

DCG, Inc. Aggregates Forecast

United States Aggregates Demand Forecast

Thomas Sowell on "The Real Public Service"

"It was Thomas Edison who brought us electricity, not the Sierra Club. It was the Wright brothers who got us off the ground, not the Federal Aviation Administration. It was Henry Ford who ended the isolation of millions of Americans by making the automobile affordable, not Ralph Nader.

Those who have helped the poor the most have not been those who have gone around loudly expressing "compassion" for the poor, but those who found ways to make industry more productive and distribution more efficient, so that the poor of today can afford things that the affluent of yesterday could only dream about."

~Thomas Sowell

The recovery in aggregates demand has begun due to higher nonbuilding volume, according to the David Chereb Group, Inc. county based aggregates forecasting system. Higher volume for both 2010 and 2011 are welcome but the gains (5% in 2010 and 11% in 2011) are surprisingly small. As the chart shows, both residential and nonresidential increases are very small. While the severity of the 2008-09 recession accounts for the low volume, it is the sub par economic rebound that is holding back rapid gains in private demand.

Even nonbuilding demand, while increasing through 2011 begins to falter in 2012 as the stimulus funds wear off and state and local spending is too small to make up the difference. Until pro-growth policies are implemented, U.S. economic growth will be tepid and result in new construction levels remaining far below the 2006 peak demand. While not shown in the chart, our longer term projection assumes policy changes will be made by 2013. These changes will be pro-growth and stimulate private demand. If that happens all three segments will begin to increase rapidly, most notably in counties and states with favorable business climates.

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