16 July 2026

**Production Weakens as Commodity Price Support Starts to Fade**

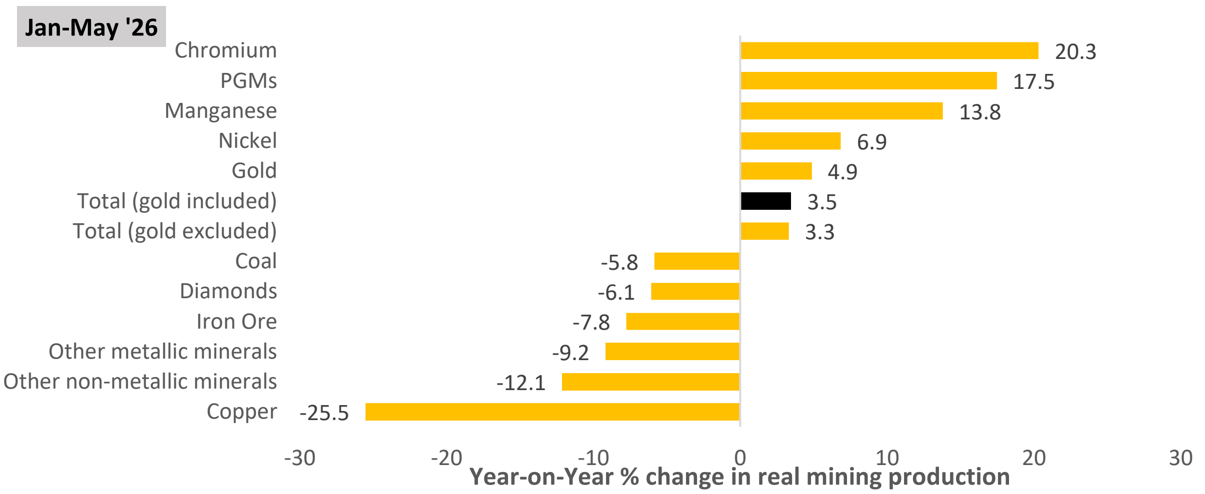
May saw **seasonally adjusted** total mining **production decline** by **4.5%** year-on-year (y-o-y), following the 7.8% y-o-y growth recorded in April. May marked the first contraction in production in five months and proved particularly challenging on two fronts.

**First**, the escalation of the Middle East conflict intensified global economic uncertainty and disrupted oil trade flows through the Strait of Hormuz, through which a fifth of the world's oil flows. As a result, petrol and diesel prices reached their highest levels for the year in May, increasing cost pressures across mining operations and supply chains. The disruption to global trade and heightened market uncertainty also weighed on commodity markets and production activity. This is reflected in May's production data, with all major commodities recording negative annual growth rates, with the exception of manganese and chrome. The resilience of these two commodities was largely supported by stockpiling activity in China, South Africa's largest export market for these commodities, as consumers sought to secure supply amid heightened global supply uncertainty.

**Second**, commodity price trends began to shift. Gold and Platinum Group Metals (PGMs), which had enjoyed sustained price gains over recent months, saw prices retreat in May. This downward movement persisted through June and into July, signaling a moderation in the upward price cycle that had supported mining revenues and profitability.

Year-to-May production numbers, however, are still pointing upward. Figure 1 below illustrates the trends in production thus far this year.

**Figure 1: Year-to-date production, unadjusted y-o-y %**




Source: Statistics South Africa

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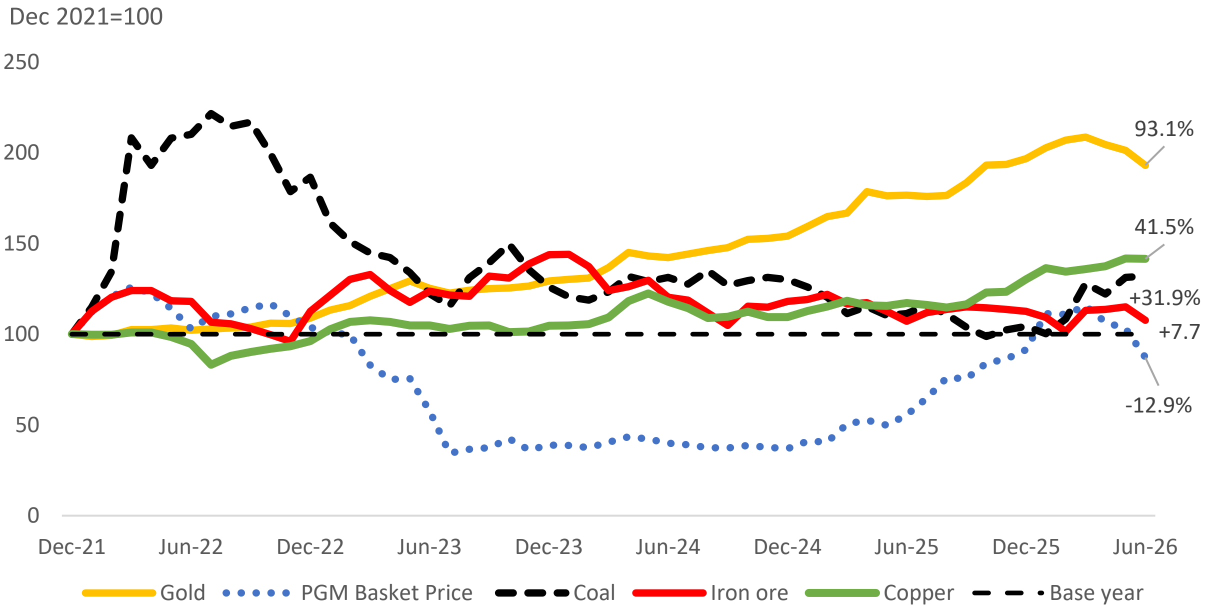
Overall, total **mining production** from **January to May** 2026 was **3.5% higher** than during the same period in 2025. However, the pace of expansion has slowed consistently over recent months, suggesting that the production recovery has not been sustained. Despite this moderation in annual growth rates, elevated commodity prices continue to support production activity on a month-on-month basis. In May, total **mining production increased** by **1.3% month-on-month** (m-o-m), with **gold** production **rising** by **2.3%** and production excluding gold increasing by 1.2%. The elevated levels in commodity prices, despite recent declines, help explain this short-term expansion in output.

However, several commodity groups remain under pressure. **Coal** production is **5.8% lower** during the period January–May 2026 compared to the same period in 2025, reflecting weak demand from Eskom amid declining electricity generation and consumption. **Iron ore** production is **down 7.8%** year-to-date, largely owing to persistent rail constraints. **Diamonds** warrant special mention. The industry is under severe pressure, with production **declining by 6.1%** and several operations announcing production stoppages and issuing Section 189 retrenchment notices. Without urgent measures to support the sector, further mine closures remain a real risk.

Figure 2 below illustrates commodity price trends since 2021.

**Figure 2: Commodity price trends, indexed to December 2021=100**



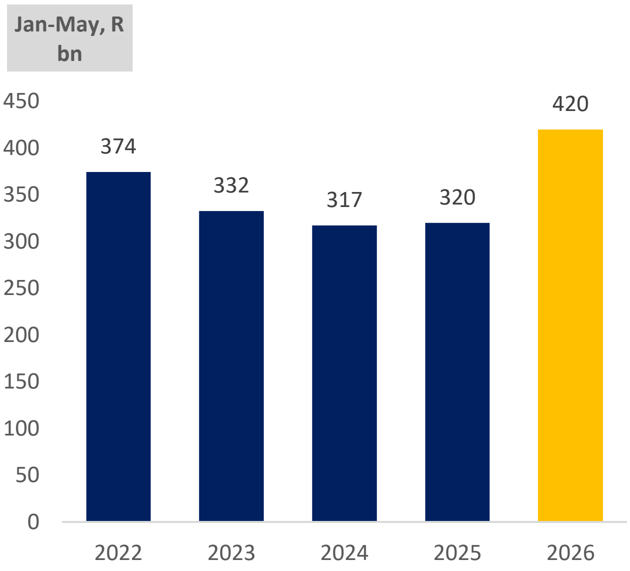

Source: World Bank, DataStream and Minerals Council
*PGM basket price includes platinum, palladium and rhodium

Movements in **commodity prices** explain many of the production trends observed on both a monthly and annual basis. While prices for gold, PGMs and *export* coal have generally trended upward since mid-2025, this trend began to reverse in May 2026. As a result, mining production has continued to expand on a month-on-month basis, supported by the relatively elevated price environment, while year-on-year production growth has begun to weaken and, in several cases, turn negative.

As noted earlier, strong **Chinese demand** has continued to support manganese and chrome production. Chinese stockpiling activity has translated into robust export volumes, with **manganese** exports of approximately 2.2 million tonnes in May. On a year-to-date basis, manganese exports are 19.2% higher (Jan-May) than during the same period in 2025. **Chrome** exports were similarly strong, amounting to approximately 2.4 million tonnes in May and standing 42.8% higher year-to-date than in 2025.

Elevated commodity prices have also continued to support mineral sales, despite signs of softening in certain markets. Figure 3 illustrates total mineral sales from January to May during each of the past five years.

**Figure 3: Total mineral sales (2022-2026)**




Source: Statistics South Africa

Total mineral sales from January to May 2026 were approximately R100 billion higher than during the corresponding period in 2025. The increase was driven primarily by exceptionally strong performances in the gold and PGMs industries. Over the same period, PGM sales were 109.4% higher than in 2025, while gold sales increased by 44.7%. Strong growth was also recorded in chromium (+37.3%) and nickel (+21.8%) sales. Overall, the surge in mineral sales reflects the substantial support provided by elevated gold and PGM prices during the first five months of the year.

**Conclusion**

May marked a weakening in mining production, with output contracting by 4.5% year-on-year after five consecutive months of growth. The softer performance coincided with heightened geopolitical uncertainty, fuel prices that peaked in May and moderating commodity prices, particularly for gold and PGMs. While chrome and manganese continued to benefit from strong Chinese stockpiling and export demand, these commodities remained exceptions to broader sector trends. Despite softer production, mineral sales during January–May 2026 were approximately R100 billion higher than during the corresponding period in 2025, driven primarily by gold and PGMs. Although a single month's data does not establish a trend, May may signal some moderation in sector momentum. The coming months will provide a clearer indication of the trajectory of mining activity for the remainder of 2026.

To unlock structural growth in South Africa's mining sector, lower the cost of doing business and improve global competitiveness, priority should be given to affordable electricity, accelerated logistics reform, expanded private sector participation in rail and transmission infrastructure, and targeted exploration incentives for the development of future mining production. In particular, the lower electricity tariff dispensation should be extended to the rest of the mining sector, which has seen the cost per kWh of electricity increase by 1,185% since 2003; rail reform should be accelerated through increased private sector access and freight allocations, and the Independent Transmission Programme should be expedited to unlock investment and network expansion. Together, these measures would improve the operating environment, stimulate investment and support sustainable growth in the mining sector, which in turn stimulates downstream industries.

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