

Turbulent Tariffs Drive Steel and Aluminum

JUNE 2025



Leading up to anticipated tariffs, **steel and aluminum prices increased in the first quarter of 2025**. Revised Section 232 tariffs of 25% on all steel and aluminum imports took effect March 12, after which prices softened as uncertainty plagued the market. The tariffs were unexpectedly **DOUBLED** on June 4.



STEEL STOCKING

Steel buyers largely stocked up ahead of anticipated tariffs and related domestic price hikes.

Steel shipments from U.S. steel mills

Q1 2025: **▲ 6.5%** from Q4 2024
▲ 1.7% from Q1 2024

March 2025: **▲ 9.8%** from February 2025

Total and finished steel imports

Q1 2025 total steel imports: **▲ 18.6%** from Q4 2024
▲ 3.6% from Q1 2024

Q1 2025 finished steel imports: **▲ 9.5%** from Q4 2024
▲ 1.6% from Q1 2024

March 2025 total steel imports: **▲ 11.4%** versus February 2025

March 2025 finished steel imports: **▲ 11.9%** versus February 2025

Sources: AISI and U.S. Census Bureau

After the implementation of revised Section 232 tariffs and related stocking, buyers largely proceeded with caution through early June, buying as needed for expected demand amid the ever-shifting tariff landscape, related legal battle, and unclear economic ramifications.

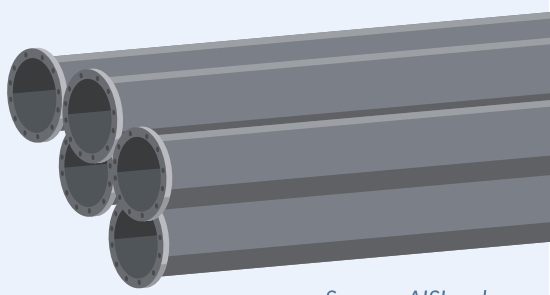
April 2025 steel shipments from U.S. steel mills

▼ **1.9%** versus March 2025

Total and finished steel imports

April 2025 total steel imports: **▼ 17.1%** versus March 2025

April 2025 finished steel imports: **▼ 11.8%** versus March 2025

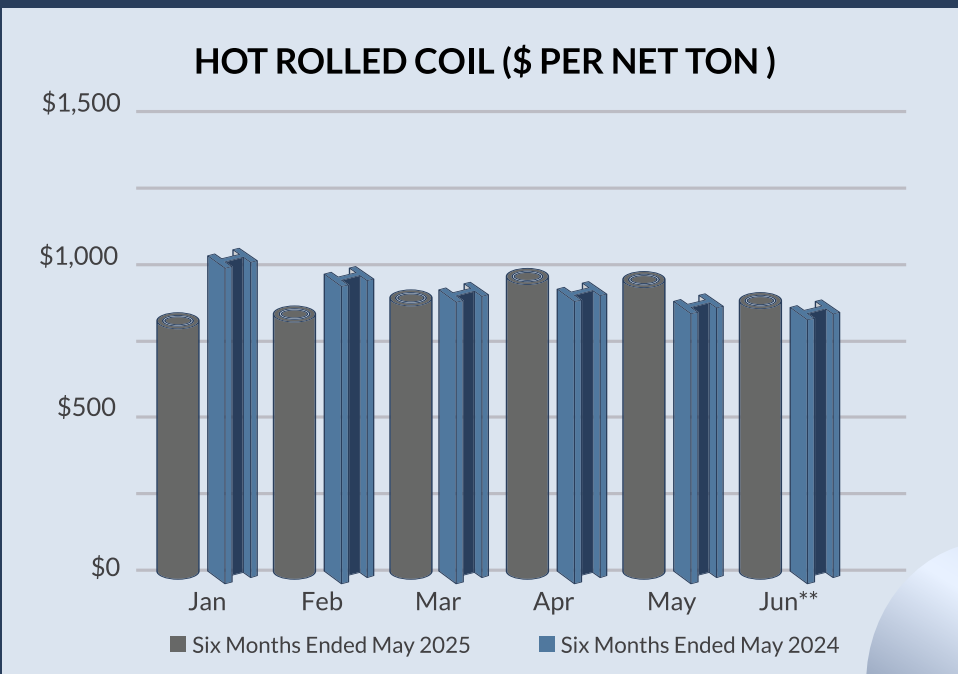


Sources: AISI and U.S. Census Bureau

PRICES ARE STEELING FOR TURBULENCE

Prices for hot rolled coil, a bellwether for steel pricing in general, **soared over 30%** in the first quarter of 2025 as consumers stocked up ahead of expected tariffs and price hikes.

After tariffs took effect in March, prices climbed at a slower rate in April before dipping in May. **Effective June 4, the U.S. President doubled steel and aluminum tariffs to 50%, although prices remained soft** in early June as buyers digested the news, adding to an already uncertain market and volatile tariff environment.



TARIFFS TAKE ALUMINUM FOR A RIDE

Aluminum prices also increased over the first quarter of 2025 in anticipation of tariffs. The Midwest Transaction Premium (“MWTP”) surged, accounting for tariff costs in addition to the related upheaval of global supply chains.

LME Aluminum futures: **▲ 7%**

MWTP: **▲ >70%**

January 2, 2025 to March 12, 2025

In the wake of the March tariffs, however, **LME aluminum futures declined 8%** through May, with the MWTP also down modestly, amid weaker demand.

However, the recent doubling of steel and aluminum tariffs to 50%, effective June 4, **sent aluminum prices and premiums rising again in early June**.

Sources: Trading Economics and Mining.com



DEMAND DOLDRUMS AMID TARIFF TROUBLES

Steel and aluminum demand is driven by the construction, automotive, heavy equipment, and manufacturing sectors, which remain soft.

▼ Though U.S. construction starts inched up 2% year-to-date through April 2025 versus 2024, month-over-month starts **decreased 9% in April** due to planning delays amid tariff uncertainty. *Source: Dodge Data & Analytics*

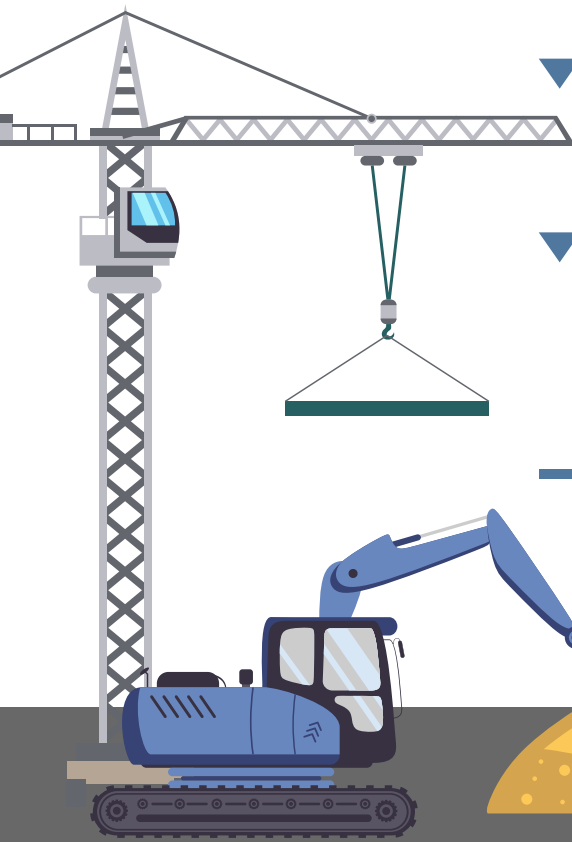


▼ Year-to-date U.S. automotive production through April 2025 **decreased 13.8%** versus the same period in 2024, partially due to 25% tariffs on imported automotive parts and tariff volatility. *Source: U.S. Bureau of Economic Analysis*

▼ Major heavy-equipment manufacturer John Deere reported its overall Q1 2025 revenue **decreased 30%** year-over-year, **with equipment sales down 35%**, as demand declined due to macroeconomic uncertainty. *Source: John Deere Quarterly Earnings Call*

▼ In May 2025, the U.S. manufacturing PMI® **reflected contraction in the U.S. manufacturing sector for the third consecutive month**, following only two months of expansion **preceded by 26 straight months of contraction**. *Source: Institute for Supply Management®*

— After implementing three interest rate cuts in the second half of 2024, the **Federal Reserve held interest rates steady in the first five months of 2025** amid the specter of tariff-fueled inflation. *Source: Federal Reserve*



UNCERTAINTY SHINES BRIGHTEST

The flurry of tariff news has sparked market uncertainty, given the sporadic announcement, delay, implementation, clarification, and revision of tariffs. Expanded Section 232 tariffs on steel and aluminum imports, which were recently doubled, could potentially bolster demand for domestic material. The International Emergency Economic Powers Act tariffs—which triggered global economic concerns that could pressure metal end-markets—have recently been deemed illegal by the U.S. Court of International Trade, setting the stage for a legal battle. Meanwhile, retaliatory tariffs from various countries may dampen export demand for U.S. metals. The tariff landscape remains fluid, fueling uncertainty in an already volatile market.

