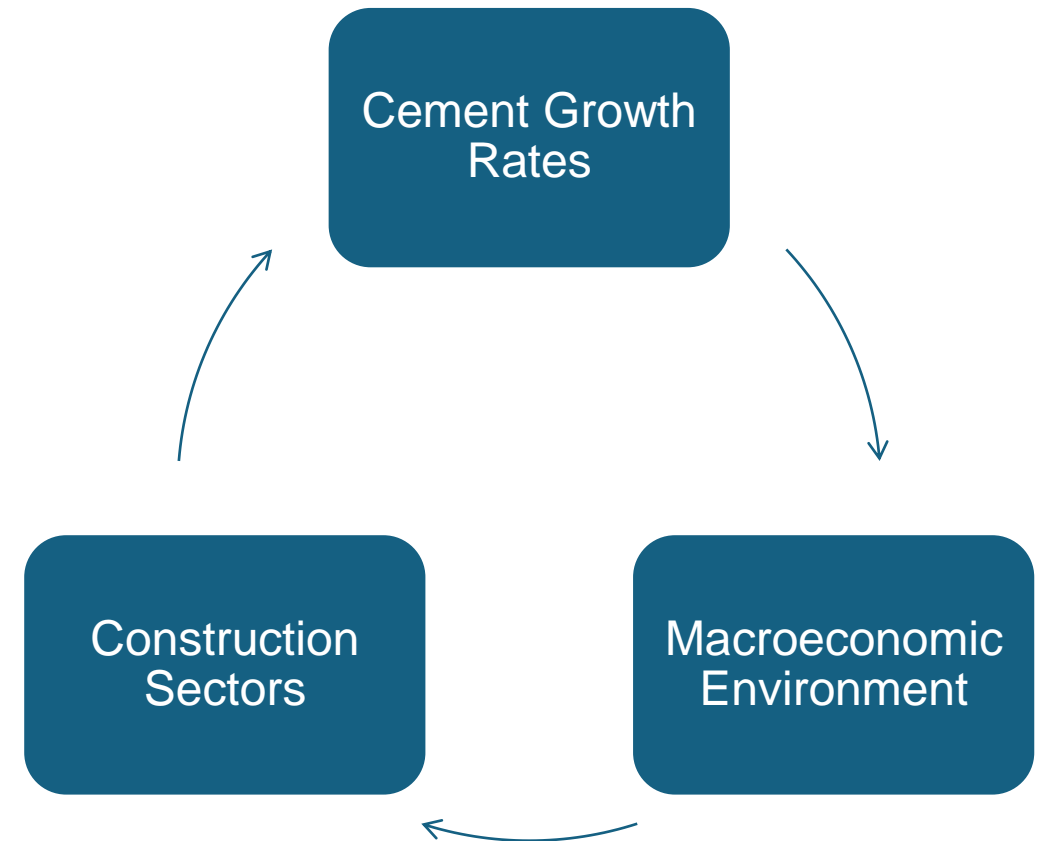
General Fund Percentage Expenditure Change – FY2025





Summary

- Uncertainty slows business and consumer activity
- Tariff relief allows economy to breathe, narrowly avoiding recession
- Housing is subdued but floor remains high
- As industrial wanes, commercial remains weak before rebounding
- Public growth flatlines, as state spending levels are curtailed
- **No obvious driver for cement consumption growth in 2025**



Questions?

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