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Cement, slag prices fall in most markets; outlook remains tentative

Greenwich (CT), USA, April 5, 2017 – Global trade of gray cement has continued its slide, both volume and pricing-wise, according to the latest update of the 1Q2017 [Global Cement Trade Price Report](#) (GCTPR) from [CW Research](#).

Globally, ex-works prices (in dollar terms) of cementitious materials (including cement, clinker and blast furnace slag) declined broadly in the fourth quarter of 2016 across most of the world markets. However, there were some exceptions, including Brazil, where ex-works domestic prices recorded a slight 1.0 percent increase quarter-on-quarter (QoQ). Nevertheless, retail prices in Brazil still decreased by 3.6 percent QoQ.

“In the fourth quarter of the year, we have seen perhaps the beginning of an ex-works price recovery in some markets. Nonetheless, YoY most of the markets are still showing a decrease in US dollar-terms. Somewhat surprisingly, China’s ex-works prices rebounded in the last quarter on an improvement in local demand. Meanwhile, in India domestic pricing started decreasing in the last quarter of 2016. Still, cement manufacturers largely maintained positive expectations for the future ex-works prices in most of the regions”, noted Tea Vukicevic, CW Research’s Lead Analyst for the GCTPR.

Cementitious products trade prices follow the decreasing trend

According to the latest update of the GCTPR, average global cement trade (OPC cement import and export) prices fell 5.3 percent YoY in 4Q2016. CW Research’s price indices represented over 80 percent of global trade in the three months to December 2016.

In India, for instance, Ultratech, the major cement producer, recorded weaker ex-works pricing as a result of low gray cement production costs. On its part, LafargeHolcim registered a 2.5 percent YoY decrease in cement ex-works pricing for the entire year. The company reported that volumes and pricing were negatively impacted by a decline in market confidence, caused by demonetization. Other companies, pressured by fierce competition, lowered sales prices in order to continue to capture market share.

For the white cement segment, export prices also dropped both QoQ and YoY. The global average price for white cement reached USD109.5 per ton in the fourth quarter of the year.

During the quarter, global clinker export prices fell 14.1 percent YoY and 4.0 percent QoQ. Thailand, a major clinker exporter in 4Q2016, recorded a FOB price decrease of 4.5 percent QoQ.

For granulated blast furnace slag (GGBFS) exports, CW Research indicates that average prices for the fourth quarter of 2016 increased on YoY and QoQ. The price increase was mainly on account of strong growth in demand in the Asia-Pacific-Japan region.

Global average prices are projected to decline while the US remains timidly optimistic

The general decline in prices in US dollar terms has been driven by a relative strengthening US dollar. To exacerbate, weak economic conditions in many markets has dampened the demand for cement. This in turn has intensified price competition in many major global and traditional import markets, further negatively impacting prices.

Consequently, FOB (Free On Board) prices for gray cement are expected to remain fairly weak in most regions for the next quarter through June 2017. Nonetheless, North America and Caribbean and Eastern Europe stand out somewhat as they are projected to record a level near-term price trend.

In the Mediterranean Basin, gray cement FOB prices are projected to fall below the USD50 per ton mark by June 2017, on average. The lowest cement FOB prices in the region are projected for Turkey, below the USD40 per ton by June 2017.

On the other hand, in the U.S., the potential demand increase supports a conservatively promising outlook for cement producers such as Argos and Buzzi Unicem.

In conclusion, markets around the world have faced a general slowdown in 2016, which brought down consumption and resulted in oversupply. However, cement manufacturers remain optimistic about the recovery of ex-works pricing in most of the regions.

For more information, placing an order, or interview inquiries, please contact Liviu Dinu, Market Services & Marketing Consultant, CW Group, by phone at +40-744-67-44-11, or e-mail at ld@cwgrp.com.

About the Report

The Global Cement Trade Price Report (GCTPR) is CW Research's benchmark price assessment for monthly gray cement, white cement, clinker and granulated blast furnace slag prices and volumes. The 150+ page report, published on a quarterly basis, serves as the industry go to source for monthly price data for about 60 individual markets worldwide, including multiple cornerstone data series: import, export, ex-works and market prices. Additionally, the GCTPR includes extensive discussion of key players' price strategies as well as trade price forecast and select trade volumes for each country. The report also provides regional price indices as well as a quick review of trading dynamics and drivers in the different regions. More information about the report can be found here: <http://research.cwgrp.com/syndicated-reports/forecast-a-chart-books/306102-global-cement-trade-price-report->.

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