खनिज समाचार

KHANIJ SAMACHAR

Vol. 5, No-12

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खनिज समाचार

KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 5, NO-12 , 16th – 30th June , 2021

THE ECONOMIC TIMES DATE : 17/6/2021 P.N.6

Gold Holds Near Four-Week Low as Investors Await Fed Meeting for Cues

Bloomberg

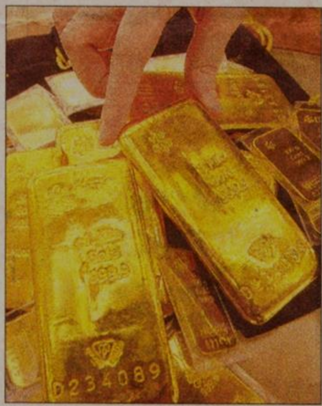
Gold steadied near the lowest level in four weeks as investors awaited the conclusion of the Federal Reserve's two-day meeting for clues on monetary policy.

The US central bank is inching toward the start of a long road to normalizing its relationship with the rest of Washington and Wall Street.

After spending the past 15 months providing unprecedented help to the federal government and investors via trillions of dollars of bond purchases, it could start preliminary discussions about scaling back that support, although actual steps in that direction are likely still months off.

Bullion's retreat from an almost five-month high comes as investors weighed inflation pressures and possible responses by central banks. Fed officials could project interest-rate liftoff in 2023, but they won't signal scaling back bond purchases until August or September, according to economists surveyed by Bloomberg.

"Gold is treading water ahead of today's FOMC meeting with steady real yields and the dollar not providing much input at this time," Ole Hansen, head of commodity strategy at Saxo Bank A/S, said by email. "While no change in policy is expected, Fed officials will release of a new set of policy and economic forecasts in which they could project interest-rate liftoff in 2023."



Spot gold edged lower to $1,856.43 at 1:42 p.m. in London. Prices slumped to $1,844.92 on Monday, the lowest intraday level since May 17.

Silver rose, while platinum fell and palladium was little changed. The Bloomberg Dollar Spot Index fell 0.1%.

Commonwealth Bank of Australia sees a slight increase in US 10-year real yields in the medium term and a weaker dollar as the global economy recovers.

Rising real yields should apply slight downside pressure on gold prices, while the weaker currency should help offset that, said Vivek Dhar, a commodities analyst at the bank. Bullion could trade within a range of $1,700 to $1,900 an ounce, he said.

BUSINESS LINE DATE : 16/6/2021 P.N.10

Sell nickel futures below ₹1,300

AKHIL NALLAMUTHU
BL Research Bureau

The continuous contract of nickel on the Multi Commodity Exchange (MCX) has been steadily gaining since March last year. However, the bulls were dealt a significant blow when the price reached ₹1,440 level in mid-February this year. That is, the uptrend, which was in place for almost a year, ended abruptly and there was a significant fall in price wherein it dropped from about ₹1,440 to ₹1,150 levels, thereby losing a little over 20 per cent within a couple of weeks. This is the biggest price correction in the past one year.

After the fall, the contract entered a brief period of consolidation following which it started to move up in early April. It gradually went up, but is being resisted at ₹1,350 since May. It is unable to move beyond that level for over a month and prolonged consolidation at these levels can open up the possibility of the trend turning downwards. The relative strength index, despite remaining above the mid-point level of 50, shows a fresh downtick. Also, the average directional index shows the bears are gaining ground and looking stronger than bulls.

Though there are signs of weakness, the contract (June expiry) has a considerable support at ₹1,300 where the 50-day moving average coincides. Hence, traders can wait for the contract to breach this support i.e., go short below ₹1,300. Stop-loss can be at ₹1,350 whereas ₹1,230 and ₹1,200 can be the potential target levels.

NAVBHARAT DATE : 17/6/2021 P.N.1

व्यवस्था में बदलाव पहले चरण में देश के 256 जिलों को शामिल किया गया

जिले में गोल्ड पर हॉलमार्किंग अनिवार्य

नागपुर, व्यापार प्रतिनिधि. सोने के जेवर और कलाकृतियों पर अनिवार्य रूप से हॉलमार्किंग की व्यवस्था लागू हो गई है. पहले चरण में देश के 256 जिलों को शामिल किया गया है. इनमें नागपुर का भी समावेश है. विदर्भ के अकोला और अमरावती जिले भी अनिवार्य हॉलमार्किंग वाले जिलों में शामिल हो गए हैं. राज्य के कुल 22 जिलों को पहले चरण में शामिल किया गया है. हॉलमार्किंग मूल्यवान धातु की शुद्धता का एक प्रमाणपत्र है, अब तक यह ऐच्छिक था लेकिन अब अनिवार्य श्रेणी में आ गया है. इससे लोगों का आत्मविश्वास बढ़ेगा. उपभोक्ता मामलों के मंत्री पीयूष गोयल की अध्यक्षता में उद्योग जगत के साथ हुई बैठक में निर्णय लिया गया. बैठक में व्यापारियों की कई मांगों में माना गया है.

अभी जुर्माना नहीं

बैठक के बाद व्यापारियों ने बताया कि सरकार प्रयास कर रही है कि ग्राहकों की बेहतर सुरक्षा और संतुष्टि का निरंतर प्रयास हो लेकिन इसमें कई अड़चनें हैं जिन्हें दूर किया जाना चाहिए. इसलिए सरकार ने कई बातें मान ली हैं. सरकार ने कहा है कि अगस्त 2021 तक इस मामले में कोई जुर्माना नहीं लगाया जाएगा.

24 कैरेट को भी मंजूरी

सोना-चांदी ओल कमेटी के सचिव राजेश रोकड़े ने बताया कि बैठक में अच्छी बात यह हुई है कि अब 20, 23 और 24 कैरेट सोने की हॉलमार्किंग को भी अनुमति दे दी है. पूर्व में केवल 14, 18 और 22 कैरेट को भी मान्यता दी गई थी. इसी प्रकार व्यापारियों के लिए पूर्व में लाइसेंस लेना अनिवार्य किया गया था और फीस की दरें भी तय की गई थी लेकिन अब लाइसेंस की जगह रजिस्ट्रेशन को अनिवार्य कर दिया गया है. रजिस्ट्रेशन के लिए व्यापारियों से फीस नहीं ली जाएगी. रजिस्ट्रेशन भी एक बार ही कराना होगा. पूर्व में 5 वर्ष का लाइसेंस लेने का प्रावधान था. 40 लाख तक की सीमा तय करने का लाभ भी व्यापारियों को मिलेगा. एक अनुमान के अनुसार 2,500-3,000 सराफा कारोबारियों में से 500 के आसपास ऐसे व्यापारी होंगे जिनका कारोबार 40 लाख से अधिक होगा.

विदर्भ के तीन जिले पहले चरण में शामिल

नागपुर, अकोला और अमरावती में भी समावेश

8 जिले आएंगे अलगे चरण में

मुख्य बातें

- 40 लाख रुपये तक के सालाना कारोबार वाले आभूषण निर्माताओं को अनिवार्य हॉलमार्किंग से छूट
- घरेलू प्रदर्शनी के लिये भी इससे छूट होगी.
- घड़ियों, फाउंटेन पेन में इस्तेमाल सोने और कुंदन, पोल्की तथा जड़ाऊ आभूषणों पर अनिवार्य हॉलमार्किंग से छूट.
- जौहरी उपभोक्ताओं से बिना हॉलमार्क वाले सोना खरीद सकते हैं. पुराने आभूषणों को पिघलाने और नए आभूषण बनाने के बाद जौहरी व्यावहारिक होने पर हॉलमार्क करा सकते हैं.

BUSINESS LINE DATE : 17/6/2021 P.N.8

Shrinking surplus to galvanize zinc prices in H2

Inter-governmental group forecasts demand to rise by 4.3%, output by 3.1%

SUBRAMANI RA MANCOMBU

Chennai, June 16

Zinc prices in the global market are expected to rule firm over $,2,750 a tonne for the remaining part of this year on declining surplus, supply disruptions, including in smelting, Chinese demand and recovery in the world economy.

Zinc prices had hit a three-year high of $3,085 a tonne last month but have slid since then. Currently, zinc three-month contracts are quoted at $3,002 on the London Metal Exchange with cash offerings being made at $2,986.50.

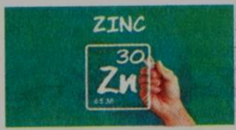
Gains capped

Zinc, lead and tin have not gained as much as other metals in the global market.

Prices of these metals have increased by less than 10 per cent since the beginning of the year compared with over 20 per cent for metals such as aluminium, copper and tin.

According to the International Lead and Zinc Study Group (ILZSG), an inter-governmental organisation, global demand for refined zinc metal is forecast to rise by 4.3 per cent to 13.78 million tonnes (mt) this year. This is against a 3.9 per cent decline in demand last year.

The ILZSG, set up by the UN in 1959, said its report for the first quarter that a recovery is expected this year and zinc usage in Europe could rise by 6.9 per cent, while in Japan it would be up by 15.4 per cent.



Rising refined zinc output (All figures in million tonnes)

	2016	2017	2018	2019	2020
Mine output	12.66	12.68	12.81	12.85	12.23
Refined zinc output	13.56	13.48	13.10	13.48	13.70
Metal usage	13.67	13.94	13.66	13.73	13.21

Source: ILZSG

Zinc demand will likely increase in India, South Korea, Taiwan, Turkey and the US.

Excess supply

The group said that global supply of refined zinc will exceed demand this year too and the metal's surplus will be 353,000 tonnes. This will, however, be lower than the estimated 488,000 tonnes surplus last year.

ILZSG data for the first quarter showed that while mine production was 3.14 mt (2.96 mt), refined metal production was 3.47 mt (3.34 mt) and the metal usage or demand 3.41 mt (3.09 mt). It said demand in China was expected to increase by 1.8 per cent this year from 1.3 per cent last year, while global supply will increase 5.7 per cent to 12.92 mt. ILZSG said it anticipates world refined zinc metal output to increase by 3.1 per cent to 14.13 mt this year, after increasing by 1.6 per cent last year.

ING Think Senior Commodities Strategist Wenyu Yao, in her recent write-up, said that constant supply disruptions are providing impetus to zinc prices.

Yao said that the latest disruptions are in China's southwest province of Yunnan due to power shortages and industries being asked to cap the power load or stagger power usage.

This has resulted in a power shortage that could affect zinc smelting capacities to the tune of 1.2 mt and result in 20,000 tonnes of refined zinc production being affected. Any prolonged disruptions could further impact zinc supply in China, Yao said.

While mine production in Peru is recovering, controls in inner Mongolia to cut power consumption could result in zinc mining being reduced by 5,000 tonnes and 6,500 tonnes of refined zinc. All these have led to zinc premiums in northern Europe rising over the last two weeks as a short-term tightness is perceived in the spot market.

Chinese demand

Global metals mining research firm Wood Mackenzie said the refined market will be well supplied this year, but US ratings agency Fitch Solutions said it has increased its zinc price assumptions for 2021 and 2022 due to growing demand in China.

Dr Heinz-Jürgen Buchner, Director - Industrial and Automotive, IKB Deutsche Industriebank AG, said in his analysis that zinc prices are expected to top the $3,000 a tonne threshold in the second half. Prices will fluctuate around $2,800 with a band of $400 during the second half of this year.

BUSINESS LINE DATE : 17/6/2021 P.N.8

Lead futures set to turn bearish

AKHIL NALLAMUTHU

BL Research Bureau

The continuous contract of lead on the Multi Commodity Exchange (MCX) has been witnessing considerable volatility since the beginning of 2021.

It rallied until the final week of February, wherein it hit a high of ₹181.3. However, the contract made a U-turn and started to head southwards. It again went up after taking support of ₹158 in mid-March. Once again ₹181 acted as a hurdle and consequently, the futures price moderated. Nevertheless, considering the price action of the past month, the contract has been moving in a tight range between ₹170 and ₹173.

Although the next leg of trend will remain uncertain as long as the contract remain sideways, there are certain indications that denote bearish inclination – the relative strength index has slipped below the mid-point level of 50 and the moving average convergence divergence indicator on the daily chart has been tracing a downward trajectory and is on the verge of entering the bearish territory.

Besides, the average directional index indicates that the bears are currently stronger than bulls and the price is below the 21-day moving average. Even as the contract shows negative bias, it has a base at ₹170, where the 50-DMA coincides. Given the above factors, traders can wait for now and initiate fresh short positions if the contract breaches the support at ₹170. While the stop-loss can be at ₹174, the contract is likely to decline to ₹164 and then possibly to ₹160.

BUSINESS LINE DATE : 17/6/2021 P.N.5

Aluminium — The EV manufacturers' dream metal

RK JAIN

Policy incentives and technological advancements are going to guide the manufacturing and adoption of EVs or Electric Vehicles in a big way.

Electric vehicles are set to push the demand for aluminium exponentially, with innovation in products being the focus of the downstream aluminium sector.

According to government data, from 69,012 units in 2017-18, EV sales zoomed to 1,67,041 units in 2019-20.

Two-wheelers have led this growth.

Making it drive

Making the EV story successful is aluminium, both used in the manufacturing of electric vehicles and also in creating the necessary charging infrastructure. A higher performance metal, the push for EVs is adding importance to the role that this light and sturdy metal will play.

From helping vehicle manufacturers in reducing vehicle weight to improving the efficiency of conventional vehicles or to better the range of electric vehicles, aluminium extrusions are an increasing part of the solution.

This is an opportune moment for the downstream aluminium sector — which is an old partner of the automobile industry and finds its use in the making of a vehicle body, doors, trunks, hoods, bumpers, crash boxes, brakes, cables, wheels, etc. — to increase its overall usage.

However, bringing about innovation in production is the need of the hour for the Indian downstream aluminium manufacturers. Innovation in production is also crucial to raise the average quantity of aluminium used per vehicle from India's average of 29 kg per vehicle to global usage standards of 160 kg or 250 kg as predicted for use in EVs in time to come.

Automobiles with aluminium bodies are costlier than other metals . This poses as one of the major obstacles to the aluminium market. This will be addressed once the demand for EVs picks up and costs are lowered.

As the government introduces policies that require vehicles to bring out fuel-efficient variants, fuel-saving, carbon emission, costs, including repair are areas where the downstream aluminium sector has an important role to play.

Aluminium The green metal
ISTOCK.COM

Innovation is needed and is already being done at various levels. For instance, in meeting the EV demand, the automobile industry is looking at major changes in vehicle manufacturing that will focus on improved combustion, calibration, injection, and cylinder pressure. Downstream aluminium suppliers are meeting the needs through extrusions and rolling by using technology and innovation.

New applications of downstream aluminium include lightweight battery casings and heat exchangers, besides overall structural integration. Offering a higher strength-to-weight ratio compared to other metals, the ability to absorb a larger amount of crash energy, and ensuring that vehicular performance enhancements do not come at the cost of safety is what downstream aluminium offers to the automobile industry.

All this, and the ease with which aluminium fits into creating simple and intricate shapes giving an elegant finish to the vehicle, make it an automaker's dream metal. Thus, not only will this innovation in material supplied lead to light-weighting, lowering costs, and meeting the commitments of going green, it will, through EVs, now offer a higher per-unit usage of downstream aluminium products in automobiles.

The writer is Senior Vice-President – Commercial at Jindal Aluminium Ltd

Cabinet greenlights Deep Ocean Mining

Will facilitate tapping marine, mineral resources

OUR BUREAU
New Delhi, June 16

The Cabinet Committee on Economic Affairs has approved the proposal of Ministry of Earth Sciences (MoES) on "Deep Ocean Mission", to explore deep ocean for mineral resources and develop deep sea technologies for sustainable use of ocean resources, said Union Minister Prakash Javadekar after the Cabinet meeting.

Under this, a manned submersible will be developed to carry three people to a depth of 6,000 metres in the ocean with a suite of scientific sensors and tools.

The estimated cost of the mission will be ₹4,077 crore for five years to be implemented in a phase-wise manner, stated a release. The estimated cost for the first phase for the three years (2021-24) would be ₹2,823.4 crore. The MoES will be the nodal Ministry implementing this multi-institutional ambitious mission.

Inland Vessel Bill

In another move, the Cabinet has approved a Shipping Ministry proposal to introduce the Inland Vessel Bill in the Parliament for approval, which will standardise regulations for movement of inland vessels across States, have common vessels designs, and promote ease of doing business, announced Mansukhlal Mandaviya, Shipping Minister, on Wednesday after the Cabinet briefing.

This will promote vessel movement across inland waterways, 4,000 km of which have been operationalised within India, and on Indo-Bangladesh protocol route, said Mandaviya, adding that the Bill lays common environmental, safety and security standards for inland vessel movement.

Prakash Javadekar, Union Environment Minister

The decision comes at a time when India is trying to increase the share of waterways as a mode of transport.

Speaking on the deep sea ocean, Javadekar said that five countries – US, China, Russia, France, Japan and China – have these capabilities. "This technology is not available in the open market," he said.

Integrated mining system

An integrated mining system will be also developed for mining deep ocean minerals from 6,000 m depth in the central Indian Ocean. The exploration studies of minerals will pave way for commercial exploitation in the near future. For this, commercial exploitation code has to be evolved by the International Seabed Authority, a UN organisation. This component will help the Blue Economy priority area in exploring and harnessing of deep-sea minerals and energy, stated an official release.

The technologies required for deep sea mining have strategic implications and are not commercially available. Hence, attempts will be made to indigenise technologies by collaborating with leading institutes and private industries.

A research vessel for deep ocean exploration would be built in an Indian shipyard which would create employment opportunities.

This mission is also directed towards capacity development in Marine Biology, which will provide job opportunities in Indian industries.

China's move to sell metals from reserves fails to cool commodity markets

SUBRAMANI RA MANCOMBU

Chennai, June 17

A move by China to release State-owned inventory of non-ferrous metals, mainly copper, aluminium and zinc, to bring down their prices in the global commodity markets seems to be having little effect.

This could even be a last-ditch move by China to rein in surging prices of non-ferrous metals, whose supplies are key to its development programmes and decarbonisation efforts.

Public bidding

On Wednesday, China's National Food and Strategic Reserves Administration said it would release copper, aluminium and zinc stocks from its reserves in batches to processing and manufacturing firms "in the near future". The stocks will be released through public bidding, it said on its Website.

The development follows a decision made at the State Council's executive meeting to ensure supply and stabilising prices of bulk commodities, it said. The move also follows the China Development and Reform Commission statement last week, promising to strengthen the monitoring of commodity prices.

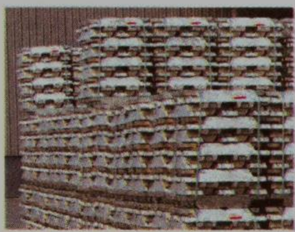
Shanghai Metal Exchange said that the strategic reserves administration could release copper, aluminium, and zinc stocks at the end of each month and continue the process till the year-end.

Global economic recovery

Metals such as copper, aluminium, tin, zinc and nickel have all increased this year on the global economy recovering from the Covid pandemic between six per cent (nickel) and 53 per cent (tin). However, on Wednesday, prices of these metals dropped barely by one per cent.

Though China, world largest consumer of metals, did not specify the volume of the reserves it will offload, US multinational investment bank Citigroup Inc said Beijing could sell two per cent of its annual demand in aluminium and zinc.

This could result in 770,000 tonnes of aluminium and 140,000 tonnes of zinc being auctioned to processors and manufacturers, while the release of copper could be a minimum volume.



Dutch multinational investment bank ING said China could release 800,000-900,000 tonnes of aluminium.

Citigroup assessed that going by past purchase and sales record, Beijing could have two million tonnes of copper, 800,000 tonnes of aluminium and 350,000 tonnes of zinc as reserves.

Unlikely to pay dividends

Citigroup said the move was China's efforts to crack the whip on hike in commodity prices and deter speculators rather than overcoming any physical shortage.

Dutch multinational investment bank ING said the move was Chinese authorities' message to the market to curb the excessive run in commodities prices. But Citigroup is of the view that China may not be able to rein in surging prices of non-ferrous metals and prices movements are solely decided on the supply-demand scenario.

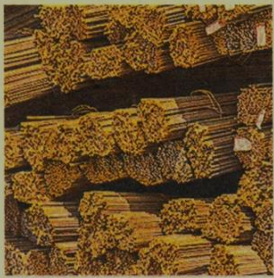
Earlier, another US multinational investment firm Goldman Sachs had said that China's efforts to control commodities price spike could be in vain.

In India, the Chinese move has, however, resulted in NIFTY metal declining to 5,104 at 1430 hours Thursday from Tuesday's close of 5316.93. On MCX, the MELTDEX dropped 79.77 points on Wednesday from 14,732.64 on Tuesday.

THE ECONOMIC TIMES DATE : 19/6/2021 P.N.7

NMDC Pact for Iron Ore Supply to Japan, S Korea Not Renewed

Shortage and supply disruption of iron ore in India behind delay: NMDC exec



Bhavya.Dilipkumar
@timesgroup.com

Mumbai: State-owned NMDC's long-term agreement (LTA) to supply high-grade iron ore to Japanese steel mills and the South Korean steelmaker Posco, which ended on March 31, has not been renewed by the Union commerce ministry for this financial year.

The reason, according to an NMDC executive, is the shortage and supply disruption of iron ore in India.

"We are awaiting government orders on renewing the contract. This could be temporary as there is a shortage of iron ore in India, and some mines auctioned in Odisha are yet to start production," said the executive, who did not wish to be identified.

Steel research and analysis firm SteelMint reported on Thursday that the Centre has withdrawn the two sops it had provided NMDC in offering these LTAs – a reduced 10% export duty, as against the normal 30% paid by private iron ore exporters, and some railway freight concessions against the rate charged to private players.

Queries sent to Posco and Japanese steelmaker JFE Steel did not elicit a response till press time. In April 2018, the Union cabinet chaired by PM Narendra Modi had approved

SUPPLY WOES

Global steel prices have been high in the first four months of this year and producers were struggling to supply due to shortage of iron ore

the renewal of LTAs for the supply of iron ore (lumps and fines) of grade +64% Fe content to Japanese Steel Mills and Posco for another three years through MMTC.

As per the contract, NMDC was to supply Japanese steel mills with 3-4.3 million tonnes of iron ore per annum and Posco with 0.8-1.2 mt per annum.

"NMDC, being the biggest iron ore producer in India, has planned to produce around 42 mt for the upcoming year. While this contract would have helped the company achieve better margins, the prices and demand in the domestic markets are equally higher," another person privy to the information said on condition of anonymity.

THE HITAVADA (CITYLINE) DATE : 19/6/2021 P.N.3

Dr Pradeep Kumar Jain's lecture on June 19

■ **Staff Reporter**

GONDWANA Geological Society (GGS) has organised a virtual lecture on June 19 (Saturday) from 7 pm onwards on the topic 'Development of Indian Mineral Industry: Present Scenario'. Dr Pradeep Kumar Jain, Chief Mineral Economist, Indian Bureau of Mines, Nagpur and also Vice-President of GGS, will deliver the talk.

Dr Pradeep Kumar Jain

India's mining sector has been undergoing a progressive change with paradigm shifts in mining laws and policies since past few years.

It provides direct employment to 4.88 lakh people (2015-16) of which 0.78 lakh are in the metallic, 0.29 lakh in the non-metallic, and 3.81 lakh in the fuel (coal and energy) sectors, apart from millions of jobs it creates indirectly. Industrial growth and the nation's GDP are linked to the mining sector's growth.

Land acquisition is still a grey area and FDI inflows obtained are low and not as per expectations.

The mining sector has witnessed major reforms during the last five years and more is expected in the coming years. Gondwana Geological Society has appealed to the interested people to attend the talk by joining the meeting on Google Meet by clicking on the link https://meet.google.com/jsz-izyv-nia or opening Meet and entering code jsz-izyv-nia, stated a press release.

BUSINESS LINE DATE : 20/6/2021 P.N.6

Bears take sheen off gold, silver

GETTY IMAGES/ISTOCKPHOTO

Any price drop, however, is likely a temporary blip as bullion's safe-haven status remains intact

AKHIL NALLAMUTHU
BL Research Bureau

Growing anticipation of the Fed closing the liquidity tap only got stronger following last week's Federal Open Market Committee (FOMC) meeting. Economic projections saw positive revisions, and the dot plot hinted that the rate hike might be coming sooner than expected. This sent the dollar upwards last week and the dollar index posted a weekly gain of about 1.8 per cent – the highest in the last nine months.

Dollar strength drove the prices of bullion lower and the pace of the fall was fast and quick. Treasury yields also jumped weighing on bullion. While yields did scale back, bullion remained weak through the week.

Hence, gold and silver lost 6 per cent and 7.5 per cent as they closed at $1,763.3 (per ounce) and $25.79 (per ounce) on Friday.

As the rupee depreciated against the dollar, the decline rupee terms was comparatively lower. That is, gold futures on the Multi Commodity Exchange (MCX) ended at ₹46,728 (per 10 grams), falling 4.4 per cent. Silver futures wrapped up the week with a loss of 6.4 per cent, closing at ₹67,598 on Friday.

While higher inflation and the consequent rate hike can hurt riskier assets such as equities, bullion can recover in the long run because of its safe-haven status and being a classical hedge against inflation.

On the supply side, there is a drop in gold mine production for second year in a row, the World Gold Council (WGC) data showed. The production in 2020 stood at 3,478 tonnes as against 3,597 tonnes in the year before. But this is largely due to the shutdown in operations because of the pandemic. Going ahead, the output may increase which can put a cap on the price this year if it drastically rises.

MCX-Gold (₹46,728)

The gold futures on the MCX witnessed a wave of selling last week which dragged the contract lower resulting in it breaching the lower boundary of the range i.e., the support at ₹48,600.

Therefore, the price band of ₹49,800 and ₹50,000 continue to stay as strong hurdles and prolonged consolidation at these levels gave room for the bears to grow slowly before making considerable impact. The contract has fallen below both 21- and 50-day moving averages and the sell-off has occurred with significant volume.

Not only price action, indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart have turned bearish.

While the former has slipped into the bearish zone, the latter has been moving down and is on the verge of entering negative zone.

The average directional index (ADX) show that the bears have become stronger than the bulls over the past week. Moreover, the number of outstanding open interests of all active futures, contract have gone up to 14,599 from 13,840 a week ago.

A fall in price along with increase in open interest in a bearish signal.

As the contract has invalidated key support levels and indicators show bearish signals, traders can short the contract for short-term. Rather than fixed stop-loss one can maintain a dynamic stop-out level.

That is, the initial stop-loss can be at ₹47,800 and start shifting it downwards with a gap of 1.5 times the daily average true range (ATR) level as and when the price declines.

On the downside, the nearest support can be ₹45,700 below which the futures can touch ₹44,600.

MCX-Silver (₹67,598)

The sideways trend in silver futures since the beginning of May until last week, went for a toss as sellers took charge of the proceedings last week. Thus, July futures moved out of the consolidation range of ₹70,000 and ₹72,800 as the contract broke below the crucial level of ₹70,000 with substantial volume.

Importantly, the price has slipped below 50- and 200-DMA, potentially hinting that the bears are set to stay for considerable amount of time and unless the contract is pushed back above ₹70,000, silver futures is a technical sell candidate. Bearish outlook is also exhibited by the RSI and the MACD since both are now in their respective bear territory. The ADX on the other hand indicates that the downtrend is building good amount of momentum. Also, the number of outstanding open interests have increased to 15,058 from 12,975 over the past one week, which is a clear indication of short build-up.

Given prevailing conditions, the likelihood of silver futures declining seems high and therefore, one can consider opening fresh sell positions at the current levels. Instead of a fixed stop-loss, a dynamic stop-loss is recommended to lock-in a certain level of profit as the price drops. While the initial stop-loss can be at ₹70,000, consider moving it down along with the trend at a distance of 1.5 times the daily ATR level. Immediate support can be spotted at ₹66,000. Yet, the contract is likely to head towards the subsequent support at ₹65,000.

F&O STRATEGY

Bull-call spread on Coal India

Short-term trend in the stock remains bullish

KS BADRI NARAYANAN

The short-term outlook remains positive for Coal India (₹146.4) while the long-term outlook will change to positive only on a conclusive close above ₹267. Coal India finds an immediate support at ₹132 and the crucial one at ₹125. A close below the latter will alter the short-term positive outlook. On the other hand, the stock finds an immediate resistance at ₹155 and a close above that will change medium term outlook positive and will lift the stock to ₹179.

F&O Pointers: Coal India futures saw a healthy rollover of over 22 per cent to July series. The Coal India June and July futures closed at ₹146.65 and ₹147.45, as against the spot price of ₹146.4. Despite the correction in the last few days, July futures saw accumulation of open interests. Option trading indicates a trading range of ₹150-142.50.

Strategy: We advise traders to consider a calendar bull-call spread on Coal India. This can be initiated by selling the 150-call of June series and simultaneously buying the 150-call of July series. These options closed with a premium of ₹1.4 and ₹6.65 respectively. That means, traders need to shell out ₹22,050 to construct the strategy. The market lot of Coal India is 4,200 shares.

The total loss could be the total premium paid i.e. ₹22,050, which will happen if Coal India fails to cross ₹150. However, profit potentials are very high if Coal India slips or stays at current levels in this series and rises sharply in July. Hold the position for at least three weeks or exit earlier if loss mounts to ₹9,500.

Follow-up: Hold short-strangle on SAIL for one more week for maximum benefit.

Note: The recommendations are based on technical analysis and F&O positions. There is a risk of loss in trading.

With commodity prices hotting up, metal companies melt down debt

This contrasts with FY08 commodity boom when they expanded aggressively

SATYA SONTANAM
BL Research Bureau

Once bitten, twice shy

	Debt as on March 31, 2021	Debt reduced in FY21	Debt added in FY08	FY21	FY20	FY08
	₹ crore			Debt/EBITDA (times)		
Hindalco	66,242	1,996	23,909	4.0	4.5	4.4
Jindal Steel	21,551	9,124	1,560	1.7	4.4	3.0
JSW Steel	54,074	974	7,963	2.6	4.8	3.2
SAIL	35,576	15,625	(752)	2.5	4.9	0.3
Tata Steel	81,901	31,389	28,699	2.7	7.6	2.1
Vedanta	41,677	8,123	-	1.4	8.6	0

This time it's different! Or, so indicates the way metal companies are responding to the boom in commodity prices versus previous cycles.

Almost 70 per cent of the companies in the metal industry — ferrous and non-ferrous — reported a reduction in their outstanding debt as on March 31, versus a year ago. The total debt — long- and short-term borrowings — of these companies dropped by ₹85,942 crore in the last fiscal against the additional borrowing of about ₹55,000 crore done by the same set of companies in FY20, per the data available for 62 companies (for FY21) on Capitaline database. The deleveraging in FY21 amounts to 20 per cent of the debt of these companies as of FY20.

Out of the total amount of debt reduced, ₹75,764 crore, or 88 per cent, was just from steel companies.

Also, the majority of the companies pruned more than half of their debt only in the second half of FY21, when metal prices started moving northwards, touching new highs.

This is unlike the pattern in the previous commodity upcycles when the firms added debt to their books by engaging in aggressive expansion.

Fuelled by loose monetary policies and fiscal measures to fight the economic slowdown induced by the Covid-19 pandemic commodity prices, especially, industrial metals, have seen a robust recovery since the second half of CY20.

LME prices surge

Base metals such as aluminium, zinc and copper touched multi-year highs with their LME (London Metal Exchange) prices surging 49 per cent, 50 per cent and 84 per cent, respectively, in FY21. Indian steel prices, too, moved up from about ₹38,250 a tonne a year ago to about ₹55,300 in March 2021, per SteelMint.

From H2 FY21, metal companies have seen a turnaround in their operational performance. For instance, the total EBITDA of frontline metal companies such as Tata Steel, JSW Steel, SAIL, Jindal Steel, Hindalco and Vedanta rose 92 per cent year-on-year in FY21.

With higher earnings and better cash flows, the metal companies focussed on deleveraging. For instance, big steel players such as Tata Steel, SAIL and Jindal Steel reduced 28-31 per cent of their debt as of end-FY20, in FY21.

In contrast, in FY08 when the metal prices had a sharp rally, the total debt of the 62 metal companies analysed went up by about ₹65,940 crore, doubling over FY07 levels. Exuberance over a commodity super-cycle drove aggressive expansion plans, then. The total EBITDA of the frontline metal players (as mentioned earlier) shot up by 85 per cent year-on-year in FY08, driven by a combination of better margins and acquisitions.

Lessons learnt

What happened after the aggressive expansion in the previous phase of commodity boom is a lesson not to be forgotten. In the case of steel industry, excess capacity and output from China coupled with contraction in demand, led to steel prices crashing (beginning mid-2011), eroding the profitability of steel makers.

Relatively smaller players which went on an expansion spree between 2005 and 2010, piling on large debt to fund their projects, took a hard knock as the steel cycle reversed, with many of them turning insolvent. Companies such as Bhushan Steel, Bhushan Power and Steel, Essar Steel, Electrosteel Steels and Monnet Ispat & Energy went bankrupt and were all referred by the RBI to the National Company Law Tribunal in 2017.

This apart, even well-established global players like ArcelorMittal and Tata Steel went through a decade of painful adjustments of excess capacity created by debt-fuelled expansion. Tata Steel's share price for instance, went past its 2008 peak only in 2021. ArcelorMittal's share price is still only at around 15 per cent of its 2008 peak.

Management commentary from major Indian metal players indicate that this trend of deleveraging is likely to continue and any expansion will be more balanced and not aggressive. With lessons learnt, the sector and especially the large players, appear to be better placed now for any reversal in the current commodity upcycle.

THE ECONOMIC TIMES
DATE : 22/6/2021 P.N.8

Gold Gains as Biggest Weekly Loss in 15 Months Lures Buyers

Bloomberg

Gold climbed higher amid investor buying following the biggest weekly decline in 15 months.

Prices slumped to the lowest since April after policy makers at the Federal Reserve brought forward their expectations for when monetary tightening would start. That prompted exchange-traded funds to add the most gold in three months on Friday, according to an initial tally by Bloomberg, a sign some investors saw bullion's decline as a buying opportunity.

"Technically, gold was massively oversold, which would bring in the professionals, and retail interest in south-east Asia had been picking up on an underlying basis already," said Rhona O'Connell, an analyst at StoneX.

The focus will now turn to speeches by Fed officials for more clues on the direction of monetary policy.

Chairman Jerome Powell is due to testify on Tuesday at a House Subcommittee hearing on the Fed's pandemic emergency lending and its asset purchase programs.

St. Louis Fed President James Bullard said that inflation risks may warrant the US central bank beginning raising interest rates next year. That stands in contrast to Powell, who earlier cautioned that discussions about raising interest rates would be "highly premature."

Gold market watchers were also looking to the US bond market, where rates on 10-year Treasuries have slumped in the wake of the Fed's hawkish tilt. That makes non-interest bearing gold seem a more attractive haven.

Still, Macquarie Group Ltd.'s Marcus Garvey sees that move as temporary, leaving a bearish outlook for bullion. "Because the 10-year rate will still rise with service sector recovering, and inflation expectations are probably capped by policy tilt, so real yields up and gold down is the next few months trend," Garvey said. "And with the Fed ahead of the ECB now, the US dollar should be pretty firm too."

Spot gold rose 1% to $1,782.49 an ounce at 11:07 a.m. in London. Prices fell 6% last week, the most since March 2020. Silver, palladium and platinum rose. The Bloomberg Dollar Spot Index was little changed after rising 2% last week.

THE TIMES OF INDIA
DATE : 22/6/2021 P.N.4

GGS holds lecture of mining expert

Nagpur: Gondwana Geological Society organized an interesting online lecture on 'Development of mineral industry: Present scenario' by chief mineral economist of Indian Bureau of Mines, Nagpur, **Dr Pradeep Kumar Jain.**

He spoke eloquently on the topic with a galaxy of statistical data to assert his contentions to a well-engrossed audience. "Among the major minerals, iron ore for India holds the key to increase GDP of the mineral sector as its role is much more significant than other fuel minerals," Jain said.

Secretary Dr PB Sarolkar conducted the proceedings while treasurer Dr Samaya Humane introduced the speaker and also proposed a vote of thanks.

President Dr Anjan Chatterjee, vice-president dr MK Roy, editor Prof Sumedh Humane, joint secretary Dr DR Khandare an joint editor Dr Sandip Roy were present. TNN

THE ECONOMIC TIMES DATE : 22/6/2021 P.N.5 & 6

ANALYSTS DO NOT RULE OUT MORE DOWNSIDE BEFORE THE RALLY RESUMES

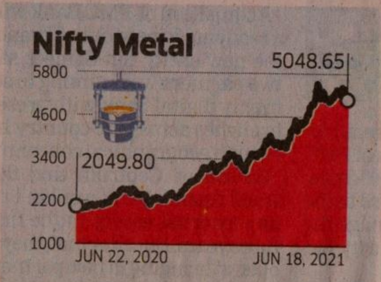
Chart Signals a Pause in Metal Rally

Ram.Sahgal@timesgroup.com

Mumbai: The jury might still be out on whether the scorching metal rally underway from the low of last March is done, but chart patterns signal a breather for the Nifty Metal index over the short term at least.

For the first time in over a year, the index recently made a lower high and lower low pattern on technical charts. While analysts differ on the implications of this, they believe that the rally might have lost steam for the short term.

The Nifty Metal Index, comprising 15 stocks led by the likes of Tata Steel, JSW Steel, Hindalco, Vedanta and SAIL, rose from a low of 1,480.7 on March 23, 2020, to a record high of 5,524.25 on May 11 this year. All corrections during this uptrend were characterised by higher highs and higher lows.



However, this year, the index corrected from its May 11 record high to a low of 4,987.25 on May 26, before bouncing back to 5,421.5 on June 7, only to plunge to a low of 4,858.8 on June 18.

Though the index recovered to close at 5,049 on Friday, largely due to foreign fund inflows, technical analysts pointed out that the current month's top of 5,421.5 and low of 4,858.8 were both lower than the May 11 high of 5,524.25 and the May 26 low of 4,987.

Siddarth Bhamre, research head at In-Cred Equities, said that a lower top and lower bottom were formed for the first time since the Metal Index's rally began in March last year.

"This is a definite sign of a pause in the bullish wave," Bhamre said, adding that "only time would tell whether the index would consolidate or correct from present levels."

Rohit Srivastava, founder, IndiaCharts, said the picture on the fate of the rally would emerge "more strongly" in a few days but did not rule out more downside pressure till then.

Continued on ▸▸ Smart Investing

Charts Signal a Pause in Metal Rally

▸▸ From ETMarkets Page 1

"The dollar index has risen recently, but so long as it stays below 93 it wouldn't impact the commodity supercycle while uncertainty would be out once China makes its stance clear on metal consumption," said Srivastava.

A stronger dollar raises the price of dollar-denominated assets for holders of other currencies, reducing demand for them. China's National Food and Strategic Reserves Administration said it would release base metal stockpiles from its reserves to rein in their prices but didn't specify the volumes, which has increased market uncertainty. Bothe these factors have pressured metal stocks recently.

Global brokerage Credit Suisse downgraded Indian steel stocks to underweight from overweight last month citing decade high price to book value relative to the market.

Heavyweights like Tata Steel currently at ₹1,095 is down 12% from its record high last month while JSW Steel and Hindalco were down 13% from their life highs after the brokerage downgrade and news of China curbing metal consumption.

BUSINESS LINE DATE : 23/6/2021 P.N.2

NMDC profit soars to ₹2,838 cr in Q4

OUR BUREAU
Hyderabad, June 22

Riding on robust growth in the country's steel sector, State owned NMDC Limited has achieved a record turnover for the fourth quarter and financial year ended March 31.

The iron ore mining major recorded a profit of ₹2,838 crore for the fourth quarter, up 708 per cent against ₹351 crore for the corresponding quarter last year.

The company's turnover more than doubled to ₹6,848 crore, against ₹3,187 crore for the corresponding quarter last year.

For FY21, the company achieved a profit of ₹6,253 crore (up 73 per cent) and turnover of ₹15,370 crore (up 31 per cent) as against a profit of ₹3,610 crore and turnover of ₹11,699 crore for FY20.

The company achieved a production of 12.31 million tonnes (mt) iron ore during the Q4 quarter against 9.47 mt, up 30 per cent growth, while realising a 29 per cent growth in sales of iron ore 11.09 mt (8.62 mt).

It produced 34.15 million tonnes (up 8 per cent) against 31.49 mt and sold 33.25 million tonnes of iron ore (up 6 per cent) against 31.51 mt.

BUSINESS LINE DATE : 23/6/2021 P.N.8

Copper in short-term downtrend

YOGANAND D
BL Research Bureau

The copper continuous futures contract on the Multi Commodity Exchange of India (MCX) has been on a long-term uptrend since it took support at ₹335/kg in March 2020. In February this year, the contract found support at ₹585 and resumed the uptrend.

However, the contract met with a vital hurdle at ₹800 in early May and began to trend downwards. It recently took support at ₹685 and slightly moved higher.

On Tuesday, the contract climbed 1.2 per cent and was trading at ₹706 levels. It has a vital support in the band between ₹680 and ₹685. A decisive fall below this base zone will strengthen the downtrend and pull the contract down to ₹660 and then to ₹645.

Subsequent supports are placed at ₹630 and ₹600. On the upside, the contract has an immediate resistance at ₹735. A clear break above this barrier can take the contract higher to ₹770 and then to ₹800 levels.

Traders with a short-term view should tread with caution as long as the contract trades above ₹680 levels.

BUSINESS LINE DATE : 24/6/2021 P.N.8

COMMODITY CALL

Buy aluminium futures on MCX

AKHIL NALLAMUTHU
BL Research Bureau

The continuous contract of aluminium on the Multi Commodity Exchange (MCX) saw its last leg of rally between February and May wherein the price rose from about ₹162 to a fresh high of ₹206. The contract faced stiff resistance, struggled to move up and eventually reversed.

What followed was a sharp correction in price and consequently, the futures touched ₹186 a month ago from where the bulls tried to reclaim control. However, they could not succeed upwards of ₹197.Over the last four weeks, the contract has been moving sideways. It has been oscillating between ₹186 and ₹197. Due to this, indicators like the relative strength index and the moving average convergence divergence on the daily chart are flat, lacking any trend.

Nevertheless, going by the recent price action, the contract will most likely move up from the current level as it is closer to the range bottom. On the other hand, looking at the outstanding open interest (OI) of the nearest expiry (June series) during the decline since last Monday, the number has dropped from 2,427 to 1,449 (as on Tuesday). That is, there is a drop in OI when the price fell, indicating the possibility of short covering, which might set the tone for an upmove. Hence, traders can buy aluminium futures with stop-loss at ₹185.Targets are ₹197 and ₹200.

THE INDIAN EXPRESS
DATE : 24/6/2021 P.N.15

MSME body urges PM to 'rein in raw material prices'

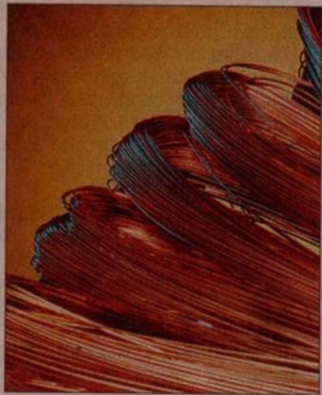
New Delhi: An umbrella association for micro, small and medium enterprises has written to Prime Minister Narendra Modi seeking "urgent steps" to rein in prices of raw materials like steel, copper, aluminum alloy and PVC "at once."

The All India Council of Association of MSMEs (AICA), representing about 170 MSME associations, claims the spike in prices of these raw materials, though temporary in nature, can cause "permanent damage" to the sector. The association suggested some measures to overcome this issue. **ENS**

THE ECONOMIC TIMES DATE : 24/6/2021 P.N.6

China Tests Metals Bulls With First Release of State Stockpiles

Bloomberg



Most base metals rose in London after China's state reserves bureau said it would sell only relatively small quantities in its first release of stockpiles to cool prices.

Dipping into its metals reserves is probably the most tangible of China's months-long efforts to tame commodities inflation. As such, the interventions, which are expected to run through the end of the year, will be closely watched as markers of Beijing's ability to contain a rally that's global in nature.

Copper and aluminum were hit hard when China's plan to sell strategic reserves first emerged, but prices found support after the National Food and Strategic Reserves Administration said Tuesday that the first batch for release next month will include 20,000 tons of copper, 30,000 tons of zinc and 50,000 tons of aluminum. With the exception of zinc, the volumes look light compared with expectations, said Wang Yue, an analyst with Shanghai East Asia Futures.

While metals prices overnight were also helped by soothing words from the Federal Reserve on inflation, China's policy makers will probably be prepared to recalibrate future offerings in light of the muted reaction.

"We believe that further state reserves will subsequently be released," Daniel Briesemann, an analyst at Commerzbank AG, said in an emailed note. "The market had apparently expected a larger quantity and appears relieved, with the result that prices have actually risen again quickly."

It was always unlikely that the stockpiling agency would opt in the first instance to hose down bulls with a shockingly large amount of metal. The quantities held in state sheds are unknown, and while presumed to be vast, they are ultimately exhaustible and in need of replenishment.

Bloomberg Intelligence believes China's moves to curb speculative demand for commodities more widely will be effective because gains have largely been driven by risk appetite rather than fundamentals. Glencore Plc boss Ivan Glasenberg, meanwhile, has sided with those who believe Beijing's efforts to damp metals prices will ultimately be futile as the market responds to global stimulus demand.

Still, Beijing holds other cards. Chinese metals consumption should weaken through the summer, and manufacturing and credit growth are slowing. Most of the world's aluminum is produced in China and capacity is still growing. For copper and zinc, more overseas ore is expected to arrive as the pandemic fades, alleviating any pockets of tightness in the market. And the Fed's broadly hawkish tilt should be supportive to the dollar, which typically weakens commodities priced in that currency.

Investors have speculated that China is prepared to release 150,000 tons of zinc, 200,000 tons of copper and 500,000 tons of aluminum in several batches, said Wang at Shanghai East Asia Futures. "Volumes for future releases will differ, based on our understanding," he said. "Given the big chunk of copper reserves that the country holds, we're very likely to see much higher volumes coming to the market when needed."

Copper prices rose 0.5% to $9,351.50 a ton in London, extending a 1.3% gain seen Tuesday after the reserve sales were announced.

BUSINESS LINE DATE : 25/6/2021 P.N.12

Tin prices may rule firm on tight supplies

Shipping delays lead to demand-supply imbalance, offtake up on pandemic

SUBRAMANI RA MANCOMBU

Chennai, June 24

Tin prices are likely to rule firm until the year-end on tight supply, robust demand and low inventories, especially at the London Metal Exchange, though they are off the 10-year-high last month.

Analysts in rating agencies such as Fitch Solutions see prices weakening towards the year-end as supplies improve. But others such as CARE ratings see further upside in the metal's prices.

Tin prices had surged to their highest since 2011 to $32,975 a tonne last month on the London Metal Exchange (LME) but have retracted since to $30,364 for three months contract currently. On the other hand, tin for cash is sold at a premium of $32,079 a tonne primarily since supplies are unable to match demand. This month, LME had only 2,240 tonnes of tin stocks, indicating tight supply.

The stocks had dropped 76 per cent in April this year compared with the year-ago period.

Since the beginning of this year, tin prices have gained nearly 50 per cent. Prices have zoomed mainly on demand for consumer electronics, smartphones, electric vehicles (EVs) mainly lead-acid batteries and its increased use in lithium-ion batteries and electronic solders.

CARE ratings said that demand for tin has grown during the Covid pandemic as the metal's use in cans increased.

Tin prices surged to their highest since 2011 to $32,975 a tonne last month before retracting

Refined tin output

According to the UK-based International Tin Association (ITA), global refined tin production is 3.3-3.7 lakh tonnes with mine output being 2.7-3.1 lakh tonnes. The remaining is met through secondary production or recycling of tin.

This year, supplies have tightened as exports from Indonesia, world's largest shipper and second-largest producer of the metal, dropped 24 per cent in the first quarter this year, mainly on shortage of shipping containers and delays.

According to AfriTin Mining, which has tin assets in Namibia and South Africa, the tin market has consistently been facing a deficit and it was expected to continue to 2022. The deficit is mainly due to increasing regulations in producing countries and depletion of ore reserves.

Low investments

But, the UK-based International Tin Association says the shortage of mining capacity is due to low investments and not due to lack of tin resources in the ground.

AfriTin says that supply deficits are likely to prolong as new tin production projects are unlikely to commence in the near future, mainly in view of the current pandemic situation.

US-based ratings agency Fitch Solutions, in its outlook for the metal last month, said supply scarcity has driven tin prices to 2011 levels. The agency expects prices to weaken as availability improves.

However, it has raised its forecast for average tin prices to $23,000 for this year from the earlier $19,500 a tonne.

Reversal of output cuts

It said supplies would improve as producers such as PT Timah of Indonesia will reverse production cuts enforced last year in the coming months. It said Malaysia Smelting Corp will commission its new plant at Pulau Indah island in Klang district later this year.

Fitch said it expects tin production to increase 12.5 per cent this year, which would far exceed the last 10 years' annual growth of 0.2 per cent. Supplies would continue to improve beyond this year which could result in the metal's prices softening to 2023.

BUSINESS LINE DATE : 27/6/2021 P.N.6

Gold to remain lacklustre

While long-term sentiment remains intact, prices can drift to lower levels in the short term

BEAR HUG

Key technical indicators for MCX Gold futures (Aug expiry) remain in their respective bearish zones

AKHIL NALLAMUTHU

BL Research Bureau

Bullion prices have been under pressure in the past couple of weeks and this is reflected in COMEX net long positions. They have been declining in June after steadily increasing in May. According to the Commitment of Traders (COT) report released on Friday by the Commodity Futures Trading Commission (CFTC), net long positions in futures dropped to 656 tonnes by last week compared to about 731 tonnes at the beginning of the month. Thus, the speculators seem to be unwinding long positions as they do not see better prospects for gold. While this may not indicate long-term sentiment, prices are expected to be at lower levels in the short-term.

On the investment front, World Gold Council (WGC) data shows that the global assets under management (AUM) until the third week of June this year has seen an outflow of 136 tonnes bringing it down to about 3,626 tonnes. If prices remain lower for an extended period, more outflows can be expected which can further weigh on the price, creating a cascading effect.

Although the prices of bullion are below key averages, gold and silver closed almost flat last week. In the domestic market, gold futures (August expiry) on the Multi Commodity Exchange (MCX) closed at ₹46,925 (per 10 grams) on Friday compared to ₹46,728 a week before and the silver futures (September series) on the MCX ended at ₹68,950 (per Kg) on Friday as against ₹68,649 a week ago. In terms of the dollar too, gold and silver ended on a flat note at $1,780.3 and at $26.07 per ounce.

MCX-Gold (₹46,925)

Gold futures, which witnessed one of the biggest weekly declines a week ago stayed flat during the last week as there was no follow through action. August futures was held within ₹46,650 and ₹47,325 throughout the week. There was not much change in the outstanding open interest, showing a lack of activity. On Friday it stood at 14,384 contracts compared to 14,481 contracts a week ago.

Since the futures has already bounced off the price level of ₹46,850 in May and has not decisively breached it, the bears might be losing traction. At the same time, the price range of ₹47,325 and ₹47,500 is stopping the upwards movement by acting as a resistance band. There are certain indications that continue to hint at negative bias. The relative strength index (RSI) and the moving average convergence divergence (MACD) on the daily chart remain in their respective bearish zones and the average directional index (ADX) indicates that the bears are at an advantage over the bulls with better momentum comparatively.

Technically, as long as the contract trades in a range, the next swing in price will remain uncertain. But since there are some bearish indications and ₹46,650 being a support, one can wait on the sidelines for now and initiate fresh short positions with stop-loss at ₹47,750 if the support at ₹46,650 is breached. Those who are already holding short positions too can maintain the stop-loss at ₹47,750. Because a breakout of this level can turn the tide in favour of bulls. A break below ₹46,650 can trigger another round of sell-off which can drag the contract lower to ₹45,700, which is the nearest support. Subsequent support can be seen at ₹44,600.

MCX-Silver (₹68,950)

Like gold futures, silver futures too did not see an extension in decline and the contract (September expiry) was charting a rectangular pattern. Although it made an intraweek low of ₹67,717, the contract was stuck within the price range of ₹68,300 and ₹69,500 for most part of the week. Besides, the outstanding open interest of active futures contract saw a minor increase to 14,002 contracts from 13,914 contracts over the course of the past week. This along with a flattish price pattern shows that participants are unclear about the direction of the trend.

However, there are factors supporting a bearish inclination. One, the futures price continues to stay below the psychological level of ₹70,000. Two, the 21-day moving average has slipped below the 50-day moving average, a potential shift in the medium-term trend to the downside and three, indicators like the RSI and the MACD remains in their respective negative territories and the ADX shows that the bears have an upper hand over the bulls.

While the above signals favour sellers, one cannot neglect the support at ₹68,300. Hence, traders are recommended to short the contract if only it breaks below the support of ₹68,300. Stop-loss can be kept at ₹71,000. A breach of ₹68,300 can accelerate the down-move and can potentially drag it lower to ₹67,000, below which it can decline to ₹65,000 in the near-term.

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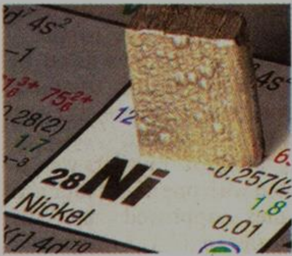
BUSINESS LINE
DATE : 29/6/2021 P.N.8

Buy nickel futures on MCX on dips



YOGANAND D
BL Research Bureau

The continuous contract of nickel on the Multi Commodity Exchange of India (MCX) found support at around ₹1,150 in this March after a sharp fall from the February high of ₹1,457 levels. The contract subsequently began to trend up in late March and has been in a medium-term uptrend since then.

The contract had met with a key resistance at ₹1,345 levels in early May and has moved sideways with an upward bias. On June 24, the contract jumped 2.7 per cent with good volume breaching the key resistance at ₹1,345 levels. Now, this level will act as a significant base for the contract. Also, it trades well above the 21- and 50-day moving averages.

On Monday, the contract fell 1.1 per cent but trades above the key base level of ₹1,345 levels. The daily relative strength index features in the bullish zone and the weekly RSI is on the brink of entering the bullish zone from the neutral region.

Traders with a short-term view can buy the contract on dips with a stop-loss at ₹1,325. A strong rally above ₹1,400 levels strengthen the uptrend and take it higher to ₹1,425 and then to ₹1,450 levels over the short term. Key supports below ₹1,300 are placed at ₹1,270 and ₹1,225 levels.

THE HITAVADA DATE : 30/6/2021 P.N.6

Gondwana Geological Society holds lecture on mineral industry

- Iron ore for India is a key to increase GDP of the mineral sector as its role is significant other than fuel minerals, says Dr Jain

Staff Reporter

THE Gondwana Geological Society conducted a virtual lecture on 'Development of the Mineral Industry -- Present Scenario' recently. Dr Pradeep Kumar Jain, Chief Mineral Economist, Indian Bureau of Mines, Nagpur was the keynote speaker of the event.

Dr Pradeep Kumar Jain

Dr Jain in his speech said, India has 1229 reporting mines as on date, excluding those for atomic minerals, fuel related and minor minerals. India imported ores and minerals worth of Rs 11,51,530 crores, whereas the value of export was Rs 1,89,683 ...res in 2019-20. ...inerals plays a key role in some industries like ce... steel, power generation, al... na, refractory, fertilisers many more.

Among the major mine... iron ore for India is a key increase GDP of the mineral se... tor as its role is significant oth... er than fuel minerals. Th... National Mineral Policy 2019 accords industry status tomining and to the mineral industry, encourages mergers and acquisitions, seamless transfer of mining leases and also the right of refusal to prospecting licence and mining licence holders.

The lecture was attended by students, researchers and eminent personalities. Dr P B Sarolkar, Secretary, conducted the proceedings while Dr Samaya Humane introduced the speaker and also proposed a vote of thanks. Dr Anjan Chatterjee, President, Dr M K Roy, Vice President, Dr D R Khandare, Joint Secretary and others were present during the event.

BUSINESS LINE DATE : 30/6/2021 P.N.16

MCX copper: Sell on rallies

AKHIL NALLAMUTHU
BL Research Bureau

The continuous contract of copper on the Multi Commodity Exchange (MCX) has rallied since March last year. Even though there have been intermittent price corrections, the overall direction of the trend has remained up.

While the contract extended the rally in 2021 as well, it faced a strong resistance at ₹740 levels in February. On the back of this, the contract reversed the trend and witnessed a considerable drop in price i.e., a 12 per cent fall because of which it declined to ₹655.

However, the bears lost momentum at ₹650 levels and since this acted as a support, bulls regained momentum and resumed its move northwards. As a result, it moved past ₹740 in April and marked a new high of ₹815 by the first week of May. But notably, the contract fell back below the ₹800-mark the same day when it hit a new high.

Unable to decisively breach ₹800, the contract started to correct. Since mid-May, the contract has been making lower lows and lower highs and it has lost nearly 13 per cent from the previous high.

Thus, the short-term outlook seems weak for copper and the bearish inclination is corroborated by indicators like the relative strength index and the moving average convergence divergence on the daily chart as they remain in their respective bearish territories. Considering the prevailing price action, the contract is likely to decline further. So, traders can short July expiry copper futures with stop-loss at ₹735 for a target of ₹675.

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