

# **Fastmarkets Midweek Briefing: Impact of the Middle East war on metals markets**

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**How regional steel markets have been affected**

**The outlook for steel prices**

**Copper markets and the sulphuric acid link**



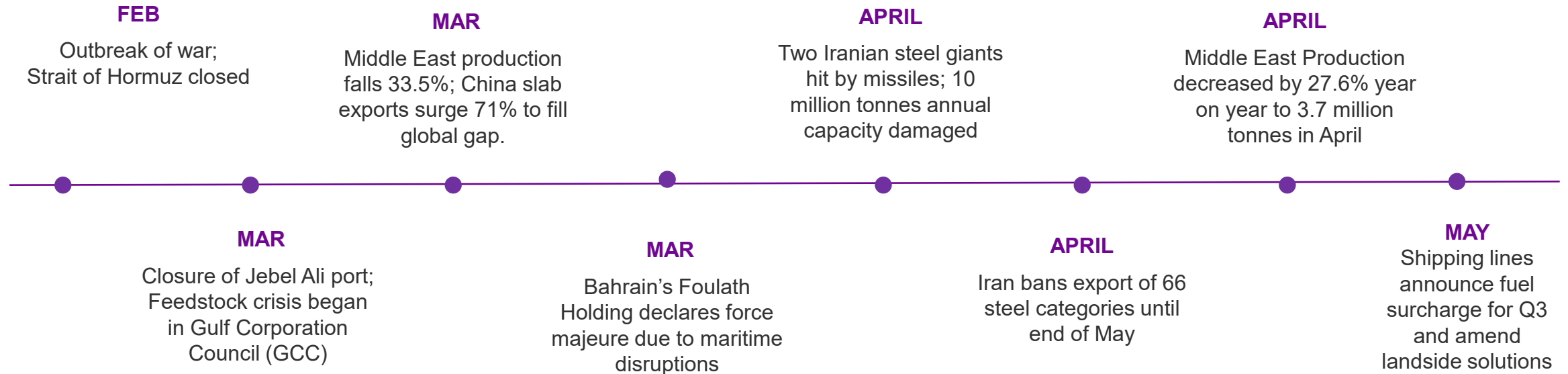


# Steel market impact



# US-Iran conflict & steel industry timeline

The conflict led to closure of vital shipping routes, disrupted trade flows and a sharp rise in freight and insurance costs. This disruption led to manufacturers pivot toward new trade corridors to maintain operations.





# The Geopolitical Redrawing of Global Steel

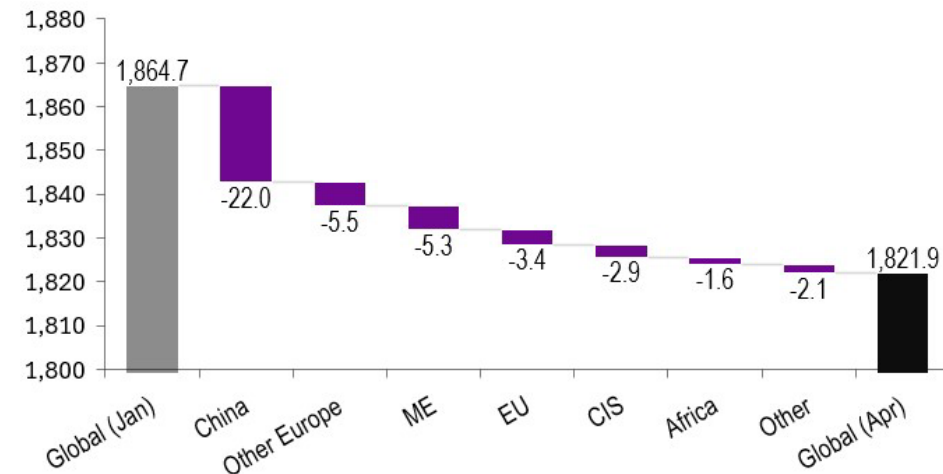
## DIRECT IMPACTS

- **Capacity Attrition:** Iran's ~10 million tonnes of annual capacity unlikely to fully return in 2026.
- **Production Collapse:** Middle East crude steel output plummeted 33.5% y-o-y to 3.5 million tonnes in March and again 27.6% y-o-y to 3.7 million tonnes in April due to production cuts and raw material shortage.
- **Operational Standstills:** Billet shortages forced GCC mills cut rebar output. Iron ore shortages

## INDIRECT IMPACTS

- **Feedstock Inflation:** Iron ore pellet shortages pushed Saudi Arabian scrap indices to a record high levels since August 2025.
- **Demand Uncertainty:** Price volatility and trade hesitations due to risks.
- **Cost Escalation:** Profit margins are under pressure from surging fuel, freight cost, rising coking coal prices. Iran seeking "tolls" for the safe passage of ships exposes both costs and sanction risks.

The conflict contributed to revision of Fastmarkets' global crude steel forecast 2026; Reduced by 42.8 million tonnes.

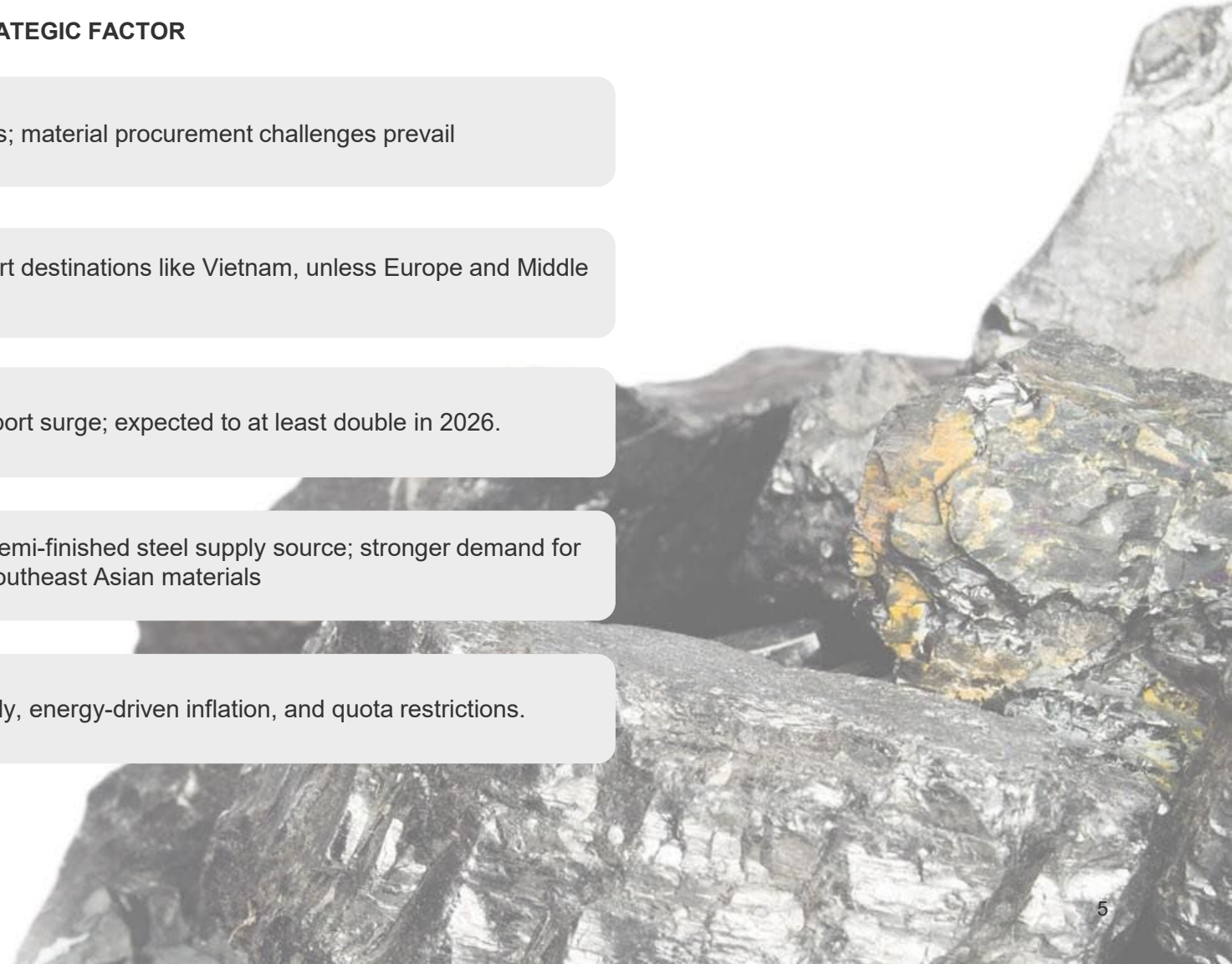


Source: Fastmarkets



# Regional performance & sensitivity

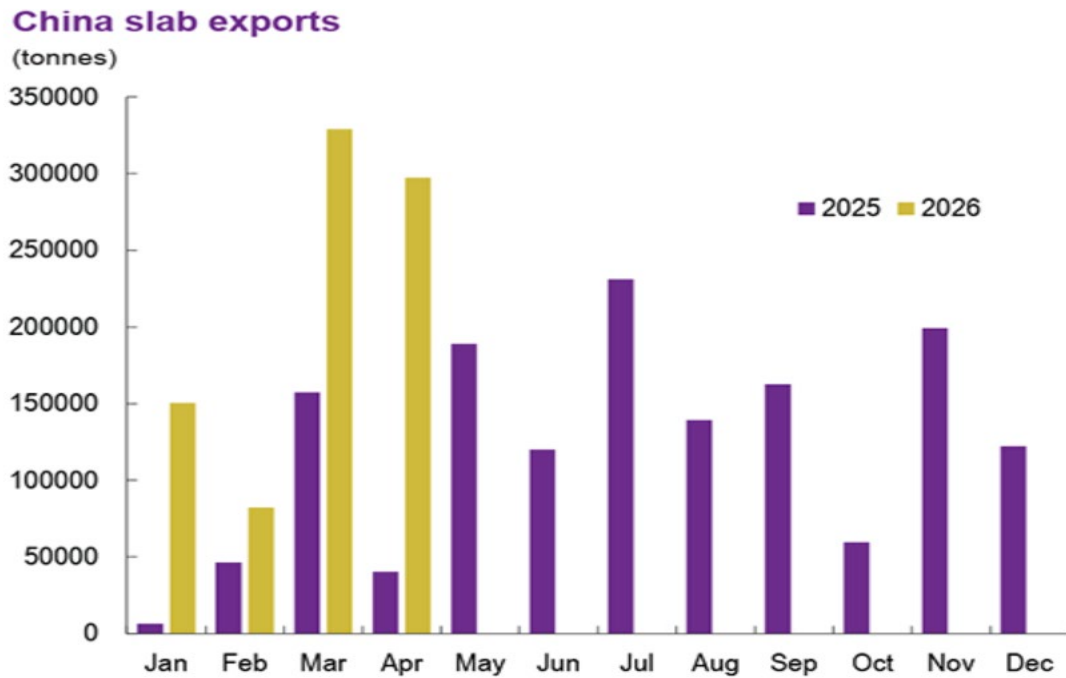
REGION	STATUS	PRIMARY STRATEGIC FACTOR
GCC / Middle East	CRITICAL	Feedstock crisis; material procurement challenges prevail
India	RESILIENT	Reassess export destinations like Vietnam, unless Europe and Middle East revives
China	PIVOT	Steel semis export surge; expected to at least double in 2026.
Southeast Asia	CAUTIOUS	Loss of major semi-finished steel supply source; stronger demand for Chinese and Southeast Asian materials
Europe	VOLATILE	Tight slab supply, energy-driven inflation, and quota restrictions.



# Slab Prices

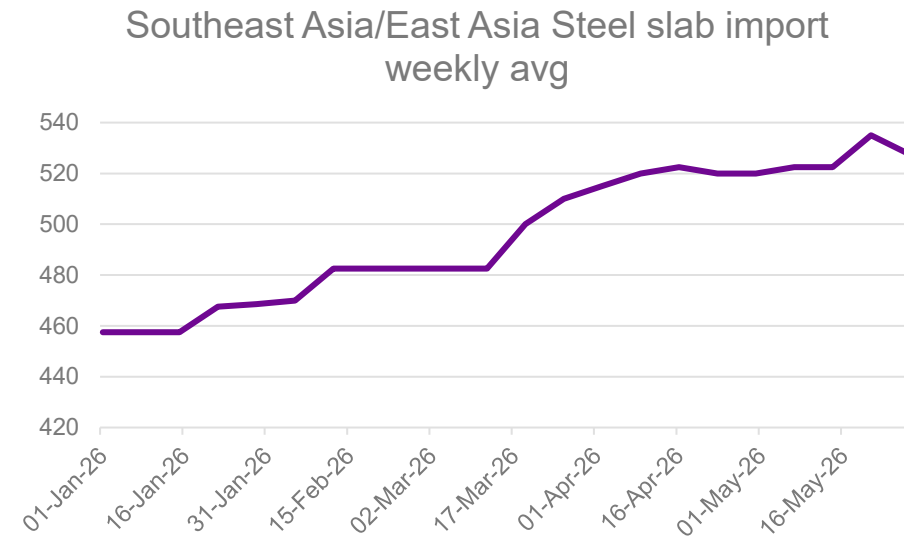


## Rise in Chinese slab exports



Source: Fastmarkets, China's General Administration of Customs

## Supply restocking raised Southeast Asia/East Asia slab import prices

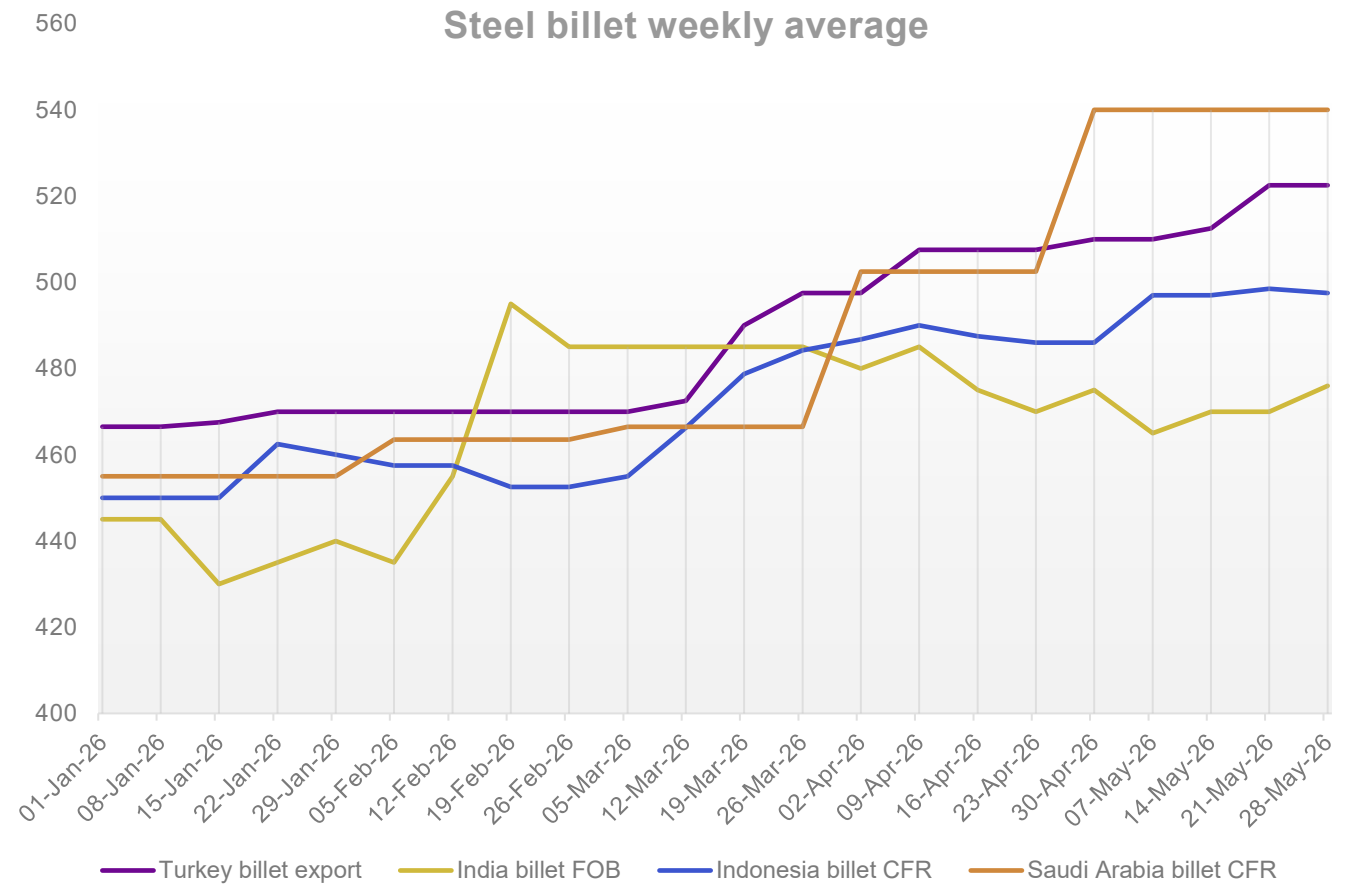


Source: Fastmarkets



# Billet Prices

- Absence of Iranian billets pushed for higher offers
- Saudi Arabia imported 6% of the total Chinese exports of billet and slab in May
- The surge in offer levels due to strong increases in ferrous futures in China.
- Offers to GCC remain high for small quantities amid Hormuz blockade

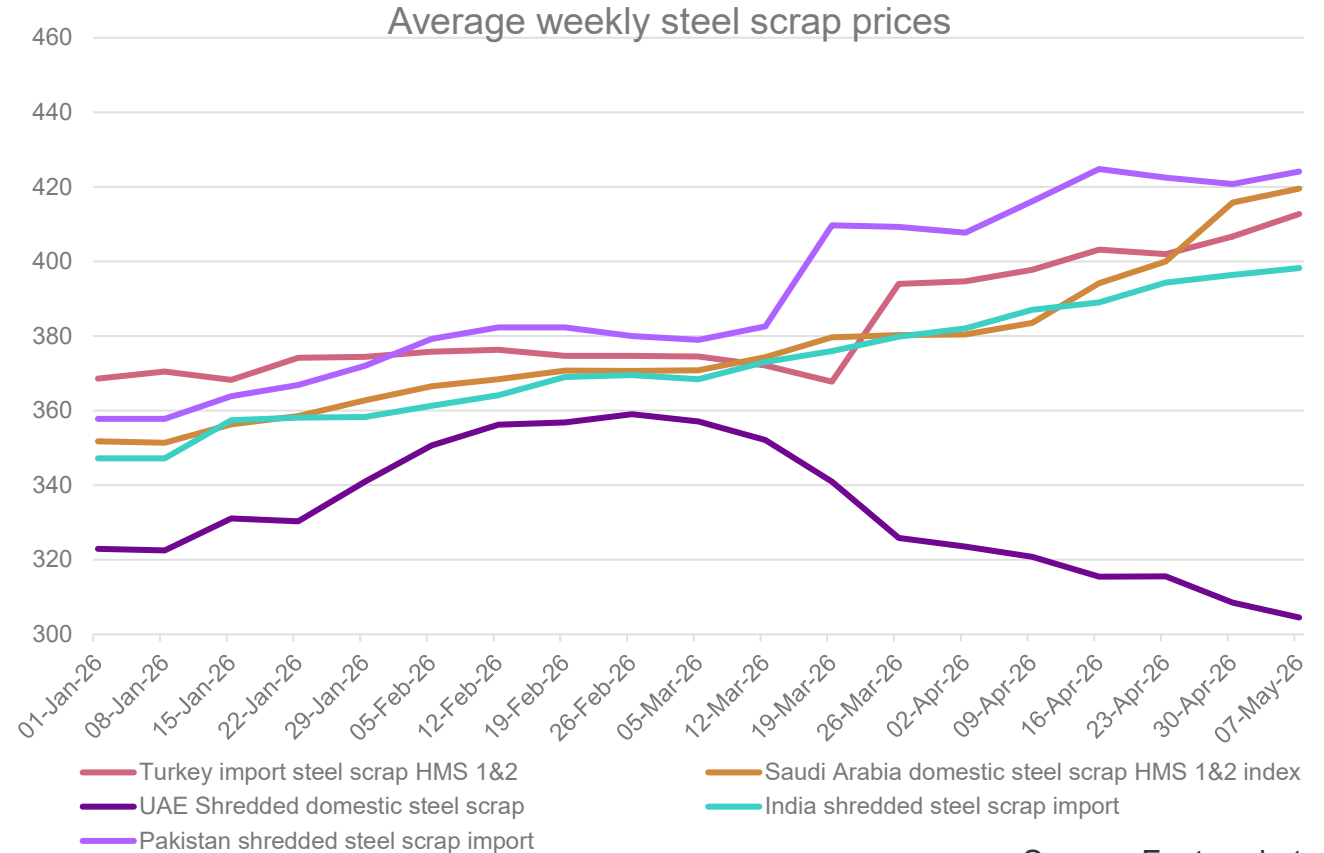


Source: Fastmarkets



# Scrap Prices

- Turkish deep-sea steel scrap prices surge amid uncertainty
- UAE scrap oversupply and export freeze resulted in price drop
- South Asian scrap import prices edged up due to tight global supply and rising oil prices
- Saudi Arabian ferrous scrap prices hit new highs on supply crunch

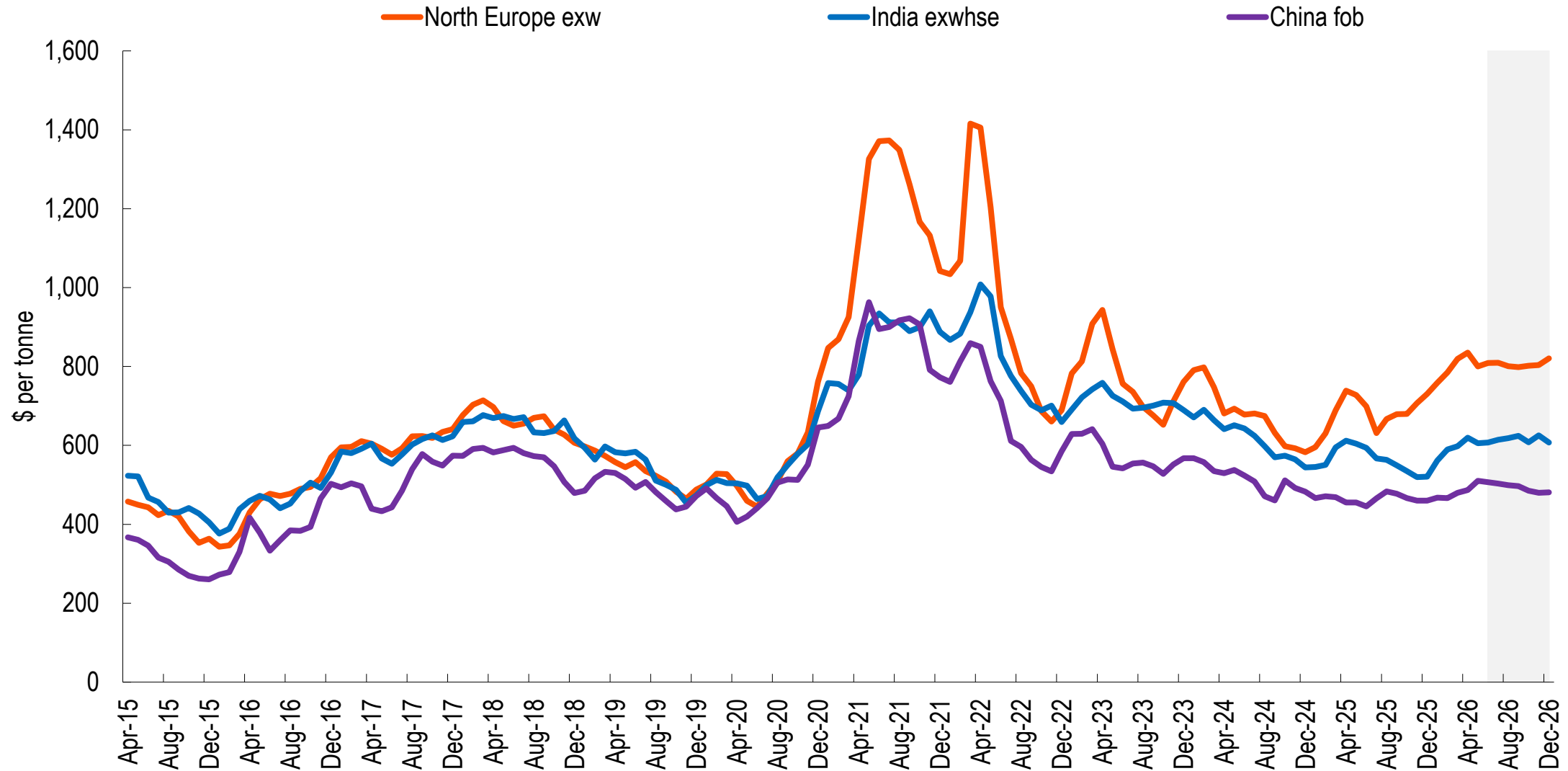


Source: Fastmarkets

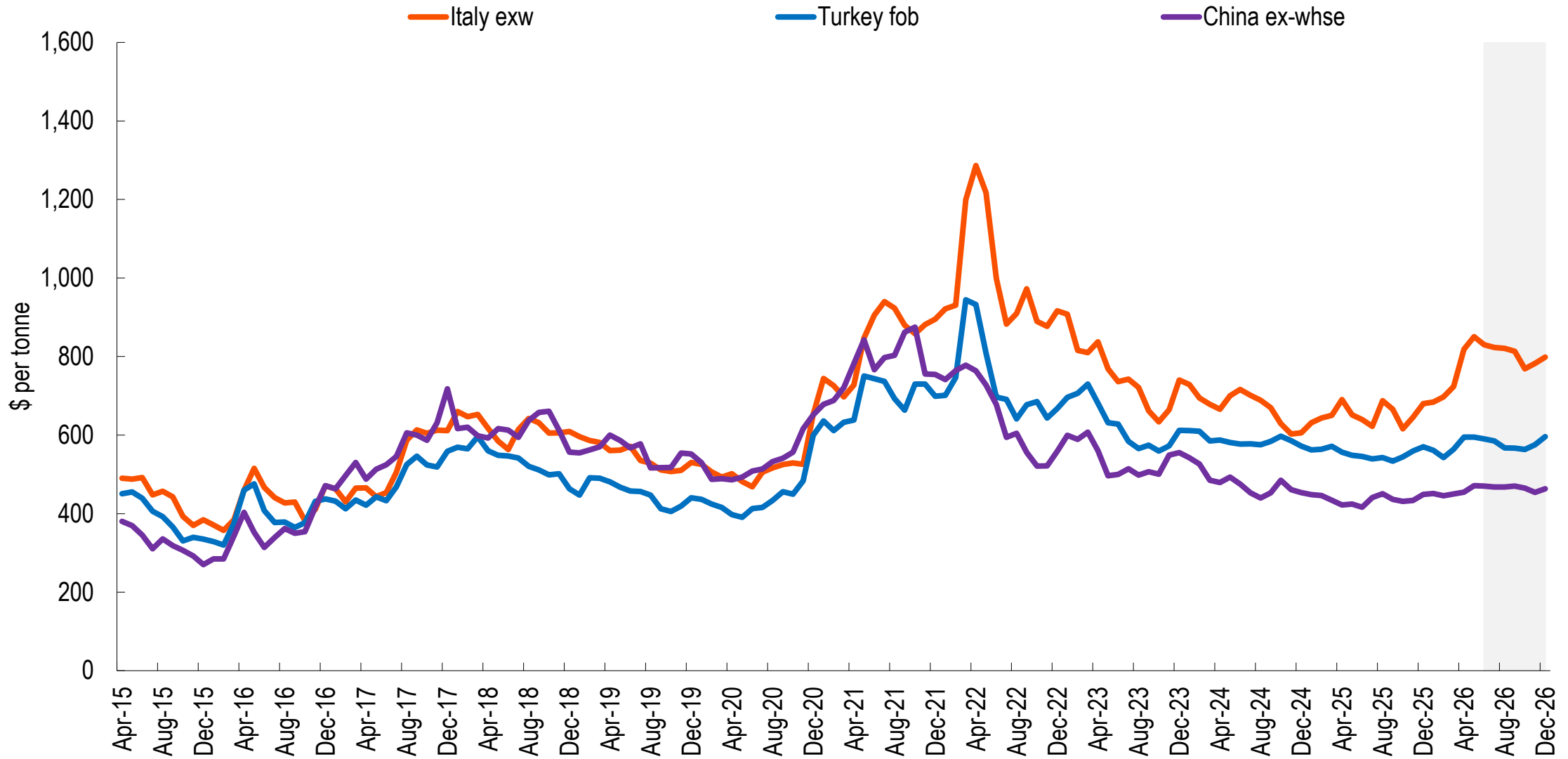


# Steel outlook

# European HRC prices disconnect from Asian benchmarks...

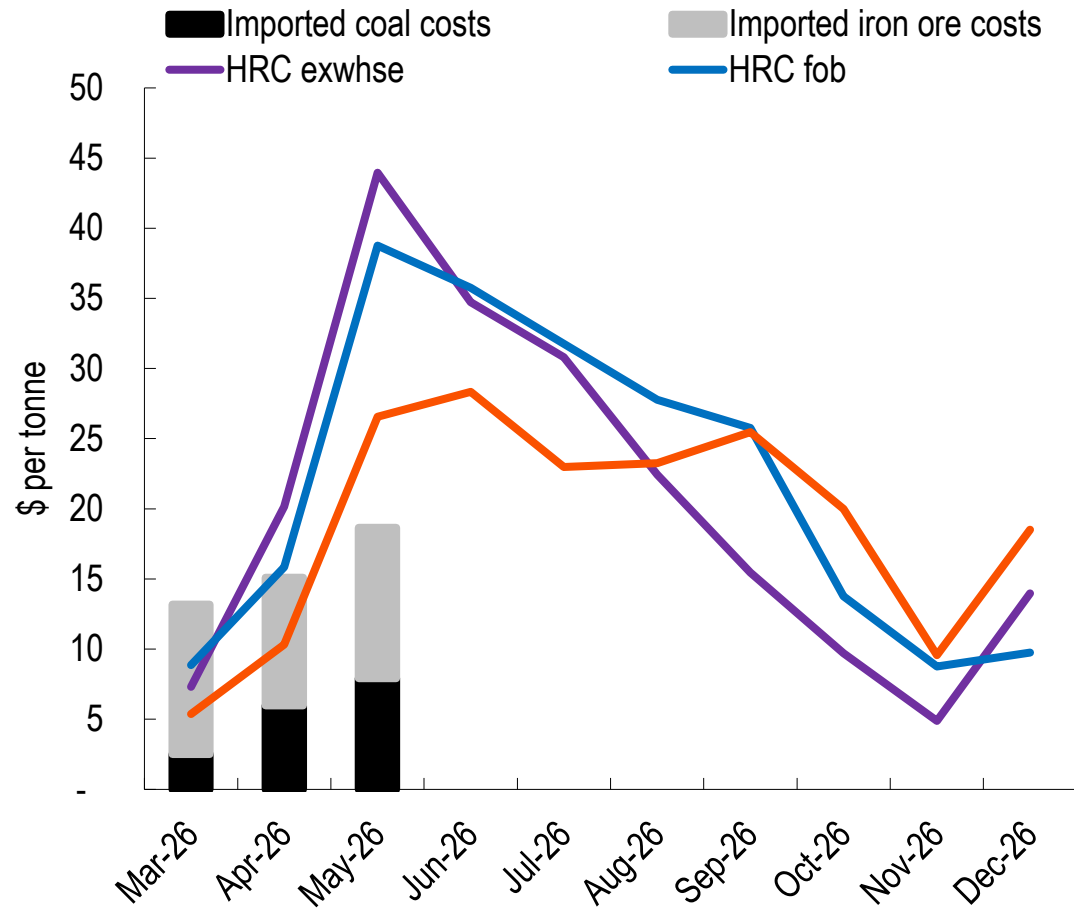


# ...and so do rebar prices

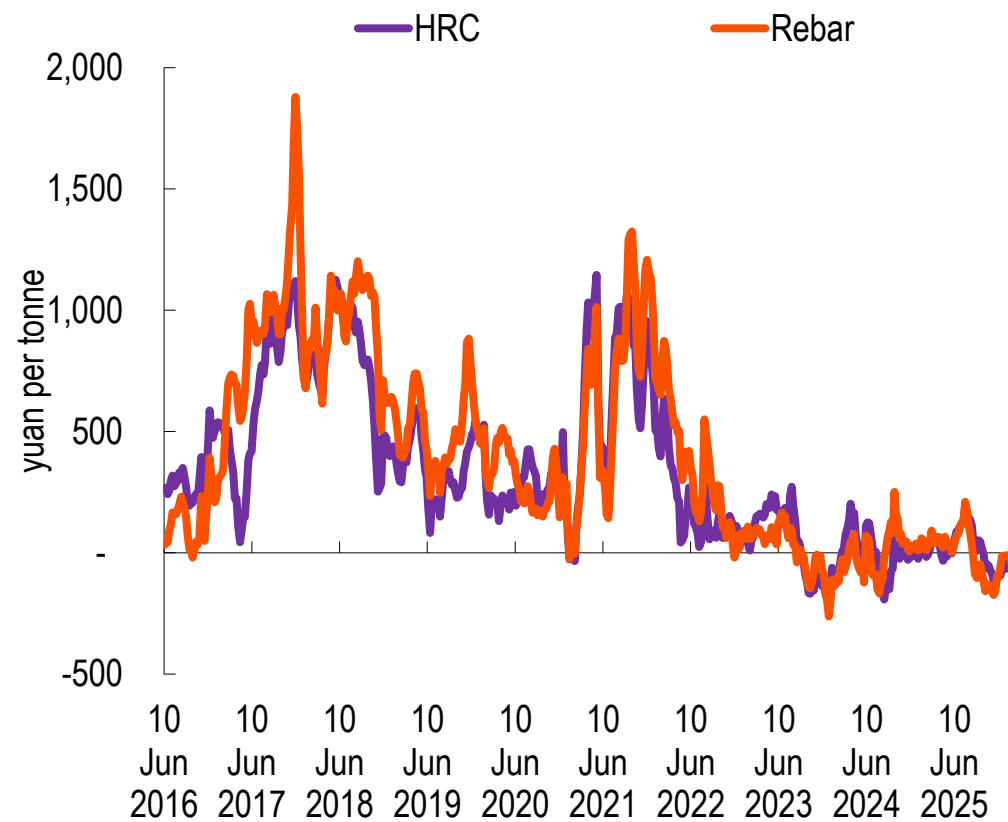


# Raw material import cost growth has supported Chinese prices

Cumulative price changes in China since the start of the war

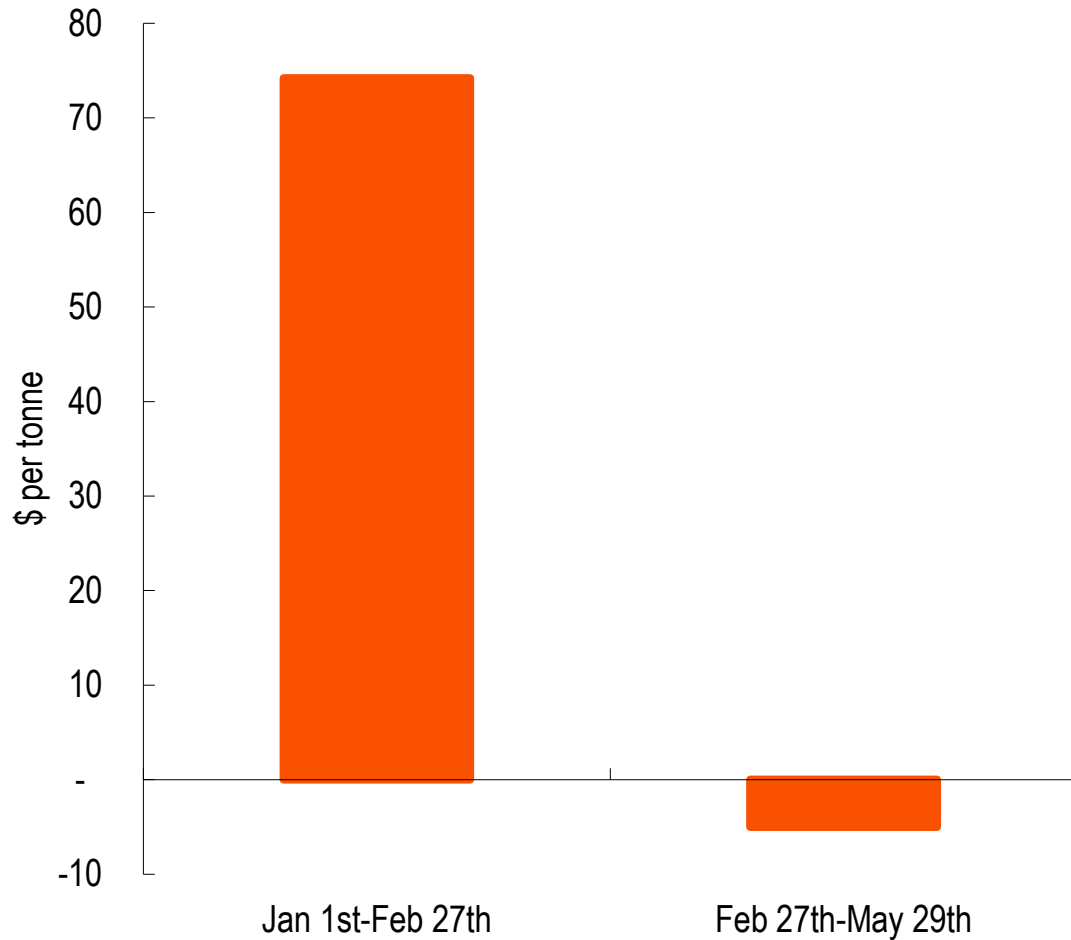


Price increases represent modest margin improvements

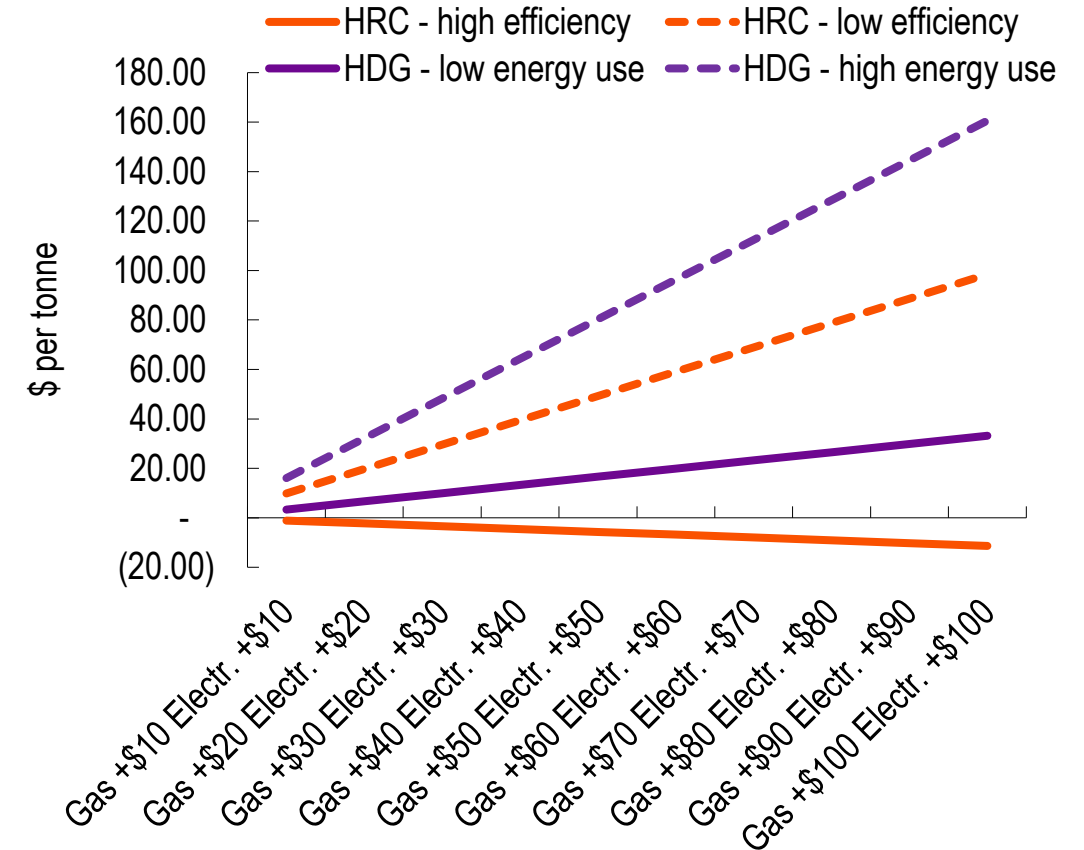


# Import restrictions and bullish sentiment left North Europe HRC entering March at high levels

North Europe exw price change by period

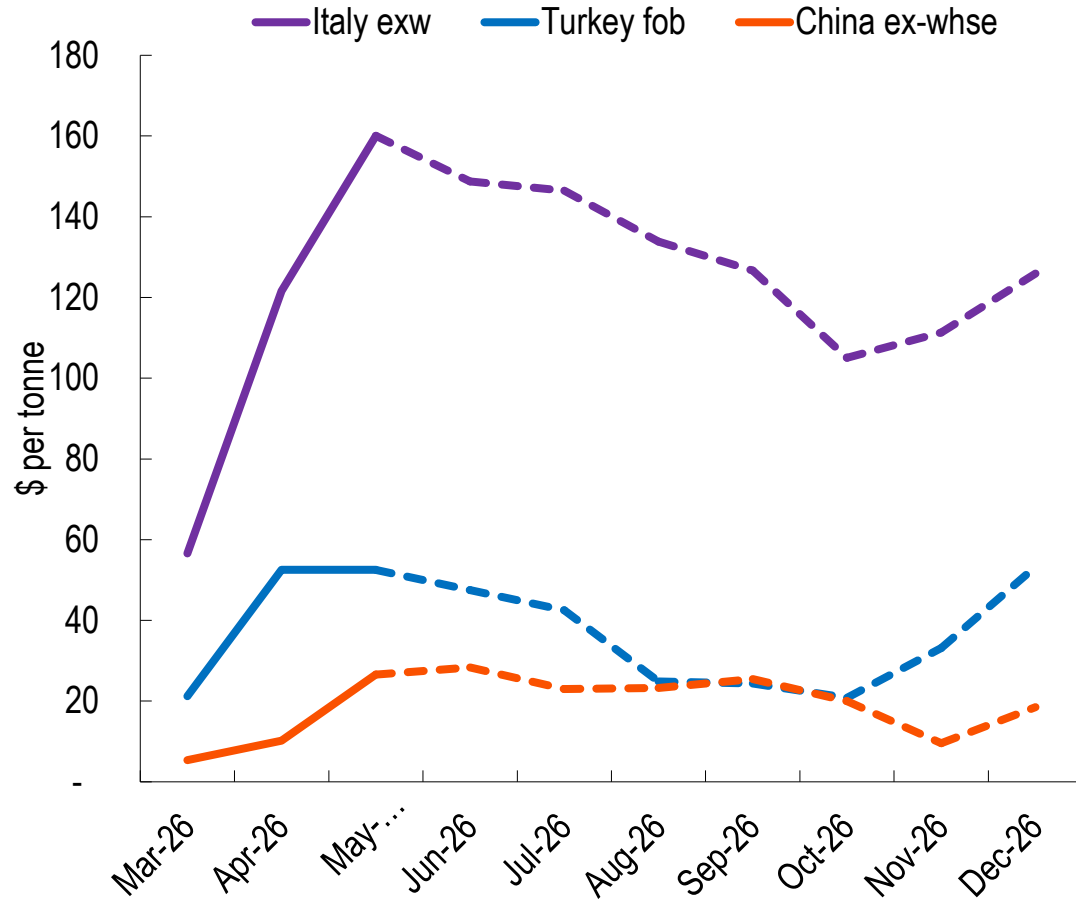


Energy cost increases 'impact on EU BF-BOF producers

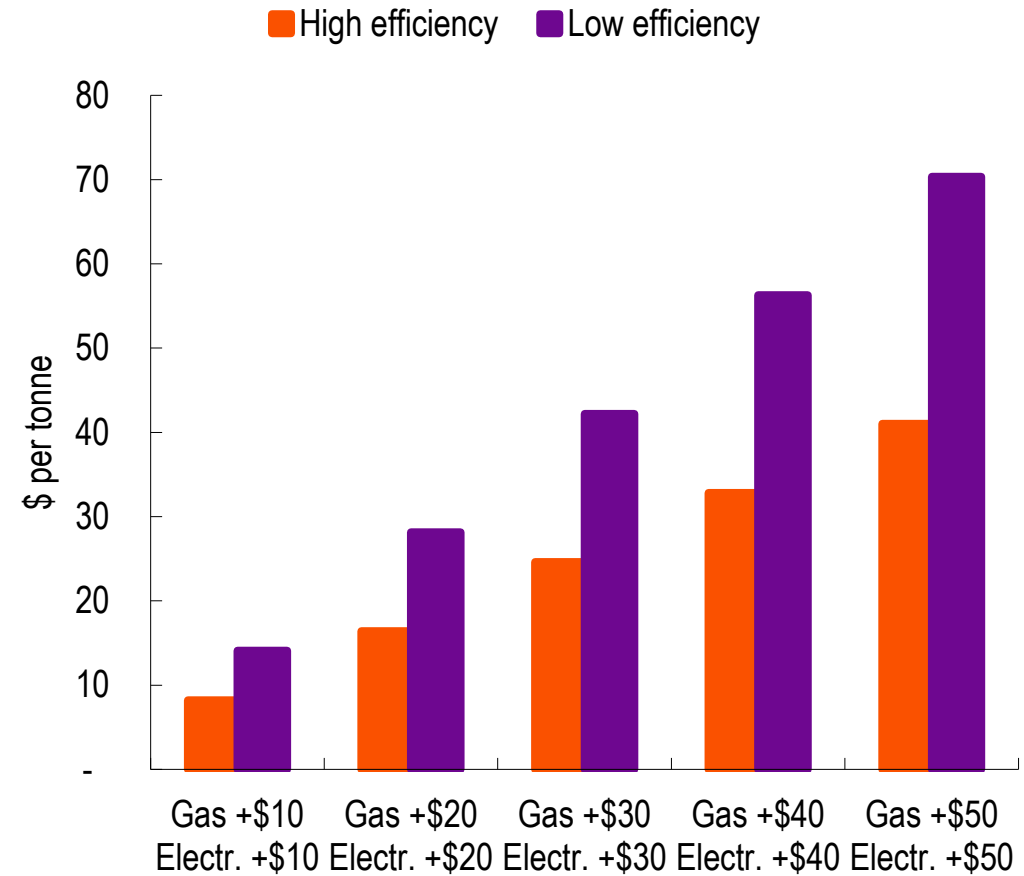


# North European rebar price growth far in excess of cost increases

Cumulative rebar price change since the start of the war

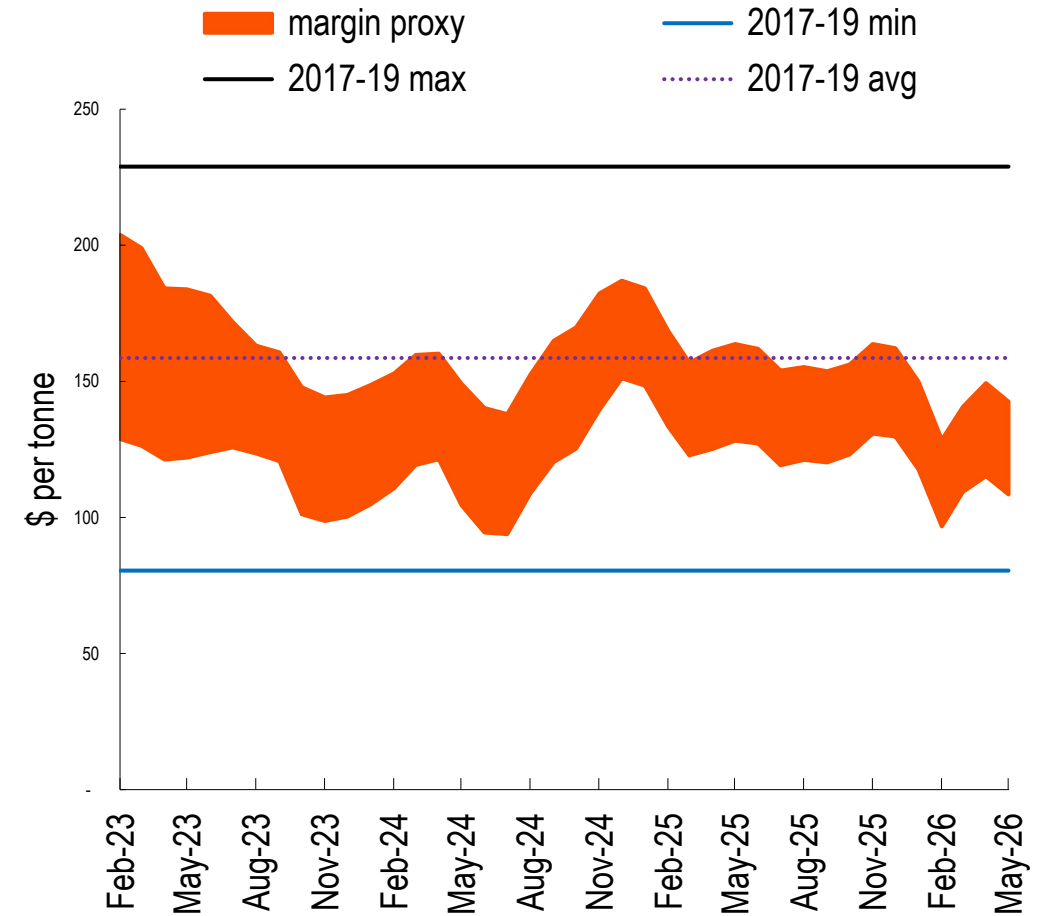
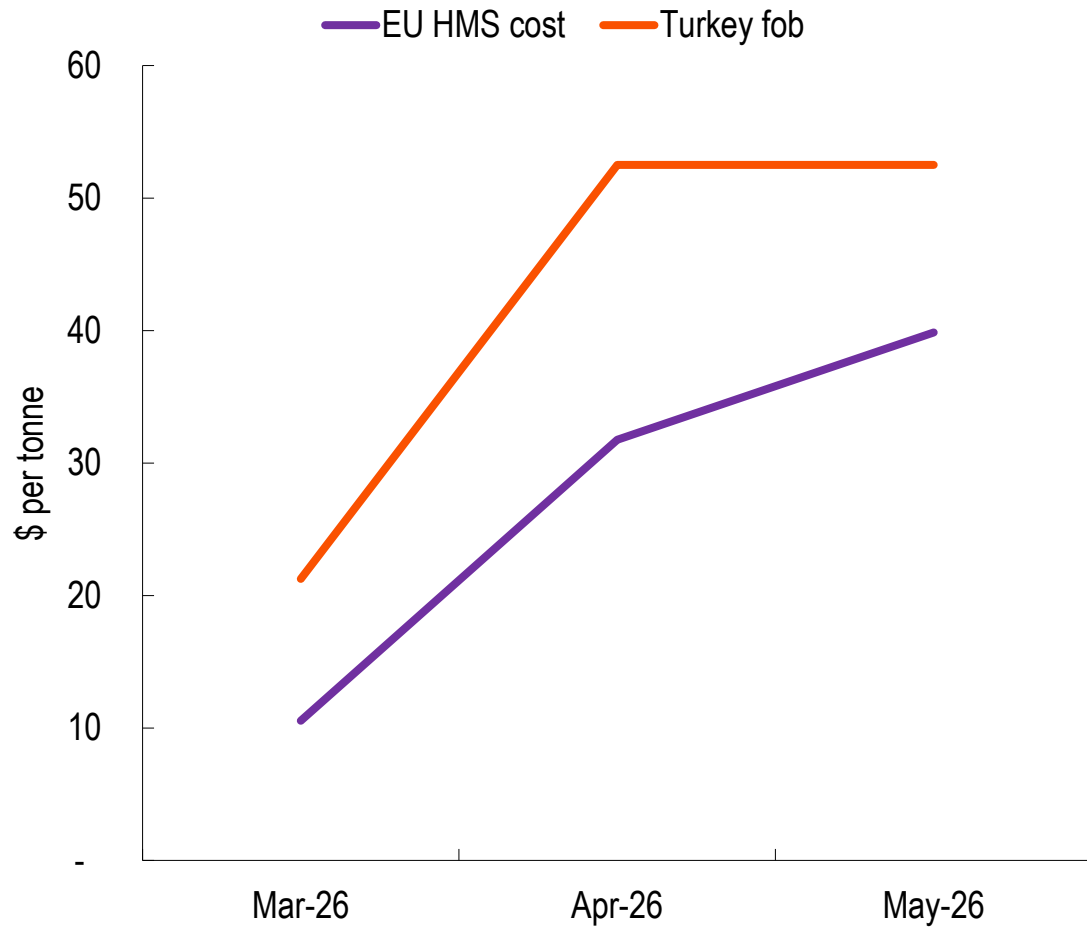


Energy cost increases' impact on EU EAF rebar producers

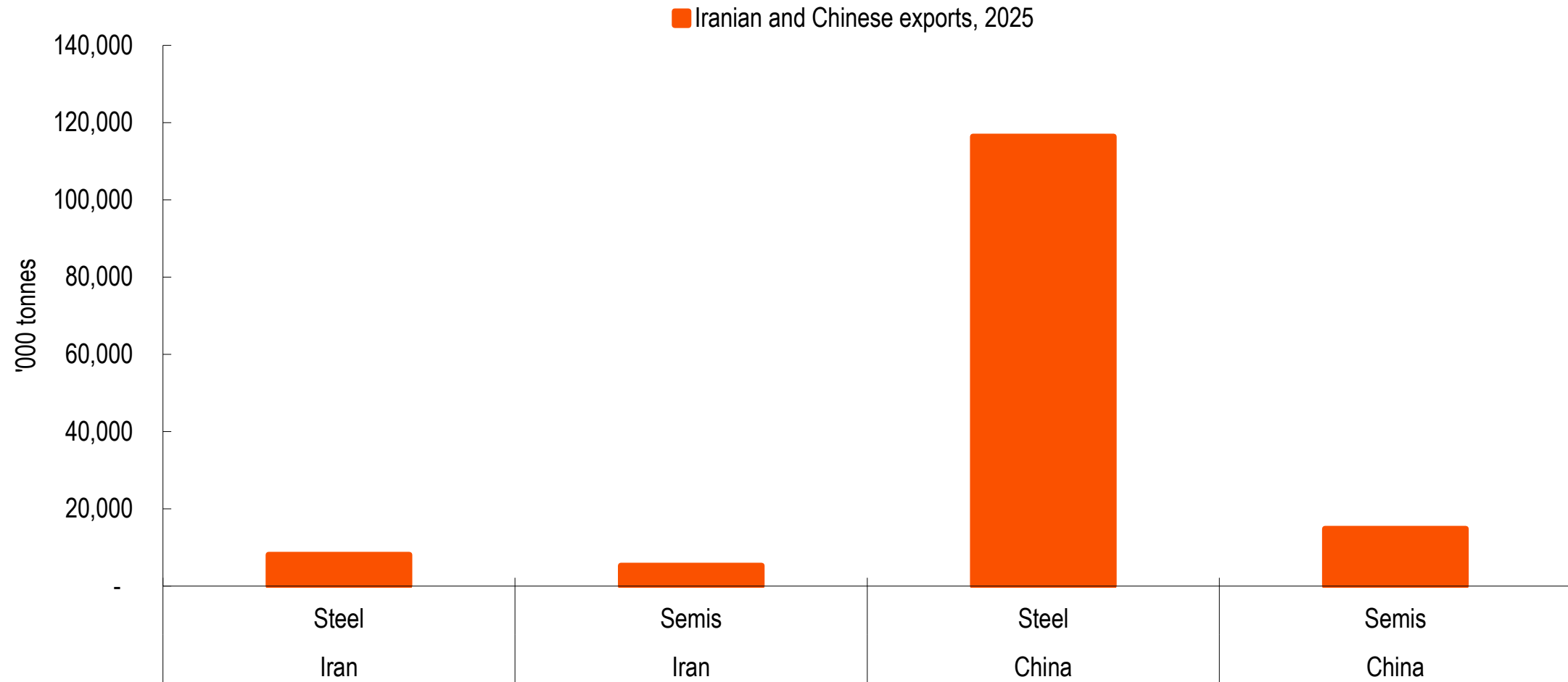


# Türkiye's rebar market pushed up by scrap costs and margin rebound

Cumulative increase in scrap and rebar costs since the start of the war    Margins in Türkiye recovered from unsustainably low levels



# Tighter semis market provides support but there is room to offset loss of Iran exports





# Copper concentrates

# Sulfuric acid becomes top price changer in copper concentrates market



## KEY POINTS

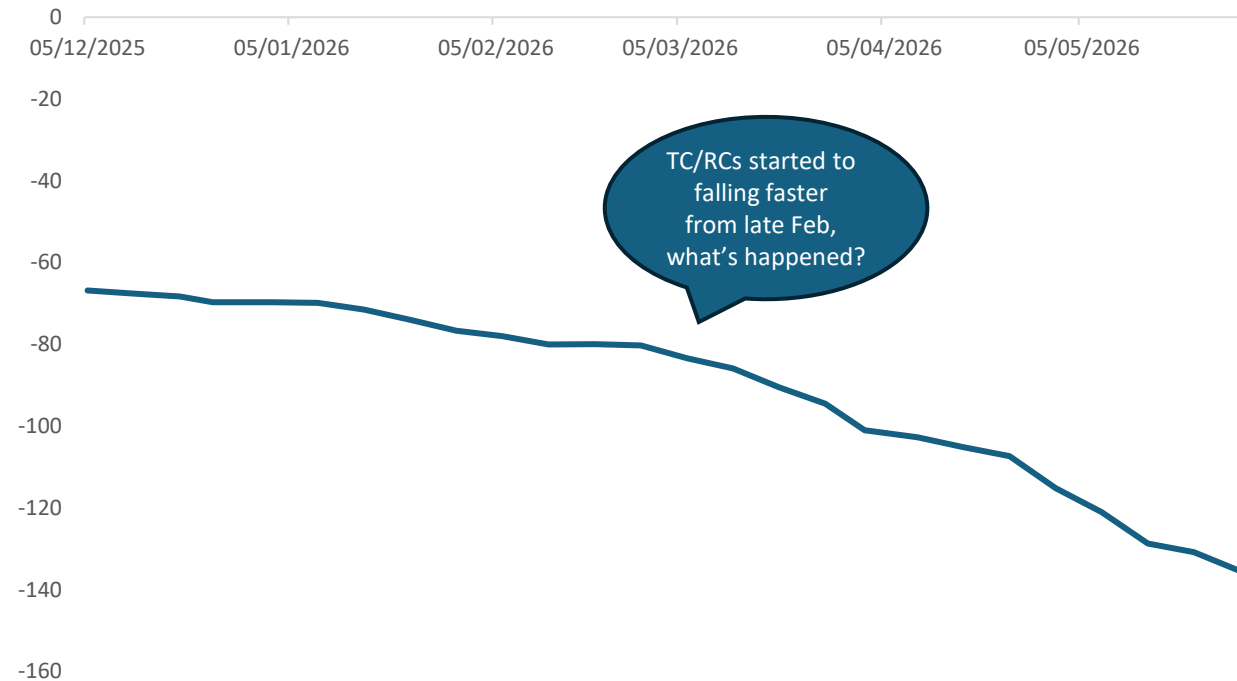
Strong sulfuric acid revenues supporting copper smelters margins, allowing deeper TC/RCs;

Sulfuric acid prices stay elevated amid supply tightness;

China's new ceiling price is called for smelter-produced sulfuric acid sales to fertilizer plants;

Factors to watch: sulfur shipments from Middle East, sulfuric acid price in China, mid-year supply negotiations

## FASTMARKETS COPPER CONCENTRATES TC/RC INDEX, CIF ASIA PACIFIC, \$/TONNE

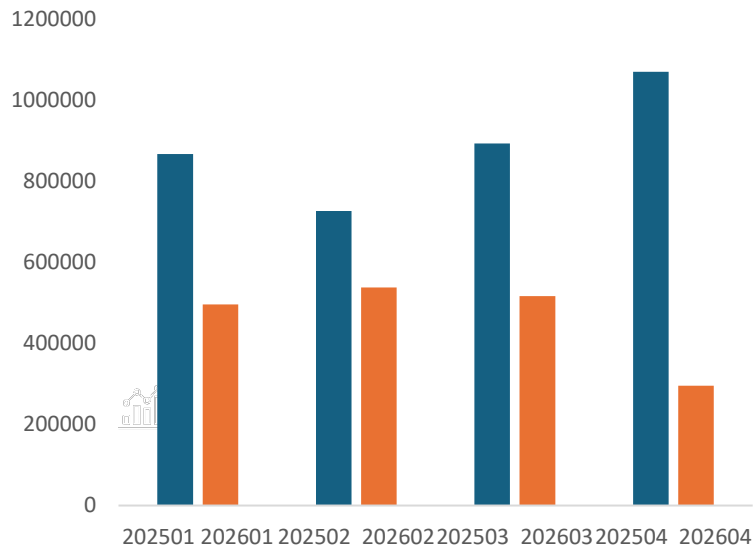


Source: Fastmarkets

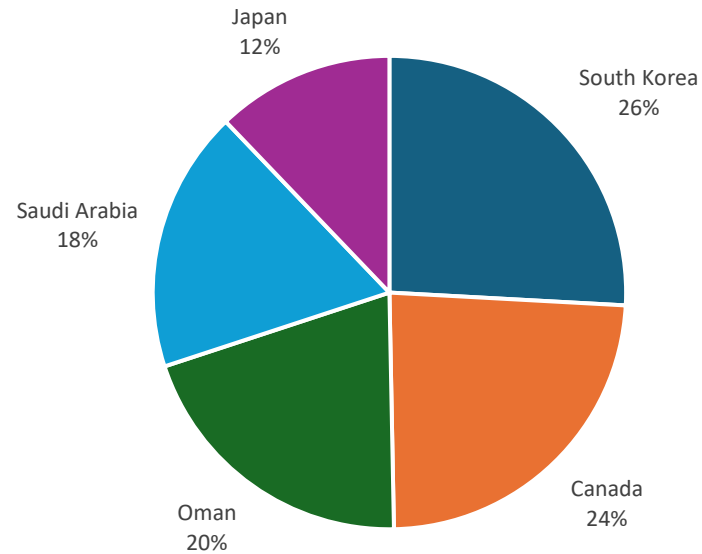
# China's sulfur imports during January-April 2025 and 2026



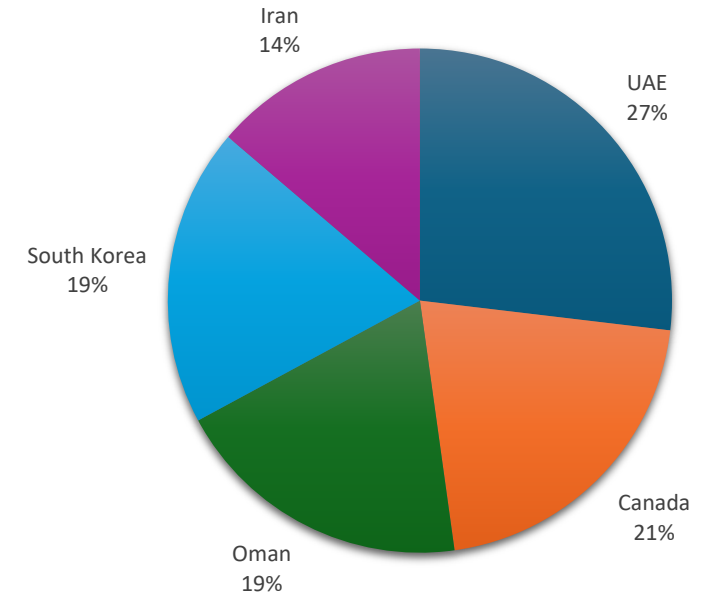
China's sulfur imports by month



China's sulfur imports during Jan-Apr 2026



China's sulfur imports during Jan-Apr 2025

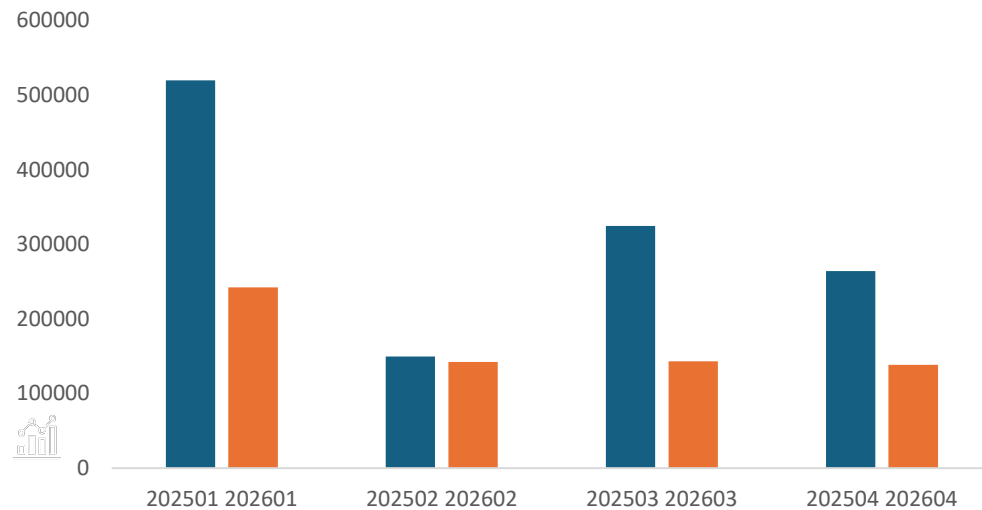


Sources: China Customs, Fastmarkets

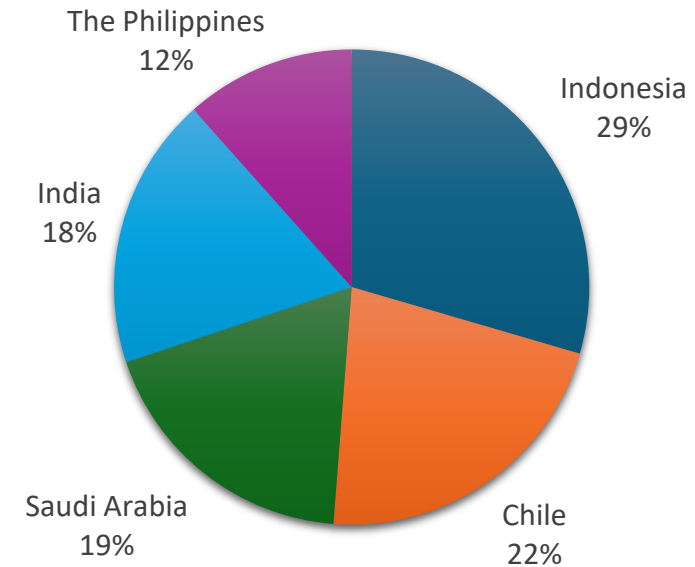
# China's sulfuric acid exports during January-April 2025 and 2026



China's exports of sulfuric acid by month



China's exports of sulfuric acid by destination



Sources: China Customs, Fastmarkets

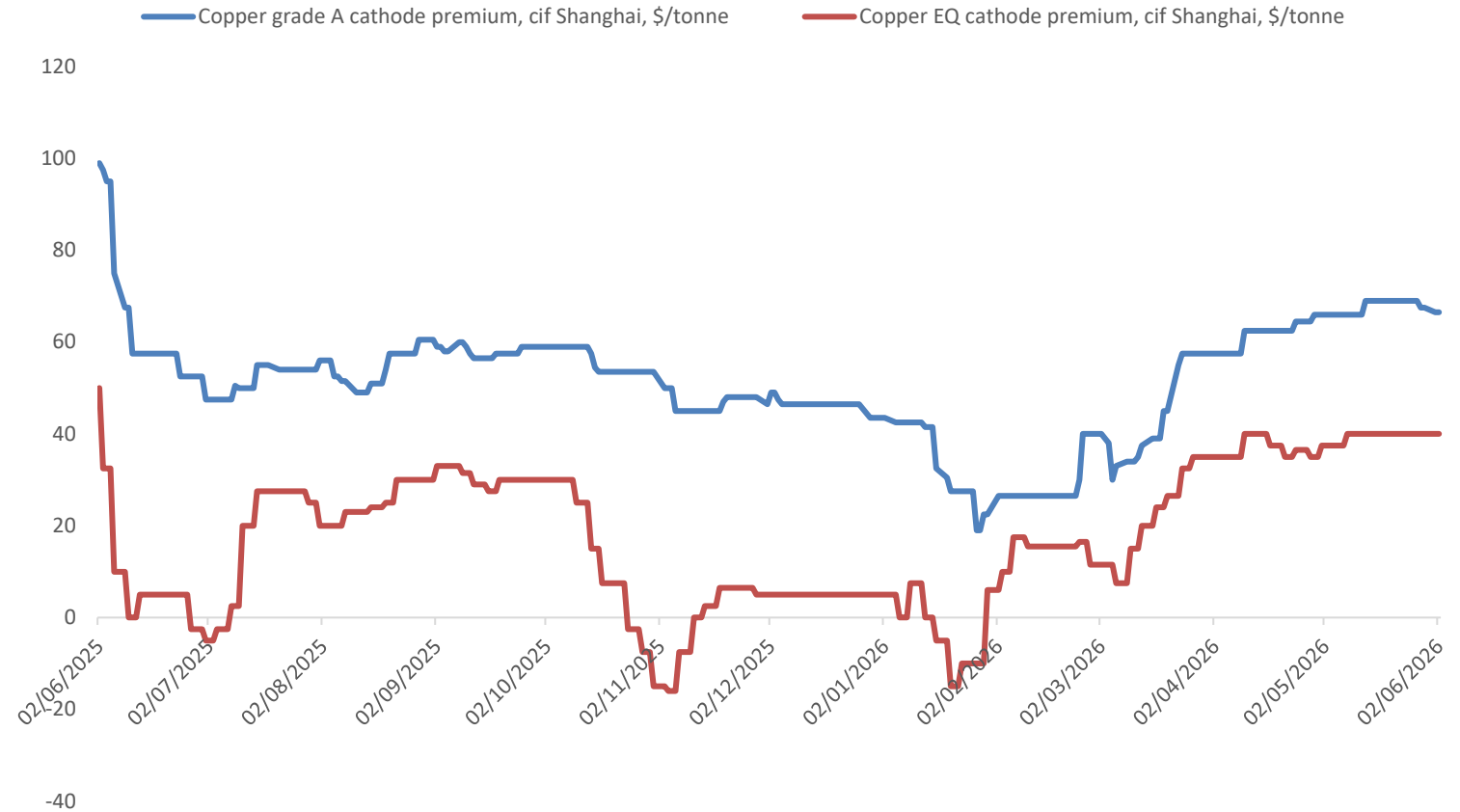


# Copper cathodes

# Shanghai



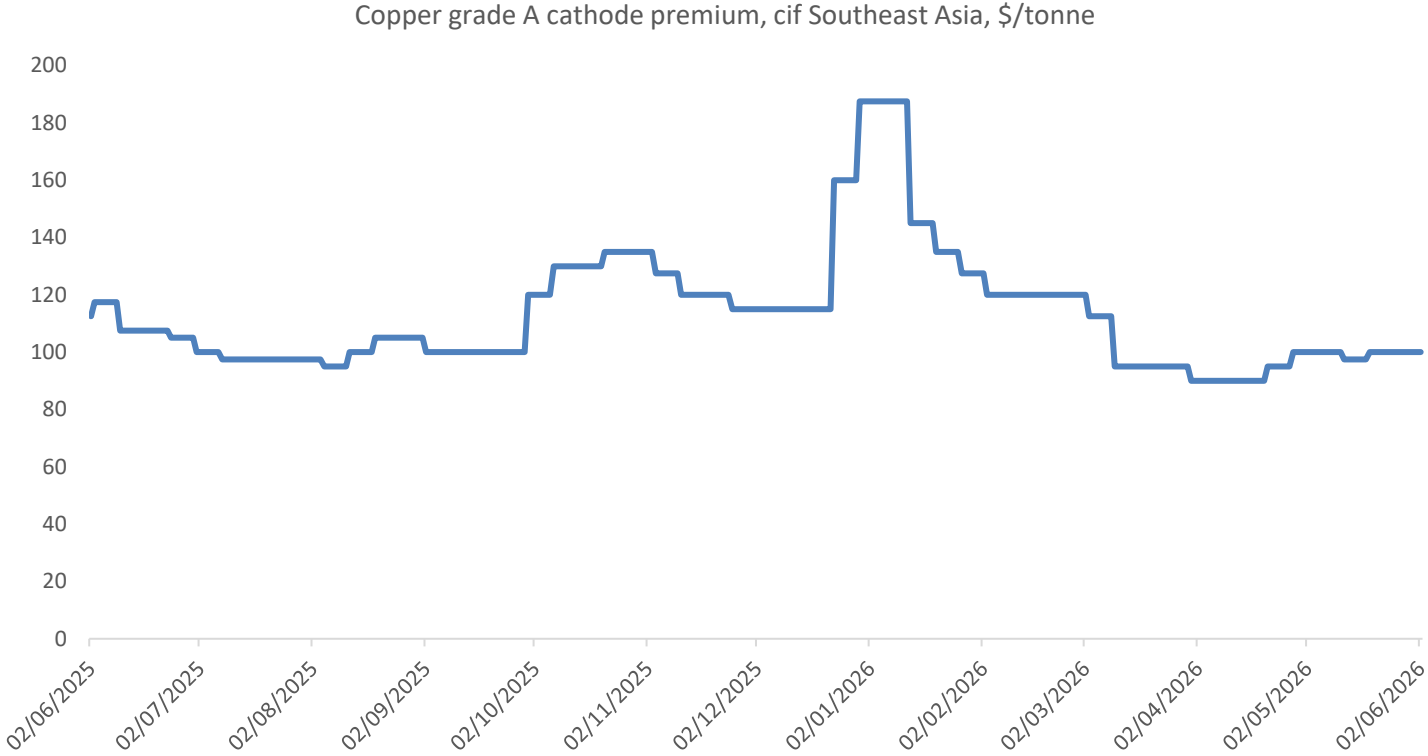
- Limited impact from conflict in Middle East
- Supply risks in Africa and Chile Vs demand outlook uncertainties
- Higher LME copper price Vs real demand



# Southeast Asia



- Premiums down from all-time high seen in the beginning of 2026;
- Tepid demand on weak orders, surging energy costs and freight rates;
- Lack of supplemental materials impacting production at local copper fabricators



# CME-LME arbitrage

