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Executive Summary

Consistent with previous forecasts, Australian resource and energy export earnings are forecast to decline by 5% to $369 billion in 2025–26, down from $385 billion in 2024–25. A further fall to $354 billion is forecast in 2026–27. The outlook for total resource and energy exports is little changed from the June 2025 *Resources and Energy Quarterly* (REQ) report.

World growth is relatively soft but is expected to pick up now that trading conditions have stabilised and central bank interest rate cuts impact further. Rising trade barriers – and uncertainty over the height at which these barriers will settle – are disrupting trade between the US and other nations and slowed business investment in some sectors.

While the impact of US tariff hikes is still flowing through, China's growth appears likely to continue to hold up as the authorities take measures to ameliorate the impact of US tariff hikes. The central Government is also taking action to cut/limit capacity in a number of industries (-'anti--involution' measures), including manufacturing and metal refining. The aims are to avoid the trade tensions associated with some of the output generated being exported, limit energy usage (and associated pollution) and raise business margins. Slightly lower commodity purchases by China are likely to be (at least partially) offset by higher purchases by other nations.

The gold price reached new highs in mid--September, with prices lifting above US$3,700 an ounce. The renewed strength in gold prices comes as US interest rates cuts occur – which lowers the opportunity cost of holding gold – and worries rise over the US fiscal outlook and the rate of US inflation. The gold price is forecast to remain above US$3,200 an ounce over the outlook period. Gold is expected to overtake LNG to be our second highest value export in 2025–26. Oil prices have steadied at relatively low levels as rising OPEC+ supply adds to the impact of soft global demand, which also has implications for oil-linked LNG contracts. LNG export values have been revised down from the previous two REQs. Lithium prices have risen as demand picks up and the production cutbacks of the past year or two flow through further.

Resource and energy commodity export volumes are forecast to pick up modestly before stabilising. Trading partners are balancing long-term net zero aims with short-term energy security goals, which is likely to support the demand for energy export commodities in the near term. Energy commodity demand is expected to decline over the longer term as global progress on net zero goals is achieved.

Capital expenditure in Australia's resource and energy sectors continues to lift, underscoring the favourable long-term outlook. Exploration has softened but remains at relatively high levels.

Risks to Australian export earnings forecast include:

- a larger-than-expected fallout from the rise in trade barriers;
- a rise in geopolitical tensions; and
- a rise in global bond yields.

Overview

Australia's resources and energy sector

Contributes around **11.4% of GDP**

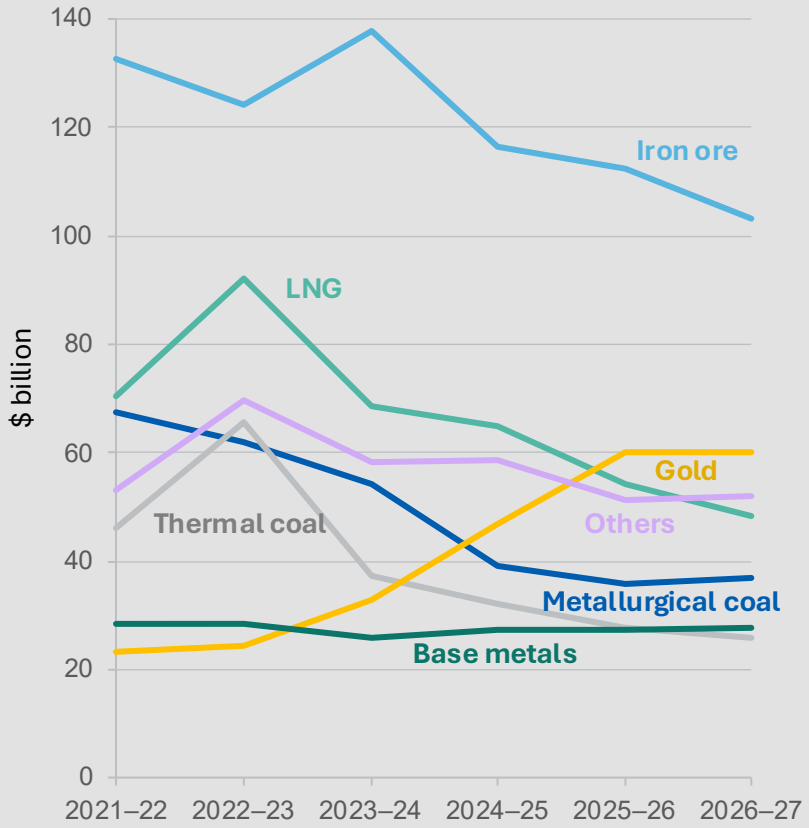
Makes up around **two-thirds** of Australia's total merchandise exports

Directly employs around **300,000 people**

Outlook

- Near-term outlook for resource and energy exports is for further normalisation
- World GDP growth outlook is uncertain in the near-term
- Energy transition continues
- Investment in new Australian deposits and mines to grow

Australian resources and energy exports



Source: ABS; DISR; OCE

1.1 Summary

- The outlook for total Australian exports of resource and energy commodities is little changed from the June 2025 *Resources and Energy Quarterly* (REQ) report.
- However, the composition of exports has changed: higher prices for the growing volume of gold exports will offset the impact of weaker metallurgical coal and LNG prices in 2025–26 and 2026–27.
- From $385 billion in 2024–25, resource and energy export earnings are now forecast to ease to $369 billion in 2025–26 and then to $354 billion in 2026–27.

1.2 Macroeconomic, geopolitical and policy factors

Global outlook has stabilised

In mid-July, the International Monetary Fund (IMF) made slight upward revisions to its forecast for world growth in 2025 and 2026: growth in 2025 was raised from 2.8% to 3.0% and 2026 growth up from 3.0% to 3.1%. The upward revisions reflected several factors, including trade barriers settling at lower-than-expected levels, front-loading activity ahead of US tariffs and fiscal expansion in some major nations. Resource and energy commodity demand in Q4 2025 and in 2026 is therefore likely to be broadly as forecast in the June 2025 REQ.

Several major central banks have lowered official interest rates further since the June 2025 REQ. Apart from the US, financial conditions in the major economies are neutral rather than restrictive. Over the outlook period, a neutral to stimulatory monetary stance by the major central banks will support global economic growth and thus resource and energy commodity demand.

The absence of major retaliatory trade action against US tariff hikes, and doubts about the legality of many of those imposed so far, has lowered the risk of an escalating trade war and lifted the prospects for world growth and thus commodity demand.

The US economy is transitioning

The impact of US tariff hikes on the US economy is still in its early stages but is ultimately expected to detract noticeably from US growth and add to inflation over the outlook period, particularly in H2 2025 and 2026.

The initial impact of the US Administration's plans to raise tariffs was to bring forward US imports, with some payback as the year progressed. With US tariffs of 35% or more being imposed on exports from Canada and Brazil in August, exporters in those nations are also likely to focus on seeking alternate markets, lifting competitive pressure on Australian exporters of those same commodities.

The boost to US economic activity of strong investment in Artificial Intelligence seems to be helping offset some of the impact of US tariff hikes.

The Chinese economy will see some consolidation but still record solid growth

The Chinese economy has been growing at about 5% so far in 2025, as a strong manufacturing sector and ongoing high exports (to ASEAN in particular) offset ongoing weakness in the property sector and (related) soft domestic consumption. Some of the strength in Chinese manufacturing in H1 2025 was

the ‘front-running’ of US tariff hikes, which means H2 2025 is likely seeing some ‘pay back’.

Chinese exporters will likely be adversely impacted by higher US tariffs over the next year or so but are likely to be able to continue to divert some output elsewhere. The Chinese authorities are likely to take further policy steps to try to offset the impact of higher US tariffs.

China’s government is taking steps to close excess capacity and prevent new capacity being built in some industries. Reducing (old) capacity will help lower foreign trade tensions and improve energy efficiency. It is likely that the overhang of residential property will continue over the outlook period.

India is forecast to continue to grow at a relatively fast rate over the outlook period and so raise its consumption of (the world’s) energy and resources. The Indian Government has a target of 300 million tonnes of steel production capacity by 2030. However, the US imposition of a 50% import tariff will impact Indian exporters and thus reduce their demand for commodity inputs (some of which are imported). The current 50% tariff could halve if India halts the importation of Russian oil.

While Germany’s move to raise government spending (to improve its defence capabilities and infrastructure) will be beneficial for the demand for resource commodities, other major European economies (such as France, Italy, Spain and the United Kingdom) are somewhat fiscally constrained.

The global push to net zero is expected to continue, assisting the demand for resource commodities and low emission energy commodities (such as uranium) while constraining the demand for fossil fuels. The Indian government aims to lower fossil fuel usage by lifting solar, wind and hydro power generation, and by raising nuclear energy generation ten-fold by 2047.

Geopolitical tensions likely to impact energy markets and maintain the demand for gold

Ongoing hostilities in the Middle East and Ukraine pose risks, particularly in energy markets. The demand for safe-haven assets such as gold is likely to remain strong during the outlook period. A deal to end the fighting in Ukraine could involve sanctions relief on Russian exports and lead to a reorganisation of trade flows.

AUD expected to rise against the USD

In recent months, the AUD has traded in a relatively narrow range against the USD. The USD has steadied after falling in H1 2025: worries over the outlook for the US economy and the government’s fiscal position caused the USD falls. The AUD is expected to rise against the USD over the outlook period: deeper and faster US interest rate declines than in Australia will boost the relative attractiveness of AUD interest bearing assets.

Normal weather conditions assumed to follow wetter-than-normal conditions in 2025–26

The odds of wetter-than-normal conditions in the rest of 2025 and H1 2026 raises the risk coal production/transport disruptions on the eastern side of Australia. In recent months, the likelihood of a La Nina weather event in 2026 has risen. Weather conditions are assumed to be normal in 2027.

1.3 Export values

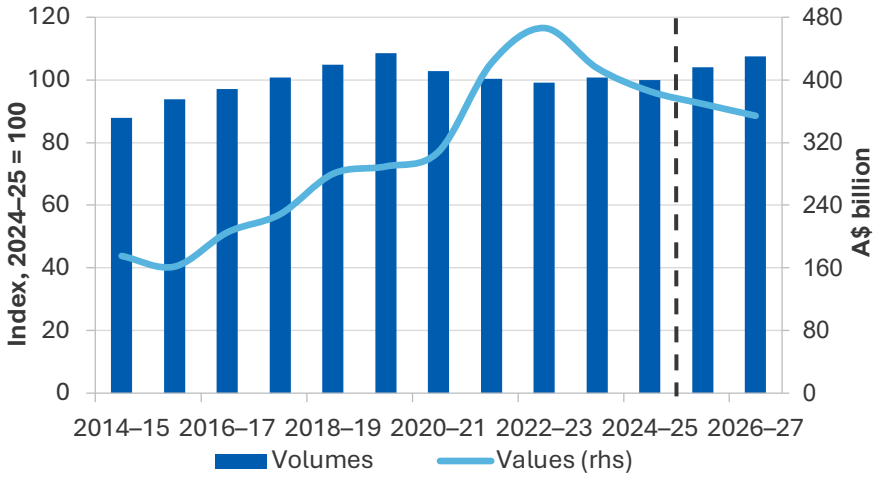
Bulk commodity price falls to lower exports in the next few years

Commodity prices generally weakened during the September quarter, mainly on worries over rising trade barriers. A 3% fall in prices outweighed the impact of a 2% rise in export volumes, resulting in a 1% fall in the Resources and Energy Export Values Index from June quarter 2025.

Since the June 2025 REQ, there has been little change to the aggregate forecasts for exports in 2025–26 and 2026–27. Weaker LNG and metallurgical coal export forecasts have offset forecasts of stronger gold exports.

Resource and energy export earnings are now forecast to be $369 billion in 2025–26 (unchanged from the June REQ forecast), down from $385 billion in 2024–25 (Figure 1.1).

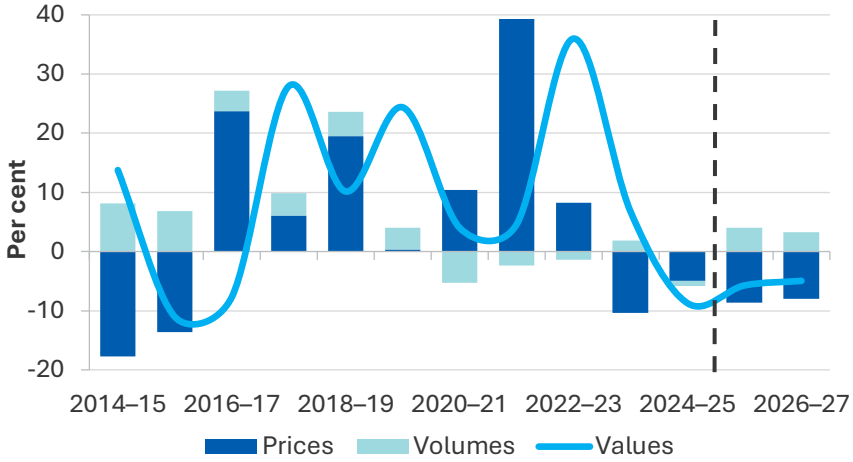
Figure 1.1: Australia's resources and energy exports



Source: ABS (2025); Department of Industry, Science and Resources (2025)

In 2026–27, exports are forecast to be $354 billion (down $1 billion). Lower prices will more than offset the impact of higher export volumes during the outlook period (Figure 1.2).

Figure 1.2: Annual growth in Australia's resources and energy export values, contributions from prices and volumes



Source: ABS (2025); Department of Industry, Science and Resources (2025)

Among resource commodities:

- **Iron ore** export earnings will still account for over 25% of all resource and energy commodities over the outlook period. With prices drifting down iron ore exports are forecast to fall by $3.9 billion to $113 billion in 2025–26 and then fall to $103 billion in 2026–27.
- **Gold** exports are expected to rise by $12 billion to $60 billion in 2025–26. Higher export volumes will add to the impact of a strong rise in prices. Gold prices are forecast to decline slightly in 2026–27, with earnings remaining around $60 billion as a rise in export volumes offsets the impact of

lower prices. Export volumes should remain strong over the outlook period.

- Rising volumes and prices are forecast lift **copper** exports from $13 billion in 2024–25 to $16 billion in 2026–27.
- **Alumina** earnings are forecast to fall back in 2025–26 as the extraordinary price surge of 2024 continues to unwind. From over $12 billion in 2024–25, earnings are forecast to fall to less than $9 billion in 2025–26.
- **Lithium** earnings are forecast to rise from $4.8 billion in 2024–25 to over $6.1 billion in 2026–27. The increase will be driven by modest and gradual rise in output and prices of lithium hydroxide.

Energy exports are set to show falls over the outlook period, with lower thermal coal, LNG and oil exports driving the declines.

- **LNG** export earnings are forecast to decline on the back of weaker prices. LNG exports are forecast to fall from $65 billion in 2024–25 to $54 billion in 2025–26 and $48 billion in 2026–27. The fall reflects a combination of slow declines in spot prices and a rapid decline in oil prices, which feed through into LNG contracts.
- **Thermal coal** export earnings are forecast to fall gradually, from $32 billion in 2024–25 to $28 billion in in 2025–26 and $26 billion in 2026–27.
- **Metallurgical coal** exports are forecast to be steady at around $36-37 billion over the outlook period.
- **Uranium** exports are also projected to be stable over the outlook period at $1.5 billion.

1.4 Prices

Resource and energy commodity prices have generally declined since the June 2025 REQ. Commodity markets are anticipating slower world growth as a result of rising trade barriers and monetary conditions that are still on the restrictive side of neutral in the US.

In Australian dollar terms, the Resources and Energy Commodity Price Index fell by 6.2% in the September quarter 2025 to be down 4.2% year-on-year (Figure 1.3). In US dollar terms, the index fell by 2% in the quarter to be down 4% year-on-year. Resource export prices (in A$ terms) were up 7% year-on-year, while energy prices fell by 17%.

Iron ore prices hit their lowest level since June 2020 in the June 2025 quarter but rebounded in the September quarter due to improved steel market sentiments and anti-involution measures in China. Despite occasional rebounds, prices are expected to drift down slightly due to abundant supply and moderating steel demand. Prices are forecast to rise to US$87 a tonne in 2025–26 from US$86 a tonne in 2024–25 and then decline to US$82 a tonne in 2026-27 (Figure 1.4).

Metallurgical coal prices remained below US$180 a tonne for most of July before recovering above US $190 a tonne in August as concerns of an oversupply of coal in China eased. Prices are expected to remain near current levels over the outlook.

Copper prices rose to average US$9,800 a tonne in the September quarter 2025, following the easing of reciprocal trade restrictions between the US and China and major mine outages. Over the outlook period, prices are forecast to rise to an average of US$10,100 a tonne in 2027; a strong, structural uplift in demand will not be matched by rising supply.

Aluminium prices have recovered the losses associated with the jump in US tariffs in early April. Alumina prices have fallen by 52% so far in 2025, due to a recovery in global supply with a large rise in Chinese output. Aluminium prices are forecast to be flat over the outlook period, as rising supply offsets the impact of growing global demand for new, energy efficient cars and technologies.

The **gold** price has been very strong in recent months, pushing above US$3,800 an ounce in September. The gain came on growing prospects of US interest rate cuts and a worsening fiscal and inflation outlook in the US. Prices are forecast to rise to 2026 and then moderate, with risks to the downside.

Spodumene concentrate prices have increased from just above US$600 a tonne in June to around US$1,000 tonne in late August, marking a recovery of almost 70%. **Lithium hydroxide** prices have seen an almost 20% recovery over the same period, rising from around US$7,550 a tonne to around US$9,000 a tonne in late August. The recovery in lithium prices reflects ongoing demand growth and production curtailments. Spodumene concentrate is expected to average US$800 a tonne in 2026 and US$925 a tonne in 2027, while lithium hydroxide should average about US$11,250 a tonne in 2026 and US$13,250 a tonne in 2027.

Nickel prices averaged US$15,276 a tonne in the first half of September 2025, trading just above five-year lows. Recent growth in nickel supply has continued to outstrip demand growth, contributing to weaker prices and growing nickel stockpiles. Stainless demand has been moderate, while battery demand has remained robust. Nonetheless, market sentiment is still weighed down by trade policy uncertainty, and larger than expected mining quota permits issued by Indonesia in Q1 2025. Beyond 2025, expectations of Indonesia tightening the issuance of mining permits in 2026 may set the environment for a gradual price recovery. Supply tightening is eventually anticipated from 2027 and may gradually push up prices to around US$18,000/t by end 2027.

Zinc prices strengthened to around US$2800 at tonne in late August after falling to below US$2,600 in early April as US tariff hikes were announced. The zinc price is expected to average US$2,740 a tonne in 2025, weaken slightly in 2026 but then rise to average more than US$2,750 a tonne in 2027.

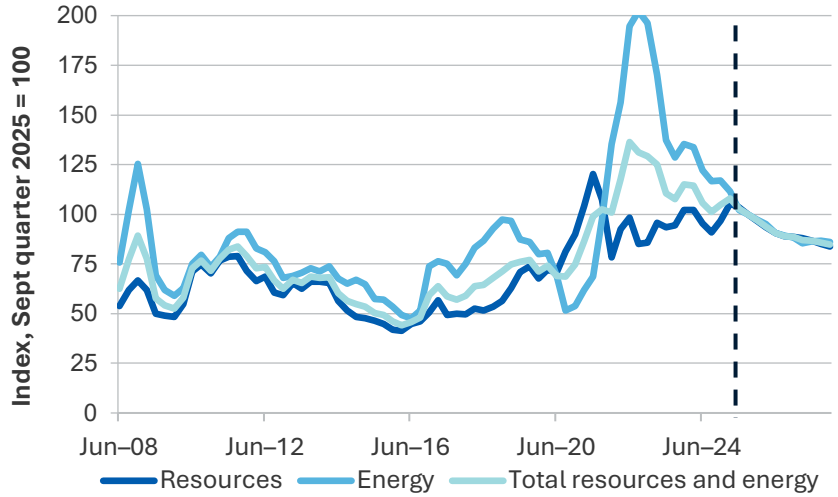
Energy prices remain relatively weak: slow world economic growth and seasonal conditions have slowed energy use and supply has risen. Since the ceasefire in hostilities between Israel and Iran, **oil (Brent)** prices have remained relatively steady at US$65–70 per barrel. Oil prices are expected to drift lower over the outlook period, as supply rises and the switch to EVs reduces oil demand.

Higher US output has pushed down **LNG** prices – from about US$15/MMbtu in early 2025 to US$11/Mmbtu in September. Price volatility across LNG markets is also likely to ease due to rising supply, though this may not become apparent until 2027.

Thermal coal prices fell to a 4 year low of $US89 a tonne in late March but have bounced back to an average of $US108 a tonne in the September quarter. Prices are expected to be stable to 2027 as demand and supply steadily fall.

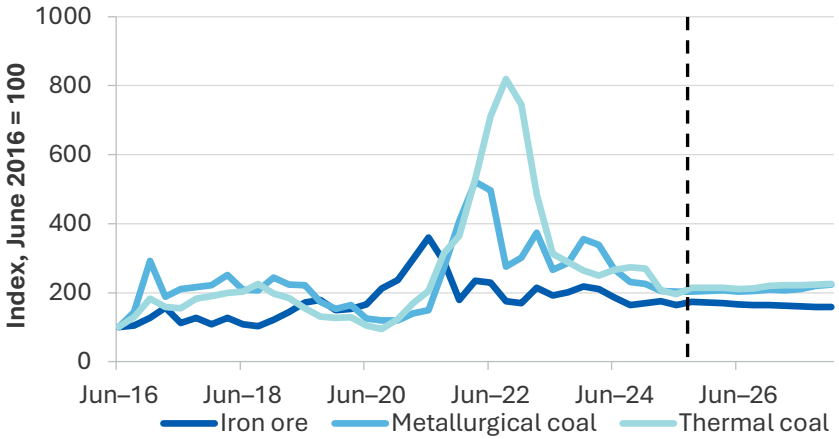
Uranium prices were relatively stable at US$70–75 a pound in the early part of the September quarter. Supply problems and higher demand are forecast to push prices up through the forecast period.

Figure 1.3: Resource and energy export prices, AUD terms



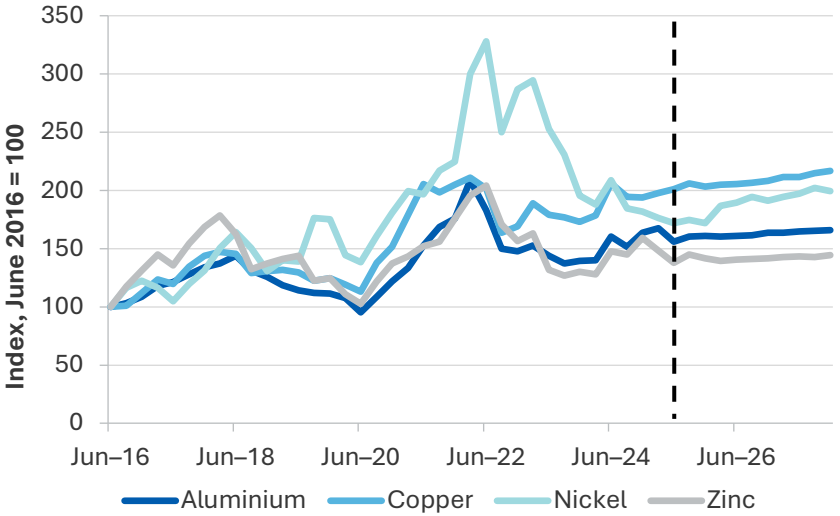
Notes: The export price index is based on Australian dollar export unit values (EUVs, export values divided by volumes); the export price index is a Fisher price Index, which weights each commodity's EUV by its share of total export values.
Source: ABS (2025); Department of Industry, Science and Resources (2025)

Figure 1.4: Bulk commodity prices



Notes: Prices are in US dollars and are the international benchmark prices.
Source: ABS (2025); Department of Industry, Science and Resources (2025)

Figure 1.5: Base metal prices



Source: ABS (2025); Department of Industry, Science and Resources (2025)

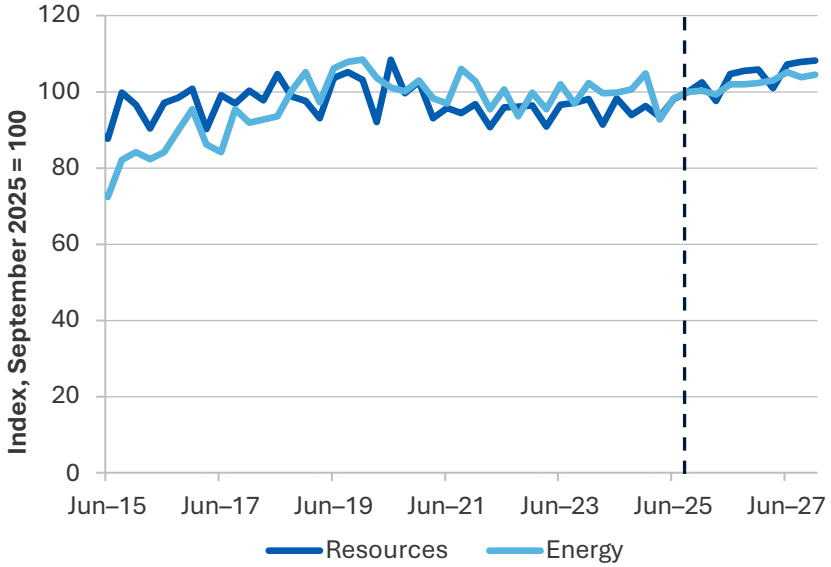
1.5 Export volumes

Export volumes strengthened in the September quarter

The Resources and Energy Export Volumes Index is estimated to have risen by 1.9% in the September quarter 2025 from the June quarter 2025 to be up 3.5% year-on-year. Resource commodity export volumes rose 6.5% over the year to September quarter 2025, but energy export volumes were 0.6% lower (Figure 1.6) largely due to bad weather.

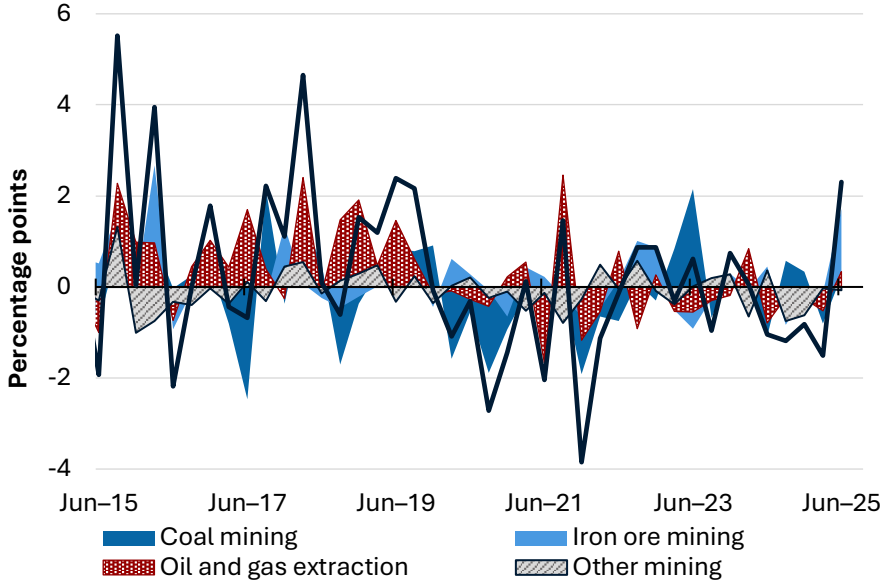
High prices for some base and precious metals should lift resource export volumes over the outlook period. However, growth in the volume of energy exports is expected to be more modest.

Figure 1.6: Resource and energy commodity export volumes



Source: ABS (2025); Department of Industry, Science and Resources (2025)

Figure 1.7: Contribution to quarterly growth by sector



Source: ABS (2025); Department of Industry, Science and Resources (2025)

1.6 Contribution to growth and investment

Mining output rose in the June quarter

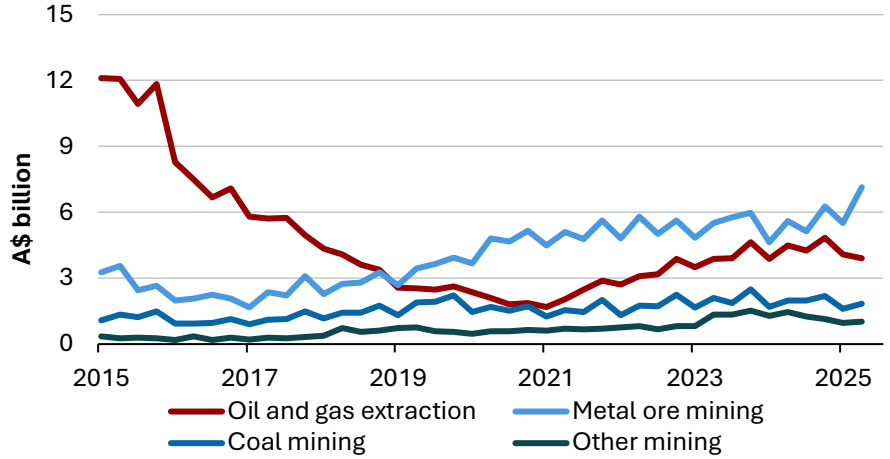
Australia's real GDP rose by 0.6% in the June quarter 2025, to be up 1.8% from a year before. Mining value-added grew by 2.3% in the June quarter and but fell by 1.2% from the June quarter last year as cutbacks in nickel and lithium production impacted (Figure 1.7).

In the quarter, iron ore mining rose by 6.1% as bad weather disruptions ended, exploration and mining support services rose by 2.3%, oil and gas extraction rose by 1.2%, coal mining rose by 0.8%, but other mining fell by 0.7%.

Quarterly mining capital expenditure has picked up

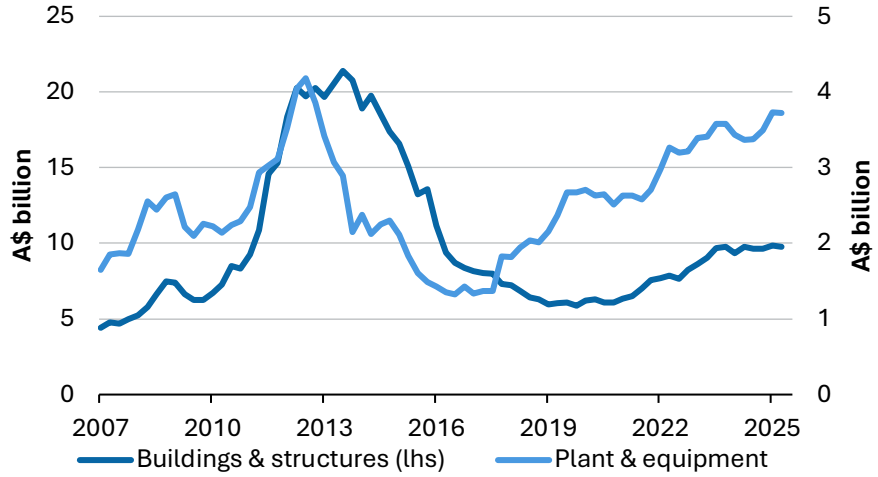
The latest ABS Capital Expenditure and Expected Expenditure survey shows that Australia's resources and energy industries invested $13.9 billion in the June quarter 2025, up 14% from the March quarter 2025 and 3% from the June quarter 2024. In non-seasonally adjusted terms, capex varied noticeably among commodities, rising for metal ore and coal mining, but falling for oil & gas (Figure 1.8). Expenditure on buildings and structures fell by 0.6% in the June quarter, while investment in plant and equipment was flat (Figure 1.9). Both categories have recovered well from the 2021 lows. Since 2017, capex on plant and machinery has been a steadily rising share of total capex. However, in recent years, spending on buildings and structures has correlated more closely with plant and equipment capex.

Figure 1.8: Mining capex by commodity, not seasonally adjusted



Notes: Other mining includes non-metallic mineral mining and quarrying, exploration and other mining support services; chart data is in nominal, original terms
Source: ABS (2025) Private New Capital Expenditure and Expected Expenditure, 5625.0

Figure 1.9: Mining industry capital expenditure by type, quarterly



Notes: Chart data is in nominal terms, seasonally adjusted.
Source: ABS (2025) Private New Capital Expenditure and Expected Expenditure, 5625.0

Mining investment forecast to hold up in 2025–26

Total mining industry investment in 2024–25 increased by 1.2% from 2023–24 (Figure 1.10). The latest ABS capital expenditure survey suggests that 2025–26 spending will be effectively unchanged (at $53 billion), but estimates are typically revised up over time.

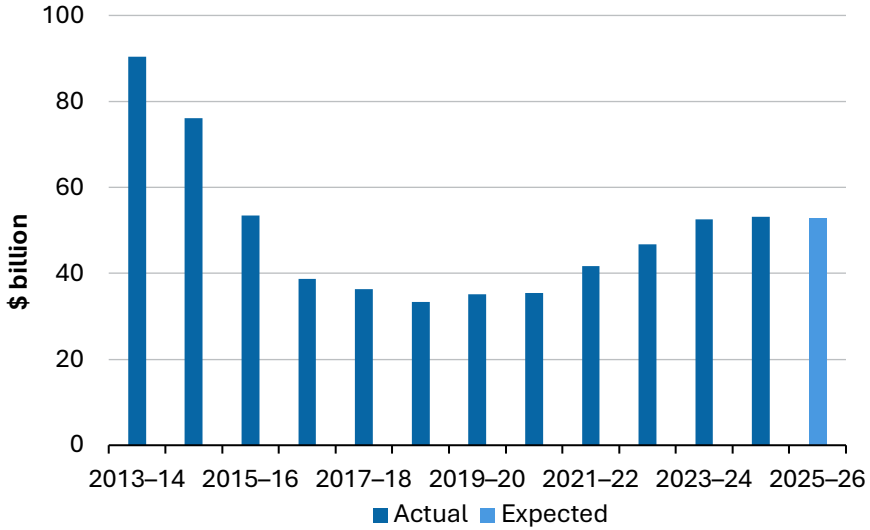
Exploration spending down, but signs of a rebound

Australian mineral and petroleum exploration expenditure was effectively unchanged in the June quarter 2025 (in seasonally-adjusted terms), to be 3% lower year-on-year. Through-the-year expenditure grew for gold (up 35%), mineral sands (up 20%) and iron ore (up 10%), but declined for other commodities.

Gold exploration has recovered from two years of decline, with recent investment responding to steady rises in prices. Recent capital raising activity indicates gold and copper-gold exploration companies should account for a larger share of mineral exploration activity going forward, given strength in prices (gold) and long-term demand (copper).

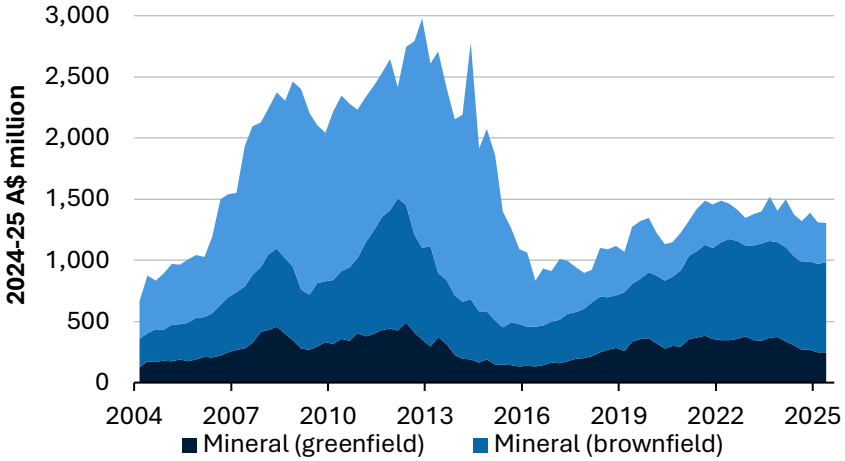
Greenfield exploration activity was largely steady in the June quarter after declining to a 7-year low in the March quarter 2025 (Figure 1.11). Drilling metres fell to a new 9-year low (Figure 1.12). Decreased activity reflects a continuation of recent trends with exploration companies (and investors) prioritising less-risky brownfield projects: relatively tight financial conditions, rising costs and economic uncertainty have reduced investment flows into the sector.

Figure 1.10: Mining industry capital expenditure, fiscal year



Source: ABS (2025)

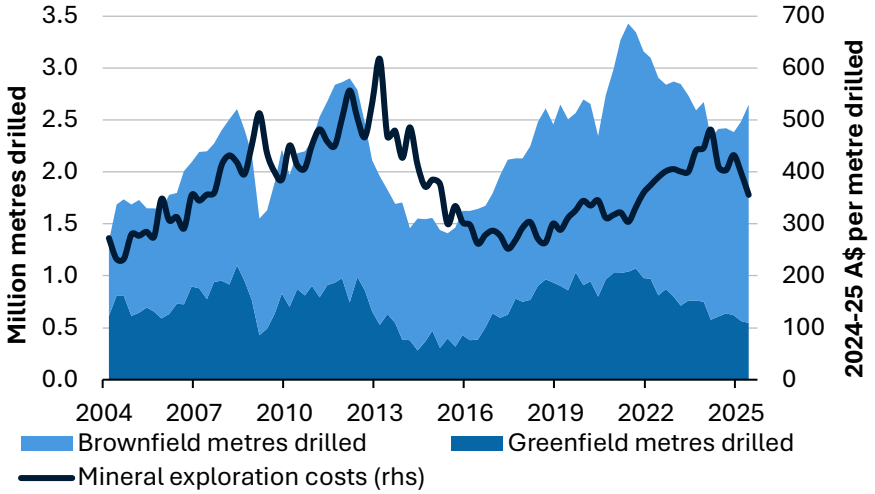
Figure 1.11: Quarterly mineral and petroleum exploration spending



Notes: Exploration expenditure data is presented here in real, seasonally adjusted terms.

Source: ABS (2025)

Figure 1.12: Metres drilled for mineral exploration and implied costs



Notes: Metres drilled are in seasonally adjusted terms.

Source: ABS (2025); Department of Industry, Science and Resources (2025).

1.7 Revisions to the outlook

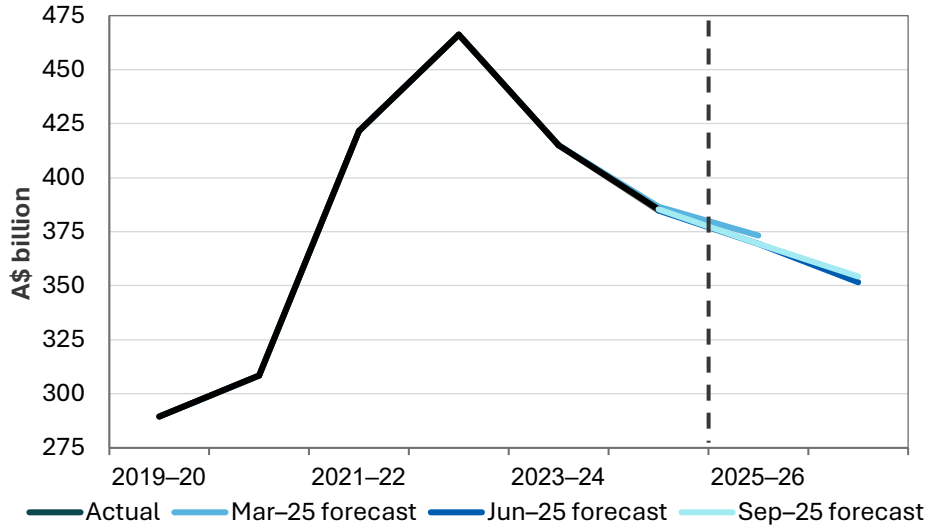
Downgrades to LNG and metallurgical coal more than offsetting higher gold exports

From $385 billion in 2024–25, resource and energy exports are now forecast to fall to $369 billion in 2025–26 – virtually unchanged from the forecast in the June 2025 REQ. The forecast for exports in 2026–27 is $2.6 billion higher at $354 billion (Figure 1.13).

A surge in the gold price has driven a substantial upward revision in gold exports in the outlook period. However, forecast weaker revenues for metallurgical coal and LNG have largely offset the upward revision to gold. The weaker revenues for LNG are the result of downward price revisions and upward revisions to the Consensus forecasts for the AUD/USD. The LNG price is

linked directly to oil prices, which have been revised down due to both increased oil production by OPEC+ and weaker-than-expected global oil demand.

Figure 1.13: Resource and energy exports, by forecast publication



Source: ABS (2025); Department of Industry, Science and Resources (2025)

Table 1.1: Outlook for Australia's resources and energy exports in nominal and real terms

Exports (A$m)	2023–24	2024–25	2025–26 f	2026–27 f	2023–24	2024–25	2025–26 f	2026–27 f
Resources and energy	414,991	385,393	369,354	354,144	–11.0	–7.1	–4.2	–4.1
– real[b]	437,387	396,561	369,354	344,672	–14.6	–9.3	–6.9	–6.7
Energy	180,151	154,466	134,663	126,482	–24.5	–14.3	–12.8	–6.1
– real[b]	189,874	158,942	134,663	123,100	–27.6	–16.3	–15.3	–8.6
Resources	234,840	230,927	234,691	227,662	3.2	–1.7	1.6	–3.0
– real[b]	247,514	237,619	234,691	221,573	–0.9	–4.0	–1.2	–5.6

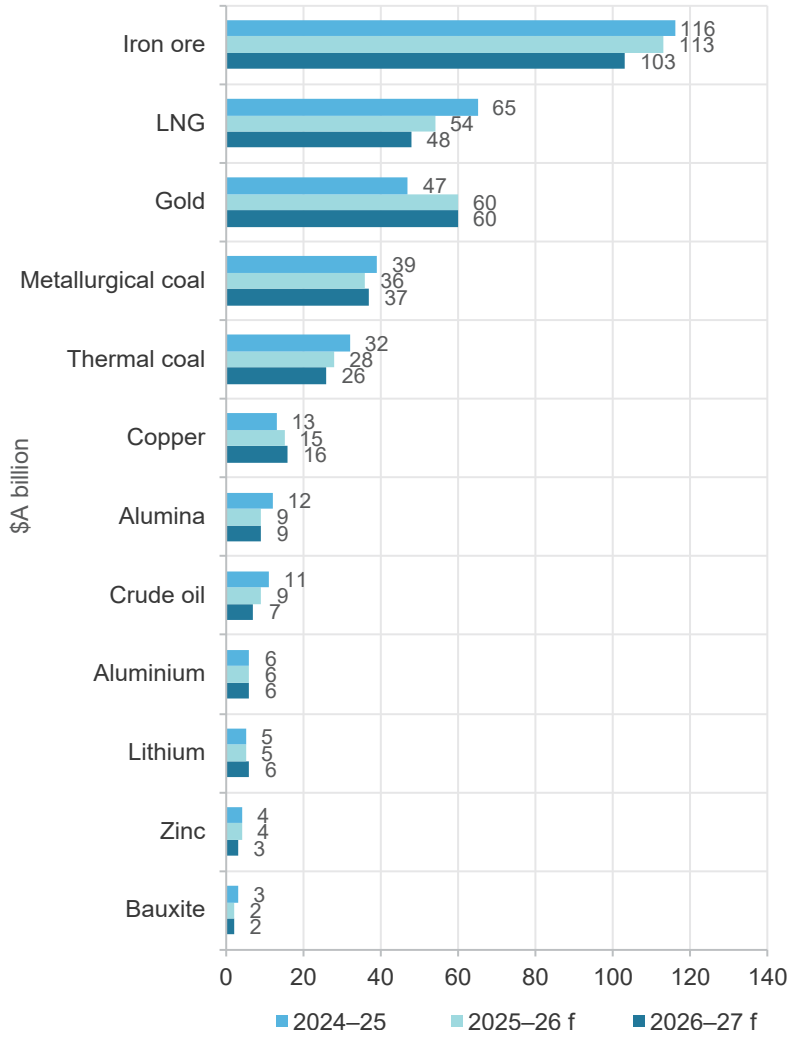
Notes: **b** In 2025–26 Australian dollars; **f** forecast.
Source: ABS (2025); Department of Industry, Science and Resources (2025).

Table 1.2: Australia's resource and energy exports, selected commodities

	Prices				Export volumes				Export values A$b		
	Unit	2024–25	2025–26 f	2026–27 f	Unit	2024–25	2025–26 f	2026–27 f	2024–25	2025–26 f	2026–27 f
Iron ore	US$/t	86	87	82	Mt	901	918	926	116	113	103
LNG	A$/GJ	15.5	13.0	11.2	Mt	79	79	82	65	54	48
Gold	US$/oz	2,820	3,377	3,321	t	239	287	309	47	60	60
Metallurgical coal	US$/t	197	186	189	Mt	147	158	169	39	36	37
Thermal Coal	US$/t	121	109	112	Mt	205	203	201	32	28	26
Copper	US$/t	9,312	9,694	9,906	Kt	768	883	962	13	15	16
Alumina	US$/t	532	374	374	Kt	14,718	15,660	16,632	12	8.7	8.7
Crude oil [a]	US$/bbl	75	66	60	Kb/d	251	230	225	11	9	7
Aluminium	US$/t	2,508	2,524	2,566	Kt	1,460	1,549	1,552	6.0	5.8	5.6
Lithium [b]	US$/t	1,833	791	754.1	Kt LCE	474	505	524	4.8	5.4	6.1
Zinc	US$/t	2,827	2,715	2,726	Kt	1,272	1,348	1,382	4.4	3.6	3.5
Nickel	US$/t	15,760	15,939	17,146	Kt	81	58	49	2.3	1.3	1.1
Uranium	US$/lb	74	79	86	t	5,034	6,531	6,631	1.2	1.5	1.5

Notes: **a** Export data covers both crude oil and condensate; **f** forecast. **Price information:** Iron ore fob (free-on-board) at 62% iron content estimated netback from Western Australia to Qingdao China; Metallurgical coal premium hard coking coal fob East Coast Australia; Thermal coal fob Newcastle 6000 kc (calorific content); LNG fob Australia's export unit values; Gold LBMA PM; Alumina fob Australia; Copper LME cash; Crude oil Brent; Aluminum LME cash; Zinc LME cash; Nickel LME cash; Lithium (6% spodumene concentrate) price. Above lithium volumes, in lithium carbonate equivalent (LCE) units, include lithium hydroxide and 6% spodumene concentrate.
Sources: ABS (2025); LME (2025); London Bullion Market Association (2025); The Ux Consulting Company (2025); US Department of Energy (2025); Metal Bulletin (2025); Japan Ministry of Economy, Trade and Industry (2025); Department of Industry, Science and Resources (2025).

Figure 1.14: Australia's major resource and energy commodity exports



Annual per cent change

2025–26 f			2026–27 f		
volume	EUV	value	volume	EUV	value
▲ 2	▼ -5	▼ -3	▲ 1	▼ -7	▼ -6
→ 0	▼ -16	▼ -16	▲ 1	▼ -15	▼ -14
▲ 20	▲ 7	▲ 28	▲ 14	→ 0	▲ 13
▲ 7	▼ -15	▼ -9	▲ 7	▼ -10	▼ -3
▼ -1	▼ -13	▼ -13	▼ -1	▼ -9	▼ -10
▲ 15	▲ 5	▲ 21	▲ 12	▲ 1	▲ 13
▲ 6	▼ -33	▼ -28	▲ 6	▼ -20	▼ -15
▼ -8	▼ -14	▼ -21	▼ -5	▼ -14	▼ -19
▲ 6	▼ -8	▼ -3	▲ 3	▼ -6	▼ -3
▲ 7	▲ 4	▲ 11	▲ 5	▲ 7	▲ 13
▲ 6	▼ -24	▼ -19	▲ 4	▼ -15	▼ -11
→ 0	▼ -39	▼ -39	▲ 1	▼ -19	▼ -18

Notes: f forecast; s estimate. EUV is export unit value
Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025)

Macroeconomic outlook

Share of global GDP and economic growth, 2024

Country	China	US	EU	India	ASEAN	Japan	S Korea	Taiwan	**Australia**
Per cent share of global GDP (PPP)	20%	15%	14%	9%	5%	3%	2%	1%	1%
Yearly change	▲ 5.0%	▲ 2.8%	▲ 1.2%	▲ 6.5%	▲ 4.6%	▲ 0.2%	▲ 2.0%	▲ 4.3%	▲ **1.0%**
Share of Australia's 2-way trade (2023-24)	26%	10%	9%	4%	15%	9%	6%	3%	–

Global overview

- Growth prospects have been revised slightly up in 2025 and 2026 for most countries by the IMF, but uncertainty still dominates the global economic outlook.
- Global manufacturing is expected to hold steady over the outlook period with a slight dip in 2026 as trade fragmentation impacts flow through.

Global risks

- Ongoing trade policy uncertainty.
- Increased geopolitical tensions.
- Global trade and economic fragmentation.

Source: IMF; ABS; OCE

2.1 Summary

- After two quarters of downward revisions to the world growth outlook, the global macroeconomic outlook has stabilised as trade policy settles. Risks are still tilted to the downside with persistent uncertainty and geopolitical tensions continuing.
- Overall global inflation expectations remain steady since the June REQ. Disinflation is expected to continue in most countries over the outlook period given cooling demand and falling energy prices, except for the US where inflation is expected to pick up as tariffs flow through to domestic prices.
- Economic growth in Australia's major trading partners to improve over the outlook, with China in particular faring better than expected after tariff measures.

2.2 World economic outlook

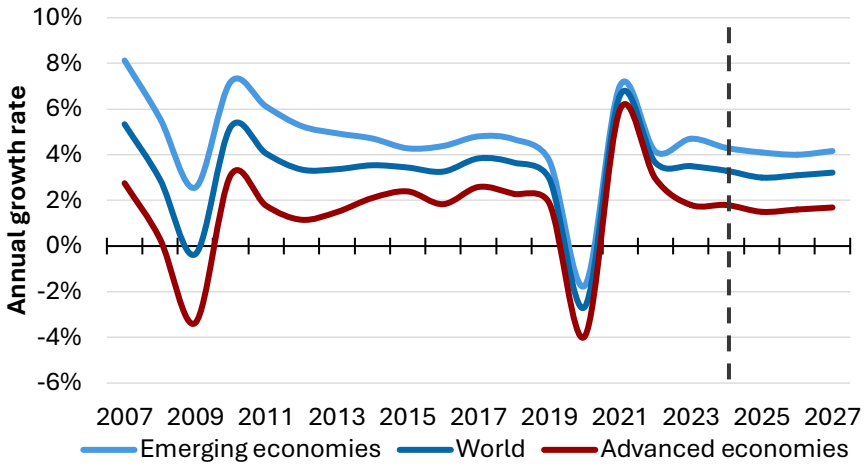
The global outlook has improved in recent months, amidst lower-than-expected tariff measures

The International Monetary Fund's (IMF) July World Economic Outlook Update projects growth in world economic output to fall from 3.3% in 2024 to 3.0% in 2025, before recovering to 3.1% in 2026, with growth to climb to 3.2% in 2027 (Figure 2.1).

The slight upgrade to the IMF's April outlook and reflects the impact of business actions to help cope with rising trade barriers, easier financial conditions (including a weaker US dollar), and expansionary fiscal policy in some nations. The front-loading activity by firms ahead of tariff hikes, though distortionary, helped push March quarter growth 0.3 percentage points above IMF forecasts.

The IMF July update also revised its outlook for growth in world trade. World trade in 2025 is forecast to grow by 2.6% (+0.9 ppt) but downward for 2026 to 1.9% (-0.6ppt). The latter reflects the impact of rising trade barriers.

Figure 2.1: IMF GDP growth forecasts



Source: IMF World Economic Outlook Update (July 2025)

Changes to the outlook for trade reflect the front-loading activity seen in H1 2025, with trade falling subsequently as inventories are run down. The slowed growth of global trade volumes is dampened by the lower-than-expected US effective tariff rate, which was around 17% in June 2025, down from the peak of around 30% in April 2025. Retaliation from other nations to US trade measures has been limited, with many major economies coming to trade agreements. Risks to global GDP growth remain weighed to the downside, with the possibility of increased trade tensions and lack of clarity in announced trade agreements.

The path of global inflation is unchanged in aggregate from the June 2025 REQ, but this masks changes at the country-level.

Tariffs are expected to be passed on to consumers gradually in the US increasing inflation in H2 2025, while other nations will face a negative demand shock from tariffs cooling inflationary pressures.

China's growth has exceeded expectations in 2025, with exports strong but consumption and housing still weak

The Chinese economy has remained resilient to trade disruptions and grew by 5.2% year-on-year to the June quarter 2025, exceeding expectations.

US tariff hikes drove a decrease in Chinese exports to the US but Chinese exports remain competitive elsewhere (notably the EU and ASEAN) with growing Chinese export volumes in H1 2025 (Figure 2.4). A drop in Chinese imports over the last two quarters reinforced other signs of weak consumer sentiment, largely driven by the ongoing weakness in the property market.

Economic growth is expected to meet targets set by China's government of 5% a year to 2027. Chinese policymakers still have significant space for stimulus measures to counter the negative impacts of tariffs, weak consumer sentiment and property sector weakness. Any government fiscal stimulus will likely be aimed at strategic objectives such as boosting productivity and self-sufficiency.

In early March, the Chinese government announced plans to restructure the steel industry by reducing production due to overcapacity and low profitability pressures. Changes to the steel industry are part of a broader Chinese economic policy known as 'anti-involution', measures to reduce excessive competition within sectors of the Chinese economy that can lead to a race to the bottom on prices and quality of goods.

The steel sector in China had already begun efforts to address overcapacity in the first half of 2025. During this period, steel production in China decreased by approximately 2.4% year on year, primarily driven by a 6.9% and 9.2% reduction in May and June, respectively.

Growth of Australia's major trading partners to improve over the outlook period

Reserve Bank of Australia forecasts GDP growth in Australia's major trading partners to slow over H2 2025 and into 2026.

The IMF revised Japan's GDP growth slightly up for 2025 however weak consumer demand persists and exports volumes have not improved since 2021 with growth remaining under 1% over the outlook period. Republic of Korea (ROK) growth was revised down by the IMF in 2025 to 0.8% (-0.2 ppt) but will bounce back to 1.8% in 2026 (+0.4 ppt). Over the outlook ROK's growth is forecast to pick up to 2.5% from 2029.

India's business activity has expanded strongly in 2025. With India currently Australia's fifth-largest export market and in the top five markets for our largest three resource and energy exports. India's growth is heavily driven by growth in domestic consumer spending, which has been boosted by three rate cuts in 2025.

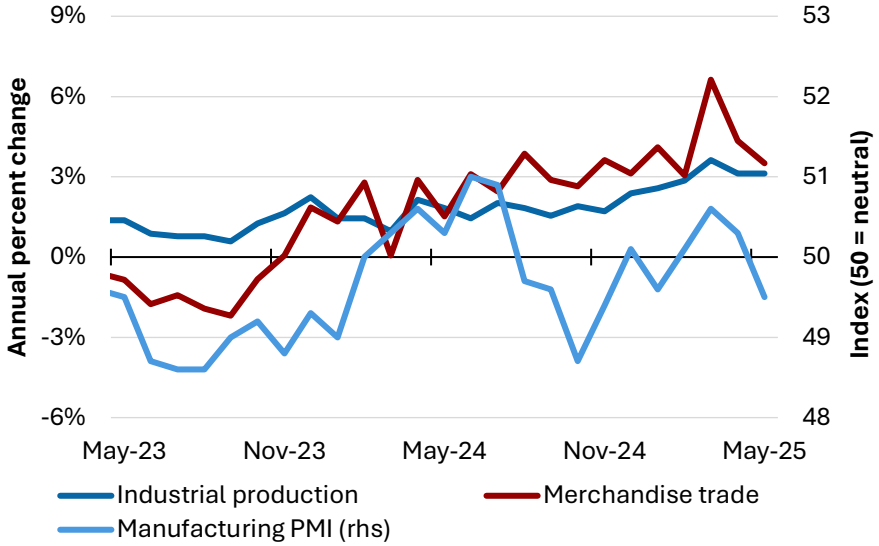
The IMF has revised up India's growth in both 2025 (+0.2 ppt) and 2026 (+ 0.1ppt) to 6.4%, with forecast growth of 6.5% in 2027.

2.3 Global industrial conditions

Conditions normalise as tariffs take effect, and businesses adjust to new settings

Actions taken by firms to mitigate the impact of US tariff hikes by front-loading inventories, has distorted global industrial activity in the first two quarters of 2025 (Figure 2.2). Global industrial production grew by 2.8% year-on-year in the June quarter, up from 2.5% in the March quarter. Global merchandise trade has begun to recede from high levels seen during the March quarter 2025 to around the level of December 2024, and the global manufacturing PMI (a leading indicator of global industrial production) contracted in April and May 2025 (Figure 2.2).

Figure 2.2: Manufacturing PMI vs growth in global industrial production and trade



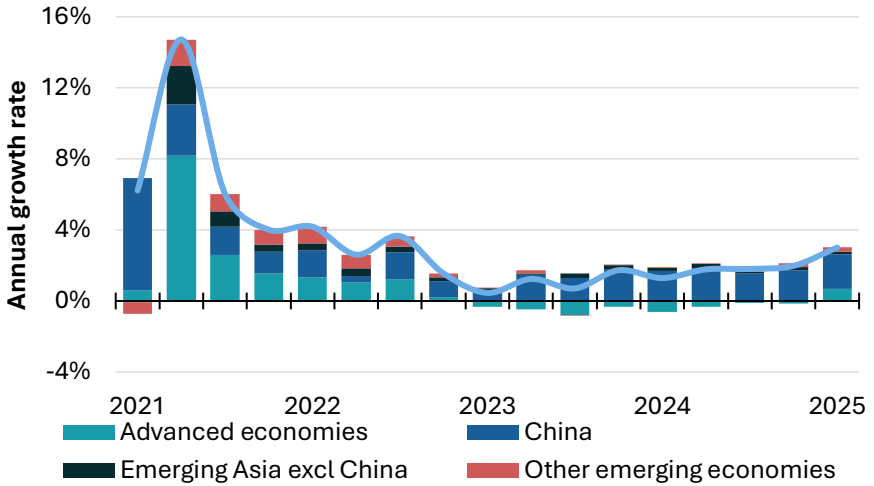
Source: CPB Netherlands Bureau for Economic Policy Analysis (2025)

In the March 2025 quarter, growth in global industrial production and merchandise trade was driven largely by China, where exporters boosted sales before US tariff hikes took effect. Growth was also supported by advanced economies including the US, Japan and the Euro area (Figure 2.3 and 2.4).

Global industrial production is forecast to continue growing at the current level of 2.8% until 2026, when it will ease to 2.4% as the impact of US rising trade barriers hits home fully. Growth in industrial production should pick up to 2.8% in 2027.

Recent data suggests that Chinese manufacturing may contract in coming months, with US and India picking up. China's official manufacturing Purchasing Managers Index (PMI), which is a leading indicator for industrial production, rose from a contractionary 49.3 reading in July to 49.4 in August (with 50 being neutral). August marked the fourth consecutive month of contractionary Chinese manufacturing PMI.

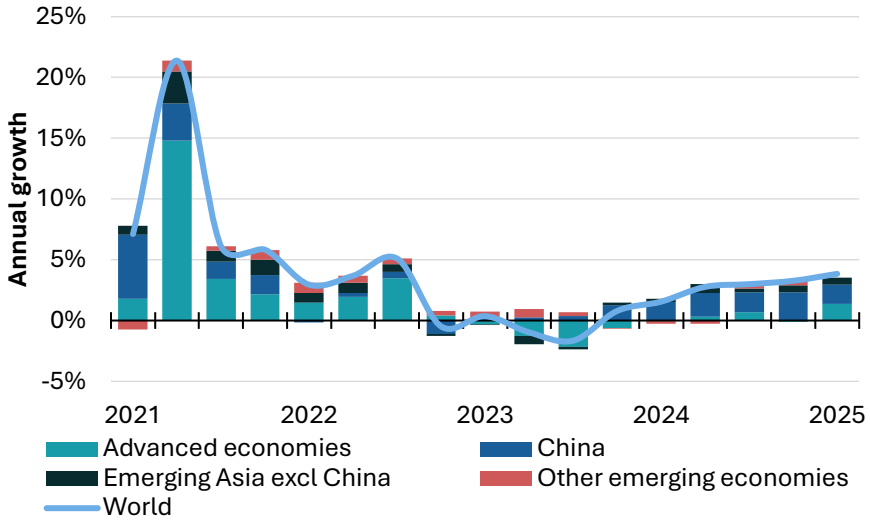
Figure 2.3: Contributions to growth of industrial production



Source: CPB Netherlands Bureau for Economic Policy Analysis (2025)

Meanwhile, the S&P US Flash PMI suggests that US business activity grew at the fastest pace recorded so far in 2025 in August, up to 55.4 in August (preliminary) from 55.1 in July. The flash US Manufacturing PMI rose from 49.8 in July to 53.3 in August 2025. In August 2025, the HSBC Composite Purchasing Managers Index (PMI) for India hit an all-time high of 65.2.

Figure 2.4: Contributions to growth of global exports

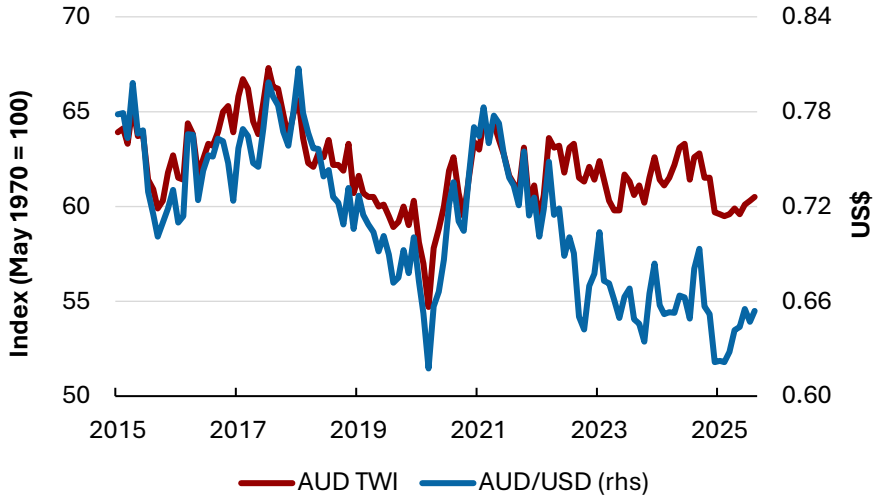


Source: CPB Netherlands Bureau for Economic Policy Analysis (2025)

2.4 Revisions to the outlook

Since the release of the June 2025 *Resources and Energy Quarterly*, the forecast for the Australian dollar has been revised up to be stronger against the US dollar. Australian export value forecasts in this *Resources and Energy Quarterly* adopt the market consensus on the outlook for the AUD/USD.
The consensus is for the AUD/USD to appreciate over the outlook period as the USD weakens. The outlook for the USD is clouded by rising US trade barriers and a worrying fiscal outlook. Adopting recent consensus forecasts leads to upgrades of about US$0.01 in 2025 and 2026 in AUD/USD compared with the June 2025 *Resources and Energy Quarterly*.

Figure 2.5: Australian trade-weighted index, US dollar exchange rate (monthly)



Source: RBA (2025)

Table 2.1: IMF annual GDP growth projections for major trading partners

	2024	2025[a]	2026[a]	2027[a]
World [b]	**3.3**	**3.0**	**3.1**	**3.2**
China [c]	5.0	4.8	4.2	4.2
Japan	0.2	0.7	0.5	0.6
Republic of Korea	2.0	0.8	1.8	2.1
India [d]	6.5	6.4	6.4	6.5
ASEAN-5 [e]	4.6	4.1	4.1	4.2
Eurozone	1.2	1.3	1.4	1.6
United States	2.8	1.9	2.0	2.0

Notes: **a** Assumption; **b** Calculated by the IMF using purchasing power parity (PPP) weights for nominal country gross domestic product; **c** Excludes Hong Kong; **d** Based on fiscal years, starting in April; **e** Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Sources: IMF (2025); Bloomberg (2025)

Table 2.2: Exchange rate and inflation assumptions

	2024	2025[a]	2026[a]	2027[a]
AUD/USD exchange rate	0.66	0.65	0.69	0.71
Inflation rate [b]				
United States	3.0	3.0	2.5	2.1
	2023–24	**2024–25[a]**	**2025–26[a]**	**2026–27[a]**
Australia	4.2	2.4	2.9	2.7

Notes: **a** Assumption; **b** Average CPI growth over the specified year (fiscal or calendar).

Sources: ABS (2025); Bloomberg (2025); Department of Industry, Science and Resources (2025); IMF (2025); RBA (2025).

Iron ore

Australia's iron ore sector

World No.1

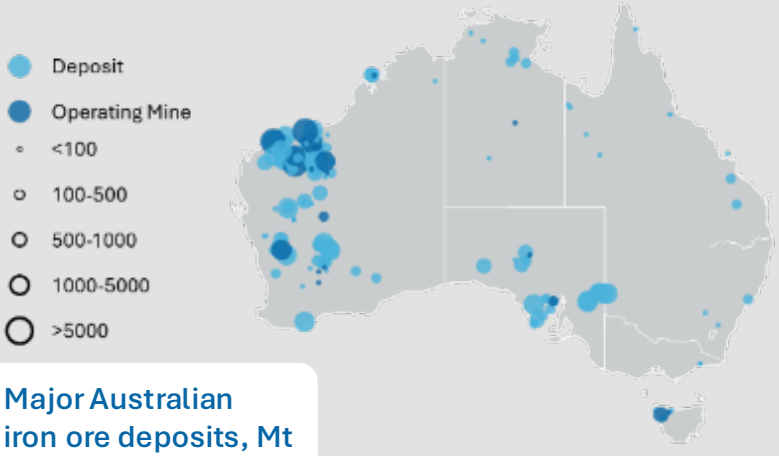
for iron ore resources

Largest producer

of iron ore in the world

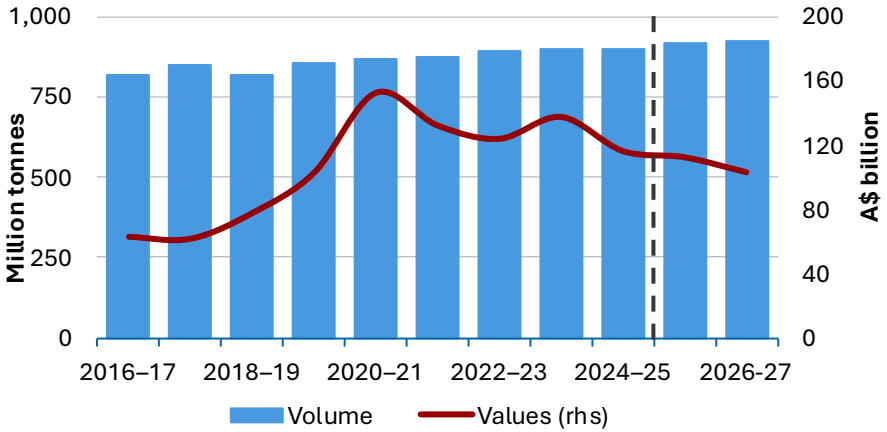
902 million tonnes

of iron ore exported in 2024



Major Australian iron ore deposits, Mt

Australian iron ore exports

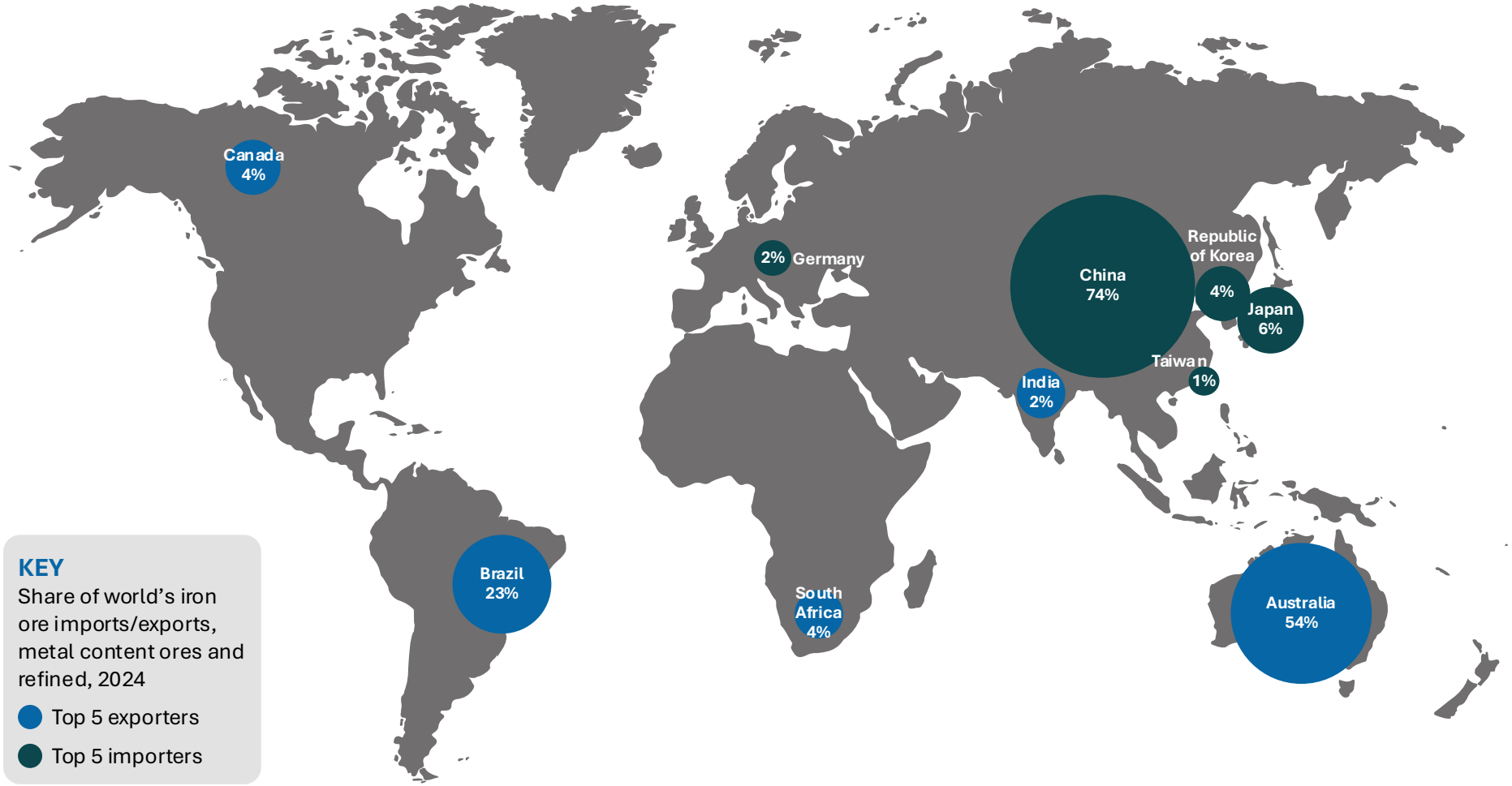


Outlook

- Iron ore prices to fall as global supply rises
- Earnings to fall as prices decline
- Export volumes to rise
- Exploration strong as producers replace depleting reserves

Source: GA; ABS; DISR

Iron ore trade map



Source: ITC Trade Map; Wood Mackenzie

3.1 Summary

- Global steel production is expected to rise to 1.92 billion tonnes by 2027, as new capacity in India, Southeast Asia, the US and the Middle East offsets the impact of declining output in China.
- Australian iron ore export volumes are forecast to rise by an average of 1.4% a year over the outlook period to 2026–27.
- Iron ore prices are forecast to soften over the outlook period due to the impact of new supply from Africa and other regions. Lower prices will lead to a decline in Australia's iron ore export earnings from $116 billion in 2024–25 to $113 billion in 2025–26 and further to $103 billion in 2026–27.

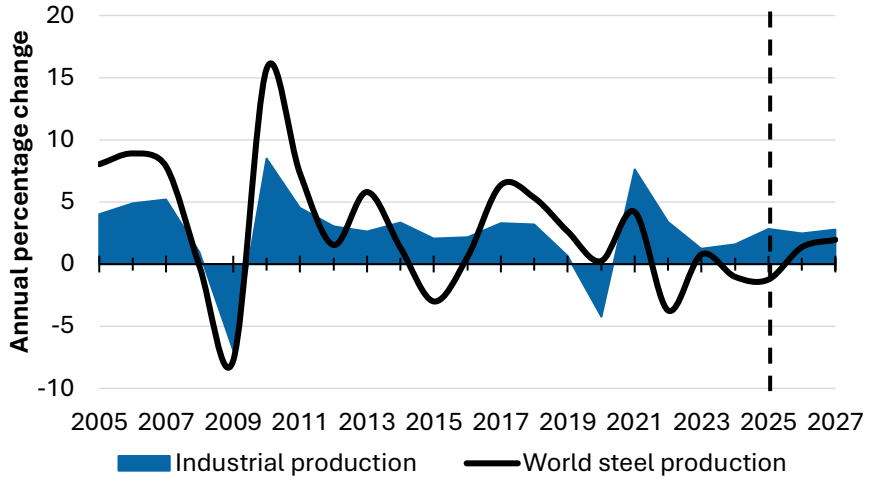
3.2 World steel production and demand

Global steel production to grow slowly to 2027

World steel output in H1 2025 was 936 million tonnes (Mt), 2% below H1 2024. The decline in global steel production was led by a drop in production in China (-2%), EU (-3%), Japan, Russia, and the Republic of Korea (ROK). These declines were partially offset by increases in Indian (9%) and US (1%) output.

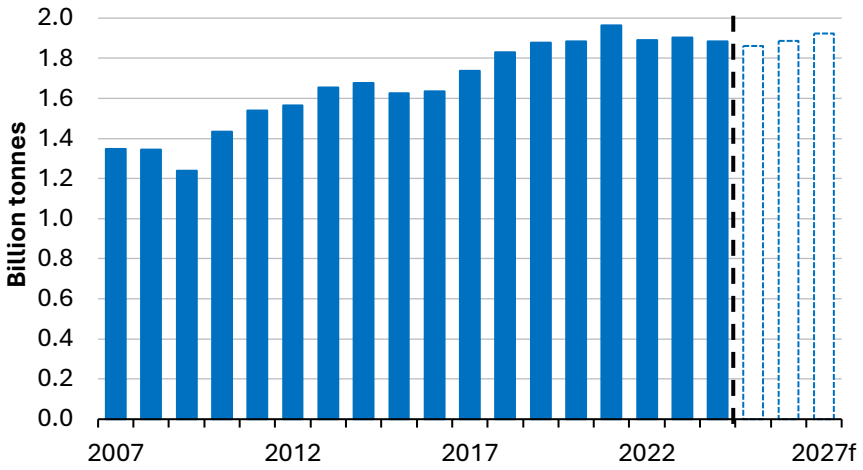
Global steel output in 2025 is expected to fall by 1.2% due to slower world economic growth, higher trade barriers and planned output cuts in China (Figure 3.1). Global manufacturing outside of China is expected to stabilise in H2 2025 and then grow slowly. Combined with infrastructure projects, this should lead to a moderate recovery in steel demand by 2026. Over the 2-year outlook period, global steel output slowly picks up, hitting 1.92 billion tonnes by 2027 (Figure 3.2).

Figure 3.1: World industrial and steel production



Source: World Steel Association (2025); Wood Mackenzie (2025); DISR (2025)

Figure 3.2: Global annual steel production

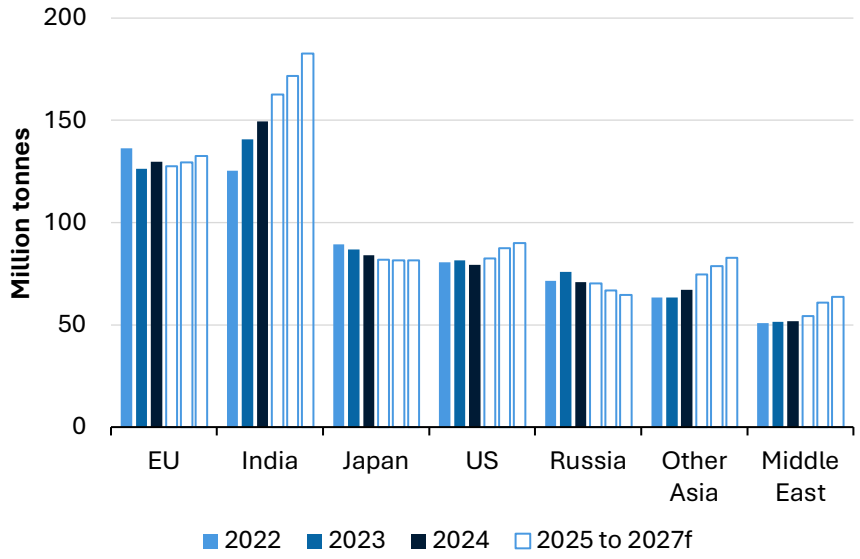


Note: f forecasts.
Source: World Steel Association (2025); DISR (2025)

Declines in household purchasing power and tighter financial conditions in some nations continue to depress dwelling construction, further impacting steel demand in some advanced economies. Global steel demand is expected to recover over the outlook period, but with significant differences among major steel markets. India and Southeast Asia are likely to experience the strongest growth.

World steel output is forecast to grow by 0.7% a year over the outlook period to 2027 (Figure 3.1, Table 3.1). Large gains in steel output are expected in India and Southeast Asia, with new production capacity coming from projects in Vietnam, the Philippines, Malaysia and Indonesia (Figure 3.3).

Figure 3.3: Steel production – other major producers



Note: f forecasts.
Source: DISR (2025); World Steel Association (2025)

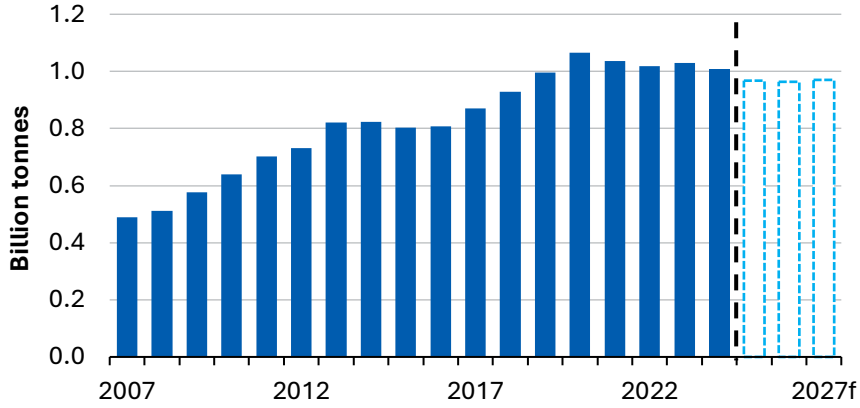
China's steel production declining due to ongoing restructuring of the sector and weak demand

China's steel production has slowed in 2025 due to declining real estate sector, rising trade uncertainty and announced curbs on steel production. In early March, the Chinese government announced plans to restructure the steel industry due to overcapacity and low profitability. Steel production for H1 2025 was 2.4% below H1 2024 (Figure 3.4). However, industrial production rose 6.4% year-on-year in H1 2025, led by equipment manufacturing and high-tech manufacturing. In July, China's Ministry of Industry and Information Technology announced action plans to support growth in the machinery, automotive, and electrical equipment sectors.

Due to the anti-involution and other policy measures, steel sector profitability should improve as China's steel sector consolidates and phases out older, higher-cost capacity and Basic Oxygen Furnace (BOF). However, ongoing weakness in demand from China's property sector continues to limit steel use. In H1 2025, China's real estate investment continued its downward trend, decreasing by 11.2% year-on-year. This decline in investment has hindered construction activity, leading to a 20% year-on-year drop in new project starts. Urban development in China is shifting from large-scale expansion towards enhancing the quality and efficiency of existing urban areas. Growth in major project starts is unlikely in H2 2025.

Increased production of electric vehicles, shipbuilding, and new energy technology components and infrastructure is expected to partially counteract the impact of flat to lower demand in the property sector over H2 2025. Sales of electric vehicles (EVs) are forecast to rise over the outlook period, boosting steel demand.

Figure 3.4: China's annual steel production

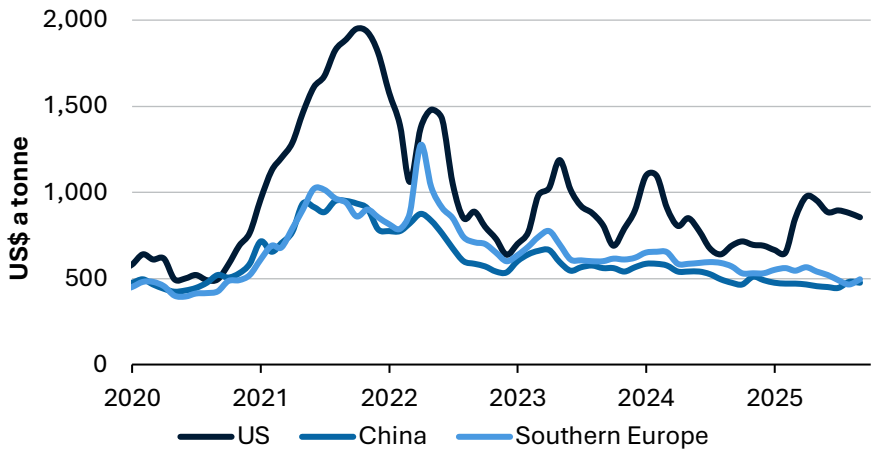


Note: f forecasts.
Source: Bloomberg (2025), DISR (2025)

China's total steel exports surged by 16.9% year-on-year in H1 2025, as Chinese producers undercut local producers in destination countries. Southeast Asia (SEA) and the Middle East and North Africa (MENA) remained China's largest steel export destinations, accounting for 29% and 20% of the total volume, respectively. Chinese steel exports rose by 26% year-on-year in July. Most of the steel export shipments in July were for orders placed in May and June, during a period when domestic steel prices dropped due to weak local consumption.

After steady falls in Hot Rolled Coil (HRC) prices between November 2024 and June 2025, steel prices in China rebounded in July, increasing by 8% month on month (Figure 3.5). The recovery was driven by encouraging macroeconomic indicators and rising raw material costs. As a result, China's BOF margins widened by RMB 70/t month on month. Among the 247 surveyed integrated steel mills by MySteel, 63% were profitable as of July 2025, compared to just 15% during the same period last year.

Figure 3.5: Hot rolled coil steel prices



Source: Bloomberg (2025)

Strong construction driving growing India steel demand

India's steel production growth remains the strongest in the world, with crude steel production rising by 9.2% year-on-year in H1 2025. India ranked as the world's second largest crude steel producer, with an output of about 150 Mt in 2024. Additional Indian steelmaking capacity is expected to be built in coming years, which should see India's steel production exceed 200 Mt by 2030 – more than double the level at the start of the decade.

India's finished steel exports have begun to surpass imports, as safeguard duties and other trade barriers reduce the influx of cheaper overseas steel. Imports of finished steel, including alloy and non-alloy products, fell by 65% year-on-year in July, while Indian finished steel exports rose 64% year-on-year in July.

Over the outlook period to 2027, India's steel demand is expected to be bolstered by ongoing infrastructure projects and ambitious targets for new affordable housing projects.

Japan and Republic of Korea steel demand falling due to tariff barriers and construction slump

Japan's domestic steel demand continues to fall, driven by persistent weakness in housing, construction, and automobile production, and the economic outlook remains moderate amid tariff uncertainties. Structural challenges such as an ageing population, low birth rates, and decreasing steel use in end-use applications, are further dampening both current and long-term demand, with production expected to decline in parallel.

Steel production from both Japan and the Republic of Korea are expected to be relatively flat over the outlook period. In Japan, a focus on high quality products (such as high-strength electrical steel sheets and plates) will support exports. However, Japan's domestic steel demand could be affected by any flow-on impacts on escalating global tariffs on vehicles.

In the Republic of Korea, crude steel output has been weak due to sluggish domestic demand from the construction, automobile and shipbuilding sectors.

In H1 2025, crude steel production in the European Union and UK fell by 4.3% year-on-year due to weak demand and seasonal factors. The EU steel production forecast has been revised down from the June REQ 2025 due to weak industrial production and building construction. Furthermore, with the US accounting for about 20% of EU finished steel exports, rising US tariffs have weakened the outlook for Europe's steel sector.

3.3 World iron ore trade

Global iron supply to rise due to new capacities from Brazil and Africa

Seaborne iron ore supply rebounded in the June quarter after weather disruptions earlier in the year. Total iron ore shipments from Brazil rose by 6.3% year-on-year in the June quarter 2025. Vale, which accounts for over 80% of Brazil's iron ore output, recorded an output increase of 3.7% to 84 Mt of ore in the June quarter 2025, due to a combination of new assets ramping up and greater operational efficiency.

Global iron ore trade is forecast to rise by 1.1% a year over the outlook period to 2027, with new supply coming online in Brazil and Africa, and the expansion of existing mines in Australia (Table 3.2). Brazilian iron ore exports are forecast to rise by about 3.1% a year over the outlook period. Vale's S11D expansion and new and expanded output by several other miners (such as CSN and IndoSino) will contribute to the growth. Australia's iron ore export volumes are expected to lift by 1.1% a year over the outlook period to 2027.

Iron ore exports are set to rise outside Australia and Brazil, driven by new supply from Canada, India, and Africa. Guinea's Simandou mine is targeting first output at the end of 2025. Simandou will first supply a single fines product, then shift to offering both blast furnace and direct reduction grade ore.

Green steel production lifting the demand for high-grade iron ore

Global iron ore markets are facing supply surpluses as China's demand for iron ore diminishes and the Simandou mine (160 Mt at full capacity) comes online. The growing adoption of Electric

Arc Furnaces (EAFs) and increased emphasis on steel recycling are expected to lower the need for hot metal production. Low-grade fines will be the most vulnerable in this scenario. Conversely, the high-grade iron ore market is expected to face a deficit. To address this shortfall, moderately rich-grade iron ore projects in Africa, Brazil, and Canada will play a crucial role by utilizing a combination of beneficiation, processing, and electric smelting furnaces.

Direct Reduced Iron (DRI) is increasingly recognised as a key feedstock for low emission steel production. As of 2024, 75 global projects were announced with DRI capacity of 125 Mt, with 25% based on hydrogen technology.

Chinese iron ore imports to moderate over the outlook period to 2027 on the back of weaker steel demand

Despite earlier concerns about China's economic slowdown and ongoing weakness in the residential property construction sector, several key factors have supported iron ore demand. The National Development and Reform Commission (NDRC) has approved around US$120 billion in new infrastructure projects since April 2025, focusing on water conservation, transportation and urban development. Infrastructure stimulus initiatives, the expansion of blast furnace mill margins, and robust manufacturing activity have bolstered steel production and iron ore consumption. As a result, iron ore stockpiles at Chinese ports declined to 135 million tonnes in the June quarter 2025, down about 7% year-on-year.

Consequently, China's iron ore imports rose by 1.9% year-on-year in the June quarter 2025. Combined shipments to China from Australia, Brazil, India and South Africa – representing 90% of China's iron ore imports – were about 270 Mt in the June quarter 2025, a rise of 2% from the same period in 2024. China's supply side reforms to reduce low price competition and to phase out outdated industrial capacity appear to be having an impact with input prices. This higher iron ore demand and supply side reformation led to a rise in the 62% Fe CFR price in the September quarter. As China's future steel output moderates, imports of iron ore are expected to steadily decline over the outlook period placing downward pressure on iron ore prices.

India's iron ore imports rising on higher steel demand

India's iron ore exports fell by 39% year-on-year in the June quarter. The reduction occurred as local mines supplied more iron ore, helped by higher prices due to strong demand by integrated steel producers. As India's steelmaking capacity grows – to meet rising demand from the manufacturing, infrastructure and residential and commercial construction sectors – the availability of iron ore for export will fall.

India's import demand for iron ore will rise over the outlook period, on the back of rising steel capacity and lower seaborne prices than domestically produced ore. India is planning an additional 100 million tonnes (Mt) of steel production capacity by 2030. This significant expansion is expected to drive up demand for raw materials, most notably iron ore. India's National Mineral Development Corporation (NMDC) plans to lift capacity by 100 Mt a year over the next few years through brownfield expansion of existing mines and greenfield expansion of 2 deposits in India's Bailadila region. India could turn into a net importer of iron ore in the long term if domestic iron ore supply is unable to keep pace with growing demand.

3.4 Prices

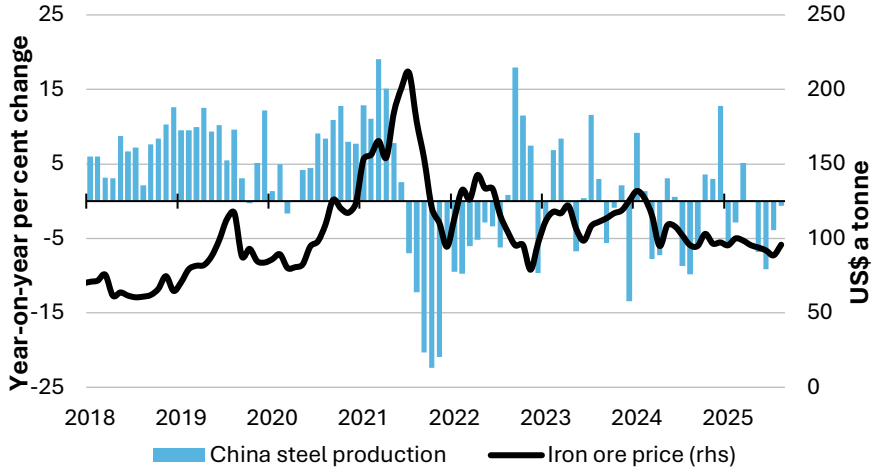
Iron ore prices to fall on weak demand and rising supply

In the June 2025 quarter, iron ore prices fell to their lowest level since June 2020, following the import tariffs announcement by the US government. However, in July, the iron ore prices increased which were primarily influenced by China's announcement to build a huge hydropower project in Tibet and China's anti-involution policy measures (Figure 3.6). In the September quarter, the average iron ore spot price (62% Fe fines CFR Qingdao) was about $100 a tonne driven up by a surge in steel prices, the expansion of blast furnace mill margins, lower port inventories and improved market sentiment. However, this price increase is expected to be temporary.

Despite occasional rebounds, prices are expected to remain under pressure unless significant stimulus measures are introduced in China. The market remains highly sensitive to policy signals, with any announcements of infrastructure or housing support likely to trigger short-lived rallies. For many years, the 62% iron content (Fe) grade was the standard for global pricing, with Pilbara Blend Fines (PBF) being the main reference point. However, the global iron ore market is changing its pricing benchmark from 62% Fe to 61% Fe reflecting falling ore grades and rising impurities in mined ore.

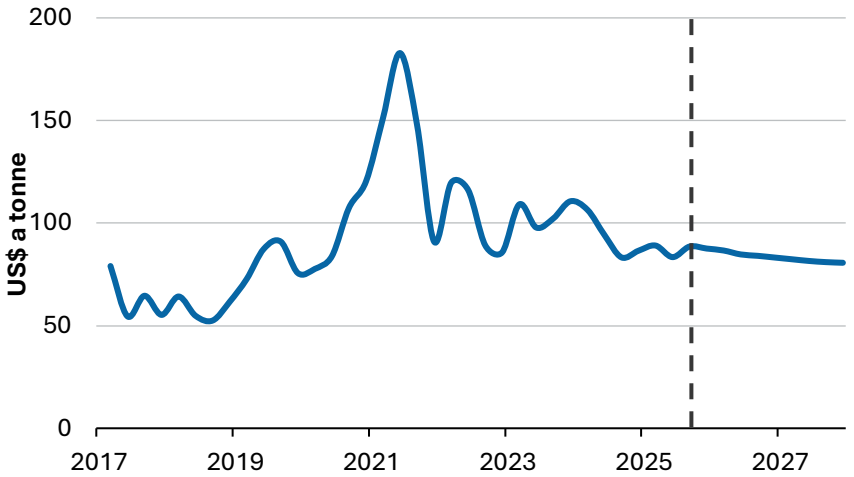
Iron ore prices are projected to fall with abundant supply and declining steel demand over the outlook period. From an average Free-on-Board (FOB) price of US$93 a tonne in 2024, the benchmark iron ore price is forecast to fall to an average of US$87 a tonne in 2025, then to US$81 a tonne in 2027 (Figure 3.7).

Figure 3.6: Iron ore price (CFR) and China steel production, monthly



Notes: China import Iron ore fines 62% Fe spot (CFR Tianjin port).
Sources: Bloomberg (2025) China import prices; World Steel Association (2025)

Figure 3.7: Iron ore price (FOB) outlook, quarterly



Notes: China import iron ore fines 62% Fe spot (FOB) nominal prices.
Source: Bloomberg (2025); DISR (2025)

3.5 Australia

Declining iron ore grades and weaker prices contribute to lower iron ore earnings over the outlook period

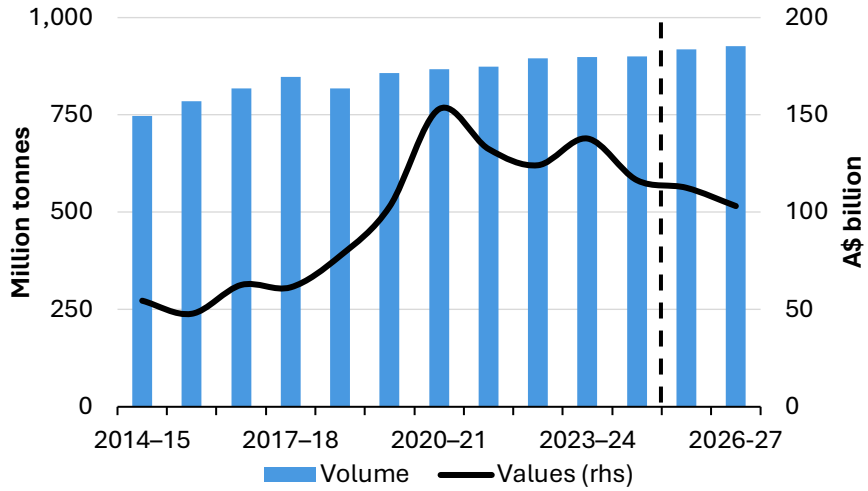
Australia's iron ore export earnings were $30.4 billion in the June quarter 2025, a 7.4% (or $2.4 billion) fall year-on-year. The fall reflected lower iron ore prices over the period, with the unit export price in the June quarter 2025 down 8.5% on a year ago.

In volume terms, Australia exported 239 Mt of iron ore in the June quarter 2025, up by 1.2% (2.9 Mt) year-on-year. The strong June quarter was driven by increased productivity and the ramp up of new operations. The decline in iron ore prices over the outlook period is not expected to significantly affect Australian export volumes. Over the outlook period to end of 2027, Australia's iron ore production volumes are projected to rise by 2.5% a year to reach an estimated 1,000 Mt by 2026–27 (Table 3.3).

Weaker prices, declining iron ore grades and a rising AUD/USD exchange rate are forecast to lower iron ore earnings over the outlook period. Having reached $116.4 billion in 2024–25, exports are forecast to decline to $113 billion in 2025–26 and $103 in 2026–27 (Figure 3.8, Table 3.3).

Australia's iron ore sector is poised for significant transformation over the next 5 years due to evolving global demand, environmental imperatives, technological innovation, and shifting geopolitical landscapes. These changes will reshape production, supply chains, and industry structure, requiring adaptation and innovation from miners. The sector faces cooling demand from China, its largest customer, due to economic shifts and diversification efforts, while emerging markets like India and Southeast Asia offer new but smaller-scale opportunities. Increasing demand for greener steel is driving producers to supply higher-grade ore, adopt green mining technologies, and enhance transparency on social and environmental impacts, intensifying pressures on operational models and investment.

Figure 3.8: Australia's iron ore export volumes and values



Source: ABS (2025); Department of Industry, Science and Resources (2025)

Pilbara production expected to peak as new mines and infrastructure are developed to sustain output

In the June quarter of 2025, Rio Tinto produced 83.7 Mt of iron ore in Pilbara, a 5% increase from the same period in 2024. The increase marked the highest Q2 output since 2018, rebounding after severe Q1 weather. The Pilbara Blend Fines product was downgraded from 61.6% to 60.8% iron content, the first downgrade in nearly 20 years. Production guidance for 2025 remains at 323–338 Mt.

BHP's Western Australian iron ore output was 77.5 Mt in the June quarter 2025 (100% basis), a rise of 1% year-on-year which contributed to record iron production of 290 Mt in 2024–25. The efficiency of infrastructure hubs continues to enhance performance, with investments in rail, port, and technology yielding tangible production results. Output in 2025–26 is anticipated at 284–296 Mt (100% basis).

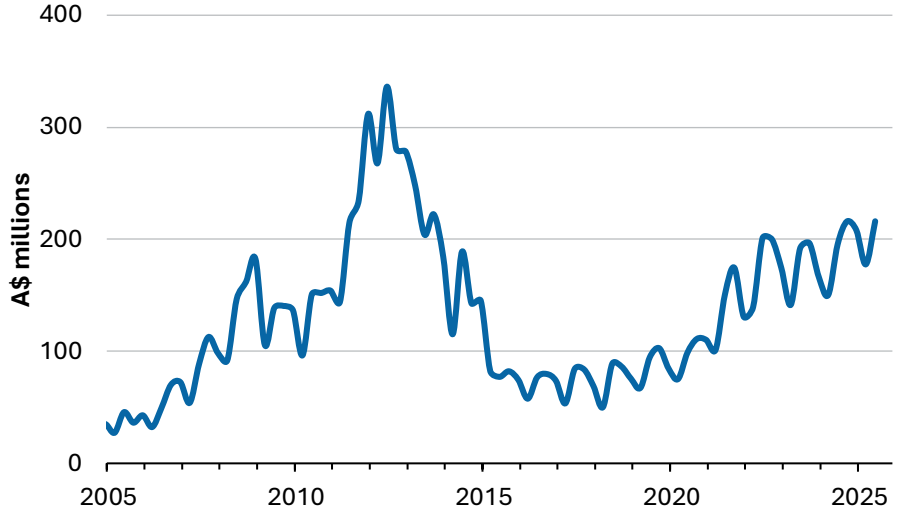
Fortescue's iron ore shipments rose by 3% year-on-year in the June quarter 2025, which contributed to a record total shipment of 198.4 Mt in 2024–25, up 4% on 2023–24. These results reflect reliability and productivity improvements across the supply chain including mining, processing, rail, and shipping. 2025–26 guidance for shipments is 195–205 Mt, including 10–12Mt from the Iron Bridge (magnetite) mine. Fortescue anticipates Iron Bridge mine to produce at a 16–20 Mt a year rate in H2 2026–27.

Mineral Resources' Onslow Iron project and Pilbara hub produced 8.9 Mt in the June quarter 2025. The upgrade of the Onslow Iron private haul road is on schedule and remains on track to achieve nameplate capacity of 35 Mtpa by the end of September quarter 2025.

Exploration spending rising as miners seek new deposits

A total of $216 million was spent on iron ore exploration in the June quarter 2025 (Figure 3.9), up 11% year-on-year. The latest results continue the robust levels of iron ore exploration triggered by the historical high iron ore prices (of above US$200 a tonne) in early 2021. The current high levels of exploration spending are likely to persist over the outlook period, as Australia producers look for deposits with suitable volumes and ore grades to replace depleting mines.

Figure 3.9: Australia's iron ore quarterly exploration expenditure



Source: ABS (2025)

Revisions to the outlook

Export earnings in 2025–26 have been revised up from the June 2025 *Resources and Energy Quarterly* (REQ) reflecting higher forecast prices. Earnings of $113 billion (up $7.7 billion) are now forecast in 2025–26. Export earnings in 2026–27 have also been revised up, by $6.6 billion from the June 2025 REQ to $103 billion, driven by higher forecast prices.

Table 3.1: World steel demand and production

	Million tonnes				Annual percentage change		
Crude steel consumption	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
China	901	878	871	876	-2.5	-0.8	0.6
European Union	135	133	136	140	-1.3	2.5	2.6
India	152	159	166	173	4.8	4.1	4.0
United States	101	101	103	105	0.4	2.0	1.8
Other Asia [a]	108	114	119	124	4.8	4.5	4.1
Japan	56	56	56	56	0.4	0.5	-0.5
Middle East	59	61	63	65	2.7	3.0	3.2
Republic of Korea	51	51	52	52	1.0	1.2	-0.7
Russia	45	43	42	42	-3.2	-1.8	-1.2
World steel demand	**1,853**	**1,857**	**1,875**	**1,906**	**0.2**	**1.0**	**1.6**
Crude steel production							
China	1,005	968	964	970	-3.7	-0.4	0.7
European Union	130	128	130	133	-1.6	1.6	2.4
India	149	163	172	183	8.8	5.6	6.3
United States	79	83	87	90	3.9	5.8	3.1
Other Asia [a]	67	75	79	83	11.4	5.1	5.5
Japan	84	82	82	82	-2.7	-0.1	0.0
Middle East	52	54	61	64	4.7	12.4	4.7
Republic of Korea	64	62	63	63	-2.5	1.0	0.3
Russia	71	70	67	65	-1.2	-4.9	-3.2
World steel production	**1,885**	**1,861**	**1,886**	**1,923**	**-1.2**	**1.4**	**2.0**

Notes: **a** Asia ex. China, India, Japan, Republic of Korea, and Taiwan; **f** Forecast.

Sources: Department of Industry, Science and Resources (2025); World Steel Association (2025)

Table 3.2: World trade in iron ore

	Million tonnes				Annual percentage change		
	2024	2025[f]	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
World trade	**1,708**	**1,714**	**1,740**	**1,763**	**0.3**	**1.6**	**1.3**
Iron ore imports							
China	1,238	1,219	1,189	1,186	-1.5	-2.4	-0.3
Japan	96	93	92	88	-3.7	-1.2	-4.4
European Union	102	104	105	107	1.9	0.9	2.5
Republic of Korea	69	66	62	62	-5.4	-5.1	-0.4
Rest of Asia [a]	54	55	64	74	3.0	14.9	16.3
India	5	7	18	29	37.4	156.5	56.2
Iron ore exports							
Australia	902	914	926	931	1.3	1.3	0.6
Brazil	395	404	420	433	2.3	4.0	3.1
South Africa	61	62	55	54	1.6	-11.2	-1.8
Other Africa[b]	26	29	59	89	11.4	102.4	50.6
Canada	61	63	67	68	3.3	6.4	1.5
India	36	33	29	27	-8.4	-12.2	-6.9

Notes: **a** Asia ex. China, India, Japan, Republic of Korea, and Taiwan; **b** Includes Guinea, Mauritania, Sierra Leone, Liberia, Algeria, Kenya, Morocco; **f** Forecast.

Sources: Department of Industry, Science and Resources (2025); World Steel Association (2025), Wood Mackenzie (2025)

Table 3.3: Iron ore outlook

						Annual percentage change		
World	Unit	2024	2025[f]	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
Prices [a]								
– nominal	US$/t	93	87	84	81	-6.1	-3.1	-3.9
– real [b]	US$/t	95	87	82	77	-8.9	-5.4	-5.8
Australia	**Unit**	2023–24	2024–25	2025–26[f]	2026–27[f]	2024–25	2025–26[f]	2026–27[f]
Production								
– Steel [c]	Mt	4.87	4.60	4.96	5.27	-5.6	7.9	6.3
– Iron ore [g]	Mt	952	953	972	1,000	0.0	2.1	2.9
Exports								
Steel [c]	Mt	1.08	1.11	1.09	1.10	2.8	-2.0	0.9
– nominal value	A$m	1,373	1,203	1,278	1,232	-12.4	6.3	-3.6
– real value [i]	A$m	1,447	1,238	1,278	1,200	-14.5	3.3	-6.2
Iron ore [h]	Mt	898	901	918	926	0.3	2.0	0.9
– nominal value	A$m	137,850	116,443	112,543	103,146	-15.5	-3.3	-8.4
– real value [i]	A$m	145,289	119,817	112,543	100,387	-17.5	-6.1	-10.8

Notes: **a** Spot price, 62% iron content, fob Australian basis; **b** In 2025 US dollars; **c** Crude steel equivalent; Crude steel is defined as the first solid state of production after melting. In ABS Australian Harmonized Export Commodity Classification, crude steel equivalent includes most items from 7206 to 7307, excluding ferrous waste and scrap and ferroalloys; **f** Forecast; **g** In wet metric tonnes; **h** In dry metric tonnes; **i** In 2025–26 Australian dollars.

Sources: Department of Industry, Science and Resources (2025); ABS (2025) International Trade in Goods and Services, Australia; Bloomberg (2025); World Steel Association (2025); company reports.

Metallurgical coal

Australia's metallurgical coal sector

153 million tonnes

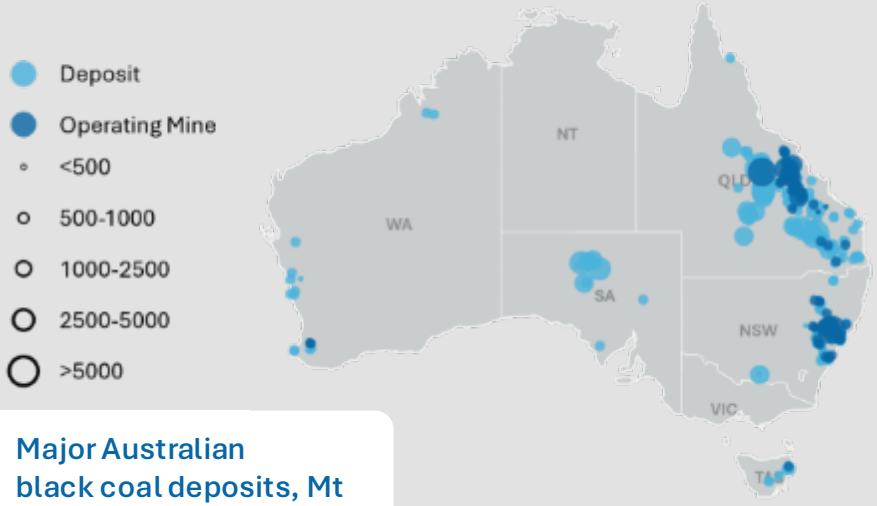
exported last year

World No. 1

Metallurgical coal exporter

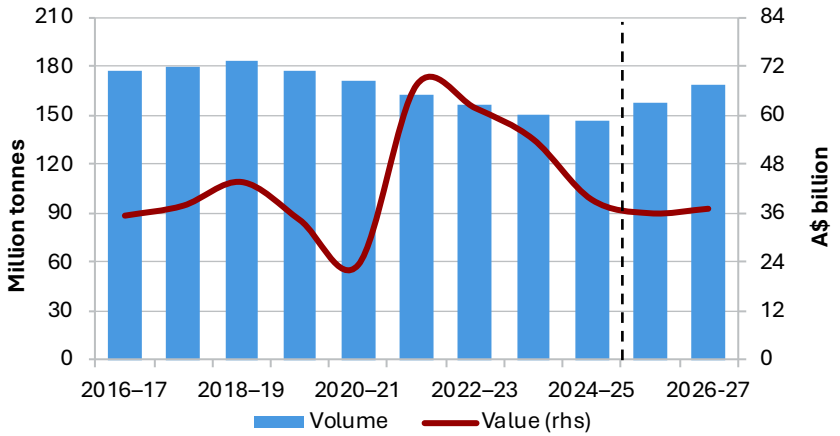
Over 95% exported

of Australia's production



Major Australian black coal deposits, Mt

Australian metallurgical coal exports

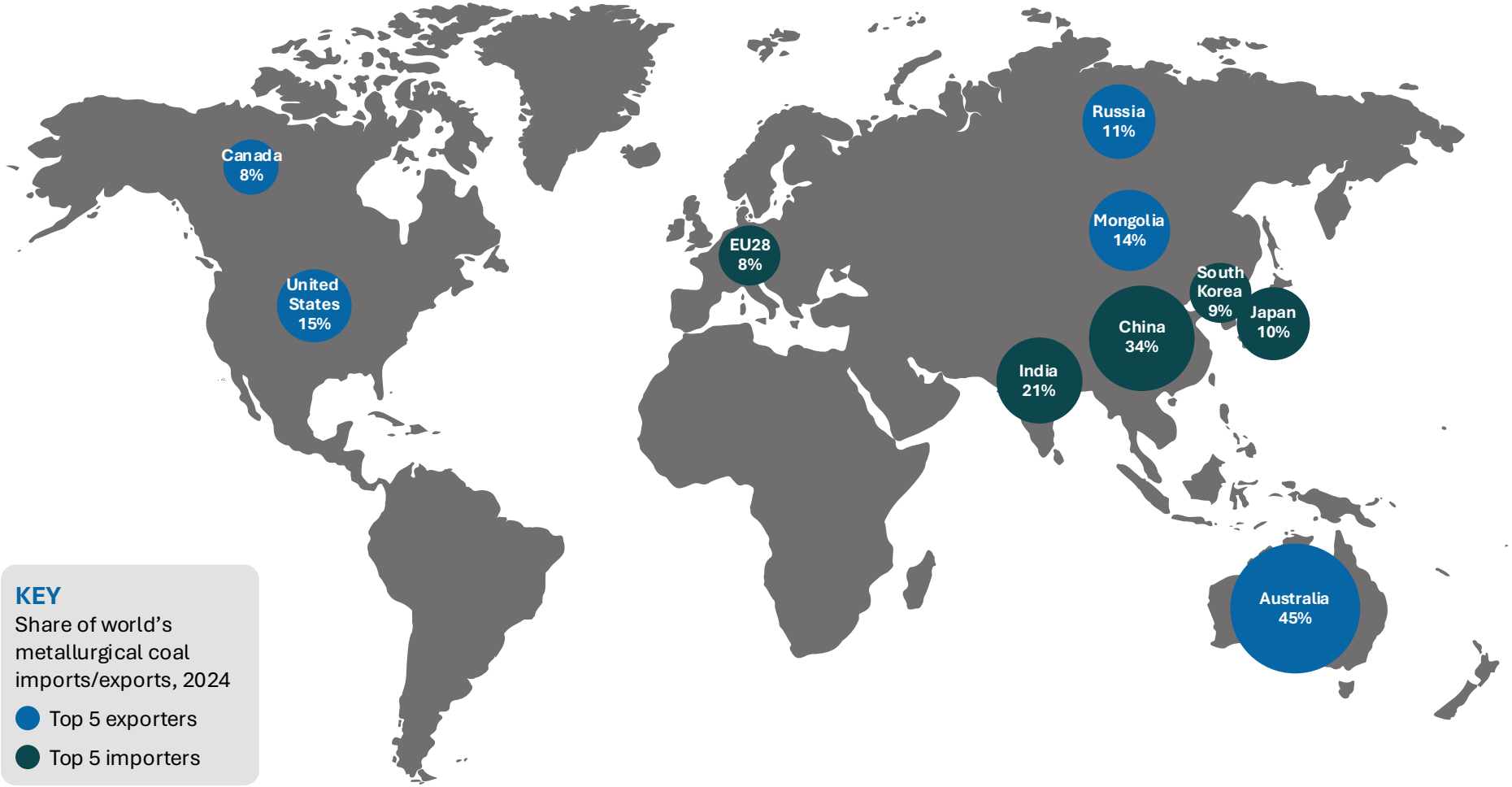


Outlook

- Prices are expected to remain stable
- Export earnings to fall before increasing
- Export volumes expected to grow
- Demand in India continues to grow

Source: IEA; ABS; McCloskey

Metallurgical coal trade map



Source: IEA; ABS

4.1 Summary

- Prices are forecast to be flat through 2026, before increasing slightly in 2027.
- Australian exports volumes were weaker in 2024–25 at 147 million tonnes (Mt) due to production disruptions. Export volumes are forecast to recover to 158 Mt in 2025–26 then increase to 169 Mt in 2026–27.
- Earnings are expected to fall from $40 billion in 2024–25 to $36 billion in 2025–26 but stabilise at $37 billion in 2026–27.

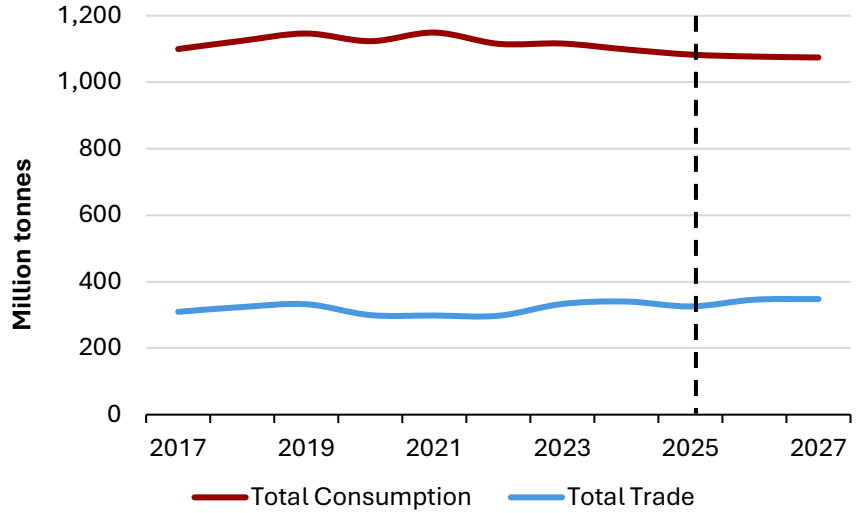
4.2 World trade

Global trade to remain flat over outlook period

Global metallurgical coal trade fell slightly in H1 2025 compared to H1 2024, on the back of a 2% fall in crude steel output over the same period. India was the only major steel maker to lift imports, as global uncertainty weighed on demand.

In recent months, lower profit margins in electric arc furnace (EAF) production facilities have led to cutbacks, raising the share of coal-consuming blast furnace to basic-oxygen furnace (BF-BOF) route production in total steel output. Decarbonisation policy is still expected to influence new facility expansion towards low-emission production capacity, although the timing of the transition may be delayed: profit pressures have resulted in a number of capital expenditure decisions recently being deferred or cancelled. As such, BF-BOF crude steel output is expected to be steady over the outlook period, with rising EAF production contributing the bulk of the expected 0.5% yearly growth in total steel output.

Figure 4.1: Global metallurgical coal consumption and trade



Source: Wood Mackenzie (2025), DISR (2025), IEA (2025)

Global metallurgical coal consumption is forecast to fall slightly over the outlook due to blast furnace efficiency gains. Trade is expected to fall in 2025 before recovering by 2027, as demand shifts from China towards import-reliant India (Figure 4.1).

Global seaborne supply has been constrained due to low prices, with evidence of noticeable supply rationalisation in recent months. Growing government industrial support in many nations should limit widespread closures.

Risks to the outlook include increased trade barriers, global conflicts, and domestic production levels in China and India – imports only contribute around a third of global metallurgical coal consumed.

4.3 World imports

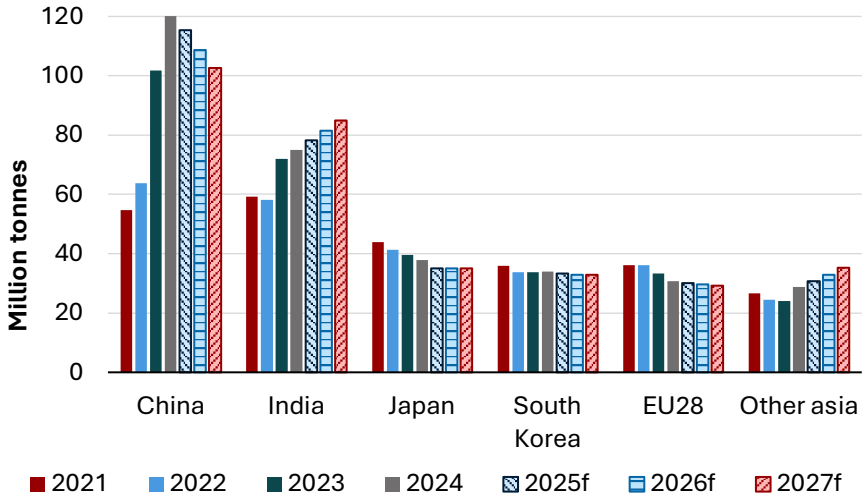
Declining Chinese steel production set to weigh on world import demand

Chinese metallurgical coal imports fell 8% in H1 2025 on the prior corresponding period, as global growth concerns weighed on demand. A slight rise in H1 2025 domestic metallurgical coal production and steady pig iron production (iron produced via blast furnace) led to the reduced imports. Changes in demand tend to have an outsized impact on Chinese imports as China produces over 80% of its own metallurgical coal needs. Slowing steel demand has led some steelmakers to draw on inventories rather than import metallurgical coal, in anticipation of mandated steel output cuts and lower metallurgical coal prices.

Lower metallurgical coal prices in H1 2025 increased BF-BOF's comparative cost advantage over EAF production in China. China's new and efficient blast furnace fleet operated with a net positive profit margin over the period, in comparison to a loss-making EAF sector. The BF-BOF market share of crude steel production rose in H1 2025, as it maintained steady output despite a 3% decline in the overall market. China's steel production mix is expected to stabilise over the outlook period.

Australia and Canada gained marginal import share from Mongolia in the Chinese market in H1 2025. Mongolia currently only exports to China and makes up roughly half of imports, which means trade is exposed to Chinese buyer sentiment. Cost and proximity advantages are expected to result in Mongolia maintaining export volumes despite a declining Chinese import market. A decline in China's steel production is forecast to lower metallurgical coal imports over the outlook period (Figure 4.2).

Figure 4.2: Metallurgical coal imports



Notes: Other Asia is Asia ex. China, India, Japan, Republic of Korea and Taiwan; **f** forecast.
Source: McCloskey (2025); Department of Industry, Science and Resources (2025)

The Chinese government is focusing on reducing overcapacity in the steel sector and industries further up the value chain. Despite resilient Chinese steel exports in H1 2025, increasing international trade barriers are expected to place downward pressure on steel production – see *Iron ore* chapter.

Reports that China's National Energy Administration will inspect eight coal mines after some were found exceeding approved output should benefit imports. Prices for delivered coal in China have recovered in the last couple of months in response to Chinese government anti-oversupply rhetoric, however it is too soon to gauge any associated supply reduction.

On balance, domestic production is expected to decline more gradually than domestic consumption, resulting in imports falling from 122 Mt in 2024 to 103 Mt by 2027.

Demand growth will be strongest in India/SE Asia

Indian imports rose 4% in H1 2025 in line with pig iron production. India is one of the few nations to report import growth in H1 2025, a period dominated by global uncertainty.

India plans to significantly boost blast furnace steel capacity in line with the 2017 National Steel Policy. The policy targets crude steel production of 255 Mt by 2030–31, implying an increase of over 100 Mt. Blast furnaces are expected to take market share from EAF facilities in India, although increasing government prioritisation of self-reliance may result in increasing utilisation of domestic thermal coal to produce Direct Reduced Iron (DRI), mitigating EAF market share loss in primary steel production.

The scale of India's ambition is expected to drive demand for metallurgical coal, with most of the demand growth expected to be met by imports. Domestic Indian metallurgical coal is generally high in ash content with a low yield, and saleable metallurgical coal is constrained by adequate available washing capacity. Coal India Ltd, a state-owned major mining enterprise, is planning to address this shortfall by setting up 11 new metallurgical coal washeries with a combined annual capacity of 33.1 Mt of raw coal, more than doubling capacity.

Even with these planned upgrades, Indian supply is forecast to remain short of expected demand. As such, Indian imports are expected to grow from 75 Mt in 2024 to 85 Mt in 2027.

Southeast Asian imports of low-cost Chinese steel surged in H1 2025, as Chinese exporters pivoted away from the US due to prohibitive trade tariffs. The increase in steel imports temporarily lowered metallurgical coal demand in Southeast Asia.

India and other ex-China emerging Asia are still expected to drive import demand through the outlook period, as global steel production shifts from China to the emerging global south. The Chinese government's focus on reducing Chinese steel overcapacity, increasing trade protection measures, and lower industrial and labour costs in Southeast Asia and India are expected to drive this change.

European imports still falling due to a weak steel sector

EU imports declined in H1 2025 as weak demand and competition from Chinese steel imports weighed on steel producer's margins. Declining steel production in France and Germany in H1 2025 led to declines in metallurgical coal imports on 2024 levels of 20% and 12%, respectively.

Current low profit levels in the European steel sector are resulting in growth capital expenditure being deferred or cancelled as companies prioritise short-term cash flows. BF-BOF production is generally lower cost than EAF production which provides some support for metallurgical coal demand in the short term, with current low coal prices lifting the competitiveness of blast furnaces.

In the medium term, the introduction of the Carbon Border Adjustment Mechanism in Europe in 2026 is expected to help the competitive position of lower-carbon steel production. Effective signposting, implementation and enforcement of steel emissions pricing in the EU remains key to enabling business capital expenditure on new EAF and DRI facilities. The availability of scrap and DRI feedstock remains a limiting factor for new EAF capacity rollout. EU imports are expected to decline in 2025 and then stabilise through the remainder of the outlook period.

4.4 World exports

US exports face uncertain future

US exports declined 13% in H1 2025 year-on-year as producers faced pressure in a weak price environment, with a significant proportion of mines producing at breakeven cash costs or below. US coal has a higher cost base when factoring freight costs to east Asia than other regions.

Heightened US import tariffs will likely place inflationary cost pressures on producers. Reciprocal tariffs on US exports remains a risk, but energy commodities generally seem to face reduced trade barriers due to their economic importance. An exception to this rule is China, where reciprocal tariffs on US coal exports have resulted in metallurgical coal imports falling to zero in May and June this year.

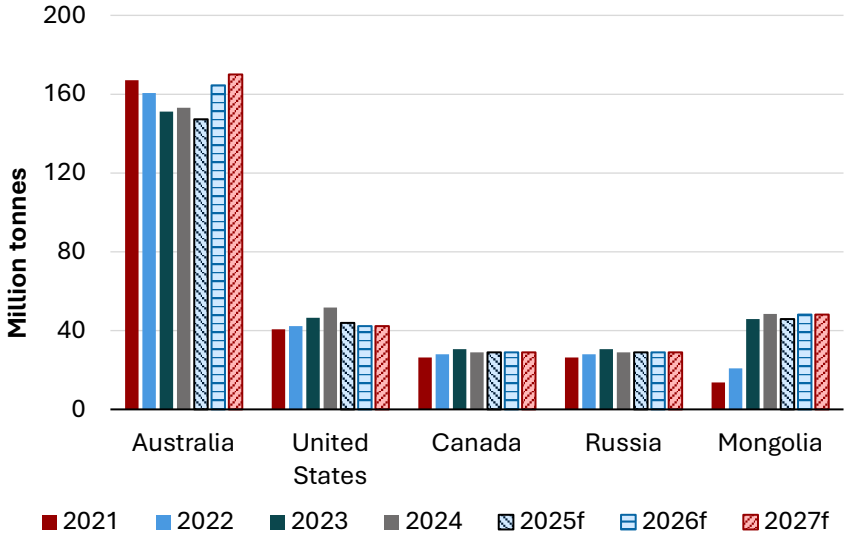
The majority of US coal producers have announced some level of supply rationalisation in the last few months, including layoffs and the idling of high costs mines. To help combat losses, the US Senate passed an amendment to implement a production tax credit of 2.5% for metallurgical coal and temporarily lower the federal royalty rate for coal from 12.5% to 7%.

As such, US exports are expected to fall around 8 Mt to 44 Mt in 2025, before gradually tapering off through the remainder of the outlook (Figure 4.3). A recovery in US coal export volumes appears to hinge either on a recovery in global demand and resulting price increase, or further government subsidisation.

Russian exports are loss-making but volumes should remain steady

Russian exports grew in H1 2025 despite global headwinds, as trade links with India and China remained strong. Although Russian trade volumes remained robust, the price and profit outlook has deteriorated. Russia's coal sector reportedly made a combined loss of RUB136.2 billion ($1.7 billion) in January–May this year.

Figure 4.3: Metallurgical coal exports



Notes: f forecast.
Source: McCloskey (2025); Department of Industry, Science and Resources (2025)

To offset some of these losses, the Russian government has postponed mineral extraction tax payments and insurance obligations until at least December 2025. Targeted financial support and a resumption of rail tariff discounts are among other financial support mechanisms in play. Russia's government aims to keep 2025 coal export volumes in line with 2024, but will incur significant fiscal costs to keep coal output steady if prices remain near H1 levels. Longer term, Russian export volumes will remain sensitive to the build out of rail and freight infrastructure and the trajectory of the war in Ukraine.

4.5 Prices

Prices to stay low as market remains in oversupply

Australian premium hard coking coal (PHCC) spot price movement has been muted throughout 2025, tracking between US$170–$200 a tonne. The uncertain economic climate has weighed on spot market buying activity, while supply disruptions in Queensland have also underpinned prices.

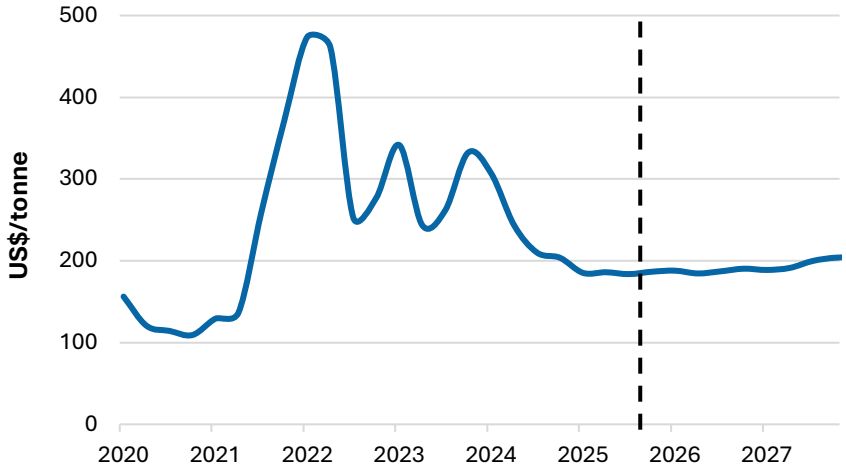
Prices recovered somewhat in July and August, led by domestic prices in China due to positive sentiment surrounding coal production curtailments. Recent positive momentum is not expected to continue in the medium term, as Chinese steel production is expected to continue its downward trajectory.

A small proportion of global seaborn supply is facing negative profit margins at 2025 prices, with curtailments focused in the US. Australian producers have been better off, given lower inland railing and ocean freight costs to Asia, as well exporting a larger proportion of more profitable PHCC.

Looking further ahead, Australian supply is expected to increase into 2026, increasing seaborne trade availability. As such, the seaborne market is likely to remain in surplus during the outlook period, with prices recovering slightly in 2027 (Figure 4.4).

The small scale and relative illiquidity of the Australian PHCC spot market in comparison with global demand means that volatility can be significantly higher than underlying demand would suggest. For example, metallurgical coal imports were down around 6% year-on-year in H1 2025, yet spot PHCC prices were down 33% over the same period. Volatility is expected to continue through the outlook period given current global uncertainty.

Figure 4.4: Metallurgical coal price outlook, quarterly



Notes: Australian Mid-volatile premium hard coking coal prices (FOB).
Sources: McClosky (2025), Department of Industry, Science and Resources (2025)

4.6 Australia

Australian production to recover from recent disruptions

Export volumes were down 9% year-on-year in H1 2025, due to a significant wet weather impacts in the March 2025 quarter. Operational production disruptions at Moranbah North and Appin weighed on export volumes during the June and September 2025 quarters, with both mines still currently suspended.

Beyond weather impacts, most Australian producers have been relatively resilient in a depressed pricing environment. Companies are focusing on unit cost minimisation whilst maintaining output; so far, there has been limited reports of profit-based metallurgical coal mine closures in 2025.

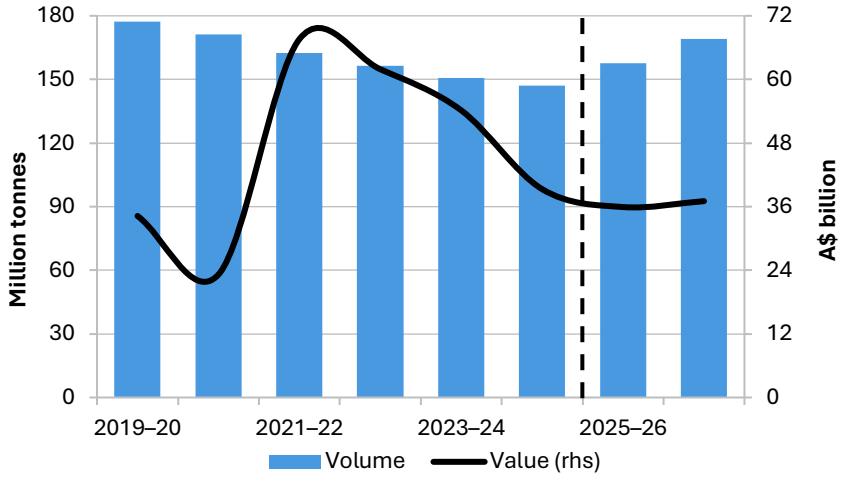
However, there are some signs of financial stress. The owners of the Burton coal mine Bowen Coking Coal entered into administration in July this year, although the administrators intend to maintain production. Coronado Global Resources is facing profit pressure but managed to secure additional liquidity to fund cash outflows at its Curragh operation, as it looks towards a more favourable supply contract with Stanwell in 2027. BHP announced the planned layoff of 750 employees at its Saraji South mine recently, and Anglo American announced it is cutting around 300 jobs at its Queensland coal operations.

Under the current price outlook, quarterly production is expected to rise by about 5 Mt by the end of 2026. This is driven by the resumption of operations at Appin, Moranbah North and Oaky Creek, and ramping up of operations at Olive Downs, Curragh and Centurion (Figure 4.5). Current and forecast prices, coupled with Queensland coal royalty rates, are expected to constrain growth in new supply beyond projects where a significant portion of capital expenditure has already occurred.

Recent Queensland coal terminal throughput has been strong, up more than 8% year-on-year in July and August. Prices averaging below US$170 a tonne for an extended period present a downside risk for Australian production.

Australian exports are expected rise from 146 Mt in 2024–25 to 169 Mt in 2026–27. Export earnings are expected to decline from $40 billion in 2024–25 to $36 billion in 2025–26 due to lower prices than in H2 2024. Earnings are then expected to increase $1 billion in 2026–27 as prices recover slightly.

Figure 4.5: Australia's metallurgical coal exports outlook



Source: ABS (2025) International Trade, Australia 5454.0, Department of Industry, Science and Resources (2025)

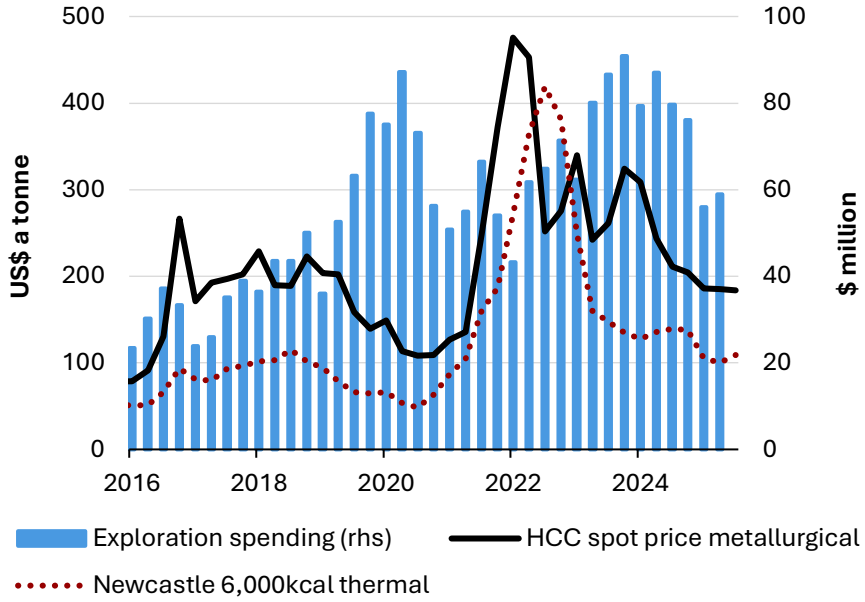
Exploration

Coal exploration spending increased 5% in the June 2025 quarter to $59 million. Expenditure is down on elevated levels seen in 2023 and 2024, coinciding with a decline in spot prices for metallurgical and thermal coal (Figure 4.6). Queensland exploration expenditure contracted slightly in the June 2025 quarter and has driven the bulk of declines in the last 12 months. Queensland accounts for roughly 90% of Australia's metallurgical coal exports.

Revisions to the outlook

Export volumes and values have been revised down since the June 2025 *Resources and Energy Quarterly*. Export volumes have been revised down by 2 Mt in 2025–26, and earnings have been revised down by $2 billion in 2025–26 and $2 billion in 2026–27.

Figure 4.6: Australian coal exploration expenditure and price



Notes: Exploration for all coal types.
Source: ABS (2025). McCloskey (2025)

Table 4.1: World trade in metallurgical coal

	Million tonnes				Annual Percentage Change		
World	**2024**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**
World trade	342	327	343	348	-4.2	4.8	1.3
Metallurgical coal imports							
China	122	115	109	103	-5.7	-5.7	-5.7
India	75	78	81	85	4.2	4.2	4.2
Japan	38	35	35	35	-7.6	0.0	0.0
European Union 28	31	30	30	29	-1.6	-1.6	-1.6
Other Asia[a]	29	31	33	35	7.0	7.0	7.0
Metallurgical coal exports							
Australia	153	147	165	170	-3.7	11.7	3.3
United States	52	44	42	42	-14.7	-4.0	0.0
Canada	29	29	29	29	0.0	0.0	0.0
Russia	37	37	37	37	0.0	0.0	0.0
Mongolia	48	46	48	48	-4.8	4.3	0.0

Notes: a Asia ex. China, India, Japan, Republic of Korea and Taiwan; f Forecast.

Sources: Department of Industry, Science and Resources (2025); IEA (2025); McCloskey (2025).

Table 4.2: Metallurgical coal outlook

						Annual Percentage Change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Spot prices a								
– nominal	US$/t	242	185	187	196	-23.4	1.0	4.5
– real[b]	US$/t	249	185	182	187	-25.6	-1.4	2.3
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25[f]**	**2025–26[f]**	**2026–27[f]**
Production	Mt	156	150	163	174	-4.3	8.6	7.2
Export volume	Mt	151	147	158	169	-2.5	7.2	7.4
– nominal value	A$m	54,176	39,305	35,929	37,040	-27.4	-8.6	3.1
– real value[i]	A$m	57,100	40,444	35,929	36,049	-29.2	-11.2	0.3

Notes: a Hard coking coal fob Australia East Coast ports; b In 2025 US dollars; f forecast; i In 2025–26 Australian dollars.

Sources: McCloskey (2025); ABS (2025); Department of Industry, Science and Resources (2025)

Thermal coal

Australia's thermal coal sector

World No.2

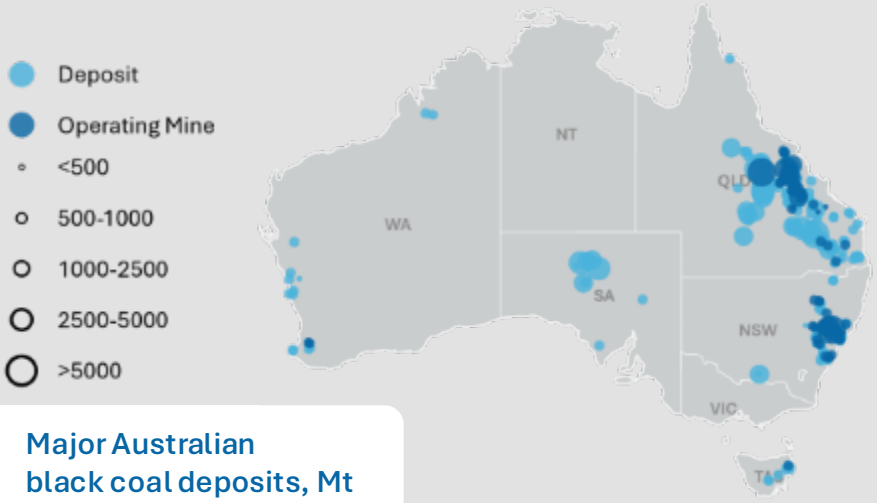
largest thermal coal exporter

Japan and China

are the biggest export markets

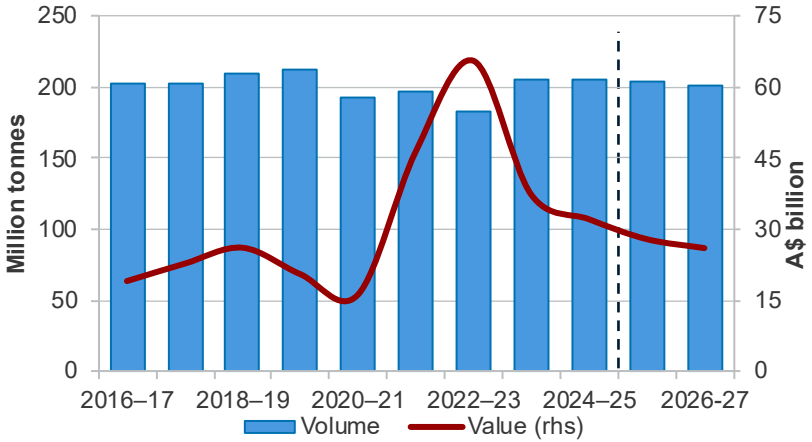
209 million tonnes

Exported last year



Major Australian black coal deposits, Mt

Australian thermal coal exports

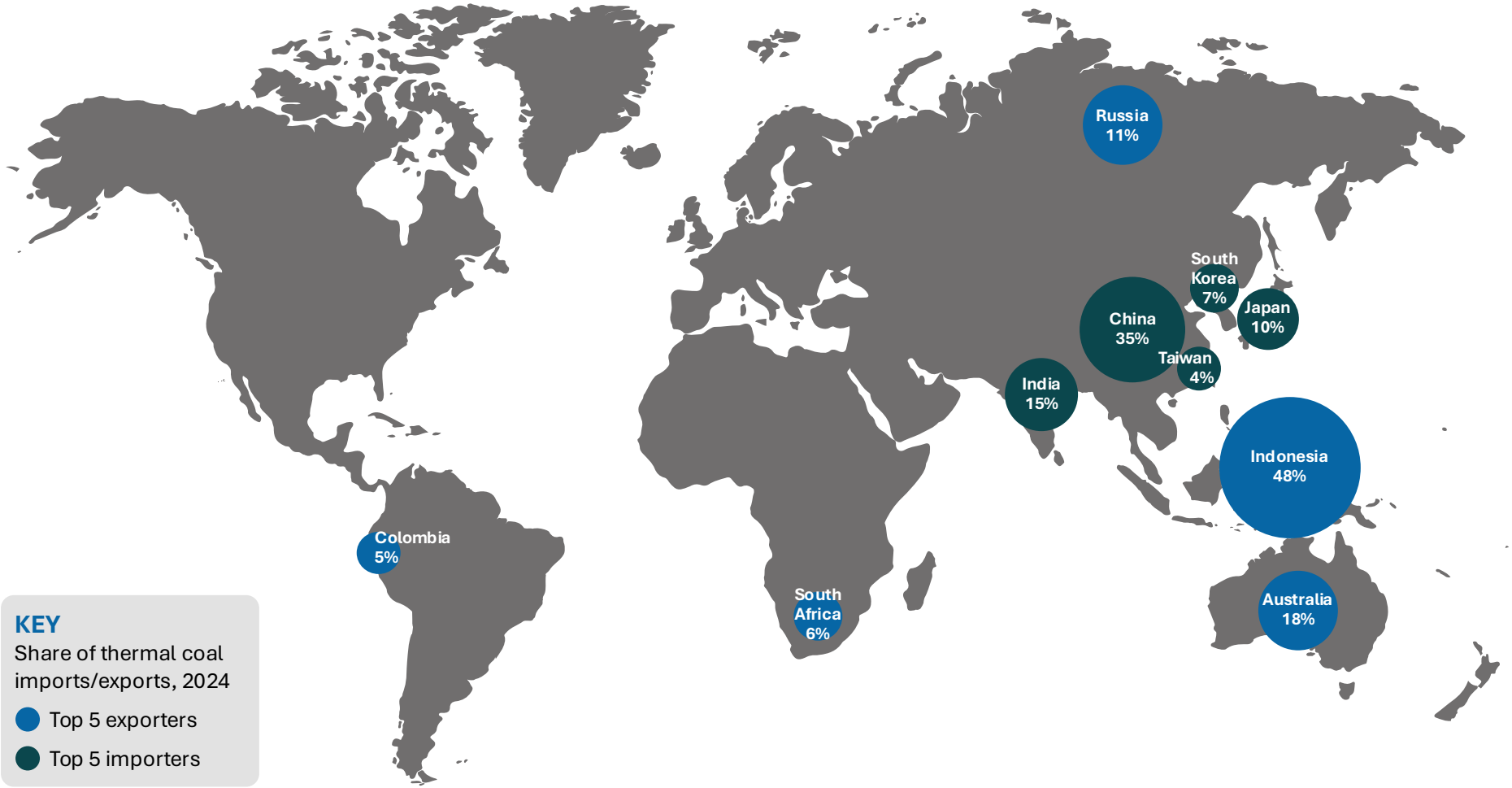


Outlook

- Export earnings gradually declining
- Export volumes gradually declining
- Domestic coal production increasing in India and China
- Increased renewable capacity for key importers

Source: Geoscience Australia; IEA; ABS; DISR; McCloskey

Thermal coal trade map



Source: IEA, ABS

5.1 Summary

- Prices are expected to remain broadly stable as both demand and supply decline moderately.
- Exports are forecast to fall to 203 million tonnes (Mt) in 2025-26 and 201 Mt in 2026–27.
- Export earnings are forecast to fall from just under $32 billion in 2024–25 to $28 billion in 2025–26 and further reduce to $26 billion in 2026–27.

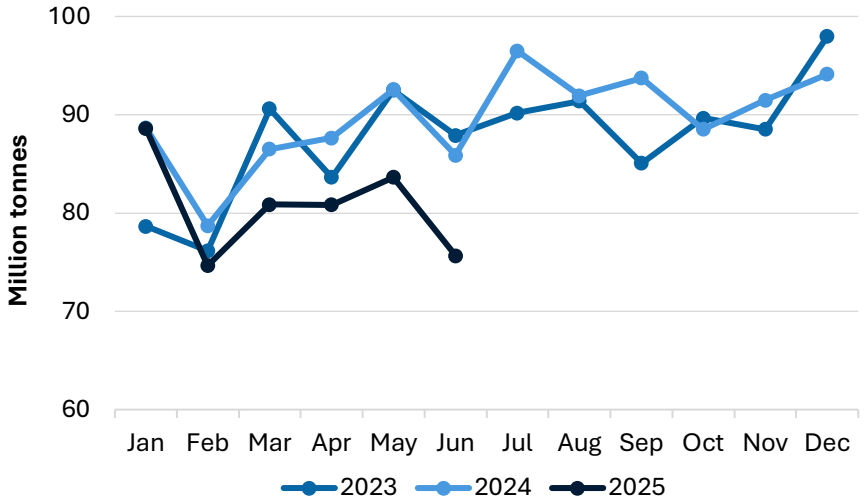
5.2 World trade

The energy transition and rising self-sufficiency aims will reduce total import demand over the outlook period

Global thermal coal trade was subdued in H1 2025 (Figure 5.1). Demand from large importers, China and India, fell due to high levels of domestic output and higher renewable energy supply. On the supply side, Australian exports have been disrupted by adverse weather, while uncertainty over Indonesian floor price regulations reduced exports. Global export volumes are expected to lift in H2 2025. Extreme Northern Hemisphere summer heat has recently bolstered thermal coal usage, and Australian exports are returning after H1 2025 disruptions.

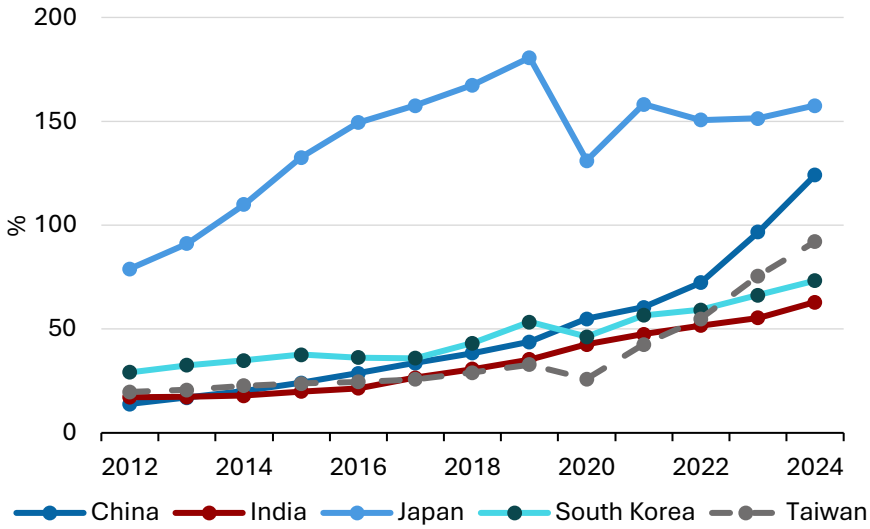
Over the outlook period, global thermal coal imports are forecast to gradually fall. The focus on domestic energy security in China and India will drive ongoing high levels of domestic coal output to lift self-sufficiency. The build-out of renewable energy capacity relative to coal has risen in recent years across key import nations (Figure 5.2). Despite the lift in renewables' share, in the near term, coal will continue to be the primary energy source in many of these nations due its baseload capability.

Figure 5.1: Global seaborne thermal coal imports



Source: Wood Mackenzie (2025)

Figure 5.2: Ratio of renewable energy capacity to coal capacity



Source: Wood Mackenzie (2025)

5.3 World imports

Chinese imports fell on high levels of domestic production and weaker coal power generation demand

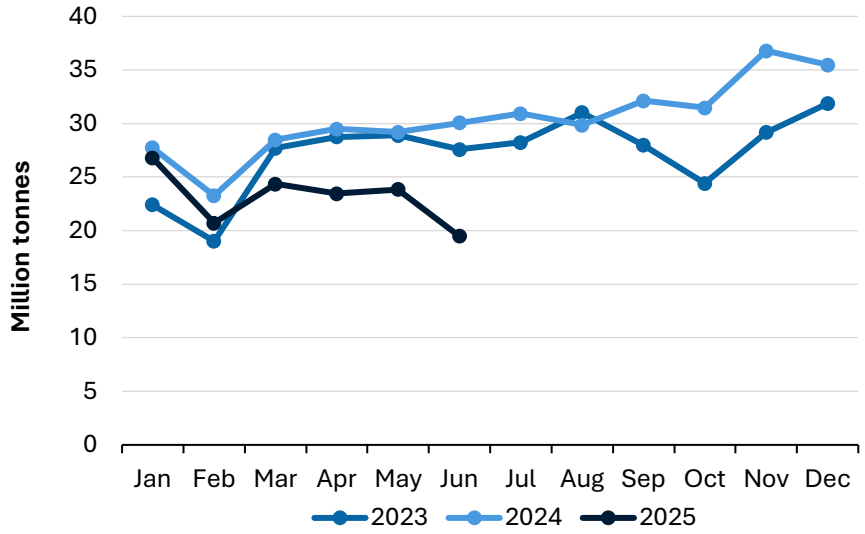
Chinese thermal coal import volumes in 2025 are lower than 2023 and 2024 (Figure 5.3). Imports from Indonesia have been significantly impacted by the slowdown in demand, down 46% year on year in the June quarter while imports from Australia are down 10%. The fall in imports is primarily the result of increased supply in the domestic Chinese coal market, increased hydropower generation, and broader economic uncertainty.

Excessive domestic coal production in China has led to a supply glut that has caused inventory levels to soar and domestic prices to fall. In July the National Energy Administration announced measures to curtail oversupply as part of the broader Chinese government's anti-involution campaign. Under the announced measures, the authorities will conduct inspections to identify mines producing beyond their permitted capacity. It is unclear at this stage how domestic supply and demand for imports will be impacted, although Chinese imports are likely to remain subdued over H2 2025.

Despite the recent crackdown on excessive production, China is expected to continue to produce at high levels going forward. Domestic thermal coal production is crucial to China's drive for energy security: along with the ramp up in renewable power generation, coal will provide "peaking" power capacity.

Chinese coal power plants are being retrofitted to increase their flexibility for use in conjunction with renewables. These two channels, high domestic production and increased usage of renewables, are expected to weaken demand for thermal coal imports over the outlook period.

Figure 5.3: Chinese seaborne thermal coal imports



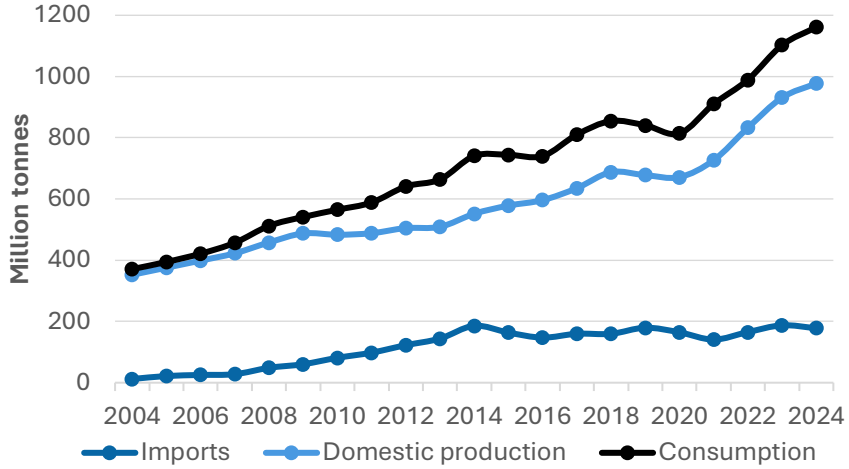
Source: Wood Mackenzie (2025)

Indian coal production continues to grow strongly

Indian demand for thermal coal has grown with the nation's increasing population and strong GDP growth. Over the last decade, the increases in demand for thermal coal have been furnished by growth in domestically-produced coal rather than imports (Figure 5.4). From 2014 to 2024, domestic production has grown by almost 80% while imports have been relatively stable. High levels of domestic production have continued in 2025, while above average rainfall has limited power demand and increased hydropower capacity, subduing thermal coal imports in H1 2025 compared to the same period in 2024.

Thermal coal imports are expected to remain at relatively low levels over the remainder of 2025 as high coal inventories limit the need for additional imports.

Figure 5.4: Indian thermal coal usage, production and imports



Source: International energy agency (2025)

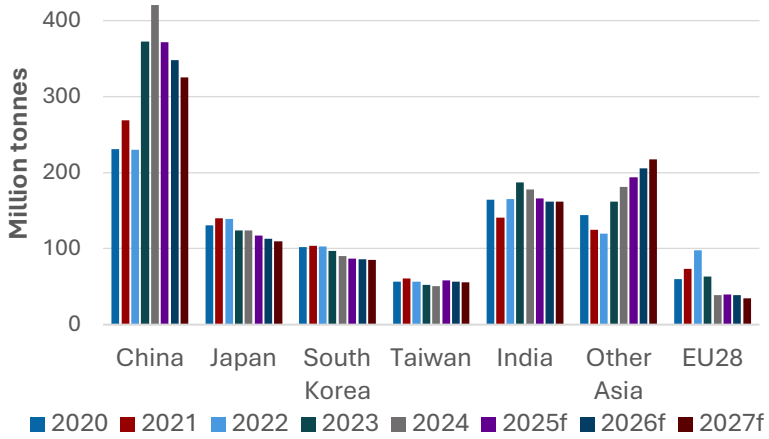
Over the outlook period, imports are expected to gradually decline as India continues its push for self-sufficiency in energy production alongside rising installation of renewable capacity (Figure 5.5). Coal currently constitutes 70% of India's power generation mix while solar, wind and hydropower constitute 30%. It is expected that the penetration of renewables will continue in the coming years, although coal will remain the dominant power source.

Record summer heat has lifted Japanese/South Korean thermal coal imports, but the shift from coal continues

Thermal coal imports in Japan and South Korea have increased with record high summer temperatures in both countries. June 2025 was Japan's hottest June on record, with the average temperature more than 2 degrees above normal. The extreme heat continued into July and August as record high maximum temperatures were recorded across the country.

At the same time overnight minimum temperatures in Seoul stayed above 25 degrees for a record 22 days, as the city recorded its hottest night in history at a low of 29.3 degrees. Prior to the recent uptick in demand for thermal coal with the summer heat, imports in Japan and South Korea in H1 2025 have been tracking significantly lower than the same period in 2024 and 2023. The broader slowdown in coal demand has occurred amidst a build-up of non-coal power capacity in recent years, particularly in renewables and nuclear energy.

Figure 5.5: Thermal coal imports



Notes: **f** forecast.
Source: International Energy Agency (2025); McCloskey (2025); Department of Industry, Science and Resources (2025)

Whilst Taiwan closed its last nuclear reactor in May, it has been offsetting the use of coal with gas. A project is currently underway that is reconfiguring the Hsinta power plant from coal to gas. To date the project has retired 500 MW of coal and is delivering 1.3 GW of electricity to the national grid, with 4 GW expected as the project continues to roll out through 2026.

The shift away from coal in Japan, South Korea and Taiwan, is expected to continue over the outlook period. Despite the shifting energy mix in these countries, coal will remain an important component of electrical power generation, due to its reliability.

5.4 World exports

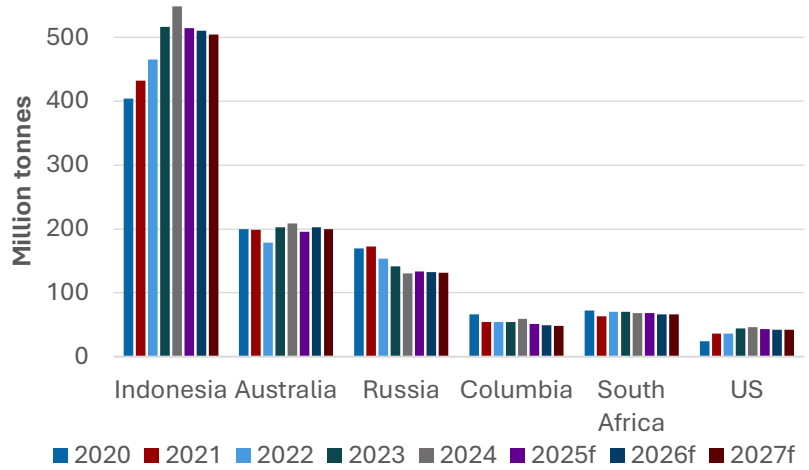
Soft demand and policy uncertainty have weakened Indonesian exports in 2025

Indonesia has borne the brunt of the slowdown in Chinese demand for thermal coal imports, with exports in H1 2025 tracking substantially lower than 2024. A fall in Chinese imports has been the primary driver of the weakness, as a combination of weak demand and oversupply in the Chinese coal market cut import needs. Meanwhile, Indonesian exports to other nations have tracked in a broadly similar manner to 2024.

The slowdown in Chinese demand was compounded by Indonesian floor price regulations announced in early 2025. Under the regulations, producers selling below the benchmark price had to pay the shortfall in royalties and taxes. The system caused confusion for buyers and sellers and was implemented at a time of oversupply in global coal markets, lowering demand for Indonesian exports. Following buyer protests and oversupply conditions, the Indonesian government scrapped the system in August. It is unclear how changes to the system will impact near term demand for Indonesian exports, however a higher degree of policy certainty for buyers and sellers is likely to be helpful.

Indonesian exports are expected to strengthen in H2 2025 as demand improves. Over the outlook period, it is anticipated that Indonesian exports will gradually decline as key importers continue to shift away from coal in their energy mix (Figure 5.6).

Figure 5.6: Thermal coal exports



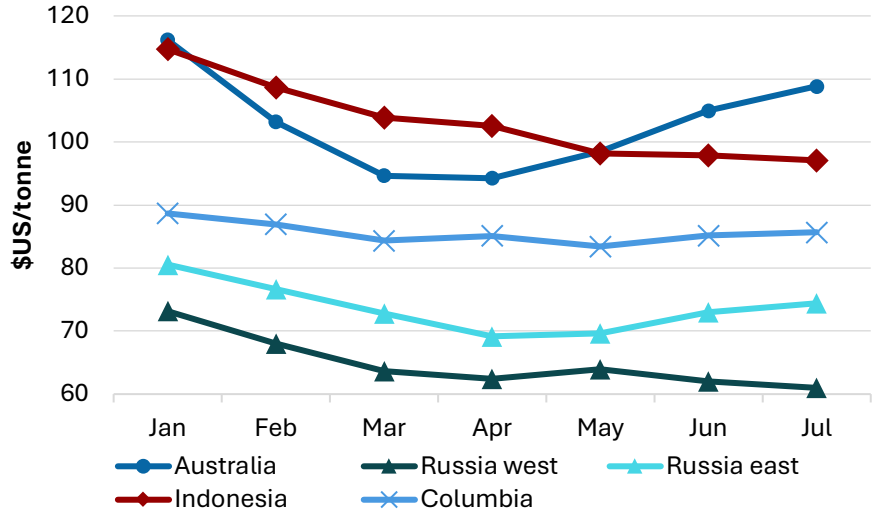
Notes: f forecast.

Source: International Energy Agency (2025); McCloskey (2025); Department of Industry, Science and Resources (2025)

Sanctions and low prices continue to impact the Russian coal industry

The Russian government is continuing to prop up the Russian coal sector which is deteriorating due to sanctions and low prices. The sanctions have suppressed export volumes and Russian coal is selling at a steep discount to other sources (Figure 5.7). As a result, Russian coal miners are recording substantial losses while debt burdens are growing, prompting the government to offer subsidies and tax breaks to the sector. A new round of measures has been announced by the Russian government which offer further deferrals on the mineral's extraction tax and insurance. Despite the challenges facing the sector, Russian thermal coal exports are still reaching a diverse range of destinations, including China, India, Türkiye, South Korea and Taiwan, albeit at smaller volumes.

Figure 5.7: 2025 thermal coal prices, 6,000kc



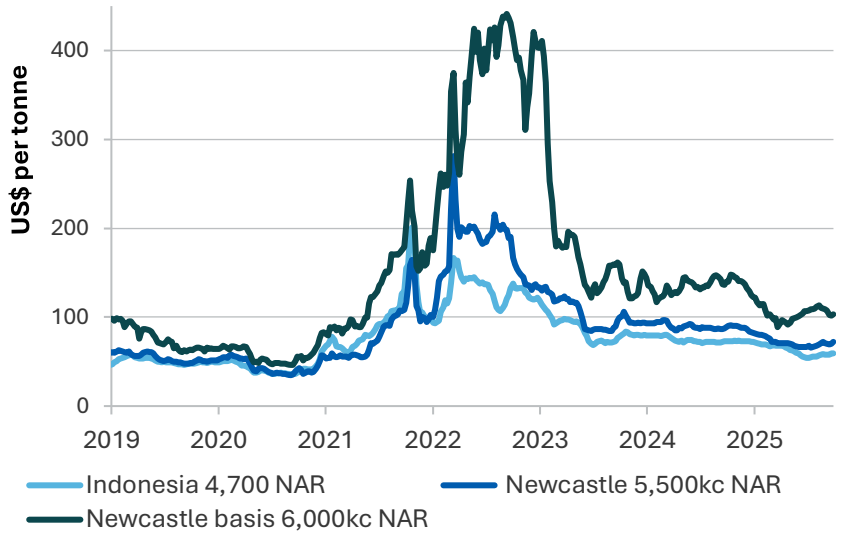
Source: McCloskey (2025)

5.5 Prices

Thermal coal prices to remain around current levels

The price of Newcastle 6,000 kc fell to a low of $US89 a tonne in late March but has bounced back to an average of $US108 a tonne in the September quarter 2025 (Figure 5.8). Prices rebounded with an increase in demand associated with the Northern Hemisphere summer, and a significant backlog of vessels queued at the Newcastle port which has limited supply (Figure 5.9). The backlog of vessels began with the flooding in New South Wales in May, which caused the Hunter River to swell and debris to pass through the river mouth. The initial backlog has now been compounded by ship loader replacement works which are expected to run through to November.

Figure 5.8: Thermal coal prices – Australia and Indonesia



Source: McCloskey (2025). NAR – Net as received.

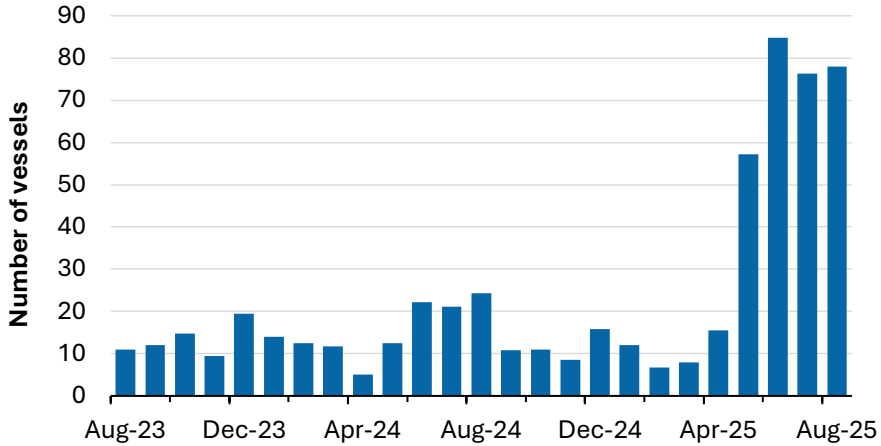
As the backlog of vessels is worked through there will be some downward pressure on prices towards the end of H2 2025, although the supply curtailments in China and increases in demand with the beginning of the Northern Hemisphere winter may offset any substantial price falls.

Over the rest of H2 2025, prices are forecast to remain around current levels. Australian production is vulnerable to wetter than normal conditions over the rest of 2025–26 as a La Nina weather pattern develops and the Indian Ocean Dipole turns strongly negative.

Over the remainder of the outlook period, the gradual, but structural, decline in demand for imported thermal coal will weigh on prices. Supply is anticipated to gradually decline,

while finance for coal projects is likely to remain challenging due to net zero policies from financial institutions. With supply falling as fast as demand, prices are forecast to be broadly stable around current levels.

Figure 5.9: Vessel queue at Newcastle port (monthly average)



Source: McCloskey (2025)

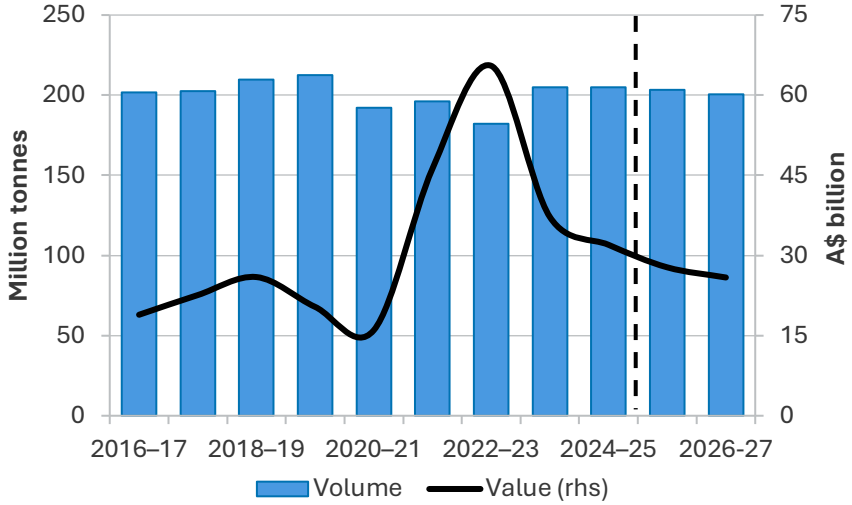
5.6 Australia

Australian exports will fall gradually as demand fades

Australian exports bounced back to 48 Mt in the June quarter, after a low of 46 Mt in the March quarter. Over H2 2025, export volumes are expected to lift further as a backlog of vessels at Newcastle port clears. Despite the rebound, export volumes in 2025 are expected to be lower than 2024 due to weather issues.

Over the outlook period, export volumes are forecast to drop gradually as demand falls with the shift to alternative energy sources and the push for energy sovereignty in key import nations, China and India. Despite the modest fall in export volumes over the outlook period, exports will remain around the levels observed in recent years (Figure 5.10). Export earnings are expected to fall in line with gradual drop in exports.

Figure 5.10: Australia's thermal coal exports outlook



Source: ABS (2025) International Trade, Australia 5454.0, Department of Industry, Science and Resources (2025)

An uncertainty about exports is the Mount Pleasant coal mine coming offline, due to a recent appeal to its expansion. In August 2025, the New South Wales Court of Appeal overturned the approval of the mine's expansion from 2027 to 2048. At this stage, it is not clear whether the expansion approval will be permanently reversed, but the case has been referred to the Land and Environment Court for further review.

Revisions to the outlook

There are no substantial revisions since the June 2025 *Resources and Energy Quarterly*.

Table 5.1: World trade in thermal coal

			Million tonnes			Annual percentage change	
	2024	2025[f]	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
World trade	1,209	1,129	1,090	1,066	-6.6	-3.5	-2.2
Thermal coal imports							
Asia	1,045	994	972	955	-4.8	-2.3	-1.7
China	421	372	348	325	-11.5	-6.5	-6.6
India	178	166	162	162	-6.7	-2.4	0.0
Japan	124	117	113	110	-5.3	-3.4	-2.7
South Korea	91	87	86	85	-4.0	-1.1	-1.2
Thermal coal exports							
Indonesia	549	514	510	504	-6.3	-0.8	-1.2
Australia	209	196	203	199	-6.4	3.5	-1.5
Russia	130	133	132	131	2.0	-0.8	-0.8
Columbia	59	51	49	48	-13.4	-3.9	-2.0
South Africa	68	68	66	66	-0.2	-2.9	0.0
US	46	43	42	42	-6.5	-2.3	0.0

Notes: **f** Forecast.

Sources: Department of Industry, Science and Resources (2025); IEA (2025); McCloskey (2025).

Table 5.2: Thermal coal outlook

						Annual percentage change		
World	Unit	2024	2025[f]	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
Contract prices [a]								
– nominal	US$/t	147	130	119	124	-11.6	-8.5	4.2
– real [b]	US$/t	140	121	109	111	-13.6	-9.9	1.8
Spot prices [c]								
– nominal	US$/t	135	106	109	114	-21.6	3.0	4.4
– real [d]	US$/t	139	106	106	109	-23.9	0.5	2.2
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Production	Mt	233	239	243	234	2.6	1.6	-3.8
Export volume	Mt	205	205	203	201	-0.1	-0.7	-1.5
– nominal value	A$m	37,214	31,993	27,778	25,877	-14.0	-13.2	-6.8
– real value [i]	A$m	39,222	32,920	27,778	25,185	-16.1	-15.6	-9.3

Notes: **a** refers to benchmark Japanese Fiscal Year 6322kcal GAR thermal coal contract reference price; **b** in current JFY US dollars; **c** fob Newcastle 6000 kcal net as received; **d** In 2025 US dollars; **f** forecast; **i** In 2025–26 Australian dollars.

Sources: McCloskey (2025); ABS (2025); Department of Industry, Science and Resources (2025).

Gas

Australia's LNG sector

79 million tonnes

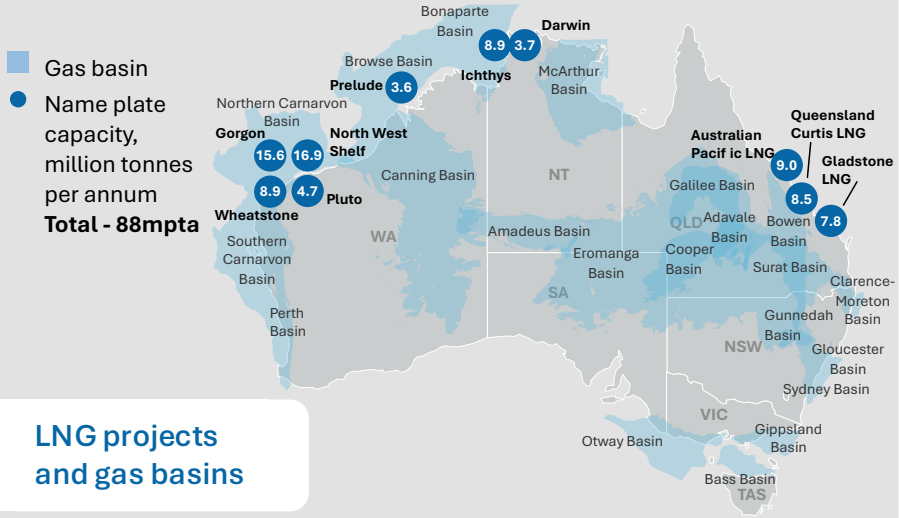
exported in 2024–25

80%

of Australian LNG sold to Japan, China and Korea

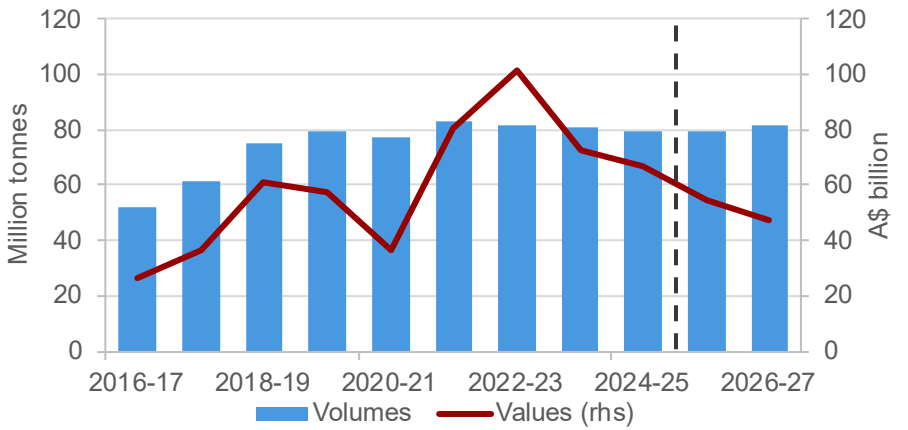
Around three-quarters

sold on long-term contracts



LNG projects and gas basins

Australian LNG exports

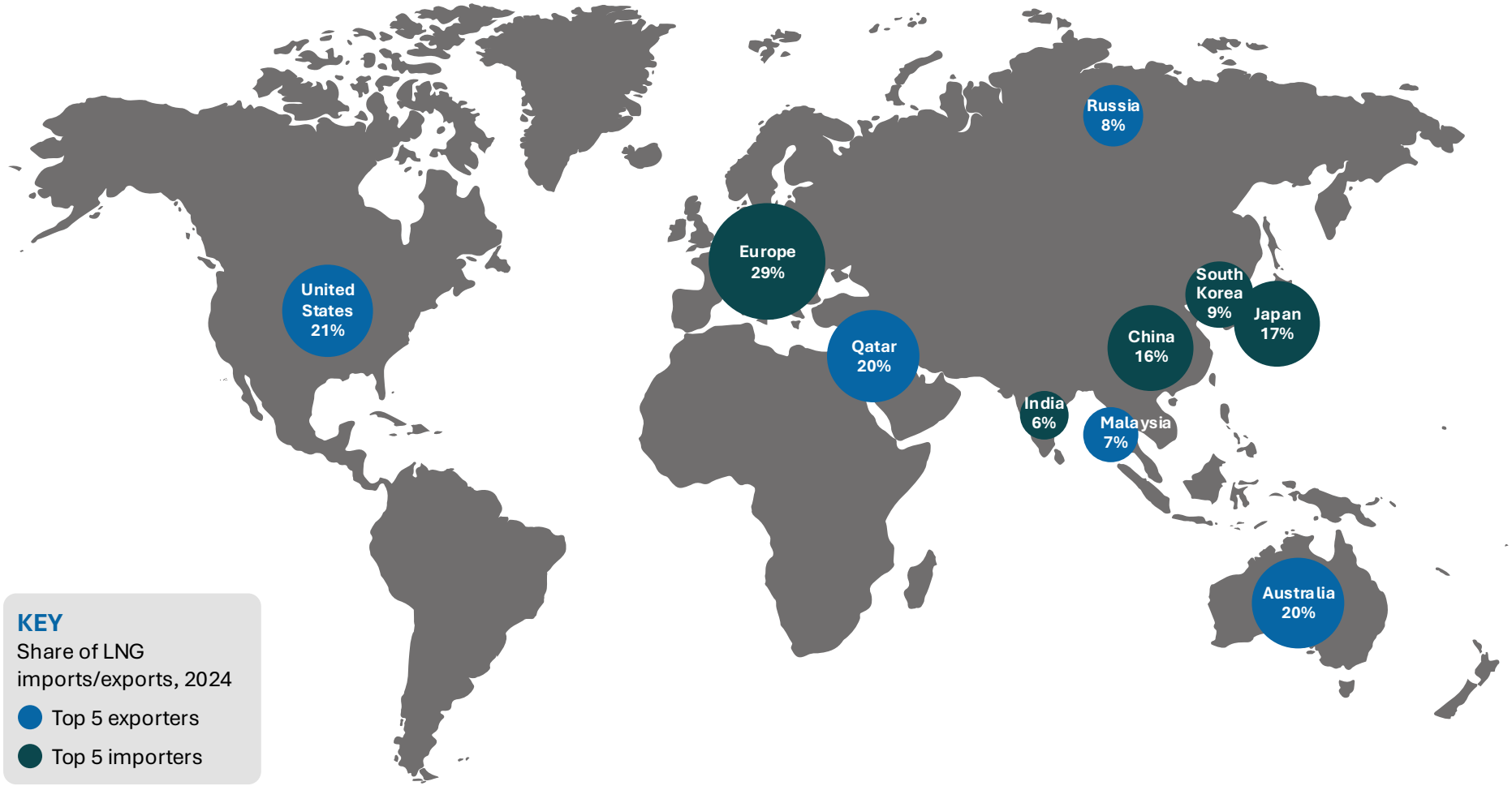


Outlook

- Earnings set to ease as LNG prices drop
- Greenfield investment remains relatively modest
- Large growth in supply is expected from the US & Qatar
- Quarterly exploration expenditure has grown

Source: ABS; DISR; OCE

LNG trade map



Source: World Gas Model, DISR, ABS International Trade

6.1 Summary

- Australia's liquefied natural gas (LNG) export earnings are forecast to decline from $65 billion in 2024–25 to $48 billion by 2026–27. The earnings forecast has been revised down from the June 2025 *Resources and Energy Quarterly* due to falling oil prices (which affect LNG contract prices).
- New supply from the US and Qatar is forecast to lower LNG spot price from US$12.60/MMBtu (in 2025) to US$11/MMBtu by 2027. Prices remain vulnerable to geopolitical disruptions, delays in new project developments, and weather events.
- Falls in LNG export earnings are largely price-driven in the short-term, but gradual depletion at some reserves could weigh on volumes over the longer term.

6.2 World trade

Investment has risen as LNG demand grows in Europe

Global natural gas demand declined in H1 2025 after growing solidly in 2024. The slowdown was driven by macroeconomic uncertainties and elevated prices, which particularly impacted price-sensitive markets in Asia including China and India. Less price-sensitive markets, such as Europe and North America, recorded solid demand growth in H1 2025, with European imports fuelled by adverse weather conditions and higher gas consumption in the construction and power sectors.

Gas supply remains tight, affected by the cessation of Russian piped gas exports to the European Union, slower growth in global LNG output, and higher storage injection needs in Europe. These factors have driven higher natural gas prices in key import markets, dampening demand in Asia.

Europe's LNG imports are expected to peak in 2025, driven by increased storage replenishment and higher domestic demand. Maintenance-related reductions in pipeline imports from Norway – especially from May to August 2025 – will push Europe further towards increased reliance on seaborne LNG. European demand is forecast to plateau and then decline in the late 2020s as renewable energy deployment expands.

China's LNG imports are expected to strengthen after 2026 as European import competition softens and global supply rises. China's import growth trajectory is likely to be stronger than Europe towards the end of the outlook period.

Supply is set to outgrow demand in 2025 and 2026 (Figure 6.1) as further projects come online in the US and Qatar. The result will be a more stable LNG markets from H2 2026. Markets are expected to remain generally balanced over the outlook period, with prices easing as rising US and Qatari supply matches increased consumption in Asia. However, geopolitics and climate risks could persist and potentially worsen over time.

6.3 World imports

European LNG imports are close to their peak

European gas consumption grew by 6.5% year-on-year in H1 2025, supported by increased demand from the electricity sector. Lower wind and hydro generation forced higher use of gas-fired power plants as a firming fuel in early 2025. Europe's LNG imports grew by around 30% in Q2 2025 from a year ago, to roughly match the levels of 2022 and 2023. Most nations saw imports lift year-on-year, except in the UK where imports were constrained by limited storage capacity.

European demand is likely to absorb a significant share of global LNG supply growth in H2 2025 and 2026. European LNG demand is expected to stabilise from H2 2027 as the last Russian gas flows are substituted with US seaborne supply. European demand could then begin to decline from 2028 as renewable deployments continue to expand, though LNG will remain critical as a firming fuel for the foreseeable future.

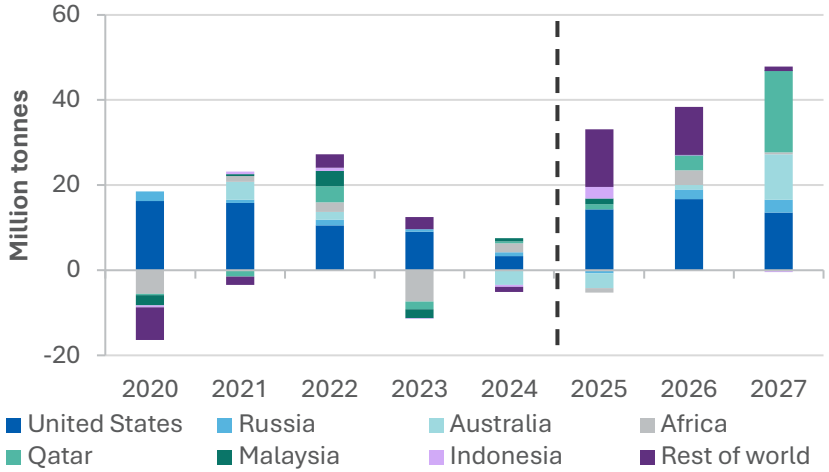
China's LNG imports are set to resume growth in 2026

Elevated prices and macroeconomic uncertainties weighed on China's gas demand in H1 2025. Gas consumption in China edged down by around 1% year-on-year, with LNG imports dropping by over 20%. LNG imports were substituted in part by pipeline natural gas imports from Russia via the Power of Siberia pipeline, which is now operating at full capacity.

China's coal-to-gas switching has risen, with both electrical and vehicle fleets shifting their energy use patterns towards higher gas usage. The switch is acting as an offset to lower population and slower urbanisation in China. While the scale of switching has accelerated in recent years, it remains subject to significant policy influence and oversight, as well as to commercial decisions. The availability of energy alternatives makes China's LNG usage more discretionary than in many other Asian nations.

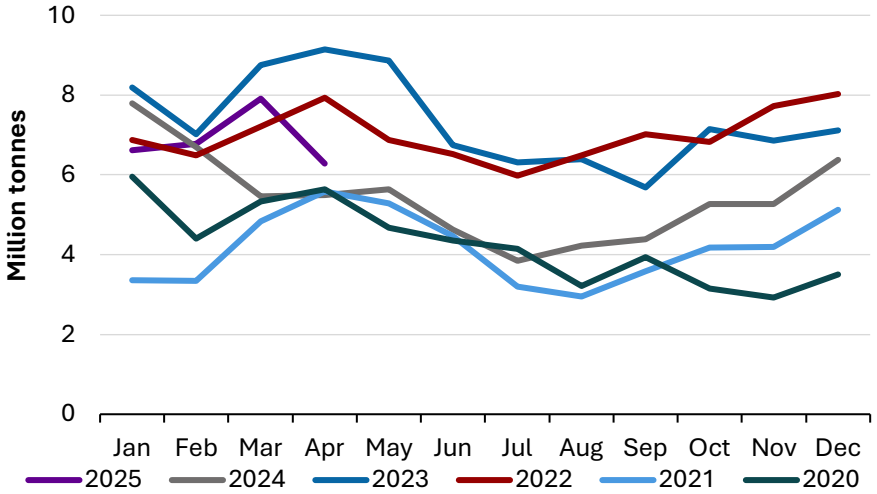
Trade tensions and strong investment in domestic gas production will likely weigh on LNG imports over the next 5 years. With domestic output rising and trade tensions persisting, Chinese LNG imports will likely be steady in 2025 before resuming growth (at a slower pace than in recent years) from 2026. Imports are expected to peak in the early 2030s. Pipeline gas imports from the Power of Siberia 2 project could also commence in the 2030s.

Figure 6.1: Global LNG supply growth forecasts



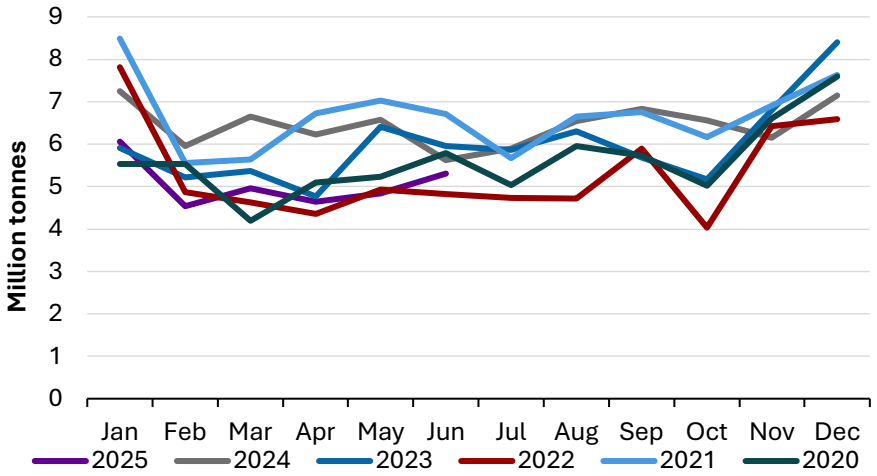
Notes: 2020, 2021, 2022, 2023 and 2024 figures based on historical data.
Source: Department of Industry, Science and Resources (2025); NexantECA (2025)

Figure 6.2: Europe's monthly LNG imports



Source: McCloskey (2025)

Figure 6.3: China's monthly LNG imports



Source: McCloskey (2025)

Japan's LNG imports are set to ease slowly

Over recent years, Japanese demand has been supported by hot seasonal temperatures and slow restarts among Japan's nuclear power fleet. However, increased European demand acted as an offset to this in H1 2025. Japanese LNG imports weakened in H1 2025, down 2.8% in June 2025 from June 2024, as the industrial use of LNG started to soften.

The pace of nuclear reactor restarts will remain the most significant influence on LNG imports over the next few years, with reconnections of the Onagawa 2 and Shimane 2 plants likely to reduce imports from 2025. Greater renewable deployment is also expected to weigh on imports in later years.

South Korean LNG imports are passing their peak

LNG demand has peaked in South Korea, with use across the economy now starting to level out. LNG remains more expensive than other energy imports, and significantly more expensive than domestically-generated nuclear energy – with the price gap growing following Russia's invasion of Ukraine.

LNG imports are expected to plateau over the outlook period, with potential for declines after 2027.

India's LNG imports should grow from a low base

Indian LNG imports eased in H1 2025 and provisional data points to a further decline in July. Coal remains the dominant energy source in India, with LNG becoming too expensive following the price rise of late 2024. Consumption of LNG has eased in the refining and industrial sectors, with Indian LNG import terminals, pipelines and power plants all underutilised throughout 2025.

LNG currently accounts for less than 3% of India's electricity generation. Lower LNG prices and higher energy demand (notably for steel production) will likely support higher LNG imports from 2026. However, growth may be capped by government efforts to expand domestic gas supply.

Emerging Asia is becoming an important growth source

LNG imports into the rest of Asia were effectively flat, edging down by just under 1% in H1 2025 from the same period in 2024. Growth was limited to the least price-sensitive buyers in the region, while imports to most markets (including the Philippines Pakistan, Bangladesh, Thailand and Vietnam) were mostly flat.

Easing prices should improve growth prospects for LNG across emerging Asia over the outlook period. However, the region's relatively high price sensitivity adds volatility to the outlook.

6.4 World exports

Global LNG supply outpaced demand in early 2025, growing by 4% in H1 2025 (from the same period in 2024) as projects came online or ramped up in the US.

Supply growth was slowed slightly by maintenance at a gas facility in Norway and the stranding of further Russian supply as Europe progressively shuts down its Russian gas imports.

Growth in US production is resuming

Several US projects have commenced operation in recent months: the Plaquemines LNG project, which came online in 2024, is ramping up with regular cargo loadings now underway. The project includes 9 pairs of liquefaction trains (each pair adding around 1.25 Mtpa of capacity), with a planned second phase set to add a further 9 pairs.

Cheniere's Corpus Christi Liquefaction Stage 3 began producing on 30 December 2024, with the initial train now fully operational. The project will ultimately encompass seven trains with a total capacity of around 10 Mtpa. Two trains are expected to commence in H2 2025, with another 4 coming online in 2026.

Glenfarne Group has signed a strategic cooperation agreement for participation in the 20 MMtpa Alaska LNG project in Nikiski. The project is estimated to cost US$44 billion and will include an 807-mile pipeline and a carbon capture plant. Glenfarne is targeting a final investment decision by H2 2025 and the potential start of operations from 2031.

The US is expected to account for about 85% of global output growth in 2025, and about 50% of global growth in LNG export capacity through the rest of the 2020s.

Qatari exports are growing despite geopolitical tensions

Geopolitical tensions in the Middle East continue to present risks to Qatari LNG exports. The Strait of Hormuz – the world's most critical chokepoint for oil and LNG trade – is near several geopolitical fault lines and conflict zones in the region.

Trade tensions have risen recently between Qatar and Europe. The EU released a *Corporate Sustainability Due Diligence* directive in 2024 which requires large firms to address human rights and environmental issues in their supply chains. The Qatari government has claimed that the directive places QatarEnergy at risk of 'high fines, penalties, and civil liability for noncompliance', and warned that the company could pivot to markets offering a 'more stable and business-friendly environment'. Any such shift would disrupt global LNG markets and put European energy storage under pressure.

Geopolitical and trade tensions are expected to ease over the longer term, with new investment still progressing. LNG output in Qatar is expected to grow strongly in 2026 and 2027, with growth slowing subsequently.

Russian gas exporters face difficult conditions

Russian gas exports to Europe remain volatile from month to month, but the broad trend is toward significant decline. The completion of maintenance on the TurkStream pipeline saw Russian gas exports to Europe jump in July 2025. However, overall gas exports in H1 2025 were down by almost 50% from H1 2024. This is mostly due to the closure of all pipelines except Turkstream. Shipped LNG exports were down by 4.4% over the same period.

Russian LNG projects face a combination of technical problems following the country's invasion of Ukraine. Access to capital remains limited due to financial sanctions and historically high official interest rates, and equipment shortages have stalled or slowed several LNG projects. These include key liquefaction terminals (Portovaya and Vysotsk) as well as the Arctic-2 project where liquefaction and shipping have halted due to a lack of access to turbines and ice-breaking vessels.

On 2 September 2025, the governments of Russia and China announced a 'legally binding memorandum' to support development of the Power of Siberia 2 pipeline. Commercial negotiations have yet to resolve, and the pipeline is not expected to commence operation during the outlook period. However, successful construction would eventually allow a significant portion of sidelined Russian gas to transit to China.

Several new LNG projects are ramping up elsewhere

LNG Canada shipped its first cargo on Canada Day, 1 July 2025. The project, which is the first located in British Columbia, will initially export LNG from two trains with a total capacity of 14 Mtpa and is intended to service growing markets in the Asian region.

Several smaller projects are ramping up in Africa and the Middle East. These include phase two of the Congo FLNG project, which is set to commence in the December quarter of 2025 and should eventually add 2.4 Mtpa to global LNG supply. Senegal-Mauritania's Greater Tortue Ahmeyim project (with planned capacity of 2.3 Mtpa) is also ramping up and should be operating at full capacity from 2026.

6.5 Prices

New supply should help to curb price volatility

LNG prices are highly vulnerable to geopolitical developments due to the relatively small number of significant LNG suppliers, and the situation of important LNG supply chains in current conflict zones. Military conflict in Ukraine and the Middle East has already resulted in significant price volatility in recent years.

Emerging US supply is gradually reducing these risks. US exporters are far from global conflict zones and the transit of US supply to Europe is difficult to disrupt. A surge in US supply saw LNG prices fall from around US$15/MMBtu in early 2025 to just over US$12/MMBtu in early June, before rising again (Figure 6.4). Long-term contract prices have also edged down recently, from around US$14.50 in early 2025 to around US$13.00 in the September quarter.

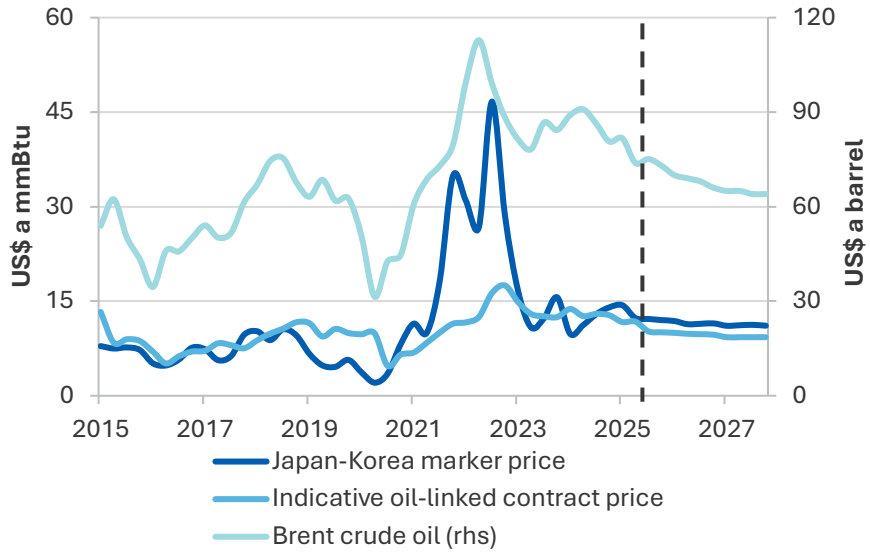
Additional ramping in US (and Qatari) supply should lower prices further over the outlook period. However, prices are not likely to fall below US$8/MMbtu for any significant period. Falls below this level will affect the viability of several significant US projects, and the resulting postponement of new supply will likely cause prices to rebound.

On balance, prices are expected to fall from US$12.60/MMbtu in 2025 to around US$11/MMbtu by 2027. However, there are significant upside risks to this forecast. Europe's ongoing pivot away from Russian seaborne LNG will likely affect markets, though in a managed way. Tensions in the Middle East could pose risks given around 20% of LNG currently transits through the Strait of Hormuz. Current trade tensions between the US and China create potential headwinds for global economic

growth, potentially adding a downside risk for LNG demand and prices.

Climate change-related weather events also pose risks to LNG price stability, with the scale of climate risks likely to rise over time.

Figure 6.4: LNG spot and contract prices



Source: Bloomberg (2025); Department of Industry, Science and Resources (2025)

6.6 Australia

Export volumes are expected to sustain through the outlook period

LNG exports recovered partly in Q2 2025 after declining by approximately 2% in Q1 2025, primarily due to cyclone-related disruptions and the retirement of one train at the North West Shelf project in late 2024. Output should return to normal by Q3 2025, supported by improved weather conditions and brownfield investment in Western Australia.

Australian gas exports are expected to hold at about 80 Mt annually through the outlook period. Australian LNG export earnings are expected to fall from $65 billion in 2024–25 to $48 billion by 2026–27 (Figure 6.6) with the decline driven by falling spot prices and lower oil prices (which feed through into LNG contract prices).

Australia is expected to maintain a strong hold on markets across Asia. New US supply is not expected to reach Asian markets in large quantities in the near-term: supply is expected to be drawn to Europe in the first instance, reaching Asia only from the late 2020s and only through inefficient shipping routes such as the Panama Canal. Long-term contracts should provide an additional buffer against global trade tensions and wider instability. Most of these contracts run until the 2030–2032 period, though some East Coast contracts run until 2035.

Exploration and investment remain far below their peak

Onshore petroleum exploration fell from $209 million in the March quarter to $174 million in the June quarter 2025. Offshore exploration rose from A$90 million to A$118 million in the June quarter. These results mark a quarter of relative stability following a large rise in the December quarter and a fall in March. LNG prices rose solidly in H2 2024 but have since eased back, potentially resulting in a slowdown in the pace of gas exploration. Gas exploration remains modest relative to its levels of 10 years ago (Figure 6.5). Around 12,000 exploration and appraisal wells have been drilled onshore and offshore in Australia, but large areas remain underexplored. Exploration spending has fallen from its post-2010 peak, down 70% over the

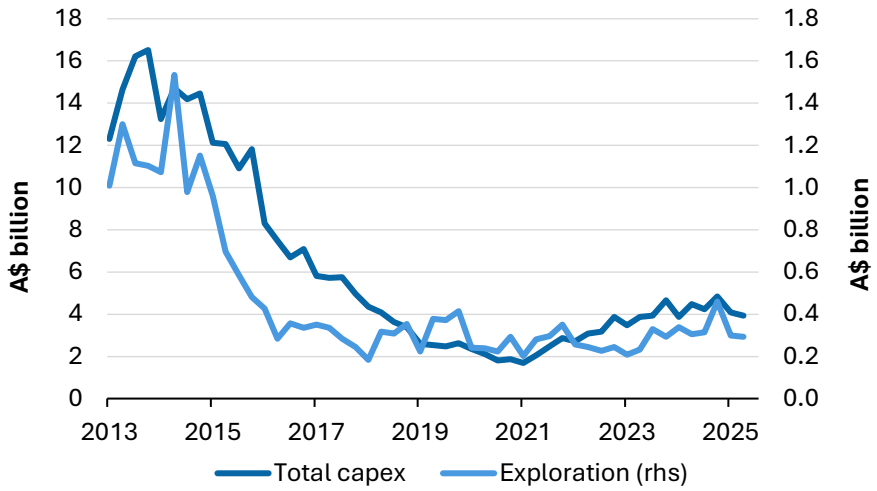
past decade. Wood Mackenzie's *Australia's Natural Gas Investment Competitiveness* report shows that investment by international companies peaked at 40% of the global total in the early 2010s and fell to an average of 15% over the last 5 years.

It is assumed that brownfield investment will hold up in the outlook period, allowing output to be sustained in broad terms. However, output in subsequent years will be increasingly dependent on new greenfield investment.

Revisions to the outlook

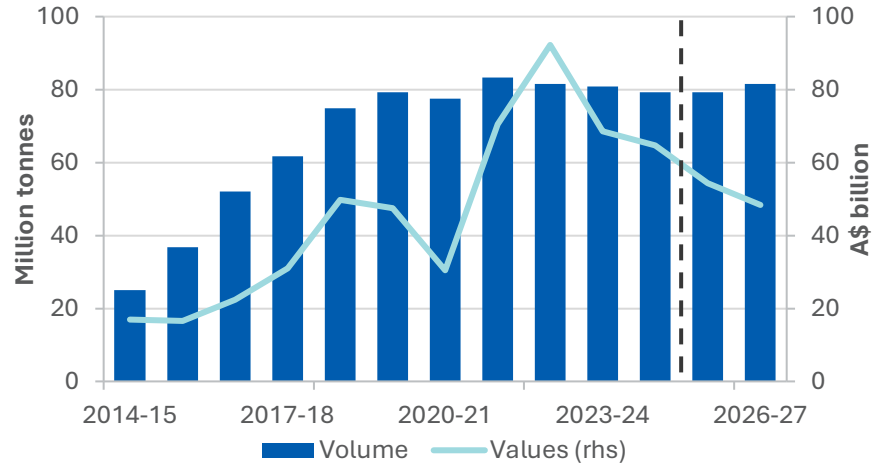
Earnings in 2025–26 have been revised down to A$54 billion from A$60 billion in the June REQ. The forecast for 2026–27 has been revised down to A$48 billion, from A$53 billion. The revisions reflect easing trade tensions over recent months and a very sharp decline in forecast oil prices linked to changes in OPEC production policy.

Figure 6.5: LNG investment in Australia



Source: ABS (2025) Capital Expenditure Survey, 5625.0, Australian Bureau of Statistics (2025), Mineral and Petroleum Exploration, Australia

Figure 6.6: Australia's LNG exports by value and volume



Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025)

Table 6.1: Gas outlook

						Annual Percentage Change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
JCCC oil price[a]								
– nominal	US$/bbl	84.0	73.8	65.3	61.8	-12.2	-11.5	-5.3
– real[i]	US$/bbl	86.5	73.8	63.7	59.0	-14.7	-13.7	-7.3
Asian LNG spot price								
– nominal	US$/MMBtu	12.0	12.7	11.5	11.2	6.0	-9.4	-3.1
– real[h,i]	US$/MMBtu	12.4	12.7	11.2	10.7	3.0	-11.6	-5.1
LNG trade	Mt[e]	400.1	423.2	462.3	510.0	5.8	9.2	10.3
Gas production	bcm	4,211	4,310	4,403	4,499	2.4	2.1	2.2
Gas consumption	bcm	4,213	4,279	4,362	4,446	1.6	1.9	1.9
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Production[b]	bcm	161.4	157.7	156.2	159.1	– 2.3	– 0.9	1.8
– Eastern market	bcm	58.5	55.6	52.2	51.5	– 4.9	– 6.1	– 1.4
– Western market	bcm	86.0	85.3	83.4	85.1	– 0.7	– 2.2	2.0
– Northern market[d]	bcm	17.2	15.4	18.8	21.2	– 10.7	22.3	12.6
LNG export volume	Mt[e]	80.9	79.2	79.2	81.5	– 2.1	0.0	2.9
– nominal value	A$m	68,588	64,738	54,364	48,290	-5.6	-16.0	-11.2
– real value[g]	A$m	72,290	66,614	54,364	46,998	-7.9	-18.4	-13.5
LNG export unit value[h]								
– nominal value	A$/GJ	16.1	15.5	13.0	11.2	– 3.6	– 16.1	– 13.6
– real value[g]	A$/GJ	16.9	15.9	13.0	10.9	– 5.8	– 18.4	– 16.0
– nominal value	US$/MMBtu	11.1	10.6	9.2	8.4	– 4.7	– 12.8	– 8.8
– real value[i]	US$/MMBtu	11.7	10.9	9.2	8.2	– 7.0	– 15.2	– 11.2

Notes: **a** JCCC stands for Japan Customs-Cleared Crude; **b** Production includes both sales gas and gas used in the production process (i.e., plant use) and ethane; **c** Gas production from Bayu-Undan located in the jurisdiction of Timor-Leste is not included in Australian production; **d** Browse Basin production associated with the Ichthys project is classified as Northern market; **e** 1 Mt of LNG is equivalent to approximately 1.36 bcm of gas; **f** Forecast; **g** In current year Australian dollars; **h** 1 MMBtu is equivalent to 1.055 GJ; **I** In current year US dollars; **j** Compound Annual Growth Rate.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025); Company reports; Nexant (2025) World Gas Model

Oil

Australia's oil sector

$10.7 billion

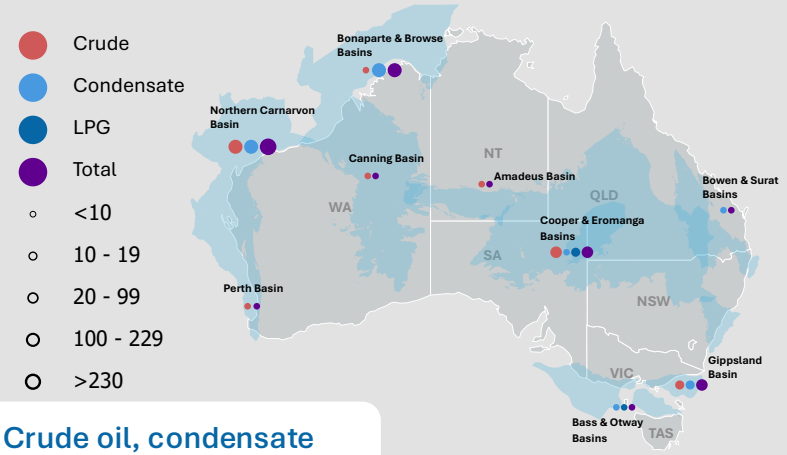
of crude and condensate exported in 2024–25

41% by value

of crude and condensate exported to Singapore and South Korea

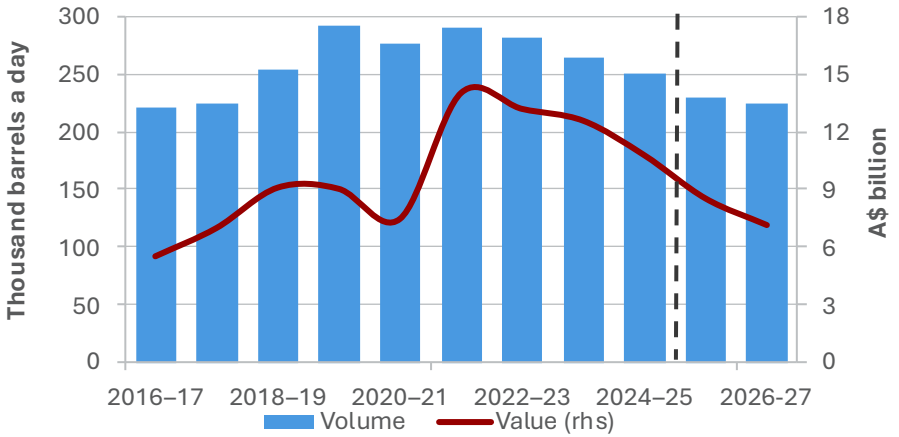
Around two-thirds

crude and condensate produced at Carnarvon Bason offshore WA



Crude oil, condensate and LPG production, PJ

Australian oil exports



Outlook

Oil prices will weaken with greater supply from the Americas and OPEC+

Earnings continue to fall

Australian Production volumes to ease as offshore fields deplete

Exploration expenditure is above the 2023 average

Source: GA, DISR, OCE DCCEEW

Oil trade map

Source: IEA

7.1 Summary

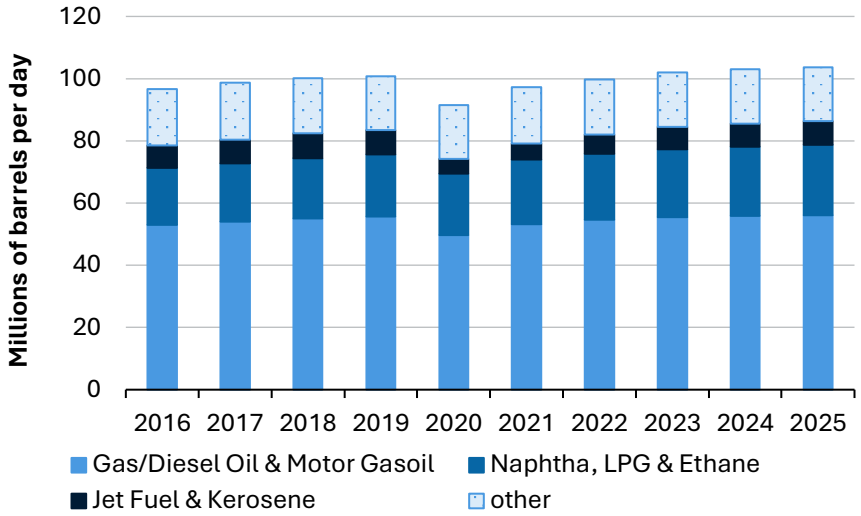
- Brent oil prices have fallen in 2025 from US$80 per barrel at the start of the year to US$69 per barrel in the September quarter. Prices are expected to fall further as a long-expected supply surplus begins to materialise.
- World oil supply is expected to reach 108.4 mb/d in 2027, with strong supply growth expected in the Americas and the unwinding of some of the OPEC+ supply restraint.
- Australian export values are projected to fall from $12.5 billion to $7.1 billion in 2026–27, as oilfields deplete and prices fall.

7.2 World Consumption

Global demand projected to plateau as fuel alternatives displace oil. Globally, the largest uses of oil are in transport and industrial applications. Petrol and diesel are mainly used for road transport, and account for the largest share of global oil usage. Jet fuel and kerosene – primarily used for air travel – make up a smaller proportion of usage. LPG, ethane and naphtha are primarily used in industrial applications, including industrial heating and polymer manufacturing (Figure 7.1).

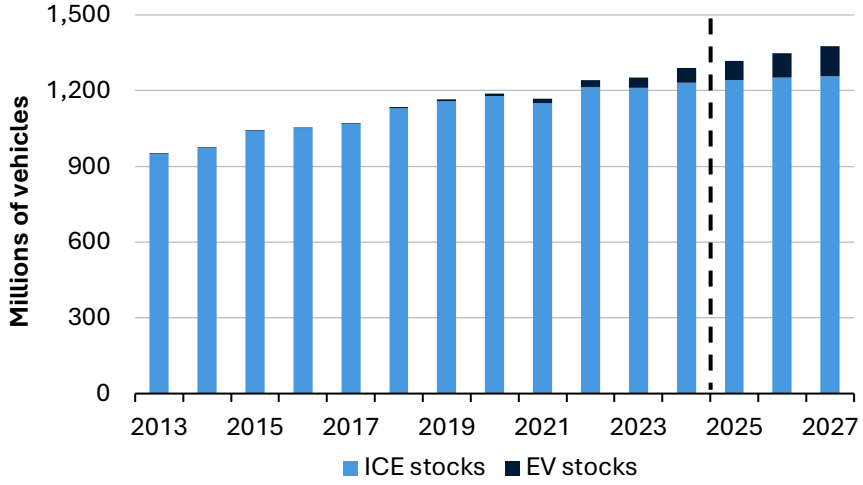
Global oil consumption is projected to grow from 104 mb/d in 2025 to 106.1 mb/d in 2027. Slowing, then plateauing, demand is primarily the result of flat or falling road transport fuel demand. The decline is somewhat offset by a slight increases in the demand for petrochemicals for industrial use and for aviation fuels.

Figure 7.1: Global oil consumption by refined petroleum product



Source: international Energy Agency (2025)

Figure 7.2: Internal combustion vehicle and electric vehicle stocks



Source: International Energy Agency (2025), Bloomberg New Energy Finance (2025), Department of Industry Science and Resources (2025)

OECD demand forecast to fall as EVs replace road fuels

Oil consumption is forecast to fall among OECD nations, driven primarily by lower consumption for road transport. EVs have seen strong growth, especially in the EU where the percentage of passenger vehicles is forecast to rise from 4.4% in 2024 to 8.6% in 2027. The impact will be compounded by new internal combustion engine vehicles becoming more fuel efficient.

Chinese demand projected to be flat as EV usage rises

Oil use in China has likely passed its peak, with demand for road transport fuels reduced by strong EV sales. EVs are projected to reach 24% of the passenger vehicle fleet in China by 2027, up from 11% in 2024. China is also reducing its reliance on diesel by diversifying the fuels used in heavy goods transport. The displacement of diesel is happening through a combination of LNG and electrification. The IEA projects that the switching away of transport fuels will result in an additional displacement of 2.5 mb/d by 2030.

Ex-OECD demand to gain on strong GDP growth

Oil consumption is projected to grow in ex-OECD nations; GDP growth remains one of the key drivers of oil usage in these economies. As purchasing power rises, motor vehicle sales increase and air travel becomes viable to larger parts of the population. Industrialisation also lifts oil consumption for heating and petrochemicals. Almost 25% of ex-OECD oil demand is projected to come from India. According to the IMF, India is forecast to average strong growth (at 6.5%) out to 2027. The IEA projects that strong economic growth will drive Indian oil demand from 5.75 mb/d in 2024 to 6.08 mb/d in 2027. With prices projected to fall, it is likely that demand by ex-OECD nations will rise as cheaper oil products become available.

7.3 World Production

OPEC+ to regain market share as long held supply cuts are unwound

Global oil production is projected to grow from 103 mb/d in 2024 to 107.9 mb/d in 2027. The growth is expected to be led by strong new supply growth in the Americas and rising OPEC+ (Organisation of Petroleum Exporting Countries plus other petroleum exporting countries) supply.

At the beginning of 2025, there were 5.9 mb/d of output cuts in place by OPEC+. This year 2.2 mb/d of those will be officially unwound in September 2025. The next tranche of cuts of cuts were initially slated to be unwound from the end of 2026, however On 8 September 2025 OPEC announced a further unwinding of 137 kb/d which would start unwinding the second tranche of cuts.

While on paper the 2.2 mb/d OPEC+ cuts have largely been unwound, some of that additional capacity has not materialised. Compensation schemes for member countries that have over produced have nullified some cuts. Some overproducing nations have also held their output steady, as they were already producing above their quotas. While OPEC+ has been releasing more barrels, the group has signalled that it would cut supply if market conditions call for it.

NGL (Natural Gas Liquids) output – oil that is produced as a byproduct of natural gas extraction – from OPEC member countries is expected to continue to rise, even if there is no further increase in oil extraction. The IEA forecasts that OPEC NGLs will increase from 5.55 mb/d in 2024 to 6.25 mb/d in 2027. NGL production is unlikely to be cut back, as the profitability of these operations is mostly dependent on natural gas prices.

Oil production in Brazil – a member of OPEC+ but not subject to any production quotas – is forecast to increase through the outlook period. The IEA forecasts that production will increase from 3.4 mb/d in 2024 to 4 mb/d despite falling prices. Petrobras – the majority state-owned oil producer – stated in August 2025 that even its more unprofitable projects remain profitable at US$45 per barrel, allowing it to continue increasing its production volumes.

Ex-OPEC+ supply to rise as new supply comes online in the Americas

Ex-OPEC+ supply is forecast to rise between 2025 and 2027. The rise will be driven by new projects coming online in the Americas, specifically in Canada and Guyana. Supply increases in Guyana have been progressing, with the IEA forecasting that production should reach 1.05 mb/d in 2027, well above the 2024 level of 0.62 mb/d. Canadian supply is projected to rise from 6.0 mb/d in 2024 to 6.6 mb/d in 2027. Increases in Canadian output are expected to come from increased extraction of light tight oil and optimization of production from oil sands.

The expected increases in OPEC+ production, specifically the unwinding of the 2.2 mb/d cuts, has weighed heavily on prices. Lower prices are likely to result from the curtailing of ex-OPEC+ production. Lower prices will begin to disincentivise higher cost production. The Baker Hughes rig count in the US – an indicator of forward production in the US – fell from an average of 599 in 2024 to 549 on 26 September 2025. The fall in rig count is indicative of lower future production in the US. In general, US production is amongst the most expensive in the world and will therefore likely be the first production to be cut back as prices fall.

7.4 Prices

Prices projected to fall on a combination of strong supply and plateauing demand

The crude oil market is projected to be in surplus every year out to 2027, with strong supply coming online in the Americas and OPEC+. Demand is expected to plateau, and the resulting production surplus is expected to put downward pressure on prices, with Brent crude prices forecast to decline from US$70 per barrel in 2024 to US$59 in 2027.

Prices stable in the September quarter, with some major upside and downside factors

Geopolitical tensions have been the primary driver of volatility of in oil prices in 2025. Attention has centred on conflicts between Russia and Ukraine, and tensions between Iran and Israel. Both Russia and Iran are major oil producers, with Russia producing about 11% of global oil and Iran producing about 3-4% of global oil. Disruptions to their production would strongly impact global balances.

In the early part of the September quarter 2025, prices were relatively stable at around US$70 a barrel. Stable prices masked sharp upside and downside risk factors. The actions of OPEC+ to unwind output cuts have put downward pressure on prices, balancing geopolitical tensions which pushed prices up.

The EU and UK recently changed how the price cap on Russian oil sales is calculated, placing the price cap 15% below the average historical price. Additionally, the prospect of further measures by the US against buyers of Russian oil will put pressure on them to diversify away from Russian oil. Indian purchases of Russian oil have been of particular focus, with

India having become a significant purchaser of Russian oil in recent years. If purchasers do diversify away from Russian oil, some supply may become stranded, effectively reducing global supply and raising prices.

The Russia/Ukraine conflict also poses a downside risk to crude prices: with regular damage being done to Russian refineries in recent months, Russia has diverted crude oil from its own refineries to the export market. Further damage to refineries and refined oil infrastructure could result in higher exports and thus further downward pressure on crude prices.

Low inventories leave the market susceptible to upside risks

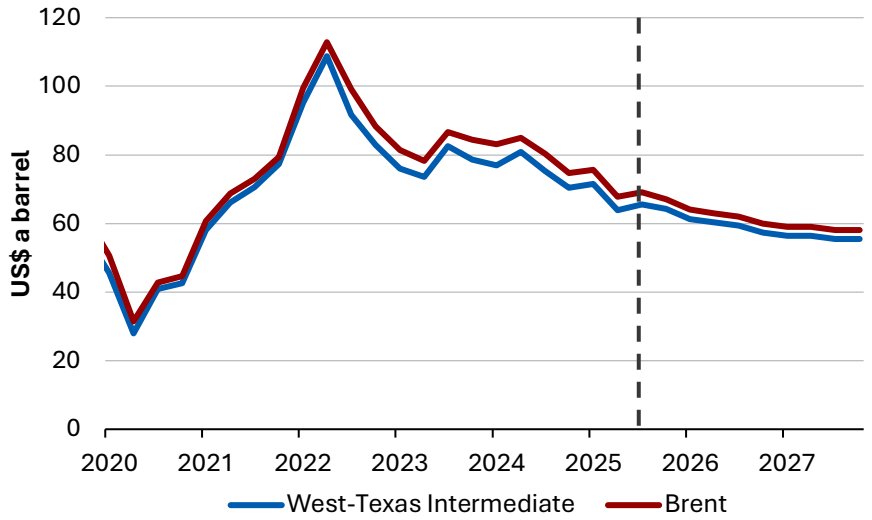
While the oil market is likely to be pushed into surplus over the coming months, OECD inventories are well below pre-2020 levels – as reported by the IEA (Figure 7.4). The low inventories may keep prices somewhat buoyant until inventories are replenished. Low inventories also leave the market more susceptible to price shocks, as there is less room for supply disruptions to be absorbed by stored supplies.

7.5 Australia

Volumes and values to fall as prices drop and oilfields deplete

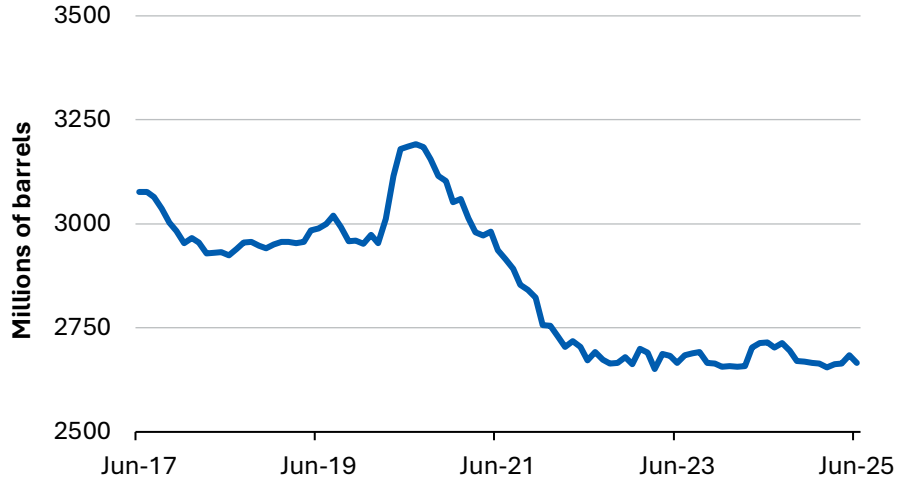
Australian crude and condensate export volumes are projected to fall from 251 kb/d in 2024–25 to 225 kb/d 2026–27. Falling production and prices are expected to result in export revenues falling from $11 billion in 2024–25 to $7.1billion in 2026–27 in real terms (Figure 7.5).

Figure 7.3: Benchmark oil prices



Source: Bloomberg (2025), Department of Industry Science and Resources (2025)

Figure 7.4: OECD oil stocks



Source: International Energy Agency (2025)

Falling production is a result of lower production from depleting fields, particularly in the Northern Carnarvon Basin, which is approaching end of life. The Northern Carnarvon Basin encompasses several notable fields including the North-West Shelf, and the Greater Enfield project.

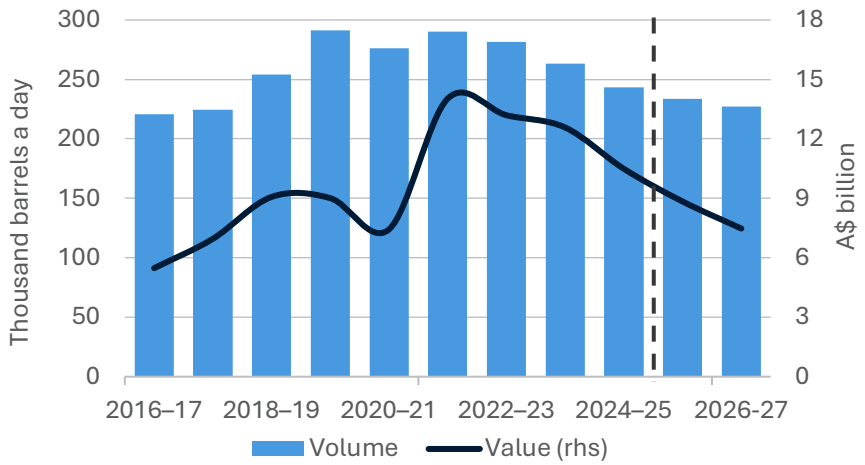
Exploration

Australia's petroleum exploration expenditure in the June quarter 2025 was $291 million falling slightly from $298 million in the December quarter (Figure 7.6). The fall in exploration was the net result of a decrease in onshore and an increase in offshore activity.

Revisions

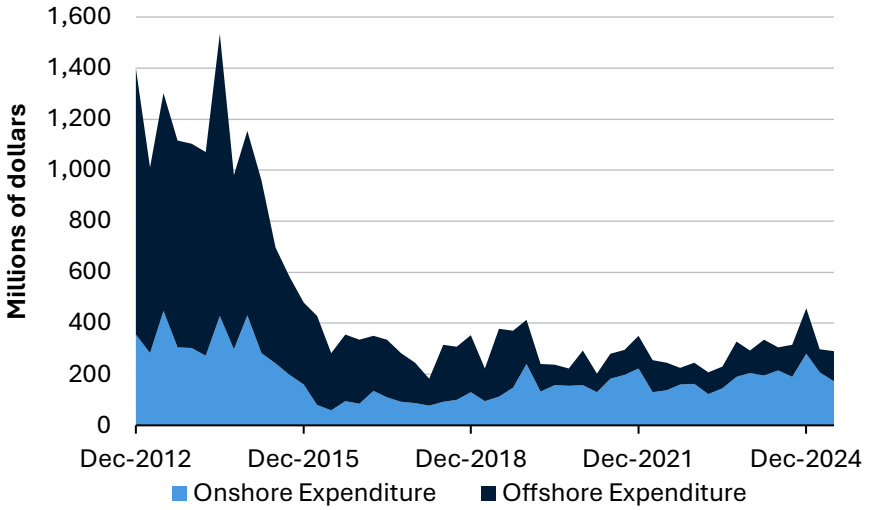
Since the June 2025 *Resources and Energy Quarterly,* the forecasts of Australia's crude and condensate earnings have been revised down by $90 million (to $8.5 billion) in 2025–26, and down by $250 million (to $7.1 billion) in 2026–27.

Figure 7.5: Australia's crude and condensate exports



Source: Department of Climate Change, Energy, Environment and Water (2025), ABS (2025), Department of Industry Science and Resources (2025)

Figure 7.6: Australian onshore and offshore exploration expenditure



Source: Australian Bureau of Statistics (2025)

Table 7.1: Oil outlook

						Percentage change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Production	mb/d	103	106	108	108	2.6	1.8	0.3
Consumption	mb/d	103	104	105	106	1.0	1.1	0.9
WTI crude oil price								
– nominal	US$/bbl	76	66	60	56	-12.7	-10.1	-6.1
– real[h]	US$/bbl	78	66	58	53	-15.3	-12.3	-8.0
Brent crude oil price								
– nominal	US$/bbl	81	70	62	59	-13.4	-11.0	-6.0
– real[h]	US$/bbl	83	70	61	56	-15.9	-13.1	-8.0
Australia	**Unit**	**2023–24**	**2024-25**	**2025-26[f]**	**2026-27[f]**	**2024-25[f]**	**2025-26[f]**	**2026-27[f]**
Crude oil and condensate								
Production	kb/d	275	262	245	237	-4.7	-6.5	-3.5
Export volume	kb/d	264	251	230	225	-4.9	-8.1	-2.3
– nominal value	A$m	12,573	10,761	8,501	7,113	-14.4	-21.0	-16.3
– real value[h]	A$m	13,251	11,073	8,501	6,923	-16.4	-23.2	-18.6
Imports	kb/d	169	169	206	203	0.3	21.9	-1.6
LPG Production	kb/d	95	90	92	93	-4.7	2.3	1.1

Notes: d Primary products sold as LPG; e Excludes LPG; f Forecast; h In 2025-26 financial year Australian dollars. Source: ABS (2024) International Trade in Goods and Services, Australia, Cat. No. 5368.0; International Energy Agency (2026); US Energy Information Administration (2025); Department of Industry, Science and Resources (2025); Department of Climate Change, Energy and Environment (2025)

Uranium

Australia's uranium sector

World No.1

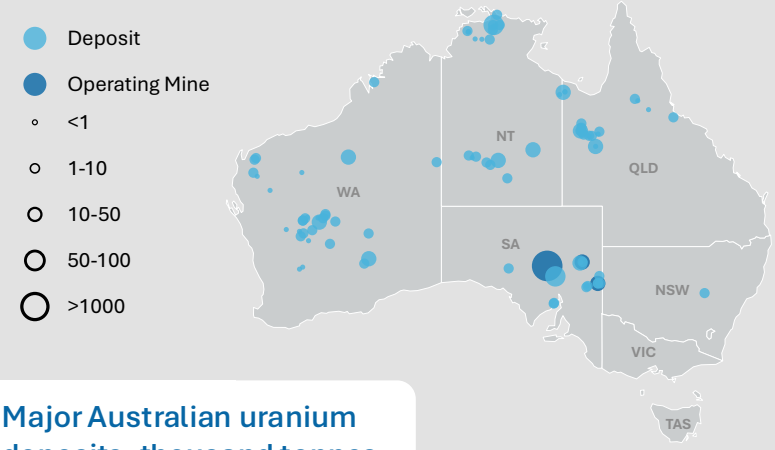
for uranium resources

4th largest

producer of uranium in the world

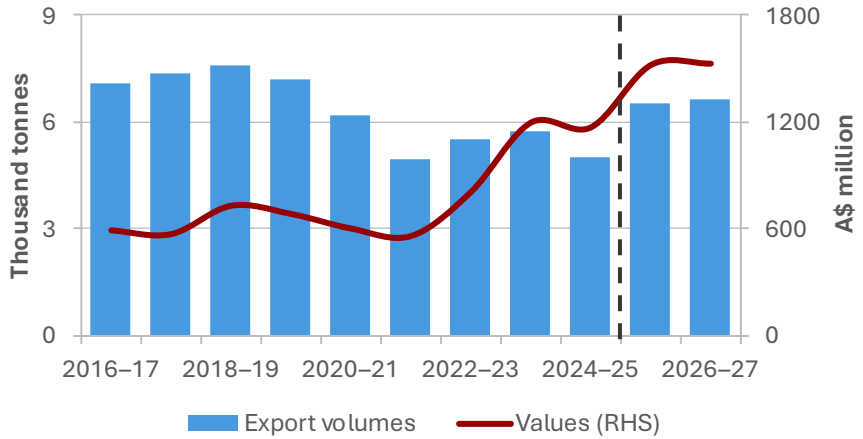
$1,208 million

value of exports 2024–25



Major Australian uranium deposits, thousand tonnes

Australian uranium exports



Outlook

Uranium prices have moderated, and growth is expected

Higher prices and volumes expected from growing demand

The newly reopened Honeymoon mine is ramping up production

Rising prices fuelling higher exploration expenditure

Source: GA, DISR, OCE

8.1 Summary

- Uranium prices are expected to rise from US$69 per pound in H1 2025 to an average of US$88 per pound in 2027.
- Rising nuclear power generation is projected to increase uranium consumption from 95.2 thousand tonnes (kt) in 2024 to 97.4 kt in 2027, with growth driven by rising demand for low carbon energy and baseload power for data centres.
- Australian export volumes are forecast to lift from 5 kt in 2024–25 to 6.6 kt in 2026–27.

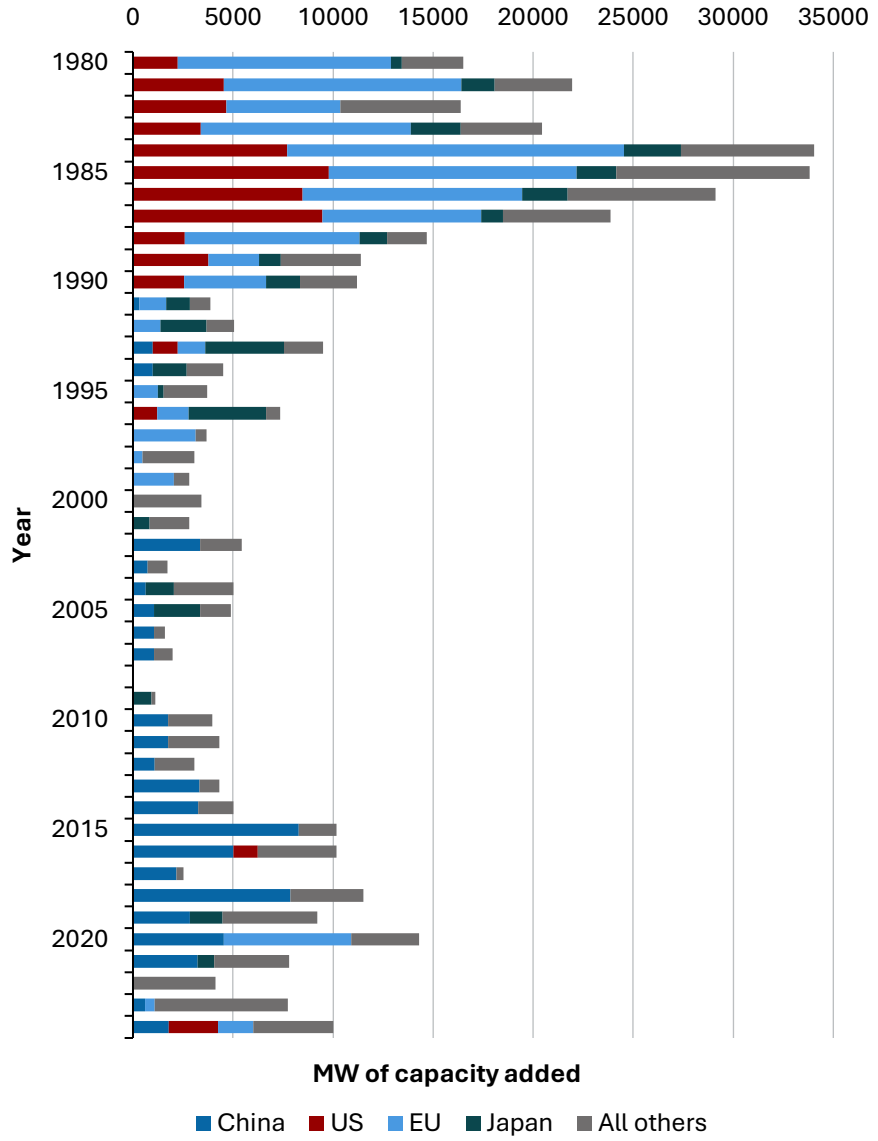
8.2 World Consumption

New reactors in China and India fuelling demand growth

Uranium is primarily used to generate electricity in nuclear reactors. New reactor build has increased over the last decade to support rising demand for low carbon energy (Figure 8.1). Global uranium demand is projected to rise from 95 kt in 2024 to 97.4 kt in 2027, with China and India being the areas of fastest growth (Figure 8.2).

China currently has 33 reactors under construction – over half the reactors currently under construction globally. The Indian government has set out a plan for India's nuclear reactor capacity to reach 100 GWe by 2047 using a mix of large new conventional reactors and Small Modular Reactors (SMRs) of a domestic design. The World Nuclear News reports that India currently has 24 reactors operating, with a capacity of almost 9 GWe. The country also has a further 6 reactors under construction, with more in the planning process. As the Indian nuclear industry matures, the pace of rollout is likely to rise, spurring greater demand for uranium.

Figure 8.1: Megawatts of nuclear energy generation capacity added



Source: International Atomic Energy Agency (2025), World Nuclear Association (2025), Department of Industry Science and Resources (2025)

US Government plans to build 10 new large reactors by 2030

The US currently has the largest operating nuclear power capacity (at 97 GWe), but until recently its expansion plans were relatively limited. A Presidential Executive Order signed in May 2025 aims to support higher nuclear energy generation capacity, calling for construction of 10 large reactors to begin by 2030. The construction of these reactors would lift uranium imports given the US's limited domestic production.

There has been considerable focus in the US on SMRs and micro reactors to supply power to data centres. Although at this stage there are no commercial SMRs or microreactors in service, if early pilots are successful there may be rapid rollouts towards the end of the decade, rapidly lifting uranium demand.

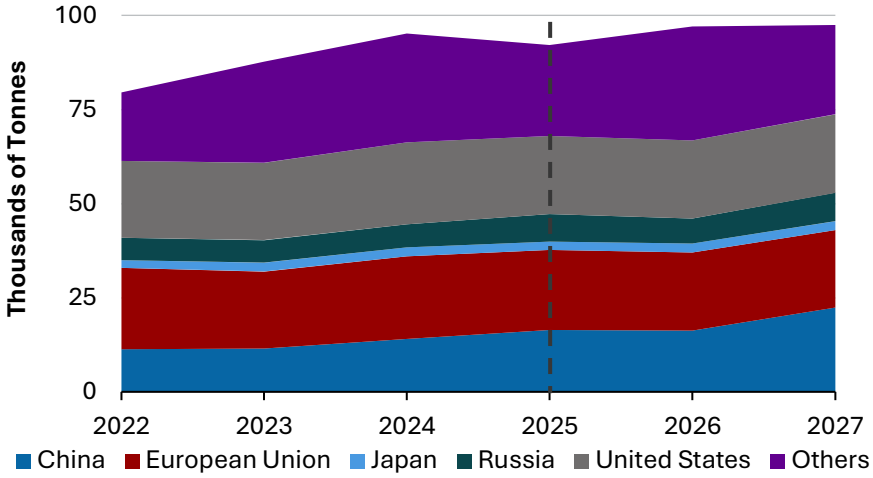
8.3 World Production

Production is rising slowly on expected future demand

Uranium production (including secondary supplies) is projected to rise from 83.5 kt in 2025 to 87.3 kt in 2027 (Figure 8.3). The increase is expected to be driven by a mix of factors: mines previously in care and maintenance returning to production, new mines opening, and operating mines raising production.

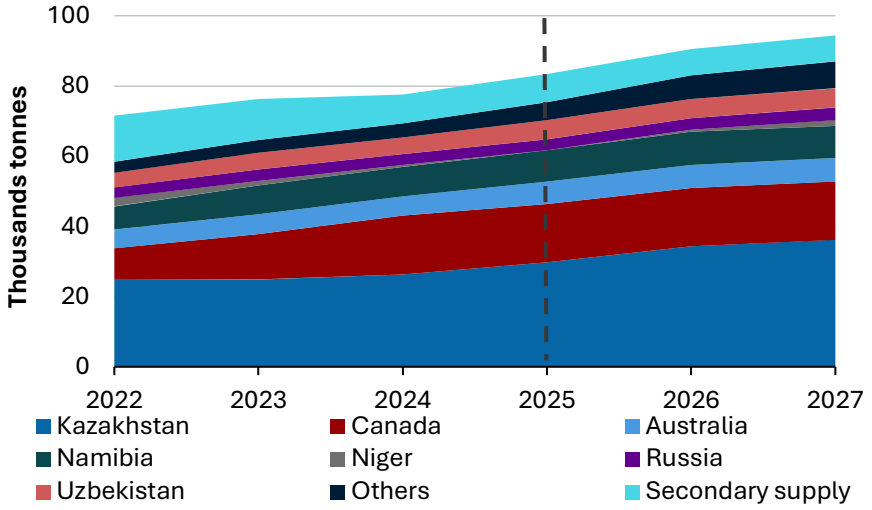
Uranium mining is expanding rapidly in Africa. The Dasa mine in the Niger is scheduled to begin production in 2027 with a nameplate capacity of 2.7 kt a year. Production of uranium at Morocco's Uranext mine – due to begin production in 2026 – will be a byproduct of phosphate mining, with UxC forecasting that uranium production will ramp up from 0.4 kt in 2026 to 1 kt in 2030.

Figure 8.2: Global Uranium Demand



Source: Department of Industry Science and Resources (2025), International Atomic Energy Agency (2025), World Nuclear Association (2025)

Figure 8.3: Global uranium supply



Source: Department of Industry Science and Resources (2025), International Atomic Energy Agency (2025), Ux Consulting (2025)

Kazakhstan cuts 2026 guidance

In August 2025, Kazatomprom – the Kazakh state-owned uranium miner and the world's largest uranium producer – lowered its guidance for 2026 output to 90% of its subsoil use agreements. This is a reduction from 33 kt to 30 kt. The company has signalled wanting to pursue a 'market-centric' approach which will involve trying to better match supply increases with rising demand, rather than focusing purely on increasing volume.

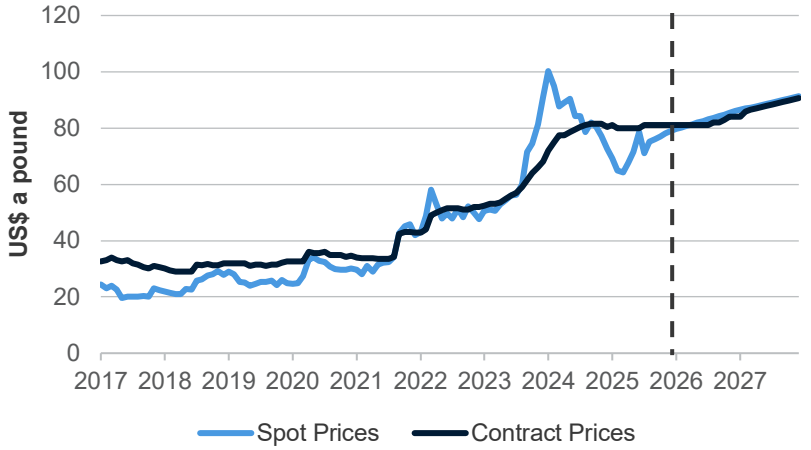
8.4 Prices

Spot prices projected to steadily rise as demand outpaces supply

Spot prices fell and then recovered in H1 2025, with prices for the most part staying between US$70-80 per pound in the September quarter 2025 (Figure 8.4). On the other hand, contract prices have largely been steady at around US$80 per pound so far this year. Steady contract prices are a result of higher prices being locked in by producers in previous months. The uranium that utilities purchase for use in their reactors is generally purchased under long term contracts, whereas the spot market is generally used for more discretionary purchases or speculative purchases by financial institutions.

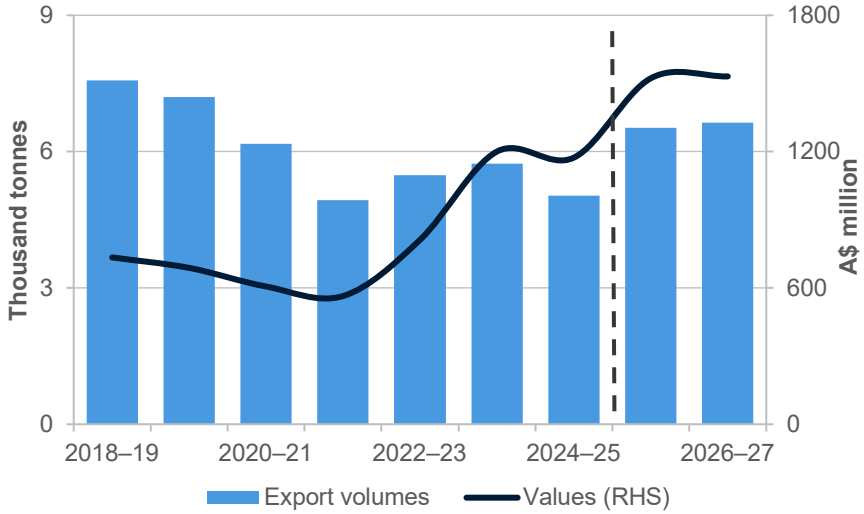
The spot price is projected to rise slightly to US$91 per pound by the end of 2027. While the contract price is projected to increase to US$90 per pound by 2027. Contract prices are expected to be steady until the spot price exceeds the contract price again in 2027.

Figure 8.4: Uranium prices



Source: Cameco Corporation (2025), Department of Industry, Science and Resources (2025)

Figure 8.5: Australian export values and volumes



Source: Department of Industry, Science and Resources (2025)

8.5 Australia

Volumes to rise and values to rise then plateau

The volume of Australian exports is projected to increase from 5.6 kt in 2024–25 to 6.6 kt in 2026–27, which partly reflects increasing production from the Honeymoon mine. Higher volumes and prices are projected to increase export values to $1.5 billion in 2026–27 (Figure 8.5).

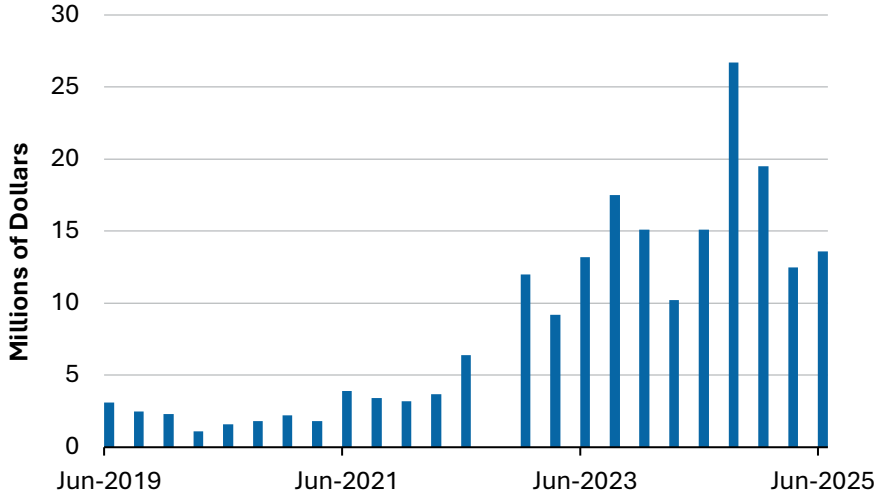
Exploration is increasing

Uranium exploration expenditure in the June quarter 2025 rose to $13.6 million but remains down from its recent peak of $26.7 million in the September quarter 2024. Exploration remains high relative to historical averages due to elevated prices (Figure 8.6).

Revisions to the outlook

Since the June 2025 *Resources and Energy Quarterly*, export values in 2026–70 have been revised up (by $90 million) to $1.5 billion due to higher prices.

Figure 8.6: Uranium exploration Expenditure, quarterly



Note: Data has been made confidential by the ABS for some selected months and is presently unavailable.
Source: Australian Bureau of Statistics (2025)

Table 8.1: Uranium outlook

						Percentage change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Production	kt	69.3	75.5	83.4	87.3	8.9	10.4	4.7
Kazakhstan	kt	26.4	29.7	34.3	36.2	12.5	15.5	5.7
Canada	kt	16.8	16.7	16.6	16.6	-0.7	-0.5	0.0
Namibia	kt	8.2	9.1	9.5	9.1	10.2	4.5	-3.8
Uzbekistan	kt	4.7	5.4	5.4	5.4	15.4	0.0	0.0
Russia	kt	3.1	3.1	3.2	3.5	0.0	5.9	8.4
Niger	kt	0.6	0.0	0.7	1.7	-100.0	NA	145.2
Consumption	kt	95.2	92.2	97.0	97.4	-3.2	5.3	0.4
China	kt	14.0	16.4	16.2	22.4	17.3	-1.0	38.0
European Union 28	kt	22.1	21.2	20.9	20.6	-3.9	-1.8	-1.4
Japan	kt	2.4	2.4	2.4	2.4	0.0	0.0	0.0
Russia	kt	6.0	7.3	6.6	7.6	21.2	-9.5	15.4
United States	kt	21.8	20.8	20.8	20.8	-4.7	0.0	0.0
Price								
– nominal	US$/lb	85.1	72.7	82.8	88.9	-14.6	13.8	7.3
– real c	US$/lb	87.6	72.7	80.8	84.9	-17.0	11.1	5.1
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25[f]**	**2025–26[f]**	**2026–27[f]**
Production	t	5,797	5,679	6,531	6,631	-2.0	15.0	1.5
Export volume	t	5,742	5,034	6,531	6,631	-12.3	29.7	1.5
– nominal value	A$m	1,200	1,174	1,523	1,531	-2.2	29.8	0.5
– real value d	A$m	1,265	1,208	1,523	1,490	-4.5	26.1	-2.2
Average price	A$/kg	209.1	233.1	233.2	230.9	11.5	0.0	-1.0
– real d	A$/kg	220.3	239.9	233.2	224.7	8.9	-2.8	-3.6

Notes: c In 2025 US dollars; d in 2025–26 Australian dollars; s estimate; f forecast.
Source: Department of Industry, Science and Resources (2025); Cameco Corporation (2024); Ux Consulting Uranium Market Outlook (2025)

Gold

Australia's gold sector

3rd largest

producer of gold in the world in 2023

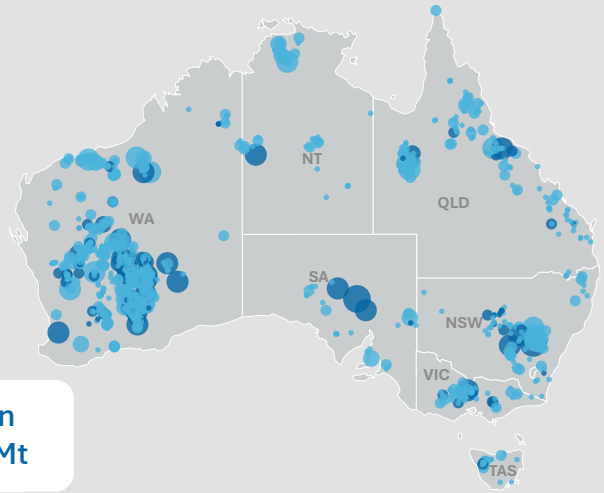
22% of global gold

resources, the largest known

239 tonnes

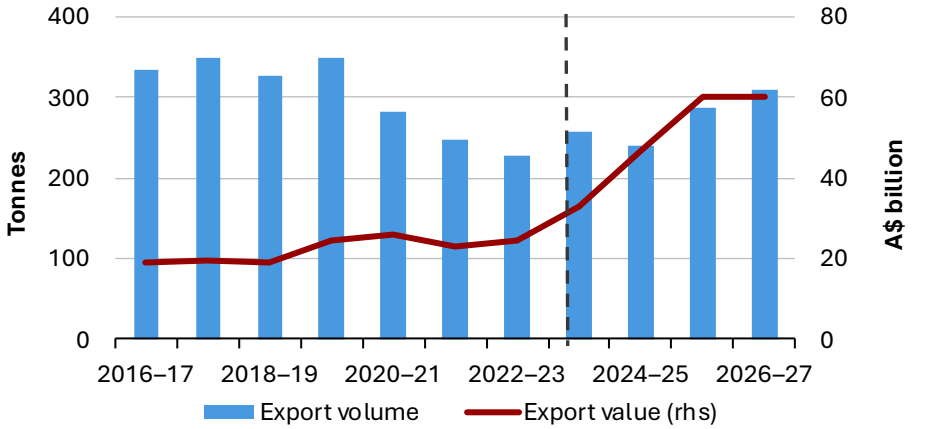
exported in 2024–25, valued at $47 billion

- Deposit
- Operating Mine
- <5
- 5-50
- 50-100
- 100-500
- >500



Major Australian gold deposits, Mt

Australian gold exports



Outlook

- Prices expected to remain high over the outlook with a peak in 2025–26
- Export earnings to peak in 2025–26
- Production will rise over the outlook period
- Exploration spending has increased

Source: GA, DISR, OCE

Gold trade map

Source: UN ITC; ABS
Note: Global trade data reflects trade in HS code 7108 (Gold, including gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form). This includes ETF and investment flows.

9.1 Summary

- Gold hit a new record of US$3,764 an ounce on 23 September 2025. Prices are forecast to remain high over the rest of 2025 before falling slowly over 2026 and 2027 (averaging around US$3,250 in 2027).
- Persistently high gold prices have pushed up global mine supply and recycling to modestly exceed elevated levels of gold demand. The supply surplus should persist over the next couple of years.
- From an estimated $47 billion in 2024–25, high prices and rising export volumes are forecast to push gold earnings to $60 billion in 2025–26 and 2026–27.

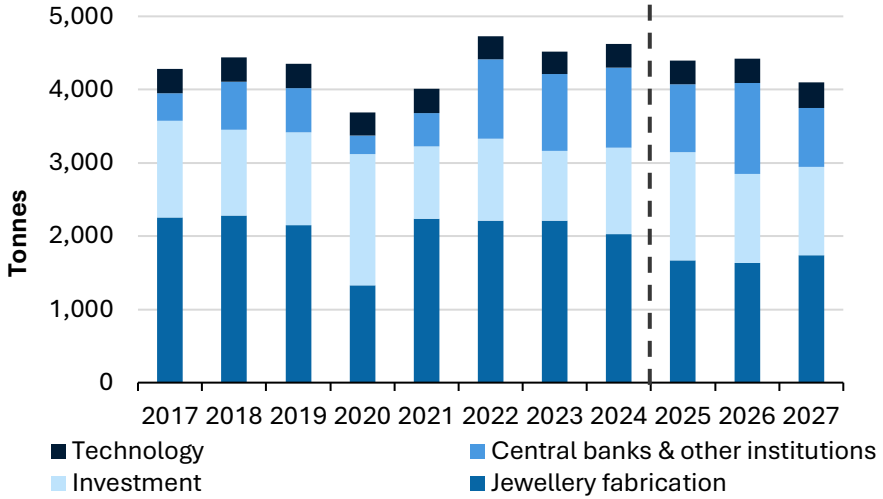
9.2 World demand

Global demand remains strong as markets adjust to prolonged uncertainty and higher trade barriers

Global gold demand increased 10% year-on-year in the June quarter to 1,079 tonnes, after two quarters of 15% growth. The rise in demand was driven by higher investment in bar and coins (up 78% year-on-year to the June quarter to 447 tonnes), with jewellery, industrial and central bank demand all dropping.

The easing in gold demand growth from the very high levels in the previous two quarters is due to persistent high prices weighing on jewellery and central bank demand. Exchanged traded fund (ETF) investment flows have slowed but continued inflows and a higher gold price in June pushed global gold ETFs' total assets under management up by 1% to US$386 billion. Gold demand is projected to drop slightly in H2 2025 and remain at around 4,100 tonnes a year over the outlook period. Annual investment demand will stabilise from 2026 at about 1,200 tonnes after a forecast 5-year high of 1,477 tonnes in 2025 (Figure 9.1).

Figure 9.1: Gold demand



Source: World Gold Council (2025), Metals Focus (2025), Department of Industry, Science and Resources (2025)

A moderation in investment demand over 2026 will likely come as a result of a less pessimistic world economic backdrop, with the US economic outlook stabilising. Over the outlook period, it is expected that concerns about geopolitical instability and the US fiscal situation will help to support the gold price.

Industrial demand is expected to be strong over the outlook period with an expected pick up in global industrial production driving demand.

Central bank gold buying is forecast to be around 1,000 tonnes in 2025, similar to 2022 and 2023. Prior to 2022, annual demand from central banks was roughly 400–500 tonnes a year. Over the

rest of the outlook period, central bank buying will continue near current levels as central banks reach their reserve targets.

The 2025 World Gold Council survey of central banks found that 95% of central banks believe that global central bank gold reserves will increase over the next 12 months, including 43% believing that their own gold reserves will rise. Central banks noted that they are more actively managing their gold reserves compared to last year. Active management of gold reserves means more frequent adjusting of gold holdings for strategic objectives beyond just meeting a specific stockpile volume. The most common strategic objective of central banks' active management this year is managing risks to their reserve holdings. Risks to be managed include hedging against currency devaluations of foreign reserve holdings, inflation and geopolitical risks or asset freezes. Last year, the majority of central banks that actively managed their reserves cited tactical trading with the intention of making returns.

Persistent high prices drive down jewellery demand, particularly in China

Jewellery demand dropped 10% in the June quarter year-on-year to 341 tonnes. To 2024, Jewellery demand dropped by 11% in with the strongest drop in China (-24%). India recorded a more modest drop of 2%. Given the low demand for jewellery, jewellery fabrication demand has dropped to almost the same as the volume of gold recycling in Q2 2025.

Given weak consumer sentiment and economic headwinds from tariffs, it is not expected that Chinese gold consumption will pick up in 2025–26. The drop in Indian in jewellery demand will persist through 2025, down roughly 10% drop year-on-year to 2024, despite a positive economic outlook for the Indian economy. Indian consumers will likely opt for lower carat and lighter weight pieces.

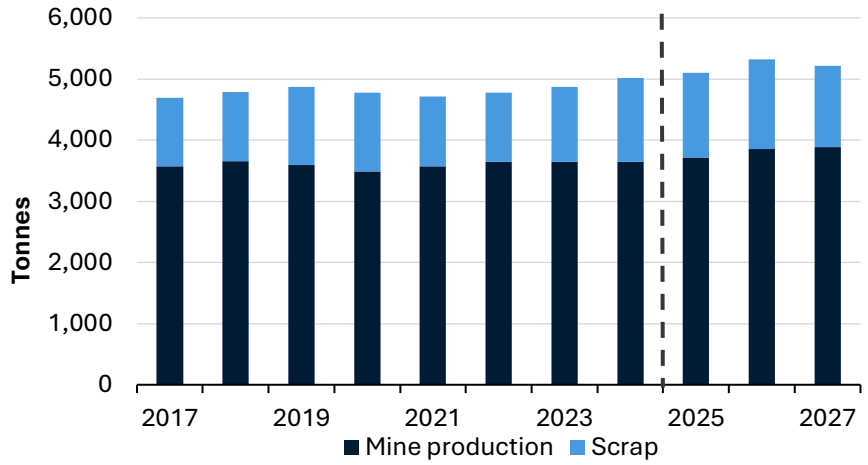
Western market jewellery consumption has also fallen as gold prices increased. Similar to India, lightweighting (demand for 10 carat gold rather than 14 carat) in America has caused unit sales to fall. It is expected that this trend will continue in the US, but dollars spent on gold is anticipated to grow over the outlook period, particularly as prices fall.

9.3 World production

World supply will grow slightly in 2026 before falling over the outlook period

World supply is forecast to peak in 2026 at about 5,300 tonnes, as new mine supply comes online and ramp-up of new projects, supported by output at existing operations. From here supply will drop to around 5,000 tonnes per year (Figure 9.2) in 2027.

Figure 9.2: Global gold supply



Source: World Gold Council (2025), Metals Focus (2025), Department of Industry, Science and Resources (2025)

From 2027, if world gold mine production is to stabilise, new projects or expansions will need to come online to replace resource depletion.

Global recycling grew by 4% to the March quarter 2025 with slow recycling growth in India and China. Most of the growth in scrap came from Europe and North America with increasing volumes of gold being brought back as strong prices drew out scrapping of inventories.

Over the outlook period, scrap supply is forecast to increase to a 14-year high of 1,460 tonnes in 2026 and then drop gradually as prices decline from 2027

9.4 Prices

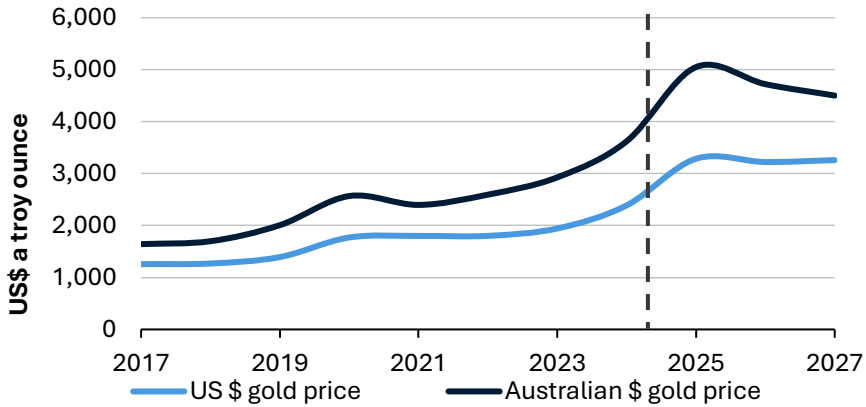
Lower interest rates and save haven demand will see gold remain at near-record highs until H2 2026

After two years of strong gains, the gold price flattened out in the first two months of the quarter at around the US$3,200–3,500 an ounce range – on the back of some better indicators of the global economy including the US, de-escalating trade tensions and rebounding equity markets. A push since mid-September 2025 to record highs came as signs of weaker US jobs growth spurred speculation of US interest rate cuts.

Limiting the downside to the gold price in the near term is the ongoing uncertainty of possible impacts from tariffs on the US economy, geopolitical concerns and possible further US dollar weakness. As official US interest rates come down, gold demand will increase on a lower opportunity cost of interest-bearing deposits. Worries over rising US inflation have added to gold's attractiveness: gold is viewed by some as an inflation hedge.

Alongside increased safe-haven demand by investors since 2022, stable and high central bank purchasing of gold has underpinned gold prices in recent years. Based on likely sustained volumes of central bank purchasing, the gold price is forecast to stay around US$3,200 an ounce.

Figure 9.3: Average yearly gold price



Source: Department of Industry, Science and Resources (2025)

Jewellery consumption, traditionally the largest part of gold demand, is likely to be discouraged by sustained high gold prices over the outlook period.

Even with a less concerning trajectory for the global economy over the outlook period, the gold price is likely to hold well above pre-2022 levels – when the Russian invasion of Ukraine helped spark rising levels of safe haven and central bank buying.

9.5 Australia's trade, production and exploration

Australian gold production to increase with new mines coming online

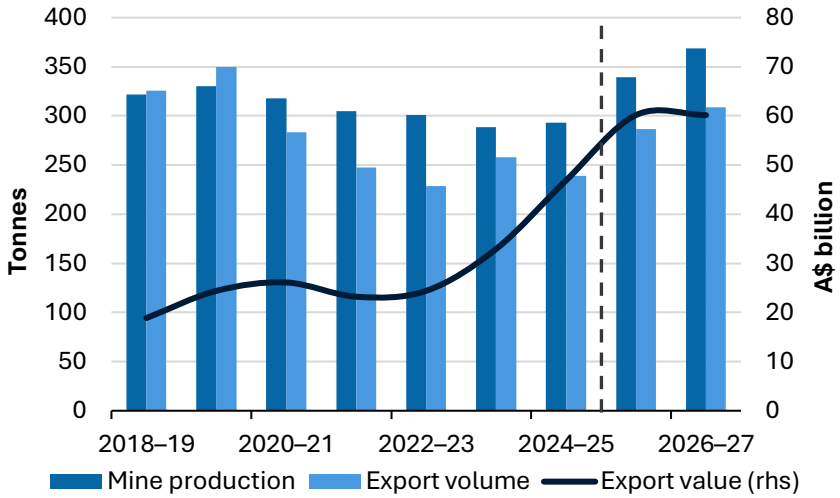
Australian mine production is expected increase sharply over the next two years. From 293 tonnes in in 2024–25 to 369 tonnes in in 2026–27 (Figure 9.4). This expected increase in production is due largely to the Hemi mine coming online and the KCGM Mill expansion. Another two large mines, Cadia and Tanami are both undergoing major works which will also boost Australian production when complete. New mines Murchison, Challenger and Blackjack will add about 6 tonnes a year to Australian production from this quarter.

High prices, leading to opportunities from high profits, have driven significant activity over the last two years with strong capital raising, and mergers and acquisitions activity. Firms in the sector are securing future growth through a number of strategies. These include, new and expanded mines, boosting of operational efficiency and diversification of global assets to mitigate risks such as sovereign risk. Some companies are also seeking to operate across more of the gold value chain by investing in expanded operations or using acquisitions to vertically integrate.

High prices have also raised the viability of lower grade mining operations, unlocking significant deposits of lower grades at new and existing mines. At the same time, this has also led to some Australian miners switching to processing lower grades to extend mine life with miners such as Newmont noting this approach at Boddington and Tanami mines, with downward revisions for both these mines in the March and June quarter.

The Hemi gold mine is due to be operational in 2026 with production expected to be around 17 tonnes a year. It is one of the most significant undeveloped goldfields in Australia. The KCGM Mill expansion will bring production capacity up significantly, to about 28 tonnes a year by around 2028. Production at Newmont's Boddington mine has been revised upwards, with around 4 tonnes more production than expected for H1 2025.

Figure 9.4: Australian gold exports and mine production



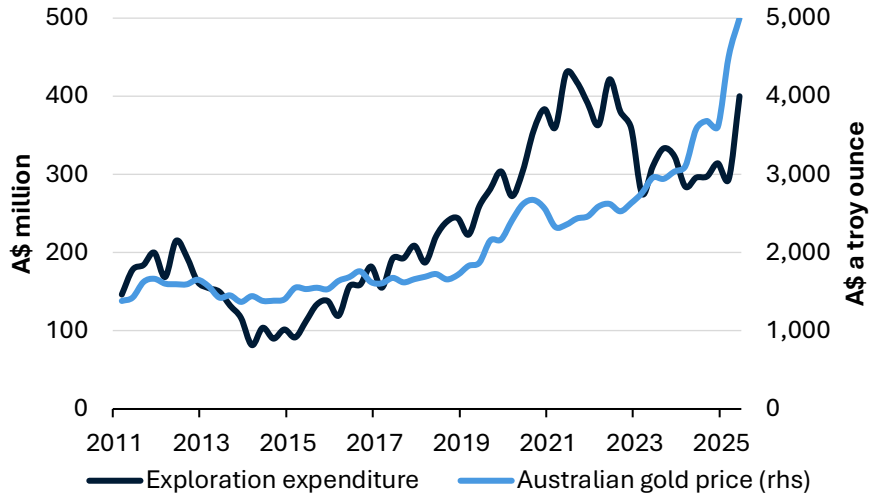
Source: Department of Industry, Sciences and Resources (2025), Metals Focus (2025), World Gold Council (2025)

In aggregate, these factors will cause an increase in production compared to the June 2025 REQ. It is estimated that gold production of Australian mines could increase by around 67 tonnes between 2024 and 2027 (Metals Focus 2025).

Gold exploration hits the highest level since June 2022.

As anticipated in the June 2025 REQ, gold exploration spending has picked up to the highest level since the June 2022 quarter, tracking high gold prices (Figure 9.5). Gold exploration spending rose by 34% year-on-year to the June quarter to $400 million. Gold's share of total mineral exploration in Australia rose to 40% (+6 ppt) since the June quarter.

Figure 9.5: Gold exploration and price (quarterly)



Source: ABS (2025), Department of Industry, Science and Resources (2025)

Gold exports to rise to 2026–27 on higher price/volumes

Export earnings were $47 billion in 2024–25, up by 42% from 2023–24. Export earnings are forecast to grow by another 28% to 2025–26 to $60 billion and then stay flat in 2026–27. The driver of the increase to 2025–26 is sharply higher gold prices. Gold prices will drift down after 2025, with an offsetting rise in Australian gold output keeping export values flat over the outlook period.

Revisions to the outlook

Gold exports are now forecast at $60 billion in 2025–26, up $4 billion from the June 2025 REQ. The main driver of upward revisions to export values in 2025–26 has been the extraordinary surge in US dollar gold prices. Exports in 2026–27 are forecast at $60 billion, up $8 billion from the June 2025 REQ. The earnings revisions reflect upward revisions to both the US dollar gold price and Australian export volumes.

Table 9.1: Gold Outlook

						Annual percentage change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Total demand	tonnes	4,624	4,475	4,088	4,096	-3.2	-8.6	0.2
Fabrication consumption [b]	tonnes	2,353	2,456	2,856	2,889	4.4	16.3	1.2
Mine production	tonnes	3,646	3,710	3,852	3,884	1.7	3.8	0.8
Price [c]								
– nominal	US$/oz	2,387	3,285	3,222	3,259	37.6	-1.9	1.1
– real [d]	US$/oz	2,457	3,272	3,211	3,111	33.1	-1.9	-3.1
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Mine production	tonnes	289	293	340	369	1.6	15.9	8.5
Exports								
– volume	tonnes	258	239	287	309	-7.4	19.9	7.7
– nominal value	A$m	32,931	46,889	60,183	60,160	42.4	28.4	0.0
– real value [e]	A$m	34,708	48,248	60,183	58,551	39.0	24.7	-2.7
Price								
– nominal	A$/oz	3,171	4,368	5,020	4,652	37.8	14.9	-7.3
– real [e]	A$/oz	3,342	4,495	5,020	4,528	34.5	11.7	-9.8

Notes: **b** includes jewellery consumption and industrial applications; **c** London Bullion Market Association; **d** in 2025 US dollars; **e** in 2025–26 Australian dollars; **f** Forecast
Sources: ABS (2025); Department of Industry, Science and Resources (2025); London Bullion Market Association (2025); World Gold Council (2025).

Aluminium, alumina, bauxite (AAB)

Australia's AAB sector

9.2%

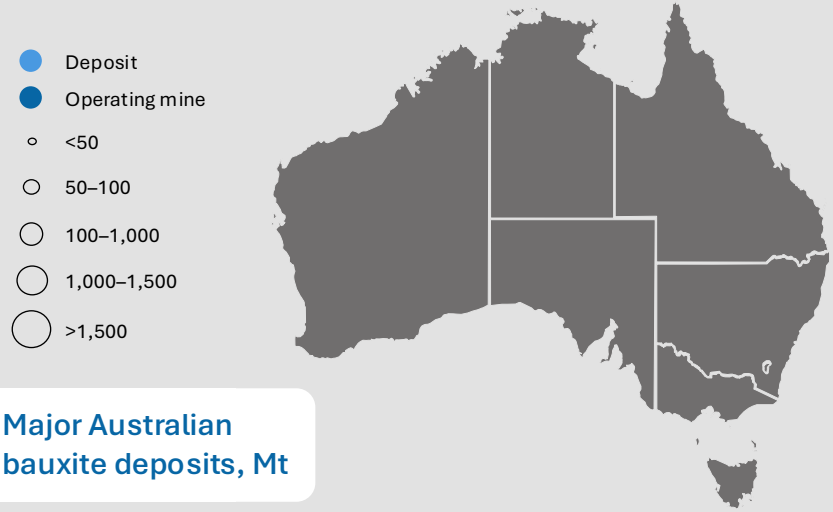
of global primary aluminium exports are Australian

$23 billion

of AAB exported in 2024–25

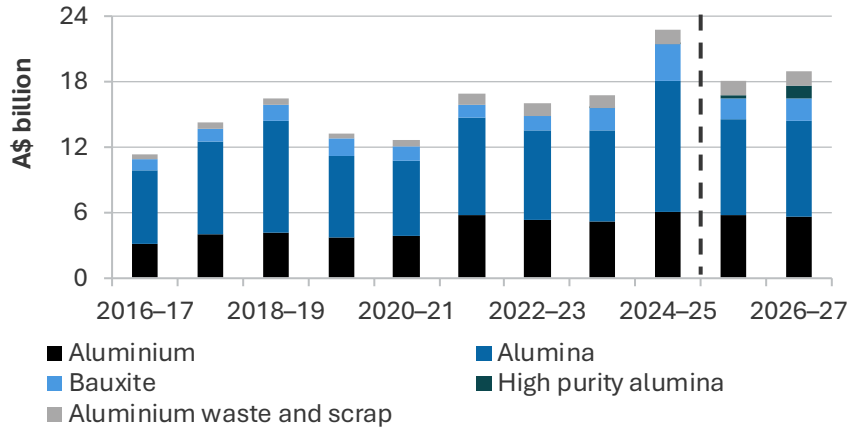
Over 98%

of Australian bauxite is exported to China



Major Australian bauxite deposits, Mt

Australian AAB exports

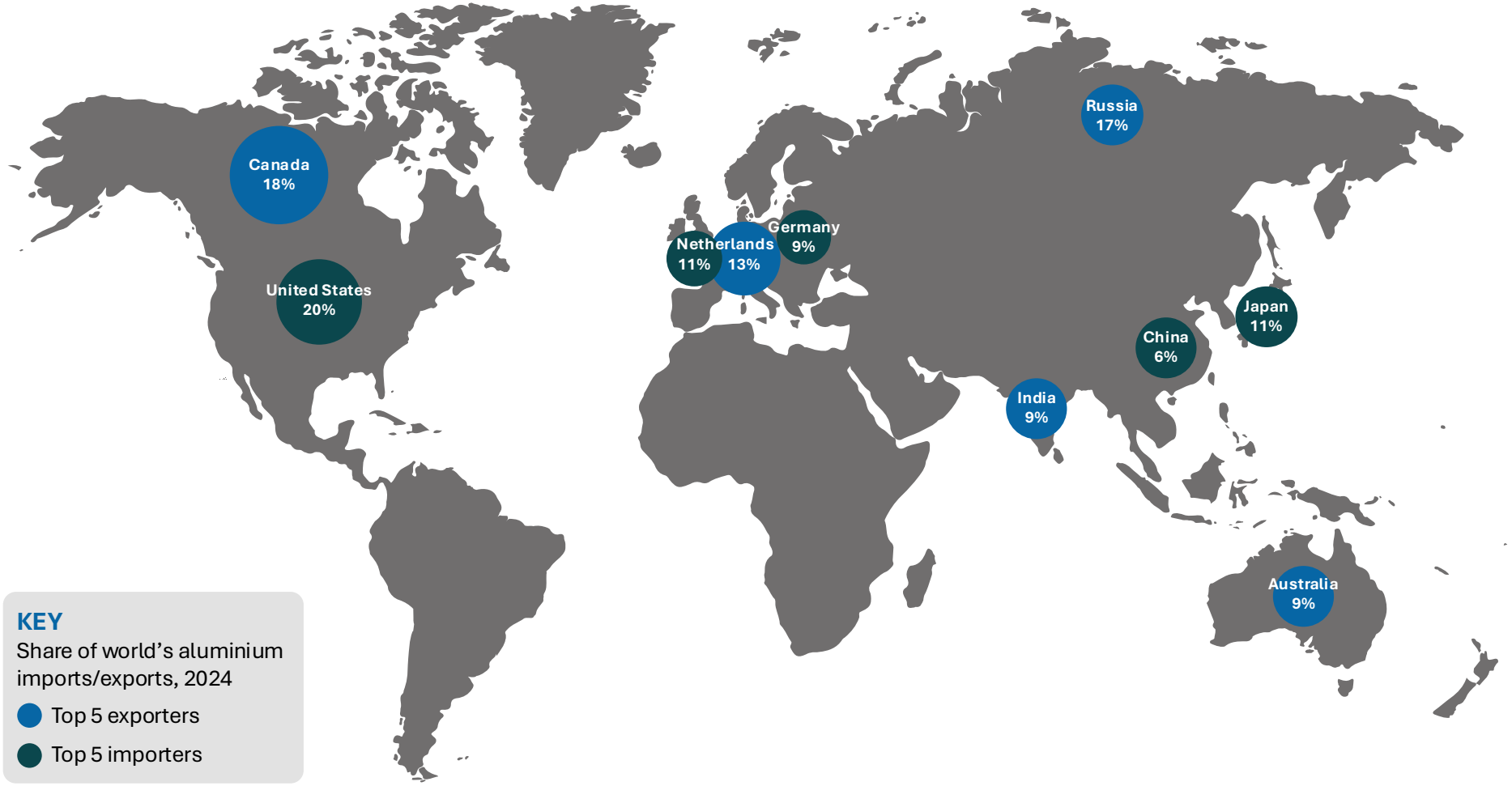


Outlook

- Bauxite exports to reach record of 44 million tonnes in 2026–27
- Australian alumina output to reach 18 million tonnes per annum
- Bauxite output sets to reach a record of 104 million tonnes in 2026–27
- Aluminium prices expected to remain elevated

Source: DISR, OCE

Aluminium trade map



Source: WBMS, ABS

10.1 Summary

- The demand for, and prices of, aluminium, alumina and bauxite (AAB) are expected to remain volatile in the short term. The rise in aluminium supply is expected to exceed the rise in global demand over the outlook period, notwithstanding strong demand for aluminium for energy-efficient cars and technologies. The demand for, and supply of, green aluminium is expected to rise, driven by the need to reduce carbon emissions. The alumina price is expected to fall over the outlook period as global supply recovers.
- Australia's annual primary aluminium output is expected to be stable at 1.6 million tonnes (Mt) over the outlook period. Increased production at South32's Worsley alumina refinery is expected to lift Australian output to 18 Mt in 2026–27. New projects and sustained output in existing mines are expected to lift Australian bauxite output to 104 Mt in 2026–27.
- After surging on a spike in the alumina price in 2024–25, Australia's AAB export earnings are forecast to fall from $23 billion to around $18 billion a year over the outlook period, as alumina prices fall.

10.2 World demand

Renewable energy infrastructure boosted aluminium demand in the first half (H1) 2025

China's rapid buildup of renewable energy infrastructure (solar and wind power installation activities) – an aluminium-intensive energy transition sector – drove global primary aluminium demand up by 3.1% year-on-year in H1 2025 to 37 Mt. Over this period, primary aluminium demand in China increased by 3.8% year-on-year to 24 Mt. Between January and May 2025, China added 198 gigawatts (GW) of solar and 46 GW of wind (enough to generate enough electricity for the fourth largest population in the world – Indonesia).

Cost-cutting efforts by automotive makers have led to greater use of recycled aluminium and helped to push secondary aluminium demand up by 3.9% in the first half of 2025 to 13 Mt.

Higher global primary aluminium production boosted the demand for alumina (as an input to aluminium production) by 4.2% year-on-year in H1 2025 to 72 Mt. Demand in China and India rose by 5.8% and 0.9%, respectively, as Chinese and Indian aluminium smelters required more alumina to increase primary aluminium production.

Higher alumina production in China increased global bauxite demand by 6.0% year-on-year in H1 2025 to 188 Mt – compared to a 4.1% year-on-year rise in H2 2024.

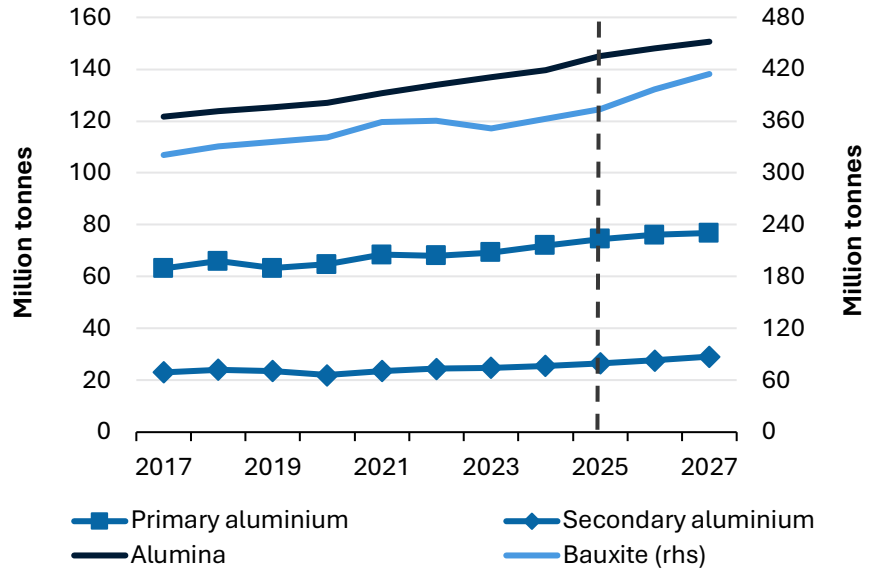
Ongoing demand from the energy transition sectors to drive aluminium demand further

Strong demand from the EV manufacturing and other low emission technology sectors is expected to boost global aluminium demand from 74 Mt in 2025 to 77 Mt in 2027 (Figure 10.1).

India's US$1.5 trillion green energy plan is likely to boost global demand for primary aluminium. India's government has a target of 500 GW of renewable energy capacity and 30% EV penetration by 2030 to help achieve net-zero by 2070. India's demand for primary aluminium demand in the renewable sector (including gridlines, wind and solar) is estimated to rise from 661,000 tonnes in 2024 to 1.3 Mt in 2030 (Bloomberg NEF

estimates). From 169,000 tonnes in 2024, India's EV producers are projected to require 948,000 tonnes of primary aluminium in 2030 (Bloomberg NEF estimates).

Figure 10.1: World primary aluminium, alumina and bauxite demand



Source: Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025); Wood Mackenzie (2025); CRU (2025).

Rising primary aluminium prices and demand for low-carbon aluminium are expected to boost recycled aluminium demand over the outlook period. Recycled aluminium demand is forecast to rise from 27 Mt in 2025 to 29 Mt in 2027, with the International Aluminium Institute noting that recycling aluminium uses 95% less energy than primary aluminium.

In China, demand for recycled aluminium is expected to grow at a faster pace over the outlook period. The need to decarbonise and the primary aluminium production capacity cap of 45 Mt a year set by the Chinese Government in 2017 are likely to reduce domestic primary aluminium availability. Outside of China, the need to lower a nation's carbon footprint is likely to accelerate the use of secondary aluminium.

An expected rise in global primary aluminium production will drive higher demand for alumina over the outlook period. World alumina demand is forecast to increase from 145 Mt in 2025 to 151 Mt in 2027 (Figure 10.1).

An expected rise in Chinese, Indian and Indonesian alumina production is likely to lift global bauxite demand over the outlook period; usage should rise from 373 Mt in 2025 to 414 Mt by 2027 (Figure 10.1).

10.3 World supply

China pushed global aluminium and alumina output higher in H1 2025

A rise in Chinese supply contributed to a 4.2% year-on-year rise in global primary aluminium output in H1 2025 to 37 Mt. Over this period, China produced 22 Mt of primary aluminium (up 5.8% year-on-year), with producers reacting lowering alumina prices and energy costs, and rising aluminium demand from increased infrastructure spending.

Driven by the increased demand for recycled aluminium, global recycled aluminium output rose by 7.7% year-on-year to 20 Mt in H1 2025. The US accounted for most of this increase, with recycled aluminium output increasing by 8.9% year-on-year.

Higher alumina output in China offset the fall in Australia – the world's second largest alumina producer – which saw global alumina output in H1 2025 rise by 4.5% year-on-year.

Higher bauxite output from Guinea and Australia boosted global bauxite output by 9.7% year-on-year in H1 2025.

Ex-China producers set to drive up global AAB output

Greenfield projects and expansions in ex-China regions are expected to lift global primary aluminium output over the outlook period. It is forecast that global primary aluminium supply will increase from 74 Mt in 2025 to 77 Mt in 2027 (Figure 10.2). Indonesia will contribute most to this rise. Primary aluminium supply in Indonesia is forecast to rise from 0.7 Mt in 2025 to nearly 1.4 Mt in 2027. Indian primary aluminium output is forecast to rise from 4.2 Mt in 2025 to 4.7 Mt in 2027.

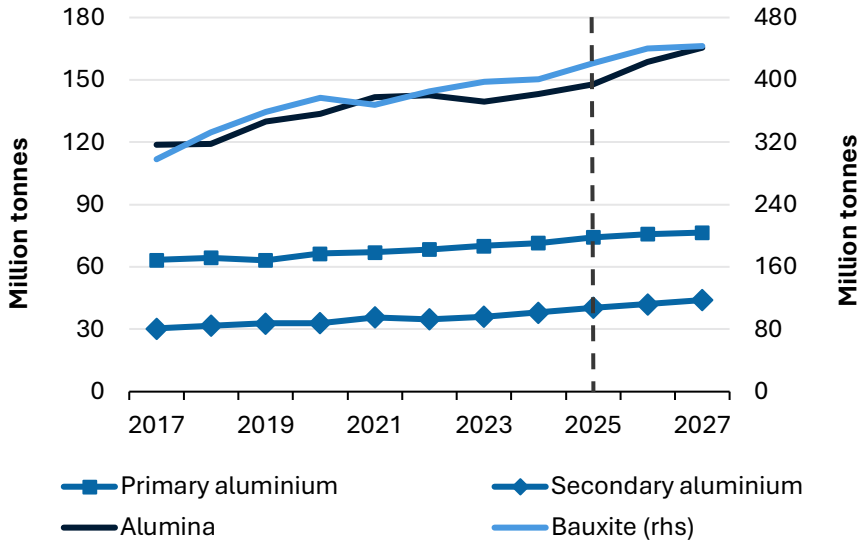
In China, the government-imposed production cap of 45 Mt primary aluminium a year is likely to restrict further output expansion. It is forecast China's primary aluminium output will reach 44.4 Mt by the end of 2027.

In the US, Emirates Global Aluminium (EGA) from the United Arab Emirates (UAE) will invest US$4 billion to build a 600,000 tonne a year primary aluminium smelter in Oklahoma (subject to a feasibility study), as part of US$200 billion worth of new commercial deals proposed between the US and the UAE. The project would be one of the only a handful of new aluminium smelters built in the US in the past five decades. The smelter would nearly double US primary aluminium production once completed in 2029.

In July 2025, Alcoa announced the restart of its 228,000 tonnes a year primary aluminium San Ciprian aluminium smelter in Spain. San Ciprian smelter was severely affected by the power outage on 28 April 2025. The restart is expected to be completed by mid-2026.

The operations of South32's 355,000 tonnes a year Mozal Aluminium Smelter in Mozambique are likely to be placed on care and maintenance after March 2026. On 24 August 2025, South32 made the announcement following unsuccessful efforts to secure affordable electricity supply.

Figure 10.2: World primary aluminium, alumina and bauxite supply



Source: Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025); Wood Mackenzie (2025); CRU (2025).

Driven by higher output from China, the US and Europe, global recycled aluminium output is forecast to increase from 40 Mt in 2025 to 44 Mt in 2027.

New refineries and production ramp-ups in China and ex-China regions are expected to increase global alumina output over the outlook period. It is forecast that global alumina supply will increase from 148 Mt in 2025 to 164 Mt in 2027 (Figure 10.2).

China's alumina output is forecast to hit nearly 98 Mt by 2027, driven by new greenfield projects and expansions in the coastal regions.

Outside of China, Indonesia's alumina output is forecast to rise from 4.8 Mt in 2025 to 7.6 Mt in 2027. India's alumina output is forecast to rise from 7.8 Mt in 2025 to 12 Mt in 2027.

Higher production from Australia, Indonesia and India is expected to increase global bauxite output from 422 Mt in 2025 to 443 Mt in 2027. In Australia, bauxite mine production is expected to continue to grow, but at a slower pace. Mine depletion and grade deterioration are likely to outpace the impact of mine expansions. In Indonesia and India, new refinery projects are likely to drive bauxite supply growth until 2027.

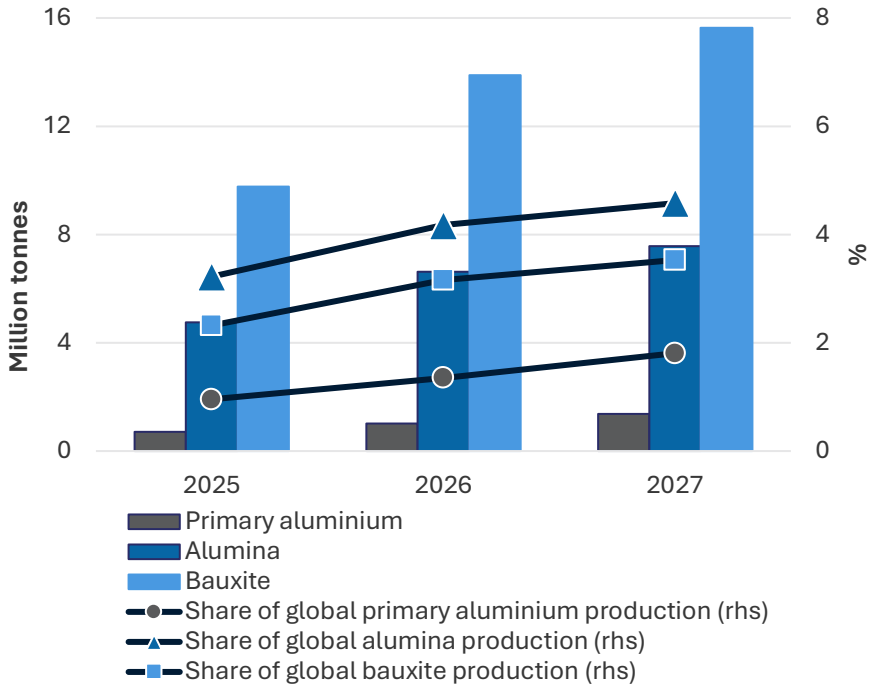
Following a decade of uninterrupted year-on-year growth, Guinea's bauxite output is expected to plateau from 2026 onwards. On 22 August 2025, EGA ceased the mining operations of its subsidiary, Guinea Alumina Corporation (GAC). The termination came after the Guinean Government terminated GAC's mining agreement in July 2025. GAC owned and operated a 14 Mt a year Sangaredi bauxite mine in the Guinean state of Boke.

Indonesia set to ramp up production

Indonesia has ramped up its investments in the aluminium sector to strengthen its position as a major player in the global supply chain. Despite the project increase, Indonesia's market share would remain relatively small.

Indonesia is expected to ramp up production substantially over the next 2 years. Primary aluminium production is expected to rise from 0.7 Mt in 2025 to nearly 1.4 Mt by 2027.

Figure 10.3: Indonesia's production* outlook for primary aluminium, alumina and bauxite



Note: *Base case production (excluding probable and possible projects).

Source: Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025); Wood Mackenzie (2025).

Alumina production is expected to rise from 4.8 Mt in 2025 to 7.6 Mt by 2027. Bauxite production is expected to rise from 9.8 Mt in 2025 to nearly 16 Mt by 2027 (Figure 10.3). The production ramp-up will drive a rise in Indonesia's shares of global production. Indonesia's share of global primary production will rise from 1.0% in 2025 to 1.8% by 2027. Indonesia's share of global alumina rises from 3.2% in 2025 to 4.6% by 2027. Indonesia's share of global bauxite rises from 2.3% in 2025 to 3.5% by 2027 (Figure 10.3).

Strategic moves beyond aluminium

Research into extracting gallium will untap the opportunity for the global AAB industry to extract and process an important semiconductor material: gallium. Gallium is found for the most part in bauxite deposits and produced primarily as a by-product of alumina refining. China accounts for 98% of current global gallium production. Global supply of semiconductors is not expected to keep up with the global demand, as the transition to net zero accelerates and Artificial Intelligence usage booms.

In August 2025, Alcoa of Australia announced an agreement for a joint development with Japan Australia Gallium Associates Pty Ltd to explore gallium recovery at one of its alumina refineries in Western Australia (WA). If the project comes to fruition, it will be one of the few gallium ex-China sources.

In December 2024, Rio Tinto announced the start of a research and development program to explore gallium extraction from bauxite at its Saguenay-Lac-Saint-Jean alumina refinery in Canada. If successful, a demonstration plant will be established with a production capacity of up to 3.5 tonnes a year of gallium.

Australia, as the world's major supplier of bauxite, is likely to benefit from any future research into extracting gallium.

Recycling to lead a circular, low carbon global economy

In China, primary aluminium production has been capped at 45 Mt a year – a policy introduced by the Chinese Government in 2017. In 2020, China made a reclassification that allowed scrap aluminium to be imported as recycled aluminium, rather than under the more restricted waste category. The reclassification has lifted scrap imports and provided crucial feeding to secondary aluminium smelters. China is the world's largest producer of recycled aluminium, producing over 11 Mt in 2024.

Driven by trade protection, climate commitments and resource constraints, there has been an increasing shift towards circularity and low carbon growth. Traditional primary aluminium producers such as Rio Tinto, EGA, Hydro and a few others have entered the secondary aluminium market.

In Australia, Rio Tinto, Capral and Sims Metals have collaborated to build a closed-loop aluminium recycling plant in Queensland. Under this collaboration, post-production aluminium scrap will be taken from Capral's Bremer Park facility, processed and sorted by Sims Metals, and delivered to Rio Tinto's Boyne Aluminium Smelter in Gladstone for remelting. Around 1,000 tonnes of aluminium with a minimum 20% recycled content are expected to be produced every year. The 20% recycled content aluminium is sent back to Capral's Bremer Park facility for extrusion operations.

Samsung's selection of recycled aluminium for its Galaxy S25 smartphones' frames is a demonstration of the company's commitment to enhancing circularity and lowering the carbon footprint associated with the device's production. Google has also integrated recycled aluminium into the production of its Pixel smartphone series. Apple is expected to use recycled aluminium for its upcoming iPhone 17 series.

AI set to revolutionise the way aluminium is produced

Artificial Intelligence (AI) is set to revolutionise the way aluminium is produced by optimising production, improving quality control and enhancing sustainability.

AI can uncover hidden inefficiencies, detect performance anomalies, and provide actionable insights. Real time data gathered from sensors and monitoring systems across the production line is continuously analysed by AI. With technical interfaces, AI can generate alerts when there is a possibility of a breakdown or the aluminium production line needs repairing. AI can also recommend workflow adjustments to maximise throughput by identifying process issues in resource utilisation. The result is an agile production process that minimises material waste, reduces the industry's carbon footprint, and enhances product quality and the operation productivity.

Large global aluminium companies such as Rio Tinto, Norsk Hydro, EGA, China Hongqiao, Novelis and few other smaller producers have leveraged AI for their production line optimisation. Some successes in the application of AI have been made, with a boost of 10–15% to overall productivity or a reduction of 15–18% in energy usage.

10.4 World trade

China drove up global alumina and bauxite exports in H1 2025

Rising trade barriers contributed to lower global primary aluminium exports of 28% year-on-year in H1 2025 to 6.1 Mt. Over this period, Canada, the largest supplier of primary aluminium to the US, recorded an 12% fall in primary aluminium exports. Australia's primary aluminium exports fell by 0.3% year-on-year in H1 2025 to 714,000 tonnes.

Trade actions reduced global secondary aluminium exports by 15% year-on-year in H1 2025 to 1.6 Mt. Secondary aluminium exports from Canada and the Netherlands – the world's two largest secondary aluminium exporters – fell by 6.6% and 30% year-on-year in H1 2025, respectively.

Strong alumina exports from China boosted global alumina exports by 6.3% year-on-year in H1 2025 to 21 Mt. Over this period, China exported 1.6 Mt of alumina, up 65% year-on-year. Australia – the world's largest alumina exporter – exported 7.4 Mt of alumina in H1 2025, down by 3.3% year-on-year.

Strong demand from China drove global bauxite exports up by 25% year-on-year in the first half of 2025 to 111 Mt. Guinea recorded a very strong rise in bauxite exports in H1 2025, up 32% year-on-year.

Rising demand from China drove higher global bauxite imports in H1 2025

Uncertainty over trade actions reduced global primary aluminium imports by 5.8% year-on-year in H1 2025. Primary aluminium imports into the US fell by 0.8% in H1 2025, as traders reduced purchases from April 2025 (the US increased aluminium import tariffs from 10% to 25% in April 2025).

A surge in China's imports led to a 1.3% year-on-year rise global secondary aluminium imports in H1 2025 to 2.8 Mt. Over this period, China imported over 1 Mt of secondary aluminium, up 6.9% year-on-year.

Lower imports from China reduced global alumina imports by 15% year-on-year to 16 Mt in H1 2025. China was able to reduce alumina imports due to increased alumina output from its domestic alumina refineries.

Higher imports from China led to a 25% year-on-year rise in global bauxite imports in H12025. Over this period, China imported 102 Mt of bauxite, up 32% year-on-year.

EU CBAM likely to have minimal impacts on Australia's primary aluminium exports

The European Union (EU) Carbon Border Adjustment Mechanism (CBAM) is expected to commence on 1 January 2026. The CBAM – the world's first carbon tax on imports – applies to EU imports of iron ore, steel, aluminium, cement, fertiliser, electricity and hydrogen. The EU CBAM will penalise penalize imports of high carbon aluminium in favour of secondary aluminium imports with low carbon footprints.

The CBAM is likely to have only minimal impacts on Australia's primary aluminium exports. The EU accounted for just $35 million (0.6%) of Australia's total primary aluminium exports in 2024–25.

Under the new trade agreement between the EU and the US, US aluminium imports from the EU face tariffs of 50%, whereas aluminium scrap faces a lower tariff of 15%. This has already led to an increase in outflows of aluminium scrap from the EU to the US. If the outflows of aluminium scrap were to continue in the medium to long term, it would have some implications to the objective of the CBAM. More high carbon aluminium would be imported into the EU to compensate for the loss of secondary aluminium imports.

10.5 Prices

Better global manufacturing activity lifting price in 2025

Improving global manufacturing activity, a massive buildup of renewable energy infrastructure in China, and new US-China and US-EU trade deals have provided recent support to aluminium prices. The LME primary aluminium spot price has risen by 4.2% so far in 2025, to US$2,643 a tonne on 26 September 2025 – compared to an average US$2,478 a tonne in H2 2024. The LME aluminium price is forecast to average around US$2,530 a tonne in 2025 (Figure 10.4).

LME aluminium inventories rose from 413,575 tonnes in May 2025 to 517,700 tonnes in September 2025 (Figure 10.5). The rise was driven by a surge in Indian-origin aluminium entering the LME warehouses. The ongoing Russia-Ukraine conflict and resulting Western sanctions have disrupted Russian primary aluminium supplies to the LME.

A recovery of global alumina supply – driven by a large increase in Chinese production – has pushed the Free On Board (FOB) WA alumina price down by 52% so far in 2025. On 26 September 2025, prices were US$323 a tonne – compared to an average of US$602 a tonne in H2 2024. The WA alumina price is forecast to remain under end-2024 levels, averaging US$420 a tonne in 2025 (Figure 10.4).

Growing global demand for low emission technology to support the aluminium price over the outlook period

Growing global demand for new, energy-efficient cars and technologies and increased electrification efforts are expected to lift aluminium demand over the medium term. Aluminium is a key component in renewable technologies, including solar power systems, wind turbines and hydroelectric plants. However, primary and secondary aluminium supply is expected to rise faster than total demand. The LME primary aluminium price is forecast to average US$2,590 a tonne in 2027 (Figure 10.4). The FOB WA alumina price is forecast to average US$383 a tonne in 2027, as supply is expected to outpace demand (Figure 10.4).

10.6 Australian exports and production

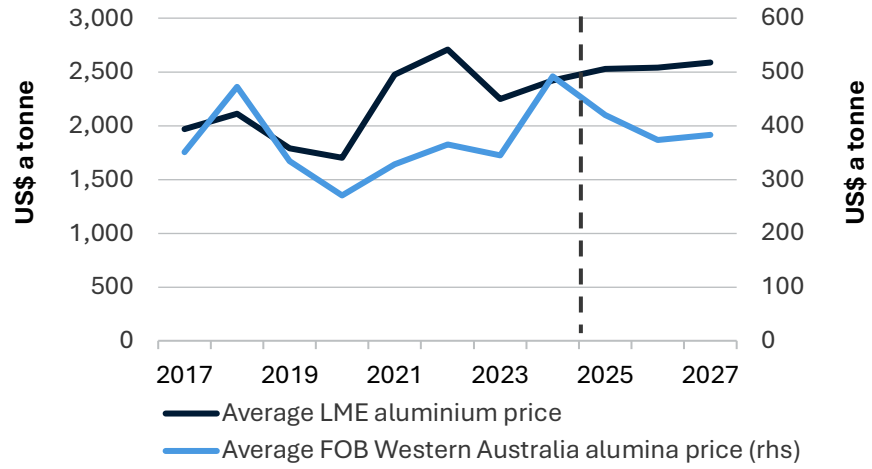
Higher prices and bauxite export volumes lifted export earnings in 2024–25

Higher alumina and aluminium prices, and increased bauxite export volumes and values, lifted Australia's AAB exports by 36% year-on-year in 2024–25 to $23 billion. Australia's primary aluminium, alumina and bauxite export earnings reached record highs of $6.0 billion, $12 billion and $3.3 billion, respectively, in 2024–25 (Figure 10.6).

Falling alumina price set to lower AAB export earnings

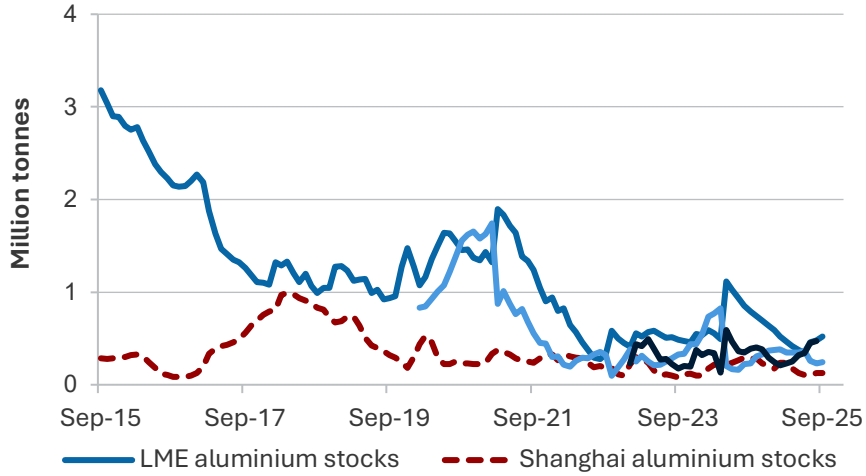
Australia's AAB exports are likely to be steady at about $18 billion over the outlook period (Figure 10.6), reflecting stable export volumes. On average, Australia will export 1.5 Mt of primary aluminium, 16 Mt of alumina and 43 Mt of bauxite every financial year.

Figure 10.4: Primary aluminium and alumina prices



Source: Bloomberg (2025); Department of Industry, Science and Resources (2025)

Figure 10.5: Exchange aluminium stocks



Source: Bloomberg (2025); London Metal Exchange (2025).

Australian bauxite producers responded to supply issues

Australian bauxite producers have lifted production in response to export bans from Indonesia and Guinea. Australia's bauxite output rose by 1.7% year-on-year to 102 Mt in 2024–25. Production at Rio Tinto's Weipa bauxite mine in Queensland and Gove bauxite mine in the Northern Territory increased by 5.3% and 1.8% year-on-year in 2024–25.

In 2024–25, a slight increase in Portland's aluminium output drove a minor lift in Australia's primary aluminium output (up 0.3% year-on-year).

A delay in approving South32's Worsley Mine Development Project (WMDP) and a production curtailment at the Kwinana alumina refinery in WA – due to rising costs, ageing plant and grade challenges – reduced Australia's alumina output by 7.7% year-on-year in 2024–25.

New bauxite mines to sustain Australia's refinery output

South32 commenced mining new bauxite areas under the Worsley Mine Development Project (WMDP) (approved by the Commonwealth and WA Governments in the March quarter 2025) in the June quarter 2025. The approvals will enable South32 to access bauxite to sustain production at Worsley Alumina until at least 2036. As a result, Australian alumina output is forecast to rise from under 17 Mt in 2024–25 to over 18 Mt in 2026–27.

New bauxite projects and sustained output in existing mines are expected to lift Australian bauxite output from 102 Mt in 2024–25 to 104 Mt in 2026–27.

In August 2025, Rio Tinto approved investment of $180 million and commenced work on the Norman Creek project at its Amrun bauxite mine in Queensland. First production from Norman Creek is targeted for 2027. Construction is expected to be completed in 2028.

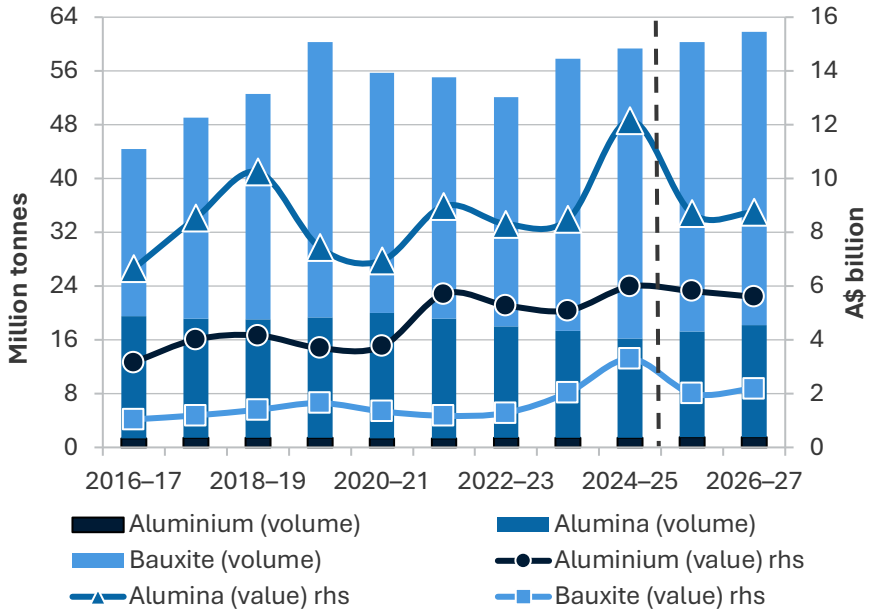
In September 2025, Alcoa announced the permanent closure of its Kwinana alumina refinery in WA. The Kwinana alumina refinery has been under production curtailment since the June quarter 2024.

Alcoa Australia is seeking an environmental approval from the WA Environmental Protection Authority to transition its bauxite mining at Huntly mine from North Dandalup to Myara North and Holyoake mine regions. The Huntly Mine Transition is essential for the continued operation of the Huntly mine and the planned 5% increase in production at the Pinjarra alumina refinery.

No expansions or major disruptions are expected at existing aluminium smelters in Australia over the outlook period.

Australia's primary aluminium output is projected to be around 1.6 Mt a year.

Figure 10.6: Australian aluminium/alumina/bauxite exports



Note: Excluding high purity alumina and aluminium waste and scrap exports.

Source: ABS (2025); Department of Industry, Science and Resources (2025).

Revisions to the outlook

The forecast for Australia's AAB export earnings in 2025–26 has been revised down since the June 2025 *Resources and Energy Quarterly* (REQ). Exports are now forecast at $18.1 billion, down by $101 million. The downward revision reflects a lower price forecast for alumina exports. Earnings forecasts for 2026–27 have been revised down to $18.9 billion from $19.1 billion in the June 2025 REQ. This reflects the impact of forecast lower alumina export earnings.

Table 10.1: Aluminium, alumina and bauxite outlook

						Annual percentage change		
World	Unit	2024	2025[f]	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
Primary aluminium								
Supply	kt	71,572	74,332	75,821	76,540	3.9	2.0	0.9
Demand	kt	71,963	74,498	76,102	76,831	3.5	2.2	1.0
Prices aluminium [c]								
- nominal	US$/t	2,419	2,530	2,540	2,590	4.6	0.4	2.0
- real [d]	US$/t	2,490	2,530	2,477	2,474	1.6	-2.1	-0.1
Prices alumina								
- nominal	US$/t	492	420	374	383	-14.7	-10.9	2.3
- real [d]	US$/t	506	420	365	365	-17.2	-13.1	0.2
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Supply								
Primary aluminium	kt	1,568	1,573	1,631	1,634	0.3	3.7	0.2
Alumina	kt	18,255	16,851	17,400	18,480	-7.7	3.3	6.2
Bauxite	Mt	100.2	101.9	102.6	107.9	1.7	0.7	5.2
Demand								
Primary aluminium	kt	186	163	130	130	-12.6	-20.4	0.1
Exports								
Primary aluminium	kt	1,432	1,460	1,549	1,552	2.0	6.1	0.2
- nominal value	A$m	5,092	5,983	5,811	5,598	17.5	-2.9	-3.7
- real value [e]	A$m	5,367	6,157	5,811	5,449	14.7	-5.6	-6.2
Alumina	kt	15,877	14,718	15,660	16,632	-7.3	6.4	6.2
- nominal value	A$m	8,486	12,155	8,700	8,740	43.2	-28.4	0.5
- real value [e]	A$m	8,944	12,507	8,700	8,506	39.8	-30.4	-2.2
Bauxite	kt	40,497	43,178	43,098	43,651	6.6	-0.2	1.3
- nominal value	A$m	2,039	3,291	2,004	2,188	61.4	-39.1	9.2
- real value [e]	A$m	2,149	3,387	2,004	2,130	57.6	-40.8	6.3
Total value								
- nominal value	A$m	16,799	22,813	18,075	18,945	35.8	-20.8	4.8
- real value [e]	A$m	17,705	23,475	18,075	18,439	32.6	-23.0	2.0

Notes: **c** LME cash prices for primary aluminium; **d** In 2025 calendar year US dollars; **e** In 2025–26 financial year Australian dollars; **f** Forecast.

Sources: ABS (2025) International Trade in Goods and Services, 5368.0; Bloomberg (2025); London Metal Exchange (2025); Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025); Wood Mackenzie (2025).

Copper

Australia's copper sector

World No. 2

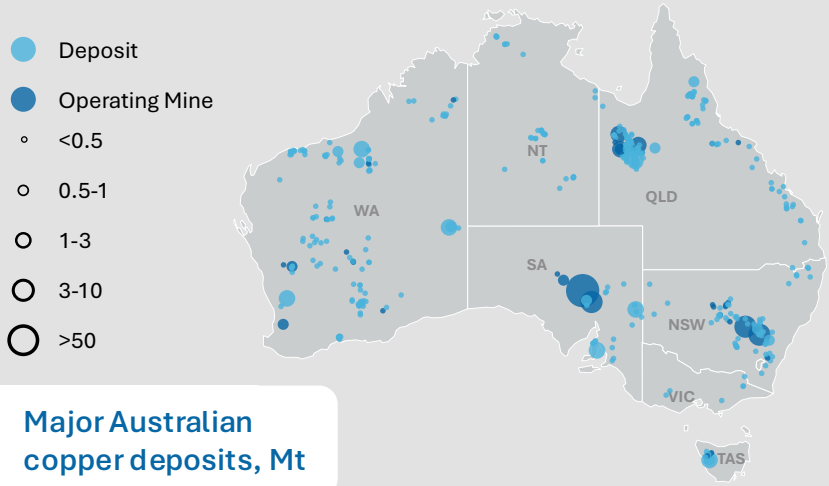
for copper resources

5th largest

refined exporter globally, 2024

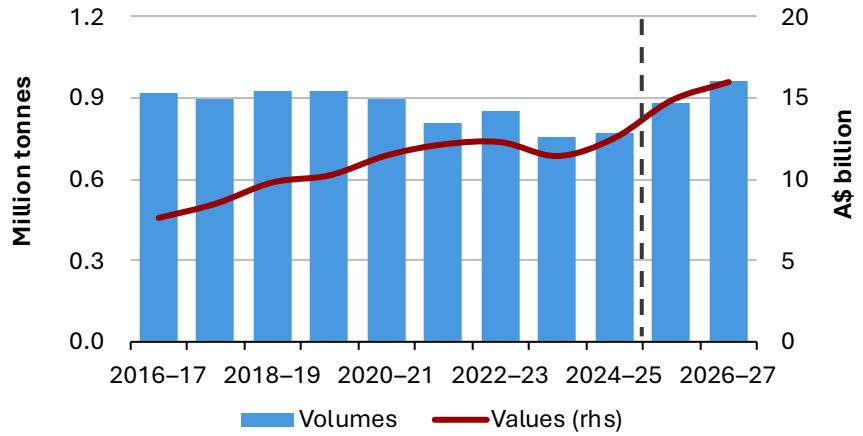
210 kt

produced a year at Australia's largest mine in 2024



Major Australian copper deposits, Mt

Australian copper exports



Outlook

- Copper supply struggling to keep up with demand over medium term
- Export earnings expected to rise from growing output and higher prices
- Production to continue rising
- Exploration expenditure expected to rise

Source: GA; DISR; OCE

Copper trade map

Source: GA; DISR; OCE

11.1 Summary

- Copper prices have been 4.6% higher on average so far in 2025, ranging from US$8,500-US$10,300 a tonne. Prices are expected to increase from US$9,550 a tonne in 2025 to around US$10,100 a tonne in 2027.
- Global copper demand is projected to rise strongly to meet requirements for clean energy technologies, data centres and electricity infrastructure more broadly. Copper supply is expected to lag demand as new mines are slow to develop and trade barriers interrupt scrap flows.
- Australia's copper exports are projected to rise from 768 kt in 2024–25 to 962 kt in 2026–27, fuelled by new mines and expansions. Earnings are projected to grow from $13 billion in 2024–25 to $16 billion in 2026–27.

11.2 World Demand

Global copper demand to grow, driven by rising use of clean energy technologies and electrification

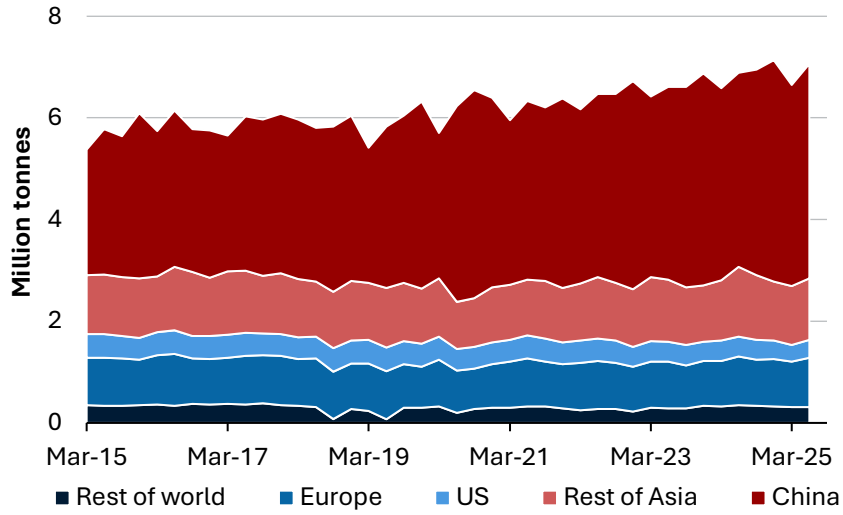
Global copper consumption rose by 1.8% year-on-year in H1 2025, reaching a total of 13.7 Mt. China's refined copper demand rose by 7.7% year-on-year to 8.2 Mt in H1 2025, accounting for 59% of global usage (Figure 11.1).

Ex-China consumption declined in key markets such as the United States (down 14%), the Republic of Korea (down 16%) and Taiwan (down 61%). Growth in manufacturing nations such as Vietnam, Germany and Turkey was more than offset by declines in the major markets.

The main sectors driving copper demand in China are infrastructure investment, manufacturing, and electricity distribution. China needs to continue to build out the country's electrical distribution network to connect new renewable energy sources and increase reliability. China installed 105 GW of solar power capacity in January–April 2025, equivalent to 5% of global solar power capacity in 2024. This roughly equates to 577 kt of contained copper, with much more copper required for the connecting electricity transmission infrastructure.

The IEA projects China's clean energy investment in 2025 to be US$627 billion, almost double what it was in 2015 and accounting for around 29% of global clean energy investment. Outside of China, clean energy investment is projected to rise to US$2.2 trillion in 2025, driven by growth in renewables, electricity networks and end-use (such as energy efficiency).

Figure 11.1: Global refined copper demand, quarterly

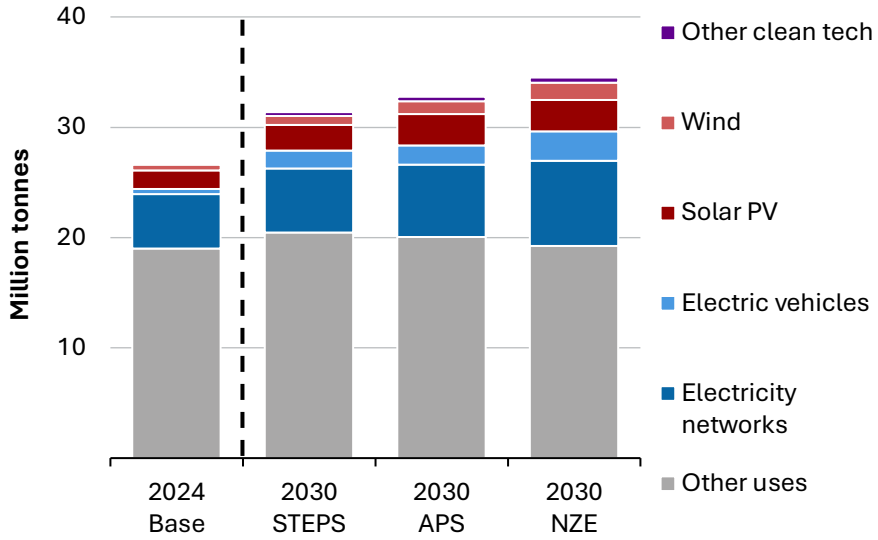


Sources: World Bureau of Metal Statistics (2025), Department of Industry, Science and Resources (2025)

Over the outlook period, copper demand is forecast to grow on average by 2.6% a year, from 28 Mt in 2025 to over 29 Mt in 2027. Most of copper's medium-term demand growth will be driven by rising supply of (and demand for) electricity via electrical infrastructure and low emission technology (Figure 11.2).

Copper will be vital for the power infrastructure that data centres (and hence AI) will rely on. Copper demand will grow as new AI data centres are developed – the average data centre supporting AI requires 27–33 tonnes of copper per megawatt of power. The IEA projects that global electricity generation to supply data centres will grow from 460 TWh in 2024 to over 1000 TWh by 2030 – with 426 TWh of this in the United States.

Figure 11.2: Copper demand projected by the IEA under energy transition scenarios, 2024 to 2030



Notes: STEPS: Stated Policies Scenario, APS: Announced Pledges Scenario, NZE: Net Zero Emissions by 2050 Scenario.
Source: IEA (2025)

Meta, Microsoft, Amazon and Alphabet are rapidly building data centres, lifting collective capital expenditure to an estimated US$322 billion in 2025, up from US$125 billion in 2021. The IEA estimate that the rise in data centre capacity could account for around 550 kt of annual copper demand by 2030. Other estimates range from 330–420 kt (Macquarie), 400kt average over 10 years with a 572 kt peak in 2028 (BNEF), and as high as 1000 kt by 2030 (Trafigura).

Strength in copper demand from less price-sensitive, structural uplifts such as for electrification, decarbonisation and the new entrant of digitalisation (data centres) will amplify the price effects of supply shortfalls over the medium-term. Rising prices will lift copper thrifting — lowering the copper content of products through improvements in design or technological innovations.

11.3 World Supply

Mine outages continue to create near-term shortages and low treatment charges for smelters

Global mine production reached 11.2 Mt in H1 2025, up by 1.4% compared to H1 2024. Supply growth was driven by new mines ramping up to capacity and incremental increase in output from operating mines. The main contributions to growth were:

- Chile (up by 3.2% to 2.1 Mt): increasing production from major operations such as BHP's Escondida mine (up 14% to 567 kt) and across Codelco's portfolio (up by 9.6%).
- Brazil (up by 34% to 220 kt): with higher output reported for Vale (up 14%) and Ero Copper (up 65%) with its new Tucumã project ramping up to commercial production by July 2025.

- Peru (up 3.1% to 1.3 Mt): higher output from major projects such as MMG's Las Bambas (up 67%) and Anglo American's Quellaveco (up 6%). Declines at Antamina (down 28%) and Cerro Verde (down 9.4%) partially offset broader growth.
- Mongolia (up by 30% to 222 kt): due to ongoing ramp-up of underground production at Rio Tinto's Oyu Tolgoi mine.

Reduced concentrate production due to outages (down 22%) in the Democratic Republic of the Congo (DRC) was fully offset by rising output from solvent extraction (up 7%). The DRC has been the major growth driver over the past few years with expansions and new projects such as Tenke Fungurume, Kamoa-Kakula which opened in 2021 and Kisanfu in 2023.

Tight concentrate supply relative to metal demand continued to drive treatment and refining charges to low, negative levels in H1 2025. Ongoing and new outages have amplified shortages of concentrate. Examples include:

- First Quantum's 300-350 kt a year Cobre de Panama which was suspended in late 2023.
- Kamoa-Kakula mine (437 kt in 2024) in the DRC went offline following seismic events in May 2025, leading to a 150–160kt downgrade of annual production guidance.
- Codelco lowered guidance by 33 kt for El Teniente mine (356 kt in 2024) as it was taken offline following tunnel collapses in July. Most mine sectors have since reopened.
- Lower-than-expected output in H1 2025 led to a further 93 kt of downgrades to guidance among 5 major copper miners.

A production outage drove a force majeure announcement in late September for PT Freeport Indonesia's (PTFI) Grasberg mine (846 kt in 2024, the second-largest copper mine in the world).

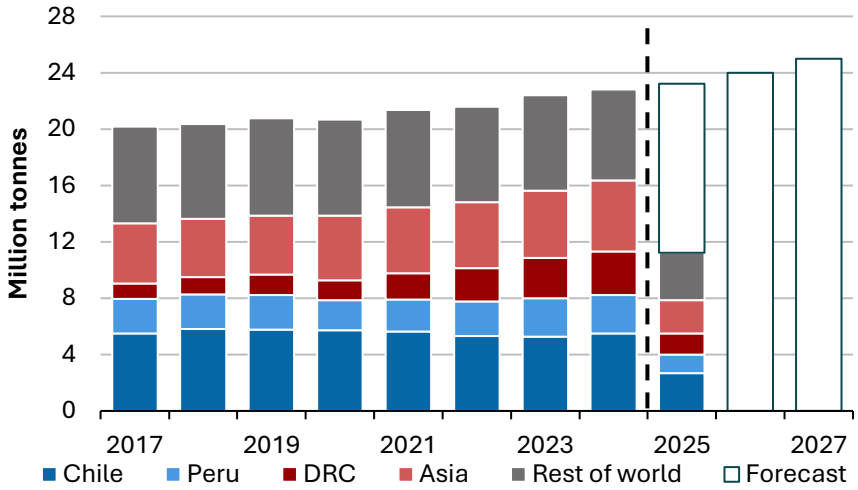
With the timing of this announcement coinciding with finalisation of the REQ publication, the market impacts of the Grasberg outage have not been incorporated into this edition.

- PT Freeport Indonesia has not been able to provide certainty on future production, however a return to pre-incident operating rates could potentially be achieved in 2027.
- The outage will amplify and prolong concentrate shortages over the outlook period, particularly with PTFI's Manyar smelter (480 kt annual capacity) losing integrated feedstock.

Global mine production to rise over the medium term, led by major producers in Africa

Global copper mine production is projected to grow by 3.9% a year from 2025 to reach 25 Mt by 2027 (Figure 11.3), largely driven by growth in the DRC, Mongolia, Chile and Zambia.

Figure 11.3: Global mine production, annual



Sources: Department of Industry, Science and Resources (2025); International Copper Study Group (2025); World Bureau of Metal Statistics (2025).

Chile — the world's largest copper miner — is forecast to produce 5.6 Mt in 2025. According to the Chilean Copper Commission (Cochilco), Chile's output is expected to rise to a peak of 6.1 Mt by 2027.

The DRC — recently emerging as the second-largest copper producer — is forecast to produce about 3.1 Mt in 2025, with new project ramp-up and offsetting recent downgrades.

Major investment by major Chinese mining companies such as Zijin Mining and CMOC — who aim to increase copper output from their DRC assets ~50% by 2028 — will continue to drive further expansions in output. For example, CMOC's investment to build a 200 MW Hydroelectric dam will provide stable power supply that could allow further expansion in their nearby mines.

Global refined copper output to rise, led by China

Global refined copper production grew by 2.4% year-on-year to reach 14 Mt in H1 2025. The increase was driven by significant growth in China (6%) and the DRC (8.6%), as well as India and Serbia where new refineries have been ramping up. Growth was partially offset by an 8% decline in Chile and an 8.7% decline in Japan due to major maintenance shutdowns.

The Kutch copper smelter in India, began operations in mid-June 2025 and plans to ramp up to 500 kt a year – aiding India's self-sufficiency goals given 304 kt of refined copper imports in 2024. Production continues to ramp up from the Bor smelter and mining complex in Serbia, following upgrades and expansion completed by Zijin Mining Group.

With new and expanding facilities in China, India and Serbia, full-year refined production is forecast to rise by around 2.0% to reach 28 Mt in 2025. Refined copper output is then projected to rise by an average of 2.4% a year to reach over 29 Mt in 2027, led by China, the DRC, India and Indonesia.

New facilities in China are expected over the outlook period, with refined production rising from 12 Mt in 2025 to almost 16 Mt by 2027. Greenfield and existing facilities expanding operations in China increasingly focus on technological improvements for greater by-product streams (e.g. sulfuric acid, gold), feedstock flexibility and production from scrap.

Tight conditions (and shortages) are likely to persist in copper concentrate markets in the near-term, as mine outages will take time to resolve, and new supply will only come online gradually. In the meantime, new copper smelters/refineries will continue to be commissioned to meet medium- and long-term demand.

Modest increases in scrap supply expected over the outlook period

Secondary refined copper production reached 2 Mt in the first half of 2025, accounting for 14% of total refined copper production. China's secondary copper production grew marginally year-on-year to reach 1.1 Mt, offsetting small declines in Europe. Secondary copper production is forecast to grow gradually, to maintain a steady 15% share of refined copper consumption over the outlook period.

China processes a large portion of global copper scrap. China imported 1.1 Mt of copper scrap in the first half of 2025, accounting for 41% of global imports. China's imports from the United States have declined sharply in 2025 due to China's trade restrictions, with total imports from January-July down by 49% year on year. Despite this bilateral decline, trade in copper scrap has diverted successfully to and from alternative markets so far for both the United States and China.

Box 11.1 US prospects for copper self-sufficiency in light of import tariffs

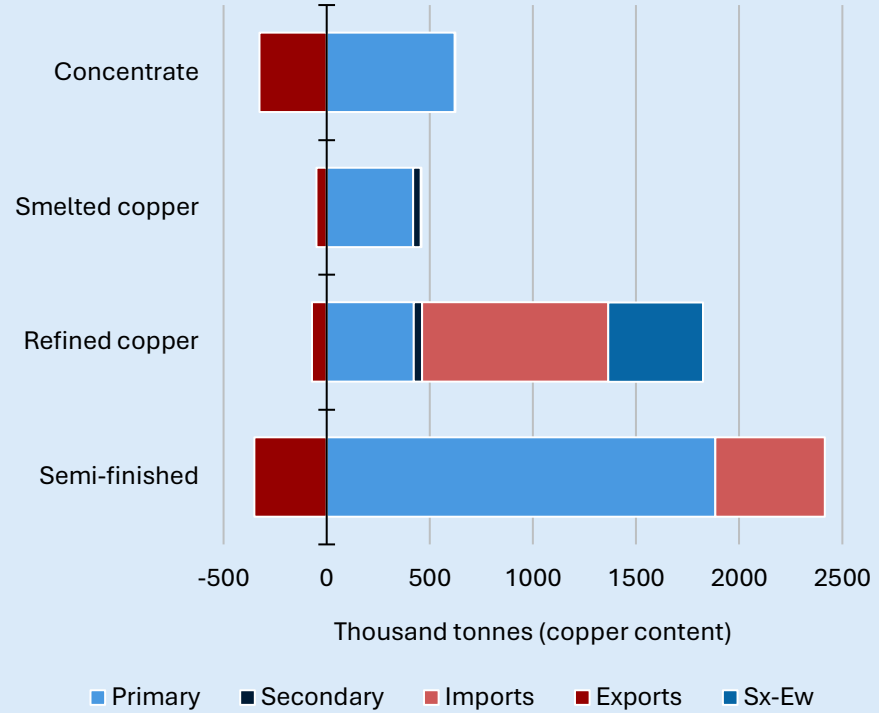
On 30 July 2025, the US Administration announced 50% tariffs on the imports of semi-finished copper products (such as alloys, wires and tubes) following a Section 232 Investigation into whether copper imports represent a national security risk.

While refined copper has been excluded from import tariffs at this stage, the US Administration intends to reassess the need for import duties by the end of June 2026. Currently proposed duties would begin at 15% in 2027 and 30% from 2028.

The market impacts and domestic implications for the US resulting from trade barriers on copper imports will depend on the extent to which the United States is self-sufficient.

- US mined copper supply falls short of downstream copper demand requirements, however there is a substantial pipeline of probable (~200 kt/year from 2030) and possible (over 1 Mt/year from 2032) projects that could fill the gap.
- There are currently two operating primary copper smelters in the United States that produce around 25% of refined copper needs. One (Hayden) could possibly re-open, but this may only replace around 17% of refined copper imports.
- The United States imports half of its refined copper, which it consumes to fabricate most of its semi-finished products (some of which are exported).
- The US imports around 530kt of copper contained in semi-finished products, compared to 1.5 Mt of domestic output (after deducting exports) (Figure 11.4).

Figure 11.4: US domestic copper balance, 2024



Sources: International Copper Study Group (2025).

Options for the United States to increase its domestic refined copper supply include:

- New mines and expansions producing refined copper with solvent extraction and electrowinning (Sx-Ew). A pipeline of possible projects could provide 200–300kt a year from 2030.
- Increasing secondary production (from scrap), as a major scrap producer with scrap exports of 900 kt a year.

11.4 Prices

Market spreads have eased following US exemptions on tariffs on imports of refined copper

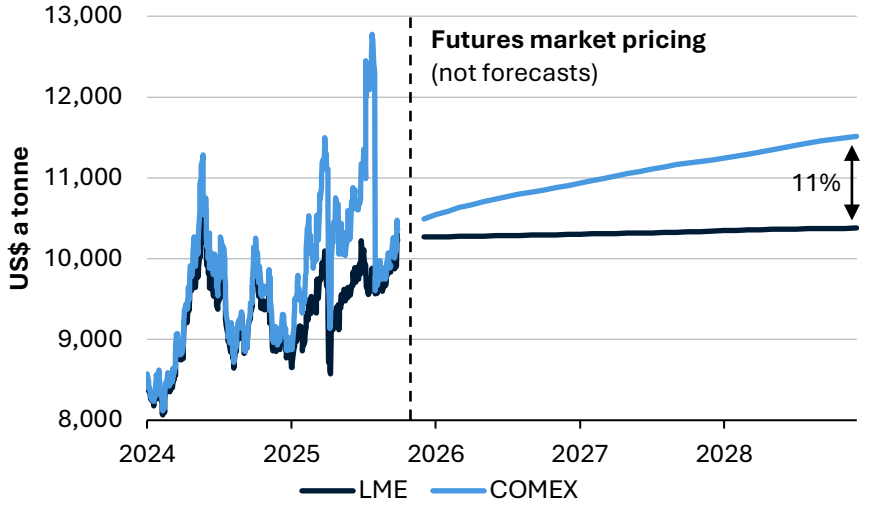
Tariff-driven speculation and stockpiling by US copper buyers in H1 2025 drove substantial price volatility and differentials between the US (COMEX) and other copper markets such as the LME and SHFE. The COMEX-LME price premium remained elevated through the middle of 2025 in anticipation of a 50% tariff on US imports of refined copper (Figure 11.5). The surprise announcement that copper cathode would be exempt from import tariffs led to a rapid narrowing of this premium, with COMEX copper prices falling 22% on 31 July 2025. As of 25 September, forward curves for COMEX and LME copper prices were pricing in a rising COMEX-LME premium over the next few years — indicating some market expectations of future tariffs.

Inventories have declined and are expected to remain low, driving prices higher over the outlook period

Global copper inventories dropped by 8.1% during H1 2025, the result of significant drawdowns in Q2 2025. Major exchange inventories (LME, Shanghai Futures Exchange, COMEX) fell by 16% during this time, accounting for much of the global decline. Substantial inter-exchange movements transpired, with LME copper inventories down by 180 kt since the start of the year, while COMEX inventories have risen by 105 kt (Figure 11.6).

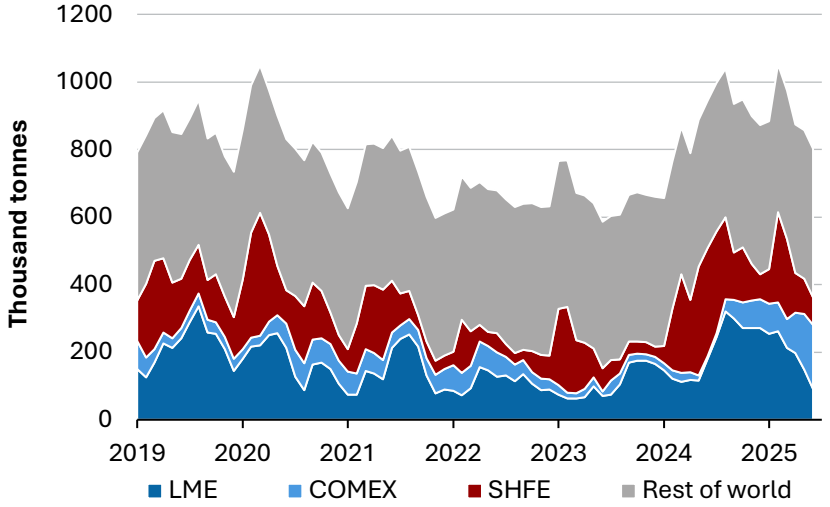
Surges in COMEX inventories were driven by US importers stocking up and traders taking speculative positions ahead of expected tariff announcements – also reflected in the COMEX-LME price premium for much of the year.

Figure 11.5: COMEX and LME copper prices, daily and forward curve



Source: Bloomberg (2025)

Figure 11.6: Global copper inventories, monthly



Sources: Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025).

Strong, increasingly inelastic copper demand is expected to keep metal inventories low relative to consumption over the outlook period, leaving the market susceptible to supply disruptions (such as further unplanned mine outages) or faster-than-expected surges in demand. As a result, prices are forecast to rise over the outlook period to an average of US$10,100 a tonne in 2027 (Figure 11.7).

11.5 Australia

Australian copper production is forecast to grow as new projects come online and existing operations expand

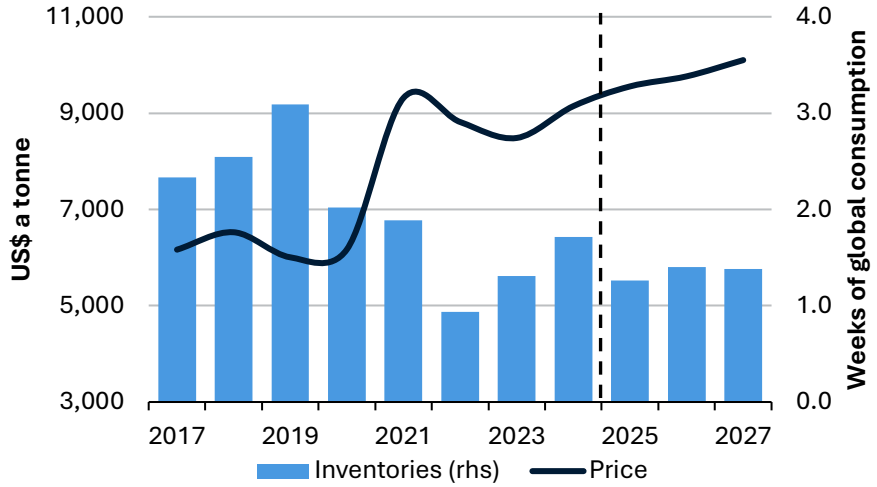
Australian mined copper production reached 363 kt in H1 2025, down by 8.9% year-on-year. Production was lower at major projects such as Cadia (down by 16%) and Boddington (down 27%). Queensland copper production was down by 17% year-on-year due to 29 Metals' Capricorn project suspending operations in 2024 (due to floods) and lower output from the Mt Isa mine, which ended underground operations in July 2025.

Partially offsetting declines elsewhere, production increased at BHP's Olympic Dam and Hillgrove's Kanmantoo project – which declared commercial production in July 2024.

Australian mined copper output is projected to grow on average by 2.8% a year from 2024–25 to reach 760 kt by 2026–27, driven by expansion at existing mines and ramp-ups at new mines.

Over the same period, Australian refined copper output is projected to grow by 6% a year due to growth in BHP's Copper South Australia assets as well increasing production from solvent extraction and electrowinning operations in QLD.

Figure 11.7: LME copper price and global inventories



Sources: Department of Industry, Science and Resources (2025); World Bureau of Metal Statistics (2025).

Glencore is currently evaluating the future of their Mount Isa smelter and Townsville refinery. Public statements indicate the assets could operate until 2030 pending approval for additional investment to rebrick the smelter. As of 29 September 2025, no decision has been announced on the future of these assets. As a result, the Mount Isa smelter and Townsville refinery are assumed to continue operating over the outlook period.

BHP has announced a proposed expansion to smelting and refining output from Olympic Dam. The proposed expansion would increase Olympic Dam's refined output to 500 kt by the early 2030s, with potential to further expand as high as 650 kt by the mid-2030s. An expansion of this scale would be significant for Australian domestic copper production. Starting from 214 kt of refined cathode produced at Olympic Dam in 2024–25, an

increase to 500 kt would represent an addition exceeding what is produced at the Townsville refinery (192 kt in 2024–25).

Rising Australian copper production and strong prices to boost export earnings

Total copper export volumes are forecast to rise from 768 kt in 2024–25 to 962 kt in 2026–27, underpinned by rising mine and refinery production (Figure 11.8).

Export earnings are expected to reach $15 billion in 2025–26, up by 21% compared to 2024–25 due to both higher export prices and export volumes. Export earnings are then forecast to rise further to reach $16 billion in 2026–27.

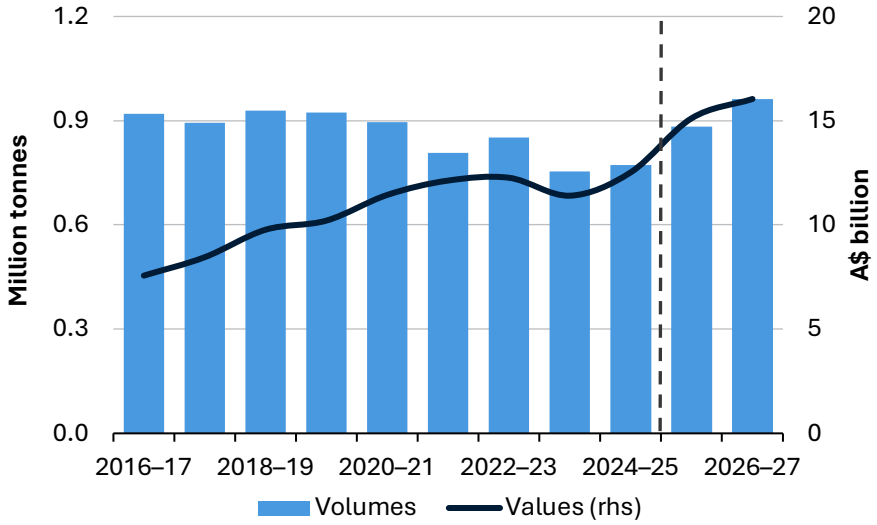
Copper exploration decreased in H1 2025

Copper exploration expenditure decreased in H1 2025 to be down 15% year-on-year (Figure 11.9). The year-on-year decline aligned with broader trends in mineral exploration. Recent capital raisings indicate copper and copper-gold exploration may account for a larger share of exploration activity in the near-term. Higher prices and confidence in the long-term copper demand outlook are expected to support more capital raising and exploration activity over the outlook period.

Revisions to the outlook

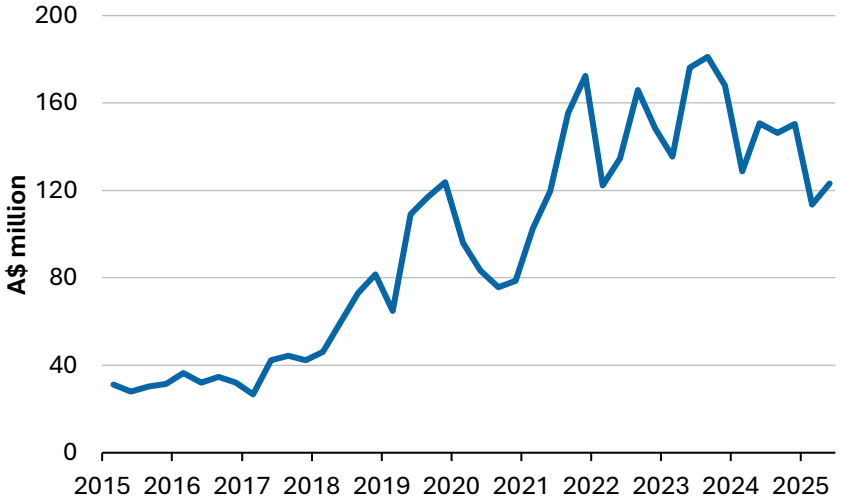
Compared with the June 2025 REQ, export earnings have been revised down by $1.6 billion in 2025–26 and $2.1 billion in 2026–27. The revisions come on the back of downgrades to Australian mine production, as several projects' commencement dates are delayed.

Figure 11.8: Australian copper export volumes and values



Sources: ABS (2025); Department of Industry, Science and Resources (2025)

Figure 11.9: Australian copper exploration expenditure, quarterly



Sources: ABS (2025)

Table 11.1: Copper outlook

						Annual percentage change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Production								
– mine	kt	22,827	23,209	23,990	25,009	1.7	3.4	4.2
– refined [a]	kt	27,497	28,102	28,708	29,426	2.2	2.2	2.5
Consumption	kt	27,556	27,944	28,616	29,416	1.4	2.4	2.8
Closing stocks	kt	906	679	772	782	-25.0	13.6	1.3
– weeks of consumption		1.7	1.3	1.4	1.4	-26.1	11.0	-1.5
Prices LME								
– nominal	US$/t	9,144	9,554	9,763	10,100	4.5	2.2	3.5
	USc/lb	415	433	443	458	4.5	2.2	3.5
– real [b]	US$/t	9,414	9,551	9,523	9,649	1.5	-0.3	1.3
	USc/lb	427	433	432	438	1.5	-0.3	1.3
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Mine output	kt	777	720	704	760	-7.3	-2.3	8.1
Refined output	kt	450	433	446	484	-3.9	3.0	8.7
Exports								
– ores and concs [c]	kt	1,250	1,315	1,510	1,669	5.2	14.8	10.5
– refined	kt	396	397	446	484	0.3	12.1	8.7
– total metallic content	kt	754	768	883	962	2.0	14.9	9.0
Export value								
– nominal	A$m	11,402	12,537	15,117	16,041	10.0	20.6	6.1
– real [d]	A$m	12,018	12,900	15,117	15,612	7.3	17.2	3.3

Notes: **a** includes secondary refined copper; **b** In 2025 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2025–26 financial year Australian dollars; **f** Forecast.

Sources: ABS (2025); Department of Industry, Science and Resources (2025); LME (2025); World Bureau of Metal Statistics (2025).

Nickel

Australia's nickel sector

19% of global resources

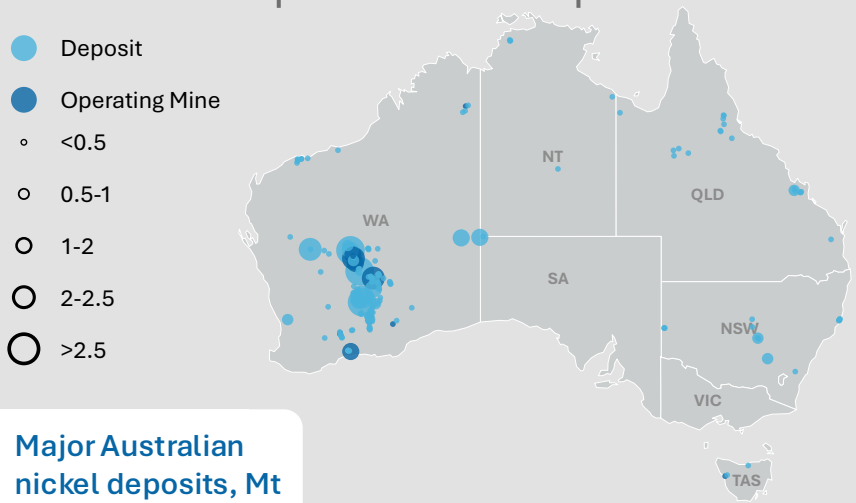
and second largest global reserves

6th largest in 2024

global producer of mined and refined nickel

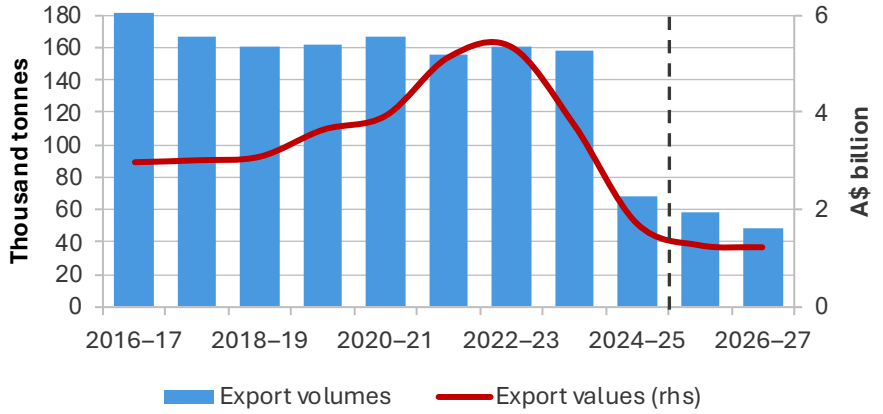
16% of global demand

in 2024 was for EV batteries



Major Australian nickel deposits, Mt

Australian nickel exports

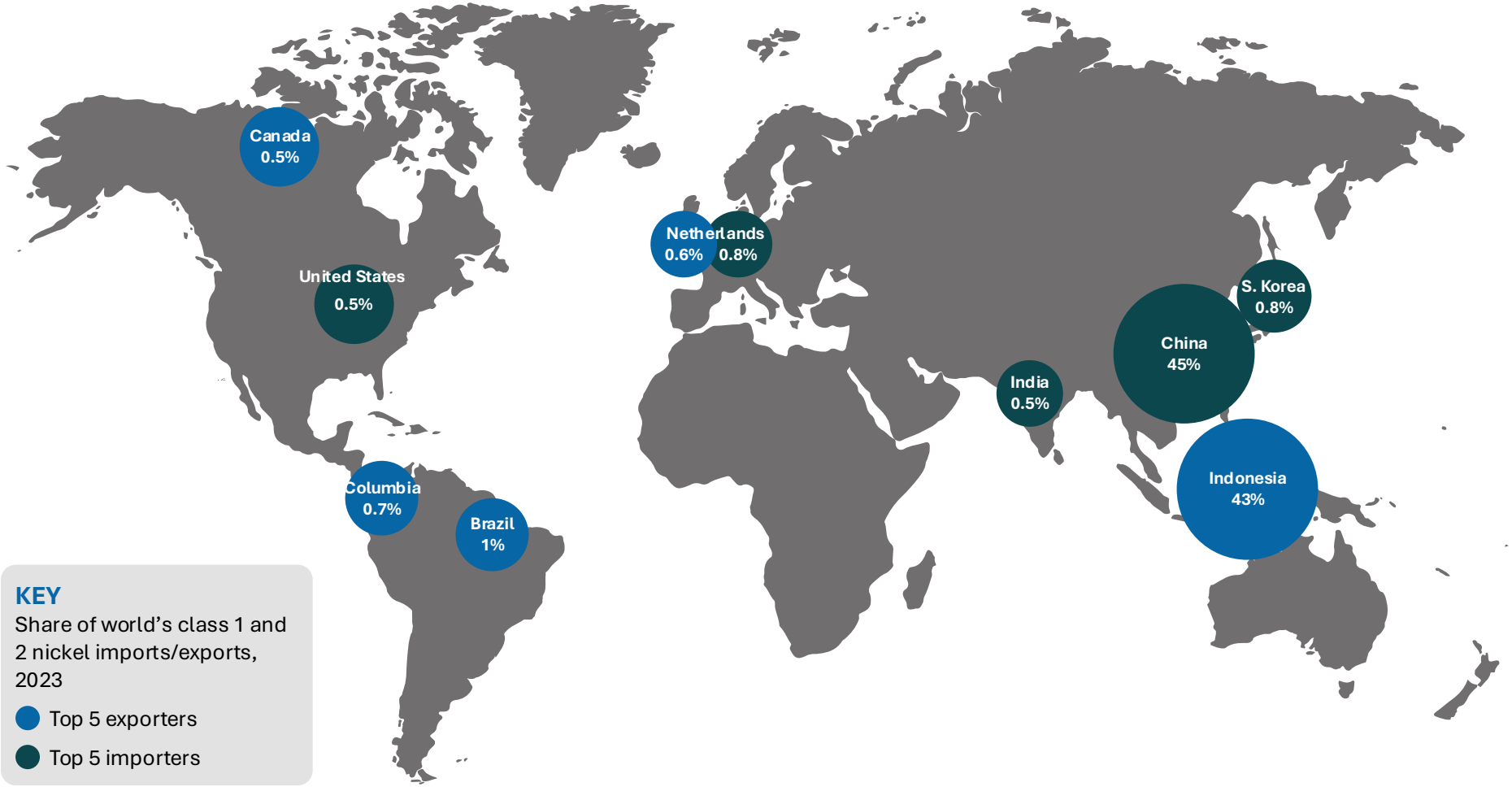


Outlook

- Nickel prices to remain low because of global oversupply
- Export earnings to fall to 2027, on lower prices and volumes
- Australian output to fall, but new projects beyond outlook period possible
- Competing battery chemistries an ongoing influence on nickel demand

Source: INSG; USGS; ABS; DISR, GA

Nickel trade map



Source: INSG

12.1 Summary

- Global nickel demand is projected to rise steadily over the outlook period, led by accelerating uptake of nickel battery EVs. Stainless-steel will remain the primary end-use for nickel but faces ongoing challenges from risks of slowing global industrial production and increasing use of scrap.
- The continued expansion of global nickel supply, led by Indonesia and China, is expected to lead to global surpluses through to 2027, beyond when the market should tighten.
- Prices are forecast to remain around current levels of US$15,000-$16,000 a tonne in the outlook period to end 2027. An improving global market balance is expected to see prices rise beyond the outlook period.
- Subdued prices and ongoing closures are forecast to see Australia's export earnings fall to $1.3 billion in 2025–26 and 2026–27.

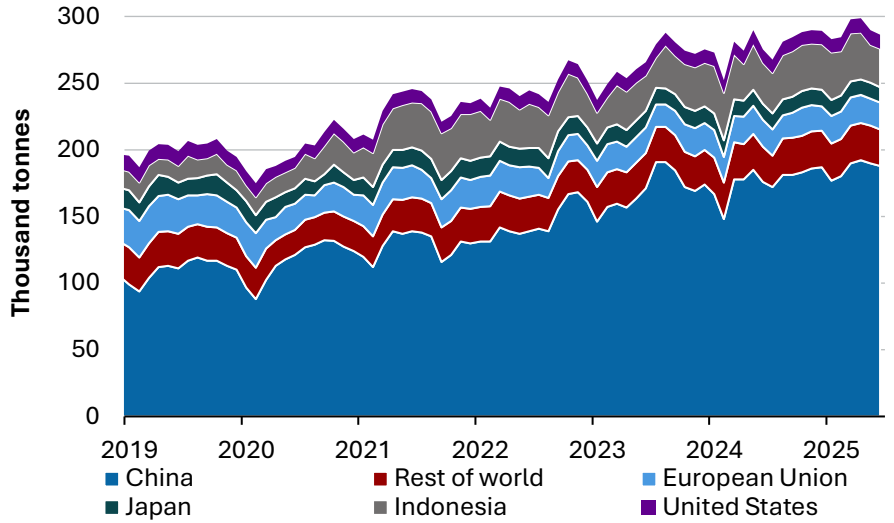
12.2 World Demand

Global nickel demand continues to rise, while the drivers of demand continue to shift

Global nickel demand grew 5.6% year-on-year in H1 2025. Around two-thirds of this demand growth was driven by China (6.4%), reflecting robust stainless-steel production and increased demand for EV batteries, particularly from higher end NCM/NCA EV models.

Rest of world (ROW) nickel demand grew 4.3% year-on-year in H1 2025. This was driven by demand growth from India, Brazil, Taiwan, alongside other nations such as Zambia, South Africa

Figure 12.1: World nickel demand



Source: International Nickel Study Group (2025); Department of Industry, Science and Resources (2025)

declines in year-on-year demand in Indonesia, Japan and South Korea. European demand continues to stagnate, while US demand growth was modest.

Global stainless steel-based nickel demand rose 3.4% in H1 2025, accounting for the majority of global nickel demand. This growth was driven primarily by Chinese stainless-steel production, with output growing on from construction demand, appliance demand, and exports. A rise in stainless steel production from India (4.3%) alongside growth in demand from Taiwan, South Africa, Zambia, helped to support global stainless-steel production.

Nickel-based battery demand for EV's grew sharply (24%) year-on-year in H1 2025, lifting the share of EV based nickel demand to 16% of total global nickel demand. Growth was

driven by increasing European EV sales and rising Chinese production of EV models favouring nickel-based chemistries. Superalloys and specialty steels accounted for a further 14% of nickel demand, growing by 4% over the period.

Global nickel demand is expected to see robust growth to 2027 and beyond the outlook period, reflecting this ongoing shift from traditional stainless-steel consumption towards the fast-rising demand from the battery and clean energy sector.

Stainless steel demand is expected to remain a key source of global nickel demand over the outlook period, though at a more moderate rate of growth. This will be underpinned by China, where high existing utilisation rates and a property sector shifting from new builds to maintenance is expected to see demand flatten. Continuing growth of nickel scrap is expected to further moderate primary nickel demand, though China is still expected to account for the majority of global nickel demand over the medium term.

Outside China, India and Indonesia will see stable annual growth in stainless-steel output at 3% and 2.7% respectively over the outlook period. This reflects ongoing structural expansions in these nations for their infrastructure and manufacturing sectors.

Battery demand for nickel is projected to rise significantly over the outlook period, rising from around 550 kt in 2024 to more than 880kt by the end of 2027 (+60%).

China will remain the largest single source of nickel demand for batteries, rising from 270 kt of Ni in 2024 to 390kt by the end of 2027 (+44%). Whilst LFP batteries have been the dominant chemistry in China in recent years, new EV demand growth is expected to be increasingly concentrated in nickel-based chemistries, as the market shifts towards longer mileage and higher income consumers.

Europe is also expected to re-emerge as a growth market over the outlook period, following a challenging few years. Growing nickel demand will be supported by the region's continued preference for longer-range battery chemistries.

Beyond stainless steel and EV demand, nickel demand from superalloys and high specialty steels is expected to grow steadily at around 3.8% annually over the outlook period. In addition, a small but growing contribution is expected to come from nickel-based battery energy storage and electronics, with demand from these applications forecast to grow by more than 50% over the outlook period.

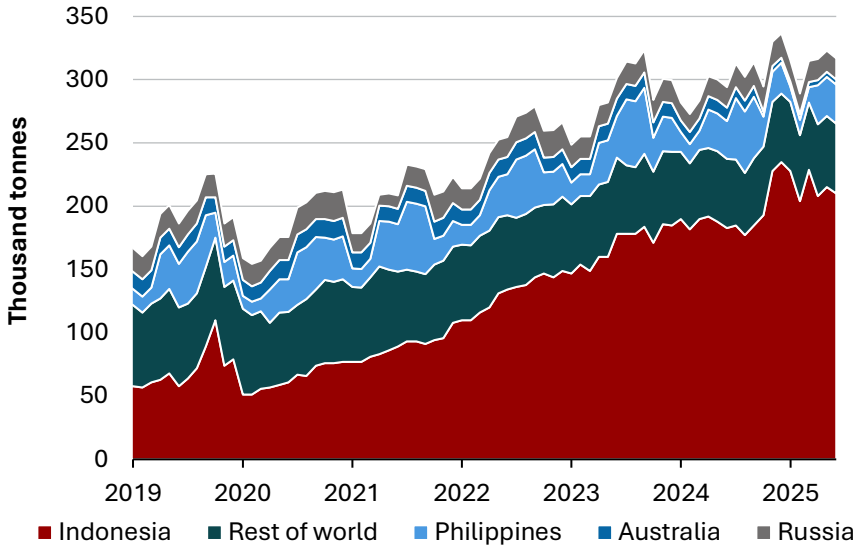
12.3 World Production

Global surpluses remain the status quo, with a tighter market expected in the latter outlook period

Global mined nickel production grew by 7.8% year-on-year in H1 2025 (Figure 12.2). This growth was underpinned by a surge in Indonesian mined output in the March quarter, following the release of larger than anticipated mining permits by the Indonesian Ministry of Energy and Mineral Resources (ESDM).

The strong rise in global mined nickel output in H1 2025 was primarily driven by production expansion in Indonesia. This included new nickel pig iron (NPI) and high-pressure acid leaching (HPAL) capacity coming online, as well as a rise in output from existing operators. This resulted in almost 1 Mt in H1 2025 (0.97 Mt) of mined supply from Indonesia, up 15% from a year earlier.

Figure 12.2: World mined nickel production



Source: International Nickel Study Group (2025); Department of Industry, Science and Resources (2025)

Outside of Indonesia, China added incremental mined output through higher domestic NPI production, while the Philippines and New Caledonia provided modest increases. Outside of Asia, production in Russia and Canada remained broadly stable, while production cuts in Australian have suppressed any output growth from Oceania.

Over the outlook period, global mined nickel production is projected to increase 4.5% annually to reach 4.5 Mt by 2027. Growth is expected to remain highly concentrated, with Indonesia alone to account for around 70% of this increase. The Philippines is expected to add some new capacity, while production from other major producers such as Russia and Canada are expected to maintain current levels.

Beyond the outlook period, the outlook for Indonesia's mined production expansion is vulnerable to downside risks. This includes new mine and mid-stream production capacity that is behind schedule, rising costs and technical challenges at existing operations, and declining ore grades.

China to remain the world's largest nickel refiner, but Indonesia driving growth in refined and intermediates

Global refined nickel production grew by 12% in H1 2025, reflecting a surge in Indonesian intermediate and refined production capacity. Indonesian refined output grew by 24% over the period (Figure 12.3). China remained the world's largest refiner, supplying just over a third of global output and growing by about 4.4% year-on-year. Growth in ex-Asia refined production was mostly flat (Figure 12.3).

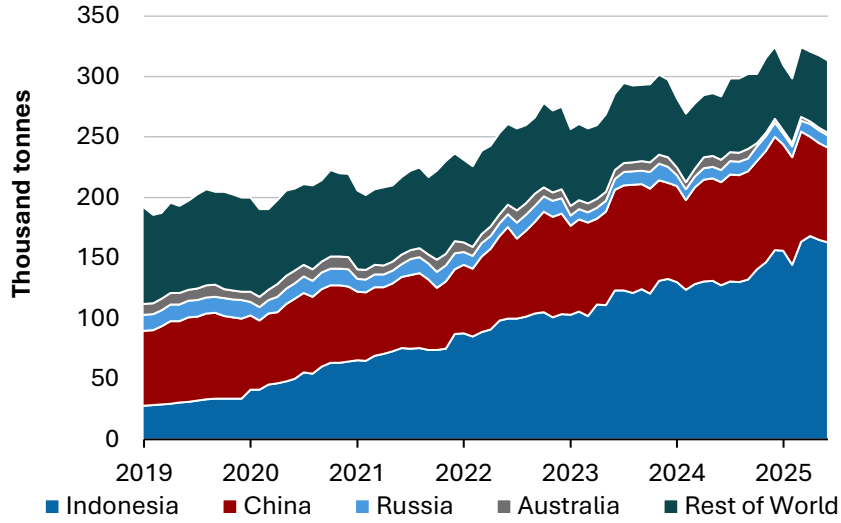
Nickel intermediates (including products such as mattes and Mixed Hydroxide Precipitate, or MHP) saw the fastest growth of any nickel category, increasing more 14% over the same period. The expansion was underpinned by a surge in Indonesia's HPAL production following the RKAB quota releases.

Production of class-1 refined nickel (from intermediates) also rose as conversion capacity expanded, while output elsewhere was modest.

Chinese NPI and sulphate producers lifted production, with Russia, Canada, and Australia largely flat.

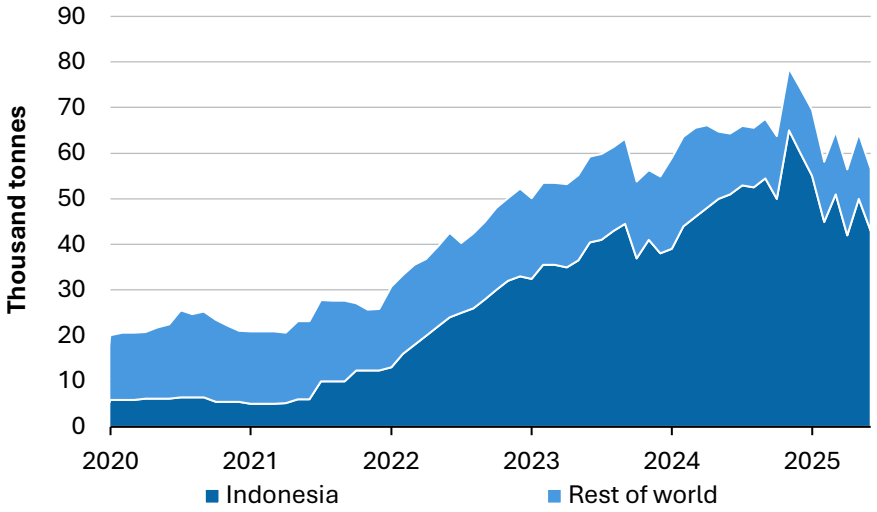
Overall, Indonesia's rapid expansion accounted for the bulk of global refined nickel growth, while other regions contributed only marginally to the 8.7% global increase (Figure 12.4).

Figure 12.3: World refined nickel production



Source: International Nickel Study Group (2025); Department of Industry, Science and Resources (2025)

Figure 12.4: World intermediates nickel production



Source: International Nickel Study Group (2025); Department of Industry, Science and Resources (2025)

Refined nickel output is set to rise in parallel with mined production, increasing from 3.7 Mt in 2025 to 4.2 Mt by the end of the outlook period (+6.0% annualised growth). Overall, Indonesia will drive growth across both NPI and intermediate products. NPI and ferronickel output are expected to expand to meet stainless steel demand in China and India. New HPAL projects are expected to generate significant volumes of MHP and matte, products designed specifically for the global battery supply chain.

China will remain the world's largest refiner. However, the rapid expansion in both NPI and HPAL output in Indonesia will drive most of the forecast increase through to 2027.Outside Asia, refined production growth is expected to be mostly flat. Russia and Canada will maintain stable Class-1 supply but face cost pressures and, in Russia's case, ongoing geopolitical risks.

Australia has seen production curtailed, and other regions will contribute only marginal gains.

Nickel intermediates – principally matte and MHP – are expected to see continued rapid growth over the outlook period, growing from around 620kt in 2025 to 780kt by 2027 (+12.2% annually). Most of this new production is expected to flow to China, where cathode producers such as CATL, GEM, and BYD are the principal users. Europe is expected to be a smaller, but growing market, with sulphate feed imports rising as local battery supply chains expand.

The rapid rise of intermediates underscores an important ongoing structural issue in the supply outlook: conversion bottlenecks. While the world appears to have ample MHP and matte by 2030, not all of it can be readily converted into Class-1 nickel suitable for EV cathodes. These bottleneck risks may

result in a growing quality mismatch between the form of nickel supplied and the form demanded, especially as batteries account for a larger share of global demand.

Global growth over the outlook period is largely dependent on Indonesia, and a number of key production challenges that have emerged in the country. Issues such as HPAL delivery challenges, ore grade decline, and in particular policy intervention through quotas and royalties could lead to changes in our future production forecasts.

The broader outlook is for headline supply surpluses, but with notable underlying structural risks. Mined and refined supply are expected to rise strongly, with the production mix being skewed toward NPI Class-2 nickel and nickel intermediates. Looking beyond 2027, should Class-1 growth start to lag demand, this would leave the battery sector exposed to conversion bottlenecks.

12.4 Prices

Nickel prices remain subdued in a surplus environment, with transitional pressures slowly emerging

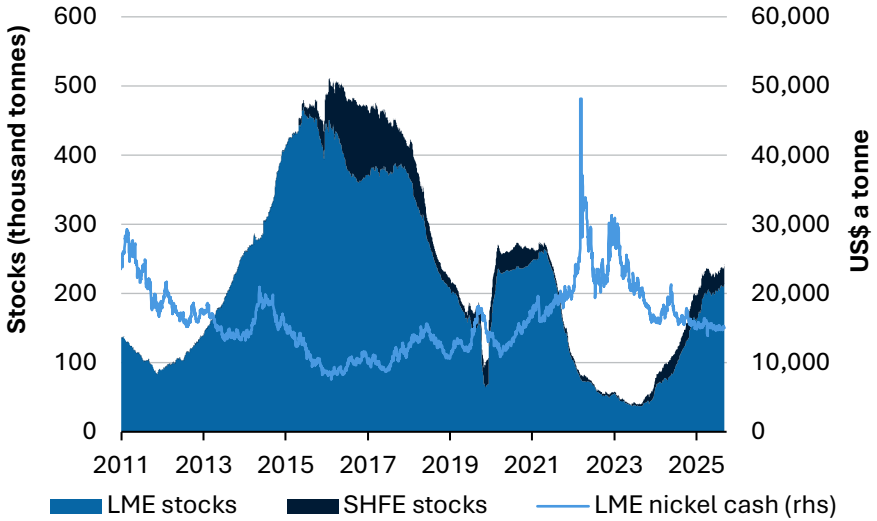
Nickel prices have faced sustained downward pressure since early 2023, falling sharply from post-COVID highs above US$30,000 a tonne to stabilise in mid-2025 at around US$15,000 a tonne. Compared with the 2013–2022 real average of US$17,800 a tonne, current levels remain historically depressed. This reflects the substantial global oversupply prompted by Indonesia's rapid production expansion. Overall, nickel prices have fallen by roughly 50% from their 2022 peak and have mostly stayed in a US$15,000-$16,000 a tonne range in 2025.

Over the outlook period, nickel prices are expected to remain near current levels, constrained by ongoing global oversupply. Persistent market surpluses which are forecast through to at least 2027 are expected to keep LME prices in a US$15,000–17,000 a tonne range (Figure 12.5).

Beyond the outlook period, continued growth in demand for stainless steel, combined with accelerating demand from EV and battery applications, is expected to gradually absorb refined and intermediate production. This could lower global supply surpluses, a gradually improve prices beyond the outlook period.

Slower-than-expected supply growth, particularly from challenges such as project and permitting delays, and ore grade declines could temper supply growth and accelerate this improving supply-demand balance over the outlook period.

Figure 12.5: Nickel LME Spot Price



Source: LME (2025); Department of Industry, Science and Resources (2025)

12.5 Australia

Growth in Australian production remains subdued due to low nickel prices

Australia's mined nickel production is expected to fall 6.6% in 2025–26, as key closures announced last year take full effect. A further fall in 2026–27 to 47 kt reflects expected closure of the Nova-Bollinger nickel mine in late 2026 as it reaches end of life. Australian refined production is projected to grow slightly from 37kt in 2025 to 42kt by 2027.

Subdued prices in the last few years have also led to delays in several key pipeline projects under development. This includes BHP's West Musgrave mine (with an annual capacity of 28 kt), with construction suspended in 2024 and the company guiding a further review of the project in early 2027.

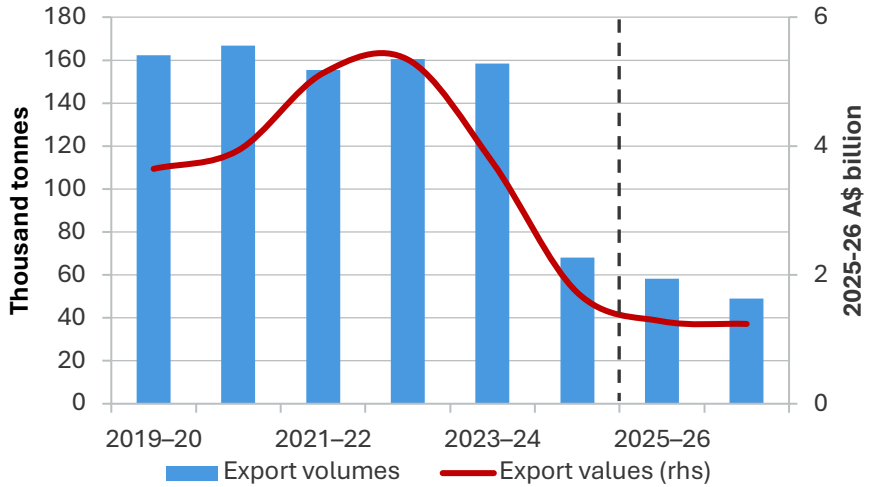
Beyond the outlook period, a recovery in prices could increase Australian mined and refined production. New supply capacity would be expected to come from projects aiming to produce intermediates (such as mixed hydroxide precipitate) and nickel sulphate as the battery-cathode market continues to develop.

This includes Alliance Nickel's NiWest nickel-cobalt project which is targeted to produce around 20 ktpa Ni of nickel sulphate, and Ardea's integrated Kalgoorlie nickel operation with an estimated annual capacity of 29 kt Ni of MHP. Funding for Kalgoorlie's DFS has been secured from Sumitomo Metal and Mitsubishi for a 50% equity interest. The Japanese Consortium intends to support the project in reaching FID and agreements for potential offtakes.

Lower export earnings over the outlook period

Weak prices and a further fall in production in the near term are expected to drive the value of Australian nickel exports lower from $3.7 billion in 2023–24, to $1.7 billion in 2024–25 and then $1.3 billion in 2025–26 and 2026–27 (Figure 12.6).

Figure 12.6: Nickel **export volumes and values**



Sources: ABS (2025); Department of Industry, Science and Resources (2025)

Revisions to the outlook

Compared with the June 2025 REQ, forecast export earnings are largely unchanged for 2025–26 and 2026–27.

Table 12.1: Nickel outlook

						Annual percentage change		
World	Unit	2024	2025	2026[f]	2027[f]	2025[f]	2026[f]	2027[f]
Production								
– mine	kt	3,783	4,120	4,340	4,500	8.9	5.3	3.7
– refined	kt	3,524	3,735	3,960	4,200	6.0	6.0	6.0
Consumption	kt	3,349	3,489	3,635	3,788	4.2	4.2	4.2
Global balance		175	246	325	412	40.6	32.1	26.8
Closing stocks	kt	1,030	1,205	1,451	1,776	17	20.4	22.4
– weeks of consumption		16	18	21	24	12.5	16.7	14.3
Prices LME								
– nominal	US$/t	16,825	15,518	16,400	17,400	-7.8	5.7	6.1
	USc/lb	763	704	744	789			
– real [b]	US$/t	17,328	15,518	16,005	16,630	-10.4	3.14	3.9
	USc/lb	786	704	726	754			
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Production								
– mine [c]	kt	133	62	58	47	-53.4	-6.5	-19
– refined	kt	88	47	39	39	-46.6	-17	0
– intermediate		46	15	0	0	-67.4	0	0
Export volume [dg]	kt	150	81	58	49	-46	-28.4	-15.5
Export value [g]								
– nominal value	A$m	3,555	1,678	1,280	1,273	-52.8	-23.7	-0.6
– real value [e]	A$m	3,747	1,726	1,280	1,239	-53.9	-25.8	-3.2

Notes: **b** In 2025 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2025–26 financial year Australian dollars; **f** Forecast.
Source: ABS (2025) International Trade, 5465.0; LME (2025) spot price; World Bureau of Metal Statistics (2025); Department of Industry, Science and Resources (2025)

Zinc

Australia's zinc sector

40% refined domestically

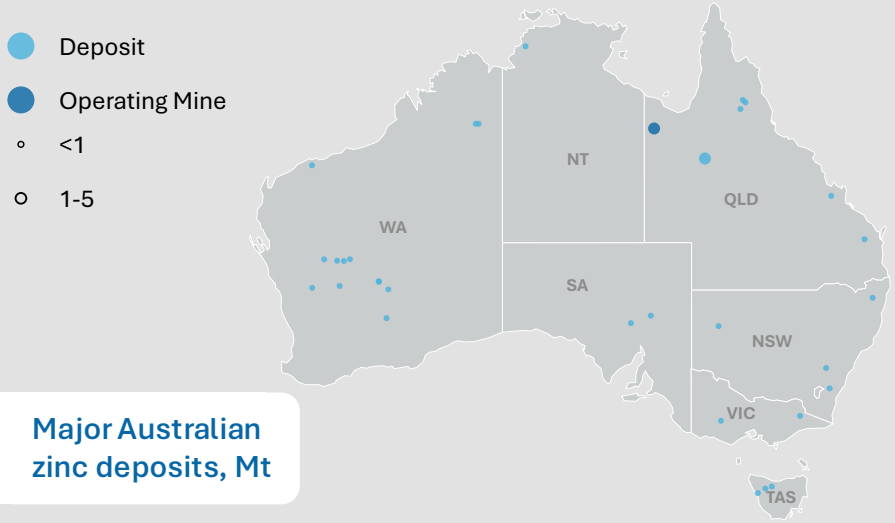
of ores and concentrate produced

28% of global

known zinc resources

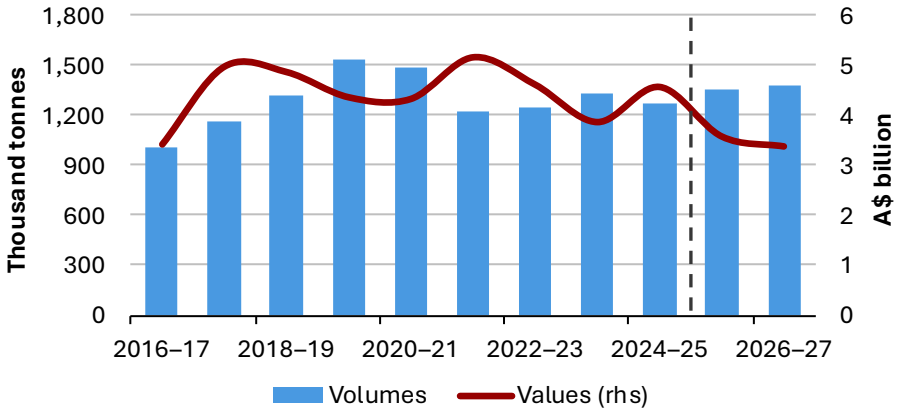
426,000 tonnes

of refined zinc produced in 2024



Major Australian zinc deposits, Mt

Australian zinc exports



Outlook

Zinc prices expected to remain flat

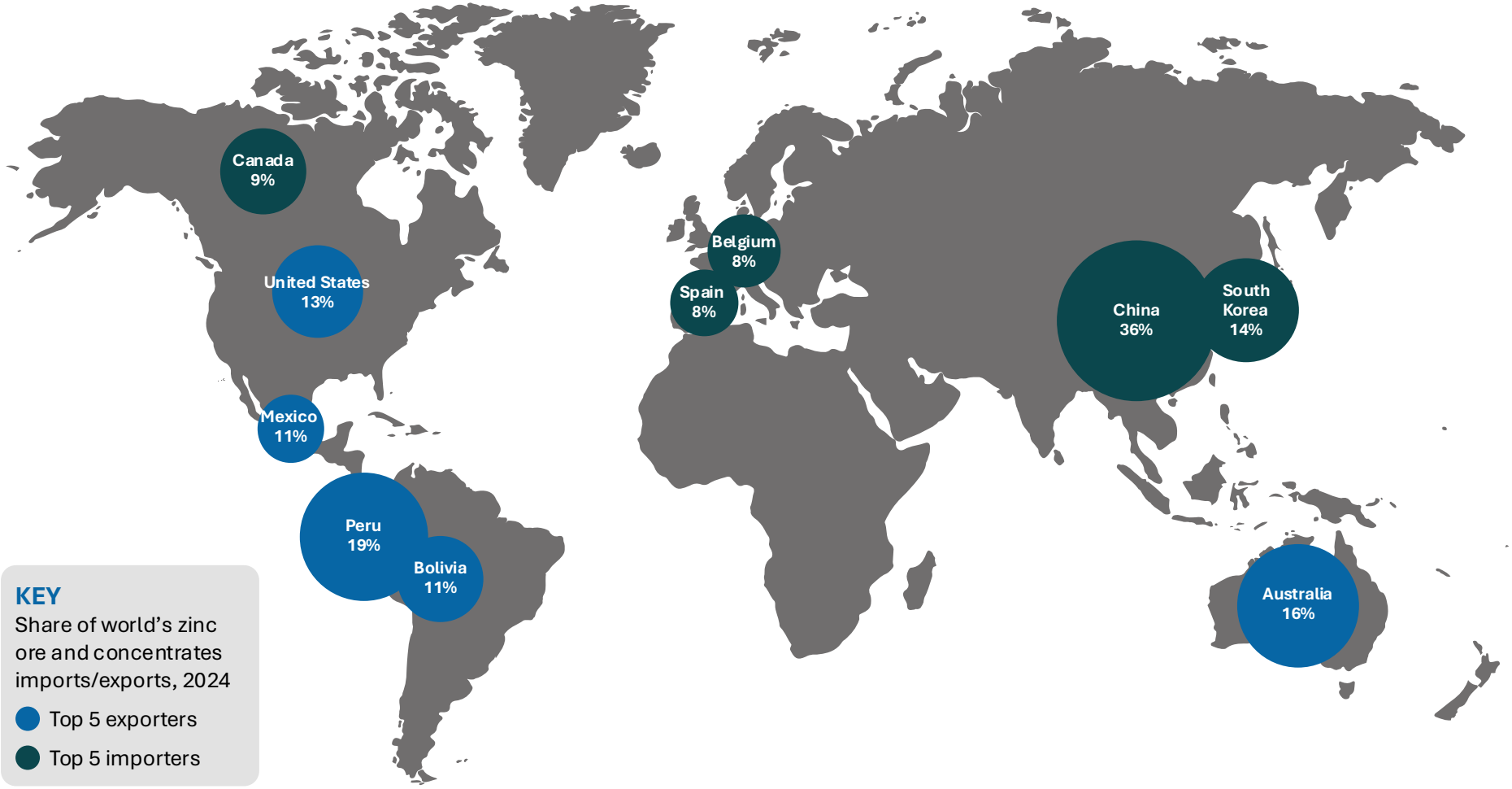
Earnings to stabilise as prices are expected to remain steady

Production expected to slow as output from older mines tapers

Exploration spending declined in June quarter

Source: GA; DISR; OCE

Zinc trade map



Source: ILZSG

13.1 Summary

- The zinc price is forecast to average US$2,740 a tonne in 2025 and rise slightly to US$2,750 over the forecast period to 2027.
- Global supply is set to grow modestly over the outlook period, while the outlook for zinc demand remains subdued – due to slowing global growth and ongoing weakness in China's property market. Global demand is projected to grow at an average annual rate of 1.1%, reaching 14 Mt by 2027.
- Australia's zinc exports were $4.4 billion in 2024–25 and are estimated to decline to $3.5 billion in 2026–27, as prices soften and the AUD/USD rises.

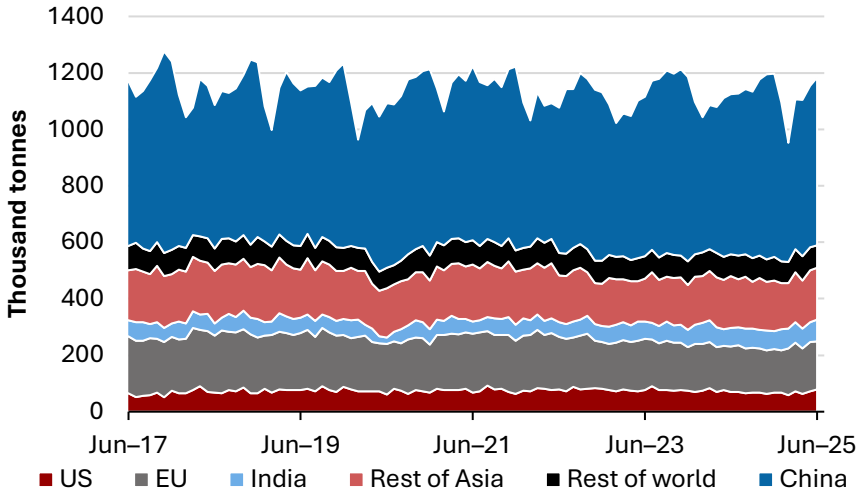
13.2 World demand

Global demand growth to remain weak due to relatively subdued growth in the major economies

World refined zinc demand increased by 0.9% year-on-year in H1 2025 (Figure 13.1). Growth over the period was driven by Asia, which accounts for 70% of global usage. Zinc consumption is heavily affected by the global industrial production cycle, reflecting its primary role in galvanising steel for manufacturing and construction.

In China, zinc demand rose by 1.5% year-on-year in H1 2025. Most zinc used in China is in the property sector and in manufacturing production. A range of Chinese Government measures to support domestic consumption have been implemented over the past year. These include reductions in interest rates and expansions of consumer trade-in schemes that offer subsidies for the purchase of home appliances.

Figure 13.1: Global zinc demand



Source: International Lead Zinc Study Group (2025); Department of Industry, Science and Resources (2025).

In India, zinc demand rose by 14% in H1 2025, driven by strong growth in construction and manufacturing. Industrial production grew 2.0% year-on-year in Q2 2025, supported by strong manufacturing output and electricity demand.

South Korean zinc demand declined by around 14% in H1 2025 compared to the same period last year, driven by weak consumer demand in its domestic vehicle market.

The EU, which accounts for around 15% of global zinc demand, saw a 4.2% increase in zinc usage in H1 2025. The growth reflected a gradual recovery in construction as inflationary pressures ease and lower interest rates lead to increased activity.

In the Americas, demand fell by 1.6% in H1 2025. The US, which accounts for 6% of global demand, saw a 5.9% fall in demand due to slower manufacturing activity.

Global refined zinc demand growth is expected to remain subdued over the next two years, reaching 14 Mt in 2027. Relatively weak construction activity in major economies including China, South Korea and the US is expected to weigh on growth. Global zinc demand is expected to strengthen towards the end of the decade, driven primarily by expected growth in the construction and automotive industries, mainly in Asia.

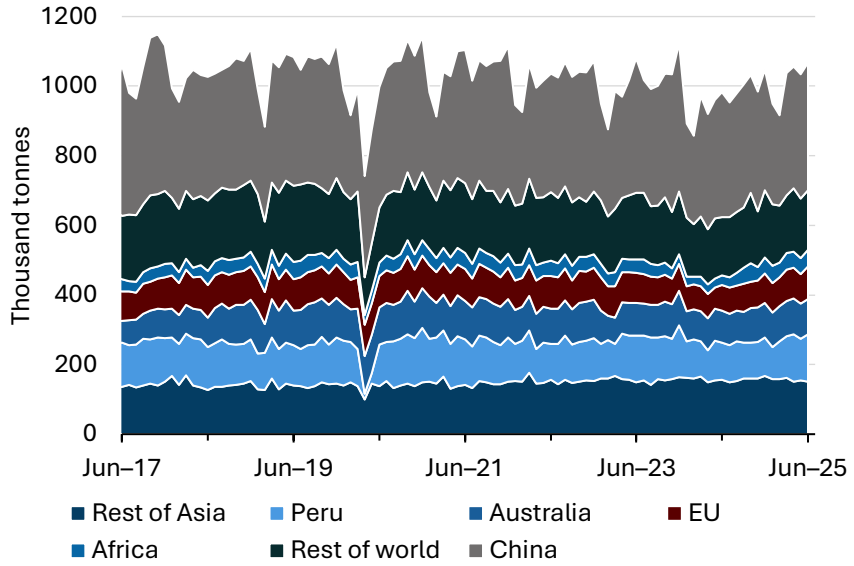
13.3 World production

Global mine output to lift, led by China, Mexico and DRC

In H1 2025, global zinc mine output increased by 6.3% compared to the same period last year (Figure 13.2). Growth was primarily driven by higher production in China, Mexico and the Democratic Republic of Congo (DRC), with contributions from production growth in Peru, South Africa and Australia.

Global zinc mine output is expected to grow by 4.9% in 2025, the first annual rise since 2021. A combination of expansions at existing mines, ramp-ups at new mines and mine re-openings – including the Kipushi mine in the DRC which reopened last year – will also support growth. Global zinc mine production is expected to grow by 2.9% a year to 13 Mt in 2027. Increases in mine production in China, the Russian Federation and Africa (South Africa and DRC) are expected to drive global growth.

Figure 13.2: Global zinc mine production

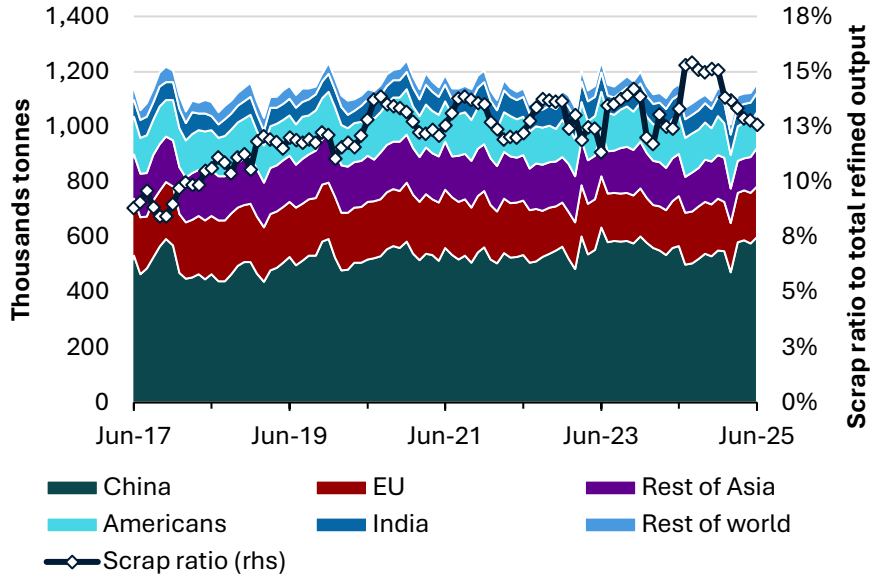


Source: Department of Industry, Science and Resources (2025); International Lead Zinc Study Group (2025)

New projects and expansions in China to increase global refined zinc production

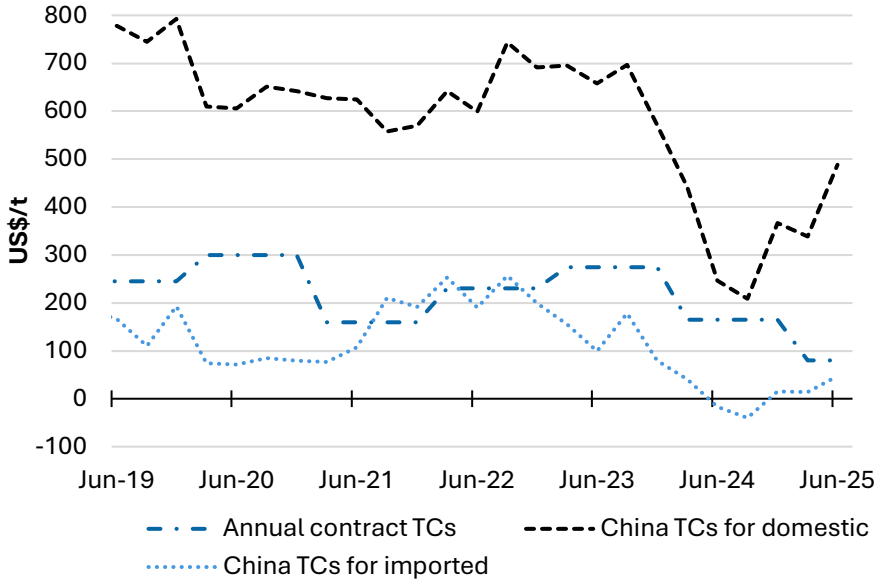
Global refined zinc production fell by 2.1% in H1 2025, largely due to output reductions in Brazil and Kazakhstan and the closure of Toho Zinc's Anakka operations in Japan. Production also fell in South Korea, largely due to a temporary suspension of operations at the Seokpo smelter. Partly offsetting these reductions were rises in Peru and Europe, where Boliden recently completed an expansion at its Odda Smelter. Secondary refined zinc output, which constitutes about 14% of total refined zinc output, recorded a 3.3% rise (Figure 13.3).

Figure 13.3: Global refined zinc production



Source: Department of Industry, Science and Resources (2025); International Lead Zinc Study Group (2025)

Figure 13.4: Zinc concentrate treatment charges



Source: S&P (2025) and Department of Industry, Science and Resources (2025)

In 2024, limited availability of zinc concentrates led to a sharp fall in treatment charges (TCs) resulting in reduced margins and challenging operating conditions for global zinc smelters. The concentrate shortage was the result of several mine closures in 2023. After falling to about US$80 a tonne in early 2025, annual contract TCs have risen slightly – to about US$90 in early August – but remain weak. Chinese spot TCs have risen due to improved concentrate supply and availability, assisted by the onset of the summer maintenance period for Chinese smelters (Figure 13.4).

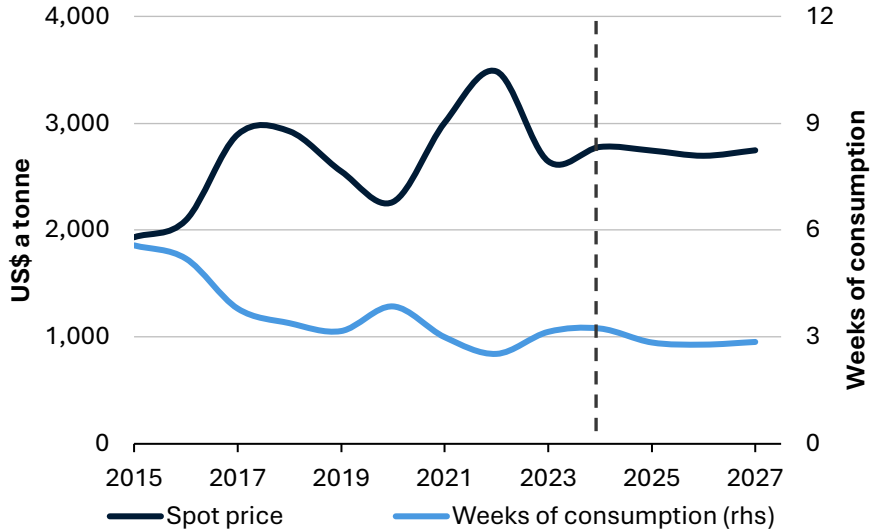
Global refined zinc output is forecast to grow by 1.1% in 2025, after a 3% decline in 2024. The pickup will be driven by increased mine production and better concentrate availability. Global production is expected to rise by 1.5% a year over the outlook period (to 2027).

13.4 Prices

Prices are expected to remain subdued over the outlook due to slowing demand

London Metal Exchange (LME) spot zinc prices fell sharply in H1 2025 following the US and Chinese tariff announcements. Prices have strengthened in recent months and the zinc price in H2 2025 is forecast to average slightly higher than in H1 2025. Zinc prices are expected to remain relatively flat over the outlook period to 2027 (Figure 13.5).

Figure 13.5: Zinc prices and stocks



Source: Department of Industry, Science and Resources (2025); LME (2025); International Lead Zinc Study Group (2025).

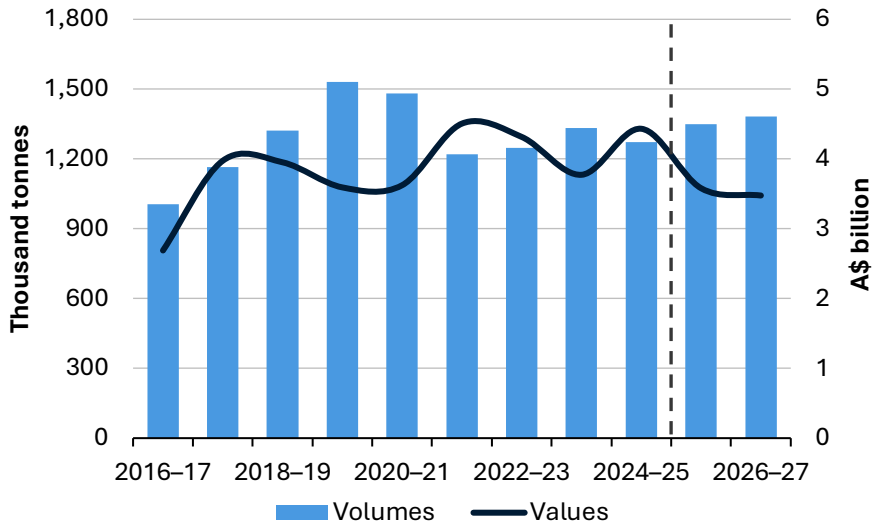
According to the International Lead and Zinc Study Group (ILZSG), total zinc metal stocks fell by 14.0% in H1 2025. LME stocks have fallen steadily over 2025, reaching a 2-year low at the end of August 2025. Zinc metal inventories are expected to rise in H2 2025 due to better availability of concentrates.

13.5 Australia

Australian mine production to grow slowly to 2027

Australia's mine output rose by 3.2% in 2024–25, reflecting stable production from major mines and the restart of the Woodlawn mine in New South Wales. Output is expected to increase until 2027 before declining as older mines deplete.

Figure 13.6: Australia's zinc export volumes and values



Source: ABS (2025); Department of Industry, Science and Resources (2025)

Australian zinc export earnings are expected to gradually decline from an estimated $3.6 billion in 2025–26 to $3.5 billion in 2026–27 as the AUD/USD rises (Figure 13.6).

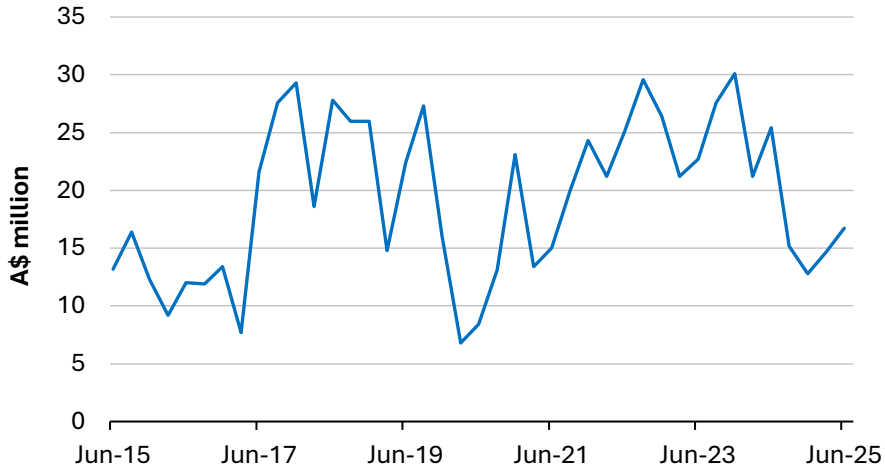
Australian refined zinc production fell by 1.3% in 2024–25, due to a 25% cut in production at the Nyrstar zinc smelter in Tasmania from April 2025. In August 2025, the company received a $135 million support package from the Australian, South Australian and Tasmanian Governments. The company stated that the package – together with ongoing investments backed by its shareholder, Trafigura – will enable it to maintain its ongoing operations. The company is also progressing engineering planning to allow assessment of a significant rebuild of its Australian smelters and fast track feasibility studies into critical metals production. No date has been provided for the resumption of full capacity.

Higher refined zinc production at Sun Metals' Townsville refinery partially offset the decline at the Hobart zinc smelter. Following the capacity expansion in 2021 and major maintenance in late 2024, the Townsville refinery increased production by 27% in H1 2025 compared to the same period last year.

Exploration

Zinc, lead and silver exploration expenditure fell by 34% year-on-year in the June quarter 2025. Despite recording positive quarter-on-quarter growth in the March and June quarters in 2025, total exploration expenditure for zinc, lead and silver in 2024–25 fell 43% compared to 2023–24 (Figure 13.7). Exploration spending is subject to substantial quarter-on-quarter volatility. Further data releases in H2 2025 are expected to provide further insights on whether the falls in 2024–25 are part of a broader trend towards lower mineral exploration.

Figure 13.7: Australian zinc, lead and silver exploration



Source: ABS (2025).

Revisions to the outlook

Compared to the June 2025 REQ, forecast export earnings in 2025–26 and 2026–27 have been revised down by $80 million and $180 million, respectively.

Table 13.1: Zinc outlook

						Annual percentage change		
World	**Unit**	**2024**	**2025[f]**	**2026[f]**	**2027[f]**	**2025[f]**	**2026[f]**	**2027[f]**
Production								
– mine	kt	11,945	12,525	12,800	13,030	4.9	2.2	1.8
– refined [a]	kt	13,391	13,534	13,790	13,998	1.1	1.9	1.5
Consumption	kt	13,510	13,629	13,797	13,969	0.9	1.2	1.2
Closing stocks	kt	841	746	739	768	-11.3	-0.9	4.0
– weeks of consumption		3.2	2.8	2.8	2.9	-12.1	-2.1	2.7
Prices LME								
– nominal	US$/t	2,778	2,740	2,695	2,750	-1.2	-1.8	1.9
	USc/lb	126	124	122	125	-1.2	-1.8	1.9
– real [b]	US$/t	2,860	2,740	2,630	2,620	-4.1	-4.1	-0.2
	USc/lb	130	124	119	119	-4.1	-4.1	-0.2
Australia	**Unit**	**2023–24**	**2024–25**	**2025–26[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Mine output	kt	1,124	1,115	1,152	1,188	-0.9	3.3	3.1
Refined output	kt	434	429	449	454	-1.3	4.7	1.2
Exports								
– ores and concs [c]	kt	1,907	1,862	1,987	2,050	-2.3	6.7	3.1
– refined	kt	433	389	427	432	-10.0	9.6	1.2
– total metallic content	kt	1,333	1,272	1,348	1,382	-4.6	6.0	2.5
Export value								
– nominal	A$m	3,773	4,432	3,580	3,476	17.5	-19.2	-2.9
– real [d]	A$m	3,977	4,561	3,580	3,383	14.7	-21.5	-5.5

Notes: **a** Includes secondary refined zinc; **b** In 2025 US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2025–26 Australian dollars; **f** Forecast.
Source: ABS (2025); Department of Industry, Science and Resources (2025); International Lead Zinc Study Group (2025); Wood Mackenzie (2025); LME (2025)

Lithium

Australia's lithium sector

95% shipped to China

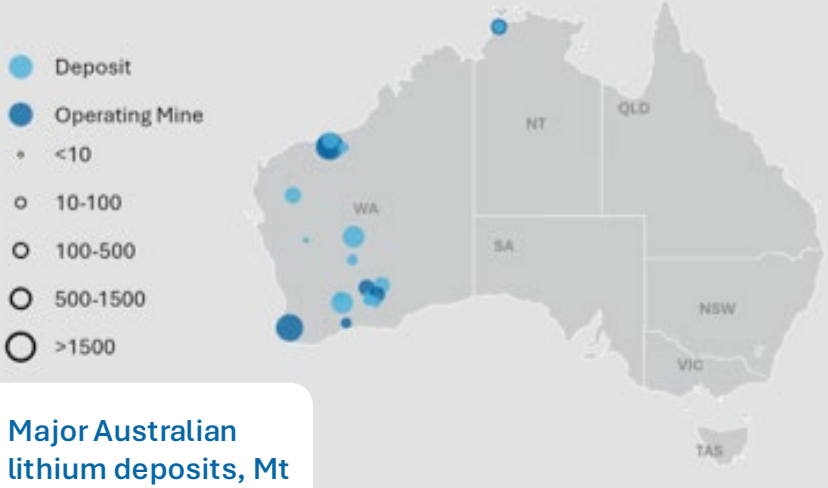
of ores and concentrate produced in 2024

36% of global extraction

in 2024, 2nd highest reserves globally

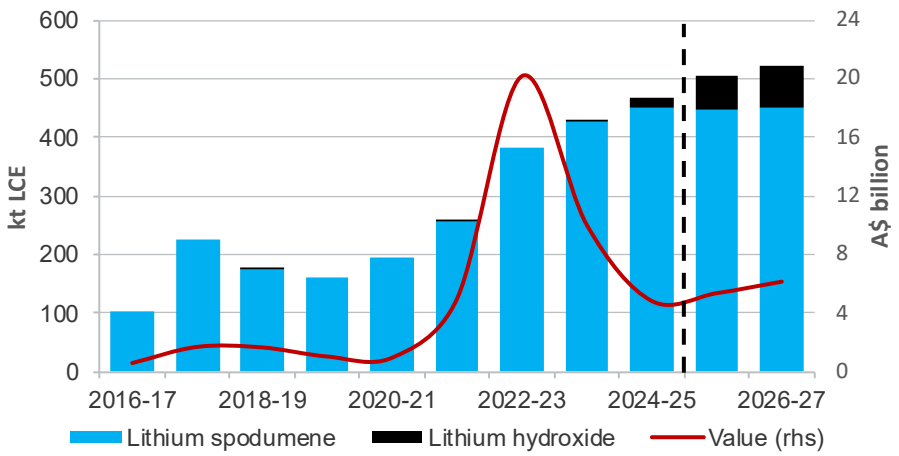
9% produced in Australia

of total global lithium hydroxide by 2027



Major Australian lithium deposits, Mt

Australian lithium exports



Outlook

- Prices subdued until later in outlook period
- Australia to remain a top lithium supplier in 2027 and beyond
- Australian mine output to growth to slow down
- New supply mainly from Argentina, Australia and China

14.1 Summary

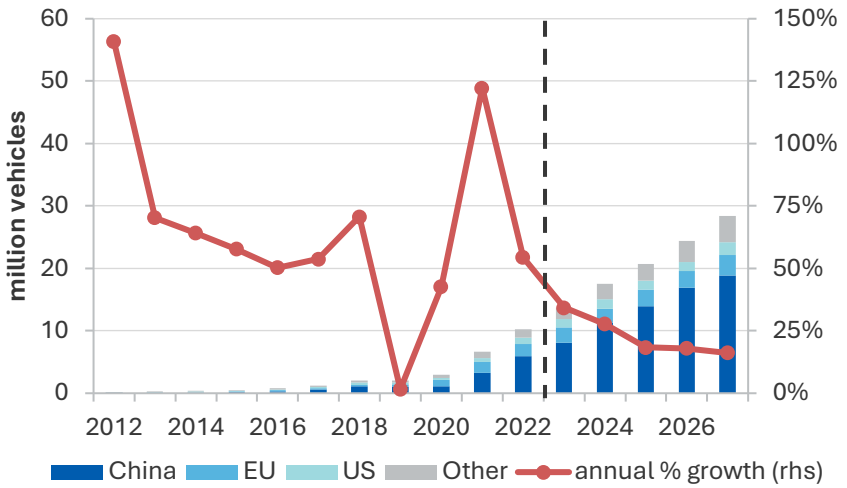
- A global oversupply of lithium has pushed prices below production costs for some producers in the first half of 2025.
- Prices have recovered to January 2025 levels following a slump in June and are expected to slowly rise to 2027. The risk to price recovery is the reopening of a higher cost lithium project in China in early September 2025.
- Rapid growth in global demand will continue, but it will not fully absorb the oversupply until early 2030s. EV adoption and strong battery energy storage system (BESS) deployment will continue to underpin demand growth.
- Australia's lithium export earnings are forecast to increase from $4.8 billion in 2024–25 to $6.1 billion in 2026-27, driven by growth in export volumes of lithium hydroxide.

14.2 World Demand

Demand growth remains strong, with the rising usage of stationary storage offsetting slowing growth in EV sales

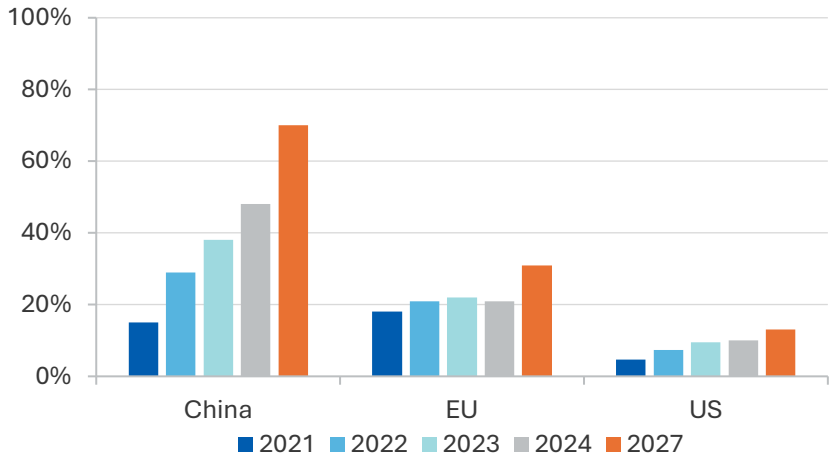
Global EV sales are forecast to grow 18% in 2025, bolstered by rising adoption rates in China (Figure 14.1). New EV car sales share of all new car sales (EV penetration) in China increased 10 percentage points in 2024 reaching 48%. By 2027, more than 2 out of every 3 cars sold in China is expected to be a battery electric or a plug-in hybrid vehicle (Figure 14.2). In comparison, the US and EU markets experienced much lower growth in 2024. Eurozone EV car sales fell from over 2.4 million in 2023 to about 2.3 million in 2024. However, more stringent emissions performance standards are expected to see EV sales grow to 3.3 million annually in the EU in 2027.

Figure 14.1: Global passenger EV sales volumes and growth



Source: IEA (2025), Department of Industry, Science and Resources (2025)

Figure 14.2: Passenger EV penetration in major vehicle markets



Notes: EVs include battery and plug-in hybrid electric vehicles

Source: International Energy Agency (2025); China Passenger Car Association (2025); European Automobile Manufacturers' Association (2025); Department of Industry, Science and Resources (2025)

In the US, EV sales grew from just under 1.4 million in 2023 to above 1.5 million in 2024. EV sales are expected to grow to 2.1 million in 2027 bouncing back from the recent slowdown. The current downside risk to the increased EV adoption in the US is forecast to dissipate by then and result in more favourable sales conditions.

BESS growth is expected to be at almost 13% a year to 2027 driven by primarily by their increasingly important role in electricity grids. BESS are now also supplying electricity during high demand periods in addition to their existing role in providing grid auxiliary services.

14.3 World production

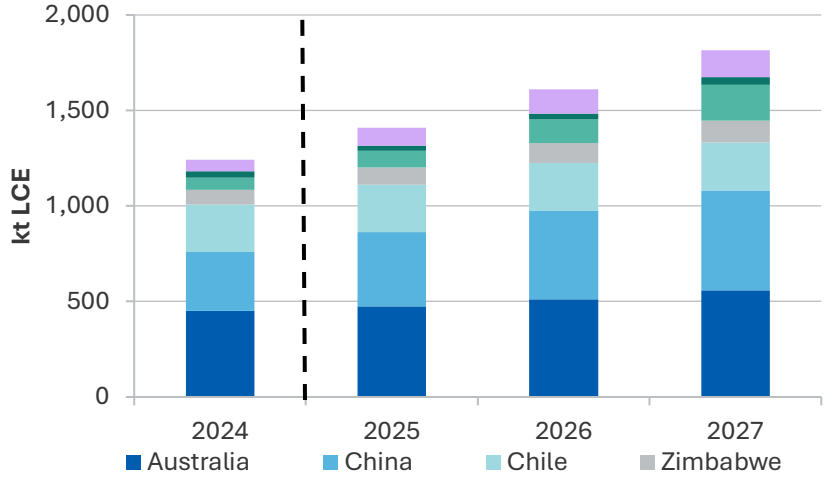
Global lithium oversupply is set to ease due to recent capacity closures and delays of new mines

Global lithium extraction is forecast to grow by more than13% annually over the outlook period, to reach over 1.8 Mt of lithium carbonate equivalent (LCE) by 2027 (Figure 14.3). Australia is expected to remain the leading lithium supplier with around 31% global share in 2027 down from 36% in 2024.

In 2027, China's share of global supply is expected at 29%. Argentina is also expected to significantly expand lithium extraction capacity. China's share of global extraction is forecast to increase from 25% in 2024 to almost 29% in 2027 through a combination of new brine and hard rock projects.

Recent advances in salt roasting technology in China have led to a sharp rise in domestic lepidolite-based output, contributing to the current global oversupply.

Figure 14.3: Global lithium extraction



Source: Department of Industry, Science and Resources (2025), Wood Mackenzie (2025)

In July this year, the Chinese Government introduced new regulations for lithium mining setting minimum standards and centralising the regulatory and approvals system. The new laws aim to rein in the oversupply and overexploitation of China's domestic lithium resources. This has led to the temporary closure of higher cost lepidolite operations in August. The largest of these has reopened in early September.

Argentina's global market share is expected to almost double to more than 10% of global lithium extraction by 2027, as a series of large brine operations come online.

Rio Tinto announced in December 2024 that they will invest US$2.5 billion in the Rincon Lithium Project located in Argentina's segment of South America's lithium triangle. Rincon's is expected annual capacity is 60 kt of battery grade lithium carbonate.

Rio Tinto plans to increase production at its Salar del Hombre Muerto (carbonate and chloride) and Olaroz brine operations from a combined 41 kt LCE in 2024 to almost 49 kt LCE in 2025 and almost 72 kt LCE by 2027.

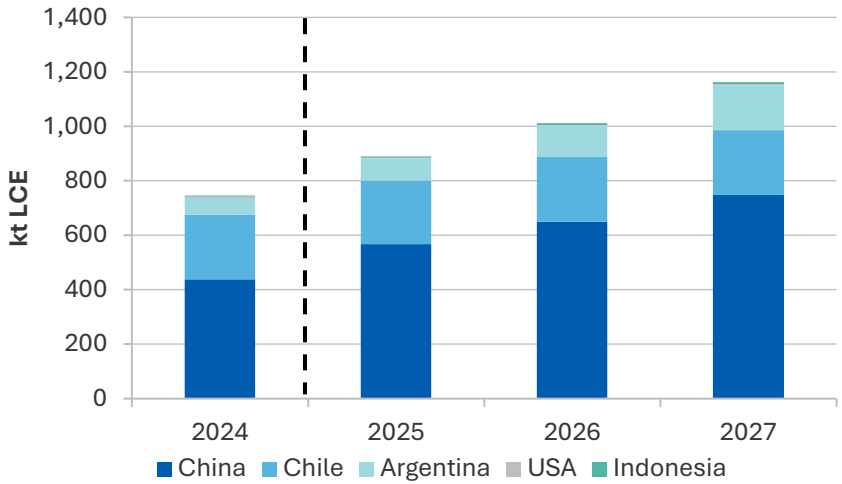
Chile's share of world lithium extraction is expected to fall from about 20% in 2024 to around 14% in 2027. While Chile's lithium extraction is set to rise in absolute terms, the pace of growth is forecast to lag other lithium-producers. Chile is expected to lift production by a total of 30 kt LCE by 2027. Zimbabwe's lithium extraction global share is expected to increase marginally from 6.0% to 6.2% over the outlook period.

Robust growth forecast for both forms of refined lithium

Global primary lithium carbonate production is forecast to rise by more than 10% a year from 744 kt LCE in 2024 to 1,161 kt LCE by 2027 (Figure 14.4). China is expected to underpin this rise, increase from around 59% in 2024 to over 66% in 2027. Currently, there is no significant investment in facilities to process hard-rock feedstock into lithium carbonate outside China.

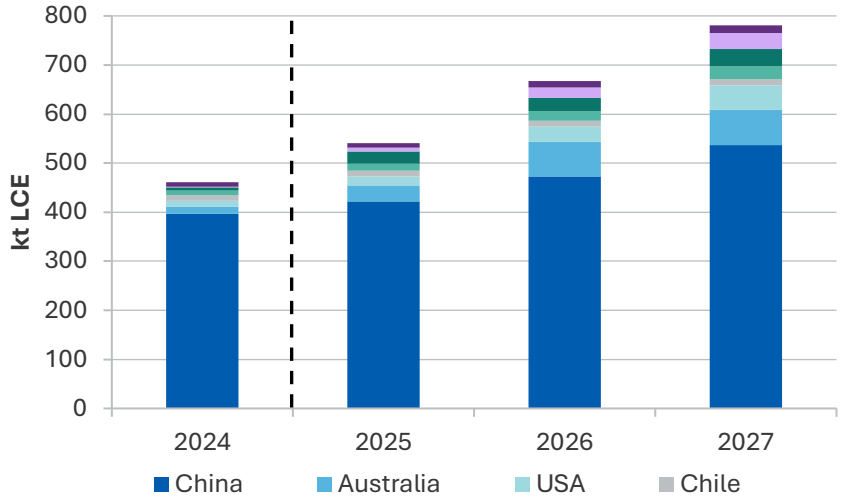
Global primary lithium hydroxide production is forecast to rise by more than 9% a year to 781 kt LCE by 2027 (Figure 14.5). While China's production of lithium hydroxide is expected to increase from 397 kt LCE in 2024 to 537 kt LCE in 2027, its global share is set to fall from 86% to 69% over the period. The fall in China's share of global lithium hydroxide production follows the ramp up of new lithium hydroxide production capacity amongst several emerging producers. Australia is projected to increase its share in global lithium hydroxide production to 9%, Indonesia will rise to 5%, USA to 4% and South Korea to 3% of world output.

Figure 14.4: Global primary lithium carbonate production



Source: Department of Industry, Science and Resources (2025), Wood Mackenzie (2025)

Figure 14.5: Global primary lithium hydroxide production



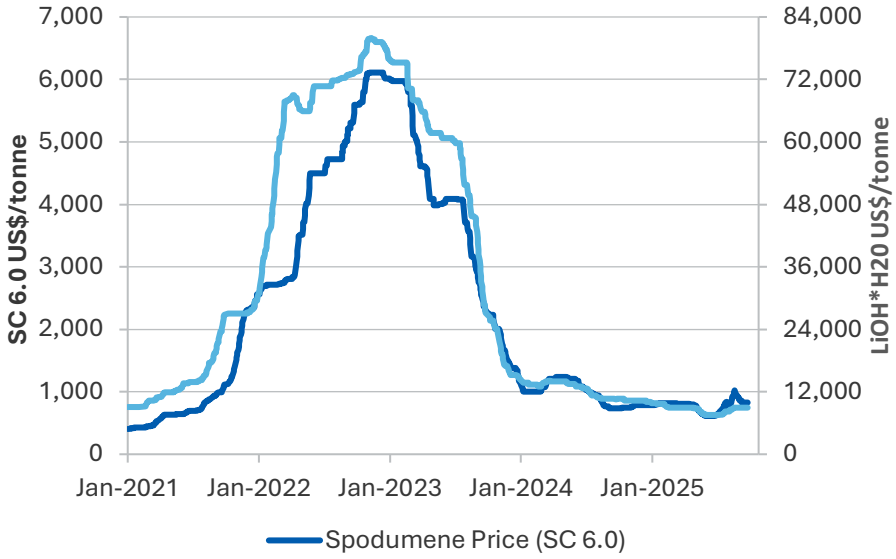
Source: Department of Industry, Science and Resources (2025), Wood Mackenzie (2025)

14.4 Prices

Improving supply-demand balance to support rising prices through the outlook period

Ongoing demand growth and temporary production curtailments in China have seen lithium prices improve so far in the September quarter. Spodumene concentrate prices increased from just above US$600 a tonne in June, reached US$1,000 tonne in late August, before easing to around US$820 a tonne in second half of September (Figure 14.6). The price recovery is now under threat from reported reopening of a higher cost lepidolite operation in China on 10 September 2025.

Figure 14.6: Spodumene concentrate and lithium hydroxide prices



Source: Bloomberg (2025)

Lithium hydroxide prices have seen a recovery of almost 20% over the same period, rising from about US$7,550 a tonne to around US$9,000 a tonne in September. The rise follows a strong recovery in spodumene prices – the primary feedstock for these operations refineries – with refiners also starting to draw down on their accumulated inventories.

By 2027, spodumene is expected to rise to an annual average price of around US$925 a tonne, while lithium hydroxide should average about US$13,250 a tonne.

14.5 Australia

Australia's spodumene and lithium hydroxide production to expand despite challenges

Australian lithium mine output increased by 52 kt LCE (or 12.5% year-on-year) in the 12 months to June 2025. While spodumene concentrate output fell at Mt Marion, Wodgina and Pilgangoora increased their output by 5 kt LCE and 11 kt LCE respectively.

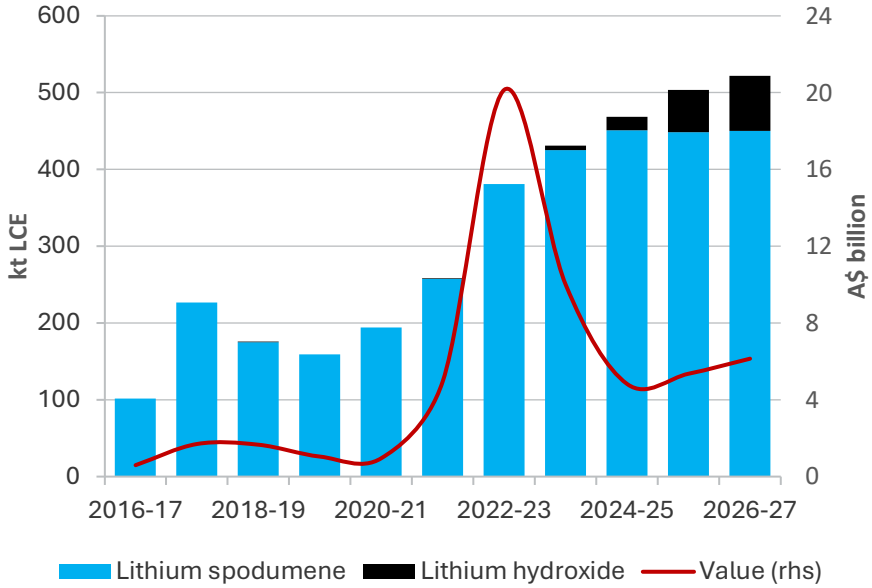
Pilgangoora's output lift reflects the expansion in its annual capacity from 680 kt to 1,000 kt (for completion in September quarter 2025) and production recovery from the Severe Tropical Cyclone Zelia in the March quarter. Wodgina's higher output reflects the mine's ongoing ramp up. Mt Holland and Greenbushes kept output at similar levels to the March quarter.

Overall Australian mine output is forecast to fall marginally from 454 kt LCE in 2024–25 to 452 kt LCE in 2026-27. At the same time production increases at Kathleen Valley, Mount Holland, Pilgangoora, Wodgina, and Greenbushes will slow this drop in output.

Over the outlook period, Australia's total lithium hydroxide output is expected to rise from about 20 kt LCE in 2024–25 to

around 72 kt LCE in 2026-27. We have assumed Covalent refinery reaching 80% capacity from mid-2026. All the output will come from Western Australia's refineries. Tianqi's Kwinana refinery is expected to operate at 90% of its 24 ktpa nameplate capacity by 2027. The refinery operated at 30% capacity in the June quarter, with production continuing to ramp up as technical issues are addressed. Tianqi's JV partner, IGO, in its quarterly report to 30 June 2025 fully impaired its 49% stake in the refinery. Production at Albermarle's Kemerton refinery is expected to reach about 80% of its 25 ktpa capacity over the same period. Covalent's Kwinana refinery, which started production in July 2025, aims to ramp up production to its 50 ktpa nameplate capacity by the end of 2026 or early 2027.

Figure 14.7: Australia's lithium export volumes and values



Source: Department of Industry, Science and Resources (2025)

Export earnings expected to grow strongly underpinned by increasing export volumes

Australian spodumene export earnings are forecast to increase from around $4.8 billion in 2024–25 to about $6.1 billion in 2026–27 (Figure 14.7). Despite a moderate improvement in prices, most of the growth in earnings will come from increased export volumes of lithium hydroxide.

Revisions to the outlook

Export earnings in 2026–27 have been revised down from the June 2025 REQ by $0.5 billion, driven by moderate decrease in production growth and lower price increase revisions.

Table 14.1: Lithium outlook

						Annual percentage change		
World	**Unit**	**2024**	**2025**	**2026[f]**	**2027[f]**	**2025**	**2026[f]**	**2027[f]**
Production [b]	LCE[a] kt	1,294	1,490	1,716	1,944	15.2	15.1	13.3
Demand	LCE[a] kt	1,186	1,376	1,571	1,794	16.0	14.2	14.2
Spodumene price								
– nominal	US$/t	970	737	800	925	-24.0	8.6	15.6
– real [c]	US$/t	998	737	780	884	-26.2	5.9	13.2
Lithium hydroxide price								
– nominal	US$/t	12,129	9,058	11,250	13,250	-25.3	24.2	17.8
– real [c]	US$/t	12,487	9,056	10,974	12,658	-27.5	21.2	15.3
Australia	**Unit**	**2023–24**	**2024–25**	**2025–2026[f]**	**2026–27[f]**	**2024–25**	**2025–26[f]**	**2026–27[f]**
Production								
– Mine (spodumene)	LCE[a] kt	425	454	448	452	6.8	-1.3	0.8
Export volume								
– Ore and concentrate (spodumene)	SC6[e] eq. kt	3,342	3,545	3,487	3,510	6.1	-1.6	0.7
– Ore and concentrate (spodumene)	LCE[a] kt	425	451	449	453	6.1	-0.4	0.8
– Refined (lithium hydroxide)	LCE[a] kt	6	20	57	72	242.7	188.8	26.9
– Total lithium exports	LCE[a] kt	431	474	505	524	9.9	6.6	3.7
Export value								
– Total (nominal) [d]	A$m	9,996	4,824	5,359	6,142	-51.7	11.1	14.6
– Total (real) [d h]	A$m	10,535	4,963	5,359	5,978	-52.9	8.0	11.5

Notes: **a** Lithium carbonate equivalent: this is a measure of the quantity of lithium metal in the product; **b** Lithium products include spodumene concentrate, lithium hydroxide, lithium carbonate and lithium metal; **c** In current calendar year US dollars; **d** Revenue from spodumene concentrate, lithium hydroxide and other lithium products; **e** Quantities refer to the gross weight of the product without adjustments for lithium content: lithium content of spodumene from Australian mines are generally, but not always, between 5 to 6 percent; **f** Forecast **g** In current financial year Australian dollars; **h** In 2025–26 financial year Australian dollars.

Sources: ABS (2025); Bloomberg (2025); Company reports; Department of Industry, Science and Resources (2025); Wood Mackenzie (2025)

Other critical minerals

Other critical minerals in Australia

$5 billion

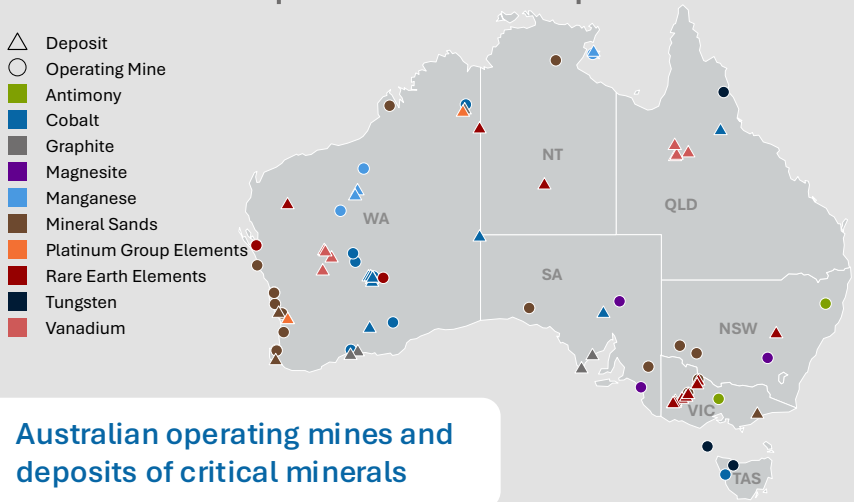
in export value by 2026–27

Australian exports

to grow over the outlook period

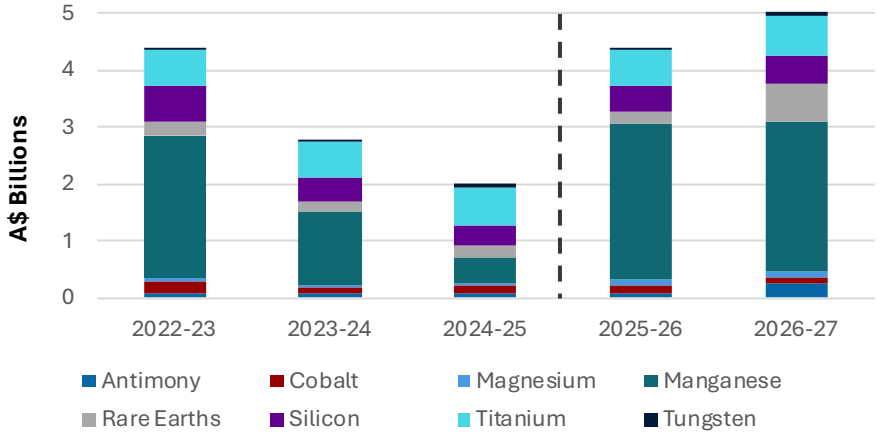
Industrial policies

to drive surge in new rare earth projects



Australian operating mines and deposits of critical minerals

Australian other critical mineral exports



Outlook

Export controls increasing premiums and reducing supply for producers outside China

New joint venture to provide opportunity for Australian gallium production

US Department of Defense to introduce price floor for rare earths producer

Increased export earnings to be driven by manganese and rare earths

Source: GA; DISR; OCE

15.1 Summary

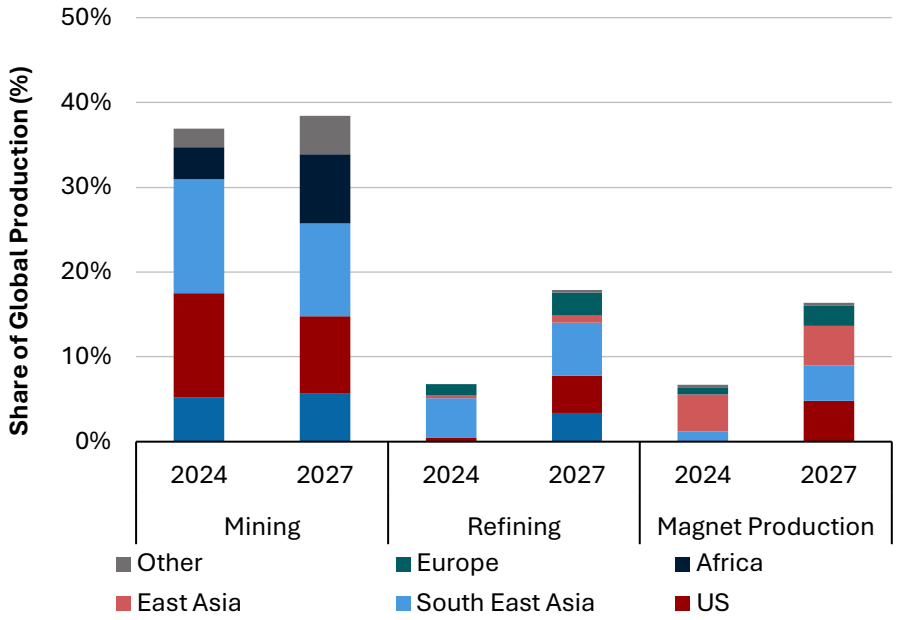
- Australia's export earnings for other critical minerals are expected to grow to $5.0 billion by 2026-27.[1] The recommencement of manganese exports from GEMCO and growth in rare earth exports will drive most of this rise.
- US rare earth producer MP Materials recently announced a deal to supply the US Department of Defence with neodymium and praseodymium (NdPr) products from Q4 2025. The deal includes a price floor above recent spot price – prompting a recovery in REE prices.
- China's export controls have driven up ex-China prices for some critical minerals, which are expected to remain elevated in the near term while constrained supply persists.
- Announcement of a proposed joint venture between Alcoa and Japanese partners provides an opportunity for Australia to produce gallium for the first time since 1990.

15.2 Global market dynamics

Increased industrial policies and export controls drive surge in rare earths projects

Rare earth elements (REEs) – notably neodymium (Nd), praseodymium (Pr), dysprosium (Dy), and terbium (Tb) – have attracted increasing attention due to their essential role in rare earth permanent magnets (REPMs). Global focus intensified in July 2025 following the US Department of Defense's (DoD) strategic agreement with rare earth producer MP Materials.

Figure 15.1: Ex-China rare earths output in 2024 vs 2027 (forecast)



Source: Project Blue (2025); Department of Industry, Science and Resources (2025).

The US DoD has committed approximately US$400 million in equity to the company to support the restart of the Mountain Pass mine and development of processing facilities. Several US funding institutions also issued commitment letters for financing in support of the deal.

[1] 'Other' critical minerals are defined as antimony, cobalt, gallium, germanium, graphite, magnesium, manganese, rare earth elements (REE), silicon, titanium and mineral sands, tungsten, and vanadium.

The commitment also includes a 10-year agreement to set an effective price floor – at US$110/kg NdPr – and full offtake of the facility's 10 kilotons per annum (ktpa) magnet production. NdPr prices through July–August have recovered following the announcement as the DoD price support mechanism sits well above recent market levels. If sustained, the surge in REE prices will support new projects and expansions across North America, Europe and Australia. If committed projects proceed on schedule, ex-China capacity across mining, refining (separation) and magnet production is set to rise materially through to 2027 (Figure 15.1).

The DoD's announcement follows a range of domestic industrial policies and rare earth refining capabilities in Western and Asian markets, driven by a lack of REPM availability following export controls (refer to recent export controls section below).

Lynas Rare Earths recently announced a partnership with South Korean magnet manufacturer JS Link to develop a 3 ktpa REPM manufacturing facility in Malaysia. Apple also announced US$500 million agreement with MP Materials, which includes purchasing US-made REPM from its new facility in Texas and establishing a new recycling line in California.

However, ex-China production tends to be weighted towards upstream (mine) rather than downstream production. Sustained growth in both downstream manufacturing capability and end-use demand – in EVs, consumer electronics and wind turbines – will ensure that supply does not outpace demand.

Aerospace growth to fuel titanium demand, despite decline in traditional markets

Global titanium demand is forecast to grow by 4.4% and 3.2% in 2026 and 2027 respectively, driven by demand in the aerospace sector. Titanium's high strength to weight ratio makes it invaluable in aerospace uses – for both civilian and defence aircraft – when combined with steel.

Most titanium is used as titanium dioxide (TiO_2) pigment, found in paints, plastics and other products. However, Iluka's decision in September 2025 to suspend operations at its Cataby mine and Synthetic Rutile Kiln reflects ongoing weakness in the TiO_2 market. Despite stable production capacity, low global demand and high inventory levels are forcing producers to cut back supply. Against this backdrop, demand growth in high-performance sectors is expected to play an increasingly influential role in shaping titanium markets.

Project Blue forecasts prices for titanium sponge – a high-purity form of titanium metal – to increase by 25% over the outlook period, while titanium feedstock prices are expected to remain stable. This trend will be driven by rising demand from the aerospace industry, coupled with a growing share of titanium consumption from metal (rather than TiO_2) and sanctions on Russian producers.

Following Russian supply-chain disruptions in 2024, efforts to diversify global titanium supply chains have been undertaken by major consumers including Boeing and Airbus. Diversification of titanium supply chains is expected to strengthen the aerospace market by reducing the risk associated with reliance on single suppliers of titanium metal.

Australia holds the world's largest resource deposits of rutile and ilmenite – the main titanium-bearing minerals. While Australia has existing mineral separation and TiO_2 plants, there is a rising focus on the development of downstream processing in titanium metal. For example, Empire Metals Ltd is

currently undertaking pre-feasibility studies to assess a titanium metallisation plant in its Pitfield mine, with the goal of producing high-value titanium metal product.

Several companies have progressed deep sea mining projects despite uncertainty in permitting outlook

Canadian based deep-sea mining exploration firm The Metals Company (TMC) is advancing development of the NORI-D Nodule Project, located in the Clarion-Clipperton Zone (CCZ) of the Pacific Ocean. In August 2025, TMC released a Pre-Feasibility Study, outlining plans to commercially recover polymetallic nodules. Construction is targeted for 2027, pending approval under the US Deep Seabed Hard Mineral Resources Act, with steady-state production expected from 2031 to 2043.

The CCZ is one of the world's richest sources of nodules, which naturally form on the seafloor and contain a unique mix of critical minerals essential for the energy transition, including nickel, copper, cobalt, and manganese. The high manganese content offers a promising source of high-purity material.

While countries may pursue deep-sea mining within their own territorial waters, activities in international waters are governed by the United Nations' International Seabed Authority (ISA). The ISA is currently drafting exploitation regulations – including production limits, environmental safeguards and royalty frameworks. Despite this ongoing regulatory development, TMC has announced plans to submit its mining licence application even if final rules are not yet in place. To date, no company has received approval to conduct commercial deep-sea mining in international waters.

Recent export controls have widened the price gap for key critical minerals between China and rest of world

China's recent export restrictions on critical minerals – particularly antimony, germanium and gallium – have disrupted global supply chains and widened the price gap between Chinese domestic and international markets.

In China, between January and June 2025:

- antimony exports fell 88%
- germanium exports fell 95%
- gallium exports fell 70%.

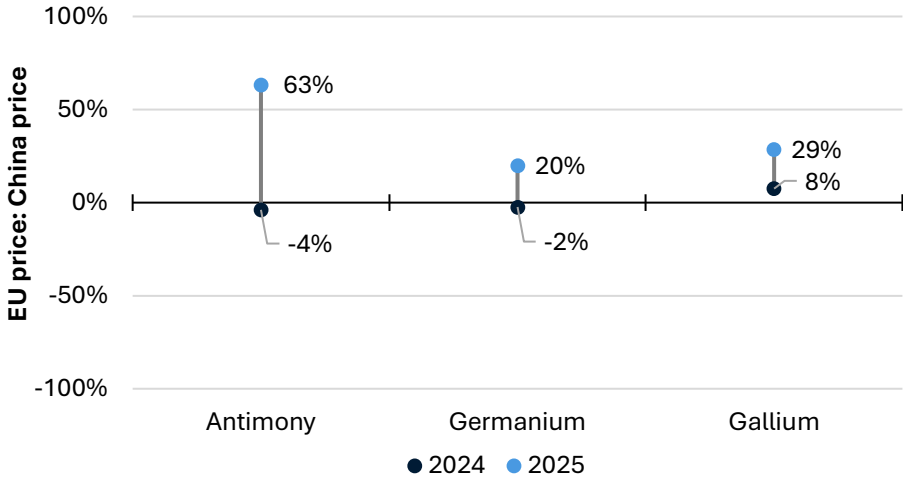
International buyers – particularly in Europe and North America – are facing significantly higher prices as a result (Figure 15.2). Prior to export controls, China and ex-China critical minerals were broadly similar; by July 2025, prices were between 20% higher (for germanium) and 63% higher (for antimony).

The persistence of the current price divergence will depend on the duration of China's export controls and the pace at which alternative supply sources are developed outside China. In the short term, international premiums are expected to remain, as shipments to key markets remain subject to disruption. Over the medium term, higher prices should support investment in additional refining capacity outside China. However, given China's dominant role in processing, some level of price divergence may remain through the outlook period.

China's export controls on heavy rare earth oxides (HREOs) have also led to a sharp divergence in pricing between domestic and international markets. While prices within China have remained relatively stable, reduced export availability has

driven significant premiums abroad – particularly in Europe, where high import dependence has left buyers more exposed to tightening supply.

Figure 15.2: Price divergence between international and China domestic prices for selected critical minerals (2024–25)

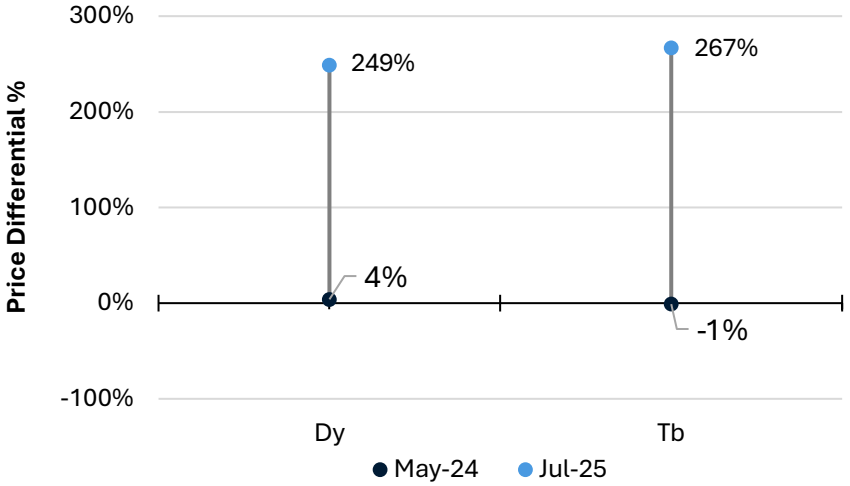


Note: July 2024–25 prices used for antimony and germanium; June 2024–25 gallium price used due to unavailability of July data.
Source: Bloomberg (2025); Department of Industry, Science and Resources (2025).

Prior to export controls, HREOs were trading at similar prices across international markets (see Figure 15.3). However, by July 2025, European HREOs were trading at substantial premiums compared to China. This widening gap reflects restricted export flows and growing cost pressures for manufacturers in sectors such as defence, electric vehicles and wind energy.

Refining capacity outside China is emerging but remains limited. Lynas Malaysia – a wholly owned subsidiary of Australia's Lynas Rare Earths Ltd – is currently the only large-scale producer of separated rare earth elements outside of China, contributing around 3% of global refined supply through its Lynas Advanced Materials Plant, which recently expanded operations to include separation of HREOs.

Figure 15.3: Price divergence between China and the EU for heavy rare earths



Note: May 2024 price used due to unavailability of July data.
Source: Benchmark Minerals Intelligence (2025); Argus (2024).

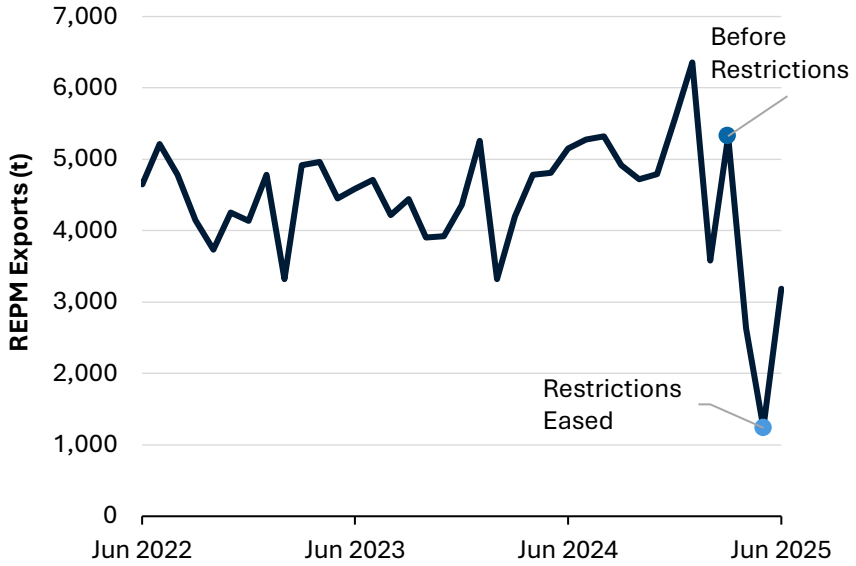
In the US, Mountain Pass has also begun producing heavy rare earth feedstock, with HREO separation capabilities expected by 2026.

China's rare earth magnet exports rebounded in June 2025, but supply risks remain

In April 2025, China introduced new dual-use licencing rules covering exports of products containing more than 0.1% of certain medium-heavy rare earths for military use. Following implementation, China's REPM exports fell 75%

year-on-year in May 2025, with shipments to the US dropping to less than half of May 2024 levels. Exports rebounded in June following a temporary licencing freeze, with shipments to the US surging by 660% compared to May. However, volumes remained well below historical norms (Figure 15.4).

Figure 15.4: China's Rare Earth Permanent Magnet Export Volumes



Source: Bloomberg (2025)

Export licences for defence-grade products continue to face strict controls, including heightened scrutiny of end-use declarations – with domestic producers now required to submit monthly data on rare earth trade flows.

With China accounting for around 90% of global REPM manufacturing capacity, these controls have raised costs and extended procurement times. Defence manufacturers report delays of up to two months in securing magnets, while samarium for high-temperature applications such as jet engines has been offered at up to 60 times pre-restriction prices. These pressures are increasing costs across key defence systems reliant on REPMs, including missile-guided systems and satellite components.

15.3 Current and emerging opportunities in Australian production

Australian exports of other critical minerals to grow, driven by manganese and rare earth exports

Export earnings for other critical minerals are expected to increase to $5.0 billion by 2026–27, as exports of manganese ore resume from GEMCO. Production at GEMCO – operated by South32 – was impacted over 2024, following severe damage to port facilities on Groote Eylandt (see Figure 15.5).

Rare earth production will also add to Australian exports over the outlook period supported by the ramp-up of production at Lynas' Kalgoorlie processing facility, which produces mixed rare earth carbonate. While not yet included in the OCE's forecasts, several other large rare earths projects could see rare earth exports overtake manganese exports in the medium-term.

Antimony exports are also expected to increase from 2026 with the opening of Hillgrove's antimony-gold project (owned by Larvotto Resources). According to the company's definitive feasibility study, approximately 55% of Hillgrove's revenue is expected to come from the value of antimony in concentrate.

Announcement of joint venture presents an opportunity for gallium production in Australia

Aluminium company Alcoa recently entered into a Joint Development Agreement with a Japanese consortium to assess the feasibility of producing gallium at one of the company's existing alumina operations. With final investment decision and commercial production expected in 2025 and 2026 respectively, the joint venture would become the first gallium-producing facility since the closure of the Pinjarra Gallium Refinery in 1990.

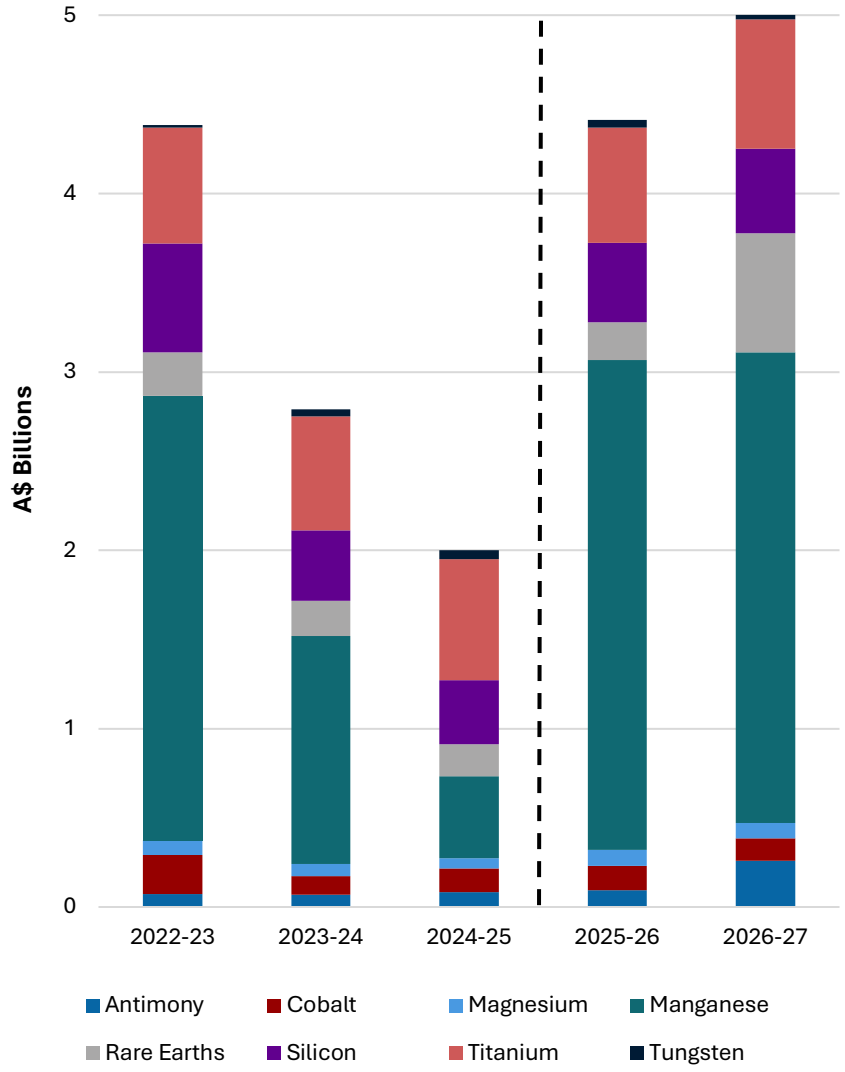
The consortium (Japan Australia Gallium Associates Pty Ltd) is a partnership between Sojitz Corporation and the Japan Organisation for Metals and Energy Security (JOGMEC). The partnership aims to establish a stable supply of gallium for Japan and its partners.

Other companies are also studying the feasibility of producing gallium outside of China. Rio Tinto is developing a gallium extraction project at its Vaudreuil alumina refinery in Quebec, with a demonstration plant underway that could supply up to 10% of global demand. Emirates Global Aluminium is exploring production at its Al Taweelah refinery, aiming to position the UAE as the world's second-largest gallium producer.

Revisions to the outlook

Compared with the June 2025 REQ, export earnings have been revised up by $0.3 billion and $0.2 billion, respectively, in 2025–26 and 2026–27. This is primarily because of upwards revisions to rare earth export earnings.

Figure 15.5: Critical minerals exports by commodity



Source: Department of Industry, Science and Resources (2025).

Table 15.1: Australian production of other critical minerals

	Unit	2023-24	2024-25	2025-26[f]	2026-27[f]	Annual percentage change 2024-25	2025-26[f]	2026-27[f]
Ore and concentrate products								
Antimony	t	1,562	944	1,371	4,565	-40	45	233
Heavy mineral concentrate	kt	2,342	2,682	2,294	2,587	15	-14	13
Magnesium	kt	355	355	355	355	0	0	0
Manganese	kt	2,809	1,505	3,871	3,871	-46	157	0
Total rare earth oxides	t	10,908	10,462	12,500	22,000	-4	19	76
NdPr content	t	5,655	5,987	6,750	12,000	6	13	78
Silica sands	kt	3,160	3,160	3,160	3,160	0	0	0
Tungsten	kmtu	134	136	128	127	2	-6	-1
Refined Production								
Ferromanganese	kt	185	178	172	173	-4	-3	0.6
Magnesium	kt	175	175	175	175	0	0	0
Total rare earth oxides	t	0	1,664	4,697	10,625	n/a	182	126
NdPr content	t	0	888	2,697	4,750	n/a	204	76
Silicon	kt	53	53	53	53	0	0	0

Notes: Kmtu stands for thousands of metric ton units, where 1 mtu equals 10 kg WO_3; f forecast.

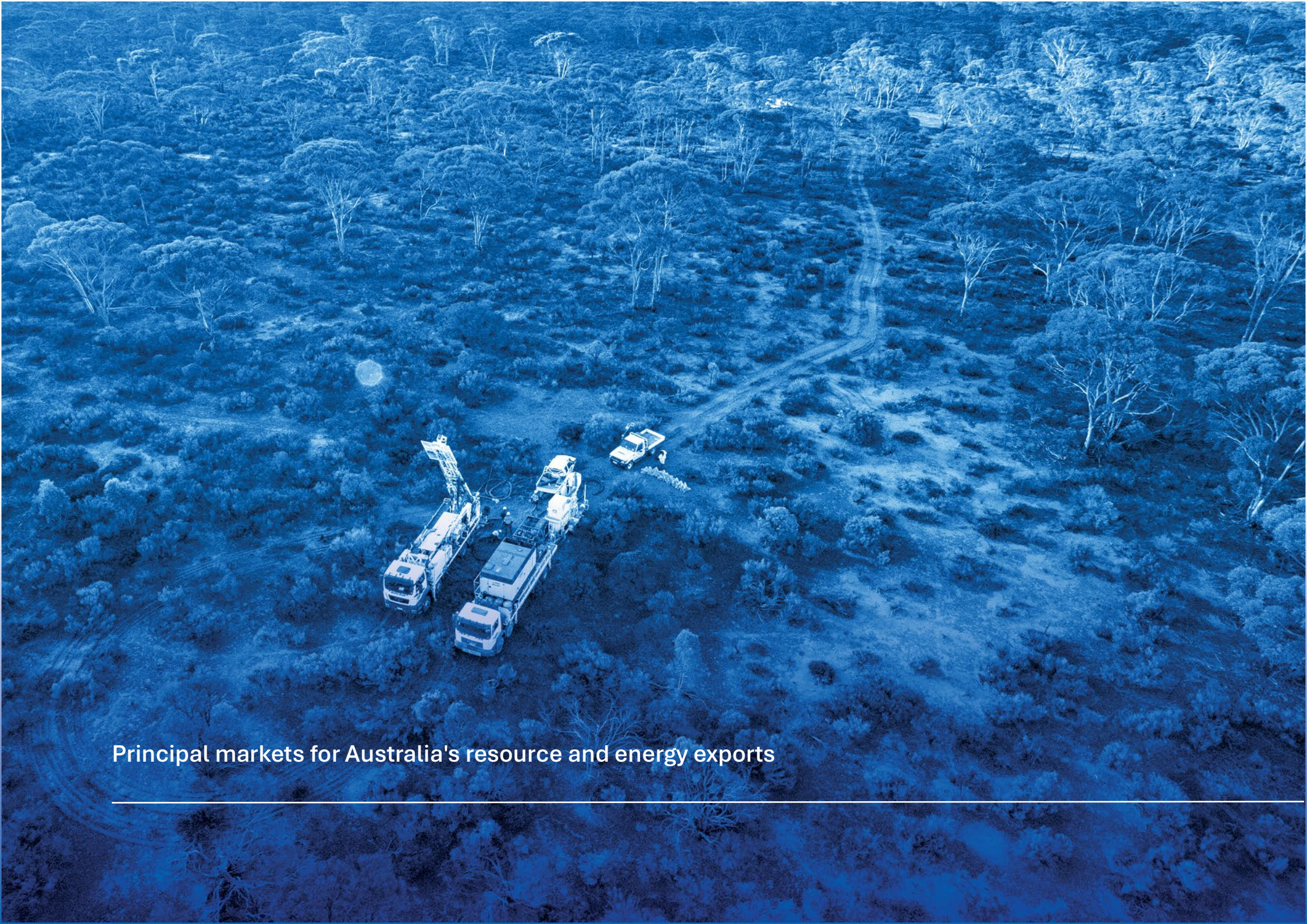
Source: Department of Industry, Science and Resources (2025); Company reports.

Table 15.2: Export outlook

Export earnings	2023-24	2024-25	2025-26[f]	2026-27[f]	Annual percentage change 2024-25	2025-26[f]	2026-27[f]
Antimony	70	84	93	259	19	11	180
Cobalt	105	133	139	125	27	4	-9
Magnesium	65	58	88	88	-11	53	0
Manganese[a]	1,279	459	2,748	2,635	-64	499	-4
Rare Earths[a]	197	181	211	671	-8	17	218
Silicon	396	357	444	474	-10	24	7
Titanium[a]	640	679	647	723	6	-5	12
Tungsten	39	50	43	43	29	-14	1
Other Critical Minerals							
Total - nominal	2,790	1,999	4,412	5,019	-28	121	14

Notes: **a** Mirror data; f forecast. Export earnings are in Australian dollars (millions).

Source: ABS (2025); Benchmark Minerals Intelligence (2025s); Bloomberg (2025); Department of Industry, Science and Resources (2025); Project Blue (2025); UNComtrade (2025).



Principal markets for Australia's resource and energy exports

Table 16.1: Principal markets for Australia's total resource and energy exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25	Share (2024–25)
China	$m	148,787	149,538	165,042	152,095	129,881	34%
Other Asia [a]	$m	33,491	46,261	51,439	55,792	46,200	12%
Japan	$m	34,223	75,941	98,881	40,907	35,159	9%
Korea, Rep. of	$m	23,042	43,210	45,141	25,936	24,319	6%
India	$m	11,612	26,418	21,265	21,307	19,775	5%
EU28	$m	15,546	13,711	14,086	13,347	19,928	5%
Other [b]	$m	41,793	66,572	70,346	105,607	109,989	29%
Total	**$m**	**308,494**	**421,651**	**466,200**	**414,991**	**385,251**	**–**

Notes: **a** Other Asia excludes China, Japan, South Korea and India; **b** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.2: Principal markets for Australia's iron ore exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
China	$m	124,820	108,307	104,777	116,280	98,802
Korea, Rep. of	$m	9,033	8,293	6,932	7,724	6,654
Japan	$m	9,080	10,257	8,073	8,191	6,420
Taiwan	$m	3,070	2,793	1,974	2,235	1,633
Viet Nam	$m	1,723	1,574	958	1,300	1,406
Indonesia	$m	895	858	1,026	1,244	862
India	$m	9	34	67	498	371
Other [a]	$m	4,345	372	324	379	295
Total	**$m**	**152,975**	**132,489**	**124,131**	**137,850**	**116,443**

Notes: **a** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.3: Principal markets for Australia's LNG exports [a]

	Unit	2020–21	2021–22	2022–23	2023–24[c]	2024–25[c]
Japan	$m	11,649	24,800	34,508	na	na
China	$m	11,377	21,420	19,833	na	na
Korea, Rep. of	$m	3,343	11,473	18,310	na	na
Taiwan	$m	2,237	7,521	12,070	na	na
Singapore	$m	175	2,377	3,165	na	na
Malaysia	$m	499	559	2,121	na	na
Other [b]	$m	1,198	2,421	2,231	68,588	64,738
Total	**$m**	**30,477**	**70,571**	**92,237**	**68,588**	**64,738**

Note: **a** Department of Industry, Science and Resources estimates based on International Trade Centre data; **b** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information; **c** LNG country data confidentialised for 2023–24, 2024–25 FY".

Source: ABS (2025) International Trade in Goods and Services, 5368.0; International Trade Centre (2024); Department of Industry, Science and Resources (2025).

Table 16.4: Principal markets for Australia's thermal coal exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
Japan	$m	7,009	23,819	37,712	15,972	14,064
China	$m	487	0	3,505	8,814	8,431
Taiwan	$m	2,060	6,636	9,456	4,840	3,097
Vietnam	$m	711	1,688	2,205	1,800	1,807
Korea, Rep. of	$m	2,568	6,819	4,774	2,311	1,453
Malaysia	$m	560	1,432	2,363	1,096	1,355
Other [a]	$m	2,613	5,863	5,485	2,382	1,788
Total	**$m**	**16,009**	**46,258**	**65,500**	**37,214**	**31,993**

Notes: **a** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.5: Principal markets for Australia's metallurgical coal exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
India	$m	7,580	20,889	17,078	15,376	10,127
Japan	$m	4,744	14,131	15,642	12,897	8,559
Korea, Rep. of	$m	2,732	9,430	8,249	6,829	5,402
China	$m	1,668	0	492	1,982	2,672
Netherlands	$m	885	4,102	3,609	3,456	2,647
Taiwan	$m	1,332	3,967	3,752	3,057	2,312
Other [a]	$m	4,246	15,070	13,101	10,577	7,586
Total	**$m**	**23,187**	**67,588**	**61,922**	**54,176**	**39,305**

Notes: **a** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.6: Principal markets for Australia's gold exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
United States of America	$m	3,937	1,382	1,251	1,709	13,360
United Kingdom	$m	8,934	196	1,217	3,497	11,020
Hong Kong (SAR of China)	$m	1,410	4,893	3,778	11,223	5,872
India	$m	1,474	1,928	1,508	2,812	5,418
China	$m	2,028	8,179	8,141	5,119	2,283
Singapore	$m	2,933	1,607	3,480	3,054	2,266
Other [a]	$m	8,485	4,951	5,853	5,204	17,604
Total	**$m**	**26,105**	**23,200**	**24,406**	**32,931**	**46,889**

Notes: **a** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.7: Principal markets for Australia's lithium exports [a]

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
China	$m	na	4,725	19,788	9,473	4,075
Korea, Rep. of	$m	na	46	47	130	116
Belgium	$m	na	85	169	72	15
United States	$m	na	37	25	19	4
Other [b]	$m	na	na	90	92	111
Total	**$m**	**na**	**4,899**	**20,069**	**9,727**	**4,321**

Notes: **a** does not include Lithium hydroxide; **b** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.8: Principal markets for Australia's copper exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
China	$m	2,747	1,958	2,351	2,588	3,196
Malaysia	$m	850	961	1,084	1,078	1,266
Taiwan	$m	358	719	511	835	1,122
India	$m	626	941	457	709	945
Korea, Rep. of	$m	1,315	1,375	1,410	852	713
Other [a]	$m	5,544	6,173	6,450	5,340	5,295
Total	**$m**	**11,440**	**12,128**	**12,262**	**11,402**	**12,537**

Notes: **a** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2025).

Table 16.9: Principal markets for Australia's alumina exports [a]

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
Bahrain	$m	0	923	1,559	1,614	2,514
UAE	$m	0	747	1,075	1,238	1,777
South Africa	$m	na	433	660	766	1,171
Mozambique	$m	54	431	573	493	938
Qatar	$m	0	424	638	611	794
Other	$m	6,894	6,019	3,804	3,763	4,961
Total	**$m**	**6,948**	**8,977**	**8,308**	**8,486**	**12,155**

Note: **a** Department of Industry, Science and Resources estimates based on International Trade Centre data; **b** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; International Trade Centre (2025); Department of Industry, Science and Resources (2025).

Table 16.10: Principal markets for Australia's aluminium exports [a]

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
Korea, Rep. of	$m	905	1,029	1,538	1,429	1,524
Japan	$m	956	1,505	1,319	1,076	1,520
Vietnam	$m	370	397	318	531	670
Taiwan	$m	417	618	319	433	583
Thailand	$m	349	521	347	404	575
Other	$m	766	1,640	1,440	1,219	1,111
Total	**$m**	**3,763**	**5,710**	**5,281**	**5,092**	**5,983**

Note: **a** Department of Industry, Science and Resources estimates based on International Trade Centre data; **b** may include 'No Country Detail' where various confidentiality restrictions may apply, see *International Merchandise Trade, Australia: Concepts, Sources and Methods 2018 Data confidentiality* for more information.

Source: ABS (2025) International Trade in Goods and Services, 5368.0; International Trade Centre (2025); Department of Industry, Science and Resources (2025).

Appendices

Appendix A Definitions and classifications

A.1 Exchange rates

In this report, the AUD/USD exchange rate (Australian dollar relative to the US dollars) is based on the median of economic forecasters at the time that the report is prepared. The source is the Bloomberg survey of economic forecasters.

World commodity prices are typically denominated in US dollars, and exchange rate movements can have a significant effect on the actual outcomes of commodity prices and export earnings. A change in the value of the US dollar against other floating international currencies can influence movements in world resources and energy prices. A change in the Australian dollar against the US dollar will impact on export earnings for domestic commodity exporters and producers. There is substantial uncertainty surrounding any exchange rate forecast, with changes to exchange rates influenced by changes in financial market sentiment, sometimes resulting in strong volatility.

A.2 Conversion to real dollars

Nominal values and prices are converted to real dollars using Australian and US consumer price indexes (CPI). The Australian and US CPI forecasts are based on the median of economic forecasters at the time that the report was prepared. The source is the Bloomberg survey of economic forecasters.

A.3 Time periods

The terms 'estimate', 'forecast' and 'projection' refer to different time periods in this report. Estimate refers to a time period that has passed, but for which full historical data is not yet available, while 'forecast' and 'projection' refer to different periods in the future. It is important to distinguish between different future time horizons, as factors affecting production, consumption and prices in the short-term differ from factors affecting these components in the medium to long-term. Forecasts also become increasingly imprecise over longer time horizons, due to increased risk and uncertainty. For these reasons, the Department of Industry, Science and Resources' Office of the Chief Economist (DISR OCE) uses different terminology to distinguish between short-term forecasts and medium to long-term projections, as outlined in *Table A2*.

Table A.1: OCE terminology for different time periods/horizons

Period	Years	Terminology
Historical	Time period has passed but complete data for the period is not yet available	Estimate
Short-term	1 to 2 years	Forecast
Medium-term	3 to 5 years	Projection
Long-term	Beyond 5 years	n/a

Source: Department of Industry, Science and Resources (2022)

A.4 Commodity classifications

The DISR OCE defines exports for each commodity by a selected set of 8-digit Australian Harmonised Export Commodity Classification (AHECC) codes. Where possible, the choice of AHECC codes is based on alignment with international trade data, to ensure that direct comparisons can be made. For example, groupings for various commodities are aligned with classifications used by the International Energy Agency, World Steel Association, International Nickel Study Group, International Lead and Zinc Study Group, International Copper Study Group and World Bureau of Metal Statistics. In this report, benchmark prices and Australian production and exports are forecast for 21 commodities, as shown in *Table A2*. In estimating a total for Australia's resources and energy exports, the remaining commodities, defined as 'other resources' and 'other energy', are forecast as a group.

Table A.2: Resources and energy commodities groupings and definitions

	Resources (non-energy)	Energy
Definition	Resource commodities are non-energy minerals and semi-manufactured products produced from non-energy minerals	Energy commodities are minerals and petroleum products that are typically used for power generation
Australian Harmonised Export Commodity Classification (AHECC) chapters	25 (part); 26 (part); 28 (part); 31 (part); 73 (part); 74; 75; 76; 78; 79; 80; 81	27 (part)
Commodities for which data is published, forecasts are made and analysed in detail in this report	Aluminium; alumina; bauxite; copper; gold; iron ore; crude steel; nickel; zinc, lithium	Crude oil and petroleum products; LNG; metallurgical coal; thermal coal; uranium

Notes: The AHECC chapter is the first 2 digits of the trade code. Groupings are made at the 8-digit level.

Source: Department of Industry, Science and Resources (2022)

Appendix B Glossary

Term	Description
A$	Australian dollar
ABS	Australian Bureau of Statistics
AHECC	Australian Harmonized Export Commodity Classification
AISC	All-In Sustaining Cost – an extension of existing cash cost metrics and incorporates costs related to sustaining production.
Base metals	A common metal that is not considered precious (includes aluminium, copper, lead, nickel, tin, zinc)
Bbl	Barrel
Bcm	Billion cubic metres
Benchmark	A standard specification used to price commodities.
BF and BOF	Blast furnace and basic oxygen furnace – used in an integrated steelmaking process that uses iron ore and coal.
Bulks	Non-liquid and non-gaseous commodities shipped in mass and loose (iron ore, coal, bauxite)
CAGR	Compound annual growth rate
Capex	Capital expenditure
CFR	Cost and freight – Seller clears exports and pays freight.
CIF	Cost, Insurance, and Freight
Coal Seam Gas (CSG)	Natural gas found in coal seams. Also known as Coal Bed Methane (CBM)
Coke	Made by heating coal at high temperatures without oxygen, and used to reduce iron ore to molten iron saturated with carbon, called hot metal
Conventional gas	Natural gas that can be produced from reservoirs using traditional techniques. Contrasts with unconventional gas.
COVID-19	2019 Novel Coronavirus
CPB	CPB Netherlands Bureau for Economic Policy Analysis
CPI	Consumer Price Index – measures quarterly changes in the price of a basket of goods and services which account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households).
Crude steel	Steel in the first solid state after melting, suitable for further processing or for sale.
DES	Delivered Ex Ship – price of LNG including shipping and insurance.

Term	Description
DISR	Department of Industry, Science and Resources
DMO	Domestic Market Obligation – a policy to reserve energy commodities for domestic usage
DRC	Democratic Republic of the Congo
ECB	European Central Bank
Economic growth	An increase in the capacity of an economy to produce goods and services, compared from one period of time to another. It is measured in nominal or real gross domestic product (GDP).
EIA	The United States Energy Information Administration
EAF	Electric arc furnace – a furnace that melts steel scrap using the heat generated by a high power electric arc.
ETF	Exchange Traded Fund – an exchange traded fund that allows investors to invest in gold on the exchange.
EUV	Export unit value – export value/volumes exported
EV	Electric vehicle
f	Forecast – a 2-year outlook
FEED	Front end engineering design
FID	Final investment decision
FOB	Free on board – seller clears export, buyer pays freight.
GAD	Gross air dried basis – for measuring coal quality.
GAR	Gross as received basis – for measuring coal quality.
GBP	Great Britain Pounds
GDP	Gross Domestic Product – measures the value of economic activity within a country/group.
GFC	Global Financial Crisis – the period of extreme stress in global financial markets and banking systems between mid-2007 and early 2009.
GJ	Gigajoule
GST	Goods and Services Tax – a value-added tax levied on most goods and services sold for domestic consumption.
HCC	Hard coking coal – the best grade of metallurgical coal used in the steel production process. Australian hard coking coal is regarded as the industry benchmark.
IEA	International Energy Agency
IMF	International Monetary Fund – an international organisation that promotes international financial stability and monetary cooperation.

Term	Description
IMO	International Maritime Organisation
IP	Industrial Production – measures the output of the industrial sector that comprises mining, manufacturing, utilities and construction.
IPO	Initial public offering – a process of offering shares of a private corporation to the public in a new stock issuance.
ISM	US Institute for Supply Management
ISM	Institute of Supply Management
JCC	Japan Customs-cleared Crude (or Japan Crude Cocktail) – average price of crude oil imported by Japan and a common price index in long-term LNG contracts.
JFY	Japanese fiscal year
kcal/kg	Kilocalories per kilogram
kt	Thousand tonnes
ktpa	Kilotonnes per annum
LBMA	London Bullion Market Association
LCE	Lithium Carbonate Equivalent
LiOH	Lithium Hydroxide
LME	London Metal Exchange
LNG	Liquefied natural gas
LNY	Lunar New Year
LPG	Liquefied petroleum gas
LVPCI	Low volatile pulverised coal injection – a type of low volatile coal used in the PCI process
m	Million
MMbtu	Million British thermal units
Mt	Million tonnes
mtpa	Million tonnes per annum
MW	Megawatts
Nameplate capacity	The theoretical maximum annual production capacity
NAR	Net as received basis – for measuring coal quality

Term	Description
NDRC	China's National Development and Reform Commission
NEV	New energy vehicle – term used for plug-in electric vehicles eligible for public subsidies (battery electric vehicles and plug-in hybrid vehicles)
OCE	Office of the Chief Economist
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries, a formal alliance of 14 countries to collaborate to manage the world oil market
OPEC+	Informal term for agreements between OPEC and ten other oil-producing countries (which are not members of OPEC)
Oz	Ounce
PCE	Personal Consumption Expenditure – a measure of the changes in price of consumer services and goods.
PCI	Pulverised coal injection – PCI coal is used for its heat value and injected directly into blast furnaces as a supplementary fuel, which reduces the amount of coke required.
PCI	Pulverised coal injection – a process used in blast furnace operations
PM	The afternoon price of gold set at 3:00 pm each business day at the London Bullion Market Association
PMI	Purchasing Managers Index – an indicator of economic health for manufacturing and service sectors.
PPP	Purchasing Power Parity – a way of measuring economic variables in different countries that equalise the purchasing power of different currencies
RoW	Rest of world
s	Estimate – Incomplete data or subject to revision
Shale gas	Natural gas found in shales
SDR	Special drawing right
SHFE	Shanghai Futures Exchange
SSCC	Semi-soft coking coal – a type of metallurgical coal used in the steel production process alongside hard coking coal, but results in a lower coke quality and more impurities.
Tariff	A tax on imports or exports that is used by governments to generate revenue or to protect domestic industries from competition.
Tight gas	Natural gas found in low quality reservoirs
TWI	Trade Weighted Index – a measure of the foreign exchange value of the US dollar against a basket of major foreign currencies.
U3O8	Triuranium octoxide – a compound of uranium.
UAE	United Arab Emirates

Term	Description
UK	United Kingdom
Unconventional gas	Natural gas that is more difficult to extract, including coal seam gas, shale gas and tight gas. Contrasts with conventional gas.
US	United States
US$	United States dollar
WEO	The International Energy Agency's World Energy Outlook
WTI	West Texas Intermediate crude oil price
z	Projection – a 5-year outlook

About this edition

The Resources and Energy Quarterly (REQ) contains forecasts for the value, volume and price of Australia's major resources and energy commodity exports.

Underpinning the forecasts/projections contained in the REQ is the outlook for global resource and energy commodity prices, demand and supply. The forecasts/projections for Australia's resource and energy commodity exporters are reconciled with this global context. The global environment in which Australia's producers compete can change rapidly. Each edition of the REQ factors in these changes and makes alterations to the forecasts and projections by estimating the impact on Australian producers and the value of their exports.

The REQ uses the IMF economic growth forecasts as the basis of its world growth forecasts.

In this report, commodities are grouped into two broad categories, referred to as 'resources' and 'energy'. 'Energy' commodities comprise metallurgical and thermal coal, oil, gas and uranium. 'Resource' commodities in this report are all other mineral commodities.

Unless otherwise stated, all Australian and US dollar figures in this report are in nominal terms. Inflation and exchange rate assumptions are provided in Tables 2.1 and 2.2 in the Macroeconomic outlook chapter.

Information in this edition of the REQ is current as of 19 September 2025.