Market Insights

MAY 2025
EDITION

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Content

METALS MARKET OVERVIEW

As of June 2025, global steel markets are showing signs of weakness amid declining prices, trade policy uncertainty, and cautious demand. In North America, steel prices have softened following earlier gains, pressured by oversupply from new domestic capacity and reduced buying activity. The prices are still higher compared Y-o-Y and Q-o-Q. Market sentiment has been dampened by the reinstatement of the U.S. 25% Section 232 tariffs on steel imports. The tariff environment remains front and center for companies and policymakers. The U.S. average tariff rate currently stands at 17%, up 2.5% year-over-year, though down from the April peak when duties on some Chinese imports reached as high as 145%. Importers are closely watching the final ruling on reciprocal tariffs—expected by July 9—which could significantly affect trade flows and pricing across key markets. Compounding the uncertainty is the upcoming 2026 review of the United States-Mexico-Canada Agreement (USMCA), raising further questions about long-term North American trade strategy

Meanwhile, European steel prices have edged lower, with mills facing slow demand and rising competition from imports. In East Asia, prices are relatively stable but remain under pressure. Demand in China is projected to fall by 1% this year, while Japan and South Korea are seeing minor gains. Mills across the region are struggling with low margins and cautious restocking behavior from buyers.

A strong U.S. dollar continues to support imports into North America by easing material cost pressures but is making U.S. exports less competitive globally.

In the freight market, conditions have improved compared to late 2024, but challenges persist. Container rates have come down, yet capacity constraints, Red Sea disruptions, and high fuel costs continue to impact schedules and pricing. Port congestion and equipment shortages in key Asian hubs are contributing to intermittent delays. Additionally, trade lane realignments driven by shifting tariff policies are forcing companies to adjust logistics strategies heading into the second half of the year.

This edition covers price trends across key steel markets, the impact of evolving tariff measures, and continued freight market volatility shaping global trade dynamics.

The *Purchasing Price Index*, which is a measure of the average change in the prices paid by the consumers for a market basket of goods and services reflects deflationary trends over last couple of months especially in the North American market. [Exhibit 1]

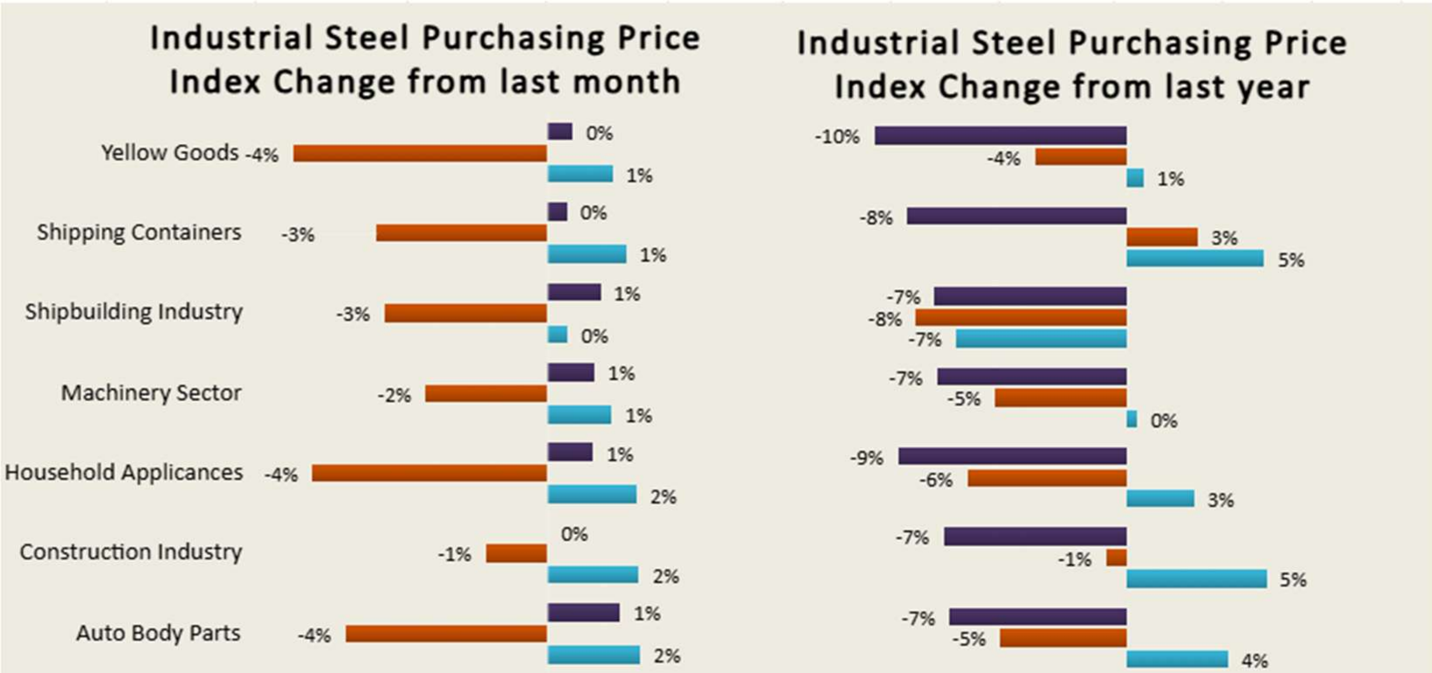


Exhibit 1

METALS MARKET OVERVIEW

Exhibit 2

Base Metal- Click on the links below for each index	% Change prior 5 Years, same period	% Change prior 3 Years, same period	% Chg. V from last year, same period	% Chg from prior month
Steel Coil Hot Rolled	73.90%	-28.51%	11.93%	-7.08%
Import-HR Coil Korea	-10.41%	-112.40%	-6.27%	-0.39%
304 Stainless	46.88%	-39.96%	-5.19%	-1.64%
Wire Rod - Cold Heading	76.32%	-17.28%	8.06%	0.00%
Scrap-#1 Busheling Chicago	38.71%	-37.23%	2.38%	-6.52%
Steel Coil - Cold Rolled	51.47%	-40.80%	-4.63%	-8.85%
Nylon PA66	-14.29%	-10.18%	-10.18%	3.45%
China Steel C1022	38.02%	-9.70%	-3.20%	0.00%
A53 GradeB Houston	44.51%	-41.86%	2.88%	-3.85%
Plastic products - PPI -WPU072	31.82%	0.63%	-0.26%	-0.07%
Special Quality Steel Bar 4100	66.67%	-26.63%	0.37%	-2.17%
A53 GradeB Fob	57.46%	-41.24%	-3.39%	-3.39%
Import - LC Steel Wire Rod	34.48%	-36.59%	-3.70%	-17.46%
Steel Scrap Cast Iron	54.84%	-21.31%	-7.69%	-14.29%
Rubber	25.32%	-47.56%	-3.70%	-8.89%
Nickel	24.81%	-47.24%	-23.70%	-1.53%
Copper	88.02%	8.32%	0.92%	2.03%
HR Plate US	80.51%	-41.46%	-1.78%	-3.50%
Aluminum	65.28%	28.08%	14.08%	0.00%
316L Stainless Steel	67.12%	-3.94%	-3.94%	-1.81%

- Prices showing a significant drop over the prior 3-year-old price point, but they are still much higher than the pre-covid era, in most cases.
- 2022 was the peak for metals market (historical peak in many cases), hence benchmarking against 3-year-old timeline, that is 2022, may not capture the full picture, especially when the inventory levels were high at that time, and thus show an artificial deflation.

Exhibit 3

Base Metal- Click on the links below for each index	% Change prior 5 Years, same period	% Change prior 3 Years, same period	% Chg. V from last year, same period	% Chg from prior month
American Unit Labor Costs	10.05%	10.79%	2.24%	0.00%
Average Wages - Taiwan	12.07%	5.21%	3.02%	-0.31%
Average Wages - Vietnam	17.81%	15.07%	6.33%	0.00%
Heat Treating	53.80%	38.84%	4.07%	0.00%
Electroplating	24.35%	16.10%	2.87%	0.00%
Metal Plating and Polishing	22.68%	15.09%	2.66%	0.00%
Import - Steel Medium Plate	41.94%	-48.84%	-11.11%	-8.33%
Import - Steel HR Coil	55.21%	-33.48%	4.93%	-6.88%

- Labor and Secondary costs, which also translates to general inflation has also increased over the course of 5 years as well as during the 3-year and 1-year timelines

METALS MARKET OVERVIEW

Flat Products:

- Hot rolled coil prices in the U.S. are facing increased downward pressure as buyers hold off on purchases due to high inventory levels. Domestic prices now range between $850–$900 per short ton, but may fall below $800 due to weak seasonal demand and low scrap prices. Inventories are expected to drop soon as stockist's resume buying, but overall demand remains weak, especially in the automotive and construction sectors. Uncertainty in global trade policy is also making it difficult for steel-consuming companies to plan ahead.
- U.S. plate prices fell by $40–50 per short ton this month amid weak demand and economic uncertainty. Infrastructure spending is providing some support, but overall purchasing remains sluggish. The ISM Manufacturing PMI slipped to 48.7 in April, indicating ongoing contraction, but there is cautious optimism for a recovery in late 2025.
- Several North European steel mills paused coil price hikes over Easter due to weak demand, keeping prices stable across France, Germany, and the UK. Buyers believe prices have peaked. In Germany, tariff-free Indonesian hot rolled coil has flooded the market, while domestic producers struggle to sell hot dipped galvanized coil amid cheaper imports from Taiwan and Vietnam—sometimes over EUR100 per tonne lower. UK buyers are cautious ahead of potential safeguard changes from October 1, causing importers to reduce sourcing from South Korea and Vietnam. In Italy and Spain, mills cut list prices by EUR10–20 per tonne, and imports fell by up to EUR40, though long lead times and duty concerns still limit buying interest.
- Hot rolled plate prices in Europe have declined for the first time in six months due to weak demand and high stock levels. The UK was the only market where prices held steady in local currency. Recent price increases were mainly driven by supply concerns tied to changes in EU import safeguards and U.S. tariffs. Low-priced South Korean offers have been withdrawn, largely due to the new 20% cap on individual countries within the EU's tariff-free quota. In the UK, South Korean plate stockpiles at Liverpool port are gradually being cleared. A proposed 40% cap under the UK's tariff-rate quota from October 1 may further restrict South Korean imports.

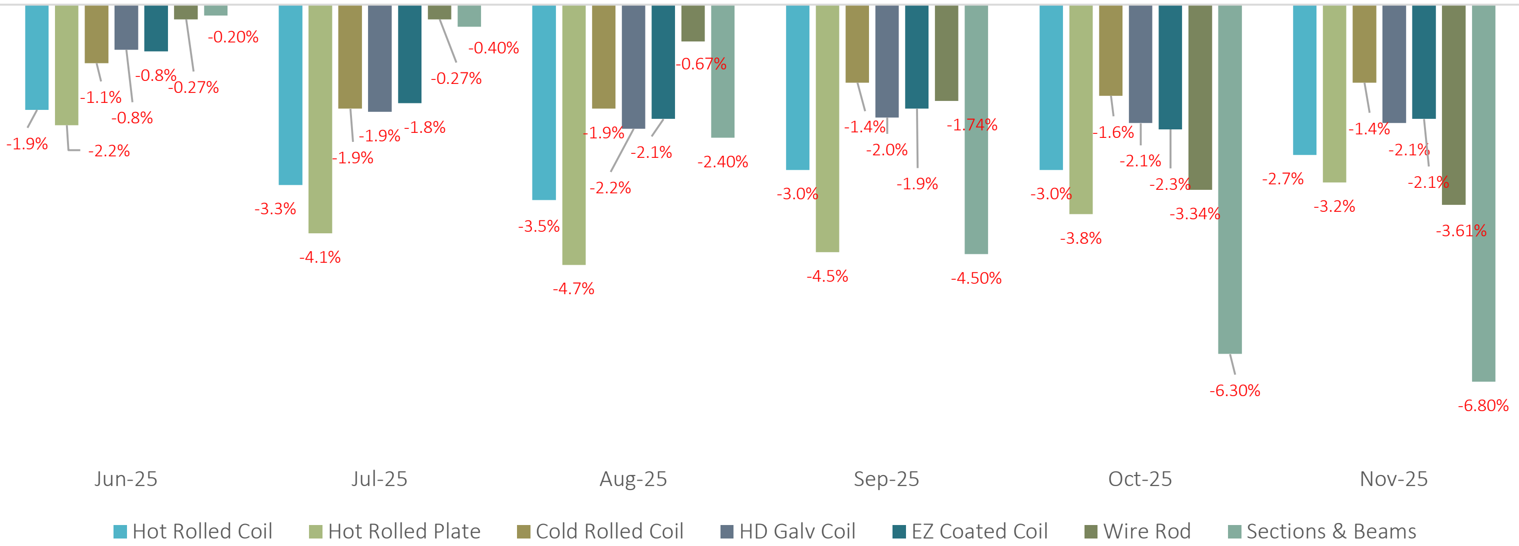
Long Products:

- The North American rebar market remains under pressure due to weak demand and evolving tariff concerns. Rebar prices fell by USD 10 per short ton in the U.S. and CAD 60 in Canada this month. U.S. mills are offering minor price concessions, supported by lower scrap costs that have helped maintain profitability. However, further price drops are anticipated as input costs continue to decline. A slight rise in April's Dodge Momentum Index was driven solely by data center projects, with little optimism for a broader demand rebound. Meanwhile, U.S. wire rod prices held steady, though tariff uncertainty has boosted domestic orders.
- US steel producers' delivery lead times have lengthened this month as stocks fell, potentially supporting short-term beam and merchant bar prices. Prices for both products remained stable in the US. However, buyers expect that the recent drop in HMS1, shredded, and busheling scrap prices could put downward pressure on structural steel prices.
- Rebar importers in the UK are likely to adjust their supply chains if proposed changes to import safeguards take effect. In 2024, most rebar imports came from Algeria and Egypt, while wire rod mainly came from Turkey. Starting October 1, country-specific caps will limit these countries' share of quotas. Rebar and wire rod prices remain stable this month, with demand weak and expected to stay low through 2025.
- Beam and merchant bar prices in Southern Europe have stayed mostly stable despite a sharp drop in scrap prices and slower demand in April. Buyers expect possible price cuts, doubting that mills have booked many orders. In Italy, the leading merchant bar supplier is trying to stabilize prices, but delivery times remain short. In Spain, some domestic suppliers report high stock levels. In France, Spanish suppliers withdrew attempted price hikes, while domestic producers kept prices steady.

NEAR TERM FORECAST

Exhibit 4

Foreseeable Price Change - World Average (from May'25 Baseline)



[Exhibit 4] Global steel prices are expected to face continued downward pressure in the near term. Regional demand differences, geopolitical uncertainties, and persistent oversupply especially in Asia are maintaining a bearish market outlook. Prices declined in May due to weak demand and excess supply, with cautious market sentiment driven by economic and geopolitical concerns. This downtrend is likely to continue over the coming months, influenced by region-specific challenges.

In North America, steel prices are falling and likely to stay weak throughout the year. The expected demand rebound hasn't happened, as US GDP dropped 0.3% in Q1, shaking confidence in the sector and lowering 2025 expectations.

[Exhibit 5] The European steel market remains weak, with no demand recovery in key sectors despite recent interest rate cuts by the European Central Bank and the Bank of England. The expected post-Easter rebound failed to materialize, and the European Commission has cut its 2025 eurozone GDP growth forecast from 1.3% to 0.9%. Potential quota revisions may increase cheap imports from Asia, putting further pressure on domestic steel prices. Long product prices are expected to fall as demand stays low and production costs decline due to cheaper scrap and electricity.

East Asian steel markets are facing challenges due to weak domestic demand and limited export opportunities. Prices are expected to stay under downward pressure, though a weaker US dollar may soften some declines. The region's automotive sector also faces difficulties, with Fitch Ratings downgrading its global outlook. New tariffs could prompt production cuts, especially in China, Japan, and South Korea.

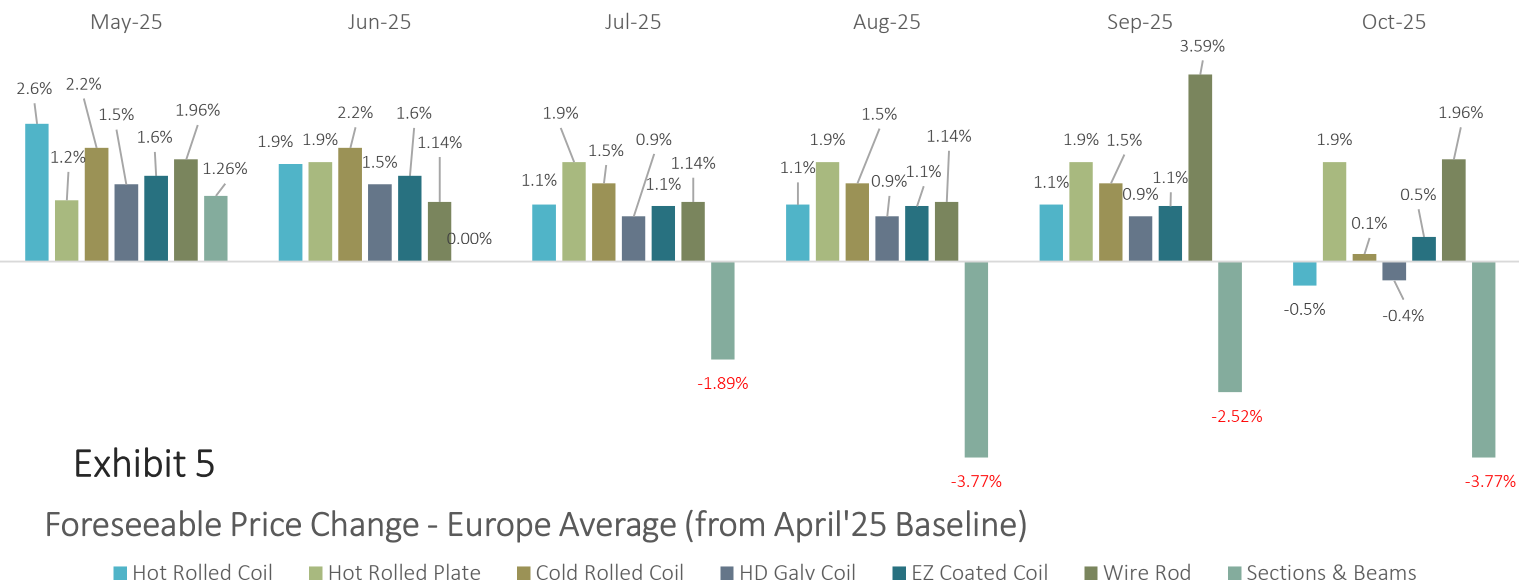
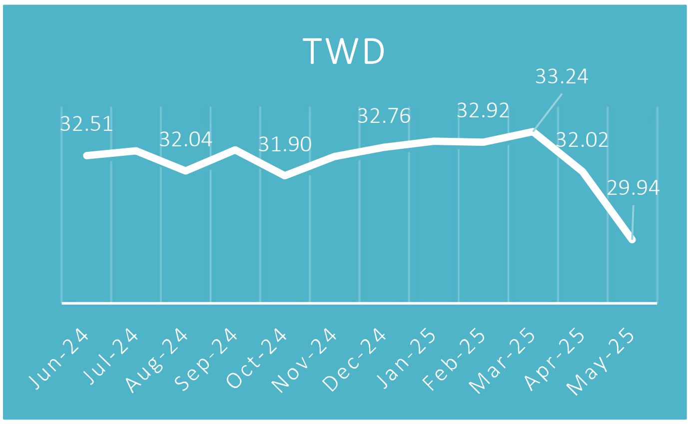


Exhibit 5

Foreseeable Price Change - Europe Average (from April'25 Baseline)

CURRENCY OVERVIEW

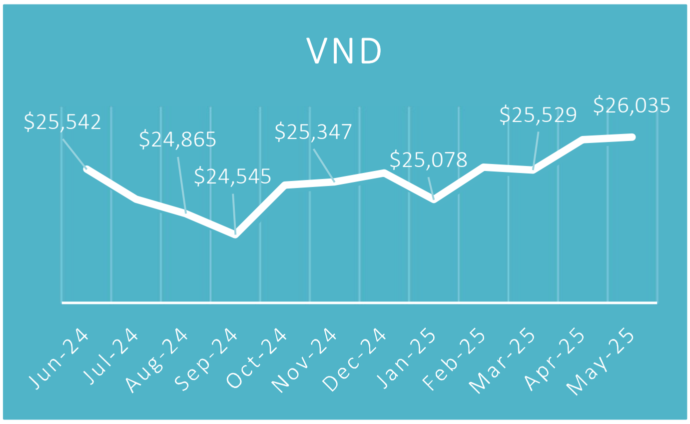
Most key currencies have stayed within +/-2% band in the last month showing a stable greenback. However, looking at the longer horizon in the past 12 months, USD has strengthened about 14.17% against Mexican Peso and 2.63% against Indian Rupee, while weakened 10.73% against Thai Bhat, 7.82% against Taiwanese dollar and 4.31% against Euro

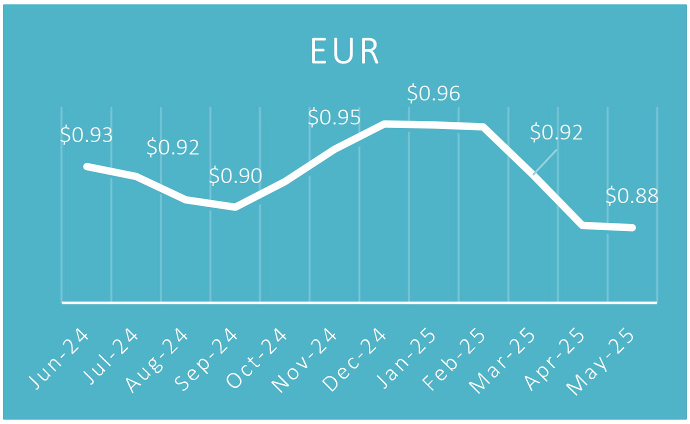


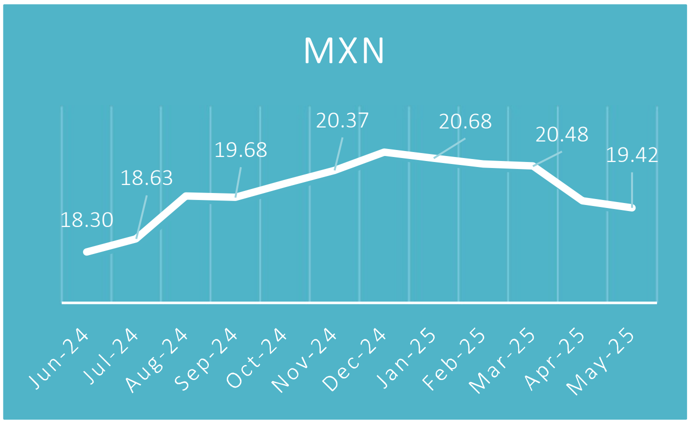
The trailing 12 months record show that the USD has strengthened/**weakened** by:

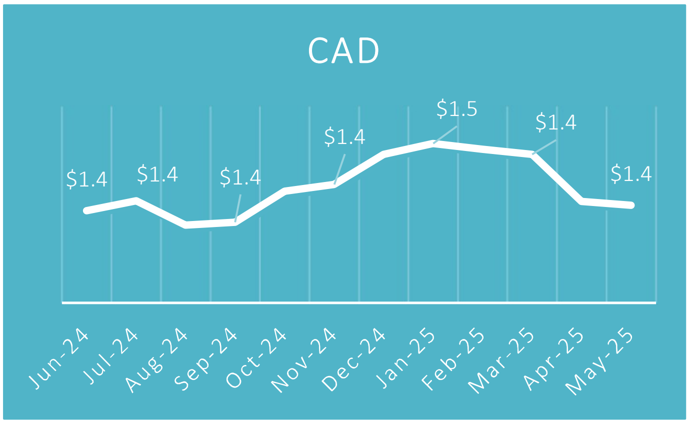
1. -10.73% against Thai Bhat
2. -7.82% against Taiwanese dollar
3. -4.31% against Euro
4. 14.17% against Mexican Peso
5. 2.63% against Indian Rupee
6. 1.03% against Canadian dollar
7. 1.99% against Vietnamese dong

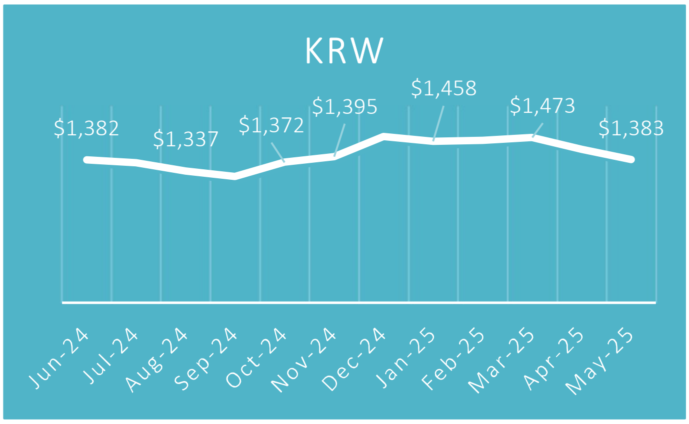
Exhibit 6

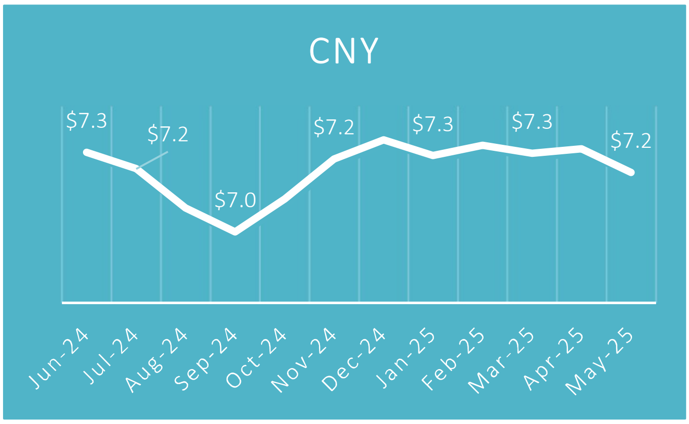










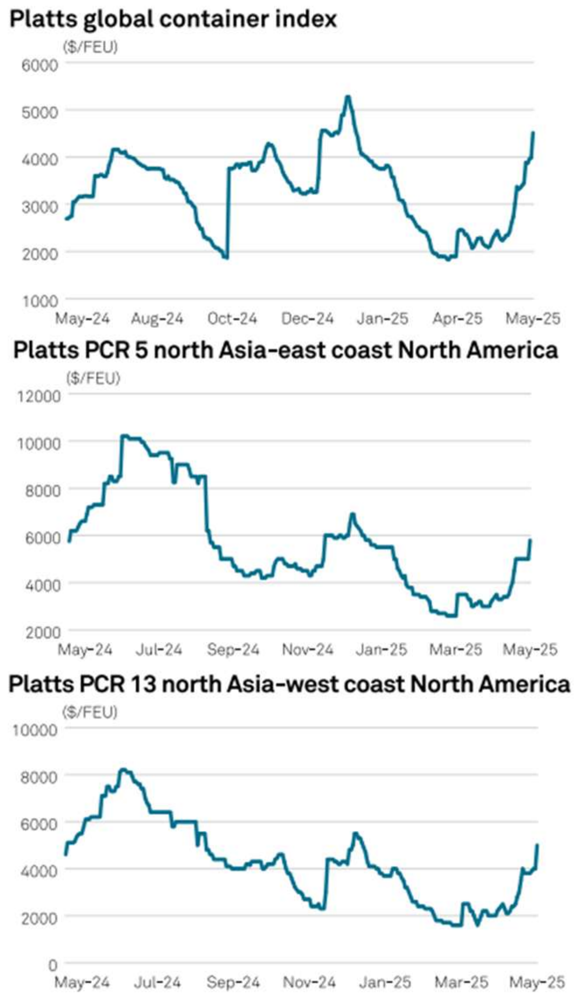


Freight Update

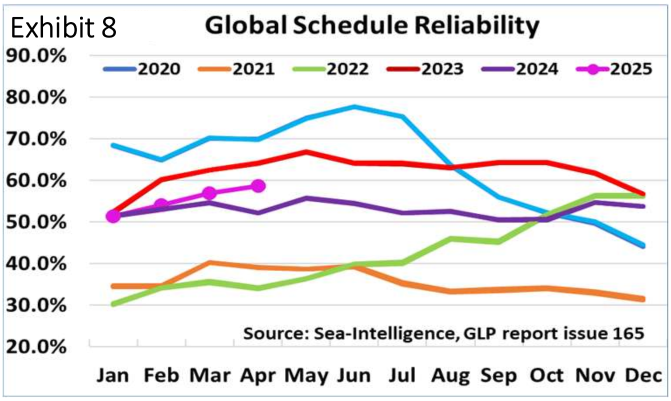
Platts Containers update

Exhibit 7

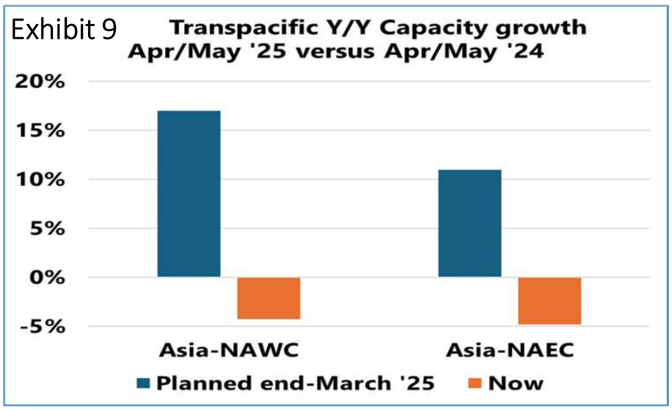
- The container market faced turbulence in May due to tariff uncertainties, ship bunching, port congestion, and capacity shifts. The Platts Container Index surged 95% month-over-month to $4,515/FEU as of May 30. A US-China trade deal on May 12, offering a 90-day tariff reduction, triggered shifts in global trade flows. Carriers initially prioritized Southeast Asia and the Indian subcontinent but refocused on China following the deal.
- North American container freight rates rose steadily in May, driven by frontloading and vessel constraints from earlier reshuffling. Early in the month, carriers pushed general rate increases amid strong demand and tariff talks. However, mixed demand and US-China trade uncertainty briefly pressured rates. A 90-day tariff cut on May 14 revived China–US bookings, tightening capacity by month-end.
- June sentiment remains bullish as carriers plan additional GRIs and peak season surcharges, with expected increases of $3,000–$3,400/FEU. Tight capacity and rising demand continue to push rates higher. Platts Container Rate 13 (North Asia–US West Coast) rose $2,600 to $5,000/FEU, and PCR 5 (North Asia–US East Coast) climbed $2,400 to $5,800/FEU. PCR 9 (North Continent–US East Coast) eased slightly to $1,700/FEU, though congestion at Rotterdam, Antwerp, and Hamburg persists, creating uncertainty.



Ocean Freight Schedule Reliability



As per Sea-Intelligence In April 2025, global schedule reliability increased by 1.7 percentage points month-over-month, reaching 58.7%—the highest level since November 2023. Compared to the same month last year, the April score improved by 6.5 percentage points. Among the top 13 carriers, Maersk was the most reliable in April 2025 with a schedule reliability of 73.4%, followed by Hapag-Lloyd at 72.3%, and MSC at 60.7%.



Blank sailings on the Transpacific have surged, with 19% of planned Asia–NAWC and 17% of Asia–NAEC capacity pulled for April–May. Despite this, Y/Y capacity reductions are modest—4.3% on NAWC and 4.9% on NAEC—due to initially planned increases. The shift stems from cancelled sailings and smaller vessels. Early signs point to a sharp 30–50% drop in Chinese bookings, likely triggering more blank sailings and downward pressure on spot rates.

Source : https://www.sea-intelligence.com/

Freight Update

Road Freight Update

The 2025 truckload long-haul cost forecast has been revised from 7% year-over-year growth to 4%, reflecting concerns over new U.S. tariff policies. Initial import pull-forwards first by companies, now by consumers are tapering off as inventories of pre-tariff goods dwindle.

As tariffs take effect, rising prices are expected to weaken both domestic demand and exports, leading to reduced freight volumes. In Q1 2025, U.S. Real GDP declined 0.3% annually, with a 5% drag from increased imports and a 2.3% boost from inventory builds. Adjusting for these temporary effects, GDP growth would be closer to 2%—slightly below recent quarters but consistent with pre-pandemic trends.

Consumer spending growth also slowed, particularly for goods, signaling potential freight softness. The long-term impact of tariffs remains uncertain, but once policies stabilize, supply chains will likely adjust to align with the new trade environment.

Source : https://www.chrobinson.com/

Air Freight Update

International Air Freight 2025

Air cargo volumes and capacity are expected to increase following a 90-day partial suspension of the US-China trade war, which had previously pushed tariffs above 100% and added duties on e-commerce shipments.

After recent talks, both nations agreed to suspend most of the tariffs imposed since April 2, reducing them from 125% to a baseline 10% from each side. Tariffs on de minimis e-commerce parcels will also be lowered. However, the US will maintain its 20% tariff related to the fentanyl crisis, bringing the total US tariff on Chinese goods to 30%, while China’s tariffs on US imports will sit at 10%.

According to TAC Index, the temporary pause could prompt a surge in shipments from China to the US as businesses move quickly before tariffs possibly return. Airfreight rates, which had been declining, showed a slight rebound last week—likely due to reduced capacity. The firm also noted that many block space agreements (BSAs) were canceled amid high tariffs, although the impact was cushioned by a significant drop in transpacific freighter capacity.

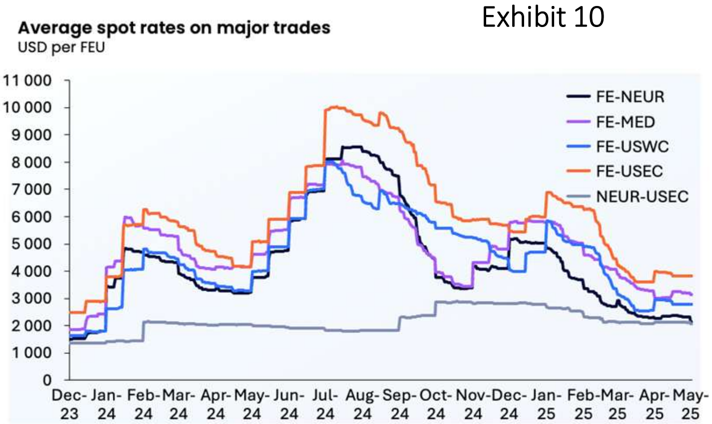
Source : https://www.freightos.com/

Return of container ships to Red Sea

A potential large-scale return of container ships to the Red Sea following a ceasefire agreement between the US and Houthi forces in Yemen could significantly disrupt global freight markets by flooding them with excess capacity, leading to a sharp drop in freight rates. However, the situation remains highly uncertain.

According to data from Xeneta, a leading ocean and air freight intelligence platform, global TEU-mile demand would fall by 6% if vessels resume using the Red Sea and Suez Canal instead of taking the longer route around the Cape of Good Hope.

Exhibit 10



Source : https://www. xeneta.com/

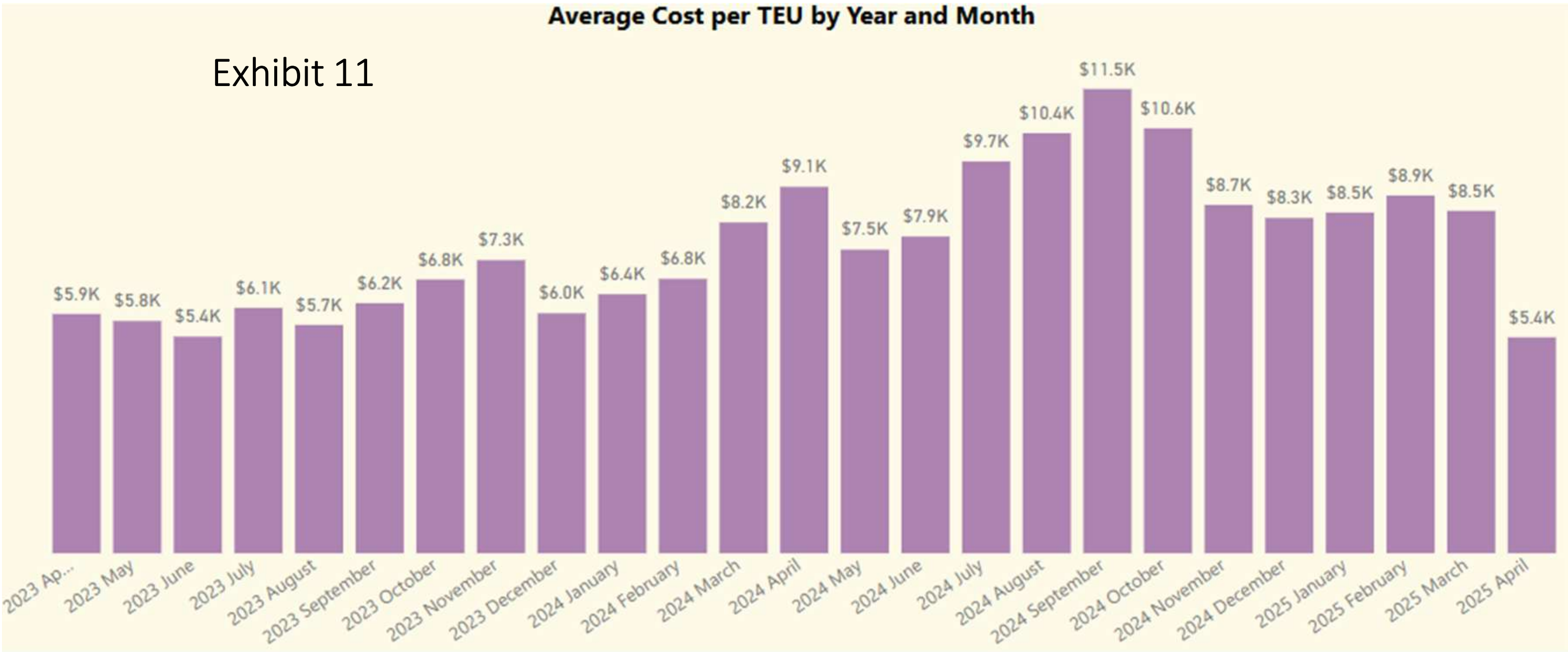
This projected decline is based on a modest 1% growth in global container shipping demand for 2025 and assumes a major shift back to the Red Sea in the second half of the year.

Spot rates have seen significant increases since the onset of the Red Sea crisis. Currently, average spot rates from the Far East to North Europe are at USD 2,100 per FEU (40ft container), and to the Mediterranean at USD 3,125 per FEU up 39% and 68% respectively compared to rates on 1 December 2023, before the crisis began. On routes from the Far East to the US, spot rates now stand at USD 3,715 per FEU to the East Coast and USD 2,620 per FEU to the West Coast, representing increases of 49% and 59%, respectively.

Business Freight Update

Exhibit 11 presents the Average Cost per TEU (Twenty-foot Equivalent) for FCL (Full-Container Load) and BCN (Buyers Consolidation) shipments for the business. **28% drop in freight has been observed since May'24. The freight rates are at par with May'23 levels.**
(Note: Both 40' & 20' Container as 1 TEU unit. Previously 40' Container was considered equivalent to 2 TEUs and 20' Container as 1 TEU for calculating Average Cost/TEU)

Exhibit 11



Shipment distribution for May 2024 to Apr 2025 showing the most billed shipments are discharged at Los Angeles displacing Savannah from the top position. These includes LCL, FCL, BCN, OBC shipment counts

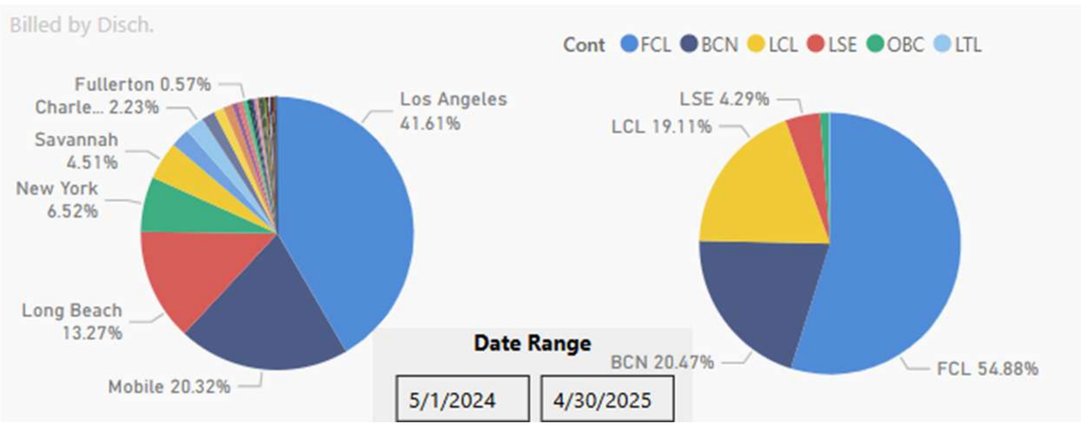
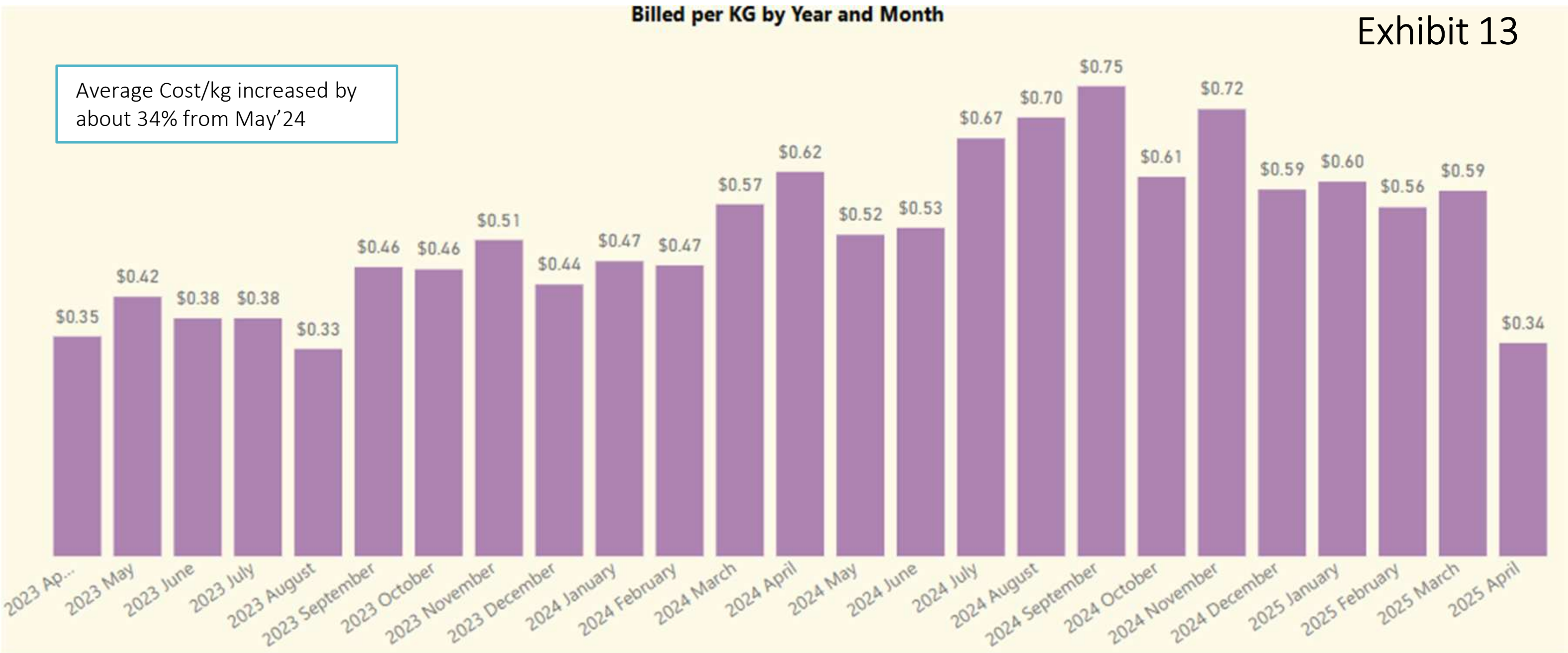


Exhibit 12

Shipment distribution by Shipment Type from May 2024 to Apr 2025

Exhibit 13

Average Cost/kg increased by about 34% from May'24



FROM AROUND THE WORLD

US, UK agree on framework for tariff

The United States and the United Kingdom have agreed on a framework for a trade deal focused on tariffs and market access, marking the first formal trade agreement initiative from the Trump administration since the announcement of global reciprocal tariffs. Named the U.S.-UK Economic Prosperity Deal, the framework is not yet legally binding but outlines both countries' priorities and will serve as the basis for upcoming negotiations. If finalized, the U.S. would retain a 10% tariff on U.K. imports, while the U.K. would reduce tariffs on U.S. goods from 5.1% to 1.8%. Both sides also plan to further lower tariffs over time on a preferential basis. The deal covers sectors such as pharmaceuticals, automotive, digital trade, and intellectual property. For autos, the U.S. would apply a 10% tariff on up to 100,000 U.K. vehicles annually, with a 25% duty on any units beyond that. Discussions are ongoing regarding matching steel and aluminum tariffs and quotas, and a related arrangement for U.K. auto parts may follow.

US and China agree to 90-day tariff suspension

The US and China have agreed to a 90-day pause in their trade war, which had previously driven tariffs between the two countries to over 100%. Following a weekend of negotiations, both sides announced that the tariffs imposed since April 2—reaching up to 125%—would largely be suspended, with each country retaining a 10% tariff. Additionally, the US will maintain a separate 20% tariff introduced earlier this year in response to the fentanyl crisis, bringing the total US tariff on Chinese imports to 30%, while China's tariffs on US goods will remain at 10%.

In anticipation of the suspension, many companies accelerated shipments, resulting in well-stocked inventories for the near term. Although the deal does not reinstate the de minimis exemption for parcels from China, it significantly lowers the applicable tariff rates on these shipments. The air cargo sector had expressed concerns that high tariffs and increased customs scrutiny on Chinese e-commerce parcels could lead to a drop in volumes and excess capacity, but the tariff reduction may help stabilize the situation.

US tariffs on Vietnam

Vietnam's status as a key global manufacturing hub is reinforced by the presence of major multinational corporations. Its factories export around $70 billion in computers and electronics to the U.S. each year, supported by low labor costs and increasingly relaxed foreign ownership rules.

The U.S. is pressuring Vietnam to reduce its reliance on Chinese high-tech components, aiming to boost Vietnam's industrial capacity and support U.S. efforts to decouple from China. In response, Vietnam has been meeting with local businesses to increase domestic parts production. However, firms say they need time and technology to meet these demands.

The U.S. has threatened 46% tariffs on Vietnamese goods, potentially disrupting Vietnam's export-driven economy. A key issue is the high Chinese content in products like virtual reality devices assembled in Vietnam. Last year, China exported $44 billion in tech goods to Vietnam, while Vietnam shipped $33 billion of tech products to the U.S.

Talks between the two countries are ongoing, with some progress reported, but major issues remain unresolved ahead of the July 8 tariff deadline. The U.S. also wants Vietnam to address false "Made in Vietnam" labels on Chinese products.

END