Steel and Aluminum Prices Shine

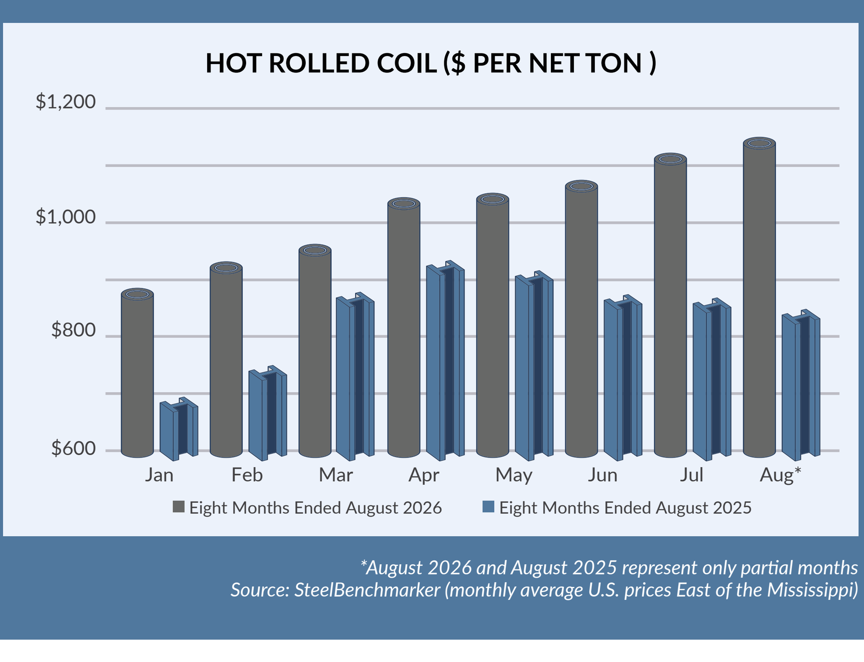
GA GROUP

In the first half of 2026, U.S. **hot rolled steel prices reached highs** last seen in early 2023, while U.S. aluminum prices also climbed, with the Midwest Transaction Premium ("MWTP") breaking multiple records.

PRICING POWER

Steel Steps Up

SteelBenchmarker prices for hot rolled coil, a bellwether for steel pricing in general, **rose 22%** over the first half of 2026, driven by reduced imports. In August, prices **soared 37%** year-over-year, rebounding from declines after the initial 25% tariffs in March 2025 and the doubling to 50% in June 2025 amid market uncertainty.



*August 2026 and August 2025 represent only partial months
Source: SteelBenchmarker (monthly average U.S. prices East of the Mississippi)

Aluminum Ascends

Aluminum prices on the London Metal Exchange ("LME") **generally increased in the first half of 2026,** supported by Middle East supply disruptions, low global inventories, and growing structural demand from electrification and energy infrastructure.

▲ The average monthly LME aluminum cash settlement price **increased nearly 16%** from $1.43 per pound in January 2026 to $1.66 per pound in May, before falling to $1.42 by July.
Source: Westmetall

The U.S. MWTP, the benchmark premium for physical aluminum in the U.S., reflects costs including freight, tariffs, insurance, and local supply and demand dynamics, such as limited U.S. smelter production.

In January 2026, the MWTP **surpassed $1.00** per pound for the first time, **surging over 300%** from an average of $0.24 per pound in January 2025, driven by tariff impacts.

The MWTP **continued to rise to fresh highs through June 2026** amid supply disruptions and soaring fuel costs related to the Iran War, correcting downward in July but remaining elevated.

Source: Interstate Material Supply and Advancing American Freedom

TARIFFS TOPPLE IMPORTS

Section 232 tariffs on steel and aluminum remained at 50% since June 2025, significantly reducing imports. Tighter domestic supplies and reduced foreign price competition supported rising U.S. prices and steel mill shipments.

Total and finished steel imports:

First-half 2026 total steel imports:	▼ 22.9% year-over-year
First-half 2026 finished steel imports:	▼ 24.5% year-over-year
June 2026 total steel imports:	▼ 4.3% month-over-month
June 2026 finished steel imports:	▼ 6.9% month-over-month

Source: U.S. Census Bureau

Steel shipments from U.S. steel mills

First-half 2026:	▲ 5.3% year-over-year
June 2026:	▲ 8.7% year-over-year

Source: AISI

IRAN WAR SHOCKS ALUMINUM SUPPLIES

Since the Iran War began in late February 2026, production disruptions in the Persian Gulf and repeated closures of the Strait of Hormuz have sharply constrained aluminum supply.

The Persian Gulf produces approximately **9%** of the world's aluminum, including about **40%** of U.S. waterborne aluminum imports.
Source: Congress.gov

In March 2026, Iranian missile and drone strikes targeted two of the world's largest aluminum production facilities, with an annual capacity of 1.6 million metric tons each, causing significant structural damage.

Emirates Global Aluminium's ("EGA") Al Taweelah site in the UAE ***halted all production until July 2026.***

Aluminium Bahrain (Alba) is ***operating at 30% of capacity*** *following the disruption in the Strait of Hormuz and the strikes.*

Source: Company press releases

The Strait of Hormuz closed from early March 2026 to late June 2026, then again starting on July 11, 2026, following an escalation of the conflict.

U.S. aluminum imports from Hormuz-affected ports ***plummeted 86.1%*** *in May 2026 versus May 2025.*

However, total U.S. aluminum imports increased 20.5% as the U.S. shifted some sourcing to other countries.

Source: Peerless Media's Supply Chain 24/7

Aluminum stocks at LME warehouses declined significantly through the first half of 2026 and reached their ***lowest level of the century*** by July 2026.

PRODUCTION PIVOTS

Steel Forges Ahead

U.S. raw steel production has rebounded to support rising demand as import competition declined, with capacity utilization generally **climbing or remaining near the minimum optimal level of 80%** during the first seven months of 2026.
Source: AISI

Aluminum Finds Its Spark

As of March 2026, only **four** primary aluminum smelters remained operational in the U.S., producing 683,500 metric tons annually, **down over 85%** from 33 smelters producing up to 5.0 million metric tons in 1980 due to capacity constraints and high electricity costs.
Source: U.S. Department of Energy

However, reduced aluminum imports—driven by the 50% U.S. tariffs and exacerbated by the Iran War supply crunch—have prompted new smelter construction and restarts.

EGA and Century Aluminum entered a joint venture to build a new aluminum smelter in Inola, Oklahoma, with a capacity of **750,000 metric tons, more than doubling** current U.S. aluminum production. This would mark the first U.S. smelter built in nearly 50 years.

Century Aluminum restarted more than **50,000 metric tons** of idled production at its primary aluminum smelter in Mt. Holly, South Carolina on July 27, 2026.

Magnitude 7 Metals plans to restart its idled smelter in southeastern Missouri by the end of 2026, adding approximately **75,000 metric tons** of annual domestic capacity.

Sources: Company press releases

On July 20, 2026, the U.S. President introduced an incentive program for companies investing in the construction, expansion, or refurbishment of U.S. aluminum smelters. Approved companies are eligible to import a matching volume of primary aluminum at a **25%** tariff rate, **half of the current Section 232 rate.** However, prohibitive electricity costs remain a barrier for smelters.
Sources: Company press releases

DEMAND ON THE MEND

Steel and aluminum demand largely improved from key end-markets over the past year as tariffs reduced foreign competition, although automotive tariffs hampered that industry.

▲ U.S. construction starts **increased 10.6%** year-to-date through June 2026 versus the same period in 2025, driven by a **34.3% jump** in non-residential and non-building starts, including data centers, highways, and bridges.
Source: Dodge Data & Analytics

▲ U.S. spending on data center construction reached a preliminary seasonally adjusted annual rate of **$68.3 billion** in June 2026, **up 46%** year-over-year and **265%** from June 2023.
Source: U.S. Census Bureau

▲ Caterpillar's sales and revenues for the second quarter of 2026 **increased 24%** year-over-year, driven by growth in construction, power generation, mining, and rail equipment. John Deere's worldwide sales and revenues for the first half of 2026 increased **8%** year-over-year, with growth in the construction equipment segment offsetting declines in the agricultural equipment segment.
Sources: Caterpillar Inc. 2Q 2026 Earnings Release and John Deere Quarterly Earnings Call

▲ In July 2026, the U.S. manufacturing PMI® of **55.6% reflected growth** in the U.S. manufacturing sector for the seventh consecutive month and marked the highest reading in four years.
Source: Institute for Supply Management®

▲ The Federal Reserve held interest rates steady at **3.75%** in the first seven months of 2026, **down from 4.5%** in the same period in 2025, offering some relief to borrowers.
Source: Federal Reserve

▼ Year-to-date U.S. car assemblies (excluding light trucks) **fell 6%** through June 2026 versus 2025, as tariffs on imported parts increased costs and pushed vehicle prices higher, dampening demand.
Source: U.S. Bureau of Economic Analysis

Tariffs have supported higher steel and aluminum prices and production, while acute supply constraints further bolstered the aluminum market. However, the sustainability of current pricing remains uncertain, as persistent inflation and high fuel costs could temper demand. In addition, ongoing USMCA negotiations following the U.S.'s recent decision not to renew the agreement could affect metal tariff policy toward Mexico and Canada.