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Executive Summary

This *Resources and Energy Quarterly* (REQ) provides an update on market conditions for Australia's major resource and energy exports and details developments since the June 2026 REQ.

Australia's resource and energy (R&E) exports in 2025–26 were \$403 billion. Forecasts for exports in 2026–27 and 2027–28 have been revised up modestly from the June 2026 REQ. R&E exports are now forecast at \$422 billion in 2026–27, an upward revision of over \$6 billion from the June 2026 REQ. Exports are forecast to fall to \$391 billion in 2027–28 (up \$3 billion from the June 2026 REQ) and then fall to \$379 billion in 2030–31.

At the time of writing, there remains a high degree of uncertainty in global markets due to disruptions in Middle East shipping. This report refers to developments and data up to 20 September 2026. The REQ forecasts use a 'central' scenario that assumes oil supply is sufficient to meet demand without sharp price rises before Middle East flows pick up and build to pre-conflict levels. An alternative scenario (see Box 1.1) explores the impacts of a more prolonged disruption to Middle East shipping which sees sharp oil price rises and causes notable demand destruction.

In the short term, IMF and RBA assessments indicate that the adverse impact of higher fuel prices, driven largely by disruptions in the Strait of Hormuz, will be broadly offset by the boost from surging investment in AI infrastructure. Over the next few years, the IMF expects firm growth in the US and China due, at least in part, to the AI boom. India will continue to grow strongly and transform further — accounting for a bigger share of world advanced manufacturing as supply chains diversify.

Commodity prices are expected to peak in 2026–27 and then drift lower. Iron ore prices are expected to soften on the back of rising Brazilian/African supply. Energy prices are forecast to normalise as Middle East output and trade resumes fully. The impact of the increased supply of oil — especially outside of OPEC — will likely be partly offset by increased stockpiling as strategic reserves are (re)built. The price of gold is expected to remain above US\$4,000 an ounce in the outlook period.

Ongoing efforts to secure energy self-sufficiency and supply chains are expected to reinforce the ongoing global energy transition and continued diversification of supply chains. Uncertainty about shipping via Middle East routes will see alternative supply lines built and may delay and/or slow the fall in thermal coal usage in coal-rich nations such as China, India and Indonesia. These nations are less likely to switch (as fast) to LNG as an energy source and more likely to lift renewable usage and coal-to-gas conversion (the latter to meet more of their gas needs for petrochemicals) to boost their energy self-sufficiency.

Factors that may move export earnings unexpectedly include:

- high diesel prices. If high diesel prices cause (some high-cost, offshore) competitors to cut production, low-cost Australian miners could benefit from resulting higher prices;
- geopolitical tensions, especially in the Middle East and Russia/Ukraine;
- a rise in global bond yields linked to perceived high levels of sovereign debt and/or rising inflation expectations; and
- the intensification of the El Niño climate pattern underway, with implications for the demand for, and supply of, energy commodities for heating/cooling, especially thermal coal.



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



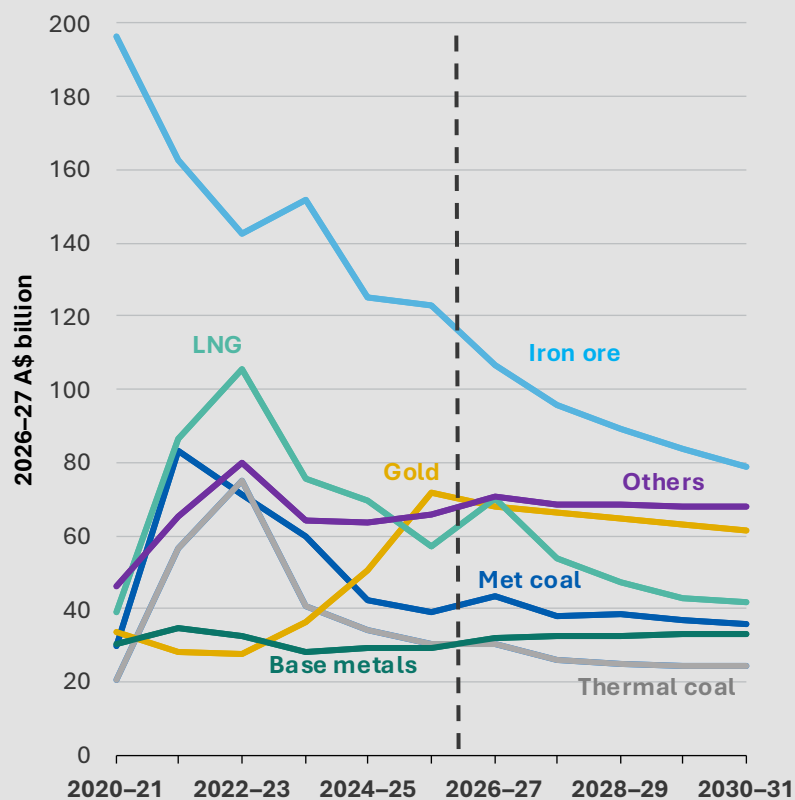
Energy and supply
chain security is
becoming a much
higher priority



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 modestly changed from the June 2026 *Resources and Energy Quarterly* (REQ) report. Resource and energy export earnings are forecast to lift to about \$422 billion in 2026–27 up from \$403 billion in 2025–26 largely on the back of higher energy and gold prices. Exports are then expected to fall to \$391 billion in 2027–28 and drift down further to about \$379 billion (\$343 billion in real terms) by 2030–31.
- The Middle East conflict is expected to weigh on global growth in the short term. However, strong investment is likely to support global growth in the first half of the outlook period. World growth is expected to be 2.9–3.0% in 2026, rising to 3.4% in 2027 and then 3.1–3.2% over the rest of the 5-year outlook period. Investment will continue to be driven by spending on AI infrastructure, efforts to strengthen supply chain resilience and the energy transition.
- Gold exports are forecast at \$68 billion (nominal terms) in the next few years, passing LNG to become our 2nd largest export, but iron ore will stay our biggest export.

1.2 Macroeconomic, geopolitical and policy factors

Outlook for short-term world growth worsens slightly

In early July, the International Monetary Fund (IMF) made slight revisions to its forecast for world growth in 2026. The IMF projected global growth to be 3.0% in 2026 and 3.4% in 2027. Later in the outlook period, growth was forecast at 3.1–3.2%. Those forecasts predated the renewed disruption in the Strait of Hormuz. The September 2026 REQ assumes world growth of

2.9–3.0% in 2026 as high energy prices (due to the Middle East conflict) hurt economic activity, especially in developing nations — many of which have a high dependence on imported energy.

Ukrainian strikes on Russian oil refineries have tightened the diesel market further, impacting activity in industries that are heavy users such as mining and transport. High-cost miners — especially of bulk commodities such as iron ore and coal — may struggle to operate, cutting world supply and raising prices.

The AI boom continues to boost world economic activity — especially in the US and Northern Asia — broadly offsetting the impact of the surge in energy prices. As the price of AI tokens falls and the wave of AI infrastructure building crests, the potential productivity boost associated with growing AI usage should support world economic growth and limit inflation.

US trade barriers are now at levels that seem unlikely to set off large disruption/dislocation. Under a new tariff regime put in place in July, tariff rates imposed against many nations are little changed from the rates set in February 2026 when temporary tariffs replaced International Emergency Economic Powers Act tariffs ruled unconstitutional by the US Supreme Court.

Going forward, the prices of oil and LNG are likely to be higher than they otherwise might have been before the Middle East conflict. Any toll imposed by Iran/Oman on shipping through the Strait of Hormuz would add to the unit cost of oil and LNG: workarounds to disruptions to strategic Middle East shipping routes (such as pipelines) will add to the cost of supply. This wouldn't prevent prices falling to pre-conflict levels when a market glut existed. In the long run, the disruption of strategic Middle East shipping lanes (and worries over future disruptions)

seems likely to accelerate the push away from oil/gas/LNG to clean energy technologies and slow the fall in thermal coal usage, especially in nations with good coal reserves.

The US Federal Reserve raised the official interest rate in mid-September, as it took the view that inflation risks are on the high side. The Bank of Japan and the European Central Bank have also tightened monetary policy recently, alert to the inflationary impact of high energy prices and strong AI investment. Over the latter half of the outlook period, it is expected a broadly neutral monetary stance taken by the major central banks will support world economic growth and hence commodity demand.

India is broadening its growth base, with a rapidly expanding consumer electronics industry: five iPhone factories now employ more than 200,000 workers. Hundreds of thousands of other jobs are indirectly tied to the smartphone industry. India's growing wealth is emerging as an added source of commodity demand for countries such as Australia.

The global energy transition is set to continue but the pace will vary by country. The uncertainty associated with the supply of crude oil and LNG is hastening switching to clean energy technologies in some applications (such as vehicles and dwellings) and raising nuclear power usage. And nations such as China, India and Indonesia will likely make efforts to sustain the domestic supply of thermal coal to enhance energy security.

China has large oil inventories to help avoid shortages

China has continued to grow at an annual rate of 4-5% in 2026, helped by increased demand for equipment needed for the buildout of AI infrastructure. Strong exports have been offset by

soft consumption, ongoing weakness in the real estate sector and fiscal restraint. Any economic slowdown is likely to see the Government deploy fiscal stimulus.

Having accumulated large reserves of oil over recent years, China has been able to cut imports sharply to cushion the impact of the surge in oil prices associated with the disruption to shipping in the Strait of Hormuz. It likely has enough reserves to avoid shortages for numerous quarters.

Over the outlook period, China is forecast to grow by 4-5% per annum. The Chinese government's ongoing 'anti-involution' push can potentially boost efficiency as new, better processing technology replaces old, dated production technology. Toward the end of the outlook period, Chinese exporters of some manufacturing products could face higher trade barriers in some export markets as some countries try to bolster their supply chains for security or job-retention/creation purposes.

The US economy is growing solidly, mainly due to AI capex

The US economy continues to show firm growth, helped mainly by the AI infrastructure boom. As the world's largest producer of oil and LNG — and a net exporter of energy — the US economy is also being lifted by the surge in energy prices induced by the Middle East conflict. Despite the rise in energy prices, so far, inflation has not surged, allowing the US central bank to avoid a sharp hike in official interest rates. High bond issuance and some reticence from bond investors have seen long-dated bond yields hit their highest level in twenty years, cutting the US government's fiscal flexibility. As the benchmark for assessing investment returns, a rise in long-dated bond yields may impact capital spending adversely.

Geopolitical tensions likely to maintain gold demand

Hostilities in the Middle East and between Russia and Ukraine pose ongoing risks to commodity markets, especially for energy commodities. Box 1.1 examines how a longer disruption to trade from the Middle East could impact commodities trade and pricing. Since the June 2026 REQ, heavy Ukrainian strikes on Russian oil refining facilities have affected the supply (and hence price) of oil products and Russian economic activity. Russia is a significant supplier to China and India.

The demand for safe-haven assets such as gold will likely be strong while geopolitical tensions are high. Central banks' appetite for gold remains healthy (particularly when the price moves under US\$4,500 an ounce) as some investors seek alternatives to US assets.

AUD expected to rise modestly against the USD

So far in 2026, the AUD has risen significantly against the USD. The main driver has been the Australia-US interest rate differential: with the US Fed Funds rate steady until this month, a series of RBA rate hikes widened the differential, pushing funds from USD assets to AUD assets. The AUD peaked at around USD0.725 in mid-Q2 then fell back to USD0.69 before recovering to USD0.72 in mid-September on US dollar weakness. Solid commodity earnings may see modest gains in the AUD/USD in 2027-29.

Risks of drier than normal conditions in 2026–27

According to numerous weather bureaus, an El Niño weather pattern is now underway, which has significant implications for energy production and consumption. While the El Niño weather

pattern should ensure lower than normal disruption to Australia's coal production and transport, it will likely lower river levels in Indonesia, making the barging of thermal coal (largely for export) more difficult.

On the demand side, lower-than-usual rainfall in China (due to El Niño) could weigh negatively on hydro generation (~13% of China's power supply) and is likely to incentivise fossil fuel-driven power generation (i.e. coal and gas) and support Chinese LNG demand (~15% of world demand). If LNG prices remain high, China may use more thermal coal, some imported.

Weather conditions are assumed to be normal from 2028 over the remainder of the outlook period.

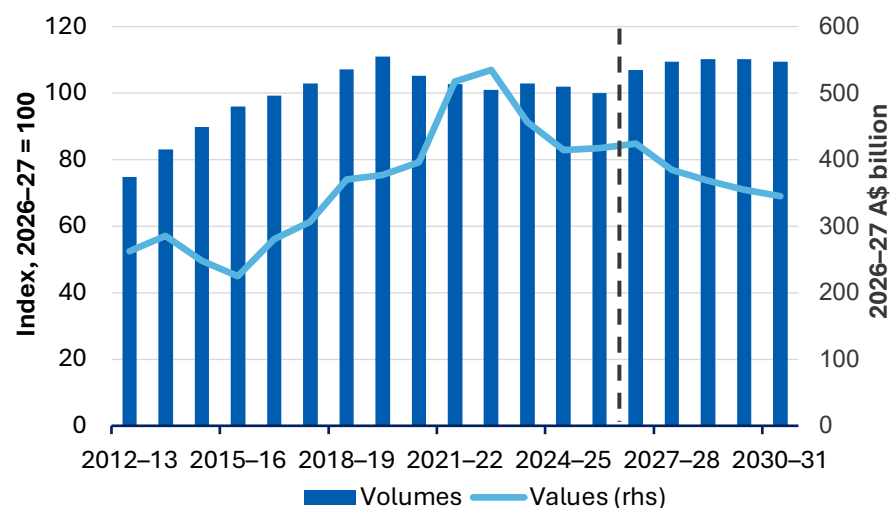
1.3 Export values

Higher AUD/USD and lower prices partly offsetting higher volumes

Higher export volumes contributed to increased export earnings in the September quarter 2026. The Resources and Energy Export Values Index rose over 3% from June quarter 2026, as a 7% fall in prices was more than offset by a 10% rise in volumes.

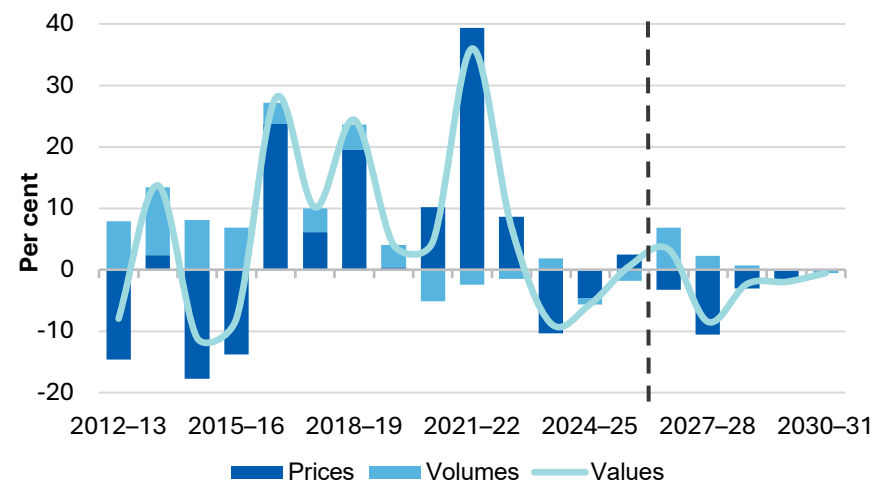
High base metal prices and the fallout from the Middle East conflict are forecast to result in increased resource and energy exports in 2026–27 before export values fall over the rest of the outlook period. The forecast rise in the AUD/USD in 2026–27 will have an adverse impact on export values. Exports are forecast at \$422 billion in 2026–27 up from \$403 billion in 2025–26 (Figure 1.1). Price falls tend to offset the impact of higher volumes in the outlook period (Figure 1.2), with exports falling to \$379 billion (\$343 billion in real terms) in 2030–31.

Figure 1.1: Australia's resources and energy exports



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

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 (2026)

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, iron ore exports are forecast to fall from \$107 billion in 2026–27 to \$79 billion (real terms) in 2030–31.
- **Gold** export earnings are estimated to fall by 2% from almost \$72 billion in 2025–26 to \$68 billion in 2026–27, before falling to \$61 billion (real terms) in 2030–31, driven by lower gold prices and a modest appreciation of AUD/USD.
- Demand for **copper** is being driven by increasing electrification, expansion of electricity grids and AI-related data centres developments. Rising prices and higher export volumes are expected to drive a lift in copper exports, from \$14 billion in 2025–26 to \$19 billion (real terms) in 2030–31.
- **Alumina** exports are forecast to fall from \$7.0 billion to \$6.6 billion in 2026–27 before rising to \$7.8 billion in 2030–31 (real terms).
- **Aluminium** exports are forecast to fall from over \$7 billion in 2026–27 to \$6 billion in 2030–31 (real terms).
- **Lithium** earnings are forecast to rise from \$10.2 billion in 2025–26 to \$17 billion in 2026–27, before easing to \$14 billion (real terms) by 2030–31 as rising world supply causes prices to moderate.

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

By commodity:

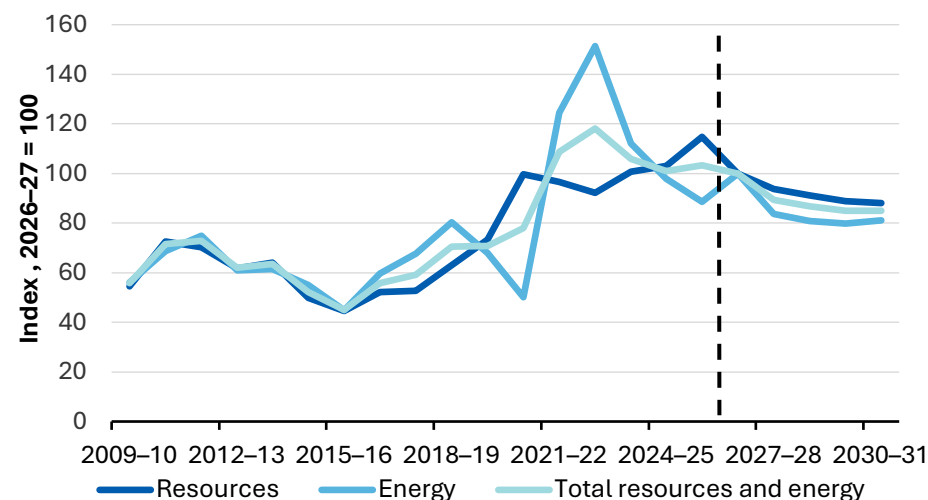
- **Thermal coal** export earnings are forecast to fall from \$31 billion in 2026–27 to \$26 billion in 2027–28 and \$24 billion in 2030–31 in real terms.
- **Metallurgical coal** exports are forecast to fall from \$44 billion in 2026–27 to \$38 billion in 2027–28 and \$36 billion in 2030–31 in real terms.
- **Oil** exports are projected to fall slightly in 2026–27 as falling volumes are largely offset by higher prices before falling to \$5.6 billion in 2030–31 in real terms.
- **LNG** export earnings are forecast to fall from \$57 billion in 2025–26 to \$42 billion in 2030–31 (real terms). The fall reflects falls in spot LNG prices and oil prices, the latter of which feed through into LNG contract sales.

1.4 Prices

Resource and energy commodity prices have been mixed since the June 2026 REQ. Lower gold and iron ore prices offset higher prices for energy, lithium and some base metals. The Resources and Energy Commodity Price Index (AUD terms) fell by 8.1% in the September quarter 2026 but was up 8.9% year-on-year (Figure 1.3). In US dollar terms, the index fell by 8% in the quarter but was up 18% year-on-year. Resource export prices (in AUD terms) fell 0.4% year-on-year, but energy prices rose 23%.

Iron ore (61% Fe CFR China) prices fell by about US\$10 a tonne in the September 2026 quarter compared to the June 2026 quarter, due to seasonally weaker construction activity, lower mill margins, high port inventories, and strong seaborne supply.

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 (2026)

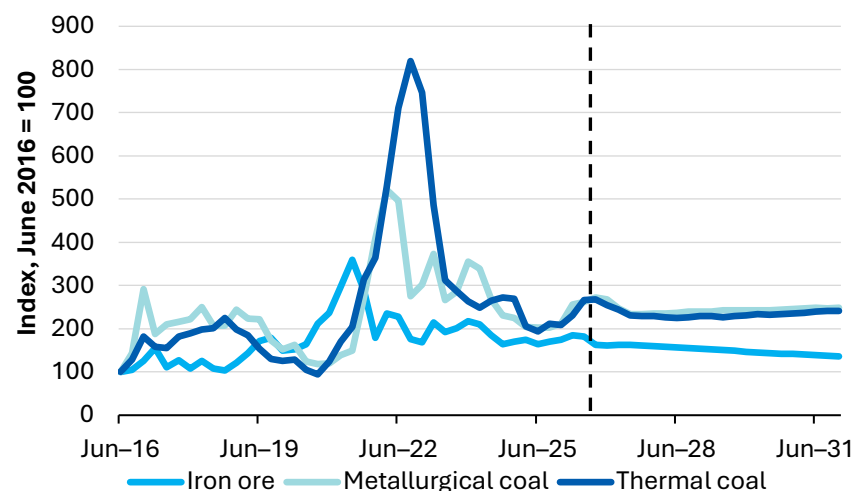
The 61% Fe (FOB, Australia) price is forecast to fall from US\$83 a tonne in 2026–27 to US\$72 a tonne in 2030–31 (Figure 1.4), as supply rises amidst stagnant demand.

Metallurgical coal prices rose sharply in late August to US\$263 a tonne, the highest level since March 2024. The rise was driven by a surge in Chinese demand amid tighter domestic supply and disruptions to Mongolian deliveries caused by diesel shortages. Prices are expected to ease as Mongolian deliveries normalise, but the duration of the disruptions is uncertain. Over the outlook period, prices are forecast to be broadly stable in real terms.

Thermal coal prices are expected to remain elevated in the near term as nations seek alternatives to LNG and Northern

Hemisphere temperatures stay relatively high. As these pressures ease, prices are forecast to fall, settling at around US\$110 a tonne in real terms over the outlook period.

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 is tracking the likelihood of US official interest rate hikes, the US dollar and varying safe-haven demand. Prices are forecast to average US\$4,600 an ounce in 2026 and remain high through 2028, supported by geopolitical uncertainty, resilient investment demand and inflation concerns, before easing to US\$3,760 an ounce (real terms) by 2031.

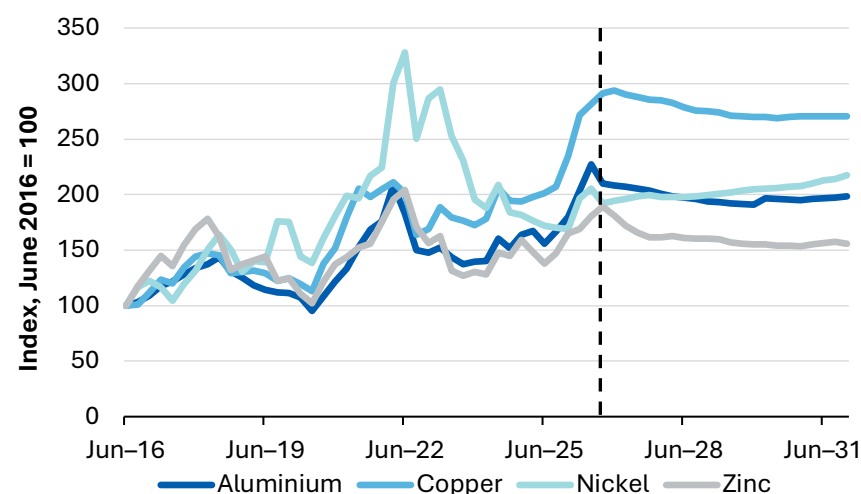
The **aluminium** price has retreated from its four-year high of US\$3,855 a tonne in early June 2026, as the market reacts to higher exports from China and Indonesia. Prices are projected to remain above US\$2,900 a tonne in real terms over the outlook

period, driven by tight supply and rising world demand for energy-efficient cars and technologies.

Copper prices rose 36% year-on-year in Q2 2026 and reached a record high above US\$14,700 a tonne in early September. Since then, prices have eased slightly, trading around US\$14,500 a tonne but still historically high as supply risks persisted. Prices are forecast to average US\$13,460 a tonne in 2026, before easing to US\$11,600 a tonne (real terms) by 2031, as supply gradually catches up with demand.

Zinc prices surged around 30% year-on-year in Q3 2026, rising above US\$4,000 a tonne in late August 2026 as supply tightened and warehouse stocks fell. Over the outlook period, prices are expected to ease, averaging US\$3,393 in 2026–27 and then falling to US\$3,042 a tonne by 2030–31, reflecting soft demand.

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)

The average **nickel** price fell to around US\$16,000 a tonne in the first half of September from around US\$19,000 in May, on changing expectations of higher Indonesian ore output. Prices are expected to remain flat in Q4 2026 as concerns over ore availability ease after Indonesia approved revised 2026 mining plans for several nickel miners, improving near-term ore availability. By the end of the outlook period, higher supply is expected to keep the market in surplus conditions, keeping price at about US\$18,500 a tonne by 2031.

Spodumene concentrate prices have recovered strongly over the past year. Spodumene prices rose from an average of about US\$720 a tonne in July 2025 to over US\$2,200 a tonne in early September 2026 (CIF China), while lithium hydroxide prices more than doubled to around US\$19,000 a tonne (FOB China).

Resilient EV and energy storage demand, lower inventories and supply disruptions in China and Zimbabwe drove the recovery. Spodumene is forecast to average about US\$2,410 a tonne in 2026 before easing to about US\$1,500 by 2031 as global supply expands. Lithium hydroxide is forecast to fall from US\$21,100 to US\$16,200 a tonne over the same period (in real terms).

Energy prices rebounded in early July as the Strait of Hormuz was blocked again. Longer term trends point to rising supply and downward pressure on prices. **Oil** prices are expected to average US\$96 a barrel in the September quarter and then rise to US\$101 a barrel in the December quarter, before beginning to fall back over the outlook period as Middle East supply returns. The conflict in the Middle East has flipped **LNG** markets from an 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 REQ editions. LNG prices (Japan Korea Marker) are expected to reach over US\$17/MMBtu in 2026, declining closer to historical averages at around US\$11/MMBtu by 2028 and subsequently settling in a US\$8-10/MMBtu band.

Uranium prices have risen in the September quarter 2026 averaging around US\$91 a pound. An existing supply deficit and higher demand are forecast to raise prices in the outlook period.

1.5 Export volumes

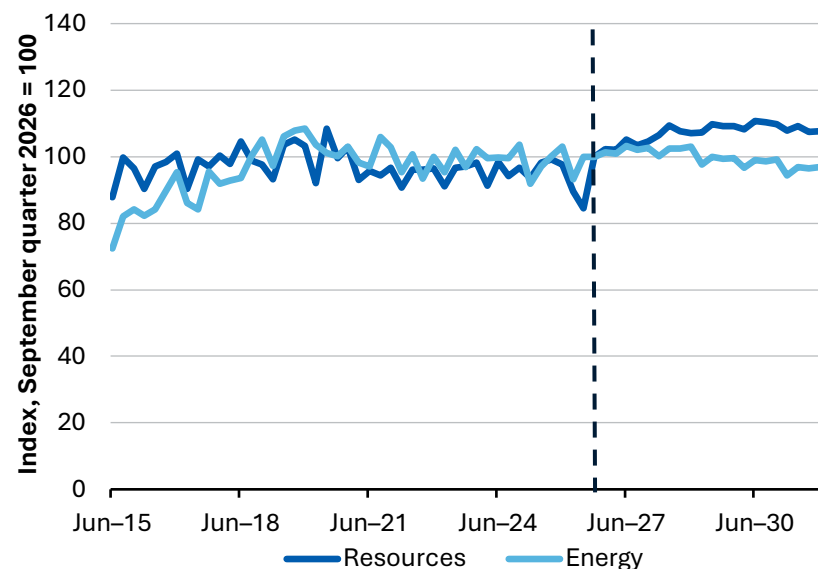
Long-term trend boosted by record gold and metals prices

Improved weather saw the Resources and Energy Export Volumes Index rise by an estimated 10.4% in the September quarter 2026 from the June quarter 2026, to be little changed from the September quarter 2025. Better weather saw resource commodity export volumes rise 18.1% in the September quarter to be up 1.1% over the year. Energy export volumes were flat in the September quarter and over the year (Figure 1.6).

High prices for some base metals and gold are forecast to 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 a lower pace than in recent decades and Chinese steel mills source more ore from Guinea and other emerging sources.

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 drift down 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)

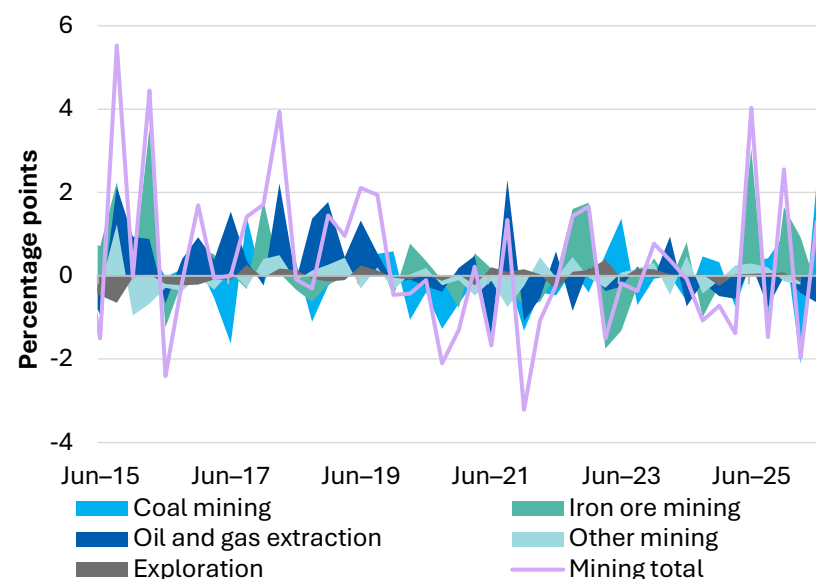
1.6 Contribution to growth and investment

Mining output rebounded in the June quarter

Better weather saw mining value-added rise by 1.3% in the quarter to be 0.3% higher year-on-year (Figure 1.7). Mining made a small contribution to growth in real GDP, which rose by 0.4% in the June quarter 2026 to be up 2.1% from a year before.

Over the year to the June quarter 2026, coal mining increased by 12%, and exploration and mining support services rose 3.2%. This was partially offset by oil and gas extraction down 2.6%, other mining down 2.1%, and iron ore mining down 0.7%.

Figure 1.7: Contribution to quarterly growth by sector



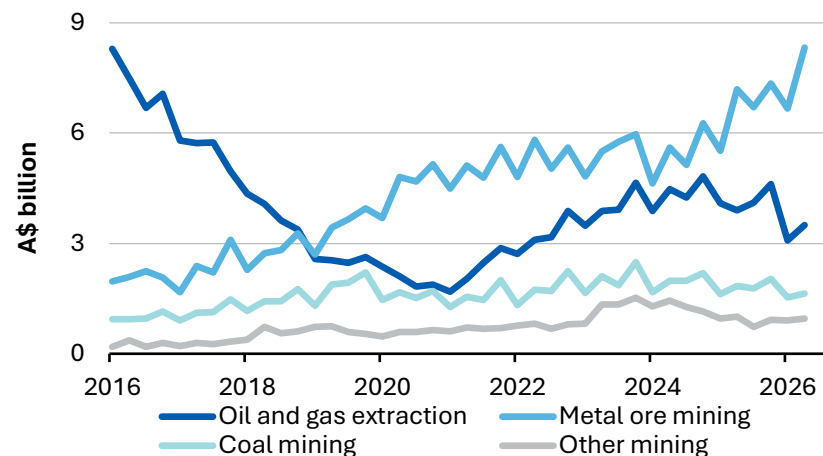
Source: ABS (2026); Department of Industry, Science and Resources (2026)

Mining capital expenditure rose in the June quarter

The latest ABS Capital Expenditure and Expected Expenditure survey shows that Australia's resources and energy sectors invested \$13.9 billion in the June quarter 2026, up 3% from the June quarter 2025 and 2% from the March quarter 2026.

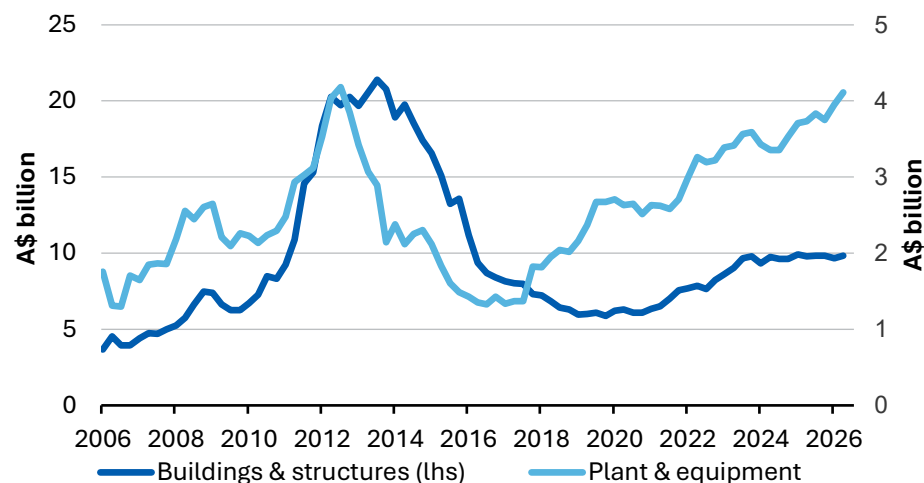
In non-seasonally adjusted terms, capex rose across all commodities, with particularly strong growth in metal ores (Figure 1.8). Expenditure on plant and equipment rose by 4.1% in the June quarter 2026, to almost equal the record of September quarter 2012 (Figure 1.9). Investment in buildings and structures rose by 1.5%, still around the \$10 billion mark (Figure 1.9).

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

Figure 1.9: Mining industry capital expenditure by type, quarterly

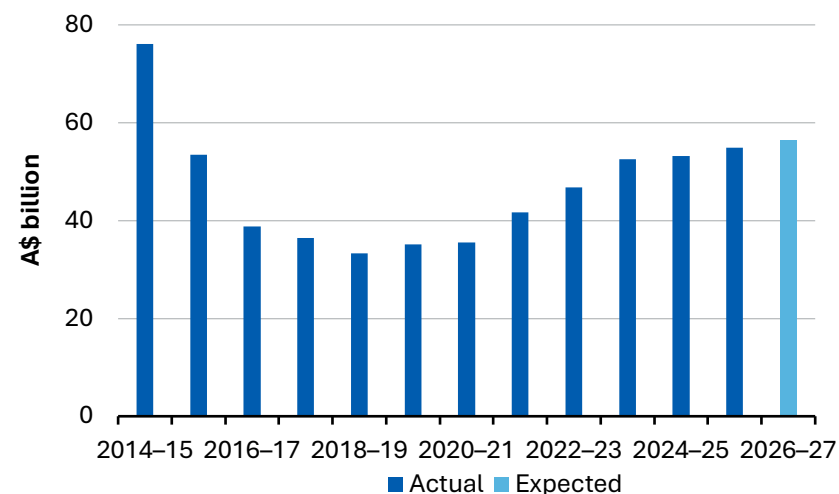


Notes: Chart data is in nominal terms, seasonally adjusted.
Source: ABS (2026) Private New Capital Expenditure & Expected Expenditure, 5625.0

Mining investment forecast to rise modestly in 2026–27

The latest ABS capital expenditure survey shows that 2025–26 spending rose by 3% (to about \$55 billion), with the fifth survey estimate of expenditure in 2026–27 coming in at \$56 billion (Figure 1.10). Estimates are typically revised up over time.

Figure 1.10: Mining industry capital expenditure, fiscal year

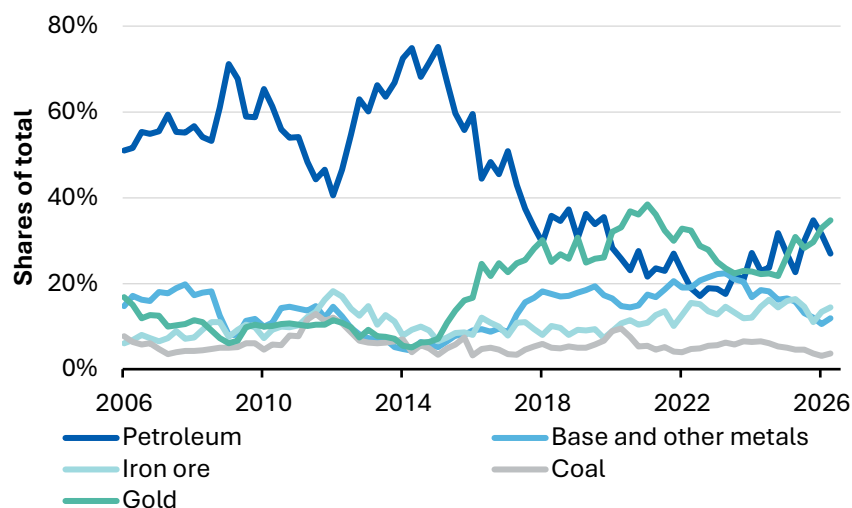


Source: ABS (2026)

Exploration spending has risen strongly in the past year

Australian mineral and petroleum exploration expenditure was stable in the June quarter 2026 but was 49% higher year-on-year (Figure 1.11). In year-on-year terms, expenditure grew for gold (up 41%), silver, lead and zinc (up 38%), uranium (up 13%), iron ore (up 10%), coal (up 2%), and copper (up 1%) but fell for nickel, mineral sands, and other base metals. Gold exploration is rising sharply following 2 years of falls, with recent investment a response to the sharp price rise in recent years (Figure 1.11).

Figure 1.11: Shares of exploration by commodity type



Source: ABS (2026)

Record prices for copper and high gold prices suggest copper-gold exploration should remain strong over the next few years. Gold exploration reached near-record levels in the June quarter 2026. Petroleum exploration spending remains near 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

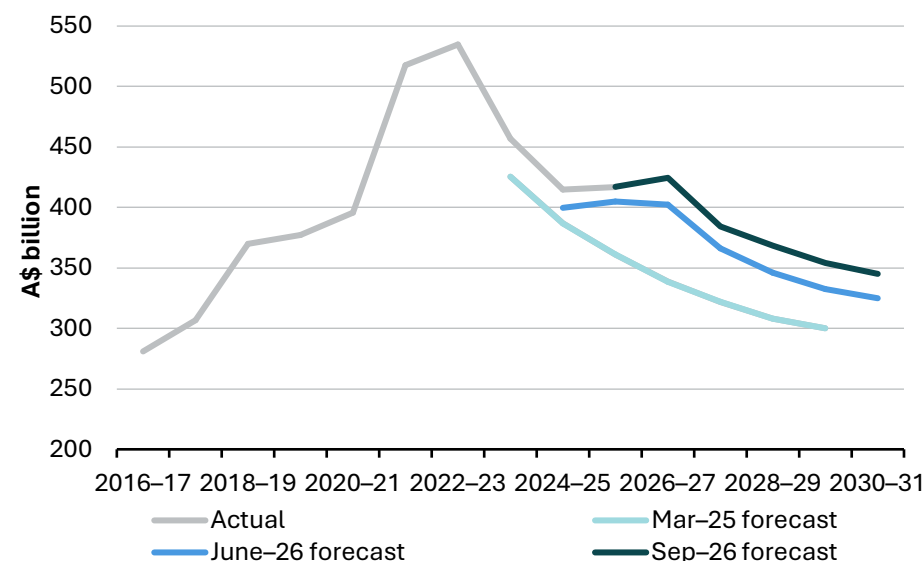
Forecasts are little changed from the June 2026 REQ

From \$403 billion in 2025–26, resource and energy exports are now forecast to rise to \$422 billion in 2026–27 (up \$6 billion from the June 2026 REQ forecast). In 2027–28, exports are forecast to be \$391 billion, revised up \$3 billion from the June 2026 REQ (Figure 1.12).

A pullback in the gold price has driven a downward revision in gold exports early in the outlook period. However, stronger earnings from metallurgical coal, thermal coal, LNG and lithium more than offset this decline. Higher thermal coal and LNG export values reflect the impacts of the Middle East conflict while the lithium outlook has improved across the forecast period.

The impact of a slightly lower forecast for the AUD/USD over the outlook period from the Consensus survey has given a modest boost to the forecasts of commodity export revenues.

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	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	% change CAGR ^r
Resources and energy	385,933	403,149	422,336	391,185	384,485	379,096	378,548	-0.3
– real ^b	414,790	416,873	422,336	381,876	366,181	352,242	343,154	-3.1
Energy	154,360	141,706	163,108	137,050	130,991	126,739	126,990	-3.2
– real ^b	165,902	146,530	163,108	133,789	124,755	117,761	115,116	-5.9
Resources	231,573	261,442	259,227	254,135	253,494	252,358	251,558	1.4
– real ^b	248,888	270,342	259,227	248,087	241,426	234,481	228,037	-1.4

Notes: **b** In 2026–27 Australian dollars; **f** forecast; **z** projection; **r** compound annual growth rate between 2025–26 and 2030–31.

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

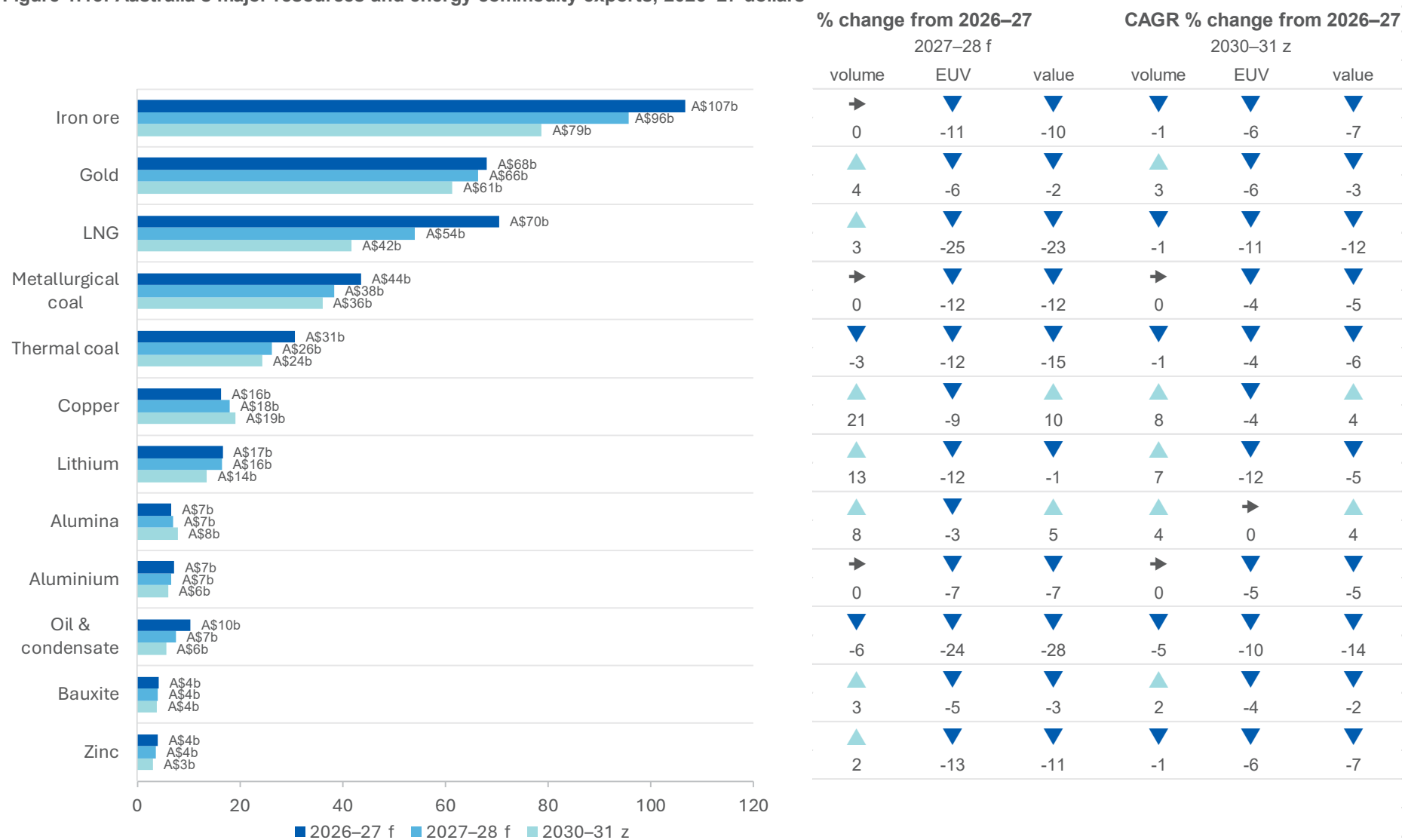
Table 1.2: Australia's resource and energy exports, selected commodities

	Unit	Nominal Prices			Unit	Export volumes			Export values (2026–27 A\$ billion)		
		2025–26	2026–27 ^f	2030–31 ^z		2025–26	2026–27 ^f	2030–31 ^z	2025–26	2026–27 ^f	2030–31 ^z
Iron ore	US\$/t	92	83	72	Mt	944	948	912	123	107	79
Gold	US\$/oz	4,268	4,534	4,149	t	216	287	325	72	68	61
LNG	A\$/GJ	13	16	11	Mt	78	81	77	57	70	42
Metallurgical coal	US\$/t	213	233	225	Mt	151	161	158	39	44	36
Thermal coal	US\$/t	117	128	121	Mt	215	209	199	31	31	24
Copper	US\$/t	11,767	13,754	12,786	Kt	682	730	1,001	14	16	19
Crude oil	US\$/bbl	79	87	68	Kb/d	247	227	182	11	10.4	5.6
Lithium	US\$/t (b)	1,532	2,499	1,684	Kt (c)	532	556	742	10	17	14
Alumina	US\$/t	318	351	403	Kt	14,337	13,558	15,900	7.2	6.6	7.8
Aluminium	US\$/t	3,054	3,264	3,076	Kt	1,434	1,587	1,587	6.8	7.2	6.0
Zinc	US\$/t	3,174	3,393	3,042	Kt	1,101	1,328	1,266	4.4	4.0	3.1
Uranium	US\$/lb	82	93	113	t	6,324	6,302	6,479	1.7	1.7	1.8
Nickel	US\$/t	16,348	17,226	18,473	Kt	52	49	89	1.4	1.2	1.6

Notes: **a** Export data covers both crude oil and condensate; **f** forecast; **z** projection. **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, 2026–27 dollars



Notes: s estimate; f forecast; z projection; EUV is export unit value

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

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

Overview

Prior to the major disruption to shipping in the Strait of Hormuz, about 20% of global oil and LNG supply and about 21% of global alumina imports flowed through the Strait. Continued disruption to shipping through the Strait, together with the partial blockade of Saudi oil flows through the Bab el-Mandeb, has constrained global energy trade and significantly increased prices.

The forecasts presented in this edition of the REQ remain highly uncertain. The outlook depends not only on when major shipping routes reopen, but also on how quickly damaged production facilities return to service and depleted inventories are rebuilt. While repairs at Qatar's Ras Laffan LNG facility have progressed, the timing of a full recovery in export flows now depends primarily on the reopening of the Strait. Disruptions to oil and refined-product markets — especially diesel — may also affect production and transport costs of other commodities.

The forecasts in this REQ assume world oil and gas supply are sufficient to meet demand before Middle East flows resume and build to pre-conflict levels. Qatari LNG production is assumed to return to about 80% of capacity within one month of the Strait of Hormuz reopening fully, before recovering fully over the subsequent two years.

To assess the effects of a more prolonged disruption, this box also considers another scenario. Under this scenario, oil and LNG inventories fall further, energy prices remain elevated for longer and higher diesel costs create broader risks for

commodity production and transport. Prolonged high oil and LNG prices also result in notable demand destruction, with some price-sensitive economies switching to alternative fuels or reducing energy consumption. The box examines the implications for prices of oil, LNG, thermal coal and aluminium and Australian export earnings.

Impact on export earnings

Under the central scenario, higher earnings from commodities directly affected by the Middle East conflict provide support to Australia's resource and energy export earnings. In 2026–27, combined earnings from oil, LNG, thermal coal, aluminium and alumina are forecast at \$124 billion, about \$5.0 billion higher than in the June 2026 REQ. Higher earnings from oil, LNG, thermal coal and alumina more than offset a downgrade in aluminium exports.

Under the prolonged disruption scenario, combined earnings from these commodities rise to \$129 billion in 2026–27, about \$4 billion above the central scenario. Higher oil, LNG, thermal coal and aluminium earnings more than offset lower alumina earnings.

In 2027–28, under the central scenario, total resource and energy export earnings are forecast at \$393 billion, about \$5 billion higher than in the June 2026 REQ. Combined earnings from the commodities significantly impacted by the Middle East conflict are forecast at \$104 billion, about \$1 billion lower than in the June 2026 REQ, largely due to a downgrade in LNG exports. Under the prolonged disruption scenario, combined earnings in 2027–28 lift to \$106 billion, mainly due to higher LNG and thermal coal prices.

Oil

The resumption of hostilities in early July and then the heavy disruption to Saudi oil flows via the Bab el-Mandeb saw prices trade in a US\$85-95 a barrel range in July/August. Signs that peace talks were on hold and attacks on the Saudi pipeline to the Red Sea in early-mid September, then resulted in prices rising above US\$100 and reaching US\$130 a barrel.

Under the central or 'baseline' scenario, Brent crude oil prices are expected to average about US\$97 a barrel in the September quarter 2026, before falling over the following two years (Figure 1.14). Australian crude and condensate earnings are forecast to be \$10.4 billion in 2026–27 and \$7.5 billion in 2027–28.

If trade continues to be disrupted until inventories begin to reach very low levels it is expected that prices will begin to rise sharply. And prices could average US\$135 a barrel in the December quarter.

Once inventories reach very low levels, some regions may face localised shortages of oil products. Very low stocks can also disrupt supply chains because pipelines and storage facilities require minimum operating volumes and may be damaged if levels fall too far.

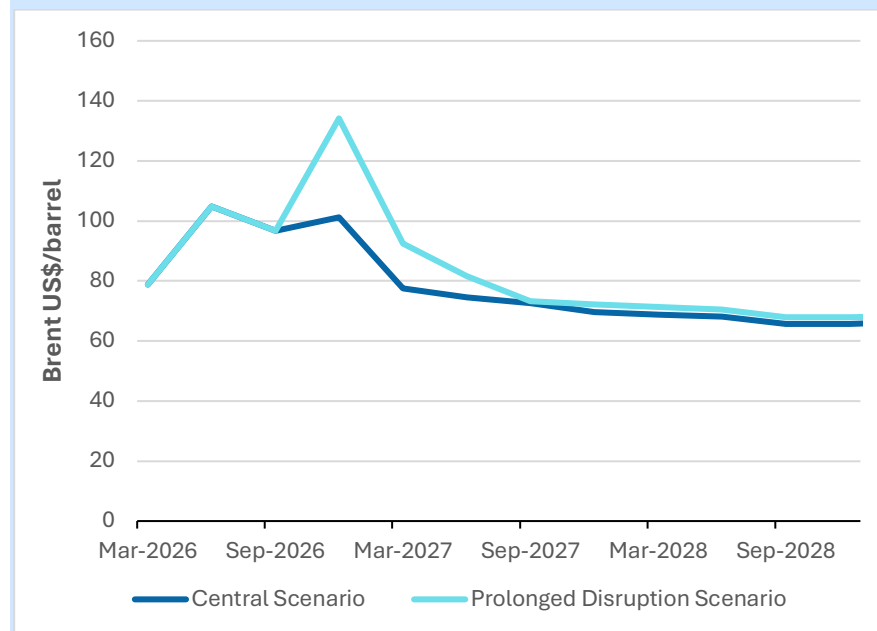
Governments may respond to protect national and economic security by increasing purchases from the global market. Combined, these factors will result in greater pressure on the oil market, pushing up prices. Low inventories also leave the market more susceptible to further disruption and increased price volatility.

A continued conflict in the Middle East is expected to have an outsized impact on product markets (particularly diesel) beyond the impact on crude oil markets.

Once trade resumes through the Strait of Hormuz, prices are expected to decline over a period of several years as production comes back online much more slowly than in the central scenario.

Prices are also expected to remain relatively high throughout the outlook as the depleted inventories are replaced. High prices increase Australian export revenues to \$12 billion in 2026–27 and \$7.8 billion in 2027–28.

Figure 1.14: Oil Prices by Scenario



Source: Bloomberg (2026), DISR (2026)

LNG

Qatari output previously faced two hindrances: missile damage inflicted on the Ras Laffan LNG facility in mid-March, and the broader blockade on the Strait of Hormuz, which is the key transit corridor for Qatari LNG. Repairs at the Ras Laffan facility have progressed significantly, and guidance from QatarEnergy suggests the facility could be operating at 80% capacity within a month of the Strait reopening. The primary swing factor is now the timing for reopening rather than the pace of damage repair.

JKM LNG prices rose to a peak of around US\$22/MMBtu after the hit on Ras Laffan, eased to under \$16/MMBtu as seasonal demand softened but subsequently rose again as heatwaves affected Asia and Europe. Key buyers, including China have mitigated further price spikes by successfully pivoting to other energy sources, notably coal and renewables.

Price pressures are likely to build again as seasonal demand picks up. European restocking for next winter has run behind schedule for months; inventory storage was 65% full by late August, well below the seasonal norm (around 90%).

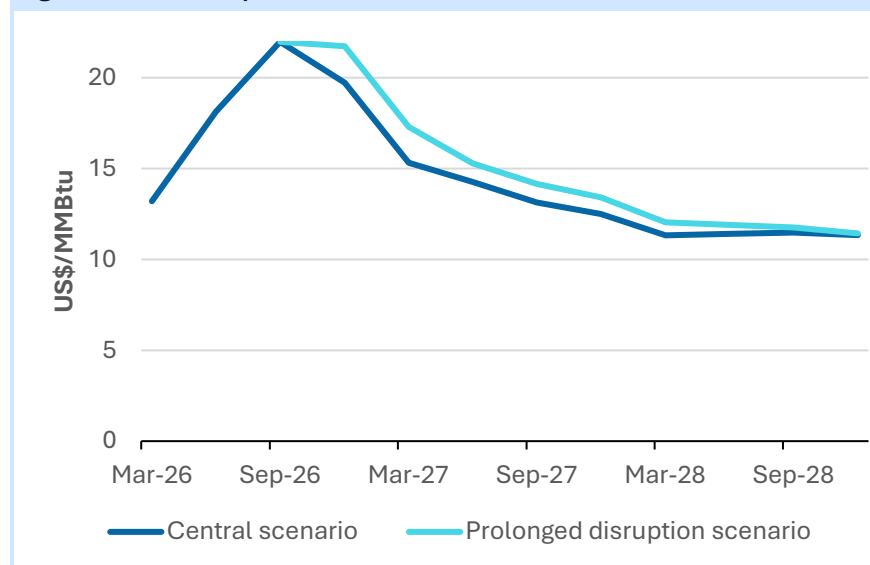
Under the central scenario, Middle Eastern LNG output recovers to 80% of capacity within one month of flows through the Strait resuming. Full production is restored within two years as damaged LNG infrastructure is repaired.

Prices under this scenario rise to about US\$22/MMBtu in the September quarter 2026, before easing to US\$13.80 in 2027 (Figure 1.15). European stock pressures will keep markets tight through 2026, with likely short-term energy restrictions and lower industrial production helping to manage shortages.

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 exports in 2026–27 are expected to be about \$25 billion higher than forecasts made prior to the closure of the Strait of Hormuz.

Under the prolonged disruption scenario, sustained loss of Qatari output extends inventory shortages through 2027. Prices under the prolonged disruption scenario hold at around US\$22/MMBtu in the December quarter 2026, and average US\$15/MMBtu over 2027. 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.

Figure 1.15: LNG price scenarios



Source: Bloomberg (2026), DISR (2026)

Expected demand destruction diminishes global LNG trade by around 40 Mt from prior forecasts to 490 Mt by 2029. This demand destruction gap closes to 20 Mt by 2031.

In the prolonged disruption scenario, export earnings are expected to be about \$2 billion above the baseline forecast in 2026–27, and \$1 billion higher in 2027–28. However, demand destruction will likely persist into the 2030s, lowering longer-term earnings.

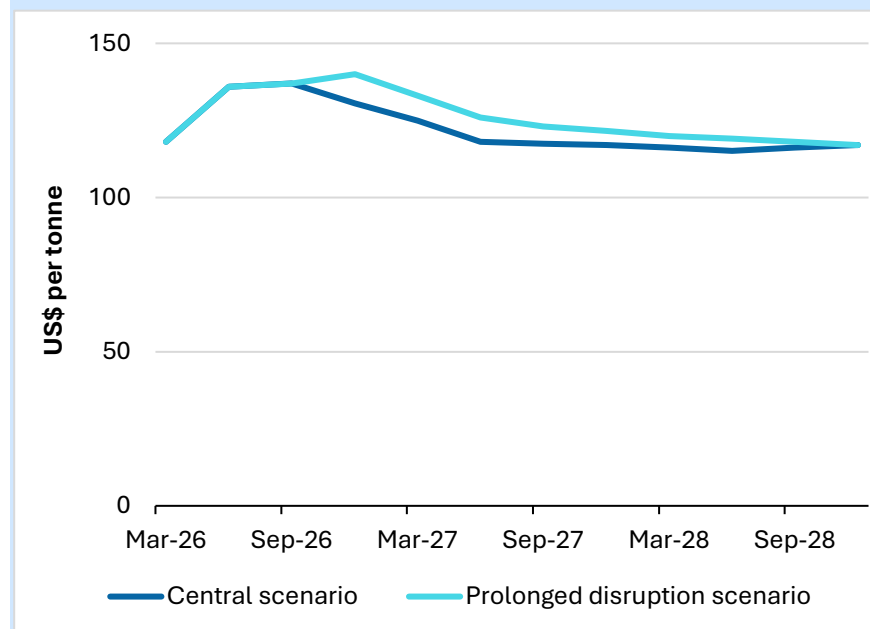
Thermal coal

The Newcastle 6,000 kcal thermal coal price has averaged around US\$135 per tonne in the September quarter, well above the pre-conflict level of US\$116 per tonne in February. Prices have remained elevated as disruptions to LNG supply have encouraged gas-to-coal switching, especially in Japan, South Korea and Taiwan. Unusually hot Northern Hemisphere summer conditions associated with an El Niño weather pattern have also lifted electricity demand and thermal coal prices.

Thermal coal prices are expected to remain elevated while LNG supply disruptions persist, but ample coal stocks in key importing nations and falling temperatures (as the Northern Hemisphere summer ends) are expected to limit price gains.

Under the central scenario, as LNG supply conditions gradually normalise, Newcastle 6,000 kcal thermal coal prices are forecast to moderate from the December quarter 2026 and return to pre-conflict levels by mid-2027 (Figure 1.16). Australian thermal coal export earnings are forecast to be \$31 billion in 2026–27 and \$27 billion in 2027–28.

Figure 1.16: Thermal coal price scenarios



Source: McCloskey (2026), DISR (2026)

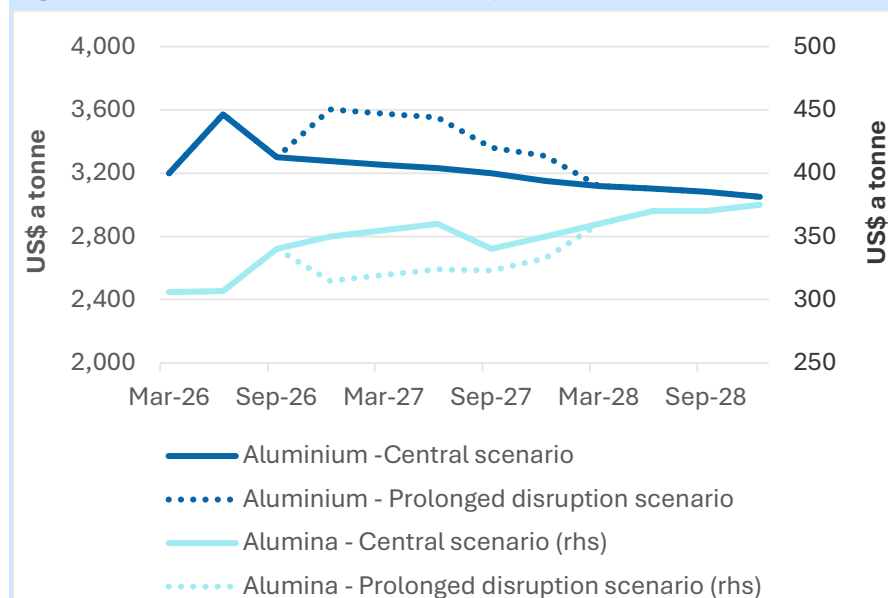
Under the prolonged disruption scenario — which keeps LNG supply constrained for longer and thus thermal coal prices elevated for longer — Australian thermal coal exports are forecast to reach \$32 billion in 2026–27 and \$28 billion in 2027–28.

Longer disruptions also raise the risk of higher diesel costs and shortages. As thermal coal mining and transport is heavily reliant on diesel, continued disruption to crude oil and refined-product markets could significantly constrain output from key exporters and place additional upward pressure on thermal coal prices.

Aluminium, Alumina and Bauxite (AAB)

The Middle East is a significant global producer of alumina and aluminium, 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 Middle East 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.

Figure 1.17: Aluminium and alumina prices under each scenario

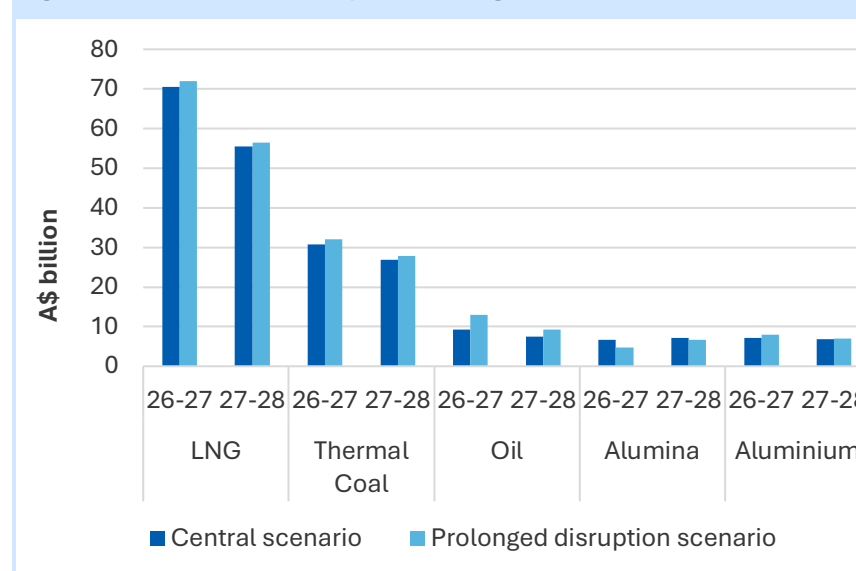


Source: Department of Industry, Science and Resources (2026)

The impacts of the Middle East conflict on the aluminium market have lessened since the June 2026 REQ, due to the impact of rising exports from China and Indonesia, and faster than expected repairs at damaged Middle East aluminium smelters.

Under the central scenario where 1.7 Mt (or 24% of Middle East smelting capacity) of curtailed primary aluminium capacity is assumed to be offline for 12 months, prices in 2026 and 2027 are expected to be around US\$3,335 and US\$3,210 a tonne, respectively, for aluminium and about US\$320 and US\$350 a tonne, respectively, for alumina. Australia's AAB exports are estimated to experience a gain of \$0.9 billion in 2026–27, and a gain of \$0.2 billion in 2027–28.

Figure 1.18: Australian export earnings for select commodities

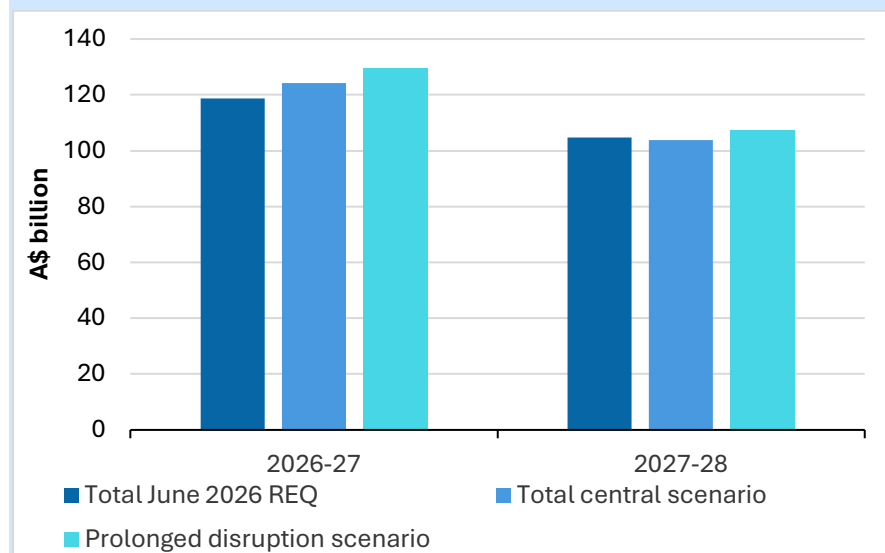


Source: Department of Industry, Science and Resources (2026)

Under the prolonged disruption scenario, 4.7 Mt (or 68% of 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 about US\$3,590 and US\$3,450 a tonne, respectively for aluminium, and about US\$300 and US\$325 a tonne, respectively for alumina.

Relative to the central scenario, Australia's AAB exports are estimated to experience a further decline of \$1.4 billion in 2026–27, and a further gain of \$1.4 billion in 2027–28.

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

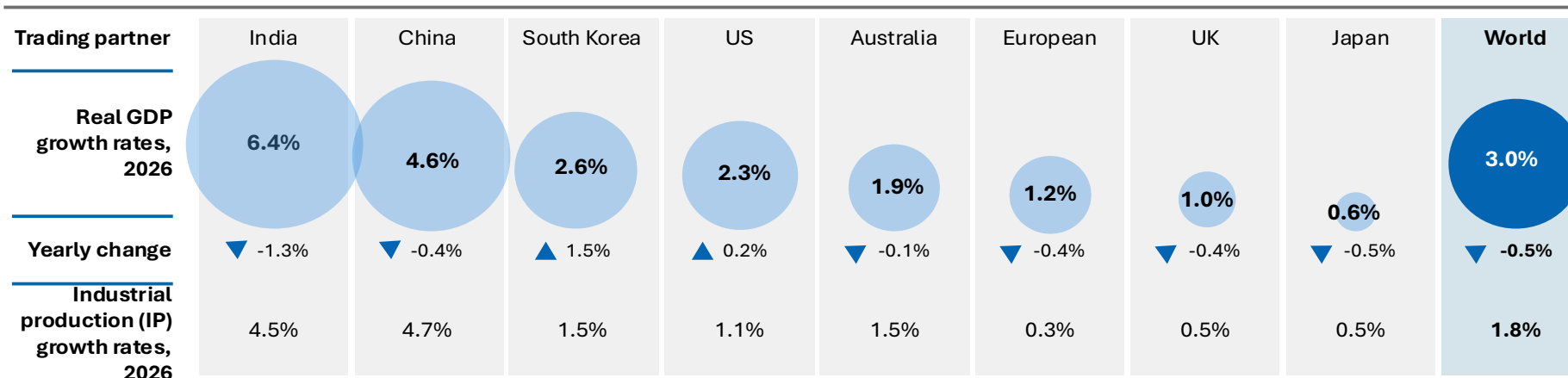


Source: Department of Industry, Science and Resource (2026)

Macroeconomic outlook



Australia's major trading partners economic outlook



Global overview

- The global economy is growing at a slower pace than in 2025, with the impacts of the Middle East conflict offset in part by surging investment in artificial intelligence infrastructure.
- The growth prospects of Australia's major trading partners remain strong, with resilient exports in China and strong IP expansion in India.



Global risks

- Global inflation is heading higher.
- Economic damage from record heat and drought in Europe in June and July 2026.
- Higher bond yields in the US and in other advanced economies could constrain economic growth more broadly.



Source: IMF; ABS; OCE

2.1 Summary

- The global economy is growing at 3.0% in 2026, slower than growth in 2025. The impacts of the Middle East (ME) conflict have been largely offset by surging investment in artificial intelligence (AI) infrastructure. Growth is projected to pick up to 3.4% in 2027 and then settle at 3.1% over the rest of the outlook period as trade and energy flows normalise.
- Global inflation is expected to continue to rise in 2026 as the ME conflict increases energy and transport costs, before easing below 4% from 2027.
- The growth prospects of Australia's major trading partners remain comparatively resilient, although higher energy costs, inflation and disruptions to trade present downside risks. Growth has been supported by resilient exports in China and other North Asian countries, sustained economic growth in the US and strong industrial production (IP) and services sector expansion in India.

2.2 World economic outlook

Global economic growth has slowed

The global economy is growing slightly below trend. The ME conflict is disrupting energy and trade flows, but surging investment in AI infrastructure is offsetting the drag. AI spending is supporting growth in the US, China, Japan, India and South Korea. Rising investment in AI is supporting global commodity demand globally and could deliver export earning windfalls to commodity exporters such as Australia and Canada.

In July 2026, the IMF projected global economic growth of 3.0% in 2026 and 3.4% in 2027, a downgrade of 0.1 of a percentage point in 2026 and an upgrade of 0.2 of a percentage point in 2027 from the April 2026 World Economic Outlook (WEO). The IMF assumed the reopening of the Strait of Hormuz would begin in mid-July 2026, with conditions broadly returning to the pre-war state of affairs by March 2027.

However, the Strait of Hormuz was blocked again on 21 June 2026. As a result, the September 2026 REQ assumes world economic growth of 2.9-3.0%, with downside risks the longer the blockade continues.

Growth is projected to rise to 3.4% in 2027 as normal shipping in the Strait of Hormuz resumes. From 2028, global growth is expected to stabilise at 3.1% as damaged infrastructure is rebuilt and trade and energy flows resume. Growths in China and India are expected to account for a major share of global growth by 2030, while growths in advanced economies ease towards long-run trend growth of 1.6% from 2027.

Downside risks include economic damage from record heat and drought in Europe in June and July 2026, which potentially add to food prices and inflation. The German insurer Allianz estimated the two-week June 2026 heatwave could cut European GDP by 0.3 percentage points in 2026. The impact is significant, with the IMF forecasting real GDP growth of 1.2% in 2026 for the Eurozone.

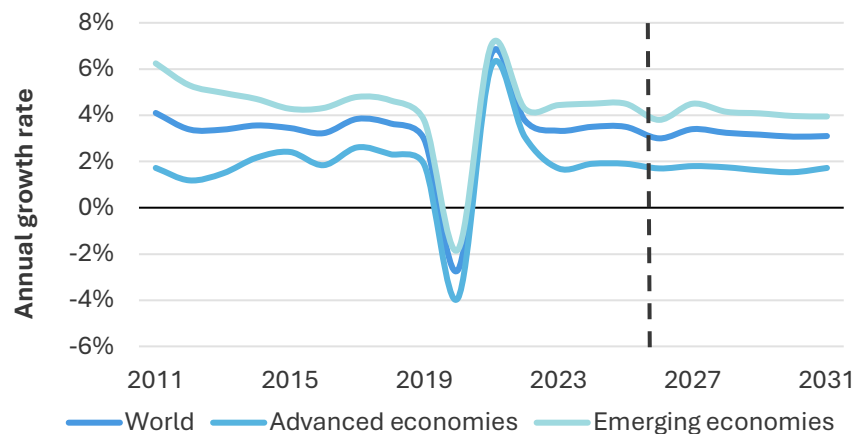
Other downside risks include rising global bond yields, high public debts and the unknown future impact of AI on productivity and financial stability.

Global inflation is heading higher, before falling in 2027

The IMF projects the ME conflict will lift headline inflation up from an estimated 4.1% in 2025 to 4.7% in 2026, reflecting higher energy and transport costs. Inflation is projected to fall to 3.9% in 2027 as these pressures ease. Inflation in advanced economies is expected to decline from 3.0% in 2026 to 2.4% in 2027, while inflation in emerging markets and developing economies is forecast to moderate from 5.8% in 2026 to 4.8% in 2027. These forecasts have been revised up since April 2026, adding to the challenges many major central banks face in trying to bring inflation down.

The latest US Section 301 tariff measures impose tariffs of 12.5% on 60 economies from 24 July 2026 for allegedly failing to effectively ban the importation of goods with forced labour. Because these measures are broadly consistent with tariffs prevailing since the first half of 2025, the latest tariffs do not materially alter the inflation outlook.

Figure 2.1: Global GDP growth outlook



Source: International Monetary Fund (2026)

Global manufacturing activity is still expanding

Expanding global manufacturing activity continues to boost commodity demand. Forward indicators of global manufacturing activity remained steady in July 2026 with expansion in global manufacturing output and new orders. The JP Morgan Global Manufacturing Purchasing Managers Index (PMI) was 52.3 in August 2026, up from 52.1 in July 2026. This marks thirteen consecutive months above 50. A PMI reading of above 50 indicates an expansion in output volume produced by factories, mines and utilities, reflecting ongoing strength despite supply disruptions from the ME conflict.

Global IP weakens in 2026, before recovering in 2027

Global IP is forecast to grow at a slower pace than 2025, with Wood Mackenzie predicting IP growth at 1.8% in 2026 and 3.7% in 2027. Supply disruptions and shipping delays due to the ME conflict are likely to lengthen lead times and slow down production and output growth in 2026. A resumption of energy flows is likely to lift global production and growth in 2027.

After 2027, the outlook for global IP is largely unchanged from the June 2026 REQ. Over the outlook period, growth in global IP is expected to ease to 2.1% by 2031. US IP growth is projected to decline from 1.1% in 2026 to 1.03% by 2031. China's IP growth is projected to drop from 4.7% in 2026 to 2.7% by 2031.

2.3 Australia's trading partners

China's growth remains resilient, with exports remaining buoyant despite weak domestic demand

The August Manufacturing PMI rose to 51.5 from 50.9 in July, pointing to some stabilisation in momentum, however part of

the improvement likely reflects temporary effects including the unwinding of typhoon- and flood-related disruptions in July. Resilient exports have countered ongoing weakness in consumer demand and in the property sector, with the IMF projecting China's 2026 growth at 4.6%, an upgrade of 0.2 of a percentage point from its April 2026 WEO.

China's growth is expected to slow below 4% in 2029. The Chinese Government has lifted its focus on cutting unprofitable excess capacity in the Chinese economy, raising domestic consumption, and reducing reliance on the export sector. Support for technological 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 semiconductor chips and computer hardware and components.

Domestic demand supports Japan's economic growth

In the July 2026 WEO, the IMF projected Japan's real GDP growth to slow from 1.1% in 2025 to 0.6% in 2026 and 0.7% in 2027. Despite the headwinds from the rising costs of energy imports, domestic demand is likely to be the main driver of economic growth. In particular, robust wage growth, energy subsidies and high corporate profits should help to boost private consumption and investment.

Strong IP and services sector keep Indian economy strong

Growth in the Indian economy is expected to slow to 6.4% in 2026, from 7.7% in 2025, before picking up again to 6.7% in 2027. The IMF revised its 2027 forecasts up from 6.5% between the April and June 2026 WEO, reflecting strong industrial production and services sector expansion.

India's growth is expected to be broad-based over the outlook

period, supported by domestic demand — particularly in rural areas. Growth should also be supported by rising government spending on infrastructure.

Vietnam continues to show fast growth

Vietnam is one of the fastest growing economies in the world, marked by broad-based growth in industry, exports, domestic demand and public investment. Vietnam's economy grew by 8.2% (year on year) in H1 2026.

Continued strong growth is expected in Vietnam over the outlook period (9.5% in 2026 and 11% in 2027), with the economy benefiting from AI infrastructure investment and strong foreign direct investment. Part of this investment is coming as manufacturers diversify their operations away from China. Consumer demand is also growing with a burgeoning middle class and young population.

The US economy remains strong with upward pressure on inflation

So far in 2026, US economic growth has shown resilience: the economy has benefited from the AI boom and, as a net exporter of energy, has been further boosted by higher energy prices linked to restricted shipping through the Strait of Hormuz.

Risks include inflation concerns linked to higher energy prices and import tariffs. Combined with continued fiscal deficits and subdued sales of US Treasury bonds, there is a risk of higher bond yields which would reduce fiscal headroom and constrain economic growth. Positives for growth include strong investment in AI and a depreciation of the US dollar which would stimulate demand for US exports. In its July 2026 WEO, the IMF kept the forecast for US growth unchanged at 2.3% in 2026.

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

	2025	2026 ^a	2027 ^a	2028 ^a	2029 ^a	2030 ^a	2031 ^a
World ^b	3.5	3.0	3.4	3.2	3.2	3.1	3.1
China ^c	5.0	4.6	4.1	4.0	3.7	3.3	3.3
Japan	1.1	0.6	0.7	0.6	0.6	0.6	0.6
South Korea	1.1	2.6	2.5	2.2	2.0	1.9	2.1
India ^d	7.7	6.4	6.7	6.5	6.5	6.5	6.5
ASEAN-5 ^e	4.5	4.1	4.3	4.5	4.5	4.6	4.6
Eurozone	1.6	1.2	1.4	1.6	1.5	1.4	1.6
United States	2.1	2.3	2.2	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	0.73	0.73	0.74	0.74	0.74
Inflation rate ^b							
United States	2.7	3.2	2.1	2.2	2.2	2.2	2.2

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



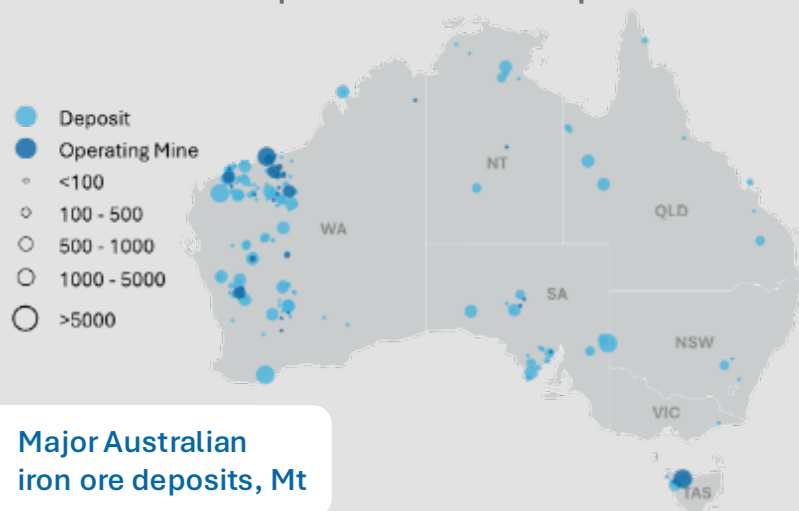
**Largest
producer**

of iron ore
in the world

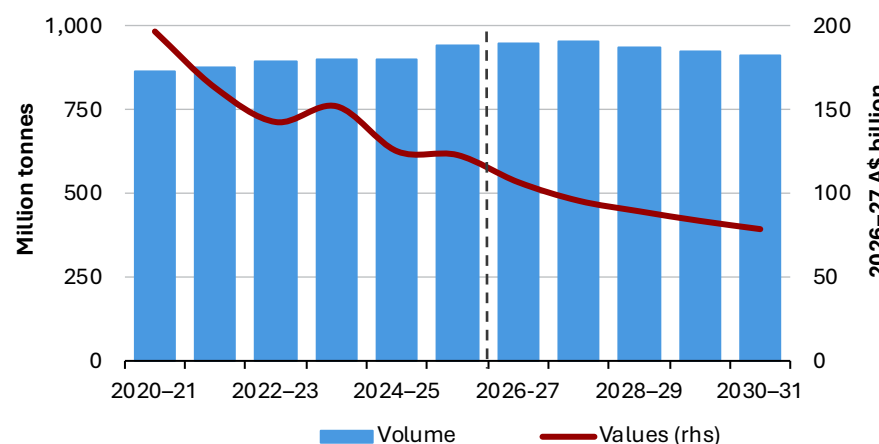


**944 million
tonnes**

of iron ore exported
in 2025–26



Australian iron ore exports



Outlook



Prices fall as supply
rises and demand
weakens



Export earnings to
fall as prices decline



Export volumes to
remain flat

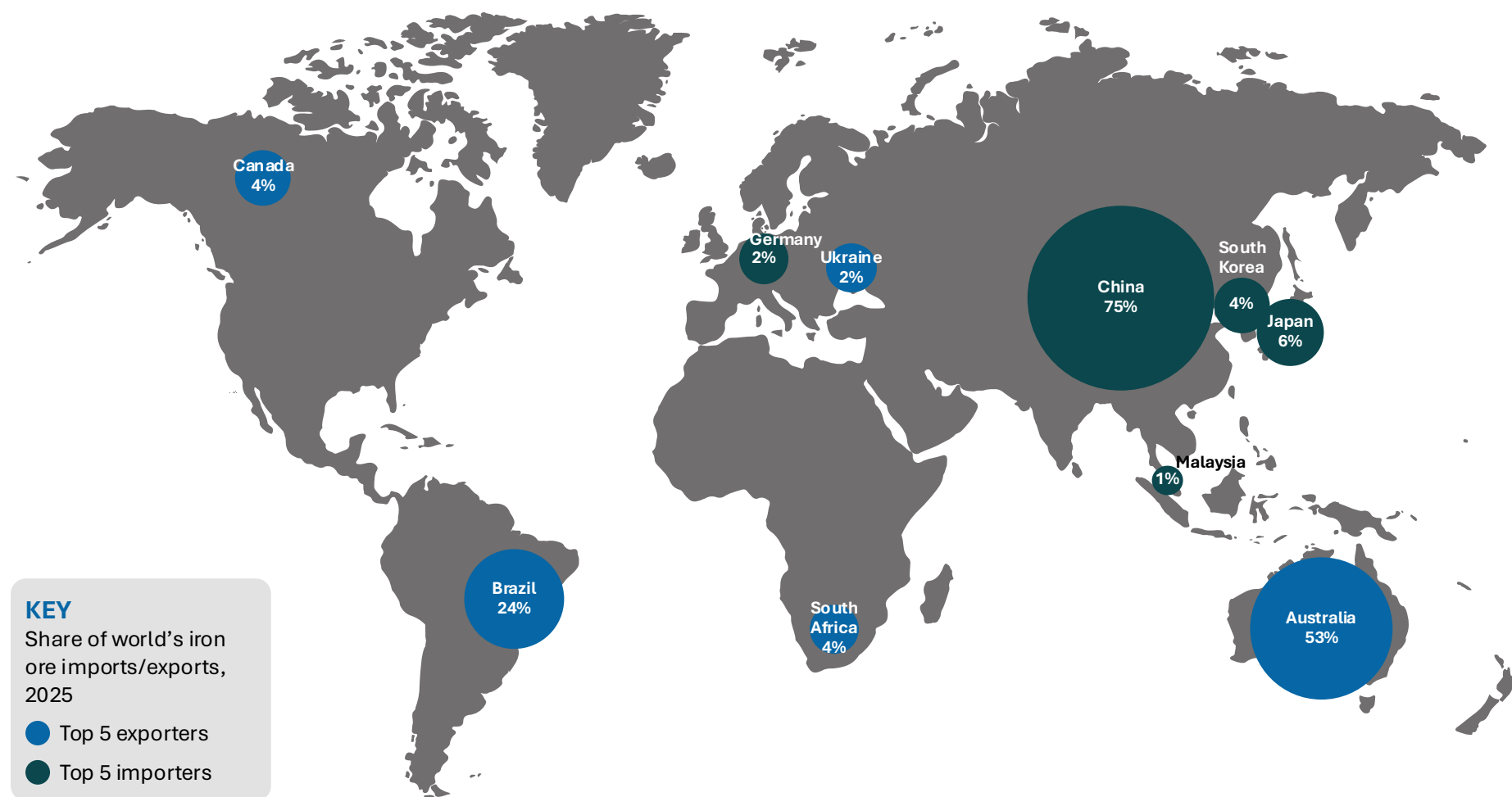


Exploration strong as
producers replace
depleting reserves

Source: GA; ABS; DISR



Iron ore trade map



Source: ITC Trade Map

3.1 Summary

- Global steel production is forecast to approach 2 billion tonnes by 2031, as lower output in China is offset by stronger production in India, Southeast Asia and the US.
- Australian iron ore export volumes rose 4.4% year-on-year in the June quarter 2026. Output is forecast to rise modestly over the next 2 years before declining, as new supply largely offsets mine depletion.
- Iron ore prices are forecast to fall as global supply rises and demand weakens. This is expected to reduce Australia's export earnings from \$107 billion in 2026–27 to \$96 billion in 2027–28 and \$79 billion by 2030–31 (all in real terms, base 2026–27).

3.2 Key market updates

Global crude steel output declined in the first half of 2026

Global steel production weakened in the first half of 2026 (H1 2026), falling by 1% year-on-year to 0.93 billion tonnes, largely reflecting softer demand and geopolitical conflicts that reduced output in China (-3%), Russia (-8%) and the Middle East (-8%). These declines were partly offset by strong growth in India (7%), Southeast Asia (24%) and the United States (US) (6%). Growth in India and Southeast Asia was supported by urbanisation, population growth, infrastructure and housing programs, and steel-intensive manufacturing, while US output benefited from trade protection measures that lifted domestic prices. Steel production directly affects iron ore prices because iron ore is the main raw material used to make steel. When steel output rises,

steelmakers require more iron ore, increasing demand and generally supporting prices.

Iron ore supply increased, while inventories at Chinese ports remained elevated in H1 2026

Iron ore global supply increased in H1 2026, supported by higher production and exports from major suppliers, including Australia and Brazil, and rising volumes from Guinea's Simandou project and South America, which more than offset declines in the Middle East and Canada.

Global iron ore supply is increasing, while demand from China's steel sector remains subdued. As a result, the supply surplus contributed to rising iron ore inventories at Chinese ports in H1 2026 and added downward pressure to iron ore prices. However, Chinese port inventories declined in the September quarter as weather and industrial disruptions temporarily constrained iron ore arrivals, while higher port withdrawals and selective pre-holiday restocking reduced available stocks.

Simandou exports are ramping up, adding a more visible source of supply-side pressure

Simandou mines in Guinea — Africa's largest high-grade iron ore deposit — are beginning to add a more visible source of supply-side pressure to the global seaborne iron ore market. Shipments from Simandou began to ramp up from the September quarter, with volumes expected to rise noticeably as mine, rail and port operations scale toward full capacity. While the ramp-up is likely to be uneven, the arrival of high-grade Simandou ore adds to already ample global supply and, over time, could increase competitive pressure on higher-cost and lower-grade producers.

Higher diesel prices are compressing producer margins but have not yet materially reduced supply

The recent diesel price surge is affecting iron ore through higher production and freight costs. Diesel is a key input across mining, rail and port operations. Higher prices raise miners' operating costs and squeeze margins — especially for high-cost producers — but are unlikely to materially reduce near-term supply from large, low-cost Australian and Brazilian iron ore miners.

Higher marine-fuel costs have increased shipping rates, supporting Cost and Freight (CFR) China prices because freight is included in the delivered benchmark. Elevated freight costs helped push iron ore briefly above US\$100 a tonne in early September. However, higher shipping costs are less favourable for exporters. As the Free on Board (FOB) price is derived by subtracting freight costs from the CFR price, rising freight rates lower exporters' realised prices unless they can be passed through to buyers.

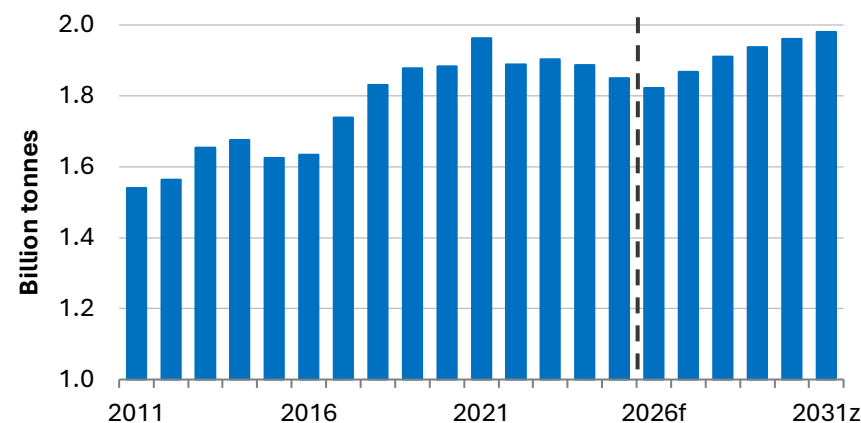
3.3 World steel production and demand

Global steel production to grow slowly amid weaker demand and overcapacity controls in China

World steel output is expected to decline in 2026 before rising slowly over the rest of the outlook period, to nearly 2 billion tonnes by 2031 — supported by modest global industrial production growth and a gradual recovery in steel demand (Figure 3.1). Growth will be uneven, with advanced economies constrained by weak construction, reduced household purchasing power and tight financing conditions. India and Southeast Asia are expected to drive future demand and capacity expansion through urbanisation, population growth,

infrastructure investment, housing programs and steel-intensive manufacturing (Table 3.1).

Figure 3.1: Global annual steel production



Note: f forecast; z projections.

Source: World Steel Association (2026); DISR (2026)

Under the proposed National Steel Policy 2025, India reportedly aims to more than double its crude steel production capacity to 400 Mt by 2035–36 while reducing the sector's emissions intensity. Achieving both objectives is expected to increase demand for iron ore, particularly higher-grade material suited to lower-emissions steelmaking technologies such as direct reduced iron (DRI) production.

China's steel output is expected to fall by 0.6% a year over the outlook period to 2031, constrained by overcapacity, subdued demand and planned production cuts.

Southeast Asia is expected to add new capacity, particularly in Indonesia, Vietnam and Malaysia. In the Middle East, conflict-

related increases in energy costs, along with supply chain and shipping disruptions, have weakened the outlook for both traditional and DRI-based steel production.

The steelmaking technology mix is expected to shift gradually, with Electric Arc Furnace (EAF) production rising from about 30% of global output in 2025 to more than 34% by 2031 as decarbonisation efforts expand, particularly in India and the Middle East. However, the Middle East conflict-related disruptions and limited supplies of affordable low-emissions hydrogen continue to delay some hydrogen-based DRI-EAF projects, particularly in the Middle East and EU.

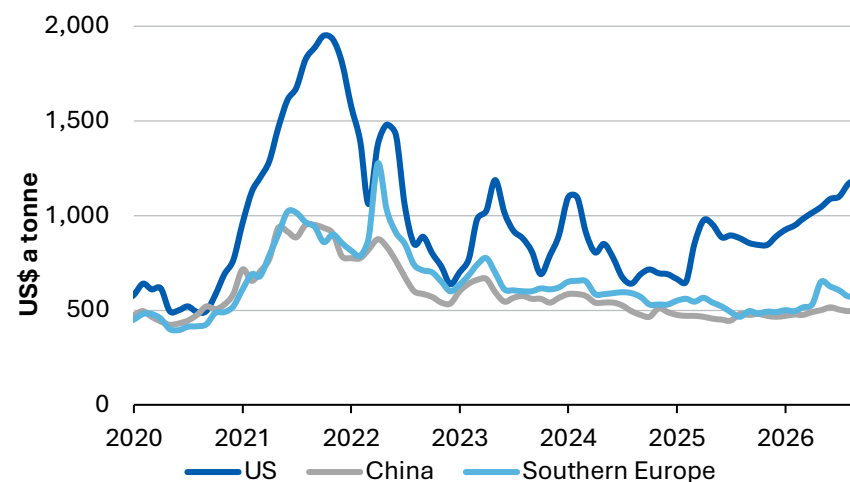
World demand to recover slowly, as ex-China (mainly Indian) demand offsets lower Chinese construction demand

Chinese steel output is forecast to decline slightly, reflecting continued weakness in the construction sector though somewhat offset by increased demand from the manufacturing sector — particularly for equipment production and electric vehicles. Oversupply, weak margins and intense domestic competition have pushed many Chinese steel mills into losses, prompting the government to introduce ‘anti-involution’ measures to limit capacity growth, restrict below-cost pricing and accelerate industry consolidation.

India is expected to continue to be the main source of global steel growth, driven by infrastructure investment, housing programs, urbanisation and rising incomes. Steel sectors in the EU and US are forecast to recover modestly, supported by improving construction, manufacturing and automotive demand, while Japan and South Korea face weaker domestic demand.

Steel prices have diverged in H1 2026, with Hot Rolled Coil (HRC) prices stable in China and the EU but rising in the US, due to the impact of import tariffs and quotas which have boosted domestic demand in the US (Figure 3.2). Steel prices are expected to rise across most regions in the second half of 2026, driven by elevated raw material and energy costs.

Figure 3.2: Hot rolled coil steel prices



Source: Bloomberg (2026)

3.4 World iron ore supply and demand

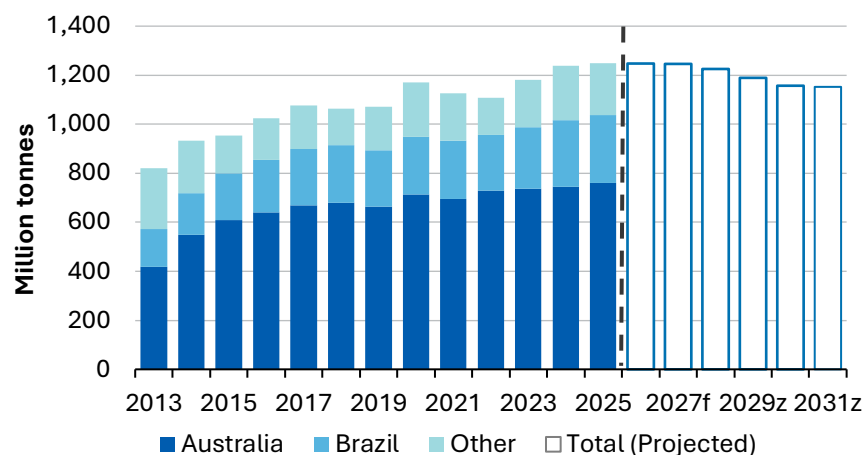
Global iron ore supply to rise as Brazil and Africa ramp up output, while demand shifts from China towards India

Global iron ore supply is expected to rise only gradually to 2031, with growth mainly driven by new and expanded production in Guinea, Brazil and Australia (Table 3.2). Brazil’s exports are projected to increase as Vale maintains output near recent highs and expands capacity through Serra Sul (S11D) mine, with additional production from Companhia Siderúrgica Nacional’s

Casa de Pedra mine and IndoSino. In Africa, Guinea's Simandou project is expected to be a major source of new seaborne supply, reaching up to 120 Mt a year by 2030 and offering blending advantages for steelmakers. The Simandou deposit contains exceptionally high-grade iron ore, with average iron content of 65% to 68% and very low levels of impurities. This allows steelmakers to blend it with lower-cost, lower-grade ores while maintaining blast furnace performance and product quality.

While China's iron ore imports remained strong in early 2026, weaker steel production, rising port stocks, increased scrap use and higher EAF production are expected to reduce its imports over the outlook period (Figure 3.3).

Figure 3.3: China's iron ore imports



Note: f forecast; z projections.

Source: Bloomberg (2026), DISR (2026)

In contrast, India's iron ore imports are forecast to rise from a low base as steelmaking capacity expands. Improving domestic

ore quality will therefore be central to India's long-term iron ore strategy. With around 400 Mt a year of steelmaking capacity development, securing premium ore is becoming strategically important, shifting the focus from the availability of iron ore to access to grades suited to planned steelmaking technologies. Domestic iron ore supply constraints — particularly infrastructure — and new export taxes on high-grade ore could limit India's export growth.

3.5 Prices

Iron ore prices remain under pressure, despite higher costs supporting the benchmark near US\$100 a tonne

Iron ore prices faced downward pressure during July and August 2026. Seasonally weaker steel demand, reflecting slower construction activity during the Northern Hemisphere summer, has reduced iron ore demand. In addition, high input costs have compressed Chinese steel margins and limited mills' willingness to restock, while elevated iron ore inventories at Chinese ports indicate ample available supply and lower demand. At the same time, strong shipments from major exporters and the gradual ramp-up of new supply, including from Simandou, have reinforced expectations of a well-supplied seaborne market. Together, these factors have capped price upside and raised downside risks, especially while Chinese steel demand remains subdued.

In 2026, elevated input and freight costs — driven in part by higher diesel prices — have supported iron ore prices. However, iron ore benchmark prices (61% Fe, CFR) are expected to remain around US\$100 a tonne, due to strong global supply and weak Chinese demand. Recent media reports on negotiations and supply agreements between China Mineral Resources

Group (CMRG) and various iron ore miners underscore CMRG's growing presence in the seaborne iron ore market. This could represent a shift in market structure, with potential implications for commercial negotiations and price discovery.

Iron ore prices projected to decline as supply growth outpaces steel demand

Since 2021, iron ore prices have been falling, reflecting growing global supply and weaker Chinese demand (China imports 75% of global seaborne iron ore supply), and this is forecast to continue. The diesel shock is providing a temporary cost floor under iron ore prices, but it is not likely to reverse the broader downward pressure from abundant seaborne supply, high Chinese port inventories and weak steel demand.

Australian FOB prices are forecast to average around US\$88 a tonne in 2026, before easing to about US\$82 a tonne in 2027. Over the longer term, new lower-cost supply is expected to reduce the real price to around US\$64 a tonne in 2031 (Figure 3.4).

Freight rates from Western Australia to northern China averaged around US\$18 a tonne in the September quarter, about 80% higher than at the start of 2026. The increase largely reflected higher bunker fuel costs following reduced Middle East Gulf oil exports.

3.6 Australia

Australia's iron ore export volumes remained strong in the June quarter 2026

Australia's iron ore export volumes rose 4.4% year-on-year to 248 Mt in the June quarter 2026. However, export earnings fell by 1.5%, largely reflecting a lower export unit value following the

change in the benchmark iron content from 62% in the June quarter 2025 to 61% in the June quarter 2026. Major Australian iron ore producers have kept production guidance for 2026–27 unchanged, with Rio Tinto, BHP and Fortescue expecting stronger or steady output supported by productivity gains, resilient supply chains and new operations.

Figure 3.4: Iron ore price (FOB) 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)

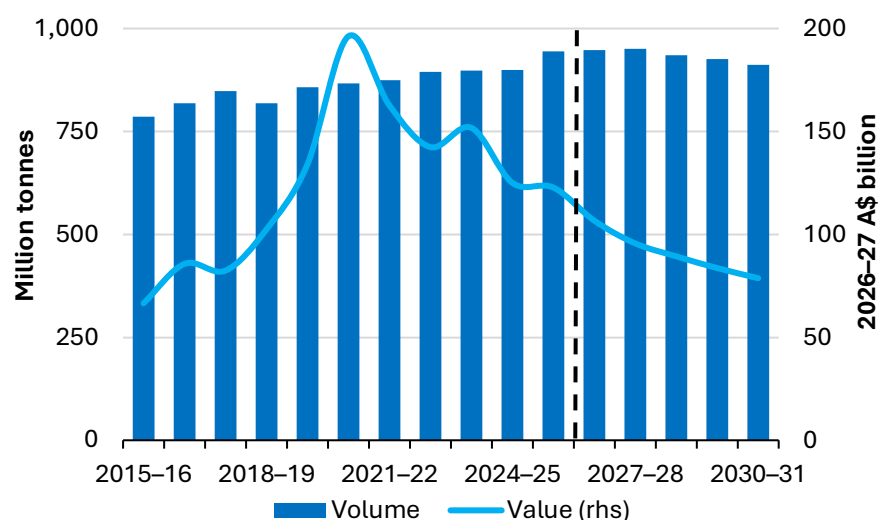
Weaker iron ore prices and a rising exchange rate to lower iron ore earnings

Australian iron ore export volumes are expected to peak over the next two years as new supply comes online. Exports will then ease as China's demand weakens and new supply from Africa and Brazil increases competition, though growth in other Asian

markets will provide support. However, the declining price of iron ore might result in the exit of high-cost producers.

Export earnings are forecast to fall from \$123 billion in 2025–26 to \$107 billion in 2026–27 and decline further to \$79 billion (all in real terms, base year 2026–27) in 2030–31, driven by lower prices, easing volumes, falling ore grades and a stronger AUD/USD exchange rate (Figure 3.5, Table 3.3).

Figure 3.5: Australia's iron ore export volumes and values (real)

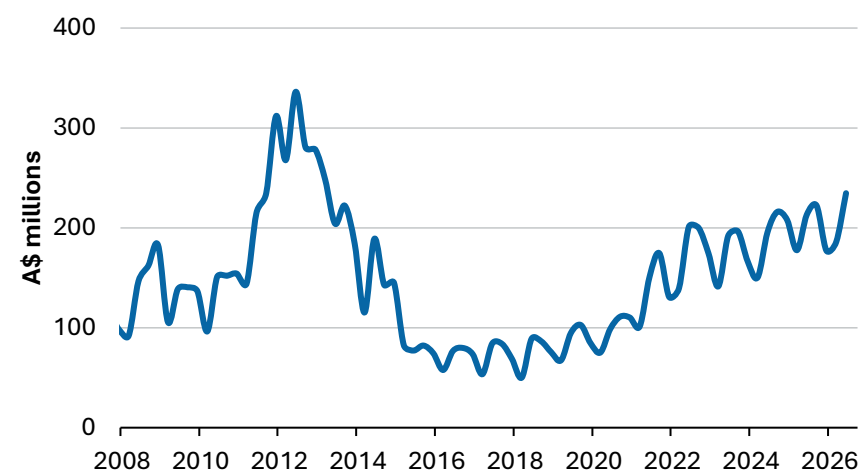


Source: ABS (2026); Department of Industry, Science and Resources (2026)

Exploration spending remains strong as miners seek to replace depleting reserves

Iron ore exploration spending reached \$235 million in the June quarter 2026, up 10% year-on-year, and is expected to remain strong as Australian producers seek higher-grade deposits to replace depleting mines and maintain export competitiveness (Figure 3.6).

Figure 3.6: Australia's iron ore exploration expenditure



Source: ABS (2026)

Revisions to the outlook

Downward revisions to prices have seen export earnings revised down from the June 2026 *Resources and Energy Quarterly* — by \$1 billion to \$107 billion in 2026–27 and \$0.2 billion to \$98 billion in 2027–28. Exports in 2030–31 have been revised down by \$1.3 billion. All are in nominal terms.

Table 3.1: World steel demand and production

Million tonnes ^b								
Crude steel consumption	2025	2026 ^f	2027 ^f	2028 ^z	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
China	832	812	815	818	823	825	821	-0.2%
India	163	174	187	196	206	217	228	5.8%
European Union	142	142	145	148	150	151	152	1.1%
Other Asia ^a	121	129	136	142	147	151	155	4.2%
United States	100	101	102	104	106	108	109	1.5%
Middle East	65	55	61	66	71	74	76	2.6%
Japan	54	54	54	53	53	53	52	-0.6%
South Korea	47	46	46	46	46	45	45	-0.6%
World steel demand	1,814	1,804	1,846	1,883	1,915	1,944	1,965	1.3%
Crude steel production								
China	961	933	933	933	930	929	926	-0.6%
India	165	177	189	201	213	225	236	6.1%
European Union	126	129	133	137	139	141	143	2.1%
United States	82	86	88	89	90	91	92	2.0%
Japan	81	78	78	78	77	76	76	-1.0%
Other Asia	71	75	79	83	87	91	95	5.0%
South Korea	62	61	61	61	61	62	62	-0.1%
Middle East	54	43	50	56	57	60	63	2.4%
World steel production	1,850	1,822	1,868	1,911	1,938	1,961	1,980	1.1%

Notes: ^a Asia ex. China, India, Japan, South 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 ^z	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
World trade	1,744	1,766	1,792	1,828	1,871	1,857	1,838	0.9%
Iron ore imports								
China	1,260	1,247	1,246	1,225	1,189	1,157	1,152	-1.5%
European Union	100	102	108	111	113	113	115	2.4%
Japan	96	92	90	87	86	86	83	-2.3%
South Korea	69	65	64	63	63	64	64	-1.2%
Rest of Asia^a	68	73	76	78	83	90	98	6.3%
India	10	16	26	34	41	48	55	33.3%
Iron ore exports								
Australia	923	937	946	950	935	915	905	-0.3%
Brazil	413	426	437	451	462	467	470	2.2%
Canada	62	63	64	65	65	66	66	1.0%
South Africa	61	61	60	59	59	58	58	-0.8%
Other Africa^b	34	54	84	114	134	154	159	29.5%
India	24	20	18	17	16	15	14	-8.6%

Notes: **a** Asia ex. China, India, Japan, South 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 ^z	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
Prices ^a									
– nominal	US\$/t	87	88	82	79	76	73	70	-3.5%
– real ^b	US\$/t	88	88	81	77	72	68	64	-5.3%
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production									
– Steel ^c	Mt	4.92	5.00	4.90	5.16	5.66	5.94	6.06	3.9%
– Iron ore ^g	Mt	949	969	996	1,002	986	978	958	-0.2%
Exports									
Steel ^c	Mt	1.11	1.58	1.25	1.31	1.39	1.36	1.35	-3.0%
– nominal value	A\$m	1,204	975	1,056	1,078	1,048	1,030	1,024	1.0%
– real value ⁱ	A\$m	1,294	1,008	1,056	1,052	998	957	928	-1.6%
Iron ore ^h	Mt	900	944	948	951	935	926	912	-0.7%
– nominal value	A\$m	116,326	118,727	106,674	97,935	93,805	90,023	86,852	-6.1%
– real value ⁱ	A\$m	125,024	122,768	106,674	95,604	89,339	83,646	78,731	-8.5%

Notes: **a** Spot price, 61% iron content, fob Australian basis (only the 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; **f** Forecast; **g** In wet metric tonnes; **h** In dry metric tonnes; **i** In 2026–27 Australian dollars; **z** Projection; **r** compound annual growth rate between 2025 and 2031 or 2025–26 and 2030–31.

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

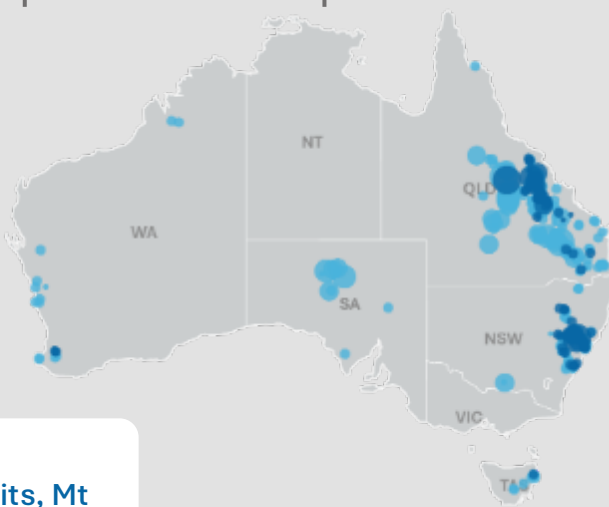
Metallurgical coal exporter



Over 95% exported

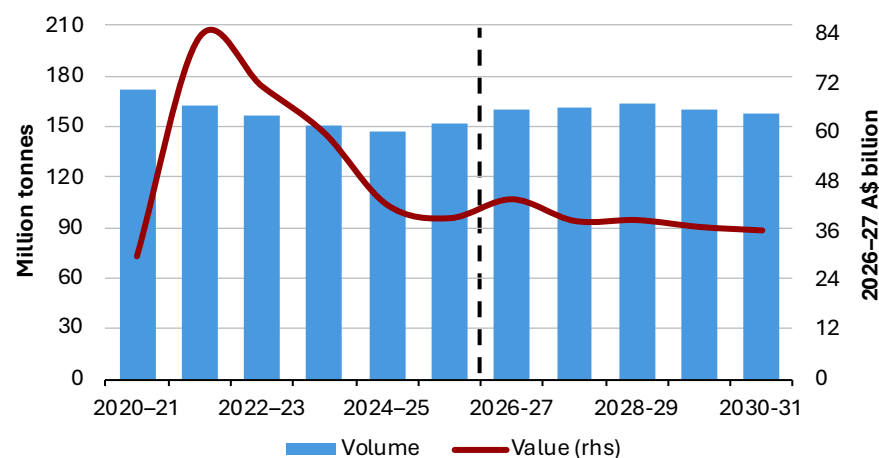
of Australia's production

- Deposit
- Operating Mine
- <500
- 500-1000
- 1000-2500
- 2500-5000
- >5000



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

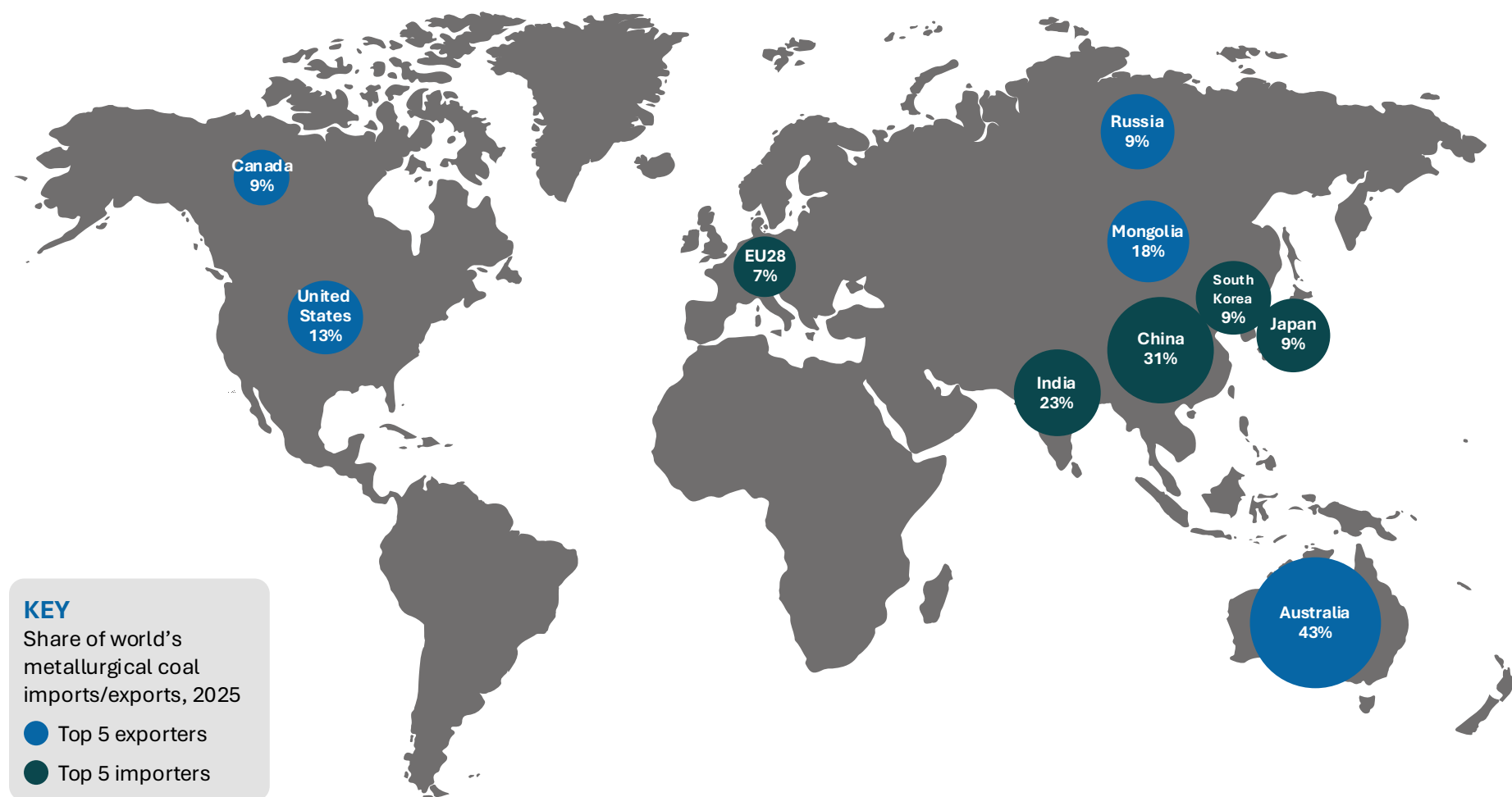


Demand in India continues to grow

Source: IEA; ABS; McCloskey

Resources and Energy Quarterly | September 2026

Metallurgical coal trade map



Source: IEA; McCloskey

4.1 Summary

- Metallurgical coal prices are expected to fall from currently elevated levels before stabilising in real terms over the outlook period to 2031, with supply and demand broadly in balance.
- Export volumes are forecast to increase to 164 Mt in 2028–29, before easing to 160 Mt in 2029–30 and 158 Mt in 2030–31. Import demand is expected to grow strongly in India and Southeast Asia.
- Export earnings are forecast to fall from \$44 billion in 2026–27 to \$36 billion by 2030–31 (in real terms).

4.2 Key market updates

Indian demand softened during the monsoon season, but tighter Chinese supply has lifted imports and prices

Global metallurgical coal trade has faced several pressures in 2026. Adverse weather disrupted Australian production and exports early in the year, while higher diesel prices stemming from the Middle East conflict increased production and shipping costs sharply. A deadly mine accident in China subsequently tightened domestic supply and supported Chinese demand for seaborne coal. Together, these factors kept prices elevated through H1 2026.

Despite these pressures, global metallurgical coal trade was broadly flat year-on-year in H1 2026 and continues to track around 2025 levels (Figure 4.1). Recovering Australian supply and seasonally weaker Indian demand during the monsoon initially moderated prices to around US\$225 per tonne in July and early August. However, a surge in Chinese buying in late August — amid tighter domestic supply and disruptions to

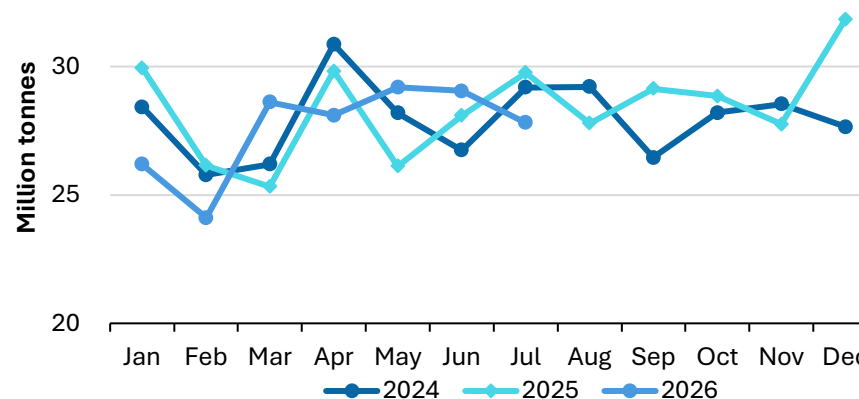
Mongolian imports — pushed prices up sharply to US\$263 per tonne, the highest level since March 2024.

Australia-Asia and Australia-Europe coal freight rates rise on elevated diesel costs

Elevated diesel prices and shipping disruptions stemming from the Middle East conflict have sharply increased freight rates on key coal trade routes. Average freight costs from Australia to the Netherlands roughly doubled between April and July 2026 compared with the same period in 2025. Rates from Australia to Japan increased by around 70%, while rates to South Korea rose by 55%. Elevated diesel prices have also continued to place upward pressure on coal producers' operating costs.

To date, higher costs for both buyers and sellers do not appear to have materially affected aggregate metallurgical coal trade. However, if disruptions to global shipping persist and diesel prices remain elevated, the effects on global metallurgical coal trade could become more pronounced.

Figure 4.1: Global seaborne metallurgical coal imports



Source: Wood Mackenzie (2026)

4.3 World imports

Chinese imports to continue downward trajectory

Chinese metallurgical coal imports have strengthened following the Shanxi mine accident in May. An estimated 44 mines in the province were suspended by late June, rising to 53 mines by late July. These suspensions tightened domestic supply and increased import demand. Imports from Australia have grown strongly, up more than 300% in July and rising by around 125% year-on-year in August. More broadly, imports from Australia increased in 2026 as imports from the United States fell amid US–China trade tensions.

Imports may receive further support over the remainder of 2026 amid mine safety inspections and enforcement of production quotas. Despite this near-term rebound, Chinese metallurgical coal imports are forecast to fall by around 3% in 2026 and continue declining over the outlook period. The structural decline reflects slowing steel production, rising EAF output and high levels of domestic coal production.

India is expected to remain a key driver of seaborne metallurgical coal demand

India's share of global seaborne imports increased from around 22% in 2024 to 25% in 2025, while China's share fell from 23% to 20%. With Chinese imports forecast to decline over the outlook period, continued growth in Indian demand is expected to underpin the seaborne market. Indian imports are forecast to grow by around 4% annually to 2031. Australia is India's largest supplier, accounting for almost half of its metallurgical coal imports in 2025. Russia and the US are also key suppliers, accounting for 24% and 12% of imports, respectively.

Indonesian imports still growing strongly

Indonesian metallurgical coal imports rose by 32% year-on-year in H1 2026, continuing a period of rapid growth that has seen import volumes more than triple since 2022. Imports are expected to remain strong over the remainder of 2026 and continue growing through to 2031. Australia, Russia and the United States are Indonesia's main suppliers.

Alongside India, Southeast Asian economies — including Indonesia and Vietnam — are expected to be key drivers of seaborne metallurgical coal demand growth over the outlook period.

4.4 World exports

Mongolian metallurgical coal export growth has been strong, but diesel shortages will weigh on production

Mongolian metallurgical coal exports rose by around 64% year-on-year in H1 2026, but diesel shortages are expected to constrain production and exports over the remainder of 2026. Mongolia relies heavily on imported fuel, primarily from Russia. In July, Russia banned diesel exports to shore up domestic supply following Ukrainian attacks on its oil refineries. The ban was initially scheduled to end on 31 August, but has since been extended until the end of September.

Despite being exempt from the export ban, the supply of diesel in Mongolia has fallen causing disruptions to coal production and transport. Disruptions to Mongolian coal production and exports are expected to persist while Russian diesel exports continue to be constrained. Over the longer term, Mongolian exports are forecast to continue growing as capacity expands through the Tavan Tolgoi–Gashuun Sukhait and Ganqmod–

Gashuun Sukhait railways. Mining and stripping work also began at the Borteg coal project in mid-2026. The project has planned production capacity of around 15 Mt a year, further increasing Mongolia's supply potential.

United States metallurgical coal exports rebound

Following a decline in 2025, US exports increased by 11% year-on-year in H1 2026. Exports to India, Türkiye, Japan and South Korea have all risen strongly, while exports to China have fallen to virtually zero amid US–China trade tensions. Export volumes in 2026 are forecast to finish above 2025 levels before stabilising over the outlook period.

Diesel supply disruptions pose a growing risk to Russian coal producers

Ukrainian attacks on Russian oil refineries have disrupted domestic diesel supply, a critical input to open-pit coal mining. Around 70% of Russian coal production comes from open-pit mines, which rely heavily on diesel-powered haul trucks and machinery. With few short-term alternatives to diesel, higher fuel costs and potential shortages are expected to further pressure the margins of Russian producers already under financial strain. This adds further downside risk to the outlook for Russian coal exports. At this stage, it is unclear whether Russia's diesel export ban has eased supply and cost pressures for domestic coal producers.

4.5 Prices

Prices rise sharply on stronger Chinese demand

Australian premium hard coking coal (PHCC) spot prices remained elevated in H1 2026, averaging US\$234 per tonne in the March quarter and US\$239 per tonne in the June quarter

(Figure 4.2). Prices softened to about US\$224 per tonne in July and early August as Australian output rose and Indian buying eased during the monsoon season. A subsequent surge in Chinese demand pushed prices to US\$263 per tonne in late August, the highest level since March 2024. Prices rose further in September to a daily high of around US\$283 per tonne. The increase in Chinese seaborne buying followed tighter domestic supply amid more stringent mine safety and production quota inspections, alongside a slowdown in Mongolian coal deliveries. In late August, deliveries through Ganqimaodu — the main gateway for Mongolia–China coal trade — were around 50% below normal levels as diesel shortages disrupted Mongolian production and transport.

Figure 4.2: 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)

Chinese demand for seaborne coal is expected to ease as Mongolian deliveries return toward normal levels, reducing

upward pressure on prices. However, the timing remains highly uncertain, with restrictions on Russian diesel exports having already been extended. A recent push by the Chinese Government to increase domestic coal production could also temper seaborne demand, although the timing and scale of any supply response remain uncertain at the time of writing.

Over the outlook period to 2031, growing demand from India and Southeast Asia is expected to support Australian prices. With Australian supply also forecast to increase, prices are expected to remain broadly stable in real terms (Figure 4.2).

4.6 Australia

Australian exports volumes rebound strongly following early 2026 weather disruptions

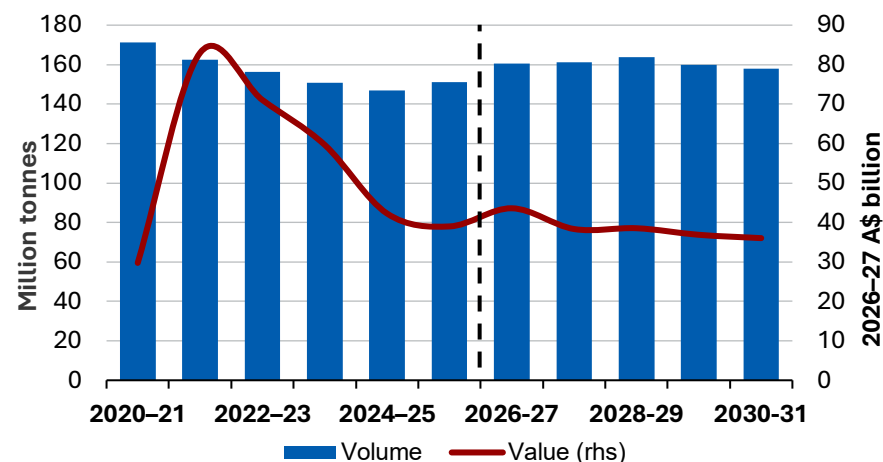
Australian metallurgical coal exports rose by 12% year-on-year in the June quarter 2026, following weather-related disruptions in the March quarter. The recovery lifted H1 2026 exports by 7% year-on-year.

Improved weather conditions and production recoveries at major operations have supported the rebound. These factors are expected to support higher export volumes in H2 2026. Following several years of decline, annual exports are forecast to increase to 155 Mt in 2026 and continue growing to 165 Mt in 2028, supported by expanding supply capacity and demand growth in India and Southeast Asia (Figure 4.3).

Exploration

Coal exploration expenditure rose to \$60 million in the June 2026 quarter, 2% higher than a year before.

Figure 4.3: Australia's metallurgical coal exports outlook



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

Revisions to the outlook

2026-27 export earnings have been revised up by US\$4 billion since the June 2026 *Resources and Energy Quarterly* due to higher price expectations and lower exchange rate assumptions.

Table 4.1: World trade in metallurgical coal

Million tonnes									
	2024	2025	2026 ^f	2027 ^f	2028 ^f	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
World trade	350	340	353	365	370	367	367	364	1.1%
Metallurgical coal imports									
China	122	119	115	106	102	100	99	98	-3.1%
India	77	86	90	94	98	102	106	111	4.2%
Japan	38	36	36	35	34	33	33	32	-2.0%
European Union 28	31	28	28	27	27	26	26	25	-1.6%
Other Asia ^a	34	40	43	46	49	53	57	61	7.0%
Metallurgical coal exports									
Australia	153	147	155	160	165	161	159	157	1.1%
United States	51	45	49	49	49	49	49	49	1.1%
Canada	29	31	27	29	29	29	29	29	-0.9%
Russia	37	32	32	32	32	32	32	32	0.0%
Mongolia	57	61	67	69	70	71	72	72	2.7%

Notes: ^a Asia ex. China, India, Japan, South Korea and Taiwan (Trading partner);

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

Sources: Department of Industry, Science and Resources (2026); IEA (2026); 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	241	216	217	221	223	226	3.2%
– real ^b	US\$/t	190	241	212	210	209	206	205	1.2%
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production	Mt	151	155	165	166	169	165	163	0.9%
Export volume	Mt	147	151	161	161	164	160	158	0.9%
– nominal value	A\$m	39,314	37,709	43,589	39,262	40,463	39,678	39,737	1.1%
– real value ⁱ	A\$m	42,253	38,993	43,589	38,327	38,536	36,868	36,022	-1.6%

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 2026–27 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

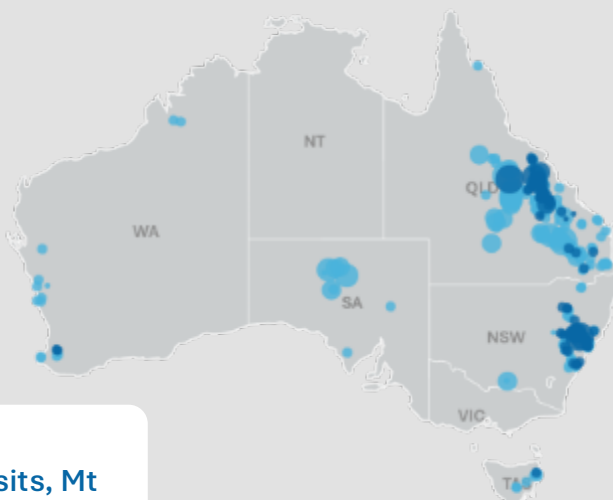


209 million tonnes

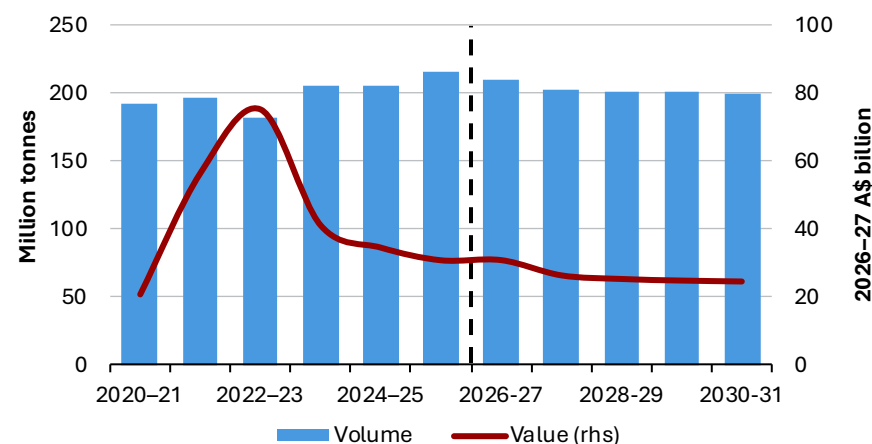
Exported last year

- Deposit
- Operating Mine
 - <500
 - 500-1000
 - 1000-2500
 - 2500-5000
 - >5000

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 to continue



Renewable capacity increasing globally

Thermal coal trade map



Source: IEA, McCloskey

5.1 Summary

- Thermal coal prices remain elevated amid disruptions to LNG supply and unusual heatwaves in the Northern Hemisphere.
- Prices are expected to return to pre-conflict levels by mid-2027. Over the outlook period, real prices are expected to be broadly stable from 2028 to 2031 as demand and supply gradually decline.
- Export volumes are forecast to remain elevated at 209 million tonnes (Mt) in 2026–27 before gradually falling to 199 Mt by 2030–31. Export earnings are forecast to fall from \$31 billion in 2026–27 to \$24 billion in 2030–31 (in real terms), as prices ease from elevated levels and export volumes gradually decline.

5.2 Key market updates

Thermal coal prices remain elevated amid LNG supply disruptions and unusually hot summer conditions

Newcastle 6,000 kcal prices remain elevated amid LNG supply disruptions and geopolitical uncertainty stemming from the Middle East conflict. Prices have averaged around US\$135 per tonne in the September quarter, broadly in line with the June quarter average and well above the pre-conflict level of US\$116 per tonne in February.

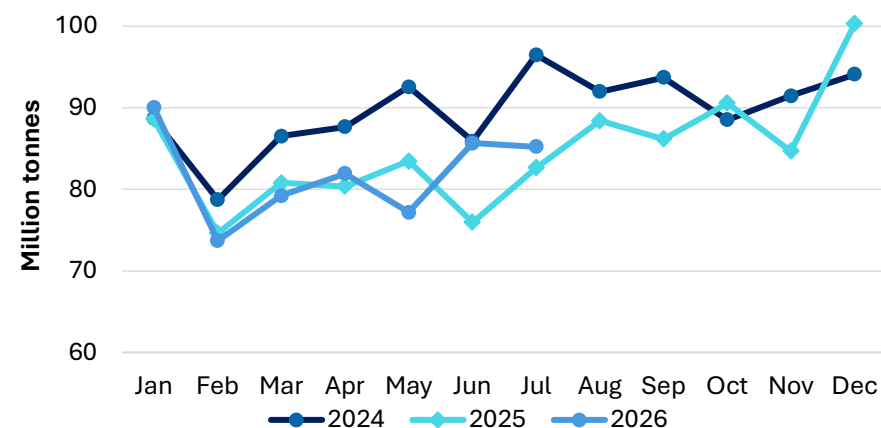
Power utilities in Japan, South Korea and Taiwan have responded to elevated LNG prices and broader energy market uncertainty by increasing imports of thermal coal. June quarter 2026 thermal coal imports rose by 8% year-on-year in Japan, 40% in South Korea and 11% in Taiwan. This strong demand,

stemming from the broader energy market disruptions, has helped keep Newcastle 6,000 kcal prices at elevated levels.

Prices have received further support from unusually hot Northern Hemisphere summer conditions amid a strengthening El Niño weather pattern. The World Meteorological Organization expects El Niño to continue intensifying and dominate global climate patterns from August to at least October 2026, increasing the likelihood of above-normal temperatures across much of the world.

Extreme heat has already affected several key thermal coal importing economies. In early August, South Korea recorded its highest temperature on record, while Japan recorded temperatures of at least 40°C for five consecutive days in late July — the longest such period on record. Heatwave conditions have also affected China and India. The unusually hot weather is adding to thermal coal import demand and near-term price pressures (Figure 5.1).

Figure 5.1: Global seaborne thermal coal imports



Source: Wood Mackenzie (2026)

IEA forecasts higher coal-fired generation in 2026 before a decline in 2027

In its Electricity Mid-Year Update 2026, the International Energy Agency (IEA) forecast world coal-fired generation to rise by 1.4% in 2026, before falling by 0.7% in 2027. The 2026 rise reflects gas-to-coal switching amid higher gas prices, weather effects and rising renewable curtailment in some regions. China and India are forecast to drive the lift, while coal-fired generation in the European Union is forecast to fall by less than previously expected. Despite the near-term rise in coal-fired generation, the IEA expects renewable generation to overtake coal in 2026 and increase its share of total generation through 2027.

5.3 World imports

Chinese thermal coal imports weakened in the early stages of the Middle East conflict

Chinese imports fell as seaborne prices rose relative to domestic prices. Imports fell by 32% year-on-year in April and 28% in May, before rebounding by 29% in June and 10% in July. The recovery reflected tighter domestic supply following the Shanxi mine accident and forecasts of hot summer weather associated with the El Niño weather pattern. At the same time, strong electricity demand, weak wind conditions, rising renewable curtailment and lower nuclear output contributed to greater reliance on coal-fired generation in H1 2026.

The IEA estimates that Chinese electricity generation increased by 5.3% year-on-year in H1 2026, with solar, coal and hydropower the primary drivers of growth. Coal-fired output increased by 3% over the same period. The IEA forecasts Chinese coal-fired generation to increase by around 2% in 2026 before broadly plateauing in 2027.

Over the outlook period, thermal coal imports are forecast to decline by around 3% per year as renewables supply a growing share of electricity generation and energy security objectives support high domestic coal production.

Indian imports fall despite higher coal burn

Indian coal-fired generation increased by 3.5% year-on-year in H1 2026, while thermal coal imports fell by 11%. Record high coal inventories at the start of 2026 allowed utilities to meet the increase in coal burn without raising imports. Ample inventories and elevated seaborne prices have continued to weigh on import demand in the September quarter 2026. Renewable generation has also continued to expand. In June, electricity demand surged amid intense heat, while renewable output reached a monthly record of 37 TWh and accounted for a record 21% of total generation.

Over the outlook period to 2031, growing renewable generation and high domestic coal production are expected to limit thermal coal import demand.

Heatwaves and elevated LNG prices support Japanese thermal coal imports

Japanese thermal coal imports increased by around 8% year-on-year in the June quarter 2026, while LNG imports fell by 11%. Elevated spot LNG prices have made gas-fired generation significantly more expensive relative to coal. As a result, utilities have prioritised coal-fired generation, while using gas-fired plants as flexible peaking capacity.

Thermal coal demand is expected to remain elevated while energy market disruptions persist. However, inventories remain comfortable, as Japan entered the Middle East conflict with ample stocks and the subsequent increase in imports has

helped to maintain inventory levels. This is expected to limit further import growth, particularly as the Northern Hemisphere moves beyond the peak summer demand period. Monthly imports were lower year-on-year in both July and August.

Thermal coal imports are expected to gradually decline over the outlook period as Japan accelerates nuclear reactor restarts and renewable generation continues to expand.

South Korea thermal coal imports surge in 2026

South Korea thermal coal imports increased by around 40% year-on-year in the June 2026 quarter, while LNG imports fell by 13%. In the three months following the onset of the Middle East conflict in late February, gas-fired generation fell by 2% year-on-year, while coal-fired generation rose by 27%. This shift from gas to coal generation reflects efforts by power companies to preserve LNG stocks amid energy market uncertainty.

Extreme summer weather has since provided further support to electricity and coal demand. However, with coal-fired generation already elevated, grid and capacity constraints have limited the scope to further increase coal-fired generation. This contributed to thermal coal imports falling year-on-year in July and August.

Despite these constraints, South Korea thermal coal imports are expected to remain elevated over the remainder of 2026 and finish the year higher than 2025 levels. This would be the first annual increase since 2021. However, the near-term uplift is expected to be temporary, with imports forecast to resume their gradual fall over the outlook period as South Korea advances decarbonisation and energy security objectives.

5.4 World exports

Indonesian exports weaken amid policy uncertainty

Indonesian thermal coal exports were down 5% year-on-year in H1 2026. The decline has continued into H2 2026, with exports remaining subdued in the September quarter. Supply-side challenges continue to weigh on exports. Extreme weather has lowered river levels and disrupted coal barging, while uncertainty around production quotas persists. Producers who have been granted higher quotas have been directed to allocate a significant share of additional output to the domestic power market. This follows widespread blackouts in mid-2026.

These constraints are expected to continue weighing on exports over the remainder of 2026. Over the outlook period to 2031, Indonesian exports are forecast to decline further as key importing economies expand renewable generation capacity.

Improved rail performance helps South African exports

South African thermal coal exports rose by 7% year-on-year in H1 2026, supported by stronger global coal demand amid uncertainty in energy markets. In the June quarter, exports to Europe increased by 15% year-on-year, while exports to Northeast Asia rose by around 120%. These gains offset a decline of around 30% in exports to India.

South African rail performance has continued to improve in 2026 following reforms by state-owned rail operator Transnet. Fewer disruptions to rail deliveries have supported more consistent exports through the Richards Bay Coal Terminal. Improved rail performance has become increasingly important as higher diesel costs — stemming from the Middle East conflict

and Ukrainian strikes on Russian refineries — raise the cost of transporting coal by road.

South African exports are forecast to remain around 2025 levels in 2026 and to be broadly stable over the outlook period.

Stronger demand supports Colombian exports, but disruptions persist

Colombian thermal coal exports rose by 9% year-on-year in H1 2026, supported by stronger global demand amid energy market uncertainty. In the June quarter 2026, exports to Northeast Asia increased by 3% year-on-year, while exports to Europe rose by 8% and exports to Central and South America rose by 37%.

Despite favourable demand conditions, Colombian coal logistics have continued to face disruption. In mid-2026, a 10-day blockade of the railway serving Cerrejón — Colombia's largest coal mine — disrupted coal transport and exports. More recently, an explosives attack targeted the rail network, the fifth such incident in 2026. This followed blockades of coal deliveries by road to Colombia's Puerto Nuevo export terminal in June.

Colombian exports are forecast to fall over the outlook period. However, at the time of writing, it is uncertain whether a recent change in government may result in more favourable coal policies amid projections of power rationing in 2026 and 2027.

5.5 Prices

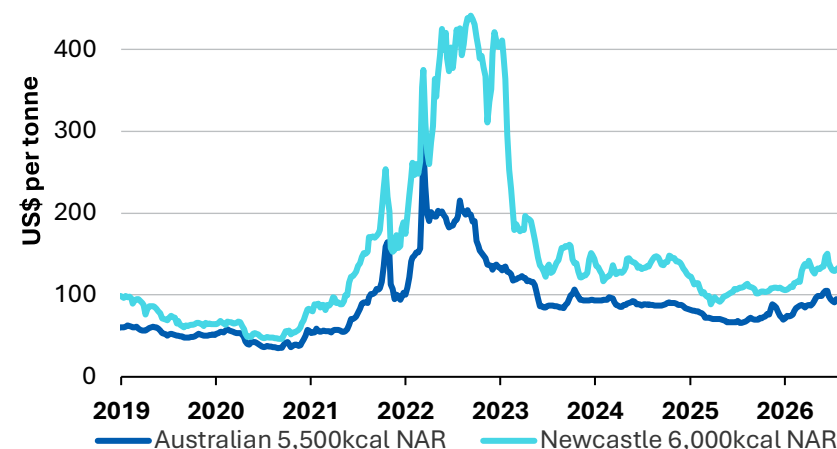
Prices to moderate as extreme Northern Hemisphere summer conditions and geopolitical tensions ease

Sustained geopolitical tensions in the Middle East and extreme Northern Hemisphere summer weather have continued to support thermal coal prices. Newcastle 6,000 kcal prices have averaged around US\$135 per tonne in the September quarter,

broadly in line with the June quarter average (Figure 5.2). While prices remain elevated relative to pre-conflict levels, comfortable coal inventories and capacity constraints in key importing economies have limited further price gains despite LNG supply disruptions and unusually hot weather.

Prices are expected to remain elevated alongside LNG prices while shipping through the Strait of Hormuz remains disrupted. Thermal coal prices are expected to return to pre-conflict levels by mid-2027. A recent push by the Chinese Government to increase domestic coal production could place downward pressure on prices in the coming months, although the timing and scale of any supply response are highly uncertain.

Figure 5.2: Thermal coal prices



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

Over the remainder of the outlook period, the thermal coal market is expected to remain broadly balanced, with supply and demand both declining gradually. In this environment, nominal

prices are forecast to rise in line with production costs, while real prices remain broadly stable.

5.6 Australia

The Middle East conflict has provided a near term boost to Australian export volumes and earnings

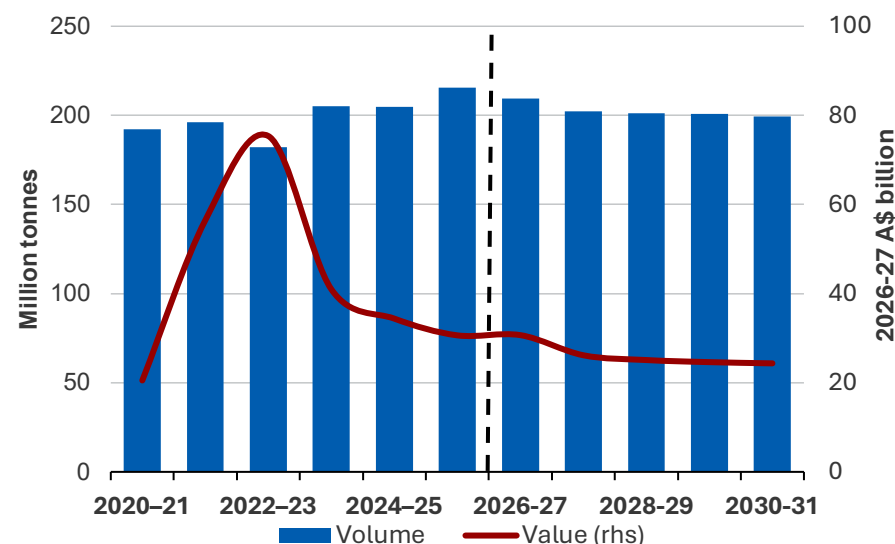
Australian thermal coal export volumes rose by 14% year-on-year in the June quarter 2026 amid stronger demand from Northeast Asia. Exports to Japan increased by around 24%, Taiwan by 24% and South Korea by 241% (up from 2 Mt in June 2025 to almost 7 Mt in June 2026). These gains were partly offset by declines of 6% in exports to China and 5% to Vietnam. Higher export volumes and prices lifted export values by 34% year-on-year in the June quarter 2026.

Export volumes have since softened and are tracking around seasonal norms in the September quarter, as importers' coal inventories have returned to more comfortable levels.

Export volumes are expected to remain elevated in 2026 before gradually falling over the outlook period

Australia is on track for another year of high thermal coal export volumes. Following exports of 209 Mt in both 2024 and 2025, volumes are forecast to reach similarly high levels in 2026 (Figure 5.3). Australian thermal coal will continue to be viewed as a reliable energy source by key importers as they decarbonise their economies. This should keep demand relatively high over the outlook period, although gradual declines are expected as renewable and other non-coal generation capacity expands. Australian thermal coal exports are forecast to fall gradually from recent highs to just under 200 Mt by 2031.

Figure 5.3: Australia's thermal coal exports outlook



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

Revisions to the outlook

Since the June 2026 *Resources and Energy Quarterly*, earnings for 2026–27 and 2027–28 have been revised up by around \$1 billion. The revisions reflect lower exchange rate assumptions.

Table 5.1: World trade in thermal coal

	Million tonnes								
	2024	2025	2026 ^f	2027 ^f	2028 ^f	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
World trade	1,222	1,169	1,109	1,076	1,063	1,056	1,037	1,017	-2.3%
Thermal coal imports									
Asia	1,057	997	974	958	950	945	929	909	-1.5%
China	421	372	345	341	338	335	323	312	-2.9%
India	186	180	173	171	170	169	169	167	-1.3%
Japan	125	125	122	115	112	109	106	102	-3.3%
South Korea	91	86	90	85	82	80	76	72	-3.0%
Thermal coal exports									
Indonesia	557	517	480	475	473	470	468	465	-1.8%
Australia	209	209	208	204	202	201	201	199	-0.9%
Russia	132	145	142	139	136	134	131	128	-2.0%
Colombia	56	39	42	39	37	35	32	30	-4.1%
South Africa	68	69	69	69	69	68	67	67	-0.4%
US	47	39	39	40	40	39	39	38	-0.2%

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

Sources: Department of Industry, Science and Resources (2026); IEA (2026); 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	142	130	127	128	130	132	0.3%
– real ^b	US\$/t	132	143	128	122	121	121	120	-1.5%
Spot prices ^c									
– nominal	US\$/t	105	130	119	116	117	120	123	2.7%
– real ^d	US\$/t	107	130	117	112	111	111	111	0.7%
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production	Mt	256	246	245	235	227	218	212	-2.9%
Export volume	Mt	205	215	209	202	201	201	199	-1.5%
– nominal value	A\$m	31,993	29,624	30,680	26,803	26,348	26,501	26,858	-1.9%
– real value ⁱ	A\$m	34,385	30,632	30,680	26,165	25,094	24,623	24,347	-4.5%

Notes: **a** refers to benchmark Japanese Fiscal Year (JFY) 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 2026–27 Australian dollars.

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

Gas



Australia's LNG sector



78 million tonnes

exported in
2025-26

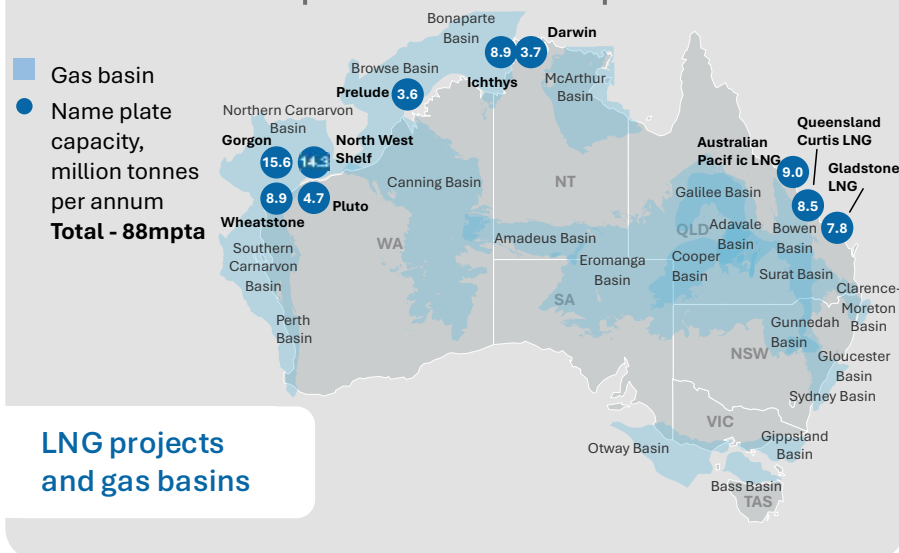


80%

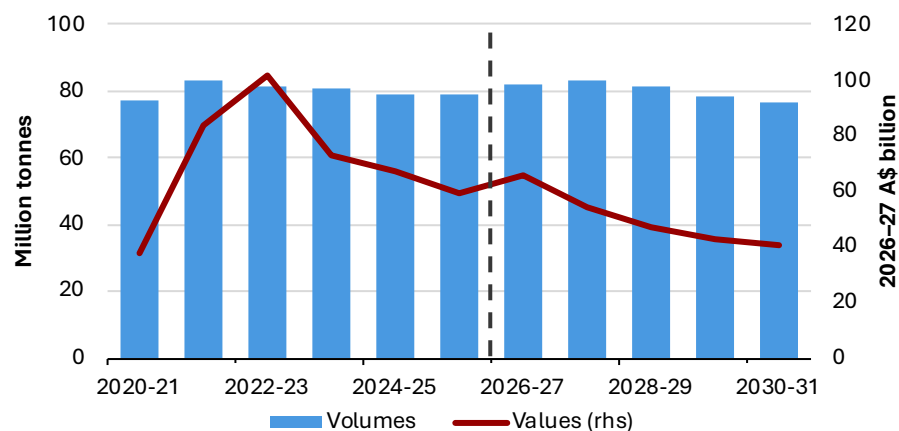
of Australian LNG
sold to Japan,
China and Korea



**Around
three-quarters**
sold on
long-term contracts



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

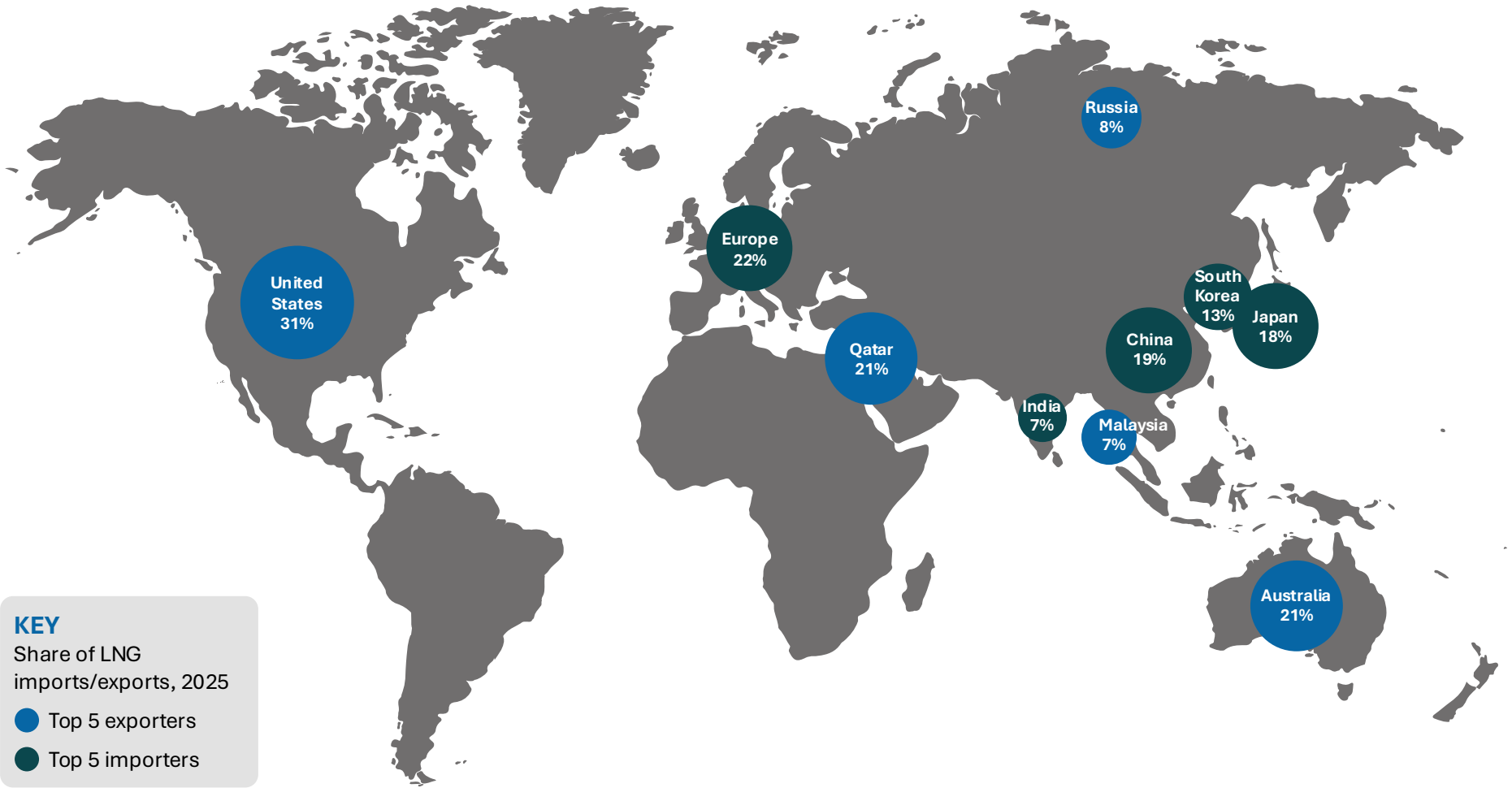


Quarterly
exploration
expenditure has
grown

Source: ABS; DISR; OCE



LNG trade map



Source: World Gas Model, DISR, McCloskey

6.1 Summary

- Competition among LNG buyers has intensified ahead of the northern winter, adding seasonal pressure to markets already strained by the closure of the Strait of Hormuz. LNG prices rose above US\$25/MMBtu in September.
- Higher prices are forecast to push Australia's export earnings up from \$57 billion in 2025–26 to \$70 billion in 2026–27. As Middle East supply and trade conditions normalise, export values are projected to decline to \$42 billion (in real terms) by 2030–31.
- LNG spot prices are forecast to decline from US\$18.30/MMBtu in 2026 to around US\$8.20/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 to prices.

6.2 Key market updates

Conflict in Middle East has reduced global volumes of LNG and kept prices elevated

The closure of the Strait of Hormuz has stymied a long-anticipated shift towards surplus supply. LNG cargo movements through the Strait of Hormuz remain intermittent and rising US output has largely played a substituting role, with global net LNG supply set to fall in 2026. This has kept LNG prices elevated through the September quarter, with prices growing in late September above US\$25/MMBtu.

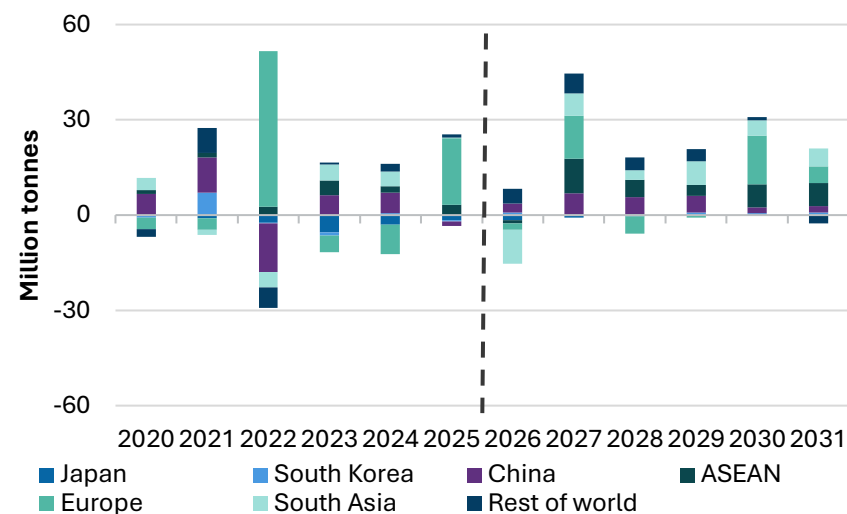
Early expectations that the June ceasefire could lead to a durable diplomatic settlement have largely faded, with transport security now the main constraint on a supply recovery.

The extended closure means that the anticipated easing in global LNG market conditions is now expected by mid-2027.

Demand has risen due to heatwaves in Asia and Europe

Unseasonal hot weather in India, Bangladesh, Thailand, Vietnam and the Philippines added to price pressure in the September quarter. These countries are typically price-sensitive but have been managing unusually high demand for gas-fired cooling at the household level since August. Reduced industrial use (notably in China) has acted as a partial offset, but overall demand for LNG across Asia remains strong. Asia is expected to remain in its seasonal demand peak for a further month. Heatwaves in Europe have also sustained demand through what would normally be a seasonal low, with EU inventories still needing significant stocking up ahead of the northern winter.

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)

6.3 World consumption

Global natural gas demand remains pressed up against persistent supply shortfalls. This has pushed up prices and held potential demand growth in check, with short-term fuel-switching growing across Europe, the Middle East, and Asia. Middle East demand is on track to fall by about 4% in 2026, marking the first annual fall in Middle Eastern LNG use for 30 years. This could offset some heatwave-driven demand pressure in parts of Asia and Europe.

Supply and demand are expected to grow more rapidly from 2027 (Figure 6.1), with prices easing to pre-conflict levels by early 2028. Asian demand is expected to edge off slightly in 2027 as Asian economies (especially China) have built up flexibility through demand-management and fuel-switching policies. European demand is being checked in part by higher renewable deployment, with gas gradually pivoting from baseload power towards a firming role. Both trends are being escalated by high gas prices in 2026. Lower gas use in the Middle East (and global cuts in fertiliser production) have helped to offset weather-driven gas use elsewhere, but demand will be pushed up if fertiliser needs intensify, or if LNG prices ease in Q4 2026.

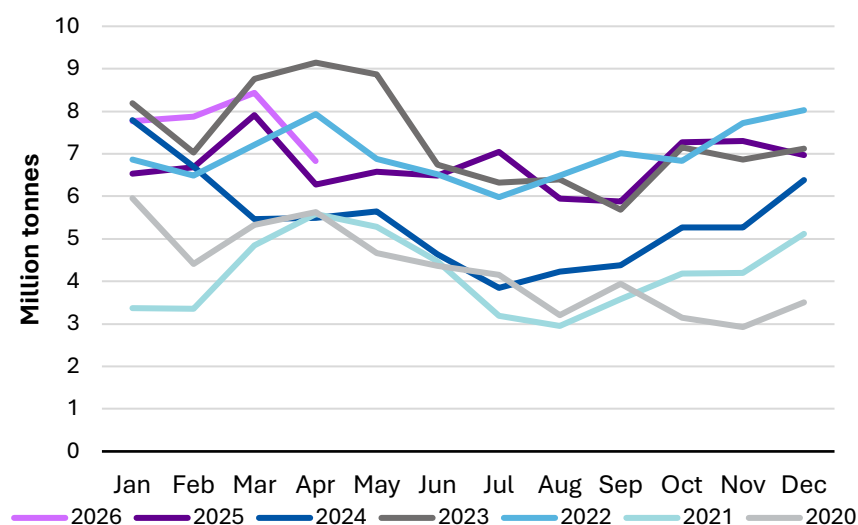
European LNG imports are close to their peak

European gas demand has remained resilient through 2026 (Figure 6.2), despite higher LNG prices and tighter global market conditions. LNG demand has been sustained by a combination of hot weather (causing demand spikes) and higher renewables use, which led to increased need for firming and balancing.

LNG storage fell to very low levels in early 2025, and refilling has been slow. Europe is entering its winter season with storage

below the (already low) level recorded in 2025–26 (around 65% filled against a seasonal norm of 90% or more). This will increase vulnerability to further weather shocks and likely draw out global price pressures into 2027 as Europe seeks to restock.

Figure 6.2: Europe's monthly LNG imports



Source: McCloskey (2026)

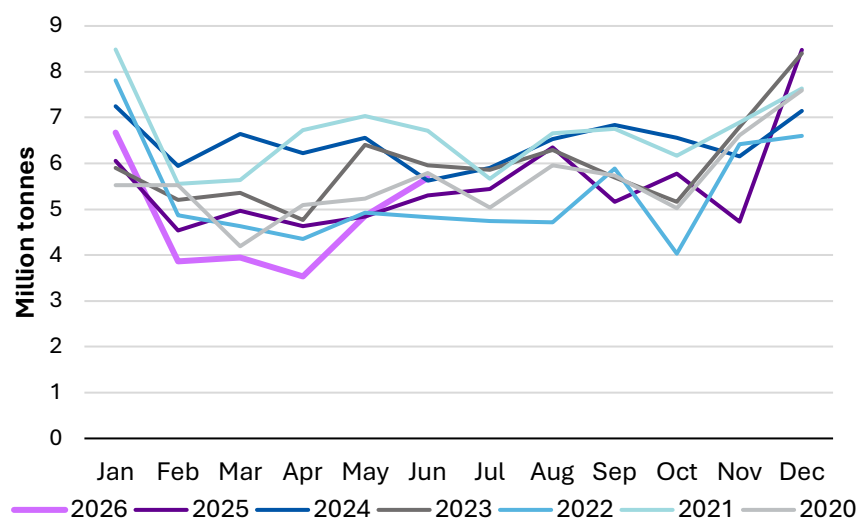
Domestic gas supply continues to fall, with many non-Norwegian sources showing signs ageing and depleting. Some of the resulting shortfall has been managed through growing deliveries from North Africa and Azerbaijan. However, low inventories have also delayed efforts to phase out Russian supply, with Russian piped gas through the TurkStream corridor stable since June. Russia's share of European gas demand has been reduced sharply (down to 8%) since the country's invasion of Ukraine, but final phase-out may not occur until 2027.

New domestic supply should cut China's imports

Chinese gas demand eased in the first half of 2026 following a rebound in H2 2025 (Figure 6.3). Demand was initially supported by colder-than-normal weather and firm industrial activity, but industrial consumption and city gas demand eased as global LNG prices rose.

Chinese gas demand continues to shift from rapid post-COVID recovery growth into a more mature and price-sensitive phase. China's scale and increased flexibility have allowed it to play a significant balancing role in recent quarters. Flexibility has been built through greater supply diversity, with increased pipeline imports from Russia and Central Asia reducing dependency on seaborne LNG. The Chinese Government has also pushed for higher domestic storage capacity and increased output from state-owned producers.

Figure 6.3: China's monthly LNG imports



Source: McCloskey (2026)

Output from the Sichuan Basin is expected to scale-up further in the years ahead. Reliance on LNG imports should materially reduce from 2029 or 2030, with China able to adopt a more price-sensitive, discretionary approach to gas imports. Growing domestic output may also render the proposed Power of Siberia 2 pipeline from Russia unnecessary. The cancellation of this pipe would leave large volumes of Russian gas stranded.

Japan's LNG imports are set to ease slowly

Japan's natural gas demand edged down by around 1.5% (year-on-year) in the first half of 2026 as the government pushed for more coal plant utilization and operations restarted at the Kashiwazaki-Kariwa nuclear power plant.

Japan's overall exposure to recent price growth has been checked by its substantial gas contracts and by its success in increasing imports from alternative sources including Canada, Papua New Guinea and the United States. Japan's LNG imports are expected to hold near current levels through the first half of the outlook period, with slow easing from the late 2020s.

India's LNG imports are growing off a low base

India has emerged as one of the few major Asian markets to lift LNG imports in 2026, with LNG imports growing by about 6% year-on-year in the June quarter. This largely reflected the need for extra dispatchable energy to manage peak electricity demand through an unusually intense cycle of heatwaves.

High LNG prices are likely to reduce import demand once the current cycle of heatwaves has passed. However, a long-term decline in prices will see Indian gas imports grow structurally over the longer term, especially as domestic gas production in India continues to decline.

South Korean LNG imports have flattened off

LNG imports to South Korea are on track to be little changed in 2026. Nuclear maintenance at several plants has pushed the country towards alternative sources, but high gas prices have favoured gas-to-coal switching, creating a neutral outcome for overall gas use.

Gas imports are expected to ease by the end of the outlook period. The South Korean Government pressed forward with reopening the Kori nuclear plant and managed this in April 2026. Efforts to diversify LNG import sources are also underway, with purchases growing from the US, Canada and Malaysia.

Emerging Asia is becoming an important growth source

LNG imports to Emerging Asia rose by 6% in H1 2026, largely due to pressure on gas-fired cooling demand. This was offset only in part by a modest withdrawal among some price-sensitive heavy industries. Trends have varied among individual countries: Thailand saw a modest increase (around 7%) in H1 2026, while Indonesia and Malaysia saw minimal change and imports to Pakistan and Bangladesh declined. Broad-based growth in LNG imports across the region is expected as countries pivot off coal power and gas prices settle back towards their long-term average.

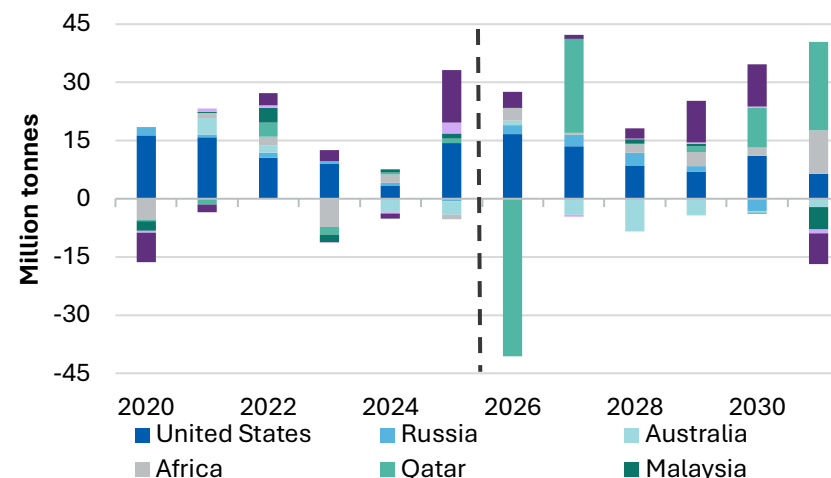
6.4 World production

A strong supply response from North America and African producers pushed ex-Middle East LNG production up by almost 18% (year-on-year) in the June quarter 2026. This has acted as a partial substitute for sidelined Qatari supply and helped to keep LNG markets in balance (Figure 6.4), albeit with a higher price floor. Events in the Middle East remain critical to the near-term

outlook, but the timing and scale of any recovery in Qatari exports is still uncertain.

Elevated prices may support higher investment in LNG production. LNG transport has already seen strong additional investment, with approximately 47 LNG carrier orders placed globally between January and May 2026, following strong ordering activity in 2025 when 61 vessels were contracted. Competition for shipyard capacity has intensified, with many facilities already effectively booked through to 2029.

Figure 6.4: 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)

North America is set to increase its output by more than 100 Mt by 2031

North America has emerged as the principal source of LNG supply growth in 2026. New projects typically progress based on long-term calculations, but producers in the United States, Canada and Mexico have responded to a loss of Qatari supply

through a mix of accelerated ramp-ups and regulatory measures designed to increase export availability.

In March, the Plaquemines LNG facility received authorisation to increase exports by around 13%. The project, which exports from the Gulf of Mexico, is substantial (around 28 Mt annually) and includes a modular design allowing capacity to be ramped up rapidly and in small increments. In April, approval was also granted for additional exports from Elba Island LNG, increasing authorised shipments by around 0.6 Mt annually.

Additional volumes from the Corpus Christi facility have commenced as Train 6 reached substantial completion in June. The seventh and final train is scheduled to commence operations in late 2026, increasing project capacity to around 27 Mt and further expanding exports from the Gulf of Mexico.

Golden Pass loaded first cargoes during the June quarter. While its larger train configuration is likely to result in a slower production ramp-up than Plaquemines, the project is expected to attain 18 Mt of annual capacity, becoming a major contributor to US LNG exports from the Gulf of Mexico.

Port Arthur Phase 1 and Rio Grande Phase 1 are both expected to commence exports during 2027, adding substantial additional capacity from the US Gulf Coast. Together, these projects are expected to contribute more than 20 Mtpa of new liquefaction capacity once fully operational.

Two additional US LNG projects reached Final Investment Decision during the June quarter: Commonwealth LNG, located in Louisiana, is targeting start-up around 2030. The project's modular structure should support rapid production ramp-up once construction is complete. Delfin Midstream also reached Final Investment Decision on the first phase of its offshore

liquefaction project in the Gulf of Mexico. The development should eventually include multiple floating LNG vessels, making it one of the largest floating LNG complexes in North America.

Qatari LNG exports remain blocked

Qatar faces high ongoing uncertainty. While the country's liquefaction capacity remains largely intact, the ongoing disruption to shipping through the Strait of Hormuz continues to constrain export volumes. Recent indications suggest Qatar is positioning itself to resume exports rapidly should conditions improve. Thermal activity at the Ras Laffan industrial complex suggests parts of the facility are preparing for a return to near-normal operating rates. QatarEnergy has also released guidance suggesting that output could return to full operational capacity at its remaining liquefaction trains within approximately one month of a full reopening of shipping routes.

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.

However, some redirection occurred in mid-2026, with Portovaya LNG and Arctic LNG 2 commencing regular cargo

loadings, with shipments directed to China. Both facilities have been sanctioned by European buyers.

African exports are rising

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 Chevron's N'dola Sul project in Angola. Phase two of Congo's Floating Liquefied Natural Gas 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. Nigerian exports grew significantly in H1 2026 as the NLNG plant continued to recover from its 2022 force majeure.

6.5 Prices

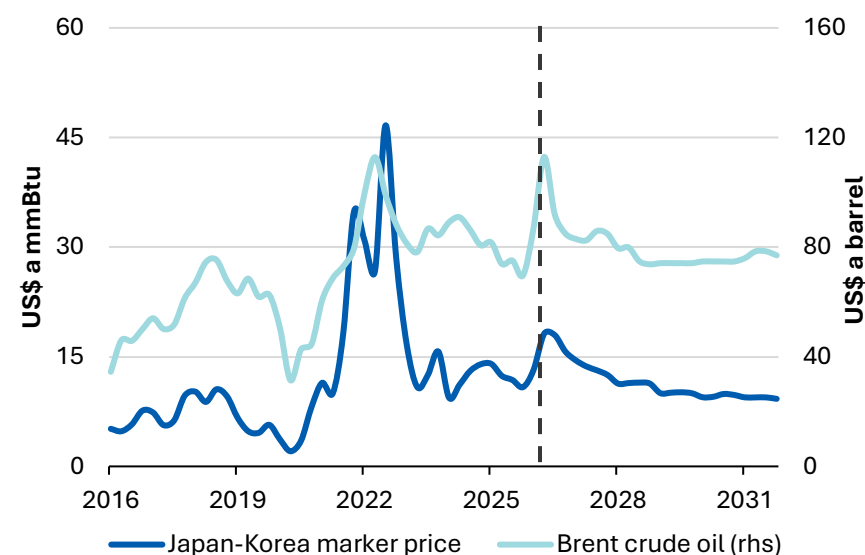
Markets have shifted into mild undersupply, but growing US supply is expected to reduce price volatility

LNG prices (JKM) rose from around US\$16/MMBtu in June 2026 to around US\$25/MMBtu in late September, as buyer competition heightened and Persian Gulf exports remained disrupted. Benchmark gas prices remain well above their levels of September 2025 (Figure 6.5).

Buyer competition is likely to intensify further as the northern winter approaches. Price outcomes over the northern winter will likely be more variable and more contingent on weather conditions. Restocking in Europe will likely add to spot market pressures for several months beyond any reopening of the Strait of Hormuz.

As new supply expands, prices should ease in 2027. Flexibility is expected to develop on both the supply and demand sides of LNG markets. US producers already have significant capacity to reduce output if prices fall too low, and more US supply will scale up this flexible portion. As recent heatwaves pass, price-sensitive buyers in Asia should also gain more flexibility to dial LNG imports up or down at will. Flexibility and tactical switching among buyers and sellers are expected to hold prices in a narrower band (between US\$9/MMBtu and US\$10/MMBtu in nominal terms) from the late 2020s.

Figure 6.5: Global LNG price forecasts



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

6.6 Australia

Exports are expected to hold close to 80 Mt until 2031

Australia's export volumes strengthened in the September quarter 2026 following maintenance and weather disruptions in the June quarter. Several sources of new supply are expected to support exports over the remainder of 2026 and into 2027. Among these are Pluto Train 2, which is expected to start contributing additional LNG supply from late 2026. The Scarborough project is now 98% complete and has achieved first reservoir gas, with first LNG output expected in Q4 2026.

Australia's Domestic Gas Reservation Scheme is due to come into effect in 2028. This policy is designed to ensure a modest oversupply of gas to domestic markets, reducing energy prices and exposure to global volatility. The policy recognises separate eastern and western gas markets, with domestic supply obligations to be met within the market where the relevant export facility operates. Existing export contracts will be respected, with the domestic supply obligation shaped through a transition period to account for pre-existing contractual obligations, which mostly last into the mid-2030s. The direct impact on exports is expected to be minimal in the next 5 years.

Several companies have made recent announcements about domestic supply commitments. Woodside stated that it will supply 31.1 PJ to Alcoa between 2027 and 2030, while Chevron will supply Alinta Energy with 46 PJ over 5 years starting in July 2027. GLNG partners have agreed to acquire 100% of the Greater Meridian CSG project in Queensland. The acquisition is expected to strengthen GLNG's long-term feed-gas position.

Australian LNG exports are expected to hold close to 80 Mt over the next five years, with a small increase from 2027 (as some

brownfield investments complete), and then a subsequent slow decline. Export earnings are forecast to rise from \$57 billion in 2025–26 to \$70 billion in 2026–27, before easing to \$42 billion by 2030–31 (in real terms) as prices gradually correct (Figure 6.6).

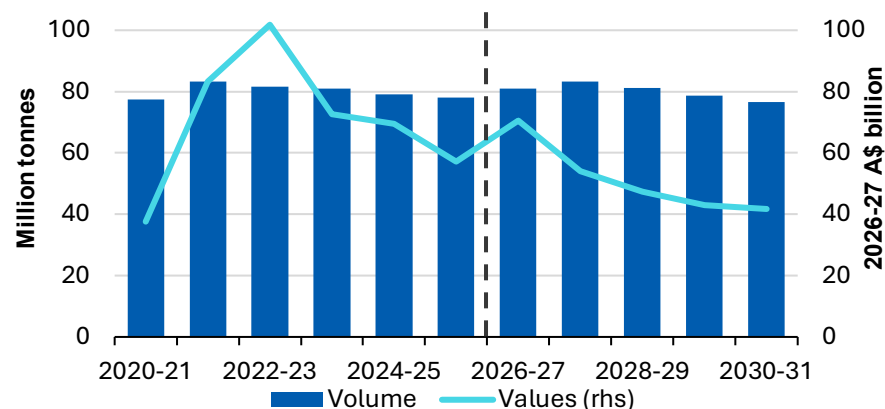
Exploration is rising strongly

Petroleum exploration rose by 21% to \$517 million in the June quarter 2026, with growth largely driven by rising investment in onshore exploration. Petroleum exploration has risen by 76% since the June quarter 2025, with the bulk of this linked to rising onshore exploration, which has more than doubled in the year.

Revisions to the outlook

Earnings forecasts for 2026–27 have been revised up by about \$3 billion from the June 2026 REQ reflecting higher oil prices. Forecasts for 2030–31 have been revised up by \$900 million in real terms due to small changes in currency and price forecasts.

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



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

Table 6.1: 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	94.3	75.8	69.7	69.2	69.7	72.3	-0.5
– real ⁱ	US\$/bbl	75.7	94.3	74.2	67.5	65.5	64.6	65.6	-2.4
Asian LNG spot price									
– nominal	US\$/MMBtu	12.4	18.3	13.8	11.4	10.1	9.5	9.1	-5.0
– real ^{h,i}	US\$/MMBtu	12.6	18.3	13.5	11.0	9.5	8.8	8.2	-6.8
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	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production ^b	bcm	156.5	153.9	157.6	158.9	156	153	152	-0.5
– Eastern market	bcm	55.5	52.1	51.4	50.3	50	50	49	-1.9
– Western market	bcm	84.8	82.8	83.9	86.7	83	81	80	-1.0
– Northern market ^d	bcm	16.2	18.2	20.8	21.9	23	22	22	5.4
LNG export volume	Mt ^e	79.1	78.0	81.0	83.2	81.2	78.8	76.9	-0.5
– nominal value	A\$m	64,625	55,361	70,444	55,443	49,636	46,298	46,024	-5.5
– real value ^g	A\$m	69,457	57,245	70,444	54,123	47,273	43,019	41,721	-8.1
LNG export unit value^h									
– nominal value	A\$/GJ	15.5	13.5	16.9	12.6	11.6	11.1	11.3	-5.1
– real value ^g	A\$/GJ	16.6	13.9	16.9	12.3	11.0	10.3	10.3	-7.7
– nominal value	US\$/MMBtu	10.6	9.6	12.9	9.7	9.0	8.7	8.9	-2.9
– real value ⁱ	US\$/MMBtu	11.4	10.0	12.9	9.5	8.6	8.1	8.0	-5.6

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

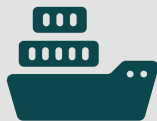


Australia's oil sector



\$10.7 billion

of crude and condensate exported in 2024–25



41% by value

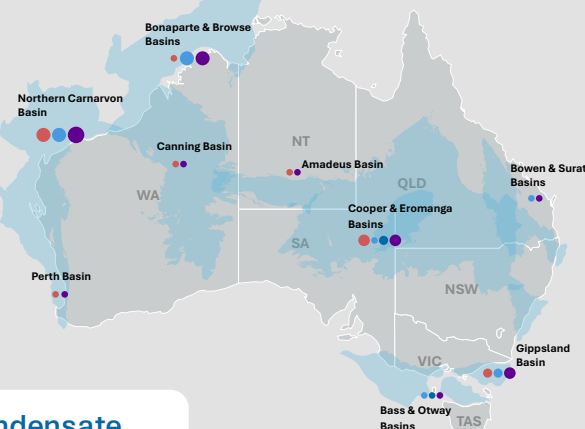
of crude and condensate exported to Singapore and South Korea



Around two-thirds

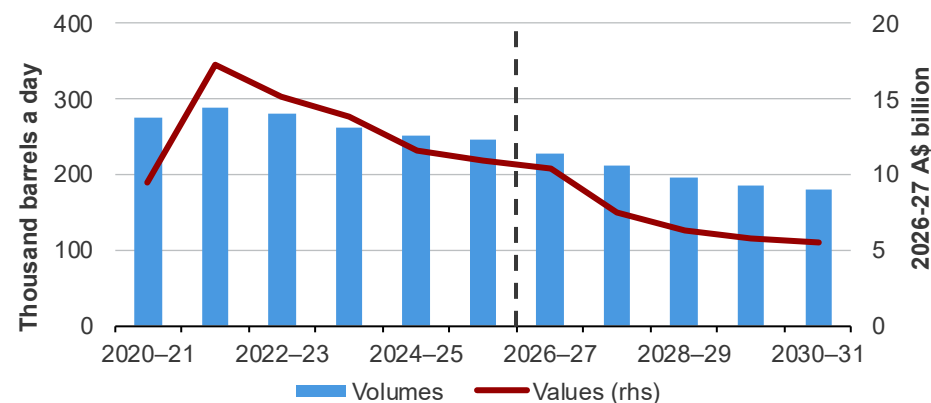
crude and condensate produced from the Carnarvon Basin offshore WA

- Crude
- Condensate
- LPG
- Total
- <10
- 10 - 19
- 20 - 99
- 100 - 229
- >230



Crude oil, condensate and LPG production, PJ

Australian oil exports



Outlook



Near term uncertainty but softer long-term outlook



Earnings continue to fall in the medium term



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 remain elevated above US\$100 a barrel (Brent) at time of writing, as the conflict in the Middle East continues to restrict exports from several major oil producers.
- Oil prices are expected to remain elevated in the near term because of conflict-related trade disruptions in the Middle East, before declining and stabilising at around US\$65 a barrel in real terms through to the end of the outlook period.
- World supply is forecast to remain broadly steady from 2027 at around 108 million barrels a day (mb/d), as long-anticipated supply from the Americas comes online.
- Australian exports are forecast to fall from \$10.9 billion in 2025–26 to \$5.6 billion in 2030–31 (in real terms) as volumes and prices fall.

7.2 Key market developments

Tensions in the Middle East continue to drive oil market volatility, with prices fluctuating in response to changing expectations for peace. As inventories decline, the shrinking buffer is making markets more sensitive to disruptions.

The June US–Iran MoU supported a partial recovery in oil flows and lower prices

After the US and Iran signed a Memorandum of Understanding (MoU) on 17 June 2026, oil prices fell sharply. The MoU began a 60-day negotiation period aimed at reaching a peace agreement. Prices had already eased on expectations of reduced hostilities, then fell further (from US\$80 to US\$69) in early July after the MoU was signed. While production did pick

up among middle east producers, the price decline primarily reflected already laden vessels exiting the Strait, the release of onshore inventories from the Persian Gulf and expectations for a global surplus to emerge by early 2027.

In early July, renewed restrictions on shipping through the Strait of Hormuz cut oil flows sharply and pushed up prices

Despite the MoU, hostilities resumed in early July. Flows remain above the lows recorded in April and May (see Figure 7.1). Volumes were supported by continued high exports from the UAE, likely reflecting its ability to use the Fujairah pipeline to bypass the Strait. Vessel movements remained subdued, but alternative routes enabled more oil to leave the region. In particular, ship-to-ship transfers — where vessels exit the Strait and transfer cargo to larger vessels in the Gulf of Oman — allowed significant volumes to continue moving.

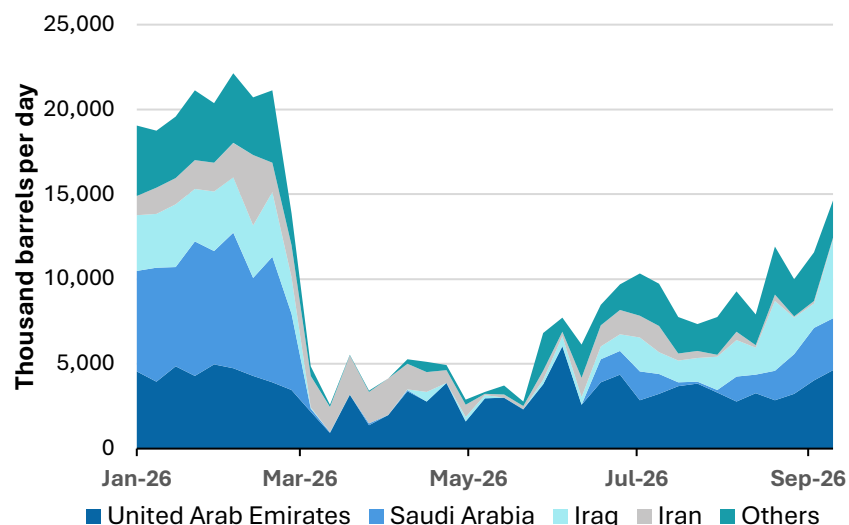
Houthi attacks on Saudi Arabia have further hurt oil flows

In mid-September, Houthi attacks damaged Saudi refining, export and transport infrastructure, including the East–West Pipeline. The pipeline had been carrying nearly 4 mb/d — around 4% of global supply — allowing Saudi Arabia to continue exporting despite the blockade of the Strait of Hormuz. The disruption pushed Brent prices from about US\$105 to more than US\$130 a barrel. At the time of writing, officials have stated that repairs could take 3–5 weeks, although the timeframe remains uncertain and the pipeline remains vulnerable to further disruption. Partial flows may resume much sooner before repairs are completed.

Before the attacks on the East–West Pipeline, Yemen’s Houthis had also threatened to block Saudi cargoes transiting south via

the Bab el-Mandeb, an increasingly important route for oil exports from the Red Sea to Asia. Attacks had forced some vessels to use the Suez Canal, creating a potential bottleneck because fully laden very large crude carriers (VLCCs) — which carry about 2 million barrels — cannot use this route without first unloading part of their cargo into Egypt’s SUMED pipeline at the Ain Sokhna terminal. Once the East-West Pipeline is repaired, continued restrictions at the Bab el-Mandeb could therefore constrain Saudi oil exports.

Figure 7.1: Crude and clean product exports from Middle East Gulf + Fujairah, by origin country



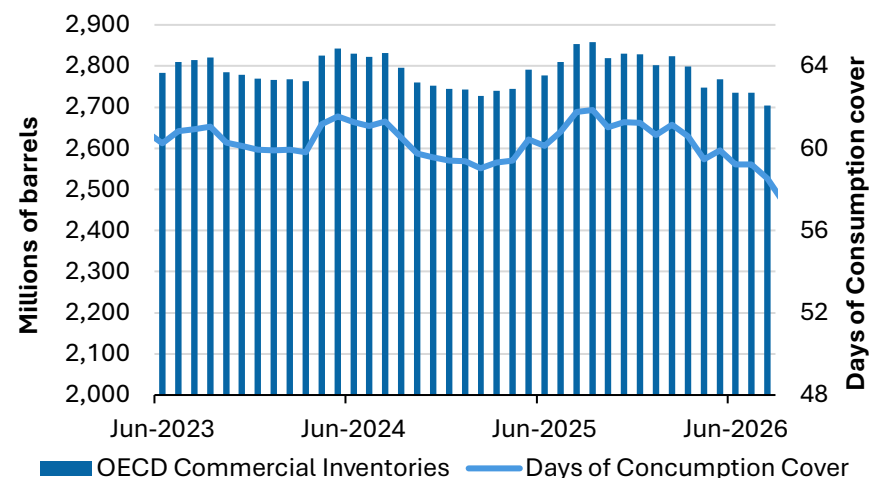
Source: Kpler (2026)

Global inventories continue to fall, and OECD commercial inventories are expected to fall below historical averages

Lower global supply has placed significant pressure on OECD commercial inventories, which have fallen by an average of nearly 45 million barrels a month since the conflict began,

despite a slight recovery in July (see Figure 7.2). If the conflict continues, inventories are expected to decline further, adding upward pressure to prices. Under the report’s assumptions, trade flows are expected to normalise before inventories reach stressed levels.

Figure 7.2: OECD Commercial inventories



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

US SPR releases have lowered the impact of the Middle East conflict on the market, but reserves are now at 40 year lows

Since the conflict began, the US has drawn down crude oil from its Strategic Petroleum Reserve (SPR) in order to replace barrels lost from the Middle East. The reserve, already depleted by drawdowns in 2022 and 2023, fell from 415 million barrels in March 2026 to 293 million barrels in August. At the time of writing, the SPR was at its lowest level since the early 1980s, when it was first filled. Total inventories — SPR and commercial — have fallen from 1,682 million barrels in March 2026 to 1,528

million barrels at the time of writing. However, inventories rose considerably in early August as shipments that left the Middle East during the late June/early July respite arrived in the US.

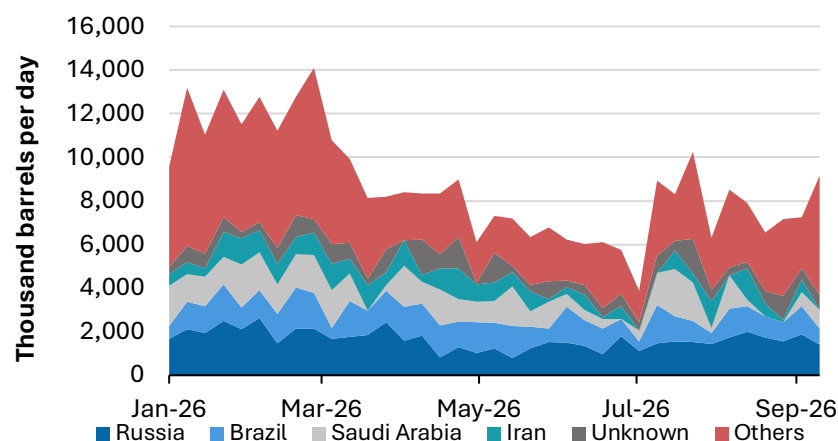
US exports have begun to normalise as inventories fall to the bottom of their historical range

As inventories fell, US exports rose to a record 14 mb/d of oil and products in June 2026. Exports began to normalise as hostilities eased from late June to early July: EIA figures suggest exports returned to their pre-conflict level of between 11 and 12 mb/d. US exports have been supported, in part, by rising imports from Venezuela; however, the nation's export capacity may have hit its limit in the absence of further substantial investment.

China's reduction in oil imports continues to stabilise prices

Lower Chinese crude oil imports has also helped to stabilise the global oil market during the Middle East conflict (Figure 7.3).

Figure 7.3: China's crude and clean product imports by origin nation



Note: Imports are dated by arrival at destination.

Source: Kpler (2026).

China has nearly halved its imports since the outbreak of conflict, cutting from around 12 mb/d in January to 6 mb/d by the middle of June 2026. Imports recovered to 9 mb/d in late June and July as prices fell on expectations of a lasting end to hostilities in the Middle East, but subsequent price gains have seen imports fall again to around 7-8 mb/d above the lows of May through June.

Strikes on Russian refining infrastructure and a reduction in Chinese refining is creating a refining bottle neck

Ukrainian strikes on Russian export and refining infrastructure have constrained Russia's oil and product exports. Damage to refineries has lifted crude oil's share of total exports since the start of 2026. The June strikes also cut overall seaborne oil exports, from around 7.5 mb/d in May to 5.5 mb/d in August (see Figure 7.4). Strikes on Russian refineries have reduced global refining capacity, effectively compounding the stranding of refining capacity around the Strait of Hormuz. In addition to the reduction in Russian refining, the pullback in Chinese imports and subsequent cuts to refinery runs has also reduced overall effective refining capacity. This has disproportionately increased refined product prices while providing some relief to crude markets by creating regional refining bottlenecks. Tightness in the product market has resulted in rising product prices, importantly diesel. Singapore diesel prices have risen from an average of US\$86 a barrel to US\$185 a barrel.

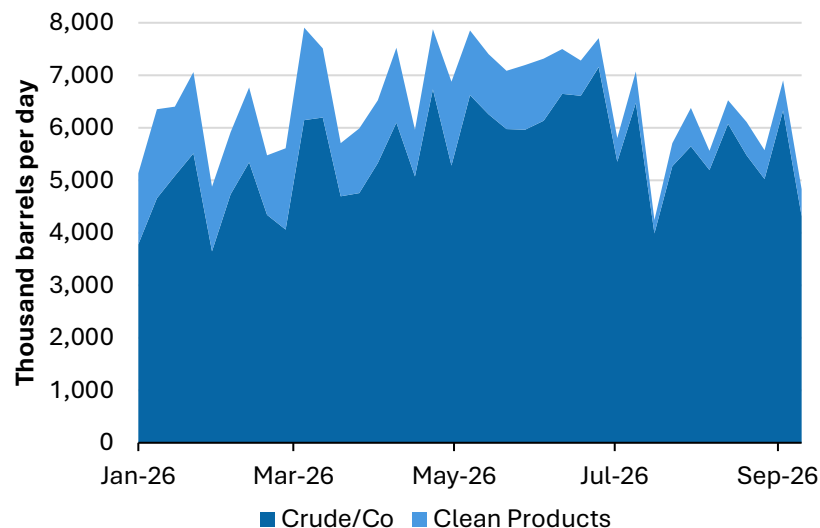
The oil market remains vulnerable to further external shocks

Falling global inventories leave the oil market highly exposed to further disruptions. Any further disruption is likely to push prices sharply higher by widening the market deficit and accelerating stock drawdowns.

Persian Gulf producers are expected to expand infrastructure that bypasses the Strait of Hormuz

In response to the disruption, several nations whose oil exports have been constrained by the blockade are exploring alternative export routes, especially pipelines. The UAE plans to lift the capacity of its pipeline to Fujairah to 4 mb/d by 2027, enabling more oil from fields west of the Strait of Hormuz to reach export terminals on the nation's east coast, outside the strait. Iraq is also considering pipelines that would provide access to the Mediterranean or Red Sea, although these options are more complex because a pipeline would need to cross several nations. These pipelines would reduce the region's export vulnerability to disruptions in trade through the Strait of Hormuz.

Figure 7.4: Russian crude/condensate and clean product exports

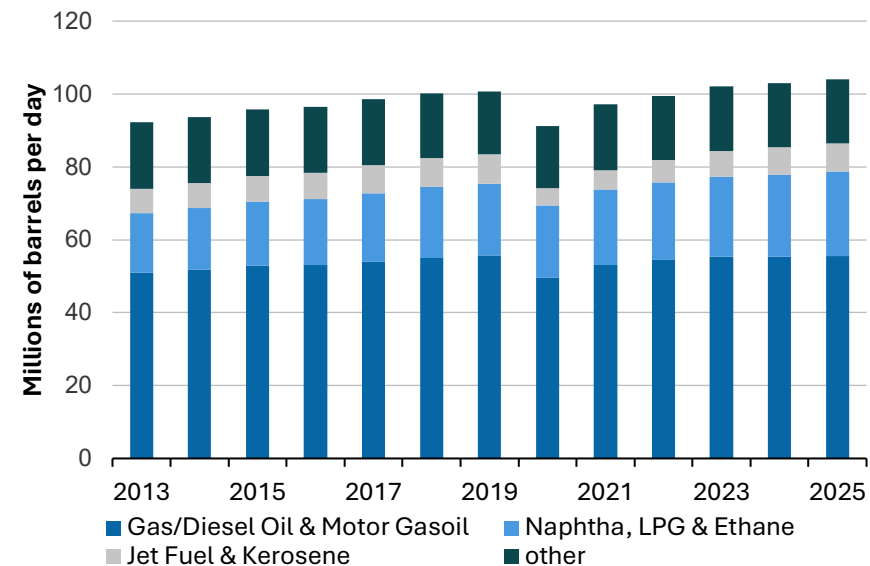


Source: Kpler (2026)

7.3 World demand

Once disruptions in the Middle East ease, world oil demand is expected to rise steadily. Demand is forecast to rise from 105 mb/d in 2027 to 107 mb/d by 2031. This is largely unchanged from projections in the June 2026 REQ.

Figure 7.5: Global oil consumption by refined petroleum product



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

Global usage is expected to rise steadily once prices ease.

Once prices return to pre-conflict levels, oil demand is expected to rise slowly, led by emerging economies. GDP growth has traditionally been the main driver of oil demand outside the OECD, although a prolonged Middle East conflict remains a risk to the global outlook. Emerging economies are expected to average around 4.1% GDP growth per year through to 2031.

Higher prices likely to accelerate switching away from oil

Over the longer term, the Middle East conflict, heightened awareness of supply-chain risks, higher fuel prices and a desire for greater energy security, could easily act to slow oil demand growth and encourage a shift to alternatives. These include replacing LPG cooking with induction cooktops and replacing internal combustion engine vehicles with electric or hybrid vehicles.

Such shifts are likely to be long-lasting because they usually require significant upfront investment: once the conversion is made, it is unlikely to be reversed in a hurry.

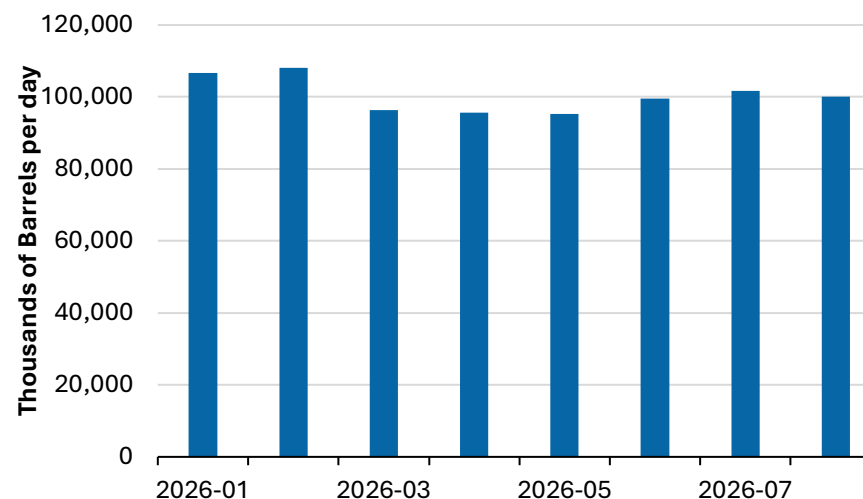
7.4 World supply

Global oil supply has fallen since the Middle East conflict began, with several nations curtailing production due to curbs on their export routes. Production fell from 108 mb/d to around 99 mb/d because of the conflict (see Figure 7.6). However, this figure understates the reduction in oil available to global markets because several Middle Eastern producers are also major consumers, and some production is being directed into storage in the Persian Gulf.

Middle East production and exports to return once shipping resumes

Middle Eastern producers are expected to restore production to pre-conflict levels or higher once transit through the Strait of Hormuz and the Bab el-Mandeb resumes. The additional supply is likely to push the global market into surplus, with production forecast to exceed 108 mb/d by 2027. Production is then expected to remain near this level for several years, easing slightly in 2031 as fields mature.

Figure 7.6: Global oil production



Source: IEA (2026)

Long term OPEC+ production projected to steadily increase as NGL production drives gains

Once Middle Eastern volumes return, further growth in OPEC+ production is expected to come mainly from expanding natural gas liquids (NGL) output. These liquids are produced as a by-product of gas extraction.

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

Ex-OPEC+ supply, particularly from Brazil, Guyana and Canada, is expected to rise during the first half of the outlook period before plateauing as fields mature.

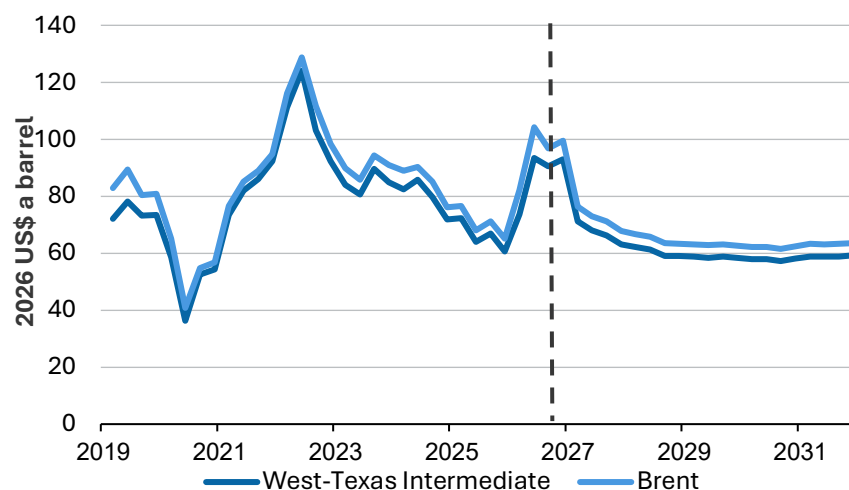
7.5 Price

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

Crude oil prices rose sharply after the US/Israel-Iran conflict on 28 February 2026. The resulting contraction in global supply pushed Brent prices above US\$140 a barrel (see Figure 7.7). Prices began to ease in early June on hopes of a peace agreement, falling to US\$70 a barrel — below their pre-conflict level — after the MoU was signed. When hostilities resumed in mid-July, prices climbed above US\$100 a barrel before settling at around US\$85. They have since risen steadily as inventories have declined and global balances have remained tight.

Prices are estimated to average around US\$97 a barrel in the September quarter 2026 and are expected to rise to an average of US\$101 a barrel in the December quarter 2026.

Figure 7.7: Benchmark oil prices



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

Prices are then forecast to fall as transit through the Strait of Hormuz and the Bab el-Mandeb returns to normal. The market is expected to return to surplus in 2027, with prices stabilising at around US\$65 a barrel in real terms through to the end of the outlook period.

The continuing conflict in the Middle East has resulted in prices being revised upwards in the near term as supply remains tighter than assumed in the June 2026 *Resources and Energy Quarterly* publication.

Prices expected to remain elevated as inventories refill

Large inventory drawdowns since the Middle East conflict began are expected to add to price pressures over the next few years, as countries replenish — and potentially expand — the stocks used up during the conflict. Refilling is expected to keep prices above where they would otherwise be given the sizeable surplus that is expected to emerge.

7.6 Australia

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

Australian oil production and exports are expected to decline steadily as mature fields deplete (see Figure 7.8). Export volumes are forecast to fall from 247 kb/d in 2025–26 to 176 kb/d in 2030–31, reducing export earnings from A\$10.9 billion to A\$5.6 billion in real terms.

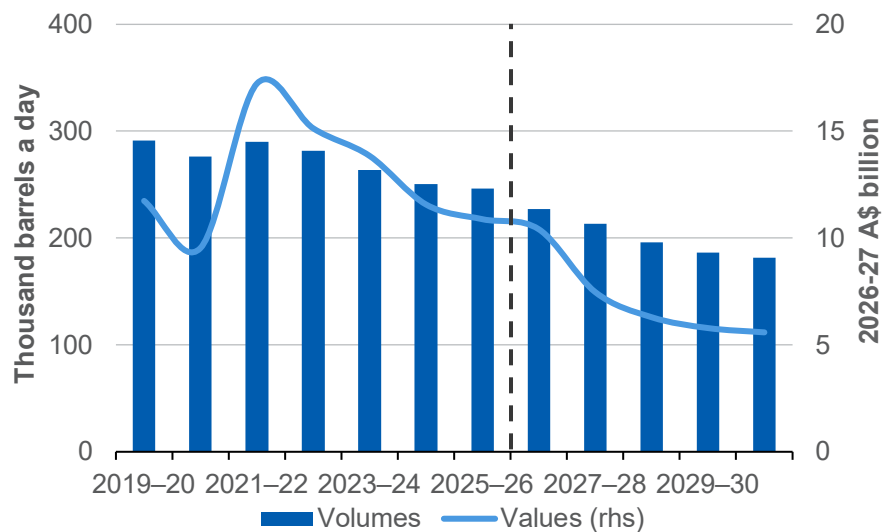
Onshore exploration is rising strongly

Australia's petroleum exploration expenditure reached \$517 million in the June quarter of 2026, due to a sharp uptick in onshore expenditure. An increase in expenditure in Queensland accounts for most of the increase.

Revisions

Australian export values have been revised up by \$200 million in 2025–26 and by \$700 million in 2026–27 as a result of higher prices resulting from the conflict in the Middle East.

Figure 7.8: Australian export volumes and values



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	101	108	108	109	108	108	0.2
Consumption	mb/d	105	102	105	106	106	106	107	0.3
WTI crude oil price									
– nominal	US\$/bbl	65	88	69	62	62	62	65	0.1
– real ^h	US\$/bbl	66	88	67	60	59	58	59	-1.8
Brent crude oil price									
– nominal	US\$/bbl	69	96	74	67	66	67	70	0.2
– real ^h	US\$/bbl	70	96	72	65	63	62	63	-1.7
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Crude oil and condensate									
Production	kb/d	262	227	233	221	206	198	194	-5.3
Export volume	kb/d	251	247	227	213	196	187	182	-5.8
– nominal value	A\$m	10,765	10,525	10,411	7,656	6,612	6,230	6,164	-9.4
– real value ^h	A\$m	11,570	10,884	10,411	7,474	6,297	5,789	5,588	-11.9
Imports	kb/d	169	186	213	213	213	213	213	3.9
LPG production	kb/d	90	90	93	93	92	90	89	-0.2

Notes: d Primary products sold as LPG; e Excludes LPG; s Estimate; f Forecast; r Average annual growth between 2025 and 2031 or 2025–26 and 2030–31; h In 2026–27 financial year Australian dollars. Source: ABS (2026) International Trade in Goods and Services, Australia, Cat. No. 5368.0; International Energy Agency (2026); US Energy Information Administration (2026); Department of Industry, Science and Resources (2026); Department of Climate Change, Energy and Environment (2026)

Uranium



Australia's uranium sector



World No.1

for uranium
resources



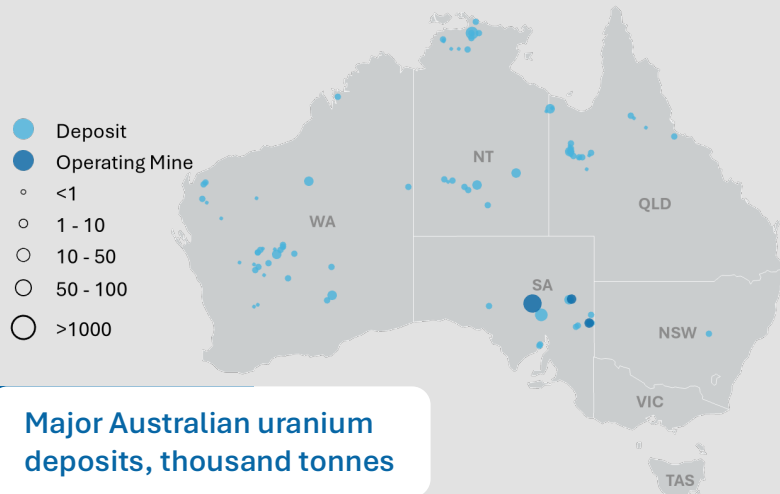
5th largest

producer of
uranium in the
world



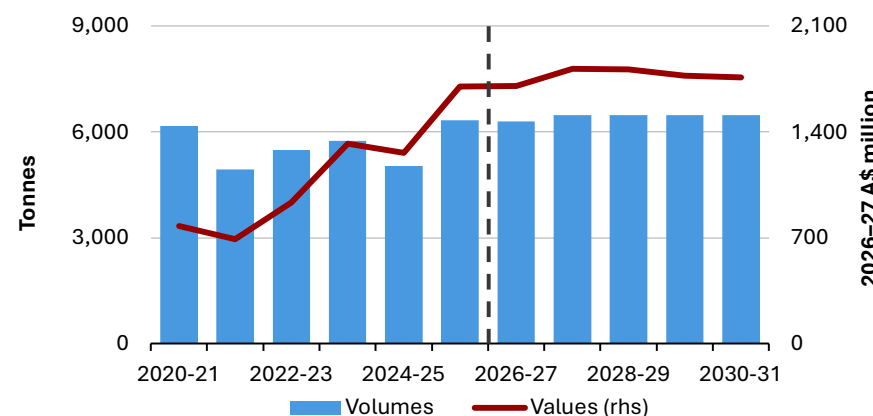
\$1,644 million

value of exports
2025-26



Source: GA, DISR, OCE

Australian uranium exports



Outlook



Global demand
expected to grow as
nuclear power
rollout continues



Higher prices
expected from
growing global
demand



Australian volumes
to remain steady



Rising prices fuelling
mine developments
globally

8.1 Summary

- Uranium prices are expected to rise from US\$89 a pound in 2026 to US\$104 a pound (in real terms) in 2031.
- The continued rollout of nuclear reactors is projected to increase uranium consumption from 97 Kt in 2026 to 107 Kt in 2031. Supply (including secondary supplies) is forecast to rise from 89 Kt in 2026 to 106 Kt in 2031, remaining constrained during the outlook period.
- Australian export values are projected to rise from \$1.7 bn in 2025–26 to around \$1.8 bn (in real terms) in 2030–31.

8.2 Key market updates

Recent developments present upside risks to the long-term outlook for uranium demand. These include stronger interest in energy security and diversification, and international efforts to develop frameworks for nuclear maritime transport.

Australia and India signed an administrative arrangement to pave the way for Australian exports to India

In July 2026, the Australian and Indian government signed an administrative agreement to enable uranium exports to India for peaceful purposes. The deal represents an opportunity for Australia's resources sector to access an additional market.

United States developers make progress on microreactors

A total of five microreactor demonstration units in the United States have achieved first criticality. Radiant's transportable 1-megawatt electrical Kaleidos microreactor has begun testing at Idaho National Laboratory, a step on the development path to deployment of microreactor technology.

Microreactors are unlikely to materially lift uranium demand in the near term. If the technology is proven, use cases in defence, remote communities and data centres could add to long-term demand alongside conventional nuclear growth towards the end of the outlook period.

Global geopolitical pressures strengthen interest

Geopolitical tensions have strengthened interest in energy security and fuel diversification across major economies, particularly in Europe and the United States. Ongoing disruptions to global energy markets and European concerns to reduce reliance on Russian energy imports have increased support for new reliable partners and low-emissions energy sources. The United States — accounting for 21% of world consumption — continues to import most of its uranium, with the largest sources of uranium coming from Canada then Kazakhstan and Australia in 2025 according to the EIA.

Canada ramps up commitments to boost uranium supply

The Canadian Government aims to double uranium exports by 2035. New production from the Phoenix and Rook I projects will support this target. Phoenix is expected to start production in mid-2028, followed by Rook I around 2030.

IAEA launches framework for maritime nuclear deployment

The International Atomic Energy Agency (IAEA) formally launched its Atomic Technologies Licensed for Applications at Sea (ATLAS) initiative on 26 August 2026. Six expert groups will develop safety, regulatory, safeguards, and deployment frameworks for civilian nuclear-powered vessels and floating nuclear power plants.

While designs appear unlikely to start emerging until the 2030s, the timetable for commercial deployment remains highly uncertain and is unlikely to directly affect uranium demand during the outlook period.

8.3 World consumption

Global demand to rise as China and India continue investments

Global demand for uranium is expected to continue to increase from 97 Kt in 2026, to 107 Kt in 2031, as several countries expand their nuclear generation capacity (Figure 8.1). Global demand has been revised up from 105 Kt in 2031 since the June 2026 REQ.

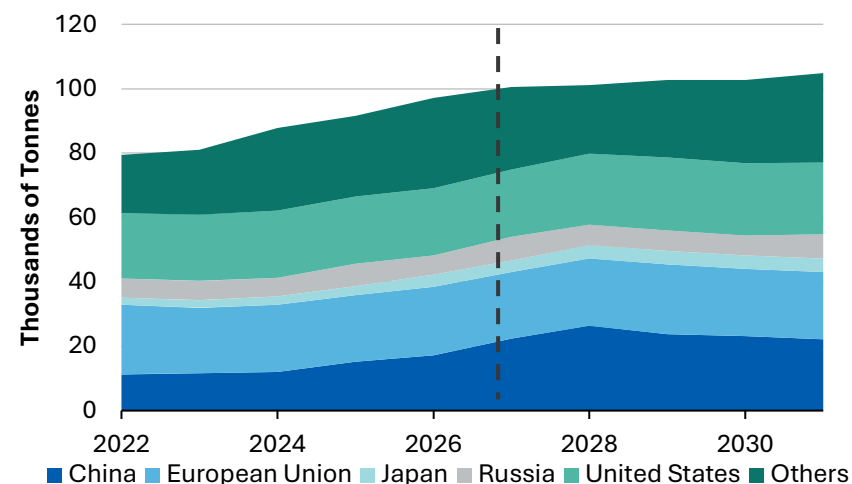
China and India are leading the increases in uranium consumption. China approved construction of an additional eight reactors on 31 July 2026. The WNA reports China now has 64 operable reactors at a total of 64 GW capacity. India is also expanding nuclear capacity and diversifying fuel supply. A tender is being prepared for four 700 MWe reactors at Mahi Banswara under India's fleet-mode program.

8.4 World production

Global mine production increasing

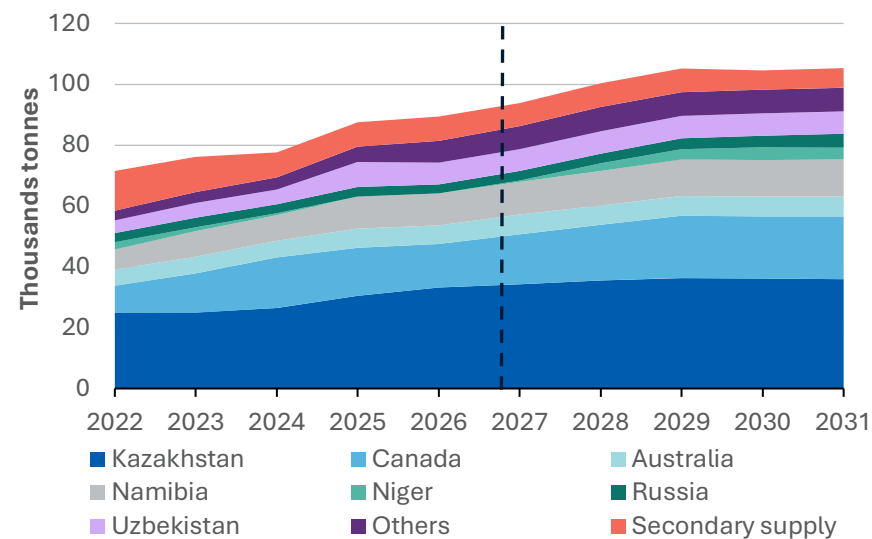
World uranium production is increasing as established producers ramp up capacity, helped by a supportive long-term price outlook and expectations of strong demand. Global uranium production (including secondary supply) is forecast to rise from 89 Kt in 2026 to 106 Kt in 2031 (Figure 8.2). Global production has been revised up from 98 Kt in 2031 since the June 2026 REQ. Demand is forecast to outpace supply, with inventories and secondary supply covering the deficit.

Figure 8.1: World uranium consumption



Source: WNA (2026); IAEA (2026); DISR (2026)

Figure 8.2: Uranium production



Source: Ux Consulting (2026); DISR (2026)

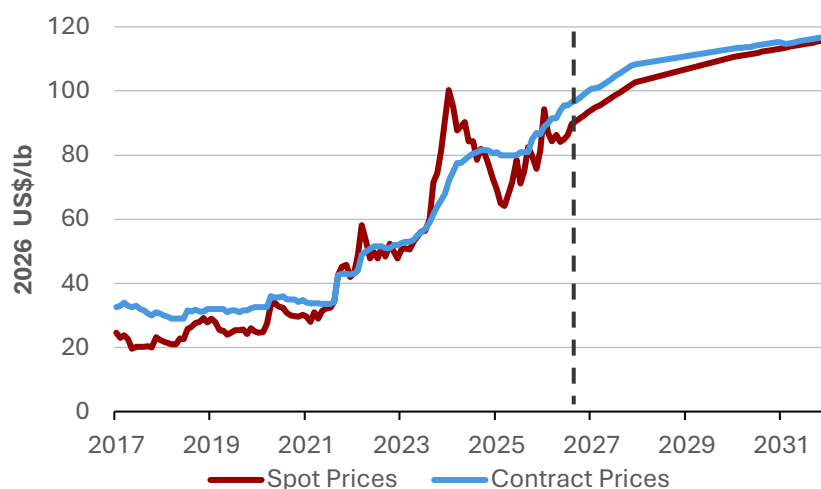
In the US, supply growth is being supported by higher output at Lost Creek and Shirley Basin as it moves towards full output. In Canada, construction of the Phoenix mine, which is expected to begin production in mid-2028, and the Rook I project, which is targeting production by 2030, will also lift supply.

8.5 Prices

Prices are forecast to rise steadily to 2028 then plateau

Recent price moves point to a firmer uranium market in future. Spot prices rose from US\$85 per pound in June to US\$90 per pound in August, while contract prices stayed higher at US\$97 per pound. The spot price is forecast to rise from an average of US\$89 per pound in 2026 to US\$104 per pound in real terms by 2031 (Figure 8.3). The market deficit is forecast to narrow from 2029, easing price pressures.

Figure 8.3: Uranium price (nominal terms)



Source: Cameco Corporation (2026); DISR (2026)

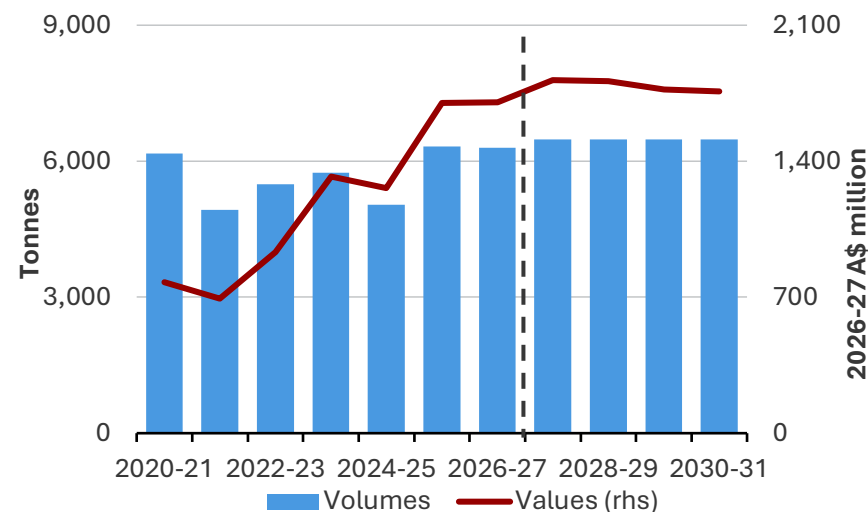
Contract prices are forecast to rise from US\$95 a pound to US\$105 over the outlook period. Stronger utility contracting, reactor growth, and limited uncommitted material should drive upward pressure in the medium term. However, unforeseen project delays and operational disruptions present risks.

8.6 Australia

Export volumes are projected to remain steady

Export volumes for Australia are expected to reach 6.5 Kt by 2027–28 before steadying through the rest of the outlook period (Figure 8.4). Production and export volumes are expected to stabilise at around 6.5 Kt, while real export values remain broadly steady at around A\$1.8 billion over the outlook period.

Figure 8.4: Uranium export volumes and values



Source: DISR (2026)

Exploration

Uranium exploration expenditure rose to \$15.4 million in the June 2026 quarter — broadly in line with levels seen since 2023 and remaining well above pre-2023 levels.

Revisions to the outlook

Since the June 2026 REQ, forecasts of higher prices have caused an upward revision of export values. Exports in 2026–27 have been revised up by \$161 million and values in 2030–31 have been revised up by \$76 million.

Table 8.1: Uranium outlook

World	Unit	2025	2026 ^f	2027 ^f	2028 ^f	2029 ^z	2030 ^z	2031 ^z	CAGR ^f
Production	Kt	79.4	81.4	86.3	92.5	97.4	98.2	98.8	3.7
Kazakhstan	Kt	30.5	33.3	34.2	35.5	36.3	36.0	36.0	2.8
Canada	Kt	15.8	14.2	16.6	18.2	20.5	20.5	20.6	4.5
Namibia	Kt	10.4	10.4	10.7	11.3	12.1	12.1	12.1	2.5
Uzbekistan	Kt	8.3	7.3	7.3	7.3	7.3	7.3	7.3	-2.1
Russia	Kt	3.1	2.9	3.2	3.2	3.7	3.8	4.4	5.9
Niger	Kt	0.0	0.0	0.3	2.5	3.2	4.2	4.2	N/A
Consumption	Kt	91.5	97.1	100.5	101.7	103.2	104.1	106.8	2.6
China	Kt	15.2	17.2	22.4	26.4	23.8	23.1	22.1	6.5
European Union 27	Kt	20.8	21.3	20.6	20.9	21.6	20.9	20.9	0.1
Japan	Kt	2.7	3.7	3.7	4.2	4.2	4.2	4.2	7.7
Russia	Kt	7.1	6.1	7.3	6.3	6.3	6.3	7.5	1.0
United States	Kt	20.8	20.8	20.8	22.1	22.8	22.4	22.4	1.2
Price									
– nominal	US\$/lb	73.5	88.7	98.3	105.0	108.9	111.9	114.6	7.7
– real ^a	US\$/lb	74.8	88.7	96.2	101.6	103.1	103.7	103.9	5.6
Australia	Unit	2024–25	2025–26	2026–27^f	2027–28^f	2028–29^z	2029–30^z	2030–31^z	CAGR^f
Production	t	5,750	6,196	6,387	6,479	6,479	6,479	6,479	2.0
Export volume	t	5,034	6,324	6,302	6,479	6,479	6,479	6,479	4.3
– nominal value	A\$m	1,174	1,644	1,704	1,862	1,902	1,905	1,939	8.7
– real value ^b	A\$m	1,261	1,700	1,704	1,817	1,812	1,770	1,758	5.7
Average price	A\$/kg	233.1	259.9	270.4	287.3	293.6	294.0	299.3	4.3
– real ^b	A\$/kg	250.6	268.8	270.4	280.5	279.6	273.1	271.3	1.3

Notes: ^a In 2026 US dollars; ^b in 2026–27 Australian dollars; ^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 2025



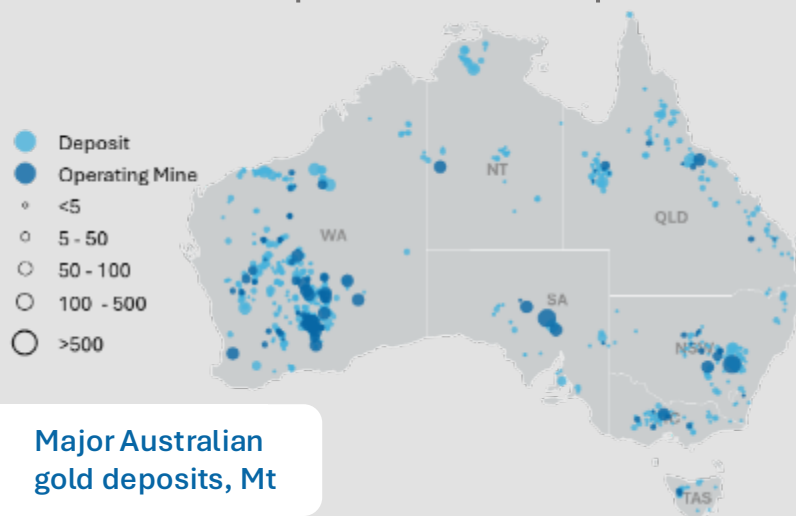
**20% of global
gold**

resources, the
largest known

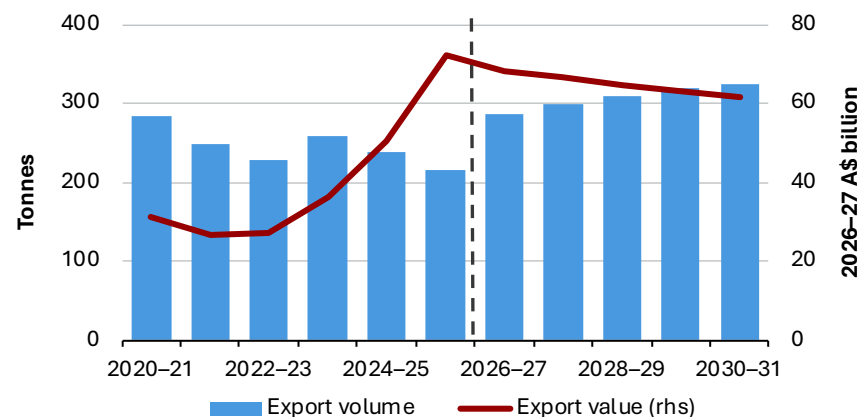


216 tonnes

exported in
2025–26, valued at
\$70 billion



Australian gold exports



Outlook



Prices to remain high
through 2028 before
easing slightly by
2031



Export earnings to
remain stable
through 2027–28
then ease modestly



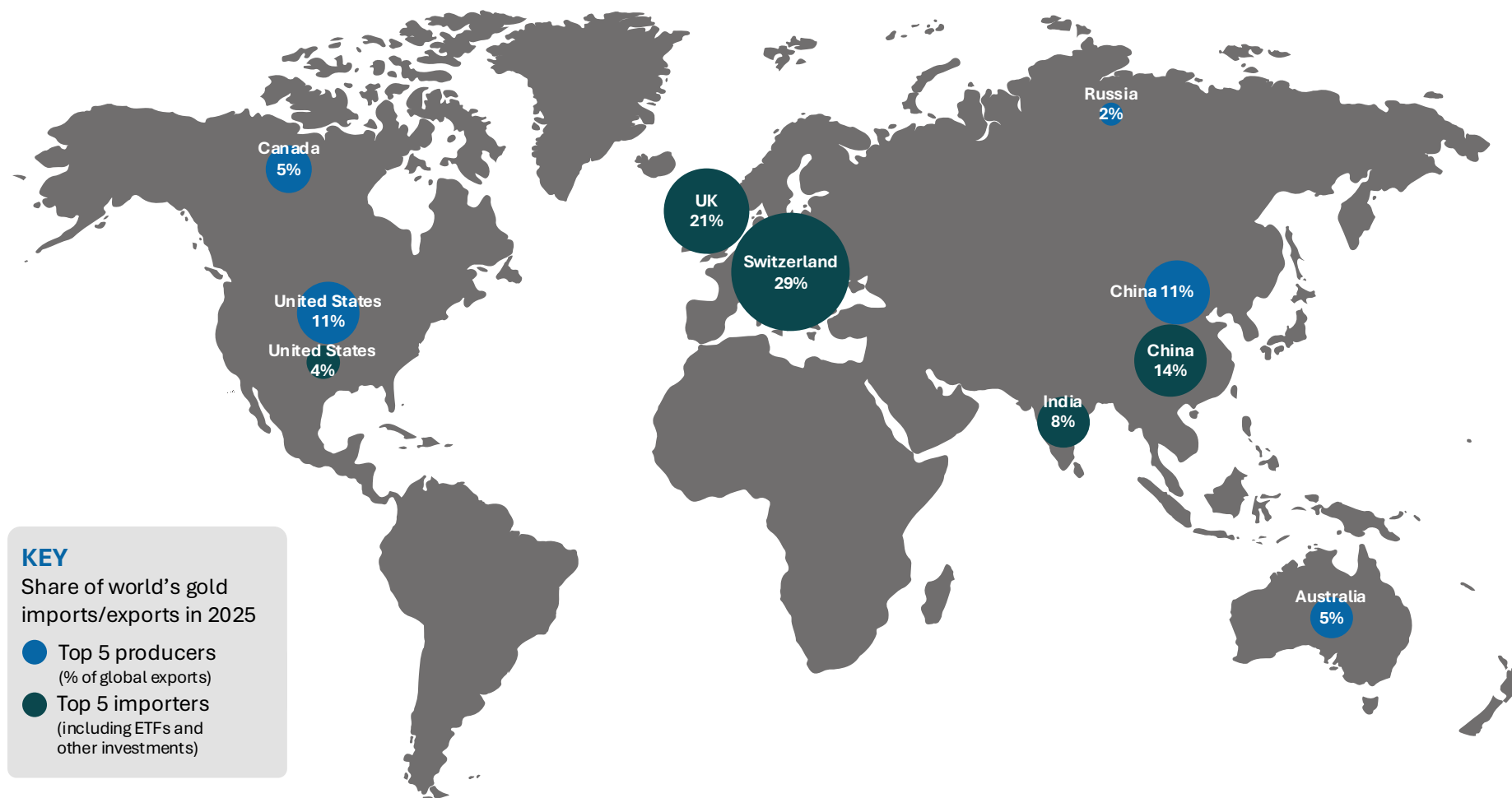
Production will grow
gradually over the
outlook period



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

- Prices eased to US\$4,000 an ounce in July but have since rebounded as fears of a sharp rise in US official interest rates eased. From an estimated average of US\$4,400 an ounce in the Q3 2026, the price will remain high in 2027, before falling to US\$3,760 an ounce (real terms) in 2031.
- Gold demand is expected to be firm in H2 2026 as investors seek safe havens and US dollar alternatives. Demand is then expected to remain broadly steady over the outlook period.
- Global mine supply is forecast to remain broadly steady in 2026 before increasing gradually through to 2031, as new mines come onstream and existing mines lift output.
- Export earnings are forecast to decline from \$72 billion in 2025–26 to \$68 billion in 2026–27 and then drift down to around \$61 billion (real terms) in 2030–31.

9.2 Key market developments

Gold market conditions have been supportive in recent months. Prices fell to US\$4,000 an ounce in late June and July, on profit taking and rising expectations of US interest rate hikes. Strong central bank buying, geopolitical uncertainty and physical demand put a floor under prices between US\$4,000–4,200 an ounce through to early August.

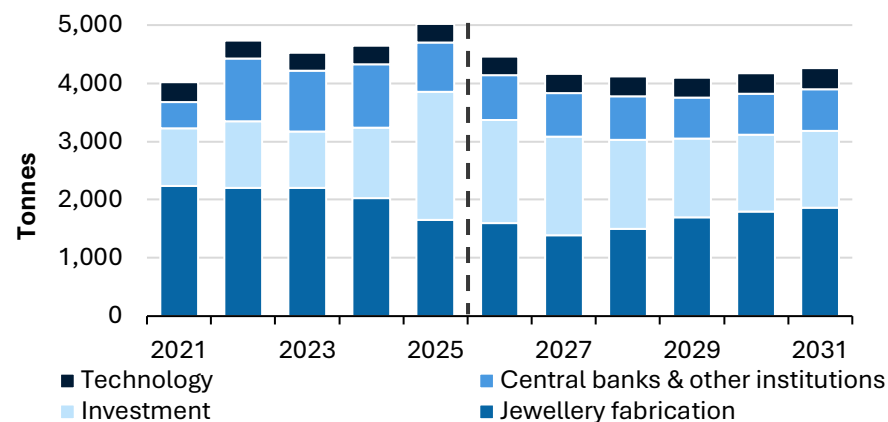
Prices then rose above US\$4,600 an ounce as US data showing tame inflation and weak employment appeared to rule out imminent US official rate hikes. Gold demand was also supported by rising US Treasury bond yields which reflected growing concerns about US fiscal/debt sustainability and competition for funds from the AI buildout.

9.3 World demand

Demand resilient from investor and central bank buying

After a record 5,028 tonnes in 2025, gold demand rose 2.1% year-on-year in H1 2026, driven by over-the-counter (OTC) investment transactions and technology demand. Central bank purchases rose to 289 tonnes in the June quarter 2026, while bar and coin demand was steady. On the downside, ETFs saw outflows of 45 tonnes in the June quarter, mainly driven by rising interest rate expectations and a stronger US dollar. High prices and cost-of-living pressures saw jewellery demand fall to a post-pandemic low, although jewellery spending rose 14% year-on-year reflecting higher gold prices. Strong central bank buying and investment demand are expected to continue supporting gold demand and prices. However, high prices are expected to weigh on price-sensitive demand in 2027, before demand recovers through 2031, as prices ease, improving affordability and supporting jewellery and technology demand (Figure 9.1).

Figure 9.1: Global gold demand



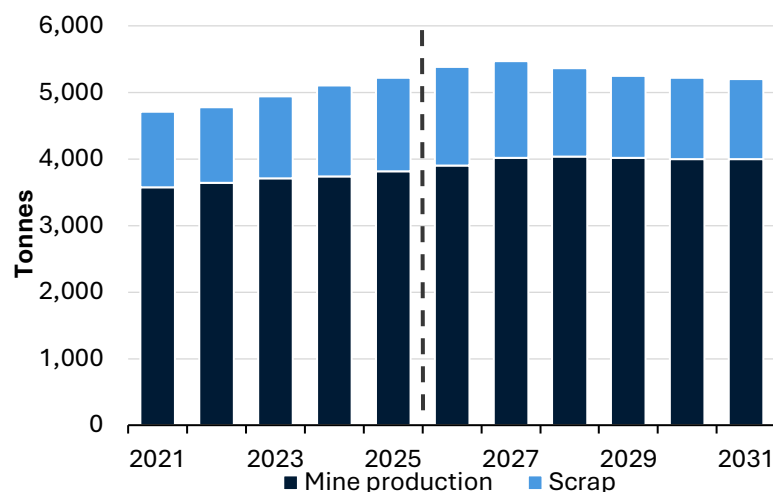
Sources: Department of Industry, Science and Resources (2026); Metals Focus (2026); World Gold Council (2026).

9.4 World supply

World supply should grow through 2028 before easing slightly over rest of the outlook period

Global mine output rose 3.2% year-on-year in H1 2026, as new mines and brownfield expansions were encouraged by sustained high gold prices. Mine output is expected to rise gradually to 4,028 tonnes by 2031 despite lower ore grades. Africa is expected to lead growth in mine output — mainly driven by Mali and Ghana — while (Central) Asia, North America and Russia also contribute through new projects and mine expansions (Figure 9.2). Scrap recycling is forecast to decline by 1.3% in 2026 and then gradually fall to 1,200 tonnes in 2031 as prices ease from historically high levels. Ongoing conflict in the Middle East and energy disruptions could raise diesel costs, potentially putting pressure on gold output.

Figure 9.2: Global gold supply



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

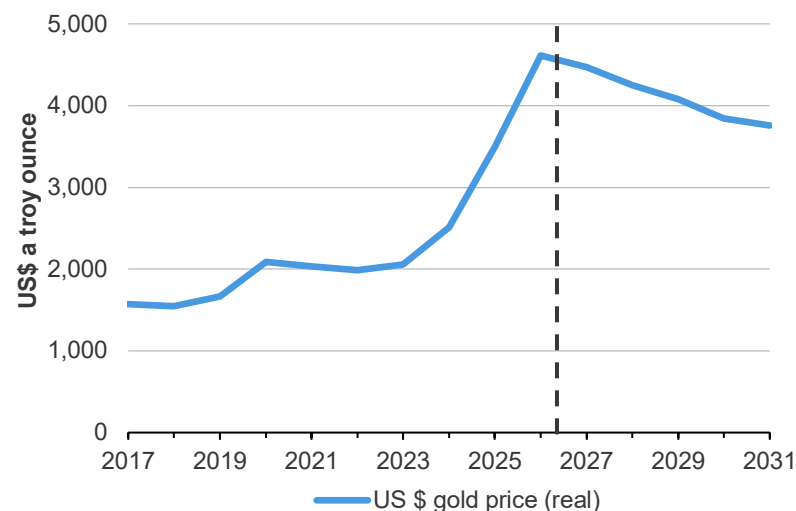
9.5 Prices

Investment demand, central bank purchases and geopolitical risks will keep prices historically high

After reaching US\$5,400 an ounce in January, the gold price has declined and swung on worries over higher US official interest rates, the US dollar, and varying safe-haven demand.

Prices are forecast to average US\$4,600 an ounce in 2026, up 34% year-on-year, and to remain high through 2028, supported by geopolitical uncertainty, resilient investment demand and inflation concerns. Prices are forecast to ease to US\$3,760 an ounce (real terms) by 2031 (Figure 9.3), as US inflation moderates and global growth recovers. Compared to the June REQ, prices are slightly lower in the near term but broadly unchanged in later years.

Figure 9.3: Average yearly gold price



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

9.6 Australia

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

Australian mine production is expected to rise from 340 tonnes in 2025–26 to 382 tonnes in 2030–31 (Figure 9.4). Output growth is expected to be driven by mine expansions and the development of new mines. Higher gold prices have improved the viability of lower-grade deposits.

Export earnings are forecast to edge down from \$70 billion in 2025–26 to \$68 billion through the outlook period to 2030–31. Lower gold prices and a modest rise in the AUD/USD exchange rate are projected to offset rising export volumes (Figure 9.4).

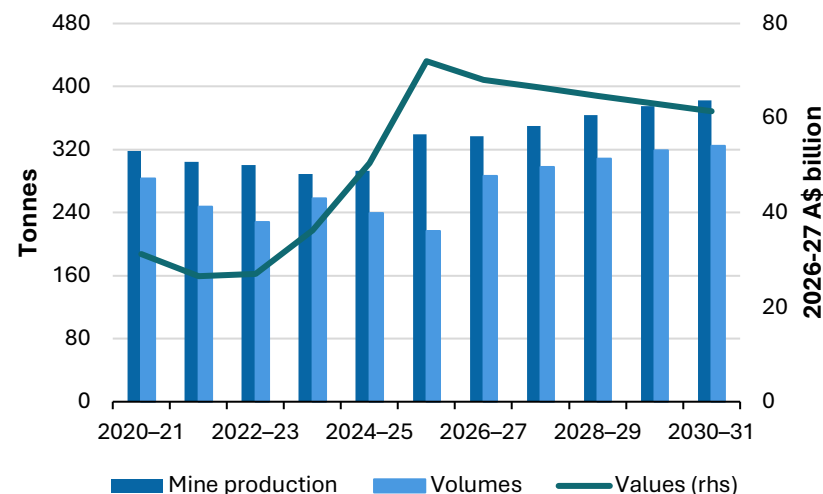
Gold exploration hit a record high in the June quarter

Quarterly gold exploration expenditure reached a record high of \$566 million in the June quarter 2026, up 24% from the previous quarter (Figure 9.5). Strong gold prices continued to support exploration and project developments in 2026. Several large-scale exploration projects advanced, including new drilling campaigns, and investment commitments, reflecting industry confidence in the long-term outlook for gold.

Revisions to the outlook

Since the June REQ 2026, nominal export earnings have been revised down by \$5 billion to \$68 billion in 2026–27 and by \$1 billion to \$68 billion in 2027–28, mainly because of lower forecast prices and a higher AUD/USD exchange rate. Earnings are projected at around \$68 billion in the period from 2028–29 to 2030–31, up \$4–6 billion from the June REQ 2026 forecasts.

Figure 9.4: Australian gold exports and mine production



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

Figure 9.5: Quarterly gold exploration expenditure & price



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

Table 9.1: Gold Outlook

World	Unit	2025	2026 ^f	2027 ^f	2028 ^z	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
Total demand	tonnes	5,028	3,982	4,032	4,013	3,975	4,067	4,200	-3.0
Fabrication consumption^b	tonnes	1,971	1,671	1,678	1,771	1,951	2,055	2,156	1.5
Mine production	tonnes	3,823	3,813	4,012	4,040	4,020	4,012	4,028	0.9
Price^c									
– nominal	US\$/oz	3,435	4,613	4,567	4,395	4,306	4,151	4,147	3.2
– real^d	US\$/oz	3,492	4,613	4,471	4,252	4,077	3,846	3,760	1.2
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Mine production	tonnes	293	340	337	350	363	375	382	2.4
Exports									
– volume	tonnes	239	216	287	298	309	319	325	8.5
– nominal value	A\$m	46,895	69,658	68,068	68,020	67,851	67,808	67,736	-0.6
– real value^e	A\$m	50,402	72,030	68,068	66,401	64,621	63,005	61,403	-3.1
Price									
– nominal	A\$/oz	4,368	6,242	6,297	6,143	5,906	5,714	5,607	-2.1
– real^e	A\$/oz	4,695	6,455	6,297	5,997	5,625	5,309	5,082	-4.7

Notes: **b** includes jewellery consumption and industrial applications; **c** London Bullion Market Association; **d** in 2026 US dollars; **e** in 2025–26 Australian dollars; **f** Forecast; **r** compound annual growth rate; **z** Projection.

Sources: ABS (2026); Department of Industry, Science and Resources (2026); London Bullion Market Association (2026); World Gold Council (2026).

Aluminium, Alumina, Bauxite (AAB)



Australia's AAB sector



10%

of global primary aluminium exports are Australian



\$18 billion

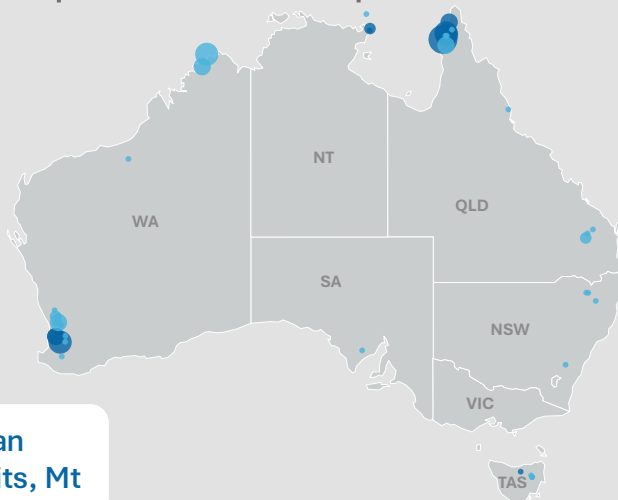
of AAB exported in 2025–26



95%

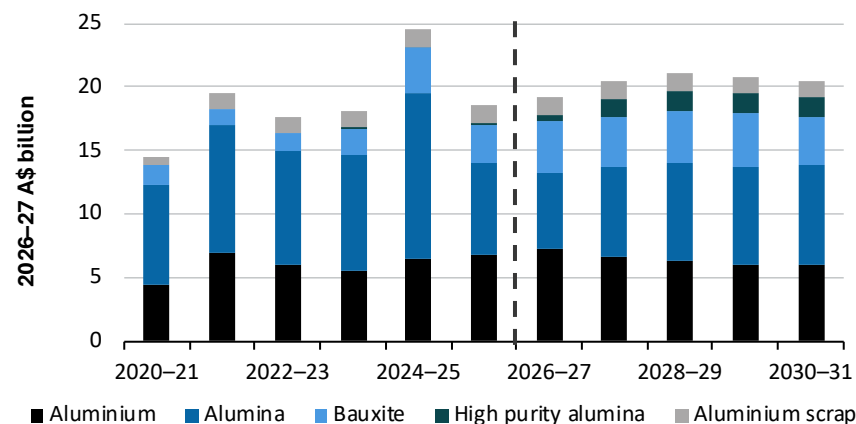
of Australian bauxite exported to China

- Deposit
- Operating Mine
- <50
- 50-100
- 100-1000
- 1000-1500
- >1500



Major Australian bauxite deposits, Mt

Australian AAB exports



Outlook



Aluminium prices expected to remain elevated



AAB export earnings to be steady at \$20 billion a year in real terms



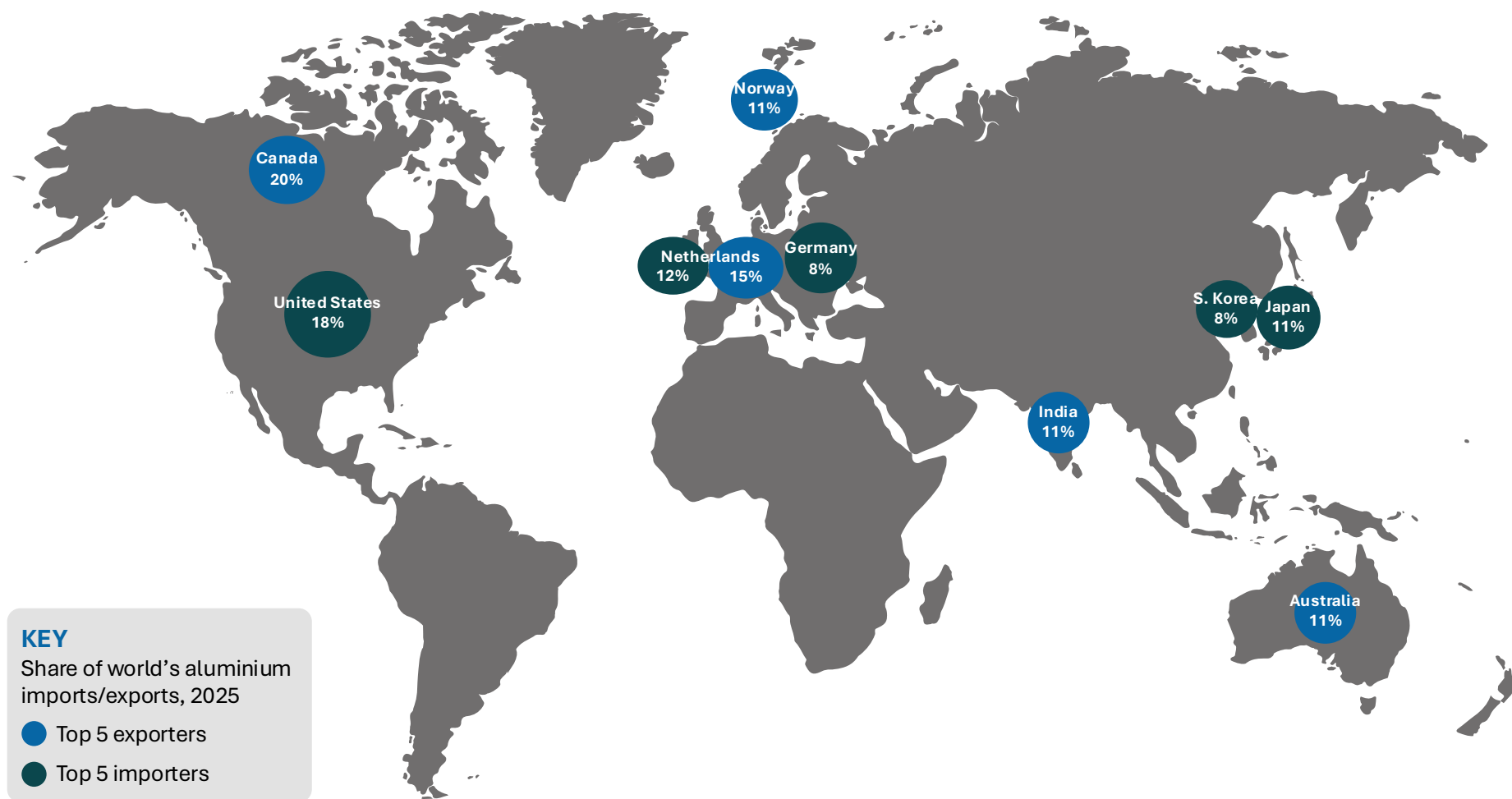
Australian alumina export earnings to reach \$8 billion in real terms in 2030–31



Alumina prices expected to rise over the outlook period

Source: Geoscience Australia, Department of Industry, Science and Resources

Aluminium trade map



Source: WBMS; ABS

10.1 Summary

- Aluminium's fundamentals remain supportive of the aluminium price with low aluminium stocks and market deficit. The London Metal Exchange (LME) aluminium price is forecast to average US\$3,335 and US\$3,210 a tonne in 2026 and 2027. Further out, the price will be supported by higher demand for the artificial intelligence (AI) buildout and the energy transition. The aluminium price projection for 2028-2031 averages US\$2,900 a tonne (real terms).
- An improved outlook for primary aluminium production in the Middle East (ME) has lifted the outlook for the alumina price in 2026 and 2027. After 2027, a further recovery in global aluminium production will boost alumina demand and hence the 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 rise modestly in nominal terms over the outlook period but be steady at \$20 billion a year in real terms. The outlook has improved since the June 2026 Resources and Energy Quarterly (REQ), driven by a recovery of aluminium production in the Middle East.

10.2 Key market updates

Since the start of the ME conflict, around 2.5 Mt (or 36%) of Middle East primary aluminium capacity has been offline due to damage by Iranian military strikes.

The ME conflict has altered global AAB trade

The ME conflict has notably altered the global primary aluminium supply chain. In March 2026 (a month after the conflict started), while less primary aluminium was shipped

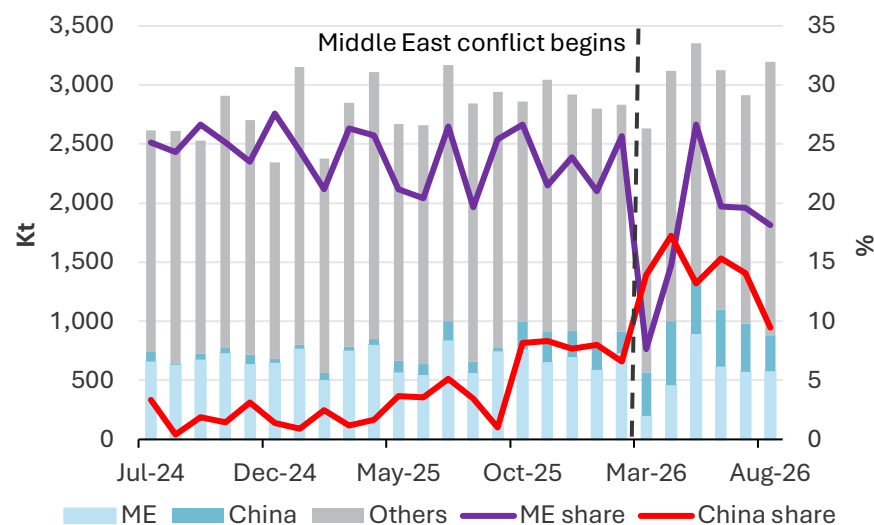
from the Middle East, more was shipped from China and Indonesia. This strategic shift has continued in June quarter 2026, with primary aluminium exports from China and Indonesia increasing by 160% and 96% year-on-year, respectively. Indonesia is shipping its primary aluminium to the US market, which is traditionally supplied by the ME aluminium smelters.

The upside risk to the Middle East's primary aluminium exports is the blockage of the Bab el-Mandeb Strait, a key maritime corridor that accounts for 20% (or 1.2 Mt) of global aluminium trade a year. The route carries critical trade flows connecting the Middle East aluminium producers to European consumers. The blockage would force ships to reroute around the Cape of Good Hope in South Africa, which could extend delivery times and sharply increase freight costs.

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. The trend has continued in the September quarter 2026. As at the end of August 2026, the Middle East's share of global alumina imports declined to 18% from 26% prior to the conflict. China's share of global alumina imports rose from 7% pre-conflict level to 9% (Figure 10.1).

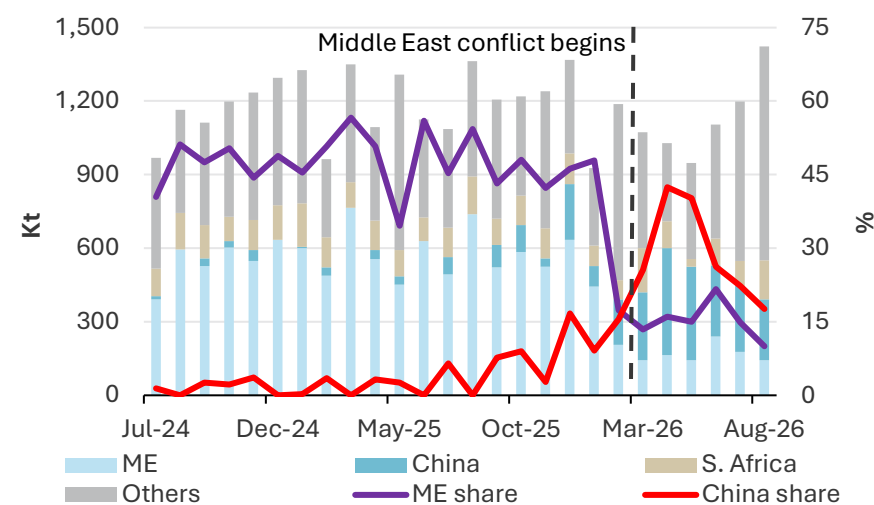
In line with the change in global alumina trade, Australia's alumina exports have shifted away from the Middle East region and towards China and other nations. As at the end of August 2026, China's share of Australia's total alumina exports rose to 18% from 15% pre-conflict level. The Middle East's share of Australia's alumina exports fell from 17% pre-conflict level to 10% (Figure 10.2).

Figure 10.1: World alumina imports, monthly



Source: Kpler (2026)

Figure 10.2: Australian alumina exports, monthly



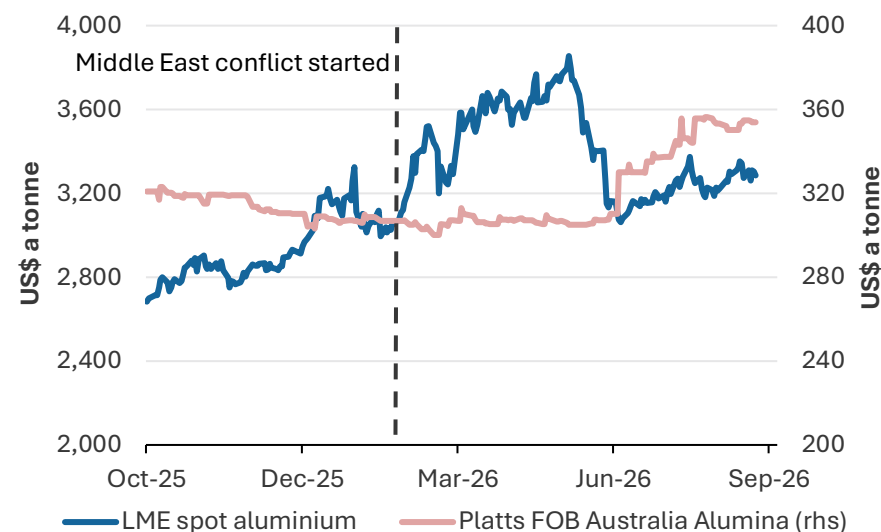
Source: Kpler (2026); Department of Industry, Science and Resources (2026)

The Middle East conflict has had little impact on global bauxite trade. China remains the world's largest bauxite importer by far: as at the end of July 2026, China's share of global bauxite imports was steady at 88%. The Middle East's share of global bauxite imports was unchanged at 1%.

Aluminium price has retreated due to higher exports from China and Indonesia

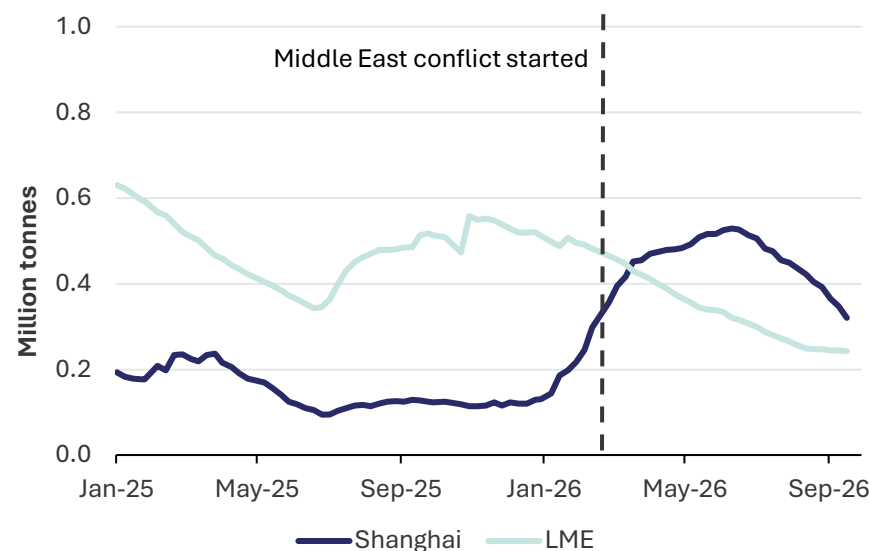
The signing of a Memorandum of Understanding between the US and Iran in mid-June 2026 eased concerns over further supply disruptions and pushed the price below its pre-conflict level (to US\$3,150 a tonne on 24 June 2026). Higher aluminium exports from China and Indonesia have added further downward pressure to aluminium prices (Figure 10.3). Exchange stocks continue to fall reflecting the market deficit (Figure 10.4).

Figure 10.3: Recent aluminium and alumina price movements



Source: Bloomberg (2026)

Figure 10.4: LME and Shanghai aluminium stocks

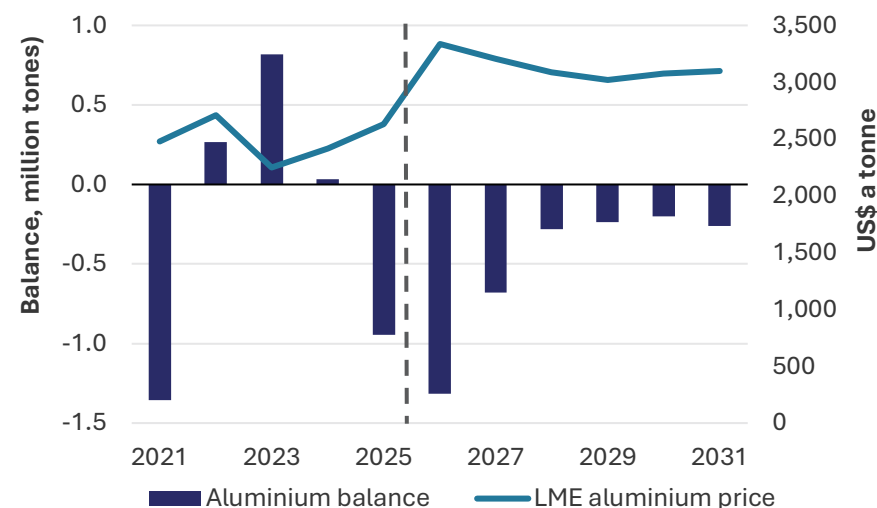


Source: Bloomberg (2026)

The primary aluminium market deficit projected for 2026 and 2027 is 1.7 Mt and 0.7 Mt, respectively, (Figure 10.5). The deficit is smaller than forecast in the June 2026 REQ of around 0.7Mt in 2026 and 0.6 Mt in 2027, driven by a recovery of the Middle East primary aluminium production and higher exports from China and Indonesia.

The Platts FOB Australia alumina price was flat for the first four months of the conflict, mostly staying at the pre-conflict level of US\$307 a tonne. The price has risen since 1 July 2026, reaching US\$354 a tonne on 18 September 2026 (Figure 10.3), driven by a recovery of aluminium production in the Middle East.

Figure 10.5: Aluminium market deficit to widen in 2026



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

Recovery of ME aluminium production set to lead to higher global aluminium output and alumina demand

The progress of repairing damaged smelters in the Middle East has been better than expected, suggesting higher aluminium production and increased alumina demand.

Middle Eastern primary aluminium supply has shown signs of recovery since the release of the June 2026 REQ. In July 2026 United Arab Emirates-based Emirates Global Aluminium (EGA) confirmed its Al Taweelah aluminium smelter, damaged during the conflict, would resume full scale production (1.6 Mt a year) from March quarter 2027. In mid-August 2026, EGA confirmed alumina supply for its aluminium smelter has been secured regardless of whether the Strait of Hormuz opens or not in the coming months.

At the time of writing, the progress of repairing or restarting damaged aluminium facilities elsewhere in the Middle East is unknown.

Recovery of aluminium production in the Middle East set to drive Australian alumina exports higher

Lower primary aluminium prices and higher alumina prices since mid-June 2026 have moderated the impacts of the Middle East conflict on Australia's AAB exports. Australia's primary aluminium exports are expected to rise by \$0.7 billion in 2026–27 and decline by \$0.4 billion in 2027–28 — compared to the June 2026 REQ's forecast of a rise of \$0.2 billion in 2026–27 and a decline of \$0.6 billion in 2027–28. Australia's alumina exports are expected to decline by \$0.3 billion in 2026–27 and rise by \$0.5 billion in 2027–28 — compared to the June 2026 REQ's forecast of a decline of \$2.1 billion in 2026–27 and a rise of \$1.1 billion in 2027–28.

The net rises in Australia's AAB export earnings are forecast to be \$0.9 billion (2026–27) and \$0.2 billion (2027–28) — compared to the June 2026 REQ's forecast of a net decline of \$1.5 billion in 2026–27 and a net rise of \$0.5 billion in 2027–28.

10.3 World demand

Strong demand from AI and energy transition sectors boosted aluminium demand in H1 2026

Strong demand from the AI and energy transition sectors has offset the effects of higher prices on aluminium demand. Global primary demand fell by just 0.5% in H1 2026 to 37 Mt. Over this period, China's primary aluminium demand increased by 2.1% year-on-year, driven by higher demand from the AI and renewable energy sectors.

Lower availability of primary aluminium and rising aluminium premiums due to the Middle East conflict have raised recycled aluminium usage and helped to push secondary aluminium demand up by 4.1% year-on-year to 14 Mt in H1 2026.

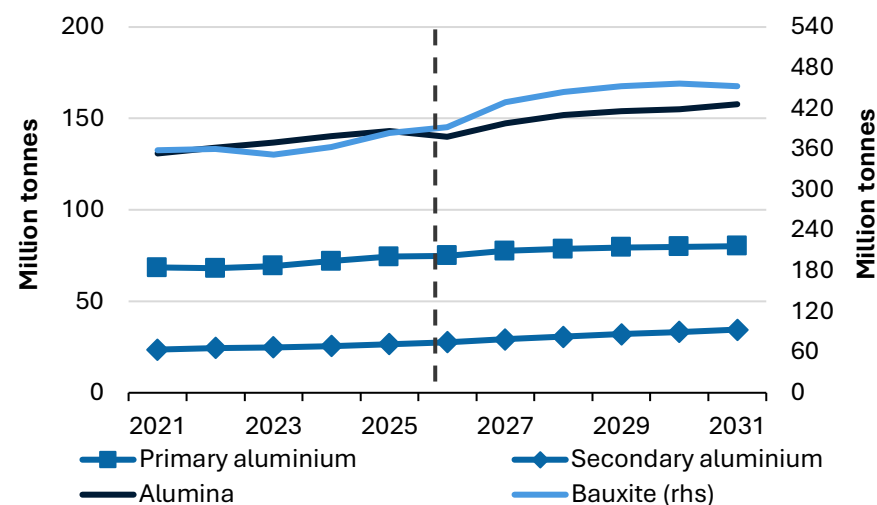
Lower world primary aluminium production caused a fall in alumina demand of 2.3% year-on-year to 69 Mt in H1 2026.

Lower alumina production reduced demand for bauxite by 2.3% year-on-year to 183 Mt in H1 2026.

AI and renewables roll out support demand for AAB over the outlook period

Primary aluminium demand from China and the US is expected to rise as these countries continue to build their AI infrastructure, with world primary aluminium demand projected to increase from 75 Mt in 2026 to 80 Mt in 2031.

Figure 10.6: 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).

As a result, world alumina demand is projected to rise from 140 Mt in 2026 to 158 Mt in 2031, and in line with higher primary aluminium and alumina demand, global bauxite demand is projected to increase from 392 Mt in 2026 to 453 Mt in 2031.

Rising primary aluminium prices and growing demand for low-carbon aluminium are forecast to lift scrap aluminium demand over the outlook period. Recycled aluminium usage is forecast to rise from 28 Mt in 2026 to 35 Mt in 2031 (Figure 10.6). The International Aluminium Institute note that recycled aluminium production uses 95% less energy than primary aluminium.

10.4 World supply

China and Indonesia offset lower primary aluminium supply from the Middle East in H1 2026

Global primary aluminium supply fell by 0.1% year-on-year in H1 2026 to 36 Mt, due to lower Middle East primary aluminium output. Over this period, the Middle East region produced 3.1 Mt of primary aluminium, down by 10% year-on-year. Primary aluminium output in China and Indonesia rose to 23 Mt and 0.5 Mt in H1 2026, up by 3.3% and 35% year-on-year, respectively. The rise came in response to higher prices as a result of the loss of some Middle East output.

Global secondary aluminium supply fell by 2.1% year-on-year to 17 Mt in H1 2026, likely hurt by the Middle East conflict.

Global alumina supply rose by 0.1% year-on-year to 74 Mt in H1 2026, as higher supply from China offset lower supply from Brazil. China produced 46 Mt of alumina in H1 2026, up 2.6% year-on-year. Over this period, Brazil produced 4.5 Mt of alumina, down by 15% year-on-year.

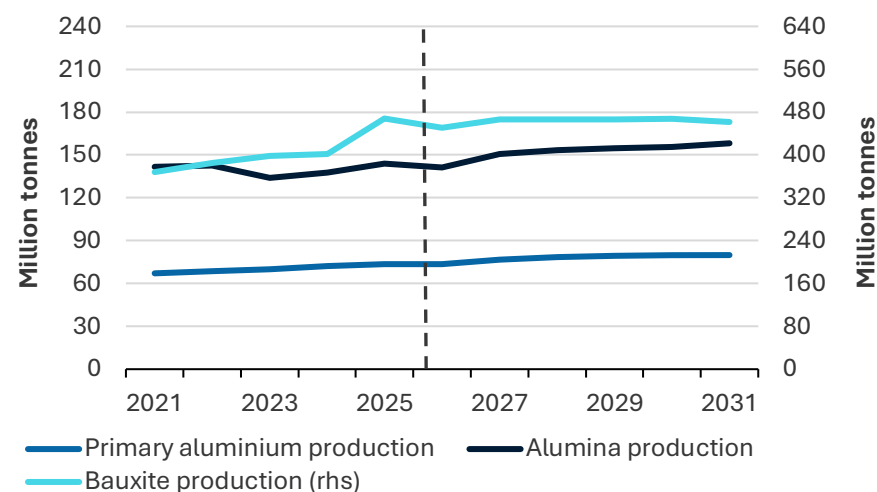
In H1 2026, world bauxite supply rose by 9.0% year-on-year to 259 Mt, driven by a large rise in Guinean bauxite production.

Global AAB supply set to rise, mainly ex-China

Global primary aluminium supply is forecast to be higher over the outlook period, driven by higher production from China and Indonesia (Figure 10.7). A recovery in Middle Eastern primary aluminium output also contributes to a higher supply forecast. World primary aluminium supply is forecast to lift from 74 Mt in 2026 to 80 Mt in 2031. Vietnam is building an integrated bauxite-to-aluminium supply chain after opening its 450,000 tonnes a year Dak Nong aluminium smelter in July 2026.

Slovalco restarted its Ziar and Hronom aluminium smelter in Slovakia in early September 2026 after more than 3 years shutdown. The smelter targets to reach an annual capacity of 75,000 tonnes by February 2027.

Figure 10.7: World primary aluminium, alumina and bauxite supply



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

Driven by increased supply from the Netherlands, India, and Thailand, global recycled aluminium supply is projected to rise from 37 Mt in 2026 to 42 Mt in 2031.

The global alumina supply is expected to grow from 141 Mt in 2026 to 158 Mt in 2031 (Figure 10.7).

Higher supply from Guinea, Australia and Indonesia is expected to increase global bauxite output over the outlook period. World bauxite supply is projected to rise from 451 MT in 2026 to 461 Mt in 2031 (Figure 10.7).

10.5 World trade

China and Indonesia filled the lost Middle Eastern aluminium supply in H1 2026

Lower Middle East exports led to a 14% fall in global primary aluminium supply in H1 2026 to 7.1 Mt. Offsetting the fall in the Middle East's exports was a rise in Chinese and Indonesian exports. China exported 239,000 tonnes of primary aluminium in H1 2026, up 99% year-on-year. Indonesia exported 421,000 tonnes of primary aluminium in H1 2026, up 63% year-on-year.

Trade disruptions cut global secondary aluminium exports by 11% year-on-year to 1.5 Mt tonnes in H1 2026.

Higher alumina exports from Indonesia and India led to a 2.8% rise in world alumina exports to 22 Mt in H1 2026. In H1 2026, Australia exported 6.7 Mt of alumina, down 9.4% from H1 2025.

Higher bauxite exports from Guinea (up 24% year-on-year) lifted world bauxite exports by 14% year-on-year to 132 Mt in H1 2026.

China raised global bauxite imports in H1 2026

The Middle East conflict reduced global primary and secondary aluminium imports by 13% and 7.0% year-on-year in the first half of 2026 to 8.3 Mt and 2.7 Mt, respectively.

Higher imports from China led to a 1.1% year-on-year rise in global alumina imports in H1 2026. Over this period, China imported 2.3 Mt of alumina in the first half of 2026, up 668% year-on-year. Weaker alumina prices gave Chinese aluminium smelters the incentive to import more alumina.

Higher imports from China led to a 17% year-on-year rise in global bauxite imports in H1 2026. Over this period, China imported 121 Mt of bauxite, up 17% year-on-year.

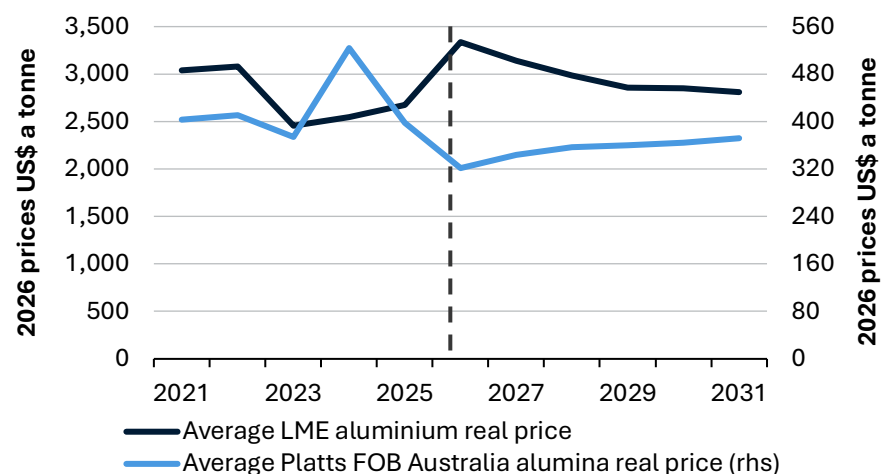
10.6 Prices

Recovery in the Middle East aluminium production lifts alumina price forecast

Aluminium's fundamentals remain supportive of the aluminium price, with low aluminium stocks and market deficits forecast in 2026 and 2027. The LME aluminium price is forecast to average US\$3,336 and US\$3,208 a tonne in 2026 and 2027, respectively (Figure 10.8). Higher exports from China and Indonesia and quicker than expected repair of the damaged facilities in the Middle East, are expected to keep aluminium prices below the four-year high of US\$3,855 a tonne recorded in early June 2026.

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 aluminium price is projected to average US\$2,900 a tonne in real terms in 2028-2031

Figure 10.8: Primary aluminium and alumina real prices



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

Australian output cuts and a recovery in the Middle East demand are expected to support the alumina price for the rest of 2026 and in 2027. The Platts FOB Australia alumina price is forecast to average US\$322 and US\$351 a tonne in 2026 and 2027, respectively. After 2027, a further recovery in global aluminium output will boost alumina demand and prices. As a result, the Platts FOB Australia alumina price is projected to rise in real terms (Figure 10.8).

10.7 Australian exports and production

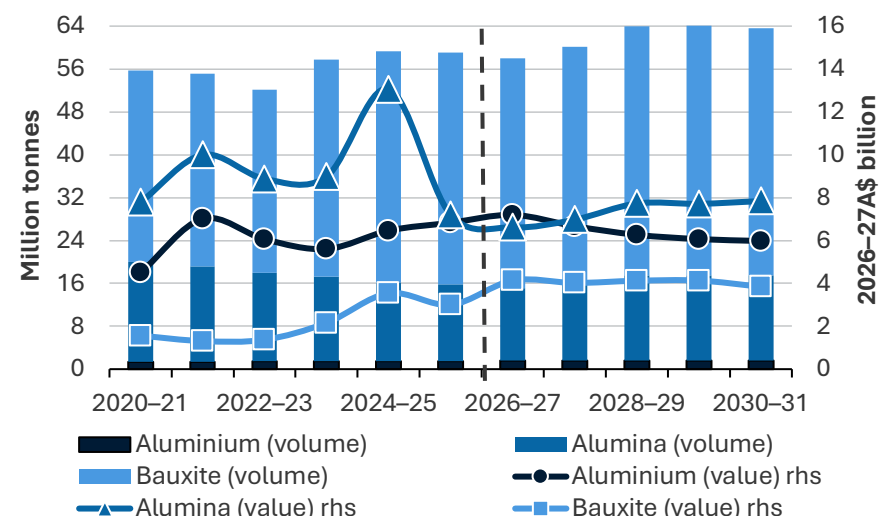
Improved outlook for Australia's AAB exports

Australia's primary aluminium output is projected to be about 1.7 Mt a year. A production cut of 40% at Rio Tinto's Yarwun alumina refinery in Queensland from October 2026 is set to cut Australia's alumina output to 16 Mt over the outlook period. Australia's bauxite output is forecast to be steady at over 100 Mt

a year. High diesel costs could force out some high-cost bauxite miners in Guinea and Brazil, benefitting Australian producers.

The outlook for Australia's AAB export earnings has improved, driven by forecasts of a gradual recovery of alumina exports to the Middle East (Figure 10.9). In the outlook period, Australia's AAB exports are forecast to be \$20 billion a year in real terms. On average, Australia will export 1.6 Mt of primary aluminium, 16 Mt of alumina and 46 Mt of bauxite each financial year.

Figure 10.9: 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).

Future operation of Tomago is secured

On 13 August 2026, the New South Wales and Commonwealth Governments announced a joint investment of \$2.5 billion in the Tomago aluminium smelter in the Hunter region. The investment will deliver a long-term renewable energy solution that supports commercially sustainable operations beyond 2028.

The joint investment will underpin nearly 3 gigawatts of new renewable generation and firming capacity. Tomago Aluminium has agreed to invest at least \$1.1 billion in the facility as part of the deal. This includes \$100 million to drive further decarbonisation activities at the smelter and undertake an innovative demand-response program to support the NSW grid. The arrangements also ensure revenue comes back to the Commonwealth Government when aluminium prices are high.

In mid-August 2026, Alcoa signed a binding 10-year gas sales agreement with Australian gas developer Equus Energy to provide 182 PJ of gas to Alcoa's alumina refineries in Western Australia (WA). Alcoa will pay \$30 million towards the completion of a front-end engineering design study for the Equus project in WA's North-West Shelf region.

Revisions to the outlook

The forecast for Australia's AAB export earnings in 2026–27 has been revised up by \$1.4 billion from the June 2026 REQ. The revision reflects an expected recovery in the alumina price and exports in 2026–27. Earnings forecast for 2030–31 (in nominal terms) have been revised up by 5.3% to \$23 billion from the June 2026 REQ. This reflects the impact of higher alumina exports.

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	73,461	73,689	76,867	78,332	79,203	79,604	79,887	1.4
Demand	kt	74,405	75,005	77,547	78,615	79,441	79,806	80,149	1.2
Prices aluminium ^c									
- nominal	US\$/t	2,630	3,336	3,208	3,088	3,018	3,076	3,098	2.8
- real ^d	US\$/t	2,674	3,336	3,140	2,987	2,857	2,850	2,809	0.8
Prices alumina									
- nominal	US\$/t	391	322	351	369	380	394	410	0.8
- real ^d	US\$/t	398	322	344	357	360	365	372	-1.1
Australia	Unit	2024–25	2025–26	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	212	136	136	136	136	136	-3.5
Exports									
Primary aluminium	kt	1,461	1,434	1,587	1,587	1,587	1,587	1,587	1.4
- nominal value	A\$m	6,011	6,605	7,193	6,830	6,579	6,528	6,595	1.6
- real value ^e	A\$m	6,461	6,830	7,193	6,667	6,265	6,066	5,979	-1.3
Alumina	kt	14,718	14,337	13,558	14,681	15,900	15,900	15,900	1.3
- nominal value	A\$m	12,155	6,961	6,613	7,145	8,112	8,299	8,648	-5.5
- real value ^e	A\$m	13,063	7,198	6,613	6,975	7,726	7,711	7,840	-8.2
Bauxite	kt	43,168	43,328	42,788	43,867	46,460	48,034	46,158	1.1
- nominal value	A\$m	3,293	2,903	4,137	4,119	4,330	4,448	4,242	4.3
- real value ^e	A\$m	3,539	3,002	4,137	4,021	4,124	4,133	3,845	1.4
Total value									
- nominal value	A\$m	22,870	17,948	19,851	20,984	22,102	22,357	22,567	-0.2
- real value ^e	A\$m	24,580	18,559	19,851	20,484	21,050	20,773	20,457	-3.0

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



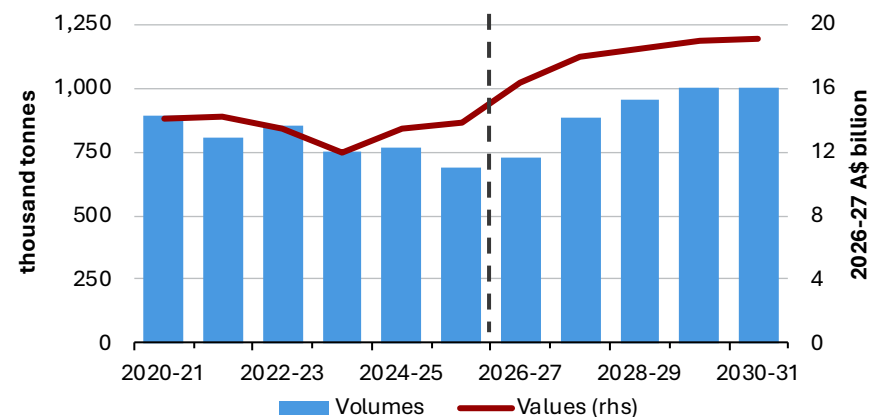
223 kt

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

- Copper prices stayed high in Q2 2026 and then surged to record highs of over US\$14,700 a tonne in early September. Factors included high US imports (on US tariff expectations) and a tight concentrate market. Prices are forecast to average US\$13,570 a tonne in 2027 before easing to US\$11,600 a tonne (real terms) in 2031.
- Global copper demand is expected to remain strong through to 2031, driven by demand for clean energy technologies, data centres and broader electricity infrastructure. Supply is expected to grow gradually due to mine disruptions, trade and supply chain challenges, and delays to new mines.
- Australia's export earnings are projected to rise from \$14 billion in 2025–26 to \$19 billion (real terms) in 2030–31, driven by higher prices and increased export volumes.

11.2 Key market developments

Copper shipments to the US rose to post-2014 highs ahead of potential US tariffs on copper imports. Over the year, Australian exports to the US more than doubled to \$929 million in 2025–26.

Rainfall in Chile disrupted mined output, and the Democratic Republic of Congo (DRC) resumed a copper concentrate export ban to lift domestic processing.

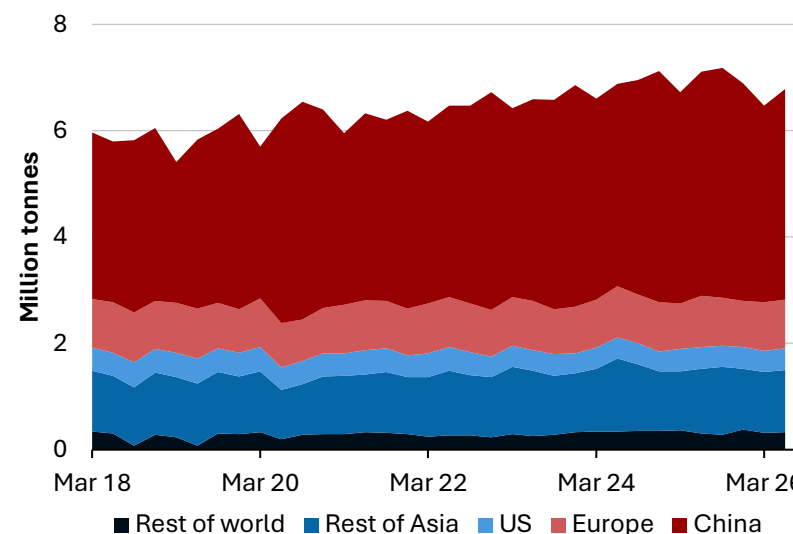
In recent months, copper smelting treatment and refining charges (TC/RCs) have gone below negative US\$100 a tonne (smelters are paying to process concentrates), but higher by-product credits (gold, silver and sulphuric acid) saw smelter's revenue margins rise.

11.3 World Demand

Demand growth is being driven by clean energy transition, grid expansion and AI-related data centres

Global refined copper demand rose 5.0% quarter-on-quarter in Q2 2026 (Figure 11.1), following annual growth of 1.3% in 2025 to 27.9 million tonnes (Mt). Demand was supported by major economies. China's copper demand rose by 3.8% year-on-year, the US (3.9%), India (5.3%) and Germany (3.6%). Growth was partially offset by declines in Italy, South Korea and Brazil.

Figure 11.1: Global refined copper demand, quarterly



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

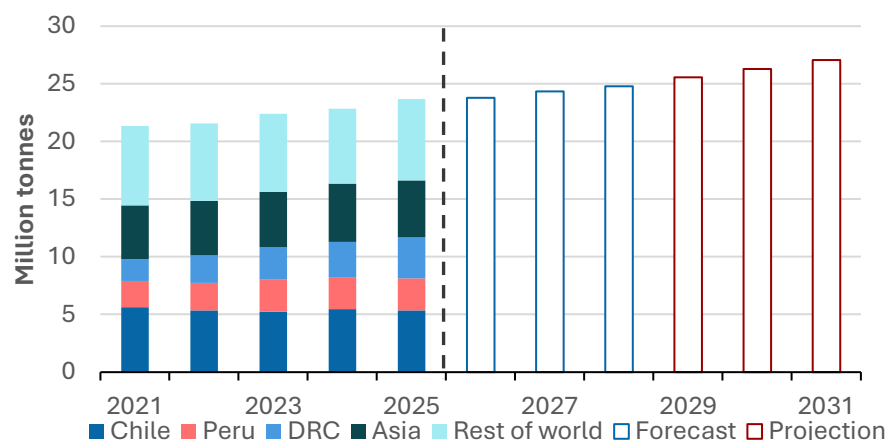
Copper demand is expected to rise over the outlook period to 2031, driven by core economic activity, global energy transition growth, AI related data centres and defence modernisation.

11.4 World Supply

Mine outages driving near-term tightness in concentrate market, but high prices expected to lift output to 2031

Global copper mined output fell by 4.1% year-on-year in Q2 2026, driven by lower output in Chile, due to severe weather and lower grades, and in Indonesia due to operational disruptions (Figure 11.2). Output also fell in the US due to mine sequencing issues in mature mines and in Kazakhstan due to lower output from its KAZ Minerals' Bozshakol and East Region operations.

Figure 11.2: Global mine production, annual



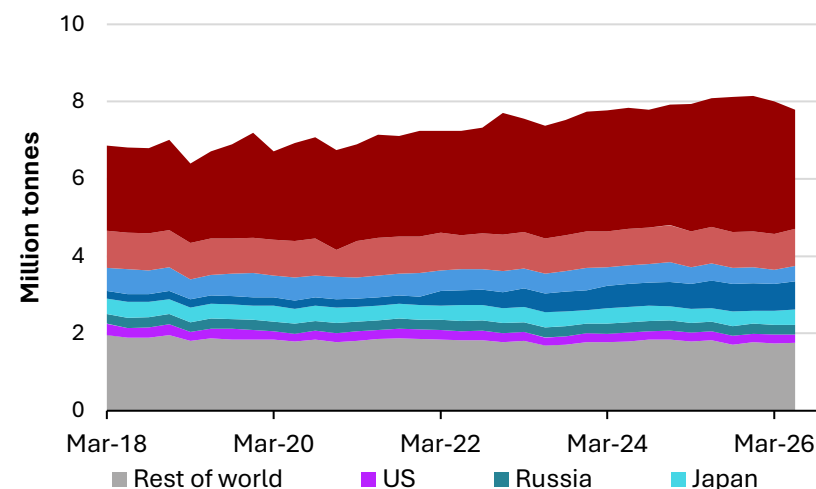
Sources: Department of Industry, Science and Resources (2026); International Copper Study Group (2026); World Bureau of Metal Statistics (2026).

The decline was partially offset by gains in the DRC, Peru and Brazil. Global mine output is projected to grow from 23.6 Mt in 2025 to 27 Mt by 2031, driven by capacity expansions, and ramp-ups of new mines mainly in Chile, the DRC, Peru, Australia, Indonesia and Mongolia. Ongoing conflict in the Middle East and energy disruptions could raise diesel costs and disrupt sulphuric acid supply, and pressure on copper output.

Refined copper output to rise, but tight concentrate and sulphuric acid supply constraints may limit growth

Refined output fell by 3.7% quarter-on-quarter in Q2 2026 (Figure 11.3), due to lower output in China, Chile, South Korea, Mexico and the US. In the near term, tight concentrate supply and disruptions to sulphuric acid supply due to Middle East conflict are expected to constrain refined copper output growth.

Figure 11.3: Global refined production, quarterly



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

From 28.6 Mt in 2025, refined copper output is forecast to rise by 2.1% a year to 32.4 Mt by 2031, driven by new and expanded smelting capacity. Growth is expected from the Kamoa-Kakula smelter in the DRC, the Kutch smelter in India, and expanding capacity in China — from 13.6 Mt in 2025 to more than 17 Mt by 2031. Growth is also expected from the Bor smelter in Serbia, the Mufulira and Chambishi smelters in Zambia, and a possible expansion of Olympic Dam smelter (see [Australia section](#)).

11.5 Prices

Copper prices have risen strongly since mid-2025 on concentrate shortages and geopolitical risks

Since mid-2025, copper prices have surged on the London Metal Exchange (LME) and the Commodity Exchange Inc (COMEX). In early September 2026, COMEX hit an all-time high of US\$15,190 a tonne, while LME prices rose above US\$14,700 a tonne, amid US tariff uncertainty. The recent price surge was driven by mine disruptions and the resumption of the DRC's copper concentrate export ban limiting supply, combined with strong US copper import demand in recent months.

COMEX stocks rose in anticipation of US tariffs on copper imports (Figure 11.5). Elevated prices are expected to persist through the rest of 2026 due to tight concentrate markets and strong demand.

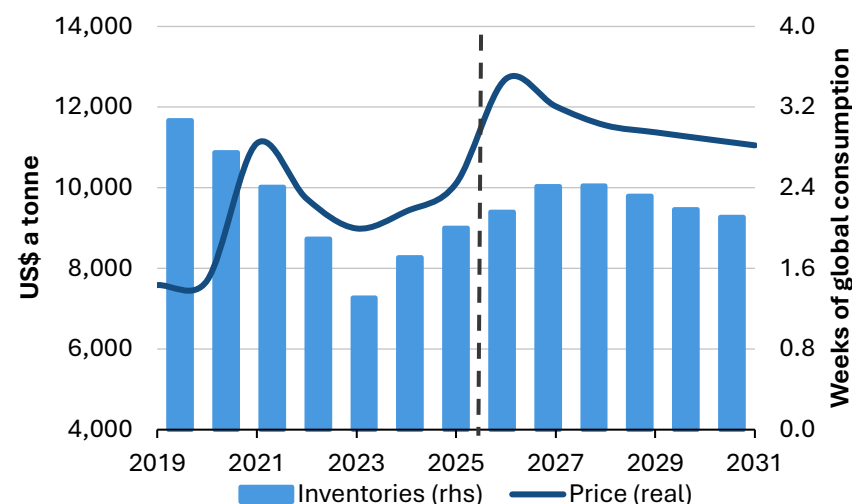
Over the remainder of the outlook period, prices are expected to remain high through 2028 before easing to about US\$11,600 a tonne (real terms) by 2031, as mine supply lifts and refined supply aligns with demand (Figure 11.4).

Inventories to gain in the near term then remain stable

Global copper inventories fell by 6.2% quarter-on-quarter in Q2 2026, driven by a sharp fall Shanghai Futures Exchange stock, from 359 kt in March to 184 kt in June 2026. The fall reflected post-Lunar New Year industrial activity and resilient power grid demand. The fall was partly offset by inventory gains on the LME, from 350 kt to 383 kt, and COMEX, from 589 kt to 623 kt.

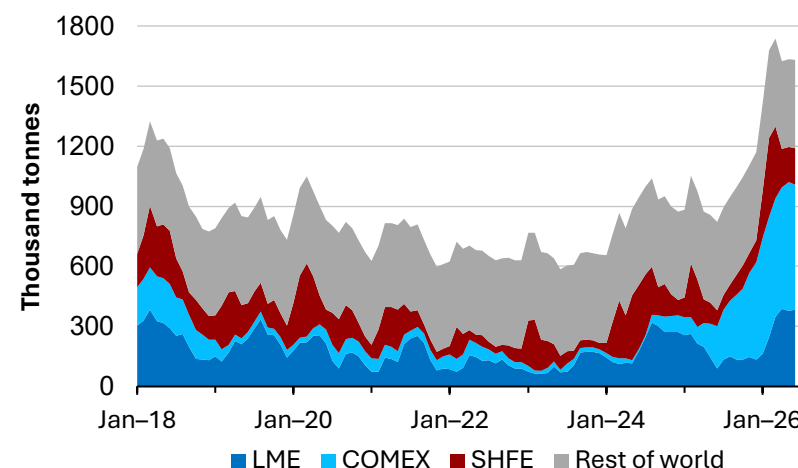
Copper inventories are expected to build modestly through Q4 2026 and in 2027 as geopolitical uncertainty weighs on demand, before stabilising as economic activity strengthens.

Figure 11.4: Quarterly LME spot and forecast price and stocks



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

Figure 11.5: Global copper inventories, monthly



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

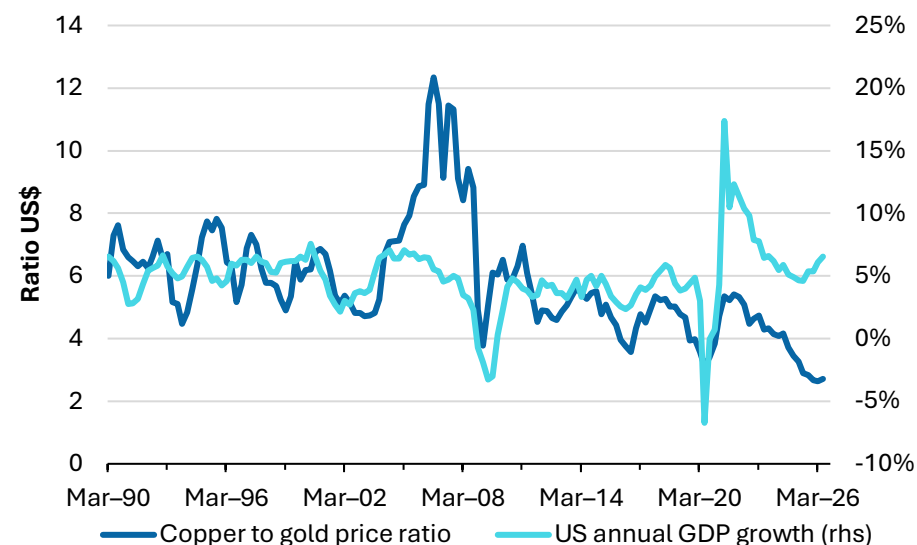
Copper-to-gold price ratio and US GDP growth

Historically, the copper-to-gold price ratio has moved broadly in line with US economic growth, as copper tends to benefit from stronger industrial activity while gold is often supported during periods of uncertainty. A higher ratio has often coincided with stronger US growth and a falling ratio with weaker growth (Figure 11.6). However, the relationship is not always consistent, as copper and gold prices can be influenced by a range of factors beyond US economic growth. Copper prices are heavily affected by global industrial demand, particularly from China and other major economies, as well as mine supply disruptions. Gold prices are influenced by interest rates, inflation expectations, central bank purchases and geopolitical uncertainty. As a result, the copper-to-gold ratio should be viewed as a useful indicator of growth sentiment rather than a direct predictor of US GDP growth and vice-versa.

Copper-to-aluminium price ratio

The copper-to-aluminium price ratio has risen from around 1–2 in the 1990s to over 4 in recent years (Figure 11.7), reflecting stronger growth in copper demand driven by China's industrialisation and the global energy transition. As both metals conduct electricity and heat, the widening price gap has renewed interest in substitution and material thrifting, mainly in power transmission, renewable energy and electric vehicles — where lower costs and lighter weight can favour aluminium. Although, copper remains the preferred material in many applications due to its superior conductivity, reliability and space efficiency, with aluminium requiring around 1.6 times more material to deliver equivalent conductivity. Substitution remains constrained by technical requirements, redesign costs, and regional factors such as tariffs and market premiums.

Figure 11.6: Copper-to-gold price ratio and US GDP growth



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

Figure 11.7: Copper-to-aluminium price ratio



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

11.6 Australia

Higher output & higher global prices will boost earnings

Australian copper mined output reached 704 kt in 2025–26, down 2.2% year-on-year, reflecting lower output in Queensland due to flood disruptions and the closure of the Mount Isa mine in July 2025. Output is forecast to grow by 6.6% a year to reach 968 kt by 2030–31, driven by expansions and new projects.

Australian refined output fell 40% year-on-year in Q2 2026 due to lower feedstock at the Mount Isa smelter — due to weather disruptions and mine closures. To 2031, a recovery in refined output is forecast, driven by growth at the Olympic Dam smelter and its planned expansion from current annual output of over 220 kt to over 500 kt a year from the early 2030s (subject to a Final Investment Decision in 2027), potential output from the Elizabeth Creek project and Queensland SX-EW operations.

Export earnings in 2026–27 are forecast at \$16.3 billion, up 23% from 2025–26, driven by higher prices and export volumes (Figure 11.8). Earnings are forecast to rise to \$18.4 billion in 2027–28 and reach \$19 billion (real terms) in 2030–31.

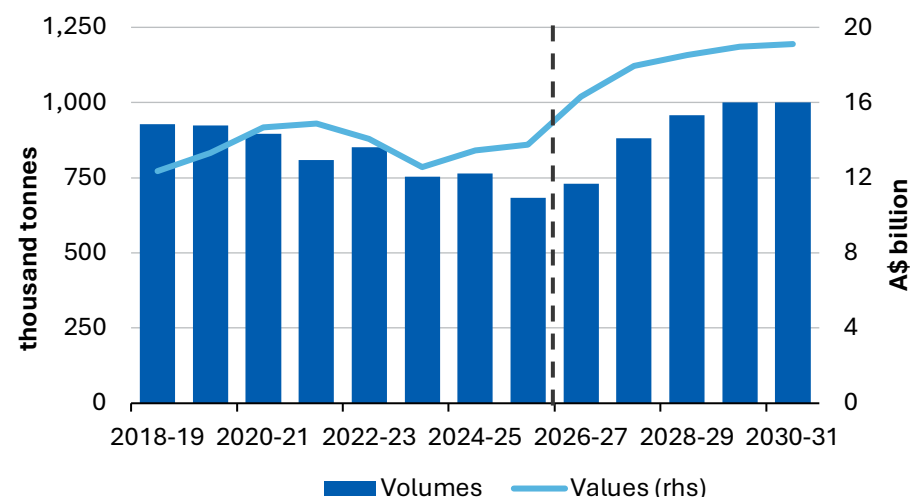
Copper exploration up in the June quarter 2026

Copper exploration expenditure rose by 29% quarter-on-quarter in the June quarter 2026 (Figure 11.9), on rising demand from electrification, AI-related data centres and higher copper prices

Revisions to the outlook

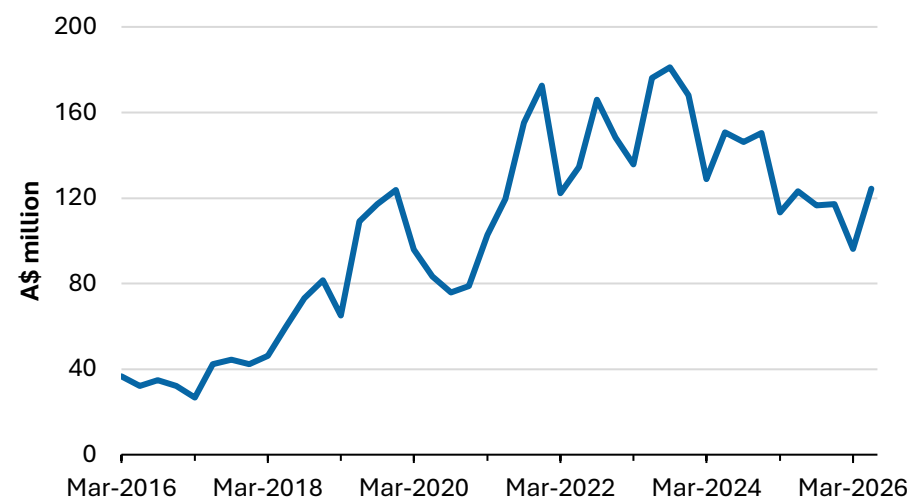
Since the June REQ 2026, export earnings have been revised down by \$0.4 billion in 2026–2027, \$0.6 billion in both 2027–28 and 2028–29 and \$0.3 billion in 2029–30, remains unchanged in 2030–31 due to lower refined exports and AUD/USD revisions.

Figure 11.8: Australian copper export volumes and values, annual



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

Figure 11.9: Australian copper exploration expenditure, quarterly



Sources: ABS (2026)

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	23,792	24,339	24,799	25,540	26,297	27,082	2.3
– refined ^a	kt	28,557	28,587	29,152	29,909	30,787	31,563	32,443	2.1
Consumption	kt	27,906	28,338	29,141	29,908	30,779	31,561	32,441	2.5
Closing stocks	kt	1074	1323	1333	1335	1344	1346	1348	3.9
– weeks of consumption		2.0	2.4	2.4	2.3	2.3	2.2	2.2	1.3
Prices LME									
– nominal	US\$/t	9,939	13,465	13,576	13,146	12,840	12,758	12,798	4.3
	USc/lb	451	611	616	596	582	579	580	4.3
– real ^b	US\$/t	10,106	13,466	13,291	12,718	12,156	11,821	11,604	2.3
	USc/lb	458	611	603	577	551	536	526	2.3
Australia	Unit	2024–25	2025–26	2026–27^f	2027–28^f	2028–29^z	2029–30^z	2030–31^z	CAGR^r
Mine output	kt	720	704	724	842	923	964	968	6.6
Refined output	kt	433	377	320	392	440	461	461	4.1
Export volume									
– ores and concs ^c	kt	1,300	1,201	1,548	1,885	2,020	2,106	2,113	12.0
– refined	kt	397	345	288	353	396	415	415	3.7
– total metallic content	kt	763	682	730	882	959	999	1,001	8.0
Export value									
– nominal	A\$m	12,510	13,315	16,329	18,388	19,437	20,410	21,082	9.6
– real ^d	A\$m	13,446	13,768	16,329	17,950	18,512	18,965	19,111	6.8

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 2026–27 financial year Australian dollars; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2025–26 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

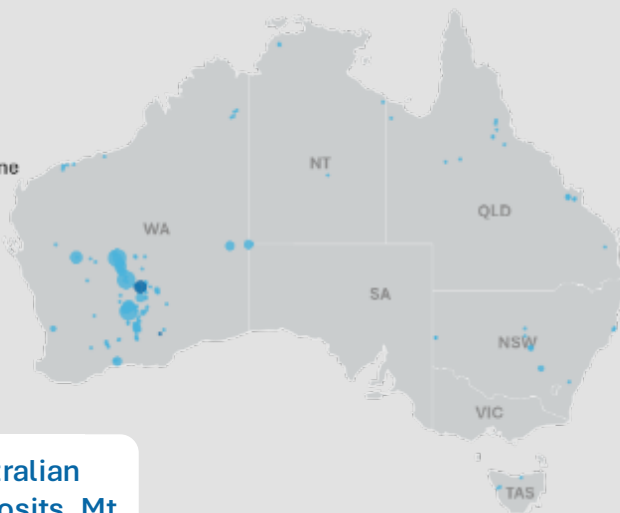
global producer of mined nickel output



15% of global demand

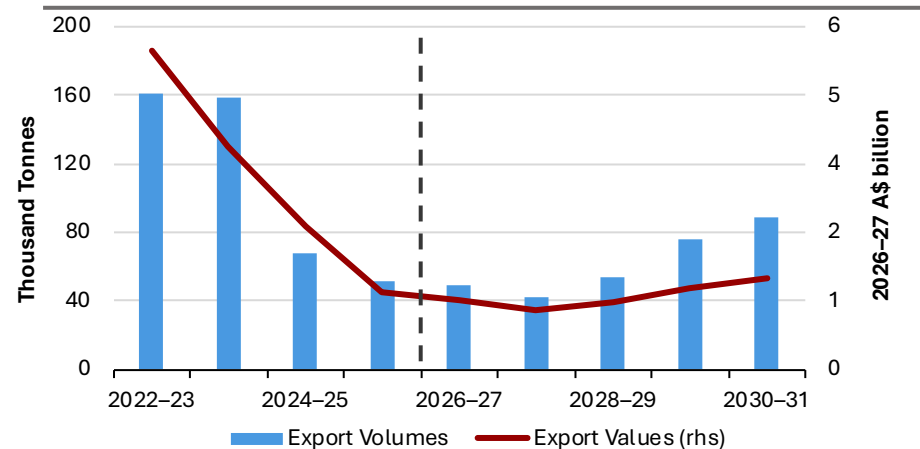
in 2025 was for EV batteries

- Deposit
- Operating Mine
- <0.5
- 0.5 - 1
- 1 - 2
- 2 - 2.5
- >2.5



Major Australian nickel deposits, Mt

Australian nickel exports



Outlook



Nickel market to remain in surplus through 2031



Export earnings to recover gradually by 2031



Australian mined and refined output to improve by the end of outlook period

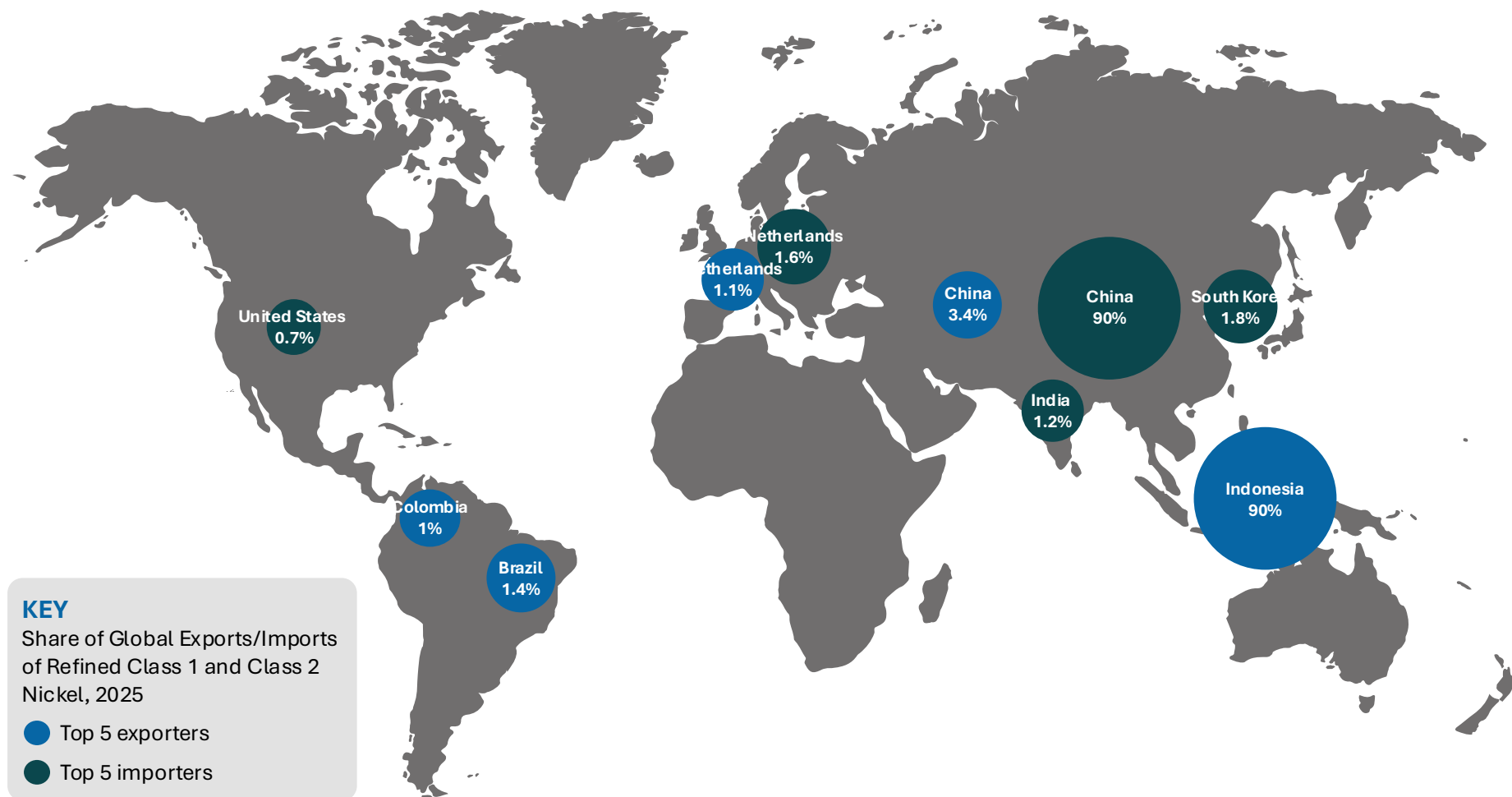


Battery demand remains a key source of nickel consumption growth

Source: INSG; USGS; ABS; DISR, GA



Nickel trade map



Source: INSG

12.1 Summary

- Sustained growth in global refined nickel supply is expected to keep the market in surplus and limit price gains. Nickel prices are forecast to average around US\$17,000 a tonne (in real terms) by 2031. Uncertainty about Indonesia's mining approvals and ongoing conflict in the Middle East could support prices in the short term.
- World nickel demand is expected to grow steadily over the outlook period, supported by stainless steel production and continued growth in battery demand. However, weaker-than-expected growth in China's precursor cathode active material sector has cut demand expectations and contributed to projections of a more persistent market surplus.
- Weak nickel prices and production curtailments are expected to reduce Australia's nickel export earnings from \$1.4 billion in 2025–26 to about \$1.2 billion in 2026–27. Higher production from new and restarted operations is expected to support earnings to reach around \$1.8 billion by 2030–31 (\$1.6 billion in real terms).

12.2 Key market updates

Recent developments point to tighter near-term nickel supply, although some of the pressures evident in the June Resource and Energy Quarterly (REQ) have eased. Indonesia, which accounts for around 90% of global refined nickel supply, continues to face ore supply constraints from declining grades and production quotas. However, selective quota approvals and the decision not to introduce a nickel tax in 2026 have reduced supply and policy uncertainty. In Australia, Nova's planned closure will further reduce domestic nickel production.

Indonesia moves to increase influence over nickel pricing

Indonesia has announced plans to launch a national mineral and commodity exchange from 1 January 2027, as part of broader efforts to establish domestic reference prices for key exports such as nickel, tin and coal.

The exchange is intended to improve price transparency and give Indonesia greater influence over the valuation of its mineral exports. By establishing domestic benchmark prices based on local transactions, Indonesia aims to play a larger role in commodity price discovery and reduce reliance on overseas pricing mechanisms.

Indonesia shelves proposed nickel windfall taxes in 2026

Indonesia will not introduce proposed export or windfall taxes on nickel in 2026. The decision removes a potential additional cost for producers and reduces near-term policy uncertainty. The government has not ruled out introducing the measures from 2027.

Nova nickel mine approaches end of operations

IGO Limited's Nova nickel operation in Western Australia is expected to cease mining and processing in late 2026 as it reaches end of life. The closure is expected to have limited impact on global nickel markets but will further reduce Australian nickel production.

In July 2026, IGO entered into a binding agreement to sell the processing plant and associated infrastructure to Global Lithium, which plans to repurpose the assets for its Manna lithium project. The sale of the processing plant to Global Lithium enables the infrastructure to be repurposed for lithium production.

12.3 World consumption

Battery downgrade weighs on demand outlook

Global nickel consumption is projected to grow at an average annual rate of around 4.2% to 2031, following a downgrade to the battery demand outlook since the June 2026 REQ. By major end use:

- **Stainless steel:** Primary nickel consumption in stainless steel is projected to grow by around 2.4% a year to 2031, supported by expanding stainless steel production, particularly in China, Indonesia and India.
- **Battery demand:** Nickel demand in precursor cathode active materials is projected to grow by around 6.6% a year to 2031. The outlook has been revised down from the June 2026 REQ, which forecast annual growth of around 14% to 2030. Lithium iron phosphate (LFP) batteries are becoming increasingly cost-competitive and gaining market share, reducing demand for high-nickel chemistries.

The global consumption outlook has been revised down since the June 2026 REQ. The continued shift towards lithium iron phosphate batteries in electric vehicles and stationary energy storage remains a key downside risk.

Weaker electric vehicle sales in China and the United States, alongside the increasing competitiveness of alternative battery chemistries, could further constrain nickel demand. High nickel pig iron (NPI) prices could also encourage greater use of recycled feedstock in stainless steel production, reducing demand for primary nickel.

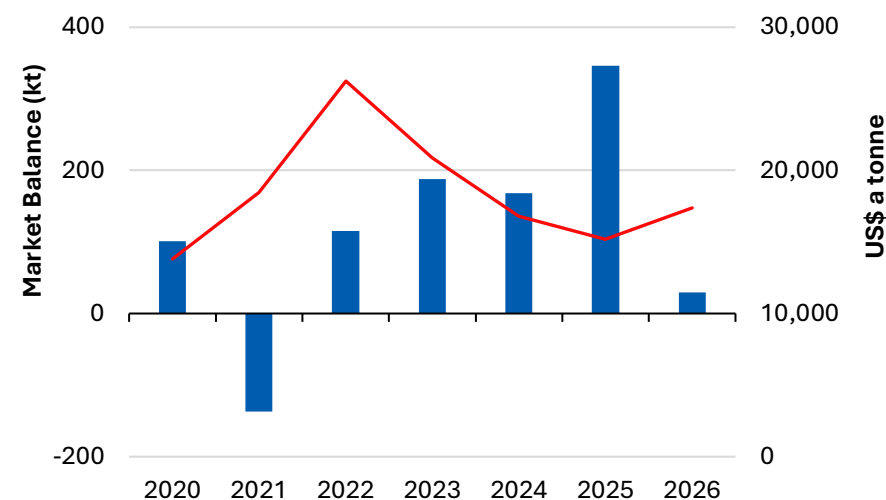
12.4 World production

Nickel market rebalancing likely delayed beyond 2031

Nickel market rebalancing (a sustained shift from surplus to deficit conditions), is now expected by 2033. The nickel market is forecast to remain in surplus throughout the outlook period. Following a prolonged period of oversupply between 2022 and 2025, the market is expected to move close to balance in 2026 before returning to surplus from 2027 (Figure 12.1).

The revised outlook reflects weaker nickel demand from China's battery precursor cathode active material (pCAM) sector following lower electric vehicle (EV) adoption expectations, and the potential for surplus nickel sulphate in Chinese and Indonesian supply chains to be converted into exchange-grade metal, adding further supply to the market.

Figure 12.1: World Nickel Supply/Demand Balance



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

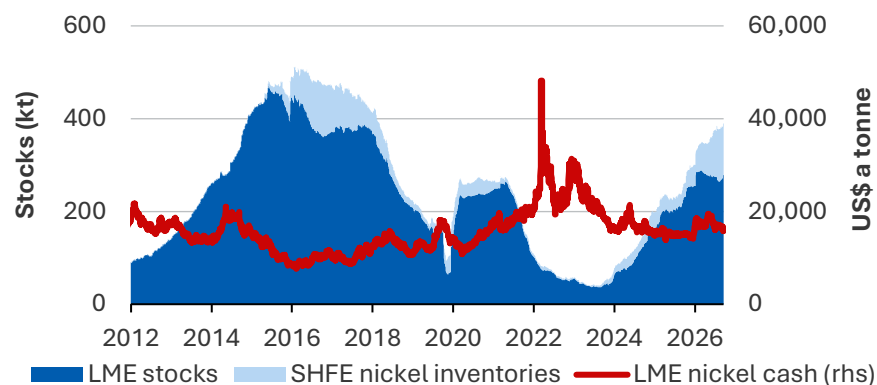
12.5 Prices

Nickel price recovery loses momentum as concerns over Indonesian ore supply ease

Nickel prices recovered in the June quarter 2026 following a prolonged period of oversupply since 2023 (Figure 12.2). Average London Metal Exchange (LME) nickel prices rose to around US\$16,000 a tonne in the first half of August 2026, up from around US\$14,900 a tonne a year earlier. The recovery was driven by concerns over Indonesian ore availability and disruptions to Middle Eastern sulphur exports, which constrained nickel intermediate supply.

However, prices eased from August as Indonesia approved revised 2026 mining quotas for several nickel producers, with Weda Bay subsequently resuming mining operations, improving expectations for near-term ore supply. Nickel prices are forecast to average about US\$17,500 a tonne in 2026 before easing to around US\$17,000 a tonne (real terms) by 2031, as growth in global nickel supply continues to outpace demand.

Figure 12.2: Nickel LME Spot Price



Source: LME (2026); Bloomberg (2026); DISR (2026)

12.6 Australia

Australian nickel production outlook to 2031 remains uncertain, with recovery dependent on new projects

Australian nickel production is expected to decline further in 2026, with IGO's Nova operation scheduled to cease production by year-end as it reaches the end of mine life. Further, BHP is continuing to assess options for its suspended Western Australian nickel assets, with a decision expected by February 2027. As BHP's integrated Nickel West business was Australia's largest nickel producer prior to suspension, a restart or permanent closure would have a material impact on the outlook for Australian nickel production.

Weak nickel market conditions are also encouraging alternative uses for idled infrastructure. The Black Swan, Cosmic Boy and Lake Johnston concentrators are being refurbished to process gold, supported by strong gold prices and the lower cost of repurposing existing facilities. While some plants may retain the ability to process nickel in future, these conversions increase uncertainty over the infrastructure available to support any recovery in Australian nickel production.

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 result in a further reduction in Australia's nickel export earnings in the short term. Exports are forecast to fall from \$1.4 billion in 2025–26 to \$1.2 billion in 2026–27 in real terms (Figure 12.3). 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 \$1.6 billion by 2030–31 (in real terms).

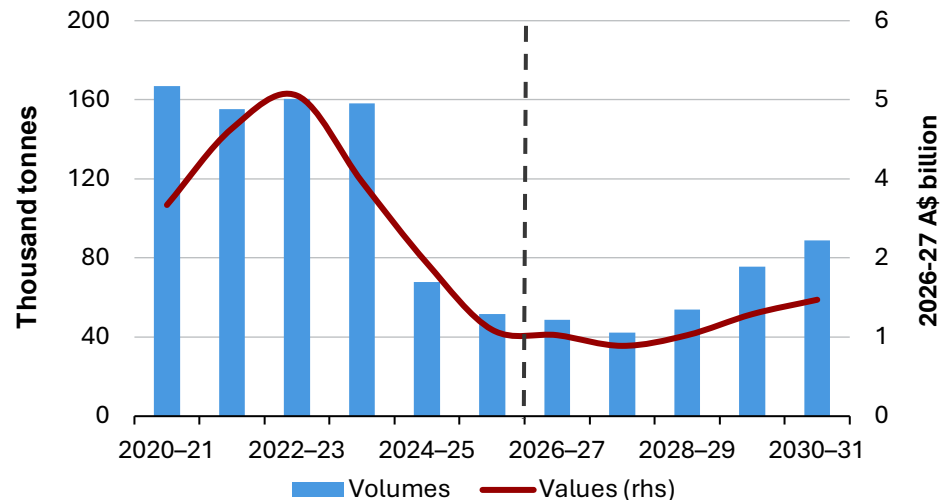
Exploration spending continues to decline in 2025-26

Nickel and cobalt exploration expenditure fell from around \$196 million in 2024–25 to \$121 million in 2025–26, a 38% decline, reflecting subdued prices and weaker project development activity. Spending was broadly flat in the September quarter 2026, increasing by just 2% from the June quarter. Despite this stabilisation, exploration expenditure in the June quarter 2026 was 49% lower year-on-year.

Revisions to the outlook

Forecast export earnings are largely unchanged from the June 2026 REQ. By 2030–31, however, export earnings in real terms have been revised down by around \$0.1 billion.

Figure 12.3: Nickel export volumes and values



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

Table 12.1: Nickel outlook

World	Unit	2025	2026 ^f	2027 ^f	2028 ^f	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
Supply and Demand									
– 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	17,396	17,457	17,507	17,885	18,226	18,837	3.7
	USc/lb	688	789	792	794	811	827	854	3.7
– real ^b	US\$/t	15,417	17,397	17,090	16,937	16,933	16,887	17,080	1.7
	USc/lb	699	789	775	768	768	766	775	1.7
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production									
– Mined ^c	kt	62	49	47	41	54	76	89	12.7
– Refined	kt	47	36	39	39	39	39	39	2.5
– Intermediate	kt	15	0	0	2	11	26	34	N/A
Export volume ^c	kt	81	53	49	42	54	76	89	11.5
Export value									
– nominal value	A\$m	2,320	1,311	1,217	1,064	1,221	1,556	1,775	6.2
– real value ^d	A\$m	2,493	1,356	1,217	1,039	1,163	1,446	1,609	3.5

Notes: **b** In 2026 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2026–27 financial year Australian dollars; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2025–26 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



27% of Global

known zinc
resources



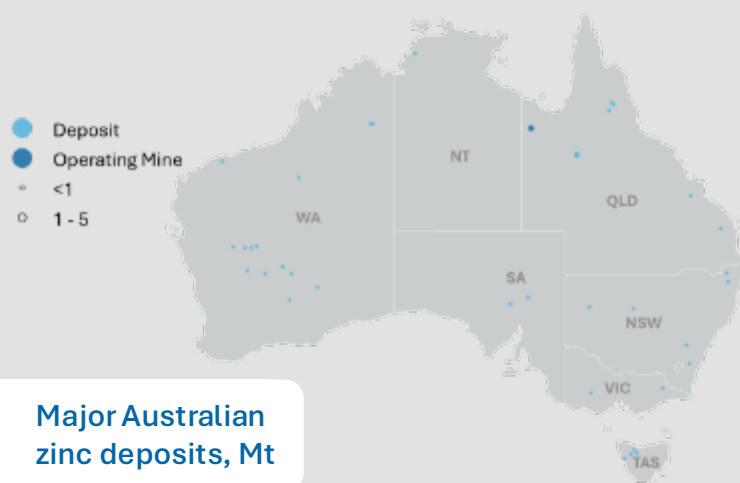
2nd largest

Refined exporter
globally, 2025



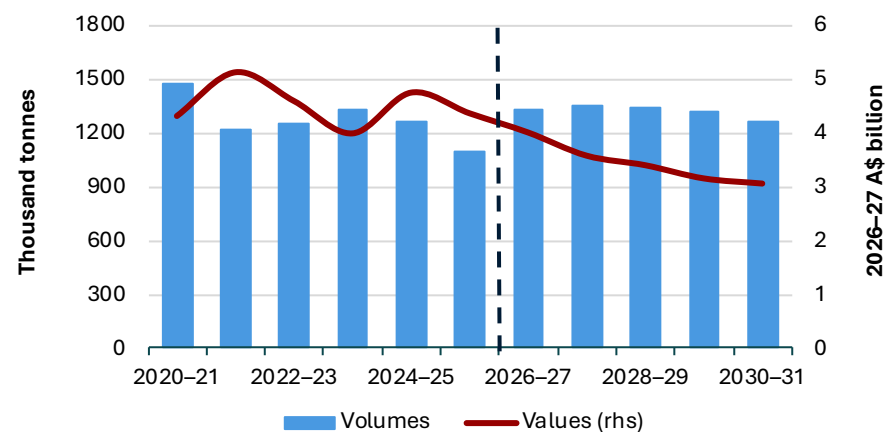
460,000 tonnes

of refined zinc
produced in 2025–26



Source: GA; DISR; OCE

Australian zinc exports



Outlook



Price surged in 2026
but forecast to ease
to 2031



Earnings to ease
as prices are
expected to decline



Production to remain
subdued as output
from older mines
tapers



Exploration spending
increased in June
quarter 2026



Zinc trade map



Source: ILZSG

13.1 Summary

- Zinc prices reached more than US\$4,000 a tonne in September. Prices are forecast to average US\$3,452 a tonne in 2026, before easing to around US\$2,712 a tonne in real terms (base year 2026) by 2031.
- Global supply is expected to grow moderately, supported by new smelting capacity in China. Production outside China is also forecast to increase, though growth will be constrained by tight zinc concentrate supply.
- Australia's zinc export earnings are forecast to fall by \$0.2 billion to \$4 billion in 2026–27. Price declines will see further falls to \$3.1 billion (in real terms, base year 2026–27) by 2030–31.

13.2 Key market updates

The zinc concentrates market remains under pressure, with very low or negative treatment charges

The zinc concentrates market remains under pressure as limited mine supply and strong demand from smelters keep feedstock availability tight. This has pushed treatment charges (TC) to very low levels; in some cases, TCs have been negative. Negative treatment charges mean smelters effectively pay miners for the right to process scarce concentrates. These conditions show that smelters are competing strongly for available supply, especially as new smelting capacity comes online.

While mine output is expected to rise over time, recent disruptions and delays are likely to keep the concentrates market tight in the near term.

Zinc prices have risen since June amid tight concentrate supply and falling London Metal Exchange inventories

Zinc prices have strengthened since June, supported by tight concentrate availability and a drawdown in London Metal Exchange (LME) inventories. A fire at Young Poong's Sukpo smelter in South Korea, together with persistent ramp-up challenges at Boliden's Odda smelter, unsettled the market. LME stocks remained low throughout the September quarter, falling to a quarterly low of 87 kt in August. Limited mine supply and strong competition for concentrates have kept TCs low, increasing concerns about the availability of refined zinc and pushing spot prices higher.

Refined zinc supply is constrained by limited feedstock, maintenance and weather disruptions in China

Refined zinc supply is being held back by tight concentrate availability, which is limiting the amount of feedstock available for smelters. In China, production has been interrupted by scheduled maintenance at some smelters and weather-related disruptions. These constraints have slowed the growth in refined zinc supply and added to concerns about near-term availability.

13.3 World demand

Zinc demand growth remains modest with weak construction activity partly offset by strong manufacturing

Global zinc demand fell by about 1% year-on-year in the June quarter 2026, due to lower usage in South Korea, the US and Brazil. Higher demand in parts of Europe, China, and India partly offset this decline. China's demand has continued to improve gradually, aided by industrial activity and government measures supporting higher-value zinc-coated steel products. India's zinc

demand stayed relatively strong, supported by infrastructure investment and policy measures promoting manufacturing.

Weak construction activities in major economies and broader economic uncertainties are expected to reduce global refined zinc demand by 0.5% in 2026. With construction accounting for over 50% of zinc use (through galvanised steel), softer building activity in China, South Korea and the US will weigh on demand.

Over the longer term, demand is forecast to grow moderately by 0.9% a year, reaching 14.6 Mt by 2031, with growth led by South Asia —especially India — while China’s demand is expected to slow.

13.4 World supply

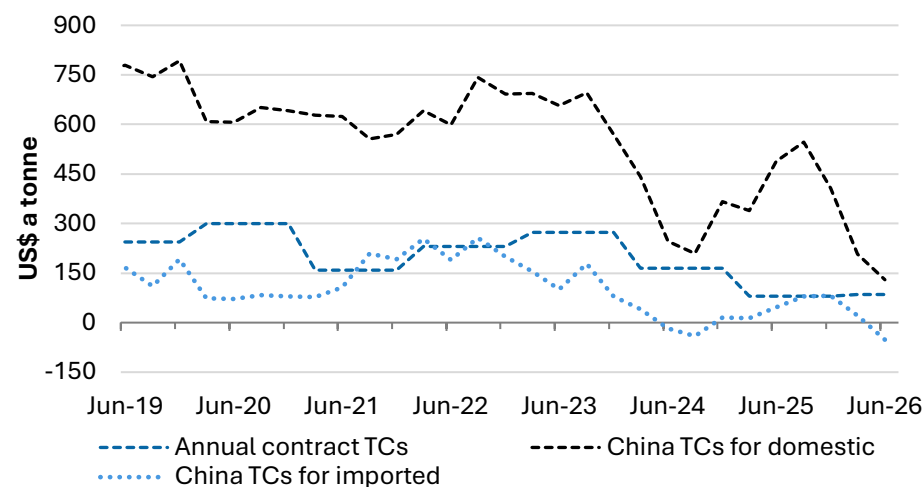
Global mine production is expected to increase, driven by higher output from the DRC, China and Portugal

Global zinc mine output fell by 5.4% year-on-year in the June quarter 2026, mainly due to lower production in Australia, China, the US, and Peru. This decline was partly offset by higher output in Portugal, the Democratic Republic of Congo, Brazil and Mexico. Growth in key producing regions reflected a mix of higher grades, mine restarts and expanding production. Looking ahead, global mine output is projected to grow by 1.6% a year to reach 13.8 Mt by 2031, led by China, the EU and Africa, as new projects ramp up and existing mines expand or reopen.

Refined zinc output also declined by 1.4% year-on-year in the June quarter 2026, mainly due to lower output in Australia, Europe, Peru, and Mexico. Secondary output, largely recovered from scrap, declined slightly and accounts for around 14% of total refined production. Global refined zinc production is expected to grow by 1.1% annually to 14.7 Mt by 2031, led by

China and the EU. However, tight concentrate supply has kept treatment charges under pressure, with recent mine disruptions and expanding smelting capacity limiting the scope for a sharp recovery in TCs over the outlook period (Figure 13.1).

Figure 13.1: Zinc concentrates treatment charges, quarterly



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

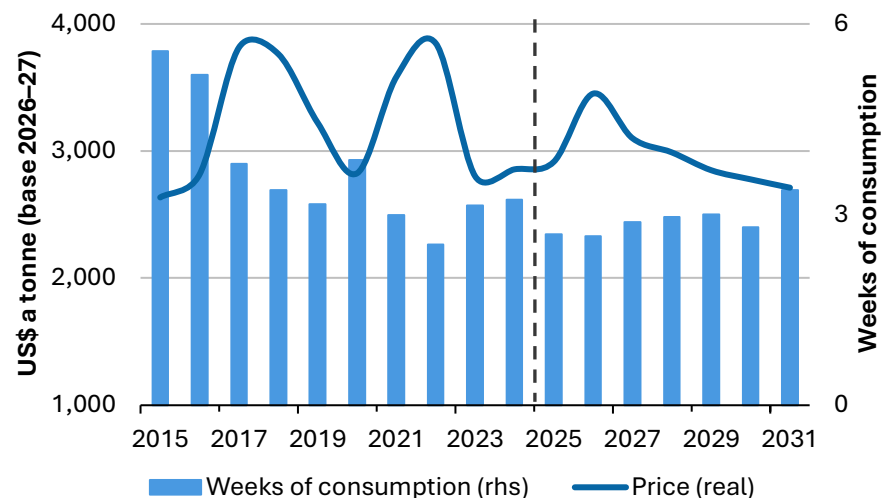
13.5 Prices

Prices are expected to remain elevated through the rest of 2026 before easing toward 2031 as demand slows

Prices are expected to stay relatively high in Q4 2026 before easing gradually from mid-2027. Prices are forecast to average US\$3,452 a tonne in 2026, before easing to around US\$2,712 a tonne in real terms by 2031.

LME stocks were low throughout Q3 2026. However, inventories are expected to rise moderately over the outlook period as supply remains slightly ahead of soft demand (Figure 13.2).

Figure 13.2: Zinc prices (real) and stocks, annual



Source: Department of Industry, Science and Resources (2026); LME (2026); International Lead Zinc Study Group (2026).

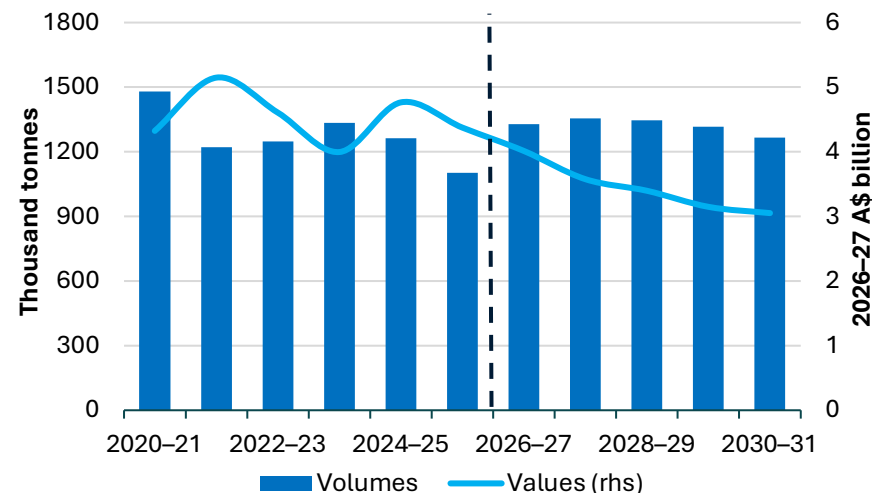
13.6 Australia

Australian export earnings are expected to fall, weighed down by softer prices and lower mine output

Australian mine output is forecast to decline from 2027–28, as older mines deplete and demand slows. Export earnings are forecast to fall from \$4 billion in 2026–27 to \$3.1 billion (real in 2026–27 dollars) in 2030–31, as prices ease (Figure 13.3).

Refined zinc output is projected to rise slightly in 2026–27, before easing to around 455 kt from 2028–29.

Figure 13.3: Australia's zinc export volumes and values, annual



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

Exploration

Zinc, lead and silver exploration expenditure rose by 39% year-on-year in the June quarter 2026, mainly driven by higher investment in Western Australia. Despite quarterly volatility, firm zinc prices are expected to support exploration spending over the outlook period.

Revisions to the outlook

Forecast export earnings for 2026–27 and 2027–28 have been revised up by around \$0.3 billion and \$0.2 billion respectively from the June 2026 *Resources and Energy Quarterly*, reflecting a higher-than-expected prices.

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	12,497	12,463	12,747	13,021	13,215	13,412	13,763	1.6
– refined ^a	kt	13,789	13,733	14,101	14,340	14,698	14,743	14,731	1.1
Consumption	kt	13,810	13,743	14,028	14,303	14,665	14,607	14,568	0.9
Closing stocks	kt	715	704	777	815	847	787	950	4.9
– weeks of consumption		2.7	2.7	2.9	3.0	3.0	2.8	3.4	3.9
Price									
– nominal	US\$/t	2,867	3,452	3,167	3,090	3,009	2,997	2,991	0.7
	USc/lb	130	157	144	140	136	136	136	0.7
– real ^b	US\$/t	2,915	3,452	3,101	2,989	2,849	2,777	2,712	-1.2
	USc/lb	132	157	141	136	129	126	123	-1.2
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Mine output	kt	1,115	1,126	1,117	1,161	1,157	1,119	1,033	-1.7
Refined output	kt	429	459	463	460	455	455	455	-0.2
Export volume									
– ore and concentrate ^c	kt	1,862	1,492	1,915	1,978	1,968	1,902	1,800	3.8
– refined	kt	389	408	440	437	434	434	432	1.1
– total metallic content	kt	1,264	1,101	1,328	1,354	1,346	1,316	1,266	2.8
Export value									
– nominal	A\$m	4,433	4,230	4,013	3,663	3,566	3,388	3,366	-4.5
– real ^d	A\$m	4,765	4,374	4,013	3,576	3,397	3,148	3,051	-7.0

Notes: **a** Includes secondary refined zinc; **b** In 2026 calendar year US dollars; **c** Quantities refer to gross weight of all ores and concentrates; **d** In 2026–27 financial year Australian dollars; **f** Forecast; **r** Average annual growth between 2025 and 2031 or 2025–26 and 2030–31; **z** Projection.

Source: ABS (2026), International Trade, 5465.0; LME (2026) spot price; International Zinc and Lead Study Group (2026); DISR (2026)



Lithium

Australia's lithium sector



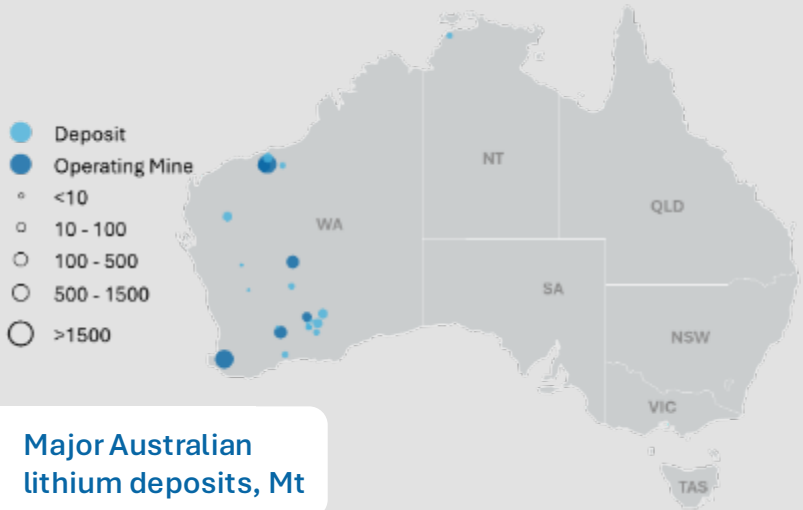
95% of concentrate exports
shipped to China in 2025



33% of global extraction
in 2025, 2nd highest reserves globally

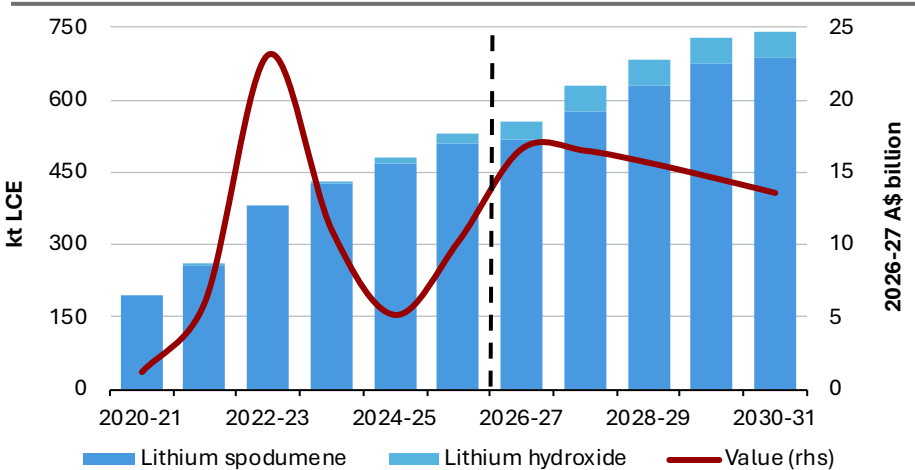


Australia's lithium hydroxide
Output to more than double by 2031



Sources: GA; DISR; OCE

Australian lithium exports



Outlook



Forecast earnings to peak in 2026-27



Australian mine output to grow strongly through 2031



Supply disruptions tighten global lithium markets



New supply growth led by Australia, China and Argentina

14.1 Summary

- Spodumene prices are expected to average around US\$2,410 a tonne in 2026 before easing to around US\$1,500 a tonne by 2031 as global supply expands. Prices for lithium hydroxide are projected to decline from US\$21,100 a tonne to US\$16,200 a tonne over the same period in real terms by 2031.
- Australian mine output is forecast to grow by around 8.8% a year to 2031, supported by expansions at existing operations and the ramp-up of new projects.
- Australia's lithium export earnings are forecast to increase from nearly \$10 billion in 2025–26 to over \$17 billion in 2026–27 driven by higher prices and increased export volumes. These are expected to moderate to around \$15 billion by 2030–31 (\$14 billion in real terms) as prices ease from current levels.

14.2 Key market updates

Recent developments have tightened near-term market conditions and provided support to prices, although the market is still expected to remain in surplus for most of the outlook period.

In China, changes to battery taxation may support the development of sodium-ion and solid-state technologies. While the uptake of these technologies is not expected to materially change the outlook for lithium-ion batteries, history has shown that battery chemistry technology (and the underlying economics) can change quicker than anticipated.

Delays to CATL lithium mine restart could tighten global supply

Uncertainty over the restart of Contemporary Amperex Technology Co. Limited (CATL)'s Jianxiawo lithium mine in China is increasing the risk of tighter market conditions through 2027. The mine has been suspended since August 2025, affecting around 60 kt of lithium carbonate equivalent supply. Combined with regulatory reviews of other Jiangxi operations, prolonged disruptions could significantly reduce the expected surplus in 2026 and bring forward market rebalancing.

Australian producers pursue new lithium processing pathways

Australian lithium producers are pursuing downstream processing opportunities despite challenging refining economics. Pilbara Minerals has commenced commissioning of its Mid-Stream Demonstration Plant, with first lithium phosphate production expected by the time this publication is released. Other producers are also assessing opportunities to capture greater value from Australia's lithium resources.

Chinese lithium-ion battery tax could support alternative technologies

China has imposed a 2% consumption tax on lithium-ion batteries from 1 September 2026, rising to 4% from 1 September 2027. Sodium-ion and solid-state batteries will remain exempt until the end of 2028, potentially supporting their development and adoption. CATL unveiled a sodium-ion energy storage system in June 2026, although lithium iron phosphate (LFP) batteries continue to account for more than 90% of the global energy storage battery market.

14.3 World consumption

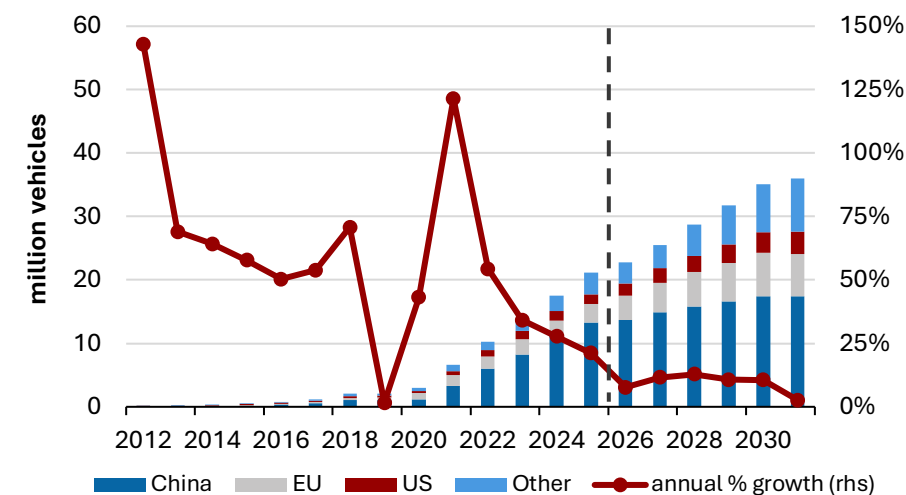
EV and energy storage growth underpin demand outlook

Global lithium consumption is projected to grow by more than 11% a year to 2031, supported by continued electric vehicle (EV) adoption and rapid deployment of battery energy storage systems. By major end use:

Electric vehicles: Global EV sales grew by 21% in 2025, led by China and the EU. By 2031, annual sales are projected to reach around 17 million vehicles in China and 6.6 million in the EU (Figure 14.1). Growth in the United States is expected to be more moderate following the expiry of EV tax credits.

EV penetration in China is projected to rise from 53% in 2025 to 81% in 2031, while the EU rate is forecast to reach 56%, supported by vehicle emissions standards. US penetration is projected to increase more modestly to 12%.

Figure 14.1: Global passenger EV sales volumes and growth



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

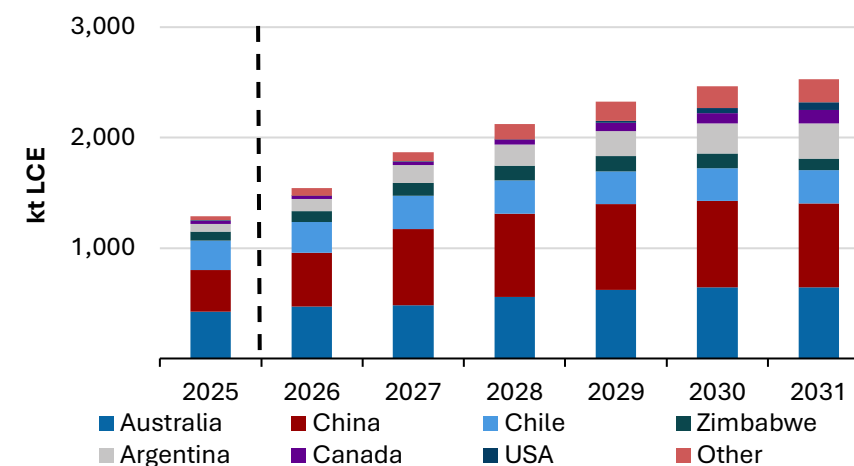
Battery energy storage: Rapid BESS deployment is providing an increasingly important source of lithium demand. Global additions reached 108 GW in 2025, up 40% from 2024, while installed capacity has increased more than elevenfold since 2021. Growth is predominantly supported by lithium iron phosphate batteries. Chinese EV exports and restocking across the battery supply chain are supporting near-term lithium consumption. However, weaker-than-expected EV sales, policy changes in major markets and competition from alternative battery technologies remain key downside risks.

14.4 World production

Global lithium supply growth to be led by new expansions in Australia, China and Argentina

Global lithium supply is projected to grow by 7.3% annually over the outlook period, reaching almost 2.4 Mt of lithium carbonate equivalent (LCE) by 2031 (Figure 14.2).

Figure 14.2: Global lithium extraction

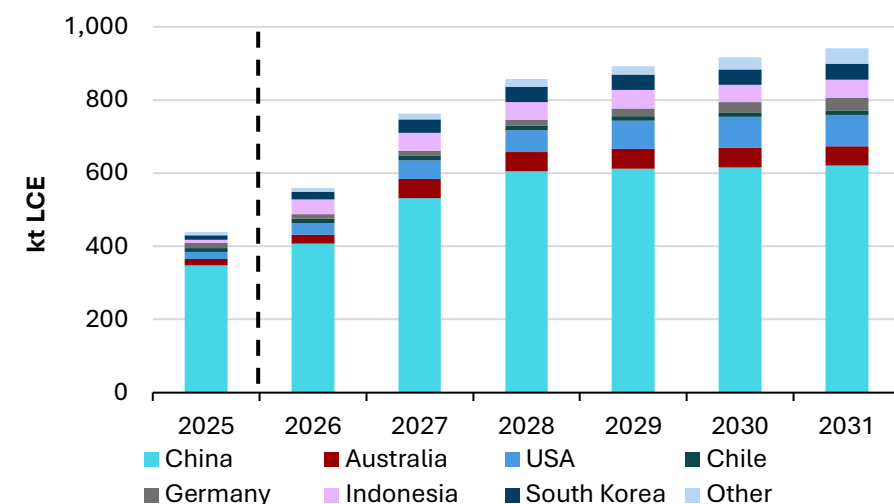


Source: Department of Industry, Science and Resources (2026), Wood Mackenzie (2026)

Australia, Argentina and China are forecast to account for most of this gain, with China forecast to overtake Australia in lithium extraction in 2026.

China's share of global lithium carbonate output is forecast to rise from about 62% in 2026 to 65% in 2031, driven by continued expansion of hard-rock conversion capacity and slower growth among other major producers. China is also expected to remain the dominant producer of including lithium hydroxide, accounting for two-thirds of global output in 2031 (Figure 14.3).

Figure 14.3: Global primary lithium hydroxide production



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

Australian lithium mine output is projected to grow by about 8% a year, driven by expansions at Pilgangoora and Greenbushes (see Australia section). However, stronger growth in China, Argentina and Canada is expected to slightly reduce Australia's share of global lithium extraction over the outlook period.

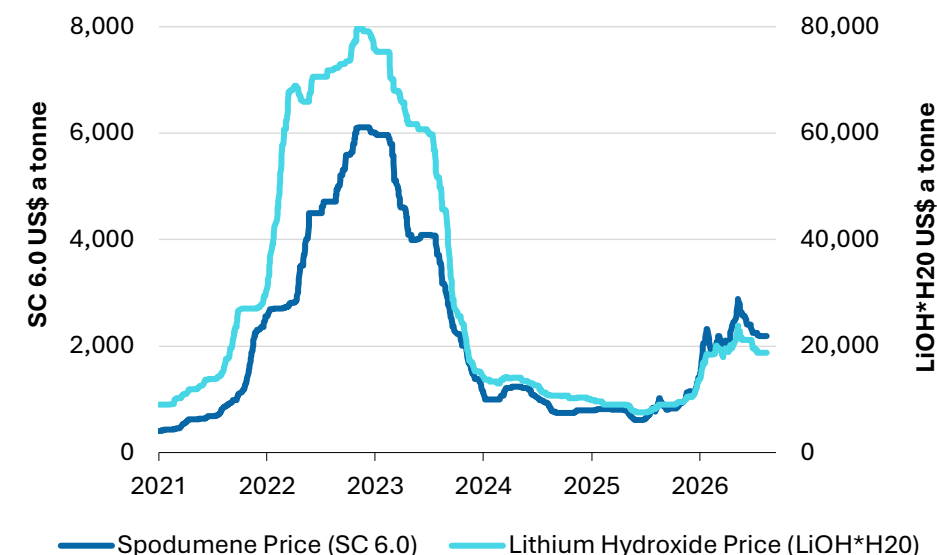
Argentina's share of global lithium extraction is expected to increase from around 8% in 2026 to around 11% by 2031 as major brine projects, including Rio Tinto's Rincon project, come online.

14.5 Prices

Supply disruptions are driving lithium price surge

Lithium prices have recovered strongly over the past year. Spodumene prices rose from an average of around US\$720 a tonne in July 2025 to US\$2,200 a tonne in July 2026 (CIF China), while lithium hydroxide prices more than doubled to average US\$19,100 a tonne (FOB China) over the same period (Figure 14.4).

Figure 14.4: Spodumene and lithium hydroxide prices



Source: Bloomberg (2026)

Resilient EV and energy storage demand, lower inventories and supply disruptions in China and Zimbabwe supported the recovery. Prices have since moderated as expectations of additional supply increased, including a possible restart of CATL's Jianxiawo mine and higher Australian output.

Spodumene, the principal lithium-bearing concentrate and key feedstock for lithium hydroxide production, is forecast to average around US\$2,410 a tonne in 2026 before easing to around US\$1,500 a tonne by 2031 as global supply expands. Prices for lithium hydroxide, a downstream battery chemical, are projected to decline from US\$21,100 a tonne to US\$16,200 a tonne over the same period in real terms.

14.6 Australia

Australian lithium output to grow strongly through 2031

Australia's mined lithium output increased by 7.4% in the June quarter 2026 compared with the same period in 2025 (SC6.0 equivalent), reflecting ramp-ups at Mt Holland and Kathleen Valley. Mine production is forecast to grow by 8% a year to 2031, reaching around 5,800 kt, supported by expansions at Greenbushes, Pilgangoora, Mt Holland and Mt Marion. Restarts at Bald Hill and Finniss could add to Australian production.

Australia's lithium hydroxide production increased by 83% in the June quarter 2026 compared with the same period in 2025 (LCE equivalent), reflecting first production from the Covalent refinery and ramp-up at IGO/Tianqi's Kwinana facility.

Despite Albemarle placing Kemerton in care and maintenance in 2026, lithium hydroxide output is expected to grow to around 53 kt by 2031, up from around 25 kt in 2025. Lithium hydroxide

export earnings are forecast to increase from around \$0.5 billion to more than \$1.3 billion over the same period.

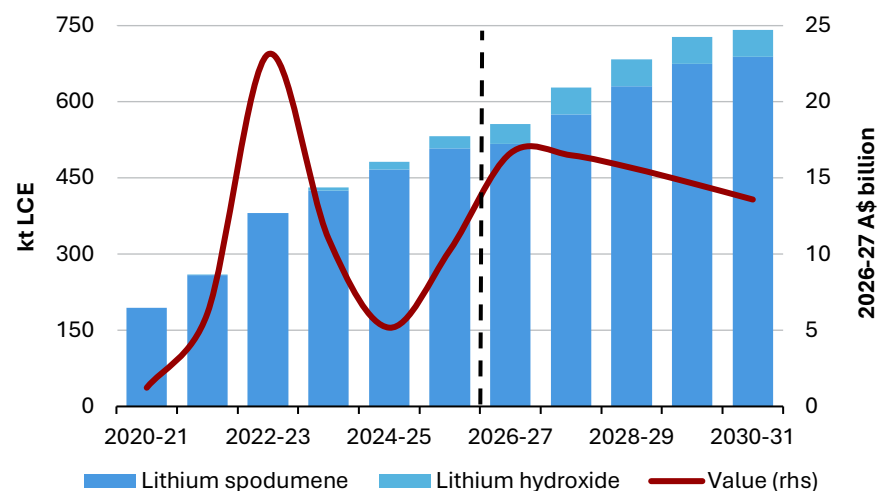
Export earnings to peak in 2026-27 before moderating

Australia's lithium export earnings are forecast to peak at \$16.6 billion in 2026-27 before easing to \$13.6 billion in 2030-31 as prices moderate, with spodumene accounting for most export value (Figure 14.5).

Revisions to the outlook

Nominal export earnings for 2026-27 have been revised up by \$3.7 billion since the June 2026 REQ, reflecting higher lithium prices and spodumene output.

Figure 14.5: Australia's lithium export volumes and values



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

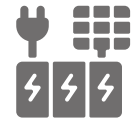
Table 14.1: Lithium outlook

World	Unit	2025	2026 ^f	2027 ^f	2028 ^f	2029 ^z	2030 ^z	2031 ^z	CAGR ^r
Production ^a	LCE kt	1,729	1,716	1,945	2,150	2,276	2,379	2,636	7.3
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	2,411	2,336	2,170	1,915	1,743	1,652	12.8
– real ^b	US\$/t	817	2,411	2,287	2,100	1,813	1,615	1,498	10.6
Lithium hydroxide price									
– nominal	US\$/t	9,274	21,087	21,447	20,825	19,376	19,081	17,887	11.6
– real ^b	US\$/t	9,429	21,088	20,995	20,147	18,344	17,679	16,218	9.5
Australia	Unit	2024–25	2025–26	2026–27 ^f	2027–28 ^f	2028–29 ^z	2029–30 ^z	2030–31 ^z	CAGR ^r
Production									
– Mine (spodumene concentrate)	kt LCE	460	486	556	628	684	728	742	8.8
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	15.6
– Total lithium exports	kt LCE	466	509	556	628	684	728	742	7.8
Export value									
– Total (nominal) ^c	A\$m	4,812	9,909	16,624	16,891	16,445	15,767	14,984	8.6
– Total (real) ^{c,g}	A\$m	5,172	10,247	16,624	16,489	15,663	14,650	13,583	5.8

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 2025 to 2031 or 2025–26 and 2030–31; **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



\$7.2 billion

in real exports by
2030–31



**New refined
production**

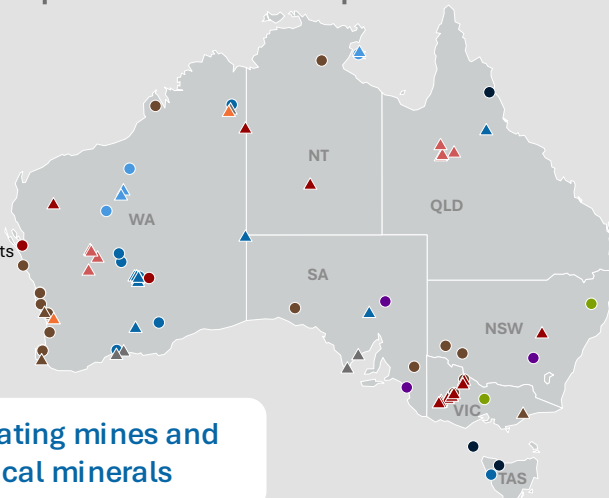
in antimony, gallium
and rare earths



**Australia's
Strategic Reserve**

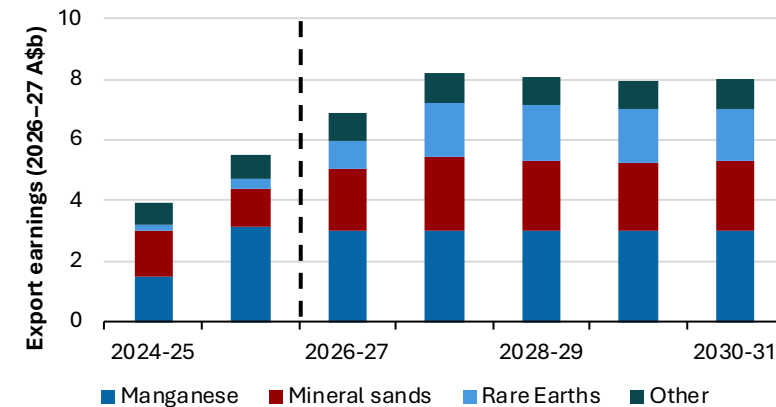
operational in second
half of 2026

- △ Deposit
- Operating Mine
- Antimony
- Cobalt
- Graphite
- Magnesite
- Manganese
- Mineral Sands
- Platinum Group Elements
- Rare Earth Elements
- Tungsten
- Vanadium



**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



Export restrictions
continue to affect
supply and prices of
some critical minerals



Financing support is
driving new mining and
refining capacity
outside of China



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 \$7.9 billion in 2030-31 (\$7.2 billion in real terms).
- Combined with lithium and nickel, Australia's critical minerals exports will grow from \$25 billion this financial year to \$26 billion next financial year, before easing to \$25 billion in 2030-31 (\$22 billion in real terms).
- Manganese, mineral sands and rare earths account for most 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.
- Australian projects continue to receive support from international producers and governments, as efforts to diversify supply chains continue.

15.2 Key market updates

Market developments over the past quarter have generally been in line with trends seen over the past several quarters: the pipeline of mining and refining projects outside of China continues to expand — particularly in rare earths — while export restrictions have contributed to supply shortages and price volatility in select markets.

There has been an acceleration in project-level financing in the quarter, as critical mineral coordination has moved from setting of frameworks to direct project investment. The United States is leading this shift, although many announced commitments remain conditional or non-binding. This investment may support

greater supply-chain diversification over time, but new capacity will take several years to come online.

Antimony prices continue to fall in Chinese markets, as export controls sustain regional differences

Chinese antimony prices have fallen to their lowest level in around two years. Rising ore imports have led to improved feedstock availability and higher production, while demand growth has been relatively subdued.

Domestic antimony prices have fallen more sharply than export prices over 2026. Export licensing requirements continue to constrain trade flows, limiting the movement of material between domestic and international markets. As a result, regional price differentials have persisted despite softer global demand and improving supply conditions.

Rare earths, scandium projects in NSW attract international investment

Efforts to diversify critical minerals supply chains are attracting international investment to Australian projects. RZ Resources' Copi Project in south-west New South Wales has secured backing from Japanese investors JX Advanced Metals and Marubeni, and is expected to produce zirconium, titanium and rare earth feedstocks from around 2029.

In August 2026, the United States Department of War announced a US\$400 million conditional loan for Sunrise Energy Metals' Syerston scandium project near Fifield. The project aims to become the world's first primary scandium mine, with planned production from 2028. Scandium is used in high-strength, lightweight aluminium alloys for aerospace and defence applications, and in solid oxide fuel cells for data centres and other energy-intensive applications.

15.3 Global market dynamics

Project announcements show critical minerals coordination moving towards implementation

Government intervention in critical minerals markets has increased substantially over 2026. Governments are increasingly using project financing, offtake arrangements, and broader permitting support to accelerate new critical minerals production. This increasingly reflects the importance of critical minerals within broader supply chains; while critical minerals are often used in small quantities in high-value downstream sectors, a supply disruption risks halting production.

The US and Australia have outlined more than A\$5 billion in prospective support for Australian critical minerals projects. Canada is implementing more than C\$3.6 billion in programs and investments announced in March 2026, with a strong focus on transport, energy and processing infrastructure.

The European Union is supporting critical minerals projects through its Strategic Projects framework under the Critical Raw Materials Act; the EU Raw Materials Platform to match supply and demand; and European Investment Bank financing to advance priority extraction, processing and recycling projects across the value chain.

International policy coordination is expected to remain an important driver of critical minerals markets. On 17 June 2026, G7 leaders announced a target to reduce dependence on any single non-G7 supplier of rare earths and permanent magnets to below 60% by 2030, alongside commitments on financing, stockpiling and supply chain development.

Export restrictions continue to affect availability and prices of critical technology inputs

Export restrictions continue to affect the regional availability and pricing of critical technology inputs. For example, Chinese exports of heavy rare earths, yttrium and gallium to Japan have fallen sharply over the first half of 2026. Heavy rare earths are required for high-performance rare earth permanent magnets, while yttrium and gallium are used in semiconductor, aerospace and other advanced-technology applications. Tungsten exports have also been affected by export controls, a key input into advanced semiconductor manufacturing.

Most current restrictions operate through licensing requirements, rather than outright export bans. These restrictions limit which producers can export, and which customers can purchase exported material. In some cases, controls can also apply to equipment, technology, and intellectual property used to process select minerals.

While some of China's expanded rare earth export controls announced in October 2025 were suspended until November 2026, export licensing requirements for several medium and heavy rare earth elements remain active. The scheduled expiry of the suspension in late 2026 creates continuing uncertainty for manufacturers reliant on Chinese rare earth supply chains.

15.4 Australia

Australia's rare earth industry to lead growth in other critical minerals exports

Export earnings for other critical minerals are expected to increase to \$7.8 billion in 2027–28 in real terms. Exports of manganese (\$3.0 billion) and mineral sands (\$2.3 billion) remaining the largest categories of other critical mineral exports.

Exports of rare earth elements (REEs) are expected to more than triple in nominal terms, to reach \$1.8 billion by the end of the outlook period. 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. Separated rare earth oxides production from Iluka's Eneabba refinery and Arafura's Nolans integrated facility will add to Australia's REE exports over the outlook period.

Total critical minerals exports (inclusive of lithium and nickel) are expected to peak at \$26 billion in 2027–28, before easing to \$22 billion in 2030–31.

Mixed developments across Australia's critical minerals industry

EQ Resources saw increased mined tungsten output at Mount Carbine due to moving into a higher-grade zone. The company also approved an expansion plan to double the throughput of the crusher circuit to 2Mtpa from March quarter 2027.

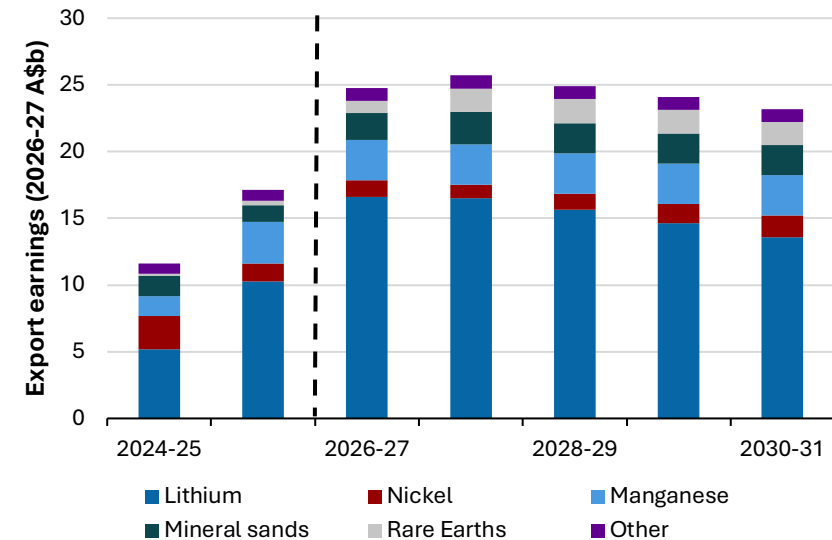
Construction commenced at the Wagerup gallium facility in August 2026. The project is designed to produce up to 100tpa of gallium — approximately 10% of global demand.

The Liberty Bell Bay manganese smelter was placed into liquidation in August 2026.

Revisions to the outlook

Export earnings for 2025–26 have been revised down by around \$0.1 billion from the June 2026 Resources and Energy Quarterly, reflecting lower than expected Australian production. Future exports have also been downgraded slightly.

Figure 15.1: Critical minerals export values (real)



Source: ABS (2026); International Trade in Goods and Services, 5368.0; UN Comtrade (2026); Department of Industry, Science and Resources (2026).

Table 15.1: Australian production of other critical minerals

	Unit	2024-25	2025-26	2026-27 ^f	2027-28 ^f	2028-29 ^z	2029-30 ^z	2030-31 ^z	CAGR
Ore and concentrate products									
Antimony	t	817	1,298	3,378	5,756	5,778	5,528	5,378	33
Heavy mineral concentrate	kt	2,830	2,582	3,264	3,601	3,466	3,441	3,442	6
Magnesium	kt	405	455	455	455	455	455	455	0
Manganese	kt	2,242	5,411	5,692	5,692	5,692	5,692	5,692	1
Rare earth concentrates (TREO)	kt	10.5	13.8	26.0	26.0	27.7	32.9	35.3	28
<i>NdPr content</i>	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	0	0	0	0	0	0	N/A
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
<i>NdPr content</i>	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 WO₃; ^f Forecast; ^z Projection. CAGR calculated from 2025–26.

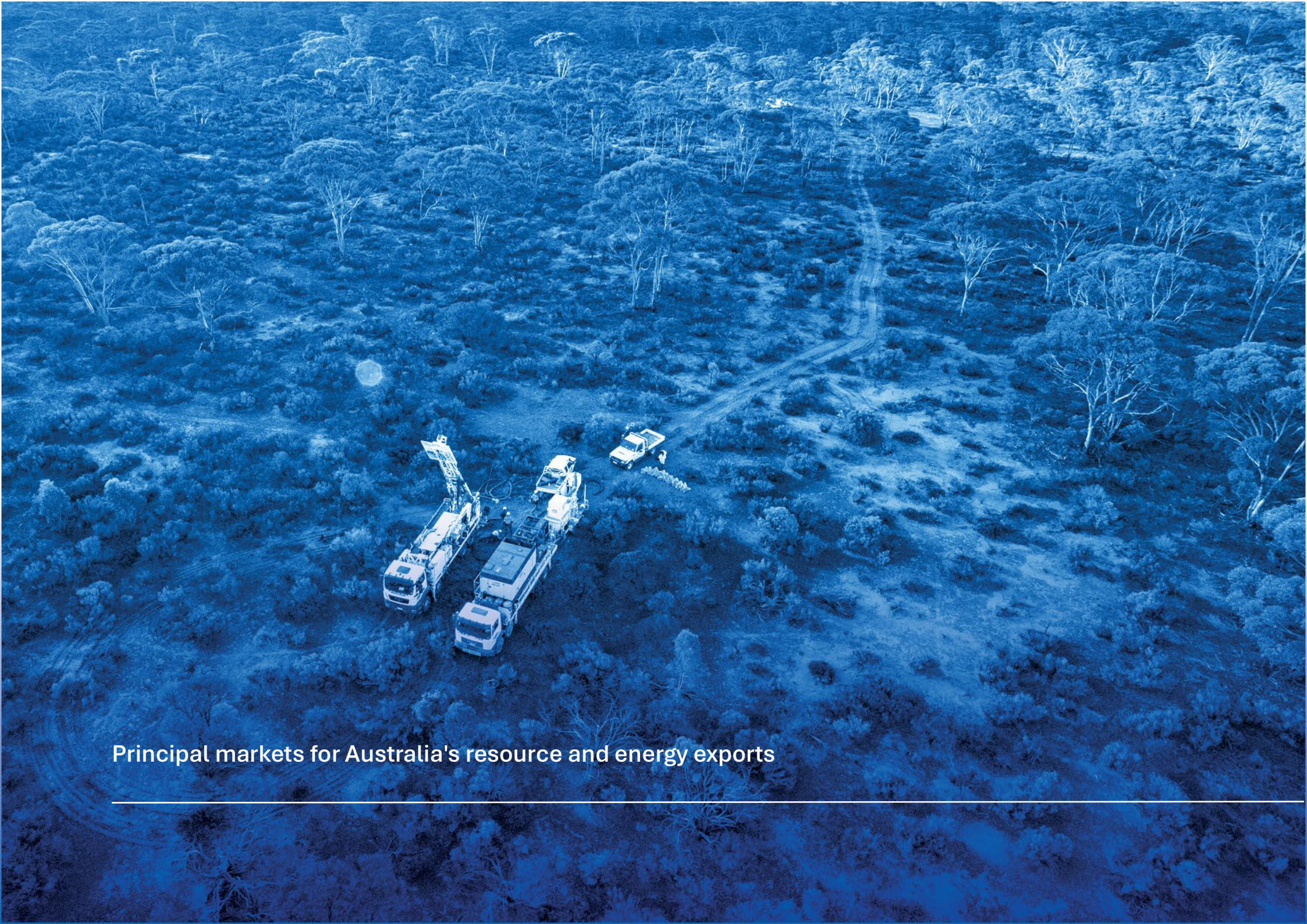
Source: Department of Industry, Science and Resources (2026); Company reports.

Table 15.2: Export outlook

Export earnings	2024-25	2025-26	2026-27 ^f	2027-28 ^f	2028-29 ^z	2029-30 ^z	2030-31 ^z	CAGR
Antimony	84	72	196	304	281	273	262	29
Cobalt	133	113	116	120	118	118	118	0.9
Manganese^a	1,311	2,473	2,910	2,937	2,844	2,909	2,870	3.0
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	1,490	1,082	2,048	2,521	2,377	2,312	2,358	17
Critical minerals NEC	107	120	115	116	117	118	119	-0.1
Other Critical Minerals								
Total – nominal	3,942	5,506	6,820	8,211	8,012	7,945	7,925	7.8
Total – real^d	4,083	5,506	6,820	8,015	7,631	7,382	7,184	5.0
Lithium and Nickel								
Lithium – real^d	5,172	10,247	16,624	16,489	15,663	14,650	13,583	5.8
Nickel – real^d	2,493	1,356	1,217	1,039	1,163	1,446	1,609	3.5
Total Critical Minerals								
Total – nominal	11,074	16,726	24,661	26,166	25,678	25,268	24,684	8.1
Total – real^d	11,661	16,463	24,661	25,544	24,456	23,478	22,376	5.4

Notes: **a** Mirror data; **d** In 2026–27 Australian dollars (millions); **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	2021–22	2022–23	2023–24	2024–25	2025–26	Share (2025–26)
China	\$m	139,494	166,629	171,928	129,711	147,432	36.6%
Japan	\$m	62,790	89,173	75,415	35,082	32,995	8.2%
Other Asia	\$m	46,261	51,439	55,792	46,241	61,179	15.2%
South Korea	\$m	35,079	38,305	44,246	24,271	26,772	6.6%
India	\$m	26,713	21,203	21,369	19,782	17,267	4.3%
EU28	\$m	13,711	14,086	13,347	19,490	23,523	5.8%
Other	\$m	97,602	85,365	32,895	111,356	93,980	23.3%
Total	\$m	421,651	466,200	414,991	385,933	403,149	–

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	2021–22	2022–23	2023–24	2024–25	2025–26
China	\$m	108,307	104,777	116,280	98,698	101,496
South Korea	\$m	8,293	6,932	7,724	6,642	6,583
Japan	\$m	10,257	8,073	8,191	6,420	6,382
Trading Partner (Taiwan)	\$m	2,793	1,974	2,235	1,633	1,697
Viet Nam	\$m	1,574	958	1,300	1,404	1,333
Indonesia	\$m	858	1,026	1,244	862	991
India	\$m	34	67	498	371	63
Other	\$m	372	324	379	292	182
Total	\$m	132,489	124,131	137,850	116,326	118,727

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	2021–22	2022–23	2023–24 ^c	2024–25 ^c	2025–26 ^c
Japan	\$m	24,800	34,508	na	na	na
China	\$m	21,420	19,833	na	na	na
South Korea	\$m	11,473	18,310	na	na	na
Trading Partner (Taiwan)	\$m	7,521	12,070	na	na	na
Singapore	\$m	2,377	3,165	na	na	na
Malaysia	\$m	559	2,121	na	na	na
Other ^b	\$m	2,421	2,231	na	na	na
Total	\$m	70,571	92,237	68,588	64,625	55,361

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, 2025–26 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	2021–22	2022–23	2023–24	2024–25	2025–26
Japan	\$m	23,819	37,712	15,972	14,065	15,972
China	\$m	0	3,505	8,814	8,431	8,814
Trading Partner (Taiwan)	\$m	6,636	9,456	4,840	3,097	2,311
Vietnam	\$m	1,688	2,205	1,800	1,805	4,840
South Korea	\$m	6,819	4,774	2,311	1,454	2,311
Malaysia	\$m	1,432	2,363	1,096	1,355	1,043
Thailand	\$m	808	655	589	521	557
Total	\$m	46,258	65,500	37,214	31,993	29,624

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	2021–22	2022–23	2023–24	2024–25	2025–26
India	\$m	20,889	17,078	15,376	10,128	10,146
Japan	\$m	14,131	15,642	12,897	8,556	7,832
South Korea	\$m	9,430	8,249	6,829	5,407	4,971
China	\$m	0	492	1,982	2,672	3,187
Netherlands	\$m	4,102	3,609	3,456	2,647	2,268
Trading Partner (Taiwan)	\$m	3,967	3,752	3,057	2,315	2,207
Other	\$m	15,070	13,101	10,577	7,589	7,098
Total	\$m	67,588	61,922	54,176	39,314	37,709

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	2021–22	2022–23	2023–24	2024–25	2025–26
United States of America	\$m	1,382	1,251	1,709	13,360	4,774
United Kingdom	\$m	196	1,217	3,497	11,020	13,480
Hong Kong (Sar of China)	\$m	4,893	3,778	11,223	5,872	22,263
India	\$m	1,928	1,508	2,812	5,418	3,645
China	\$m	8,179	8,141	5,119	2,283	12,670
Other	\$m	6,616	8,510	8,570	8,943	12,840
Total	\$m	23,194	24,406	32,931	46,895	69,671

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	2021–22	2022–23	2023–24	2024–25	2025–26
China	\$m	4,725	19,788	9,473	4,057	7,698
South Korea	\$m	46	90	47	111	167
Belgium	\$m	85	169	72	15	22
United States	\$m	37	15	25	4	3
Other	\$m	na	na	90	92	115
Total	\$m	4,899	20,069	9,727	4,295	8,374

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	2021–22	2022–23	2023–24	2024–25	2025–26
China	\$m	1,958	2,351	2,588	3,186	4,235
Malaysia	\$m	961	1,084	1,078	1,269	1,389
India	\$m	941	457	709	951	1,310
South Korea	\$m	1,375	1,410	852	715	886
Trading Partner (Taiwan)	\$m	719	511	835	1,056	589
Other	\$m	6,173	6,450	5,340	5,334	4,997
Total	\$m	12,128	12,262	11,402	12,510	13,406

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	2021–22	2022–23	2023–24	2024–25	2025–26
Bahrain	\$m	923	1,559	1,614	2,514	1,042
UAE	\$m	747	1,075	1,238	1,777	899
Qatar	\$m	424	638	611	794	260
South Africa	\$m	433	660	766	1,171	635
China	\$m	323	421	589	183	1,065
Other	\$m	6,127	3,955	3,668	5,715	3,060
Total	\$m	8,977	8,308	8,486	12,155	6,961

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	2021–22	2022–23	2023–24	2024–25	2025–26
South Korea	\$m	1,029	1,538	1,429	1,528	1,271
Japan	\$m	1,505	1,319	1,076	1,520	1,365
Vietnam	\$m	397	318	531	670	944
Trading Partner (Taiwan)	\$m	618	319	433	607	622
Thailand	\$m	521	347	404	575	754
Other	\$m	1,640	1,440	1,219	1,111	1,649
Total	\$m	5,710	5,281	5,092	6,011	6,605

Source: ABS (2026) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2026).



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 Table 2.2 in the Macroeconomic outlook chapter.

Information in this edition of the REQ is current as of 20 September 2026.