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Market and Pricing Review-March 2026

Dear Customer

We are writing to provide an update on the UK Hot rolled coil (HRC) market and to outline how this will affect pricing and supply over the coming weeks / months.

RISING STEEL PRICES

European replacement costs have risen sharply from the lows seen during Q4 2025. Current offers indicate increases of £100-£150 / Tonne since Q4 2025.

Tata Steel UK increased prices for Hot rolled coil yesterday by £125 / Tonne, citing rising costs and the disparity between UK and EU prices. These movements are being driven by;

CBAM (the Carbon Border Adjustment Mechanism) from 1st Jan 2026.

Reduced import availability due to uncertainty surrounding new Quota rules from 1st July 2026

European mills tightening output and defending margins

Ongoing energy and production cost pressure

Buyers shifting back to European supply

Higher replacement costs have therefore increased dramatically, moving quicker through the supply chain.

A key steel analyst today said: "We expect further increases in the coming months ahead as supply tightens due to declining import volumes". There is still uncertainty about the cost impact of CBAM taxes and the prospect of reduced import quotas from July 1st. This is encouraging buyers to heavily rely on EU supply.

Steel pricing over the next few years will be influenced not only by supply and demand but by government policy and environment regulation. Several important changes are approaching. The UK operates a safeguarding system that limits the volume of steel that can be imported at lower duty rates. This expires on 1st July and is now under review. However the market expectation suggests import quotas to be reduced and duties on volumes above quota may be increased. This could mean higher costs for imported steel, reduced imports, availability and creating upward pressure on UK pricing.

The EU have introduced a carbon cost framework that affects both EU producers and Importers. This means that EU steel producers must account for carbon emissions in production, and imported steel into the EU must report and pay for carbon content. The impact on the market would mean that EU domestic prices would become firmer and EU mills would have less incentive to sell to the UK at lower levels. The UK plan is to introduce its own CBAM system from 2027 which is expected to add an incentive structural cost layer to the market, further affecting imports and influence long term pricing levels.

Steel prices are no longer driven by traditional supply and demand dynamics, as a result we can not sustainably offer a single flat price structure across mixed supply origins. Therefore from immediate effect we must consider increased pricing, particularly where customers must have EU origin material, and if this is a requirement, this must be advised at point of order. We have now addressed how we price material as follows:

- European-Origin material will be priced in line with true replacement costs.
- Import-based material will be priced separately and subject to availability.
- For customers requiring guaranteed origin supply, prices will reflect secured mill allocation.

The current war environment has also added to volatility across European energy markets (Particularly Gas and electric costs), freight and shipping routes and raw material flows.