NAB Minerals & Energy Outlook
August 2025
NAB Economics

Overview

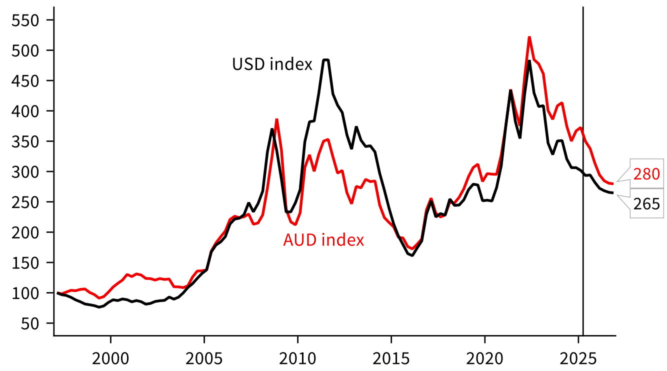
- NAB's Non-rural Commodity Price Index fell by 2.8% qoq in Q2 in US dollar terms. Much of the decline in average prices for the quarter reflected steep falls in April (following the initial announcement of US reciprocal tariffs) that subsequently started to reverse from early May.

- Minerals & energy commodity markets continue to search for direction – reflecting the competing pressures of a subdued demand outlook (given underlying economic conditions), supply side concerns (particularly for energy commodities) and front running ahead of tariffs (primarily copper). By historical standards, we see soft global growth during the period from 2025 through to 2027 – which may constrain commodity markets. For more details, see [The Forward View – Global] July 2025.

- Our commodity price index is forecast to fall by 8.8% in 2025 and a further 8.6% in 2026. Australia's main resource exports – iron ore, metallurgical & thermal coal and liquefied natural gas are the main drivers of this trend in our index, while we expect gold prices to remain high.

Weaker outlook for commodity price index driven by iron ore, coal and LNG

NAB Non-rural Commodity Price Index (Mar-97 = 100)



NAB Commodity Price Forecasts

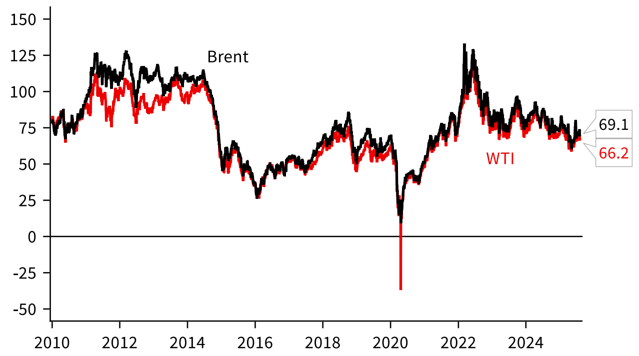
		Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
WTI oil	US$/bbl	76.5	70.8	71.9	64.7	67.0	65.0	64.0	62.0	61.0	61.0
Brent oil	US$/bbl	80.0	74.6	75.9	68.0	69.0	67.0	65.0	64.0	63.0	63.0
Gold	US$/ounce	2474.9	2660.3	2855.7	3281.6	3350.0	3400.0	3420.0	3460.0	3500.0	3520.0
Iron ore (spot)	US$/tonne	100	104	103	98	97	90	85	84	82	81
Hard coking coal (spot)	US$/tonne	212	206	187	184	175	170	168	166	164	162
Thermal coal (spot)	US$/tonne	140	139	108	101	110	95	88	86	84	82
Aluminium	US$/tonne	2384	2574	2626	2443	2600	2400	2250	2200	2100	2000
Copper	US$/tonne	9208	9183	9330	9510	9800	8900	8000	7800	7600	7400
Lead	US$/tonne	2044	2006	1969	1946	2000	1950	1900	1910	1920	1930
Nickel	US$/tonne	16261	16015	15564	15182	15500	16000	15500	15500	15000	15000
Zinc	US$/tonne	2780	3049	2840	2637	2800	2500	2450	2475	2450	2400
LNG spot (JKM)	US$/mmbtu	13.0	13.9	14.0	12.4	12.0	13.0	11.0	9.0	9.5	10.5

7 August 2025 | Author: Gerard Burg, Senior Economist - International

Energy

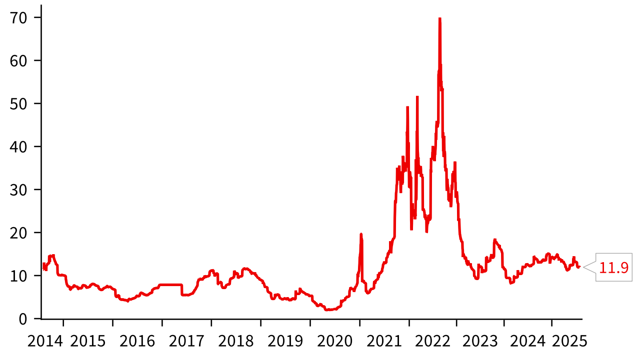
From recent lows in May – when Brent crude fell to US$60/barrel for the first time since early 2021 – **oil prices** have subsequently moved higher. Prices spiked in June, with Brent briefly back above US$80/barrel, as open conflict between Israel and Iran raised fears of a major supply disruption. The ceasefire after twelve days saw prices ease back near US$70/barrel, but there has not been a fundamental shift in the supply-demand balance over this period – suggesting that markets continue to view Middle East tensions as a risk. Oil prices may be relatively range bound in the near term, with weak global economic growth prospects constraining growth in oil demand and OPEC+ expanding production more rapidly than previously expected, while the breakeven cost of unconventional oil production in the US (estimated to be around US$60/barrel) could provide a floor to prices. We forecast Brent crude to average US$70/barrel in 2025 before easing to US$63.8/barrel in 2026.

Crude oil prices (US$/bbl)



Prices for **liquefied natural gas** (LNG) also climbed rapidly due to Middle East war fears, however spot prices have fallen rapidly from their late June peak – down from around US$14.5/mmbtu to around US$12/mmbtu in late July for the Japan Korea marker (JKM). According to the International Energy Agency (IEA), global LNG supply rose by around 4% in the first half of 2025, however this was somewhat offset by a reduction in conventional natural gas deliveries from Russia to Europe. This may put a floor under LNG prices until further capacity expansion in 2026 – led by the United States, Canada and Qatar – boost supplies by around 7%. Weaker global economic growth could also limit some upside pressure to prices. The JKM is forecast to average US$12.8/mmbtu in 2025 and US$10/mmbtu in 2026.

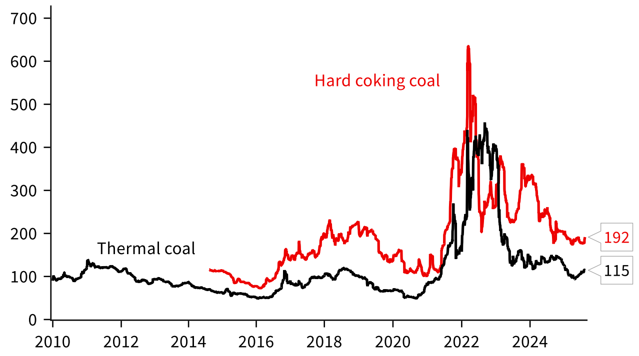
Japan Korea marker (US$/mmbtu)



Spot prices for **hard coking coal** drifted slightly lower – from just over US$190/t at the end of May to under US$180/t in late July – before rebounding at the start of August. In contrast, **thermal coal prices** strengthened, moving back to above US$110/t (from around US$100/t at the end of May).

There remains a significant supply-demand imbalance within China's steel sector, with apparent consumption of steel declining more rapidly than production. On a twelve-month moving average basis, China's steel exports rose to a record high in June. Trade tensions with a broad range of countries – beyond just the United States – could become an increasing barrier to these exports. The IEA forecast global coal demand to decline in both 2025 and 2026, limiting upside risk to prices. Hard coking coal prices are forecast to average US$179 in 2025/t and US$165/t in 2026. Thermal coal prices are forecast to average US$103/t in 2025 and US$85/t in 2026.

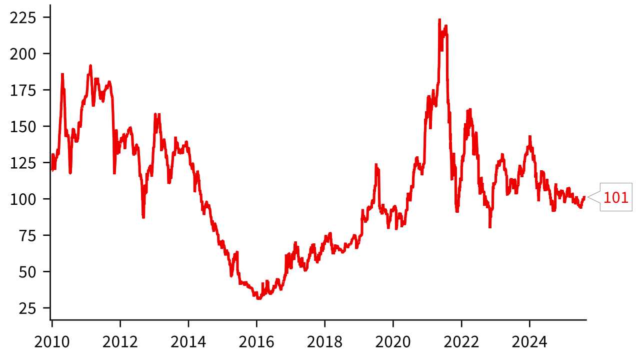
Benchmark coal prices (US$/t)



Metals

Iron ore spot prices drifted lower across June, dropping below US$95/t, before trending higher across July – back above US$100/t in early August. Markets reacted to plans for a large-scale hydroelectric dam in China, with some traders interpreting this as a sign of further infrastructure led fiscal stimulus – something that we do not anticipate. In the absence of this, underlying fundamentals are reasonably bearish for iron ore. China's steel output has continued to gradually decline – drifting just below 82 million tonnes in June (on a twelve-month moving average basis), the lowest level since October 2019. As noted above, China's steel sector has been overly reliant on exports that may face increased trade barriers in various regions – such as India's implementation in April of a temporary (200 day) 12% tariff on steel imports that could be extended as the deadline approaches. More generally, modest global economic growth could flow through to weaker demand for steel, placing downward pressure on iron ore prices. Spot prices for iron ore are forecast to average US$97/t in 2025 before declining to US$83/t in 2026.

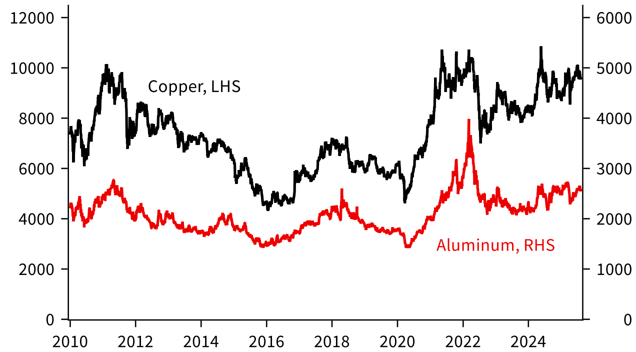
62% iron ore price (US$/t CIF)



Volatility in **base metals** has been elevated over the past year, as markets search for direction in the shifting tariff environment and the prospect of weaker global economic growth. Of particular note in July was an unprecedented disconnect between benchmark LME copper prices and near-term futures on the US COMEX – with the latter surging to a record high in the wake of the Trump Administration announcing a 50% tariff on copper imports. The gap between these prices rose to almost US$3000/tonne on 25 July, but plunged back to parity at the end of the month, when the official Executive Order announced that refined metal and concentrates & ores were exempt from the tariffs, with the measures targeted semi-finished products (such as pipes and wires) instead.

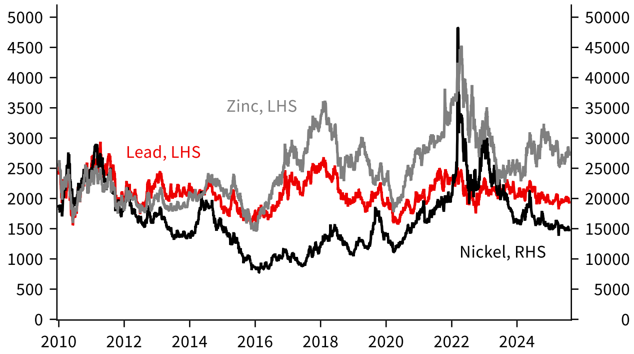
Copper prices remain high by historical standards, despite underlying market fundamentals, with the global refined market recording a 272 thousand tonne surplus in the first five months of 2025.

Base metal prices (US$/t)



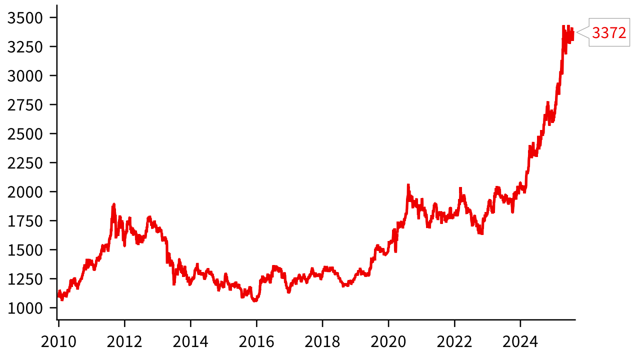
The near-term uptick in base metal prices is not expected to be sustained – meaning we forecast a 1.2% increase in the LME index in 2025, followed by a 14.3% fall in 2026.

Base metal prices (US$/t)



Gold prices exhibited a clear upward trend from late 2022 through to April 2025 – when the precious metal hit a record high above US$3400/oz. Subsequent price trends have been volatile, but tracking broadly sideways near these record peaks. Measures of policy uncertainty have remained elevated in recent months, which has likely provided support for gold demand, given its perceived status as a safe haven asset. Central bank purchases have remained robust – if below the strong pace of late 2024 – with the largest buyers this year being Poland, Azerbaijan (via its State Oil Fund), China, Türkiye and Kazakhstan. We do not see a substantial shift in these drivers in the near term, meaning we still see some upward pressure to gold prices extending out through the end of 2026 (albeit more modest than that seen over the past two and a half years). We expect gold prices to average U$3220/oz in 2025 and US$3475/oz in 2026.

Gold price (US$/oz)



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