# STEEL PRICES ON THE RISE

By Phillip M. Perry

***Editor's note:*** *As we went to press in early June, the Trump administration instituted 50% tariffs on imported steel. The move could result in increased costs for critical access, door, and gate components.*

All good things must come to an end — cheaper steel being no exception. "Steel prices are breaking their pattern of a three-year-long price decline," said Josh Spoores, head of Steel Americas Analysis at CRU. "Hot-roll coil prices averaged $772 per ton in 2024. Our forecast has the figure rising to $842 this year."

Any increase in the price of steel will be of interest to the door access industry, since by some estimates steel can account for up to 70% of product costs. Prudent companies will want to factor price changes into their growth plans.

Predicting the price of steel, though, is easier said than done. A big problem is the product's volatility. Any change in the global balance of supply and demand — anticipated or otherwise — tends to immediately affect the price tag. For example, prices quickly popped to over $940 a ton early this year thanks to a combination of seasonal pressures and panic buying sparked by the Trump administration's tariff announcements.

Prices quickly calmed down, and by late April they were hovering around the $805 mark. Alas, metal shoppers hoping for additional relief are likely to be disappointed. "We see $800 as a kind of floor for steel over the long haul," said Spoores. "The U.S. gets a lot of steel from Canada and Mexico, and $800 is a kind of breaking point for them, given their costs of production and the applicable 25% tariffs."

Given the demand for steel, industry observers might be forgiven for expecting the 25% steel tariffs to boost prices substantially. The reality is more nuanced. The global 10% tariff on all imports, as well as some tariffs targeted at the automotive sector, have boosted uncertainty among U.S. companies and suppressed industrial activity, helping to keep steel prices from going through the roof.

"We are forecasting a 1.3% decline in industrial production for 2025 due largely to tariffs," said Spoores. "This comes off a couple of essentially flat years. 2024 was a negative 0.3%, and 2023 was a positive 0.2%." (For more information on how tariffs will impact the door access industry, see page 42).

> **"U.S. producers such as Nucor, Steel Dynamics, and U.S. Steel are building new facilities and retooling old ones to churn out more steel."**

## Holding the line

Market pressure is also supporting steel prices. "We are seeing moderate but consistent growth in domestic steel demand," said Dale Crawford, executive director of the Steel Tube Institute. "More steel is needed for the U.S. infrastructure, energy, and manufacturing sectors; as well as for the reshoring of industrial production."

*continued on page 58*

*continued from page 56*

The lackluster factory activity is part of a larger deceleration of the U.S. economy, noted Spoores. "Our latest forecast of Gross Domestic Product growth in the U.S. is 0.4% for 2025, versus 2.8% in 2024." Due to the slowing activity, CRU forecasts only a modest 1.1% growth rate for domestic steel sheet demand in 2025 compared to last year's 0.6%. The respective global figures are 1.9% and 0.5%.

## Pressure from China

Excess supply from China is also exerting downward pressure on steel prices. "Global overcapacity in the steel industry reached 573 million metric tons in 2024," said Kevin Dempsey, president and CEO of the American Iron and Steel Institute. "Steel production in China last year exceeded one billion metric tons despite slowing demand for steel in that country.

Additionally, through its Belt and Road Initiative, the Chinese government is expanding its trade practices beyond its borders by subsidizing its steel producers in building additional export-oriented steelmaking capacity outside of China — particularly in Southeast Asian countries like Indonesia and Vietnam."

Of course, tariffs from the Trump administration are intended to help stem the flow of Chinese steel into the U.S. while boosting domestic production. However, China may continue dumping its excess product in other countries, further depressing global steel prices.

## Increasing U.S. production

In the meantime, U.S. producers such as Nucor, Steel Dynamics, and U.S. Steel are building new facilities and retooling old ones to churn out more steel. But it will take a while for their efforts to make much of a dent in the U.S.'s import levels.

"Increasing steel production is a slow-moving process and is not done by flipping a switch," said Raul Munoz, national industry leader of mining and natural resources at Marsh. He noted that U.S. steelmakers are operating at only 75% capacity utilization — a term that refers to the active portion of a plant's potential production.

"Getting to that additional 25% is easier said than done. Capacity utilization did not rise above 85% or so even when steel prices surged to all-time highs in 2021. I think it's likely that an increase in prices to end users will occur long before we get to a steady state where an increase in domestic production can meet market demand." ■

**HOT-ROLLED COIL STEEL PRICES**
**End-of-quarter pricing ($ per ton)**

| | |
|---|---|
| Sept. 2023: | $704 |
| Dec. 2023: | $1,090 |
| Mar. 2024: | $882 |
| June 2024: | $697 |
| Sept. 2024: | $775 |
| Dec. 2024: | $725 |
| Mar. 2025: | $820 |
| *June 2025: | $900 |
| *Sept. 2025: | $820 |
| *Dec. 2025: | $800 |
| *Mar. 2026: | $843 |

*Production costs and market demands are putting upward pressure on steel prices.*
***Source: CNBC (*Forecasts: CRU)***