खनिज समाचार

KHANIJ SAMACHAR

Vol. 3, No-4

(As appeared in National/Local Newspapers Received in Central Library, IBM, Nagpur)

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 3, NO-4 , 16th – 28th FEBRUARY , 2019

BUSINESS LINE DATE : 18/2/2019 P.N.11

GLOBAL Metals ($/tonne)	Price	Change in % Weekly	Monthly	Yearly	52-Week High	Low
Aluminium	1825	-1.7	0.2	-15.6	2603	1775
Copper	6193	0.0	5.2	-13.3	7324	5810
Iron Ore	84	3.7	16.0	12.8	89	58
Lead	2066	0.2	5.9	-21.4	2645	1867
Zinc	2651	-1.9	7.9	-26.2	3619	2285
Tin	21250	0.7	2.4	-2.0	22049	18400
Nickel	12320	-1.4	5.7	-12.7	15749	10437

BUSINESS LINE DATE : 25/2/2019 P.N.11

GLOBAL Metals ($/tonne)	Price	Change in % Weekly	Monthly	Yearly	52-Week High	Low
Aluminium	1890	3.6	0.6	-14.1	2603	1775
Copper	6519	5.3	10.4	-8.5	7324	5810
Iron Ore	85	-3.3	17.1	14.3	89	58
Lead	2064	-0.1	2.5	-18.6	2599	1867
Zinc	2743	3.5	5.9	-23.2	3590	2285
Tin	21680	2.0	5.4	-0.1	22049	18400
Nickel	12916	4.8	12.1	-6.3	15749	10437

THE TELEGRAPH DATE : 16/2/2019 P.N.8

Gold import weighs on trade deficit

OUR SPECIAL CORRESPONDENT

New Delhi: A 38 per cent rise in gold imports widened the trade deficit to $14.73 billion in January (on a month on month basis), while exports expanded 3.74 per cent to $26.36 billion, amid concerns that a trade war between the US and China and the global economic conditions could have an impact in the months ahead.

Though the trade deficit widened — it was $13.08 billion in the previous month — in January, it was lower than $15.67 billion recorded in January 2018.

Merchandise exports rose 3.74 per cent from a year earlier to $26.36 billion, while imports were up 0.01 per cent at $41.09 billion, commerce ministry data showed.

Goods exports have shown little growth since the Modi government took charge in 2014 as small exporters — contributing nearly 35 per cent to total exports — have been hit hard by demonetisation and the goods and services tax.

Data showed that textiles, agricultural products and engineering items have been hit hard because of a shortage of bank credit and delay in refund of input credit under the goods and services tax.

Industry urged the government to take steps to boost shipments as the trade war between the US and China and increased protectionism would have an impact on global trade.

NUMBER WATCH

In January (in $ billion)	2018	2019
Export	25.41	26.36
Import	41.08	41.09
Trade deficit	15.67	14.73

Gold imports grew 38.16 per cent to $2.31 billion in January this year against $1.67 billion in the corresponding month of 2018. Oil imports in January rose 3.59 per cent to $11.24 billion.

"Global trade has entered a tough phase in the second half of 2018 and is expected to slow down further in 2019. Oil prices are expected to remain below $60 per barrel while prices of metal are expected to weaken further. This will reduce the growth of global trade both in terms of volume as well as value," Fieo president G.K. Gupta said.

"The intervention through the interest equalisation benefit has helped the MSME manufacturers as well as merchant exporters of the specified tariff lines but the bigger concern is the flow of credit. Liquidity has been further tightened by the GST regime which provides for a refund mechanism as the e-wallet scheme is nowhere in sight."

During the April-January period of the current financial year, exports grew 9.52 per cent to $271.8 billion. Imports rose 11.27 per cent to $427.73 billion. Trade deficit widened to $155.93 billion during the 10 months of the current fiscal from $136.25 billion a year ago.

Meanwhile, the 70-member Board of Trade, a top advisory body on external trade, met on Friday to seek views of stakeholders, including various government departments, exporters and industry members, to frame a new foreign trade policy and boost shipments of goods and services.

EEPC India chairman Ravi Sehgal in his presentation to the Board of Trade said: "The single biggest reason why we are not able to export more is the higher domestic steel price, which make our products uncompetitive in global markets." He called for a mechanism wherein at least the MSMEs get steel at international prices.

BUSINESS LINE DATE : 16/2/2019 P.N.4

Of 55 mines auctioned, 5 mineral blocks are operational: Official

PRESS TRUST OF INDIA

New Delhi, February 15

The government on Friday said of the 55 mines that were auctioned in the last three years, five mineral blocks have become operational and two-three more mines will start operation by next month-end.

"In the last three years we have auctioned 55 mines. As many as five (mineral blocks) have been operational. In the next fiscal, another 15 mines will be operational," Mines Secretary Anil Gopishankar Mukim told reporters here. The Centre had earlier said it was considering granting all approvals, including environmental clearance, to mineral blocks before putting them up for sale, a move that may give a push to the auctions.

The National Mineral Policy, which entails private sector participation in exploration, is in final stages of approval, he said.

THE HINDU DATE : 16/2/2019 P.N.10

Row over sand mining at Kerala's Thottappally

Legal limits crossed, say residents

SAM PAUL A.
THOTTAPPALLY

The road leading to the Thottappally harbour is wrecked giving motorists a bumpy ride.

At the harbour, a dredger is floating on the water and a few small fishing boats are at anchor. On one side, heaps of sand and a 'sand filtering machine' bear testimony to the ongoing mineral sand-mining in the area.

"The dredging, filtering and transporting of sand is happening day in and day out and there is no end to it," says, J. Yogidas, a local fisherman.

A few years ago, the State government allowed 'limited' dredging in the name of Thottappally harbour development. Later, the agreement between the Harbour Engineering Department and Indian Rare Earths Limited (IREL), Chavara for removal of sand was renewed several times. Recently trucks transporting sand without proper documents were blocked by local fishermen and residents.

They allege that the Harbour Engineering Department and IREL in collusion with private parties are illegally transporting sand beyond the permissible limit.

"After six years of continuous dredging, we want to know why the government has failed to develop the harbour. Other than small boats, no medium and large fishing boats can anchor there. The government is not interested in its development. They only want to loot the precious sand deposit. They are doing it in the name of dredging and at the expense of livelihood of the people of the area. We fear the people of the region will be exposed to radiation and other health hazards due to the indiscriminate mining of mineral sand," says Yogidas.

Heaps of sand kept at a site near Thottappally harbour.

A few metres south of the heaps of sand is a temporary hatchery made of nets and metal sheets. Inside it are 120 eggs of Olive Ridley turtles covered with sand. The Thottappally coast is one of the prime locations for egg-laying turtles in the State. Environmentalists say the sand mining is adversely affecting the nesting of the endangered species.

"This season, we have only stumbled upon three nests so far," Saji Jayamohan, secretary, Green Roots Nature Conservation Forum told *The Hindu*.

The State government has recently decided to remove sand from Thottappally 'pozhi' (estuary) and leading channel for 'ensuring smooth flow of water' from the Kuttanad region through Thottappally spillway. It directed the Irrigation Department to sell the sand either to IREL or Kerala Minerals and Metals Ltd (KMML). Mr. Jayamohan says dredging the area will destroy the ecology.

Sea erosion

Resentment is also brewing north of Thottappally, where people say they are bearing the brunt of sea erosion 'resulting from sand mining at the harbour.' A large number of houses have been damaged or destroyed in areas such as Purakkad, Karoor and Pazhayangadi.

THE HINDU DATE : 17/2/2019 P.N.7

Cosmos eyes metal scrap exchange

UAE-based company to set up 8 warehouses in port cities

N. ANAND

CHENNAI

United Arab Emirates-based Cosmos Green FZE is planning to set up a metal scrap exchange to meet the recycling demand of metal manufacturers in India using blockchain technology.

"It will be the first metal scrap exchange in India with private warehouse catering to the demands of metal scrap manufacturers in the country on real-time basis," said Rajat Kapur, president, Cosmos Green FZE.

"Currently, Indian steel manufacturers are meeting their demand by extracting it from iron ore. We have started this firm with a vision to save natural resources and provide cheaper and energy efficient product to the Indian metal scrap manufacturers. The scrap is imported from the U.S. and Europe," he said.

> **We are planning to raise $120 mn and have started talks with PE firms**
>
> RAJAT KAPUR
> president, Cosmos Green FZE

Scrap yard

As a first step, Cosmos Green FZE established three scrap processing yards in the NCR (national capital region). It will be followed by the setting up eight warehouses within a year in the port cities of Mumbai, Gujarat and Chennai. It had also entered into a pact with 20 firms including Jindal Steel to recycle metal scrap.

"The Indian outfit was started with promoters' seed funding of $3 million. It will be sufficient till May 2019. We are planning to raise $120 million in four tranches and have started negotiations with private equity firms," he said. "India needs 500,000 tonnes of scrap every month. Right now, we are handling 10,000 tonnes of scrap every month and our target is to touch 1,80,000 tonnes per month by 2024," he said.

BUSINESS LINE DATE : 18/2/2019 P.N.13

Gold imports dip 5% in April-Jan

New Delhi, February 17

The country's gold imports dipped about 5 per cent in value terms to $26.93 billion during April-January 2018-19, which is expected to keep a lid on the current account deficit. According to commerce ministry data, total imports of the precious metal in the corresponding period of 2017-18 stood at $28.23 billion. Industry experts said softening prices of the precious metal in the world markets could be the reason for the contraction in imports. PTI

BUSINESS LINE DATE : 18/2/2019 P.N.11

Gold gears up for a fresh rally

The yellow metal is likely to target $1,360 on a break above $1,325

GURUMURTHY K

Gold remained stable above the psychological level of $1,300 per ounce last week. The global spot gold prices were stuck in a narrow $1,300-1,315 range for most part of the week. Strength in the US dollar and a strong surge in the equity market kept gold subdued and range-bound.

However, weak economic data release from the US towards the end of the week helped the yellow metal breach $1,315 decisively on Friday. Gold has closed on a strong note at $1,322.5 per ounce, up 0.62 per cent for the week.

Silver fell initially but managed to bounce and recover some of the loss in the later part of the week. The global spot silver prices fell to a low of $15.49 and reversed higher to close the week at $15.79, down 0.23 per cent for the week.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) opened on a weak note and fell to a low of ₹32,805 per 10 gm. However, the rupee reversing lower against the dollar, coupled with global prices moving higher, helped the MCX-Gold futures contract recoup all the loss. The contract surged from the week's low of ₹32,805 and closed 0.43 per cent higher for the week at ₹33,384 per 10 gm.

The MCX-Silver futures contract tumbled over 2 per cent intra-week and made a low of ₹39,256 per kg. However, it managed to reverse higher from the low recovering some of the loss and closed 0.36 per cent lower for the week at ₹39,962 per kg.

US-China trade talk

The developments in the US-China trade deal talk will be the major factor that will move the markets in the coming week. The US had proposed to increase the import tariff on Chinese goods from March 1. Both the countries are in talks to strike a deal before the March 1 deadline. Failure to either strike a deal or postpone the deadline by 60 days as proposed by the US President Donald Trump could trigger a sharp sell-off in the global equities. Gold, in such a scenario, will see a strong surge by gaining safe-haven demand. However, the dollar movement will determine the pace of the rally in gold.

The dollar index (96.90) is currently facing resistance near 97.25. A strong break above this hurdle is needed for the index to gain momentum and move up to 97.5 and 98. But as long as the index trades below 97.25, a dip to 96.5 or 96.3 is possible in the near term.

Gold outlook

Gold is getting strong support around $1,300. The global spot gold ($1,322.5 per ounce) has formed a strong base between $1,300 and $1,315 over the last couple of weeks. The prices have surged, breaking above $1,315 on Friday. This keeps the bias positive for gold to break above the near-term resistance level of $1,325. Such a break will take gold higher towards $1,350 and $1,360 in the coming weeks.

The bullish outlook will get negated only if gold declines below the crucial $1,300-1,295 support zone. The next targets are $1,285 and $1,280. But such a fall looks unlikely at the movement. The long wicks on the weekly candles indicate that the yellow metal is getting strong buyers around the psychological level of $1,300. This makes a decline below the $1,300-$1,295 support zone less likely.

The outlook for the MCX-Gold (₹33,384 per 10 gm) futures contract is bullish. The contract has bounced from the ₹32,900-₹32,750 support zone. It is likely to test the immediate resistance level of ₹33,750 in the near term. A strong break above this hurdle will pave way for the next target of ₹34,650.

Silver outlook

The support in the $15.60-$15.55 region has held well for silver. The global spot silver ($15.79 per ounce) has bounced from the low of $15.49 last week. A key resistance is near the current levels at $15.80. A strong break above $15.80 will see silver rallying towards $16.1 and $16.2. But inability to breach $15.8 can keep silver in a narrow range between $15.50 and $15.80 for some time. A break below $15.5 will drag it lower to $15.4 and $15.3.

On the domestic front, the near-term outlook for the MCX-Silver (₹39,962 per kg) is mixed. The contract has an immediate resistance at ₹40,150. A strong break above this hurdle is needed for the contract to gain momentum and move up further. The next targets are ₹40,800 and ₹40,900. But as long as the contract trades below ₹40,150, a fall to ₹39,450 or even ₹39,000 cannot be ruled out in the coming weeks.

MCX Gold

Supports
₹32,900, ₹32,750

Resistances
₹33,750, ₹34,650

MCX Silver

Supports
₹39,400, ₹39,000

Resistances
₹40,150, ₹40,800

BUSINESS LINE DATE : 18/2/2019 P.N.11

2019 hasn't come bearing gifts for zinc

The outlook is clouded by economic growth uncertainties and trade friction

G CHANDRASHEKHAR

The year of 2018 was tumultuous for zinc. The market saw wild swings. Prices rose to a high of \$3,600 a tonne and then fell to a low of \$2300/t at one point. Clearly, trade friction between two of the world's largest economies — the US and China — distorted the market and fuelled negative sentiments.

This year is not going to be significantly different. The key themes will be macroeconomic concerns, continuing trade friction and, of course, the role of speculative capital in this choppy scenario. If anything, growth concerns are most likely to override even demand-supply fundamentals.

For three years in a row from 2016 to 2018, the zinc market was in deficit. In 2019, too, the market will continue to be in deficit, but at a markedly moderate level of about 70,000 tonnes. This is because supplies are set to grow. New mines are being opened, as a result of which concentrate availability is set to improve this year. If anything, there will be a substantial surplus which will help replenish the previously depleted stock of concentrate.

A critical issue for the metal is smelter performance. In China, in particular, environmental concerns are seen exerting a negative impact not only on production but also on prices. Chinese smelters have come under increasing scrutiny from environmental agencies. Many were forced to either close down or cut back on production last year to comply with environmental restrictions on solid, gaseous and waste-water emissions. No wonder, Chinese smelter production fell to multi-year lows. A sharp fall in zinc prices exacerbated the situation.

ISTOCK.COM/THAMERPIC

Demand ahead

At the same time, refined zinc production is set to rise in China and India this year. Several initiatives of the Indian government are likely to spur demand for the base metal. In particular, huge investments in the infrastructure sector including railways modernisation, highways and smart cities will drive consumption demand via the use of galvanised (zinc-coated) steel. An additional demand push will come from the automobiles industry, consumer durables and the housing sector.

As the mover and shaker of the base metals market, China's moves are being closely watched. While manufacturing activity in the Asian major is slowing, property market has turned sluggish. This is seen impacting demand. In 2019 as a whole, world zinc demand is set to rise only moderately.

So, the outlook for the world zinc market for the current year is clouded by economic growth uncertainties and trade friction. The ongoing trade talks between the US and China are being closely monitored, but it is widely expected that there will be no tangible result.

Given this, the market fundamentals and changes, if any, will need to be watched closely. The fact that the market will continue to be in deficit, however moderate, will surely exert an upward thrust on prices.

In this scenario, one known unknown is the stimulus package that China is likely to announce. Although the size of the package is still unclear, when announced, the package is bound to attract attention . It is at this time that speculative capital may step in, which in turn will exert an exaggerated impact on prices.

So, in an increasingly tightening market, the direction of zinc market will be substantially determined by the success or otherwise of trade talks.

If trade tensions ease, it will boost investor sentiment and propel prices higher, perhaps to the levels seen in 2018. On the flip side, if the trade war escalates, investor sentiment towards riskier assets will be dampened and prices will languish.

In the first half of this year, zinc is likely to trade broadly between \$2350/t and \$2550/t .

Interestingly, the lead market is likely to take a cue from the zinc market. For lead, key price drivers are absent at the moment. So, the two metals are likely to move in tandem.

The writer is a policy commentator and a commodities market specialist

Trade triggers

In a tightening market, the direction of zinc prices will be determined by the success or otherwise of trade talks

BUSINESS LINE DATE : 18/2/2019 P.N.11

Aluminium prices to be 'Made in India'

Earlier, Indian aluminium prices were discovered in global markets

V SHUNMUGAM

At the start of 2019, the Multi Commodity Eexchange of India (MCX) launched the first domestically benchmarked aluminium futures contract in the country. Earlier, Indian aluminium prices, discovered in markets abroad, did not necessarily and sufficiently reflect the Indian fundamentals despite the country being self-sufficient in the metal. We had to accept the global prices and had no say in the price discovery process.

MCX March aluminium contract is a compulsory delivery contract and will be settled based on the polled domestic spot prices, against the earlier practice of following international prices. The spot prices are taken from domestic market participants representing different segments in the aluminium value chain and disseminated twice daily on the exchange website for the market participants to anchor price expectations around it.

Such a spot price will include LME (London Metal Exchange) prices in rupee terms adjusted for domestic market premium, freight, customs duty, warehouse cost and other charges, excluding GST.

The price will thus fully reflect the Indian market fundamentals. The effort to poll domestic prices from domestic stakeholders will help participants gauge the local prices and also bring transparency in the spot markets.

Aluminium is a cost-effective component in the power, manufacturing and automobile industries whose competitiveness is critical to India's manufacturing sector. With India being the fastest-growing economy in the world and, 100 smart cities being developed to provide for efficient urbaniszation, competitive pricing of the metal and its risk management is a critical need. This is taken care of by this newly launched domestic benchmarked delivery-based contract.

KK MUSTAFAH

Producers as well as users can make the best use of the MCX deliverable contracts and give/take delivery and thereby exploit pricing transparency.

The MCX deliverable aluminium contract is quoted in rupees, auguring well for absorption of currency risks along with commodity price volatility. It is best suited for producers, importers, exporters and consumers alike, to hedge their physical market exposures and stabilise their balance sheets, allowing them to plan their business expansion.

Annualised price volatility in 2018 in aluminium was at a massive 18 per cent amidst trade bans and environment-related issues. In such a condition, aluminium producers, manufacturers, stockists, exporters and processors who simply holds physical stocks, without protective hedges, will be taking an enormous risk.

The contract enables delivery of LME-approved brands of primary aluminium ingots with a minimum purity of 99.70 per cent and in multiples of 5MT, from MCX delivery centre located in Thane, Maharashtra.

The price quoted on the exchange is for delivery of the metal ex-warehouse. The average of the previous three days' evening spot prices will be the price at which the delivery-based settlement of the contract will take place.

A participant who wants to give delivery can do so at any time during the contract's life, with a benefit of exemption from all types of margins, except mark-to-market margins. The actual exchange of the metal and associated payments will be effected after the contract's expiry and those interested in taking the metal out of the warehouse can follow the exchange-prescribed processes. The open interest in the contract has grown to about 2,100 MT in two weeks since its launch.

The writer is Head Research, MCX

Key to manufacturing

With India being the fastest-growing economy in the world and 100 smart cities being developed to provide for efficient urbanisation, competitive pricing of aluminium is critical

NAVBHARAT DATE : 18/2/2019 P.N.9

झारखंड में सोने के 7 नए भंडार मिले

एजेंसियां

रांची. झारखंड में धरती के नीचे स्वर्ण अयस्क के सात नए भंडार मिले हैं. सिंहभूम इलाके के ईचागढ़, जोजोडीह, भेंगम फुलझड़ी, मोर्चागोरा, ओटिया, टैबो और लुकापानी गांवों के पास इनके होने के प्रारंभिक संकेत मिले हैं.भारतीय भूगर्भ सर्वेक्षण यानी जीएसआई की जांच में इसकी पुष्टि हुई है.यहां सोने की मात्रा का पता लगाने के लिए जीएसआई और गहन परीक्षण करेगी.भारतीय भूगर्भ सर्वेक्षण की ओर से इन इलाकों में चट्टानों के नमूनों की जांच हुई है.इनमें से ज्यादातर क्वार्टज चट्टानें हैं.इन चट्टानों की रासायनिक जांच में स्वर्णअयस्क की मात्रा मिली है.इससे हजारों टन सोना मिलने की संभावना है.इससे प्रदेश में सैकड़ों करोड़ के राजस्व की बढ़ोत्तरी होगी.वहीं सोने पर आधारित अर्थव्यवस्था के नए आयाम के विकसित होने की भी संभावना है.

कहां हैं नए खजाने

ईचागढ़ के पास स्थित स्वर्ण भंडार सरायकेला-खरसावां जिले में है.जोजोडीह, भेंगम फुलझड़ी, मोर्चागोरा और ओटिया गांव पूर्वी सिंहभूम जिले में हैं.टैबो गांव जमशेदपुर की टैबो घाटी में है.लुकापानी गांव भी जमशेदपुर जिले के तहत ही आता है.

Near-term outlook mixed for MCX-Aluminium

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the MCX fell in the initial part of the previous week and made a low of ₹130.20 per kg on Tuesday last week. Thereafter the contract has been stuck in a narrow range between ₹130 and ₹134. Within this range, the contract is currently trading at ₹131 per kg.

The near-term outlook is unclear. The contract can remain range-bound between ₹130 and ₹134 for some more time. A breakout on either side of ₹130 or ₹134 will then decide the direction of the next move. Traders can stay out of the contract until a clear trade signal emerges.

A break below ₹130 can take the contract initially lower to ₹128 or ₹127. A further break below ₹127 will then increase the likelihood of the fall extending towards ₹123.

On the other hand, if the MCX-Aluminium futures contract breaks above ₹134, it can rise to ₹137 or ₹138. Inability to breach ₹138 can trigger a pull-back move to ₹134 again. But a strong break above ₹138 can take the contract further higher to ₹142 and ₹143.

Global trend

The Aluminum (three-month forward) contract on the LME remained below $1,900 all through last week. The contract was stuck in a narrow range between $1,845 and $1,885 in the past week.

The near-term outlook is mixed. A support is at $1,845 and a resistance is at $1,900. A breakout on either side of $1,845 or $1,900 will decide the direction of the next move.

A break below $1,845 will bring renewed selling pressure and drag the contract to $1,800. On the other hand, a strong break above $1,900 is needed to turn the outlook positive. Such a break will ease the downside pressure and take the contract higher to $1,945.

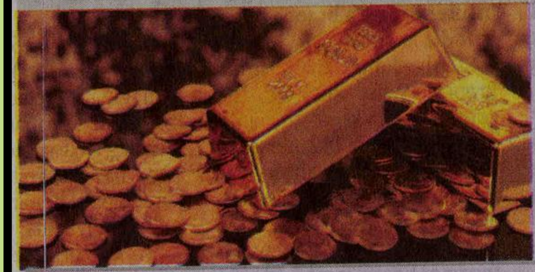
BUSINESS LINE DATE : 20/2/2019 P.N.7

GURUMURTHY K

STATISTALK

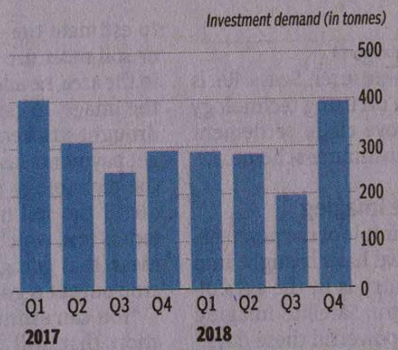
Gold gains its lost sheen

Gold prices have been moving up since October last year. A sharp increase in global demand in the fourth quarter of 2018 has triggered the price rise. Here's a look at the demand drivers

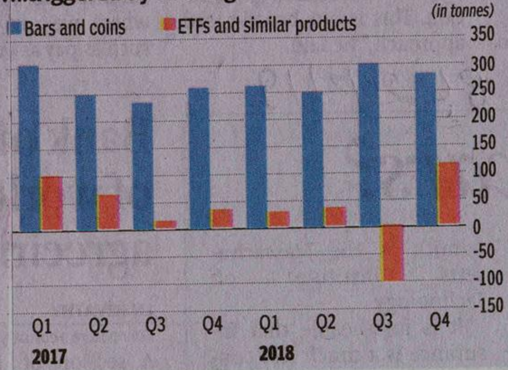


Demand for the yellow metal surged towards the end of 2018

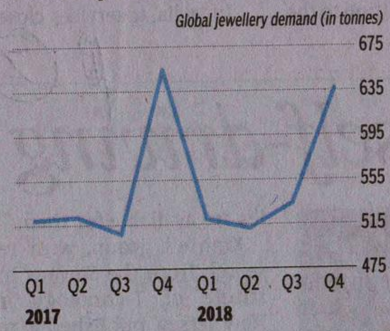
Investment demand doubles....



....triggered by a strong investments in ETFs



India's year-end festive season boosted jewellery demand



Central banks too accumulate gold reserves after long hiatus

Graphic: Visveswaran V

Source: World Gold Council

THE HINDU DATE : 20/2/2019 P.N.16

JSW Cement eyes 30 mtpa by 2025

Company plans to invest more than ₹12,000 crore, make an IPO in 2020

PIYUSH PANDEY
SPECIAL CORRESPONDENT

After failing to buy out Lafarge and Binani Cement units, JSW Cement now plans to more than double its capacity to 30 million tonnes per annum (mtpa) at a cost of more than ₹12,000 crore by 2025.

The company plans to reach a capacity of 20 mtpa by 2020 at a capex of ₹2,000 crore and raise another ₹3,500 crore through an initial public offering (IPO) to add another 10 mtpa of cement capacity, aiming to be among the top 5 cement players in the country.

Parth Jindal, managing director, JSW Cement, told *The Hindu*, "We plan to be among the top five cement players in India. Our current capacity is 12.6 mtpa, which will be enhanced to 14 mtpa by April 2019, and to 20 mtpa by December 2020. Then, we will plan for an IPO to increase our capacity to 30 mtpa by adding two cement plants of 5 mtpa each in Rajasthan and Chhattisgarh." The company will expand its capacity mostly through a combination of brownfield and greenfield projects. However, it is also evaluating various 'inorganic' opportunities to further ramp up capacity growth.

Expansion mode: MD Parth Jindal says his firm aims to be among the top five cement players in India. ▪ BIJOY GHOSH

With revenue of ₹2,800 crore, an EBITDA margin of 24% and debt of ₹2,400 crore. JSW Cement is looking at enterprise valuation between ₹25,000 crore and ₹30,000 crore while launching its maiden IPO. The company will appoint merchant bankers for its IPO later this year.

'₹3,500 cr. from IPO'

"With ₹3,500 crore from IPO, we will be in position to invest over ₹10,000 crore in expanding our cement business,' as the rest will come from debt," said Mr. Jindal.

JSW Cement recorded a cumulative volume growth of 54% during the first nine months ending December 31, 2018, compared with the cement industry growth of 20% across participative markets during the same period. JSW entered the cement market in 2009 and has plants in Vijayanagar in Karnataka, Nandyal in Andhra Pradesh, Salboni in West Bengal and Dolvi in Maharashtra.

BUSINESS LINE DATE : 20/2/2019 P.N.10

MCX-Zinc rebounds from a key support

GURUMURTHY K
BL Research Bureau

The Zinc futures contract on the MCX extended its fall in the initial part of last week but reversed sharply higher recovering all the loss. The contract made a low of ₹183.4 per kg on Wednesday last week and bounced back sharply. It is currently trading at ₹191 per kg.

The 55-DMA at ₹184 has held well and has halted the corrective fall that has been in place since the first week of this month.

A key resistance is in the ₹191-191.5 region. Inability to breach ₹191.5 can pull the contract lower to ₹185 and ₹184 again. In such a scenario, a range-bound move between ₹184 and ₹192 is possible for some time. A strong break below ₹184 will bring renewed selling pressure on the contract and drag it to ₹180 or even ₹175.

On the other hand, if the MCX-Zinc futures contract breaks above ₹191.5 decisively, it can gain momentum. Such a break will then increase the likelihood of the contract rallying to ₹200 and ₹203 levels in the coming weeks.

Medium-term traders who have taken long positions at ₹195 and ₹193 can hold it. Retain the stop-loss at ₹183 for the target of ₹212. Revise the stop-loss higher to ₹202 as soon as the contract moves up to ₹208.

Global trend

The Zinc (three-month forward) contract on the LME fell, breaking below the key support level of $2,650 in the past week. The contract recorded a low of $2,575 and has bounced from there.

Inability to rise past $2,650 can keep the contract under pressure. In such a scenario, the contract will remain vulnerable to break below $,2575 and fall to $2,500.

But a strong break and a decisive close above $2,650 will ease the downside pressure. Such a move will then keep the outlook bullish and take the contract higher to $2,800 levels.

BUSINESS LINE DATE : 20/2/2019 P.N.14

MCX Copper resumes uptrend

PICK OF THE WEEK

GURUMURTHY K
BL Research Bureau

Copper prices have been rising since the beginning of 2019. The copper futures contract on the Multi Commodity Exchange of India (MCX) had tumbled 10 per cent in the last quarter of calendar year 2018.

However, the prices have reversed sharply higher since January 2019 and the base metal has surged 10 per cent so far this year, recovering almost all the losses made during the last quarter of 2018. The MCX Copper futures contract is currently trading at ₹447/kg.

The uptrend that had begun in January halted after touching a high of ₹451.35 on February 6. The contract fell briefly for about a week thereafter. The corrective fall found support from the 38.2 per cent Fibonacci retracement support level of ₹430.

The contract made a low of ₹430.65 on February 12 and has reversed higher from there. The bounce-back from ₹430 keeps the overall uptrend intact.

A key resistance is at ₹452. A strong break above it will see the contract surging to ₹470 initially. Such a rally will also confirm an inverted head-and-shoulders reversal pattern on the daily chart.

A further break above ₹470 will then increase the likelihood of the contract targeting ₹485 or even higher levels.

Traders with a medium-term perspective can go long at current levels and also accumulate on dips at ₹440.

A stop-loss can be placed at ₹427 for the target of ₹485. Revise the stop-loss higher to ₹455 as soon as the contract moves up to ₹465.

BUSINESS LINE DATE : 21/2/2019 P.N.10

MCX-Nickel continues its upward trend

YOGANAND D
BL Research Bureau

The Nickel futures contract on the MCX has been on a medium-term uptrend since taking support at ₹735 per kg in early January. However, the contract encountered a key resistance at ₹956 in early February. After two weeks of corrective fall, the contract found support at ₹856 last week and bounced up strongly.

Forming a bullish engulfing candlestick pattern at the key support level of ₹860, the contract resumed its medium-term uptrend. Moreover, the 21-day moving average also cushioned the contract.

On Wednesday, the contract gained 1 per cent, breaching a key resistance at ₹900 as well as the 200-day moving average line, and is trading at ₹908 per kg. With this rally, the corrective fall appears to have ended. Besides, a decisive rally above the key level of ₹900 strengthens the medium-term uptrend.

The contract can continue to trend upwards and test resistances at ₹922 and then at ₹950 in the ensuing weeks. An emphatic break above the significant medium-term resistance level of ₹950 will reinforce the bullish momentum and accelerate the contract northwards to ₹970 and ₹1,000 in the medium term. On the other hand, key supports are at ₹860 and ₹840. Only a decisive break below ₹840 will increase the likelihood of the contract declining to ₹810 and ₹800 levels over the medium term.

Traders with high-risk appetite can make use of declines to go long with fixed stop-loss at ₹880 levels. Targets are ₹922 and ₹950.

Global trend

The Nickel (three-month forward) contract on the LME took support at around $12,080 and bounced up recently. The contract faces key resistance ahead at $12,800 and $13,000. A conclusive break above these barriers will strengthen the upmove and take the contract higher to $13,350 levels. Key supports are at $12,300 and $12,000.

DAINIK BHASKAR DATE : 21/2/2019 P.N.2

अंतरराष्ट्रीय सम्मेलन के उद्घाटन समारोह में बोले राष्ट्रपति

खनन में स्वच्छ प्रौद्योगिकी विकसित करने की जरूरत

एजेंसी | नई दिल्ली . राष्ट्रपति रामनाथ कोविंद ने ऊर्जा और पर्यावरण को महत्त्वपूर्ण मुद्दा बताते हुये वैज्ञानिकों से खनन की पर्यावरण-अनुकूल प्रौद्योगिकी विकसित करने की अपील की है। कोविंद ने यहां विज्ञान भवन में 'ऊर्जा एवं पर्यावरण : चुनौतियां एवं अवसर' विषय पर बुधवार को शुरू हुए तीन दिवसीय अंतरराष्ट्रीय सम्मेलन के उद्घाटन के मौके पर यह बात कही। उन्होंने कहा कि तेज प्रौद्योगिकी विकास के इस दौर में ऊर्जा और पर्यावरण, विकासशील ही नहीं विकसित देशों के लिए भी बड़े मुद्दे हैं। निकट भविष्य में भारत समेत अधिकतर देशों के लिए कोयला ऊर्जा का मुख्य स्रोत बना रहेगा, लेकिन नवीकरणीय स्रोतों की हिस्सेदारी भी बढ़ेगी। इस सम्मेलन का आयोजन वैज्ञानिक एवं औद्योगिक अनुसंधान परिषद् (सीएसआईआर) की प्रयोगशाला केंद्रीय खनन एवं ईंधन अनुसंधान संस्थान (सिम्फर) द्वारा किया जा रहा है। समारोह में केंद्रीय विज्ञान व प्रौद्योगिकी मंत्री डॉ. हर्षवर्द्धन भी मौजूद थे। राष्ट्रपति ने कहा कि पेरिस जलवायु समझौते के तहत भारत ने वर्ष 2030 तक उत्सर्जन में वर्ष 2005 की तुलना में 33 से 35 प्रतिशत तक की कमी लाने, बिजली क्षमता में गैर-जीवाश्म ईंधन की हिस्सेदारी बढ़ाकर 40 प्रतिशत करने और वन एवं पेड़ लगाकर कार्बन अवशोषण बढ़ाने की प्रतिबद्धता जताई है।

THE TIMS OF INDIA DATE : 22/2/2019 P.N.3

Costly gold pushes grey market volumes too

Wide Gap Between Price In Cash And That With GST

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SKY HIGH

- Gold has touched ₹34,500 per tola
- In grey market, it is available at ₹34,000
- The gap of ₹500 shows increased supply in grey market
- In normal course, grey market and official rates differ by ₹100-200 a tola
- As supply in grey market has increased, official rates have come down, increasing the gap

> There is a higher supply in cash market these days and volumes have gone up too. A substantial quantity of gold purchased through unaccounted cash is now up for sale as the rates are high
>
> **TRADER**

Nagpur: As gold prices nearing a record high, volumes have increased in the grey market also. Sources in the trade say despite the note ban, unaccounted dealings in cash are continuing unabated, and have even increased substantially, as the yellow metal is getting costlier.

This is evident from the increasing gap between prices in grey market, where gold can be purchased in cash without any taxes, and the official rates on which the GST component is also loaded. If the official rates are at ₹34,500 a tola (10 grams), sources say gold in cash is available at ₹34,000. In normal course, the gap between rates in the two markets is up to ₹200 or so. Last week, however, the spread had gone as much as ₹700 a tola too, said a source requesting anonymity. This is because of a surge in supplies through the illegal channel.

"This clearly shows that there is a higher supply in cash market these days and volumes have gone up too. A substantial quantity of gold purchased through unaccounted cash is now up for sale as the rates are high. The metal can only be sold in the grey market. Since the supply has increased as against demand, the rates have gone down in the grey market. A higher gap indicates a major push in supplies," explained a trader.

This also shows that those engaged smuggling are getting easy access, due to which the supply has gone up. The availability of gold through illegal route is much more than the official channel due to which the difference in rates of the two markets has widened, a source said. If the rates stabilize at the current level, the gap could come back to normal too.

Traders admit that despite measures like note ban, cash dealings in the grey market continue to remain strong. In fact, volume went up at times when rates are on a high.

Rates in grey market go up when supply is down due to some reason. "It happens when the vigil has increased, and illegal gold is not easily available. At such times, the rates increase and are almost at par with the price in official market. Reduced availability as against demand increases the rates in illegal channel," said a jeweller in the city also requesting anonymity.

Gold has touched ₹34,000 a tola level after a gap of six years. Prior to this the rate had touched a similar high in 2013, said a source.

BUSINESS LINE
DATE : 22/2/2019 P.N.14

Gold slips from 10-month peak, palladium eases off record high

REUTERS
February 21

Gold slipped on Thursday from a 10-month high hit in the previous session after minutes from the US Federal Reserve's last meeting kindled expectations of an interest rate hike this year, while palladium fell from an all-time peak.

Spot gold was down 0.2 per cent at $1,335.60 per ounce at 1317 GMT, having hit its highest since April 19 in the previous session at $1,346.73. US gold futures fell 0.7 per cent to $1,338.20 per ounce.

Morgan Stanley said in a note gold would need more than just a weaker dollar and a dovish stance from the Fed to drive its price higher, adding that the bank had closed its long position in the metal.

Gold prices have gained 4 per cent so far this year on expectations the US central bank will pause its interest rate hiking cycle, and on hopes for a trade deal between the world's two largest economies.

Meanwhile, palladium fell 0.8 per cent to $1,476.13 per ounce after the autocatalyst metal briefly surpassed the $1,500 level on Wednesday.

BUSINESS LINE DATE : 22/2/2019 P.N.14

Copper retreats from seven-month peak on firm dollar and profit-taking

REUTERS
London, February 21

Copper prices slipped from seven-month highs on Thursday as the dollar firmed and investors cashed in gains from a rally in the previous session fuelled by falling inventories.

On Wednesday LME copper broke through technical resistance at $6,400, which triggered profit-taking alongside a stronger dollar, said Saxo Bank commodities analyst Ole Hansen.

The premium for cash zinc over the three-month LME contract rose to $26.50 Aluminium was bid up 0.5 per cent to $1,875 after failing to trade in official rings.

Zinc was bid down 0.9 per cent to $2,674, lead was bid 0.4 per cent higher at $2,048,

Oil near 2019 highs

Meanwhile, oil prices hovered around 2019 highs on Thursday, bolstered by OPEC-led supply cuts and US sanctions on Venezuela and Iran, but were capped by slowing growth in the global economy.

US West Texas Intermediate (WTI) crude oil futures were at $57.17 a barrel at 1320 GMT, 1 cent above their last settlement, and close to a 2019 high of $57.55 of the previous day.

Brent crude futures were down 4 cents at $67.04 after touching a 2019 peak on Wednesday at $67.38.

Oil prices have been driven up this year by supply cuts led by the Organization of the Petroleum Exporting Countries (OPEC).

The main factor keeping oil prices from rising even further is soaring US output, which rose by more than 2 million bpd last year to a record 11.9 million bpd.

The swelling production has resulted in rising US oil inventories.

US crude oil stocks rose by 1.3 million barrels to 448.5 million barrels in the week to February 15, according to a weekly report by the American Petroleum Institute on Wednesday.

THE HINDU
DATE : 23/2/2019 P.N.16

NALCO eyes ₹2,000 crore net by 2020

PRESS TRUST OF INDIA
BHUBANESWAR

Aluminium major NALCO aims to raise its net profit to more than ₹2,000 crore by 2020 and Rs 2,500 crore in next three years using a new business model, a top company official said on Friday.

When the global economy was reeling under economic slowdown, with the metal sector being affected the worst, NALCO took a conscious decision of introducing an all weather business model that focused on benchmarking and quantification, the company's chairman and managing director Tapan Kumar Chand said after inaugurating an event here.

BUSINESS LINE DATE : 23/2/2019 P.N.12

'Ensure bid norms prevent iron-ore hoarding'

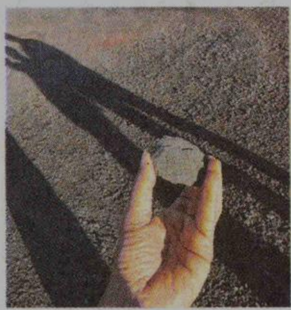
SURESH P IYENGAR
Mumbai, February 22

Steel companies have urged the Centre to tighten the eligibility criteria for iron ore and other minerals bidding to ensure that companies with less ore requirement do not corner large mines andhoard asset.

Incidentally, the mining policy for coal addresses this issue well. In the case of coal auction, a steel company is eligible to bid only if the extractable coal is less than 150 per cent of its annual requirement and the mine's overall capacity meets its requirement for 30 years.

"Such eligibility criteria is restricted to only coal mine auctions. In the case of other minerals, small companies bid at exorbitant price and hoard large mines. In the process, they gain valuation and higher working capital limit," said an executive of a large steel company.

As of January-end, the government had auctioned 53 mineral mines of which 32 are coal blocks. Revenue for government from the auctions is estimated at ₹1.83 lakh crore



which can be realised only if the winning bidders start mining and pay the auction price, royalties and contribute for District Mineral Foundation, he added.

In a recent letter to the mining ministry, Uday Kumar Verma, Secretary General, Assocham, said, some of the bidders are participating in auction beyond their mineral requirement for their end-use plant leading to hoarding and accumulation of resources.

"These resources will never convert to production and steel industry would continue to suffer for want of raw material. Such practices are not only counter-productive but also against the overall objective of Mines and Mineral Development (Regulation) Act. Moreover, State governments will also lose revenue and auction premium," he said in the letter addressed to Narendra Singh Tomar, Minister for Mines and Rural Development.

Moreover, the industry has urged the government to increase the upfront payment for the winning bidder to three per cent.

Presently, the MMDR Act pegs upfront payment for the winning bidder at only 0.5 per cent of the resource value payable in three instalments of 10 per cent each on successful bidding and mining plan approval and 80 per cent at the time of lease execution. This leads to hoarding of minerals for future use or for capacity expansion.

The winning bidder should pay at least 50 per cent of the upfront payment as first instalment.

Defaulting bidders should not only be banned from future auctions, but also cough up the premium for the entire resource, said the executive.

THE TIMES OF INDIA DATE : 25/2/2019 P.N.5

Govt flags rlys steel import plans, says 'make in India'

Sidhartha@timesgroup.com

New Delhi: The steel ministry has red-flagged Indian Railways' plan to import rails, arguing that domestic manufacturers should be given preference and the state-run transporter should work out a long-term strategy for local production, which is the government's thrust under PM Narendra Modi's 'Make in India' scheme.

This is the second time in two years that the railways' import plans are facing scrutiny after the Modi administration put in place a public procurement policy that gives preference to domestically-produced- goods. After placing an order to import an estimated five lakh tonnes for the current financial year, the railways has sought an exemption from the government order for a four lakh tonne order to meet its requirement for next year. Against its requirement of 14 lakh tonnes for the current financial year, the railways has estimated that it will need 17 lakh tonnes next year.

TRACK RENEWAL

State-run SAIL has a capacity to produce 12 lakh tonnes while JSPL can manufacture another 6 lakh tonnes of rails, prompting fresh resistance from the steel ministry, sources told TOI. The ministry has now sought details from railways with sources indicating that the transporter needs to disclose its long-term strategy for expansion of tracks and renewal of existing ones so that adequate capacity is created in the country. "Every country that has done this kind of work has relied on local manufacturers. If needed, SAIL can work with railways and plan its capacity augmentation, including a possible joint venture with railways," said a source.

On its part, the railways believes that there is a shortage of manufacturing capacity and supply needs to be augmented via imports.

SAIL is already augmenting its capacity to produce 20 lakh tonnes of rails and invested in a new facility in Bhilai. In a bid to improve its safety record, the railways is replacing tracks, apart from lining up a mega expansion plan to boost its share in freight traffic and is also building two freight corridors.

BUSINESS LINE DATE : 25/2/2019 P.N.6

ETF investors are mining for precious metals

Trading volume spikes in the $11-billion VanEck Vectors Gold Miners ETF

The $11-billion VanEck Vectors Gold Miners ETF, ticker GDX, saw trading volume spike to its highest in two months.

About 90 million shares worth over $2 billion exchanged hands, double the fund's usual volume and more than any other US ETF that day. GDX is the largest materials ETF and tracks corporations that are primarily involved in mining gold and silver.

Gold on a high

The price of gold has climbed more than 12 per cent in the six months through Wednesday, extending its late-2018 rally while equities remain volatile after a rough end to 2018. The precious metal offers a potential hedge against global political uncertainties such as the US-China trade war.

Bullion is also bolstered by continued signs of flexibility from the Fed. As the prices surge, investors are placing bets on just who the biggest winners will be: mining companies.

When the price of gold goes up by 11 per cent in a very short period of time, a lot of that falls right to the bottom line and increases profitability and margin, said John Ciampaglia, the chief executive officer of Toronto-based Sprott Asset Management.

That obviously translates to tremendous operating leverage for the gold mining companies.

Reigniting the M&A cycle

The fund's heaviest weightings reflect companies across the globe — Newmont Mining Corp in the US, Barrick Gold Corp and Franco-Nevada Corp in Canada and Newcrest Mining Ltd in Australia — but consist mainly of Canadian companies.

Newmont mining buying rival Goldcorp Inc in January, just three months after Barrick Gold announced plans to buy Randgold Resources Ltd, has also reignited the M&A cycle in the gold mining sector, according to Ciampaglia. BLOOMBERG

Betting Big

Gold prices moving up translates to operating leverage for gold mining companies

THE HINDU DATE : 25/2/2019 P.N.13

INTERVIEW | SANTOSH SHARMA

'Our mine expansion programme will reduce India's import dependence by 25%'

We will take ore capacity to 20 million tonnes by 2024: Hindustan Copper's CMD

INDRANI DUTTA

A listed PSU, Hindustan Copper Ltd. (HCL) is a vertically integrated copper producer, engaged in mining, beneficiation, smelting/refining and manufacturing value-added products. Recently, HCL has been taking efforts to insulate itself from the volatility of international copper prices by entering into non-LME linked items of production. The company's CMD **Santosh Sharma** *shares his thoughts. Excerpts from an interview:*

HCL is now pursuing a ₹5,500 crore mine-expansion plan that will increase its capacity to 20 million tonnes by 2024. Could you elaborate?

■ Mining and ore exploration are HCL's key growth areas.

Our mine expansion plan aims to take ore capacity from 3.8 million tonnes in 2018 to 20 million tonnes by 2024.

The capital outlay is phased over five years. About ₹1,000 crore has already been invested.

The strategy involves expansion of existing mines, reopening of closed mines in Jharkhand and development of new mines.

The expansion projects are located in Madhya Pradesh, Jharkhand and Rajasthan. Most of the funding would be through internal accruals.

To what extent will it reduce import dependence?

■ With the completion of the expansion projects by 2024-25, copper availability will be suffice to meet 30% of India's demand against the present 5%.

Consequently, concentrate import will decline by 25%. It will help HCL to enhance its profitability (even if LME prices drop sharply). This is because of a huge cost reduction due to the economies of scale.

Increasing resource base through investments in exploration is needed urgently

For HCL, the benefit would be that we will then be able to scale up and play by volume.

India holds about 2% of global copper reserves. Increasing resource base through investments in exploration is needed urgently.

HCL has a crucial role to play here.

Depth exploration in existing mining leases (beyond the 300-500 metres done now) is another thrust area. We plan to undertake an exploration programme covering geophysical and depth drilling in existing mines in Rajasthan, Jharkhand, and Madhya Pradesh and complete it in two years.

Our joint venture, Chhattisgarh Copper Co. Ltd will boost these efforts.

Could you share your mine expansion strategy?

■ We are implementing a three-pronged strategy of expansion at four mines – Malanjkhand (Madhya Pradesh), Surda and Khetri (Jharkhand) and Kolihan (Rajasthan).

We are reopening two mines at Rakha and Kendadih (Jhakhand).

Of these, Kendadih has already been reopened. These were closed years back due to unviable operations.

This has now improved with availability of new technology and larger operational scale. The tendering process has begun for Rakha. Alongside, we are also setting up a greenfield mine at Chapri Sideshwar (Jharkhand).

So, the bulk of the projected capacity will come from the underground mine under development at Malanjkhand, which has the single largest copper deposit in India?

■ The eight-million tonne capacity will come from the Malanjkhand underground mine which is under development. Initially, five-million tonne capacity will be achieved. We are going to try out new things here.

What is your progress at Banwas?

■ The production ramp-up from the Banwas mine has commenced this fiscal and will increase to six lakh tonnes by 2020. At Malanjkhand, we will gradually taper off opencast mining.

Will HCL operate these new expansion projects, or will you outsource?

■ Except Khetri and Kolihan, we have planned to operate all the other mines through outsourcing mode. Tendering process is now under way. We plan to expand through the EPC mode for most of these mines.

What advantages does HCL enjoy over its competitors like Sterlite and Birla Copper, as India's sole copper miner?

■ The business model of private companies viz. Birla and Sterlite are based on custom smelting i.e they are importing copper concentrate and processing in their smelter and refinery plant.

Private players' business is essentially low-margin, high-volume business. As an integrated producer, HCL's margins are linked with LME copper prices. Compared to private players, HCL enjoys higher profit margin.

You had plans of getting into new metals as a means of entering non-LME linked sectors. Has this progressed?

■ We have taken initiatives to monetise the waste generated during ore mining.

These are copper ore tailings and mine waste rock of Malanjkhand mine.

A plant of annual capacity of 3.3 million tonnes has been installed at Malanjkhand to treat ore tailings and the trial run has begun.

HCL has over 100 million tonne stocks of tailings at Malanjkhand and at Khetri.

So, we have the raw materials and now, we only need to prove our efficiency in processing in this parallel line of business, where Hindustan Copper can actually become a precious metals producer too.

The 200 million-tonne rock stock at Malanjkhand can be used as railway ballast aggregate in the construction sector. Lab tests by RDSO, Lucknow have been successful.

BUSINESS LINE DATE : 25/2/2019 P.N.11

Gold retreats from high, but stays bullish

The strong $1,310-1,300 support cluster can limit the downside

GURUMURTHY K

It was a volatile week for gold. The global spot gold prices surged in line with our expectation, breaking above the key resistance level of $1,325 per ounce. Weakness in the dollar helped gold breach the $1,325 hurdle. The US dollar index fell from around 97 to a low of 96.25. It helped gold surge to the high of $1,347. However, the yellow metal prices reversed sharply lower from the high, giving back almost all the gains made during the week. Gold made a low of $1,323 and bounced slightly from there to close at $1,329.4, up 0.52 per cent for the week.

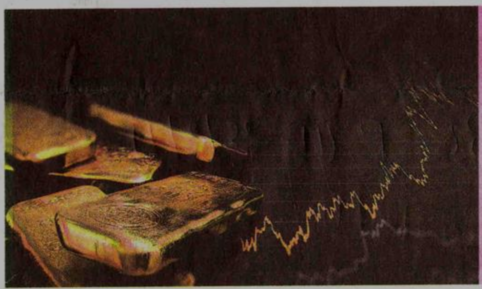
Silver on the other hand surged, breaching the key resistance level of $15.8 per ounce. The global spot silver made a high of $16.22 and retreated to close at $15.92 per ounce, up 0.86 per cent for the week.

On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange (MCX) moved in tandem with the global prices. The MCX-Gold made a high of ₹34,031 per 10 gm and fell-back to close the week 0.4 per cent higher at ₹33,517 per 10 gm. Similarly, the MCX-Silver contract reversed lower after making a high of ₹40,993 per kg. The contract closed at ₹40,268 per kg and was up 0.8 per cent.

US-China talks

Increasing optimism on the on-going US-China trade talks is a major factor that is capping the upside in gold. Both the nations have agreed to extend the negotiation by two days. If the talks fail to strike a deal, the proposal of a higher import duty on Chinese goods by the US will come into effect from March 1. This will trigger a sharp sell-off in risky assets.

Global equities have been rallying over the last couple of weeks on hopes that the US and China will strike a deal. A sell-off in equities will be a positive for gold, which will trigger a sharp rise in the yellow metal prices. But if a deal is struck or the March 1 deadline gets postponed by 60 days, as proposed by the US President Donald Trump, equities will surge, resulting in a fall in gold prices on account of increased risk appetite in the market.



Dollar outlook

The US dollar index (96.5) stabilised above 96.3 in the later part of the week after having fallen from around 97. The near-term outlook is slightly negative for the dollar index to dip to 95.8. A strong break below 95.8 will increase the likelihood of the index falling further to 95 in the short term. Such a fall could be positive for gold.

On the other hand, a strong break above 97.3 is needed for the index to gain momentum and move up to 98 and 98.3.

Gold outlook

The support at $1,320 for global spot gold ($1,329.4 per ounce) has held well last week. As long as gold trades above $1,320, an upmove to $1,345 and $1,350 is possible in the coming days.

It will also keep the possibility high of gold testing the crucial long-term resistance level of $1,360. On the other hand, if gold breaks below $1,320, it can dip to $1,310 or $1,300.

Cluster of supports are poised between $1,310 and $1,300. As such, a fall breaking below the psychological level of $1,300 looks unlikely at the moment.

The MCX-Gold (₹33,517 per 10 gm) has the key 21-day moving average as well as trend line support at ₹33,200. Though a test of this support is possible in the near term, a break below it is less likely. An upward reversal from this support will have the potential to breach the key resistance level of ₹33,750. Such a break will pave way for a further rally to ₹34,600 and ₹34,700 in the short term.

Silver outlook

The global spot silver ($15.92) has come-off after testing the key resistance level of $16.2 in the past week. The weekly candles indicate that silver could remain range-bound between $15.5 and $16.2 for some time.

A breakout on either side of $15.5 or $16.2 will then determine the direction of the next move. A break above $16.2 can take silver initially higher to $16.35.

A further break above $16.35 will then increase the likelihood of the prices surging to $16.8 and $17. On the other hand, if silver declines below $15.5, it can test $15.2 and $15. However, such a fall, breaking below $15.5, looks less likely at the moment.

The MCX-Silver (₹40,268 per kg) has come-off after testing the key resistance level of ₹40,900 last week. The near-term outlook is mixed. The contract can trade broadly in a sideways range between ₹39,000 and ₹41,000.

MCX Gold

Supports
₹33,200, ₹32,900
Resistances
₹33,750, ₹34,650

MCX Silver

Supports
₹39,400, ₹39,000
Resistances
₹40,600, ₹41,000

BUSINESS LINE DATE : 25/2/2019 P.N.11

Indian iron ore unaffected by global volatility

Domestic prices fell as a result of their own supply and demand dynamics

Why price rise

- Closure of Val's mine in Brazil
- Environmental curbs in China impacting production
- Concerns over global shortage

Cost-efficient

Global steel industry may prefer low-grade ores to reduce input costs of higher ore prices

SATYA SONTANAM

Global iron ore prices have been highly volatile recently on concerns of supply crisis, after the world's top producer Vale SA's mining operations were forced to be shut down, following a mining dam collapse. While the international prices spiked immediately in the wake of the news, reaching two-years high, they settled down on reports of increased production plans from other manufacturers and China's slowdown.

The Indian iron ore industry was, however, unaffected by the developments In fact, the prices fell, playing by their own supply and demand dynamics.

Global scenario

The iron ore market has been in turmoil since January 25, when the Vale SA's mining dam collapsed in Brazil.

The situation was further accentuated by the Brazilian court order to suspend company's operations at another mine, Brucutu, on safety grounds. Suspension of these mines would lead to an annual production loss of 70 million tonnes that is roughly 3-4 per cent of the world's supply of iron ore. Measured, however, as a percentage of the total high-quality ore in supply in the world, the loss due to closure of Vale's mine, will be high.

So, the concerns over ore shortage in the global market pulled up the prices of iron ore.

By the second week of February, the Singapore iron ore futures contract was 8.4 per cent higher (from January price) at $90.7 per tonne, and the leading global contract traded in Dalian, up 4.9 per cent at $96.4 per tonne.

Prices have, however, cooled over the last week.

This follows reports that Vale and other companies — BHP Group, Rio Tinto Group and Fortescue — will ramp up their existing mining capacities. This is set to reduce the loss of production to about 10 million tonnes.

It must be noted that iron ore prices drop only in case of high-grade ores, while low-grade ores stick to the upward momentum.

The user steel industry might now prefer lower grade to reduce the input costs of higher ore prices.

Global iron ore price movement also depends on how the largest consumer of the world, China, tackles the problem and its economic activity.

Though China's iron ore mining industry is sufficiently large, production has been impacted in the past several months on account of a strict environmental clampdown.

If China is not able to increase the production to meet its demand, there is going to be an explicit deficit, which could prompt the prices to move higher.

At this juncture, the situation looks uncertain with mine suspensions, environmental restrictions and potential ramp-ups.

India plays independently

Indian iron ore prices are not following international market prices trend now. In 2019, NMDC had cut prices of iron ore lumps and fines to 26 per cent and 24 per cent respectively over the December price levels. Piling up of inventory would be one of the reasons that prompted NMDC to axe the prices. Going forward, domestic iron ore prices are not expected to rise sharply.

According to an ICRA report, India's iron ore production has been on the rise and is likely to touch 211 million tonnes in FY19 (210 mt in FY18) despite the closure of Goa mines of Vedanta and Donimali mines of NMDC.

Higher production is on account of merchant miners maximising their output before the expiry of mine leases in March 31, 2020. As per a Crisil report, leases for around 80 mt of iron ore production capacity are set to expire in early 2020. This is a sizeable portion of India's production at 210 mt in FY18.

BUSINESS LINE DATE : 26/2/2019 P.N.4

Steel cos set to hike price for third time this month

Impact of rising iron ore prices and global trend

SURESH P IYENGAR

Mumbai, February 25

Steel prices are set to go up by ₹1,000 a tonne with companies getting ready for another hike in price in line with the global trend and firming iron ore prices.

In fact, steel companies have hiked hot-rolled coil prices twice since the start of this month by ₹750 and ₹1,000 a tonne, taking advantage of rising prices globally.

NMDC on Monday announced plans to hike iron ore prices by ₹400 a tonne with immediate effect. Following this, steel companies may rise prices further by about ₹1,000 a tonne in March as the domestic prices are currently at a discountto the landed cost of imports, said a source.

Incidentally, the series of steel price hikes come after it remained subdued for the last three months due to weak demand from automobile and white-goods sectors.

The previous hike had come in October and ever since companies have accumulated inventory putting pressure on their balance sheet, he added.

The price hike comes as a big relief for large steel producers such as JSW Steel and Tata Steel which had sold less than what they had produced in the December quarter.

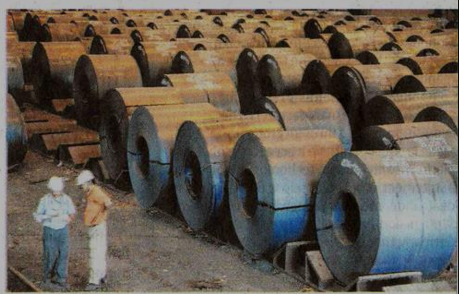
Tata Steel produced 3.34 million tonnes (mt) in the third quarter and sold only 2.97 mt. Similarly, JSW Steel produced 4.23 mt but sold 3.68 mt. But with the domestic steel demand still languishing, it is to be seen whether the price hike can be sustained.

Iron ore price

NMDC, the largest iron ore supplier, had raised lump iron ore prices by 15 per cent to ₹3,000 a tonne and fines by 17 per cent to ₹2,760 a tonne.

Earlier this month, Odisha miners also increased ore prices by ₹250-300 a tonne following the global trend. Despite the hike, iron ore prices are trading at 15 per cent discount to the international prices and there is enough room for further uptrend in prices of domestic iron ore supplies.

Iron ore has remained supercharged since late January after the dam burst in Brazil shaved off 30 million tonnes of supply from Vale SA, one of the largest iron ore producers. Earlier this month, iron ore prices surged globally to five-year high on concern of another production cut of 30 million tonnes by Vale.



The price hike comes as a relief for large steel producers which had sold less than what they produced in the last quarter

BUSINESS LINE
DATE : 26/2/2019 P.N.10

Near-term outlook is positive for MCX-Aluminium

GURUMURTHY K
BL Research Bureau

After hovering above ₹130 per kg in a narrow range, the aluminium futures contract on the MCX climbed last week. The contract gained about 3 per cent in the past week and is trading at ₹135 per kg.

The near-term outlook is positive. The contract can extend the current upmove to ₹138 in the near term. Key resistance is in between ₹137.5 and ₹138. Inability to breach ₹138 can trigger a pullback move to ₹134 or ₹133. A strong break and a decisive close above ₹138 is needed for the contract to gain fresh momentum. Such a break will then increase the likelihood of the MCX-Aluminium futures contract targeting ₹142 and ₹143.

A break and a rally to ₹142-143 will be bullish from a medium-term perspective. It will confirm an inverted head and shoulders pattern on the daily chart. The neckline of this pattern is at ₹137 which will then serve as a strong support. The medium-term outlook will then turn bullish and the contract can rally to ₹150 or even higher in the coming weeks.

Short-term traders can go long at current levels and also accumulate on dips at ₹133. Stop-loss can be placed at ₹131 for the target of ₹142. Revise the stop-loss higher to ₹137 as soon as the contract moves up to ₹139.

Global trend

After hovering around $1,850 for a few days, the aluminum (three-month forward) contract on the LME has risen sharply over the last couple of days. The contract has surged about 3 per cent in the past week and is currently trading at $1,913. The outlook is bullish. The LME-Aluminum contract can rise further to $1,935 and $1,950 in the coming days. Inability to breach the resistance level of $1,950 can trigger a pullback move to $1,900 and $1,880.

THE HITAVADA
DATE : 26/2/2019 P.N.9

NMDC hikes iron ore prices by Rs 400/tonne

NEW DELHI, Feb 25 (PTI)

COUNTRY'S largest iron ore producer NMDC has increased the price of high grade iron ore (lumps) by Rs 400 to Rs 3,000 per tonne. The state-run firm has also hiked the price of iron ore fines, which are inferior grade ore, by Rs 400 to Rs 2,760 per tonne.

The revised prices, effective from Feb 23, exclude royalty, DMF (District Mineral Fund), NMET (National Mineral Exploration Trust), cess, forest permit fee and other taxes, NMDC said. This is second price revision in a month.

The last revision was done earlier this month on Feb 2 when it had fixed rates of lump ore at Rs 2,600 per tonne and that of fines at Rs 2,360 per tonne.

VALUE PICKS Analysts say large steel stocks currently trading at marginal discounts to their long-term average EV/EBITDA could be ideal buying opportunities

Time to Buy Steel Stocks? Tata, Jindal and JSW Get Upgraded

Rajesh.Mascarenhas
@timesgroup.com

Mumbai: The outlook for the Indian steel sector is bright with key brokerages hiking target price and upgrading stocks on the back of strong demand and rising prices.

In the past few days, Morgan Stanley has upgraded the ratings of Jindal Steel to overweight from underweight and increased the target price to ₹188 from ₹174. It also upgraded the ratings of JSW Steel and Sail to equalweight from underweight and increased the target price of JSW Steel to ₹296 from ₹278 and Sail from ₹53 to ₹54. Goldman Sachs also upgraded the ratings of JSW Steel to buy from neutral with a target price of ₹315.

Analysts increasingly feel that large steel stocks currently trading at marginal discounts to long term average EV/EBITDA could be best bets. "Indian steel industry on the cusp of a multi-year run," said Chetan Phalke, CIO – Alpha Invesco. "It's a time to take a contrarian bet due to strong domestic steel prices, rising capacity utilizations, deleveraging of the balance sheets and governments anti-dumping duties till 2022".

Target Price Raised

Stocks	CMP (₹)	Target Price (₹)*	1 year Return (%)	EV/EBITDA FY19E	PE FY19E
JSW Steel	284.50	300.83	-10.00	6.17	10.41
Tata Steel	503.60	590.40	-25.96	5.87	6.95
SAIL	48.55	56.69	-43.87	5.74	5.70
Jindal Steel & Power	158.55	213.69	-40.72	5.86	18.08
Jindal Stainless	34.55	45.67	-67.17	4.18	3.24

* Bloomberg consensus estimates

Source: Bloomberg

Jindal Steel & Power, Tata Steel, JSW Steel and Sail have underperformed the Sensex between 15% and 50% in the past one year. These stocks now trade between 5 and 6 times FY 2019 estimated EV/EBITDA as against the historical average of 7x.

Demand has been strong in India but production has been affected by sluggish exports. Rating agency ICRA said recently that Indian steel demand will grow at over 7% while World Steel Association last year upped its 2019 India growth forecasts to 7.3% from 6%.

Steel prices have firmed up on the back of these government measures and firm domestic demand while international prices too have recovered. Monthly production growth has accelerated in the last two months after a long stagnation.

The favorable risk-reward scenario has prompted the upgrades, analysts said..

"Demand recovery from recent lows and price rises led by global steel prices and domestic demand should support earnings growth for Indian steel companies and drive stock performance," said Ashish Jain, equity analyst, Morgan Stanley India. "Stock valuations too are supportive, with large steel stocks now at marginal discounts to long-term average EV/EBITDA and a modest premium on price-to-book of 20% now versus 50% three months ago".

Domestic demand grew 7.5% in December 2018 quarter and while it moderated in January 2019. Analysts expect demand recovery on the back of industrial capex and some pick up in consumption demand. The industry has raised steel prices by 4% or ₹1,500 per tonne in the past month. With Indian steel prices now at a marginal discount to the import parity price vs an 8% premium in Nov-18, price risk is skewed to the upside, according to analysts.

"We expect divergent near and medium term steel price trajectory in CY 2019 with an expected near term upswing led by higher iron-ore prices due to Vale disruption, restocking in China and strengthening CNY/US$," said Abhishek Poddar, analyst, Kotak Securities.

BUSINESS LINE DATE : 27/2/2019 P.N.6

Not yet ready to exit from coal plants

Given India's medium-term coal-dependence, clean coal needs a finance and technology push

ROHIT CHANDRA

INDIA IN TRANSITION

In the last five years, there has been a slow but growing international consensus around the withdrawal of financial capital from the coal industry. Large sovereign wealth funds and pension funds, as well as multinational aid agencies like the World Bank have undertaken this exercise by announcing their exit from coal financing. While coal-based generators in the West were already on the back-foot because of rising regulatory costs, most of the coal expansion in the 2010s has come from Asia, particularly India and China.

The idea of withdrawing financial support from the coal industry is well-intentioned; it is aimed at hastening the decline of coal-based power generation and hopefully encouraging cleaner alternatives in its place, given the global imperative of climate change mitigation, and the local benefits of improved public health. The problem is that the blunt instrument of divestment may actually exacerbate transition problems in coal-heavy countries.

Expansion continues

Many Asian countries are continuing to expand their thermal coal-based power generation fleet, despite the falling costs of renewables. India is no exception. Some countries that have reduced coal-based generation continue to rely heavily on exports of coal (Australia) or coal-generation power equipment (China). Coal-based power generation is not a singular industry; it is a network of upstream miners, machinery manufacturers, transporters, engineering consultants, plant operators, and consuming utilities (to say nothing of subcontractors). These industries not only collectively employ many people, but are also part of an ecosystem which has been running smoothly for decades.

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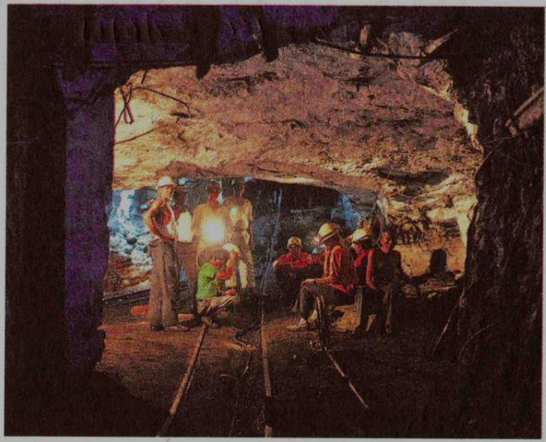
Coal-based power plants are not like renewable plants, where most of the investment occurs upfront and then the operations and maintenance (O&M) costs remain relatively minimal. Coal plants have much higher intermittent O&M costs, and as regulations, particularly around fly-ash disposal, stack emissions, and effluent waste-water treatment, have become stricter over the last few decades, O&M costs have increased.

In India, State Pollution Control Boards (PCBs) have not been particularly effective at monitoring or enforcing compliance to these regulations, so one of the places coal plants have traditionally cut corners to reduce costs is in these areas. In the face of a competitive, regulated power market, and increasing financial pressures due to an increasingly hostile investment environment, Indian generators have few incentives to comply with regulations given their perpetual short-term liquidity problems.

With the Ministry of Power extending the timelines to comply with emission standards for thermal plants, we can see how little momentum there is in the system for regulatory compliance.

Part of the problem is that India's power regulators have not been good at regularly updating prices to accommodate these increases in operational costs due to regulation. These costs must be allowed well in advance, and for the lifetime of the plant if power regulators want to give generators the right signals to invest in CO_2 scrubbers, flue-gas desulphurisation technology (FGD), fly-ash management, and more. Otherwise, the race to the bottom on power prices will inevitably lead to power plants skirting regulations.



Much at stake The potential gains in producing clean coal are massive REUTERS

Expansion in power generation in India has been largely on the back of state financing; almost all coal power plants in India are constructed through massive debt financing from state-owned banks, regardless of whether the promoter is a state-owned enterprise or private company. International investment in coal generation assets in India has been minuscule, so coal divestment from India has been largely a cosmetic announcement rather than some massive withdrawal of capital.

The financial crunch to coal generators has come more from a series of continual shocks to the coal ecosystem: cancellation of coal blocks by the Supreme Court, the bankruptcy of discoms, logistical problems leading to coal stock shortages, and a myopic coal import ban. Looking at the number of power generators which have been classified as non-performing or gone into bankruptcy, this is clearly an industry desperate for capital, something India's state-owned banks simply cannot provide at this time.

Creative financing

This is exactly the time when creative, targeted financing proposals should be brought in to India to address the power sector's burgeoning problems. Manufacturers of plant machinery should be approaching large generators and showing them the massive efficiency gains that can be made from applying integrated control systems to old plants. Often, the cost savings alone can pay for the installation of these systems.

Multinational infrastructure investment banks should be working with Indian engineering consultants to float proposals to finance CO_2 scrubbers, FGD systems, and other kinds of stack emissions management in power plants, conditional on continual public reporting of all stack emissions from benefiting plants.

This alone could have massive public health benefits, particularly in North India, and would also make the State PCBs' lives easier.

Clean coal as an idea has huge potential in India because of the age and inefficiency of some of our plants. Given the short to medium term inevitability of coal-dependence, the potential gains to implementing clean coal are massive. This would include steps like more careful material management, managing coal dust and stack emissions, and ensuring that plant effluents do not mix with local water supplies.

A good example is how the city of Stockholm was partially powered by an urban power plant, Vasteras, which supplemented hydropower and provided standby and peaking capacity when required.

This plant not only had negligible effects on urban air pollution, but, in fact, ran cleanly for more than half a century until being slowly phased out. Closer to home, Torrent Power's Sabarmati plant has been running in Ahmedabad for over 80 years and has operated well within the GPCB's emissions norms.

The point behind all of this is that coal improving investments should not be lumped into the broader goals of coal divestment. Like most divestment movements, coal divestment fundamentally misunderstands technology systems and how they change over time. Coal may well be on its way out in the coming decades.

But for the moment, it is here to stay, and rather than wishing it away, it should be pivoted in a direction which achieves the goals which are universally accepted at this point — reduced air pollution and climate change mitigation.

The writer is a political scientist and economic historian working on the coal and power industries. This article is by special arrangement with the Centre for the Advanced Study of India, University of Pennsylvania

BUSINESS LINE
DATE : 27/2/2019 P.N.10

Outlook positive for MCX-Zinc

GURUMURTHY K
BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange of India extended its upmove in the past week. The contract has risen about 2 per cent in the past week breaking above the key resistance level of ₹191.5 per kg. It is currently trading at ₹195 per kg.

The outlook is positive and the MCX-Zinc futures contract can move further higher in the coming days. Key support is in the ₹192-191 zone which is likely to limit the downside. Dips to this support zone is likely to find fresh buyers coming into the market. An upmove to ₹199 is likely in the near term. A break above ₹199 can take the contract higher to ₹203. The region between ₹202 and ₹203 is crucial medium-term resistance. Inability to breach ₹203 can trigger a pullback move to ₹195 or even ₹190 again. But a strong break and a decisive close above ₹203 will boost the momentum. It will then increase the likelihood of the contract rallying to ₹215 over the medium-term.

Trading strategy

Medium-term traders who have taken long positions at ₹195 and ₹193 can hold it. Retain the stop-loss at ₹183 for a target of ₹212. Revise the stop-loss higher to ₹198 as soon as the contract moves up to ₹201. Move the stop-loss to ₹202 when the contract moves up to ₹208.

Global trend

The Zinc (three-month forward) contract on the London Metal Exchange has risen over 2 per cent in the past week. It is currently trading at $2,719 per tonne. Near-term outlook is bullish. A rise to $2,820 looks likely in the near-term. The level of $2,820 is a strong medium-term trend resistance. Inability to breach this hurdle can trigger a pullback move to $2,650. But a strong break above $2,820 will pave way for the next target of $2,930.

BUSINESS LINE
DATE : 27/2/2019 P.N.14

Palladium soars above $1,550/oz on mining strike fears in S Africa

REUTERS
February 26

Palladium hit a record high on Tuesday, surging above $1,550 an ounce as a threatened strike by South African mineworkers added to supply concerns in an already tight market.

Spot palladium, which traded as high as $1,554.50 per ounce, was down 0.5 per cent at $1,534 as of 0731 GMT. The metal has risen 21 per cent so far this year on a sustained supply deficit.

At least 15 mining firms in South Africa, a major producer of the autocatalyst metal, have received notices of strikes to be held later this week. "Support comes from supply side issues, mainly from South Africa where a strike by the union has a potential to disrupt output further," ANZ analyst Daniel Hynes said, adding that positive news on Sino-US trade is also providing support.

THE ECONOMIC TIMES DATE : 28/2/2019 P.N.8

Gitanjali Gems' RP Contests Asset Seizure

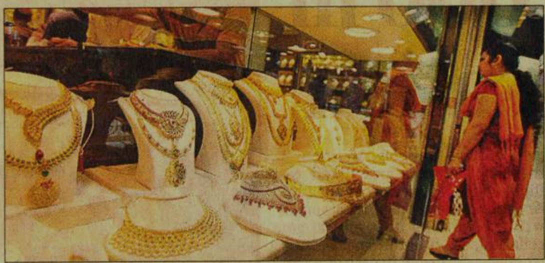
Says move has disrupted resolution process, asks NCLT to direct ED to release confiscated assets, including property & jewellery

Mohit.Bhalla@timesgroup.com

New Delhi: The resolution professional overseeing Gitanjali Gems has contested the Enforcement Directorate's seizure of the company's assets on the grounds that the action has disrupted the insolvency resolution process.

The RP asked the National Company Law Tribunal (NCLT) to direct the ED to release the confiscated assets, including jewellery and property, so that they can be evaluated independently in accordance with the bankruptcy code and an information document can be submitted to prospective bidders.

The ED initiated a probe into the company following the alleged fraud at Punjab National Bank and filed charges against fugitive businessman and founder Mehul Choksi.



The company's committee of creditors, which comprises representatives from 30 banks, is of the view that the assets in the ED's custody are the "suspected proceeds of crime" but until there is a conviction, they should be left free for valuation, according to a person briefed on the matter.

The committee has met twice since the insolvency process began but has been unable to make any progress towards resolving the claims of the creditors in the absence of access to the company's records, according to the person. The claims of financial creditors against the company amount to ₹6,000 crore.

BUILDING A CASE

ED initiated a probe into the company following the alleged fraud at PNB and filed charges against fugitive businessman & founder Mehul Choksi

The charges pertain to alleged diversion of funds through offshore companies by Choksi, who obtained letters of credit from state-run PNB to pay overseas suppliers and then refused to make good the payments.

The ED's case under the Prevention of Money Laundering Act predates ICICI Bank's filing of insolvency proceedings against the company. The tribunal admitted ICICI Bank's plea in October last year and approved the appointment of Vijay Kumar Garg of Duff & Phelps as the resolution professional.

A spokesperson for Duff & Phelps declined to comment on the matter.

The tribunal recently acted on a similar plea by the resolution professional of Sterling SEZ, which is undergoing insolvency proceedings and is being investigated by the ED, and ordered the agency to free the company's attached properties and allow them to be valued. Sterling's promoters, the Sandesaras, are also accused of fleeing India to avoid criminal prosecution by the probe agency.

Choksi had been absconding even before the alleged fraud at PNB was officially called out by the lender. The authorities have sought to expedite his extradition from Antigua where he has obtained citizenship.

Gold demand is set to fall

COMMENTARY

G CHANDRASHEKHAR

Despite several risks looming, including geopolitical, growth and 'event' risks, gold has not been able to decisively break out of the narrow $1,300-1,330 an ounce range it has got trapped in in recent days. The flow of Brexit related news failed to enthuse the market, as also statements by the US Federal Reserve Chair.

There is still uncertainty about the future course of action by the Fed. In all likelihood there could be a rate hike in March and a higher probability of a pause after that for the rest of the year.

Headwinds

What happens to the dollar after the likely pause is key to unravelling gold's future market direction. There is a belief, the dollar would stabilise for a while and then start to weaken in the second half of the year.

But importantly, from the fundamental perspective, there are headwinds the yellow metal is likely to face this year. Gold demand is set to fall. Evidence of this is already available if one went by India's imports in January. The value of imports surged by over 30 per cent, possibly due to higher gold prices.

However, month-on-month gold imports were down about 10 per cent because of demand conditions. According to a report, based on an average price of $1,292 per ounce, India's imports equate to about 55 tonnes, which is 16 per cent below the twelve-month average.

Another report pointed out that Swiss exports more than halved to a mere six tonnes in January, making it the lowest monthly figure since at least 2014. There is a massive expansion of domestic refining capacity in recent years, which has led to a sharp rise in import of gold doré (semi pure) into India at the expense of refined gold, the report pointed out.

As is widely recognised, India has always been a price sensitive market and at higher prices — like at present — one can see a certain demand compression. It can be said that ₹30,000 per 10 grams is a 'biting point' in India, beyond which demand growth begins to evaporate.

There are other uncertainties as well. India is set for general elections between April and May. It is during this period, it is generally believed, that enormous amounts of cash change hands. A new government, whose shape is unclear at the moment, will be in place by end-May or early-June.

The Rupee, too, has continued to remain enervated, staying above the psychological 70 to a dollar. A weak rupee makes imports so much more expensive. Additionally, the rural sector — the engine of bullion demand growth — has not performed well.

If one were to crystal gaze, demand for the yellow metal will remain subdued as prices continue to rule at record levels. In the event, there is a strong possibility of retailers de-stocking.

In China, too, gold demand is expected to be subdued and imports are likely to decline in the months ahead as higher prices deter buying. However, January imports surged possibly due to new import quotas for banks and retailers stocking ahead of Lunar New Year holidays. Slowing Chinese growth and weakening currency will influence market conditions.

Importantly, the trade talks between the US and China are being closely tracked. How the dispute pans out will impact the currencies of the two countries which in turn will have an effect on gold.

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