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Executive Summary

Since the December 2025 *Resources and Energy Quarterly* (REQ), forecasts for Australia's resource and energy (R&E) exports in 2025–26 and 2026–27 have been revised up sharply. Higher-than-expected prices for energy commodities — due to Middle East supply problems — and gold, have driven the upgrade. Resource and energy exports are now estimated at $405 billion in 2025–26 (up from $385 billion in 2024–25) and forecast at $416 billion in 2026–27. Exports are forecast to fall to $371 billion ($325 billion in real terms) in 2030–31. These represent upward revisions of $22 billion (2025–26) and $42 billion (2026–27) on the December 2025 REQ. Export volumes are forecast to rise in the first half of the outlook period before bulk commodity output starts to fall.

At the time of writing, there is a high degree of uncertainty in global markets. This report refers to developments and data up to 18 June 2026. The REQ forecasts are based on a scenario where shipping through the Strait of Hormuz is assumed to be largely unfettered from July, with a build up to pre-conflict shipping levels. An alternate scenario (see Box 1.1) gives insights on the impacts of Middle East trade disruptions lasting well into Q3 2026 and taking longer to normalise. Uncertainty over the future of the US tariff regime adds to the difficulty of commodity forecasting.

In the short term, the adverse impact of the Middle East conflict on the global economy is expected to largely offset the boost derived from surging investment in AI infrastructure. Over the next few years, the IMF forecasts solid growth for China and the US, serving as locomotives for the rest of the world. India and Vietnam are set to become bigger sources of demand for resources and energy commodities over the outlook period.

Efforts to secure supply chains and energy independence are expected to reinforce the ongoing global energy transition and continued diversification of supply chains. Growth in renewable power generation and electrification is expected to boost the demand for metals such as copper, nickel, aluminium, steel, and lithium; rising nuclear power generation will sustain uranium demand. Uncertainty about shipping via the Strait of Hormuz will see alternate supply lines built and may slow the fall in coal usage in coal-rich nations such as China and India, including via use of coal-to-gas conversion to feed into petrochemical supply chains.

Commodity prices are expected to peak in the next two years and then drift lower. Iron ore prices are expected to soften on the back of rising Brazilian/African supply. Energy prices are expected to normalise as Middle East production and trade resumes. After doubling from the end of 2024 to late February 2026, gold settled back below US$5,000 an ounce as signs of rising interest rates emerged. Gold is expected to nevertheless exceed US$4,000 an ounce in the outlook period.

Risks to the Australian export earnings forecast include:

- Geopolitical tensions — especially in the Middle East — and US Administration tariff adjustments to comply with US law.
- A rise in global bond yields linked to perceived high levels of sovereign debt and/or heightened inflation expectations.

Capital expenditure in Australia's resource and energy sectors is holding at high levels and exploration is rising, reflecting good long-term fundamentals. High gold and copper prices are likely to spark a surge in exploration for deposits of those metals.

Overview

Australia's resources and energy sector

Contributes around **11% of GDP**

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

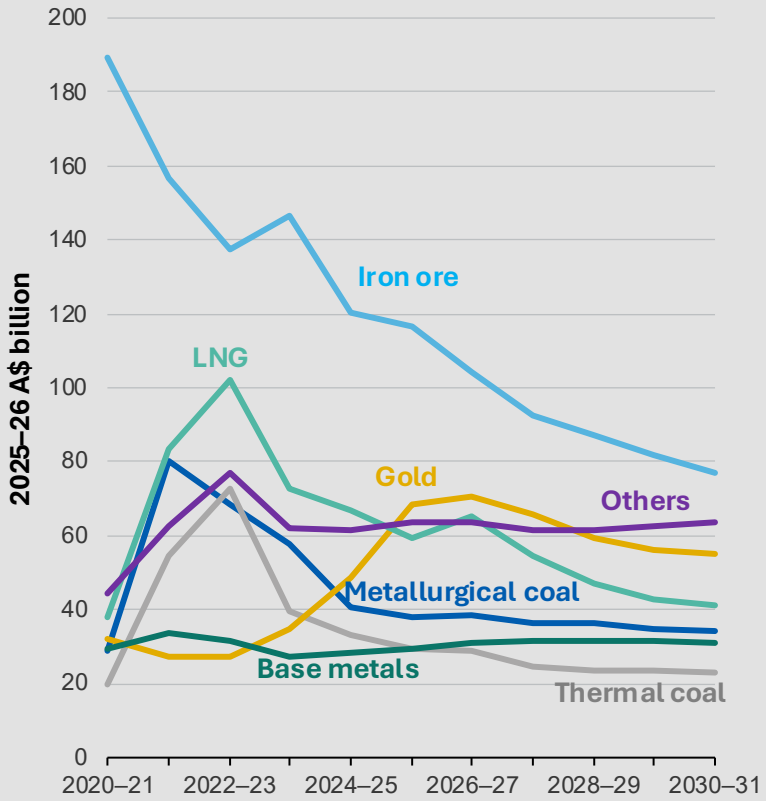
Directly employs around **300,000 people**

Outlook

- Near term surge in resource and energy exports due to the Middle East conflict
- Near-term outlook for world growth has been hurt by the Middle East conflict
- Energy and supply chain security is becoming a much higher priority
- Investment in new Australian deposits and mines to grow

Source: ABS; DISR; OCE

Australian resources and energy exports



1.1 Summary

- The outlook for Australia's exports of resource and energy commodities is stronger than at the time of the December 2025 *Resources and Energy Quarterly* (REQ) report. Resource and energy exports are now estimated to have risen to around $405 billion in 2025–26 from $385 billion in 2024–25 and are forecast at $416 billion in 2026–27. Exports are forecast to fall to $371 billion ($325 billion in real terms) in 2030–31.
- World growth is expected to be 3.0-3.2% in the five-year outlook period, similar to pre-pandemic growth. The impact of shifting trade barriers and the Middle East conflict will detract from world growth in the short term, while easier fiscal policy and strong investment will support growth. Investment will be driven by rising artificial intelligence (AI) usage, efforts to boost supply chain security and the global energy transition.
- Within the resource and energy commodity exports, gold exports are forecast to peak at $73 billion in 2026–27, but iron ore will remain our biggest export over the outlook period.

1.2 Macroeconomic, geopolitical and policy factors

Outlook for medium-term world growth improved modestly

In April, the International Monetary Fund (IMF) made slight downward revisions to its forecast for world growth in 2026. The IMF projected global growth to be 3.1% in 2026 and 3.2% in 2027: slightly slower than 3.4% growth in 2024-5. Later in the outlook period, growth is forecast at 3.1-3.2%.

The impact of supply disruptions due to the Middle East conflict and ongoing shifts in trade barriers will be largely offset by higher investment in AI infrastructure (especially in North America and Asia), supply chains and low emission technologies, and by accommodative macroeconomic policy. US and China growth will continue to drive growth at the global level. Should the Strait of Hormuz fail to re-open to normal shipping and some Middle Eastern production capacity remains stranded, world growth will suffer. Emerging nations will account for the bulk of the demand destruction wrought by high energy prices.

Given concerns over possible future blockades of the Strait of Hormuz, governments and companies around the world are likely to focus on secure supply and the stockpiling of vital commodities. These efforts will include lifting storage capacity. Increased stockpiling will support commodity prices in the short term and may continue to support prices over several years. Persian Gulf oil/gas/LNG producers will likely look at building (more) pipelines to bypass any future blockade of the Strait of Hormuz. Ongoing efforts by nations to shore up vital supply chains will likely result in global overcapacity in some sectors, including metal production. As a raw material supplier, Australia stands to gain in the short term at the very least.

The US tariff regime continues to change, with the US Supreme Court and the US Court of International Trade ruling successive new tariff regimes introduced by the US Administration unlawful. The US Administration is now set to try an alternate route using Section 301 of the Trade Act of 1974. This is likely to lead to new volatility in US trade flows as importers pre-empt the new tariffs.

The US Federal Reserve has held the official interest rate steady so far in 2026, as it takes the view that the inflation risks and the strength of the US economy currently rule out easier monetary policy. Other major central banks appear to have finished easing

monetary policy, alert to the inflationary impact of high energy prices due to the blockade of the Strait of Hormuz. Over the outlook period, a broadly neutral monetary stance taken by the major central banks will support world economic growth and commodity demand, although there is uncertainty as to how current higher fossil fuel prices may influence this trajectory.

Nations such as India and Vietnam are set to become larger sources of demand for resources and energy commodities over the outlook period. Their growing population and fast economic growth will be helped by deregulation and increased trade, with India recently signing a free trade agreement with the EU.

The global move to net zero is set to continue in the outlook period, supporting the demand for metals and low-emission energy commodities (such as uranium) but cutting the demand for some fossil fuels (such as thermal coal). But the pace of transition may slow in the short term as the current US Administration prioritises lower energy costs, and as the conversion of coal to gas/chemicals enjoys a resurgence.

The US economy is growing solidly despite some disruptions

Surging oil prices, tariff changes and sharp falls in net migration are causing some disruption to the US economy, but the AI boom and less restrictive monetary policy are offsetting these factors. Over the first half of the outlook period, the US economy should show further solid growth, helped by ongoing strong investment in both AI infrastructure and vital supply chains, and the projected rise in the prices of LNG and oil. The US should also benefit from the recent lowering of trade barriers by many US trading partners. Fiscal tightening could impact US growth in the latter half of the outlook period.

China has shrugged off the impact of higher US tariffs

China's growth was around 5% in 2025 and early 2026, characterized by strong exports but a (still) weak property sector and falling investment. China has drawn on large reserves of energy to cushion the impact of the surge in energy prices associated with the blockade of the Strait of Hormuz. Over the outlook period, China is forecast to grow by 4-5% per annum, remaining a relatively high importer of resource and energy commodities from a steadily rising number of suppliers.

The government's ongoing 'anti-involution' push has the potential to cap resource and energy usage over the outlook period. China is likely to face growing resistance to increased exports to Western nations as they seek to minimise job losses and secure vital supply chains. It is uncertain where tariff levels on US imports from China will settle; and China's ability to circumvent US tariffs by exporting more goods to the US via other nations will vary.

China's demographic profile is also likely to impose a slight constraint on resource usage over the same period: China's birth rate is at a record low — the population declined for the fourth year in a row in 2025 — and the population aging.

Geopolitical tensions likely to maintain gold demand

Hostilities in the Middle East and Ukraine pose risks to commodity markets, especially for energy commodities and Australian exports of alumina and bauxite. The demand for safe-haven assets such as gold will likely be strong while geopolitical tensions are high. Box 1.1 examines how a longer disruption to trade from the Middle East could impact commodities trade and pricing.

Russia appears likely to remain heavily dependent on China for both commodity purchases and some of the investment needed to sustain commodity production. The war with Ukraine and associated Western sanctions have caused significant damage to Russia's productive capacity, with adverse implications for Russian commodity output over the outlook period.

AUD expected to rise against the USD

So far in 2026, the AUD has risen strongly against the USD, at one stage topping the USD0.72 mark. The main driver has been the Australian-US interest rate differential: with the US Fed Funds rate unchanged in 2026, a series of RBA rate hikes has widened the differential, attracting funds to the AUD out of the USD. The short-term outlook is for Australian official interest rates to be kept at current levels or even rise. A further improvement in the Australian-US interest rate differential and strong commodity earnings could see modest gains in the AUD/USD in the first half of the outlook period.

Risks of drier than normal conditions in 2026–27

The odds of drier-than-normal weather in 2026–27 have lowered the risks around coal production and transport disruptions in eastern Australia. According to numerous weather bureaus, an El Niño climate episode is now almost certain in 2026–27, and readings and projections of the Indian Ocean Dipole no longer point to wetter-than-normal levels.

Weather conditions are assumed to be normal over the remainder of the outlook period.

1.3 Export values

Higher AUD/USD and weaker volumes partly offsetting higher gold and LNG exports

The rise in the AUD/USD and weaker export volumes contributed to lower export earnings in the June quarter 2026. The Resources and Energy Export Values Index fell over 7% from March quarter 2026, reflecting a 5% fall in prices and a 3% fall in volumes.

The fallout from the Middle East conflict has resulted in sharp upward revision to resource and energy exports in 2025–26 and 2026–27. This rise is largely the result of rising gold and energy export prices which will be partly offset by the impact of a higher-than-expected AUD/USD. Exports are estimated at $405 billion in 2025–26 and forecast at $416 billion in 2026–27, up $22 billion and $42 billion, respectively, from the December 2025 REQ (Figure 1.1). Price falls tend to offset the impact of higher volumes in the outlook period (Figure 1.2), with exports falling to $371 billion ($325 billion in real terms) in 2030–31.

Among resource commodities:

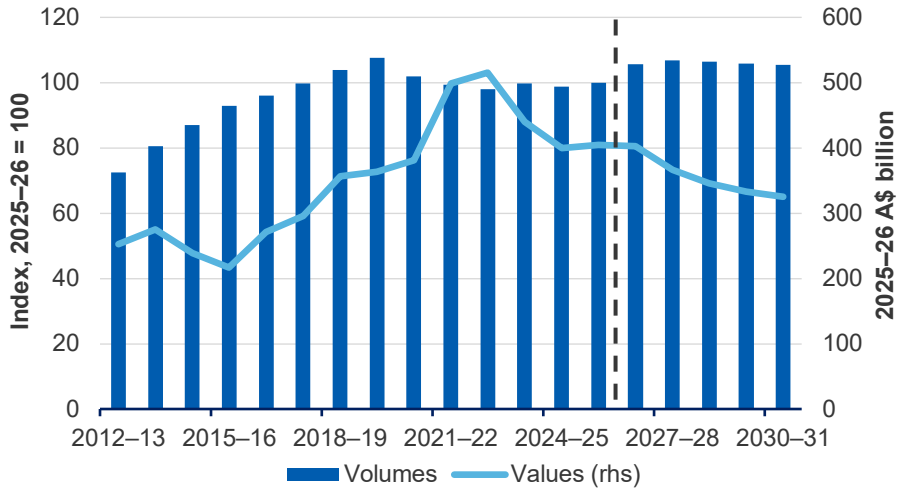
- **iron ore** export earnings will continue to account for over 25% of all resource and energy commodities in the outlook period. With prices falling, exports are forecast to fall from $117 billion in 2025–26 to $77 billion in 2030–31.
- **gold** exports are estimated to have risen by 46% to $68 billion in 2025–26, driven by higher export volumes and prices. Gold price is forecast to average US$4,862 an ounce in 2026–27 and US$4,688 in 2027–28, with earnings peaking at $73 billion in 2026–27.

- Demand for **copper** is being driven by rising electrification and grid expansions. Rising prices and higher export volumes are expected to lift **copper** exports from $13 billion in 2024–25 to $18.4 billion in 2030–31.
- **alumina** exports are forecast to fall from over $12 billion in 2024–25 to $6.8 billion in 2025–26 before rising to $8.0 billion in 2030–31 in nominal terms. **Aluminium** exports are forecast to be steady at over $6 billion in nominal terms to 2030–31.
- **lithium** earnings are forecast to rise from $9.9 billion in 2025–26 to over $10.0 billion in 2030–31. The increase will be driven by a combination of a solid rise in spodumene output and elevated prices in the first half of the outlook period.

Energy exports are set to fall over the outlook period, driven by lower thermal coal, LNG and oil export earnings. In part, this reflects higher earnings expected in 2026–27 due to reduced Middle East trade. By commodity:

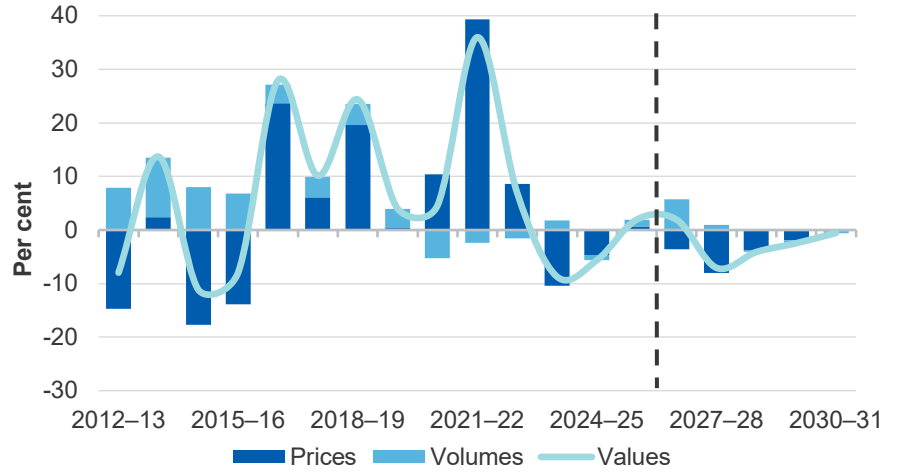
- **Thermal coal** export earnings are forecast to fall from $30 billion in 2025–26, to $25 billion in 2027–28 and $23 billion in 2030–31 in real terms. **Metallurgical coal** exports are forecast to fall from $38 billion in 2025–26 to $36 billion in 2027–28 and $34 billion in 2030–31 in real terms.
- **LNG** export earnings are forecast to fall from $59 billion in 2025–26 to $41 billion in 2030–31 (real terms). The fall reflects falls in spot prices and oil prices, the latter of which feed through into LNG contract sales.
- **Oil** exports are projected to fall slightly in 2026–27 as falling volumes are largely offset by higher prices before falling to $5 billion in 2030–31 in real terms.

Figure 1.1: Australia's resources and energy exports



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

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



Source: ABS (2026); Department of Industry, Science and Resources (2025)

1.4 Prices

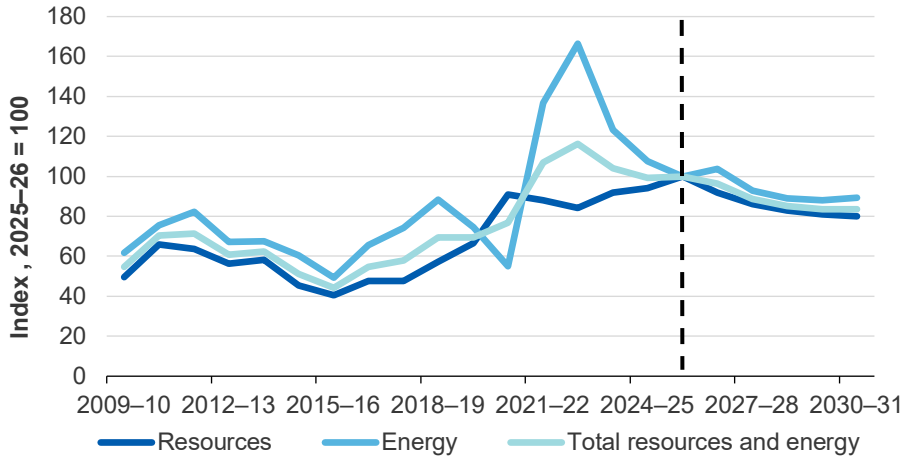
Resource and energy commodity prices have mostly risen since the December 2025 REQ. Stronger prices for gold, lithium and base metals have added to a spike in energy prices. In Australian dollar terms, the Resources and Energy Commodity Price Index fell by 1.4% in the June quarter 2026 to be up 3.4% year-on-year (Figure 1.3). In US dollar terms, the index rose by 1% in the quarter to be up 14% year-on-year. Resource export prices (in A$ terms) fell 4.8% year-on-year, while energy prices rose 17%.

Iron ore prices were resilient in the June quarter 2026, due to stagnant demand and supply. The rising supply and moderate demand for steel are expected to push prices down over the outlook period. However, due to strong prices over the four quarters, the 61% Fe (FOB) price forecast for 2025–26 remains high at $92 a tonne. Prices are likely to fall from US$92 a tonne in 2025–26 to US$73 a tonne in 2030–31 (Figure 1.4).

Metallurgical coal prices surged to around US$250 per tonne in early February, as Cyclone Koji disrupted supply while Indian demand remained elevated. Prices eased to US$220 per tonne by late March, before firming to around US$240 per tonne in May on higher diesel costs. Prices are expected to soften in coming months as supply recovers and Indian demand eases with the monsoon season. Over the outlook period, prices are forecast to be broadly stable in real terms.

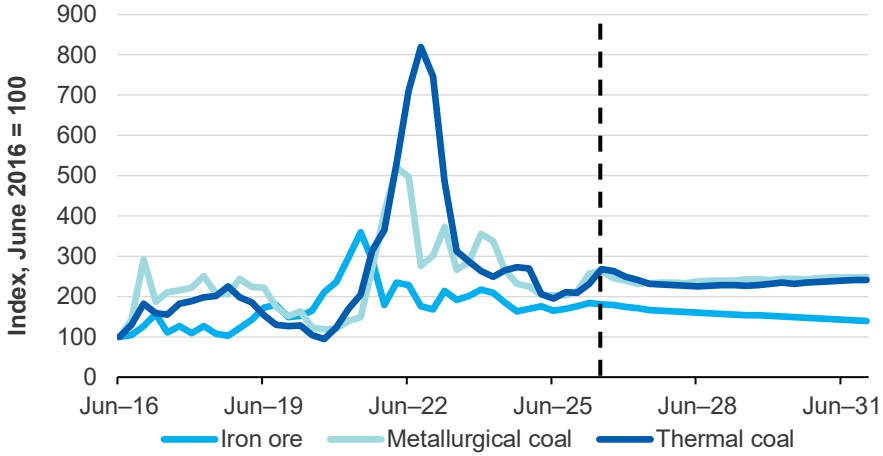
In the short term, **thermal coal** prices are expected to remain elevated as economies seek LNG alternatives. However, as trade through the Strait of Hormuz resumes, the thermal coal price is expected to fall back, settling at around US$110 a tonne in real terms over the outlook period.

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: Indices track international benchmark prices which are in US dollars.
Source: ABS (2026); Department of Industry, Science and Resources (2026)

The **gold** price rose sharply early in the year, hitting an all-time high of more than US$5,400 an ounce in late January before settling back in a US$4,500-5,000 range. Strong gains were driven by a fall in the US dollar and the prospect of further US official interest rate cuts, which subsequently reversed in March levelling out prices. Prices are forecast to hold US$4,000 an ounce over the outlook period.

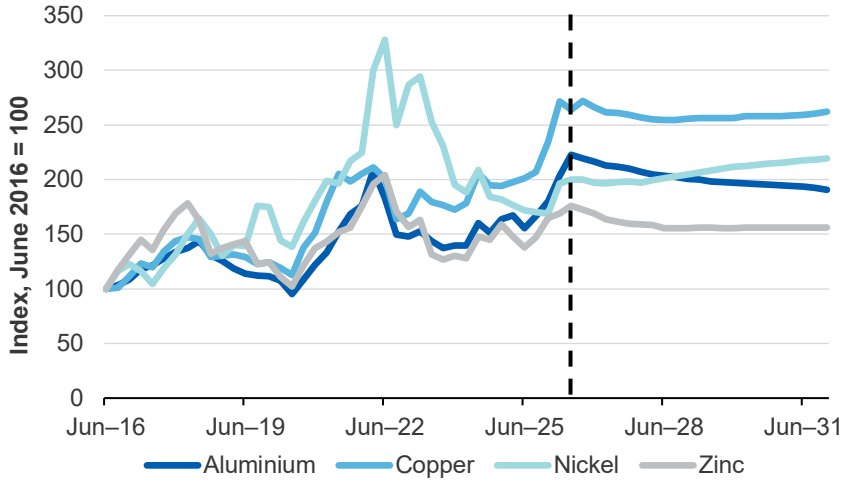
Aluminium prices have risen by 14% since the start of the Middle East conflict, as Middle East supply became stranded. Prices are projected to remain above US$2,900 tonne in real terms over the outlook period, driven by tight supply and rising world demand for energy-efficient cars and technologies.

Copper prices surged 38% year-on-year in Q1 2026 and reached new record highs, briefly exceeding US$14,500 a tonne in late January. Since then, prices have remained high, trading above US$13,600 a tonne in mid-June as supply risks intensified. Prices are forecast to average about US$12,700 a tonne in 2026, before easing to US$11,050 a tonne (in real terms) by 2031, as supply catches up with demand.

Zinc prices surged 14% year-on-year in Q1 2026, rising above US$3,500 a tonne in mid-June 2026. Over the outlook period, prices are expected to ease, averaging about US$2,690 a tonne (in real terms) by 2031, reflecting soft demand.

Nickel LME prices rebounded after averaging US$15,417 a tonne in 2025 (real terms), supported largely by expectations of lower Indonesian ore output. Prices are forecast to rise further in 2026 as tighter Indonesian ore quotas and related supply constraints associated with the ongoing Middle East conflict gradually reduce market surpluses. By the end of the outlook period, slower supply expansion — driven in part by tighter Indonesian mining permit issuance — is forecast to stabilise prices to around US$17,262 a tonne by 2031.

Figure 1.5: Base metal prices



Notes: Prices are in US dollars and are the international benchmark prices.
Source: ABS (2026); Department of Industry, Science and Resources (2026)

Spodumene concentrate prices rose over 130% from the December quarter average to June quarter average price of over US$2,400 a tonne by late May. **Lithium hydroxide** prices rose by more than 80% over the same period to average around US$20,770 a tonne. The rapid price increases reflect frontloading of demand by refiners and cathode material manufacturers on top of the ongoing demand growth and production cuts. Spodumene is expected to average US$2,236 a tonne in 2026 and US$1,167 a tonne in 2031, while lithium hydroxide should average about US$19,232, a tonne in 2026 and US$14,592 a tonne in 2031 (in real terms).

Energy prices spiked in early March as expectations of a blockage of some Middle East supply were realised. Longer term trends point to rising supply and downward pressure on prices. **Oil** prices are expected to average US$107 a barrel in the June quarter, before beginning to fall back over the outlook period, once Middle Eastern supplies are returned.

Conflict in the Middle East has flipped **LNG** markets from expected oversupply to expected undersupply for the next 2-3 years. Higher US output is expected to partially mitigate the loss of output from Qatar, but price forecasts have risen from previous editions. LNG prices (Japan Korea Marker) are expected to reach over US$16/MMBtu in 2026, declining to a more normal level around US$11/MMBtu by 2028 and subsequently settling in a band US$8-10/MMBtu.

Uranium prices have remained high in H1 2026 averaging around US$85 a pound. An existing supply deficit and higher demand are forecast to raise prices in the outlook period.

1.5 Export volumes

Long term trend boosted by record gold and metals prices

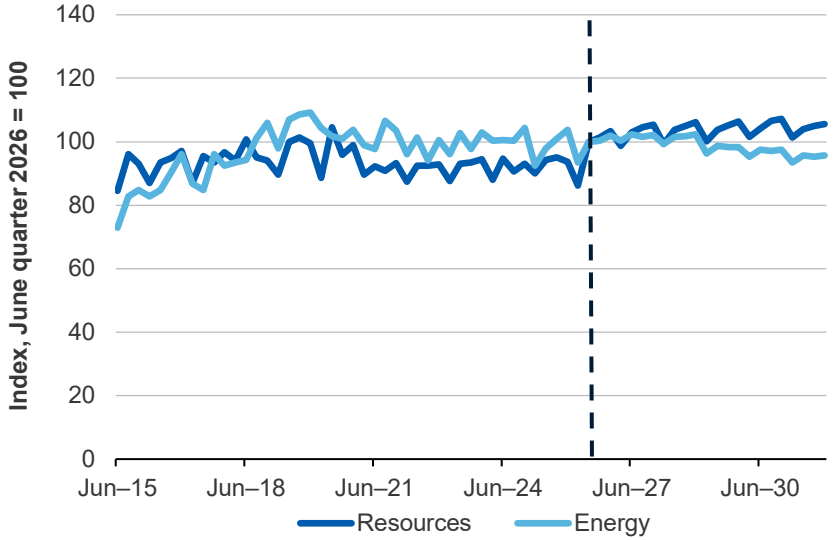
Improved weather and fewer holidays saw the Resources and Energy Export Volumes Index rise by an estimated 10.9% in the June quarter 2026 from the March quarter 2026, to be up 4.0% on the June quarter 2025.

Resource commodity export volumes rose in the June quarter and were up 6.0% over the year to the June quarter 2026. Better weather saw energy export volumes rise by 4.2% in the June quarter to be up 0.9% over the year (Figure 1.6).

High prices for some base metals and gold should lift resource export volumes over the outlook period. The standouts will be gold and copper, commonly located in polymetallic deposits. Iron ore exports will fall as Chinese economic growth settles at lower levels than in recent decades and Chinese steel mills take more Guinean exports. Some alumina and bauxite exports will likely be diverted away from the Middle East to Asia while Persian Gulf production is constrained, but long-term prospects for exports are good.

The forecast for the volume of energy exports in the first half of the outlook period is relatively flat but subject to considerable uncertainty due to the Middle East conflict. Further out, fossil fuel demand is forecast to fall as our major energy export customers pursue decarbonisation goals.

Figure 1.6: Resource and energy commodity export volumes



Source: ABS (2025); Department of Industry, Science and Resources (2026)

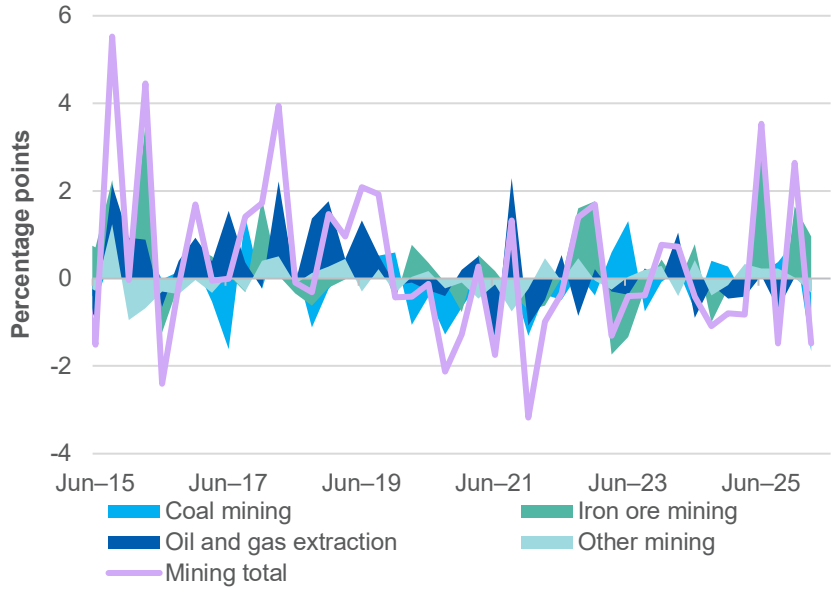
1.6 Contribution to growth and investment

Mining output fell in the March quarter

Real GDP rose by 0.3% in the March quarter 2025, to be up 2.5% from a year before. Poor weather saw mining value-added fall by 1.5% in the quarter to be 3.1% higher year-on-year (Figure 1.7).

In the quarter, iron ore mining was the only sector to expand, rising by 1%, while falls were recorded in coal mining (down by 1.7%), exploration and mining support services (down by 0.2%), and oil and gas extraction and 'other mining' (both down by 0.3%).

Figure 1.7: Contribution to quarterly growth by sector

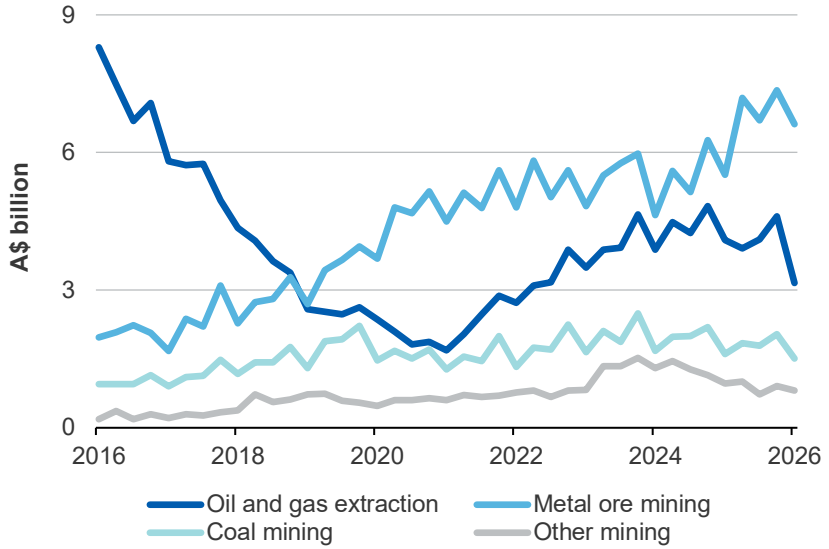


Source: ABS (2026); Department of Industry, Science and Resources (2026)

Mining capital expenditure fell year-on-year to March quarter

The latest ABS Capital Expenditure and Expected Expenditure survey shows that Australia's resources and energy sectors invested $12.1 billion in the March quarter 2026, down 19% from the December quarter 2025 but only 1% from the March quarter 2025. In non-seasonally adjusted terms, capex fell across all commodities, with particularly strong declines for oil and gas and metal ores (Figure 1.8).

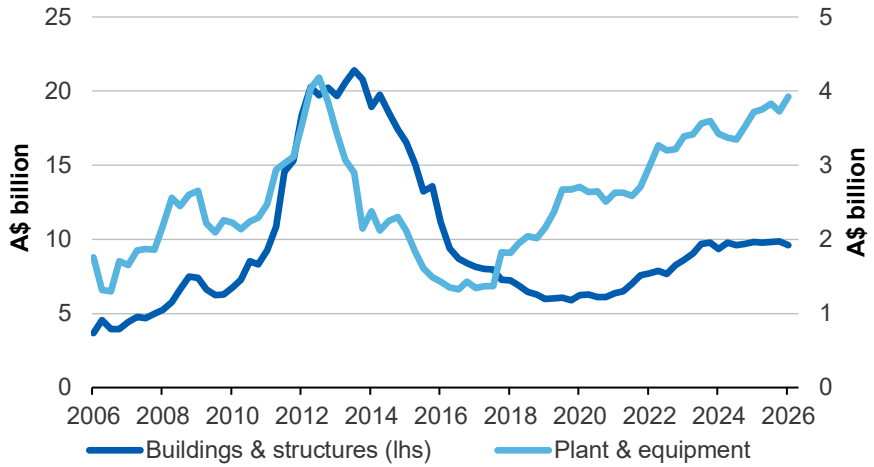
Figure 1.8: Mining capex by commodity, not seasonally adjusted



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 (2026) Private New Capital Expenditure & Expected Expenditure, 5625.0

Expenditure on plant and equipment rose by 5% in the March quarter, while investment in buildings and structures edged down by 3% (Figure 1.9).

Figure 1.9: Mining industry capital expenditure by type, quarterly



Notes: Chart data is in nominal terms, seasonally adjusted.
Source: ABS (2026) Private New Capital Expenditure & Expected Expenditure, 5625.0

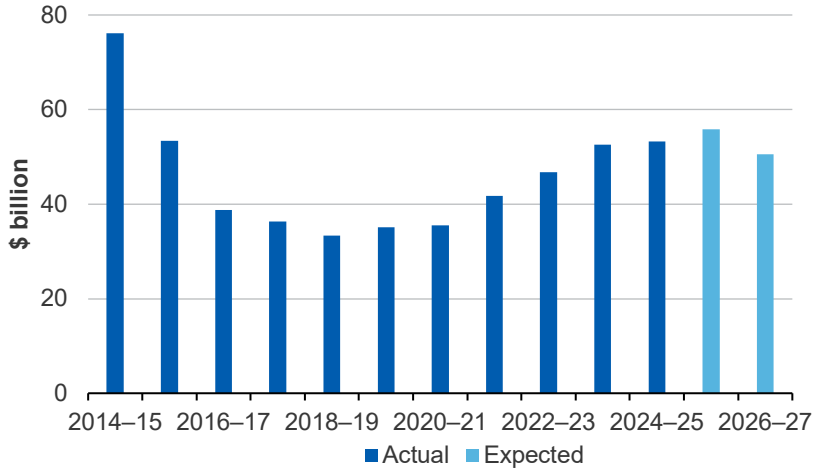
Mining investment forecast to rise modestly in 2025–26

The latest ABS capital expenditure survey suggests that 2025–26 spending will rise modestly (to about $56 billion), with the third estimate of expenditure in 2026–27 coming in at $51 billion. Estimates are typically revised up over time (Figure 1.10).

Exploration spending has risen strongly in the past year

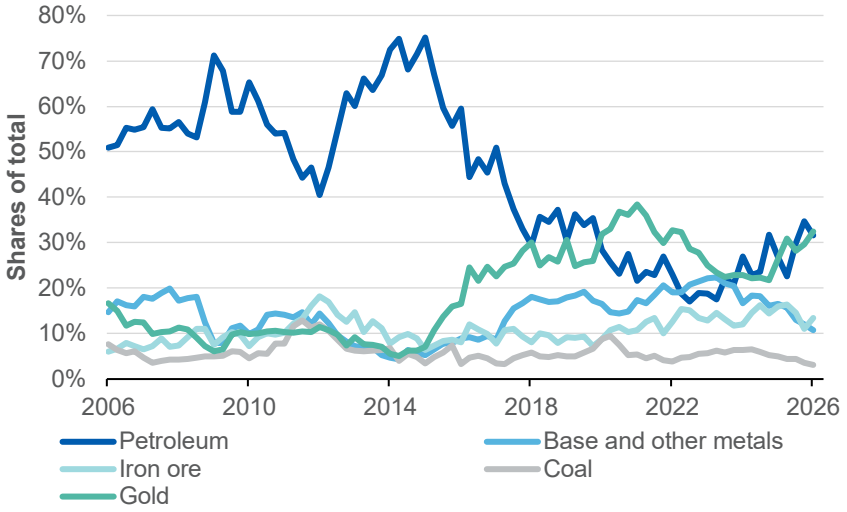
Australian mineral and petroleum exploration expenditure fell by 14% in the March quarter but was 24% higher year-on-year (Figure 1.11). In year-on-year terms, expenditure grew for gold (up 53%), silver, lead & zinc (up 30%), and other deposits (up 12%), but fell for copper, cobalt, coal and iron ore. Gold exploration is rising sharply following 2 years of falls, with recent investment a response to the sharp rise in the price in recent years (Figure 1.11).

Figure 1.10: Mining industry capital expenditure, fiscal year



Source: ABS (2026)

Figure 1.11: Shares of exploration by commodity type



Source: ABS (2026)

Record prices for gold and copper suggest copper-gold exploration should continue at the higher levels over recent years. Petroleum exploration spending has hit its largest share of total exploration spending so far in this decade, reflecting a favourable outlook for the domestic gas market.

1.7 Revisions to the outlook

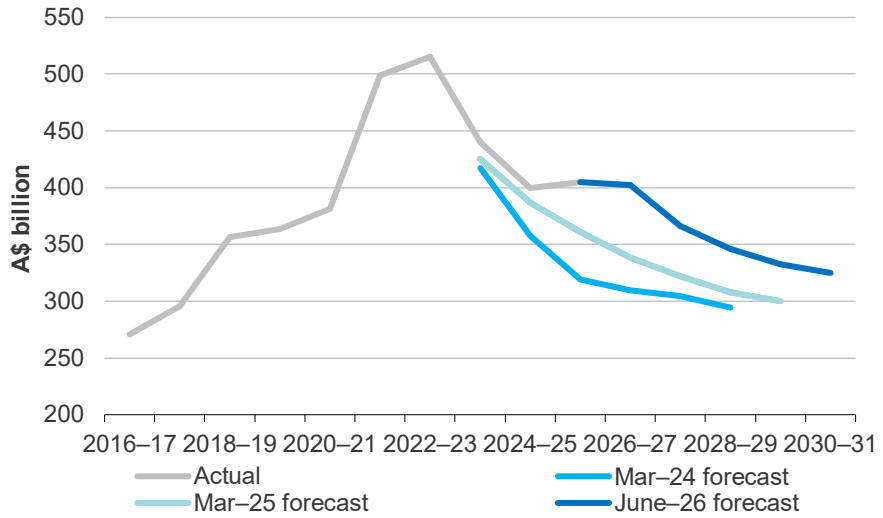
Upgrades to gold and energy export prices driving big revisions

From $385 billion in 2024–25, resource and energy exports in 2025–26 are estimated at $405 billion — up about $22 billion from the December 2025 REQ forecast. Forecasts of exports in 2026–27 are $42 billion higher at $416 billion (Figure 1.12).

A further surge in the gold price has driven a substantial upward revision in gold exports in the outlook period. Upward revisions to the price of energy, some base metals and lithium have also contributed to the stronger outlook.

The fallout from the Middle East conflict is expected to raise the value of thermal coal and LNG exports in the next couple of years. The impact of a higher Consensus forecast for the AUD/USD has dampened some of the impact of higher gold, lithium, base metal and energy commodity export revenues (driven by higher USD prices and export volumes).

Figure 1.12: Resource and energy exports, by forecast publication



Notes: forecast data is in real terms for the corresponding financial year
Source: ABS (2026); Department of Industry, Science and Resources (2026)

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

Exports (A$m)	2024–25	2025–26 e	2026–27 f	2027–28 f	2028–29 f	2029–30 f	2030–31 f	% change CAGR f
Resources and energy	385,933	404,920	415,939	388,132	375,927	370,288	370,863	-0.7
– real[b]	399,710	404,920	402,342	366,198	346,032	332,528	324,922	-3.4
Energy	154,360	145,106	153,297	137,202	129,511	125,202	125,166	-3.4
– real[b]	159,870	145,106	148,285	129,448	119,212	112,434	109,660	-6.1
Resources	231,573	259,815	262,642	250,930	246,416	245,086	245,698	1.0
– real[b]	239,840	259,815	254,056	236,750	226,820	220,094	215,261	-1.8

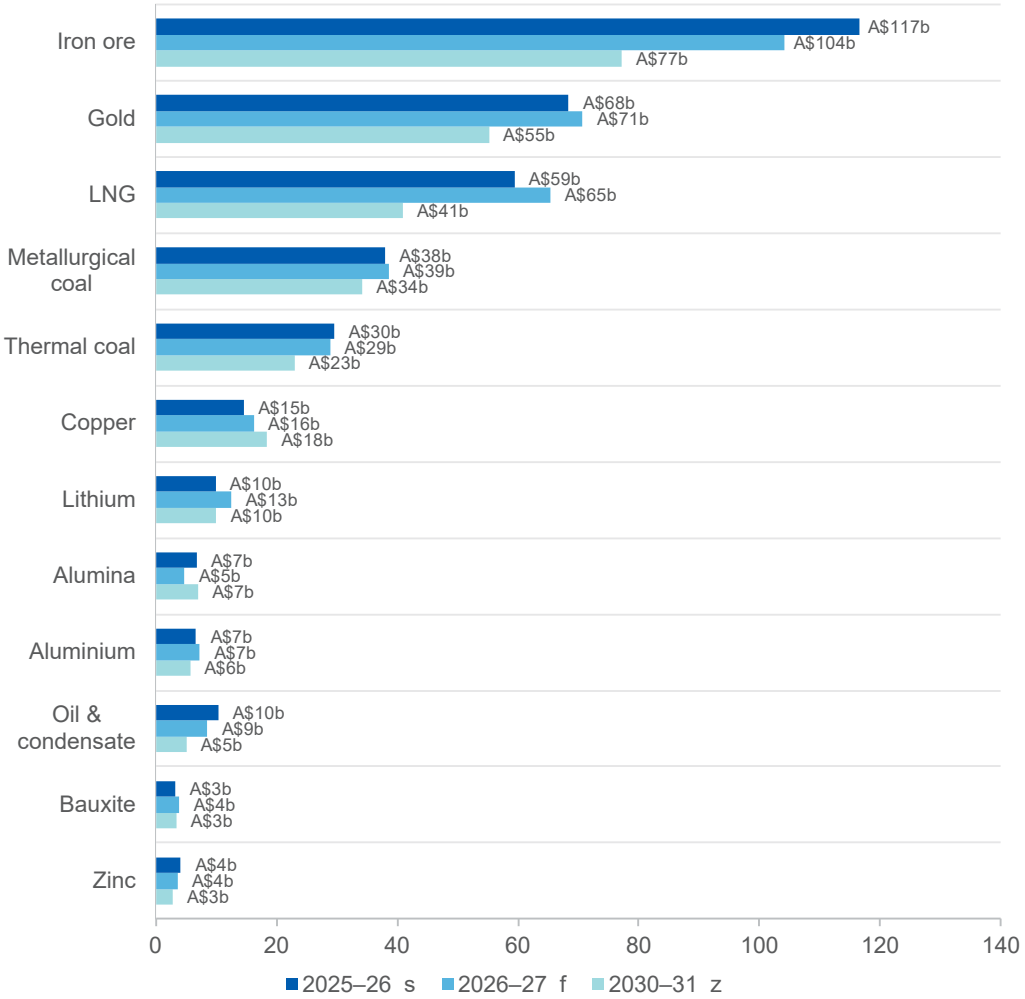
Notes: **b** In 2025–26 Australian dollars; **s** estimate **f** forecast.
Source: ABS (2026); Department of Industry, Science and Resources (2026).

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

	Nominal Prices				Export volumes				Export values (2025–26 A$ billion)		
	Unit	2025–26[s]	2026–27[f]	2030–31[f]	Unit	2025–26[s]	2026–27[f]	2030–31[f]	2025–26[s]	2026–27[f]	2030–31[f]
Iron ore	US$/t	92	88	73	Mt	926	936	905	117	104	77
Gold	US$/oz	4,268	4,862	4,000	t	252	307	318	68	71	55
LNG	A$/GJ	14	16	12	Mt	79	82	77	59	65	41
Metallurgical coal	US$/t	213	217	224	Mt	150	160	157	38	39	34
Thermal coal	US$/t	118	126	121	Mt	213	209	197	30	29	23
Copper	US$/t	11,554	12,543	12,233	Kt	749	793	1,026	15	16	18
Crude oil	US$/bbl	80	80	70	Kb/d	244	213	166	10	8.6	5.0
Lithium	US$/t (b)	1,532	1,975	1,300	Kt (c)	507	556	742	10	13	10
Alumina	US$/t	318	284	404	Kt	14,055	12,342	14,812	6.8	4.8	7.0
Aluminium	US$/t	3,036	3,383	3,058	Kt	1,476	1,587	1,587	6.7	7.3	5.7
Zinc	US$/t	3,153	3,195	2,993	Kt	1,161	1,321	1,241	4.2	3.6	2.8
Uranium	US$/lb	85	99	116	t	6,471	6,327	6,419	1.6	1.5	1.7
Nickel	US$/t	16,222	17,459	19,051	Kt	53	49	89	1.3	1.2	1.7

Notes: **a** Export data covers both crude oil and condensate; **s** estimate **f** forecast. **Price information:** Iron ore fob (free-on-board) at 61% 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 (2026); LME (2026); London Bullion Market Association (2026); The Ux Consulting Company (2026); US Department of Energy (2026); Metal Bulletin (2026); Japan Ministry of Economy, Trade and Industry (2026); Argus (2026); Department of Industry, Science and Resources (2026)

Figure 1.13: Australia's major resources and energy commodity exports, 2025–26 dollars



	% change from 2025–26 2026–27 f			CAGR % change from 2025–26 2030–31 z		
	volume	EUV	value	volume	EUV	value
Iron ore	1	-12	-11	0	-7	-8
Gold	22	-15	3	5	-9	-4
LNG	4	6	10	-1	-7	-7
Metallurgical coal	7	-5	2	1	-3	-2
Thermal coal	-2	0	-2	-2	-3	-5
Copper	6	5	11	6	-2	5
Lithium	10	15	27	8	-7	0
Alumina	-12	-20	-29	1	0	1
Aluminium	8	2	9	1	-5	-3
Oil & condensate	-13	-5	-17	-7	-6	-13
Bauxite	-3	24	20	0	1	1
Zinc	14	-24	-13	1	-9	-7

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

Box 1.1: Impacts of the Middle East conflict on commodity markets and Australian exports

Overview

Prior to the closure of the Strait of Hormuz in the Middle East, around 20% of the world's supply of oil and LNG and about 21% of the world's alumina imports flowed through the Strait.

The forecasts presented in this edition of the REQ are somewhat uncertain. At the time of writing, a ceasefire was in effect, production and trade in the region is expected to restart shortly, and several facilities in the region have been shuttered or damaged.

The forecasts in the main body of the REQ assume the blockade of the Strait of Hormuz ends in late June 2026 and that trade then begins to normalise, with the flow of oil back to normal by March 2027. Qatar LNG remains offline until early July 2026 followed by 3 years of reduced output (reflecting damage sustained by the Ras Laffan LNG facility). This assumption is not a view on the pathway the conflict will take.

To understand the potential impacts of delayed recovery and continued disruption to Middle Eastern supply, this box examines how limited trade via the Strait of Hormuz and/or a slow ramp up of Middle Eastern production facilities until early September 2026 would affect the forecasts.

Impact on export earnings

Under the scenario where trade is disrupted until end June 2026, Australia's resource and energy export earnings will be raised by nearly $8 billion in 2025–26 and by $30 billion in 2026–27. Under the scenario where trade is disrupted until end August 2026, Australia's export earnings in 2026–27 are forecast to be $429 billion (or $37 billion higher). This reflects the fact that Australia's oil, thermal coal, LNG and aluminium export prices would be increased for a longer period. Offsetting this are reduced volume and price of alumina exports. The REQ does not account for the net effect on Australia from increased import prices, for example oil and its derivatives, such as diesel.

Oil

The closure of the Strait of Hormuz and risks of military action against regional oil assets has pushed oil prices up sharply. Prices rose from US$72 a barrel (Brent) on 27 February 2026 — which did include some geopolitical risk premium before open hostilities broke out — to over US$100 a barrel by 12 March 2026 and remain extremely volatile. Brent oil prices remained elevated through May, and fell below US$90 a barrel in June on the prospects of a peace deal.

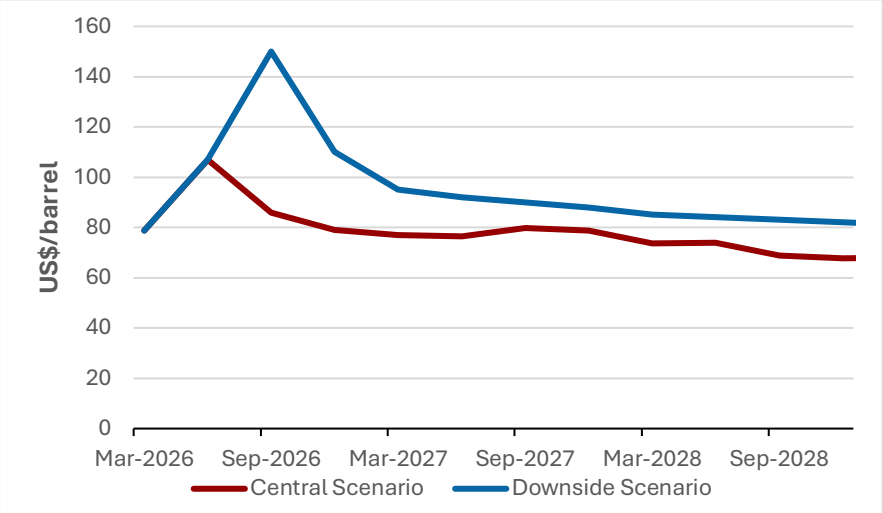
Under the assumption that the conflict causes a closure of the Strait until July and damage to assets can be rectified in the second half of 2026, Brent crude oil prices are expected to average around US$118 a barrel in the June quarter, before declining over 2 years. Australian crude and condensate earnings are forecast to be $10.4 billion in 2025–26 and $9.6 billion in 2026–27.

If trade is disrupted until early September in the long scenario, Brent crude oil prices are expected to remain elevated well into the September quarter where they will average US$150 a barrel, with peak prices above this. As a result of an extended blockade of the Strait of Hormuz inventories would be likely to decline

further, low inventories leave the market more susceptible to further disruption increasing price volatility.

Assuming a resumption of trade, even if at low levels, in September, prices are expected to decline over a period of several years as production comes back online much slower than in the central scenario. Prices are also expected to remain higher throughout the outlook as the depleted inventories are replaced. Higher prices would increase Australian export revenues to $12.9 billion in 2026-27 and $9.2 billion in 2027-28.

Figure 1.14: Quarterly Oil Prices by Scenario



Source: Bloomberg (2026), DISR (2026)

LNG

In the middle of March, a missile hit Qatar's Ras Laffan industrial city. The strike hit several LNG trains and shuttered Qatari LNG production. Repairs at the Ras Laffan facility are underway, and around 80% of capacity is expected to resume within 2 months. However, damage to two trains means recovery to full output will require 3-5 years. Investments intended to expand capacity at the facility will likely be delayed, impacting global capacity for the outlook period.

JKM LNG prices rose to a peak around US$22/MMBtu after the hit on Ras Laffan but have eased under $16/MMBtu as seasonal demand softened and markets began to price in a recovery in Qatari output. Key buyers including China have also managed a pivot to other energy sources, reducing their LNG imports.

Price pressures are likely to build again as seasonal demand picks up. European restocking for next winter is behind schedule; inventories were 45% fill by mid-June, well below the seasonal norm (around 65%).

Supply and pricing will depend on how long Ras Laffan remains offline. Under the baseline scenario, the facility restarts in Q3 2026, followed by three years at reduced output. Prices are forecast to rise to around US$19/MMBtu in the June quarter, easing to US$16/MMBtu in the September quarter, declining to US$12.60/MMBtu in 2027. Countries with significant gas usage will likely combine short-term energy restrictions and reduced industrial production to manage shortages in this period.

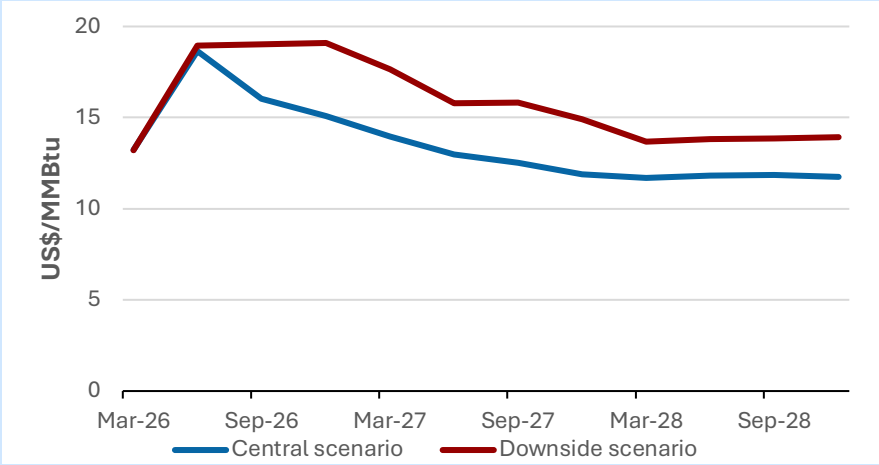
Price pressures linked to the Middle East conflict are expected to largely ease by 2029, with prices then returning to levels broadly consistent with forecasts made in March 2025.

LNG export earnings for 2026–27 are expected to be about $20 billion higher than forecasts made prior to the closure of the Strait of Hormuz.

Under the downside scenario, sustained loss of Qatari output extends inventory shortages through 2027. Prices under the downside scenario hold close to US$14/MMBtu until the end of 2028. Elevated prices will further limit LNG uptake by price-sensitive buyers, leading to lower near- and long-term demand. Long-term buyers including South Korea and Japan will face higher pressure to reduce their reliance on LNG. Expected demand destruction diminishes global LNG trade by around 40Mt from prior forecasts to 490 Mt by 2029. This demand destruction gap closes to 20Mt by 2031.

Under the downside scenario, export earnings are expected to be around $7 billion above the baseline forecast in 2026–27, and $3 billion higher in 2027-28. However, demand destruction will likely persist into the 2030s, lowering the longer-term earnings outlook.

Figure 1.15: LNG price scenarios



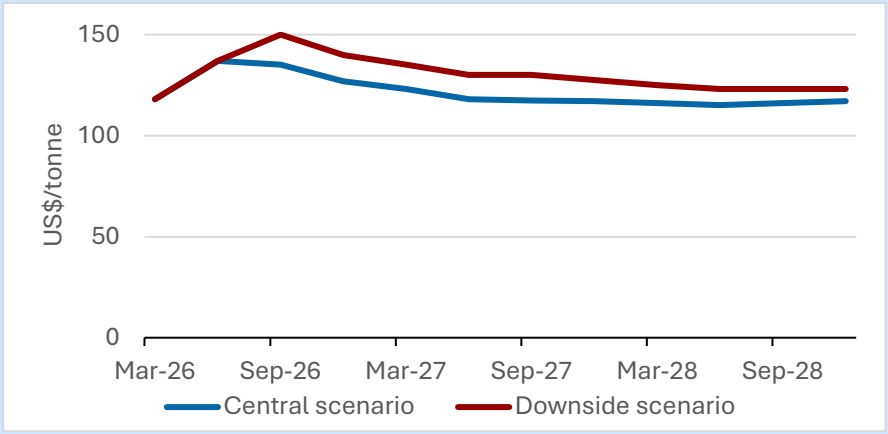
Source: Bloomberg (2026), DISR (2026)

Thermal coal

The Newcastle 6,000 kcal thermal coal price rose to an average of US$135 per tonne in March — approximately 15% above the pre-conflict level of US$117 per tonne in February. Prices have remained around these elevated levels as the interruptions to shipping have persisted. The increase in thermal coal prices follows a sharp lift in LNG prices. This reflects fuel-switching in markets where coal and LNG are substitutes.

Under the baseline scenario, thermal coal prices are expected to remain elevated at around US$135 per tonne through the September quarter before moderating over the following 6–12 months. Prices return to pre-conflict levels in June quarter 2027. Prices could peak higher in the September 2026 quarter if a hot Northern Hemisphere summer eventuates with the firming El Niño conditions. Australian export earnings are expected to be $29.9 billion in 2026–27 and $26.2 billion in 2027–28.

Figure 1.16: Thermal coal price scenarios



Source: McCloskey (2026), DISR (2026)

Under the downside scenario, thermal coal prices rise to an average of around US$150 per tonne in the September quarter as LNG prices stay elevated. Prices are forecast to remain high through 2027, averaging around US$130 per tonne, before gradually returning to pre-conflict levels by 2029. Under this scenario, Australian export earnings are $32.6 billion in 2026–27 and $28.4 billion in 2027–28.

Aluminium, Alumina and Bauxite (AAB)

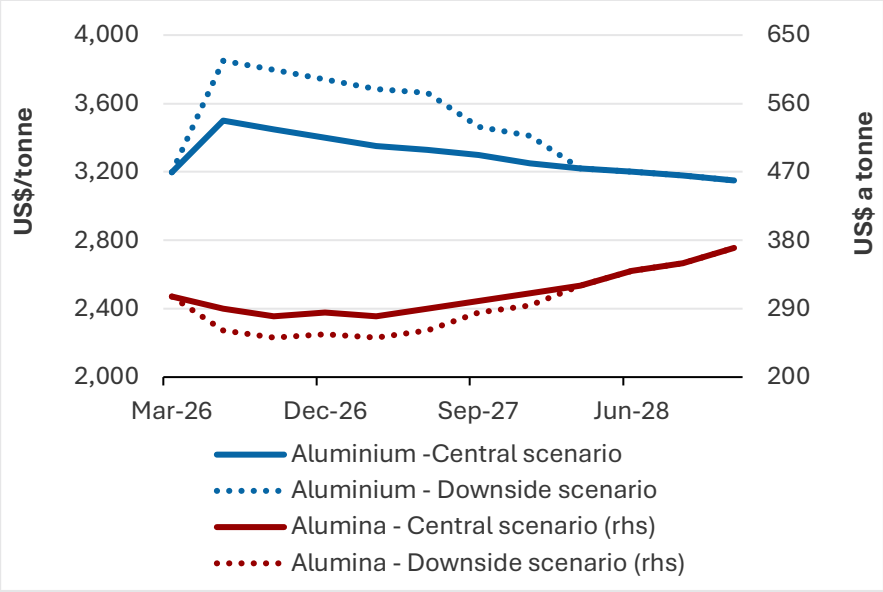
The Middle East is a significant global producer of alumina and aluminum, and reduced trade with the region is having an impact on trade volumes and prices. Bahrain, the United Arab Emirates (UAE), Qatar, Oman, Iran, and Saudi Arabia together account for 9.4% of global primary aluminium output, 2.9% of alumina output and 1.6% of global bauxite production. The ME is Australia's largest alumina export market, accounting for 47% of Australia's alumina exports and 6.3% of Australia's bauxite exports. Around 2.5 Mt of Middle East primary aluminium production has been curtailed since the start of the conflict.

The ME regional conflict has pushed primary aluminium prices higher. The London Metal Exchange (LME) aluminium spot price has increased by 7.9% since the start of the conflict. The Platts free-on-board Australia alumina price has been flat since the start of the conflict.

Under a central scenario where 2.5 Mt (or 36% of the Middle East smelting capacity) of curtailed primary aluminium capacity are assumed to be offline for 12 months, prices in 2026 and 2027 are expected to be around US$3,387 and US$3,308 a tonne, respectively, for aluminium and around US$290 and US$295 a tonne, respectively, for alumina. Australia's AAB exports are estimated to experience a decline of $1.2 billion in 2026–27, and a gain of $0.5 billion in 2027–28.

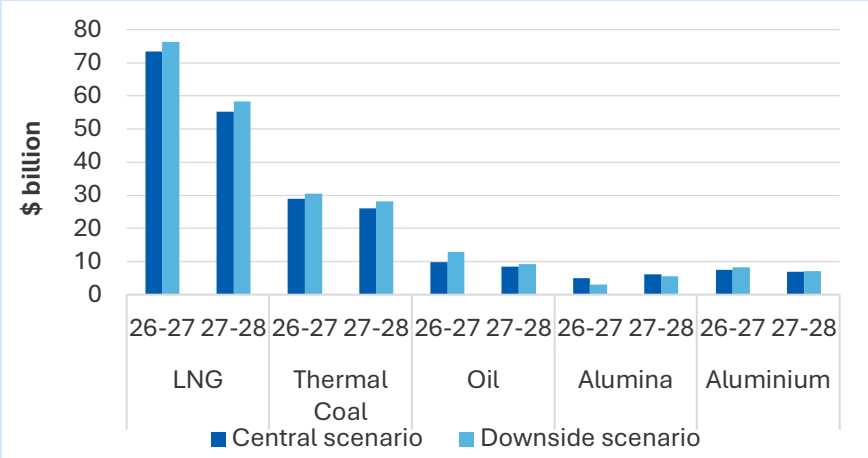
Under the downside scenario, 5.5 Mt (or 80% of the Middle East smelting capacity) is assumed to be offline for 12 months — which could occur if smelters are forced to shut down due to prolonged disruptions to imports of alumina and bauxite — and prices in 2026 and 2027 are expected to be US$3,646 and US$3,556 a tonne, respectively, for aluminium and US$269 and US$273 a tonne, respectively, for alumina. Relative to the central scenario, Australia's AAB exports are estimated to experience a further decline of $0.7 billion in 2026–27, and a further gain of $1.0 billion in 2027–28.

Figure 1.17: Aluminium and alumina prices under scenarios



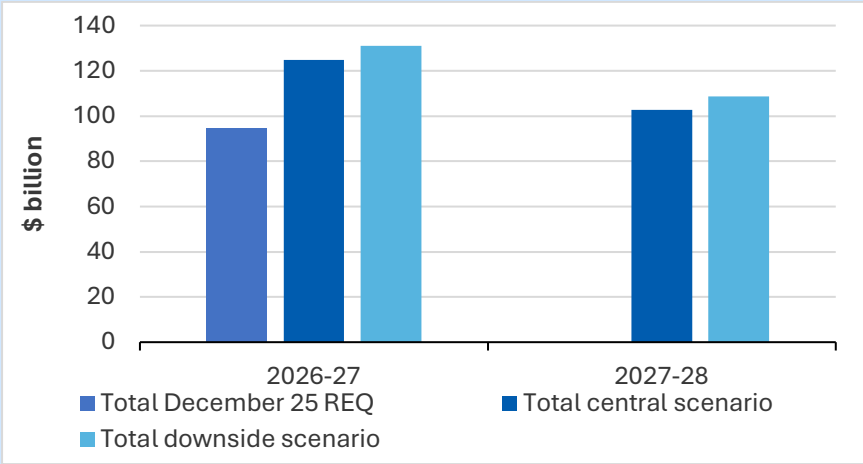
Source: Department of Industry, Science and Resources (2026)

Figure 1.18: Australian export earnings for select commodities



Source: Department of Industry Science and Resource (2026)

Figure 1.19: Australian total export earnings for select commodities (under each scenario)



Note: 2027-28 forecast was not available in the December 2025 REQ
Source: Department of Industry Science and Resource (2026)

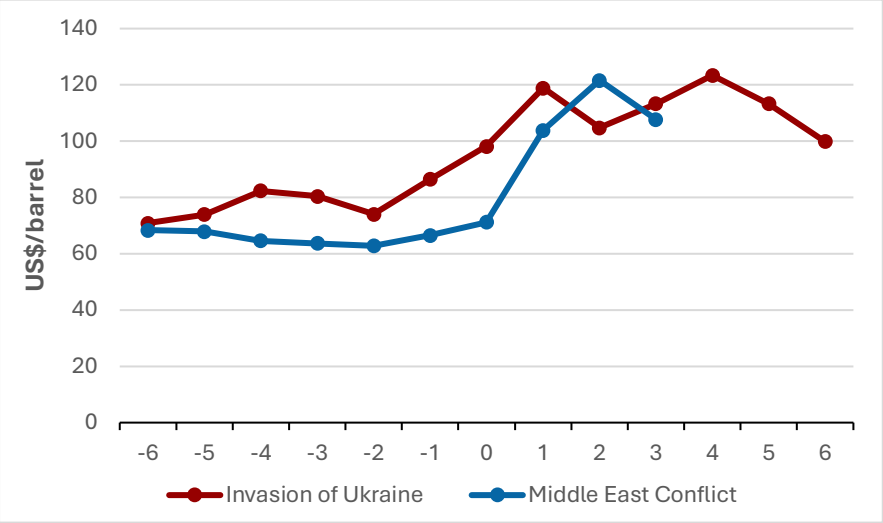
Differences to Russia's Invasion of Ukraine in 2022

Energy prices were already elevated and rising in early 2022, as speculation of a Russian invasion of Ukraine was increasingly reflected in markets. Prices then rose sharply after the invasion began in late February. Brent crude rose from an average of US$87 a barrel in January to a daily peak of US$137 a barrel in early March. LNG prices rose from US$27/MMBtu in January to US$39/MMBtu in March, while thermal coal prices rose from US$231 per tonne to US$312 per tonne.

The Middle East conflict has occurred against a different energy market backdrop. In early 2022, energy markets were already tight amidst the impacts from the COVID-19 pandemic, leaving oil, LNG and thermal coal prices more vulnerable to a sharp geopolitical shock. By contrast, before the Middle East conflict, thermal coal markets were broadly balanced and well stocked; the oil market was in surplus with plenty of inventories and LNG markets were expected to loosen as new supply came online (Figure 1.20 and Figure 1.21). These conditions have helped moderate the impact of energy market disruptions from the Middle East conflict.

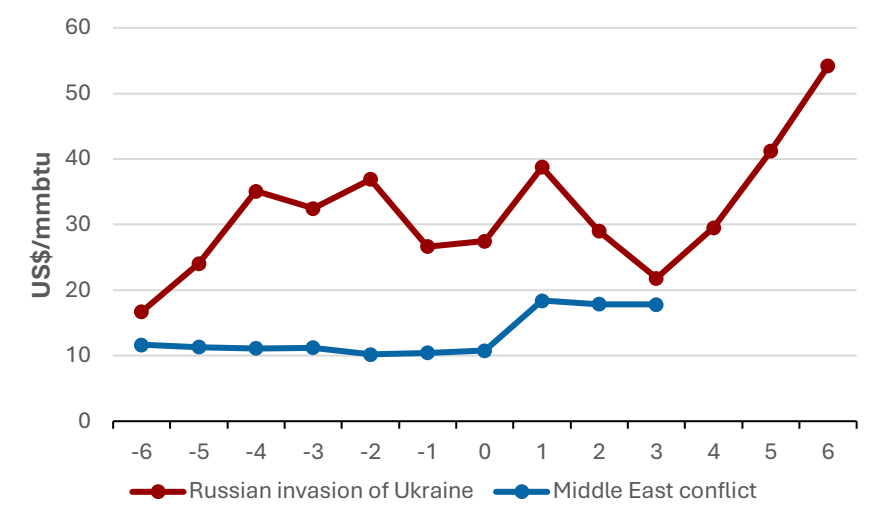
Aluminium prices have been more responsive to the Middle East conflict than the Russian invasion of Ukraine (Figure 1.23). Prices continued rising after the first month of the Middle East conflict, whereas prices fell after the first month of Russia's invasion of Ukraine. The Middle East conflict has affected 9% global primary aluminium production, 13% global alumina imports and 18% global ex-China aluminium exports. In 2022, Russia produced 5.4% of global primary aluminium output but was able to divert some aluminium production to other nations.

Figure 1.20: Monthly oil price relative to start of conflict



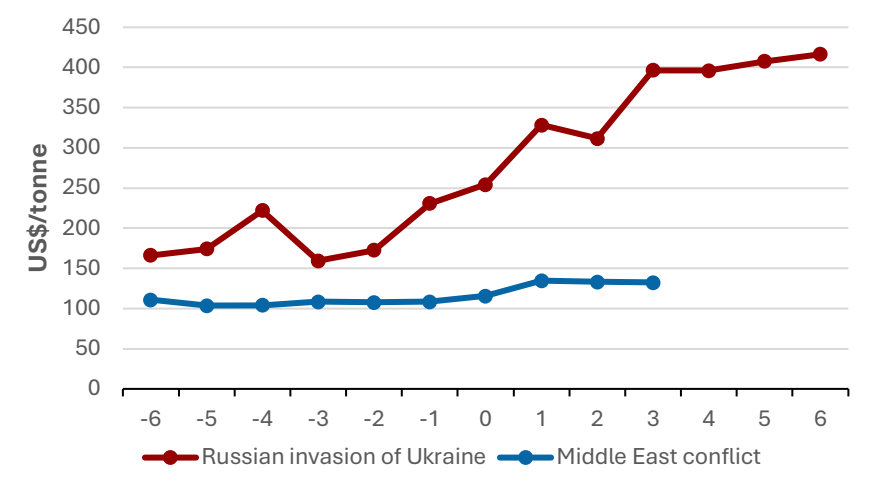
Source: Bloomberg (2026)

Figure 1.21: Monthly LNG price relative to start of conflict



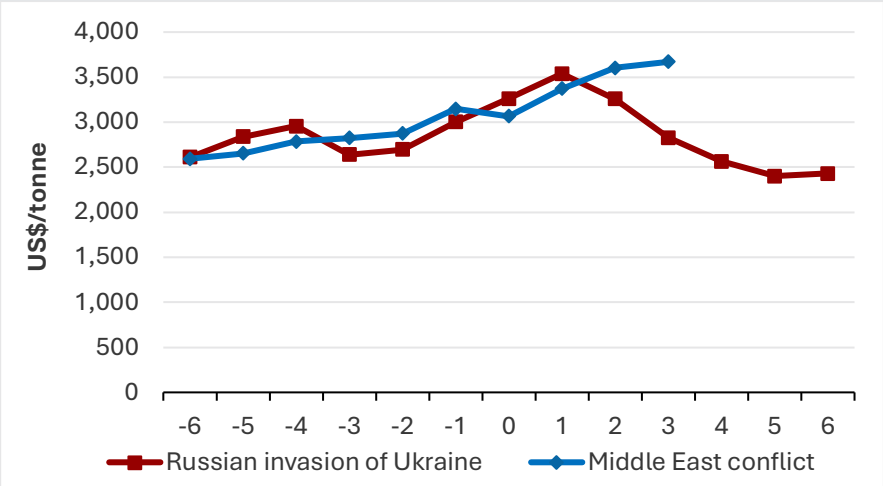
Source: Bloomberg (2026)

Figure 1.22: Monthly thermal coal price relative to start of conflict



Source: McCloskey (2026)

Figure 1.23: Monthly aluminium price relative to start of conflict



Source: Bloomberg (2026)

Macroeconomic outlook

Share of global GDP and economic growth, 2024

Trading partner	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)	25.7%	10%	9%	4%	15.3%	9%	6%	3%	–

Global overview

- IMF growth forecasts have been revised down in 2026 and 2027 for most countries, but the outlook remains uncertain with increased global conflict.
- 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

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

Source: IMF; ABS; OCE

2.1 Summary

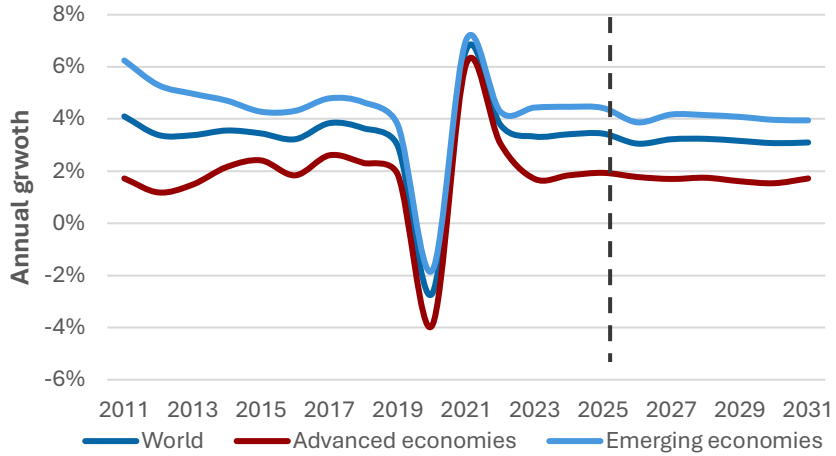
- The global macroeconomic outlook has deteriorated since the December 2025 REQ with the outbreak of hostilities in the Middle East being the latest shock testing the resilience of the global macroeconomy.
- Economies are being exposed to direct shocks of higher commodity prices, disrupted trade, tighter financial conditions declining consumer and business confidence. There is uncertainty around recovering times post conflict and the duration of inflationary impacts of higher prices.
- The growth prospects of Australia's major trading partners are expected to improve over the outlook period. China is expected to record firm GDP growth over the outlook period, with policy aiming to cut excess capacity and stimulate domestic demand.

2.2 World economic outlook

World growth will remain modest over the outlook period.

The International Monetary Fund's (IMF) April 2026 reference forecast for world economic growth was revised down slightly to 3.1% in 2026 and 3.2% in 2027, a downward revision of 0.2pp in 2026 compared to the January 2026 World Economic Outlook (WEO) update. Over the 5-year outlook, global growth is expected to trend down to 3.1% with growth stabilising from 2028 onwards as infrastructure damaged in Middle East hostilities is rebuilt and trade and energy flows resume. Growth in major emerging economies China and India is expected to account for a major share of global growth by 2030, while growth in advanced economies is expected to ease towards long-run trend growth of 1.7% from 2027 (Figure 2.1).

Figure 2.1: Global GDP growth outlook



Source: International Monetary Fund (2026)

Downward revisions to the outlook for commodities due to hostilities in the Middle East have been partially offset by the beneficial impact of lower US tariffs, surging investment in artificial intelligence (AI) infrastructure and stimulatory fiscal policy. AI investment is positive for commodity demand, especially copper.

Global inflation is expected to increase owing to the blockade of the Strait of Hormuz, with the IMF projecting headline inflation to increase from an estimated 4.1% in 2025 to 4.4% in 2026, before falling to 3.7% in 2027.

The IMF April WEO expects global trade volumes to grow at 2.8% in 2026, which is faster than expected in the January WEO. Trade is expected to increase by 3.8% in 2027 as we see a bounce back in trade after hostilities in the Middle East subside.

Risks to the downside dominate the outlook. Trade tensions and uncertainty are likely to be ongoing features of the global economy.

Hostilities in the Middle East impacted equity markets, raised consumer and business uncertainty and blocked energy supply,. A deterioration in economic conditions resulting from these shocks that gives rise to political unrest would further damage confidence and thus the global outlook.

An emerging source of risk is the possibility of AI productivity gains being less than expected, triggering stock price corrections. Broader financial market contagion would also be likely from such a correction, with the recent surge in leverage to build AI-related infrastructure.

2.3 Australia's trading partners

Strength in Australia's trading partners in 2025 could resume if middle east conflict subsides in near term

Australia's major trading partners had stronger than expected growth in 2025; international trade adjusted quickly to trade disruptions and growth in east Asian economies benefitted from technology-related US investment demand. Chinese growth was resilient in the face of rising trade barriers, with exporters managing to divert away from the US to other markets.

The momentum built up in 2025 was stymied by the impact of the Middle East hostilities, though there has been variation by country. With a resumption in shipping in July, Southeast Asian economies are expected to bounce back by 2027. But a longer-term drop in shipping flows would cause more persistent issues as countries in this region are heavy net energy importers and are exposed to financial and other global shocks.

China forecast to record 4-5% growth in the forecast period

China's economy was resilient in 2025 and growth in the first quarter of 2026 was higher than expected, but risks are building with geopolitical risks adding to concerns of a (still) depressed housing sector.

In 2025, China's economy faced significant challenges, mainly from rising trade barriers. However, other drivers include a shrinking and ageing population, ongoing property sector weakness, low consumer confidence and ongoing issues with industrial overcapacity and low fixed asset investment. Despite headwinds, government action meant that the Chinese economy achieved the Government's 5% growth target.

China's growth is expected to slow below 5% in 2026 for the first time in four years, with the government targeting 4.5-5% growth. Beijing has increased its focus on cutting unprofitable excess capacity in the Chinese economy, raising domestic consumption and relying less on the export sector. Support for technology self-sufficiency is also a key focus of the Chinese government's strategy.

China's economy will benefit from the ongoing AI-related boom in demand for semi-conductor chips and computer hardware and components. To limit the domestic fallout on energy prices of the blockade of the Strait of Hormuz, Beijing has been able to release some of the large oil reserves it stockpiled in recent years.

Indian growth to remain one of the fastest in Asia

India's growth will be impacted by the Middle East conflict: higher energy prices will adversely impact consumption and output. However, investment and trade will grow strongly again leaving India's growth prospects only mildly impacted.

India's estimated growth by the IMF in 2025 was 7.3%, with expectations for high annual growth of 6.4% in 2026 and 2027. Over the forecast period, the indicators are that India's growth will be broad-based, including strong growth in domestic demand — particularly in rural areas, where the majority of Indians live. Growth will be helped by a steady expansion of government expenditure on infrastructure, moves to promote the manufacturing sector, alongside an already strong and growing services sector.

Vietnam also expected to grow strongly

According to the IMF, Vietnam's growth in 2025 was 8%, one of the fastest growing economies in the world. Continued strong growth is expected in Vietnam over the outlook period, with Vietnam benefiting from AI infrastructure investment, foreign manufacturers diversifying their advanced manufacturing operations away from China and strong foreign direct investment. Consumer demand is also growing with a burgeoning middle class and young population. Vietnam is an important trading partner for Australia, with Australia and Vietnam moving to a Comprehensive Strategic Partnership in 2024.

The US faces long-term debt sustainability issues, persistent inflation and upward pressure on the US dollar

The IMF's April 2026 World Economic Outlook lowered the forecast for US growth in 2026 but confirmed expectations of a rebound in 2027. In 2026, growth in 2026 will be impacted by the blockade of the Strait of Hormuz but this will be largely offset by strong investment in AI infrastructure and high productivity growth (though this is expected to return to average over the forecast period). The US effective statutory tariff rate settled lower than expected, which improved growth expectations relative to a higher tariff setting. Some countries also managed to negotiate bilateral trade deals. Tariff uncertainty persists, and increases remain possible.

The USD weakened at the beginning of 2026 due to broad-based selling of USD assets (bonds and equities), as investors weighed deteriorating US economic conditions and continued uncertainty concerning US fiscal and monetary policy making. This trend has reversed slightly since the start of hostilities in the Middle East; since early March, expectations are for stable or higher official US interest rates to combat inflation from tariffs and energy prices, pushing up yields for USD assets and demand for US dollars. The AI boom, inflation and higher US tariffs should put upward pressure on the US dollar in the first half of the outlook period.

2.4 Global industrial conditions

Growth in global industrial production (IP) rose to 2.8% in 2025 from 1.6% in 2024. The bulk of this growth was driven by China, which accounted for 60% of the growth in industrial production in 2025, compared to 80% in 2024 (Figure 2.2). The drop in China's IP growth was more than offset by the increase in the growth rate in advanced economies. The growth in global IP was associated with steady growth (of 3.2% year-on-year to the December quarter 2025) in global trade (as measured by merchandise imports), especially in advanced Asian economies (Australia, Hong Kong SAR, Taiwan, New Zealand and Singapore; Figure 2.3). US imports grew strongly in the first quarter of 2025 — due to frontloading activity in anticipation of new US tariffs — but fell away subsequently.

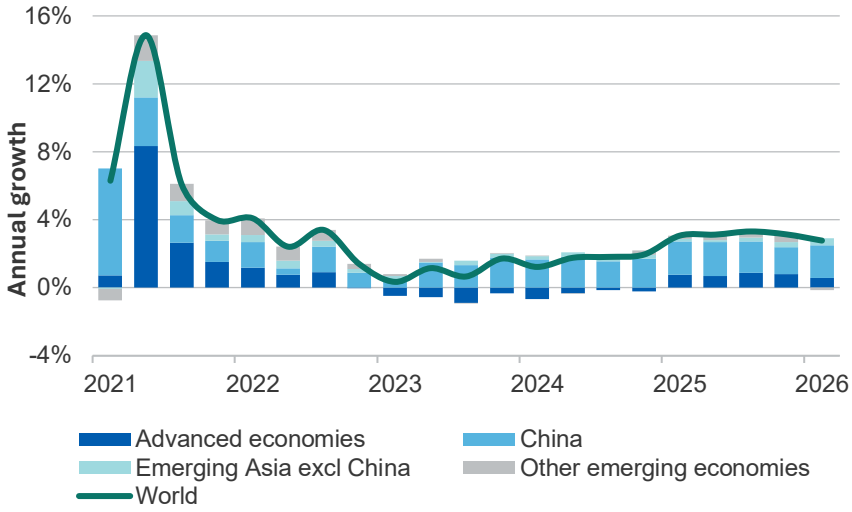
Forward indicators of global manufacturing activity have improved in the first half of the June quarter 2026 with expansion in global manufacturing output and new orders. The JP Morgan Global Manufacturing Purchasing Managers Index (PMI) in May remained unchanged at 52.6 since April this year, the highest in four years. The sustainability of the upturn may be difficult as it is likely that purchases are being front-loaded to mitigate expected price rises and disruptions. Average input and selling prices both rose sharply and supply chains remain strained with lead times again lengthening the same as in April (which was the sharpest increase since August 2022).

The outlook for global industrial production (IP) is largely unchanged from the December 2025 REQ. Over the outlook period, growth in global IP is expected to ease, with China's IP growth dropping but ex-China Asian IP rising. The US is expected to have a modest pickup in IP growth to 2028 before it recedes.

2.5 Australian dollar outlook

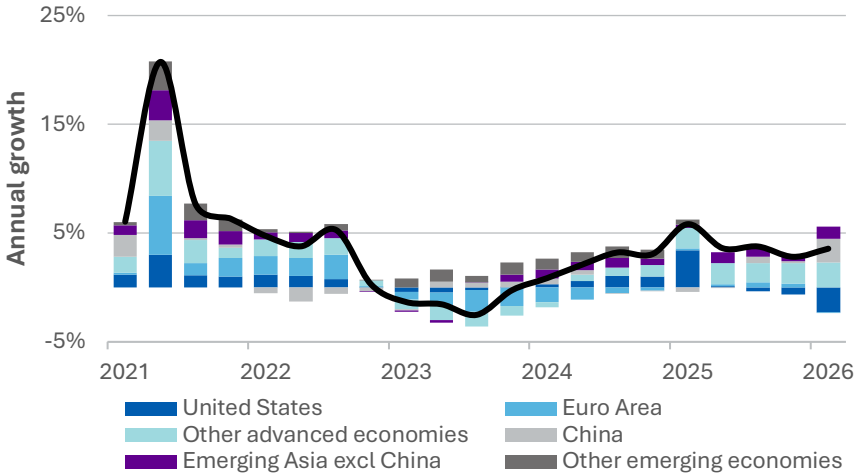
Consensus forecasts of the AUD/USD have been revised up, with both rising commodity prices and higher interest rate expectations due to rising inflation in the near term driving up demand for the AUD in 2026 and 2027. The consensus forecast levels out at 0.75 AUD/USD from 2028.

Figure 2.2: Contributions to growth of industrial production



Source: CPB Netherlands Bureau for Economic Policy Analysis (2026)

Figure 2.3: Contributions to growth in global merchandise imports



Source: CPB Netherlands Bureau for Economic Policy Analysis (2026)

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

	2025	2026[a]	2027[a]	2028[a]	2029[a]	2030[a]	2031[a]
World [b]	**3.4**	**3.1**	**3.2**	**3.2**	**3.2**	**3.1**	**3.1**
China [c]	5.0	4.4	4.0	4.0	3.7	3.3	3.4
Japan	1.2	0.7	0.6	0.6	0.6	0.6	0.6
Republic of Korea	1.0	1.9	2.1	2.2	2.0	1.9	2.1
India [d]	7.6	6.5	6.5	6.5	6.5	6.5	6.5
ASEAN-5 [e]	4.5	4.1	4.4	4.5	4.5	4.6	4.6
Eurozone	1.6	1.3	1.4	1.6	1.5	1.4	1.6
United States	2.1	2.3	2.1	2.1	1.9	1.8	2.1

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 (2026); Bloomberg (2026)

Table 2.2: Exchange rate and inflation assumptions

	2025	2026[a]	2027[a]	2028[a]	2029[a]	2030[a]	2031[a]
AUD/USD exchange rate	0.65	0.71	0.74	0.75	0.75	0.75	0.75
Inflation rate [b]							
United States	2.7	3.2	2.1	2.2	2.2	2.2	2.1
	2024-25	**2025–26[a]**	**2026–27[a]**	**2027–28[a]**	**2028–29 [a]**	**2029–30 [a]**	**2030–31 [a]**
Australia	2.4	3.6	3.4	2.5	2.5	2.5	2.5

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

Sources: ABS (2026); Bloomberg (2026); Department of Industry, Science and Resources (2026); IMF (2026); RBA (2026).

Iron ore

Australia's iron ore sector

World No.1

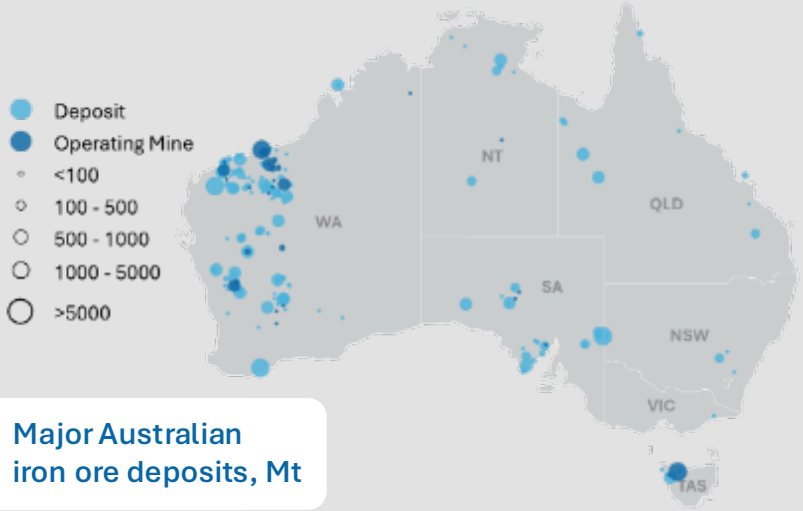
for iron ore resources

Largest producer

of iron ore in the world

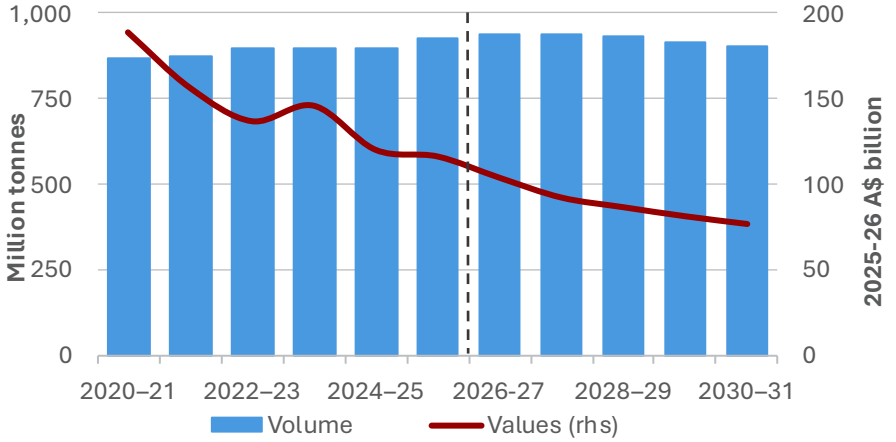
923 million tonnes

of iron ore exported in 2025



Major Australian iron ore deposits, Mt

Australian iron ore exports

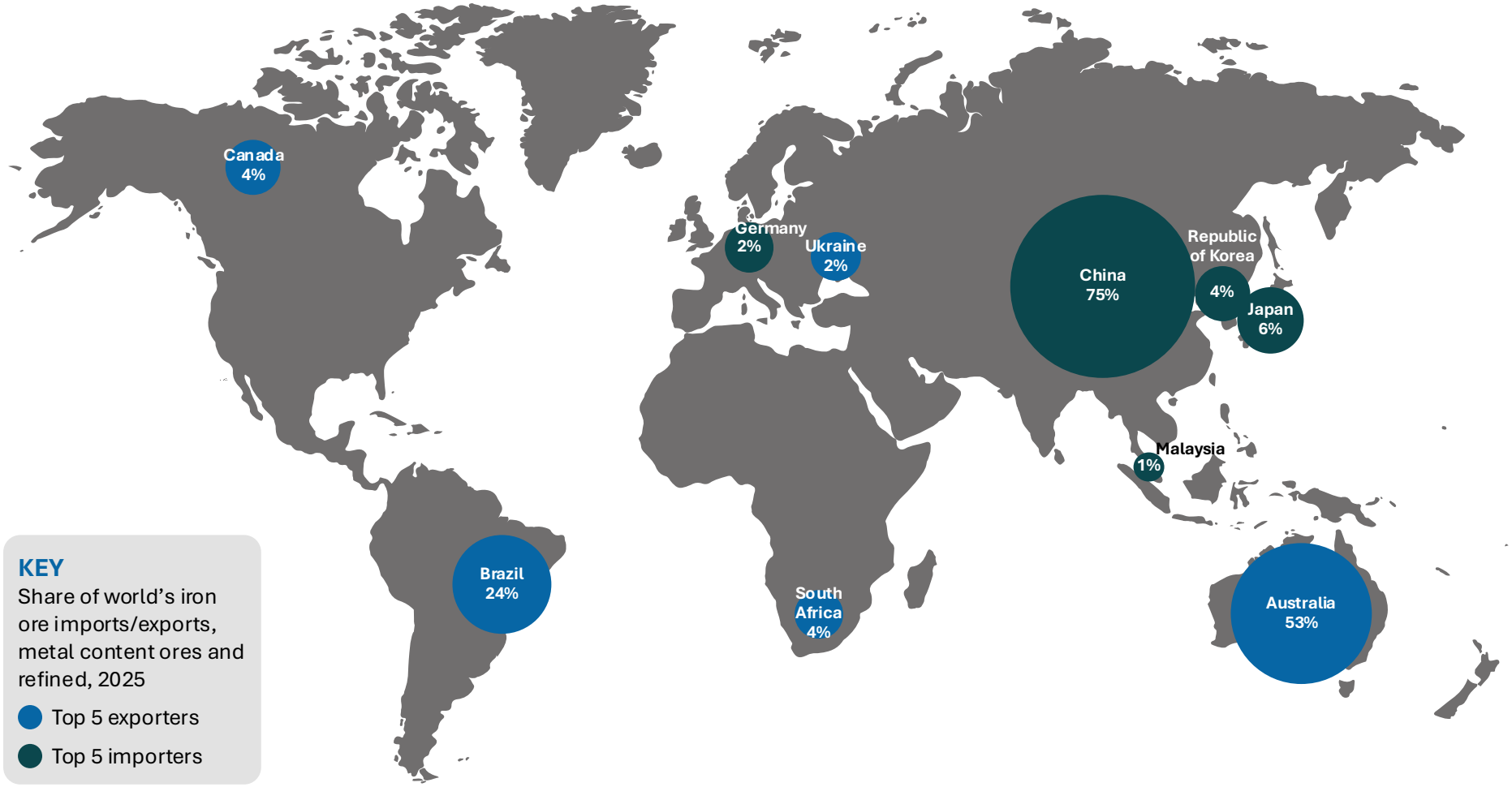


Outlook

- 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

3.1 Summary

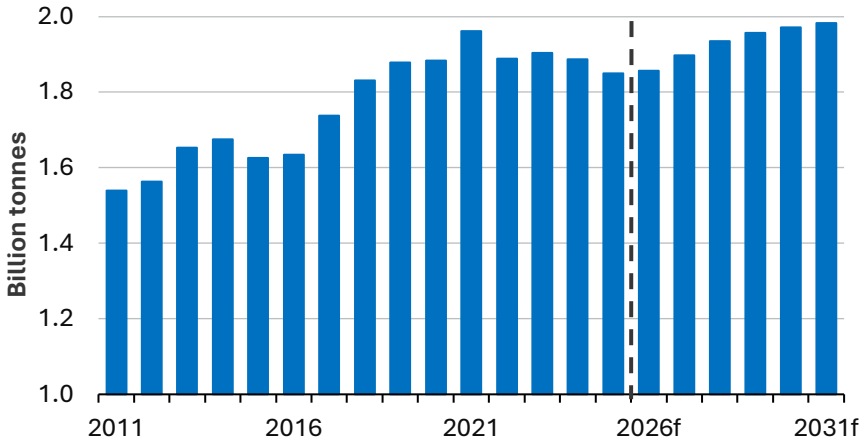
- Australian iron ore export volumes rose by 6% year-on-year in the March quarter 2026. After two decades of rapid growth, output is expected to level off within the next 2 years, as new mines and expansions largely just replace exhausted operations.
- World steel production is expected to reach around 2 billion tonnes by 2031, with falling output in China offset by higher production in India, Southeast Asia, and the Middle East.
- Iron ore prices are expected to soften over the outlook period, as global supply rises and steel demand softens. Lower prices will reduce Australia's iron ore export earnings from $117 billion in 2025–26 to $108 billion in 2026–27 and $77 billion (in real terms, base 2025–26) by 2030–31.

3.2 World steel production and demand

Global steel production to rise slowly with the future growth led by India and Southeast Asia

Global steel output in the March quarter 2026 was 0.46 billion tonnes, down 2% from the same quarter in 2025. The fall was mainly due to lower output in China (-5%), the EU (-2%), Japan (-4%), and Russia (-11%). These falls were partially offset by growth in India (11%), Southeast Asia (9%) and the US (6%). In India and Southeast Asia, growth was driven by structural demand drivers — notably urbanisation and population growth, ongoing infrastructure and housing programs, and growth in steel-intensive manufacturing. In the US, production outcomes are being supported by trade policy settings and related import restrictions. These measures have contributed to higher domestic prices and strengthened incentives for domestic steel production. The Middle East conflict has impacted steel production in that region, falling by 11% year-on-year in the March quarter 2026. World steel output is expected to be flat in 2026 but slowly pick up over the outlook period, hitting nearly 2 billion tonnes by 2031 (Figure 3.1).

Figure 3.1: Global annual steel production



Note: f projections.
Source: World Steel Association (2026); DISR (2026)

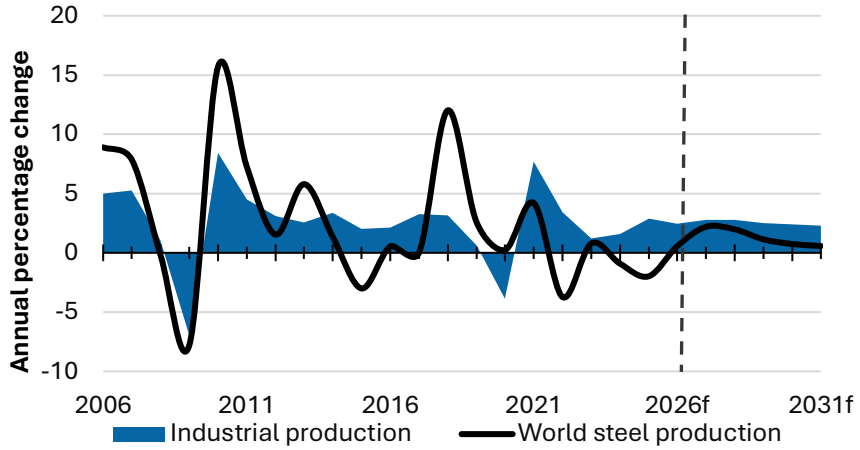
Growth in global industrial production is expected to be positive at a steady low rate over the outlook period to 2031. A pick-up in steel-intensive manufacturing will offset the impact of declines in the infrastructure and civil construction sectors in advanced economies (Figure 3.2).

While global steel demand is expected to recover over the outlook period, growth will vary across major markets. During the outlook period, global steel demand is projected to grow by a modest 1.3% a year. Weak dwelling construction, reduced household purchasing power and tight financing conditions

continue to weigh on steel demand in advanced economies. Steel demand in the European Union is expected to grow by 1.5% a year, helped by modest improvements in construction activity and automotive output. US steel demand is forecast to rise by 2.2% a year, benefiting from ongoing infrastructure upgrades and a recovery in the auto sector. China's steel demand will be flat as the property sector struggles but manufacturing rises.

Strong demand growth in ex-China Asia will drive additional steel production capacity in India, Vietnam, the Philippines, Malaysia, and Indonesia (Figure 3.3). Throughout the outlook period, India is projected to maintain strong momentum with 5.4% year-on-year growth in steel demand, fuelled by ongoing infrastructure and construction projects. Middle East nations and other Asian countries are forecast to grow by 3.4% and 3.2% a year, respectively.

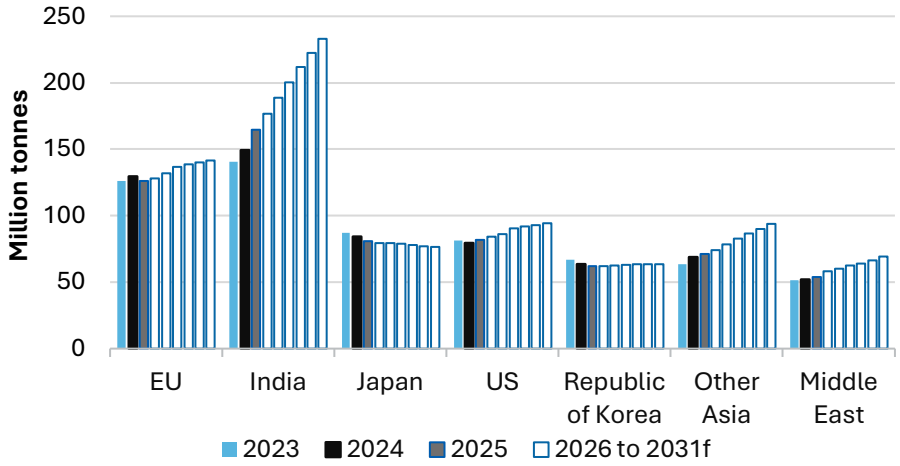
Figure 3.2: World industrial and steel production



Note: f projections.
Source: World Steel Association (2026); Wood Mackenzie (2026); DISR (2026)

The traditional Blast Furnace and Basic Oxygen Furnace (BF-BOF) technology has remained the preferred technology over the last decade due to favourable economics and operational scale advantages driving robust growth in Chinese market. The share of global output accounted for by Electric Arc Furnace (EAF) production has been constant at 30% for the past decade. Adoption of decarbonisation technologies is expected to increase the share of EAF to over 35% by 2031 which will mostly be contributed by production in India and the Middle East.

Figure 3.3: Steel production – major producers ex-China



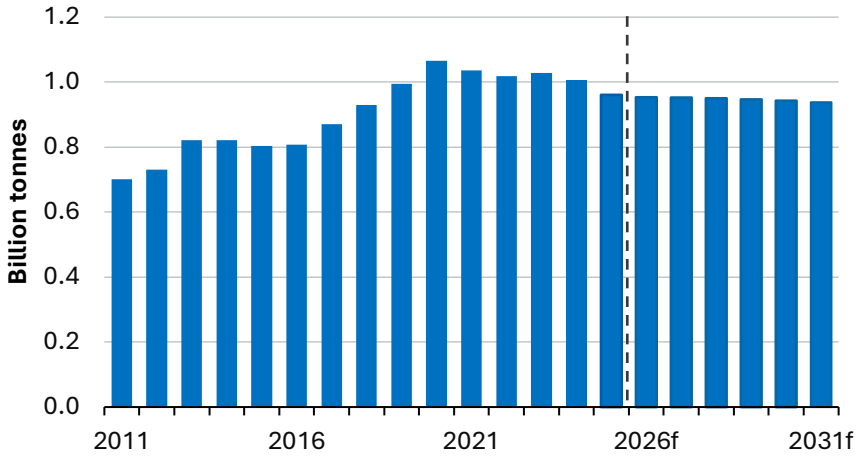
Note: f projections.
Source: DISR (2026); World Steel Association (2026)

China's steel demand to fall slightly as construction slows, while manufacturing supports demand

China's steel output fell by 4.6% year-on-year in the March quarter 2026, continuing the downward trend since its peak in 2020. Steel output fell below 1 billion tonnes in 2025 for the first time in five years. Persistent oversupply and intense domestic

competition in China's steel industry have cut margins, pushing many steel mills into losses. Steel demand remains weak due to ongoing problems in the construction sector. This weakness has outweighed efforts to shift production to growth sectors such as equipment manufacturing and electric vehicles. In response, the government's 'anti-involution' measures — including tighter controls on capacity expansion, restrictions on below-cost pricing, and steps to speed up industry consolidation — are expected to curb near term output growth. China's annual steel output is forecast to be declining gradually over the outlook period to 2031 (Figure 3.4).

Figure 3.4: China's annual steel production



Note: f projections.
Source: Bloomberg (2026), DISR (2026)

Strong infrastructure spending and population growth support India's demand outlook

India continues to be the primary driver of global steel production growth (Figure 3.3). Strong and sustained demand has led to a steady rise in per capita steel consumption in recent years. Despite this progress, consumption levels remain around half the global average, indicating significant potential for further expansion as incomes rise and urbanisation continues. Ongoing large-scale infrastructure development and ambitious government targets for affordable housing are expected to underpin robust growth in India's steel demand over the outlook period to 2031. India's national steel policy aims to expand steelmaking capacity from around 150 Mt to 300 Mt by 2030–31.

Ex-China market stable as world demand slowly recovers

Large gains in steel output are also expected in Southeast Asia over the outlook period, with new production capacity expected from projects in Indonesia, Vietnam, and Malaysia.

Modest recoveries expected in the European and US steel sectors will also support growth over the outlook period. In 2025, European steel production fell by 2.8% due to weakness in industrial production and construction. Steel production is expected to recover as construction and manufacturing gradually recover. US steel production rose by 3.1% in 2025 and is projected to grow by 2.3% a year over the outlook period to 2031, driven by demand from the construction and automotive sectors and trade measures that reduce import competition and support the domestic capacity utilisation rate.

Japan is focusing on high-quality steel exports. Domestic demand remains weak and is forecast to fall by 1% a year to 2031.

Steel production in the Republic of Korea fell by 2.8% year-on-year in 2025 reflecting weak domestic demand, declining automotive output, and subdued construction activity.

The Middle East conflict slowed DRI production

The Middle East conflict disrupted decarbonised steel production. The Middle East — especially Iran, Oman, Bahrain, Qatar, and the UAE — is a global hub for DRI-based steelmaking. It depends on reliable supplies of high-grade magnetite concentrate, DR-grade pellets and access to affordable gas. Despite strong upstream growth in 2025 — including a 12.2% rise in DRI output — energy disruptions and shipping impediments softened the outlook for regional steel production.

Steel price movements diverged regionally in 2025

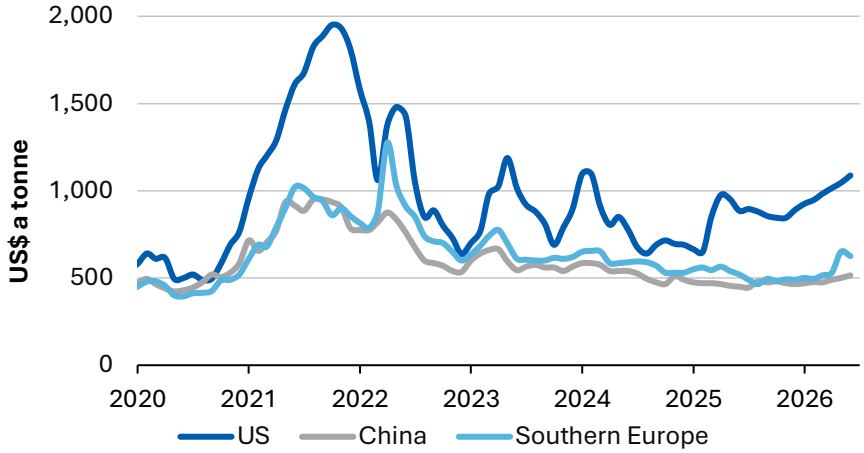
Hot rolled coil (HRC) serves as the widely used benchmark for steel prices, with other products priced relative to HRC through premiums reflecting additional processing. HRC steel prices movements showed notable regional divergence in 2025 due to the US tariff policy measures. Prices fell noticeably in China (-12% year-on-year) amid weak demand but declined more modestly in the EU (-4%). US prices rose by around 8% in 2025 and increased further in H1 2026 because high tariffs and strict quota restrictions are boosting demand for domestically produced steel. (Figure 3.5).

3.3 World iron ore trade

Global iron ore supply to rise due to increased production in Brazil and Africa

Global iron ore supply is forecast to grow by about 0.3% a year through to 2031, with most of the rise coming from Guinea, Brazil and Australia.Brazil's iron ore exports rose by 0.6% in the March quarter 2026. Vale, which accounts for more than 80% of Brazil's iron ore production, expects output of 335–345 Mt in 2026 — broadly in

Figure 3.5: Hot rolled coil steel prices



Source: Bloomberg (2026)

line with the 336 Mt produced last year — and the highest level of production since 2018. By 2031, Brazil is projected to add a further 56 Mt a year of iron ore exports, driven by Vale's S11D expansion and additional output from other producers, including CSN's Casa de Pedra mine and IndoSino.

Outside Australia and Brazil, iron ore output is expected to be supported by additional capacity in Canada and India, along with new projects across Africa. Guinea's Simandou project is set to underpin long-term growth in seaborne iron ore supply, and ongoing achievement of infrastructure and logistical milestones is likely to result in output rising gradually. The Simandou project began operations in November 2025 and is expected to hit a maximum capacity of 120 Mt a year by 2030.

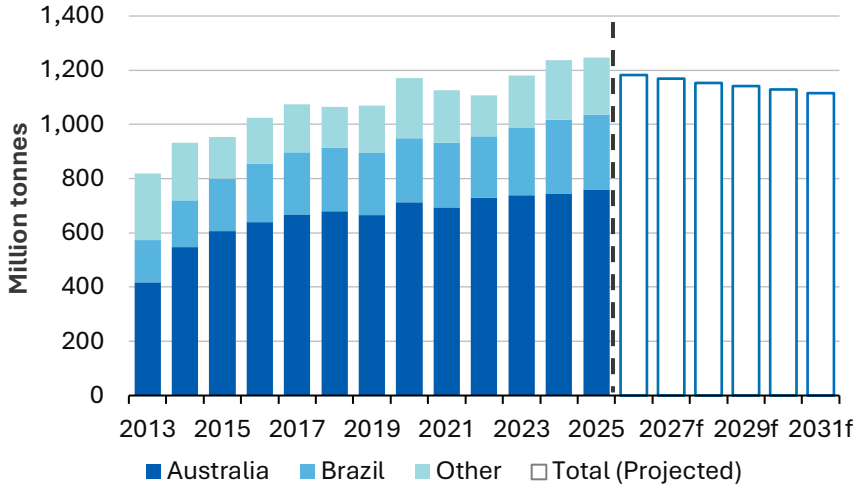
Rio Tinto's Simfer mine in Simandou project has a targeted capacity of 60 Mt a year. Another 60 Mt capacity is under development by WCS — a joint venture between Guinea's

Government and Baowu. Rio Tinto has stated that a benefit of the high grade Simandou orebody (>65% iron content) is the blending opportunities it provides to meet the needs of steelmakers.

China's iron ore imports to fall due to soft steel production

Combined shipments to China from Australia, Brazil and South Africa — representing more than 80% of global seaborne supply — were 1,080 Mt in 2025, up 2.3% from 2024 (Figure 3.6). China's iron ore imports remained strong in H1 2026 despite weak steel demand. Imports rose by 11.2% year-on-year in the March quarter 2026 despite a 4.2% decline in steel production over the same period.

Figure 3.6: China's iron ore imports



Source: Bloomberg (2026), DISR (2026)

China's iron ore imports from Australia rose by 8.8% year-on-year in the March quarter 2026 despite restrictions imposed on some BHP products in the last quarter of 2025. The China Mineral Resources Group (CMRG), Beijing's central buying desk which represents close to 80 per cent of Chinese steel mills, lifted its months-long restriction on BHP iron ore purchases after BHP executives visited China and the two parties signed a new long-term sales agreement in April 2026.

Steady growth in China's iron ore imports, combined with falling steel output and low domestic iron ore production, saw China's portside stocks rise to 5-year highs, at over 160 Mt during the March quarter 2026. As China's steel production moderates, with the increased use of scrap and Electric Arc Furnace production, its imports of iron ore are expected to gradually decline over the outlook period by 1.8% a year.

India's iron ore imports rising due to higher steel demand

India's iron ore demand is projected to lift over the outlook period in line with expanding steelmaking capacity. How much of this additional demand from steel makers can be met from domestic iron ore supply remains uncertain. As a result, India's iron ore imports are forecast to rise over the outlook period (Table 3.2) — albeit from a low base — with outcomes dependent on the pace of development of new production capacity and supporting infrastructure.

A potentially important factor is the start of new export taxes on high-grade iron ore producers by India's state governments beginning this year. These measures will raise iron ore production costs, which could delay or deter planned capacity expansions. Historically, India has been a relatively price-sensitive exporter of iron ore, with export volumes rising during periods of elevated seaborne prices. Combined with easing global iron ore prices the additional export taxes are likely to see India's iron ore exports fall over the outlook period.

3.4 Prices

Iron ore prices soften on rising iron ore supply

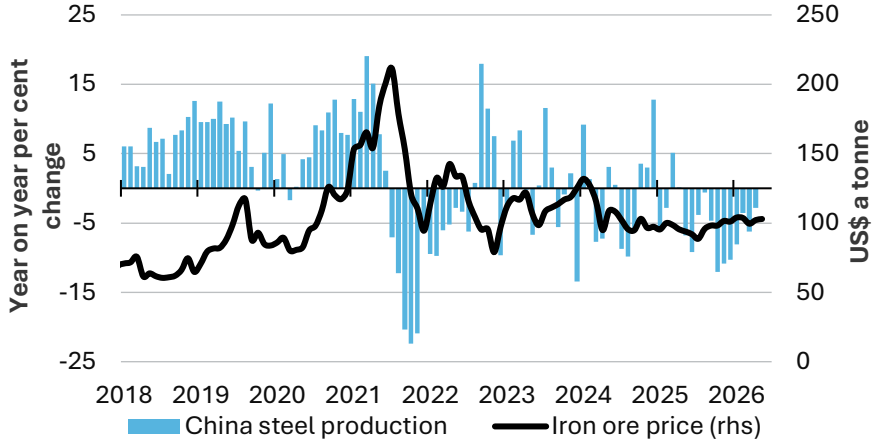
Benchmark iron ore prices were steady through 2025 before falling in February 2026 (during the Chinese New Year holidays). However, since the start of the Middle East conflict, the iron ore prices (CFR, China) have risen due to rising freight costs. The 61% Fe, CFR price went above $110 a tonne in May 2026.

Over the past few years, iron ore prices have risen and fallen in line with market speculation of further policy announcements in China. Since 2021, the underlying trend has been a gradual decline in prices as global supply has risen and Chinese demand has moderated (Figure 3.7). This trend is likely to continue over the outlook period. The benchmark iron ore price (61% Fe) is forecast to average US$91 a tonne in 2026, then decline further to US$64 a tonne in 2031 in real terms (Figure 3.8).

Price declines are not expected to significantly affect Australian export volumes, nor trigger mine closures or market exits. Australian iron ore producers remain among the lowest-cost globally, with an estimated average cash cost of US$33 per tonne in 2025. Along with lower transport costs to key markets, the low production costs have provided a clear cost advantage over other major producers. Higher-cost Australian producers typically supply high-quality niche products, such as magnetite pellets and concentrates.

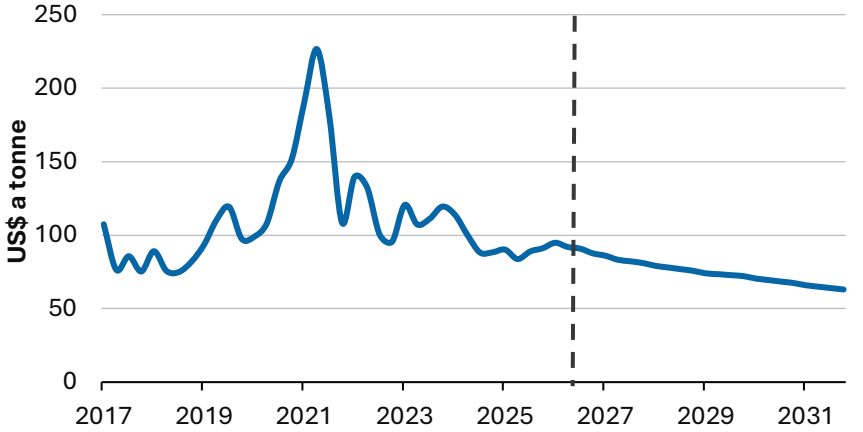
The CMRG has sought to drive changes in pricing mechanisms among miners, with the aim of reducing costs for Chinese steel mills. That may drive the benchmark price down in medium-term.

Figure 3.7: Iron ore price and China steel production, monthly



Notes: China import iron ore fines 62% Fe spot (FOB) nominal prices
Source: Bloomberg (2026); World Steel Association (2026)

Figure 3.8: Iron ore price outlook, quarterly (real)



Notes: China import iron ore fines spot (FOB) real (2026) prices. 62% Fe price to December 2025 and 61% Fe price from January 2026.

Source: Bloomberg (2026); Argus Media (2026); Department of Industry, Science and Resources (2026)

3.5 Australia

Australia's iron ore export volume to peak in the next 2 years

Australia's iron ore export earnings declined by 5.2% year-on-year in the March quarter 2026 largely due to a higher AUD/USD. Export volumes rose by 6% to 218 Mt in the March quarter 2026, driven by higher productivity and new operations.

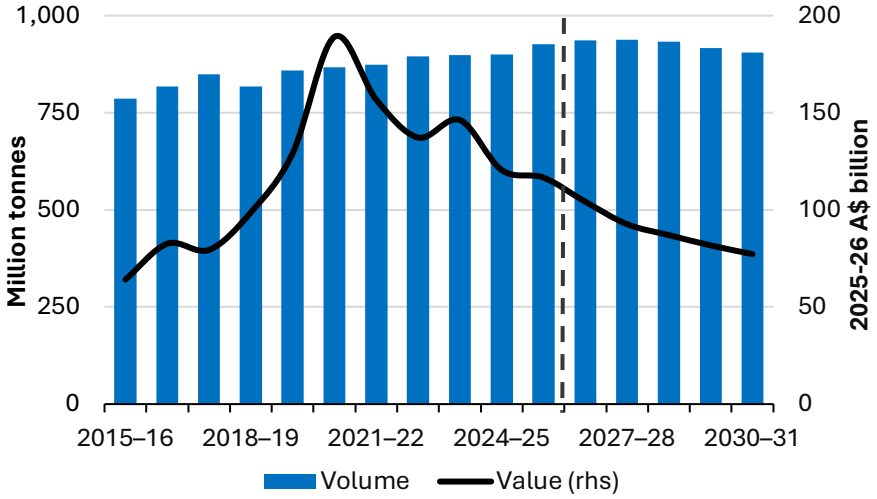
Production volumes are expected to reach about 958 Mt by 2030–31. China's declining steel demand and new supplies from Africa and Brazil will result to declining Australian iron ore export to China, however, rising steel production in other parts of Asia will support Australian iron ore exports due to geographic proximity. Additional supply — including from Fortescue's Iron Bridge, Mineral Resources' Onslow, and BHP's South Flank ramp up — should see Australia's export volumes peak over the next 2 years, then moderate slightly in the second half of the outlook period.

From an estimated $117 billion in 2025–26 (up by $1 billion from 2024–25) exports earnings are forecast to decline to $108 billion in 2026–27. Export earnings are forecast to decline by 7.2% a year (in real terms) in the period to 2030–31, due to weaker prices, easing export volumes, declining ore grades, and a stronger exchange rate (Figure 3.9).

Major iron ore producers in Australia have kept their production guidance unchanged for 2026-27

Rio Tinto produced about 327 Mt of iron ore (on a 100% ownership basis) in 2025, unchanged from 2024. Rio Tinto's production increased by 13% year-on-year in the March quarter 2026. Guidance for 2026 is at 323–338 Mt. Production in the March quarter 2026 was supported by recent investments in

Figure 3.9: Australia's iron ore export volumes and values



Source: ABS (2026); Department of Industry, Science and Resources (2026)

mine productivity and improved resilience across rail and port infrastructure.

BHP's Western Australian iron ore output was 292 Mt in 2025 (on a 100% ownership basis), up by 0.8% on a year earlier. March quarter 2026 production rose by 3% year-on-year. Output rose as a result of ongoing strong supply chain performance. BHP achieved record volumes from the Central Pilbara hub while retaining its position as the world's lowest cost major iron ore producer. Production guidance for 2025–26 is unchanged at 284–296 Mt.

Fortescue's total iron ore shipments were 198 Mt in 2025, up by 4% on a year earlier. A strong operational performance resulted in record volumes across Fortescue's supply chain. However, the March quarter 2026 production was flat. Production

guidance for the 2025–26 financial year is unchanged at 195–205 Mt, including 10–12 Mt of magnetite from Iron Bridge.

Mineral Resources' production was 28 Mt in 2024–25 which was up by 55% from 2023–24. Production guidance for 2025–26 is 39–43 Mt (100% basis).

Iron ore operations in the Pilbara were disrupted by cyclones in early 2026, temporarily closing some port and rail infrastructure. However, there were higher shipments in the March quarter 2026 compared to the same quarter in 2025.

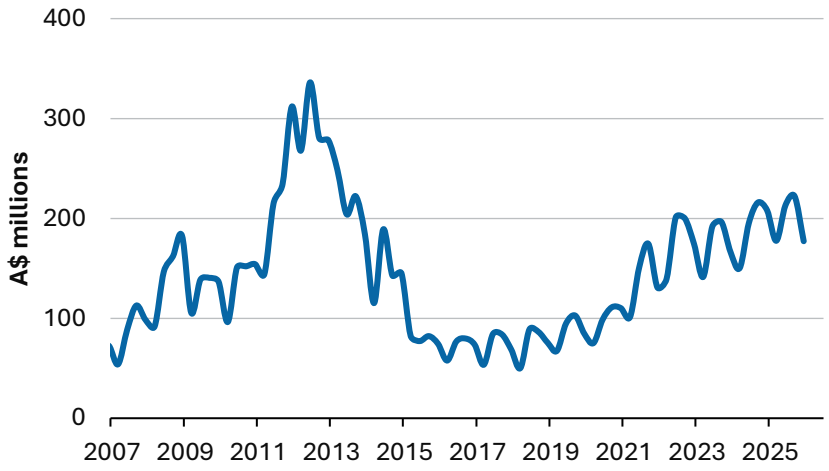
Revisions to the outlook

Export earnings for 2025–26 have been revised up by $2.2 billion from the December 2025 REQ, reflecting higher iron ore price forecasts. Earnings are now estimated at $116.6 billion, compared with the previous estimate of $114.4 billion. Export earnings for 2026–27 have been slightly revised up from $107.5 billion to $107.7 billion, due to higher export volume and price. Compared with the March 2025 REQ, Australian iron ore earnings in 2029–30 (in nominal terms) have been revised down by $1.1 billion, reflecting a lower forecast price and export volume.

Exploration strong as miners replace depleting reserves

A total of $186 million was spent on iron ore exploration in the March quarter 2025 (Figure 3.10), up 4.7% on the March quarter 2025. High exploration spending is likely to persist over the outlook period, as Australian producers look for deposits with suitable volumes and ore grades to replace depleting mines. This sustaining exploration expenditure on iron ore is important to find more higher-grade iron ore and maintain Australia's global market position and export competitiveness.

Figure 3.10: Australia's iron ore exploration expenditure



Source: ABS (2026)

Table 3.1: World steel demand and production

Million tonnes[b]								
Crude steel consumption	**2025**	**2026[f]**	**2027[f]**	**2028[f]**	**2029[z]**	**2030[z]**	**2031[z]**	**CAGR[r]**
China	849	838	840	845	846	844	838	-0.2%
India	162	173	183	192	201	212	222	5.4%
European Union	141	142	145	148	151	152	153	1.5%
Other Asia[a]	122	127	133	138	142	145	147	3.2%
United States	101	103	105	108	112	114	115	2.2%
Middle East	63	65	68	70	73	75	77	3.4%
Japan	55	54	54	53	53	52	52	-0.8%
South Korea	46	46	46	46	45	45	45	-0.5%
World steel demand	**1,821**	**1,832**	**1,874**	**1,915**	**1,938**	**1,958**	**1,973**	**1.3%**
Crude steel production								
China	961	954	953	950	947	943	938	-0.4%
India	165	171	182	194	205	216	226	5.4%
European Union	126	128	132	136	138	140	141	1.9%
United States	82	84	86	90	91	93	94	2.3%
Japan	81	79	79	79	78	77	76	-1.0%
Other Asia	71	74	78	83	87	90	93	4.7%
Russia	68	66	65	64	63	62	61	-1.7%
South Korea	62	62	63	63	64	64	64	0.4%
Middle East	54	54	56	58	60	62	65	3.0%
World steel production	**1,850**	**1,857**	**1,898**	**1,935**	**1,957**	**1,972**	**1,983**	**1.2%**

Notes: **a** Asia ex. China, India, Japan, Republic of Korea, and Taiwan (Trading partner); **b** dry million tonnes; **r** compound annual growth rate; **f** Forecast; **z** Projection.
Sources: Department of Industry, Science and Resources (2026); World Steel Association (2026)

Table 3.2: World trade in iron ore

Million tonnes[c]								
	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
World trade	1,708	1,702	1,726	1,748	1,774	1,757	1,688	-0.2%
Iron ore imports								
China	1,244	1,183	1,169	1,153	1,142	1,129	1,115	-1.8%
European Union	97	99	104	105	107	108	108	1.8%
Japan	93	89	85	84	82	80	78	-2.7%
South Korea	69	64	65	65	65	64	63	-1.3%
Rest of Asia[a]	68	71	75	78	82	88	94	5.6%
India	3	11	24	29	35	47	50	61.7%
Iron ore exports								
Australia	923	929	939	942	921	915	884	-0.7%
Brazil	412	422	435	449	460	465	468	2.1%
Canada	63	65	66	67	67	68	68	1.3%
South Africa	59	57	56	55	54	53	53	-1.8%
Other Africa[b]	34	59	89	121	131	151	171	31.1%
India	24	20	18	17	16	15	14	-8.6%

Notes: **a** Asia ex. China, India, Japan, Republic of Korea, and Taiwan (Trading partner); **b** Includes Guinea, Mauritania, Sierra Leone, Liberia, Algeria, Kenya, Morocco; **c** dry million tonnes; **r** compound annual growth rate; **f** Forecast; **z** Projection.

Sources: Department of Industry, Science and Resources (2026); World Steel Association (2026), Wood Mackenzie (2026)

Table 3.3: Iron ore outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Prices [a]									
– nominal	US$/t	87	91	85	81	78	75	72	-3.2%
– real [b]	US$/t	88	91	83	77	73	69	64	-5.1%
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Production									
– Steel [c]	Mt	4.92	5.12	5.07	5.25	5.66	5.94	6.06	3.5%
– Iron ore [g]	Mt	953	972	1,005	1,014	1,007	987	958	0.1%
Exports									
Steel [c]	Mt	1.11	1.48	1.17	1.20	1.24	1.22	1.22	1.6%
– nominal value	A$m	1,204	979	1,030	1,053	1,041	1,010	1,003	-3.0%
– real value [i]	A$m	1,247	979	996	993	958	907	879	-5.7%
Iron ore [h]	Mt	900	926	936	938	933	917	905	0.1%
– nominal value	A$m	116,326	116,608	107,714	98,165	94,506	90,982	88,105	-4.5%
– real value [i]	A$m	120,478	116,608	104,192	92,618	86,991	81,704	77,191	-7.2%

Notes: **a** Spot price, 61% iron content, fob Australian basis (only 2025 price is for 62% iron content); **b** In 2026 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; **s** estimate; **f** Forecast; **g** In wet metric tonnes; **h** In dry metric tonnes; **i** In 2025–26 Australian dollars; **z** Projection; **r** compound annual growth rate.

Sources: Department of Industry, Science and Resources (2026); ABS (2026) International Trade in Goods and Services, Australia; Bloomberg (2026); Argus Media (2026), World Steel Association (2026); company reports.

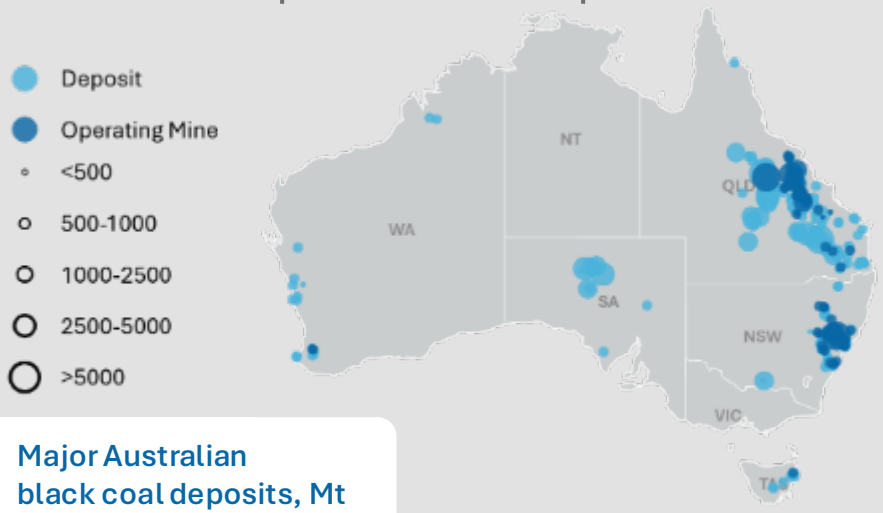
Metallurgical coal

Australia's metallurgical coal sector

147 million tonnes
exported last year

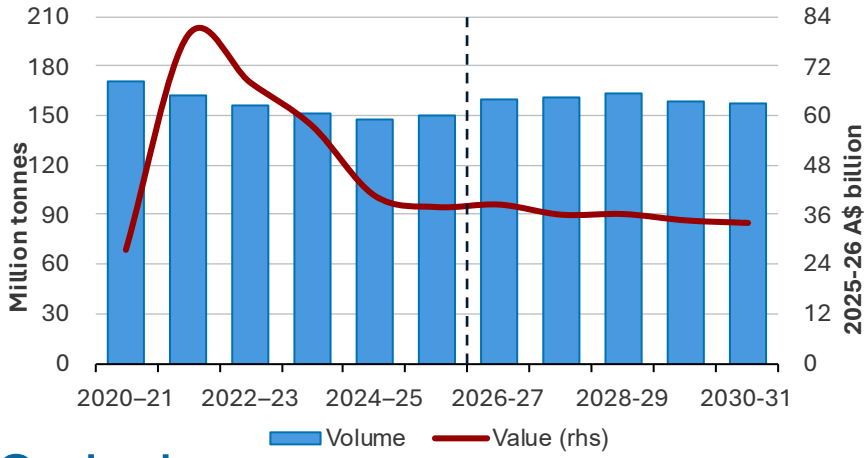
World No. 1
Metallurgical coal exporter

Over 95% exported
of Australia's production



Major Australian black coal deposits, Mt

Australian metallurgical coal exports

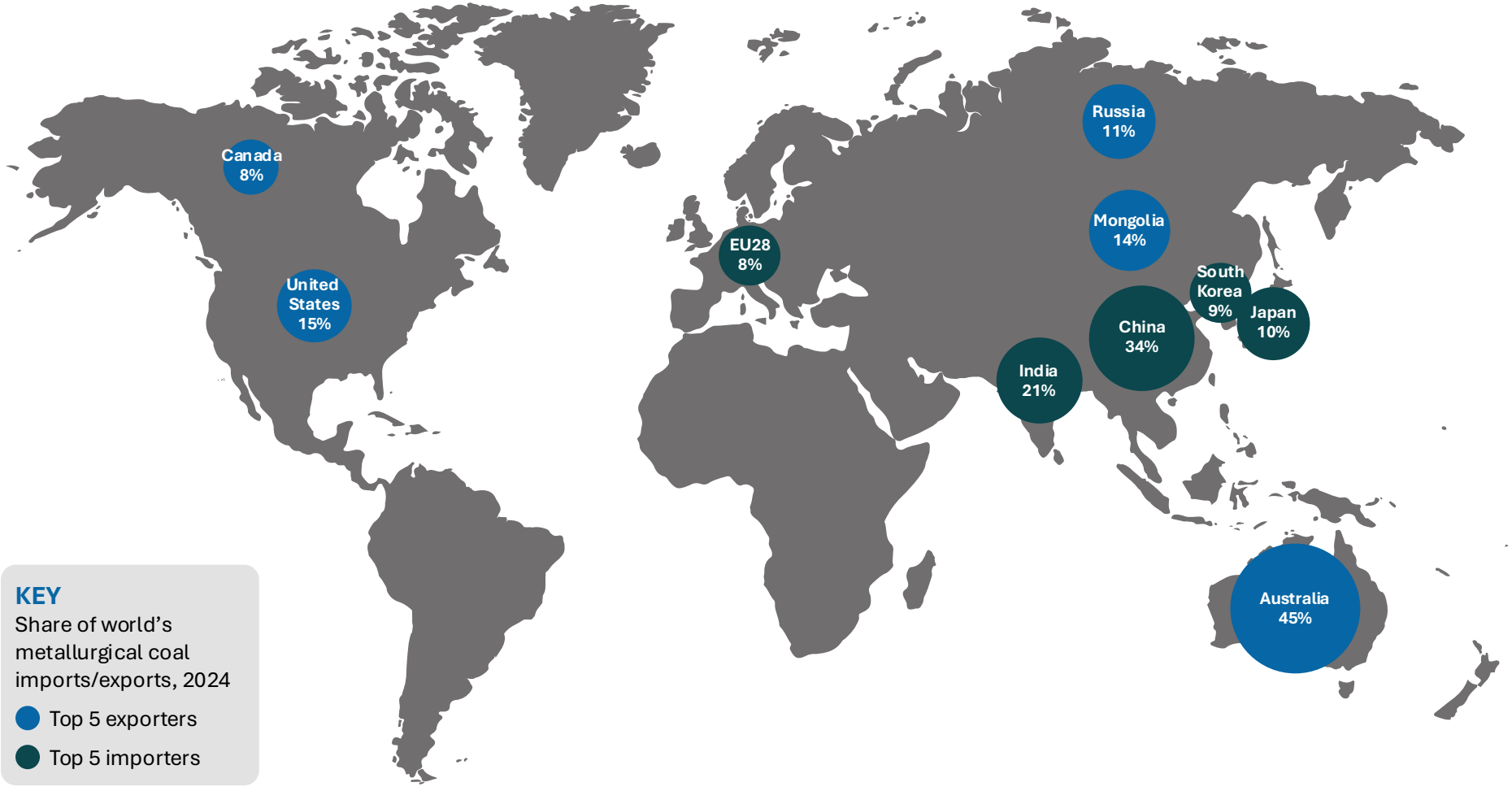


Outlook

- Prices are expected to be broadly stable
- Real export earnings to gradually fall
- Export volumes stabilising
- Demand in India continues to grow

Source: IEA; ABS; McCloskey

Metallurgical coal trade map



Source: IEA; ABS

4.1 Summary

- Metallurgical coal prices are expected to be stable in real terms out to 2031.
- Exports volumes are forecast to increase to 163 Mt in 2028–29 with production increases at key facilities, before easing to 158 Mt in 2029–30 and 157 Mt 2030–31.
- Export earnings are expected to fall from $38 billion in 2025–26 to $36 billion in 2028–29 (in real terms) before falling further to $34 billion in 2030–31.

4.2 World trade

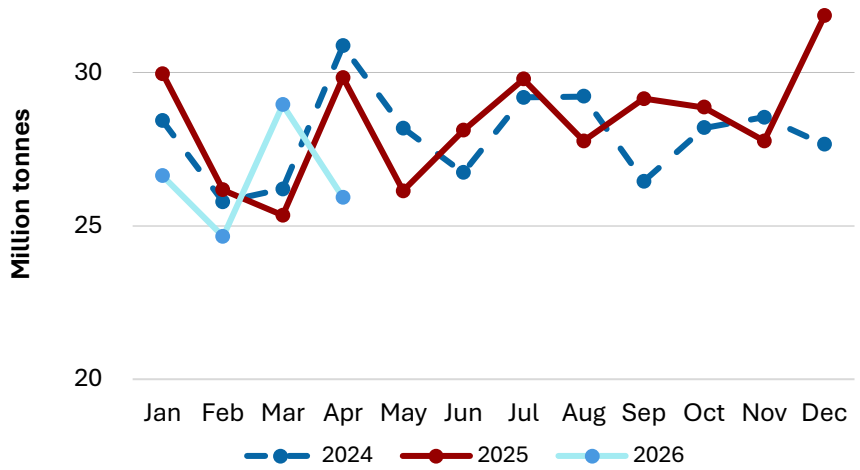
Metallurgical coal trade expected to be steady over the outlook period

Global metallurgical coal trade was broadly stable in 2025 despite weaker global steel production. Steel production was impacted by global economic uncertainty on the back of rising trade barriers. Strong growth in Indian metallurgical coal imports — underpinned by rising steel production — offset falling Chinese imports. At the same time, weather-related supply constraints continued to hamper exports from Australia, the world's largest metallurgical coal exporter.

Trade volumes tracked near seasonal levels in the March quarter 2026, before softening in April (Figure 4.1), driven in part by a dip in Chinese demand. Chinese imports are expected to rise in the coming months following a Shanxi coal mine accident in May — which has led to widespread mine suspensions and tightened domestic supply.

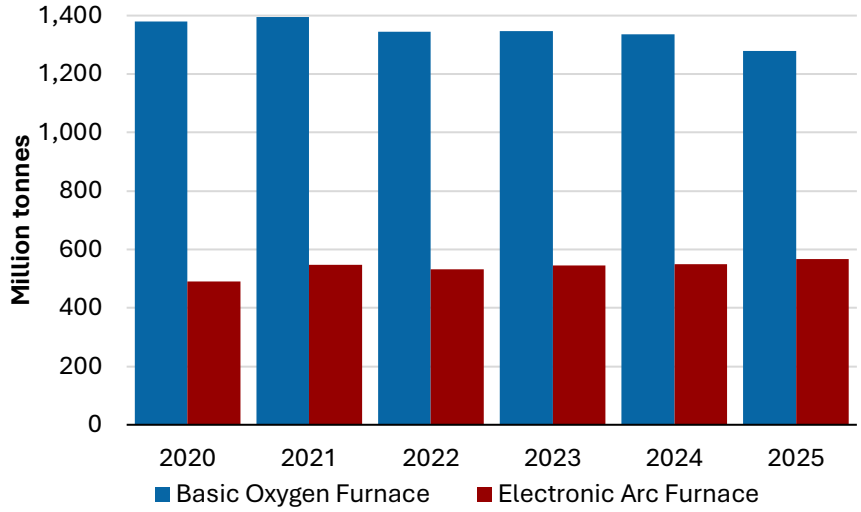
Global metallurgical coal supply has been largely insulated from the direct impacts of the Middle East conflict, although higher insurance, freight and diesel costs are affecting trade flows.

Figure 4.1: Global seaborne metallurgical coal imports



Source: Wood Mackenzie (2026)

Figure 4.2: Global steel production



Source: McCloskey (2026)

Longer-haul routes have become more expensive, with Atlantic-to-Asia trade disproportionately affected. This has improved the relative competitiveness of Australian suppliers compared with exporters from the Atlantic basin.

Demand remains sensitive to economic activity and cost pressures. The IMF has downgraded global growth due to the impacts of the Middle East conflict, including in several key metallurgical coal importing economies. However, the impact on metallurgical coal demand remains uncertain. In recent years, structural trends have been the main driver of import demand, with Chinese imports falling alongside lower steel output, while India and Southeast Asia have seen import growth consistent with their long-term economic growth paths.

Absent further shocks stemming from the Middle East conflict, metallurgical coal trade is expected to be stable over the outlook period. India and Southeast Asia are expected to be the primary drivers of demand as global steel production gradually shifts away from China and toward the Global South. However, rising electric arc furnace (EAF) production is expected to gradually reduce the share of coal-consuming basic oxygen furnace (BOF) steelmaking, limiting overall growth in global metallurgical coal demand (Figure 4.2).

4.3 World imports

Chinese imports to fall as steel production slows

Seaborne metallurgical coal imports to China fell by 30% year-on-year in the March 2026 quarter. This follows a fall of 9% in 2025 as steel output declined by around 4.6%. The fall pushed Chinese steel output below 1 billion tonnes for the first time in five years. Steel output has softened amidst a broader downturn in China's property sector, now in its sixth year of decline.

While the weak Chinese property sector is expected to continue to weigh on steel demand, manufacturing's share of demand has grown in recent years and will provide some upside going forward. Over the outlook period Chinese steel production is forecast to gradually decline.

Increasing EAF usage at the expense of BOF production is expected to further limit Chinese metallurgical coal demand and weigh on imports. Currently, EAF steelmaking accounts for about 11% of China's steel output and this share is expected to rise gradually in coming years. The combined effects of weaker steel demand and rising EAF penetration will cause the demand for metallurgical coal to fall over the outlook period.

Indian import demand to remain strong as economy continues to grow

Metallurgical coal imports continue to rise in India, up 8% year-on-year in March quarter 2026. This follows a 13% annual increase in 2025 after several years of strong growth. The strong growth in metallurgical coal imports reflects higher steel production, which grew around 11% in 2025 and is now 65% higher than five years ago. Steel production growth is being driven by India's rapidly expanding economy and industrial base. GDP growth is estimated at around 8% in 2025, with the economy expected to continue expanding strongly out to 2031.

India's rapid economic growth and 2030–31 steel production capacity target will sustain metallurgical coal demand. India's national steel policy aims to expand steelmaking capacity from around 150 Mt to 300 Mt by 2030–31. To meet this target, both EAF and BOF capacity are expected to rise. Increasing BOF production is expected to further lift demand for metallurgical coal over the outlook period.

Despite sizeable metallurgical coal resources, India is heavily import dependent, with the bulk of the steel sector's metallurgical coal demand met by overseas suppliers. This import reliance reflects the lower quality of India's metallurgical coal which generally does not meet Indian steelmakers' requirements.

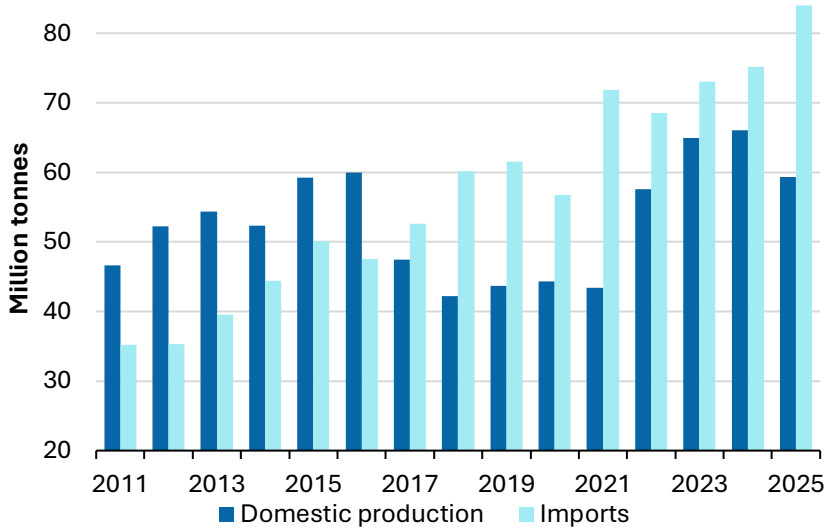
Indian metallurgical coal output has risen in recent years, alongside the growth in imports (Figure 4.3). Domestic output is expected to continue to rise following the Government's designation of metallurgical coal as a critical mineral. The move is expected to streamline regulatory approvals, accelerate exploration and ultimately increase output. However, technological and processing improvements will be required to increase the use of domestic metallurgical coal relative to imports. As a result, imports are expected to continue growing strongly over the outlook period.

Import demand to grow strongly in Vietnam and Indonesia, driven by robust economic growth

Southeast Asian economies, particularly Indonesia and Vietnam, are among the fastest growing in the world and have recorded strong growth in metallurgical coal imports in recent years (Figure 4.4).

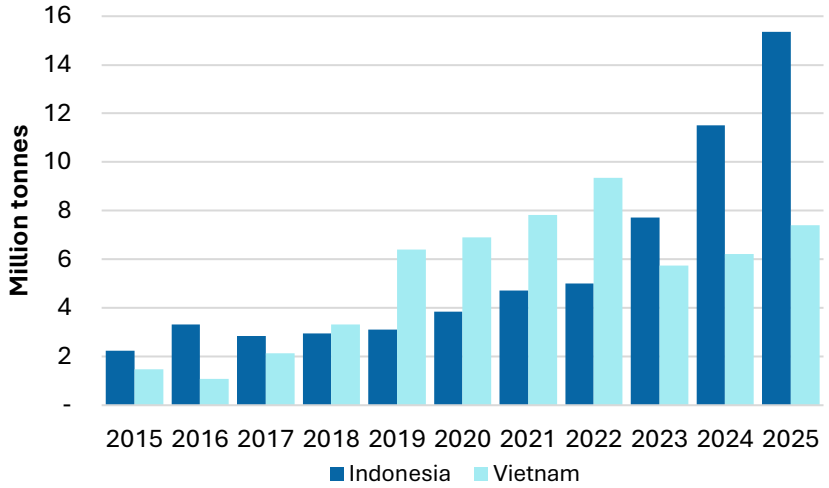
Indonesian imports rose 31% in 2025, while Vietnam's increased 23%. Indonesia is now the 5th largest global importer of metallurgical coal and Vietnam the 8th largest. Imports in both countries are expected to continue growing over the outlook period, supported by rapid economic growth and expanding industrial sectors (Figure 4.5). Imports for both countries are primarily sourced from Australia.

Figure 4.3: India metallurgical coal production and imports



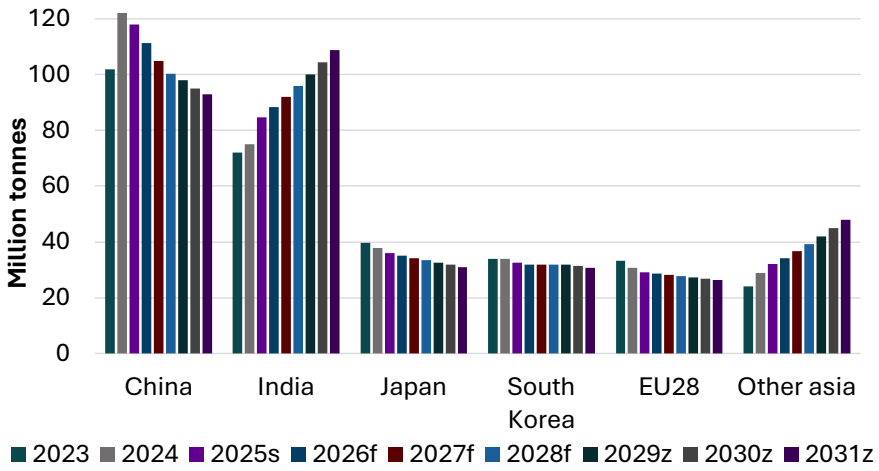
Source: McCloskey (2026)

Figure 4.4: Metallurgical coal imports, Indonesia and Vietnam



Source: Wood Mackenzie (2026)

Figure 4.5: Metallurgical coal imports



Notes: Other Asia is Asia ex. China, India, Japan, Republic of Korea and Taiwan; s Estimate. f Forecast. z Projection.
Source: International Energy Agency (2025); McCloskey (2026); Department of Industry, Science and Resources (2026)

4.4 World exports

US exports to India rise as metallurgical coal trade with China declines

US metallurgical coal exports were broadly flat year-on-year in March quarter 2026 and up slightly in the month of April, after falling around 11% in 2025. Exports to China have been virtually non-existent over the past 12 months as trade policy changes shut out US cargoes. India has absorbed some of the displaced supply, with US exports to India rising 12% in 2025 and continuing to grow strongly in early 2026.

Supportive domestic policy settings are expected to assist the US coal sector. Policy changes in 2025 lowered federal royalty rates on coal, opened additional acreage for leasing, and added metallurgical coal to the critical minerals list, making it eligible for production tax credits.

These policy settings are likely to support production and exports over the outlook period, though uncertainty remains around any resumption of exports to China. As a result, US metallurgical coal exports are expected to remain around current levels.

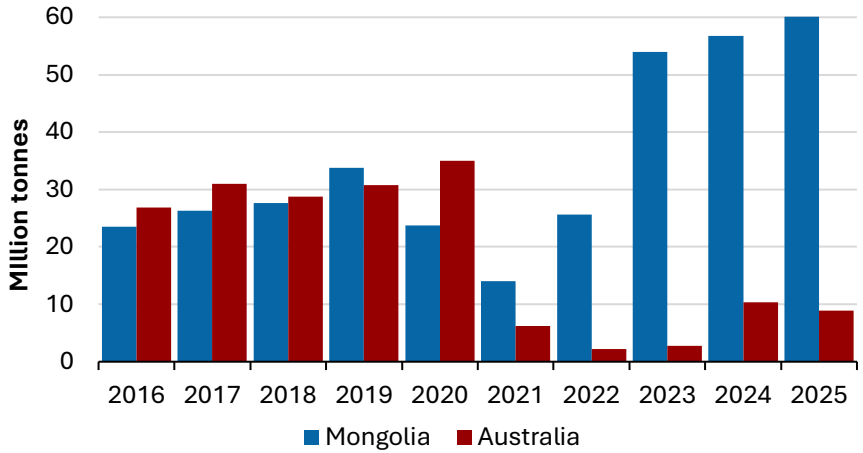
Mongolian export outlook remains strong

Mongolian metallurgical coal exports rose by almost 20% year-on-year in the March quarter 2026, following annual growth of 6% in 2025. China remains Mongolia's sole destination for coal exports. Chinese metallurgical coal imports from Mongolia have largely displaced imports from Australia, reflecting Mongolia's expanded export capacity, geographic proximity and cost advantages (Figure 4.6).

Mongolian export capacity into China is set to expand further. In 2027, Mongolia aims to launch the Ganqmod-Gashuun Sukhait railway, which is expected to add around 30 Mt per year of new export capacity. This is in addition to upgrades to the Tavan Tolgoi-Gashuun Sukhait railway, which are expected to lift capacity from 90 Mt a year to 150 Mt per year by 2030.

Together, these expansions are expected to support ongoing export growth. However, Mongolia's reliance on China as its only buyer remains a key risk, leaving exports exposed to swings in Chinese demand. Export volumes are expected to remain strong in 2026, although Mongolian coal miners are highly exposed to diesel shortages as many mines are isolated from centralised power grids. Over the outlook period, Mongolian exports are forecast to continue growing.

Figure 4.6: Chinese metallurgical coal imports from Mongolia and Australia



Source: McCloskey (2026)

Financial pressures continue to weigh on Russian coal producers

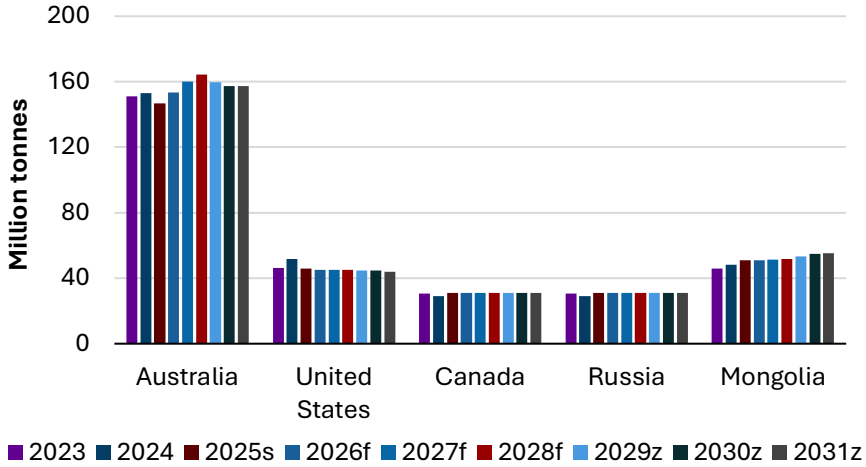
Russian coal production in 2025 was broadly unchanged from 2024, as producers remain under financial pressure. An estimated 65% of coal companies were unprofitable in 2025, reflecting pressure on margins from multiple fronts.

Trade sanctions have curtailed export volumes, while logistical costs have risen sharply and Russian coal continues to sell at a steep discount in international markets. At the same time, the shift in production from central and western regions of Russia toward the east has caused disruptions to the rail network, restricting production and export capacity.

In response to these challenges, the government extended support measures, including deferrals on mineral extraction taxes and insurance obligations.

Policy efforts are focussed on the reorientation of production and exports toward Asian markets. Over the longer term, export volumes will depend on rail capacity, infrastructure development, and the evolution of trade sanctions.

Figure 4.7: Metallurgical coal exports



Notes: s Estimate. f Forecast. z Projection.
Source: International Energy Agency (2025); McCloskey (2026); Department of Industry, Science and Resources (2026).

4.5 Prices

Prices have been supported by weather-related disruptions and higher fuel costs

Australian premium hard coking coal (PHCC) spot prices surged in early 2026 as disruptions to production from wet weather and Cyclone Koji coincided with elevated demand from India. Prices peaked at around US$250 per tonne in early February, before easing to around US$220 per tonne by the end of the March quarter. Prices firmed through April and held around US$240 per tonne in May, supported by elevated diesel costs.

Prices are expected to soften over the coming months, as supply recovers and Indian demand moderates with the onset of the monsoon season in June. However, downside pressure may be limited by a tightening global metallurgical coal market following the deadly coal mine accident in Qinyuan county, China. At the time of writing, the Chinese authorities have suspended all 25 coal mines in Qinyuan county, representing around 26 Mt per year of raw coal capacity. Suspensions have reportedly extended beyond Qinyuan into other counties in Changzhi, following safety inspections. It remains unclear how far-reaching the suspensions will be, or how long they will last.

Over the outlook period, Australian prices are expected to be supported by continued demand growth from India — the key destination for Australian metallurgical coal (Figure 4.8). Additional Australian supply entering the market in 2027 and 2028 is expected to increase seaborne availability, limiting further price upside. In real terms, prices are forecast to be broadly stable over the outlook period (Figure 4.9).

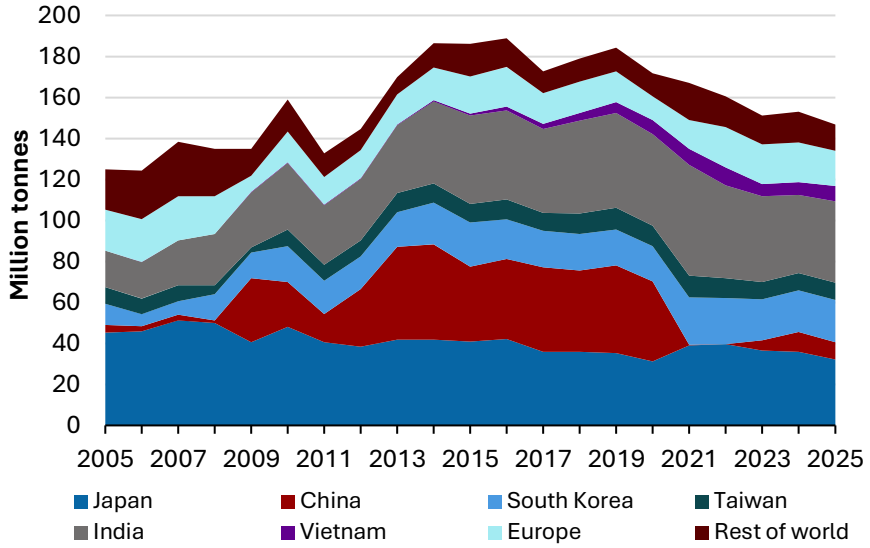
4.6 Australia

Exports have fallen due to adverse weather but will stabilise over the outlook period

Australian metallurgical coal exports fell 4% to 147 Mt in 2025, the lowest level since 2012, as supply problems continued to weigh on output. Production and exports have faced several years of disruption from adverse weather and labour shortages.

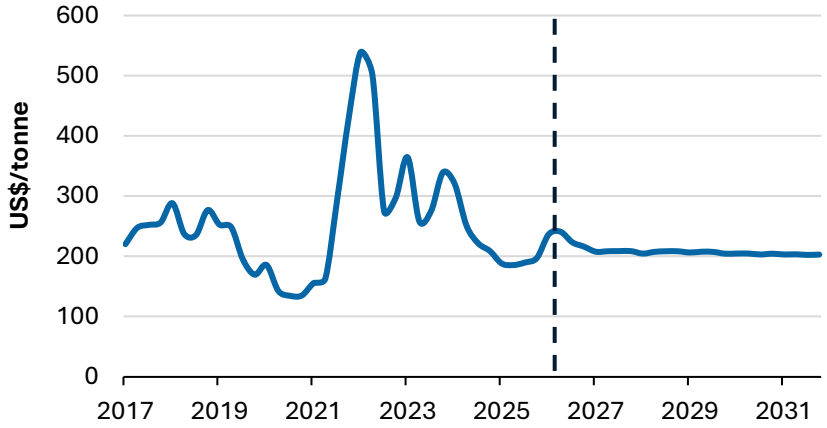
Weather disruptions continued into 2026, with Cyclone Koji bringing heavy rainfall, damaging winds and flooding across north and central Queensland in early January. Several producers declared force majeure as pit flooding interrupted operations.

Figure 4.8: Australia metallurgical coal exports by destination



Source: ABS (2026)

Figure 4.9: Metallurgical coal real price outlook, quarterly



Notes: Australian Mid-volatile premium hard coking coal prices (FOB).
Sources: McClosky (2026), Department of Industry, Science and Resources (2026)

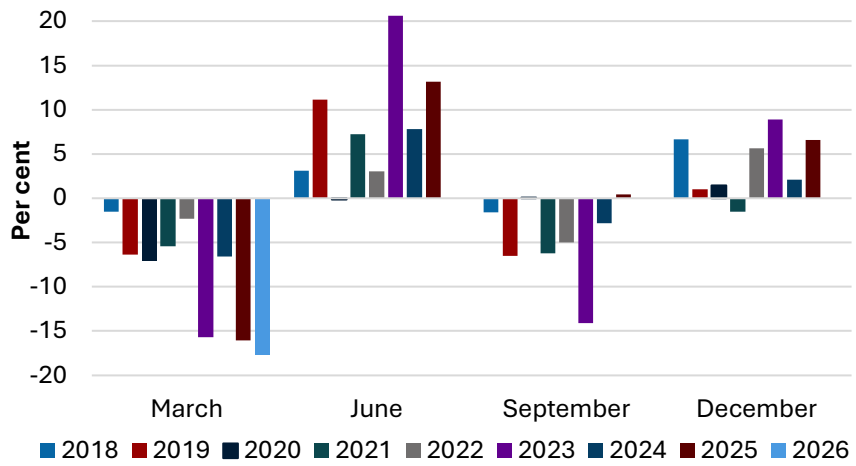
Vessel congestion at Dalrymple Bay increased but resolved quickly. These disruptions contributed to March quarter 2026 export volumes falling by more than the average seasonal decline over recent years (Figure 4.10).

June quarter exports are tracking above average seasonal levels and firming El Niño climate conditions are expected to bring drier weather over the next 9–12 months — reducing the risk of further near-term weather disruptions. Additional supply coming online in 2026 is expected to support a recovery in exports relative to 2025. Export volumes are forecast to peak at 163 Mt in 2028-29, supported by increased supply capacity and growing demand from India and Southeast Asia, before gradually declining to 2031 (Figure 4.11).

Revisions to the outlook

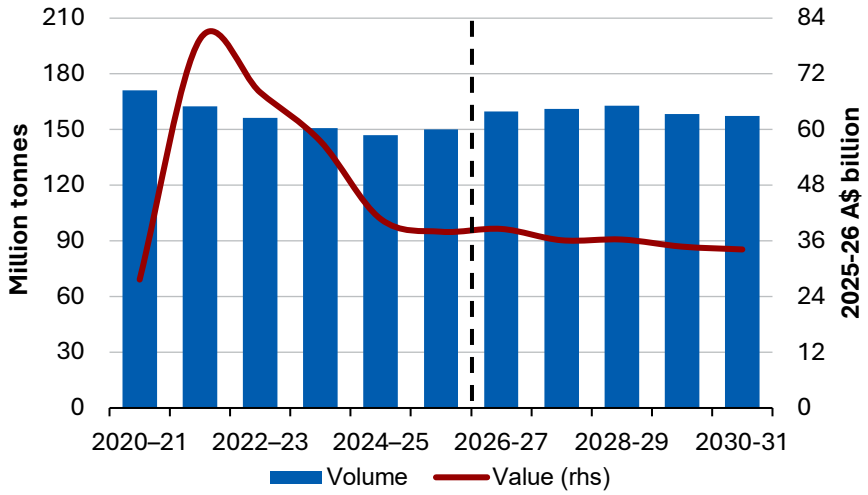
2026–27 export earnings have been revised up by US$3 billion since the December 2025 *Resources and Energy Quarterly* due to higher metallurgical coal price forecasts. The longer-term outlook for Australian export volumes has been revised down by 10-12 Mt since the March 2025 *Resources and Energy Quarterly* due to mine level adjustments.

Figure 4.10: Australia metallurgical coal exports, quarterly percentage change



Source: ABS (2026)

Figure 4.11: Australia's metallurgical coal exports outlook



Source: ABS (2026) International Trade, Australia 5454.0, Department of Industry, Science and Resources (2026)

Table 4.1: World trade in metallurgical coal

	Million tonnes								
	2024	2025[s]	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
World trade	342	341	347	352	356	353	352	351	0.5%
Metallurgical coal imports									
China	122	118	111	105	100	98	95	93	-3.9%
India	75	85	88	91	95	99	103	108	4.1%
Japan	38	36	35	34	33	33	32	31	-2.4%
European Union 28	31	29	29	28	28	27	27	26	-1.6%
Other Asia[a]	29	32	34	37	39	42	45	48	7.0%
Metallurgical coal exports									
Australia	153	147	154	160	164	160	157	157	1.2%
United States	52	46	45	45	45	45	45	44	-0.7%
Canada	29	31	31	31	31	31	31	31	0.0%
Russia	37	38	38	38	38	38	38	38	0.0%
Mongolia	48	51	51	51	52	53	55	55	1.3%

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

s Estimate, **f** Forecast, **z** Projection, **r** compound annual growth rate.

Sources: Department of Industry, Science and Resources (2026); IEA (2025); McCloskey (2026).

Table 4.2: Metallurgical coal outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Spot prices [a]									
– nominal	US$/t	187	229	213	216	220	223	226	3.2%
– real [b]	US$/t	190	229	209	207	207	204	203	1.1%
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	CAGR[r]
Production	Mt	151	155	165	166	169	163	162	1.2%
Export volume	Mt	147	150	160	161	163	158	157	1.1%
– nominal value	A$m	39,314	37,978	39,886	38,307	39,435	38,719	38,989	-0.1%
– real value [i]	A$m	40,717	37,978	38,582	36,143	36,299	34,771	34,160	-2.9%

Notes: **a** Hard coking coal fob Australia East Coast ports; **b** In 2026 US dollars; **s** estimate; **f** forecast, **z** projection, **r** compound annual growth rate; **i** In 2025–26 Australian dollars.
Sources: McCloskey (2026); ABS (2026); Department of Industry, Science and Resources (2026)

Thermal coal

Australia's thermal coal sector

World No.2

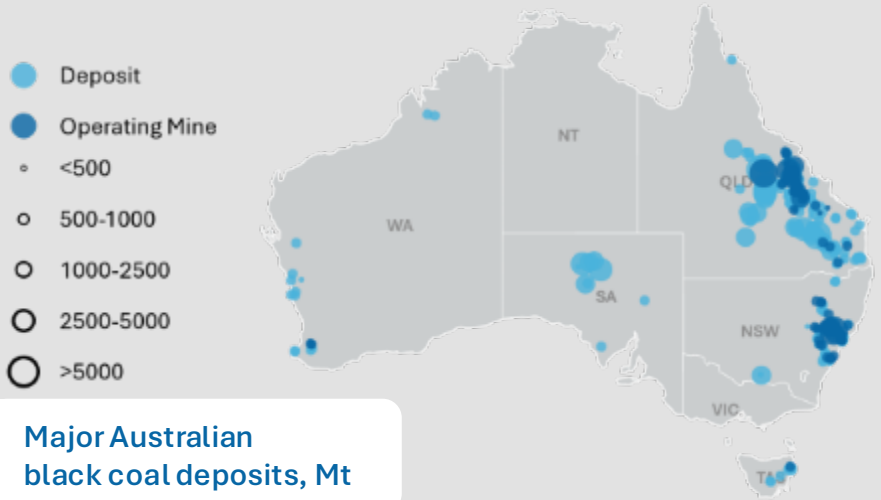
largest thermal coal exporter

Japan and China

are the biggest export markets

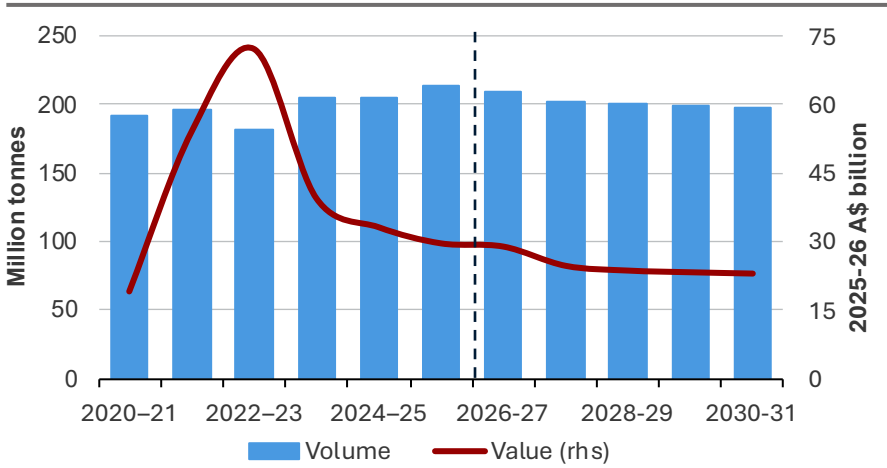
209 million tonnes

Exported last year



Major Australian black coal deposits, Mt

Australian thermal coal exports



Outlook

Real export earnings gradually declining

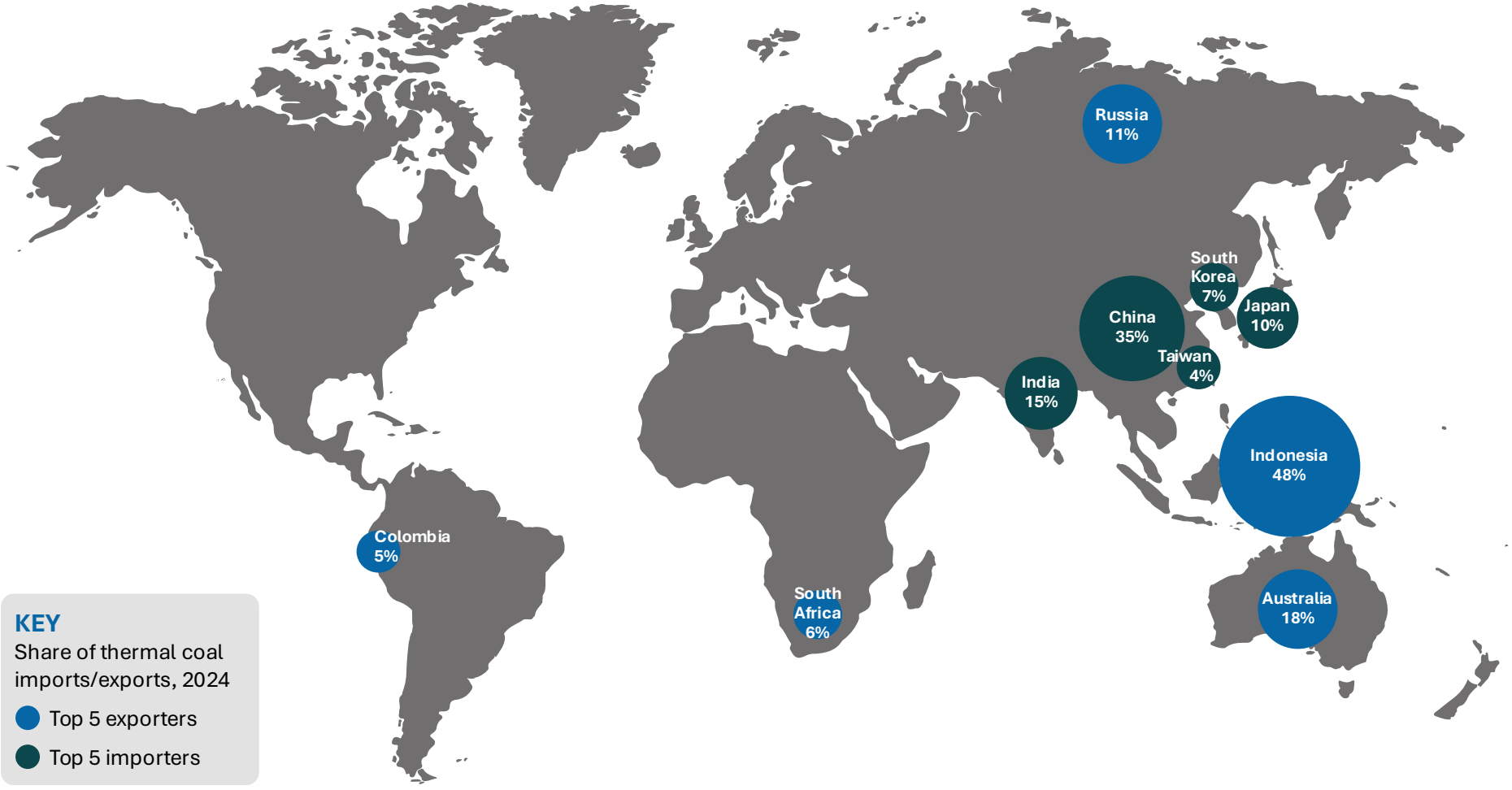
Export volumes to moderately decline

Global shift away from coal power generation continues

Renewable capacity increasing globally

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

Thermal coal trade map



Source: IEA, McCloskey

5.1 Summary

- Impacts to LNG supply have lifted demand for thermal coal. Thermal coal prices are forecast to remain elevated in the September quarter 2026 before falling gradually through to mid-2027.
- Growth in renewables and a preference for domestically-produced coal in nations such as China and India are expected to gradually reduce demand for coal imports over the outlook period. Prices are expected to stabilise in real terms as supply falls in line with demand.
- Australian exports are forecast to fall gradually from 209 million tonnes (Mt) in 2025 to 197 Mt in 2031. Export earnings are forecast to fall from $30 billion in 2025–26 to $25 billion in 2027–28 and decline further to $23 billion (in real terms) in 2030–31.

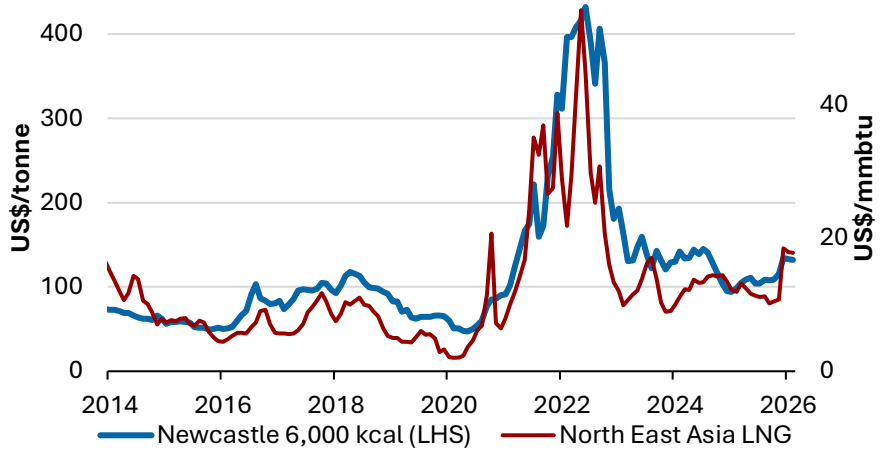
5.2 World trade

Middle East conflict lifts thermal coal prices

In February 2026, before the Middle East conflict, Newcastle 6,000 kcal prices averaged US$116 per tonne. Prices then rose sharply to an average of US$135 per tonne in March, a 17% increase. Prices have remained around these levels due to disruptions to shipping activity through the Strait of Hormuz. The lift in thermal coal prices is linked to a sharp increase in LNG prices, reflecting fuel-switching dynamics in markets where coal and gas are substitutes (Figure 5.1).

Under the baseline assumption that shipping through the Strait of Hormuz restarts substantively in July and flows return to normal levels by the March quarter 2027, thermal coal prices are expected to remain elevated throughout 2026. Prices are forecast to hold around US$135 per tonne in the September quarter 2026 and average US$129 per tonne over the year. Prices could easily peak at a higher level in the September quarter if an unseasonably warm Northern Hemisphere summer eventuates with the firming El Niño conditions, raising summer electricity demand, especially if coal and LNG inventories are drawn down further.

Figure 5.1: Thermal coal and LNG prices



Source: McCloskey (2026), Bloomberg (2026)

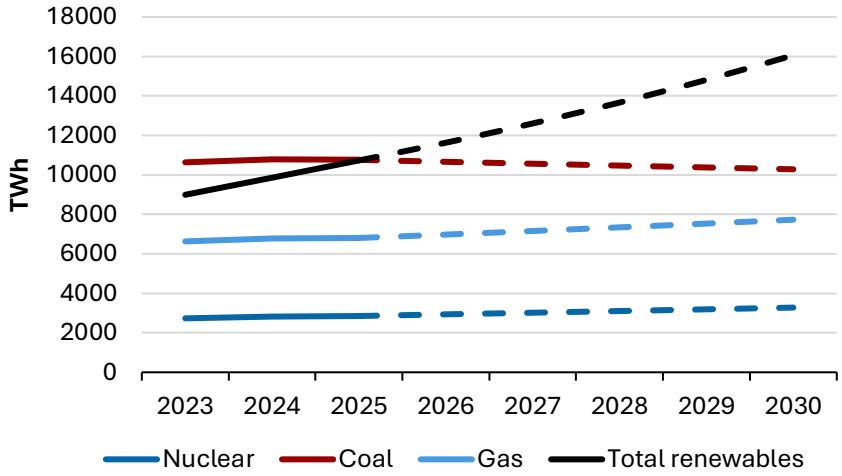
Energy market disruption provides modest demand upside, but renewables growth will reduce imports

Higher LNG prices and uncertainty around Middle East LNG supply have lifted thermal coal demand in parts of Northeast Asia. Despite this regional uptick, global thermal coal imports tracked around seasonal norms in the June quarter 2026, as higher imports in South Korea and Taiwan were offset by lower imports in China and seasonally normal imports in India.

Thermal coal import demand is expected to remain elevated in H2 2026 in economies highly exposed to Middle East LNG supply risks, including Japan, South Korea and Taiwan. However, storage, port and generation capacity constraints are expected to limit the scale of additional coal imports.

The lasting impact of the Middle East conflict on energy markets remains highly uncertain, but it is likely to reinforce the focus on domestic energy security through renewables, nuclear power and domestic coal production (where possible). The regional uplift in thermal coal demand is expected to be temporary. Global thermal coal imports are forecast to fall gradually over the outlook period as renewable capacity expands and power generation shifts away from coal. In its Electricity 2026 report, the International Energy Agency (IEA) forecasts global electricity generation will be increasingly supplied by renewables over the next five years (Figure 5.2).

Figure 5.2: Global electricity generation by source



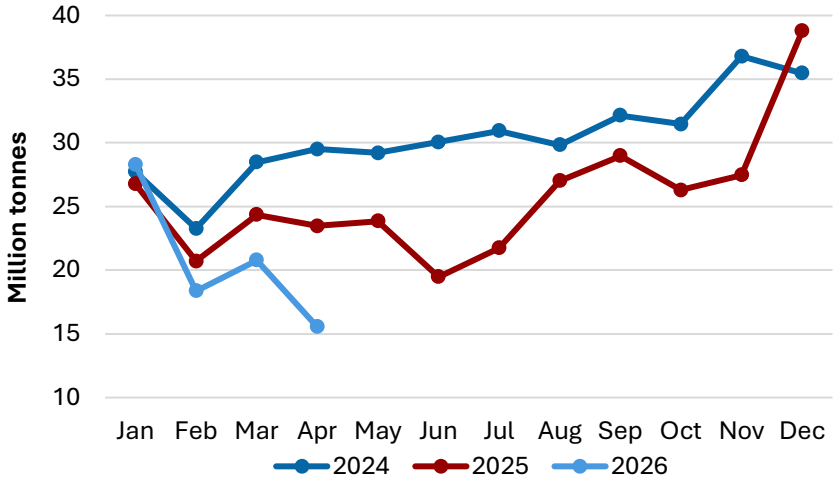
Source: International Energy Agency (2026)

5.3 World imports

Chinese coal demand continues to decline with growth in renewables and preference for domestic supply

China's thermal coal imports have softened as a result of the energy market disruptions, as the high seaborne prices turn the import arbitrage negative (Figure 5.3). Imports fell by around 15% year-on-year in March and 30% in April and are expected to remain subdued in H2 2026. However, import demand could rise if a hot summer materialises.

Figure 5.3: Chinese seaborne thermal coal imports



Source: Wood Mackenzie (2026)

Coal's share of China's power generation is estimated to have fallen from around 58% in 2024 to 55% in 2025, while renewables' share rose from 33% to 37%. In its *Coal 2025* report, the IEA expects coal's share to fall to about 43% by 2030, while renewables rise to around 49%. This shift toward renewables is forecast to weigh on China's coal demand.

Import demand is also expected to be constrained by high domestic production, as energy security objectives continue to favour domestic supply. As a result, China's thermal coal imports are forecast to decline over the outlook period.

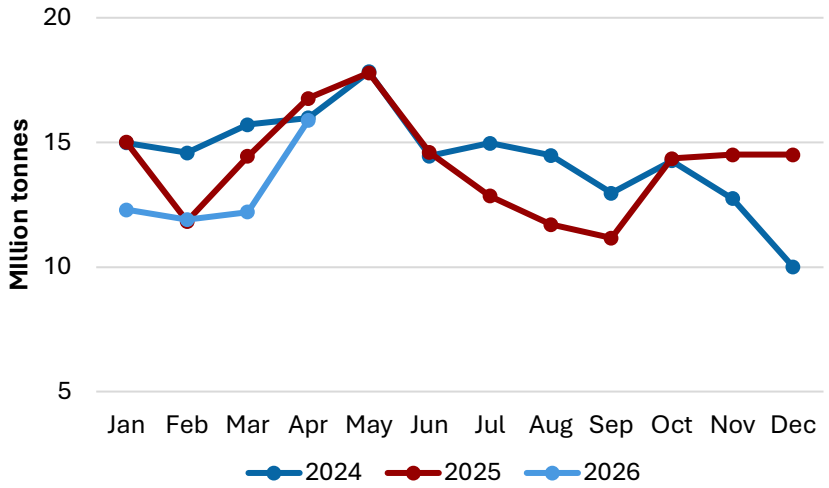
Indian imports to remain limited as domestic coal production and renewable power capacity grows

Indian thermal coal imports are tracking around normal seasonal levels in 2026 (Figure 5.4). Imports have been broadly stable as the domestic coal market is well supplied, with coal mine inventories at record highs. This follows a fall in coal-fired generation in 2025 after several years of strong growth. Coal-fired power generation fell by about 3% in 2025 as cooler conditions and softer activity in some industrial sectors weighed on electricity demand. At the same time, renewable energy generation expanded further (Figure 5.5).

Renewable power generation is forecast to grow further over the outlook period, supported by the government's target of 500 GW of non-fossil fuel capacity by 2030. As renewable capacity lifts, the IEA expects coal's share of generation to fall from about 70% in 2025 to 60% by 2030. Despite this shift, coal will remain integral to India's electricity system. To shore-up grid reliability as renewable penetration lifts, the government plans to develop an extra 97 GW of coal-based power capacity by 2035.

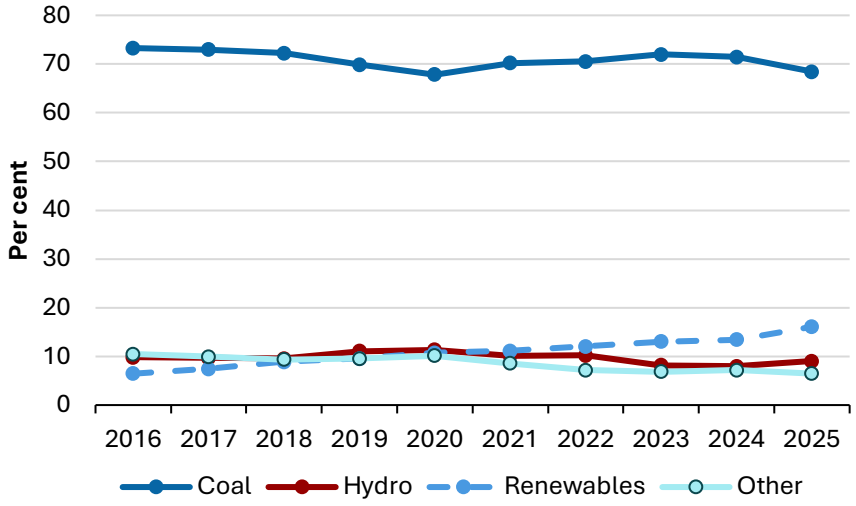
Over the outlook period, Indian coal-fired power generation is forecast to rise, supported by growing electricity demand and additional coal-fired capacity. With domestic output continuing to expand in pursuit of energy security goals, much of the extra coal demand is expected to be met from domestic supply rather than imports. Thermal coal imports are forecast to fall gradually over the outlook period.

Figure 5.4: India seaborne thermal coal imports



Source: Wood Mackenzie (2026)

Figure 5.5: India power generation share, terawatt-hours



Source: McCloskey (2026)

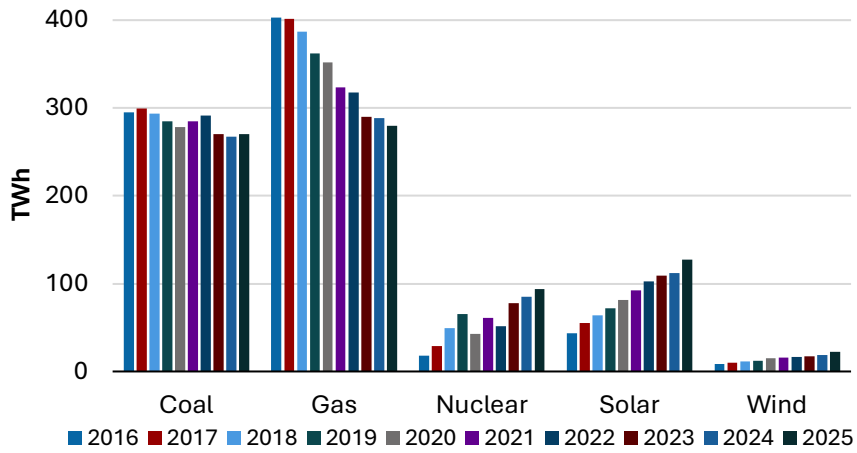
Japan and South Korea lift coal caps amidst energy market disruptions, but their power mix will move away from coal

Uncertainty around Middle East LNG supply has prompted Japan to lift capacity restrictions on its coal fleet. For a 12-month period, Japan is suspending the 50% utilisation cap on older, less-efficient coal plants. This is likely to support near-term coal demand, particularly for lower grades, although imports have tracked broadly around seasonal norms as plants were well stocked before the conflict. Imports could increase more strongly if inventories are drawn down and hot summer conditions materialise with the firming El Niño conditions.

The Japanese government has reaffirmed its commitment to longer-term decarbonisation. Nuclear and renewable generation have increased (Figure 5.6) and are expected to continue growing as Japan prioritises energy security and decarbonisation. Japan's 7th Strategic Energy Plan reaffirms the country's commitment to net zero by 2050 and targets a substantial decline in the share of thermal power — primarily coal, gas and oil — from around 70% at present to 30–40% by 2040. This decline would be offset by higher renewables generation, with their share rising from 23% to 40–50%, and nuclear rising from 9% to 20%.

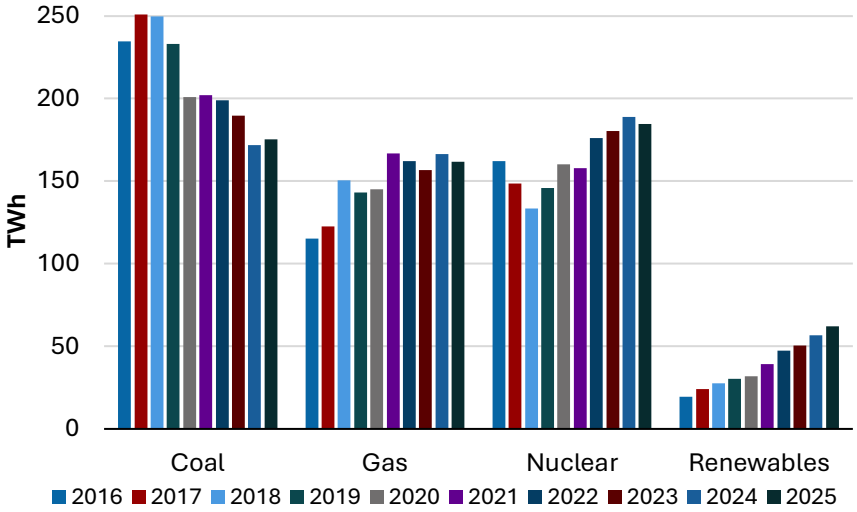
With coal being displaced by renewables and nuclear power, Japan's thermal coal imports are forecast to fall by around 3% per year from 2025 to 2031. Despite the shifting power mix, coal will remain an integral component of Japan's electricity system as the country's power demand grows. Increased demand will stem from data centres and advanced manufacturing industries.

Figure 5.6: Japan power generation, terawatt-hours



Source: McCloskey (2026)

Figure 5.7: South Korea power generation, terawatt-hours



Source: McCloskey (2026)

South Korean thermal coal imports have surged as the reductions in shipping through the Strait of Hormuz constrained LNG supply. Imports were up around 41% year-on-year in March and 58% in April, as coal-fired power generation was ramped up to replace gas. South Korea primarily sources coal from Australia and Indonesia. Coal-fired generation is estimated to have risen strongly in April, while gas generation declined. The increase followed South Korea's decision to remove its 80% capacity limit on coal-fired generation to help stabilise energy supply and prices.

Despite the conflict-related surge in demand, South Korean thermal coal imports have trended lower in recent years as coal-fired generation has been displaced by non-coal sources (Figure 5.7). This shift away from coal is expected to continue over the outlook period. In December 2025, South Korea retired the 500 MW No.1 unit of the Taean coal-fired power plant. Taean is one of the world's largest coal plants, with 10 units and installed capacity of around 6,100 MW. Units 2–6 are scheduled to be phased out by 2032, with units 7–8 to follow by 2037.

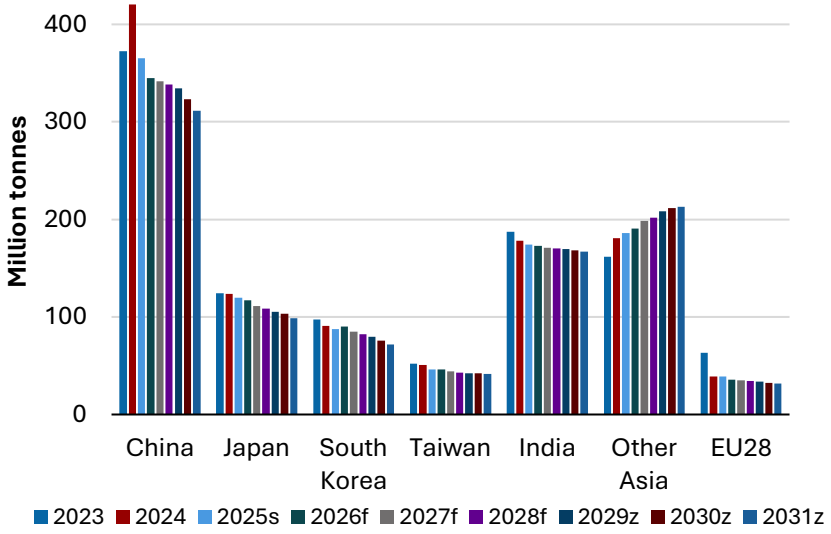
At the COP30 summit in late 2025, South Korea committed to phase out unabated coal-fired power by 2040. To support this transition, the government is aiming to rapidly increase renewables and build an energy system centred on renewables and nuclear power. As these decarbonisation and energy security efforts progress, thermal coal import demand is expected to decline gradually over the outlook period.

Vietnam thermal coal imports to continue strong growth

Vietnamese thermal coal imports increased by 25% year-on-year in the March quarter 2026, continuing the strong growth trajectory seen in recent years. Vietnam is one of the world's fastest-growing economies, with GDP growth in 2025 estimated at around 6.5%. Coal-fired power accounts for about half of the country's electricity generation. With domestic coal production unable to keep pace with rising power demand, thermal coal imports have grown strongly in recent years.

Economic growth is expected to remain strong in Vietnam, supported by expanding data centres and advanced manufacturing, which will add to electricity demand. Two additional coal-fired power plants are scheduled to be commissioned in 2026 to help meet this demand. As a result, thermal coal imports are expected to continue growing strongly.

Figure 5.8: Thermal coal imports



Notes: s Estimate. f Forecast. z Projection.
Source: International Energy Agency (2025); McCloskey (2026); Department of Industry, Science and Resources (2026)

5.4 World exports

Indonesia restates commitment to a lower production target for 2026, tightening global thermal coal markets

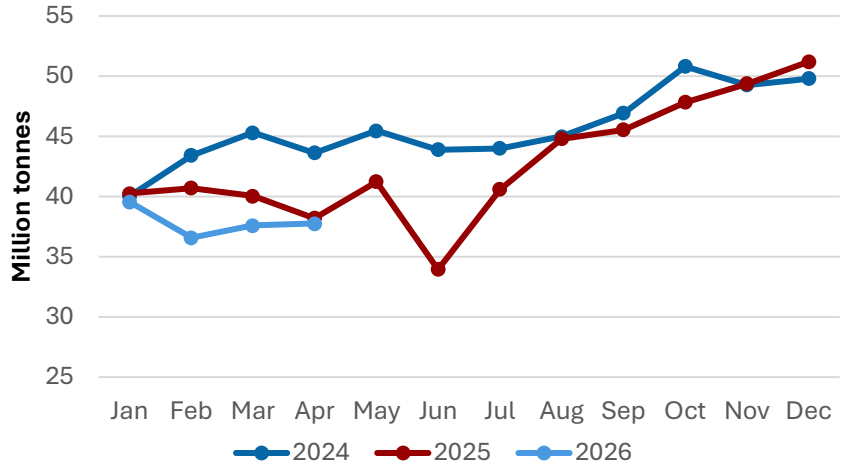
In January 2026, the Indonesian government announced substantial cuts to 2026 coal production, although officials later indicated that quotas had not been finalised. More recently, the government reiterated plans to reduce output from more than 800 Mt in 2025 to around 600 Mt in 2026. Exports are currently tracking around 2025 levels but are expected to weaken in H2 2026 if lower production quotas eventuate (Figure 5.9).

Indonesia primarily produces and exports lower-grade thermal coal, with around 80% of exports having a calorific value of 5,000 kcal or below. However, its higher-quality exports are significant in absolute terms. Indonesia's exports of 5,600–6,200 kcal+ are around 30% of Australia's export volumes in that category, while its exports of 5,000–5,600 kcal are around 80% of Australia's. As a result, changes in Indonesian production and exports can influence Australian coal demand and prices.

A cut to Indonesian production quotas appears to have been partly priced in before the Middle East conflict. Following the initial announcements in January, Newcastle 6,000 kcal prices rose by about US$5-10 per tonne, suggesting supply concerns were already placing upward pressure on prices. This support is likely to persist through H2 2026 if Indonesian output is cut.

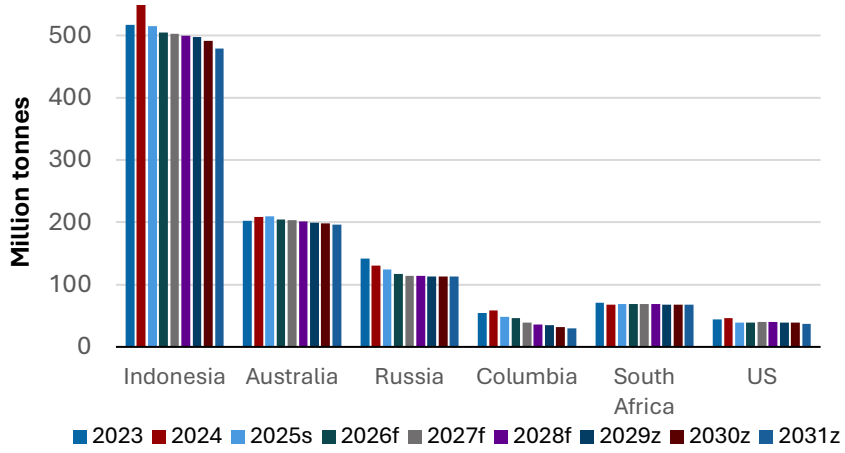
Near-term demand for Indonesian thermal coal is forecast to be supported by the energy market disruptions. Demand for Indonesia's lower-grade coal may strengthen as countries such as Japan increase utilisation of less efficient coal plants. Over the outlook period, Indonesian exports are forecast to gradually decline as decarbonisation efforts weigh on demand.

Figure 5.9: Indonesia seaborne thermal coal exports



Source: Wood Mackenzie (2026)

Figure 5.10: Thermal coal exports



Notes: s Estimate. f Forecast. z Projection.

Source: International Energy Agency (2025); McCloskey (2026); Department of Industry, Science and Resources (2026)

Colombian and South African exports rise as energy market disruptions stoke demand for alternative sources

Colombian thermal coal exports rose by around 3% year-on-year in the March quarter 2026 and surged by around 35% year-on-year in April. The recent increase reflects energy market disruptions caused by the Middle East conflict, with exports to Asia Pacific rising.

The recent uptick in exports contrasts with a decade of persistent decline, including an 18% fall in 2025. The structural decline has been driven by mine closures and weaker European demand. Despite the recent increase, Colombian exports are expected to continue declining over the outlook period as domestic policies restrict production and exploration, while Colombia's freight disadvantage limits its ability to gain market share in Asia.

South African thermal coal exports rose by around 6% year-on-year in April, supported by stronger demand from Europe and India. Demand is expected to remain elevated while shipping through the Strait of Hormuz is disrupted. However, higher diesel prices may weigh on export volumes by increasing the cost of transporting coal by road from mine to port.

Logistical conditions in South Africa have improved in recent years, as state-owned rail operator Transnet has made progress on rail and port performance. This has supported more efficient coal haulage and exports. Transnet is also increasing private access to the network, which is expected to lift coal export capacity over time. South African thermal coal exports are expected to remain around current levels over the outlook period, supported by demand from India and Pakistan.

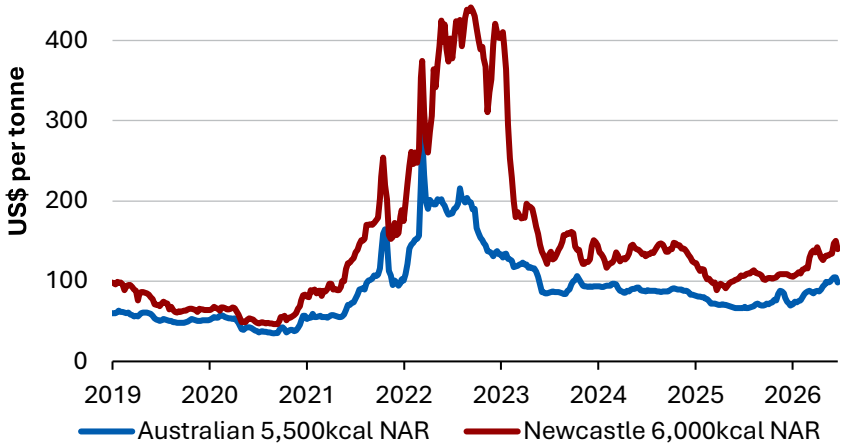
5.5 Prices

Thermal coal prices to moderate as the impacts of the conflict subside

Newcastle 6,000 kcal prices are forecast to remain elevated through the September quarter, averaging around US$135 per tonne, before moderating gradually over the following 6–12 months. Prices are expected to return to pre-war levels by early 2027.

Over the remainder of the outlook period to 2031, the global thermal coal market is expected to be broadly balanced, with both demand and supply declining gradually. In this environment, nominal prices are forecast to rise in line with increases in production costs, while real prices are expected to be broadly stable.

Figure 5.11: Thermal coal prices



Source: McCloskey (2026). NAR – Net as received.

5.6 Australia

Australian exports will fall gradually as demand fades

Australia exported 209 Mt of thermal coal in 2025, unchanged from 2024. The only time Australia has exported more than 209 Mt was in 2019. Exports remained strong despite weather disruptions that caused a large vessel backlog at Newcastle port. The backlog has now normalised (Figure 5.12).

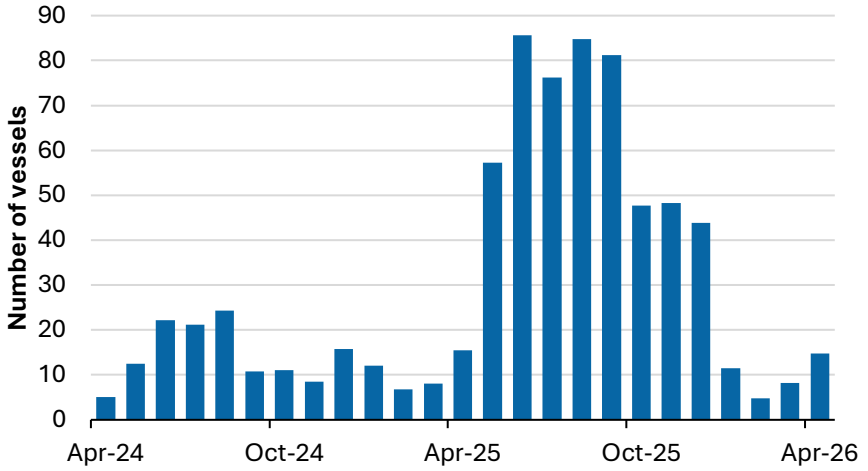
March quarter 2026 export volumes were broadly in line with the same period in 2025. June quarter exports are tracking around seasonal norms. Despite the near-term boost to thermal coal demand amid the energy market disruptions, Australian exports are unlikely to rise materially in response.

In 2026, Australia is expected to export around 205 Mt of thermal coal. Over the outlook period to 2031, demand from key importers of Australian thermal coal — China, Japan and South Korea — is expected to moderate as they prioritise decarbonisation and domestic energy security. As a result, Australian exports are forecast to decline gradually, reaching around 197 Mt by 2030–31 (Figure 5.13).

Revisions to the outlook

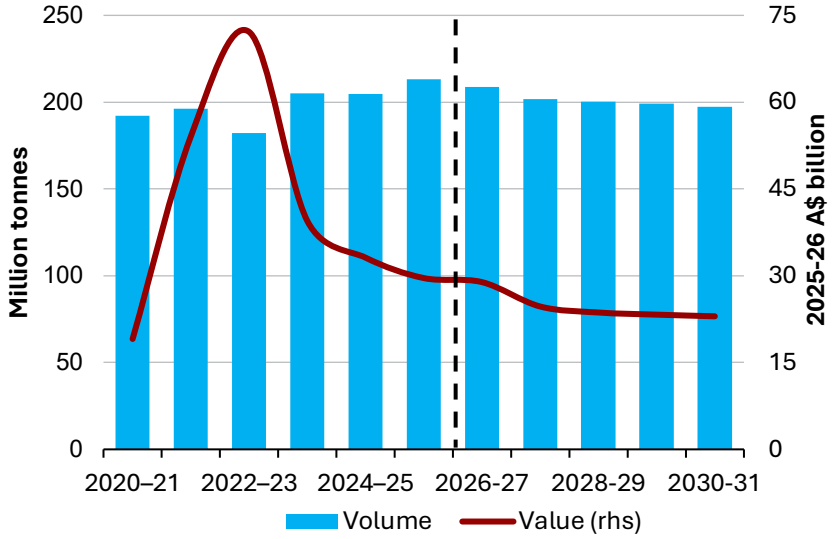
Since the December 2025 *Resources and Energy Quarterly* outlook, export earnings for 2026–27 earnings have been revised up $3 billion. The upward revisions reflect higher price expectations. The longer-term outlook for Australian export volumes has been revised down slightly since the March 2025 *Resources and Energy Quarterly*.

Figure 5.12: Vessel queue at Newcastle port (monthly average)



Source: McCloskey (2026)

Figure 5.13: Australia's thermal coal exports outlook



Source: ABS (2026) International Trade, Australia 5454.0, Department of Industry, Science and Resources (2026)

Table 5.1: World trade in thermal coal

	Million tonnes								
	2024	2025[s]	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
World trade	1,209	1,118	1,071	1,060	1,050	1,045	1,028	1,007	-1.7%
Thermal coal imports									
Asia	1,045	980	960	952	943	940	924	904	-1.3%
China	421	365	345	341	338	335	323	312	-2.6%
India	178	174	173	171	170	169	169	167	-0.7%
Japan	124	120	117	111	108	106	103	99	-3.2%
South Korea	91	88	90	85	82	80	76	72	-3.3%
Thermal coal exports									
Indonesia	549	515	505	503	500	498	492	479	-1.2%
Australia	209	209	205	203	201	199	199	197	-1.0%
Russia	130	124	117	114	114	113	113	113	-1.5%
Colombia	59	48	46	39	36	35	32	30	-7.6%
South Africa	68	69	69	69	69	68	67	67	-0.3%
US	46	39	39	40	40	39	39	37	-0.7%

Notes: **s** Estimate. **f** Forecast. **z** Projection. **r** Compound annual growth rate.

Sources: Department of Industry, Science and Resources (2026); IEA (2025); McCloskey (2026).

Table 5.2: Thermal coal outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Contract prices [a]									
– nominal	US$/t	130	141	129	127	128	130	132	0.3%
– real [b]	US$/t	130	139	125	119	118	118	117	-1.7%
Spot prices [c]									
– nominal	US$/t	105	129	119	116	117	120	123	2.6%
– real [d]	US$/t	107	129	116	111	110	110	110	0.5%
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	CAGR[r]
Production	Mt	255	245	245	234	226	216	210	-3.2%
Export volume	Mt	205	213	209	202	200	199	197	-0.6%
– nominal value	A$m	31,993	29,603	29,878	26,166	25,693	25,924	26,244	-3.2%
– real value [i]	A$m	33,135	29,603	28,901	24,688	23,649	23,281	22,993	-5.9%

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 2026 US dollars; **s** estimate; **f** forecast; **z** projection; **r** Compound annual growth rate; **i** In 2025–26 Australian dollars.

Sources: McCloskey (2026); ABS (2026); Department of Industry, Science and Resources (2026).

Gas

Australia's LNG sector

79 million tonnes

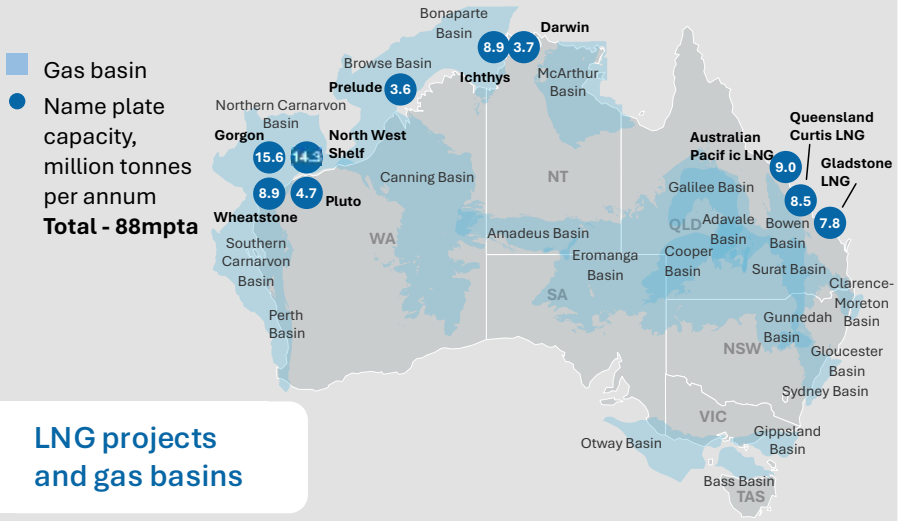
exported in 2025–26

80%

of Australian LNG sold to Japan, China and Korea

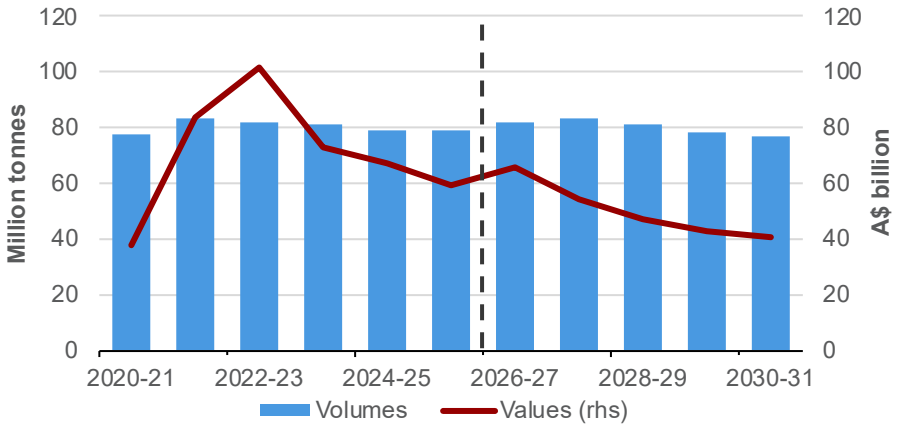
Around three-quarters

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
- Quarterly exploration expenditure has grown

Source: ABS; DISR; OCE

LNG trade map

Source: World Gas Model, DISR, ABS International Trade

6.1 Summary

- A cessation of liquefied natural gas (LNG) output from Qatar due to military conflict has pushed LNG prices up sharply and raised price forecasts over the first half of the outlook period.
- Australia's LNG export earnings are forecast to mirror price movements, rising from $59 billion in 2025–26 to $65 billion in 2026–27 before declining to $41 billion (in real terms) by 2030–31. Long-term earnings forecasts have been revised down from the March 2025 *Resources and Energy Quarterly*.
- LNG spot prices are forecast to decline from US$17.10/MMBtu in 2026 to around US$8.50/MMBtu (in real terms) by 2031 as US supply grows and Qatari output recovers. Further damage to LNG and gas infrastructure in the Middle East remains the primary risk, with significant potential to push prices up from this baseline.

6.2 World trade

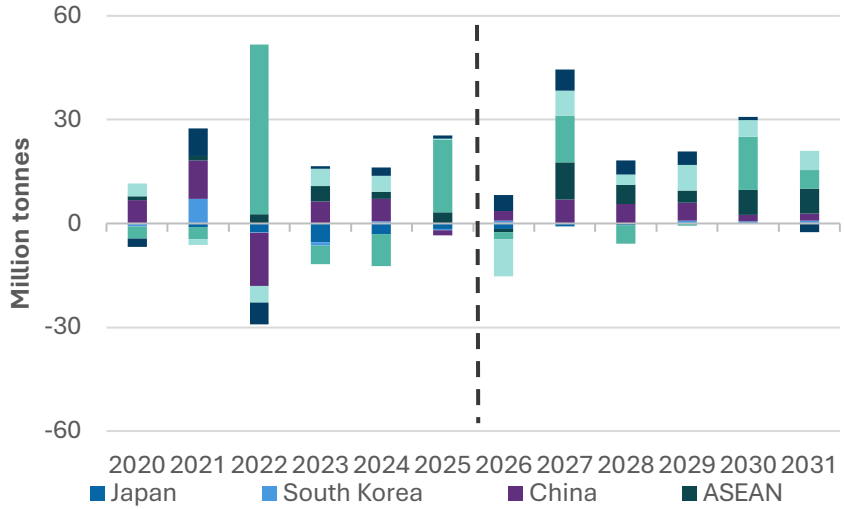
Conflict in Middle East has reduced global volumes of LNG and seen prices spike for an uncertain period

On 28th February, the Strait of Hormuz was closed due to military conflict. In mid-March, Qatar's LNG output was fully shut down following a missile strike at Ras Laffan industrial city. The closure reduced global LNG exports by almost one-fifth.

Substantial repairs have already taken place, with latest guidance suggesting around 50% capacity should be restored within one month, and around 80% of capacity within two months. Further recovery will take longer: severe damage to two of the plant's 14 LNG trains means the facility is likely to run 17% below capacity for 3-5 years. Planned facility upgrades have also been deferred.

JKM LNG prices spiked in the days following the strike on Ras Laffan and then fell back and stabilised. Recovering demand and undersupplied inventories ahead of the Northern Hemisphere winter will likely sustain price pressures through the September quarter.

Figure 6.1: Global LNG demand growth forecasts



Notes: 2020, 2021, 2022, 2023 and 2024 figures based on historical data.
Source: Department of Industry, Science and Resources (2026); NexantECA (2026)

New US supply should offset some losses from Qatar, but supply balances will be tighter

Over the past 5 years, markets experienced tight supply conditions during the COVID pandemic and following Russia's invasion of Ukraine. The reduction in Russian pipeline gas flows to Europe forced many LNG plants to run at more than 95% utilisation, with even modest weather and geopolitical disruptions buffeting gas prices.

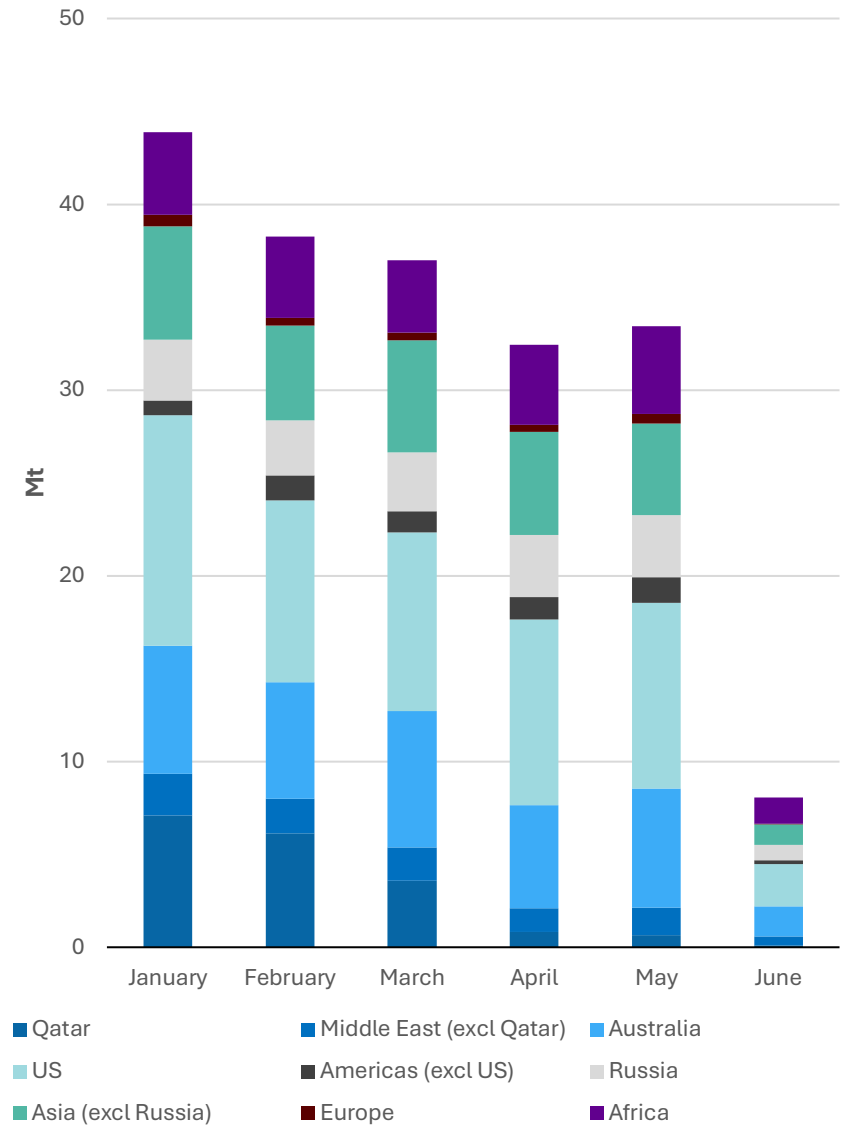
A long-anticipated wave of new LNG supply began entering the global market in 2025. However, the recent strike on Ras Laffan heavily affected Qatari production in 2026 (Figure 6.1) and will reduce Qatari output for several years, removing the global oversupply previously forecast. Some demand destruction is likely, with price-sensitive Asian buyers potentially delaying LNG or shifting towards coal, nuclear and renewables. The latest LNG price surge comes only a few years after the price spikes associated with Russia's invasion of Ukraine in 2022.

US output continues to dominate new supply, with growth in Qatari output primarily linked to damage repair. Some smaller growth in output is expected in Mexico and sub-Saharan Africa over the late 2020s. Global LNG trade is set to return to end-2025 levels from 2027, with increased US output offsetting reduced Qatari production. Supply growth is expected to ease after 2030 as a wave of LNG investments reach completion.

Spot prices are projected to ease to around US$8.50/MMBtu by 2031 in real terms (or around US$9.50 in nominal terms). This represents a baseline path, with more rapid declines possible. The IEA has estimated that declines below US$8/MMBtu (nominal) would potentially result in losses for new projects and potential reductions or delays in output by producers. Price uncertainty has already led to the shelving of the Lake Charles LNG export project in Louisiana, and other projects remain susceptible to a lowering of price expectations.

Geopolitical uncertainties will continue to affect LNG prices, but stronger US supply should improve overall market resilience. Qatari exports remain the most vulnerable to further disruption. Europe's emerging dependence on US LNG also comes with risks, albeit less than those associated with dependency on Russia.

Figure 6.2: Global LNG imports by source (2026 YTD)



Source: Kpler (2026).June data is not complete.

6.3 World imports

The loss of Qatari output has been primarily accommodated by lower overall imports (Figure 6.2), though some Asian buyers have made efforts to grow supply from emerging sellers. Japanese imports have risen from Canada, Papua New Guinea and the US, while South Korea has increased imports from Canada, Malaysia and the US.

European LNG imports are close to their peak

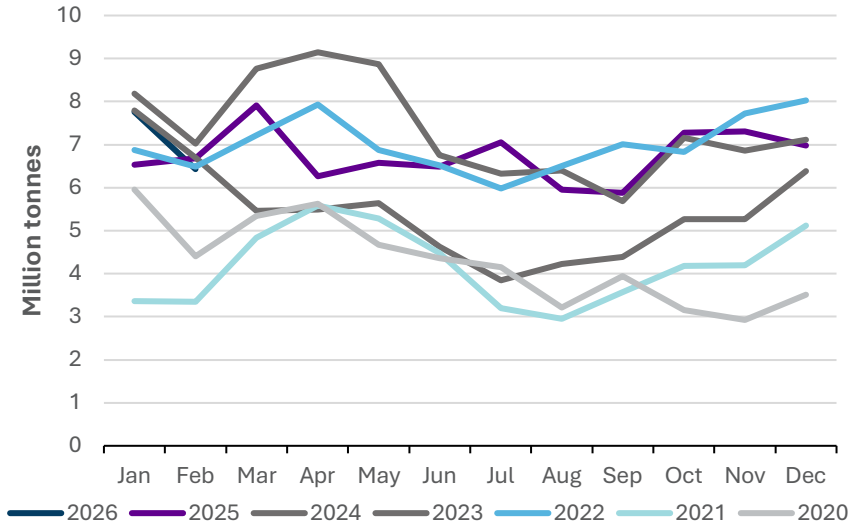
European imports picked up in early 2026 (Figure 6.3), reflecting both higher winter-driven usage and falling domestic output, which had caused rapid falls in storage in Q1 2026.

Storage refill remains an issue for Europe, with inventories around 40% filled (below the 65% average for early June). However, a ramp-up in US supply should support faster inventory fill if projects proceed as planned.

The EU's pivot from Russian gas has accelerated, with pipeline flows now limited to long-term contracts servicing Slovakia, Hungary, and Greece. The EU has advanced legislation to halt the remaining imports of Russian gas, with key phaseout milestones set for early 2027 (for LNG) and autumn 2027 (for pipeline gas). Transit through EU ports to non-EU states will still be permitted, but this represents only around one-fifth of Russian LNG received by EU ports.

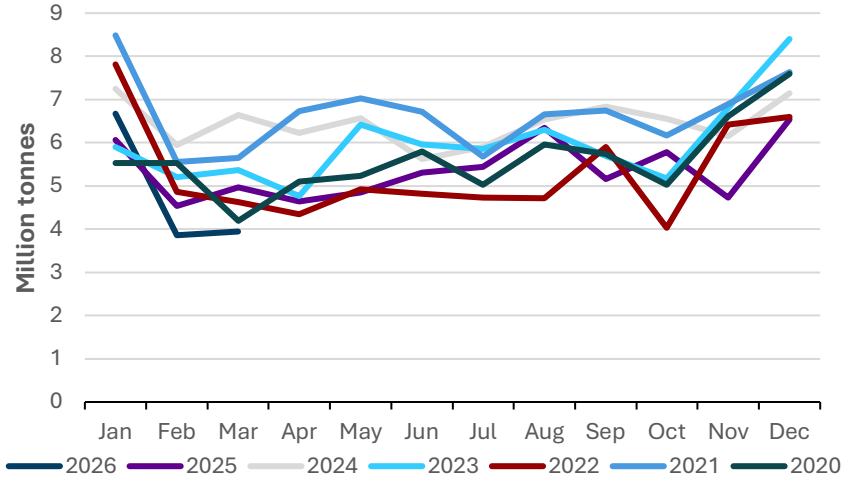
European gas demand has fallen in recent months due to tighter supply and a pivot towards coal and biomass plants. LNG imports are not expected to grow significantly over the outlook period. European power needs are being increasingly met from hydro and wind generation and improved availability of nuclear energy from France. This will likely result in the re-emergence of

Figure 6.3: Europe's monthly LNG imports



Source: McCloskey (2026)

Figure 6.4: China's monthly LNG imports



Source: McCloskey (2026)

Asia as a driver of global LNG demand, and a rise in trade linkages between Asian buyers and US sellers. As these linkages increase, prices from the Atlantic and Pacific markets should converge amidst a broader price decline.

New domestic supply should cut China's imports

Slower economic growth restrained China's LNG imports over much of 2025 (Figure 6.4). Imports began to pick up in early 2026 but eased again as prices rose. Rapid import growth remains unlikely in the short-term.

On the supply slide, shale fracking in China's Sichuan Basin (the largest source of shale gas in China) is set to rise. Development in the Basin has long been hampered by the depth of shale formations, but recent drilling by Sinopec has passed 5,000 metres, setting a new depth record for China and bringing high industrial flow rates from deep wells. CNPC has also achieved commercially viable flows from its Low Cambrian formation.

The Chinese Government has extended existing reductions in its resource tax to support further development in the Sichuan Basin and potentially elsewhere. While short-term technical issues are not yet fully resolved, production costs at Sichuan could fall as low as US$0.23 a cubic metre (or roughly US$6–6.5/GJ) at scale, making output in the area cheaper than Russian pipeline gas.

Output from the Sichuan basin is expected to scale up rapidly in the years ahead, materially reducing China's import dependence from 2029 or 2030, and potentially rendering the proposed Power of Siberia 2 pipeline from Russia unnecessary. Cancellation of Power of Siberia 2 would leave large volumes of Russian gas permanently stranded.

Japan's LNG imports are set to ease slowly

Japanese LNG imports were flat through most of 2025 and early 2026 due to low industrial use. Japanese LNG imports are expected to be largely steady over the outlook period, with the pace of nuclear reactor restarts being the most significant swing factor. Japan's Shimane 2 reactor is now fully operational and Onagawa 2 is close. Further reconnections and more rapid renewable deployments are expected over the coming years.

Japan is seeking to broaden its LNG import sources, On February 3rd JERA (the country's largest power generator) signed a 27-year Sales and Purchase Agreement with QatarEnergy which would imports of 3 million tonnes from 2028. This agreement would reverse a long-running decline in imports from Qatar, but the recent closure of the Strait of Hormuz will add some uncertainty in the short-term.

India's LNG imports are growing off a low base

LNG currently accounts for less than 3% of India's electricity generation, and Indian buyers have shown little interest in raising their imports. Growth signs emerged briefly in early 2026 but waned following the recent price spike. Recent expansions in city gas distribution networks could support long term growth if prices ease again. Some growth in Indian imports is forecast over the outlook period, but with downside risks given the price sensitivity of Indian buyers.

South Korean LNG imports are likely peaking

LNG demand appears to be peaking in South Korea, though import composition is shifting. South Korea is now seeking to lift its purchases of US LNG by 7 million tonnes annually, replacing Qatari contracts. US LNG suppliers face challenges due to the freight distance and the evident peaking in South Korean

domestic demand. However, a new US West Coast or Alaskan LNG terminal is being considered to reduce freight distance and improve competitiveness of US LNG in South Korean markets.

Overall, South Korean LNG imports are expected to largely hold steady, with up- and downside effects balanced.

Emerging Asia is becoming an important growth source

Demand from ASEAN countries remains relatively volatile, with price pressures through 2025 affecting procurement planning and long-term contracts through the region. Demand has been strongest in Indonesia and Thailand, and Malaysia is now considering importing LNG for the first time. Vietnam and the Philippines are also potential growth prospects over the next few years.

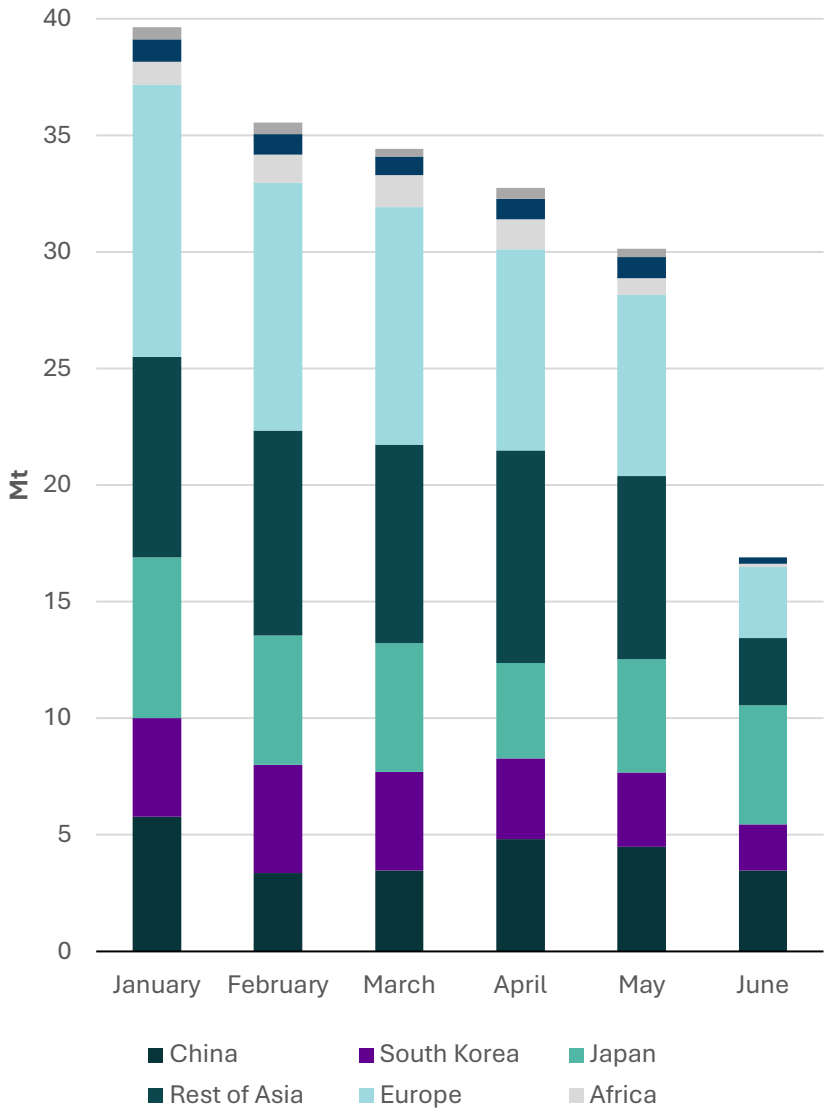
6.4 World exports

Global LNG supply rose solidly in 2025 and was previously expected to grow even more in 2026. The removal of Qatari output has changed this, but a range of project start-ups and ramp-ups continue to progress around the globe. Exports to some markets have declined: notably price-sensitive countries including Bangladesh, Pakistan, Kuwait and Malaysia (Figure 6.5). However, overall supply growth is forecast to remain strong between 2027 and 2031 (Figure 6.6).

US production is set to add more than 100 Mt by 2031

US output remains on track to re-shape global LNG markets. Emerging projects include Plaquemines LNG — where Phase 1 came online in December 2024 and Phase 2 in July 2025 — with a combined nameplate capacity of 20 Mtpa. Further growth is expected as more trains start up. Cheniere's Stage 3 expansion

Figure 6.5: Global LNG exports by destination (2026 YTD)



Source: Kpler (2026). June data is not complete.

at Corpus Christi LNG has continued to progress. The original three 5 Mtpa trains (completed 2019–2021) were followed by seven "midscale" trains of roughly 1.423 Mtpa each (about 10 Mtpa total). In 2025, Trains 1–4 reached substantial completion, with the remaining trains scheduled in 2026.

NextDecade has achieved a positive FID on Rio Grande LNG Train 5, following earlier FIDs on Trains 1-4. With each train sized at 6 Mtpa, the facility is set to reach 30 Mtpa by 2031, with first production expected in 2027. The Commonwealth LNG project is approaching FID and was granted non-FTA export approval in September 2025. However, the late 2025 decline in LNG prices resulted in Energy Transfer shelving its Lake Charles LNG project in December 2025.

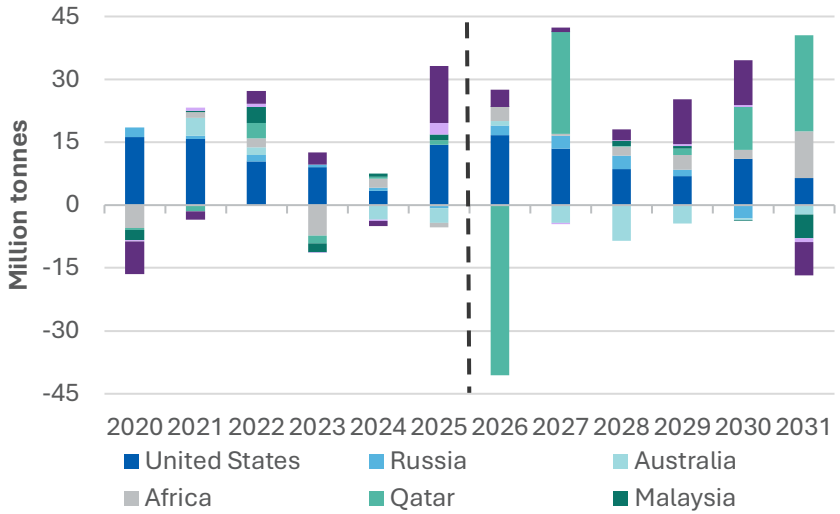
With projects and infrastructure ramping up all along the Gulf of Mexico, the US is expected to account for over half of global growth in LNG export capacity through the rest of the 2020s. However, sustained lower prices may result in slower short-term growth or postponements in some US projects.

Qatari LNG exports face severe disruptions

Qatari LNG export flows were halted in late February by the closure of the Strait of Hormuz, and LNG output was then shut down entirely by a missile strike at Ras Laffan Industrial City. This edition of the REQ assumes a reopening of the Strait of Hormuz at the beginning of July and ramp-up of Qatar LNG output over the September quarter 2026. This will mean Qatari output is effectively removed from global supply for around half of 2026, with the facility then operating at a reduced maximum capacity (83%) for at least three years.

Previously, North Field East — the world's largest LNG expansion — was expected to deliver first cargoes by mid-2026. This is no longer plausible, with first output now likely delayed to 2027 or beyond, and full production delayed until around 2029. Restoration of damaged trains will likely take until 2030, with full output (from the projection and its expansion) reached around the end of the outlook period.

Figure 6.6: Global LNG supply growth forecasts



Notes: 2020, 2021, 2022, 2023 and 2024 figures based on historical data.
Source: Department of Industry, Science and Resources (2026); NexantECA (2026)

There are provisional signs of production restarting at Ras Laffan, and in late May, some Qatari LNG cargoes were allowed to leave the Strait of Hormuz. This flow will ramp up rapidly when the Strait of Hormuz reopens fully.

LNG production capacity was previously projected to increase from 77 Mt in 2025 to 142 Mt by 2031. However, total output is now expected to remain below 90 Mt until 2029, reaching 133 Mt by 2031. Further military strikes and regional conflicts could postpone this further, creating an upside risk for LNG prices.

Russian gas exporters are facing structural stress

Russian LNG exports have declined significantly since the country's invasion of Ukraine in 2022. Europe has blocked most pipeline exports (see *Europe section*), and recent moves by the European Commission to ban maintenance and services for Russian LNG tankers and icebreakers may cause problems for technical function and insurance in the years ahead.

Broader restrictions on Russian maritime services supporting Russian LNG logistics may also affect export capacity, especially for Russia's Arc7 ice-class fleet — which is essential for accessing Yamal and Arctic LNG 2. A full EU import ban (including on pipeline output) is expected to sideline another big portion of Russian exports from late 2027, though the Middle East conflict may improve conditions for Russian exports.

Russia has undertaken additional investment in its 'shadow fleet', with particular focus on transit to China. Russia's first Arc7 carrier was delivered in late 2025 and began exporting LNG to China in January 2026. Two additional Arc7 vessels are due to be completed within 12 months.

Prospects for the proposed Power of Siberia 2 pipeline have dimmed in recent quarters (see *China section*). A cancellation of the pipe would permanently strand a large part of Russian LNG output. Russian gas exports remain caught between tighter European sanctions and growing Chinese domestic gas production and will likely continue to decline.

Africa is emerging as a significant source of LNG

Mozambique and TotalEnergies have restarted development at the Afungi LNG project in Mozambique's Cabo Delgado province, following a closure due to militant attacks. The project is set to supply 13.2 Mtpa from 2029.

Production has commenced at Chevon's N'dola Sul project in Angola. Phase two of the Congo FLNG project is nearing production and should add 2.4 Mtpa to global LNG supply. Senegal-Mauritania's Greater Tortue Ahmeyim project (with 2.3 Mtpa capacity) should be ramped up by H2 2026.

6.5 Prices

Markets have shifted into mild undersupply, but growing US supply is expected to reduce price volatility

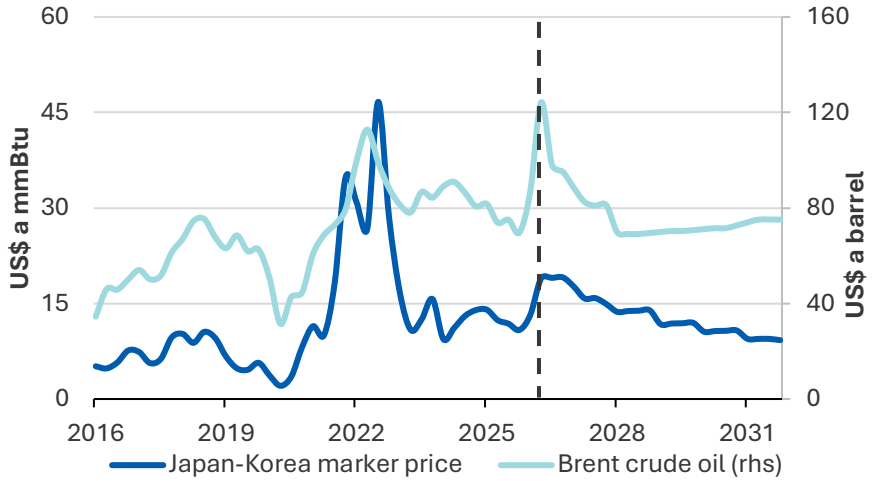
Conflict in the Middle East has changed the outlook for LNG prices over the outlook period. Japan-Korea Marker LNG prices spiked (to US$22/MMBtu) in the days following the strike on Ras Laffan as buying surged and cargoes were diverted to Asia. Prices subsequently corrected as panic buying receded and low seasonal demand held prices in a band between US$16-18MMBtu between April and May. Price pressures are expected to partially sustain through the September quarter as European buyers attempt to restock inventories (which are currently well below seasonable averages) ahead of the Northern Hemisphere winter.

Investment in new Qatari supply is expected to face delays, but the impact on prices should be constrained over time by growing US supply. Global oversupply is no longer expected, and LNG price forecasts have risen since March (Figure 6.7). However, very recent movements show a modest decline, with markets appearing to price in a restart of Qatari LNG flows.

As new supply expands, LNG markets should rebalance, with flexibility developing on both the supply and demand side. US

producers have significant capacity to reduce output if prices fall too low. Price-sensitive buyers in Asia can dial LNG imports up or down rapidly in response to price movements. Flexibility and tactical switching on the supply and demand side are expected to keep prices banded between US$9/MMBtu and US$10/MMBtu from the early 2030s (in nominal terms).

Figure 6.7: Global LNG price forecasts



Source: Department of Industry, Science and Resources (2026); Bloomberg (2026)

Rising US output should curb volatility in the LNG market, but pricing will remain vulnerable to geopolitical disruptions and climate change-related weather events.

6.6 Australia

Export volumes are expected to sustain until 2031

Weather issues have affected some Australian export facilities early in 2026, with storms (including ex-Cyclone Mitchell) disrupting output from Dampier, Varanus Island, Ashburton, Cape Preston West and Port Hedland. Exports from Western Australia were also disrupted by ex-Cyclone Narelle. As a result, export volumes fell by 3% in the March quarter, though disruptions were partly offset by a return to full output at Ichthys, where maintenance cycles have concluded. Darwin LNG also loaded its first Barossa LNG cargo in January, though subsequent shipments have faced some production issues.

Several domestic LNG projects are progressing towards the production phase. The Scarborough Energy Project is now 96% complete and on track to produce first output in Q4 2026. FID was recently achieved for Greater Western Flank Phase 4 in the North-West Shelf. This development includes five undersea wells connected by subsea pipelines and is expected to achieve first output in 2028.

Chevron has approved its Gorgon Stage 3 development, which covers the Geryon and Eurytion fields in the Carnarvon Basin. The A$3 billion project involves six subsea wells and three manifolds in water depths of about 1,300 metres. Drilling is expected to start in H2 2026, with initial output in 2028.

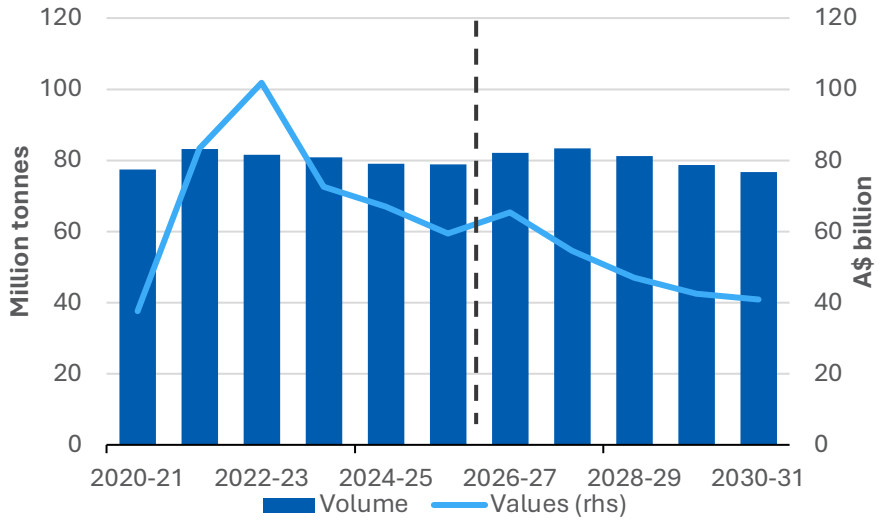
The start-up date for Jansz–Io Compression (J-IC) project (which received final approval in 2021) has been delayed from 2026 to 2028. When completed, the project will bring online new subsea compression to offset falling reservoir pressure and sustain output at Jansz–Io into the 2030s.

Amplitude Energy's "Annie" project has received approval from the Victorian Government, with the project now on schedule to deliver first gas by 2028. Once ramp-up is complete the project could supply up to a third of gas used in Victoria.

Australian gas exports are expected to hold close to 80 Mt annually, with a small increase from 2027 (as some brownfield

investments complete), and then a subsequent slow decline. Export earnings are forecast to rise from $59 billion in 2025–26 to $65 billion 2026–27, before easing to $41 billion by 2030–31 (in real terms) as prices gradually correct (Figure 6.8). Earnings are also likely to be affected by gradual declines in oil prices, which feed into LNG contracts in the Asian region.

Figure 6.8: Australia's LNG exports by value and volume



Source: Australian Bureau of Statistics (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026)

The Australian Government has announced a national gas reservation policy, with provision to respect existing contracts. Consultation on design is ongoing at the time of writing and the forecasts make no assumptions around the final design or impact of the policy.

Industrial action currently occurring at Ichthys and at Woodside's Pluto LNG and Karratha Gas Plant could affect exports in Q2 2026 if the action persists for a significant time.

Offshore exploration rebounded in March quarter 2026

Onshore petroleum exploration rose by $21 million to $269 million in the March quarter 2026. However, offshore exploration fell by more than 40% to $169 million in the quarter. This reverses a sharp rise in the December quarter and brings offshore spending back to around its two-year average.

Revisions to the outlook

Nominal earnings forecasts for 2026–27 have been revised up by $20 billion from the *December 2025 REQ* due to the outbreak of the Middle East conflict, which has fundamentally altered the global LNG supply outlook and the trajectory for global oil prices, which feed into LNG contracts. However, lower long-run oil prices have reduced the 2029–30 forecast by $2 billion from the 5-year outlook published in March 2025.

Figure 6.9: Gas outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
JCCC oil price[a]									
– nominal	US$/bbl	74.4	85.5	80.0	73.4	70.8	71.4	73.9	-0.1
– real[i]	US$/bbl	75.7	85.5	78.3	70.4	66.4	65.5	66.3	-2.2
Asian LNG spot price									
– nominal	US$/MMBtu	12.4	15.7	12.9	11.8	10.4	9.8	9.4	-4.5
– real[h,i]	US$/MMBtu	12.6	15.7	12.6	11.3	9.8	9.0	8.4	-6.4
LNG trade	Mt[e]	423.2	427.0	471.7	478.3	511.9	536.4	562.7	4.9
Gas production	bcm	4,310	4,403	4,499	4,588	4,657	4,734	4,768	1.7
Gas consumption	bcm	4,279	4,362	4,446	4,529	4,602	4,668	4,699	1.6
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Production[b]	bcm	157.1	154.5	157.8	158.0	155	150	151	-0.7
– Eastern market	bcm	55.5	52.0	51.1	50.3	50	50	49	-1.9
– Western market	bcm	84.8	83.5	85.5	87.0	84	81	80	-1.0
– Northern market[d]	bcm	16.2	18.4	21.0	21.6	22	22	22	5.4
LNG export volume	Mt[e]	79.1	78.9	82.1	83.3	81.2	78.6	76.7	-0.5
– nominal value	A$m	64,625	59,423	67,566	57,777	51,096	47,338	46,670	-5.3
– real value[g]	A$m	66,932	59,423	65,357	54,512	47,033	42,511	40,889	-7.9
LNG export unit value[h]									
– nominal value	A$/GJ	15.5	14.3	15.6	13.1	11.9	11.4	11.5	-4.8
– real value[g]	A$/GJ	16.0	14.3	15.1	12.4	11.0	10.2	10.1	-7.4
– nominal value	US$/MMBtu	10.6	10.2	12.0	10.3	9.4	9.0	9.1	-2.4
– real value[i]	US$/MMBtu	11.0	10.2	11.6	9.8	8.7	8.1	8.0	-5.1

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; 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; **s** Estimate ;**f** Forecast; **z** Projection; **g** In current year Australian dollars; **h** 1 MMBtu is equivalent to 1.055 GJ; **I** In current year US dollars; **r** Compound Annual Growth Rate averaged over the outlook period.

Source: ABS (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026); Company reports; Nexant (2026) World Gas Model

Oil

Australia's oil sector

$10.7 billion

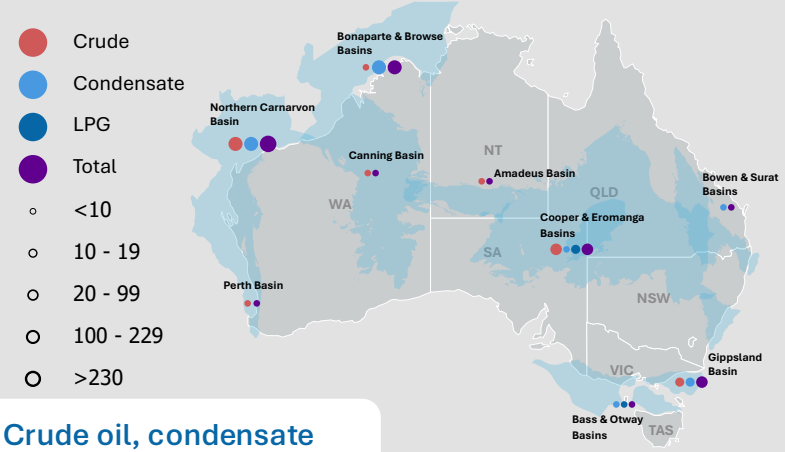
of crude and condensate exported in 2024–25

41% by value

of crude and condensate exported to Singapore and South Korea

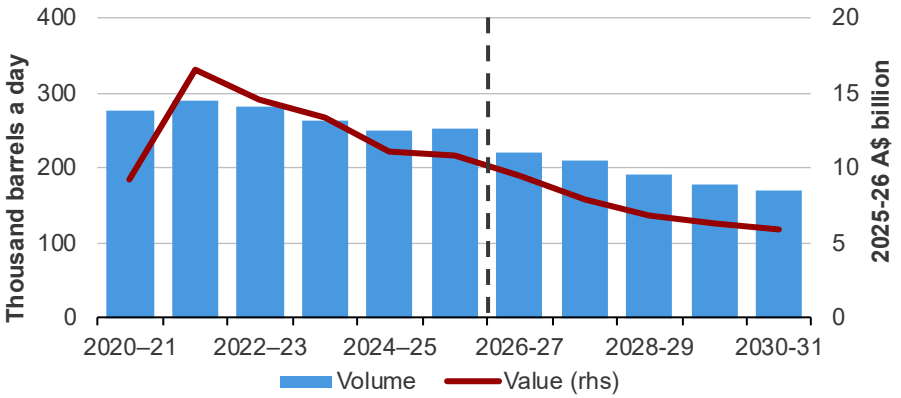
Around two-thirds

crude and condensate produced from the Carnarvon Basin offshore WA



Crude oil, condensate and LPG production, PJ

Australian oil exports



Outlook

- Near term uncertainty but softer long-term outlook
- 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

- Oil prices rose in 2026, as the US moved naval forces towards the Middle East. The start of military operations in late February saw prices jump to multi-year highs. Prices remain elevated and forecasts highly uncertain.
- Oil prices are expected to remain elevated in the near term due to the impacts of trade disruptions from conflict in the Middle East, with a subsequent decline and stabilisation to around US$65 a barrel (in real terms) to the end of the outlook.
- World supply is forecast to be mostly steady from 2028, hitting 108 million barrels a day (mb/d) as long expected supplies from the Americas comes online.
- Australian exports are forecast to fall from $10.4 billion in 2025–26 to $5 billion in 2030–31 (in real terms) as volumes and prices fall.

Conflict in Middle East has driven significant uncertainty

On 28 February 2026, shipping through the Strait of Hormuz reduced significantly due to regional conflict in the Middle East. The Strait is a crucial transit bottleneck for about 25% of global oil exports. While some alternative export avenues exist, they cannot replace the full volume of exports stranded. At the time of writing, the IEA estimates that production is currently 12.8mb/d or 12% lower compared to the same time period in 2025. Brent oil prices rose from US$72 a barrel pre conflict to over US$140 a barrel. Prices have been volatile throughout the conflict but consistently exceeded US$100 a barrel between March and May. In early June, the prospects of peace deal brought oil prices below US$100, and after the announcement of the signing of an MoU on 19 June prices fell to around US$80 a barrel.

The impacts of the conflict remain highly uncertain at the time of writing and depend on the length of the closure and the extent of the damage to infrastructure and oil production facilities. In this chapter we assume that the shipping through the strait resumes at the start of July. We explore further scenarios in Box 1.1 in the Overview chapter.

7.2 World demand

Global oil demand growth expected to slow as higher prices lead to switching to alternatives.

The conflict in the Middle East has resulted in acute shortages in deliveries and elevated crude prices which have flowed through to refined product prices. Higher prices have resulted in lower oil consumption and more effort to seek alternatives, though governments have attempted to mitigate some of the impact by lowering taxes on fuels.

Diversification from oil is more likely to happen in areas where electrification is relatively easy, but the result is demand destruction that is likely to be permanent. Areas undergoing electrification include domestic heating and cooking, and light road transport (see Lithium chapter for further details on electric vehicle (EV) adoption).

Looking beyond the impact of the Middle East conflict, global oil demand is expected to keep rising over the five-year outlook period despite potential demand destruction due to high prices, though at a slower pace than in the past few years. Oil consumption is forecast to lift from 104 mb/d in 2025 to

106 mb/d by 2031, growth averaging 0.3% but with the rate decreasing over time (Figure 7.2).

Growth is expected to be driven by Ex-OECD demand for transport and jet fuels and petrochemicals. Global air travel is projected to continue to grow from the lows of 2020, suggesting aviation fuel usage will rise through 2031.

OECD demand expected to fall as EVs replace road fuels

OECD oil demand is falling, largely due to declining road transport fuel demand, increased adoption of EVs, and efficiency gains in internal combustion engines (ICEs) (Figure 7.1). Declining road fuel demand will be somewhat offset by increasing demand for aviation in the OECD.

Petrochemical sector changes to drive Chinese oil demand

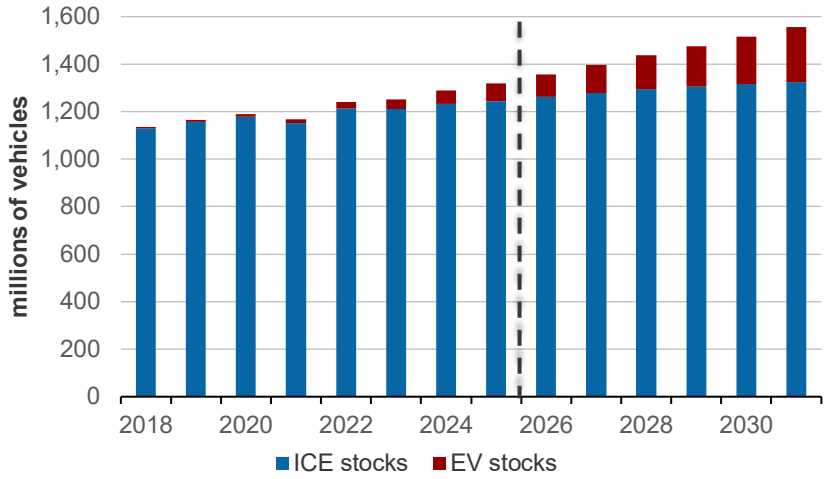
Chinese oil demand is forecast to be flat to slightly rising in the outlook period, as falling road transport fuel demand is offset by increased petrochemical feedstock demand.

EVs are expected to increase from 14% of Chinese vehicle stocks in 2025 to 33% by 2031, and the number of the ICE vehicles is projected to fall. China has also been investing in gas-powered heavy vehicles, which should further displace diesel (and hence oil) demand.

Ex-OECD demand growth to gain on GDP growth

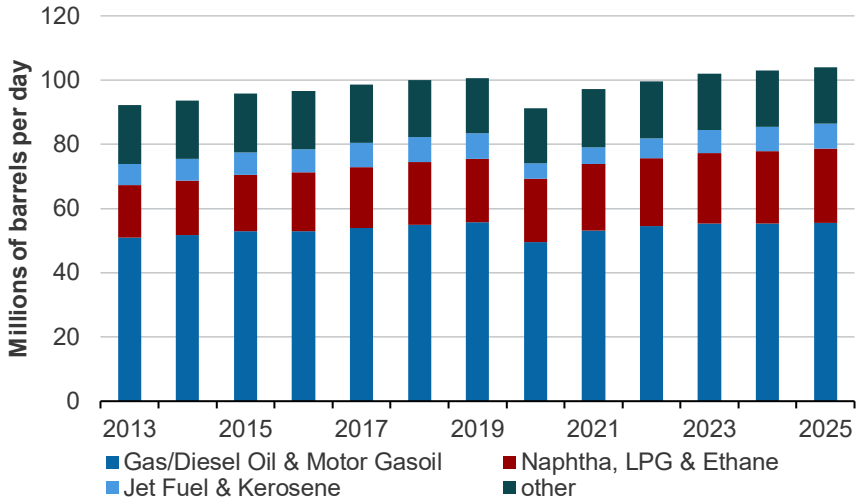
Traditionally, oil demand has been strongly linked to GDP growth, but this relationship has been weakening in recent years and only remains strong in ex-OECD nations. IMF forecasts suggest developing economies will grow by around 4.7% annually through the outlook period, bolstering oil demand in those nations. Indian GDP is projected to grow at 6.5% annually, making it a leading source of growth in oil demand.

Figure 7.1: Global vehicle stocks



Source: IEA (2026), Wood Mackenzie (2026), Department of Industry Science and Resources (2026)

Figure 7.2: Global oil consumption by refined petroleum product



Source: IEA (2026), Department of Industry Science and Resources (2026)

Cheap EVs may offset some of this potential growth in developing nations, but the extent of the offset depends on relative costs of electricity and petroleum. Links between GDP growth and oil use may also be weakened by direct policy interventions such as Ethiopia's 2024 ban on imports of ICE vehicles. The latest Middle East crisis may also drive governments to push to reduce their nations' dependency on oil (and LNG).

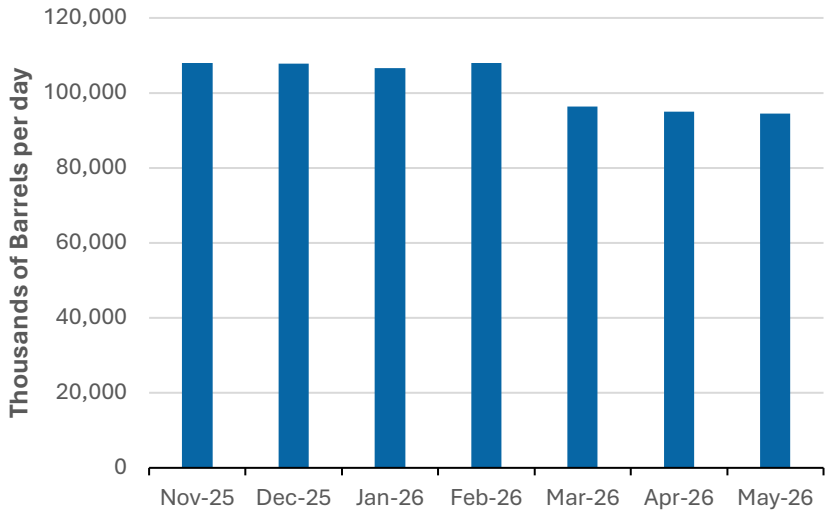
7.3 World supply

Global oil supply has fallen notably since the start of the conflict in the Middle East, with many countries which normally export via the Strait of Hormuz shutting in wells as onshore storage reached capacity in the Persian Gulf. World production has fallen by 12% to 95.1 mb/d in April 2026 according to the IEA, resulting in total losses since the start of the conflict of 12.8 mb/d (see Figure 7.3). Once disruptions to shipping via the Strait of Hormuz end, it is expected to take at least 6 months for flows to return to normal. Following the renormalisation of flows, it is expected that the market will return to a surplus in 2027 and the surplus will persist until the end of the outlook period. World production is expected to plateau around 108 mb/d from 2027.

UAE's exit from OPEC+ reduces the cartel's market power and unlocks potential extra supply

The UAE exited the OPEC coalition on 1 May 2026. The UAE was the organisation's third largest producer, and its departure reduces the market share controlled by OPEC+ from 40% to 35%, putting further pressure on the remaining members to cut production to maintain strong prices. This exit also allows the UAE to explore a much more aggressive production strategy, with ADNOC (Abu Dabi National Oil Company) signalling that, if necessary, it is ready to increase production above 5 mb/d by as early as 2027. Currently, the UAE has an effective sustainable capacity of 4.3 mb/d but only produced 3.4 mb/d in 2025.

Figure 7.3: Global oil production



Source: IEA(2026)

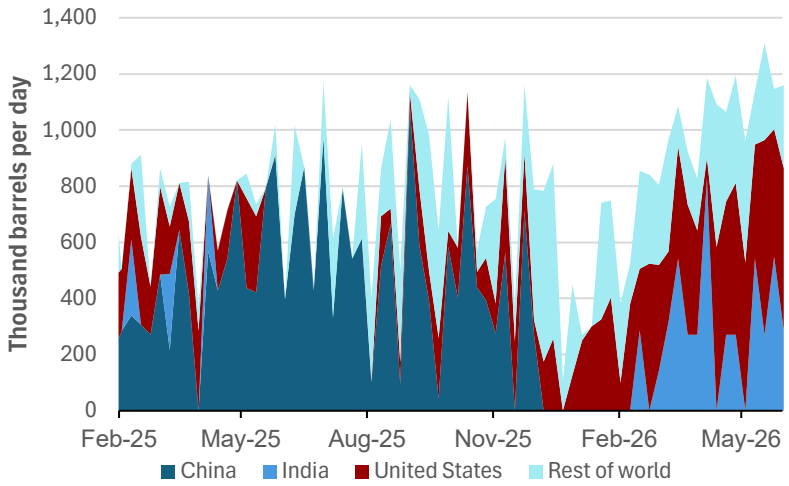
Over the course of 2025, OPEC+ increased its production to reclaim market share, unwinding previous output cutbacks. The output of some of OPEC+'s largest producers has been heavily constrained by the Middle East conflict, so while on paper production increases paused in the March quarter 2026 and were then increased in May/April 2026, there was little actual impact. Many OPEC+ economies are highly reliant on petroleum revenues to maintain their fiscal balance, and those that have been limited in their ability to export oil during the Middle East

conflict will likely have accrued fiscal deficits. OPEC+ countries that have been impacted by the closure of the Strait are expected to lift volumes (when able) to try and restore their fiscal situation.

Global output of natural gas liquid (NGL) — hydrocarbons produced as a by-product of natural gas extraction and processing — is on a growth path. Output is expected to expand in OPEC countries in line with higher gas production. This increase in NGL output is expected to occur even if there is no further increase OPEC+ oil production. NGL production is expected to increase from 5.9 mb/d in 2025 to 7 mb/d in 2031.

Increased NGL output will include liquids from Saudi Aramco's Jafurah gas field, which began first shipments of condensate in early 2026. The Jafurah gas field is the largest shale gas project outside the US.

Figure 7.4: Venezuelan oil export destinations



Source: Kpler(2026)

Venezuela — an OPEC member with some of the largest oil reserves in the world — was once one of the world's largest crude oil producers. However, mismanagement and sanctions have reduced production to about 1 mb/d of oil. In late 2025, a shipping blockade by the US briefly halted Venezuelan exports. The US has encouraged, and granted licences to, several global energy companies to begin operations in Venezuela. Favourable political conditions could result in a rise in Venezuelan output, though any additional supply would likely come online slowly as the necessary supporting infrastructure is assembled.

In a move to boost the global oil supply in response to the Middle East conflict, the US has also eased sanctions — with some limitations — allowing Venezuela's state-owned oil and gas company to sell Venezuelan oil to US companies and on global markets. As a result, Venezuelan exports have surged to a range of locations previously unavailable due to sanctions (see Figure 7.4).

In the December quarter 2025, the US expanded sanctions on Russian oil producers to include Lukoil and Rosneft, resulting in a huge amount of sanctioned crude oil being stranded at sea. However, to relieve some of the pressure imposed by the blockade of the Strait of Hormuz, the US agreed to a partial waiver of sanctions on Russian oil exports until 17 May 2026. When the waiver lapsed, it was extended for a further 30 days.

Ex-OPEC+ supply to rise in the first half of the outlook then plateau as new supply comes online in the Americas

The Americas are expected to provide the bulk of new supply through the outlook period. Increases in production are expected from Canada, Guyana and Brazil, with additional Americas production peaking in 2028 and then easing.

Brazilian oil production is projected to reach a peak of 4.1 mb/d in 2028, after which production is expected to steadily decrease due to a lack of further new projects. Production from Guyana is projected to increase to over 1.1 mb/d from its current level (of 0.7 mb/d) by 2029 as stages 4,5,6 of the Stabroek project ramp up and reach full production. Canadian oil supply is projected to reach 6.7 mb/d in 2030 up from 6.3 mb/d in 2025, as oil sands production lifts and NGL output rises.

In the long run, weaker prices are likely to reduce US shale production, potentially offsetting other increases in production. US shale is generally more flexible than conventional oil production, but carries higher costs, making it more likely/easy to scale back when prices weaken. However, in the short term, shale production is expected to increase, supported by recent price rises. The Baker Hughes North American rig count — a forward indicator of US shale production — rose in the later part of May from recent lows in the early part of 2026, signalling potential expansion in production in the near term.

Global inventories have fallen rapidly on Strait blockade

The IEA estimates that global observable inventories have fallen at an average rate of 3.8 mb/d between the start of the conflict and the end of May, with further steep drawdowns expected until shipping can largely resume through the Strait of Hormuz. The drawdowns in inventories are being partially offset by increases in inventories in the Persian Gulf which will not be available to the global market until trade is able to move.

The US, in particular, has experienced large draw downs, from both its commercial inventories and its Strategic Petroleum Reserve (SPR). According to figures from the US governments Energy Information Agency total US inventories have fallen by 81 million barrels since the start of the conflict, with almost half of the drawdown coming from the SPR. US SPR levels were low prior to the start of the conflict due to drawdowns following the start of the Russia Ukraine war and are close to their lowest levels since the 1980s. Levels having fallen from their highs of over 630 million barrels prior to 2020, to lows of 346 million barrels in 2023 before refilling to 415 million barrels prior to the start of the conflict in the Middle East, at time of writing levels in the SPR have fallen to 365 million barrels.

Middle East production/exports to return slowly when shut-in wells are reactivated and shipping resumes

When shipping via the Strait resumes, it will take some time for trade and exports from the Persian Gulf to return to normal. Once the Strait reopens, it is expected that ships loaded with oil will leave the Strait, relieving some near-term market tightness. When assurances of long-term safe transit out of the Strait are agreed, ships will begin to enter the Strait to load from onshore inventories that have been building up since the start of the conflict. Port and logistics constraints will likely determine the rate of release of these inventories.

Simultaneously, oil wells will likely begin to be reactivated, though the pace at which production returns is dependent on several factors. Oil well dynamics will play a role, with higher pressure oil wells coming back to production before lower pressure wells. Availability of labour (particularly foreign skilled labour) will also be constrained in the short-term. Finally, the availability of materials will also determine how quickly any damaged rigs or wells can be repaired to resume flow.

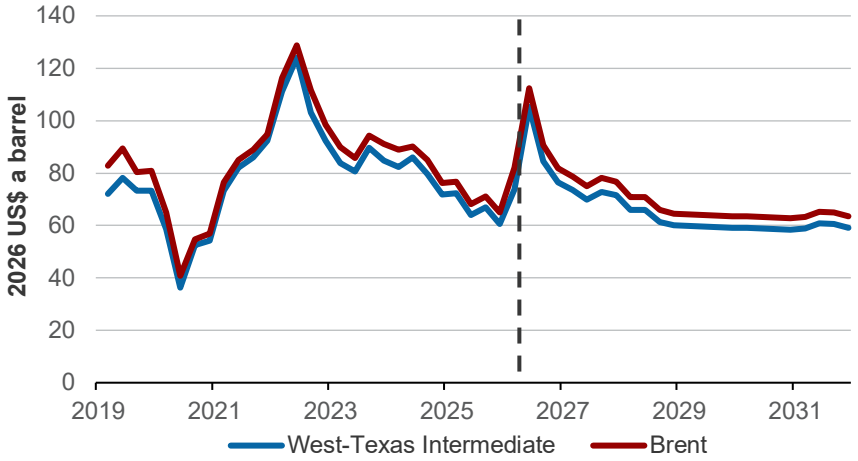
A full return of flows will likely take until the early part of 2027 assuming an end to the that shipping resumes around mid-year as per the base scenario.

7.4 Price

Prices rose sharply in H1 2026 as the Middle East conflict curtailed production and disrupted trade flows.

Price movements in the first half of 2026 were dominated by geopolitical tensions. In January 2026, North American output plunged by 1.2 mb/d as freezing conditions shuttered production, with price pressures then aggravated as tensions grew in the Middle East. Prices rose from US$60 a barrel at the start of the year to over US$70 a barrel towards the end of February 2026 (Figure 7.5).

Figure 7.5: Benchmark oil prices



Source: Bloomberg (2026), Department of Industry Science and Resources (2026)

On 28 February 2026, the US and Israel began military strikes against Iran. At the time of writing, trade via the Strait of Hormuz has largely ceased, and production from some Middle Eastern oilfields has been disrupted or shuttered for precautionary reasons. Prices have generally traded over US$100 a barrel range, with short term spikes over US$140 a barrel.

On 12 March 2026, the IEA announced a planned release of 400 million barrels of oil from government-held strategic reserves to compensate for the loss of supply. The release of these barrels from government inventories and the draw down of commercial inventories has resulted in modest downward pressure on prices.

Prices expected to remain elevated as inventories refill

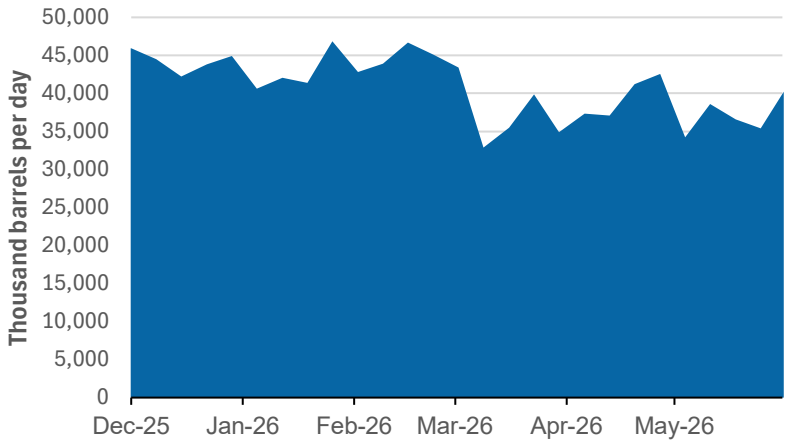
Overall, it is expected that Brent oil prices will peak in the June quarter 2026 and begin to fall once shipping via the Strait of Hormuz has resumed. In the long run, prices are expected to be elevated above previous expectations as countries look to refill and then possibly fill expanded strategic oil storage capacity.

The Middle East conflict has markedly reduced the quantity of crude oil being traded via sea (Figure 7.6), as the number of ships able to transit the Strait of Hormuz fell to a fraction of pre-conflict levels. Following the initial shock, some Middle East volumes have returned to the market. Saudi Arabia utilised its East-West pipeline to increase exports via the Red Sea to reach 6 mb/d, compared to total exports of 9mb/d pre conflict. The UAE has also been able to maintain some exports via the Hashban-Fujairah pipeline which connects to Gulf of Oman the port of Fujairah just outside the Strait of Hormuz.

There have also been increasing export volumes of oil outside the Middle East, though these were not driven by substantial increases in production; rather, they are the result of a drawdown of inventories (see Figure 7.6). A significant contributor to the additional export volumes is the US, whose exports have reached record levels (see Figure 7.7).

These increased exports are not primarily the result of increased production (which has only grown marginally) but reflect higher

Figure 7.6: Global crude oil export volumes

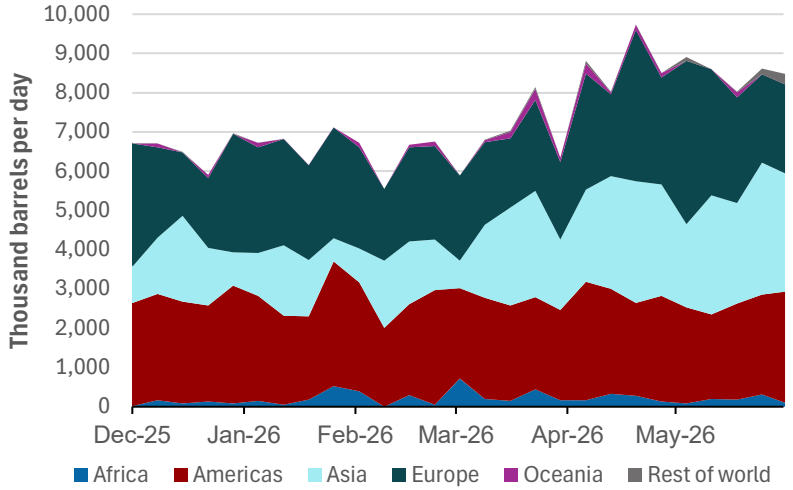


Source: Kpler 2026

US imports of Venezuelan crude oil into the Gulf of Mexico and drawdowns in inventories. US exports have particularly bolstered flows to Asia and Europe. Rising Venezuelan flows have also replaced some of the lost Middle East crude and condensate seaborne exports to other areas, especially to India. With its relative proximity to the Persian Gulf, India was hit by the disruption to shipping sooner than most economies.

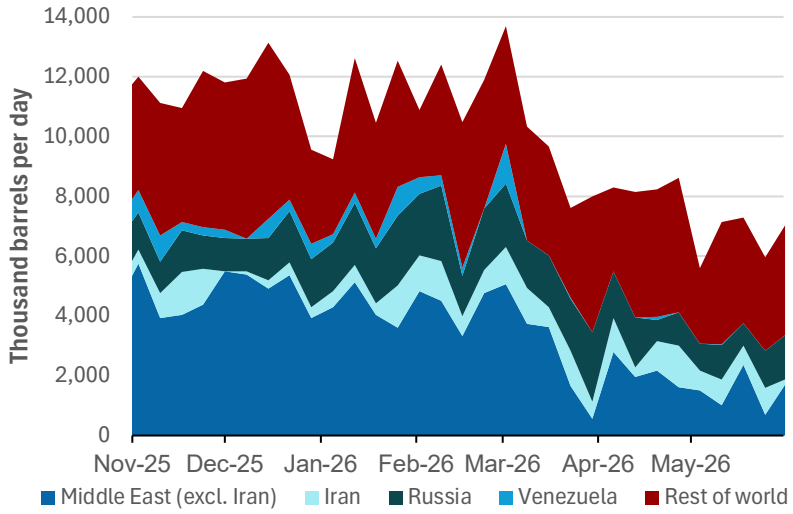
According to Kpler, China has reduced its crude and condensate imports by over a third to around 7mb/d since early February, which has effectively freed up barrels for purchase by other economies (see Figure 7.8). The drop in the imports is reflective of multiple factors, including both inventory draws and a reduction in refinery runs. The cutting of Chinese refinery runs will likely be extended till at least the end of June 2026 according to reporting by S&P. Some of the reduction in imports is the result of reduced crude oil imports from Venezuela.

Figure 7.7: US crude, condensate & clean product exports



Source Kpler (2026)

Figure 7.8: Chinese crude and condensate imports



Source: Kpler (2026)

7.5 Australia

Export volumes and values are set to fall as oil fields deplete

Australian crude and condensate export volumes are projected to fall at an average annual rate of 6.8% over the outlook period to 2031 (Figure 7.9) This fall reflects lower production volumes due to oilfield depletion, notably at the Northern Carnarvon Basin, where several mature fields are approaching end of life.

Higher prices due to the Middle East conflict are expected to support export values in the near term for 2025–26 and 2026–27. However, normalising prices, a stronger AUD/USD and falling volumes, are all expected to result in export values declining over the 5-year forecast period: from $10.4 billion in 2025–26 to $5 billion in 2030–31 (in real terms).

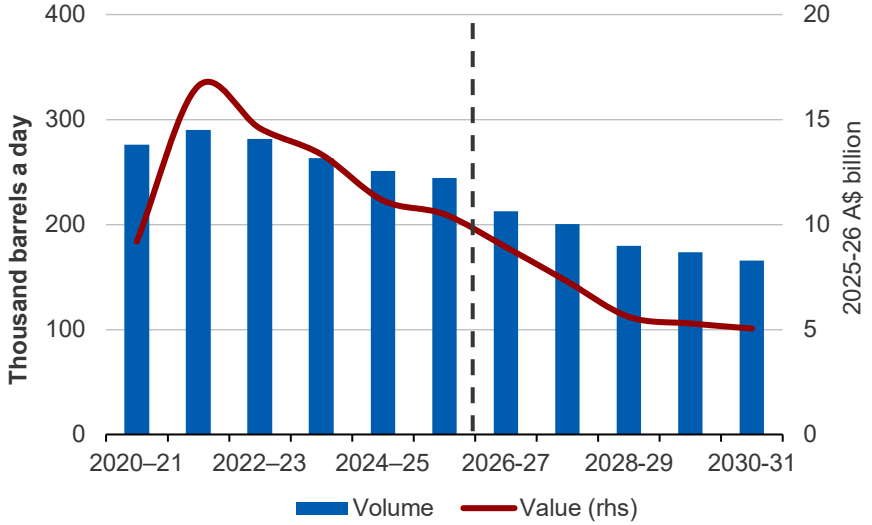
Exploration

Australia's petroleum exploration expenditure in the March quarter 2025 was $437. Offshore expenditure fell and onshore expenditure remained steady (Figure 7.10).

Revisions

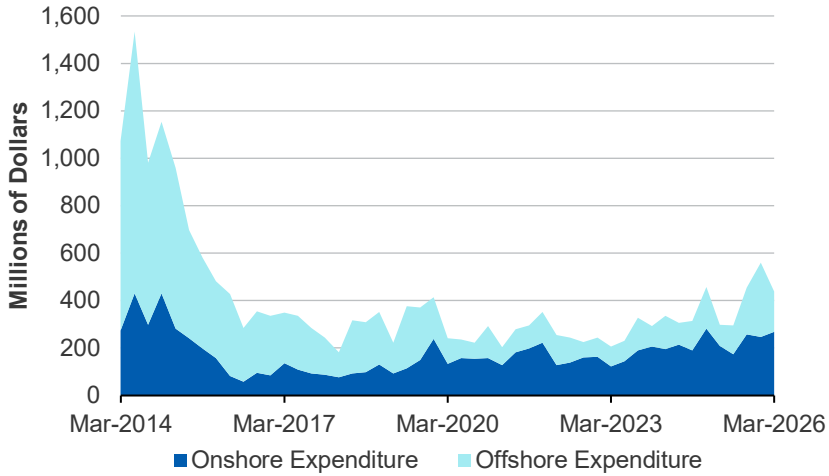
Since the December 2025 *Resources and Energy Quarterly*, the forecasts for Australia's crude and condensate export earnings have been revised up noticeably. Higher prices are estimated to raise 2025–26 earnings by $2.3 billion to $10.4 billion and are forecast to raise 2026–27 earnings by $2.5 billion to $9.9 billion. Since the March 2025 *Resources and Energy Quarterly,* Australia's crude and condensate export values in 2029–30 have been revised down by $0.7 billion (to $5.7 billion) in nominal terms, due to a downward revision in prices.

Figure 7.9: Australian Export volumes and values



Source: ABS (2026), Department of Industry Science and Resources (2026)

Figure 7.10: Exploration expenditure



Source: ABS (2026), Department of Industry Science and Resources (2026)

Table 7.1: Oil outlook

World	Unit	2025	2026[f]	2027[f]	2028[z]	2029[z]	2030[z]	2031[z]	CAGR[r]
Production	mb/d	106	102	108	108	108	108	108	0.2
Consumption	mb/d	104	104	105	106	106	106	106	0.3
WTI crude oil price									
– nominal	US$/bbl	65	82	73	66	63	64	67	0.4
– real[h]	US$/bbl	66	82	71	63	60	59	60	-1.6
Brent crude oil price									
– nominal	US$/bbl	69	88	78	71	68	69	71	0.6
– real[h]	US$/bbl	70	88	76	68	64	63	64	-1.5
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Crude oil and condensate									
Production	kb/d	263	235	222	209	188	177	170	-7.0
Export volume	kb/d	251	244	213	201	180	173	166	-6.7
– nominal value	A$m	10,765	10,366	8,889	7,718	6,085	5,888	5,759	-9.9
– real value[h]	A$m	11,150	10,366	8,598	7,282	5,601	5,288	5,046	-12.4
Imports	kb/d	169	189	207	207	207	207	207	3.4
LPG Production	kb/d	90	91	97	98	97	95	93	0.6

Notes: d Primary products sold as LPG; e Excludes LPG; **s** Estimate; **f** Forecast; r Average annual growth between 2025 and 2031 or 2024-25 and 2030-31; 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

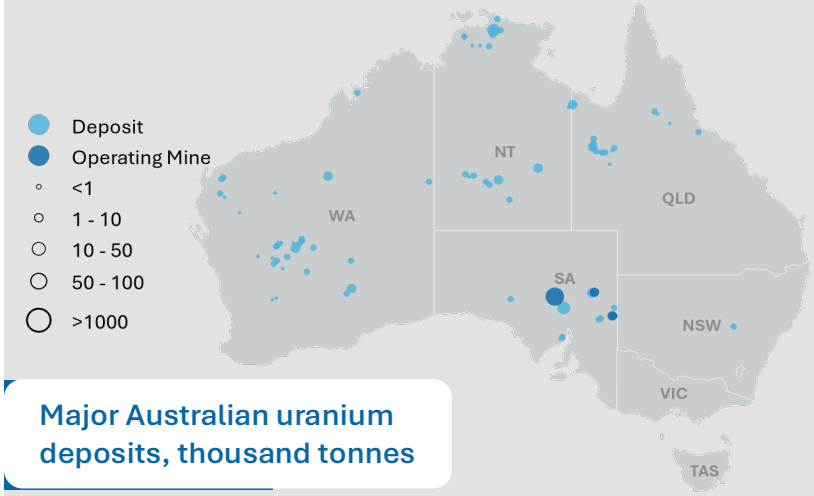
for uranium resources

4th largest

producer of uranium in the world

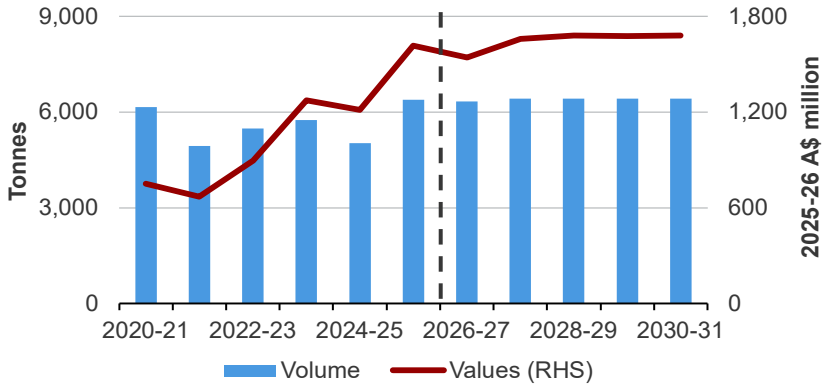
$1,618 million

value of exports 2025–26



Major Australian uranium deposits, thousand tonnes

Australian uranium exports



Outlook

- Global demand expected to grow as nuclear power rollout continues
- Higher prices and volumes expected from growing demand
- Australian Volumes to rise slightly as Honeymoon ramps up
- Rising prices fuelling higher exploration expenditure

Source: GA, DISR, OCE

8.1 Summary

- Uranium prices are expected to rise from US$85 a pound in H2 2026 to average US$95 a pound (in real terms) in 2031.
- The rollout of new nuclear reactors is projected to increase uranium consumption from 91Kt in 2025 to 105 Kt in 2031, driven by increased demand for low-carbon-emissions energy.
- Australian export values are projected to rise from $1.6 bn in 2025–26 to $1.8 bn (in real terms) in 2030–31.

8.2 World consumption

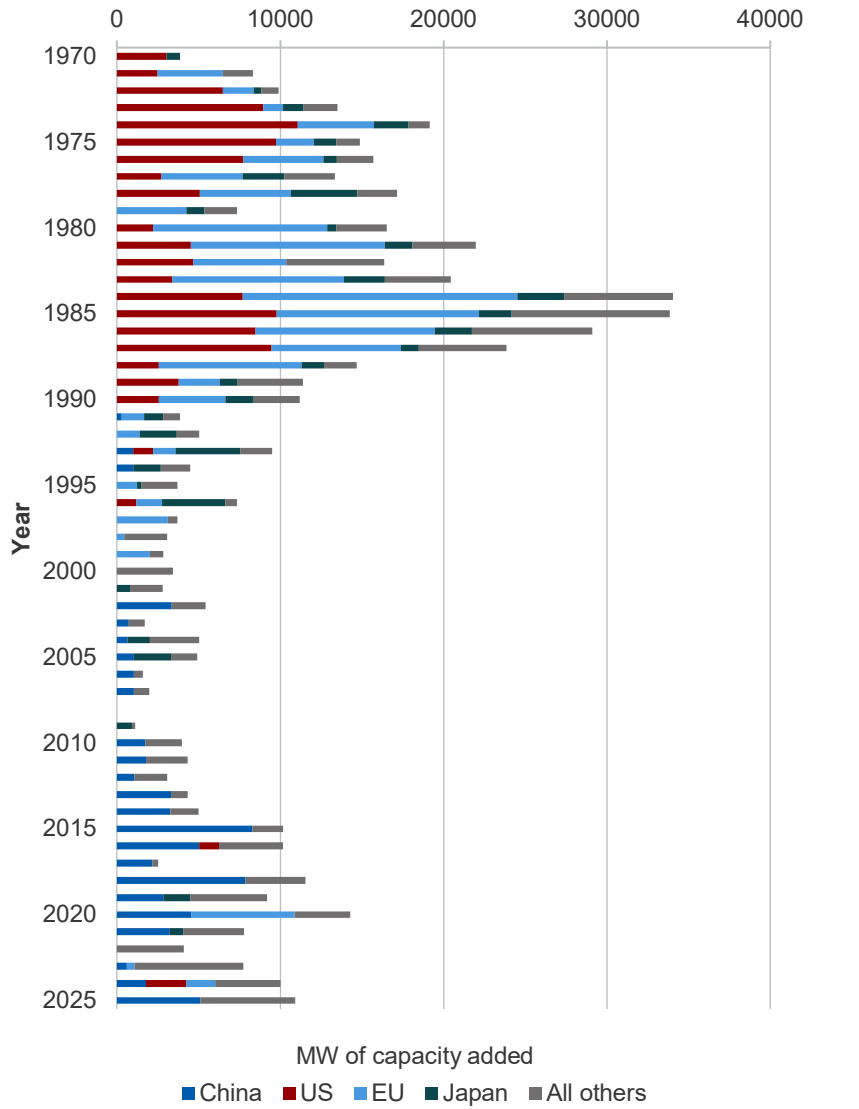
Global demand to grow as China and India invest in nuclear energy generation

Uranium is primarily used to generate electricity in nuclear reactors. Nuclear reactor builds have lifted over the last decade to meet the rising demand for low carbon emissions energy — especially for data centres (see Figure 8.1). Global uranium demand is forecast to rise from 91 kt in 2025 to 105 kt in 2031 (Figure 8.2). The rise in demand is due to the completion of new reactors which require more fuel as part of their initial fuel load.

China and India will dominate new reactor constructions over the outlook period. There are currently 37 reactors under construction in China. This includes Taipingling 1 — the first of 6 reactors in the Hualong one project — which achieved grid connection in the March quarter 2026.

A further 6 reactors are under construction in India. One of the 6 is part of a plan to roll out a total of 13 Indian-designed pressurised heavy water reactors, which are being built in 'fleet mode' to take advantage of a larger scale rollout.

Figure 8.1: Megawatts of nuclear energy generation capacity added



Source International Atomic Energy Agency (2026), World Nuclear Association (2026), Department of Industry Science and Resources (2026)

Several countries are developing nuclear power capability to support energy security and decarbonisation

In addition to the expansive rollout by nations with established nuclear power, several nations have their first reactors under construction. These include Turkey, Bangladesh and Egypt.

Bangladesh has two VVER-523 reactors under construction, with the first due for completion in 2026. Turkey has four VVER-1200 reactors under construction with the first due for completion in 2026. Egypt has a total of four VVER 1200 reactors under construction as part of the El Dabaa project, with the first reactor expected to be completed before 2030. The El Dabaa units will be the first reactors to be built in Africa in over 40 years and are part of Egypt's goal to hit 9% nuclear generation by 2030.

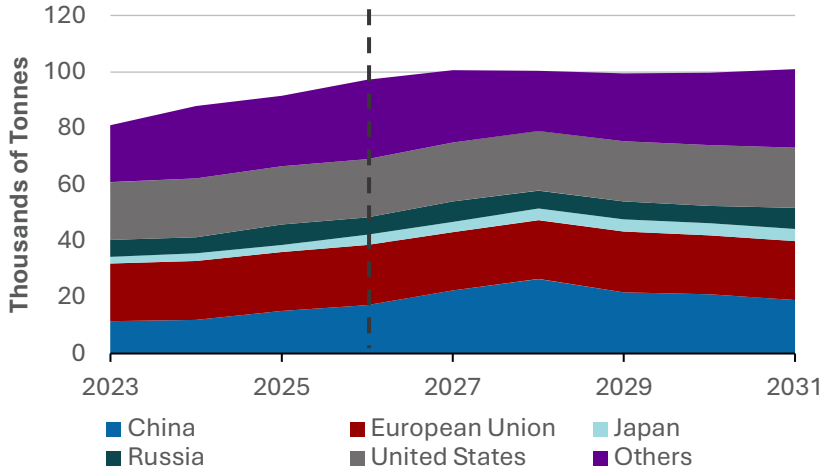
The Middle East trade disruptions have also spurred interest in nuclear power, as price and energy security issues become a priority. Increasingly, nuclear power is also seen as an effective way of achieving decarbonisation goals.

Small modular reactors (SMRs) and microreactors provide a potential pathway for rapid nuclear power rollout

Smaller reactors such as SMRs (100–500 MW in capacity) and Microreactors (5–100 MW) are expected to see rising utilisation. These are below the capacity of conventional reactors (which typically produce 600–1200 MW) but can be built faster and deployed in regions that don't need a full-scale reactor.

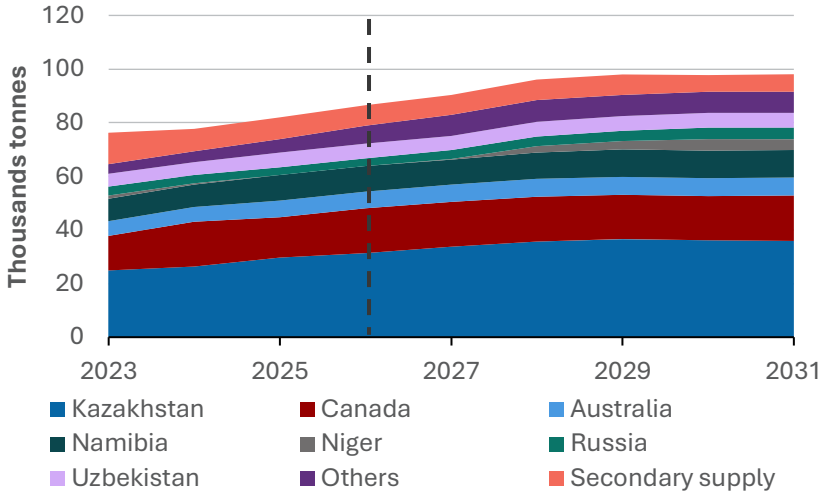
Interest in developing and deploying SMRs and Microreactors increased throughout 2025, with the US identifying 9 military sites for potential microreactor deployments as soon as 2028. In May 2026, the US made available a further US$98 million to companies for the development of SMRs in addition to the funds that have already been allocated for their development.

Figure 8.2: Uranium consumption



Source: World Nuclear Association (2026), International Atomic Energy Agency (2026) Department of Industry Science and Resources (2026)

Figure 8.3: Uranium production



Source: Ux Consulting (2026) Department of Industry Science and Resources (2026)

In February 2026, a final investment decision was achieved for a new SMR project in Romania. The project will develop 6 reactors with a collective output of 462 MWe. The project is expected to cost US$7–8 billion. Russia's Rosatom has completed work on the reactor unit for a floating nuclear power plant. The RITM-200c is a variant on design used in nuclear-powered icebreaker ships and is expected to provide power to the copper mining cluster in Chukotka Autonomous Okrug.

8.3 World production

Production is rising in North America and Africa in anticipation of future demand

Global uranium production is forecast to rise from 78 kt in 2025 to 98 kt in 2031, with secondary supplies and inventory drawdowns expected to make up the remaining deficit (see Figure 8.3). Uranium production from the newly restarted Kayelekera mine in Malawi is expected to rise as the project ramps up. Production is expected to reach full capacity of over 1kt U3O8 by 2028. In the US, the Burke Hollow mine is expected to begin producing in 2026, ramping up output to 0.6 kt per year by 2029. The Shirley Basin project has also begun production and is expected to ramp up to 0.3 Kt annually from 2029.

Producers are increasingly looking to tailings and spent piles

As demand growth outpaces mined supply, a global push is growing to examine the extraction of uranium from tailings and spent piles left behind after the extraction of other minerals. Rosatom has announced plans to extract uranium from the spent piles left over from gold extraction at its Severnoy deposit. In the US, Mandrake Resources has begun an investigation into potential recovery of uranium from mine waste in Utah. Thor Energy is also investigating extraction of uranium from mine waste at the Radium Mountain project in Colorado.

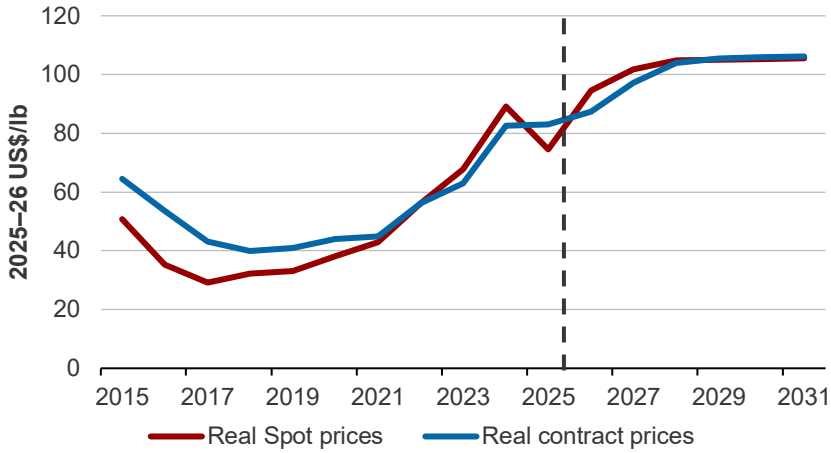
8.4 Prices

Prices are projected to rise as demand outpaces supply

Uranium spot prices rose steadily over the course of 2025, increasing from US$69 a pound in January 2025 to US$81 in December 2025. Contract prices in 2025 remained mostly steady between US$80–85 a pound. In H1 2026, spot prices spiked to US$94 as interest in nuclear power rose, especially in the US, though have since settled back to the mid US$80s. Contract prices remain elevated, hitting US$94 a pound.

Prices are projected to increase out to 2031 — in real terms — as demand exceeds supply and stocks draw down (Figure 8.4). Contract prices are also projected to increase and eventually overtake spot prices in 2028.

Figure 8.4: Uranium price



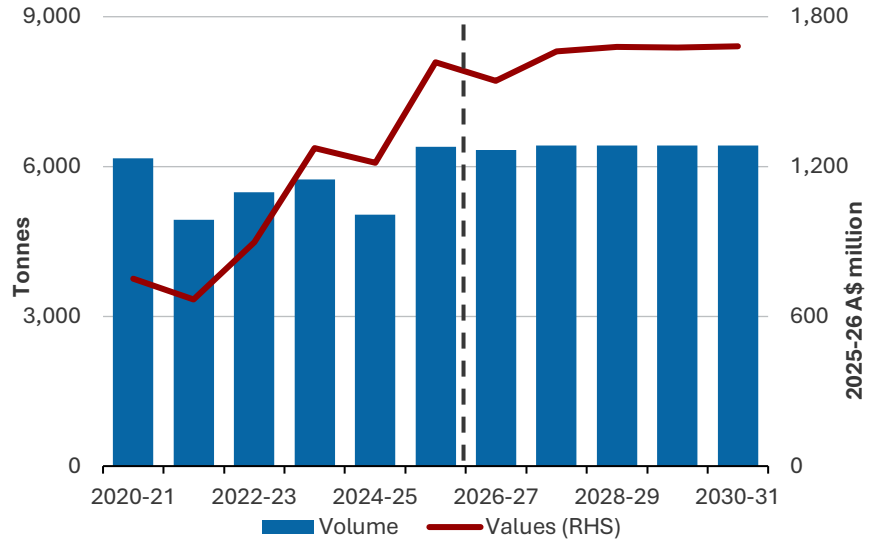
Source: Cameco Corporation (2026), Department of Industry Science and Resources (2026)

8.5 Australia

Export volumes are projected to remain steady

Australian export volumes are expected to reach 6.4 kt by 2027–28 before steadying through the rest of the outlook period (see Figure 8.5). The increase in export volumes reflects the ramp up of the Honeymoon mine in South Australia. Export values are expected to be steady around $1.7 billion (in real terms) through the outlook period.

Figure 8.5: Australian export values and volumes

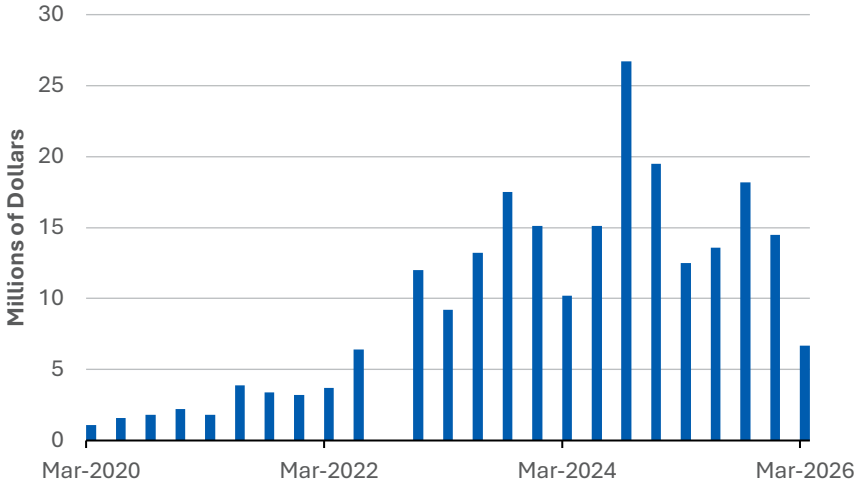


Source: Department of Industry Science and Resources (2026)

Uranium exploration remains strong on higher prices

Uranium exploration expenditure in the March quarter 2026 fell to $6.7 million in line with seasonal trends and remains higher than pre-2021 levels (see figure 8.6).

Figure 8.6: Australian exploration expenditure



Source: ABS (2026) Department of Industry Science and Resources (2026)

Revisions to the outlook

Since the December 2025 *Resources and Energy Quarterly*, export values in 2026–27 have been revised down by $130 million. Since the March 2025 *Resources and Energy Quarterly*, export values in 2029–30 have been revised down $110 million.

Table 8.1: Uranium outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Production	**kt**	**78.3**	**80.6**	**85.9**	**92.4**	**96.8**	**98.3**	**98.2**	**3.8**
Kazakhstan	kt	30.3	33.2	34.2	35.5	36.2	36.0	36.0	2.9
Canada	kt	15.8	14.2	16.6	18.2	20.5	20.5	20.6	4.5
Namibia	kt	9.7	10.1	10.4	11.0	11.7	11.8	11.8	3.2
Uzbekistan	kt	8.3	7.3	7.3	7.3	7.3	7.3	7.3	– 2.1
Russia	kt	3.1	3.0	3.2	3.7	3.8	4.4	4.4	6.1
Niger	kt	0.0	0.0	0.3	2.5	3.2	4.2	4.1	NA
Consumption	**kt**	**91.5**	**97.1**	**100.5**	**101.2**	**102.7**	**102.6**	**104.8**	**1.7**
China	kt	15.2	17.2	22.4	26.4	23.8	23.1	22.1	2.3
European Union 28	kt	20.8	21.3	20.6	20.9	21.6	20.9	20.9	6.5
Japan	kt	2.7	3.7	3.7	4.2	4.2	4.2	4.2	0.1
Russia	kt	7.1	6.1	7.3	6.3	6.3	6.3	7.5	7.7
United States	kt	20.8	20.8	20.8	22.1	22.8	22.4	22.4	1.0
Price									
– nominal	US$/lb	73.5	94.6	104.1	109.5	112.2	114.9	117.7	8.2
– real a	US$/lb	74.8	94.6	101.9	104.9	105.2	105.4	105.7	5.9
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Production	t	5,750	6,190	6,327	6,419	6,419	6,419	6,419	1.9
Export volume	t	5,034	6,471	6,327	6,419	6,419	6,419	6,419	4.1
– nominal value	A$m	1,174	1,640	1,595	1,760	1,824	1,867	1,919	8.5
– real value b	A$m	1,215	1,640	1,543	1,660	1,679	1,676	1,682	5.6
Average price	A$/kg	233.1	253.5	252.1	274.1	284.2	290.8	299.0	4.2
– real b	A$/kg	241.5	253.5	243.9	258.6	261.6	261.1	262.0	1.4

Notes: **a** In 2026 US dollars; **b** in 2025–26 Australian dollars; **s** estimate; **f** forecast; **r** compound average growth rate; **z** projection.

Source: Department of Industry, Science and Resources (2026); Cameco Corporation (2026); Ux Consulting Uranium Market Outlook (2026)

Gold

Australia's gold sector

3rd largest

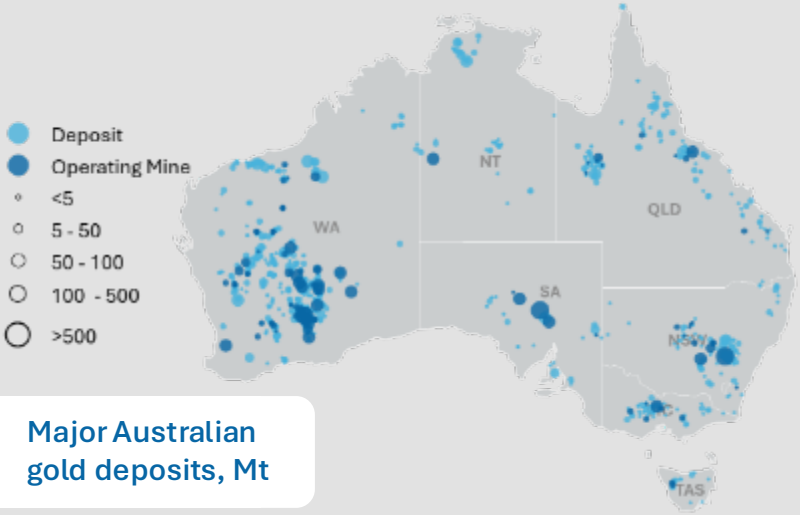
producer of gold in the world in 2024

20% of global gold

resources, the largest known

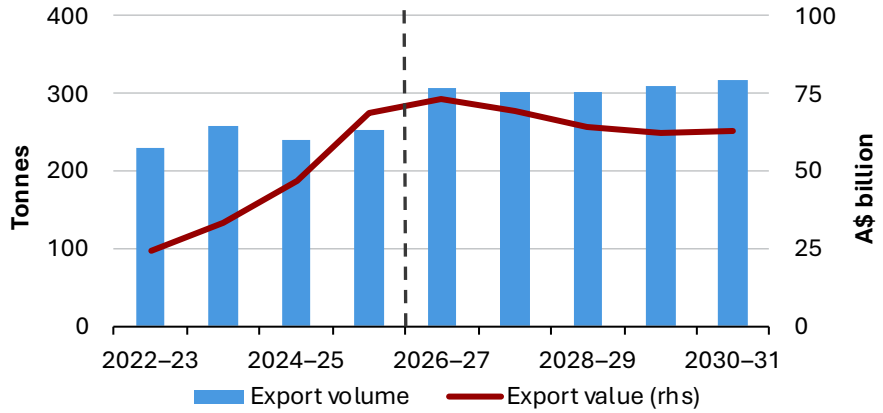
239 tonnes

exported in 2024–25, valued at $47 billion



Major Australian gold deposits, Mt

Australian gold exports



Outlook

- Prices to remain high over the outlook with a peak in 2027
- Export earnings to peak in 2026–27
- Production will flatten out over the outlook period
- Exploration spending remains high

Source: Geoscience Australia, Department of Industry Science and Resources, Office of the Chief Economist

Gold trade map

Source: UN ITC; ABS
Note: Global trade data reflects trade in HS code 7108. This includes ETF and investment flows.

9.1 Summary

- After reaching a record high in 2025, gold demand is expected to fall in 2026, as investors take profits and higher US dollar bond yields and a stronger US dollar reduce gold's attractiveness. Demand will then stay reasonably steady over the outlook.
- The gold price hit a new record of US$5,405 an ounce in late January 2026, before correcting to about US$4,500 an ounce in March. Prices are forecast to remain high in 2026 and 2027 before falling slowly to around US$4,000 an ounce in 2031.
- Global mine supply will grow modestly by 2% to a new all-time high of 3,906 tonnes in 2026, mine production will peak in 2028 then drop to around 4,000 tonnes per year as higher grades are exhausted and mines reach the end of their life.
- From $68 billion in 2025–26, high prices and rising export volumes are forecast to push gold export earnings to $73 billion in 2026–27 before dropping to around $55 billion by the end of the outlook period (in real terms).

9.2 World demand

Global demand reached a record high in 2025 and is expected to remain strong over the outlook period

Global demand for gold exceeded 5,000 tonnes in 2025 for the first time on record, up 8% from 2024. This was driven by a surge in investment demand which was up 83% from 2024.

Global gold demand decreased by 9% year-on-year to 1,196 tonnes in the March quarter 2026. This was caused by a 5% drop in investment demand and a 23% drop in jewellery fabrication (net of consumption and changes in inventory). Partially offsetting the drops was a 3% increase in central bank demand and a small rise in technology demand.

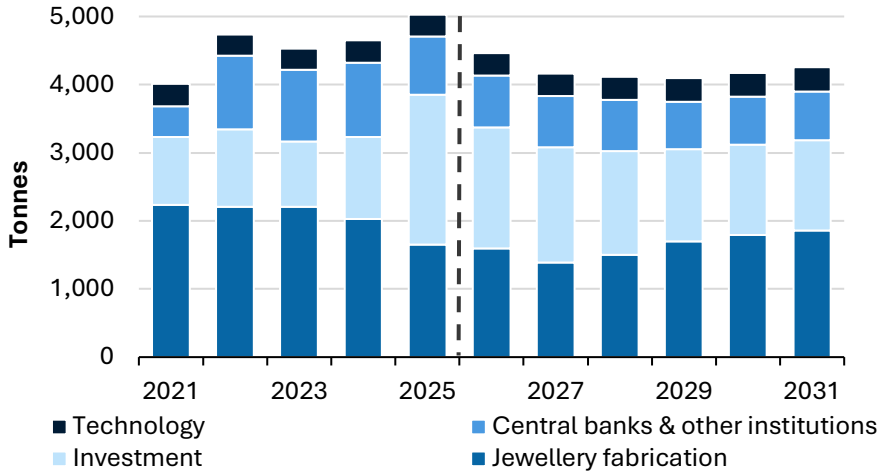
Gold outflows from exchange-traded-funds (ETFs) — particularly in North America — continued in May, reversing the 2025 trend of movement away from US dollar-denominated assets (including bonds) into gold. The shift towards US dollar-denominated assets has strengthened the US dollar, making gold more expensive (in foreign currency terms) and thus reduced demand. Market expectations of higher US inflation — due to the impact of tariffs and gains in energy costs — have raised bond yields, raising the opportunity cost of holding gold.

The economic and geopolitical factors underpinning high gold demand are expected to continue throughout H2 2026. Shifts in US policy covering trade and foreign affairs are yet to settle and there are ongoing market concerns regarding the sustainability of debt levels among major countries. After 2027, an improved economic and geopolitical climate may see some decline in safe-haven demand for gold.

High gold prices are expected to cause some demand destruction in 2026. Global gold demand will stage a gradual partial recovery over the rest of the outlook period as buyers adjust to higher prices. The recovery will be driven by higher jewellery and industrial demand, with total demand hitting around 4,200 tonnes by 2031 (Figure 9.1).

Industrial demand growth will come from AI-centric infrastructure which requires gold components for processing capabilities. Weak consumer demand (stemming from low consumer confidence in China) and thrifting — due to high gold prices — will lower other parts of industrial demand (in computers and smartphones).

Figure 9.1: Global gold demand



Sources: Department of Industry, Science and Resources (2026); Metals Focus (2026); World Gold Council (2026).

Central banks continue to seek diversification of reserves while investor demand remains strong

According to a report by the European Central Bank (June 2026), the share of gold held by central banks is now 27% of assets, which exceeds US Treasuries (22%). This reflects the significant buildup by central banks over the last few years, but also valuation effects. In nominal terms, the gold price surged by around 30% in 2024 and a further 60% in 2025, increasing the value of gold held by central banks relative to other assets.

Many central banks continue to buy gold as a haven to buffer portfolios from elevated levels of uncertainty driven by increased global conflict and concerns over higher long-term inflation. However, collective central bank purchases will continue to slow as some banks meet gold holdings targets and some react to record high prices. Central bank purchases will ease from roughly 1,100 tonnes at the peak in 2024 to around 700 tonnes per year from 2028. Annual central bank demand is still high compared to pre-2022 average of around 400-500 tonnes a year.

Investment demand reached an all-time high of 602 tonnes in the December 2025 quarter with a drop to 536 tonnes in the March 2026 quarter. The drop in investment demand was driven by reduced flows into ETFs, partially offset by increased demand for bar and coins. Investment demand is high in historical terms, with March quarter 2026 demand roughly 200 tonnes higher than the average 10-year quarterly average.

Strong demand for gold ETFs was observed in 2025 and early 2026. Total ETF holdings reached a record high of 5,019 tonnes in February 2026, dropping back down to 4,176 tonnes in May. The increase in ETF use can be seen between 2024 and 2025 when inflows to ETFs increased from $4 billion to $89 billion. ETF demand was driven by investors seeking alternative assets after a sharp depreciation in the US dollar following the imposition of US tariffs in April 2025. The boost in ETF demand came on top of already strong gold demand due to concerns about the inflationary and fiscal outlook for the US economy. The US dollar weakness has since reversed with an appreciation in the US dollar since March 2026, generating outflows from ETFs into US Treasuries, particularly in the North American region.

Indian and Chinese demand expected to fall on softer consumer sentiment, high prices and India duties

In 2025, global jewellery demand fell by 18%, with demand across all countries and regions affected. With consistently high gold prices and poor consumer sentiment (due to conflict in the

Middle East), 2026 demand is expected to remain subdued. Global jewellery inventories fell by 31% year-on-year in 2025, with lower fabrication driven by lower consumer demand (due to high prices). Record high gold prices have driven shifts in consumer demand towards weight reduction in jewellery products. Notwithstanding this shift, the value of jewellery consumption still rose by 18% in 2025 to US$170 billion — a record high.

Indian jewellery consumption is expected to rise modestly in 2026, as rising incomes outweigh the impacts of higher prices. Offsetting income effects, Indian gold imports will be hurt by the Indian Government lifting import duties on gold (bullion and doré) with bullion taxed at 15% and doré at 14.35% from 13 May 2026.

In 2025, over-the-counter investment demand in China exceeded jewellery demand for the first time ever. China's gold jewellery consumption is forecast to decline in 2026, due to continued high prices and a move from jewellery to gold bars for quasi-investment. As prices ease, demand is expected to recover over the outlook period to 2029. Chinese demand is then projected to stabilise as prices steady towards the end of the outlook period. Consumer gold demand over the outlook period will be boosted by improvements in consumer sentiment and household consumption — areas of focus for the Chinese government.

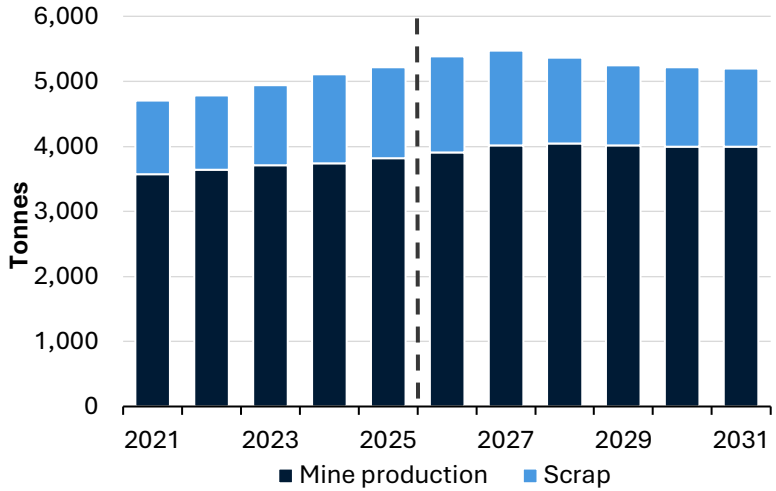
9.3 World supply

World supply will grow 2026 and 2027 before falling over rest of the outlook period

World gold supply is forecast to rise by 5% year-on-year in 2026 to reach 5,383 tonnes, largely driven by higher mine output. New mines are coming online, and high prices throughout 2024 and 2025 appear to have driven brownfield expansions. Global production has not seen a huge pick-up since prices have increased with world supply dropping by 2% in the March quarter 2026 year-on-year. This is likely due to the time it takes for new mines and expansions to come online.

All regions will see expansions and new mines. Mine supply will peak at 4,012 tonnes in 2027 and then drift down to 3,800 tonnes in 2031.The strongest growth in mine production is expected to be from Africa, supported by production in Mali and Ghana. Two recent restarts of major significance are the resumption of Loulo-Gounkoto (following the resolution of Barrick's dispute with the Mali government) and Grasberg mine in Indonesia. These will combined boost global output by more than 80 tonnes a year. In North America, around 40 tonnes of higher gold output at Canadian operations will be primarily driven by increases at large operations, including IAMGOLD's Côté Aginco Eagle's Macassa, Artemis Gold's Blackwater and B2Gold's Goose. Oceania will experience limited output growth as production stabilises, with fewer project developments set to come on stream in the short term.

Figure 9.2: Global gold supply



Sources: World Gold Council (2026), Metals Focus (2026), Department of Industry, Science and Resources (2026)

World supply is forecast to peak in 2027 at about 5,400 tonnes, after which supply is projected to ease to around 5,200 tonnes per year by the end of the outlook period (Figure 9.2).

New projects or expansions will need to come online by 2028 to maintain global mine supply, as mining resources deplete. Globally, companies are looking at brownfield operations to take advantage of current high prices and focusing investment decisions on late-stage projects.

Ore grades are forecast to fall gradually over the outlook period to about 0.79 g/t by 2030, from 0.85 g/t in 2025 and 1.01 g/t in 2010. High prices encourage lower grade projects which reduce average ore grades, which is offset by higher-grade output from new and existing mines in the short-term.

Global scrap recycling rose by 3% in 2025, with strong growth across major markets such as China, India, Europe and North America. Scrap recycling in China lifted 5%, with strong prices adding to destocking by jewellery retailers and new value-added taxes (of effectively 7%) on jewellery. Over the outlook period, scrap supply is forecast to rise to a 14-year high of 1,476 tonnes in 2026 and then drop gradually as prices decline from 2027.

9.4 Prices

High demand has tested the depth of gold markets and led to numerous price records

Gold prices rose sharply in early 2026, briefly going above US$5,400 an ounce on strong investment demand and speculative flows. After a record peak in late January 2026, gold prices found support in the US$5,000–5,200 an ounce region. Prices averaged US$4,875 an ounce in the March quarter 2026. Gold prices are estimated to pull back to about US$4,600 an ounce in the June quarter 2026, still up 40% year-on-year.

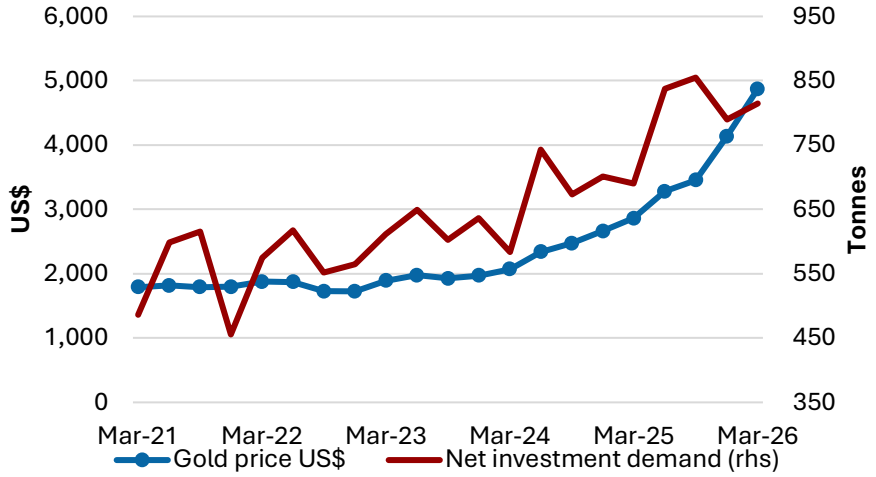
Hostilities in the Middle East have dominated investor focus this quarter, easing gold prices to around US$4,500 an ounce. The drop in price appears to have been related to a sell-off for three reasons. First, the spike in oil and gas prices associated with the blockade of the Strait of Hormuz raised fears of a surge in inflation, sending bond yields higher. This raised the opportunity cost of holding gold, causing some gold selling in favour of bonds. Second, some investors appear to need to cover losses on other assets following the outbreak of hostilities and their impacts on equity markets. Thirdly, some central bank selling activity has been observed.

Central bank selling of gold dampened prices in May and June 2026 and may be a factor in dampening prices over the short term. One of the functions of gold as an asset on central bank balance sheets is to be sold or loaned out during periods of economic distress. Selling gold can defend currency value or manage the soaring energy costs seen since the start of hostilities in the Middle East. Data suggests that countries including India and Türkiye have begun drawing down gold since the breakout of hostilities in the Middle East.

The rise in investment demand for gold — ETFs, bars and coins, over-the-counter (OTC) purchases and central bank buying — has tracked the surge in the gold price over recent quarters (Figure 9.3). Gold price moves were correlated with the change in average daily trading volumes: a 52% lift in trading volumes month-on-month in January coincided with record high prices, but a 24% month-on-month decline in daily gold trading volume in April 2026 coincided with a pullback in gold prices.

Comparing trading volumes to the total global gold reserves valued by the World Gold Council at around US$31 trillion — of which not all is readily available to help boost market depth and liquidity — shows how shifts of funds in and out of the much larger US bond and equities markets into the smaller gold market has influenced the gold price.

Figure 9.3: Quarterly investment demand and price

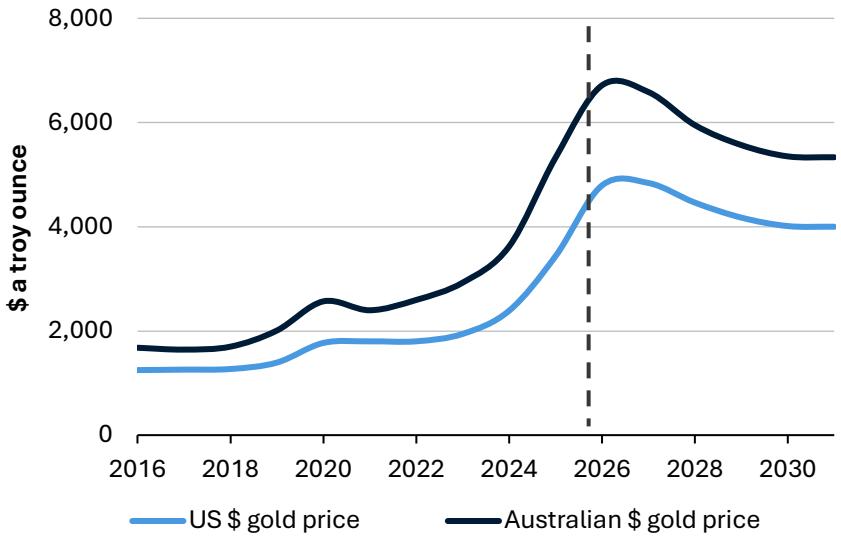


Note: 'Net investment demand' includes demand from ETFs, bars and coins, over-the-counter purchases and central bank buying.
Sources: Department of Industry, Science and Resources (2026), World Gold Council (2026)

Gold price will stay relatively high in the outlook period

It is expected that gold prices will rise in H2 2026 before peaking in 2027 then stabilising in trend terms. The forecast is based on strong underlying drivers for gold demand, with geopolitical and trade policy uncertainty persisting and the long-term concerns about inflation and the US economy (Figure 9.4). After 2028 prices will stabilise as inflation in the US stabilises and world growth recovers, leading to less demand for gold as a safe haven.

Figure 9.4: Average yearly gold price



Sources: Department of Industry, Science and Resources (2026)

9.5 Australia's trade, production and exploration

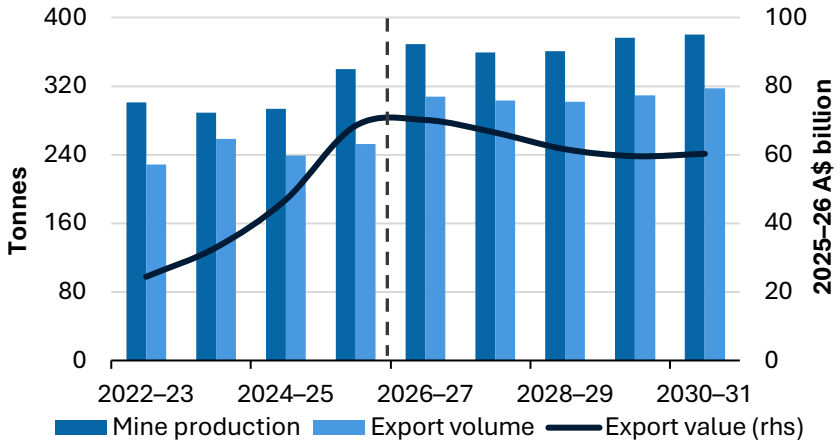
Large existing gold mining operations faced operational difficulties in 2025 but look to boost production in 2026

Australian production in the March quarter 2025 came in slightly below expectations, with Northern Star facing significant downgrades since 2025 and still unable to meet production guidance in the quarter amongst ongoing operational issues. Newmont also faced challenges at Boddington and Tanami with positive upside at Cadia. Australian gold output in 2025 was 322 tonnes, a rise of 12%. Most of the mines which missed output targets were affected by unforeseen circumstances as opposed to deliberate "low-grading". Given the current high prices, miners are aiming to maximise production by high-grading and operating at full capacity.

Australian gold production to rise with new mines and expansions of existing mines

Australian mine production is expected increase over the next two years, rising from 340 tonnes in 2025–26 to 359 tonnes in 2027–28 (Figure 9.5).

Figure 9.5: Australian gold exports and mine production



Source: Department of Industry, Sciences and Resources (2026), Metals Focus (2026), World Gold Council (2026)

This increased production will be largely driven by Northern Star's 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. Due to high prices, significant lower-grade deposits have been unlocked for extraction. New mines such as Murchison, Challenger and Blackjack have commenced operations, adding about 6 tonnes a year to Australian production from December 2025. Genesis Minerals' Gwalia mine ramped up to full production (at around 2 tonnes per annum) in the September quarter 2025.

Further out the outlook period, output will grow slowly as some new mines and expansions come online to counter falling grades and the exhaustion of reserves at existing mines.

Additional expansions will also come online gradually over the next few years.

- Evolution Mining's Cowal mine has been approved for a significant mine life extension, adding 62 tonnes of gold over the next 12 years.
- Regis Resources has flagged that its Tropicana mine (joint venture with AngloAshanti Gold) is progressing the development of a third underground mine at Havana.
- Regis Resources has also announced mine life extensions for its Duketon North Operations (to 2031) with the development of Rosemont (Stage 3), Garden Well Main and the Buckingham-Wellington open pit.
- Ora Banda is progressing advanced engineering studies to expand its Davyhurst processing hub from 1.2Mtpa to 3Mtpa, which would increase gold output.

Gold exploration slightly down from record highs

After a surge in gold exploration in 2025 due to record prices, growth in gold exploration spending has slowed to 12% year-on-year to the March quarter to $451 million (Figure 9.6). Gold's share of total mineral exploration in Australia was slightly lower than the December quarter 2025 at 37%, reflecting stable total mineral exploration alongside a fall in gold exploration.

Figure 9.6: Quarterly old exploration and price

Source: ABS (2026), Department of Industry, Science and Resources (2026)

Copper and antimony miners leverage high gold prices

Current high gold prices are benefitting miners that produce primary or secondary products that are co-located with gold, such as copper and antimony.

The surge in gold prices throughout 2025 translated to a larger share of gold in the revenues of co-product projects.

For proponents of gold-antimony and copper-gold projects under development, the gold price surge is offering benefits through rising equity valuations (supportive of capital raising) and enhanced financial viability for new projects. For larger and existing producers, the surge in gold prices is lifting operational flexibility (such as processing lower-grade feedstock), funding expansion activities or brownfield exploration.

The surge in gold prices is also supporting profit margins for copper smelters during a period of extremely low treatment and refining charges (see Copper).

Gold exports remaining strong on higher price/volumes

Export earnings are estimated to be $68 billion in 2025–26, up by 46% from 2024–25. Export earnings are forecast to grow by another 7% to 2026–27 to $73 billion before falling away to $55 billion (in real terms) in 2030–31. The driver of the rise to 2026–27 is sharply higher gold prices. Gold prices will drift down after 2027, with Australian production stabilising at high levels of 350-400 tonnes.

Revisions to the outlook

Gold exports are now forecast at $68 billion in 2025–26, down $1 billion from the December REQ forecast. Gold exports in 2026–27 are forecast at $73 billion, down $1 billion from the December 2025 REQ. The main driver of downwards revisions to export values in 2025–26 and 2026–27 has been the moderation in US dollar gold price in the first half of 2026. Compared to the March 2025 REQ, the forecast for gold exports (in real terms) for 2029–30 has increased by $27 billion, reflecting the increase in gold prices since the March 2025 5-year outlook.

Table 9.1: Gold Outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Total demand	tonnes	5,025	4,124	4,200	4,136	4,100	4,176	4,200	-2.9
Fabrication consumption [b]	tonnes	1,971	1,590	1,758	1,858	2,048	2,152	2,160	1.5
Mine production	tonnes	3,815	3,906	4,012	4,040	4,012	4,000	4,000	0.8
Price [c]									
– nominal	US$/oz	3,435	4,792	4,839	4,463	4,175	4,013	4,000	2.6
– real [d]	US$/oz	3,492	4,839	4,738	4,276	3,915	3,682	3,592	0.5
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Mine production	tonnes	293	340	369	359	361	377	377	4.3
Exports									
– volume	tonnes	239	252	307	303	302	309	318	4.8
– nominal value	A$m	46,895	68,416	73,098	69,447	64,359	62,240	62,972	5.0
– real value [e]	A$m	48,569	68,416	70,708	65,523	59,241	55,893	55,171	2.1
Price									
– nominal	A$/oz	4,368	6,274	6,684	6,293	5,733	5,417	5,333	3.4
– real [e]	A$/oz	4,524	6,367	7,093	6,607	5,369	5,119	5,338	2.8

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; **s** estimate**; r** compound annual growth rate; **z** Projection.

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

11%

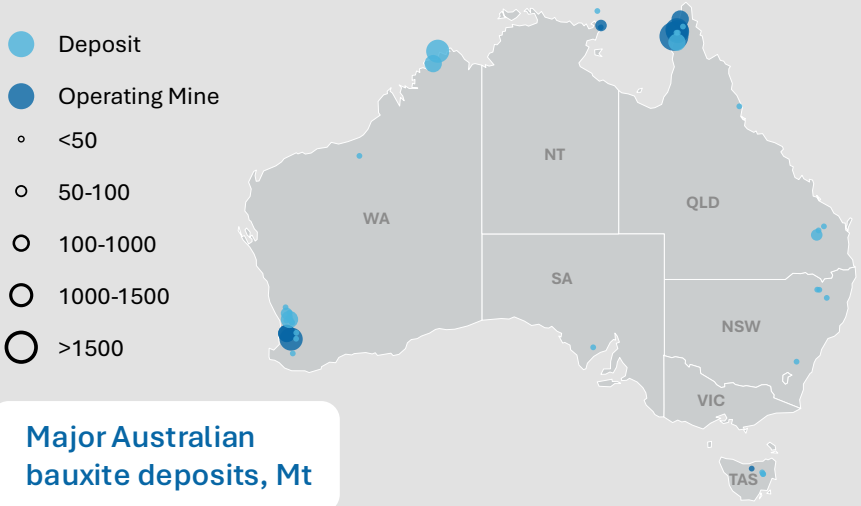
of global primary aluminium exports are Australian

$23 billion

of AAB exported in 2024–25

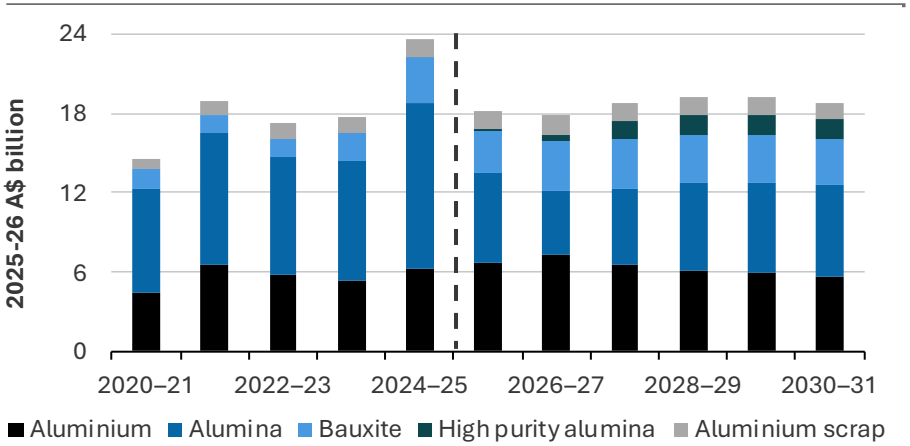
92%

of Australian bauxite exported to China



Major Australian bauxite deposits, Mt

Australian AAB exports

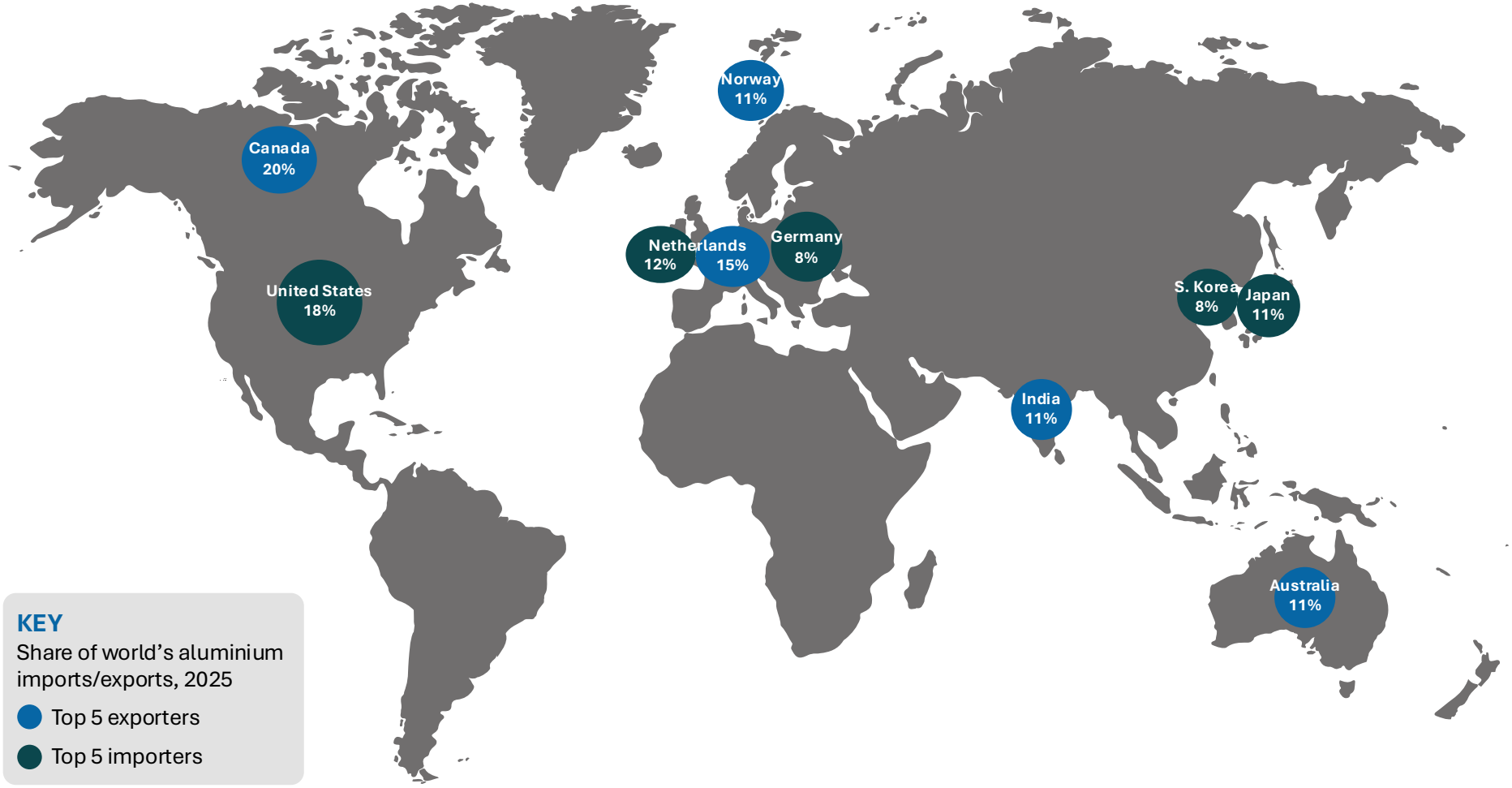


Outlook

- Aluminium prices expected to remain elevated
- AAB export earnings to be steady at $19 billion a year in real terms
- Australian primary aluminium export to be over $7 billion in 2026–27
- Alumina prices expected to be sluggish in 2026

Source: Geoscience Australia, Department of Industry Science and Resources

Aluminium trade map



Source: WBMS; ABS

10.1 Summary

- Tight aluminium supply is forecast to keep the aluminium price high at US$3,425 a tonne in H2 2026. Further out, the price will be supported by higher world demand driven by the global energy transition. The aluminium price is projected to average US$2,900 a tonne in real terms in 2028-2031.
- Disruptions to aluminium smelters in the Middle East (ME) have curbed the demand for alumina and caused the price of alumina to soften. After 2026, output cuts in China and Australia's Yarwun refinery are set to tighten supply and support the alumina price. The Platts FOB alumina price is projected to be over US$360 a tonne in real terms over the outlook period.
- Australia's AAB export earnings are projected to be steady at $19 billion in real terms over the outlook period, as elevated aluminium prices and export values offset sluggish alumina prices and export values. Australia's primary aluminium output is likely to steady at 1.7 Mt per annum over the outlook period.

10.2 The Middle East conflict

The Middle East conflict has significantly affected the global aluminium industry. The Middle Eastern nations that produce aluminium are Bahrain, Oman, Qatar, Saudi Arabia, the United Arab Emirates (UAE) and Iran. Together, they account for 9.4% of global primary aluminium output, 21% of global alumina imports, and 3% of global alumina output. The conflict reduced the region's ability to import bauxite and alumina, and export alumina and aluminium, with global effects on demand, supply and pricing.

To assess the impacts of the Middle East conflict on aluminium and alumina prices and Australia's AAB exports, two scenarios are constructed. Under the central scenario, around 2.5 Mt of curtailed primary aluminium capacity (or 36% of the Middle East smelting capacity) is assumed to be offline for 12 months, as damage is repaired and potlines are gradually restarted. Under a downside scenario, 80% of the Middle Eastern aluminium smelting capacity is assumed to be offline until July 2027 (see Overview Chapter, Box 1.1 for the downside scenario results).

Supply and demand impacts

The Middle East region has a structural mismatch: large aluminium smelting capacity to take advantage of local energy supplies but high reliance on alumina and bauxite imports — which leaves its aluminium production heavily exposed to trade disruptions. Local aluminium smelters consumed 13.4 Mt of alumina (or 9.3% of global usage) in 2025. 4.4 Mt of alumina were sourced from local refineries (2.2 Mt from imported bauxite), and 9 Mt of alumina were imported from outside.

The Middle East conflict has caused considerable damage to smelting facilities in the region. It is estimated that around 2.5 Mt of primary aluminium have been curtailed. EGA's 1.6 Mt a year Al Taweelah aluminium smelter in the UAE was damaged by a missile strike in March 2026 and is highly likely to stay offline for a year. The 1.6 Mt a year Alba aluminium smelter in Bahrain initiated a controlled shutdown of 19% (equivalent of 308,000 tonnes) of its annual capacity in March 2026. The 650,000 tonnes a year Qatalum aluminium smelter in Qatar has idled 40% (or 256,000 tonnes) of its capacity, due to gas supply constraints. In Iran, multiple aluminium smelters — with a combined capacity of 780,000 tonnes a year — are operating at 50% of their combined annual capacity.

Alba Aluminium's March quarter 2026 primary aluminium production was down by 14% year-on-year to 339,734 tonnes. During the Middle East conflict, Alba used multiple ports and various transport routes in the region to maintain imports of alumina and exports of primary aluminium. Around 60% of its aluminium was exported through the Saudi port of Jeddah.

Offsetting the fall in Middle Eastern primary aluminium production has been higher Chinese production. Primary aluminium production in China in April 2026 rose to 3.9 Mt, up by 3.1% year-on-year and 0.5% month-on-month.

Global automotive and aerospace manufacturers are accelerating aluminium stockpiling since they face potential production cuts if disruptions persist to Middle Eastern production. Some automakers are considering importing aluminium from Russia.

Japan's primary aluminium imports increased by 6.6% year-on-year or 16% month-on-month in March 2026 to 89,497 tonnes. Aluminium premiums in Japan, the US and Europe are at elevated levels. Japanese aluminium buyers agreed to pay premiums of US$350 a tonne — the highest premiums in 11 years — for shipments between April and June 2026. The Platts US Midwest aluminium premium reached a record high of US114.45 cents a pound on 1 May 2026.

China has suspended its sulphuric acid exports from May to end 2026. This export ban is likely to impact the global primary aluminium output as sulphuric acid is used for surface finishing, material purification and by-product recovery.

Global alumina supply fell by 7.8% year-on-year, but remained unchanged month-on-month in March 2026 to nearly 12 Mt. In line with the global alumina supply, the Middle East's alumina supply fell by 4.0% year-on-year but remained unchanged month-on-month in March 2026 to 370,000 tonnes.

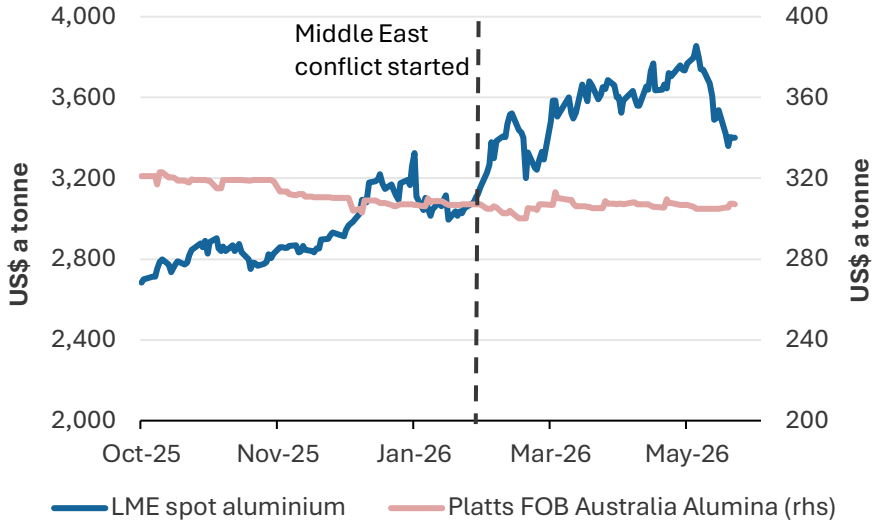
The Middle East conflict has had no impacts on global bauxite supply, which has continued to increase. In March 2026, world bauxite supply increased by 6.7% year-on-year or 7.9% month-on-month to 42 Mt, driven by a large rise in Guinean bauxite production.

Price impacts

In late 2025 and early 2026, aluminium prices rose to multi-year highs on the back of China's 45 Mt a year production cap and higher aluminium demand from the energy transition sectors. The price has risen further as the Middle East conflict resulted in damage to the region's aluminium manufacturing infrastructure and disrupted global alumina trade. The London Metal Exchange (LME) aluminium spot price has so far risen by 7.8% since the start of the conflict on 28 February 2026, to US$3,405 a tonne on 22 June 2026 (Figure 10.1).

Over the same time, there has also been a shift in where global exchange reserves of aluminium are located. LME aluminium stocks have fallen by 32% since February (Figure 10.2). By the end of May 2026, Russian aluminium accounted for around 93% of total primary aluminium available in the LME warehouses. Most Russian aluminium was on-warrant in LME warehouses prior to 13 April 2024. The US and UK banned Russian-produced aluminium from entering Western exchange warehouses after 13 April 2024. In contrast, less aluminium is being used and aluminium stocks are building on the Shanghai Exchange, which have risen by 48% since the start of the Middle East conflict.

Figure 10.1: Recent aluminium and alumina price movements



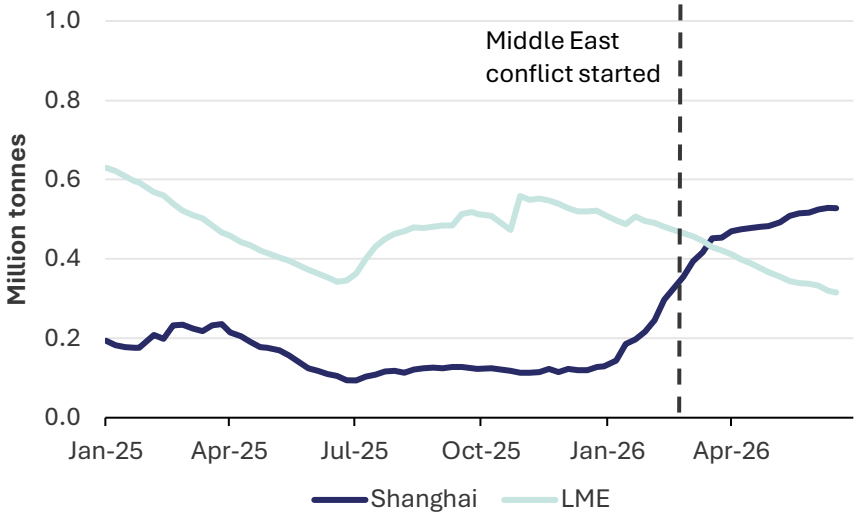
Source: Bloomberg (2026)

The Chicago Mercantile Exchange (CME) Group has also recently expanded its base metal warehouse facilities to include locations in Hong Kong and Taiwan. The expansion is to capture rising aluminium trade flows from the Middle East market to the Asian market.

Alumina prices have held above US$300 a tonne in recent months, as lower than expected Chinese alumina output offset reduced demand caused by smelter disruptions in the Middle East. The Platts FOB Australia alumina price has been flat since the start of the conflict, trading at US$307 a tonne on 22 June 2026 (Figure 10.1).

Looking forward, tight supply is likely to keep the aluminium price elevated in H2 2026 and 2027, as the global aluminium market moves further into deficit (Figure 10.3).

Figure 10.2: LME and Shanghai aluminium stocks



Source: Bloomberg (2026)

The LME aluminium spot price is forecast to average US$3,387 and US$3,308 a tonne in 2026 and 2027, respectively (Figure 10.4).

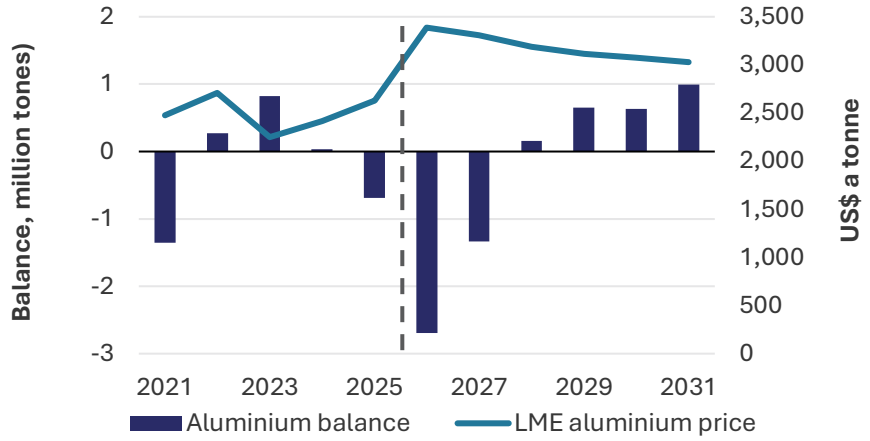
High supply and lower demand for alumina will likely keep the alumina price under pressure in H2 2026 and 2027. The Platts FOB Australia alumina price is forecast to average US$290 and US$295 a tonne in 2026 and 2027, respectively (Figure 10.4).

Trade impacts

Aluminium

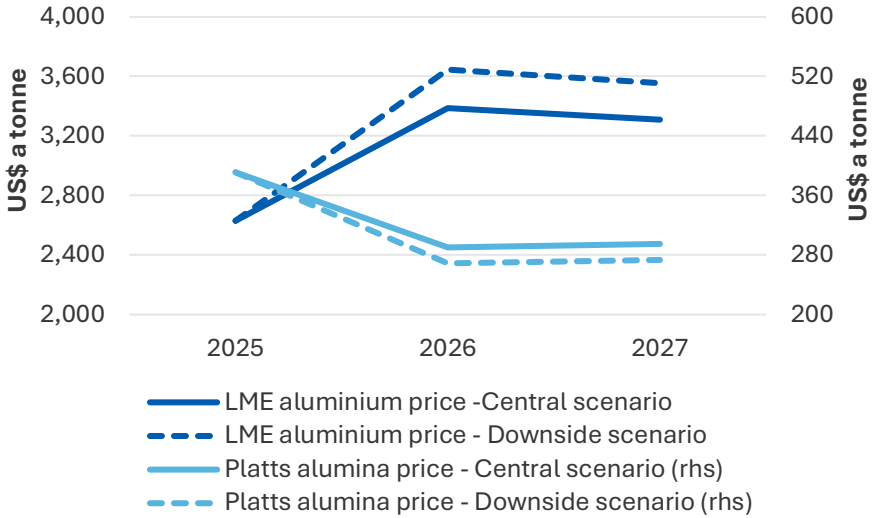
The Middle East conflict has notably altered the global primary aluminium supply chain. Since the start of the conflict, less primary aluminium has been shipped from the Middle East, but more has been shipped from China and Indonesia.

Figure 10.3: Aluminium market deficit to widen in 2026



Source: Refinitv (2026); Wood Mackenzie (2026); Department of Industry, Science and Resources (2026)

Figure 10.4: Aluminium and alumina prices under scenarios



Source: Department of Industry, Science and Resources (2026)

The Middle East region exported 5.3 Mt of primary aluminium in 2025, accounting for 18% of global ex-China aluminium exports. About 23% (or 1.2 Mt) of ME primary aluminium output was exported to the European 27 and the United Kingdom, 15% (or 795,000 tonnes) to the US, 14% (or 742,000 tonnes) to Turkiye, 10% (or 530,000 tonnes) to Japan, and 38% (or 2.0 Mt) to other destinations.

In March 2026, China exported 27,417 tonnes of primary aluminium, a 106% month-on-month rise. Indonesia exported 88,554 tonnes of primary aluminium in March 2026, a rise of 164% month-on-month. Indonesia is shipping its primary aluminium to the US market, which is traditionally supplied by the ME aluminium smelters.

Alumina

Shipment disruptions linked to the Middle East conflict have also altered global alumina trade. Less alumina is being shipped to the Middle East region, diverted instead to China. Weaker alumina prices gave Chinese aluminium smelters the incentive to import more alumina.

Since the start of the conflict, the Middle East region has imported less alumina, while China and other countries have imported more alumina. As at the end May 2026, the Middle East's share of global alumina imports declined to 24% from 26% prior to the conflict. China's share of global alumina imports rose from 5% pre-conflict level to 11% (Figure 10.5).

In line with the change in global alumina trade, Australia has exported less alumina to the Middle East region and more alumina to China and other nations. As at the end May 2026, China's share of Australia's total alumina exports rose from 14% pre-conflict level to 28%. The Middle East's share of Australia's

alumina exports fell from 28% pre-conflict level to 16% (Figure 10.6).

Adding further pressure to trade of AAB (and other commodities) is rising fuel costs, freight rates and insurance premiums. Vessels are taking longer routes and therefore extended timeframes to reroute from the Middle East to other regions.

Bauxite

The Middle East conflict has had little impact on global bauxite trade levels. China has continued to be the largest bauxite importer with its share of global bauxite imports remains steady at 86%. As the end of May 2026, the Middle East's share of global bauxite imports remained small at around 2%.

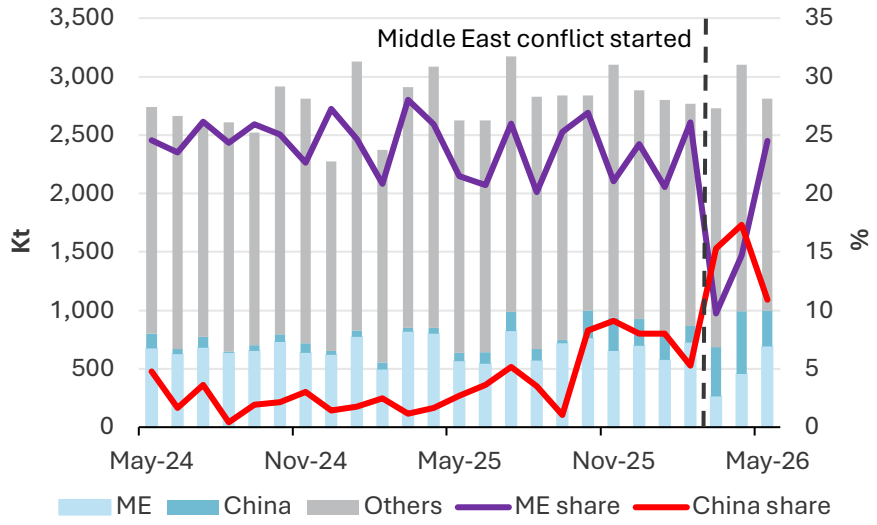
Australia has diverted its bauxite exports from the Middle East to China. As at the end of May, China's share of Australia's total bauxite exports rose from 95% pre-conflict level to 99%. The Middle East's share of Australia's total bauxite exports fell from 3% pre-conflict level to zero.

Impact on Australian AAB earnings

Australia is the world's largest alumina's exporter, second largest alumina producer, bauxite producer and exporter, and third largest primary aluminium exporter. The Middle East is Australia's largest alumina export market, accounting for 47% of Australia's total alumina exports and 6.3% of Australia's total bauxite exports.

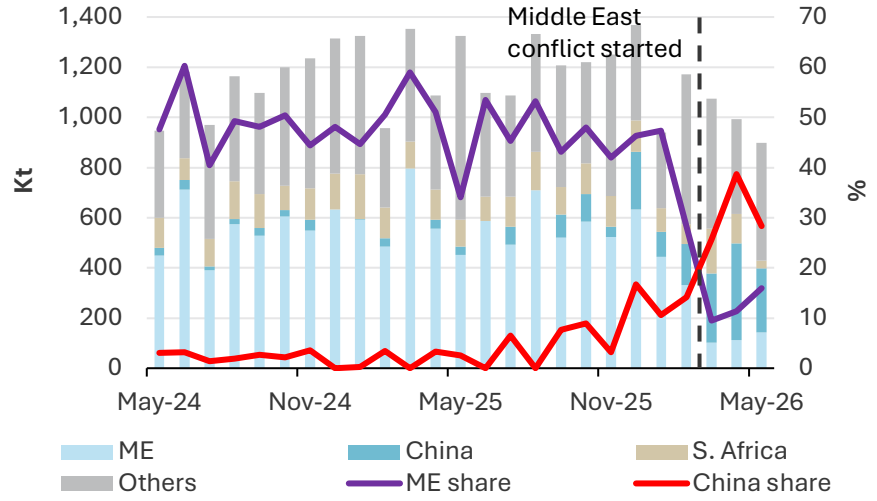
In the central scenario, the Middle East conflict is likely to have a positive impact on Australia's primary aluminium exports, which are estimated to experience a rise of $1.0 billion in 2025–26 and a further rise of $0.5 billion in 2026–27. However, the conflict is likely to adversely impact Australia's alumina exports, which are

Figure 10.5: World alumina imports, monthly



Source: Kpler (2026)

Figure 10.6: Australian alumina exports, monthly

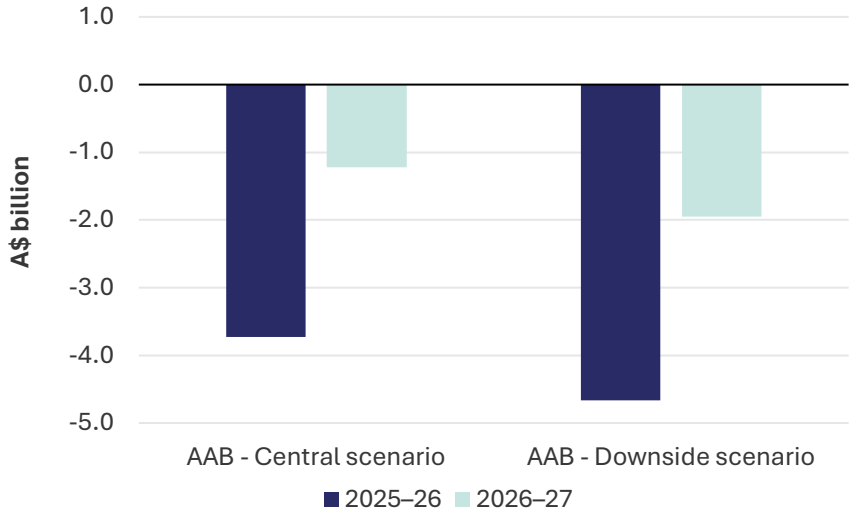


Source: Kpler (2026)

estimated to experience a decline of $5.1 billion in 2025–26 and a further decline of $2.1 billion in 2026–27. The net declines in Australia's AAB export earnings are estimated at $3.7 billion (2025–26) and $1.2 billion (2026–27) (Figure 10.7).

In the downside scenario explained in Box 1.1, Australia's export earnings from AAB would decline further due to reduced earnings on alumina offset by higher earnings on aluminium exports.

Figure 10.7: Net effects of the ME conflict on Australia's AAB exports



Note: The downside scenario is explained in Box 1.1
Source: Department of Industry, Science and Resources (2026)

10.3 World demand

High aluminium prices reduced global aluminium purchases in Q1 2026

Strong demand from the energy transition sector led to a 1.8% year-on-year rise in global primary aluminium purchases to 19 Mt in the March quarter 2026. Over this period, China's primary aluminium demand increased by 2.3% year-on-year, driven by higher aluminium demand from the renewable energy sector.

Reduced availability of primary aluminium and rising aluminium premiums due to the Middle East conflict, have led to increased use of recycled aluminium and helped to push secondary aluminium demand up by 4.7% to 7 Mt in the March quarter 2026.

Reduced global smelter capacity flowed through to a fall in alumina demand as an input to aluminium production of 0.8% year-on-year to 35 Mt in the March quarter 2026.

Lower alumina production reduced demand for bauxite by 0.4% year-on-year to 93 Mt in the March quarter 2026.

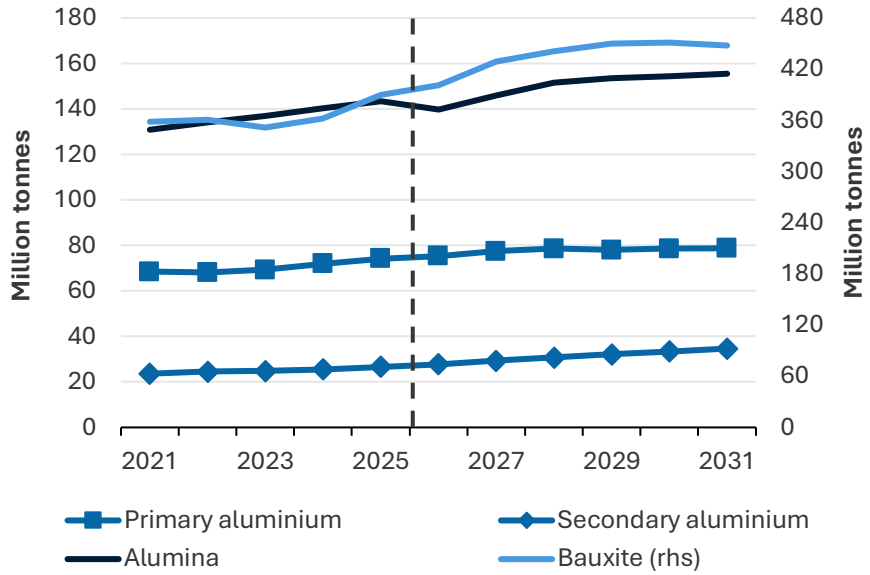
Renewables roll out and growth in EV production will support demand for aluminium over the outlook period

A rapid buildup of renewable energy infrastructure is expected to boost global aluminium demand from 75 Mt in 2026 to 79 Mt in 2031 (Figure 10.8). China and Europe have already announced their intention to increase spending on infrastructure and new technology to offset the negative impact of higher US tariffs on their exports. This initiative is likely to lead to stronger demand for aluminium.

Offsetting this trend to a degree, the Chinese Government's 'anti-involution' policy — introduced in July 2025 to stop companies from engaging in aggressive price wars and overproduction — has impacted aluminium end-use sectors such as the solar panel sector.

Rising primary aluminium prices and growing demand for low-carbon aluminium are expected to boost the demand for secondary aluminium over the outlook period. Recycled aluminium demand is projected to increase from 28 Mt in 2026 to 35 Mt in 2031 (Figure 10.8). The International Aluminium Institute noting that recycled aluminium is 95% less energy-intensive than primary aluminium.

Figure 10.8: World primary aluminium, alumina and bauxite demand



Source: Department of Industry, Science and Resources (2026); World Bureau of Metal Statistics (2026); Wood Mackenzie (2026); CRU (2026).

Alumina and Bauxite demand

Constrained aluminium production in both 2026 and 2027, due to the Middle East conflict, is set to drive lower demand for alumina in the short term. Growth in alumina demand is expected to resume in the medium term, as ME primary aluminium production recovers, although a preference shift toward secondary aluminium will impact demand for primary aluminium at the margin. World alumina demand is projected to fall from 143 Mt in 2025 to 140 Mt in 2026 before rising to 155 Mt in 2031 (Figure 10.8).

A forecast rise in Indonesian and Indian alumina production is likely to increase global bauxite demand over the outlook period; usage should rise to 441 Mt by 2031 (Figure 10.8).

The short-term downside risk to the demand assessment is economic conditions in Europe and China. In Europe, economic growth prospects have worsened amidst high energy prices and weak business and consumer sentiment.

Demand for traditional end uses rising at a slower pace

Aluminium demand from sectors such as packaging and building and construction is also expected to be strong (Figure 10.9). Global demand for aluminium from the construction sector is projected to rise from 21 Mt in 2025 to 23 Mt in 2031, accounting for around 21% of global aluminium demand by 2031. Low demand from this sector reflects a slowdown in housing activity in China and other major economies since 2021 and 2022.

As the installation of renewable energy infrastructure accelerates, existing grids will use more high voltage aluminium cables for long distance transmission. The demand for

aluminium from the global electrical cable sector is projected to rise from 12 Mt in 2025 to nearly 17 Mt in 2031 (Figure 10.9). It will account for over 14% of global aluminium demand by 2031.

With the rising use of aluminium in EVs, the demand for aluminium from the global transport sector is projected to rise from 29 Mt in 2025 to 33 Mt in 2031 (Figure 10.9). It will account for 29% of global aluminium demand by 2031.

Aluminium is expected to continue to be used widely in packaging given its recyclable nature. Demand for aluminium from the global packaging industry is projected to increase from 16 Mt in 2025 to nearly 17 Mt in 2031. Packaging will account for nearly 15% of global aluminium demand by 2031.

Aluminium is widely used in consumer goods such as appliances, cookware, furniture and fixtures, due to its lightweight, durability and corrosion resistance. The demand for aluminium from the consumer goods manufacturing sector is projected to increase from 4.1 Mt in 2025 to 4.6 Mt in 2031. It will account for around 4% of global aluminium demand by 2031.

Aluminium is widely applied in the manufacture of machinery and equipment. Its lightweight reduces the energy costs of running and transporting machinery/equipment. Its thermal conductivity and resistance to corrosion are ideal for industrial storages and heat exchangers. The demand for aluminium from the machinery and equipment manufacturing sector is projected to increase from 8.0 Mt in 2025 to 9.1 Mt in 2031. It will account for around 8.0% of global aluminium demand by 2031.

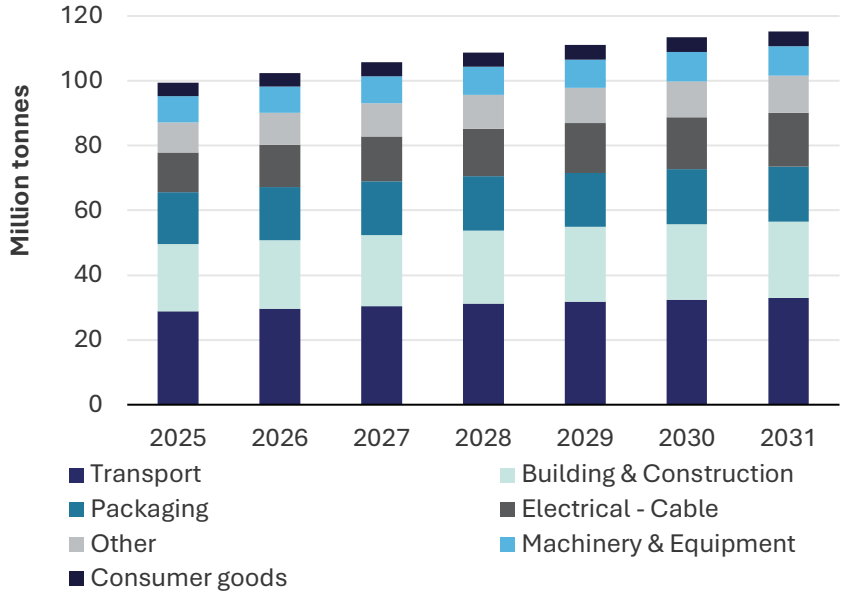
10.4 World supply

World aluminium output reduced slightly in Q1 2026

The global primary aluminium output fell by 0.1% year-on-year in the March quarter 2026, to over 18 Mt, as higher Chinese output offset lower output from the Middle East.

The Middle East conflict reduced global secondary aluminium supply by 3.3% year-on-year in the March quarter 2026, to 8.5 Mt.

Figure 10.9: World aluminium demand by end-use



Note: Aluminium includes primary and secondary aluminium

Sources: Wood Mackenzie (2026); Department of Industry, Science and Resources (2026).

Lower alumina output in Australia — the world's second largest alumina producers — led to a 0.8% fall in global alumina output to 37 Mt in the March quarter 2026.

Higher bauxite output from Guinea boosted global bauxite output by 11% year-on-year to 129 Mt in the March quarter 2026.

Global AAB supply capacity set to rise, mainly ex-China

Aluminium

There is a convergence of different forces occurring in the global aluminium supply chain: aluminium smelters in China are operating at close to their capacity cap, Western aluminium smelters are affected by power and maintenance costs, and aluminium smelters in the Middle East are facing operational disruptions.

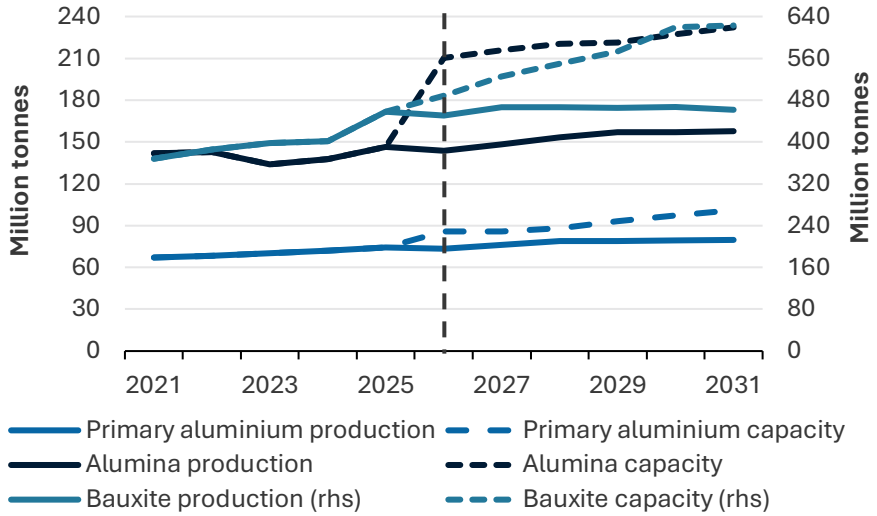
With prices high in the near term and good long-term demand prospects, the global aluminium industry is set to witness a rapid rise of production capacity driven by ex-China nations. Global primary aluminium supply capacity is projected to increase from 86 Mt in 2026 to 101 Mt in 2031 (Figure 10.10).

Outside China, Alcoa recently restarted its 228,000 tonnes a year San Ciprian aluminium smelter in Spain with an expected full production capacity by mid-2026. In Vietnam, Nhan Co's 150,000 tonnes a year aluminium smelter — the first aluminium electrolysis plant in the country — is expected to commence operations in June 2026.

Indonesia's primary aluminium capacity is projected to increase from 1.3 Mt in 2026 to 5.3 Mt in 2031.

In Finland, Rio Tinto's 610,000 tonnes of primary aluminium a year Arctial aluminium smelter is expected to come online in 2029 (subject to a final investment decision in 2027).

Figure 10.10: World AAB production and capacity



Note: Capacity includes base case output, probable projects and possible projects.

Source: Department of Industry, Science and Resources (2026); World Bureau of Metal Statistics (2026); Wood Mackenzie (2026); CRU (2026).

In Egypt, Egyptian Aluminium Company and Metallurgical Industries Holding signed an agreement in May 2026 to build a 300,000 tonnes a year aluminium smelter. At the time of writing, the completion date is unknown.

India's primary aluminium capacity is projected to rise from 4.9 Mt in 2026 to 9.7 Mt in 2031.

In contrast, the Mozal aluminium smelter in Mozambique (with an annual production capacity of 240,000 tonnes) ceased production on 15 March 2026.

China's primary aluminium capacity is also projected to rise from 49 Mt in 2026 to over 50 Mt in 2031. This projected capacity is significantly higher than the Chinese Government's annual production cap of 45 Mt.

Alumina and Bauxite

Rising capacity from Indonesia, India and Greece is expected to lift global alumina capacity up from 210 Mt in 2026 to 232 Mt in 2031 (Figure 10.10).

Rising capacity in Guinea, Australia and Brazil is expected to lift global bauxite capacity from 488 Mt in 2026 to 623 Mt in 2031 (Figure 10.10).

Increasing capacity may not translate into one-for-one increases in production

The increases in capacity described above may not translate fully into production level increases. Western smelters have been affected by rising power and maintenance costs, and face competition for power from data centres to undertake energy intensive activities.

About 2.5 Mt of global primary aluminium capacity is expected to be offline for at least a year, due to the ME conflict. Global aluminium supply is set to rise after 2027, as high aluminium prices encourage producers to lift capacity utilisation. It is projected that global primary aluminium supply will increase from 73 Mt in 2026 to 80 Mt in 2031 (Figure 10.10).

In China, primary aluminium output is projected to increase from 44 Mt in 2026 to near 45 Mt in 2031. The projected production will closely reach the capacity cap of 45 Mt a year introduced by the Chinese Government in 2017.

Indonesia's primary aluminium supply is projected to increase from 1.3 Mt in 2026 to 2.9 Mt in 2031. India's primary aluminium supply is projected to rise from 4.4 Mt in 2026 to 5.3 Mt in 2031.

Driven by increased supply from the Netherlands, India, and Thailand, global recycled aluminium supply is projected to increase from 39 Mt in 2026 to 41 Mt in 2031.

Alumina and Bauxite

The global alumina market is expected to be in surplus until 2027, as less alumina is demanded from the Middle East, and more alumina is supplied from ex-China nations such as Indonesia and India. With a healthy investment pipeline from Indonesia, higher alumina supply is likely after 2027. In Guinea, three alumina projects with a combined planned capacity of 4.8 Mt are currently being constructed. World alumina supply is projected to rise from 143 Mt in 2026 to 158 Mt in 2031 (Figure 10.10).

In its Action Plan for 2025–2027, the Chinese Ministry of Industry and Information Technology set down a stricter approval process with the potential to limit any rise of alumina production in China. Projects in heavily polluted regions will not be approved. Refineries must align planned production with bauxite mining rights and are required to prove the utilisation of red mud.

Higher supply from Guinea, Australia and Indonesia is expected to increase global bauxite output over the outlook period. World bauxite supply is projected to increase from 451 MT in 2025 to 461 Mt in 2031 (Figure 10.10).

Indonesia set to expand production along the AAB supply chain

With heavy interest and investment from Chinese investors, Indonesia's primary aluminium and alumina capacity is likely to rise over the outlook period.

Indonesia is expected to soon pass Australia in terms of primary aluminium capacity. If full production capacity is utilised, Indonesia would overtake Australia as the world's seventh largest primary aluminium producer by 2027.

Indonesia is also expanding alumina capacity. It is projected that around 22 Mt of new alumina refining capacity will be added to global capacity over the outlook period, with Indonesia likely to contribute at least 50% of these additions.

Indonesia holds around 3 billion tonnes of bauxite ore reserves that support long term supply expansion. It is projected that Indonesia's bauxite production will reach 22 Mt by 2031. While Indonesia's alumina production may grow rapidly, the supply of bauxite could turn out to be a major constraint. To reach full alumina production capacity, Indonesia would need at least 24 Mt of bauxite by 2031.

10.5 World trade

The ME conflict hurt global aluminium and alumina trade in Q1 2026, with China filling lost ME supply

Aluminium

The disruptions in the Middle East contributed to lower global primary aluminium exports in the March quarter 2026, down 25% year-on-year to 3.3 Mt. China's primary aluminium exports rose by 20% year-on-year in the March quarter 2026.

Trade disruptions cut global secondary aluminium exports by 6.9% year-on-year to 780,000 tonnes in the March quarter 2026.

Alumina and Bauxite

Higher alumina exports from Indonesia and India led to a 3.1% rise in world alumina exports to nearly 11 Mt in the March quarter 2026. In the year to March quarter 2026, Australia — the world's largest alumina exporter — exported 3.3 Mt of alumina, down 6.5% year-on-year.

Higher bauxite exports from Guinea (up 31% year-on-year) increased global bauxite exports by 19% year-on-year to 62 Mt in the March quarter 2026.

Strong demand from China raised global alumina and bauxite imports in Q1 2026

The Middle East conflict reduced global primary and secondary aluminium imports by 7.2% and 1.4% year-on-year in the March quarter 2026 to 4.4 Mt and 1.4 Mt, respectively.

Lower imports from the Middle East led to a 9.0% year-on-year fall in global alumina imports in the March quarter 2026. Over this period, China imported 0.8 Mt of alumina, up 640% year-on-year, as more alumina shipments were rerouted from the Middle East to China.

Preliminary shipping data from Kpler shows a consistent rise in global bauxite imports in April and May 2026. Total global imports of bauxite were 23 Mt and 25 Mt in April and May 2026, respectively, up 20% and 29% from imports in the month of February 2026.

Higher imports from China led to a 24% year-on-year rise in global bauxite imports in the March quarter 2026. Over this period, China imported 58 Mt of bauxite, up 23% year-on-year.

The US imported 0.6 Mt of bauxite in the March quarter 2026, down by 18% year-on-year. The decline in bauxite imports in the US reflects the virtual demise of its domestic alumina refining industry. US alumina refining capacity has fallen from 5 Mt a year in 2000 to around 600,000 tonnes a year in 2026.

Rising US tariffs affect global trade and US consumers

In June 2026, the US amended its Sections 232 tariffs to lower duties on specific agricultural machinery (combines and harvesters) and mobile industrial equipment (bulldozers and forklifts) containing steel, aluminium or copper from 25% to 15%. The amendment also lowers the domestic metal content threshold from 95% to 85% by weight. The changes took effect on 8 June 2026 and will remain in place until 31 December 2027.

In the US, a structural deficit in primary aluminium (i.e. imports account for 83% of US primary aluminium usage) is likely to push up aluminium prices for US consumers. Canada, the US' largest supplier of primary aluminium, is expected to export less aluminium to the US. The US Midwest primary aluminium premium is likely to rise, as US consumers catch-up with replacement costs from importing Canadian aluminium. Impact on Australia's aluminium exports will be lower; Australia exported 38,000 tonnes of primary aluminium to the US in 2025, with a value of $180 million, accounting for just 2.6% of Australia's total primary aluminium exports.

However, impacts of US tariffs on Australia's exports of bauxite and alumina exports may be higher than on aluminium exports. Aluminium is a versatile material and is used in numerous goods to which US tariffs now apply. While the full indirect effects of the US tariff increases are not yet apparent, there is potential for global aluminium trade to slow and prices to fall in the short term. China is a major producer, consumer and trader of primary aluminium, alumina and bauxite. Given that more than 92% of all Australian bauxite exports are purchased by China, any decline in China's primary aluminium and alumina demand is likely to have an adverse impact on Australian bauxite exports.

EU CBAM set to change global exporters' strategies

The European Union (EU) Carbon Border Adjustment Mechanism (CBAM) commenced 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 imports of high carbon aluminium in favour of secondary aluminium imports with a low carbon footprint.

The short-term impact of CBAM comes from the regulatory burden imposed on exporters/importers. Exporters of aluminium to the EU are likely to incur significant costs to meet the administrative and reporting requirements. The costs also fall on EU aluminium consumers such as the construction industry and automotive manufacturers. Facing higher aluminium prices, they will have to pass on costs to other industries and consumers.

In the medium term, the CBAM may lead to a change in trade patterns; aluminium exporters with low-carbon production are likely to take advantage of the regulations to raise their market share in the EU. The CBAM is likely to have only minimal impacts on Australia's primary aluminium exports: in 2025, the EU took just $31 million (0.5%) of Australia's primary aluminium exports.

10.6 Prices

Tight supply keeps aluminium prices elevated, but alumina prices remain softer

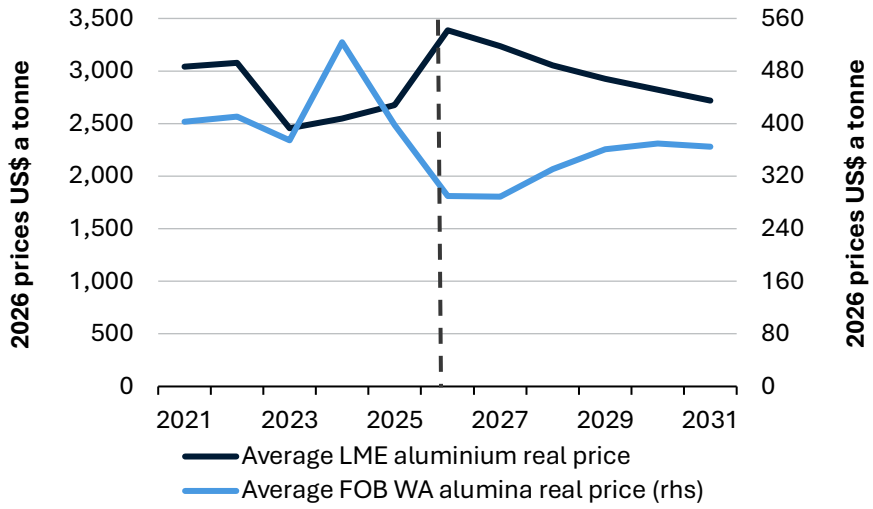
Constrained supply from major aluminium producers is expected to keep aluminium prices elevated in the short term. The LME aluminium price is forecast to average US$3,390 and US$3,310 a tonne in 2026 and 2027, respectively.

After 2027, growing global demand for new, energy-efficient cars and technologies and increased electrification efforts are expected to support global aluminium demand. The LME primary aluminium price is projected to average US$2,900 a tonne in real terms in 2028-2031 (Figure 10.11).

The rise in copper prices is also an upside risk to the aluminium price assessment: aluminium is the primary alternative to copper for electricity transmission.

Any future removal of sanctions against Russian producer Rusal is a downside risk to the price forecast. Accounting for 9% of global primary aluminium output, the return of Rusal would raise global aluminium supply and lower the aluminium price.

Figure 10.11: Primary aluminium and alumina real prices



Source: Bloomberg (2026); Department of Industry, Science and Resources (2026)

Alumina prices are expected to remain relatively sluggish in H2 2026 and 2027, as global supply rises and global demand falls.

After 2027, an expected recovery in global aluminium production will boost alumina demand and prices. As a result, the FOB WA alumina price is projected to rise in real terms (Figure 10.11).

10.7 Australian exports and production

Lower alumina and bauxite exports reduced Australia's AAB export earnings in Q1 2026

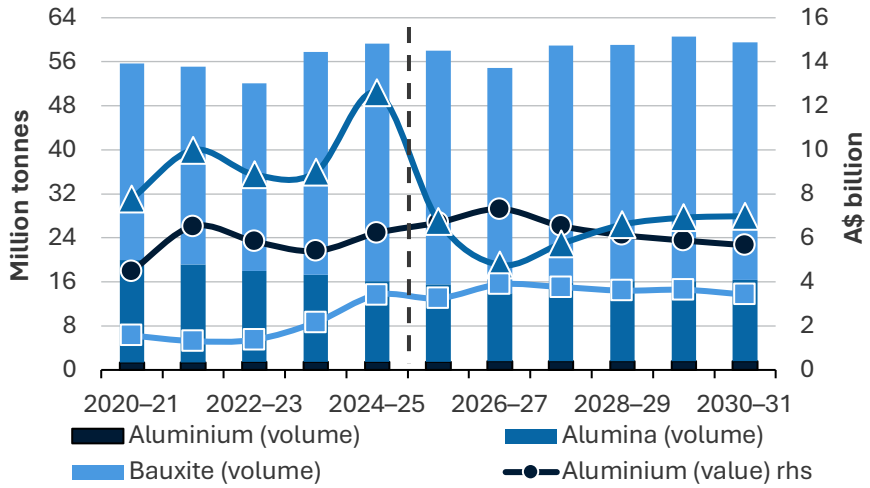
The geopolitical tensions in the Middle East led to a 36% year-on-year decline in Australia's AAB export earnings in the March quarter 2026, at $3.9 billion. Over this period, Australia exported 3.3 Mt of alumina (down 6.5% year-on-year), 7.8 Mt of bauxite (down 12% year-on-year) and 334,000 tonnes of primary aluminium (up 0.9% year-on-year).

In value terms, primary aluminium export earnings were up by 6.4% year-on-year in the March quarter 2026 to $1.6 billion. Alumina export earnings decreased by 57% year-on-year to $1.5 billion in the March quarter 2026. Bauxite export earnings decreased by 39% year-on-year to $500 million in the March quarter 2026.

Higher aluminium export values offset falling alumina export values

Sluggish alumina prices in 2026 are likely to cut Australia's AAB export earnings to $18 billion in 2025–26, down 21% year-on-year. After 2025–26, Australia's AAB exports are projected to be steady at $18-19 billion a year (in real terms) over the outlook period, as rising aluminium export values offset falling alumina export values (Figure 10.12). On average, Australia will export 1.6 Mt of primary aluminium, 14 Mt of alumina and 42 Mt of bauxite each financial year (Figure 10.12).

Figure 10.12: Australian aluminium/alumina/bauxite exports



Note: Excluding high purity alumina and aluminium waste and scrap exports.
Source: ABS (2026); Department of Industry, Science and Resources (2026).

Australia's alumina and bauxite output fell in Q1 2026

Weather disruptions (heavy rainfall in January and February 2026 and Cyclone Narelle in March 2026) in Queensland impacted Rio Tinto's alumina and bauxite operations in the region. Production at the Weipa bauxite mine and Yarwun alumina refinery decreased by 12% and 5.4% year-on-year in the March quarter 2026, respectively. As a result, Australia's alumina and bauxite output fell by 2.2% and 4.8% year-on-year in the March quarter 2026 to 4.2 Mt and 22 Mt, respectively.

Australia's alumina output expected to fall over the outlook period

Australia's primary aluminium output is projected to be about 1.7 Mt a year. In December 2025, the Commonwealth announced a plan to work with the NSW Government and Tomago Aluminium to keep the Tomago aluminium smelter open beyond 2028, including work towards securing a long-term fixed price power purchasing agreement. On 24 March 2026, the Commonwealth and Queensland Governments announced they will each invest $1 billion over ten years to support the Boyne aluminium smelter in Gladstone Queensland. The owners of this smelter, Rio Tinto will underwrite close to $7.5 billion of investment in new energy generation and transmission in Central Queensland, to secure the long-term future of the smelter.

Driven by higher aluminium prices, Alcoa's Portland aluminium smelter in Victoria has restarted its idled capacity. Rio Tinto is considering the options to restart idled capacity at its 500,000 tonnes a year Boyne Island aluminium smelter in Queensland, to lift output by 5% a year.

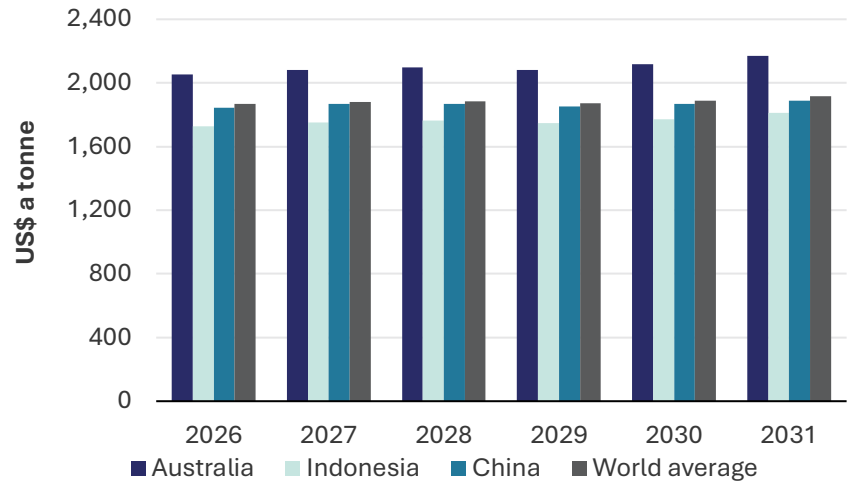
A production cut of 40% at Rio Tinto's Yarwun alumina refinery in Queensland from October 2026 is set to reduce Australia's alumina output to 16 Mt over the outlook period.

Australia's bauxite output is likely to be maintained by strong economics and projects with long remaining mine lives. The majority of mines have a life expectancy of 10–20 years, however Rio Tinto's Gove bauxite mine in the Northern Territory is set to close by the end of the decade as the mine's reserves are exhausted. Australia's bauxite output is expected to be steady at above 100 Mt a year with two expansions at Rio Tinto's Amrun bauxite mine in Queensland — the Norman Creek expansion expected to first produce in 2027, followed by a 20 Mt a year increase from the Kangwinan expansion in 2029.

Australian bauxite miners have comparatively low costs

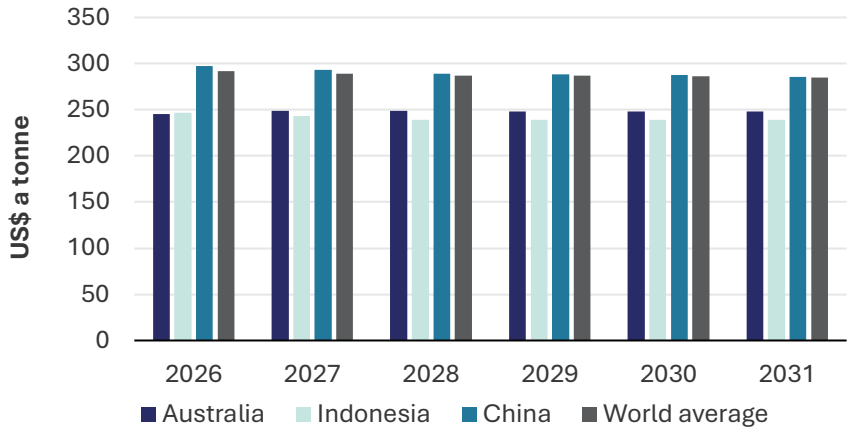
Figure 10.13, Figure 10.14 and Figure 10.15 show operating cash costs of aluminium smelters, alumina refineries and bauxite

Figure 10.13: Aluminium operating cash costs, selected countries



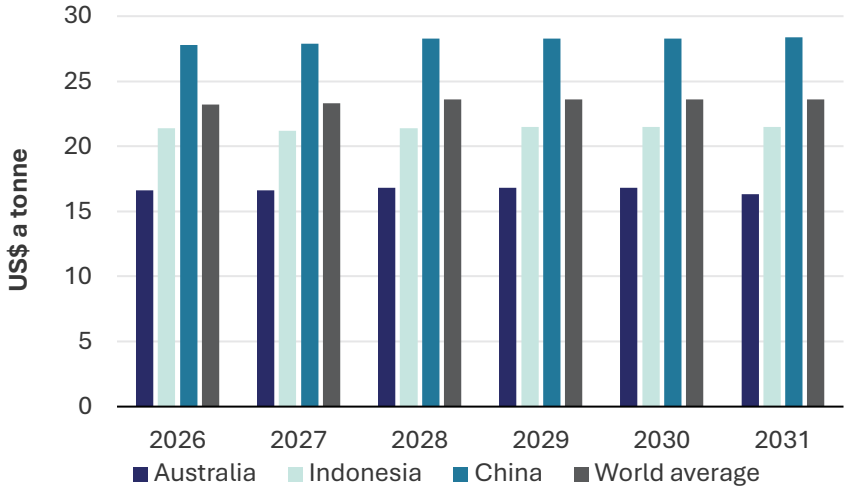
Note: Average operating cash costs (C1) include average delivered alumina, other raw material, energy, labour, and other costs.
Source: Wood Mackenzie (2026).

Figure 10.14: Alumina, operating cash costs, selected countries



Note: Average operating cash costs (C1) include bauxite, freight, caustic/lime/limestone, energy, labour, and other costs.
Source: Wood Mackenzie (2026).

Figure 10.15: Bauxite, operating cash costs, selected countries



Note: Average operating cash costs (C1) include diesel, residual fuel, labour, consumables, R&M materials, services, bauxite levy, royalties and taxes.
Source: Wood Mackenzie (2026).

mines in Australia, Indonesia, China and the world. Australian operating cash costs for miners and alumina refiners are below the world average, Indonesia and China. However, aluminium smelters' costs are above them. Australia's bauxite output is projected to lift over the outlook period, helped by low operating costs.

Other marginal and high-cost primary aluminium producers include Germany, Sweden, the UK, Romania, Greece, France, the US, New Zealand, Cameroon and Ghana.

Marginal and high- cost alumina refiners include Guinea, Russia, Spain, the US, Germany and Canada.

Marginal and high-cost bauxite miners include Ghana, Greece, China and Guinea.

Strategic moves beyond AAB: Gallium and HPA

Gallium — an important component of semi-conductors — is found for the most part in bauxite deposits and produced primarily as a by-product of alumina refining. The global supply of semiconductors is expected to barely keep up with the global demand, as the transition to net zero accelerates and artificial intelligence usage booms.

Australia's first gallium project was announced by Alcoa Australia in August 2025. The company entered into a Joint Development Agreement with the Japanese Government and Sojitz Corporation to establish the gallium plant at its Wagerup alumina refinery in Western Australia. The Australian and US governments have since partnered to support the project, with all parties to contribute capital to a special purpose vehicle (SPV) in return for proportional gallium offtake. The plant is targeting a capacity of 100 tonnes a year with a final investment decision expected in 2026.

The addition of high purity alumina (HPA) to Australia's critical minerals list in 2022 reflects its growing economic and strategic importance. HPA is used in the aerospace and automotive sectors and is an important component of high-performance electronics and optics. HPA is also a key input for ensuring the stability of lithium-ion batteries.

As the world's second-largest producer and the world's largest exporter of smelting grade alumina, Australia is well placed to build capacity in HPA. Alpha HPA in Queensland commenced production at Stage 1 of its HPA First Project in late 2022. The construction of Stage 2 of First Project started in H2 2024. Once completed in 2027, the expansion will boost the plant's production to 10,000 tonnes of HPA a year and make Alpha HPA the world's largest HPA production facility.

Other HPA projects are in the development pipeline include Lava Blue's HPA Project in Queensland — targeting small scale commercial production of 500 tonnes a year from their demonstration plant in 2026–27, and working with local companies to produce HPA using LavaBlue technology, targeting 25,000 tonnes a year by 2028 — and Impact Minerals' 10,000 tonnes a year Lake Hope's HPA Project in Western Australia, expected to come online in 2027.

Revisions to the outlook

The forecast for Australia's AAB export earnings in 2025–26 has been revised down from the December 2025 *Resources and Energy Quarterly* (REQ) by $28 million. The downward revision reflects a larger-than-expected fall in alumina exports in the first half of 2026. Earnings forecast for 2029–30 (in nominal terms) has been revised up by 2.8% to $21 billion from the March 2025 REQ. This reflects the impact of higher primary aluminium prices.

Table 10.1: Aluminium, alumina and bauxite outlook

World	Unit	2025	2026[s]	2027[f]	2028[z]	2029[z]	2030[z]	2031[z]	CAGR[r]
Primary aluminium									
Supply	kt	73,489	72,707	76,084	78,738	78,705	79,193	79,738	1.4
Demand	kt	74,176	75,397	77,418	78,577	78,054	78,564	78,744	1.0
Prices aluminium [c]									
- nominal	US$/t	2,630	3,387	3,308	3,188	3,118	3,076	3,029	2.4
- real [d]	US$/t	2,674	3,387	3,238	3,054	2,923	2,823	2,720	0.3
Prices alumina									
- nominal	US$/t	391	290	295	345	385	403	406	0.6
- real [d]	US$/t	398	290	289	331	361	370	365	-1.4
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Supply									
Primary aluminium	kt	1,573	1,599	1,670	1,670	1,670	1,670	1,670	1.0
Alumina	kt	17,216	17,382	16,498	16,204	16,204	16,204	16,458	-0.7
Bauxite	Mt	101	102	110	109	112	115	107	1.0
Demand									
Primary aluminium	kt	168	176	136	136	136	136	136	-3.5
Exports									
Primary aluminium	kt	1,461	1,476	1,587	1,587	1,587	1,587	1,587	1.4
- nominal value	A$m	6,011	6,694	7,560	6,930	6,658	6,547	6,468	1.2
- real value [e]	A$m	6,226	6,694	7,313	6,538	6,129	5,879	5,666	-1.6
Alumina	kt	14,718	14,055	12,342	14,188	14,584	14,584	14,812	0.1
- nominal value	A$m	12,155	6,766	4,932	6,071	7,170	7,702	7,976	-6.8
- real value [e]	A$m	12,589	6,766	4,771	5,728	6,600	6,916	6,988	-9.3
Bauxite	kt	43,168	42,455	40,973	43,202	42,855	44,392	43,090	0.0
- nominal value	A$m	3,293	3,252	4,018	3,992	3,914	4,055	3,907	2.9
- real value [e]	A$m	3,411	3,252	3,887	3,766	3,603	3,642	3,423	0.1
Total value									
- nominal value	A$m	22,870	18,190	18,419	19,882	20,824	21,385	21,432	-1.1
- real value [e]	A$m	23,686	18,190	17,817	18,759	19,168	19,205	18,777	-3.8

Notes: Total nominal and real values of Australian exports include primary aluminium, aluminium waste and scrap, alumina, high purity alumina and bauxite. c LME cash prices for primary aluminium; d In 2026 calendar year US dollars; e In 2025–26 financial year Australian dollars; f Forecast; r Average annual growth between 2025 and 2031 or 2024–25 and 2030–31; s Estimate; z Projection;

Sources: ABS (2026) International Trade in Goods and Services, 5368.0; Bloomberg (2026); CRU (2026); London Metal Exchange (2026); Department of Industry, Science and Resources (2026); World Bureau of Metal Statistics (2026); Wood Mackenzie (2026).

Copper

Australia's copper sector

World No. 2

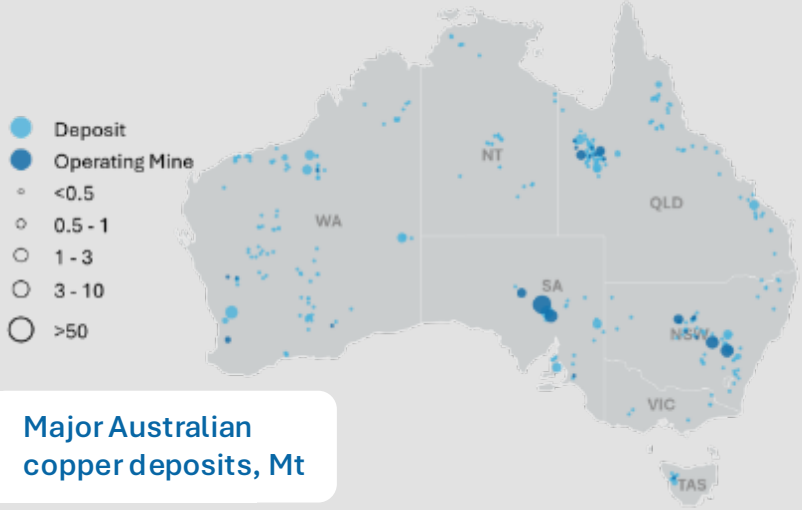
for copper resources

5th largest

refined exporter globally, 2025

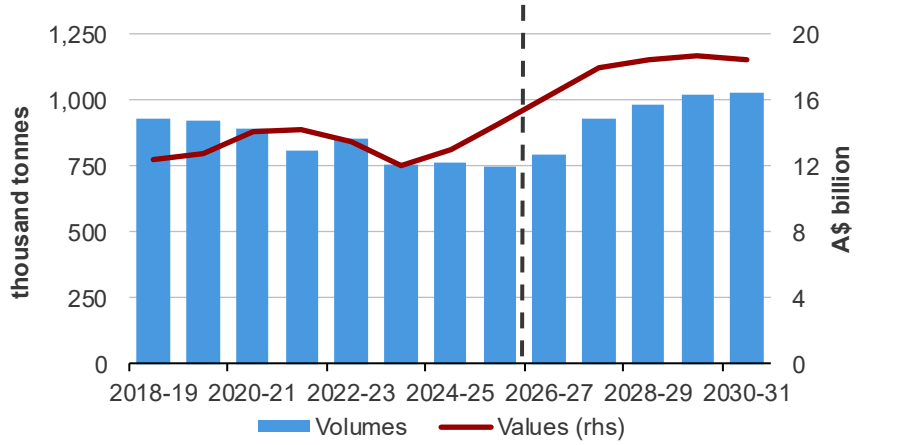
223 kt

produced a year at Australia's largest mine in 2025



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 surge in prices and growing output
- Production to continue rising
- Strong prices and demand will boost exploration

Source: GA; DISR; OCE

Copper trade map

Source: GA; DISR; OCE

11.1 Summary

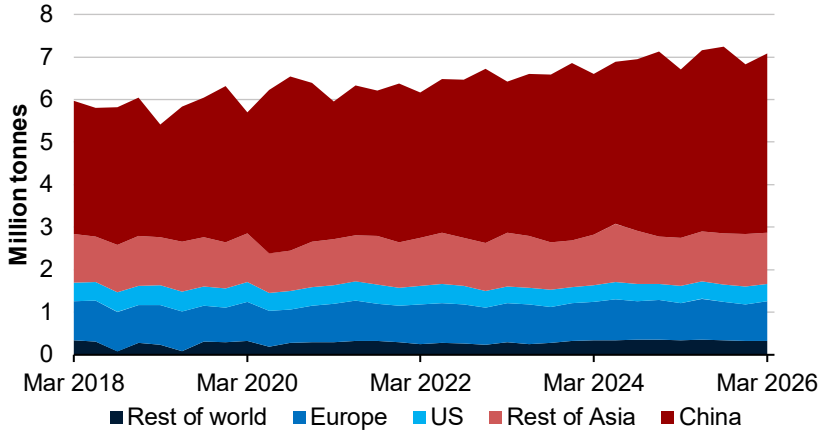
- LME copper prices surged 38% year-on-year Q1 2026, reaching an all-time high of US$14,500 a tonne in January. Prices have since eased but remain elevated, supported by mine disruptions and risks of sulphuric acid shortages due to the Middle East conflict. About 20% of world refined copper produced uses the acid in the solvent extraction and electrowinning (SX-EW) operations.
- Global copper demand is expected to slow in 2026 amid geopolitical uncertainty and softer economic conditions. It is then expected to strengthen from 2027, driven by the demand for clean energy technologies, data centres and broader electricity infrastructure. Meanwhile, supply is expected to show only gradual growth due to delays in new mines and expansions.
- Australia's export earnings are projected to increase from $14.6 billion in 2025–26 to $18.4 billion (in real terms) in 2030–31, driven by higher prices and increased refined copper and copper concentrate exports.

11.2 World Demand

World demand growth increasing as clean energy infrastructure expands

Global demand for newly refined copper rose by 1.3% year-on-year in 2025 to 27.9 million tonnes (Mt), driven by major economies. China's copper demand rose by 4.0% year-on-year to 16.6 Mt, accounting for 59% of global copper usage, Demand also rose in the US (3.9%), India (5.2%) and Germany (3.6%), while growth was partially offset by declines in the Republic of Korea (-8.6%), Japan (-4.5%) and the EU (-2.8%) (Figure 11.1).

Figure 11.1: Global refined copper demand, quarterly



Sources: Department of Industry, Science and Resources (2026); World Bureau of Metal Statistics (2026).

Including direct scrap use (5.2 Mt), total global copper demand reached 34.5 Mt in 2025. Global refined copper demand is projected to grow by 2.7% a year to 32.8 Mt in 2031 (or 40.1 Mt including direct use of scrap). Consumption growth to 2031 is expected to be led by China, India, the US, the EU, and ASEAN countries (Figure 11.2).

Rising demand is expected to be driven by four main trends over the outlook period to 2031:

- Core economic activity, including construction, appliances, power infrastructure, and transportation;
- The global energy transition, such as the growing use of electric vehicles (EVs), renewable energy technologies, energy storage and transmission;
- Rapid growth in data centres as AI usage grows; and
- Defence modernisation.

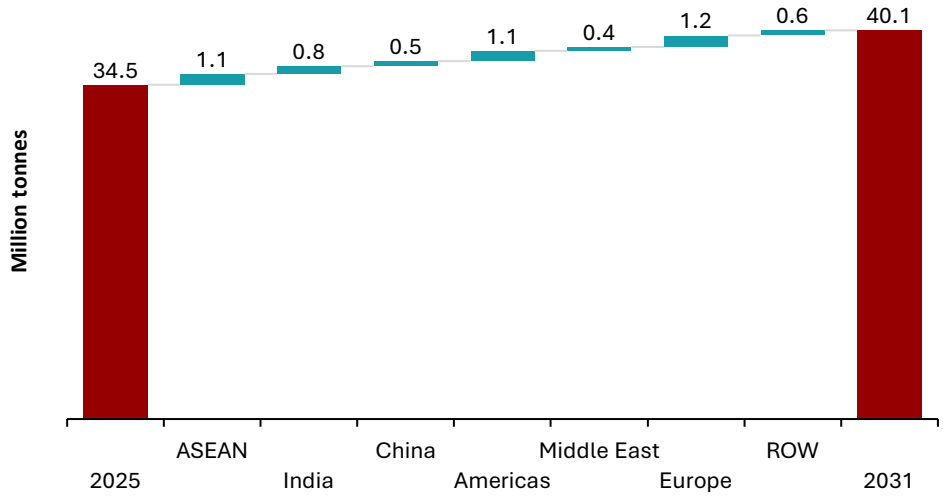
Copper demand growth in China is mainly being driven by investment in infrastructure, manufacturing and electricity distribution. Clean energy investment in China has risen sharply since the announcement of the 2020 'dual carbon' goals: from US$372 billion in 2020 to an estimated US$628 billion in 2025 or 29% of total demand according to the IEA. Future copper demand will be further supported by China's commitment to expand wind and solar capacity to 3,600 GW by the mid-2030s, and ongoing EV uptake (see Lithium Chapter).

Over the past five years, demand for copper in India has doubled from 432 Kilo tonne (kt) in 2020 to 848 kt in 2025. By the 2030s, demand is expected to more than double again, supported by urbanisation, infrastructure development and 'Made in India' initiatives to boost domestic manufacturing.

ASEAN countries have benefited from industrial relocation from China in recent years, as China's economy evolves and the region's manufacturing comparative advantage emerges. Indonesia's copper demand is expected to rise with inter-island grid connections and broader industrialisation. Demand in Vietnam is expected to increase to 2031 with support from a US$19.2 billion public investment package for transportation, energy, and digital infrastructure. Power demand for data centres in the ASEAN region is expected to rise from 2.6 GW in 2025 to 10.7 GW by the mid-2030s.

In the EU, after years of flat energy demand, data centres are adding new loads to electricity grids which require additional generation capacity. Climate and energy policies (such as 'Fit for 55') and initiatives to accelerate EV adoption and deploy charging infrastructure will all support strong copper demand growth across the region over the outlook period.

Figure 11.2: Total copper consumption growth forecast including direct use of scrap by regional breakdown



Sources: Wood Mackenzie (2026), Department of Industry, Science and Resources (2026)

Across the Americas, copper demand will be supported by electrification and infrastructure investment. In the US, ageing transmission networks and growth in use of EVs, data centres and defence equipment, are driving copper demand. In Canada, clean energy regulations and the 'Powering Canada's Future' initiative are accelerating economy-wide electrification, supporting copper-intensive grid infrastructure. Elsewhere in the region, copper demand in Chile and Peru is expected to rise, driven by mining upgrades and expanding renewable generation.

In Africa, urbanisation, economic development and large-scale infrastructure projects — including expansions in long-distance electricity transmission — are expected to support copper demand over the outlook period.

In the Middle East, economies are planning for life beyond oil. While the region is heavily reliant on fossil fuels, it is increasingly investing in renewables and grid infrastructure to support electrification and meet rising demand for power. Saudi Arabia is targeting around 50% of its power (around 100-130 GW) of capacity from renewable electricity, while the UAE aims for about 32% clean energy by 2030. However, the current conflict in the region creates uncertainty; prolonged tensions may delay projects, while resolution of tensions may trigger a surge of demand for copper to repair damaged infrastructure across the region, including in Iran and Israel, grid expansion and energy security investment.

In Central Asia, copper usage is expected to grow, driven by ongoing urbanisation, economic modernisation and strengthening its power systems through regional integration. In January 2026, the World Bank approved the Regional Electricity Market Interconnectivity and Trade program — a multi–phase initiative extending to the mid-2030s and backed by around US$1 billion. The program targets electricity trade of about 15,000 GWh annually, a more than threefold increase in transmission capacity to 16 GW, and the integration of up to 9 GW of renewables.

11.3 World Supply

Mine outages have contributed to near-term tight concentrate supply

Total mine output increased by 3.6% year-on-year in 2025 to 23.6 Mt. Growth in 2025 was driven by new mines ramping up to capacity and increased output from operating mines.

Growth was mainly driven by the Democratic Republic of Congo (DRC), Peru, Brazil and Russia:

- Mine output in the DRC grew by 13.7% year-on-year to 3.5 Mt in 2025. Growth was driven by higher output at CMOC's Tenke Fungurume mine and Glencore's Kamoto and Mutanda mines. Ivanhoe's output from Kamoa-Kakula fell due to a mudslide in May 2025.
- Peru's mine output in 2025 rose by 3.1% year-on-year to 2.8 Mt, driven by improved performance at major operations, including Las Bambas, although production across major mines including Antamina, remained mixed.
- In Brazil, mine output rose by 14% year-on-year to 0.4 Mt in 2025, as Ero Copper's Tucumã project reached commercial production in July 2025, alongside higher output at the Mineracao Caraiba mine. Miner Vale also reported higher copper output during the period.
- In Zambia, mine output rose by 16.3% year-on-year to 0.9 Mt in 2025, driven by ongoing expansions at major operations including Konkola and Mopani copper mines.
- Mine output in Russia rose by about 30% year-on-year to 1.1 Mt in 2025.

Despite the growth in 2025, several disruptions have brought production in Q1 2026 down to similar levels as Q1 2025:

- PT Freeport's Indonesian production decreased by 67% to 91 kt in Q1 2026, due to the forced closure of the Grasberg copper mine in September 2025. The mine is scheduled to reach pre incident capacity by end 2027.
- With the closure of the Mount Isa underground copper mine and sever weather impacts across other mines, Glencore's

Australia's production (including third party feed) dropped from 48.5 kt in the December quarter 2025 to 11.7 kt in the March quarter 2026, which contributed to a 26% quarterly decline in production across Glencore's facilities worldwide.

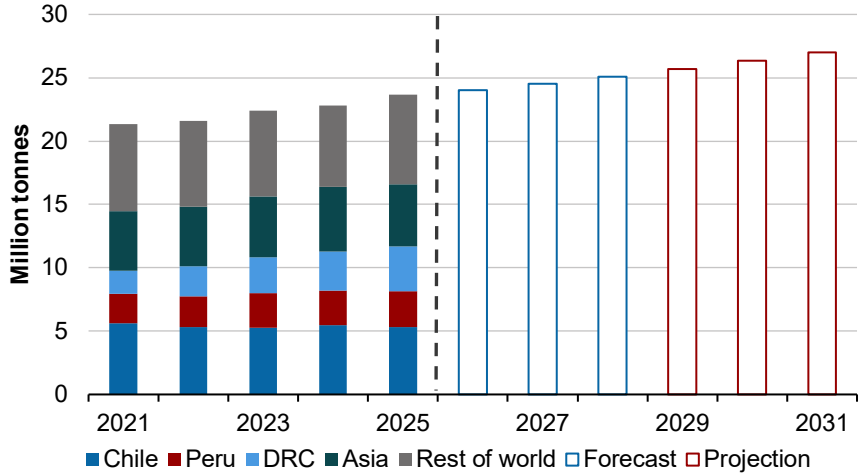
- Annual output at Ivanhoe's Kamoa-Kakula copper mine in the DRC fell by 46% year-on-year to 71.4 kt in Q1 2026 due to seismic events in 2025. Production guidance was lowered to 290-330 kt a year, rising to 400 kt in 2027 and expected to exceed 500 kt from 2028.
- First Quantum's Cobre de Panama mine (350 kt in 2023) ceased operations in late 2023 due to social unrest and environmental issues, with the restart timing still uncertain. In April 2026, Panama's authority approved the processing and export of the stockpiled ore at Cobre de Panama.
- Chile recorded a 5% year-on-year output fall in Q1 2026, reflecting widespread disruptions across major operations. At Codelco, output fell 10%, partly due to a fatal incident at El Teniente. A prolonged worker strike at Mantoverde also weighed on output.

The copper concentrate market is expected to stay structurally tight, at least in the near term. Despite persistent tightness in concentrate supply, new copper smelters and refineries (particularly in China) continue to be commissioned to meet medium- and long-term metal demand. Partly compensating for low treatment and refining costs (TC/RCs), smelters are benefitting from surging prices for by-products such as sulphuric acid, gold and silver. TC/RCs are expected to remain low over the outlook period as new, efficient refining facilities open and concentrate supply remains tight.

Mine output to rise to 2031 in response to high prices

Global copper mine production is projected to grow by 2.2% a year from 23.6 Mt in 2025 to reach 26.9 Mt by 2031 (Figure 11.3).

Figure 11.3: Global mine production, annual



Sources: Department of Industry, Science and Resources (2026); International Copper Study Group (2026); World Bureau of Metal Statistics (2026).

Growth is expected to be driven by a number of major projects scheduled to commence operations over the outlook period to 2031. Among producing nations:

- Chile — the world's largest copper producer, has lowered its 2026 output forecast by 2% to 5.2 Mt, down from the previous estimate of 5.6 Mt, due to lower ore grades, maintenance and operational constraints. Output is expected to recover, rising by 4% to 5.5 Mt in 2027.
- In the DRC — Kamoa-Kakula is set to lift output from around 310 kt in 2026 to 400 kt by 2027, exceeding 500 kt in 2028, while CMOC's US$1.1 billion Kisanfu expansion by 2027,

alongside growth at the Tenke Fungurume, is expected to lift combined annual production to over 700 kt a year.

- In Panama — First Quantum is awaiting restart approval for its Cobre de Panama mine. However, the government has approved removal and processing of stockpiled ore at the site which will support output growth.
- In Pakistan — Barrick Gold is expected to bring the Reko Diq copper-gold joint venture online by end of 2028. Steady-state production capacity is projected at 240 kt a year with an expected mine life of at least 37 years.
- In Russia — Baimskaya copper mines is expected to commence operations in late 2027, with annual production capacity of 300 kt over 20 years of mine life.
- In Argentina — the BHP-Lundin mining Vicuna copper joint venture announced a US$18 billion multi-year investment. Initial spending of about US$7 billion is planned from 2027, with 395 kt annual capacity and first output expected in 2030.

In addition, several other medium-to-small scale projects are expected to commence operations or lift output through expansions. For most of those, first ore is expected post 2028.

Refined copper output to rise, capped by tight concentrates and sulphuric acid disruption

Refined output rose by 3.6% year-on-year to 28.5 Mt in 2025, driven by strong growth in China (up 9.5%) and the DRC (up 15%), as well as ramp-ups at new refineries in India, DRC and Serbia. The growth was partially offset by falls in Chile (down 12.5%), Japan (down 7.9%) and the EU (down 1.2%) mainly due to major maintenance shutdowns.

In the near term, tight concentrate supply and sulphuric acid disruptions are expected to pose risk and slow output growth. Global refined copper production rose by 1.1% year-on-year in the March quarter 2026. Over the outlook period, refined copper production is expected to rise by 2.3% annually to 32.8 Mt in 2031, driven by growth in the DRC, China, India, Zambia and Serbia.

In the DRC, Ivanhoe's Kamoa-Kakula mine commissioned an onsite smelter in late 2025. It has annual capacity of 500 kt which replaces third party processing at the Lualaba smelter.

In India, the Kutch smelter began operations in mid-2025, targeting 500 kt a year. However, the smelter only produced 94 kt of refined copper from April 2025 to February 2026, due to a slow ramp-up and constrained feedstock supply. To operate at full capacity, the plant requires around 1.6 Mt a year of copper concentrate; however, import records show it secured only over a quarter of the feedstock required between February 2024 and February 2026. Concentrate is currently contracted to be supplied by Codelco, BHP, Glencore and Hudbay, and a long-term partnership has also been signed with Australia's Caravel Minerals.

In China, refined copper production is expected to rise from around 13.5 Mt in 2025 to over 17 Mt by 2031. Greenfield and brownfield expansions in China will increasingly focus on technological improvements for greater by-product streams, feedstock flexibility and scrap utilisation. However, China's National Development and Reform Commission is expected to tighten oversight of new and expanding smelters to align approvals with industrial policy and address overcapacity.

Zambia's refined copper output is expected to increase from 238 kt in 2025 to 328 kt in 2031, driven by higher output from Mopani (Mufulira) and the Chambishi copper smelters.

In Serbia, refined production continues to ramp up at the Bor smelter and mining complex in Serbia.

BHP has awarded a procurement and construction management contract to drive the proposed expansion of its South Australian smelter, subject to final investment decision due in 2027 (see *Australia* section of this chapter).

Sulphuric acid supply disruption imposed a downside risk to the refined copper output due to Middle East conflict

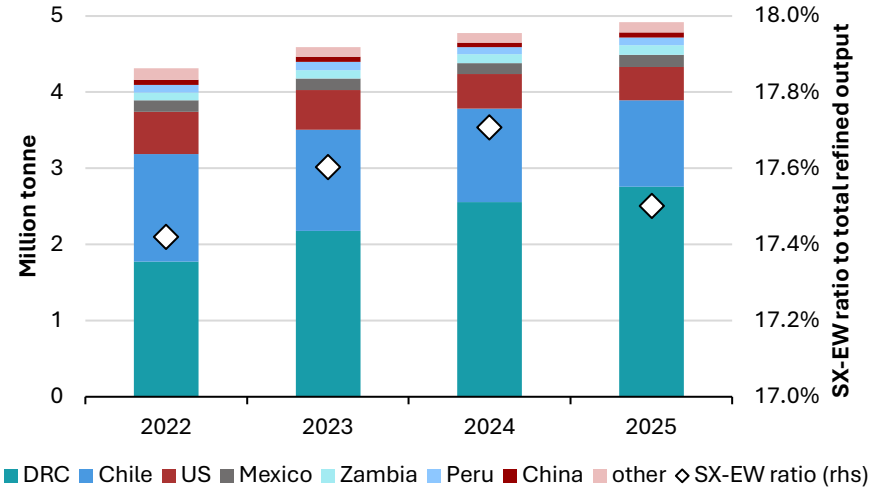
Around 20% of the world's primary refined copper production comes from the SX-EW process which uses sulphuric acid as a leaching reagent. In Chile, the Democratic Republic of Congo (DRC), Zambia and the US, a considerable share of refined copper is generated through SX-EW (Figure 11.4) and conflict in the Middle East led to shortages of sulphuric acid.

The closure of the Strait of Hormuz disrupted around one quarter of global sulphur supply, tightening sulphuric acid markets as sulphur supports 60% of the global sulphuric acid production. Sulphuric acid is also produced as a by-product during metals smelting, where sulphide ores release sulphur that is captured and often processed into sulphuric acid.

Chile produced 1.14 Mt of refined copper from SX-EW in 2025, accounting for 4.0% of global refined output. Chile sourced 37% of its sulphuric acid from China, which banned exports from early May 2026. While domestic smelting provides some sulphuric acid as a by-product, SX-EW operations remain reliant on imports. If disruptions persist, around 200 kt of production — roughly 1% of global supply — could be at risk.

The DRC is also exposed to sulphur and sulphuric acid shortages. In 2025, the DRC produced around 2.8 Mt of refined copper, accounting for 10% of global output, with majority of production coming from SX-EW operations. The DRC relies on three main sources of sulphuric acid: imported sulphur (80% from Middle East (2023 data)), imported sulphuric acid from Zambia (which has restricted exports) and domestic production. Domestic supply is emerging, with Ivanhoe's Kamoa Kakula smelter beginning operations in November 2025, producing 100 kt of sulphuric acid in Q1 2026 and expected to reach 600-700 kt a year at full capacity, but SX-EW operations may be constrained in the near term.

Figure 11.4: Global refined copper production through SX-EW



Sources: Department of Industry, Science and Resources (2026); International Copper Study Group (2026)

The US produced 433 kt of refined copper from SX-EW in 2025, accounting for 48% of the country's total refined production and 1.5% of global refined production.

Zambia, Africa's second-largest copper producer, produced around 1.0% of global refined copper from SX-EW in 2025. Zambia generates around 2 Mt of sulphuric acid a year in local smelting operations but exports to the DRC were putting pressure on local copper production. The Government instituted a ban in September 2025 on exports of sulphuric acid, but in March 2026 instituted an export permit regime after local stockpiles had recovered. Extended planned maintenance at Zambian smelters later in August-September is expected to tighten sulphuric acid supply in the region.

Other countries produced around 1.3% of total global refined copper from SX-EW in 2025; the main contributors included Mexico, Peru, Kazakhstan, Iran and Australia (see *Australia section of this chapter*).

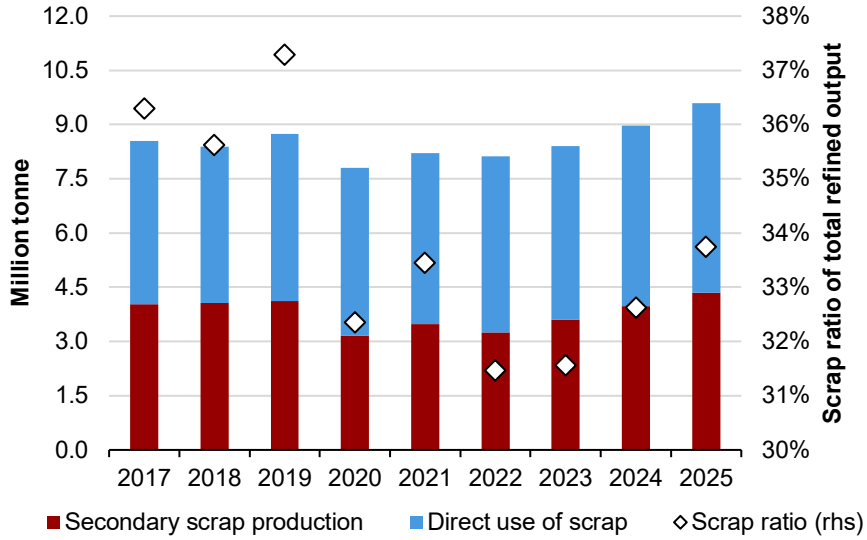
A moderate rise in scrap supply is forecast to 2031, driven primarily by China

Secondary refined copper output and direct use of copper scrap — where high-grade scrap is re-melted into new products without extensive refining process — reached 9.5 Mt in 2025, accounting for 34% of global refined output (Figure 11.5).

China, the US, Japan, Italy, and Germany were the major scrap-processing countries in 2025, with China accounting for 47% of global direct scrap use (Figure 11.6). In Q1 2026, China's secondary processing and direct use of scrap rose by 10% year-on-year to reach 1.2 Mt, representing 17.6% of global output for the quarter and offsetting modest declines in the EU and ex- China Asia. China continues to process a large share of global scrap, with imports reached 2.3 Mt in 2025 up around 4.1% compared to last year.

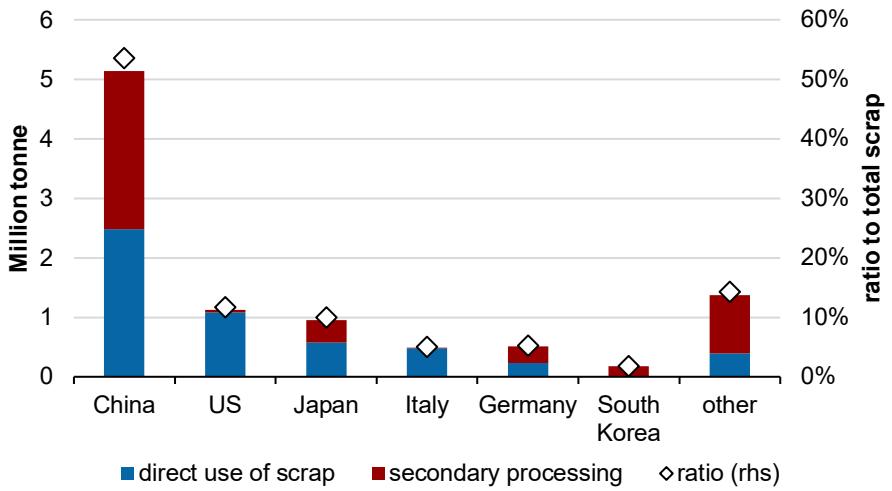
China's scrap imports from the US fell by 68% in 2025, down from 439 kt in 2024 to 141 kt in 2025, reflecting trade restrictions. Over the same period, China's scrap imports from Japan, Thailand, and South Korea rose by 15.3%, 14%, and 5.3%, alongside increases from Southeast Asia. In H1 2025, US exports of unalloyed and alloyed copper scrap to ex-China markets rose by 51% and 35% year-on-year, with higher shipments to Thailand, India, Japan, and Malaysia. Together, these trends suggest a shift in global scrap trade toward alternative markets. Over the outlook period, scrap-based copper output is expected to increase, led largely by China.

Figure 11.5: Secondary scrap supply and direct use of scrap



Sources: Department of Industry, Science and Resources (2026); International Copper Study Group (2026), World Bureau of Metal Statistics (2026)

Figure 11.6: Major scrap copper processing countries in 2025



Sources: Department of Industry, Science and Resources (2026); International Copper Study Group (2026), World Bureau of Metal Statistics (2026)

11.4 Prices

Copper prices have risen strongly in 2026 on concentrate shortages and geopolitical risks

Copper prices have surged since mid-2025, rising from below US$10,000 a tonne to over US$14,500 a tonne in January 2026, a record high. The price was trading above US$13,600 a tonne in mid-June as supply risks intensified. These risks reflect earlier major mine outages and sulphuric acid supply disruptions linked to the Middle East conflict affected SX-EW production.

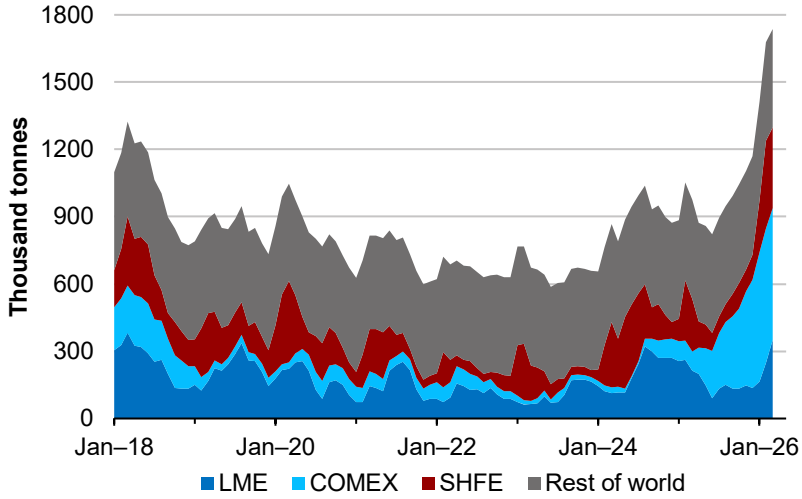
Elevated prices are expected to persist through 2026 due to ongoing supply disruptions, tight concentrate markets, and strong demand. Prices are expected to ease to about US$11,050 a tonne (real terms) by 2031, as mine supply lifts and refined output matches demand (Figure 11.8).

Inventories are expected to rise in the near term

Global copper inventories were 50% higher quarter-on-quarter in Q1 2026, driven by inflows to COMEX, the SHFE and the LME. SHFE stocks rose from 112 kt in December 2025 to over 359kt in March 2026, reflecting the Lunar New Year slowdown and stronger Chinese output. LME stocks rose from 136 kt in December 2025 to about 350 kt in March 2026, while COMEX stocks also rose over March quarter, up 22% from Q4 2025 (Figure 11.8). COMEX stocks have risen in anticipation of US tariffs on copper imports.

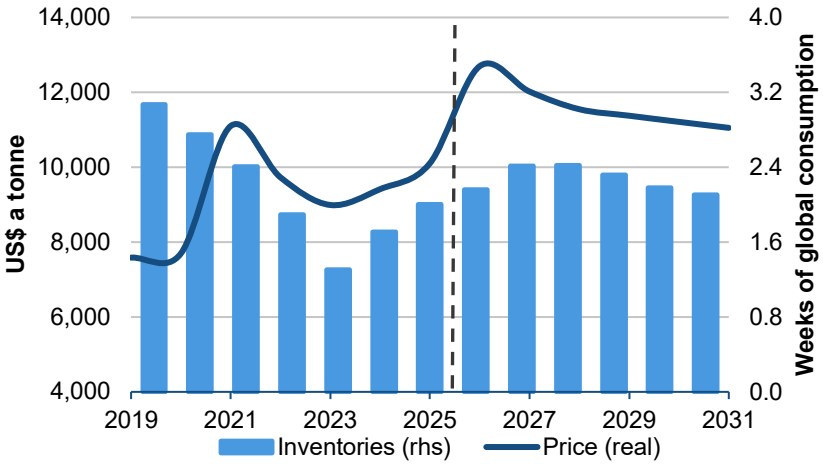
Copper stocks are expected to build slightly during 2026 and into 2027 as geopolitical conflicts weigh on global economic activity. Stocks are then expected to ease from mid-2027, as these pressures ease and economic activity picks up.

Figure 11.7: Global copper inventories, monthly



Sources: Department of Industry, Science and Resources (2026); World Bureau of Metal Statistics (2026).

Figure 11.8: Quarterly LME spot and forecast price and stocks



Source: Department of Industry, Science and Resources (2026); LME (2026); World Bureau of Metal Statistics (2026)

11.5 Australia

Mine production is expected to keep growing, supported by expansions and new projects developments

Australian mined copper production is estimated to reach 704 kt in 2025–26, a 2.2% decline year-on-year. Production declined at Boddington mine in WA from H2 2025 due to lower ore grades and bushfire damage. In 2025, Queensland's copper output fell 13% year-on-year, reflecting the suspension of the Capricorn project after floods in 2024. Also, Mount Colin entered care and maintenance in early 2025 and Mount Isa underground copper mine ceased in July 2025. These declines were partially offset by modest growth in South Australia where output rose slightly year-on-year, supported by steady output at BHP's Olympic Dam and higher output at Hillgrove's Kanmantoo.

Australia's mine output is projected to grow by 5.2% a year on average to reach 976 kt by 2030–31, driven by expansions at existing mines and ramp-ups at new mines.

Australian refined output declined by 27% year-on-year in the March quarter 2026, reflecting lower output at the Mount Isa copper smelter — driven by reduced feedstock following the closure of the Mount Isa underground copper mine in July 2025 and third-party feed following weather impacts across other mines in Queensland.

In 2025, Australia produced 5% of its refined copper using the SX-EW process, mainly located in the region of the Mount Isa-Townsville copper. However, Australia has low reliance on middle east sulphuric acid supplies, and the risk to Australian output due to the shortages is judged to be low.

Australian refined copper output is projected to gradually recover to reach 481 kt by 2030–31, due to increasing production from BHP's Copper South Australia and SX-EW operations in Queensland and South Australia.

Coda Minerals' Elizabeth Creek copper and silver project in South Australia is undertaking a pre-feasibility study, targeting early-2030s output with a capacity of 31 kt of copper cathode.

A steady state operation is assumed for Mount Isa smelter and Townsville refinery through 2031. In the near-term, options for the future of the Mount Isa smelter will be explored through a transformation study funded under a Commonwealth and State funding package.

New and expanding copper projects in the region could support the Mt Isa smelter's concentrate needs. These include the 60ktpa Eva Copper project, the Eloise mine expansion (to raise

output by over 20ktpa) and the Ernest Henry extension to 2040 (to maintain 50ktpa capacity). Other sources include restart of the Rocklands mine, recently acquired by Austral Resources, and of the 29Metals' Capricorn copper mine. The Carnaby Resources Greater Duchess project and the NSW-based CSA Cobar project (over 50ktpa) are further potential sources.

Higher copper prices and stronger by-product credits (such as gold and silver) are expected to bolster smelting margins and support investment in prospective mines in the region.

BHP has announced a proposed expansion to smelting capacity at Olympic Dam. The expansion would lift refined output to 500 kt by the early 2030s, with potential to reach 650 kt by mid-2030s. A final investment decision on phase 1 expected in 2027. An expansion of this scale would be significant for Australian domestic copper production. For Olympic Dam to rise from 223 kt of refined cathode in 2025 to 500 kt would represent an addition exceeding current output at the Townsville refinery (207 kt in 2025).

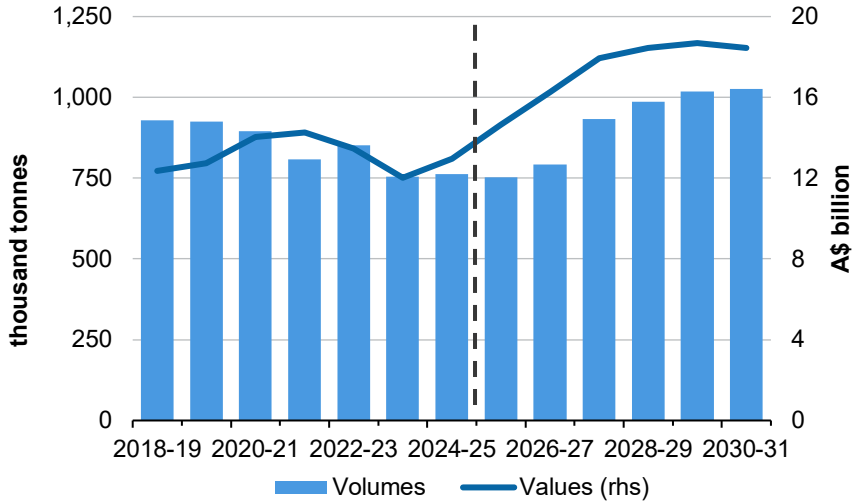
Australia's copper consumption is expected to grow, driven by electrification and construction

Australia's apparent copper consumption is estimated at 44.5 kt in 2025, representing a 32% increase over past five years, from 33.6 kt in 2020. Over the outlook period, Australia's copper consumption is expected to grow, supported by grid expansion, infrastructure development and construction-related policy initiatives.

Higher Australian copper mine output and strong prices will lift export earnings

Export earnings in 2025–26 are estimated at $14.6 billion, 17% higher than in 2024–25, driven by higher prices and increased export volumes (Figure 11.9). Copper scrap exports are also expected to support earnings, with record prices likely to attract scrap even after about 115 kt was exported in 2025 — a 14% lift compared to 2024. Export earnings are forecast to rise to over $16 billion in 2026–27 and then increase to $18.4 billion (in real terms) in 2030–31.

Figure 11.9: Australian copper export volumes and values, annual

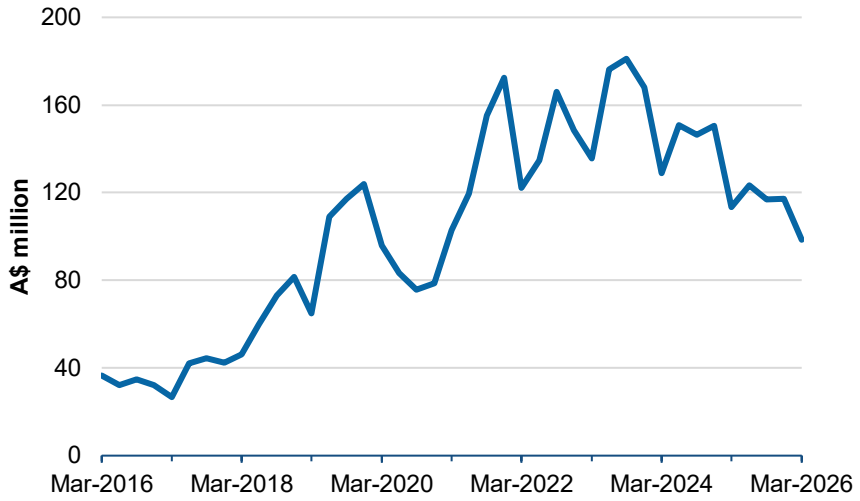


Sources: ABS (2026); Department of Industry, Science and Resources (2026)

Copper exploration declined in the March quarter 2026

Copper exploration expenditure decreased in the March quarter 2026 to be down 16 % quarter-on-quarter (Figure 11.10). Stronger prices and confidence in long term copper demand are expected to drive higher capital raising and exploration throughout the outlook period.

Figure 11.10: Australian copper exploration expenditure, quarterly



Sources: ABS (2026)

Revisions to the outlook

Compared with the December 2025 *Resources and Energy Quarterly*, export earnings have been revised down by $1.3 billion in 2025–26 and $1 billion in 2026–27, mainly due to lower refined output and an expected increase in domestic copper consumption.

Compared to the March 2025 *Resources and Energy Quarterly*, export earnings have been revised down by around $130 million in 2027–28 but revised up by $0.5 billion in 2028–29 (in nominal terms), driven by changes in export volumes and higher forecast prices. Export earnings in 2029–30 remain broadly unchanged.

Table 11.1: Copper outlook

World	Unit	2025	2026[f]	2027[f]	2028[z]	2029[z]	2030[z]	2031[z]	CAGR[r]
Production									
– mine	kt	23,654	23,682	24,417	24,999	25,594	26,227	26,891	2.2
– refined [a]	kt	28,557	28,492	29,146	29,904	30,811	31,777	32,810	2.3
Consumption	kt	27,906	28,259	28,973	29,859	30,829	31,813	32,817	2.7
Closing stocks	kt	1074	1173	1346	1390	1373	1337	1329	3.6
– weeks of consumption		2.0	2.2	2.4	2.4	2.3	2.2	2.1	0.8
Prices LME									
– nominal	US$/t	9,939	12,699	12,277	12,053	12,132	12,218	12,307	3.6
	USc/lb	451	576	557	547	550	554	558	3.6
– real [b]	US$/t	10,106	12,699	12,020	11,548	11,375	11,211	11,051	1.5
	USc/lb	458	576	545	524	516	509	501	1.5
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Mine output	kt	720	704	726	855	939	971	976	5.2
Refined output	kt	433	460	383	432	454	475	481	1.8
Export volume									
– ores and concs [c]	kt	1,300	1,273	1,578	1,950	2,086	2,137	2,143	8.7
– refined	kt	397	397	344	389	408	427	433	1.4
– total metallic content	kt	763	753	793	934	987	1,019	1,026	5.1
Export value									
– nominal	A$m	12,510	14,637	16,795	19,013	20,041	20,809	21,040	9.1
– real [d]	A$m	12,957	14,637	16,246	17,939	18,447	18,687	18,434	6.1

Notes: **a** includes secondary refined copper; **b** In 2026 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2025–26 financial year Australian dollars; **s** estimate; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2024–25 and 2030–31; **z** Projection.

Source: ABS (2026); Department of Industry, Science and Resources (2026); LME (2026); World Bureau of Metal Statistics (2026).

Nickel

Australia's nickel sector

19% of global resources

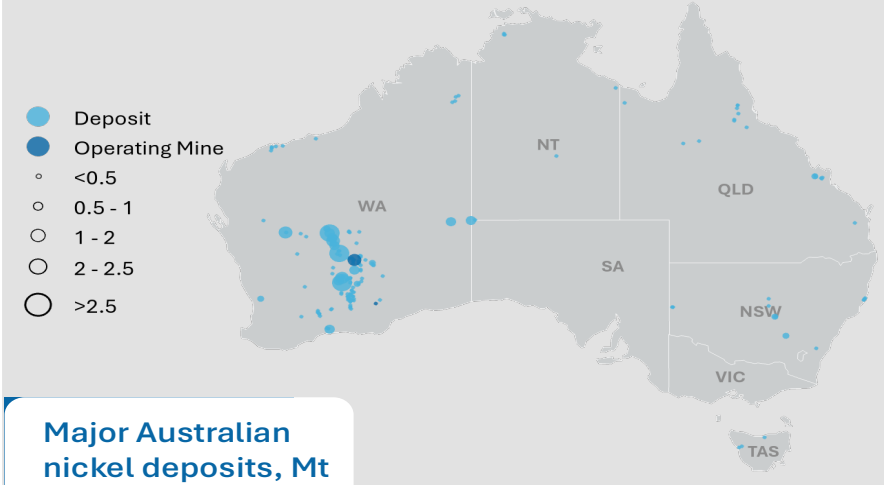
and second largest global reserves

9th largest in 2025

global producer of mined nickel output

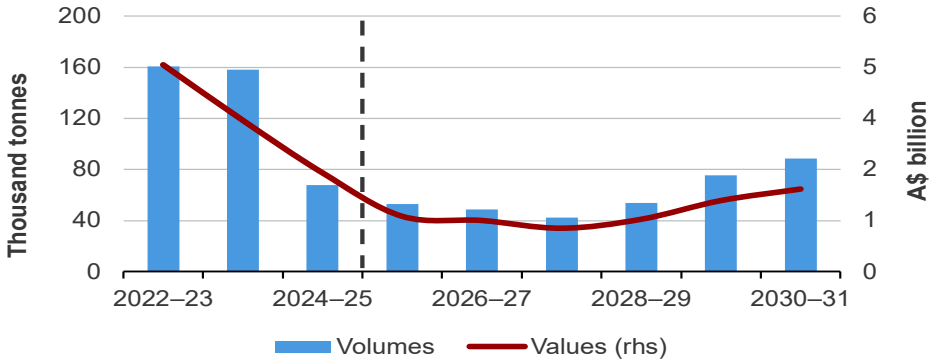
15% of global demand

in 2025 was for EV batteries



Major Australian nickel deposits, Mt

Australian nickel exports

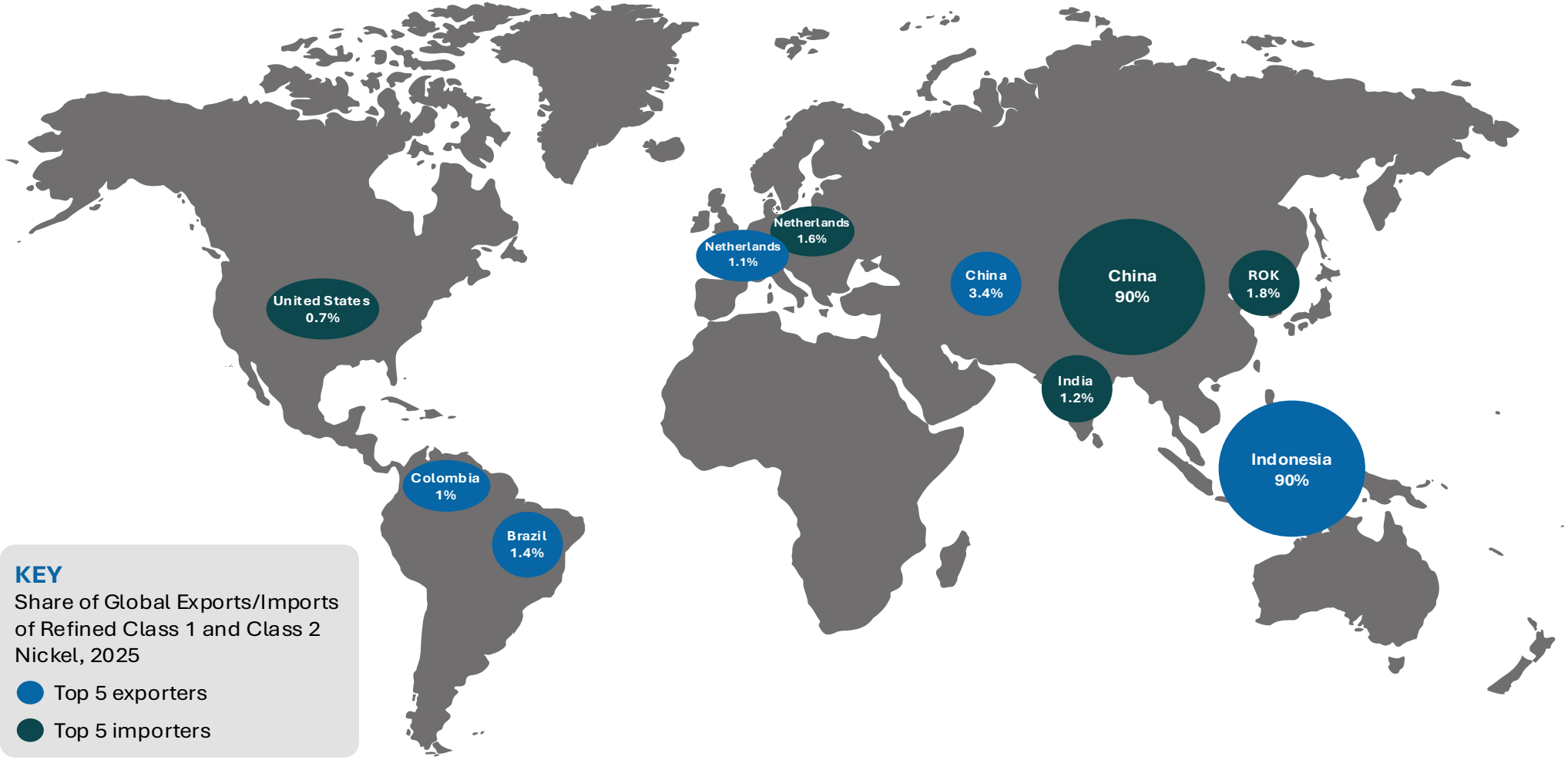


Outlook

- Nickel prices to recover as market surpluses narrow
- Export earnings to remain subdued to 2028
- Australian mine output to rebound by the end of outlook period
- pCAM expansion in China and Indonesia to support battery-related nickel demand

Source: INSG; USGS; ABS; DISR, GA

Nickel trade map



Source: INSG

12.1 Summary

- Sustained growth in global refined nickel supply is expected to contain prices at around US$17,000 a tonne (real terms) to 2031. However, emerging supply risks raise the possibility of a tighter market balance (and higher prices) earlier in the outlook period.
- World nickel demand is projected to see steady growth over the outlook period, with EV batteries increasing in share of global end-use demand. Growth in global stainless-steel production is expected to ease from the high levels of recent years, but will continue to underpin demand to 2031.
- Low prices and closures in 2024 are expected to see Australia's export earnings drop to $1.3 billion in 2025–26. However, an expected recovery in production later in the outlook will see a rise in exports to $1.7 billion (in real terms) by 2030–31.

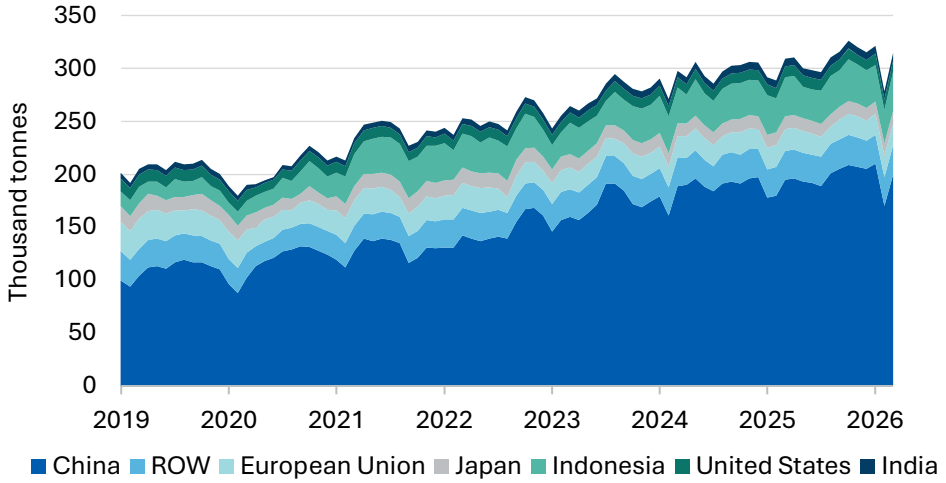
12.2 World Consumption

Global nickel consumption rose in 2025, driven by increased stainless steel and battery demand

Global nickel consumption rose by 2.4% in 2025, extending the steady growth trend observed since 2020. Demand remained concentrated in Asia, helped by the continued expansion of stainless-steel production and the rapid build-out of battery precursor cathode active material (pCAM) capacity.

Demand among major nickel-consuming nations strengthened in 2025, with China increasing consumption by 5% as it maintained its position as the world's dominant stainless steel producer.

Figure 12.1: World nickel demand, monthly



Source: International Nickel Study Group (2026); Department of Industry, Science and Resources (2026)

Indonesia — the second-largest global nickel consumer — recorded a 5.3% rise in demand in 2025, while India and the United States experienced stronger growth of 9.2% and 5.5% over the period respectively. In contrast, demand in Japan and Europe was largely stagnant or edged slightly lower over the year (Figure 12.1).

Stainless steel remained the dominant end-use for nickel in 2025, accounting for around 62% of global demand, with world production rising by about 3% year-on-year. Growth was concentrated in China, which accounted for around two-thirds of global output.

However, tighter ore supply conditions in Indonesia so far this year (see *World Production*) have seen higher prices for Nickel Pig Iron (NPI), a key feedstock for stainless steel as well as increased substitution of recycled feedstocks.

Stainless steel will continue to dominate nickel demand, but its share will ease as battery pCAM consumption expands

Nickel demand is projected to grow at an average annual rate of 5.3% over the outlook period. Growth will be primarily driven by sustained gains in stainless steel output from emerging producers (especially Indonesia and India) and by accelerating usage of nickel in battery supply chains, especially for pCAM used in EV batteries.

Global stainless steel production is expected to rise at about 2.5% per year to 2030, slower than previously estimated. Output growth will remain concentrated in China, supported by ongoing investment in infrastructure and manufacturing. However, rising scrap utilisation and ongoing efficiency improvements are expected to cut the nickel intensity of stainless steel production, tempering growth in primary nickel demand. Broader impacts from the Middle East conflict on global growth and industrial activity could further moderate demand in the near-term.

Despite slowing growth in Chinese stainless steel production, other Asian producers are expected to continue to ramp up supply. Indonesia's growing stainless steel industry is expected to increase over the outlook period, driven by the ramp up of Delong's Obsidian facility and the commissioning of new production capacity.

India is also anticipated to become a major source of global stainless steel supply, with the sector currently consuming about 70% of domestic nickel production. Indian stainless steel output is projected to rise from 4.4 Mt in 2025 to 5.7 Mt in 2030, similar to China's expected output. However, the country's stainless steel producers will have a strong reliance on imported nickel, given the nation's lack of existing production capacity.

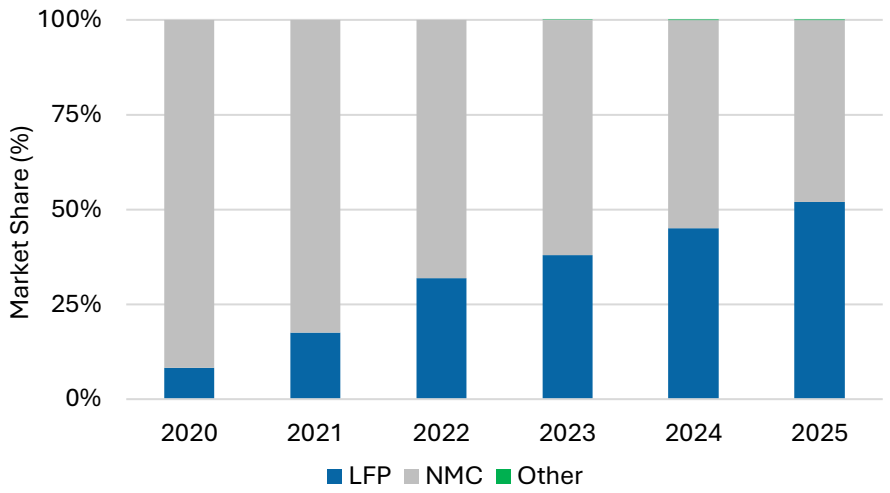
Nickel consumption in battery pCAMs is projected to grow 14% annually to about 1.05 Mt by 2030. This is expected to lift the battery sector's share of total nickel consumption to around 25% by 2031 (from 15% in 2025). China remains the hub of the pCAM supply chain, consuming around 80% of nickel used in global pCAM production with Japan and South Korea accounting for most of the remainder. Nickel sulphate is the main precursor used in NMC batteries.

However, the shift toward non-nickel chemistries (such as Lithium Iron Phosphate, or LFP) remain a key downside risk to demand from this end use over the outlook period. Nickel use in batteries is expected to grow at a slower rate than total growth in battery production, as LFP battery chemistries continue to gain market share. LFP was the fastest growing cathode material in 2025 (+48%) and now accounts for over half of global battery capacity production annually (Figure 12.2).

Record low LFP prices in 2025 has widened the cost differential from NMC. LFP is reported to be around 40% cheaper per kWh, an advantage that helped LFP dominate the EV battery market and reach roughly 90% of battery energy storage system (BESS) deployments. Most of this growth came from China, the world's largest EV market and an early adopter of LFP, where more than 80% of EVs sold in 2025 used LFP battery technology.

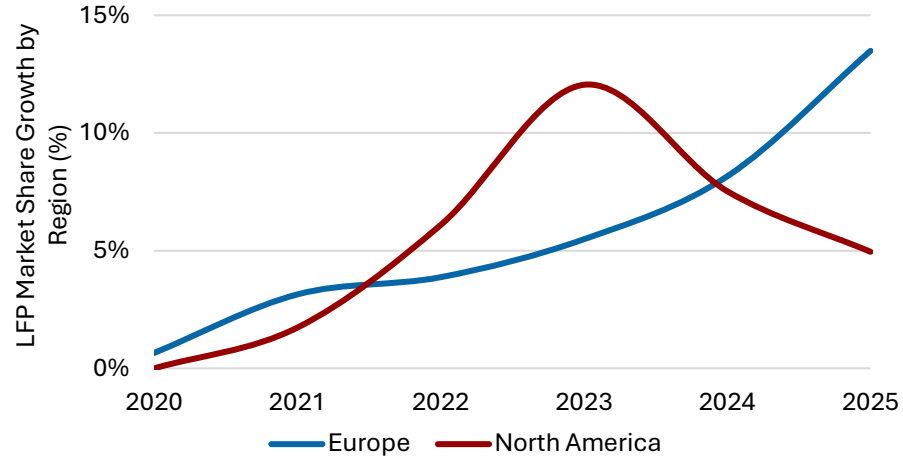
European automakers accelerated the shift toward LFP in 2025, with non-Chinese brands increasing deployment by 47% and European built vehicles nearly tripling uptake. By contrast, the US was the only major region where LFP deployment contracted (-40%), following Tesla's discontinuation of the LFP-based Model 3 variant in H2 2024 (Figure 12.3).

Figure 12.2: LFP market share, annually, 2020-25



Source: Benchmark Minerals (2026)

Figure 12.3: LFP market share in the European and North American EV markets, annually, 2020-25



Source: Benchmark Minerals (2026)

12.3 World Production

Growth in 2026 at risk from a number of key supply shocks

World mined nickel production grew by 10% in 2025, up from 2.4% in 2024, with most of the increase driven by Indonesia (Figure 12.4), which accounted for 62% of global output for the period. However, growth in Indonesian production is slowing, with output rising about 8.5% in 2025, compared with 16% in 2024 and 29% in 2023.

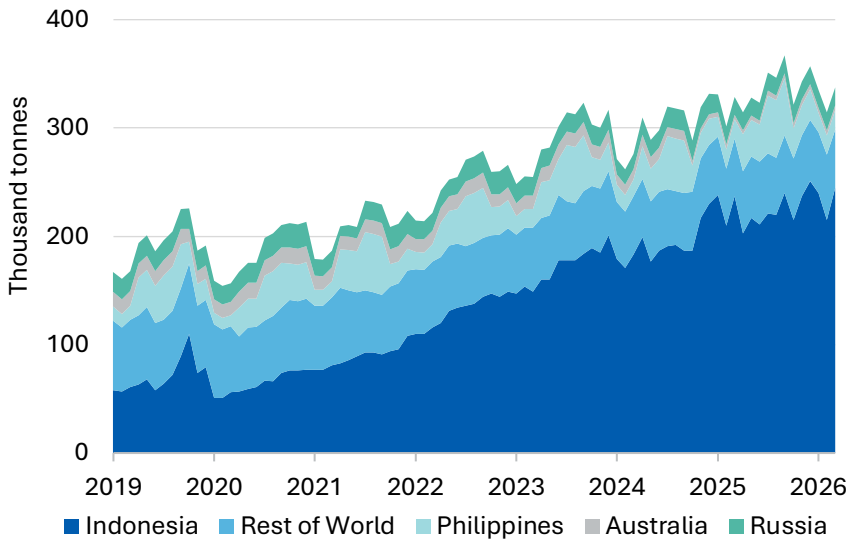
Global mine supply appears to have tightened so far in 2026, driven by declining ore grades and recent policy changes in Indonesia, as well as shortages of sulphur and sulphuric acid linked to the Middle East conflict.

In February 2026, Indonesian authorities set the 2026 nickel ore mining quota at around 260–270 million wet metric tonnes (Mwmt), well below estimated domestic demand of 340–350 Mwmt. This gap is expected to constrain ore availability for smelters supplying stainless steel feedstocks and battery intermediates such as mixed hydroxide precipitate (MHP).

These policy settings have affected major operations, including Eramet's PT Weda Bay Nickel, where the 2026 quota was cut by 70% from 2025 levels. While the government signalled in March 2026 that quotas could be eased (with a review typically undertaken in July each year) if prices remain elevated, near-term supply remains constrained, supporting prices but increasing uncertainty and reliance on future revisions.

This year's ore quota may also have impacts for downstream refined production, with Indonesia's refining sector estimated to require 330–350 Mwmt in 2026 to sustain roughly 2.7 Mt of installed HPAL capacity.

Figure 12.4: World mined nickel production



Source: International Nickel Study Group (2026); Department of Industry, Science and Resources (2026)

If constraints persist, utilisation rates may be limited, tightening the global refined market relative to existing expectations of a surplus.

Any shortfall may be partly offset by imports (particularly from the Philippines) or mid-year quota revisions. Philippine exports have increasingly shifted toward Indonesia in recent years, but the country's declaration of a state of national energy emergency in March 2026 introduces risks to future ore supply from Philippines to the global market, due to uncertainty over domestic fuel availability and logistics networks.

Sector profitability remained weak in 2025, with more than 20% of global nickel supply (with processing concentrated in Indonesia and China) estimated to be cash negative at prices near US$15,000/t. Indonesian HPAL facilities remained among the lowest-cost producers, with average C1 cash costs of around US$9,800/t and continued to generate positive margins. By contrast, non-integrated NPI and ferronickel operations sat toward the top of the cost curve and frequently incurred losses.

In early 2026 sulphur supply disruptions in the Middle East have raised costs for Indonesian HPAL operations producing battery materials. Markest estimates suggest that given the high acid intensity of HPAL processing, the increase in sulphur and sulphuric acid prices could raise MHP production costs by around US$3,000–4,000 a tonne on a nickel basis. A revised Indonesian ore pricing policy introduced in April could further affect the country's processed nickel output this year and across the outlook period.

Among other major producers, mined output fell in Russia (5.2%) and Australia (9.4%) in 2025, while New Caledonia posted an 11% rebound after severe 2024 disruptions. In contrast, with relatively subdued growth in global mined supply, refined and intermediate nickel production expanded more rapidly in 2025, rising by 5% and 18%, respectively (Figures 12.5 and 12.6).

Indonesian refined nickel production rose 14% in 2025, with intermediates up 11%, consistent with the broader shift toward MHP and matte making up a growing share of the country's total nickel exports.

China, the world's second-largest refined nickel producer, also recorded 8.2% growth over the period, supported by greater access to Indonesian intermediates.

The global nickel market is expected to remain oversupplied until 2029, before moving into deficit from 2030

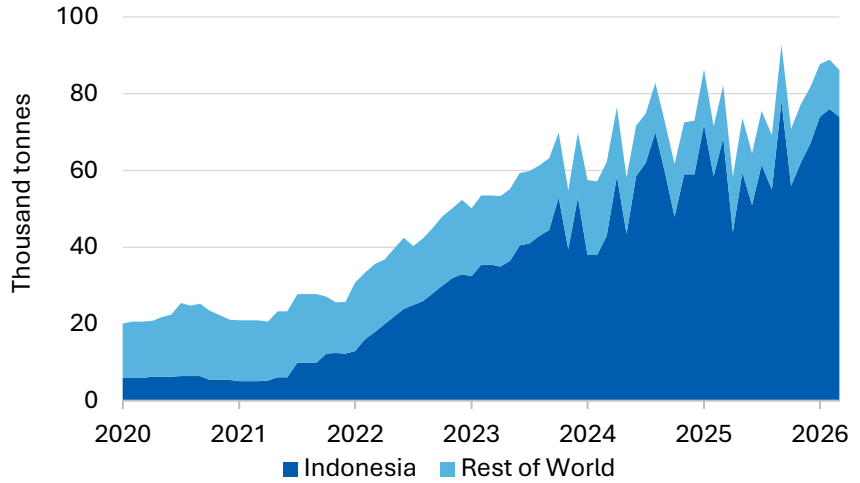
The global nickel market is expected to remain oversupplied until around 2029, before shifting into deficit from 2030. Strong growth in mined and refined capacity is projected to lift output over the outlook period, particularly in Indonesia and China. Notable additions include PT Vale's integrated Pomalaa project, which includes a 120 ktpa HPAL plant producing MHP, alongside expansions in Indonesia's broader downstream sector.

Despite tighter permit approvals and announced plans to raise royalty rates in Indonesia, the market is expected to remain in sustained surplus in the next few years. However, constrained ore availability and sulphur feedstock — driven by China's halt on sulphuric acid exports from May 2026 and disruptions linked to the Middle East conflict — are lifting costs and limiting HPAL utilisation. This may quicken the forecast rebalancing, and the market may move closer to deficit earlier in the outlook period.

Indonesia is also expected to play a growing role in refined production. While China currently accounts for about 76% of global nickel sulphate output, its share is projected to fall to about 68% by 2027 as Indonesian capacity expands, including new MHP projects such as Excelsior, PT Sulawesi Nickel Cobalt, and PT Kolaka Nickel Indonesia. The commissioning of two sulphate plants in 2025 has already added around 80 ktpa of nickel-in-sulphate capacity.

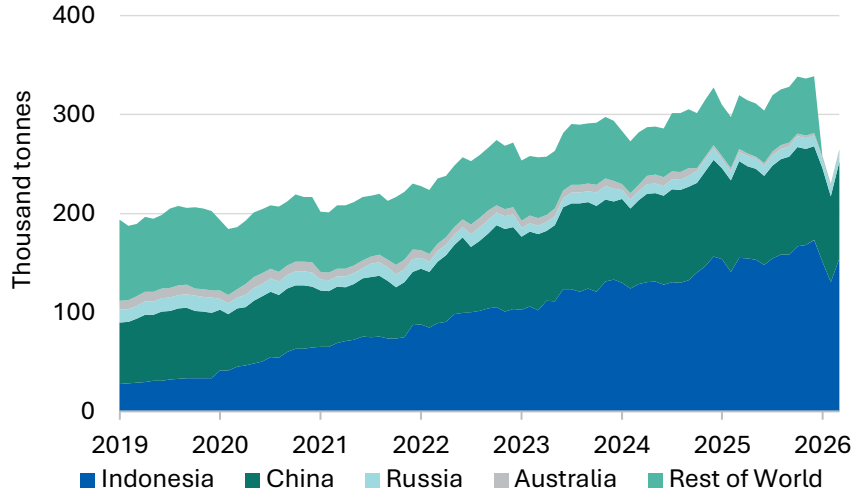
Over the longer term, Indonesia's supply growth is expected to moderate from around 2030, reflecting pipeline completion, declining ore quality, and a stronger policy focus on reserve management and sustainability.

Figure 12.5: World Intermediate nickel production



Source: International Nickel Study Group (2026); Department of Industry, Science and Resources (2026)

Figure 12.6: World refined nickel production



Source: International Nickel Study Group (2026); Department of Industry, Science and Resources (2026)

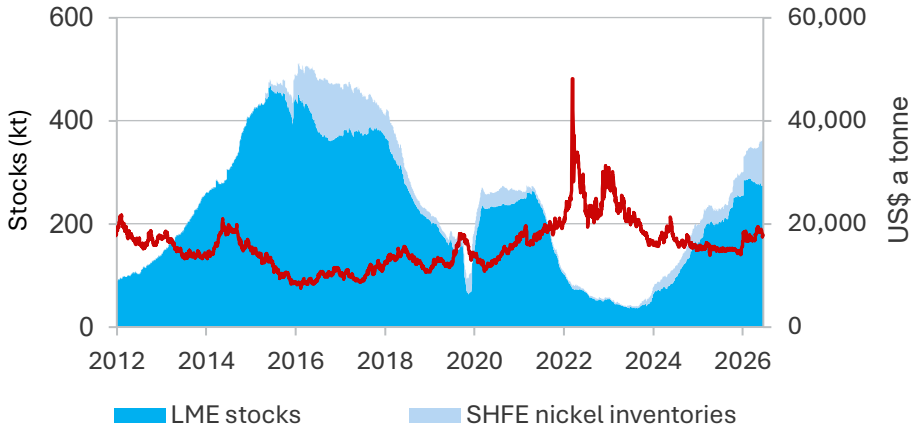
12.4 Prices

Nickel prices rallying in Q2 2026, following years of decline

Nickel prices have recovered in recent months, following a period of sustained oversupply and weaker prices from 2023. In 2025, the annual average LME nickel price declined by 10% to average around US$15,000 a tonne, down from an average price of around US$26,000 a tonne in 2022.

The rebound in prices so far in 2026 reflects notable new and continued policy measures implemented in Indonesia (see *World Production* section) which have raised expectations around near-term global supply tightness. Middle East-related supply chain disruptions have compounded these pressures by tightening supply of sulphur and sulphuric acid, a key input to certain types of nickel processing. In late April 2026, these conditions saw nickel prices rise above US$19,000 a tonne for the first time since mid-2024.

Figure 12.7: Nickel LME Spot Price



Source: LME (2026); Bloomberg (2026); DISR (2026)

Nickel prices are forecast to ease from current elevated levels, to average around US$17,500 a tonne in 2026. Key downside risks to current prices include any upward revision to the Indonesia's 2026 mining quota (with an announcement expected in July), as well as any improvement in sulphur and sulphuric acid supply shortages.

Nickel intermediate payabilities are close to historic highs, reflecting tight supply of ore and sulphuric acid

Nickel intermediate payabilities (the revenue received by producers of these midstream products, priced against the benchmark LME nickel price) remained high, underpinned by constrained sulphuric acid supply, alongside strong downstream demand.

Payability rates for MHP and nickel matte reached 93.5% and 91.5% respectively in April 2026 (compared with historical average ~80%). Supply conditions have also been shaped by policy constraints, including the Democratic Republic of the Congo's cobalt export quota system, which has supported cobalt prices and lifted MHP pricing.

In the near term, payability rates are likely to remain elevated amid continued uncertainty around sulphur supply and ongoing competition for feedstock. Over the outlook period, terms are expected to ease as new Indonesian HPAL and matte capacity comes online, however ore availability constraints under Indonesia's quota system remain a key risk.

Prices to recover modestly over the outlook period as market surpluses narrow

Strong growth in global mined and refined nickel supply through to 2027 is expected to see the benchmark LME price moderate to around US$17,000 a tonne in real terms.

Beyond 2028, slower supply growth (a consequence of tighter Indonesian controls) is expected to diminish the global surplus and lead to an improved global supply-demand balance. This is expected to sustain prices moderately above US$17,000/t (in real terms) to 2031.

12.5 Australia

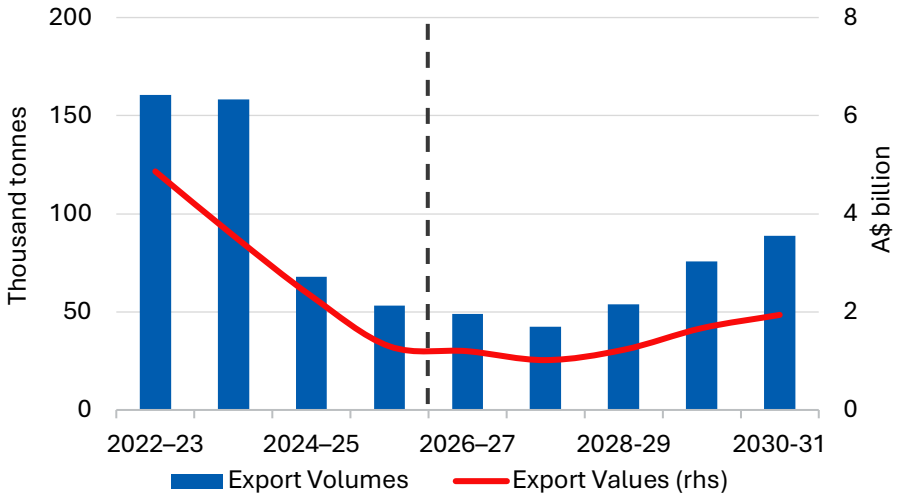
Australian nickel production expected to rebound as the global market moves into deficit from 2030

Australian nickel production declined in 2025 following a series of closures in 2024 amid price uncertainty and is expected to fall further through 2025–26 due to earlier curtailments and a lack of near-term project start-ups. Output will also decline as IGO's Nova operation approaches end of life in late 2026. Despite recent suspensions, several projects remain in the pipeline, including developments targeting higher-value intermediates such as MHP and cobalt sulphate for battery supply chains.

In February 2026, Ardea Resources' Kalgoorlie Nickel Project secured up to A$1 billion in conditional support from Export Finance Australia and the US Export-Import Bank to advance the Goongarrie Hub. Backed by a Japanese consortium, the project is progressing through feasibility and is well placed to benefit from tighter market conditions later in the outlook period.

The Western Australian Government has begun a A$15 million interest-free loan program to support nickel producers, aimed at restarting idled operations and advancing projects. Loans are repayment-free until 1 July 2028 or until nickel prices exceed US$22,000/t for two consecutive quarters, with the principal to be repaid interest-free over two years.

Figure 12.8: Nickel export volumes and values



Source: ABS (2026); International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026)

Export earnings to fall to 2027–28, but improve later in the outlook period

Declining downstream output and the closure of Nova are expected to drive a sharp decline in Australia's nickel export earnings, from $2.4 billion in 2024–25 to $1.3 billion in 2025–26 and $1.2 billion in 2026–27 in real terms (Figure 12.8). A modest recovery in prices and new domestic production capacity later in the outlook is expected to support a rebound in export values, rising to $1.7 billion by 2030–31 (in real terms).

2025 exploration spending continues its downward trend since 2023

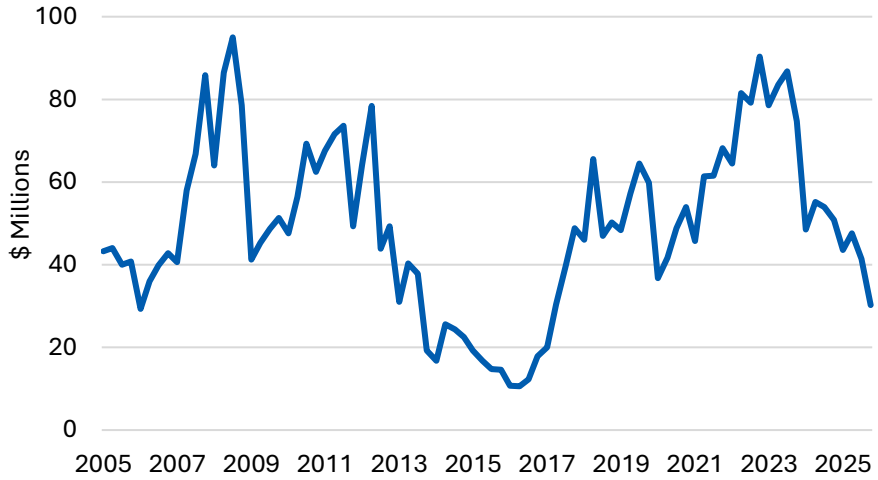
Nickel and cobalt exploration expenditure in Australia fell to around $163 million in 2025 (Figure 12.9), with the ABS reporting the minerals jointly due to their co-location. This represents a 28% year-on-year decline and a 36% fall since 2023 (nominal).

The downturn reflects persistent challenges across the development pipeline, largely driven by subdued global prices. Expenditure declined a further 18% in the March 2026 quarter compared with the December 2025 quarter, indicating that these pressures are ongoing.

Revisions to the outlook

Forecast export earnings for 2025–26 have been revised down by around $0.1 billion from the December 2025 Resources and Energy Quarterly, reflecting lower than expected Australian production. The 2026–27 forecast has also been downgraded by $0.1 billion due to lower expected production.

Figure 12.9: Nickel and cobalt exploration expenditure



Source: ABS (2026)

Table 12.1: Nickel outlook

World	Unit	2025	2026[f]	2027[f]	2028[f]	2029[z]	2030[z]	2031[z]	CAGR[r]
Production									
– Mined	kt	4,049	3,976	4,350	4,500	4,590	4,680	4,770	2.8
– Refined	kt	3,877	3,844	4,200	4,340	4,500	4,600	4,800	3.6
Consumption	kt	3,699	3,921	4,117	4,323	4,453	4,586	4,724	4.2
Global balance		178	-77	83	17	47	14	76	
Closing stocks	kt	1,490	1,412	1,495	1,512	1,560	1,574	1,650	1.7
– Weeks of consumption		21	19	19	18	18	18	18	-2.3
Prices LME									
– nominal	US$/t	15,162	17,508	17,417	17,833	18,438	18,881	19,223	4.0
	USc/lb	688	794	790	809	836	856	872	4.0
– real [b]	US$/t	15,417	17,508	17,052	17,086	17,288	17,325	17,262	1.9
	USc/lb	699	794	773	775	784	786	783	1.9
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Production									
– Mined [c]	kt	62	51	47	41	54	76	89	6.1
– Refined	kt	47	36	39	39	39	39	39	-3.0
– Intermediate	kt	15	0	0	2	11	26	34	14.4
Export volume [c]	kt	81	53	49	42	54	76	89	1.5
Export value									
– nominal value	A$m	2,320	1,297	1,198	1,016	1,227	1,667	1,938	-3.0
– real value [d]	A$m	2,402	1,297	1,159	959	1,129	1,497	1,698	-5.6

Notes: **b** In 2026 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2025–26 financial year Australian dollars; **s** Estimate; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2024–25 and 2030–31; **z** Projection.

Source: ABS (2026) International Trade, 5465.0; LME (2026) spot price; International Nickel Study Group (2026); DISR (2026)

Zinc

Australia's zinc sector

28% of Global

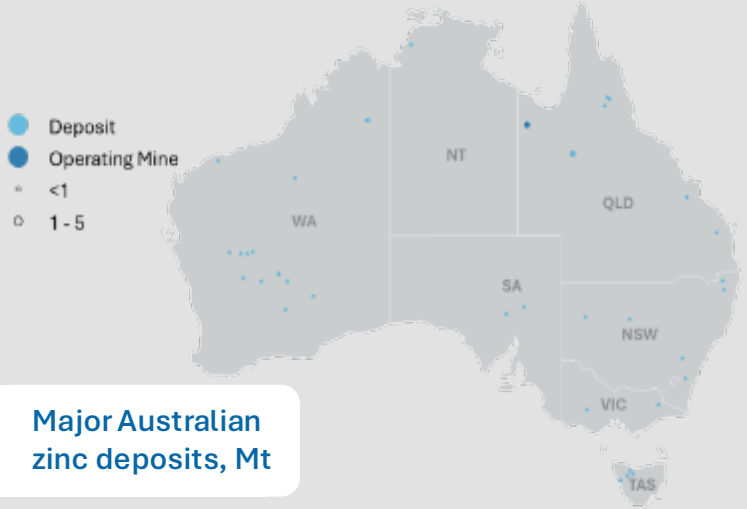
known zinc resources

2nd largest

Refined exporter globally, 2025

429,000 tonnes

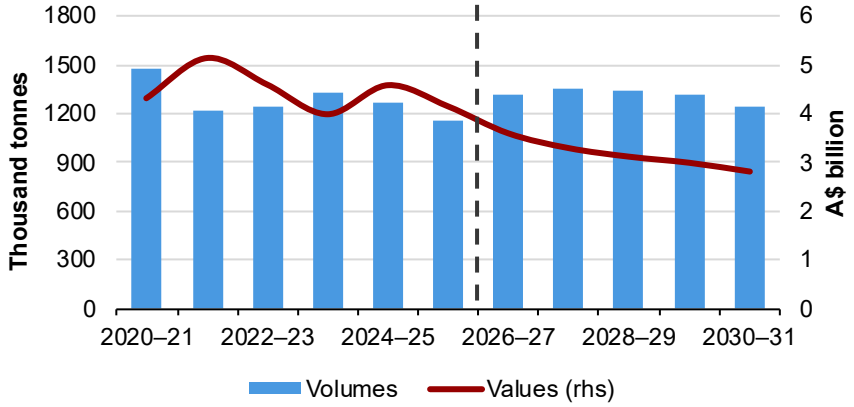
of refined zinc produced in 2025



Major Australian zinc deposits, Mt

Source: GA; DISR; OCE

Australian zinc exports



Outlook

Price surged during H1 2026 & will ease slightly to 2031

Earnings to ease as prices are expected to remain steady

Production to remain subdued as output from older mines tapers

Exploration spending decreased in March quarter 2026

Zinc trade map

Source: ILZSG

13.1 Summary

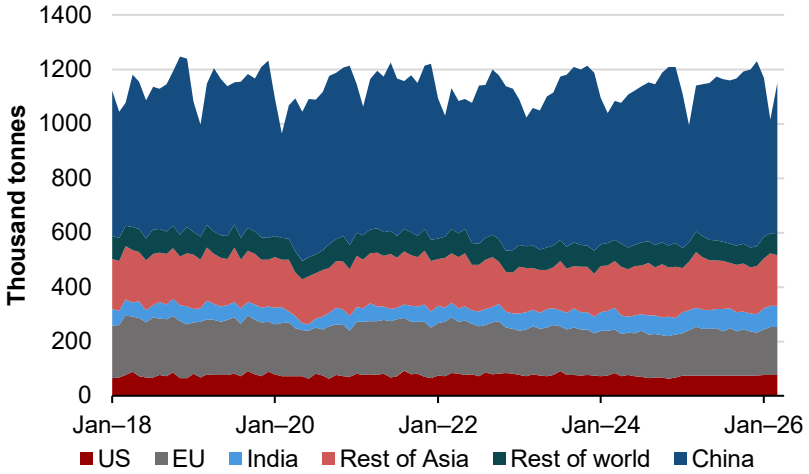
- Zinc prices surged in the June quarter, rising above US$3,500 a tonne in mid-May 2026. Prices are forecast to average US$3,270 a tonne in H2 2026, but ease to around US$2,690 a tonne (in real terms) over the outlook period to 2031.
- Global supply is set to grow moderately, driven by China adding new smelting capacity. Ex-China output is also expected to rise but will be constrained by the supply of zinc concentrate. Global demand growth will be soft due to ongoing weakness in China's construction sector and modest Ex-China demand.
- Australia's zinc exports are estimated at $4.2 billion in 2025–26 and are forecast to decline to almost $3 billion (real terms) in 2030–31 as prices ease.

13.2 World demand

Zinc demand to grow slowly amid slower galvanised steel demand with uneven regional growth

In Q1 2026, zinc demand grew by about 2.7% year-on-year (Figure 13.1), driven by higher usage at major economies such as China, India and the United States. Growth was partially offset by weaker demand in parts of South Asia and the EU. China's zinc demand rose by 2.9% in 2025, reflecting a gradual improvement in industrial activity. The manufacturing and construction sectors account for a large share of zinc usage. So far in 2026, demand has been supported by government measures, including the steel industry work plan and climate bonds initiative announced in mid-2025. These upgrades require high-end zinc coated products, boosting the demand for zinc.

Figure 13.1: Global zinc demand, monthly



Source: Department of Industry, Science and Resources (2026); International Lead Zinc Study Group (2026)

In the Americas, demand rose by 4.0% year-on-year in Q1 2026, mainly driven by higher consumption in the US, Mexico and Brazil. In the EU, zinc demand rose by 3.2% year-on-year in Q1 2026, driven mainly by higher usage in Germany, Belgium, Italy, Poland and Spain. However, growth was partially offset by falling usage in other major economies such as Russia.

In India, zinc usage rose by 6.6% year-on-year in Q1 2026, despite a slowdown in industrial production from 5.1% to 4.1%. Government measures aimed at boosting the manufacturing sector (including attracting foreign investment) will support zinc demand over the outlook period.

Global refined zinc demand is expected to grow by 0.7% in 2026. The modest growth is due to relatively weak construction in major economies, including China, South Korea and the US, coupled with the impact of the Middle East conflict on world

economic growth. Construction accounts for over half of global zinc usage in the form of galvanised steel.

Global refined zinc demand is expected to grow moderately (by 1.2% annually) to reach 14.8 Mt in 2031. Growth prospects are expected to remain mixed across regions. South Asian nations — particularly India — are expected to lead growth, supported by infrastructure investment, manufacturing expansion and supply chain shifts. China's growth is expected to slow as ongoing weakness in the property sector weighs on demand. Demand in Latin America is expected to grow, driven by urbanisation and rising industrial activity. North American demand is expected to remain resilient, though manufacturing and trade challenges may limit growth in the near term.

13.3 World production

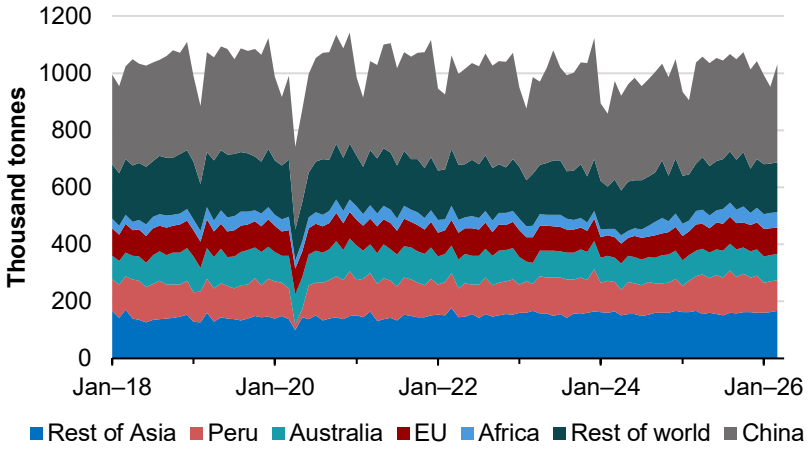
Global mine output is expected to rise, led by DRC, China, and Portugal

In Q1 2026, global zinc mine output rose by 2.3% year-on-year (Figure 13.2). Growth was mainly driven by higher output in China, Peru, the Democratic Republic of Congo (DRC), India, and the EU. Output fell in the US, Mexico, Turkey and Iran.

In China, mine output rose by 1.6% year-on-year in Q1 2026. Peru's output rose by 18.6% in 2025, driven by higher grades at Antamina. In the EU, output rose by 11% year-on-year in Q1 2026. DRC output rose strongly in 2025, up from 60 kt to 217 Kt in 2025, supported by the restart of the Kipushi mine. In India, output rose by 1.6% year-on-year in 2025 to 874 kt.

Global mine output is projected to grow by 1.8% annually, reaching 13.9 Mt by 2031. Growth will be led by China, the EU and Africa, with new projects ramping up and existing mines expanding or reopening.

Figure 13.2: Global zinc mine production, monthly



Source: Department of Industry, Science and Resources (2026); International Lead Zinc Study Group (2026)

Additional smelting capacity in China and a recovery in ex-China capacity utilisation will lift refined zinc output

Global refined zinc output rose by 4.2% year-on-year in Q1 2026 (Figure 13.3). The growth was largely driven by China, Mexico and Canada.

Secondary output (mainly recovered from scrap metals) rose by 1% year-on-year in Q1 2026, accounts for about 15% of total refined zinc output (Figure 13.3).

Global refined zinc production is expected to grow by 1.2% annually to reach 14.8 Mt in 2031, led by China and the EU.

Treatment charges (TCs) have declined in recent years due to tight zinc concentrate supply. Mine output has been stagnant

since late 2023 while refining capacity has lifted, mainly in China. Major disruptions have included Boliden's Tara mine suspension (due to weak prices), Dugald River (outages after a fatal incident), and Gamsberg's temporary closure (following a wall collapse). China's imported concentrates TCs recovered slightly in H2 2025 but have since returned to negative in recent months (Figure 13.4). Through to 2031, with gradual mine supply growth, there is unlikely to be a sharp rise in TCs.

13.4 Prices

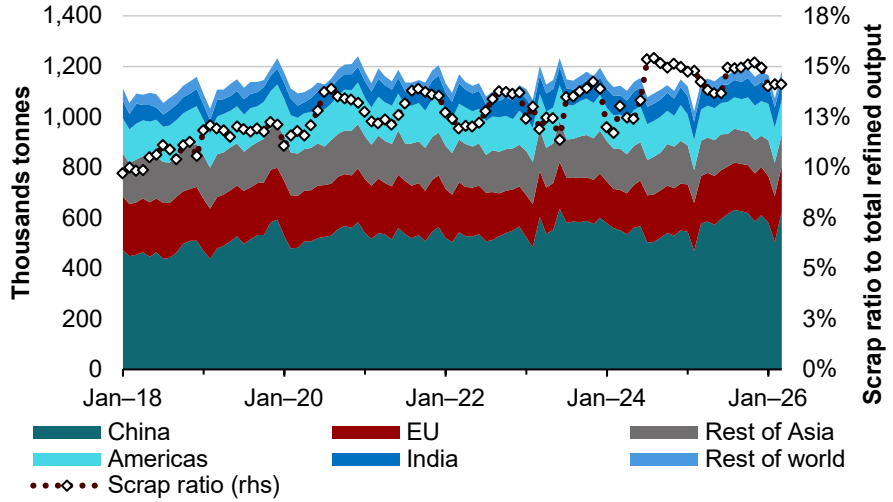
LME zinc prices resilient since H2 2025 amid trade barriers and the Middle East conflict

The LME zinc price has more than recovered the sharp decline experienced in the second half of March, and at over US$3,500 a tonne, is now at highs last seen nearly four years ago. The recent rise reflects the impact of mine supply shortages over the past couple of years and smelter problems — including fires at the Kazzinc (Kazakhstan) and Cajamarquilla (Peru) smelters and the shutdown of Japan's Toho zinc smelter. Prices also reflect geopolitical risks arising from the Middle East conflict.

Zinc prices are expected to remain relatively high during H2 2026 and then steadily ease from mid-2027, averaging about US$2,690 a tonne by 2031 (in real terms) as the market remains broadly in balance (Figure 13.5).

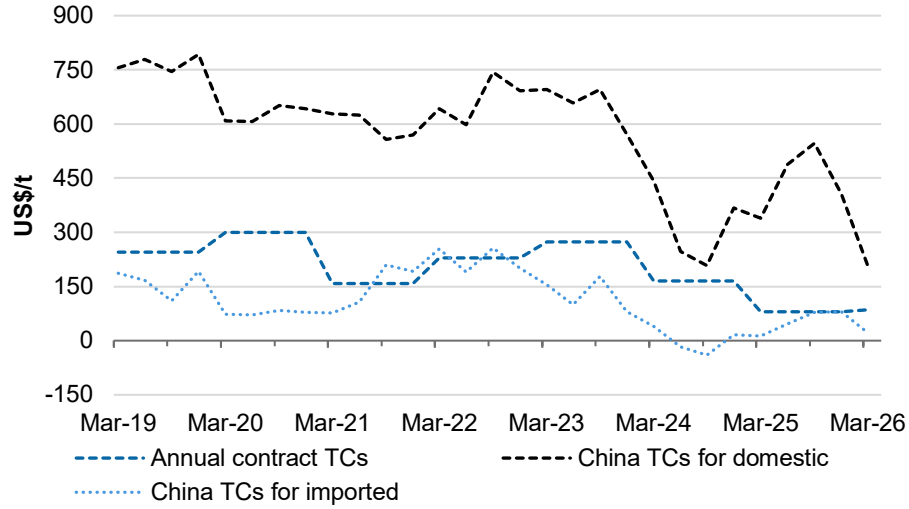
According to the International Lead and Zinc Study Group (ILZSG), global zinc metal stocks rose by 12% in Q1 2026 compared to the December 2025 quarter, driven by inventory build-ups among producers and consumers, as well as increased holdings on the SHFE. LME stocks increased during December 2025 and January 2026, before easing slightly in February and March.

Figure 13.3: Global refined zinc production, monthly



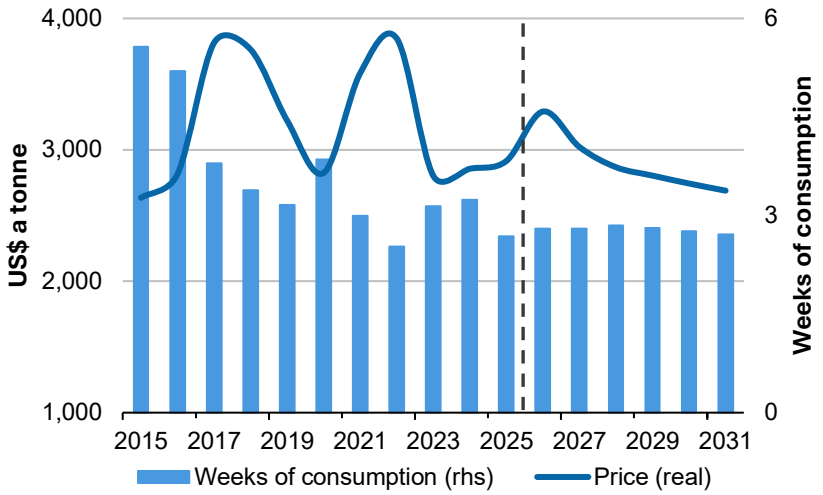
Source: Department of Industry, Science and Resources (2026); International Lead Zinc Study Group (2026)

Figure 13.4: Zinc concentrates treatment charges, quarterly



Source: S&P (2026) and Department of Industry, Science and Resources (2026)

Figure 13.5: Zinc prices and stocks, annual



Source: Department of Industry, Science and Resources (2026); LME (2026); International Lead Zinc Study Group (2026).

Zinc metal inventories are expected to rise moderately over the outlook period to 2031, as supply stays ahead of relatively soft demand growth.

13.5 Australia

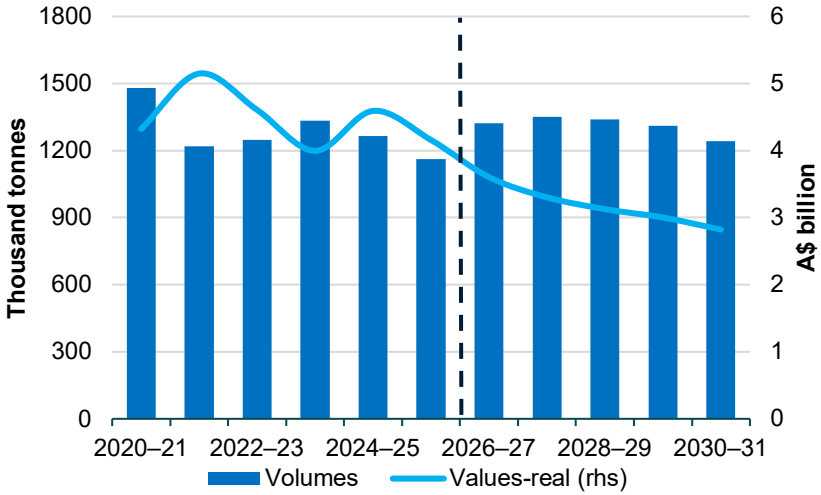
Australian mine production to moderate from 2028 as older mines deplete

Australia's mine output is expected to increase until 2028–29, when depletion at older mines will start to lead to a decline in output. Australian zinc export earnings are expected to decline from $4.2 billion in 2025–26 to almost $3.0 billion (real terms) in 2030–31, as prices are expected to ease slightly (Figure 13.6).

Australian refined zinc production fell by 1.3% in 2024–25 after Nyrstar cut its Hobart smelter output by 25% starting in April 2025. In June 2026, the Government announced an additional $105 million in assistance to sustain operations through 2026 and an advanced feasibility study on expanding critical minerals processing. As a condition of the latest assistance package, Nyrstar will participate in a joint government review to determine the long-term pathway for the Port Pirie and Hobart facilities. Steady state production is projected through to 2030–31.

In 2025, increased refined zinc production at Sun Metals' Townsville refinery partially offset a decline in output at the Hobart zinc smelter. The Townsville refinery expanded capacity in 2021 and underwent major maintenance in late 2024. In 2025, Townsville production was 22% higher than in 2020.

Figure 13.6: Australia's zinc export volumes and values, annual



Source: ABS (2026); Department of Industry, Science and Resources (2026)

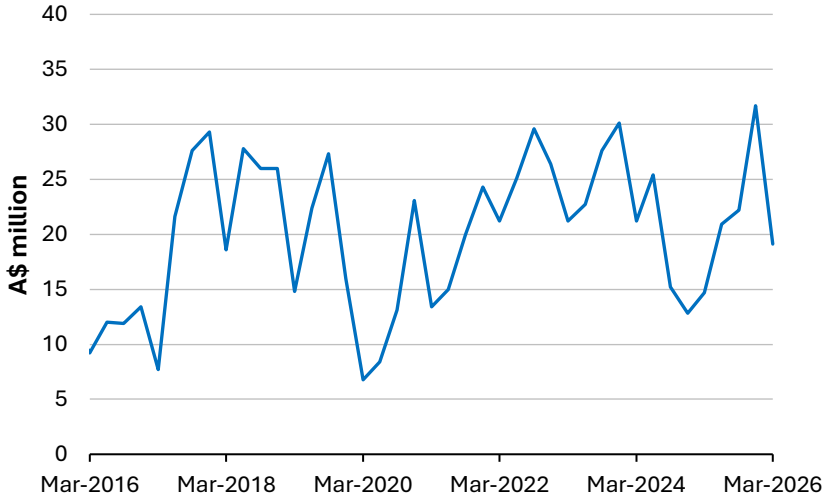
Through to 2030–31, refined Australian output is expected to rise by 1.0% a year, driven by incremental production from the Townsville refinery and steady output at the Hobart operations.

Exploration

Zinc, lead and silver exploration expenditure increased by 30% year-on-year in Q1 2026 (Figure 13.7). The growth in exploration spending was mainly driven by higher investment in Western Australia, which increased from about $11 million in 2024 to more than $17 million in 2025.

Exploration spending is subject to substantial quarter-on-quarter volatility, however, the recent surge in zinc and silver prices — along with the steady price trend for lead — is expected to support exploration spending growth over the outlook period.

Figure 13.7: Australian zinc, lead and silver exploration, quarterly



Source: ABS (2026).

Revisions to the outlook

Compared with the December 2025 *Resources and Energy Quarterly*, forecast export earnings in 2026–27 are broadly unchanged.

Compared to the March 2025 *Resources and Energy Quarterly*, export earnings in 2027–28, 2028–29 and 2029–30 have been revised down by approximately $105 million, $66 million and $162 million (in nominal terms) respectively, due to lower volumes of refined exports and the impacts of a higher AUD/USD.

Table 13.1: Zinc outlook

World	Unit	2025	2026[f]	2027[f]	2028[z]	2029[z]	2030[z]	2031[z]	CAGR[r]
Production									
– mine	kt	12,513	12,754	12,994	13,239	13,488	13,741	13,962	1.8
– refined [a]	kt	13,788	13,950	14,125	14,300	14,461	14,647	14,842	1.2
Consumption	kt	13,824	13,916	14,113	14,279	14,460	14,650	14,847	1.2
Closing stocks	kt	715	749	761	782	783	779	774	1.3
– weeks of consumption		2.7	2.8	2.8	2.8	2.8	2.8	2.7	0.1
Price									
– nominal	US$/t	2,867	3,291	3,086	2,993	2,990	2,990	2,995	0.7
	USc/lb	130	149	140	136	136	136	136	0.7
– real [b]	US$/t	2,915	3,291	3,022	2,868	2,804	2,744	2,689	-1.3
	USc/lb	132	149	137	130	127	124	122	-1.3
Australia	**Unit**	**2024–25**	**2025–26[s]**	**2026–27[f]**	**2027–28[f]**	**2028–29[z]**	**2029–30[z]**	**2030–31[z]**	**CAGR[r]**
Mine output	kt	1,115	1,126	1,109	1,156	1,151	1,113	1,027	-1.4
Refined output	kt	429	459	463	460	455	455	455	1.0
Export volume									
– ore and concentrate [c]	kt	1,862	1,603	1,901	1,969	1,958	1,893	1,745	-1.1
– refined	kt	389	417	440	437	432	432	432	1.7
– total metallic content	kt	1,264	1,161	1,321	1,350	1,340	1,310	1,241	-0.3
Export value									
– nominal	A$m	4,433	4,157	3,726	3,500	3,397	3,342	3,221	-5.2
– real [d]	A$m	4,591	4,157	3,604	3,302	3,127	3,001	2,822	-7.8

Notes: **a** Includes secondary refined zinc; **b** In 2025 US dollars; **c** Quantities refer to the gross weight of all ores and concentrates; **d** In 2024–25 Australian dollars; **s** Estimate; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2024–25 and 2030–31; **z** Projection.

Source: ABS (2026) International Trade, 5368.0; Department of Industry, Science and Resources (2026); International Lead Zinc Study Group (2026); Wood Mackenzie (2026)

Lithium

Australia's lithium sector

95% shipped to China

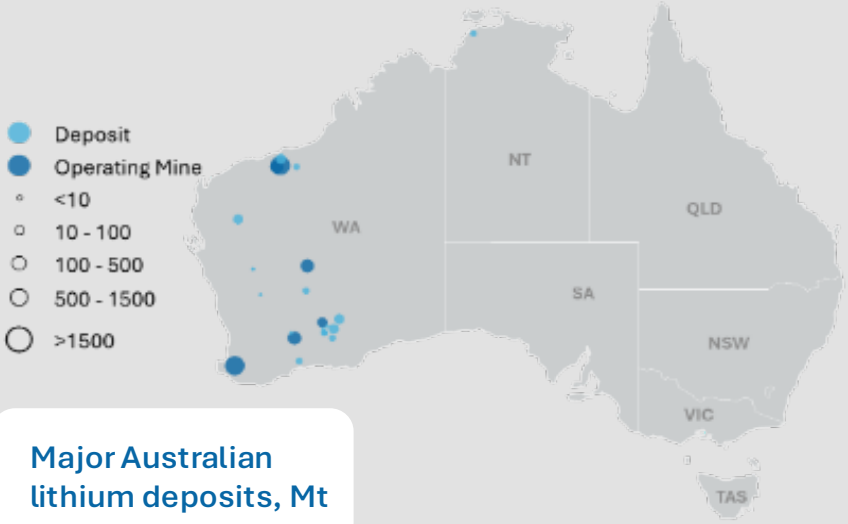
of concentrate exported in 2025

33% of global extraction

in 2025, 2nd highest reserves globally

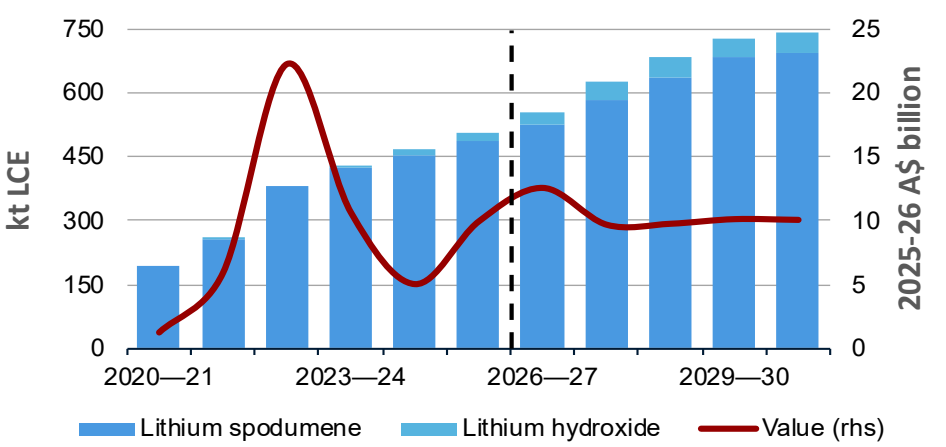
Australia to produce 6%

of total global lithium hydroxide by 2031



Major Australian lithium deposits, Mt

Australian lithium exports



Outlook

- Higher prices and volatility expected for the start of the outlook period
- Australia to remain a top lithium supplier to 2031
- Australia's robust growth in mine output to continue
- New supply mainly from Argentina, Australia and China

Sources: GA; DISR; OCE

14.1 Summary

- Australia's lithium export earnings are projected to increase from $9.9 billion in 2025–26 to $12.5 billion in 2026–27 (in real terms), before moderating to $10.0 billion in 2030–31 as prices ease from current levels.
- Australian mine output is expected to grow by about 8% annually to 2031 underpinned by mine expansions, especially at the biggest mines.
- Global lithium demand is projected to grow by over 11% a year to 2031, driven by continued strong trends in electric vehicle (EV) adoption and battery energy storage system (BESS) deployment.
- Global supply is projected to grow by 10% annually, likely to leave the market oversupplied early in the outlook period before moving back into balance by 2030.

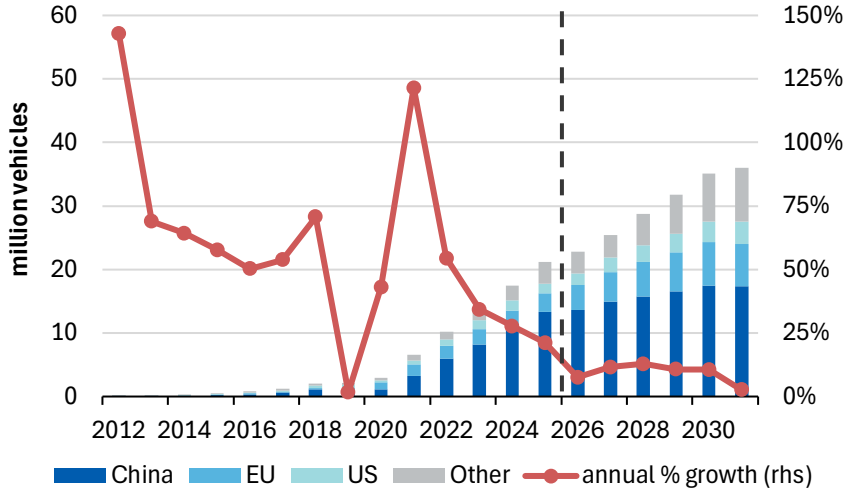
14.2 World demand

Growth in global EV sales will slow but remain robust over the outlook period, with some regional disparities

Global EV sales grew by 21% in 2025, led by China and the EU. Both markets are expected to see strong, continued growth over the outlook period, rising to around 17.4 million and 6.6 million of new EVs sold respectively in 2031 (Figure 14.1).

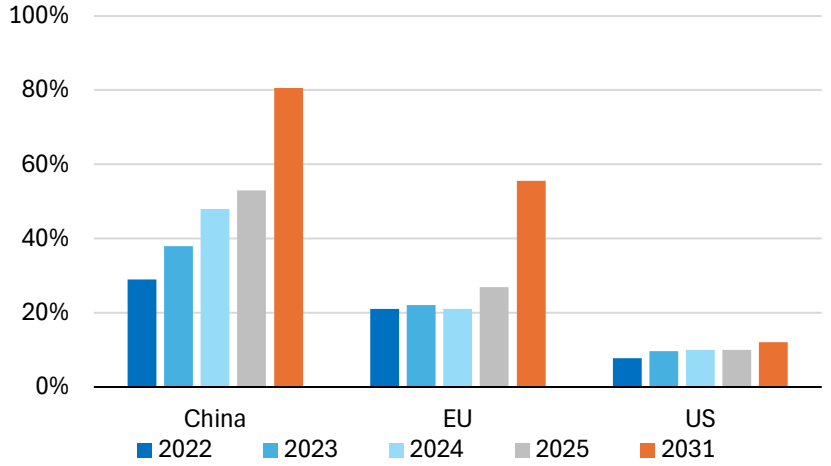
US EV sales are projected to grow from 1.9 million in 2026 to nearly 3.6 million by 2031, though this outlook remains vulnerable to changing government policies and consumer preferences.

Figure 14.1: Global passenger EV sales volumes and growth



Source: IEA (2026), Department of Industry, Science and Resources (2026)

Figure 14.2: Passenger EV penetration in major vehicle markets



Notes: EVs include battery and plug-in hybrid electric vehicles
Source: International Energy Agency (2026); China Passenger Car Association (2026); European Automobile Manufacturers' Association (2026); Argonne National Laboratory, US (2026); Department of Industry, Science and Resources (2026)

The recent period of elevated global fuel costs associated with the Middle East conflict has prompted reports of faster EV uptake through the June quarter. The extent to which this will spur a sustained shift in consumer preferences towards EVs remains a key upside risk to lithium demand over the outlook period.

In China, EV penetration rates (defined as the proportion of new EVs sold as a share of all new car sales) increased to 53% in 2025. Despite this, lower trade-in subsidies and delayed purchases in anticipation of new technologies coming online caused EV sales to slow in the first half to 2026. China's EV penetration rate is projected to reach 81% in 2031 (Figure 14.2).

The EU's EV penetration rate increased from 21% in 2024 to 27% in 2025. The penetration rate in the EU is projected to reach 56% in 2031, with local automakers required to comply with emissions performance standards. These standards require average emissions to fall to 55% for new cars and 50% for new vans of 2021 targets by 2030.

EV penetration rates in the US were flat in 2025 at around 10%. This coincided with the expiration of IRA-related EV tax credits in October 2025. The penetration rate is expected to see only a moderate rise over the outlook period to reach 12% in 2031, assuming no substantive policy changes.

A recent slowdown in domestic EV sales has forced Chinese EV manufacturers to pivot to exports, especially to Europe. Increased export focus led to EV exports with larger battery packs (an increase of 34% year-on-year), which has helped to sustain overall lithium demand.

Strong demand and restocking throughout the EV supply chain is also contributing to strong near-term demand conditions.

Leading Cathode Active Materials (CAM) producers, especially LFP manufacturers, are reportedly running at full capacities in 2026 up from 70% in late 2025. Widespread capacity expansions and upgrades of older plants are also underway. Further downstream, cell and pack plants have been reported to have their order books full until the end of 2026.

Looking beyond the outlook period, IEA projects global EV sales to grow almost fivefold from 21.2 million in 2025 to 103.9 million in 2035.

Strong demand for energy storage systems further supports overall lithium demand growth

Global lithium demand is forecast to rise by over 11% annually to 2031, as policy settings, improving technology and falling costs drive EV adoption and battery energy storage system (BESS) deployment.

The IEA reports BESS as the fastest growing power technology at present. In 2025, 108 GW of new battery storage capacity was deployed worldwide, 40% more than in 2024. This includes in the US, where a record of 58 GWh of new BESS capacity was installed in 2025, despite falling EV sales over the period (Benchmark Minerals Intelligence 2026).

BESS batteries are dominated by lithium iron phosphate (LFP) chemistries, where lower energy density can be compensated by the size of the battery (see *Nickel chapter*). BESS installed capacity has increased elevenfold since 2021.

14.3 World production

Global lithium extraction to grow through a combination of expansions and new projects

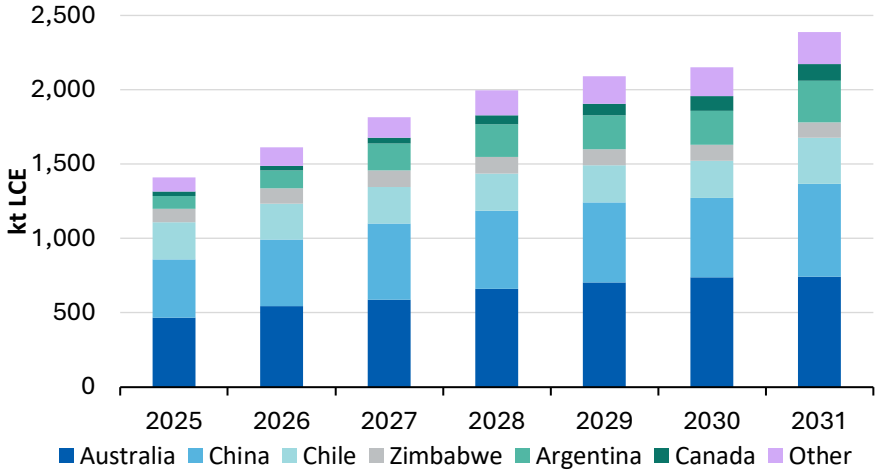
Global lithium extraction is projected to grow by 10% annually over the outlook period, to reach almost 2.4 Mt of lithium carbonate equivalent (LCE) by 2031 (Figure 14.3). China, Australia and Argentina will lead growth over this period, with Australia staying the world's largest supplier of extracted lithium.

China's share of global extraction is set to fall marginally to 26% in 2031. This is despite an increase in production of 230 kt LCE over the outlook period, with new brine and hard rock projects coming online. In August 2025, it was reported that production at Contemporary Amperex Technology Co. Limited (CATL) 's Jianxiawo mine (~3% of global supply) had been suspended as its mining licence expired. Production at the mine remains suspended as of mid-2026, however the mine is expected to come back online later this year. China's share of global lithium carbonate production is also forecast to fall modestly, from 64% in 2025 to 59% in 2031.

Australian lithium mine output is projected to grow at about 8% per year, an upward revision compared to March 2025 forecast. Expansions at Pilgangoora and Greenbushes mines will sustain this growth (see Australia section). However, despite the increased production, new capacity in China and emerging producers like Argentina and Canada is expected to see Australia's share of global lithium extraction fall marginally to 31% by 2031.

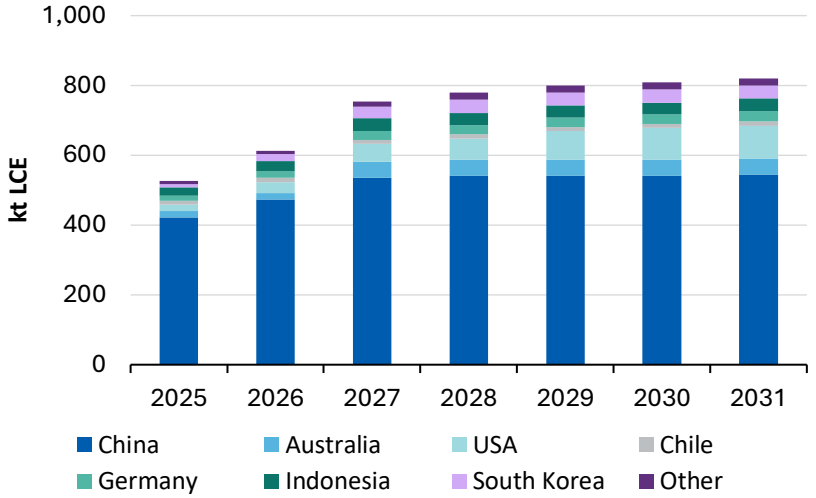
Argentina's market share is expected to double to almost 12% of global lithium extraction by 2031, as a series of large brine operations come online.

Figure 14.3: Global lithium extraction



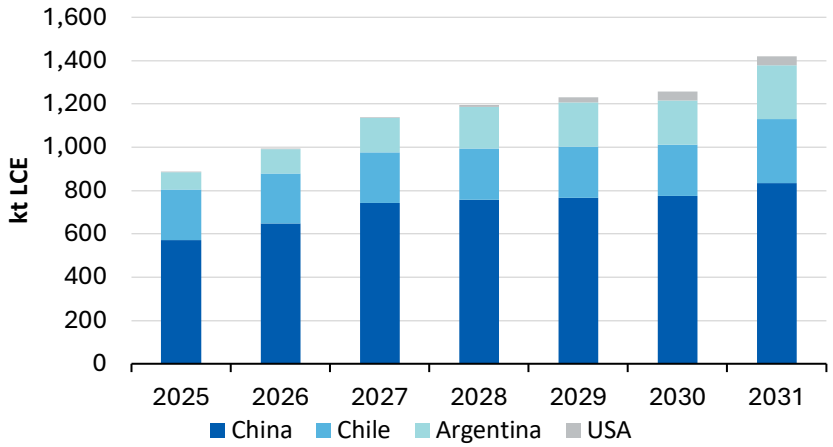
Source: Department of Industry, Science and Resources (2026), Wood Mackenzie (2026)

Figure 14.4: Global primary lithium hydroxide production



Source: Department of Industry, Science and Resources (2026), Wood Mackenzie (2026)

Figure 14.5: Global primary lithium carbonate production



Source: Dept of Industry, Science and Resources (2026), Wood Mackenzie (2026)

The recent price recovery saw Rio Tinto commence construction of its US$2.5 billion Rincon Lithium Project. First production is scheduled for 2028, followed by a 3-year ramp up to full annual capacity of 60 kt of battery grade lithium carbonate.

Zimbabwe's lithium extraction is expected to shrink to around 4% of global extraction by 2031. On 25 February 2026, Zimbabwe introduced a ban on export of all raw minerals including spodumene concentrate. On 22 May 2026, Zimbabwe formally classified 14 minerals including lithium as critical, one special and 10 strategic and banned all exports of raw or un-beneficiated forms of these minerals.

The Zimbabwean government plans to phase out spodumene exports by 2027 to promote domestic downstream processing. This policy (and now the formal classification of lithium as a critical mineral) has prompted leading Chinese companies to begin building lithium sulphate plants in the nation. Lithium sulphate is a precursor to lithium hydroxide and lithium carbonate, the main lithium chemicals used in lithium-ion battery chemistries such as NMC (nickel-manganese-cobalt) and LFP (lithium iron phosphate), respectively.

Mali's supply is expected to grow from around 2% in 2025 to about 4% of global supply by 2031. For comparison, by 2031 Mali's production is expected to be larger than output from the currently closed Jianxiawo mine.

14.4 Prices

Lithium prices surged in recent months due to recent supply disruptions

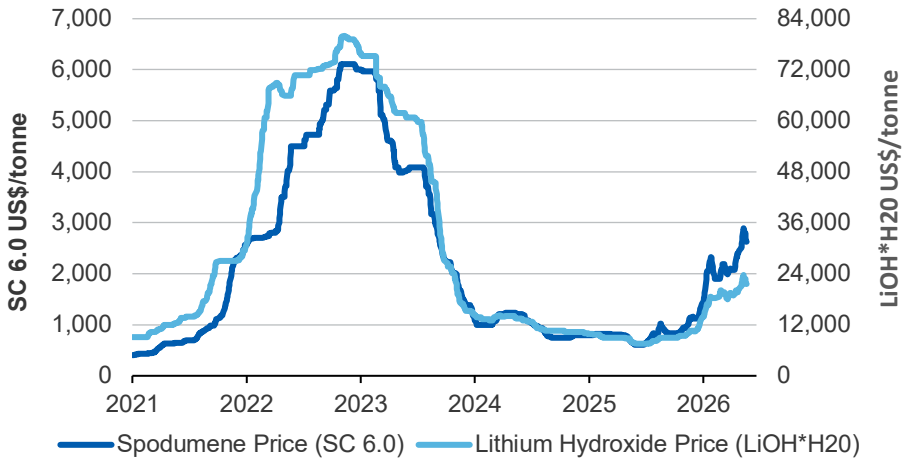
Lithium prices have increased dramatically in the last 12 months, with spodumene concentrate increasing almost fourfold and lithium hydroxide almost tripling from mid-2025 lows. Spodumene concentrate average price to late May in the June 2026 quarter was around US$2,430 a tonne CIF China (Figure 14.6). Lithium hydroxide prices averaged US$20,770 a tonne (FOB China) for the same period.

Two notable supply shocks have contributed to the rise in prices over the period. This includes Jianxiawo mine's permit lapsing in mid-2025 causing a curb to supply to China's battery mineral supply chains, exacerbated later by Jianxi province revoking expired mining permits of the lepidolite mines in December 2025. Permit revocation sparked price jumps in lithium prices after a long period of weakness.

Similarly, the Zimbabwean government introduced an indefinite ban on exports of all raw materials in late February 2026, including spodumene concentrate. This follows mid-2025 announcement of permanent ban on exports of spodumene form 1 January 2027. On 22 May 2026, lithium was declared as

one of 14 critical minerals in Zimbabwe with their raw form exports banned.

Figure 14.6: Spodumene and lithium hydroxide prices



Source: Bloomberg (2026)

Prices expected to return to longer term trend following a near-term rise

Prices of spodumene concentrate are forecast to stay elevated in 2026 at around US$2,240 a tonne as refiners and cathode manufacturers continue to respond to solid demand from downstream industries. Spodumene prices are projected to return to a longer-term average of around US$1,170 per tonne by 2031, reflecting strong growth in global lithium supply during the outlook period.

Lithium hydroxide prices are expected to follow a similar path in the next few years, moderating from a 2026 high of about US$19,230 a tonne to average about US$14,600 a tonne by 2031.

14.5 Australia

Mine production to continue strong growth, driven by expansions at existing operations

In 2025, Australia's mined output rose by 3.5% to reach 3,664 kt (SC6.0 equivalent). The slower growth compared to recent years reflects the sustained low prices from early 2024, prompting the closures of Mineral Resources' Bald Hill, Rio Tinto's Mt Cattlin, Core Lithium's Finniss, and Pilbara Minerals' Ngungaju plant. Volumes lost from these closures were partly offset by the output from new mines such as Mt Holland and Kathleen Valley.

Continued strong demand growth over the outlook is expected to see Australia's total mine production grow by more than 8.0% annually to 2031, reaching around 5,800 kt (SC6.0 equivalent). This growth will be underpinned by continued expansion of two of Australia's largest operations, Greenbushes and Pilgangoora. Announced restarts of the Bald Hill and Finniss mines could underpin further growth in Australia's total production volumes.

Lithium hydroxide production to expand despite closure of Albemarle's Kemerton refinery

Total lithium hydroxide production expanded by almost 60% in 2025, with both Tianqi and Covalent refineries contributing to this growth. Covalent is expected to ramp up production close to full capacity of 50 ktpa in the first half of the outlook period.

Albemarle's February 2026 decision to place its Kemerton plant in care and maintenance will see lithium hydroxide output fall in 2026. Continued ramp up of Australia's remaining refineries will see lithium hydroxide output rise to about 52kt in 2031— up from 21kt in 2025. Lithium hydroxide exports are projected to grow from about $0.3 billion to over $1.1 billion in the same period.

Export earnings expected to peak in 2026-27 before stabilising from 2027-28 onwards

Australia's lithium export earnings are forecast to rise modestly in real terms from $9.9 billion in 2025–26 to $10.0 billion in 2030–31 (Figure 14.7). Recent price rises should see Australia's export earnings peak at about $12.5 billion in 2026–27, before falling to $9.7 billion in 2027–28, as prices moderate. While Australia's refined output is expected to grow by over 20% annually, spodumene is forecast to account for the vast majority of Australia's lithium exports value in the outlook period.

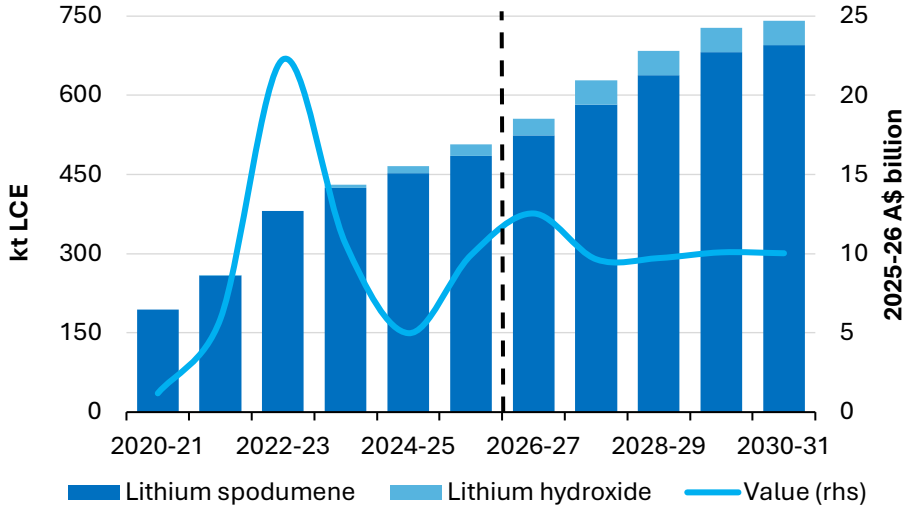
Revisions to the outlook

Nominal earnings forecasts for 2025–26 have been revised up by $5.1 billion from the *December 2025 REQ* reflecting the surge in lithium prices, higher-than-previously-expected spodumene output. These factors have also prompted an upward revision of $6.7 billion in export earnings for 2026–27 in this edition. Compared with the March 2025 REQ, Australian lithium earnings in 2029–30 (in nominal terms) have been revised up by $2.1 billion, primarily due to an expansion in spodumene export volumes, as well as a relative upward revision in prices.

Exploration expenditure falls in 2025 from 2024 peak

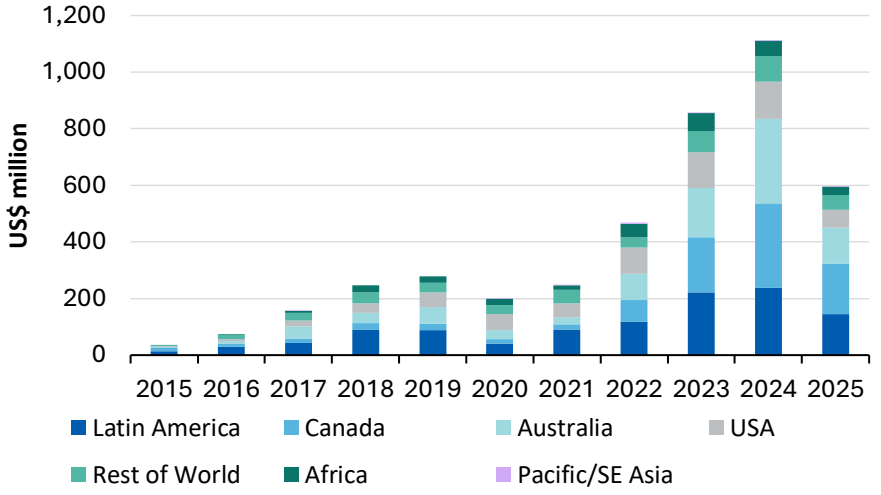
Companies operating in Australia reported US$128 million in lithium exploration expenditure in 2025, down from US$298 million in 2024. Despite global exploration expenditure halving to US$595 million in 2025, Canada and Australia still led global exploration efforts, accounting for about 52% of the global lithium exploration spend in 2025 (Figure 14.8). Australia's longer-term trend in lithium exploration expenditure shows a rise from US$1.4 million in 2015 to US$128 million in 2025, reflecting the considerable growth in the sector in the last decade.

Figure 14.7: Australia's lithium export volumes and values



Source: Department of Industry, Science and Resources (2026)

Figure 14.8: Global lithium exploration expenditure by location



Source: S&P Global Market Intelligence (2025)

14.1: Lithium outlook

World	Unit	2025	2026 [f]	2027 [f]	2028 [f]	2029 [z]	2030 [z]	2031 [z]	CAGR [r]
Production [a]	LCE kt	1,491	1,716	1,945	2,150	2,276	2,379	2,636	10.0
Demand [a]	LCE kt	1,376	1,572	1,795	2,033	2,229	2,411	2,641	11.5
Spodumene price									
– nominal	US$/t	804	2,236	1,575	1,300	1,300	1,300	1,300	8.3
– real [b]	US$/t	817	2,236	1,542	1,246	1,219	1,193	1,167	6.1
Lithium hydroxide price									
– nominal	US$/t	9,274	19,232	15,750	15,500	16,000	17,000	16,250	9.8
– real [b]	US$/t	9,429	19,232	15,420	14,851	15,002	15,599	14,592	7.5
Australia	**Unit**	**2024–25**	**2025–26 [s]**	**2026–27 [f]**	**2027–28 [f]**	**2028–29 [z]**	**2029–30 [z]**	**2030–31 [z]**	**CAGR [r]**
Production									
– Mine (spodumene concentrate)	kt LCE	464	509	556	628	684	728	742	8.1
Export volume									
– Ore and concentrate (spodumene)	kt LCE	452	488	528	586	642	686	699	7.5
– Refined (lithium hydroxide)	kt LCE	13	20	28	42	42	42	42	21.3
– Total lithium exports	kt LCE	466	509	556	628	684	728	742	8.1
Export value									
– Total (nominal) [c]	A$m	4,812	9,909	12,966	10,229	10,565	11,233	11,448	15.5
– Total (real) [c, g]	A$m	4,984	9,909	12,542	9,651	9,725	10,088	10,030	12.4

Notes: **a** Lithium carbonate equivalent (LCE): this is a measure of the quantity of lithium metal in the product; **b** In current calendar year US dollars; **c** Revenue from spodumene concentrate, lithium hydroxide and other lithium products; **f** Forecast; **g** In current financial year Australian dollars; **r** Compound annual growth rate (per cent), for the period from 2023 to 2029 or for the equivalent financial years; **s** Estimate; **z** Projection.

Sources: ABS (2026); Bloomberg (2026); Company reports; Department of Industry, Science and Resources (2026); Wood Mackenzie (2026)

Other critical minerals

Other critical minerals in Australia

$7.0 billion

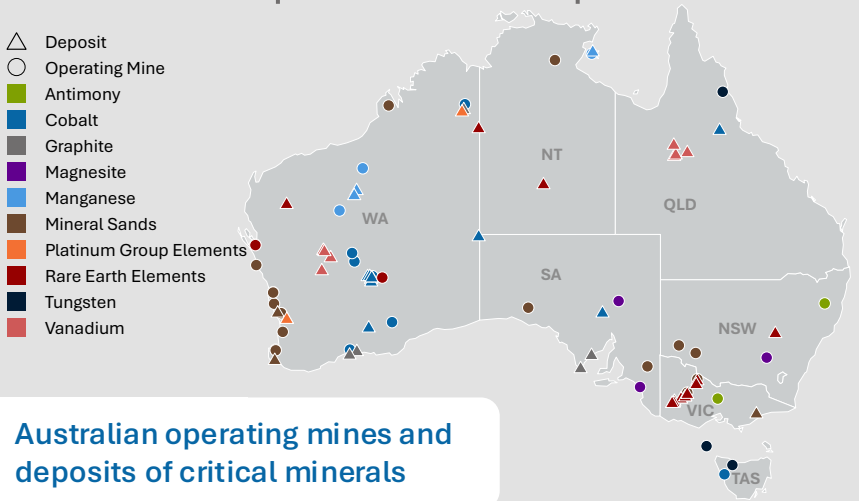
in real exports by 2030–31

New refined production

in antimony, gallium and rare earths

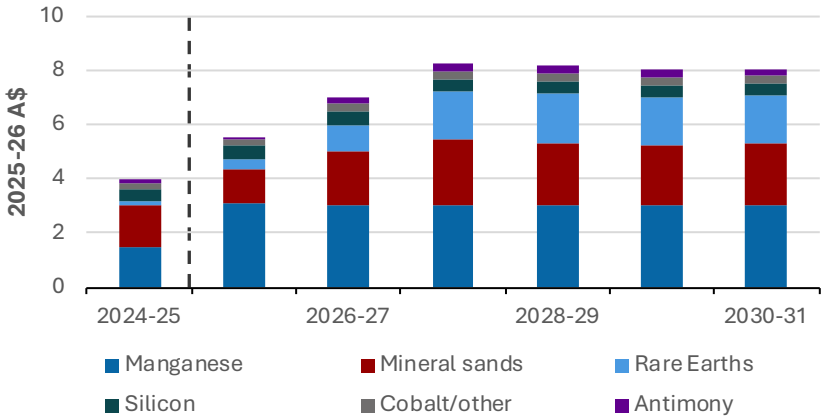
Australia's Strategic Reserve

operational in second half of 2026



Australian operating mines and deposits of critical minerals

Australian other critical mineral exports



Outlook

Clean energy, data centres and robotics drive demand for other critical minerals

Rare earth mining and refining output set to grow outside of China over outlook period

Nations are building reserves of critical minerals to secure supply chains

Australia to move into refined antimony, gallium and rare earth production

Source: GA; DISR; OCE

15.1 Summary

- Australia's export earnings from 'other critical minerals' (i.e. excluding lithium and nickel) are expected to increase from $5.5 billion in 2025-26 to $7.0 billion in 2030–31 in real terms. This will see Australia's total real exports earnings from all critical minerals (i.e. including lithium and nickel) rise to $19 billion by the end of the outlook period.
- Manganese, mineral sands and rare earths make up the majority of other critical minerals export earnings. Rare earth exports are expected to more than triple in nominal terms, led by increased prices and intermediate and refined output.
- Electrification of transport and power systems will underpin demand for critical minerals over the next five years, though emerging end-uses (such as data centres and robotics) — will also add to demand. Demand outcomes will vary across minerals depending on factors such as export controls, technology adoption, substitution and recycling.
- Short-term prices of critical minerals are increasingly shaped by a range of geoeconomic factors, export controls and supply chain disruptions. Prices are expected to moderate over the medium term, as supply chains adjust.

15.2 Global market dynamics

Clean energy technologies to drive global demand, as well as emerging end-uses like data centres and robotics

Strong growth in demand is expected for other critical minerals, although demand will vary across minerals depending on factors such as export controls, technology adoption, substitution and recycling (Table 15.1).

Electrification of transport and power systems will underpin demand for critical minerals over the next five years. EV penetration is expected to rise steadily through to 2031 (*see Lithium chapter*), supporting battery (lithium, nickel, cobalt) and motor (magnet rare earths) applications. At the same time, wind power (a key end user of magnet rare earths), and the scale-up of solar and grid storage is adding further demand pressure to battery material supply chains. The IEA forecasts electricity demand to grow around 40% over the next decade (under its STEPS scenario), underpinned by a large build out of solar PV, wind generation and stationary storage.

Demand for critical minerals is also expected to come from significant investment in data centres, driven by increased adoption of AI technology. Silicon will remain essential for semiconductors. Compound semiconductors (required for high-speed optical data transmission) will require greater use of gallium, indium and germanium in coming years.

The expansion of advanced robotics (beyond manufacturing) into agriculture, construction and logistics will also spur global demand over the outlook period. Autonomous machines often require high-torque motors (rare earth elements, or REEs), lightweight frames (titanium, magnesium), and sensors and efficient power management (silicon, gallium). As robots — especially drones — scale alongside AI, competing end-uses is likely to concentrate pressure on magnets, semiconductors and battery materials over the next 5 years.

Despite growth in demand, the market value of critical minerals remains small. For example, the *global* market value of all 31 critical minerals (excluding those used in steel and stainless-steel production) is roughly equivalent to Australia's annual iron ore exports alone.

Table 15.1: Drivers of primary critical mineral demand over the next 5 years

Commodity	Clean energy	Defence	Technology	Industrial	Positive Demand Drivers	Negative Demand Drivers
Antimony	✓	✓		✓	Defence spending Growth in flame retardant demand	Availability of supply (export controls) Substitution in flame retardant uses
Cobalt	✓	✓		✓	EV battery growth Aerospace superalloys	Shift to alternative battery chemistries ESG concerns
Gallium	✓	✓	✓		High-performance semiconductors Solar PV	Cost and availability of supply
Graphite (natural)	✓	✓	✓	✓	EV sales	Competition from synthetic graphite Recycling of battery materials
Magnesium		✓		✓	Consumption in aerospace uses Lightweight automotive alloys	Substitution by alloys/composites
Manganese	✓			✓	EV sales Mn intensity of LFMP higher than NMC battery technologies	Slowing steel output/increased recycling Reduced market share of NMC batteries LMFP batteries still emerging
Light rare earths (Nd, Pr)	✓	✓	✓	✓	REPMs (EVs, wind power, robotics) Defence spending	Non-REPM motor technologies Magnet recycling technologies
Heavy rare earths (Dy, Tb)	✓	✓	✓		High performance REPMs Defence spending	Cost and availability of supply Technological substitution
Mineral sands (Titanium, Zirconium)	✓	✓	✓	✓	Aerospace industry Defence spending	Weak housing/construction demand
Silicon	✓		✓	✓	Solar PV installations AI & data centres	Slowing global steel output Improving solar PV efficiency
Tungsten		✓		✓	Defence spending Electronics	Phasing out of incandescent bulbs Recycled tungsten carbide
Vanadium	✓			✓	Higher vanadium requirements in steelmaking (EU) Nascent VRFB sector	Limited commercial installations of Vanadium Redox Flow Battery to date Slowing global steel output

Notes: EV = Electric Vehicle; REPM = Rare Earth Permanent Magnet; VRFB = Vanadium Redox Flow Battery. Industrial uses include steelmaking and chemical production.

Recent announcements to establish critical mineral reserves reflect ongoing global efforts to diversify supply chains

In early February 2026, the US Government committed US$12 billion to the US Strategic Critical Minerals Reserve (Project Vault). Project Vault combines US$10 billion in EXIM Bank lending with nearly US$2 billion in private capital to create a domestic stockpile of critical minerals for US industry. Project Vault's focus on domestic manufacturing differs from other US stockpiles focused on energy (Strategic Petroleum Reserve) or defence (National Defence Stockpile) applications.

The type and volume of minerals stockpiled will be demand-driven, reflecting the requirements of firms participating in the program. Participating manufacturers must agree to pay a range of commitment and storage fees in exchange for access to specified materials during market disruptions.

Other countries also have strategic stockpile schemes. Japan and South Korea maintain reserves of critical minerals for industrial purposes. The EU is progressing plans for a critical minerals stockpile to protect against supply disruptions.

The Australian Government has committed $1.2 billion to the Critical Minerals Strategic Reserve (CMSR). The CMSR will initially target antimony, gallium, and rare earth elements. The CMSR reinforces Australia's role as a trusted and reliable supplier of critical minerals, supporting diverse and resilient global supply chains, with a range of financial tools to secure supply, sell and selectively stockpile critical minerals.

Efforts to diversify critical minerals supply are likely to improve market opportunities for Australia's critical minerals sector. Compared to other nations, Australia has both significant reserves and a further developed project pipeline.

Light and heavy rare earth refining capacity outside of China is expected to double over the outlook period

Domestic industrial policies and a lack of REPM availability is incentivising new Western and Asian production of separated rare earth oxides (REO). Up to 63kt of additional REO supply is expected outside of China by 2031, with Southeast Asia, the US, and Australia expected to lead uplift in production capacity.

New rare earth oxide production is expected to meet demand from ex-China metallisation and magnet manufacturing sectors. Several companies — mainly in the US — are hoping to benefit from 'mine-to-metal' (Energy Fuels Inc.) and 'mine-to-magnet' (MP Materials Corp., USA Rare Earth Inc.) supply chains. Similarly, US-based Energy Fuels is aiming to have coverage from mine-to-metal through its bid to acquire 100% of Australian Strategic Materials

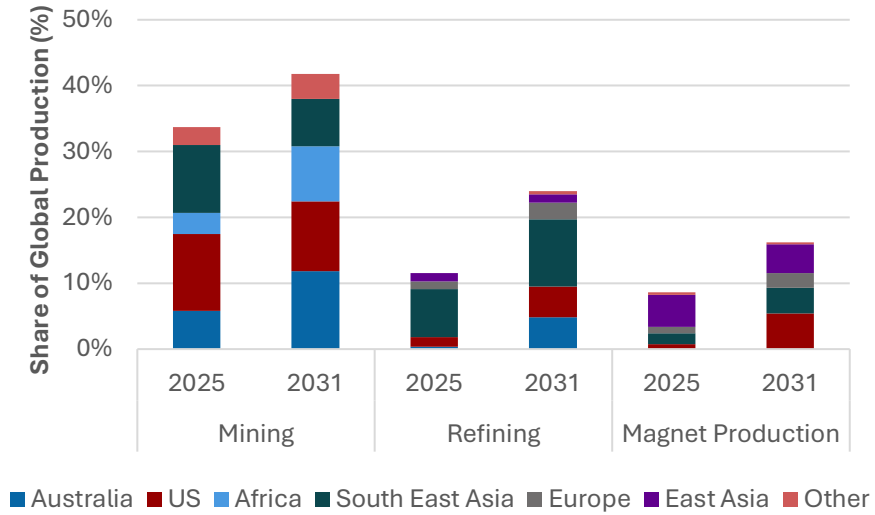
In March 2026, Lynas Rare Earths announced the successful production of samarium oxide. This represents the third heavy rare earth oxide (HREO) product produced by Lynas, following Dy and Tb production first produced in the June quarter 2025.

Limited technical expertise and deployment of rare earth refining technology outside of China are expected to present ongoing challenge for emerging producers. New producers will also have to compete with incumbent producers in China, who are expected to contribute another 29kt of new supply by 2031.

In addition to technical challenges, further delays in EV uptake and input cost pressures — including those linked to Middle East supply disruptions (see Box 15.1) present near-term downsides for REE production. Over the longer term, REPM-free motor technologies, advances in recycling, substitution, and thrifting (using a lower intensity of minerals within the end

product) also present downside risks. HREOs are more exposed to substitution and thrifting than NdPr.

Figure 15.1: Ex-China rare earths output in 2025 vs 2031 (forecast)



Source: Project Blue (2026); DISR estimates (2026).

Critical mineral prices are expected to moderate over the medium term, as markets adjust to price shocks

In critical minerals, short-run pricing is increasingly driven by geoeconomics. Small markets combined with concentration of reserves and processing means that critical minerals are more susceptible to targeted actions such as export controls. However, prices are expected to normalise over the medium term; periods of high prices can incentivise reduced consumption, substitution and thrifting of materials, as well as stimulate new projects to come online. Further, as these markets mature, larger volumes of trade are expected to increase price discovery and transparency.

The Office of the Chief Economist (OCE) currently does not publish price forecasts for other critical minerals (other than lithium and nickel). Price outlooks for smaller critical minerals remain highly uncertain and heavily exposed to underlying demand drivers and prevailing industrial and trade policies across key regions.

Recent price trends in select critical minerals markets

Refined antimony prices have fallen substantially over the first half of 2026. While still elevated, antimony ingot and trioxide prices in western warehouses have fallen substantially in recent months. European antimony metal was assessed at around US$26,500/t in early June and US material is still trading at a sizeable premium.

Compared to ingot and trioxide prices, antimony concentrate prices have remained relatively strong, reflecting tight feedstock balances. Australia currently faces more exposure to antimony concentrate prices than refined product prices, given mined production outweighs refined production.

Global gallium prices remain regionally divergent, given the limited availability of freely traded material outside China. Chinese domestic gallium prices were around US$277/kg in early June, while licensed export material continued to attract a substantial premium. Recent transactions on European spot markets have seen higher prices still — up to 6 times higher than Chinese export prices.

Longer-term gallium pricing in ex-China markets is likely to be driven by contracts between new projects and offtake buyers. These prices are likely to be higher than Chinese export prices, but below current European spot pricing.

Tungsten prices increased sharply over H1 2026, driven by structural tightness in global supply. Persistent shortages of raw materials have intensified following China's introduction of export controls on tungsten products in February 2026. China accounts for around 80% of global tungsten production, and the new licensing regime has significantly constrained export availability. Ammonium paratungstate (APT) prices rose to US$2,442 per metric tonne unit (mtu) in China and close to US$2,800/mtu in Europe, representing nearly 300% increase since the start of the year.

Strong demand from aerospace and defence applications, combined with limited scope for near-term supply growth, is expected to keep tungsten prices elevated until new production capacity comes online.

A combination of seasonal purchasing activity and a tight Chinese domestic market has seen REE prices rise over the March quarter 2026. Prices are expected to stabilise in the short term, as purchasing activity normalises after the Chinese Lunar New Year period.

Longer term, prices will depend on whether demand runs ahead of supply (or vice versa). EVs will remain the dominant driver of magnet rare earth demand; price increases will depend on the speed of EV adoption. Emerging supply of rare earth concentrate and oxides are likely to moderate prices, although processing bottlenecks will remain an important factor.

While neodymium-praseodymium (NdPr) prices are expected to drive project revenue, by-product credits of other REEs and titanium/zirconium ores (for mineral sands projects) may affect the likelihood of certain projects coming online.

Box 15.1 Effects of the Middle East conflict on critical minerals markets

The recent conflict in the Middle East have added to cost and supply pressures across several critical minerals markets, primarily through higher energy prices, tighter availability of processing inputs and disruptions to trade and logistics (Table 15.1). Elevated oil and diesel prices raised mining and transport costs, particularly for energy-intensive operations such as manganese and graphite mining, while higher freight rates placed upward pressure for traded minerals.

Supply constraints for key processing reagents were a central risk. Sulphuric acid shortages linked to disruptions in the Middle Eastern sulphur supply implied increased costs for downstream processing of lithium, nickel, rare earths, and titanium. Constraints on high-purity sulphuric acid also affected semiconductor supply chains, with indirect implications for silicon, gallium and germanium.

Impacts on demand had been uneven and its reverberations remains to be seen. Any weakening of global industrial activity may weigh on steel alloy minerals including manganese, while defence-related demand could strengthen markets for tungsten and rare earths. Overall, the conflict reinforced near-term price volatility in relatively nascent and fragile critical minerals markets, with impacts varying by exposure to energy costs, processing inputs and demand drivers.

Table 15.2: Effects of the Middle East conflict on critical minerals markets

Commodity	Impact driver	Global impacts
Manganese	Diesel; steel markets	Direct: Manganese mining costs have risen due to its high diesel intensity, with fuel-driven cost increases risking closures of higher-cost operations.
Graphite	Petroleum coke shortage	Direct: Synthetic graphite prices faced upside risk due to tighter needle coke and petroleum coke supply. Production of synthetic graphite are also highly energy intensive. Indirect: Higher synthetic graphite prices imposed upward pressure on natural graphite prices.
Nickel	Sulphuric acid shortage; feedstock costs	Direct: HPAL nickel costs have risen as tighter sulphur supply — driven by Middle East disruptions — pushed up a key processing input.
Titanium	Sulphuric acid shortage; paint/ pigment/plastic markets	Direct: Production costs for titanium dioxide (TiO_2) increased from surging sulphuric acid prices. Indirect: Weaker TiO_2 demand from paint and plastics sector as resin shortages increased cost pressures on producers and slower global growth outlook impacts end-use demand.
Silicon, gallium, germanium	Semiconductor markets	Indirect: Semiconductor supply chains were impacted from shortages of high purity sulphuric acid and helium, impacting the demand for metals used in semiconductors.
Rare earths	Sulphuric acid shortage; military demand	Direct: Shortages of sulphuric acid — a key reagent for rare earths cracking and leaching — presented upward pressure on costs and prices. Increased military demand — through restocking — for heavy rare earths may see continued near-term price pressures.
Tungsten	Military demand	Direct: Demand for tungsten increased because of the conflict, driven by restocking of munitions. This have accelerated upward price momentum for tungsten that is already facing tight market balance.
Lithium	Sulphuric acid shortage	Direct: Upward price pressure on lithium sulphate due to higher processing cost from sulphuric acid shortage.

15.3 Current and emerging opportunities in Australian production

Australian exports to grow, driven by improved mine production and new refining capabilities

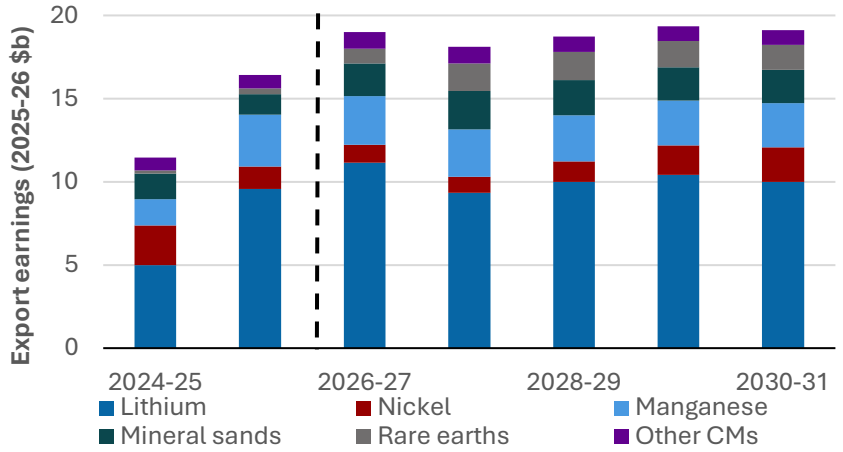
Export earnings for other critical minerals are expected to increase to $7.0 billion by 2030–31 (in real terms). Manganese and mineral sands are expected to remain the largest categories of other critical mineral exports, with production expected to remain stable over the outlook period. Combined with lithium and nickel, critical minerals are expected to add $19 billion in real export earnings in 2030–31 — around 5% of total resource and energy exports.

Exports of REEs are expected to more than triple in nominal terms. A recovery in prices and ramp up of Kalgoorlie mixed rare earth carbonate production are expected to contribute to the uplift in earnings over the next two years. Meanwhile, likelihood of separated rare earth oxides production from Iluka's Eneabba refinery and Arafura's Nolans integrated facility have improved, following the respective final investment decisions.

Iluka's Balranald mineral sands mine commenced operations in January, with heavy mineral concentrate production to reach nameplate capacity by mid-2026. Balranald heavy mineral concentrate and rare earth concentrate will be processed at the company's existing assets — Capel synthetic rutile kilns (currently suspended), Narngulu mineral separation plant, and Eneabba rare earths refinery.

Nyrstar's Port Pirie antimony pilot plant started production in early 2026. The first shipment from the facility was shipped to a domestic manufacturer, though future production is expected to be exported to Europe, Asia and the US.

Figure 15.2: Real export value of Australia's critical minerals sector



Source: ABS (2026); UN Comtrade (2026); DISR calculations.

New antimony, gallium and rare earth refining facilities to contribute to Australia's downstream capabilities

The Alcoa/Japan Australia Gallium Associates joint venture's gallium facility is expected to come online in the near term, with FID expected later in 2026. Gallium produced at the facility will be exported for refining into very high purity (7N) gallium overseas.

Australia is expected to begin production of rare earth oxides over the outlook period, as both the Iluka Eneabba refinery and Arafura Nolans refinery come online. Eneabba is expected to begin in 2027 and process company feedstock, with the intention to process third-party feedstock (subject to those mines coming online). Nolans is an integrated mine-to-oxide facility. It is expected to start producing in 2029. Arafura made a FID on Nolans in May 2026, after an offtake agreement with US-based Traxys, and a non-binding letter of support from Export Finance Australia under the Critical Minerals Strategic Reserve. The OCE's forecast of rare earth oxide output applies a conservative ramp-up profile across both projects.

Revisions to the outlook

Compared to March quarter 2025, the projected value of other critical minerals exports has been revised up significantly. An assumed extension of GEMCO operations, inclusion of additional rare earth oxide exports, and inclusion of zircon exports has led most of this gain in projected export earnings. A change to forecasting methodology (from the March quarter 2025) reflects the use of alternate sources of export data.

From this quarter, the REQ will group smaller export categories (gallium, magnesium, molybdenum, tungsten) in 'other' category. This is because of their relatively small contribution to export earnings and limited publicly available information.

Table 15.3: Australian production of other critical minerals

	Unit	2024-25	2025-26[s]	2026-27[f]	2027-28[f]	2028-29[z]	2029-30[z]	2030-31[z]	CAGR
Ore and concentrate products									
Antimony	t	817	1,159	4,415	5,878	5,778	5,528	5,378	46
Heavy mineral concentrate	kt	2,788	2,688	3,178	3,422	3,284	3,261	3,261	3.2
Magnesium	kt	405	455	455	455	455	455	455	2.4
Manganese	kt	2,242	5,792	5,692	5,692	5,692	5,692	5,692	201
Rare earth concentrates (TREO)	kt	10.5	13.8	26.0	26.0	27.7	32.9	35.3	28
NdPr content	t	6.6	7.3	13.0	13.0	13.4	14.8	15.4	19
Silica sands	kt	3,160	3,160	3,160	3,160	3,160	3,160	3,160	0
Tungsten	kmtu	136	131	132	132	132	132	132	-0.6
Refined Production									**CAGR**
Ferromanganese	kt	185	178	172	173	174	175	175	-0.3
Magnesium	kt	175	175	175	175	175	175	175	0.0
Mixed rare earth carbonate & rare earth oxides (TREO)	kt	1.7	4.7	10.8	28.0	29.9	32.0	42.0	91
NdPr content	kt	0.9	3.0	5.0	11.5	12.1	12.9	13.7	73
Silicon	kt	53	53	53	53	53	53	53	0.0

Notes: Kmtu stands for thousands of metric ton units, where 1 mtu equals 10 kg WO_3; **s** Estimate; **f** Forecast; **z** Projection. CAGR calculated from 2025–26.

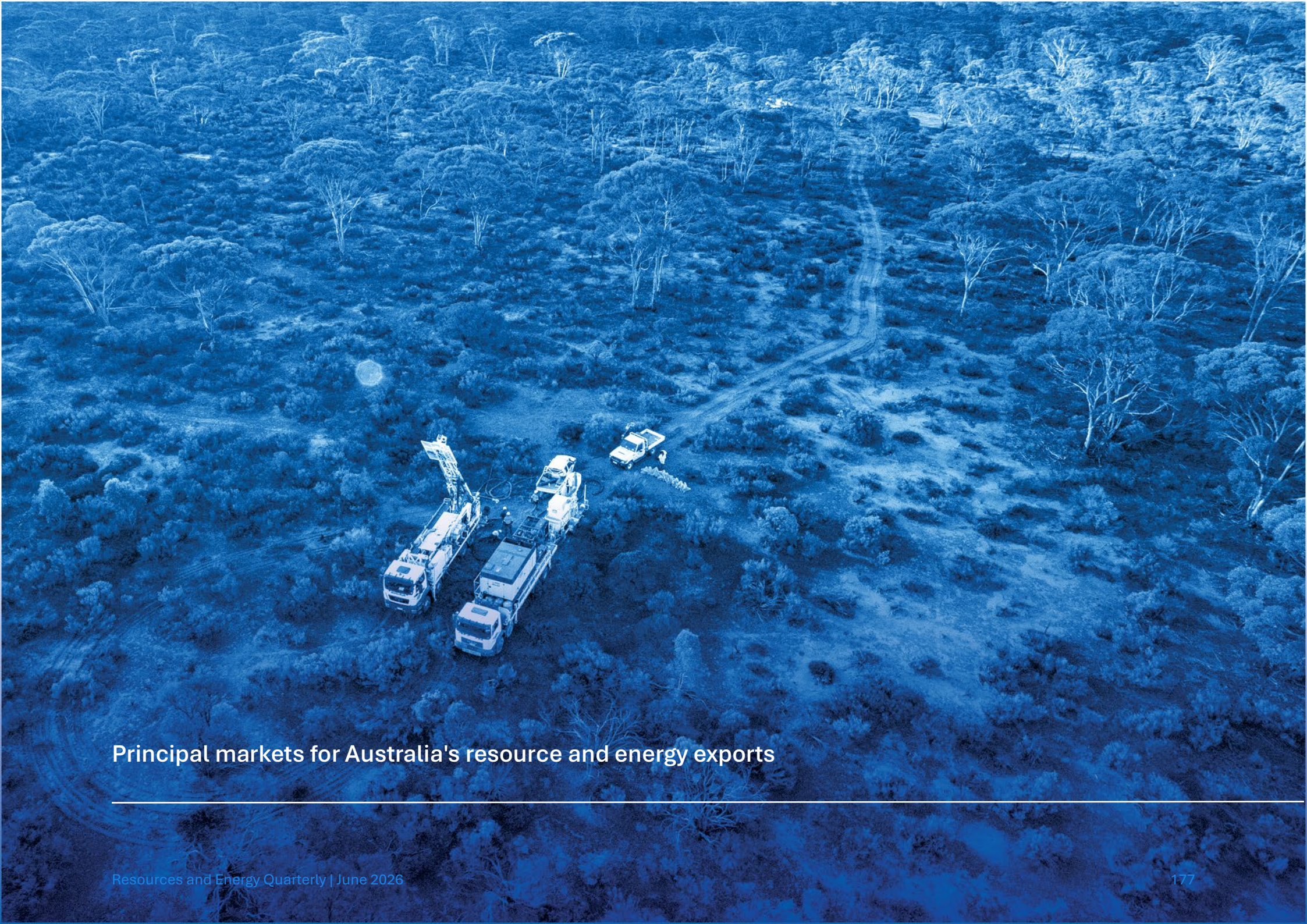
Source: Department of Industry, Science and Resources (2026); Company reports.

Table 15.4: Export outlook

Export earnings	2024-25	2025-26[s]	2026-27[f]	2027-28[f]	2028-29[z]	2029-30[z]	2030-31[z]	CAGR
Antimony	84	65	253	310	281	273	262	32
Cobalt	133	113	116	120	118	118	118	0.9
Manganese[a]	1,514	3,129	3,019	3,019	3,019	3,019	3,019	-0.7
Rare Earths[a]	181	361	916	1,740	1,826	1,777	1,749	37
Silicon	413	479	520	474	449	439	449	-1.3
Mineral sands[a]	1,506	1,233	2,023	2,439	2,294	2,230	2,275	13
Critical minerals NEC	112	125	142	146	151	152	154	4.1
Other Critical Minerals								
Total – nominal	3,942	5,506	6,988	8,247	8,138	8,008	8,025	7.8
Total – real[d]	4,083	5,506	6,759	7,781	7,491	7,191	7,031	5.0
Lithium and Nickel								
Lithium – real[d]	4,984	9,909	12,542	9,651	9,725	10,088	10,030	12.4
Nickel – real[d]	2,402	1,297	1,159	959	1,129	1,497	1,698	-5.6
Total Critical Minerals								
Total – real[d]	11,469	16,712	20,460	18,391	18,345	18,776	18,759	8.9

Notes: **a** Mirror data; **d** In 2024–25 Australian dollars; **s** Estimate; **f** Forecast; **z** Projection. Export earnings are in Australian dollars (millions). Mineral sands category covers titanium and zirconium ore products. Critical minerals NEC includes gallium, magnesium, molybdenum, and tungsten. CAGR calculated from 2025–26.

Source: ABS (2026); Benchmark Minerals Intelligence (2026); Bloomberg (2026); Department of Industry, Science and Resources (2026); Project Blue (2026); UNComtrade (2026).



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	129,775	34%
Japan	$m	34,223	75,941	98,881	40,907	35,191	9%
Other Asia	$m	33,491	46,261	51,439	55,792	46,241	12%
Korea, Rep. of	$m	23,042	43,210	45,141	25,936	24,330	6%
India	$m	11,612	26,418	21,265	21,307	19,782	5%
EU28	$m	15,546	13,711	14,086	13,347	19,928	5%
Other	$m	41,793	66,572	70,346	105,607	110,686	29%
Total	**$m**	**308,494**	**421,651**	**466,200**	**414,991**	**385,933**	**–**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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	98,698
Korea, Rep. of	$m	9,033	8,293	6,932	7,724	6,642
Japan	$m	9,080	10,257	8,073	8,191	6,420
Trading Partner (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	$m	4,345	372	324	379	294
Total	**$m**	**152,975**	**132,489**	**124,131**	**137,850**	**116,326**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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
Trading Partner (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]	$m	1,198	2,421	2,231	na	na
Total	**$m**	**30,477**	**70,571**	**92,237**	**68,588**	**64,625**

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 (2026) International Trade in Goods and Services, 5368.0; International Trade Centre (2026); Department of Industry, Science and Resources (2026).

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	14,065
China	$m	487	0	3,505	8,814	8,431
Trading Partner (Taiwan)	$m	2,060	6,636	9,456	4,840	3,097
Vietnam	$m	711	1,688	2,205	1,800	1,805
Korea, Rep. of	$m	2,568	6,819	4,774	2,311	1,454
Malaysia	$m	560	1,432	2,363	1,096	1,355
Thailand	$m	518	808	655	589	521
Total	**$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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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	10,128
Japan	$m	4,744	14,131	15,642	12,897	8,556
Korea, Rep. of	$m	2,732	9,430	8,249	6,829	5,407
China	$m	1,668	0	492	1,982	2,672
Netherlands	$m	885	4,102	3,609	3,456	2,647
Trading Partner (Taiwan)	$m	1,332	3,967	3,752	3,057	2,315
Other	$m	4,246	15,070	13,101	10,577	7,589
Total	**$m**	**23,187**	**67,588**	**61,922**	**54,176**	**39,314**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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
Other	$m	5,388	5,015	5,030	5,516	6,677
Total	**$m**	**26,105**	**23,200**	**24,406**	**32,931**	**46,895**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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	4,057
Korea, Rep. of	$m	na	46	47	130	111
Belgium	$m	na	85	169	72	15
United States	$m	na	37	25	19	4
Other	$m	na	na	8	32	108
Total	**$m**	**na**	**4,899**	**20,069**	**9,727**	**4,295**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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	3,186
Malaysia	$m	850	961	1,084	1,078	1,269
Trading Partner (Taiwan)	$m	358	719	511	835	1,056
India	$m	626	941	457	709	951
Korea, Rep. of	$m	1,315	1,375	1,410	852	715
Other	$m	5,544	6,173	6,450	5,340	5,334
Total	**$m**	**11,440**	**12,128**	**12,262**	**11,402**	**12,510**

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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

Table 16.9: Principal markets for Australia's alumina exports

	Unit	2020–21[a]	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
Qatar	$m	na	424	638	611	794
South Africa	$m	na	433	660	766	1,171
China	$m	0	323	421	589	183
Other	$m	6,948	6,127	3,955	3,668	5,715
Total	**$m**	**6,948**	**8,977**	**8,308**	**8,486**	**12,155**

Note: **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 (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

Table 16.10: Principal markets for Australia's aluminium exports

	Unit	2020–21	2021–22	2022–23	2023–24	2024–25
Korea, Rep. of	$m	905	1,029	1,538	1,429	1,528
Japan	$m	956	1,505	1,319	1,076	1,520
Vietnam	$m	370	397	318	531	670
Trading Partner (Taiwan)	$m	417	618	319	433	607
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**	**6,011**

Source: ABS (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).

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 18 June 2026.