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Growth outlook for world cement slides on Chinese weak demand

Greenwich (Conn.), USA, March 28, 2017 – Global cement consumption is projected to average around two percent per year from 2016 to 2021, according to [CW Research's](#) 1H2017 update of the [Global Cement Volume Forecast Report](#) (GCVFR). For 2017, demand is expected to grow following a +2.4% improvement in 2016 and surpass 4.1 billion tons. However, global ex-China cement consumption is projected to grow by an average annual rate of +4.0% until 2021.

China's recovery affected global demand in 2016

"The continuing rebalancing of the Chinese economy to one driven by domestic consumption, has important implications for the global cement market, and has brought much needed stability in terms of demand expectations not only in 2016 but in the coming years," says Robert Madeira, CW Group Managing Director & Head of Research. "The unprecedented supply rationalization in China's cement sector, will help to improve global utilization rates, and is the predominant factor in our positive revision in this update."

While the global economy encountered significant challenges in 2016, the stronger than expected economic performance of the Chinese economy, and sustained growth in the U.S. and the Indian economies were important drivers in helping revive demand.

Regional Dynamics

The world economy continued to experience varied growth in cement and clinker demand as regions including Africa and Asia ex-China continue to exhibit economic strong growth supported by sustained infrastructure investments. In Africa, cement demand is expected to grow at an annual average rate of 4.0 percent, while in Asia ex-China cement demand will increase at a CAGR of 5.0 percent until 2021. North American cement and clinker manufactures can expected demand to retain levels as we anticipated in our 2H2016 update. Other regions, especially Latin America, the Middle East, and the CIS, remained affected by wide-ranging macroeconomic and political issues in 2016. Therefore, cement consumption in the mentioned regions recorded negative growth in the previous year and is also expected to stay low in 2017.

In Europe, the United Kingdom grew better than expected despite the Brexit voting results. Cement consumption projections for Western Europe are better than we anticipated in our 2H2016 due to the strong investments in infrastructure projects. Cement demand in the region is expected to increase at by 1.5 percent, on average, in 2016-2021.

Bright spots of the cement market forecast

In 2017, the outlook for demand in Africa and the Asia ex-China regions remains robust, while Latin America, the Middle East, and the CIS are expected to fare better with a recovery in global crude oil prices. Growth in North America, and Mexico might not be as projected with protectionist measures be put in place by the new US administration. Nevertheless, the main performer regions for 2017 are expected to be North America, Africa and Asia ex-China.

Europe meanwhile, is expected to deal with Brexit and the possible rise of nationalist leadership in France and Italy. However, the outcome of the recent Netherlands elections is likely to ease political tension in Europe. Greece and Sweden are markets that had the biggest upward revisions for the forecasted period. Greek cement demand is expected to perform better than previously anticipated, following strong growth in 2016. Cement demand is expected to grow by 3.0 percent in 2017 in Greece. Sweden will see cement demand growing by 5.0 percent in 2017.

In light of the above given observations, according to CW Research's 1H2017 update of the Global Cement Volume Forecast Report (GCVFR), we have made some revisions to the 2H2016 forecast to better account for the changing demand patterns expected in China over the forecast period. Due to capacity rationalization program being implemented in China, global capacity is expected to shrink by an estimated 5 million tons despite sustained capacity additions in countries particularly in the Asia ex-China region, including India and Indonesia.

CW Research analysts project global (ex-China) cement consumption to expand by around four percent per year, on average, in 2016-2021, driven by strong increase in markets within Asia (ex-China), North America and Africa, whereas China's cement demand outlook is expected to grow at a CAGR slightly less than one percent over the forecast period 2016 to 2021.

For more information and placing an order, please contact Liviu Dinu, Market Services & Marketing Consultant, CW Group (Europe), by phone at +1-702-866-9474, or e-mail at ld@cwgrp.com.

About the report

CW Group's [Global Cement Volume Forecast Report \(GCVFR\)](#) is a twice-yearly update on projections for cement volumes on a national, regional and global level.

The forecast provides global and regional outlooks, as well as detailed perspective on 55+ of the world's most important countries' cement consumption, production, net-trade and cement production capacity. The five-year outlook presented in this benchmark study enables industry professionals to shape their perspective on markets and business priorities.

The Global Cement Volume Forecast Report has two updates a year:

- Extended (October): an extended update (includes briefs on the 55+ key markets with principal supply-demand impacting drivers and CW Research's analyst market assessments presenting a detailed numerical worldwide analysis, as well as the regional and global supply-demand model).
- Quantitative update (March): a quantitative update (only includes the numerical sections of the report, not country write-ups).

About CW Research

CW Research is a leader in syndicated and data-driven market research solutions. The company offers independent perspectives on multiple industrial market segments (e.g., cement, metals & minerals, and specialty chemicals) and deep functional expertise in market intelligence, sourcing intelligence, commodity pricing intelligence. CW Research also provides custom industry and competitive research programs for operating companies, financial analysts, consultants, governments, suppliers and many others as well as tailored studies together with CW Advisory.

About CW Group

The Greenwich (Conn.), USA headquartered [CW Group](#) is a leading advisory, research and business intelligence boutique aligned along three pillars: Advisory, Research and Media. CW Advisory supports senior management in addressing their most challenging strategic, financial and operational issues as well as providing M&A advice. CW Research provides value added industry reports, multi-client studies and business research services. The Media pillar is based on rigorous and up-to-date information and data management, providing market updates to our clients in a self-service format through our industry portals as well as industry meetings.

The CW Group, with a presence in the US, Brazil, India, Portugal and Romania, has a multi-industry orientation, with particularly recognized sector expertise in up-stream building materials (cement, lime), downstream building materials (aggregates, ready-mix, cementitious - fly ash, slag), power and energy, steel, minerals & mining, agriculture and commodities, paper & pulp, ports, logistics & transportation.