खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 2, NO-13, 1st –15th JULY, 2018

BUSINESS LINE DATE : 2/7/2018 P.N.8

Metals ($/tonne)						
Aluminium	2154	-1.2	-5.0	12.7	2603	1876
Copper	6625	-2.5	-3.2	11.7	7324	5779
Iron Ore	60	1.4	-1.3	-2.2	81	58
Lead	2405	0.0	-1.2	4.7	2683	2188
Zinc	2907	-2.4	-5.9	5.5	3619	2734
Tin	19830	-3.2	-3.2	-2.3	22104	18867
Nickel	14823	-2.4	-0.1	60.2	15749	8883

THE HINDU DATE : 1/7/2018 P.N.15

Thyssenkrupp, Tata seal deal on European steel JV

The 50:50 venture, to be named Thyssenkrupp Tata Steel, would become Europe's largest steel manufacturer after ArcelorMittal

VIDYA RAM
LONDON

Germany's Thyssenkrupp and Tata Steel finally agreed on Saturday to establish a long-discussed joint venture, that would create Europe's largest steel company after ArcelorMittal.

The deal was a "strong answer to the challenges in the steel market," and would create €5 billion in additional value for both the companies, the two steelmakers said in a joint statement.

Concessions secured

The announcement came after Thyssenkrupp's supervisory board gave the approval for the deal late on Friday, after the German group secured a number of concessions to reflect a "valuation gap" that had developed between the two entities.

A future in steel: The joint venture would employ about 48,000 workers and have estimated sales of €17 billion. • AP

The company created by the 50:50 joint venture – to be named Thyssenkrupp Tata Steel – would be managed by a Netherlands-based holding company, employ about 48,000 workers and have estimated sales of €17 billion. Synergies are expected to be in the region of €400 million to €500 million.

The deal included "proper compensation" for the value gap – a number of activist investors in Thyssenkrupp including Elliott had in recent weeks been pushing for more favourable terms – including the agreement that in the case of an IPO, Thyssenkrupp would receive a higher share of the proceeds, reflecting a 55:45 ratio in favour of Thyssenkrupp. Thyssenkrupp would also have the right to "exclusively decide" on the timing of an IPO.

'Robust and competitive'

"The joint venture will create a strong pan-European steel company that is structurally robust and competitive," Natarajan Chandrasekaran, Chairman of Tata Steel, said in the statement. "This is a significant milestone for Tata Steel and we remain fully committed to the long-term interest of the joint venture."

The venture comes at a time when Europe's steel industry faces new pressures, following the introduction of 25% tariffs on steel imports by the United States on June 1. In addition to hitting sales for European companies to the lucrative, high-value-added U.S. market, the tariffs regime is expected to result in more steel being dumped onto the European market as low-cost producing countries such as China struggle to find a market for supplies.

EU reviewing safeguards

The EU is investigating whether its safeguards regime against dumping is adequate, though a number of other industries – such as the automotive, and construction sectors – have pushed back against tough measures, arguing it wouldn't be in the interests of European consumers.

"With the joint venture we create a highly competitive European steel player – based on a strong industrial logic and strategic rationale," Heinrich Hiesinger, CEO of Thyssenkrupp, said in the statement. "This will help secure jobs and value chains in European core industries."

Tata's U.K. unions

Tata Steel's U.K. unions welcomed the announcement, including commitments made to the unions that the new venture would result in significant investment across the U.K. steel business, including repair of one of Port Talbot's blast furnaces. The deal also backs a commitment to avoiding compulsory redundancies till October 2026, and another that the first £200 million of any operating profit at the venture would be invested back into the business.

"This venture will only succeed if the necessary strategic investments are made to allow the business to thrive," said Roy Rickhuss of the Community union. "We will be seeking guarantees over jobs and investment of the U.K. operations of the joint venture to secure the future of U.K. steel," said Tony Brady of the Unite Union.

"For this joint venture to really succeed and to guarantee the longer term future of the plant, and the U.K. steel industry, sustained investment in the plant is needed over and above the currently committed work on Blast Furnace 5," said Stephen Kinnock, the MP for Aberavon, where the Port Talbot plant is located.

THE INDIAN EXPRESS DATE : 1/7/2018 P.N.10

Thyssenkrupp, Tata Steel sign landmark joint venture deal

German giant to get higher share of proceeds in initial public offering

ENS ECONOMIC BUREAU
MUMBAI, JUNE 30

IN A landmark deal, Tata Steel and Thyssenkrupp AG of Germany on Saturday signed the final agreement to combine their European steel businesses in a 50-50 joint venture in a new company.

The proposed new company, to be named Thyssenkrupp Tata Steel BV, will be positioned as a leading pan European high quality flat steel producer with a strong focus on performance, quality and technology leadership. It will have around 48,000 workers and about 17 billion euros ($19.9 billion) in sales. Based in the Netherlands, it will be Europe's second-largest steelmaker after ArcelorMittal.

However, in case of an Initial Public Offering (IPO) of the joint venture, Thyssenkrupp will receive a higher share of the proceeds, reflecting an economic ratio of 55/45 in favour of Thyssenkrupp. Furthermore, Thyssenkrupp has the right to exclusively decide on the timing for a potential IPO.

The joint venture will be managed as one integrated business through a holding company headquartered in the Amsterdam region of the Netherlands. Thyssenkrupp Tata Steel will have a two-tier governance structure that comprises a Supervisory Board and a Management Board each with six members, on which Thyssenkrupp and Tata Steel will have equal representation. In the time ahead, the German firm and Tata Steel will jointly make decisions on the leadership team and their responsibilities, the German firm said in a statement.

"The joint venture is built on the strong foundations of common value systems and a long heritage in the industry," Tata Steel said in a statement. The transaction is subject to merger control clearance in several jurisdictions, including the European Union. The deal comes after months of negotiations since an initial agreement was announced in September 2017.

Natarajan Chandrasekaran, Chairman of Tata Steel, said: "the joint venture will create a strong pan European steel company that is structurally robust and competitive. This is a significant milestone for Tata Steel and we remain fully committed to the long-term interest of the joint venture company. We are confident that this company will create value for all stakeholders."

Heinrich Hiesinger, CEO of Thyssenkrupp AG, said: "we will create a highly competitive European steel player - based on a strong industrial logic and strategic rationale. We will secure jobs and contribute to maintaining value chains in European core industries." Until completion of the JV process, Thyssenkrupp Steel Europe and Tata Steel in Europe still operate as separate companies and as competitors. Only after completion of the JV process, Thyssenkrupp Steel Europe and Tata Steel in Europe will be integrated as one company.

The JV will be positioned as a leading pan European high quality flat steel producer with a capacity of approximately 23.4 million tonnes. It combines the businesses of Tata Steel Europe and Thyssenkrupp Steel Europe as well as Thyssenkrupp's Mill Services business with integrated steel making facilities across Germany, Netherlands and the UK. The new company will have a long term external debt of around 2.5 billion euros (subject to completion of accounts) compared to a proforma Ebitda (including estimated synergies of approximately 400 to 500 million euros) of around 2 billion euros per annum in the next 2-3 years.

Thyssenkrupp Seller has agreed to contribute its entire shareholding in Thyssenkrupp Dritte and Thyssenkrupp Second Participations to the JV in consideration for which Thyssenkrupp will be entitled to 50 per cent of the share capital of the venture.

TO BE NAMED THYSSENKRUPP TATA STEEL BV

- **The proposed new company, to be named Thyssenkrupp Tata Steel BV, will be positioned as a leading pan European high quality flat steel producer with a strong focus on performance and quality**
- **It will have around 48,000 workers and about 17 billion euros ($19.9 billion) in sales. Based in the Netherlands, it will be Europe's second-largest steelmaker after ArcelorMittal**

THE ECONOMIC TIMES DATE : 2/7/2018 P.N.1

Vedanta Explores London Delisting Post UK Protests

Rising political opposition post Tuticorin, drop in share price force co to revisit plan; Indian lenders' nod key

Baiju Kalesh & Arijit Barman

Mumbai: Heightened political opposition in the UK and a significant drop in the share price from its 2007-08 peak has led Anil Agarwal to reexamine plans of delisting his flagship Vedanta Resources Plc from the London Stock Exchange, said people with knowledge of the matter.

Opprobrium against the group's mining operations has been building up over the years and recently peaked with a dozen protestors against a Vedanta project losing their lives in Tamil Nadu.

The entity is largely owned by Agarwal and his family with 28.26% held by public and institutional shareholders such as Blackrock Inc, Standard Life Aberdeen, Capital Group and HSBC Holdings Plc among others.

Facing the Heat

Vedanta was listed in London in 2003

- **2010: CHURCH** of England exits Vedanta over human rights issues in Odisha
- **Oct 2017: 2,000** Zambian villagers won right to sue Vedanta in UK over drinking water contamination in Konkona mines
- **Feb 2018: SC** shuts Sesa Goa operations in Goa as part of mining crackdown
- **May 2018: POLICE** firing kills 13 protesters at Sterlite Copper site in Tuticorin in Tamil Nadu; opposition intensifies in UK following this

BUSINESS LINE DATE : 2/7/2018 P.N.8

Base metals bend before trade tensions

The metal to watch in the next two quarters will be nickel

G CHANDRASHEKHAR

The palpable risk that the escalating trade tensions between the US and China may turn into a full-blown trade war (and possibly draw in other countries as well) is already beginning to take a toll on the global commodity markets, and base metals are no exception.

The LME (London Metal Exchange) base metals index has fallen to multi-week lows as speculators are exiting. The recent rate hike by the US Federal Reserve and firming of the dollar are seen pressuring the market further down, while softer Chinese data have been unhelpful.

Slowdown in China

Without doubt, China is the mover and shaker of the global base metals market, and any friction involving the Asian major sends out negative signals. Even otherwise, price of industrial metals would fall this year owing to slower growth in China. The Chinese economy is losing momentum, and demand is expected to be more subdued.

Importantly, there are clear signs of a sharp slowdown in the pace of China's credit growth, driven by deleveraging of non-bank lending. Also, public fixed asset investment in infrastructure has slowed. Environmental pollution issues continue to engage policy attention. All taken together, it stands to reason to anticipate slower metal demand growth in the second half of the year.

Aluminium was trading below $ 2,200 a tonne last week with the distinct possibility of the prices hitting $2,100, a level at which it was trading before the sanctions on Russian producer Rusal in early April. Whether Russian production has been hit because of the sanctions is unclear at this point in time, but if the sanctions are lifted — for whatever reason — the metal is likely to come under increased selling pressure.

Copper had made significant gains since last month on fears of supply disruption in the wake of upcoming wage

ISTOCK.COM/ALEXXX1981

negotiations in some of the large mines. While prices are expected to remain volatile until the wage negotiations are completed in July and August, the change of sentiment is caused by escalating trade tensions. From well over 7,200 a tonne earlier this month, copper has already shed over $300 a tonne, losing all the gains it had made since the beginning of this month.

Even otherwise, the copper rally was unlikely to have lasted long because the supply situation is a lot more comfortable this year vis-à-vis 2017, while the demand side looks lacklustre as evidenced by the surge in exchange stocks of the metal since the beginning of the year. Importantly, the price increase was, in some sense, triggered by speculative capital, which, by nature, is fickle. Now, with the change in sentiment, prices are falling back.

Watch out

The metal to watch in the next two quarters will be nickel. For 2018, the refined market will be in deficit, anywhere between 50,000 tonnes and 90,000 tonnes. Even at the lower end, it is the largest projected deficit as a share of consumption. Nickel's fundamentals are clearly tightening, and annual deficit is likely to get larger in the next 2-3 years.

The Electric Vehicle (EV) revolution is widely believed to add an element of bullishness; but at the moment, EV is more of a medium-term story. The technological shift is likely to take time. Nickel is, therefore, still essentially a stainless steel story, and weaker demand may well prove to be a strong headwind.

On the other hand, the global zinc market fundamentals are turning increasingly balanced as supplies improve. Indeed, it is widely believed that in H12018, the market is clearly in surplus. This is reflected in prices. Zinc recently dropped below the psychologically important $3,000-a-tonne mark, hitting a multi-month low.

Primarily used in the galvanising of steel, zinc is another victim of the gloomy sentiment due to the escalating trade dispute. In the current environment, prices could fall further, benefiting consumers.

The writer is a global agribusiness and commodities market specialist

Pricing pressure

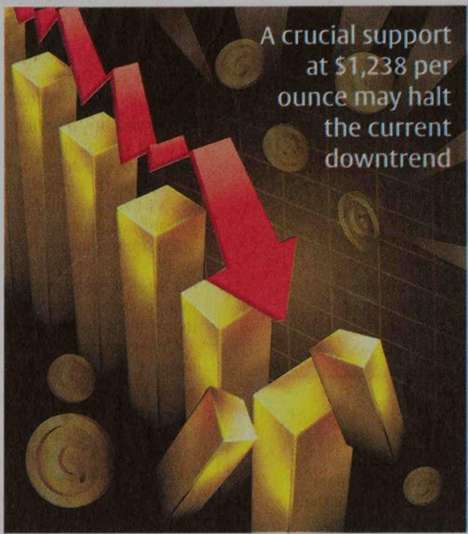
The zinc market is in surplus in H12018— a reason why zinc prices have dropped below $3,000/tonne

Gold likely to remain under pressure

GURUMURTHY K

Gold prices continued to take a beating for the third consecutive week. The global spot gold prices have tumbled 3.5 per cent over the last three weeks. Gold initially inched higher in the past week to make a high of $1,272.6 per ounce on Monday. However, it failed to sustain higher and tumbled from those levels to make a low of $1,246 on Thursday. The prices, however, managed to bounce back slightly from the lows on Friday to close at $1,252.6 per ounce, down 1.4 per cent for the week.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) remained in a narrow range between ₹30,450 and ₹30,740 per 10 gm almost all through the week until Thursday. The Indian rupee's weakening to its all-time low of 69.09 on Thursday helped offset the sharp fall witnessed in global prices. But the recovery in the rupee dragged the contract lower to ₹30,356 on Friday, before closing the week at ₹30,432 per 10 gm, down 0.6 per cent.



istock.com/kraphix

Dollar reverses

The US dollar index falling sharply by about a per cent on Friday, aided the global spot gold prices to recover slightly in the final trading sessions of the week. The dollar index was trading on a strong note all through the week. It surged to a high of 95.53, but failed to sustain higher, and reversed sharply lower, giving back all the gains made during the week. The index has closed at 94.47.

The level of 95.5 has restricted the upside in the index for the second consecutive week. A strong break and a decisive close above this hurdle is now needed for the index to gain fresh momentum. Such a break can take the index higher to 96. A further break above 96 will then pave way for the next targets of 97.5 and 98. Such a rally in the dollar index may continue to keep gold under pressure.

However, on the charts, the possibility of the dollar index breaking above 95.5 in the near term looks less. This indicates that a further sharp fall in gold prices could be limited in the coming days.

Key supports for the dollar index are poised at 94.2 and 93.7. If the index manages to sustain above these supports, a range-bound move between 93.7 and 95.5 is possible for some time. But a strong break below 93.7 may take the dollar index to 92.8. In such a scenario, gold may get a breather and bounce back.

Gold outlook

Though the global spot gold ($1,252.6 per ounce) prices have moved higher on Friday, the upside is expected to be restricted in the short term. A strong resistance is poised at $1,261, which can cap the upside in the near term. Though a test of this hurdle is likely in the near-term, a break above it is less probable. A strong break above $1,261 is needed for the downside pressure to ease. If gold manages to breach $1,261 decisively, a relief rally to $1,270 and $1,280 is possible.

But as long as gold remains below $1,261, the possibility is high of it breaking below $1,245 and falling to $1,240 or $1,238. The region between $1,240 and $1,238 is a strong long-term support which has the potential to halt the current downtrend. The price action around this support zone will need a close watch in the coming days.

On the domestic front, the near-term outlook for the MCX-Gold (₹30,432 per 10 g) is negative. Immediate resistance is at ₹30,500 and the next strong resistance is in the ₹30,775-30,850 zone. The contract can fall to ₹30,000 or ₹29,800 in the coming days. If the contract reverses higher from this ₹30,000-29,800 support zone, a corrective rally to ₹30,750 is possible. But a strong break below ₹29,800 will increase the downside pressure. Such a break can drag the MCX-Gold futures contract to ₹29,500 or even ₹29,000 thereafter.

Silver underperforms

Silver prices took a sharper fall than gold last week. The global spot silver prices tumbled over 2 per cent last week. The sharp fall has dragged the prices below the key support level of $16.20 per ounce in the past week.

This support level was limiting the downside in silver for a prolonged period of time since February. The prices have closed at $16.12 per ounce. An important support is in the $15.95-$15.90 region. If silver manages to sustain above this support and reverses higher in the coming days, the downside pressure would ease.

In such a scenario, a corrective rally to $16.25 or even $16.50 is possible. But if silver declines below $15.90, prices can fall further towards $15.6 in the short term.

On the domestic front, the losses in the MCX-Silver futures contract was limited on the back of the weak rupee. The MCX-Silver contract fell 1.4 per cent last week and closed at ₹39,228 per kg. Immediate resistance is at ₹39,400. A strong break above ₹39,400 will ease the downside pressure and can take the contract higher to ₹40,000 in the near term.

But, an inability to breach ₹39,400 will keep the possibility high of the contract declining below the psychological support level of ₹39,000. The next targets are ₹38,700 and ₹38,350. Cluster of important supports between ₹39,000 and ₹38,350 may aid in limiting the pace of the current downtrend. A further fall below ₹38,350 is unlikely.

MCX Gold

Supports:
₹30,000/29,800
Resistances:
₹30,500/30,850

MCX Silver

Supports:
₹39,000/38,700
Resistances:
₹39,400/40,000

THE ECONOMIC TIMES DATE : 3/7/2018 P.N.1

Vedanta Looks East, to Quit LSE in $1.1 B Share Buyback


Illustration: ARINDAM

THE ECONOMIC TIMES

Vedanta Explores London Delisting Post UK Protests

Move ... ted by rising ... **Facing the Heat**

ET was the first to report on the delisting plan on July 2

$1 B ALL-CASH BUYOUT INVOLVES

825 PENCE PER SHARE for remaining share capital to be issued	Previously announced dividend of $0.41 PER VEDANTA SHARE at the end of Mar, 2018

ATTRACTIVE OFFER

Premium of 13.5% to the 3-mth volume weighted average price	Premium of 32.4% to closing price on June 29

BUYOUT TO HAVE NO BEARING ON THE INDIAN LISTED ARM VEDANTA LTD

Simplifying corporate structure, maturity of Indian capital markets reasons for delisting

Our Bureau

Mumbai: Metal maven Anil Agarwal's Volcan Investments, the main holding company of UK-based Vedanta Resources Plc, on Monday announced plans to acquire 33.5% of the public shareholding and delist the group flagship company from the London Stock Exchange (LSE). The transaction, when completed, will cost Volcan $1.1 billion, or Rs 7,007 crore.

ET was the first to report on Monday that the London-based natural resources giant was considering plans to delist from LSE.

"This initiative is a natural progression of our journey to simplify the Vedanta Group's corporate structure," Anil Agarwal, chairman of Vedanta Resources said. "The London listing has served us extremely well since that time (2003). However, given the subsequent growth of our underlying businesses and the maturity of the Indian capital markets, together with related feedback from our shareholders and other stakeholders, we have concluded that a separate London listing is no longer necessary to achieve the Vedanta Group's strategic objectives," Agarwal added.

FISHERMEN BLAME TUTICORIN ORGANISERS

▸▸ PAGE 13

Analysts tracking the group applauded the move. Vedanta Resources share price rose 26.4% to 817.48 pence during trading hours but below its buyback price of 856 pence per share.

While the market speculated that the move to delist was triggered by the protests at its plant in Tuticorin in India, the company vehemently denied that Tuticorin was the reason for the move.

BUSINESS LINE DATE : 3/7/2018 P.N.16

MCX-Aluminium range-bound

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the Multi Commodity Exchange (MCX) was stuck in a narrow range between ₹147 and ₹152 per kg in the past week. The 100-day moving average support at ₹146.5 held well and limited the downside all through last week.

A breakout on either side of ₹147 or ₹152 will determine the next trend. Until then the contract can remain range-bound between these limits.

If the MCX-Aluminium futures breaks above ₹152 decisively, it can gain fresh momentum. Such a break can take the contract higher to ₹155. But a cluster of resistances are seen at around ₹155 which may cap the upside in the near term. A break and a decisive close above ₹155 is needed to turn the outlook completely positive. If the contract breaks above ₹155 decisively, it can target ₹160 or even higher levels. But, inability to rise past ₹155 can trigger a pull-back move to ₹152 and ₹150 again.

On the other hand, if the MCX-Aluminium futures contract breaks below ₹147 in the coming days, the downside pressure would increase. Such a break can drag the contract lower to ₹142.5 — the 200-day moving average support level. A strong break below ₹142.5 will then increase the likelihood of the contract tumbling to ₹140 and ₹137.

Note: The recommendations are based on technical analysis. There is a risk of loss in trading.

THE HINDU
DATE : 3/7/2018 P.N.6

SCCL coal production up by 1.5% in Q1

SPECIAL CORRESPONDENT
HYDERABAD

The Singareni Collieries Company Ltd. has achieved 1.5% growth rate in coal production in the first quarter of the current financial year. It also registered 8.4% increase in transportation of coal and 19% rise in over burden removal.

SCCL officials said the production during April-June this year was 145.63 lakh tonnes against 143.55 lakh tonnes during the same period last year.

Similarly, 168.76 lakh tonnes of coal was transported in the first quarter as against 155.7 lakh tonnes done last year.

THE ECONOMIC TIMES DATE : 3/7/2018 P.N.6

Saraswati Prasad Takes Over as SAIL CMD

New Delhi: Senior bureaucrat Saraswati Prasad has taken over the additional charge as chairman and managing director of steel PSU SAIL, the company said on Monday. "Saraswati Prasad, special secretary and financial advisor, ministry of steel, has taken over the additional charge of the post of chairman and MD of SAIL on July 1, 2018," it said in a BSE filing. Prasad succeeds PK Singh who retired on Saturday. "PK Singh has ceased to be the chairman & MD of SAIL with effect from June 30, 2018," the filing said.

Government headhunter PESB had earlier recommended the name of Anil Kumar Chaudhary for the post. Chaudhary is director finance of the company.—PTI

THE HITAVADA DATE : 4/7/2018 P.N.11

Vedanta delisting not related to Tuticorin incident: Agarwal

NEW DELHI, July 3 (PTI)

MINING mogul Anil Agarwal on Tuesday said that his plan to delist his flagship Vedanta Resources Plc from London Stock Exchange (LSE) and take it private was in no way linked to the Tuticorin incident and was merely an exercise to simplify a sprawling business empire. Agarwal, who launched a USD 1 billion offer to buy the 33.65 per cent stake of Vedanta that his family trust does not own, while on a cruise with family in the Mediterranean, said the liquidity of Indian markets now meant that the need for a separate London listing was no longer critical.

The move to delist Vedanta came weeks after killing of 13 protesters in police firing at the firm's copper smelter plant in Tamil Nadu last month that led to political opposition to the company in the UK and drop in its share price. There were demands from some quarters that the firm be delisted from the London Stock Exchange. Asked if the decision was linked to the turn of events at Tuticorin, Agarwal said: "No link at all. This is driven by the desire to simplify the corporate structure." Vedanta, which owns copper, aluminum, iron ore, oil and steel businesses, has been facing environmental pressure on its operations. Protesters at Tuticorin were demanding the closure of Vedanta's copper smelter when they were fired upon by the police.

Agarwal said that there would be no material impact of delisting on the businesses.

"The rationale for the move is two-fold. One, corporate simplification. We have been simplifying for years, through the merger of the Indian companies to create Vedanta Limited, and then the merger of Cairn India into Vedanta Limited. This transaction is a logical next step in that process.

"Two, increasing maturity of Indian markets. The liquidity of Indian markets now means that the need for a separate London listing is no longer critical," he told PTI. Volcan, a holding company owned by a trust controlled by Agarwal, yesterday announced an intention to make a USD 1 billion offer to buy the 33.65 per cent of Vedanta at 825 pence per share. He said that yesterday's announcement was an intention to make an offer.

"It is expected that an offer will be made in 28 days. That offer will be open for a certain period of time governed by UK rules (3-6 weeks), following which the process will be completed."

Vedanta shares down nearly 4%; m-cap drops Rs 2,880 crore

NEW DELHI, July 3 (PTI)


Anil Agarwal

SHARES of Vedanta fell by nearly 4 per cent on Tuesday after promoter Anil Agarwal unveiled his plan to delist his flagship Vedanta Resources Plc from the London Stock Exchange. The stock went down by 3.25 per cent to settle at Rs 230.95 on the BSE. During the day, it sank 3.56 per cent to Rs 230.20. On the NSE, shares of the company declined 3.68 per cent to close at Rs 231.

The company's market valuation slumped Rs 2,880.34 crore to Rs 85,848.66 crore. The stock was the worst hit among the blue-chips on both the key indices in today's session. In terms of equity volume, 10.43 lakh shares were traded on BSE and over 1 crore shares changed hands on NSE during the day.

BUSINESS LINE DATE : 4/7/2018 P.N.16

US dollar, demand weigh on gold prices

G CHANDRASHEKHAR

Defying conventional logic and widespread expectation, gold prices have been falling steadily. On July 2, the rates fell to a low of $1,240 a troy ounce, close to their mid-December low. In June, the metal lost more than 3 per cent in value at a time when geopolitical instability, worsening trade friction and looming event risks ought to have pushed it higher.

People are actually selling gold when they ought to be buying as per conventional wisdom. This raises doubts about the much-touted safe haven status of gold.

Gold's downward spiral has caught many by surprise and they find it tough to reconcile with this situation. There are outflows in gold ETFs and less committed speculators are exiting their long positions, precipitating a price fall. If anything, net long positions have been switched to net short positions.

Significant factors

There are two significant factors weighing on gold prices. First is the US dollar. After the June rate hike, the currency has gained strength (quite unlike the weakness we saw soon after the March hike). Moreover, there are clear signals that there will be two more rate hikes in the second half of this year. This is propelling the dollar higher as the Fed's monetary policy outlook signifies a strengthening US economy.

The second and crucial factor is demand, something this writer has been emphasising often. Demand for gold, especially in two of the world's largest importers and consumers, is far from robust. As for China, import in May from Hong Kong and Switzerland was rather strong at about 96 tonnes; but total arrivals in the first five months of the current calendar year increased by less than 2 per cent.

The Indian situation does not look healthy either. Imports were down in May and cumulatively, in the first five months, arrivals were down by a staggering 30 per cent.

From June to September demand ebbs because of the agricultural season. The earliest revival of demand is at least three months away, that too subject to a normal southwest monsoon, satisfactory harvests and remunerative prices for growers.

'Bottom fishing'

The benefit of the international price fall has been denied to the Indian consumers because of a rapidly depreciating rupee. There are now forecasts that the rupee may plunge to 70 to a dollar. In the event, the fall in dollar price will be neutralised by a weaker Indian rupee for domestic consumers.

At the same time, the current low prices may be seen as a buying opportunity; yet, in a falling market there is always the tendency to do what is called 'bottom fishing.'

While the behaviour of gold has been anomalous in recent times, the metal could at some stage actually become a beneficiary of geopolitical and trade uncertainties.

If the crude oil market continues to say at elevated levels of say $75 a barrel for an extended period of time — say 3 to 6 months — gold's role as an inflation hedge as well as safe haven status may resurface.

Silver — which more often than not rides on the coattails of gold — has also been dragged down. Recently the metal fell below $16/oz.

Going forward, silver looks vulnerable for a variety of reasons. The metal is tied to the base metals complex and the latter is likely to remain weak especially given China's slowdown.

Also, demand from the electronics sector is expected to be tepid. In the event, speculative capital will move out of silver causing a further price fall in its price.

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

BUSINESS LINE DATE : 4/7/2018 P.N.16

MCX-Copper near a crucial support

GURUMURTHY
K BL Research Bureau

Copper prices have been under pressure over the last few weeks. The copper futures contract on the Multi Commodity Exchange (MCX) made a multi-year high of ₹493.25 per kg in the first week of June and has come off sharply from there.

The contract has tumbled about 10 per cent from this high and made a low of ₹445.45 per kg last Friday. The contract has, however, managed to bounce back from this low and is currently at ₹450 per kg.

Outlook

The contract has been range bound between ₹445 and ₹455 over the last one week. A crucial long-term support poised in the ₹440-₹445 region has halted a sharp fall in the contract.

The slowdown in the pace of the fall and a subsequent sideways consolidation is technically significant. These indicate that the ₹445-₹440 support region is holding well and the contract lacks strong sellers to drag it decisively below this support zone. As long as the contract sustains above ₹440, there is a strong likelihood of witnessing a strong and a fresh uptrend in the coming weeks. Immediate resistance is at ₹455.

A strong break above it can take the contract higher to ₹465 on the back of short-covering. A further break above ₹460 will then trigger a fresh rally targeting ₹480 and ₹490 levels over the medium term.

The outlook for the contract will turn negative only if it breaks below ₹440 decisively. Such a break can then drag the MCX-Copper futures contract lower to ₹425 or ₹420.

Trading strategy

Traders with a medium-term perspective can go long at current levels and also accumulate on dips at ₹445.

A stop-loss can be placed at ₹432 for the target of ₹485. Revise the stop-loss higher to ₹458 as soon as the contract moves up to ₹465.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading

JSW promoter's firm buys iron ore mine in Jharkhand

Plans to mine 2 mtpa for open market sale

SURESH P IYENGAR

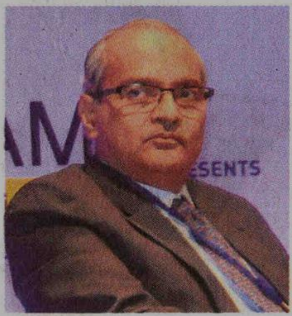
Mumbai, July 3

South West Mining, the JSW Group promoter Sajjan Jindal-owned company, has bagged a mine with 40 million tonne per annum iron ore reserve at Bhangaon in Jharkhand.

The company plans to mine about two mtpa of iron ore after taking the requisite approvals. SWM, which will sell the ore in the open market, plans to start operations in 12-18 months.

Seshagiri Rao, Joint Managing Director, JSW Steel, said the mine is marked for merchant purpose and JSW Steel did not participate in the auction process.

Asked whether JSW Steel will sign any exclusive supply contract with South West Mining, Rao told *BusinessLine* that nothing of that sort has been worked out as yet as the feasibility of cost structure to transport iron ore from Jharkhand to the plant (at Vijayanagar in Karnataka) needs to be worked.



Seshagiri Rao, Joint Managing Director, JSW Steel

JSW Steel has its own plans to source captive iron ore from Karnataka and has bagged five C grade mines in the State, he said.

It plans to produce two mt of iron ore in the two mines that have started production and is expecting statutory clearances to start iron ore mining from the remaining three mines by December. The five mines is expected to supply 20 per cent of the company's annual iron ore requirement.

JSW Steel will invest about ₹300 crore in developing the five mines, said Rao.

As on June 18, the government has auctioned 41 mineral blocks valued at ₹1.86 lakh crore. The resources promise ₹1.48 lakh crore in revenue for the host States. The State governments will also get ₹33,100 crore as royalty and contributions by lessees to District Mineral Funds (DMF) and National Mineral Exploration Trust.

Karnataka has seized the lead in electronic auctions followed by Madhya Pradesh, Rajasthan, Odisha, Chhattisgarh, Jharkhand, Gujarat and Maharashtra.

Slurry pipeline

Last June, JSW Steel had approved an investment of ₹2,100 crore to set up slurry pipeline to transport iron ore, coal from coastal Karnataka to their steel plant at Vijayanagar works.

Once installed, the pipeline will facilitate minerals' transportation at about 15 per cent the cost of alternative means of transportation.

The company will also be able to source nearly 50 per cent of its iron ore requirements from outside the State.

THE HITAVADA DATE : 6/7/2018 P.N. 11

'Vedanta delisting won't impact credit profile'

MUMBAI, July 5 (IANS)

THE proposed delisting of the Anil Aggarwal-led Vedanta Resources from the London Stock Exchange (LSE) will have no immediate impact on its credit profile, although cash extraction risks remain from the announced complete takeover of the natural resources firm by its holding company, Volcan Investments Ltd., Moody's Investor Service said on Thursday.

Earlier this week, Vedanta Resources and Volcan Investments, a holding company wholly owned by the Anil Agarwal discretionary trust, which owns a 66.53 per cent stake in Vedanta, announced it had reached an in-principle agreement on a possible all-cash offer for Vedanta's remaining shareholding. "A firm offer will require Volcan to pay an estimated $1 billion toward acquiring the balance stake of 33.47 per cent. If Volcan succeeds in increasing its stake to 90 per cent or above, it is likely that Vedanta will be delisted from the London Stock Exchange, making it a private company," a Moody's statement said. "The delisting will not immediately affect Vedanta's credit profile or rating. This is based on our expectation that Volcan will not extract incremental cash from Vedanta to provide additional liquidity for itself.

"However, if Volcan requires Vedanta to pay higher dividends to service its cash needs, it will tighten Vedanta's cash flow, adding pressure to the Ba3 corporate family rating," it said.

"Vedanta's rating is based on the consolidated credit profile of Vedanta and its subsidiaries and does not take into account Volcan's indebtedness. Any change in Vedanta's policies, such that Vedanta is used as a financing vehicle for Volcan, will be viewed negatively and will also weigh on Vedanta's credit profile and rating," it added. The American rating agency said Volcan is a private company with limited public information on its finances. In 2017, Volcan raised an estimated $4.4 billion debt through the issue of convertible notes to buy a 19.35 per cent equity stake in Anglo American plc pledging 33 per cent of Vedanta shares as security for annual interest payments of $185 million.

Vedanta has a requirement under its bank loans to remain a listed company.

BUSINESS LINE DATE : 7/7/2018 P.N.3

ThyssenKrupp chief Hiesinger quits

VIDYA RAM

London, July 6

Less than a week after defending the deal to merge European steel assets with Tata Steel, ThyssenKrupp CEO Heinrich Hiesinger is to step down from his position after the company's supervisory board accepted his resignation.

The company will be led by the board until a suitable successor can be found, the company said on Friday. "In this tough situation for the company, it is now initially about staying the course," said Chairman of the Supervisory board Ulrich Lehrer.

Hiesinger has led ThyssenKrupp – a large German industrial conglomerate — over the past seven years, attempting to reshape its focus, away from steel, to which the merger with Tata Steel was seen as key. However, in recent week's management's unwillingness to push for more favourable terms because of recent tough quarters for Tata Steel's European assets brought them criticism from leading activist shareholders.

Bidding adieu Heinrich Hiesinger, CEO of ThyssenKrupp AP

Hiesinger defended the terms – which included an agreement that in the event of an IPO 55 per cent of the proceeds would go to ThyssenKrupp, which alone would be determine if and when the process could commence. Tata Steel had also insisted the deal was structured as best it could – acknowledging changing circumstances while not changing the fundamental philosophy of the deal.

"Our point of view was that you can't let two quarters decide the valuation of a company," said TV Narendran, Managing Director, Tata Steel, told this paper.

"I take this step very consciously to enable a fundamental discussion in the Supervisor Board on the future of ThyssenKrupp," said Hiesinger on Thursday as he asked for his resignation to be accepted.

BUSINESS LINE DATE : 7/7/2018 P.N.3

Tata Steel sales rise 8% to 2.97 million tonnes in June quarter

OUR BUREAU

Mumbai, July 6

Tata Steel sales in the June quarter were up by eight per cent to 2.97 million tonnes from 2.75 mt logged in the same period last year.

However, it was down marginally against 3.03 mt recorded in March quarter despite talks of robust demand across sectors. Production was up 3 per cent at 3.17 mt against 3.07 mt in March quarter. It was increased eight per cent compared to output of 2.94 mt logged in June quarter, 2017.

Production in the quarter under review was more than March quarter largely due higher output at Kalinganagar, said the company in a statement on Friday. Automotive and special products achieved highest ever quarterly sales of 5,57,000 tonnes in this quarter due to stronger demand and new product approvals.

Branded product and retail business has achieved highest ever first quarter sales of 9,75,000 tonnes, registering a growth of 12 per cent compared to 8,73,000 tonnes logged in same period last year.

Overall engineering segments registered 70 per cent year-on-year growth with 97,000 tonnes (57,000 tonnes).

In Europe, the company's sales were down marginally at 2.43 mt against 2.55 mt in March quarter and 2.40 mt in June quarter last year. However, output in Europe was up at 2.81 mt against 2.79 mt in June quarter last year and the same in March quarter was 2.63 mt. Production and sales were marginally down at its plant in South-east Asia.

Shares of the company were up 0.12 per cent at ₹554 on Friday.

Moulding of a mega steel merger

ThyssenKrupp and Tata Steel have lobbed the ball in EU governments, authorities' court

VIDYA RAM

EUROSCOPE

Earlier this week, top executives at Tata Steel and German industrial conglomerate ThyssenKrupp gathered in Brussels to mark the long-awaited merger of their European steel assets – spread across Germany, the Netherlands and Britain – to create a new "steel champion".

The route to the merger—talks on which became public in 2016—have been drawn-out, heated, and even riven with uncertainty. First the talks centred on Tata Steel's ability to offload its UK pension liabilities — separating the company's costly £15-billion British Steel Pension Scheme was seen as a make or break moment for the potential merger. The company achieved this with a £550-million payment to the scheme, and issuing the pension's trustee with a 33 per cent stake in Tata Steel UK.

Union concerns on company commitments to jobs and maintenance of facilities (particularly a blast furnace at Tata Steel's Port Talbot plant) also persisted, while in the last few weeks, activist investors at ThyssenKrupp threw in another potential spanner, raising concerns that given a recent dip in profitability at Tata Steel's European operations, the deal was stacked too favourably in Tata's favour.

Nevertheless, the agreement was reached, and gained ThyssenKrupp's strategy board approval within the first half of 2018 as the companies had estimated. While still a 50:50 merger, should an IPO occur, proceeds would be allocated on a 55:45 per cent basis in favour of ThyssenKrupp — an arrangement that both firms insisted kept to the "structure" and "philosophy" of the joint venture.

The Tata Steel-ThyssenKrupp agreement, as it stands, involves compromise by all sides. Up to 4,000 jobs, split roughly between the two companies — will go from the 48,000-employee strong joint entity. But in agreements struck with unions in the UK there will be no compulsory redundancies until 2026 and a commitment to spending millions on one of the blast furnaces at Port Talbot whose future had looked uncertain.

Tata Steel, while standing firm against investor efforts to rejig the deal entirely, gave ground to ThyssenKrupp through the IPO arrangements that would also give the German firm say over the timing of any IPO. Defending the deal against its critics, ThyssenKrupp CEO Heinrich Hiesinger pointed out that without the deal there would be no estimated €5 billion in additional value to both firms created (the companies estimate annual synergies will amount to €4-500 million). However, on Thursday he offered his resignation to the board to enable a "fundamental discussion" within the board on the company's future.

Much work of course remains to be done: the venture is yet to gain the approval of Europe's Competition Commission, discussions with which are commenced. While insisting they had to respect the commission's processes, the firms appeared confident about this aspect — noting that conversations with the regulator had been going on over the past two years, during the course of which asset sales by the companies had taken place.

In recent months, the commission's actions have also suggested that it is aware of the pressures facing the European steel industry. Clearing ArcelorMittal's acquisition

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CONTD…ON PAGE 16

CONTD…FROM PAGE 15

BUSINESS LINE DATE : 7/7/2018 P.N.8

of Ilva, owner of Europe's largest steel flat carbon steel plant based in Taranto, Italy, the commission acknowledged the industry's problems in Europe, including the "unfair" dumping of produce on the UK market, and the potential impact of US import restrictions on steel.

Raising barriers

On Thursday, Reuters reported that European nations voted overwhelmingly (25 in favour with 3 abstentions) to support European Commission proposals to introduce a mixture of tariffs and quotas as trade defence measures to limit the impact of the US tariffs under Section 232 of the US Trade Expansion Act. The Commission has had to balance competing lobbying from the steel sector on the one hand — and on the other some industries in Europe which have been arguing against steel safeguard measures. Last month the European Automobile Manufacturers Association wrote to the Commission arguing the measures weren't in Europe's interests, as they put downstream users under pressure.

Even as they await the competition authority's go-ahead, the onus on the deal has shifted very much towards national policy makers. Governments have proved surprisingly obstructive to change. Late last month, the Italian government postponed a decision on handing over Ilva to ArcelorMittal from early July to later this year.

While less directly obstructive, the British government too has faced criticism from industry, unions and politicians, over the lack of a solid strategy to support the domestic steel industry — including the sealing of a long-awaited sector deal that would involve commitments from the government, and industry.

The significance of a sector deal — which covers the UK's main steel producers and includes industry pledges for significant new capital investment (including in R&D), — was stressed by a major steel conference organised by the Community union in northern England earlier this year, which also pointed to other very UK-specific challenges, including energy prices, which are among the highest for the energy-intensive industry in Europe.

"The Westminster government must end the delays and bring forward the sector deal for steel, and the Welsh government must to show its commitment to the industry too with tangible support," said Roy Rickhuss, general secretary of the Community Union in the UK, as the union on Wednesday officially endorsed the joint venture arrangements. "It's now time for the UK government to step up and back the sector deal for steel and follow through on its promises on energy costs and procurement," said Stephen Kinnock, the MP for the Port Talbot region of Aberavon.

The Brexit factor

There is of course also further uncertainty about the implications of Brexit — not just on potential tariffs and the costs of trading with Europe, but also Britain's ability to protect its industry. Earlier this year, the steel industry raised concerns that post-Brexit trade legislation might not defend steel companies adequately and could water down the anti-dumping and anti-subsidy measures that the EU had put in place.

The good news is that ThyssenKrupp and Tata Steel have inured themselves somewhat to the vagaries of individual markets: from around a third of Tata Steel's European operations, Britain will now just account for three out of 22 million tonnes of steel produced by the joint group.

THE HINDU DATE : 8/7/2018 P.N.6

Coal production takes a hit

Output affected to the extent of 15,000 tonnes, say officials

The project constructed by Sir Arthur Cotton across the Godavari overflowing at Dummugudem of Bhadradri Kothagudem district. ▪G.N. RAO

SPECIAL CORRESPONDENT
BHADRADRI-KOTHAGUDEM

Coal mining operations in the opencast projects at Sattupalli and Manuguru mandals in the Kothagudem region were affected due to heavy rains since Friday midnight.

Sources said that moderate to heavy rains lashed many parts of the coal belt region in the district in the last 24 hours.

Heavy rain hampered coal mining operations at the Jalagam Vengala Rao (JVR) opencast project affecting coal production to the tune of nearly 15,000 tonnes, sources said.

Many parts of the district including Chandrugonda, Annapureddypalli, Sujathnagar, Bhadrachalam, and Dummugudem mandals received heavy rainfall interspersed with brief pauses throughout Saturday.

Several forest streams were swollen in Gundala and Allapalli mandals following heavy rainfall in the upper reaches of various rivers resulting in hardships to tribal people living in far-flung habitations in the remote tribal pockets.

The seasonal changes brought about by the incessant rains led to outbreak of fevers and other seasonal ailments in Tekulacheruvu village in Burgampadu mandal, sources said.

THE HITAVADA DATE : 10/7/2018 P.N.11

Hike Import Duty on aluminium scrap: AAI

NEW DELHI, July 9 (PTI)

ALUMINIUM Association of India (AAI) has urged the Government to increase the duty on imports of aluminium scrap as the domestic sector may become victim of escalating trade war between the US and China.

The statement comes in the wake of Washington imposing 25 per cent duties on USD 34 billion of imports from China. The association said an estimated 30 per cent of China's aluminium scrap imports come from the US. And recently China has announced its intent of imposing 25 per cent import duty on the metal from America.

"The import duty in India on aluminium scrap is currently only at 2.5 per cent, thereby making it a viable alternative for US exports," the body said, adding that as a precautionary measure it wants the duty on both aluminium scrap and primary metal to be raised to 10 per cent.

In this regard, a delegation of the association met Department of Industrial Policy and Promotion (DIPP) Secretary Ramesh Abhishek recently and apprised him about the situation which could arise in future. Aluminium is required by the industries like automobile, construction, consumer goods etc.

All these industries are growing in India and the country is producing sufficient amount of required metal domestically, AAI said.

BUSINESS LINE DATE : 11/7/2018P.N.4

Steel Ministry fears US tariff on imports will result in cross dumping

Suggests options for negotiations at WTO

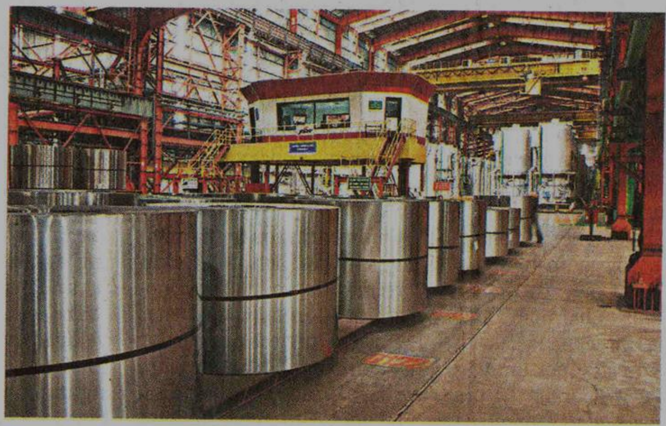
TWESH MISHRA

New Delhi, July 10

The Steel Ministry has suggested two options to the Commerce Ministry for the latter's meeting with the United States Trade Representative (USTR) for resolving the issue of 25 per cent import tariff on steel imposed by the US.

Stating that the US move could lead to cross dumping into the country, the Ministry as well as domestic industry representatives said there are two options before the USTR – the first is to have a 25 per cent duty levied on all imported steel, and the second is to cap the quantity of steel that the US administration will allow to be imported into the country.

Domestic steel manufacturers are pinning hopes on the meeting between representatives of the Commerce Ministry and the USTR which is scheduled to be held in less than a fortnight in the US. There has already been one round of meeting with the American representatives in June-end. The approach to put a cap on imports is being preferred by the domestic industry as it allows 75 per cent of the subject steel to be consumed in the US and just 25 per cent to be left for a possible dumping into other countries. Effectively, the USTR could consider the annual steel imports as a reference point and could put a cap on allowing imports up to 75 per cent of the reference quantity for the time period the duty is enforced.



Trade trouble The 25 per cent duty barrier will make all imported steel uncompetitive in the US and raise fears of dumping in other nations

India's steel exports to the US are not substantial (less than one million tonne out of a total domestic production of 100 million tonne). But, domestic manufacturers fear that a 25 per cent duty might result in dumping from South Korean firms that export nearly 8 million tonnes of steel to the US annually. "The 25 per cent duty barrier will make all imported steel uncompetitive in the US and raise fears of dumping into other nations," a steel industry representative told *BusinessLine*.

On its part, India has already imposed anti-dumping duty to prevent imports of major steel products, mostly from China and Taiwan. But, these duties are far from effective in the present scenario. A steel sector representative said, "Domestic firms fear that the existing anti-dumping measures in India are inadequate as global prices of steel have risen considerably."

Dumping duty

In April last year, the Directorate-General of Anti-Dumping under the Ministry of Commerce had issued a final recommendation to fix the import price of hot rolled coil at $489 a tonne, hot rolled plates and sheets at $561 a tonne and cold rolled coils at $576 a tonne.

"The price of hot rolled coil is presently hovering at around $600 a tonne, while the anti-dumping duty is $489 a tonne. Since the import price is higher, the current duty levels are not effective," the steel sector representative said.

The dumping duty is the price difference between the landed cost and the price indicated by the Centre.

THE HINDU DATE : 11/7/2018 P.N.15

JSW Steel eyes smaller steel plants in tweaked strategy

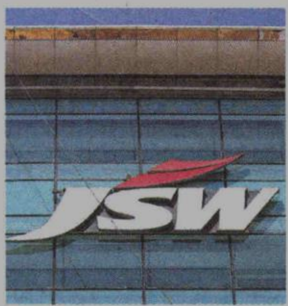
To focus on 'special product units' after missing a few deals

REUTERS
MUMBAI

JSW Steel is looking to acquire smaller steel plants in India and overseas that produce specialised products, a top executive said on Tuesday, as it tweaks its acquisition strategy after missing out on some recent deals.

JSW Steel, India's biggest steelmaker in terms of domestic capacity, failed to outbid rival Tata Steel in March for bankrupt steelmaker Bhushan Steel. The company also lost out to U.K.-based steel manufacturer Liberty House for Bhushan Power following a bankruptcy resolution process for both companies in April.

Earlier this year, JSW was beaten out by ArcelorMittal SA , the world's largest steelmaker, for Italian steel major Ilva SpA.



'1-mn tonne capacity'

After the recent setbacks, JSW Steel is now looking to focus on buying more niche, lower capacity plants which do not require huge investments to turn around, said Seshagiri Rao, joint MD and the group financial head of JSW Steel. "In the next round, our strategic thinking is to now focus on special product units that generally have a capacity of about a million tonnes," said Mr. Rao, referring to an upcoming round of auctions under the new bankruptcy law, in which a second wave of steel assets will be up for grabs.

India's steel demand has been growing at over 8% for the last few months, led by higher motorcycle and automobile sales and government-sponsored infrastructure projects. Mr. Rao said JSW Steel is scouting for opportunities in the specialised steel segment that are dedicated to meeting specific customer demands.

THE HITAVADA DATE : 11/7/2018 P.N.11

Gold plunges on weak global cues, fall in demand

NEW DELHI, July 10 (PTI)

GOLD prices went down by Rs 270 to Rs 31,380 per ten grams at the bullion market on Tuesday, tracking a weak overseas trend amid slump in demand from local jewellers. Silver followed suit and lost Rs 100 to Rs 40,650 per kg due to reduced offtake by industrial units and coin makers.

In the National Capital, gold of 99.9 per cent and 99.5 per cent purity plunged by Rs 270 each to Rs 31,380 and Rs 31,230 per ten grams, respectively. Sovereign, however, edged up by Rs 50 to Rs 24,800 per piece of eight grams. Following gold, silver ready declined by Rs 100 to Rs 40,650 per kg and weekly-based delivery by Rs 120 to Rs 39,875 per kg. Silver coins remained unaltered at Rs 75,000 for buying and Rs 76,000 for selling of 100 pieces.

Gold ETFs see Rs 150 cr outflow in Apr-Jun qtr

NEW DELHI, July 10 (PTI)

GOLD exchange-traded funds (ETFs) continued to lose steam with investors pulling out nearly Rs 150 crore from the instrument in the April-June quarter, favouring equities.

The assets under management (AUM) of gold funds plunged 12 per cent to Rs 4,567 crore at the end of June this year, from Rs 5,174 crore a year ago.

Trading in gold ETF segment has been tepid during the last five financial years. It saw outflow of Rs 835 crore in 2017-18; Rs 775 crore in 2016-17; Rs 903 crore in 2015-16; Rs 1,475 crore in 2014-15 and Rs 2,293 crore in 2013-14.

"Gold ETFs continue to witness outflows since the last 5 years. After the multi-year rise in gold prices since 2005, we saw gold prices make new highs in 2011-12 and then corrected sharply. Since then they have traded in a range of 1,100-1,400 USD/oz," Morningstar Investment Adviser India Director Manager Research, Kaustubh Belapurkar said. "At the same time equity markets have moved up sharply since 2014 which switched investor focus towards equities as an asset class," he said. On the other hand, equity schemes saw an infusion of Rs 33,000 crore during first quarter (April-June) of current financial year.

THE ECONOMIC TIMES DATE : 12/7/2018 P.N.8

SHOW OF METTLE A weaker rupee and higher demand are likely to lift the fortunes of domestic steel and aluminium companies beaten down in the global tariff war

Metal Stocks Set to Bounce as Higher Prices Hint at Good Q1

Jwalit.Vyas@timesgroup.com

ET Intelligence Group: Steel and aluminium companies will likely post better sequential performance in the June quarter, led primarily by metal prices. This could lead to a technical bounceback in the stocks of Tata Steel, Jindal Steel & Power, Hindalco and Nalco, which have seen sharp corrections over the past few months due to global concerns over punitive tariffs.

Domestic steel prices in the quarter were up 3-4%, helped by a weak rupee and higher demand. Local demand for steel in April and May climbed 8.5% on-year. Realisation for exporters will also be higher due to the depreciation of the rupee, which has been among the biggest losers against the dollar this year.

Cost pressures, meanwhile, moderated. After the sharp increase in March, coking coal costs fell 15% sequentially, while iron ore prices declined 2%. However, the total benefit of lower raw material costs will not be visible in the June-quarter performance due to the inventory lag effect, with plants using materials on the first-in-first-out (FIFO) basis. The September quarter will show the full effects of lower input costs.

Against this backdrop, analysts expect Tata Steel's operating profit or EBIDTA to jump 10% over the March quarter and 45% over the year-ago period. Jindal Steel should deliver 8% EBIDTA growth on a sequential basis and 70% y-o-y. In case of JSW Steel, analysts expect a 3% sequential growth and 80% y-o-y growth in EBIDTA, driven by higher realisations, which should help offset the seasonality impact of tapering demand.

Aluminium makers Hindalco and Nalco are also expected to deliver better numbers, given 5% higher sequential prices of the metal. Furthermore, the 25% rise in alumina prices in the quarter that faced supply bottlenecks should help both producers, which have the benefit of backward integration.

Hindalco's Indian operations, which include aluminium and alumina production, should deliver 20% sequential EBIDTA growth, driven by higher realisations and lower hedging costs. State-run Nalco, which sells two-thirds of the alumina it produces (the remaining used for internal aluminium production), will be the biggest beneficiary of the sharp rise in alumina prices. Analysts expect the company to deliver a 40% sequential increase in EBIDTA.

Stocks of these companies have seen a correction over the past few months: They now trade at the lower range of their three-year average EV by EBIDTA multiples, the metric used in the valuation of metal companies. EV, or enterprise value, includes market capitalization and net debt.

Estimated Financial Performance

Company	EBIDTA (₹ cr)	QoQ	YoY
Tata Steel	5308	10%	79%
Jindal Steel & Power	2280	8%	70%
JSW Steel	4982	3%	90%
Hindalco (including Utkal)	1932	21%	34%
NALCO	710	45%	212%

THE ECONOMIC TIMES DATE : 13/7/2018 P.N.6

Trade War, Monsoon Hit Indian Steel Prices

Vatsala.Gaur
@timesgroup.com

Mumbai: Indian steel prices, which climbed in lockstep with a rebounding economy, have made an about-turn as output bound for overseas returns home amid the threat of an escalating global trade war. Monsoon rains that affect construction locally have also kept demand restrained.

Steel prices of long products, such as TMT bars, billets and ingots, have dropped around ₹4,000-4,500 per tonne in the last 15 days and could fall further through August and September, said industry insiders. While demand for flat products is stable, experts say that producers are facing pressure to lower prices.

"The ability of Indian steel producers to export has greatly reduced due to the international trade wars, resulting in rising shipments into India. This has negatively impacted domestic steel prices," said Ranjan Dhar, chief marketing officer at Essar Steel. Dhar wants India to also increase tariff barriers, in line with other consuming countries.

According to SteelMint, prices of TMT stood at ₹40,200 per tonne in Mumbai as on June 15. This has fallen to a low of ₹37,000 per tonne on July 11. Prices of billets also fell from a high of ₹36,800 a tonne in mid-June to ₹32,000 on July 11.

To be sure, with the monsoons setting in, prices of long products used in construction are bound to trend lower. However, while every year the fall is about ₹1,000-1,500 per tonne, this year prices have dropped by almost three times.

A senior industry executive who did not wish to be named said: "Unfortunately in India, the TMT market has not matured like in Japan and China. This makes consumers buy a whole lot of it when the prices show signs of moving up and then sit on a stockpile, forcing the prices to crash."

However, data from the Joint Plant Committee on imports of non-flat products (bars, rods) throw up another notable observation. Such imports have more than doubled in May, both since May last year and April this year. The jump assumes significance since the US imposed tariffs on steel imports in March and the European Commission launched its safeguard investigation into steel imports.

To be sure, local consumption of steel has shown a growth of 8.5% in May over last year.

THE ECONOMIC TIMES DATE : 13/7/2018 P.N.6

Tata Steel Looks to Sell NatSteel, Thailand Business

Move part of strategy to focus on domestic business; eyes $500 m

Megha Mandavia & Baiju Kalesh

Mumbai: Tata Steel is looking to sell some of its businesses in Southeast Asia as part of its strategy to exit non-scalable businesses and turn its focus to the domestic market, people familiar with the matter said.

Tata Steel has appointed a banker in Singapore to scout for buyers for NatSteel Holdings (Singapore) and Tata Steel Thailand.

The steelmaker values the businesses at about $500 million.

Both units are suffering due to lack of demand caused by a slump in construction activities and elevated scrap prices in Singapore and Thailand. They contributed ₹9542 crore, or 16%, to total revenue of ₹60,519 crore in FY18 but only ₹437 crore, or 2%, to the total EBITDA of ₹22,045 crore.

Tata Steel's operations in South-East Asia began in 2004 with the acquisition of NatSteel, Singapore. In 2006, Tata Steel acquired Thailand-based steelmaker Millennium Steel, to strengthen its South-East Asian operations.

Tata Steel declined to comment.

Under new chairman Natarajan Chandrasekaran, the group is exiting businesses that don't have the potential to either scale up or be immensely profitable. Tata Steel wants to become a top steelmaker in India and Europe, according to its latest annual report.

"India is expected to be one of the few large regions with good demand growth. Tata Steel intends to grow through organic and inorganic routes to ensure it remains the leading steel player in attractive segments and also at the overall industry level," Tata Steel said in the annual report. India contributed 45% to FY18 revenue.

Tata Steel is expanding footprint in India. It approved the expansion of the Kalinganagar plant in Odisha to 8 million tonnes and has also acquired Bhushan Steel from the bankruptcy court.

"Tata Steel is clear in its strategy to focus on India. the margins in India are far superior in India than any other geography they operate in. Singapore and Thailand have not created value for the business and they can exit these two places to invest the cash in Indian operations," said a Mumbai-based analysts, who is not authorised to speak to press.

The company also dealt with the distressed Europe operations by signing an agreement with ThyssenKrupp AG to form a joint venture to carve out and restructure its structurally weak European operations, which have historically posted substantially low and volatile operating margins.

BUSINESS LINE DATE : 14/7/2018 P.N.5

JSW Steel: Clarify NCLT processes; consider safeguard duty on the metal

SURESH P IYENGAR
Mumbai, July 13

JSW Steel has announced plans to invest ₹40,000 crore in the next three years, even as lending rates continue to rise globally. Seshagiri Rao, Joint Managing Director, JSW Steel, in an interview with *BusinessLine* exuded confidence about the revival in steel demand holding and the company maintaining financial matrix despite huge capex. Excerpt:

THE BL INTERVIEW

How do see progress of NCLT cases in last one year?

All the issues relating to NCLT cases have revolved around two important points — intention of Insolvency and Bankruptcy Code (IBC), and Section 29A. If IBC is only for maximisation of asset value notwithstanding the process, then anybody can interrupt the process to place a higher bid. As of now, the judgment in different cases are contradictory. There needs to be clarity on whether Section 29A is directory or mandatory. If it is directory then defaulting promoters can also offer higher value. Unless these two issues are sorted, there will always be litigation and finally the Supreme Court has to take a call.

What is your view on changes being made in IBC?

The latest Ordinance allows lenders to withdraw insolvency cases if 90 per cent of them agree and certain conditions are adhered to. But the conditions to be met have not been prescribed. However, a press release issued in this regard states that cases can be withdrawn only before Expression of Interest is issued. Whereas, the Ordinance does not mention this. This issue needs a clarification from the government.

What is driving steel demand in India?

The economy looks better now as compared to last year. In May, steel demand increased 8.6 per cent. The demand is so strong that there is a concern on availability of steel. For the first time in last five years the demand has grown 1.2 per cent of GDP. Last fiscal, the demand used to be 0.4 per cent of GDP and at times it even lagged GDP growth. The demand has picked up in user industry after a long time. Now everybody has started expanding capacity. The government spending is also quite robust.

Steel demand and investment cycle is reviving after a long time. So a small increase in lending rate will not make a big dent.

SESHAGIRI RAO
Joint Managing Director,
JSW Steel

How do you see the global trade war impacting steel demand in India?

Any trade related decision by one country will lead to retaliation by the other. Whether it is good or bad only time will tell. These actions are required in unfair trade. The current trade war will have a huge impact on the global economy. I am not concerned about the fall in steel exports from India as long as there is no sharp rise in imports into India.

How do you compare India and US trade restrictions?

Indian trade restrictions are not comparable with the US. There is a 25 per cent duty on steel imports to the US. That is why HR coil prices in the US are higher by $250-$300 a tonne compared to $600 a tonne in other markets. India should work out safeguard duty.

THE ECONOMIC TIMES DATE : 14/7/2018 P.N.4

'Vedanta Meeting Orders for Refined Copper Through Imports, Other Units'

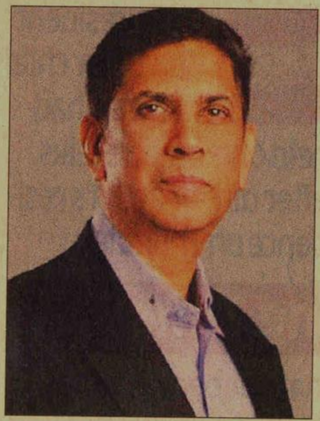
TN PLANT CLOSURE Sterlite production loss at 70k tonnes in two months, says CEO

Anandi Chandrasekhar & Bharani Vaitheesvaran

Chennai: Vedanta Resources has been meeting its clients' requirements of refined copper through its plant in western India and through imports, after the Tamil Nadu government ordered a shutdown of its Sterlite smelter at Thoothukudi following police firing on locals seeking its closure on environmental grounds.

P Ramnath, CEO of Sterlite Copper, said in an interview with **ET** that despite supplementary production through the company's other units, Sterlite has faced production loss of 70,000 tonnes over the last two months due to the closure.

"We have a copper rod plant in Silvassa. We used to send the copper cathodes from Thoothukudi to Silvassa and convert those into rods. Now, we don't have the cathodes; whatever stock we had, we sent," Ramnath said.



P RAMNATH
CEO, Sterlite Copper

In the last five years, we were operating with no show-cause notices, no complaints ... and suddenly, out of nowhere... the pollution control board gives a closure order

The shutdown on May 28, after 13 people died in the firing, happened just ahead of a planned capacity expansion by the company, majority owned by billionaire Anil Agarwal. Companies not entirely dependent on Sterlite for their copper needs have either been importing the metal or sourcing it from others.

Ramnath, however, said Sterlite is importing copper anodes from Vedanta's Zambia unit and cathodes from Japan for companies to which it is the sole supplier. "Customers who are majorly dependent on us, we are fulfilling their needs but are not able to do it to a full extent," Ramnath said. "Obviously, there has been significant cost increase in imports from other countries. We are hardly making any margins."

The Sterlite factory had been operating at a capacity of 1,200 tonnes a day. The plant originally shut down for maintenance till mid-May , had to remain shut, pending renewal of licence to operate for the 2018-2023 period.

Ramnath said the closure order was unexpected. "In the last five years, we were operating with no show-cause notices, no complaints from the villagers, and suddenly, out of nowhere, without a show-cause notice, the pollution control board gives a closure order. Then the government order came in. It was very abrupt."

The executive said the company would take a two-pronged approach in renewing its outreach with the locals and fighting the legal battle to get the plant reopened. "We would like to continue the outreach and look at possibilities of employment, possibilities of how to fulfil their needs," he said. The National Green Tribunal had put the Tamil Nadu government on notice after Sterlite filed a petition challenging its closure order.

Exports rise 17.6%, trade gap widens to 43-month high

Costlier crude oil imports spur higher trade deficit

PRESS TRUST OF INDIA
NEW DELHI

India's exports soared by 17.6% to $27.7 billion in June but the trade deficit widened to a more than three-and-a-half-year high of $16.6 billion due to costlier crude oil imports.

Imports too rose by 21.3% to $44.3 billion during the month, according to the data released by the commerce ministry.

Losing sheen: Gold imports in June dipped by about 3% to $2.38 billion. • REUTERS

Highest since Nov. 2014

The trade deficit in June 2018 is the highest since November 2014 when the gap was $16.86 billion. The deficit in June 2017 stood at $12.96 billion. During April-June this fiscal, exports rose by 14.2% to $82.47 billion.

Imports during the first quarter of the fiscal increased by 13.5% to $127.41 billion, leaving a trade deficit of $44.94 billion.

Exporting sectors, which helped to push the shipments in June, include petroleum products, chemicals, pharmaceuticals, gems and jewellery and engineering goods. Oil imports during the month were up by 56.6% to $12.73 billion.

Gold imports in June dipped by about 3% to $2.38 billion.

THE HINDU DATE : 14/7/2018 P.N.13

U.S. steel tariff may impact India indirectly: Minister

'Surplus produce may come to India; it will hit local makers'

PRESS TRUST OF INDIA
NEW DELHI

Union Steel Minister Chaudhary Birender Singh on Friday said the 25% tariff imposed by the U.S. on steel import can 'indirectly' affect the domestic sector.

U.S. President Donald Trump has imposed a 25% import tariff on steel and 10% on aluminium.

Mr. Singh had earlier said the U.S.' levy of heavy tariffs on imported steel and aluminium would not have any major impact on steel production in India as steel export to U.S. was only 3.3% of total exports.

However, speaking at a conference here, he said: "The U.S. decision to impose 25% tariff on steel imports will have negligible direct impact [on India's export] as India's share of U.S. steel imports is very small as compared to other countries but there might be an indirect impact." He added, "Countries which are exporting to the U.S. will be forced to look at other major steel consuming markets like India to sell their surplus [produce] and [can] slightly distort our domestic market considerably due to dumping," he said.

Chaudhary Birender Singh

'85 MT may target India'

N.A. Ansari, CEO Steel Business, Jindal Steel and Power Ltd., who also attended the conference on steel and trade, said: "In the global steel business about 300 MT [million tonnes] is... traded between the countries... and due to this U.S. tariff move, at least some 85 MT of steel might find its way to India.

"We need to be very careful at this point."

THE INDIAN EXPRESS DATE : 14/7/2018 P.N.15

China's trade surplus with US hits record

REUTERS
BEIJING, JULY 13

CHINA'S TRADE surplus with the United States swelled to a record in June as its overall exports grew at a solid pace, a result that could further inflame a bitter trade dispute with Washington.

But signs exporters were rushing shipments before tariffs went into effect in the first week of July suggest the spike in the surplus was a one-off, with analysts expecting a less favourable trade balance for China in coming months as duties on exports start to bite.

The data came after the administration of US President Donald Trump raised the stakes in its trade row with China on Tuesday, saying it would slap 10 percent tariffs on an extra $200 billion worth of Chinese imports, including numerous consumer items. China's trade surplus with the US, which is at the centre of the tariff tussle, widened to a record monthly high of $28.97 billion, up from $24.58 billion in May, according to Reuters calculations based on official data going back to 2008.

The record surplus "won't help already sour relations and escalating tensions", Jonas Short, head of the Beijing office at Everbright Sun Hung Kai, wrote in a note.

BUSINESS LINE
DATE : 14/7/2018 P.N.14

Gold hits 1-week low as $ climbs

REUTERS
London, July 13

Gold prices slid on Friday to their lowest in more than a week as the dollar rose due to easing trade tensions and demand for the precious metal was weak due to expectations of higher US interest rates.

Spot gold was 0.6 per cent lower at $1,239.70 an ounce at 1151 GMT, down from $1,238.87 earlier, its lowest since July 3. US gold futures slipped 0.5 per cent to $1,240.9.

Investors retreating from gold can be seen in the largest gold-backed exchange-traded-fund (ETF), New York's SPDR Gold Trust GLD, which has seen its holdings fall more than 8 per cent since late April to below 26 million ounces.

Silver fell 0.7 per cent to $15.78 an ounce; platinum lost 1.5 per cent to $826.74 and palladium was off 1.1 per cent at $939.21.

"The global trade dispute is threatening to disrupt auto sales, placing a question mark over platinum and palladium demand," ANZ analysts said in a note.

BUSINESS LINE
DATE : 14/7/2018 P.N.14

Centre cuts base import price of gold, silver

COGENCIS
Mumbai, July 13

The Union government has slashed the base import price of silver by $8 to $511/kg and that of gold by $2 to $401 per 10 gm, according to a notice from the Central Board of Excise and Customs. Base import prices were last revised on June 29.

Base import rates have been revised to align it with the international prices. Price of the benchmark August gold contract on the Comex declined 1.2 per cent in a fortnight to $1,238.40 per ounce at Thursday's close.

The price of the benchmark September silver contract on the Comex were, however, unchanged in a fortnight to $15.79 per ounce at Thursday's close.

Typically revised every fortnight, base import prices are used to calculate duty on gold and silver brought into the country by individuals

India levies 10 per cent import duty on both the precious metals.

THE TIMES OF INDIA
DATE : 15/7/2018 P.N.10

Gold imports dip 25% to $8.4bn in Q1

New Delhi: Gold imports fell by 25% to $8.4 billion in the first quarter of the current fiscal due to sliding prices of the metal in both global and domestic markets.

According to data from the commerce ministry, gold imports had amounted to $11.3 billion in the same quarter of FY18. The imports of the metal have been declining since January this year.

Contraction in gold imports help contain the country's current account deficit (CAD) — which jumped to nearly $49 billion, or 2% of GDP, in FY18. This was higher than $14.4 billion, or 0.6%, CAD in FY17. AGENCIES