



Scrap Metal Market Report

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Green Scrap for Green Steel!



Deindustrialisation and Production Outsourcing Put Pressure on Industrial Scrap Availability

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General Developments

Prof. Dr. Grömling, Head of the Macroeconomic and Business Cycle Research Unit of the German Economic Institute (IW) sums up the situation of the German economy, "crises are hitting the German economy faster than it can recover." The German federal government would do well to concentrate on what it can influence. The coalition must use reform opportunities to improve competitiveness and investment conditions for German companies; this would already be of great help to the country, Grömling concluded.

Declining competitiveness and production relocation abroad are shifting global demand away from German products; as an example, in 2025 the equipment industry for machinery and commercial vehicles, was 11% below the level in 2019. Only one in five companies are planning increased spending, twice as many are being forced to make cuts.

The slight economic growth seen is essentially attributable to public expenditure in the defence sector. The state deficit has risen to €156 billion, and the ratio of government expenditure to gross national product has risen to over 51 percent.

Scrap Market

Discussions on the German scrap market were dominated by takeover rumours concerning the financially struggling Scholz Group. In December 2016, the Scholz Group opened a new chapter with its Chinese owner, Chiho Environment Group (CEG), the leading Chinese recycler and importer of metals, and the largest importer of electric motors from Europe. However, at the beginning of May, a final takeover by the French metal and waste recycler Derichebourg was announced. Both parties agreed to remain silent about the purchase price. The actual takeover is expected to be completed during the second half of 2026. The Scholz Group, founded in 1872 with over 3,500 employees, will be then be taken over by the French company, which is active in 13 countries and employs 5,500 people worldwide.

Looking back, the German scrap market once again saw very diverse market activity. During May, price increases averaged €10 - 15 per tonne depending on the region concerned. The actual timing of the transaction was crucial. As the month progressed, price pressure continued to intensify and prices increased noticeably, so that buyers appearing late on the market were forced to pay higher prices. The export market showed itself as a supporting force for these upward price adjustments. Turkish scrap importers, in particular, were biding their time to make the most of any favourable situation to purchase scrap batches for June shipment.

Many market participants reported difficulties with incoming volumes. Difficulties were primarily not on the outgoing side, but incoming material quantities were under pressure; "Sales are not the problem, scrap volumes are simply not there," as one market observer aptly summarised the situation. However, at the beginning of the month, dealers did experience some turnover problems. Production volumes at steel mills generally showed a decent level, albeit some dealers described industrial scrap inflow, in particular as weak. Industry experts repeatedly highlighted the low availability of steel turnings; this grade of scrap is no longer offered as much as it was months ago. The supply thereof appears to be noticeably and steadily dwindling.

Market participants cited a poor production situation in the manufacturing industry, particularly in the automotive industry, as reasons for this decline, amongst others. Due to deindustrialisation, either entire companies are relocating abroad or production steps, which generate good and high-quality industrial scrap, are being outsourced, thus these materials are now no longer readily available on the domestic market.

Already at the end of 2025, the crisis-ridden freight division of the Deutsche Bahn announced that it had leased around 6,000 freight wagons to the rental specialist GATX Rail Europe (GRE). The railway announced: "Under the terms of the contract, GRE will acquire the wagons and lease them back to DB Cargo for several years" (source: www.wiwo.de from 25.09.2025). The availability of EAOS wagons, which are primarily used for scrap, seems to have suffered particularly badly from this leasing agreement. Some market participants reported great difficulty in securing empty wagons. Even stake wagons for the transport of semi-finished or finished goods from steel manufacturers were difficult to come by.

Regional Developments

Depending on the region, consumers in the **north** implemented average price increases of €10 - 15 per tonne. One buyer had a lower price level in the previous month and increased prices by €15 - 20 per tonne, whilst another only increased by €5 per tonne. In the **east**, one steel mill concluded its purchasing campaign early at unchanged prices. As purchasing occurs on a two-week cycle, market participants anticipate a corresponding adjustment in the next round of negotiations. Another consumer concluded with slight price increases of €5 - 8 per tonne, whilst another increased prices by €15 per tonne to compensate for a lower price level in the previous month. In the **west**, one steel mill concluded its scrap tender with a surcharge of €5 per tonne and another consumer purchased at unchanged scrap prices at the beginning of the month. Mid-month, a blast furnace at this manufacturer will be taken out of operation for approximately 100 days for relining; demand will consequently be reduced. The future operational strategy after the blast furnace is restarted is not yet clear.

Market participants from the **southwest** reported price increases of €5 per tonne. One consumer is expected to carry out maintenance work and will shut down for two weeks. Along the **Saar** river, price increases averaged €10 per tonne. Here, the market closely followed the market in neighbouring Luxembourg.

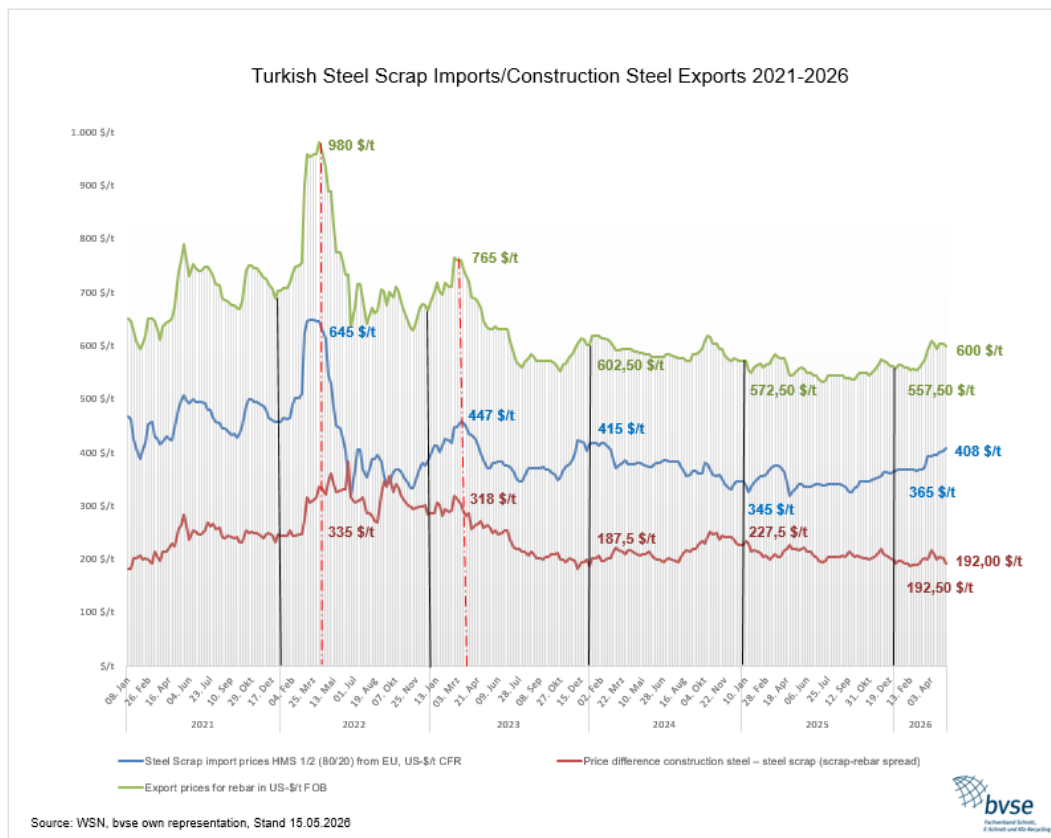
Neighbouring Foreign Markets

On the **French** market, there were sideways price movements, but scrap transactions mostly proceeded with price increases of €10 per tonne. **Luxembourgish** buyers entered the market early with price increase of €10 per tonne, setting a quasi pilot price for neighbouring European markets. In some cases, for larger ship loads prices were reportedly unchanged. **Austrian** consumers evaluated obsolete and industrial scrap differently. Obsolete scrap grades E1, E3, and the E1/E3 fraction received price increases of €5 per tonne, while all other industrial scrap, including turnings, remained at the previous month's price level. One **Swiss** consumer started May with price increases of €5 per tonne, another with an increase of €10 per tonne. Depending on the region and production situation, **Italian** steel mills implemented price increases of €5 - 10 per tonne. Generally, mills are operating at solid capacity utilisation of approximately 80%. According to market participants, scrap demand is good. Scrap prices remained under pressure, primarily due to the international market. The **Polish** market increased by 20 PLN (Zloty), equivalent to €5 per tonne. Isolated higher price increases could be achieved by export companies along the coast. The **Czech** scrap market remained flat in May.

Global Scrap Market

Low offers and robust scrap demand underpinned the positive sentiment on the Turkish scrap market. Although some Turkish rebar manufacturers lowered their selling prices at the end of April, this was countered by low scrap offers from continental Europe and increasing demand from European and North African steel mills. In Europe, steady and slightly rising demand for finished products emerged, supported by corresponding trade measures.

In the first week of May, Turkish steel mill buyers only slowly replenished import inventories. British business deals were not available, and European exporters maintained their firm price positions. Overall, the international scrap market was considered to be lacking transparency going forward. Some Turkish steel mills, for example, were looking for material for June deliveries, while others had already concluded their purchasing campaigns for this period.



Graphic 1: Türkiye – Price Developments: Steel Scrap Imports vs. Rebar Exports 2021 - 2026

Outlook

Driven by a stable and strong export market and increased logistics costs, the German scrap metal market saw an upwards momentum during May. According to assessments by market participants, the market was considered balanced after all deals were concluded. Many expect a consolidation in the following months. Steel mills are increasingly working on a needs-based approach, aligning their inventory policies closely with production volumes, which is leading to differentiated regional scrap markets. In the assessment of some scrap dealers the scrap market remains firm and a softening is not to be expected for the time being, albeit difficult and draining times are likely to lie ahead.