

Mining production down sharply in March 2024

As cautioned last month when we saw a surge in year-on-year (y-o-y) growth in mining production during February amid a very low (weak) base in February 2023, the annual growth rate reversed notably in March. Output swung from +10.3% y-o-y in February 2024 to -5.8% y-o-y in March. Besides the technical reversal because of a less negative base in March 2023, the y-o-y decline in March 2024 was also the result of a stark 5% month-on-month (m-o-m) total production decline. The monthly weakness was largely the result of a 23% m-o-m plunge in **iron ore** production. The iron ore output numbers were very volatile in the first quarter of 2024 and should settle in coming months. Production of PGMs declined by 6.5% m-o-m in March.

Smoothing out the monthly volatility, the year-to-date (January to March 2024) data showed that mining production was flat (-0.1% y-o-y) compared to the same period in 2023. Compared to the fourth quarter of 2023, total output declined by 1.7% quarter-on-quarter. *This means that mining will detract from Q1 2024 real GDP. The GDP figures will be released in early-June.*

Bottom line: We now have the mining production data for the entire first quarter of 2024. Although the rate of decline in annual production is stabilising (a similar story to calendar year 2023), we are not talking about a return to growth yet. Production is basically muddling through at a low level. Looking into the second quarter, the major positive is that **load-shedding** has been absent so far this quarter. Notwithstanding other constraints on output, including restructuring in the iron ore and PGMs sector, the load-shedding reprieve bodes well for a near-term improvement in overall mining production.

A word on mining employment in Q1 2024: Stats SA also released the Quarterly labour Force (QLFS) survey yesterday. This is the less reliable employment data where Stats SA surveys households on their employment status. Please keep that in mind when reading further. Against the general perception of what transpired in Q1, the data showed that mining employment *increased* by 9 000 in Q1 2024 relative to the fourth quarter of 2023. We will await the release of the more reliable Quarterly Employment Statistics on 25 June before making any firm statements on mining employment in the first quarter.

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