

The logo for PCA (Portland Cement Association) features the letters 'PCA' in a bold, white, sans-serif font. A white swoosh underline starts under the 'A' and extends to the right, ending with a registered trademark symbol (®).

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Since 1916

America's Cement Manufacturers™

Cement Outlook Briefing

Podcast #1. January 2021

Ed Sullivan, SVP & Chief Economist

Presentation Focus

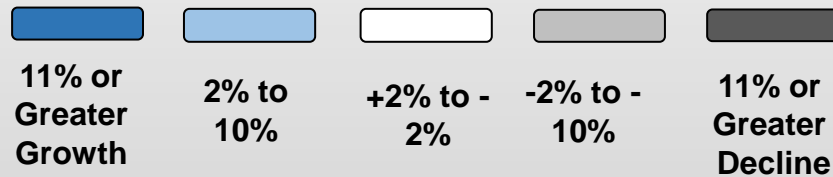
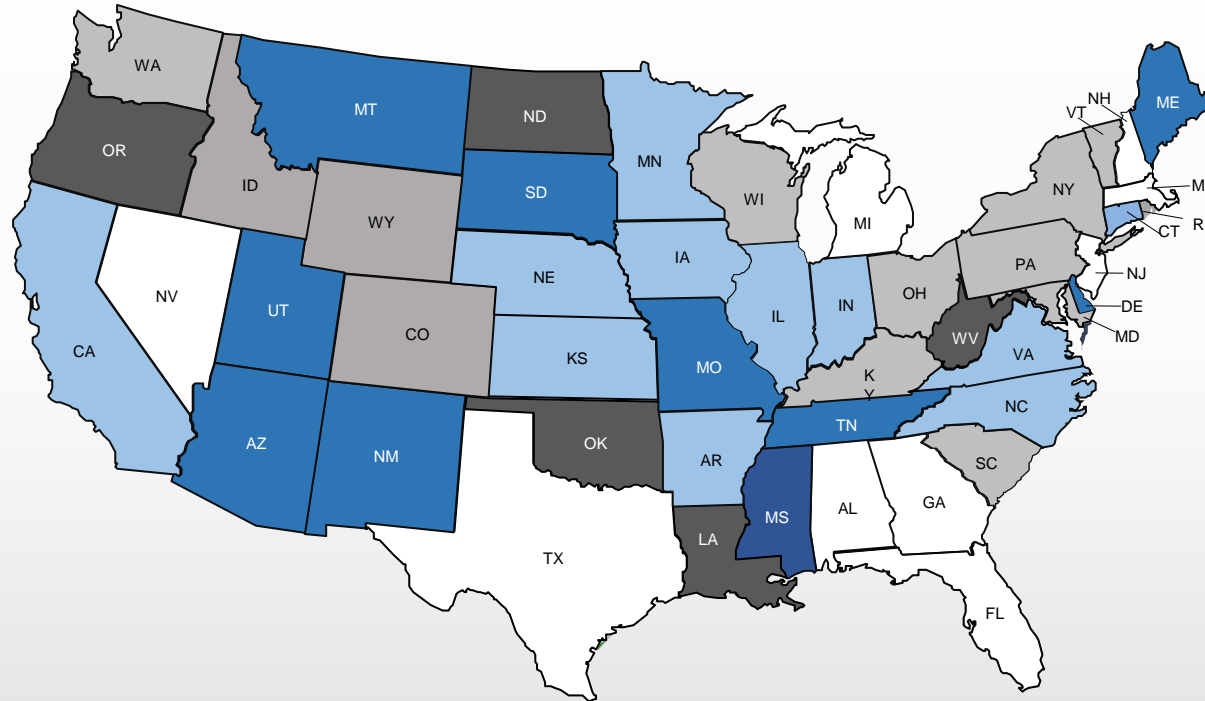
1. 2020 Cement Consumption Performance
2. Macroeconomic Data & Covid-19 Relief Impacts
3. IHME Covid-19 Projections
4. The Vaccine Scenario & Achieving Herd Immunity
5. Winter 2020-2021 Projections
6. The Biden Agenda: Infrastructure Implications
7. Longer Term Considerations

Note: PCA's regional forecasts are scheduled for release next week.

2020 US Cement Consumption Performance

Regional Cement Trends

December year-to-date



West North Central	7.0%
West South Central	-2.2%
New England	4.4%
East North Central	0.7%
Middle Atlantic	-3.9%
South Atlantic	0.6%
East South Central	6.3%
Pacific	0.4%
Mountain	10.2%
United States	1.6%

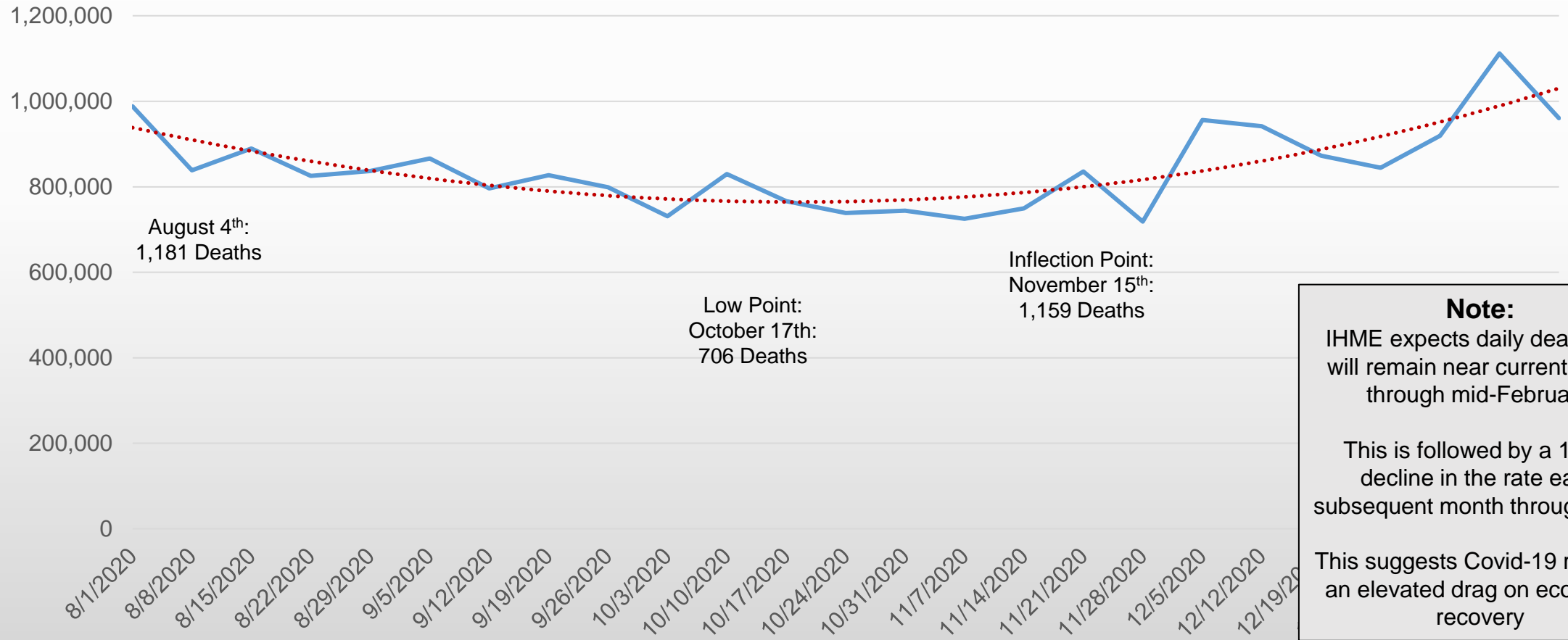
Source: USGS/PCA

Macroeconomic Data

Unemployment Claims

New, Weekly

Current 7 Day Moving Average:
3,183 Deaths



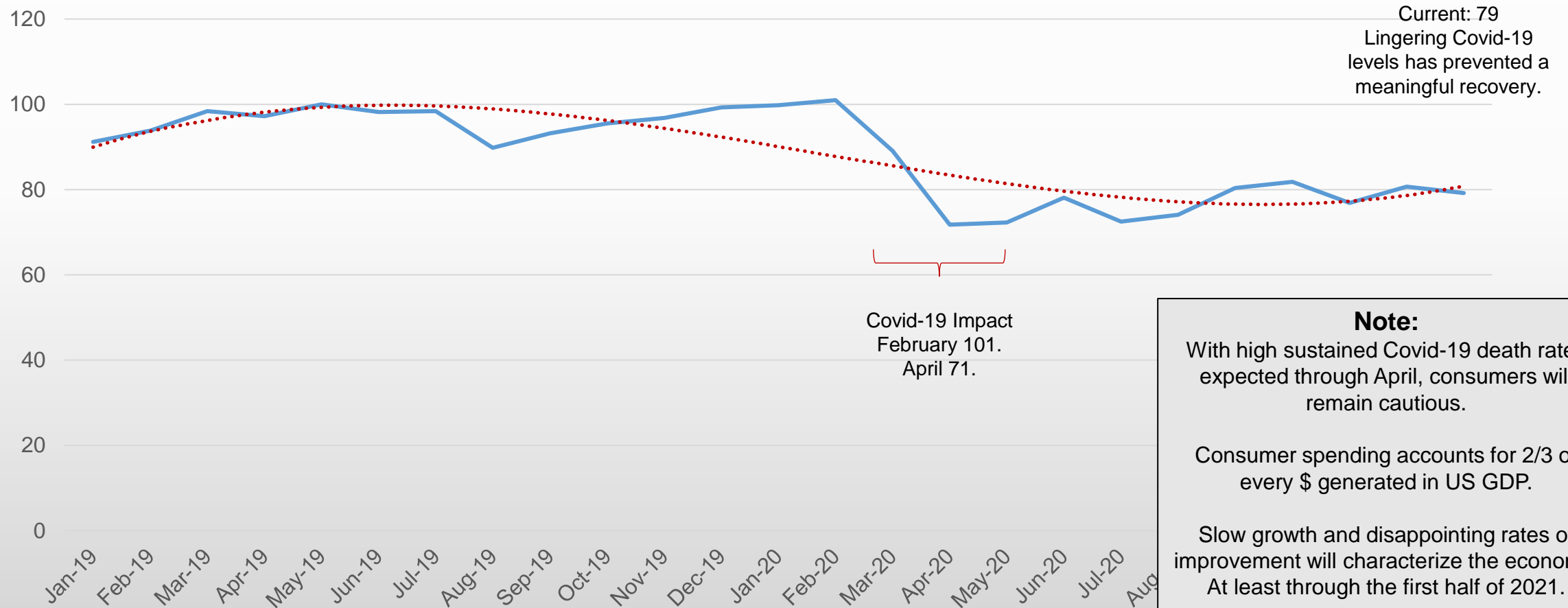
Note:
IHME expects daily death rate will remain near current levels through mid-February.

This is followed by a 1,000 decline in the rate each subsequent month through April.

This suggests Covid-19 remains an elevated drag on economic recovery

Consumer Sentiment

Composite, University of Michigan



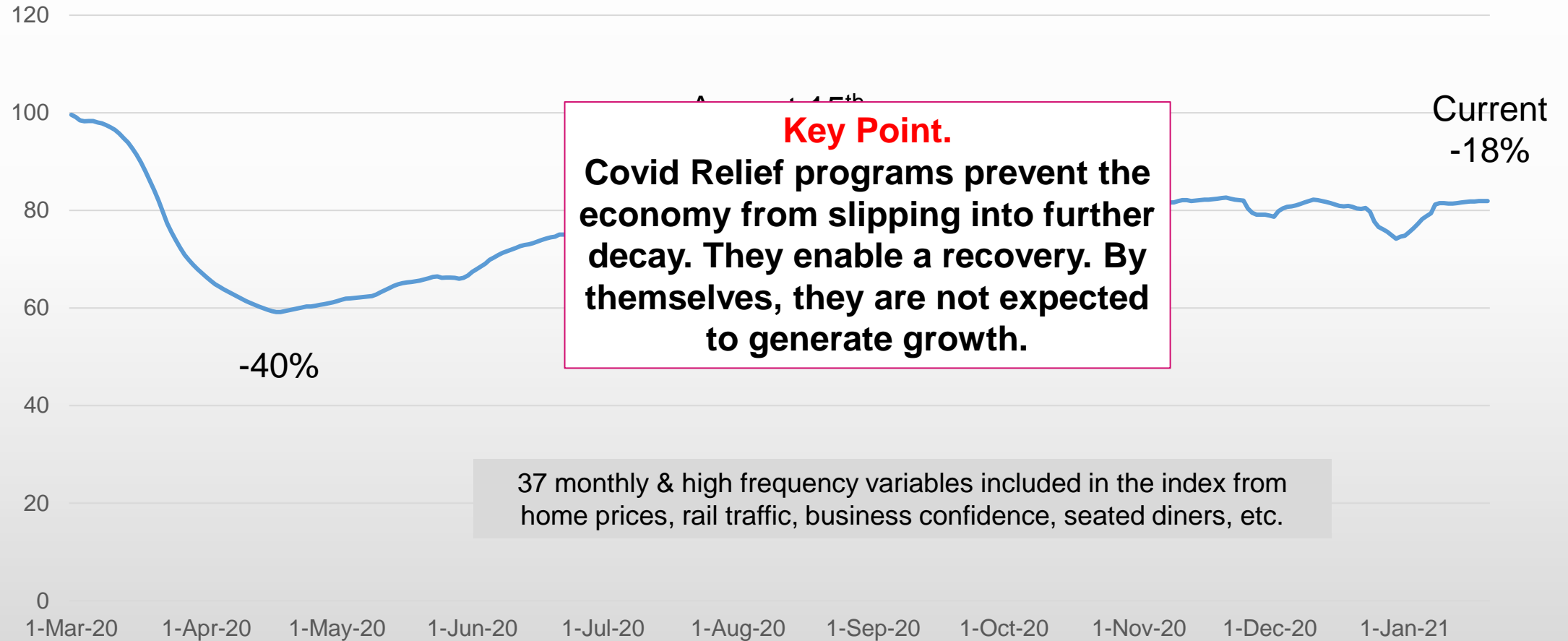
Note:
With high sustained Covid-19 death rates expected through April, consumers will remain cautious.

Consumer spending accounts for 2/3 of every \$ generated in US GDP.

Slow growth and disappointing rates of improvement will characterize the economy. At least through the first half of 2021.

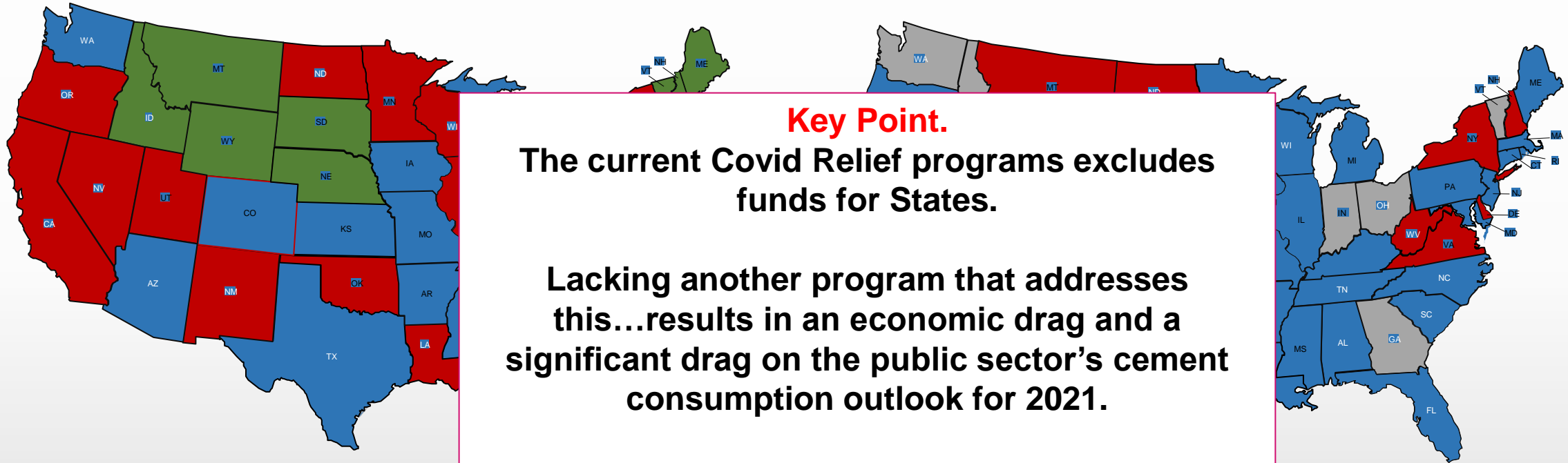
Back to Normal Index

Moody's-CNN Survey 100=March 1st



State Revenues: 2020

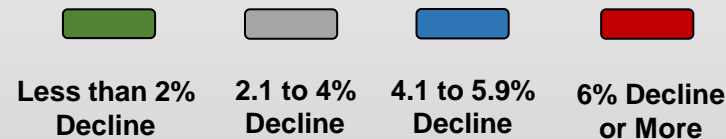
State Revenues: 2021



Key Point.
The current Covid Relief programs excludes funds for States.
Lacking another program that addresses this...results in an economic drag and a significant drag on the public sector's cement consumption outlook for 2021.
From an economic perspective, there is more to be done regarding near term Federal Covid relief.

Given our Macroeconomic Projection

- Estimate Income by State
- Consumer Spending by State
- VMT By State
- Real Estate Values



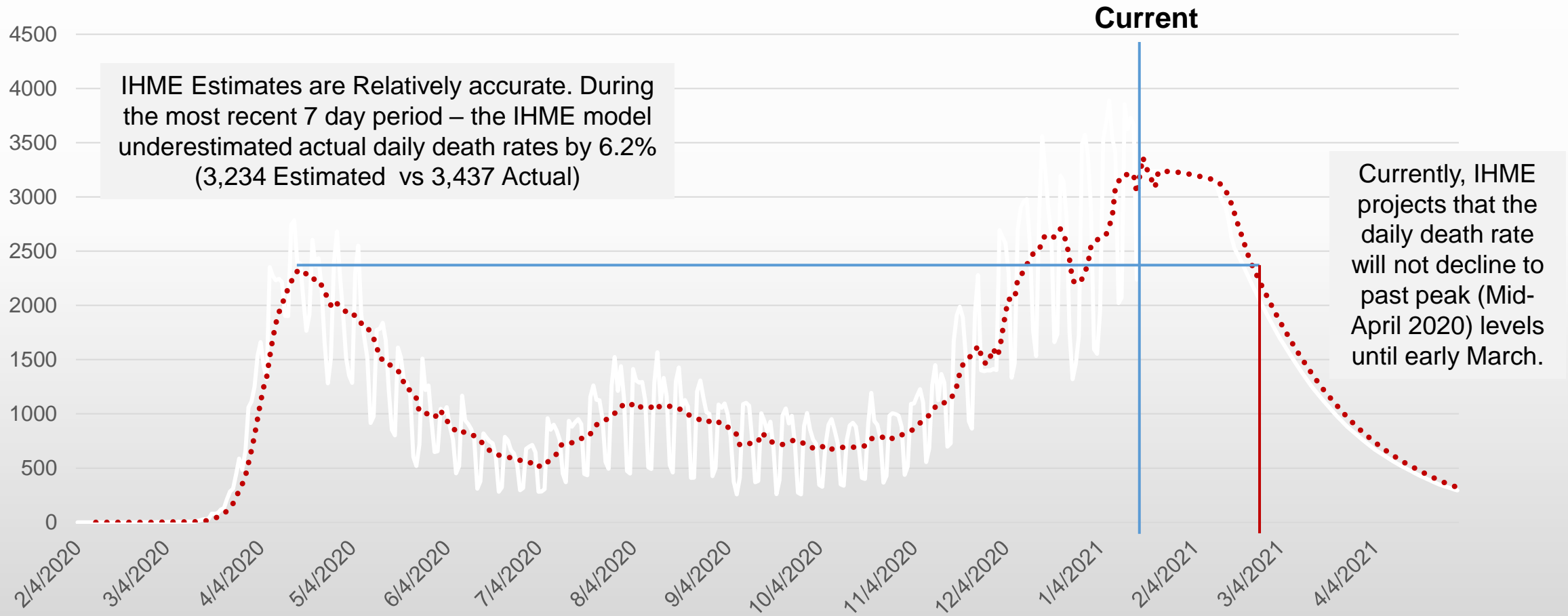
We Calculate State Revenues

- Individual & Corporate Income Taxes
- Sales Taxes
- Fuel Taxes
- Property & All Other
- Add CARES
- Assume drawdown of rainy day fund

Covid Data & Projections

IHME Daily Death Rate Projections

7 Day Moving Average



The Vaccine Scenario

Vaccine Impact on the Economy

Once the Vaccine is Mass Distributed....and herd immunity levels reached.....

It will:

- Result in a dramatic surge in consumer confidence.
- Encourage a return to mass consumer spending
 - Dining, movies, shopping
- Business will reopen, new jobs created
 - Perhaps encourage more spending
- Investment uncertainty will decline.
- Economy will expand rapidly.
- Jobs growth will be strong.

Key Point.
Without reaching herd immunity levels....the “White Knight” never shows up.

by the virus.

This is largely based on consumers returning to pre-Covid patterns.

Given the severity and duration of the disruption...restoration of consumer patterns may occur over several quarters to materialize...

The process begins with consumers sense of safety and the achievement of herd immunity.

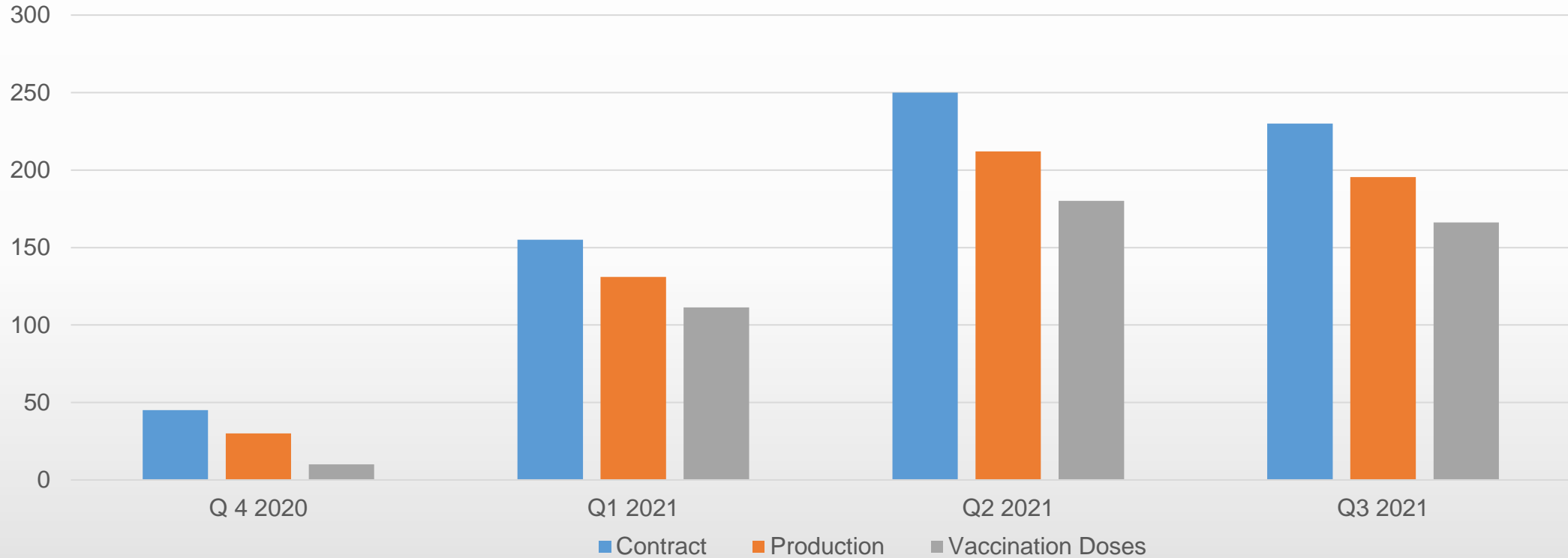
Reaching Herd Immunity

US Population:	328,240,000
Percent Required to Achieve Herd Immunity:	75%
Herd Immunity Population Target:	246,180,000
Assumed US Population with Anti-Bodies:	10%
Population Already With Antibodies:	32,824,000
Total Vaccinated January 25, 2021:	23,500,000
Population needing to be Vaccinated:	189,856,000
Doses Required Per Person:	2
Total Doses Required:	379,712,000

Delivery Deadlines for US Covid-19 Vaccine Orders

Company	Doses	Deadline
Pfizer-BioNTech	25 million	Dec. 31, 2020
Moderna	20 million	Dec. 31, 2020
Pfizer-BioNTech	75 million	Mar. 31, 2021
Pfizer-BioNTech	70 million	Jun. 30, 2021
Moderna	180 million	Jun. 30, 2021
Pfizer-BioNTech	30 million	Jul. 31, 2021
Total doses Ordered	400 million	

US Vaccine Supply



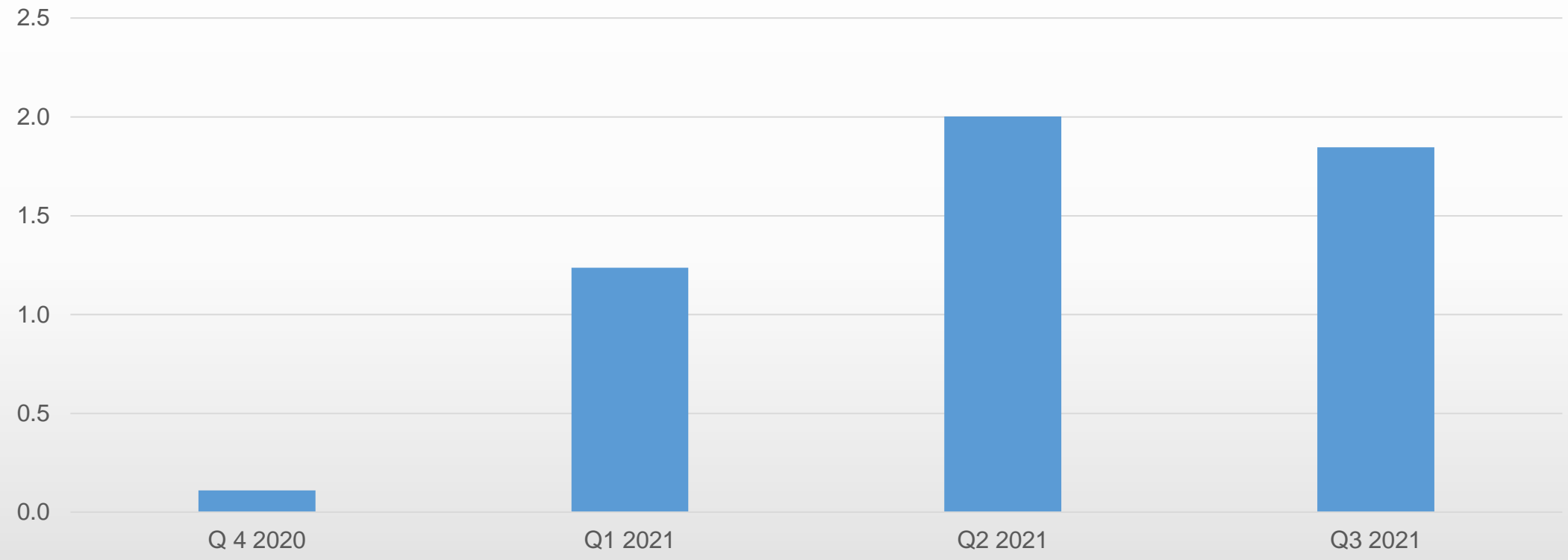
Notes:

Q 4 Performance: Production-to-Contract: 67%, Doses Delivered-to-Vaccination: 33%

Forward Assumptions: Production-to-Contract: 85%, Doses Delivered-to-Vaccination: 85%

Daily Rate of Vaccinations

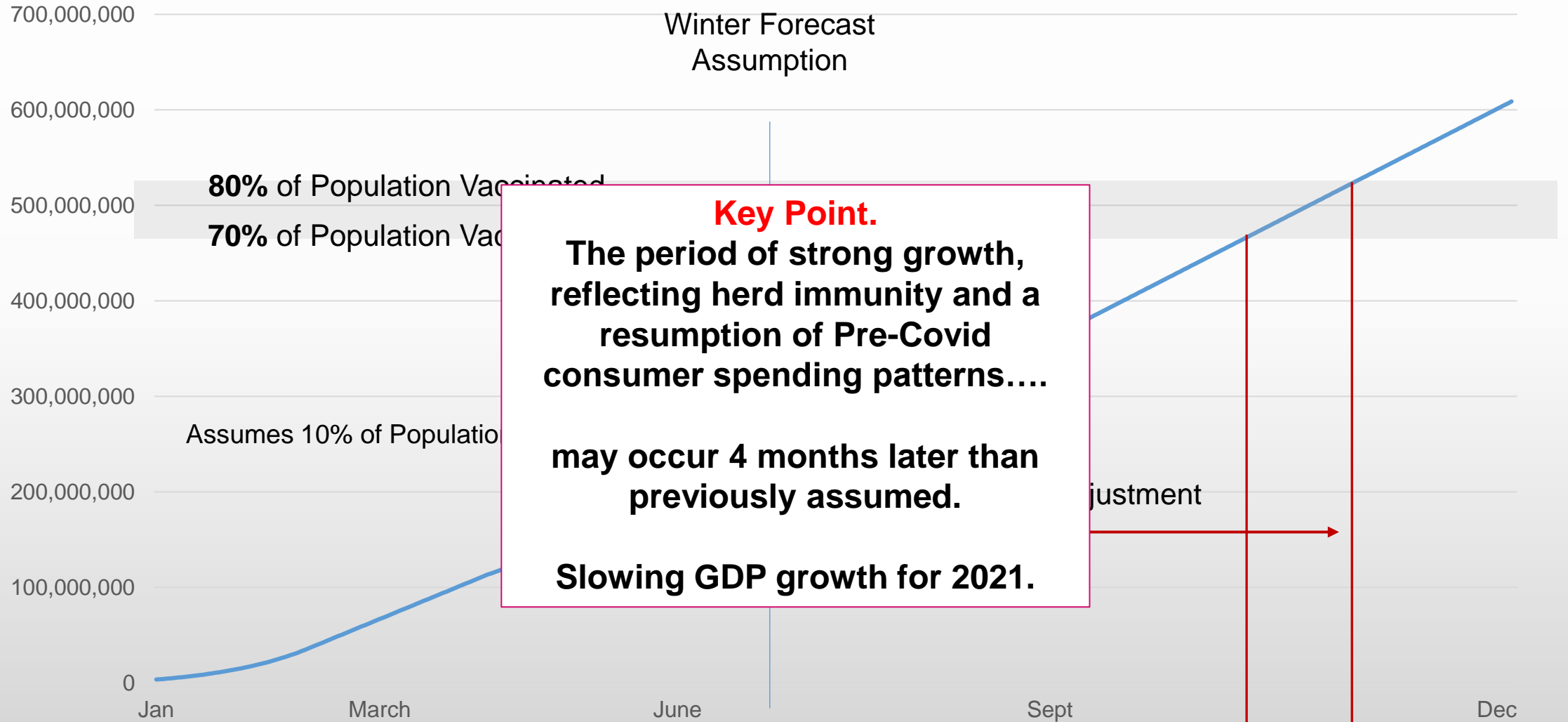
Million Vaccination
Doses Daily



Notes:

2 Doses are required to reach the herd immunity level.

When We Return to Normal

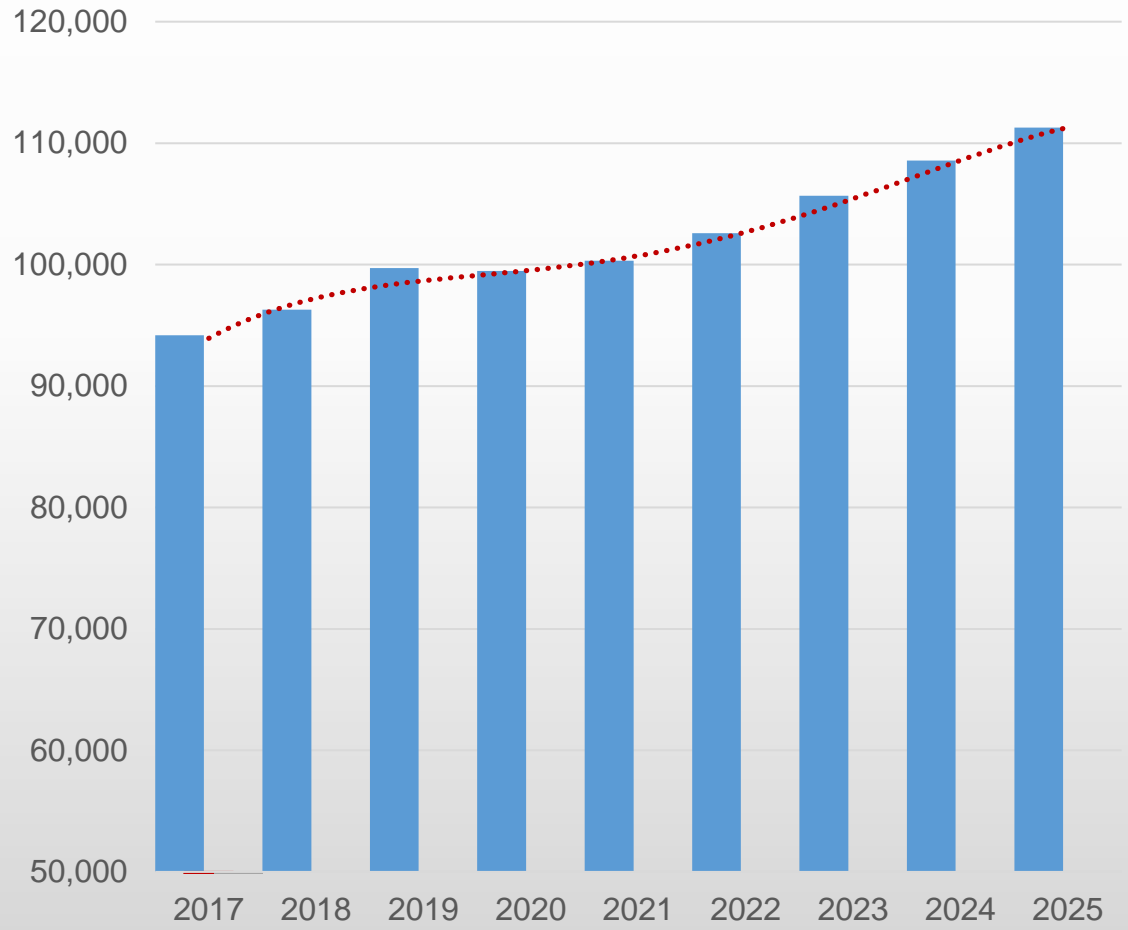


Winter Projection

Cement Consumption

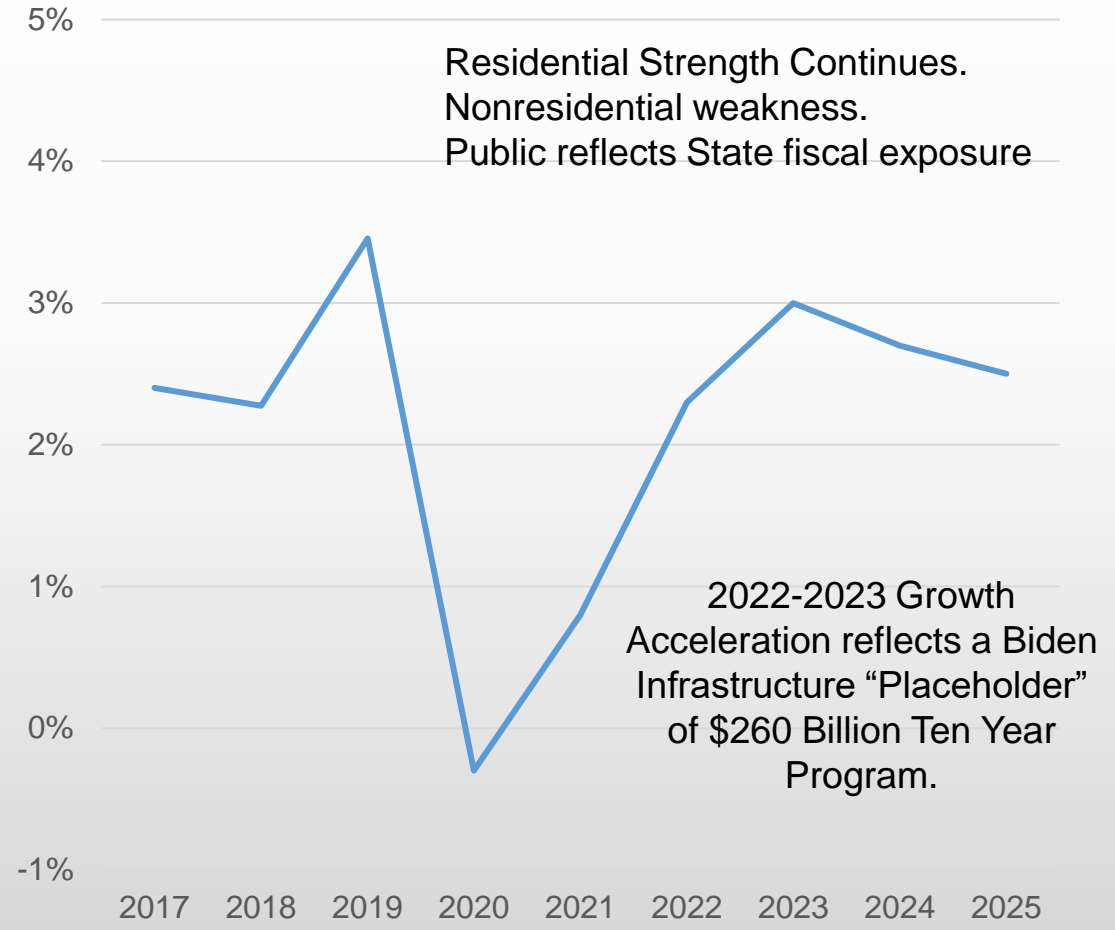
Cement Consumption

Metric Tons



Cement Consumption Growth

%, Y-O-Y



The Biden Agenda: Infrastructure

Biden Plan & Moving Forward Act

"Hybrid" Baseline Level of Detail: \$2 Trillion over 4 Years

Item	
Highways	\$494.0
Low Carbon Technology & Research	\$400.0
Road & Bridge Repair	\$300.0
School Building Repair & Modern	
Rail Infrastructure	
Affordable Housing	
Broadband Internet	
Renewable Energy	
Misc. Green Projects	\$70.0
Water Infrastructure	\$58.0
Transformation Projects Fund	\$40.0
Hospital Upgrades & Expansion	\$30.0
Urban Revitalization Projects	\$18.0
Airport Direct Funding	\$14.0
Total	\$1,954.0

Key Point.
The proposed program, as we see it, is more massive than any previous infrastructure program.

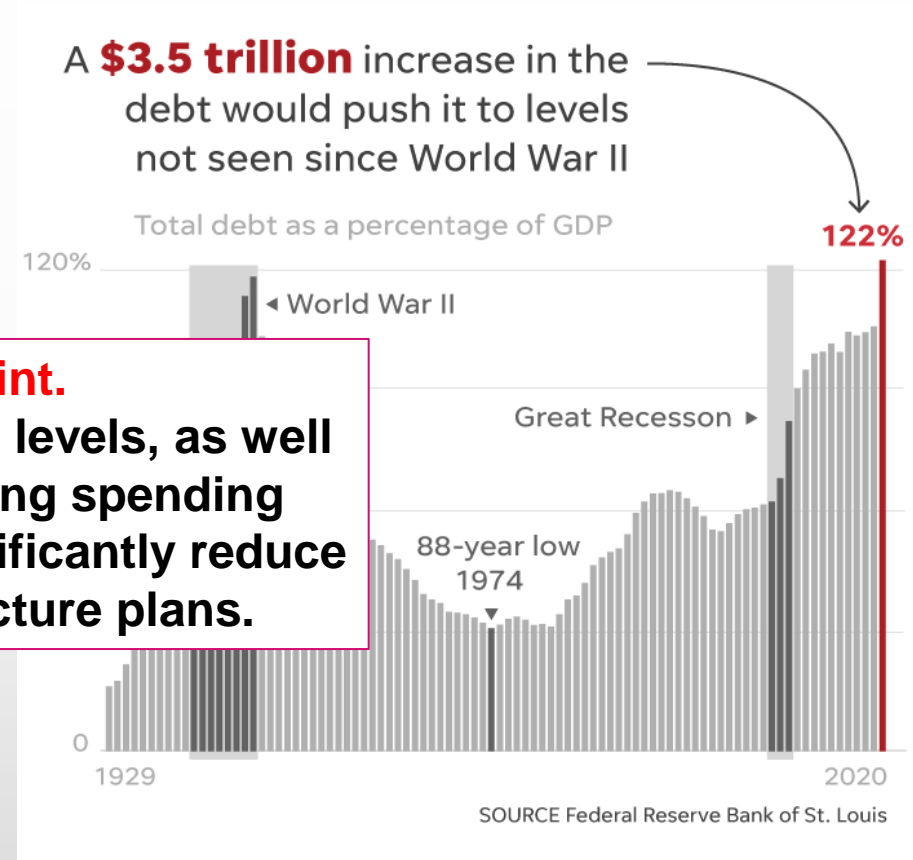
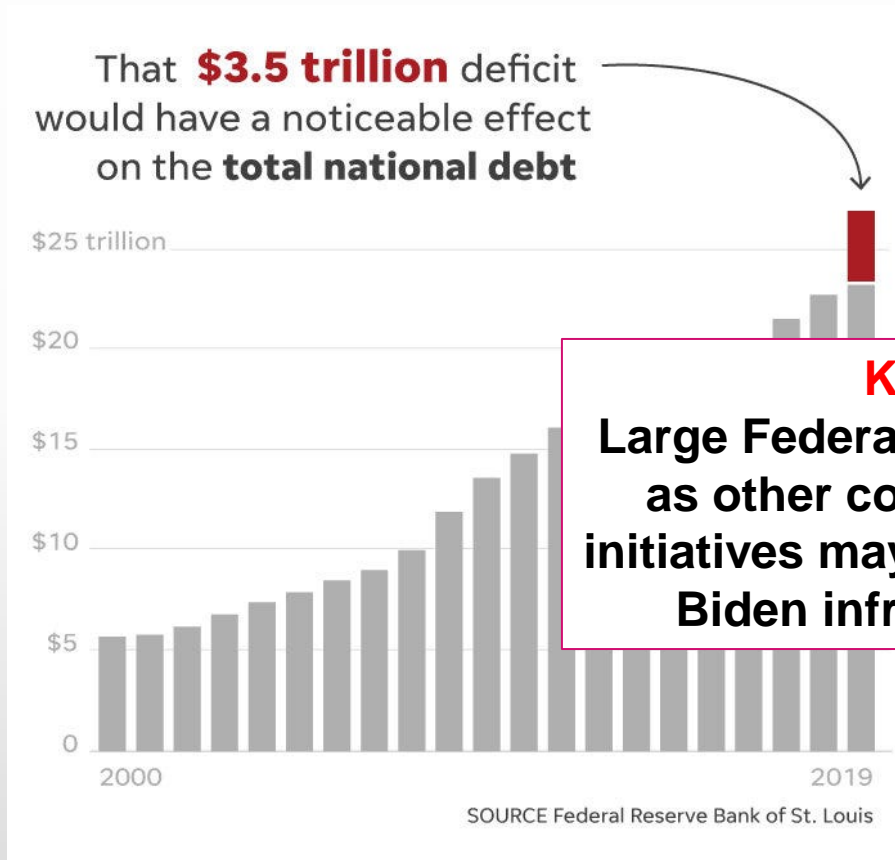
The "Face Value" plan is more than 8 times the size of PCA's "placeholder of \$235 billion over 10 years.

PCA combines information from the Biden infrastructure plan and the Moving Forward Act passed by the House to garner potential details. From there, cement intensities are assigned.

Very rough estimates suggest massive - UNPRECEDENTED increases in annual cement consumption beginning in 2023.

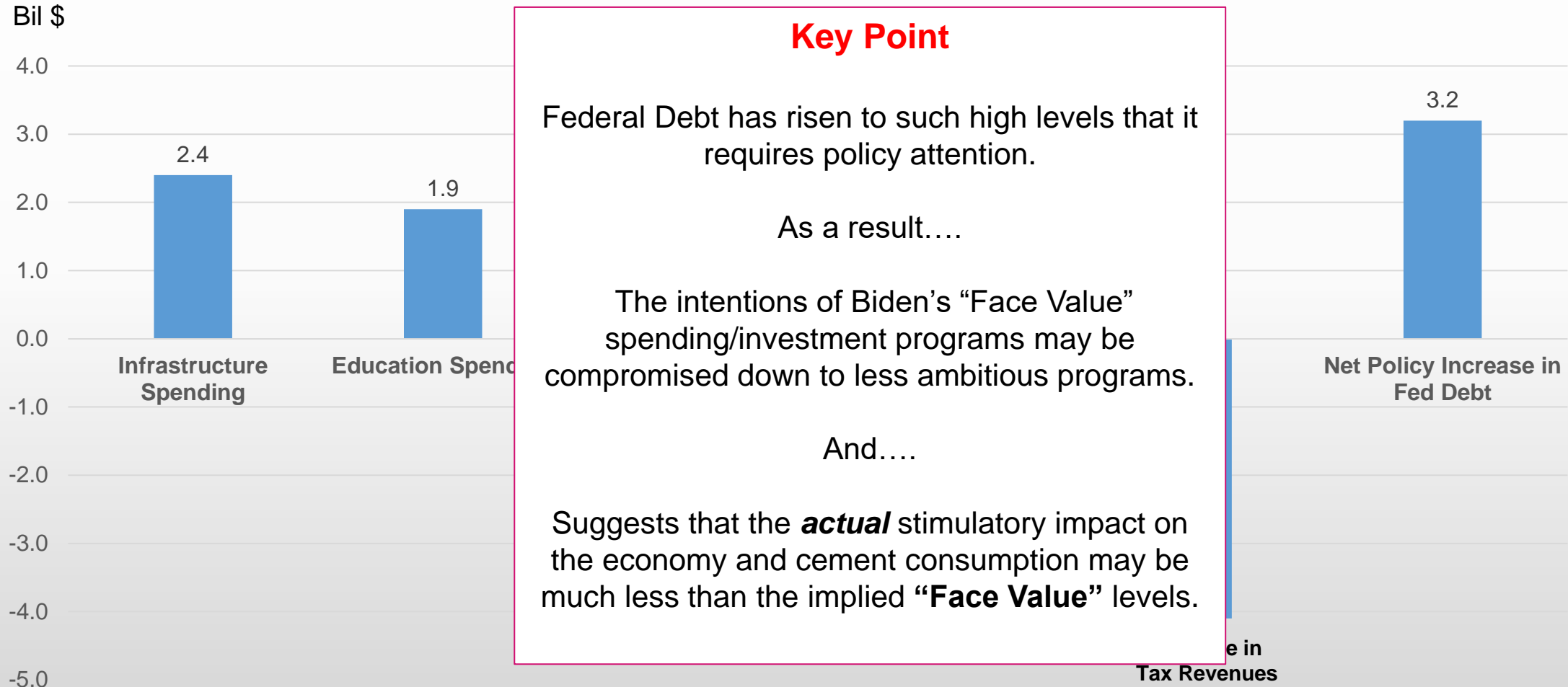
Federal Deficit

Estimates Prior to the recent Covid relief and excluding further relief efforts.



Federal Debt May Hinder Policy Actions

(Billion \$, 2021-2025)



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