

15 July 2025

## Mining production posted a strong performance in May

Mining production posted a solid increase of 3.7% month-on-month (m-o-m, seasonally adjusted) in May 2025. This follows a flat performance in April (m-o-m). Five of the nine major mineral segments registered increases in production, with nickel surging by 55.6% (m-o-m), followed by the PGMs (+10.1%), iron ore (+6.6%), diamonds (+3.9%) and chrome (+2.9%). Explaining the surge in nickel production is an increase in output in one of the five major mines. The increase in PGMs output in May is more a base effect, following production disruptions in April. The other four major sub-sectors recorded the following declines in production: copper (-5.9%), coal (-2.6%), gold (-0.2%) and manganese (-0.2%).

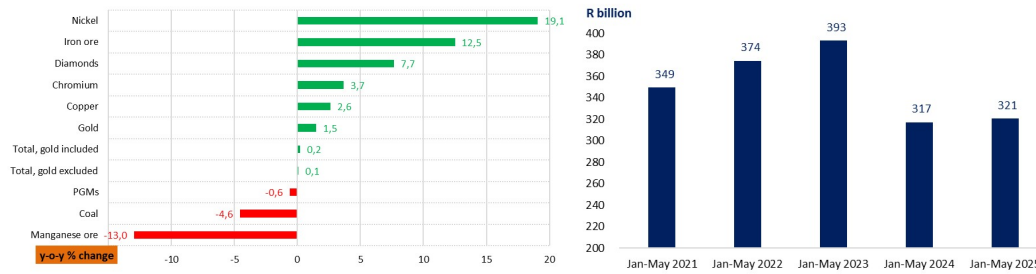
The positive overall mining growth performance in May augurs well for quarterly production of the mining sector. Compared to Q1 2025 which contracted by 4%, Q2 production looks set to increase by more than 3%, resulting in a positive contribution by the sector to overall real GDP performance.

Year-on-year (y-o-y), total mining production increased slightly by 0.2%. This breaks a streak of six months where annual mining production declined. Six of the major industries recorded increases in May. These include gold (+1.5%), iron ore (+12.5%), chrome (+3.7%), nickel (+19.1%), diamonds (+7.7%). Together, these sub-sectors represent just under 36% of total mining production. Compared to twelve months ago, production contracted for manganese (-13%), coal (-4.6%), and the PGMs (-0.6%). (Figure 1 depicts the production performance of the various commodities. Year-to-date (January to May 2025), production was down by 4.2% compared to the same period last year.

Minerals sales earnings (measured in current prices) soared by 18.8% in May compared to twelve months ago. Leading the surge was gold sales which increased by a mammoth 338.7%. This is explained by a 40% increase in the gold price when compared to a year ago. There were also increases in chrome (5.2%), copper (+10.8%) and nickel (+70.2%). Declines in minerals sales (y-o-y) were recorded in the iron ore (-10.5%), manganese (-9.1%), PGMs (-15.6%), and coal (-4.2%) subsectors.

**Figure 1: Production - Mining subsectors (May '25)**

**Figure 2: Total mineral sales**



Source: Statistics South Africa

As shown in Figure 2, year-to-date (January to May) there was a slight increase of 1.1% in total minerals sales – R321 billion in 2025 compared to R317 billion (2024). Month-on-month (April to May 2025), gold sales increased by almost R4 billion, the biggest increase by far of all the sub-sectors.

**Bottom line:** Continued volatility in global markets emanating from the US tariff regime continue to affect demand for minerals, impacting prices. In such an environment the gold price should remain well supported. Gold is viewed as a safe haven investment instrument. Most of South Africa’s mineral exports to the US are currently exempt from the tariffs, except for diamonds and iron ore. The tariffs are likely to increase auto prices in the US, resulting in risking lower total demand. If realised, the decline in demand for autos in the US will likely affect PGMs production in the short- to medium term via a reduced demand for autocatalytic converters.

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