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Executive Summary

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

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

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

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

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

Risks to the Australian export earnings forecast include:

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

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

Overview



Australia's resources and energy sector



Contributes
around
11% of GDP



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



Directly employs
around
300,000 people

Outlook



Near term surge in
resource and energy
exports due to the
Middle East conflict



Near-term outlook
for world growth has
been hurt by the
Middle East conflict



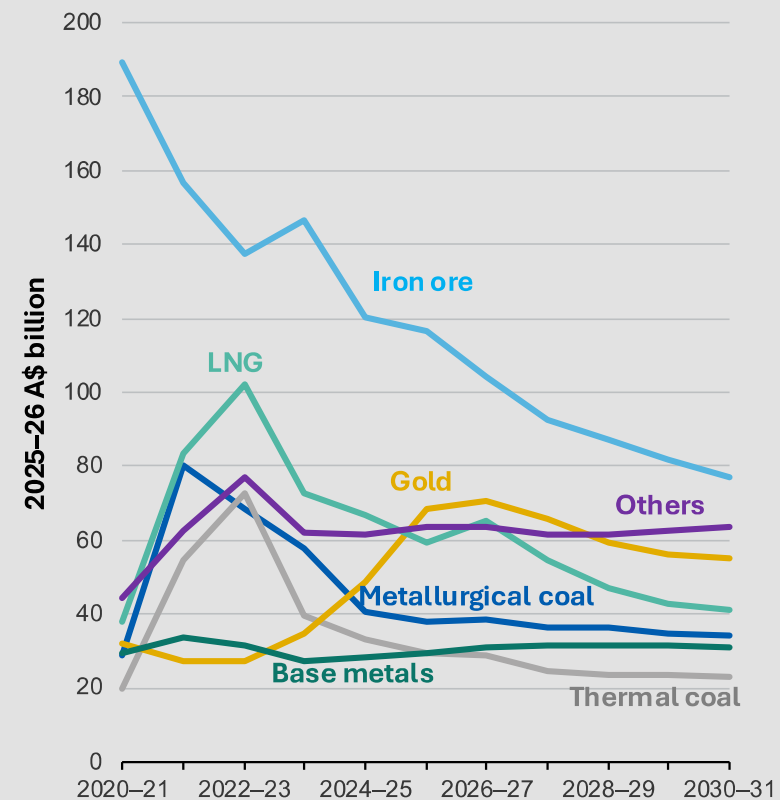
Energy and supply
chain security is
becoming a much
higher priority



Investment in new
Australian deposits
and mines to grow

Source: ABS; DISR; OCE

Australian resources and energy exports



1.1 Summary

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

1.2 Macroeconomic, geopolitical and policy factors

Outlook for medium-term world growth improved modestly

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

The impact of supply disruptions due to the Middle East conflict and ongoing shifts in trade barriers will be largely offset by higher investment in AI infrastructure (especially in North America and

Asia), supply chains and low emission technologies, and by accommodative macroeconomic policy. US and China growth will continue to drive growth at the global level. Should the Strait of Hormuz fail to re-open to normal shipping and some Middle Eastern production capacity remains stranded, world growth will suffer. Emerging nations will account for the bulk of the demand destruction wrought by high energy prices.

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

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

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

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

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

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

The US economy is growing solidly despite some disruptions

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

China has shrugged off the impact of higher US tariffs

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

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

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

Geopolitical tensions likely to maintain gold demand

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

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

AUD expected to rise against the USD

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

Risks of drier than normal conditions in 2026–27

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

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

1.3 Export values

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

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

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

Among resource commodities:

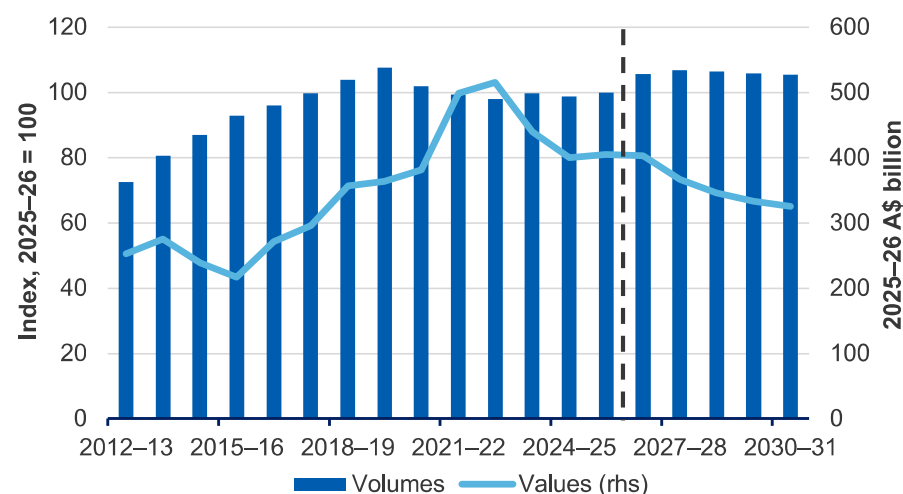
- **iron ore** export earnings will continue to account for over 25% of all resource and energy commodities in the outlook period. With prices falling, exports are forecast to fall from \$117 billion in 2025–26 to \$77 billion in 2030–31.
- **gold** exports are estimated to have risen by 46% to \$68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

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

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

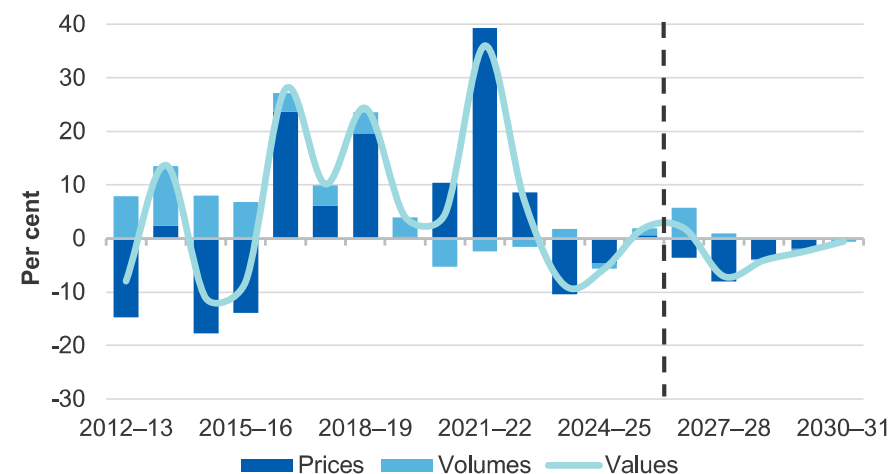
- **Thermal coal** export earnings are forecast to fall from \$30 billion in 2025–26, to \$25 billion in 2027–28 and \$23 billion in 2030–31 in real terms. **Metallurgical coal** exports are forecast to fall from \$38 billion in 2025–26 to \$36 billion in 2027–28 and \$34 billion in 2030–31 in real terms.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

Figure 1.1: Australia's resources and energy exports



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

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



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

1.4 Prices

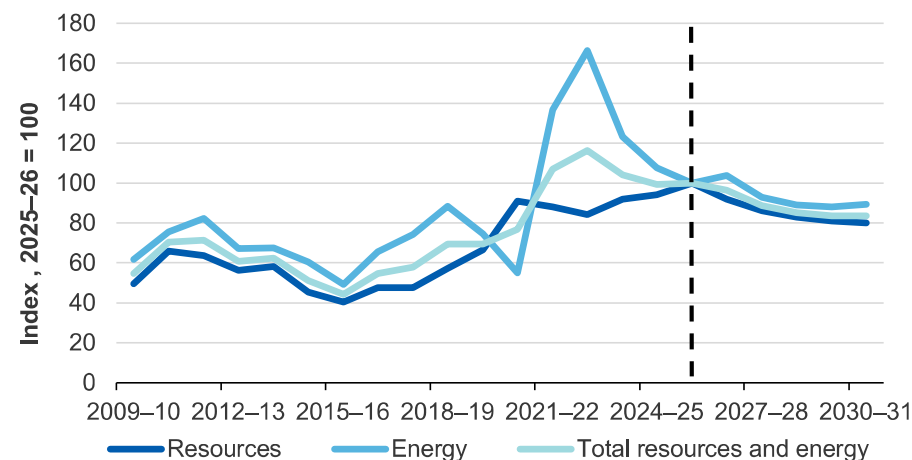
Resource and energy commodity prices have mostly risen since the December 2025 REQ. Stronger prices for gold, lithium and base metals have added to a spike in energy prices. In Australian dollar terms, the Resources and Energy Commodity Price Index fell by 1.4% in the June quarter 2026 to be up 3.4%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

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

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

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

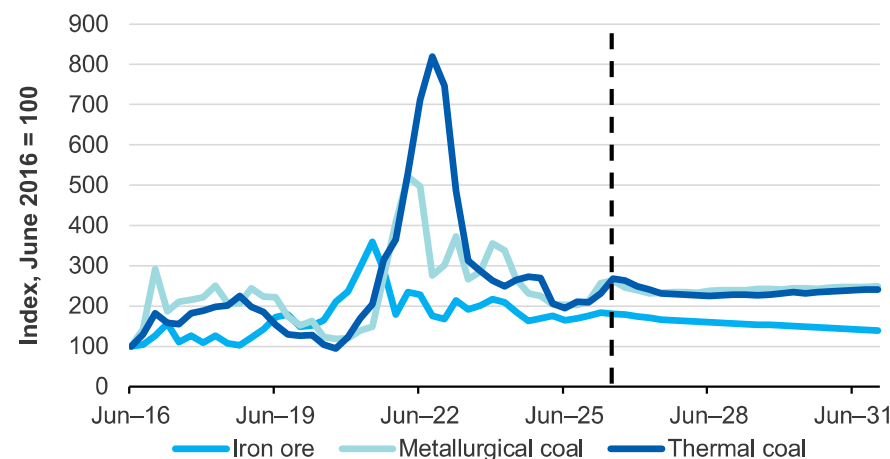
Figure 1.3: Resource and energy export prices, AUD terms



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

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

Figure 1.4: Bulk commodity prices



Notes: Indices track international benchmark prices which are in US dollars.

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

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

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

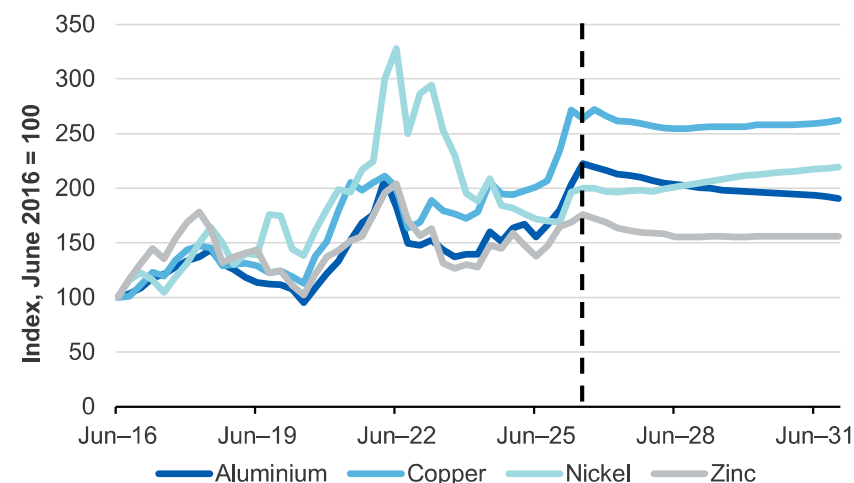
Copper prices surged 38% year-on-year in Q1 2026 and reached new record highs, briefly exceeding US\$14,500 a tonne in late January. Since then, prices have remained high, trading above US\$13,600 a tonne in mid-June as supply risks intensified. Prices are forecast to average about US\$12,700 a tonne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

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

Nickel LME prices rebounded after averaging US\$15,417 a tonne in 2025 (real terms), supported largely by expectations of lower Indonesian ore output. Prices are forecast to rise further in 2026 as tighter Indonesian ore quotas and related supply constraints associated with the ongoing Middle East conflict gradually reduce market surpluses. By the end of the outlook

period, slower supply expansion — driven in part by tighter Indonesian mining permit issuance — is forecast to stabilise prices to around US\$17,262 a tonne by 2031.

Figure 1.5: Base metal prices



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

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

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

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

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

1.5 Export volumes

Long term trend boosted by record gold and metals prices

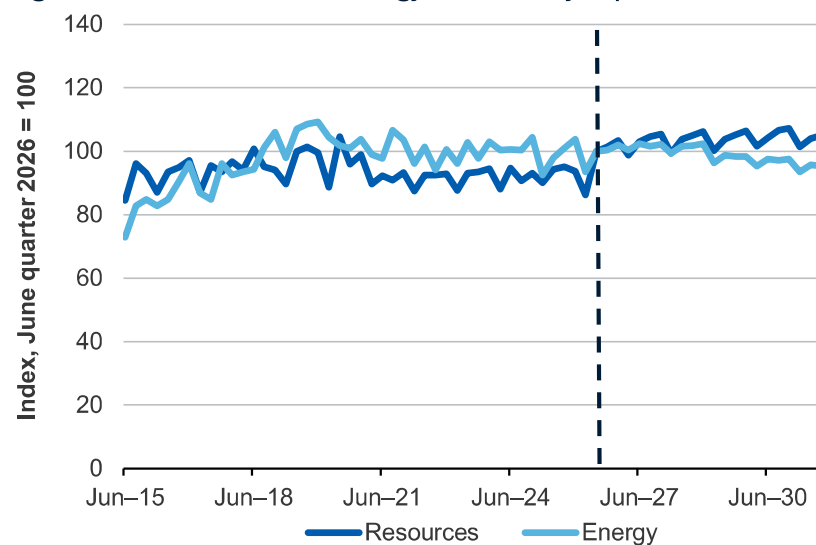
Improved weather and fewer holidays saw the Resources and Energy Export Volumes Index rise by an estimated 10.9% in the June quarter 2026 from the March quarter 2026, to be up 4.0% on the June quarter 2025.

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

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

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

Figure 1.6: Resource and energy commodity export volumes



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

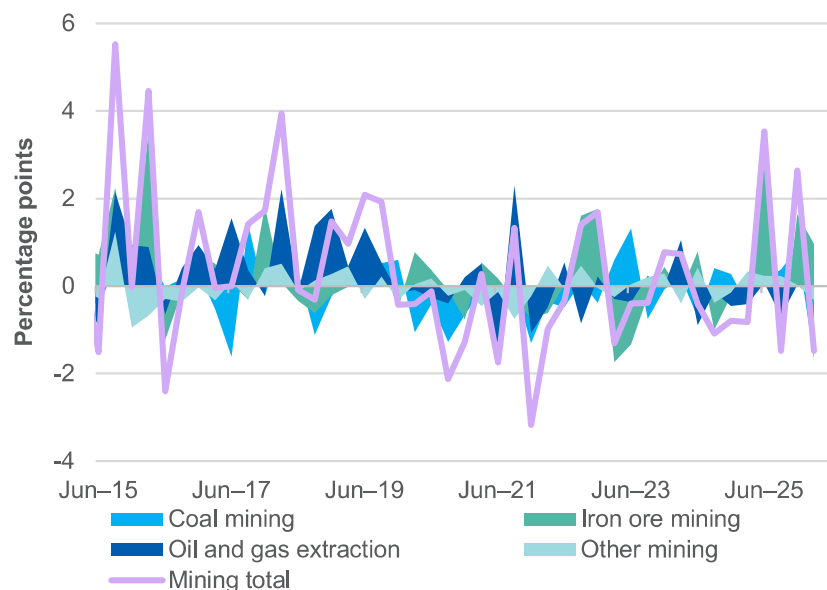
1.6 Contribution to growth and investment

Mining output fell in the March quarter

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

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

Figure 1.7: Contribution to quarterly growth by sector

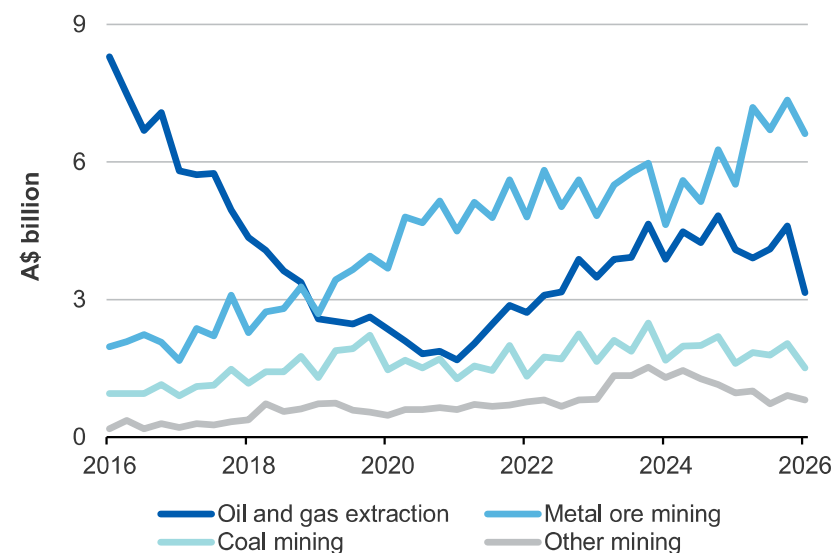


Source: ABS (2026); Department of Industry, Science and Resources (2026)

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

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

Figure 1.8: Mining capex by commodity, not seasonally adjusted

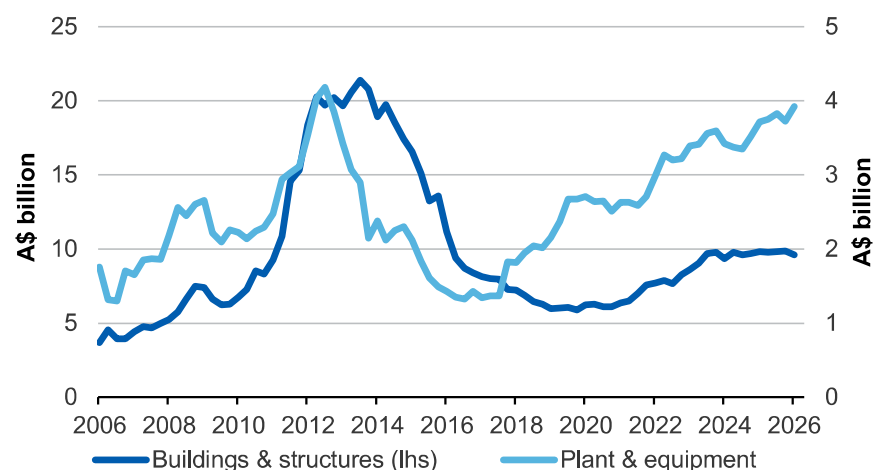


Notes: Other mining includes non-metallic mineral mining and quarrying, exploration and other mining support services; chart data is in nominal, original terms

Source: ABS (2026) Private New Capital Expenditure & Expected Expenditure, 5625.0

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

Figure 1.9: Mining industry capital expenditure by type, quarterly



Notes: Chart data is in nominal terms, seasonally adjusted.

Source: ABS (2026) Private New Capital Expenditure & Expected Expenditure, 5625.0

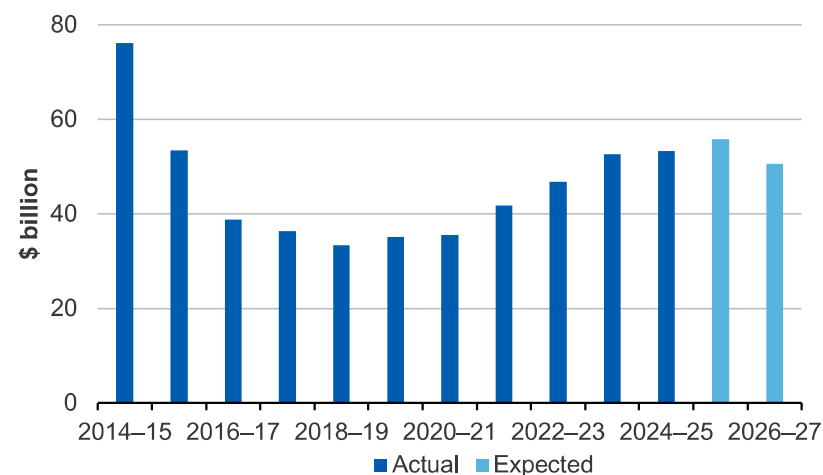
Mining investment forecast to rise modestly in 2025–26

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

Exploration spending has risen strongly in the past year

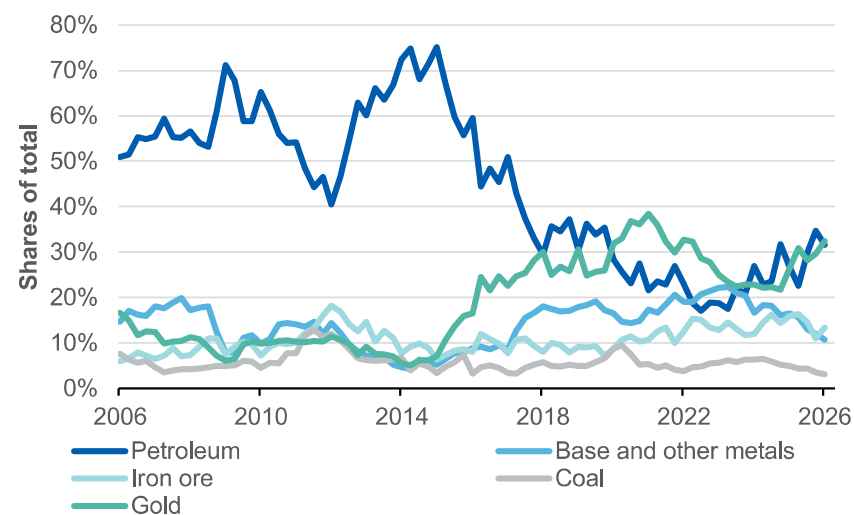
Australian mineral and petroleum exploration expenditure fell by 14% in the March quarter but was 24% higher year-on-year (Figure 1.11). In year-on-year terms, expenditure grew for gold (up 53%), silver, lead & zinc (up 30%), and other deposits (up 12%), but fell for copper, cobalt, coal and iron ore.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

Figure 1.10: Mining industry capital expenditure, fiscal year



Source: ABS (2026)

Figure 1.11: Shares of exploration by commodity type



Source: ABS (2026)

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

1.7 Revisions to the outlook

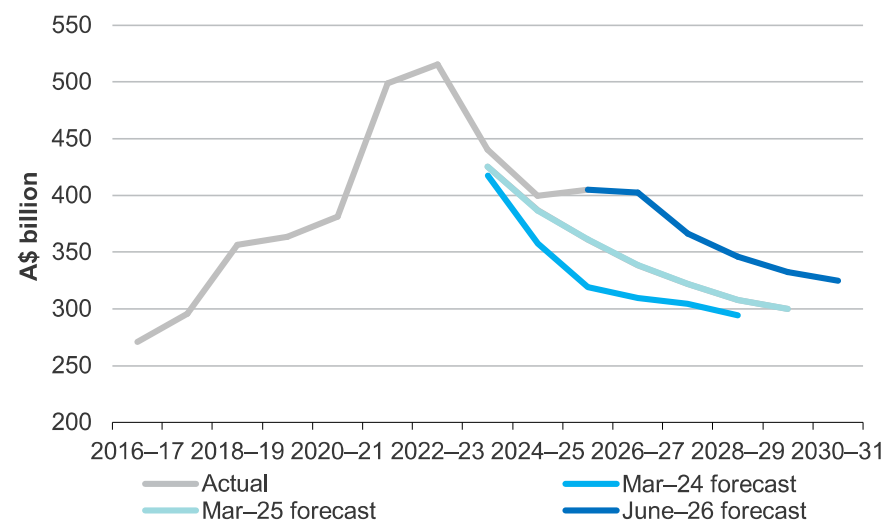
Upgrades to gold and energy export prices driving big revisions

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

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

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

Figure 1.12: Resource and energy exports, by forecast publication



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

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

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

Notes: **b** In 2025–26 Australian dollars; **s** estimate **f** forecast.

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

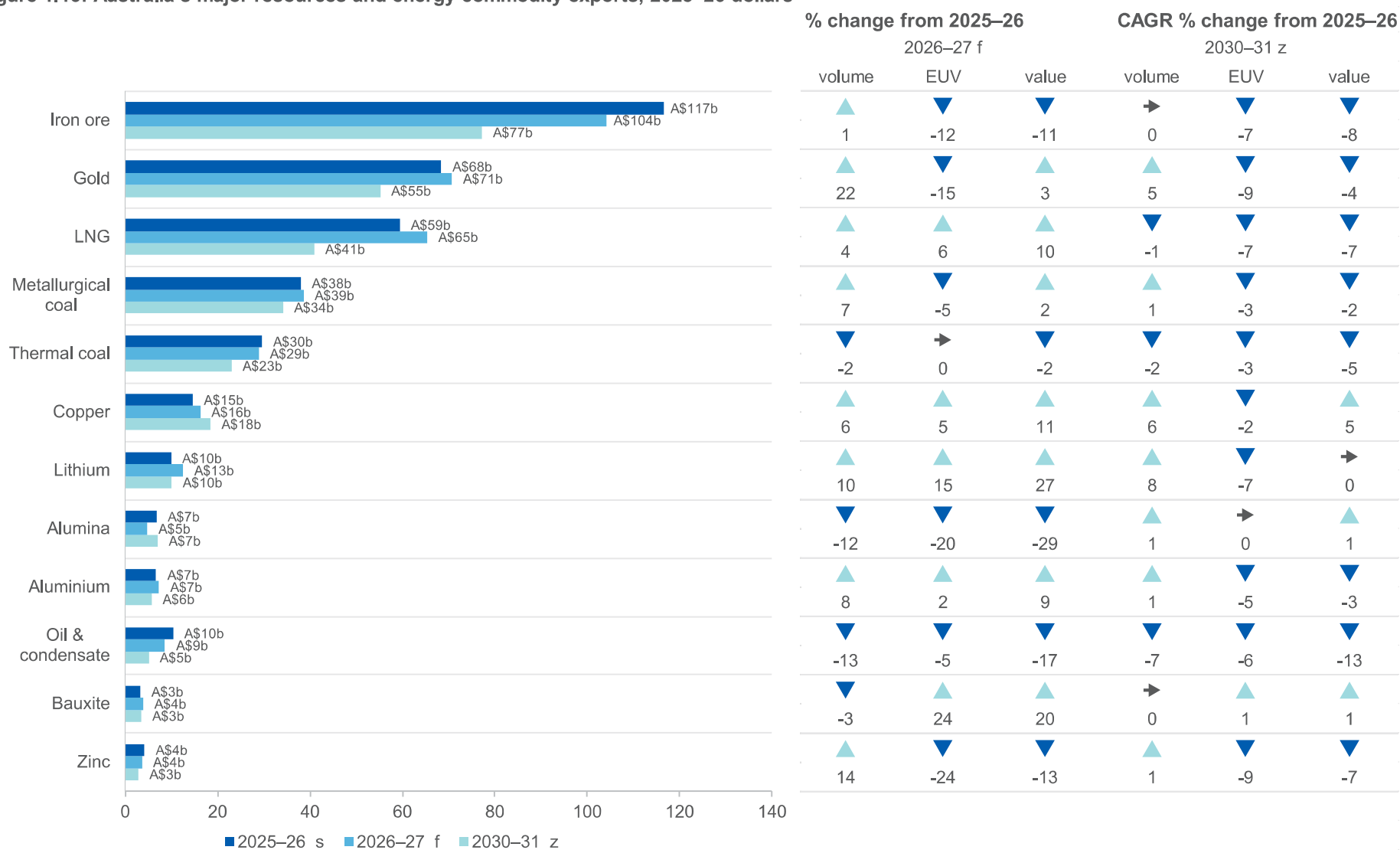
Table 1.2: Australia's resource and energy exports, selected commodities

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

Notes: **a** Export data covers both crude oil and condensate; **s** estimate **f** forecast. **Price information:** Iron ore fob (free-on-board) at 61% iron content estimated netback from Western Australia to Qingdao China; Metallurgical coal premium hard coking coal fob East Coast Australia; Thermal coal fob Newcastle 6000 kc (calorific content); LNG fob Australia's export unit values; Gold LBMA PM; Alumina fob Australia; Copper LME cash; Crude oil Brent; Aluminum LME cash; Zinc LME cash; Nickel LME cash; Lithium (6% spodumene concentrate) price. Above lithium volumes, in lithium carbonate equivalent (LCE) units, include lithium hydroxide and 6% spodumene concentrate.

Sources: ABS (2026); LME (2026); London Bullion Market Association (2026); The Ux Consulting Company (2026); US Department of Energy (2026); Metal Bulletin (2026); Japan Ministry of Economy, Trade and Industry (2026); Argus (2026); Department of Industry, Science and Resources (2026)

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



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

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

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

Overview

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

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

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

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

Impact on export earnings

Under the scenario where trade is disrupted until end June 2026, Australia's resource and energy export earnings will be raised by nearly \$8 billion in 2025–26 and by \$30 billion in 2026–27. Under the scenario where trade is disrupted until end August 2026,

Australia's export earnings in 2026–27 are forecast to be \$429 billion (or \$37 billion higher). This reflects the fact that Australia's oil, thermal coal, LNG and aluminium export prices would be increased for a longer period. Offsetting this are reduced volume and price of alumina exports. The REQ does not account for the net effect on Australia from increased import prices, for example oil and its derivatives, such as diesel.

Oil

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

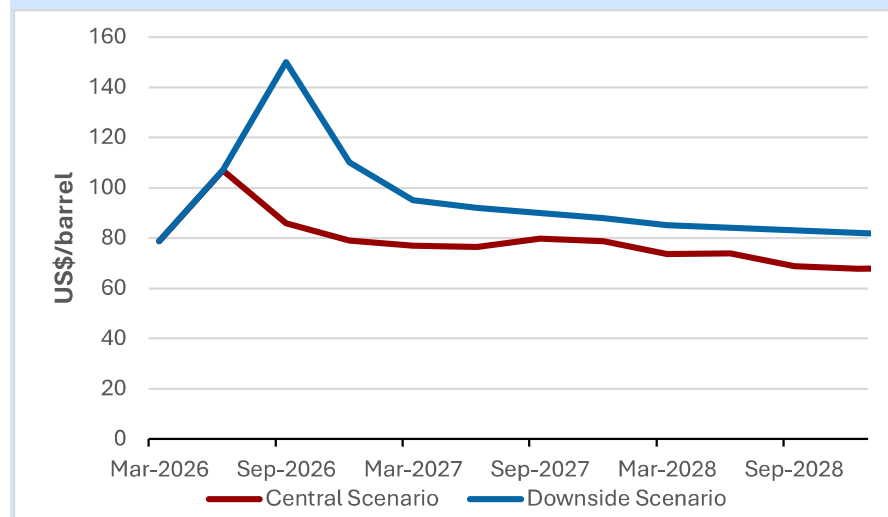
Under the assumption that the conflict causes a closure of the Strait until July and damage to assets can be rectified in the second half of 2026, Brent crude oil prices are expected to average around US\$118 a barrel in the June quarter, before declining over 2 years. Australian crude and condensate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

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

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

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

Figure 1.14: Quarterly Oil Prices by Scenario



Source: Bloomberg (2026), DISR (2026)

LNG

In the middle of March, a missile hit Qatar's Ras Laffan industrial city. The strike hit several LNG trains and shuttered Qatari LNG production. Repairs at the Ras Laffan facility are underway, and

around 80% of capacity is expected to resume within 2 months. However, damage to two trains means recovery to full output will require 3-5 years. Investments intended to expand capacity at the facility will likely be delayed, impacting global capacity for the outlook period.

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

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

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

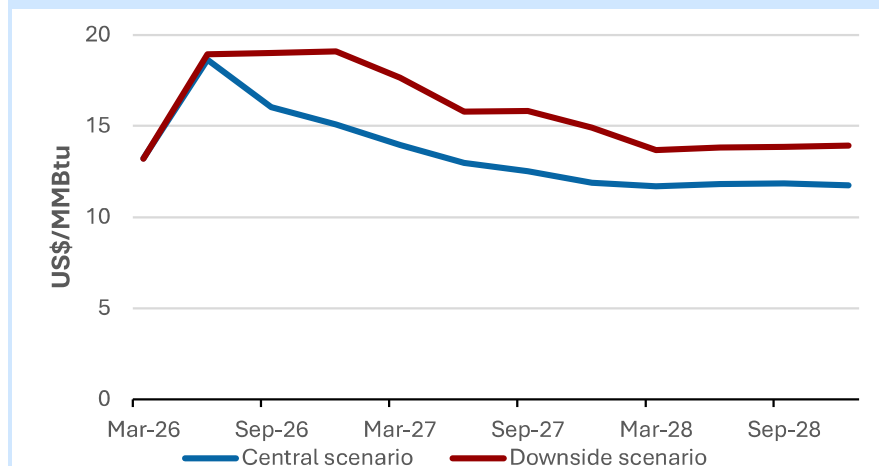
Price pressures linked to the Middle East conflict are expected to largely ease by 2029, with prices then returning to levels broadly consistent with forecasts made in March 2025.

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

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

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

Figure 1.15: LNG price scenarios



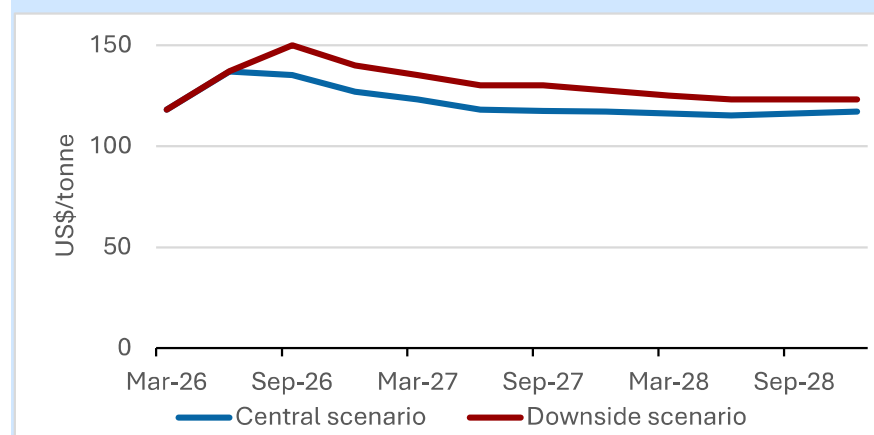
Source: Bloomberg (2026), DISR (2026)

Thermal coal

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

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

Figure 1.16: Thermal coal price scenarios



Source: McCloskey (2026), DISR (2026)

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

Aluminium, Alumina and Bauxite (AAB)

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

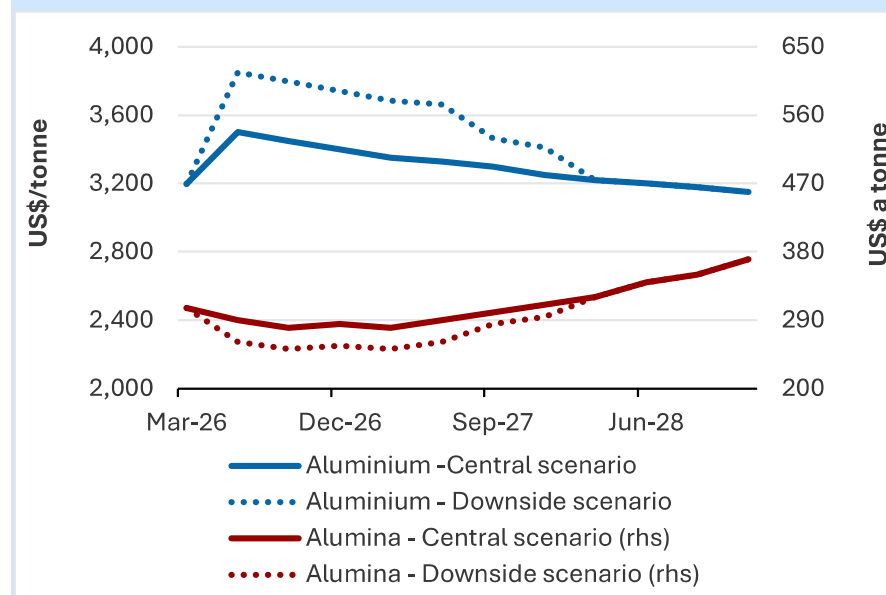
The ME regional conflict has pushed primary aluminium prices higher. The London Metal Exchange (LME) aluminium spot price has increased by 7.9% since the start of the conflict. The Platts free-on-board Australia alumina price has been flat since the start of the conflict.

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

exports are estimated to experience a decline of \$1.2 billion in 2026–27, and a gain of \$0.5 billion in 2027–28.

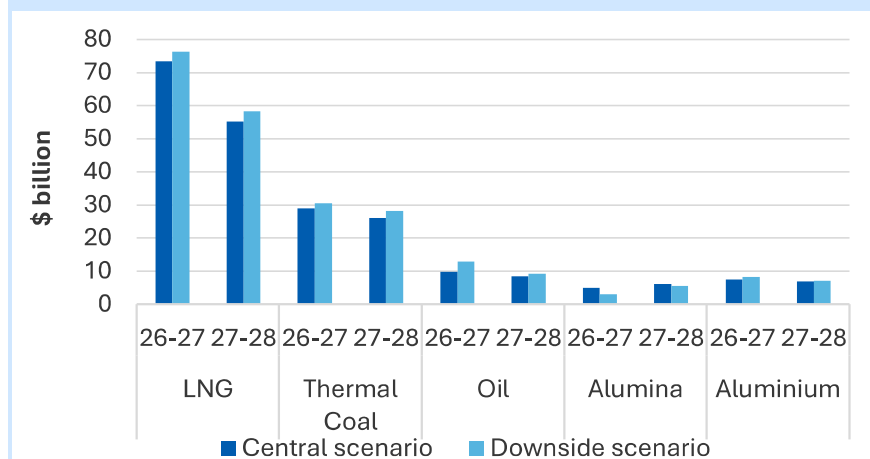
Under the downside scenario, 5.5 Mt (or 80% of the Middle East smelting capacity) is assumed to be offline for 12 months — which could occur if smelters are forced to shut down due to prolonged disruptions to imports of alumina and bauxite — and prices in 2026 and 2027 are expected to be US\$3,646 and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

Figure 1.17: Aluminium and alumina prices under scenarios



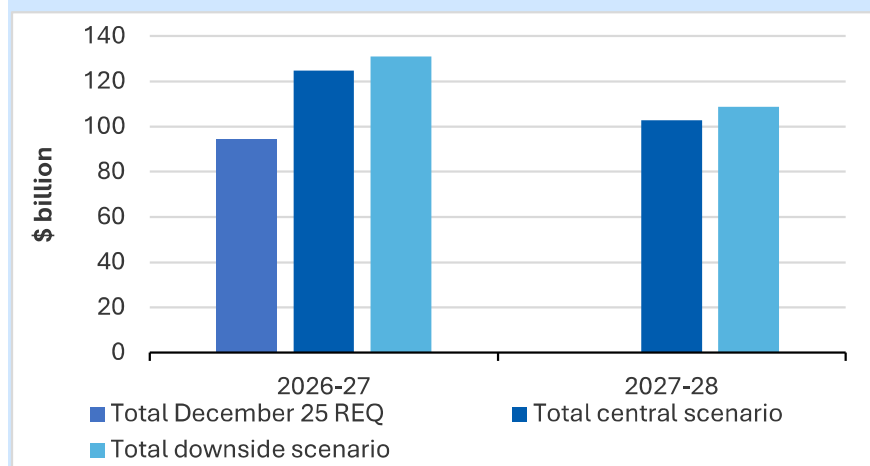
Source: Department of Industry, Science and Resources (2026)

Figure 1.18: Australian export earnings for select commodities



Source: Department of Industry Science and Resource (2026)

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



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

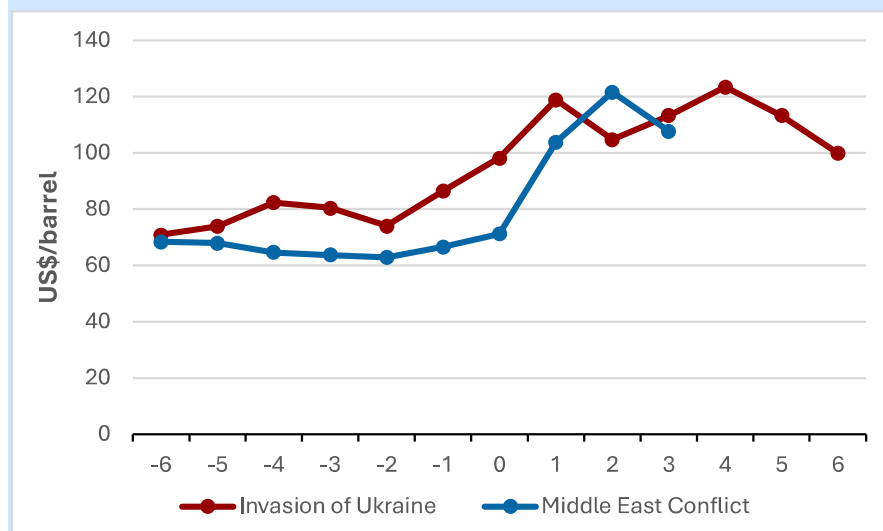
Differences to Russia's Invasion of Ukraine in 2022

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

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

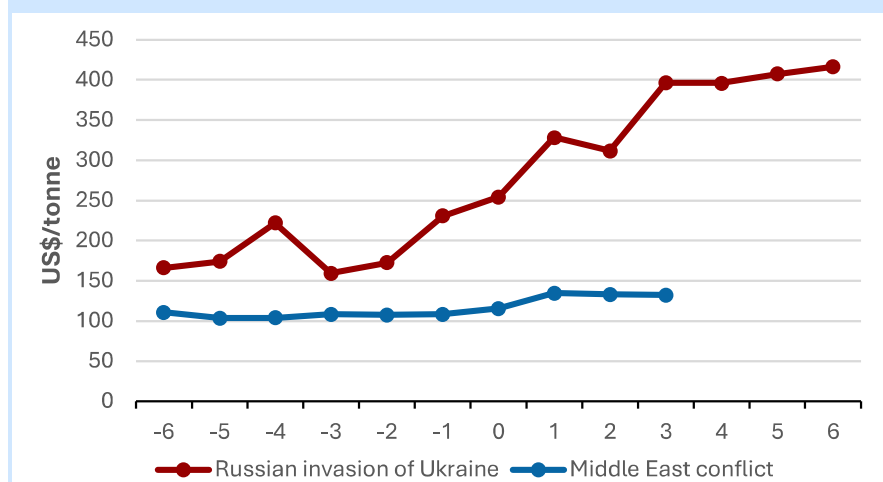
Aluminium prices have been more responsive to the Middle East conflict than the Russian invasion of Ukraine (Figure 1.23). Prices continued rising after the first month of the Middle East conflict, whereas prices fell after the first month of Russia's invasion of Ukraine. The Middle East conflict has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

Figure 1.20: Monthly oil price relative to start of conflict



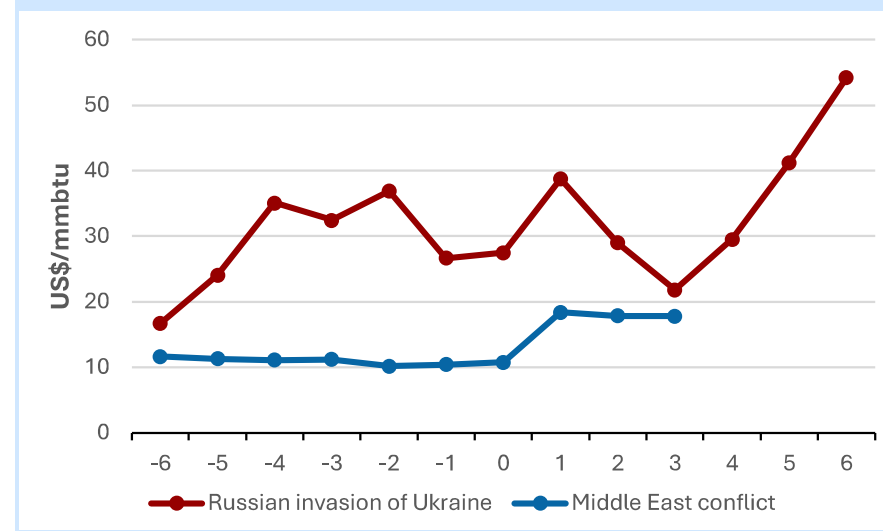
Source: Bloomberg (2026)

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



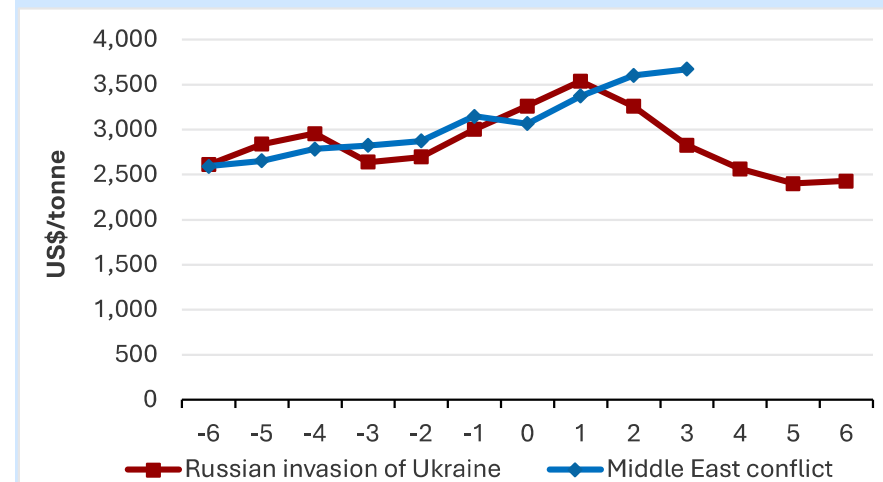
Source: McCloskey (2026)

Figure 1.21: Monthly LNG price relative to start of conflict



Source: Bloomberg (2026)

Figure 1.23: Monthly aluminium price relative to start of conflict

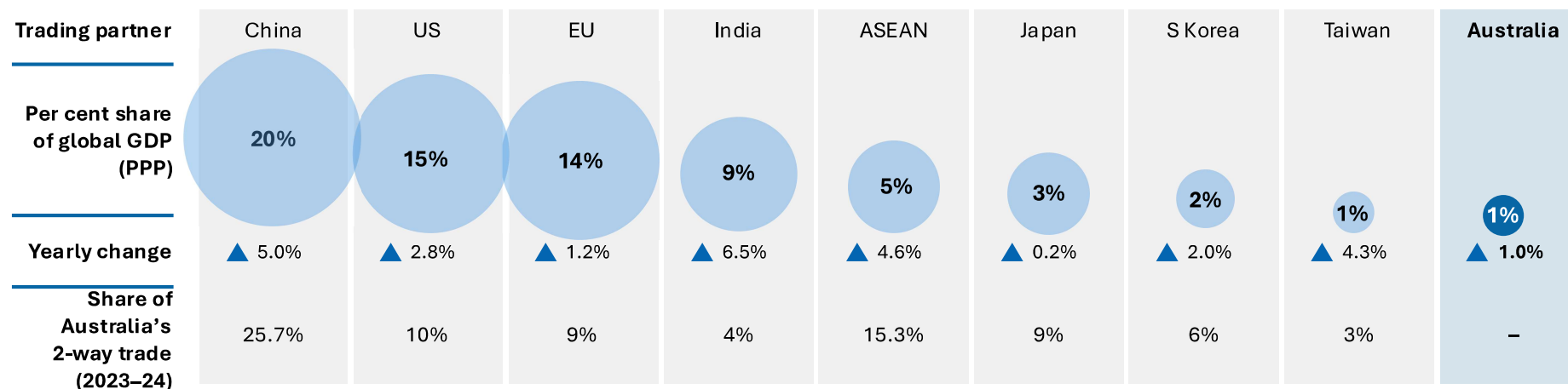


Source: Bloomberg (2026)



Macroeconomic outlook

Share of global GDP and economic growth, 2024



Global overview

- IMF growth forecasts have been revised down in 2026 and 2027 for most countries, but the outlook remains uncertain with increased global conflict.
- Global manufacturing is expected to hold steady over the outlook period with a slight dip in 2026 as trade fragmentation impacts flow through.



Global risks

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



Source: IMF; ABS; OCE

2.1 Summary

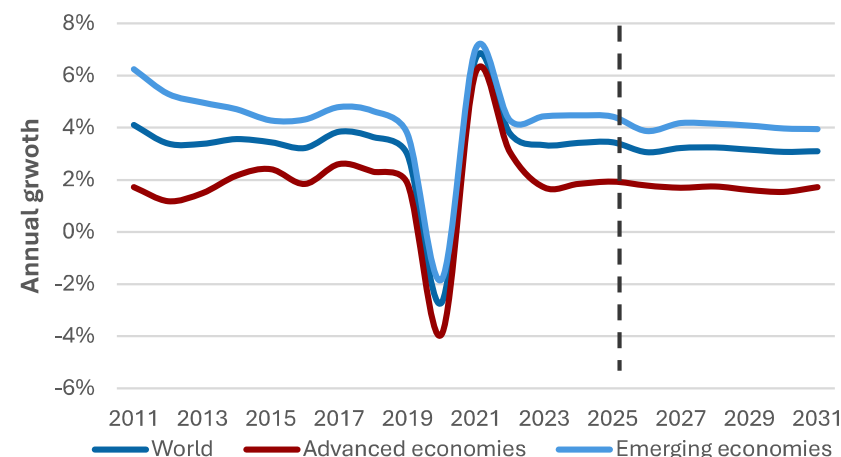
- The global macroeconomic outlook has deteriorated since the December 2025 REQ with the outbreak of hostilities in the Middle East being the latest shock testing the resilience of the global macroeconomy.
- Economies are being exposed to direct shocks of higher commodity prices, disrupted trade, tighter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

2.2 World economic outlook

World growth will remain modest over the outlook period.

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

Figure 2.1: Global GDP growth outlook



Source: International Monetary Fund (2026)

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

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

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

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

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

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

2.3 Australia's trading partners

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

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

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

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

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

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

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

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

Indian growth to remain one of the fastest in Asia

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

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

Vietnam also expected to grow strongly

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

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

The IMF's April 2026 World Economic Outlook lowered the forecast for US growth in 2026 but confirmed expectations of a rebound in 2027. In 2026, growth in 2026 will be impacted by the blockade of the Strait of Hormuz but this will be largely offset by strong investment in AI infrastructure and high productivity growth (though this is expected to return to average over the forecast period). The US effective statutory tariff rate settled

lower than expected, which improved growth expectations relative to a higher tariff setting. Some countries also managed to negotiate bilateral trade deals. Tariff uncertainty persists, and increases remain possible.

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

2.4 Global industrial conditions

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

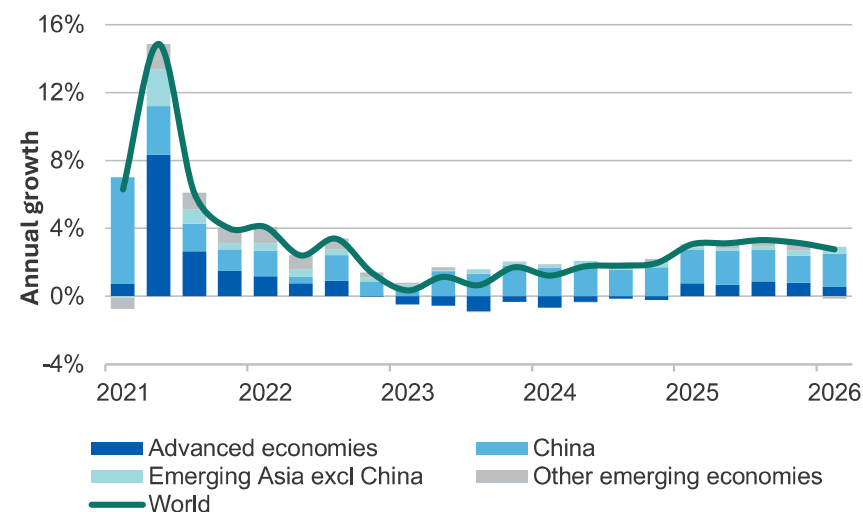
Forward indicators of global manufacturing activity have improved in the first half of the June quarter 2026 with expansion in global manufacturing output and new orders. The JP Morgan Global Manufacturing Purchasing Managers Index (PMI) in May remained unchanged at 52.6 since April this year, the highest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

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

2.5 Australian dollar outlook

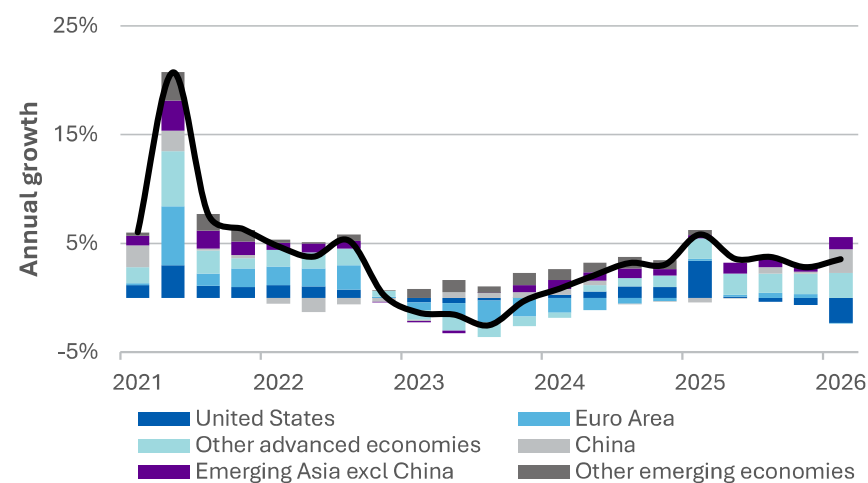
Consensus forecasts of the AUD/USD have been revised up, with both rising commodity prices and higher interest rate expectations due to rising inflation in the near term driving up demand for the AUD in 2026 and 2027. The consensus forecast levels out at 0.75 AUD/USD from 2028.

Figure 2.2: Contributions to growth of industrial production



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

Figure 2.3: Contributions to growth in global merchandise imports



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

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

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

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

Sources: IMF (2026); Bloomberg (2026)

Table 2.2: Exchange rate and inflation assumptions

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

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

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