NAB Minerals & Energy Outlook
May 2025
NAB Economics

Overview

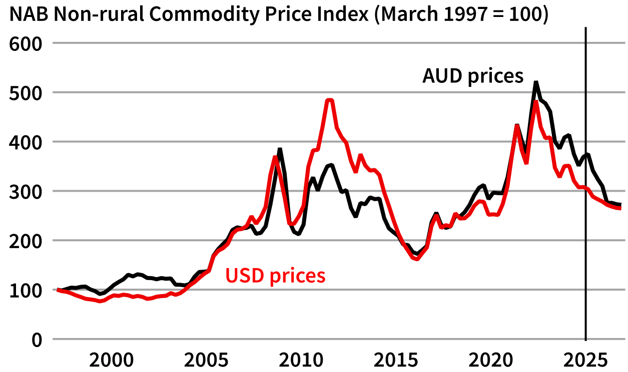
- Most minerals & energy commodities declined in the wake of the Trump Administration's Liberation Day tariffs (with gold a notable exception). We expect NAB's Non-rural Commodity Price Index to fall by 4.9% qoq (in US dollar terms) in Q2, following a 1.5% qoq decline in Q1.

- We made significant downward revisions to our global economic forecasts in April – reflecting the negative impact of tariffs as well as the heightened state of policy uncertainty more generally. We now see a significant slowing in global growth – down to around 2¾% in both 2025 and 2026 (from around 3.3% in 2024). These growth rates would be the lowest experienced – excluding the GFC and COVID shocks – since the early 2000s. For more details, see The Forward View – Global April 2025.

- Following on from a double-digit decline in 2024, our commodity price index is forecast to fall by a further 10.4% in 2025 and 7.3% in 2026 – with metallurgical coal, iron ore and thermal coal the main drivers of this trend, while gold is expected to remain elevated.

Iron ore and coal the key drivers of weaker commodity prices

NAB Non-rural Commodity Price Index (March 1997 = 100)



NAB Commodity Price Forecasts

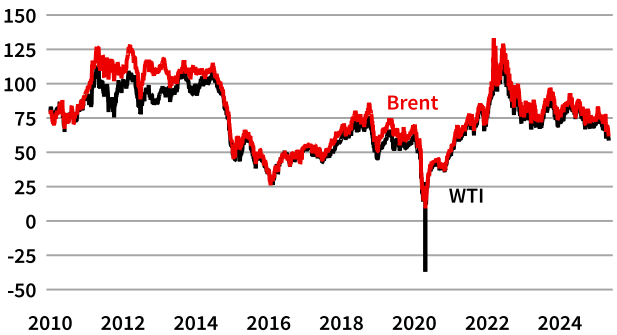
		Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
WTI oil	US$/bbl	76.5	70.8	71.9	60.0	64.0	65.0	64.0	62.0	61.0	61.0
Brent oil	US$/bbl	80.0	74.6	75.9	64.0	66.0	67.0	65.0	64.0	63.0	63.0
Gold	US$/ounce	2474.9	2660.3	2855.7	3250.0	3300.0	3400.0	3420.0	3460.0	3500.0	3520.0
Iron ore (spot)	US$/tonne	100	104	103	97	93	88	85	84	82	81
Hard coking coal (spot)	US$/tonne	212	206	187	185	175	170	168	166	164	162
Thermal coal (spot)	US$/tonne	140	139	108	98	95	90	88	86	84	82
Aluminium	US$/tonne	2384	2574	2626	2375	2350	2300	2250	2200	2100	2000
Copper	US$/tonne	9208	9183	9330	9200	8600	8300	8000	7800	7600	7400
Lead	US$/tonne	2044	2006	1969	1950	1920	1910	1900	1910	1920	1930
Nickel	US$/tonne	16261	16015	15564	15000	15500	16000	15500	15500	15000	15000
Zinc	US$/tonne	2780	3049	2840	2600	2400	2425	2450	2475	2450	2400
LNG spot (JKM)	US$/mmbtu	13.0	13.9	14.0	11.5	12.0	13.0	11.0	9.0	9.5	10.5

8 May 2025 | Author: Gerard Burg, Senior Economist - International

Energy

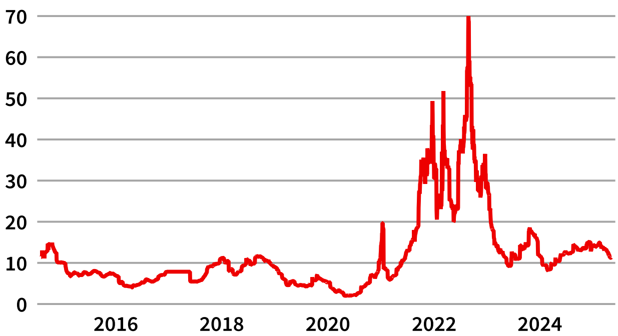
Since early April, **crude oil** prices have retreated significantly, with Brent crude falling below US$60/barrel for the first time since early 2021 (compared with US$78/barrel prior to the Liberation Day tariff announcement). Weaker global economic prospects – in the wake of the Trump Administration's tariff hikes – have cooled market expectations around global demand, while OPEC+ boosted supply by starting to unwind its voluntary production cuts that had been in place since October 2022. That said, prices may be close to the bottom of this cycle, given that they are already in the range of breakeven estimates for US shale producers – which have been the key source of supply growth in recent years. Reflecting the recent price movements and our weaker global economic outlook, we have revised our oil price forecasts. We expect Brent crude to average US$68.2/barrel in 2025 and US$63.8/barrel in 2026.

Crude oil prices (US$/bbl)



Similarly, prices for **liquefied natural gas** (LNG) have also declined significantly since the Trump Administration's April tariff announcement – albeit this period also coincided with a period of weaker seasonal demand following the northern winter period. While weaker economic growth in 2025 and 2026 could reduce demand for natural gas to some degree, global supplies remain tight. The International Energy Agency forecast a 5% increase in global LNG supply in 2025 – led by projects in the United States and Canada – there will be significant reductions in the flow of natural gas from Russia to Europe via pipeline – which will necessitate an increase in LNG imports. Our forecasts for the JKM are unchanged – we expect it to average US$12.6/mmbtu in 2025 and US$10/mmbtu in 2026.

Japan Korea marker (US$/mmbtu)

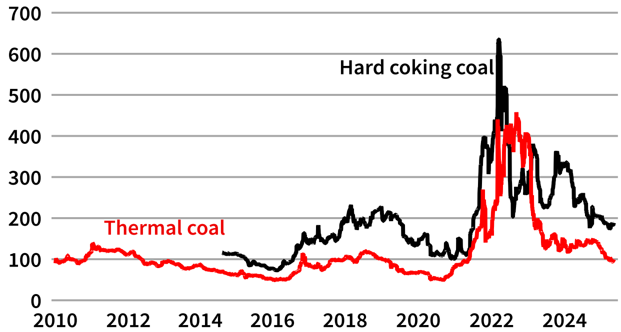


Hard coking coal was one of the few commodities to rise following the April tariffs – recovering from the relative weakness of March to return to the levels seen in February. **Thermal coal** softened – dropping below US$100/t – but broadly continuing the downward trend in prices seen since October 2024.

Demand prospects for coal are somewhat limited in the short term. The weaker outlook for steel (particularly with potential constraints on China's steel exports) could constrain metallurgical coal demand, while weaker global growth and environmental pressures could constrain thermal coal demand – albeit growing energy demand from high tech data centres and artificial intelligence developments could offset this to some degree.

Our metallurgical coal forecasts are unchanged this month – averaging US$180/t in 2025 and US$165/t in 2026. Thermal coal is forecast to average US$98/t in 2025 and US$85/t in 2026.

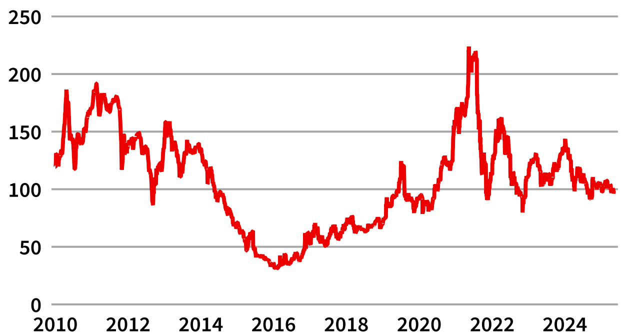
Benchmark coal prices (US$/t)



Metals

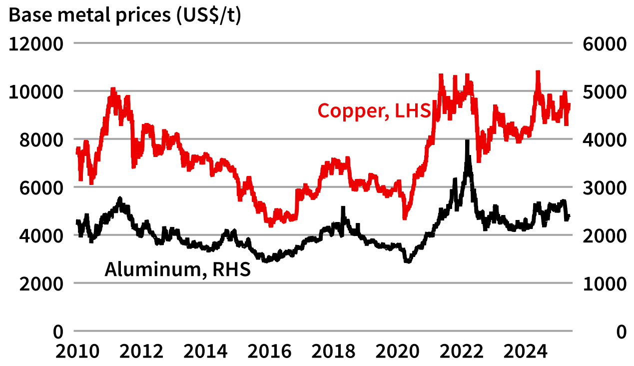
Iron ore prices fell below US$100/t in the wake of the early April tariffs – which will particularly impact China's manufacturing sector, and with it, demand for steel. Recent months have seen China's steel production broadly stabilise, while domestic steel consumption has continued to trend lower – meaning that Chinese mills are increasingly reliant on export markets. On a twelve-month moving average basis, net steel exports rose to a record high in March and this could remain a key product for heightened trade tensions – having already faced increased tariffs in the United States, Canada and the European Union – that could flow through into weaker iron ore demand. Our iron ore forecasts are unchanged this month, averaging US$95/t in 2025 and US$83/t in 2026.

62% iron ore price (US$/t CIF)

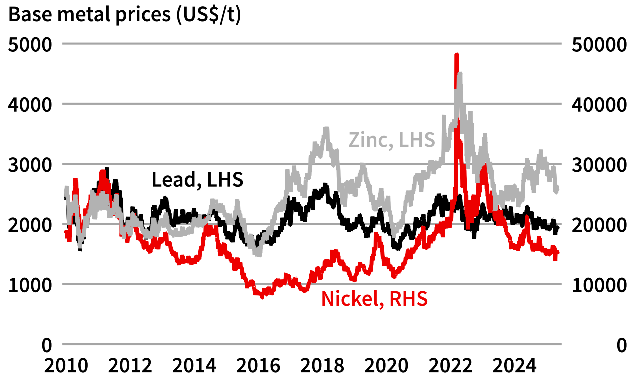


Sources: Macrobond, Refinitiv, Bloomberg, NAB Economics

There has been considerable volatility in **base metal prices** in recent months – with a broad upward momentum in the LME index between January and March, before a sharp correction following the early April tariff announcement. Subsequently, the metals index has partially recovered.

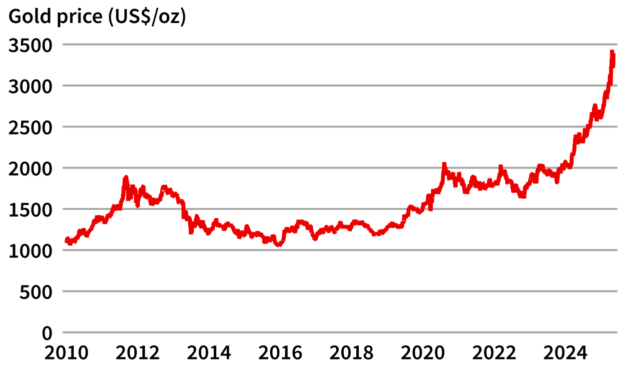


It is worth noting that the recovery was not widespread across the complex – from the post tariff lows, nickel, copper and lead saw the strongest increases, with copper having the largest influence of these metals on the aggregate index. Impending US tariffs on copper imports could further disrupt these markets in coming months.



We see the weaker economic growth prospects globally (but particularly for China) and disruptions to global trade activity as a broadly negative trend for base metals. As a result, we forecast the LME index to fall by 3.4% in 2025 and 10.1% in 2026.

The **gold** spot price has continued its upward trend that started in late 2022. Unlike other minerals & energy commodities, the post-tariff decline was relatively modest and was followed by a subsequent rally that drove the precious metal to another record – US$3434/oz in late April. The heightened degree of policy uncertainty in the early months of the Trump Administration is generally seen as a positive for gold investment – given its long-standing perceived status as a safe haven asset. Central bank purchases were a little softer in Q1 2025 than Q4 2024 but remained within the range exhibited in the post-pandemic period, with Poland leading the purchases, along with the State Oil Fund of Azerbaijan and China. Reflecting the recent price trends, we have revised our forecasts higher – we expect gold to average U$3200/oz in 2025 and US$3475/oz in 2026.



Sources: Macrobond, Refinitiv, Bloomberg, NAB Economics

Group Economics

Sally Auld
Group Chief Economist
+(61 0) 422 224 752

Jacqui Brand
Executive Assistant
+(61 0) 477 716 540

Dean Pearson
Head of Behavioural & Industry Economics
+(61 0) 457 517 342

Australian Economics

Gareth Spence
Head of Australian Economics
+(61 0) 422 081 046

Michelle Shi
Senior Economist
+(61 0) 426 858 831

Behavioural & Industry Economics

Robert De Iure
Senior Economist – Behavioural & Industry Economics
+(61 0) 477 723 769

Brien McDonald
Senior Economist – Behavioural & Industry Economics
+(61 0) 455 052 520

Thao Nguyen
Economist – Data & Analytics
+(61 0) 451 203 008

International Economics

Tony Kelly
Senior Economist
+(61 0) 477 746 237

Gerard Burg
Senior Economist – International
+(61 0) 477 723 768

Global Markets Research

Skye Masters
Head of Research
Corporate & Institutional Banking
+(61 2) 9295 1196