खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 4, NO-1 , 1st – 15th JANUARY , 2020

BUSINESS LINE DATE : 13/1/2020 P.N.9

GLOBAL		Change in %		
	Price	Weekly	Monthly	Yearly
Metals ($/tonne)				
Aluminium	1781	-0.7	1.7	-3.3
Copper	6172	1.1	1.7	4.5
Iron Ore	88	1.7	3.1	21.4
Lead	1914	0.6	1.1	-2.6
Zinc	2388	2.9	7.3	-3.5
Tin	17209	2.4	-1.3	-14.9
Nickel	14116	3.2	5.8	26.1

THE TIMES OF INDIA DATE : 1/1/2020 P.N.9

Gold at 3-mth high globally, set for best year since 2010

Gold prices jumped to their highest in more than three months on Tuesday on a weakening dollar, with the metal on track for its best annual show in nearly a decade, while palladium leapt towards its fourth straight yearly gain.

Spot gold hit its highest since September 25 at $1,525 and was up 0.6% to $1,523 per ounce. The US gold futures rose 0.6% to $1,528. Bullion has gained nearly 19% in the year, its biggest since 2010, mainly driven by a tariff war between the US and China, which triggered monetary policy easing by major central banks.

SHINING AGAIN

"One of the main drivers behind gold's gain is the weakening in the dollar," said Margaret Yang Yan, a market analyst at CMC Markets, adding prices also rose on year-end bargain-hunting.

The dollar slipped against a basket of rivals, making gold cheaper for holders of other currencies. "However, the upside is kind of limited because quantitative easing or rate-cutting cycle has come to an end for now and we don't see a possibility of any rate cuts in 2020," Yan said.

The US Federal Reserve cut interest rates three times this year before taking a pause. Lower interest rates reduce the opportunity cost of holding the non-yielding bullion. On the trade front, a phase 1 deal is likely to be signed next week, White House trade adviser Peter Navarro said. REUTERS

BUSINESS LINE DATE : 2 /1/2020 P.N.6

How major commodities will fare in 2020

Market conditions are expected to improve, thanks to the US-China trade truce and better supplies

G CHANDRASHEKHAR

In 2019, commodity markets were buffeted by a host of uncertainties and risks, including the US-China trade dispute, competitive monetary policy easing by various central bankers, a fairly resilient US dollar, a leashed crude oil market, largely benign weather, and looming growth concerns.

Rising from the year's lows, some commodities like crude oil (Brent $67 a barrel), gold ($1,512 a troy ounce) and crude palm oil ($770 a tonne) ended 2019 on a positive note. Industrial metals have had mixed fortune.

It is in this background that one must see where major commodities – crude oil, gold, palm oil, cotton, and base metals like copper and nickel – are headed in 2020.

Crude oil: Global growth is expected to show an uptick in performance in 2020, as the effects of monetary policy easing begin to kick in. Together with the possibility of a US-China trade truce, growth prospects should help boost energy consumption modestly. Supply will remain plentiful, especially in H1. The US will continue to pump out shale oil at record levels and stay as an exporter. The OPEC+ will continue to maintain their agreed production levels, possibly extending the agreement till the end of 2020. Hence, the supply-demand fundamentals should be fairly balanced. The role of speculative capital needs to be watched.

Under the circumstances, Brent will be able to defend the $60 a barrel floor fairly well. But the market will continue to face volatility. In H1, Brent may trade between $60-65, notwithstanding that the recent geopolitical conflict actually pushed Brent above $68 a barrel. The market will correct when tensions de-escalate.

Global growth An uptick in performance is expected

Gold: Gold enjoyed a stellar performance in 2019, having risen from the low of $1,270/oz to the highest level of $1,550/oz during 2019, and ending the year at around $1,512/oz in the wake of some geopolitical developments. The US Federal Reserve's rate cut, the ongoing US-China trade war and global growth concerns propped the metal up as a safe haven during the year. At the same time, enervated physical demand in two of the world's largest consuming markets – China and India – capped the metal's upside.

In 2020, gold is likely to benefit from a slew of supportive factors including geopolitical risks, an accommodative monetary policy and a slightly weaker dollar. These should boost the precious metal. But subdued demand conditions are likely to persist through 2020. There is little to suggest any marked uptick in demand as high prices result in demand compression.

Both China and India are going through a severe economic slowdown. Weaker local currencies are pushing up domestic prices. Gold will have to brave these challenges. As always, the gold market will stay volatile. Most likely, the precious metal will trade between a low of $1,450-1,550 an ounce in 2020.

Base metals: After a year of subdued performance in 2019 in the aftermath of US-China trade war and growth concerns, base metals such as copper, nickel, zinc and aluminium should brace for improved market conditions in 2020. 'Phase one' of the US-China trade deal has already sent out some positive signals. Global growth is forecast to pick up in 2020.

Copper is likely to return to surplus in 2020. Demand growth will be modest. The metal should trade around $6,000 a tonne with +/- 5 per cent movement. The aluminium market will continue to be well supplied. Expect the metal to stay below $,800/tonne, and trade on an average at $1750/tonne.

Nickel will be a supply side story. The market will be in deficit; and any mine supply restrictions in Indonesia can worsen the situation. The metal should trade around $15,000/tonne. Zinc in 2020 will swing into surplus after four years of deficit. Demand for galvanised steel is expected to be muted for the construction market as well as automotive industry. The metal will be range bound at $2,150-2,350/tonne.

Palm Oil: Prices have rallied above Malaysian ringgit 3,000 a tonne (over $720/tonne) in the last two months thanks to a combination of higher demand from China, Indonesia's ambitious biodiesel programme and slowing supply growth. Prices will remain firm until March 2020.

In Q2, one can expect a sharp correction (12-15 per cent) in the palm oil market as the peak production season starts, and palm oil is possibly replaced by soyabean in the US-China trade deal. Indonesia's blending programme must be watched closely.

Cotton: The market has been at the receiving end of the US-China trade war since 2018. After the intended phase one deal, hopes of further de-escalation have revived the commodity. In 2020, if the trade tension further subsides, cotton is sure to get a boost as output in major origins fall. However, demand conditions too are likely to be quite subdued. China's inventory policy is the key to unravel the cotton market outlook. On current reckoning, prices will stay range-bound. For 2019-20, India's harvest is less than anticipated and quality compromised. Domestic prices are likely to rise in Q1 after harvest pressure eases and the US' planting intentions become clear.

THE HITAVADA DATE : 2/1/2020 P.N.9

CIL production up by 7 pc in December 2019

KOLKATA, Jan 1 (PTI)

COAL India Ltd (CIL), which registerted negative growth in production of the dry fuel for past few months, has posted over 7 per cent growth in December with 58 million tonne output, sources said on Wednesday.

The coal behemoth had produced 54.13 million tonne in corresponding month of 2018.

In the last month, the production was about 8 million tonne higher from 50.2 million tonne prduced in November, the company sources said.According to provisional data, the miner has produced 388.39 million tonne of coal during April-December period of the current fiscal, down by 5.83 per cent from 412.45 million tonne in the first nine months of the last financial year, CIL sources told PTI. Coal India aimed at producing 660 million tonne in 2019-20 and missed the target of 457.23 million tonne till December.

The company has not officially announced its latest production figures till the story was filed.

Production was relatively less during April-December period as mining activities by coal producing subsidiaries had been hit during monsoon, sources said.

Coal India dispatched 53.4 million tonne of coal in December 2019 to its customers as against 52.77 million tonne in the same month of previous year. Coal offtake in the first nine months of current fiscal (April-December 19) was at 417 million tonne, down from 444.59 million tonne supplied in same period of 2018.

BUSINESS LINE DATE :2 /1/2020 P.N.10

MCX-Nickel enters consolidation phase

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of nickel on the MCX struggles to extend the corrective rally beyond the resistance at ₹1,066. At that level lies the 23.6 per cent Fibonacci retracement level of the previous downtrend.

Likewise, the January futures contract of Nickel on the MCX too struggles to advance beyond the resistance at ₹1,054. However, it continues to stay above the 21-DMA. But, the contract has been consolidating within a range between ₹1,010 and ₹1,054 for the past few trading sessions. A prolonged consolidation might not work in favour of the contract as it might start to decline, aligning with the major downtrend.

As the price moves in a sideways trend, the daily Relative Strength Index is flat, but the Moving Average Convergence Divergence on the daily chart indicates a bullish bias.

Considering the above factors, the contract will not be able to build a trend as long as it stays within ₹1,010 and ₹1,054. If the contract manages to breach the upper boundary of the range, it will face resistance at ₹1,100. Beyond that level, the resistance is at ₹1,125. On the other hand, if the contract breaches the lower boundary of the range, it will most likely retest its previous low at ₹965. Support below that level is at ₹920.

On the global front, the price of the three-month rolling forward contract of Nickel on the London Metal Exchange also seems to have entered a sideways trend, fluctuating between $13,875 and $14,526. The contract should move out of this range to confirm the next leg of trend. Above $14,526, the resistance is at $15,000 and below $13,875, the support is at $13,370.

Trading strategy

Though MCX-Nickel futures is in a consolidation phase, the major trend remains bearish. However, further decline can be confirmed only if it declines below ₹1,010. So, traders are recommended to initiate fresh short positions only below ₹1,010 with stop-loss at ₹1,055.

BUSINESS LINE DATE : 2/1/2020 P.N.12

Many factors likely to keep the gold's glitter in New Year

NAVEEN MATHUR

The year 2019 ended with the yellow metal shining ever brighter. In the year just gone by, Comex gold gained more than 18 per cent and MCX gold 24 per cent. The precious metal took off in June when the US Federal Reserve told markets to expect lower interest rates by end-2019.

Besides, the US central bank ended its programme of balance-sheet normalisation, which had been pushing up rates further out along the yield curve. Simultaneously, the bank has been active in the repo market, providing liquidity and stimulus at the front end of the yield curve. Meanwhile, at its final meeting of the year, the Fed left rates unchanged, saying its current stance on monetary policy was "appropriate."

Gold's best performance this year was because of investor aversion to equity as economic clouds loomed over Wall Street. Some of that has changed thanks to a resurgent stock market. Indeed, optimism has revived among traders, who foresee a positive outcome to the US-China trade war and a revived global economy in 2020. Gold, consequently, has spent the last few months in the shadow of riskier assets.

The trend in interest rates, in the US and globally, continues to be lower as we head into a new decade. In the present economic milieu, favourable signs are evident for prospects for gold. As 2019 closed, the price of the yellow metal was a fleck below its early-September peak, but, at just below $1,380 an ounce, well above its critical technical support. After its June through September rally, gold continues to consolidate. As we enter 2020, buying of the yellow metal could give better returns.

Gold price performance *(in %)*

Year	MCX	Comex
2015	-6.6	-10.4
2016	10.1	8.4
2017	6.2	13.2
2018	7.7	-1.6
2019	24	18.3

Source: e-signal

By far one of the most important considerations when evaluating gold's intermediate-term outlook is the trend of the US dollar index. The dominant longer-term trend in the dollar, however, is still up as revealed in the fact that the greenback hasn't yet made a decisively lower low in several months. A move below 96, however, would clearly confirm that a major shift towards a dollar-bear market is under way (as opposed to merely a "correction" in an ongoing dollar-bull market).

Nevertheless, even if the dollar's recent weakness is merely temporary, it should suffice for gold to commence a renewed rally early in 2020. With the rising "fear factor" – arising from renewed military tension in the Gulf region and continuing concerns over the strength of the global economy – the metal has even more support beyond merely the currency aspect. In view of these supporting factors, investors are therefore justified in maintaining a bullish intermediate-term tilt toward the metal.

January outlook

All of the factors that have lit a golden fuse under the metal in 2019 are still in place as we hurtle into 2020. While the Fed left the rates unchanged at the last FOMC meeting, it is unlikely to raise short-term rates in 2020. The Fed is an apolitical body. As 2020 is an election year, the US central bank would not want to take any monetary policy decisions that could make waves at the time of the election. Besides, global interest rates are at past lows.

In September, the ECB lowered its deposit rate to a negative 50 basis points and in November restarted its QE programme. Low rates tend to get the gold bulls snorting and pawing.

US election

The US election campaign in 2020 will be a highly contentious affair, and could lead to periods of fear and uncertainty across all asset classes. The potential for a significant shift in the US policy under the opposition party could support gold. Before final campaigns get under way, the President faces impeachment by the House of Representatives and a trial before the Senate.

Simultaneously, protectionist policies have heightened market volatility. The ups and downs of the trade war between the US and China will continue into 2020. President Trump recently added a front to the trade war after slapping tariffs on aluminium and steel exports from Brazil and Argentina.

North Korea has begun test-firing missiles again, and Iran remains hostile to the US. The 'phase one' trade deal between the US and China could ignite the Chinese economy and demand for gold in the Asian nation in 2020.

The bottomline is that the stage is set for another leg to the upswing in the bullion market that tends to start the year off on a bullish note.

We are likely to see immediate resistance at ₹39,400-41,500 (10 gm) and support at ₹35,500-34,200 levels. Overall, we maintain our bullish view in MCX gold for 2020.

The writer is Director, Commodities and Currencies, Anand Rathi Shares and Stock Brokers. Views are personal

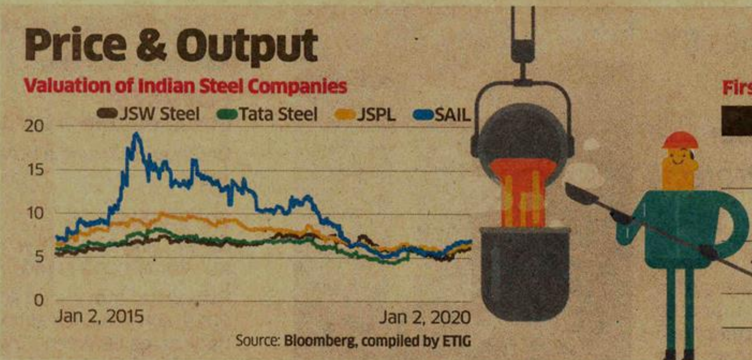
THE ECONOMIC TIMES : 3/1/2020 P.N.10

GOVT'S RECENT ANNOUNCEMENTS MAY SPARK A TURNAROUND

Steel Prices may Rise 10% On Likely Uptick in Auto, Infra

Sector stocks, too, rally from October lows on positive global outlook

Price & Output



Source: Bloomberg, compiled by ETIG

First Half FY20 Performance

	Sales	EBIDTA
JSW Steel	-10.40%	-36%
Tata Steel	-8.10%	-44%
Jindal Steel	-3.90%	-15.50%
SAIL	-11.30%	-41%

Source: Capitaline

Madhvi Sally, Jwalit Vyas and Bhavya Dilipkumar

New Delhi | Mumbai: Domestic prices of steel, of which India is among the three top global producers, are expected to climb 10-12% this year, with the government's measures to revamp infrastructure and consumption likely reviving demand for the alloy from carmakers and construction companies.

In anticipation of a turnaround, steel shares have climbed 32-79% from their October lows, in kilter with buoyant domestic and international prices of the commodity. The Centre's decision to invest ₹102 lakh crore in infrastructure projects over the next five years is expected to buoy steel demand, while a likely deal between the US and China on tariffs should ease global trade concerns on the primary infrastructure alloy.

"The downward trend in steel prices should stop in 2020 and a gradual upward move has already started from the last week of December," said Manoj Jain, head of commodities at IndiaNivesh Research. "Demand from the automobile and real estate sectors will also revive on the prospect of better domestic rabi crop production this year. We expect a 10-12% upside move in steel prices in 2020."

Steel longs for February expiry were trading at ₹32,020 per tonne on Thursday. Analysts said the price could increase to ₹35,600 per tonne this year. In the physical market at Mandi Gobindgarh in Punjab, steel prices opened at ₹32,400 a tonne and traded in the range of ₹32,500- 32,600 a tonne on Thursday.

Measures to revive consumption should boost physical demand, while investors should expect decent returns due to attractive valuations. Leading producers expect a northward trend in output and demand.

Profitability is likely to improve marginally on lower iron ore prices after normalcy at Brazilian miner Vale

"The December quarter and the next should be good, given the numbers reported by auto companies, IIP numbers or GST figures. It took six months for inventory de-stocking until September, when the inventory levels reached the lowest. Once this restocking is complete, demand needs to sustain," said Seshagiri Rao, group CFO of JSW Steel.

Domestic steel prices rose 2% in the past two weeks, while export prices for Indian steel makers rose even higher — by 7%. Stocks of Tata Steel, JSW Steel, Jindal Steel & Power and SAIL climbed 3.5% to 10% on Thursday after the announcement on boosting infrastructure. Attractive valuations — these four stocks trade about 12% below their five-year average price multiples — make steel a decent investment option now.

Sales of automobiles, one of the biggest high-grade steel consumers, largely declined last year, but a demand revival is anticipated, with factories taking fewer planned shutdowns in the third quarter. That has prompted price increases by manufacturers.

"Global steel prices are moving up now and as far as India is concerned, there was a sequential improvement in the automotive sector's production and sales," said Jayant Acharya, director, commercial, marketing and corporate strategy, JSW Steel. "In December, the shutdowns were fewer. Various construction projects opened up after the monsoon season and all put together, we see a demand pick-up. Thus, we have decided to increase prices by around 4% for both flat and long products."

The sector's profitability should improve marginally on lower iron ore prices after normal operations resumed at Brazilian miner Vale, said Ajay Kedia, director at Kedia Advisory. But steel output may trail demand, likely pushing prices northward. "The market does not see Vale capacity to return as quickly as anticipated, which could keep the seaborne market tighter than expected and prices can see recovery again to the extent of ₹34,500-35,000 per tonne that we saw in March 2019," he said.

THE HITAVADA (CITYLINE) DATE : 3/1/2020 P.N.10

Gold imports dip 7 pc in April-November

■ **Business Bureau**

INDIA'S gold imports, which have a bearing on the current account deficit (CAD), fell about 7 per cent to USD 20.57 billion during April-November period of the ongoing financial year, according to the Commerce Ministry data.

Imports of the yellow metal stood at USD 22.16 billion in the same period of 2018-19.

The decline in gold imports has helped in narrowing the country's trade deficit to USD 106.84 billion during the eight-month period under review as against USD 133.74 billion in the year-ago months. Gold import had been recording a negative growth since July this year. However, it grew about 5 per cent to USD 1.84 billion in October and 6.6 per cent to USD 2.94 billion in November.

India is the largest importer of gold, which mainly caters to the demand of the jewellery industry. In volume terms, the country imports 800-900 tonne of gold annually. To mitigate the negative impact of gold imports on trade deficit and CAD, the Government increased the import duty on the metal to 12.5 per cent from 10 per cent in this year's Budget.

Industry experts claim that businesses in the sector are shifting their manufacturing bases to neighbouring countries due to this high duty.

The Gems and Jewellery Export Promotion Council (GJEPC) has asked for a reduction in import duty to 4 per cent. Gems and jewellery exports declined about 1.5 per cent to USD 20.5 billion in April-November this fiscal. The country's gold imports dipped about 3 per cent in value terms to USD 32.8 billion in 2018-19.

The CAD narrowed to 0.9 per cent of GDP or USD 6.3 billion in July-September, 2019-20 from 2.9 per cent or USD 19 billion in same period last year, as per the Reserve Bank of India data.

THE HITAVADA (CITYLINE) DATE : 3/1/2020 P.N.7

HC allows 13 writ petitions against cancellation of mining leases: Cases being sent back to Collector

■ **Legal Correspondent**

ALLOWING 13 writ petitions filed by Rajesh Mathuradas Patel and 12 others from Amravati district, Justice Atul Chandurkar at the High Court here has set aside the impugned orders passed by the Collector, Amravati, on November 3, 2017 and January 8, 2019, cancelling the mining leases and sending these cases back to him with liberty to the authorities to place on record further material to justify its action of cancelling the mining leases. .

As per the court's directions, all additional material collected shall be supplied to the lease-holders. After giving hearing to them, the Collector is free to pass fresh orders, pursuant to the contents of the show cause notices issued to them earlier. All questions in that regard have been kept open.

The parties have been directecd to appear before the Collector on January 10 next. The Collector shall conduct the necessary exercise and pass orders accordingly within a period of eight weeks from January 10.

In the meanwhile, interim directions were issued permitting the petitioners to apply to the Collector for issuance of transit passes for transportation under the mining leases. The Collector shall pass necessary orders on such appliocations within 10 days from the date of those applications. This interim direction is without prejudice to the rights of the parties.

The High Court has stated that it can be said that at present there is no material placed on record before the Collector to indicate the lands granted for mining leases were in fact the lands set apart for free pasturage of village cattle as contemplated by Section 22A (1) of the Maharashtra Land Revenue Code. It may be mentioned that in the order of April 3, 2019, the court had observed that one of the questions which arose was whether the description of lands as E-class lands by itself would be sufficient to hold that the said lands had been set apart for free pasturage of village cattle as required by Section 22A of the Code. The court's finding has been that the Authorities proceeded to cancel the mining leases without any material in support of that action.

Adv V S Kukday, R J Mirza and P W Mirza appeared for petitioners. AGP N R Patil represented respondent-State and others.

MCX-Zinc is range-bound; stay on the sidelines

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Zinc on the MCX seems to be consolidating between ₹182 and ₹185.15, following a downtrend that began in November. Similarly, the January futures contract of Zinc Mini on the MCX is moving in a sideways trend, even after breaking below an important support at ₹179.25.

Notably, the futures contract continues to trade below the 21-DMA, retaining the short-term bearish trend. For the contract to reverse the trend, it should close above the resistance at ₹182.85 on daily basis. The RSI and the MACD on the daily chart does not seem to hint at a definite direction.

The contract is trading near the 21-DMA resistance at ₹180.8. But as long as the contract price stays within ₹178.75 and ₹182.85, it cannot be expected to establish a clear trend. Aligning with the major trend, if the contract breaks below ₹178.75, it can decline to ₹174.8 in the near term. On the other hand, if the contract breaches ₹182.85, the immediate resistance is at ₹186.4 — the 50 per cent retracement level of the previous bear trend. This level is coincided by the 50-DMA, making it a significant level.

Unlike the price of Zinc on the MCX, the three-month rolling forward contract of the metal on the LME rallied after making a low of $2,200. Following the downtrend, the contract rose to $2,350, where the recovery was capped. It is currently hovering around the support at $2,270. While a further decline could drag the price to $2,200, a bounce from the current level can take the contract to $2,350.

Trading strategy

As the futures contract is caught between ₹178.75 and ₹182.85, the next leg of trend can be confirmed only if it breaches either of these levels. Until then, traders are advised to stay on the sidelines.

BUSINESS LINE DATE : 4/1/2020 P.N.10

US-Iran crisis: Spot gold breaches ₹40,000 mark

Investors rush for the haven asset amid uncertainty in other financial assets

RUTAM VORA

Ahmedabad, January 3

As the crisis around West Asia started mounting, gold prices in India touched all-time high levels in spot markets hitting ₹40,092 per 10 grams (PM rates for 999 purity without tax) — a jump of 2.2 per cent or ₹877 within a day.

Spot silver prices also followed the trend surging from ₹46,340 per kg on Thursday to ₹47,330 - up by ₹990 or about 2 per cent in a day.

Triggered by the haven demand, investors flocked to the yellow metal amid looming uncertainty on what transpires from the Iranian retaliation to the US' Thursday's action against its military leader.

"We are seeing all-time high levels today. The rally is primarily because of the tensions following the US-Iran military actions. The near-term outlook appears bullish because of the geopolitical crisis in the Middle-East region," Prithviraj Kothari, President, India Bullion and Jewellers Association Ltd (IBJA), told *BusinessLine*.

In futures, MCX Gold for February contract gained 1.87 per cent with last quoted price of ₹40,010 per 10 grams. CME Gold futures, meanwhile, hit a recent high of $1,548 an oz during intra-day, while it last quoted at $1,541.

Banks' buying

According to Kothari, besides the central banks, which have been constantly accumulating gold at every dip in prices, it is also the investors, who are rushing for the haven asset amid uncertainty in the other financial assets.

Per the recent World Gold Council data, central banks have been piling up their gold reserves. Gold purchases during 2019 jumped 43 per cent to 629.4 tonnes (up to November 2019) as against 437.5 tonnes last year.

Central banks in Turkey, Russia, Poland and China were the top ones to make heavy gold purchases during 2019. But Kothari also pointed out that at the fresh peak levels, physical gold demand will take a pause and there will be profit-booking by those holding gold of a lesser value.

Profit booking

"We may see some bit of profit booking in physical market because of the latest surge in the prices. So we may see some pause in India's gold price rally going forward," added Kothari.

Abhishek Bansal, Chairman, ABans Group of Companies, commented, "Gold prices are at four-month high in CME as tensions have increased in the Middle East. Gold also found support after China announced a reserve rate cut by 50 bps from January 6 to support the economy. An easing monetary policy will increase liquidity in the Chinese market and demand for gold will pick up. Domestic gold prices are likely to rally further following weakness in the Indian rupee after Crude oil prices have surged nearly 4 per cent."

Scan & Share

BUSINESS LINE DATE : 4/1/2020 P.N.3

NMDC hikes iron ore prices by ₹200 a tonne

OUR BUREAU
Mumbai, January 3

The country's largest iron ore miner NMDC has hiked prices for the first time since last September. The rise in prices is by about ₹200 a tonne — ₹2,800 for lump ore of 65.5 per cent Fe and ₹2,560 for 64 per cent Fe. Following this, some private merchant miners are also negotiating higher price for their ores.

The hike in iron ore prices comes at a time when steel companies have effected a ₹1,500-1,750 rise a tonne this month.

Baijendra Kumar, Chairman and Managing Director, NMDC, has set a production target of 48 million tonnes for the next fiscal against 32 mt in FY19.

The public sector mineral producer has said it will ensure enough supply to meet demand, post-March, when iron ore leases of many private players will be cancelled.

Improving demand

The demand for iron ore has increased in the last few months as most steel mills are building inventory in anticipation of supply disruption and price surge.

For the first nine months of this fiscal, NMDC's iron ore production increased marginally by 0.73 per cent to 22.01 mt (21.85 mt) while sales were up 4 per cent 23.03 mt (22.18 mt).

The cancellation of Donimalai lease in Karnataka has hit NMDC hard in the last few months. However, the government has given clearance for enhancing production at Kumaraswamy mine in Karnataka to 10 mtpa from 7 mtpa.

THE HITAVADA DATE : 4/1/2020 P.N.9

Gold zooms Rs 752 on strong global trends

NEW DELHI, Jan 3 (PTI)

GOLD prices zoomed Rs 752 to Rs 40,652 per 10 gram in the national capital on Friday on strong global trend and weak rupee, according to HDFC Securities.

Similarly, silver prices also jumped Rs 960 to Rs 48,870 per kg from Rs 47,910 per kg in the previous trade. Gold had closed at Rs 39,900 per 10 gram on Thursday.

"Taking cues from global prices and weaker rupee, spot gold for 24 Karat in Delhi quoted at Rs 40,652 per 10 grams," HDFC Securities Head - Advisory (PCG) Devarsh Vakil said.

In early trade on Friday, the rupee depreciated by 24 paise to 71.62 weighed by spike in crude oil prices, after US President Donald Trump ordered deadly strike on an Iranian commander. In the global market, both gold and silver depicted a bullish trend, quoting with gains at USD 1,547 per ounce and USD 18.20 per ounce, respectively.

"Gold prices traded higher today as geopolitical tension triggered the safe haven buying in international rates," Vakil added.

General Qasem Soleimani, the powerful commander of Iran's Revolutionary Guards, was killed in a precision US air strike in Iraq ordered by President Donald Trump, the Pentagon announced on Friday, dramatically escalating tensions in the strategic Gulf region.

BUSINESS LINE DATE : 6/1/2020 P.N.2

Gold could appreciate to $1,700 this year

AKHIL NALLAMUTHU

Calendar year 2019 saw gold advancing 18 per cent — the highest return since CY2010, when it had generated a return of nearly 30 per cent. Spot gold had been trading between $1,130 and $1,400 an ounce since 2014.

Several attempts to invalidate the resistance at $1,400 was unsuccessful until recently. The 38.2 per cent Fibonacci retracement level of the previous down-move coincided with that level, making it more significant. However, after a sluggish start in 2019, the metal cracked the resistance in June.

Gold has established a strong uptrend, following the breakout of the resistance at $1,400. The bullish outlook is corroborated by the Relative Strength Index (RSI) and the Moving Average Convergence Divergence (MACD) indicator in the weekly chart. The RSI is showing a fresh uptick, indicating considerable strength in the bull trend. The MACD indicator has started showing fresh upside momentum. Also, the price action continues to form higher peaks and higher troughs, an indication of a good upward momentum.

MCX

The spot gold in India returned a stellar 23.8 per cent in CY2019. This is the best performance by gold after CY2011, when it had achieved a return of nearly 32 per cent. This is the fourth consecutive year gold had produced positive returns.

While gold in dollar terms is yet to test its all-time high, the yellow metal in rupee terms breached its prior lifetime high at ₹35,074 per 10 grams in August last year. Noticeably, the RSI in the weekly chart has entered the over-bought territory. However, the MACD hints a fresh build-up in the bullish trend, and the long-term bull trend is still intact. Following the global trend, the price of gold in India can be expected to trend upward during the current year and in the long term.

Outlook

The outlook looks promising in the long term. While $1,550 can act as a hurdle, the prevailing momentum is expected to take the price beyond that level. Though gold faces a hindrance at $1,630, it can be expected to rally to $1,700 this year.

In the long term, it can retest its previous lifetime high at $1,920 levels.

In rupee terms, gold can find ₹41,500 as a minor resistance, but it can appreciate to ₹43,000 this year. Considering that gold has achieved an annualised return of nearly 7 per cent since 2010, the price appreciating to ₹43,000 is a possibility. In the long term, it can gradually advance to the ₹50,000 mark with intermediate corrections.

BUSINESS LINE DATE : 6/1/2020 P.N.2

A PERFECT STORM BREWING

to support gold in 2020

Heightened geo-political tensions, weak global economy and depressed bond yields set to strengthen the precious metal. Gold will protect your portfolio from risks in bond and equity

RAJALAKSHMI NIRMAL

Gold proves analysts wrong every year by surprise moves up or down. But in 2019 *BusinessLine* got its call on the metal right. As predicted in an analysis titled 'Gold to glitter as dollar descends', published on January 7 last year, the metal rallied, buoyed by its appeal as a safe haven, in the wake of geopolitical tension, weak economic growth in the US and Europe, and higher central bank buying. But the dollar moved contrary to expectations.

While it was widely believed that the US Federal Reserve will pause after 1-2 hikes in the beginning of the year and it may see the dollar losing sheen in 2019, the Fed paused in the first six months of the year. And in the second-half, instead of hiking rates, the Fed cut rates. This gave rise to fears that a tight monetary policy, together with the trade war (US-China) could, result inrecession in the US.

Between July and October, the Fed did three 25-basis point cuts and brought the Fed funds rate down from 2.50 per cent to 1.75 per cent. While the rate cut was bad for the dollar and it was thought that the gates will open for the greenback's downward drift, but it actually appreciated *vis-à-vis* other currencies on safe-haven buying. The US dollar's up-move, however, didn't steal the sheen of gold. Both dollar and gold moved up in tandem and the metal turned into an investor darling.

In 2019, gold prices rallied from $1,284 an ounce to $1517 an ounce—a return of 18 per cent. While 2020 may not see a repeat of this performance, gold prices are likely to move higher.

The US-Iran confrontation can give a leg-up to the metal in the near future.

Scan & Share

This conflict will remain on the front burner and dictate commodity price movement, especially if Iran, as expected, retaliates.

Gold can save investors in equity and bonds from wild gyrations. With its negative correlation to other assets, it can protect the portfolio.

Gloomy economic picture

The increase in tariffs, post the US-China trade war impacted the global economy last year. The new year doesn't look promising either.

The IMF projects global growth to improve modestly to 3.4 per cent in 2020 from 3 per cent in 2019, driven by recovery in the developing and emerging economies, including Turkey, Argentina, Iran, Brazil, Mexico, India, Russia and Saudi Arabia.

But large emerging markets and developing economies may continue to face challenges, it adds, due to trade and policy uncertainties.

The US GDP growth has slipped from 3.1 per cent in Q1 2019 to 2.1 per cent in Q3, and the outlook for 2020 is not too good. In a release dated December 11, the Fed projected that the GDP growth will slow to 2 per cent in 2020 from 2.1 per cent in 2019.

Note that if there is a breakdown in the US-China trade talks, even this growth will not be attainable. While the expectation is that the Fed may not resort to further rate cuts in 2020, there is uncertainty around how it will act if the growth slows. So, if the US and China are unable to sign a truce and it interrupts the economic recovery process in the US, the Fed may be forced to go for more rate cuts, pushing bond yields further lower. The benchmark 10-year US Treasury yields ended 2019 at 1.92 per cent, recording a drop of 72 basis points in one year — the largest annual drop since 2011. Note that the trade war between the US and China is far from over. Eyeing a second term—the US presidential election is in November — Donald Trump may take a tough stance with China.

In the EU, also, the picture is not too good. While the euro area's economic woes continue, with a sharp fall in PMI (Purchasing Managers' Index) for manufacturing, the European Central Bank (ECB) doesn't have room left for monetary stimulus. All eyes are now on the new ECB president, Christine Lagarde, for some definitive action.

The US-EU trade deal should progress this year; otherwise, there is risk of a tariff on autos and the region suf-

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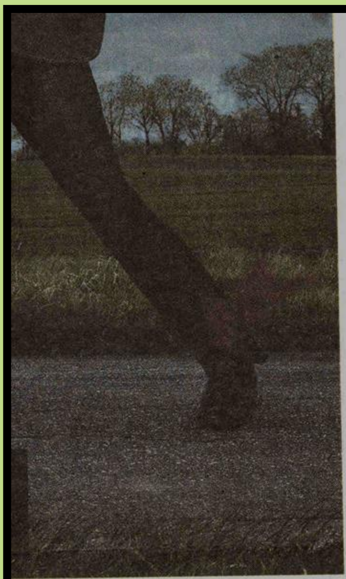

fering economically. The UK will formally exit the European Union at the end of January and it will start negotiating fresh free-trade agreements. But if this arbitration doesn't go well, it will further hurt business sentiments and growth. From the Asia pack, China is also set to see a challenging year. Analysts expect a sub-6 per cent growth in China in 2020, which is sharply low compared with recent years. A slowdown in China will hit all other regions including South Korea, Hong Kong and others who export to China.

Gold fundamentals strong

Given higher prices, consumer demand was muted. The two large markets for gold — India and China — have seen consumption slowing in 2019.

But if prices continue to be higher for a prolonged time, demand will return. What is also promising at this point is that there is a strong buying by investors and central banks.

In Q32019, demand for gold jewellery was 460.9 tonnes, 16 per cent lower than in the same quarter of the previous year due to lower purchases in Asia and West Asia. The demand for bars and coins by retail investors was 150 tonnes, down 50 per cent over last year. Demand for gold exchange-traded funds (ETFs), however, increased sharply to 258 tonnes — the highest in a single quarter since Q12016. Central banks also added 156 tonnes of gold to their reserves; year-to-date, the total purchases by central banks come to 550 tonnes, 12 per cent higher than the same in the corresponding period last year.

The active central banks here include those in Turkey, Russia and China. In Russia, gold reserves total 2,241.9 tonnes, accounting for a fifth of the total reserves and worth over $100 billion, according to a World Golf Council (WGC) report. The Russian central bank has hinted that it had almost halved its allocation to dollars — from 43.7 per cent to 23.6 per cent — and is using other currencies, such as the yuan and euro, as well as gold, to boost diversification.

On supply side, while mine output dropped 1 per cent in the September 2019 quarter, overall supply increased 4 per cent due to higher availability of recycled gold (on higher prices).

Year-to-date, mine output has been flat. Looking at numbers for the recent September quarter, we see that many large players including the US, China, South Africa, Peru and Indonesia have seen output fall. This is explained by stricter environment norms, labour problems and mine closures. The all-in-sustaining costs for mining has kept rising, pushing up cost for miners despite weaker currencies.

Watch out on rupee

For Indian investors, gold has delivered a higher return in 2019, thanks to a weak rupee *vis-à-vis* dollar. In 2020, while strong FPI and FDI flows may support the rupee, a spike in crude oil prices can widen the trade deficit, thus making the currency weak. In periods of heightened risk aversion, FPIs tend to pull money out of debt market, hurting the currency.

An Indian investor can consider buying gold at the current level. Returns will be akin to what it is in dollar terms or higher, if rupee depreciates.

Sovereign gold bonds are the best route to investing in the metal. These are listed in the secondary market. Else, you can also consider gold ETFs.

One can invest 10-15 per cent of the portfolio in gold. Correlation between gold-equity and gold-bond yields is negative — they move in opposite directions. If bond yields drop on monetary easing, or equity markets see a return to sane valuations, gold will do good.

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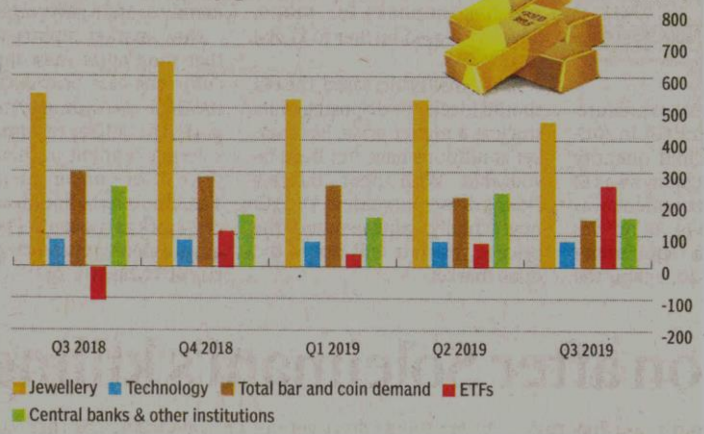
Demand driven by gold ETFs



Significant jump in holdings of gold ETFs in US, UK

Top 10 physically backed gold ETFs by AUM (tonnes)*

Fund	Country	Holdings as of Sep-end 2019	Y-o-Y % change
SPDR Gold Shares	US	920.5	24
iShares Gold Trust	US	342.4	28
Xetra-Gold	Germany	194.8	8
ETFS Physical Gold	UK	156.6	4
Invesco Physical Gold ETC	UK	148.9	37
iShares Physical Gold ETC	UK	139.0	64
Gold Bullion Securities Ltd	UK	79.1	3
Xtrackers Physical Gold ETC EUR	Germany	69.2	25
ZKB Gold ETF	Switzerland	65.6	3
ETFS Physical Swiss Gold	UK	49.8	209

Source: World Gold Council *Assets under management

BUSINESS LINE DATE : 6/1/2020 P.N.2

Base metals in 2020: Fortunes hinge on China

G CHANDRASHEKHAR

For base metals, 2019 was a challenging year in the backdrop of a fierce trade dispute between two of the world's largest economies – the US and China. The initial high hopes of an amicable resolution were gradually dashed in the later months.

In combination with a growth slowdown in major economies such as Europe and Japan, the seemingly endless trade dispute resulted in a more sober assessment of the market conditions, especially the demand side, which in turn had a softening effect on metal prices. Fortunately, towards the end of the year, prices somewhat recovered, following the agreement between the US and China to sign the Phase One of the trade deal. As a result, most metals recouped their losses. In fact, copper turned out to be one metal that showed a net gain during the year, ending well above the psychological level of $6,000 a tonne.

Another metal that was often the focus of attention was nickel. Its prices soared almost by two-thirds following the mineral-ore export ban announced by Indonesia. But the metal later lost almost half of its gains. On the other hand, tin was the biggest casualty of the sharply falling prices.

The market turned so unfavourable that production cuts and export restrictions were announced in order to shore up prices. Given the enervated demand conditions, the tightness in supplies was reduced, and the supply deficit narrowed in many metals.

So, what's the outlook for the base metals market in 2020? Macro issues will continue to dominate the headlines and overshadow the market.

The ongoing trade dispute and the US presidential election towards the end of the year will grab attention.

Gradual pick-up

At the same time, there is an expectation of a gradual pick- up in global economic growth at a time of subdued growth in the supply of some metals.

The easy money policy pursued by many central banks around the world will begin to deliver results. This should prove positive for the market.

In the case of copper, there appears to be an improvement in investor sentiment. There is an expectation that constrained supply will push the market higher next year. However, the International Copper Study Group believes the supply deficit will end in 2020 and the market will return to supply surplus, assuming no supply interruptions during the year.

Mining supplies of copper concentrate are set to increase, resulting in higher production of refined copper.

At the same time, demand growth will remain muted. So, copper prices should hover around the $ 6,000/tonne mark with the possibility of a 5 per cent up or down movement in the first half of the year.

ISTOCK.COM/OLM26250

The aluminium market is well supplied. In 2020, there will be a significant rise in production, especially in China, but demand conditions are expected to remain subdued. The weakness in the manufacturing sector seen in 2019 is likely to continue into 2020 as well. The market is likely to stay below the $1,800/tonne mark and average close to $1,750/tonne in H1 2020.

Nickel will remain a supply-driven story in 2020. The International Nickel Study Group estimates that the metal will remain in deficit in the global market, but such deficit will be on a reduced scale. Lower mine supply from Indonesia has the potential to increase the deficit and boost

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BUSINESS LINE DATE : 7/1/2020 P.N.12

Be cautious on gold spike

COMMENTARY

G CHANDRASHEKHAR

Gold put up a stellar performance in 2019, rising by close to a fifth over the year, reaching at one point $1,550 a troy ounce. The metal ended the year slightly above $1,500/oz, but remember, its price-performancewas nowhere near the $1,600/oz as forecast by many experts.

Now, in the first week of the new year, the eruption of geopolitical tension between the US and Iran, including a drone attack in Baghdad, has given the metal a new fillip. On Friday, gold closed at $1,549/oz, up smartly from $1,510 a week earlier and sharply rising from $1,477 a month ago.

Outlandish forecasts

This fabulous beginning has given rise to some outlandish forecasts that may eventually turn out to be wishful thinking. Incurable gold bulls and investment strategists are predicting that the metal will display in 2020 a performance similar to or even better than the one seen in 2019. Many are talking about an easy breach of $1,600 and a test of $1,700.

It is here that a word of caution becomes necessary. The tendency to forecast commodity prices based on events which may have a short shelf-life is dangerous and, therefore, best shunned. By their very nature, geopolitical conflicts do not drag on for a long time and are prone to de-escalate steadily, if not quickly.

In the present case, Iran has pledged a strong retaliation. Whether rhetoric will translate into military action is hard to tell. Yet, until tempers cool down, gold will remain supported by the ongoing tensions. Any sharp price rise caused by geopolitical developments is sure to come in for equally sharp correction when tensions abate or near-normalcy is restored. History has enough and more evidence of this. So, gold will necessarily fall back when tensions begin to ease.

Analysts also cite other factors such as Fed rate cut and depreciation of the dollar to buttress their bullish forecast. It is increasingly becoming clear that the Fed may not cut rates at all in 2020, or cut it once at best, perhaps in June. Policymakers are confident the economy is in reasonably good shape.

From here on, in the US, gains on the employment front may ease and consumer spending may moderate. The dollar risks weakening slightly from the current levels; but competitive depreciation of other major currencies (euro, yuan) would act as a floor for the greenback. After Phase One of the deal between the US and China, slated to be inked mid-January, there is growing optimism that the trade war is set for a denouement and reconciliation sometime in the second quarter of this year, coming closer to the US Presidential election. A good trade deal will be negative for gold as it removes an important element of global uncertainty.

Weak demand

Critically, most forecasters ignore the demand side, which has had a significant bearing on the gold market in 2019; and will continue to exert equally significant impact in 2020 too. Two of the world's largest consuming markets, China and India, are decisively slowing down. Their currencies are weakening. Domestic prices in both markets are rising to unaffordable levels.

We saw in 2019 how enervated physical demand growth was. There was a clear demonstration of demand destruction at higher price levels. Price elasticity of demand kicked in. 2020 is going to be no different. There is nothing to suggest the Chinese or the Indian economy is going to perform markedly better in 2020.

In India, one can actually expect even tougher policy controls on gold, largely perceived as a demerit good that drains vast sums in foreign exchange. The possibility of the rupee weakening in the coming months will add to the cost burden. Physical demand is most unlikely to trump investment demand in 2020, and this will have price implication.

The writer is a policy commentator and commodities market specialist. Views are personal

BUSINESS LINE DATE : 6/1/2020 P.N.2

prices. So, expect the nickel market to stay in the vicinity of $15,000/tonne in H1 2020.

In the case of zinc, the market in 2020 is expected to swing into surplus after four years of deficit, as estimated by the International Lead and Zinc Study Group, which foresees noticeably higher refined-zinc production.

At the same time, demand is expected to trail production. Zinc demand is essentially driven by galvanisation of steel.

Even in China, where large investments flow into property construction and public infrastructure, demand growth may be subdued in the new year. At the same time, the automotive industry is not likely to help generate any big demand for the metal. So, the zinc market is likely to stay range-bound and trade in the $2,150-2,350 a tonne range.

BUSINESS LINE DATE : 7/1/2020 P.N.4

Coal Ministry to issue Notice Inviting Tender for commercial mining auctions by March-end

Change in law needed to allow private players sell coal in open market, say officials

TWESH MISHRA
New Delhi, January 6

The Ministry of Coal aims to issue the Notice Inviting Tender (NIT) documents before the end of the current financial year to begin the process of commercial coal mining auctions.

In a bid to boost production, the Centre decided to allow private companies to mine coal for commercial use in February 2018. The Centre had also planned to begin auctioning coal mines with no end use restrictions by December 2019. But according to officials in the know, a change in law needs to be effected to allow private players sell coal in the open market. After this, coal can be commercially mined and sold in the country by all entities.

"This change would require an approval of the Union Cabinet, followed by an Ordinance or a Bill depending on the urgency and subject to the House being in session," a top Coal Ministry official said.

The earlier timeline to begin offering blocks for 100 per cent commercial coal mining was December 2019.

The bidding of coal mines for commercial purposes was also delayed as issues such as base price for the auctioning of mines is yet to be finalised. Till now, coal mines were auctioned with a pre-specified end-use for the coal to be mined. These auctions are based on the price per tonne of coal that the bidders would offer to States.

The base price for auctions was defined based on the Coal India notified price for the particular grade of coal that dominates the geology of the mine on offer.

But industry watchers say that the Coal India notified price builds in the inefficiencies in production that the public sector undertaking is criticised for.

After an inadequate response in bid rounds for end-use linked mining, the Centre decided to offer an added incentive and the winners have been allowed to sell up to 25 per cent of the total coal produced in the open market. For mines being auctioned till now, it is still mandatory to use at least 75 per cent of the total coal production for the specified end-use.

BUSINESS LINE DATE : 7/1/2020 P.N.12

Oil tops $70 on US-Iran standoff

Gold, palladium also zoom on war fears

REUTERS
London, January 6

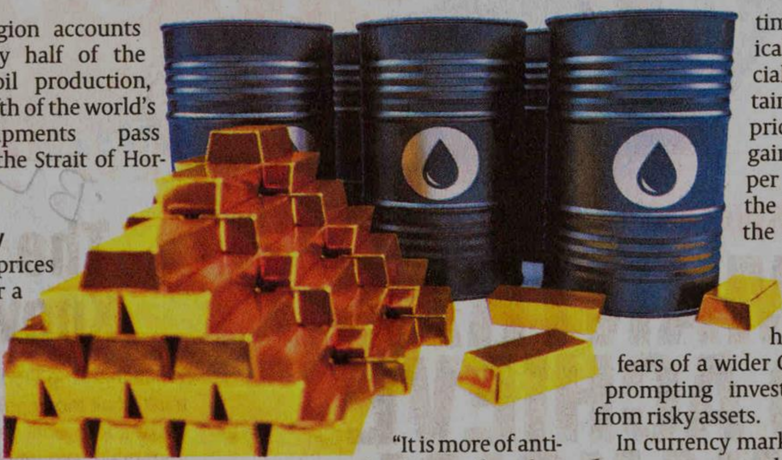
Oil prices rose over 1 per cent on Monday, pushing Brent above $70 a barrel, as rhetoric from the United States, Iran and Iraq fanned tensions in West Asia after a US air strike killed a top Iranian military commander.

Brent crude futures soared to a high of $70.74 a barrel and was at $69.38 at 11.50 GMT, up 78 cents, or more than 1 per cent, from Friday's settlement.

The US West Texas Intermediate crude was at $63.64 a barrel, up 59 cents, or 0.9 per cent, after touching $64.72, the highest since April.

The gains extended Friday's more than 3 per cent surge after a US air strike in Iraq killed Iranian military commander Qassem Soleimani on Friday, heightening concerns about an escalation in conflict in the Gulf region and the possible impact on oil supplies.

The region accounts for nearly half of the world's oil production, while a fifth of the world's oil shipments pass through the Strait of Hormuz.



Gold rally

Gold prices were near a seven-year high on Monday as escalating tensions between the US and Iran attracted safe haven demand, while palladium rose past a key $2,000-level to hit a new record peak.

Spot gold rose 1.6 per cent to $1,575.70 per ounce as of 1320 GMT, putting it on course for its biggest one-day jump in more than four months. Earlier in the session it hit $1,579.72, its highest since April 2013.

US gold futures gained 1.7 per cent to $1,578.20.

"It is more of anticipation of what could happen or what might happen (between the US and Iran), which is now reflected in the market. Basically the uncertainty that we don't know what is going to happen," said Julius Baer analyst Carsten Menke. "If this issue is something which remains in the political area, like back and forth accusations and threats, then we should not have a lasting impact on gold."

Bullion is often seen as an alternative investment during times of political and financial uncertainty. Gold prices have gained about 3 per cent since the US killing of the Iranian military commander that has heightened fears of a wider Gulf conflict, prompting investors to flee from risky assets.

In currency markets the safe-haven yen surged to a three-month high against the US dollar, making dollar denominated gold cheaper for investors holding other currencies.

On Sunday US President Donald Trump threatened to impose sanctions on Iraq, the second largest producer among the Organization of the Petroleum Exporting Countries (OPEC), if US troops were forced to withdraw from the country. Baghdad earlier called on US and other foreign troops to leave Iraq.

BUSINESS LINE DATE : 7/1/2020 P.N.3

Stalemate continues over renewal of NMDC Donimalai mining lease

SURESH P IYENGAR

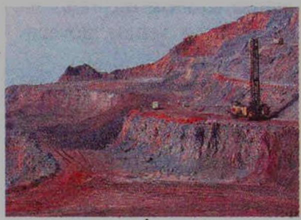
Mumbai, January 6

The stalemate over renewal of the Donimalai mining lease in favour of NMDC continues even almost four months after the Central government amended the Mining and Mineral Development Act making it mandatory for State governments to renew public sector mining leases.

The Karnataka government has taken the view that the new amended mining Law will not be applicable to NMDC, as its lease to mine at Donimalai has already been cancelled. The State government has sought the Centre's opinion in this matter, government sources said.

In response to a *BusinessLine* questionnaire, Baijendra Kumar, Chairman-cum-Managing Director, NMDC, said it has not received any communication from Karnataka government with regard to the Donimalai mine lease.

As far as NMDC is concerned, the mine should not be put under auction, and as such the Mines Tribunal has stayed all auction-related activities of the Karnataka government, he said. NMDC has been the leaseholder for Donimalai iron ore mine since 1968. Last November, the Karnataka government issued a letter for extension of the lease for 20 years on the condition that the state-owned company should pay a premium of 80 per cent on the sale value of the mineral, as determined by the Indian Bureau of Mines.



NMDC has been the leaseholder for Donimalai iron ore mine since 1968

Premium demand

NMDC challenged the premium demand in the Karnataka High Court through a writ petition. In July, the High Court set aside the condition for premium. Subsequently, in August the Karnataka government withdrew the approval for extension of the lease, and decided to auction the iron ore mine as per the Mines and Mineral Regulation (Development) Act. The company moved the Union Ministry of Mines, which agreed to hear the case if the Karnataka government withdraws the plan to auction the mine, and stayed further proceedings in the case.

In September, the Central government amended the MMRD Act to make it mandatory for all State governments to renew mining leases of public sector companies for 20 years on the expiry of current leases.

"We have been pursuing with Karnataka and Central governments in this matter. As per the decision of Mines Tribunal and as per the Rule 3 (2) of Mineral (Mining by Government Companies) Rules, 2015 the lease should be extended in favour of NMDC," he said.

NMDC produces about 7 million tonnes from Donimalai iron ore mine and the non-renewal will result in shortage of supply of iron ore to the steel manufacturers in Karnataka, said Kumar.

The development comes at a time when over 200 merchant mines leases are expected to be cancelled in March and put on auction.

BUSINESS LINE DATE : 7/1/2020 P.N.8

MCX-Aluminium trades in positive zone

AKHIL NALLAMUTHU
BL Research Bureau

The January mini futures contract of aluminium — Alumini — on the Multi Commodity Exchange broke out of the resistance at ₹139.25, potentially turning the medium-term trend positive. Supporting this, the 21-day moving average (DMA) is just about to cross the 50-DMA, an indication of a trend reversal. Confirmation of the cross-over can accelerate the rally.

Moreover, the MACD indicator on the daily chart continues to exhibit considerable upward momentum. But, the RSI, though indicating reasonable bullish momentum, is sneaking into the over-bought territory. However, the price action retains the uptrend forming higher peaks on the daily chart.

Thus, on the back of prevailing upward momentum, the contract price will most likely advance towards the immediate resistance at ₹143.2 in the near term. This level coincides with the 61.8 per cent Fibonacci retracement level of the previous bear trend, making it an important resistance. Above that level, it can rally to ₹151. On the other hand, if the contract undergoes price correction, ₹139.25 will act as a good support. But if the price breaches that level, it might decline to ₹135.6. This is a significant level as it coincides with both the 21- and the 50-DMAs.

On the global front, the price of three-month rolling forward contract of Aluminium on the LME moderated after facing resistance at $1,830. But the contract has rebounded from the 21-DMA support and on the upside, $1,860 will act as a hurdle above $1,830. From the current market price of $1,825, the contract has a support band between $1,790 and $1,800.

Trading strategy

The price of MCX-Alumini continues to rally and since it has moved past ₹140, it will probably extend the gains in the coming days. The LME price too is trading with an upward bias. Hence, traders can continue to be positive and initiate fresh buy positions on dips with stop-loss at ₹135.

BUSINESS LINE DATE : 8/1/2020 P.N.3

High premium committed at iron ore auction to take a toll on steel companies next fiscal

OUR BUREAU
Mumbai, January 7

The production cost difference between integrated steel producers and others is expected to increase sharply after the aggressive bidding by merchant iron ore in Karnataka.

The iron ore cost is set to rise 30-40 per cent for non-integrated steel companies after the Karnataka auction. Bidders have to commit a portion of their iron sales realisation as premium to government at the time of bidding.

Disruptions in mines, elevated inventory levels and high bid premiums in the recent auctions in Karnataka pose hiccups on the supply side, even as dampeners abound on the demand side, said a Crisil Research report.

Following this, even the upcoming mine auctions in Odisha are expected to see high bid premiums. The development will deliver a blow to non-integrated steelmakers, which account for 76 per cent of domestic crude steel capacity, it said. These companies procure iron ore from the merchant miners, who will directly pass on the high premium committed to the State governments.

With global iron ore prices falling continuously, port-based steel companies can potentially consider imports.

While the profitability of non-integrated steelmakers is expected to come under pressure following the Odisha auctions, higher realisations and declining coal prices should provide some relief, said the report.

The existing captive steel makers will continue to enjoy lower iron ore cost as before, while steel companies that have bought mines in the last two fiscals, would see a 5-8 per cent rise in their iron ore cost against the merchant procurement price earlier, as new iron ore leases had come at high premiums.

The bid premiums have surged as players want to ensure long-term supply of iron ore and lower dependence on merchant procurement. However, till the new mines start operations, steel companies have to procure iron ore from the existing merchant miners.

The mines that won in the recent auctions are expected to take two-three years to become operational. Taking the global cues, the report said steel prices are expected to be range-bound with a downward bias.

While coking coal prices are expected to decline in the next fiscal, the rising iron ore cost after auction will weigh on the spreads of non-integrated players, even as merchant miners will potentially absorb 5-10 per cent of the rise in iron ore cost as they operate at a relatively healthy profitability margin of 25-35 per cent.

NAVBHARAT DATE : 8/1/2020 P.N.7

बेशकीमती हीरों की नीलामी

नवभारत समाचार सेवा

पन्ना. मप्र के पन्ना जिले की हीरा खदानों से निकाले गए 260 से अधिक बेशकीमती हीरों की नीलामी शुरू हो गई है. पन्ना के हीरा अधिकारी आर. के. पांड ने बताया कि इनमें एक 18.13 कैरेट का है जो पिछली 2 नीलामियों में नहीं बिक सका था. इस बार नीलामी में कुल 316.33 कैरेट के 261 हीरे रखे गए हैं. गुजरात और मुम्बई के हीरा व्यापारियों के इस नीलामी में शामिल होने की उम्मीद है. हीरे का वजन मापने की इकाई कैरेट है. पन्ना जिले की हीरे की खदानों में 12 लाख कैरेट हीरे का भंडार होने का अनुमान है.

BUSINESS LINE DATE : 8/1/2020 P.N.14

Indian scientists to set sail in search of valuable minerals

M RAMESH

Chennai, January 7

Indian scientists are preparing to set sail to a region of the Indian Ocean, off the East coast of Madagascar, where they believe are plenty of valuable minerals to pick up.

It's been two years since India leased a 10,000 sq km area (for 15 years) from the International Seabed Authority, part of the United Nations; so, there is a lot of work to be done before the country shovels in the riches. But a beginning is to be made at least by next year, said M Ravichandran, Director, National Centre for Polar and Ocean Research (NCPOR), Goa.

NCPOR and Chennai-based National Institute of Ocean Technology (NIOT), will jointly purchase an autonomous underwater vehicle — an unmanned, pre-programmed vehicle that can dive into the ocean and collect pictures and samples. Both NCPOR and NIOT are research institutions under the Ministry of Earth Sciences.

Ravichandran told *Business Line* that NCPOR has "identified a dozen locations", potential candidates for detailed exploration for tapping into minerals spewed by 'hydrothermal vents'.

Hydrothermal vents

The Earth has about 65,000 km of underwater mountain ranges called the mid-ocean ridges. Like mountains on land, these ridges represent 'weak' spots, where it is easy for the semi-solid material from the mantle of the Earth to escape to the surface. This 'escape' is sometimes in the form of volcanoes.

The mid-ocean ridges are also known for their volcanic activity — several islands in the Pacific ocean were formed by the molten rock spewed by them. But often, stuff from under the Earth's crust also escapes through 'vents' in the mountains. The discovery of such hydrothermal vent systems in the deep oceanic ridges has generated a lot of interest, mainly because of the material spewed can contain valuable metals such as copper, zinc, gold, silver, platinum and palladium.

"Apart from their economic potential, sea-floor hydrothermal vents are characterised by dense biological communities," says a NCPOR note on the subject. More than 700 species have been reported, it adds.

At a point in the Indian ocean off the coast of Madagascar, around 26° South, three mid-ocean ridges intersect.

This is estimated to be a highly productive area. The massive deposits "can range from several thousands to 100 million tonnes," said the NCPOR. The sea-bed sampling that NCPOR is planning for next year will pinpoint the best areas for further exploration and mining.

At a point in the Indian Ocean off the coast of Madagascar, three mid-ocean ridges, known for their volcanic activity, intersect ISTOCK

NIOT also expects to send another (home-made) vehicle to another region of the Indian ocean next month, to check the machine's ability to crawl on the extremely greasy sea-bed. This region has been proven to contain rich deposits of polymetallic nodules that hold copper and cobalt.

India has an exclusive exploration right over a 75,000 sq km area.

'Samudrayaan'

The machine, currently stationed at NIOT, will move on tracks, but in order they don't get mired into the seabed, the vehicle has buoys on it to keep pulling it upwards. This machine is a precursor to another equipment, informally christened 'Samudrayaan', which will contain a module to hold human beings.

Gold demand takes a hit as prices hover above ₹40,000

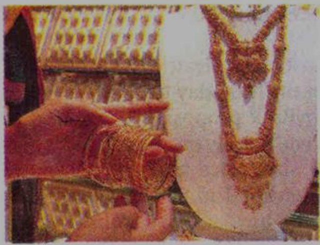
RUTAM VORA

Ahmedabad, January 8

Military actions by Iran against US triggered strong rally for gold on Wednesday with domestic prices hitting new record at ₹41,253 per 10 grams (for 999 purity without tax) in early trades. The yellow metal, however, couldn't sustain at peak levels and settled at ₹40,851 in spot markets.

CME gold futures hit a seven-year high at $1,604 an ounce briefly on Wednesday and edged lower at $1,578. The yellow metal had tested the last peak of $1,582 in April 2013.

After surging about 5 per cent since the start of 2020, gold saw heavy fluctuations in spot markets. On Wednesday, the prices surged by ₹716 or 1.7 per cent over previous day's closing, but erased most of the gains and settled with a gain of ₹314 or less than one per cent over Tuesday's close.



CME gold futures hit a seven-year high at $1,604 an ounce on Wednesday

The weakening Indian rupee, too, added fuel to the rising gold prices. Rupee, which ended ₹71.82 is expected to remain in the range of ₹72.30 to ₹71.70 against a dollar.

According to local jewellers, spot demand has taken a hit at record high prices, despite this being the peak marriage season.

"At this price level, there is very thin demand for new gold in the spot market. Most buyers are using old gold to exchange for new. So even if we have good footfalls for marriage season, the net sales turns out to be much less," said a jeweller based in Ahmedabad.

Slowing physical demand at persistently higher prices is set to impact India's gold imports. The imports for the 2019 stood at 800-830 tonnes.

"The imports will definitely fall because not much physical demand is expected. Additionally, a lot of recycled gold is likely to get into the market so the imports in 2020 will be less than what it was in 2019," said Haresh Acharya, Director, India Bullion and Jewellers Association (IBJA), told *BusinessLine*.

Fall in imports

Notably, gold imports last year were the lowest in three years and further decline is expected this year.

Price fluctuation

The jewellers' body India Bullion and Jewellers Association (IBJA) quoted Tuesday's PM gold rates at ₹40,537 without tax as against a peak of ₹40,928 (for 999 purity without tax) per 10 grams on Monday.

"International gold prices are fluctuating after hitting a peak. But gold still remains in the 'war zone' and there are chances of a sudden spurt," Acharya said.

कोयला ब्लाकों की होगी पुनः नीलामी

दिल्ली कार्यालय

दिल्ली. कोयला क्षेत्र में नए युग के सूत्रपात का दावा करते हुए केंद्र सरकार ने कोल ब्लॉकों की बंद पड़ी नीलामी प्रक्रिया को पुनः शुरू करने का फैसला किया है और इसके लिए वह जल्द ही अध्यादेश लाएगी. केंद्रीय मंत्रिमंडल ने कोयला क्षेत्र में व्यवसायिक खनन करने वाली कंपनियों का रास्ता साफ कर दिया है. इसके लिए सरकार ने एमएमडीआर अधिनियम में बदलाव करने संबंधी प्रस्ताव को भी मंजूरी दे दी है. इसके तहत कोयला खनन की नीलामी की जाएगी और उसमें वह कंपनियां भी शामिल हो सकेंगी, जो स्टील और पावर सेक्टर में ना हों या सिर्फ माइनिंग का ही काम करती हों. इस पर एकाध दिन में ही सरकार अध्यादेश जारी कर सकती है. इसके अलावा सरकार ने नीलांचल इस्पात निगम लिमिटेड में अपनी पूरी 100 प्रतिशत की हिस्सेदारी को बेचने की भी मंजूरी दी है.

प्रधानमंत्री नरेंद्र मोदी की अध्यक्षता में यहां बुधवार को हुई केंद्रीय मंत्रिमंडल की बैठक के बाद केंद्रीय कोयला मंत्री प्रहलाद जोशी ने बताया कि कोयला खनन क्षेत्र में अब व्यवसायिक खनन का रास्ता साफ कर दिया गया है. कोयले की मांग बहुत ज्यादा है, जबकि वह देश में पर्याप्त है, लेकिन फिर भी विदेशों से उसका आयात करना पड़ता है. उन्होंने कहा कि कोल इंडिया को जो सहयोग चाहिए वह देने के लिए सरकार तैयार है और उनको पर्याप्त कोल ब्लॉक दिए जाएंगे. उन्होंने बताया कि कोल इंडिया का वर्ष 2024 तक एक बिलियन टन कोयला उत्पादन का लक्ष्य है और सरकार इसके लिए पूरी मदद देगी. कोयला ब्लॉक की नीलामी में वर्षों से जो रोक लगी थी, उसे सरकार अब अध्यादेश के जरिए हटाने जा रही है.

खनन क्षेत्र में होगा नये युग का सूत्रपात

कैबिनेट ने एमएमडीआर अधिनियम में अध्यादेश के जरिए बदलाव करने का फैसला किया है. जोशी ने बताया कि इस अध्यादेश के माध्यम से खनिज विकास एवं नियमन अधिनियम 1957 और कोयला खान विशेष प्रावधान अधिनियम 2015 में संशोधन किया गया है. इससे देश में कोयला खनन के क्षेत्र में एक नए युग का सूत्रपात होगा. इसके अलावा कैबिनेट ने नीलांचल इस्पात निगम लिमिटेड को बेचने के प्रस्ताव को मंजूरी दे दी है. इसमें सरकार अपनी पूरी हिस्सेदारी बेचेगी. इस कंपनी में एमएमटीसी की हिस्सेदारी 49.8 प्रतिशत, एनएमडीसी की 10.10 मेकान और भेल की हिस्सेदारी 0.68 प्रतिशत है. 2018-19 में इस कंपनी का ग्रोथ 126 प्रतिशत रहा है और इसकी उत्पादन क्षमता 1.1 मिलियन टन है.

केन्द्र से मांगा जवाब

प्रावधानों के खिलाफ याचिका

एजेंसियां

दिल्ली. उच्चतम न्यायालय ने कोयला खदान कानून (विशेष प्रावधान) कानून के कुछ प्रावधानों की संवैधानिक वैधता को चुनौती देने वाली याचिका पर केन्द्र को नोटिस जारी किया. ये प्रावधान 2014 मे खदानों का आबंटन खत्म होने के बाद आबंटियों को देय क्षतिपूर्ति से संबंधित हैं. प्रधान न्यायाधीश एस ए बोबडे, न्यायमूर्ति बी आर गवई और न्यायमूर्ति सूर्यकांत की पीठ ने फेडरेशन ऑफ इंडियन मिनरल इंडस्ट्री की याचिका पर कोयला मंत्रालय और कानून एवं न्याय मंत्रालय को नोटिस जारी किये. इन नोटिस का जवाब चार सप्ताह में मांगा गया है. इस संस्था ने कोयला खदान (विशेष प्रावधान) कानून 2015 और कोयला खदान (विशेष प्रावधान)नियम, 2014 के प्रावधानों की संवैधानिक वैधता को चुनौती दे रखी है. इस संस्था का तर्क है कि इनमें पहले की खदानों के आबंटियों का आबंटन 2014 में खत्म करने के मामले में समयबद्ध तरीके से निष्पक्ष और समता आधारित मुआवजे का प्रावधान नहीं है. याचिका में आरोप लगाया गया है कि 2015 का कानून पहले के कोयला खदानों के आबंटियों को बगैर किसी क्षतिपूर्ति के उनकी संपत्तियों से वंचित करता है. याचिका में अनुरोध किया गया है कि सरकार को कोयला खदानों को विकसित करने के लिये भूमि के अधिग्रहण हेतु उन्हें पर्याप्त मुआवजा देने का निर्देश दिया जाये.

THE HINDU DATE : 9/1/2020 P.N.7

Re-grassing is mandatory after mining, rules SC

Govt. told to file report in three weeks

KRISHNADAS RAJAGOPAL
NEW DELHI

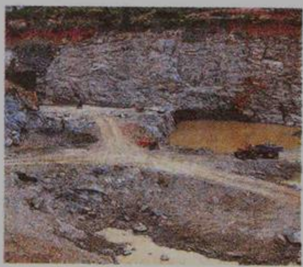
The Supreme Court on Wednesday ordered that mining lease holders should be held responsible for re-grassing mined areas, so that biodiversity gets a second chance in these scarred landscapes.

A Bench led by Chief Justice of India S.A. Bobde ordered the government to include re-grassing of mined areas as a mandatory condition in every mining lease, environmental clearance and mining plan across the country.

Environmental issues caused by mining include erosion, formation of sinkholes, loss of biodiversity, and contamination of soil, groundwater and surface water by chemicals from mining processes, and the effects persist for years, the court was told.

'Impose condition'

"We see no reason why the area which has been mined should not be restored so that grass and other vegetation, including trees, can grow in the mining area for the benefits of animals. We are of the view that this can be achieved by directing the Union of India to impose a condition in the mining lease and a similar condition in the environmental clearance and the mining plan to the effect that the mining lease holders shall, after ceasing mining operations, undertake re-grassing the mining area and any other area which may have been disturbed due to their mining activities and restore the land to a condition which is fit for growth of fodder, flora, fauna, etc." the Supreme Court held in a four-page order.



The cost of re-grassing the area would be borne entirely by the licence holder.

'Ensure compliance'

The government was ordered to file an action taken report in three weeks. The Bench also directed the government to devise methods to ensure compliance by mining lease holders. The cost of re-grassing the mined area and wherever damage was caused, would be entirely borne by the licence holder.

The mandatory re-grassing would be in addition to the other conditions imposed on the licence holder in the mine closure plan, to restore biodiversity.

"An area which is mined results in complete elimination of grass, which in turn denies fodder to the herbivores. The only solution can be re-grassing of such mined areas. It is not in dispute that re-grassing technology is available in this country," Chief Justice Bobde said.

BUSINESS LINE DATE : 9/1/2020 P.N.10

MCX-Nickel continues to trend sideways

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Nickel on the MCX, which had been in a downtrend for long, witnessed a corrective rally since early December last year. However, the price started to decline after the rally stopped at ₹1,080. The current market price is ₹1,042.

Similar price movements can be observed in January futures contract as well. The contract attempted a recovery after a decline, but stopped moving beyond ₹1,055. On the daily charts, the contract is seen to be in a consolidation phase, oscillating between ₹1,010 and ₹1,055. And unless the price moves out of that range, the next leg of trend cannot be confirmed. Noticeably, the major trend remains bearish.

The daily RSI is flat but the MACD indicator on the daily chart is staying upwards, giving a bullish bias. The current unclear trend is likely to remain unchanged till the contract stays within ₹1,010 and ₹1,055. If it breaches the support at ₹1,010 on the back of a major downtrend, it will most likely decline to the previous low at ₹965. Support below that level is at ₹920. On the other hand, if the contract manages to breakout of the resistance at ₹1,055, the nearest hurdle will be at ₹1,100. Above that level, the resistance is at ₹1,125.

On the global front, the price of the three-month rolling forward contract of nickel on the London Metal Exchange broke below the support at $13,875. But it has recouped some of its losses and is currently trading at around $13,940. Support below $13,875 is at $13,370 and the nearest resistance is at $14,526.

Trading strategy

The futures contract of Nickel on the MCX continues to consolidate. But one can take a bearish view since the overall trend is bearish. Since ₹1,010 is a considerable support, traders are advised to initiate fresh short positions only below ₹1,010 with stop-loss at ₹1,055.

THE TIMES OF INDIA DATE : 9/1/2020 P.N.6

Easy rules may attract pvt cos to coal block auctions

TIMES NEWS NETWORK

New Delhi: Coal minister Pralhad Joshi on Wednesday said that the government had to take the ordinance route to avoid disruption in supply of iron ore and critical raw material to the manufacturing sector as mining leases would have expired in the time taken to go through Parliament. The ordinance will now have six months to be ratified by Parliament.

"A total 334 non-captive mining leases are expiring on March 31. Some 288 of these are non-producing mines and 46, including 36 iron-ore blocks, are producing mines. It is being estimated that there may be an iron-ore production shortfall of 16 million tonnes after the expiry of mining leases," Joshi said.

The relaxations are expected to increase private sector participation in auction of coal blocks for commercial mining. It will also help successful bidders of producing mines to avoid applying for clearances afresh for same block.

Tata Steel CEO TV Narendran said the ordinance will lead to easier rules for auctioning blocks for commercial mining and prevent interruption in supply of raw material for manufacturing sector. Indian Steel Association said the reform will make the domestic steel industry globally more competitive.

The government had in February 2018 turned the clock back on nationalisation of the coal sector by opening up commercial coal mining to private sector.

BUSINESS LINE DATE : 9/1/2020 P.N.4

Green signal for strategic sale of Neelachal Ispat

OUR BUREAU

New Delhi, January 8

The Cabinet Committee on Economic Affairs gave an in-principle approval for strategic disinvestment in Neelachal Ispat Nigam Ltd (NINL).

NINL is a joint venture of the Centre and Odisha governments through their public sector enterprises. The company has an equity shareholding of Central Public Sector Enterprises (CPSEs) — Minerals & Metals Trading Corporation Limited (MMTC) (49.78 per cent), National Mineral Development Corporation (NMDC) (10.10 per cent), MECON (0.68 per cent) and Bharat Heavy Electricals Ltd (BHEL) (0.68 per cent) — and Odisha government PSEs — Industrial Promotion and Investment Corporation of Odisha Ltd (IPICOL) (12 per cent) and Odisha Mining Corporation (OMC) (20.47 per cent).

An official statement said NINL will be divested to a strategic buyer, identified through a two-stage auction procedure. The proposed strategic disinvestment will unlock resources to be used to finance the social sector/developmental programmes of the Government benefiting the public.

THE ECONOMIC TIMES DATE : 9/1/2020 P.N.1

Commercial Coal Mining Opened up For All

Govt removes restrictions on end-use and prior experience in auctions

Sarita.Singh@timesgroup.com

New Delhi: India has opened up its coal sector completely for commercial mining by doing away with restrictions on end-use and prior experience in auctions, but said that the move will not hurt state-monopoly Coal India Ltd.

The Union Cabinet on Wednesday approved promulgation of Mineral Laws (Amendment) Ordinance 2020 to amend the Coal Mines (Special Provisions) Act, 2015 as well as the Mines and Minerals (Development and Regulation) Act, 1957. The amendment to the latter was required to begin auctions of iron ore mining leases before they expire in March this year.

The ordinance puts an end to captive coal block auctions in future and will have to be adopted in the upcoming Budget session once cleared by the President.

The government proposes to kick-start commercial coal mining auction process this month with release of bid rules and stakeholder consultations.

SC Stays HC Order Quashing Adani LRs

The SC has stayed a Bombay HC order quashing the Letters Rogatory (LRs) issued by directorate of revenue intelligence seeking information about alleged over-invoicing by Adanis for Indonesian coal imports.

THE HINDU DATE : 9/1/2020 P.N.1 & 10

Cabinet nod for FDI in coal mining

Ordinance to ease rules approved

SPECIAL CORRESPONDENT
NEW DELHI

The Union Cabinet on Wednesday approved an ordinance to amend two laws to ease mining rules, enabling foreign direct investment (FDI) in coal mining.

At a Cabinet meeting chaired by Prime Minister Narendra Modi, the ordinance to amend the Mines and Minerals (Development and Regulation) Act, 1957, and Coal Mines (Special Provisions) Act, 2015, was approved, Parliamentary Affairs and Coal Minister Pralhad Joshi said at a press conference.

Mr. Joshi said the "historic" decision would boost the ease of doing business and increase growth avenues for coal mining. Coal India, he said, would be strengthened and the government was aiming to achieve production of 1 billion tonnes of coal by 2023-2024. Mr. Joshi said "end-use restrictions" had been done away with, allowing "anyone to participate in the auction of coal blocks". The ordinance would strengthen the auction process of mines whose leases are expiring on March 31, 2020. Seamless transfer of clearances would also be facilitated, he said.

Petroleum and Natural Gas and Steel Minister Dharmendra Pradhan said the steel industry would get cheaper inputs, leading to an increase in "competitiveness".

The Centre has also given in-principle approval for the strategic disinvestment of Neelachal Ispat Nigam Ltd (NINL), India's largest exporter of saleable pig iron, by allowing its public sector shareholders to sell their stakes in the company. The strategic buyer will be identified through a two-stage auction procedure.

CONTINUED ON ▸ PAGE 10

Cabinet gives nod for FDI in coal mining

According to an official statement, the decision was taken at a meeting of the Cabinet Committee on Economic Affairs, held on Wednesday.

"It is also expected that the successful strategic buyer may bring in new management/technology/ investment for the growth of the company and may use innovative methods for the development of the business operations of the company, which may generate more employment opportunities," it added.

NINL is a joint venture company, with the main promoter being state-owned Minerals and Metals Trading Corporation (MMTC), which holds 49.78% of its stock.

Apart from MMTC, the other companies which will offload their stock are two PSUs of the Odisha government - Odisha Mining Corporation (20.47%) and Industrial Promotion and Investment Corporation (12%) – apart from Central government PSUs, National Mineral Development Corporation (10.1%), Bharat Heavy Electricals Ltd (0.68%) and MECON (0.68%).

BUSINESS LINE DATE : 9/1/2020 P.N.1 & 4

Coal mine auctions: Cabinet removes end-use curbs

Clears automatic transfer of environment and forest clearances to bidders of iron-ore mines

OUR BUREAU
New Delhi, January 8

The Union Cabinet on Wednesday decided to do away with end-use restrictions for participation in coal mine auctions.

This is being viewed as a precursor to the commercial coal mining auctions that the Centre plans to conduct soon.

The Cabinet also decided to automatically transfer environment and forest clearance for iron-ore mines being auctioned.

These relaxations were enabled by an Ordinance introducing amendments to the Mines and Minerals (Development and Regulation) Act 1957 (MMDR Act) and the Coal Mines (Special Provisions) Act, 2015 (CMSP Act).

"The amendment to the MMDR Act will allow for seamless transfer of environment and forest clearance in operational mines... the amendment to the CMSP Act will allow bidders that do not have plants to consume the coal to bid for mines," said Minister for Coal and Mines Pralhad Joshi.

Commenting on the decision, CII president Vikram Kirloskar said: "The opening up of the coal sector without end-use restrictions will boost both production and mining efficiency besides substituting coal imports worth approximately ₹30,000 crore. The opening of the sector will not only lead to import substitution and help save on the import bill, but will also create more employment opportunities."

Joshi said that with the proposed amendment to the MMDR

Pralhad Joshi, Minister for Coal and Mines KAMAL NARANG

Act, environment and forest clearances will be automatically transferred to the new bidders.

"In normal course, it could take up to two years to get all the clearances, but the ordinance will allow for (immediate) seamless transfers for mining within the existing areas," he said.

Easing raw material supply

Commenting on the MMDR Amendment, TV Narendran, CII Vice-President and CEO and Managing Director, Tata Steel, said that this addresses the concerns the industry has been raising for the past one year.

It will ensure uninterrupted supply of critical raw material for the manufacturing sector, including steel.

The Cabinet Committee on Economic Affairs has also given an in-principle approval for strategic disinvestment in Neelachal Ispat Nigam Ltd (NINL).

Two-stage auction

An official statement said that NINL will be divested to a strategic buyer, identified through a two-stage auction process.

The proposed strategic disinvestment of NINL would unlock value and the proceeds from the sale can be used to finance the Centre's social sector and developmental programmes.

More reports p4

With end-use restrictions removed, better participation seen in coal mine auctions

CCEA approves Ordinance to amend MMDR Act and the CMSP Act

OUR BUREAU
New Delhi, January 8

The Cabinet on Wednesday decided to do away with end use restrictions to participate in coal mine auctions.

This is being viewed as a precursor to the commercial coal mining auctions that the Centre plans to conduct soon. The Cabinet also decided to automatically transfer environment and forest clearances for iron-ore mines being auctioned.

The relaxations were enabled through an Ordinance to introduce Amendments to the Mines and Minerals (Development and Regulation) Act 1957 (MMDR Act) and the Coal Mines (Special Provisions) Act, 2015 (CMSP Act).

"The amendment to MMDR Act will allow for seamless transfer of Environment and Forest clearance in operational mines...the amendment to the CMSP Act will allow bidders that do not have plants to consume the coal to bid for mines," Minister for Coal and Mines, Pralhad Joshi, said.

"The CMSP Act had enforced end-use restrictions for the

(from left) Coal and Mines Minister Pralhad Joshi, Petroleum Minister Dharmendra Pradhan and Environment Minister Prakash Javadekar addressing the media after the Cabinet meeting in New Delhi on Wednesday PTI

auction of 204 blocks whose leases were cancelled by the Supreme Court in 2014. Now we feel that because of this end-use restriction, the participation in the auction was relatively low. Of the 204 blocks cancelled, so far 99 have been allocated or auction and only 29 have been auctioned. The auction was limited by these restrictions," he added.

Joshi said the amendment will help curb imports of coal. "The demand for coal in India is growing and we have imported 235 million tonnes of coal last year. Of this, 100 million tonnes of coal cannot be replaced, but around 135 million tonnes which was substitutable has been imported," Joshi said.

He said the replaceable coal import is valued at ₹1.71 lakh crore.

Joshi said that the Ordinance will also introduce the Composite Prospective and Mining licences for coal mining.

"A total 334 non-captive mining leases are expiring in March 31, 2020. Of these, 288 are non-working mines and 46 (of which 36 are iron-ore) are working mines. It is being estimated that there may be an iron-ore production shortfall of 16 million tonnes with after the expiry of mining leases," Joshi said.

He said with the proposed amendment of the MMDR Act, the environment and forest clearances will be automatically transferred to the new bidders. "In normal course it could take up to two years to get all the clearances, but the Ordinance will allow for (immediate) seamless transfers for mining within the existing areas," Joshi said.

Minister for Petroleum and Natural Gas, Dharmendra Pradhan, said, "The amendment to the MMDR Act was necessitated to build confidence among bidders".

THE TIMES OF INDIA DATE : 10/1/2020 P.N. 4

Mining Engineers' Association new body for 2019-21 installed

PN Sharma, chief controller of mines (in-charge), and **YG Kale**, regional controller of mines (IBM), assumed office as chairman and honorary secretary respectively at the installation of the **unanimously elected** new body of the Nagpur chapter of **Mining Engineers' Association of India** for 2019-21 in the recently held annual general meeting (AGM). Other newly-elected **office-bearers** who were installed included JC Jhanwar, chief scientist, Central Institute of Mining and Fuel Research (vice-chairman), **Arun Chachane**, assistant mining engineer (joint secretary) and **AD Gupta**, assistant mining geologist (treasurer). Executive committee members **DK Sahni**, HR Kalihari, **Kishore Magre**, Parag Tadlimbekar, **I L Muthreja**, Kishore Chandrakar, **Sitaram Lomaror** and BP Kaishtha were nominated as special invitees. **CS Gundewar**, former controller general of IBM, presided over the AGM.

BUSINESS LINE DATE : 10/1/2020 P.N.4

Scrap export duty on iron ore: FIMI

OUR BUREAU

New Delhi, January 9

The Federation of Indian Mineral Industries (FIMI) wants the Centre to scrap the 30 per cent export duty on iron ore and 15 per cent export duty on bauxite in the upcoming Budget.

According to the industry body, there is a 30 per cent export duty on iron ore having Fe (iron) content above 58 per cent. "The Government has abolished export duty only on iron ore up to 58 per cent Fe in the Budget 2016-2017, but export duty continues to be 30 per cent on iron ore above 58 per cent Fe...During the year 2018-19, quantity of exports of iron ore declined drastically to 16.19 million tonnes from 30.48 million tonnes in 2016-2017."

There is stockpile of 162.85 (provisional) million tonnes of iron ore at mine-heads as on March 31, 2019, which is mainly accounted for by Jharkhand and Odisha. Most of it is in the grade of 58- 62 per cent Fe, FIMI said.

The abolition of export duty on iron ore having up to 62 per cent Fe content will help in liquidating the huge stockpile at mine-heads which will result in enhanced foreign exchange earnings besides more production of the ore in the country, the industry body said.

Export duty on bauxite

FIMI also sought a complete withdrawal of the 15 per cent export duty on bauxite.

"The quantum of exports of bauxite during the year 2015-2016 was 8.91 million tonnes which sharply declined to 1.56 million tonnes during the year 2018-2019. It has further steeply declined to an abysmal level of 0.36 million tonnes during the current financial year 2019-2020 (April-September). With a view to have optimum utilisation of our low-grade mineral resources, it is imperative that the duty imposed on export of bauxite be withdrawn which will lead to reopening of closed bauxite mines," FIMI said.

In another demand, the industry body has sought a correction in inverted duty structure and a reduction in basic Custom duty on critical raw materials for the aluminium industry.

"The cost of production of aluminium in India has substantially increased (around 30 per cent for the overall industry) over the past 3 to 5 years due to rising cost of critical raw materials, inverted duty structure on import of raw materials, increase in various taxes/cess like coal cess, Renewable Purchase Obligation (RPO), Electricity Duty and logistics costs among others," FIMI said.

"The high import duties on raw materials is a huge disadvantage for domestic aluminium producers that are heavily dependent on imported raw materials. It results in Indian finished goods getting costlier and uncompetitive in the international markets, rendering negative protection against cheaper imports of finished products, and discourages domestic value addition within the country," the industry body said.

BUSINESS LINE DATE :10/1/2020 P.N.8

Outlook turns bullish for MCX-Zinc

COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The January futures contract of Zinc Mini on the Multi Commodity Exchange of India rallied in the past week and it eventually broke out of the range between ₹178.75 and ₹182.85. After advancing to ₹184.8, it softened to ₹183. The contract is retesting the resistance-turned-support level of ₹182.85 and is likely to advance henceforth. The contract has also crossed above the 21-DMA, turning the short-term outlook positive.

Adding to the bullish outlook, the daily relative strength index (RSI) is hinting at considerable strength in the rally. Notably, it has gone above the mid-point level of 50. The moving average convergence divergence (MACD) on the daily chart too is exhibiting bullish momentum.

Since the contract has broken the resistance at ₹182.85, it can be expected to build on the prevailing positive momentum and appreciate further from current levels. The nearest resistance on the upside is at ₹185.2 — the 50-day moving average. The subsequent resistance is at ₹187.5. On the other hand, if the contract weakens, it will find support at ₹180.8 — the 21-DMA. Below that level, the support is at ₹178.75.

As on the MCX, the three-month rolling forward contract of Zinc on the London Metal Exchange strengthened last week and breached the resistance at $2,350. The contract rebounded from the support at $2,270, coinciding with the 21-day moving average. The outlook of the contract has turned bullish and it can be expected to advance to $2,460 in the upcoming sessions. Above that level, it could rally to $2,555. On the downside, the contract has supports at $2,350 and $2,270.

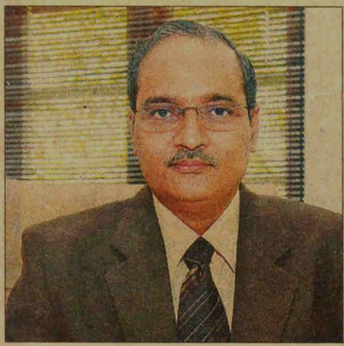
Trading strategy

The price trend of Zinc on the MCX and LME indicates a positive outlook and hence, one can take a bullish view on the commodity. Traders can initiate fresh long positions on declines in MCX-Zinc and place stop-loss at ₹178.75.

THE ECONOMIC TIMES DATE :11/1/2020 P.N.4

'Need to Ensure that Minerals 1st Used for Value Addition Here'

Bhavya.Dilipkumar
@timesgroup.com



Mumbai: Opening up of the coal sector completely for commercial mining must be integrated with a policy that ensures that minerals are used for value addition within the country first, said JSW Steel's joint managing director **Seshagiri Rao**.

Welcoming the cabinet's Wednesday decision to approve an ordinance to open the coal sector completely for commercial mining by local and global firms, Rao said it will sharply bring down the country's dependency on imports for its coking coal requirement this year.

"India is importing both coking coal and thermal coal. Encouraging commercial mining could make available more and more coal into Indian industry and reducing the dependency on imports is very welcome," Rao, who is also JSW Steel's group CFO, told **ET**.

Data from the ministry of mines showed that India imported 235 million tonnes of coal last year, of which 135 million tonnes valued at ₹171,000 crore could have been used from domestic reserves.

Rao added, "At the same time, what is very relevant for the manufacturing industry is to ensure that the minerals which India has are used for value addition within India first. Objective is to 'make in India' and create investments in India."

Earlier, the Mines and Minerals (Development and Regulation) Act had an end-use restriction that the central government can auction coal and lignite mining licences only to companies engaged in iron and steel, power and coal washing sectors. The companies also needed prior experience of mining in India to bid for blocks. The latest move allows any Indian company to bid and develop coal blocks.

BUSINESS LINE DATE :11/1/2020 P.N.10

The geopolitical rise and fall of crude and gold

COMMENTARY

G CHANDRASHEKHAR

It is well recognised that the crude oil and gold markets are always susceptible to geopolitical developments. More often than not, rather than an actual event, rhetoric from adversaries impacts the sentiment.

We have seen umpteen times in the past that the rise and fall in the prices of the two commodities are directly related to escalation and de-escalation in geopolitical tensions. Alongside, we find the flow and ebb of speculative capital, as is its wont. It is no different this time.

Set pattern

Both crude and gold markets rallied following the US drone attack on the Iranian general and Iran's retaliatory action. Tensions spawned by such events peter out either quickly or gradually, unless the actions result in an escalation towards conflict. This time the change in sentiment has been dramatic, much against the expectation of bulls.

After spurting to over $68 a barrel on Tuesday, Brent quickly shed the gains to move down to around $65 a barrel the next day. This followed the market's belief, based on certain political statements, that the situation may not deteriorate. For the time being, a stronger military response from the US appears unlikely.

In other words, oil has pared almost all the gains it made since the start of the new year. Reports of the US inventory build-up added to the selling pressure.

Scan & Share

Gold volatility

Gold, the punters' eternal favourite, suffered a greater pounding. After rallying to well over $1,600 a troy ounce – the highest since March 2013 – on Tuesday, the precious metal registered one of the sharpest falls the following day, to trade at some stage at around $1,540/oz, a collapse of $70/oz. Profit-taking, as evidenced by the outflow from ETFs, contributed to the slump.

All this happened just when speculative investors in the yellow metal thought there would be a further rise in price. But that was not to be, demonstrating once again the fickle nature of this market.

ISTOCK.COM/COGAL

Price stabilisation

So, where do we go from here? From a fundamental perspective, the crude oil market appears reasonably well supplied in the first quarter of this year. So, with the risk of supply outages waning, the crude oil market should stabilise. The risk premium will evaporate. Brent is likely to trade in the $60-65 a barrel range.

While geopolitical tensions may not be simmering or boiling over, the risks have not completely gone away; the situation is simply less grave than before. We cannot ignore the undercurrents. Despite some profit-taking, bullish bets on crude are likely to continue. The situation needs a close watch for early signals of new developments.

As for gold, the massive slump in prices should unnerve punters. Tensions in West Asia are decidedly easing. Instead of military conflict, the US President may impose additional economic sanctions on Iran.

Gold may not glitter

Together with positive labour data and the firming dollar, investors' risk appetite is set to improve. Central bank purchases, too, have turned few and far between. These do not augur well for gold. One can expect a further price correction in the yellow metal towards $1,500/oz.

Silver's fortunes have followed gold, but with greater pressure. Silver did not outperform gold on the way up, and on the way down, finds itself under increasing pressure, having dropped $17.8/oz.

THE INDIAN EXPRESS DATE :11/1/2020 P.N.15

Coal production up 164.58 MT in 5 yrs; revenue from auctioned mines at ₹4,973 crore

Raw coal production has increased from 567.77 million tonnes (MT) in 2013-14 to 730.35 MT in 2018-19, an increase of 164.58 MT, Coal Minister Pralhad Joshi said in Lok Sabha during the Winter Session

234 MT: Amount of coal India imported last year, for which it lost Rs 1.7 lakh crore foreign exchange

73.01 MT: Increase in coal production in five years from 2008-09 to 2013-14

22.78 MT: Stock at power house end, as on November 19, 2019, equivalent to 14 days' consumption with 5 power plants under critical list

11.68 MT: Stock at power house end, as on November 19, 2018, equivalent to 7 days' consumption, with 25 power plants reeling under criticality

OUTPUT FALLING SINCE JULY: While there was a positive growth in production in the first quarter of the current year (April-June 19), production has been slipping since July; this is largely due to heavy rainfall in coal mining areas

NO EFFECT ON AVAILABILITY ON POWER HOUSE END: From April-October 2019 in the current year, though there has been a decline in dispatch to power sector, it has not affected coal availability position at the power house end

SIGNIFICANT IMPACT ON CORE INDUSTRIES GROWTH: Drop in production of coal was a major factor in India, witnessing an unprecedented decline in its eight core industries in September. Of the eight industries, coal production, which accounts for over 10 per cent of the core sector index, dropped the most that month — declining 20.5 per cent in September 2019 over the same month last year. By comparison, in September 2018, coal production had grown 6.4 per cent. Along with a drop in sectors like refinery products, steel and electricity, coal production decline brought the overall core sector growth down 5.1 per cent in September 2019

MEASURES FOR ACCELERATING DOMESTIC PRODUCTION:

- Allocating more coal blocks
- Co-ordinated efforts with Railways for movement of coal
- Pursuing states for assistance in land acquisition

REVENUE COLLECTED IN PREVIOUS FISCALS

- ₹1,115.02 crore in 2017-18
- ₹1,018.117 crore in 2016-17
- ₹663.774 crore in 2015-16
- ₹241.294 crore in 2014-15

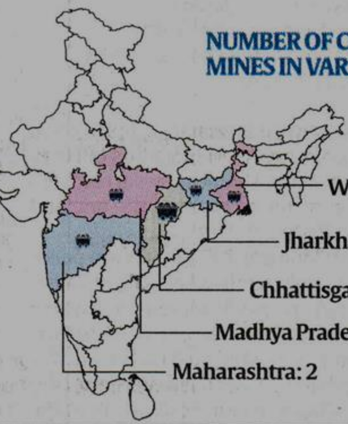
24,000 GWH: Growth in power from all non-coal sources, including hydro, solar and nuclear, as of end-October 2019

₹4,972.738 CRORE: Revenue realised from auctioned coal blocks since financial year 2014-15, as per reply given in Rajya Sabha by Union Coal Minister Pralhad Joshi

₹1,280.58 CRORE: Revenue garnered in 2018-19; also the maximum amount realised till October 31

₹656.95 CRORE: Revenue collected in 2019-20 (until October 2019)

NUMBER OF COAL PRODUCING MINES IN VARIOUS STATES



31 Number of mines that have been allocated under the Coal Mines (Special Provisions) Act, 2015, through auction so far, of which allocation of 9 mines has been terminated for various reasons

13 Number of mines that have got opening permission

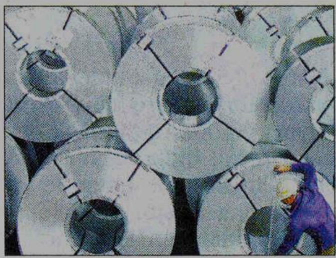
11 Number of mines that have produced 32.34 million tonne of coal from 2015-16 till October 31, 2019

STEEP FALL IN CONSUMPTION BY POWER PLANTS: While thermal power still contributes to a majority of India's energy mix, coal consumption by thermal power plants declined steeply in April-October 2019 compared with the same period last year, shows a recent analysis by Institute for Energy Economics and Financial Analysis contributor Charles Worringham in November

Steel Ministry looks at USD 70 bn investments in eastern region

KOLKATA, Jan 11 (PTI)

UNION Minister Dharmendra Pradhan on Saturday said the Steel Ministry is looking at an aggregate investment of USD 70 billion in the eastern region of the country through accelerated development of the sector.



Launching the 'Purvodaya' programme here, Pradhan said the underdeveloped districts in West Bengal, Chhattisgarh, northern Andhra Pradesh, Jharkhand and Odisha have to be taken forward for development of the steel sector. The eastern region with rich mineral resources has a great potential for development of the steel industry, he said, adding that Bihar needs to be included in the list.

According to the National Steel Policy announced in 2017, the government is aiming at a total production capacity of 300 million tonne by 2030 and out of which, around 200 million tonne is envisaged from the five eastern states, he said. Addressing an event organised by CII, Pradhan, Minister of Petroleum, Natural Gas and Steel, said the region has rich deposits of coal, iron ore and bauxite. "As much as 90 million tonne of steel is produced in the east, out of the total production volume of 140 million tonne in the country," he said.

The Steel Ministry's Additional Secretary Rasika Chaube said the eastern region has a "natural advantage and potential" to contribute to India's target of achieving an economy of USD five trillion within 2024-25. She said the 'Purvodaya' programme would also address the logistics and infrastructure bottlenecks in the eastern region. It also seeks setting up of greenfield plants and expansion of brownfield ones and constructing of clusters near the demand centres, Chaube added.

"Task forces have also been set up for setting up pilot projects under the aegis of the Steel Ministry and inter-ministerial consultations will be held for the proposed clusters," she said.

Coal India CMD Anil Jha said the miner has been focusing on minimising the imports of the fuel. "For this, we are looking to produce 900 million tonnes of coal by 2023-24 from current level of 607 million tonnes," Jha said.

SAIL Chairman A K Chaudhary said the company has a strong presence in the east with five steel plants having production volume of 20 million tonnes while Indian Oil Corporation Chairman Sanjiv Singh said the expansion of the gas and oil pipelines will boost demand for steel consumption.

THE INDIAN EXPRESS DATE :12/1/2020 P.N.3

State set to auction iron ore, bauxite dumps

SANDEEP ASHAR
MUMBAI, JANUARY 11

THE UDDHAV Thackeray-led government has given mining activity in the state a push by issuing fresh guidelines for the auction of tonnes of mining dumps.

Maharashtra has huge dumps of bauxite, iron and manganese. According to new policy guidelines issued by the industries department, the dumps are proposed to be auctioned on "as is where is" basis. The norms will be applied for disposal of mining dumps of major mineral outside the "legal mining areas".

The new guidelines, issued on January 8, come even as uncertainty continues over fresh extraction of ore in the country. Apart from the disposal of low grade ores and overburdened dumps on government and private land and forest areas, the guidelines are also meant to give the mining industry a push, said sources. They also come at a time when a mounting debt on the public exchequer has forced the government to look at additional sources to mop up revenue.

> **"In the 2014 policy, the government had entrusted the task of valuation and assessment of the ore to the collectors' offices. But they found it difficult to undertake the exercise ... So, we have roped in the director of geology and mining (DGM) for the task,"**
>
> — A SENIOR OFFICIAL

The dumps have also impacted the fertility of the surrounding soil, sources said, adding that most date back to the period when no technology for mining of the dumps was available. While a decision regarding the disposal of over-burdened mine dumps was first taken in 1977, it was not until March 15, 2014, when the government came out with a policy for their disposal.

Revised guidelines have now been issued to push the activity, said sources. "In the 2014 policy, the government had entrusted the task of valuation and assessment of the ore to the collectors' offices. But they found it difficult to undertake the exercise owing to lack of expertise. So, we have roped in the director of geology and mining (DGM) for the task," said a senior official. In the revised policy, the DGM has also been asked to fix the offset price for the auction following assessment.

As far as mining dumps on private land is concerned, the landowners will get the first right to dispose of the dump at the highest bid accepted in the auction process. If the owner fails to deposit the equivalent amount within a week, the right of disposal will go to the highest bidder.

While requiring bidders to deposit 25 per cent of the offset price as security deposit, the government has said that the winning bidder will be required to obtain prior permission from the Union environment ministry and other departments before starting disposal work.

Penalties have been prescribed if excavation of more than the prescribed depth and width is carried out, in which case it would be construed as "illegal excavation".

NAVBHARAT DATE :12/1/2020 P.N.7

कोयला खानों नीलामी के लिए नया अध्यादेश

एजेंसियां

दिल्ली. सरकार ने खान अधिनियम, 1957 और कोयला खान अधिनियम, 2015 में संशोधन के लिए अध्यादेश जारी करने की घोषणा की. इसका उद्देश्य कोयला क्षेत्र को स्थानीय और वैश्विक फर्मों के लिए पूरी तरह से वाणिज्यिक खनन के वास्ते खोलना है. इससे पहले केंद्रीय मंत्रिमंडल ने कोयला और खनन क्षेत्र में विकास के नए क्षेत्रों को खोलने के लिए संशोधनों को मंजूरी दी थी.

Gold likely to resume uptrend

Outlook for gold and silver remains bullish despite correction

AKHIL NALLAMUTHU

MCX COMDEX, the composite commodity index of the Multi Commodity Exchange (MCX), witnessed downward pressure, following a sharp fall in the price of crude oil, its largest component.

It was exaggerated, as gold, the second largest component, went into a corrective phase towards the end of last week.

However, since the outlook for its largest component remains positive despite price moderation, the index can be expected to appreciate in the coming days, once crude oil and gold (combined weight is around 50 per cent) begins to rally.

MCX-Crude (₹4,202)

The January futures contract of crude oil faced a strong resistance at ₹4,600 and the price started to decline sharply last week.

The contract fell below the 21-day moving average and is currently testing an important support at ₹4,200. This level coincides with the 50-day moving average, making the support more significant. Backing the bearish view, the daily relative strength index (RSI) has slipped below the midpoint level of 50, and the moving average convergence divergence indicator in the daily chart hints a considerable bearish momentum.

From the perspective of trading, though the contract is bearish, fresh short positions should be created only if the price breaks below ₹4,200, and place a tight stop-loss.

Below ₹4,200, the contract might decline to ₹4,000. Notably, ₹4,120 is a minor support. On the upside, the nearest resistance is at ₹4,350.

MCX-Gold (₹39,871)

Following the breakout, the gold price rallied to record levels, marking a new all-time high. The February futures contract rallied and marked a lifetime high at ₹41,293. However, the price could not sustain above ₹41,000 and it declined.

But the bull trend looks intact, as the price remains above both the 21- and 50-day moving averages despite the correction. While the daily RSI is hovering around the over-bought territory, the moving average convergence divergence indicator in the daily chart continues to exhibit strength in rally. Traders are recommended to go long in the contract using the price correction, with a stop-loss at ₹39,300. The subsequent support is at ₹38,870. On the upside, the contract will most likely rally to ₹40,800, beyond which it can appreciate to ₹41,200.

MCX-Silver (₹46,911)

Like gold, the price of silver, too, rallied, but faces a roadblock. The march futures contract of silver appreciated and broke out of the resistance at ₹48,000. But after making an intra-week high of ₹48,925, the contract fell to the current market price of ₹46,911.

The rally seem to have lost steam, as the daily RSI is showing a fresh downtick and the moving average convergence divergence indicator shows a considerable loss in momentum. The nearest support for the contract is the band between ₹45,650 and ₹46,000.

Incidentally, both the 21- and 50-day moving averages coincide with the support band, making the price range very crucial.

Traders are advised to buy the contract on the back of this support with a stop-loss at ₹45,600.

The near-term targets can be at ₹48,100 and ₹49,000—the 61.8 per cent Fibonacci retracement level of the previous bear trend.

MCX-Copper (₹447.4)

The price of copper has been rallying since the beginning of the month, and hence, the January futures contract of the commodity went up from ₹440 levels to ₹453. The price has formed a higher peak in the daily chart, a positive indication.

Also, the 21-day moving average has crossed over the 50-day moving average, possibly turning the medium-term trend bullish.

This is corroborated by the moving average convergence divergence indicator in the daily chart, which has entered the positive region.

The daily RSI stays above the midpoint level of 50. From the trading perspective, one can initiate fresh long positions on decline and place the stop-loss at ₹440 and look for a potential target at ₹457 in the coming days.

Above that level, the resistance is at ₹463. On the downside, ₹445 is a strong support.

NCDEX-Soyabean (₹4,332)

After witnessing a correction, the February contract of soyabean seems to have resumed its bull trend. During the first week of the current month, the contract price declined from ₹4,520 levels to ₹4,200, where it has the support of the 50-day moving average.

The contract bounced back from that level and formed a morning star candlestick pattern, an indication of a bullish reversal. The daily RSI has crossed above the midpoint level of 50 and the moving average convergence divergence indicator in the daily chart is showing signs of recovery.

Since the major trend is bullish and there are signs of resumption of the bull trend, traders are advised to buy the contract with the stop-loss at ₹4,190. On the upside, the contract will most likely retest ₹4,522. Beyond that level, it can advance to ₹4,600.

MCX Gold

Supports: ₹39,340/38,870

Resistances: ₹40,800/41,200

MCX Silver

Supports: ₹46,000/45,650

Resistances: ₹48,100/49,000

MOIL on revival mode, but hurdles ahead

A break above ₹160 will strengthen the uptrend and take it to ₹180 in medium term

YOGANAND D

Here are the answers to readers' queries on the performance of their stock holdings.

I bought MOIL at ₹189. What is the long-term perspective of this holding?

Sathish S

MOIL (₹156.4): Following a long-term downtrend that commenced from the 2017 high of ₹285, the stock of MOIL found support in August 2019 at ₹118. It subsequently changed direction, and has been in a medium-term uptrend since then.

While trending up, the stock encountered a crucial resistance at ₹145 in October and November, 2019. However, it managed to surpass this barrier in early January, 2020. Further, the stock also decisively breached its 50-day and 200-day moving averages in early January, and trades well above them.

There has been an increase in daily volume over the past two weeks. The short-term trend is up. That said, the stock faces a key long-term resistance ahead at ₹160.

A strong break above this barrier will strengthen the uptrend and take the stock higher to ₹180 and then to ₹200 over the medium-to-long term. But an inability to move beyond ₹160 will keep the stock moving sideways for a while in the band between ₹145 and ₹160.

On the downside, a strong fall below the significant support at ₹145 will drag the stock down to ₹133. A further decline from this base will reinforce the long-term downtrend and pull the stock lower to ₹118 over the medium term. You can consider averaging the stock in dips while maintaining a fixed stop-loss at ₹130, and consider exiting if the stock reaches ₹200 in the long run. Investors with a low risk appetite can buy above ₹160 levels.

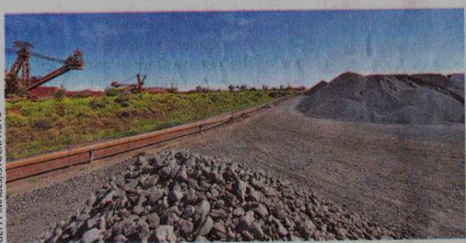
I have shares of NOCIL at ₹127 and DCB Bank at ₹220. Is it the right time to average these stocks?

Rakesh Kumar

NOCIL (₹113.3): The stock took support, recording a 52-week low at ₹73 in August, and started to trend upwards. But it faces difficulty in breaking above a significant long-term resistance at ₹120.

A breakthrough of this hurdle will reinforce the bullish momentum and take the stock northwards to ₹140 and ₹150 in the medium term.

Such a rally will strengthen the medium uptrend that has been in place from August 2019. A strong break above the key resistance level of ₹170 is required to alter the long-term downtrend and push the stock upwards to ₹185 and ₹200 over the long run.



GETTY IMAGES/ISTOCKPHOTO

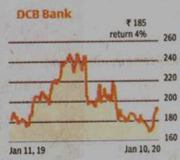
Conversely, a fall below the vital base level of ₹95 would bring back selling interest and pull the stock lower to ₹90 and then to ₹80 levels. You can average with a stop-loss at ₹92 and exit if the stock struggles to move beyond ₹150 levels.

DCB Bank (₹185.9): The stock of DCB Bank is in a corrective rally now and tests resistance at ₹190. A break above this level will pave the way for a rally to ₹205, which is a long-term resistance level that needs to be conclusively breached thereafter. Such a move can push the stock northwards to ₹220 and then to ₹240 levels.

You can average in declines with a stop-loss at ₹160.

The immediate supports are at ₹175 and ₹165.

Send your queries to techtrail@thehindu.co.in



Quickly

- In a corrective rally
- Key support at ₹190
- Key resistance at ₹175

THE HITAVADA DATE :14/2020 P.N.9

Commerce Ministry proposes cut in gold import duty in Budget

- In the last Budget, the Government has increased the import duty on the yellow metal to 12.5 per cent

NEW DELHI, Jan 13 (PTI)

THE Commerce Ministry has sought reduction in the import duty on gold in the forthcoming budget with a view to pushing exports and manufacturing of the gems and jewellery sector, a source said.

In its Budget proposals, the Ministry has suggested its finance counterpart to consider a significant reduction in the Import Duty on the yellow metal, they said. In the last Budget, the Government has increased the import duty on the yellow metal to 12.5 per cent. The gems and jewellery export industry has sought reduction in the import duty to 4 per cent in the Budget, which is scheduled to presented on February 1.

Gold imports in December declined sharply to 39 tonnes, from 152 tonnes in November. India's gold imports, which have a bearing on the current account deficit (CAD), fell about 7 per cent to USD 20.57 billion during April-November period of the ongoing financial year, according to the Commerce Ministry data.

Imports of the yellow metal stood at USD 22.16 billion in the same period of 2018-19. The decline in gold imports has helped in narrowing the country's trade deficit to USD 106.84 billion during the eight-month period under review as against USD 133.74 billion in the year-ago months. Gold import had been recording a negative growth since July this year. However, it grew about 5 per cent to USD 1.84 billion in October and 6.6 per cent to USD 2.94 billion in November.

India is the largest importer of gold, which mainly caters to the demand of the jewellery industry. In volume terms, the country imports 800-900 tonne of gold annually. To mitigate negative impact of gold imports on trade deficit and CAD, the Government increased the Import Duty on the metal to 12.5 per cent from 10 per cent in this year's Budget. Businesses in sector are shifting manufacturing bases to neighbouring countries.

BUSINESS LINE DATE :14/1/2020 P.N.3

Steel prices set to rise by ₹2,000 a tonne in February

Good demand from dealers, industries pushes up prices

SURESH P IYENGAR

Mumbai, January 13

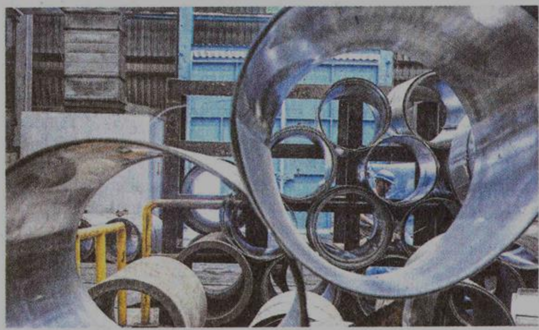
Steel prices are set to increase by about ₹2,000 a tonne next month on the back of strong demand and a rise in raw material prices. This would be the fourth consecutive month of steel price rise.

Early this month, steel companies had raised prices by ₹1,750, on the back of good demand from dealers and steel-consuming industries.

Steel prices, which have already gone up by ₹2,000 a tonne in the last two months, are firming up on the back of strong global trend. Domestic demand in China, the global price setter, has been holding up and pushing up prices of key raw materials such as iron ore and coking coal. Also, China's exports have fallen substantially, as most of its production has been consumed domestically. Global prices have also firmed up in the absence of dumping by China.

'Enough headroom exists'

Ranjan Dhar, Chief Marketing Officer, ArcelorMittal Nippon Steel India, the joint venture company which recently took over the stressed Essar Steel, said the steel industry was hit hard by the demand slowdown in the last six months, which had resulted in a steep drop in prices. The price recovery was, therefore, important for the long-term sustenance of the industry, he said.



The recovery in price is important for the long-term sustenance of the industry, say players

Steel prices have risen by over $100 a tonne (₹7,100) to $535 ($420) a tonne in the last two months, and Indian steel companies have enough head-room to increase prices, the CEO of a steel company said.

Large iron ore miners have marked up prices, with the state-owned NMDC hiking prices of iron ore by ₹200 a tonne in January.

Iron ore prices

In fact, iron ore prices rose by 14 per cent to $106 a tonne last month, against $96 logged in November. Similarly, coking coal prices increased 10 per cent to $145 a tonne, against $134 recorded in November.

With Indian merchant miners bidding aggressively in the recent Odisha mining auction and amid sustained demand, iron ore prices are set to rule firm in the coming days, said a steel company official.

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