

14 October 2026

Sharp decline in mining production but mineral sales persist in August 2026

In August South Africa's mining production contracted sharply, declining by **12.7% year on year (y-o-y)**. Output also fell by 3.5% month on month (m-o-m, unadjusted) and by 5.4% after seasonal adjustment. Seasonally adjusted production was 11.9% lower than a year earlier. The August outcome extends the y-o-y contraction recorded since May to four consecutive months, indicating that the weakness is persistent rather than a once-off statistical fluctuation. The principal negative contributors to the y-o-y production were:

- Platinum group metals (PGMs): Production declined by 22.5%, subtracting 6.1 percentage points from total mining growth;
- Coal: Production declined by 11.7%, subtracting 3.0 percentage points; and
- Iron ore: Production declined by 16.2%, subtracting 2.4 percentage points.

Together, these commodities account for 69.8% of South Africa's mining production basket. In fairness, all commodities, save for chromium and manganese, recorded declines in production in August.

Figure 1: Total mining production, August 2026 (Y-T-D)

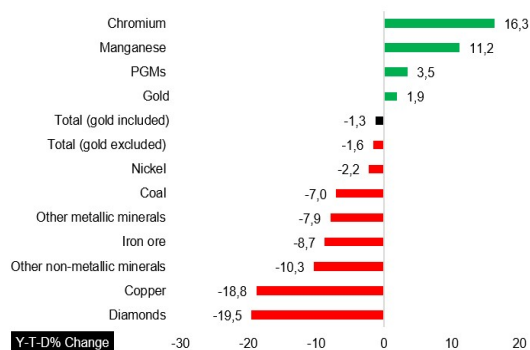
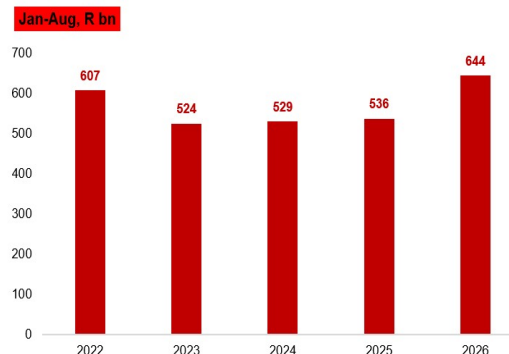


Figure 2: Mineral sales (Jan-Aug 2026, Y-T-D)



Source: Stats SA and Minerals Council

Year-to-date (Y-T-D) (Figure 1), mining production for January to August 2026 contracted by **1.3%**. Although this decline is considerably smaller than the August y-o-y fall, it indicates that the sector entered the latter part of 2026 with limited momentum. Diamonds, copper, and other non-metallic minerals fell by double digits, while chromium and manganese rose by double

digits. PGMs and gold posted marginal gains. This divergence reveals an uneven production landscape: stronger performance in selected industrial minerals has not offset weakness elsewhere. The modest resilience of PGMs and gold is noteworthy as the Minerals Council's mining input-cost data released on **12 October 2026** indicated that precious-metal producers experienced some of the strongest cost increases. Positive output growth in this environment suggests operational resilience, but rising costs may still compress margins unless supported by favourable commodity prices, exchange-rate movements or productivity gains.

Mineral sales earnings (Figure 2) nevertheless strengthened despite weak physical production. Seasonally adjusted sales for January to August were higher in 2026 than in the comparable periods shown since 2022 and exceeded the corresponding 2025 period by **R108 billion**. The divergence between output and sales earnings points to revenue performance being supported by price effects rather than by expanding production volumes. This distinction matters: higher nominal sales can support company cash flows, taxes, and export receipts in the short term, but they do not necessarily signal improved productive capacity. If output weakness persists, higher prices may not offset declining volumes, elevated unit costs, and reduced economies of scale.

Prices: Y-o-y commodity-price movements in August 2026 were as follows:

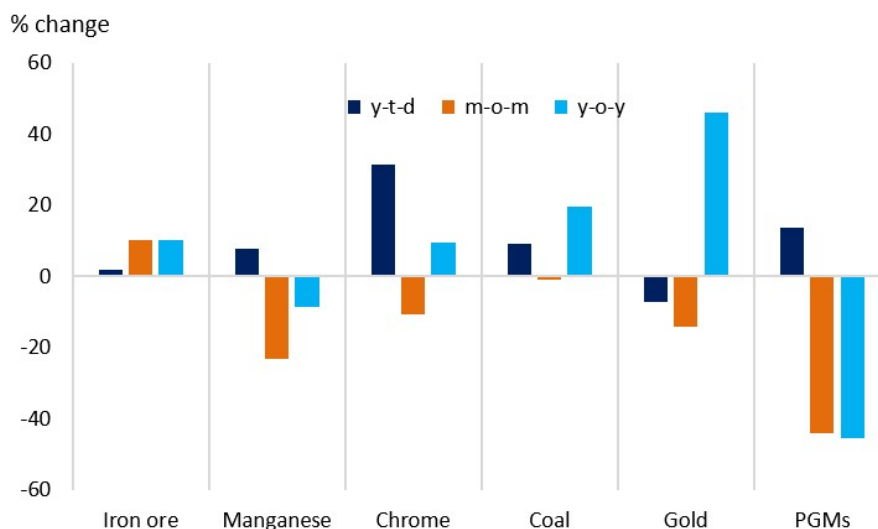
- Coal increased by 20.3% to US\$109.60;
- Gold increased by 31.2% to US\$4,419;
- Iron ore decreased by 3.6% to US\$99.60; and
- PGM prices strengthened:
 - Palladium increased by 18.8% to US\$1,348;
 - Platinum increased by 33.6% to US\$1,782; and
 - Rhodium increased by 20.0% to US\$8,684.

The price environment provides an important buffer against weaker production. In fact, it presents another element in trying to decipher what could be happening with the sector's production performance. Substantial gains in gold and PGM prices should support rand-denominated revenue and partially offset higher input costs, while stronger coal prices may mitigate the impact of lower coal volumes. Iron ore presents a less favourable combination because both production and price declined, increasing the risk of weaker revenue from this segment. However, price-led revenue growth is inherently vulnerable to global market corrections. The sector's underlying position should therefore be assessed using both value and volume indicators, with particular attention to production reliability, cost escalation, infrastructure performance and export logistics.

Export volumes. For a holistic understanding of the production numbers, we examined the export volumes data for August 2026 (**Figure 3**).

- **M-o-m (i.e. comparing July and August 2026)** performance was generally weak in August 2026. Iron ore was the only major commodity to record a meaningful increase, rising by 10.3%. Coal exports were broadly unchanged, declining marginally by 1.1%. By contrast, manganese (-23.2%), chrome (-10.8%), gold (-14.1%) and especially PGMs (-44.0%) recorded notable monthly declines, indicating a significant loss of momentum in export volumes during August.

Figure 3: Export volumes performance (August 2026)



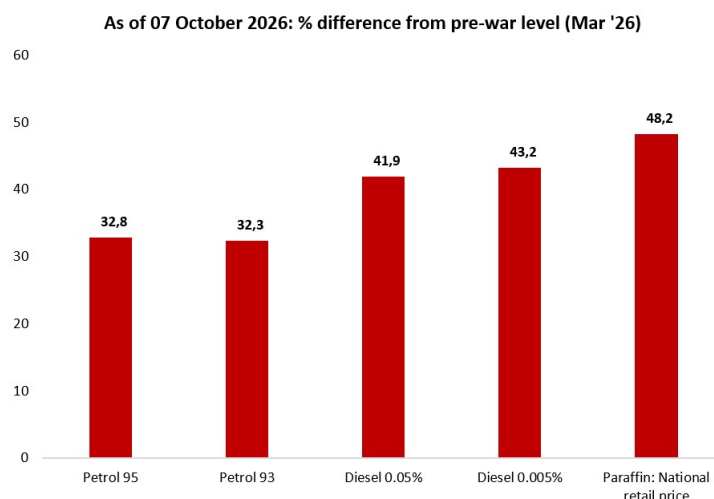
Source: SARS

- **Y-t-d (i.e. comparing 2025 and 2026, January to August)** performance remained more positive despite the softer August outcome. Chrome continued to be the standout performer, with export volumes up 31.5% compared with the same period in 2025. PGMs (+13.7%), coal (+9.1%), manganese (+7.9%) and iron ore (+1.7%) also maintained positive cumulative growth. Gold was the only commodity with negative Y-T-D performance, with export volumes down 7.0%, suggesting that gains recorded in August were insufficient to offset earlier weakness in the year.
- **Y-o-y (i.e. comparing August 2025 to August 2026)** comparisons show a mixed picture. Gold recorded the strongest growth, with export volumes increasing by 45.9% compared with August 2025, while coal (+19.5%), iron ore (+10.0%) and chrome (+9.4%) also posted solid gains. Manganese exports declined by 8.5% y-o-y, while PGMs experienced a sharp contraction of 45.5%, making them the weakest-performing major export commodity in August 2026.

Overall, the data suggest that South Africa's bulk mineral exports, particularly chrome, coal and iron ore, remained relatively resilient in 2026. However, the sharp m-o-m and y-o-y deterioration in PGM exports, together with the negative YTD performance of gold, point to increasing weakness in the precious metals segment during August.

Finally, fuel prices remained substantially higher than their pre-war (March 2026) levels. Paraffin recorded the largest increase, at **48.2%**, followed by **diesel 0.005% (43.2%)** and **diesel 0.05% (41.9%)**, highlighting the significant cost pressures faced by diesel users including the mining sector. Petrol prices were comparatively lower but still elevated, with **Petrol 95 up 32.8%** and **Petrol 93 up 32.3%**. Overall, the data indicate that fuel costs remain materially above pre-war levels, particularly for diesel and paraffin, continuing to place upward pressure on operating costs across mining, logistics, agriculture and other energy-intensive industries.

Figure 4: Fuel prices remain significantly higher than pre-war levels



Source: Vunani Bonds

Bottom line. The August data point to a mining sector experiencing a pronounced volume contraction. The 1.3% YTD decline is less severe, but the deterioration in August suggests downside risk to full-year production if operational and logistical constraints persist. At the same time, higher mineral sales and stronger prices for coal, gold and PGMs have cushioned the immediate revenue impact. This support should not be mistaken for a broad-based recovery - it is largely price-led and may be temporary. A durable improvement requires a restoration of production volumes, reliable transport infrastructure, disciplined cost management and investment that raises productivity. In the near- to medium-term input costs will continue to present a major risk to production performance domestically and to demand for minerals in export markets.

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