खनिज समाचार

KHANIJ SAMACHAR

Vol. 3, No-6

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खनिज समाचार

KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 3, NO-6 , 16th – 31st MARCH , 2019

BUSINESS LINE DATE : 18 /3/2019 P.N.11

GLOBAL		Change in %			52-Week	
Metals ($/tonne)	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	1875	1.6	2.7	-9.1	2603	1775
Copper	6446	0.4	4.1	-6.4	7324	5810
Iron Ore	81	-2.2	-4.9	22.5	89	58
Lead	2045	-1.4	-1.0	-15.3	2545	1867
Zinc	2831	3.9	6.8	-12.5	3333	2285
Tin	21121	-1.4	-0.6	0.1	22049	18400
Nickel	12844	-1.2	4.3	-5.4	15749	10437

BUSINESS LINE DATE : 25/3/2019 P.N.11

GLOBAL		Change in %			52-Week	
Metals ($/tonne)	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	1877	0.1	-0.7	-8.6	2603	1775
Copper	6315	-2.0	-3.1	-5.1	7324	5810
Iron Ore	75	-9.6	-11.5	18.4	89	58
Lead	2010	-1.7	-2.6	-15.0	2545	1867
Zinc	2846	0.5	3.8	-11.1	3333	2285
Tin	21490	1.7	-0.9	2.7	22049	18400
Nickel	12903	0.5	-0.1	-1.8	15749	10437

BUSINESS LINE DATE : 16/3/2019 P.N.1

Lingering uncertainty about global growth hits metal prices; zinc volatile

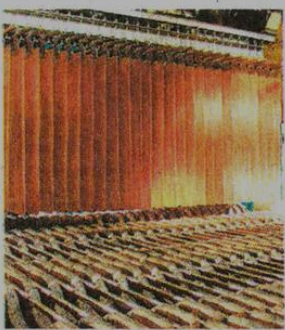
REUTERS
London, March 15

Most industrial metals prices fell on Friday as uncertainty about trade talks and global growth outweighed Chinese plans to use government levers to underpin growth.

News of a tax cut for China's industrial sector sent zinc prices and spreads lurching in Shanghai.

Premier Li Keqiang promised broad policy steps to prevent a sharper slowdown for the world's second-biggest economy, the biggest consumer of base metals.

"I think that has helped to stabilise the sentiment and calm the market, but there is still some macro uncertainty lingering, so we're not seeing a massive rally in the metals prices," said Xiao Fu, head of commodity market strategy at Bank of China International in London.



"Although the trade talks are progressing, we still don't know the outcome and there's some worry about the general weaker global GDP outlook."

Benchmark aluminium on the London Metal Exchange fell into the red and traded down 0.7 per cent to $1,890 a tonne in official open outcry activity. It earlier touched $1,914, the strongest since March 4.

Zinc prices fluctuated wildly and Shanghai Futures Exchange (ShFE) spreads ballooned after Li said a planned cut in value-added tax (VAT) on China's manufacturing sector, which includes non-ferrous metals, would take effect from April 1. Some speculators on the ShFE had previously bet that the planned cut in VAT would be implemented on May 1, increasing the backwardation on metals, including copper and aluminium.

The backwardation between the March and April ShFE copper contracts spiked to over 1,000 yuan a tonne, the highest since May 2014, after Li's comments. The spread between April and May, previously in a steep backwardation, immediately flipped into a deep contango.

LME zinc spiked 2 per cent to $2,882 a tonne, the highest since July 2, immediately after Li's comments, before profit-taking saw the metal used to galvanise steel drop 1.2 percent to trade at $2,792.50 a tonne in official rings.

It is still on course for a 3 per cent gain this week, which would be its best week in six, as investors worry about tight stocks.

The premium for cash zinc over the three-month LME contract stood at $55 a tonne at Thursday's close, the highest since early January.

Copper inventories have surged 67 per cent over the past two days, weighing on the price. LME copper, untraded in rings, was bid down 0.1 per cent at $6,400 a tonne.

Nickel was bid 0.5 per cent firmer at $12,945 a tonne, lead was bid down 1.9 per cent at $2,074 and tin traded up 0.1 per cent to $21,200.

BUSINESS LINE DATE : 16/3/2019 P.N.1

Palladium surges to record; gold reclaims $1,300/oz

REUTERS
March 15

Palladium soared to a record high on Friday as news that Russia is considering a temporary ban on the export of precious metals scrap fed into fears of a supply shortfall this year.

Gold also bounced back above $1,300 an ounce as the dollar eased and global growth fears ramped up.

Palladium jumped to all-time high of $1,567.50 an ounce, and was last up 0.2 percent at $1,561.70 at 1258 GMT.

Russia's trade and industry ministry said it is considering a ban on the export of precious metals scrap and tailings between May 1 and October 31 to promote domestic refining. The price of the metal, used mainly in emissions-reducing catalysts for vehicles, has risen almost 90 per cent from a trough in mid-August last year and is up about 24 per cent so far this year.

"The supply outlook remains tight... and that is providing enough confidence for the positive momentum to be maintained," Saxo Bank analyst Ole Hansen said.

Meanwhile, spot gold rose 0.5 per cent to $1,302.21 per ounce, having shed 1 per cent on Thursday.

US gold futures rose 0.5 per cent to $1,302.

The dollar fell against major currencies, and was on track for its biggest weekly loss since early December ahead of a US central bank policy meeting next week. A loosening trend in global monetary policy is helping gold, SP Angel analyst Sergey Raevskiy said.

BUSINESS LINE DATE : 18/3/2019 P.N.11

Gold could consolidate in the near term

A breakout on either side of $1,290 or $1,310 will decide the next move

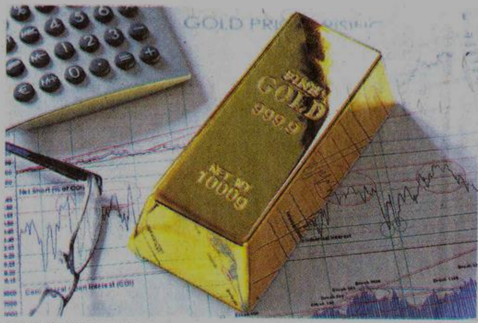
GURUMURTHY K

Gold was volatile the past week. The global spot gold prices surged in the initial part of the week to make a high of $1,311 per ounce. The prices fell back to test the key support level of $1,290 and bounced again on Friday to close at $1,302 per ounce, up 0.32 per cent for the week.

Silver, on the other hand, made a high of $15.54 per ounce and tumbled from there, giving back all the gains. The prices fell to a low of $15.14 before closing at $15.29 per ounce, down 0.3 per cent for the week.

On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange (MCX) traded under pressure all through the week. A strong rupee weighed on the domestic bullion prices. The rupee strengthened against the dollar, breaking above the key level of 70 and closed the week 1.5 per cent higher. This dragged both the gold and the silver prices on the MCX sharply lower last week.

The MCX-Gold futures contract was down 1 per cent last week. It closed at ₹31,826 per 10 gm. The MCX-Silver contract tumbled 1.7 per cent and closed the week at ₹38,087 per kg.



ISTOCK.COM/BRIANAJACKSON

Gold outlook

Gold ($1,302 per ounce) is stuck in between its support at $1,290 and resistance at $1,313. The yellow metal can continue to consolidate in a sideways range between $1,290 and $1,313 in the first half this week at least until the US Federal Reserve meeting on Wednesday.

The outcome of the Fed meet could be a trigger for gold to break the $1,290-1,313 range, which will then determine the direction of the next move.

If gold breaks below $1,290, it can fall to $1,283 or $1,278. A further break below $1,278 will then increase the likelihood of gold moving further lower to $1,275 or even $1,270.

On the other hand, if gold manages to breach $1,310, it will gain fresh momentum. Such a break will then pave the way for a fresh rally to $1,320 and $1,330 over the short term.

On the domestic front, the MCX-Gold (₹31,826 per 10 gm) has been volatile between ₹31,750 and ₹32,320 for more than a week. A breakout on either side of ₹31,750 or ₹32,320 will determine the next move.

A break below ₹31,750 will keep the down-trend intact. It will increase the downside pressure and drag the contract lower to ₹31,230 in the coming weeks. On the other hand, if the contract breaks above ₹32,230, the downside pressure will ease. Such a break will trigger a relief rally to ₹32,500 and ₹32,750.

Silver outlook

Silver ($15.29 per ounce) closed on a mixed note. The outlook is unclear. Silver has a support at $15 and a resistance at $15.60. A range-bound move between $15 and $15.60 can be seen for some time. A breakout on either side of $15 or $15.6 will decide the next move.

A strong break above $15.6 can take silver higher to $16.1 and $16.25 in the coming weeks. On the other hand, if silver declines below $15, it can dip initially to $14.85. A further break below $14.85, though unlikely, will increase the downside pressure. In such a scenario, silver will be in danger of tumbling to $14.5 or even $14 over the medium term.

The MCX-Silver (₹38,087 per kg) has been trading volatile between ₹37,800 and ₹39,000 over the last couple of weeks. The bias on the weekly chart is negative. As long as the contract trades below ₹39,000, there is a strong likelihood of it falling to ₹37,000 in the short term. A further break below ₹37,000 will increase the downside pressure and see the contract tumbling towards ₹36,000 and ₹35,500.

The contract will get a breather if it manages to breach ₹39,000. Such a break will then pave the way for the next targets of ₹39,500 and ₹40,000.

MCX Gold
Supports: ₹31,750/31,230
Resistances: ₹32,320/32,600

MCX Silver
Supports: ₹37,800/37,000
Resistances: ₹39,000/39,500

BUSINESS LINE DATE : 18/3/2019 P.N.11

A primer on aluminium delivery at MCX

RAJALAKSHMI NIRMAL

ISTOCK.COM/KIEVITH

Through a circular released on October 16, 2017, SEBI — the commodity derivative market watchdog — made it mandatory for all commodity derivative contracts to have the option of being settled through physical delivery. It gave exemption to commodities that are intangible and those for which storage and transportation are difficult. This meant that while crude oil and natural gas can continue to be cash-settled, all metal futures on the platform of commodity exchanges should become 'compulsorily deliverable' along with gold and silver contracts.

The move saw the Multi Commodity Exchange (MCX) change the specifications of its aluminium and zinc future contracts in January and moving them from being cash-settled to compulsorily deliverable, beginning March and April, respectively.

The delivery option in the metal futures contracts at the exchange brings several advantages, especially for SME and MSMEs that are short-changed by metal traders in pricing and delivery. For buyers of metals, the exchange platform provides delivery assurance and transparent pricing. For a seller, the platform helps sell the tradable excess (over and above the contracted amount) of every month at the market-determined price. Towards the end of the contract, if the market price is higher, they can anyway square off the position and sell in the market.

With the first physical settlement for aluminium in MCX coming up, below are a few things traders/hedgers on the exchange platform should know.

The expiry of the contract remains the last working day of the month, as always. So, for the March aluminium contract, it is March 29. Trading will close on the day at 5 pm (earlier, it was 5.30/6.30 pm).

The last five days of the contract (beginning March 25 for the March aluminium contract) is called the tender period (TP). If you keep your position open in this period, for every day of open position, you will be charged an incremental margin of 5 per cent (of the contract value). This will be in addition to the initial margin and the additional/special margin, if any.

Once the buyer of the contract settles his total due on the contract, the TP margin collected is refunded. A seller of a contract on the exchange platform, too, has to cough up the TP margin. But if he makes an early pay-in of the commodity, he can avoid paying the margin, though mark-to-market margin has to be paid. (All open positions at the end of day are marked to market, and the difference between the open position and the previous close price is either collected or credited to the client's account with the broker every day).

The normal pay-in for commodities and funds is 11am on E+1 (one day after expiry). But goods need to be brought to the warehouse at least two days prior to the expiry of the contract to finish the formalities.

Producer

A producer or trader who has a 'sell' position on the aluminium contract on MCX has to deliver the commodity to the exchange warehouse in Thane, Maharashtra. Also, note that the aluminium should be of the quality specified under the contract — ingot of 99.7% per cent purity — and accompanied by necessary documents. The ingots should weigh 9-26 kg. They should be delivered in bundles of 1 tonne each. The minimum acceptable delivery quantity is 5 tonnes.

Also, the ingot bundles should carry the producer's sticker, reflecting the producer's name, net weight, batch number, purity, number of pieces of ingots in a bundle, and date of manufacturing. Note that only London Metal Exchange (LME)-approved brands will be accepted. In India, the LME-approved aluminium brands are from Hindalco, National Aluminium Co, Vedanta and Bharat Aluminium Co.

As a seller, you can do delivery pay-in only through a ComRIS (Commodity Receipts Information System) account where your physical stock in the warehouse gets converted into e-receipts. ComRIS is a web portal operated by the MCX Clearing Corporation that maintains electronic records of commodities deposited at the exchange's warehouse and gives real-time information on the movement of commodities from the warehouse.

To open a ComRIS account, you need to approach one of the ComRIS participants (commodity brokers), the information on whom you can find on the exchange website. Once the account is opened, you can log in with your credentials and express the desire to deposit goods to the warehouse service provider (WSP).

After this, the WSP will get back to you and you can give the preferred date and time of delivery of goods. Once the WSP confirms the date and time, you can take the goods to the warehouse. At the warehouse, after the necessary documentation, the WSP will accept your commodity, and an electronic warehouse receipt will be issued. This will reflect on your ComRIS account.

Consumer

A trader who has a buy position on the aluminium futures contract has not much to do. You need to just ensure you make your full payment on the pay-in date. Note that you will have to arrange for the transportation of the commodity from the warehouse to your plant. You will also require a ComRIS account. You can open it any time; you need not wait till delivery.

Advantages

- Delivery assurance
- Transparent pricing
- Sale of tradable excess

E-register

ComRIS is a web portal that maintains electronic records of commodities deposited at the MCX's warehouse and gives real-time information on the movement of commodities from the warehouse

BUSINESS LINE DATE : 18/3/2019 P.N.16

Steel firms urge govt to clamp down on Iranian exports through UAE

Trade runs the risk of violating US sanctions, says ISA Secretary General

SURESH P IYENGAR
Mumbai, March 17

Steel companies have urged the government to stop the dumping of steel by Iran through the United Arab Emirates at a much lower price.

In a letter written to Binoy Kumar, Secretary, Ministry of Steel, the Indian Steel Association (ISA), said it is alarming that steel imports to India from the UAE are growing at a fast pace and is expected to go up over three times to 2.34 lakh tonnes (1.18 lt) this fiscal.

Imports from the UAE, at 1.75 lt in the first nine of this fiscal, has already surpassed imports during the whole of last year.

On the other hand, shipments, directly from Iran, have come to standstill from the 34,330 tonnes logged in FY18.

Of the overall imports from the UAE, flat steel accounted for 65,000 tonnes. Conventionally, the UAE is a net importer of flat steel products. Iran offers hot-rolled coil prices at $450 a tonne against China's quoted price of $515 a tonne, including ocean freight of $25.

Consequently, the landed cost of shipment from Iran works out to ₹36,350 a tonne, against China's ₹41,600 a tonne.

Steel imports from Iran, or transhipment from the UAE, must be banned since it is a grave violation of US sanctions and can attract retaliatory measures on India, said Bhaskar Chatterjee, Secretary General, ISA.

Steel imports, at predatory prices, pose a serious challenge to the Indian steel industry, he added.

Steel imports, at predatory prices, pose a serious challenge to the Indian steel industry

The top-three Iranian steel producers – Mobarakeh Steel Company, Khouzestan Steel Company and Esfahan Steel Company – are subsidiaries of government-owned Iranian Mines and Mining Industries Development and Renovation Organisation, which is under US economic sanctions, said the letter.

The three companies have a cumulative production capacity of 13.6 million tonnes.

Over the last eight years, Iran has ramped up its capacity to 34 mt from 19 mt in 2011, and has emerged as the world's 10th largest steel producer.

Last year, Iran's production increased 89 per cent to 25 mt against 13.2 mt logged in 2011. However, domestic demand decreased to 7.4 per cent to 19.6 mt (21 mt) in the same period. Exports from the country jumped 31 times to 9.3 mt (0.3 mt), while imports fell 79 per cent to 1.8 mt (8.6 mt).

Unchecked imports from Iran, which ships 30 per cent of its exports to Asean countries, pose a major threat to Indian steel companies, said Chatterjee.

BUSINESS LINE
DATE : 19/3/2019 P.N.12

MCX-Aluminium can dip before reversing higher

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the MCX seems to be lacking strength. The contract made a high of ₹148.5 per kg on Wednesday and has come off sharply from there. The contract has declined over 3 per cent from the high and is currently trading at ₹144 per kg.

Immediate resistance is at ₹146. As long as the contract trades below this resistance, a dip to ₹144 or ₹143 is possible in the coming sessions. A further break below ₹143 will then increase the possibility of the fall extending to ₹140 and ₹139. The region between ₹140 and ₹139 is a strong support and a break below it looks less likely. An upward reversal from this support zone will have the potential to take the contract higher to ₹150 levels again.

The region between ₹152 and ₹153 is a crucial resistance. A strong break and a decisive close above ₹153 will pave the way for the next targets of ₹155 and ₹158.

Trading strategy

Trades with a medium-term perspective can make use of dips to go long at ₹143 and ₹141. Stop-loss can be placed at ₹138 for the target of ₹152. Revise the stop-loss higher to ₹145 as soon as the contract moves up to ₹147.

Global trend

The Aluminum (three-month forward) contract on the LME has been range-bound between $1,845 and $1,935 per tonne since mid-January. The contract has risen in the past week after testing $1,845 — the lower end of the range. It is currently trading at $1,897 per tonne.

A breakout on either side of $1,845 or $1,930 will determine the direction of the next move. A strong break above $1,930 will take the LME-Aluminum contract higher to $2,000. On the other hand, a fall to $1,800 is possible if the contract declines below $1,845.

THE INDIAN EXPRESS
DATE : 19/3/2019 P.N.1

Violent turn to protests at Vedanta's Odisha plant, two killed

ENS & PTI
BHUBANESWAR, MARCH 18

A SECURITY man was burnt to death by a mob and a protester killed in clashes near the Vedanta alumina refinery in Odisha's Kalahandi district, after locals demanding jobs tried to storm its premises Monday, police claimed.

Twenty people were also injured in the clashes that broke out between Odisha Industrial Security Force (OISF) personnel and the protesters, police said.

The incident took place when residents of Rengopali and nearby villages were staging a demonstration near the refinery at Lanjigarh demanding jobs and other facilities, Kalahandi SP B Gangadhar said.

They were also demanding admission of their children in a school run by the company and jobs to local youth at the refinery, police said.

Some of the agitators tried to enter the refinery's premises through the main gate, but were stopped by OISF personnel deployed there, they said.

The protesters fought a pitched battle with the security personnel and resorted to stone pelting in a bid to storm the refinery campus, police said.

A statement released by the Corporate Communications wing of Vedanta Limited said that a clash between security personnel at its plant and some local protesters had claimed the lives of two people.

Vedanta is the largest aluminium producer in India with a capacity of 2.3 million tonnes per annum (mtpa) and a 40 per cent market share in India's aluminium industry, as per the company's website.

The Lanjigarh plant of the company operates under

CONTINUED ON PAGE 2

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CONTD...FROM PAGE 8

THE INDIAN EXPRESS
DATE : 19/3/2019 P.N.2

Violent turn to protests at Vedanta's Odisha plant, two killed

Vedanta Limited, which is under the holding company Vedanta Resources.

The Vedanta statement stated: "This morning some agitators near our Lanjigarh plant staged a protest which led to a violent agitation. The local Odisha Industrial Security Force personnel (OISF), who intervened were attacked by the protestors during which some protestors and OISF personnel got injured and they were immediately moved to the local hospital. According to the hospital authorities, one protestor and one OISF staff have succumbed to injuries."

Created under Odisha Industrial Security Force Act (2012), the OISF provides protection and security for industrial undertakings owned by the state government, private and public sector undertakings.

Activists involved with protests against Vedanta say that the local killed has been identified as Dani Patra, a native of Chhatrapur village under Lajigarh administrative divison.

BUSINESS LINE DATE : 21/3/2019 P.N.14

Silver demand in India set for 4-year high on farm cash payout

BLOOMBERG
March 20

Silver will see a resurgence in demand this year from rural Indians spending cash handouts from the government designed to aid local economies ahead of the general election, according to Metals Focus Ltd.

Purchases are set to rise to about 6,590 tonnes, beating the 6,442 tonnes bought in 2018 and marking the best year since record consumption in 2015, Chirag Sheth, an analyst for the London-based research firm, said in an interview in Mumbai. The demand recovery will continue over the next few years "because of economic growth, higher income, and relatively low silver prices and penetration of sterling silver," he said.

India last month started distributing the first installment of ₹2,000 to smallholders, under a program that proposes to spend ₹75,000 crore in the year beginning April. "The government cash handouts to farmers will help silver demand much more than gold," as many recipients only have the purchasing power to buy the cheaper

metal, said Sheth.

Silver prices in India have been relatively stable for the last two years, and are about half their 2011 peak. At around ₹38,000 a kilogram, the metal is about eighty times cheaper than gold and a far more affordable investment or gift for the average citizen.

In contrast to gold imports, which collapsed last year, inflows of silver rose 36 per cent in 2018 to 6,958 tonnes, just shy of the all-time high of 7,579 tonnes seen in 2015, according to India's trade ministry. Sheth pegged this year's imports at between 6,000 tonnes and 7,000 tonnes.

"In the last two years, demand has been very strong from the jewellery and silverware segments," said Sheth. "The market is in an expansion phase."

BUSINESS LINE
DATE : 21/3/2019 P.N.10

MCX-Zinc continues to remain range-bound

YOGANAND D
BL Research Bureau

After testing a key resistance at ₹200 per kg, the Zinc futures contract on the Multi Commodity Exchange of India (MCX) began to decline once again. Since encountering a key resistance in the ₹200-203 band in early February this year, the contract has been in a sideways consolidation phase in the wide range between ₹185 and ₹203. The key resistance band mentioned above is limiting the upside. The contract is up 1.4 per cent and is trading at ₹195.6 per kg on Tuesday.

Continuation of the upmove can re-test the key resistance at ₹203 in the coming trading sessions. A strong break above this barrier will strengthen the uptrend that has been in place since taking support at ₹167 in early January this year. Such a break can accelerate the contract higher to ₹206 and then to ₹210 in the nearterm. A further break above ₹210 can take the contract northwards to ₹215 and ₹220 levels over the medium term. Hence, traders should remain cautious as long as the contract trades below ₹203.

Fresh long positions can be initiated on a strong rally above ₹203 with a fixed stop-loss. On the other hand, a decisive fall below the immediate support level of ₹190 can drag the contract down to the lower boundary of the sideways movement at ₹185. A further slump below ₹185 can drag the contract down to ₹180 and then to ₹175 levels.

Traders with a short-term horizon can take long positions on a strong rally above ₹203 with a stop-loss at ₹196. Targets are ₹210 and ₹215. Revise the stop-loss higher to ₹203 as soon as the contract moves up to ₹210.

Global trend

The Zinc (three-month rolling forward) contract on the London Metal Exchange is in a corrective decline. The contract faces a key resistance ahead at $2,875 per tonne. It is currently trading at $2,839. A strong break above $2,875 can take the contract higher to $2,900 and $2,950 levels. On the downside, a fall below $2,800 can drag it lower to $2,750 or $2,700 levels in the short term.

THE TELEGRAPH
DATE : 21/3/2019 P.N.15

Thyssen, Tata get more time

Frankfurt: Thyssenkrupp and Tata Steel have agreed with the European Commission to extend a deadline to submit remedies in exchange for regulatory approval for a planned European steel joint venture, Thyssenkrupp said.

The deadline, which sources said was due to expire later on Wednesday, will be extended by eight working days, Thyssenkrupp said.

This will move the overall deadline for a decision to May 13 from April 29, the Commission said on its website.

"In the ongoing merger control proceedings the deadline to submit a proposal, through which Thyssenkrupp and Tata Steel will address the Commission's concerns, is imminent," a spokesperson for Thyssenkrupp said in e-mailed comments.

"To adequately draw up the proposal, the partners have agreed to apply for an extension by eight working days as part of the dialogue with the Commission," the spokesman said.

Thyssenkrupp confirmed it remains confident that the transaction, which will create Europe's second-largest steelmaker after ArcelorMittal, can be completed in the spring.

Sources told Reuters this month that the companies were unlikely to make far-reaching concessions that will jeopardise the economic and strategic rationale of the deal.

In December last year, it was announced that Andreas Goss, the head of Thyssenkrupp's steel division, will become the chief executive of the entity. Hans Fischer of Tata Steel Europe become deputy CEO and chief technology officer. Reuters

BUSINESS LINE
DATE : 21/3/2019 P.N.10

Downtrend comes to a halt in MCX-Nickel

GURUMURTHY K
BL Research Bureau

The downtrend in the Nickel futures contract on the MCX that had been in place over the last two weeks seems to have come to an end. The contract made a low of ₹878.6 per kg on Monday and has bounced up sharply from there. The contract has surged over 3 per cent from the recent low and is currently trading at ₹908 per kg.

A key near-term resistance is at ₹917 — the 21-day moving average. A strong break above this hurdle will ease the downside pressure. Such a break will then take the contract higher to ₹937. A further break above ₹937 will then increase the likelihood of the contract targeting ₹950 or ₹955 over the short term.

The region between ₹950 and ₹955 is a crucial medium-term resistance. Whether the contract manages to breach this resistance zone or not will determine the direction of the next move. A strong break and close above ₹955 will pave the way for the next targets of ₹1,000 and ₹1,050 over the medium term.

On the other hand, if the MCX-Nickel futures contract fails to break the ₹950-955 resistance zone and reverses lower, a fall initially to ₹935 is possible. A further break below ₹935 will then increase the likelihood of the contract extending its fall to ₹920 or even ₹900.

Global trend

The Nickel (three-month forward) contract on the LME has been oscillating around $13,000 per month for more than two weeks. It is currently trading at $13,149 per tonne.

The price action on the daily chart indicates bullish bias. A near-term resistance is at $13,370. A strong break above this hurdle will increase the likelihood of a fresh rally to $14,000.

The level of $12,800 is a key support and the outlook will turn negative only if the contract declines below this support.

THE HINDU
DATE : 21/3/2019 P.N.13

Thyssenkrupp, Tata Steel get EU extension

REUTERS
FRANKFURT

Thyssenkrupp and Tata Steel have agreed with the European Commission (EC) to extend a deadline to submit remedies in exchange for regulatory approval for a planned European steel joint venture, Thyssenkrupp said.

The deadline, which sources said was due to expire later on Wednesday, will be extended by eight working days, Thyssenkrupp said.

This will move the overall deadline for a decision to May 13 from April 29, the European Commission said on its website.

BUSINESS LINE DATE : 22/3/2019 P.N.3

Daiki Aluminium to start recycling unit in Sri City

OUR BUREAU

Hyderabad, March 21

Daiki Aluminium Industry India, a 100-per cent subsidiary of Daiki Aluminium Industry of Japan, commenced work on an aluminium alloy recycling unit at Sri City with a ground-breaking ceremony.

After the foundation ceremony, Takaaki Yamamoto, President of Daiki Aluminium Industry, in the presence of Zhao Rong, Chairman, Delta Group of Industries, China, highlighted the green principles in production and said the aim was to use the latest technologies in pollution control measure adhering to the strict regulation of their parent plants in Japan. The plant, being built on a 20-acre plot in the Domestic Tariff Zone with an initial investment of ₹250 crore, is to be commissioned by February 2020. The plant will produce 84,000 tonnes of aluminium alloy ingots annually.

The company plans to export products to ASEAN and Japan for supply to automobile companies.

Daiki plans to cater to the demand in the country and expand the market sequentially. It will generate direct employment for about 600 people, and 80 per cent of them will be women.

Established in 1922, Daiki Aluminium Industry based in Osaka, Japan, manufactures and markets aluminium alloy products globally.

With a production capacity of 80,000 tonnes a month, it is one of the largest aluminium companies in the world, with clients including Honda, Toyota, and Nissan.

THE HINDU DATE : 23/3/2019 P.N.13

India's gold demand eases as traders defer buying

Purchases held off to pay advance taxes ahead of FY close

REUTERS
MUMBAI/BENGALURU

Demand for physical gold moderated this week in India as many jewellers held off on purchases ahead of the end of the country's financial year to pay off advance taxes, while premiums in Singapore rose slightly on tight supplies.

"As just a few days are left in the current fiscal year, many consumers [jewellers] are paying advance tax," said Ashok Jain, proprietor of Mumbai-based gold wholesaler Chenaji Narsinghji.

Metal mania: The market is in premium due to lower gold imports in February, says a bullion dealer. ▪REUTERS

Improvement in April

"Even next week, demand will remain subdued and could improve in April," Mr. Jain said.

Dealers in the country were charging a premium of up to $1.5 an ounce over official domestic prices, down from last week's $2 level. The domestic price includes a 10% import tax.

The market is in premium due to lower gold imports in February, said a Mumbai-based bullion dealer with a gold importing bank.

Gold imports in February fell 10.81% from the same period last year to $2.58 billion, trade ministry data showed earlier this month.

In Singapore and Hong Kong, physical demand remained soft, with global gold prices hitting three-week highs after the U.S. Federal Reserve kept interest rates unchanged at its meeting this week. Prices were on track for a third straight weekly rise. In Hong Kong, premiums were little changed at 50 cents to $1.20, compared with 60 cents-$1.10 last week, while premiums in Singapore firmed up slightly to 60-80 cents over the benchmark prices from 60-70 cents last week.

"Suppliers don't have many inventories here as they know that it will be difficult to sell. That has caused a slight increase in the premium," said Brian Lan, managing director at dealer GoldSilver Central in Singapore.

Top consumer China witnessed steady demand, with premiums hovering at around $14-$16, slightly firmed from last week.

China's yuan climbed to an eight-month high against a weakening dollar on Thursday, after the U.S. Fed ruled out an interest rate hike this year. The strong yuan is driving gold demand in China, said Peter Fung, head of dealing at Wing Fung Precious Metals in Hong Kong.

A weaker dollar makes gold expensive for buyers in other currencies.

BUSINESS LINE
DATE : 23/3/2019 P.N.12

India gold demand eases as traders defer buying

REUTERS
Mumbai/Bengaluru, March 22

Demand for physical gold moderated this week in India as many jewellers held off on purchases ahead of the end of the country's financial year to pay off advance taxes, while premiums in Singapore rose slightly on tight supplies.

"As just a few days are left in the current fiscal year, many consumers (jewellers) are paying advance tax," said Ashok Jain, proprietor of Mumbai-based gold wholesaler Chenaji Narsinghji.

"Even next week demand will remain subdued and could improve in April," Jain said.

The market is in premium due to lower gold imports in February, said a Mumbai-based bullion dealer with a gold importing bank.

Gold imports in February fell 10.81 percent from the same period last year to $2.58 billion, trade ministry data showed earlier this month. In Singapore and Hong Kong, physical demand remained soft, with global gold prices hitting three-week highs after the US Federal Reserve kept interest rates unchanged at its meeting this week.

BUSINESS LINE DATE : 25/3/2019 P.N.16

Between April-February, gold imports dipped 5.5% in value

PRESS TRUST OF INDIA

New Delhi, March 24

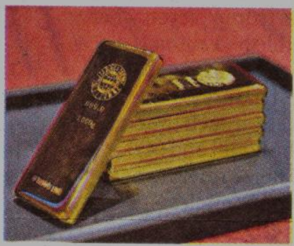
India's gold imports dipped about 5.5 per cent in value terms to $29.5 billion between April 2018 and February 2019, which is expected to keep a lid on the current account deficit.

Total imports of the precious metal in the corresponding period of 2017-18 stood at $31.2 billion, according to data from the Commerce Ministry.

Trade experts said softening prices of the yellow metal in world markets could be the reason for the contraction in imports.

After recording negative growth for three consecutive months — October, November and December 2018 — gold imports grew by 38.16 per cent to $2.31 billion in January.

It again contracted by 10.8 per cent to $2.58 billion in February. India is one of the largest gold importers, and the imports mainly take care of the demand from the jewellery industry.



India has introduced measures to restrict the import of gold

Gems and jewellery exports too dipped by 6.3 per cent to $28.5 billion during the 11 months of the current fiscal.

India's current account deficit (CAD), or the difference between outflow and inflow of foreign exchange in the current account, widened to 2.9 per cent of GDP in the second quarter of the fiscal, against 1.1 per cent in the year-ago period, mainly due to a large trade deficit.

In volume terms, the country's total gold imports increased by 22.43 per cent to 955.16 tonnes in 2017-18. It stood at 780.14 tonnes in 2016-17.

The government has introduced several measures to restrict the import of gold, including restricting duty-free gold imports from South Korea as allowed under the India-Korea free trade agreement, and the imposition of a self-use condition on Premier Trading House/Star Trading House-authorised to import the precious metal directly from overseas bullion suppliers.

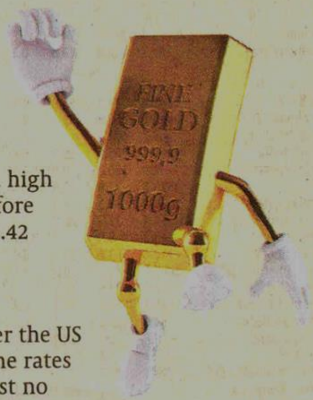
It has also imposed 10 per cent import duty on gold.

Short-term outlook is positive for gold

GURUMURTHY K

Gold seems to be slowly gaining strength. The global spot gold prices surged over a per cent intra-week to make a high of $1,320 per ounce. Prices then came off slightly from the high and closed at $1,313.6 per ounce, up 0.87 per cent for the week.

Silver surged to test its resistance at $15.60 last week, but failed to sustain higher. The global spot silver prices surged over 2 per cent intra-week and made a high of $15.64 per ounce before closing the week at $15.42 per ounce.



Fed supports

Gold gained sheen after the US Federal Reserve kept the rates unchanged and forecast no rate hikes this year. Earlier, in December last year, the Fed had predicted for two rate hikes in 2019. This dragged the dollar index sharply lower to 95.74 and, in turn, pushed gold prices higher. Though the dollar index recovered from the lows to close the week at 96.65, gold managed to sustain higher.

The Fed's decision last week can support gold to sustain higher and move further up in the short term. The US economic data releases in the coming months should be strong in order to change the Fed's stance on the pace of the future rate hikes.

Gold outlook

The short-term outlook for the global spot gold ($1,213.6 per ounce) is positive. Th immediate support is at $1,310. The next significant supports are at $1,300 and $1,295. As long as gold trades above $1,300, there is a strong likelihood of it breaching $1,320 and rallying to $1,330 in the near term. A further break above $1,330 will then pave the way for a further rally to $1,350 over the short term.

A cluster of supports are poised in the broad $1,300-1,290 region which can restrict the pace of the fall if gold declines below $1,300. The outlook will turn negative only if gold declines decisively below $1,290, which looks less probable. The target below $1,290 is $1,275.

On the domestic front, the support around ₹31,750 seems to have held well for the gold (₹32,140 per 10 gm) futures contract on the Multi Commodity Exchange (MCX). The immediate support is in the ₹32,000-31,950 region. As long as the contract sustains above ₹31,950, a corrective rally to ₹32,500 and ₹32,550 is possible in the coming days. A further break above ₹32,550 will increase the likelihood of the rally extending to ₹32,850 and ₹33,000 thereafter.

The contract will come under pressure only if it makes a decisive close below ₹31,750. In such a scenario, MCX-Gold can fall to ₹31,250.

MCX Gold

Supports: ₹31,750/31,250
Resistances: ₹32,500/33,000

MCX Silver

Supports: ₹37,700/37,000
Resistances: ₹38,500/39,000

Silver outlook

The short-term outlook for silver is mixed. The global spot silver ($15.42 per ounce) can broadly remain range-bound between $15 and $15.65 in the short term. A breakout on either side of $15 or $15.65 will then decide the direction of the next move. A fall below $15 can drag silver to $14.85. On the other hand, a strong break above $15.65 can take silver higher to $16.1 and $16.25.

The MCX-Silver (₹38,362 per kg) futures contract has been stuck in between ₹37,700 and ₹39,000 over the three weeks. If the contract declines below ₹37,700, a fall to ₹37,000 is possible. On the other hand, if MCX-Silver manages to rise past ₹39,000, a fresh rally to ₹39,500 and ₹40,000 can be seen.

BUSINESS LINE DATE : 26/3/2019 P.N.10

MCX-Aluminium is stuck in a sideways range

GURUMURTHY K

BL Research Bureau

The Aluminium futures contract on the MCX has been stuck in the band between ₹143 and ₹149 per kg over the last three weeks. Within this range the contract made a high of ₹148.55 on Tuesday last week and has come off sharply from there. The contract made a low of ₹144.2 on Friday and bounced up slightly from there to the current levels of ₹145 per kg.

The near-term outlook is unclear. A breakout on either side of ₹143 or ₹149 will decide the direction of the next move. A strong break below ₹143 will turn the outlook negative. Such a break will take the contract lower to ₹140 or ₹139. The region between ₹140 and ₹139 is a strong support which is likely to limit the downside. A further fall below ₹139 looks less probable at the moment.

On the other hand, if the MCX-Aluminium futures contract breaks the current range above ₹149, it will gain momentum. Such a break can take the contract higher to ₹152 and ₹153. As mentioned last week, the region between ₹152 and ₹153 is a crucial resistance. A strong break and a decisive close above ₹153 will pave the way for the next targets of ₹158 and ₹160 over the medium term.

Global trend

The Aluminum (three-month forward) contract on the LME broke above $1,935 per tonne but failed to sustain higher. The contract made a high of $1,951 on Wednesday last week and has come off sharply from there. It is currently trading at $1,903 per tonne.

The region between $1,925 and $1,935 will now act as a good resistance. As long as the contract trades below this resistance zone a fall to $1,845 is possible. A break below $1,845 will increase the likelihood of the contract extending its fall to $1,800. However, a bounce from $1,845 can take the contract higher to $1,900 and $1,935 again.

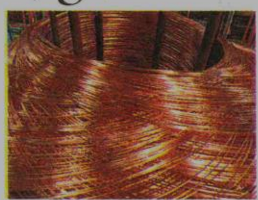
BUSINESS LINE DATE : 26/3/2019 P.N.14

Copper drifts to one-month low on global growth worries

REUTERS

London, March 25

Copper prices touched their lowest in more than a month on Monday on worries about global economic growth, but falling inventories and the upcoming peak demand season for industrial metals were seen curbing losses.



But fundamental supply-demand conditions are relatively tight in most industrial metals, shown by inventories that have fallen sharply over the past year.

"Given a combination of seasonal demand pick-up in Q2 and the existing inventory picture, it is difficult to see this sell-off being sustained," analyst Nicholas Snowdon at Deutsche Bank in London.

Benchmark copper on the London Metal Exchange dropped to a low of $6,295 a tonne, the weakest since February 19, before recovering to $6,323.50 in official open outcry trading, a rise of 0.2 per cent. The premium of cash copper over the three-month contract has weakened further to $2.50 a tonne from a peak of $70 on March 5, indicating more plentiful supply.

LME zinc stocks, which have slid by more than half so far this year, hit a fresh record low of 57,075 tonnes, while nickel stocks fell to their lowest since June 2013, LME data showed on Monday.

Three-month aluminium, untraded in official rings, was bid down 0.9 per cent at $1,886 a tonne.

LME zinc ceded 0.4 per cent to trade at $2,803 a tonne in official activity; lead fell 0.3 per cent to $2,027; nickel lost 0.5 per cent at $12,875 and tin traded 0.2 per cent lower to $21,375.

BUSINESS LINE DATE : 27/3/2019 P.N.10

MCX-Zinc may be gearing up for a fresh rally

GURUMURTHY K

BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) has been struggling to breach the psychological level of ₹200 per kg. The contract has tested this resistance several times over the last one month. It is currently hovering just below this psychological hurdle at ₹199 per kg.

On the charts, the price action leaves the bias bullish. It leaves the possibility high of the contract breaking above ₹200 in the coming days. Such a break can take the MCX-Zinc contract initially higher to ₹202 or ₹203. A further break above ₹203 will then increase the likelihood of the contract moving higher to ₹208 and ₹209 over the short term. Such a rally will strengthen the medium-term bullish outlook. In such a scenario, there is a strong likelihood of the contract targeting ₹215 and ₹217 levels over the medium term.

Trading strategy

Traders with a medium-term perspective can make use of dips to go long at ₹195 and ₹193. Stop-loss can be placed at ₹187 for the target of ₹213. Revise the stop-loss higher at ₹195 as soon as the contract moves up to ₹201.

Global trend

The Zinc (three-month rolling forward) contract on the London Metal Exchange has been oscillating between $2,750 and $2,900 a tonne. Within this range, it is currently trading at $2,832.

Key supports are at $2,780 and $2,760. As long as the contract trades above these supports, the outlook will remain positive. There is a strong likelihood of the contract breaking above $2,900 in the coming days. Such a break can take it to $2,960. The bullish outlook will get negated if the LME-Zinc contract declines decisively below $2,760. In such a scenario, a fall to $2,700 is possible.

THE ECONOMIC TIMES

DATE : 27/3/2019 P.N.10

India to Set Up Gold Board to Regulate Spot Exchanges

Ram.Sahgal@timesgroup.com

Mumbai: A gold board will be created by an act of Parliament to, among other things, regulate gold spot exchanges, said two persons aware of the development, after a meeting between Pahle India Foundation — a not-for-profit policy think-tank founded by Rajiv Kumar, vice-chairman, Niti Aayog — and stakeholders, including MCX, NSE and BSE and their clearing corporations on Monday.

The spot exchange is part of a comprehensive gold policy announced by FM Arun Jaitley in the Union Budget for FY19. The policy aims at making gold an asset class. A spot exchange will help in this by creating greater transparency in pricing and quality of gold. The Indian gold market is largely unorganised, where customers don't always get the best of pricing and quality.

"A regulated spot exchange will make the trade more transparent and benefit the customer, apart from facilitating the creation of an Indian quality standard for the metal. This will over time ensure recycled gold refined locally finds its way to the exchange and reduce imports of the metal," said one of the persons.

The creation of a gold board is in the draft stage and Pahle India will submit its recommendations to the finance ministry shortly. The formulation of a gold policy will be taken up after a new government is formed at the Centre, post May 23.

Pahle India has been ideating with stakeholders and submitting feedback on a gold policy for the past five years.

THE ECONOMIC TIMES DATE : 27/3/2019 P.N.7

FEAR OF RECESSION grips the world post fall in 10-year US treasury yields; gold a safe asset in uncertain times

Time to Hike Exposure to Gold: Experts

Prashant.Mahesh
@timesgroup.com

Mumbai: Investors could boost their gold holdings after the yield curve in the US inverted late last week for the first time since 2007, which is considered a harbinger of a recession. Gold is seen as a safe asset in times of uncertainty.

"There is a macroeconomic slowdown. With the yield curve now inverted, it is a good signal to accumulate gold," says Kishore Narne, associate director (commodities), Motilal Oswal. Narne expects domestic prices to touch ₹38,000 per 10 grams over a 12-month period. Domestic gold prices were at ₹32,700 per 10 grams on Monday.

Analysts said with the 10-year US treasury rates falling below three-month rates, the chances of recession in the world's biggest economy have gone up, which makes gold attractive.

Also, the US dollar and gold move in opposite directions; whenever the dollar weakens, gold prices rise and vice versa. A reason for this is when the dollar starts losing value, investors look for an alternative safe asset, which is gold.

Narne said gold prices have been consistently closing in the green for the past three weeks primarily on back of weakness in the dollar and increased investment demand following uncertainty in Brexit and on expectation of slowing global growth.

Data from the US last week showed manufacturing activity unexpectedly cooled in March and businesses across the eurozone performed much worse than expected this month, indicating there are concerns about global growth.

Muted Returns

Gold	Return (%)
1 year	3.49
3 year	1.65
5 year	0.24
10 year	6.3

Returns annualised

Source: Value research

Poor returns from the yellow metal and high returns from equity markets resulted in many investors moving out of gold in the past five years. Over the past five years, returns from gold have been more or less flat, while the S&P BSE Sensex gave 11.37% returns in this period. Wealth managers believe its investors could allocate 5-10% of their portfolio to gold.

"The US has chosen to take a conservative stand on interest rates, which means the economy is slowing down a bit. Gold finds a place in portfolios in such times," says Vishal Dhawan, founder, Plan Ahead Wealth Advisors. He advises conservative investors to inch up their gold allocation to 10% of their portfolios spread out over a period of three months.

Instead of buying physical gold, wealth managers suggest the best way for investors to raise exposure to the asset class is through sovereign gold bonds (SGBs) issued by the government of India or through gold ETFs.

SGBs score over ETFs as they pay a small interest of 2.5% above the price movement. Gold ETFs deduct their expense ratios from the returns they make from the movement in gold prices.

BUSINESS LINE
DATE : 28/3/2019 P.N.10

Near-term outlook is unclear for MCX-Nickel

GURUMURTHY K
BL Research Bureau

The Nickel futures contract on the MCX has been consolidating sideways over the last couple of weeks. The contract is stuck in a narrow range between ₹878 and ₹915 per kg over the last two weeks. It is currently trading at ₹896 per kg.

The near-term outlook is unclear. The MCX-Nickel futures contract has a significant support at ₹870 and resistance at ₹915. A breakout on either side of ₹870 or ₹915 will decide the direction of the next move. Traders can stay out of the market until a clear trend emerges.

If the MCX-Nickel futures contract declines below ₹870, it will come under renewed pressure. Such a break will keep the downtrend that has been in place since the beginning of March intact. In such a scenario, a fall to ₹850 and ₹840 is possible, going forward.

On the other hand, if the contract manages to breach ₹915 decisively, it can gain fresh momentum. Such a break will ease the downside pressure. In that case, the MCX-Nickel futures contract can move higher to ₹940 and ₹950.

Global trend

The Nickel (three-month forward) contract on the LME has been oscillating around the psychological level of $13,000 per tonne. The contract has been range-bound between $12,800 and $13,370 for almost three weeks now.

The price action and the indicators on the charts leave the bias bullish for the contract. The 50-day moving average has crossed over the 200-day moving average. This is a bullish signal indicating that the downside could be limited.

This leaves the possibility high of the contract breaching $13,370 in the coming days. Such a break can take the contract higher to $14,000. A further decisive break will increase the likelihood of the contract targeting $16,000 over the medium term.

THE HITAVADA
DATE : 28/3/2019 P.N.11

Iron ore market faces deficit, says mining tycoon

BLOOMBERG

March 27

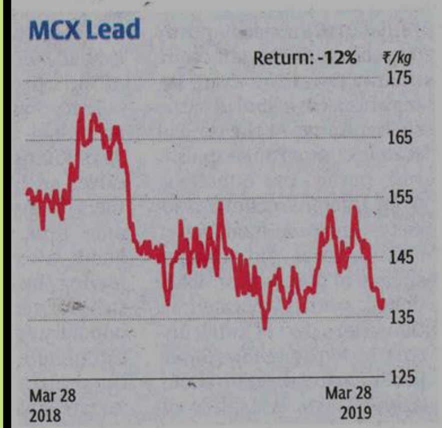
The global iron ore market is likely to have a shortfall following the dam spill and mine curtailments at top supplier Vale SA, according to Fortescue Metals Group Ltd founder Andrew Forrest, who cautioned that other producers face constraints in boosting output.

"We do have to face the reality of a potential deficit," Forrest said in a Bloomberg Television interview. While the Australian miner is "looking very hard" at how it can help customers, it can't guarantee it'll be able to help fill the deficit, according to Forrest.

Iron ore is heading for the biggest quarterly advance since late 2017 as investors seek to gauge the consequences of the disruption in Brazil, with Citigroup Inc. warning the market has yet to see the full impact of the disaster as a looming mid-year crunch will spur a rally to $100 a tonne.

BUSINESS LINE
DATE : 29/3/2019 P.N.10

Downtrend intact in MCX-Lead



GURUMURTHY K
BL Research Bureau

The lead futures contract on the Multi Commodity Exchange of India fell sharply in the past week and made an intra-week low of ₹136.15 per kg on Tuesday. But the contract has bounced slightly from this low and is currently trading at ₹138 per kg.

Though the contract can move further higher to test ₹140 and ₹141 levels, the outlook is bearish. The indicators on the charts are also negative. The 21-day moving average has crossed below the 55-day moving average and is on the verge of crossing below the 100-day moving average. This is a negative sign indicating that the upside could be limited. As such, a rally breaking above ₹141 looks unlikely at the moment. A pull-back from the ₹140-141 resistance region can drag the contract lower to ₹136 again. A break below ₹136 can take it lower to ₹133 or even ₹130.

Trading strategy

Traders can go short at ₹140 and ₹141. Stop-loss can be placed at ₹143 for a target of ₹134. Revise the stop-loss lower to ₹137 as soon as the contract moves down to ₹135.

Global trend

The lead (three-month forward) contract on the London Metal Exchange is on a strong downtrend since the beginning of this month. The contract fell 1.5 per cent in the past week and is currently trading at $2,008 per tonne.

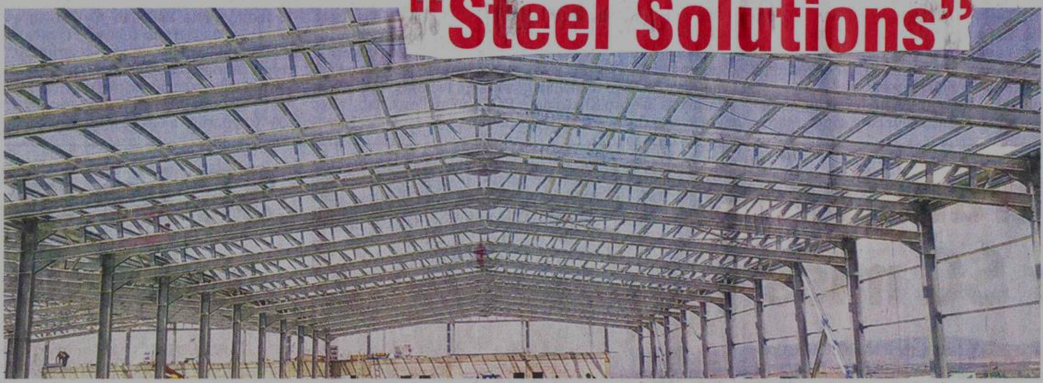
The outlook is negative. A key resistance is at $2,035, which can cap the upside. A fall to $1,950 or even $1,925 looks likely in the coming weeks.

The downside pressure will ease only if the LME-Lead contract breaks above $2,035 decisively. Such a break can take the contract higher to $2,070. A further break above $2,070, though unlikely, will pave the way for the next targets of $2,100 and $2,130.

THE TELEGRAPH DATE : 30/3/2019 P.N.7

The changing face of Indian steel: "Steel Solutions"

SUSHIM BANERJEE



India is among the few countries in the world where demand for steel has been exhibiting high growth potential. In FY18 India consumed around 90.7 MT of steel growing at 7.9 percent. India may end FY19 with a consumption of around 98 MT. Projection made by World Steel Association indicates that India is going to overtake USA as the second largest steel consuming country in the world with consumption of 102.3 MT by 2019. Based on an estimated 230 MT of finished steel demand by 2030-31, capacity augmentation of 300 MT of crude steel in the country has been projected, according to National Steel Policy 2017.

The above estimate presumes an annual average growth of 7.4 percent between FY19 to FY31 which is feasible basis the current trend of demand generation. Infrastructure and construction sector has been traditionally the primary source of steel demand accounting for around 62 percent of steel consumption. Engineering and machinery equipment sector comprising of fabricated structurals, electrical equipments, machineries and domestic appliances consume around 22 percent of total steel, automobile sector takes around 10 percent and the balance 6 percent is consumed by packaging and other transport segments. As India has massive infrastructure deficits, demand for steel would continue to be boosted by construction of urban and rural infrastructure, roadways (led by Bharatmala projects), Railways (Dedicated Freight Corridor, track renewals, rolling stocks, high speed rails), port development (Sagarmala project), airport construction and also by segments like affordable housing (real estate), automobile and other processing industries, oil and gas pipelines.

While demand from the various end using sectors would continue to drive requirement for steel, one must perceive a paradigm shift in the nature of demand emanating from them towards seeking a steel solution to cater to their wants. The consumers are literally looking beyond the concept of steel as a homogeneous commodity and would be happy if the supplier offers a total steel solution that would save him from undertaking further processing of the materials at his end which involves additional cost, time, space and efforts. It implies a spate of additional operations shifting from the customers' premises to the manufacturers' mills or adjoining areas.

This requires a reorientation of their production processes by extending steel product manufacturing into the arena of manufacturing/fabricating steel-containing goods which are the ultimate forms in which they are needed by end users. In effect steel solutions require steel fabricated outputs directly reaching the customers in lieu of their routing through intermediate agents. This would not only save cost but would also contribute a great deal towards improving the quality of finished products.

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KNOWLEDGE PARTNER

In case of an individual house owner, this would mean procuring not only reinforcement bars and coated products for construction of floors and roof, but to procure in addition steel doors, windows, interiors and kitchen wares from steel producers. Home solutions would contain kitchen wares, water tanks made of stainless steel, plumbing, interiors apart from doors and windows. Tata Steel has come out with its "Pravesh" (steel doors with a wooden finish) and has already earned a place for itself in the Rs 500 billion business, followed by JSW Steel. It is an innovative strategy pursued by premier steel manufacturers to publicise their exclusive products in the market for home solutions and selling it by mobile vans in residential areas. Topping it all is the facility offered by some of them in making the design of the house, getting it approved by government agencies as well as actual construction of the house.

In many of the major steel producing countries abroad, fabrication of steel containing goods has been an integral part of operation by producers like Nippon Steel, Mitshubishi in Japan, Baosteel in China who all have set up fabrication of steel structures facility as a necessary component of their manufacturing base. This has helped them to procure substantial orders from reputed

CONTD.. ON PAGE 21

THE TELEGRAPH DATE : 30/3/2019 P.N.6

CONTD.. FROM PAGE 20

construction companies who require these equipments regularly at the time of executing infrastructure projects. In India, JSW and Essar Steel have invested in creating subsequent fabrication facilities that include component testing, corrosion and paint labs to utilise their steel products into a ready-to-use steel solutions to the builders and infrastructure companies. Some of these facilities offer advanced engineering support in terms of structural design, fabrication and erection of the structure. It is a common sight nowadays to see small pillars using shaped rebars fabricated in service centres and getting supplied to users like Metro Rail contractors.

All this has led to reorienting steel product lines and to roll out a gamut of innovative products like HR Coil for rigid framing and beams, purlins, trusses and columns, CR Coil for decking, coated products for roofing, cladding, shutters, grain bins, light steel framing, galvalume for pre-engineered buildings.

The supply of steel products by BIS certified producers and engagement of fabricators by them (e.g. for crash barriers) instil confidence in the minds of end users on the authenticity of the product chosen and thereby enhance credibility of the fabricators.

Thus steel solutions are changing the face of steel marketing in India. It is prompting the steel producers to roll innovative product categories with an eye to meeting the needs of the end using segments. Rolling a new set of products which are ready-to-use and customised, would also usher in innovative marketing strategies that thrives on constant dialogue, regular inspection at site and incorporating changes wherever feasible.

Author is Director General, Institute for Steel Development & Growth (INSDAG)

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mjunction plans steel e-marketplace for SME buyers

*In a freewheeling interview, **mjunction MD & CEO Mr Vinaya Varma** talks about the company's plans to develop an e-marketplace for buying and selling of prime steel.*

What are the key needs of SME buyers of steel?

India has recently become the second largest producer of steel worldwide. The steel industry has been growing at CAGR of 8.71%. Unlike many other countries, the demand for steel in India is continuously growing. While the production of steel has nearly doubled in the last decade the need for smooth and uninterrupted delivery to last mile customer remains unaddressed, particularly for MSME buyers.

The foremost need for SME buyers is of timely availability and accessibility of the required material. The distribution of steel for SME's is done through a network of distributors and dealers. For a distributor it is difficult to maintain a stock of wide ranging product therefore MSME buyers are constrained to restrict their purchases as per the material availability with the distributor. It gets more difficult when the requirement is of any special product. Further, buyer has to offline connect with multiple sellers to ascertain the best price.

Another critical need of a SME is of working capital finance to bridge the gap between purchase and sales. Wholesalers have limited funds to lock in by extending trade credit to buyers. Selected few are provided trade credit at a cost above the prevailing market rate. Remaining buyers have to limit purchases to available working capital.

SMEs need to coordinate with multiple stake holder in the entire value chain i.e Coordination with the seller, service centres and logistics are key needs associated with the trade which adds to cost and also consumes time and energy of the buyers.

What in your view can add efficiency in the steel distribution business?

The way a business is done is changing fast. Technology has played a key role in enabling and disrupting businesses which were considered unalterable. The movement that started from the B2C segment has left the stakeholders with a very satisfactory experience. Standard and expectation of delivery have been set high. The wave of digitization is fast moving towards the b2b model. Its matter of choice that we embrace change to enable the business model or get disrupted.

> **"The e-marketplace will connect multiple value chain participants and make buying and selling experience enriching."**

What is the solution?

Instead of waiting for a customer to reach us we should be where our customer is.

One way of doing so is through the e-marketplace model. A model with multiple buyers and suppliers. The platform should make the buying and selling experience enriching. There is a ready market to adopt such an initiative.

mjunction is working on an e-marketplace for buy and sell of prime steel. The platform will connect multiple value chain participants i.e. buyers, seller, warehouses, service centres, logistics and the lenders.

Buyers will be able to get visibility of available stock, prevailing market price and the time of delivery of the material, everything at a click of a button

Buyers will have a visibility of different stages of order processing. Online information will facilitate the update and exchange information between the participants. Service centre and logistics will have a smooth coordination

Purchasing from the e-marketplace will create transaction history for a buyer which will be used for availing credit from lending institutions.

Further the data will be used for production & distribution planning and for price forecasting.

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Steel's transformation from B2B to B2C

TAMAJIT PAIN

Modular furniture is not something one would relate to steel companies. But steel companies are successfully launching customised steel products like doors, windows, grills, furnitures, structures, pipes, roofing and cladding solutions to reach the end user.

Steel companies are directly wooden doors are deemed to be unsafe and breakable. Moreover, theft was a major issue in Tier 2 and Tier 3 cities. Besides, there were issues associated with wood, like expansion/contraction and termites. The quality of wood used to make the home solution products left a lot to be desired. Sensing an opportunity, steel companies introduced innovative home solution brands that had the finish

The initiative is directed on bringing the focus on the Quality of Steel toward building and construction industry. The stores shall not only offer, free home delivery but also act as a complete steel guide as well.

In today's marketing scenario, an exclusive retail concept has a great future.

Selling steel is a secondary objective as primary focus is on

reaching the consumer's residence with utensils, kitchenwares, water tanks, steel floors, metal deck and deck panels.

These are new steel companies of India who are constantly innovating to reach out to modern day consumers.

Steel companies are not only producing rebars meant to offer strength for the buildings but also providing the security to the building and day to day modular wall-to-wall wardrobes.

This transformation from a B2B to a B2C vertical is spinning revenues for the companies.

The need for customised solutions came up during discussions with consumers.

This is a new business vertical for steel companies that are focused on trying to understand the expressed and latent needs of customers.

Consumers pointed out that and elegance of wood in spite of being made of steel.

For a steelmaker, it is not easy to sell a retail product. To make up for that, they borrowed practices from the consumer durables industry.

It formed a team of sales executives and another team of specialized people in installation was also set up. They also tapped its dealer network.

Being a consumer facing product, a dedicated call centre team was deployed to answer any query/manage complaints of the consumers.

These products are sold through a 2-Tier retail network of distributors/business development partners and dealer outlets across the country.

Some steel brands in Eastern India have endeavoured to bring the focus on the Quality of Steel with Steel Testing Orientation Centers for free testing of the TMT Bars.

educating consumers about the product, its testing and usage.

The effort is more focused specifically in rural and semi urban areas.

E-commerce is also set to herald a revolution in the retail space, it is also changing selling and buying patterns.

Some steel manufacturers are thinking of direct delivery through the digital marketplace.

The new concept of retail sales is gaining ground amid volatile movement in some end user segments like automobiles and real estate.

The effort is to clear inventories and operate sustainably beyond cyclical factors and hedge against the likelihood of a downturn.

Listening to the consumer at the last end not only offsets the cyclical factors but also helps deliver a complete product.

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India's consumption trends: Key insights

India's steel consumption is growing at an impressive rate of 7-8 percent in the last few years. Indian states have been showing uneven and multispeed development. Therefore, there are diverse patterns of steel use in different states. Strong growth momentum is seen in Gujarat, Haryana, Maharashtra and Tamil Nadu. Eastern states – Chhattisgarh, Jharkhand and Odisha – are expected to catch up, thanks to mining and manufacturing development.

The share of manufacturing in India's GDP stayed within 14-16 percent in the last 40 years, only recently rising to 18 percent. "Make in India" provides vision for enhancing manufacturing activities across states, aiming to raise share of manufacturing to 25 percent of GDP.

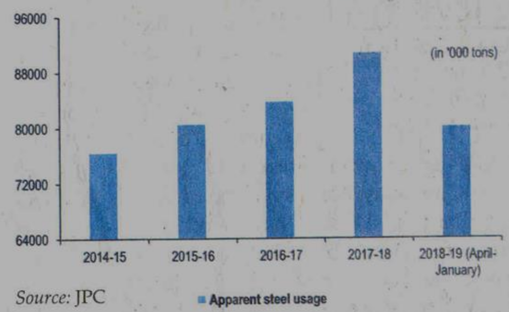
India aims to be a global auto hub for small cars with huge focus on exports. The existing automotive hubs in Haryana, Tamil Nadu, Maharashtra will continue to strengthen. Haryana is the largest production hub and geared to domestic market. New auto hubs are emerging in Andhra Pradesh, Gujarat mainly driven by FDI.

Growth in the construction sector will be a pan-India phenomenon driven both by infrastructure spending and housing demand, especially affordable housing.

Gujarat, Maharashtra and Haryana are likely to experience strongest growth in steel demand. Tamil Nadu also has good potential. The unbalanced steel geography will continue: capacity expansion have been mostly brownfield and new steel production facilities most likely to be built around raw materials. With decreased transportation cost, intra-state trade steel trade will continue to prevail.

Currently, sectoral breakup of steel consumption show infrastructure/construction make up 62 percent share, followed by engineering/domestic appliances/fabrication (22 percent), automobile (10 percent), packaging (3 percent) and other transport (3 percent).

India's steel consumption



Source: JPC

Steel consumption growth drivers include projects like Sagarmala, Bharatmala, smart cities, defence, railways (high speed rails, railway coaches), affordable housing, civil aviation and automobile among others.

Emerging demand requires existing profiles with additional features and value added steel. Alternatives like aluminium, magnesium, carbon fibre reinforced plastics (CFRP) pose challenges to steel. Efforts are on to increase steel consumption in rural areas where it can be used in building houses, roads, irrigation systems, educational institutions, hospitals and conversion of thatched roofing to GC sheets.

Domestic consumption of steel is projected to rise by around 7 percent in FY20. It is believed that consumption of long steel products will grow at a faster pace, compared to flat steel products, mainly on account of the governments' focus on infrastructure.

Finished steel production is tipped to grow by 6-8 percent in FY20, backed by demand from user industries such as construction, infrastructure, automobiles and consumer durables.

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Strengthening India since 1953

Govind Beriwal
Director
Shyam Steel Industries Ltd

Established in 1953, Shyam Steel Industries Ltd. is one of the leading pure steel manufacturer in India with its' flagship products being TMT rebar and Structural steel. The Company has two state-of-the-art plants in West Bengal. Products manufactured by the company are marked under the brand name "SHYAM". As a part of its' backward integration, the company manufactures sponge iron, billet and ferro-alloy supported by its own captive power plant.

The company has its pan-India presence with highly efficient and dynamic team. Apart from product quality, company's key feature includes customer service, timely delivery and paying heed to the changes of the time. This has kept the company steps ahead in market.

The company has 14 branches, multiple stockyards and more than 2000 dealers pan-India, catering to the demand of the institutional as well as a retail segment. The company has a nationwide reach with strong footprints in the Eastern and Northern India. A wide dealer network nurtured on empowered partnership enables Shyam Steel to reach even the remotest village of the country.

For years, Shyam Steel 's TMT rebars have been successfully serving core industry sectors, including national highways, nuclear, thermal and hydel power, railway, metro rail, defense, sea ports, airports, bridges, dams etc. With its rich industrial knowledge of decades, the company delivers real results, ensuring the level of certainty that no other company can match. Some of the major projects for which Shyam Steel has supplied its product are Paradip

SHYAM STEEL
SHYAM TMT REBAR

Refinery (Odisha), Nibedita Bridge (West Bengal), Reliance KG Basin, Panipath Elevated Expressway, Rajiv Gandhi International Airport, Hydrabad, REL's Yamuna Nagar Power Plant, Guwahati Games Village, Ranchi Sports Complex, Vidyasagar Bridge (West Bengal) to name a few.

Shyam Steel has been certified for ISO 9001:2008, ISO 14001:2004 & OHSAS: 18001:2007 and follows the same in full spirit.

Understanding the product category and an endeavour to add value to lives have earned the Group many prestigious accolades like the Udyog Ratna and Rashtriya Udyog Ratna awards etc.

Shyam Steel TMT rebar is endorsed by India's most followed couple- ace cricketer and Team India Captain Virat Kohli and leading Bollywood actress Anushka Sharma. Our recent advertising campaign focuses on strength with flexibility, which are the core values of the product. Having a face which has a global following makes our brand reach a larger audience.

Shyam Steel believes corporate social responsibility is a critical mission that is at the heart of everything it does. "We firmly believe the health and welfare of our people, the community and society, as a whole, is intrinsic to our approach to business. We empower skill development of youth, promoting entrepreneurship and preservation of ethnicity and culture of indigenous communities."

The vision of the company is to ensure that the same steel that India uses for its major infrastructure projects, is also available to each of its citizens for their personal home building at an affordable rate. Thus, the company has taken a target of putting a retail store in every district and town of India by 2024.