



HALF-EMPTY MILLS, FULL IMPORT PIPELINES

South Africa is producing less steel while imports are taking a larger share of the market.

Stats SA's latest capacity and production data, together with South Africa's import figures, point to a widening gap between domestic steel production and market supply



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STEEL UNDER PRESSURE

Crude steel output continues to decline, with mills operating well below available capacity.

THE IMPORT QUESTION

Primary and downstream steel imports remain elevated as domestic production weakens.

WHERE THE STEEL GOES

Automotive activity provides support, while construction and other steel-consuming sectors remain subdued

THE GLOBAL PRICE SIGNAL

Iron ore remains relatively weak, while scrap and flat-steel prices show a mixed outlook.

JULY
2026

steel Matters



HALF-EMPTY MILLS, FULL IMPORT PIPELINES

WHAT STATS SA'S LATEST CAPACITY DATA AND SA'S OWN IMPORT NUMBERS ARE SAYING ABOUT THE STEEL VALUE CHAIN

Two data sets landed almost together this month, and read side by side they tell a hard story. Statistics South Africa's May 2026 release on manufacturing capacity utilisation (P3043) shows the basic iron and steel major group running at less than half of installed capacity — its worst reading in the series. At the same time, SAISI's own tracking of downstream steel-product imports shows tonnage into South Africa up sharply since 2024, with an ever-larger share arriving from a single country. Neither number, on its own, is a shock to anyone in the industry. Together, they sharpen the picture considerably.

The capacity numbers: soft, but unevenly so

Stats SA's preliminary May 2026 estimate puts total manufacturing capacity utilisation at 76,6%, down 1,2 percentage points on May 2025's 77,8%. That is a modest, broad-based softening — eight of the ten manufacturing divisions recorded lower utilisation than a year earlier, and "insufficient demand" remains the dominant reported cause across the board (12,6% of installed capacity in May 2026, up from 12,1% a year earlier).

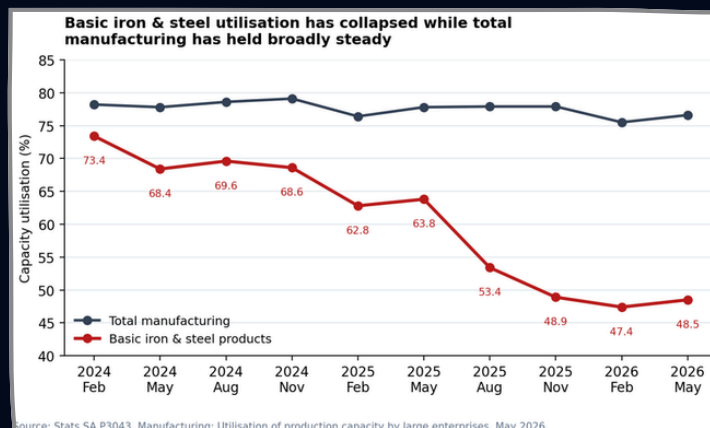
But the decline was not evenly spread. The division covering basic iron and steel, non-ferrous metal products, metal products and machinery — the second-largest division in the survey by weight (21,85%) — recorded the steepest fall of any division, down 2,8 percentage points to 71,4%. That is more than double the all-manufacturing average decline.

Table B – Utilisation of production capacity in the manufacturing industry by division

Manufacturing divisions	Weight	May 2025 (%) ¹	May 2026 (%)	% point difference between May 2025 and May 2026
Food and beverages	22,19	82,7	81,3	-1,4
Textiles, clothing, leather and footwear	3,68	71,5	71,1	-0,4
Wood and wood products, paper, publishing and printing	9,98	75,6	74,6	-1,0
Petroleum, chemical products, rubber and plastic products	23,91	77,3	77,3	0,0
Glass and non-metallic mineral products	3,11	81,0	79,4	-1,6
Basic iron and steel, non-ferrous metal products, metal products and machinery	21,85	74,2	71,4	-2,8
Electrical machinery	2,15	79,4	78,6	-0,8
Radio, television and communication apparatus and professional equipment	1,00	78,0	80,1	2,1
Motor vehicles, parts and accessories and other transport equipment	7,84	77,6	77,4	-0,2
Furniture and other manufacturing	4,29	79,9	78,8	-1,1
Total manufacturing	100	77,8	76,6	-1,2

¹ The weighted total of utilisation is the sum of the rate of utilisation per division multiplied by its weight, divided by 100. There might be a slight discrepancy with the total shown in Table B due to rounding off.

Table B, Stats SA P3043, May 2026 — four largest declines by division, plus the all-manufacturing total.



Inside that division, the pain is concentrated even further. The basic iron and steel products major group — primary steelmaking, effectively — fell from 63,8% utilisation in May 2025 to just 48,5% in May 2026, a 15,3 percentage-point collapse in a single year, and barely off February 2026's series-low 47,4%. Producers in this major group are now running below half of installed capacity.

What makes this reading notable is the reason. Respondents did not point to shortages of raw materials (0,4% of capacity) or of skilled or unskilled labour (0,6% combined) — the classic supply-side constraints. "Insufficient demand" alone accounted for 26,1 percentage points of the 51,5% total under-utilisation, with a further 24,4 points attributed to "other" reasons, a catch-all that Stats SA defines as including planned downtime, maintenance and changes in productivity. In plain terms: the mills are not idle because they can't get inputs or staff. They're idle because the orders, and the running schedules built around them, aren't there.





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WHAT STATS SA'S LATEST CAPACITY DATA AND SA'S OWN IMPORT NUMBERS ARE SAYING ABOUT THE STEEL VALUE CHAIN

The import numbers: volumes up, and increasingly from one place

Set against that demand picture, SAIISI's own import data for the downstream steel product categories it tracks – wire and wire products, tube and pipe, fasteners, structures, and the broader “other” fabricated-item basket – shows the opposite trend. Total tonnage imported into South Africa rose from 439 393 tonnes in 2024 to 652 449 tonnes in 2025, an increase of 48,5% in a single year, after several years of relatively flat-to-declining volumes. Every one of the five tracked categories grew by double digits over that period: structures by 56,1%, the “other” basket by 69,7%, fasteners by 51,4%, wire and wire products by 38,2%, and tube and pipe by 36,9%.

The first half of 2026 shows no sign of that reversing. Jan–Jun 2026 volumes came in at 347 657 tonnes; annualised (simply doubled to put it on a full-year footing), that points to roughly 695 314 tonnes for 2026 as a whole – a further 6,6% above 2025's already-elevated total, and more than half again above 2024's 439 393 tonnes.

The category detail shows that annualised growth is not uniform. Wire and wire products is running furthest ahead of 2025's pace, up an annualised 28,9%; structures is up 11,0% and fasteners 6,1%. Tube and pipe is tracking roughly flat on 2025 (+1,6% annualised), while the “other” basket – which includes 2025's stand-out categories such as kitchen and household articles and railway material – is running an annualised 8,4% below its 2025 level, though still well above 2024.

Category	2024 (t)	2025 (t)	2026 (annualised, t)	2025→26 growth
Wire and wire products	107 949	149 176	192 234	+28,9%
Structures (towers, scaffolding, bridges, etc.)	40 830	63 719	70 726	+11,0%
Fasteners (screws, bolts, nuts, nails)	50 536	76 536	81 222	+6,1%
Tube and pipe	135 274	185 207	188 232	+1,6%
Other (cast iron, kitchenware, rail material, etc.)	104 804	177 810	162 902	-8,4%
Total tracked categories	439 393	652 449	695 314	+6,6%

TABLE 1: TRACKED DOWNSTREAM STEEL PRODUCT IMPORTS BY CATEGORY, TONNES. 2026 FIGURES ANNUALISE JAN–JUN ACTUALS (× 2). SOURCE: SAIISI IMPORT DATA, 2024–2026.

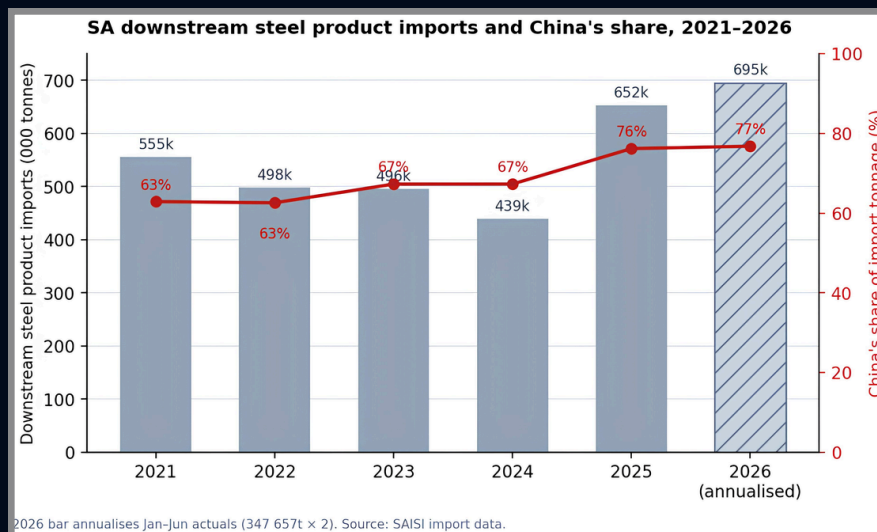


FIGURE 2: TOTAL TRACKED IMPORT TONNAGE AND CHINA'S SHARE OF THAT TONNAGE, 2021–2026 (2026 ANNUALISES JAN–JUN ACTUALS). SOURCE: SAIISI IMPORT DATA.

For an industry already navigating soft domestic construction and infrastructure spend, a further half-empty order book met by a rising and increasingly concentrated wall of imports is a combination worth watching closely through the rest of 2026.

The country-of-origin data adds a second dimension to the same trend. China's share of these import volumes has climbed steadily – from 62,9% in 2021 to 67,3% in both 2023 and 2024, and then to 76,2% in 2025 and 76,8% in the first half of 2026 (a share that annualising does not change, since it scales both China's tonnage and the total by the same factor). In other words, not only is 2026 on course for a further increase in import volumes on top of 2025's jump, but an ever-larger share of that volume is coming from one origin. Among individual product lines, the largest 2025 volumes were welded small-diameter tube and pipe (87 874 tonnes), screws, bolts and nuts (64 699 tonnes), structures such as towers, scaffolding and bridges (63 719 tonnes), kitchen and household articles (63 599 tonnes, more than double 2024's volume), and seamless tube and pipe (52 810 tonnes).

Reading the two together

Neither data set proves the other caused it – capacity utilisation surveys and customs-based import tracking measure different things, and South Africa's steel demand is shaped by construction activity, mining capex, infrastructure spend and manufacturing output well beyond what either series can show on its own. But the two pictures are consistent with each other. Local basic iron and steel producers report that insufficient demand, not input constraints, is keeping close to half their capacity idle. Over the same period, the tonnage of downstream steel-intensive products entering the country from abroad – much of it in categories (tube, wire, fasteners, structural steel) that compete directly with what local mills and downstream fabricators supply – rose by almost half between 2024 and 2025, and 2026 is on an annualised track to rise further still, with three-quarters of it now sourced from a single, low-cost origin.



CRUDE STEEL PRODUCTION

South Africa produced 372,600 tonnes of crude steel in June 2026, down 10,1% from the 414,700 tonnes produced in June 2025. This represents a year-on-year decline of 42,100 tonnes.

For the January–June 2026 period, South Africa's crude steel production totalled 2.08 million tonnes, compared with 2,41 million tonnes in the corresponding period of 2025. This represents a decline of 328,700 tonnes, or 13,7% year-on-year.

The decline in South African production contrasts with developments in the broader African steel industry. African crude steel production increased by 20,0% year-on-year in June 2026, while production for January–June 2026 increased by 10,0% compared with the same period in 2025. South Africa therefore recorded a significantly weaker production performance than the regional aggregate.

Globally, crude steel production increased by 1,7% year-on-year in June 2026. However, cumulative global production for the first six months of 2026 was 0,7% lower than in the corresponding period of 2025. Against this backdrop, South Africa's 13,7% decline in H1 2026 was considerably steeper than the global contraction.

Statistical note: South Africa's crude steel production recorded a year-on-year decline in both June and the first half of 2026. The 13,7% contraction in H1 production compares with a 10,0% increase for Africa and a 0,7% decline globally, indicating that South African production contracted at a substantially faster rate than the global market and diverged from the positive regional trend.

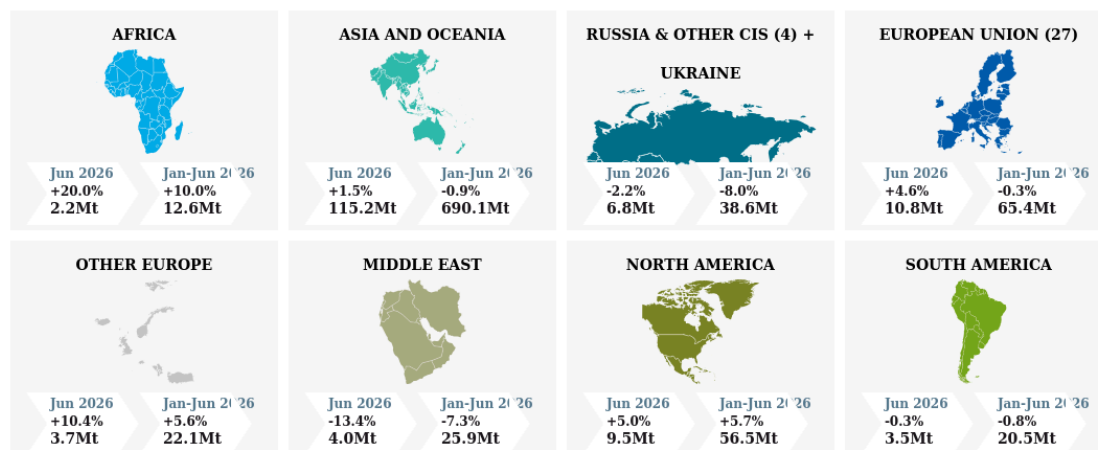
WORLD Jun 2026

+1.7%
155.7Mt

Jan-Jun 2026

-0.7%
931.5Mt

Crude Steel Production June 2026



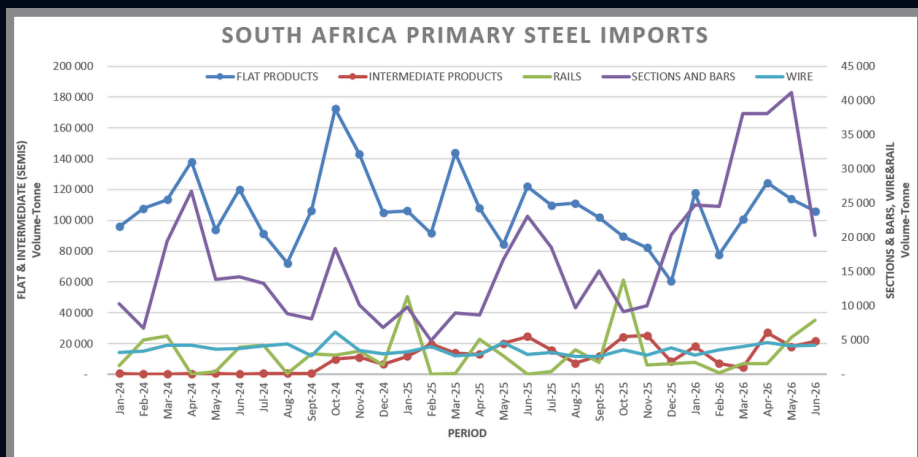
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PRIMARY STEEL TRADE STATISTICS

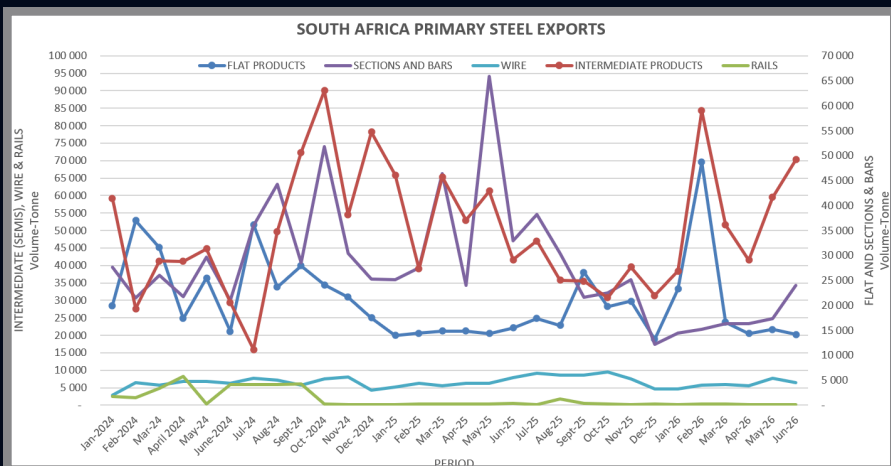
IMPORTS: PRIMARY STEEL (EXCL. STAINLESS, WIRE, & RAIL)



June 2026 primary steel imports declined by 12,8% year-on-year to 148,015 tonnes, from 169,688 tonnes in June 2025.

For January–June 2026, primary steel imports increased by 9,6% to 923,807 tonnes, compared with 842,606 tonnes in the corresponding period of 2025. The increase was driven mainly by other bars and rods (+198,0%), reinforcing bar (+749,3%), wire rod (+5,358.6%), cold-rolled sheet (+29,4%) and HR coil/sheet and plate coil (+10,7%). These gains more than offset declines in plate in lengths (-83,9%), plate in coil (-55,2%), cold-formed sections/bars (-57,1%) and HD galvanised sheet (-12,6%). The 2026H1 data therefore point to continued elevated import competition in the domestic market, with a notable shift towards long products and selected downstream flat-steel categories, despite the moderation recorded in June.

EXPORTS: PRIMARY STEEL (EXCL. STAINLESS, WIRE & RAIL)

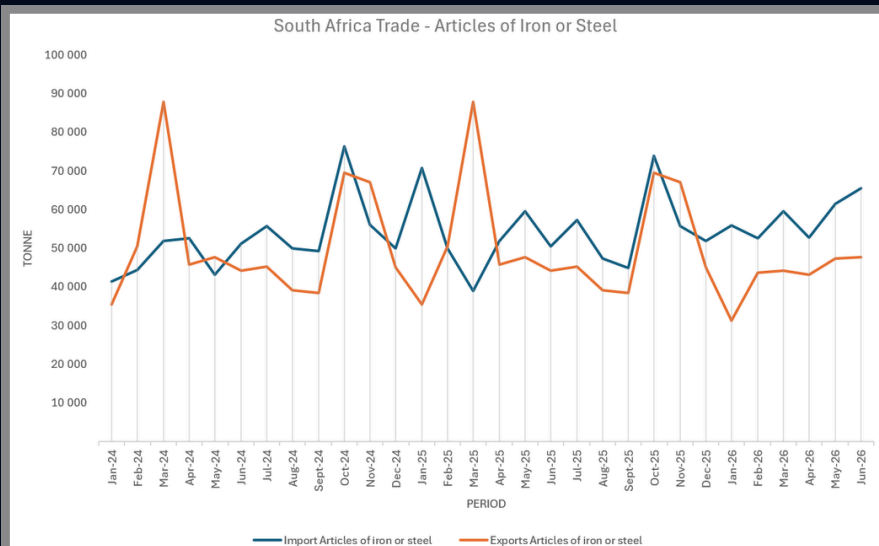


Steel exports increased by 5,5% year-on-year in June 2026 to 103,761 tonnes, from 98,315 tonnes in June 2025.

For January–June 2026, exports declined by 13,7% to 578,938 tonnes, from 671,049 tonnes in the corresponding period of 2025. The decline was driven mainly by lower exports of reinforcing bar (-55,5%) and wire rod (-99,0%), reflecting the closure of Newcastle Works and increased regional supply from Dinson Iron and Steel Company's (DISCO) Manhize steel plant in Zimbabwe.

Overall, H1 2026 exports remained weaker, with declines in long products and wire rod only partly offset by stronger exports of selected flat products.

VALUE-ADDED STEEL PRODUCTS



Imports of articles of steel increased by 8,1% year-on-year in H1 2026 to 347,657 tonnes, from 321,529 tonnes in H1 2025. The increase was recorded across a number of downstream product categories, including steel structures, towers and scaffolding, articles of wire, wire rope and cables, and welded tubes and pipes.

Exports, in contrast, declined by 17,3% to 257,296 tonnes over the same period. Lower exports were particularly evident in seamless tubes and pipes, drawn steel wire, and cloth, grill and expanded metal.

The widening trade deficit highlights increasing import penetration and weaker export performance in downstream steel products, adding to competitive pressure on South Africa's fabricated steel industry.



STEEL CONSUMING SECTORS

South Africa's steel-consuming sectors presented a mixed picture through mid-2026, with domestic primary steel production contracting significantly faster than downstream steel-consuming activity. Basic iron and steel production declined by 24–27% year-on-year on both three- and 12-month trailing measures in May 2026, reaching an index of 62,6, close to the 2020 COVID-19 trough and approximately half the 2016–2019 average. In contrast, several downstream manufacturing activities remained stable or positive, suggesting that steel demand is increasingly being supplied through imports, inventories or other parts of the value chain rather than local primary production.

Construction: Construction remains an important steel-consuming sector, but activity remains weak, particularly in the more steel-intensive non-residential segment. Total building plans passed declined 4,8% over the 12 months to May 2026, although the latest three months recorded a modest 0,9% increase, providing an early but unconfirmed indication of stabilisation. Non-residential plans, covering offices, retail, industrial and warehouse developments, fell 13,7% over 12 months and stood at less than half their 2016 real-term level. Residential plans were more resilient, increasing 0,1% over 12 months and 4,3% over three months. However, non-residential building completions declined 12,5%, indicating that the pipeline of projects translating into actual steel offtake remains under pressure.

Manufacturing: Downstream manufacturing has performed better than primary steelmaking. Structural metal products increased 2,9% over 12 months, while other fabricated metal products rose 1,3%, with the latest three-month growth reaching 6,4%. General and special-purpose machinery remained broadly stable, increasing 2,6% and 0,2%, respectively. This divergence from the 24–27% contraction in basic iron and steel production indicates that downstream manufacturers are maintaining activity despite the sharp decline in domestic primary steel output. At the same time, the decline of 2,8–6,7% in non-metallic mineral products, including cement and glass, provides further evidence of continued weakness in construction-related demand.

Automotive: Automotive remains the strongest steel-consuming sector. New vehicle sales increased 12,7% year-on-year to 372,770 units in January–July 2026, with passenger vehicles up 13,8%, light commercial vehicles up 10,1% and heavy trucks and buses up 11,3%. Domestic industry sales in July increased 11,9% year-on-year, while exports declined 11,6%, making domestic demand the stronger growth driver. The increase is supported by local production: motor vehicle output increased by 2,6–6,2%, while vehicle bodies and trailers increased by as much as 10,8% on a three-month trailing basis. This indicates that automotive sales growth is translating into local manufacturing activity and represents the clearest current source of steel demand growth.

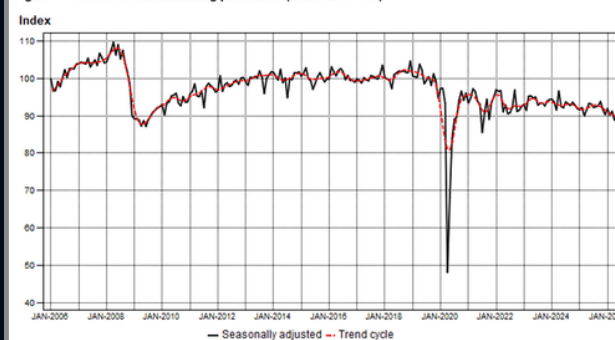
Mining: Mining indicators remain mixed and should be interpreted carefully when assessing steel demand. Iron ore production declined approximately 8% over three months but was broadly flat over 12 months, with the briefing attributing the weakness largely to rail and port logistics rather than underlying steel demand. Chromium and manganese ore production increased 8–14% year-on-year, reflecting strong international ferroalloy demand, particularly for stainless and specialty steel production.

SteelMatters outlook: The key development is the continued decoupling between primary steel production and downstream demand. Local primary steel output is contracting substantially faster than several of the sectors that consume steel, pointing to a growing role for imports, inventory drawdowns or alternative supply channels. Construction remains a structural drag, particularly in commercial and industrial building, while automotive is the clearest and most reliable growth market, supported by both vehicle sales and local production.

Table A – Building plans passed by larger municipalities at current prices by type of building

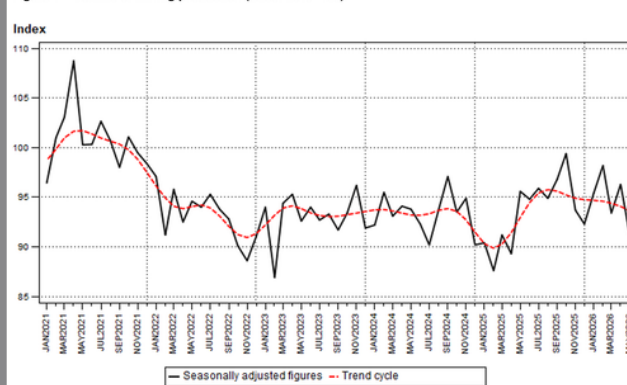
Type of building	Jan – May 2025	Jan – May 2026	Difference in value between Jan – May 2025 and Jan – May 2026	% change between Jan – May 2025 and Jan – May 2026
	R'000	R'000	R'000	
Residential buildings	17 922 291	19 270 961	1 348 670	7,5
-Dwelling-houses	12 025 456	11 694 510	-330 946	-2,8
-Flats and townhouses	5 349 382	6 188 163	838 781	15,7
-Other residential buildings	547 453	1 388 288	840 835	153,6
Non-residential buildings	8 482 716	8 278 592	-204 124	-2,4
Additions and alterations	12 129 193	11 458 316	-670 877	-5,5
Total	38 534 200	39 007 869	473 669	1,2

Figure 1 – Volume of manufacturing production (Base: 2019=100)



Source: STATS SA P3041.2 - Manufacturing: Production and sales, May 2026

Figure 1 – Volume of mining production (Base: 2019=100)



Source: STATS SA P2041 - Mining: Production and sales, May 2026



GLOBAL STEEL AND RAW MATERIAL MARKETS

Global steel and raw-material prices remained mixed into August 2026. Iron ore continued to trade below year-earlier levels, while LME steel benchmarks indicated a firmer forward outlook for scrap and HRC. The divergence reflects continued weakness in Chinese steel demand, alongside tighter supply conditions and increasing trade protection in several major markets.



SOURCES: TRADING ECONOMICS AND LONDON METAL EXCHANGE (LME).

Iron ore: The 62% Fe iron ore benchmark stood at US\$95.28/t on 6 August 2026, according to Trading Economics, up 1.5% day-on-day but down 2.8% month-on-month and 5.9% year-on-year. Prices remain under pressure from subdued Chinese steel demand and constrained mill margins. The lower iron ore price provides some relief to steelmakers' raw-material costs, although this is being offset by continued pressure on finished-steel prices and profitability.

Scrap: LME steel scrap CFR Turkey was around US\$378/t for August delivery on 28 July, with forward prices rising to approximately US\$400/t by December. The firmer forward curve suggests greater resilience in scrap compared with iron ore, supported by scrap availability and collection dynamics. However, weak finished-steel demand remains a constraint on further price gains as mills continue to manage margins.

Rebar: LME rebar FOB Turkey was around US\$580/t in late July. Prices remain constrained by subdued construction demand, particularly in markets where weakness in the property sector continues to weigh on consumption. The relatively soft long-product market points to limited near-term upside unless construction activity and mill utilisation improve.

Hot-rolled coil: LME HRC FOB China was approximately US\$487/t for August delivery, with forward prices increasing towards US\$497/t by December. Chinese HRC remains competitively priced in international markets, despite expectations of some improvement during the second half of the year. The relatively low export price continues to present a risk to producers in markets where domestic demand remains weak and trade barriers are being tightened.

HAPPY WOMEN'S MONTH

*A message from the
SAISI Secretary General*

This Women's Month, SAISI celebrates the women whose leadership, expertise, and resilience continue to shape South Africa's steel industry.

Your contribution strengthens our mills, supply chains, communities, and future.

Thank you for helping build a stronger, more inclusive industry.

SAISI Secretary General
Mr Charles Dednam

