खनिज समाचार

KHANIJ SAMACHAR

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खनिज समाचार

KHANIJ SAMACHAR

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FROM

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INDIAN BUREAU OF MINES

VOL. 5, NO-24 , 16th – 31st DECEMBER , 2021

LOKMAT DATE : 16/12/2021 P.N.2

बंद कोळसा खाणी परत सुरू होणार

तुमानेंच्या प्रश्नावर कोळसामंत्र्यांची माहिती

लोकमत न्यूज नेटवर्क

नागपूर : 'वेकोलि'च्या (वेस्टर्न कोलफिल्ड लिमिटेड) काही बंद कोळसा खाणींना परत सुरू करण्याची प्रक्रिया सुरू करण्यात आली आहे. यात नागपूर जिल्ह्यासहीत विदर्भातील एकूण चार खाणींचा समावेश आहे. केंद्रीय कोळसामंत्री प्रल्हाद जोशी यांनी लोकसभेत खा. कृपाल तुमाने यांच्या प्रश्नावर ही माहिती दिली.

'वेकोलि'च्या एकूण सात खाणी बंद झाल्या आहेत. आता कंपनीने खाणी परत सुरू करण्यासाठी पुढाकार घेतला आहे. केंद्रीय खाण योजना व डिझाईन एजन्सीच्या अहवालाच्या आधारे यावर निर्णय होईल. २०२४-२५ पर्यंत 'वेकोलि'चे कोळसा उत्पादन वाढून ७० दशलक्ष टन होईल. २०२०-२१ दरम्यान 'वेकोलि'चा करपूर्व लाभ ३५२.५६ कोटी इतका होता. 'वेकोलि' २०२१-२२ मध्ये ६० दशलक्ष टन, २०२२-२३ मध्ये ६२ दशलक्ष टन, २०२३-२४ मध्ये ६४ दशलक्ष टन आणि २०२४-२५ मध्ये ७० दशलक्ष टन उत्पादन वाढविण्याचा प्रयत्न करेल, असे जोशी यांनी सांगितले.

या खाणींची होणार सुरुवात

२०१७-१८ ते २०१९-२० या कालावधीत 'वेकोलि'ने सात खाणी बंद केली आहेत. यात नागपूर जिल्ह्यातील पिपळा व एबी इनलाईन यांचा समावेश आहे. याशिवाय चंदा रय्यतवारी, वनक्षेत्रात कुंभरखानी, अंबारा, गणपती व विष्णुपुरी-१ यांचादेखील समावेश आहे. अव्यावहारिकता व सुरक्षेच्या कारणांमुळे हा निर्णय झाला होता. आता या खाणी परत सुरू करण्यासाठी पुढाकार घेण्यात आला आहे.

THE ECONOMIC TIMES DATE : 16/12/2021 P.N.6

Gold Holds Worst Loss This Month as Investors Await Fed Meeting Outcome

Bloomberg

Gold held its worst daily loss since late November as investors considered the latest US inflation data and counted down to the conclusion of the Federal Reserve's last meeting of the year later Wednesday.

Prices paid to US producers posted a record annual increase of almost 10% in November, a surge that will sustain a pipeline of inflationary pressures well into 2022. That's boosting the case for the Fed to tighten monetary policy, which is weighing on non-interest bearing assets such as precious metals.

The Fed could announce a doubling of the pace of its bond-buying taper and lay out a steeper path of interest-rate hikes, according to Bloomberg Economics.

Bullion is heading for its first annual loss in three years amid diminishing monetary support from central banks, although uncertainties surrounding the impact of the new virus variant could stoke demand for haven assets. The World Health Organization is concerned that omicron is being dismissed as mild, even as it spreads at a faster rate than any previous strain of Covid-19.

Spot gold was little changed at $1,770.62 an ounce at 1:54 p.m. in London after dropping 0.9% Tuesday. The Bloomberg Dollar Spot Index edged lower after advancing 0.3% in the previous session. Silver and platinum declined, while palladium fell to trade near the lowest since March 2020.

US retail sales rose by less than forecast in November, suggesting that consumers are tempering purchases against a backdrop of the fastest inflation in decades.

BUSINESS LNE DATE : 16/12/2021 P.N.4

A green approach to producing steel

The use of green hydrogen as fuel could help phase down coal, and enable India to move towards net-zero emissions

HEMANT MALLYA/DEEPAK YADAV

On the first day of COP26, at Glasgow, India announced its commitment to reach net-zero greenhouse gas (GHG) emissions by 2070. This essentially lays down a long-term roadmap for investors and companies in India's industrial sector, especially steel and iron manufacturing.

The steel industry contributes to roughly 9 per cent of the country's total GHG emissions, which has to be mitigated substantially to achieve this target. Also, Indian steel mills annually import $8-10 billion worth of coking coal, which amounts to roughly 2 per cent of India's total import bill. The steel sector's consumption of coal, emissions footprint and import dependency is set to increase manifold as the government plans to double India's steel manufacturing capacity to 300 million tonnes per annum (mtpa) by 2030.

Green hydrogen, obtained from the splitting of water using solar and wind power, offers a cleaner alternative for producing steel. This can also help reduce the sector's dependence on imports. However, the cost of producing green steel, at present, is significantly higher than the predominant coal-based steel. The trilemma of cost-competitiveness, lower emissions footprint through phase down of coal, and self-reliance could be solved through four pathways.

First, green hydrogen can replace part of the existing fuel in coal and gas-based iron-making processes. There are two main pathways for coal-based iron-making required for manufacturing steel: the blast furnace route where iron ore is melted to make molten iron, and the rotary kiln route where iron ore is reduced to iron without melting.

Green hydrogen can potentially offset 15-20 per cent of energy consumption in blast furnaces. Similar estimates for rotary kilns aren't yet available. Also, natural gas-based shaft furnaces produce iron without melting the ore. These shaft furnaces are amenable to absorbing as much as 30 per cent green hydrogen without any major changes to the production process. These can be subsequently modified into absorbing 100 per cent green hydrogen.

Evaluating the potential of blending hydrogen in rotary kilns and incremental replacement of coal and natural gas in these steel-making processes with green hydrogen could create a demand of 2.7 million tonnes per year of green hydrogen. This might translate into an emission reduction of 28 million tonnes CO2e per year.

A cleaner alternative to coal

Second, new production capacities should be ready for the green hydrogen transition. The existing coal-based routes (blast furnace and rotary kiln) for iron production do not allow a complete transition to hydrogen. Blast furnaces require investments to the tune of ₹7000 crore per mtpa that are recovered over a period of 40-50 years.

Hence, policymakers should discourage manufacturers from investing in blast furnaces going forward. In addition to being unfit for a transition to green hydrogen, blast furnaces would also lock-in imported coal supplies till mid-century or beyond. On the other hand, the natural gas-based shaft furnaces are hydrogen-ready and can operate with a varying blend of green hydrogen and natural gas.

Third, given the current high cost of green steel, steel producers should also be encouraged to blend grey hydrogen (derived from natural gas) with green hydrogen, and grid electricity with renewable power. A recent study by the Council on Energy, Environment and Water (CEEW) estimates that green hydrogen-based steel is 50-70 per cent more expensive than coal-based technologies.

However, the analysis shows that by blending 9 per cent green hydrogen, manufacturers could achieve profitability even today with the upper range of blast furnace costs. With a 60 per cent blend of green hydrogen by 2030 and 100 per cent by 2040, steel manufacturing companies could potentially break even with the average and lower range of blast furnace costs. On the emissions front, a 9 per cent green hydrogen blend combined with the use of renewable energy for power requirements could potentially achieve a 60 per cent reduction in emissions.

Finally, there is a need for market creation for green steel to provide an impetus for steel producers to engineer the switch to hydrogen-based steel-making. Government-funded infrastructure projects such as the Pradhan Mantri Awas Yojana, Bharatmala, and Jal Jeevan Mission would consume as much as 160 million tonnes of steel. To nudge manufacturers towards this transition, government tenders should specify the carbon intensity of steel that will be procured for these infrastructure projects.

While the iron and steel manufacturing sectors are greenhouse gas emissions heavyweights, they can rely on the lightest element to phase down the use of coal and help us reach the net-zero goals. The scale of the sector and potential for growth provide a significant opportunity for ushering in the green hydrogen economy in India.

Mallya is a Senior Programme Lead, and Yadav is a programme associate, at the Council on Energy, Environment and Water

BUSINESS LINE DATE : 17/12/2021 P.N.7

Metal firms still face coal shortage

Industry body seeks PMO's intervention for resumption of normal supplies

SURESH P IYENGAR

Mumbai, December 16

With no respite in sight for the continued shortage of coal faced by the non-regulated sector (NRS), the Federation of Indian Mineral Industries (FIMI) has sought the Prime Minister Office's intervention to resume normal coal supplies by Coal India and availability of railway rakes by the Railway Board.

FIMI, in a letter dated December 9, said a coal crisis in the country still prevails and continues to affect the business continuity of NRS such as aluminium, steel, cement and other metal industries that depend heavily on domestic coal.

Q2 FY22 saw the coal crises unfold due to increased power demand, high import coal prices and lower domestic coal production. Most coal diverted to the power sector.

This decision has led the NRS consumers to resort to coal and power imports from grids to regulate their production, said the letter.

CIL writes to Railways

The crisis hit its peak during September-October and the situation has since improved to current levels of 10 days stock availability. NRS consumers, however, still struggle to get uninterrupted coal supplies and rakes for continued operations, ultimately leading to a coal crunch, the letter said.

In a separate letter to Indian Railways dated December 2, Coal India had advised Indian Railways to enhance rake supplies exclusively for the power sector to 296 rakes per day, compared to a combined 272 rakes per day for both power and non-power sector in November.

This step, if taken, will put the consumers of NRS in a precarious situation. With the revival of the economy and post-pandemic industrial activity, the non-power sector depends on uninterrupted coal supplies.

Risk of cascading effect

Any production curtailment by this sector could have a cascading effect on consumption and downstream supply chain. It could also create inflationary pressure in the domestic market besides making the products non-competitive in the global markets, it said.

THE HINDU DATE : 17/12/2021 P.N.12

ArcelorMittal Nippon Steel to invest ₹1.02 lakh cr. in Odisha

Plans to set up 24 MTPA steel plant, 18.75 MTPA cement facility in Mahakalpara

SATYASUNDAR BARIK
BHUBANESWAR

The Odisha government on Friday approved ArcelorMittal Nippon Steel's proposal to set up a 24 million tonne per annum integrated steel plant in Mahakalpara block of Kendrapara district at an estimated investment of ₹1.02 lakh crore.

Touted to be the largest project in the country's manufacturing sector, the proposed facility of AM/NS (the Kendrapara complex), would produce various grades of steel with its latest 'green' steel making technology and also make 18.75 MTPA of cement.

Steely resolve: The firm will also develop an industry park to promote MSMEs, the State government said. • REUTERS

On completion, the steel and cement facilities would both be India's largest single location greenfield projects, respectively. The project is proposed to be completed in phases over seven years.

While the steel plant would enable the churning out of high value added downstream products, the cement facility would likely help boost infrastructure development in the region.

Odisha's High-Level Clearance Authority (HLCA) chaired by Chief Minister Naveen Patnaik approved the project. which is expected to directly generate 16,000 jobs and create significant indirect employment opportunities through ancillary and downstream industries and services.

According to the State government, along with the Steel complex, the company will also develop a downstream industry park to promote micro, small and medium enterprises and help import substitution. A large number of ancillary manufacturing firms are expected to set up units in the region to support the steel plant.

THE HITAVADA DATE : 17/12/2021 P.N.7

Govt puts 99 coal mines for commercial mining on sale

NEW DELHI, Dec 16 (PTI)

THE Government on Thursday launched the fourth round of auction of coal mines for commercial mining under which 99 blocks have been put on sale. With coal mines rolling over from third round of commercial auction and second attempt of second tranche of commercial auctions, there will be total 99 mines on offer, the coal ministry said in a statement.

"Union Minister of Coal, Mines and Parliamentary Affairs Pralhad Joshi has launched the fourth tranche of auction of 99 coal mines, including 24 new mines in a function here today," the statement said.

Launching the latest tranche, the minister called upon the investors who have already completed successful bidding of coal mines to start production at the earliest for greater self-reliance in this sector. Minister also urged the officials to identify more coal blocks for auctioning. Joshi further pointed out that at least for next 30 to 40 years coal will continue to be crucial in India's energy sector.

Pralhad Joshi

He urged investors to step up participation in the fully transparent auction process evolved by the ministry.

Of these 99 mines on offer, 59 are fully explored mines and 40 are partially explored. These mines are spread across eight coal bearing states namely Jharkhand, Chhattisgarh, Odisha, Madhya Pradesh, Maharashtra, West Bengal, Andhra Pradesh and Telangana.

The list of mines has been finalized post detailed deliberations, and mines falling under protected areas, wildlife sanctuaries, critical habitats, having forest cover greater than 40 per cent, heavily built-up area etc. have been excluded. Key features of the auction process include introduction of National Coal Index, ease in participation with no restriction for prior coal mining experience, full flexibility in coal utilisation, optimised payment structures, efficiency in promotion through incentives for early production and use of clean coal technology.

Further incentives are being contemplated by the ministry with focus on sustainability.

The commencement of sale of tender document will start from Thursday. Details of the mines, auction terms, timelines etc. can be accessed on MSTC auction platform.

The auction shall be held online through a transparent two-stage process, on the basis of Percentage Revenue Share.

This will be the 14th round of auction under CMSP Act.

BUSINESS LNE DATE : 18/12/2021 P.N.2

Hindalco acquires Hydro's aluminium extrusion unit in AP

The ₹247-crore acquisition extends Hindalco's footprint to the South

OUR BUREAU
Mumbai, December 17

Hindalco Industries, an Aditya Birla Group company, has acquired the Indian aluminium extrusion unit of Norway-headquartered Hydro for an enterprise value of ₹247 crore. The transaction is expected to close in the next quarter.

Hydro's facility at Kuppam in Andhra Pradesh has a capacity of 15,000 tonne aluminium extrusions and is integrated with advanced value added capabilities for surface finishing and fabrication. It offers custom aluminium extrusion products and solutions for auto, building and construction, as well as industrial applications.

The acquisition further extends Hindalco's footprint in the southern market, the second-largest extrusions market in India.

Upper-end of market

Satish Pai, Managing Director, Hindalco Industries, said the acquisition is a strategic step to expand the company's presence in the upper-end of the value-added market.

The specialised product portfolio of Hydro will enhance Hindalco's capabilities in high-end extrusions and fabricated solutions and is part of a long-term strategy to augment downstream business, he added. The domestic aluminium extrusions market is expected to more than double to 8.50-lakh tonne by 2030 from the current level of about 3.73-lakh tonne.

Satish Pai, Managing Director, Hindalco Industries

Once commissioned, the Kuppam and Silvassa units are expected to boost Hindalco's aluminium extrusions capacity from 60,000 tonne to 1.09-lakh tonne.

Earlier, Hindalco enhanced its downstream capacities at Silvassa and Hirakud with an investment of ₹3,730 crore. Last month, the company acquired Polycab's wholly-owned Ryker copper wire rod unit for ₹323 crore. Ryker has a cast and rolled copper wire rod manufacturing facility of 2.25-lakh tonne at Waghodia in Gujarat.

Boost capacity

Hindalco operates one of the world's largest single-location custom copper smelters at Dahej in Gujarat, with a copper rod capacity of 3.45 lakh tonne. The acquisitions are aligned with Hindalco's strategy to increase downstream capacity to meet growing market demand, further expand product portfolio and increase revenue from value-added products to beat the volatility in metal prices on LME.

BULLION CUES

Bulls gaining ground

Short-term outlook turns positive for gold and ₹50,000 level likely in 2 months

GETTY IMAGES/ISTOCKPHOTO

AKHIL NALLAMUTHU
BL Research Bureau

Gold and silver prices made good progress last week, thereby turning the near-term outlook positive. Another encouraging factor is that the November retail demand in India, one of the largest consumers of the yellow metal, remained robust according to latest World Gold Council (WGC) report. Nevertheless, India's official gold imports came down to 72.1 tonnes in November – 19 per cent lower month-on-month according to WGC. But notably, it was 43 per cent higher compared to November last year. The Reserve Bank of India (RBI) added 2.8 tonnes of gold in November, taking the total gold reserves to 750.4 tonnes.

Apart from this, the net long positions on the COMEX too have been positive over the past couple of months. According to the latest Commitment of Traders (COT) report by the Commodity Futures Trading Commission (CFTC), the net longs stood at 704 tonnes. Although it is lower compared to 784 tonnes in November, speculators seem to remain upbeat.

In line with this, the performance of bullion was encouraging last week. Gold, in the international spot market, gained 0.8 per cent and ended at $1,797.7 per ounce. Silver appreciated by 0.9 per cent and closed at $22.35 per ounce. Similarly, on the domestic front, gold futures on the Multi Commodity Exchange (MCX) closed the week at ₹48,594 (per 10 grams), gaining nearly 1 per cent. The MCX Silver futures went up by 1.6 per cent and ended the week at ₹62,137 (per kg).

MCX-Gold (₹48,594)

The February futures of gold on the MCX, which was sluggish in the first half of last week, gained traction in the last two trading sessions. This resulted in the contract breaking out of the ₹47,400 - ₹48,550 range on the upside. The breach of ₹48,500 has turned the short-term outlook positive for the contract and it can be expected to gain more ground in the upcoming sessions.

Supporting the positive outlook, the relative strength index (RSI) and the average directional index (ADX) are showing fresh uptick on the daily chart. The moving average convergence divergence (MACD), which is currently in the neutral region, too is attempting to turn upwards. Moreover, the total number of outstanding open interest (OI) of all active futures of gold on the MCX increased to 11,523 contracts as on Friday from 11,025 contracts a week back. Weekly price gain along with increase in OI indicates long build-up.

The above factors clearly hint at bullish inclination and the contract can be expected to extend the rally from here. Although ₹49,600 can be a hurdle, the futures is likely to hit ₹50,000 within a couple of months. Resistances above this level are at ₹52,500 and ₹54,000. On the other hand, ₹48,000 can offer good support in case if the contract declines. Subsequent supports are at ₹47,400 and ₹46,500.

Given the bullish bias, traders can go long in gold futures at current levels with a stop-loss at ₹47,600. When the contract reaches ₹49,500, revise the stop-loss to ₹48,500. Exit at ₹50,000 because there might be a price correction from this level.

MCX-Silver (₹62,137)

Silver futures (March expiry) on the MCX, which was bearish so far, seems to be making a good attempt to reverse the trend. Even though it fell during the first half of last week, it gained significant upward momentum on Thursday, recovering all the intraweek losses. The rally extended and resulted in a first positive weekly close in the last five weeks. Since the contract has bounced off the psychological level of ₹60,000, there are good chances for the silver futures to rally beyond the hurdle at ₹62,500. The 21-day moving average (DMA) coinciding at this level means it is a crucial level.

There are positive signs as the RSI and the MACD, though remaining in the negative territory, are showing indications of an upward shift. However, as the contract rallied last week, the total number of outstanding OIs of all active silver futures came down to 11,573 contracts on Friday from 14,366 contracts a week back. Therefore, although there are positive signs, traders can wait for further bullish confirmation.

A breakout of ₹62,500 can firm up bulls' hold which can lift the contract further upwards. The nearest resistance above ₹62,500 is at ₹64,100 – its 50-DMA. Subsequent resistance is at ₹66,250. On the other hand, if silver futures declines, it can find support at ₹60,000. Below that is the support band of ₹57,800 - ₹58,700.

Given the prevailing conditions, one can wait for now and initiate fresh long positions once the contract moves past ₹62,500 as this will turn the near-term outlook positive. Stop-loss can be at ₹60,500. When the contract rallies above ₹64,100, revise the stop-loss to ₹62,400. Liquidate the longs at ₹66,250.

THE ECONOMIC TIMES
DATE : 21/12/2021 P.N.4

Vedanta Buys Nickel & Cobalt Producing Firm Nicomet

Our Bureau

Mumbai: Vedanta has acquired Nicomet, a nickel and cobalt producer based in Goa, which will make the Anil Agarwal-led company the sole producer of nickel in India. "India imports 100% of nickel requirements; our focus will be to boost domestic production that would fuel India's transition to a net zero economy," Agarwal said.

The company did not reveal the financial terms.

India's demand for nickel is currently pegged at 45 kilotonnes a year and currently is met entirely through imports, according to Vedanta's news release. Nicomet's plant has a capacity to produce 7.5 KTPA of nickel and cobalt, but it has not been operational since 2018. Vedanta acquired the company under the insolvency and bankruptcy code and plans to restart its operations in 2022.

India's demand for nickel is pegged at 45 KTPA, as per reports, which is met through imports

Vedanta will be investing further to expand the capacity.

"With an ambitious growth plan in place, Vedanta is well poised to meet 50% of the country's total Nickel demand," the statement said. Nickel, a strategic mineral, is a vital input in the manufacturing of stainless steel and batteries for electric vehicles (EVs). Cobalt is a key element for the lithium-ion battery for EVs.

BUSINESS LNE DATE : 21/12/2021 P.N.8

Zinc futures: Go long with stop loss at ₹260

AKHIL NALLAMUTHU
BL Research Bureau

The continuous contract of zinc futures on the Multi Commodity Exchange (MCX) witnessed its last leg of downtrend between mid-October and mid-November. During this period, the futures price declined from the high of ₹326.8 to ₹260. But then, the contract started to chart a sideways trend wherein it was mainly moving within the range of ₹267-280.

The contract broke out of the resistance at ₹280 and both 21- and 50-day moving average last week, hinting at a positive bias. The daily chart's relative strength index (RSI) and the moving average convergence divergence (MACD) are now in the positive territory. Thus, going forward, the likelihood of a rally from the current levels look high. Yet, the contract might soften to ₹270 before extending the rally.

Bullish trend

It is worth noting that the overall market has been under pressure of late, and thus, the price action needs to be closely watched, and the recent positive bias has to be taken with a pinch of salt. Therefore, traders are advised to execute only short-term trades given the current circumstances.

Considering the above factors, traders can go long on MCX zinc futures at the current level and accumulate if the price moderates to ₹270. Place stop-loss at ₹260. On the upside, the contract could touch ₹290 and possibly ₹300 in the near term. So, exit 50 per cent of the longs at ₹290. Then, revise the stop-loss to ₹278 and liquidate the remaining at ₹300.

NAVBHARAT
DATE : 23/12/2021 P.N.9

मैगनीज अयस्क भंडार खोजें

दिल्ली. संसद की एक समिति ने मैगनीज अयस्क एवं अन्य खनिजों के भंडार की झारखंड, ओडिशा एवं कर्नाटक में खोज करने की सिफारिश की है. एक आधिकारिक बयान में कहा गया कि इस्पात मंत्रालय के लिए गठित संसद की परामर्श समिति ने इलेक्ट्रिक वाहनों की बैटरी में मैगनीज के इस्तेमाल की संभावना टटोलने के लिए एक शोध एवं विकास टीम बनाने का भी सुझाव दिया है. परामर्श समिति की बैठक की अध्यक्षता करते हुए इस्पात मंत्री राम चंद्र प्रसाद सिंह ने अपने मंत्रालय से संबद्ध केंद्रीय सार्वजनिक उपक्रमों को मैगनीज अयस्क की खोज में लगने का निर्देश देते हुए कहा कि राज्य सरकारों के साथ मिलकर मैगनीज भंडार की संभावनाएं तलाशी जाएं. इस बैठक में इस्पात राज्य मंत्री फग्गन सिंह कुलस्ते भी मौजूद थे.

BUSINESS LINE DATE : 23/12/2021 P.N.8

Go long on MCX aluminium

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The continuous futures contract of aluminium on the Multi Commodity Exchange (MCX) witnessed a sharp decline in price after marking a high of ₹262 in mid-October. It registered a low of ₹203 in early November and since then it was largely oscillating within ₹204 and ₹217.

Last week, the contract gained enough momentum and broke out of the resistance at ₹217. This has turned the short-term outlook positive. Also, despite the sharp decline from the high of ₹262 to ₹203, the medium-term trend remained bullish. This will stay so as long as the contract stays above the ₹200-mark.

The above factors hint at further appreciation in futures price. But the contract could see a minor pull-back before progressing towards the resistances at ₹238 and ₹250. Since there are a limited number of sessions left in the current expiry i.e., December, traders can consider January series for taking fresh positions.

Go long at current level and accumulate if price moderates to ₹220. Place stop-loss at ₹214. When contract touches ₹238, liquidate half of your longs. Then shift the stop-loss to ₹228 and exit the remaining at ₹250.

Global steel output drops 10% in Nov as China plays spoilsport

OUR BUREAU
Chennai, December 22

Global steel production dropped nearly 10 per cent in November this year compared with the same period a year ago with China being the major factor as its output dropped 22 per cent.

World Steel Organisation (worldsteel) data on Wednesday showed global steel production for 64 countries dropped to 143.3 million tonnes (mt) in November this year by 9.9 per cent compared with 158.3 mt a year ago. However, the fall was lower compared with October's 10.6 per cent.

For the January-November period, world steel production has been estimated at 1,752.5 mt — up 4.5 per cent during the year-ago period.

India produces more

Indian steel production continued to increase, with the output rising by 2.2 per cent in November to 9.8 mt. In October, production increased by 2.4 per cent.

For the January-November period, India's steel production increased by 19.3 per cent to 107.3 mt - globally the highest growth during the period.

India's output rose 2.2 per cent to 9.8 million tonnes

China was the main drag with its production dropping by 22 per cent to 69.3 mt against 87.7 mt a year ago, worldsteel data showed. This is the fifth consecutive month that steel output dropped in China.

The drop was not as sharp as in October when the output fell by 23.3 per cent. Production in China dropped by 21.2 per cent in September. During the 11-month period, its production slipped further by 2.6 per cent to 946.4 mt.

Steel production in the US picked up in November and the rise was highest globally at 13.8 per cent to 7.2 mt. For the January-November period, the production is nearly 18.9 per cent up at 78.8 mt. Japan and Russia, too, saw a significant rise in production by 10.7 per cent and 9.4 per cent, respectively, to 8 mt and an estimated 6.5 mt.

For the January-November period, Japan steel output was up 16.8 per cent to 88.4 mt, while that of Russia by 7.1 per cent to 69.7 mt.

Iron ore gains

The global rise in steel production has resulted in iron ore prices increasing by about 35 per cent in the past month. Currently, iron ore with 63.5 per cent iron content is quoted at $122 a tonne for delivery in Tianjin.

On the Dalian Commodity Exchange, iron ore futures for delivery in February were settled at 689.5 Chinese yuan ($108.23) a tonne. A month ago, futures quoted at 587 yuan ($91.86) a tonne.

Globally, steel production's increase is seen as sign of demand return. Prices of TMT steel bars have increased by 10 per cent, while pig iron prices, which had dropped early this year, are near the peak levels.

BUSINESS LINE DATE : 24/12/2021 P.N.8

Go long on MCX copper futures if they top ₹755

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The continuous contract of copper on the Multi Commodity Exchange (MCX), which has been on a strong uptrend since March 2020, hit a high of ₹815 in May this year. However, the contract could not extend the rally beyond ₹815. Although the trend did not turn bearish, the contract has largely in a broad sideways trend i.e., between ₹690 and ₹808. Within this price band, over the past few weeks, the contract has been oscillating between ₹718 and ₹755.

The contract has been advancing over the past few sessions, showing some bullish signs, and is currently hovering around the upper band of this range. Supporting the positive bias, the number of outstanding open interest (OI) of all active copper futures on the MCX has increased over the past week. Nevertheless, the contract should breakout of ₹755 to improve the chances of a rally.

Given the above factors, traders can stay on the fence now and initiate fresh long positions if the contract breaks above ₹755. Consider January expiry as the current expiry has limited number of sessions left. That is, buy copper January futures on the break of ₹755 and place initial stop-loss at ₹735. Exit the shorts at ₹795. Shift the stop-loss to ₹755 when the contract rallies past ₹775.

BUSINESS LINE DATE : 24/12/2021 P.N.8

Lithium prices likely to rise in 2022, too

SUBRAMANI RA MANCOMBU
Chennai, December 23

Lithium, the best performer among commodities this year with a whopping increase of over 410 per cent, will average higher next year too, though the rise may not be as phenomenal.

Currently, lithium carbonate — the main source for lithium, which is in demand for batteries in electric vehicles (EVs) — is quoted at 2.35 lakh Chinese yuan ($36,959) a tonne, which is 411 per cent higher year-to-date. The metal's prices have skyrocketed this year due to an imbalance in global supply amid huge demand.

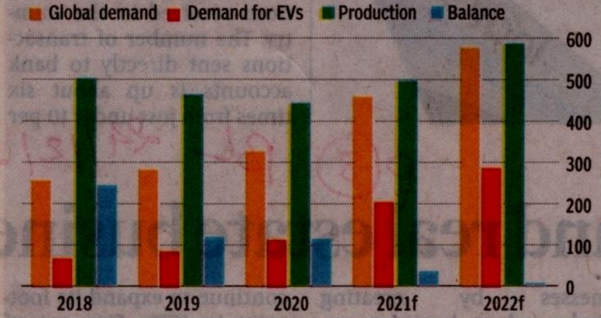
Next year's average

According to Fitch Solutions Country Risk and Industry Research (FSCRIR), lithium carbonate prices will average around $21,000 a tonne and lithium hydroxide at $20,812 next year — a rise of 16.3 per cent and 21 per cent, respectively, from this year's average price.

Lithium carbonate and lithium hydroxide prices had gained an average 183 per cent and 136 per cent, respectively, this year, Fitch said, based on its annual forecast.

Luke Sweeny, a contributor to Energy and Capital Website, said price increases for 2022 are all but guaranteed at this point for lithium. "The supply side is already expanding as fast as possible, but demand is outpacing it 10-fold," he said.

Lithium balance sheet



F: forecast Figures in '000 tonnes Source: Fitch Solution

Record EV sales

Resurgent demand for EVs, whose sales have surged, is primarily behind the huge rise in lithium prices. According to BloombergNEF (BNEF) data, EVs, including battery electric and plug-in hybrids, made up 7.2 per cent of global car sales during the first half of this year. Sales were up from 2.6 per cent in 2019 and 4.3 per cent last year.

BNEF said this year would witness another record for global EV sales with 5.6 million being sold, up 83 per cent over last year and 168 per cent over 2019.

EV sales have surged mainly in China, the US and Europe by 160 per cent in the first half of this year, with Beijing accounting for 12 per cent of total sales.

Chinese research firm Antaike analyst Zhang Zhiwei told a lead and zinc conference recently that EVs are sensitive to the price of lithium batteries, probably indicating resistance ahead.

Supremacy continues

S&P Global Market Intelligence said in its outlook that lithium chemical supply is forecast at 636,000 tonnes of lithium carbonate equivalent in 2022, up from 408,000 tonnes this year.

Sweeny said EVs will be the biggest lithium hog in the industry. Though progress is being made on other battery types, the lithium-ion cell's supremacy reigns now.

Fitch Solutions said lithium would, however, head lower in 2023 and drop by 9.5 per cent over next year's prices as companies would improve supply with development being accelerated and some players resuming operations that had been suspended when prices crashed.

"The ongoing consolidation among lithium players is a sign of rising interest in the sector and increased financing capacity to develop projects in the coming years," FSCRIR said.

While global supply will gather pace from 2023, demand growth will also be buoyant in 2023 as key economies continue to progress towards EV penetration, which will prevent prices from declining. But the situation could turn hot from 2025, when the lithium market could shift to deficit.

The research agency forecast growth in global lithium mine production in the coming years even as existing new projects progress quickly.

This will be due to the momentum in green transition and batteries.

Bulls ought to stay cautious

Gold futures above key support and silver futures testing crucial resistance

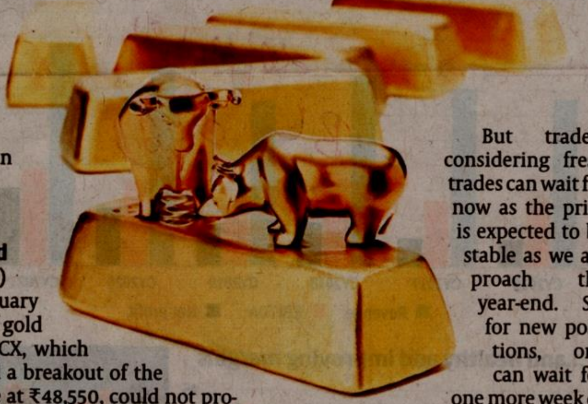
AKHIL NALLAMUTHU
BL Research Bureau

The US BEA's (Bureau of Economic Analysis) latest inflation figures show that the rising trend continues. The PCE (Personal Consumption Expenditure) in November hardened by 5.7 per cent year-on-year (y-o-y). It is also higher sequentially as it stood at 5.1 per cent in October. The core PCE, excluding food and energy, stood at 4.7 per cent y-o-y. It was at 4.2 per cent October. Following the release, bullion prices saw a sharp decline initially as the dollar firmed. However, both gold and silver swiftly recovered.

There was not much action post this and on a weekly basis, both the precious metals posted gain in the international spot market. Gold ended at $1,808.1 per ounce, posting a weekly gain of 0.6 per cent whereas silver, which closed at $22.94, appreciated by about 2.7 per cent.

In the domestic markets, both gold and silver underperformed as the rupee strengthened in the past week against the dollar. Gold futures (February expiry) lost nearly 1 per cent as it closed at ₹48,119 (per 10 grams) versus the previous week's close of ₹48,594. On the other hand, silver ended flat at ₹62,298 (per Kg) as against the previous week's close of ₹62,137.

Because of the lack of momentum since the beginning of this month, speculators seem to be cutting back longs in gold. As per the latest data by the Commodity Futures Trading Commission (CFTC), the net long positions on the COMEX stood at 657 tonnes as on 20th December 20 compared to 881 tonnes in mid-November. Therefore, a drop in interest for the yellow metal can be observed.



MCX-Gold (₹48,119)

The February futures of gold on the MCX, which witnessed a breakout of the resistance at ₹48,550, could not produce a follow through rally. In fact, the futures were down for the week. Notably, major portion of that downmove happened in the first half of the week whereas during the second half, it was largely consolidating. Nevertheless, the contract has fallen back into the range of ₹47,400 - ₹48,550 within which it has been fluctuating in the past one month.

Technical indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart are hovering in the neutral region. Thus, as it stands, there is a clear lack of trend.

Last week, following the breakout, we had recommended to go long at around ₹48,600 with stop-loss at ₹47,600. While the position is at a loss, traders can continue to hold the positions. However, revise the stop-loss to ₹47,250 i.e., below the bottom limit of the above-mentioned range. Exit the longs at ₹50,000.

But traders considering fresh trades can wait for now as the price is expected to be stable as we approach the year-end. So, for new positions, one can wait for one more week or so and we can take decisions based on how the price action pans out going forward.

In case if the contract regains positive momentum and moves above ₹48,550, it can appreciate to the immediate resistance at ₹50,000 in the near-term. Subsequent resistance is at ₹52,500. But if the contract breaks below ₹47,400, the short-term can turn bearish wherein the price could drop to ₹46,500 and could even decline to ₹45,920.

MCX-Silver (₹62,298)

Even though silver futures (March expiry) began the week on the back foot, it did not fall like gold futures. The contract recovered quickly after marking an intraweek low of ₹61,182.

However, after covering up the loss, it did not appreciate much as it faced stiff resistance at ₹62,500 all through the week.

Notably, the contract continues to test ₹62,500 and is not declini showing some buying intere Moreover, the daily MACD is hinti some positivity. However, unless tl level is decisively breached, we cann assume an uptrend.

A breakout of ₹62,500 can swif lift the contract to ₹64,000 – its 50-d moving average. As the breach ₹62,500 can turn the short-term trei positive, the futures can even rise ₹66,250. So, like we recommend last week, one can wait until tl hurdle at ₹62,500 is taken out.

Execute fresh long positions on the contract moves past ₹62,500 this will turn the near-term outlo positive. Initial stop-loss can be ₹60,500.

When the contract rallies abo ₹64,100, revise the stop-loss ₹62,400. Liquidate the longs ₹66,250.

In case if the contract fails to brea out and declines from here, key su ports can be spotted at ₹60,000 ar ₹57,800. A break below ₹57,800 cou turn the medium-term trer negative.

Gold silver ratio

Gold silver ratio currently stays ne 78. The chart of this ratio shows that to 80 is a resistance band and ther fore, it may see a drop. A drop in the r tio will occur if silver outperforn gold and thus, silver seem to be bett positioned to rally when compared gold. So, bullion traders can alloca funds accordingly.

However, keep in the mind tl levels and recommendations for MC gold and MCX-silver discussed abov and trade accordingly.

Base metals more precious than gold in 2021

But bullion could shine in the coming year on inflation worries and haven appeal

AKHIL NALLAMUTHU
BL Research Bureau

Like 2020, year 2021 was also eventful with action aplenty in the financial markets.

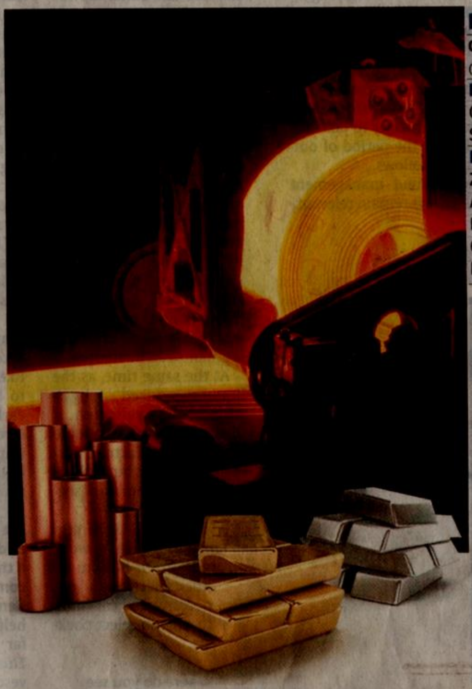
On the commodities front, while prices surged, there was also divergence in performance. On the one hand, base metals retained their strength (although there were price corrections). On the other, precious metals lost sheen.

Here's a look at the reasons for the divergence and how 2022 can pan out for these metals.

Contrasting performance

Precious metals like gold and silver began to weaken towards the end of 2020, and thus, right from the beginning of 2021, they lacked momentum. A key reason was a change in investor sentiment. "As vaccination cover increased and the global economy limped back to normalcy post the Covid disruptions, risk-on of investors drove assets like equities up, even as gold prices softened from their life-time highs of 2020," says PR Somasundaram, President, World Gold Council (WGC), India.

Precious metals were further impacted by the rising dollar on the back of the expectation of the US Fed tapering measures and the start of interest rate upcycle. However, the strong dollar failed to impact the

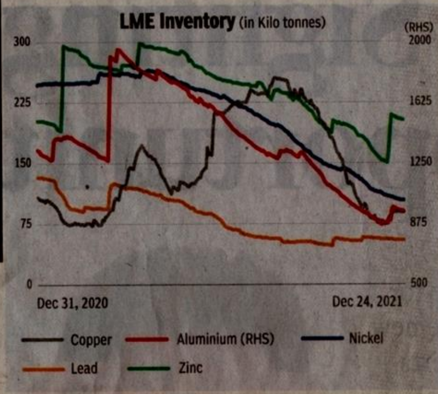


industrial metal complex because the prices were largely reacting to the supply-demand dynamics. In essence, supply side constraints pushed up base metal prices.

"While there was recovery in demand for metals, especially in the US and Europe, supply faced constraints because of congestion in shipping and energy crisis. This led to market participants tapping the stocks of warehouses, the London Metal Exchange (LME) in particular, resulting in the depletion of inventory. A moderate recovery in demand met with a severe supply chain disruption. This pushed up prices", explains Sandeep Daga, Regsus Consulting.

Report card *(in ₹)*

Commodity (MCX continuous futures contract)	Price on 31 Dec '20	Price on 24 Dec '21	2021 Return (as on Dec 24)
Bullion			
Gold (per 10 grams)	50,151	48,119	-4.1%
Silver (per kg)	68,105	62,298	-8.5%
Base metals			
Zinc (per kg)	215	288	33.8%
Aluminium (per kg)	170	227	33.5%
Nickel (per kg)	1,221	1,566	28.3%
Copper (per kg)	601	758	26.1%
Lead (per kg)	154	192	24.8%



In contrast, gold was not supported by fundamental factors. Investment demand — which drove the price in the preceding two years — saw a slump in 2021. According to WGC data, investment demand in 2021 (first three quarters) stood at 700 tonnes, a drop of about 38 per cent y-o-y.

Total demand, too, contracted to 2,663 tonnes from 2,939 tonnes in the corresponding period.

Among base metals, zinc and aluminium are the top performers of 2021: their continuous futures contract on the Multi Commodity Exchange (MCX) gained nearly 34 per cent each. While gold futures on the MCX depreciated by 4 per cent, silver futures dropped by about 9 per cent this year.

What's ahead?

The supply disruptions that lifted the base metal prices have started to wane.

"The energy crisis has subsided in China and the industries have started receiving adequate power. Accordingly, the country's metal production could rise to new highs in the coming months. European output cuts, too, could fade with winter. Rising supplies could limit the upside of metal prices," says Daga.

As supply increases, the price could even see a decline, especially during the second half of next year.

Precious metals, on the other hand, are likely to stay positive in the next year. "Rising expectations of inflation and uncertainty about interest rate across the globe will continue to support gold price. Moreover, strategic investors have not really moved out of gold and the long-term upward momentum continues to stay," Somasundaram added.

Notably, gold and silver did not take much of a hit on the latest Fed announcement about tapering and despite the dot plot indicating three hikes during 2022.

Of course, there can be a blip when the US rates start moving up, but these factors are already being priced in. Therefore, the bullion could shine in 2022.

30 coal mines to generate Rs 8,158 crore from auction

NEW DELHI Dec 26 (ANI)

THE Ministry of Coal has auctioned two more coal mines taking the tally of commercial auctioned mines to 30 which are likely to generate revenue of Rs 8,158 crore, the Ministry of Coal said in a statement.

According to a statement by the Ministry of Coal on Saturday, the 30 coal mines comprise of 23 fully explored mines and 7 partially explored mines.

"With the conduct of this auction, Ministry of Coal has successfully auctioned 30 mines till date (comprising of 23 fully explored mines and 7 partially explored mines) from the launch of the first tranche in June 2020," said the statement.

"Total Peak rated capacity auctioned till date is 63.17 million tonnes per annum (MTPA) with an average premium of approximately 27.78 per cent against the floor price of 4 per cent indicating strong demand for coal mines in market.

These mines are expected to generate total annual revenue of nearly Rs 8,158.03 crore and estimated employment of 85,406," the statement further added.

The Ministry of Coal had launched the 2nd attempt of the auction of 11 coal mines for commercial mining on September 27, 2021, and bids were received for four mines.

The auction was held for two mines that have received multiple bids.

Commercial coal mine auction has witnessed strong competition and several first-time participants from the 'non-end user' category like real estate, infrastructure, pharma, etc., have also emerged as successful bidders in the auction.

It is a positive sentiment shared by the industry after removal of 'End Use' criteria from the bidding process and is expected to bring in more efficiency and technological advancement in the mining industry, according to the statement.

BUSINESS LINE DATE : 28/12/2021 P.N.3

Adani ready to ship first coal packet from Australian mine

The company has battled a 7-year campaign by climate activists

REUTERS
Melbourne, December 27

Adani Group is preparing to ship the first coal cargo from Australia's most controversial mine, after battling a seven-year campaign by climate activists and defying a global push away from fossil fuels.

The Carmichael mine in outback Queensland state is likely to be the last new thermal coal mine to be built in Australia, the world's biggest coal exporter, but will be a vital source of supply for importers such as power plants in India.

"The first shipment of high-quality coal from the Carmichael mine is being assembled at the North Queensland Export Terminal in Bowen ready for export as planned," a spokesperson for Adani's Australian subsidiary Bravus Mining & Resources said in a statement.

The statement did not say where the shipment was headed, except that "we have already secured the market for the 10 mtpa of coal that will be produced at the Carmichael Mine".

When Adani bought the project in 2010, it envisioned building a 60-mtpa mine with a 400-km rail line for around A$16 billion ($11 billion), one of several projects planned in the then untapped Galilee Basin.

Coal will be exported from Abbot Point that Adani bought for $2 b in 2011 and renamed North Queensland Export Terminal.AFP

'Stop Adani' campaign

It shrank the mine plan in 2018 to 10 million tonnes a year following a sustained "Stop Adani" campaign by green groups which scared off lenders, insurers and major engineering firms.

"That sharpening of the plan has kept operating costs to a minimum and ensured the project remains within the first quartile of the global cost curve," Adani's Australian CEO Lucas Dow told Reuters.

The company has not disclosed the cost of the smaller mine and a 200-km rail line it built tying into an existing railway, but the project has been estimated at A$2 billion ($1.5 billion).

"It is quite a celebration because this is going to be the last true greenfield thermal coal mine in Australia," said Lloyd Hain, managing director of consulting firm AME Group.

Climate activists, concerned about carbon emissions and potential damage to Australia's Great Barrier Reef - both from global warming and dredging at Abbot Point port - brought several cases challenging government approvals for the mine.

Their campaign turned into a lightning rod at Australia's last election in 2019, in a jobs versus the environment fight which saw the coal-supporting conservative coalition government re-elected when it was expected to lose.

While activists succeeded in delaying the project for seven years and even leading Adani to change its local name to Bravus, they are not claiming victory.

"It's a shame that the mine's still going to go ahead. But just because the mine's open doesn't mean all the coal in the ground is going to come out. We will continue to campaign to keep as much in the ground as possible," said Andy Paine, who chained himself to Adani's rail line several weeks ago.

All about the port

The coal will be exported from a terminal at Abbot Point, which Adani bought for $2 billion in 2011 and renamed North Queensland Export Terminal.

Analysts said it made sense for Adani to dig the mine to help it make back the massive investment on the coal terminal,which has run nearly half empty since Adani acquired it.

"It's about maximising your cash flow returns on the railway line and maximising your profits on Abbot Point," said TimBuckley, a director at the Institute of Energy Economics and Financial Analysis (IEEFA).

He said even though the Carmichael mine will become unprofitable as coal prices fall, Adani might have an incentive to expand it to 20 million tonnes a year to keep the port filled, when other mines supplying the terminal stop producing.

BUSINESS LINE
DATE : 28/12/2021 P.N.8

MCX lead: Go long at ₹188

GURUMURTHY K
BL Research Bureau

The lead futures contract on the Multi Commodity Exchange (MCX) has been stuck in a broad sideways range. The contract has been oscillating between ₹179 and ₹196 per kg since September.

The contract made a high of ₹196 last week and has come-off from there. It is currently trading at ₹192. The sideways range remains intact. This prolonged consolidation is likely to remain in place for the next two weeks at least as trading could remain muted as the market enters the year-end holiday season.

Traders can accumulate longs at ₹182. Keep the stop-loss at ₹173.

As such, the chances are high for the contract to come down toward ₹185-180 in the near-term. However, the broader trend is up. The contract has been in a strong uptrend since March last year. This overall uptrend is likely to remain intact.

As such, the chances are high for the contract to break the sideways range on the upside eventually as we enter into the new year. A break above ₹196 can take the contract up to ₹202 initially. A further break above ₹202 will then pave way for a rise to ₹210-212.

Traders can wait for dips and go long at ₹188. Accumulate longs at ₹182. Keep the stop-loss at ₹173. Trail the stop-loss up to ₹192 as soon as the contract moves up to ₹199. Move the stop-loss further up to ₹201 as soon the contract moves up to ₹206. Book profits at ₹210.

BUSINESS LNE DATE : 28/12/2021 P.N.2

Steel demand to bounce back on govt sops: Seshagiri Rao

JSW Steel chief speaks about the super steel cycle, bank credit and the Chinese influence

SURESH P IYENGAR
Mumbai, December 27

THE BL INTERVIEW

The expansion of 5 million tonne capacity by JSW Steel has come when the industry is seeing a demand slowdown and prices are under pressure. The company expects demand to bounce back soon on the back of government incentives and robust balance sheets of corporates. Seshagiri Rao, Joint Managing Director, JSW Steel, spoke to *Business Line* on the future outlook. Excerpts:

Is the super steel cycle nearing the end with prices falling and cost going up?

The underlying demand remains strong. In November, the market was affected by the cyclone and unseasonal rains. The kind of acceleration in demand expected in the second half of the fiscal has not yet happened. Things are slowly coming to normal. In between, international steel prices have fallen. Domestic stockists expect some correction in steel prices and are exhausting inventories before they place fresh orders. In the next few days, things will improve substantially. All the leading indicators are showing a positive trend. Stockists are just playing a waiting game. It will not last long.

Why has banks' credit to corporates dropped despite the revival in economy?

Alternative source of funding such as the capital market is available. A lot of companies have raised money through IPOs. Companies are also raising funds from domestic and global bond markets. In addition, there is a strong cash generation within companies. These have led to a fall in dependency on bank financing. However, banks remain the major source for working capital financing. Banks will continue to focus on working capital and MSME financing, retail, housing and personal loans. DFI (development finance institutions) are financing infrastructure projects. Earlier, banks used to fund all the segments but this has changed. Large projects needing long-term funding cannot depend on banks.

Are banks being ignored due to the high cost of funding?

Large loans of banks have become NPAs as their source of funding was short term, and lending was done on a long-term basis. Steel companies need 15-20 years of funding, but banks lend only for nine years. There was always a misalignment of funds in terms of tenure. The government move to set up DFI for infrastructure spending was the right step. This kind of funding will come into play in future. Corporates will look at banks only for working capital and short-term projects, but long term, where the project implementation is 4-5 years and stabilisation, takes another two years. The cash flow starts later. It is not possible to service a 10-year loan after three years.

Domestic stockists expect some correction in steel prices and are exhausting inventories before they place fresh orders. In the next few days, things will improve substantially.

SESHAGIRI RAO,
Joint Managing Director,
JSW Steel

Are steel companies under pressure from Govt to reduce prices for MSMEs?

Unless MSMEs are strong, the supply chain ecosystem will not be buoyant. Engineering export from India in September grew 51 per cent, and the following month it was up by over 30 per cent. Exports are increasing because they are more competitive. After all, raw material like steel was available at lower prices.

Will China start flooding the export market again?

China has been reducing exports steadily. Once its President announced it wanted to be carbon neutral by 2060 and carbon peaking by 2030, Chinese companies have been announcing their carbon reduction much earlier than the deadline set by the country. They have also announced five-year targets for reducing carbon emission by pollutant industries, including the steel sector. If pollution reduction is the big driver in China, I do not see a significant increase in their exports. They focus more on value-added products made of steel than just exporting the commodity.

Top Metal Companies Helping India Achieve Net-Zero Emissions by 2070

Bhavya.Dilipkumar
@timesgroup.com

Mumbai: From shifting to gas-based power plants to investing in green energy technologies, India's top metal companies are helping India inch closer to the COP26 target of achieving net-zero emissions by 2070.

"Sustainability is no longer an option for big companies today. If companies don't take it seriously now, it will start affecting the profitability and valuations," said Bank of America's Head of Research, Amish Shah.

At the vanguard of such dedicated efforts are large resources and process-plant driven industries, such as steel.

"We are in collaboration with Carbon Clean Solutions and several startups exploring decarbonisation technologies. In the short term, we are trying to use more scrap in our current steelmaking units to reduce carbon footprint," said a Tata Steel spokesperson.

JSW Steel has earmarked ₹557 crore to be spent on Best Available Technologies (BAT) for environmental sustainability during FY 2020-21. The company is further planning to invest around ₹10,000 crore in the coming decade to achieve the stated carbon reduction target by FY30.

"We have invested in gas-based power plants to utilise waste gases generated from steel operations, thereby reducing coal consumption. JSW also has steam generation from waste heat recovery at sinter plants," said Prabodha Acharya, chief sustainability officer, JSW Group.

Yet another highlight of the COP-26 event was the coal debate. Coal accounts for around 55% of India's energy needs. The coal ministry data showed that commercial primary energy consumption in India has grown about 700% in the past four decades. The current per capita commercial primary energy consumption in India is about 350 kg/year, well below that of developed countries.

"For ironmaking, AM/NS India uses the advanced Direct Reduced Iron (DRI) technology that emits lower CO2 than conventional methods of steelmaking...Thus far, we have been successful in reducing our CO2 emissions per ton by 32% since 2015 in India," said Dilip Oommen, CEO of AM/NS India.

India's largest aluminium maker Hindalco Industries has committed to net carbon neutrality by 2050.

"Hindalco's US Subsidiary Novelis is the world's largest recycler of aluminium with a current recycling capacity of 2.5 million tons per annum," the company said in an investor presentation.

Meanwhile, Anil Agarwal-led Vedanta Ltd is investing in new green businesses to leverage attractive adjacencies like green metals, renewables, green hydrogen, recycling etc.

"Vedanta has set up the world's first ESG Academy for in-house competency creation of top 100 leaders and we are also creating a Vedanta sustainability venture fund to support and harness external innovation," said the company while announcing its September quarter results.

With an abundant supply of iron ore in India, the blast furnace route has been the preferred technology in steel output. As per the 2017 National Steel Policy, the Ministry of Steel has taken a target of 300 MnTPA crude steel capacity by 2030, with a finished steel production target of 230 MnTPA. And several steelmakers continue to invest in blast furnaces to meet the growing steel production and demand in India.

"We are aware of the risks associated with building a blast furnace post FY25, as these assets will have a life of 30 to 40 years....In the meantime, we are investing in CCU/S for capture and usage of carbon being emitted from blast furnaces," said a Tata Steel spokesperson.

Companies such as AM/NS with access to global standards and technology plan to source power through renewable resources for their new expansions "Given our long-term expansion plans for a capacity of 30 MTPA, our strategy covers an incremental power requirement of 2000 MW through renewable sources, including partly through Solar photovoltaics (Solar PV route)," Oommen said.

EVERY TONNE OF STEEL PRODUCED LED TO THE EMISSION OF 1.851 TONNES OF CO2 INTO THE ATMOSPHERE

India's top metal makers are looking at renewable energy, carbon capture and use and green hydrogen as ways to bring down emissions

JSW Steel has earmarked around ₹557 crore to invest in green technologies and infrastructure

Targets by Indian Companies

Tata Steel is tying up with startups to work on decarbonisation technologies

EU is coming up with the world's first carbon border tax that pressurises steelmakers to decarbonise

Hindalco Industries has committed to a Net Carbon Neutrality By 2050

JSPL plans to bring down CO2 emissions by 50% going ahead, with the divestment of its power business

JSW Steel is committed to reducing its CO2 emission intensity by 42% from 2005 by 2030 at its integrated steel operations

Vedanta plans on reducing carbon emission intensity by 25% by 2030 and achieving net-zero carbon emissions by 2050

BCG

THE ECONOMIC TIMES SUSTAINABILITY FORUM

GOING GREEN

Govt and corporate net-zero commitments are pushing the steel industry to cancel out its emissions by 2050

GLOBAL PRESSURE

Government and corporate net-zero commitments are pushing the steel industry to cancel out its emissions by 2050. Efforts to decarbonize steel production are central to the net-zero aspirations of China, Japan, Korea and the European Union.

China, which is the largest steelmaker in the world, has curbed steel production massively.

Media reports said that a notice issued on September 2 asked for feedback from steelmakers in 28 cities, including Beijing and Tianjin, and other industrial hubs in Hebei and Shandong provinces. Tangshan, the biggest steelmaking hub, cut crude steel production by 8.8%, or 21.7 million tons, this year. In April, the EU pledged to cut carbon emissions by at least 55% by 2030, compared with 1990 levels and is coming up with the world's first carbon border tax. The tax aims to levy a tax on non-EU firms exporting to the EU.

GREEN HYDROGEN

"Use of green hydrogen (generated by renewables) with direct reduced iron (DRI) and EAF is likely to be the cleanest alternative for steelmakers in the future," said Saurabh Bhatnagar, EY India Mining & Metals Consulting Leader in a recent report.

However, Hydrogen is still not feasible for businesses in India.

"Though Hydrogen can be used for partial replacement of coke in the current decade, First H2 DRI-EAF plant on full-scale operations could be possible in India by 2035," said JSW's Acharya

Naveen Jindal-led JSW Steel is also working on a Hydrogen project through Syngas which is used to reduce the Iron to produce DRI. It brings down the CO2 emission levels.

"There are a couple of technologies India has adopted to use syngas to reduce coal or coke consumption. We have tested this in our plants, and we see that it reduces the use of coke by 15%," said JSPL's managing director, VR Sharma.

The company is planning to introduce syngas to all its blast furnaces by March FY2022

GREEN FINANCE

"As many economies aim to cut carbon emissions to net-zero in the next few decades, more metals and mining companies are expected to issue green bonds," said Sean Kidney, CEO of Climate Bond Initiative, in a report by S&P Global.

Indian steelmakers are looking at Green Bonds as an attractive option.

In 2021, JSW Steel issued a Sustainability Linked Bond in hard currency. JSW raised a total of USD 1 billion in the USD Bond markets through a bond issuance which was subscribed by high-quality institutional investors across Asia, the Middle East, Europe, and the US.

This article is part of a series on sustainability in association with BCG. BCG did not play any role in editorial decision-making.

BUSINESS LINE DATE : 30/12/2021 P.N.8

MCX aluminium: Accumulate with stop-loss at ₹214

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The continuous aluminium contract on the Multi Commodity Exchange (MCX) has been moving up over the past week. Last week, it broke out of the resistance at ₹217, turning the outlook positive.

On the back of this, we had recommended fresh long positions on January expiry a week ago. We advised to go long around ₹226 and accumulate on a dip to ₹220 with stop-loss at ₹214.

While the contract made a high of ₹229.25 last Friday, it has now moderated to ₹225 level. Nevertheless, one can continue to retain the longs as the outlook remains bullish. The price decline that the contract witnessed over the past couple of sessions is probably corrective.

Substantiating the positive outlook, RSI and MACD are bullish. The total number of outstanding open interest (OI) of all active futures contract has gone up i.e., on Tuesday, it stood at 3,495 contracts compared to 2,283 contracts by the end of November. The contract has gained nearly 6 per cent this month.

Traders, who already hold long positions, can continue to hold. Fresh buys can also be made at the current level. One can also accumulate if the price softens to ₹220.

As recommended earlier, maintain stop-loss at ₹214. When the contract touches ₹238, liquidate half of your longs. Then shift the stop-loss to ₹228 and exit the remaining at ₹250.

THE HITAVADA DATE : 31/12/2021 P.N.6

Prices of steel, coal, cotton see new highs in 2021

■ Business Bureau

EVEN as the year 2021 failed to stand up to the expectations of the people as the pandemic continued its dominance throughout, there were many ups and downs in trade and industry. Initially, there were restrictions in the markets which squeezed the earnings of the traders, industrialists and their staff members. However, gradually things started falling in place and markets started buzzing once again.

The period after Diwali was quite lively for the trade and industry that saw normalcy coming back on the track.

Prices of many commodities and farm produce have witnessed significant fluctuations in the year. Steel, cement, coal, petrol and diesel, edible oil, pulses, soyabean and cotton among other commodities have seen ups and downs in their prices.

Petrol and diesel prices in the city have registered all time highs on various occasions giving hardship to consumers.

Petrol price was at Rs 117.29 per litre while diesel at Rs 106.28 per litre on November 2. Although, the fuel prices trading above Rs 100 per litre mark gave tough times to the consumers, the Government brought down tax component in it and gave some respite to the consumers from the first week of November.

As soon as the industrial activities across the world started resuming after a long lull, demand for coal jumped and the black diamond posted a 70 to 80 per cent price hike in just six months starting from April. Thermal coal, which was trading at Rs 3,000 to Rs 3,500 per tonne at the beginning of the current year, had miraculously jumped to a level of Rs 5,000 to Rs 5,500 per tonne in September.

Steel and cement prices have also seen new highs during the year. The steel TMT bar prices by primary producers had touched the Rs 59,000 per tonne (excluding 18% GST) mark in May which was about 10 per cent higher than the level prevailing in the month of February 2021. One of the most exciting things that will go long in the memories of the farmers, especially in Vidarbha, is the sharp rise in cotton prices. The region that has earned the tag of 'farmer suicide capital' and where the farmers were often seen failing to recover even their cultivation costs sold raw cotton at an all time high of Rs 8,150 per quintal in October. The market price for the farm produce in the month of October was well above the minimum support price fixed by the Government.

The edible oil prices have also gone beyond the reach of the common man in the year. Starting from April, the prices of soyabean, palm, groundnut and other varieties have recorded new highs.