

# ECONOMIC AND STEEL MARKET OUTLOOK

2026

2027

SECOND  
QUARTER  
REPORT

June 2026

Review of 2025  
developments and  
outlook for 2026-27



# EXECUTIVE SUMMARY

## **Steel demand recovers, but the EU steel market remains under pressure**

Apparent steel consumption rebounded more strongly than expected in 2025 (+4.4%), supported by exceptional factors, including a sharp increase in imports during the second half of the year. However, consumption remains 10 million tonnes below pre-pandemic levels, whilst crude steel production fell to a record low in 2025.

Growth is expected to remain subdued in 2026 (+0.4%) before strengthening in 2027 (+2.2%), reflecting continued economic uncertainty, geopolitical tensions and weak industrial demand.

Demand from steel-using sectors (SWIP) declined marginally in 2025 (-0.1%) and is forecast to recover only modestly in 2026 (+1.3%), held back primarily by the continued weakness of the automotive sector, before gaining some speed in 2027 (2.4%).

# FOREWORD

## Middle East tensions raise inflation risks for European industry

**ALESSANDRO SCIAMARELLI**, DIRECTOR, MARKET ANALYSIS & ECONOMIC STUDIES

The Hormuz Strait and related Middle East tensions have continued to weigh on business confidence and the overall economic outlook, particularly on manufacturing (and steel-using) sectors.

Whereas the effects on economic growth should be modest overall – albeit still difficult to quantify – inflation is most likely to accelerate for most of 2026 as a result of potential oil supply shortages and related supply chain disruptions.

These pressures have already triggered monetary policy tightening in the euro area, including a 25-basis-point interest rate increase on 11 June, with another similar hike likely in the course of the year.

### **Gross-domestic product (GDP): Economic growth holds up despite geopolitical uncertainty**

Actual GDP data have barely been affected by the Iran war and its disruptions and effects on global prices.

EU GDP grew by 1% year-on-year in Q1 2026, in comparison to +1.4% in Q4 of 2025. In Germany, real GDP grew by +0.3%, in France by +1.1%, in Italy by +0.7% and in Spain, which continues to outperform other major EU economies, by 2.7%.

EUROFER EU GDP forecast: +1% in 2026 and +1.4% in 2027, up from +1.3% in 2025.

European Commission Spring EU GDP forecast:

+1.1% in 2026 and +1.4% in 2027.

IMF EU GDP forecast: euro area GDP growth in 2026 and 2027: +1.1% and +1.2%, of which Germany +0.8% and +1.2%.

### **Inflation: Energy prices drive renewed inflationary pressures**

Inflation reached +3.2% in the euro area in May 2026, up from +1.7% in January. It was steadily above 2% in all Member States (e.g. +2.7% in Germany, +2.8% in France, +3.3% in Italy and +3.6% in Spain).

**EUROFER's inflation forecast:** +2.9% in 2026, then it is expected to ease to +2.4% in 2027.

The European Commission Spring inflation forecast: +3.1% inflation in 2026 and +2.4% in 2027.

**Energy inflation:** +11.2% in April 2026, compared to -3.1% in February.

**Core inflation:** In April 2026 it was +2.4% in the EU signalling inflationary pressures are primarily driven by energy price increases.

## EUROFER Macroeconomic data, EU

Annual % change, unless otherwise indicated

	2023	2024	2025	2026	2027
<b>GDP</b>	0,6	0,9	1,3	1,0	1,4
<b>Private Consumption</b>	0,6	1,4	1,6	1,1	1,6
<b>Government Consumption</b>	1,9	3,0	2,3	1,3	1,3
<b>Investment</b>	1,6	-1,4	1,9	1,4	2,6
<b>Investment in mach. equip.</b>	2,0	-1,1	1,2	1,7	2,4
<b>Investment in construction</b>	1,7	-1,0	0,9	1,5	1,4
<b>Exports</b>	-0,3	0,3	1,5	0,9	2,0
<b>Imports</b>	-1,8	0,1	3,5	1,5	2,3
<b>Unemployment rate (level)</b>	6,3	6,2	6,2	6,1	6,0
<b>Inflation</b>	6,4	2,3	2,4	2,9	2,4
<b>Industrial Production</b>	-2,1	-2,0	0,7	0,8	2,1

### S&P Global Eurozone Manufacturing PMI

Index, sa, >50 = improvement m/m. Dots = long-run average



Data were collected 12-21 May 2026.

Source: S&P Global PMI. ©2026 S&P Global.

HC0B Manufacturing PMI: S&P Global Eurozone Manufacturing PMI Index at 51.6 in May 2026 (April: 52.2), which is a 2-month low. Manufacturing growth slowed in May as inflationary pressures grew higher.

## Industrial production: European industrial output remains below pre-pandemic levels

Q1 2026, year-on-year:

EU -0.9%; Germany -1.5%; France +1.5%, Italy +0.4%; Spain +0.2%.

Industrial output in Germany and Italy continues to lag behind the EU average, and remains below pre-pandemic levels.

## Gas prices: Gas markets stabilise, but supply risks persist

The Dutch Title Transfer Facility (TTF) price has fluctuated around €50/MWh in recent weeks, after peaking at €59 on 19 March. This is an increase of 31% compared to January this year. Nevertheless, it remains far below the all-time peak seen in the summer of 2022 (€340/MWh), which is very unlikely to be repeated, regardless of the duration of the Hormuz Strait disruptions.

However, LNG flows to the EU have been significantly disrupted since the conflict began in late February 2026, particularly after hostilities expanded to key production assets in

Qatar. This has raised serious concerns for the EU, particularly as the region needs to refill its tanks before the next winter.

## Change since Quarter 3 2025: Imports retreat after record surge at end of 2025

**Apparent Steel Consumption:**

- +13.5% in Q4 2025 (+4.7% in Q3 2025).

**Real Steel Consumption:**

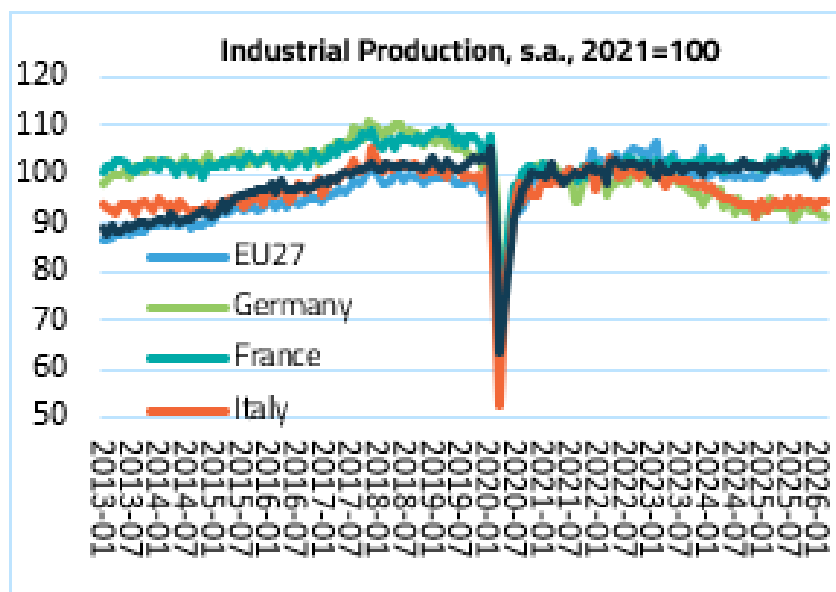
- +10% in Q4 2025 (+3.1% in Q3 2025).

**Imports:**

- Total imports: -23% in Q1 2026 (+53.4% in Q4 2025).
- Finished products imports: -17% in Q1 2026 (+35% in Q4 2025).

**Demand from steel-using sectors:**

- SWIP: +2.1% in Q4 2025 (+2.1% in Q3 2025).
- Construction: +3.1% in Q4 2025 (+2% in Q3 2025).
- Automotive: -1.3% in Q4 2025 (+0.8% in Q3 2025).



# EU STEEL SNAPSHOT

## Steel consumption rises, but production falls to a record low

**EU apparent steel consumption recovered more strongly than expected in 2025 (+4.4%), driven by exceptionally strong growth in the second half of the year, and a sharp increase in imports.**

**However, the recovery did not translate into higher domestic production, with crude steel production falling to its lowest level on record.**

### FOUR KEY TRENDS

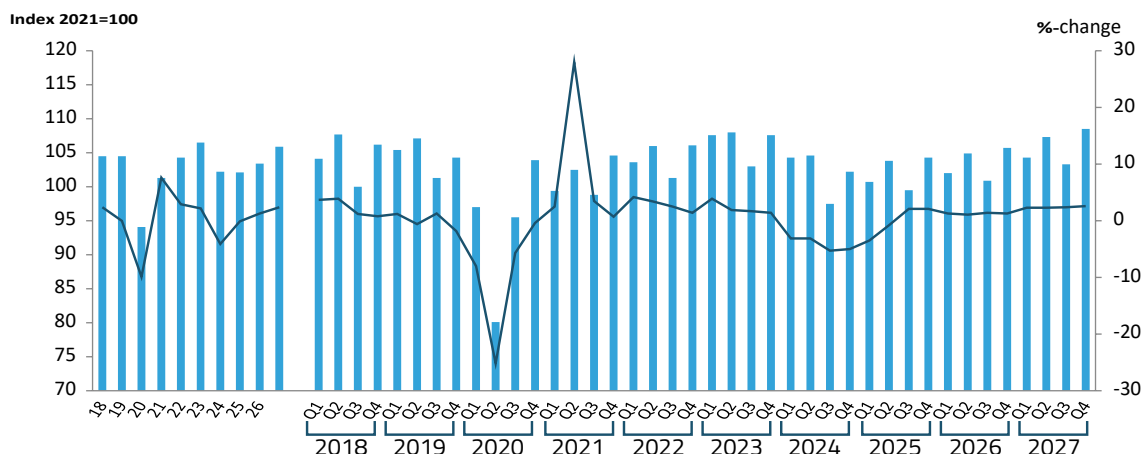
#### 1. EU STEEL PRODUCTION REACHES HISTORIC LOW DESPITE MARKET RECOVERY

Crude steel production reached a record low of 125.8 million tonnes in 2025, a fall of -2.9% compared to 2024. This was due to lacklustre demand from steel-using sectors and persistently higher energy and production costs compared to other major steel-making regions.

#### 2. CAPACITY UTILISATION REMAINS SUBDUED

Steel capacity utilisation stood at 65.4% in the first quarter of 2026, broadly unchanged from 65% in 2025, highlighting the continued weakness of underlying market conditions.

**EU Real Steel Consumption**  
Forecast from Q1-2026



● Million tonnes per month (left axis)

○ Year-on-year change (right axis)

### 3. CONSUMPTION REBOUNDS, BUT REMAINS WELL BELOW PRE-CRISIS LEVELS

Apparent steel consumption increased by +13.5% in the fourth quarter of 2025, following growth of +4.7% in the previous quarter. The increase partly reflects comparison with exceptionally weak volumes recorded a year earlier, as well as purchases brought forward in anticipation of stronger demand expected in 2026.

As a result, apparent steel consumption rose by +4.4% in 2025, outperforming previous forecasts. Growth is expected to continue in 2026 (+0.4%) and strengthen in 2027 (+2.2%), although volumes will remain around 10 million tonnes below pre-pandemic levels.

Real steel consumption experienced modest growth in 2025 (+0.9%) after three consecutive annual declines and is forecast to increase - along with replenishments of stocks - by a further +1.4% in both 2026 and 2027.

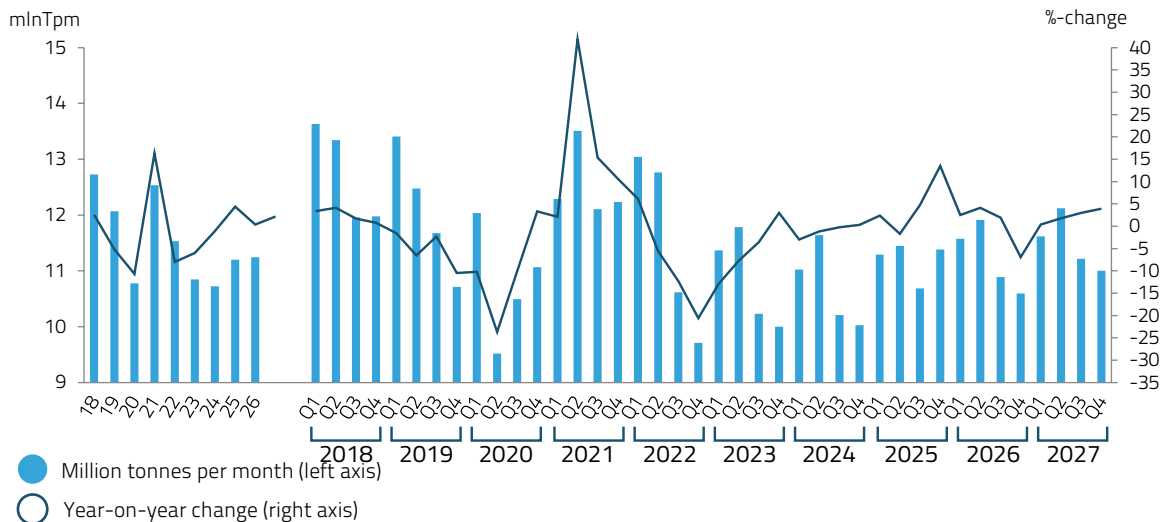
### 4. IMPORTS CAPTURE A RECORD SHARE OF THE EU STEEL MARKET

Imports accounted for 37% of apparent steel consumption in the fourth quarter of 2025, the highest level ever recorded. Across the whole of 2025, imports represented 30% of apparent steel consumption, underlining the growing role of imported steel in meeting EU's steel demand.

**EU apparent steel consumption - in million tonnes per year**

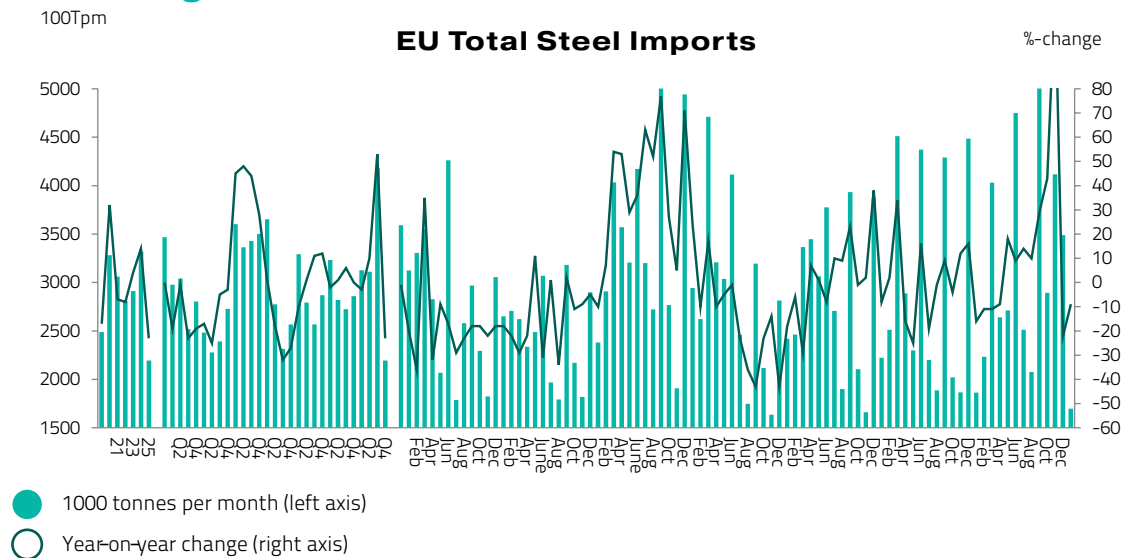
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (f)	2027 (f)
Million tonnes	149	153	145	129	150	138	130	129	134	135	138
% change	1,5	2,6	-5,2	-10,7	16,3	-8,0	-6,0	-1,1	4,4	0,4	2,2

**EU Apparent Consumption**  
Forecast from Q1-2026



# TRADE

## Record imports leave the EU increasingly reliant on foreign steel



**Imports dropped in the first quarter of 2026 (-23%) after an exceptional surge in the last quarter of 2025 leading to all-time high market share.**

Over the first quarter of 2026, total imports into the EU dropped significantly (-23%). Equally, imports of finished steel decreased (-17%) resulting from falling imports of both flat products (-17%) and long products (-19%).

Over the fourth quarter of 2025, total imports had recorded an exceptional one-off increase (+53%), along with finished products (+35%).

In the first quarter of 2026, the main sources of finished steel imports into the EU were Turkey, South Korea, China, India, Ukraine, Indonesia and Vietnam. The five largest exporting countries accounted for 54% of total EU finished steel imports.

Turkey held the largest share of EU imports (17.2%), followed by South Korea (11.5%), China (9.9%), India (8.9%), Ukraine (7.3%) and Indonesia (6.4%).

Import trends varied significantly across exporting countries. Imports increased from Indonesia (+19%), and from India (+12%) but declined from Turkey (-13%), and from China (-2%), Ukraine (-17%) and South Korea (-31%) and Vietnam (-49%).

In the first quarter of 2026, imports of flat steel products decreased by 17% and imports of long products decreased by -19%. Long products accounted for 21% of total finished steel imports.

## EU steel exports continue to weaken amid global trade tensions.

EU steel exports to third countries sharply declined in the first two months of 2026 (-33%). Exports of finished steel products fell by 30%, including declines in flat products (-29%) and long products (-33%).

In 2025, total exports had also dropped (-11%), along with exports of finished products (-30%), of which both exports of flat and long products decreased (29% and -33% respectively).

In the first two months of 2026, the main destinations for EU steel exports were the United Kingdom, Turkey, Switzerland, the United States and India which together accounted for 61% of total EU finished product exports.

Exports to all major destination markets sharply contracted, particularly to the United States (-46%), Turkey (-23%), China (-13%) and Norway (-20%). Switzerland was the only major destination to record growth (+2%).

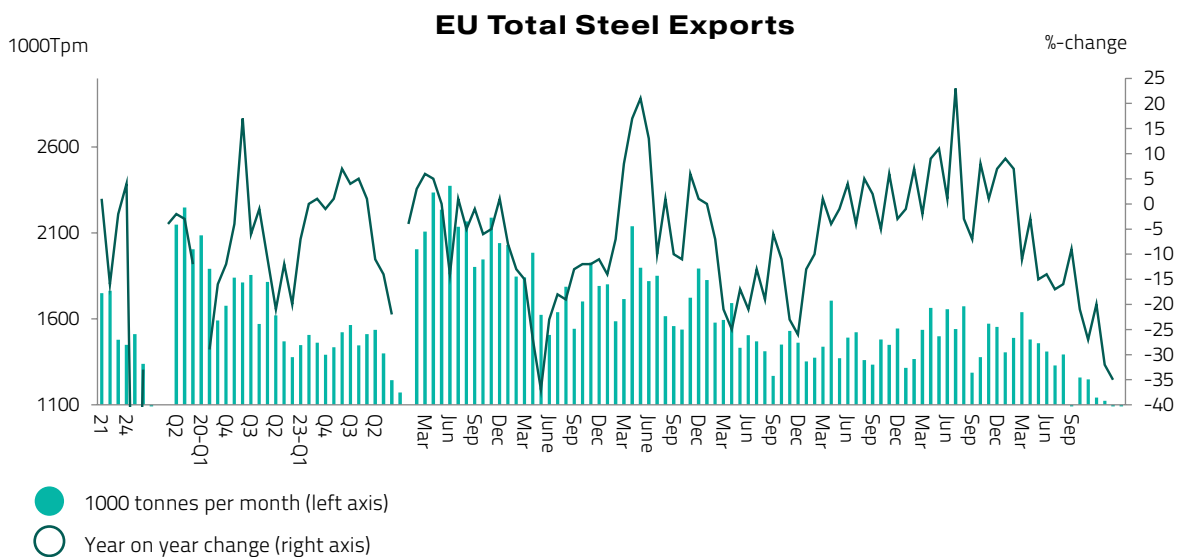
## The EU remains a significant net importer of steel

The EU trade deficit narrowed over the first two months of 2026. The overall trade deficit, including semi-finished products, reached around 1.5 million tonnes per month compared to 2 million tonnes per month (i.e. 1,982 kilotonnes) over the entire year 2025.

For finished products, the trade deficit amounted to 1 million tonnes per month (i.e. 1,019 kilotonnes), consisting of a deficit of 942 kilotonnes for flat products and 78 kilotonnes per month for long products.

The largest trade deficits for finished products, with individual trade partners in the first two months of 2026, were recorded with Turkey (290 kilotonnes), South Korea (230 kilotonnes), China (200 kilotonnes), India (172 kilotonnes), Taiwan (145 kilotonnes), Vietnam (142 kilotonnes), Ukraine (119 kilotonnes) and Indonesia (66 kilotonnes).

## Market Share: EU imports accounted for 37% of apparent steel consumption in Q4 2025 (29% in Q3), which represents an exceptional all-time peak.



# DEMAND AND USE

## Steel demand stabilises, but automotive weakness continues to weigh on recovery

**Steel demand is expected to recover only gradually in 2026 (+1.3%) after two consecutive years of decline, as continued weakness in automotive output offsets stronger performance in construction.**

**A more meaningful recovery is not expected before 2027.**

The construction sector, the EU's largest steel-consuming sector, is expected to continue growing in 2026 (+1.5%), despite the an interest rate hike linked to accelerating inflation.

Total SWIP in the EU increased year-on-year for the second consecutive quarter growing by +2.1% in both Q3 and Q4 2025. Due to the continued impact of the wars in Ukraine and the Middle East, global trade uncertainty and weakness of manufacturing sectors, growth in output from industrial sectors in the EU had dropped for six consecutive quarters from Q1 2024 to Q2 2025.

**AUTOMOTIVE RECOVERY DELAYED UNTIL 2027**

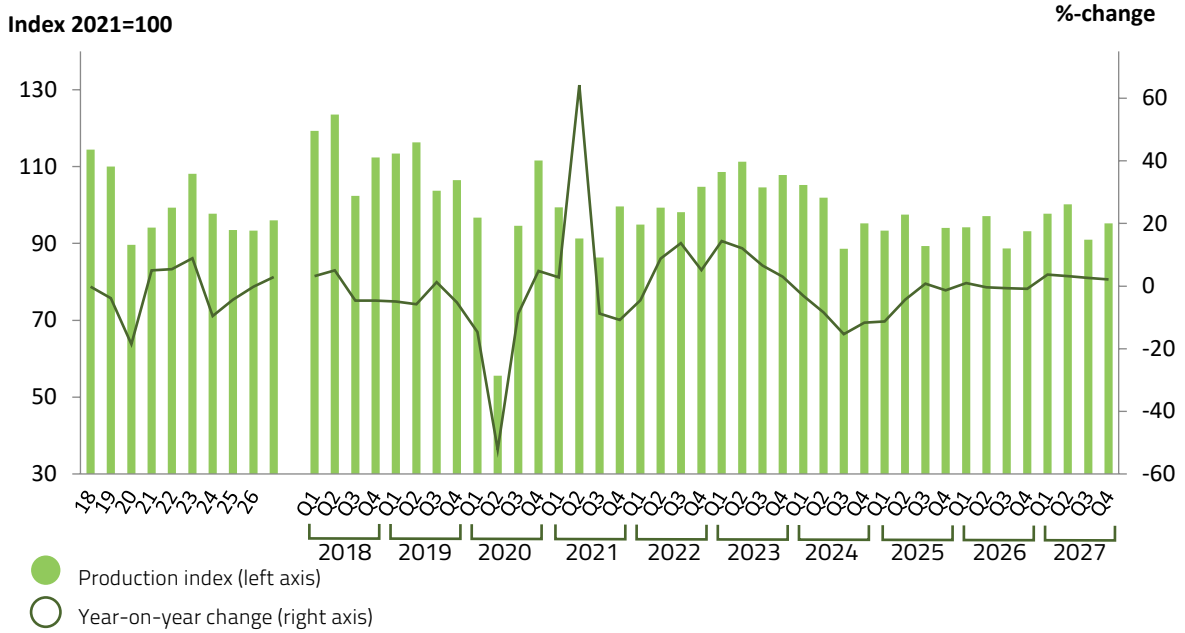
The automotive sector remains the weakest major steel-using sector, with output declining for six consecutive quarters and remaining well below pre-pandemic levels

The sector then achieved a small rebound (+0.8%) in Q3 2025, but then output contracted again in Q4 2025 (-1.3%) due to multiple ongoing uncertainty factors including the overall weakness of the manufacturing sector, slower-than-expected EV uptake, weak consumer demand from consumers, etc.

Output in the automotive sector contracted severely in 2024 (-9.7%) due to protracted uncertainty, poor household income developments and low confidence, and overall industrial weakness. This downturn continued in 2025 with output falling by a further -4.3%, partly driven by uncertainty surrounding US tariffs and the weak manufacturing environment.

A further, albeit moderate, decline in 2026 (-0.2%, compared to a previous forecast of +0.9%), reflecting ongoing trade and geopolitical tensions, alongside with energy price increases. The sector is expected to return to growth only in 2027 (+2.9%). As highly export-orientated industry, the EU automotive supply chain remains especially exposed industrial sector to energy and trade shocks.

## EU Automotive Sector Production Activity - forecast from Q1-2026



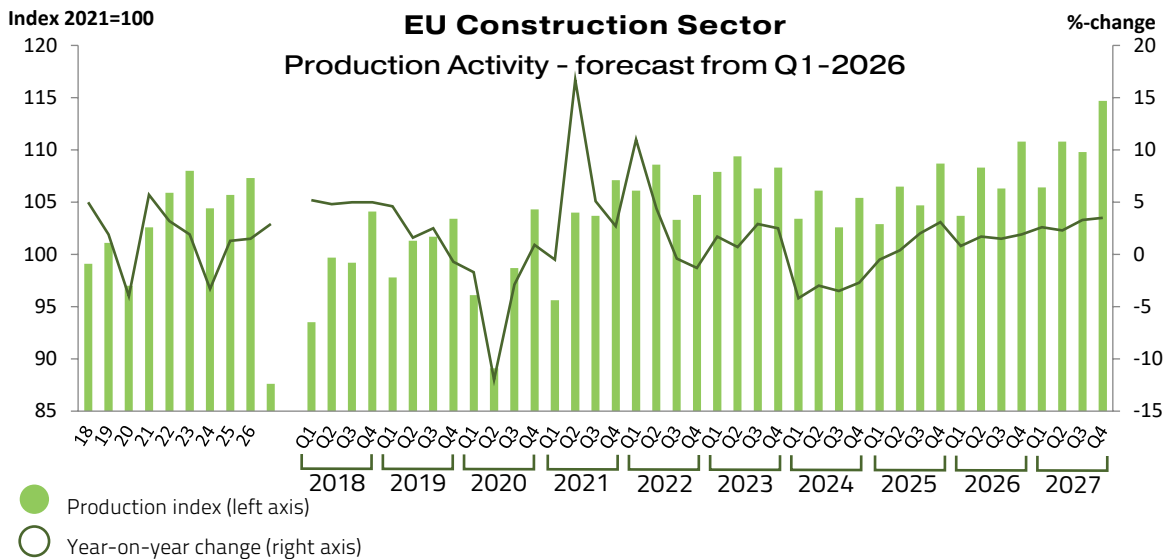
### CONSTRUCTION REMAINS THE MAIN SOURCE OF RESILIENCE

Construction continues to provide the strongest support for steel demand, helped by infrastructure spending, NextGenerationEU funding and the delayed effects of monetary easing.

The construction sector (37% of apparent steel consumption), despite stimulus provided by NextGenEU-related supporting schemes and monetary easing, contracted in 2024 (-3.3%).

This was followed by modest growth in 2025 (+1.3%) which is expected to grow in 2026 (+1.5%), despite higher interest rates, before increasing in 2027 (+2.9%), thanks to recovery in housing demand and a pick-up in infrastructure spending.

Due to the belated effects of monetary easing in 2024 and public construction supporting schemes (both at the EU and national level), the construction sector has experienced growth in output for the last three quarters, by +3.1% in Q4 2025 (+2% in Q3).



## FINAL SWIP OUTLOOK

Following two years of decline, demand from steel-using sectors is expected to return to growth in 2026, although the recovery will remain modest and uneven across sectors.

In 2025, SWIP recorded another marginal decline (-0.1%, after -4.1% in 2024), largely due to contractions in the automotive (-4.3%) and mechanical engineering (-0.7%) sectors, which have offset the moderate recovery in construction output (+1.3%).

In 2026, SWIP is forecast to recover by +1.3%, supported by higher output in construction (+1.5%) and mechanical engineering (+1.4%), offsetting the weakness of the automotive sector (-0.2%).

In 2027, SWIP growth is set to gain speed (+2.4%), driven by increases in construction output (+2.9%), mechanical engineering (+1.9%) and automotive output (+2.9%).

**Year-on-Year %-Change in EU Steel Weighted Industrial Production (SWIP) Index**

	2021	2022	2023	2024	2025	2026 (f)	2027 (f)
Construction	5,7	3,2	1,9	-3,3	1,3	1,5	2,9
Mechanical engineering	11,1	4,7	1,6	-5,0	-0,7	1,4	1,9
Automotive	5,0	5,4	8,9	-9,6	-4,3	-0,2	2,9
Domestic Appliances	12,6	-4,6	-4,5	-4,9	0,7	0,9	0,8
Other Transport	3,8	7,3	10,3	5,7	2,4	3,7	2,4
Tubes	9,6	-1,4	-1,4	-2,4	0,1	0,6	1,3
Metalware	11,7	1,2	-3,9	-3,3	-0,3	2,1	2,3
Others	10,8	3,9	2,0	-1,6	2,4	1,2	1,5
SWIP	7,6	2,9	2,2	-4,1	-0,1	1,3	2,4

# GLOSSARY OF TERMS

## SECTOR DEFINITIONS ACCORDING TO NACE REV.2

### BUILDING AND CIVIL ENGINEERING

- 41** Construction of buildings
- 42** Civil engineering
- 43** Specialised construction activities
- 25.1** Manufacture of metal structures and parts of structures
- 25.2** Manufacture of tanks, generators, radiators, boilers

### MECHANICAL ENGINEERING

- 28** Manufacture of machinery and equipment
- 27.1** Manufacture of electric motors, generators, transformers
- 25.3** Manufacture of steam generators, except central heating hot water boilers

### AUTOMOTIVE

- 29** Manufacture of motor vehicles and trailers

### DOMESTIC APPLIANCES

- 27.51** Manufacture of electric domestic appliances

### OTHER TRANSPORT EQUIPMENT

- 30** Manufacture of other transport equipment
- 30.1** Building and repair of ships
- 25.3** Manufacture of railway locomotives and rolling stock
- 30.91** Manufacture of motorcycles

### STEEL TUBES

- 24.2** Manufacture of steel tubes

### METAL GOODS

- 25** Manufacture of fabricated metal products excluding 25.1-25.2-25.3

### OTHER SECTORS

- 26** Manufacture of computer, electronic and optical products
- 27** Manufacture of electric motors, generators, transformers, electricity distribution and control apparatus excluding 27.1 and 27.5

# EU STEEL MARKET DEFINITIONS

**Apparent steel consumption:** Apparent consumption is also referred to as 'steel demand'. It is total deliveries of all steel products and qualities by EU producers plus imports less 'receipts' into the EU, minus exports to third countries. In other words, apparent consumption is deliveries by EU producers plus imports minus receipts (that is, imports by EU producers themselves of material that is further processed), minus exports to third countries. EUROFER's definition of apparent consumption includes all qualities, including stainless, and all finished products and semi-finished products.

If apparent consumption exceeds real steel consumption, the surplus is stocked in the distribution chain. If apparent consumption is less than real steel consumption, inventories are being withdrawn.

**Narrow definition:** EUROFER applies the so-called "narrow definition" which excludes steel tubes and first transformation products from the product scope used for calculating steel consumption. Hence, the steel tube sector is a steel-using sector under this definition.

**Real steel consumption:** Real consumption is the use of all steel products used by steel-using sectors in their production processes, also referred to as the 'final use' of steel products, adjusted for the stock cycle.

**Steel industry receipts:** In both the apparent consumption and market supply statistics, the imports component of the calculation is written, in the EUROFER definition, as 'imports less receipt's.

The 'receipts' in this instance mean imports by EU producers themselves of finished or semi-finished steel products that are further processed by the producer and transformed into other products. In the publicly available EUROFER figures, only finished products are shown and thus impacted by the receipt's calculation.

This correction is important because it prevents double-counting that would artificially inflate the size of the market. If an EU producer imports a tonne of hot rolled strip that it further processes into a tonne of cold rolled which it then delivers to the EU market - in an uncorrected calculation the import of one tonne would then become one imported tonne plus one EU-processed and delivered tonne. The imported tonne is thus corrected out in the import side of the market supply and apparent consumption figures.

**Steel intensity:** the ratio of real steel consumption to steel weighted production in the steel-using sectors. This reflects the usually slightly negative impact on consumption of innovation in steel products, inter-material substitution, improvements in process efficiency and design, etc.

**SWIP:** abbreviation for Steel Weighted Industrial Production index. It is used as a proxy for real steel consumption. Activity in the steel-using sectors is weighted with the relative share of each sector in total steel consumed by all sectors.

## **ABOUT THE EUROPEAN STEEL ASSOCIATION (EUROFER)**

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations of Türkiye, Ukraine and the United Kingdom are also members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83. VAT: BE0675653894. The RLE or RPM is Brussels.

## **ABOUT THE EUROPEAN STEEL INDUSTRY**

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €192 billion and directly employs 293,000 highly-skilled people, producing on average 146 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe. Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO<sub>2</sub>-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.



# EUROFER

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