14 August 2026

Another production contraction in mining production in June 2026

For the second consecutive month mining production (unadjusted) remained under pressure in June 2026, extending the contraction recorded in May. Following a 5.1% year-on-year (y-o-y) decline in May, output decreased by a further 4% y-o-y in June. While it is still early to draw definitive conclusions, indications are that the US-Israeli attack on Iran has been a major contributing factor, initially through high fuel costs, although other factors may also have played a role. The war started on February 28, 2026, and fuel price hikes in South Africa as a result came into effect in April, resulting in an over 20% adjustment to diesel prices, which is the fuel predominantly used in the mining sector. (As of August 2026, diesel prices remain more than 20% higher than pre-conflict levels.)

Year-to-date (Jan-June) production performance (Figure 1). Production was 2.2% higher in the first half of 2026, with growth highly concentrated in chromium, manganese, PGMs and gold. These represent 48.7% of total mining production. Coal, iron ore and diamonds remain under pressure. The underlying trend points to an increasingly divergent mining sector performance, where minerals linked to industrial and energy transition value chains such as chromium, manganese and nickel are outperforming bulk commodities constrained by logistics and weaker global demand conditions.

Figure 1: Y-T-D mining production (% Change)[1]

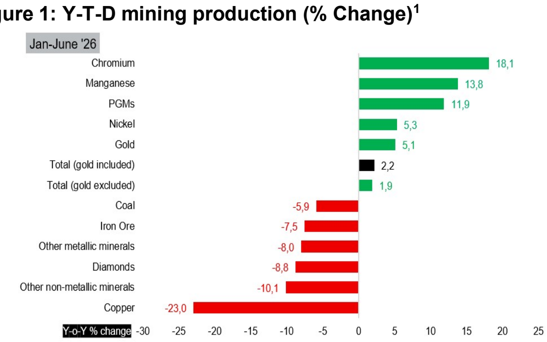
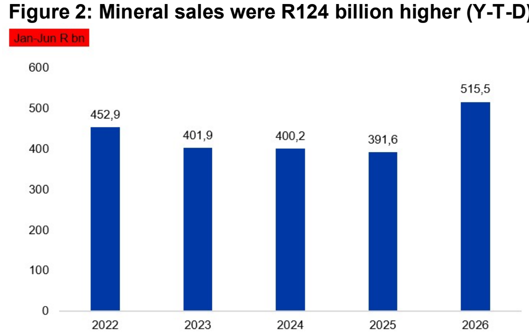


Figure 2: Mineral sales were R124 billion higher (Y-T-D)



Source: Statistics South Africa, Minerals Council

[1] Our main chart typically compares the current month's production performance to the same month last year i.e. June 2026 compared to June 2025. This chart reflects year-to-date (YTD) performance – e.g. January to June 2026 vs January to June 2025. This is because YTD analysis provides a more reliable measure of the underlying trend.

T +27 11 498 7100   E info@mineralscouncil.org.za   W www.mineralscouncil.org.za

7th Floor, Rosebank Towers, 19 Biermann Avenue, Rosebank, 2196

The positive year-to-date (YTD) mining production performance indicates that, despite the weaker monthly performance recorded in May and June, cumulative production over the first half of 2026 remained above the level recorded during the corresponding period last year. This, of course, is not meant to downplay May and June poor production performance.

Mineral sales (Figure 2). Despite weaker production volumes, mineral sales improved substantially. When comparing mineral sales recorded between January and June 2025 with the corresponding period in 2026, sales increased by R124 billion! This suggests that stronger commodity prices helped support revenue performance, even as production output weakened. The divergence between declining production and rising sales points to the important role of price movements in sustaining the sector's nominal income performance.

Prices. Commodity price developments in June 2026 were generally supportive, with notable y-o-y increases recorded across several key minerals:

- Coal increased by 29.3% to $117.5
- Gold increased by 26.4% to $4,237
- Iron ore increased by 7.9% to $103.8
- Palladium increased by 21.3% to $1,277
- Platinum increased by 40.2% to $1,738
- Rhodium increased by 46.3% to $8,042

Bottom line. Overall, the June 2026 data reinforce the following important themes, of which the first three structural:

- While year-to-date (YTD) production performance remains positive, there appears to be an undercurrent of headwinds. At present, this can largely be attributed to the conflict in the Middle East, which has increased diesel prices - a major fuel source for mining operations - by more than 20%. The conflict has also heightened volatility in the global economy.

- Our view at the Minerals Council is that, with an enabling policy and regulatory environment, including competitive administered prices, the mining sector can catalyse inclusive economic growth in South Africa. For this reason, we are developing an Investment and Growth Strategy aimed at (*real*) expansion of the sector.

- Lower electricity tariffs - both in terms of annual percentage increases and their absolute level - for the mining sector would go a long way towards reducing input costs and supporting sector growth.

- On diamonds, several African diamond-producing countries have endorsed the Beijing Declaration on Natural Diamonds and have indicated their intention to formally sign the Declaration in support of the initiative with the Chinese government. Signing of the Declaration, which aims to sustain and strengthen demand for natural diamonds in China, is scheduled for 15 September 2026. Signature by the South African government would not only send a positive signal to the market but would also indicate commitment to an industry that has been at the centre of mining in this country.

-End-

BONGANI MOTSA
CHIEF ECONOMIST
Tel: 011 498 7100
Email: bmotsa@mineralscouncil.org.za