खनिज समाचार

KHANIJ SAMACHAR

Vol. 4, No-23

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 4, NO-23 , 1st – 15th DECEMBER , 2020

Centre's decision to drop out of RCEP will benefit steel firms

'FTAs, including one with China, will pose a major threat for domestic producers'

OUR BUREAU
Mumbai, November 30

The government's decision to not sign the Regional Comprehensive Economic Partnership (RCEP) agreement comes as a major relief for the steel sector.

In the recent past, the Indian steel market has been flooded with cheap imports from RCEP members such as China, South Korea, Japan and Vietnam. Any multilateral free-trade agreements, including one with China, would pose a major threat for domestic producers.

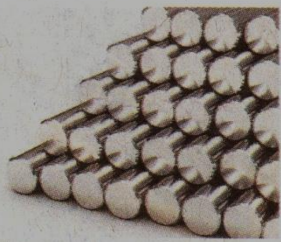
Indian producers can effectively seek benefits of such partnerships only if adequate safeguard mechanisms are in place, said an India Ratings report.

India already has trade agreements in place with the ASEAN countries, Japan and South Korea, which could be leveraged for relevance in the Asian steel market through negotiation and collaboration.

Moreover, Indian steel producers have low reliance on exports, and opting out should not materially impact long-term investments and export plans under the National Steel Policy, 2017. Significant capacity expansion plans in India are largely based upon a healthy medium-to-long term demand outlook. India Ratings expects long-term domestic steel demand growth to remain robust at 7 per cent, supported by healthy economic growth and gross fixed capital formation.

China steel capacity

Allowing China to tap the Indian market duty-free could be perilous, as its large capacity can create a huge imbalance in domestic demand-supply dynamics.



The report from India Ratings also called for adequate safeguards for domestic firms

China's total steel capacity and domestic steel consumption is about 10 times that of India, and about half of the total world. Hence, any minor demand or supply fluctuations in China could result in serious implications for the global steel dynamics.

Additionally, China's stimulus measures including export incentives to its steel industry further pose risk of China dumping steel globally. With India being the largest steel market after China, it becomes an important destination for the latter to dump its oversupply.

Compared to China, India's overall cost of steel deliveries is estimated to be higher by about $40 a tonne due to the cost disadvantages of about $90 a tonne such as inferior logistics and infrastructure, higher royalty and tax burden on mining, expensive power and cost of capital.

India also has high reliance on imported coking coal, which poses raw material availability and price risks, constraining India's steel sector competitiveness.

However, India has a cost advantage of about $50 a tonne, mainly in the form of the country's cheap iron ore and labour availability.

Steel prices gain Rs 2,000 per tonne in last 20 to 25 days

■ **Business Bureau**

AS THE markets are on the path of recovery from the COVID-inflicted losses, prices of some of the commodities are showing an upward trend. Steel is one such commodity which has registered a considerable hike in the past 20 to 25 days.

Prices of 8 mm steel bars that were at Rs 38,500 per tonne (excluding 18 per cent GST) before Diwali have jumped to Rs 40,500 per tonne on Tuesday. Similarly, the cost of 10 mm to 25 mm bars went up from Rs 37,500 (excluding 18 per cent GST) to Rs 39,500 per tonne over the same period.

Moreover, the market observers are expecting the prices to further climb up in coming days as construction activities are gaining momentum.

Market experts attribute the rise in prices to various reasons ranging from increased demand for steel in the domestic markets to international parameters.

TMT BARS	PRICE / TONNE ON TUESDAY
8 mm	Rs 40,500 + 18% GST
10/12 mm	Rs 39,500 + 18% GST
16/20/25 mm	Rs 39,500 + 18% GST

Senior Vice-President of Steel and Hardware Chamber of Vidarbha Rajesh Sarda said that there is demand and supply mismatch of steel in the international market. "The prices are flying high in the international markets as China is buying huge quantities of iron ore which has eventually created a shortage of raw material for steel manufacturers," he clarified.

He said that most of the steel manufacturers of the region are buying raw material at a higher level as compared to prices prevailing 15 to 20 days back.

Sarda urged the Government to take steps to control prices hinting at initiating measures to bring down prices of iron ore. "The policy makers should restrict export of iron ore so that the domestic markets could get enough of it. I hope this step will bridge the gap between demand and supply of the raw material and steel prices will come down," he felt.

Recently when the Governments lifted lockdown imposed due to novel coronavirus, construction activities including work on mega projects have resumed.

Apart from this, builders and developers and others have also started work on their respective sites after a long gap. This has generated good demand for steel products and other material.

THE HITAVADA
DATE : 2/12/2020 P.N.5

NMDC's iron ore output falls 4.81 pc to 17.98 MT

NEW DELHI, Dec 1 (PTI)

NMDC on Tuesday reported a 4.81 per cent fall in iron ore production at 17.98 million tonnes (MT) during April-November period of the ongoing fiscal. The company had produced 18.89 MT iron ore during the same period of financial year 2019-20, NMDC said in a BSE filing. Iron ore sales fell to 18.73 MT during the period as against 19.99 MT in April-November of preceding financial year.

However, iron ore production rose to 3.32 MT in November from 2.94 MT in the same month a year ago.

The company's sales also increased to 3.30 MT in November from 2.79 MT a year ago period.

THE HITAVADA DATE : 3/12/2020 P.N.15

Thoothukudi copper plant: No immediate SC relief for Vedanta

EXPRESS NEWS SERVICE
NEW DELHI, DECEMBER 2

THE SUPREME Court on Wednesday declined to grant any immediate interim relief to Vedanta Ltd to run its copper smelter plant in Tamil Nadu's Thoothukudi and said it will hear in detail its plea challenging the state government's decision to close the plant over allegations of environmental pollution.

A three-judge Bench headed by Justice R F Nariman posted the company's appeal, which challenged the Madras High Court verdict upholding the Tamil Nadu government's decision, for hearing in January 2021.

The State Pollution Control Board had, in April 2018, refused to renew the Consent to Operate certificate for the plants on the grounds that it had failed to adhere to norms. Subsequently, protests against the plant led to police firing in which 13 people were killed. Following this, the state government ordered the permanent closure of the plant.

In December 2018, the National Green Tribunal (NGT) allowed the reopening of the plant, but this was set aside by the Supreme Court, which said the NGT did not have the jurisdiction, more so when an appeal was pending before the appellate authority. The Madras High Court had on August 18, 2020 dismissed the company's plea seeking permission to reopen the plant which was closed following protests over pollution.

THE HITAVADA DATE : 3/12/2020 P.N.5

Govt examining stringent provision in Mining Act, says Pralhad Joshi

NEW DELHI, Dec 2 (PTI)

UNION Minister Pralhad Joshi on Wednesday said, the Centre is contemplating stringent provision in the Mining Act so that non-serious players are terminated and barred from the auction of mines in the future. While addressing the 15th edition of Global Mining Summit and International Mining & Machinery Exhibition, coal and mines minister Joshi said that recently Odisha has completed the successful auction of large number of iron ore mines.

However, some of the successful bidders are trying to evade the process of auctions by delaying the production, he informed. "Such cases will be dealt seriously, and in coordination with the state government, we are

contemplating to bring stringent provision in the Act so that non-serious players are terminated and barred from future auctions," the minister said. He said that March was a significant month during which leases of large number of working mines expired and they had to be auctioned immediately.

The Government took a proactive and biggest industry friendly step of transferring all statutory clearances to the new lessees by promulgating an ordinance. This was a major step to ensure seamless production of raw materials and the results of this particular reform have been encouraging, he added.

The Centre, he said, is coming up with many structural reforms in the mining sector to realise its true potential.

"The proposed structural changes in the mining sector aim to increase participation of the private sector in mineral exploration, redefine the norms of exploration for auction of mineral blocks to ensure a seamless transition from exploration to production. They will also redefine the standard of exploration required for auctioning of blocks for prospecting licence-cum mining lease and open acreage licensing policy for allocation of mining rights which will give a major boost to the production of minerals in the country," the minister said.

Steel Makers Raise Prices Again as Demand Improves

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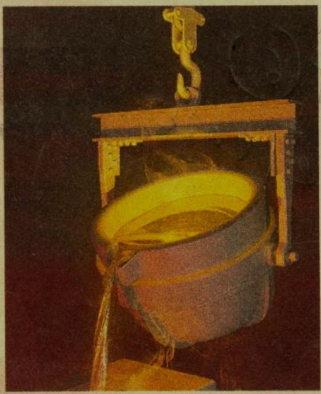
Mumbai: Indian steel mills hiked prices on December 1 amid a sharp increase in prices of iron ore, a key raw material, and improved domestic demand. Hot-rolled coil prices are at a two-year high and some analysts expect further price increases this month.

JSW Steel and Jindal Steel & Power increased prices by ₹2,500-₹2,700 per tonne and ArcelorMittal Nippon Steel raised prices by ₹2,500-₹2,750 per tonne, according to industry officials.

"International prices are up, domestic demand has improved since Q2 after it nosedived in Q1, and iron ore prices are rising due to supply shortage," said Jayanta Roy, a senior vice president at ICRA.

According to analysts, domestic hot-rolled coil prices are quoting at a two-year high of ₹47,000-₹47,500 per tonne. Rebars are at a similar level. Prices of wire rod are ₹48,000 to 49,000 per tonne, whereas special steels are up to ₹49,000 per tonne.

"Steel prices continue their uptrend with current prices higher by 20% than Q2FY21 and another 4% (or ₹2,000/tonne) hike expected in December 2020, all led by stronger regional prices," Sumangal Nevatia, an analyst at Kotak Institutional, said in a report on Wednesday.



Earnings before interest, taxes, depreciation and amortisation for steel companies are expected to rise by 8-12% for FY21 and 2-4% for FY22, Nevatia added.

"We have also increased prices along with other steel players. Today our HRC price is around ₹47,500-₹47,650 per tonne in Chennai, Mumbai and Delhi. We are in-par with the international prices and with iron ore prices inching up, we are forced to hike prices," Jindal Steel & Power managing director VR Sharma told ET.

Steel prices touched a record ₹60,000 per tonne in 2008. In November, prices were raised by about ₹2,000 per tonne.

According to analysts, steel prices have gone up by about ₹5,000 per tonne in the past three months. Internationally, prices have gone up in the US by 42%, in the EU by 25%, Japan and South Korea by 10-11% and China by 5%.

Steel prices have risen due to a shortage of iron ore.

"Odisha iron ore miners have increased prices by more than 100% in the last three months and it is at ₹6,450 per tonne," said Amit Dixit, a research analyst at Edelweiss Institutional Equities. NMDC has also hiked prices, following the Odisha miners, Dixit added.

State-owned iron ore producer NMDC is considering another price increase this month, officials said.

New iron ore miners are yet to ramp up production and that's led to a supply shortage, analysts said.

Steel firms hike prices by ₹2,700 a tonne

Prices of the metal are still at a 5% discount to the landed cost of imports

SURESH P IYENGAR

Mumbai, December 2

Steel companies have hiked prices by ₹2,500 to ₹2,700 a tonne of both flat and long products for December on the back of rising iron ore prices and strong demand for steel.

With the recent hike, the hot rolled coil prices ex-Mumbai have hit a record high of ₹47,000 a tonne, in line with a firm price trend in the international market. Despite the hike this month, steel prices are still at a 5 per cent discount to the landed cost of imports. This leaves more room for steel companies to raise prices further with increasing demand from automobile and white goods companies.

The demand from real estate sector has also started looking up following the government announcing a special package for real estate companies.

Demand for steel has been holding strong ever since the government announced stimulus package and performance-linked incentive of ₹2-lakh crore across 10 sectors spread over five years to create an ecosystem that will add ₹20-lakh crore worth of manufacturing facilities and three crore well-paying jobs.

On November 4, the price of iron lump was hiked to ₹3,600 a tonne from ₹3,450 a tonne in October

The government is also identifying various other sectors which need policy intervention, such as deregulation, hand-holding and other forms of support and incentives, especially the areas where India has potential, capability and competitive advantage to manufacture for the world.

State-run mineral producer NMDC hiked the prices of iron ore twice last month on buoyant demand.

In the first round of hikes on November 4, the price of iron lump was hiked to ₹3,600 a tonne from ₹3,450 a tonne logged in October, while that of fines was increased to ₹3,310 a tonne from ₹3,160.

Second round of hikes

Consequently, for the second time on November 17, the price of lump ore was increased by about ₹400 a tonne and that of fines by ₹300 a tonne due to supply constraints. It is expected to go up further this month.

Meanwhile, import prices of coking coal plunged to a 52-month low by mid-November, declining 27 per cent since early October 2020 in anticipation of oversupply in the global market in the medium term with the reported verbal notice of a ban on Australian coal imports by China.

BUSINESS LINE
DATE : 3/12/2020 P.N.10

COMMODITY CALL

MCX-Aluminium can make fresh gains

AKHIL NALLAMUTHU
BL Research Bureau

The December futures contract of Aluminium on MCX established an uptrend in early October as it began to rally from about ₹142. Nonetheless, the contract began to consolidate in November-end where it was fluctuating between ₹162 and ₹165.

However, on Monday, the contract broke out of the range, indicating that the uptrend has gained steam. Substantiating the bullish outlook, the daily relative strength index is showing a fresh uptick following the latest breakout. However, one need to be cautious as the indicator is approaching the over-bought territory even though there are no signs of a trend reversal. The moving average convergence divergence indicator on the daily chart remains in the positive territory. The price is well above the 21-day moving average.

Considering the current chart set-up, the contract can be expected to advance towards ₹170 in the near-term. A breakout of this level can potentially take the price to ₹175. In case of the contract undergoes correction, ₹165 can be the nearest support. Subsequent support is at ₹162. Notably, a breach of this level can turn the short-term outlook negative.

THE TIMES OF INDIA
DATE : 4/12/2020 P.N.3

Marki-Mangli block allottee accused of illegal ore export

Shishir.Arya@timesgroup.com

Nagpur: Odisha's Yazdani International that has bagged the controversial and environmentally sensitive Marki-Mangli coal block in Yavatmal is embroiled in other mining related cases too.

The coal block lies in the middle of a forest and is part of the tiger corridor. Environment activists have raised concern over mining in the area.

Report submitted by a special investigation team (SIT) in Karnataka says the company was involved in illegal export of iron ore. The company has been charged with violating Mines and Minerals Development and Regulation (MMDR) Act, apart from other violations.

A charge sheet has been filed and the case is being heard before a special judge in Karnataka. The company had filed a writ petition before the Karnataka high court seeking that the charge sheet be quashed. The plea has been dismissed over a week ago. This means, the case will go on.

TOI had earlier reported that even as the company had bagged the mine in Vidarbha through competitive bidding, Yazdani International has a negative net worth of over Rs20 crore. This raises doubt over its financial capacity to take up the project.

The allegations in the Karnataka case is that the company's managing director and director entered into a criminal conspiracy and illegally transported 49,701 metric tonne iron ore to Belikeri port in Karnataka. The ore was sold within India and also exported without proper approval, leading to a loss of over Rs6 crore to the state exchequer.

> Yazdani International has been charged with violating Mines and Minerals Development and Regulation (MMDR) Act, apart from other violations

It has been observed by the Karnataka high court that if the magistrate or court is of the opinion that there is sufficient ground for proceeding in the matter, summons have to be issued to the accused. There is no bar on the court taking cognisance of the offence under Section 379 of India Penal Code along with offence under sections (4) and (41A) of MMDR Act. The element of conspiracy, cheating and breach of trust are already reflected in the charge sheet.

Section 379 deals with theft and the provisions of MMDR Act deal with transport and storing of minerals. Senior Congress leader in Odisha Narsingh Misra said names of eight companies have emerged in connection with violation of norms related to environment and safety in the state. He said Serajuddin and Co was one of the entities.

TOI found that Serajuddin and Yazdani belong with the same group with common directors in both the entities.

Misra said he had also raised the iron ore mining issue in the legislative assembly.

BUSINESS LINE
DATE : 4/12/2020 P.N.8

COMMODITY CALL

MCX-Zinc shows bearish bias

AKHIL NALLAMUTHU
BL Research Bureau

Since the beginning of October, the December futures contract of zinc on MCX has made significant gains. Price rallied from about ₹180 and registered a high of ₹224.3 last week.

However, the price action for the past two weeks shows that the bulls are struggling to take the contract beyond ₹224 has it has been consolidating between ₹215 and ₹224. Hence, even though the trend is bullish, the next swing in price will remain uncertain until the contract continues to trade within the above mentioned price band.

Notably, the contract, currently trading around ₹215, is also testing the 21-day moving average (DMA) support which coincides at this price point. A breach of this level can alter the course in the short-term where the price could moderate towards the support at ₹210. A break below this level can intensify the sell-off, potentially dragging the contract to ₹200, a crucial base.

Though the above factors indicate that the contract can witness deeper correction, it has a considerable support at ₹215. So, traders can sell MCX-Zinc futures with stop-loss at ₹224 for a target of ₹200 if it breaches the support at ₹215.

BUSINESS LINE
DATE : 5/12/2020 P.N.8

Copper prices march to highest peaks since 2013

REUTERS
London, December 4

Copper prices pushed to the strongest levels since March 2013 on Friday as US politicians moved closer to agreeing on long-awaited stimulus spending that would boost the economy.

Copper has regularly hit new multi-year highs and shares touched record levels over the past week, boosted by news about the roll-out of Covid-19 vaccines and robust data about China's economic recovery.

A bipartisan, $908-billion Covid-19 aid plan gained momentum in the US Congress on Thursday as conservative lawmakers expressed their support. "The US stimulus news has definitely helped risk appetite, which has been strong ever since the good news about vaccines," said Samuel Burman, assistant commodities economist at Capital Economics.

"We think industrial metals prices will hold steady for the next couple of months, supported by this investor risk appetite and also by the strong economic activity out of China." Once stimulus starts to be withdrawn in China, however, prices are likely to pull back next year, Burman added.

Three month copper on the London Metal Exchange had gained 1.1 per cent to $7,759 a tonne by 1100 GMT after touching $7,774, its highest since March 2013. Copper, often used as a gauge of global economic health, was poised for a fifth straight weekly gain with a rise of 3.4 per cent.

THE ECONOMIC TIMES DATE : 5/12/2020 P.N.6

Vedanta Resources to Raise up to $700 m Via Offshore Bonds

Co plans a tender offer to buy back some existing bonds, which are maturing next year

Indulal PM & Saikat Das

Mumbai: Diversified conglomerate Vedanta Resources is set to raise up to $700 million by selling bonds to overseas investors. The company, controlled by London-based billionaire Anil Agarwal, plans a tender offer to buy back some existing bonds that are maturing next year. The funds are being raised by Vedanta Resources Finance II Plc and guaranteed by Twin Star Holdings and Welter Trading, two subsidiaries of the mining and metals multinational.

The two arms together own 38.1% in Vedanta Ltd, which is a 50.1% subsidiary of Vedanta Resources.

The company launched the issuance on Friday.

"This is basically a tender offering of bonds which are maturing in 2021. It is a 144A issue and so US-based entities can also invest in the offering," said a source with direct knowledge of the matter.

JP Morgan, Barclays, Deutsche Bank, Citigroup, DBS, Standard Chartered and Credit Suisse are the arrangers to the issue.

"The fundraising is part of an exercise to build comfort among lenders. Swapping old bonds with new bonds will extend maturities," said another person involved in the exercise. "While some exiting bondholders will surrender the old series taking on new ones, there could be new set of investors replacing the old lot," the person added.

Vedanta Resources confirmed to ET that it was raising funds.

"This is a standard bond issuance and debt management activity that companies do and help extends debt maturity. The offering is fairly standard structure and product," a company spokesperson said.

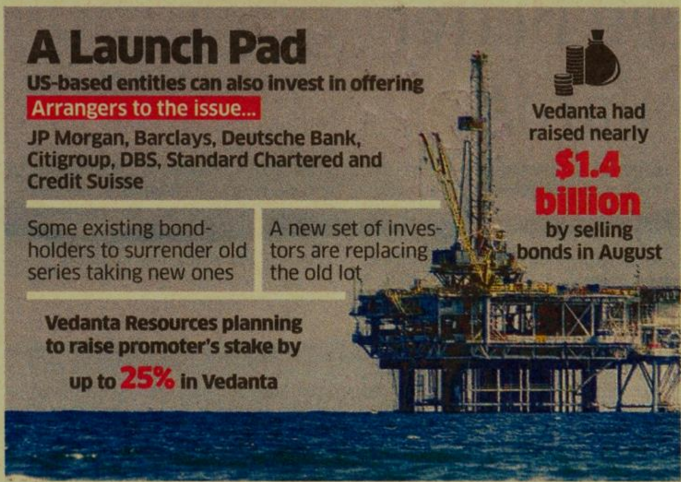
The transaction could be the first such offering after its failed delisting plans from Indian bourses in October. Though the company announced a $2.5 billion delisting plan through a reverse book building process, it could not complete the process as promoters failed to secure the required number of shares. Vedanta Resources is thinking of raising promoter's stake by up to 25% in Vedanta Ltd, ET reported on November 19.

Vedanta had raised nearly $1.4 billion by selling bonds in August to buy back shares from investors, besides another $1 billion debt facility. However, the group said it would repay these facilities as the delisting plans had failed.

Ratings agency S&P has assigned a B minus long-term issue rating to Vedanta's proposed guaranteed senior unsecured notes.

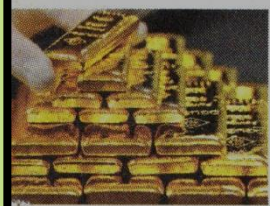
"The negative outlook on Vedanta Resources reflects the company's tight liquidity position due to its large debt maturities over the next few years," S&P Global Ratings said in a note on December 3.

"We rate the proposed notes the same as the issuer credit rating on Vedanta Resources (B-/Negative/--). We do not notch the issue rating on the notes for subordination risk because a majority of the company's assets are in India, a jurisdiction where we believe the priority of claims in a bankruptcy scenario is highly uncertain."



DAINIK BHASKAR DATE : 6/12/2020 P.N.7

सोने का आयात नवंबर में 41 प्रतिशत घटा

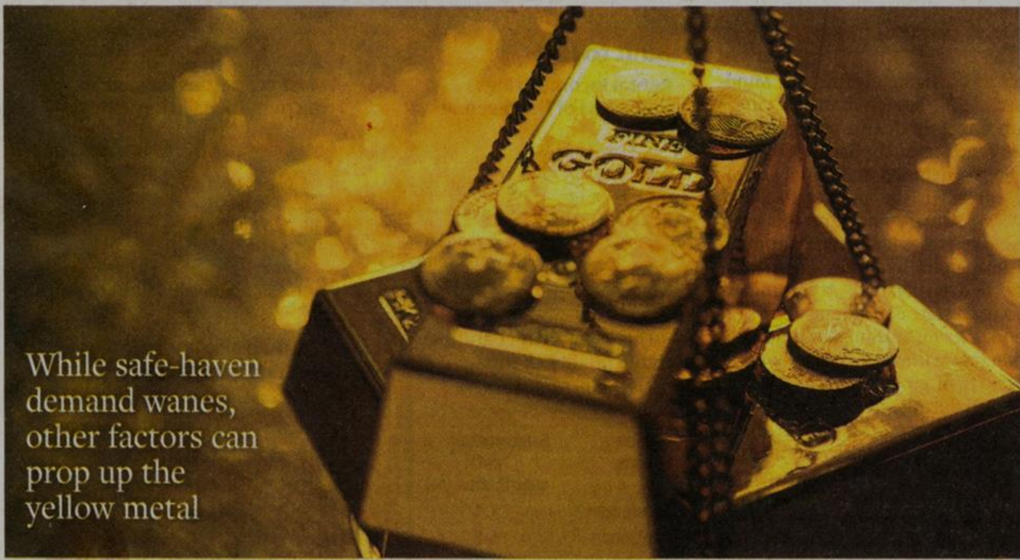


एजेंसी | नई दिल्ली. फेस्टिव सीजन के बाद भी पिछले महीने गोल्ड का आयात साल-दर-साल आधार पर 41 फीसदी गिरकर 33.1 टन पर आ गया। ब्लूमबर्ग की एक रिपोर्ट के मुताबिक आंकड़े की जानकारी रखने वाले एक सूत्र ने कहा कि अक्टूबर के 29 टन के मुकाबले हालांकि नवंबर के आयात में 14.1 फीसदी की बढ़ोतरी हुई है। जनवरी से नवंबर तक देश का गोल्ड आयात साल-दर-साल आधार पर 63 फीसदी घटकर 220.2 टन रहने का अनुमान है।

BUSINESS LINE DATE : 6/12/2020 P.N.12

Long-term trend for gold is bullish

AKHIL NALLAMUTHU



While safe-haven demand wanes, other factors can prop up the yellow metal

Fresh hopes of a coronavirus vaccine that emerged during the first week of November dragged down the prices of bullion as a safe-haven choice in recent times.Prices had already witnessed considerable correction from their peak by then.

As on Friday, the spot price of gold on the Multi Commodity Exchange (MCX) had dropped to ₹49,285 (per 10 grams) from its peak of ₹56,018 registered in early August, down by 12 per cent. Similarly, the spot price of silver had declined to ₹63,080 (per Kg) from its peak of ₹73,755 made in August, down by nearly 15 per cent.

In dollar terms, the price of gold is $1,839, 11 per cent below its all-time high of $2,075 (per troy ounce), while the price of silver is $24.2, a discount of 19 per cent from its life-high of $29.8.

What weighed on the prices of precious metals was the risk-on sentiment that followed the announcement of significant progress in the Covid vaccine by Pfizer. After the news, the stock market rally has acquired new legs while the correction in gold and silver prices has deepened. Precious metals fell despite the dollar remaining weak.

Vaccine hopes apart, other data points too weighed on the gold price. There has been a considerable fall in ETF inflows during the past few months. Global gold ETF demand was down to a little over 20 tonnes in October compared to about 165 tonnes in July. Net long positions of money managers on the COMEX have also dropped to 748 tonnes in October from 900 tonnes in July, according to the World Gold Council (WGC) data.

Hopes of a quicker rebound from world economies on positive high frequency indicators like Purchasing Managers Index (PMI), employment data etc. also fuelled optimism among investors and dimmed the allure of gold.

While gold's appeal as a safe haven may be waning, other drivers can come into play to support bullion. Higher inflation expectations that ordinarily fuel gold, the weakening dollar and the logistical challenges surrounding the distribution of the vaccine appear to be the factors that could support bullion.

MCX-Gold

After hitting a peak of ₹57,100 in the first week of August, the futures contract of gold on MCX expiring in February 2021 has been on a decline. Though the contract initially took support at the psychological level of ₹50,000, it broke below this level in the first week of November, turning the short-term outlook negative for the yellow metal. It then marked a low of ₹47,551 last week. The price has since recovered a little and closed at ₹49,172 on Friday.

Because of the recent fall, the 21-day moving average (DMA) has crossed below the 50-DMA, a bearish indication. Also, the relative strength index (RSI) and the moving average convergence divergence (MACD) indicators on the daily chart have slipped into bearish territory.

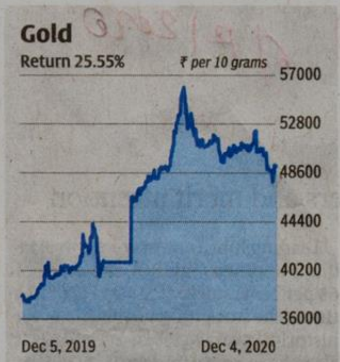
Considering the above factors, the price can be under pressure in the short-term. Further correction can drag the futures price towards a key support band of ₹45,800 and ₹46,000. However, these price levels will most likely see the decline arrested. Nevertheless, the secular trend is bullish and, therefore, investors with a longer time horizon can accumulate bullion on declines. On the upside, the price can top ₹60,000 and can even touch ₹65,000 in two to three years down the line.

MCX-Silver

Mirroring gold futures, the price of silver futures expiring in March 2021 on MCX registered a fresh high of ₹79,980 in early August. What followed was a moderation wherein the futures dipped below the key support of ₹70,000 in late September and have been since in a sideways crawl. Though there was an attempt to establish an uptrend, the contract was unable to rally and witnessed another round of sell-off since early November. As a result, the price declined and registered a low of ₹58,880 last week from where the price rebounded and closed at ₹63,813 on Friday.

The rebound has been stronger in silver compared to gold. The silver futures contract is up by about 7 per cent from its low whereas gold futures is up by about 2 per cent. As silver futures contract has largely managed to remain above the support of ₹60,000, the corrective decline looks weaker than in gold. This could be on account of silver donning two hats – one as a safe haven cousin of gold and another as a metal that has industrial applications and can benefit from industrial revival.

The RSI and the MACD indicators on the daily chart are showing a fresh uptick following the latest rebound. Both indicators have now moved to neutral region from the bearish zone, showing that the bears are losing traction. So, going forward, the futures contract is not very likely to decline below the prior low of ₹58,880. Since the overall trend remains positive, the price can potentially test ₹80,000 and even touch ₹85,000 in the long run.



NAVBHARAT DATE : 6/12/2020 P.N.1

झारखंड में 400 करोड़ का खनिज घोटाला

सरयू राय का बड़ा आरोप

नवभारत न्यूज नेटवर्क

रांची. नियम-कानून ताक पर रखकर शाह ब्रदर्स को लौह अयस्क उठाने देने के खनन सचिव के आदेश पर जो हो-हल्ला मचा है, उसके पीछे वाकई बड़े घोटाले की आशंका बलवती होती जा रही है. पूर्व मंत्री और निर्दलीय विधायक सरयू राय ने जो आरोप लगाए हैं अगर उनकी जांच हुई तो संभव है करीब 400 करोड़ रुपये का घोटाला सामने आ जाए. पूर्व मंत्री के साथ-साथ विपक्ष के नेता और पूर्व मुख्यमंत्री बाबूलाल मरांडी, गठबंधन में सहयोगी कांग्रेस के नेता और पूर्व मुख्यमंत्री मधु कोड़ा भी इसे बड़ा घोटाला करार दे चुके हैं. जांच की मांग कर शाह ब्रदर्स से धन वसूलने की बात कह रहे हैं. फिलहाल सरकार इस पर चुप्पी साधे हुए है. खनन विभाग के अधिकारी भी मुंह खोलने को तैयार नहीं हैं, लेकिन इस मामले को जितना दबाने की कोशिश की जा रही है वह और तूल ही पकड़ता जा रहा है. पुरानी कहावत है- गर्म हो लोहा, तो मार दो हथौड़ा. कथित तौर पर इसी कहावत को चरितार्थ किया है शाह ब्रदर्स ने. कोरोना संक्रमण काल से निकलकर व्यापार के जिन क्षेत्रों ने सबसे तेज रफ्तार पकड़ी है, उसमें लौह अयस्क सबसे आगे है.

- इसका एक अहम कारण यह भी है कि पिछले एक वर्ष में झारखंड और ओडिशा की कई खदानें बंद पड़ी हैं. कई में तात्कालिक तौर पर खनन बंद है. ऐसे में आपूर्ति और मांग का अनुपात गड़बड़ाया, जिससे इनकी कीमतों में बेतहाशा वृद्धि हुई है. कुछ इलाकों में तो दो गुना से लेकर तीन गुना तक इनकी कीमतें बढ़ी हैं.
- वैश्विक बाजार में भी लौह अयस्क की कीमतों में 7 से 15 फीसद तक बढ़ोतरी हुई है. मार्च-अप्रैल में तीन से चार रुपये प्रति टन बिकने वाला लौह अयस्क वर्तमान में 7,000 से 10000 रुपये प्रति टन की दर से बिक रहा है. दरों में थोड़ा-बहुत अंतर भी है. जैसा उत्पाद वैसी कीमत.
- विधायक सरयू राय के स्तर से जो आरोप लगाए गए हैं उसके अनुसार जब शाह ब्रदर्स की 2019 में ही लीज रद हो गई थी .जो स्टॉक बचा था, वह राज्य सरकार की संपत्ति थी. जब सितंबर में शाह ब्रदर्स ने खान विभाग को रिपोर्ट फाइल की थी तो बताया था कि उनके पास 3 .60 लाख टन स्टाक बचा है, जबकि उन्हें अनुमति 5 .70 लाख टन लौह अयस्क बेचने की दी गई.

Hindalco to invest ₹7,000 crore in 'next few years' to double capacity

To set up a ₹730-cr extrusion plant at Silvassa in 24 months

OUR BUREAU

Mumbai, December 7

The Aditya Birla Group is on an investment spree. Its metals major, Hindalco, today announced ₹7,000 crore investments to double downstream capacity, days after the Group's cement company UltraTech unveiled major capacity expansion plans.

Hindalco also announced a ₹730-crore investment in setting up a 34,000-tonne extrusion plant at Silvassa.

With signs of the economy looking up, the Aditya Birla Group has been one of the few corporates to revive investment plans. Last week, the group's flagship UltraTech Cement announced investments of ₹5,477 crore to expand its capacity by 12.8 million tonnes per annum in the eastern, central and northern regions by the financial year 2022-23.

The new plant of Hindalco will service the fast-growing market for extruded aluminium products in the western and southern regions.

Satish Pai, Managing Director

Satish Pai, Managing Director, Hindalco Industries, said with the revival in economy, the demand is picking in the automotive, building, construction sectors.

Enhancing capacity

Over the next few years, as part of its downstream strategy, the company intends to raise capacity from 300,000 tonnes currently to over 600,000 tonnes with investments of about ₹7,000 crore, he said.

The focus on downstream assets is part of a sustainable business model with an emphasis on further de-risking the company's business from LME volatility, he added.

The Silvassa facility will service customers faster, with an offering of high-quality aluminium products, he said.

The fully automated plant includes three extrusion presses and will enable Hindalco service premium customers in the building and construction, auto and transport, electrical, consumer and industrial goods sectors. Aluminium is becoming the preferred metal across sectors because of its recyclability.

The aluminium extrusion market in India is expected to grow from the current level of 3,73,000 tonnes to about 8,50,000 tonnes by 2030.

The western and southern regions account for over 60 per cent of the extrusion market. The existing extrusion plants in Renukoot in Uttar Pradesh and Alupuram in Kerala cater mainly to the auto, defence, aerospace and industrial segments. The Silvassa facility will add an additional 34,000-tonne capacity with a focus on the B&C segment that comprises over 60 per cent of the extrusion market, apart from auto, transport and other segments. Commercial production at the plant is expected to start in 24 months.

BUSINESS LINE DATE : 8/12/2020 P.N.7

Gems & jewellery export this fiscal seen down at $20-21 billion

OUR BUREAU

New Delhi, December 7

Gems & jewellery export in the on-going fiscal is likely to be $20-21 billion which is over 27 per cent lower than exports worth $29 billion the previous fiscal, according to estimates made by the Gems & jewellery Export Promotion Council (GJEPC).

Exporters are hopeful that pre-Covid levels will be reached once the vaccine is out but they expect government support, primarily a reduction in import duties on raw materials, to beat competition and make larger gains.

"Exports from the sector have been around $11.5 billion so far. If we export $2 billion-2.5 billion every month now, we will end the fiscal with exports worth $20-21 billion," said Colin Shah, Chairman, GJEPC, at a press conference on Monday. "Whether it is cut and polished diamonds, gold, silver or platinum, duties need to be lower for the industry to be competitive," Shah said.

Liquidity support

Making a case for reduction/removal of import duties for gold, Shah said that gold duty was brought in when fiscal deficit was high, but the situation has changed now. "There is a case for reduction of gold duty because oil import is low. In case of diamonds, the revenue government makes is minuscule. If you weigh both options, the amount of jobs that will be created if duties are reduced is very large. We are hopeful that the government will consider our demand. We are trying," he said.

Now that the gems & jewellery sector had started seeing growth, it expected banks to support it with enough liquidity, exporters said.

Steel and Cement Makers May Get a Margin Boost as Demand from Key Sectors Picks Up

Companies say demand is likely to stay, analysts see a 10-20% YoY rise in H2 of the current fiscal

Bhavya.Dilipkumar
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Mumbai: Steel and cement, two capital-intensive sectors that are crucial for building hard infrastructure, are witnessing better sales since October. That could boost margins and growth outlook for the companies in these sectors, which are benefiting from a quicker-than-expected pickup in construction, rural consumption and a visible sales revival in the automotive industry.

Analysts expect a 10-20% year-on-year rise in demand in the second half (H2) of FY21, with many pockets of the economy opened up after months of lockdowns.

"Almost all of the consuming sectors like auto, pipeline projects, ship-building, vehicles and construction have picked up for us since October. We feel that the demand will continue," said Jindal Steel and Power (JSPL) managing director VR Sharma.

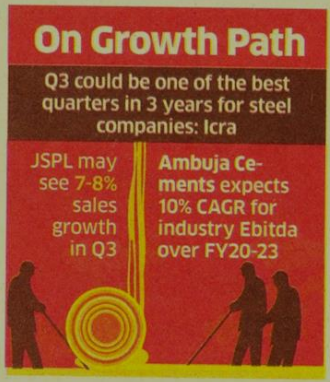
For JSPL, demand has reached pre-Covid levels. The company expects that in Q3 sales will be at least 7-8% higher than the normal consumption levels, and in Q4 it should be at least 10% higher than the previous year.

"We can say that Q3 will be one of the best quarters for steel companies in terms of operating profits per tonne in the past three years," said Jayanta Roy, senior vice president at credit rating company Icra.

Pent-up demand in sectors such as automobiles, consumer durables or residential housing may have quickened the pace of recovery in Q3. Traction in large infrastructure and construction projects can further add to the strength of demand, added Roy.

As there was low spending in the economy during April-June, pent-up demand has also played a role for a quick recovery in steel and cement sectors.

"Initially, there was some pent-up demand from automotive and the festive demand that came in. However, new demand, which was not there before, as in infra, has come back. It looks like a structural shift now," said ArcelorMittal Nippon Steel's chief marketing officer Ranjan Dhar.



The situation isn't vastly different in the domestic cement industry, the world's second biggest after China.

"Earlier, we all thought that this could be pent-up demand. However, seeing the continuing trend in rural and a pick-up in segments like individual home building, it is definitely real demand that we are witnessing," said Mahendra Singhi, chief executive officer, Dalmia Bharat.

Rural demand is still strong; however, even metro cities are showing momentum, especially with fresh housing. Demand should be better in December, Singhi added.

"We expect sentiment to remain strong heading into the busy construction season as utilisation will pick up further from here. We estimate industry Ebitda to grow at 10% CAGR over FY20-FY23 (revised upwards by 1-5%)," said Neeraj Akhoury, CEO, Ambuja Cements.

Analysts estimate the demand and margins of companies to improve substantially in the December quarter of FY21, although a favourable base effect could magnify the growth performance.

"For steel, Q1 saw a negative 55% of demand. Q2 was significantly better but there was a contraction of around 6-8%. October was near pre-pandemic levels to negative 2%. And for November we estimate that it must be a pretty good growth amount, could be a positive 10% or more," said Manish Gupta, senior director at Crisil Ratings.

For the cement sector, volumes and margins have played a balancing role. Price increases will help cushion the volumes dip for FY21.

"Even with a 30% demand decline in Q1, the cement sector may see only around 4-5% decline overall FY21 – primarily because of the recoveries since October," said Crisil's Gupta.

NAVBHARAT DATE : 10/12/2020 P.N.9

स्वर्ण ETF में मुनाफा वसूली

141 करोड़ की नवंबर में निकासी

न्यूज एजेंसियां

दिल्ली. लगातार 7 महीने तक निवेश प्रवाह जारी रहने के बाद सोने के एक्सचेंज ट्रेडिड फंड (ईटीएफ) में नवंबर माह के दौरान निवेशकों की मुनाफा वसूली के चलते 141 करोड़ रुपये की निकासी हुई. इसके मुकाबले एक साल पहले इसी माह में स्वर्ण ईटीएफ में आठ करोड़ रुपये का निवेश प्रवाह हुआ था. एसोसियेसन आफ म्यूचुअल फंड्स इन इंडिया के पास उपलब्ध आंकड़ों से यह जानकारी मिली है. स्वर्ण ईटीएफ में हालांकि अप्रैल 2020 से निवेश प्रवाह जारी है लेकिन जुलाई के बाद इसकी रफ्तार कुछ धीमी पड़ी है.

- मासिक आधार पर यदि देखा जाये तो जनवरी 2020 में निवेशकों ने स्वर्ण ईटीएफ में शुद्ध रूप से 202 करोड़ रुपये का निवेश किया. उसके बाद फरवरी में यह राशि उछलकर 1,483 करोड़ रुपये पर पहुंच गई.
- इसके बाद मार्च में इसमें मुनाफा वसूली देखी गई और 195 करोड़ रुपये की निकासी हुई. अप्रैल 2020 से एक बार फिर निवेश प्रवाह शुरू हुआ और माह के दौरान 731 करोड़ रुपये का निवेश किया गया.
- इसके बाद मई में 815 करोड़ रुपये, जून में 494 करोड़ रुपये, जुलाई में 921 करोड़ रुपये, अगस्त में 908 करोड़ रुपये, सितंबर में 597 करोड़ रुपये, अक्टूबर में 384 करोड़ रुपये और अंत में पिछले माह नवंबर में स्वर्ण ईटीएफ से शुद्ध रूप से 141 करोड़ रुपये की निकासी की गई.

सोने की कीमतों को लेकर अनिश्चितता

मार्निंगस्टार इंडिया में सहायक शोध निदेशक प्रबंधक हिमांशु श्रीवास्तव ने कहा करीब करीब पूरे साल बिना किसी बाधा के लगातार बढ़ते जाने के बाद हाल के दिनों में सोने के दाम इसके सर्वकालिक उच्चस्तर से नीचे आये हैं. इसके साथ ही कोविड-19 टीके को लेकर ·कारात्मक समाचारों के आने, अर्थव्यवस्थाओं के सामान्य स्थिति के तरफ जाने और ·वटी बाजारों का कामकाज तेज होने से आने वाले दिनों में सोने के दाम को लेकर ·िचतता बढ़ी है. इस स्थिति को देखते हुये हुये और सोने के मौजूदा मूल्य स्तर को ध्यान ·ते हुये निवेशकों को मुनाफा वसूली का यह बेहतर समय लगता है.

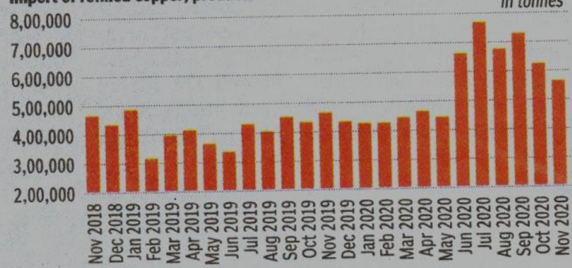
BUSINESS LINE DATE : 10/12/2020 P.N.8

QUICK TAKE

Chinese demand for copper slows

Backed by stimulus that led to an extraordinary rebound in manufacturing activities in China, there was a strong rally in metal prices this year from the lows hit at the start of the year. However, doubts rise over the sustainability of the rally in metal prices as the dragon country's demand is showing signs of cooling down. In November 2020, imports of the refined copper and its products were at 561,311 tonnes – an over 80 per cent drop from July. In October, imports were 618,108 tonnes. Between January and November, China's imports totaled 61,74,570 tonnes – up 39 per cent over the same period last year. As per estimates of MIC, an information hub for metals, China has stocked up at least 3 million tonnes of refined metal and its products. ICSG forecasts a negative growth in Chinese imports of copper, aluminium as well as zinc next year. While in 2020 China offset the slump everywhere else, in 2021 it may take a backseat and see the world market slip into a surplus.

Import of refined copper, products



BUSINESS LINE DATE : 10/12/2020 P.N.8

MCX-Nickel: Bullish above ₹1,235

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The bulls were stopped by the resistance at ₹1,235 and so the rally in the December futures contract of nickel on the Multi Commodity Exchange (MCX) stalled last week. Consequently, the price softened to ₹1,200 – considerable support level – from where it rebounded and it is currently retesting the resistance at ₹1,235. The 21-day moving average (DMA) coincided at this level back then, acting as a strong base. Thus, the near term trend has not reversed and the bias is still bullish.

However, if it does not breakout of ₹1,235 and continues to consolidate, the likelihood of a bearish reversal will increase. If this occurs and as a result the contract breaches the support at ₹1,200, the short-term trend can turn negative and the price is likely to drop further to ₹1,173 – its 50 DMA. But if the contract manages to gather upward momentum and crosses over the hurdle at ₹1,235, it can advance to 1,268. Above this level, there is a resistance band between ₹1,290 and ₹1,300.

Since there has been a price correction of late, the relative strength index and the moving average convergence divergence indicators on the daily chart have turned flat, indicating that the rally has lost steam. Considering the above factors, traders can stay in the sidelines for now and initiate fresh long position if the contract breaks out of the resistance at ₹1,235. Stop-loss can be placed at ₹1,200.

BUSINESS LINE DATE : 10/12/2020 P.N.8

Coal output, offtake rise on gradual recovery in demand

Improved bookings on e-auctions would soon reflect in prices, the industry hopes

SHOBHA ROY

Kolkata, December 9

After several months of tepid volume growth, demand for coal is gradually picking up backed by a revival in industrial activities. Though it might still take some more time for the industry to bounce back to pre-Covid levels, production and offtake has been improving on a month-on-month basis.

Coal generation, which was down by nearly 25 per cent in April and by around 15 per cent in May and June, has now improved. It has been consistently rising each month backed by an improvement in utilisation level, industry experts said.

Near term prospects

Moving forward, the demand for coal is likely to grow by around 3-4 per cent in the near term for the next 3-4 years, they add. However, the increased focus on renewables and its growing share in the overall energy mix is likely to exert pressure on coal demand in the medium to long term.

"Coal production and offtake have improved from September onwards, but that is on a low base. Production was impacted last year because of heavy monsoon rains in some of the mine areas and year-on-year basis production in September and October last year was down by around 20 per cent. So the higher production and offtake this year is due to base effect. On a like-to-like basis, coal generation is down by 3-4 per cent but definitely there is improvement from April when the generation was down by 25 per cent," Rupesh Sankhe, analyst at Elara Capital India Pvt Ltd, told *BusinessLine*.

However, increased focus on renewables and their growing share in energy mix are likely to exert pressure on coal demand

Coal India Ltd (CIL) accounts for nearly 83 per cent of the country's total coal output. The Covid-induced slowdown impeded the company's output and off-take with production shrinking by 11.6 per cent and offtake by 21 per cent during the first quarter of this fiscal as compared to same period last year. However, following the unlocking, the company's recovery began in August when it posted 9.3 per cent output growth and 7.1 per cent rise in offtake for the first time during the ongoing fiscal. Both the parameters rose to a high of around 32 per cent in September and the positive trend is being sustained since then, a company spokesperson said.

Demand drivers

The country produces close to 729.10 million tonnes (mt) of coal annually and around 250 mt is imported. Nearly 80 per cent of the total coal produced is utilised by the thermal power sector, while the remaining 20 per cent goes to the non-power sector which includes primarily steel, cement, sponge iron, captive power plants and a host of other industries.

While demand from industrial and commercial segment, which together comprise about 52 per cent of power demand, got impacted during the lockdown, the demand from residential and agricultural segments was firm.

According to Jayanta Roy, Senior Vice-President, ICRA, the steel sector has witnessed "a sharper than expected turnaround" in demand. Though the rate of growth is very small, however, it is higher than last year. The growth momentum is likely to sustain during the next four months of this fiscal, he said.

Price realisation

The improved demand is also likely to shore up price realisation on sale through e-auction route. CIL had brought down the reserve price on coal sold through auction to nearly zero due to poor demand in the first half of this fiscal. In November, however, it earned a premium of 10-12 per cent on its sale through e-auction platform. However, it might be difficult for prices to reach pre-Covid levels anytime soon. The average price realisation pre-Covid was close to ₹2,300 a tonne, this is currently ruling at around ₹1,500-1,600, industry experts said.

According to Subhasri Chaudhuri, Secretary General, Coal Consumers' Association, bookings on e-auctions have started improving and this would gradually start reflecting in prices.

"Previously, there were hardly any bookings in auction and there were quantity left unsold but things are gearing up. Though you cannot really compare the situation (prices), it is improving," she said.

BUSINESS LINE DATE : 11/12/2020 P.N.8

Iron ore is the hottest commodity of 2020

Robust Chinese demand along with supply disruptions led to the rally

BLOOMBERG

December 10

A surge in demand in China, the world's key growth engine, risks a shortage of iron ore that's pushed prices past $150 a tonne and crowned it this year's best-performing major commodity.

Futures in Singapore have surged about 70 per cent this year, hitting their highest since trading started in 2013, as China's stimulus-led rebound fuels steel output and consumption.

At the heart of the gains is China's position as the only major economy to see a sustained and robust rebound from a pandemic-driven slump this year, with investment in infrastructure a key pillar of growth. That's boosting steel demand, buoying prices of the alloy and encouraging the top steelmaker to increase output even as input costs rise.

It's also got Chinese buyers seeking an intervention, and shares of Australian producers BHP Group and Rio Tinto Group soaring, while some market watchers are starting to caution that prices are rising beyond what's justified by fundamentals.

Morgan Stanley said prices look increasingly overbought, though it forecast a deficit, while Goldman Sachs Group Inc. has highlighted the potential for more upside amid a shortage. Australia & New Zealand Banking Group Ltd. warned moderating steel production could pave the way for softer iron ore demand even as it predicted a tight market next year.

Futures climbed as much as 5.7% to $155 a ton on the Singapore Exchange, before trading at $154.86. Iron ore futures in Dalian jumped 5.7%, while hot-rolled coil and rebar in Shanghai also advanced.

Benchmark spot prices were at $157.45, the highest since 2013 when strong Chinese growth saw a surge in iron ore demand, though still about $36 below the record reached in 2010. High-grade ore climbed to the highest in data back to 2013, a sign of constrained supply from Brazil.

Chinas iron ore port stockpiles, which at 128.7 million tonnes are the lowest since October, will be a key gauge of supply tightness. Goldman predicts levels could fall below 100 million tonnes by mid-2021.

BUSINESS LINE DATE : 11/12/2020 P.N.8

MCX-Zinc treading sideways

AKHIL NALLAMUTHU
BL Research Bureau

Bouncing off the support at ₹213, the December futures contract of zinc on the Multi Commodity Exchange (MCX) has been rallying since past few trading sessions.

However, the contract is still below the key barrier at ₹224 and for the bulls to establish a sustainable rally, this level should be decisively taken out. Until then, traders should be cautious.

In the daily chart, the price action of the contract shows that the price has largely been oscillating between ₹213 and 224 for the past three weeks.

That said, unless the contract breaches either of these levels, the next swing in price can remain uncertain.

The key level to watch out for is the support at ₹213. While the trend can remain positive until the contract manages to stay above that level, the short-term outlook can turn negative if the contract breaches this support. A breakout of ₹224 can lift the contract to ₹236 but if breaks below ₹213, it can soften to ₹208. Subsequent support is at ₹205.

Traders can remain on the sidelines until either ₹213 or ₹224 is taken out.

BUSINESS LINE DATE : 11/12/2020 P.N.8

Is it time to invest in platinum?

ANALYSIS

RAJALAKSHMI NIRMAL
Chennai, December 10

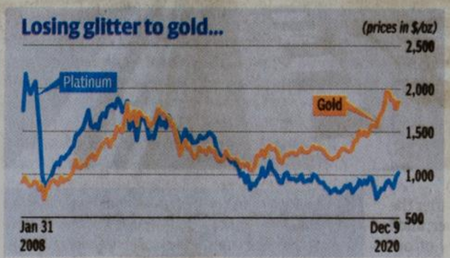
It is high time credit card companies rechristened their platinum cards as 'GOLD'. Platinum prices are now almost 50 per cent cheaper to gold — \$1,020/oz vs. \$1,840/oz of gold.

At its peak in 2008, the metal was over double the price of gold – the former was trading at \$2,069/ounce and the yellow metal was trading at \$925/ounce. So, is platinum a raging buy now? Well, before delving deeper into fundamentals of the metal, one needs to understand what has made the metal cheaper and less precious than gold.

The grey-white metal derives about 40 per cent of its demand from autocatalysts. Autocatalysts are devices that are part of the exhaust system in cars that use as a catalytic converter to convert harmful emissions into harmless CO_2 and H_2O. In diesel engine cars, platinum is used in the making of autocatalysts.

Demand for platinum and its price is thus influenced by trends in the auto sector, especially the diesel vehicle market.

After the Volkswagen scandal in 2015 when the company cheated emission tests in the US, preference for diesel engine cars started to drop on concerns over pollution. Global emission standards became more stringent and many countries including those in EU started reducing production of diesel cars. In the September quarter of 2020, the market share of diesel cars in EU was 29.4 per cent; in the same quarter previous year, it was 32 per cent and in September quarter 2018 it was 36.3 per cent (Source: European Automobile Manufacturers Association). In 2017, share of diesel cars in total auto sales in EU was about 45 per cent.



Source: Bloomberg

Demand vs supply

Demand for platinum from autocatalyst production which was about 3,000-3,200 Koz (thousand ounces) since 2013, dropped to 3,075 Koz in 2018 and 2,885 tonnes in 2019. In the current year, it is likely to end at about 2,421 Koz, down 16 per cent over the previous year as per the forecast of the World Platinum Investment Council (WPIC).

Platinum jewellery demand has also been falling every year — from about 3,000 Koz annually a few years back to under 2,000 Koz now. In 2020, estimates are that the platinum jewellery demand will total 1,826 Koz — down 13 per cent y-o-y. Investors are also not keen on platinum. While platinum backed ETFs saw an increase of 991 Koz in holdings of in 2019, in 2020 it is expected to increase by 530 Koz.

There is though one bright spot in the story of platinum: Supply losses due to pandemic-driven mine closures and outages at the Anglo American Platinum Converter Plant in South Africa (in the September quarter) are likely to push the platinum market into a sharper deficit in 2020. In the September 2020 quarter forecasts, WPIC projected total platinum supply in 2020 to fall by 18 per cent to 6,738 Koz, which follows a 22 per cent decline in refined production and a 10 per cent decline in recycling supply. Market deficit, the Council said, would be likely around 1,202 Koz in 2020, higher than the deficit of 89 Koz in 2019.

Outlook

Stepping into the New Year, some sanity may return into the platinum market. Given that price of another metal - palladium, also used as catalytic converter (mostly in gasoline-powered automobiles), has risen very sharply in recent times (above \$2,200/oz now vs. \$1,020/oz of platinum), there may be some shift in demand from palladium to platinum among OEM makers of gasoline engines.

Further, Chinese platinum jewellery demand, too, is likely to recover in 2021. Investors may consider platinum over gold. If gold rally continues without a breather in 2021 again, platinum prices may shore up. Mine production is likely to return to normal in 2021 but still may be below the average annual supply from 2015 to 2019, according to WPIC.

Indian investors wishing to invest in platinum can look for platinum bars/coins or invest in platinum-backed ETFs listed overseas.

THE HITAVADA DATE : 11/12/2020 P.N.5

Coal India e-auction sale rises 77% to 68 MT during Apr-Nov

NEW DELHI, Dec 10 (PTI)

STATE-OWNED Coal India Ltd (CIL) on Thursday said it has registered a 77 per cent growth in e-auction sales, under five windows, at 68.3 million tonnes (MT) during the April-November period of the ongoing fiscal.

The upsurge in the booked or allocated quantity of coal was close to 30 MT, in absolute terms, compared to 38.6 MT booked during the same period a year ago, CIL said in a statement.

Indicating increased appetite from non-power consumers, exclusive auction for this sector booked 17.4 MT, which is 25.5 per cent of the total allocated quantity during the referred period.

Compared to 4.8 MT booked by non-power consumers during April-November last fiscal, the growth is more than a three-and-a-half folds or 262 per cent. E-auction sales for November not only witnessed improved volume bookings at 9.4 MT, clocking 23.7 per cent growth last November, but CIL could also net 30 per cent premium over the notified prices.

This is a big leap from 13 per cent premium the auctions fetched in October when CIL for the first time in the present fiscal introduced add on over the notified price, after a six month hiatus, to gauge the market response.

Considering the market response to e-auctions, there is a strong possibility that the bookings could go over 100 MT in the current fiscal.

BUSINESS LINE DATE : 12/12/2020 P.N.8

Copper slips amid worries on Brexit, US stimulus

REUTERS

London, December 11

Copper slipped on Friday after touching another multi-year peak, hit by profit-taking amid worries about a US stimulus deal and a potential collapse in Brexit trade deal talks.

"So much good news has already been priced into the market. Profit-taking after such a strong rally is not surprising," said analyst Carsten Menke at Julius Baer in Zurich.

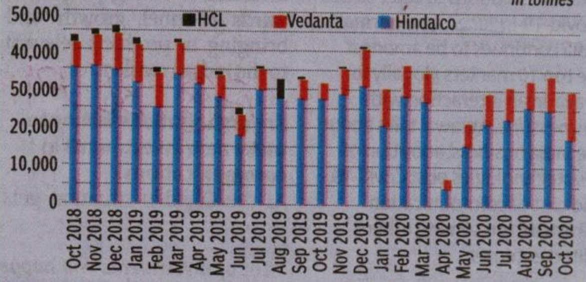
Benchmark copper on the London Metal Exchange (LME) shed 1.5 per cent to $7,760 a tonne in official trading after hitting $7,973.50, the highest since February 2013.

QUICK TAKE

Indian refined copper output recovers

Total refined copper production in India in October was 29,789 tonnes - a drop of 5.6% over the previous month, as per data of Ministry of Mines. While the production of the public sector unit Hindustan Copper was nil in the month (as it sold metal-in-concentrate in the market directly), Hindalco Industries produced 17,560 tonnes and Sesa Sterlite produced 12,229 tonnes. That said, it has been a good recovery since the lows of April – when the total production was just 7,094 tonnes with Hindalco producing 4,411 tonnes and Sesa Sterlite producing 2,683 tonnes. Cumulative production of copper cathode between March and October this fiscal was 185,260 tonnes, a drop of about 20% from the same period previous year. The size of Indian copper industry (consumption of refined copper per annum) is around 6.6 lakh tonnes, which makes a small 3% of the global copper market. Domestic production has declined significantly since May 2018 due to the permanent closure of Vedanta's refinery plant by the Government of Tamil Nadu.

Indian refined copper productions



Source: Ministry of Mines, MIC

Compiled by **Rajalakshmi Nirmal**

BUSINESS LINE DATE : 13/12/2020 P.N.6

Silver set to outshine gold in near term

The yellow metal has been underperformingsilver in the recent past

AKHIL NALLAMUTHU
BL Research Bureau

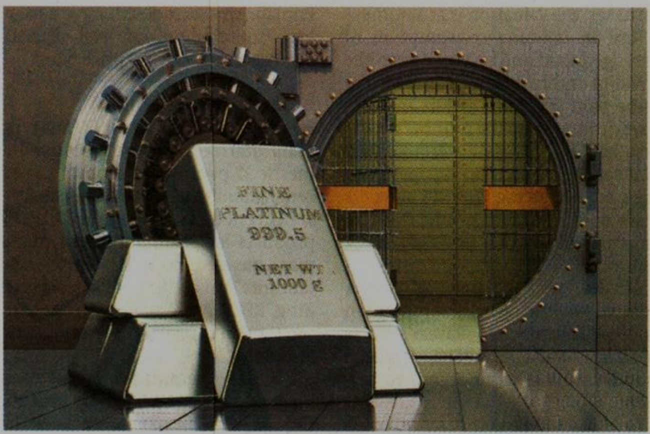
Bouncing off its recent lows, the price of bullion in the domestic as well as global market rallied along with stocks last week and moved past some key levels, hinting at a potential resumption in rally. However, the price slipped towards the end of the week, raising doubts over its sustainability.

The latest data by the World Gold Council (WGC) shows that ETF fund flows, which was the force behind the rally in the past one year, paused with a net monthly outflow of 107.1 tonnes in November 2020. ETF outflows were seen across all regions and this is the second largest net outflow figure on record. This has significantly weighed on the price of the yellow metal.

The European Central Bank (ECB) on Thursday increased its asset purchasing programme, i.e., the pandemic emergency purchase programme (PEPP) by €500 billion, taking the total to €1,850 billion. But bullion prices gave a muted reaction to this announcement. Uncertainties surrounding a fresh round of stimulus by the US government and wrangling over Brexit continue to exist and these can significantly influence bullion on either direction in the coming days.

The spot price of gold on the Multi Commodity Exchange (MCX) rose to nearly ₹50,000 (per 10 grams) ,while the spot price of silver on MCX advanced to nearly ₹64,000 (per kg) mid-week. But gold and silver ended lower at ₹48,985 and ₹62,215, respectively, on Friday.

In dollar terms, gold wrapped up



ISTOCK.COM/ALEXLMX

the week at $1,839.8, up b 3.7 per cent from its recent low of $1,73.9 and silver ended the week at 23.9, up by about 9 per cent from itslatest low of $21.9, outperforming he yellow metal.

Notably, the major treid is bullish, and bullion prices contiue to trade above levels that are cruial from the long-term trend perspecive.

MCX-Gold (₹49,324)

The price of futures conrract of gold expiring in February 202 has been going up since the beginnig of December. After registering a low of ₹47,551, the contract reboundedand crossed over the key level of ₹50,000. However, after marking a hih of ₹50,175, the price declined and ended at ₹49,324 on Friday.

While the bulls are tryng to fight it out, it is imperative that he price sustains above ₹50,000-mark to build a sustainable rally. Until then, the contract can face downward pressure in the near term. This is substantiated by the relative strength index (RSI) and the moving average convergence divergence (MACD) in the daily chart as they lie marginally in their respective negative territory.

As it stands, we can spot a lower high in the daily chart – a bearish indication. This price pattern will gain more significance if price falls from here, adding to the short-term bearishness. On the downside, ₹47,550 can act as a good base. A breach of this level can drag the contract towards the key support band of ₹45,800 and ₹46,000.

But remember, directionally, the overall trend is up and so, the futures price on MCX will most likely appreciate to ₹60,000 and possibly to ₹65,000 in two or three years. So, participants who can hold their trades for at least a couple of years can buy on declines.

MCX-Silver (₹63,735)

Like gold futures, the price of futures contract of silver expiring in March 2021 firmed up last week as the bulls attempted to revive their momentum. The contract, after marking its low of ₹58,880 in the final week of November, strengthened over the past couple of weeks. Last week, it closed at ₹63,735 after registering an intraweek high of ₹65,817.

Though the uptrend tackled the resistance at ₹65,000 briefly, the contract was unable to stay above the level and the price was driven lower towards the end of week. But unlike gold futures, where short-term price action is a bit bearish, silver futures is experiencing a consolidation phase, i.e., fluctuating between the psychological support at ₹60,000 and ₹66,000. RSI and MACD are flat.

While a range-trading strategy would be better until the contract moves within the ₹60,000 and ₹66,000 band, it will retain its bullish inclinations as long as the price is above ₹60,000. The contract has the potential to retest its lifetime high of ₹79,980 and can even touch ₹85,000 within next two to three years. Make sure that position sizing is within your risk tolerance so that you need not worry about the inevitable intermittent price volatility which can lead to temporary drawdowns. You should be particularly cautious in silver since it is more volatile than gold.

GeM exploring new ways to bring works on portal

NEW DELHI, Dec 13 (PTI)

PUBLIC procurement portal GeM has come out with an approach paper for stakeholder consultations as it is exploring ways to bring works on the platform with an aim to further widen its scope, a senior official said. Currently, only goods and services providers are registered on the Government e-Marketplace (GeM) portal, which was launched in 2016 for online purchase of goods and services by all central government ministries and departments. It is mandatory for them to procure goods and services from the portal.

Works include road and building construction, and setting up of big plants and other facilities. Currently, the facility for procuring these works is not available on GeM platform.

"Big contractors which provide these works are not there on the GeM portal. So we have come out with an approach paper for stakeholder consultations to explore ways of bringing in these works on the portal," GeM Chief Executivbe Officer Talleen Kumar told PTI. He said allowing procurement of these works will make the platform a national procurement portal for all kinds of purchases by states, centre and government agencies.

After seeking views of all stakeholders, including states and central governments, GeM would approach the centre for further action. In a letter to secretaries of the central government and chief secretaries of all states and union territories, Kumar said GeM is currently mandated to provide a platform for procurement of goods and services for central and State Government organisations, and now it is moving ahead for creating a unified procurement system in the country for providing a single platform for purchases of goods, services and works.

GeM has carried out a detailed analysis of the bid documents currently being used by public works departments of five states, Ministries of Defence and Railways, NTPC, IOCL, CPWD, NHAI, NHIDCL and PGCIL.

THE ECONOMIC TIMES DATE : 15/12/2020 P.N.5

JSW Steel Raises $250 m via Overseas Bond Sale

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Mumbai: JSW Steel raised $250 million by selling bonds overseas. The bond sale is an extension to its earlier issuance in October, when the steel maker raised $500 million.

The bonds, which opened for subscriptions Monday likely obtained an order book, three times higher than the actual size. Standard Chartered, Deutsche Bank, Credit Suisse helped the company mopping up the funds.

Real money investors put in bids amounting to around $1 Billion chasing US$ 250 million on similar terms & price, bankers said."Notwithstanding the pandemic it's a huge testament to the credit quality of JSW," said Amrish Baliga, managing director at Deutsche Bank India. Those bonds offered 4.509 percent with five-year maturity.

The sales proceeds will be used for a combination of purposes including repayment of existing debt and for general corporate purposes. US-based Periama Holdings, a wholly-owned indirect subsidiary of JSW Steel, issued those securities.

JSW Steel raised $500 million through an offshore bond in October citing that the money raised could come in handy if the pandemic were to hasten consolidation in the industry

Global rating company Moody's Investor Service said, JSW Steel's credit profile will remain largely unaffected by the issuance of additional notes following the existing $500 million unsecured notes issued in October.

Moody's rated the JSW bond sale as Ba2, two notches lower than the lowest in investment grade.

THE HITAVADA DATE : 15/12/2020 P.N.5

Coal PSUs to adopt alternate transport methods: Joshi

NEW DELHI, Dec 14 (PTI)

COAL and Mines Minister Pralhad Joshi on Monday said public sector coal companies, including state-owned Coal India, will adopt alternate transport methods, including mechanised conveyor systems, computerised loading onto railway rakes, among others, for movement of coal in large mines, replacing road transport.

The minister, who chaired a meeting of the Consultative Committee on Coal & Mines Ministries on First Mile Connectivity projects, said first mile connectivity will promote ease of living in coal mine areas by reducing traffic congestion, road accidents and adverse impact on environment.

Pralhad Joshi

"Coal PSUs will adopt alternate transport methods like mechanized conveyor systems, computerized loading onto railway rakes etc. Replacing road transport in large mines," the minister said in a tweet. Coal India Ltd (CIL), which accounts for over 80 per cent of domestic coal output, had earlier said that it has identified 14 additional projects involving capital expenditure of more than Rs 3,400 crore under the 'first mile connectivity' initiative to upgrade transport facility at mines.

The state-run miner is replacing road transport of coal from pitheads to despatch points with mechanised systems like conveyer belts to decrease transportation time. It had announced 35 projects under the first phase of the initiative, of which two are operational.

Steel Exchange board mulls one-time debt settlement

OUR BUREAU
Hyderabad, December 14

Steel Exchange India Limited has said that a meeting of its board of directors is scheduled for December 17 to discuss the status of debt resolution by way of a one-time settlement (OTS) scheme.

This OTS proposal was made by the company to the consortium of banks led by State Bank of India and to consider the approvals already received and to further suggest steps to be taken with regard to the funding proposal to meet the OTS obligations, said the company's regulatory filing.

Majority of the lenders have considered the OTS scheme as implemented with effect from June 30, 2020, with the interest on the outstanding OTS amount being applicable from October 1, 2020.

The company's board of directors will also consider and approve the proposal for raising funds for the purpose of OTS with the lenders of the company via issue of equity shares / convertible bonds/ all types of debentures / warrants / any other equity-linked securities, subject to approvals.

Further, the board will consider and approve conversion of unsecured loans of the promoter and promoter group into equity shares of the company subject to such approvals as may be required.

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