Morgan Stanley | RESEARCH

UPDATE

September 8, 2026 06:10 AM GMT

China Steel Exports | Europe

August – Flat MoM

China's August finished-steel net exports were flat MoM at 9.7mt (+8% YoY), annualising at ~117mtpa. Volumes remain elevated, but tighter EU quotas, a 50% out-of-quota tariff and CBAM are increasingly insulating European pricing.

Exports flat MoM. China's August finished-steel net exports were flat MoM at 9.72mt (+8% YoY), implying an annualised run-rate of ~117mtpa, remaining above our China team's~110mt 2026 forecast. The YTD decline has also narrowed to -3% YoY from -4% in July. Looking at the latest CISA members' crude-steel data, output was down 4% in late vs mid August, and remains 6% lower YoY YtD. The recent surge in raw materials, notably energy and met coal are likely to erode Chinese mill margins, likely accelerating an output contraction.

Europe is increasingly insulated from the Chinese export overhang. The new EU steel regime in force since 1 July materially tightens the import channel: annual duty-free quotas have been reduced by ~47% vs 2024, with the out-of-quota tariff doubled to 50%. Import curtailment is already evident, with Q3 quotas only ~60% utilised overall; Turkey and Indonesia have exhausted their allocations and India is >74% utilised, with these three origins accounting for ~45% of EU HRC imports YTD. The leaked EC document suggests CRC antidumping measures could add another layer of friction that may curb imports further. Against this backdrop, mills continue to raise prices in July and August, lifting EU HRC spreads to US$446/t versus a long-run average of ~US$320/t.

We remain constructive on a European margin recovery, with ArcelorMittal and Salzgitter our preferred plays. The combination of structurally higher import parity, tighter quota availability and firmer domestic order books is increasingly shifting the European profit pool back toward domestic mills. **ArcelorMittal** remains our preferred large-cap exposure given its scale, utilisation upside and leverage to higher realised European pricing, while **Salzgitter** offers higher operational leverage to domestic HRC spreads alongside HKM/slab-market optionality. We see the persistence of elevated Chinese exports as increasingly a global ex-Europe pricing risk rather than a direct challenge to the European recovery thesis.



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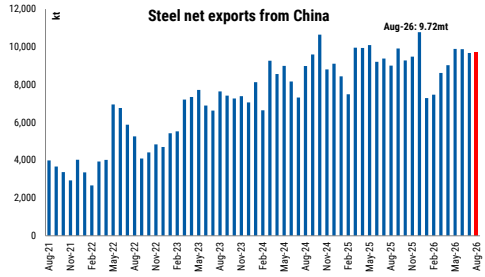
EMEA - METALS & MINING

Europe
Industry View **In-Line**

CARBON STEEL

Europe
Industry View **In-Line**

Exhibit 1 : China's finished steel net exports were neutral 0% MoM (day-adjusted) in August



Source: CEIC, Morgan Stanley Research.

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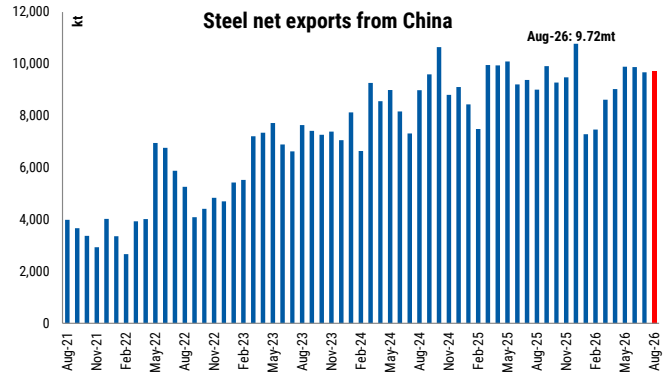
Chart gallery: Key trade data

Exhibit 2: China steel trade data

	China Trade Data					
	Gross Exports (kt)	Gross Imports (kt)	Net Exports Data (kt)	MoM, %	YoY, %	YTD, %
Aug-26	**10,155**	**434**	**9,721**	**0%**	**8%**	**-3%**
Jul-26	10,121	445	9,676	-2%	3%	-4%
Jun-26	10,320	441	9,879	0%	7%	-5%
May-26	10,341	451	9,890	9%	-2%	-8%
Apr-26	9,498	465	9,033	5%	-9%	-10%
Mar-26	9,135	512	8,623	15%	-13%	-10%
Feb-26	7,837	369	7,469	2%	0%	-7%
Jan-26	7,750	460	7,290	-32%	-14%	-14%
Dec-25	11,300	520	10,780	14%	18%	8%
Nov-25	9,980	496	9,484	2%	8%	7%
Oct-25	9,782	503	9,280	-6%	-13%	7%
Sep-25	10,465	548	9,917	10%	3%	10%
Aug-25	**9,510**	**500**	**9,010**	**-4%**	**0%**	**11%**
Jul-25	9,836	452	9,383	2%	28%	13%
Jun-25	9,678	470	9,208	-9%	13%	11%
May-25	10,578	481	10,097	2%	12%	10%
Apr-25	10,462	522	9,940	0%	16%	10%
Mar-25	10,456	501	9,956	33%	7%	8%
Feb-25	8,040	550	7,490	-11%	13%	8%
Jan-25	8,940	500	8,440	-7%	4%	4%
Dec-24	9,727	621	9,106	3%	29%	25%
Nov-24	9,278	473	8,805	-17%	19%	24%
Oct-24	11,182	536	10,646	11%	46%	25%
Sep-24	10,153	554	9,600	7%	29%	22%
Aug-24	9,495	509	8,987	23%	18%	21%

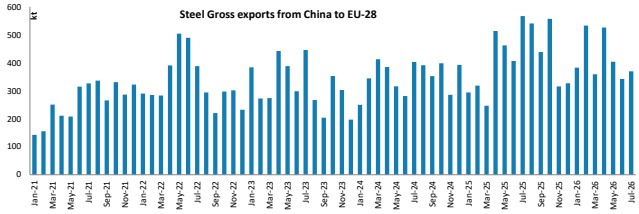
Source: CEIC. MoM = Month on month, YoY = Year on year, YTD = Year to date, N/A = not applicable.

Exhibit 3: China finished steel net exports



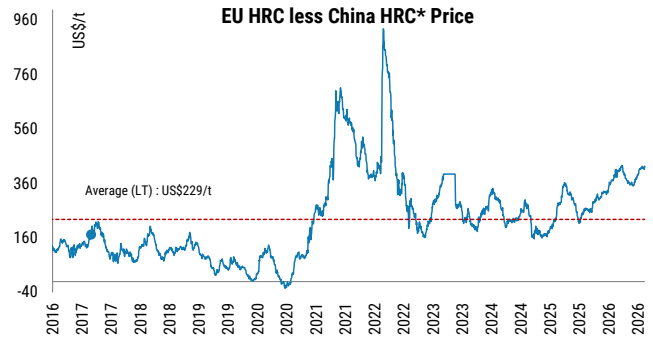
Source: CEIC, Morgan Stanley Research

Exhibit 4: China finished steel gross exports to EU28



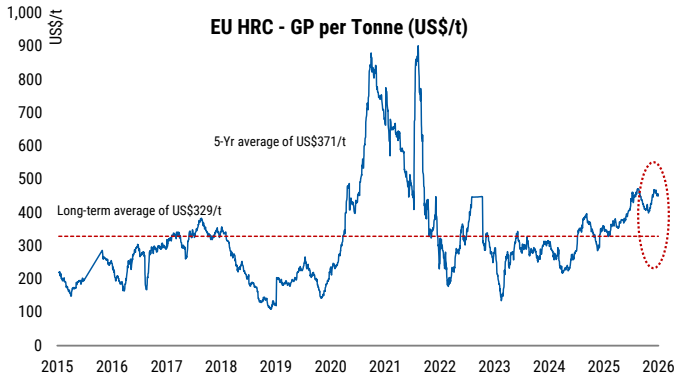
Source: CEIC, Morgan Stanley Research

Exhibit5: Price spreads: EU HRC less China HRC



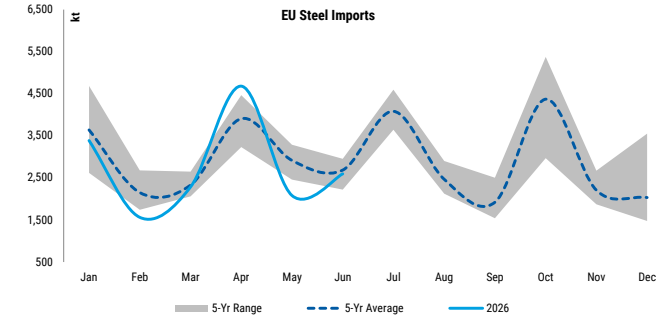
Source: Bloomberg, Morgan Stanley Research. * China domestic prices are based on the Shanghai benchmark for HRC excluding 17% VAT.

Exhibit6: Spreads: EU HRC gross profit per tonne*



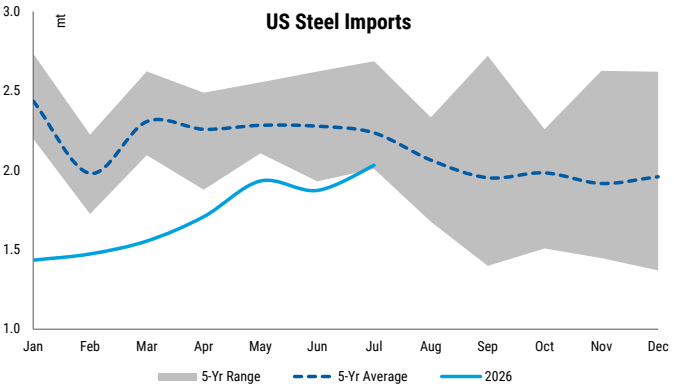
Source: Bloomberg, Morgan Stanley Research. * Gross profit per tonne is calculated based on EU HRC prices less the prices of iron ore and coking coal.

Exhibit 7: Monthly steel imports to EU from all destinations



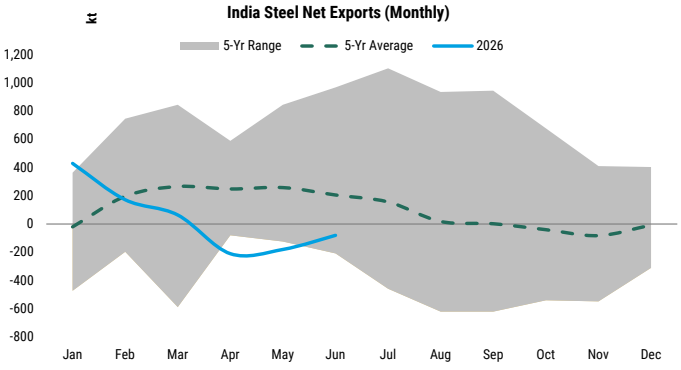
Source: Eurofer, Eurostat, Morgan Stanley Research. Note: There is a discrepancy between data sourced from CEIC and Eurofer.

Exhibit 8: Monthly steel imports to US from all destinations



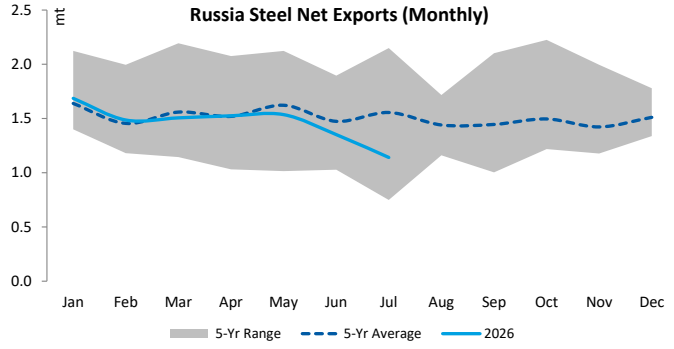
Source: US DOC, Morgan Stanley Research

Exhibit 9: India's monthly steel imports/exports



Source: Joint Plant Committee, Morgan Stanley Research

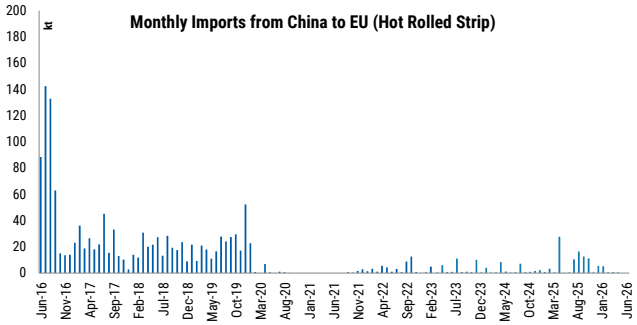
Exhibit 10: Russia's monthly steel imports/exports



Source: Metal Expert, Morgan Stanley Research

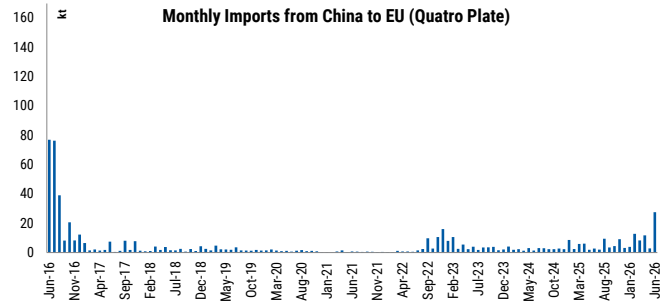

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Exhibit 17: EU imports from China (hot rolled wide strip) – impact of AD driving lower



Source: Eurofer, Eurostat, Morgan Stanley Research

Exhibit 18: EU imports from China (quarto plate) – impact of AD driving lower



Source: Eurofer, Eurostat, Morgan Stanley Research

EU Safeguard Quotas & Balances

Exhibit 19: Quarterly Quotas

Product	01-Jul-2026 to 30-Sep-2026 Quota ^ kt	B/F ^^ kt	Imports kt	Utilised %
Carbon Steel				
Non Alloy and Other Alloy Hot Rolled Sheets and Strips				
Turkey	161	0	161	100%
Japan	138	0	21	15%
India	149	0	111	74%
Taiwan	70	0	7	10%
Ukraine	121	0	82	68%
South Korea	115	0	86	75%
Vietnam	104	0	94	91%
Egypt	101	0	2	2%
Serbia	65	0	32	50%
FTA Quota - CSQ	121	0	121	100%
Brazil	43	0	0	0%
United Kingdom	39	0	4	9%
Indonesia	32	0	32	100%
Australia	12	0	12	100%
Saudi Arabia	10	0	0	0%
Switzerland	5	0	0	4%
Kazakhstan	2	0	0	1%
North Macedonia	4	0	3	84%
Others	6	0	6	99%
FTA Quota - Other Countries	4	0	4	99%
United States	0	0	0	100%
China	0	0	0	44%
Non Alloy and Other Alloy Cold Rolled Sheets				
Taiwan	34	0	0	0%
India	67	0	36	54%
Korea	64	0	52	81%
Turkey	60	0	24	39%
United Kingdom	20	0	0	2%
Japan	29	0	1	2%
Ukraine	27	0	25	94%
FTA Quota - CSQ	34	0	0	0%
Other countries	25	0	25	100%
FTA Quota - Other countries	21	0	14	64%
Egypt	1	0	1	100%
Switzerland	1	0	1	69%
Brazil	4	0	4	100%
Metallic Coated Sheets				
Vietnam	117	0	27	23%
Taiwan	34	0	31	92%
Turkey	90	0	90	100%
India	84	0	38	46%
Korea	137	0	124	91%
FTA Quota - CSQ	58	0	58	100%
Other countries	57	0	57	100%
FTA Quota - Other countries	35	0	35	100%
United Kingdom	46	0	15	33%
Japan	3	0	3	100%
Egypt	5	0	3	67%
South Africa	3	0	3	100%
China	46	0	46	100%
Switzerland	0	0	0	100%
Non Alloy and OtherAlloy Quarto Plates				
Korea	80	0	80	100%
Indonesia	53	0	35	66%
India	53	0	47	88%
Japan	23	0	16	70%
North Macedonia	21	0	21	100%
United Kingdom	14	0	11	82%
FTA Quota - CSQ	23	0	21	91%
Other countries	19	0	19	100%
FTA Quota - Other countries	7	0	1	8%
Turkey	7	0	0	0%
Stainless Steel				
Stainless Hot RolledSheets and Strips				
Taiwan	5	0	3	60%
Indonesia	9	0	0	0%
India	7	0	5	74%
China	2	0	0	8%
Korea	5	0	5	100%
Turkey	3	0	0	0%
South Africa	3	0	2	72%
FTA Quota - CSQ	3	0	0	3%
Other countries	1	0	0	64%
FTA Quota - Other countries	0	0	0	19%
United Kingdom	0	0	0	0%
Stainless Cold RolledSheets and Strips				
Taiwan	13	0	8	60%
China	10	0	3	33%
Korea	25	0	17	65%
Turkey	17	0	11	63%
South Africa	13	0	6	45%
Vietnam	11	0	6	52%
India	10	0	5	49%
FTA Quota - CSQ	10	0	0	0%
Other countries	8	0	7	77%
FTA Quota - Other countries	6	0	1	20%
Switzerland	0	0	0	81%
United Kingdom	0	0	0	9%

Source: European Commission, Morgan Stanley Research. ^ Updated from Annex IV.1 Volumes of tariff–rate quotas, ^^ Unused quotas from previous period brought forward.

Valuation Methodology and Risks

ArcelorMittal SA (MT.AS)

In line with the other carbon steel equities, we apply a through-the-cycle multiple on estimated 2027-28 average EBITDA, which captures the first period in which the new, stronger European trade policy regime is fully reflected in industry economics. We apply a multiple of 7.1x, which is the stock's own historical average.

Risks to Upside

- Further policy support in North America and Europe (tighter safeguards/CBAM)
- A faster demand improvement in key end markets
- Buyback programme executed faster

Risks to Downside

- Weaker steel demand in China, boosting exports and pressuring seaborne prices
- Renewed end-market weakness and contracting steel spreads
- Unexpected (sizeable) investments in new regions

Salzgitter AG (SZGG.DE)

In line with the other carbon steel equities, we apply a through-the-cycle multiple on estimated average EBITDA over 2027-28, which captures the first period in which the new, stronger European trade policy regime is fully reflected in industry economics. We apply a multiple of 7.0x, which is the stock's own historical average.

Risks to Upside

- Further re-rating in Aurubis shares and a higher earnings profile going forward
- The full margin upside from the new EU policy framework, driving further EBITDA upgrades
- Successful restructuring of the HKM asset, driving upside to earnings estimates

Risks to Downside

- A de-rating of Aurubis shares
- Worse than expected demand environment in Europe
- Spending slippage at SALCOS Phases 1/2/3

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(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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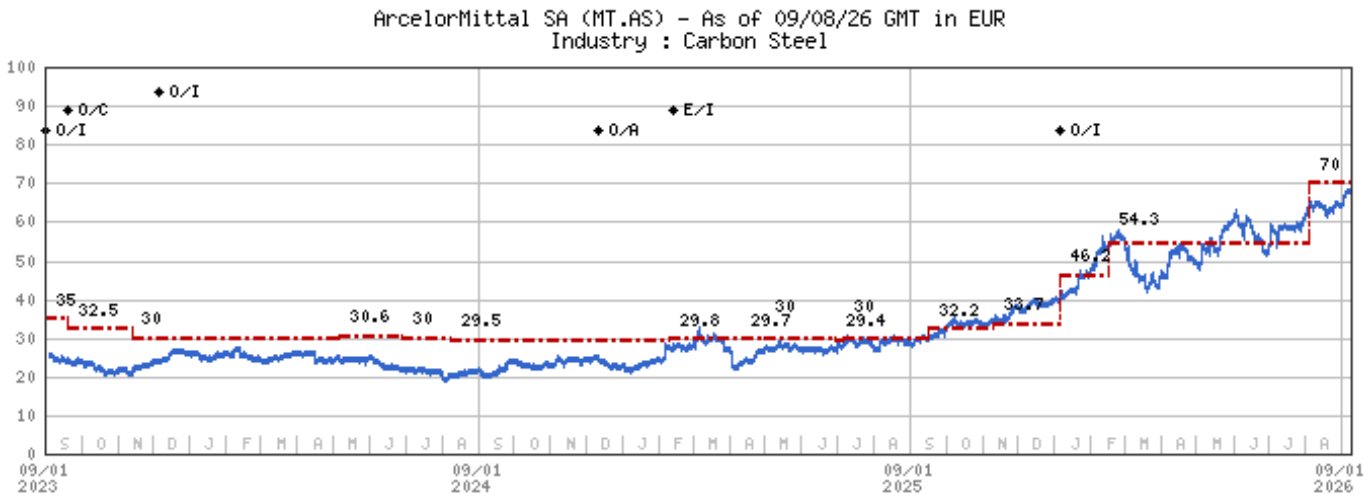
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



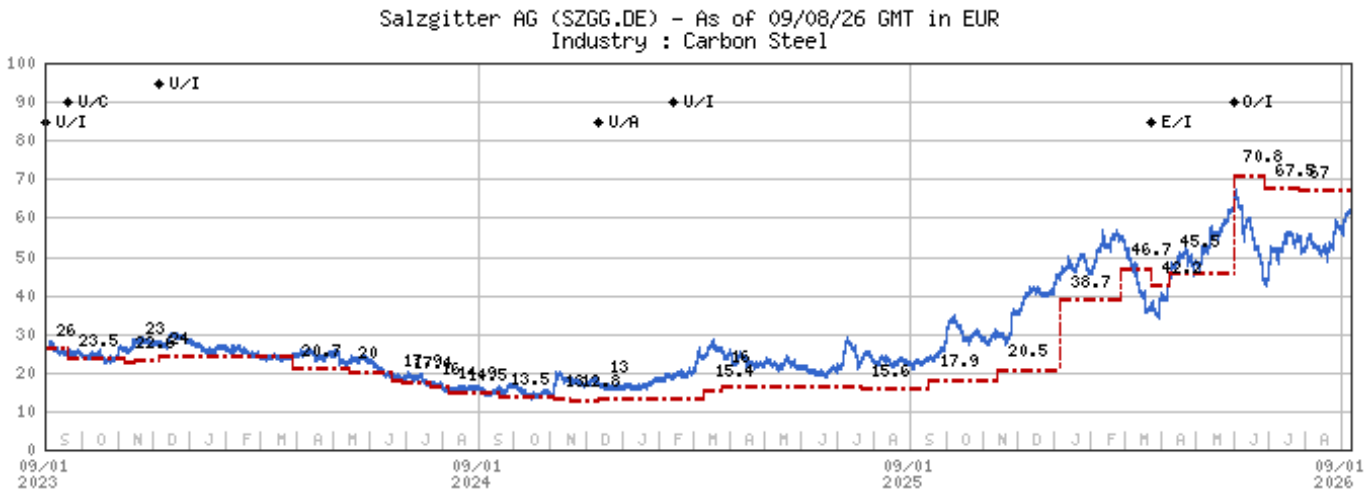
Stock Rating History: 9/1/21 : O/I; 9/20/23 : O/C; 12/6/23 : O/I; 12/11/24 : O/A; 2/13/25 : E/I; 1/6/26 : O/I

Price Target History: 8/3/21 : 38; 9/28/21 : 39; 11/29/21 : 40; 12/8/21 : 41; 2/21/22 : 43; 3/23/22 : 46; 6/22/22 : 46.1; 8/3/22 : 45; 9/14/22 : 40; 11/14/22 : 38; 3/29/23 : 37.5; 4/14/23 : 36.5; 5/12/23 : 35.5; 8/2/23 : 35; 9/20/23 : 32.5; 11/13/23 : 30; 5/7/24 : 30.6; 6/28/24 : 30; 8/8/24 : 29.5; 2/10/25 : 29.8; 4/11/25 : 29.7; 5/1/25 : 30; 6/30/25 : 29.4; 7/7/25 : 30; 9/16/25 : 32.2; 11/10/25 : 33.7; 1/6/26 : 46.2; 2/16/26 : 54.3; 8/4/26 : 70

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.



Stock Rating History: 9/1/21 : E/I; 12/8/21 : U/I; 6/22/22 : E/I; 3/29/23 : U/I; 9/20/23 : U/C; 12/6/23 : U/I; 12/11/24 : U/A; 2/13/25 : U/I; 3/23/26 : E/I; 6/1/26 : O/I

Price Target History: 8/13/21 : 31; 9/28/21 : 31.2; 11/2/21 : 32; 12/8/21 : 30.7; 1/18/22 : 30.1; 2/18/22 : 31.9; 3/23/22 : 41.5; 4/10/22 : 43; 5/29/22 : 46; 6/22/22 : 40.8; 7/7/22 : 38.5; 9/14/22 : 33.3; 10/4/22 : 30.5; 11/25/22 : 31.5; 12/7/22 : 32.9; 1/16/23 : 34; 3/29/23 : 34.6; 5/11/23 : 32.6; 6/21/23 : 33.4; 7/26/23 : 30.5; 8/17/23 : 28; 8/31/23 : 26; 9/20/23 : 23.5; 11/7/23 : 22.6; 11/15/23 : 23; 12/6/23 : 24; 3/27/24 : 20.7; 5/14/24 : 20; 6/20/24 : 17.9; 6/28/24 : 17.4; 7/23/24 : 16; 8/6/24 : 14.9; 8/14/24 : 14.5; 9/18/24 : 13.5; 11/4/24 : 13; 11/18/24 : 12.8; 12/11/24 : 13; 3/10/25 : 15.4; 3/25/25 : 16; 7/21/25 : 15.6; 9/16/25 : 17.9; 11/14/25 : 20.5; 1/6/26 : 38.7; 2/26/26 : 46.7; 3/23/26 : 42.2; 4/8/26 : 45.5; 6/1/26 : 70.8; 6/28/26 : 67.5; 7/26/26 : 67

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: EEMEA - Metals & Mining

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/07/2026)
Alain Gabriel, CFA		
Anglo American (AGLJ.J)	++	ZAc 90,077
Erdemir (EREGL.IS)	U (09/14/2022)	TL 38.32
Brian Morgan		
African Rainbow Minerals (ARIJ.J)	E (04/08/2025)	ZAc 18,660
Exxaro Resources Limited (EXXJ.J)	O (04/08/2025)	ZAc 19,917
Implats Limited (IMPJ.J)	O (01/23/2026)	ZAc 24,843
Kumba Iron Ore (KIOJ.J)	E (10/07/2025)	ZAc 24,698
Northam Platinum Limited (NPHJ.J)	U (03/20/2026)	ZAc 32,450
Sibanye-Stillwater (SSWJ.J)	E (01/23/2026)	ZAc 5,351
Thungela Resources Ltd (TGAJ.J)	U (09/11/2025)	ZAc 13,812
Valterra Platinum Limited (VALJ.J)	E (05/30/2025)	ZAc 140,367
Christopher Nicholson		
AngloGold Ashanti plc (ANGJ.J)	E (10/18/2023)	ZAc 177,504
Gold Fields Limited (GFIJ.J)	E (04/16/2026)	ZAc 77,948
Harmony Gold Mining Company Ltd (HARJ.J)	O (04/16/2026)	ZAc 32,867

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Carbon Steel

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/07/2026)
Alain Gabriel, CFA		
ArcelorMittal SA (MT.AS)	O (01/06/2026)	€67.54
ArcelorMittal SA (MT.N)	O (08/21/2026)	US$78.74
Salzgitter AG (SZGG.DE)	O (06/01/2026)	€61.20

SSAB AB (SSABa.ST)	O (05/05/2026)	SKr 106.15
thyssenkrupp AG (TKAG.DE)	E (03/23/2026)	€15.65
voestalpine AG (VOES.VI)	E (06/01/2026)	€47.12

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* Historical prices are not split adjusted.

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