खनिज समाचार

KHANIJ SAMACHAR

Vol. 4, No-24

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

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खनिज समाचार

KHANIJ SAMACHAR

A FORTNIGHTLY NEWS CLIPPING SERVICE

FROM

CENTRAL LIBRARY

INDIAN BUREAU OF MINES

VOL. 4, NO-24 , 16th – 31st DECEMBER , 2020

LOKMAT DATE : 16/12/2020 P.N.3

रेती तस्करी बिघडवतेय पर्यावरणाचे संतुलन

चंद्रपूर : सध्या रेती तस्करी जिल्ह्यात गंभीर समस्या होऊ लागली आहे. येथील विविध नदीघाटावरून दररोज शेकडो ब्रास रेतीचा नियमबाह्य उपसा केला जात आहे. याचा पर्यावरणाला मोठा फटका बसत आहे. यामुळे नद्यांचे पात्र रुंद व खोल झाले असून नैसर्गिक पात्रच बदलले आहे.

शिवाय कृत्रिम पुरामुळे नदीकाठची शेकडो हेक्टर शेतजमीन खरवडून निघाली आहे. जिल्ह्यात वर्धा, वैनगंगा, इरई, उमा, शिरणा आदी नद्या वाहतात. यातील वर्धा नदी जिल्ह्यातील बहुतांश गावांची जीवनदायिनी आहे. या नद्यांसोबत अनेक मोठें नालेही जिल्ह्यातून वाहतात. या सर्व नद्यांच्या विविध ठिकाणी असलेल्या घाटांवरून सध्या मोठ्या प्रमाणात अवैधरित्या रेतीचा उपसा होत आहे.

> रेती उपशामुळे नद्यांचे पात्र रुंद व खोल होत आहे. यामुळे नद्यांची इको सिस्टीम धोक्यात येत आहे. जैविक वनस्पती, किटकवर्गीय जलजन्य प्राणी नष्ट होत आहेत. प्रशासनाने अवैध रेतीचा उपसा आता थांबविणे गरजेचे आहे. अन्यथा पर्यावरणाचे मोठे नुकसान होईल.
>
> **-प्रा. सुरेश चोपणे**,पर्यावरण अभ्यासक व अध्यक्ष,ग्रिन प्लॅनेट सोसायटी, चंद्रपूर.

घुग्घूस परिसरातील नकोडा, घुग्घुस, घोडेघाट, वढा, नायगाव, चिचोली या घाटांवर तर रेती उपस्यामुळे वर्धा नदीपात्रात मोठमोठे खड्डे पडले आहेत. जेसीबी, पे लोडर, पोकलॅन्डच्या साहाय्याने हा उपसा होत आहे. यासोबतच बल्लारपूर, भद्रावती, वरोरा तालुक्यातील वर्धा नदीच्या पात्राची अशी अवस्था झाली आहे. नदीचे नैसर्गिक पात्रच बदलले आहे. इरई, उमा, वैनगंगा या नद्यांचीही अशी अवस्था झाली आहे.

रेतीच्या उपस्यामुळे नदीपात्रातील माती खरडून वाहून जाते. यामुळे घुग्घूस, मूल, भद्रावती, वरोरा, ब्रह्मपुरी आदी तालुक्यातील नदीकाठच्या शेकडो हेक्टर शेतात दरवर्षी पावसाळ्यात कृत्रिम पूर येतो. एकेकाळी सुपिक असलेली ही शेतजमीन आता खरडून निघत आहे.

चंद्रपूर जिल्ह्यात एकूण ५४ रेती घाट लिलाव प्रक्रियेत समाविष्ट केले आहेत. यातील ३४ रेतीघाटांसाठी जनसुनावणी नुकतीच घेण्यात आली. त्यात पाच रेती घाट नामंजूर करण्यात आले आहे. अद्याप कोणत्याच घाटाचा लिलाव झालेला नाही. प्रक्रिया सुरू असल्याचे जिल्हा खनिकर्म अधिकारी सुरेश नैताम यांनी सांगितले.

THE ECONOMIC TIMES DATE : 16/12/2020 P.N.10

SPREAD between the two narrows to 0.94% from 80% on March 23 and 93% in April on demand for stock due to improved outlook for metals

Partly-paid Shares Outshine Ordinary Shares at Tata Steel

Sanam.Mirchandani
@timesgroup.com

Mumbai: The partly-paid shares of Tata Steel have outpaced the company's ordinary shares in the recent run-up, resulting in their spread narrowing to less than a percent on Tuesday. Tata Steel's partly-paid up shares have surged 497% since March 23 as against the 134% in ordinary shares during the period, thanks to the improving outlook for metals worldwide.

"Tata Steel shares have gained in the last few months because the steel cycle is turning positive and we have seen price hikes and volume growth in the last three to four months. That is the reason why we are seeing action in steel stocks," said Hemang Jani, Head of Equity Strategy, Broking and Distribution at Motilal Oswal.

"The debt reduction plan is progressing. When the ordinary shares go up, the partly paid shares go up more because more people are interested in buying lower priced stocks as initial capital investment is low," said Jani.

Tata Steel partly paid up shares ended up 3.85% at ₹180.55 on Tuesday and Tata Steel ordinary shares gained 1.36% to close at ₹635.20.

Tata Steel had allotted partly paid up shares in March 2018 and took 25% of ₹615 per share upfront, which was ₹153.75 a piece. Investors must now pay ₹461 per share when the company calls for the balance amount. The outperformance in partly paid up shares has led to the spread between them to converge to 0.94% ((₹461+180.55)-635.2) from 80% on March 23 and 93% in April.

"The spread had become extreme till 93% but now it has narrowed to less than 1% because Metals stocks are in demand led by unprecedented uptick seen in global steel prices," said Abhilash Pagaria, Senior Management, Edelweiss Alternative Research.

Tata Steel was supposed to take the rest 75% as first and final call within 12 months but later on the company took special permission from the Securities and Exchange Board of India for deferring the time horizon till indefinite period.

"The company is yet to collect 75% of INR 615 of Partly Paid-Up Shares as in 2019 they took special permission from SEBI for extension till indefinite period for collection of remaining payment," said Pagaria

Indian steel spreads have risen around 25% in the third quarter and are at a three year high. They are expected to remain strong on the back of domestic demand recovery and higher regional prices.

BUSINESS LINE DATE : 17/12/2020 P.N.8

Commercial mining won't unsettle us: Coal India chief

SHOBHA ROY
Kolkata, December 16

Coal India Ltd (CIL), which had registered a laggard growth in both production and offtake during the beginning of this fiscal, has been witnessing a pick-up in the growth momentum since August-September. The company is hopeful of surpassing last year's production of 602 million tonnes (mt). Pramod Agrawal, Chairman and Managing Director, CIL, said the opening up of the coal sector to commercial mining will not unsettle CIL's role. Excerpts:

CIL has been witnessing a rise in both coal production and off-take since the month of August-September. Do you think this momentum will sustain? Where do you see closing this year in terms of production and off-take?

The growth momentum was sustained in October with 19 per cent and 25 per cent, respectively and the trend continued in November as well. We are optimistic of surpassing last year's production of 602 mt going by the way the economic activity is panning out. Our over burden removal (OBR) held on to the growth constancy since the beginning of the fiscal, ending November with a growth of 21 per cent. So, the coal seams are exposed and ready for extraction.

Supplies are dependent on demand upsurge. We have created conducive conditions for our customers to lift increased coal, which did help in improved offtake. But the actual demand is determined by the market behaviour and if the demand is up we are confident of meeting it and close the year with more sales than year ago.

> *We shall offer increased quantum under auction schemes and there is a strong probability of our auction sales going over 100 mt during this fiscal*
>
> PRAMOD AGRAWAL
> Chairman and Managing Director, CIL

The demand from power sector still seems to be lacklustre and even in November a fair share of your demand came from the non-power sector. Is this good to offset the lower demand from power sector?

Power sector constitutes nearly 80 per cent of our total offtake. Though non-power sector is showing healthy appetite with increased coal lifting, it would not be feasible for it to fill in the demand vacuum left by the power sector fully. After a 14 per cent spurt in October, power sector growth flattened again in November. But, we expect the demand from power sector to find its tempo soon.

What are your plans to boost sales?

We could achieve a 30-mt volume increase in e-auction booking at 68.3 mt till November, by a perceptive plan of keeping reserve price close to zero during the first six months of the fiscal to boost sales.

Special spot auction for coal importers, introduced in October, saw a booking of five mt in two months. We shall offer increased quantum under auction schemes and there is a strong probability of our auction sales going over 100 mt during this fiscal. We are planning to enhance the non-power sector customer base through linkage auctions.

You had earlier commented that CIL is not likely to be impacted by opening up of the coal sector to private players for commercial mining. Can you please elaborate how?

Key issues that will help us stay ahead of the competition are established infrastructure, streamlined operations, uniform coal quality, cost efficiency in production and reliable timely delivery of supplies.

We hold close to 53 per cent of the country's entire coal resource base of 329 billion tonnes. We also own high-grade mines with favourable stripping ratio that makes our coal cost highly competitive. Commercial mining will not unsettle CIL's role.

What is your plan to scale up production?

We have devised a transformative plan to engage Mine Developer cum Operators which will help in technology infusion and bring operational efficiency. As many as 15 greenfield projects have been identified for the purpose. We are also fast tracking procurement of higher capacity modernised equipment to ramp up our OC production.

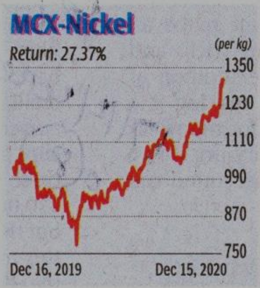
BUSINESS LINE DATE : 17/12/2020 P.N.8

MCX-Nickel: Trend continues to be bullish

AKHIL NALLAMUTHU
BL Research Bureau

Since early October, the December futures contract of nickel on the Multi Commodity Exchange (MCX) has been heading north where the price advanced from about ₹1,065. However, since mid-November, it has been oscillating between ₹1,180 and ₹1,220.

But last week, the contract regained traction and broke out of the range. On Tuesday, it registered a high of ₹1,335.5 and it currently hovering around ₹1,300. The price is well above the 21-day moving average (DMA) and the moving average convergence divergence indicator on the daily chart is indicating a strong bullish momentum. Moreover, the daily relative strength index stays in the bullish zone. These are indications of considerable upward momentum and if the contract rallies past its prior high, it can appreciate to ₹1,350. Above that level, it can rally to ₹1,375.



Considering the risk-reward ratio, even though the trend is bullish, one can wait for now rather than initiating fresh long positions at current levels. That is, traders can either buy the contract with stop-loss at ₹1,230 if the price softens to ₹1,270 or buy with stop-loss at ₹1,300 if the contract breaks out of ₹1,335.

BUSINESS LINE
DATE : 18/12/2020 P.N.8

MCX-Zinc extends the horizontal trend

AKHIL NALLAMUTHU
BL Research Bureau

The December futures contract of zinc on the Multi Commodity Exchange (MCX) is in an uptrend since early October. The price bounced from about ₹175 and headed north to mark a high of ₹224.35 in November. But the upthrust slowed and the contract started to move along a sideways trend i.e. it was largely oscillating between ₹213 and ₹224 since past four weeks. Hence, despite the overall trend being bullish, the contract should breach the resistance at ₹224 in order to establish next leg of uptrend.

Since the price stayed flat over the past few weeks, indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart has come off from their respective peaks. That is, both the indicators has been moving down gradually. However, they continue to hover in their respective positive territory.

If the uptrend gains steam and breaks out of the range, it can probably rise to ₹236. A breach of this level can even lift the contract towards ₹250. But prolonged consolidation can increase the likelihood of a reversal. In case if the contract slips below the support of ₹213, the outlook can turn bearish. Support levels below ₹213 can be spotted at ₹208 and ₹205.

Even though the major trend is bullish, the contract faces a significant hurdle at ₹224. Similarly, there is a considerable support at ₹213. Considering this, traders can stay on the side-lines until either of ₹213 or ₹224 is breached.

BUSINESS LINE
DATE : 18/12/2020 P.N.8

Copper pushes towards the peak since 2013

REUTERS

London, December 17

Copper prices neared their highest in almost eight years on Thursday as stockpiles around the world fell, and hopes for a US stimulus package this week grew.

Benchmark copper on the London Metal Exchange (LME) was up 1% at $7,914 a tonne in official rings, nearing last Friday's peak of $7,973.50, the highest since February 2013.

"$8,000 is once again in reach," said Saxo Bank analyst Ole Hansen.But with speculators rushing into copper, a correction will come, he said.

Steel sector hotting up

Five deals expected over the next two quarters

RAJESH KURUP/SURESH P IYENGAR
Mumbai, December 18

With as many as five deals expected to happen in the next two quarters, the steel sector is hotting up, leading to a faster revival of construction and automobile segments, and the economy, in general. The biggest among the deals would be that of JSW Steel's plans to take over Bhushan Power and Steel for nearly ₹20,000 crore.

Earlier this month, JSW Steel sweetened the deal to acquire the stressed BPSL by offering an additional ₹400 crore on top of its earlier bid of ₹19,350 crore. Though the admitted claims of financial creditors in the company stood at ₹47,158 crore, the lenders would be happy if the deal is closed sooner than later, considering that the insolvency case has been going on for over three years.

Similarly, London-based Liberty Steel Group, which acquired Adhunik Metaliks in March this year for around ₹425 crore, is scouting for more buys in India. The company is leading the race to take over the assets of SBQ Steels.

The National Company Law Tribunal's (NCLT) Chennai bench has allowed a fresh auction for sale of SBQ Steels, which is under liquidation, after bidders in the previous auction withdrew their offers due to Covid impact. NCLT had ordered liquidation of the company, since no revival plan was approved by the committee of lenders last year.

SBQ Steels, flagship of Chennai-based RKKR Group, had admitted claims of about ₹4,267 crore for secured creditors and another ₹80 crore to unsecured financial creditors. It has an integrated steel plant in Nellore, Andhra Pradesh.

Showstoppers

Target firm	Buyer	Deal value (₹/cr)	Status
Bhushan Power and Steel	JSW Steel	20,000	Incomplete
Adhunik Metaliks	Liberty Steel	~425	Incomplete
M.M Ispat	JSW Group	-	Incomplete
SBQ Steels	Liberty Steel	-	Incomplete
Crest Steel and Power	Nithia Capital	-	Incomplete
Asian Colour Coated Ispat	JSW Steel	1,550	Closed
Concast Steel and Power	SMC Power Generation	300	Closed
Modern Steels	Arjas Steel	150	Closed

More M&A activity likely

Seshagiri Rao, Jt Managing Director, JSW Steel, said while last year saw despair due to the unprecedented pandemic, the next year will be marked by a recovery in consumption and investments.

The company's expansion plans and inorganic growth through acquisitions are expected to come to fruition by end of March 2021, coinciding with a rebound in economic activity, he said.

"The company's priority is to leverage the availability of additional capacities to meet the incremental demand that will arise due to economic rebound to create value to stakeholders," he said.

In yet another deal, UK-based alternative investment manager Nithia Capital is close to acquiring Crest Steel and Power.

"This trend of increased interest in steel and auto component sector is expected to continue as the post Covid-19 upswing in the end-user industry is likely to be durable. With global firms trying to move away from China for sourcing components and user industry showing a strong rebound in demand, we could expect more M&A activities in the steel sector, especially in the specialised and component space, going forward," Mahesh Singhi, Founder and Managing Director at Investment Banking firm Singhi Advisors, said.

Deals completed

Among the deals that were completed during the year were ADV Partners-backed Arjas Steel's agreement with Modern Steels for acquisition of substantial part of the latter's business interests for about ₹150 crore. Singhi Advisors was the advisor to Modern Steels.

The buyout will help Arjas ride the current rebound in the automotive segment and especially in the two-wheeler segment at it gets access to a valuable facility in North India and marquee OEM clientele.

Also, JSW Steel had acquired Asian Colour Coated Ispat for ₹1,550 crore, and SMC Power Generation had bought out Concast Steel and Power for about ₹300 crore.

Even though overall steel demand is expected to fall by 2.4 per cent this year, the steel industry is experiencing improvement in realisation and margins were driven largely by restocking and supply shortages.

BUSINESS LINE DATE : 19/12/2020 P.N.72

Covid cess: Tata Steel moves SC against Jharkhand

OUR BUREAU
Mumbai, December 18

Tata Steel has moved the Supreme Court against the Covid pandemic cess levied by the Jharkhand government on the mineral bearing land.

The apex court has accepted the petition challenging the right of the State government rights to levy such a tax, sources said.

In July, Jharkhand government through an Ordinance levied a cess of ₹10 on every tonne of coal dispatched and ₹5 a tonne on iron ore sold. Cess on per tonne of bauxite, limestone and manganese was fixed at ₹20, ₹10 and ₹5.

The Cabinet approved the promulgation of the

In July, Jharkhand government levied a cess of ₹10 on every tonne of coal dispatched and ₹5 a tonne on iron ore sold.

Jharkhand Mineral Bearing Land (Covid-19 Pandemic) Cess Ordinance 2020 to shore up revenue for the State.

"Circumstances exist which render it necessary to take immediate action to promulgate an Ordinance to provide the levy of cess on mineral bearing land for the rehabilitation/employment of labourers/ migrant labourers, creating infrastructures in the field of cottage/ village Industries, MSME.. mitigating the hardships caused due to loss of jobs, augmenting the existing health infrastructures and for other necessary purposes in Jharkhand arising out of disaster by way of Covid pandemic," the notification said.

Between April and October, the revenue of Jharkhand government had plunged 12 per cent to ₹30,753 crore against ₹35,069 crore logged in the same period last year.

The State's tax revenues including excise duty, State GST, stamp duty, land revenue and registrations among others have dipped by ₹983 crore to ₹7,586 crore.

Though the Central government had allowed mining and steel companies to operate during the Covid lockdown period, metal companies have cut production due to sharp fall in demand.

However, the demand has started reviving in the recent times and metal companies have been hiking prices consistently.

The user industry has condemned steady rise in steel and other metal prices.

BUSINESS LINE DATE : 20/12/2020 P.N.5

A good long-term bet on steel demand

Higher realisations, sanguine prospects and cost-control measures work in favour

SATYA SONTANAM
BL Research Bureau

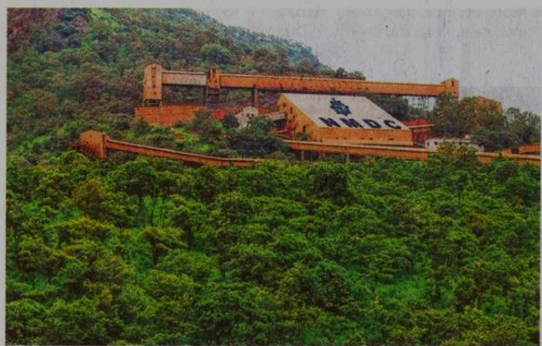
In a major relief to NMDC, the Government of India earlier this month reached an agreement with Government of Karnataka and the Ministry of Steel to extend Donimalai iron ore mine lease.

Operations at the Donimalai mines of the company (which contribute about 20 per cent to the company's iron ore output) were suspended from November 2018, as the Karnataka government demanded a higher premium (80 per cent of sale value of ore) on renewal of mine lease in 2018. With the Centre's intervention now, the mining lease has been extended.

However, the question still remains on what would be the premium payable on renewal of mining lease for PSUs. NMDC has been currently permitted to commence mining at Donimalai subject to the company paying 22.5 per cent of sale price to the state government. This is in addition to the royalty and other statutory levies (about 15 per cent). However, the actual premium a State or Central PSU should pay on renewal of mines (post 2015) is yet to be announced by the committee formed for this purpose.

Any decision by the committee that requires the company to pay a premium (as against nil earlier), effective retrospectively, will impact earnings of most of the mines of NMDC both in Chhattisgarh and Karnataka. This could likely be a key overhang on the operating profit of the company.

Having said that, strong fundamentals for the iron ore market on the back of better than expected



recovery in the steel sector – demand visibility, cost control measures are expected to overshadow the negative impact of premium payment to an extent.

In line with the broader market, the stock price of NMDC also went up by about 83 per cent from its low in March 2020. At the current market price, the stock trades at higher 11.5 times its trailing twelve month earnings, as against the three-year average of 8.6 times. Investors with high-risk appetite and with three- to five-year horizon may consider adding the stock on dips. Recovery in demand, healthy margins and good dividend yields (4-6 per cent) should hold the company in good stead.

On recovery path

After being impacted by the outbreak of Covid-19, the operations of the company saw a rebound in the second quarter of the fiscal. The sales volumes in Q2 FY21stood at 6.6 million tonnes (mt), up 14 per cent y-o-y, supported by robust demand (domestic) for steel. The production and sales figures announced by NMDC for the month of November 2020 also suggests healthy demand for ore in the market.

Despite lower production volumes at NMDC in the first quarter of the fiscal, the management has maintained the volumes target at 32 mt for FY21 (flat y-o-y). On the realisations front too, NMDC has taken a cumulative hike of ₹2,250 per tonne on lumps (65.5 per cent Fe) since its low in May 2020. Realisations now stand at ₹4,500 per tonne.

Good prospects

The prospects of iron ore industry

CONTD...ON PAGE 8

CONTD...FROM PAGE 7

BUSINESS LINE DATE : 20/12/2020 P.N.5

is directly linked to the prospects of the steel sector.

Around 1.5 tonnes of iron ore is required to produce one tonne of steel. The long-term prospects of the steel sector seem sound, given theCentre's focus on infrastructure development projects, including metro rail, smart cities, affordable housing, dedicated freight and high-speed rail corridors.

To meet the growing requirements of the Indian steel sector, NMDC plans to increase the iron ore production capacity from existing 43 mt per annum to 67 mt by FY23. While this looks stretched (given the huge capital requirement and the track record of a few PSUs in meeting the deadline), immediate rise in volumes from Donimalai mines, expansion of output in Kumaraswamy mines (in Karnataka) from 7 mt to 10 mt per annum will give a leg-up to the company in the near future.

NMDC recently announced the demerger of its upcoming steel plant in Nagarnar, Chhattisgarh (which is close to commissioning phase) with a capacity of 3 mt per annum. With this, any further capex on the plant, will likely be incurred by the demerged entity and NMDC will remain focused purely on its mining business.

Also, NMDC will continue to remain as a supplier to the demerged steel plant on an arm's-length basis, which will be a positive for the former in terms of demand.

Further, as a part of cost control efforts, the slurry pipeline for the logistics of the ore, which will likely be commissioned in the next two-three years, is expected to bring benefit of ₹300-400 per tonne of ore transport and improve profitability for the company.

THE HITAVADA (CITYLINE) DATE : 21/12/2020 P.N.6

Steel TMT bar prices touch all time high of Rs 45,000/tonne

- On Sunday, steel prices saw the Rs 45,000 per tonne (excluding 18% GST) mark which is about 30 per cent higher that the level prevailing in the month of March 2020

TMT bars	Price/tonne in March 2020
8 mm	Rs 35,000 + 18% GST
10/12 mm	Rs 34,000 + 18% GST
16/20/25 mm	Rs 34,000 + 18% GST
TMT bars	**Price/tonne on Dec 20**
8 mm	Rs 45,000 + 18% GST
10/12 mm	Rs 44,000 + 18% GST
16/20/25 mm	Rs 44,000 + 18% GST

■ **Business Bureau**

AS THE conditions in international markets are pushing up steel prices consistently for the past few days, recently the commodity has touched its all time high here in the local market. On Sunday, steel TMT bar prices touched the Rs 45,000 per tonne (excluding 18% GST) mark which is about 30 per cent higher than the level prevailing in the month of March 2020.

Prices of 8 mm steel bars, which were at Rs 35,000 per tonne (excluding 18 per cent GST) before the lockdown, jumped to Rs 45,000 per tonne on Sunday.

Similarly, the cost of 10 mm to 25 mm bars went up from Rs 34,000 (excluding 18 per cent GST) to Rs 44,000 per tonne over the same period.

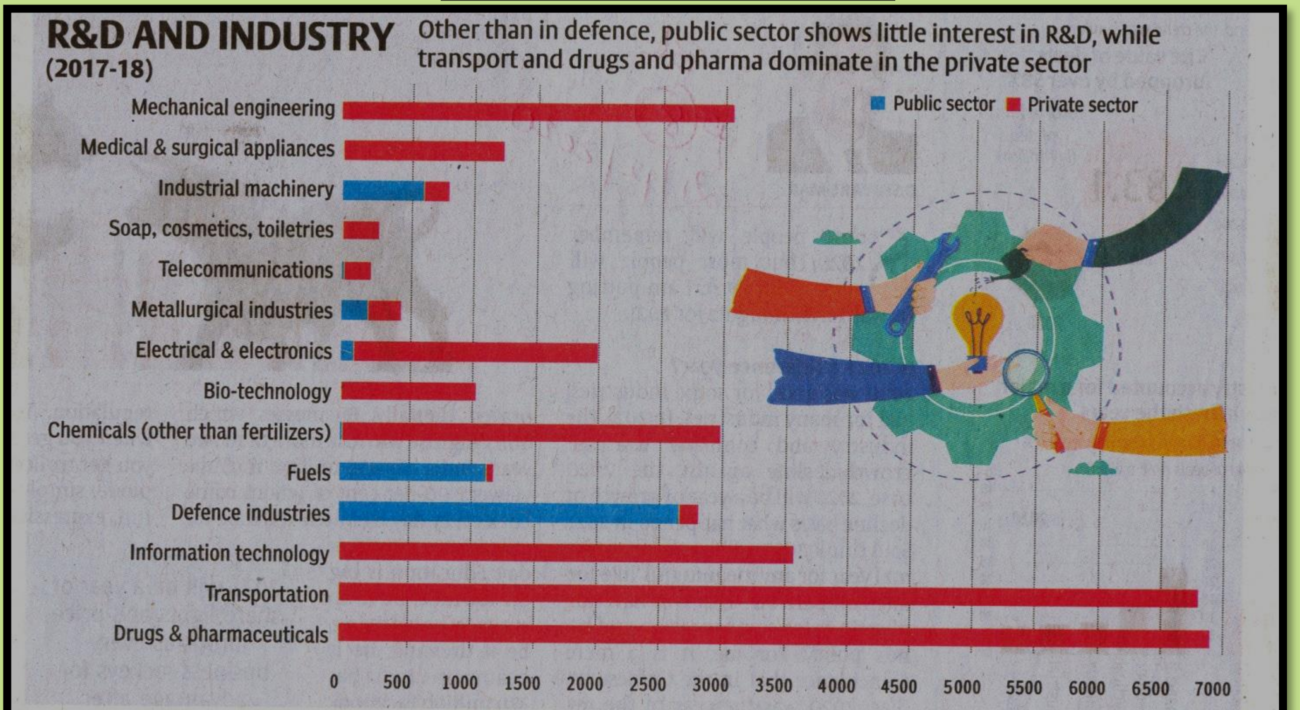
Senior Vice President of Steel and Hardware Chamber of Vidarbha Rajesh Sarda told *The Hitavada* that the price rise is because of severe shortage of the iron ore in the international market. "As of now, there is a huge demand for the steel products because China is aggressively buying the commodity. On the other hand, countries like Brazil, which supply iron ore, are not supplying enough quantities of the commodity. These conditions are taking up the prices for the past few days," he said.

Sarda also said that the prices may further rise in near future as there are no signs of improvement in the raw material supply.

It is important to note that China is buying steel and iron ore in huge quantities from the international markets. Thus, many domestic suppliers have been engaged in exporting the commodities which is further creating a shortage of raw material here in the country.

Past President of CREDAI Nagpur Chapter Prashant Sarode said that the current prices have caused a negative impact on the real estate sector. "The sector was already bearing the brunt of lockdown and now the steep rise in prices of steel and cement are making the housing projects unfeasible. It is going to affect affordable housing projects as well other infrastructure projects in a big way," he said.

Secretary of CREDAI Nagpur Chapter Gaurav Agarwala said that the steel and cement price rise will increase cost of construction by about 150 per square feet. "This will put additional burden on the buyers. However, it is the right time to buy a household as many builders like us are offering attractive schemes for a limited period," he said.



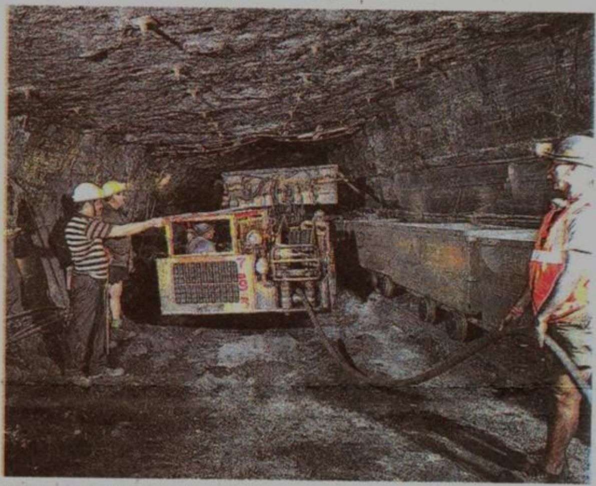
Source: NSTMIS, Department of Science & Technology, Government of India.

THE HINDU DATE : 21/12/2020 P.N.5

Centre tells SCCL to draw plans for better use of degraded land

Condition stipulated by MoEF panel while issuing ToR

B. CHANDRASHEKHAR
HYDERABAD



Miners working in the underground mines of Singareni Collieries Company Ltd. ▪ARRANGEMENT

Singareni Collieries Company Ltd (SCCL) has been directed by an expert appraisal committee of the Ministry of Environment and Forests (MoEF) to develop a robust mine closure plan to ensure better land use post-mining for the communities around through reclamation and reshaping of the land degraded by mining activities, with regard to an existing opencast mine.

It is one of the specific conditions stipulated by the panel while issuing the terms of reference (ToR) for the appraisal of a cluster of opencast-cum-underground mines – Godavarikhani (GDK) No.1 & 3 (incline), 2 & 2a and 5 – in an area of 1,927 hectares near Jangaon and Vithalnagar villages of Ramagundam mandal of Peddapalli district with an extractable coal reserves of 63.5 million tonnes.

While examining the proposal, the panel observed: "The present opencast mine and its closure plan has a severe environmental footprint, leaving behind large quantity of overburden dumps in the vicinities of thickly populated habitations.

Therefore, it requires a revision of mine and mine closure plan to reduce the environmental footprint due to mining".

The panel was of the view that the project proponent, SCCL, must take a holistic and more scientific approach towards mine planning considering the adjoining opencast mining operation, selection of equipment systems for production of coal and overburden removal, including an option of merging the proposed opencast mine with the adjoining opencast mining operations, so that the requirement of external overburden dumps could be minimised.

Public consultation

Further, the panel has also stipulated conduct of public consultation about the present coal mining operations inviting comments and their redressal, preparation of time-bound action plan for railway siding from the mining pit to dispatch point, cumulative impact assessment with respect to existing mines, preparation of sequence of mining operations so that there is not requirement of second external overburden dump among others.

According to the officials of SCCL, the cluster of mines proposed with a peak production capacity of 5.134 million tonnes per annum (MTPA), which includes 4 MTPA in opencast and 1.134 MTPA in underground, has coal linkage for super thermal power station of NTPC near Ramagundam.

The cluster has G8 grade quality of coal and the cost of the project is ₹471 crore.

As the coal from the proposed opencast mine, as part of the cluster, would be dispatched by trucks to Ramagundam-I coal handling plant (CHP) and Ramagundam OC-III CHP for further transportation by rail to the power plant, the MoEF panel wanted SCCL to study its impact. Further it wanted a study of the impact of blasting on nearby habitations along with mitigation measures and impact of diversion of two streams flowing through the project area.

THE HITAVADA (CITYLINE) DATE : 22/12/2020 P.N.6

WCL to join hands with OMDC for coal production

■ Manoj Kumar said that the company is in advanced stages of setting up a coal gasification-based plant at one of its mines in the region

■ Business Bureau

CITY-based Western Coalfields Ltd (WCL) is all set to join hands with Orissa Mineral Development Corporation (OMDC) to take its coal production capacity to a new high. The Miniratna public sector undertaking will enter into a joint venture (JV) with the OMDC which will take its production capacity of coal to 75 million tonnes mark. It is important to note that the company had posted the highest-ever coal production of 57.64 million tonnes in 2019-20.

Under the joint venture, WCL along with OMDC will start operations on five coal blocks in the Raigad district on the border of Odisha and Chhattisgarh. "Availibility of coal in these new areas is very close to the ground surface due to which company's mining cost will come down heavily. This will be an added advantage for us," said Chairman and Managing Director of WCL Rajiv R Mishra on Monday while interacting with a group of media persons here.

CMD of WCL Rajiv R Mishra (left) interacting with a group of media persons here on Monday. Director (Technical) Manoj Kumar is also seen. (Pic by Satish Raut)

Mishra, who has been spearheading the Miniratna company for the past 6 years, will be retiring on December 31. Director (Technical) Manoj Kumar will replace Mishra from January 1, 2021.

Highlighting the company's achievements under his leadership, Mishra said he succeeded in transforming the fortune of the then loss-making entity to a profit making one. "We opened up new mines, identified new sources of revenue generations and took up others initiatives to meet our new targets. While doing so, we also encouraged the 'Team WCL' and infused fresh blood in them which eventually created wonders," he said adding that boosting the morale of officers and workers of the company was his biggest achievement in the last six years.

Elaborating on the roadmap of the company, Manoj Kumar said, modernising the infrastructure of WCL mines and improving the quality of coal will be his top priorities. Besides, the Kumar said that the company is in advanced stages of setting up a coal gasification-based plant at one of its mines in the region. "Once operational, it will be a new source of revenue generation," he added. Besides, the company will also open 20 more mines in the next three to four years.

Interestingly, the company had opened up 23 mines in the past six years and acquired 9,522 hectare land.

BUSINESS LINE DATE : 22/12/2020 P.N.9

NMDC, MECL ink pact for joint mineral exploration

OUR BUREAU

Hyderabad, December 21

Iron ore major NMDC Ltd has signed an MoU with Mineral Exploration Corporation Limited (MECL) for joint exploration for iron ore, gold, coal, diamond and other minerals in mutually agreed projects across various States.

NMDC is currently producing about 35 million tonnes of iron ore annually and diamonds from the Diamond Mining Project, Panna in Madhya Pradesh. It has an R&D Centre for the study of ore beneficiation and minerals processing.

Sumit Deb, CMD, NMDC said, "NMDC would like to add value to the Prime Minister's vision of Atmanirbhar Bharat by domestically fulfilling the demands of the steel industry. I hope this venture accomplishes the mission of strategic and beneficial exploration successfully for both the companies."

Coal mining

"NMDC has been pioneer in iron ore mining and is venturing into coal at Tokisud North and Rohne Coal Mines in Jharkhand."

MECL has been carrying out mineral exploration from 1972 and is the premier exploration agency in the country.

Ranjit Rath, CMD, Mineral Exploration Corporation Limited said, "MECL is poised to augment and expedite exploration coverage for all mineral commodities across the country."

"Earlier, MECL has conducted successful exploration for NMDC in Shahpur East and Shahpur West Coal blocks in Madhya Pradesh."

BUSINESS LINE DATE : 22/12/2020 P.N.5

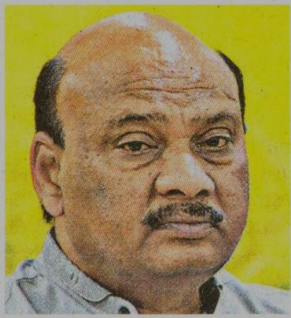
Jagan going back on his word on bauxite mining: Ayyanna

SPECIAL CORRESPONDENT
VISAKHAPATNAM

Former Minister and TDP leader Ch. Ayyanna Patrudu alleged that Chief Minister Y.S. Jagan Mohan Reddy was going back on his words.

Releasing a video from his home town Narsipatnam on Monday, he said that in the past, before the 2019 elections, Mr. Jagan during his tour to Chintapalli, promised the tribals that there will be no mining of bauxite in any part of the Visakha Agency. "But the same person after becoming the Chief Minister has formed a six-member committee to work out the modalities to operationalise the Anrak Aluminium Refinery at Makavarapalem. How do you intend to operate the plant when you said that there will be no bauxite mining in the agency?," questioned Mr. Ayyanna.

He warned that any attempt to restart the bauxite mining in Visakha agency, will lead to a strong agitation.



Ch. Ayyanna Patrudu

'The former TDP minister also pointed out that the YSR Congress Party government was doling out sops and schemes on one hand and taking them back in much bigger quantity from the public in the form of taxes and penalties, on the other hand.

Quoting the penalties under the modified Motor Vehicle Act, he said, "During TDP rule the fine for not wearing a helmet was ₹135 and now it is ₹1,035. The fine for talking on cell phone was ₹530 and now it is ₹5,035, for not having a driving licence it was ₹1,035 and now it is ₹5.035 and for jumping red signal it was ₹135 and now it is ₹1,035."

Can a common man bear such penalties? the TDP leader questioned. Moreover, Mr. Jagan also intends to levy toll tax on state highways also, where the tax for 30 km could range from ₹27 for two-wheelers to ₹106 for lorries. "Once this is implemented, prices of vegetables, milk and other essential commodities will also increase and in the end the CM will be taxing the common man heavily," Mr. Ayyanna Patrudu said.

Talking about ration cards and Amma Vodi, he said, "During TDP regime we had given over 1.53 crore ration cards and the YSRCP after coming to power have withdrawn the cards for about 8.43 lakh people. In case of Amma Vodi, in the first year they had given money to 43 lakh people and in the second year it has been withdrawn for over 5 lakh people, under some pretext," said Mr. Ayyanna.

THE ECONOMIC TIMES DATE : 22/12/2020 P.N.7

Buy Gold On Dips Through SGBs, ETFs

The Sovereign Gold Bond is a better option in a falling price environment given the annual interest, while ETFs have higher liquidity

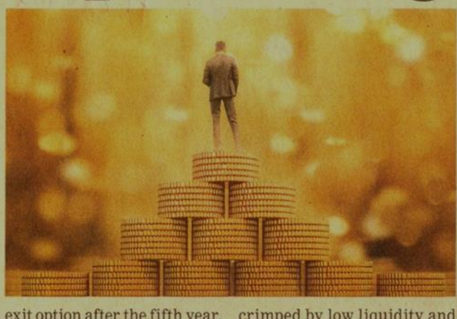
Ram Sahgal

Retail investors wanting to diversify their portfolios by buying paper gold could adopt a buy-on-dips strategy with experts predicting an immediate bottom at ₹46,500-47,000 per 10 gm for 995 purity gold, around 4-5% lower from the current ₹48,850 (exclusive of 3% GST).

While less risky investment options on paper gold include government-issued sovereign gold bonds (SGBs) and 11 Gold ETF schemes, the former are a better option in a falling price environment because of an attendant 2.5% annual interest rate payable half-yearly to the bondholder.

Gold ETFs, which track the gold rate, are embedded with a 50-100 bps expense ratio, a disadvantage amid falling prices.

However, gold ETF offers higher liquidity and an easier exit than SGB, which has a tenor of eight years with an exit option after the fifth year. Though SGBs are tradeable on exchanges like NSE, they are crimped by low liquidity and high bid-ask spreads.



"SGBs are for those willing to compromise on liquidity, while ETFs are for whom liquidity is vital," said Lakshmi Iyer, president and CIO (fixed income) at Kotak Mahindra AMC.

Analysts like Gnanasekar Thiagarajan of research firm Commtrendz and Rajesh Palviya, technical head of Axis Securities, expect strong support to kick in at ₹46,500-47,000, with the caveat that if this breaks, ₹44,000 could be the bottom.

"A buy on dips strategy is imperative," says Palviya, adding that 2021 could witness a retesting of the August 7 high of ₹55,901.

"For now, the risk-on sentiment has put a blanket on gold," said Hormuz Maloo, director, AFco Investments. "SGBs make better sense as a systematic investment tool."

Analysts expect gold to re-test the high of 2020 next year.

Gold of 995 purity has shed 12.6% from a record high of ₹55,901 on August 7. The Indian rate tracks the international price, in addition to the dollar-rupee rates, as the country is the second-largest gold consumer after China. Most of what India consumes is imported — against 690.4 tonnes last year, 646.8 tonnes were net bullion imports, as per miner's lobby World Gold Council (WGC).

ram.sahgal@timesgroup.com

THE HITAVADA(CITYLINE) DATE : 23/12/2020 P.N.6

MECL signs MoU with NMDC for exploration

■ **Business Bureau**

THE city based Mini Ratna I CPSE, Mineral Exploration Corporation Limited (MECL), engaged in detailed mineral exploration in the country has signed a Memorandum of Understanding (MoU) with NMDC for exploration of Iron ore, Coal, Gold, Diamond and other minerals in various states. The MoU was signed by Dr Ranjit Rath, CMD, MECL and Sumit Deb, CMD, NMDC on December 21 in presence of senior officials of both the organisations at Hyderabad.

With MECL having more than 48 years of expertise in geological exploration activities and NMDC contributing heavily in building up iron and coal reserves, these premier organisations are now teaming up to help in realising the Government of India's 'Aatmnirbhar Bharat Abhiyan' initiative and further strengthening import substitution by boosting the domestic mineral production. NMDC and MECL propose to jointly pursue opportunities with mineral rich State Government through their DMGs / DGMs or in overseas geographies for undertaking exploration campaigns in mutually agreed projects.

DAINIK BHASKAR DATE : 23/12/2020 P.N.7

MECL और NMDC में करार

व्यापार प्रतिनिधि

नागपुर. देशभर में खनिज गवेषण के लिए समर्पित मिनीरत्न कम्पनी मिनरल एक्सप्लोरेशन कारपोरेशन लि. (एमईसीएल) ने एनएमडीसी लि. के साथ विभिन्न राज्यों में लौह अयस्क, कोयला, सोना, हीरा एवं अन्य खनिजों की खोज के लिए समझौता पर हस्ताक्षर किया है. समझौता प्रस्ताव पर एमईसीएल की ओर से अध्यक्ष तथा प्रबंध निदेशक रंजीत रथ तथा एनएमडीसी की ओर से अध्यक्ष तथा प्रबंध निदेशक सुमित देव ने हस्ताक्षर किए. हैदराबाद में आयोजित कार्यक्रम में समझौता किया गया. इस अवसर पर दोनों ही कम्पनियों के वरिष्ठ अधिकारी भी उपस्थित रहे. एमईसीएल पिछले 48 वर्षों से खनिज के खोज के क्षेत्र में है और अब उसे विशेषज्ञता हासिल हो चुकी है. देश के भंडारण में भारी योगदान भी रहा है. इस समझौते से आत्मनिर्भर भारत अभियान को काफी बल मिलेगा. आयात पर निर्भरता कम होगी. दोनों ही कम्पनियां अलग-अलग राज्यों में खनिज की खोज करेंगी ताकि देश के अंदर ही अत्यधिक उत्पादन हो सके और देश खनिज के मामले में भी आत्मनिर्भर बने.

BUSINESS LINE
DATE : 23/12/2020 P.N.8

COMMODITY CALL

MCX-Lead likely to decline

AKHIL NALLAMUTHU
BL Research Bureau

Beginning mid-October, the price of lead was appreciating steadily and as a result, the January futures contract of the metal on the Multi Commodity Exchange (MCX) began to rally from about ₹140. Until a a couple of weeks ago, the contract marked a fresh high of ₹164.

However, the contract could not extend further and started to show signs of the uptrend losing strength. The daily relative strength index (RSI) formed a bearish divergence and the moving average convergence divergence (MACD) indicator became flat after tracing an upward trajectory during the preceding two months.

Following this, the contract weakened and breached a key support band of ₹159 and ₹160 and is currently hovering around ₹165. With that, the price has now slipped below the 21-day moving average (DMA), signalling a bearish bias. Moreover, the RSI has entered the negative zero and the MACD is now pointing downwards.

The above factors indicate that the price could drop further from the current levels. While ₹153 can act as an immediate support, the contract can break below this level and decline to ₹148.

Considering these factors, traders can initiate fresh short position with stop-loss at ₹161.

BUSINESS LINE DATE : 24/12/2020 P.N.8

Gold prices dip due to new Covid strain scare

PRESS TRUST OF INDIA
New Delhi, December 23

Gold prices on Wednesday declined ₹252 to ₹49,506 per 10 gram in the national capital, according to HDFC Securities.

In the previous trade, the precious metal had closed at ₹49,758 per 10 gram. Silver also dipped ₹933 to ₹66,493 per kg, from ₹67,426 per kg in the previous trade.

In the international market, gold was quoting with gains at $1,868 per ounce and silver was flat at $25.53 per ounce.

Navneet Damani, Vice-President (commodities research) of Motilal Oswal Financial Services, said, "Gold prices edged higher as grim US consumer and housing data bolstered hopes for further stimulus to support an economic recovery."

He added that a new coronavirus strain in the UK has caused several countries around the world to shut their borders to Britain, and drug makers are scrambling to test their Covid-19 vaccines against it. "This has given further support to the metal prices," he said.

THE ECONOMIC TIMES DATE : 25/12/2020 P.N.5

'One should **invest 5-10% of portfolio in gold** without worrying about short-term price fluctuations'

Buy and Hold Gold in 2021, Say Experts

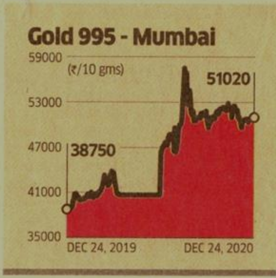
Sutanuka Ghosal & Saikat Das

Kolkata | Mumbai: Savers buying into gold in 2021 should hold the investment over a longer time horizon to get the desired levels of returns as the pace of vaccination, expected to begin early next year, gathers momentum and dims the allure of the safe-haven metal in the short run.

Hence, asset allocation to gold could decline in the New Year as wealthy individuals are disappointed with prices falling more than 15% from their peak in August. With little signs of global inflation, when gold is bought as a hedge against a price spiral, wealthy investors are shifting to equities to benefit from a rebound in earnings growth.

"You cannot keep moving from gold to equity and vice versa just based on what is performing at the moment," said Suresh Sadagopan, founder at Ladder7 Financial Advisors. "You need to invest 5-10% in gold without worrying about short-term price fluctuations. You cannot mix up gold and equities as it will bring losses for you. Gold investment should be on a 15-year time horizon."

Gold has returned more than 25% since the beginning of 2020 as investors rushed to own the safe-haven asset amid a virus-induced global economic crisis. The US elections and the uncertainty about the outcome also drove investors to buy into gold.



With Joe Biden due to take over, the uncertainty has eased, putting downward pressure on gold and bringing down prices to ₹48,000 – ₹49,000 per 10 gm.

Accommodative monetary policies from Washington to Wellington have driven yields to the floor, prompting an asset churn in favour of investments savers believe will help preserve their wealth.

"Gold is precisely one such asset," said Kshitij Purohit, lead commodities & currency at CapitalVia Global Research. "We expect further weakness in the dollar index. This is due to zero interest rates until 2023, which will continue to support global liquidity."

But equity markets, too, remain attractive to investors, prompting many of them to shift from gold to equities for better returns.

"Equity should outperform gold and fixed incomes in 2021," said Binod Modi, head (strategy) Reliance Securities.

BSE Sensex, the broader barometer, jumped more than 14% in 2020. Gold prices surged by more than 40% this year to touch the peak of ₹56,000 per 10 gm. Subsequently, prices corrected and are currently hovering in the range of ₹49,000 - ₹50,000 per 10 gm.

REAPING THE BENEFIT OF CAPTIVE MINES

Rising Iron Ore Prices Unlikely to Spoil the Party for Tata Steel

ET ANALYSIS

Jwalit.Vyas@timesgroup.com

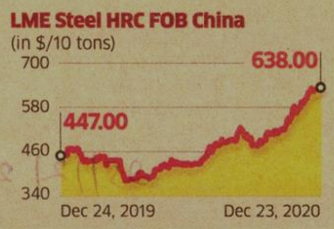
ET Intelligence Group: Steel prices in China and the US are at 12-year highs while in most other markets, including India, they have touched an eight-year high. While this should benefit steelmakers, a sharp jump in prices of iron ore, a major raw material, may spoil the party. Under such conditions, steel companies with captive iron ore mines stand to gain the most. Among the listed steel companies on Indian bourses, Tata Steel looks better placed.

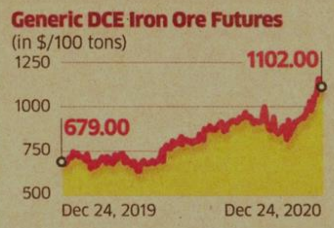
Crude steel production in November grew 6.6% year-on-year driven by an 8% growth in China and 5.5% jump in Europe. This has increased the lead time or delivery time for finished steel creating shortage of the alloy.

In addition, iron ore prices have shot up by 25%, much faster than the 12.5% rise in the domestic steel prices over the past month. This is due to the shutting down of mines by Brazil's mining major Vale due to landslides. Vale is the second-largest iron ore producer, accounting for nearly 20% of global supply. The miner has lowered the production guidance for 2020 and 2021, indicating that the supply shortfall is likely to stay for a few more months.

Domestic steel makers have raised prices four times over the past month. Sector experts believe there is still some room left since the domestic prices are at a 5% discount to the imported prices.

Analysts expect Tata Steel's operating profit before depreciation and amortisation (EBITDA) to grow by 34% year-on-year to ₹23,500 crore in the second half of the current fiscal. In the September quarter, its EBITDA had increased by 60% to ₹6,110 crore following negligible profit in the previous quarter.





Higher earnings are likely to accelerate the deleveraging process, which has been an overhang on the stock. It reduced the net debt by 8% year-on-year to ₹96,500 crore in the September quarter. Net debt relative to EBIDTA is expected to be less than 4 times at the end of FY22 compared with the expected six times in FY21.

The decision to exit the volatile and cash guzzling European operations will further improve domestic focus as the former business had impacted the pace of growth in India. Over the past 12 years, its capacity grew by 4.7% annually compared with the 6.3% growth in the capacity of JSW Steel.

At Thursday's closing price of ₹622.3, Tata Steel's enterprise value (EV) was seven and five times the estimated EBITDA for FY21 and FY22, respectively.

NAVBHARAT DATE : 26/12/2020 P.N.7

स्टील आयात पर लग सकती है एंटी-डंपिंग ड्यूटी

सरकार कर रही विचार

न्यूज एजेंसियां

दिल्ली. केंद्र सरकार जापान और कोरिया समेत कुछ देशों से निश्चित प्रकार के स्टील आयात पर 5 साल के लिए एंटी-डंपिंग ड्यूटी लगा सकती है. सस्ते आयातित स्टील से घरेलू उद्योग को बचाने के लिए सरकार यह कदम उठा सकती है.

वाणिज्य मंत्रालय ने इसकी सिफारिश की है. मंत्रालय की इन्वेस्टिगेटिंग आर्म डीजीटीआर की ओर से जारी एक नोटिफिकेशन में स्टेनलेस स्टील के फ्लैट रोल्ड प्रोडक्ट पर 5 साल के लिए एंटी-डंपिंग ड्यूटी लगाने की सिफारिश की है. डीजीटीआर ने यूरोपियन यूनियन, जापान, कोरिया, मलेशिया और ताइवान से आयातित स्टील पर एंटी-डंपिंग ड्यूटी लगाने की सिफारिश की गई है. डायरेक्टोरेट जनरल ऑफ ट्रेड रेमेडीज (डीजीटीआर) की सिफारिशों के मुताबिक आयातित स्टील पर 67 से 944 डॉलर प्रति टन की एंटी-डंपिंग ड्यूटी लगाई जानी चाहिए. हालांकि इस संबंध में अंतिम फैसला वित मंत्रालय को लेना है. डीजीटीआर का कहना है कि इन देशों की ओर से लगाई जाने वाली कथित डंपिंग ड्यूटी की जांच के बाद ही एंटी-डंपिंग ड्यूटी लगाने की सिफारिश की गई है.

LOKMAT DATE : 26/12/2020 P.N.1

तुर्कस्तानच्या खाणीत सापडले ९९ टन सोने

इस्तंबूल : तुर्कस्तानने खाणीतून ९९ टन सोन्याचा नवा साठा शोधून काढला असून त्याची किंमत ४४२ अब्ज रुपये आहे. ही रक्कम जगातील काही देशांच्या राष्ट्रीय सकल उत्पन्नापेक्षाही अधिक आहे.

तुर्कस्तानच्या कृषी सहकारी पतसंस्था विभागाचे प्रमुख फहरतीन पोयराज तसेच गुबेर्तास या कंपनीने हा सोन्याचा साठा शोधून काढला आहे. ही बातमी येताच गुबेर्तास या कंपनीच्या समभागांच्या किमतीत १० टक्क्यांनी वाढ झाली. या ९९ टन सोन्यापैकी पहिला हिस्सा येत्या दोन वर्षांत खाणीतून बाहेर काढण्यात येईल.

यामुळे गुबेर्तास या कंपनीच्या समभागांच्या किमतीत तब्बल १० टक्क्यांनी वाढ झाली.

अर्थव्यवस्थेला मिळेल मोठी मदत

सोन्याच्या नव्या साठ्यामुळे तुर्कस्तानच्या अर्थव्यवस्थेला मोठी मदत होणार आहे.

यंदाच्या वर्षी तुर्कस्तानने ३८ टन सोने खाणीतून बाहेर काढून यासंदर्भातील आधीचा विक्रम मोडीत काढला आहे.

यंदाच्या वर्षी १०० टन सोने खाणीतून बाहेर काढण्याचे लक्ष्य त्या देशाने ठेवले होते. ते मात्र पूर्ण झालेले नाही.

जीडीपीपेक्षा अधिक

- तुर्कस्तानातील खाणीत सापडलेल्या ९९ टन सोन्याची ४४२ अब्ज रुपये इतकी किंमत आहे. ती काही देशांच्या जीडीपीपेक्षाही अधिक आहे.
- मालदीवचा जीडीपी ३५९ अब्ज रुपये तर बुरुंडी या देशाचा जीडीपी २३४ अब्ज रुपये आहे.
- बार्बाडोस, गियाना, मॉन्टेनेग्रो, मॉरिटानिया या देशांचा जीडीपी ४४२ अब्ज रुपयांपेक्षा खूपच कमी आहे.

BUSINESS LINE DATE : 26/12/2020 P.N.8

China steel, iron ore futures fall on easing demand

Iron ore to snap six-week rise

REUTERS
Beijing, December 25

Chinese steel and iron ore futures declined on Friday, with rebar and hot rolled coil falling on steadily easing demand while iron ore is set to log more than 4 per cent drop for the week after gaining for six straight weeks.

Inventory takes a hit

Steel products inventories in China, both held by traders and by mills, were down 3 per cent from a week earlier to 13.07 million tonnes as of Thursday, data from Mysteel consultancy showed.

However, overall apparent demand for steel products also eased as output for construction materials and hot rolled coil dropped.

"Affected by the pandemic situation and adjustments after profit-taking from the recent surge, ferrous prices had retreated significantly," Huatai Futures wrote in a note, adding that overall fundamentals remained relatively positive.

The most-actively traded steel rebar contract on the Shanghai Futures Exchange, for May delivery, had fallen 1.1 per cent to 4,260 yuan ($652.65) per tonne as of 0145 GMT.

Hot rolled coil, used in the manufacturing sector, fell as much as 3.3 per cent to 4,473 yuan a tonne. Iron ore futures on the Dalian Commodity Exchange also faded, down 0.5 per cent at 1,037 yuan per tonne.

BUSINESS LINE DATE : 27/12/2020 P.N.6

Gold could pause in the short run

AKHIL NALLAMUTHU
BL Research Bureau

BRIGHT PROSPECTS

Silver has the potential to surpass the prior high at around ₹80,000 and touch ₹85,000 in the long term

The news of a new coronavirus strain, feared to be more contagious, spooked investors and, therefore, the markets witnessed a volatile session last week. Equities saw a massive sell-off on Monday. Bullion bulls who feed on such concerns lifted the price of gold and silver.

Consequently, on the Multi Commodity Exchange (MCX), the spot price of gold hit one-month high of ₹50,420 (per 10 grams) and silver registered a three-month high of ₹68,624 (per 1 kg) during last week. However, as the week progressed, the uptrend was unable to pick up momentum, resulting in gold and silver ending the week flat at ₹49,787 and ₹66,223, respectively.

In dollar terms, gold wrapped up the week with a marginal gain at $1,883.4 versus the preceding week's close of $1,880.6. Similarly, silver closed a bit higher at $25.82 against previous week's close of $25.76.

On Thursday came the announcement about the Brexit. Tight negotiations came to an end as London and Brussels finally agreed to a deal. While complete details of the deal are yet to be known, the authorities seem to have found the common ground and as the transition period comes to end this month, the UK will be officially out of the European bloc from January 1, 2021.

While the uncertainty in Brexit is now behind us, which can weigh on the prices of bullion, the dollar continues to stay weak which can be a buoyant force, keeping a check on downside.

ISTOCK.COM/TRUMZZ

MCX-Gold (₹50,073)

The February expiry futures contract of gold on MCX that closed by forming a higher high in the third week of December opened the week on the front foot following the new Covid scare. It began Monday's session at ₹50,416 and then rallied to register a high of ₹51,009.

The contract looked like breaking past the ₹51,000-mark, where 38.2 per cent of the retracement level of the prior downtrend, coincides. This would have given a big boost to the uptrend. Instead, the bulls lost the plot and what happened was the contract entering a consolidation phase, ending the week on a flat note. The price managed to stay above the support band of ₹49,700 and ₹50,000.

The prevailing price action points to a possible short-term sideways trend wherein the contract might be fluctuating within ₹49,700 and ₹51,000. The course of the next swing in price depends on the direction of the break of this trading range. Nevertheless, indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart continue to exhibit bullish bias. Also, the price is trading well above the 200-day moving average (DMA).

The bulls still appear to be in control of the major trend and despite the intermittent fluctuations, the price can be expected to rise over the next couple of years with the upward targets being ₹60,000 and ₹65,000.

MCX-Silver (₹67,509)

Silver futures, like gold futures, rallied initially last week . However, after recording a three-month high at ₹71,650, the March futures contract of silver gave up the gains and saw a muted close for the week. Even though the price poked above the important hurdles of ₹70,000 and ₹71,000 briefly, the contract saw the week ending below ₹70,000. At the same time, by ending the week at ₹67,509 it remains above the key support of ₹66,000. This price point is also the neck level of the double-bottom chart pattern formed on the daily chart adding to its significance.

Going forward, silver futures might tread along a horizontal path, similar to the yellow metal. Here, the boundaries of the range can possibly be ₹66,000 and ₹71,000; but this is the short-term projection. Over time, the price can appreciate and the double-bottom pattern, which still holds valid, indicates the possibility of a rally towards ₹74,000.

Considering the potential for the next two years, the uptrend can add more strength. The price has the potential to surpass the prior high at around ₹80,000 and can touch ₹85,000.

Scan & Share

BUSINESS LINE DATE : 27/12/2020 P.N.5

Coal India set to diversify into non-coal mining areas in 2021

NEW DELHI/KOLKATA, Dec 26 (PTI)

STATE-OWNED Coal India Ltd (CIL) is set to diversify into non-coal mining areas as well as make major investments in clean technology in 2021 after demand for the dry fuel remained muted for most of this year amid the coronavirus pandemic impacting economic activities.

Against all odds, including the slump in coal demand, the Government opened up the country's mining sector for private players by auctioning 19 blocks. Coal demand across the world is projected to fall by around five per cent this year compared to 2019 while various sectoral challenges are expected to persist in 2021, analysts

said. "In 2021, we will try to get Coal India Ltd (CIL) to diversify into non-coal mining-related areas. It (CIL) will make major investments in sectors other than coal mining so that it is well prepared to make the transition away from fossil fuel.

"So, it (CIL) will make investments in renewable energy, get into aluminium and clean coal technology and will do a lot," Coal Secretary Anil Kumar Jain told PTI. In the coming year, Jain said CIL is also likely to go ahead with its agenda of achieving one billion tonnes of production target by 2023-24.

CIL may also "go ahead with one billion tonnes agenda. It is getting approvals. It is gearing up to keep enhancing its production which was 603 million tonnes last year. It is taking upon itself bigger and bigger target. It will be able to achieve one billion tonnes (production target) in 2023-24," he said.

Noting that CIL has taken upon itself an investment plan of Rs 2.5 lakh crore, Jain said that out of the proposed outlay, a significant chunk would be spend on clean coal technologies and diversification. "The rest of it (the investment will be) to increase coal production," he noted.

BUSINESS LINE DATE : 28/12/2020 P.N.3

MCX-Aluminium trades flat

COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The upmove in the January futures contract of Aluminium on Multi Commodity Exchange (MCX), which was established in early November, seems to have slowed down.

This is evident from the price action of the contract. While it began to rally from about ₹140 by the end of October, it seems to have been blocked by the resistance at ₹168 in early December.

Since then, it has largely been in a sideways crawl between ₹162 and ₹168.

Because of this, the price has drifted below the 21-day moving average (DMA) and the daily relative strength index has been sliding lower for the past couple of weeks.

Similarly, the moving average convergence divergence on the daily chart is pointing downwards, indicating a potential shift in the direction of the trend.

However, taking price action into consideration, until the contract continues to trade within the price band of ₹162 and ₹168, the direction of the upcoming trend will remain uncertain.

Global factors

Also, note that the major trend is directionally up. These factors do not warrant an immediate shift to bearish view.

On the global front, too, a similar price pattern can be observed i.e., the three-month rolling forward contract of the metal in the London Metal Exchange (LME) has been in a consolidation mode for the past three weeks. It has been moving within $2,000 and $2,060.

Taking the above factors into account, traders can wait for the contract to breach either ₹162 or ₹168 as the direction of the break will give us credible cues about the next leg of trend.

If the bulls regain strength and help the contract breakout of the obstacle at ₹168, it can be expected to make a similar run that it witnessed in November. Resistance above ₹168 can be ₹175 and ₹180.

But if the price falls below ₹162, the short-term outlook can turn bearish and consequently, contract can drop towards the support at ₹158 – its 50-DMA. Subsequent support can be spotted at ₹155.

THE ECONOMIC TIMES DATE : 29/12/2020 P.N.5

STIMULUS, LOW RATES AND WEAKER DOLLAR TO LIFT THE YELLOW METAL IN 2021

Gold Mining Companies Set for Another Banner Year

Bloomberg

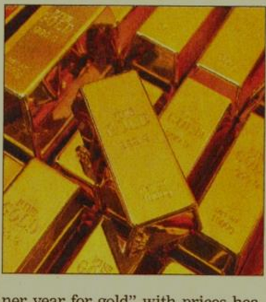
The good times for gold miners are expected to continue next year, especially for those that are able to tighten spending and increase returns to investors.

The rally in gold prices has helped miners expand their margins and generate record levels of free cash flow, allowing many to pass on profits to shareholders already, Scotiabank analyst Tanya Jakusconek said.

"With miners' balance sheets in great shape, we believe investors will benefit from much higher dividends over the coming years," Jakusconek wrote in a note to clients. Kinross Gold Corp., for example, offers "particularly compelling value," as long as it continues to demonstrate sustainable cash flow over the coming quarters.

With the outbreak of the coronavirus, the price of gold hit a record in 2020 after demand for safe-haven assets surged against a backdrop of "lower-for-longer" interest rates, trillions of dollars in stimulus spending and a weaker U.S. dollar.

With none of those factors expected to change anytime soon, Credit Suisse analyst Fahad Tariq said he expects next year to be another "banner year for gold" with prices heading to an average of $2,100 per ounce. The "key differentiator" among mining stocks will be those with strict spending habits, Tariq said. If miners keep on a path of returning capital to shareholders, and continue to generate significant free cash flow, their valuation multiples should expand, he said.



Spot gold prices are down from an all-time high in August after the rollout of Covid-19 vaccines reduced demand for havens, but they remain up about 24% for the year. While the FTSE World Index of equities is on track to return 13% in 2020, the NYSE Arca Gold Miners Index has climbed 23%.

The selloff in the second half of the year likely facilitated a "shakeout of weaker names" that had participated in the first-half rally, Delbrook Capital founder and portfolio manager Matthew Zabloski wrote in a letter to investors. But now he expects a "big rebound" in precious metal prices, which could again lift the sector. He sees interest rates remaining low as swelling liabilities around the globe make rapidly increasing rates "intolerable," he said.

Top picks by Credit Suisse's Tariq include Newmont Corp., Barrick Gold Corp., Agnico Eagle Mines Ltd., Yamana Gold Inc. and Endeavour Mining Corp.

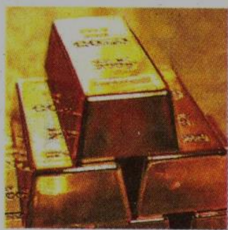
BUSINESS LINE DATE : 29/12/2020 P.N.8

Gold climbs to 1-week peak as dollar slips on US stimulus

REUTERS

December 28

Gold prices rose as much as 1.3 per cent on Monday, as the US dollar slipped after the US President Donald Trump signed a long-awaited pandemic aid bill, while liquidity remained low on account of the holiday season.



Spot gold gained 0.4 per cent to $1,882.96 per ounce by 0942 GMT, after earlier hitting its highest since December 21 at $1,900.04. US gold futures were up 0.2 per cent to $1,886.60.

"The only thing that is helping gold at the moment is because the dollar is lower and yields are not so much higher," said ABN Amro analyst Georgette Boele adding that, "we have holiday season and there's no liquidity."

Gold is seen as a hedge against inflation likely to result from large stimulus measures.

Silver was up 1.9 per cent at $26.33 an ounce, after hitting a one-week peak of $26.75 earlier in the session. Platinum climbed 1 per cent to $1,033.50 and palladium rose 0.6 per cent to $2,362.86.

NAVBHARAT DATE : 29/12/2020 P.N.9

2021 में 63,000 पहुंचेगा सोना

नवभारत न्यूज नेटवर्क

दिल्ली. सोना हमेशा ही अनिश्चित समय में सुरक्षित निवेश माना गया है. यही वजह है कि कोरोना महामारी के अनिश्चित दौर में सोना नई ऊंचाइयों पर पहुंचा. बहरहाल अमेरिकी डॉलर में कमजोरी और नये प्रोत्साहन उपायों की उम्मीद के बीच 2021 में भी सोना 63,000 रुपये प्रति 10 ग्राम तक पहुंचने का अनुमान विशेषज्ञों ने व्यक्त किया है. वर्ष 2020 में कोरोना वायरस महामारी के चलते आर्थिक और सामाजिक अनिश्चितताओं के कारण सोना निवेश का एक सुरक्षित विकल्प बनकर उभरा.

- इस पीली धातु की कीमत अगस्त में एमसीएक्स पर 56,191 रुपये प्रति 10 ग्राम और अंतरराष्ट्रीय बाजार में 2,075 डॉलर प्रति औंस तक पहुंच गई थी.
- वैश्विक मौद्रिक नीतियों में तेज बदलाव के तहत 2019 के मध्य में कम ब्याज दर और अभूतपूर्व तरलता का दौर शुरू हुआ, जिसने सोने की कीमत को बढ़ावा दिया और निवेशकों का रुझान इसकी ओर बढ़ता गया.
- कमट्रेंडज़ रिस्क मैनेजमेंट सर्विसेज के सीईओ ज्ञानशंकर त्यागराजन ने बताया, इस वर्ष की शुरुआत में 39,100 रुपये प्रति 10 ग्राम और 1,517 अमेरिकी डालर प्रति औंस के साथ हुई.

Steel cos blame high cost of iron ore for price hike

SURESH P IYENGAR

Mumbai, December 29

Steel companies have urged the government to temporarily ban iron ore export to improve domestic supply and bring down prices.

Steel producers have come under heavy criticism for hiking prices consistently and putting pressure on infrastructure projects.

In a letter to PK Mishra, Principal Secretary to the Prime Minister, the Indian Steel Association said a temporary ban on exports of high-grade fines and lumps for six months or till the situation stabilises, will increase domestic supply.

Domestic supply

The Centre should direct State government miners such as Odisha Mineral Company and the Industrial Development Corporation of Odisha to prioritise supply to domestic end-users over exports. Daily tonnage limits can be set for exports and diverting the major quantity to domestic steel manufacturers, said Bhaskar Chatterjee, Secretary General, ISA.

Further, he said, OMC, OMDC and IDCOL should restrict its e-auction of iron ore only for end-users, such as pellet or steel manufacturers in India.

The 30 per cent fall in iron ore production between April and October to 92 million tonnes has led to a spike in prices. NMDC has increased the prices of iron ore lumps from ₹1,960 a tonne to ₹4,610 in the last six months. Every ₹1,000 increase in iron ore prices pushes up the cost of steel production by about ₹2,000 a tonne.

Production in Odisha, which contributes over 50 per cent of the country's annual iron ore output, plunged 60 per cent in the first five months of the fiscal year to 15 mt against 35 mt logged in the same period last year.

The shortage in Odisha was mainly due to expiry of iron ore leases and evacuation issues. There is a persistent supply imbalance in Odisha due to 14 of the 19 newly auctioned mines failing to start operations. Production at the five captive operating mines was at 1.5 mt during April to July, against the target production of 17.4 mt.

The output of iron ore in Chhattisgarh was down 9 per cent to 12 mt in the first half of this fiscal.

Apart from lower production, evacuation of iron ore was an issue, as road and rail facilities were used for fulfilling export obligations rather than meeting domestic demand.

Iron ore exports have surged 70.3 per cent to 29.2 mt in the first half of the current fiscal, compared to the same period last year.

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