KHANIJ SAMACHAR

Vol. 8, No-9

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KHANIJ SAMACHAR

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VOL. 8, NO –9 , 1st–15th MAY 2024

ECONOMICS TIMES DATE:1/5/2024 P.NO12

Soaring Prices No Bar, Demand for Gold Rises 8% in March Qtr

Jewellery sales rise 4%; investments in gold ETFs too see positive inflows of over 2 tonnes

Our Bureau

Kolkata: Demand for gold bars and coins, which are primarily bought as investment, rose 19% in the quarter ended March 31, at par with the first three months of 2022 when the growth was the strongest since 2014.

Jewellery sales increased 4% to 95 tonnes, taking the overall gold demand 8% higher from a year earlier to 136.6 tonnes, according to a report released by the World Gold Council (WGC) on Tuesday.

The WGC has kept India's full year gold demand forecast at 700-800 tonnes. If the current price rally continues, sales could be at the lower end of this range.

"The price correction in February sparked investors' interest, with anticipation of a rebound driving purchases. As the price rallied to successive record highs, investors remained bullish, contributing to the robust demand," said Sachin Jain, regional chief executive-India at the WGC.

"Investments into gold ETFs too saw positive inflows of over two tonnes. The Reserve Bank of India alsogrew its gold reserves by 19 tonnes during Q1, exceeding last year's annual net purchases of 16 tonnes," he said.

Millennials, in particular, are buying gold bars and coins for investment to grow their assets, he said.

In value terms, gold investment demand in the first quarter of 2024 was ₹22,720 crore, up 32% from a year earlier. Sales volume of gold bars and coins totalled 41 tonnes.

VIJAY P

India recycled 38.3 tonnes of gold in the first quarter, up 10% from 34.8 tonnes in Q1 2023. It imported 179.4 tonnes of the yellow metal, up 25% compared with 143.4 tonnes a year earlier.

"India's continued strong macroeconomic environment was supportive for gold jewellery consumption even though prices reached a historic high in March, leading to a slowdown in sales as the quarter ended," Jain said.

Although Indian recycling volumes increased by 10%, there were very few reports of distress selling, the WGC said.

Gold Slips as Fed Meeting Looms

Gold prices slipped more than 1% to a one-week low on Tuesday due to an uptick in the dollar and US Treasury yields, although strong safe-haven demand and central bank buying kept bullion on track for its third consecutive monthly gain. Spot gold fell 1.7% to $2,394.08 per ounce. US gold futures dropped 2.2% to $2,304.90. Gold prices have gained 3.3% so far this month after hitting a record high of $2,431.29 earlier in April. The dollar rose 0.3% against its rivals, making gold more expensive for other currency holders, while benchmark 10-year yield also climbed. The US central bank begins its two-day monetary policy meeting on Tuesday, where it is expected to hold rates at 5.25%-5.5%. All eyes are on Fed Chair Jerome Powell's speech on Wednesday for more cues on rate-cut projections. **Reuters**

BUSINESS LINE DATE:1/5/2024 P.NO10

Gold demand in Q4 up 8% despite high prices

Our Bureau
Mumbai

Notwithstanding volatile prices, gold demand increased by 8 per cent in the March quarter to 136 tonnes, against 126 tonnes a year ago, largely led by investments and a sudden fall in prices in February.

In value terms, it was up 20 per cent to ₹75,470 crore (₹63,090 crore).

Jewellery demand increased by 4 per cent to 95.5 tonnes (91.9 tonnes) while investment jumped 19 per cent to 41 tonnes (34 tonnes).

Sachin Jain, Regional CEO, India, World Gold Council, said that with growing affluence and wealth generation, India is following the global trend of investment-led gold demand even while keeping live the traditional demand for gold jewellery despite the high prices towards the end of the quarter. Thanks to the efforts of mutual funds and other institutions, gold exchange-traded funds and other gold-backed financial products are gaining popularity as a means of financial diversification, he added.

Interestingly, he said, the RBI has bought 19 tonnes of gold in the first quarter of this year, against 16 tonnes in 2023.

SHINING BRIGHT. Jewellery demand increased by 4 per cent to 95.5 tonnes, while investment jumped 19 per cent to 41 tonnes

BULLISH BUYING

For the first time in recent years, Jain said, consumers in India have bought more gold in a bullish market, reflecting growing confidence that prices will remain above ₹70,000.

Given the high prices, gold recycling increased 10 per cent to 38.3 tonnes (34.8 tonnes), though there were some reports of distress sale, while imports were up 25 per cent at 179.4 tonnes (143.4 tonnes). Gold bar and coin demand was up 19 per cent to 41 tonnes.

CHINESE DEMAND UP

Globally, gold demand was up 3 per cent to 1,238 tonnes, driven largely by the over-the-counter market. Gold ETFs continued to see outflows with global holdings falling by 114 tonnes. China generated the bulk of the increase, with renewed investor interest in gold due to the weakening local currency and bearish domestic equity markets.

Gold demand in China was up 13 per cent at 295 tonnes (261 tonnes) even as its jewellery demand fell six per cent to 184 tonnes.

India-Chile FTA 'must cover mines acquisition, key mineral import'

MINES MINISTRY PITCH. The deal could be on the lines of one signed with Argentina

Abhishek Law
New Delhi

The Mines Ministry has suggested that the discussions on India-Chile Free Trade Agreement (FTA) must cover securing of critical minerals, acquisition of copper and lithium mines and commercial offtake agreements at the G2G (government -to- government) level, an official aware of the matter told *businessline*.

Currently, both countries have a preferential trade agreement (PTA), which is a limited trade arrangement, and not an FTA.

A delegation of industry and government officials had recently visited Chile to explore scope of larger economic cooperation, including securing critical mineral partnerships.

SECURING CRITICAL MINERALS. A delegation of industry and government officials had recently visited Chile to explore the scope of larger economic cooperation, including critical mineral partnerships REUTERS

G2G AGREEMENTS

Previously, the Mines Ministry signed a non-disclosure agreement with ENAMI, the state-owned company of Chile, for exchange of information and data sharing.

"So, we are looking at G2G agreements for exploration, acquisition of mineral blocks and subsequent offtake of these critical minerals – if exploration activities are successful. In this case, the mineral blocks under-discussion is that of copper and lithium. These agreements could be on the lines of what we had done in case of acquiring lithium blocks in Argentina," the official said. Earlier this year (in January), India made its first ever acquisition of lithium blocks overseas, in Argentina. Five blocks were acquired through the state-run entity, KABIL or Khanij Bidesh India Ltd - a JV of NALCO, Hindustan Copper and MECL. Around ₹200 crore will be invested towards exploration and other mining activities there, over a five-year-period. Chile, along with two other LatAm nations, Argentina and Bolivia, form the world's Lithium Triangle, accounting for majority of the resources globally.

LITHIUM TRIANGLE

Lithium, also called white gold, is pivotal for usage in EVs (electric vehicles), batteries – mobile phones and cars, and other energy storage solutions. It is the cornerstone of India's transition to green energy. The country is dependent on imports.

On the other hand, copper, is also identified as a critical mineral in India, and finds widespread usage in power cables, wind turbines, electric vehicles and solar panels. Copper demand, including its price movement, is seen as a key indicator of economic health.

"Our suggestions to the Commerce Ministry have been to include discussions on critical minerals, specially copper and lithium, in the FTA talks with Chile," the official said.

BUSINESS LINE DATE:1/5/2024 P.NO6

NAGENDRA NATH SINHA
ASHWINI KUMAR
AAYUSH RAJ SINHA

Steel-makers shouldn be deprived of scrap

GOING FORWARD. A vital source for sustainable steel production, India must secure scrap supplies via tie-ups with Middle Eastern and African nations to offset European restrictions

Economic growth and the government's focus on infrastructure development are likely to spur steel demand in the country by over 10 per cent. This rapid growth must address environmental sustainability concerns, specifically the issue of carbon emissions. The use of ferrous scrap in steel production can reduce greenhouse gas emissions by up to 58 per cent. If renewable energy is used, emissions could drop by as much as 80 per cent, offering a promising path towards sustainability.

Steel is almost infinitely recyclable. Its recycling in the form of scrap can save 1.1 tonnes of iron ore, 630 kg of coking coal, and 55 kg of limestone for every tonne of scrap. This transition also reduces water consumption by 40 per cent making it a significantly greener and a more sustainable approach to steel-making.

The global average per capita steel consumption is around 233 kg, but in India, it's only about 98 kg, even with a 50 per cent increase over the past eight years. This is about 40 per cent of the global average. A key issue for India is that its domestic scrap supply is likely to stay limited due to past low steel consumption and a relatively young infrastructure. Since steel products usually last about 40 years, India will likely continue to face a shortage of domestic scrap.

Thus, India's reliance on ferrous scrap imports is unavoidable. As the world's second-largest importer, India brought in 9.9 million tonnes in fiscal year 2023. This heavy import dependency underscores the urgent need for strategies to ensure a stable scrap supply while meeting the growing demand for steel in the domestic market.

Alang, often regarded as the world's largest ship recycling yard, can process over 4.5 million tonnes of steel a year, contributing significantly to the regional steel supply in western India and helping to balance the country's overall steel production.

However, the Indian steel industry's dependency on scrap imports presents unique challenges, especially with the largest global exporter of scrap, the European Union, and other nations implementing restrictive practices to control industrial emissions. The EU's Waste Shipment Regulations, following China's move to tighten scrap metal exports, signal a broader trend towards restrictive trade practices in scrap labelled as environmental standards. Given India's role as a significant importer of ferrous scrap, these constraints could severely impact the country's steel industry.

India's dependence on imported scrap highlights the need for alternative steel-making sources. Direct Reduced Iron (DRI) is a promising option. With a surplus in DRI manufacturing capacity, India's DRI output rose from 34.7 million tonnes in fiscal 2019 to 43.6 million tonnes in fiscal 2023, offering a potential solution to the constraints caused by limited scrap imports.

However, much of India's DRI production still uses coal-based processes, indicating a need to shift to greener methods like hydrogen-based DRI to meet decarbonisation targets. To stay competitive with scrap, DRI prices must be at least ₹2,500-3,000 per tonne lower than domestic High Melting Scrap (HMS) prices. This cost advantage is key for DRI adoption and a sustainable steel industry in India.

Indian steel industry's dependency on scrap imports presents unique challenges, especially with the largest global exporter of scrap, the European Union, implementing restrictive practices.

CONDUCIVE POLICIES

To adapt to the evolving scrap market, the Indian government has implemented policies to boost scrap use and increase its availability. The Steel Scrap Recycling Policy and Vehicle Scrappage Policy aim to promote scrap-intensive steel production and cut carbon emissions. The Vehicle Scrappage Policy operates in 12 States with over 98 scrappage centres, ensuring a steady scrap supply. Further expanding Extended Producer Responsibility and tightening oversight of scrapping centres would enhance scrap from 'end of life vehicles'.

To secure its scrap supply, India could form strategic partnerships with Middle Eastern and African countries for shorter lead times and to offset European restrictions. Collaborations with nations like Papua New Guinea can provide more stable scrap sources, aiding India in a rapidly changing global market where around 73 countries have banned or restricted scrap exports. India should firmly oppose new barriers to scrap trade.

To ensure sustainable grow India's steel industry, a multi-f approach is needed. This invol expediting customs clearances partners like the UAE, using R technology for efficient scrap t and adopting Industry 4.0 for b resource management.

Additionally, incentives for vehicles at certified facilities a blockchain technology can boo transparency and reduce fraud scrap supply chain.

Opportunities to gather scra sources like railways and defen be explored, alongside building for detailed scrap data collecti classification.

In conclusion, scrap-based steel-making is crucial for India decarbonisation. By using inno techniques and strategic partn India can navigate policy barrie scrap supply, building a more sustainable steel industry.

This approach reduces waste resource efficiency, and fosters future, reinforcing India's com to sustainable growth.

The writers are Secretary, Economic Advis Professional, respectively, with Ministry of are personal

BUSINESS LINE DATE:2/5/2024 P.NO9

Coal India production grows 7.3 per cent to 61.8 mt in April

Mithun Dasgupta

Kolkata

State-run coal miner Coal India produced 61.8 million tonnes in April, a 7.3 per cent year-on-year rise compared to the same period last year.

The c0oal behemoth had produced 57.6 million tonnes of coal in April last year.

All its coal-producing subsidiaries reported higher outputs in April, 2024 compared with the same period last year, according to a stock exchange filing by CIL on Wednesday. Eastern Coalfield (ECL), Western Coalfields (WCL) and Central Coalfields (CCL) recorded 24.3 per cent, 16.8 per cent and 12 per cent y-o-y output growths, respectively.

Significantly, Coal India accounts for more than 80 per cent of domestic coal production. Coal offtake for the company registered an increase of 3.2 per cent y-o-y to 64.3 million tonnes last month from 62.3 million tonnes in the same period last year.

Notably, Coal India marginally fell short of its annual production target for the last fiscal as it produced 773.6 million tonnes of coal in the last financial year against the target of 780 million tonnes.

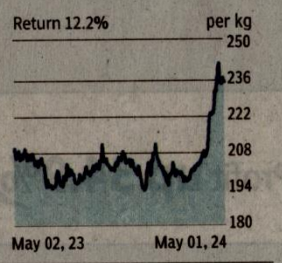
The company, however, registered a 10 per cent y-o-y output growth in FY24 over a high base of 703.2 million tonnes in FY23.

BUSINESS LINE DATE:2/5/2024 P.NO9

Aluminium: Initiate shorts if futures drop below ₹232

Akhil Nallamuthu

bl. research bureau



Aluminium futures (May contract) on the Multi Commodity Exchange (MCX) hit a high of ₹244 last week. It then moderated and closed at ₹236.1 on Wednesday.

Note that the chart of the continuous contract of aluminium futures hit resistance at ₹250 last week and then declined.

COMMODITY CALL.

This is strong resistance, and so there is a good chance for the contract to see a corrective decline from the current level.

But for this to happen, the May futures ought to drop below the support at ₹232. If this occurs, the downswing can extend to ₹220, a support.

Whether this will be breached depends on the momentum at which the contract falls from the current level. Support below ₹220 is at ₹210.

TRADE STRATEGY

Stay out for now. Initiate fresh shorts when aluminium futures drop below ₹232.

The target and stop-loss can be ₹220 and ₹236, respectively.

THE HITAVADA DATE:3/5/2024 P.NO6

MOIL posts best ever April production at 1.60 lakh tonnes

■ **Business Reporter**

CONTINUING its spectacular performance in the current financial year, city-based public sector enterprise MOIL Limited once again posted record production. The company registered its best ever April production at 1.60 lakh tonnes in April, 2024, registering a significant growth of 22 per cent over April, 2023.

Apart from this, on the sales front, the company has achieved its best ever April sales of 1.15 lakh tonnes in April, 2024, registering a growth of 17 per cent in comparison to April 2023.

Ajit Kumar Saxena, Chairman and Managing Director of MOIL, expressed great satisfaction over the performance and said that that it was heartening to see MOIL team continuing the stellar performance rhythm. Saxena also expressed confidence that the company will continue to excel in the coming times.

Saxena congratulated the team MOIL for their concerted efforts, resulting in this record performance and presentated a letter of appriciation to all mine manegers.

Recently, Saxena gave a letter of appriciation to R U Singh, Agent, Group I, Balaghat; P Karaiya, ED Technical; and others during his visit to MOIL's Balaghat mine.

THE HINDU DATE:3/5/2024 P.NO15

NMDC output slid 1%, sales rose 3% in April

The Hindu Bureau
HYDERABAD

State-owned NMDC reported iron-ore production for April slid almost 1% while sales increased almost 3%.

Production stood at 3.48 million tonne (mt) (3.51 mt) and sales 3.53 mt (3.43 mt), NMDC said in a filing on the provisional numbers.


Amitava Mukherjee

India's largest iron-ore producer has been reporting a year-on-year decline in output since February. In March, production and sales fell. For the year ended March, it had reported a 10% increase in production to a record 45.1 mt and 16% higher sales at 44.48 mt.

"We are targeting north of 10% growth in our volumes in FY25 attuned to the growth trajectory of India's iron-ore output and demand," CMD (additional charge) Amitava Mukherjee said in a statement.

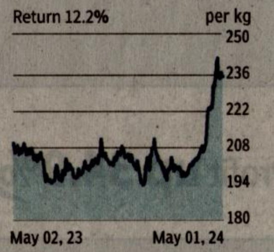
'Promising start'

"All our mining complexes have delivered a promising start and are geared up to harmonise with the new mining technologies, navigate sectoral challenges and achieve 50 million tonne," he added.

BUSINESS LINE DATE:3/5/2024 P.NO10

Aluminium: Initiate shorts if futures drop below ₹232

Akhil Nallamuthu
bl. research bureau



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TRADE STRATEGY

Stay out for now. Initiate fresh shorts when aluminium futures drop below ₹232.

The target and stop-loss can be ₹220 and ₹236, respectively.

THE HITAVADA DATE:3/5/2024 P.NO5

Stop illegal mining in Aravalli area: SC

NEW DELHI, May 2 (PTI)

OBSERVING that a balance between sustainable development and protection of the environment has to be made, the Supreme Court asked the Centre and State Governments on Thursday to stop illegal mining in the Aravalli area.

A bench of Justices B R Gavai and Abhay S Oka said the Governments must ensure that action is taken against erring officials. "Illegal mining in the Aravallis has to stop. The authorities have to ensure that the requisite steps are taken in this regard. Otherwise, what is the benefit of having only skeletal structures in the name of mountains? A balance has to made between sustainable development and protection of the environment," the bench said. The top court is dealing with a matter related to alleged illegal mining in the Aravalli range. In 2009, the top court imposed a blanket ban on the mining of major and minor minerals in the eco-sensitive Aravalli hills.

The Rajasthan Government had earlier told the court that the issue regarding the classification between the Aravalli hills and the Aravalli ranges, insofar as mining activities are concerned, needs to be decided by the apex court.

"We, prima facie, feel that if the State is of the view that the mining activities in the Aravalli range are also detrimental to the environmental interest, nothing stops the State Government from preventing mining activities in the Aravalli range as well," the top court had said.

THE HITAVADA DATE:4/5/2024 P.NO6

India's mining sector grows by 7.5% in FY24

INDIA'S mining sector grew by 7.5 per cent in FY24, with production of iron ore and limestone recording high growth during the year, an official statement said on Friday.

For the month of March, the index of mineral production was 1.2 per cent higher year-on-year at 156.1. Production of iron ore was at 277 million metric tonne (MMT) in 2023-24 against 258 MMT in 2022-23, registering a growth of 7.4 per cent. Limestone production has also surpassed the production record of 406.5 MMT achieved in FY 2022-23.

ECONOMICS TIMES DATE:4/5/2024 P.NO7

JSW Infra Net Profit Increases 9% in Q4

Mumbai: JSW Infrastructure, part of the JSW Group and India's second-largest private commercial port operator by market capitalisation, posted a near 9% increase in fourth-quarter profit on Friday, boosted by higher cargo volumes.

Consolidated net profit rose to ₹329 crore in the quarter, from ₹302 crore a year ago. Revenue surged by 23% year-on-year, at ₹1,200 crore as the company recorded a 9% year-on-year increase in cargo handled volumes, totalling 29.3 million tonnes.

"The increase in the volume is primarily on the back of increased capacity utilization at the Paradip Coal Terminal and Mangalore Coal Terminal," the company said in a press statement. JSW Infrastructure operates 10 ports and terminals along the Indian coastline.

EBITDA rose 29% year-on-year to ₹685 crore, with an EBITDA margin of 57.1%. The company announced a dividend of ₹0.55 per equity share of ₹2 (27.5%) for shareholders, to be declared at the upcoming annual general meeting.—**Our Bureau**

BUSINESS LINE DATE:5/5/2024 P.NO1

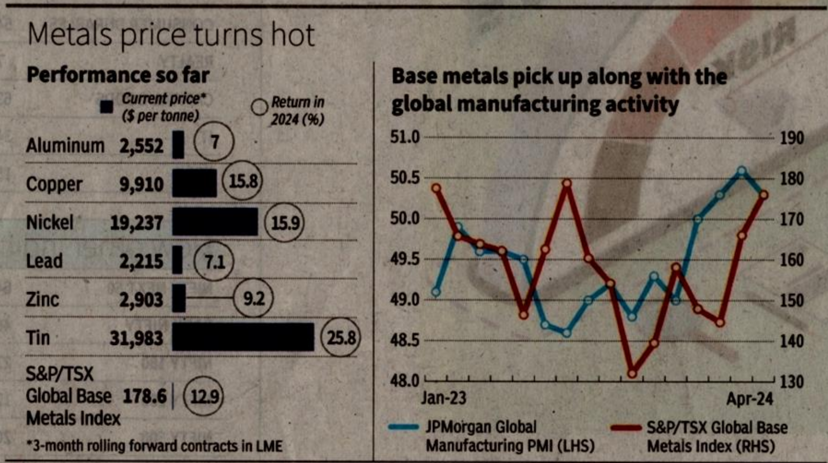
Will the rally in base metals sustain?

BEARISH CUES. High inventories in China, possible slowdown in the US can drag prices lower again

Gurumurthy K
bl. research bureau

Base metal prices have seen a strong revival in 2024, after being beaten down in 2022 and then a sluggish 2023. The S&P/TSX Global Base Metals Index has risen about 13 per cent so far in 2024.

Among individual metals, tin has outperformed others by surging 26 per cent this year.



Source: Bloomberg

THE TRIGGER

A strong pick-up in the global manufacturing activity has been one of the major triggers for base metal prices surging this year. The JPMorgan Global Manufacturing PMI has risen consistently from 49 in December to 50.6 in March. Sandeep Daga, Founder, CEO of Metal Intelligence Centre (MIC), says, "There has been a revival and the global manufacturing PMI has gone into the expansion phase, prompting a turnaround in sentiments".

Recent data show that the global PMI has dipped to 50.3 in April. However, any reading over 50 indicates that it is still in expansion phase. Further fall in PMI though, can dampen the sentiment.

Secondly, the positive economic signals in the US and China have started playing out in metal prices. Amit Goel, Co-Founder and Chief Global Strategist at Pace 360, says, "Instead of a recession, the US sported strong growth numbers last year. China, on the other hand, did interest rate cuts and introduced monetary stimulus to stabilise the economy."

Thirdly, the bearish stance in the markets turned around. For instance, the net long position in copper has increased almost five-fold since the beginning of this year.

According to the data from the Commodity Futures Trading Commission (CFTC), the net long positions (non-commercial) in copper futures contract on the COMEX has increased from 8,617 contracts in the first week of January 2024 to 58,064 by end-April.

LITTLE UPSIDE ROOM

Experts believe that there is not much room left on the upside. The current rally in metals price could top out in a month or two. According to Amit Goel, the US economy could start to slow going forward.

"US growth is topping out in my opinion. There could be a dramatic slowdown ahead in the US, which can spill over to other global major economies as well," he says. That could have a negative impact on the commodity prices.

"There could be room for a maximum of another 4-5 per cent rise in metals price from here. But after that the metal price can correct about 8-10 per cent by October this year," he adds.

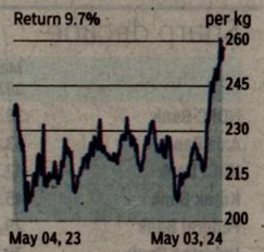
MIC's Sandeep Daga says the current rally is completely driven by investment money and not because of consumer demand.

"The bull cycles in 2002, 2009 and 2020 were driven by a strong Chinese demand. That is missing this time," he cautions. He says that base metal prices in China are trading at discounts compared to the London Metal Exchange prices and also the inventories are at high levels.

"Usually, the Chinese price will rise rapidly at the beginning of a bull cycle. That has not happened. Copper inventory in China is at its peak since 2020 which means China is not consuming much," says Daga.

BUSINESS LINE
DATE:7/5/2024 P.NO10

Buy zinc futures if they rally past ₹262



Akhil Nallamuthu
bl. research bureau

Zinc futures (May contract) on the Multi Commodity Exchange (MCX) returned nearly 18 per cent in April. Thus, the uptrend, which began in the second half of February, is valid. The rebound in price off the support band of ₹250-252 last week reinforces the bulls' hold.

Taking the prevailing price action into account, it is safe to assume that May zinc futures have more room for rally from the current levels.

However, the long-term chart of the continuous contract of zinc futures shows that the price region between ₹270 and ₹275 is a significant supply zone. So, we can expect fresh sellers arriving at these levels and traders, who are long now, might look to take money off the table. This can lead to a correction in price.

On the other hand, if zinc futures fall from the current levels and invalidates the support at ₹250, the outlook can turn bearish, at least for the short-term. Key support levels below ₹250 are at ₹240 and ₹233.

TRADE STRATEGY

Zinc futures fell after hitting ₹262 early last week before witnessing a recovery. So, this level can act as a hurdle again.

Therefore, traders can stay out for now. Buy zinc futures if it rallies past ₹262. Target and stop-loss for this trade can be ₹270 and ₹258, respectively.

BUSINESS LINE DATE:7/5/2024 P.NO10

Tin prices may gain this year on supply concerns

SURGING TO 2-YEAR HIGH. Myanmar mine yet to resume operations despite lifting of ban, Indonesia exports face disruptions

Subramani Ra Mancombu
Chennai

Tin prices will likely rule at elevated levels this year on increasing worries over supplies after having come off two-year highs a fortnight ago, say analysts.

The metal's prices increased by 7 per cent in Q1 2024 (quarter-on-quarter) and strengthened further in April, partly reflecting continuing supply constraints in Myanmar and Indonesia, which account for 40 per cent of global production, said the World Bank in its Commodity Outlook.

"Spurred by speculative support, LME tin prices reached their highest point in almost two years on April 19, before falling back to $31,000 this week, with a 4 per cent drop on Tuesday," said Tom Langston - Senior Market Intelligence Analyst, International Tin Association (ITA).

DELAY IN JAKARTA NOD

Research agency BMI, a unit of Fitch Solutions, said despite Myanmar lifting the ban at Man Maw mine in Wa province from January 4, operations were yet to resume.

"On the other hand, Indonesian tin exports have faced significant disruption in Q1 2024, with delays in approvals of mining companies' annual work plans, known locally as RKAB, causing significant panic among market participants," it said.

The World Bank Commodity Outlook said Myanmar introduced a 30 per cent in-kind tax in February on all grades of tin concentrate exports, following the closure of several mines last year for conservation and pollution-reduction reasons.

BULLISH CUES. Tin prices are projected to rise by 4 per cent in both 2024 and 2025, balancing tight supply conditions and increased industrial demand, the World Bank said

Reports of market tightness continue as demand sentiment appears to be picking up, particularly in the US, Langston said.

SHIFT IN INTEREST

Currently, three-month tin contracts on the London Metal Exchange (LME) are ruling at $30,603 a tonne, while prices in LME spot are quoted at $31,350-375.

The spread of LME 3-month price over cash price remains in backwardation — when spot prices are higher than futures, Langston said.

Having hit a record high, the trend in tin's speculative interest has shifted, further shortening for the second consecutive week due to long liquidation, the ITA Senior Market Intelligence Analyst said.

PRICE FORECAST

While prices seem to have eased slightly in the past week, BMI said it expects prices to ease over the coming months.

"Tin prices are projected to rise by 4 per cent (year-on-year) in both 2024 and 2025, balancing tight supply conditions and increased demand, particularly related to the production of semiconductors, photovoltaic panels, and other energy transition technologies," the World Bank said.

"We have revised up our tin price forecast for 2024 from an annual average of $26,000/tonne to $28,000/tonne, as supply woes in Q1 2024 drove up sentiment and prices.

Fastmarkets predicted that the LME tin price could reach $28,000–$29,000 before consolidating.

"Our price forecast for 2024 means we expect prices to hover around $26,000 to $32,000 over the coming months," said BMI.

Langston said concerns over a squeeze on the LME have been widely reported, with one market participant holding a significant long position, according to the most recent data.

PROBLEMS IN CONGO

Although trading on the ICDX in Indonesia resumed on April 24, Indonesian exports are expected to decline in April to around 2,700 tonnes, he said.

Exports and output have been constrained in Indonesia by continuing licensing delays, the World Bank said.

The *Trading Economics* website said due to the Myanmar problem China made efforts to source tin ores from Congo but armed conflict in the African nation put paid to its hopes.

The developments coincided with a rise in demand, following a rebound in Chinese and US manufacturing activities and bullish long-term bets for the metal due to its soldering properties used in AI materials. This resulted in tin inventories at the LME dropping by 50 per cent this year to 3,670 tonnes.

BUSINESS LINE DATE:7/5/2024 P.NO10

Chinese steel floods India; arrivals at 8-year high

Abhishek Law
New Delhi

China's property market bust has saddled its steelmakers with a glut that they are off-loading globally, including in India.

In FY24, China — banking on the lower priced metal offerings — emerged as the largest seller to Indian traders.

Nearly 2.7 million tonnes (mt) of the finished produce came in, the highest in eight years.

One of every three import offering into the country last fiscal was Chinese.

Steel coming into India from China saw a whopping 91 per cent rise in volumes, y-o-y, per a report of the Steel Ministry; with the country displacing two other Asian majors – Korea, whose shipments grew 16 per cent y-o-y to 2.6 mt; and Japan which saw a 51 per cent rise y-o-y to 1.3 mt.

Imports from China are crawling back to FY17 levels (2.2 mt) after declining to 0.8 mt in FY22.

The sharp rise in Chinese steel exports echoes a similar

situation in FY15 and FY16, when imports stood at 3.6 mt and 4.2 mt, respectively, Ministry data shows. The surge then was also powered by a collapse in steel demand driven by the Chinese real-estate market; and lower capacities across struggling steel mills of India which at that point were trying to reduce leverage on their balance sheets.

"Indian steel demand has been good and grew at close to 13-14 per cent last fiscal. But, the worrying factor continued to be Chinese imports. Approximately, 10 mt is being exported out of there over the last few months. And these are not high-grade or speciality steel.

These are trade-level offerings that are competing with Indian domestic players purely on price," an industry executive explained. Exports of Chinese steel rose 33 per cent in the past year. In the 12 months through February, China exported 95 mt of steel, according to Customs data.

CATEGORY-WISE RISE

In FY24, Indian steel imports surged 38 per cent y-o-y to 8.4 mt, with the country turning net importer. Exports were at 7.5 mt, the latest report from the Ministry, accessed by *businessline*, show.

Imports of finished steel was valued at ₹68,193 crore, while trade deficit was ₹9,036 crore. (0.9 mt). Volume wise, hot rolled coil / strips at 3.7 mt was the most imported item, accounting for 44 per cent of the total finished steel shipments coming in.

Korea shipped the highest amount of HR coils and strips at 0.7 mt, just 10 per cent higher than China's 0.64 mt of imports. Against this, Chinese import of stainless steel was the highest at nearly 1 mt, at least 50 per cent higher than Korea. Pipes and plates were the two other large imports categories from China.

ECONOMICS TIMES DATE:9/5/2024 P.NO14

Critical Minerals Almost Like Gold in Functional Value: Vedanta Chief

Metals such as copper, aluminium key to new-age tech, says Agarwal

Our Bureau

Mumbai: Vedanta chairman Anil Agarwal likened critical minerals such as copper, zinc, aluminium and silver to gold, saying they are "almost like gold" when it comes to their functional value.

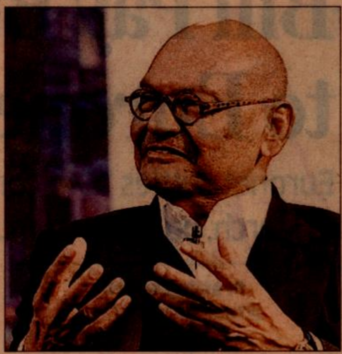
He said not only are these minerals fundamental for new-age technologies, but they are also green metals.

"They support a climate-friendly world. They are recyclable. And using the latest technology, they can be mined without damaging the environment," Agarwal said in a post on social media platform X.

These minerals find application in technologies related to energy transition, including batteries, electric vehicles and solar cells, apart from advanced semiconductors.

Agarwal's comments come weeks after gold prices touched all-time highs, led by investments in the safe haven asset due to geopolitical and global economic uncertainty.

"But the really amazing, less noticed story is actually emerging in metals like copper, aluminium, zinc and silver, all of which are critical minerals," Agarwal said.



GREEN METALS

They support a climate-friendly world. They are recyclable. And using the latest technology, they can be mined without damaging the environment

ANIL AGARWAL
Chairman, Vedanta

Copper and aluminium prices have rallied over the past few weeks, reaching multi-year highs, and experts expect the positive momentum to continue.

Hindustan Zinc, in which Vedanta owns a majority stake, is the country's largest producer of zinc and silver.

Vedanta is also the largest producer of aluminium in the country and has a presence in oil and gas, steel and iron and power.

The demand for these critical minerals is growing in double digits, much faster than the supply. Given that India is expanding its manufacturing prowess, the country should ensure that it is self-sufficient in all these critical minerals, Agarwal said. "More exploration and simpler clearances are the key," he said.

Agarwal recently announced that Vedanta would be spending $20 billion in capital expenditure across businesses over the next four years.

ECONOMICS TIMES DATE:9/5/2024 P.NO11

Hindalco Looks to Raise $1.2b from US Arm Novelis' IPO

Co likely to seek a valuation of $18 b for Novelis and could list it in US by September

Our Bureau

FILE PHOTO

Mumbai: Hindalco Industries is reportedly looking at raising $1.2 billion from the initial public offering (IPO) of its US-based subsidiary Novelis Inc, for which it had submitted a draft registration statement with the US market regulator in February this year.

Hindalco is looking at a valuation of $18 billion for the world's largest producer of flat rolled products and could look to list the company in the US by September, a report by Bloomberg said. The Aditya Birla group company is currently conducting road shows to gauge interest from potential investors, a person aware of the development said.

The initial public offering will see Hindalco sell its stake in the company, with no proceeds going to Novelis.

Citigroup Inc and Bank of America Corp are among the bankers for the proposed listing of Novelis, the report by Bloomberg stated.

An official spokesperson declined to comment.

Hindalco had purchased Novelis in 2007 for $6 billion, making it one of the largest acquisitions in the industry at that time. In 2020, Novelis completed the acquisition of Aleris Corp, and the two entities together account for more than three-fifth of Hindalco's consolidated earnings.

Novelis, which is currently in the midst of significant capital expenditure, will be spending more than $4 billion on a 600,000-tonne integrated facility at Bay Minette in the US, which is scheduled to be commissioned in the second half of 2026. It will also spend $350 million on expanding capacity for finished goods.

Novelis announced its earnings for the March quarter and 2023-24 (April-March) earlier this year, and net sales were down 7% on year at $4.1 billion even as shipments rose 2% on year. Net income rose 6% on year to $166 million.

ECONOMICS TIMES DATE:11/5/2024 P.NO8

Hindustan Zinc Surges 19% to a Record; Experts Against Fresh Entry Now

Nikita.Periwal
@timesgroup.com

Mumbai: The recent rally in prices of silver and optimism around increased industrial usage of the metal have fuelled a rally in the shares of Hindustan Zinc, which surged nearly 19% intraday Friday to hit a lifetime high of ₹540.95. With Friday's gains, the shares have gained more than a staggering 80% since April, with a rally in zinc prices also contributing to the gains.

While the stock remains in a positive momentum, experts are cautioning against buying the stock at current levels, and in fact, recommend taking some profits off the table given that valuations are expensive after the recent gains.

"Some of the key concerns for the company include the increase in debt level over the last two years, no major institutional players for the company and company already operating at optimal level," said Parthiv Jhonsa, analyst at Anand Rathi Institutional Equities. "And because it has a limited free float, movement in the company tends to be quite drastic," he said.

Nearly 65% of Hindustan Zinc is owned by Vedanta, while the government owns another 29.5% stake. Insurance companies own nearly 3% of the company, leaving it with a limited free float.

Hindustan Zinc is the country's largest producer of both zinc and silver, and while zinc and lead bought in around 55% of its consolidated operating profit, silver's contribution has risen to a hefty 45% in 2023-24 (Apr-Mar), from around 36% a year ago.

The prices of silver, meanwhile, are up 13% since April, and were close to Rs 86,000/kg on the MCX on Friday. Zinc prices have rallied more than 20% since April.

With Friday's gains, the shares have gained more than a staggering 80% since April

"Both zinc and silver prices have been rallying, supporting Hindustan Zinc. Other than this, fundamentals are stable," said Aditya Welekar, analyst at Axis Securities.

While a significant correction in the shares can be ruled out because zinc prices have found support at a higher level, a further rally is also difficult because the valuations are full, he said.

Short-term support for the stock is only around Rs 430, and hence, traders should look at buying on dips, said Sahaj Agrawal, the head of derivatives at Kotak Securities.

EMPLOYMENT NEWS DATE:11/5/2024 P.NO5

6. (Vacancy No. 24050906611)
Seven vacancies for the post of **Assistant Mining Engineer** in Indian Bureau of Mines, Ministry of Mines **(UR-04, SC-02, ST-01) (PwBD-01)*.** *Of the seven vacancies, one vacancy is reserved for candidates belonging to category of Persons with Benchmark Disability **(PwBD)** viz. Blindness and Low Vision with disability i.e. Low Vision **(LV). PAY SCALE: Level-07** in the Pay Matrix as per 7th CPC. **AGE: 30 years for URs, 35 years for SCs/STs and 40 years for PwBDs.**

7. (Vacancy No. 24050907611)
Fifteen vacancies for the post of **Assistant Research Officer** in Indian Bureau of Mines, Ministry of Mines **(UR-08, EWS-01, OBC-03, SC-02, ST-01). PAY SCALE: Level-07** in the Pay Matrix as per 7th CPC. **AGE: 30 years for URs/EWSs, 33 years for OBCs and 35 years for SCs/STs.**

BUSINESS LINE DATE:12/5/2024 P.NO6

Bull trend revives

BULLION CUES. Retain the buy trades

Akhil Nallamuthu
bl. research bureau

GETTY IMAGES

Precious metals appear to have resumed the uptrend as they appreciated last week. In terms of dollars, gold and silver rallied 2.5 per cent and 6.3 per cent as they closed at $2,360 and $28.2 per ounce respectively.

Similarly, on the Multi Commodity Exchange, gold futures gained 2.9 per cent to end at ₹72,727 (per 10 gram), whereas silver futures was up 4.8 per cent to close at ₹84,910 (per kg).

MCX-GOLD (₹72,727)

Gold futures (June contract) broke out of the resistance at ₹71,800 last week. This means the uptrend has resumed and the probability for further rally is high.

While ₹73,300 can act as a hurdle, we expect the contract to get past this level and touch ₹75,000 in the near term. Resistance above ₹75,000 is at ₹78,000.

On the other hand, if the contract falls back below ₹71,800, it will most likely extend the downtrend to ₹70,000. A fall below ₹70,000 is less likely.

Trade strategy: We suggested long positions on a break of ₹71,800. Hold this trade with the stop-loss at ₹70,500. When the contract surpasses ₹73,500, raise the stop-loss to ₹72,000. Exit at ₹75,000.

MCX-SILVER (₹84,910)

Silver futures (July series), too, rebounded and crossed over ₹83,000. This has opened the door for further appreciation.

There is a resistance ahead at ₹86,000. But given that the broader trend is bullish, silver futures can push ahead of ₹86,000 and touch ₹87,500 in the near term.

In case there is a reversal from here, the contract can find support at ₹83,000 and ₹80,000. A drop below the latter is unlikely to occur this week.

Trade strategy: Last week, we recommended buying silver futures if ₹83,000 is breached. Retain this trade with stop-loss at ₹80,500. When the contract rises past ₹86,000, modify the stop-loss to ₹84,000. Exit at ₹87,500.

THE HITAVADA DATE:12/5/2024 P.NO7

Vedanta fully acquires Japanese display glass major AvanStrate

NEW DELHI, May 11 (PTI)

MINING billionaire Anil Agarwal-led Vedanta Ltd of Friday announced that it has acquired an additional 46.57 per cent stake in Japanese glass substrate manufacturer AvanStrate Inc.

With this acquisition, Vedanta's total holding in AvanStrate has increased to 98.2 per cent.

The transaction is likely to be completed by the first quarter of the current financial year.

"The board of directors of Vedanta Limited on Friday... Have approved the acquisition of additional stake of 46.57 per cent in AvanStrate Inc (ASI) (an indirect subsidiary of the Company with 51.63 per cent holding) from HOYA Corporation, Japan through Cairn India Holdings Ltd (CIHL), a wholly-owned subsidiary of the company," the mining conglomerate said in a filing to the BSE. Vedanta had bought a controlling stake in the Japanese company in 2017 for USD 158 million.

The acquisition of AvanStrate aligns with the company's vision of pivoting towards technology and diversifying into hi-tech manufacturing, while expanding its presence in high-growth markets, Vedanta said.

Leveraging its expertise and resources, AvanStrate aims to strengthen Vedanta's capabilities to support the burgeoning hi-tech electronics manufacturing industry in India and capitalise on the growing demand for electronic devices in India and globally.

AvanStrate Inc, headquartered in Tokyo, Japan, is a leading manufacturer of glass substrates primarily used in the production of electronic devices such as televisions, laptops, smartphones, tablets, wearables, and other electronic displays. AvanStrate Inc has production facilities in Taiwan and Korea.

THE HITAVADA DATE:12/5/2024 P.NO7

Khanij Bidesh India may acquire lithium asset in Australia this fiscal

NEW DELHI, May 11 (PTI)

KHANIJ Bidesh India Ltd (KABIL) hopes to acquire a lithium block in Australia this year, a top official said on Saturday.

KABIL, a joint venture of three public sector units (PSUs) to scout for mineral assets overseas, has been working in Australia for the last year, Mines secretary V L Kantha Rao said.

"KABIL (Khanij Bidesh India Ltd) has the responsibility to look at other countries. We have to increase our efforts in Australia. We will have to ensure that during this financial year, we target one more asset," Rao said at the inauguration of the registered office of KABIL here.

KABIL is owned by three public sector undertakings -- National Aluminium Company Ltd (Nalco), Hindustan Copper Ltd (HCL) and Mineral Exploration and Consultancy Ltd (MECL).

But unlike Argentina, Australia would be a bit costly so the paid-up capital of KABIL will have to be increased. KABIL has a paid-up capital of Rs 100 crore at present.

"We are authorised to go up to Rs 500 crore and I think we have approval of up to Rs 200 crore," he explained.

Rao further said that target has been set to begin mining in the lithium blocks in Argentina in another two to three years.

ECONOMICS TIMES
DATE:13/5/2024 P.NO5

Coal Import Increases 8% to 268 MT in FY24

PTI

New Delhi: India's coal import rose by 7.7% to 268.24 million tonne (MT) in FY24, driven by softness in seaborne prices and likelihood of increase in power demand during summer. The country's coal import was 249.06 MT in FY23, according to data compiled by B2B e-commerce company mjunction services. Coal import in March FY24 also rose to 23.96 MT, over 21.12 MT in the corresponding month of the previous fiscal.

Of the total volume recorded in March 2024, non-coking coal import stood at 15.33 MT, against 13.88 MT in March FY23. Coking coal import in March 2024 was 5.34 MT against 3.96 MT a year ago.

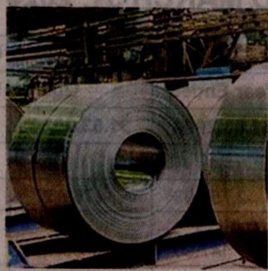
During FY24, non-coking coal import was at 175.96 MT, higher than 162.46 MT imported during FY23. Coking coal import was at 57.22 MT in 2023-24, against 54.46 MT in 2022-23.

BUSINESS LINE DATE:13/5/2024 P.NO10

Steel production drops amid elections

Abhishek Law
New Delhi

Amid Parliamentary elections and some scheduled maintenance closures, the production of finished steel in India plummeted 9 per cent m-o-m in April. The drag down was caused by crude steel production being down 6.2 per cent for the same period under review.



In April, India's finished steel production was down to 11.2 million tonnes (mt) versus 12.35 mt in March. The crude steel production was at 12 mt in April against 12.8 mt in the previous month.

However, production of both finished and crude steel displayed a y-o-y growth of 1.5 per cent and 2.4 per cent respectively. In April 2023, finished steel production stood at 11.05 mt, while crude steel production was at 11.65 mt, data from India's Steel Ministry showed.

THE ELECTION FACTOR

According to officials, there is a general slowdown in infra projects and other construction sector activities primarily because of elections.

This demand disparity will play out in patches across the first three months of the fiscal (April-June) but will see an uptick post-June if the 100-day programme of the government puts infra projects in full throttle.

India's steel exports continue to be hit, in view of slower-than-expected demand pick-up in Europe and competition from China eating into other key markets like West Asia. In April 2024, exports declined 40 per cent m-o-m to reach 0.5 mt compared with 0.85 mt in March.

BUSINESS LINE
DATE:14/5/2024 P.NO2

Jindal Steel Q4 standalone profit up 62%

Our Bureau
New Delhi

Naveen Jindal-promoted Jindal Steel and Power Ltd (JSPL) saw a 62 per cent increase in post-tax profit, y-o-y, to ₹1,282 crore for the quarter-ending March 31, 2024. The standalone net profit in the year-ago-period was ₹789 crore.

The company's gross revenue for the period under review stood at ₹15,847 crore. On a consolidated basis, net profit increased 100 per cent y-o-y to ₹933 crore for the quarter under review. Revenue stood at ₹15,749 crore.

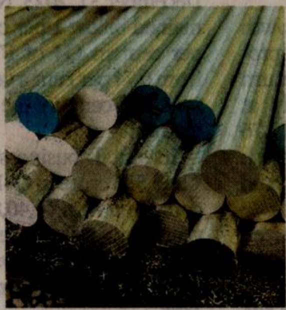
Production and sales for the quarter stood at 2.05 million tonnes (mt) and 2.01 mt, respectively.

Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) for Q4FY24 stood at ₹2,512 crore, adjusted for one-off foreign exchange loss of Rs 68 crore. "EBITDA was driven by reduction in raw material cost, partly offset by lower NSR," JSPL's statement said. For the fiscal, the steel-maker saw its standalone profit increase 117 per cent y-o-y to ₹5,273 crore. Revenue was ₹57,504 crore.

BUSINESS LINE DATE:14/5/2024 P.NO12

Aluminium futures: Hold on to short positions

Gurumurthy K
bl. research bureau



The Aluminium Futures contract on the MCX fell to a low of ₹228.30 kg at the beginning of last week. Though it bounced back sharply from there, the contract failed to get a strong follow-through rise and remained stable around ₹235 per kg. It is currently trading at ₹232 per kg.

COMMODITY CALL.

The recent price action is a consolidation within the downtrend. Strong resistance is in the ₹237-₹238 region. As long as the contract trades below ₹238, the bias is still negative. As such we can expect the MCX Aluminum contract to make a decisive break below 228 and fall to ₹225 first. A further break below 225 will be very bearish. It can then drag the contract down to ₹220-₹219 and even ₹217 on the downside.To avoid this fall, the contract has to breach ₹238 and sustain above it.

A week ago we suggested to go short below ₹232. Hold on to the shorts. But revise the stop-loss slightly higher to ₹239. Revise the stop-loss down to ₹230 when the price falls to ₹227. Move the stop-loss further down to ₹226 when the contract touches ₹224. Exit the shorts at ₹220.

BUSINESS LINE DATE:14/5/2024 P.NO13

Auction of nearly half of India's critical mineral blocks nearing completion

Abhishek Law
New Delhi

Auction of as many as 20 out of 38 critical mineral blocks is nearing finalisation. Ola Electric and Vedanta are among the two potential front runners for lithium and PGE (platinum group of elements) blocks, Mines Ministry officials aware of the discussions, told *businessline*.

According to the official, the "strike rate" — bids received against mines put up for auction — ranged from 30-40 per cent across three tranches of auction.

From the first tranche of 20 blocks, seven have advanced to the second stage with finalised bidders, while another seven have moved to the third tranche. In the second tranche of 18 blocks, 7-8 are "nearing finalisation".

"The average strike rate is around 30 per cent. And a 50 per cent will be seen as a major positive, considering these are new age minerals where the processing technology, for most, is still under-development in India," the official said.

The fourth round of critical mineral auctions, covering 20-odd blocks, is expected either in June or July. Fertiliser mineral blocks continue to be among the most popular ones, in terms of queries generated.

RESPONSE SO FAR

Beginning November 2023, there have been three rounds of critical mineral auctions, results of which are awaited. This included minerals like lithium and REE (rare earth elements), nickel, copper, chromium, phosphorite, potash, glauconite, graphite, manganese and molybdenum.

In the first round, 20 blocks were put up for auction. Of these, seven critical mineral blocks received no bids or had less than three qualified bidders. These will be re-auctioned. Two blocks of molybdenum, in Tamil Nadu, received no bids. Four others attracted fewer than

three qualified bidders. A decision on a Gujarat block containing nickel and chromium awaits clearance, and that has delayed the auction.

Another seven blocks, which were also part of the first tranche, received less than three bids, necessitating their inclusion in the third tranche auction ending in May. Apart from the lithium block in Jammu and Kashmir, there were six other blocks across minerals like glauconite, graphite, nickel, platinum group elements, potash and titanium and these are located in Bihar, Jharkhand, Tamil Nadu, Uttar Pradesh and Jammu and Kashmir.

"So if these mineral blocks continue to have less than three bidders in tranche 3, the highest of the two bidders will be considered as the winner," the official explained. The second tranche included potash (extensively used in fertilisers), graphite, glauconite, tungsten, vanadium, REE (rare earth elements), PGE, nickel, cobalt and phosphorite.

The November auctions received 56 bids in all. Vedanta, Ola Electric, Dalmia Bharat, Shree Cement, NLC India and Coal India were among the bidders.

CME copper premium to LME attracting metal shipments to US

Reuters
London

Copper producers and traders are shipping more metal to the United States to profit from higher prices for CME futures compared with London Metal Exchange (LME), according to four sources involved in such trades.

This so-called arbitrage, when traders sell commodities to different locations to take advantage of higher price differences, is the result of surging US copper prices as hedge funds have increased their positions in the futures market amid relatively strong demand. Globally, prices have risen on increased expectations for demand growth for copper from electric vehicles and other applications, such as electricity demand for artificial intelligence and automation and concerns about future shortages. CME copper futures for July rose above $10,800 a metric tonne on Tuesday, more than $600 a metric ton above the LME price, compared with only about $50 at the end of February. The price gap between the CME and LME has been at a "big time positive" for the past two weeks, said one of the sources, who works with a South American producer. Bids for copper to the US for June have risen to a premium of $300 a tonne to the LME price, almost double what shipments were selling at a week ago, the source said.

STOCKS IN WAREHOUSES

The shorter transit time from South America to the US has also halved financing costs relative to shipping to China, the source said. "You can see the (copper) demand in the draw on CME stocks," said another of the sources, a copper trader based in London.

Copper stocks in CME warehouses in the United States have dropped 30 per cent to 21,310 tonnes in the past one month, suggesting end-user need for the industrial metal. Stocks of copper at 103,100 tons in LME approved warehouses are down more than 15 per cent since early April. Traders mentioned low water levels in the Panama Canal as one reason for tight supplies and disruptions at First Quantum's Cobre operation in Panama.

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