

# Construction Materials Trends & Outlook

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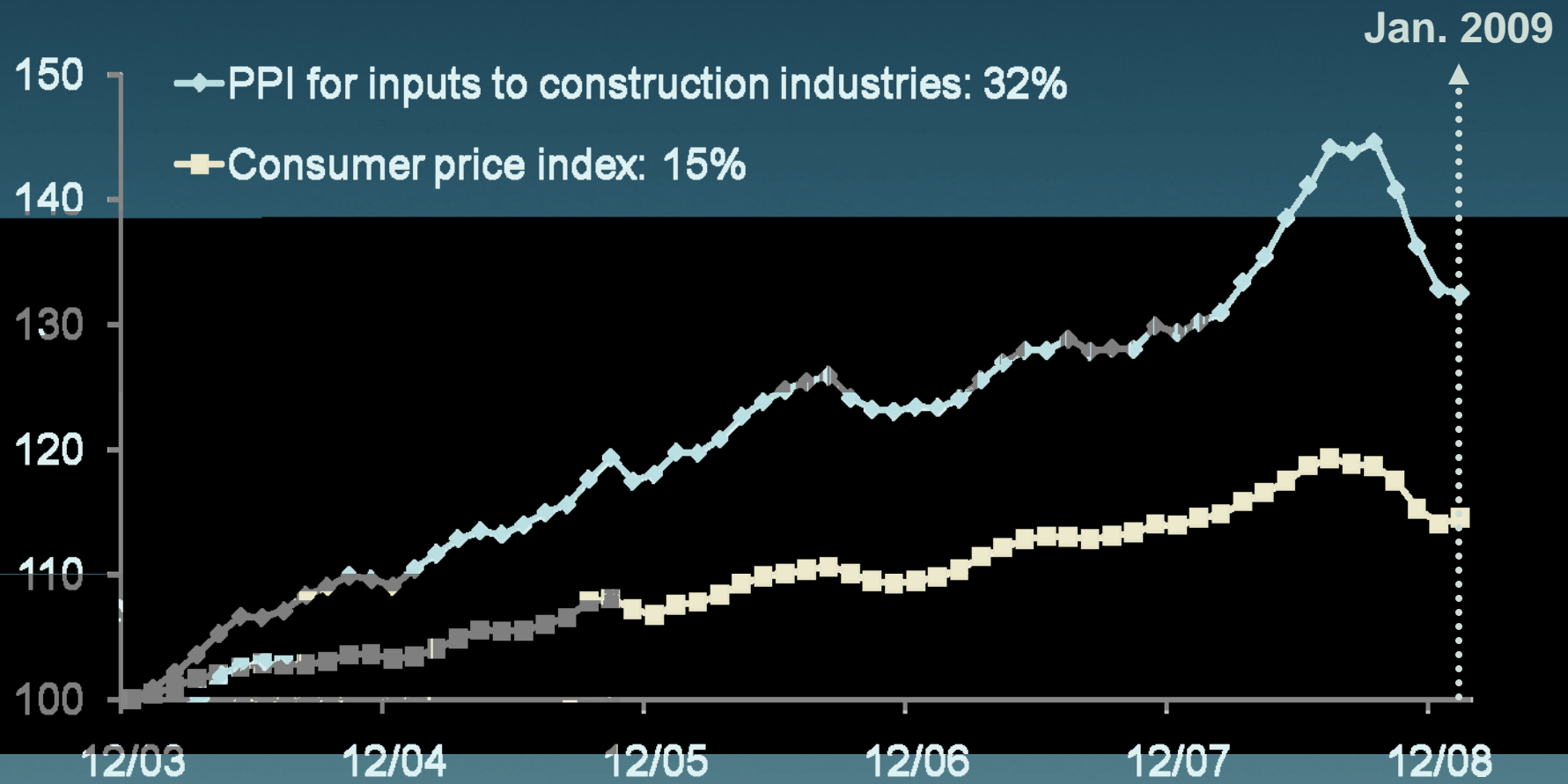
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## Materials and components

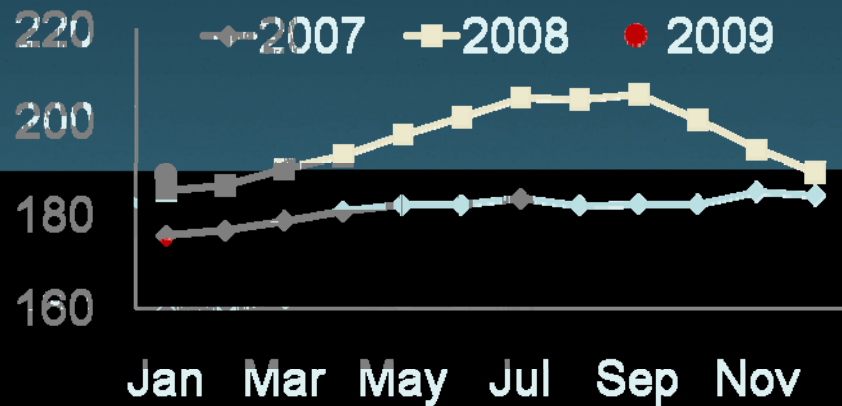
- Higher increases for construction inputs than for overall economy:
- Cumulative change double the CPI since 12/03:
  - Const PPI: 32%
  - CPI-U: 15%
- Producer price index drivers: steel, gypsum, diesel, asphalt, concrete, copper, plastics, aluminum, wood

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

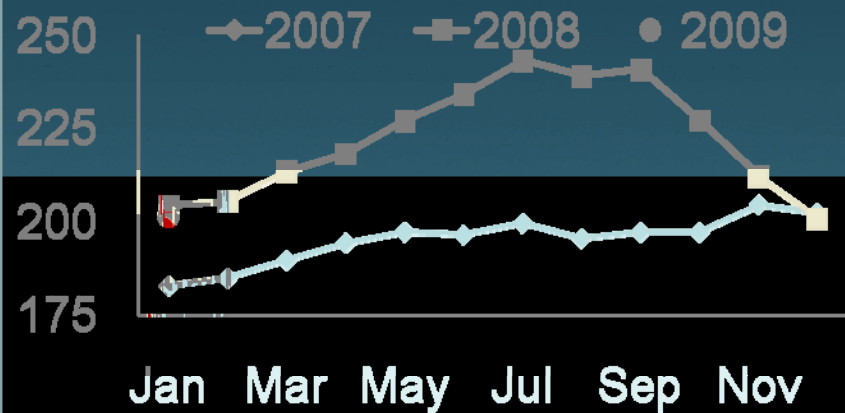


## Producer Price Indexes, 2007 - 2009

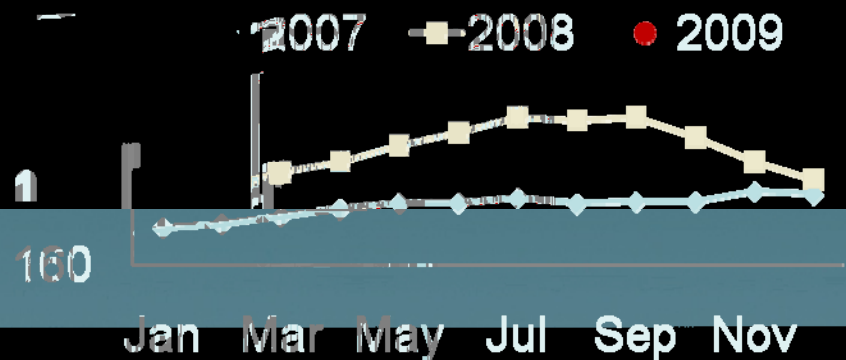
**Inputs to construction industries**  
 Change from 1/08-1/09: 1.8%



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



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

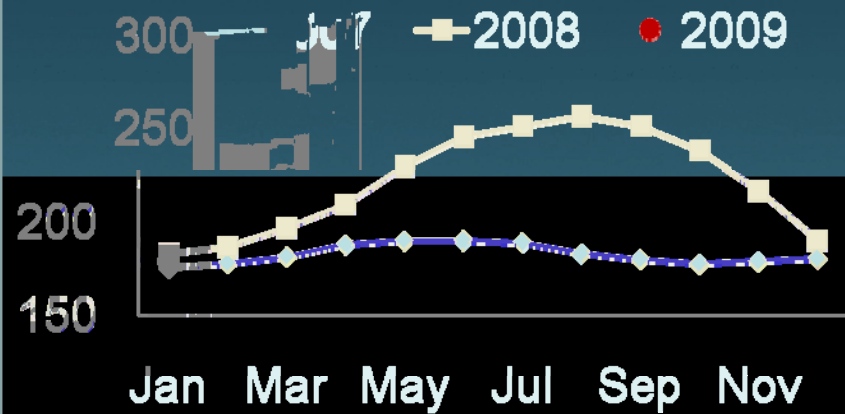


# Producer Price Indexes, 2007 - 2009

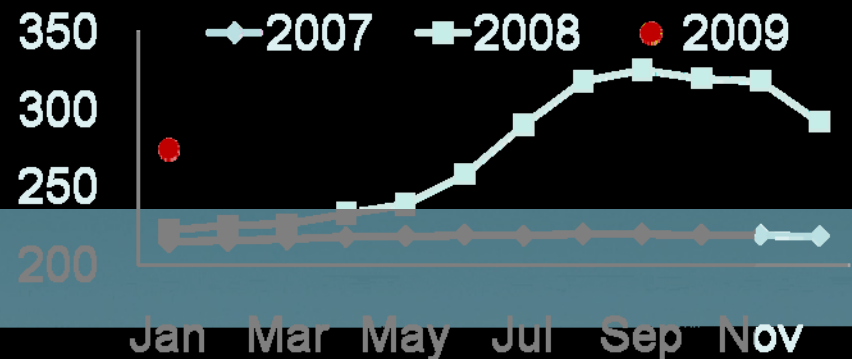
**No. 2 Diesel Fuel**  
Change from 1/08-1/09: -41.0%



**Steel Mill Products**  
Change from 1/08-1/09: -2.2%



**Asphalt Paving Mixtures & Blocks**  
Change from 1/08-1/09: 23.1%





## 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](mailto:simonsonk@agc.org))

- The Data DIgest: weekly one-page email
- PPI tables: emailed monthly
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