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EU Steel and Turkey Scrap Medium-Term Outlook

Energy shock, freight push prices higher

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In this inaugural EU Steel and Turkey Scrap Medium-Term Outlook report, S&P Global Energy discusses the EU's steel and Turkey's scrap markets within the broader macroeconomic environment and provides rolling 10-year supply, demand and price forecasts. The new Steel Medium-Term Outlook series will be divided into four separate regional reports covering China, India, the US, and EU steel and Turkey scrap

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Key Findings

- EU steel and Turkey scrap prices are tracking gains in the energy complex and rising freight rates following the start of the US-Israel war with Iran.
- We have raised our European steel price outlook following the US–Israel–Iran conflict, with HRC leading gains and further support from September onward as the higher carbon exposure for 2027 is priced in.
- We expect EU hot-rolled coil (HRC) prices to be €745/metric tons in the June quarter and €705/mt for full year 2026.
- We have raised our outlook for Turkish import scrap prices, as alternative semifinished steel and hot-briquetted iron (HBI) supply is tightening, and freight and energy costs increase.
- We see Turkey scrap prices averaging $389/mt in the June quarter and $376/mt in 2026.

EU Steel and Turkey scrap price forecast at a glance

			2026f					2027f							
	2025	Change YOY (%)	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	2028f	2029f	2030f
Northern EU HRC (€/mt ex-Ruhr)	597	-4.6	661	745	692	723	705	755	730	677	757	730	749	750	783
Northern EU Plate (€/mt ex-Ruhr)	677	-8.7	687	843	788	817	794	850	847	783	853	833	843	857	883
Turkey ferrous scrap ($/mt CFR Turkey)	352	-7.6	361	389	362	375	376	395	383	357	388	381	411	430	450

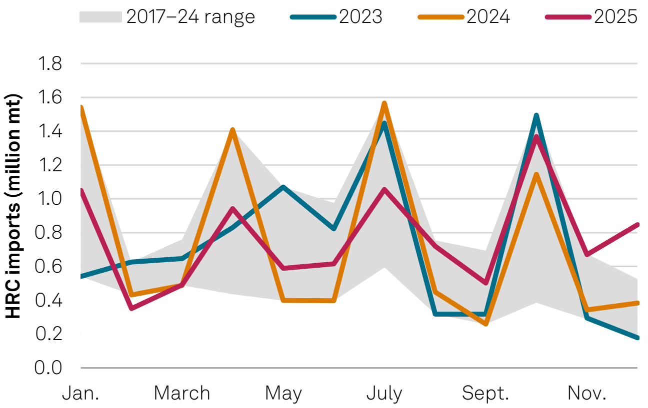
As of March 26, 2026.
f = forecast; HRC = hot-rolled coil; mt = metric ton.
Source: S&P Global Energy.

Northwest European hot-rolled coil (HRC) prices reached a two-year high over the first three weeks of March following the start of the US-Israel war with Iran, tracking rising European energy costs and freight rates, which are increasing the cost of imported steel.

Unlike the 2022 price spike following Russia's invasion of Ukraine, the immediate loss of steel supply is limited for now, and the European demand backdrop remains subdued. The current shock is cost-led and timing-driven rather than a structural supply collapse, with prices increasing progressively instead of spiking sharply. The market has already reacted, with March HRC prices up approximately 6% month over month. Further gains are expected in April and May, as mills transfer higher costs, and logistical constraints intensify. This is likely to result in a peak of about €800/mt for the June quarter, broadly matching the magnitude of 2022 but achieved more gradually.

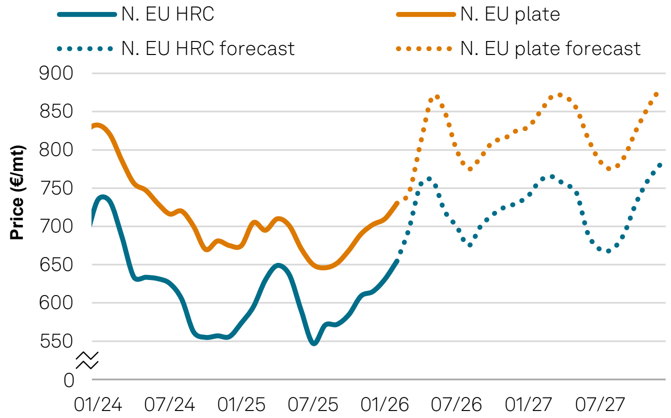
The war, resulting in the closure of the Strait of Hormuz, has sharply increased freight rates and associated risk premiums for vessels transiting through or around the Middle East, raising the landed cost of imported steel into Europe. At the same time, disruptions to other key routes — particularly via the Suez Canal in Egypt — are extending transit times, elevating costs, delaying arrivals and tightening effective supply. These delays are also creating quota timing risks, with some shipments at risk of missing quarterly windows and falling out of quota, potentially incurring additional duties of 25%, rising to 50% after July.

EU HRC imports fall 30.6% YOY in 2025, set to fall further in 2026 on CBAM, safeguard changes



As of March 26, 2025.
HRC = hot-rolled coil; mt = metric ton; CBAM = Carbon Border Adjustment Mechanism.
Sources: S&P Global Energy; S&P Global Market Intelligence Global Trade Analytics Suite.

CBAM, safeguard reductions keep driving EU steel prices higher

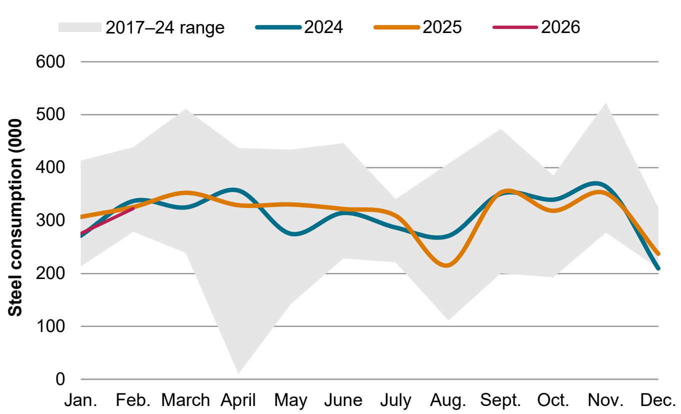


As of March 26, 2025.
HRC = hot-rolled coil; N. EU = northern EU; mt = metric ton; CBAM = Carbon Border Adjustment Mechanism.
Source: S&P Global Energy.

Northern European HRC margins via the blast furnace-basic oxygen furnace (BF–BOF) route have been on track in March to reach a near three-year high of €180.8/mt (excluding carbon costs), as raw material prices have increased significantly less than steel prices.

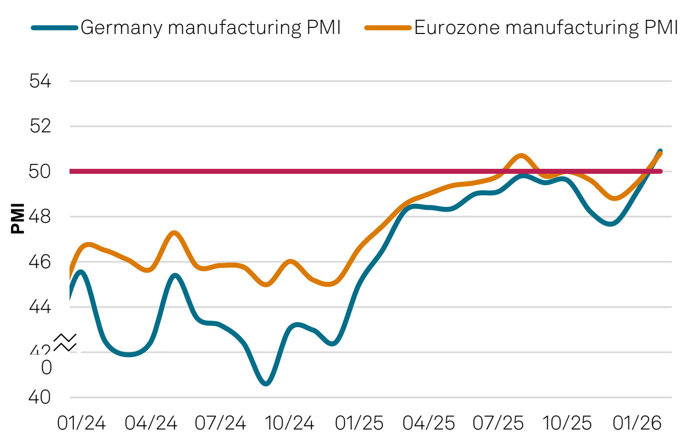
Demand signals in Europe are showing signs of improvement. The German manufacturing Purchasing Managers' Index (PMI) moved into expansionary territory in February for the first time since June 2022, while the eurozone manufacturing PMI reached its highest level since the same period at 50.8. However, a prolonged period of elevated energy prices is expected to weigh on industrial demand, limiting the strength and sustainability of any recovery.

German passenger vehicle steel consumption falls 5.4% YOY over January–Febuary



As of March 26, 2025.
mt = metric ton
Source: S&P Global Energy.

Germany manufacturing PMI in expansionary territory for 1st time in February since June 2022



As of March 26, 2025.
PMI = Purchasing Managers' Index.
Source: S&P Global Market Intelligence.

EU outlook

We have significantly raised our outlook for European steel prices due to the ongoing US-Israel war with Iran. Further escalation in energy markets or logistical disruption, including potential prolonged closure of the Strait of Hormuz, could front-load the rally and push prices higher in the near term.

Plate prices are lagging HRC, reflecting longer order cycles and more contract-based pricing. We expect partial catch-up with a delay, but with a smaller overall increase and a flatter profile than HRC.

From September onward, EU steel prices are expected to find support as higher carbon exposure for 2027 begins to be priced in, driven by rising carbon price expectations and a greater reduction in free EU Emissions Trading System (ETS) allocation.

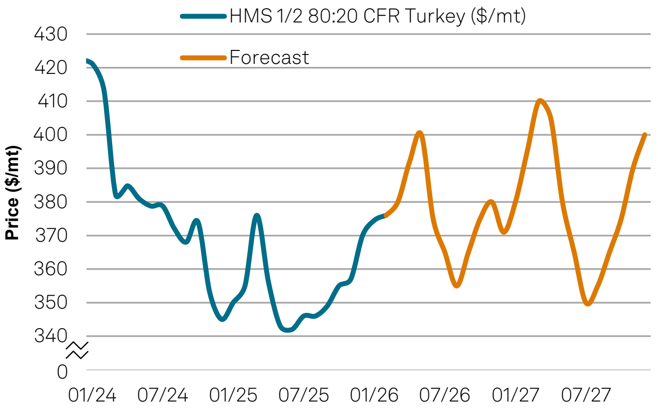
Turkey scrap prices to rise, tracking freight, energy gains

Imported scrap prices in Turkey rose 4% over the first three weeks of March, broadly tracking increases in freight rates and domestic energy costs, following the halt of gas inflows from Iran since the war began Feb. 28.

Semifinished steel imports from suppliers in Asia are particularly exposed to higher freight rates and insurance costs associated with transit through the Suez Canal. Semifinished billet imports totaled 8.4 million mt in 2025, with 35.9% sourced from China, Malaysia, Indonesia and Vietnam. Higher costs and disruption to these flows are expected to increase demand for scrap from the EU and US, supporting prices while also driving greater reliance on semifinished steel imports from Russia.

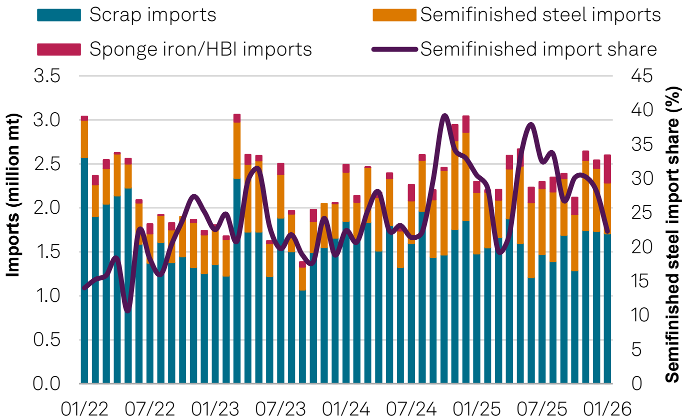
Turkish imports of HBI from Qatar — which totaled 215,000 mt in 2025 and accounted for about 15% of total HBI imports — are also likely to be disrupted, removing a key scrap substitute for Turkish electric arc furnace (EAF) producers and further supporting scrap demand.

Turkey scrap prices set to climb on higher freight and energy costs



As of March 26, 2025.
HMS = heavy melting scrap; mt = metric ton.
Source: S&P Global Energy.

Turkey semi-finished steel import share falls to 9-month low in January



As of March 26, 2025.
HBI = hot-briquetted iron; mt = metric ton.
Sources: S&P Global Energy; S&P Global Market Intelligence Global Trade Analytics Suite.

Turkey's macroeconomic outlook for 2026, as forecast by S&P Global Market Intelligence, has deteriorated due to higher global oil prices and disrupted capital inflows linked to the Middle East war. GDP growth is expected to slow to below 3%, while inflation is forecast to rise to about 30%. The country's central bank has paused rate cuts and is maintaining tight monetary policy, while the Turkish lira faces renewed depreciation pressure as reserves are used to defend it. The country's current account deficit is expected to widen above 2% of GDP, while fiscal pressures are increasing as the government absorbs a part of the war's impacts. As a result, consumption and investment are expected to remain constrained, while export growth faces a downside risk from regional instability.

Turkish EAF utilization averaged an estimated 62.1% January–February, down 0.45 percentage point year over year.

Scrap Outlook

We have raised our outlook for Turkish import scrap prices for the June quarter of 2026 to $389/mt, up from $359.7/mt in our February report, as increased demand for scrap is expected to offset reduced availability of semifinished steel and HBI imported from the Middle East and Asia. Higher freight rates and elevated energy costs in Turkey are also expected to be reflected in CFR pricing.

The next EU Steel and Turkey Scrap Medium-Term Outlook will be published in the week of April 20.

As of March 26, US$1 was equivalent to €0.87.

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