

# Cement

Quarterly Price Forecast Report

Q1 - Q2 2026

Building Materials

Report Date: 2/2/2026

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by TLU Consulting

## Executive Summary

The procurement outlook for H1 2026 indicates a continued upward trajectory for cement prices, driven by peak construction seasonality and sustained infrastructure demand. While the YoY increase from 2024 to 2025 was moderate at 1.6%, early 2026 data suggests an acceleration in price momentum with the index currently sitting at 365.2. Volatility remains moderate, primarily tethered to energy input costs and regional supply constraints. Key risk factors include implementation of green cement premiums and potential logistics bottlenecks as the spring building season commences.

## Current Market Assessment

The current cement price index stands at 365.2 USDIndex as of February 2, 2026, marking a notable increase over the 2025 annual average of 359.12. Market conditions are characterized by tightening supply in key metropolitan areas as federally funded infrastructure projects move from planning to execution phases. Inventory levels are currently adequate but are expected to draw down rapidly entering March. On the cost side, energy prices—specifically coal and natural gas used in kiln operations—remain elevated, preventing significant price relief. Additionally, producers are passing through costs associated with environmental compliance and carbon capture retrofits, establishing a higher price floor for Q1 2026.

## Price Reference Data

<b>Current Price (Live)</b>  <b>365.2</b> USDIndex	<b>2024 Average</b>  <b>353.56</b> USDIndex	<b>2025 Average</b>  <b>359.12</b> USDIndex	<b>Year-over-Year</b>  <b>+1.7%</b> vs 2025 Avg
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Data Source: FRED

## 2026 Quarterly Price Projections

Quarter	Price	Change	Rationale
<b>Q1 2026</b>	<b>367.0</b>	<b>+0.5%</b>	PCA Consensus
<b>Q2 2026</b>	<b>372.5</b>	<b>+2.0%</b>	Oxford Economics

Note: All forecasts are directional guidance based on current market conditions.  
Actual prices may vary due to unforeseen events.

## Risk Analysis

### Bullish Drivers

- Peak Seasonality: Onset of spring construction season historically drives demand and pricing power for suppliers.
- Infrastructure Spending: Continued rollout of public works projects sustains high-volume demand for structural cement.
- Green Premiums: Transition to lower-carbon cement blends is adding production costs that are passed to buyers.

### Bearish Drivers

- Residential Slowdown: High interest rates continue to dampen single-family housing starts, reducing residential demand.
- Import Competition: Increased availability of imported cement in coastal markets may cap domestic price hikes.
- Alternative Materials: Gradual substitution of supplementary cementitious materials (SCMs) reduces reliance on pure clinker.

### Overall Assessment:

Overall risk bias is bullish with high confidence, as seasonal factors and infrastructure backlogs outweigh residential weakness.

# Strategic Procurement Recommendations

## Purchase Timing (Buyers & Replenishers)

Answer for Buyers & Replenishers: Place orders NOW to lock in current prices before increase. Prices are projected to rise through H1 2026. The current spot price of 365.2 is likely the floor for the coming months. With a projected increase to 367.0 in Q1 and further acceleration to 372.5 in Q2, delaying purchases will result in higher costs. Secure volume for Q2 requirements immediately to avoid the seasonal spike.  
Based on Q1 2026-Q2 2026 forecast data. Actual market conditions may vary.

*Based on current market data and analyst forecasts. Actual market conditions may vary.*

## Negotiation Guidance (Procurement Managers)

Answer for Procurement Managers: Lock in now. Push for longer-term contracts at current prices. Supplier leverage is increasing. With the market trending upward from 365.2 to a projected 372.5 by Q2, spot buying will become increasingly expensive. Negotiate fixed-price agreements for the next 6 months now. Leverage volume commitments to fight off the impending "energy surcharges" or "environmental fees" suppliers often introduce during peak season.  
Based on Q1 2026-Q2 2026 forecast data. Actual market conditions may vary.

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## Budget Forecast (Finance Teams)

Answer for Finance Teams:  
- Q1 2026 Budget Estimate: 367.0 USDIndex ( $\pm 2\%$  buffer recommended)  
- Q2 2026 Budget Estimate: 372.5 USDIndex ( $\pm 3\%$  buffer recommended)  
- Confidence level: High  
- Key assumption: Energy markets remain stable and infrastructure projects proceed as scheduled.  
Based on Q1 2026-Q2 2026 forecast data. Actual market conditions may vary.

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## Savings Targets (Leaders & HR)

Answer for Leaders & HR:  
- Realistic savings potential: 1% to 2% cost avoidance vs market increases.  
- Benchmark: Compare against the projected Q2 peak of 372.5 USDIndex.  
- Achievable through: Early commitment to volume, consolidating regional spend to single suppliers, and optimizing logistics to reduce last-mile delivery fees.  
- Risk to target: Unforeseen spikes in fuel costs or kiln outages causing regional shortages.  
Based on Q1 2026-Q2 2026 forecast data. Actual market conditions may vary.

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## Key Indicators to Monitor

- Producer Price Index (Cement): Primary tracker for finished goods inflation.  
- Construction Spending (Non-residential): Leading indicator for demand volume.  
- Energy Prices (Coal/Natural Gas): Major input cost driver for cement kilns.  
- Cement Inventory Levels: Indicates supply tightness and potential for price spikes.

## Data Sources

FRED (Federal Reserve Economic Data), Portland Cement Association (PCA), Oxford Economics, Dodge Construction Network.

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