

Aluminium, Alumina, Bauxite (AAB)

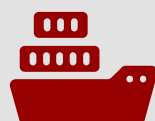


Australia's AAB sector



10%

of global primary aluminium exports are Australian



\$18 billion

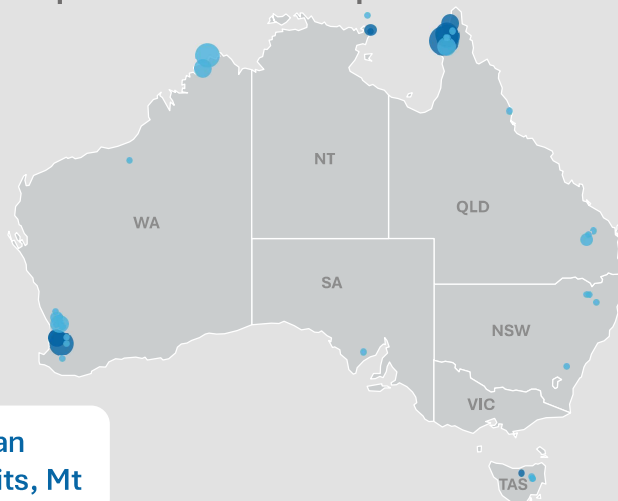
of AAB exported in 2025–26



95%

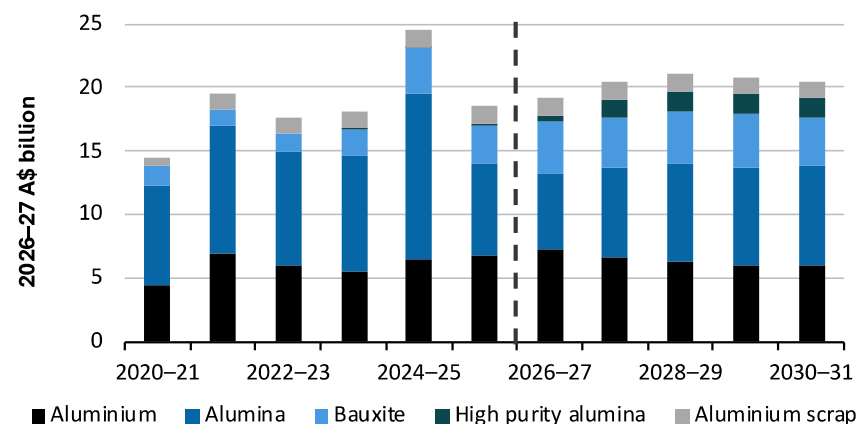
of Australian bauxite exported to China

- 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



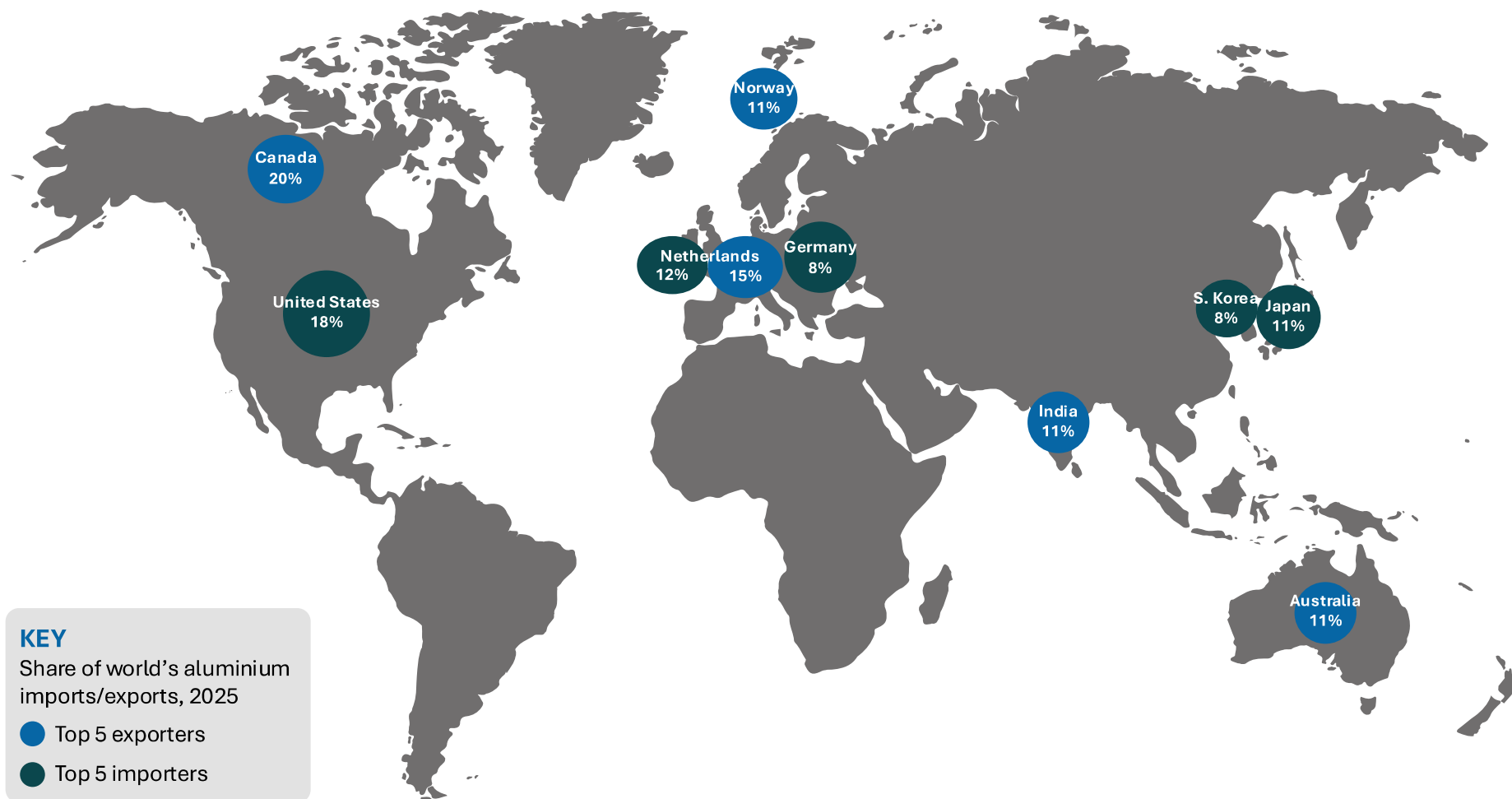
Australian alumina export earnings to reach \$8 billion in real terms in 2030–31



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

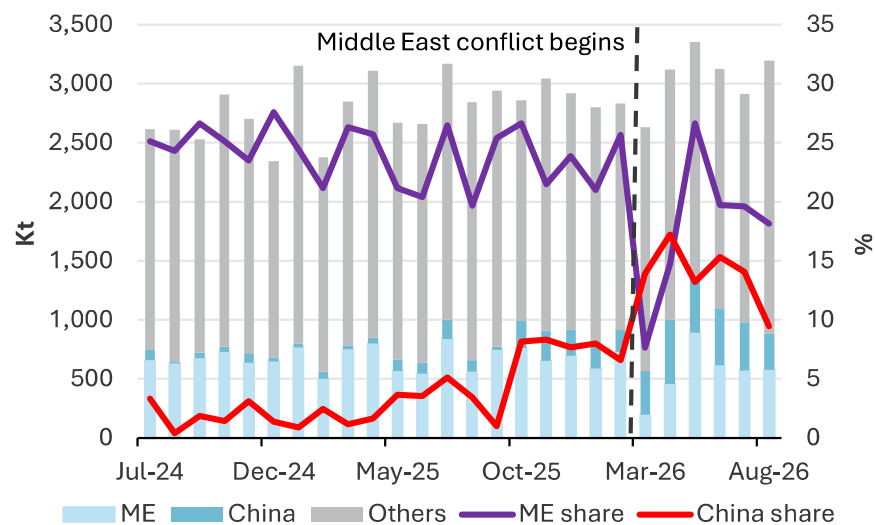
from the Middle East, more was shipped from China and Indonesia. This strategic shift has continued in June quarter 2026, with primary aluminium exports from China and Indonesia increasing by 160% and 96% year-on-year, respectively. Indonesia is shipping its primary aluminium to the US market, which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

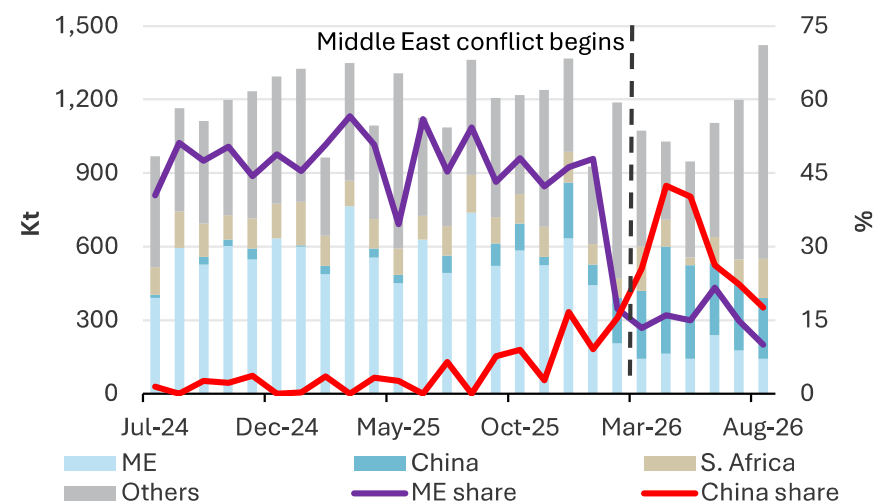
In line with the change in global alumina trade, Australia's alumina exports have shifted away from the Middle East region and towards China and other nations. As at the end of August 2026, China's share of Australia's total alumina exports rose to 18% from 15% pre-conflict level. The Middle East's share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



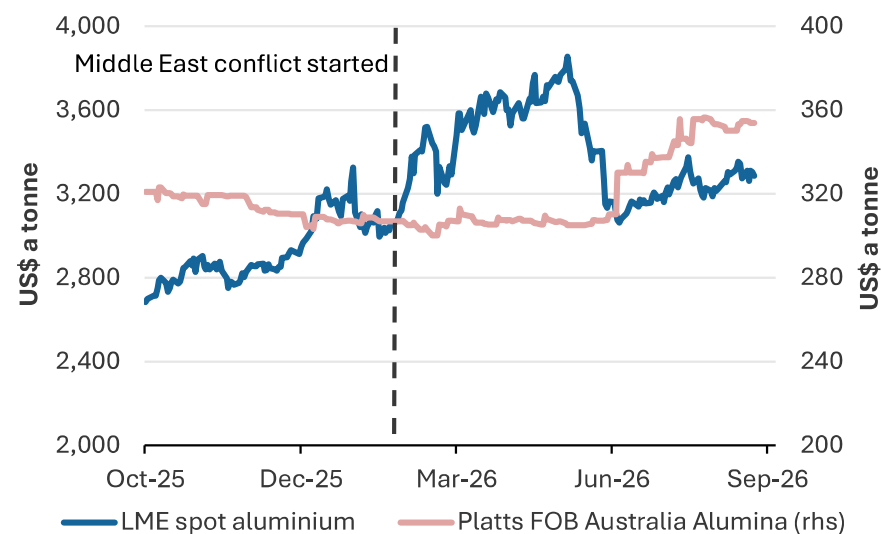
Source: Kpler (2026); Department of Industry, Science and Resources (2026)

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

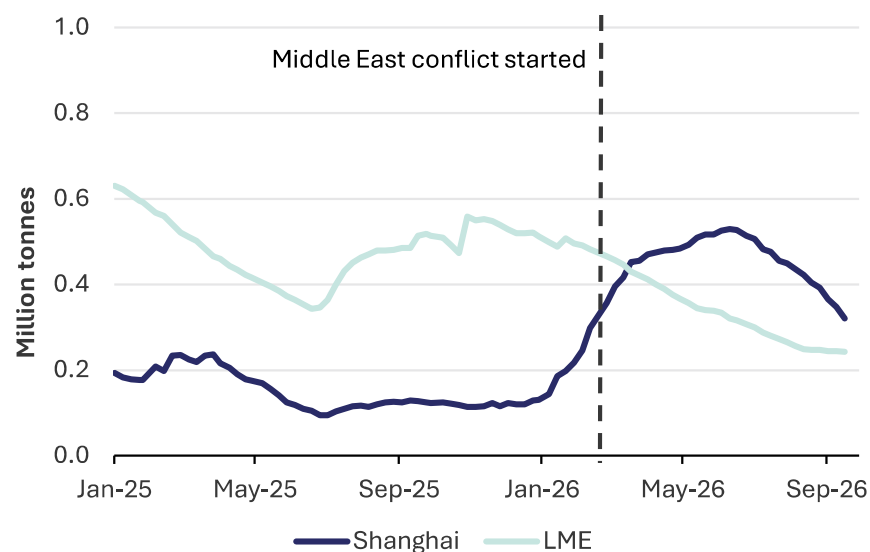
The signing of a Memorandum of Understanding between the US and Iran in mid-June 2026 eased concerns over further supply disruptions and pushed the price below its pre-conflict level (to US\$3,150 a tonne on 24 June 2026). Higher aluminium exports from China and Indonesia have added further downward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

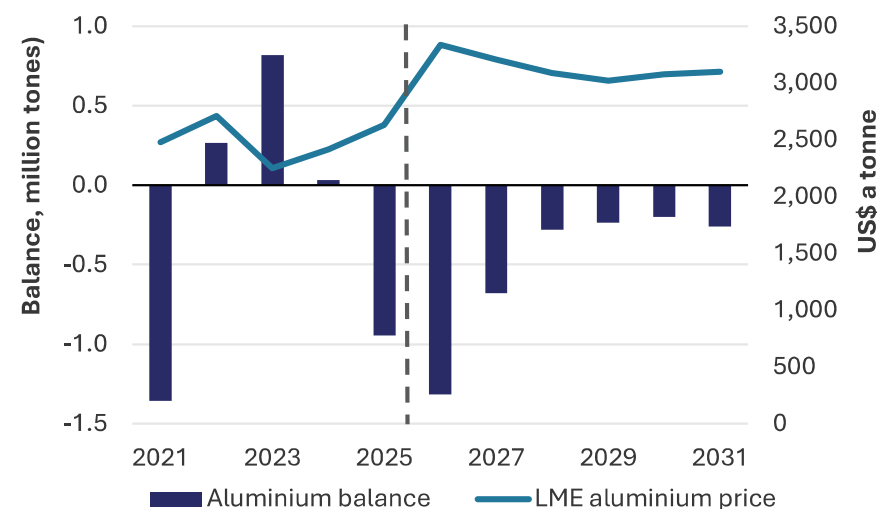


Source: Bloomberg (2026)

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.

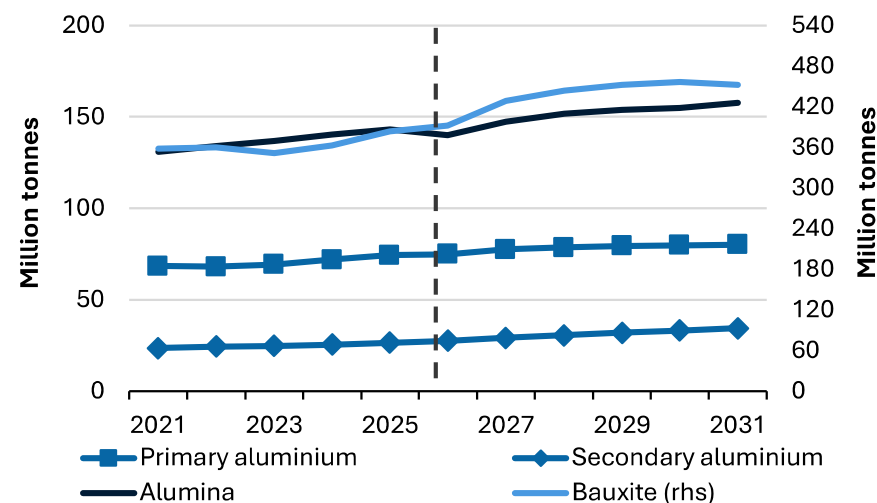
Lower world primary aluminium production caused a fall in alumina demand of 2.3% year-on-year to 69 Mt in H1 2026.

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.

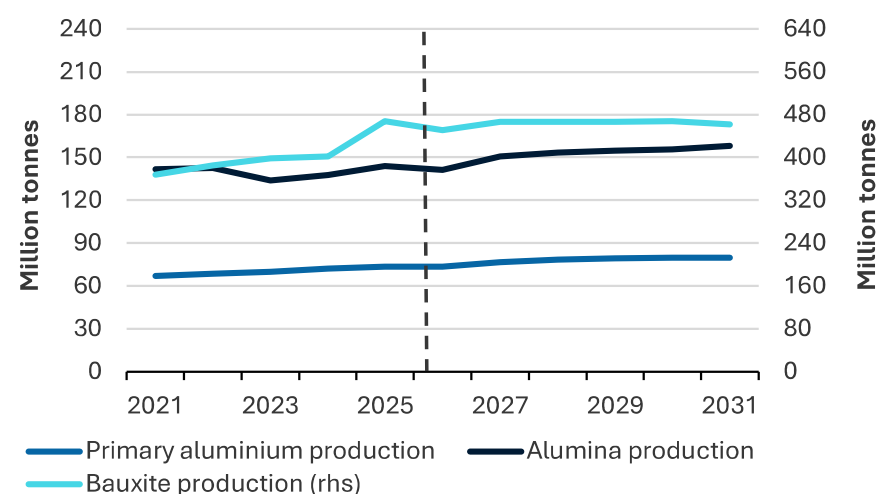
In H1 2026, world bauxite supply rose by 9.0% year-on-year to 259 Mt, driven by a large rise in Guinean bauxite production.

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.

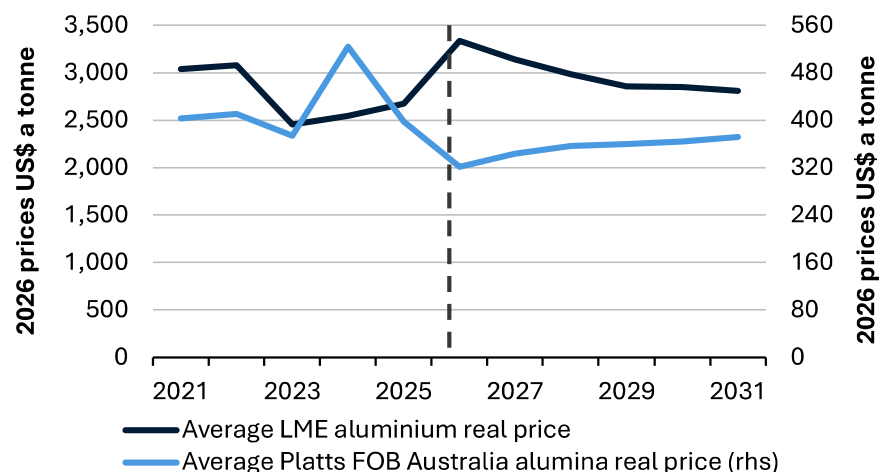
10.6 Prices

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

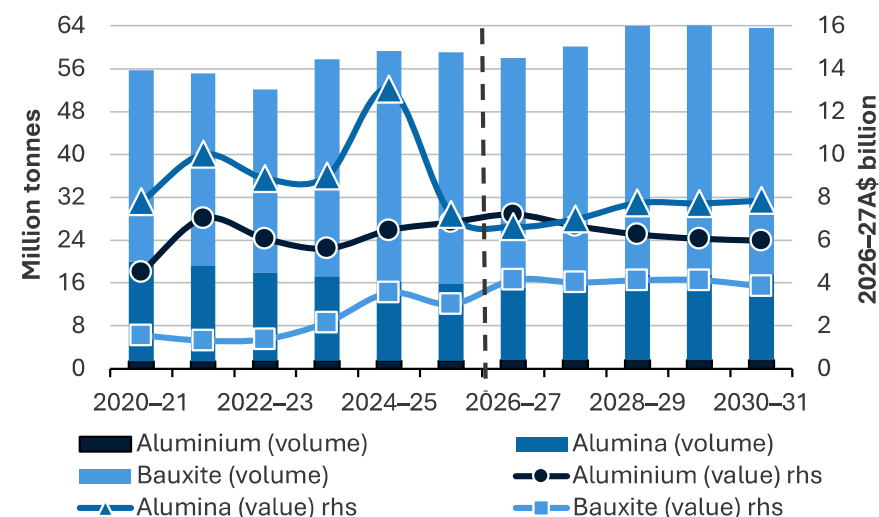
Improved outlook for Australia's AAB exports

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).