



# MEDIA STATEMENT

For immediate release

## JOB LOSSES IN MINING INDUSTRY SLOWED DOWN DURING 2016 WHILE PRODUCTION IMPROVED DURING FIRST TWO MONTHS OF 2017

**Johannesburg, 13 April 2017.** The latest quarterly employment (survey) data released on Friday, 7 April 2017 by Statistics South Africa (Stats SA) for the final quarter of 2016 shows that job losses in the mining sector have slowed down substantially compared to two years ago.

### *Job losses from two years ago to the last quarter of 2016*

The graph on the right illustrates that nearly 40,000 jobs were lost from the beginning of 2015 to the end of 2016.

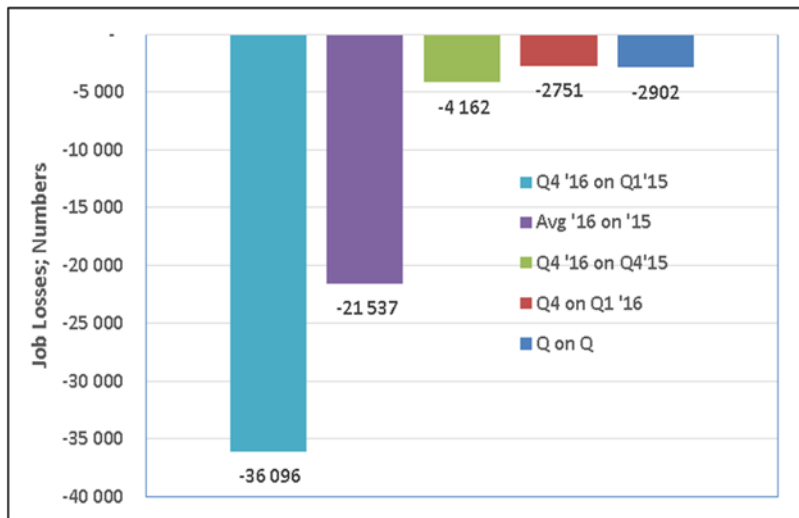
When comparing the average number of people employed between 2015 and 2016, about 21,500 employees lost their livelihoods.

However, the rate of job losses has slowed down. Between the end of 2015 and the end of 2016, job losses amounted to only 4,162. During 2016, this slowed down even further to 2,651 but, disappointingly, increased to 2,902 between the last two quarters of 2016.

Percentage wise, job losses between 2015 and 2016 amounted to 4.5% of the workforce (on average). As the actual numbers above suggest, less than 1% of jobs were lost between the last two quarters of 2016, and compared to the last quarter of 2015.

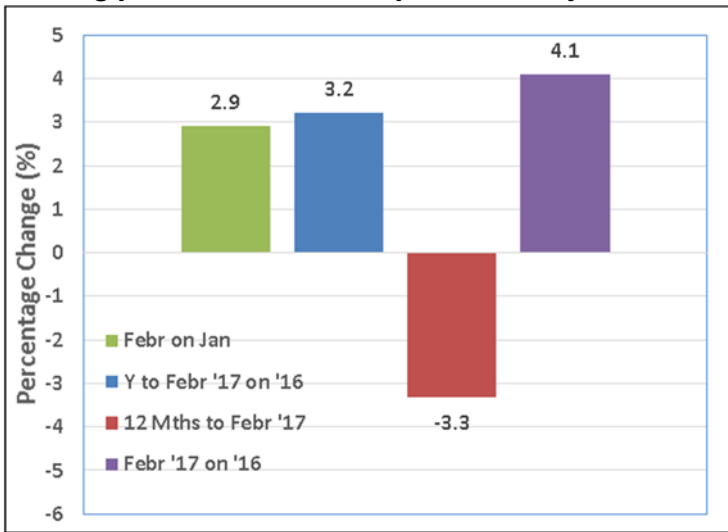
We clarified the sequence of leading indicators that, if positive, would signal improvement in the mining sector as follows:

- **World economic growth** must continue to recover in order to stimulate demand for commodities.



- **Commodity prices**, although volatile, have in general continued to move upwards.
- The latest reports on **profits before taxes** indicate that companies have felt the 'windfall' effect of better prices.
- The next indicator that should respond is **mining production**. Data for January 2017 showed an improvement of almost 2% on December and February and a further 2.9% improvement on January, bringing 2017 growth to 3.2% on the same period last year.

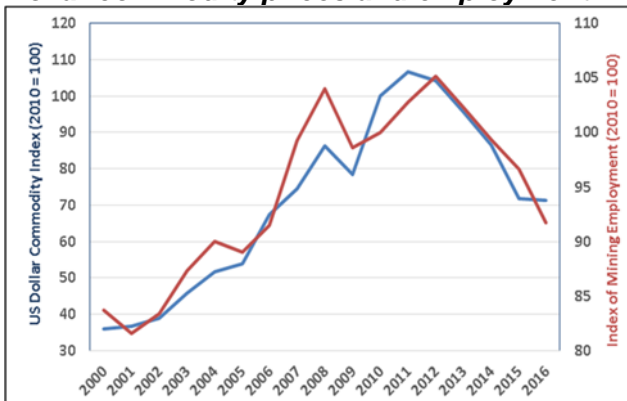
**\*Mining production trends up to February 2017**



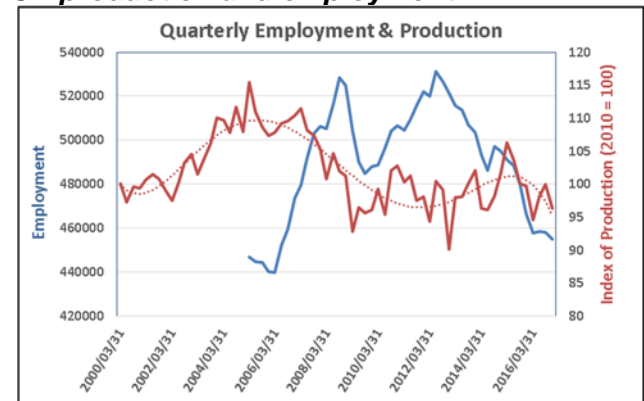
**\*Mining production data released by Stats SA on 13 April 2017**

- We indicated that the next pointer towards improvement would be **employment** numbers. The employment data reported on lags production numbers by a quarter, but the positive correction that can already be seen, may just continue. Curiously, there is a lack of direct correlation between mining employment and production figures.

**Dollar commodity prices and employment**

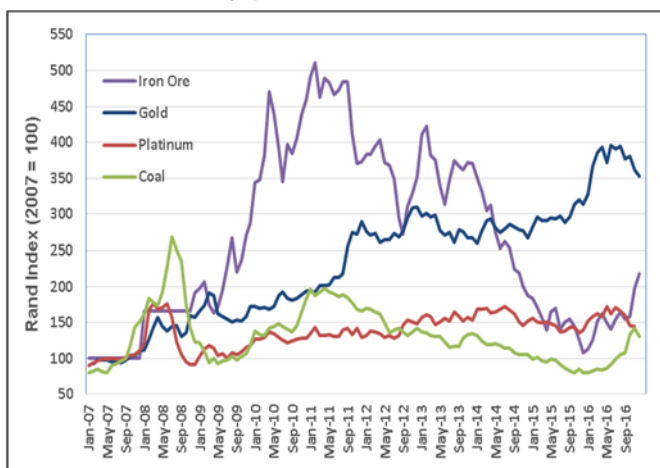


**SA production and employment**

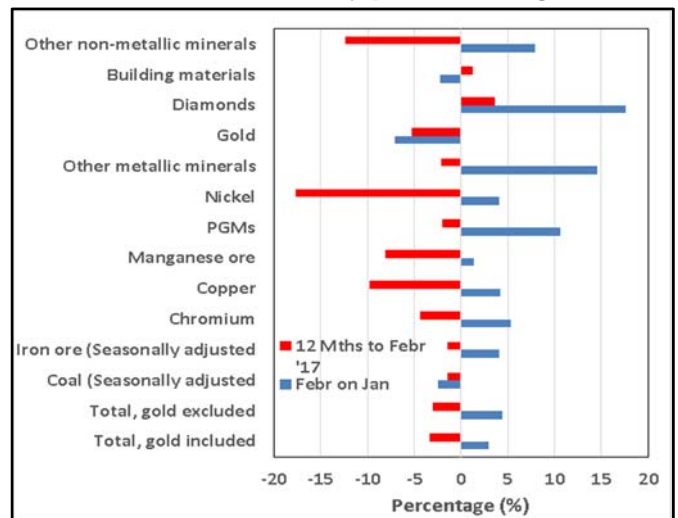


The two graphs above show a strong correlation between dollar commodity prices and employment figures while this is not the case when production and employment figures are compared. This is largely explained by the landed rand earnings for commodities sold in dollar terms; the impact of a combination of vastly dissimilar dollar prices for different commodities and the exchange rate (see **graph: Rand commodity price trends: 2007 = 100**). The differentiated production trends in February also shed some light on this phenomenon (see **graph: Differentiated commodity production growth**).

**Rand commodity price trends: 2007 = 100**



**Differentiated commodity production growth**



Notwithstanding the general uncertainty about the world economy and the direction and sustainability of commodity prices as well as the domestic cost and policy pressures, it does seem as if 'green shoots' of improvements during 2017 are there to see if one cares to look carefully.

The latest data confirms the disappointments of 2016, but similarly shows signs of a better 2017, albeit diverse.

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