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PRESS CUTTINGS

Press-ing for higher margins

Press Metal to up production on increasing demand for aluminium

MSC set to ride on global tin prices recovery

Top iron miners set to survive price crash

Their cash piles expected to see them through

Moratorium on bauxite mining extended for three more months

Malaysia's industrial output up 3.5% in January

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CONTENTS

Part 1:
Metallic Commodities

No.	Title
1.1	Commodities boom comes with higher hopes and potential risks
1.2	MSC set to ride on global tin prices recovery
1.3	Press-ing for higher margins: Press Metal up production on increasing demand for aluminium
1.4	Royal Selangor- firm with 132 years of history
1.5	Aluminium producers seek US$135 premium
1.6	India gold recycling plan fails to tempt households
1.7	WCT faces legal hurdle
1.8	Top iron miners set to survive price cash
1.9	Modi's cash ban succeeds in lowering gold imports
1.10	Top Indonesia nickel miner seeks to export six million tonnes of ore
1.11	Gold price seen rising as negative interest rate looms
1.12	No silver lining to gold mines
1.13	South Korea's Posco offers to surrender land for planned India steel project
1.14	OM Sarawak plans to make wide range of products
1.15	Iron ore takes a battering as bear market engulfs China futures
1.16	Moratorium on bauxite mining extended for three more months
1.17	Steel stocks fall ahead of govt decision on safeguard duties

Part 2:

Non - Metallic Commodities

No.	Title
2.1	Kim Hin rides on stronger sales
2.2	Mudajaya unit bags TNB solar power contract
2.3	Edra on track to build pilot solar power plant in Kedah
2.4	PLB and Integrated Logistics get solar plant jobs

Part 3:

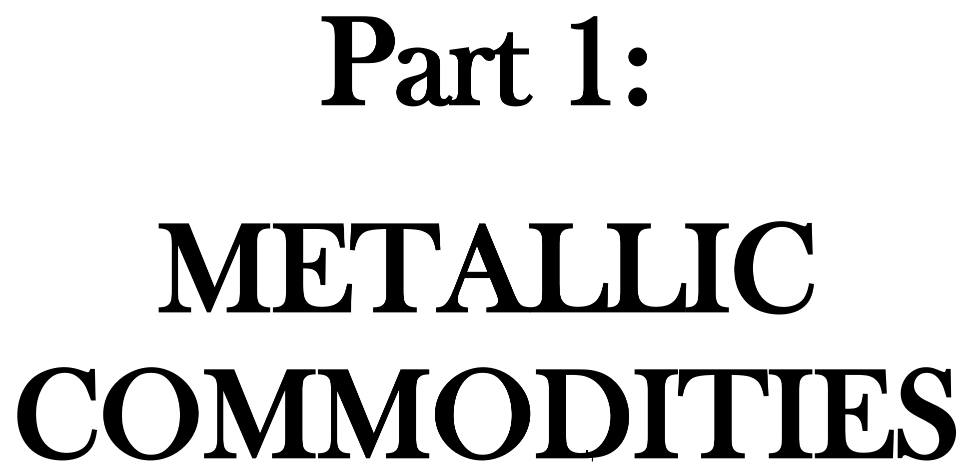
Energy Mineral (Coal)

No.	Title
3.1	Adani aims to begin mining Australian coal in 2020
3.2	TNB’s Jimah project on track for completion by December 2019

Part 4:

General

No.	Title
4.1	Indonesian govt mining policy shift sparks fresh turmoil
4.2	Malaysia’s industrial output up 3.5% in January



Part 1:

METALLIC COMMODITIES

Source : Star Biz   Date : 06 March 2017 (Monday)

Commodities boom comes with higher hopes and potential risks

Plain speaking
YAP LENG KUEN

WITH hedge funds said to be falling back in love with commodities, the prospects for this asset class is back on the radar. And while the outlook is generally bullish, risks do appear on the horizon.

"Some hedge funds were already back in commodities last year, as reflected in the rise in global commodities indices. With the latest US trillion dollar infrastructure plan, I see big prospects for raw materials with industrial commodities and metals as the main focus.

"The real demand would be generated by actual spending by the US while more hedge funds would likely include commodities on the radar," said Danny Wong, CEO, Areca Capital.

Hedge funds are raising their exposure to commodities on expectations of further price rallies and as an inflation hedge, said *Bloomberg*, quoting Citigroup.

"After two years of scaling back exposure to commodities, the fund community finally appears to be growing interested in the sector again," the bank's analysts including Aakash Doshi and David Wilson were quoted in their e-mailed note.

Record net-long positions, or bets that prices will rise, in markets including Comex copper and Nymex crude oil, were attributed at least partly to increased allocation of fund money, said *Bloomberg*.

The Bloomberg Commodity Index advanced 11% last year, its first annual increase since 2010, while Citigroup predicted further gains this year backed by steady demand growth in China, as well as signs of an end to years of structural oversupply in key commodities.

Hedge funds are betting on sustained revival of commodities as an asset class.

"Given the prospect of an improving global economy with the US economy, in potentially reflationary mode, leading the pack, hedge funds are betting for a sustained revival in commodities ranging from raw materials, industrial and precious metals although investors are positioning for mixed returns.

"Investors have added cotton, cattle, crude oil and soybean into their bullish positions but are not optimistic on corn, coca and wheat," noted Lee Heng Guie, executive director, Socio Economic Research Centre.

There are indicators of an improving global economy. "Commodity prices in crude oil, iron and steel, to name a few, have rebounded since last year. Investors are more confident that the rally is sustainable and it is supported by improvements in the global economy.

"Purchasing Managers' Indices (PMI) in major economies have been sustaining above the boom-and-bust threshold levels in the past six months or so.

"Inflation is also picking pace, a sign that global demand is slowly rebounding," said Nor Zahidi Alias, chief economist, Malaysian Rating Corp.

The PMI, an indicator of the health of the manufacturing sector, is based on new orders, inventory levels, production, supplier deliveries and employment environment.

Things are also looking up in China. "China's producer prices have turned positive in the past five months after a four-and-a-half year stretch of deflation from 2012 to 2016.

"Imports of iron ore jumped 12% year-on-year in January 2017 alone. For the whole of last year, China's imports of iron ore rose 7.5%," noted Zahidi.

US dollar weakening is positive for commodities. "The US dollar rally has started to fizzle; the index has retreated slightly since its peak in December last year.

"While the greenback is expected to remain fairly strong, much of that strength is reflected in its current value," said Zahidi.

Positive factors remain for crude oil prices. "There is a general view that the Organisation of Petroleum Exporting Countries (Opec) will likely extend the agreement on production cut beyond the middle of this year (for supply and demand to be balanced).

"Although US production is slowly rising to around nine million barrels per day, the overall global surplus is expected to narrow by this year. And this is positive for crude oil prices," said Zahidi.

Risks in commodities investments have gone up. The rush to go long on commodities may already have gone further than is justified by physical fundamentals, cautioned *Bloomberg*, quoting Citigroup.

For instance, in the Brent and West Texas Intermediate crude oil markets, "the math doesn't quite add up," given that prices are trapped in a tight range and a consensus that US shale output will cap prices, the bank was quoted as saying.

"Hedge funds are piling into long positions at a time when inventories are getting worrisome in North America and the oil majors are taking the opposite view. Who will be proven right eventually?

"My money is on the oil majors/commercial players rather than speculators like hedge funds," said Pong Teng Siew, head of research, Inter-Pacific Securities.

"There are still risks, for instance, stemming from a potentially tighter global financial condition if the US Fed raises interest rates aggressively. This will raise the cost of borrowing and reduce the supply of liquidity to fund speculative investments.

"An overly protectionist approach by the President Donald Trump administration can dampen world trade and economic growth," said Lee.

Columnist Yap Leng Kuen sees warning signs when prices get too hot.

Source : Star Biz Date : 06 March 2017 (Monday)

MSC set to ride on global tin prices recovery

It'll bring significant improvement in profit in coming quarters

By HANIM ADNAN
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PETALING JAYA: The stage is set for Malaysia Smelting Corp Bhd (MSC) to perform better this year given anticipation of a continued recovery in tin prices after experiencing a six-year slump, say analysts.

Since January last year, global tin price has surged by almost 40% from about US$14,000 per tonne to about US$19,500 per tonne currently.

As the world's second-largest tin metal supplier, analysts expect the spike in tin prices, together with the strengthening of the US dollar, will bring significant improvement in MSC's profit in the coming quarters.

The recovery in the global tin prices is also reflected in MSC's newly released financial year ended Dec 31, 2016 (FY16) results.

MSC Group posted a turnaround in its earnings of RM37.45mil in FY16 on the back of a higher revenue at RM1.48bil after experiencing two consecutive losses in 2014 and 2015.

The company is also proposing a dividend of eight sen in FY16. Its last dividend payment was in April 2012 for FY11.

In recent months, the share price of MSC has also been on an uptrend, touching a high of RM4.20 on Jan 9 this year from a low of RM2.21 on Feb 3 last year, bouyed by the overall positive sentiment in the global tin market.

One analyst, meanwhile, has described 2016 as a watershed year for MSC.

The year saw significant boardroom changes including a new chairman Chew Gek Khim, several new directors on board as well as a new CEO Datuk Dr Patrick Yong replacing Chua Cheong Yong, its former CEO of two years.

MSC, which is dual-listed on Bursa Malaysia and Singapore Stock Exchange, is a 54.8%-owned subsidiary of The Straits Trading Co Ltd (STC).

It is worth to note that Chew is also STC executive chairman since 2009.

Industry observers said Chew coming on board as MSC chairman in May last year was widely perceived as "major stakeholder STC Group taking a more active role in the operations of the 113-year-old MSC Group, moving forward."

On the operational side, it would be interesting to see how Yong steers MSC, going forward, while maintaining the group's current premium position in the global market.

An engineer by qualification, Yong has over four decades of experience in global operations in several business areas including leadership, research and development of international marketing and sale organisation.

Yong was recently quoted as saying that the volatility of tin prices continues to be one of the biggest challenges facing the industry.

MSC would be taking significant steps to stay ahead of the pack and mitigate the impact of fluctuating prices, he added.

Looking ahead, he is optimistic about MSC's prospects. "We will continue to make the necessary strategic decisions and adapt to the ever-changing marketplace," said Yong.

Analysts also say MSC would likely focus on exploration for new tin resources, increasing equity interests to pave way for future growth opportunities and capacity building to ensure its resources and expertise are future-ready.

The group currently has a net cashflow from operating activities of RM54.5mil for FY16. It has also managed to reduce its total borrowings with net gearing ratio declining to 1.2 time from 1.6 times a year ago.

"One task at hand waiting for Yong will be the RM50mil new acquisition of Metal Reclamation Industries Sdn Bhd (MRI) by its subsidiary MSmelt Sdn Bhd," and retro fitting it into one of the most-modern tin smelter in the region, said an analyst with a bank-backed brokerage.

MRI is envisaged to be a strategic-fit to complement MSC's existing cash-generating international smelting operation in Butterworth and tin mining operation managed by subsidiary Rahman Hydraulic Tin Sdn Bhd, he added.

MSC's smelting facility in Butterworth currently operates a cost-efficient plant with a production capacity of about 40,000 tonnes of refined tin per year and uses reverberatory furnace technology.

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Source : Star Biz Date : 06 March 2017 (Monday)

By INTAN FARHANA ZAINUL
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Press-ing for higher margins

Press Metal to up production on increasing demand for aluminium

PETALING JAYA: The largest aluminium smelter in the region, Press Metal Bhd, is likely see better margins this year following the recovery of aluminium prices.

Aluminium was trading at its lowest 13 months ago. In mid-February, the commodity hit US$1,900 a tonne or 20% higher than it was a year ago.

Press Metal is planning a production increase of 20% to 760,000 tonnes this year.

Group chief executive officer Datuk Paul Koon Poh Keong said that aluminium prices would remain stable this year, especially with lower output from China.

"Press Metal is also targeting to increase our production of 'value-added' products that demand higher margins," he told *StarBiz*.

Presently, he said 30% of its capacity was "value-added" aluminium products and the firm is targeting to increase it to 50% of total production this year.

"We expect the demand for aluminium to increase especially from the automotive sector that is going into low-emission technology vehicles, especially in Europe.

"In addition, China will be using more aluminium for its nationwide high-speed rail projects," he said.

In February, the Chinese government proposed a reduction in aluminium production in several provinces during the winter months to address the concerns about the country's air quality.

In China, industries such as steel and aluminium burn coal, contributing to the problem of air pollution.

Press Metal posted a net profit of RM495.5mil in the financial year ended Dec 31, 2016, more than a three-fold jump from RM132.35mil in the previous year on the back of a stronger US dollar and higher output.

Revenue for the year increased more than 53% to a record RM6.6bil from RM4.3bil previously.

Profit margins in FY16 stood at 8% compared with 3% in FY15.

In addition to the stable aluminium prices and increase in product mix, Koon said the Samalaju Port, scheduled to open in mid-June, could improve the company's margin.

Koon said the company would expand its plant in Samalaju, Sarawak, to ride on the growth in demand for aluminium.

"Aluminium is a metal of the future, it is not expensive, durable and light," he said.

The company exports about 90% of its products, with the rest for local consumption.

It has two aluminium smelting plants in Sarawak namely Mukah and Samalaju.

Koon said Press Metal has used almost 60% of its land in Samalaju, with the company

Next Page>>

>>From Previous Page

Press Metal maintains profitability during downturn

having completed the third phase expansion last June.

"We have 40% left for expansion in Samalaju, it depends on the timing and how much power we can secure in the state," he said. A 25-year power purchase agreement enables the company to operate at a relatively lower cost.

The company has been able to maintain its profitability during the downturn in aluminium price and a fire incident at its smelting plant in 2015.

With the planned expansion, Koon said that the firm would work on strengthening its balance sheet.

"With the amount of cash flow we are generating, we are confident of reducing our debt fast," he said.

Last week, Press Metal received its shareholders' approval to undertake a corporate exercise that would see shares of the company being exchanged to a new holding company (newco).

The exercise would involve one newco share for every Press Metal share.

Once the share exchange has been completed, the newco, known as Press Metal Aluminium Holdings Bhd, would be the holding company of Press Metal and would take over its listing status.

The move is seen as one of the company's initiatives to boost growth.

Shares in Press Metal have been trending upward, increasing more than five times in 18 months.

They were last traded at RM2.59 a share, based on a price-earnings ratio of about 17 times FY16 earnings.

"While some quarters may argue that there is limited growth potential for Press Metal post the full commissioning of all its smelters, we see room for earnings upside from potential cost-savings," said RHB Research in a report.

It said the cost-savings could be derived from a new smelter that was sharing some common infrastructure and the cut in land logistics as well as shipping costs while the increase in the production of value-added goods would enhance profits.

Koon: 'With the amount of cash flow we are generating, we are confident of reducing our debt fast.'

Source : Star Biz   Date : 06 March 2017 (Monday)

Royal Selangor - firm with 132 years of history

PETALING JAYA: Royal Selangor International Sdn Bhd has come a long way since its inception some 132 years ago, as one young pewtersmith Yong Koon started his business in the colonial Malaya.

Yong, who hailed from Shantou, China, arrived in Kuala Lumpur in 1885 and joined his two brothers to work as a tinsmith. Together, they made ceremonial items for the ancestral altars of the Chinese community.

The proverbial saying of "behind every successful man there is a woman" proved to be precise in the young Yong's case, as he established his first pewter business, Malayan Pewter Works, with the personal savings of his wife, Loh Pat.

Following the Japanese occupation, his sons started the Selangor Pewter and began making sake sets for the Japanese military.

In 1962, Selangor Pewter moved to a modern factory in Setapak, run by about 70 staff.

Coupled with perseverance and hard work, the company started to expand its operations and brand name. The rest is history.

The pewter business, which started as a humble enterprise, received one of its highest recognitions in 1979 after the Sultan of Selangor conferred Selangor Pewter the warrant of "Royal Pewterer".

Now, helmed by the fourth generation, the Royal Selangor which was previously known as Selangor Pewter, has marked its presence globally. The family-owned entity holds the foremost name in quality pewter and a brand synonymous with design and craftsmanship.

Royal Selangor has standalone stores in top retail capitals worldwide including London, Hong Kong, Singapore, Beijing, Melbourne and Sydney. Its products are also carried by top department stores such as Wako in Japan, Harrods in London, and Hudson Bay in Toronto.

Apart from its traditional pewter business, Royal Selangor has also diversified into other segments through its sister companies. One of them, Comyns, is famed for fine silverware as well as for its interpretive works, particularly those of Paul de Lamerie, which is one of the leading silversmiths of 18th century England.

Another sister company, Selberan, specialises in creating 18k gold and diamond jewellery that follows the European approach to craftsmanship. It was one of the first Malaysian companies to design and make European-style jewellery.

Source : Star Biz **Date : 09 March 2017 (Thursday)**

Aluminium producers seek US$135 premium

TOKYO: Three global aluminium producers have offered Japanese buyers a premium of US$135 per tonne for shipments in the April to June quarter, up 42% from the previous quarter, three sources direcly involved in the pricing talks said.

Japan is Asia's biggest importer of the metal and the premiums for primary metal shipments it agrees to pay each quarter over the London Metal Exchange cash price set the benchmark for the region.

For the January-March quarter, Japanese buyers mostly agreed to pay a premium of US$95 per tonne, up 27% from the prior quarter.

The latest quarterly pricing negotiations began last month between Japanese buyers and miners including South32 Ltd, Rio Tinto Ltd and United Co Rusal Plc, and are expected to continue through this month. — Reuters

Source : Star Biz Date : 13 March 2017 (Monday)

India gold recycling plan fails to tempt households

MUMBAI: India's ambitious plan to recycle thousands of tonnes of gold lying idle in temples and households looks to have foundered on concerns over high costs and slight returns, in a blow to government hopes of cutting imports of the metal.

After 16 months, temples and households have turned over just seven tonnes of gold out of the 24,000 tonnes believed to be in private hands, two industry sources and a government official said, with almost all the gold coming from temples.

Families that hold about 80% of the idle gold have largely shunned the scheme, with some four dozen government-approved centres that opened to test purity still to process a single gram of household gold, said Harshad Ajmera, president of the Indian Association of Hallmarking Centres.

"You hardly earn anything but you have to do so many things to deposit gold under the scheme.

"Why should I take all this pain?" said 54-year-old clerk Ganpat Shelke, who considered depositing 50 grams of gold.

The struggling scheme was launched with much fanfare by Prime Minister Narendra Modi in November 2015, with India seeking ways to stem the spending of billions of dollars on a non-essential commodity that accounted for 27% of its trade deficit in the year to March, 2016.

The country is the world's second-biggest gold importer behind China, buying about 800 tonnes a year for wedding gifts, religious donations and as an investment.

The plan was for holders of idle gold to lodge it with banks in return for interest and cash at redemption.

The government would melt the gold and auction or rent it to jewellers, reducing the need for imports.

But the scheme logistics mean the owners of the gold must shoulder the cost of testing its purity and melting it down, while the interest rate on offer of just 2.5% compares with 7%-8% that banks offer for cash deposit rates.

"If a consumer wants to have 25 grams jewellery converted the cost of converting and purity testing takes 3%-4 % of total value away," said Shekhar Bhandari, executive vice-president of Kotak Mahindra Bank.

Even when holders of the precious metal want to take part in the scheme they have run into hurdles.

"I visited four banks several times to deposit gold but they could not accept it," said Kushal Chatterjee, a businessmen from the eastern city of Kolkata. "They said they did not know the process."

At least five bank branches visited by *Reuters* this week in Mumbai said they could not accept gold under the scheme as they had not been given directions by their head offices.

A senior official with the Indian Banks' Association said the current scheme offered banks little or no profit.

"There should be an incentive for banks," said the official, who declined to be named when commenting on a sensitive issue.

Banks are also concerned that provisions allowing gold to be deposited for up to 15 years will raise currency and liquidity risks, the India Gold Policy Centre in a recent report.

A finance ministry spokesperson declined to comment on the gold programme.

Gold refiners, who more than doubled capacity in recent years in anticipation of higher scrap supplies, are operating at well below capacity, said James Jose, secretary of the Association of Gold Refineries and Mints.

"Except for the banks, all other stakeholders like purity centres, refiners are ready, but they are helpless without banks' participation," he said.

The India Bullion and Jewellers Association urged the government to revisit the scheme, clearing doubts for consumers and putting pressure on banks to participate.

"Otherwise Indian imports will not fall," said Association secretary Surendra Mehta. — Reuters

Source : Star Biz **Date : 14 March 2017 (Tuesday)**

WCT faces legal hurdle

China-based Triumpher Steel claiming RM131mil for work in Dubai

By GANESHWARAN KANA
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PETALING JAYA: WCT Holdings Bhd could take a hit if newly-initiated arbitration proceedings by its former subcontractor does not end in its favour.

WCT's former subcontractor for the Meydan Racecourse project in Dubai, the China-based Triumpher Steel Construction Group Ltd, is claiming approximately RM131mil in compensation for the steel-related works it has delivered but yet to be paid.

Terming Triumpher Steel's claim as a negative surprise, CIMB Research said that WCT's earnings per share for the financial year 2017 (FY17) could be slashed by 45%, in the event of the property developer losing the arbitration case.

The arbitration will be conducted via the Dubai International Arbitration Centre (DIAC).

"While the arbitration is negative for WCT and may slash its revalued net asset valuation by under 2%, the property developer's ongoing RM1bil arbitration settlement could offset this latest claim," said CIMB Research, referring to WCT-Arabtec JV's ongoing arbitration case against Meydan LLC which was the client for the racecourse project.

Meydan LLC cancelled the overall racecource contract in December 2008 which was won earlier by WCT-Arabtec JV, citing delays in construction works.

The WCT-Arabtec JV was a collaboration between WCT and Arabtec, in which both parties owned equal stake in the joint venture.

The cancellation by Meydan LLC has in turn, caused the termination of Triumpher Steel's contract to provide steel-related works in 2009.

However, Meydan LLC continued the project construction and the racecourse was operational beginning in 2010.

WCT has since initiated an arbitration case against Meydan LLC and has won approximately RM1bil in compensation, which is yet to be received to date.

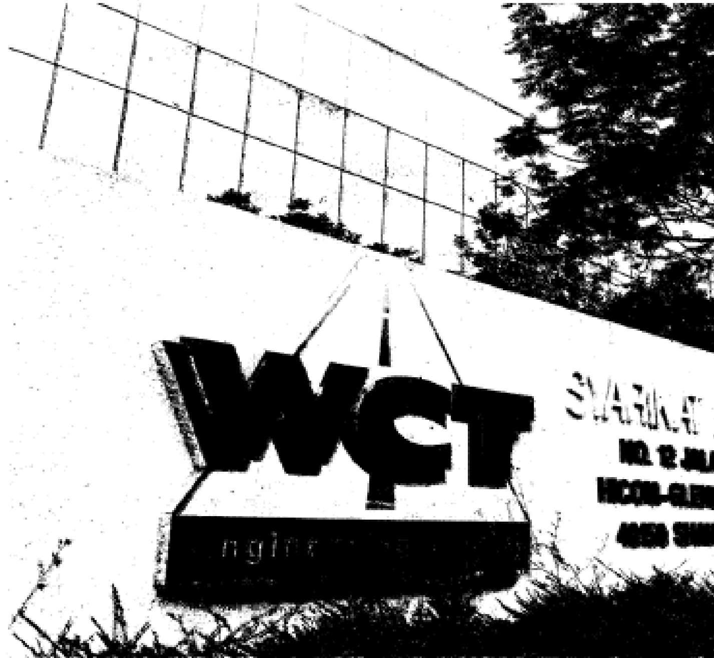
Hong Leong Investment Bank (HLIB) also said that while WCT could take a hit following any unfavourable result from the arbitration, it was backed by the impending payout.

"Should the arbitration outcome rule in favour of Triumpher Steel, WCT can easily pay its 50% share of the claims amounting to AED53.9mil (RM65.3mil) from its impending arbitration award owed by Meydan LLC of AED1.15bil (RM1.4bil).

"Thus, our FY17 earnings forecast would be reduced by 45% to RM80mil, compared to RM145mil currently. However, we would regard this as an exceptional item and hence, leave our core earnings forecast unchanged," said the research house in a note.

Both HLIB and CIMB Research have reiterated their "hold" recommendation on WCT's shares.

HLIB maintained its target price at RM1.97 while CIMB Research retained its target price of RM2.



Legal trouble: WCT's former subcontractor for the Meydan Racecourse project in Dubai, the China-based Triumpher Steel Construction Group Ltd, is claiming approximately RM131mil in compensation for the steel-related works it has delivered but yet to be paid.

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

Top iron miners set to survive price crash

Their cash piles expected to see them through

MELBOURNE: The world's biggest iron ore miners will be able to withstand the expected plunge in prices because their race to cut production costs has dramatically lowered the industry's margin pressure point, allowing them to keep fuelling a cash juggernaut that's revived the mining sector.

More than 90% of producers in the global seaborne market can generate profits at a benchmark price of US$60 a tonne, Adrian Doyle, a Sydney-based senior consultant at researcher CRU Group, said by phone. That compares with about 65% of suppliers able to avoid losses at the same price point three years ago, he said.

"There have been fantastic cost reductions in a lot of instances," while producers have also been boosted by lower oil prices, Doyle said. "If we were thinking of a pressure point where we'd start to see a bit of stretching in the industry, previously it would've been around US$60 a tonne, now it's closer to US$50 a tonne-to-US$45 a tonne to stress test everyone but the majors."

Benchmark iron ore dropped under US$90 a metric tonne last week for the first time since Feb 10 amid rising supply in the 1.4 billion tonne seaborne market and surging stockpiles in China.

Ore with 62% content in Qingdao was at US$86.72 a dry tonne Friday, according to Metal Bulletin Ltd. Prices rallied to US$94.86 a tonne on Feb 21, the highest since August 2014. Futures in Dalian surged 4.3% to 684.5 yuan a tonne yesterday, the highest at close since March 3.

Producers including BHP Billiton Ltd and Fortescue Metals Group Ltd have warned prices are poised to retreat after they reported a surge in profits last month fuelled by the price rally and their cost cuts.

Perth-based Fortescue has more than halved cash costs in the past two years to about US$12.54 a tonne in the last quarter, while BHP lowered them by more than 25% to US$15.05 a tonne in the final six months of last year, according to filings.

Prices are likely to move closer to US$60 a tonne by the end of this year, Sally Auld, chief economist and head of fixed-income and currency strategy for Australia at JPMorgan Chase & Co, told *Bloomberg TV* in an interview.

They will drop to US$56.89 a tonne in the final quarter of 2017, according to the median estimate among 14 analysts surveyed by *Bloomberg*.

About 14% of global producers lose cash at US$60 a tonne, according to Deutsche Bank AG analysts including Paul Young and Anna Mulholland.

At US$40, around 31% of the sector are loss-making, they wrote in a March 8 note.

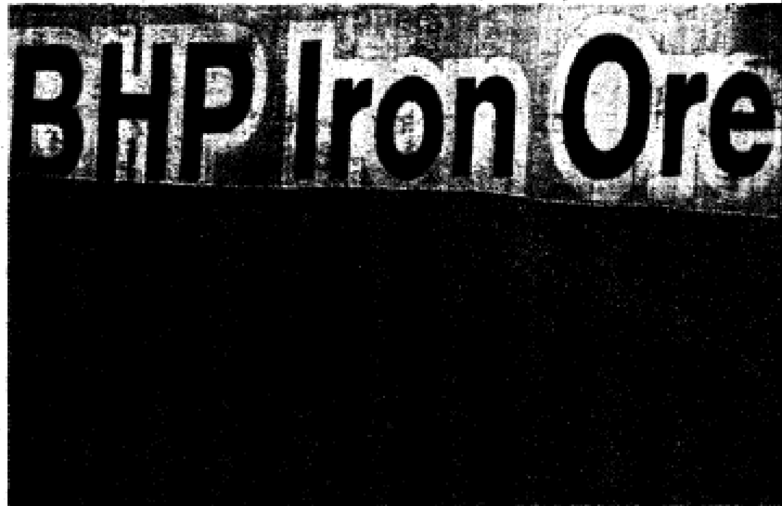
With prices at US$90 a tonne, only 1% of miners fail to generate profits.

"The fundamentals all point in the direction of a softening of that iron ore price," BHP's chief financial officer Peter Beaven said on Thursday at a Sydney conference.

"Supply continues to increase, particularly from Brazil," and there's a waning impact on demand from China's fiscal stimulus. The third-largest exporter is prepared for a "much lower iron ore price."

Brazil's Vale SA, the biggest exporter, is delivering its first cargoes to China from its US$14bil S11D mine and has cash costs that are likely to fall below US$10 a tonne, according to Australia's Department of Industry, Innovation and Science.

Rival producers including Rio Tinto Group, BHP, Fortescue and Roy Hill Holdings Pty would all remain profitable at prices below US$50 a tonne, the department said in a report published in January. — Bloomberg



Price warning: A BHP Billiton sign is visible behind a pile of iron ore at the company's loading facility in Port Hedland, Australia. Producers including BHP Billiton and Fortescue Metals Group have warned prices are poised to retreat after they reported a surge in profits last month fuelled by the price rally and their cost cuts. — Reuters

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

Modi's cash ban succeeds in lowering gold imports

MUMBAI: It seems the only way to stop Indians from buying more gold is to take their money away.

Prime Minister Narendra Modi's government spent 16 months trying to persuade Indians to deposit their jewellery in the bank to earn interest, in an effort to curb soaring imports of the precious metal. But the programme has only lured a tiny fraction of the US$900bil of gold that families and temples are estimated to have stashed away.

On the other hand, Modi's controversial decision to withdraw all high-value banknotes did the job instead.

Coupled with a higher import tax, the abolition of 86% of the nation's banknotes in an anti-corruption drive helped push gold imports down 39% last year to 558 tonnes. Overall consumption in India tumbled to 676 tonnes, the lowest since 2009, according to the World Gold Council.

That's bought Modi some breathing space to persuade Indians to recycle their gold in a country where jewellery plays an important role in weddings and festivals and is handed down to daughters for their own weddings.

"We Indians don't like to sell our gold," said Samsher Aliyar, a 29-year-old Mumbai cab driver.

"My grandmother's generation and even my parents aren't going to deposit their gold with the banks as they consider it a part of their children's inheritance. In a worst case scenario, we would take a loan on it."

Modi set up the plan in November 2015 to try to curb India's massive annual imports of the precious metal that were contributing to a record high current-account deficit and a slump in the rupee.

But so far it's only lured about six tonnes in the past year out of the 24,000 tonnes the World Gold Council estimates is locked away in India's houses and temples.

"The government tried, but the people are not coming forward," Devendra Kumar Pant, chief economist at India Ratings & Research Pvt, the local unit of Fitch Ratings, said by phone from New Delhi.

> "Somebody should take ownership of it. The government needs to crack the whip with banks."
>
> Rajesh Khosla

The government is under less pressure to fix it because "the position right now on the current-account side is relatively comfortable."

If the gold deposit system is going to work, banks and refiners need to improve awareness of the system and make it easier for customers to use, said Rajesh Khosla, managing director of the country's biggest bullion refiner, MMTC-Pamp India Pvt Ltd, and a member of the industry committee that the government consulted when defining the plan.

Under Modi's plan, holders hand over that jewellery, or at least part of it, to a bank in return for interest payments on the value of the precious metal and a promise to return the equivalent amount of gold or cash at the end of the loan term.

The customer first has to take the jewellery to an independent assay office nominated by the bank to verify its purity. The bank then sends the gold to a refiner before finding a buyer for the resulting bullion.

At the moment, there are only about 440 assayers and 10 refiners across the country approved by the Bureau of Indian Standards.

The complexity of the process, shortage of registered assayers and the risk to the lender in holding the metal have all damped banks' enthusiasm for the programme.

"Nobody is willing to take paternity of the scheme so it has become an orphan, and orphans always get neglected," said Khosla. "Somebody should take ownership of it. The government needs to crack the whip with banks."

The government is exploring ways to promote the plan, D. S. Malik, a spokesman for the Finance Ministry, said by phone from New Delhi without providing further details.

The lenders face challenges in terms of safeguarding the collateral and leveraging it, said Harish Galipelli, head of commodities and currencies at Inditrade Derivatives & Commodities Ltd, by phone from Hyderabad. "The handling of physical gold is a tedious business."

The decline in India's gold imports has removed a potential pillar of support from global prices.

Bullion for immediate delivery is down about 12% from its high in July and traded at US$1,203.59 an ounce in London.

Concerns over rising US interest rates as the American economy picks up have also pressured prices.

Because banks haven't promoted the plan actively, many citizens aren't even aware of the product, with the bulk of the gold deposited coming from temples, Khosla said.

Financial disclosure remains another deterrent as Indians fear being questioned by the income tax department about the source of the gold being deposited, he said.

Archana Veerbahu was among those who were unaware of the opportunity. Even after learning the details, the 30-year-old Mumbai-based marketing consultant said the interest rates were too low to make it worth her while.

"If I have more gold, I'd rather keep it in the locker as it's easy liquidity any time."

The nation's largest bank, the State Bank of India, offers interest of 2.5% per annum for a deposit of 12-15 years, down to as low as 0.5% for maturity between one and three years.

It's taken in a little over 2.5 tonnes so far, said Prashant Upadhyay, deputy general manager of the precious metals department. – Bloomberg

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Source : Star Biz Date : 17 March 2017 (Friday)

Top Indonesia nickel miner seeks to export six million tonnes of ore

JAKARTA: PT Aneka Tambang, one of Indonesia's biggest nickel producers, is seeking government approval to export six million metric tonnes of low-grade ore, two months after the nation relaxed its ban on shipments.

The Jakarta-based company filed an application with the Energy and Mineral Resources Ministry this week to export the ore over a year, Senior Vice-President Trenggono Sutioso said by phone yesterday.

The Trade Ministry issues export permits based on the recommendation of the energy ministry.

Indonesia was the world's top supplier of mined nickel, used in stainless steel, before it halted shipments in 2014 to help develop its smelting industry and retain its mineral wealth.

The country eased the ban in January, allowing smelters to export surplus ore containing less than 1.7% nickel, although shipments have yet to restart.

In 2013, Antam sold a record 9.7 million tonnes of ore, about a third of which was low grade, according to its website.

"We have received interest from some of our buyers in China, Japan and Eastern Europe, but we haven't committed to anything yet," Sutioso said. "We will talk about shipment contracts after getting the export permit."

The energy ministry's rules for would-be exporters compel them to link shipments to measures that will support the nation's smelting industry, and overseas sales are subject to a 10% tax. Indonesia's relaxation of its ban has coincided with the threat of mine shutdowns in the Philippines, now the world's biggest nickel supplier, and its policy changes have pushed the price of the metal in opposite directions. — Bloomberg

Source : Star Biz Date : 17 March 2017 (Friday)

Gold price seen rising as negative interest rate looms

US policy makers pencil in two more quarter-point increases

SINGAPORE: Gold will rise after the Federal Reserve pledged to stick to its gradual pace of tightening as negative real interest rates deepen and weigh on the dollar, according to Wayne Gordon, executive director for commodities and forex at UBS Group AG's wealth management unit.

The Fed raised rates by a quarter percentage-point on Wednesday, and policy makers penciled in two more quarter-point increases this year and three in 2018, unchanged from projections in December.

Chair Janet Yellen said the central bank was willing to tolerate inflation temporarily overshooting its 2% goal and intended to keep its policy accommodative for "some time."

"Last night was really setting the scene for the next three-to-six months," Gordon said in a Bloomberg TV interview.

"Yellen was very, very clear" that although she sees risks to the economy as balanced and sounded more optimistic, she's going to stick to three rate hikes this year and three next year, he said.

"That means real interest rates go deeper into negative territory in the United States, that means a weaker US dollar and it means a better gold price."

Gold is up almost 7% this year as investors favoured haven assets amid political risks such as the Donald Trump presidency, elections in Europe and the Brexit process. Precious metals are top of Morgan Stanley's commodity picks.

But Societe Generale SA recommends selling on rallies as it sees gold declining amid further tightening by the Fed and limited impact from political events.

Spot bullion added 0.6% to US$1,227.19 an ounce yesterday after jumping 1.7% a day earlier, the most in six months, on the Fed rate outlook.

UBS sees gold at US$1,300 this year, while SocGen has forecast an average of US$1,125 in the fourth quarter.

Policy makers forecast inflation will reach 1.9% in the fourth quarter this year, and 2% in both 2018 and 2019, according to quarterly median estimates released with the Federal Open Market Committee statement. The Fed's preferred measure of inflation rose 1.9% in the 12 months through January, just shy of its target. – Bloomberg

Safe haven: Spot bullion added 0.6% to US$1,227.19 an ounce yesterday after jumping 1.7% a day earlier, the most in six months, on the Fed rate outlook. – Bloomberg

Source : The Star Date : 20 March 2017 (Monday)

No silver lining to gold mines

Miners forced to court death as Venezuela's economy worsens

EL CALLAO (Venezuela): Barefoot and shirtless in the cavernous belly of an illegal gold mine, Ender doesn't flinch when a piece of rock falls through the darkness and breaks the silence.

Working in the dangerous and violent underworld of illegal mining in eastern Venezuela, the skinny teenager is used to taking his life in his hands every day.

The narrow mine shaft is filled with puddled water and the smell of gases, and the handmade wood supports staving off a collapse look precarious at best.

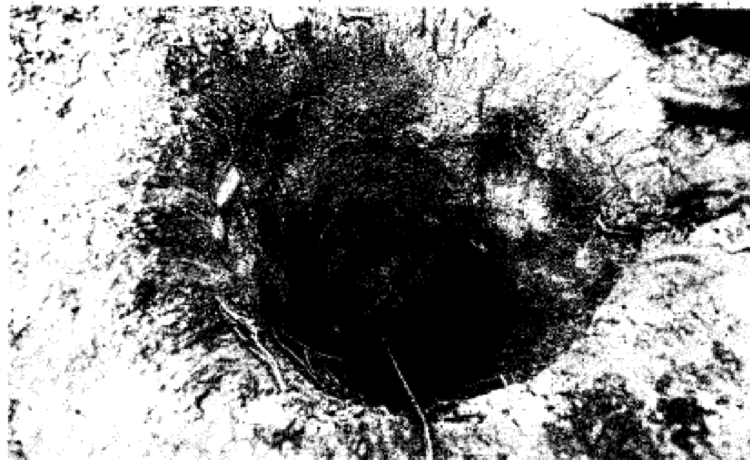
But Ender Moreno is unfazed. At 18 years old, he has already been doing this job for eight years.

"I'm not afraid," he said as he climbed through the pitch black, his headlamp lighting the way through the hazardous maze 30m underground.

"I'll probably do this till I die."

The inside of the mine is no scarier than the outside.

There is a bloody mafia war raging for control of the unlicensed, artisanal gold mines in the Venezuelan state of Bolivar. Miners regularly turn up dead, their bodies mutilated or riddled with bullets.



Deadly depths: A worker descending into an underground gold mine on the bank of a river in El Callao, Bolivar state. — AFP

Shootouts with assault rifles are common currency in the region.

Two weeks ago, three young men Ender knew were killed in his neighbourhood of El Callao.

Ten months ago, his boss at the mine was killed. The miners say it is because he refused to let mobsters take over the business.

Two months before that, 28 workers were massacred at a nearby mine, in what authorities called a turf war between rival gangs.

The head of the Venezuelan Mining Chamber, Luis Rojas, estimates that 90% of the gold produced in the South American nation comes from illegal mines.

In a country where a crushing economic crisis has fuelled an epidemic of violent crime, such mines are "primarily in mafia hands", he said.

At the nearby Nacupay gold mine, workers dig the earth from the bed of a contaminated river as others pour mercury into pans of extracted sediment.

The open-pit mine is known as one of the most violent and polluting in the region.

Few people are willing to talk openly about the "vaccines", or extortion money, that miners and shopkeepers have to pay their mafia overlords in this lawless area.

"It's like a parallel government," said one miner.

Tens of thousands of Venezuelans from across the country have flocked to this region as President Nicolas Maduro's socialist government has struggled with a three-year recession, spiralling inflation and food shortages.

"My mum says this is no kind of life. But I can't stop because I need the money to help her," Ender said.

"I'm young and I want to enjoy life. But when your time is up, it's up. Everyone has to die sometime."

— AFP

Source : Star Biz **Date : 20 March 2017 (Monday)**

South Korea's Posco offers to surrender land for planned India steel project

BHUBANESWAR (INDIA): South Korean steelmaker Posco has asked the eastern state of Odisha in India to take back land it acquired for a US$12bil steel project as it has not been able to start work, two senior state officials said.

The move could be a sign that the world's fourth-biggest steelmaker is scrapping the proposed 12 million-tonnes-a-year steel plant in the Indian state.

In a letter to the Odisha Industrial Infrastructure Development Corp (IDCO), a state government agency that arranges to make industrial plots available to companies, POSCO has offered to surrender the land.

The state government had leased about 2,700 acres of land to Posco, which the company has now offered to surrender.

> **Posco has asked us to take back the land as it could not utilise it as per the lease deed condition.**
>
> Susanta Kumar Mohanty

"Posco has asked us to take back the land as it could not utilise it as per the lease deed condition," IDCO chief general manager for land management Susanta Kumar Mohanty told *Reuters*.

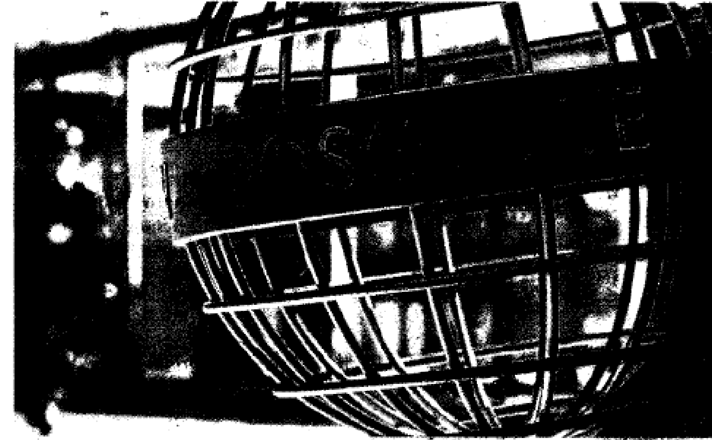
State Industry Minister Debi Prasad Mishra said the land acquired for the project would now go into the IDCO land bank.

Posco India officials could not be contacted outside of normal business hours.

The 2005 project was billed as India's biggest foreign direct investment at that time, but it has faced a series of delays due to a regulatory maze and protests from the local farmers.

A mining law enacted by the federal government in 2015 made it mandatory for the company to buy a mining license for captive mines in an auction.

Originally, the Odisha government had promised to help the company obtain the licence for free. – Reuters



Change of mind: The move could be a sign that the world's fourth-biggest steelmaker is scrapping the proposed 12 million-tonnes-a-year steel plant in the Indian state. – Reuters

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Source : Star Biz **Date : 20 March 2017 (Monday)**

OM Sarawak plans to make a wide range of products

By **JACK WONG**
starbiz@thestar.com.my

KUCHING: OM Materials (Sarawak) Sdn Bhd (OM Sarawak) will produce a wide range of silicon and manganese alloys at its smelting plant in Samalaju Industrial Park, Bintulu by June 2017 to cater to steel producers making different types of products and applications, according to Australian company OM Holdings Ltd (OMH).

OMH has a 75% stake in the the joint venture firm OM Sarawak while Cahya Mata Sarawak Bhd (CMS) has a 25% stake.

The plant has successfully completed the hot commissioning of its second modified furnace in mid-January, with the first tap of high carbon ferromanganese.

This followed closely behind the tapping of siliconmanaganese at its first modified furnance a month earlier.

This development, said OMH in the latest update on the smelting plant, marked an important milestone for OM Sarawak and the group as a whole.

"With two modified furnance currently in production, and the current on-going work to modify another four furnaces to produce manganese alloys, OM Sarawak will produce a wide range of silicon and manganese alloys by first half of 2017," it added.

OMH said the plant was on track to convert its furnaces to produce special manganese alloys, like low carbon and high grade siliconmanganese.

"Production of refined ferrosilicon, such as low aluminium ferrosilicon and low calcium ferrosilicon by the first quarter of 2017 will further expand the range of alloys offered by OM Sarawak.

"OMH is studying the market for metallic silicon, which is used in the aluminium and polymer industries, among others."

OM Holdings Ltd

"OMH is studying the market for metallic silicon, which is used in the aluminium and polymer industries, among others. It is also studying the market for medium carbon and low carbon ferromanganese which are used in the production of higher grade steel," it added.

OM Sarawak, which has been producing commercial ferrosilicon alloys since September 2014, had earlier told Australian Securities Exchange that the Samalaju plant would bring potential total managanese alloy production to 200-250 kilopton per annum when the six modified furnaces are in operation by June this year.

OMH attributed the operational development at the Samalaju smelting plant to the group's strong in-house engineering capabilities, which enables it to respond and adopt to improve managanese alloy fundamentals by modifying the furnaces for a different production mix in a short span of time.

The OM Sarawak plant is one of the three ferro and manganese alloys producers in Samalaju Industrial Park.

Phase one facility consists of eight main workshops housing 16 units of 25.5MVA furnaces.

The two other producers are Sakura Ferroalloys Sdn Bhd and Pertama Ferroalloys Sdn Bhd. Sakura Ferroalloys is a tripartiate joint venture among South Africa's Assmang Ptd Ltd, Japan's Sumitomo Corp and Taiwan's China Steel Corp.

Pertama Ferroalloys' joint owners are Hong Kong-based Asia Minerals Ltd, Japan's Nippon Denka, Malaysia's Carbon Capital Sdn Bhd and Japanese trading house Shinko Shoji.

Last Wednesday, Sarawak Chief Minister Datuk Amar Abang Johari Tun Openg opened the Sakura Ferroalloys manufacturing facilities.

Sakura Ferroalloys is a greenfield project, which consists of two 81MVA furnaces that manufacture high carbon ferro-manganese and silicon manganese.

Each furnace is designed to produce the two products.

The smelting plant is designed to produce 110,000 tonnes per annum of ferromanganese and 72,000 tonnes per annum of silicon manganese.

Ferromanganese and ferroalloys are essential ingredients in the production of various types of carbon, alloy steel and alloy iron. They are also used widely for the de-oxidation, de-sulphurisation and refinning of steel.

According to Assmang deputy chairman Jan Steenkamp, the Sakura smelter had the highest standard of safety and environmental protection.

He said the plant was designed to specifically incorporate several environmental considerations into its production process so as to lower the impact on the surrounding area and achieve resource optimisation.

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Source : Star Biz **Date : 23 March 2017 (Thursday)**

Iron ore takes a battering as bear market engulfs China futures

SINGAPORE: Iron ore is getting battered. After rounds of warnings that this year's rally may be overdone, the raw material is in retreat as doubts gather about the strength of demand in China as steel sells off and record port stockpiles put a spotlight on rising supplies.

In China, futures on the Dalian Commodity Exchange sank into a bear market as steel in Shanghai posted the longest run of declines this year, while the SGX AsiaClear contract in Singapore fell for a fourth day. Benchmark spot prices from Metal Bulletin Ltd are set for further losses below US$90 a dry metric tonne.

"Steel demand in China is clearly robust, but iron ore prices remain very elevated versus fundamentals, and it's only a matter of time before they normalise to below US$60," Ian Roper, an analyst at Macquarie Group Ltd, said in an e-mail. "We've had a negative view on prices for a while but they've held up longer than we expected."

Iron ore surged last year and extended gains into 2017 amid optimism about the outlook in China, benefiting miners including Rio Tinto Group, BHP Billiton Ltd and Vale SA. While prices advanced, analysts as well as Australia's central bank and even some miners flagged the potential for a pullback. Prices fell yesterday amid a global equity sell-off, and as China's central bank stepped in to calm a spike in money-market rates.

"I don't think many investors will be surprised to see iron ore in particular give up some ground from current levels," Ric Spooner, chief market analyst at CMC Markets in Sydney, said in an e-mail. "Inventory levels are high and, at the same time, we are moving toward a period of seasonally weaker demand, while markets are anticipating ongoing build in seaborne supply."

In Dalian, futures for September delivery lost 4.7% to 577 yuan a tonne, the lowest close since Jan 9. Prices fell 15% on Tuesday as the most-active contract rolled to September, and have now lost more than 20% from last month's closing high. In Shanghai, rebar dropped for a fifth day.

Ore with 62% content in Qingdao fell to US$87.59 a dry tonne on Tuesday, trimming the gain this year to 11%, according to Metal Bulletin. The benchmark peaked last month at US$94.86 a tonne on Feb 21, the highest price August 2014 amid optimism about consumption in China. — Bloomberg

Source : The Star **Date : 28 March 2017 (Tuesday)**

Moratorium on bauxite mining extended for three more months

PUTRAJAYA: The moratorium on bauxite mining in Pahang has been extended for another three months until June 30, said Natural Resources and Environment Minister Datuk Seri Dr Wan Junaidi Tuanku Jaafar.

He said the extension was agreed to by the Cabinet in accordance with the Pahang state government's decision.

"It will give entrepreneurs time to clear all the remaining bauxite stockpile and ensure mitigation of pollution in the supply chain from the mines to the shippers," he said in a statement yesterday.

The moratorium on bauxite mining began on Jan 15 last year to regulate the issue of contamination and has been extended several times, with the current period ending on March 31.

Wan Junaidi said a stockpile of 2.15 million tonnes of bauxite still remains around Kuantan, Pahang.

He said only 3.25 million tonnes of bauxite had been exported through the Kuantan Port in Pahang and Kemaman Port in Terengganu as of Feb 28 this year.

Wan Junaidi said the ministry had been informed mining activities were still taking place outside working hours.

Junaidi last week said, the Tengku Mahkota of Pahang Tengku Abdullah Sultan Ahmad Shah has ordered "everyone" and not just the government or licensed miners to cover up all the holes that have been dug up for mining.

Source : Star Biz Date : 28 March 2017 (Tuesday)

Steel stocks fall ahead of govt decision on safeguard duties

PETALING JAYA: Several steel stocks fell ahead of a government decision on safeguard duties on some products.

According to a business weekly, the Ministry of International Trade and Industry (Miti) would make its final decision by April 10 on safeguard duties following complaints about the tax system that was unfavourable to local players.

Ann Joo Resources Bhd saw its share price fall 20 sen to RM2.29 on volume of 3.39 million yesterday, while Southern Steel saw its counter drop 17 sen to RM1.25 on volume of 1.3 million.

Lion Industries Corp Bhd's shares fell 16 sen to close at 66.5 sen on volume of 27.52 million.

Similarly, Malaysia Steel Works (KL) Bhd's shres fell four sen to 77 sen, and Leader Steel Holdings Bhd's shares shed two sen to 41 sen.

It was reported that the Malay Contractors Association Malaysia (PKMM) wrote a letter to Miti last month protesting safeguard duties on steel concrete reinforcing bar (rebar) imports.

PKMM argued in the letter that the preliminary safeguard duties imposed last September had pushed up rebar prices and squeezed its 20,000 members, mainly comprising small and medium contractors.

It was reported that Master Builders Association Malaysia (MBAM) and several listed construction firms had also registered their protest on safeguard duties.

According to the same report, the Steel Wires Association of Malaysia had also written to Miti over the impact of safeguard duties on steel wire rod (SWR) and deformed bar-in-coil (DBIC).

To recap, Miti made a preliminary determination last September to impose provisional safeguard duties of 13.42% on rebar imports, and 13.9% on SWR and DBIC imports, following petitions filed by the Malaysian Steel Association that surging imports of these steel products had severely impacted local producers.

These preliminary duties were for 200 days from Sept 26 for rebar steel, and from Sept 27 for SWR and DBIC.

Miti was expected to make its final decision on whether the safeguard duties would be extended by April 10.

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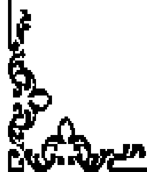
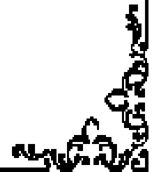
Part 2:

NON-METALLIC COMMODITIES

Source : Star Biz Date : 13 March 2017 (Monday)

Kim Hin rides on stronger sales

Australia and Vietnam operations make highest gains

By JACK WONG
starbiz@thestar.com.my

KUCHING: Kim Hin Industry Bhd is riding on stronger sales of ceramic tile products from the company's Australia, China and Vietnam operations.

Executive chairman Chua Seng Huat said the total sales of the company's Australian business soared 67% to RM103.8mil last year, from RM62mil in 2015 while its Vietnam operations chalked up sales of RM5.8mil, a sharp improvement of some 65% over 2015.

Sales from China gained marginally to RM68mil.

He told *StarBiz* that the strong growth in sales from the Aussie operation was mainly contributed by Outset Holdings Pty Ltd, which was acquired recently.

Kim Hin bought Outset Holdings, which operates a network of 24 franchised Amber stores (22 in New South Wales and two in Queensland) and three company-owned stores for about RM19.4mil, in September last year.

Outset controls Amber Group Australia Pty Ltd and Norcorp Pty Ltd.

Amber operates a chain of franchised and company-owned retail outlets specialising in the tiles and paving products.

The company also imports and distributes tiles and natural stone products, like granites, and locally manufactured concrete paving products.

The acquisition of Outset marked Kim Hin's second major overseas takeover in two years.

In 2014, Kim HIn acquired Norcros Industry Pty Ltd, a major importer and distributor of Johnson Tiles in Australia.

Since then, Kim Hin has taken over the production of the premium Johnson Tiles for Malaysian and overseas markets.

Chua expects Outset to make a bigger contribution to KIm Hin's earnings this financial year ending Dec 31, 2017 (FY17), the former only contributed to the company 's revenue and profits in the fourth quarter.

The Australia operation registered net profit of RM3.82mil in FY16 from a loss of RM11,000 in FY15.

On China, he said the company recorded increasing sales in line with the pick-up of the domestic market. Kim Hin owns and operates manufacturing facilities in Shanghai, which supply tiles to mostly condominium projects via several established distributors.

According to Chua, Kim Hin is now one of only two ceramic tiles manufacturers left in Shanghai after two other players shifted out following the acquisition of their properties by the authorities.

The China operation contributed nearly RM8.8mil or more than one-quarter of Kim Hin'a net profit of RM30.3mil in FY16.

Chua said the company may consider setting up a sales outlet in Ho Chi Min City. It has only one sales office located in Da Nang.

Chua said the slowdown in the domestic markethas adversely affected Kim Hin's Malaysia operations.

In FY16, total sales fell to RM225.7mil from RM234.7mil in FY15 while net profit was down to RM17.5mil from RM27.9mil year-on-year.

Kim Hin has manufacturing facilities in Kuching and Seremban where it acquired Johan Ceramics Bhd, which owned a tile manufacturing plant, for RM26mil last year.

The plant has become operational again after an upgrading exercise, with one production line. Chua said the expansion in the company's overseas sales has helped to compensate for the weak Malaysian sales.

He said Kim Hin was inching towards exporting 30% of its Malaysian production, and was targetting a 5% to 10% increase in the company's overall sales this year.

Kim Hin recorded total sales of RM403.4mil last year against RM367.4mil in 2015 or an increase of nearly 10%.

Net profitdeclined to RM30.3mil from RM34.4mil in FY2015 due to lower profit margin.

Kim Hin, among Malaysia's top three ceramic tile manufacturers,is also exporting its products to the Middle East, United States,India and Pakistan.

"We try to penetrate the UK market," said Chua, adding that this would be done by first appointing distributors for the company's products.

He said the strong US dollar against the ringgit has made Kim Hin products more competitive in the exports market.

Chua said due to the weak domestic sales, Kim Hin might hold back on an earlier plan to further expand the Seremban plant to boost production this year.

The company invested RM30mil in a sophisticated second production line there in 2014 to raise installed capacity to four million sq m per annum.

Source : Star Biz Date : 17 March 2017 (Friday)

Mudajaya unit bags TNB solar power contract

PETALING JAYA: Mudajaya Group Bhd's indirect wholly owned subsidiary, Sinar Kamiri Sdn Bhd, has bagged a contract to supply up to 49MWac of electricity under a solar energy initiative to Tenaga Nasional Bhd (TNB) for a period of 21 years.

In a filing with Bursa Malaysia, TNB announced that it had inked a power purchase agreement (PPA) with Sinar Kamiri yesterday, in which the latter will design, construct, own, operate and maintain a solar photovoltaic energy-generating facility of 49MWac in Sungai Siput, Perak.

The large-scale solar energy facility's operations are expected to commence on Aug 31, 2018. The PPA's tenure of 21 years will be effective from the commencement of the facility's commercial operation.

"The signing of the PPA will not have any effect on the issued share capital and the substantial shareholders' shareholdings of TNB.

It will have a neutral impact on the earnings of TNB over the term of the PPA," said TNB in the filing.

To recap, the Energy Commission initiated a competitive bidding exercise last year to develop, among others, the transmission-connected large-scale solar projects. Seven successful bidders were chosen via the competitive bidding, with Sinar Kamiri being one of them. Thus far, apart from Sinar Kamiri, TNB has executed PPAs with four other successful bidders, namely, UITM Solar Power Sdn Bhd, TNB Sepang Solar Sdn Bhd, Solar Management (Seremban) Sdn Bhd and Gading Kencana Development Sdn Bhd.

Sinar Kamiri is a wholly owned subsidiary of Mudajaya RE Sdn Bhd, which is an indirect wholly owned subsidiary of Mudajaya Group through its wholly owned subsidiary, Mudajaya Energy Sdn Bhd.

Source : Star Biz **Date : 20 March 2017 (Monday)**

Edra on track to build pilot solar power plant in Kedah

KUALA LUMPUR: Independent power producer (IPP) Edra Power Holdings Sdn Bhd is on track to build its pilot large-scale solar photovoltaic plant in Kedah by early 2018, with a generating capacity of 50 MWac.

Project Kedah Solar, which will bring immense economic spillover benefits to the state, would be undertaken by Edra's wholly-owned unit, Edra Solar Sdn Bhd.

"The Kedah solar plant is expected to generate about 80,000 megawatt hours (MWh) of electricity per year and would be developed over 104ha at Bandar Kuala Ketil in Baling, Kedah," Datuk Mark Ling, president and executive director of Edra Power, told *Bernama* yesterday.

Project Kedah Solar would be the first of multiple-utility scale solar photovoltaic power plant with an aggregate capacity of up to 500MW to be developed by Edra pursuant to the conditional award from the Ministry of Energy, Green Technology and Water.

Edra Solar had entered into a sales and purchase (SPA) agreement in August 2015 with BDB Land Sdn Bhd, a subsidiary of Bina Darulaman Bhd (BDB) for the acquisition of the said land parcel.

The relevant agencies and authorities in the state have granted the necessary approvals to enable Edra Solar to proceed with the project.

The clean solar electricity will avoid 36,000 tonnes of carbon emissions per year, thereby supporting the governments initiative to reduce the generation of greenhouse gases, he said.

Edra is a wholly-owned subsidiary of China General Nuclear Power Corp, which is a leading nuclear energy company in the world with investments in more than 25-gigawatt clean and renewable energy projects, including wind, solar, hydro, gas-fired, efficient coal-fired and fuel-cell powered projects in China, South Korea, Singapore, UK, France and Australia. – Bernama

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Source : Star Biz **Date : 24 March 2017 (Friday)**

PLB and Integrated Logistics get solar plant jobs

PETALING JAYA: The Energy Commission has awarded two large-scale solar photovoltaic plant contracts to PLB Engineering Bhd and Integrated Logistics Bhd.

The contract awarded to PLB is for the development of a 20MW solar plant located at Tapak Pelupusan Burung Fasa 3, Penang for a levelised price of 40.80 sen per kWh for a period of 21 years.

Meanwhile, Integrated Logistics will develop a 10MW solar plant at Bandar Bukit Kayu Hitam, Kedah, for a levelised price of 43 sen per kWh for 21 years.

According to a Bursa Malaysia filing, Integrated Logistics' net asset will remain unchanged after the completion of the project.

However, its gearing will increase from 0.26 times to 0.41 times, following the increase in total borrowings from RM83.23mil to RM129.73mil.

Under the terms of the letter of award, both companies are required to substitute the bid bond with a substitute bond of RM5mil no later than March 28.

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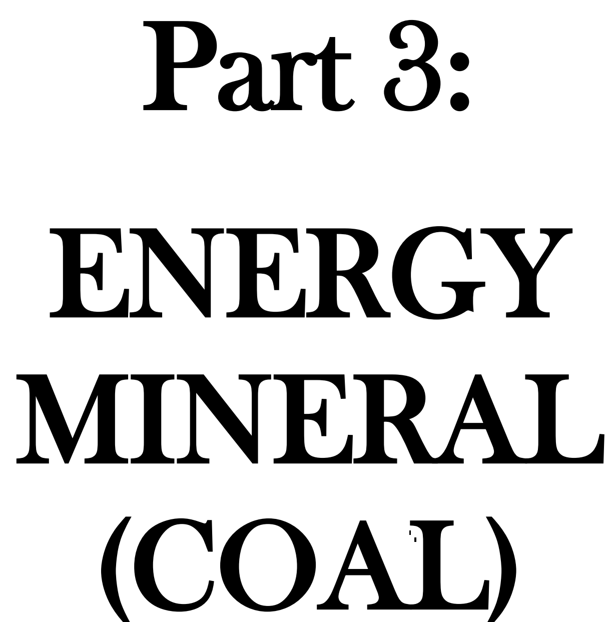

Part 3:
ENERGY
MINERAL
(COAL)

Source : Star Biz Date : 20 March 2017 (Monday)

Adani aims to begin mining Australian coal in 2020

India's billionaire expects permission for the project in May

MUMBAI: India's Adani Group plans to begin extracting coal from the US$16.5bil Carmichael project in Australia in 2020 after environmental protests had delayed the first phase of the mine.

The company would begin work on the project three months after it gets final approval from Australia's federal government, Gautam Adani, billionaire chairman of the Indian group said last Friday. Adani expected permission from Malcolm Turnbull's government for the project in Queensland's Galilee Basin as early as May, he said.

Protests against Australia's largest coal project had delayed production, prompting the company to cut underground mining capacity by 38%.

Environmentalists are concerned that the development will threaten vulnerable species including a lizard known as the yakka skink, as well as the Great Barrier Reef.

The project was meant to fuel power generation for 100 million Indians and create 10,000 jobs in Queensland.

"Most of the approvals have gone through," Annastacia Palaszczuk, premier of Queensland said in Mumbai, with Adani present during the briefing.

"We don't believe there will be any obstacles for that final piece of legislation going through the federal parliament and environmental conditions have been attached as well."

Palaszczuk, who's on a visit to Adani's Mundra Port in Gujarat, did not give a time frame for the final approval. First conceived in 2010, the Carmichael coal project includes the coal mine and a rail link to Abbot Point port.

"It's very high on the prime minister's agenda. So I am quite sure they will debate it as soon as they possibly can," Palaszczuk said.

The group has invested US$3.3bil in the coal mine, railway and port project in Australia, Adani said. The company is adopting a different strategy to build the mine, he said.

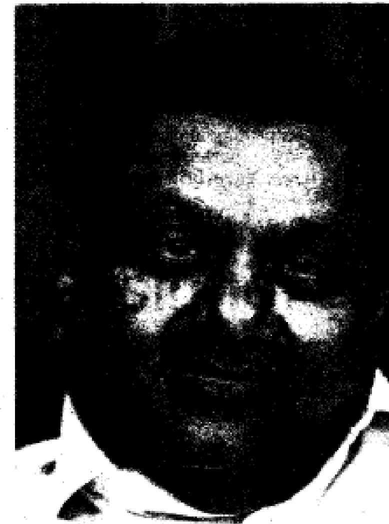
"We will decrease our underground mining capacity and keep it at 25 million tonnes instead of 40 million tonnes in the first phase," Adani said.

"That will help save money, which can be used to fund the port facility, he said.

Adani, who is valued at US$6.2bil according to the Bloomberg Billionaires Index, said the group is eligible to tap the government's Northern Australia Infrastructure Fund for half of the project's debt requirement.

"That would amount to about US$900mil," he said.

In the next two years, Adani Group will raise about US$2.5bil for the rail infrastructure, with the group injecting as much as US$800mil in equity and the remaining will be debt including from the NAIF, Adani said. – Bloomberg



Adani: 'We will decrease our underground mining capacity and keep it at 25 million tonnes instead of 40 million tonnes in the first phase.' – Reuters

Source : Star Biz Date : 27 March 2017 (Monday)

TNB's Jimah project on track for completion by December 2019

KUALA LUMPUR: The construction of the RM12bil Jimah East Power (JEP) plant in Jimah, Port Dickson is on track and is expected to be completed as scheduled by December 2019.

In a statement, Tenaga Nasional Bhd (TNB) said more than 40% of the greenfield project, also known as Project 3B, was completed since its first concrete pouring in July 2016.

TNB owns 70% of the project through the acquisition of Edra Global Energy Bhd's stake in JEP from 1Malaysia Development Bhd (1MDB) in July 2015.

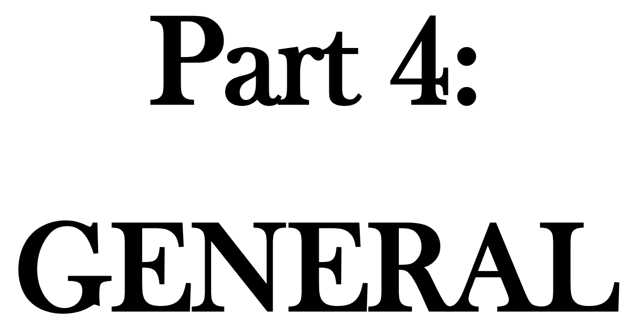
The remaining 30% stake in JEP is equally owned by TNBs strategic partner, Japanese conglomerate Mitsui and Co Ltd and one of the Japanese biggest regional power utilities, Chugoku Electric Power.

Two coal-fired units with 1,000 MW capacity each are being constructed at the site, which is strategically located and is crucial to the security of power supply in Peninsular Malaysia.

The units will add 2,000 MW of generation capacity and will eventually increase Malaysia's generation capacity from the current 22,748 MW to 26,940 MW by the end of 2020. The JEP project will expand TNB's operational portfolio of high-value generation assets from two to four ultra-supercritical coal plants.

The other two plants are 1,000 MW Manjung 4 and 1,000 MW Manjung 5. These efficient plants are part of TNB's efforts to reduce fuel expenditure in times of rising cost.

The addition of JEP will further strengthen TNB's domestic and international generation capacity, as well as operational track record. — Bernama



Part 4: GENERAL

Source : The Star Date : 06 March 2017 (Monday)

Indonesian govt mining policy shift sparks fresh turmoil

JAKARTA: A controversial U-turn on mineral exports has sparked turmoil in Indonesia's key mining sector, providing a fresh headache for firms struggling to work in South-East Asia's biggest economy.

Despite sitting atop some of the world's most abundant natural resources, successive governments have failed to take advantage of its vast riches, with critics blaming badly thought-out and nationalistic policies that make the country an uncertain place to invest.

And the latest overhaul has sparked a potentially damaging standoff with one of the United States' biggest miners and a major investor in the country.

Jakarta in January relaxed a 2014 landmark ban on shipments of raw mineral ores, which was originally aimed at spurring the domestic smelting industry but led to mine closures, job losses and a fall in government revenues.

While some firms may stand to benefit from the sudden rollback, it has infuriated companies that invested large amounts in Indonesia on operations for smelting, the process of extracting metals from their ores.

In addition, the government asked firms to sign new permits that critics say offer less protection – triggering a standoff with US giant Freeport-McMoRan, which has stopped shipments from its huge copper and gold mine in the east.

The move is the latest in a series of regulatory changes from the government that have caused jitters among miners, with some foreign firms choosing to exit Indonesia. — AFP

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

Malaysia's industrial output up 3.5% in January

PETALING JAYA: Malaysia's industrial output rose 3.5% in January from a year ago, underpinned by gains especially in the manufacturing sector, which was below *Bloomberg*'s survey of a 5.3% increase.

The Statistics Department announced yesterday the industrial production index (IPI) was supported a 4.6% increase in manufacturing, mining (1.1%) and electricity (1.1%).

"The manufacturing sector output increased by 4.6% in January 2017 after an expansion of 4.3% recorded in December 2016," it said.

The department said the major sub-sectors which increased in January 2017 were: electrical and electronics products (6.9%); petroleum, chemical, rubber and plastic Products (2.3%); and food, beverages and tobacco (6.8%).

However, the mining sector output grew at a slower pace of 1.1% in January 2017 after registering a higher growth of 5.8% in December 2016.

The natural gas index increased by 5.3%. However, the crude oil index declined by 2.3%.

The electricity sector output increased slightly by 1.1% in January 2017 after a significant growth of 6.1% in December 2016.

Meanwhile, the sales value of the manufacturing sector in January 2017 recorded RM61.2bil, an increase of 10.7% (RM5.9bil) as compared to RM55.3bil a year ago.

Total employees engaged in the sector was 1,044,346 persons, an increase of 1.4% or 14,193 persons as compared to 1,030,153 persons in January 2016.

Salaries and wages paid increased by 1.5% (RM49.3mil) to record RM3,300.3mil.

Productivity increased by 9.2% to record RM58,580 from a year ago.

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