Copper heads for first annual fall in 3 years

Reuters
London, Dec. 30
Copper was headed for its first annual decline in three years as the euro zone debt crisis and an economic slowdown in top metals consumer China have worsened demand growth prospects and dented market confidence.

Prices are down almost 22 per cent this year. Copper was up by almost 2 percent and traded at $7,570 a tonne in official rings on Friday from $7,425 at the close on Thursday. Aluminium traded at $1,992 a tonne ($1,9910); zinc at $1,843 ($1,832); lead at $2,002 ($1,999). Tin traded at $18,925 ($18,800) while Nickel was bid at $18,280 ($18,080).
Iron ore exports down in Apr-Nov

IRON ore exports dipped by over 28 per cent to 40 million tonnes (MT) in April-November this fiscal following ban on shipments of the raw material from Karnataka and subdued output in Goa. Iron ore exports were over 55.5 million tonnes in the year-ago period, according to data released by Federation of Indian Mineral Industries.
Iron ore exports down 28%

PTI NEW DELHI

Following a ban on shipments of the key steelmaking raw material from Karnataka and subdued output in Goa, the iron ore exports dipped by over 28 per cent to 40 million tonnes (MT) in April-November this fiscal.

Iron ore exports from the country were over 55.5 million tonnes in the year-ago period, according to the data released by the industry association Federation of Indian Mineral Industries (FIMI) on Friday. "The decline in exports of iron ore is due to a number of reasons. The Karnataka ban comes on the top. Also, several mines in Goa are closed and the Odisha government has stopped giving export permits," FIMI Secretary General R.K. Sharma told PTI.

Iron ore shipments from Karnataka, a major exporter of the raw material from the country, have been stopped since July last year, following allegations of widespread corruption.
HINDUSTAN COPPER SURGES 15%

Mumbai: Defying a weak broader market trend, shares of Hindustan Copper on Friday rallied on the bourses by 15 per cent, amid reports that the company has granted contracts worth ₹1,800 crore ramp up its production. The stock opened on a positive note and and buying momentum accelerated further as the day progressed. It settled at ₹186.25, up 14.58 per cent.
Aluminium likely to remain volatile in first half of 2012

However, demand from Japan and the EU to provide some breather in H2

DIIP KUMAR JHA
Mumbai, 30 December

Aluminium is likely to remain volatile in 2012. Intensifying economic concerns, coupled with the euro zone debt woes may keep the metal under pressure in the first half. In the second half, however, the tight base metal is set to get support from a possible recovery in manufacturing and infrastructure sectors.

Prices accentuated in first half of 2011 to reach its two-year high of $2003 a tonne, at the London Metal Exchange (LME) translating thereby at Rs 245 a kg on the Multi Commodity Exchange (MCX) on back of growth optimism worldwide. But the metal failed to carry the strength as euro zone crisis took over and slackening manufacturing activities.

The metal market experienced paradigm shift of production centre as its output headed towards the eastern side of the globe due to rise in power costs leading to closures by smelters in the US and Europe. Alumina prices trended higher during first half of 2011, even though Chinese and global production increased due to re-stocking activity. However, stocks in LME hit a record high above 4.71 million tonnes in May, backed by turbulence in Europe and the US which impacted the trend later in the year.

"However, China is set to adopt a path of monetary loosening policy in 2012 to avoid hard landing of its economy which may prop up prices coupled with the renewal in demand from Japan, once manufacturing activity recommences. The transportation sector will be the single largest end-use market for aluminium demand. Despite high inventories of aluminium in warehouses, the demand growth and looming supply issues in China may push prices northward in the second half of 2012," said Jayant Manglik, president, retail distribution, Religare Securities Ltd.

According to the World Bureau of Metal Statistics (WBMS), global primary aluminium consumption rose 5.2 per cent year-on-year to 28.1 million tonnes between January-August this year. Consumption in China during the first eight months of this year rose 6.2 per cent, while growth in Germany during the same period rose by a whopping 15 per cent.

China accounts for a whopping 40 per cent share in global aluminium consumption and the EIU expects growth in the country to slow to 6 per cent in 2011 as compared with a rise of 10.5 per cent in 2010. Economic prospects for China look weak considering the tight lending market scenario, weak demand for cars and a grim global economic scenario.

Japan which accounts for five percent of world consumption is expected to witness a slowdown on the back of problems in the manufacturing supply chain after the earthquake and tsunami that struck the nation in March 11.

India, accounts for four percent of global aluminium demand, witnessed a decline of 10.5 percent year-on-year between January-August. EIU expects a decline in Indian aluminium consumption by around five per cent. But in 2012 and 2013, demand is forecast to rise around nine per cent. Producers including Hindalco and Nalco are set to see a turnaround in sales in the second half of 2012. The stocks of Hindalco and Nalco fell 12 per cent and five per cent to close at Rs 115.5 and Rs 50.50 respectively in 2011.

“Rising inventories coupled with a comfortable supply-side scenario is expected to act as a negative factor for aluminium in the coming year. But with improvement in the US economic scenario and expected decline in interest rates in China, sharp downside in prices will be cushioned in the second-half of the year," said Naveen Mathur, associate director, Angel Broking.

Aluminium prices on the LME slumped by more than 20 per cent, with major downside pressure seen in October and November. Average monthly prices of the metal slipped from $2687 a tonne in April to $2058 a tonne in December translating thereby at Rs 19 a kg and Rs 108 a kg in rupee term.

"The metal may see more production cuts in future before balancing out in the long run. Further fall in price can not be ruled out. Since the price is below production costs, the fall could be slow with volatile fluctuations. In rupee terms aluminium prices could average at Rs 95 per kg for the first half of 2012," said Atul Shah, chief operating officer, Emjay Commodity.