

In This Edition

Cement data for April 2008

Focal Points

- Inventory drawdown, partly influenced by stock reduction at motor vehicle dealers, put downside pressure on Canadian GDP, resulting in a weaker than expected March and a first quarter contraction of 0.3%. Offering upside balance to this position was a first quarter advance in consumer spending (+3.2%), non-residential structures investment (+3.5%) and a moderate contribution from non-auto exports. This weaker inventory position suggests the possibility for slightly more positive growth in the next few quarters supporting PCA's outlook of 1.8% real GDP growth this year.

A Monthly Analysis of Trends in the Construction and Cement Industries



Statistics at a Glance

Portland Consumption	Apr-08	vs.	Apr-07	=	▲
	Apr YTD			=	▲
Masonry Consumption	Apr-08	vs.	Apr-07	=	▲
	Apr YTD			=	▲
Cement Exports	Apr-08	vs.	Apr-07	=	▼
	Apr YTD			=	▼
Housing Starts	May-08	vs.	Apr-08	=	▲
Mortgage Rate	May-08	vs.	Apr-08	=	▼
Nonresidential Permits	Apr-08	vs.	Mar-08	=	▲

Executive Summary

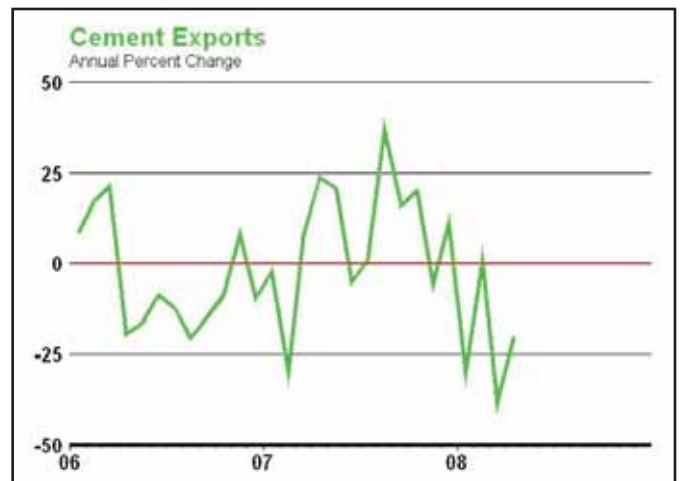
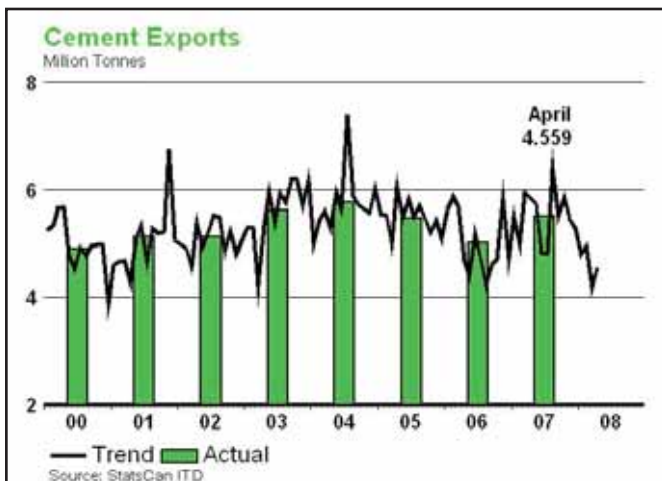
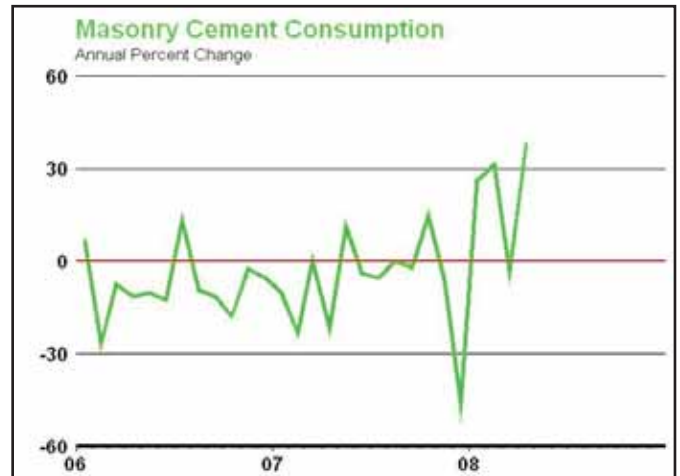
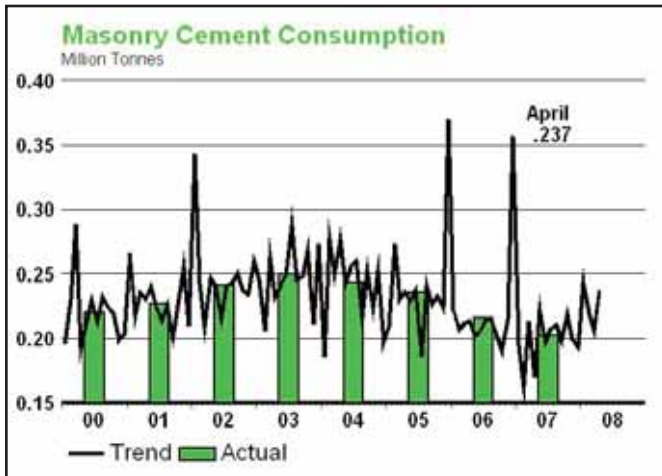
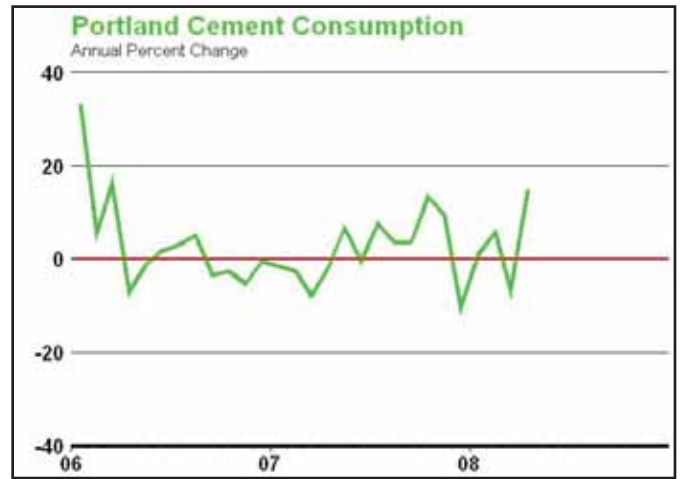
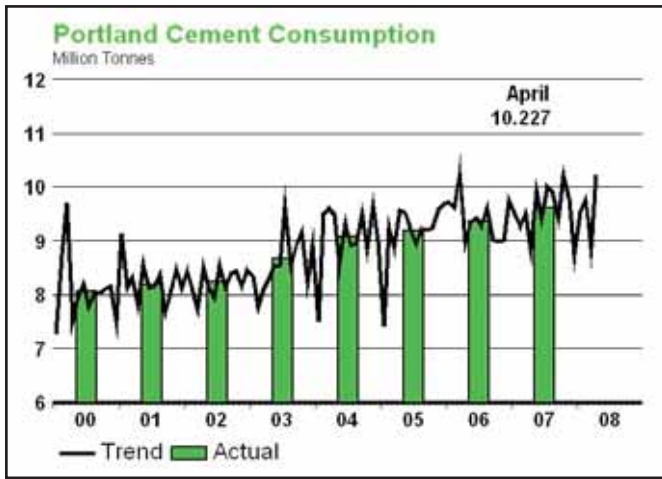
Ontario Industrial Sector Highlights

As reported by Industrial Info Resources (Sugar Land, TX), Ontario is the third largest North American region for industrial activity with more than \$10 billion worth of projects under construction. An additional 350 projects, representing close to \$36 billion, are currently under evaluation. The power industry dominates this industrial profile (\$26B) followed by the metals & mining industry (\$3.2B). The remainder of industrial investment is a mix of manufacturing, petroleum refining, and alternative fuels (\$5.4B).

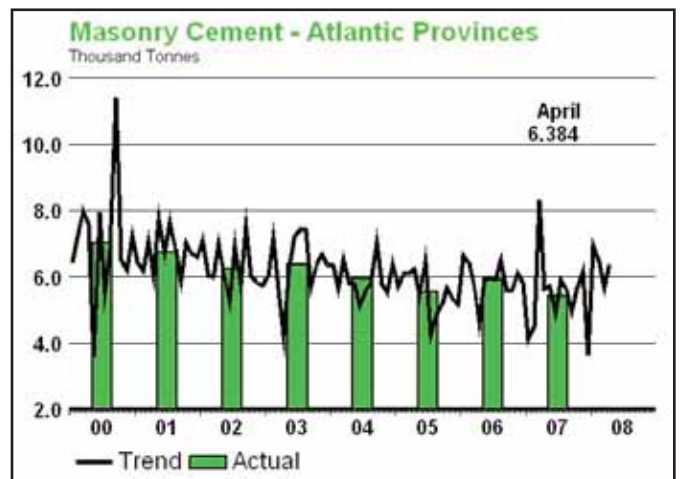
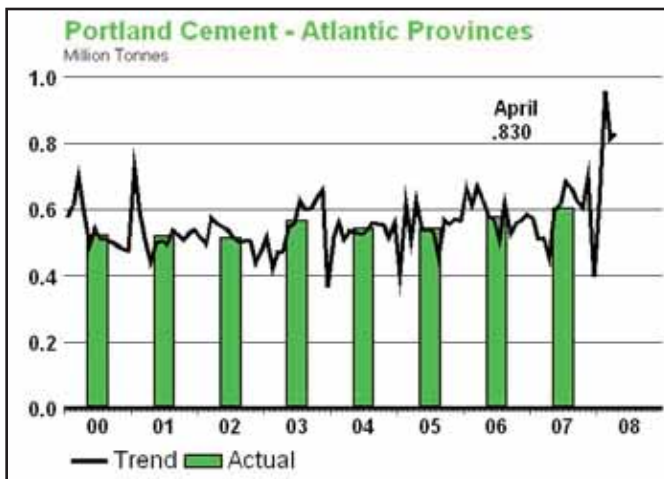
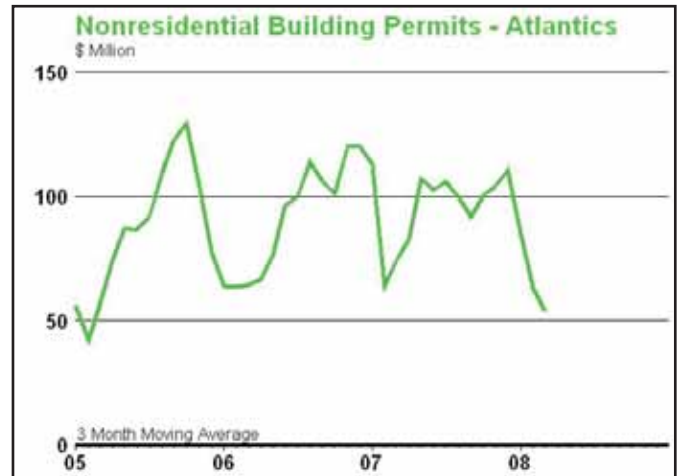
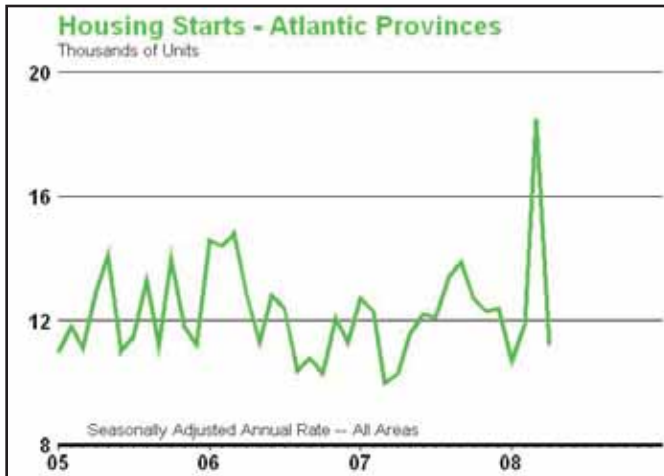
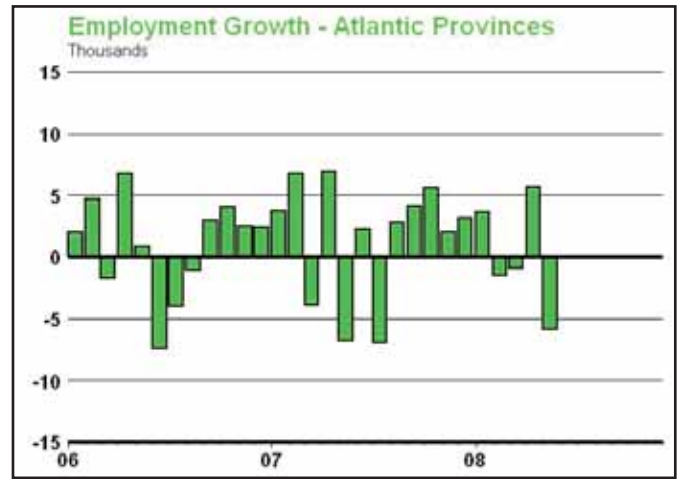
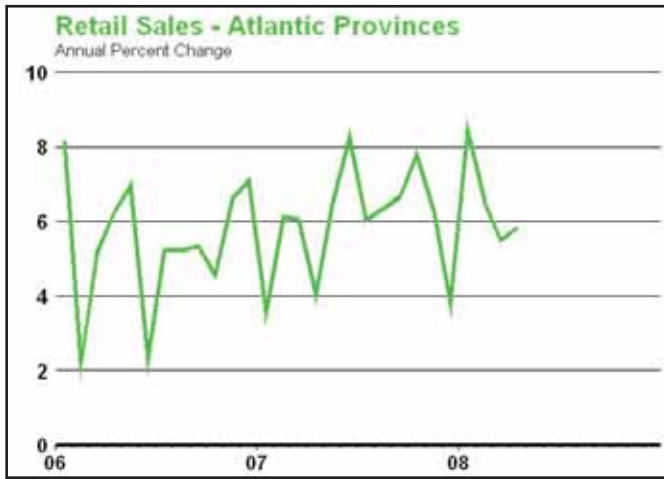
- Employment growth slowed in May with only 8,400 jobs created. Manufacturing employment grew by an impressive 34,200 jobs along with a 7,400 job gain in construction. The service sector shed 20,200 jobs, taking back most of April's gain. Quebec reported the largest gain (+0.5%) from March levels while Ontario reported a more subdued 0.2% increase. PCA continues to forecast slower employment growth this year and next.
- Construction permits surprised on the upside, advancing 14.5% in April. The multi-family sector (+19.1%) cleanly offset a decline in the single family sector (-0.6%). Nonresidential permits advanced 16.5% benefiting from low vacancy rates and a sustaining commercial sector. Nonresidential construction will continue to support the overall outlook for Canadian construction growth.
- Statements from the June meeting of the Bank of Canada indicated heightened concern regarding inflation. Citing stronger than anticipated global growth and sharply higher commodity prices, the Bank kept the overnight rate at 3%. On the heels of the first quarter weakness and with the expectation for slower growth this year, it is now likely the Bank will remain on the sidelines in the near term.

- The Atlantic Provinces portland cement consumption soared 80.0% in April, with a year-to-date that is 59.6% above last year's levels. Masonry consumption increased 10.3% in April. Masonry's year-to-date is 18.4%.
- Quebec¹ portland cement consumption increased 19.6% compared to last year. Cumulative portland consumption increased to 8.7%. Masonry cement rebounded considerably with an April increase of 123.8%, boosting the year-to-date up 42.8%.
- Ontario portland cement consumption reversed direction gaining 8.3% from last year. Year-to-date levels are up 4.7%. Masonry also reversed from last month's observation increasing 26.7% in the current month and 15.1% for the year.
- The Prairie Provinces portland cement consumption reported a 9.3% increase in April, corresponding to a year-to-date level of -5.2%. Alberta declined an estimated 4.0% and Manitoba increased 21.6%. Saskatchewan increased consumption 102.4% this month. Masonry cement consumption is up 17.4% this month. Year-to-date levels increased to a healthy 13.9%.
- British Columbia portland cement consumption is up 12.5% this month. Cumulative portland consumption is 0.8%. Masonry consumption dramatically increased 69.1% in April. Year-to-date levels are up 45.7%.

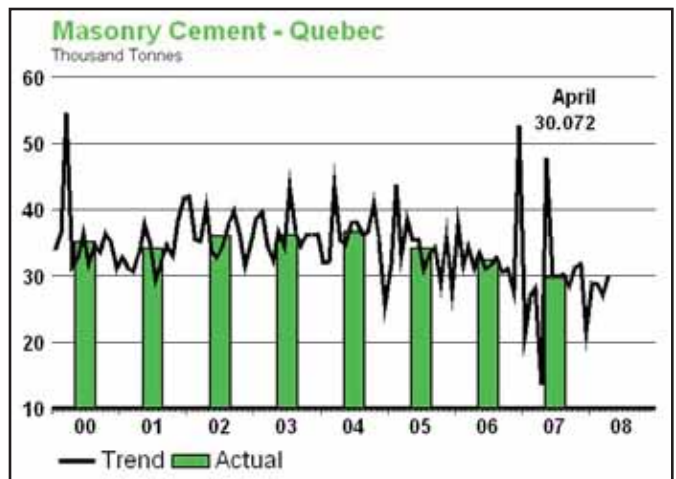
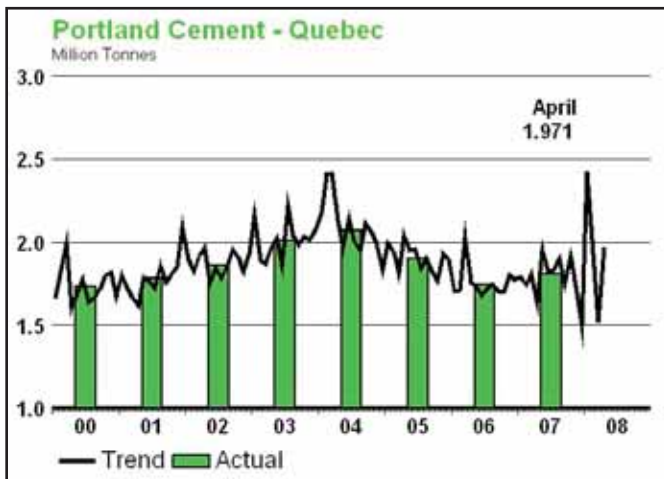
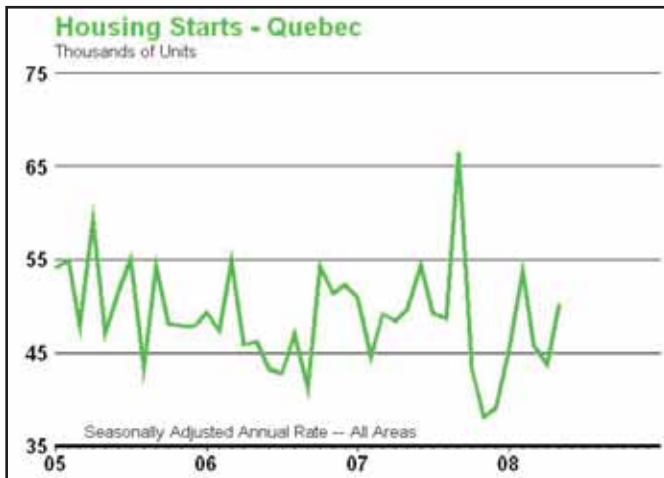
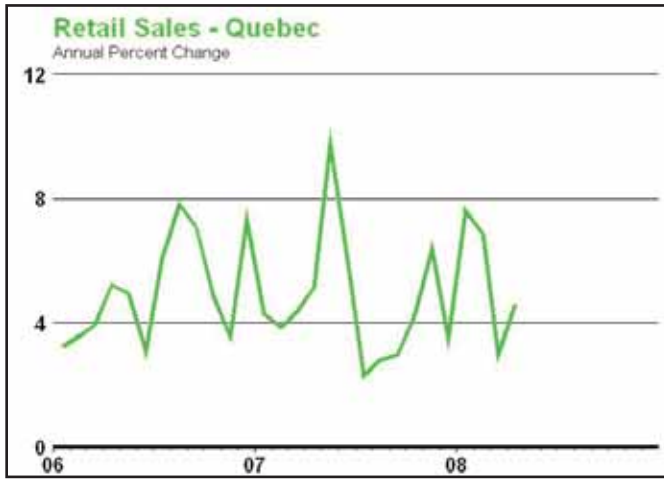
Canadian Cement Consumption



Provincial Trends—Atlantics

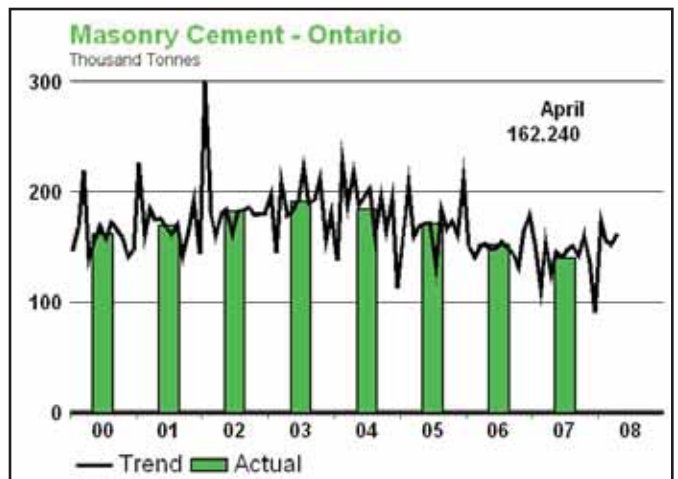
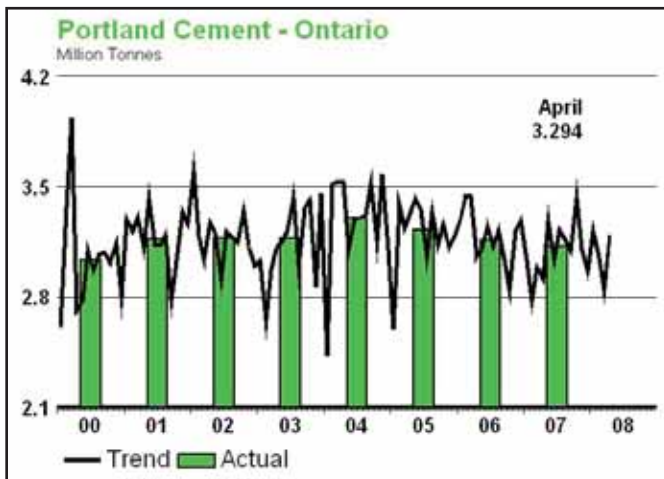
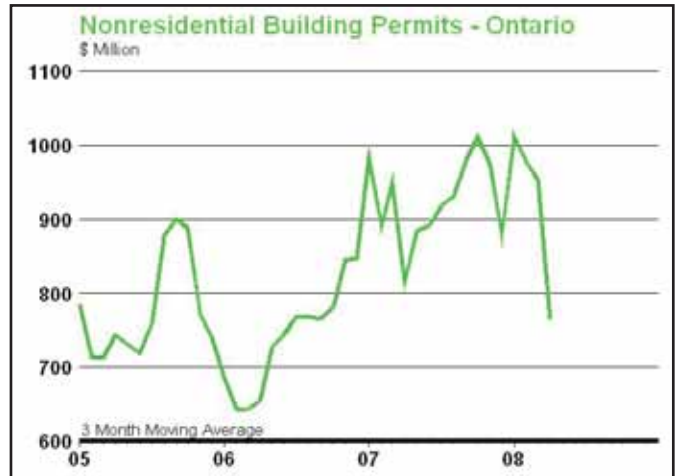
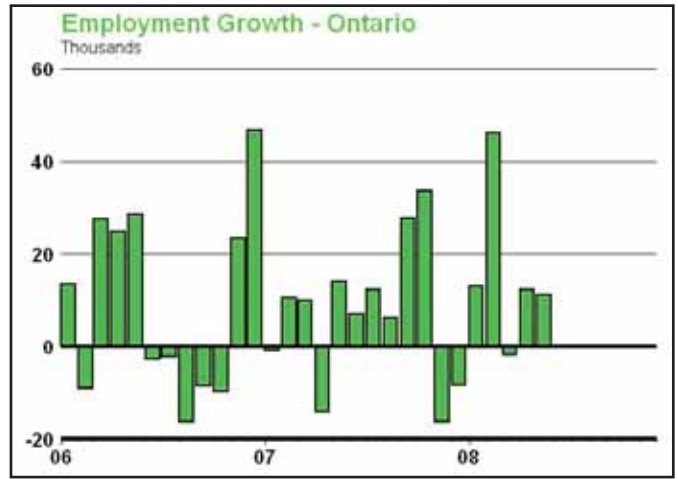
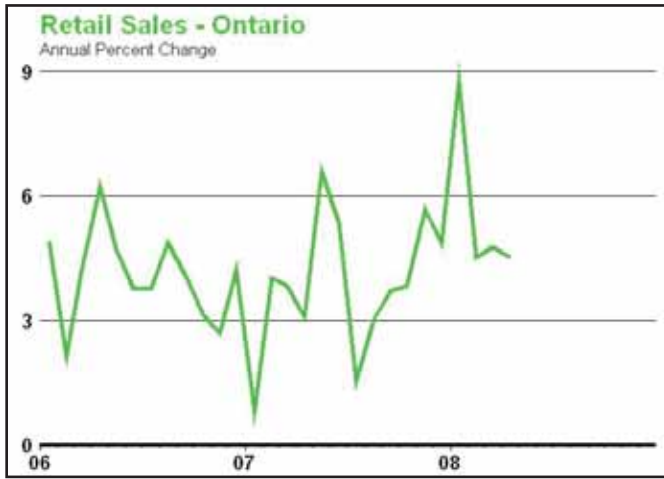


Provincial Trends—Quebec

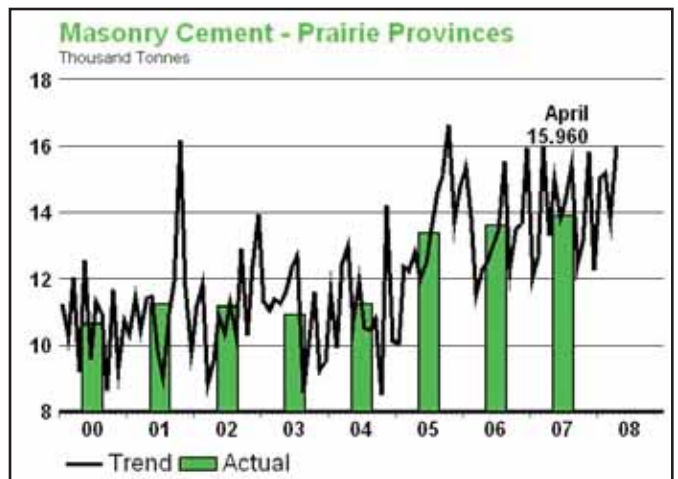
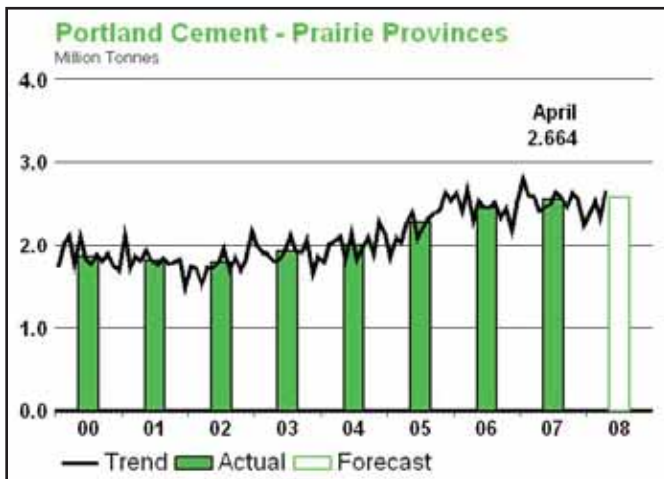
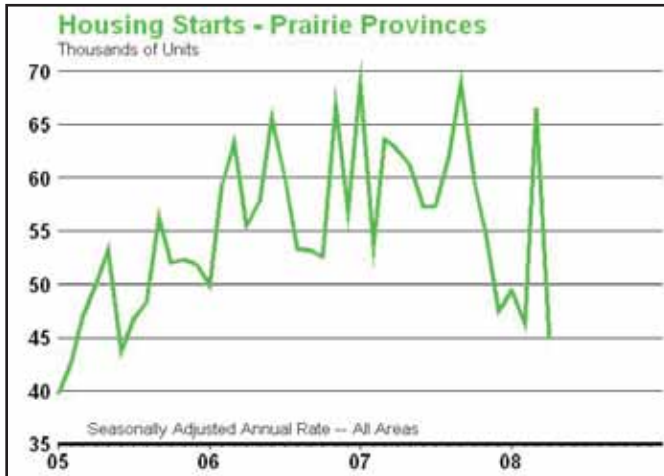
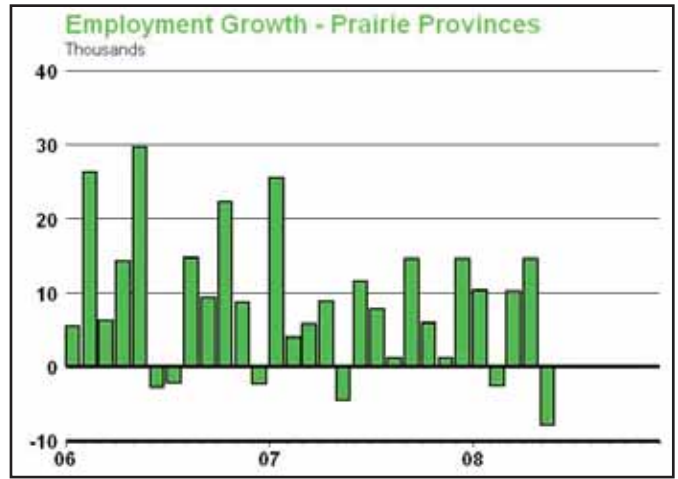
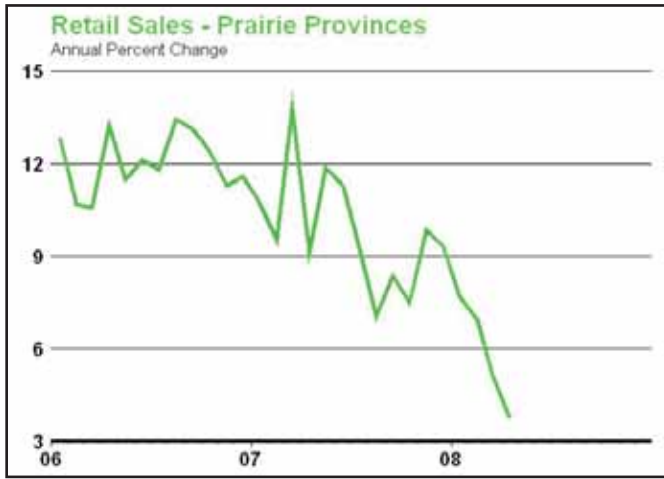


NOTE: Cement consumption data is collected and reported by Statistics Canada—an agency of the Canadian government. The submission of cement-related information to Statistics Canada is voluntary and several cement sellers have chosen not to participate. As a result, this consumption data consistently omits cement made or imported by the non-participating sellers. The exact amount of the omitted tonnage is unknown, but it may account for up to 12% of regional cement consumption in Quebec and up to 3% of total cement consumption in Canada.

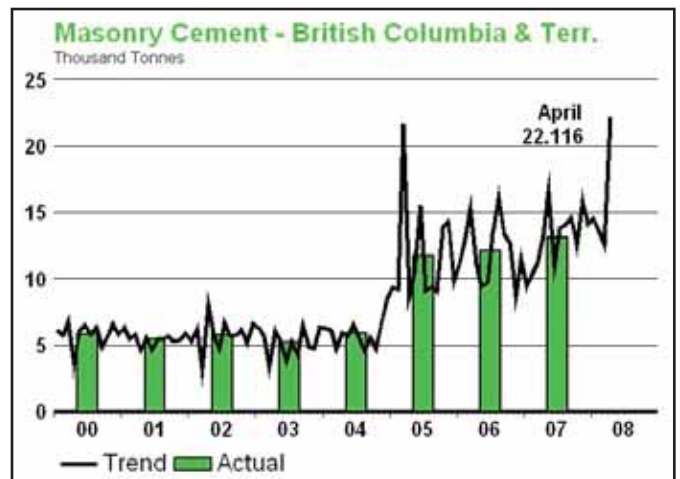
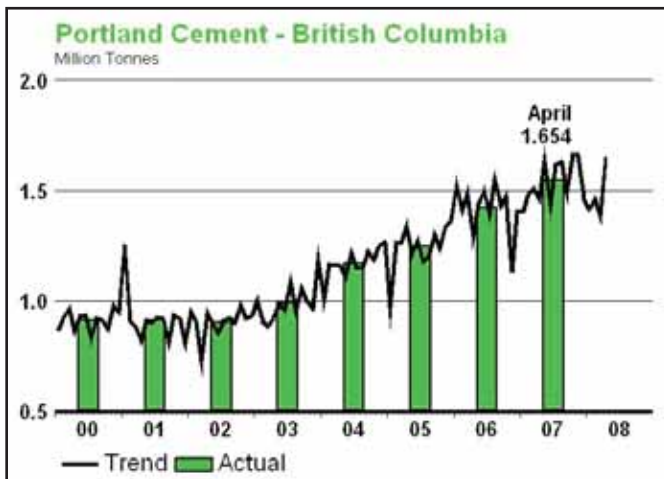
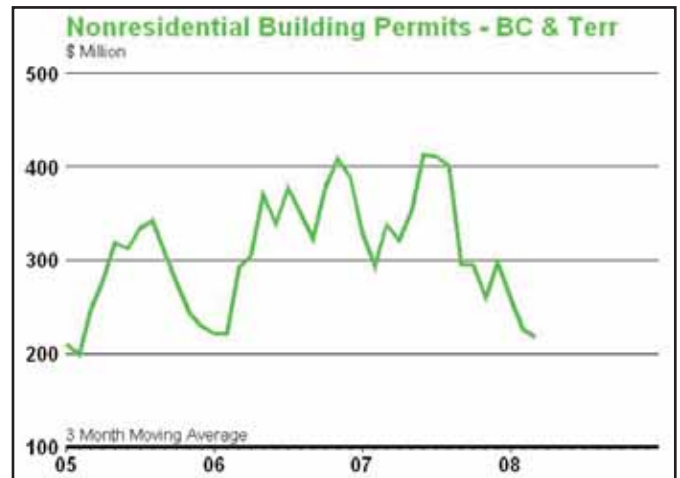
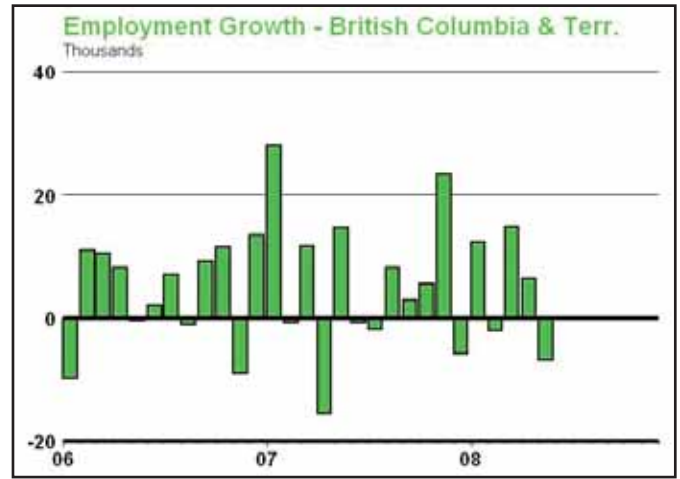
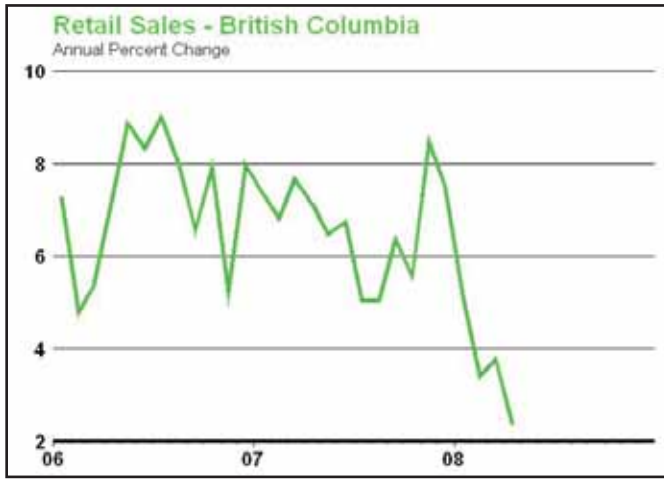
Provincial Trends—Ontario



Provincial Trends–Prairies



Provincial Trends—British Columbia



Portland Cement Consumption

(Thousands of Metric Tonnes)

April

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Atlantic Provinces	34.1	21.8	33.0	38.4	38.3	27.5	49.5	80.0%
Quebec⁽¹⁾	143.6	132.2	159.1	150.4	128.4	117.9	141.1	19.6%
Ontario	257.4	198.6	276.3	256.9	232.5	220.4	238.8	8.3%
Prairie Provinces	87.9	122.0	106.3	114.9	116.8	122.8	134.1	9.3%
Alberta⁽²⁾	--	--	--	93.2	91.8	99.2	95.2	-4.0%
Manitoba⁽²⁾	--	--	--	10.7	10.8	12.1	14.8	21.9%
Saskatchewan⁽²⁾	--	--	--	12.1	15.4	12.7	25.6	102.4%
British Columbia and Territories	74.6	95.8	93.2	108.8	106.3	121.7	136.9	12.5%
Total Canada	597.6	570.3	667.9	669.4	622.3	610.3	700.5	14.8%

April Year-to-Date

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Atlantic Provinces	92.2	58.1	91.1	95.2	112.3	88.8	141.6	59.5%
Quebec⁽¹⁾	357.6	274.8	433.9	371.3	344.3	324.2	352.5	8.7%
Ontario	723.4	456.7	733.0	698.4	716.2	639.6	669.5	4.7%
Prairie Provinces	366.5	338.6	444.9	467.4	577.8	603.8	572.2	-5.2%
Alberta⁽²⁾	--	--	--	389.4	472.7	500.9	445.7	-11.0%
Manitoba⁽²⁾	--	--	--	34.2	45.9	47.0	57.0	21.2%
Saskatchewan⁽²⁾	--	--	--	46.6	62.5	59.2	73.4	23.9%
British Columbia and Territories	256.7	248.0	341.1	372.2	434.2	448.5	452.0	0.8%
Total Canada	1796.4	1376.2	2044.1	2004.5	2184.7	2104.9	2187.8	3.9%

⁽¹⁾ Cement consumption data is collected and reported by Statistics Canada—an agency of the Canadian government. The submission of cement-related information to Statistics Canada is voluntary and several cement sellers have chosen not to participate. As a result, this consumption data consistently omits cement made or imported by the non-participating sellers. The exact amount of the omitted tonnage is unknown, but it may account for up to 12% of regional cement consumption in Quebec and up to 3% of total cement consumption in Canada.

⁽²⁾ PCA Estimates – Includes Portland and Masonry

Masonry Cement Consumption

(Metric Tonnes)

April

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Atlantic Provinces	726	391	591	606	460	532	587	10.3%
Quebec	4,089	2,629	3,632	3,993	3,293	1,440	3,223	123.8%
Ontario	15,348	14,394	18,500	14,031	12,364	9,954	12,615	26.7%
Prairie Provinces	858	758	1,176	1,164	1,119	1,198	1,407	17.4%
British Columbia and Territories	682	554	465	690	891	1,075	1,818	69.1%
Total Canada	21,703	18,726	24,364	20,484	18,127	14,199	19,650	38.4%

April Year-to-Date

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Atlantic Provinces	1,552	837	1,428	1,418	1,361	1,290	1,527	18.4%
Quebec	8,546	4,690	8,322	8,480	7,545	4,652	6,642	42.8%
Ontario	47,378	29,955	48,455	41,206	35,420	32,091	36,950	15.1%
Prairie Provinces	2,489	1,685	2,861	2,861	3,288	3,346	3,812	13.9%
British Columbia and Territories	1,690	1,257	1,722	3,839	3,921	3,338	4,862	45.7%
Total Canada	61,655	38,424	62,788	57,804	51,535	44,717	53,793	20.3%

Cement Exports (Metric Tonnes)

April

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Portland Cement	403,272	227,147	359,268	411,164	308,906	387,124	329,808	-14.8%
White Cement	18,930	21,525	26,146	27,180	32,196	48,005	28,122	-41.4%
Other Hydraulic	2,993	6,806	10,568	2,251	1,976	2,048	3,505	71.1%
Aluminous Cement	0	0	0	0	3	0	0	--
Clinker	56,638	70,217	68,198	92,738	87,065	95,620	65,147	-31.9%
Total Canada	481,833	325,695	464,180	533,333	430,146	532,797	426,582	-19.9%

April Year-to-Date

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Portland Cement	810,404	469,629	828,897	939,764	927,218	990,404	713,082	-28.0%
White Cement	69,426	59,248	85,394	101,144	119,069	145,266	97,035	-33.2%
Other Hydraulic	18,522	11,729	22,297	8,047	6,415	5,145	11,648	126.4%
Aluminous Cement	0	0	0	0	403	0	3,205	--
Clinker	78,083	81,614	149,812	124,743	124,858	95,819	110,407	15.2%
Total Canada	976,435	622,220	1,086,400	1,173,698	1,177,963	1,236,634	935,377	-24.4%

Supplementary Cementing Materials (Metric Tonnes)

April

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Supplementary Cementing Materials	75,870	73,285	86,363	75,373	79,981	86,507	127,813	47.7%

April Year-to-Date

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>% Change 08/07</u>
Supplementary Cementing Materials	228,976	183,376	269,739	269,325	292,570	302,293	381,778	26.3%

NOTE: Includes raw or calcined pozzolan, fly ash, GGBFS, silica fume and any other SCM conforming to CSA-A23.5.
For post grinding blended cements, the pozzolanic portion of the blend is reported here and the portland fraction reported in its category.

Canadian Economic Statistics

	May	April	March	February	May Year Ago
Unemployment Rate (Seasonally Adjusted)	6.1%	6.1%	6.0%	5.8%	6.0%
Consumer Price Index (Month-to-Month % Change)	114.6 1.0%	113.5 0.8%	112.6 0.4%	112.2 0.1%	112.1
Canadian Dollar (US\$/C\$) (Month-to-Month % Change)	1.001 1.5%	0.986 -1.2%	0.998 -0.3%	1.001 --	0.913

Construction Statistics

Total Housing Starts (Urban Areas) (SAAR - 000 Units)	192.8	185.4	221.6	222.4	203.6
Single - Family	76.7	71.5	80.6	82.9	90.5
Multifamily	116.1	113.9	141.0	139.5	113.1
Provincial Housing Starts (All Areas)					
Canada	--	213.9	243.0	243.8	236.7
(Month-to-Month % Change)	--	-12.0%	-0.3%	--	
Atlantic Provinces	--	11.2	18.5	11.9	11.6
(Month-to-Month % Change)	--	-39.5%	55.5%	--	
Quebec	50.3	43.8	45.7	53.8	49.8
(Month-to-Month % Change)	14.8%	-4.2%	-15.1%	--	
Ontario	71.2	76.6	80.0	81.8	76.7
(Month-to-Month % Change)	-7.0%	-4.3%	-2.2%	--	
Prairie Provinces	--	44.8	66.5	46.4	61.1
(Month-to-Month % Change)	--	-32.6%	43.3%	--	
British Columbia and Territories	38.0	37.5	32.3	49.9	37.5
(Month-to-Month % Change)	1.3%	16.1%	-35.3%	--	
Nonresidential Construction Permits (Millions of Current Dollars - SA)		\$2,361.3	\$2,027.6	\$2,066.5	\$3,160.9
Industrial	--	334.9	313.8	407.2	441.5
Commercial	--	1,502.6	1,250.0	1,183.1	2097.1
Government and Institutional	--	523.9	463.8	476.2	622.2
Atlantic Provinces	--	0.0	75.4	39.4	110.0
Quebec	--	396.9	350.5	266.0	436.0
Ontario	--	796.4	742.9	751.8	930.6
Prairie Provinces	--	0.0	557.0	816.2	1257.9
British Columbia and Territories	--	0.0	295.4	193.2	426.5
Interest Rates					
3-Month Commercial Paper	3.11%	3.25%	3.57%	3.84%	4.43%
Long-Term Government Bond	4.07%	4.02%	3.91%	4.14%	4.43%
5-Year Conventional Mortgage Rate	6.65%	6.99%	7.19%	7.29%	7.14%

Employment - (SA - 000)

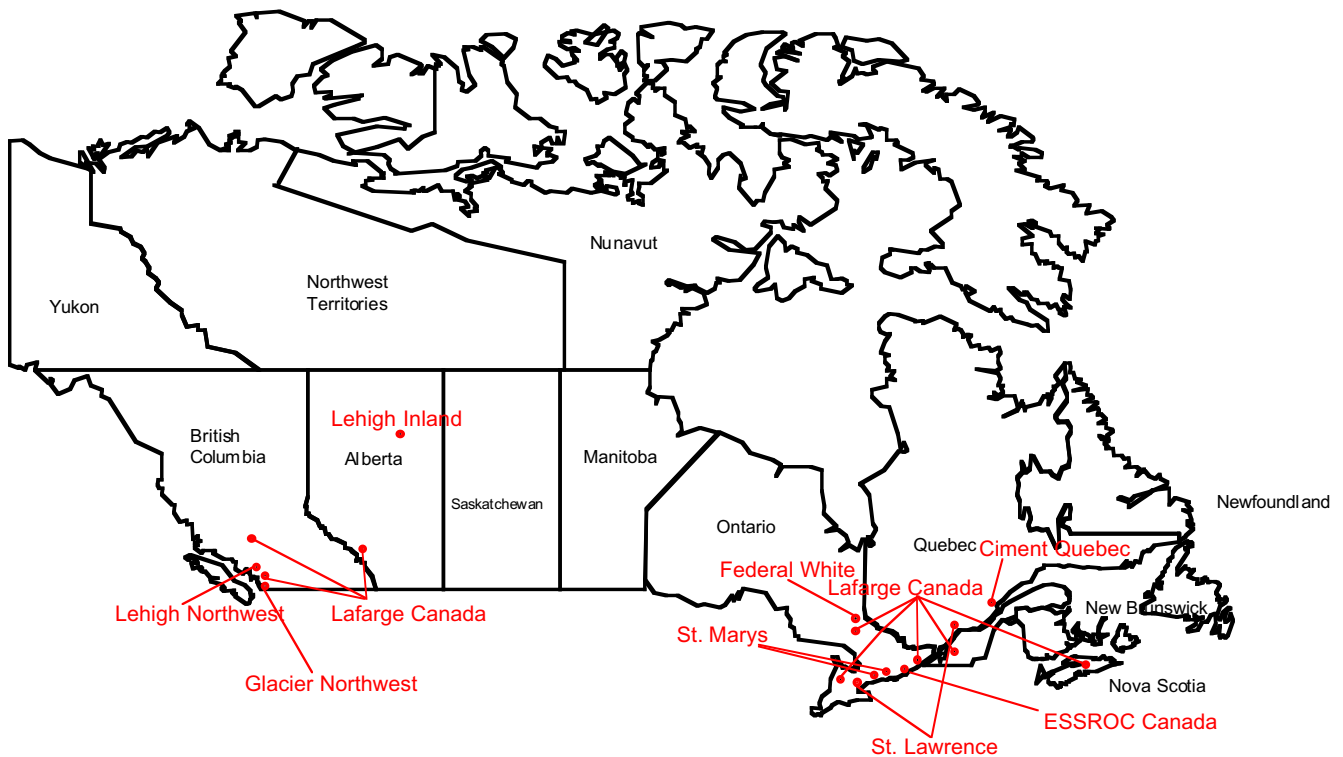
Canada	17,144	17,136	17,117	17,102	16,806
(Month-to-Month % Change)	0.0%	0.1%	0.1%	--	
Atlantic Provinces	1,108	1,114	1,108	1,109	1,094
(Month-to-Month % Change)	-0.5%	0.5%	-0.1%	--	
Quebec	3,885	3,868	3,887	3,895	3,841
(Month-to-Month % Change)	0.5%	-0.5%	-0.2%	--	
Ontario	6,712	6,700	6,688	6,690	6,569
(Month-to-Month % Change)	0.2%	0.2%	0.0%	--	
Prairie Provinces	3,122	3,130	3,115	3,105	3,041
(Month-to-Month % Change)	-0.2%	0.5%	0.3%	--	
British Columbia and Territories	2,317	2,324	2,318	2,303	2,262
(Month-to-Month % Change)	-0.3%	0.3%	0.6%	--	

Member Companies

Ciment Quebec, Inc.
 Essroc Canada Inc.
 Federal White Cement Ltd.
 Glacier Northwest Canadian Ltd.
 Lafarge Canada Inc.
 Lehigh Inland Cement Limited
 Lehigh Northwest Cement Limited
 St. Lawrence Cement Inc.
 St. Marys Cement Inc. (Canada)



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