Global Cement Consumption Forecasts 2016-18

Contents

Executive summary ............................................ 7
ICR global forecasting model  .................................... 8
    The main drivers of consumption ............................. 8
    Regional consumption growth .................................. 9
    Regional high- and low-growth scenarios ...................... 12
    Performance of the model ..................................... 12
Countries in focus ............................................. 13
    China – The rough with the smooth ............................ 13
    India – Consumption boosted by strengthening economic growth ... 14
    Nigeria – Growing despite challenges .......................... 15
    United States – The road to recovery? .......................... 16
    Spain – Recovering slowly ..................................... 17
Consumption in key markets ................................... 18
    Angola .......................................................... 18
    Australia ....................................................... 18
    Brazil ........................................................ 19
    Egypt ........................................................... 19
    Germany ........................................................ 20
    Indonesia ......................................................... 20
    Italy ............................................................. 21
    Japan ............................................................ 21
    Kenya ........................................................... 22
    Mexico ........................................................... 22
    The Philippines .................................................. 23
    Poland .......................................................... 23
    Russia .......................................................... 24
    Saudi Arabia .................................................... 24
    South Africa ..................................................... 25
    Turkey ........................................................... 25
Summary tables ............................................ 26-30

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List of figures
Figure 1: relationship between gross fixed capital formation (% GDP) and cement consumption – west Africa ........ 8
Figure 2: importance of urbanisation – central America ................................................................. 8
Figure 3: real price of oil and its impact on north African cement demand ................................................. 8
Figure 4: inverse relationship between real gold prices and cement consumption – US ................................................ 9
Figure 5: cement consumption versus GDP of all countries – a bell-shaped curve .......................... 9
Figure 6: cement consumption vs GDP for countries not classified as high income in 1991, 2015 .................. 9
Figure 7: regional cement consumption CAGR across regions ................................................. 10
Figure 8: Chinese consumption and real gold prices .............................................................................. 10
Figure 9: regional cement consumption – the impact of positive and negative shocks ............................. 11
Figure 10: global cement consumption growth rates, CAGR 2015-18 ................................................... 11
Figure 11: forecast vs actual US cement consumption ........................................................................ 12
Figure 12: model forecast vs actual Kenyan forecast ...................................................................... 12
Figure 13: model forecast vs actual Chinese forecast ...................................................................... 12

List of tables
Table 1: regional cement consumption CAGR – 2011-14 vs 2015-18 .................................................. 10
Table 2: cement consumption CAGR scenarios – high, base and low .................................................... 11
Table 3: China consumption forecasts, 2015A-18F ............................................................................. 13
Table 4: India consumption forecasts, 2015A-18F ............................................................................. 14
Table 5: Nigeria consumption forecasts, 2015A-18F ......................................................................... 15
Table 6: US consumption forecasts, 2015A-18F ................................................................................. 16
Table 7: Spain consumption forecasts, 2015A-18F ............................................................................... 17
Table 8: Angola consumption forecasts, 2015A-18F .......................................................................... 18
Table 9: Australia consumption forecasts, 2015A-18F ........................................................................ 18
Table 10: Brazil consumption forecasts, 2015A-18F ........................................................................... 19
Table 11: Egypt consumption forecasts, 2015A-18F ........................................................................... 19
Table 12: Germany consumption forecasts, 2015A-18F ...................................................................... 20
Table 13: Indonesia consumption forecasts, 2015A-18F ................................................................... 20
Table 14: Italy consumption forecasts, 2015A-18F .............................................................................. 21
Table 15: Japan consumption forecasts, 2015A-18F .......................................................................... 21
Table 16: Kenya consumption forecasts, 2015A-18F ......................................................................... 22
Table 17: Mexico consumption forecasts, 2015A-18F ...................................................................... 22
Table 18: Philippines consumption forecasts, 2015A-18F .................................................................. 22
Table 19: Poland consumption forecasts, 2015A-18F ....................................................................... 23
Table 20: Russian consumption forecasts, 2015A-18F ..................................................................... 24
Table 21: Saudi Arabia consumption forecasts, 2015A-18F ................................................................ 24
Table 22: South Africa consumption forecasts, 2015A-18F .............................................................. 25
Table 23: Turkey consumption forecasts, 2015A-18F ......................................................................... 25
Table 24: Consumption projections – base case, 2015A-18F ............................................................. 26
Table 25: Consumption projections – high case, 2015A-18F ............................................................. 27
Table 26: Consumption projections – low case, 2015A-18F ............................................................ 28
Table 27: Consumption projections by regions, 2015-18 ................................................................. 29
Table 28: Composition of regions .................................................................................................. 30
Executive summary

This report explores the main factors that drive global cement demand providing forecasts using quantitative and qualitative modelling. We have constructed a country-level macroeconomic model to extrapolate the impact that changes in urbanisation, fixed capital formation and commodity prices have on consumption levels in 166 countries around the world.

In this report we detail the methodology behind our forecasts and the steps we have taken to ensure that the model is a reliable and a good predictor of consumption trends. We aggregate our 166 countries into 16 regions, ranking them in order of future consumption growth (see Table 28 for composition of regions).

This is followed by additional analysis covering five major economies in detail, namely the United States, China, Nigeria, India and Spain, followed by profiles of another 13 key countries selected to ensure a global coverage of important markets in each region.

In addition to providing forecasts for the most likely demand scenario, we also supply high and low-end projections for each country and region. More importantly, the dispersion of high and low-end scenarios around the base forecast is different and unique for each country, providing a useful tool to assess risk when making investment decisions.

Overall, our findings are that global growth will accelerate over the years to 2018, albeit at a modest CAGR of just 1.4 per cent. In total, we expect consumption in 2018 to reach 4216Mt, up almost 200Mt on current levels.

Inevitably, this figure obscures a great deal of variation at the country and regional level. Our forecast suggests that growth will be strongest in west Africa and south Asia, which will see annualised consumption growth of 7.9 per cent and 6.0 per cent, respectively.

Conversely, we are bearish about growth prospects in China, with a forecast of almost static consumption between now and 2018 as the country attempts to restructure its economy and the domestic cement sector.
In south Asia, the demand for cement is driven by the need to build homes and infrastructure. The growing urban population and increasing construction activity are the main drivers of cement demand in this region. In China, the demand for cement is closely linked to the housing market. The government's efforts to promote urbanization and infrastructure development have supported the growth of cement demand. In Latin America, the demand for cement is influenced by the construction sector, which is driven by factors such as population growth and economic expansion. In India, the demand for cement is driven by the infrastructure development and residential construction sectors.

The demand for cement is also influenced by the structural changes in the economy. In China, the government's focus on infrastructure development has contributed to the growth of cement demand. In India, the demand for cement is expected to grow due to the government's initiatives to improve infrastructure and housing.

In the future, the demand for cement is expected to remain strong, driven by the growing population and urbanization. However, the demand will be affected by factors such as changes in government policies, economic conditions, and environmental concerns. It is important to establish a sustainable balance between the demand for cement and the environment to ensure long-term growth.
**Consumption in key markets**

**Angola**

The economy is highly reliant on the oil sector, with its supporting activities accounting for 20% of GDP. Oil production is expected to decrease by 3% in 2016 and 2017. Falling oil prices and slower growth in global oil prices mean that GDP growth will be lower than expected in 2015. The oil sector is a major contributor to the economy, accounting for about 40% of GDP. The government has announced plans to diversify the economy away from oil, but these plans are still in the early stages of implementation.

**Strengths** - Angola's oil reserves are among the largest in the world, which provides a strong foundation for future growth. The government has also implemented measures to improve the business environment and attract foreign investment.

**Weaknesses** - The country's high dependence on oil exports makes it vulnerable to fluctuations in global oil prices. Additionally, Angola faces significant challenges in terms of corruption, governance, and infrastructure.

**Brazil**

The economy contracted by 4% in 2015, which was the deepest recession in over a century. However, it is expected to recover in 2016, with GDP growth projected at 0.5%. The recovery is mainly driven by a rebound in oil and food exports, as well as increased government spending.

**Strengths** - Brazil has a large and diverse economy, with a well-established industrial base and a significant manufacturing sector. The country is also a major player in the Latin American regional market.

**Weaknesses** - Brazil's economy is heavily dependent on the global commodity cycle, which is currently in a downturn. Additionally, the country faces challenges in terms of infrastructure, corruption, and political stability.

**Australia**

The Australian economy is expected to grow by 2.5% in 2016, which is faster than the 2% growth rate projected for 2015. The recovery is driven by an increase in government spending and a pick-up in consumer confidence.

**Strengths** - Australia has a stable political environment, a highly developed financial system, and a strong education system. The country is also a major exporter of resources, which provides a strong foundation for economic growth.

**Weaknesses** - Australia's economy is highly vulnerable to fluctuations in commodity prices, which have been in decline since 2011. Additionally, the country faces challenges in terms of demographic trends and aging population.

**Egypt**

The Egyptian economy is expected to grow by 4% in 2016, which is faster than the 3.5% growth rate projected for 2015. The recovery is driven by increased tourist arrivals and higher oil production.

**Strengths** - Egypt has a large and diverse economy, with a well-established industrial base and a significant manufacturing sector. The country is also a major player in the Middle Eastern market.

**Weaknesses** - Egypt faces challenges in terms of political stability, corruption, and infrastructure.

**Summary tables**

**Table 1: Consumption projections in 2015**

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