खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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VOL. 6, NO - 10 , 16th – 31st MAY 2022

THE HITAVADA DATE : 16/5/2022 P.N.7

Steel prices ease over 10%

KOLKATA, May 15 (PTI)

STEEL sector players are facing some heat owing to high input commodity prices as finished steel products have begun to decline since April after the Russia-Ukraine war broke out.

Prices in the long products segment have declined on an average of 10-15 per cent to Rs 57,000 per tonne in Kolkata market from a high of Rs 65,000 a tonne. Coal which is a key raw material for the secondary steel producers has turned out to be the major pain point, officials said. Steel prices from leading players were higher at Rs 75,000-76,000 per tonne at its peak. "Steel products, be it construction like TMT bars and structurals have come down between 10 and 15 per cent due to sluggish demand and are expected to ease a little more before it settles. While our costs have soared," Steel Rolling Mills Association Chairman Vivek Adukia told PTI.

"Our costs have increased by 50 per cent despite a compromise on quality of inputs, secondary steel producers using Direct Reduced Iron (DRI) require high quality thermal coal to make sponge iron. The imported coal price which was USD 120 per tonne had shot up to USD 300 per tonne after the war broke out. The price is not sustainable unless passed through," he said.

"Steel prices, which have been on a song for the past two years, are finally set to correct on weak seasonality, and may trade at around Rs 60,000 per tonne by the end of the current fiscal year, down from the Rs 76,000 per tonne peak it scaled last month", rating agency Crisil said in its latest report. A PSU steel maker without divulging details said there had been some easing in the price of steel.

"Demand has gone up post-COVID-19 because of a lot of spending by various Governments," the rating agency further added.

BUSINESS LINE DATE : 16/5/2022 P.N.9

It's not quite a coal renaissance in India

Why the demand for more coal to offset power shortage is nothing more than a short-term development

M RAMESH

Back to black India mined 601 million tonnes of coal over the past year BLOOMBERG

The recent shortage of power and scramble for coal has raised the question of whether India is witnessing a coal renaissance. The answer is 'no'.

At a recent webinar organised by Climate Trends, a Delhi-based company that works towards building awareness around climate risks, experts noted that the current leaning towards coal is short-term.

For reasons such as competitiveness of coal, the difficulty in getting coal power projects financed (detailed in 'How dirty coal power is taking a beating', *Business Line*, January 10, 2022), coal cannot be declared a victor.

According to a recent report titled 'Boom and bust Coal: Tracking the global coal plant pipeline', produced by a group of civil society organisations such as CAN Europe, Sierra Club and Global Energy Monitor, India is doing rather well in keeping coal under check.

The report notes that between 2015 and 2021, the planned coal power capacity declined 90 per cent, from 238 GW to 23.8 GW.

However, during the same period, operating capacity increased by 20 per cent, from 192 GW in 2015 to 232 GW in 2021, but the increase is slower than it used to be before. In 2021, 6.4 GW of capacity was added and 1.26 GW retired — the net addition is 5.1 GW. In contrast, between 2010 and 2017, the increase on an average was 17.3 GW a year. "The pace of new coal plants and proposals, as well as coal plant use, has generally slowed despite a post-Covid rebound in commissioning," the report notes.

Economic revival

Coal demand is, meanwhile, increasing due to the resurgence in economic activity.

Between April 2021 and February 2022, Indian coal companies mined 601 million tonnes, 7.5 per cent more than the 559 mt mined in the same period last year. Coal from captive mines also increased to 64 mt from 45 mt. However, imports fell to 24 mt from 42 mt. As such, there is an increase of 43 mt in coal dispatch.

Is this a harbinger of coal renaissance? Hardly.

Green campaigners are being blamed as the root cause of the present coal shortage, as the emphasis on renewable energy is seen as dampening coal production.

Countering this at the Climate Trends webinar, Sunil Dahiya, analyst at the Centre for Research on Energy and Clean Air (CREA), stressed that the 'coal crisis' is due to "mismanagement by regulators, generator and coal suppliers", because they did not foresee the upcoming demand for power — coal stocks at thermal power plants had started declining from the prescribed holding of 25-days' requirement since the summer of 2021.

Sreshta Banerjee, Director, India Just Transition Centre of the International Forum for Environment, Sustainability & Technology (iFOREST), pointed out that demand for coal will rise between now and 2030, the year coal demand is set to peak. This does not conflict with the ongoing energy transition, Banerjee emphasised; the transition, in fact, calls for calibrated tapering of coal to avert socio-economic disturbances.

Thus, if you conflate the three developments — coal power addition is slowing, financiers are keeping away from coal, and coal power increase is short-term, it is clear there is no comeback for coal in India.

Global outlook

The scene in the rest of the world is rather different. Globally, 176 GW of coal capacity is under construction; 280 GW on the drawing board.

China, for instance, initially announced 'net zero' by 2060 and peaking coal consumption by 2025. But things soon took a different turn.

In the second half of 2021, says the Boom and Bust Coal report, China experienced a shortage of coal and coal power, leading to electricity rationing. Though the crisis had little to do with coal power capacity, pro-coal interests leveraged it to rewrite the country's energy policy, the report says.

In 2021, the country added 25 GW of new coal power plants (five times that of India) and began work on 33 GW, "the most since 2016 and almost three times as much as the rest of the world put together".

This has continued into 2022 — at least 7.3 GW of new capacity in the first six weeks, more than double that in all of 2021.

BUSINESS LINE DATE : 17/5/2022 P.N.7

Power sector dues to Coal India rise 4.5% to ₹12,819 crore in April

Lowest dues in last 4 years were recorded in March; CIL regularly follows up with customers online for early recovery

RISHI RANJAN KALA

New Delhi, May 16

The outstanding dues to State-run Coal India (CIL) from the power sector rose by 4.5 per cent month-on-month to ₹12,819.41 crore in April 2022

Outstanding dues to the coal miner declined by 18 per cent in March this year from ₹15,037.32 crore in February 2022. This is the lowest dues for the month in the last four years.

The average cost of production of coal by CIL is ₹1,310.88 per tonne. The lowest dues in the past several years were recorded at the end of March 2019 at ₹8,435.19 crore.

During April, coal production by CIL grew 27.6 per cent year-on-year (y-o-y) to 53.47 million tonnes (mt), while off-take rose 6 per cent to 57.50 mt during the same period. Coal despatch to the power sector by the PSU miner was also higher on an annual basis by 15.5 per cent at 49.72 mt last month.

Dues decline consistently

The FY22 fiscal year began with the power sector's dues declining by 4 per cent to ₹20,837.62 crore in April 2021 compared to March. In the entire FY22, the power sector dues have declined consistently.

The dues fell from the April 2021 numbers to ₹16,028.41 crore at the end of the first half of the fiscal year in September 2021.

The dues at the end of October 2021 fell to ₹14,598.58 crore after which they rose to ₹15,243.36 crore in November 2021. They declined further in December 2021 (₹15,088.42 crore), January 2022 (₹15,097.01 crore) and also in February (₹15,037.32 crore).

Sources in the Coal Ministry said that the sales dues are continuously monitored by CIL and regular follow-ups are done with consumers for early recovery.

The PSU has also developed an online bill-to-bill reconciliation portal through which online reconciliation will be carried out and dues will be monitored and realised in a better way. CIL is also ensuring bilateral meetings to settle commercial disputes and has instructed coal companies that matters where commercial disputes cannot be settled bilaterally may be referred to Administrative Mechanism for Resolution of CPSE Disputes (AMRCD).

The miner has already filed claims with AMRCD pertaining to different power plants and boards, he added.

In April, coal production grew 27.6 per cent y-o-y to 53.47 mt AFP

BUSINESS LINE DATE : 17/5/2022 P.N.9

Steel exports up 25% despite cut backs by top buyer, Vietnam

ABHISHEK LAW

New Delhi, May 16

Indian steel mills witnessed a 20 per cent drop in orders from its largest export market, Vietnam, in FY22 by made up by tapping into new markets such as Turkey, the UAE, Belgium and Italy.

According to the Union Steel Ministry data, finished steel exports stood at 13.5 mt in FY22, up 25 per cent over the previous year. Exports in FY21 was 10.8 mt.

With 1.7 mt exports in FY22 to Vietnam, the country continues to be the largest market in volume terms. Finished steel exports in FY21 was 2.2 mt.

Finished steel exports from India include hot rolled coils or strips—the most dominant offering, bars and strips, plates, tin free steel, tip plates, cold rolled coils, galvanised pipe, among others. Imports, too, were down to 4.7 mt in FY22, against 4.8 mtimported in FY21.

China slowdown

The country's steel production in FY22 was 113.5mt , while consumption stood at nearly 106 mt. Trade sources told *BusinessLine* that Vietnam reduced its import of HRCs. According to them, the April Joint Plant Committee data (of the Union Ministry of Steel) showed 1.66 mt of HRC was exported to the South East Asian nation, down over 20 per cent, as against 2.11 mt previously.

Vietnam converts HRC into galvanised steel or CRCs and then export them further to other markets like China and the US. A Covid-induced lockdown leading to economic slowdown in China is seen as a reason for drop in orders. Port congestion is another factor, they say.

"As China opens up, orders from Vietnam would increase too in the coming days," VR Sharma, Managing Director, Jindal Steel and Power, said.

Alternate markets

Markets to which Indian steel mills increased exports include the UAE at 1.3-odd mt, up by over 50 per cent, y-o-y. Hot rolled coil exports formed the bulk, up by 30 per cent, say sources.

Italy and Belgium saw a 24 per cent and an over 100 per cent increase, y-o-y, at around 1.3 mt and over 1.2 mt, respectively.

Exports to Turkey witnessed a 35-time jump to nearly 1 mt. The spike was due to a sharp increase in HRC demand. "India's steel exports could remain strong in the first month of FY23, as the European Commission adjusted its EU steel imports quota system, effective April 1, to avoid regional market shortages following a ban on steel from Russia and Belarus. However, long-term sustainability could be impinged by factors like global slowdown, increasing Covid cases in China and so on," a trade source said.

BUSINESS LINE DATE : 17/5/2022 P.N.8

Copper hits 7-month low on slowdown fears

Rising Covid cases in China also drag the metal 15% from March's record high

ABHISHEK LAW

New Delhi, May 16

Copper prices continue to linger around seven-month lows over fears of a global economic slowdown and rising Covid cases in China, the world's largest consumer of the base metal. The price has hovered around the $9,000 a tonne range over the last few days at the London Metal Exchange, down from the October highs of around/over the $10,000 per tonne range.

Often seen as a barometer of the world economy, copper has slipped 15 per cent from the record highs set in March as investor focus shifts from concerns about tight supplies to weaker consumption. Fears are rising that US monetary tightening, shaky European economies and stringent Covid-19 measures in top user China will hurt metals demand globally as well as in India.

Surplus supplies

According to Hetal Gandhi, Director at CRISIL Research, after being in deficit over the past two calendar years, refined copper may be in a marginal surplus now with supplies from Chile, Peru and Africa improving. This trend should continue and, along with rising interest rates, will put downward pressure on prices.

On the Indian exchanges, copper futures of Grade A copper cathodes stood at around ₹748 per kg, down by nearly three per cent, over the ₹764 per kg seen on May 3; copper armature scrap prices (CU99 per cent) were down to ₹705/ kg, lower by over 4 per cent, against the ₹736/kg price it commanded on May 4.

The domestic price of copper wire bars averaged ₹738 per kg (ex-factory) last fiscal, a 42 per cent increase year-on-year, with prices breaching ₹800 per kg in March, before retreating to ₹790 per kg. Jagmohan Sood, Director, Jindal Stainless (Hisar) Ltd said, over the last few weeks, most metal prices have decreased on the London Metal Exchange and other exchanges. A wave of rising coronavirus cases in China, hinting at a further lockdown-like situation with strict restrictions, and the recent increase in interest rates by the Fed.

Prices under pressure

"Consequentially, market participants are worried about stable demand levels, chiefly with respect to China. In the last one month, prices of nickel, copper, and zinc have slipped by nearly 15 per cent, 17 per cent and 12 per cent, respectively," he told *BusinessLine*.

For the rest of this fiscal, however, we see domestic prices declining gradually, to average ₹720-725 per kg.

Prices are expected to remain under pressure, say analysts tracking the sector.

According to Koustav Mazumdar, Associate Director, CRISIL Research, the treatment charge and refining charge (TC/ RC) margins have been clawing up over the past four quarters (for Indian players), hitting $80 per tonne in the second quarter of calendar 2022, implying a 48 per cent rise.

"As mine supplies in Peru and Chile normalise over the year, aided by new capacities in Africa, TC/ RC margins will improve further." Indian players, analysts say, are mostly converters and refiners, given their limited access to mines. Their profitability depends primarily on TC/RC margins, which is dependent on availability of copper concentrate.

Supply of copper concentrate was impacted in 2020 and 2021 as Peru and Chile grappled with issues ranging from Covid-19 to labour strikes.

BUSINESS LINE DATE : 17/5/2022 P.N.4

EV plan hinges on securing rare minerals

EV manufacture entails use of various scarce resources. Securing their supply through deals with resource rich nations is vital

RAHUL MAZUMDAR

Top producers of rare minerals 2020

Metal	Share of key producers	India's production share
Lithium	Australia (49%), Chile (22%), China (17%), Argentina (8%), Brazil (2%)	-
Graphite	China (65%), Brazil (10%), Madagascar (5%), India (3%), Mozambique (2%)	3%
Cobalt	Congo (68%), Australia (4%), Cuba (4%), Canada (3%), Philippines (3%)	-
Manganese	South Africa (32%), Gabon (16%), China (13%), Australia (10%)	5.32%
Nickel	Indonesia (33%), Philippines (13%), Russia (9%), New Caledonia (8%) Australia (7%)	-

Expected mineral demand of the EV sector
(In thousand tonnes)

	2020	2030	Growth (%)
Graphite	141.03	2,499.25	1,672
Nickel	80.47	1,566.94	1,847
Copper	110.32	1,632.63	1,380
Lithium	19.83	358.39	1,707
Cobalt	21.12	256.64	1,115
Manganese	25.34	246.28	872

EVs need more minerals than a conventional vehicle

	Conventional vehicle	Electric vehicle
Graphite	-	66.3
Nickel	-	39.9
Copper	22.3	53.2
Lithium	-	8.9
Cobalt	-	13.3
Manganese	11.2	24.5

Source: UK, British Geological Survey, IEA, India Exim Bank Research,

India automotive industry is experiencing a paradigm shift as it tries to switch to alternative and less energy demanding options like electric vehicles (EV). The transition from petrol to EV is a significant step in the move to a net-zero future, but at the same time it also impacts India's import dependency.

EVs, ike various low carbon technologies, use several exotic metals in their design. Many of these metals are considered critical in the sense that they are required for effective functioning of the EVs. While the government has set a high target for EV sales, India is not endowed with many of the rare minerals such as lithium, cobalt, and nickel, which are used to make lithium-ion (Li-ion) battery cells, which then is utilised to generate electric car batteries.

In 2020, Australia was responsible for 49 per cent of global lithium production, while 65 per cent of graphite is produced in China, 68 per cent of cobalt in Congo, and 33 per cent of Nickel in Indonesia. Apart from graphite and nickel where India has 3 per cent and 5.32 per cent share globally and is amongst the top five, in rest there is a huge deficiency.

According to the IEA's Sustainable Development Scenario, the demand for graphite, nickel, copper, cobalt and manganese is expected to see phenomenal growth, with lithium being the most sought after. The anode in Li-ion batteries requires graphite and, apparently, there are no substitutes for it. The cathodes, which also require Li-on, contains nickel and delivers high energy density, allowing the vehicle to travel further.

Cobalt is important for EV as it prevents the cathode from overheating while extending the life of batteries. Manganese, on the other hand, contributes 61 per cent of the cathode needs of the batteries.

International Energy Agency mentions that the amount of minerals an electric car would require would be at least six times more than a conventional petrol and diesel vehicle. This in essence would increase the demand for specific commodities required for EVs.

Possible measures

This rising demand could also become a cause of concern given the dependency on select rare minerals for inputs towards manufacturing of EV, which in the process may lead to cost escalation.

The semi-conductor shortage which began at the end of 2021 has still not been resolved completely and has hindered multiple industries. A similar hiccup can impact India's upcoming EV industry in a big way at any point of time. Anticipating such issues and taking measured steps could reduce the risks of price volatility and supply disruptions emanating from rare earth.

Firstly, some of the state-run companies can form a joint venture to secure mineral assets which would be of demand for mass adoption of EVs by 2030.

The learnings of International Coal Ventures Ltd may be looked into while forming such strategic joint ventures. Multiple Japanese companies are engaging with firms in Australia and Kazakhstan to develop mining projects, in order to reduce dependence on China.

Secondly, Indian exploring companies may look at opportunities for international collaborations in this space. The partnership could also be in the areas of joint exploration, and refining, and trading of critical minerals.

In December 2018, Geoscience Australia and the US Geological Survey agreed to collaborate and work together on critical minerals issues.

Thirdly, a dedicated cell could be created by the government of India towards regular monitoring of availability of rare earths and other critical minerals under the Ministry of Mines. In this context, it is observed that countries like Japan have earmarked a $1.5-billion fund for developing alternative sources of rare earths, notching up the push for joint venture partnerships.

Similarly, the US too in 2019 developed 'A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals' given the trade tensions between US and China.

Fourth, a few years back the Australian and the US mineral agencies signed a deal to jointly develop a better understanding of their critical minerals' reserves and in the process explore their existence in other parts. India may like to have bilateral engagements under new platforms like QUAD to secure its needs in the years to come.

Lastly, India could explore the possibility of formation of an intergovernmental body amongst the Developing South, something akin to OPEC of 1960. This could include Chile, Argentina, Brazil, Cuba in Latin America; Congo, Gabon, Madagascar, Mozambique, and South Africa in Africa; Indonesia, the Philippines, and Russia, apart from India.

In the process of reducing its import reliance on crude, India may find itself dependent on other minerals jeopardising its EV ambition. If India wants to shift to EV, it is but imperative to secure its mineral resources which would be quintessential for its growth.

The writer is an Economist with India Exim Bank. Views are personal

BUSINESS LINE DATE : 18/5/2022 P.N.2

Steel prices slide $100/tonne globally; mills revise prices

Downtrend spurred by fears of global recession, continuing lockdown in China

ABHISHEK LAW

New Delhi, May 17

Steel prices are witnessing a correction globally, and are down by around $100 per tonne over a three to four-week period, amidst fears of global recession and continuing lockdown in China in view of rising Covid cases there.

In India, the approximate price of hot rolled coils (HRC) is at around $900 a tonne in May, from $1,000-$1,010 a tonne in April. For the same period (May versus April), the price in China was down to $720 a tonne from $820 a tonne, and in Japan it is $956 a tonne from $970 a tonne.

Vietnam bucks trend

India's biggest export market, Vietnam though has managed to buck the trend with HRC prices there witnessing a rise of $20 a tonne (2 per cent MoM) or at $950 a tonne in May from $930 a tonne for April, data collated by Steel Mint shows.

Rebar prices in India are down to $916 a tonne in May, as against $970 in April; while in Vietnam, it is down to $715 a tonne in May versus $850 / tonne in April. In Japan, it is down to $794 / tonne ($800/ tonne). In India, mills have also revised prices for a second time in May, say trade sources.

Prices are down by "around $50 per tonne" (or around ₹3500 a tonne) "at least" over a one month period and a second revision was done mid-May. Rebar prices are expected to come down in the $865 a tonne range. Reduced demand from infrastructure players who have slowed down construction; and slowing exports are seen as some of the reasons for this revision.

"Steel prices are down by at ₹3,500 a tonne or a $50 a tonne fall, averaging out across categories. Its a temporary blip that has been witnessed over the last one month," VR Sharma, MD, Jindal Steel and Power, told *BusinessLine*.

To stabilise gradually

According to him, a gradual stabilisation of prices is expected over the next few months, if energy prices and other input costs remain at current levels. The Russian invasion of Ukraine, saw a shoot up in price of Brent crude (Russia being a major exporter) and it is now anticipated to be at $100 a barrel for the year; while European natural gas prices have almost doubled.

VR Sharma, Managing Director, Jindal Steel and Power

Demand slowdown

"Demand slowdown due to energy inflation and rising raw material prices are expected to stabilise in a month or so if factors like crude and energy prices remain at current levels. A major look out would also be the Chinese stimulus package offered to pull up economic conditions there," he said.

India is expecting a 6 -8 per cent growth in steel demand.

Demand outlook

ArcelorMittal, Europe's largest steel producer, and with a global footprint including in India and the US, said demand for steel — a key barometer for global economic growth — is expected to see a slight contraction.

"Market conditions are very strong, although we are now anticipating apparent steel consumption to contract slightly this year compared with 2021," Chief Executive Officer Aditya Mittal said in the statement. "Nevertheless, it is clear that the longer-term fundamental outlook for steel is positive," he added.

Trade sources say, steel consumption in Europe is expected to decline 2-4 per cent in 2022 due to negative impact of rising inflation. Ukraine will see a 10 per cent slump during the year; and could turn a steel importer as it comes out of the war.

China's full year recovery is still uncertain as the country continues to grapple with Covid-led lockdown, a real estate sector crisis and port congestion leading to continued supply chain disruptions.

BUSINESS LINE DATE : 18/5/2022 P.N.8

MCX lead: Hold longs, retain stop-loss at ₹177

COMMODITY CALL

GURUMURTHY K
BL Research Bureau

The lead futures contract on the MCX is attempting to bounce back after testing the lower end of its range. The MCX Lead contract has been trading in a broad range of ₹179-₹198 per kg for a prolonged period of time since October last year.

On May 4, we had recommended to go long at ₹182.5 and accumulate at ₹180. Retain the stop-loss at ₹177. Resistance is in the ₹184-₹185 region. Traders holding this long position should watch this resistance carefully. If the contract fails to break above ₹185 and reverses lower, exit the longs. If the contract manages to break above ₹185, the overall sideways range will remain intact. That break can trigger a rise to ₹190-₹195, which can be seen in the coming weeks. In that case, trail the stop-loss up to ₹184 as soon as the contract rises to ₹187. Move the stop-loss further up to ₹189 as soon as the contract touches ₹193 on the upside. Book profits at ₹196.

If the contract reverses lower from ₹185, the danger of falling below ₹179 will increase. A decisive break below ₹179 will drag the contract lower to ₹172-₹170. Traders can exit the longs if the contract reverses lower from ₹184-₹185. Then wait for a break below ₹179 and take fresh short positions. Keep the stop-loss at ₹183 and exit at ₹171.

BUSINESS LINE DATE : 18/5/2022 P.N.8

Aluminium gains as LME stocks drop to record low, China eases Covid curbs

Prices rise over 3 per cent in the last two trading sessions

OUR BUREAU
Chennai, May 17

Aluminium prices have gained over three per cent in the past two sessions on the London Metal Exchange (LME) after shedding nearly 35 per cent from the record high of $4,073.50 a tonne on March 4 this year.

ING Think, the financial and economic analysis wing of Dutch multinational financial services firm ING, said the metal has gained primarily after stocks dropped to a record low of 2.6 lakh tonnes. Chinese officials announcing the gradual reopening of regions such as Shanghai from the Covid lockdown has also spurred the metal higher.

On Monday, three-month contracts for aluminium ended at $2,842 from $2,742 on May 12, while spot rates were quoted at $2,791 a tonne. Prices of the metal zoomed following sanctions on Russia and security issues at the Black Sea.

Russia sanctions

The white metal, used in a variety of industries starting from cans and kitchen utensils to automotive to aeroplane parts, had been rising since the beginning of the Chinese economic recovery from Covid-19 in the second half of 2020. Last year's severe power crunch in China further boosted aluminium as smelters curbed production.

The drop in LME "on warrant" stocks to a record low reflected a tightness in the non-Chinese market, ING Think said.

Zero-Covid strategy

US research agency Fitch Solutions Country Risk and Industrial Research (FSCRIR), a Fitch unit, said aluminium, which had rallied smartly in the first quarter this year following the Russia-Ukraine conflict and concerns over supplies, had dropped to pre-conflict levels in view of the Chinese Covid lockdowns and weakening demand. China's zero-Covid strategy and resulting strict lockdowns severely impacted aluminium supply chains, first causing uncertainty around supply from lockdowns in producing regions, and subsequently impacting demand from end-use sectors countrywide that are impacted by lockdowns, Fitch said.

Fitch Solutions said it forecasts aluminium prices to average at $3,000 a tonne this year as the market is expected to stabilise in the second half of the year. Prices are expected to drop further and average at $2,800 next year.

Supply exceeds demand

ING Think said Chinese supply growth has begun to exceed demand. It pointed to China's latest data showing primary aluminium production rising to 3.36 million tonnes in April, up a tad 0.3 per cent year-on-year. But demand has been soft due to Covid lockdowns in China.

The Dutch multinational firm's financial and economic analysis wing said aluminium production had recovered faster than expected. It also pointed out the data showing Chinese exports of primary aluminium and aluminium products at 5.97 lakh tonnes, outstripping 1.97 lakh tonnes of imports.

Fitch Solutions said it continues to see downside risks to its 4.5 per cent Chinese growth forecast for this year but it expects Chinese demand to "eventually pick up" in the second half. It would help prices to stabilise.

BUSINESS LINE DATE : 19/5/2022 P.N.8

MCX copper: Hold short positions, add more if it rises

COMMODITY CALL

GURUMURTHY K
BL Research Bureau

The copper futures contract on the Multi Commodity Exchange (MCX) broke below ₹750 per kg in line with our expectation. But the fall did not sustain.

The contract made a low of ₹738 last Friday and has rebounded. However, the broader view remains bearish. The contract made a high of ₹770 and is declining again. It is currently trading at ₹761 per kg. Strong resistance at ₹777-780 can cap the upside. We expect the contract to reverse lower again and fall to ₹740 and ₹730. A decisive break below ₹730 will trigger a fresh fall to ₹710-700 and even lower.

Strong resistance at ₹777-780 could cap the upside

Hold on to the shorts we had recommended last week at ₹762. Accumulate shorts on a rise to ₹770. Retain last week's trading strategy. Keep the stop-loss at ₹791 and trail it down to ₹748 when the contract falls to ₹732. Move the stop-loss down to ₹728 as soon as the contract touches ₹721 on the downside. Book profits at ₹717.

The bearish view will be negated only if the contract breaks above ₹780 decisively. Such a break will then open the doors for a fresh rally to ₹800-815. But that looks less likely now as the contract seems to be losing strength. The recent fall over the last couple of months gives an early sign of a trend reversal. A strong fall below ₹700 will confirm the same.

BUSINESS LINE DATE : 19/5/2022 P.N.9

Coal imports: Centre worried over delay by some States

Says domestic coal supply will be cut by 5% for those who do not meet deadline

OUR BUREAU

New Delhi, May 18

As coal reserves at power plants dip to a low of seven and a half days, the Centre on Wednesday said it has asked States to take immediate steps to import the fuel for blending. The Centre also expressed concern over the delay by Uttar Pradesh, Karnataka and West Bengal in kicking off the tendering process.

The Power Ministry has directed all Gencos to import 10 per cent coal for blending by May 31. If blending is not started by June 15, domestic coal allocation will be reduced by 5 per cent to the laggards.

Blending with imported coal

This would mean the plants that do no meet the deadline, the defaulting Gencos and power producers will have to import 15 per cent coal to make up for the shortfall.

"The Minister of Power RK Singh has written to States that gencos may be asked to take immediate steps to import coal for blending in order to meet their requirement during Monsoon. The Minister — in separate letters to Haryana, Uttar Pradesh, Karnataka and West Bengal — has expressed concern that the tender process for coal import has either not started or not been completed," the Ministry said in a statement.

While advising States to import, the Ministry had asked them to ensure delivery of 50 per cent of quantity by June, 40 per cent by August and remaining 10 per cent by October, it said.

"It has further said that not much blending has taken place in the months of April and May. Power plants (who have not yet started blending imported coal) will ensure that they blend coal at the rate of 15 per cent up to October 2022 and thereafter at the rate of 10 per cent from November 2022 to March 2023," it added.

All gencos have been advised to ensure adequate stocks at their power plants until October 2022

Shortfall likely

The ministry, in the letter to State Secretaries, Principal Secretaries and gencos, said that keeping in view the likely shortfall of coal supply from domestic sources as compared with the requirement to meet power demand, domestic coal will be allocated proportionately to all gencos based on likely availability from June 1 and the balance requirement will need to be met from imported coal for blending purpose and target set for production in captive coal mines.

"All gencos have been advised to ensure adequate stocks at their power plants for smooth operation until October 2022," Singh said in the letter.

Rail-cum-Road mode

The Minister has also said that State Gencos may lift the entire quantity of coal offered under RCR mode expeditiously to build coal stock. He stressed that in case of failure on either account, it would not be possible to give additional domestic coal to make up the shortfall.

BUSINESS LINE DATE : 20/5/2022 P.N.7

Domestic iron ore prices plummet on weak demanc

Odisha iron ore fines quoted at ₹5,500/t on May 17 against ₹6,050 last month

ABHISHEK LAW

New Delhi, May 19

Iron ore prices in the country have fallen to ₹5,500 per tonne, correcting by 9 per cent month-on-month (m-o-m), following a weak demand outlook because of falling domestic prices of steel and other metals and a global economic slowdown.

The price of Odisha iron ore fines (with 62 per cent FE content) stood at ₹5,500 per tonne on May 17 as against ₹6,050 per tonne last month, sources told *BusinessLine*.

State-run Odisha Mineral Corporation (OMC), decreased base prices for its iron-ore fine auctions slated on Thursday by nearly ₹800 per tonne; with nearly 1.23 million tonnes being out for auctions. Iron-ore lump auctions received bids for a little over 60 per cent of the stock. Around 876,000 tonnes was put up for auction; and 538,000 tonnes received bids. Prices were lower by ₹1,500-odd per tonne compared to last month.

Meanwhile, NMDC is yet to announce any price changes. Its monthly revision on April 30 saw the company keep domestic prices unchanged (from April 1 revision) at ₹6,100 per tonne for iron ore lumps (with 65.5 per cent FE content) and at ₹5,160 per tonne (for 10mm fines with 64 per cent FE content). Lump prices are lower by over 20 per cent y-o-y, while fine prices are down by 21.3 per cent y-o-y.

Pellet prices

Domestic pellet prices, too, are down, primarily because of lesser than expected Chinese buying. Covid-curbs and economic slowdown continue to weigh in heavily on demand thereby impacting prices, hitting Indian exports too.

Odisha Mineral Corporation lowered the base prices for Thursday's iron-ore fine auctions, while NMDC is yet to take a call on prices

Steelmint said its domestic pellet index (for FE63 per cent) was at ₹10,400 per tonne (Raipur) on May 14, the lowest since December 2021. Prices elsewhere - Barbil (Odisha) and Durgapur (West Bengal) - saw a near ₹650 per tonne decline week -on-week, it added in a report. Domestic pellet-based sponge iron prices have also fallen.

The drop in sponge-iron prices and that of semi-finished steel have affected prices; as have subdued export sentiments in steel, with shipments (exports) falling. Weak buying sentiments continue in the domestic market, too. Higher prices have dented domestic steel consumption, while steel exports have slowed with weaker international demand.

Accordingly, steel prices in India are seen correcting and are said to be down by approximately ₹3,500 per tonne in mid-May.

THE ECONOMIC TIMES DATE : 21/5/2022 P.N.4

'Imported Stainless Steel Hurting Indian MSMEs'

Chinese, Indonesia steel has flooded Indian market after anti-dumping duty was revoked: Jindal Stainless MD

Nehal.Challawala@timesgroup.com

Mumbai: The government's move to remove import duties on stainless steel has resulted in Chinese and Indonesian companies dumping their products locally, cornering up to 40% market share, said Abhyuday Jindal, managing director of Jindal Stainless, India's largest manufacturer of the alloy.

Import duty on stainless steel duty was first suspended during the union budget of FY22 and then completely scrapped in the latest budget. This has resulted in a sharp increase in the import of stainless steel from China and Indonesia.

Import of stainless steel from China and Indonesia went up by 184% in FY22 compared to the preceding year, accounting for a fourth of India's consumption. The share of imported stainless steel from these countries was as high as 40% in the month of January, Jindal claimed.

"The biggest threat is imports," he told ET in an interview. "And this has happened purely because last year our finance ministry removed duty on imported steel without any investigation, without checking with the industry or the steel ministry."

In her budget speech in February, finance minister Nirmala Sitharaman had announced the scrapping of anti-dumping and countervailing duties on stainless steel "in larger public interest considering prevailing high prices of metals."

However, Jindal argued that the dumping of imported stainless steel was hurting Indian MSMEs. There was no rationale for scrapping the import duties when the whole world has levied imported duties on Chinese and Indonesian stainless steel, he said.

THE HITAVADA DATE : 21/5/2022 P.N.6

Steel prices witness correction of Rs 8,000-10,000 per tonne

■ Business Bureau

AFTER touching its all time high recently, steel prices are now witnessing a correction as demand for the commodity is showing downfall across the globe. Interestingly, the prices are coming down even as the raw material price for the commodity is maintaining its upward trend.

Steel prices were at its peak in the month of March amidst Russian invasion on Ukraine and other factors in the international markets. However, the prices have come down in the range of Rs 8,000 to Rs 10,000 per tonne in the domestic markets. In March, steel prices were as high as Rs 75,000 to Rs 80,000 per tonne (plus 18 per cent GST).

Rajesh Sarda, President of Steel and Hardware Chamber of Vidarbha, said that the dip in steel price is mainly due to fall in demand. "As the prices were flying very high during the months of March and April, it seems that the buyers are on 'wait and watch mode' which is eventually affecting the prices," he said.

Sarda said that the current market conditions are not supporting construction activities. "High price of cement and increased labour charges have negatively impacted the construction activities," he observed.

However, Sarda expected the prices to stabilize in coming days and said that the demand for steel would pick up very soon. "All those who have put the construction activities on hold would generate good demand for steel," he felt.

Alok Agrawal, one of the prominent dealers of steel, said the recent price rise was unrealistic. "As soon as the war between Russia and Ukraine began, the steel prices started moving up dramatically. And in a very short span of time, the commodity price was at its peak. This was not a real hike and it had to come down," he said, adding that the prices are now stabilising.

It is important to note that many infrastructure developing companies had also suspended work at most of the projects on account of the high prices of steel and cement.

Many builders and developers were also on the back foot. They were seen shying away from buying steel during March - April saying that the high prices would take the ultimate price of households beyond the reach of the home buyers.

MAIN STEEL PRODUCERS' PRICES

TMT Bar	Prices per tonne + GST
8 mm	Rs 68,000 + 18% GST
10 mm	Rs 67,000 + 18% GST
12 mm, 25 mm	Rs 66,000 + 18% GST

LOCAL STEEL PRODUCERS' PRICES

TMT Bar	Prices per tonne + GST
8 mm	Rs 57,000 + 18% GST
10-25 mm	Rs 56,000 + 18% GST

BUSINESS LINE DATE : 22/5/2022 P.N.12

JSW Steel says it has stepped up use of pulverised coal from Russia

It is an auxiliary fuel used in the blast furnace iron-making

ABHISHEK LAW

New Delhi, May 21

JSW Steel has increased its share of pulverised coal imports from Russia to 10-15 per cent, up from 2-3 per cent previously, its Deputy Managing Director, Vinod Nowal, told *BusinessLine*.

Pulverised coal is an important auxiliary fuel used in the blast furnace iron-making.

PCI or pulverised coal injection is a process which involves injecting large volumes of fine coal particles into the blast furnace. It provides auxiliary fuel for partial coke replacement and is seen as an economical as well as environmentally favourable one (by improving blast furnace efficiency).

The coal has been obtained via the Far East route, market sources said."Supplies of pulverised coal from Russia are up. Previously it was in the 2-3 per cent range of our total supplies and now it is up at 10-15 per cent," he said on the sidelines of an Assocham event. Nowal is also the Chairman of Asocham's National Council on Iron and Steel.

Steel Prices

According to Nowal, steel prices have seen a dip over the last few weeks but would see further corrections as the global economy stabilises. Demand projections for India continue to be in the 6-8 per cent range (growth per annum).

"However rising input costs, including that of imported coking coal and petcoke, are a worry. If you see, imported coal prices shot up to \$700 per tonne post the Ukraine war; and have now corrected to \$500 a tonne. Even then it is fairly high than what it was, say, even a year ago. Other inputs like iron ore costs are high still. So, there is definitely an impact of this on margin of Indian steel mills," he said.

European steel prices are down \$100 a tonne over the last one month, while in India, hot rolled coil prices are down to ₹72,000-73,000 a tonne from ₹76,000-77,000 in March.

Capex plans

Nowal added that the company's previously announced expansion plans are on track and include the 5 million tonne per annum plant that is coming up at Vijaynagar in Karnataka at an estimated investment of ₹15,000 crore. The plant is expected to be completed by March 2024.

BUSINESS LINE DATE : 23/5/2022 P.N.10

Specialty steel PLI scheme deadline may be extended, to step up participation

Tweaks to the conditions also expected

ABHISHEK LAW

New Delhi, May 22

The PLI scheme for specialty steel could see another deadline extension, by at least two weeks, and some more tweaks to conditions for want of requisite number of takers, a Steel Ministry official told *BusinessLine*.

The scheme has so far received 10 applications and 58 registrations, the official said. The PLI scheme has already seen two deadline extensions — once to April and then to May 31 — from the original March 29 cut-off.

'Specialty steel' is a downstream, value-added product which has various strategic applications, including in sectors such as defence, space, power, automobiles, and specialised capital goods.

"We are factoring in some more suggestions from the industry and there could be a likely extension of the last date by a further two-three weeks. It's not final yet, but there could be certain modifications that will be incorporated," a Ministry official said.

The PLI scheme has a budgetary outlay of ₹6,322 crore

New modifications

Some new modifications include a uniform incentive on the production of specialty steel. More grades — especially those used in the defence sector — could be added to the scheme. The five categories of specialty steel previously chosen were coated/plated steel products, high strength/wear-resistant steel, specialty rails, alloy steel products and steel wires, and electrical steel.

It is reported that some concerns had been raised around the ₹200-crore eligibility criteria across product categories, the threshold on minimum incremental production, and the minimum investment. For smaller players, even ₹200 crore is a high bar.

Therefore, for facilitating secondary steel-makers, the Ministry is planning to do away with the minimum investment cap. Requirements on setting up of minimum capacity may also be done away with.

With a budgetary outlay of ₹6,322 crore, the PLI scheme is expected to bring in investment of approximately ₹40,000 crore and generate both direct and indirect employment. The duration of the scheme is five years, from FY24 to FY28.

Centre slaps export duty on steel, materials to cool prices

Iron ore to attract export levy, too; frees coal imports from duty

ABHISHEK LAW

New Delhi, May 22

To rein-in prices and preserve domestic supplies, the government today imposed stiff export duty on steel, steel-making raw materials and intermediaries. It also waived import duty on coal.

Per the new order, an export duty of 15 per cent will be levied on hot-rolled and cold-rolled alloy and non-alloy flat steel products (of 600 mm or more width). Similarly, a 15 per cent duty will be levied on exports of hot-rolled bars and rods, other bars and rods of iron or non-alloy steel, flat-rolled products of stainless steel, bars and rods of stainless steel, angles, shapes and sections of stainless-steel.

Iron ore exports (for all grades and including concentrates) will attract a 50 per cent duty. A 45 per cent export duty has been levied on iron ore pellets. The duties come into effect from Sunday.

Relief measures

- Hefty export duty imposed on steel, steel-making raw materials and intermediaries
- Levies cut on all grades of coal imports (coking and metallurgical coal) and pulverised coal
- Iron-ore exports (including concentrates) will attract 50% duty. Iron ore pellets to attract 45% export duty.

Levies cut on coal import

The Centre also cut levies on all grades of coal imports (coking and metallurgical) and pulverised coal to offer relief to end-user industries including sponge-iron and secondary steel makers. High energy cost — because of rising prices of imported coal — has been a common complaint from manufacturers.

Rising domestic prices

Steel companies had been increasing prices citing costlier coking coal and rising energy cost. Iron-ore prices, too, have been hovering around their historic highs. With the duty tweak, domestic steel prices are expected to cool.

Typically, a ₹1,000/tonne cost reduction in iron-ore works out to be ₹1,600/tonne reduction in steel prices, all other input costs remaining the same.

"Some correction in steel prices is expected in the coming weeks, which we are hopeful of passing on to our customers," VR Sharma, Managing Director, Jindal Steel and Power, said.

Domestic steel prices eased to around ₹73,000 per tonne in May from ₹76,000 levels in April but still remain elevated compared to last May prices of around ₹66,000 per tonne.

According to officials across some of India's top mills, if prices in the international markets rectify to $1,000-1,100 per tonne levels, it would continue to be profitable to ship steel items even with the 15 per cent duty.

Globally, there is a near-45-million-tonne per annum supply deficit, with Russia and Ukraine out of the market, and this is where Indian mills are stepping in.

"Current spot prices of steel, in the export market, are at $900-1,000/tonne and even with the 15 per cent export duty, shipments will be viable," an industry executive told *BusinessLine* requesting anonymity.

Weak demand outlook

Globally, steel prices (hot rolled coils) have been declining on weak demand outlook, recessionary pressures and the prolonged lockdown in China.

"Prices are likely to firm up as orders resume from China and Vietnam, a key Indian export market. European quotas are likely to be revised upwards, too. So, the current drop in prices look temporary," the official said.

In FY22, India's finished steel exports jumped 25 per cent y-o-y to 13.5 million tonnes (mt).

A Sakthivel, President, FIEO, said the measures will add to the competitiveness of manufacturing and export sector and will push value-added exports. "These measures will also ease the logistics pressure as in some cases the same raw material was being exported and subsequently being imported by downstream users."

However, exporters say, there are some grey areas. For one, it does not specify a time frame till when the duty will be in force. Also, it is not clear if the levy will apply to orders booked before May 22.

Relief for realty sector

The real-estate sector would be a key beneficiary of any cooling in steel prices. Industry body Credai had been pointing to rising prices of steel and cement that had pushed up construction costs by ₹400-500 per sq ft.

"The move will help real estate developers negate increased construction costs over the last 2 years," HV Patodia, President, CREDAI, said.

THE ECONOMIC TIMES DATE : 23/5/2022 P.N.11

Steel Cos in a Fix over Hike in Export Duty

Move will force cos to review capex plans: Industry execs

Our Bureau

Combating Inflation

On Sat, govt imposed a 45% export duty on iron ore and 15% duty on steel exports

Move meant to rein in inflation will make Indian steel less competitive, say top execs

Steel levy to bring some respite to automotive, electronics and construction cos

India's steel exports in 2019-20 were 11.2 m tonnes, and in 2021-22, it rose to 18.4 m tonnes

Mumbai: The Centre's weekend decision to levy a 15% export tax on steel products and iron ore to rein in domestic inflation may force a review of capital-expenditure (capex) plans at local steelmakers that risk being outdone by Chinese and Russian mills globally, industry captains told **ET**.

India's steel exports in 2019-20 totaled 11.2 million tonnes; in 2021-22, shipments rose to 18.4 million tonnes.

"This quantity (export) cannot be absorbed in the domestic market as almost all steel producers are affected by the new export duty regime," Seshagiri Rao, JSW Steel's joint managing director, told ET. "Capacity utilisation will fall, and consequent reviews of further capex plans are inevitable."

To be sure, iron ore now faces a 50% duty and pellets 45%.

Steel was the front-runner in reviving private capex locally. Cumulatively, steelmakers have earmarked capex of more than ₹1 lakh crore in the next two to three years. Tata Steel, JSW Steel, JSPL and ArcelorMittal/Nippon Steel have announced ambitious plans that would almost double capacities by 2030.

They were encouraged by the Indian government to target 300 million tonnes of steelmaking capacity by 2030, from about 100 million tonnes. The supercycle in metals and commodities encouraged them to rapidly slash debt on their balance sheets and simultaneously draw up huge capex in anticipation of steel demand as governments worldwide invest in infrastructure.

Top executives at four leading steelmakers said capex would be reviewed as the surplus steel hitherto exported will now find its way into the Indian market.

Imposition of a 15% duty on exports makes it unviable to operate steel plants at full capacity, say experts

To be sure, the government's move to impose export tariffs will bring some respite to end-user industries such as automotive, consumer electronics and construction, where high steel prices have squeezed corporate margins and hurt consumer demand.

Echoing the views of Rao, the managing director of one of India's leading steelmakers said that "this move to impose export duty is not good for private investment in the steel sector. This sector will expand only as much as domestic demand grows, and India will miss an opportunity to become a strong net exporter of steel".

The imposition of a 15% duty on exports makes it unviable to operate steel plants at full capacity, experts said. The government recognises the pain of high coking coal prices and has removed the duty on coal. Rao and his peers believe it will only have a "marginal impact" as coking coal prices are at "historically elevated levels".

"We invest based on demand and profitability. For export markets, profitability will not be good enough to justify capacity expansion," said the executive who did not wish to be named.

India was a 'net importer' of steel until a few years ago.

VR Sharma, managing director of Jindal Steel and Power, said that steelmakers export the excess production after meeting domestic demand and steel exports weren't necessarily at the expense of the domestic manufacturing sector. The increase in steel prices, he said, was due to global reasons, such as the Russia-Ukraine conflict, that sent energy costs soaring.

THE ECONOMIC TIMES DATE : 23/5/2022 P.N.5

Major exporters like Tata Steel, JSW Steel, and Jindal Steel & Power likely to be impacted the most

Steel Stocks Set to Face Export Duty Heat

Rajesh.Mascarenhas
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Mumbai: Steel stocks are likely to see a correction in the short-term as the levy of export duties on certain steel products is negative for the sector, while a reduction in customs duties on raw materials and the consequent lower steel prices would benefit sectors such as construction, capital goods and automobiles.

"Export duty on steel is likely to result in higher domestic supplies, thus exerting downward pressure on prices," said Kunal Motishaw, analyst, Reliance Securities. "Domestic steel companies like Tata Steel, JSW Steel, and Jindal Steel & Power are likely to be impacted the most as exports account for 15-28% of overall sales."

India exported 13.5 million tonnes (MT) of finished steel in FY22, compared with 10.8 MT in FY21, while domestic steel consumption stood at 106 MT during the same period, up from 94 MT in FY21. India's iron ore exports stood at 15.3 MT in FY22, while that of iron ore pellets stood at 11 MT.

The government on Saturday decided to impose hefty export duties on crucial steelmaking raw materials like iron ore and pellets. Export duty on iron ore has been increased to 50% across all grades from 30% for lumps, while that on pellets has been imposed at 45% from nil earlier, making exports unviable. Further, the government has imposed a 15% export duty on hot-rolled, and cold-rolled steel products from nil earlier.

On the import front, the government has cut import duty on some raw materials like PCI and coking coal to nil from 2.5%, while on met coal and coke and semi-coke from 5% to zero.

"Steel companies will have to bear the 15% duty as export contracts are mostly fixed. Also, as demand in the exports market has turned weak, this will further aggravate the pressure," said Kamlesh Bagmar, deputy head of research, Prabhudas Lilladher.

Steel Cos & Returns

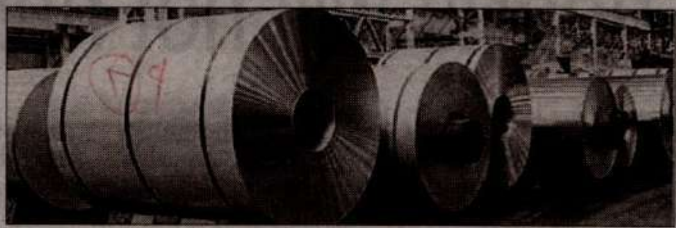
Stock	LTP (₹)	2Y Returns (%)	PAT FY21 (₹Cr)	PAT FY22/ TTM (₹Cr)
JSW Steel	631.10	279.84	7,911	21,629
Tata Steel	1170.60	326.53	7,490	40,154
Jindal Steel & Power	478.80	395.65	4,012	6,415
Steel Authority Of India	83.00	204.03	4,148	13,235
Jindal Stainless	153.40	472.39	419	1,881
Tata Steel Long	663.80	204.64	572	630
Godawari Power & Ispat	387.50	1,370.59	638	1,387

TTM : Trailing 12 Months

THE HITAVADA DATE : 23/5/2022 P.N.7

Govt receives 10 applications for PLI Scheme for specialty steel

NEW DELHI, May 22 (PTI)



THE Government's ambitious PLI scheme for specialty steel has received just 10 applications, even as the last date to submit interest under the scheme was extended twice, after certain concerns were raised by steel makers.

The last date to submit applications under the PLI Scheme for specialty steel is expected to be extended again for the third time, a senior Government official told PTI.

Initially, March 29 was the last date for manufacturers to apply for the benefits under the PLI (Production-Linked Incentive) scheme for speciality steel. It was later extended till April 30 and again to May 31, 2022.

Replying to a question on the number of applications received by players under the scheme, he replied 10 applications and 58 registrations have been received so far by players. When asked about the rationale behind extending the last date again, the official informed "the Ministry is yet to come out with the modified scheme."

Certain steel makers had earlier raised concerns over the scheme, following which the Government had begun the process to make certain modifications in the PLI Scheme for speciality steel.

In the modified scheme, the Government is working on a uniform incentive on the production of speciality steel. More grades, especially those used in the defence sector, will be added to the scheme.

For secondary players, cap on minimum investment and setting up minimum capacity will also be removed, he informed. On July 22 last year, the Union Cabinet chaired by Prime Minister Narendra Modi had approved a Rs 6,322-crore PLI scheme to boost the production of speciality steel in India.

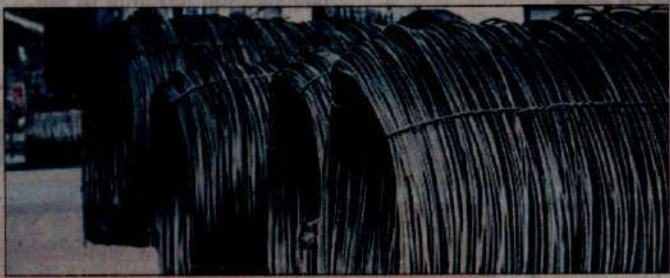
Duty hike on steel items to hit projects under PLI scheme: ISA

■ Business Bureau

IMPOSITION of export duties on steel products will send a negative signal to investors and adversely impact capacity expansion projects under PLI scheme, steel industry players said after the Government removed customs duties on raw materials and hiked export taxes to check local prices.

The Government on Saturday waived customs duty on the import of some raw materials, including coking coal and ferronickel, used by the steel industry, a move which will lower the cost for the domestic industry and reduce the prices.

Also, to increase domestic availability, the duty on exports of iron ore was hiked up to 50 per cent, and a few steel intermediaries to 15 per cent, according to a notification.



In a statement, the steel-makers' body, the Indian Steel Association (ISA), said the industry welcomes the removal of import duty on coking coal and few other input raw materials for the industry.

However, imposition of export duty on steel will only send a negative signal to investors in the steel sector and will adversely impact the sector's capacity utilisation. India has been increasing its engineering and steel exports over the last two years and has the potential to become part of a larger global supply chain.

"India may lose the export opportunities now and this decision may also impact the overall economic activity in the country," the association said.

Also, the imposition of export duty will help other countries to increase their share in the global market, which India will vacate. Rebuilding the lost ground may take a very long time, as the supply chain will be disrupted, while India's credibility as a reliable exporter will take a hit, the ISA noted.

The body further said, "Steel industry in India has made the largest investment commitments ranging from 36 per cent to 40 per cent of total investments committed by the entire manufacturing sector. These investments in capacity building are needed to achieve the Atmanirbhar Bharat Vision."

"In light of this decision, new capacities creation may get impacted as they would be seen as uneconomical thus affecting the much-awaited investment against PLI scheme for speciality steel," it said.

Besides, it may have a major impact on the entire supply chain in the long term. The economic activity of a few states dependent on minerals and steel will be further hit.

"These measures need to be deliberated and then a calibrated approach may be taken. The steel industry continues to remain committed to nation-building," the association said.

BUSINESS LINE DATE : 24/5/2022 P.N.8

Steel stocks: New levy steals the thunder

BSE Metal index slides 1,605 points to close at 17,655

SURESH P. IYENGAR

Mumbai, May 23

The government decision to levy export duty of 15 per cent on finished steel and 45 per cent on pellets will hit margins and lead to lower capacity utilisation in the industry, amid high input costs.

The shares of leading steel producers came under heavy selling pressure on Monday, with the BSE Metal index sliding 1,605 points to close at 17,655. JSW Steel and Tata Steel slipped 13 per cent to ₹ 548 and ₹1,024, while Jindal Steel and SAIL were down 17 per cent and 11 per cent at ₹396 and ₹74, respectvely. Iron ore mining major NMDC dipped 13 per cent to ₹ 128.

Chief Investment Strategist at Geojit Financial Services, V.K. Vijayakumar, said the Government's decision to discourage steel exports and bring down raw material prices are aimed at cooling domestic steel prices.

Shining metals

Metal companies, including the steel industry, have benefited from high prices following the Ukraine war, he said.

"While both steel and non-ferrous companies made supernormal profit in the recent commodities bull-run, the Government has singled out the steel sector. Making steel exports nearly unviable will impact cash flows in the industry and derail the plan to achieve 300 million tonnes of steel capacity in India by 2030," said Motilal Oswal Financial Services report.

India exported about 13.5 mt of finished steel and 5 mt of semi-finished steel last fiscal, while it imported about 4.8 mt of finished steel. The country could turn a net importer of an additional $5 billion in the next four-five years, if further expansion plans are aborted, it added.

Leaving the export of slabs and billets from the ambit of export duty also implies that India retains the corresponding carbon emission, which works against the government target to reduce carbon emission, it said.

Sharp slide

	Close (in ₹)	% fall
Tata Steel	1,023.6	12.53
SAIL	73.9	10.96
Jindal Steel	395.55	17.40
NMDC	128.15	12.44
JSW Steel	547.6	13.20

Falling domestic demand

Notwithstanding the export duty, steel demand has been on a steep fall due to high prices and expectations of weak economic growth, which are expected to pull down prices in the near future.

Domestic steel demand was down 7 per cent in April and is expected to remain soft in May.

This has led to hot-rolled coil prices falling 12 per cent in April. The drop in steel price comes even as the price of imported coal remains high.

ICRA, in an analysis, said the industry's operating profits would dip by $75-$100 a tonne in the seasonally-weak September quarter.

BUSINESS LINE DATE : 24/5/2022 P.N.8

Bet short on MCX aluminium

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The aluminium futures on the MCX at ₹248 bounced off a key support at ₹225 last week, in line with our expectation. However, the overall trend is still bearish and a decisive breakout of ₹260 can probably change the near-term outlook positive.

Also, note that ₹252 is a resistance and there is a good chance for the contract to resume the downward movement anywhere within the price band of ₹252-260. Should it start falling again as we forecast, it could invalidate the support at ₹225 this time and the contract could even drop towards the crucial level of ₹200. But this is a strong support where it is highly likely that aluminium futures could establish a fresh medium-term uptrend. Given that the probability of fall from the price band of ₹252-260 is high, we suggest traders can consider initiating fresh short positions.

Currently the contract is at around ₹248. Wait for it appreciate to ₹252 and then go short. Initial stop-loss can be placed at ₹268. Once the price drops below ₹225, revise the stop-loss down to ₹245. Further, tighten it to ₹230 when futures drop below ₹210. Liquidate all the shorts at ₹205. Thereafter, fresh trades can be decided based on how the contract reacts to the support at ₹200.

THE HITAVADA DATE : 25/5/2022 P.N.6

Steel prices see further dip of Rs 2000-3000 per tonne

Business Bureau

STEEL prices saw yet another dip on Monday after the Government took duty-related measures. The prices dipped by Rs 2000 to Rs 3000 per tonne in the city markets.

After touching an all time high in March-April following the Russian invasion of Ukraine, prices of steel products such as TMT bars were diluting. The demand for the commodity was showing downfall as price correction was also seen. The prices are coming down even as the raw material prices for the commodity were maintaining their upward trend.

However, on Saturday the Union Government announced waiving of customs duty on the import of some raw materials, including coking coal and ferronickel, used by the steel industry which further dragged the prices of steel products.

The price of 8 mm TMT bar that was at Rs 57,000 per tonne (plus 18% GST) in the last week in the secondary markets, slipped to a level of Rs 54,000 per tonne (plus 18% GST) on Tuesday. 10-25 mm TMT bars also dipped from Rs 56,000 per tonne (plus 18% GST) to Rs 53,000 per tonne (plus 18% GST) over the same period.

Market experts told The Hitavada that further price correction may happen in coming days.

Tata Motors, Ashok Leyland and Bajaj Auto Get a 'Steel' Boost

Brokerage expects 50-200 basis points expansion in margins on fall in steel prices

Our Bureau

Mumbai: CLSA has upgraded shares of Tata Motors, Ashok Leyland and Bajaj Auto as these companies are likely to benefit from a decline in steel prices.

The rating on Bajaj Auto and Ashok Leyland has been raised to 'buy' from outperform, while the brokerage has upgraded Tata Motors to 'outperform' from 'underperform'.

The government over the weekend announced a slew of measures to rein in inflation including duty cuts on petroleum products and a rejig of import duties on steel products and plastic. The resultant decline in steel prices would be positive for automakers which have been facing high input cost pressures over the last one year. Metal cost per vehicle for most original equipment manufacturers has almost doubled since the first quarter of financial year 2020-21 on account of rising commodity prices but are likely to decline going forward on lower steel and aluminium price expectations.

The BSE Auto index gained nearly 2% on Monday after the government's measures but succumbed to profit booking on Tuesday, ending down 0.57% at 23,354.90.

"Auto demand is strong across categories, coming off from a low base and we believe demand is likely to post strong growth over the next two-three years as input cost pressures abate," said CLSA. "We expect 50-200 bps (basis points) expansion in margins of auto companies due to steel price cut as we assume companies are likely to retain the benefit," the brokerage said.

CLSA said Tata Motors' domestic business and Ashok Leyland would benefit the most from decline in steel prices.

Earnings of two-wheeler companies are likely to rise by 3-8% barring TVS Motor Company which has lower margins than other companies.

The brokerage has raised target prices on auto companies by 2% to over 19%.

On Ashok Leyland, CLSA has raised target price by 19.5% to Rs 178 and on Tata Motors by 16.8% to Rs 480. The brokerage has raised target price for two-wheeler companies as well but said it prefers companies that are least impacted by transition to electric vehicles.

CLSA Raises Target Price on Auto Cos

Company	Previous Rating	Current Rating	Target Price (₹) Previous	Target Price (₹) Current
Maruti Suzuki	Sell	Sell	6,533	7,053
Tata Motors	Underperform	Outperform	411	480
M&M	Buy	Buy	1,165	1,253
Bajaj Auto	Outperform	Buy	4,406	4,493
Eicher Motors	Buy	Buy	3,089	3,346
Hero MotoCorp	Outperform	Outperform	2,671	2,846
Ashok Leyland	Outperform	Buy	149	178
TVS Motor	Outperform	Outperform	724	780
Escorts	Buy	Buy	1,987	2,069

Source: CLSA Report

BUSINESS LINE DATE : 26/5/2022 P.N.10

Go short on copper futures

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

Copper futures on the MCX, after marking a three-month low of ₹738.1 a couple of weeks ago, has been moving up since. However, the rally has hit a wall as the price band of ₹780-790 is a considerable hurdle. The 50 per cent Fibonacci retracement of the prior downtrend coincide at this level, increasing its significance. Moreover, the recent trend has been bearish.

Therefore, copper futures will most probably reverse lower from the current level of ₹780. But if the contract rallies past ₹790, it can negate the short-term bear trend wherein the contract can move up to ₹825. Nevertheless, we expect the bears to influence the contract more in the upcoming sessions and the price can drop below ₹750. It can potentially drop to ₹718. Considering these factors, one can consider initiating fresh short positions at the current level. Initially, place stop-loss at ₹792 and move it down to ₹770 when the contract slips below ₹750. When the contract touches ₹730, liquidate three-fourth of the total shorts that you hold and then tighten the stop-loss to ₹745. Exit the remaining shorts when price decline to ₹718.

Do note that a clear breach of the support at ₹700 will change the medium-term trend bearish and the sell-off could intensify below ₹700. Notable support below ₹700 is at ₹655.

CCEA Approves Sale of Govt's 29.5% Stake in HZL

Centre expects divestment to fetch ₹40,000 crore

Our Bureau

PUSH TO SELLOFF DRIVE

The decision will give a push to the govt's disinvestment drive in the current fiscal

New Delhi: The Cabinet Committee on Economic Affairs (CCEA) on Wednesday cleared the government's 29.5% stake sale in Hindustan Zinc Ltd (HZL), sources said. The Centre is expecting to raise Rs 40,000 crore from the sale and is expecting to conclude it by this fiscal year alone. "The CCEA has approved HZL stake sale," sources said.

The centre will go ahead with an offer for sale. The 29.5 % stake representing over 124.96 crore shares would fetch around Rs 38,000 crore to the exchequer at current market prices. of HZL closed at Rs 305.05, up 3.14 per cent on the BSE. During the day, the scrip touched a high of Rs 317.30 a share.

The move came after the Vedanta group withdraw its litigation.

ET had earlier reported that the centre held some preliminary discussions with the Vedanta Group last week after it withdrew litigation. Vedanta holds a majority stake in HZL. In April 2002, the government offloaded a 26 per cent stake in HZL to Sterlite Opportunities and Ventures Ltd (SOVL) for Rs 445 crore.

Vedanta group later bought 20% from the market and another 18.92% from the government in November 2003, raising its ownership in Hindustan Zinc to 64.92%.

The divestment will be crucial to meet the divestment target for this year, especially after delay in the strategic sale of Pawan Hans, Shipping Corporation of India (SCI), IDBI Bank, and Bharat Petroleum Corporation Ltd (BPCL), and the scaled-down public offer of Life Insurance Corporation (LIC) of India.

The government has budgeted Rs 65,000 crore from PSU disinvestment and strategic sale.

The Centre has raised about Rs 23,575 crore through disinvestment so far in the current fiscal year. Of this, Rs 20,560 crore was from the LIC IPO and Rs 3,000 crore from the sale of 1.5% in state-run explorer Oil and Natural Gas Corporation.

Vedanta may Buy 5% Stake in HZL: Agarwal

Govt likely to sell rest of sovereign stake in co in open market

Nehal Challawala & Satish John

Vedanta chief Anil Agarwal

Mumbai: Billionaire Anil Agarwal said that Vedanta will look into buying an incremental 5% stake in Hindustan Zinc (HZL) from the government, but the rest of the sovereign stake will be sold in the open market.

Agarwal, chairman of Vedanta, was reacting to reports that the cabinet has approved divestment of the government's residual 29.5% stake in the former public sector enterprise. The Centre expects to get around Rs 36,500 crore for its stake.

Agarwal was speaking to ET from Davos said that by law Vedanta can buy only 5% incremental stake in the company. However, there is a precedent of the government taking market regulator Sebi's approval to sell more than the threshold stake to the promoters, he said, and if such a window is provided to Vedanta it will consider the same.

The deal would have to be approved by the Vedanta board first since it will be a major investment.

The Hindustan Zinc (HZL) stock closed 3.14% higher on the BSE on Wednesday at Rs 305.05. It gained almost 7% during intra-day trading after the news broke out.

"The whole idea was that the government cannot remain in the business, so that the shareholders can take their own decisions," Agarwal told ET. "Every time for doing anything, any appointment or expansion or anything else, you have to go to the government. That was not good for the government, not good for us."

THE HITAVADA DATE : 26/5/2022 P.N.6

Auction of mineral blocks stabilised in country; 186 mines put on sale so far

■ Business Bureau

THE Government on Wednesday said the auction of mineral blocks has stabilised in the country as 186 mines have been put on sale so far.

Of the 186 mineral blocks, 28 were auctioned in the last two months and 46 were successfully sold in FY22, Mines Joint Secretary Veena Kumari Dermal said.

"186 to be precise blocks are allocated through auction. I am very happy to say that out of this, 46 (mineral blocks) were (auctioned) last year and this financial year in the first two months we have completed auction of 28 blocks. So, auction is stabilised in the country," she said during 'India Sweden Mining Day' here.

The state Governments, she said, are getting a very good share of revenue from the auctions and stressed that those states which were early birds in the whole race were really happy. The Indian mining sector is vibrant, dynamic and has very good players, she said, and expressed hope that "the Swedish companies will also take part."

Swedish companies, she said, are providing technological and automation support to the Indian mining industry.

"Hope today's meeting will help us to kick-start the cooperation and take it forward," she added.

THE HITAVADA DATE : 27/5/2022 P.N.3

Foundation Day of JNARDDC celebrated

Dignitaries on the dais during the 33rd Foundation Day celebration of JNARDDC.

Staff Reporter

JAWAHARLAL Nehru Aluminium Research Development and Design Centre (JNARDDC), Nagpur, autonomous body of Ministry of Mines celebrated its 33rd Foundation Day on Wednesday.

The event was inaugurated by Dr Ashok Kumar Singh, Chief Scientist and HORG, CSIR-CIMFR, Dhanbad. Anil Kumar, DGM (FM), NTPC, Noida and Dr Anupam Agnihotri, Director, JNARDDC were the guests of honour.

Dr Ashok Kumar Singh, a renowned scientist and recipient of several national and international awards including the CSIR Technology awards commended JNARDDC for its achievements in the last 33 years. He also congratulated JNARDDC for being one of the top most coal referee lab for third party sampling.

Similarly, Anil Kumar of NTPC shared his experiences about fuel management and briefed the audience about the current coal shortage situation in India. He stated that JNARDDC could play a key role by undertaking greater number of pending samples.

Dr Agnihotri felicitated the employees for their technical achievements in patent, publication and projects. R N Chouhan, Senior Principal Scientist, Dr. Upendra Singh, Senior Principal Scientist and Jyoti Pendam, Junior Scientist were awarded with 'Employee of the Year' for 2019-20, 2020-21 and 2021-22 respectively.

The inaugural session was followed by a panel discussion on "Resource Efficiency in non-ferrous Metal Sector" by Directors of Metal Recycling Association of Indian (MRAI), Dr Kishore Rajpurohit on Aluminium, Navin Sharma on Lead and Jines Shah on Copper. Dr Agnihotri highlighted the benefits of recycled products.

The event was attended by ex-employees and delegates from IBM, GSI, CIMFR, MRSAC, AMD, BMPL etc. R N Chouhan, HoD (Downstream) was the co-ordinator of the event and the compering was done by R Vishakha, Admin Officer.

THE HITAVADA DATE : 27/5/2022 P.N.10

Govt mulls scrapping green nod for mineral blocks exploration

- In a bid to enable auction of more blocks and to enhance production of minerals, more exploration is required to be conducted, said Mines Ministry

NEW DELHI, May 26 (PTI)

THE Mines Ministry has proposed to do away with the requirement of obtaining forest clearance for exploration of mineral blocks, a move that would lead to auction of more mines and augment the country's mineral output.

The proposal requires further amendments in Mines and Minerals Development and Regulation Act and the Ministry has sought comments from the stakeholders on changes.

"Accordingly, a provision my be inserted in the MMDR Act to provide that any reconnaissance or prospecting operations undertaken within the period specified in MMDR Act in a forest land shall not be considered as diversion of forest land for non-forest purpose under the Forest Conservation Act, 1980," the ministry said in a note.

In a bid to enable auction of more blocks and to enhance production of minerals, more exploration is required to be conducted, the note said.

BUSINESS LINE DATE : 27/5/2022 P.N.11

Forest clearance for mineral block exploration may go

PRESS TRUST OF INDIA

New Delhi, May 26

The Mines Ministry has proposed to do away with the need for forest clearance for exploration of mineral blocks to pave way for auction of more mines and augment mineral output.

The ministry has sought feedback from stakeholders on the proposal and changes needed in the Mines and Minerals (Development and Regulation) Act.

"Accordingly, a provision may be inserted in the MMDR Act to provide that any reconnaissance or prospecting operations undertaken within the period specified in MMDR Act in a forest land shall not be considered as diversion of forest land for non-forest purpose under the Forest Conservation Act, 1980," the ministry said in a note.

Ministry of Environment, Forest and Climate Change had issued a consultation paper on the proposed amendments in the Forest (Conservation) Act, 1980 and invited suggestions of state governments and public on the same.

Low conversion ratio

As stated in the consultation paper, reconnaissance and prospecting operations (exploration) do not cause any perceptible change in the forest land or the biodiversity thereon. No permanent diversion of forest land for non-forest activities is required for such activities which are for short duration of 3-5 years. Also, the ratio of conversion of exploration activities to mining activity is 100:1.

Further, State governments may prescribe the manner of granting permission for carrying out such reconnaissance or prospecting operations.

BUSINESS LINE DATE : 27/5/2022 P.N.10

Go short on zinc with initial stop-loss at ₹332

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The downtrend that began in mid-April pulled down the zinc futures on the Multi Commodity Exchange (MCX) as the price fell from ₹380 to a three-month low of ₹301 on May 13.

The contract rebounded since then and early this week it was hovering around ₹325. Notably, this is a strong resistance level, where the 50-day moving average coincides.

A rising trendline, which acted as a support until April end, has now turned into a resistance as the price slipped below this line in early May; this too currently lies at around ₹325.

Hence, it would be tough for the bulls to lift the contract above this level. Also, the sentiment has been bearish for the last couple of months.

Given the above factors, we expect the contract to align with the broader selling trend which has been in place over the last one month.

The contract is forecast to depreciate to ₹300 in 2-3 weeks. It can further decline to the support band of ₹286-292 in a couple of months.

Therefore, one can go short at the current level of ₹323 with initial stop-loss at ₹332.

At ₹300, liquidate half of the total shorts and tighten the stop-loss to ₹315.

Book the remaining shorts when the price falls to ₹292 as there could be a bounce off the support band of ₹286-292.

INDIAN EXPRESS DATE : 24/5/2022 P.N.11

'Coal India to import for first time in years'

SUDARSHAN VARADHAN
NEW DELHI, MAY 28

STATE-RUN COAL India, the world's largest coal miner, will import the fuel for use by utilities, a Power Ministry letter seen by *Reuters* showed on Saturday, as shortages raise concerns about renewed power outages.

It would be the first time since 2015 that Coal India has imported the fuel, highlighting efforts by state and central government officials to stock up to avoid a repeat of April, when India faced its worst power cuts in more than six years.

A coal mine in Birbhum, West Bengal. Power plants have been warned of cuts to the supply of mined coal if they don't build up inventories through imports. *File*

"Coal India would import coal for blending on government-to-government (G2G) basis and supply ... to thermal power plants of state generators and independent power producers (IPPs)," the Power Ministry said in the letter dated May 28.

The letter was sent to all utilities, top federal and state energy officials including the Coal Secretary and the Chairman of Coal India.

India is expected to face a wider coal shortage during the third quarter of 2022 due to expectations of higher electricity demand, stoking fears of widespread power outages. The Power Ministry said in the letter the decision was taken after nearly all states suggested that multiple coal import tenders by states would lead to a confusion and sought centralised procurement through Coal India.

India stepped up pressure on utilities to increase imports to blend with local coal in recent days, warning of cuts to the supply of domestically mined coal if power plants did not build up coal inventories through imports. However, the Power Ministry on Saturday asked states to suspend tenders that are "under process".

"The tenders under process by state generators and IPPs for importing coal for blending may be kept in abeyance to await the price discovery by Coal India through G2G route, so as to procure coal at least possible rates," the ministry said. Coal inventories at power plants have declined by about 13 per cent since April to the lowest pre-summer levels in years. **REUTERS**

NAVBHARAT DATE : 29/5/2022 P.N.3

THE HITAVADA DATE : 29/5/2022 P.N.7

Hindustan Copper posts Rs 89 cr net profit in Q4

KOLKATA, May 28 (PTI)

THE state-run Hindustan Copper on Saturday posted a consolidated net profit of Rs 89 crore for the fourth quarter of the 2021-22 financial year as against a loss of Rs 37 crore in the year-ago period.

The revenue from operations during the quarter under review was Rs 545 crore, up from Rs 522 crore in the corresponding period of the previous year, the company said in a regulatory filing.

The net revenue was Rs 1,822 crore for the year ended March 31, 2022 and the net profit stood at Rs 374 crore. The Kolkata-headquartered company had posted a net profit of Rs 110 crore in FY21.

The EBITDA (earnings before interest, taxes, depreciation and amortisation) margin of the company improved to 31 per cent, it said in a statement. "The profitability reported is even after providing pending revision of workers' wages since Nov 2017 having an implication of Rs 80.65 crore," it said.

The profitability has improved due to dynamic marketing policy, effective procurement of services, reduction of loans and rise in LME (London Metal Exchange) prices, the company statement said. Its board recommended a dividend of 23.20 per cent for FY 2021-22 as against 7.32 per cent last year.

नालको ने पिछले कई रिकॉर्ड तोड़े

भुवनेश्वर. नेशनल एल्यूमिनियम कंपनी लिमिटेड (नालको) ने वित्तीय वर्ष 2021-22 के दौरान व्यापार उत्कृष्टता की अपनी यात्रा में कई मील के पत्थर पार किए हैं. वित्त वर्ष 2021-22 में अपना सर्वश्रेष्ठ वार्षिक उत्पादन और बिक्री कारोबार किया है. 14,181 करोड़ एवं 2,952 करोड़ के साथ क्रमशः संचालन से अब तक का सर्वाधिक राजस्व और अब तक का सबसे अधिक शुद्ध लाभ (पीएटी) दर्ज किया है. अध्यक्ष सह प्रबंध निदेशक श्रीधर पात्र ने कहा कि बाजार की गतिशीलता के परिणामस्वरूप वित्तीय वर्ष 21-22 में कारोबार और परिणामी लाभ में कई गुना वृद्धि हुई है. वित्तीय वर्ष 2021-22 के लिए कंपनी का शुद्ध लाभ ठीक पिछले वित्तीय वर्ष की तुलना में 227% बढ़ा है.

BUSINESS LINE DATE : 29/5/2022 P.N.8

Recent rally may not sustain

AKHIL NALLAMUTHU
BL Research Bureau

Bullion were up last week extending the gains, though marginally, for the second week in a row as dollar continued to decline.

Gold and silver in the international spot market gained 0.4 and 1.6 per cent to close the week at $1,852.7 and $22.1 an ounce, respectively.

Similarly, on the Multi Commodity Exchange (MCX), gold and silver futures appreciated by about 1.2 per cent each. On Friday, gold June futures closed at ₹50,913 (per 10 gram) and silver July futures ended at ₹62,116 (per kg).

But notably, the dollar is still above its key support and both gold and silver are trading below some important levels. So, the short-term trend is expected to stay bearish resulting in a decline from here.

MCX-Gold (₹50,913)

The June gold futures posted a gain of 1.2 per cent. But looking at the price action through the week, the gain was largely because of the gap-up open at the beginning of the week. Apart from that, the contract was unable to extend the rally and was moving in the tight range of ₹50,700-51,200.

Therefore, the contract lies below ₹52,000 and as long as it stays so, the bearish inclination will remain in place.

A breach of ₹52,000 can turn the short-term trend bullish resulting in the contract moving up to ₹53,660, the nearest notable resistance. Subsequent resistance is at ₹55,000.

However, as it currently trades below ₹52,000, bears will be hoping to drag the contract to ₹48,000 and possibly to ₹47,000.

GETTY IMAGES/ISTOCKPHOTO

Nevertheless, the long-term trend is up and ₹47,000 is a good level to accumulate long-term buy positions.

MCX-Silver (₹62,116)

Like the gold futures, the silver futures (July series) were largely flat for the week. The gain of 1.2 per cent happened towards the end of week. But the rally was rejected at ₹62,500 and the contract settled below this level for the week. Thus, the broad price range of ₹58,000-74,000 remains valid.

As silver futures rebounded from the lower end of the range a fortnight ago, we recommended fresh long positions i.e., to go long at around ₹61,400 with initial stop-loss at ₹57,500. One can hold this position.

When the contract rallies above ₹65,000 shift the stop-loss to ₹61,000. Then tighten it further to ₹64,000 when price moves above ₹68,000. Exit the longs at ₹72,000.

But note that a breach of ₹58,000 can result in the contract swiftly declining to ₹55,000 and probably to ₹52,000. So, consider initiating shorts if the stop-loss of the above long position is triggered. When price dips below ₹55,000 book 50 per cent of the shorts and alter the stop-loss to ₹58,000. Exit the leftover at ₹52,000.

NAVBHARAT DATE : 29/5/2022 P.N.5

बिहार बनेगा सबसे बड़े सोने के भंडार वाला राज्य

सरकार ने दी खोज की अनुमति, एजेंसियों से चल रहा परामर्श

■ पटना, एजेंसियां. बिहार में भारत का सबसे बड़ा स्वर्ण भंडार है. यहां न जाने कितनी शताब्दियों से देश का सबसे बड़ा स्वर्ण भंडार छिपा हुआ है. इस खदान में इतना सोना है जितना देश में कहीं और नहीं है. अब बिहार सरकार ने जमुई जिले में देश के सबसे बड़े स्वर्ण भंडार की खोज की अनुमति देने का फैसला किया है. एक वरिष्ठ अधिकारी ने यह जानकारी दी. भारतीय भूवैज्ञानिक सर्वेक्षण (जीएसआई) के सर्वेक्षण के अनुसार जमुई जिले में 37.6 टन खनिज युक्त अयस्क सहित लगभग 222.88 मिलियन टन सोने का भंडार मौजूद है. लोकसभा के शीतकालीन सत्र के दौरान इस बात का खुलासा किया गया था कि बिहार में अकेले पूरे देश का 44 प्रतिशत सोना है. अतिरिक्त मुख्य सचिव सह खान आयुक्त हरजोत कौर बम्हरा ने बताया कि राज्य का खान और भूविज्ञान विभाग जमुई में सोने के भंडार की खोज के लिए जीएसआई और राष्ट्रीय खनिज विकास निगम (एनएमडीसी) सहित खोज में लगी एजेंसियों के साथ परामर्श कर रहा है.अतिरिक्त मुख्य सचिव सह खान आयुक्त हरजोत कौर बम्हरा ने बताया कि जीएसआई के निष्कर्षों का विश्लेषण करने के बाद परामर्श प्रक्रिया शुरू हुई थी. इसमें जमुई जिले के करमाटिया, झाझा और सोनो जैसे इलाकों में सोना होने का संकेत मिला था.

37.6
टन खनिज युक्त अयस्क सहित

222.88
मिलियन टन सोना

44%
गोल्ड है पूरे देश का

सरकार जल्द कर सकती है MOU पर हस्ताक्षर

हरजोत कौर बम्हरा ने कहा कि राज्य सरकार एक महीने के भीतर जी-3 (प्रारंभिक) चरण की खोज के लिए एक केंद्रीय एजेंसी या एजेंसियों के साथ एक समझौता ज्ञापन पर हस्ताक्षर कर सकती हैं. कुछ क्षेत्रों में, जी2 (सामान्य) अन्वेषण भी किया जा सकता है. केंद्रीय खान मंत्री प्रह्लाद जोशी ने पिछले साल लोकसभा को बताया था कि बिहार के पास भारत के सोने के भंडार में सबसे ज्यादा हिस्सेदारी है. एक लिखित जवाब में उन्होंने कहा था कि बिहार में 222.885 मिलियन टन सोना धातु है जो देश के कुल सोने के भंडार का 44 प्रतिशत है.

BUSINESS LINE DATE : 30/5/2022 P.N.3

JSW Steel plans ₹20,000-cr capex this fiscal

Will spend ₹18,000 crore to enhance capacity to 36 mtpa by March 2024

SURESH P. IYENGAR
Mumbai, May 29

JSW Steel plans to invest ₹20,000 crore in capital expenditure this financial year and does not expect the new export duty to either impact its sales and output or bring down capacity utilisation.

The fresh capex includes ₹18,000 crore investment in JSW Steel and ₹2,000 crore in Bhushan Power and Steel. The company will spend ₹18,000 crore to increase production capacity to 36 mt, from 26 mt despite the possible moderation in demand due to hike in interest rate. The 10 mt production capacity will be added by March, 2024.

Seshagiri Rao, Joint Managing Director, JSW Steel, told *BusinessLine* the company will not cut down on capex spending despite the possible moderation in demand or fall in prices due to the export levy.

The company had cut its planned capex of ₹18,240 crore to ₹14,198 crore last fiscal due to the second Covid wave, said Rao.

The company has given a guidance to produce 25 mt of steel this fiscal

The company has given a guidance to produce 25 million tonnes of steel and sell 24 mt this fiscal. Despite the export duty, Rao expects shipments to be at last year's level of 4.5 mt. The government had imposed an export duty of 15 per cent on steel products to bring down spiralling domestic prices.

However, in a bid to bring down production cost, the government has also waived off customs duty on the import of some raw materials, including coking coal and ferronickel, used by the steel industry.

Temporary measure

Rao said the export duty, as the company understands, is a temporary measure to cool down inflation. While the market has given too much weightage to the export duty and turned negative on steel sector, it has completely missed out on the fall in raw material prices. The government has also increased the export duty on iron ore from 30 per cent to 50 per cent which will bring down cost substantially, he said.

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Steel exports trend down, fall 22% in April

Global recessionary pressure, slowdown in orders, price war key reasons

ABHISHEK LAW

New Delhi, May 29

After a bull run in FY22, steel exports from India are now witnessing a pronounced drop, owing to global recessionary pressures, slower orders and competitive pricing. Exports declined 22 per cent y-o-y in April, and for the second month since March, when finished steel exports were down 8 per cent.

India exported 743,000 tonnes of finished steel last month compared with 952,000 tonnes in the year-ago period REUTERS

India exported 743,000 tonnes of finished steel last month compared to 952,000 tonnes in the year-ago period.

In FY22, exports were up 25 per cent y-o-y to 13.5 million tonnes (mt). There was a 12 to 42 per cent drop in orders last month from countries such as Turkey, Belgium and Nepal, show Steel Ministry data, accessed by *BusinessLine*. However, price commanded by Indian mills were up at around 27 per cent y-o-y.

Slowdown in key markets

During April, exports to Belgium fell 42 per cent y-o-y to 76,900 tonnes; followed by Turkey, down 18 per cent, to 87,400 tonne. Nepal saw a near 12 per cent fall to 46,700 tonnes. Other major geographies put together, Indian mills witnessed a 29 per cent decline to 334,000 tonnes, the data show.

Italy was the top export destination in April, at about 130,500 tonnes, up 3.7 per cent; while Vietnam was the fourth largest market at 67,000 tonne. "There is some slowdown in Vietnam, Turkey. Steel prices and demand in Vietnam are down because of which exports orders continue to be slow. As China opens up, hopefully orders will improve," a trade source said.

Product categories

Steel demand slowed in Europe, too, and cheaper offers from select geographies weighed-in on Indian exports. Typically, Indian finished steel exports include flat products and non-flat ones along with alloys and non-alloys.

Data show 80 per cent of exports were flat products, which dropped by 18 per cent in April, to 594,000 tonnes; alloys' export, too, dropped 8 per cent to 69,200 tonnes. Among the flat products, hot rolled coils/strip exports fell over 14 per cent while galvanised sheet and coil exports dropped over 20 per cent. Finished steel production rose by 1 per cent to 9.38 mt while consumption was up 1 per cent to over 9 mt.

No impact of duty, JSW Steel plans ₹20,000-cr capex this fiscal

SURESH P. IYENGAR

Mumbai, May 29

JSW Steel plans to invest ₹20,000 crore in capital expenditure this financial year and does not expect the new export duty to either impact its sales and output or bring down capacity utilisation.

Seshagiri Rao, Joint Managing Director, JSW Steel, told *BusinessLine* the company will not cut down on capex spending despite the possible moderation in demand or fall in prices due to the export levy.

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PM'S INDIA@2047 VISION

'Copper will remain an essential commodity'

TE RAJA SIMHAN

Chennai, May 30

Copper will remain as an essential commodity to achieve Prime Minister's India@2047 vision (make India among the world's top three economies) and his Net Zero (cut emissions) objectives by 2070.

The life cycle of a copper product is longer, and enough scrap is not available to meet the required demand.

Additional smelter capacity is required for the country to become self-sufficient, said Mayur Karmarkar, Managing Director, International Copper Association India (ICAI), a member of Copper Alliance and Indian arm of the International Copper Association Limited.

India's copper production in FY21 was 363,000 tonnes, import 150,000 tonnes while export stood at 46,000 tonnes. In the previous year, the production was 405,000 tonnes with imports at 142,000 tonnes and exports at 27,000 tonnes.

The 'apparent' consumption in FY21 was 9,99,000 tonnes against 12,13,000 tonnes in the previous year, according to ICAI data.

"Imported copper comes in different forms. The ore comes from China; the value-added products called copper semis like rod and tubes from South-East Asia. Cathodes are coming from Japan due to the Free Trade Agreement," Karmarkar told *BusinessLine*.

Visbility

Karmarkar said the first job, as an industry and that of the association, is to create visibility for copper.

"Today, when you talk with the government about the metal, they will talk only about iron and steel, and aluminium. Copper is not there in the agenda as it is hidden in the end use. However, copper creates the largest value add as a metal and is much more critical for the economy's growth," he said.

Once the visibility about copper is there, the government will take the right steps. Visibility is very important.

Mayur Karmarkar, MD, International Copper Association India

"We are at the flexpoint for the growth of the commodity be it copper or aluminium," he said.

Sterlite - a vacuum?

Sterlite's vacuum is being compensated by import and scrap. The industry adjusts to that by paying more to get copper. There are also issues on quality of the recycled product, and the impact to the environment on bad processes as the industry is very unorganised, he said.

India's annual growth for the red metal is expected to be around six per cent to support the clean energy transition agenda; and growth in sectors like electric vehicle; infrastructure and housing. These mega-trends will need large amounts of copper — right from electrical wires to rods in the air conditioners — with different intensity. There is an urgent need to develop the Indian copper industry and make it more an organised sector, he said.

Government data on copper talks only about refined data from suppliers like Hindalco, Vedanta and Hindustan Copper. This data is much smaller and incomplete without including recycled copper or scrap, which is nearly 40 per cent of the total volume. Of this 40 per cent, 10 per cent is imported scrap and the rest is local scrap.

Challenges ahead

The biggest challenge facing the copper industry is how the unorganised and recycled data gets organised. Government's recycling policy for all metalsis to make the recycling industry a visible sector. It will also promote the government's larger objective of a circular economy.