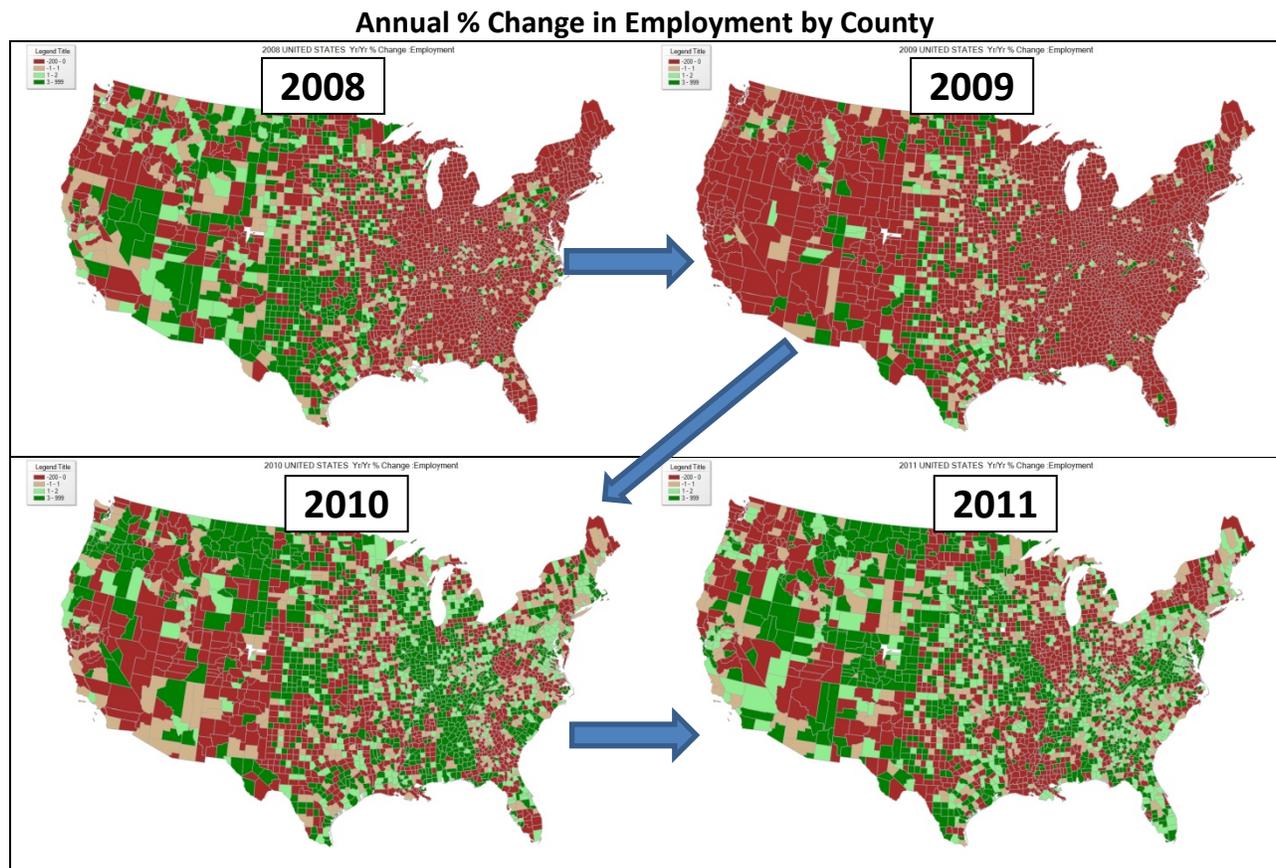


Aggregates Demand and Employment



The charts show the Yr./Yr. %Change in employment by county for selected years. Analyzing these changes is one input into forecasting changes in aggregates demand by county.

As the 2008 chart shows, economic conditions in much of the Midwest and South were declining by 2008. By 2009 almost all areas of the country were in decline. A noticeable exception in 2009 was the Farm-Energy belt from Texas to North Dakota. And as might be expected these areas performed better than other areas of the country during the past four years.

By 2010 employment growth was checked but by 2011 most areas are again growing. This helps to explain the recovery in private construction (residential and nonresidential) in the past six months. Areas likely to decline further in private demand in 2012 are Washington, Louisiana, Illinois, Ohio and New York while in Florida private demand will increase for the first time in five years.

Public Works (nonbuilding) demand does not follow a clean lead-lag relationship as do residential and nonresidential. Even though the relationship is not tight, these charts can still provide some clues as to future nonbuilding demand. For states and counties where employment has been negative or stagnant for several years there are likely to be severe budget problems. Local budget problems mean lower nonbuilding. While all areas will be somewhat constrained by the drop off in stimulus funds, some areas will remain well below their 2008 funding levels for at least another 2-4 years. This is part of the reason our nonbuilding outlook is so weak for 2012-13.

Until employment growth increases and maintains strong growth (2+%/yr.) for several years, aggregates demand will remain muted and lackluster. Our forecast shows, we expect this to happen post 2013.

Billions of Metric Tons	2010	2011est	2012est	2013est	2014est
Aggregates	1.99	1.97	1.88	1.89	2.08
%Ch. Yr./Yr.	+2.5%	-1.0%	-4.6%	+5%	+10.1%

Prepared by: David Chereb