

# 2026 Steel Market Annual Outlook

What  
Lies Ahead ?

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# Introduction

## Purpose of the report

This report provides an integrated view of the global macroeconomic environment and its implications for steel markets, linking growth, inflation, and trade-policy dynamics with shifts in regional steel demand and sector performance. Drawing on OECD and Worldsteel perspectives, it aims to clarify what is structurally changing (where demand is moving, how trade rules are evolving) and what is cyclical (cost movements, manufacturing softness), so stakeholders can better assess 2026 market risks, pricing conditions, and planning assumptions.

## Key insights

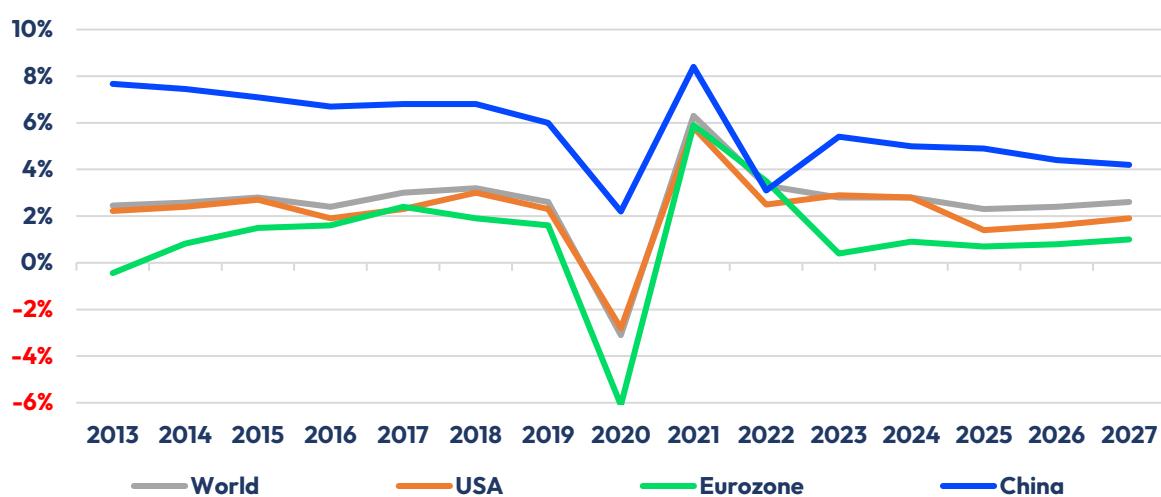
- Resilient macro backdrop, but policy-driven uncertainty remains: 2025 growth proved more resilient than expected, supported by AI-related investment and supportive policies, even as trade barriers and policy uncertainty increased.
- Soft landing base case: OECD projections point to gradual moderation rather than contraction in global growth, alongside continued disinflation toward target levels by mid-2027—suggesting tariffs are a risk factor but not (yet) a path-breaker for the overall trajectory.
- Trade volatility may ease, but headlines still matter: 2026 is expected to move toward a temporary trade equilibrium, with lower volatility than 2025, yet the environment remains highly sensitive to policy signals, investigations, and enforcement—meaning sudden disruptions are still possible.
- Steel demand growth is concentrating in emerging regions: Incremental demand is increasingly led by India (above 9% annual growth) and reinforced by ASEAN-5, MENA, and Central & South America.
- 2026 outlook: strong supply vs. uneven demand, with pricing more cost-driven.

## 1. 2025 Global Macroeconomic Review

### 1.1 Global Macro Backdrop: Resilient Growth Amid Policy and Trade Uncertainty

According to the OECD's latest Economic Outlook, the global economy in 2025 demonstrated stronger-than-expected resilience. Front-loaded production and inventory building, robust AI-related investment, and supportive fiscal and monetary policies helped offset headwinds from rising trade barriers and heightened policy uncertainty.

**World Bank Forecast: Real GDP Year-on-Year**



The global center of oil consumption is shifting back toward fast-growing, high-population economies. Meanwhile, these same markets are also becoming the front line of the clean-energy transition, where rising demand and decarbonization pressures increasingly converge.

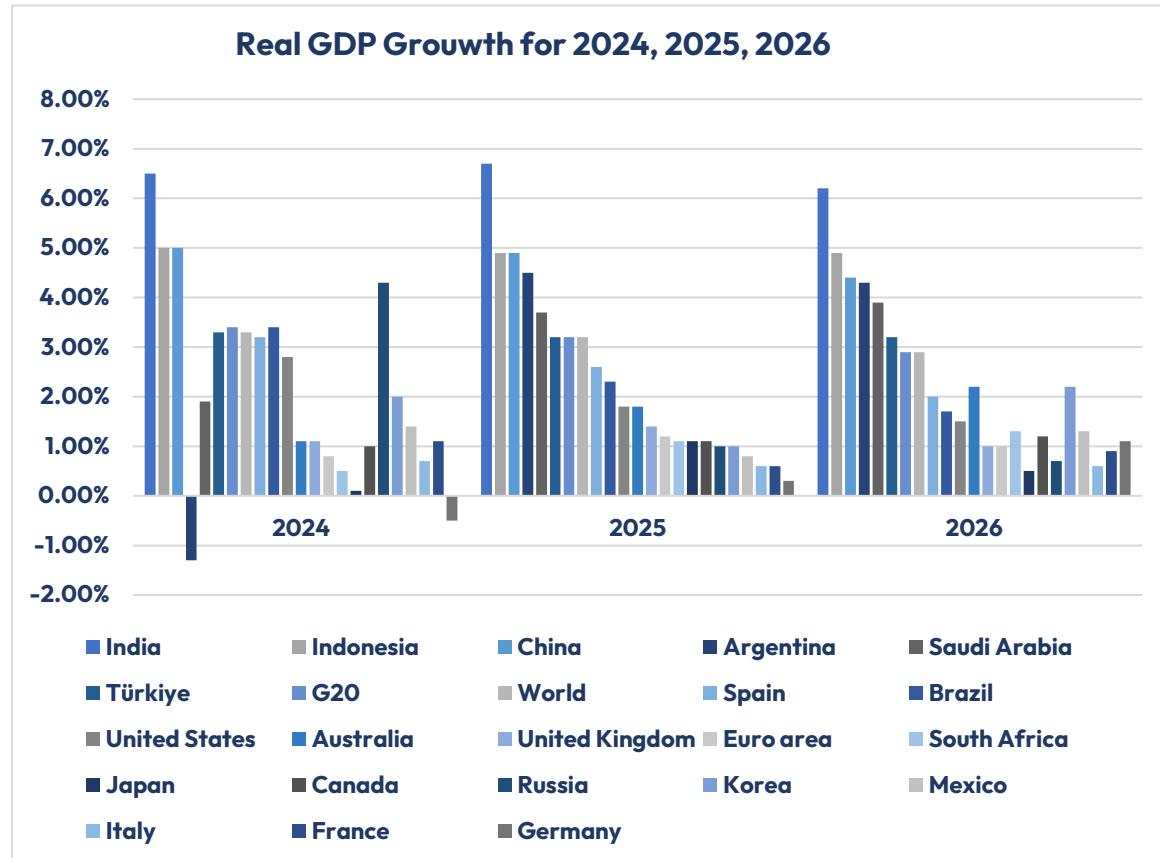
### 1.2 Steady Growth and Continued Disinflation

OECD projections suggest global growth will moderate gradually rather than contract. Global GDP growth is expected to ease from **3.3% in 2024** to **3.2% in 2025** and **2.9% in 2026**, before recovering to **3.1% in 2027**. Inflation across major economies is projected to continue trending down, with most economies expected to reach their inflation targets by mid-2027. Overall, the OECD outlook implies that tariff-related pressures have not fundamentally derailed the global growth and disinflation trajectory, though they remain a key source of risk.

### 1.3 Trade Environment: Toward a Temporary Equilibrium, but Still Headline-Driven

In 2026, global trade conditions are expected to settle into a short-term equilibrium under evolving frameworks such as U.S.-EU trade arrangements and China-U.S. consultations

(often referenced as the “Kuala Lumpur” track). Compared with 2025, trade volatility is expected to decline, with international trade volumes returning closer to normalized levels. However, the trade environment remains sensitive to policy signals, investigations, and enforcement intensity—factors that can quickly reintroduce volatility.



Source: OECD Interim Economic Outlook 118 databases; and OECD Economic Outlook 117 database.

## 2. Global Steel Supply and Demand

### 2.1 Demand Growth Concentrated in Emerging Regions

According to Worldsteel, **India** is expected to remain the most prominent source of incremental steel demand, sustaining annual growth above **9%**. Beyond India, three regions are increasingly emerging as powerful growth engines for global steel consumption and trade flows: **ASEAN-5, MENA, and Central & South America**.

In 2025, steel demand in these regions reached:

- **ASEAN-5: 50.4 Mt**
- **MENA: 83.4 Mt**
- **Central & South America: 80.2 Mt**

Together, these regions accounted for **214 Mt** of demand, representing approximately **3.6% growth**, outpacing demand growth momentum in Europe and North America (USMCA). As the primary sources of future incremental steel consumption outside China, these regions have strengthened their roles as critical hubs for international steel trade and price formation in seaborne markets.

## 2.2 Global Construction and Manufacturing Sectors

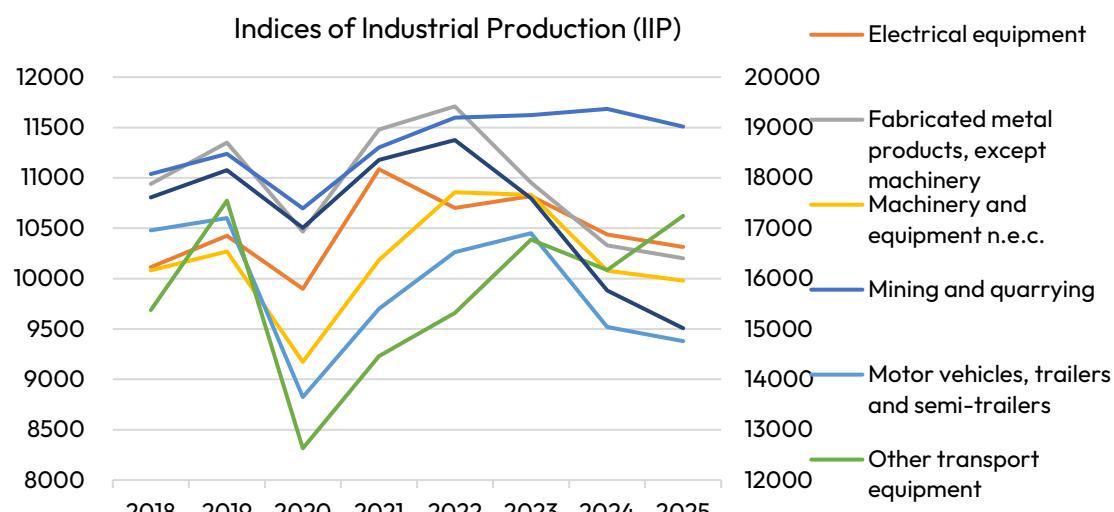
### Construction: Stronger in Emerging Markets; Europe Improving at the Margin

- **Construction** momentum across the Middle East, Africa, and the Americas remained robust in 2025, extending the strong performance seen over the prior two years.
- In **Europe**, after several quarters of consecutive improvement, the construction sentiment index rose above **18 in Q3 2025**, marking the highest level since early 2022—an encouraging sign that activity and confidence are stabilizing, even if the recovery remains uneven across markets.

### Manufacturing: Weak Overall, with Divergent Sector Performance

Global manufacturing stayed broadly weak in 2025, extending the downturn that followed the 2022 peak. Performance diverged across sectors:

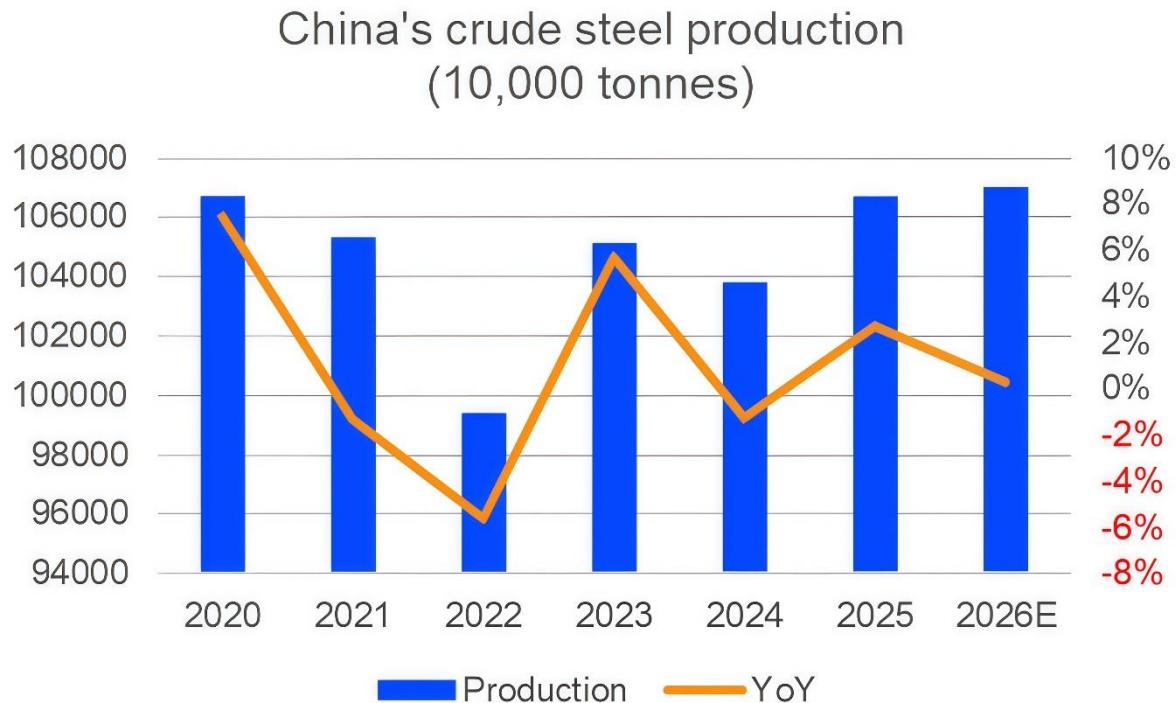
- **Mining** showed resilience, supported by structural energy demand and supply-chain security priorities.
- **Automotive and Metal Products** remained in a downtrend, reflecting a prolonged adjustment cycle and ongoing structural pressures.
- **Other Transport Equipment** showed early signs of bottoming and recovery, offering a rare bright spot amid broader industrial softness.



## 3. 2026 Steel Market Outlook

### 3.1 Key Takeaways for 2026 Steel Markets

- **Global demand and export headwinds:** Overseas steel demand (excluding China and India) is expected to grow by approximately 15 Mt, supported by global macro resilience. However, rising trade barriers and policy frictions are likely to slow the growth rate of China's direct steel exports in 2026.
- **China supply–demand imbalance persists:** China's property market remains in a downtrend, with infrastructure investment acting more as a stabilizer than a strong growth driver. If exports and manufacturing remain relatively resilient, infrastructure is likely to stay moderate rather than accelerate. On the supply side, crude steel overcapacity—especially in flat products—is expected to persist, reinforcing a “strong supply, weak demand” market structure.
- **Cost trends:**
  - **Iron ore** prices are expected to shift downward, driven by elevated inventories and meaningful supply increases projected for 2H 2026.
  - **Coking coal** is expected to remain broadly balanced.
  - **Estimated cash cost ranges:**
    - **Rebar: RMB 2,850–3,210/t**
    - **HRC: RMB 2,950–3,320/t**
- **Price formation increasingly cost-driven:** Despite Chinese government efforts to sustain growth and stimulate consumption through subsidies, the absence of meaningful production cuts implies the market will continue relying on low prices to stimulate demand and maintain export competitiveness. As a result, **cost-based pricing dynamics** are becoming more influential in setting the floor and shaping margin cycles.



### 3.2 Price Projection

- **HRC spot price (China):** expected to fluctuate at low levels within **RMB 3,000–3,400/t.**
- **Export FOB price:** estimated at **USD 430–480/t.**

### 3.3 Volatility Drivers

Significant price swings will depend on the timing and intensity of:

- The Chinese government's policy actions aimed at sustaining economic growth
- Industry interventions (e.g., measures addressing disorderly competition / "anti-involution" policies), including any supply-side discipline that could tighten the balance temporarily.

# ABOUT CUMIC

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