

The stage is set for economic recovery led by the mining industry

In June this year Mark Ackroyd, National Group Managing Director spoke about the impact the pandemic will have on the industry and how mining will help lead the charge and stimulate the economy as we come out the other end of the Coronavirus pandemic.

As Australia gets on top of the second wave of COVID-19, the stage is set for economic recovery led by the mining industry.

On 30 October, the Australian Bureau of Statistics released economic data that has confirmed the importance of the mining industry to the Australian economy.

Despite the overall economy contracting, mining industry GDP increased 4.9 per cent in 2019-20 which totalled \$202 billion. This also made mining Australia's largest industry with a 10.4 per cent share of the economy.

COVID-19 has changed the way businesses operate, but executives must now look beyond the pandemic to other global issues that will shape the industry beyond 2020.

According to a study prepared by Wood & Mackenzie in November 2020 for the National Group, Australia is as a leading global commodity producer and is currently the largest exporter of metallurgical coal and iron ore and the largest producer of bauxite.

In August, Iron ore prices leapt to multi-year highs due to increased demand from China, with the price of gold hitting an all-time high in early August. In times of uncertainty, investors have historically turned to gold as a safe haven during downturns, volatility or crisis. However, some analysts predict that gold's rally is far from over.

Prices are expected to remain high through the remainder of 2020. Global seaborne demand for iron ore and steel is expected to grow, with growth expected from Southeast Asia. Despite its economic slowdown, China will continue to be the largest iron ore consuming nation for the foreseeable future.

Australia is expected to continue to dominate the global supply of metallurgical coal and iron ore, which is primarily driven by steel demand.

Iron ore is a key raw material necessary for the production of crude steel, with demand for steel driven by factors including urbanisation and industrial production, which is commonly used in the construction, machinery and automotive sectors. Over the next decade, steel consumption is expected to grow, which is expected to drive continued growth in steelmaking capacity and therefore metallurgical coal demand.

With Australia ahead of the curve in regards to the Coronavirus pandemic and with the mining industry now the biggest contributor to the growth of the economy as a whole, it's time to turn our focus onto the longevity of the industry, prepare for future challenges and take advantage of emerging opportunities.

[Click here to read the full article.](#)

Contacts

Lee Edmondson
0755554521
[mailto: lee@nationalgroup.co](mailto:lee@nationalgroup.co)