

Box 1 Introducing the South African Reserve Bank's Index of Commodity Prices

International commodity prices are an important channel through which global economic developments are transmitted to the South African economy. Commodity exports account for close to 60% of South Africa's merchandise export earnings, making international commodity prices central to the country's terms of trade, mining profitability, corporate income tax receipts and the exchange value of the rand.¹

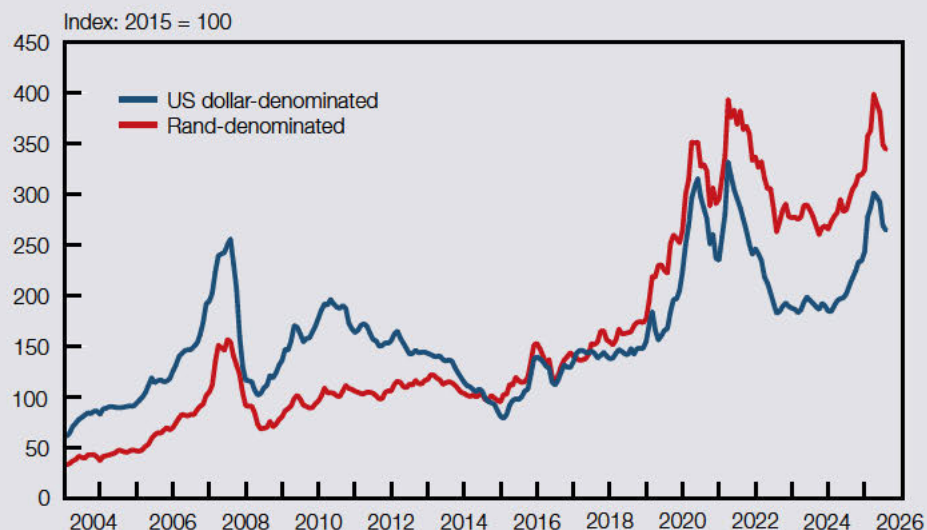
To monitor commodity price movements, the South African Reserve Bank (SARB) compiles the SARB Index of Commodity Prices (ICP). This is a monthly index that summarises price movements in 21 of South Africa's principal export commodities, weighted according to the export value of each commodity. Although the ICP is expressed in United States (US) dollar terms, a rand-denominated variant and auxiliary series excluding gold and platinum group metals (PGMs) are also compiled.

Within the SARB, the ICP informs the Quarterly Projection Model, is included as a component series of the composite leading business cycle indicator, and is utilised in the analysis of the balance of payments.

The ICP is available from January 1975 and will be published monthly on the SARB's website from October 2026.

Notably, Statistics South Africa's unit value indices remain an important official measure of changes in the average unit values of South Africa's traded goods, while the SARB ICP focuses more specifically on international price movements in South Africa's principal export commodities. The two measures are therefore complementary rather than substitutes, as they differ in coverage, weighting, classification and currency denomination.

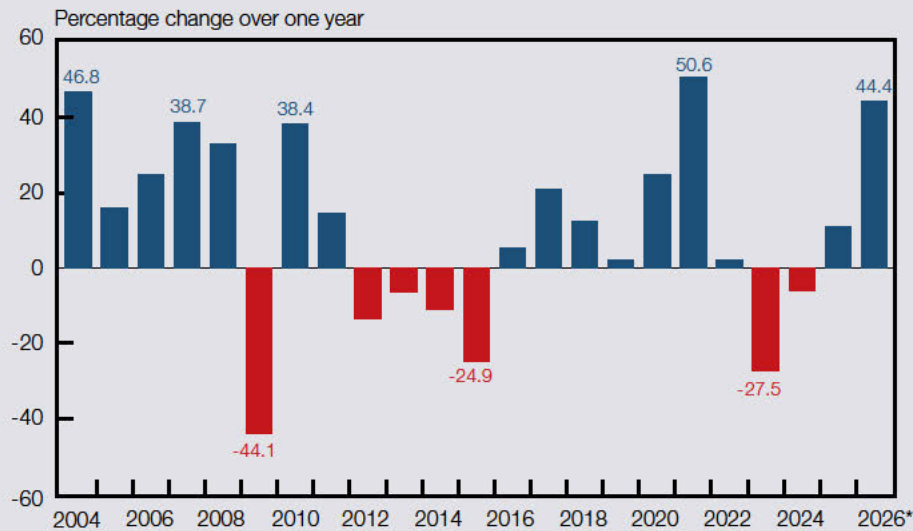
The SARB Index of Commodity Prices



Sources: World Gold Council and SARB

The SARB ICP captures the cyclical nature of commodity price movements which impacts on the South African economy. Extreme movements in commodity prices have coincided with major global developments, including the strong and synchronised commodity price boom from 2005 to 2007 before the global financial crisis (GFC), the post-GFC collapse in 2009, the rebound in 2010, the post-pandemic super-cycle in 2021 as well as the unwinding of the post-pandemic boom in 2023. The rise in international commodity prices during 2025 and 2026 has not been very synchronised, driven primarily by precious metal prices, while the prices of most industrial commodities have not increased much.

Annual average percentage change in the US dollar-denominated SARB ICP



* The average of the first seven months of 2026 compared with the average of the first seven months of 2025
Source: SARB

The ICP currently comprises a basket of 21 commodities, selected according to their share in South Africa's commodity export earnings and the availability of consistent monthly price data. The 10 largest commodities currently account for approximately 81% of the total weight in the ICP. The basket includes precious metals and PGMs (gold, diamonds, platinum, palladium, rhodium, iridium and ruthenium), ferrous metals (iron ore, steel, ferrochrome, chrome ore and manganese ore), base metals (aluminium, copper and nickel), energy commodities (Brent crude oil and thermal coal) and agricultural commodities (maize, sugar, wool and beef).

Composition and weights of the SARB ICP

Commodity	2024 weight (per cent)	2019 weight (per cent)
Gold	14.70	10.69
Coal	11.24	11.01
Iron ore	11.20	14.13
Chrome ore	8.35	4.42
Crude oil	7.48	9.33
Platinum	7.33	7.91
Chromium (ferrochrome)	6.85	6.38
Manganese ore	5.37	7.37
Palladium	4.42	6.40
Rhodium	4.11	3.76
Aluminium	3.59	3.55
Steel	3.45	5.00
Diamonds	3.03	3.73
Copper	2.14	1.81
Maize	1.56	0.65
Sugar	1.11	1.14
Iridium	1.04	0.43
Ruthenium	1.04	0.43
Nickel	1.00	0.73
Wool	0.61	0.85
Beef	0.38	0.28
Total	100.00	100.00

Sources: SARS and SARB

The SARB ICP is compiled using the Laspeyres price index methodology, where the composition of the commodity basket is fixed to a chosen base year, according to the formula below:

$$ICP_t = \frac{\sum(p_{i,t} \times q_{i,0})}{\sum(p_{i,0} \times q_{i,0})} \times 100$$

where

$p_{i,t}$ is the current price of commodity i ;

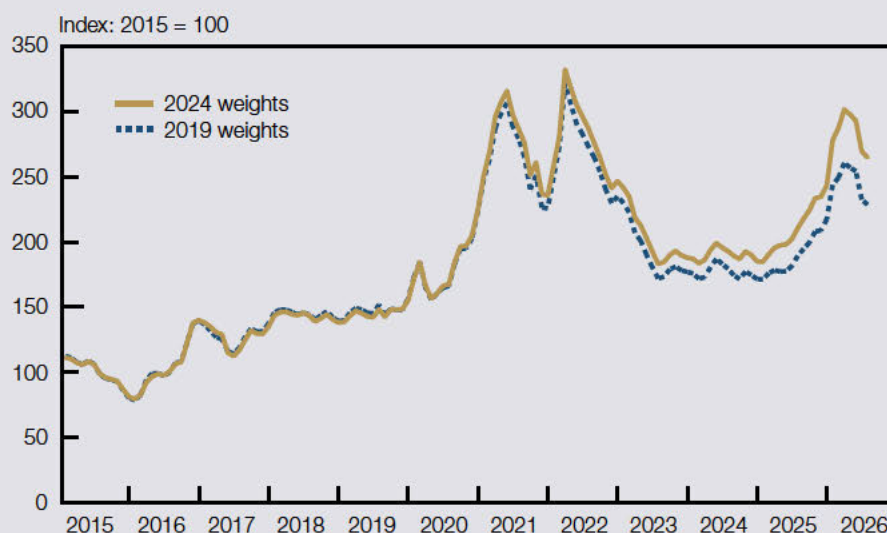
$p_{i,0}$ is the base-period price; and

$q_{i,0}$ is the base-period export quantity proxy.

Fixing the weights to a specific base period ensures that movements in the index reflect changes in price rather than shifts in export composition, which makes the ICP useful for macroeconomic analysis as well as forecasting.²

During the most recent review of the ICP in 2026, the export weights were updated from a 2019 base to a 2024 base to better reflect the current structure of South Africa's commodity exports. Under the revised weights, gold became the largest-weighted commodity, while chrome ore, iridium, ruthenium and maize also gained in relative importance. The surge in the US dollar price of gold since early 2024 and its higher weight resulted in the revised ICP rising more than the previous ICP in recent years.

The SARB ICP under the 2024 and 2019 weighting systems



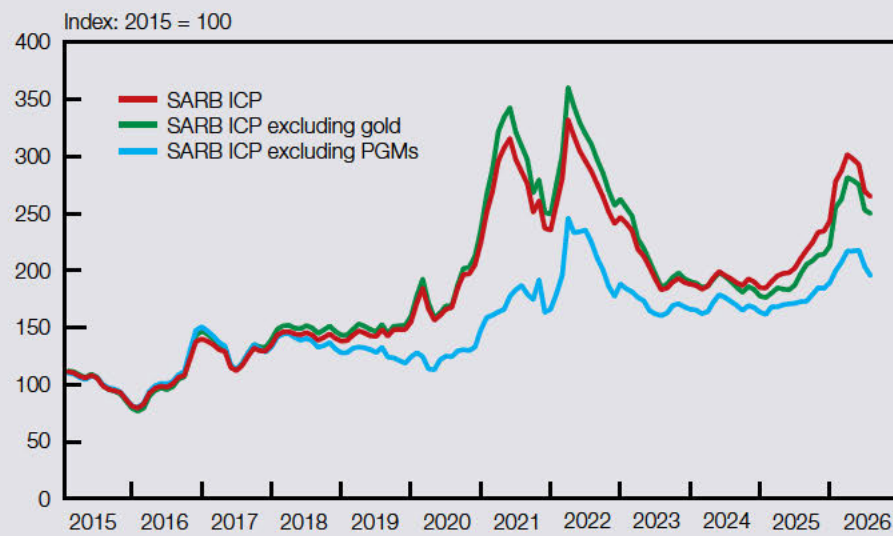
Source: SARB

The SARB ICP is not intended to forecast commodity prices; it is intended to provide a clear summary of price developments in South Africa's export commodity basket. In addition, the auxiliary series assist in differentiating the contributions of gold and PGMs within the export commodity price basket. These auxiliary series show the important role that PGM prices played in the post-pandemic surge in commodity prices and again over the past two years.

From October 2026, the SARB will enhance its statistical offering and make the headline US dollar-denominated SARB ICP, the ICP excluding gold, the ICP excluding PGMs as well as the rand-denominated ICP publicly available on the SARB's website through a monthly statistical release, accompanied by a short data commentary.

² H de Nobrega op. cit.

The US dollar-denominated SARB ICP and auxiliary series



Source: SARB