



Construction Materials Trends & Outlook

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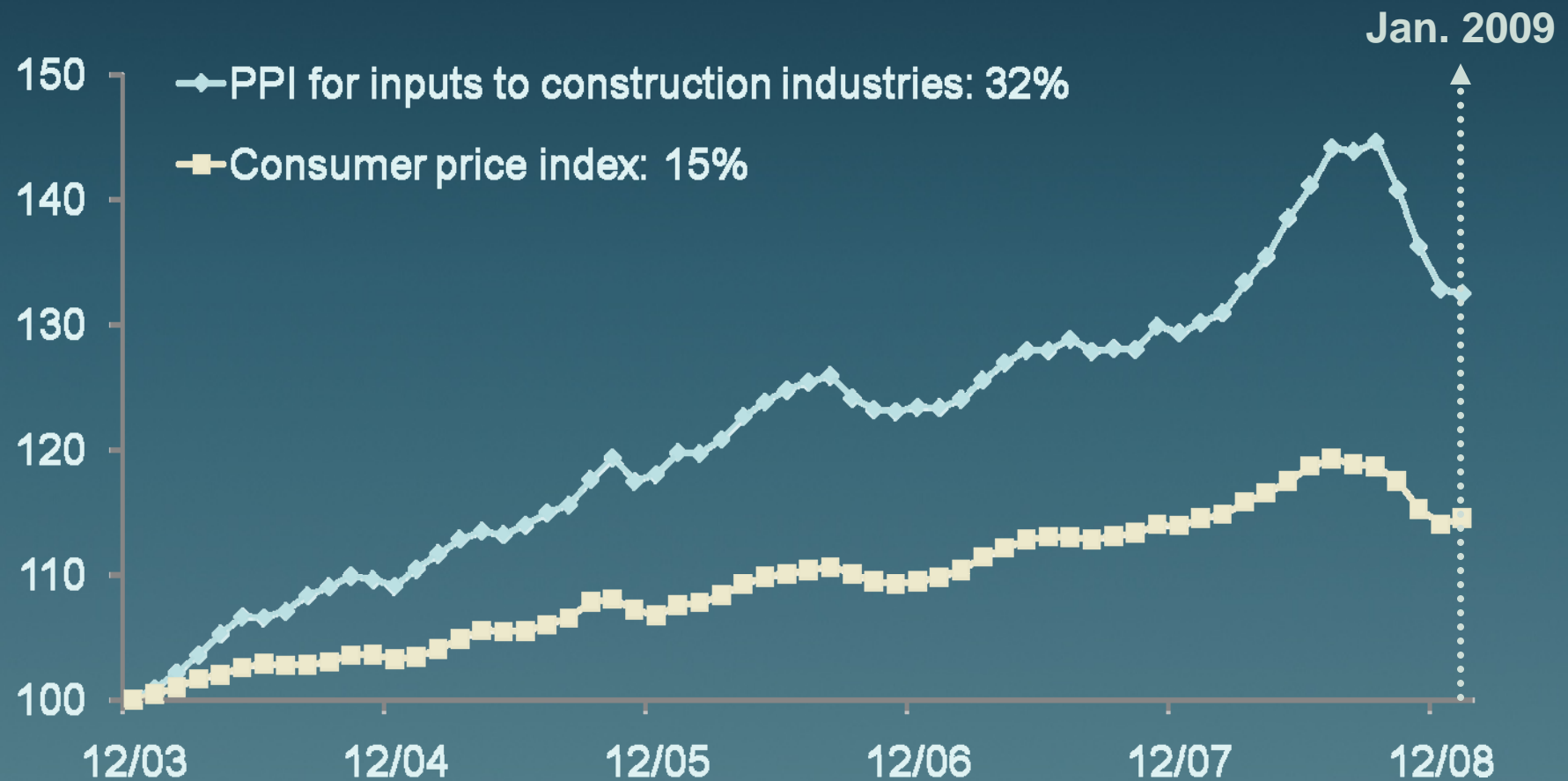


Materials and components

- Higher increases for construction inputs than for overall economy:
- Cumulative change double the CPI since 12/03:
 - Const PPI: 32%
 - CPI-U: 15%
- Producer price index drivers: steel, gypsum, diesel, asphalt, concrete, copper, plastics, aluminum, wood



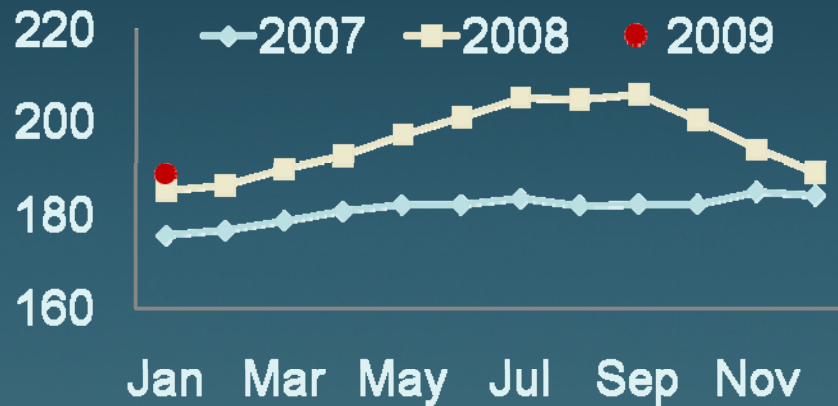
Change in Producer Prices for Construction vs. Consumer Prices, 2003 - 2009 (December 2003 = 100)



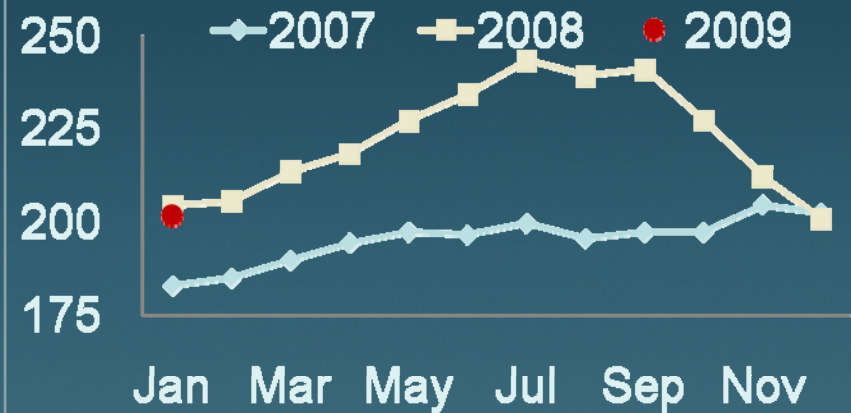


Producer Price Indexes, 2007 - 2009

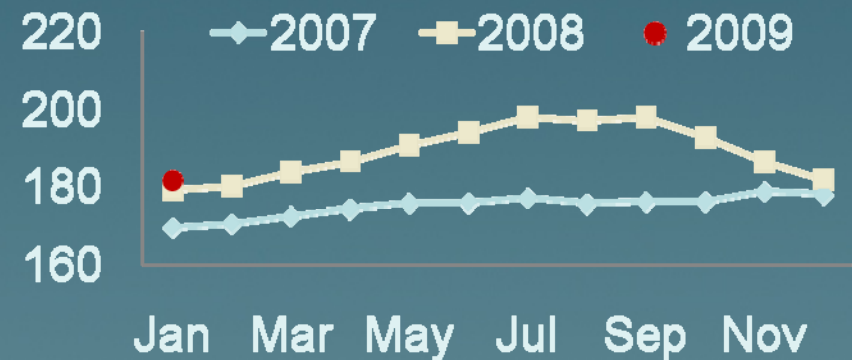
Inputs to construction industries
 Change from 1/08-1/09: 1.8%



Highway & street construction
 Change from 1/08-1/09: -1.4%



Nonresidential buildings
 Change from 1/08-1/09: 1.2%

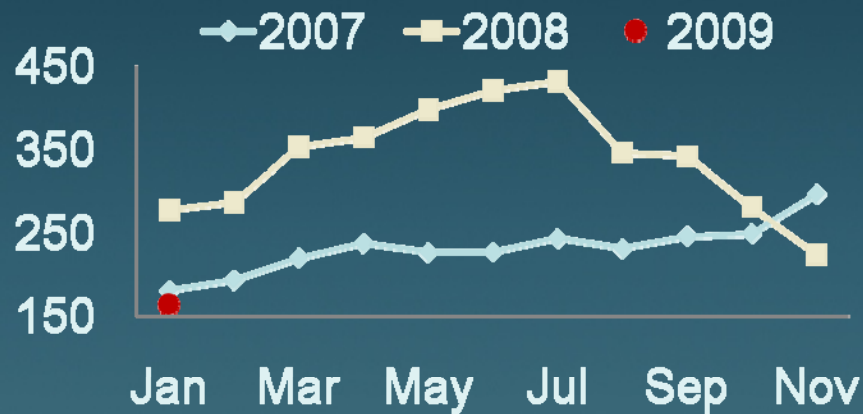




Producer Price Indexes, 2007 - 2009

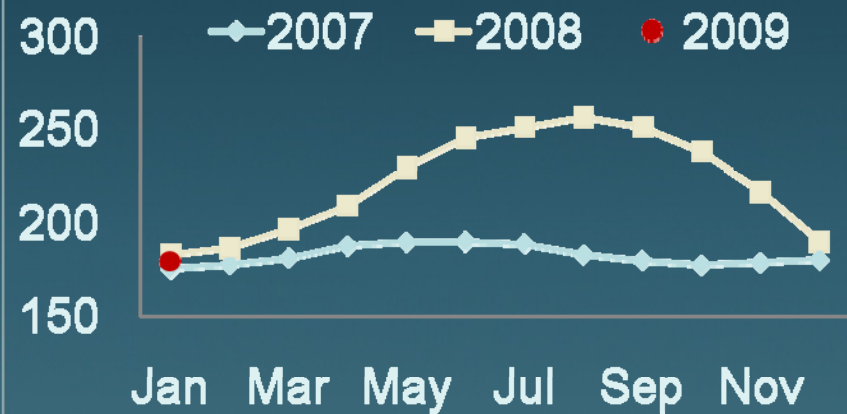
No. 2 Diesel Fuel

Change from 1/08-1/09: -41.0%



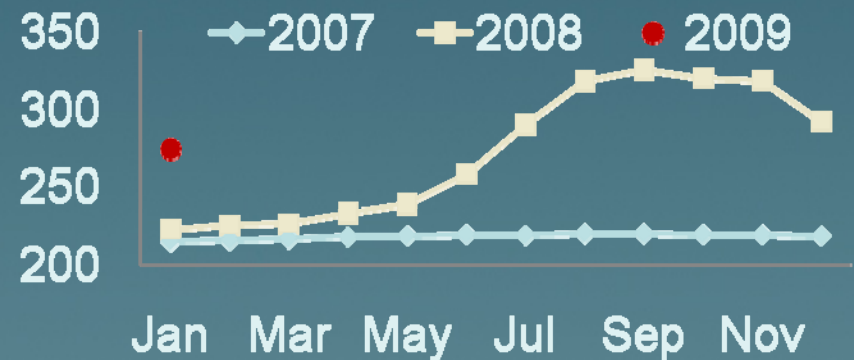
Steel Mill Products

Change from 1/08-1/09: -2.2%



Asphalt Paving Mixtures & Blocks

Change from 1/08-1/09: 23.1%

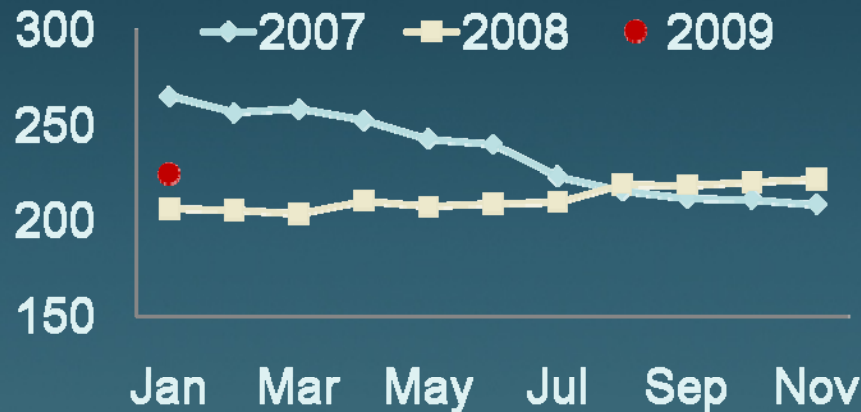




Producer Price Indexes, 2007 - 2009

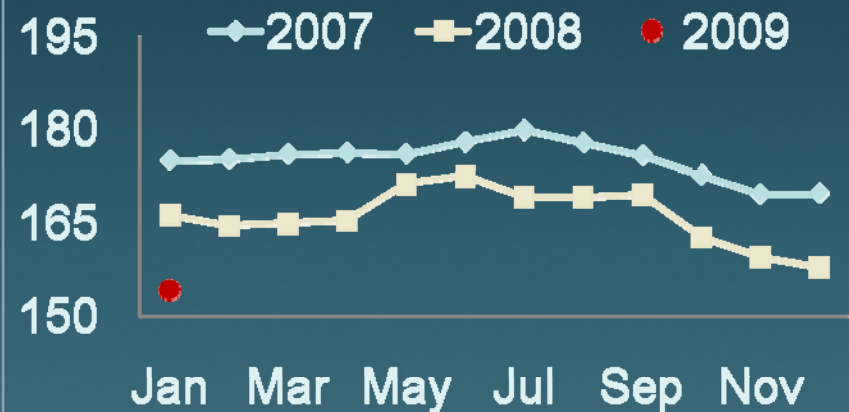
Gypsum Products

Change from 1/08-1/09: 8.7%



Lumber and Plywood

Change from 1/08-1/09: -7.3%



Copper & Brass Mill Shapes

Change from 1/08-1/09: -28.7%



Concrete Products

Change from 1/08-1/09: 5.0%





Outlook for materials in '09 compared to '08

- Lower average prices: diesel, asphalt, steel
- Possible increases: concrete, gypsum, copper, wood products
- Year-over-year PPI change: -4% to 0%



Outlook for materials (beyond 2009)

- **Industry depends on specific materials that:**
 - are in demand worldwide
 - have erratic supply growth
 - are heavy, bulky or hard to transport
- **Construction requires physical delivery**
- **Thus, industry is subject to price spurts, transport bottlenecks, fuel price swings**
- **Expect 6 to 8% PPI increases, higher spikes**



AGC economic resources (sign up by email to simonsonk@agc.org)

- **The Data DIgest: weekly one-page email**
- **PPI tables: emailed monthly**
- **State-specific stimulus estimates and fact sheets: www.agc.org/stimulus**
- **Webinars/Audioconferences**