Scrap Metal Market Report

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Green Scrap for Green Steel!

Lack of Drive After the Summer Shutdowns

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General Developments

German industrial production still remains under pressure and is lagging behind last year's figures, as shown in the latest reports from the Federation of German Industries (BDI). Capacity utilization is recovering slowly, however, standing at 77.2% at the beginning of the third quarter this figure is 6.2% below the average for the last ten years. Sales in the manufacturing sector have been declining for two consecutive years. Geraldine Dany-Knedlik, Head of Forecasting and Economic Policy at the German Institute for Economic Research (DIW Berlin), stated that the German government has set the course for an economic upswing. However, she also expressed her concerns that the nascent recovery of the domestic economy should not obscure prevailing structural problems. Tanja Gönner, BDI Managing Director, emphasised that after initial forecasts of a slight economic decline, stagnation is now expected in 2025. Long-term and sustainable growth requires an autumn of reform. The German government must resolutely push ahead with bureaucracy reduction, state modernisation and also tackle structural reforms in the social system. For 2026, the German Institute for Economic Research forecasts a growth of 1.7%, this represents a significant acceleration. The institute expects a similar increase in the following year, 2027.

Scrap Market

Some scrap dealers have been showing very restrained market behaviour Since May, in the hope that the scrap market would experience a revival after the summer shutdowns. Many so-called economic experts also held the same view; however, the revival did not materialise. The export market proved to be very subdued, as was the domestic market. Some scrap collectors signalled a greater willingness to sell, after hesitant behaviour in recent months. In some regions, there appears to be an oversupply of certain types of scrap, such as shredder scrap. In general, the steel mills have the upper hand at the negotiating table. Difficult order situations are causing some plants to make production cuts. The last two years have been economically difficult for the German steel industry. Of course, steel manufacturers are trying to optimise their production processes, but the economic weakness has also not passed the scrap industry by without a trace; an increasing number of scrap companies are facing financial difficulties. Deindustrialisation is causing a migration of the manufacturing industry; scrap volume that the scrap industry is now missing. Low volumes, high costs and difficult sales channels are leading to existential fears. There is a lack of economic policy drive, that long-awaited turnaround that seemed to be within reach after the political re-election. In the month of September, the scrap market moved between an unchanged sideways movement and price corrections of up to minus €10 per tonne.

Regional Developments

Consumers from the **northern** regions of Germany generally concluded the month of September with price reductions of -€10 per tonne. One plant is even said to have adjusted shearing scrap prices by up to -€15 per tonne. In the **east**, one plant made price reductions for industrial scrap of -€11 per tonne and for other scrap grades of -€8 per tonne. Otherwise, in general, price reductions were between -€5 and -€10 per tonne. In the **west**, one plant purchased its monthly quantities early at unchanged prices, but already signalled its intention to assert a catch-up effect in the next negotiation round. Scrap prices in the **south-west** were largely unchanged. Later purchases were made with a slight minus. Along the **Saar** river, the scrap market has massively lost its importance in terms of volume in the last two years. September prices were around -€10 per tonne below those in the previous month. In the **south**, a large consumer purchased with prices reduced by -€5 per tonne.

Neighbouring Foreign Markets

In **France**, a large scrap recycler was working towards the end of its fiscal year and divested itself of some scrap lots. Other scrap sellers, who had been selling moderate quantities since June, showed a greater market presence in September. This led to a certain overhang of scrap, which the market met with price reductions of -€10 per tonne. In **Luxembourg**, pricing also decreased by -€10 per tonne. Whether a large consumer would exit the market in September, as previously announced, could not yet be definitively clarified. **Austrian** consumers made price differentiations for the scrap grades. Steelworks only reduced industrial scrap by -€5 per tonne, due to volume availability, whereas they reduced prices for obsolete scrap by -€10 per tonne. In **Switzerland**, there was no separate price consideration for different scrap grades and scrap prices decreased by -€10 per tonne across the board. In **Italy**, after the relatively long downtimes, one plant initially started with a price reduction of -€5 per tonne and other plants followed suit. Over time, however, the price reductions increased to up to -€10 per tonne. On the **Polish** market, there were price reductions of -€5 until -€8 per tonne. On the **Czech** market, a large producer was biding time and the market mood was very subdued.

Global Scrap Market

Turkish import prices for scrap remained stable at the beginning of the month. Consumers primarily focused their attention on October shipping. Turkish steel mills bought a total of around 30 scrap loads for September delivery and started procuring material for October relatively late. For Turkish companies, a possible switch to re-rolling billet did not offer any relief in their production costs. Chinese material, with relatively long lead times, continued to be priced at US-$470-475 per tonne CFR Türkiye. Even the use of billet from the Black Sea region only led to reaching the break-even point.
Although the price pressure eased somewhat in the USA and freight rates declined, port prices on the US East Coast remained unchanged. Many US exporters looked for alternative buyers. North Africa is a preferred destination with the start of the construction season, which was reflected in rising overseas freight to this region.
Political and economic turbulence in Turkey, with the decision of a Turkish court to remove the Istanbul government formed by the largest Turkish opposition party, shook the market in the short term. However, the market turbulence calmed down immediately. In the meantime, the Euro gained strength; at times, the EUR/USD exchange rate was above US-$1.17, which is why sellers exercised restraint. Scrap offers shrank, as European exporters could only adjust prices to a limited extent due to the Euro's strength against the US dollar. Sub-suppliers were still encouraged to bring materials to the port warehouses. Some economists believe that the strength of the Euro against the US dollar could persist, as the new US consumer and producer prices during August are expected to keep the dollar weak. However, the expected US base interest rate cut should support the strength of the domestic currency. Subsequently, the Euro did begin to weaken against the US dollar, probably also due to the ongoing political unrest in France. However, the Euro was still underpinned by the corresponding weak stance of the US dollar; this overall led to a temporary stability.

Outlook

At the end of the summer shutdowns, with previously fuelled expectations, the market mood was initially euphoric. This soon deteriorated to a merely optimistic mood, only to then be confronted with the true circumstances later. Even if the expectations of many scrap dealers varied at the end of the summer break, the fact remains that stimulating impulses failed to materialise. The motto for this month was quantity over price. Reduced demands from some plants, some of which even announced unscheduled shutdowns, met with a decent supply. Many market participants feel little euphoria for the remaining months of the year. Lack of domestic demand and no prospect of a revival on the export market is leading to a lacklustre perspective for the future. It is overlooked by many that not only the steel industry is facing considerable economic difficulties, but also the scrap industry. Unfortunately, financial imbalances up to and including insolvencies are also prevalent in the scrap industry. The political actors would do well to stand shoulder to shoulder with the scrap trade and unleash a firework of reforms.