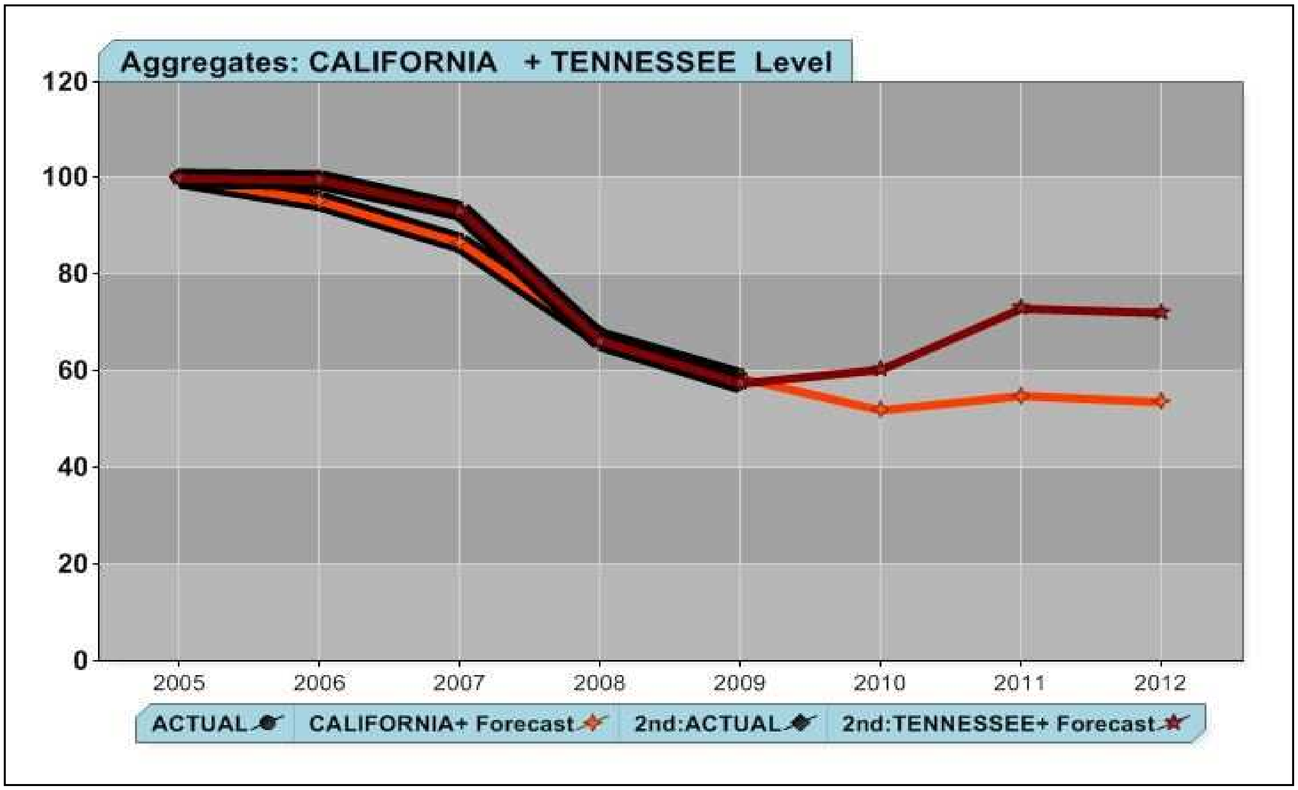
DCG, Inc. Aggregates Forecast

United States Aggregates Demand Forecast



Indexed 2005 = 100

The chart shows an aggregates comparison between California and Tennessee (indexed 2005=100) based on the DCG, Inc. county based construction materials forecasting system. The point of making this comparison is to show that business friendliness matters. In most business surveys California ranks near the bottom and Tennessee ranks near the top. The business attitude of each state is beginning to make a difference.

Both states have been hit hard by the recession but Tennessee is already improving while California volume continues to decline. The divergence increases during the next few years as Tennessee attracts new companies and California losses more companies to other areas. Thirty years ago the situation was reversed as California was the tech and aerospace center of the county. The reversal of these two states shows what happens when a state or country punishes those who create the jobs; the companies and jobs move where they're wanted. This simple fact seems to escape some legislatures.

So, how does this impact the overall U.S. outlook? Over the past six months DCG, Inc. has been lowering its already modest forecast as policies create more uncertainty and as the same companies that are supposed to hire workers are vilified. We now think 2010 aggregates growth will be under 3% and 2011 will be under 8%; very weak increases for a recovery. Pro-growth policies would improve the outlook substantially.

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