Indian Rare Earths to revive production

India, which halted rare earth output in 2004 in the face of cheaper competition from China, has decided to revive production. State-run Indian Rare Earths is stepping back into the picture with an investment of ₹140 crore in a 5,000-tonne capacity plant it hopes could produce material by 2012.
India returns to rare earths production, but no threat to China

State-run Indian Rare Earths, which halted output in 2004, is investing Rs 140 crore to ready a 5,000-tonne capacity plant to begin production by 2012

Kritivas Mukherjee & Jo Winterbottom

India’s plan to revive production of rare earths makes sense as a long-term strategic move but the country will only be able to plug a fraction of the gap in the market left by China’s falling exports.

China, increasingly flexing its muscle on the international stage, announced export cuts this year that pushed prices higher and triggered a rush to find alternative supplies. Rare earths are used to make a broad spectrum of high-technology products from plasma televisions to weapons and China now provides 97% of global supply, meeting demand primarily from Japan and the US.

Indian Rare Earths, the state-run producer which halted output in 2004 in the face of cheaper competition from China, is now stepping back into the picture with an investment of Rs 140 crore in a 5,000-tonne capacity plant it hopes could produce material by 2012.

“Whether India becomes a player of any consequence will depend on how fast it can ramp up production and capacity,” said Uday Bhaskar, director of strategic affairs think tank the National Maritime Foundation, weighing India’s possible role as a future global supplier: “I cannot see India becoming a big player in the near future. But India should develop this sector because in principle it should not become dependent on supplies from one country and that too, China.”

India consumed about 200 tonnes of rare earth products in 2004, the year it suspended production and the last year for which official data is available.

One official said the requirement would have “zoomed” given the near-double digit growth in the economy since.

The country imports all its current requirements from China and mostly uses rare earths in consumer goods industries, petroleum refineries and the car industry.

OPEN AGAIN

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plentiful than India’s 3.1 million tonnes.

But a government official, speaking on condition of anonymity, said: “The very fact that China is the near-monopoly makes any secondary supply precious, however small that supply may be.”

China says it needs to conserve its mine reserves for future domestic consumption and has just tried to reassure global customers by saying export cuts in 2011 will only be slight. But others see its reduction in supplies to the world market as a trade weapon and Japan — already feuding with its powerful neighbour over territorial rights in the East China Sea — has recently struck cooperation deals to develop alternative supplies with both Vietnam and India.

The US made a point of securing assurances from China at a summit last week that it would be a “reliable supplier” of the minerals.

India wants partners such as the US and Japan to help build its technological capability to convert the ore into metal, the big challenge in expanding output of rare earths, which are not as hard to find as the name suggests.

“We are looking at partnering with countries which have technological capabilities to help us,” one government official said. “You will probably not see much happening if you take a short-term view. This is a long-term game.”

Longer term, developing its own rare earth supplies is a priority for the government and could at least allow it to be self-sufficient with a foothold in the global market.

“It’s not a major supplier, but not insignificant either,” Reuters
Rare Telugu inscription discovered at Jain site

**DC CORRESPONDENT** HYDERABAD

Nov. 3: An archaeological discovery of considerable significance was made recently, when a rare ninth century Jain site with Telugu inscriptions in ‘Kanda metre’ (four-line stanzas) was found in Bommalagutta near Jagtil in Karimnagar district.

The location has now found a place on the list of protected monuments of the Department of Archaeology and Museums, a decision taken by the state government to safeguard the rare site from possible mining activity.

The ninth century Jain site has now found a place on the list of protected monuments of the Department of Archaeology and Museums, a decision taken by the government to safeguard it from mining.

It was Ms Geeta Reddy, minister for tourism and archaeology, who asked the department to take all necessary steps to protect the rare Jain site. According to Dr P. Chenna Reddy, director of the Department of Archaeology and Museums, the inscriptions have been composed in Telugu, Kannada and Sanskrit by Jinnavallabah, a noted Jain monk, scholar and brother of Pampa, an illustrious Kannada poet.

The Telugu inscriptions in the Kanda metre are a first — these four-line stanzas will be invaluable in tracing the evolution of Telugu language and literature, he added.

Dr Chenna Reddy said that at the top of the inscriptions are carved Jain monks and goddesses, such as Chakreswari, which date back to between the eight and 10th century.
Gold soars as investors hedge against inflation

US jobs report drives metals, crude oil higher

The Reuters-Jefferies CRB index, a global commodities benchmark, moved up to a two-year high of about 313.57, gaining about 4.3 per cent for the week.

CORDY UP A TAD
Copper rose slightly on Friday and posted its biggest weekly gain in more than three months on support from a weak dollar outlook, surprisingly strong US labour data and a strike in top-producer Chile.

SOYA AT 2-YEAR HIGH
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The Reuters-Jefferies CRB index, a global commodities benchmark, pushed to a two-year high of about 313.57, gaining about 4.3 per cent for the week.

In contrast, money managers increased bets on oil, raising long crude oil positions on the New York Mercantile Exchange in the same period to their highest level since April, CFTC data showed.

US crude oil futures rose for a fifth day on Friday and posted the highest close in two years, aided by the stronger-than-expected increase in US jobs, but a rally in the dollar limited oil's gains.

The New York Mercantile Exchange, crude for December delivery settled up 36 cents, or 0.42 per cent, at $86.85 a barrel, eclipsing the year's previous highest close at $86.84.

On the London Metal Exchange (LME), benchmark copper for three-month delivery climbed to its highest in over two years at $8.769.50 a tonne, within $200 of an all-time peak of $8.940 hit in July 2008. It closed up $60 at $8.660 a tonne.

COPPER UP A TAD
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Copper flirted with its record high on prospects that the Federal Reserve's injection of $600 billion to shore up the economy will accelerate inflation and increase demand for raw materials.

"I believe that the market is starting to price in more future inflation as a result of the announcement," said Mr Adam Klopfenstein, Market Strategist at Lind-Waldock.

Among agricultural commodities, soya beans rose to the highest level in more than two years.

Most active January soya beans on the Chicago Board of Trade rose to $12.90 a bushel, a level not seen since September 2008.

Raw sugar futures finished at a 30-year peak for the fourth straight day on Friday.

US cotton futures rallied more than 2 per cent on Friday to a new record. ICE front-month cotton was on track for its biggest weekly gain since August 2004, having rallied 75 per cent in the past four months to prices last seen during the American Civil War.
Mining costs spurned hedging as gold scales peaks

While forward hedging gave miners valuable protection when prices were pressured, it meant they missed some of gold's stellar gains as its decade-long bull run picked up momentum.

GLOBAL VIEW

Jan Harvey
Atul Prakash

Gold mining companies have spent billions of dollars closing out forward sales to gain exposure to soaring bullion prices and, despite fears that the rally may be topping out, they say they have no intention of moving back to hedging. Traditionally, miners used forward hedging to lock in future prices for their product. While this gave valuable protection when prices were pressured, it meant they missed some of gold's stellar gains as its decade-long bull run picked up momentum.

Some forward-looking analysts are predicting the gold price rally may be running out of steam. Theoretically, given the risk of such an event and the strong gains that gold has already made, now may seem a good time to consider re-hedging.

"Mining is widely regarded as a cyclical industry, and when commodity prices are at their peak, that's the time to start selling forward," Evolution Securities' Charles Kernot said.

A month ago Jamiie Sokalsky, chief financial officer of the world's biggest gold miner, Barrick Gold, told Reuters gold hedging was "off the table" for the company. Considering Barrick took a $5.7 billion charge in the third quarter of 2009 to get the hedging losses off its books, it was understandable.

"There have been some bad experiences of hedging in the gold industry in the past ten years – not just losing out on revenue, but some companies were forced into bankruptcy," said Matthew Turner, a precious metals strategist at Mitsui. "Because so many miners lost out...I think even if people did think that the price was going to fall, there would be less hedging this time around than last time around."

SPEEDING TRAIN

While at present predicting an end to the bull market in gold is, in the words of one analyst, "like standing in front of a speeding train", some are starting to foresee softer prices.

Spot gold is set to average more than $1,200 an ounce this year, analysts say, up from around $970 in 2009. An aggregate of 10 major banks' price forecasts shows that prices are expected to rise again in 2011, but temper in 2012.

"Once the global economy begins to return to normal, we would expect savers and investors to move back towards higher yielding bonds and equities as gold's store of value gradually loses its allure," said Natixis analyst Nic Brown.

"A decline in investment demand will create an imbalance in the supply/demand equilibrium, leading to lower prices." Hedging using options, which give miners the right, but not the obligation, to sell gold at a certain price, may offer a valuable form of protection from price volatility. Goldman Sachs has advised miners to consider hedging using options from 2012.

"The idea is you can grow more aggressively when you know what the floor is on your production," Goldman Sachs' global head of commodities research Jeffrey Currie said. "As slow, the cost of capital to develop that production is going to be less in an environment when you have put a floor on your price."

COST-ELASTIC

GFMS and Societe Generale noted a return to net producer hedging, "primarily by way of additions to the options portion of the book". But this has, for the last so far, been small-scale. Analysts say hedging using options can prove expensive and is unlikely to gain traction unless there is a much bigger risk of a gold price correction.

In the short term, preparing for any price downturn is more likely to take the form of controlling costs. Gold mining is relatively cost elastic, with companies capitalising on high prices by processing more lower-grade ore.

"Investors...are investing in our company for exposure to the upside of gold, so quite clearly we are not going to be hedging," African Barrick Gold Chief Executive Greg Hawkins told Reuters. "What that means is that management we have got to manage our cost base to ensure we are protected on any downside." As well as keeping a lid on costs, they could also explore hedging input costs, for example, fuel, reagents and other chemicals, Fairfax analyst John Meyer said.

However, miners choose to deal with price volatility, a return to locking in forward prices entirely looks to remain as popular as the kipper tie. "If one of our holdings started hedging gold prices, we would be less interested in holding it," said Bedlam Asset Management fund manager Richard Greenwood.

REUTERS
Vedanta appointment

NEW DELHI, 6 NOV: Global metal and mining major Vedanta Resources has appointed Anthony Henshaw as its chief sustainability officer to further the social initiatives of the India-focused group. "We believe that Henshaw's diverse global experience will make a significant contribution to Vedanta's strong sustainability practice, working closely with all our stakeholders," the company said in a statement. Henshaw, who was previously working with Mexican group Cemex SA as vice president (corporate) sustainability, has experience of around 30 years across sectors. He has been working in the area of sustainable development for over a decade, the statement said.
रेही बंधुओं को सदन आर्दरता मामला व अमेर ब्लास्ट में संग नेता की काहिनी लिस्ता के मुद्दे की उठाएगी

संसद का शीतकालीन सत्र
विपक्ष के हमले पर जवाबी
प्रहार को कांग्रेस तैयार

नई दिल्ली। राष्ट्रपति भवन खोलेंगे और आदित्य हासिन्दा सहसों में भाषण के बाद, प्रधानमंत्री नरेंद्र मोदी ने संसद को दिन के विपक्ष की रास्ते की अनुमति दी आर्दरता मामले, अंतरांत अत्याचार और अमेर ब्लास्ट में संग नेता की काष्ठी लिस्ता के मुद्दे को उठाएगी।

कांग्रेस और सरकार ने हर तरह से इसकी रास्ती का बढ़ाना करेगी और इसकी मामले में भाषण का अभ्यास करेगी।

कांग्रेस ने रेही बंधुओं को सदन आर्दरता मामला व अमेर ब्लास्ट में संग नेता की काष्ठी लिस्ता के मुद्दे को उठाया।