

# PRESS CUTTINGS

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## Gold jewellery exports to drop 10%

PGA says decline to RM7bil from RM7.7bil in 2015 due to payment requirement

By SAUDU TAN  
The price of gold per ounce is about 1311.97, compared to 1281.130 last month, which was the lowest in December 2016. The price of gold is expected to appreciate in 2017 and independent gold jewellery exporters have found it hard to give competitors credit terms to overseas buyers.

## Hong Kong stocks soar on China commodity rally

HONG KONG: Hong Kong stocks hit a one-month high as Chinese commodity futures contracts for December commenced with a year most in more than five years in investors took profits on sharp rises in index heavyweight China

## Samalaju Port opening seen as a boost for Press Metal

PETALING JAYA: Aluminium company Press Metal Bhd, with all of its first quartile of the global production cost curve, we see room for the firm's net income rising or falling by an average of RM50mil in prices supports our view of the improving fundamentals in the alu-

## Japan threatens to take India to WTO over steel duties

TOKYO: Japan is threatening to take India to the WTO over restrictions that nearly halved

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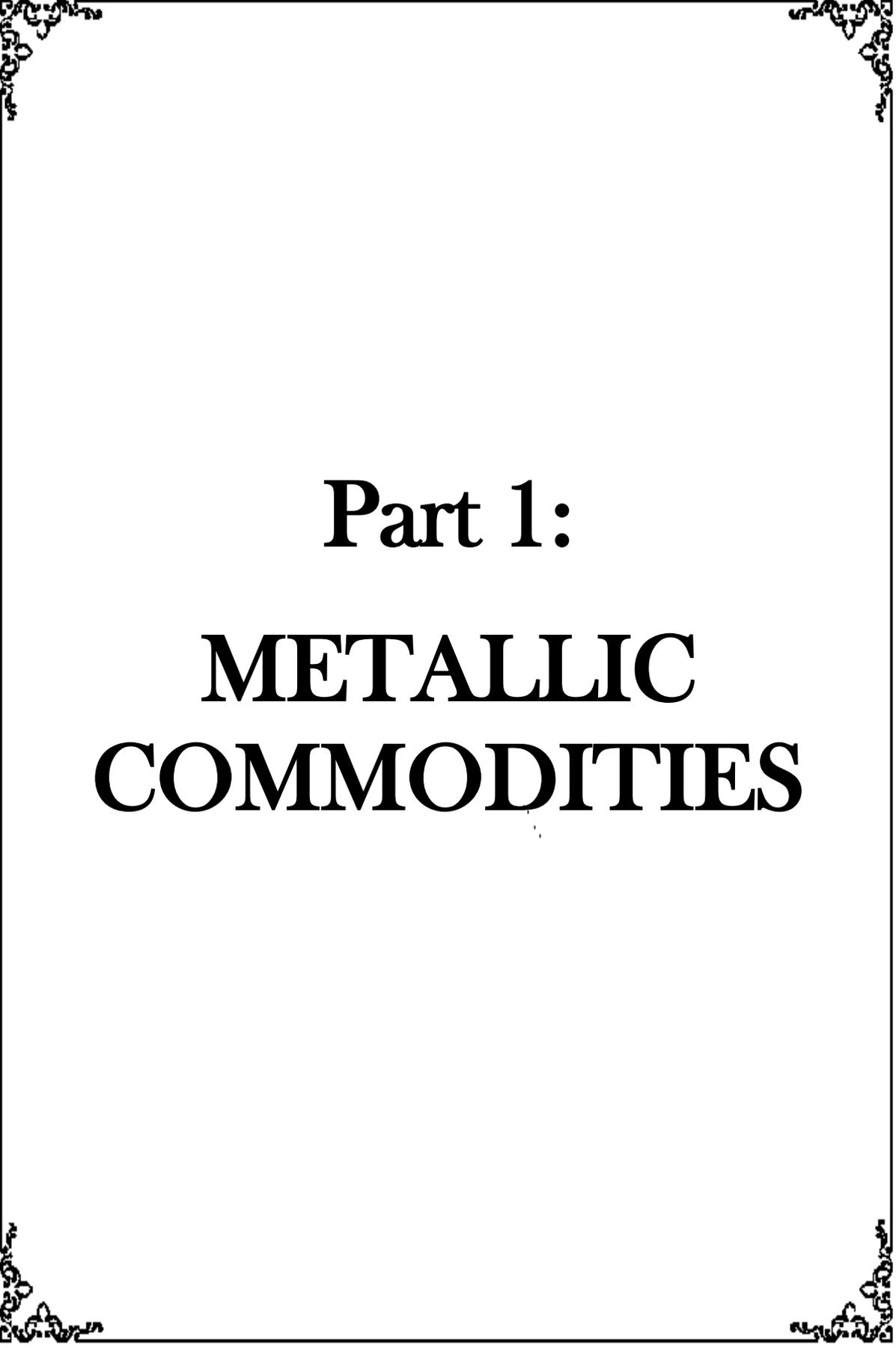
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**Part 1:**

**METALLIC  
COMMODITIES**

# Iron's blockbuster rally under threat this year

Commodity faces a challenge as supply concerns re-emerge

**SINGAPORE:** Iron ore has a very tough act to follow in 2017. After surging last year in a rally that caught out many investors, the commodity faces a challenge as supply concerns re-emerge, with Vale SA bringing on the industry's biggest project and holdings at China's ports at a record.

Seaborne supply is expected to remain strong on shipments from Vale's newly completed S11D project in Brazil, and as miners look to take advantage of current prices, according to Tan Hui Heng, a Singapore-based analyst at Marex Spectron.

That, coupled with slowing demand, may hurt iron ore, he said, joining banks including Morgan Stanley in expecting a retreat. Yesterday, futures in China sank to the lowest close in eight weeks.

Iron ore soared 81% in 2016 in a year when low-cost supply had been expected to rise further amid tepid consumption, hurting prices. Instead, stimulus in China helped sustain steel output, and that, along with speculative interest and record coal prices, fueled the rally. Better demand and a more restrained approach by top miners Rio Tinto Group and Vale are likely to carry into this year, limiting losses, according to Clarksons Platou Securities Inc.

This year "will bring more supply than current pricing can handle, so pricing should see downward pressure from the current \$80 a ton levels," Jeremy Sussman, an analyst at Clarksons, said in an e-mail. "Nevertheless, we expect it to be a gradual decline rather than a crash that many are still calling for."

Ore with 62% content in Qingdao ended the year at US\$78.87 a tonne, just below a two-year high of US\$83.58 hit on Dec 12, according to Metal Bulletin Ltd. The rally supercharged miners' shares in 2016, with Rio 34% higher in Sydney and Vale more than doubling. Benchmark prices, which traded below US\$40 last January, capped a record quarter in the three months to December even as supplies stacked up at China's ports.

The holdings at ports in the largest buyer, one gauge of supply, surged 22% last year for the biggest annual gain since 2011. In the final week of 2016, they expanded 2.7% to 113.95 million tonnes, according to Shanghai Steelhome Information Technology Co. That's the highest level on record.

"If history is any precedent, record stocks at Chinese ports carry an ominous sign," Axiom Capital Management Inc analyst Gordon Johnson and senior associate James Bardowski wrote in a Jan 2 note. Axiom predicts prices will drop to US\$61 if inventories fall just half as much as in the last down cycle.

Prices should remain around US\$70 to US\$80 in the early part of 2017, with a gradual easing toward the US\$50-to-US\$60 range by



**Downward price pressure:** A file picture shows a bucket wheel reclaimer collecting iron ore from a stockpile at a port facility. Iron ore soared 81% in 2016 in a year when low-cost supply had been expected to rise further amid tepid consumption, hurting prices. – Bloomberg

mid-year, according to Gavin Wendt, founding director and senior resource analyst at MineLife Pty. The drop would come as supply better balances with demand, Wendt said in an e-mail.

The top four miners, which also include BHP Billiton Ltd and Fortescue Metals Group Ltd, will probably boost supply 19 million tonnes next year, mostly from S11D, while a further jump is expected from mid-tier producers, Macquarie Group Ltd said last month. Current supply is more than sufficient to meet demand, it said in a report.

The US\$14bil S11D mine, with first shipments set for this month, will produce 90 million tonnes a year at full capacity. In the run-up to the opening, Vale executives have stressed the four-year period it'll take to reach maximum output, and that the net gain to company production will be less than 90 million tons because of infrastructure constraints.

"The Brazilians are going to be very careful," Philip Kirchlechner, director of Iron Ore Research Pty, said by phone. "They've always been very cautious, not expanding too crazily, but probably replacing some of their high-cost production." Kirchlechner predicted volatile trading this year.

Even before S11D gets into its stride,

exports from Brazil are running at a record pace. Total shipments in 2016 were about 374 million metric tons, topping the previous annual high of 366 million tons in 2015, according to Bloomberg calculations based on data from the Trade Ministry.

## Steel demand

The strength of economy in China will remain a critical factor after stimulus aided steel demand last year. Recent signals are mixed. While the country's overall manufacturing gauge stabilised last month near a post-2012 high, the steel industry's PMI dropped below 50 as output and orders fell.

Plenty of banks have forecast weakness in iron ore after 2016's surprise surge. Morgan Stanley listed the commodity among its bottom three metals picks, and Citigroup Inc views last year's rally in bulk commodities as a fluke. Prices are expected to be back below US\$50 by the third quarter as China's property market cools, according to Barclays Plc.

Futures in Asia, which can signal the direction of Metal Bulletin spot prices, tumbled to reverse early gains. On the Dalian Commodity Exchange, the most-active contract sank to the lowest close since Nov 8, as futures in Singapore lost as much as 2.4%. – Bloomberg

# Gold jewellery exports to drop 10%

PGA says decline to RM7bil from RM7.77bil in 2015 due to payment requirement

By **DAVID TAN**

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**GEORGE TOWN:** The Penang Goldsmith Association (PGA) is projecting the value of Malaysia's gold jewellery exports to hit about RM7bil in 2016, lower by about 10% from RM7.77bil in 2015.

PGA adviser Joeson Khor told *StarBiz* the decline was not surprising because of the requirement by the Government for local gold jewellery exporters who have registered for Approved Traders Scheme (ATS) or Approved Traders and Manufacturers Scheme (ATMS) to accept only LBMA (London Bullion Market Association)-certified gold bars as payment.

Since April 1, 2015, gold jewellery manufacturers have to register with the Finance Ministry for the ATS or ATMS to import gold bars.

"The exporters have to accept only LBMA-certified gold bars as payment, should they want exemption from GST for the export of their finished gold products.

"Since there is a shortage of LBMA-certified gold bars in the market, this has led to the delay of purchase and payment of gold jewellery products from Malaysia, affecting the value of jewellery exported," he said.

From January to November 2016, the value of gold jewellery exported was RM6.35bil.

"We expect the final figure to be about RM7bil for the whole year of 2016," he said.

The price of gold per ounce is about US\$1,187, compared to US\$1,130 last month, which was the lowest in December 2016.

The price of gold is expected to stay stable for the rest of the year, which would spur more buying from the consumer market, according to Khor.

Khor added that the buying trend from overseas is expected to resume in the second half of 2017.

"As the global economic uncertainties are seen to persist in 2017, we can see investors turning once again to gold as a safe haven to park their money and to hedge against inflation.

"We foresee more buying this year from the Middle-East.

"This is why PGA urged the government to soften its stand on the use of LBMA-certified gold bars as payment for gold jewellery products from Malaysia," he added.

On the domestic sales of gold jewellery products, Khor said the retail sales has dropped by more than 30% in 2016.

"The value of gold products imported for 2016, which was RM2.75bi from January to November 2016.

"The figure should be around RM3bil for the whole of 2016, compared to RM3.01bil in 2015.

"Due to the drop in retail business, the import of gold products has also remained flat," he added.

Since the implementation of the goods and services tax (GST) a year ago, small and medi-

um-sized gold jewellery manufacturers and exporters have found it hard to give competitive credit terms to overseas buyers.

"Small and medium-sized gold jewellery manufacturers and exporters have to spend between RM700,000 and RM1mil in GST to import the gold bars used to make the jewellery products.

"A small-sized company needs to spend between RM100,000 and RM200,000 to import the gold bars, which impacts the small and medium size gold manufacturers' capability to export and stay competitive in the market, influencing the volume and value of gold jewellery products exported.

"About 80% of the gold jewellery products exported from Malaysia come from Penang-based gold jewellery manufacturers and exporters," Khor said.

Khor said more than 60% of the 650 PGA members were small and medium-sized companies with an annual turnover of less than RM25mil.

The LBMA is an international trade association, representing the London market for gold and silver bullion which has a global client base.

This includes the majority of the gold-holding central banks, private sector investors, mining companies, producers, refiners and fabricators.

The on-going work of LBMA covers a number of areas, among them refining standards, trading documentation and the development of good trading practices.



**Khor:** 'We foresee more buying this year from the Middle-East.'

## Samalaju Port opening seen as a boost for Press Metal

**PETALING JAYA:** Aluminium company Press Metal Bhd, with all of its smelters running at optimum levels and the adjacent Samalaju Port expected to be commissioned by July this year, is working to deliver higher earnings amid an improving aluminium market and weakening ringgit.

While already having relatively low production costs, the aluminium extrusion firm can also expect significant logistics cost reductions following the commissioning of the port, according to analysts.

“Although Press Metal’s successful aluminium smelters are in the

first quartile of the global production cost curve, we see room for further cost optimisation from the sharing of common infrastructure and commissioning of Samalaju Port later this year which would decrease its logistics costs,” RHB Research Institute said yesterday.

Also, Press Metal benefits from the weakening ringgit, as a third of its production cost is expressed in the local currency while its revenue is denominated entirely in US dollar.

Every 10 sen strengthening or weakening of the ringgit against the greenback is expected to result in

the firm’s net income rising or falling by an average of RM56mil in FY17 and FY18.

On the London Metal Exchange, aluminium prices have been above US\$1,700 per tonne over the last three months and exceeded US\$1,800 per tonne last Friday, the highest in almost two years, before a slight decrease.

After taking into account the expected exchange rates, every increase of US\$100 per tonne in selling price is projected to lift Press Metal’s net earnings by an average of RM168mil in FY17 and FY18.

“The uptick in all-in aluminium

prices supports our view of the improving fundamentals in the aluminium market, which suggests that prices have bottomed out,” analysts said.

With its declining debt level due to strong cash flows of over RM1bil and further expected cost reduction through the commissioning of Samalaju Port, the weakening ringgit and rising aluminium prices, Press Metal is the top pick in the basic materials sector with a target price of RM2.85 and analysts reiterating their buy call for Press Metal.

Press Metal closed at RM1.90 yesterday.

## Metals tycoon plans to make electric vehicles in India

**MUMBAI:** JSW Group, an Indian conglomerate with interests in metals to power generation, plans to venture into electric cars by 2020 on expectations the government will promote such vehicles and falling battery prices will make them more affordable.

The Mumbai-based group will set up the electric-vehicle business on its own and initially buy batteries from suppliers, chairman Sajjan Jindal (*pic*), 57, said in an interview with BloombergQuint at the World Economic Forum in Davos.

It would consider setting up a joint venture for making batteries in the longer term, he said without providing details.

Jindal is targeting a segment of the auto industry that's witnessing a spate of new entrants, encouraged by state support in countries like China and consumer interest in manufacturers such as Tesla Motors Inc.

In India, Mahindra & Mahindra Ltd is the only automaker that sells a fully electric car, while companies including Maruti Suzuki India Ltd and Toyota Motor Corp offer hybrid versions.

"As a boy I was always very keen to build cars, but it never happened as I was very late into the game, and thank God for that, I would have gone into engine-based car and probably I would have failed," said Jindal. "Now there is a great opportunity, there is a new technology. And I believe we can do a great job. We can build a nice and interesting electric car in India."

The average prices of lithium-ion batteries used to power electric vehicles declined 22%



in 2016 from a year earlier and costs are falling even faster than the market had expected, according to Claire Curry, an analyst at Bloomberg New Energy Finance.

Jindal said he expects the government to take steps to support the electric vehicle industry, as India has an excess of electricity and shortage of petroleum products.

The government in April 2015 unveiled a program to invest in creating charging infrastructure and subsidies with the goal of sell-

ing as many as seven million hybrid and electric vehicles annually by 2020.

Jindal said his son Parth Jindal will focus on electric two-wheelers as a separate business and may introduce them ahead of cars.

The group is likely to forge a joint venture for the electric two-wheeler business, he said, declining to provide details.

BloombergQuint is a partnership between Bloomberg Media and Quintillion Media in India. — Bloomberg

# A celebration of jade and gems

ACCORDING to the Chinese calendar, 2017 is the Year of the Rooster. The 10th position of the Chinese zodiac, the rooster symbolises character traits such as confidence, ambition and motivation.



The "Phoenix of Opulence", a phoenix-shaped pendant crafted in 750 rose gold embedded with ruby and diamonds.

### Diamond & Platinum "La Chance" Chinese New Year collection

To celebrate the Year of The Rooster, Diamond & Platinum brings you Phoenix of Opulence.

A phoenix pendant is crafted in its most glorious form, highlighting the red ruby with diamonds in

pavé setting and set in 750 rose gold.

Also available is the phoenix pendant set in diamond. Let the charm of ruby bring luck, prosperity and good health to you.

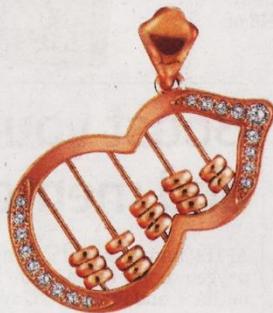
### Phoenix Of Opulence Pendant Series

Inspired by the king of birds, this pendant symbolises the queen of oneself and her wisdom.

It is suitable for someone who prefers vitality – regal with a touch of feminine for the wearer.

It is luxurious and sophisticated, making you stand out from the crowd.

Phoenix of Opulence is the ideal centre jewellery piece for this Chinese New Year.



The "Abacus Of Wealth" is also available in the shape of a Wu Lou (gourd), crafted with diamonds set in 750 rose or white gold.



Mimicking the real abacus, this piece is believed to bring wealth and prosperity to those who wear it.

### Abacus Of Wealth

Inspired by the symbol of the counting frame and wisdom, the abacus is believed to bring wealth and prosperity.

Every miniature piece is specially crafted and assembled into the frame, mimicking the real abacus.

Abacus Of Wealth is available in the shape of Yuan Bao, Wu Lou and Abacus ring, each crafted with diamonds set in 750 rose or white gold.

Let's usher in the Year of The Rooster with uncountable wealth by wearing the Abacus of Wealth this Chinese New Year. Prices start from RM1,688 nett.

### Diamond & Platinum "Le Jade" collection

Jade has been defined as a beautiful gemstone and has always been used to create fine objects for the imperial family over many centuries.

The importance of the jade stone in Chinese culture is reflected in its status as a symbol of goodness, preciousness and beauty.

To the Chinese, jade is also the embodiment of the Confucian virtues of courage, wisdom, modesty, justice and compassion.

Today, jade has been gaining popularity – therefore, it is no surprise that jade is taking on the high fashion jewellery trend.

This year, Diamond & Platinum introduces "Le Jade" collection, inspired by the mysterious won-

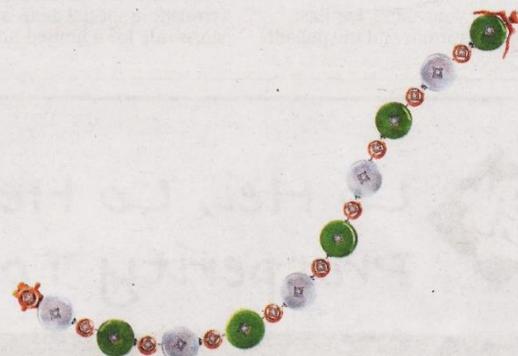
ders and the beauty of jade.

Opulent green and translucent white jade work perfectly well with great synergy and are strikingly beautiful when set with diamonds and rose gold.

"Le Jade" collection is crafted using different natural tones of green, brown and white jade with diamonds set in 750 rose gold with an oriental touch – certainly a most appropriate Chinese New Year icon signifying prosperity, success and longevity for the Year of the Rooster.

Each piece of jewellery is expertly and skilfully crafted with its detailed hand-finished and cutting-edge technology.

■ For details, look out for the advertisement in this *StarSpecial*.



Crafted by the little details in jade stone, this item is luxurious and durable - just nice for casual daily wear.

## Japan threatens to take India to WTO over steel duties

**TOKYO:** Japan is threatening to take India to the WTO over restrictions that nearly halved its steel exports to the South Asian nation over the past year, a step that could trigger more trade spats as global tensions over steel and other commodities run high.

Such action is rare for Japan. The world's second-biggest steel producer typically tries to smooth disputes quietly through bilateral talks, but with global trade friction increasing, Japan's defence of an industry that sells nearly half of its products overseas is getting more vigorous.

Besides concern over India's protection of its domestic steel industry, Japan is also worried about the more rough and tumble climate for global trade being engendered by incoming US president Donald Trump, and feels it must make a strong stand for open and fair international markets.

"We need to stop unfair trade actions from spreading," said a Japanese industry ministry official, explaining a Dec 20 request for WTO dispute consultations with India over steel safeguard duties and a minimum import price for iron and steel products.

India imposed duties of up to 20% on some hot-rolled flat steel products in September 2015, and set a floor price in February 2016 for steel product imports to deter countries such as China, Japan and South Korea from undercutting local mills.

"If consultations fail to resolve the dispute, we may ask adjudication by a WTO panel," the industry ministry official said. Such action could come as soon as 60 days after its consultation request was filed in December.

Tokyo says India's actions are inconsistent with WTO rules and contributed to the plunge in its steel exports to India, which dropped to 10th-largest on Japan's buyer list in 2016 through November, down from sixth-largest in 2015.

"We are following the WTO guidelines," said a top official at India's steel ministry, though adding that New Delhi is ready to sit across the table for trade talks.

There has been a series of trade disputes over the past few years amid massive exports of cheap steel products from China, the world's top producer, with Vietnam, Malaysia and South Africa taking or planning measures to block incoming shipments.

China's steel exports dropped by 3.5% in 2016 to 108 million tonnes, still about as much as Japan produces in a year.

Japan is also monitoring its small volume of imports for signs of dumping, fearing that steel products with nowhere to turn because of import restrictions may head to its own market.

"All trade need to be fair. If there are trades that violate the rules, we will take necessary actions while consulting with our government," Kosei Shindo, chairman of the Japan Iron and Steel Federation, told a news conference last Friday.

But in an environment where a new US president is threatening to tear up trade treaties and impose import duties, Tokyo may be at risk of helping to set off a trade war it is trying to avoid. – Reuters

# Weak US dollar leads copper markets higher

Greenback down on concerns about Trump's trade stance

**SYDNEY:** Copper crept higher as the dollar struggled amid concerns of US protectionism under the newly-formed administration of President Donald Trump.

Three-month copper on the London Metal Exchange was up by 0.5% to US\$5,826.00 a tonne by 0700 GMT.

The most-traded copper contract on the Shanghai Futures Exchange was also 0.6% firmer at 47,070 yuan (US\$6,863) a tonne.

Trump formally withdrew the United States from the Trans-Pacific Partnership on Monday, saying he would seek one-on-one trade deals with countries that would allow Washington to quickly terminate them "if somebody misbehaves".

The dollar wallowed near seven-week lows in Asian trade, pressured by concerns about the impact of Trump's protectionist trade stance.

Trump's nominee for Treasury Secretary Steven Mnuchin was quoted by *Bloomberg* as saying that an excessively strong dollar was negative in the short term, which put additional pressure on the currency.

A weaker dollar makes dollar-denominated assets such as copper cheaper for holders of other currencies.

Copper, widely used in construction, has rallied 14% since Trump won the US election on Nov 8 on the back of promises to cut taxes and boost infrastructure spending.

Caroline Bain, chief commodities economist for Capital Economics, said she did not expect a major increase in US manufacturing output.

"However, this may change if US trade pol-



**Copper rallies:** An aerial view of the Los Bronces copper mine at Los Andes Mountain range, near Santiago, Chile. Copper, widely used in construction, has rallied 14% since Trump won the US election on Nov 8. – Reuters

icy becomes more protectionist or there is sizeable investment in infrastructure in the first year of Trump's presidency," Bain said in a note.

Offsetting expectations of rising copper prices is the Lunar New Year holiday, starting Jan 27, which is expected to subdue metals demand this month as Chinese factories close, sometimes for two to three weeks.

LME zinc was steady at US\$2,790 a tonne,

maintaining its standing as one January's best performing metals.

SHFE zinc rose 0.3% to 22,695 yuan a tonne.

LME aluminium returned some overnight gains to trade slightly down at US\$1,845 a tonne. On Monday, the metal climbed as high as US\$1,873, the highest since May 2015. ShFE aluminium added 0.18% to 13,725 yuan a tonne. – Reuters

## Posco profit rebounds as steel prices soar on China stimulus

**SEOUL:** Posco, South Korea's largest steelmaker, posted a jump in annual profits as the global industry bounced back after China boosted its economy and prices soared.

Consolidated net income, excluding minority interests, was 1.36 trillion won (US\$1.17bil) in 2016, up from 181 billion won a year earlier, the Pohang-based company said. Analysts expected a profit of 1.58 trillion won, according to the average of 24 estimates compiled by *Bloomberg*.

Chinese export prices jumped more than 90% in 2016, recovering from five years of losses, as the government propped up Asia's largest economy, strengthened efforts to shutter capacity and promoted mergers. That boosted earnings at local mills with net income at Baoshan Iron & Steel Co, a listed unit of China's top steelmaker, soaring 770% last year and profit at Hesteel Co more than doubling, according to preliminary figures.

"The earnings show that Posco has been normalizing its businesses, by clearing off losses at its subsidiaries and other costs," said Choi Woong Pil, chief investment officer at KB Asset Management in Seoul. "I expect the company to make about 2 trillion won of net income this year, though earnings for the first quarter won't

be good because of the big rise in iron ore prices."

The company's shares jumped more than 50% in 2016, snapping six years of losses, and closed at 267,500 won in Seoul yesterday before the earnings. The benchmark Kospi stock index was up just 3.3% last year. Steelmaker shares have climbed globally with the Bloomberg World Iron/Steel Index of 75 producers rising to the highest since June 2015.

Chinese mills, which supply about half the world's steel, saw improved demand from construction, infrastructure and autos in 2016 after the government took steps to stabilize growth before an important political transition this year.

Better demand at home helped lower annual exports for the first time since 2009, with shipments sliding 3.5% to about 108 million metric tons. Posco responded to the global glut by focusing on higher-value products and cutting less profitable operations. Sales of higher-value items increased to about 16 million tons in 2016 from 12.7 million tons a year earlier, making up 47% of sales, while the producer has restructured 126 units since 2014 and will deal with a further 23 by the year-end, the company said.—*Bloomberg*

# Physical gold demand slides to seven-year low

Rebound in prices blunted appetite for the precious metal in 2016

**LONDON:** Physical gold demand fell 20% last year to its lowest since 2009, GFMS analysts at Thomson Reuters said in a report yesterday, as a rebound in prices after three straight years of losses blunted appetite for the metal.

Buying of jewellery, coins and bars, plus official sector and industrial demand, fell to 3,349 tonnes last year from 4,184 tonnes in 2015, the analysts said, the lowest in seven years.

That helped lift the net surplus in the gold market to 1,176 tonnes, up from just 220 tonnes in 2015 and the biggest physical surplus this century.

Demand was hurt towards the year-end by gains in the dollar and a sharp drop in Indian demand after Prime Minister Narendra Modi's withdrawal of some denominations of bank notes sparked a cash crunch in the fourth quarter.

"The US dollar is likely to remain a substantial headwind to further price rises, at least in the first half of 2017," it said. "Furthermore, there are few indications that physical demand from Asia is set to pick up just yet."

Political tensions linked to the new Trump presidency in the United States, the progress of Britain's departure from the European Union, and a host of elections in Europe may spark renewed gold demand later in the year.

That led GFMS to forecast gold prices averaging at US\$1,259 an ounce in 2017.

The gold market saw its largest surplus since 2005 in the final quarter of last year, as demand from major consumer India wilted and investors sold out of gold-backed exchange-traded funds.

Indian gold demand slid to its lowest since 2003 last year at 580 tonnes, down by one third year-on-year. Jewellery demand in China, the world's biggest consumer of the precious metal, fell 15% in the last quarter to 146.6 tonnes.



**Lower demand:** A file picture shows a gold rooster and chick figurine sitting on display inside a store in the central district of Hong Kong. Buying of jewellery, coins and bars, plus official sector and industrial demand, fell to 3,349 tonnes last year from 4,184 tonnes in 2015. – Bloomberg

Global jewellery fabrication, the largest single demand segment for the metal, fell by more than one fifth last year, while central bank buying slipped 42% to 252 tonnes.

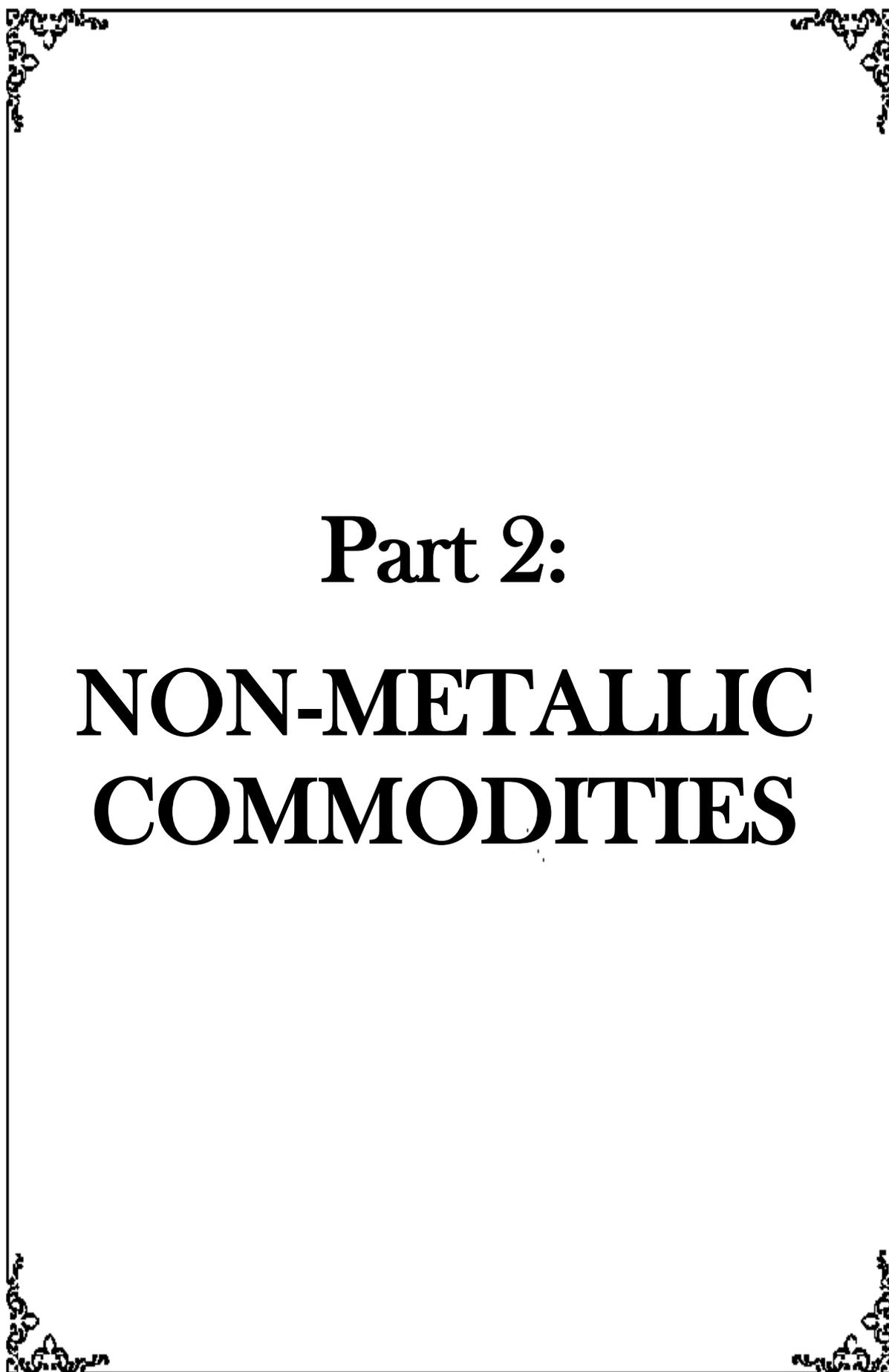
Retail investment fell 12% to 986 tonnes in the full year, but rose 6% in the final quarter. North American retail investment rose by nearly one third in the last three months of the year, with US buying rising 27%.

"We estimate retail demand will pick up in

the beginning of 2017, mainly driven by a revival of physical bar demand," the GFMS report said.

"With the inauguration of Trump as president, more uncertainties may emerge on the horizon."

Mine supply fell 1.5%, but this was offset by a 10% rise in recycling and an increase in net hedging supply to 78 tonnes from just 21 tonnes in 2015. – Reuters



**Part 2:**

**NON-METALLIC  
COMMODITIES**

## China to plough US\$361bil into renewable power source by 2020

**BEIJING:** China will plough 2.5 trillion yuan (US\$361bil) into renewable power generation by 2020, the country's energy agency said yesterday, as the world's largest energy market continues to shift away from dirty coal power towards cleaner fuels.

The investment will create over 13 million jobs in the sector, the National Energy Administration (NEA) said in a blueprint document that lays out its plan to develop the nation's energy sector during the five-year 2016 to 2020 period.

The NEA said installed renewable power capacity including wind, hydro, solar and nuclear power will contribute to about half of new electricity generation by 2020.

The agency did not disclose more details on where the funds, which equate to about US\$72bil each year, would be spent.

Still, the investment reflects Beijing's continued focus on curbing the use of fossil fuels, which have fostered the country's economic growth over the past decade, as it ramps up its war on pollution.

Last month, the National Development and Reform Commission (NDRC), the country's economic planner, said in its own five-year plan, that solar power would receive one trillion yuan of spending, as the country seeks to boost capacity by five times.

That's equivalent to about 1,000 major solar

power plants, according to experts' estimates.

The spending comes as the cost of building large-scale solar plants has dropped by as much as 40% since 2010. China became the world's top solar generator last year.

"The government may exceed these targets because there are more investment opportunities in the sector as costs go down," said Steven Han, renewable analyst with securities firm Shenyin Wanguo.

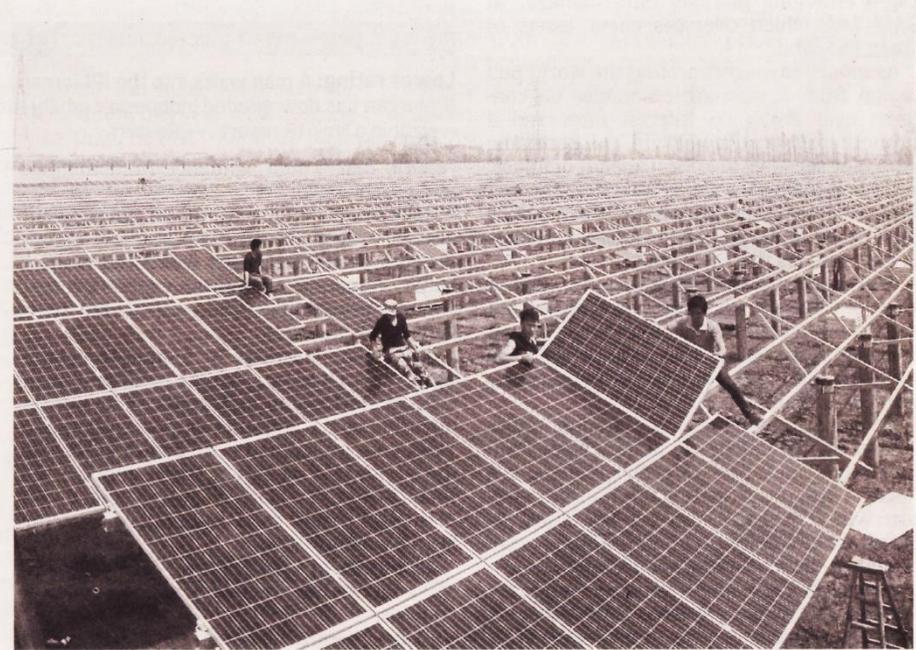
Some 700 billion yuan will go towards wind farms, 500 billion to hydro power with tidal and geothermal getting the rest, the NDRC said.

The NEA's job creation forecast differs from the NDRC's in December that said it expected an additional three million jobs, bringing the total in the sector to 13 million by 2020.

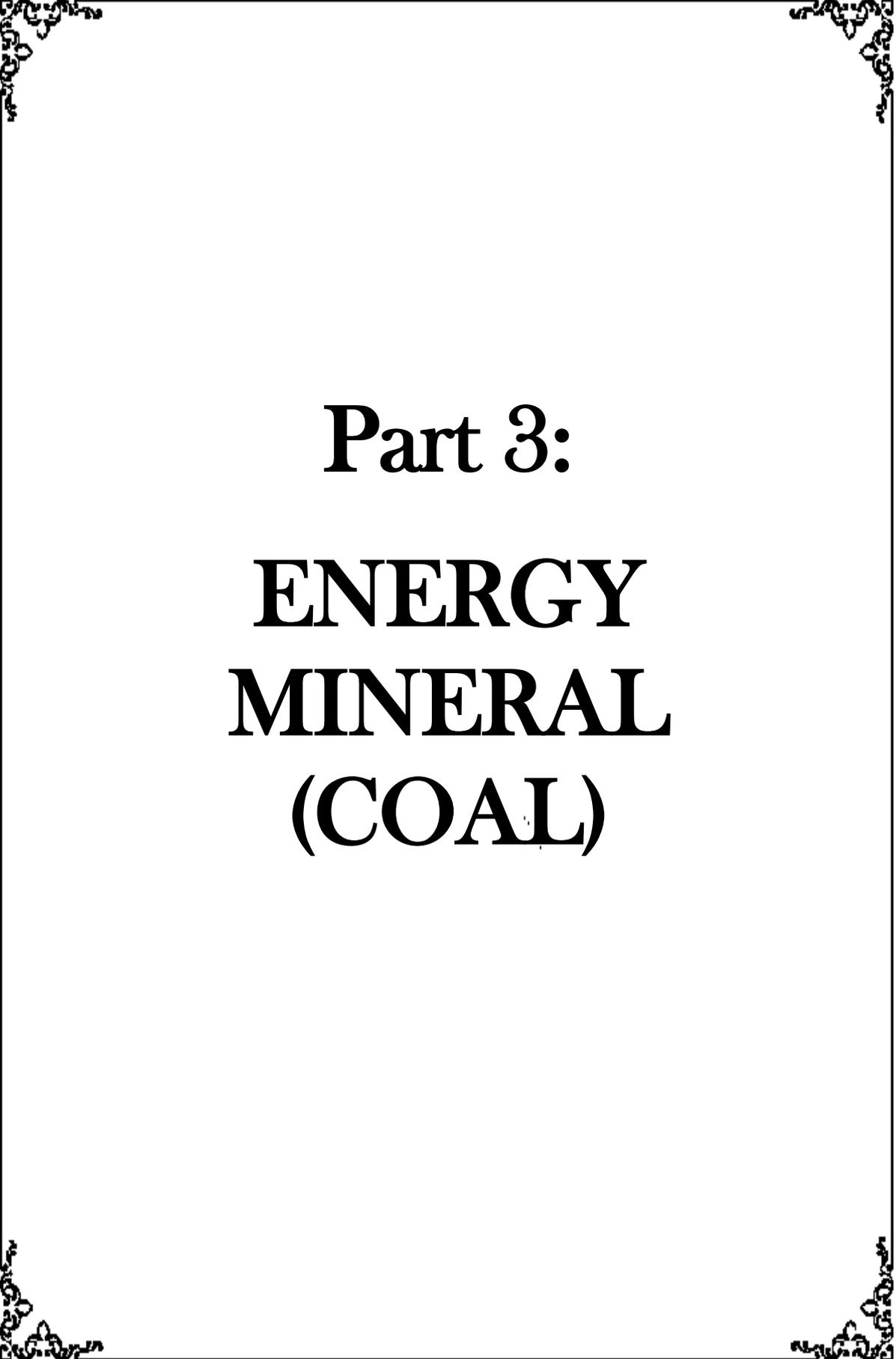
Concerns about the social and economic costs of China's air pollution have increased as the northern parts of the country, including the capital Beijing, have battled a weeks-long bout of hazardous smog.

Illustrating the enormity of the challenge, the NEA repeated on Thursday that renewables will still only account for just 15% of overall energy consumption by 2020, equivalent to 580 million tonnes of coal.

More than half of the nation's installed power capacity will still be fueled by coal over the same period. – Reuters



**Clean energy:** A file picture shows workers installing solar panels on the ground of an aquatic farm in Tongxiang in eastern China's Zhejiang province. The spending comes as the cost of building large-scale solar plants has dropped by as much as 40% since 2010. – AP



**Part 3:**

**ENERGY**

**MINERAL**

**(COAL)**

## Hong Kong stocks soar on China commodity rally

**HONG KONG:** Hong Kong stocks hit a one-month high as Chinese commodity prices rallied, offsetting pressure from profit taking in some state-owned enterprises which rose last week on restructuring hopes.

The Hang Seng index rose for a fourth consecutive session, ending up 0.8% to 22,744.85 points, while the Hong Kong China Enterprises

Index gained 0.6% to 9,664.19.

Shanghai futures contracts for rebar and coking coal surged around 7% and 9% on the day, respectively, as China's state planner said the steel and coal sectors would face increasing pressure to cut capacity this year.

Earlier in the day, data showed China's producer prices surged the

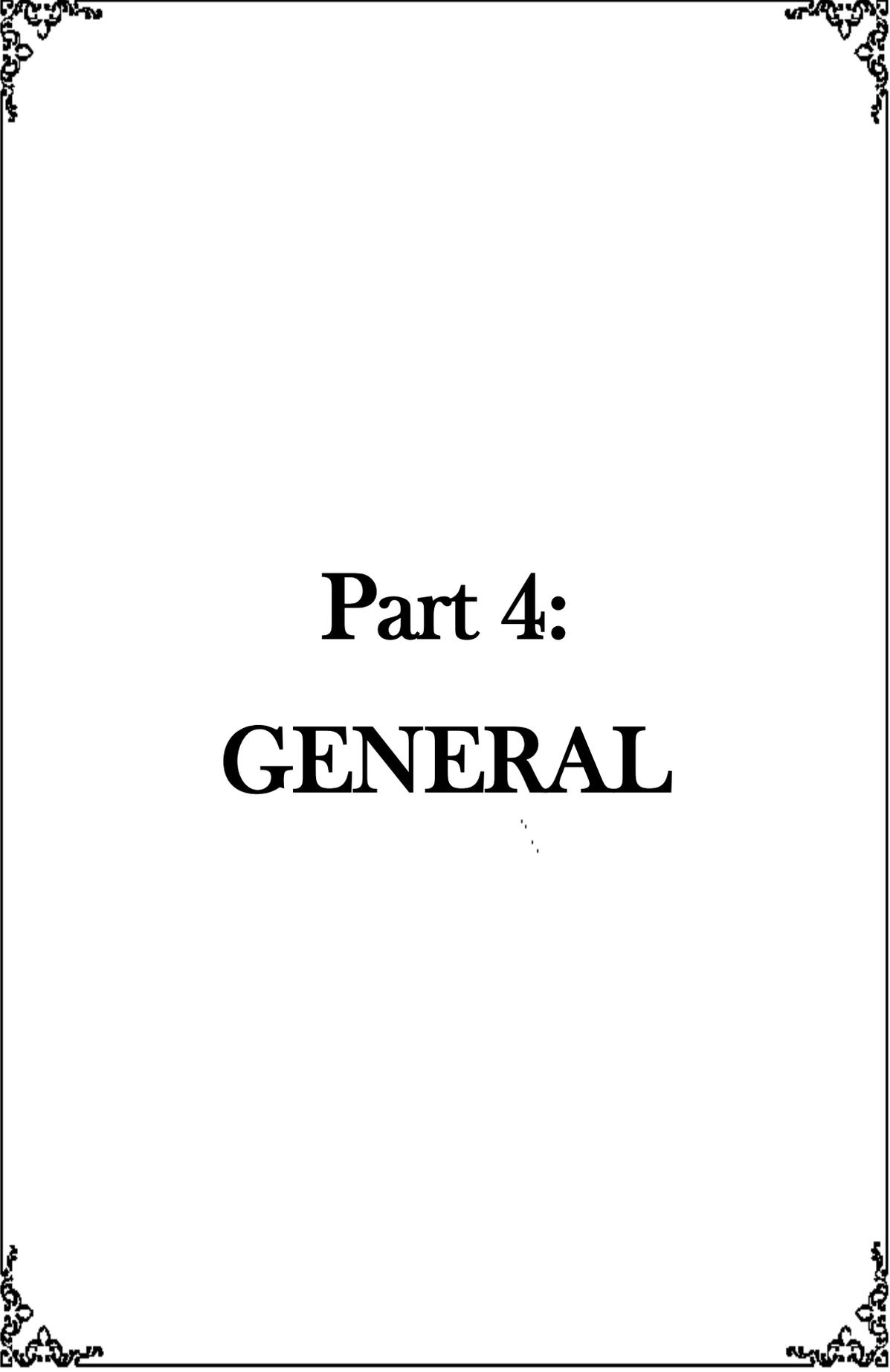
most in more than five years in December, compared with a year earlier, as a construction boom boosts demand for building materials from cement to steel.

Capacity cuts have also fuelled the spike in commodity prices, boosting profits.

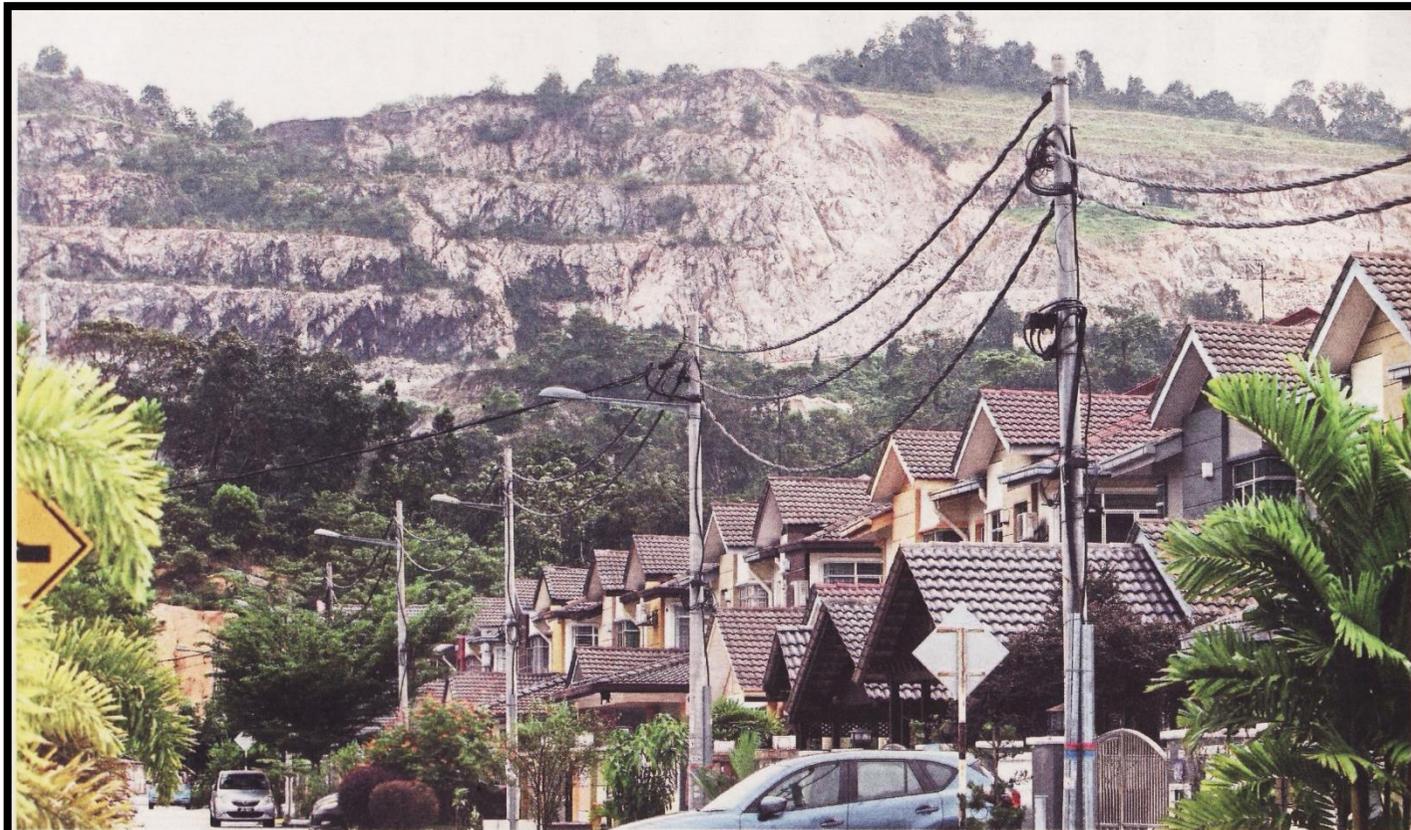
Most sectors were up, but telecommunications and energy fell as

investors took profits on sharp gains in index heavyweights China Mobile and CNOOC Ltd seen last week.

Shares of Chinese retailer Intime Retail Group soared more than 35% on news that e-commerce giant Alibaba Group Holding Ltd was seeking to take Intime private. — Reuters



**Part 4:**  
**GENERAL**



Hillslope developments need to be monitored closely like this township in Kajang to ensure landslides do not occur.

# Watching for any instability

**Local** authorities are on their toes during the rainy season to watch for landslides

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**By PRIYA MENON and  
SHALINI RAVINDRAN**  
metro@thestar.com.my

HEAVY rains in the Klang Valley have forced local authorities to step up their game to effectively monitor and maintain slopes to prevent landslides.

The risk of landslides have increased following the incessant storms in the Klang Valley every day, keeping all government agencies on their toes.

Local councils, including Kuala Lumpur City Hall (DBKL), have been devising new strategies to tackle the issue head on.

DBKL has set up a team of contractors whose responsibilities are to monitor and maintain slopes in the city.

City Hall project management executive director Thomas Richards said this was to reduce the risks of landslides.

"Slopes tend to fail when there is poor drainage or water accumulation which leads to oversaturation of the soil, causing waterlogging.

"One aspect we are looking into

to prevent these incidences from happening is regular maintenance.

"From this year, we have dedicated contractors to look into DBKL's slope maintenance.

"They will ensure that the slopes are well maintained, including works like cutting grass and clearing drains," he explained.

Thomas added that the team, which comes under the DBKL Slope Engineering Unit, would also ensure the upkeep of slopes where remedial works were done.

"If we do not maintain the slopes, after a number of years the situation could backslide.

"Apart from the safety aspect, it is also more cost-effective to regularly maintain a drain than to repair an entire hillslope should there be a landslide.

"Our emphasis is now on preventive action instead of corrective measures," Thomas said.

In addition to the newly-formed team, DBKL has also come up with a detailed checklist for slope maintenance called Peforma.

"It is a guideline for officers to use when on site, from checking

the condition of the drains and vegetation to signs of erosion, as well as for indications of earth movement," he said, adding Public Works Department (JKR) and Ikram were also consulted to get ideas and feedback.

According to Thomas, 620 very-high-risk slopes have been identified out of the 3,299 in Kuala Lumpur.

About 269 of those high-risk slopes were categorised as road and drainage reserves.

He said the completed strengthening works in 2016, which cost RM18mil, were at Jalan Kasah, Jalan Parlimen and Jalan Kinabalu, as well as in Setiawangsa and Taman Desa Sentosa.

"For 2017, we have requested RM18mil for overall maintenance budget for slopes," he revealed.

Slope maintenance projects planned include a second portion of Jalan Kasah, Bukit Cheras, as well as a hillslope near Bukit Aman.

To help with monitoring the slopes, City Hall also depends on the public to be its eyes and ears.

"It would not be possible for DBKL to monitor all the slopes, which is why we depend a lot on feedback from the public.

"If we receive information about possible signs of slope failure, we will investigate," said Thomas.

He said DBKL would come up with an illustrated guide to help educate the public identify signs of slope failure.

The guide is expected to be ready sometime this year and will be available on its website.

Meanwhile, the Ampang Jaya Municipal Council (MPAJ) is looking to use drone cameras in monitoring its 352 slopes.

MPAJ Hillslope Development and Maintenance Division head and geoscience officer Mohd Khairudin Muhamed said the council hoped to use the technology to cover wider areas within the municipality.

"Many of the slopes are in hard-to-reach areas, making it difficult to oversee.

"Currently, we still rely on on-site visual inspections to monitor slopes," he said.

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DBKL has installed beam grids on slopes in Jalan Kasah to strengthen them.

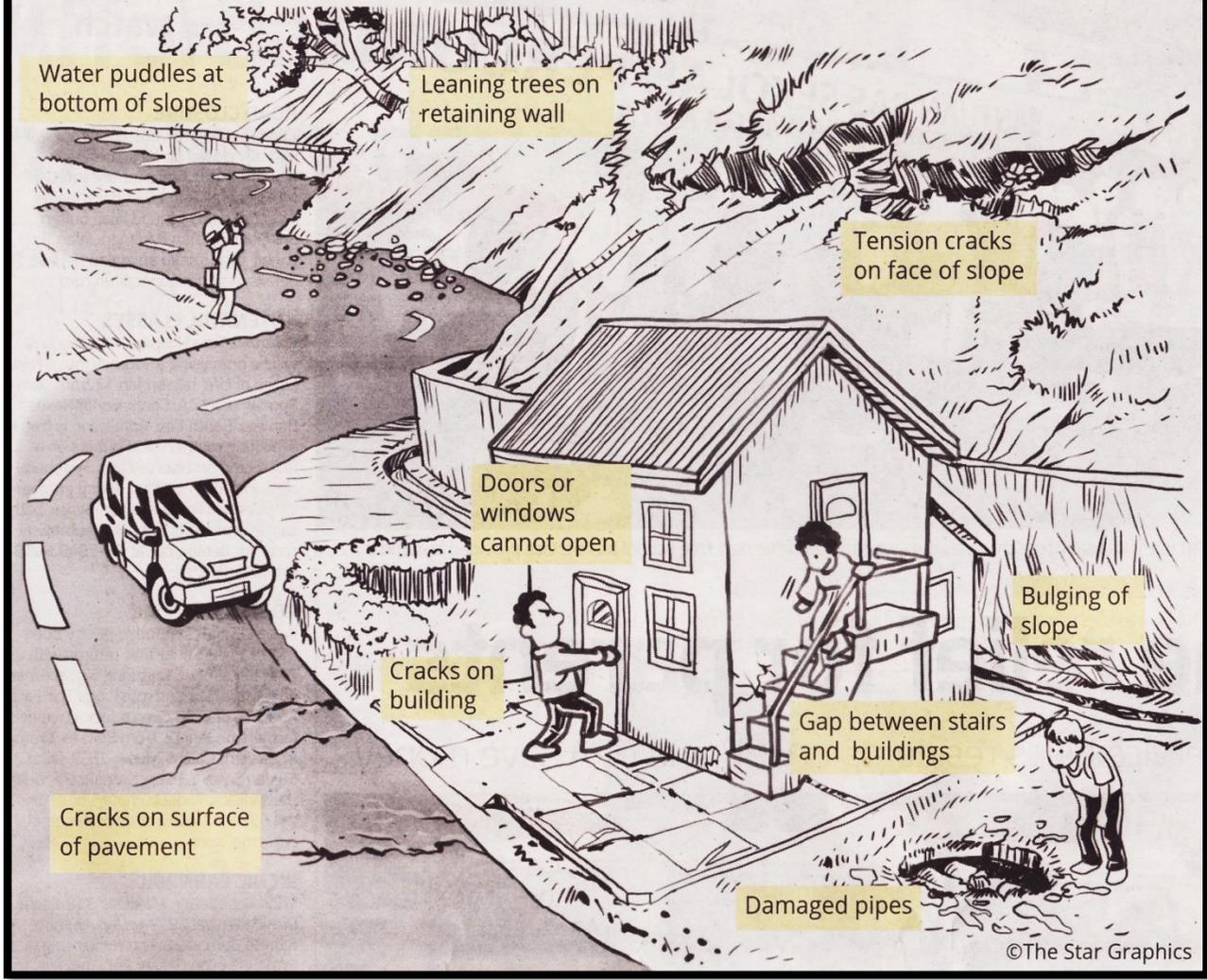


Slope stabilisation works in Taman Bukit Utama, Bukit Antarabangsa which were completed in 2016.



Khairudin says that many of the slopes in Ampang are in hard-to-reach areas, making it difficult to oversee

# Tell-tale signs of an impending landslide



## Local authorities must have dedicated teams to monitor slopes

IF THE name of your housing estate have the words “highland”, “heights” or *bukit* in it, chances are you are in danger of a slope erosion.

Infrastructure University Kuala Lumpur’s vice-chancellor and president Prof Dr Roslan Zainal Abidin said places like these were at a higher risk compared to other areas.

“Any area in Malaysia resting on a slope is at risk.

“The soil content is also another indicator.

“The higher the sand and silt content, the faster it will fail compared to clay,” he said.

Rainfall, as many know, does contribute to soil erosion especially here in Malaysia due to the high rainfall.

International standards of rainfall causing erosion is 34mm per day, but in Malaysia just 20mm a day is enough to trigger an erosion process, added Dr Roslan.

He said Malaysia had 3,500mm of rainfall a year, and based on his findings, continuous rainfall over three days could cause a landslide.

“No one bothers to take pictures of soil moving during heavy rainfall.

“But you would be able to see the movements.

“It is very interesting to study,” he added.

Dr Roslan, who has been studying landslides and soil for the better part of his life, has conducted a number of studies and is now embarking on another one, called the ROAR Index, that will help local councils identify potential hotspots.

He and his research partner, Civil Engineering Department I-Geo Disaster Research Centre (a unit under IUKL) head Dr Mohd Sofiyen Sulaiman, are superimposing the locations of past landslide tragedies on the soil series map by the Agriculture Department and the soil geological strata map by the Mineral and Geoscience Department.

The locations of the past tragedies were obtained using older mechanisms, including the ROSE Index (degree of rainfall erosivity) and the ROM Scale (degree of soil erodibility).

Based on past research, he added, they had found that landslides always occurred in the same geological and soil series with the same anomaly.

“The research is currently ongoing, and we are mapping out locations across the country. We expect to deliver the results by the end of 2017,” said Dr Roslan.

In the past, he said, researchers and engineers had to do soil sampling as well to retrieve exact data, but using this method, the sampling could be done as an added precaution to strengthen the results from the ROAR index.

However, while waiting for this much needed indicators, Dr Roslan said there were ways the local councils could help minimise the risks of such incidents occurring.

The first thing, he said, would be to identify the base soil for any development so that they could understand the level of risks involved.

“Most slopes are covered so it is hard to see the nature of the base underneath the concrete carpet,” he stated.



Dr Roslan says councils should dedicate a team to monitor slopes.

“There are three types of erosion that can be seen on the surface of the slope, including, sheet, gully and rill.

“Sheet erosion is the most common here,” he added.

While Malaysia has good retaining walls, its effectiveness depends solely on good maintenance.

Dr Roslan said most of the water outlets on the retaining walls and slopes were blocked or clogged with silt, making it hard for water to flow out.

Monitoring slopes, he added, could only be done with a dedicated team in each council and filing weekly reports.

“They should also look for signs of distress and other indicators like the misalignment of roads and crooked trees.

“In fact, in Hong Kong, each slope in the country has its own identity number, making it easier for the maintenance process,” he stressed.

Councils with slope areas and high-risk neighbourhoods, he added, should ensure that they educate owners of the affected areas.

The public should be taught how to recognise signs of distress as a pre-emptive measure.

# Families return home after landslide

## Residents urge authorities to build a wall to prevent future mishaps

FAMILIES affected by the Dec 24 landslide in Kampung Sungai Rumpit, Batu 12, Gombak, returned to their homes on Tuesday.

Heavy rain throughout December led to the incident that also caused the kitchen of one of the seven houses affected to drop 30m into a ravine.

Fearing for their lives, the families had taken shelter at a nearby *surau* for a week.

Although Public Works Department (PWD) has placed a plastic sheet over the landslide area, the residents still fear for their safety whenever it rained heavily.

Nur Ain Jusoh, 22, said her home was the worst hit, with her kitchen and bathroom collapsing into the ravine.

"Fortunately, I was sleeping in the hall with my two children when I was awakened by a loud noise and the floor trembling. I followed the source of the noise and was shocked to see my entire kitchen vanishing down the ravine.

"I quickly gathered my important

documents and fled the house with my children.

"I hope the authorities will build a wall behind the houses to avoid any future disasters from occurring," she said.

Another resident Zulkefli Husin, 40, who lives next door, said he also feared for his safety.

"Although the authorities have covered area with a plastic sheet, we want a concrete wall to avoid further damage," he said.

Disaster relief committee coordinator Mohd Fazli Abdul Latif said the state authorities had placed plastic sheets over the ravine and distributed food at the *surau* nearby.

"We are unable to help much as these families are staying on state land that is also a forest reserve.

"We have advised the families to find another home as it is not safe to live here due to soil movement, especially during a downpour," he noted.

"They need to understand they are putting their families at risk by building houses and living here," he said.



A landslide on Dec 24 caused the kitchen of Nur Ain's home to collapse into a ravine nearby. Thankfully no one was injured in the incident. — Photos: RAYMOND OOI/ The Star



Nur Ain collecting her belongings from the area which was once her kitchen.

# New landmine crisis plagues Iraq and Syria

**LONDON:** Twenty years after Princess Diana's iconic visit to a minefield in Angola, the world faces a new landmine crisis in Syria and Iraq on a scale not seen for decades, campaigners said.

The Mines Advisory Group said yesterday it had cleared and destroyed more than 9,000 newly laid landmines in both countries in the past six months in areas formerly occupied by the Islamic State militant group.

Jane Cocking, the group's chief executive, said at least US\$100mil (RM446mil) of additional funding will be needed per year to tackle both newly laid land mines and those still in the soil from previous conflicts in more than 60 countries.

"The problem is that we're seeing the emergence of a new crisis of a scale that we haven't seen since the 1990s, and to deal with that as well requires substantially more money," Cocking told the Thomson Reuters Foundation.

It is hard to gauge the scale of the



**Very delicate task:** A member of a demining team at work in Khazer, Iraq. — Reuters

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problem, she said, but judging by the number of mines already cleared, Islamic State has produced improvised landmines on an “industrial scale”.

Production and use of landmines has declined after the Mine Ban Treaty, which prohibits their use, stockpiling and transfer, was adopted nearly two decades ago.

Hard to detect, difficult to clear and often designed to maim rather than kill, landmines can linger in the soil for decades and kill or injure thousands of people every year.

Cambodia, Sri Lanka, Angola and Afghanistan are among the most mined countries in the world, according to the Landmine Monitor, the most authoritative source on the issue.

Images of Princess Diana walking through a minefield in Angola 20 years ago this weekend helped raise

**“The problem is that we’re seeing the emergence of a new crisis of a scale that we haven’t seen since the 1990s.”**

Jane Cocking

global awareness of landmines and the plight of their victims.

About seven months later Princess Diana, who had divorced heir-to-the-throne Prince Charles in 1996, died from injuries sustained in a car crash in Paris.

More than 160 countries have

signed the Mine Ban Treaty and 27 countries and one territory have declared themselves free of landmines, including Mozambique after a 20-year mine-clearing programme, and Rwanda and Nicaragua.

The number of people reported killed or injured by landmines has risen sharply though, with 75% more casualties in 2015 compared to the previous year, according to the Landmine Monitor.

Many of them were civilians.

This was largely due to more victims in Libya, Syria, Ukraine and Yemen, but also due to improved availability in casualty data, the Monitor said in its most recent report in November 2016.

“There has been a lot of progress but a lot of work still needs to be done, in particular because we now face a new toxic mix in countries

like Iraq, Syria and Libya,” said James Cowan, chief executive of British charity The Halo Trust.

Donors and affected states contributed some US\$471mil (RM2.1bil) for landmine clearing in 2015, a 23% decrease from the previous year and the lowest level since 2005, according to the Landmine Monitor.

“There isn’t enough money available for landmine clearance in general, so it makes it very difficult to deal with new landmine emergencies like the ones in Iraq and Syria,” Cowan told the Thomson Reuters Foundation by phone from Angola.

Campaigners say a lack of funding puts the Mine Ban Treaty’s proposed 2025 deadline for a mine-free world at risk.

“It requires political will and more money to finish the job,” said Cocking. — Reuters

# FMM: It's best to keep our trade options alive

THE Federation of Malaysian Manufacturers (FMM) has been a strong advocate of the Trans Pacific Partnership Agreement (TPPA). We have always maintained that the TPPA will contribute significantly to improving market access, expanding exports, increasing economic activities and enhancing employment.

We are therefore disappointed with the withdrawal of the United States from the TPPA on Monday after five years of hard work.

As of now, Malaysia has concluded seven bilateral FTAs (Japan, Pakistan, New Zealand, India, Chile, Australia and Turkey) and five regional FTAs through Asean (Asean with China, Korea, Japan, India and Australia-New Zealand).

The TPPA became one of the more important of the new FTAs being negotiated and was expected to provide a competitive edge over our regional competitors and build investor confidence in Malaysia.

It promised Malaysian companies and TPPA countries a degree



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of transparency and predictability in investment rules, tariff concessions and avenues to address non-tariff barriers.

We are therefore heartened to note that there is still communication among the 11 remaining countries to consider all available options to keep the TPPA alive, including reformulating the agreement without the United States.

FMM is therefore hopeful of the possibility of salvaging an APEC-wide agreement among the remaining members of the TPPA.

As such, FMM will remain an active partner to the Government and will continue to support with views and business inputs on the way forward in the crucial months to come.

The TPPA was expected to open

up another 10% of Malaysia's duty free trade with new non-FTA markets namely the US, Canada, Mexico and Peru. Hence, our Government must continue to engage these countries to strengthen our trade ties through bilateral trade agreements if the TPPA fails to materialise.

We also look forward with great anticipation to the successful conclusion of other important FTAs, especially the Regional Comprehensive Partnership Agreement (RCEP) currently being negotiated.

We note that the RCEP negotiation has made significant progress and are very hopeful for a swift and successful conclusion of the RCEP by the end of this year.

The European Union (EU) is Malaysia's largest trading partner

and second largest source of foreign direct investment.

Although Malaysia had started negotiations on the Malaysia-EU Free Trade Agreement in 2010, negotiations were subsequently put on hold. Malaysian exporters to the EU are extremely interested to see the negotiations concluded, especially as Malaysia graduated from the list of countries that enjoy tariff reductions from the EU's General System of Preferences (GSP) in 2014.

We urge the Government to remain committed to the FTA and resume negotiations at the earliest opportunity. As an open economy dependent on trade and investment to sustain and grow the economy, increased market access for

our products at preferential rates is always welcome.

**TAN SRI DR LIM WEE CHAI**  
**President, Federation of**  
**Malaysian Manufacturers**



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