खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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VOL. 7, NO –20 , 16th – 31st OCTOBER 2023

THE ECONOMIC TIMES DATE: 17/10/2023 P.NO8

Vedanta's Demerger Plan may Overshoot Deadline: Experts

Proposal may take more than the planned 12-15 months, given likely lender scrutiny, complexities in proposed value-unlocking

Nikita.Periwal@timesgroup.com

Mumbai: Vedanta's plan to demerge its businesses could overshoot its timeline of 12-15 months, given the likely lender scrutiny, experts said, pointing to the complexities associated with the proposed value-unlocking plan that involves listing the resources conglomerate's each revenue stream separately.

The company's distribution of debt across these new entities, in particular, will be in focus given that the split is expected to reduce the fungibility of cash flows across businesses.

"We...caution of execution risk for the demerger: we have heard that lenders are reportedly looking to scrutinise the demerger rationale, structural implications, long-term business goals post demerger, and financial management/funding for each unit," CreditSights said on Monday.

Vedanta will also need approvals from the National Company Law Tribunal (NCLT) and the Government of India, and the latter could be hard to come by given the impending federal elections next year, the financial research and credit analysis firm said in a note to its clients.

Vedanta has said a demerger will help unlock value, but analysts are not very convinced

Kotak Institutional Equities also expects the approvals to be tedious as the split could make earnings more volatile.

"This could make lenders' approval challenging, given the elevated debt levels, with net debt/EBITDA at +4X over FY2024-26E for VEDL (ex-HZL)," it said in a report earlier this month.

In 2022-23 (April-March), Vedanta had used a substantial portion of cash flows generated across businesses, including that from Hindustan Zinc, for dividends, leading to a payout of nearly ₹38,000 crore as dividend. The move was largely aimed at helping parent Vedanta Resources with cash.

Vedanta Resources still has debt obligations of more than $3 billion in 2024-25, and more than $1 billion in the next six months. This debt overhang at the parent level is continuously weighing on Vedanta.

"This is becoming increasingly difficult, considering that cash flows from subsidiaries have contracted due to the weak commodity environment, HZL's cash balance is fully exhausted, and interest rates have increased amid downgrades by credit-rating agencies," PhillipCapital said.

ASSET SALES

While Vedanta has said that a demerger will help unlock value and ease the sale of individual assets or businesses, analysts are not very convinced.

"...we acknowledge asset sales could remain challenging even after the demerger occurs as VRL's chairman Mr. Agarwal has historically been reluctant towards asset divestments, and we believe this is a factor that has contributed to prolonged delays in any asset sale," CreditSights said.

A lacklustre response for its steel business and environmental concerns could also be a hindrance for such stake sales, it said.

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COMPANY'S DISTRIBUTION of debt across new entities will be in focus

SPLIT IS expected to reduce fungibility of cash flows across businesses

VEDANTA WILL need approvals from NCLT, govt

APPROVALS TO be tedious as split could make earnings more volatile: Kotak Institutional Equities

Vedanta Resources still has debt obligations of over $3 billion in 2024-25

DAINIK BHASKAR DATE:17/10/2023 P.NO15

त्योहारी सीजन में 2800 रुपए बढ़े सोने के दाम

चांदी में 4200 रुपए प्रति किलो की तेजी

व्यापार प्रतिनिधि | नागपुर

पिछले दस दिनों में सोने के दाम 2800 रुपए प्रति 10 ग्राम और चांदी के दाम 4200 रुपए प्रति किलो बढ़े हैं। इस माह की 6 तारीख को शहर में सोना 56900 रुपए और चांदी 67700 रुपए बिकी थी, जबकि सोमवार 16 अक्टूबर को सोने के दाम बढ़कर 59700 प्रति 10 ग्राम और चांदी 71900 रुपए प्रति किलो बिकी।

अक्टूबर महीने में अब तक सोना-चांदी के दामों में शानदार तेजी देखने को मिल रही है। इस महीने अब तक सोने के दाम में 1900 रुपए की तेजी देखने को मिली है। इस महीने की शुरुआत यानी 1 अक्टूबर को ये 57,800 रुपए प्रति 10 ग्राम पर था, जो अब 59,700 रुपए पर है। वहीं चांदी 70,400 रुपए प्रति किलोग्राम से 71,900 रुपए पर आ गई है।

कीमतों में बढ़ोतरी जारी रहने के आसार

सर्राफा व्यापारियों के अनुसार अंतरराष्ट्रीय और घरेलू बाजार में भी सोने-चांदी की कीमतों में तेजी जारी रहने के आसार हैं। इसके अलावा घरेलू बाजार में त्योहारों के लिए मांग बढ़ेगी। इसके बाद शादियों का सीजन शुरू हो जाएगा। ऐसे में डिमांड बढ़ने का असर कीमतों पर होगा। इससे दिवाली तक सोना 60 हजार और चांदी 73 हजार तक जा सकती है।

सोने की कीमतों में उछाल की बड़ी वजहें

रविवार से नवरात्र शुरू हो चुकी हैं। इसके साथ ही निवेश और शॉपिंग के लिए शुभ मुहूर्त की शुरुआत हो गई। बाजार को लगता है कि अमेरिका में ब्याज दरें बढ़ना अब बंद हो जाएगा। सोने के लिए ये सबसे बड़ा पॉजिटिव संकेत है। बॉन्ड यील्ड गिरने, डॉलर में तेजी थमने और इजराइल-फिलिस्तीन युद्ध के चलते सोने में निवेश बढ़ने लगा है।

THE ECONOMIC TIMES DATE: 17/10/2023 P.NO6

Gold Eases But Stays Above $1,900 on War Concerns

Reuters

Gold prices fell on Monday due to technical selling after a strong rally in the previous session, although concerns over a potential escalation in the conflict in the Middle East kept bullion above $1,900 per ounce.

Spot gold was down 0.9% to $1,915.10 per ounce by 1130 GMT after hitting its highest since Sept. 20. US gold futures was down 0.7% to $1,928.60.

"Gold is holding up well because we still have a lot of uncertainty related to the Middle East and the potential for that to evolve into something very serious," said Ole Hansen, head of commodity strategy at Saxo Bank.

"We need to see whether there is enough movements in bonds and dollar to support these current levels or any further escalation in the Middle East, is what is required to send gold prices higher."

Gold, often used as a safe store of value during times of political and financial uncertainty, jumped 3.4% on Friday, its biggest one-day rise in seven months on strong safe-haven demand and short covering.

While investors wait for further updates on the Israel-Hamas war, Federal Reserve Chair Jerome Powell's speech later this week will also be closely watched for more clarity on US interest rate path.

BUSINESS LINE DATE:17/10/2023 P.NO3

'Limited lithium resources a hurdle in EV adoption'

Our Bureau
New Delhi


RK Singh, Power Minister

Power Minister RK Singh on Monday emphasised that there is a need to shift away from lithium-ion to other chemistries such as sodium-ion, in a bid to increase the adoption of electric vehicles in the country.

Speaking after launching the EV-Ready India Dashboard, developed by OMI Foundation, the Minister said EV adoption will further gain traction as the price of battery storage comes down.

Singh pointed out that the other hurdle for adoption of EVs is lithium resources. "Eighty per cent of lithium reserves are tied up by one country, and 88 per cent of lithium processing is located in one country. Supply chain issues have now come to the forefront. What needs to be done is to shift away from lithium to other chemistries such as sodium ion. Alternative chemistries are absolutely essential for security of supply chain," he added.

He encouraged the industry to invest in research in alternative chemistries.

"The future is electric. Nobody can stop this. The price of storage will come down, and once that comes down, diesel and petrol SUVs will be history. We will have electric, which suits our journey as one of the largest economies of the world," Singh said.

EV DASHBOARD

The EV-Ready India Dashboard is the only dashboard in the country that compiles sales data across all Vahan States and Telangana, along with a direct view into the state of charging infrastructure, demand trends and comparisons of total cost of ownership, making it useful for the EV buyers as well.

Additionally, it tracks the current investment climate for EVs, and forecasts on market growth and EV hotspots for the country. It further measures emissions avoided, aiming to accelerate India's journey to Net Zero.

BUSINESS LINE DATE:17/10/2023 P.NO10

Aluminium: Retain longs, widen stop-loss to ₹200

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the Multi Commodity Exchange (MCX) closed at ₹203.05 last Friday, declining for the second week in a row.

The contract has a support band in the ₹200-202 range. It will restrict the contract from experiencing further fall from the current levels.

COMMODITY CALL.

Going ahead, there is a good chance that the bulls will gain traction and push the prices up. While ₹206 can be a hurdle, aluminium futures could surpass this level and reach ₹215 in the coming weeks.

TRADE STRATEGY

However, a breach of the support at ₹200 can result in a sharp fall. Notable support below ₹200 can be spotted at ₹195 and ₹192. The charts indicate that prices of aluminium futures will rise.

Last week, we recommended initiating long positions at ₹206 and we advised to place stop-loss at ₹202.

Traders can retain the longs but widen the stop-loss to ₹200 to accommodate for the recent price action. When the contract rallies to ₹212, tighten the stop-loss to ₹208. Book profits at ₹215.

Domestic steel mills hold back on export offers

UNFAVOURABLE MARKET. The move follows sluggish demand, China's competitive pricing

Abhishek Law
New Delhi

India's steel mills have held back on export offers following sluggish global demand and competitive pricing from China. The focus incidentally has shifted to the domestic market, where the price of the benchmark hot rolled coils (HRCs) have moved up by ₹750-₹2,000 per tonne, across categories, since the beginning of this month.

According to trade sources, the October export price put out by various mills was at $579 per tonne; the same as the September price; indicative of sluggish demand. In August, HRC prices were slightly lower at $569 per tonne. In comparison, offers from China were cheaper in the global market.

PRICE PUZZLE. A possible realignment in prices is expected, as mills continue to remain "cautious" ahead of the festive season

Competing offers from China dropped further in October over September, dropping 2 per cent month-on-month (m-o-m) to $564 per tonne (against $574 per tonne). Price drops from Chinese mills were even sharper compared with August, which stood at $ 589 per tonne. "At current price points, exports are not viable and hence India's steel mills withdrew offers in October. The focus is on the domestic market where demand seems to be stable and prices have improved," said a trade source.

According to a report by the market research firm, SteelMint, demand remains subdued in the Middle East and European Union markets. On a week-on-week basis, there has been a close of $10 per tonne price drop for offers made to Middle East markets by China, which further dampened sentiments of Indian mills which are now unable to compete at such low prices. "Market demand in Europe is weak and buyers are having sufficient stocks, while downstream demand is also low. European mills are offering lower but trading activities remain limited," said the report.

PRICE HIKE

In India, the price of HRCs is currently at ₹58,300-₹58,900 per tonne range (around $700-$707 per tonne), up two per cent m-o-m . The price in September was ₹57,600-₹58,800 per tonne ($691-$705 per tonne).

Considering, the recent hike in coking coal prices, which are currently at $366 per tonne range, further price hikes were also announced by some of the mills, but have not yet been absorbed in the market, sources said. A possible realignment in prices is also expected, as mills and trade continue to remain "cautious" ahead of the festive season.

Iron ore exports treble in H1FY24

LION'S SHARE. China bought 95 per cent of shipments

Abhishek Law
New Delhi

India's iron ore exports nearly trebled on a year-on-year basis to 18.68 million tonnes (mt) in the first half of the fiscal (April–September of FY24), with China buying 95 per cent of shipments.

Exports of iron ore, a key steel-making ingredient, stood at 6.98 mt in H1FY23. On a y-o-y basis, lumps or pellet offers rose 240 per cent to 14.88 mt in H1FY24, while concentrates rose 44 per cent to 3.80 mt.

FACTORS RESPONSIBLE

Easing of Covid restrictions in China and improved demand after opening up, have led to an increase in orders for Indian iron ore during the period under review.

Another determining factor was withdrawal of duty (in India), which had an impact on FY23 numbers, that in turn led to a low base effect in case of y-o-y comparisons, said a Steel Ministry official.

Cheaper Indian offerings were also picked up, as Chinese steel mills looked to use the ingredient as a cost-saving measure and protect margins in the face of weak demand.

China purchased 17.82 mt of iron ore – lumps, fines, pellets and concentrates put together – which is nearly four times the 4.75 mt ordered in H1FY23. Current shipments are the second highest since FY20, data collected from research firm SteelMint said.

Shipments in the April-September period were at 13.28 mt in FY20, 27.67 mt in FY21 – the highest in the last five years – and 16.72 mt in FY22, respectively.

Over the last three months, prices of iron ore (benchmark of fines with 62 per cent iron content) have firmed up following increased demand, from $90 per tonne in August, to $107 per tonne in September, and is currently trading at $110 per tonne in October.

Increased buying of lower grade ores saw the price of fines with iron content of less than 58 per cent, jump from $67 per tonne in August to $84 per tonne in September, and currently settle at $85 per tonne. Other buyers were Indonesia, Malaysia, Brazil and the UK, and the "numbers were not so significant," a trade source said.

According to a SteelMint report, the higher export demand saw iron ore production increase to 129 mt for H1 FY24, up 15 per cent y-o-y , against 111 mt of H1 FY23.

Incidentally, crude steel production rose saw a 14 per cent rise to 70 mt in H1. India's crude steel production was 126 mt in FY23, with 46 per cent coming from the blast furnace route, and the remaining via electric arc furnace.

The price of iron ore in the domestic market (Fe content 62 per cent) was $60 per tonne in October (₹5,000 per tonne) in Odisha, which has improved from $57.67 per tonne (₹4,300 per tonne) in August. The September price was $58.87 per tonne (₹4,900 per tonne).

Going great guns

Country	FY20	FY21	FY22	FY23	FY24
China	13.283	27.675	16.722	4.752	17.819
Indonesia	0	0.223	0.448	0.421	0.287
Malaysia	0.269	0.330	0.202	0.231	0.150
Brazil	0	0	0	0.111	0.085
United Kingdom	0	0	0	0.068	0.067
Qatar	0.057	0	0	0.060	0.055
South Korea	0.478	0.144	0.44	0.070	0.054
United Arab Emirates	0.057	0.013	0	0	0
Poland	0	0.075	0	0.055	0
Others	3.248	1.312	1.071	1.209	0.171
Total	**17.391**	**29.771**	**18.883**	**6.976**	**18.688**

Source: SteelMint

BUSINESS LINE DATE:18/10/2023 P.NO2

Cement companies gearing up for volume-led growth in second quarter

SOLID BUSINESS. Industry analysts expect top 15 companies to deliver 12 per cent volume growth

Suresh P. Iyengar
Mumbai

Leading cement companies are expected to post a good growth in profit in September quarter on the back of higher sales volume and increase in cement prices.

The demand for cement has surprisingly remained stable despite the September quarter being hit by South-West monsoon. Unlike previous years, the monsoon was intermittently giving an opportunity for the governments to use the allocated money before the General election next year.

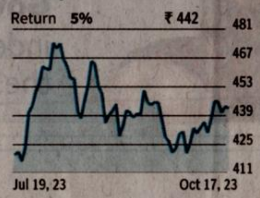
Top 15 cement companies should deliver a strong volume growth of 12 per cent and aggregate utilisation should expand 3.50 per cent to 76 per cent, said Rajesh Ravi, Research Analyst, HDFC Securities.

UltraTech Cement

LOW COSTS

The operating cost of top cement companies was down 10 per cent, led by lower raw material and fuel cost

Ambuja Cements



ROBUST DEMAND

Aditya Birla group flagship UltraTech Cement has reported that its sales in the September quarter was up 16 per cent at 26.69 million tonne (23.10 mt) on the back of robust demand.

Its grey cement volume increased 15 per cent to 25.24 mt (21.86 mt) year-on-year last quarter, while white cement was up 2 per cent at 0.42 mt (0.38 mt). Globally, its cement sales improved 22 per cent to 1.18 mt (0.97 mt).

Despite monsoon-led demand weakness, cement prices increased 1-2 per cent quarter-on-quarter, except for southern region where prices fell 2 per cent. The average net sales realisation is expected to rise 1 per cent year-on-year, leading to a 3 per cent CAGR in the last four years.

RISE IN FUEL COSTS

Operating cost for top cement companies was down 10 per cent, led by lower raw material and fuel cost. However, the benefit of lower cost was marginally mitigated by lower utilisation.

While cement price-hikes of over 5 per cent in FY23 was not sufficient to cover the significant rise in fuel costs, companies used the improved demand and better pricing discipline to pass on the incremental cost to consumers through price hikes.

The cement demand this fiscal is expected to register a compounded annual growth rate of 9 per cent led by infrastructure spending of the government and this should result in third consecutive year of double-digit volume growth this fiscal, said Dharmesh Shah, Research Analyst, Emkay Global.

"We expect industry volume to grow 10 per cent year-on-year in FY24. Fall in input cost should bottom out in December quarter, but the price hike in September quarter should offset the cost inflation," said Ravi.

BUSINESS LINE
DATE:18/10/2023 P.NO10

COMMODITY CALL.

Zinc futures: Initiate short positions

Akhil Nallamuthu
bl. research bureau

Zinc futures on the Multi Commodity Exchange (MCX) surpassed the resistance at ₹225 and hit a high of ₹233 on September 29. However, the breakout did not sustain as the contract fell in the following session. Thus, the barrier at ₹225 is still true and a strong one. Until this hurdle holds, the bears will have an upper hand.

On Tuesday, the October futures slipped below a minor support at ₹220, and this has opened the door for further depreciation. Notably, since June, the contract has largely been trading within the range of ₹210-225. Hence, it is most likely that the contract will revisit the support at ₹210.

If this is breached, the contract can see another leg of fall, probably to ₹180. On the other hand, if the contract recovers from here and sees a daily close above the price band of ₹225-230, the short-term trend could turn bullish where the zinc futures can appreciate to ₹250. Nevertheless, as it stands, the bias is bearish.

TRADE STRATEGY

Short zinc futures at the current level of ₹218 and add shorts in case the price inches up to ₹222. Place stop-loss at ₹230.

Going forward, when the contract falls below ₹215, tighten the stop-loss to ₹220. Book profits at ₹210.

THE ECONOMIC TIMES DATE: 18/10/2023 P.NO7

Cement Cos' Q2 Profitability to Surge on Strong Volumes

RIGHT MIX Industry to see an average rise of at least 50%; lower cost of power and fuel to also help boost earnings, say analysts

Nikita.Periwal@timesgroup.com

Mumbai: A strong year-on-year growth in volume, along with lower cost of power and fuel is seen boosting earnings of domestic cement producers in the September quarter, with average profitability of the industry seen surging by at least 50% compared to the previous year, said analysts.

While operating margins are seen lower on a sequential basis due to weak seasonality, they could rise by as much as 400 - 600 basis points on an average year-on-year, with ACC and Ambuja Cements clocking in the best improvement.

"ACC and Ambuja would witness higher EBITDA expansion due to low base while we expect Ultratech, Shree Cement and Dalmia Bharat to see a margin expansion in the range of ₹212-250/t," Systematix Institutional Equities said.

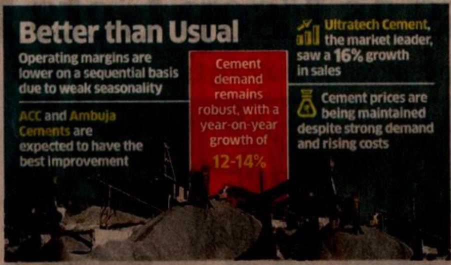
Spending by a few key states ahead of their elections this year, and the impending elections at the Centre has kept the demand for cement robust with an estimated year-on-year growth of 12-14%, they said.

Spending by a few key states ahead of their elections this yr, impending elections at the Centre has kept the demand for cement robust

Market leader Ultratech Cement has seen a 16% year-on-year growth in its consolidated sales in the September quarter, with volumes of 26.69 million tonnes.

"Institutional demand was more robust, driven by increasing construction activity in most regions. In addition, both central and state government infrastructure projects executed well," Axis Securities said in a pre-earnings note.

The cost of power and fuel, meanwhile, is seen lower by around ₹100-150 per tonne as compared to the previous quarter.



The September quarter is typically weak for cement-makers given that monsoon rains hinder construction activities. Scanty rainfall across the country, especially in August and September, though, has resulted in the September quarter turning out to be stronger than usual, especially in terms of volume and pricing.

"Recent price hikes across India show that the Indian cement industry is maintaining pricing discipline despite strong demand. Usually the industry shows discipline during times of low demand, like monsoon quarter, as demand becomes inelastic to pricing," Nomura Financial Advisory and Securities said.

Helped by price hikes taken later during the quarter, cement prices averaged at around ₹370 per 50 kg bag, which is about 2.5% lower as compared to the June quarter. Last year, cement prices in the September quarter were over 5% lower as compared to the June quarter.

While cement companies are seen sustaining volume growth and pricing power for another quarter or two, their profitability is seen under pressure given the recent surge in fuel prices.

There is a need for further price hikes given the recent uptick in fuel costs, CLSA Asia Pacific Markets said, maintaining a "cautious" view on the sector because of elevated valuations.

"We could consider turning constructive on the sector if we were to see a sustained weakness in fuel costs, driving up consensus expectations," it said.

BUSINESS LINE DATE:19/10/2023 P.NO12

G7 to discuss Russian diamond ban this week

Brussels: G7 countries will this week discuss four plans to ban Russian diamonds from G7 markets from January 1, from light-touch self-regulation to strict import measures, laying bare differences that explain why a ban has been so difficult to agree for more than a year, documents showed. The four proposals were prepared by Belgium, India, a French jewellery industry group and the World Diamond Council and will be discussed at G7 on Thursday, officials close to the talks told *Reuters*. REUTERS

BUSINESS LINE DATE:20/10/2023 P.NO10

Copper: Go long if futures rally past ₹714

Akhil Nallamuthu
bl. research bureau

Copper futures on the MCX dropped between early September and October 1st week. During this period, it dropped from ₹750 to ₹700.

COMMODITY CALL.

However, after falling to the support of ₹695-700 region, the contract seems to have overcome selling pressure. There was a recovery when copper futures reached ₹714 last week. But it softened to ₹700.45 on Wednesday. The chart shows that copper futures is attempting to form a double-top, which if confirmed, means a bullish trend reversal. The neck-level of the pattern, which the contract should breach to confirm the reversal is at ₹714.Should the breakout occur, the contract can rally up to ₹730. it could even extend to ₹740.

On the other hand, if futures fall below ₹695, we can expect another downtrend phase, which can drag it to ₹680. The contract seems to be forming a base but there is no sign of a bullish trend reversal. Hence, traders can stay on the fence for now. Go long if futures rally past the resistance at ₹714. Place stop-loss at ₹705.

'Hind Zinc to finish study on creating separate entities by Nov'

Abhishek Law
New Delhi

Hindustan Zinc Ltd (HZL), the country's largest integrated zinc producer, is expected to complete the study on creating separate entities for its commodities to unlock 'potential value' by November-end. Post completion of the study, it will take up the findings with the board, including the government nominees, CEO, Arun Misra, told *businessline*.

While the acquisition plans for Vedanta's overseas mines have now been 'scrapped', the company will explore 'unlocking value' through the demerger processes.

Earlier this year, the Vedanta-owned company had said it was planning to create separate entities for its zinc, lead, silver and recycling businesses. The company, Misra said, has appointed external advisors for "comprehensive review" of its corporate structure. The company's board has reportedly authorised a committee of directors to evaluate and recommend options and alternatives.

Arun Misra, CEO, Hindustan Zinc

The Indian government is the largest minority shareholder in Hindustan Zinc with a 29.54 per cent stake, while Vedanta owns the majority 64.9 per cent.

"Right now we have appointed a consultant to carry out a study and in four to six weeks, say around November second week or so, the report should be ready. Once it's done, it will state the pros and cons of creating the separating entities, the valuation and all of that," he said.

Asked if the government nominees on the board are on the same page, Misra said, "Technically I don't see an issue if the valuations go up. So the government will continue to hold 29.54 per cent across all the new entities. But to be fair, we have to wait till the report by the committee comes. As and when the report comes, we take it to the board and the government."

Earlier, objections from the Centre had stalled Hindustan Zinc's plans of acquiring overseas zinc mines of parent company Vedanta. The $3-billion deal fell through as Hindustan Zinc failed to get the Centre on board. Being a related party transaction, a majority of the minority shareholders had to accept the acquisition proposal, which didn't happen.

"Right now there is no word on overseas acquisition proposals (of Vedanta). That is not the focus at the moment either. The important thing is unlocking value for shareholders through the corporate rejig and creation of separate entities," Misra said.

However, the company continues to explore acquisition possibilities overseas and evaluate independent offers.

PROFITS DIP

Hindustan Zinc reported an over 35 per cent drop in consolidated net profit of ₹1,729 crore for the second quarter of FY24. Net profit in the year-ago period was ₹2,680 crore. Revenue from operations declined nearly 19 per cent to ₹6,791 crore (₹8,336 crore).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) during the September quarter decreased 29 per cent to ₹3,122 crore.

Zinc cost of production before royalty for the quarter was ₹93,981 per tonne, lower by over 6 per cent y-o-y.

Revenue from operations came down on account of the lower zinc prices, lower zinc and silver volumes and differential strategic hedging impact partly offset by higher lead and silver prices and favourable exchange rates.

METAL PRODUCTION

Mined metal production for the quarter was 252 kt, down 1.4 per cent y-o-y, mainly due to lower ore production at Rampura Agucha and Kayad mine, partly offset by better overall metal grades.

Refined metal production for Q2FY24 was 241 kt, down 1.8 per cent y-o-y on account of scheduled maintenance activity. Integrated zinc production for the quarter was 185 kt, down 2.3 per cent, y-o-y. Refined lead production for the quarter was 57 kt, flat as compared to Q2 FY23. on account of pyro plant operations on lead mode during the quarter.

Global steel demand may rise 1.8% in 2023, 1.9% in 2024

Achuth Vinay
Chennai

The demand for steel worldwide will witness a 1.8 per cent growth in 2023 and 1.9 per cent in 2024, the World Steel Association (worldsteel), a body which has a membership of every steel producing country, said.

In its short-range outlook, worldsteel said the demand will increase to 1,814.5 million tonnes (mt) in 2023 and 1,849.1 mt in 2024. The association had pegged 2022 crude steel at 1,831.5 mt, down 4.3 per cent compared with 2021.

SITUATION BETTER

Worldsteel said demand recovery would be slow in developed economies while it sounded upbeat about the prospects of developing nations. " Since the second half of 2022, the activities of steel-using sectors have been cooling sharply both for most sectors and regions as both investment and consumption weakened. The situation continued into 2023, particularly affecting the EU and the US. Considering the delayed effect of the tightening monetary policy, we expect steel demand recovery in 2024 to be slow in the advanced economies. Emerging economies are expected to grow faster than developed economies, but the performance of emerging economies continues to diverge, with emerging Asia maintaining resilience," the organisation said.

INDIAN GROWTH

The Indian economy remains stable against the pressure of the high interest rate environment, and India's steel demand is expected to continue its high growth momentum. Growth in India's construction sector is driven by government spending on infrastructure and recovery in private investment. Infrastructure investment will also support the capital goods sector growth. Healthy growth momentum will continue in the automotive sector as well. After growth of 9.3 per cent in 2022, steel demand is expected to show healthy growth of 8.6 per cent in 2023 and 7.7 per cent in 2024.

The outlook said Chinese steel demand contracted in 2021 and 2022 as its economy decelerated sharply due to unexpected lockdowns that extended across the country. The depression in the property market that continued into 2023 is weighing on the economy, leading to an unexpected slowing of the Chinese economy.

BUSINESS LINE DATE:22/10/2023 P.NO6

Gold and silver in strong uptrend

BULLION CUES. Gold futures breached a resistance, silver futures testing a barrier

Akhil Nallamuthu
bl. research bureau

The precious metals have posted back-to-back weekly gains in terms of dollars as well as in rupee terms. Gold and silver rallied on the back of the safe haven demand as the geopolitical tensions in West Asia is driving investors to safety.

The spot price of gold rallied 2.5 per cent to close the week at $1,981 per ounce, whereas the spot price of silver was up 3.1 per cent last week as it ended at $23.4 per ounce on Friday.

Similarly, on the Multi Commodity Exchange (MCX), gold futures appreciated 2.2 per cent and silver futures went up 2.3 per cent to wrap up the week at ₹60,736 (per 10 gram) and ₹72,909 (per kg) respectively.

MCX Gold futures
(per 10 gram)

MCX Silver futures
(per kg)

MCX-GOLD (₹60,736)

Gold futures (December contract) eased through the hurdle at ₹60,000 and marked a five-month high of ₹61,124 on Friday. Although the price moderated from the recent high, the contract managed to close above the ₹60,000-mark, a bullish sign.

While the nearest resistance is at ₹61,500, gold futures can extend the upside to ₹62,500 as the momentum appears strong. A breach of ₹62,500 can lift the price to ₹65,000.

On the other hand, if there is a fall from the current level, it is likely to be arrested by the support at ₹60,000. But if this level gives up, the contract could moderate to ₹59,000. A break below ₹59,000 is unlikely to occur this week.

Trade strategy: Although the trend is bullish, the risk-reward is unfavourable at the moment. Hence, traders can wait for the contract to dip to ₹60,000 and then go long. Accumulate longs in case the price drops further to ₹59,200. Place initial stop-loss at ₹58,800.

When the contract touches ₹61,500, tighten the stop-loss to ₹60,700. Book profits at ₹62,400.

MCX-SILVER (₹72,909)

Silver futures (December contract) opened last week on a muted note.

In fact, it ended with a minor loss on Monday. However, it rebounded strongly on Tuesday and it ended at ₹72,909 on Friday versus the preceding week's close of ₹71,287.

On Friday, it hit a three-week high of ₹73,599 before closing the session a little lower. Note that the 200-day moving average lies at ₹73,530 now and it can act as a resistance.

If silver futures break out of this level on the back of the prevailing momentum, it can extend the rally to ₹76,500, a barrier. Subsequent resistance is at ₹78,000. But if the contract declines from here, it has support at ₹71,000 and ₹70,000.

A breach of ₹70,000 might not happen this week.

Trade strategy: Even though the trend is bullish, traders can stay away as silver futures face a resistance between ₹73,500 and ₹73,600.

Go long in case the contract surpasses ₹73,600-mark. Target and stop-loss of this trade can be at ₹76,500 and ₹71,900 respectively.

After Mining Client Data at Will, Banks Seek Data on its Liability

Banks clueless about how to navigate the new Digital Personal Data Protection Act

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Safe and Guarded

Fine for data breach could be as high as **₹250 cr**

Banks want the rules (for the new law) to spell out the dos & don'ts

Banks need a legal framework for cross-selling & storing data

Most banks want to know how to avoid litigation

Mumbai: A data dilemma is bugging high-street banks. Sitting on a mountain of customer information, which they freely use, share, and store for years, banks are now waking up to the realities of a new law.

Bank CEOs are tapping top legal minds, alerting their compliance teams, and discussing with each other to spot the pitfalls of the Digital Personal Data Protection Act (DPDPA) — a statute under which hundreds of crores of fines can be imposed on organisations for breaches.

The law that came into existence this year lays down that data can be collected only to the extent it is required, used only for the purpose for which it is taken and cannot be held on to beyond a point.

Last week more than 500 bankers joined a virtual meeting with senior lawyers to understand the dos and don'ts of the law that would force them to scan existing bank account opening forms and loan application documents, two persons from the banking industry told ET. This was a little after heads of some of the leading banks met to discuss the issue. Banks, it appears, will now closely examine whether they need all the information they fish out from new customers opening saving accounts or applying for loans and credit cards.

"Banking, financial services, and insurance companies hold data for purposes such as risk mitigation, fraud prevention, offering complimentary services, etc., retain data for longer periods, and share it within their group. While necessary in this industry, consents are often not clear, and regulatory requirements may be unclear, or even contradictory. Entities must carry out data mapping and review existing formats to identify the above. Where consent is not possible, getting a regulatory requirement, or adopting industry standards, before the DPDPA comes into force is advisable. BFSI entities may also be significant data fiduciaries, which will mean higher compliance requirements," said Arun Prabhu, partner & head — technology & telecom, at the law firm Cyril Amarchand Mangaldas.

Being custodian of savings, leveraged nature of the business and their systemic importance, banks may have the leeway to store data to safeguard the financial system. But, there would have to deal with conflicting rules: while the Reserve Bank of India (RBI) may like banks to preserve customer information for years, the new law would require the bank to destroy data of individuals who cease to be clients.

At present most banks are clueless about how to navigate the new law which could also restrict them from sourcing customer information from social media or buying data from external agencies. To begin with, banks must find out what data resides with them, and create a legal framework for collection and obtaining consent from customers. It could mean changing several forms banks ask customers to sign.

More than 500 bankers held a virtual meeting with senior lawyers to understand the dos and don'ts of the new law

Also, banks regularly share customer data with subsidiaries and joint venture companies in businesses like brokerages, non-banking finance, asset management, and insurance. Will the law stand in the way?

According to Supratim Chakraborty, partner at Khaitan & Co, "India's new data protection law does not impose any blanket restriction in relation to cross-selling. Cross-selling benefits financial customers by diversifying available options, encouraging tailored product discovery for customers, relieving them of the burden of finding the right product besides encouraging innovation. That said, the manner in which it is carried out today may be disrupted once the DPDPA comes into play."

The DPDPA warrants revisiting existing privacy notices to check if customers were specifically asked for their consent to use their personal data for aspects such as cross-selling. "Further, the DPDPA requires consent to be clear and specific. The use of personal data collected should be limited to purposes specified in the privacy notice. At present, it is often observed that consent obtained by financial institutions is open-ended or deeply buried in the T&Cs and privacy notices. This needs to change," said Chakraborty.

The government is yet to notify the rules related to DPDPA. Will the rules be unambiguous and detailed (like those of the anti-money laundering law)? What should be the qualification of a data protection officer of a significant data fiduciary like a bank — a banker, or lawyer or software engineer? Will the entire banking industry have a uniform customer consent form? How would penalties be decided? Most importantly, how to avoid litigation? Stodgy, legacy banks as well as the younger, nimble-footed ones are looking for answers to many such questions as they try to make sense of a law that aims to protect information no one ever thought was sacrosanct.

Government to space out Hindustan Zinc stake sale

STRATEGY TIME. Discussions revolve around multiple scenarios

Abhishek Law
New Delhi

The Centre is likely to delay or space out the divestment of its 29.54 per cent stake in Vedanta-owned Hindustan Zinc, as it continues to explore "best possible options", officials aware of the discussions said.

Suggestions being explored include "waiting out" the downturn cycle in metal stocks and timing the stake off-oad "appropriately". Another internal suggestion doing the rounds favours holding back the divestment "till the time the committee report on listing of commodity and mining businesses of the company is presented and reviewed".

REPORT NEXT MONTH

The report is expected to be presented by the second week of November or November-end, an official said.

There is a belief too that in case the corporate rejig creates better value, then it might help in improving the valuation of the government stake at the time of disinvestment.

Earlier this year, the Vedanta-owned company and the country's largest integrated zinc producer had announced plans to create separate entities for its zinc, lead, silver and recycling businesses.

The company, according to its CEO, Arun Misra, has appointed external advisors for a "comprehensive review" of its corporate structure. The company's also authorised a committee of directors to evaluate and recommend options and alternatives.

In fact, it is being claimed that the Centre wants to ensure that its members remain on the Board till the corporate rejig proposals are presented and then weighed in. For that, the government needs to retain at least 26 per cent stake in the company.

Arun Misra, CEO, Hindustan Zinc

At present, the Centre owns 29.54 per cent in Hindustan Zinc and 64.92 per cent is held by Anil Agarwal-promoted Vedanta.

Roadshows on stake sale had been carried out earlier this calendar year, but the stake sale announcement or OFS did not happen. Offloading of government stake in-bulk or one-go is unlikely at the moment.

"This is a large shareholding and if the government wants to retain its directorship, then the maximum it can offload at the moment is 3.5-odd per cent. We have heard that the government wants piecemeal offloading of its stake.

"And initially, it was said, that small tranches of 5 -7 per cent were being looked at keeping in mind the market acceptability and mood. Right now, we are hearing, it would be even smaller tranches. But nothing has been officially conveyed," a board member told *businessline*.

According to a report by consultancy firm Motilal Oswal, cash and cash equivalent of the company stood at ₹114,000 crore as of H1FY24. Total debt has seen a reduction of ₹500 crore to ₹113,000 crore. Majority of the investments are in high-quality debt instruments.

Misra told *businessline*: "Evaluation of the corporate structure is on. The pros and cons will be discussed once the report is presented by the second week of November or at around November-end. The idea is to create value for shareholders. I do not see a problem in getting the Centre on board if valuation of Hindustan Zinc goes up post such rejig. Or if the Government gets a better deal, say similar shareholding across two or three different entities each having good value. However, these are plans or ideas. For them to materialise, we will need to wait for the evaluation report."

ZINC PERFORMANCE

Incidentally, zinc as a commodity or base metal has been among the weakest performers in the London Metal Exchange (LME) base metals category.

The LME three-month zinc is trading around $2,450 per tonne, down by 18 per cent since the start of the year. And prices are expected to hover around the $2,400 -2,600 per tonne range globally.

Hindustan Zinc, however, manages a price of $3,000 per tonne range, and the current outlook on price remains to be so. It controls 75 per cent of the primary zinc market in India.

Zinc's relative under-performance is down to a build-up of excess metal as the global market shifts from supply shortfall to widening surplus, Misra said, adding that the zinc market's shift to surplus after two years of supply deficit is down to weaker-than-expected demand and higher-than-expected production.

On the other hand, India "remains a bright spot" with demand expected to grow at three-four per cent backed by the Government's infra-push; almost double the rest of the world which is pegged at 1.5-2 per cent growth.

BUSINESS LINE DATE:23/10/2023 P.NO2

As CBAM kicks in, auditors get to work at steel mills

Abhishek Law
New Delhi

The European Union (EU) has reportedly sent a list of energy auditors and accredited verifiers to various steel mills and manufacturing units in India to carry out emission audits across products even as the Carbon Border Adjustment Mechanism (CBAM) enters the transition phase.

The list reportedly features the names of 4 to 15 auditors according to industry sources, and some companies have started emission audits for their facilities. Contracts (export) are being reworked too.

The names doing the rounds across include Sphera, SIPM, IRQA, BV, Greenfish and McKinzie & Baker.

Th review of the facilities is to be done every quarter and costs incurred on such audits go into the P&L accounts of the company (exporter). There is no provision of refund or write-back of these expenses, as yet.

Across different sectors such as steel, stainless steel and aluminium, the first shipment (post-transition phase) is expected to enter the European Union around end-October. "We received some names and appointed a couple of auditors for review at our facilities. Reports have come in. And as shipments to the EU start, we will send them along," an official at a major steel mill told *businessline*.

DEFAULT VALUES

Some steel mills are working with top-tier law firms, on their own, to word future export contracts. The law firms will also go ahead with greenhouse gas emissions monitoring and calculation systems under EU standards.

In the absence of alignment between Indian and EU systems, some firms have suggested that "Indian exporters rely on default values to be published by the European Commission for their reporting purposes".

"Information that is potentially sensitive has been marked out and our clients are informed. These would be additional information that exporters need to furnish to their customers," one of the law firms said. These relate to location, high-level production details (such as the share of scrap steel used) etc.

It is also suggested that Indian exporters refrain from mentioning specific timelines on providing green house gas emission data. They have been asked to use generic terms such as "short-term or medium-term".

"Since our carbon emission range is within the default values given by EU, we are going with these at the moment. As and when new values are determined or announced, we will take a call accordingly," another steel exporter said.

CONCERNS PERSIST

A senior government official aware of the ongoing processes told *businessline*,that the energy auditor's report will have information like "comprehensive emissions data — such as the quantity of goods, totally embedded emissions, indirect emissions and the carbon price in the country of origin". These will be reported in the EU format quarterly from now on.

The problem arises for smaller Indian exporters, as they will need to persuade the larger producers to provide them with the data required by the EU.

HITAVADA
DATE:24/10/2023 P.NO6

India's mineral production rises 12.3% in August

INDIA'S mineral output increased by 12.3 per cent in the month of August as compared to the same month a year ago, the Centre on Monday said. The index of mineral production of the mining and quarrying sector for the month of August 2023 at 111.9, is 12.3 per cent

Higher as compared to the level in the month of August 2022, according to provisional data from the Indian Bureau of Mines (IBM).

The cumulative growth for the April- August period over the corresponding period of the previous financial year is 8.3 per cent, the mines ministry said in a statement.

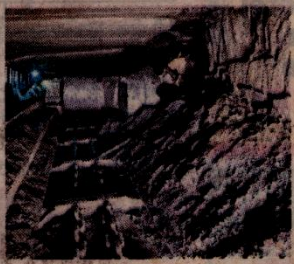
In the month of August, the country's coal output was 684 lakh tonnes, lignite production was 28 lakh tonnes, bauxite was 14.28 lakh tonnes among others.

LOKMAT DATE:24/10/2023 P.NO5

मातीखाली संपत्ती चकाकली

लोकमत न्यूज नेटवर्क

नवी दिल्ली : भारताचे खनिज उत्पादन वर्षभराचा विचार करता ऑगस्टमध्ये १२.३ टक्क्यांनी वाढले आहे, अशी माहिती खाण मंत्रालयाने दिली. मंत्रालयाने दिलेल्या माहितीनुसा ऑगस्टमध्ये कोळशाचे उत्पादन ६८४ लाख टन इतके झाले. लिग्नाइटचे उत्पादन २८ लाख टन, बॉक्साईटचे उत्पादन १४.२८ लाख टन इतके झाले. सोने, मँगनीज आदींच्या उत्पादनात चांगली वाढ दिसून आलेली आहे.



BUSINESS LINE DATE:25/10/2023 P.NO9

Goa's green cess haunts metal, mining firms

Suresh P Iyengar
Mumbai

After allegations of price cartel and export of large scale iron ore to China, steel companies are now facing the new challenge of Green Cess levied by Goa and Gujarat.

The one-of-its-kind cess will not only push up the cost for steel companies but also put a spoke in the ambitious 'Make in India' plan of the Modi government, and could lead to large-scale cheap imports from China.

The State government of Goa has enacted "The Goa Cess on Products and substances causing pollution (Green Cess) Act 2013" and levied Green Cess on industries using or transportation of Coal, Coke and other similar substances causing pollution. The levy would be 0.5 per cent of the sale value.

Barges loaded with iron ore anchored in River Mandovi, Goa (file photo) ATISH POMBURFEKAR

Many low-grade iron ore miners in Goa including JSW Steel subsidiary South West Ports, Vedanta, Goa Carbon and Zuari Agro Chemicals had challenged the legislative competence of Goa government to enact the Goa Cess in the High Court of Bombay, Goa Bench.

Late last month, the High Court upheld the constitutional validity of the Green Cess Act. Following this, the petitioners have moved the Supreme Court. A similar green cess by the Gujarat government has also been challenged in the Apex Court which has clubbed the petitions from both states for a combined hearing.

Meanwhile, JSW Steel has made a provision of ₹389 crore for the Goa cess from 2013 till this September.

'COUNTERPRODUCTIVE'

Jayant Acharya, Joint Managing Director, JSW Steel told *businessline* that any kind of cess or taxes of this kind inflates the cost and ultimately becomes counter-productive.

"We are already paying cess on coal and electricity duty etc and adding another cess to this entire thing does not make sense to us because it is making the cost of manufacturing in India more expensive. I am sure the courts will look at it and then take a view," he said.

"We need to look at it on a holistic basis and see whether it is really impacting the country and I think there needs to be some rules and regulations provided on this asset," he added. The petitioners in High Court argued the nature of the levy and the primary object of the law is environment and environmental pollution, which does not feature on any of the three lists in the Constitution's Seventh Schedule (related to the division of power between the Centre and States).

However, the Court said that, "entries in the legislative lists are not sources of the legislative power but are merely topics or fields of legislation, and that they must receive a liberal construction inspired by a broad and generous spirit and not in a narrow pedantic sense."

The bench of Justices MS Sonak and Bharat Deshpande said they find it difficult to accept the argument that the law is not legislation with respect to the entries relating to public health, sanitation, water, land and gas as referred to in the State list of Seventh Schedule.

BUSINESS LINE DATE:25/10/2023 P.NO8

Retain longs in aluminium; stop-loss at ₹200

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the Multi Commodity Exchange (MCX) has been trading flat over the past week. It was largely held between ₹201 and ₹203.

COMMODITY CALL.

Prior to this sideways move, the contract saw a decline.

So, as the contract has now taken a horizontal path, the downtrend can be assumed to have lost momentum.

Moreover, aluminium futures has a strong support band of ₹200-202 that can be seen clearly on the daily chart. On the back of this support, we expect the contract to perform a recovery. While ₹205 can be a minor hurdle, the contract can see a rally to ₹215.

That said, if the price falls below the support at ₹200, aluminium futures can be expected to see a leg of downtrend. Notable support below ₹200 are at ₹195 and ₹192.

But as it stands, the likelihood of a recovery is high.

TRADE STRATEGY

We recommended initiating long positions at ₹206 with stop-loss at ₹200. Hold this trade.

From here, when the contract rallies to ₹212, tighten the stop-loss to ₹208. Book profits at ₹215.

BUSINESS LINE DATE:26/10/2023 P.NO10

Steel output jumps 18.2% in Sept amid drop in global production

Achuth Vinay
Chennai

Indian steel output rose 18.2 per cent in September 2023 even as the global steel output took a small hit.

Global crude steel production decreased 1.5 per cent in September 2023 to 149.3 million tonnes (mt) against 151.7 mt in the corresponding period a year ago. For the January-September period, production in the 63 nations that account for 97 per cent of world steel output was pegged at 1,406.4 mt – up 0.1 per cent.

India reported a steep 18.2 per cent rise in production at 11.6 mt. Overall, for the January-September period, India's steel output increased by 11.6 per cent at 104.1 mt.

According to the World Steel Association, top producer China's output stood at 82.1 mt in September, down 5.6 per cent from the year-ago period. For the January-September period, China's output was 1.7 per cent higher at 795.1 mt.

SMALL JUMP. For the January-September period, India's steel output increased by 11.6 per cent at 104.1 mt.

KOREA OUTPUT SURGES

South Korea's production soared by 18.2 per cent to 5.5 mt. While output in the US increased by 2.6 per cent at 6.7 mt, Japan's output declined by 1.7 per cent at 7 mt. Russia and Germany reported production hike of 9.8 per cent and 2.1 per cent, respectively, at 6.2 mt and 2.9 mt year-on-year. The steel output in Turkey, too, went up by 8.4 per cent at 2.9 mt.

Steel production in Brazil and Iran went down by 5.6 per cent and 12.7 per cent, respectively, to end at 2.6 mt and 2.4 mt.

Region-wise, Africa, Asia-Oceania and the EU saw their output tumble by 4.1 per cent, 2.1 per cent and 1.1 per cent, respectively. The Middle-East and North America, too, saw their production decrease by 8.2 and 0.3 per cent; while South America saw a decline of 3.7 per cent compared with September 2022 figures.

THE ECONOMIC TIMES DATE: 26/10/2023 P.NO6

Polished Diamond Rates Crack 35% in a Month to Touch 2004 Levels

Steepest fall seen in diamonds sized between .25 carat and 3 carats

REUTERS

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Kolkata: Prices of certified polished diamonds have fallen month-on-month by a whopping 35% during Dussehra compared to last year's Navratri-Dussehra period. The drop has now reached a level where certain categories of diamonds have touched 2004 prices.

A combination of factors like the Russia-Ukraine war, recession in the US and China, and the growing popularity of lab-grown diamonds have led to fall in prices of polished diamonds. The Indian diamond trade that cuts and polishes 9 out 10 diamonds available in the world has inventory in hand it wants to sell off in the domestic market at a lower price, giving a chance to Indian buyers to own bigger diamonds at a lower price.

"The fall in prices of diamonds have resulted in a 20 percent hike in sales this Dussehra at our stores pan-India," said Suvankar Sen, managing director & CEO of Senco Gold & Diamonds.

The maximum price fall has happened in diamonds sized between .25 carat to 3 carats, said Kirit Bhansali, vice-chairman, of the Gem & Jewellery Export Promotion Council (GJEPC). This is giving a chance to Indian consumers to own bigger size diamonds, which otherwise would have been out of their reach.

However, the domestic market could see a further fall in polished diamond prices as rough diamond prices have started falling. Over the last three months, rough diamond prices have fallen as demand from the US, the largest buyer of polished diamond, declined significantly.

"The Israel-Hamas row will further impact the demand for polished diamonds in other global markets, and it is possible that prices may come down further," said Vijay Mangukiya, regional chairman, GJEPC (Gujarat).

A carat of slightly included (SI) quality diamond priced at around $7,000 in 2004 now commands nearly the same price. Diamond clarity grade covers anything that affects the free passage of light through the stone. The prices of smaller diamonds, which come out while cutting and polishing rough diamonds as small broken prices, have fallen by 10-15%.

"I have spent 30 years in the diamond trading industry in Surat and the present recession in the industry is worse than 2008," said a leading diamond trader, who did not want to be identified.

The overall gross exports of cut and polished diamonds between April to September of FY24 fell 28.76% to US$ 8702.23 million compared to the same period of FY23.

BUSINESS LINE DATE:26/10/2023 P.NO11

Steel mills stall export orders as China further brings down prices

STIFF COMPETITION. Chinese offers are priced $537 per tonne whereas Indian offers are over $580 per tonne

Abhishek Law
New Delhi

As China drops price of the most traded steel offerings (the benchmarked hot rolled coils) by at least $19 per tonne to just $537 per tonne for export markets, down 3-5 per cent month-on-month, Indian exporters have either stalled offers or continue to hold back trade with Middle East, South East Asian nations and also Europe.

Indian offers are at least at or above $580 per tonne, nearly 8-10 per cent higher than Chinese prices.

It has been nearly one month since Indian mills have slowed down or stopped export offers because of uncompetitive pricing by Chinese mills. Last export orders we're reportedly concluded at $580 per tonne, trade sources said. According to a report by consultancy SteelMint, steel prices continued to show a declining trend globally in October.

TOUGH SITUATION. It has been nearly one month since Indian mills have slowed down or stopped export offers because of uncompetitive pricing by Chinese mills

Trade sources in India say, Chinese offers or prices are so low that "they are uncompetitive" for mills here. China's domestic demand recovery remained slower than expected because of which the export offers remained low.

In order to complete globally, offers from Japan remained stable (mostly flat at m-o-m levels).

Vietnamese steel major Formosa Ha Tinh reduced its HRC prices by $15/t m-o-m for late-November and early-December 2023 shipments. This was a red flag to Chinese mills to lower their offers to Vietnam, SteelMint said in a report.

DOMESTIC DEMAND

Indian mills continued their focus on domestic demand, which grew at 15 per cent-odd for April-September of this fiscal.

According to Jayant Acharya, Joint MD & CEO, JSW Steel - among the largest steel makers in the country - the current "geo-political situation is a matter of concern". While, Asian markets "apart from China" are doing well, and USA remains resilient, the EU is slowing down.

"India remains a bright spot," he said during the post earnings analyst call, while pointing out that in April- September, steel imports or shipments coming into India went up by 23 per cent y-o-y and it "remains an area which needs to be watched out". Exports on the other hand moderated, dropping by 11 per cent y-o-y.

"The difference between import price - where deals were recently concluded at around $580-590 per tonne - and domestic price of steel (in Indian market) looks high primarily because there are some countries which have excess capacities and is using the demand visibility in India to offload those excess stocks at uncompetitive prices. This mostly happens at a trade level and generally not in the mill level. They (the importer/) may not be selling at the same lower price in their respective country. So this is something that we are keeping a watch on," he said.

"Steel prices globally have bottomed out and are expected to improve in the coming quarters.

HITAVADA DATE:27/10/2023 P.NO6

Secretary (Mines) visits MECL on 52nd Foundation Day

Secretary (Mines) V L Kantha Rao cutting the ribbon to celebrate the 52nd MECL Foundation Day.

■ **Business Reporter**

SECRETARY (Mines) V L Kantha Rao visited Mineral Exploration and Consultancy Ltd (MECL), the city based Miniratna I CPSE under the Ministry of Mines, Government of India to celebrate the 52nd MECL Foundation Day, recently.

On the occasion, Rao was warmly welcomed by I D Narayan, Chairman-cum-Managing Director, MECL, Ghanshyam Sharma, Director (Finance)(I/C) and Pankaj Pandey, Director (Technical) along with the top management of the organisation.

MECL employees gathered at the corporate office lawn, where Secretary (Mines) hoisted the MECL corporate flag in presence of the functional directors and all the employees sung the 'MECL Nigameey Geet' in unison to acknowledge the contribution of MECL to mineral security of the nation.

NAVBHARAT DATE:27/10/2023 P.NO4

MECL ने मनाया 52वां स्थापना दिवस

खान मंत्रालय सचिव राव की उपस्थिति

■ नागपुर, व्यापार प्रतिनिधि. खान मंत्रालय, भारत सरकार के अधीन नवरत्न-I सीपीएसई मिनरल एक्सप्लोरेशन एंड कंसल्टेंसी लिमिटेड (एमईसीएल) ने 21 अक्टूबर को 52वें स्थापना दिवस के अवसर पर खान सचिव वीएल कांता राव की उपस्थिति में मनाया गया. इस अवसर पर अध्यक्ष एवं सह प्रबंधक इंद्रदेव नारायण, निदेशक (वित्त) घनश्याम शर्मा और निदेशक (तकनीकी) पंकज पांडे के साथ वरिष्ठ प्रबंधन मंडल अधिकारियों के साथ विचार विनिमय किया. समारोह में कार्मिकों ने भी भाग लिया. एमईसीएल के सीएमडी ने सभा को संबोधित किया. सचिव राव ने भी संबोधित किया. उन्होंने एमईसीएल कॉरपोरेट कार्यालय परिसर के हर्बल गार्डन का दौरा किया और पौधे लगाए. पश्चात यूटिलिटी कॉम्प्लेक्स, प्रयोगशाला, केंद्रीय अनुरक्षण इकाई, मॉडल गवेशन स्थल की समीक्षा कर शीर्ष प्रबंधन के साथ बैठक की.

BUSINESS LINE DATE:27/10/2023 P.NO3

India, other WTO members criticise EU, UK on steel safeguard measures

CLEARING THE AIR. The EU has said that its recent review was not an extension of the safeguard, but to determine whether to end the measure early REUTERS

Amiti Sen
New Delhi

India and some other nations, including Switzerland, Brazil, China, Japan, Korea and Russia, have criticised the EU for deciding against terminating its safeguard measure on imports of certain steel products after carrying out a review.

Most argued the EU's safeguard duty, imposed after the Trump administration in the US slapped additional duties on certain categories of steel imports from the bloc, in 2018, was inconsistent with WTO rules, a Geneva-based trade official told *businessline*. "Most of the members that criticised the EU said the bloc's safeguard measures was not in response to 'unforeseen circumstances' and should have been terminated after the review," the official said.

UK FLAYED

Members also criticised the United Kingdom for maintaining its safeguard measures on imports of certain steel products. They noted the UK was currently conducting a review of the safeguard and argued that it should be revoked as it was not in compliance with WTO rules from the outset.

Countering criticism, the EU pointed out that its recent review was not an extension of the safeguard, as some complainants charged. As the safeguard will expire at the end of June 2024, it was to determine whether to end the measure early, it said.

The EU added that it had implemented the dispute ruling regarding the safeguard measure which resulted in the safeguard being brought into full compliance with WTO rules. The UK said that, as its review of the safeguard was ongoing, it would not comment further on the matter at this stage. In 2021, India had proposed to impose additional import duties worth €292 million on select products from the European Union as a retaliation against the safeguard measures.

The following year, it proposed additional customs duties of 15 per cent on the import of 22 products, including whisky, cheese and diesel engine parts, from the UK in retaliation to Britain's decision to impose restrictions on steel products after it exited from the EU.

BUSINESS LINE
DATE:27/10/2023 P.NO12

COMMODITY CALL.

Stay away from copper futures

Akhil Nallamuthu
bl. research bureau

Copper futures on the Multi Commodity Exchange (MCX) began its latest leg of downtrend in early September. Faced with resistance at ₹750, the continuous contract started to fall.

However, after falling to ₹700 in early October, the selling momentum dropped.

With no bullish trend reversal, the contract has charted a sideways trend since early October. The price range has been ₹690-710.

The price action on the daily chart denotes that neither the bulls nor bears dominate at this juncture, as they fight it out to gain control.

In short, the direction of the breach of the ₹690-710 price band will give us strong cues about the direction of the next trend.

If copper futures break out of ₹710 (a close above this on a daily basis can be a good sign), a move up towards ₹750 is possible.

On the other hand, if the contract slips below ₹690 (a daily close below this support), we are likely to see a quick drop to the support band of ₹660-₹665.

TRADE STRATEGY

Since there are no strong indications of movement on either side, traders can stay out for now.

Consider fresh positions along the direction of the break of the range of ₹690-₹710.

Centre Proposes Relaxing Penalties on Small Mining Cos

Latest reforms are in line with efforts to boost India's mineral production

Twesh.Mishra
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New Delhi: The Centre plans to reduce penalties on miners who have defaulted on filing their monthly returns to the Indian Bureau of Mines (IBM) as part of efforts to improve the ease of doing business.

The government has proposed amendments to the Mineral Conservation and Development Rules, 2023, which will cover mining leases with a leased area of up to 25 hectares and an annual approved production capacity of up to 200,000 tonnes.

As part of the changes, penalties will be waived off if returns made by leaseholders are referred back by the Indian Bureau of Mines for incorporating necessary corrections.

"If the leaseholder resubmits the monthly returns with corrections and within the allotted time limit, no penalty amount will be payable for the intervening period for such corrections," a senior government official told **ET**, adding that failure to rectify in such cases will attract the specified penalty.

Violations under prospecting and mining operations, beneficiation studies, opening and closing of mines is being proposed to be reduced to ₹1 lakh from ₹5 lakh for the small mining companies. Penalty for instances of modification and review of mining plan is being halved to ₹1,000 per day for smaller mines under the proposed Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Amendment) Rules, 2023. This penalty will be subject to a maximum levy of ₹5 lakh.

India reported mineral production worth ₹1.18 lakh crore in fiscal 2022-23, down from ₹1.33 lakh crore in the previous year. The value excludes the fuel, coal and other minor minerals. Iron ore, bauxite, lead and zinc ore are the most mined metallic minerals in the country.

The latest reforms are in line with efforts to boost domestic mineral production. Amendments to enable mining of critical minerals such as lithium were also recently approved by the Parliament.

Gold surges 7% in October on W. Asia war, economic woes

FESTIVAL BOOST. Coincides with Dhanteras, an occasion to buy gold, and wedding season

Suresh P Iyengar
Mumbai

Blame it on Israel-Hamas war and global economic uncertainties, domestic spot gold prices have zoomed by ₹4,150 per 10 grams (or nearly 7.3 per cent) this month to ₹60,825 on Friday from ₹56,675 on October 3.

Gold has been rising steadily from a low of ₹56,539 on October 6 and touched a high of ₹60,984 on Thursday, according to Indian Bullion and Jewellers Association.

The rise comes when the jewellers prepare for Dhanteras on November 10, an auspicious occasion to buy gold and peak festival sales followed by wedding season.

Globally, the yellow metal has rallied from a low of $1,871 an ounce in September to $1,990 on Thursday as the ongoing Israel-Hamas entered 20th day and rising tension in West Asia, fuelling geopolitical uncertainties besides the strengthening of the dollar.

REGAINING LUSTRE. Gold climbed from $1,871 to $1,990 as the Israel-Hamas conflict continued into its 20th day, with escalating West Asia tensions and a stronger US dollar

Given the geo-political developments, gold prices would have increased much higher if not for the RBI intervention in the forex market to prevent rupee depreciation against the dollar amid heavy sell-off by foreign portfolio investors in the equity markets.

MANY HEADWINDS

Somasundaram PR, Regional CEO, India, World Gold Council, said gold demand faces many headwinds, including the fall in domestic savings, stock market volatility and mixed signals on rural demand from FMCG sales.

However, he said the significant footfalls on jewellery B2B events in recent times and rising GST collections make this festive quarter for gold look very positive but with significant challenges.

Suvankar Sen, Managing Director, Senco Gold Diamonds, said customers are gearing up to take full advantage of the company's flexi gold price scheme, which allows them to lock in gold price by paying the cost of their favourite jewellery and taking delivery on Dhanteras.

NO HINDRANCE

Colin Shah, Managing Director, Kama Jewelry, said with the festival season and wedding season fast approaching, the price dynamics seems to be a little hindrance for gold buyers owing to the rise in per-capita income and the sentimental value attached to buying gold.

Prithviraj Kothari, Managing Director, RiddiSiddhi Bullions, said the fundamental and technical landscape has improved the long-term bullish view on gold to trade at least 10 per cent higher from the current levels by next year, and this should propel the demand during Dhanteras.

NAVBHARAT

DATE:29/10/2023 P.NO4

IBM : आधुनिक खनिज प्रसंस्करण संयंत्र उद्घाटित

नागपुर, व्यापार प्रतिनिधि. केंद्रीय खान मंत्रालय के सचिव वी. एल कांता राव दो दिवसीय नागपुर दौरे पर थे. इस दौरान उन्होंने आईबीएम के साथ-साथ महाराष्ट्र के खनिज विभाग की समीक्षा की. आईबीएम-भारतीय खान ब्यूरो का मुख्यालय नागपुर में है और इसके माध्यम से पूरे देश में खानों को नियंत्रित करता है. राव ने बताया कि खनिज समृद्ध राज्य से खदान की मिट्टी नागपुर में आईबीएम मुख्यालय में एकत्र की जाएगी और फिर इन कलशों को दिल्ली के अमृत वाटिका में भेजा जाएगा. इस दौरान राव आईबीएम मुख्यालय में पौधारोपण किया और अधिकारियों के साथ समीक्षा बैठक की. उन्होंने हिंगाना में आईबीएम के आधुनिक खनिज प्रसंस्करण संयंत्र का भी उद्घाटन किया और प्रणाली का अवलोकन किया. उन्होंने महाराष्ट्र सरकार के खनिज विभाग के अधिकारियों की समीक्षा बैठक भी ली. राव ने वाड़ी, अमरावती रोड स्थित जवाहरलाल नेहरू एल्युमीनियम अनुसंधान केंद्र का दौरा भी किया और एमईसीएल-मिनरल एक्सपोर्ट लिमिटेड, सेमिनरी हिल्स के स्थापना दिवस के अवसर पर आयोजित एक कार्यक्रम में भी शामिल हुए.

BUSINESS LINE DATE:29/10/2023 P.NO6

Gold retains bullishness

BULLION CUES. Silver struggling to move up

Akhil Nallamuthu
bl. research bureau

Gold gained for the third week in a row, whereas silver remains below a barrier. In terms of dollars, gold was up 1.3 per cent last week, whereas silver lost 1.3 per cent as they closed at $2,006.4 and $23.1 per ounce respectively.

Similarly, on the MCX, gold futures gained 0.7 per cent, but silver futures was down 1.6 per cent -- they ended the week at ₹61,156 (per 10 gram) and ₹71,717 (per kg) respectively.

MCX-GOLD (₹61,156)

Gold futures (December contract), after a minor blip early last week, resumed its up-move. It has closed above ₹60,400 for two weeks in a row, showing good upward momentum.

As it stands, the likelihood of further rally is high. The nearest resistance can be spotted at ₹62,000 and ₹62,500. A breakout of ₹62,500 can trigger a rally to ₹65,000.

On the other hand, if there is a fall in price, gold futures can find support at ₹60,400. Notably, the price band of ₹60,000-60,400 is a good base. A breach of ₹60,000 can turn the short-term trend bearish. But this is unlikely to happen now.

Trade strategy: Go long now at around ₹61,156 and accumulate if the price dips to ₹60,400. Place stop-loss at ₹59,850. When the contract touches ₹61,500, tighten the stop-loss to ₹60,700. Book profits at ₹62,400.

MCX-SILVER (₹71,717)

Silver futures (December series) was unable to extend the gain last week. It fell off the resistance at ₹73,000. The 200-day moving average lies at ₹73,600, another hurdle.

But it remains above the key support region of ₹70,000-71,000. So, essentially, the contract should breach either ₹73,600 or ₹70,000 in order to establish a trend.

If silver futures break out of ₹73,600, it can move up to ₹76,500, a barrier. Subsequent resistance is at ₹78,000. But if the contract declines below ₹70,000, it could see a quick fall to ₹67,500.

Trade strategy: Buy if the contract surpasses ₹73,600 mark. Target and stop-loss of this trade can be ₹76,500 and ₹71,900 respectively.

BUSINESS LINE DATE:31/10/2023 P.NO12

China pips Korea, Japan as top seller of steel to India in April-Sept FY24

Abhishek Law
New Delhi

China has for the first time emerged as the largest seller of steel to India, toppling key markets like Korea and Japan for H1FY24, with nearly 9,18,000 tonnes coming in, data from India's Steel Ministry accessed by *businessline* show. Vietnam, a key export market for Indian mills, is now among the top-seller or importer to India's trade.

Lower-priced Chinese offerings — which are being sold directly and offloaded via Vietnamese traders — are being seen as the main reason for this shift in trade dynamics, say Ministry officials and market sources. At the same time, export markets remain depressed, with the European Union being a saving grace — Belgium, Spain and Italy account for 35 per cent of the exports — despite price pressures and slowing orders.

IMPORTS ON THE RISE

As per the Steel Ministry report, China displaced Korea (9,17,000 tonnes) and Japan (4,27,000 tonnes) from the top two slots, while Vietnam (1,91,000 tonnes) displaced Taiwan (78,000 tonnes), for the first half of the fiscal. The change came about as Chinese imports zoomed by 55 per cent y-o-y, while Vietnamese offerings shot up by a whopping 485 per cent. Korea saw a dip in imports by 16 per cent."Imports into India are rising and hence remain an area which we need to watch out for. Exports have also moderated...." Jayant Acharya, Joint MD and CEO, JSW Steel, said during an analyst call.

The Steel Ministry report reveals that despite a 55 per cent plus rise in volumes from China, the price movement (upwards) was just 18 per cent or $1,075 million worth of finished steel in H1FY24 (vs $911 million in H1FY23). In fact, despite a 13 per cent y-o-y increase in import volumes to three3 million tonnes for these six months (April - Sept), prices at which the shipments came in fell by 14 per cent to $3,266 million ($3,793 million).

BUSINESS LINE DATE:31/10/2023 P.NO12

Zinc futures: Pause for now

Akhil Nallamuthu
bl. research bureau

Zinc futures – November expiry – on the MCX closed at ₹233.65 by the end of September. It was a clear breakout of the resistance at ₹230, technically, a bullish signal. However, rather than appreciating further, the contract started to fall.

COMMODITY CALL.

Last week, it closed at ₹221.65. But considering the price action of the last two weeks, the downswing too seems to have lost traction. Because the November zinc futures has been oscillating in the ₹219-223 range. Thus, zinc futures should breach either ₹219 or ₹223 to start trending. On the other hand, a fall below ₹219 can trigger another leg of downtrend, possibly to ₹210. Immediately below this is another support at ₹208.

A breakout of ₹223 will open the room for a rally to ₹230. Notably, the price region between ₹230 and ₹234 can act as a barrier. On the other hand, a fall below ₹219 can trigger another leg of downtrend, possibly to ₹210. Considering the above conditions, traders need to wait for zinc futures to move out of the ₹219-223 range.

Take fresh trade along the direction of break of this range.

BUSINESS LINE DATE:31/10/2023 P.NO6

Coal production gained momentum in last 15 days, says Government

Business Reporter

THE country's coal production has picked up momentum in the last 15 days after unprecedented rains in early October in coal producing states, the Government said on Monday.

Total production of coal from all sources during the last 15 days is over 26.40 lakh tonnes per day.

"Coal production in the country, during current FY (till 28.10.23) has shown a growth of 12.81 per cent compared to same period last year," the coal ministry said in a statement.

The overall supply of dry fuel has increased by 11.70 per cent and supply to power sector has registered a growth of 7.87 per cent compared to the same period last year.

The trend of coal stocks at coal-based power plant, which was showing a depletion earlier, is now during the last 10 days registering an accretion trend indicating that the supply and receipt of coal at thermal plants is more than the consumption.

Overall, there is a rise in the stock at thermal power plants, including central and state Government power generation companies.

"Besides, as on October 28, 2023, total coal stock at the mine end of CIL (Coal India), SCCL (Singareni Collieries Company Ltd), captive mines and coal supply in transit is 53.23 MT as against 37.40 MT during the corresponding period of last year, which is 42.32 per cent higher," it said.

During this period, the imported coal consumed for blending was 13.5 MT as against 20.8 MT during corresponding period of last year, registering a drop of 35 per cent.

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