खनिज समाचार

KHANIJ SAMACHAR

Vol. 3, No-23

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 3, NO-23 , 1st – 15th DECEMBER , 2019

BUSINESS LINE DATE :2/12/2019 P.N.9

GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Monthly	Yearly
Aluminium	1792	2.3	2.3	-7.5
Copper	5843	0.1	-1.1	-6.5
Iron Ore	84	2.0	-2.2	28.5
Lead	1923	-1.5	-15.9	0.2
Zinc	2300	-1.4	-11.1	-10.5
Tin	16504	1.1	-1.9	-10.9
Nickel	13618	-6.7	-19.3	24.0

BUSINESS LINE DATE :2/12/2019 P.N.9

Gold continues to move sideways

February contract of the yellow metal oscillates between ₹37,500 and ₹38,950

AKHIL NALLAMUTHU

MCX COMDEX, the composite commodity index of the Multi Commodity Exchange of India (MCX), at 3,846, declined in the past week. This was due to a weak crude oil price, the index's largest component with 33.2 per cent weight.

MCX-Crude (₹3,980)

The December futures contract of crude oil had been moving in a sideways trend for most part of the last week. Unable to crack the resistance at ₹4,200, the contract declined on Friday and closed the week at ₹3,980. This level also coincides with the 50-day moving average, from where the contract took support and bounced two weeks ago.

Thus, the contract seems to form a range between ₹3,980 and ₹4,200, and unless it moves away from this range, the next leg of the trend is less likely to be established. There is a down-tick in the daily relative strength index (RSI), and the moving average convergence divergence, too, shows weakness.

If the contract breaks below ₹3,980, it has an immediate support at ₹3,870. Below that, the contract might weaken to ₹3,700 over the medium term. On the upside, the resistance beyond ₹4,200 is at ₹4,314.

MCX-Gold (₹38,004)

Gold continues to move sideways and the February futures contract of the yellow metal continues to oscillate between ₹37,500 and ₹38,950. The lower boundary of the range, ₹37,500, coincides with the 38.2 per cent Fibonacci retracement level, making it an important support. If the contract breaches the upper limit of the range at ₹38,950, it can result in a rally taking the price to ₹40,000.

The resistance above that level is at ₹40,800. However, if the contract breaks below the lower limit of the range at ₹37,500, the medium-term trend of gold could turn bearish. The immediate support is at ₹36,380, below which there is a support band between ₹35,110 and ₹35,335.

MCX-Silver (₹45,055)

The March future contract of silver, after moving in a sideways trend between ₹45,650 and ₹47,650, broke down in the first week of November. But what followed was another sideways trend between ₹44,240 and ₹45,650. The range is still valid, and the contract can be expected to trend only if it breaches either level of the range.

BLOOMBERG

The 21 DMA continues to remain below the 50 DMA, hinting a bearish bias; however, the daily RSI and the moving average convergence divergence indicator stays flat.

If the contract breaks out of the resistance at ₹45,650, it will most likely appreciate to ₹47,650. Above the level, the resistance is at ₹49,300. On the other hand, a break below the support at ₹44,240 will turn the medium term bearish, resulting in the price tumbling to ₹41,430. The support below that level is at ₹39,500.

MCX-Copper (₹432.6)

Continuing with the bearish trend, the December futures contract of copper inched down last week and is currently testing the support at ₹432. The daily RSI and the moving average convergence divergence indicator corroborates the weakness in the contract price. Thus, the downtrend looks considerably strong and the outlook remains negative for the metal.

The contract will most likely weaken further in coming days. If it breaches the support at ₹432, it might decline to ₹425, and the next support is at ₹420. On the other hand, if the futures appreciate from the current level, it will face a hurdle at ₹437.5, beyond which it can be expected to retest the key resistance at ₹440.

NCDEX-Soysbean (₹4,075)

After briefly trading above ₹4,085 (intra-week high of ₹4,105), the December futures contract of soyabean closed at ₹4,075. Thus, the range between ₹3,927 and ₹4,085 still stays valid. The 23.6 per cent Fibonacci retracement level of the previous bullish trend is at ₹3,952, making the price band between ₹3,927 and ₹3,952 a considerable support. Hence, until the price trades above these levels, the medium term will be biased towards bullish.

However, a point of concern is the moving average convergence divergence as it hints weakness. If the contract price decisively breaks above the range top at ₹4,085, it can potentially lead to a rally towards ₹4,240. Alternatively, if the price breaks below the range bottom at ₹3,927, it can result in a short-term downtrend, dragging the price to ₹3,793.

MCX COMDEX Composite Index

- Supports: 3,830 and 3,800
- Resistances: 3,900 and 3,922

BUSINESS LINE DATE :2/12/2019 P.N.7

Metal companies yet to show their mettle

Mirroring the global scenario, metal majors in India reported a tepid September quarter

SATYA SONTANAM

The ongoing US-China trade war, uncertainties around Brexit and dampened global economic environment continued to impact global metal consumption and prices during the quarter ended September.

DEEP DIVE

The domestic consumption, too, was hit by the slowdown in user industries such as automotive, building and construction and electrics. While reduced fuel and power costs — due to a fall in imported coal rates — lowered the production cost for Indian metal players, a decline in realisations and sales more than offset the gain, impacting earnings.

Hindalco, Vedanta, and Hindustan Zinc recorded a fall of 19 per cent, 32 per cent and 8 per cent (y-o-y), respectively, in consolidated profits (before tax) in Q2FY20. NALCO recorded a loss (before tax) of ₹47 crore against a profit of ₹824 crore during the same quarter last year.

Aluminium

In Q2FY20, the global primary aluminium consumption declined 0.2 per cent against an increase of around 4 per cent during the same period last year. Resultantly, the average LME aluminium pricefell about 14 per cent to $1,762 per tonne during the quarter ended September 30.

Despite this, the operational performance of Novelis, the US subsidiary of Hindalco, was decent. The total volumes of Novelis went up 3 per cent y-o-y on account of favourable market conditions.

But a fall in prices hit revenues, which went down 6.4 per cent to $2.9 billion with margins at around 13 per cent.

However, the performance of Hindalco on the domestic front during the quarter was subdued.

While the sales of primary aluminium remained flat compared with the previous year, revenue and operating profit fell to ₹5,526 crore and ₹849 crore, down 10 per cent and 38 per cent y-o-y, respectively.

So was the case with Vedanta. Despite reporting flat volumes (just marginally lower than the previous year), the revenue from the aluminium segment went down to ₹6,576 crore, down 17 per cent y-o-y. At the operating level, the firm recorded a loss of ₹176 crore against a profit of ₹215 crore during the same period last year.

The performance of State-run NALCO was also sombre. NALCO recorded a revenue of ₹1,527 crore, down 12 per cent y-o-y, and operating losses of ₹120 crore against a profit of ₹184 crore in Q2 FY19.

Zinc and lead

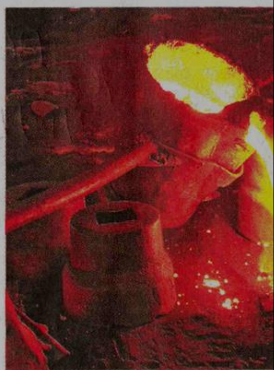
Like aluminium, zinc prices have also declined to $2,348 per tonne, down 7 per cent y-o-y, despite limited supply and low stocks.

In the case of Hindustan Zinc (HZ), the impact of fall in zinc prices was, to an extent, offset by the recovery in silver prices, which were up 13 per cent y-o-y.

The total revenue of HZ for the quarter was ₹4,511 crore, down 6 per cent y-o-y, largely due to lower zinc prices.

Further, a higher cost of production in the quarter, on account of lower ore grades, higher mine development expenses and an increase in cement prices, exerted pressure on the operating profit.

But the performance of Zinc International, a 100 per cent subsidiary of Vedanta operating from South Africa, improved significantly.



ISTOCK.COM/FUNTAY

This was on account of increased production and reduced costs supported by a newly commissioned mine at Gamsberg.

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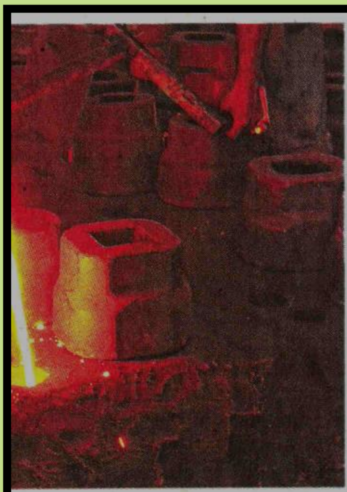
BUSINESS LINE DATE : 2/12/2019 P.N.7



Copper

Mine disruptions in CY2019 in Peru, Chile, and Africa impacted the supply of copper. The demand for the metal also has been tepid so far. The average LME price of copper in Q2FY20 fell to $5,802 per tonne, down 5 per cent y-o-y.

Hindalco's copper production during the second quarter of FY20 was impacted due to rains in Dahej, Gujarat. But volumes of copper metal and continuous cast rods were up 4 per cent and 14 per cent y-o-y ,respectively.

However, a fall in realisations, especially in copper's by-products such as sulphuric acid, dragged down the financials. Hindalco's revenue and operating profit from its copper division was down 6 per cent and 36 per cent y-o-y, respectively.

In the case of Vedanta, while its smelter at Tuticorin — a key contributor to the company's production — was shut down in May 2018, the copper refinery business at Silvassa and Fujiura in West Asia continues.

Despite falling copper prices, revenue of Vedanta from the copper segment went up 34 per cent y-o-y. However, it recorded operating losses of ₹105 crore against a profit of ₹12 crore last year.

BUSINESS LINE DATE : 3/12/2019 P.N.11

Jewellery industry gearing up for mandatory hallmarking

OUR BUREAU
Mumbai, December 2

With the government deciding to make hallmarking of jewellery and artefacts mandatory from January 2021, the jewellery sector expects the step to boost consumers' trust and bring in much-needed transparency in the sector.

Hallmarking is a purity certification of precious metals and it is a voluntary process at present. Though the Bureau of Indian Standards has a hallmarking scheme for gold jewellery since April 2000, currently only 40 per cent of gold and silver jewellery are hallmarked.

Mandatory hallmarking

Consumer Affairs Minister Ram Vilas Paswan said hallmarking of gold jewellery and artefacts will be made mandatory across the country from January 15, 2021 to ensure the purity of precious metals.

A notification in this regard will be issued on January 15 next year and the decision will come into effect after a year, making it compulsory for all the jewellers to register with the BIS and sell only hallmarked gold jewellery and artefacts. The BIS has formulated standards for hallmarking gold jewellery in three grades – 14 carat, 18 carat and 22 carat. Somasundaram PR, Managing Director (India), World Gold Council, said the long overdue decision of the government would bring trust back to the gold industry, benefiting consumers and trade alike.

Hallmarking is a certification of purity for precious metals

Mandatory hallmarking will lead to more jobs in assaying and purity verification which in turn will support the gold monetisation scheme. The period of one year to transition takes into account business realities and is very supportive of trade, he said.

Uniformity needed

Ahammed MP, Chairman, Malabar Gold and Diamonds said there could be an immediate impact on sales and supply due to compulsory purity compliance of the inventory.

The government should ensure that the hallmarking centres follow best practices while assaying the jewellery to ensure uniformity, he said. The government should introduce digital tracking mechanism to check the movement of hallmarked jewellery to curb the menace of unauthorised transactions, he added.

Vaibhav Saraf, Director, Aisshpra Gems and Jewels said the key to successful implementation of mandatory hallmarking will be to eliminate fake hallmarking centres and rapid expansion in number of centres.

Quoting a World Gold Council survey, Tanya Rastogi, Director, Indian Bullion Jewellers Association and Lala Jugal Kishore Jewellers. said about 56 per cent of consumers refrain from investing in gold due to mistrust and the mandatory hallmarking would go a long way in attracting these consumers.

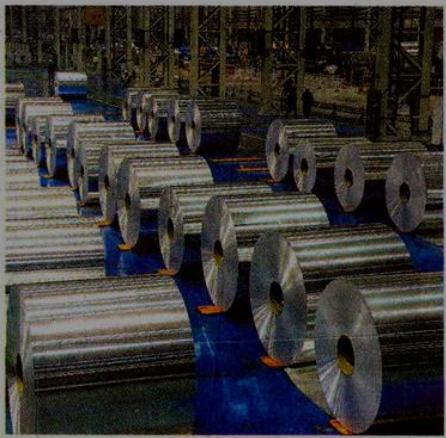
Need more centres

Ishu Datwani, Founder, Anmol, said the industry needs more hallmarking centres to be set up, so that hallmarking facility is made more accessible to jewellers.

As on October-end, there were 877 assaying and hallmarking centres spread across 234 districts and 26,019 jewellers have taken BIS registration.

BUSINESS LINE DATE : 3/12/2019 P.N.8

MCX-Aluminium bounces from a key base



YOGANAND D
BL Research Bureau

The December futures contract of Aluminium on the Multi Commodity Exchange of India is trading at around ₹133 a kg. Since encountering a key resistance at around ₹150 in May this year, the contract has been in an intermediate-term downtrend. However, the contract found support in the band between ₹128 and ₹130 in late October and started to move sideways in a broad range between ₹128 and ₹136 thereafter.

After testing a key support at around ₹130 in the past week, the contract is attempting to climb and trades at ₹133. Nevertheless, the contract faces a key resistance ahead at ₹136. A strong break above this barrier can take the contract higher to ₹140 initially. A further break above this level can take the contract northwards to ₹143-145 band in the medium term. On the other hand, an emphatic fall below the significant support at ₹128 can drag the contract down to ₹125 in the short term. Immediate support is placed at ₹130 which can cushion the contract before it tests ₹128.

On the global front, LME Aluminium has been trending upwards. The metal has been in a sideways consolidation phase between $1,700 and $1,830 since May. After taking support at $1,734, the commodity has started to trend upwards in mid-November. Recently, it breached a resistance at $1,775 level. The metal now faces a vital resistance at $1,800 and then at $1,830 levels. A strong break above this hurdle can push the commodity price higher to $1,850 levels. Key support is at $1,734 and a fall below that level can drag the price to $1,700.

Trading strategy

Both domestic as well as global aluminium prices are in a sideways consolidation phase. Traders with a short-term view can go long an a strong rally above ₹136 with a fixed stop-loss.

BUSINESS LINE DATE : 3/12/2019 P.N.10

Gold hallmarking will be mandatory from Jan 2021

Hallmarking of gold jewellery and artefacts will be made mandatory across the country from January 15, 2021. This is to ensure the purity of the precious metal, Consumer Affairs Minister Ram Vilas Paswan announced late last week. Gold hallmarking is a purity certification of the precious metal and, at present, is voluntary in nature. The Bureau of Indian Standards (BIS) has been running a hallmarking scheme for gold jewellery since April 2000 and around 40 per cent of gold jewellery is being hallmarked currently. The scheme is to ensure the protection of customers purchasing gold, especially those in small cities and villages. The Centre will issue a notification regarding this on January 15, 2020, and jewellers and retailers will be given a year to exhaust their existing stocks.

THE HINDU DATE : 3/12/2019 P.N.4

SCCL to scale up coal production

Production, despatches were lower in Aug.-Nov. this year compared to last year

SPECIAL CORRESPONDENT
HYDERABAD

The management of Singareni Collieries Company Ltd (SCCL) has decided to scale up production in the remaining four months of the current financial year to reach the targets set for the year at the rate of 2.08 lakh tonnes of coal production and 14 lakh cubic meters of overburden removal every day.

Increase in the production in the targeted measure would help the company overcome the deficit registered during the last four months – from August to November – and help meet the monthly goals for the remaining four months, Chairman and Managing Director of SCCL N. Sridhar said in a meeting with the area general managers held here on Monday.

Directors of the company also attended the meeting that took stock of the company's performance.

Chairman and Managing Director of Singareni Collieries Company Ltd N. Sridhar holding a meeting with directors and area general managers in Hyderabad on Monday.

According to SCCL officials, although the coal production in the first eight months of the current fiscal is slightly up compared to that during the last year – 41.03 million tonnes this year against 39.54 million tonnes in the first eight months of 2018-19 – it is 1.73 million tonnes lesser during the August-November period of 2019-20 against the same period of the last fiscal.

Coal despatches too were higher last year as 43.04 million tonnes of coal was despatched in the first eight months of 2018-19, while it was 40.77 million tonnes during April-November period of 2019-20.

Better performance

The officials stated that both production and despatches were slightly below the targets for the first eight month period in the current fiscal. The Chairman and Managing Director of the State-owned collieries has asked the officials to ensure despatch of coal through at least 39 railway rakes every day during the remaining time of the current fiscal and also directed them to start production in the new open cast mines such as Indaram, Koyagudem and Kakatiya in two months.

Mr. Sridhar also had separate meetings with the area general managers.

THE ECONOMIC TIMES DATE : 3/12/2019 P.N.8

BROKERAGE EXPECTS de-rating from current levels as subdued local demand, weak overseas ops in H1 of FY20 weigh on co

UBS Downgrades Tata Steel to 'Sell' On Deleveraging Concerns

Our Bureau

Mumbai: UBS has downgraded Tata Steel to 'sell' from 'buy' and slashed its target price on the stock to ₹360 from ₹675 as it expects weak India earnings to delay deleveraging. The brokerage expects a de-rating from current levels given a domestic demand recovery is yet to materialize and European operations are still struggling with a subdued demand environment.

"Despite previous guidance to reduce debt by $1 billion per year, a subdued domestic environment and weak overseas operations in H1 FY20 (April-September) led reported net debt to increase from ₹95,000 crore in March 2019 to ₹1,07,000 crore in September 2019," said UBS in a note.

The recently concluded stake sale of NatSteel Vina (Vietnam) is positive but the brokerage remains concerned about divestment timeline in Thailand.

Shares of Tata Steel ended down 1.5% at ₹420.80 on Monday, and has declined 19.4% so far this year.

The stock has underperformed the Sensex which is up 13% so far in 2019. Bloomberg data shows most analysts tracking the stock have a buy rating on it — 21 of the 30 analysts tracking the stock have a 'buy' recommendation on Tata Steel while four analysts have a 'hold' rating and five analysts have a 'sell' rating.

Tata Steel has taken some steps to deleverage which includes divestment of South East Asia business, recalibration of FY20 capex downwards by 20-25%, measures to release ₹1,500 crore-₹2,000 crore in working capital, and continued cost reduction to maintain a robust Ebitda/tonne for India operations, said UBS.

However, the brokerage has factored in modest recovery in domestic demand, challenging environment in Europe, delay in South East Asia business divestment and increasing leverage.

THE HITAVADA DATE : 3/12/2019 P.N.9

India increasing steel production: Pradhan

NEW DELHI, Dec 2 (PTI)

INDIA has been consistently increasing domestic production of steel and is a net exporter in the current financial year, Union minister Dharmendra Pradhan said on Monday.

He also said, the total number of steel plants in the country stood at 977. During the Question Hour, he said steel is a deregulated sector where market forces and commercial considerations decide construction and location of new steel plants. He was responding to a query on whether the Government proposes to set up new steel plants in Haryana.

According to him, India has become a net exporter of steel in the current year. "The import of steel has increased marginally in the last three years from 7.23 million tonnes in 2016-17 to 7.83 million tonnes in 2018-19," he said. Noting that domestic production has consistently increased regardless of such imports, Pradhan said in the current year, the country is a net exporter.

"To counter import of cheap steel, anti-dumping duties have been imposed on various grades of steel which were dumped into the country. Import of steel grades which are not manufactured in adequate quantity in the country is essential for supporting manufacturing sector," he noted. Responding to supplementaries, the minister said there is plan to set up green field steel plant by RINL in Visakhapatnam.

THE INDAIN EXPRESS DATE : 3/12/2019 P.N.13

Trump restores aluminium and steel tariffs on Brazil, Argentina

REUTERS
WASHINGTON/RIO DE JANEIRO, DECEMBER 2

US PRESIDENT Donald Trump on Monday announced he would restore tariffs on US steel and aluminium imports from Brazil and Argentina in apparent retaliation for currency weakness he said was hurting US farmers.

In an early morning tweet Trump said Brazil and Argentina were "presiding over a massive devaluation of their currencies." Both countries have actively been trying to strengthen their currencies — the real and the peso — against the dollar. Their currencies have been buffeted by weakness that analysts partially attribute to Trump's larger trade battle with China.

Trump, who gave no details about his new plan, said the currency weakness was hurting US farmers. "Effective immediately, I will restore the Tariffs on all Steel & Aluminum that is shipped into the US from those countries," Trump wrote. Brazil's president, Jair Bolsonaro, an avowed Trump fan who has sought closer US ties, said in a local radio interview that Trump's decision was not a retaliation, adding that he would call his US counterpart, who he was confident would listen to Brazil's concerns. Argentine Production Minister Dante Sica said Trump's announcement was "unexpected" and he was seeking talks with US officials.

THE HINDU DATE : 4/12/2019 P.N.4

SCCL new open cast mine gets eco clearance

New OCP to help Singareni achieve annual coal target

B. CHANDRASHEKHAR
HYDERABAD

In a fillip to the plans of Singareni Collieries Company Ltd (SCCL) to step up coal production in the remaining period of the current financial year, an expert appraisal committee of the Ministry of Environment and Forests (MoEF) has recommended issuance of environmental clearance to Kakatiya Khani Opencast-III (KTK OC-III) mine.

The mine forms part of the Singareni management's plans to start production in three new mines in the next two months to meet the coal production targets for the year after the mining of fossil fuel has suffered slowdown during the last four months due to heavy rains in mining areas and other reasons. Kakatiya Khani Opencast-III is a combination of peak capacity of 3.75 million tonnes per annum (MTPA) from the opencast and another 0.48 MTPA from underground mine in an area of 1336.64 hectares in Basawarajupalli village of Ghanpur mandal Jayashankar-Bhupalpalli district.

During the earlier expert committee meeting held in the first week of October, the proposal for EC was deferred seeking clarifications and additional information for considering it for clearance.

The management of the Collieries company had a meeting with the Area General Managers on Monday to scale up production in the backdrop of the fact that coal production during August-November period this year has been only 18.8 million tonnes. It was 20.53 million tonnes during the same period last year.

Ambitious target

The company has plans to achieve at least 67 million tonnes of coal production in 2019-20 but by November-end it could achieve only 41.03 million tonnes leaving a huge target of coal production at the rate of at least 6.5 million tonnes a month.

"The highest monthly coal production so far this fiscal was 5.87 million tonnes achieved in May followed by 5.71 million tonnes in June and 5.5 million tonnes in April," a senior SCCL official explained.

In November, the production was 5.44 million tonnes.

While recommending grant of EC to KTK OC-III, the MoEF expert committee has specified SCCL to to obtain the consent from the State Pollution Control Board for the proposed peak capacity of 4.375 MTPA prior to commencement of the increased production, to transport coal from coal handling plant only through covered trucks till the construction of Manuguru-Ramagundam railway line and to control the production of dust at source by arranging mist-type sprinklers at the crusher and in-pit belt conveyors.

Control dust

Further, it also directed the SCCL to take up measures to control dust and other emissions all along the roads by providing sufficient water sprinklers, corrective measures including mechanised sweeping, water sprinkling/mist spraying on haul roads and loading sites, long range misting/fogging arrangement, wind barrier wall and vertical greenery system and green belt, dust suppression arrangement at loading and unloading points and others to control dust emissions.

THE ECONOMIC TIMES DATE : 4/12/2019 P.N.9

Vedanta Could Announce Another Hefty Dividend at Around 10% Yield

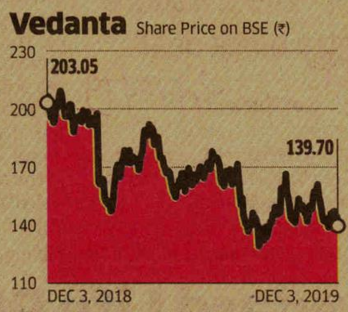
WITH HIGH DEBT AT THE PARENT Co has been giving large payouts over the past 3 years

Jwalit.Vyas@timesgroup.com

ET Intelligence Group: Shares of Vedanta are trading at an estimated dividend yield of almost 10%. Going by historical record, investors can expect the dividend in less than six months. Vedanta's Tuesday's closing price was Rs 139. According to Bloomberg, Vedanta is expected to give a dividend of Rs 13.84 per share in FY20. It gave dividend of Rs 19.45, Rs 21.2 and Rs 18.85 in FY17, FY18 and FY19 respectively.

The company has been giving heavy dividends over the past three years – more than 100% payout ratio – as the parent has high debt. India-listed Vedanta remains the key source of income for the parent company to meet its debt obligation.

Moreover, the dividend ex-dates in FY17 and FY18 were in the months of March and April. For FY19, the dividend ex-date was in November. In FY20, the company hasn't yet paid out the dividend.



Dividend payout expectations in the following fiscal are even higher according to Bloomberg consensus. If this remains unchanged, it could mean Vedanta investors make more than 10% on dividends for the coming two years. For instance, dividend per share for FY21 is Rs 15.1.

Despite weak set of numbers and guidance cuts, Vedanta stock has remained fairly stable after results.

India's largest mining conglomerate has operations across oil & gas, zinc, aluminium, iron ore, copper, lead and silver and power, but zinc and oil and gas remain the key segments at present as they contribute most of the company's EBIDTA.

For the September quarter, the company posted an EBIDTA of Rs 4420 crore, down 15% on year-on-year. Consolidated net profit rose by 44 per cent to Rs 2,730 crore as it benefited from one-time deferred taxes of Rs 1,891 crore. Sales fell marginally by 3 per cent to Rs 21,739 crore.

THE ECONOMIC TIMES DATE : 4/12/2019 P.N.1

Essar Steel: Mittals Seek Immunity from Probes

MNC fears investigators could attach Essar Steel assets like in the case of Bhushan Power & Steel

Sachin Dave & Saloni Shukla

Mumbai: Steel tycoon Lakshmi Mittal's ArcelorMittal has approached the government seeking immunity from likely future investigations pertaining to Essar Steel and its erstwhile promoters, the Ruia family, four people familiar with the matter told **ET**.

Mittal wants to avoid a recurrence of the controversy around Bhushan Power and Steel (BPSL), when the Enforcement Directorate attached the firm's assets after it was acquired by JSW Steel from the National Company Law Tribunal.

ArcelorMittal has told government officials and ministers that any future or ongoing probe into past dealings of the Ruia family should not impact the assets of Essar Steel purchased by them. The LNM-owned steel giant has reached out to the home, finance, law and defence ministries, according to one of the persons.

"ArcelorMittal has held talks with several ministers and civil servants, and has received a positive reply from the government," said a person aware of the development.

BUSINESS LINE DATE : 5/12/2019 P.N.10

MCX-Nickel likely to decline further

AKHIL NALLAMUTHU
BL Research Bureau

The Nickel extended its downtrend as the spot price on the MCX tumbled during the past week. Likewise, the December futures contract of Nickel has also declined during the period. While the current spot market price of nickel is at ₹1,008, the December futures contract of nickel is trading at ₹985, below the critical support of ₹1,000.

Notably, the futures price is trading at a discount compared to the spot price, corroborating the bearish outlook of the metal. Thus, the downtrend looks intact and now that the contract has breached the important support, further depreciation is likely.

However, there are factors that can be of concern for the bears. By plotting the RSI on the daily chart, we can observe that the index is at over-sold levels and the MACD indicator hints at a loss of bearish momentum, even though the contract price continues to fall.

If the contract continues to weaken, it will find support at ₹963. Below that level, support is at ₹930. On the other hand, if the price moves up on short-covering, it will face a hurdle at ₹1,000; beyond that level, resistance is at ₹1,050.

Like on the MCX, the price of the three-month rolling forward contract of Nickel on the London Metal Exchange seems to be under pressure as the price broke below the important support of $13,930. The current market price of $13,375 is a support. In case this level is broken, the contract has support at $12,845. But if it appreciates, it will face resistance at $13,930.

Trading strategy

Nickel is in a strong downtrend and there are no signs of reversal yet. However, the spot price on the MCX is trading near a support. So, instead of selling the contract right away, traders are recommended to wait for a minor rally and then initiate fresh short positions with ₹1,050 as stop-loss.

BUSINESS LINE DATE : 5/12/2019 P.N.4

Coal mine auctions: No windfall revenue gains for States likely

Some of the mines could not start production

TWESH MISHRA
New Delhi, December 4

The projections of windfall revenue gains for state governments after the auction of coal mines are turning out to be a pipe dream.

According to data shared by the Ministry of Coal, the revenue to Odisha from auctioned coal mines declined annually from 2015-2016 to nil in 2018-2019 and remained nil in the current year, till now.

Cumulatively since 2014-2015, when the auctions were conducted, to 2019-2020, the State received just ₹51.57 crore.

This amount pales against the ₹45,630 crore that was promised to the State over 30 years, the expected life cycle of the coal mines.

The only coal mine in Odisha that started operations also closed down while the rest are yet to get clearances.

There is also a lot of variation in the annual revenues accrued to States.

In 2015-2016, Jharkhand received ₹133.72 crore as revenue from the auctioned coal mines. In 2016-2017, this amount fell to ₹18.63 crore.

The following year, revenues from these mines zoomed to ₹266.71 crore but fell to to ₹195.23 crore in 2018-2019.

It is evident that ₹1,96,698 crore estimated revenue during the life time of the auctioned mines to the coal producing States will not be a reality.

This could be because some of the auctioned mines could not start production and were relinquished.

Out of the 31 coal blocks which were auctioned, Coal Mine Development and Production Agreements (CMDPA) of 6 coal mines have been terminated.

Revenue from coal mines auctioned till now (₹ cr)

State	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
Chhattisgarh	33.08	71.11	695.35	517.06	706.81	371.61
Jharkhand	62.55	133.72	18.63	266.71	195.23	62.73
Madhya Pradesh	59.49	240.74	195.65	192.66	195.32	101.96
Maharashtra	1.98	37.28	29.29	49.72	63.72	34.55
Odisha	12.52	24.09	9.49	5.47	0	0
West Bengal	71.69	156.83	69.70	83.40	119.48	86.10
Total	**241.29**	**663.77**	**1,018.12**	**1,115.02**	**1,280.58**	**656.95**

Source: Ministry of Coal *Till October 2019

THE HITAVADA DATE : 5/12/2019 P.N.5

Indira Ravindran takes charge as Controller General of IBM

- Indira Ravindran is the first lady officer to lead the Bureau and country's premier regulatory and R&D organisation as a chief

Staff Reporter

Executive body members of IIME felicitating IBM's new Controller General Indira Ravindran.

INDIRA Ravindran, Director (OD) and Head Mineral Processing, Indian Bureau of Mines (IBM) has taken over the charge of Controller General, IBM recently.

Ravindran is the first lady officer to lead the Bureau and country's premier regulatory and R&D organisation as a chief. Ravindran did her M.Sc in Physics from Rashtrasant Tukadoji Maharaj Nagpur University (RTMNU) and obtained her M.Tech (Metallurgy) from the Indian Institute of Science (IISc) Bengaluru.

She has 35 years of rich R&D experience in the field of Mineral Processing and Mineral Characterisation deals with different types of Ores and Minerals of Indian and foreign origin. She also headed the Regional Mineral Processing Laboratory Bengaluru during 2014-15. With techno-scientific acumen and her able leadership IBM will reach greater heights and shall actively facilitates the activities for Indian Mining and Mineral industry.

The Vice President Dr Dillip Ranjan Kanungo, Secretary Sanjay Kumar Nanada, Treasurer Dr C J Radhakrishnan, Namrata Choudhary Executive Committee member and office bearers of Indian Institute of Mineral Engineers (IIME) Nagpur Chapter felicitated Ravindran on her assuming the charge of Controller General, IBM.

THE HINDU DATE : 5/12/2019 P.N.13

Steel firms to start 2020 on dull note

Profitability will decline due to soft demand, says Moody's

PIYUSH PANDEY
MUMBAI

Indian steel players led by Tata Steel, JSW Steel and Jindal Steel and Power Limited (JSPL), are likely to start the new decade on a negative footing as the profitability will further weaken due to softening demand, falling steel prices and rising prices of iron ore, a key raw material.

The profitability of the steel makers, measured by EBITDA per tonne, will decline a further 5% in 2020 following a sharp decline of around 25% in 2019 because of soft demand, according to Moody's Investors Service, which has negative outlook for the Asian steel sector in 2020. The growth pace of India's steel demand is likely to slow because of weak auto and manufacturing demand even as India's demand

growth remains the strongest in Asia. However, the country will continue to remain the world's second-largest steel producer behind China, after having overtaken Japan in 2018. According to India Ratings and Research (Ind-Ra), the steel industry's net leverage and interest coverage are likely to deteriorate in FY20 due to compressed EBITDA margins. The demand for steel in India is likely to be driven by the "House for all by 2022" mission to build 19.5 million homes over the next two years and $140 billion spending on railways, roads and metros.

Global brokerage UBS has downgraded Tata Steel to 'sell' from 'buy' and slashed its target price on the stock to ₹360 from ₹675 as it expects weak India earnings to delay deleveraging. Tata Steel's net debt to increased from ₹95,000 crore in March 2019 to ₹1,07,000 crore in September 2019 in spite of commitments to cut debt by $1 billion.

"The slowdown had impact on the working capital. Capex numbers may see more reductions in the coming quarters," Tata Steel Group CFO Kaushik Chatterjee told *The Hindu*.

JSW Steel has deferred its capex of ₹4,700 crore to the next fiscal.

BUSINESS LINE DATE : 5/12/2019 P.N.10

GLOBAL DEMAND improving, but lower supply from China has led to higher prices with Indian firms having headroom for more hikes

Steel Industry Doing Well, Stock Correction a Good Chance to Buy

Jwalit.Vyas@timesgroup.com

ET Intelligence Group: Correction in steel stocks including over the past two days is an overreaction to the possible delay in the US-China trade deal talks.

Market participants should view such corrections as an opportunity as fundamentals as well as valuations remain favourable.

Metals and steel stocks such as JSW Steel, Tata Steel, Jindal Steel & Power and SAIL corrected upto 4.5% in the last two days after US President Donald Trump's announcement on the likely delay in trade talks with China.

Domestic steel players, however, have undertaken price hikes in the range of 2-3% on Monday. Global steel prices are up 3.5% in the last one day. Aluminium, copper and zinc, which trade on the London Metal Exchange, too, did not get impacted. LME aluminium, zinc and copper prices are remained marginally higher or lower (less than 1%) from their previous day's close.

Domestic steel players hiked prices by 2-3% in the beginning of November as well and have a headroom for another 2-3%. In the past five weeks, Indian steel prices are up 5-6%. As compared to this, global steel prices are up 9-11%.

Imported steel prices after including duties are near ₹37,000 per tonne, Indian Steel prices are at ₹36,000 per ton, thus allowing more headroom for future price hikes.

As compared to this, prices of raw material including iron ore and coking coal have corrected sharply. Global iron ore prices are down 10% since October beginning and down over 30% from peak of 2019.

While Tata Steel has captive iron ore, other players depend on domestic supply of iron ore mainly from NMDC. But more importantly international coking coal prices are down near 30% from 2019 peak, which benefits all four players. The benefit of this will be seen from December quarter onwards due to lag effect.

Global demand supply situation for steel is also improving, especially in China. On the global supply side, Chinese production declined in October for the first time since end of 2017 driven by production curbs in a province in that country, a positive for India's steel industry. China's demand indicator for steel on the other hand showed a mixed trend with vehicle sales declining, but demand from residential floor space and appliances improving.

Shares of JSW Steel, Tata Steel, Jindal Steel and Power and SAIL are respectively trading at FY21 estimated 5.7, 6.1, 5.2 and 6 times EV by EBIDTA. This is attractive given that the cycle is in an upswing.

Global Steel Price ($/ton)

Attractive Valuations

	EV/EBIDTA		
	FY19	FY20E	FY21
SAIL	6.4	7.96	6
Jindal Steel	6.73	5.95	5.18
Tata Steel	5.4	7.18	6.11
JSW Steel	5.29	7.29	5.7

Source: Bloomberg

MCX-Zinc hovers at a key support

AKHIL NALLAMUTHU
BL Research Bureau

The December futures contract of Zinc on the MCX, after breaking below the range ₹185 and ₹188.8, it declined over the past week. The contract registered a low of ₹180.55 and is currently trading at ₹183.5. Comparing it with the current spot market price of zinc on MCX (₹185.2), we can notice that the futures contract is at a discount compared to the spot price — a bearish indication.

The daily RSI is showing an uptick following a bullish close on Wednesday. Also, it has also bounced from the oversold levels. However, there are no definitive signs indicating bullish strength. The MACD indicator on the daily chart remains in the negative territory.

If the recent pull back gets momentum, the contract can be expected to retest ₹180.55 — its prior low. Below that level, the contract can be expected to depreciate to ₹174. On the other hand, if the contract appreciates from current level, it will have resistances at ₹185 and ₹188.8.

On the LME, the three-month rolling forward contract of Zinc has been witnessing selling pressure. It breached the support at $2,270 and fell to $2,201, before bouncing to the current market price of $2,246. Even though the recent trend is bearish, $2,200 is a strong support. Further depreciation can be expected only if it breaks below that support. On the upside, the contract has a resistance at $2,270.

Trading strategy

Though the trend is bearish, the spot price of zinc in MCX and forward price on the LME is hovering at a strong support. This may arrest further decline in the MCX futures contract in the near-term. Hence, fresh short positions are not recommended at this juncture. However, traders with a high-risk appetite can buy at current levels with a tight stop-loss as risk-reward is favourable for longs.

BUSINESS LINE DATE : 6/12/2019 P.N.4

Mines auction: Coal Ministry estimates ₹17,136-crore bonanza for States

OUR BUREAU

New Delhi, December 5

The Coal Ministry has projected an estimated income of ₹17,136 crore to the State governments from the recently concluded auction of five mines.

A Coal Ministry statement also said that the allocation of bid out mines has been approved.

In this round, Birla Corporation Ltd has won two mines in Madhya Pradesh, Prakash Industries Ltd has won one mine in Chhattisgarh, Powerplus Traders Private Ltd has bagged one block in West Bengal and Vedanta Ltd has won a block in Odisha.

Over the 30-year life cycle of the mine lease, the Bikram coal mine in Madhya Pradesh will earn the State ₹166.32 crore while the Brahampuri mine will fetch the State exchequer ₹168.48 crore.

Chhattisgarh will get ₹3,300 crore from the Bhaskarpara coal mine while West Bengal will get ₹444 crore from Jagannathpur B.

The Jamkhani block in Odisha will earn the State exchequer much higher than all other mines combined with an estimated revenue of ₹13,057.20 crore.

These estimates are excluding royalties, levies, and applicable taxes.

"The significant feature of the allocations is that for the first time, the successful bidders shall have the flexibility to sell 25 per cent coal produced in the open market. This will boost the coal production in the country and reduce the dependence of industries on imported coal," the statement said.

BUSINESS LINE DATE : 7/12/2019 P.N.4

'India should develop thorium-based nuclear reactors as an alternative source of energy'

OUR BUREAU

Chennai, December 6

India should start developing thorium-based nuclear reactors as an alternative source of energy, said A Sivathanu Pillai, President, Project Management Associates, and former CEO and Managing Director of BrahMoS Aerospace.

Thorium is a mildly radioactive metallic chemical element. India's reserves of thorium are at least three times larger than its uranium deposits.

Its exploitation requires proper sequencing of reactor-fuel cycle technologies in the overall programme, he said at the 9th edition of TANENERGY Summit 2019 organised by FICCI and the Tamil Nadu State Council on the theme: 'Emerging Energy Scenario in the Current Economic Trend'.

Nearly 25 per cent of the world's thorium ore is available in India, especially in Kerala and Tamil Nadu.

Thorium has high thermal conductivity and higher melting point. For instance, 6 kg of thorium metal in a liquid-fluoride reactor has the energy equivalent of 66,000 MW hr.

This is equivalent to 230 train cars (25,000 tonnes) of bituminous coal or 600 train cars (66,000 tonnes) of brown coal, he said.

With availability of abundant thorium, India can take the lead in thorium-based reactors, he added.

Abundant supply

According to the World Nuclear Association, out of the 63,55,000 tonnes of thorium resources available globally, India has 8.46 lakh tonnes, followed by Brazil with 6.32 lakh tonnes and Australia with 5.95 lakh tonnes. Other major countries that have thorium resources include the US, Egypt, Turkey, Venezuela, Canada, Russia, South Africa and China, according to the association's website.

A Sivathanu Pillai, President, Project Management Associates BIJOY GHOSH

Thorium is found in small quantities in most rocks and soils, where it is about three times more abundant than uranium. Thorium is very insoluble, which is why it is plentiful in sands but not in seawater, in contrast to uranium.

Thorium is not itself fissile and so is not directly usable in a thermal neutron reactor.

However, it is 'fertile' and upon absorbing a neutron it transmutes to uranium, which is an excellent fissile fuel material, the association said.

Power from solid waste

Pillai also suggested generation of power through municipal solid waste.

This is already being done in Salem, and can be replicated elsewhere.

The pollution in Delhi, for instance, can be curbed by turning the waste into power.

It is possible to generate nearly 5,000 MW of power through the 900 plants across India, he added.

On getting energy from oceans, Pillai said uranium seawater extraction makes nuclear power completely renewable.

Nearly 4 billion tonnes of uranium in seawater could fuel 1000 of 1,000 MW nuclear plants for 100,000 years, Pillai said.

It gets continuously replenished and is as endless as solar and wind, he pointed out. This is a huge project and nations should join hands in this, he said.

India should invest in developing clean coal technology; reduce oil imports and promote alternative solutions such as electric vehicles and tap ocean thermal energy and uranium, he said.

NAVBHARAT DATE : 8/12/2019 P.N.4

खनन उद्योग की राष्ट्र निर्माण में महत्वपूर्ण भूमिका

महानिदेशक आर. सुब्रमण्यम के विचार

व्यापार प्रतिनिधि

नागपुर. खनन उद्योग देश की जीडीपी में महत्वपूर्ण भूमिका अदा करता है, राष्ट्र निर्माण में खनन उद्योग का अहम रोल है. खनन उद्योग के महत्व को देखते हुए और देश के विकास के लिए खदानों की संख्या लगातार बढ़ती गयी है. इसी के साथ-साथ खनन उद्योग में सुरक्षा की चिंता भी बढ़ी है. उक्त विचार खान सुरक्षा महानिदेशक आर. सुब्रमण्यम ने व्यक्त किए. वे खान सुरक्षा महानिदेशालय (पश्चिमी अंचल) द्वारा 'साइंटिफिक स्टडी एंड मॉनिटरिंग ऑफ स्लोप स्टेबिलिटी इन ओपन कास्ट माइंस-ए वे फॉरवर्ड' विषय पर आयोजित कार्यशाला में रखे. वेस्टर्न कोलफील्ड्स लिमिटेड (वेकोलि) के अध्यक्ष-सह-प्रबंध निदेशक राजीव रंजन मिश्र मुख्य अतिथि के रूप में उपस्थित थे. मिश्र ने कहा कि देश का लगभग 95 प्रतिशत कोयला खुली खदानों से निकाला जाता है. इसके चलते ओवर बर्डन की सतत निगरानी रखना बहुत ही जरूरी है, ताकि देश के बहुमूल्य संसाधन मानवीय एवं उपकरणों को समय रहते बचाया जा सके.

मॉयल के सीएमडी एम. पी. चौधरी, डीडीजी गाजियाबाद सी. रमेश कुमार, डीएमएस बिलासपुर एस. एस. प्रसाद, डीडीजी नागपुर आर. टी. माण्डेकर, वेकोलि के निदेशक मनोज कुमार और अजित कुमार चौधरी उपस्थित थे. कार्यक्रम में खान सुरक्षा महानिदेशालय के वरिष्ठ अधिकारी, सिमफर, वीएनआईटी, आईआईटी खड़गपुर और देश के विभिन्न खनन उद्योग के जाने-माने विशेषज्ञों ने भाग लिया.

BUSINESS LINE DATE : 10/12/2019 P.N.14

Solid China imports jack up copper prices

REUTERS
Melbourne, December 9

Copper scaled a 4-1/2-month peak on Monday, after Chinese data over the weekend showed solid imports of the metal last month, signalling an improvement in the manufacturing sector despite the impact of the Sino-US trade tussle on demand.

Benchmark London Metal Exchange copper rose 0.7 per cent to $6,032 a tonne by 0712 GMT, after climbing to $6,038.50 earlier during the session, its strongest since July 25.

Shanghai Futures Exchange's most-traded copper contract ended up 2.3 per cent at 48,440 yuan ($6,881.76) a tonne, off the day's high of 48,470 yuan, its highest since July 22.

The better-than-expected import data may point to firming domestic demand after factory activity showed surprising signs of improvement recently, although analysts have noted the recovery could be difficult to sustain amid trade risks. "China's commodity imports for November were stronger than expected, suggesting economic growth has stabilised after Q3's softness," said ANZ in a report. "With trade tension keeping inventories relatively low, import demand should be well supported into the year-end," it said.

Prices have broken above the 200-day moving average of $5,990 and if held on Monday's close, may send a buy signal to momentum following funds to spark further gains.

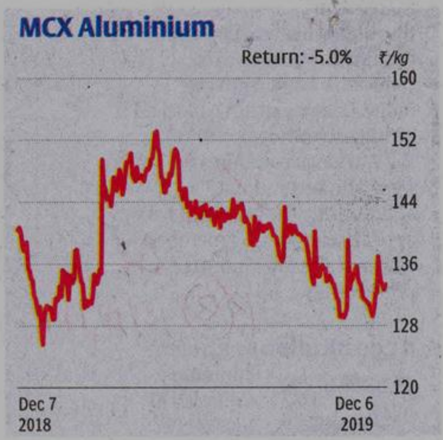
China's copper imports rose 12.1% in November from the previous month to their highest in more than a year, as an unexpected improvement in the manufacturing sector drove up demand. Exports of unwrought aluminium stood at 452,000 tonnes in November, according to customs data. January-November exports from China, the world's top aluminium producer, were down 0.3% from a year ago at 5.25 million tonnes.

Nearby tightness remained in aluminium, flagging a shortage of immediately available material as the cost of carrying the metal for tomorrow and the next day hit $2 on Friday, pointing to more deliveries into LME stocks ahead.

London nickel fell 1.7 per cent while Shanghai nickel dropped 1.0 per cent; London zinc gained 0.5 per cent and Shanghai zinc was up 0.2 per cent.

BUSINESS LINE DATE : 10/12/2019 P.N.8

MCX-Aluminium in range-bound trade



AKHIL NALLAMUTHU
BL Research Bureau

The December futures contract of aluminium on the MCX has been on a downtrend since early September. But as we can see, the bearish momentum seems to be losing steam of late. This is corroborated by the Relative Strength Index (RSI). The daily RSI has formed a bullish divergence, an indication of trend reversal. Also, the MACD indicator is showing signs of recovery in price. Notably, the contract's attempt to rally was arrested twice by the 21-day moving average. Hence, for the rally to sustain, it is critical for the contract to move past 21-DMA.

As we can observe in chart, the futures contract, currently trading at ₹132.8, is in the middle of the range between ₹130 and ₹135. So, the next leg of trend may be established only if the contract moves out of the range.

If the contract breaks out of the upper boundary of the range at ₹135, it can be expected to advance towards the resistance band between ₹138.8 and ₹140.5.

A break above that level can turn the medium-term trend of the commodity bullish where the subsequent resistance is at ₹145. On the other hand, if the contract breaks below the lower boundary of the range, it can decline to ₹125.

Aluminium price on the LME has been volatile in the past week as the three-month rolling forward contract was moving between $1,745 and $1,790. Taking a broader view, we can find that the price action is developing into a contracting pattern on daily chart, as it forms lower peaks and higher lows. The key levels to watch for are $1,730 and $1,820.

Trading strategy

As the futures contract is trading between two key levels, traders are recommended to stay on the fence until it breaches either ₹130 or ₹135. Until a decisive break of these levels, traders can adopt range-bound trading strategies.

BUSINESS LINE DATE : 11/12/2019 P.N.8

MCX-Natural Gas trades above key base

AKHIL NALLAMUTHU
BL Research Bureau

The recovery in the price of Natural Gas on the Multi Commodity Exchange of India (MCX) does not seem to be sustainable as it hit another roadblock in early November. The spot price of Natural Gas has declined by about 24 per cent, from ₹205 to ₹157 within a month. As we can notice, ₹156 is a substantial support.

Similarly, the December futures contract of Natural Gas in MCX has weakened during the same period to ₹157 from ₹212. The MACD indicator, being in the negative territory, cor tinues to exhibit bearish bias. However, th daily Relative Strength Index (RSI) is showir signs of bears losing steam. The RSI not forr ing a lower low on the daily chart is a favou able condition for the commodity.

Other factor that may work against the pr vailing bearish trend is that the spot price trading near a strong support. If spot price r covers, the futures contract will most like follow suit. Thus, traders on the short side, a the least, are advised to tighten their stop loss.

If the contract bounces from current level, it will face a hurdle at ₹165. If it manages to break out of that level, it might even advance to ₹182 in coming days. But, if bears regain momentum and futures resume its downtrend, the nearest support it can find is at ₹155. On further weakening, it could slip to ₹148.

On the New York Mercantile Exchange (NYMEX), the generic first contract of Natural Gas has also found support at the current level of $2.2. On the upside, it will face a resistance band between $2.4 and $2.46, whereas the support below current level is at $2.

Trading strategy

As the price of Natural Gas on the MCX and NYMEX is at a strong support, the commodity might appreciate from current levels. Hence, traders can initiate fresh long positions with tight stop-loss.

With iron ore shortage looming large, prices may go up next year

Odisha govt had cancelled three rounds of bids for the auction of 20 mines

SURESH P IYENGAR

Mumbai, December 10

Iron prices are set to increase from March 2020 as the Odisha government has annulled three rounds of bids for the auction of 20 iron mines whose leases are expiring in March.

Fresh bid documents were released on December 6. In an effort to prevent a single bidder cornering multiple mines, the government has banned multiple bids by same companies, including their affiliates.

Bids scrapped

The government had invited bids for auctioning iron ore mines in three rounds, putting up 29 blocks under the hammer, nine of which were virgin mines. However, after opening the technical bids, the process was abandoned.

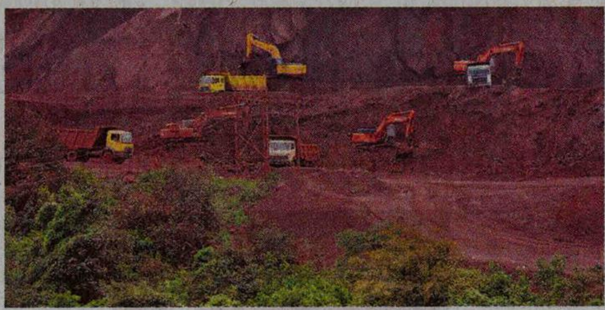
New bids have been invited for 20 mines, leaving behind the nine virgin mines that were part of the phase-II of bids.

This apart, the Ministry of Environment, Forest and Climate Change has issued a notification mandating fresh environment clearance for mines being auctioned, citing the Supreme Court judgment in the Goa Foundation case.

Shortage feared

Vishal Chandak, Research Analyst Emkay Global, said that with about 20 merchant mine leases expiring by March, there will be a shortage of supplies of iron ore from April as five of the six mine leases that are expiring will not feature in the auction already announced.

The total production of the five mines that will be impacted is about 60 million tonnes and EC clearance has to be sought for production of about 80 million tonnes, he said. Rising steel prices make a case for higher iron ore prices in the backdrop of the likely disruption in the availability of iron ore from Odisha post-March. Execution of mining leases will take six months from the date of issuance of the letter of intent by the State government. The government should issue the letter of intent ideally by March, so that mining leases can be issued in September. Normally, from the date of issuance of the letter of intent, it takes at least three years to get regulatory approvals.



The Odisha government has banned multiple bids by same companies, including their affiliates

Advantage NMDC

NMDC will be the major beneficiary of the rising iron ore prices as it will resume production from its Donimalai iron ore mine in Karnataka. The lease of Donimalai to NMDC was suspended after the Karnataka government demanded a sharp hike in royalty.

Later, the Central government amended the Mines and Mineral Development Act to mandatorily renew leases owned by the public sector.

Iron ore production of NMDC in the first two months of the December quarter has already increased to 5.4 million tonnes against 5.1 mt logged in the September quarter.

BUSINESS LINE DATE : 11/12/2019 P.N.5

Steel demand down 1.8% in Oct-Nov

With demand not expected to revive this month, companies hike prices

OUR BUREAU

Mumbai, December 10

Steel demand in the first two months of this quarter had declined 1.8 per cent to 15.4 million tonnes against 15.7 mt logged in same period last year, with no hope of a meaningful recovery expected in December.

Notwithstanding the weak demand, domestic steel producers have announced moderate price hikes in November and December, taking a cue from rising international steel prices, said ICRA on Tuesday. In the agency's opinion, domestic steel prices are likely to remain sensitive to international prices in the absence of a meaningful pick-up in domestic demand in the seasonally strong fourth quarter.

In fact, steel demand has been falling in line with the GDP growth trend this fiscal, with growth declining from 6.9 per cent in the June quarter, to 3.1 per cent in the September quarter.

Jayanta Roy, Senior Vice-President, ICRA, said, given the continuing macroeconomic headwinds, domestic steel demand is likely to be less than 5 per cent in the current fiscal, against 5-6 per cent guided in August.

Steel firms are struggling with the slowdown in the auto sector and the contraction in engineering exports in the current fiscal. For carbon steel makers, the expected pick-up in construction demand post-monsoon has not materialised so far, he said.

Between April and November, India remained a marginal net steel exporter. During this period, steel exports grew by 33.3 per cent, while imports contracted by 5.3 per cent. Domestic hot rolled coil prices have been trading at a discount of about three per cent or $16 a tonne to the landed cost of imports from FTA (free trade countries) in the first week of December.

To maintain healthy capacity utilisation rates, flat steel producers have been tapping the global steel markets to beat the domestic slowdown.

Meanwhile, Chinese hot-rolled coil offers have increased by about $30 a tonne since November, giving domestic steel companies the headroom to hike prices by Rs 1,500 per tonne.

Steel companies are struggling with the slowdown in the automobile sector and the contraction in engineering exports in the current fiscal

THE HITAVADA
DATE : 12/12/2019 P.N.9

Gold falls Rs 73, silver slides by Rs 89

NEW DELHI, Dec 11 (PTI)

GOLD prices fell Rs 73 to Rs 38,486 per 10 gram in the national capital on Wednesday on account of a stronger rupee, according to HDFC Securities. The yellow metal had closed at Rs 38,559 per 10 gram on Tuesday.

"Spot gold for 24 karat was trading down by Rs 73 in Delhi on a stronger rupee against dollar," HDFC Securities Senior Analyst (Commodities) Tapan Patel said.

In the early trade on Wednesday, the rupee appreciated 12 paise to 70.80 against the US dollar. Silver prices also fell by Rs 89 to Rs 44,640 per kg from its close of Rs 44,729 per kg on Tuesday.

In the international market, gold was trading at USD 1,464.8 per ounce, while silver was quoting at USD 16.62 per ounce. Gold prices traded in narrow range with international spot gold prices holding the range near USD 1,464. Ahead of the US Federal Open Market Committee rate decision, while global markets are awaiting fresh triggers from the US-China trade talks, eyeing December 15 deadline of new tariffs from the US," Patel said.

The rupee appreciated by 7 paise to settle at a fresh one-month high of 70.85 against the US dollar on Wednesday.

THE HITAVADA DATE : 11/12/2019 P.N.10

Jewellery exports fall 4.74% in Nov: GJEPC

■ Business Bureau

LED by a steep 25.5 percent fall in cut and polished diamonds exports, the overall gems and jewellery exports fell 4.74 percent to Rs 18,136.2 crore in November year-on-year due to poor consumer sentiment in the key export markets.

In November 2018, the overall gems and jewellery exports stood at Rs 19,039.10 crore, according to data given by the Gems & Jewellery Export Promotion Council (GJEPC).

Overall exports declined by 4.85 percent to Rs 1,76,540.39 crore between April and November 2019 from Rs 1,85,543.57 crore a year ago.

The decline is mainly due to poor consumer confidence in the export markets, GJEPC said in a statement on Tuesday.

Cut and polished diamonds exports declined 25.49 percent to Rs 8,341.88 crore from Rs 11,195.52 crore in November 2018. The shipments of Cut and polished diamonds in the April-November period also dipped 18.21 percent to Rs 94,274.13 crore.

However, gold jewellery exports went up 21.33 percent to Rs 7,893.89 crore. Gold jewellery exports in the April- November period also saw 6.61 percent growth to Rs 59,688.59 crore from Rs 55,988.6 crore in April-November 2018.

BUSINESS LINE DATE : 12/12/2019 P.N.10

COMMODITY CALL

MCX-Nickel hovers above a key support

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Nickel on the MCX has been moving in a sideways trend for the past few trading sessions, oscillating between ₹960 and ₹1,000. This follows the metal's decline from ₹1,200 since the beginning of November. The support at ₹960 looks strong and this might arrest the fall in price.

Like spot price, the December futures of Nickel on the MCX, is consolidating between ₹962 and ₹1,000 following a downtrend. The contract has support between ₹962 and ₹968. Thus, the futures contract looks set to appreciate from current levels. However, for the metal to establish a sustainable rally, it must decisively break above the important level of ₹1,000.

The RSI on the daily chart is near over-sold levels and the MACD indicator shows weakness in the bearish momentum. These conditions hint at a possible halt in the downtrend.

If the futures contract advances and breaks above ₹1,000, it is likely to rally to ₹1,050 in subsequent trading sessions. Notably, the 21-day moving average is at ₹1,047. Further appreciation can take the contract higher to ₹1,076. On the other hand, if the contract breaks below ₹962, bears may regain momentum, dragging the price to ₹924. Below that level, the support is at ₹900.

The price of the three-month rolling forward contract of nickel on the LME is trading flat after a downtrend, similar to the metal's price movement on the MCX. Currently trading at $13,405, the price is trading above a support band between $12,815 and $13,375. Support below these levels is at $12,080, whereas resistance on the upside is at $14,000.

Trading strategy

MCX-Nickel futures on the MCX has bounced from a strong support and chances of the price moving up is high. However, ₹1,000 is a critical resistance. Hence, traders are advised to initiate fresh long positions only above ₹1,000 with tight stop-loss.

BUSINESS LINE DATE : 13/12/2019 P.N.8

MCX-Zinc in consolidation phase

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Zinc on the Multi Commodity Exchange of India, has been moving in a sideways trend between ₹181.4 and ₹184.5 for the past few trading sessions. Even though the overall trend is bearish, further decline is unlikely unless the price breaks below ₹181.4.

Similarly, the December futures contract of Zinc on the MCX is fluctuating between ₹181 and ₹185. The contract's attempt to rally has been capped by the upper limit of the range at ₹185, and of late, the price action is trading with a bearish bias. Hence, for the commodity to build a sustainable rally, the price should move past the range top decisively.

The daily RSI has been trading off the oversold levels; but there are no noticeable bullish indications as the index have become flat after showing an uptick. However, the Moving Average Convergence Divergence indicator is exhibiting signs of weakness — a bearish momentum.

The contract can be expected to establish the next leg of trend only if it moves out of the range. If it breaks above the upper boundary at ₹185, the nearest resistance is at ₹188.8. On the other hand, if the contract breaks below the lower boundary at ₹181, it can depreciate to ₹174.

On the LME, the three-month rolling forward contract of Zinc, has also been trading in a sideways trend since last week. It is held between $2,200 and $2,260. Above $2,260, the resistance is at $2,320 whereas the support below $2,200 is at $2,140.

Trading strategy

Though the downtrend seems to have come to a halt, MCX-Zinc futures is struggling to reverse the trend as it consolidates between ₹181 and ₹185. Hence, traders are recommended to stay on the sidelines until either of these levels are breached. The direction of the breakout would confirm the direction of the trend.

THE ECONOMIC TIMES DATE : 14/12/2019 P.N.6

VEDANTA, HINDALCO, TATA STEEL RISE 2-4%

Metal Stocks Gain on Likely Trade Deal

Our Bureau

Mumbai: Metal stocks surged on Friday after US President Donald Trump approved a phase-one trade deal with China. The BSE Metal index gained 2.3% with Vedanta, Hindalco Industries, Tata Steel and Steel Authority of India advancing 2-4%.

The US President signed off on a phase-one trade deal with China, averting the December 15 introduction of a new wave of US tariffs on about $160-billion worth of consumer goods from China.

The tariff war between the two countries have affected the metal sector as it has depressed base metals prices and hurt business sentiments.

"The outlook for the sector has improved after the phase one trade deal," said Abhimanyu Sofat, head of research at IIFL.

Pankaj Pandey, head of retail research at ICICIdirect, said domestic recovery is still tentative for metal companies.

"Metals are more of a trading bet because of valuations rather than a structural bet at this point," said Pandey.

Sofat of IIFL views the metals space as a contra play because of cheaper valuations and is bullish on Tata Steel. The BSE Metal index has fallen 17% so far this year while the BSE Sensex is up nearly 14% so far this year.

JM Financial is also bullish on Tata Steel and views it as a preferred play in the ferrous space.

Palladium barrels toward $2,000 as rally continues

US-China deal revives hope for a rebound in the auto sector

BLOOMBERG
December 13

Palladium seems headed towards a record $2,000 an ounce, with the metal's blistering rally showing no sign yet of cooling.

Prices climbed for an unprecedented 16th day after signs of a breakthrough in the US-China trade talks, fuelling hopes for a rebound in the auto industry, palladium's biggest consumer.

Prices surged this week as mining disruptions in major producer South Africa threatened to tighten a market already hobbled by a persistent deficit.

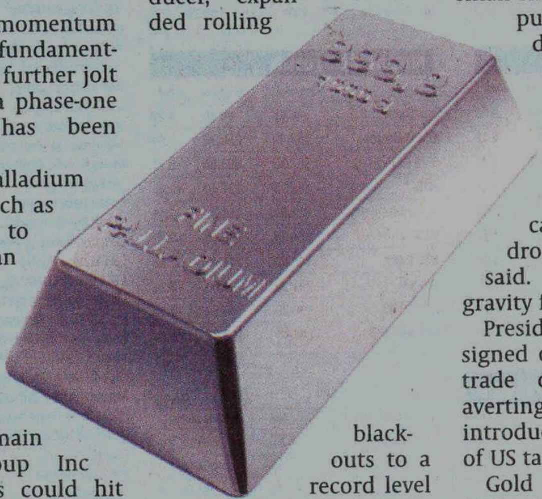
"The physiological $2,000 level now acts as such a magnet to the market," said Ole Hansen, head of commodity strategy at Saxo Bank A/S.

The strong momentum driven by tight fundamentals was given a further jolt on news that a phase-one trade deal has been reached.

Spot palladium climbed as much as 2.1 per cent to $1,981.39 an ounce.

The metal has gained 56 per cent this year even as global car sales remain weak. Citigroup Inc forecast prices could hit $2,500 next year.

Tight supplies, which have trailed demand since at least 2012, mean that auto-catalyst makers are scrambling to get hold of the metal to meet stricter pollution rules.



South Africa, the world's No. 2 palladium producer, expanded rolling black-outs to a record level earlier this week, disrupting miners' operations. The situation has eased and most mining operations have returned to normal, although the country continues to experience power cuts.

Still, given the relatively small size of the market, a pullback in palladium prices could be sharp, said ABN Amro Bank NV strategist Georgette Boele.

"What goes exponentially up can eventually also drop like that," she said. "It will not defy gravity forever."

President Donald Trump signed off on a phase-one trade deal with China, averting the December 15 introduction of a new wave of US tariffs.

Gold and silver were little changed, while platinum declined, dropping as much as 1.8 per cent.

The metal will probably remain in surplus, Morgan Stanley said this week.

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