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PRESS CUTTINGS


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Demand for steel to pick up

AmInvestment says mega infrastructure projects kicking off by second half of 2017 to spur local industry

By GANESHWARAN KANA
ganeshwaran@thestar.com.my

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COMPILED BY:

NIGHTINGALE LIAN
Geoscience Officer

MOHD ZAM BIN AMIN
Geoscience Assistant

HEAD OF UNIT/SECTION:

HANIZA BINTI ZAKRI
Principal Assistant Director
(International Trade)

HISAMUDDIN BIN TERMIDI
Director (Mineral Economics)

MINERAL ECONOMICS SECTION
MINERALS AND GEOSCIENCE DEPARTMENT MALAYSIA

20th Floor, Menara TH Tun Razak
Jalan Tun Razak
50658 Kuala Lumpur

Tel : +603 - 2161 1033
Fax : +603 - 2161 1036
+603 - 2161 3302
Website : www.jmg.gov.my

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Part 1:

METALLIC COMMODITIES

Source : Star Biz Date : 01 November 2017 (Wednesday)

Nickel next for electric car boom as Trafigura turns bullish

LONDON: Glencore Plc and Trafigura Group Pte are often at loggerheads, but one thing they agree on: the nickel market will be transformed by the rise of electric cars.

Nickel sulphate, a key ingredient in lithium-ion batteries, will see demand increase 50% to three million metric tonnes by 2030, Saad Rahim, chief economist at Trafigura, said in an interview.

While other battery metals like cobalt and lithium have more than doubled since the start of last year, nickel prices have been subdued because of large inventories.

"When you look structurally, we should start to get bullish now," Rahim said. "Are you going to be able to meet that demand when the time comes, given underinvestment in the supply side?"

His view echoes the outlook from Glencore, which told analysts recently that nickel production would need to increase 1.2 million tonnes by 2030, equal to more than half of current global output, to keep up with demand from the battery industry. Prices are currently more than double what it costs Glencore to mine the metal.

It's a surprising mood change for a market with a disastrous reputation.

Nickel was long a thorn for Glencore, which was saddled with unprofitable operations following its takeover of Xstrata. It sold an Australian nickel mine, which Xstrata bought in 2007 for US$2.4bil, for just US$19mil in 2015. "The nickel industry's been a bit of a dog since about 2007," Oliver Ramsbottom, a partner at McKinsey & Co in Tokyo, said by phone.

The battery industry could revive the fortunes of miners more than a decade after nickel collapsed from a peak of US$51,600 a tonne in 2007, when Indonesia and the Philippines started to flood the market with low-grade supply. Nickel currently trades at US$11,635, up 16% for the year.

Future batteries will likely use more nickel and less cobalt, Rahim said. Cobalt prices have surged and the biggest source of supply is the Democratic Republic of Congo.

Read: Battery Boom Relies on One African Nation Avoiding Chaos of Past

Still, some analysts are skeptical that the bullish scenarios will play out. Electric cars are still a niche industry and nickel oversupply remains a threat, with current stockpiles four times bigger than since the start of 2012.

Indonesia has authorised its largest producer to export more nickel ore. The Philippines has also discussed ending a ban on open-pit mining, raising concerns that supply will spike.

"For years, the market has completely dismissed the idea that something positive could happen in nickel," Ingrid Sternby, senior research analyst at Blenheim Capital Management LLP, said in an interview in London. "With the recent announcements about Indonesia and the Philippines, it's easy to see why the market is still scary enough for people not to want to be involved."

About half of global nickel production is in the form of ferronickel or nickel pig iron, which is nickel alloyed with iron, making it suitable for stainless steel. Battery makers, instead, use nickel sulphate, produced by dissolving pure nickel metal in sulphuric acid.

One hope is that the pricing of nickel pig iron and the high-grade nickel sulphate will diverge in the coming years, improving the fortunes of miners that can produce battery-quality material. — Bloomberg

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Source : Star Biz **Date : 01 November 2017 (Wednesday)**

UOB Kay Hian: Press Metal eligible for Top 30 stock gauge

PETALING JAYA: Press Metal Aluminium Holdings Bhd is eligible to be in the Top 30 stock gauge of the FBM KLCI by the end of this year, according to UOB Kay Hian.

The research house said with Press Metal's current market capitalisation of RM16bil, the counter would likely be included in the FBM KLCI. "For a stock to be eligible for inclusion, its market capitalisation has to rise to 25th place and above. "Press Metal's potential inclusion in the index, coupled with its low institutional shareholding of about 15%, will be its share price catalysts," it said in a report.

Shares in Press Metal closed 12 sen higher to RM4.43, with 8.4 million shares being traded. On a year-to-date basis, the aluminium smelter's share price has jumped more than 180%. The FBM KLCI tracks the performance of the 30 largest companies by market capitalisation listed on the Main Market of Bursa Malaysia. The index series is reviewed semi-annually in accordance with the index ground rules.

The recent revision saw IJM Corp Bhd being added to the index and SapuraKencana Petroleum Bhd being removed.

UOB Kay Hian reckoned that Press Metal is expected to benefit from higher aluminium prices on further cuts from China as winter is approaching.

Source : Star Biz **Date : 06 November 2017 (Monday)**

Gold advances as investors weigh Powell as next Fed chief

SINGAPORE: Gold rose as investors contemplated the prospect of Jerome Powell taking the top job at the Federal Reserve, weighing the outlook for interest rates and the US dollar under the leadership of a policymaker who's been supportive of current chair Janet Yellen's strategy of gradual tightening.

Bullion for immediate delivery gained as much as 0.5% to US$1,281.49 an ounce, the highest in a week, and traded at US$1,277.98 at 2:05pm in Singapore yesterday, according to Bloomberg generic pricing. The metal's advance came as the Bloomberg Dollar Spot Index lost 0.3%.

Gold has climbed this year, building on gains seen in 2016, as policymakers opted for two rate increases, and took the first steps in paring the bank's US$4.5 trillion balance sheet that was amassed as the Fed undertook an unprecedented programme to revive the world's top economy.

President Donald Trump will announce his decision on Thursday at 3pm Washington time. Fed governor Powell is in line for the post, sources said.

"Powell is considered to be a dove and so he's likely to keep interest rates low for longer," Fawad Razaqzada, an analyst at brokerage Forex.com, said in a note.

"But let's not forget also that this is a NFP week," said Razaqzada, referring to the non-farm payrolls data. He added that the release "means not many people are ready to commit in one or the other direction".

The speculation over the Fed succession comes as the central bank upgraded its assessment of the economy and reinforced expectations of a December hike at the end of its policy-setting meeting on Wednesday.

Investors are also weighing uncertainty about the prospects of Trump's US tax cuts as there have been conflicting reports when and how the rate on companies would be lowered.

Powell's appointment to the biggest job in the financial world is subject to Senate confirmation. He's been a Fed governor since 2012, and in that time has never dissented from a monetary-policy decision.

The Washington native would be taking over at a tricky time, with inflation well below the bank's 2% target, while asset prices are at levels considered lofty by policymakers. — Bloomberg

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Source : Star Biz Date : 07 November 2017 (Tuesday)

Demand for steel to pick up

AmInvestment says mega infrastructure projects kicking off by second half of 2017 to spur local industry

By **GANESHWARAN KANA**
ganeshwaran@thestar.com.my

PETALING JAYA: AmInvestment Bank Research remains sanguine on the domestic steel industry, largely underpinned by the expected strong demand for steel moving forward.

The research house, which maintained its "overweight" stance on the steel sector, expects local demand to pick up following the roll-out of mega infrastructure projects such as rail-related projects and township development.

Apart from that, steel price is also projected to improve, mainly due to economic growth in some regions particularly in emerging market.

However, steel demand from China is expected to slow down from the financial year of 2018 (FY18) onwards, given the expected deceleration in its economic growth.

"Based on the World Steel Association's October 2017 short-range outlook, the global steel demand is expected to grow by 2.8% and 1.6% to 1.62 billion tonnes and 1.65 billion in FY17 and FY18 respectively, driven mainly from China, India and the Asean market.

"On the domestic front, Malaysia's historical steel demand consumption has remained range-bound, about 10 million tonnes for the past four years. Demand is expected to grow marginally by 1% to 2%, with a stronger demand for long products compared to flat products, according to the South East Asia Iron and Steel Institute.

"We expect local steel volume to grow modestly at 1% and 3% in FY17 and FY18, driven by domestic demand particularly infrastructure projects which are expected to kick off by the second half of FY17," stated the research house in a note.

Apart from infrastructure projects, AmInvestment Bank Research said that the stable steel demand in the country was supported by both local production and imports.

"Imported steel remains important for local industrial consumers, as the supply from abroad has filled the shortfall in recent times. The global excess supply in FY14-15 has hit Malaysia steel players badly due to China dumping its excess supply in the Malaysian market, which forced local steel players to lower their production or shut down after facing huge losses.

"The shortfall in steel volume has been filled largely by imports and partially by reduced exports by local steel players.

"With regard to local steel production, domestic players are expected to increase their utilisation capacity to an optimum level. This was following the imposition of safeguard duties till April 2020 for steel reinforcement bar, steel wire rod and deformed bar in coil.

"The increase in local production would be able to cater to the local steel demand in the coming years," it said.

AmInvestment Bank Research said the local steel industry would remain positive if China remains committed to reduce output capacity and steel export.

"In addition, the outlook for the steel sector will remain promising if the average selling price for steel is sustained or further improved while the escalating cost of doing business is addressed.

"Clear policy and enforcements must be imposed by the government such as safeguard duties and to require local buyers to procure locally steel products, to sustain the steel industry," it said.

The research house has issued "buy" calls on Ann Joo Resources Bhd and CSC Steel Holdings Bhd.

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Source : Star Biz
Date : 10 November 2017 (Friday)

Copper consumption to get boost

NEW DELHI: Demand for copper globally is set to jump 22% in as soon as five years on increasing usage of the metal in electric vehicles, solar and wind power sectors, according to Indian billionaire Kumar Mangalam Birla's Hindalco Industries Ltd.

Consumption is seen rising to 28 million tonnes in the next five to seven years from about 23 million tonnes now, J.C. Laddha, head of the Indian company's copper unit, said in New Delhi at an industry conference. Electric vehicles alone would boost global copper demand by 1.2 million tonnes, he said.

India is also expected to benefit from the electric-vehicle push as Prime Minister Narendra Modi seeks to turn all passenger car sales electric by 2030, Laddha said. "But even without the demand from electric vehicles, demand should rise to 1.8 million tonnes to two million tonnes," he said.

Copper has rallied more than 20% this year along with other industrial metals on prediction of tighter supplies and increasing global economic growth amid new sources of demand. Top producer Codelco forecasts that prices could test record highs above US$10,000 a tonne as the supply-demand balance shifts to substantial deficits from 2018.

India's consumption is expected to grow by as much as 10% from 700,000 tonnes a year now, Laddha said. India has the potential to boost consumption of everything from copper to iron ore as its economy expands over the next two decades and more people flock to its cities. — Bloomberg

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Source : Star Biz
Date : 14 November 2017 (Tuesday)

Iron ore wars break out

Two Asian financial big guns spar over commodity's futures

SINGAPORE: Call it the iron ore wars.

Two of Asia's financial heavyweights are going head-to-head as Hong Kong Exchanges & Clearing Ltd (HKEx) starts futures for a commodity that's seen extraordinary volatility and been a popular way to bet on China, challenging Singapore Exchange Ltd's (SGX) leading position.

HKEx began trading the futures yesterday, pitting the new dollar-denominated contract against those offered by SGX, which introduced its first swap contracts in 2009 and has become the world's largest clearer of the derivatives. To add firepower to the opening salvo, HKEx has promised newcomers all trading fees for the new product will be waived for six months.

Iron ore sits at the heart of the global economy, especially in largest user China, and the commodity has attracted growing investor interest in recent years.

The derivatives are used by miners and mills for hedging as well as traders and funds, and Goldman Sachs Group Inc found in a 2016 study that it was SGX's product that probably swayed the global market, rather than the more restricted offering on the mainland's Dalian Commodity Exchange. Given the lead, the HKEx may find it a hard task to break out of its beachhead.

"They're going up against a more established offshore contract in Singapore," said Hui Heng Tan, an analyst at Marex Spectron. "It's too early to gauge whether the new contract will gain much traction. Some of that will depend on the terms they're able to offer, such as trading fees and margins as well as the liquidity of the contracts."

OTC deals: An office worker walking past the SGX logo outside its premises in Singapore. More than 85% of futures transactions on the SGX are done over the counter. — Reuters

The shakeup comes after the commodity has been on wild ride. In 2013, spot ore fetched more than US$100 a dry tonne. By 2015 it fell below US$40 as supplies swelled and investors expected China's appetite to wane. This year, it's gyrated between almost US$95 and close to US$50, and last was at US$62.60, with China's environmental clampdown in focus along with booming mine output.

That's been a boon for SGX, where trading of iron ore derivatives jumped 59% last year. Among other global exchanges, CME Group Inc and Intercontinental Exchange Inc also offer products tracking the raw material. While HKEx has been building up its presence in metals – buying up the iconic London Metal Exchange – the new offering is its first ferrous product.

"HKEx believes this contract is going to be complementary," a spokesman told Bloomberg.

"With very active onshore iron ore futures on the Dalian Commodity Exchange and the heavy weighting of China in the trading of iron ore and iron ore derivatives, HKEx believes a transparent offshore iron ore futures will allow more efficient and timely price interaction among the markets."

The Hong Kong contract will be settled in cash against The Steel Index Ltd price, which refers to ore with 62% content delivered to China. Trading will run from 9 am to 4:30 pm before a second session from 5:15 pm to 1 am.

The SGX product is priced against the same spot index, and trades from 7:25 am to 8 pm, with an overnight session that runs through 4:45 am.

Beyond trading hours, there are other differences. Hong Kong's new futures are mostly traded electronically, unlike the SGX AsiaClear contracts, where more than 85% of transactions are done over-the-counter, or OTC, according to the Singapore bourse.

"If you look at volumes on the SGX today, the majority of that is coming from the OTC community – meaning buyers and sellers who execute the transaction through the broking community," William Chin, SGX head of commodities, said in an interview. "Brokers are extremely helpful when it comes to reaching out to clients in marketing the contract."

Chin says while any exchange launch helps to improve visibility of existing products, it will be important for the new contract to create value, such as bringing new trading participants on board. "The ability to do that will be value-accretive, rather than looking at ways to shift the pie," he said. — Bloomberg

Source : Star Biz **Date : 16 November 2017 (Thursday)**

Kobe Steel plant loses remaining quality badge

TOKYO: A Kobe Steel plant, which is at the centre of a data falsification scandal that has roiled supply chains around the world, has been stripped of all its industrial quality certifications, Japan's government said.

The government-sanctioned seal on insulated copper tubing from Kobe's Hatano plant was revoked after an investigation by a certification firm into its quality controls, Japan's Ministry of Economy, Trade and Industry said in a statement.

The plant, located southwest of Tokyo, has also lost its ISO 9001 quality certificate from the International Standards Organisation, Japan Quality Assurance Organisation said.

Earlier, the plant's Japan Industrial Standards (JIS) seal for its seamless copper pipe products was removed, as part of the fallout of one of Japan's biggest industrial scandals.

Japan's third-largest steelmaker, which supplies producers of cars, planes, trains and other products across the world, said last month that about 500 of its customers had received products with falsified specifications.

Having the quality seals revoked means the company can no longer sell the products with the JIS label, potentially restricting the number of customers that can buy them.

Japanese manufacturing prowess has taken a hit in recent weeks due to the Kobe Steel scandal and news of improper final domestic inspection procedures at Nissan Motor.

Nissan said earlier yesterday it had been informed that the ISO 9001 certification of its plants and those of affiliate Nissan Shatai had been revoked for production of Japan-bound vehicles.

JIS-certified products account for about 40% of Hatano's sales by weight, Kobe Steel said.

Kobe Steel has an extensive role in global supply chains. It produces engine valve springs found in half the world's cars, according to its website.

Kobe shares have plunged nearly a quarter since news of the data tampering in early October. They fell 4% yesterday, versus a 1.6% drop in the Nikkei 225. — Reuters

Corporate scandal: People fish along a promenade as a Kobe Steel Ltd plant stands in the background in Kakogawa. The company said last month that about 500 of its customers had received products with falsified specifications. — Bloomberg

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Source :The Star **Date : 16 November 2017 (Thursday)**

Largest diamond sold for record sum

Dazzling beauty: The Art of Grisogono was cut from a 404 carat rough rock which was discovered in February 2016, in the Lulo mine in Angola. — AFP

GENEVA: The largest diamond ever offered at auction went under the hammer in Geneva for 33.5mil Swiss francs (RM141.6mil), a world record for a gem of its kind, the Christie's auction house said.

The 163.41-carat flawless D colour diamond, suspended from an emerald and diamond necklace called The Art of Grisogono, sold for 33.5mil Swiss francs (RM141.6mil), after taxes and commissions, at the Christie's autumn jewel auction.

This marks "a new world-record price for a D colour diamond at auction", Rahul Kadakia, auctioneer and head of Christie's international jewels division, said on Tuesday.

D is the highest colour grade attributed to a diamond, indicating that the stone is completely colourless, and thus extremely rare.

With a drawn-out round of rapid-fire bidding starting at 20mil Swiss francs (RM84mil), the necklace was finally sold to a telephone bidder, who wished to remain anonymous, for well above the asking price of 25mil Swiss francs (RM105mil).

But some had expected the diamond, which Christie's described as a "masterpiece of unparalleled beauty and exquisite workmanship", to fetch even more.

"I am disappointed that the Art of de Grisogono didn't sell for a more dazzling price," said Tobias Kormind, head of 77 Diamonds, a large European online diamond jeweller.

The flawless, D colour 11A type diamond was cut from a 404 carat rough rock which was discovered in February 2016, in the Lulo mine in Angola – the 27th biggest rough white diamond ever discovered. — AFP

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Source : Star Metro **Date : 16 November 2017 (Thursday)**

Tin mining association gives back to society

Ong (second from left) launching a 'Humanity and Nature'-themed photography exhibition by Tong (behind Ong) at the Kinta Tin Mining (Gravel Pump) Museum. Also present are Hew (left) and Dr Chuah (second from right).

Plan includes funding teaching hospital and documenting industry's history

IPOH

By CHAN LI LEEN
lileen@thestar.com.my

IN A move to commemorate the achievements of its forefathers, Perak Chinese Mining Association will fund part of the teaching hospital in Kampar to be set up by Universiti Tunku Abdul Rahman (Utar).

The association's president, Datuk Chin Lean Choong, said having embarked on long debates and meticulous deliberations on how to carry on the legacy of its founders, the association members decided to sell off one of its buildings in Jalan Raja Permaisuri Bainun, Ipoh.

"The proceeds of the sale will be used to repair and renovate two

Museum displays educate visitors on how tin was mined and processed in the olden days. — Photos: SAIFUL BAHRI/The Star

A group of students admiring a scale model of a tin mine on display at the Kinta Tin Mining (Gravel Pump) Museum in Kampar.

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original buildings of the association in Jalan Tun Sambanthan as well as to refurbish our meeting hall," he said, adding that records and artefacts belonging to the association would be kept at the refurbished historical buildings.

The association, he added, would also use the funds to commission a team of experts to research and document its history as well as to write stories of prominent miners and the lives of pioneer workers.

"However, the bulk of the proceeds from the sale of the building will be donated to the new teaching hospital under the aegis of Utar.

"This sum will be used to lay the foundation of the new hospital.

"The main rationale for doing this is to institutionalise the pioneering spirit of courage, tenacity to struggle, uncanny ability to survive, self-help and generosity to help each other.

"Above all, their sacrifices for education, which they themselves never had, were most admirable.

"Indeed, we consider our main donation to help lay the foundation of a teaching hospital in Kampar, the one and only in Perak, will be most proper, appropriate and meaningful," Chin said during the opening of the Tin Mining Festival 2017 at the Kinta Tin Mining (Gravel Pump) Museum in Kampar.

The festival was jointly organised by Utar, the museum and the Perak Chinese Mining Association.

Held for the third time, the annual festival saw the unveiling of a new gallery featuring the tales of several prominent tin miners.

Among the four Malayan tin miners featured were founding father of Kuala Lumpur Yap Ah Loy; Perak King of Mines Chung Keng Quee; Leong Pi Joo, who pioneered the modernisation of the country's tin mining industry; as well as millionaire and philanthropist Loke Yew.

Second International Trade and Industry Minister Datuk Seri Ong Ka Chuan, who launched the new attraction, also launched a "Humanity and Nature" themed photography exhibition by Perak-born photographer Hunk Tong.

Ong said as Malaysians looked back on the glorious past of its tin-mining history, they must also learn from it.

"Armed with lessons from the past, we are to look towards the future and carve out a new niche for ourselves," he said.

Also present were Perak Chinese Mining Association advisers Tan Sri Hew See Tong and Choong Tien Chuan, Utar president Datuk Dr Chuah Hean Teik and museum director Hew Fen Yee.

As a prelude to the festival, the organisers held a conference to increase awareness on the importance of the industry to the country's economic development in its heyday.

At the conference, state Economic Planning Unit deputy director Mohamed Nasser Abdul Razak, who represented state exco member Datuk Dr Mah Hang Soon, said the tin mining industry was still relevant for the state's future development.

"It is not a sunset industry because eventually after the sunset, the sun will rise again.

"The state government is remoulding the tin mining industry and trying to bring Perak back onto the map through the Perak Mining Blueprint.

"There should be a collaboration between all parties and the state government to bring the industry up to another level, to ensure its longevity," he said.

In his opening remarks, Utar president Prof Datuk Dr Chuah said the tin mining industry played a decisive role in the history of Malaysia because it contributed greatly to Malaysia's economy, generating 41.3% of the country's tax revenue from 1874 to 1985.

"It also brought in the Chinese as tin miners and created infrastructure such as roads, railways and power supply before its inevitable collapse in 1985.

"Although Malaysia has become a net importer of tin since 2004, our country remains the world's largest tin producer today," he said, adding that the history of the tin mining industry and the sacrifices by its pioneers needed to be recorded for the knowledge of the future generation.

Part 2:

NON-METALLIC COMMODITIES

Source : TheStar **Date : 02 November 2017 (Thursday)**

SAM unhappy over sand mining

GEORGE TOWN: An environmental group is claiming that problems such as river bank erosion, degradation and a reduction in water quality are rising due to continuous sand mining activities.

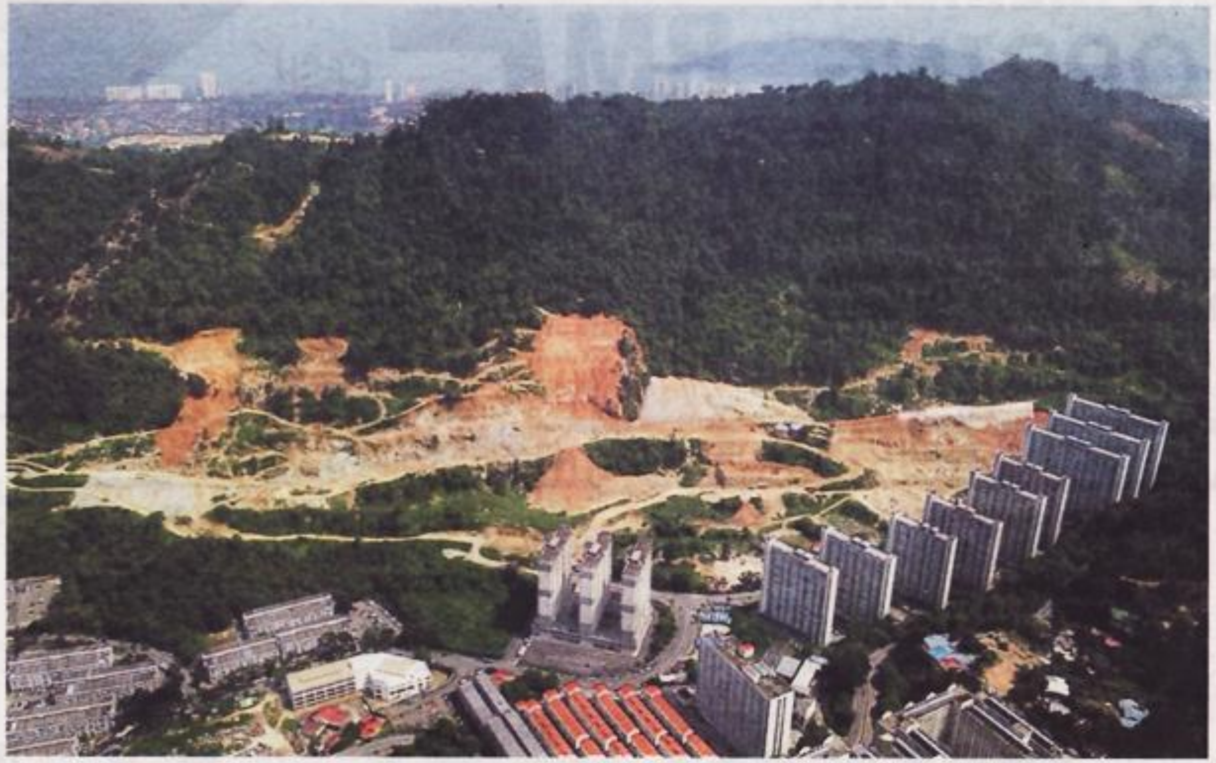
"These problems are made worse when the extraction of sand and gravel is done at a rate which exceeds the natural processes of the rate to generate these materials.

"If the problems of sand mining are not handled properly, over exploitation will cause irreversible impact to the natural resources and environment," said Sahabat Alam Malaysia (SAM) president S.M. Mohamed Idris.

He also expressed distaste over a report by an online news portal on Oct 29 that the first batch of some 55,000 tonnes of sand from Malaysia were sent to the Thoothukudi Port in Tamil Nadu, India.

Various groups have since expressed their concerns over the ongoing export of sand.

Mohamed Idris also urged Natural Resources and Environment Minister Datuk Seri Dr Wan Junaidi Tuanku Jaafar to look seriously into the matter.



Bare hills: An aerial view of the hill clearing taking place near Majestic Heights (bottom right of pic) in Paya Terubong area. — ZAINUDIN AHAD/The Star

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by;

MINERAL ECONOMICS SECTION

JABATAN MINERAL DAN GEOSAINS MALAYSIA
MINERALS AND GEOSCIENCE DEPARTMENT MALAYSIA
20th Floor, Menara TH Tun Razak
Jalan Tun Razak
50658 Kuala Lumpur

Tel : +603 - 2161 1033
Fax : +603 - 2161 1036
+603 - 2161 3302
Website : www.jmg.gov.my