Minor Cosmetic Price Adjustments – Waiting for Momentum

Scrap Metal Market Report – August 2025

Editorial Deadline: 19.08.2025

General Developments

The situation in the German industrial sector remains tense. In June, the manufacturing sector reached its lowest month-on-month level since May 2020, when production collapsed as a result of the coronavirus pandemic. The weak development of industrial production in the second quarter is likely a reflection of a countermovement related to the anticipatory effects of the announced US tariff increases. The German Federal Ministry for Economic Affairs and Energy does not see any impetus for a sustained upswing in the industrial sector in the third quarter.

Incoming orders in German industry

Order Volume Index, 2021 = 100, seasonally and calendar adjusted

Source: German Federal Statistical Office **dpa** globizz 002849

Graphic 1: Incoming orders in German industry

German incoming order volume fell once again in June. This was primarily due to lower orders from the automotive industry and weak growth in large incoming orders. According to a recent survey by the German Chamber of Industry and Commerce (DIHK), industries are becoming increasingly concerned; more than half of the survey respondents (58%) expect further burdens in the future. This figure rises to nearly three quarters (74%) when only considering those companies with direct US trade. Only 5% of all companies surveyed anticipate positive developments.

Scrap Market

August was characterised by downtime at the steel mills. Necessary maintenance and repair work was carried out and some scrap windfall gains were accepted by consumers. August was not necessarily characterised by price levels, but rather by sales opportunities. The previous month had already seen a shift from a weighted seller's market to a solid buyer's market, this shift continued to strengthen. Many market participants described the August scrap market as extremely sluggish. Starting from the price level established the previous month, prices remained unchanged or showed marginal negative price adjustments ranging from -€3 to -€6 per tonne. Concerns about scrap shortages were so pronounced that consumers only made minor cosmetic price adjustments. Demand was generally low due to seasonal factors and supply was sufficient. Recently, exporters marginally reduced their peak purchasing price to the export depots of €260 per tonne for scrap grade HMS 1/2 (80:20), whilst keeping a close eye on the market. Some international sellers intended to conclude deals, but they did not find buyers willing to pay their envisaged price levels. Negotiating participants emphasised that selling prices must be viable for them in order to conclude deals. While exporters are generally said to have relatively good stocks of finished materials on hand, the domestic scrap trade is struggling with the low material inflow. Market players are apparently waiting for the momentum that will push the scrap market in one direction or the other.

Regional Developments

Scrap consumers in the **north** generally closed the month at unchanged prices compared to the previous month. However, depending on the prevailing price level, adjustments were allowed for to remove price peaks, thus, some consumer price reductions ranged from -€3 to -€6 per tonne, depending on the scrap grade concerned. In the **east**, one large consumer left its offered prices unchanged, whilst others reduced their price peaks by -€3 to -€6 per tonne. In the **west**, price levels remained largely unchanged. One large consumer reportedly had a high level of in-house scrap, so purchasing demand was low. A major consumer in the **southwest** experienced a summer-related plant shutdown but still purchased scrap quantities at marginal price reductions of up to -€5 per tonne. Sales in the **south** proved particularly difficult. One consumer purchased hardly any scrap due to the planned summer shutdown and the Italian plants, which are important to traders in the south, were almost completely absent from the August market.

Neighbouring Foreign Markets

On the **French** scrap market, scrap prices fell by -€5 to -€7.5 per tonne. According to market participants, this was defensive pricing to counteract low scrap demand resulting from summer plant shutdowns. A **Luxembourg** consumer originally wanted to take a furnace out of production in September, but this decision appears to have been reversed. Scrap prices fell overall by -€5 per tonne, although some contracts were closed at unchanged prices. In **Austria**, a consumer had higher discounts in the previous month, following which they purchased scrap at unchanged prices during August. Scrap demand in **Switzerland** was subdued. One plant purchased scrap at a markdown of -€5 per tonne. On the **Italian** market, scrap prices fell by -€5 per tonne, with the majority of plants almost completely shutting down their production. Significant quantities from existing contracts are due for delivery in September. On the **Polish** market, prices were adjusted and fell by -€5 to -€10 per tonne. On the **Czech** market, a large steel mill did not purchase any scrap due to the continuation of scheduled maintenance work.

Global Scrap Market

Turkish consumers began negotiations with a good degree of patience, purchasing approximately 30 freight loads of scrap for August shipment. To combat high production costs and low selling prices, in the first half of the year Turkish mills utilised all available raw materials, these included domestic scrap, but also imported semi-finished products and pig iron. However, scrap still remains the preferred purchasing option.
After a slow start, market participants increased their activity on the market. Developments in the US scrap market became the focus of international negotiations. A balanced supply and demand situation kept the market stable for the third consecutive month. Purchasing intentions also remained subdued on the British export market. Alternative sales channels for container trade emerged to North Africa and Asia, albeit to a limited extent. The Russian government decided to raise export quotas for ferrous scrap to the Eurasian Economic Union (EAEU); an increase of 300,000 tons to 1.8 million tons supports the domestic scrap industry and creates new sales channels. There were no active scrap offers from the US; higher freight costs limited US sellers' ability to offer price concessions.
Many Turkish mills admitted to incurring losses this year. This led to numerous rumours on the market about possible bankruptcies among steel producers and processors. Although these rumours were generally denied, some companies did indeed recently file for bankruptcy.
In Europe and the UK, material flows to export ports were sluggish. Exporters did not push for depot restocking at any cost, but they were forced to continue raising prices to secure incoming material supplies.

Outlook

The poor economic situation of some Turkish consumers led to numerous rumours on the market and bankruptcies have indeed been announced, albeit fewer than expected. However, not only the international and domestic steel industries are in the midst of a deep crisis, the scrap trade too is increasingly struggling. Financing is becoming increasingly difficult. Long payment terms and potential defaults can quickly lead to threatening financial difficulties. Thorough risk management and corresponding default insurance are becoming increasingly important.
This month is characterised by reduced scrap demand due to seasonal summer shutdowns. Windfall gains mean that consumers are starting September with well-stocked inventories. Market participants currently see no indication of a price movement during September. Everyone is waiting for an impulse – an influencing factor that will kick-start the market. Whichever direction the market should move, many participants are simply biding their time whilst keeping a close eye on market developments.