ECONOMIC AND STEEL MARKET OUTLOOK

2026 2027

FIRST QUARTER REPORT

Data up to, and including, third quarter 2025

March 2026

EUROFER
THE EUROPEAN STEEL ASSOCIATION

EXECUTIVE SUMMARY

EU steel demand is showing signs of stabilisation after three consecutive years of contraction, but the recovery remains modest and uncertain. Even with expected growth in 2025–2027, consumption levels will remain well below pre-pandemic levels. At the same time, import penetration has reached record highs, underscoring the structural pressures facing the European steel market.

RECENT DEVELOPMENTS AND OUTLOOK

Contrary to earlier expectations of a further marginal decline, the industrial outlook has slightly improved in 2025 and steel demand has shown signs of stabilisation, particularly in the second half of the year. However, this largely reflects comparison with very weak volumes recorded in the second half of 2024. As a result, apparent steel consumption in 2025 is expected to rebound by +2.4% compared with a -0.2% decline in the previous outlook. This will be driven by stronger-than-expected growth in some national markets, which will partly offset the impact of trade disruptions including those caused by the U.S. tariffs.

On the supply side, EU crude steel production fell to a new record low in 2025, reaching 125.8 million tonnes compared with 130 million tonnes in 2024, a year-on-year decline of around 3%.

This reflects the continued downsizing of the European steel industry and persistently low capacity utilisation, driven by weak demand in recent years and increasing pressure from imports.

EU STEEL MARKET OVERVIEW

In the third quarter of 2025, apparent steel consumption increased year-on-year by +4.6%, following two consecutive quarterly declines (-1.7% in the preceding quarter). This increase largely reflects comparison with unusually low volumes recorded on year earlier, as well as higher-than-expected demand in some national markets. Total consumption volume in the third quarter of 2025 stood at 32 million tonnes.

Domestic deliveries broadly mirrored the evolution of demand and increased year-on-year by +3.4%, in the third quarter of 2025, following a decline of -1.6% in the previous quarter. In earlier years, domestic deliveries had declined sharply (-4.6% in 2023 and -2.8% in 2024), reflecting persistently weak steel demand.

Imports into the EU, including semi-finished products, increased sharply (+10%) in the third quarter of 2025, after declining in in the previous quarter (-3.2%). As a result, the share of imports in EU apparent steel consumption reached a record-high level of 29%, compared with 25% in the preceding quarter. Over the entire year 2024, the share of imports stood at 27%.

EU STEEL-USING SECTORS

In the third quarter of 2025, the Steel Weighted Industrial Production index (SWIP) increased by +1.8%, following six consecutive quarterly drops (-0.7% in the second quarter). Until the end of 2023, EU steel-using sectors had continued to show resilience and growth, albeit at a slower pace, despite the prolonged impact of Russia's invasion of Ukraine, manufacturing weakness and geopolitical tensions weighing on industrial confidence and business investment.

Despite monetary easing in the course of 2024 as the European Central Bank reversed its earlier tightening in response to record-high inflation in the second half of 2022, developments in the SWIP index continued to reflect a downturn in the mechanical engineering, domestic appliances and metalware sectors, and particularly in the automotive industry, which is most exposed to global trade and external shocks.

By contrast, the construction sector has shown some signs of recovery since the second quarter of 2025. In the third quarter of 2025 there were signs of some improvement in manufacturing activity and in steel-using sector output reflecting modest improvements in leading industrial indicators and the delayed effects of low interest rates.

CONCLUSIONS

After proving resilient over the two previous years, SWIP experienced recession in 2024 (-3.5%). This decline was mainly driven by reductions in construction and automotive output (by -1.6% and -9.6% respectively). Due to growing uncertainty following U.S. tariff announcements, another recession, albeit more moderate, is anticipated in 2025 (-0.3%, compared with the previously expected -1.5%), despite recovery in the construction sector (+0.7%). This reflects further contractions in automotive and in mechanical engineering output (-4.3% and -0.8% respectively).

A moderate rebound in SWIP growth is expected in 2025 (+1.9%, revised from +1.6%), followed by some acceleration in 2027 (+2.2%), supported particularly by growth in construction output and recovery in automotive output.

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THE EU STEEL MARKET: SUPPLY

REAL STEEL CONSUMPTION

THIRD QUARTER OF 2025

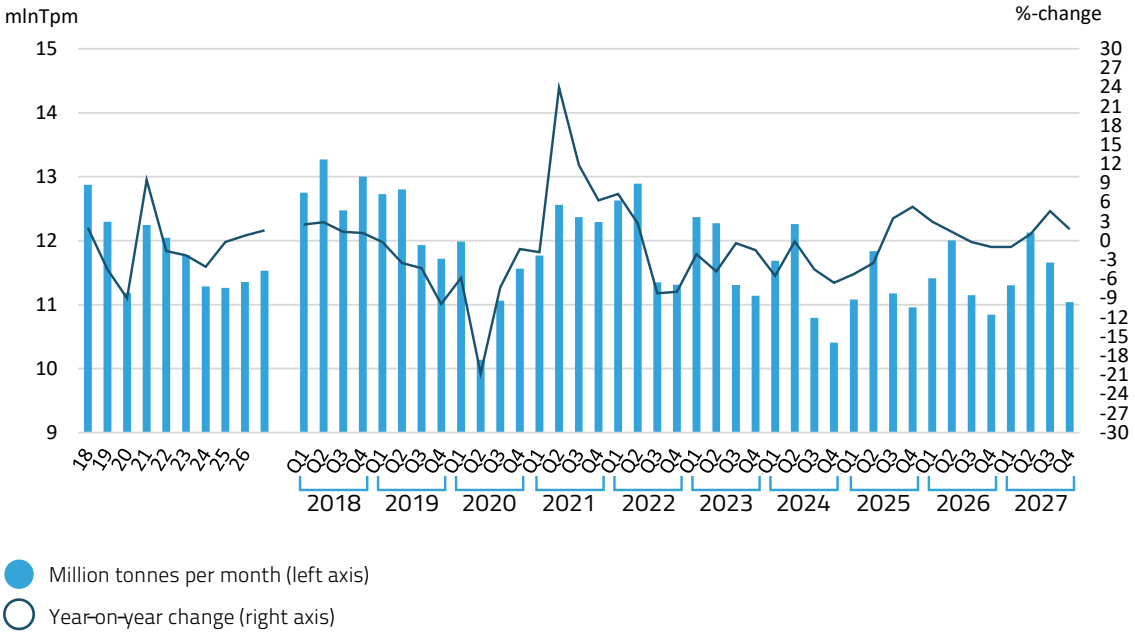
In the third quarter of 2025, EU steel consumption rose by +3.5%, marking the first increase after eleven consecutive quarterly declines (-3.5% in the second quarter of 2025).

Real steel consumption decreased in 2023 (-2.3%) and even more severely in 2024 (-4.1%). The decline is projected to continue in 2025, but at a much lower rate (-0.2%, revised down from -2.1%). 2026 is expected to see some moderate recovery (+0.8%), which will increase in 2027 (+1.6%), in line with SWIP developments. Given the protracted economic and industrial uncertainty and low business confidence, some re-stocking along the steel distribution chain is not be expected at least before the end of 2026.

The trend of weak real steel demand conditions has continued, impacted by the war in Ukraine, growing geopolitical and trade tensions, and outlook uncertainty for the manufacturing sector. Reflecting poor demand, de-stocking has continued at very high historical levels resulting in real consumption recessions from 2022 to 2025.

EU Real Steel Consumption

Forecast from Q4-2025



Forecast for real consumption - % change year-on-year

Period	**2025**	Q1'26	Q2'26	Q3'26	Q4'26	**2026**	Q1'27	Q2'27	Q3'27	Q4'27	**2027**
% Change	**-0.2**	3.0	1.4	-0.2	-1.0	**0.8**	-1.0	1.0	4.6	1.8	**1.6**

APPARENT STEEL CONSUMPTION

THIRD QUARTER OF 2025

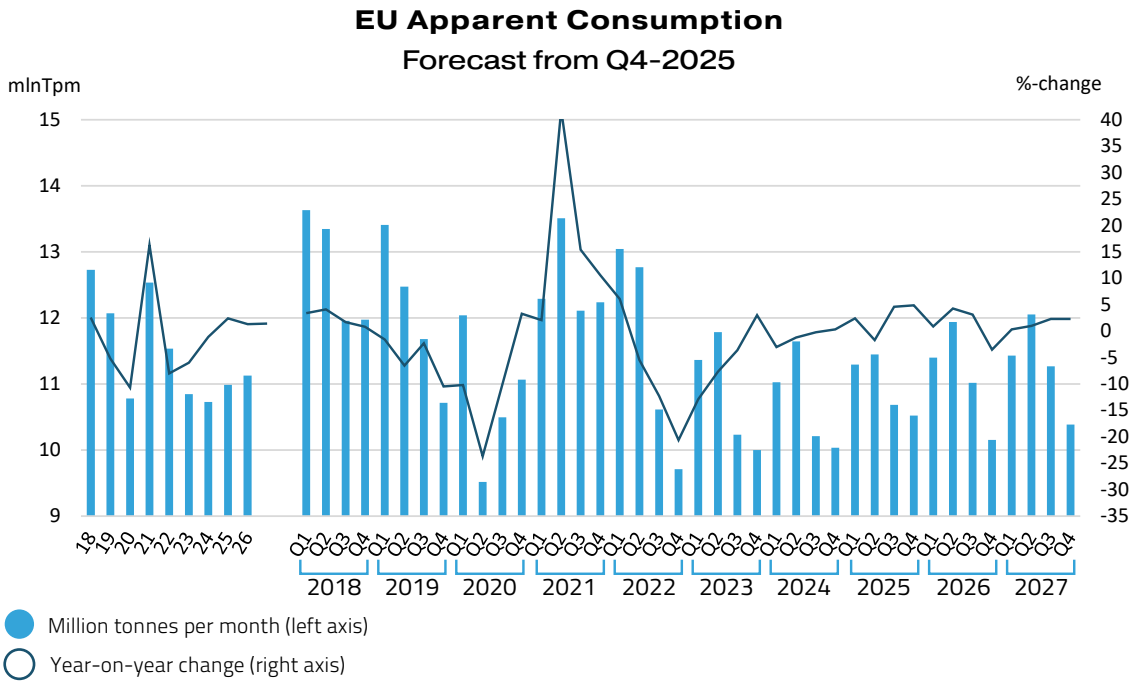
In the third quarter of 2025, EU apparent steel consumption increased year-on-year by +4.6%, after two consecutive quarterly falls including a 1.7% drop in the preceding quarter. The increase reflects comparison with exceptionally low volumes recorded one year earlier, as well as stronger-than-expected demand in some national markets. Total consumption volume in the third quarter of 2025 stood at 32 million tonnes.

The decline in EU steel demand began in the second quarter of 2022, driven by war-related disruptions, rising energy prices and increasing production costs. These pressures intensified during 2023 and 2024, amid global economic uncertainty, higher interest rates and continued weakness in manufacturing activity, more recently compounded by growing tensions surrounding U.S. tariffs. As a result, apparent steel consumption contracted sharply by +8%) in 2022, followed by two additional annual declines in 2023 (-6%) and 2024 (-1%)

In 2025, contrary to earlier expectations of another further decline, the industrial outlook has improved slightly, particularly in the second half of the year. However, the rebound largely reflects comparison with weak volumes in the second half of 2024. As a result, apparent steel consumption in 2025 is set to rebound +2.4%, compared with a projected -0.2% decline in the previous outlook. This improvement is mainly driven by stronger-than-expected growth in some national markets, partly offsetting the impact of trade disruptions and uncertainty linked to U.S. tariffs.

Looking ahead, apparent steel consumption is projected to continue growing in 2026 (+1.3%) although at a slower pace than previously expected (revised from +3%). Similar growth (+1.4%) is also foreseen for 2027, conditional on improvements in the industrial outlook and easing global tensions.

Despite this expected recovery, steel demand is projected to remain well below pre-pandemic levels, by around 11 million tonnes in 2026 and 9 million tonnes in 2027, reflecting the continued fragility of the industrial environment.



EU DOMESTIC AND FOREIGN SUPPLY

In the third quarter of 2025, domestic deliveries mirrored the evolution of demand and increased year-on-year by +3.4%, after declining -1.6% in the previous quarter. Deliveries had already fallen significantly in earlier years, dropping -4.6% in 2023 and -2.8% in 2024, reflecting persistently weak steel demand across the EU market.

Imports into the EU, including semi-finished products, increased sharply by +10% in the third quarter of 2025, following a -3.2% decline in the previous quarter. As a result, imports accounted for a record 29% of EU apparent steel consumption, compared with 25% in the previous quarter. Over the full year of 2024, imports represented 27% of EU steel consumption.

EU apparent steel consumption - in million tonnes per year

Year	2017	2018	2019	2020	2021	2022	2023	2024	**2025 (f)**	**2026 (f)**	**2027 (f)**
Million tonnes	149	153	145	129	150	138	130	129	132	134	135

Forecast for apparent consumption - % change year-on-year

Period	**2025**	Q1'26	Q2'26	Q3'26	Q4'26	**2026**	Q1'27	Q2'27	Q3'27	Q4'27	**2027**
% Change	**2.4**	0.9	4.3	3.1	-3.5	**1.3**	0.3	1.0	2.3	2.3	**1.4**

IMPORTS

Total steel imports into the EU increased by +14% in 2025 compared to previous year. Imports of finished products increased by +9%. This was driven by increases in flat products (+7%) and long products (+17%).Imports rose sharply towards the end of the year. In the fourth quarter of 2025, total imports increased +53%, while imports of finished products rose 35%. Imports of flat products increased by +39% and long products rose by +23%.

Overall, imports have remained highly volatile, reflecting the fluctuations observed over the past four years. Imports have continued to show volatility, mirroring the fluctuations seen in the four preceding years. Trade developments during 2025 were strongly influenced by U.S. tariffs and heightened uncertainty around global trade conditions, particularly in the second half of the year. This contributed to declining exports and rising imports in the EU market.

Despite this volatility, imports remained historically high, resulting in a large import share in EU steel consumption and a widening trade deficit with third countries.

IMPORTS BY COUNTRY OF ORIGIN

In 2025, the main sources of finished steel imports into the EU were from Turkey, South Korea, Indonesia, China, India, Ukraine, and Taiwan. The five largest exporting countries accounted for 54% of total EU finished steel imports during the first eight months of the year.

Turkey held the largest share of EU imports (16.5%), followed by South Korea (11.4%), Indonesia (9%), China (8.7%), India (8%) and Ukraine (7%).

Import trends differed significantly across countries. Imports increased sharply from Indonesia (+263%), as well as from Turkey (+24%), China (+31%), Ukraine (+8%) and South Korea (+2%). By contrast, imports declined from India (-28%) and Taiwan (-15%).

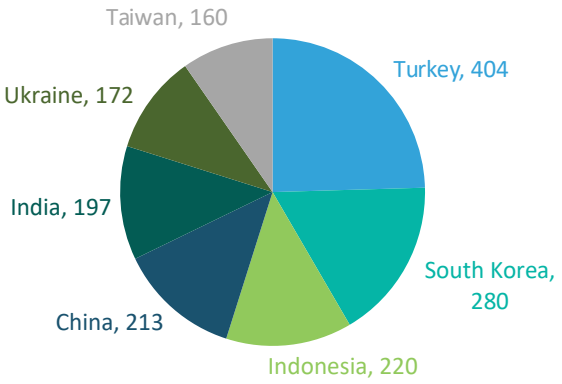
IMPORTS BY PRODUCT CATEGORY

According to customs data, imports of flat steel products increased by 5% compared to 2024, while imports of long products rose (+17%). Long products accounted for 23% of total finished steel imports.

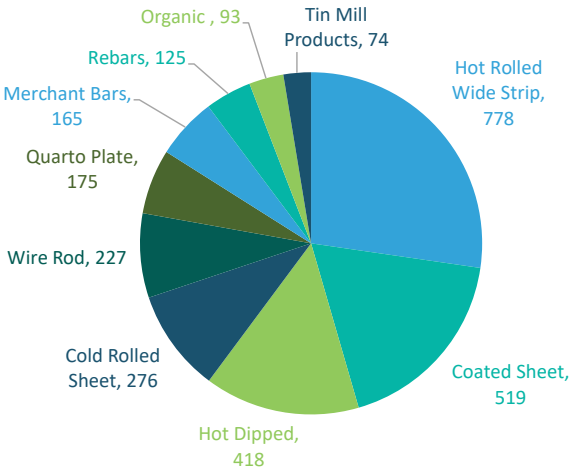
Within the flat product market segment, imports across most categories increased: organic-coated sheets (+7%) cold rolled sheets (+1%), coated sheets (+8%), hot-dipped (+8%) and hot-rolled wide strip (+6%), while quarto plate declined by -1%.

Within long products, imports increased across most categories including merchant bars (+60%), heavy sections (+27%) and rebars (+9%).

EU Finished Steel Imports by Country
Year 2025,
(monthly '000 metric tonnes)



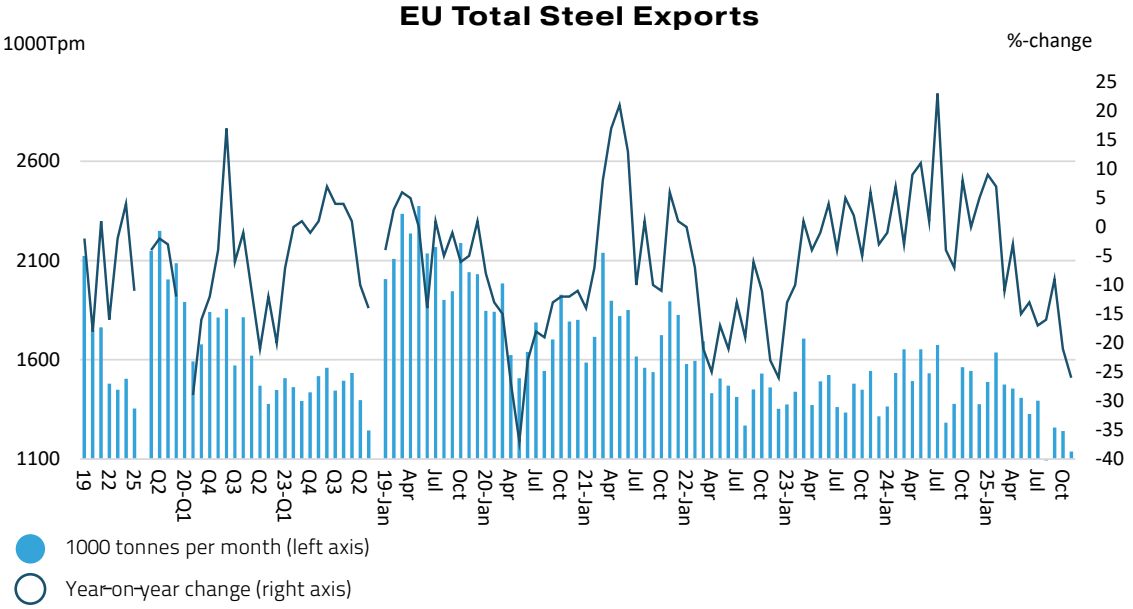
EU Finished Steel Imports by Product
Year 2025,
(monthly '000 metric tonnes)



EXPORTS

EU steel exports to third countries sharply declined in 2025 (-12%). Exports of finished steel products fell by -11%, including declines in flat products (-8%) and long products (-17%).

By contrast, exports of finished products rose in 2024 by +4%, due to an increase in exports of both flat (+4%) and long products (+3%).



EXPORTS BY COUNTRY

In 2025, the main destinations for EU steel exports were the United Kingdom, the United States, Turkey, Switzerland and India which together accounted for 59% of total EU finished product exports.

Exports increased to the United Kingdom (+5%), India, Switzerland (+1% each), and to Algeria (+39%). However, exports decline to several markets including the United States sharply contracted (-25%) Turkey (-11%), China (-18%), Egypt (-36%) Norway (-5%) and Ukraine (-11%).

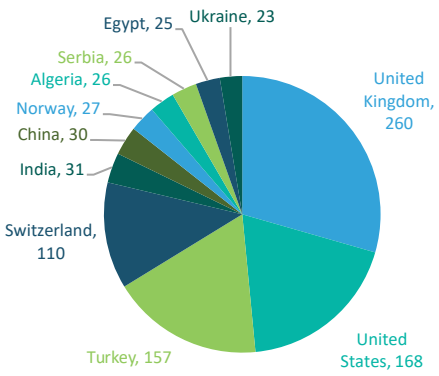
EXPORTS BY PRODUCT CATEGORY

In 2025, exports of finished steel products fell -10%, reflecting declines in flat (-6%) and long product exports (-17%). Overall, flat products accounted for 68% of finished product exports overall.

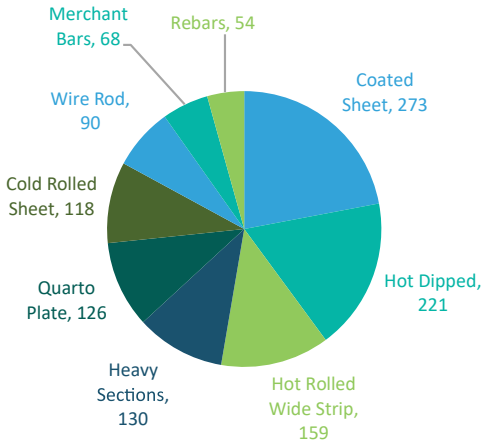
Among flat products, exports of all main products fell: cold rolled sheets (-20%), quarto plate (-11%), organic (-6%), hot rolled wide strip (-2%), coated sheets (-2%) and hot dipped (-2%).

Within long products, exports decreased across all main categories, particularly rebars (-35%), wire rod (-25%), heavy sections (-15%) and merchant bars (-9%).

EU Finished Steel Exports by Destination
Year 2025,
(monthly '000 metric tonnes)



EU Finished Steel Exports by Product
Year 2025,
(monthly '000 metric tonnes)



TRADE BALANCE

The EU trade deficit widened significantly in 2025. The overall trade deficit, including semi-finished products, reached around 2 million tonnes per month compared to 1.4 million tonnes per month in 2024.

For finished products, the trade deficit amounted to 1.2 million tonnes per month, consisting of a deficit of 1.1 million tonnes for flat products and 156 kilotonnes per month for long products.

In 2024, the deficit for finished products amounted to 890 kilotonnes per month, resulting from a deficit of 899 kilotonnes for flat products and a surplus of 10 kilotonnes for long products.

The largest trade deficits for finished products with individual trade partners in 2025 were recorded with South Korea (272 kilotonnes), Turkey (244 kilotonnes), Indonesia (219 kilotonnes), China (185 kilotonnes), Taiwan (161 kilotonnes), India (170 kilotonnes), Ukraine (161 kilotonnes) and Vietnam (152 kilotonnes).

The largest surpluses for EU finished steel exports in 2025 were recorded with the United States (165 kilotonnes per month, albeit much lower than 2024 when it stood at 219 kilotonnes), the United Kingdom (150 kilotonnes) and Switzerland (79 kilotonnes).

THE EU STEEL MARKET: FINAL USE

OUTLOOK FOR STEEL-USING SECTORS

TOTAL ACTIVITY IN THE THIRD QUARTER OF 2025

In the third quarter of 2025, the Steel Weighted Industrial Production index (SWIP) increased 1.8% following six consecutive quarterly drops (-0.7% in the second quarter). Until the end of 2023, EU steel-using sectors output continued to grow although at a slower pace, despite the prolonged impact of Russia's invasion of Ukraine, manufacturing weakness and global geopolitical tensions weighing on industrial confidence and business investment.

Despite monetary easing in the course of 2024 as the ECB has been reversing its monetary tightening introduced in response to record-high inflation in the second half of 2022, the evolution of the SWIP index continued to reflect weakness in several sectors including mechanical engineering, domestic appliances and metalware sectors, and the automotive industry which is most exposed to volatility in global trade and external shocks. By contrast, the construction sector has shown signs of recovery since the second quarter of 2025.

However, in the third quarter there were early signs of improvement in manufacturing activity and in steel-using sector output, reflecting modest improvement in industry leading indicators and the delayed effects of low interest rates.

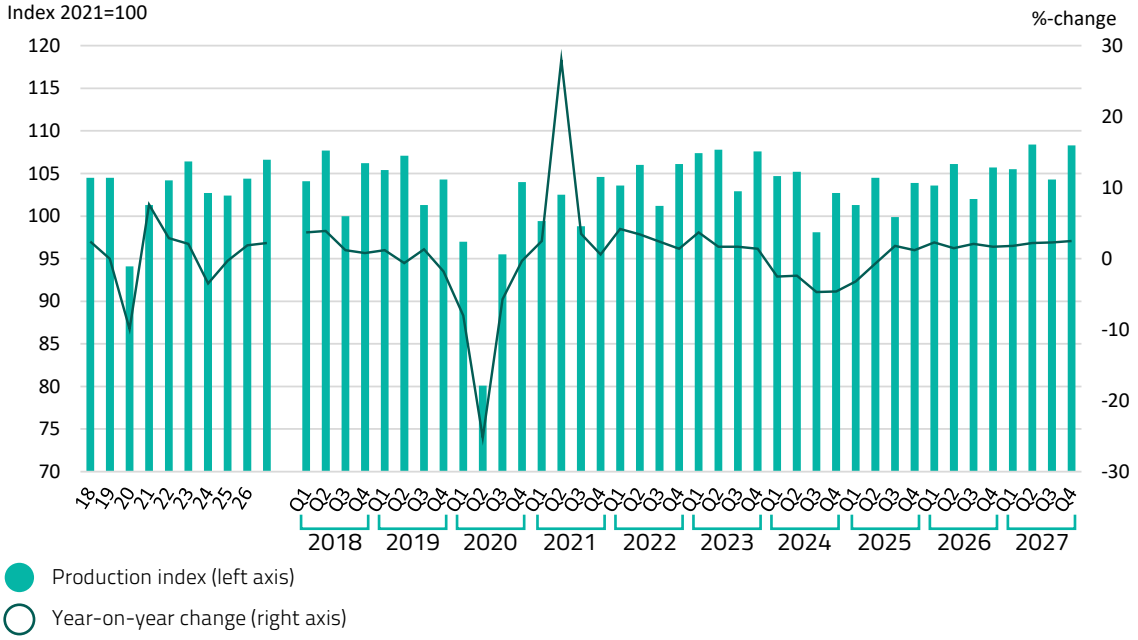
TOTAL FORECAST 2026-2027

Despite persisting downside factors, steel-using sectors' output continued to grow in 2023 (+2.1%, revised from +1.7%), albeit with considerable differences across EU economies and sectors. This was largely driven by the stronger-than-expected performance of the construction sector in some Member States. However, SWIP resilience came to an end in 2024 when steel-using sectors' output growth contracted on a yearly basis by3.5%. This was mainly driven by falls in construction and automotive output (by -1.6% and -9.6%, respectively).

Due to growing uncertainty following U.S. tariff announcements, another albeit more moderate contraction is expected in 2025 (-0.3%, compared with the previously forecast 1.5%), despite recovery in the construction sector (+0.7%). This reflects continued weakness in automotive and mechanical engineering output (-4.3% and -0.8% respectively). A moderate rebound in SWIP growth is expected in 2026 (+1.9%, revised from +1.6%), followed by slightly stronger growth in in 2027 (+2.2%).

EU Steel Using Sectors

Production Activity - Forecast from Q4 -2025



Year-on-Year %-Change in EU Steel Weighted Industrial Production (SWIP) Index

	% Share in total consumption	2025	Q1'26	Q2'26	Q3'26	Q4'26	2026	Q1'27	Q2'27	Q3'27	Q4'27	2027
Construction	37	**0.7**	1.4	2.0	2.9	3.1	**2.4**	2.6	2.4	2.9	3.2	**2.8**
Mechanical engineering	12	**-0.8**	0.5	1.0	2.3	1.9	**1.4**	2.2	2.0	0.9	2.4	**1.9**
Automotive	19	**-4.3**	3.5	1.0	0.0	-1.2	**0.9**	0.7	1.7	2.0	2.3	**1.7**
Domestic Appliances	3	**0.5**	2.1	0.3	2.1	1.4	**1.5**	0.3	1.3	0.3	1.6	**0.9**
Other Transport	3	**2.3**	2.8	2.7	3.1	2.8	**2.9**	1.8	2.2	2.8	2.3	**2.3**
Tubes	11	**0.2**	2.6	-0.8	0.2	1.2	**0.8**	0.7	2.8	1.8	0.7	**1.5**
Metal Goods	13	**-0.1**	2.3	2.9	3.7	2.8	**2.9**	2.8	2.3	1.7	3.1	**2.5**
Miscellaneous	2	**2.5**	1.8	2.5	-0.3	1.1	**1.3**	1,7	1,5	1.8	1.7	**1.7**
Total	100	**-0.3**	2.3	1.5	2.1	1.7	**1.9**	1.8	2.2	2.3	2.5	**2.2**

CONSTRUCTION INDUSTRY

ACTIVITY IN THE THIRD QUARTER OF 2025

Construction output has been under pressure since the third quarter of 2022 due to several factors, including rising construction material prices, labour shortages in some EU countries, and increasing economic uncertainty, despite continued public support to civil engineering and various infrastructure projects linked to the NextgenerationEU programme.

Higher interest rates in 2023 and 2024, driven by monetary policy tightening, also played a key role. Although the ECB has recently implemented eight policy rate cuts, their effects have only been gradually begun to materialise, particularly in the housing market as monetary policy affects investments decisions with a time lag.

In the third quarter of 2025, construction output increased by 1.6% marking the second consecutive quarterly increase (+0.6% in the preceding quarter), suggesting signs of improvement in the sector. This improvement is also reflected in the latest quarterly developments in investment in construction, which increased year-on-year by +15%, following growth of +0.9% in the previous quarter.

As expected, residential investment, which is highly sensitive to interest rates, rebounded slightly (+0.3%) after declining for eleven consecutive quarters. By contrast, civil engineering has remained comparatively strong increased by +2.7% in the third quarter following growth of +2.3%. Public construction is projected to continue expanding throughout 2026, supported by the implementation of NextGenerationEU investment schemes programmes which must be completed before mid-2026. Additional support is expected from increased flexibility in EU fiscal rules, as well as at the national level, notably Germany's recent announced expansion of infrastructure spending.

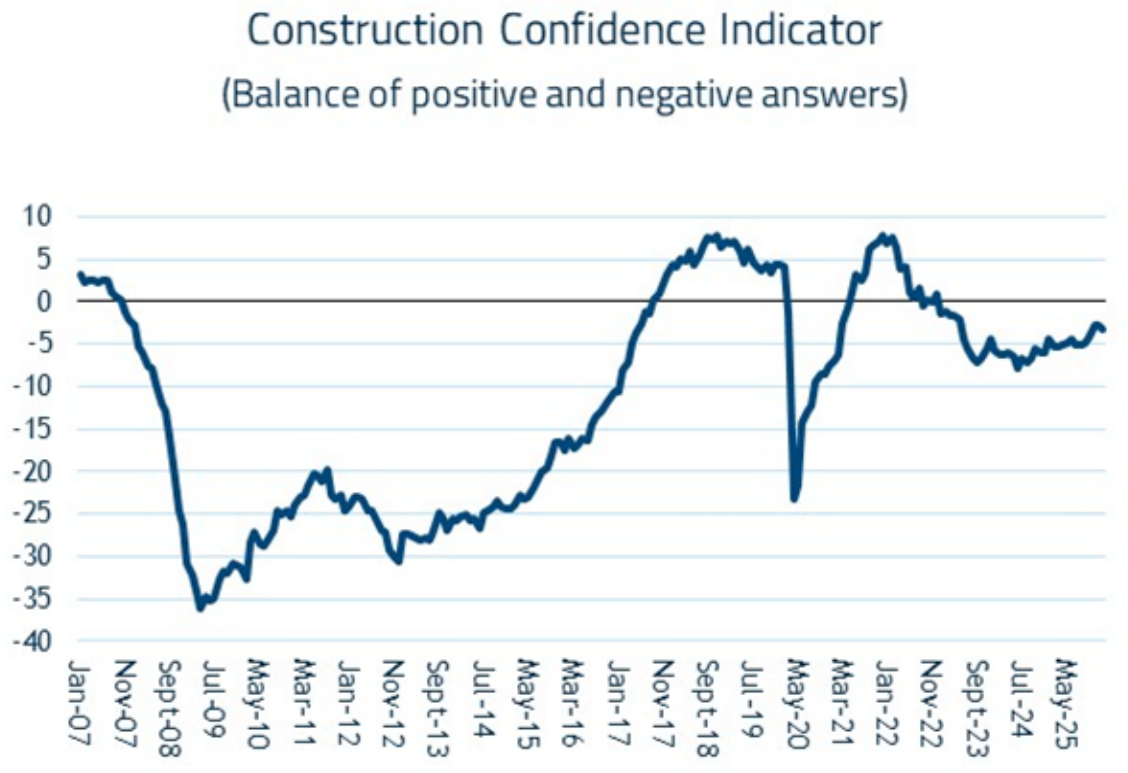
FORECAST 2026-2027

Construction confidence has remained in negative territory since March 2022, although recent data (January 2025) suggests improvements in sentiment.

After showing resilience in 2023 (+1.4%), albeit with differences across Member States, the sector contracted in 2024 by -1.6%. The sector is expected to experience low growth in 2025 (+0.7%) reflecting weak housing demand during the first half of the year. Stronger growth is projected for2026 (+2.4%), and in 2027 (+2.8%), driven by monetary easing and EU government support for construction.

PAST TRENDS

Construction output saw eight consecutive quarters of growth since the fourth quarter of 2020. In the third quarter of 2022 there was then a decline (-0.6%) and this downturn has continued since. The sector experienced a strong rebound in 2021 (+6.3%), boosted by generous governmental support schemes at EU and national level, including the NextGenerationEU programme. that will be available until 2026 and benefitting the private residential and civil engineering sub-sectors, after the decline in 2020 (-4.8%) due to the pandemic..


Construction Confidence Indicator
(Balance of positive and negative answers)
10
5
0
-5
-10
-15
-20
-25
-30
-35
-40
Jan-07
Nov-07
Sept-08
Jul-09
May-10
Mar-11
Jan-12
Nov-12
Sept-13
Jul-14
May-15
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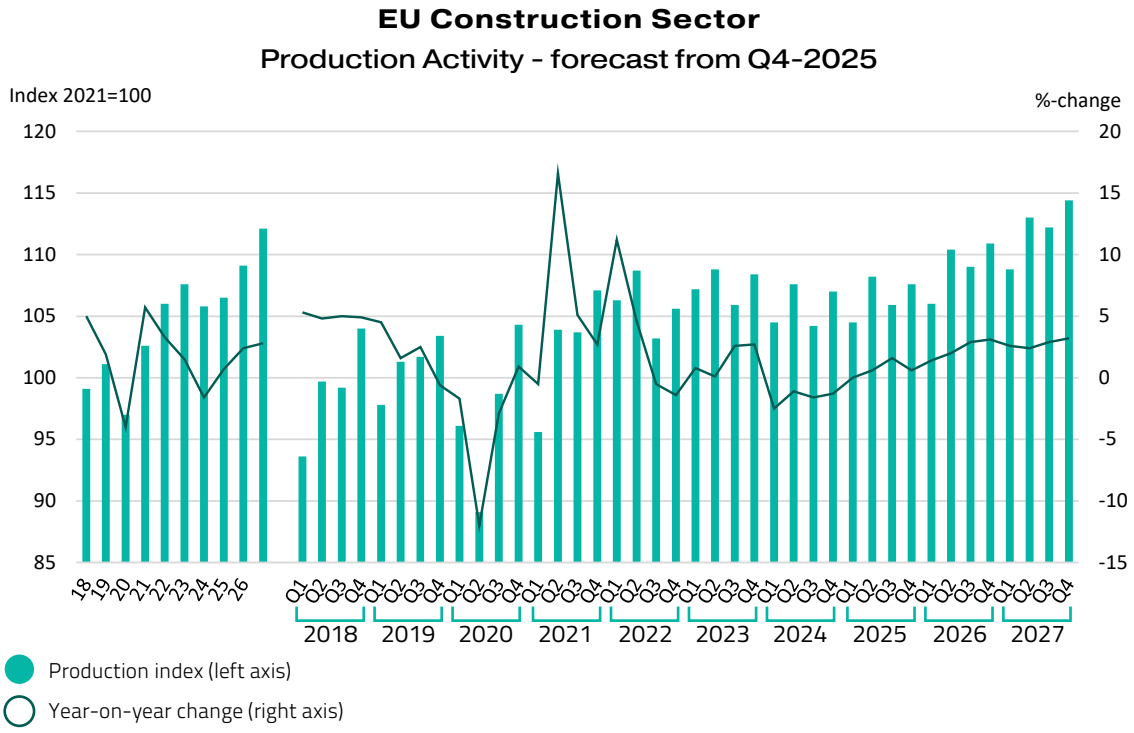
May-25


EU Construction Sector
Production Activity - forecast from Q4-2025
Index 2021=100
%-change
120
115
110
105
100
95
90
85
20
15
10
5
0
-5
-10
-15
18
19
20
21
22
23
24
25
26
Q1 Q2 Q3 Q4
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
Production index (left axis)
Year-on-year change (right axis)

AUTOMOTIVE INDUSTRY

ACTIVITY IN THE THIRD QUARTER OF 2025

In the third quarter of 2025, the automotive sector's output increased slightly (+1%), following five consecutive quarterly declines (-4.2%, in the preceding quarter). The sector's outlook has deteriorated considerably since early 2024 reflecting uncertainty surrounding the transition to electric vehicles including regulatory uncertainty and charging infrastructure constraints, as well as weaker consumer demand due to declining real income and high inflation in 2023 and 2024. Even during the post-pandemic recovery in 2021 and 2022, automotive output remained below pre-pandemic levels and below those seen before the pre-COVID recession in 2019.

During 2025, these challenges were compounded by rising global trade tensions, particularly U.S. tariffs on EU car exports, which have increased uncertainty and may further dampen European carmakers' investment decisions.

EU PASSENGER CAR VEHICLE DEMAND

While continued supply chain issues causing order delays, war-related disruptions, low consumer confidence and low growth in disposable incomes and economic uncertainty have continued to weigh on EU car demand in 2025, with some signs of marginal recovery over the four months of the year. As a result, in 2025, overall new EU car registrations increased by +1.8% compared to the preceding year. However, overall volumes remain well below pre-pandemic levels.

FORECAST 2026-2027

The automotive sector experienced a sharp contraction in output in 2024 (-9.7%) reflecting weak global demand and uncertainty around EV transition policies. Output is set to decline again in 2025 by -4.3% due to increasing global uncertainty, continued trade tensions and very low confidence). A modest recovery is expected in 2026 (+0.9%), followed by moderate growth in 2027 (+1.7%), although output volumes are expected to remain well below those recorded in 2019.

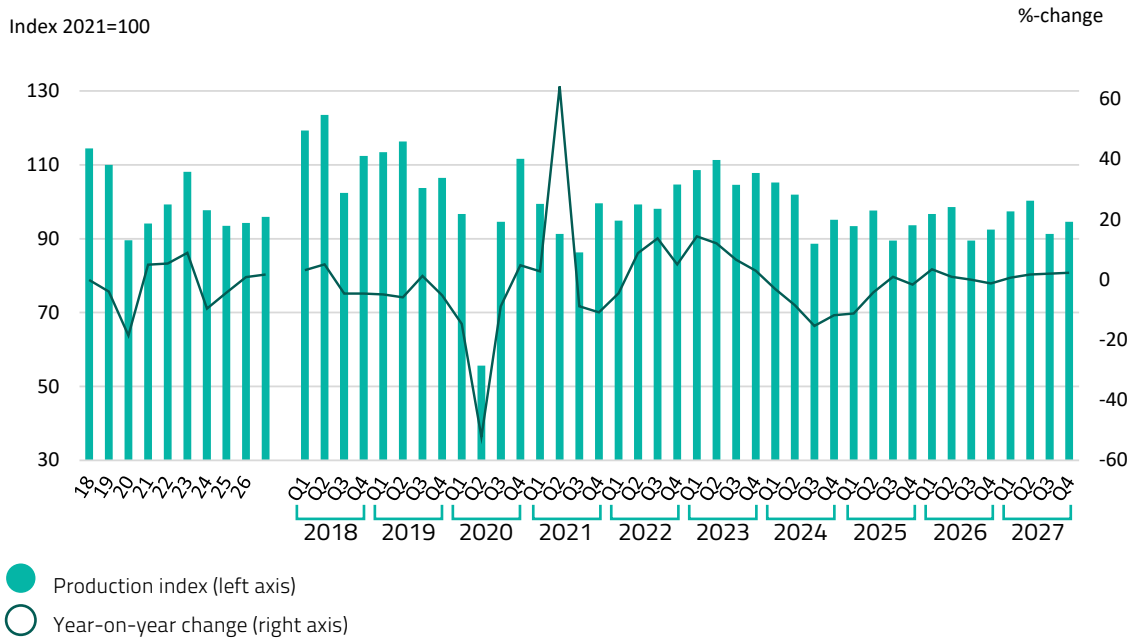
A full recovery in global trade and external demand from major markets- particularly the United States and China - appears unlikely in the short term, given escalating global trade tensions, notably following the recent announcement of U.S. tariffs (15%) on EU car exports. Major challenges are therefore expected to persist, particularly the continued growth of Chinese EV exports to the EU markets, as well as the impact of newly introduced U.S. tariffs on EU-manufactured cars, which are likely to considerably impact EU exports to the U.S.

PAST TRENDS

The automotive industry was hit more than any other steel-using sectors during the pandemic in 2020, resulting in a very severe slump (-18.5%). Subsequently, output modestly rebounded (+2.6%) in 2021. In 2022, the sector grew robustly (+5%) thanks to a very positive performance in the first half of the year, despite the impact of war-related disruptions and the very severe energy shock in the EU, also due to the very low output levels seen for several quarters since 2021.

EU Automotive Sector

Production Activity - forecast from Q4-2025



MECHANICAL ENGINEERING
ACTIVITY IN THE THIRD QUARTER OF 2025

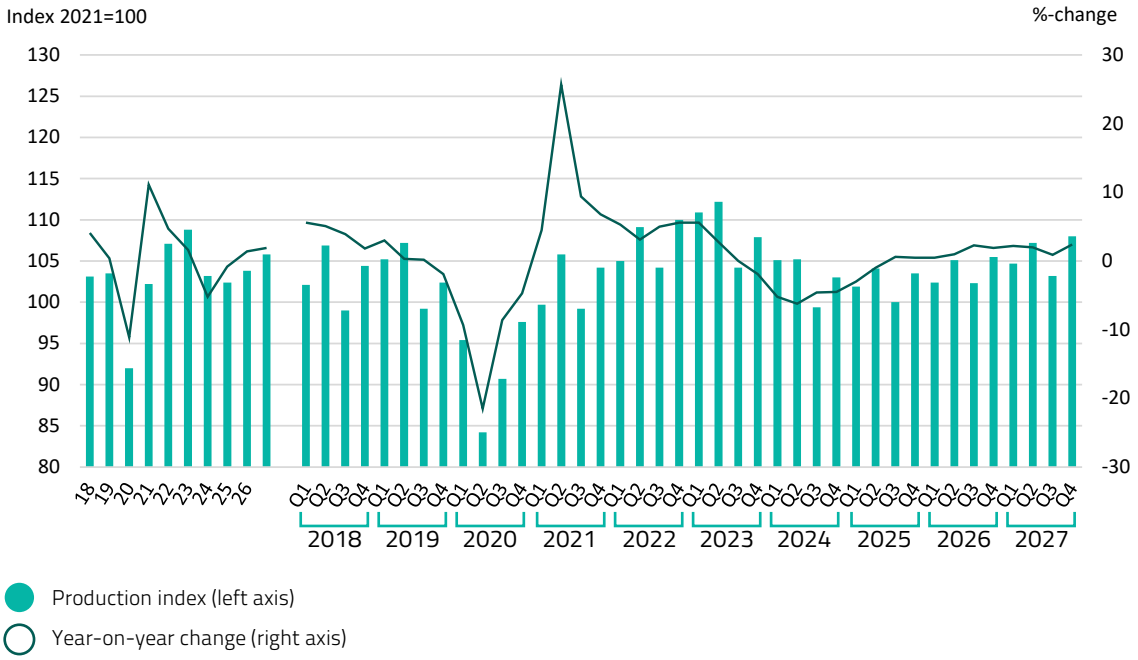
In the third quarter of 2025, output in the mechanical engineering sector increased slightly (+0.6%), following seven consecutive quarterly declines (-1% in the second quarter)

During 2025, the sector's growth remained exposed to multiple downside risks, including the prolonged impact of Russia's invasion of Ukraine, rising geopolitical and trade tensions, and the continued deterioration of the industrial outlook. Consequently, the sector's output began to contract in the fourth quarter of 2023, and this trend continued to the second quarter of 2025. The sector is expected to experience a moderate recovery, reflecting a gradual improvement in the overall manufacturing outlook during 2026 and 2026, although growth rates are likely to remain modest and subject to ongoing uncertainty.

FORECAST 2026-2027

Despite the aforementioned challenges, mechanical engineering output grew in 2023 (+1.6%). However, the sector experienced a pronounced contraction in 2024 (-5.2%). Another recession, albeit more moderate, is expected in 2025 (-0.8%), due primarily to weak developments over the first half of the year. A modest recovery is projected in 2026 (+1.4%, revised from +1%), with some stronger growth in 2027 (+1.9%).

EU Mechanical Engineering Sector
Production Activity - forecast from Q4-2025



STEEL TUBE INDUSTRY

ACTIVITY IN THE THIRD QUARTER OF 2025

In the third quarter of 2025, output in the steel tube sector increased by +3.8%, after six sixth consecutive quarterly declines (-0.7% in the preceding quarter). The sector, has benefited from post-pandemic recovery in 2021, but this trend was abruptly interrupted by war-related disruptions and supply chain issues in the second half of 2022. Uncertainty regarding energy prices following the 2022 summer energy shock - despite declining gas and oil prices driven by weak global growth prospects and subdued energy demand - has persisted over the past three years. Together with broader economic uncertainty, this has significantly affected investment in the sector, including pipeline projects in the EU.

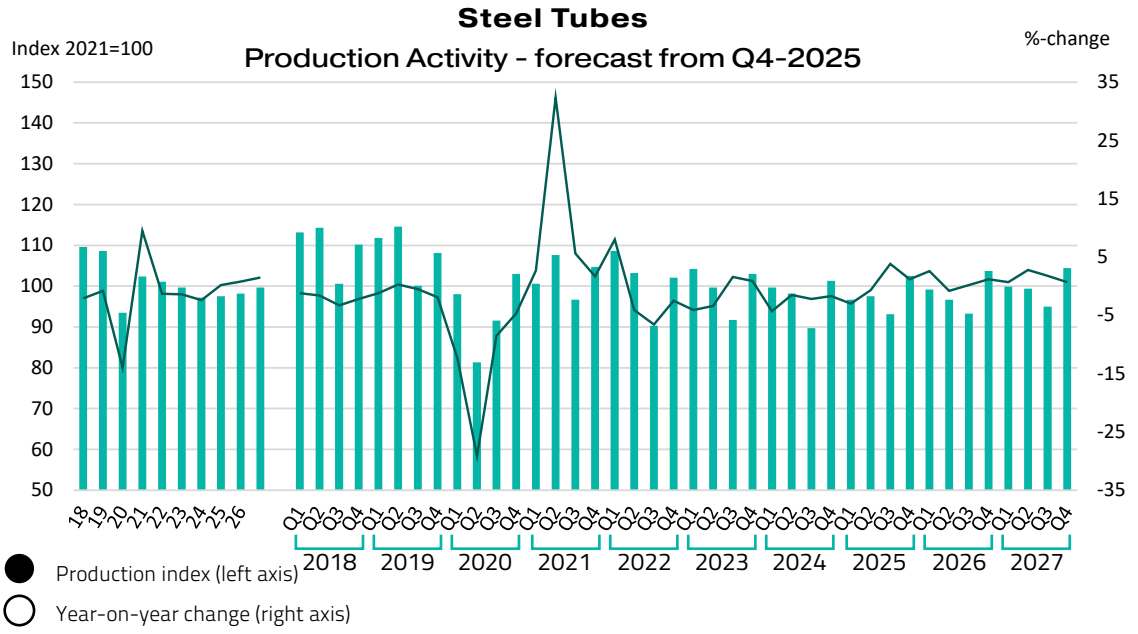
FORECAST 2026-2027

In 2023, output in the EU steel tube sector contracted slightly (-1.4%), followed by another, slightly more severe decline (-2.4%) in 2024. A marginal recovery is expected in 2025 (+0.2%), followed by moderate growth in 2026 (+0.8%) and in 2027 (+1.5%). In the longer term, demand for tubes from the oil and gas sector is not expected to improve substantially as the EU continues its transition towards LNG shipping, thereby reducing its reliance on pipeline gas.

While global oil demand is unlikely to stimulate major new pipeline projects in the short-term, the construction sector is set to recover and support growth. In contrast, tube demand from the automotive and engineering sectors is forecast to remain relatively stagnant.

PAST TRENDS

In 2022 the sector's output grew only moderately (+0.8%), after the rebound seen in 2021 (+12%). In 2020, output in the EU steel tube industry was heavily impacted by the industrial shutdown due to the pandemic. Likewise for other steel-using sectors, the rebound seen during 2021 eased considerably throughout 2022 and turned into recession in 2023 as a result of severe global supply chain issues and the disruptions linked to Russia's war in Ukraine. These factors have further delayed ongoing projects and impacted the availability of materials.



EU ECONOMIC OUTLOOK 2026-2027

GDP GROWTH

Despite significant global uncertainty, the EU economy has avoided recession in recent years, although growth has remained modest (+0.4% in 2023, +0.9% in 2024, 1.3% in 2025 according to provisional data). Since mid-2022, economic growth has been hampered by several downside factors, including high inflation, monetary tightening, geopolitical tensions, as well as high energy and commodity prices, all of which have weighed on business investment. EUROFER's EU GDP growth forecasts for 2025 have been marginally revised upwards compared to the previous outlook (+1.3%, from + 1.2%) while slightly revised downwards for 2026 (+1.2%, formerly +1.4%). For 2027, EUROFER forecasts EU GDP growth of +1.6%.

Overall uncertainty has dominated the economic landscape throughout 2024 and 2025, largely driven by high-risk factors, particularly trade tensions and recently announced U.S. tariffs.

As a result of uncertainty-driven low business and manufacturing activity and confidence – despite monetary easing by the ECB - EU economic growth continues to be primarily driven by the services sector, while the contribution to GDP growth from industrial sectors remains very low. Growth remains fragile and uneven across EU countries.

The war in Ukraine, uncertainty surrounding inflation – it has almost slowed to the 2% target - and conflicts in the Middle East, are likely to weigh on economic confidence, along with growing concerns related to the impact of U.S. tariffs. However, a 'soft landing' - low inflation and no economic recession - has materialised in the EU in 2023, 2024 and 2025. Provided there are no more shocks, economic activity should be seen during 2026 and 2027.

DIVERGING PERFORMANCE ACROSS MAJOR EU ECONOMIES

In the second quarter of 2025, the EU economy continued to follow the weak growth trend observed in the first quarter (+0.5%) with a quarter-on-quarter increase of +0.2% in real GDP. On a year-on-year basis, the EU's real GDP growth was +1.5% (+1.6% in the first quarter).

Despite the weakness of its manufacturing sector, the German economy avoided a technical recession between the first and the second quarters of 2025, but in the second quarter of 2025 real GDP contracted quarter-on-quarter (-0.3%, after +0.3% in the preceding quarter), albeit resulting in an increase of +0.4% year-on-year, signalling persistently subdued conditions. These low GDP figures stem from continued uncertainty over trade and rising global tensions, which are affecting its manufacturing sector, especially the automotive industry.

As seen in previous quarters, other major euro area economies had diverging developments in the second quarter of 2025. Spain achieved higher-than-average GDP growth (+0.7% quarter-on-quarter, and +2.8% year-on-year). France recorded minimal real GDP growth (+0.3%), bringing year-on-year growth to +0.7%, whereas Italy's real GDP contracted slightly (-0.1%), resulting in year-on-year growth of +0.4%. In line with the latest leading indicators, which continue

to signal weakness in the manufacturing sector (see confidence indicators on page 26), it appears unlikely that EU economies will see growth gaining speed in the second half of 2025, as the economic outlook remains very uncertain with a fragile growth conditional upon several downside factors. Among them, energy prices, war-led uncertainty (Ukraine, Middle East), the implementation of U.S. tariffs and the related trade disruptions.

ENERGY PRICES

During 2025, energy prices have generally been cooling, particularly the Dutch TTF gas price index, which had reached a three-year peak in January, exceeding the threshold of €50 per MWh, before stabilising around €31 per MWh since April this year. The same pattern, coupled with colder-than-expected weather during this winter and low gas stocks, has been observed in early 2026, with the Dutch TTF gas price index reaching €40 per MWh on 23 January, before cooling off around €31 per MWh at end-February, reflecting weak energy demand due to subdued manufacturing activity and overall economic. However, gas prices have been jumping to around €60 per MWh in early March 2026 as a result of US and Israeli strikes in Iran. Although these price developments remain largely unpredictable, their impact on energy prices may be significant, Over the summer of 2022, the Dutch TTF price increased to record highs, causing disruption to EU manufacturing sectors via exploding energy and production costs, and this could be repeated, should the war be protracted. although it seems unlikely at the moment.

The ongoing transition from Russian pipeline gas to shipborne liquefied natural gas (LNG) from other suppliers, mainly the U.S., continues and is likely to be further spurred by the conflict with Iran. The ongoing war in Ukraine and the existing tensions in the Middle East, along with other global geopolitical downside factors, had so far not triggered considerable increases in gas and oil prices, due to weak energy demand and subdued global economic activity. However, the war in Iran has considerably changed this picture and cast a shadow of uncertainty over future developments in energy prices.

INFLATION

Inflation in the EU reached highs unseen since 1985 in October 2022, peaking at 11.5%, before easing considerably to 2.3% in December 2025. Among the major EU economies, in December 2025 inflation stood below the 2% ECB target in France (0.7%) and Italy (1.2%), but was increasing in Spain (3%). In the rest of the euro area, including Germany (2.3%), it remained slightly above the 2% target.

Since the energy crisis in the summer of 2022, energy inflation has significantly slowed from 41% in June 2022 to -1.1% in December 2025. Yet, core inflation remains relatively high (2.5%). EUROFER estimates an inflation rate of 2.1% in 2025 before slowing down to 1.8% in 2026, below the 2% ECB inflation target. Although the inflation outlook may be reviewed substantially upwards due to the potential price-igniting effects of the war in Iran (primarily via much higher oil and gas prices), in case of protracted war scenario throughout 2026, EU economies would experience around half percentage point of additional inflation.

MONETARY POLICY

Due to the highest inflation rate over the last 35 years, the ECB raised its policy rate from zero to 4.50% between July 2022 to September 2023. This inevitably reduced the scope for supportive fiscal policies, particularly government spending by EU Member States, as borrowing costs increased, especially for highly-indebted economies.

Thanks to continued moderation in inflation during 2023 and 2024, the ECB implemented eight 25 basis points cuts between September 2024 and June 2025, bringing its policy rate (i.e. the deposit facility rate) to 2.00%. Further

reductions remain possible depending on price developments, as part of efforts to provide additional stimulus to the economy.

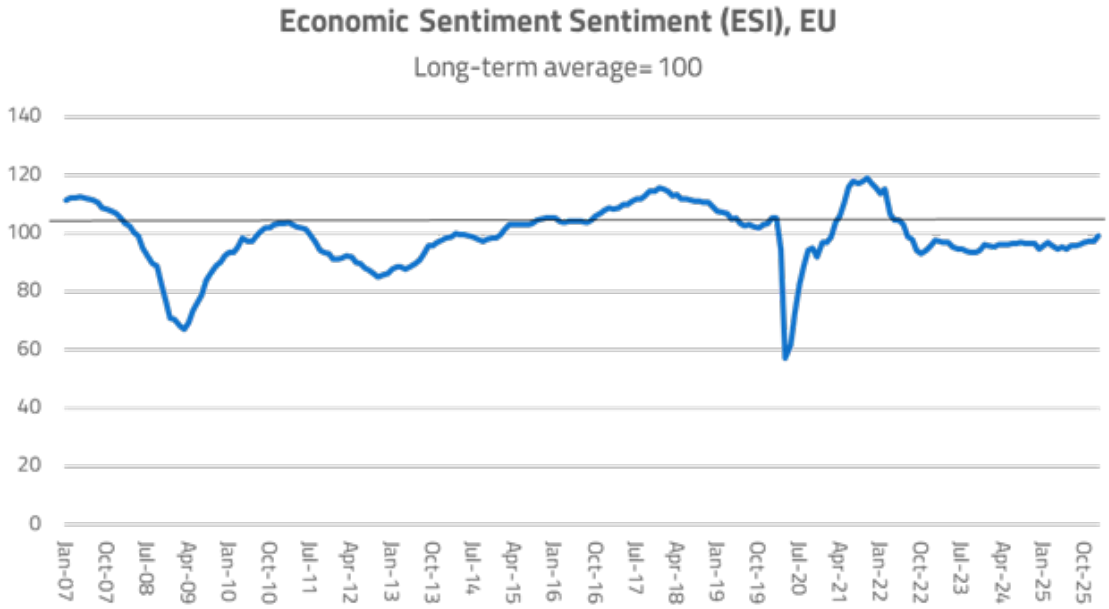
However, these reductions have become unlikely in recent weeks, since key price-driving factors are pointing towards higher inflation in the course of 2026, primarily via energy prices that are highly dependent on future war developments in the Middle East, along with existing trade tensions.

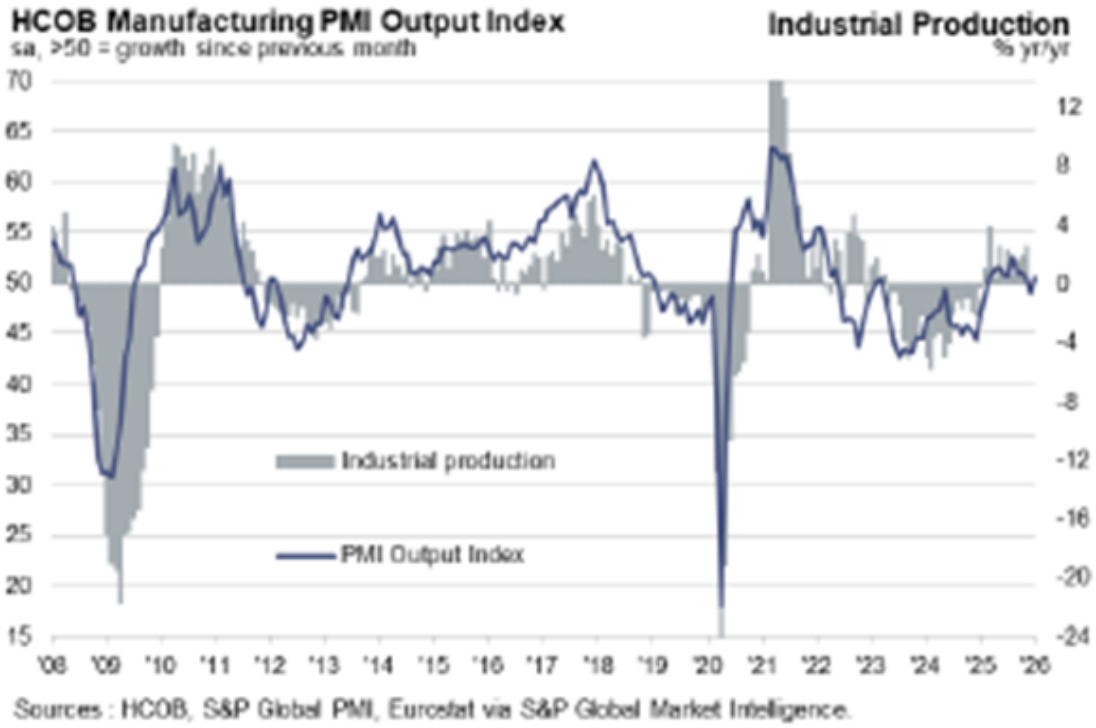
CONFIDENCE AND LEADING INDICATORS

ECONOMIC SENTIMENT INDICATOR (ESI)

Overall economic confidence in the EU, measured by the Economic Sentiment Indicator (ESI), has been declining since early 2022 due to widespread concerns over war-related developments, high inflation and deteriorating economic outlook. In July 2022, the indicator reached the lowest level since October 2013 at 92.6. Confidence has improved more recently, reaching 99.2 in January 2026, the highest level seen over the past twelve months.

The HCOB Eurozone Manufacturing PMI, remained below the 50.0 expansion threshold in January 2026, signalling continued weakness in manufacturing activity. However, the index rose from December's nine-month low of 48.8, indicating a modest short-term improvement.





GLOBAL SUPPLY CHAIN PRESSURE INDEX (GSCPI)

During 2025, global supply chain conditions, which significantly affect trade and transportation costs, continued to reflect softening global demand and persistent economic uncertainty. The Global Supply Chain Pressure Index (GSCPI), which peaked to 4.35 in July 2021 due to severe global supply chain disruptions, fell to 0.41 in January 2026, following an upwardly revised 0.54 in the previous month. Concerns about freight accessibility due to the ongoing conflicts and tensions in the Middle East have so far had relatively little impact, However, escalating trade tensions and their possible repercussions for global supply chains remain difficult to predict, particularly and they may increase production and transport costs.

EU INDUSTRIAL PRODUCTION

EU industrial production remained weak throughout 2024 and most of 2025 according to the latest available monthly data. However, more positive developments began to emerge around the fourth quarter of 2025, although complete EU-wide data are not available EU at the time of writing).

In the third quarter of 2025, manufacturing output across the EU increased year-on-year for the second consecutive quarter (+1.8% following +1.3% in the previous quarter).

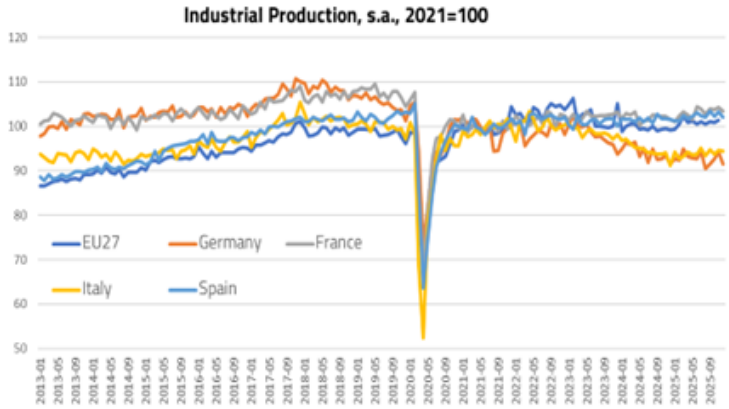
Among major EU economies:

- Germany recorded a marginal recovery in industrial output (+0.3%) following a decline of -1.3% in the preceding quarter. Italy recorded growth for the second consecutive quarter (+1.3%, following +0.7%)
- France also saw manufacturing output increase (+2%, following +1.4%).
- Spain recorded industrial production growth of 0.8% after recording +1.3% in the third quarter.

The latest available monthly data (up to December 2025) indicates that industrial output levels in several EU economies remain below the all-time highs recorded before the pandemic. Industrial production in Spain and France has returned to pre-pandemic level, whereas Germany and Italy have no yet recorded. Industrial output is expected to remain affected by several sources of uncertainty including:

- escalating trade tensions related to the U.S. tariff policy
- ongoing conflicts and geopolitical tensions
- future developments in inflation and interest rates
- volatility in energy prices.

These factors continue to create uncertainty regarding the outlook for industrial activity. The EU experienced a pronounced drop in industrial production (-8.1%) in 2020, followed by a strong rebound in 2021 (+8.2%), and moderate but resilient growth in 2022 (+1.5%). However, industrial output declined 1.7% due to persistently high production costs and overall manufacturing weakness. Another decline was recorded in 2024 (-2%), and this is expected to be followed by very low growth in 2025 (+0.7%, formerly +0.3%), before gradual strengthening in 2026 (+1.2%) and 2027 (+2.2%).



EUROFER Macroeconomic data, EU

Annual % change, unless otherwise indicated

	2022	2023	2024	2025	2026	2027
GDP	3,7	0,6	0,9	1,3	1,2	1,6
Private Consumption	5,1	0,6	1,3	1,4	1,5	1,9
Government Consumption	1,8	1,8	2,8	2,4	1,2	1,2
Investment	2,3	1,6	-0,9	1,4	1,7	2,8
Investment in mach. equip.	3,5	2,0	-1,2	0,8	2,7	2,6
Investment in construction	0,6	1,7	-1,0	0,6	1,8	2,0
Exports	7,2	-0,3	0,4	1,4	1,2	1,9
Imports	8,6	-1,8	0,2	3,0	2,1	2,6
Unemployment rate (level)	6,5	6,3	6,2	6,2	6,0	5,9
Inflation	8,4	6,4	2,4	2,1	1,8	2,0
Industrial Production	1,4	-1,9	-2,0	0,7	1,2	2,2

GLOSSARY OF TERMS

SECTOR DEFINITIONS ACCORDING TO NACE REV.2

BUILDING AND CIVIL ENGINEERING

41 Construction of buildings

42 Civil engineering

43 Specialised construction activities

25.1 Manufacture of metal structures and parts of structures

25.2 Manufacture of tanks, generators, radiators, boilers

MECHANICAL ENGINEERING

28 Manufacture of machinery and equipment

27.1 Manufacture of electric motors, generators, transformers

25.3 Manufacture of steam generators, except central heating hot water boilers

AUTOMOTIVE

29 Manufacture of motor vehicles and trailers

DOMESTIC APPLIANCES

27.51 Manufacture of electric domestic appliances

OTHER TRANSPORT EQUIPMENT

30 Manufacture of other transport equipment

30.1 Building and repair of ships

25.3 Manufacture of railway locomotives and rolling stock

30.91 Manufacture of motorcycles

STEEL TUBES

24.2 Manufacture of steel tubes

METAL GOODS

25 Manufacture of fabricated metal products excluding 25.1-25.2-25.3

OTHER SECTORS

26 Manufacture of computer, electronic and optical products

27 Manufacture of electric motors, generators, transformers, electricity distribution and control apparatus excluding 27.1 and 27.5

EU STEEL MARKET DEFINITIONS

Apparent steel consumption: Apparent consumption is also referred to as 'steel demand'. It is total deliveries of all steel products and qualities by EU producers plus imports less 'receipts' into the EU, minus exports to third countries. In other words, apparent consumption is deliveries by EU producers plus imports minus receipts (that is, imports by EU producers themselves of material that is further processed), minus exports to third countries. EUROFER's definition of apparent consumption includes all qualities, including stainless, and all finished products and semi-finished products.

If apparent consumption exceeds real steel consumption, the surplus is stocked in the distribution chain. If apparent consumption is less than real steel consumption, inventories are being withdrawn.

Narrow definition: EUROFER applies the so-called "narrow definition" which excludes steel tubes and first transformation products from the product scope used for calculating steel consumption. Hence, the steel tube sector is a steel-using sector under this definition.

Real steel consumption: Real consumption is the use of all steel products used by steel-using sectors in their production processes, also referred to as the 'final use' of steel products, adjusted for the stock cycle.

Steel industry receipts: In both the apparent consumption and market supply statistics, the imports component of the calculation is written, in the EUROFER definition, as 'imports less receipts'.

The 'receipts' in this instance mean imports by EU producers themselves of finished or semi-finished steel products that are further processed by the producer and transformed into other products. In the publicly available EUROFER figures, only finished products are shown and thus impacted by the receipts calculation.

This correction is important because it prevents double-counting that would artificially inflate the size of the market. If an EU producer imports a tonne of hot rolled strip that it further processes into a tonne of cold rolled which it then delivers to the EU market - in an uncorrected calculation the import of one tonne would then become one imported tonne plus one EU-processed and delivered tonne. The imported tonne is thus corrected out in the import side of the market supply and apparent consumption figures.

Steel intensity: the ratio of real steel consumption to steel weighted production in the steel-using sectors. This reflects the usually slightly negative impact on consumption of innovation in steel products, inter-material substitution, improvements in process efficiency and design, etc.

SWIP: abbreviation for Steel Weighted Industrial Production index. It is used as a proxy for real steel consumption. Activity in the steel-using sectors is weighted with the relative share of each sector in total steel consumed by all sectors.

ABOUT THE EUROPEAN STEEL ASSOCIATION (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations of Turkey, Ukraine and the United Kingdom are also members.

The European Steel Association is recorded in the EU transparency register: 93038071152-83. VAT: BE0675653894. The RLE or RPM is Brussels.

ABOUT THE EUROPEAN STEEL INDUSTRY

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €215 billion and directly employs 298,000 highly-skilled people, producing on average 146 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.

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