



BRAJ BINANI GROUP

Daily

Saturday 2, September 2017

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- Stainless steel coaches can curb rail accident casualties
- Vedanta mulls to invest Rs 50, 000 Cr for Indian Business
- Yunnan Aluminium Buys 380 Thousand MTPA Smelter for US\$5.31 Million



London Metal Exchange : Friday 01, September 2017

MMR Landed Prices

Pr. Sell	Morning Session		Afternoon Session		Kerb	Change	Stk(tns)	MMR Landed Prices		
	(1)	Buy	Sell * (2)	Buy				Sell	(2) - (1)	change
					\$/ton		Rs/ton			
Copper Grade A										
Spot	6792.00	6775.00	6776.00	NA	NA	6756.00	-16.0	223,500	MMR LP	466,665
3-mth	6819.00	6810.00	6812.00	NA	NA	6790.00	-7.0	-4950	14-D MA	456,353
Average	10-days - 6651.80	20-days - 6520.30		30-days - 6421.40					PP (HCL)	420,855
Tin High Grade										
Spot	20880.00	20975.00	21000.00	NA	NA	20625.00	120.0	1,910	--	--
3-mth	20600.00	20775.00	20800.00	NA	NA	20500.00	200.0	0	--	--
Average	10-days - 20654	20-days - 20574.30		30-days - 20598.20					--	--
Lead										
Spot	2373.00	2368.50	2369.00	NA	NA	2344.00	-4.0	148,425	MMR LP	169,446
3-mth	2398.00	2381.00	2383.00	NA	NA	2370.00	-15.0	-250	14-D MA	168,382
Average	10-days - 2363.40	20-days - 2363.70		30-days - 2336.70					PP (HZL)	175,700
Zinc Special High Grade										
Spot	3139.50	3146.00	3147.00	NA	NA	3145.00	7.5	244,025	MMR LP	226,898
3-mth	3140.00	3152.00	3152.00	NA	NA	3152.00	12.5	-150	14-D MA	224,425
Average	10-days - 3124.10	20-days - 3021		30-days - 2942.90					PP (HZL)	227,000
Aluminium										
Spot	2113.50	2113.00	2113.50	NA	NA	2095.00	0.0	1,323,550	MMR LP	157,570
3-mth	2132.00	2133.00	2134.00	NA	NA	2105.00	2.0	400	14-D MA	155,743
Average	10-days - 2096.30	20-days - 2054.60		30-days - 2003.10					PP (Nalco)	155,700
Aluminium Alloy										
Spot	1810.00	1800.00	1810.00	NA	NA	NA	0.0	11,920		
3-mth	1820.00	1810.00	1820.00	NA	NA	NA	0.0	0		
Average	10-days - 1794.50	20-days - 1754		30-days - 1711.20						
Nickel										
Spot	11620.00	12000.00	12005.00	NA	NA	11948.00	385.0	388,824	Copper	04-Aug
3-mth	11700.00	12075.00	12080.00	NA	NA	12000.00	380.0	-330	Aluminium	19-Aug
Average	10-days - 12433.50	20-days - 11474		30-days - 10984.50					Zinc	24-Aug
									Lead	24-Aug

Note: 1. MMR LP = MMR Landed Prices, excluding excise duty. 2. PP = Producer Prices ex-smelter, excl. excise

Minor Metals (\$/LB)

Antimony	Cadmium	Cobalt HG	Moly.oxide	Selenium	Silicon	Tungsten
99.65%	99.95%	99.80%				
8,250	75.00	30.70	8.00	17.50	1980.00	235.00

Week ended Avg of Steel Prices : 25/08/2017 (Excl. GST)

	Mandi Gobindgarh - Punjab				Mumbai	Kolkata	Delhi	Chennai		Bhiwandi	Kanpur	Durgapur
Sponge Iron	20,500	HMS OLD	17,800	HMS	24,500	23,300	24,400	24,000	MS Ingots	24,500	25,500	25,500
Pig Iron	30,500	HMS Fresh	28,000	CRP(LSLP)	28,000	-	-	26,500				
Alum. Alloy : Basic prices excl. CST/VAT	Mumbai Mkt rates in kgs : 31/07/2017			ADC 12	131.0		AlSi 9 Cu3	134.0		LM6	146	
	Ex. Delhi Mkt rates in kgs : 31/07/2017				134.5							

Indicative Domestic Market Rates (Rs./kg)

Comex Copper (cents/lb)

Comex Al (cents/lb)

	Mumbai		Delhi		Chennai		Rate		Change		Rate		Change	
	01-Sep	Prev	01-Sep	Prev	01-Sep	Prev	Aug'17	Sep'17	Oct'17	01-Sep	Prev	01-Sep	Prev	
Virgin Metals														
Copper Pat	--	--	400.0	400.0	-	-	307.90	308.70	309.40	0.0	-	-	-	-
Copper W/Bar	460.0	461.0	-	-	-	-								
Alum Ingot	149.0	149.0	149.0	149.0	142.0	142.0	Metal	Market	Unit		01-Sep	Prev		
Zinc Slab	220.0	222.0	227.0	227.0	-	-	Gold Std	Mumbai	Rs/10g		29,478	29,478		
Lead Ingot	154.0	154.0	147.0	147.0	-	-	Silver	Mumbai	Rs/kg		39,564	39,564		
Tin Slab	1,390.0	1,370.0	1,405.0	1,405.0	-	-	Gold	London	\$/tr.oz.		1,311.75	1,311.75		
Nickel (4x4)	770.0	750.0	760.0	760.0	-	-	Silver	London	\$/tr.oz.		17.34	17.34		
Scrap							Gold	Comex	\$/tr.oz.		1,316.20	1,316.20		
Copper Heavy	425.0	425.0	--	--	-	-	Silver	Comex	\$/tr.oz.		17.40	17.40		
Copper Uten.	388.0	388.0	--	--	-	-								
Copper Mixed	--	--	378.0	378.0	-	-								
Brass Utensil	310.0	305.0	--	--	-	-								
Brass Huny	302.0	302.0	--	--	-	-	Buy	USD	63.96	82.27	---	---	0.5785	
Brass Sheet	322.0	317.0	-	-	-	-	Sell	GBP	63.87	82.18	---	---	0.5776	
Alum Utensil	122.0	122.0	126.0	126.0	-	-	Buy	EURO	75.77	47.04	50.41	50.41	66.16	
							Sell	SGD	75.69	46.95	50.36	50.36	66.06	

Forex: 01 Sep, 2017 (Rs/Unit Currency)

Customs Notified Rates: August 18th, 2017 [Rs.(Imp/Exp)]: US\$ 65.15/63.45; Pound Sterling 84.20/81.35; Euro 76.70/74.10

The US stock index futures rose on Friday despite the release of a disappointing jobs report. Dow Jones industrial average futures rose 67 points, while S&P 500 and Nasdaq 100 futures gained 7.25 points and 26.25 points, respectively.

The U.S. economy added 156,000 jobs in August. Economists polled by Reuters expected 180,000 jobs to have been added last month.

In addition to missing estimates, previous months' job totals also were cut. June was revised down from 231,000 to 210,000 while July fell from the initially reported 209,000 to 189,000, the Bureau of Labor Statistics said.

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Investors were closely watching out for the report as they looked for clues about the Federal Reserve's next monetary policy move.

Currency Market

The dollar was moderately higher against other major currencies on Friday, as investors were eyeing the monthly U.S. nonfarm payrolls report for further indications on the strength of the economy after data on Thursday painted a mixed picture.

EUR/USD was little changed at 1.1902. The greenback weakened after data on Thursday showed that US consumer spending rose slightly less than expected in July and annual inflation increased at its slowest pace since late 2015.

A separate report showed that U.S. pending

home sales decreased by 0.8% last month, compared to expectations for a gain of 0.5%.

On a more positive note, the US Labor Department said initial jobless claims rose less than expected last week to 236,000.

The greenback had strengthened broadly after a batch of upbeat US data on Wednesday, including a higher than expected revision to second-quarter economic growth.

Meanwhile, sentiment on the euro was fragile following reports that a growing number of European Central Bank officials are concerned by the recent strength of the currency.

GBP/USD was also steady at 1.2920, as market participants were also eyeing a report on UK manufacturing activity due later in the day. Elsewhere, USD/JPY edged up 0.12% to trade at 110.11.

Japanese Finance Minister Taro Aso said on Friday that he was cancelling a planned trip to the US for preparatory economic talks due to national security threats posed by N Korea after it fired a missile over Japanese airspace on Tuesday.

Precious metals

Gold touched a 9-1/2-month high on Friday after data showed US job growth slowed more than expected in August, but reversed gains when investors judged that the figures were unlikely to change the outlook for US interest rate rises.

Spot gold was down 0.1 % at \$1,320.34 an



ounce after reaching \$1,328.80, the highest since Nov. 9.

It was still set for a weekly gain of 2.3 %. U.S. gold futures were 0.3 % higher at \$1,325.70.

The U.S. Labor Department said nonfarm payrolls increased by 156,000 last month and average hourly earnings rose 3 cents or 0.1 %.

The figures missed economists' forecasts but analysts were divided on how they would affect Federal Reserve policy on interest rate rises.

Gold is sensitive to interest rates because higher rates raise yields, making non-yielding bullion less attractive, and tend to boost the dollar, in which gold is priced.

The dollar and bond yields weakened sharply following the jobs data but recouped losses.

Gold is still likely to rise further after prices increased by 4.1 percent in August, the biggest monthly gain since January, said Mitsubishi analyst Jonathan Butler.

"The technical uptrend is well established, there is continuing uncertainty over North Korea's nuclear ambitions and an imminent wrangle between Congress and the White House over the debt ceiling that must be solved by late September to avoid technical default," he said.

Brinkmanship over debt negotiations could easily tip over into loss of market confidence in the U.S. dollar, Butler said, supporting gold by making it cheaper for holders of other currencies.

Adding to geopolitical concerns, the United States on Thursday told Russia to close a consulate, worsening a diplomatic spat.

On the technical side, Fibonacci support for gold was at \$1,297.50, said analysts at ScotiaMocatta. But gold had upward momentum and is likely to rise through resistance at \$1,326.20 towards \$1,350, they said.

Butler said that a continued push higher could see gold reach last year's peak of \$1,374.91.

"The breakout pattern now evident on the

charts will likely gain further traction, drawing in more quant-based funds," said INTL FCStone analyst Edward Meir.

Silver was flat at \$17.57 an ounce and was on track for a weekly gain of 3 percent.

Base Metals

Aluminium prices reached their highest since February 2013 on Friday as nickel carved out a new nine-month peak after further gains in steel prices and strong factory data in top metals consumer China.

"The ferrous complex continues to lead the way for most of the base metals and other main drivers today are continued supply reforms and the data out of China," said Gianclaudio Torlizzi, of consultancy T-Commodity in Milan.

Chinese rebar steel futures jumped by as much as 6 percent, partly boosted by a fire at a blast furnace in China.

Nickel and zinc markets are heavily influenced by steel prices since they are mainly used in the steel sector.

Concerns that an environmental crackdown by Chinese authorities will create shortages have boosted aluminium prices, the top performer on London Metal Exchange this year with gains of 26 percent.

Industrial metals prices were also lifted after data showed that China's manufacturing activity expanded at the fastest pace in 6 months in August, despite expectations by some analysts that economic growth would slow in the 2nd half.

"We suspect the long hand of the Chinese government is behind this ... ahead of the plenum on Oct. 18," Torlizzi said.

China on Thursday set the October date for the start of the one-every-five-years congress for the ruling Communist Party.

LME benchmark aluminium closed 0.9 percent higher at \$2,136 a tonne after touching \$2,145, the highest since February 2013.

Aluminium was supported by news that China plans to conduct 15 rounds of inspections during its new campaign to curb smog during winter, evidence that authorities are serious about capacity cuts to reduce pollution.

LME three-month nickel climbed 2 percent to end at \$12,035 a tonne after touching \$12,095, the highest since November 2016. Nickel is chiefly used in making stainless steel.

Nickel may pull back and challenge support at \$10,933, Stéphanie Aymes, head of technical analysis at Societe Generale, said in a note.

"Daily momentum indicators such as stochastic are overstretched and posting negative divergence at a multi-month ceiling, hinting at a possible consolidation to come."

LME copper finished up 0.7 percent at \$6,835. The contract touched a peak of \$6,872 on Thursday, the highest since September 2014.

Copper inventories in LME-approved warehouses fell on Friday after a rise on Thursday, which interrupted weeks of falling stocks. Stocks have declined by about 30 percent over the past two months.

LME zinc closed 1.2 % higher at \$3,185, lead ended barely changed, up \$1 or 0.04 % at \$2,395, and tin dipped 0.2 % to \$20,625.

Energy Market

Oil and gasoline prices pulled back in Friday's trade, a day after logging significant gains attributed to bets that flooding after Hurricane Harvey would curtail supply.

October West Texas Intermediate crude CLV7, -0.23% fell 13 cents, or 0.3%, to \$47.10 a barrel on the New York Mercantile Exchange. Prices saw a 2.8% advance Thursday and trade more than 1% lower for the week, according to FactSet data. They're poised to suffer their fifth-straight weekly drop.

November Brent LCOX7, -0.44% gave up 5 cents, or 0.1%, to \$52.81, with the contract

trading more than 1% higher on the week. They fell 1.4% last week.

Meanwhile, October gasoline RBV7, -3.32% fell 4.2 cents, or 2.7%, to \$1.737 a gallon. Gasoline futures soared on Thursday to settle at their highest level in over two years. October heating HOV7, -0.41% was down less than half a cent at \$1.739 a gallon.

The sharp moves come after several refineries along the Gulf Coast remained shut in the aftermath of Harvey, which flooded large parts of Texas and Louisiana. About 22% of the total U.S. refining capacity was offline as of late Thursday, according to S&P Global Platts, significantly hampering gasoline supply.

"The U.S. Department of Energy gave the green light yesterday for 1 million barrels of crude oil to be withdrawn from strategic reserves. In other words, refineries are paralyzed not only by the flooding, but in some cases also by a shortage of crude oil due to disruptions to imports and oil production," analysts at Commerzbank said in a note on Friday.

But some analysts doubt that the release will have much impact on the nation's gasoline supplies and, according to S&P Global Platts, the Phillips 66 Lake Charles, La. refinery the government plans to send it to said it only needs 700,000 barrels.

News & Report Analysis

Stainless steel coaches can curb rail accident casualties

The use of stainless steel as standard material for making train coaches could help in minimising casualties in rail accidents, Outokumpu India, the local arm of Finnish steel maker Outokumpu, said today.

Expressing concerns over recent train accidents and derailments causing loss of lives,



Yatinder Pal Singh Suri, MD Outokumpu India, stressed on the need to use crash and corrosion resistant Stainless Steel as standard material for rail applications. "Worldwide stainless steel has become the standard material for coach application. All regional, cross-country, metro, underground and light monorail train services worldwide rely on stainless sustainable solutions. The main reasons for preference of stainless steel over other materials include high impact strength to avoid crumbling, corrosion resistance, fire safety, ease of cleaning to maintain hygiene and visual aesthetics," the Finnish stainless steel majors country head said.

Suri in a statement said the Indian railway is currently using corrosion resistance stainless steel for new LHB coaches which are considered safer because they do not topple easily when a train derails.

"Use of two metre wide Duplex Stainless Steel sheet can enhance the productivity of railway coach factories besides improving the aesthetic beauty of the coach. Currently, railways is looking to produce more coaches than what they replace every year. Higher productivity with two metre wide sheets in Duplex is the quick and easy answer," he said.

Suri said since mid-1990s the use of stainless steel in passenger coaches is a common practice in developed economies such as the US, Canada, Brazil, Japan, Korea and Australia and many East Asian countries.

He said a duplex stainless steel coach is lighter and can be paintless and added that the stainless steel grades normally used by Railways include Austenitic and Duplex grades which need no painting or maintenance and can be recycled at the end of coach life in 50 years.

Vedanta mulls to invest Rs 50,000 Cr for Indian Business

Metals and mining conglomerate Vedanta Resources has plans to invest around Rs50,000 crore on business expansion in India in coming years, its Chairman Anil Agarwal said on Friday. He also expressed hope that the retrospective taxation issue between Cairn Plc and the government would soon be sorted out.

"I have promised the government that the group will invest Rs40,000-50,000 crore. My shareholders and my banks abroad would be very pleased with my plan," Agarwal said. He further said that this decade will belong to India and it is the best time to invest here. On the retrospective taxation row, Agarwal said, "The kind of image that India has all over the world, the retrospective tax is one small thing which has to be sorted out.

There is a case between the government and Cairn Plc. I highly recommend both parties to sit down and sort out this issue." The retrospective legislation was used to levy a principal tax liability of Rs10,247 crore on the UK-based Cairn Energy Plc. That matter too is before an international arbitration panel. Highlighting some of the reform measures taken by the government, Agarwal said bankruptcy law and Goods and Services Tax (GST) will help improve the business environment and attract global investors.

Vedanta is a major player in India's Zinc Industry, primary Aluminium market, and refined copper with market shares of 72%,

40% and 35% respectively. Also, it is India's largest private sector Iron Ore exporter and operator of 26% of India's crude oil production through Cairn India. Meanwhile, the Income-Tax Department has seized \$104 million dividend due to Cairn Energy Plc from the remaining stake in the erstwhile subsidiary Cairn India (now called Vedanta Ltd).

The department has already adjusted Rs1,500 crore of tax refund that was due to Cairn Energy, against the principal amount. "The government already has holding shares about Rs6,000-7,000 crore and something should be done to settle the issue. Those shares were of Cairn Plc," he had said. Vedanta Resources recently merged Cairn India with group company Vedanta Ltd.

Yunnan Aluminium Buys 380 Thousand MTPA Smelter for US\$5.31 Million

An aluminium firm in southwestern China announced that it would boost capacity by one-third after acquiring a majority interest in a neighboring smelter.

Yunnan Aluminium filed a statement with the Shenzhen Stock Exchange Wednesday notifying the market that it was buying a 94.35-percent interest in the Yunnan Dongyuan Coal Group

Qujing Aluminium Co. According to the notice, Yunnan Aluminium paid CNY35 million (US\$5.31 million) for the 380-thousand-metric-tons-per-year smelter, all of which is legally compliant. The purchase is likely motivated in part by the Chinese government's drive to encourage industry consolidation as part of wider supply-side reforms in the aluminium industry.

The purchase of Yunnan Dongyuan lifts Yunnan Aluminium's overall capacity to 1.6 million metric tons per annum. According to the notice of sale, Yunnan Dongyuan's CNY3.9 billion of debt will be converted to equity as part of the sale.

The state-owned Yunnan Aluminium also announced this week the investment of CNY200 million in a local aluminium logistics investment unit as well as setting up a joint venture to produce alternative-energy automobiles.

Yunnan Aluminium is one of China's fourteen state-supported aluminium firms, and one of China's over five hundred state-run enterprises. It is currently partnering with shareholder Yunnan Metallurgical Group Corporation to develop a bauxite project in the province. The prospective bauxite play boasts reserves of 33.85 million tons and could yield alumina production totals of up to 800 thousand tons per annum.

