Indian Mining Exchange

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Thermal Coal, Coking Coal and Lignite

Kerala, Orissa to join hands to set up power plant

PTI Oct 25, 2011, 03.42pm IST

THIRUVANANTHAPURAM: In a joint initiative, Kerala and Orissa have firmed plans to set up a 2,000 MW thermal plant in Orissa, sourcing coal from Baitharani fields in the state.

The project details were discussed at a meeting of senior officials from the two states, held here at the initiative of Kerala Chief Minister Ommen Chandy last evening, official sources said.

The proposal would be taken up for the formal approval of the two governments soon.

The Centre had earlier allotted Kerala, Orissa and Gujarat to prospect coal equivalent to 3,000 MW each for the three states from the Baitharani fields.

http://articles.economictimes.indiatimes.com/2011-10-25/news/30320330_1_thermal-plant-power-plant-orissa

Iron Ore, Iron and Steel

UPDATE 2-JFE, Sumitomo sticking to iron ore contracts
Tue Oct 25, 2011 6:54am GMT

TOKYO Oct 25 (Reuters) - Japanese steelmakers JFE Holdings Inc and Sumitomo Metal Industries Ltd on Tuesday said they would not cancel their October-December iron ore contracts despite a plunge in spot market prices.

As spot prices fell to their lowest in 12 months, Chinese steel mills were seeking to postpone iron ore shipments or renegotiate fourth-quarter contracts, traders said, while top producer Vale said it was open to discussing a different pricing system with clients.

"It is against our creed that we break contracts and shift to spot buying when the market is not good. We believe that raw materials costs should remain stable," Eiji Hayashida, chairman of the Japan Iron and Steel Federation, told a news conference.

JFE had not received an offer from miners to reduce the October-December iron ore price, Hayashida added.

"We'll stick to purchasing contracts irrespective of the ups and downs of the spot market," an official at Sumitomo Metal Industries told Reuters.

Weaker demand for steel in China, the world's biggest consumer and producer, has dragged down steel prices and slashed the appetite for iron ore, the key raw material for the industry.

Under the quarterly contract system created last year, iron ore in the fourth-quarter will be priced at more than $175 a tonne, much higher than the current spot market rate of around $142.

Hayashida said global financial woes and floods in Thailand may reduce Japan's crude steel output in April 2011-March 2012 by 1 million tonnes to below 108 million tonnes.

Thailand's worst flooding in five decades forced Toyota Motor Corp to suspend production through Oct. 28 due to supply disruptions. Japan's biggest automaker said it had lost production of 37,500 vehicles since output was halted on Oct. 10.

Thailand is Japan's third-biggest export market for steel, followed by South Korea and China, accounting for 11 percent of Japan's steel exports in January-August.

http://af.reuters.com/article/commoditiesNews/idAFL3E7LP0JB20111025?sp=true

Zinc

Hindustan Zinc trying to extract metal from mining residue

Wednesday, 26 Oct 2011

Hindustan Zinc's Central Research and Development Laboratory is working on methods to extract zinc from mining residue. This was one of the research findings presented at 3 day conference on Mineral Processing Technology' organized jointly by Hindustan Zinc and Indian Institute of Mineral Engineers in Udaipur.

The research on the residue is expected to improve extraction rates of zinc, lead and silver from ore. In addition to reducing wastage, such measures are also expected to reduce the impact of mining on the environment.

One of the key themes discussed at the conference that ended on Saturday and had over 12 parallel technical sessions was novel methods for the utilization of tailings, lower grade ore ferrous and nonferrous ore and waste material generated from mining operations. These materials have traditionally been discarded in the mining cycle adding little value to the environment or companies.

Another major theme discussed in the conference was iron ore benefecation. This is the process by which grades of iron ore containing relatively lower amount of iron are processed into raw materials containing higher amounts of iron.

Over 60% of India's estimated iron ore reserves are in the form of fines. This variant requires a great deal of processing compared to the more easily usable iron ore lumps. Participants including researchers from Tata Steel, JSW Steel, SAIL and Sesa Goa, covered methods to process and utilize iron ore fines and tailings in steel making.

Topics such as coal preparation nonferrous and mineral processing were covered by the Indian Bureau of Mines and participants from national and global universities. The opening day of the conference saw Mr G Srinivas joint secretary, Ministry of Mines; Mr MS Mehta CEO of Vedanta; Mr Akhilesh Joshi COO of Hindustan Zinc; Mr R Venugopal president of IIME; Mr CS Gundewar of IBM and Mr Rahul Guha deputy MD of Mines and Safety make the case for aggressive prospecting of India's mineral reserves, greater investments in the space, dispelling misconceptions on the impact of mining and the role of research in enhancing mining practices.

(Sourced from www.thehindubusinessline.com)

http://www.steelguru.com/metals_news/Hindustan_Zinc_trying_to_extract_metal_from_mining_residue/232437.html

Chrome

India Calls for Total Ban of Chrome Ore as Worries of Depleting Reserves Mount

Tue, Oct 25, 2011

By Karan Kumar – Exclusive to Resource Investing News

Earlier this month, India's steel ministry, concerned over the depleting reserves of chrome ore, called for a complete ban of its export. The ministry warned that the country may soon run out of the costly steel-making input if it failed to plug exports. The article said that India had roughly 50 million tonnes of charge chrome grade ore but the country's reserves are said to have depleted to 38 million tonnes.

"Despite this low reserve base, we are exporting nearly (500,000) tonnes of chrome ore a month. So, we are categorically in favor of a ban on chrome ore exports and have conveyed our opinion to the concerned departments," India's steel secretary P. K. Misra told The Indian Express newspaper.

India's announcement came months after South Africa, the world's largest exporter of chrome, said it wanted to ban chrome exports to China. India is the world's third largest chrome exporter. Along with Kazakhstan, the world's second largest producer, the three countries account for around 80 percent of the world's production of chromite ore, which is used to make stainless steel to pigments to finish metals to plating.

The Indian government, which had until now enforced several restrictions against exporting chrome ore, is now calling for a total ban for the first time.

“Speculation about export bans, particularly in India, is pretty common,” said Mark Beveridge, a market research analyst at Paris-based International Chromium Development Association (ICDA). “That being so, I don’t think there is anything to say on this until we get confirmation that either country is actually going to do something.”

The National Union of Mineworkers in South Africa in September called for urgent restrictions on chrome exports, especially to China. The union said China was stockpiling chrome, mainly sourced from South Africa, to dictate future market prices, adding that of the 8 million tonnes of chrome ore imported by China in 2010, about 3.1 million tonnes were sourced from South Africa.

“South Africa’s authorities are thought to be considering the implications that a chrome ore export ban would have,” the ICDA’s Beveridge said. “It is by no means clear at this stage that they will actually recommend any restrictions or duties on chrome ore exports. Indian authorities are also reported to be considering an extension to the ban they already have on exporting certain types of chrome ore. But, as with South Africa, they have not actually said they will be making any changes.”

Experts say it is hard to gauge what kind of impact a chromium ban would have on the markets as the metal is not traded on major metal exchanges. Trades are included in bulk-steel trades in an over-the-counter deal or the price of the metal can also be negotiated between parties.

Some chrome producers themselves have also called for a ban of the metal to China from South Africa. Stuart Elliot, the chief executive officer of Merafe Resources (JNB:MRF), a South African chrome miner, said in a recent interview that the rising level of South African chrome exports to China was of “huge concern,” adding that exporting South African chrome ore cheaply to China improved the competitive position of the Asian country’s ferrochrome industry to the detriment of South African producers.

Whether these bans lead to shortage and price increases is still to be seen. But with global stainless steel production at an all-time high of 35 million tonnes in 2011, demand for chrome ore is expected to rise, according to an article in the Wall Street Journal. The article added that supply conditions may drive up prices of ferrochrome and chrome ore in 2012 as China is expected to see chrome ore shortage after Zimbabwe banned export of the metal to China. The outcome of India and South Africa’s move could tip the scale either way.

http://resourceinvestingnews.com/24879-india-calls-for-total-ban-of-chrome-ore-as-worries-of-depleting-reserves-mount.html?utm_source=Resource+Investing+News&utm_campaign=411af13108-RSS_EMAIL_CAMPAIGN&utm_medium=email

Indian Macros and the World

RBI says it will revisit stance if inflation dips
Hikes key policy rates by 25 basis points

Mumbai, Oct 26, DHNS:

The Reserve Bank of India (RBI) will only reverse its anti-inflationary stance if inflation falls below 7 per cent, Governor Duvvuri Subbarao said on Wednesday in a conference call with analysts.

"Inflation has to come down below 7 per cent before we contemplate reversing our policy stance," Subbarao said a day after signalling that a 13th interest rate hike in 19 months was likely to be its last in a tightening cycle that has put it at odds with global peers more concerned about weak growth.

Further, RBI lifted its repo rate -- the rate at which banks borrow money from central bank — by 25 basis points to 8.5 percent on Tuesday, continuing a fight against inflation that has put it at odds with some global peers more concerned about weak growth.

The apex bank expects annual inflation to fall to 7 percent by March, and said during its second-quarter review this week that further rate hikes were unlikely if price pressures moderate in line with the bank's projections.

Notwithstanding the lending rate for 13th time, what cheered the market was the RBI signal to pause interest rates in a bid to give preference to growth. However, RBI Deputy Governor Dr Subir Gokarn clarifies that not hiking rates is not a commitment, but a guidance. "The RBI is committed to keeping rates stable to help investment decisions. Guidance on rates is given on the basis of some scenarios," he added.

RBI in its policy review on Tuesday said growth is clearly moderating on account of the cumulative impact of past monetary policy actions as well as some other factors. "As inflation begins to decline, the opportunity emerges for the policy stance to give due consideration for growth risks, within the overall objective of maintaining a low and stable inflation environment," it said.

Headline inflation has been stubbornly high in Asia's third-largest economy, despite the RBI's tightening cycle that has seen interest rates rise 375 basis points since March 2010. Inflation in India is expected to start easing by the end of 2011 as the impact of the RBI's tightening takes hold and growth slows.

The central bank also revised down its growth forecast for the fiscal year to 7.6 per cent from eight per cent with a downward bias earlier, while sticking with its forecast that headline WPI inflation would ease to seven per cent at the end of the financial year.

Market players and other stakeholders were happy with the prospect the long rate hike season may finally be coming to an end. The main stock exchange indices ended up 1.9 per cent to their highest close in over two and a half months though banking stocks fell as much as 3.1 per cent after RBI deregulated the savings bank deposit rates.

While economists and bankers said there was a clear direction the RBI was not looking at any more rate increases, bankers said they may not raise interest rates further. “Lending rates will go up only if deposit rates go up. As of now, we have a good flow of deposits. Margins were also healthy as was evident in the second-quarter earnings announced by some of the banks,” said SBI Chairman Pratip Chaudhuri.

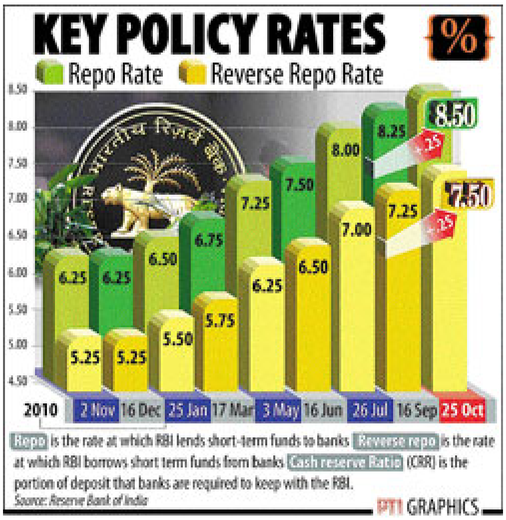
RBI, however, did not give up its anti-inflation stance. “While the impact of past monetary actions is still unfolding, it is necessary to persist with the anti-inflationary stance,” RBI said.

The apex bank also warned medium-term inflationary risks in Asia's third-largest economy remained high due to structural imbalances in agriculture, infrastructure bottlenecks, and the fiscal deficit.

“In the absence of progress on these, over the medium term, the monetary policy stance will have to take into account the risks of inflation surging in response to even moderate growth,” it said.

Among other decisions, RBI has sought to boost the government bond market by suggesting a working group to recommend ways for enhancing secondary market liquidity in the government bond and interest derivative market. In addition, RBI will issue guidelines on short sale of government securities by December.

In order to safeguard customers from mispricing of risk by banks, RBI also said it would set up a working group to look into the principles governing proper, transparent and non-discriminatory loan prices.



http://www.deccanherald.com/content/200561/rbi-says-revisit-stance-inflation.html

National manufacturing zones will be managed by an SPV

Oct 26, 2011, 03.49AM IST

NEW DELHI: The [National Investment and Manufacturing Zones] (NIMZ) proposed under the [National Manufacturing Policy] approved by the government on Tuesday will be managed by a special purpose vehicle, headed by a government official and having experts, including those on environment. The industrial townships will be self-governing and autonomous bodies. Single window clearance will be provided to improve the regulatory environment. A job loss policy/sinking fund will be introduced to protect the interest of labour in the event of a unit's closure within the zone.

"What we got today is a very robust policy framework which will be very attractive to our global partners and investors," commerce, industry and textiles minister Anand Sharma told TOI. "China has done it, Germany has done it, now India has decided to do it," he added.

Sharma said the policy was based on the principle of industrial growth in partnership with states. The central government will create the enabling policy framework, provide incentives for infrastructure development on a private-public partnership basis through appropriate financing instruments while state governments will identify suitable land and be equity holders in the NIMZs.

http://timesofindia.indiatimes.com/articleshow/10493814.cms

Australia govt pressed to shield smaller miners on tax

Wed Oct 26, 2011 4:11am GMT
By Rob Taylor

CANBERRA Oct 26 (Reuters) - A key independent lawmaker keeping Australia's minority government in power said on Wednesday he would push for changes to a profits-based tax on miners likely to reach parliament next week so that it better shields smaller resource companies.

Tasmanian kingmaker MP Andrew Wilkie said he planned talks with Treasurer Wayne Swan on his concern that the tax proposal favoured global miners like BHP Billiton, Rio Tinto and Xstrata, at the expense of smaller rivals like Fortescue Metals.

"I have been concerned for some time that the settings for the Minerals Resource Rent Tax (MRRT) are not quite right yet. They clearly favour the big miners and they are a disincentive for the smaller miners," Wilkie told reporters.

Australian Prime Minister Julia Gillard this week said she would honour a deal reached last year with global resource firms amid reports of a last-minute tweaking by Treasury Department officials on how the tax would operate.

Gillard said the government was still working with mining companies over details of the legislation, which the government hopes to introduce to parliament next week and pass by early 2012, in time for the tax to start in July 2012.

The controversial 30 percent mining tax is forecast to reap A$7.7 billion in its first two years from July 1, 2012, helping the budget return to surplus by fiscal 2012/13.

But many industry analysts predict the tax will not reap anything like that due to the changes agreed by Gillard last year and with current shaky global economic conditions threatening to cool resource markets in Asia, led by China.

Wilkie said he was particularly concerned about the threshold for the tax -- which applies on coal and iron ore projects, and which other resource nations in Africa and South America are considering copying -- as well as depreciation provisions which he said favoured big miners.

Under current plans, iron ore and coal miners above a A$50 million threshold would be hit by the tax, while smaller miners are pushing for that to be increased to A$500 million.

"The government at the moment appears to be doing some re-writing of the MRRT and I'm hoping that they are in some way working to accommodate my concerns," Wilkie said.

Two other independents backing Gillard's one-seat Labor government are also pushing for changes, with one telling the Australian Financial Review newspaper on Wednesday that the legislation could face significant pressure for changes in the parliament, where the government needs backing from four of six crossbenchers.

A 40 percent tax proposed by the last Labor government was dumped last year after miners launched a concerted campaign against it. Gillard ousted an embattled Kevin Rudd in a party coup and negotiated a narrower 30 percent tax with BHP Billiton, Rio Tinto and Xstrata.

But public support has since fallen behind the government, with a survey by the Australian National University on Tuesday finding 81 percent of people supported a tax on very profitable mining companies, easing pressure on Gillard and Swan to make more concessions.

Greens party leader Bob Brown, whose party wields upper house balance of power, wants the tax returned to 40 percent, but has said his party would not block the legislation if he can't amend it.

http://af.reuters.com/article/metalsNews/idAFL3E7LQ09P20111026?sp=true

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