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INDICES OF THE PHYSICAL VOLUME OF MINING PRODUCTION

Stats Brief, 4th Quarter 2017



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1.0 Preface

This statistical release presents quarterly Indices of Mining Production (IMP) for the period 2003 to the fourth quarter of 2017. Also carried in the report is the annual IMP for the period 2003 to 2017, derived as the average of the four quarters of the year. This report uses 2013 as a reference year. Data used in this publication is sourced from the Department of Mines; Ministry of Mineral Resources, Green Technology and Energy Security.

For more information, contact the Directorate of Stakeholder Relations on 3671300. All Statistics Botswana outputs/publications are available on the website at www.statsbots.org.bw and at the Statistics Botswana Information Resource Centre.

I sincerely thank all stakeholders involved in the formulation of this brief, for their continued support, as we strive to better serve users of Statistics Botswana products and services.



Dr. Burton S. Mguni
Acting Statistician General
March 2018

2.0 Summary of Findings

All figures in this report are not seasonally adjusted.

Table 1 presents a summary of findings for Indices of Mining Production (IMP) from the first quarter of 2013 to the fourth quarter of 2017. This table forms the basis for the discussions under Sub-Section 2.1. Reference however, will be made to this table and other tables throughout the report.

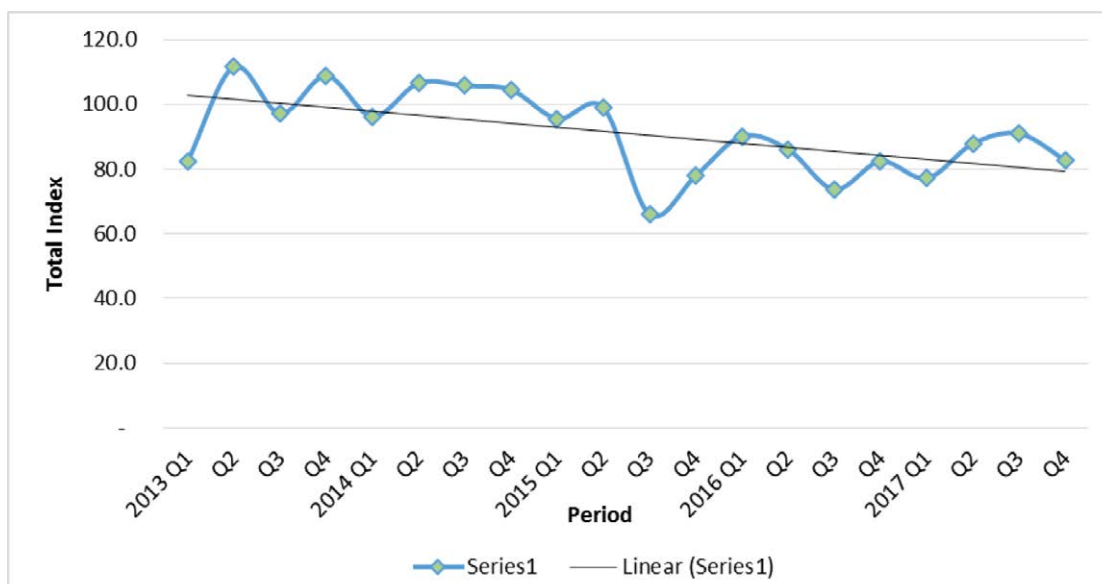
Table 1: Key Figures in the Volume of Mining Production

Base Period : 2013=100			
Period	Index of the physical volume of mining production	Year-on-year percentage change	Quarter-on-Quarter percentage change
Q1_2013	82.5	(8.7)	(9.7)
Q2_2013	111.6	25.2	35.3
Q3_2013	97.1	38.4	(12.9)
Q4_2013	108.8	19.1	12.0
Q1_2014	96.2	16.7	(11.5)
Q2_2014	106.6	(4.5)	10.8
Q3_2014	105.7	8.9	(0.8)
Q4_2014	104.5	(4.0)	(1.2)
Q1_2015	95.6	(0.7)	(8.6)
Q2_2015	99.0	(7.2)	3.5
Q3_2015	66.0	(37.6)	(33.5)
Q4_2015	77.9	(25.5)	18.0
Q1_2016	90.1	(5.7)	15.7
Q2_2016	86.0	(13.0)	(4.5)
Q3_2016	73.7	11.7	(14.3)
Q4_2016	82.4	5.8	11.8
Q1_2017	77.1	(14.4)	(6.4)
Q2_2017	87.9	2.1	13.9
Q3_2017	91.0	23.4	3.5
Q4_2017	82.8	0.5	(9.0)

Note: () denotes negative figures

Figure 1, which is based on Table 1 shows the Index of the physical of mining production from the first quarter of 2013 to the fourth quarter of 2017. The graph shows that even though there are fluctuations over the period covered, on average, production has been slightly decreasing between 2013 and 2017.

Figure 1: Total Index for Period First Quarter of 2013 to Fourth Quarter of 2017



2.1 Indices of Mining Production

The Index of Mining Production stood at 82.8 during the fourth quarter of 2017 showing a year-on-year increase of 0.5 percent from 82.4 during the fourth quarter of 2016. The main contributor to the 0.5 percent increase was Gold contributing 0.3 of a percentage point, followed by Diamond and Copper in Concentrates both contributing 0.2 of a percentage point, as shown in **Table 2**.

The quarter-on-quarter analysis reflects a decrease of 9.0 percent from 91.0 during the third quarter of 2017 to 82.8 in the reference quarter.

The total index of mining production growth decreased in most parts of the period from 2007 to 2017. It is also observable that the overall indices of mining production has also been decreasing at an average annual rate of 4.5 percent during the last ten (10) years as reflected in **Table 3**.

2.2 Mineral Production

Discussions on mineral production, which compare production during the fourth quarter of 2017 to the same quarter of 2016, are based on Table 2 and Table 6. Table 5 provides quarter-on-quarter analysis of the mineral production, for the quarter under review, giving comparison to the preceding quarter.

Diamond production growth decelerated sharply from 14.3 percent in the third quarter of 2016 to 0.2 percent during the fourth quarter of 2017. The decline came as a result of weak international demand for the commodity during the quarter under review. The quarter-on-quarter analysis shows that diamond production during the fourth quarter of 2017 decreased by 9.0 percent compared to the third quarter of 2017. The decline in production was necessitated by the need to stabilize production as the inventories were carried forward in preparations for sale in the fourth quarter of 2017.

Gold production increased by 28.6 percent, year-on-year, comparing the fourth quarter of 2017 to the corresponding quarter in 2016. The increase was as a result of the ability to access the underground resources which yielded higher than expected recoveries from the ore. The quarter-on-quarter analysis on the other hand shows a decrease of 7.7 percent in the fourth quarter of 2017 compared with the preceding quarter.

Copper in concentrates production registered a decrease of 38.2 percent in the fourth quarter of 2017 compared with the preceding quarter. Although production decreased for the quarter, it should be noted that the mine has just resumed operations since 2015 when it was placed under care and maintenance due to unfavourable commodity prices at the time.

Soda Ash production declined for the fourth consecutive quarter, decreasing by 9.3 percent during the fourth quarter of 2017 compared to the same quarter of 2016. The quarter-on-quarter comparisons, however, reflects an increase of 8.6 percent during the period under review compared to the preceding quarter. The continued improvement in production may be attributable to the plant's high efficiency following the plant refurbishment which occurred during the second quarter of 2017.

Salt production fell by 17.3 percent in the fourth quarter of 2017 compared to production during the same quarter of 2016. The quarter-on-quarter comparison shows a decrease of 32.4 in the fourth quarter of 2017 compared to the third quarter of 2017.

Coal production registered an increase of 4.3 in the fourth quarter of 2017 when compared to the same quarter of the previous year. The quarter-on-quarter comparison, reflects a decline of 3.0 percent compared to the preceding quarter. Although a decline was registered, the mine was able to fulfil commodity demand for both Morupule A (that is currently undergoing refurbishment) and Morupule B Power Plants by means of stock piled inventory.

Copper-Nickel-Cobalt Matte and Silver recorded zero production during the period under review. The instability and uncertainty of commodity prices had negatively affected the mines, thus leading to the provisional liquidation of the concerned companies.

Table 2: Index of Mining Production for the latest Quarter by Mineral Groups and Minerals

Base:2013=100					
Mineral	Weights (2013)	Oct - Dec, 2016	Oct - Dec, 2017	Year-on-Year Percentage Change	Contribution (% points) to the Percentage Change in the total Mining Production
Diamonds	82.5	96.1	96.3	0.2	0.2
Copper-Nickel-Cobalt Matte	8.6	n.a	n.a	n.a	n.a
Copper in Concentrates	5.5	n.a	3.0	...	0.2
Gold	1.4	70.6	90.8	28.6	0.3
Soda Ash	0.9	150.9	137.0	(9.3)	(0.2)
Salt	0.5	96.0	79.5	(17.3)	(0.1)
Silver	0.4	n.a	n.a	n.a	n.a
Coal	0.3	145.1	151.4	4.3	0.0
Total	100	82.4	82.8	0.5	0.5

NB: 1. The contribution (percentage points) of a mineral to the percentage change in the total mining production is calculated by multiplying the difference in the index for the mineral by the weight of the mineral and then dividing by the previous period's total index.

2. () denotes negative numbers

3. n.a signifies data not available/no production at the specified period,

4. ...data is not zero but the figure is not large enough to be measured with the smallest unit

Table 3: Index of Mining Production Annualized Growth Rate by Mineral Group - 2017

Mineral Group	Diamonds
Diamonds	(3.8)
Copper-Nickel-Cobalt Matte	(100)
Copper in Concentrate	...
Gold	(10.1)
Soda Ash	(2.1)
Salt	3.5
Silver	n.a
Coal	10.3
Total	(4.5)

() denote negative numbers

n. a signifies data not available/no production at the period,

...data is not zero but the figure is not large enough to be measured

Table 4: Quarter on Quarter Percentage Change in the Volume of Mining Production by Mineral Group and Mineral

BASE 2013 = 100									
	Diamonds	Copper – Nickel -Cobalt Matte	Copper in Concentrate	Gold	Soda Ash	Salt	Silver	Coal	Total Index
Weights	82.5	8.6	5.5	1.4	0.9	0.5	0.4	0.3	100.0
2012	89.1	80.5	31.1	114.1	109.1	70.5	n.a.	97.2	85.3
2013	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2014	106.6	67.1	114.0	79.4	117.8	98.9	98.6	114.4	103.3
2015	90.0	69.8	32.5	62.4	95.8	71.7	12.4	138.1	84.5
2016	90.3	68.2	n.a	69.0	123.1	76.7	n.a	125.1	83.1
2017	99.2	n.a	4.4	76.3	99.5	70.9	n.a	148.1	84.7
2012 Q1	92.5	110.1	23.8	134.6	105.9	65.8	n.a.	62.6	90.3
Q2	92.4	99.6	22.9	119.8	99.2	78.3	n.a.	60.1	89.1
Q3	75.8	25.6	41.0	108.9	129.1	58.2	n.a.	118.8	70.2
Q4	95.7	86.9	36.6	93.1	102.1	79.9	n.a.	147.4	91.4
2013 Q1	80.5	88.0	94.0	76.6	122.9	97.0	102.3	107.5	82.5
Q2	111.7	112.4	115.5	98.5	89.0	116.8	118.1	74.6	111.6
Q3	95.8	107.8	93.2	102.4	112.9	118.6	108.0	113.8	97.1
Q4	111.9	91.9	97.4	122.5	75.2	67.6	71.7	104.1	108.8
2014 Q1	101.5	46.8	96.9	96.4	109.0	68.6	73.2	95.0	96.2
Q2	110.0	73.4	114.7	74.3	115.6	100.8	88.5	123.9	106.6
Q3	109.3	51.6	136.0	84.5	117.3	116.2	135.4	130.6	105.7
Q4	105.5	96.5	108.5	62.3	129.5	109.7	97.5	108.3	104.5
2015 Q1	99.1	87.6	74.3	51.7	73.4	61.6	49.6	126.9	95.6
Q2	104.1	105.2	34.2	49.7	96.9	61.1	n.a	135.1	99.0
Q3	72.7	19.9	21.7	77.9	125.6	106.6	n.a	154.8	66.0
Q4	84.0	66.6	n.a	70.3	131.2	80.9	n.a	135.6	77.9
2016 Q1	93.9	119.0	n.a	60.0	117.9	67.3	n.a	114.4	90.1
Q2	91.7	93.4	n.a	80.9	84.0	56.5	n.a	93.9	86.0
Q3	79.6	60.4	n.a	64.3	139.3	86.9	n.a	146.9	73.7
Q4	96.1	n.a	n.a	70.6	150.9	96.0	n.a	145.1	82.4
2017 Q1	91.3	n.a	n.a	46.7	71.9	46.0	n.a	131.2	77.1
Q2	103.3	n.a	9.8	69.2	62.8	40.6	n.a	153.8	87.9
Q3	105.8	n.a	4.8	98.5	126.1	117.6	n.a	156.1	91.0
Q4	96.3	n.a	3.0	90.8	137.0	79.5	n.a	151.4	82.8

NB: 1. n.a signifies data not available/no production at the specified period.

Table 5: Year-on-Year Percentage Change in the Volume of Mining Production by Mineral Group and Mineral

(Base 2013 = 100)									
	Diamonds	Copper Nickel-Cobalt Matte	Copper in Concentrates	Gold	Soda Ash	Salt	Silver	Coal	Total Index
Weights	82.5	8.6	5.5	1.4	0.9	0.5	0.4	0.3	100.0
2012 Q1	15.2	10.8	3.0	(16.0)	(12.7)	(30.6)	n.a	142.7	13.0
Q2	(0.1)	(9.5)	(4.0)	(11.0)	(6.3)	18.9	n.a	(4.0)	(1.3)
Q3	(18.0)	(74.3)	79.1	(9.1)	30.1	(25.6)	n.a	97.7	(21.2)
Q4	26.3	239.3	(10.6)	(14.5)	(21.0)	37.3	n.a	24.0	30.2
2013 Q1	(15.9)	1.3	156.6	(17.7)	20.5	21.4	...	(27.1)	(9.7)
Q2	38.7	27.7	22.9	28.6	(27.6)	20.4	15.5	(30.6)	35.3
Q3	(14.3)	(4.1)	(19.3)	4.0	26.8	1.5	(8.6)	52.6	(12.9)
Q4	16.8	(14.7)	4.5	19.6	(33.4)	(43.0)	(33.6)	(8.6)	12.0
2014 Q1	(9.3)	(49.1)	(0.5)	(21.4)	44.9	1.5	2.1	(8.7)	(11.5)
Q2	8.4	56.9	18.3	(22.9)	6.0	47.0	20.8	30.5	10.8
Q3	(0.7)	(29.7)	18.6	13.8	1.5	15.3	53.0	5.4	(0.8)
Q4	(3.4)	86.8	(20.3)	(26.3)	10.4	(5.6)	(28.0)	(17.1)	(1.2)
2015 Q1	(6.0)	(9.2)	(31.5)	(17.0)	(43.3)	(43.9)	(49.1)	17.2	(8.6)
Q2	5.0	20.1	(54.1)	(3.8)	31.9	(0.7)	(100.00)	6.4	3.5
Q3	(30.1)	(81.1)	(36.5)	56.7	29.6	74.4	n.a	14.6	(33.3)
Q4	15.5	235.3	(100.0)	(9.7)	4.5	(24.1)	n.a	(12.4)	18.0
2016 Q1	11.7	78.7	n.a	(14.7)	(10.1)	(16.9)	n.a	(15.6)	15.7
Q2	(2.3)	(21.5)	n.a	34.8	(28.8)	(16.0)	n.a	(18.0)	(4.5)
Q3	(13.3)	(35.4)	n.a	(20.5)	65.9	53.7	n.a	56.5	(14.3)
Q4	20.8	(100.0)	n.a	9.8	8.3	10.4	n.a	(1.2)	11.8
2017 Q1	(5.0)	n.a	n.a	(33.9)	(52.4)	(52.1)	n.a	(9.6)	(6.4)
Q2	13.2	n.a	n.a	48.1	(12.7)	(11.8)	n.a	17.2	13.9
Q3	2.4	n.a	(50.7)	42.3	100.9	190.0	n.a	1.5	3.5
Q4	(9.0)	n.a	(38.2)	(7.7)	8.6	(32.4)	n.a	(3.0)	(9.0)

Note: 1. () denote negative numbers

2. n.a signifies data not available/no production at the specified period

Table 6: Contribution of Each Mineral Group and Mineral to the Year-on-Year Percentage Change in the Volume of Mining Production

Base 2013 =100									
	Diamonds	Copper-Nickel Cobalt Matte	Copper in Concentrates	Gold	Soda Ash	Salt	Silver	Coal	Total Index
Weights	82.5	8.6	5.5	1.4	0.9	0.5	0.4	0.3	100.0
2012	(10.0)	12.0	40.6	(11.8)	(3.6)	(17.6)	n.a.	84.7	(7.7)
2013	12.2	24.2	221.9	(12.4)	(8.3)	41.8	...	2.8	17.3
2014	6.6	(32.9)	14.0	(20.6)	17.8	(1.1)	(1.4)	14.4	3.3
2015	(15.6)	4.1	(71.5)	(21.4)	(9.4)	(21.5)	(87.4)	20.7	(18.1)
2016	0.3	(2.3)	(100.0)	10.5	15.2	(1.1)	(100.0)	(9.4)	(1.8)
2017	9.8	(100.0)	...	10.6	(19.2)	(7.6)	n.a.	18.4	2.0
2012 Q1	(0.8)	15.6	51.4	21.1	7.3	(8.4)	n.a.	12.7	1.6
Q2	(9.8)	15.9	(3.9)	7.2	(2.3)	12.6	n.a.	(17.0)	(7.3)
Q3	(36.7)	255.4	59.1	(18.9)	(1.3)	(45.4)	n.a.	109.0	(32.9)
Q4	19.2	(12.5)	58.4	(42.0)	(15.9)	(15.6)	n.a.	471.1	14.4
2013 Q1	(13.0)	(20.1)	294.5	(43.1)	16.1	47.4	...	71.6	(8.7)
Q2	20.9	12.8	405.1	(17.8)	(10.3)	49.3	...	24.1	25.2
Q3	26.4	320.7	127.4	(5.9)	(12.6)	103.7	...	(4.2)	38.4
Q4	16.9	5.7	165.9	31.6	(26.3)	(15.4)	...	(29.4)	19.1
2014 Q1	26.0	(46.8)	3.1	25.8	(11.4)	(29.3)	(28.4)	(11.7)	16.7
Q2	(1.5)	(34.7)	(0.7)	(24.6)	29.8	(13.7)	(25.1)	66.1	(4.5)
Q3	14.1	(52.1)	46.0	(17.5)	3.9	(2.0)	25.4	14.7	8.9
Q4	(5.7)	5.0	11.4	(49.1)	72.2	62.3	35.9	4.0	(4.0)
2015 Q1	(2.3)	87.3	(23.3)	(46.3)	(32.6)	(10.3)	(32.3)	33.7	(0.7)
Q2	(5.4)	43.3	(70.2)	(33.0)	(16.2)	(39.4)	(100.0)	9.0	(7.2)
Q3	(33.4)	(61.5)	(84.1)	(7.8)	7.1	(8.3)	(100.0)	18.6	(37.6)
Q4	(20.4)	(31.0)	(100.0)	12.9	1.4	(26.2)	(100.0)	25.3	(25.5)
2016 Q1	(5.3)	35.8	(100.0)	16.0	60.6	9.3	(100.0)	(9.8)	(5.7)
Q2	(11.9)	(11.2)	(100.0)	62.7	(13.3)	(7.5)	n.a.	(30.5)	(13.0)
Q3	9.4	204.0	(100.0)	(17.4)	10.9	(18.4)	n.a.	(5.1)	11.7
Q4	14.3	(100.0)	n.a.	0.4	15.0	18.6	n.a.	7.0	5.8
2017 Q1	(2.7)	(100.0)	n.a.	(22.2)	(39.0)	(31.7)	n.a.	14.7	(14.4)
Q2	12.6	(100.0)	n.a.	(14.5)	(25.2)	(28.3)	n.a.	63.9	2.1
Q3	32.9	(100.0)	n.a.	53.1	(9.5)	35.3	n.a.	6.3	23.4
Q4	0.2	n.a.	...	28.6	(9.3)	(17.3)	n.a.	4.3	0.5

Note: 1. () denote negative numbers

2. ...data is not zero but the figure is not significant enough to be measured

3. n.a signifies data not available/no production at the specified period

Table 7: Contribution of Each Mineral Group and Mineral to the Year-on-Year Percentage Change in the Volume of Mining Production

Base 2013 =100									
	Diamonds	Copper-Nickel Cobalt Matte	Copper in Concentrates	Gold	Soda Ash	Salt	Silver	Coal	Total Index
Weights	82.5	8.6	5.5	1.4	0.9	0.5	0.4	0.3	100.0
2012	(8.8)	0.8	0.5	(0.2)	(0.0)	(0.1)	n.a.	0.1	(7.7)
2013	10.5	2.0	4.4	(0.2)	(0.1)	0.2	0.5	0.0	17.3
2014	5.4	(2.8)	0.8	(0.3)	0.2	(0.0)	(0.0)	0.0	3.3
2015	(13.2)	0.2	(4.3)	(0.2)	(0.2)	(0.1)	(0.4)	0.1	(18.1)
2016	0.3	(0.2)	(1.9)	0.1	0.2	(0.0)	(0.1)	(0.0)	(1.8)
2017	8.8	(7.0)	0.3	0.1	(0.3)	(0.0)	n.a.	0.1	2.0
2012 Q1	(0.7)	1.4	0.5	0.4	0.1	(0.0)	n.a.	0.0	1.6
Q2	(8.6)	1.2	(0.1)	0.1	(0.0)	0.0	n.a.	(0.0)	(7.3)
Q3	(34.7)	1.5	0.8	(0.3)	(0.0)	(0.2)	n.a.	0.1	(32.9)
Q4	15.9	(1.3)	0.9	(1.2)	(0.2)	(0.1)	n.a.	0.4	14.4
2013 Q1	(11.0)	(2.1)	4.3	(0.9)	0.2	0.2	0.5	0.1	(8.7)
Q2	17.9	1.2	5.7	(0.3)	(0.1)	0.2	0.6	0.0	25.2
Q3	23.5	10.0	4.1	(0.1)	(0.2)	0.4	0.8	(0.0)	38.4
Q4	14.6	0.5	3.6	0.5	(0.3)	(0.1)	0.4	(0.1)	19.1
2014 Q1	21.0	(4.3)	0.2	0.3	(0.2)	(0.2)	(0.2)	(0.0)	16.7
Q2	(1.3)	(3.0)	(0.0)	(0.3)	0.2	(0.1)	(0.1)	0.1	(4.5)
Q3	11.4	(5.0)	2.4	(0.3)	0.0	(0.0)	0.1	0.0	8.9
Q4	(4.8)	0.4	0.6	(0.8)	0.4	0.2	0.1	0.0	(4.0)
2015 Q1	(2.0)	3.6	(1.3)	(0.6)	(0.3)	(0.0)	(0.1)	0.1	(0.7)
Q2	(4.6)	2.6	(4.1)	(0.3)	(0.2)	(0.2)	(0.4)	0.0	(7.2)
Q3	(28.5)	(2.6)	(5.9)	(0.1)	0.1	(0.0)	(0.6)	0.1	(37.6)
Q4	(17.0)	(2.5)	(5.7)	0.1	0.0	(0.1)	(0.4)	0.1	(25.5)
2016 Q1	(4.6)	2.8	(4.3)	0.1	0.4	0.0	(0.2)	(0.0)	(5.7)
Q2	(10.3)	(1.0)	(1.9)	0.4	(0.1)	(0.0)	n.a.	(0.1)	(13.0)
Q3	8.5	5.3	(1.8)	(0.3)	0.2	(0.1)	n.a.	(0.0)	11.7
Q4	12.8	(7.3)	n.a.	0.0	0.2	0.1	n.a.	0.0	5.8
2017 Q1	(2.4)	(11.3)	n.a.	(0.2)	(0.5)	(0.1)	n.a.	0.0	(14.4)
Q2	11.1	(9.3)	0.6	(0.2)	(0.2)	(0.1)	n.a.	0.2	2.1
Q3	29.3	(7.0)	0.4	0.6	(0.2)	0.2	n.a.	0.0	23.4
Q4	0.2	n.a.	0.2	0.3	(0.2)	(0.1)	n.a.	0.0	0.5

Note: 1. () denote negative numbers

2. ...data is not zero but the figure is not significant enough to be measured

3. n.a signifies data not available/no production at the specified period

3.0 Technical Notes

3.1 Background

Mining activity in Botswana started in the 19th century with the production of Gold by Europeans from the Tati Reefs which is now the modern Francistown area. However, much of this activity could not be accounted for, despite its significant contribution to the economy at that time. Modern mining in Botswana started with the mining of Diamonds at Orapa in 1971 followed by Copper-Nickel production in 1973 at Selebi-Phikwe. Since the early 1980s, the mining industry has been the largest contributor to real gross domestic product (GDP), contributing between 30 and 50 percent.

These mineral contributions enabled the Government to undertake investments in both human and physical infrastructure development over time. Even though the mining sector's contribution to GDP has been below 25 percent since the 2009 recession, available data indicates that the sector still leads in terms of value added contribution to GDP. Despite its great contribution to Botswana's GDP, the mining industry is capital intensive and accounts for less than 5 percent of employment in the private sector.

With such a significant contribution to the GDP, and the national economy, the need for a measure of change in the production of minerals in Botswana cannot be over emphasized. The index of physical volume of mining production is such a measure that provides a relative change over time in mining production. IMP can also be used as a deflator to calculate the gross domestic product (GDP) at constant prices.

3.2 Data collection

A mining production survey is carried out by the Department of Mines at the Ministry of Minerals, Energy and Water Resources, covering all mining establishments operating in the country. After the completion of data collection, the Department of Mines provides the data to Statistics Botswana. Following international standards and guidelines, Statistics Botswana cleans the data, produces statistical tables and produces reports which are then packaged and disseminated to users. The results of the survey are used to calculate the volume of mining production indices on a quarterly basis and subsequently to estimate GDP, also on a quarterly basis.

3.3 Scope of the survey

The survey covers all mining establishments conducting activities relating to the extraction of minerals occurring naturally as solids such as Diamonds, Copper-Nickel-Cobalt Matte, Copper in Concentrates, Gold, Soda Ash, Salt, Coal, Semi-precious stones and the quarrying of building materials. The activities are classified according to the International Standard of Industrial Classification of all Economic Activities, ISIC Rev 4, and Central Product Classification (CPC) Version 2.

4.0 Concepts, definitions and methods

4.1 Index of the volume of mining productions

The index of the volume of mining production is a ratio that indicates the increase or decrease of a magnitude. The index form is used not only for intertemporal comparisons but for comparisons between countries.

The IMP is an important macro-economic indicator which monitors progress and fluctuation of the mineral sector production in the economy. The Index is also known to be an effective tool that measures current production which indicates relative changes over time in the physical volume of mining production.

4.2 Base Period

The base period, usually a year, is the period against which other periods are compared and whose values provide the weights for an index. The base period, also referred to as reference period used in this brief is 2013 and it is set at 100.

4.3 Index weighting

The weight of the mineral group is the ratio of the estimated value of production of a mineral group to the total estimated value of production of the mining industry. The weight of a mineral group reflects the importance of the mineral group in the total mining industry. The relative importance of various mineral groups is different and these differentials need to be reflected while measuring the performance of the entire mining sector.

4.4 Seasonal Adjustment

Seasonal adjustment is a means of removing the estimated effects of normal seasonal fluctuations and typical calendar effects from the series so that the effects of other influences on the series can be more clearly recognised. Seasonal adjustment does not aim to remove irregular or non-seasonal influences which may be present in any particular month.

The data produced is not seasonally adjusted. However there is a further scope of producing and disseminating an additional seasonally adjusted series only when there is a clear statistical evidence and economic interpretation of the seasonal/calendar effects.

4.5 Year-on-year percentage change

Year-on-Year percentage change in a variable for any given period is the rate of change expressed over the same period.

4.6 Index Contribution (percentage points)

The contribution (percentage points) of a mineral group or mineral to the percentage change in the total mining production for a given period is calculated by multiplying the difference in the index for each mineral group or mineral by the weight of the mineral group or mineral and then dividing by the previous period's total index. It indicates the extent to which each mineral group affects the overall growth of mining production.

4.7 Calculation of the Index of Mining Production

To calculate the evolution of physical volume of mining production on a quarterly basis, a Laspeyres indicator, base year **2013=100**, was used. The index is calculated as the weighted arithmetic mean of the production relatives in respect of selected items. The weighted average is done to measure the importance of various mineral groups in the mining sector when calculating the comprehensive growth rate of the sector.

$$I = \frac{\sum R_i * W_i}{\sum W_i}$$

Where; **I** is the index, **R_i** is the production relative of item **i** and **W_i** is the weight allocated to item **i**

The production relative (R_i) of the **i**th item for the quarter has been calculated by using the formula:

$$R_i = \frac{P_{ic}}{P_{i0}} * 100$$

Where **P_{ic}** is the production of the **i**th item in the current quarter and **P_{i0}** is the production of the **i**th item in the base year.

