

2Q 2016 Ceramic Tile Industry Update

by Andrew Whitmire

U.S. Tile Consumption Overview:

At the midway point of 2016, the U.S. ceramic tile market appears headed for its seventh straight year of growth. Through 2Q U.S. ceramic tile consumption was up 7.1% (in sq. ft.) vs. the first half of 2015.¹

The following table shows U.S. tile shipments, imports, exports, and total consumption in thousands of sq. ft.

<u>Year</u>	<u>U.S. Shipments (incl. Exports)</u>	<u>Imports</u>	<u>Exports</u>	<u>Total Consumption*</u>	<u>% Change in Consumption from Previous Year</u>
2Q 2016 YTD	467,522	984,886	15,928	1,436,480	7.1**
2015	897,943	1,881,051	40,718	2,738,276	9.9
2014	816,050	1,711,571	36,996	2,490,624	0.5
2013	793,931	1,723,470	39,513	2,477,888	12.9
2012	748,290	1,491,845	45,618	2,194,518	5.4

*Note: U.S. Shipments + Imports – Exports

**Note: Change from 2Q 2015 YTD

Imports:

Through 2Q 2016, 984.9 million sq. ft. of ceramic tile arrived in the U.S., up 8.1% from 2Q 2015 YTD (911.1 million sq. ft.).

Imports through 2Q 2016 made up 68.6% of U.S. tile consumption (in sq. ft.), down slightly from 68.7% in the previous year.

Through 2Q 2016 China was the largest exporter to the U.S. with a 28.2% share of U.S. imports (in sq. ft.). Mexico was in second place, making up 25.1% of imports, followed by Italy with a

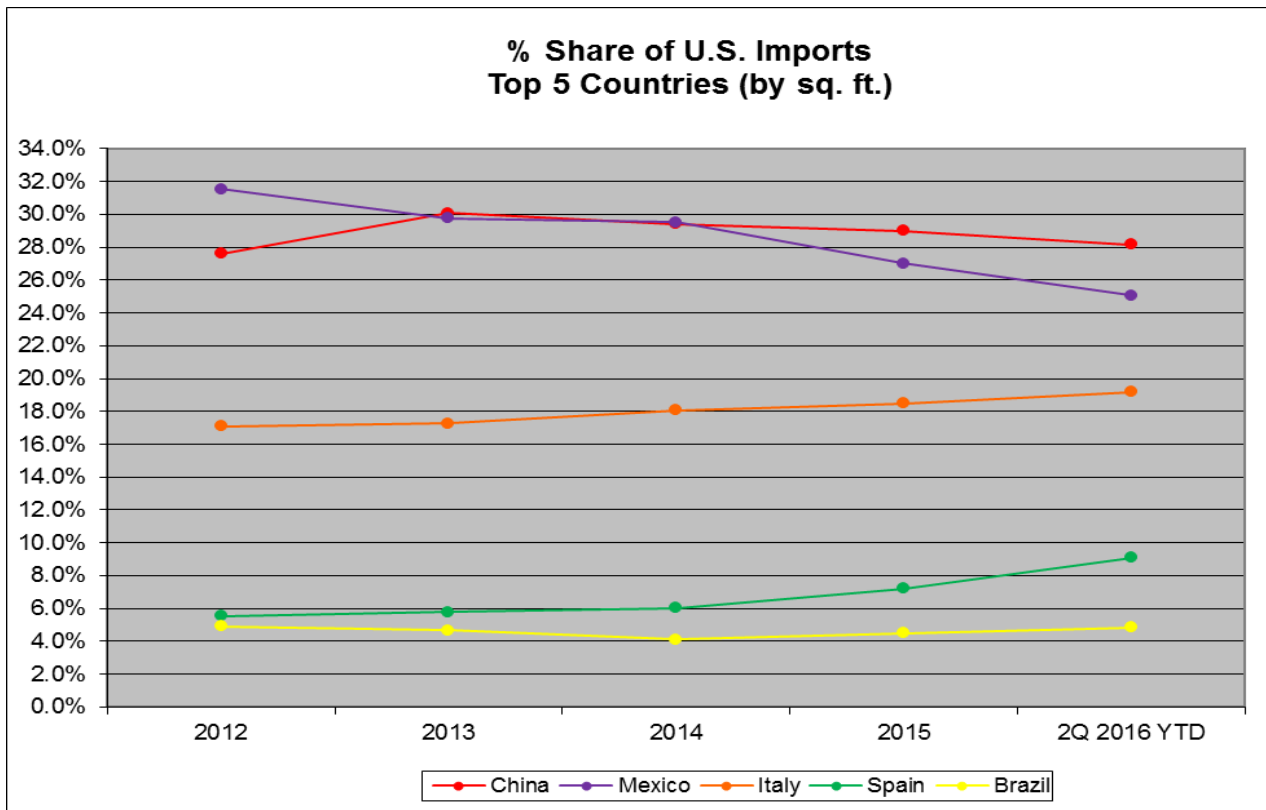
¹ U.S. Dept. of Commerce & Tile Council of North America



19.2% share. Spain and Brazil rounded out the top five with 9.1% and 4.9% shares of imports, respectively.²

The five countries from which the most tiles were imported through 2Q 2016 based on sq. ft. were:

Country	Sq. Ft. 2Q 2016 YTD	Sq. Ft. 2Q 2015 YTD	2016/2015 % Change	2015/2014 % Change
China	277,446,109	270,287,011	2.6%	13.2%
Mexico	247,027,449	259,476,288	-4.8%	0.5%
Italy	188,947,628	158,490,271	19.2%	9.1%
Spain	89,430,518	58,790,907	52.1%	21.6%
Brazil	47,875,064	38,710,606	23.7%	24.4%



² U.S. Dept. of Commerce





Website: www.tileusa.com . Literature: literature@tileusa.com

Italy remained the largest exporter to the U.S. on a dollar basis (2Q 2016 YTD), comprising 35.4% of U.S. imports. China was second with a 24.0% share, and Mexico was third with a 13.5% share.

The five countries from which the most tiles were imported through 2Q 2016 based on total U.S. \$ value (including duty, freight, and insurance) were:

Country	Total Val 2Q 2016 YTD (in \$)	Total Val 2Q 2015 YTD (in \$)	2016/2015 % Change	2015/2014 % Change
Italy	367,148,029	327,671,508	12.0%	9.4%
China	249,182,000	257,105,759	-3.1%	16.9%
Mexico	140,631,475	151,119,846	-6.9%	-0.1%
Spain	120,211,315	86,287,978	39.3%	15.0%
Turkey	54,092,436	47,411,006	14.1%	14.9%
All Countries	1,038,073,454	970,299,134	7.0%	11.9%

The average values of tile³ (including duty, freight, and insurance) from the five countries (based on sq. ft.) from which the most tiles were imported through 2Q 2016 were:

Country	Sq. Ft. 2Q 2016 YTD	Tot Val 2Q 2016 YTD (in \$)	Value per Sq. Ft. 2Q 2016 YTD	Value per Sq. Ft. 2Q 2015 YTD	Value per Sq. Ft. 2Q 2014 YTD
China	277,446,109	249,182,000	\$0.90	\$0.95	\$0.92
Mexico	247,027,449	140,631,475	\$0.57	\$0.58	\$0.59
Italy	188,947,628	367,148,029	\$1.94	\$2.07	\$2.06
Spain	89,430,518	120,211,315	\$1.34	\$1.47	\$1.55
Brazil	47,875,064	30,423,043	\$0.64	\$0.71	\$0.70
All Countries	984,885,769	1,038,073,454	\$1.05	\$1.06	\$1.05

U.S. Shipments:

U.S. shipments (less exports) were 451.6 million sq. ft. (2Q 2016 YTD), up 4.9% from 2Q 2015 YTD, in which 430.3 million sq. ft. of ceramic tile were shipped domestically.

³ The average value is significantly affected by the mix of tiles imported, with different types of tiles impacting the average value, in addition to differences in pricing for the same types of tile.

TILE COUNCIL OF NORTH AMERICA, INC.

100 Clemson Research Boulevard . Anderson, South Carolina 29625 . Phone: 864-646-8453 . Fax: 864-646-2821



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In \$ value U.S. shipments for 2Q 2016 YTD were \$670.6 million up 7.0% vs. 2Q 2015 YTD (\$626.7 million).

The \$ value/sq. ft. of U.S. shipments (less exports) through 2Q 2016 was \$1.48, up from \$1.46 (2Q 2015 YTD).⁴

Exports:

U.S. ceramic tile exports through 2Q 2016 were 15.9 million sq. ft., down 21.4% from 2Q 2015 YTD. The vast majority of these exports (in sq. ft.) were to Canada (73.0%) and Mexico (12.1%).⁵

Economic Highlights:

- The government's initial 3Q 2016 estimate of the change in real GDP was 3.2%, an increase of 1.8 percentage points from the change seen in 2Q 2016.⁶
- Oct. 2016 new home starts were at a seasonally-adjusted annual rate of 1,323,000 units, a 23.3% increase from Oct. 2015.⁷
- Oct. 2016 new one-family home sales were at a seasonally-adjusted annual rate of 563,000 units, a 17.8% increase from Oct. 2015.⁸
- Oct. 2016 existing single family home sales were at a seasonally-adjusted annual rate of 4.99 million units, up 6.6% from Oct. 2015.⁹
- There were 105,000 foreclosure filings on U.S. properties in Oct. 2016, down 8.4% from Oct. 2015.¹⁰
- The 30-year fixed mortgage rate in Oct. 2016 was 3.47%, down from 3.80% the previous Oct.¹¹
- The U.S. unemployment rate was 4.9% in Oct. 2016, down from 5.0% one year ago (Oct. 2015).¹²

⁴ Tile Council of North America

⁵ U.S. Dept. of Commerce

⁶ Bureau of Economic Analysis

⁷ U.S. Census Bureau

⁸ U.S. Census Bureau

⁹ National Association of Realtors

¹⁰ RealtyTrac

¹¹ Freddie Mac

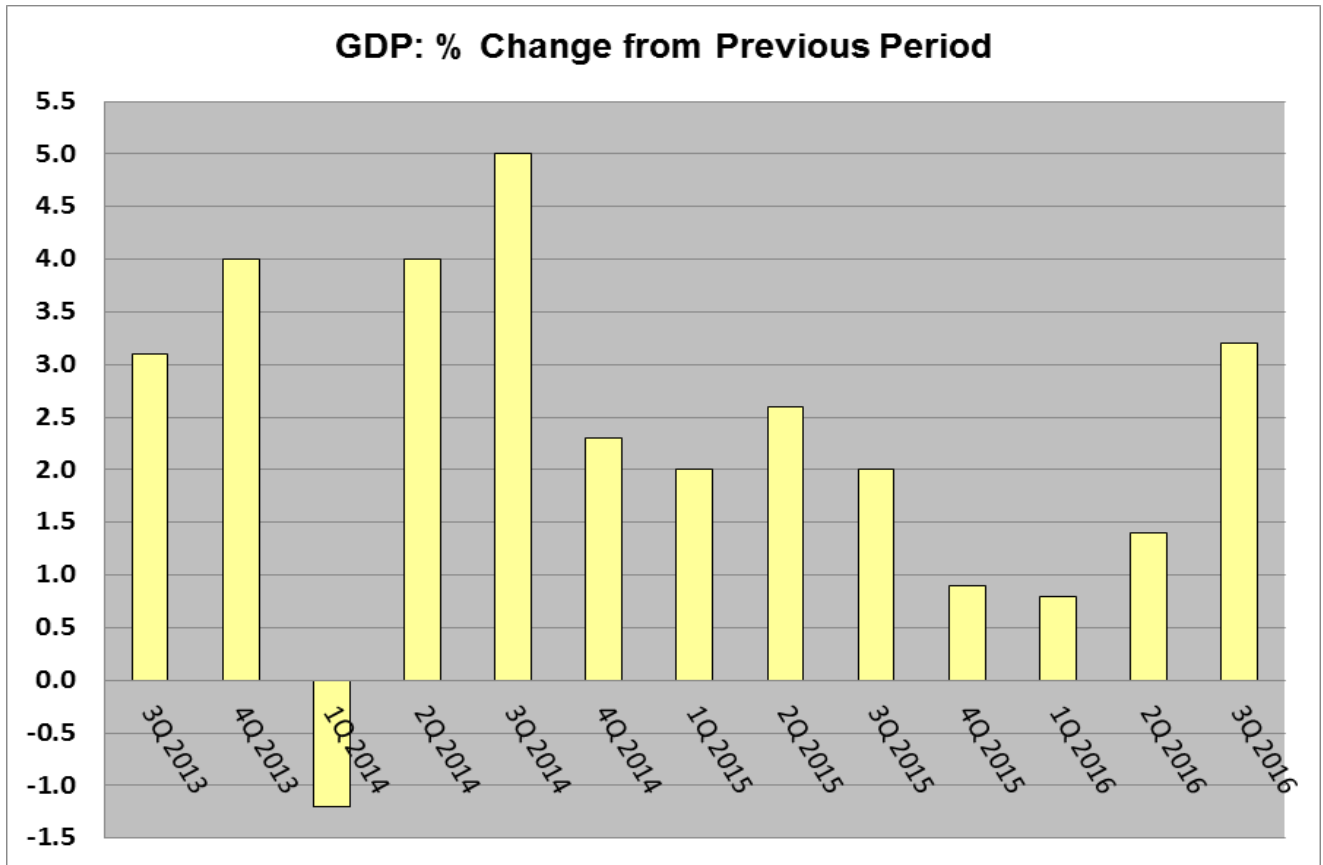
¹² Bureau of Labor Statistics

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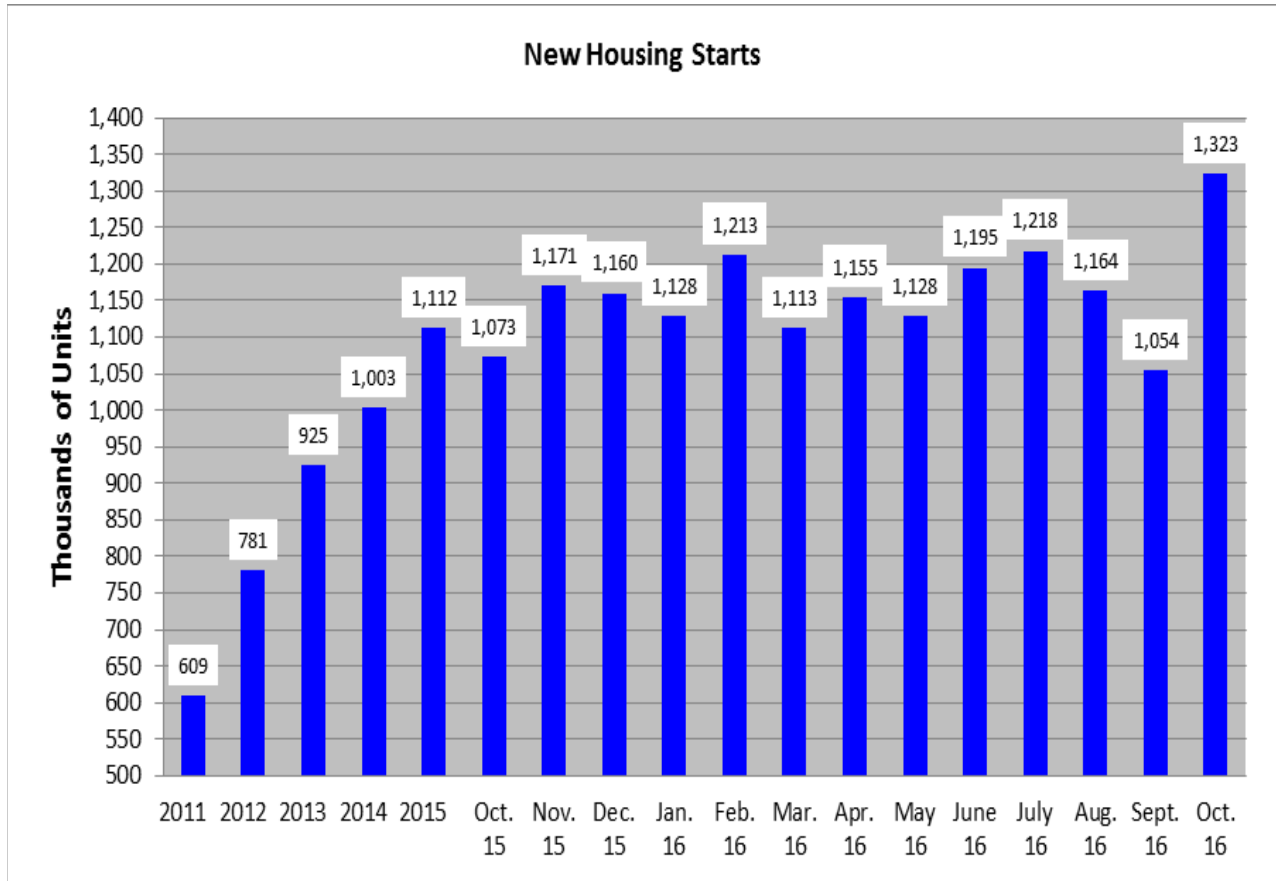


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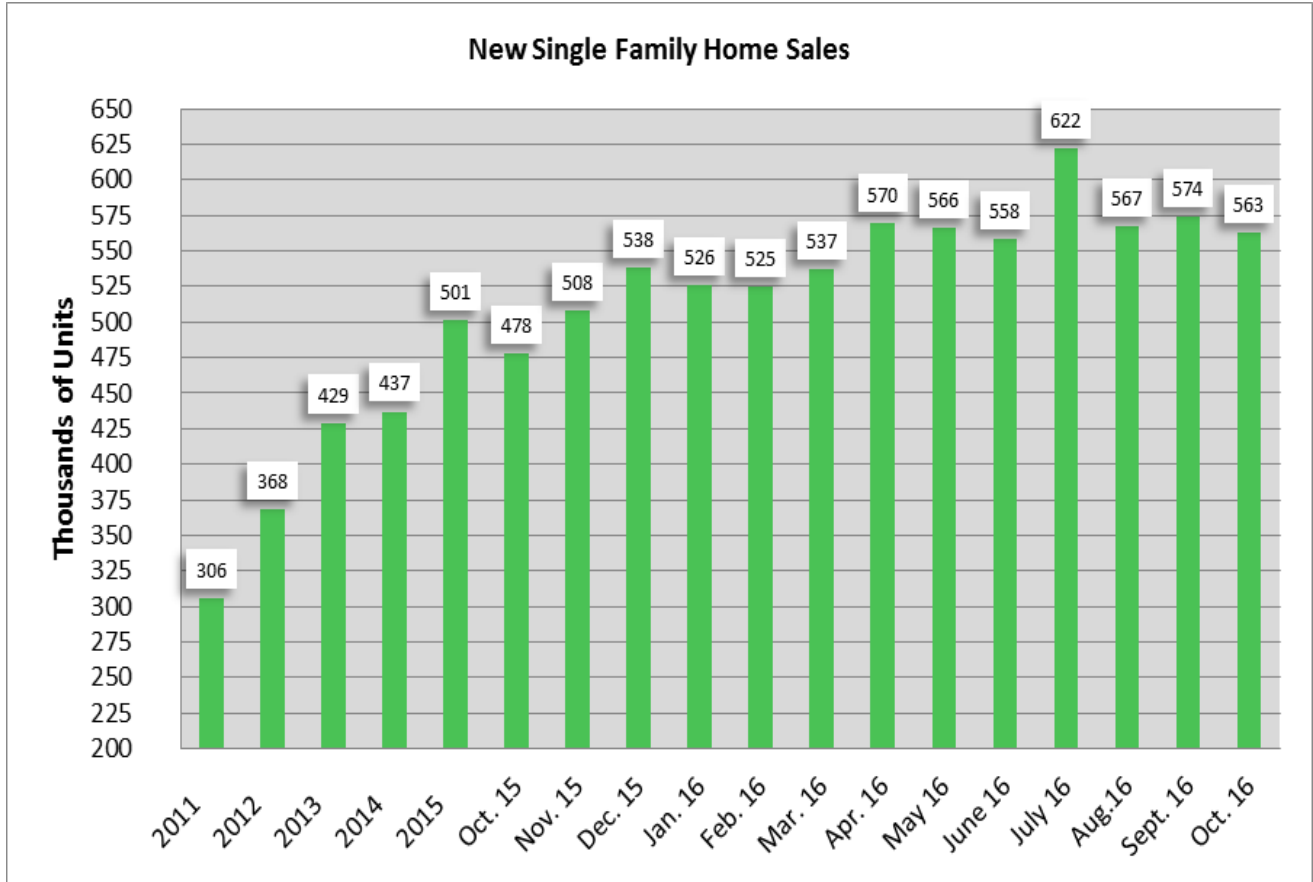
(Source: Bureau of Economic Analysis)





(Source: U.S. Census Bureau)





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