Scrap Metal Market Report

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Green Scrap for Green Steel!

bvse Fachverband Schrott, E-Schrott und Kfz-Recycling

Shrinking Volumes, Shrinking Margins – Poor Steel Production Volumes in the First Half of the Year

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General Developments

According to a new study by the German Economic Institute (IW), the skilled labour shortage in Germany will grow to 768,000 unfilled positions by 2028. Employment in metalworking professions is expected to decline significantly by 14 percent, i.e., 161,000 jobs. Currently, in the metal construction and machining metalworking professions, there remains a shortage of skilled workers, with 7,400 and 5,300 vacant positions, respectively. As there are not enough young up-and-coming professionals on the market, these jobs cannot be filled, this situation is exacerbated by positions becoming vacant as the so-called baby boomers retire.

Production in the manufacturing sector has recovered after a significant decline in April. However, the truck toll mileage index – an early indicator of industrial production – showed a weakening trend for June. Order intake in the manufacturing sector also remains very volatile against the backdrop of continued high geopolitical and trading uncertainties.

Scrap Market

Several German plants carried out annual maintenance and repair work during their summer break in July. Scrap requirements were therefore lower than in the previous month. Low purchase quantities enabled steel mill buyers to push down scrap prices by €10 - €15 per tonne. The market turned completely into a buyer's market, where consumers dictated prices. Sales opportunities for finished steel products are not particularly good. Steel demand dropped significantly and steel mill representatives argued that scrap prices were €10 - €20 per tonne too high.

In general, the structural problems of the steel industry are reflected in the recently published production data for crude steel production. In the first half of 2025, crude steel production fell by 11.6% to just 17.1 million tonnes. These production volumes are all the more worrying as they follow an extremely weak year in 2024. Steel companies are suffering particularly from weak domestic demand, which – extrapolated for the full year 2025 – is at an all-time low of approximately 29 million tonnes.

Regional Developments

The steel mills located in the **north** of Germany purchased scrap at price reductions of €15 per tonne. One plant is said to have lowered its offered prices by slightly more at €15 - €20 per tonne. In the **east**, one plant reduced scrap prices by €15 per tonne; albeit for turnings reductions were only €10 per tonne, due to the somewhat poorer regional availability. In general, price reductions were between €10 - €15 per tonne. A plant located in the **west** initially purchased outstanding quantities at unchanged prices and thereafter started the new purchasing campaign with price reductions of €15 per tonne. In the **southwest**, one plant announced normal scrap requirements and lowered its purchasing prices in line with the market, initially by €10 per tonne, later even by as much as €15 per tonne. Along the **Saar** river, steel production continued to be difficult and scrap purchases hardly took place. In the **south**, a steel mill purchased scrap with price reductions of €10 per tonne, thus coming in line with the nearby Austrian market.

Neighbouring Foreign Markets

In **France**, steel mills only purchased small quantities of scrap. Overall, scrap prices fell by up to €25 per tonne. The mills will primarily carry out routine maintenance and repair work during August, so there will be no significant demand during the coming month. In **Luxembourg**, steel mill buyers differentiated between scrap grades; offered prices for shredder scrap were down €25 per tonne, those for shearing scrap by €20 per tonne, whilst other types of scrap were valued with price reductions of €15 per tonne. A new electric arc furnace is being commissioned at the ArcelorMittal Belval electric steel plant in Luxembourg, so that scrap requirements are expected to be only half of the usual quantity until mid-September. **Austrian** consumers generally lowered scrap prices by €10 per tonne. In **Italy**, market participants report impending summer shutdowns during August. The material inflow is balanced and market participants classified the scrap market as a very quiet market. Price reductions of €10 per tonne were registered. In Poland, the purchasing prices for scrap fell by €7 - €8 per tonne. The price difference between the lighter scrap grades and the premium grades dwindled due to weak Polish demand for finished materials and stable domestic purchasing for export demand.

Global Scrap Market

In the first days of July, Turkish steel producers appeared on the international scrap market. Several deals were concluded at different levels, and overall, there was a stable market mood. For the first time in several months, a British scrap exporter sold a cargo of HMS 1/2 (80:20) at US-$335 per tonne, as well as shredded scrap and bonus material at US-$355 per tonne (CFR, Türkiye) to a Turkish mill from the Marmara region.
After several scrap sales were completed, in the third week of July the market became calmer. Turkish scrap buyers withdrew from the international market and focused their attention on the emerging decline on the finished steel market. Turkish steel producers had come under even more pressure in recent weeks due to rising raw material prices, such as those for scrap and billet. This prompted producers to raise prices for their finished steel products, despite weak demand. A total of 20 scrap cargoes are said to have been sold up to 18th July; according to market experts, at least 10 more sales would have been needed at that time to compensate for the low quantity of billet arrivals.
Both European and US sellers are severely limited in their ability to sell at reduced prices. A major concern for US scrap dealers are increased freight rates, which have already reached US-$40 per tonne from the US East Coast to southern Turkish mills, and the reluctance of Brazilian pig iron suppliers to ship to the USA due to higher tariffs from 1st August. This is likely to further boost domestic US scrap demand and is expected to lead to higher prices. Meanwhile, EU sellers are struggling with the strengthening of the euro against the US dollar, slow material inflow to the export ports and seasonally challenging logistics.

Outlook

The month of August will continue to be marked by summer shutdowns and factory closures. Necessary maintenance and repair work will be carried out to maintain plants in a working condition for future production. Thus, August demand is expected to be subdued. Scrap inflow quantities from the steel mills will also only be available to a limited extent during the summer vacation period. Many market participants are not expecting much of a euphoric outlook for the coming month. The order situation remains poor, low scrap quantities and low demand are leading to increased pressure on the scrap trade. Dwindling quantities and dwindling margins in the scrap trade are forcing the need for a precise market analysis and consideration of whether scrap can actually be sold at the prevailing market prices.
According to market participants, a glimmer of hope for increasing steel demand is the construction industry, which is slowly returning to calmer waters.