खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 5, NO-16 , 16th – 31st AUGUST , 2021

THE ECONOMIC TIMES DATE : 18/8/2021 P.N.5

Vedanta Plunges 12% on Bourses

Hindustan Zinc's deferral of board meet, HC notice hit investor sentiment

Our Bureau

Mumbai: Tuesday was rather edgy for shareholders of mining and metals major Vedanta, with the stock plunging up to 12% in twin blows to great expectations, which had caused prices to surge about a fourth in one month.

First, Vedanta's listed operating unit Hindustan Zinc deferred a board meeting scheduled Tuesday for considering an interim dividend, which would have constituted major cash flows for the parent. Second, the Madras high court issued a notice to Vedanta on remediation of contaminated sites within its copper smelter in Tuticorin.

Shares of Vedanta, which climbed to a 52-week high of ₹341.25 on Monday, closed at ₹302.65, down 10%

To be sure, most analysts remain bullish on the Vedanta stock citing the strong earnings outlook with commodity prices expected to stay high in the near term.

In an exchange filing, Hindustan Zinc said the board meeting scheduled on August 17, 2021, to consider interim dividend for the financial year 2021-22 has been deferred. "Accordingly, the record date of August 26, 2021, as intimated earlier, stands called off," the company said.

However, it did not give reasons for calling off the board meeting and did not announce any fresh date.

Vedanta holds about 65% in Hindustan Zinc, and its shareholders will be looking forward to its dividend, which is being passed on as per Vedanta's dividend distribution policy. During FY21, Hindustan Zinc paid nearly a Rs 5,850-crore dividend to Vedanta.

BUSINESS LINE
DATE : 18/8/2021 P.N.8

COMMODITY CALL

Go short on copper futures

AKHIL NALLAMUTHU
BL Research Bureau

The continuous futures contract of copper on the Multi Commodity Exchange (MCX), which began the uptrend in March 2020 from about ₹336, rallied throughout the year and notably, it extended in 2021 as well. However, after marking a high of ₹812.6 in the first week of May, the contract stared to move southwards. While it bounced off the support at ₹685, the contract was unable to move beyond the hurdle of ₹780.

For the past three weeks, the contract has been on a descent and slipped below the support of ₹740. If the contract witnesses a daily close below ₹717, the futures can attract more sellers as it would increase the possibility of the price touching ₹700. Affirming the bearish outlook, the price is below both 21- and 50-day moving averages and the relative strength index (RSI) has entered the bearish zone.

The above factors show that copper futures is likely to see further decline. But since ₹717 is a considerable support, one can initiate fresh short positions with stop-loss at ₹732 below ₹717. Targets can be ₹700 and ₹685.

BUSINESS LINE
DATE : 19/8/2021 P.N.8

Copper hits 2-month low on China growth concerns

REUTERS
London, August 18

Copper prices slumped to their lowest in nearly two months on Wednesday after recent weak economic data reinforced demand fears while a looming central bankers conference focuses attention on interest rates.

Three-month copper on the London Metal Exchange (LME) fell for a third day, slipping by 0.9 per cent to $9,168.50 a tonne in official trading and later extending losses to $9,110, the lowest price since June 21.

"We're seeing a breakdown in the technicals, the growth outlook from China is not supportive and the dollar is challenging key resistance areas," said Ole Hansen, head of commodity strategy at Saxo Bank in Copenhagen.

The most-traded September copper contract on the Shanghai Futures Exchange closed 1.5 per cent down at 68,720 yuan ($10,602.97) a tonne.

LME aluminium fell 1.1 per cent to $2,571.50 a tonne. LME nickel fell 0.9 per cent to $19,012; zinc shed 0.7 per cent to $2,994.50; lead lost 0.7 per cent to $2,308 and tin was down one per cent at $35,455.

NAVBHARAT DATE : 19/8/2021 P.N.2

दबा है 3 लाख करोड़ डॉलर का खजाना

काबुल, एजेंसियां. दुनिया के गरीब देशों में गिना जाने वाला अफगानिस्तान खनिज के मामले में कई देशों के मुकाबले ज्यादा समृद्ध है. कहा जा रहा है कि देश में 3 लाख करोड़ डॉलर के खनिज मौजूद हैं. मुल्क में लोहा, तांबा, कोबाल्ट, लिथियम और सोने का भंडार बड़े स्तर पर है. अमेरिका ने तो यह तक कह दिया था कि अगर अफगानिस्तान इस खनिज संसाधन का इस्तेमाल करता है तो वह सऊदी अरब की भी बराबरी कर सकता है. एक रिपोर्ट में 2010 में हुए अमेरिकी जियोलॉजिकल सर्वे के हवाले से बताया गया है कि यहां 3 लाख करोड़ डॉलर के खनिज खजाने की जानकारी मिली थी. इस सर्वे को लेकर हुए विश्लेषण में जानकारी सामने आई थी कि अफगानिस्तान में 60 मिलियन मीट्रिक टन तांबा मौजूद है.

MAIN DRIVERS include rising demand, balance sheet repair improving earnings and decarbonisation in China keeping prices firm, say analysts

Metals May Continue to Shine, Correction a Good Time to Buy

Rajesh.Mascarenhas
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Mumbai: The correction in metal stocks offers a good buying opportunity as the sector continues to shine in the near term with forecasts of higher consumption demand, balance sheet repair, and rising demand from electric vehicles and renewable energy, say analysts. Metals stocks have corrected on an average of 5% in the past week.

Significant structural changes in the sector, such as decarbonisation in China and the new shape of global trade, will ensure that the commodity prices, currently in a trough, are likely to settle higher. The ongoing balance sheet repair by domestic companies provides improved earnings profile and margin, according to analysts.

While Vedanta, Jindal SAW, SAIL, and Nalco declined between 5% and 8% in the last week, many other metal stocks corrected up to 5%. However, Tata Steel gained over 5% during this period.

"The ongoing balance sheet repair has been comprehensively ignored by the street so far," said Amit Dixit, analyst, Edelweiss Securities. "For the first time, we are witnessing a scenario where despite capex picking up FY22 onwards, ferrous companies will be in much better shape by FY25 due to enhanced capacities but lower net debt."

The high margins over the last several quarters helped the companies to deleverage their balance sheets. Metal stocks have had a sharp rally since the beginning of the year. The Nifty Metal index surged 68% compared to a 17% gain in the benchmark Nifty50. Tata Steel rallied 113% so far this year, while JSW Steel, Vedanta, SAIL, Hindalco, National Aluminum, and Hindustan Copper surged between 75% and 100% since January 1.

The metals and mining sector is prone to low valuations due to inherent cyclicality in earnings. However, analysts expect re-ratings of the stocks with a change in methodology given the structural shift in price trajectory.

On an enterprise value to operating profit or EV/Ebitda two-year forward multiples, JSW Steel is trading above its historical average, Tata Steel is trading in line, and Jindal Steel and Power and SAIL are trading below average.

The current trend in the sector is likely to continue with China's restriction and improved global demand, said analysts.

"We expect the efforts from China to impose restrictions on domestic production will provide impetus to sustain the current cycle," said Vinod Nair, head of research at Geojit Financial Services. "The current uptrend in the metal sector due to pent-up demand post-reopening of the economy."

While steel demand in India has declined during the second Covid wave, the impact has been less than last year. Analysts expect the market to recover post-festive season and grow by 10% in FY22 and 8% in FY23, supported by a significant push in infrastructure investments, offtake from the engineering and packaging segments, recovery in auto volumes, and to some extent, revival in the building and construction segment.

"From the perspective of shareholders, this wave of expansion does provide scope for a free cash return, and an increase in payout considering net debt is likely to drop significantly below targeted levels," said Kirtan Mehta, analyst, BOB Capital.

In India, analysts expect steel cos to recover post-festive season on infra push and recovery in auto and engineering

Primed for More Gains

Stock	LTP (₹)	1-Week Return (%)	% Chg from 52-W High	* Upside
Tata Steel	1,500.45	5.21	-2.23	**14.56**
JSW Steel	737.45	-1.56	-5.03	**2.86**
Vedanta	295.90	-8.80	-13.34	**12.38**
Hindalco Industries	426.95	-2.22	-9.93	**19.76**
SAIL	128.40	-4.71	-15.14	**36.29**
Jindal Steel & Power	408.00	-3.17	-18.68	**35.91**
National Aluminium Co	78.65	-4.49	-19.29	**9.35**
Shyam Metalics	411.90	1.33	-10.68	**40.81**
Jindal Stainless	148.05	-2.34	-12.08	**37.12**
Jindal SAW	120.95	-6.53	-18.08	**35.59**
Tata Metaliks	1,209.00	1.46	-12.01	**22.21**

* based on Bloomberg consensus estimates

BUSINESS LINE DATE : 19/8/2021 P.N.3

Private agencies allowed to undertake mineral prospecting operations

Reforms will increase the pace of exploration

OUR BUREAU

New Delhi, August 18

Private agencies will be able to undertake mineral prospecting operations in the country with the Ministry of Mines adopting a scheme developed by the National Accreditation Board for Education and Training of the Quality Council of India (QCI-NABET).

The QCI-NABET will grant accreditation to private exploration agencies to undertake prospecting operations of minerals in accordance with the standards and procedures of the scheme.

QCI-NABET will grant accreditation to private exploration agencies to undertake prospecting operations of minerals VELANKANNI RAJ B

Interested private exploration agencies shall be required to obtain accreditation before applying to the Ministry for approval, an official statement said on Wednesday.

The details of the accreditation scheme and its guidelines were posted on the Ministry website on Wednesday.

Amendment to Act

The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, was recently amended to empower the Central government to notify entities, including private entities, to undertake prospecting operations.

This, the statement said, is expected to increase the pace of exploration in the country and to bring advance technology in the exploration of minerals. At present, only government agencies are involved in the exploration and the pace of exploration is limited by their capacity.

The reforms will increase the pace of exploration, create new employment opportunities in the sector, and bring more explored blocks for auction. The scheme will also help encourage new entrepreneurs in the field of exploration and bringing the latest technology and expertise to the sector, the statement said.

THE ECONOMIC TIMES DATE : 20/8/2021 P.N.6

Copper and Iron Ore Tumble as Growth Fears Roil Metals Markets

Bloomberg

Iron ore plunged and copper sank to a four-month low as worries over Chinese steel production, global growth risks and the prospect of reduced US stimulus roiled metals markets.

This week's drop for iron ore accelerated, with futures sliding as much as 12% to the lowest since December in Singapore on expectations that Chinese steel output and consumption will weaken over the rest of the year, partly as authorities curb pollution. Prices are more than 40% below a record high reached just three months ago.

Metals markets have also been pressured by worries that the Federal Reserve may soon start curbing massive stimulus that helped drive prices higher over the past year, as well as risks from the fast-spreading delta coronavirus variant. Weaker data in the US and China recently added to unease that the global economic recovery is stalling.

Those concerns pushed copper below $9,000 a ton on Thursday, and

tin tumbled as much as 11% as all base metals declined. Mining stocks also slid, with BHP Group, Rio Tinto Group, Glencore Plc and Antofagasta Plc down more than 3%. Oil buckled too, retreating below $65 a barrel to the lowest since May.

"The recent slowdown in Chinese macro numbers, the spreading of Covid-19 in China and now also an even stronger dollar are all potential risks that in the short term may challenge the long-term bullish outlook for copper," said Ole Hansen, head of commodity strategy at Saxo Bank A/S.

Minutes released Wednesday showed most Fed officials agreed they could start slowing the pace of bond purchases later this year given the progress made toward inflation and employment goals, boosting the dollar and curbing the appeal of commodities.

Copper fell 2.8% to $8,786.50 a ton by 10:16 a.m. on the London Metal Exchange. The material, considered an economic bellwether, reached an all-time high of over $10,700 in May.

IRON AND STEEL

China has repeatedly urged steel mills to curb output to cut back on pollution, with a drop in July's production signalling that measures are starting to take effect. Some major producers have already made arrangements to reduce supply, while mining giant BHP said that the increasing likelihood of stern cuts this half is "testing the bullish resolve of the futures markets."

Iron ore was down 12% at $131.40 a ton in Singapore, while futures in Dalian sank as much as 7%. "Iron ore remains the most China-centric of all commodities, so when economic activity slows, the virus spreads and supply lines are being disrupted, iron ore will be in the firing line," Hansen said.

Iron ore's slump has spilled over to steel, with prices falling on expectations Chinese demand will wane.

The country's moves to rein in the property market and curb surging prices saw home-prices grow at the slowest pace in six months. "Steel prices globally have started to cool as we expected, and we hold on to our view that there will be further easing of prices for the remainder of 2021 and into 2022 as Chinese demand from construction industry weakens," Fitch Solutions said.

THE ECONOMIC TIMES DATE : 21/8/2021 P.N.6

Fed's taper talk, correction in commodities, regulatory crackdown in China, BHP warning on China's steel output cut hit sentiment

Metal Stocks Plunge on Iron Ore's Slip, China Worries

Our Bureau

Mumbai: Metal stocks plunged Friday due to a crash in iron ore futures worldwide on expectations of waning demand from China and an increasing likelihood of Fed tapering. Comments from leading mining company BHP that the prospect of much lower steel production in the second half is testing the bullish resolve of the futures markets further spooked investors.

Iron-ore prices that touched record highs in May plunged to their biggest monthly loss ever after decarbonization in China, including limits on steel output, hurting demand for the raw material used to produce it, said analysts.

The Nifty Metal index plunged 6.43% on Friday, its biggest single-day decline in the last 15 months. The Nifty index was down 0.71%. Stocks such as NMDC, Vedanta, and Tata Steel declined 9% each, while Jindal Steel and Power, SAIL, JSW Steel, Tata Metaliks and Nalco slipped 6% each.

SGX August futures contract for 62% iron-ore fines has declined more than 15% so far in August, and 30% from its record high of $215 in May

The SGX August futures contract for 62% iron-ore fines has declined more than 15% so far in August, and 30% from its record high of $215 per metric tonne touched on May 12 this year.

"Metal stocks fell due to multiple reasons such as Fed's taper plans, correction in commodities prices, the regulatory crackdown in China, and BHP warning on China's steel output cut," said Gaurav Dua, Sharekhan. "However, it doesn't mean that the story for metal stocks is over. Even at the current metal prices, the Indian metal companies can make super profits."

The Meltdown

Stock	LTP (₹)	% Chg Friday	% Fall from 52W High	1 Year Return (%)
NMDC	151.00	-9.55	-29.17	55.27
Vedanta	269.25	-9.01	-21.15	108.80
Tata Steel	1,375.60	-8.32	-10.36	217.98
Jindal Steel	376.60	-7.70	-24.89	60.46
SAIL	119.00	-7.32	-21.35	184.69
JSW Steel	684.60	-7.17	-11.84	142.21
National Aluminium	73.30	-6.80	-24.78	86.99
Hindustan Copper	119.75	-6.59	-39.18	194.59
Tata Metaliks	1,136.90	-5.96	-17.26	104.70
Hindalco Industries	403.70	-5.45	-14.84	102.84
Hindustan Zinc	308.05	-4.11	-14.98	37.98

The Chinese steel industry has pledged to cut output by a substantial margin, but meeting that goal requires huge second-half curbs to offset booming output earlier in 2021. Production in July was more than 8% lower year-on-year, data on Monday showed.

According to Yash Sawant, analyst at Angel Broking, the recent outbreaks of the Delta variants and severe flooding in China threatened to slow the pace of broader recovery, which clouded the demand outlook for industrial metals.

Iron ore closed 12% down in Singapore on Thursday, its lowest level since December. It is the most China-centric commodity, and is the first victim of a global reversal in sentiment. This slump is spilling over to steel prices.

Copper also sank to a four-month low on Thursday as investors worried over Chinese steel production. China has repeatedly urged its steel mills to curb output, partly to cut back on pollution. Some major steel producers are already making arrangements to reduce supply, pushing the prices higher.

However, according to analysts, Indian companies are in much better shape with the ongoing balance sheet repair, leaving room for improved earnings and margins.

"The ongoing balance sheet repair has been comprehensively ignored by the street so far," said Amit Dixit, analyst, Edelweiss Securities. "For the first time, we are witnessing a scenario where despite capex picking up FY22 onwards, ferrous companies will be in much better shape by FY25 due to enhanced capacities but lower net debt."

BUSINESS LINE DATE : 21/8/2021 P.N.9

Hydrogen steel-making can cut CO_2 emissions: TERI study

Method will involve use of low or zero-carbon hydrogen as a reducing agent and to power electric arc furnace

OUR BUREAU

Hyderabad, August 20

The Energy and Resources Institute (TERI), in a new study, suggests measures to decouple the growth of the iron and steel sector from rising carbon emissions using green hydrogen.

This comes within couple of days of Prime Minister Narendra Modi's Independence Day address, wherein he announced the launch of the National Hydrogen Mission to make India a global hub for the production and export of green hydrogen.

The study, *'Green Steel through Hydrogen Direct Reduction: A study on the role of hydrogen in the Indian Iron and Steel sector,'* is a joint effort by TERI, Primetals Technologies Austria GmbH, and Siemens India, and provides a techno-economic analysis of the hydrogen direct reduction process.

Expensive option

Hydrogen steel-making has the potential to drastically reduce CO_2 emissions from primary steel-making in India, making it one of the first major economies to industrialise without the need to 'carbonise'.

Currently steel production based on hydrogen is more expensive than conventional steel-making routes. The path to cost-competitiveness for hydrogen steel-making can be accelerated by broader action around the production of hydrogen, as well as supportive climate policy, the study says.

Collaborative efforts

The study recommends proactive collaboration between companies and government for hydrogen steel-making.

"Like its global compatriots, the steel industry in India is facing the challenges of reducing carbon emissions and improving energy as well as resource efficiency. Hydrogen steel-making has the potential to drastically reduce carbon emissions from iron and steel sector," Vibha Dhawan, Director General, TERI, said.

THE HITAVADA DATE : 22/8/2021 P.N.5

Fertiliser volume expected to moderate in FY22: ICRA

NEW DELHI, Aug 21 (ANI)

PRIMARY fertiliser sales volume during first four months of FY22 registered 11 per cent decline compared to 4M FY21, mainly due to the base effect as during H1 FY21 fertiliser sales witnessed an upsurge owing to panic buying by farmers following COVID-19 pandemic led lockdown.

Rating agency ICRA said the overall rainfall which determines the sowing pattern has so far been normal in the current south-west monsoon season with a shortfall of only 2 per cent in line with the prediction of IMD.

During June, the rainfall was 10 per cent above the long period average (LPA) while it was 7 per cent below LPA in July.

As for the distribution of rainfall, it has been rather uneven across regions -- the southern peninsula has witnessed higher rainfall than LPA while the east and the northeast has witnessed a shortfall of 13 per cent.

Sabyasachi Majumdar, Senior Vice President and Group Head at ICRA, said panic buying by farmers in light of Covid-19 pandemic lockdown had led to record sales in the kharif season of FY21 which petered off during the rest of the year as inventory de-stocking at farmer level led to lower offtake in H2 FY21.

The overall kharif sowing this year is down only 2 per cent as of the week ending August 6, posting a smart recovery after being down 22 per cent by end of June following the monsoon rains. Moreover, reservoir levels across regions remain healthy which augurs well for sowing during the upcoming rabi season.

"While the overall fertiliser sales volume decline looks steep in the current kharif season, we expect the sales volume for full FY22 to be only marginally lower than FY21," said Majumdar.

DAINIK BHASKAR DATE : 21/8/2021 P.N.12

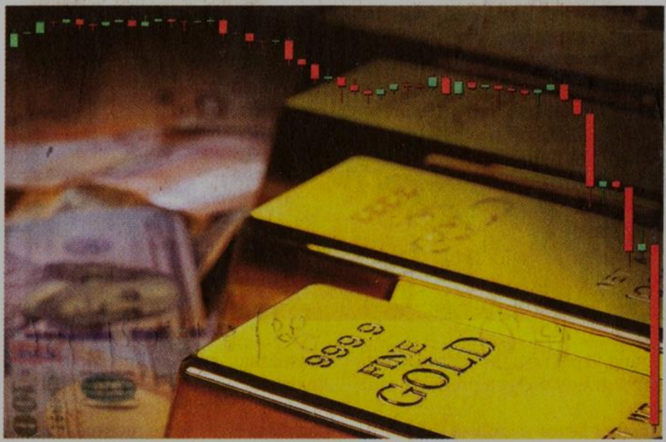
ऐसी है अफगानिस्तान की खनिज समृद्धि

BUSINESS LINE DATE : 22/8/2021 P.N.6

Gold faces a strong barrier

Despite gold remaining above ₹47,000, the price action does not show signs of a recovery

AKHIL NALLAMUTHU
BL Research Bureau



GETTY IMAGES/ISTOCKPHOTO

The FOMC (Federal Open Market Committee) meeting minutes released on Wednesday triggered some volatility in bullion, as the report showed the willingness of the Fed to begin tapering this year. The US dollar (USD) responded with a sharp gain taking the dollar index (DXY) to a nine-month high of 93.59, weighing on bullion prices. However, gold recouped its losses towards the end of the week. Silver did not recover and remained weak.

More than tapering, a rate hike could have more impact on bullion as treasuries, along with the safety factor, provide interest income. Rising rates can push investors to reallocate funds at least partially from bullion to treasury securities. But there is no clear indication of when the Fed could start its rate hike cycle, providing some breathing room for precious metals.

On a weekly basis, gold and silver showed divergence i.e., gold closed flat for the week as it ended at $1,780.9 per ounce whereas silver lost 2.7 per cent as it closed at $23.01 per ounce on Friday. Similar difference in performance can be seen in the domestic market as well. The gold futures (October expiry) gained nearly 0.5 per cent last week as it closed at ₹47,158 (per 10 grams) but silver futures (December series) lost 2.3 per cent as it ended the week at ₹62,475 (per 1 kg) on Friday.

MCX-Gold (₹47,158)

October futures of gold, which opened on the front foot last week, failed to establish a rally. Although it crossed over the critical level of ₹47,000 and made an intraweek high of ₹47,850, the contract could not hold on to its gains.

Blocking the bulls was the resistance at ₹47,600, where the 50-day moving average coincides. This is a strong barrier against which bears could attempt to gain back control. A fall from ₹47,600 means the contract would form a lower high. It has been charting lower highs and lower lows since the beginning of June, giving it a bearish inclination. The relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart lies in the negative zone.

Given prevailing conditions, the contract is likely to decline from current levels. Despite the contract remaining above ₹47,000, the price action does not show signs of a recovery and a prolonged sideways movement at current levels could attract fresh sell signals, given that ₹47,600 is acting as a substantial hurdle.

Thus, one can remain bearish until the price is below the 50-DMA and initiate fresh short positions with stop-loss at ₹48,000. The futures could see its price drop to ₹46,650 – its nearest support. A break below this level can result in the contract retesting the low of ₹45,660. Resistances above ₹47,600 can be spotted at ₹48,000 and ₹48,500.

MCX-Silver (₹62,475)

Like gold futures, silver futures (December series) began the session on a positive note. However, after marking a high of ₹64,625 on Tuesday, the contract reversed and started to drift lower. The decline continued throughout the week, ending with a loss of 2.3 per cent for the week. Silver continues to stay bearish and as long as the price remains below the crucial level of ₹65,000, the contract is likely to be under the control of bears.

Affirming the weakness, the RSI and the MACD on the daily as well as the weekly chart are in the bearish territory and the price remain much below both 21- and 50-DMAs. The average directional index (ADX) too indicates that bears possess more strength than the bulls. Besides, the total outstanding open interest (OI) of all active futures of silver on the MCX stood at 16,531 as on Friday compared to 14,538 contracts by the end of the preceding week. An increase in OI with a fall in price means building up of fresh short positions.

Above factors clearly indicate high likelihood of silver futures depreciating further. Thus, traders can sell the contract with stop-loss at ₹64,700. The price will most probably fall to the psychological level of ₹60,000. A breach of this level can drag the contract lower. If the contract rallies above ₹65,000, the short-term trend could turn bullish and touch ₹66,700.

Gold-Silver ratio

Gold-silver ratio, at around 76, has been moving upwards from the key base of 65 – the lowest since 2014. This means, there is more room on the upside which places gold at an advantage over the silver, at least in the near-term. To gain from this, one can consider going long in gold futures and simultaneously shorting silver futures. But this ratio is only an indication and cannot be considered as a sole factor in concluding that the gold can outperform silver.

BUSINESS LINE DATE : 22/8/2021 P.N.12

ArcelorMittal Nippon Steel to invest ₹1-lakh crore in Gujarat

To expand Hazira plant, look at RE space

OUR BUREAU
Ahmedabad, August 21

ArcelorMittal Nippon Steel India (AM/NS) will invest ₹1-lakh crore in Gujarat for capacity expansion of its existing steel plant and in the renewable energy space.

A Gujarat Government statement said that ArcelorMittal chief Lakshmi N Mittal and AM/NS CEO Dilip Oommen met Gujarat Chief Minister Vijay Rupani in Gandhinagar on Friday and committed the fresh investments.

The statement added that the group will invest an additional ₹50,000 crore for the expansion of the Hazira plant and ₹50,000 crore for hydrogen gas and renewable energy projects.

"During the meeting with the Chief Minister, ArcelorMittal Chairman LN Mittal expressed his commitment to invest a total of ₹1-lakh crore in Gujarat in the coming days," said a State government statement. "Responding positively, the Chief Minister assured the necessary help from the state government and welcomed him for this investment," the statement added.

Lakshmi Mittal

LN Mittal had met Rupani last year in July and had announced his commitment to invest ₹20,000 crore to further enhance the group's capacity at Hazira.

ArcelorMittal and Nippon Steel, through their joint entity - ArcelorMittal Nippon Steel India (AMNS) - had acquired the bankrupt Essar Steel India Ltd (ESIL)'s steel facility at Hazira by paying ₹50,000 crore in December 2019, after a long-drawn legal battle at the National Company Law Tribunal (NCLT).

The case ended with a Supreme Court order in favour of the global steel giant.

THE HINDU DATE : 24/8/2021 P.N.12

Hindalco plans capex of up to $3 billion over 5 years

Investments in U.S., China, Brazil, India to spur growth: Birla

SPECIAL CORRESPONDENT
MUMBAI

Hindalco Industries Ltd. has earmarked about $2.5-$3 billion for capital expenditure to bolster growth over the next five years, chairman Kumar Mangalam Birla said while addressing shareholders online at the company's AGM on Monday.

He said the capex in subsidiary Novelis would be invested mainly in the auto-finishing line expansions in the U.S. and China and in rolling and recycling capacity expansions in Brazil.

"In India, we are on track to implement organic growth projects entailing capital outlay of over $1 billion towards Utkal Alumina expansion, various aluminium and copper downstream expansions, and specialty alumina projects. These investments will advance our strategy of building a more predictable and resilient business model," he added.

Kumar Mangalam Birla

He said the company started FY22 at a strong pace, despite the impact of the second wave. "We continue to see strong demand across all our business segments, plants running at capacity, and improving margins, supported by better macros and operating efficiencies," he said.

'Gathering pace'

Mr. Birla said economic indicators showed the Indian economy was 'rapidly' normalising towards pre-pandemic activity levels.

"The three factors of cyclical upswing, conducive policy impulses and an improving global backdrop are likely to align themselves to position India for a virtuous cycle of growth and investments in the medium term," Mr. Birla said.

THE ECONOMIC TIMES DATE : 24/8/2021 P.N.7

Coal India, Power Units Tussle Over Coal Shortage in Country

Fast Depleting Stocks

75,097-MW power plants operating with coal stock of under 7 days: **CEA data**

Among CEA monitored plants, 57 have less than a week's coal stock

48 plants of 64,687-MW capacity are operating with four days of stock

UNPRECEDENTED SITUATION About 75,097-MW power plants are operating with coal stock of less than 7 days: CEA data

Sarita.Singh@timesgroup.com

New Delhi: Nearly a third of the country's installed coal-fired plants are reeling under fuel shortage, sparking a blame game between power producers and state-run miner Coal India.

An unprecedented 75,097-MW power plants are operating with coal stock of less than seven days, shows data available with the Central Electricity Authority (CEA). The country has installed coal-based generation of 209 GW, of which 167 GW is monitored by the CEA. Among the monitored plants, 57 have less than a week's coal stock, while 48 plants of 64,687-MW capacity are operating with four days of stock, showed the CEA's latest coal stock report. On August 18 last year, 16,670-MW plants had critical coal stock, while on the same day in 2019, two coal plants were critical.

Even as private power companies have complained of critical coal stocks, Coal India has denied allegations of coal shortage and said power companies including NTPC have not been maintaining coal stocks. It said, though, that supplies from its Ranchi-based subsidiary South Eastern Coalfields Ltd have (SECL) been hit due to heavy rains.

Coal India has also for the first time regulated coal supply to four state power generation companies that have defaulted on payments.

Power secretary Alok Kumar said the situation is being monitored on a day-to-day basis and that there is "no need to panic". "It is an issue which is being monitored and there has been no loss of generation so far. We are in touch with the coal ministry on a day-to-day basis," he said, adding coal supply has been satisfactory this year.

BUSINESS LINE DATE : 25/8/2021 P.N.5

MAULIK MADHU

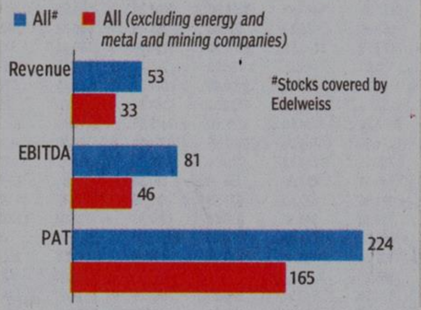
STATISTALK

Commodities shine, domestic consumption falters in Q1

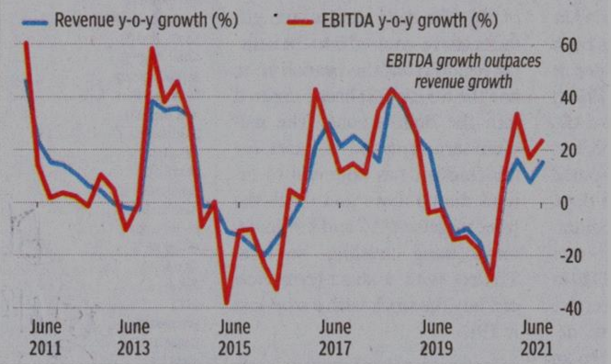
Rising metal prices and gross refining margins, and inventory gains boosted the profitability of commodity companies in the June 2021 quarter (Q1 FY22). On the other hand, rising input prices hurt the gross margins in many sectors. Cement and chemicals were exceptions as higher costs were passed on. Impacted by weak demand, increasing input prices and reversal of the earlier cost rationalisation, domestic consumption sector turned out to be among the worst affected.

Revenue and profit growth driven by commodities

June 2021 quarter: year-on-year growth (%)

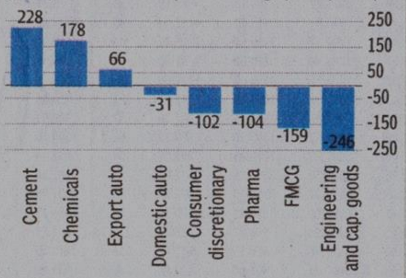


Sharp bounce in revenue, EBITDA for metal companies



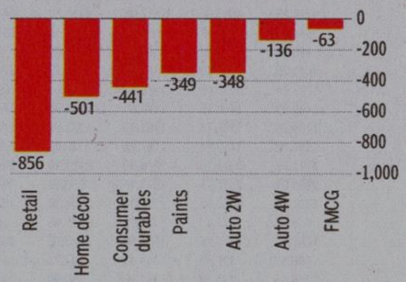
Rising input prices weigh on gross margins across sectors

June quarter vs March quarter change (basis points)



Sharp contraction in EBITDA margins for domestic consumption

June quarter vs March quarter change (basis points)



Stocks with maximum upgrades/downgrades in FY23 EPS post June 2021 results

Upgraded stocks	Upgrade in FY23 EPS consensus estimate (%)	Downgraded stocks	Downgrade in FY23 EPS consensus estimate (%)
Jindal Stainless	37.5	Interglobe Aviation	-21.6
Adani Power	34.2	Brigade Enterprises	-14.2
GMR Infra	32.0	Spice Jet	-13.5
Shoppers Stop	28.5	M & M Fin. Svs.	-9.4
Welspun India	26.2	Lupin	-9.1

Source: Edelweiss Q1Y22 Earnings Review   Note: EBITDA is earnings before interest, taxes, depreciation and amortization   Graphic: Visveswaran V

BUSINESS LINE DATE : 25/8/2021 P.N.8

Gold smuggling pegged at 300 tonnes annually

'Government losing ₹20,000 cr in revenues'

OUR BUREAU
Mumbai, August 24

The Indian Gold Policy Centre has estimated gold smuggling into the country at 300 tonnes per annum, leading to a revenue loss of ₹20,000 crore as high import duty has led to high unofficial gold trade.

The flourishing unofficial gold trade has cast a cloud on the government effort to organise bullion and jewellery trade, said the IGPC, a centre of excellence at the Indian Institute of Management-Ahmedabad, sponsored by World Gold Council.

Traditionally, lower duty leads to higher revenue collection. This fiscal, the Centre reduced the Customs duty to 7.5 per cent from 12.50 per cent in the Budget, but it levied an additional 2.5 per cent Agriculture Infrastructure Development Cess and 10 per cent Social Welfare Surcharge on the customs duty.

This resulted in the duty being reduced by only two percentage points including GST compared with 16 per cent before the Budget.

Bullion bank

Calling for a dedicated Bullion Bank to conduct transparent transactions even at the retail level, IGPC said the government should create market infrastructure institutions and facilitate their sustained growth through policy measures.

The International Financial Services Centres Authority is a great start but it can succeed only if there is an infrastructure of bullion banking in the country.

The hesitation to allow banks get into the bullion banking and make that as an important business unit of a bank was visible in the amended GMS (gold monetising scheme) released by RBI in April.

Central banks have to be risk-averse but that doesn't mean an approach with a calculated risk with downside floor levels built into the design should be ignored.

There should be a starting point towards creation of bullion banks in the country, an ideal approach would be to allow a few select banks be licensed as bullion banks based on their risk management, compliance processes and size of the balance sheet, it said.

Way forward

There is an urgent necessity to create policy measures that incentivise honest businesses especially when they have complied with all the requirements to integrate themselves into the formal markets.

Both the government and the industry have a key role in building a trust-based ecosystem that can help the Indian gold industry achieve its full potential, said the report.

THE ECONOMIC TIMES DATE : 25/8/2021 P.N.10

Iron Ore Spikes with Commodities Set for Demand Revival

Rebound comes after losing quarter of its value in the past month on China's push to curb steel production

Bloomberg

Iron ore futures surged in Singapore as concerns over the economic fallout from the delta variant recede and prospects for additional stimulus in China sparked a recovery in industrial-metals markets.

Futures in Singapore rebounded as much as 11% on Tuesday as a potential boost to the US vaccination drive lifted sentiment across financial markets. China's success in stamping out its Covid-19 outbreak bolstered the outlook for commodities from copper to oil.

Iron ore's revival came after it lost about a quarter of its value in the past month, as China's push to curb steel production hammered demand. But steel and other industrial commodities have rebounded this week, after China's count of daily Covid cases fell back to zero and central bankers vowed to step up support for the real economy. Coking coal in China hit a record on Tuesday, while copper has also recovered amid signs that Chinese consumers are on a buying spree.

"Iron ore just cannot be the only one lagging while everything else in steel space is massively bid," Xiaoyu Zhu, a metals trader at StoneX Financial Inc., said by email. "After the price spike in coal products in the last two days, it's hard for iron ore to stay quiet."

Still, market watchers are pointing to more volatility to come amid a complex policy backdrop in China, as well as an uneven global recovery.

In China, "people are hoping for some further stimulus targeting the infrastructure sector, as real estate and manufacturing are looking bleak," said Erik Hedborg, principal analyst at CRU Group. "In the rest of the world, we are seeing steel production stabilizing at levels below pre-pandemic levels."

Iron ore in Singapore closed 9.1% higher at $148.10, and was little changed at the start of the overnight session.

Futures in Dalian closed 8% higher. Rebar and hot-rolled coil climbed over 2.5% in Shanghai.

BUSINESS LINE
DATE : 28/8/2021 P.N.9

NMDC to assist NINL mine iron ore in Odisha

OUR BUREAU

Hyderabad, August 27

State-owned iron ore major, NMDC, will provide technical and financial assistance to Neelachal Ispat Nigam Ltd (NINL) to resume mining operations in Odisha.

NINL iron ore mines at Mithirda mine block resumed operations today in the presence of Sumit Deb, CMD, NMDC and RK Jha, MD, NINL.

Under the aegis of the Ministry of Steel, Ministry of Commerce and DIPAM, NINL approached NMDC for support.

NMDC signed a MoU to extend assistance to NINL.

NINL, a Joint Venture Company of MMTC, IPICOL, OMC, NMDC and others has set up a 1.1 million tonne a year Integrated Steel Plant at Dubri, Jajpur in Odisha. The company acquired the mining lease for captive production of iron ore in January 2017. NINL received permission for merchant sale of iron ore for one million tonnes per year for two years to augment the iron ore production in the State and meet the expenses of the company.

Sumit Deb said, "Iron ore mining by NINL will not only ease ore scarcity in the State but will go a long way in eliminating the financial constraints faced by NINL. NMDC extends full support to the NINL in their new endeavour."

BUSINESS LINE DATE : 29/8/2021 P.N.6

Outlook for gold remains weak

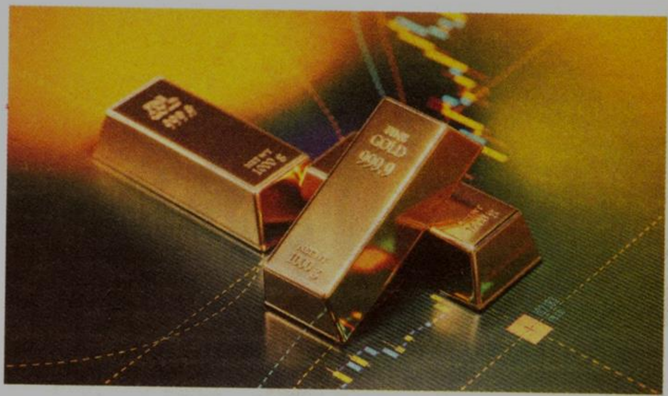
While gold gained 0.8 per cent last week, prolonged consolidation at current levels is not good

AKHIL NALLAMUTHU
BL Research Bureau

Lockdown restrictions being gradually lifted seem to be helping gold, which is reflected in the India's import data. According to World Gold Council (WGC), Indian official imports rebounded in July as States eased lockdown restrictions. Imports totalled 72.3 tonnes in July 2021, which is more than double the 29.7 tonnes imported in June 2020. It more than tripled compared to 15.8 tonnes imported in June 2021. The Council expects imports to be better in August 2021 as well. The correction in price during the month is expected to result in increased retail demand in India.

The Reserve Bank of India (RBI) purchased an additional 5.6 tonnes of gold in July after adding 9.4 tonnes during the previous month, thus taking the total gold holdings of the central bank to 711.2 tonnes i.e., 6.7 per cent of the total reserves. WGC predicts that the central bank is likely to buy gold at the same or higher levels than in 2020, creating tailwinds for the yellow metal. While fundamentals seem to be improving, trading signals in bullion are not very encouraging.

Last week, gold ended the week with 2 per cent gain at $1,816.7 per ounce and futures (October series) on the Multi Commodity Exchange (MCX) closed at ₹47,538 (per 10 grams) gained 0.8 per cent. On the other hand, silver ended with a gain of 4.3 per cent by wrapping up the week at $24 per ounce; the December futures of silver on the MCX gained 2.5 per cent as it closed at ₹64,063 (per 1 Kg) on Friday.



MCX-Gold (₹47,538)

Extending the sideways trend from the week before, the October futures of gold was trading flat last week too. The horizontal price pattern shows that the contract is being held within ₹47,000 and ₹47,600. Unless either of these levels are breached, the direction of the short-term trend will be unclear.

However, price action on the daily chart shows that the futures has been bearish since early June as it continues to form lower lows and lower highs. Also, the recent price movement shows that ₹47,600 has been resisting the bulls strongly. That means, the trend may be inclined towards a downward swing so long as the price lies below resistance at ₹47,600. The contract price also lies below the 50-day moving average (DMA), a bearish signal.

In addition, the relative strength index (RSI) and the moving average convergence divergence (MACD) indicators on the daily and weekly charts lies in the negative zone. Given that gold futures has been weak for nearly three months, prolonged consolidation at current levels will increase the likelihood of bears gaining back control thereby dragging down the price.

Taking the above factors into account and that the price point of ₹47,000 is a support, traders can initiate fresh short positions of the contract if it decisively breaks below this support; in this case, stop-loss can be placed at ₹47,800. The immediate support below ₹47,000 can be seen at ₹46,650 and breach of this level can result in the contract retesting the prior low of ₹45,660. Hurdles above ₹47,600 are at ₹48,000 and ₹48,500.

MCX-Silver (₹64,063)

Similar to gold futures, silver futures (December series) has also been charting a sideways trend for the past couple of weeks i.e., it has been moving across the price band of ₹62,000 and ₹64,700. While the near-term trend is uncertain, the medium-term trend is bearish, and it will stay so until the price remains below ₹70,000. The 21-DMA currently coincides with the upper end of the range i.e., ₹64,700, making it a considerable barrier.

Looking at the price action since July, the contract has been consistently stopped by the 21-DMA, meaning, sellers have been using this level to create fresh short positions resulting in a dip in price. The RSI on the daily and weekly charts continues to hint at bearish bias and the daily average directional index (ADX) shows that the downtrend possesses considerable momentum. However, the MACD on the daily chart is now showing some signs of recovery and the drop in the number of outstanding open interests (OI) of all active contracts over the past week (to 10,657 contracts from 16,531 contract by the end of previous week) hints that the bears are losing strength. Yet, the recovery cannot be sustainable at least until the contract surpasses resistance at ₹64,700.

The above factors might call for going short on silver futures. But participants are recommended to wait for the breach of the support at ₹62,000 i.e., sell the December silver futures below ₹62,000 and maintain stop-loss at ₹64,000. If the contract slips below ₹62,000 it will most probabl touch the psychological level ₹60,000 in the near-term. Support low ₹60,000 is at ₹58,000. If the tures rally beyond ₹64,700, it ca tentially rise to ₹66,800 – the n resistance.

BUSINESS LINE DATE : 29/8/2021 P.N.2

WILL METALS CONTINUE TO SHINE?

Base metals have been soaring since the outbreak of the Covid-19 pandemic. Chinese demand, supply constraints and stimulus measures by major economies have pushed up metal prices. Here are insights from **Akhil Nallamuthu** on the rally and where it is headed

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BUSINESS LINE DATE : 29/8/2021 P.N.2

ALUMINIUM

Gleam may sustain on higher demand

What drove prices?

So far this year, aluminium has been the best performing base metal, gaining about 36 per cent. This gain is despite the 4.5 per cent y-o-y increase in production in the first half of the year to 33.5 million tonnes, according to International Aluminium Institute data. Similarly, it had gained by 11 per cent in 2020 even as the production went up by 2.6 per cent to 65.3 million tonnes.

The primary driver was significant imports by China. Imports in April to December 2020 more than quadrupled to 2.4 million tonnes as against corresponding period of preceding year. Between January and July this year, China imported nearly 1.5 million tonnes of unwrought aluminium and aluminium products — about 21 per cent higher compared to the corresponding period of 2020, as per data of General Administration of Customs, China. Increasing economic activity across the globe too contributed to demand.

As price remained strong, major metal companies in India benefited and their margins expanded. For instance, the aluminium segment of Hindalco Industries' EBITDA margin in Q1-FY22 stood at 37.5 per cent, highest in the last thirteen years and another major player, Vedanta Limited, recorded an EBITDA margin of 36 per cent, its highest level.

Key takeaways

- Chinese demand pushed price higher
- Stricter emission norms in China could hurt supply
- Technically bullish till price remains above ₹180

What lies ahead?

Prices may continue to be strong, going forward. US rating agency Fitch Solutions expects demand growth (3.3 per cent) to be higher than output growth (2 per cent) in 2021. Construction, auto and transport contribute to about half of aluminium demand globally. While semiconductor shortage has wreaked havoc on the auto industry, many countries are set to embark on infrastructure spending, which could keep up the expected demand for the metal.

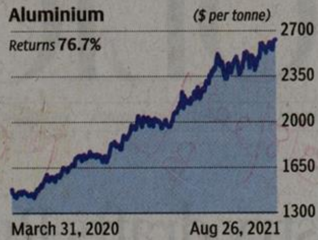
Another key factor that could support prices is stricter emission norms in China, which could hit production. But new, greener capacity is being ramped up quickly. This means that China, the largest producer, which is looking to cap production capacity at 45 million tonnes, could hit this cap next year. Thus, scope for supply increase is limited.

Supply side constraint and simultaneous increase in demand as industrial activity recovers are likely to keep aluminium prices on the higher side for the rest of the year — the price is likely to rule at $2,830 on the LME as the chart suggests. As the outlook for the metal is positive, aluminium majors in India are likely to maintain good performance at least for the next couple of quarters.

On the charts

The price of continuous contract of aluminium on the MCX has had a strong base at ₹128 since 2018. However, it was unable to establish a rally until 2020. The attempt to go northwards in April and October 2018 was blocked by resistance at ₹170. But after bouncing off ₹128 in May 2020, the contract built a strong rally and broke out of ₹170 this year. In July, it went past ₹200 mark.

The metal is in an



uptrend. As long as futures price stays above ₹180, the major trend will be bullish. But the relative strength index (RSI) and moving average convergence divergence (MACD) on the weekly chart show bearish divergence, implying there could be a correction before the next leg of up-move. The futures has potential to reach ₹225 before end of year. But watch for any price moderation as a break below ₹180 could alter near-term trend to bearish.

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BUSINESS LINE DATE : 29/8/2021 P.N.2

COPPER

Red metal likely to remain range-bound

What drove prices?

Copper was the best performer among base metals in 2020, sporting a return of 26 per cent. The red metal carried forward the performance in 2021 as well and has gained 22 per cent so far this year. On Friday, the metal quoted at $9,424 per tonne on the LME.

The price rise in 2020 was due to demand powered by China, the largest consumer. International Copper Study Group (ICSG) data shows that refined copper deficit was 604kt (604,000 tonnes) in 2020 and it has been steadily increasing since 2018.

But the price has softened after hitting the decade high of $10,729 in May as Chinese demand slowed. From January to July 2021, Chinese imports amounted to 3.2 million tonnes, 11 per cent lower than the same period in 2020. But ICSG expects refined copper demand to grow 7 per cent for world, ex-China.

What lies ahead?

Several worker unions of mines across Chile, the largest producer of copper (about 30 per cent of world's total), are on strike, triggering the fear of disruption in mining output. However, the union of Escondida, the world's largest copper mine, has struck a deal with the management, raising hopes that a similar agreement can be reached between other mining companies and their unions.

ICSG expects refined copper production to go up by 3 per cent in 2021 whereas consumption is estimated to remain flat, possibly resulting in small surplus of 80kt. So, price may not see any significant rise during the rest of 2021 unless there is disruption in supply-demand dynamics.

However, the price may not fall as industrial nations like the US, Germany and Japan are seeing increased manufacturing activity — the manufacturing PMI (Purchase Managers' Index) of these countries shows considerable expansion.

Moreover, copper finds its way into various applications like electrical vehicles, renewable power projects and construction; therefore, demand might stay in support of the price. By the end of this year, the price can be expected to be at around $9,600 as per charts.

Key takeaways

- Deficit steadily increasing since 2018
- Supply distortion possible due to strike in Chile
- Price likely to consolidate in the short term

Because of the increasing trend in copper price since April 2020, Hindustan Copper, an integrated player, was able to achieve an EBIDTA margin of 24.4 per cent in FY21 and 47.1 per cent in Q1-FY22 whereas margin realisation of Hindalco Industries was miniscule as it imports copper concentrate to convert it to metal. Vedanta's Sterlite Copper plant in Tamil Nadu remains shut. In the next one to two quarters, copper price can be expected to remain at current elevated levels, from which Hindustan Copper can benefit though the likelihood of significant price rise is low.

On the charts

Between the beginning of 2018 and March 2020, copper futures on the MCX was trading in a broad sideways trend, largely between ₹400 and ₹470. While it slipped below ₹400 in March to mark a low of ₹335, it saw a quick revival. The price started to accelerate upwards, eased past ₹470 in July last year and went on to hit a fresh high of ₹813 in May this year.

Copper has been experiencing a slowdown since then; the closing price on Friday was ₹719. The price band of ₹680 and ₹700 offers substantial support and similarly, on the upside, ₹775 acts as a barrier. Until either ₹680 or ₹775 is broken, the next swing in price will remain uncertain. The contract can be expected to end this year within this band.

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BUSINESS LINE DATE : 29/8/2021 P.N.2

ZINC

Polish may not last

What drove prices?

Zinc supply remained surplus to requirements in 2020 as global demand for refined zinc fell by 3.9 per cent to 13.2 million tonnes, International Lead and Zinc Study Group data shows. Despite this, zinc gained 19 per cent last year on the LME due to two reasons: one, global mine production shrank 4.9 per cent and two, increase in demand from China. Usage of refined zinc in China was up by 1.3 per cent. This, coupled with a drop in mine production (including 3.7 per cent decline in China), resulted in the country importing more refined zinc last year.

Even as mine output grew by 11.3 per cent in the first four months of 2021, the consumption of refined zinc shot up by 10.1 per cent during this period with substantial rise in demand in China, according to ILZSG. Notable increase in demand was seen in other countries, including Brazil, India, Japan, South Korea, Taiwan, Thailand and Turkey. This led to contraction in surplus between January and April and the metal gaining 10 per cent year-to-date, supporting the price.

Key takeaways

- Reduced mine production and Chinese demand lifted price
- Supply expected to exceed the demand in 2021
- Upward price trajectory losing steam

What lies ahead?

ILZSG forecasts the growth of refined zinc usage (4.3 per cent to 13.78 million tonnes) to be higher than production (3.1 per cent to 14.13 million tonnes) in 2021, resulting in contraction in surplus to 353kt as against 501kt in 2020. Consumption is anticipated to be go up by 1.8, 6.9 and 15.4 per cent in China, Europe, and Japan, respectively, which is good for prices. But this might have already been factored in, so there might not be much upside henceforth in 2021.

In addition, demand can be lower because of slowdown in automobile production. More than 50 per cent of the zinc produced is used for galvanising aluminium and steel to prevent corrosion and auto industry is one of the largest consumers of aluminium. That said, demand for galvanised steel can come from infrastructure and consumer durables industry. However, zinc is expected to be at a surplus and there will not be significant impact on prices. Our view is that the price is likely to stay within the band of $2,850 and $3,080 per tonne on the LME by end of this year.

Hindustan Zinc Limited, one of the largest zinc and lead producers in India, saw improvement in revenue and margin as metal prices rose. Revenue went up by nearly 22 per cent and operating margin stood at 52 per cent in FY21. Revenue climbed by nearly 64 per cent y-o-y in Q1FY22 and operating margin was at 54 per cent. However, the price might stay flat or see a minor decline over next couple of quarters, which might pull down company performance.

On the charts

The continuous futures contract of zinc on the MCX was oscillating between ₹162 and ₹232 from the beginning of 2017 until March 2020. After briefly dropping below ₹162 (and hitting a multi-year low of ₹123.6 in March 2020), the contract recovered and headed towards ₹232 in February this year. This time, the futures rallied past ₹232 and marked a high of ₹253.8 last month. However, it seems to be losing steam since March and volume too has subsided the past couple of months. The contract could struggle to continue the uptrend. But it has a strong base in the range of ₹232 and ₹240. These factors indicate the contract could remain within ₹240 and ₹260 by the end of this year.

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BUSINESS LINE DATE : 29/8/2021 P.N.2

LEAD

Grey prospects

What drove prices?

Lead remains the weakest base metal since 2020, underperforming other metals. While it made a modest gain of 3 per cent in 2020, the year-to-date return in 2021 now stands at 14 per cent. Even as all base metals rallied last year, lead could not find its way up as global demand for lead fell faster (6 per cent) than refined lead production (4.1 per cent), creating a surplus of 255kt. About 80 per cent of lead goes into battery making (lead-acid batteries) and as auto sales slumped because of the pandemic, the usage of lead fell considerably.

The gain in 2021 so far is largely because of the demand pick-up, which remained higher than production.

According to International Lead and Zinc Study Group (ILZSG) data, the demand growth in the first four months of this year stood at 11.2 per cent against the production growth of 10.8 per cent. The stocks in LME came down by 55 per cent (to nearly 60kt tonnes) compared to the level by the end of last year, putting upward pressure on the prices. But whether this rally can sustain depends on the factors, discussed below.

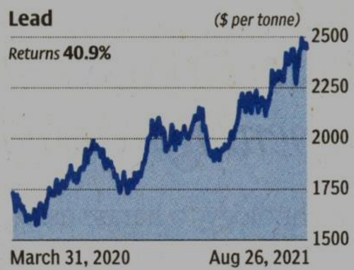
What lies ahead?

According to ILZSG, the global demand in 2021 is expected to grow by 3.9 per cent to 11.97 million tonnes with usage expected to rise in Europe, India, Japan, and South Korea. On the supply side, despite the closure of a 100kt per year capacity smelter in the US, refined lead production is predicted to rise by 3.3 per cent to 12.07 million tonnes, leaving excess 96kt of lead this year. Refined lead production is also aided by recycling of old batteries due to non-use following lockdown restrictions.

As things stand, the gain of 14 per cent this year is likely to have priced-in the positive factors and going ahead, sober demand because of less production in automobile sector might weigh on the metal price towards the end of the year. Beyond that, considering the pollutive nature of lead, preference of lithium-ion batteries over lead-acid batteries can be a dampener over the medium to long-term prospects of the metal. As countries move ahead with environment-friendly policies, lead might find itself being left behind. On the back of the above factors, we see high possibility of LME price declining to $2,150 per tonne by the end of 2021.

Key takeaways

- Weakest base metal since 2020
- Excess supply could drag price lower
- Chart showing bearish indications



On the charts

The price of lead futures on the MCX was fluctuating within ₹132 and ₹172 between early 2017 and March 2020. Backed by the rally that began off the support at ₹132 in May 2020, the contract steadily gained and moved beyond ₹172 to reach ₹182 in February this year. Since then, it has been losing momentum and made several failed attempts to break out of ₹182. But this level stays valid and the price action on the week chart shows that the price band of ₹172 and ₹182 is likely to be a critical barrier for the contract.

The contract remaining below ₹182 for a prolonged period will only make the resistance at ₹182 stronger, thus reducing the possibility of a fresh rally beyond that price. While the contract is yet to witness a bearish trend reversal, the way the contract has been trading of late hints at that possibility. In price terms, a break below ₹165 could mean that the trend has turned southwards, which is a possibility. The lead futures might slowly correct towards ₹165 towards December end.

NAVBHARAT DATE : 30/8/2021 P.N.9

360
रुपये बैग चल रही कीमत

57
रुपये प्रति किलो लोहा

लोहा और सीमेंट का झटका

16,000 से 20,000 चल रहा रेत का डोजर

■ नागपुर, व्यापार संवाददाता. बेकाबू होती महंगाई ने निर्माण कार्य करवाने वालों का बजट बिगाड़ कर रख दिया है. सरिया, सीमेंट, ईंट की कीमतें अभी आम आदमी के बस के बाहर चल रही हैं. सरिया पिछले वर्ष की तुलना में अभी बहुत अधिक महंगा चल रहा है. पिछले वर्ष जहां यह 42 से 45 रुपये प्रति किलो था, वहीं इस वर्ष यह 65 रुपये प्रति किलो पर पहुंच गया था लेकिन अभी 57 से 58 रुपये प्रति किलो पर है लेकिन इसके बाद भी इसके दाम इतने कम भी नहीं हुए हैं कि आम आदमी को राहत दे. वहीं सीमेंट बैग की कीमत भी 360 से नीचे ही नहीं उतर रही है. लोहा और सीमेंट के मुकाबले रेत के डोजर की कीमतें उतरी हैं लेकिन इसमें भी अलग-अलग घाट की अलग-अलग कीमत चल रही है. इस समय भंडारा से आने वाले रेत डोजर की कीमत जहां 20,000 रुपये चल रही है, वहीं कन्हान के घाट से आ रही रेत का डोजर 16,000 रुपये में मिल रहा है लेकिन लोग भंडारा की ही रेत अधिक पसंद कर रहे हैं.

बजरी भी पड़ रही महंगी

व्यापारियों के अनुसार सरकार ने बजरी पर रॉयल्टी 3 रुपये स्क्वे. फुट बढ़ा दी है. इसके चलते 200 फुट की गाड़ी पर सीधे 600 और 400 फुट की गाड़ी पर 1,200 रुपये की बढ़ोतरी हो गई. वहीं अभी ईंट भट्टा बंद होने के चलते इसके भाव में बढ़ोतरी देखी जा रही है. इस समय ईंट के भाव 6,200 रुपये चल रहे हैं. वहीं डीजल महंगा होने से माल भाड़े में बढ़ोतरी का असर भी आम व्यक्ति पर पड़ रहा है.

बजट में बढ़ोतरी से बिगड़ी स्थिति

व्यापारियों के अनुसार सीमेंट के बढ़ते भाव ने लोगों के सपनों के आशियाने का बजट बिगाड़ दिया है. गृह निर्माण में प्रमुख भूमिका निभाने वाले सीमेंट और लोहा गरम चलने की वजह से आम आदमी को काफी दिक्कतों का सामना करना पड़ रहा है, जो बोरी 320 रुपये में मिल जाया करती थी वह अभी लोगों को 360 से 370 रुपये में खरीदनी पड़ रही है. जिन लोगों ने गृह निर्माण की शुरुआत की है उन्हें अभी घर बनाना बहुत ज्यादा महंगा पड़ रहा है. 3 माह पहले तक सीमेंट के भाव करीब 400 रुपये के ऊपर पहुंच गये थे. अभी गिरावट के बावजूद भाव 360 से 370 रुपये पर ही जमे हुए हैं. सीमेंट कम्पनियों की मनमानी के चलते ही भाव नीचे नहीं आ पा रहे हैं.

BUSINESS LINE DATE : 31/8/2021 P.N.7

Steel companies seek support to meet 2030 emission goals

Target feasible only if cost is shared by govt, consumers, firms say

SURESH P IYENGAR

Mumbai, August 30

Steel companies hope the huge cost of transition to achieve net zero emission will be shared by the government, industries and consumers, as it is being done globally.

Developed economies have set a stiff deadline to become carbon-neutral and expect fast developing countries, such as India and China, to reduce emissions to moderate global warming.

The US has set a net zero carbon emission target of 2050 with 52 per cent reduction from 2005-level in economy-wide net greenhouse gas pollution by 2030.

Europe is also working to meet zero emission even while hitting carbon peak by 2026. It is banking on emerging hydrogen technology for its clean energy and fuel needs.

As the world's largest greenhouse gas emitter, China expects emission to peak by 2030 before achieving net carbon neutrality by 2060. Steel companies, one the most polluting industries, has been struggling with the most inefficient producers shutting shop.

In a complete contrast to its earlier strategy of subsidising exports, the Chinese government has started levying tax to disincentivise steel exports. Though lower exports from China have opened fresh opportunities for Indian steel companies, they would face similar challenges sooner than later.

'Carbon allowance'

TV Narendran, Managing Director, Tata Steel told *BusinessLine* that the cost of transition to green energy is huge, and it has to be shared by the government, industries and consumers. For instance, he said, European companies are given certain carbon allowance and if they save on the allowance, they can sell it in the market but will be forced to buy it if they breach the target. "They also have carbon border adjustment mechanism to discourage a company making steel outside Europe and selling it to them," he added.

As per the Paris Accord, India has to reduce carbon intensity by 33% by 2030

The Indian government has taken a decision to stick to the Paris (Agreement) and beyond that anything will happen in India only if the developed world writes a cheque. "Hopefully, some convergence will happen at COP26 (UN Climate Change Conference) based on different views," said Narendran.

Support for net zero

Echoing Narendran's views, Seshagiri Rao, Joint Managing Director, JSW Steel said every global company, which is working towards net zero emission, has supported either by grants or concessional financing to achieve carbon neutrality.

As per the Paris Accord, India has to reduce carbon intensity by 33 per cent by 2030. For this, industries have to switch 40 per cent of their power consumption to renewables. "Steel companies too are working on this, but this only helps reduce emission but not become carbon neutral," he added.

Besides the Indian government, developed countries should also provide the technology and subsidise the cost of developing economies effort to cut down greenhouse emission as these countries emitted more carbon and developed their economy, said Rao.

"Consumers mindset should also change to pay more for the green products as producers have to incur higher cost on technologies," he added.

THE HINDU DATE : 31/8/2021 P.N.14

Resume coal supply: aluminium sector to CIL

'Ad hoc halt hit captive power plants'

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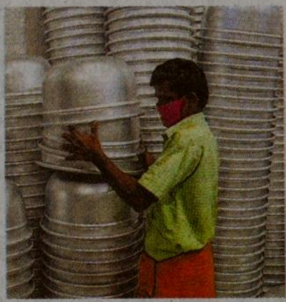

The Aluminium Association of India (AAI) on Monday sought intervention of state-owned CIL to normalise the precarious situation that has arisen due to stoppage of coal supplies and rakes for captive power plants, resulting in paucity of dry-fuel for the aluminium sector.

This 'ad-hoc decision' without advance notice has brought the industry to a standstill with 'no time' to devise mitigation plans to continue sustainable operations, the AAI said in a letter to the CMD of Coal India Ltd. (CIL).

"This has reference to the crisis situation that has developed for the entire aluminium sector due to the recent ad hoc decision for stopping/drastically curtailing the coal supplies and rakes for captive power plants (CPPs) resulting in a coal crunch situation for aluminium sector," the letter said.

Also, resorting to imports at short notice was not feasible, it said. The aluminium industry's CPPs have signed fuel supply pacts with CIL and its subsidiaries for assured coal supplies.

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