

Manganese a rising star

By  Danette Breitenbach

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South African mining export sales increased by R54,4bn in 2019 compared to 2015, with manganese showing the biggest increase in sales.



Source: ©Getty Images

This is according to the Mining Industry report 2019 that was released a virtual media briefing on Tuesday and presented by Itani Magwaba, chief director: Structural Industry Statistics.

The report found that in 2019 income by the mining industry's income was up 5.4% per annum (R552,1bn) compared to 2015 (448.1bn) with coal, the platinum group metals (PGMs), iron ore, and gold and uranium generating almost 80% of the total income in the industry.

The report is the culmination of research undertaken every three to five years on the mines operating in the country.

Income

Income from the mining of coal, PGMs, manganese increased since 2012, while income from gold and uranium has decreased.

PGMs, manganese and coal also increased their income in 2019. Despite producing less palladium and rhodium, sales for these two metals have increased notably with increases in the export sales for both as well as manganese.

The biggest contributor to income was coal, earning R156.1bn (28,3%), then PGMs with R153.7bn (27.9%) and iron ore contributed R65,3bn (11.8%).

Gold and uranium at earned R63,4bn (11.5%) but its income has decreased.

Manganese ore earned R33.4bn (six percent) while chrome contributed R21bn (four percent).

Production

Producing 306m tonnes in 2019, coal accounted for 75% of the total mass of all commodities, However, when compared to 2015 coal produced 0.3% less.

Iron ore while producing 69m tonnes, also decreased compared to 2015. Chrome increased its production by 3.8% and manganese by 3.6%.

Ruthenium was the only commodity to increased production by double figures by 42.5%.

Platinum, copper, palladium, gold, and rhodium all decreased production.

Sales

Despite the decrease in the production of palladium and rhodium, sales for the two commodities surged in the 2015 - 2019.

Coal was still the top seller (25,4%) followed by palladium (23.4%) manganese (16.1%) and rhodium (15.7%). Building materials (1.1%), gold (2.4%) and platinum (5.5%) all declined.

However, coal, iron ore, gold, and platinum (in that order) all remain the most significant contributors to total mining sales.

In 2020 platinum outperformed coal for the first time since 2010, in terms of rand value. Income by commodity, coal is still the biggest.

Coal was the largest contributor to local sales in 2019 (R90,9 billion or 45%), followed by PGMs (R39,2 billion or 19%), chromium ore (R13,0 billion or 6%) and gold (R12,6 billion or 6%).

The net change in the value of mining sales was R101,3bn.

Export earnings

Export earnings contributed 61% of mining sales.

The biggest commodity exports in 2019 are coal, iron ore, gold and PGMs.

The largest contributor to export sales in 2019 was PGMs (R93,6 billion or 29%), followed by coal (R57,1 billion or 18%), iron ore (R56,5 billion or 18%) and gold (R48,3 billion or 15%).

Export sales increased by R54,4bn in 2019 compared to 2015. Manganese was the most significant contributor to this increase followed by palladium and rhodium. Platinum decreased by 5.5%.

While manganese tops the list when it comes to an increase in export sales in 2019 at a whopping 96%, it only represents

10% of total export sales.

Employment

In 2019 the mining industry employed a total of 514,859 employees (2015: 511,122). However, since 2012 employment has declined in the PGMs and gold and uranium sectors.

While the job numbers have gone up, the number of mine employees have decreased from 2015 to 2019 but the number of subcontractors and capital employees have gone up.

In 2015 mine employees made up 72% (365,679) of the workforce, in 2019 they make up 67% (343,057).

There was a net loss of 22,622 jobs across all mining types with iron ore, gold, and uranium, PGMs and coal & ignite the biggest shedders of jobs.

Coal lost 19, 697 jobs. However, PGM is still the biggest employer (39%), followed by coal (21%), then gold (20%), and iron ore (5%).

This job loss trend is also apparent in the provinces where these minerals are mined, with the North West, Mpumalanga, Gauteng and KZN all decreasing their employment.

While the Northern cape employs less people, it has a bigger percentage of income. The opposite is true for the North West, which has a highest employment percentage than income. This also comes down to mining methods as some are more labour intensive than others.

Across all sectors of the mining industry, males still dominate making up between 70 to 88% of the workforce.

The mines included in the report are mineral-rights registered mines that are mainly engaged in the mining industry in mining metal ores and precious stones, chemical and fertiliser minerals, extraction, and evaporation of sale. It excludes the extraction of crude petroleum and natural gas.

Questionnaires were completed for the financial year end on any date between 1 July 2018 and 30 June 2019. Employment figures are for end of June 2019.

The census was also conducted in 2009, 2012 and 2015.

2Q21 mining production

Mining production figures were also released for this quarter on Tuesday. While mining production contracted in June (by 1.6%) and May (by 3.6%), mining production was up in July by 4.1% month on month.

On an annual basis, unadjusted mining production is up 10.3% from 19.1% in June, reflecting waning base effects.

Koketso Mano, FNB Economist says that despite the delay in releasing the June numbers ahead of the preliminary 2Q21 GDP print, the figures show that seasonally adjusted mining production was up 0.6% quarter to quarter (q/q), reflecting that mining indeed contributed positively to GDP.

“However, there is downside risk to the 1.9% q/q currently estimated. Mining production is up 18.6% year to date (YTD) compared to same period in 2020,” he says.

Explaining annual acceleration in mining production was a 42.9% year on year (y/y) increase in iron ore production (contributing 3.9ppt), PGM production increased by 10.3% y/y (adding 2.3ppt), chromium ore production is up 45.8% y/y

(adding 1.7ppt), and gold production posted 13.4% y/y (adding another 1.6ppt).

There were broad-based gains in mining production YTD, with only coal production 4.9% lower than production in the first seven months of 2020.

Chromium production is up 53.5% YTD, building materials are up 39.1%, iron ore 38.0%, PGMs 32.0%, gold 18.6%, and other metallic minerals 15.4%.

ABOUT DANETTE BREITENBACH

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