PRESS CUTTINGS

February 2017
Issue 02/2017

Red pools of death

Nureen Ain Juwita Mohd Sharif, 10

Salsabila Zuhairi, 12

Mahathir Mohamad, seven

First there was the bauxite mining, with thick red dust covering roads and houses, and choking the towns around Kuantan. Then came the rains, filling up the craters at mining spots near housing areas and schools. Now, those water-filled craters have become death traps for children who treat these mining

Malaysia's shooting-star bauxite industry faces burn-up

KUALA LUMPUR: Already under fire for widespread environmental damage, Malaysia's once lucrative bauxite mining industry is facing a likely death knell from neighbouring Indonesia's move to allow a sweeping policy shift, but did not specify when it would resume exports.

In 2015, Malaysia shipped more than 20 million tonnes to China, well ahead of nearest rival Australia and up nearly 700% on the previous year. In 2013, it shipped just 162,000 tonnes.

The announcement could be the final nail in the coffin for Malaysia's industry, as its miners expect China to switch to Indonesia's

Tokuyama to exit Sarawak's Samalaju investment

OCI expects to complete takeover by late March

COMPILED BY:

NIGHTINGALE LIAN
Geoscience Officer

GERI ANAK GINUNG
Head of Geoscience Assistant

HEAD OF UNIT/SECTION:

HANIZA BINTI ZAKRI
Principal Assistant Director (International Trade)

JOANES MUDA
Director (Mineral Economics)

MINERAL ECONOMICS SECTION
MINERALS AND GEOSCIENCE DEPARTMENT MALAYSIA

19th – 22nd Floor, Tabung Haji Building
Jalan Tun Razak
50658 Kuala Lumpur

Tel : +603 - 2161 1033
Fax : +603 - 2161 1036
+603 - 2161 3302
Website : www.jmg.gov.my

FOR INTERNAL USE ONLY

CONTENTS

Part 1:
Metallic Commodities

No.	Title
1.1	Battered gold seen at risk of further thumping
1.2	World feeling the might of China's commodity traders
1.3	The finest steel comes from the hottest fire
1.4	Trendy jewellery from Amsterdam draws fashionistas
1.5	Tanjung Offshore signs MoU with UK's Kilgour Metal Treatments
1.6	Glittering delights
1.7	Gold retreats to lowest in 10 months
1.8	Leader Steel sees improved revenue, profit
1.9	Steel could shine in 2017 as China expands capacity controls

Part 2:
Non - Metallic Commodities

No.	Title
2.1	Asahi Glass to buy 59% stake in Vinythai from Solvay
2.2	World energy hits a turning point: solar that's cheaper than wind
2.3	Amazing secrets of Maifan stone
2.4	Four firms get go-ahead to build solar power plants
2.5	Lafarge Cement's RM500mil sukuk rated AA2

Part 3:

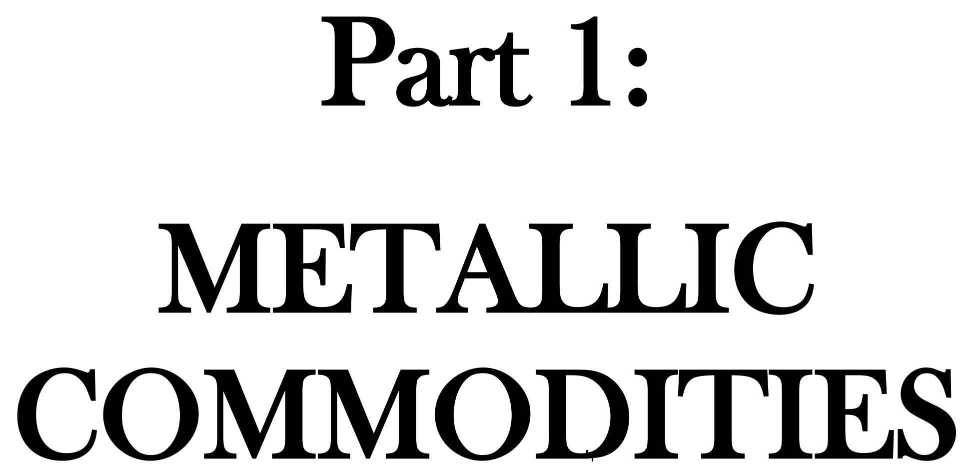
Energy Mineral (Coal)

No.	Title
3.1	China set to implement North Korea UN sanctions
3.2	Hewson: Australia’s loss of AAA rating in inevitable
3.3	Adani secures milestone in planned Aussie coal project
3.4	Carmichael coal project “back on track’, says Adani Australia CEO
3.5	EIA: Growth in global coal demand to slow over next 5 years
3.6	China coal miners boost output as winter nears
3.7	Coal traders see end of price rally as China ramps up output

Part 4:

General

No.	Title
4.1	A good time to give focus to remanufacturing
4.2	China’s November trade up unexpectedly
4.3	Value of construction jobs down slightly
4.4	An eye on renewable energy



Part 1:

METALLIC COMMODITIES

Source : Star Biz
Date : 01 December 2016 (Thursday)

Battered gold seen at risk of further thumping

Rising interest rates, strengthening US dollar to hurt commodity

SINGAPORE: The worst is yet to come. At least that's the opinion of the top two gold forecasters who say bullion will suffer further losses in 2017 as interest rates climb and the US dollar strengthens.

Oversea-Chinese Banking Corp and ABN Amro Group NV see gold sliding to US$1,100 an ounce by the end of next year as the Federal Reserve tightens monetary policy, real Treasury yields increase and the US currency rises. Prices were at $1,188.82 yesterday. The banks were ranked first and second as forecasters in the third quarter, according to data compiled by *Bloomberg*.

After briefly soaring to US$1,337.38 as it became clear that Donald Trump was about to pull off a shock victory in the US presidential election, gold slumped to a nine-month low of US$1,171.18 last week on speculation that his pledges to increase spending and revitalise the economy would boost interest rates and augment the attraction of other investments such as stocks and bonds.

"From an investor point of view there is little reason to hold gold," said Georgette Boele, a currency and commodity strategist at ABN Amro. "Rising inflation expectations are more than countered by the rise in US Treasury yields and expectations about upcoming rate hikes by the Fed. As long as real yields rise and there are no major inflation fears, prices will go lower."

Global bond yields have climbed to 1.58% from a record low 1.07% in July, according to the Bloomberg Barclays Global Aggregate Index. The odds of the Federal Reserve hiking in December are 100%, up from 69% a month ago, before the election, and a gauge of the dollar against its major peers surged to the highest level since at least 2005 last week.

Taking a hit: An employee casts 99.99% pure gold at the Krastsvetmet non-ferrous metals plant, one of the world's largest producers in the precious metals industry, in the Siberian city of Krasnoyarsk, Russia. Gold is set for its worst month in more than three years, with investors dumping bullion at the fastest pace since 2013. — Reuters

Gold is set for its worst month in more than three years, with investors dumping bullion at the fastest pace since 2013. Assets in bullion-backed exchange-traded funds have shrunk 5.3% in November, the biggest monthly drop since June of that year. Billionaire Stan Druckenmiller sold all his gold on election night. "All the reasons I owned it for the last couple of years seem to be ending," he said in a CNBC interview shortly after the vote.

In the month through Monday, investors pulled US$4.4bil from exchange-traded funds backed by precious metals, the biggest redemption among all asset classes offered in such funds globally that are tracked by *Bloomberg*. Money is moving out of gold and other precious metals as US equities rally to a record and traders boost bets on further rate increases.

Boele from ABN Amro sees the negative environment for gold continuing into next year, with a recovery for prices expected in 2018. The bank cut its prediction for the end of 2017 from US$1,150. — Bloomberg

Source : Star Biz
Date : 01 December 2016 (Thursday)

World feeling the might of China's commodity traders

Prices of everything from zinc to coal pushed up to multi-year highs

SHANGHAI: The Chinese speculators shaking up global commodity markets are switched-on, flush with cash and probably not getting enough sleep.

For the second time this year, trading has exploded on the nation's exchanges, pushing prices of everything from zinc to coal to multi-year highs and sending authorities scrambling to deflate the bubble before it bursts. Metals brokers described panic earlier this month as the frenzy spread to markets in London and New York, prompting wild swings in prices that show no signs of abating.

While billions of yuan have poured in from herd-like Chinese retail investors who show little regard for market fundamentals, brokers and traders say even more is coming from an expanding army of deep-pocketed hedge funds. They're chasing better returns in commodities as stocks and real estate fade, often using algorithms and trading late into the night, when markets in London and New York are most active.

"There is no doubt that the price moves and the bigger volumes worldwide are being driven by the Chinese, and by professional speculators and financial players," said Tiger Shi, managing partner at brokerage BANDS Financial Ltd, which counts several of those funds as clients. "The western hedge funds and institutional investors don't really know what's going on. Often they were used to trading macro factors or Fed policy, but now they find they have fewer advantages."

Shi, previously head of metals in Asia at Jefferies Group LLC and Newedge Financial Inc, estimates that China may have more than 5,000 hedge funds active in commodities. At least 10 manage assets of more than 10 billion yuan (US$1.4bil).

The use of algorithmic trading, in which computers execute multiple orders in milliseconds, is turbo-charging volume and volatility, according to Fu Peng, a portfolio manager at Lianzhan Global Macro Fund Management Co. About a third of activity on Chinese exchanges is executed by automated commands, which generates more volume and greater momentum on global markets, Shi estimates.

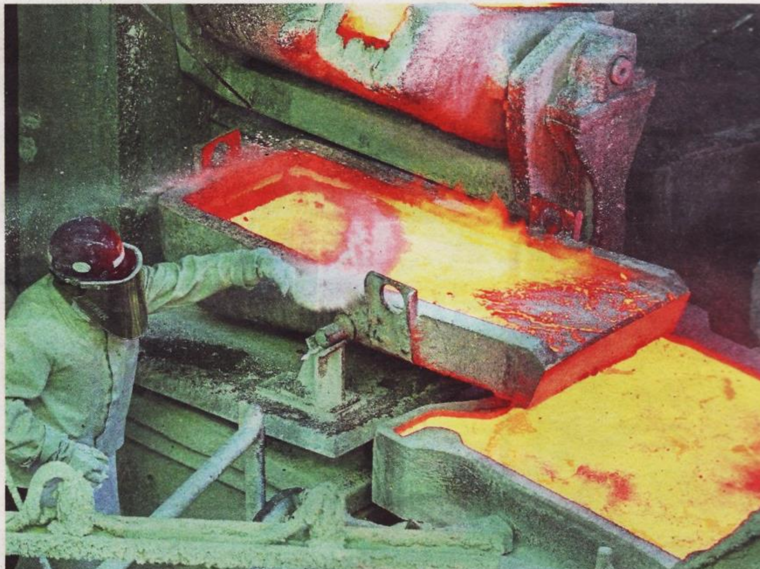
A recent example was on Nov 11. Copper in Shanghai jumped by the most since trading began in 2004 amid a surge in volume.

On the London Metal Exchange, it gained as much as 7.6%, before sinking 1.7% in the Asian evening.

The gap between the day's high and low was more than US$500, the widest in five years, and the intensity of the swing was just as big in New York futures.

"I can recall only two other occasions in my career where there was such panic and devastating price action in copper but this market today is far less transparent," Matthew France, head of institutional sales for metals in Asia at Marex Spectron Group, said in an e-mailed report on Nov 14.

"The machine component in the market is now so much bigger as is the onshore retail and fund involvement on the Shanghai Futures Exchange and OTC options."



Boom times: A worker monitors a process inside the plant at the copper refinery of Codelco Ventanas in Santiago. Copper in Shanghai has jumped by the most since trading began in 2004 amid a surge in volume. – Reuters

The country's biggest hedge funds include DH Fund Management Co, Shanghai Discovering Investment Co and Shanghai Chaos Investment Group. Officials for all three declined to comment for this story.

Over less than two weeks this month, the value of daily transactions on China's three commodity exchanges more than doubled to peak at US$226bil on Nov 14.

Sparked by speculation that government reforms are helping reduce oversupply of raw materials amid signs of improving demand, Chinese money is pouring into commodities as investors look for better returns than other assets including stocks or real estate, according to Fu at Lianzhan Global Macro Fund Management.

"The nation's supply-side reforms had a big impact on the market balance, and that's the fundamentals behind the trading," Fu said by mobile phone from Hong Kong.

"But at the same time, we've got too much money there. There have been no returns from investment in industries. The stock market is neither dead nor alive. Investment in real estate also got curbed. So all the money is rushing into commodities."

The Bloomberg Commodity Index has returned 7.4% this year compared with an 8.3% drop in the Shanghai Composite Index of equities, and the government has imposed measures to cool the country's real estate market.

"Commodities market volatility is liquidity driven, as money from commercial bank wealth management products and private banking accounts flow into the market seeking higher return," said Li Yulong, chief investment officer at Jyah Asset Management, a mutual fund which overseas more than 9 billion yuan.

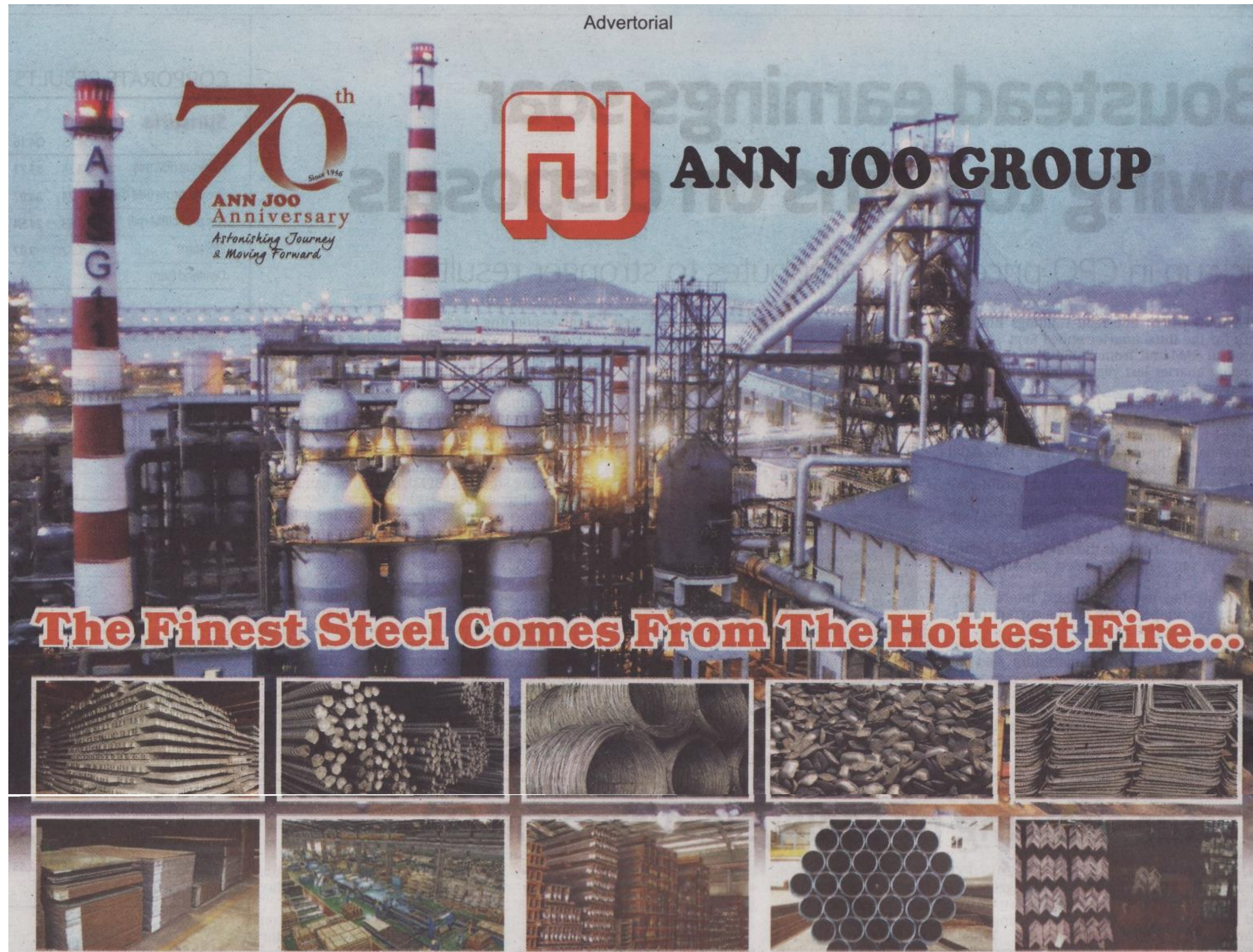
Chinese traders are often most active during the night session, when trading also typically peaks on the LME and on Comex in New York. On almost two-thirds of the past 30 trading days, copper trading was heaviest between 9pm and 11pm in Shanghai, bourse data show. Analysis of volume and open interest suggests they typically hold contracts for only a few hours.

Similar to the last frenzy in April, the government-owned exchanges have stepped in to cool trading by raising fees and margins, or cutting the number of new positions allowed daily.

Volume and turnover have since come off their highs but prices are still swinging. Copper is poised for its biggest monthly advance since 2009 in London and has briefly jumped above US$6,000 a tonne. But broadly, metals prices are retreating, with lead recording its biggest two-day tumble in five years.

"The massive and unprecedented surge in Chinese trading volume in base metals over the past month – but especially since the election – has put LME metals traders on red alert," Tai Wong, director of commodity products trading at BMO Capital Markets in New York, said in an e-mail. The price moves caused by Chinese traders make "a strong argument that the Middle Kingdom is once again the centre of the world, at least for metals," he said. – Bloomberg

Source : Star Biz **Date : 01 December 2016 (Thursday)**



Next Page >>

>> From Page 4

THE very foundation of Ann Joo Group's success today – as the most cost-efficient steel mill and largest stockiest of steel products in Malaysia – was not one without challenges.

In fact, trials were aplenty; but the group stood through both the ups and downs with resilience, as it continuously moves up the value chain, turning crisis into opportunities.

It all began in 1946, when the late Lim Kah Seng formed Chop Ann Joo, a scrap dealer. Together with his two sons, Lim Seng Chee and Lim Seng Qwee, they built the business and transformed it into a steel stockist.

Just as the company was growing its trading business, Malaysia was hit with a recession in the mid-1980s, caused by the decline in prices of its primary export commodities, such as tin and palm oil. Ann Joo seized the opportunity, and made its maiden venture into downstream manufacturing activities – beyond just trading – in 1987. Over the next few years, Ann Joo continued to expand its steel service centers and rolling mill business.

Fifty years into its operations, Ann Joo decided that the time was ripe to go public, to increase its credibility among the public as well as raise funds to propel it to its next phase of growth. In 1996, Ann Joo Resources Berhad (AJRB) was formed as the listing vehicle for Ann Joo's core business, and was listed on the Main Board of what is now known as Bursa Malaysia.

Since then, Ann Joo has undergone a series of corporative initiatives which enabled it to be the leading steel group in Malaysia today.

One of its key milestones was the acquisition of a 30.04% stake in Malayawata Steel Berhad (MYS) in 2000, which was the first steel mill in Southeast Asia (SEA).

Ann Joo, via the team it appointed, managed to turn around MYS in a short period of time and maneuvered it through the economic downturn caused by the "dotcom bubble".

After surviving the first wave of "steel dumping" by Chinese mills in 2005, Ann Joo decided to consolidate its steel mills operations, by launching a General Offer on MYS a year later, turning it from an associate into a subsidiary of AJRB. In that same year, in conjunction with its 60th Anniversary, MYS was renamed to Ann Joo Steel Berhad, which via another General Offer in 2007, is now a 100% owned subsidiary of AJRB.

2008 was a momentous year for Ann Joo as it became the first steel mill in Malaysia that decided to expand into iron-making, via its Blast Furnace (BF) technology project. It also emerged as the largest steel company on Bursa Malaysia by market capitalization in the same year.

Despite the global financial crisis, the group went on to complete the project.

In 2011, Ann Joo's BF was "blast in". This marks the first modern BF in Malaysia, and the only hybrid combination of BF and Electric Arc Furnace (EAF) in SEA.

With the dedication, hard work and commitment from the team, Ann Joo was able to integrate its BF and EAF efficiently, propelling Ann Joo to be the lowest cost producer for construction steel (billets, steel bars and wire rods) in Malaysia and arguably, SEA, as well.

Complementing the group's business is trading division, which supplies both flat and long steel products to major infrastructure projects and fabrication industries.

Alas, Ann Joo was not spared when the steel industry experienced possibly the worst period in the past three years, as the global oversupply in the sector has placed immense downward pressure on steel prices.

However, Ann Joo has once again upheld its position as the largest steel counter on Bursa Malaysia in terms of market capitalization. More importantly, it is by far the most profitable among other local steel companies today with a steady, positive operating cashflow.

A company's success is made possible only by an equally capable team.

Ann Joo has embarked on initiatives to transform from a traditional family business, into a more corporatised and modernised family-run one. This is in line with Ann Joo's efforts to enhance its corporate culture and level of corporate governance.

Today, Ann Joo is led by a key management team consisting of young and dynamic third and fourth generation of the Lim family, along with a group of non-family professionals.

Ann Joo has defied the Chinese saying that 'wealth is unable to pass beyond three generations'. Indeed, it is something to cheer about.

But, the best has yet to come.

Moving forward, the team is committed to steer Ann Joo towards achieving its 'Vision 2020', as Ann Joo aims to be the leading steel producer in SEA, and continuously strive to produce products of high quality at the most competitive cost.

The group also plans to expand its market presence in the region through collaborating with strategic partners and associates, creating a comprehensive and sustainable distribution network.

In conjunction with its 70th Anniversary celebration, Ann Joo is in the midst of establishing its very first charitable foundation – to support causes principally in the areas of education for the underprivileged and community welfare. This is part of the group's plans to give back to the society in a more systematic and consistent manner.

Ann Joo would like to convey its heartfelt thank you to its partners, clients and shareholders over the years for the support. It would also like to express its utmost appreciation to those who has pledged their contribution to the foundation.

Ann Joo has come a long way since its humble days as a scrap metal dealer, to where it is today, the leading steel group in Malaysia. As the saying goes, hard times mold tough people. Ann Joo has come out stronger from each downcycle – be in the industry or beyond.

It has been 70 years of a worthwhile journey, here's to the next 70 years and more, of continuing to playing an integral role in the country and the region's economic growth.

Source : Star Biz
Date : 07 December 2016 (Wednesday)

Trendy jewellery from Amsterdam draws fashionistas

With Cliq Claq, you can create your own unique piece by selecting the snap buttons of your choice to match any Cliq Claq bracelets, earrings, pendants, rings and cuff links.

Rajinder says she never fails to buy the latest collection of Cliq Claq.

The 'Cliq Claq Petite Collection' is now on display at the Christmas Roadshow in Bangsar Village 1.

Next Page >>

>> From Page 6

THE Cliq Claq fashionable jewellery has to be the in-thing these days. This versatile fashion accessory from Amsterdam is already going places since Diana Zita Toh first introduced it here, a year ago.

These trendy interchangeable buttons are gaining popularity because they are affordable and versatile.

They also make a perfect Christmas gift for anyone who is into fashion.

Cliq Claq Petite Collection is currently on display at Bangsar Village 1 Concourse area for the Christmas Roadshow, which will end on Dec 26.

With Cliq Claq, you can create your own unique piece by selecting the snap buttons of your choice. You can match these buttons with any Cliq Claq bracelets, earrings, pendants, rings and even cuff links depending on your mood and creativity.

"Cliq Claq is one jewellery that works every way.

"There's no one selling anything like this here. This new concept has already captured the attention of fashion and accessories retailers.

"Cliq Claq can complement any outfit, be it casual or official, that's how interesting it is," said Toh, who stumbled upon Cliq Claq during a holiday in Europe.

"Cliq Claq is known as 'kliq klaq' in Europe," said Toh, a former market research analyst who used to work for a reputable jewellery company.

She decided to introduce Cliq Claq knowing Malaysia's fashion market would welcome such a unique creation.

Cliq Claq also has an interesting collection of beautiful leather braided bracelet and cuff links for men, which comes in many colours and patterns.

One Cliq Claq collector, who never fails to get the latest collection, is Datin Rajinder Gill, who happened to visit the kiosk in Bangsar Village 1 recently.

"I am a great supporter of Cliq Claq. All the buttons have their own appeal. The buttons are colourful, glamorous and sexy. These charming buttons can be easily removed and replaced by simply snapping them out with your finger.

"You can change the buttons as you like and anytime you want depending on the occasion and your mood.

"It is my favourite costume jewellery now because they are so stylish, unique, and just the right fashion accessories for me," said Rajinder, a former businesswoman and fashionista.

Rajinder now has a huge collection of Cliq Claq and has convinced her friends and family to try them out.

Cliq Claq also provides wholesale opportunities to anyone who is interested to acquire the products and start their own business.

The fashion jewellery is available at their retail shops in Bangsar Village 2, Midvalley Megamall, Bangsar Shopping Centre, Great Eastern Mall, Gateway @ KLIA2

Source : Star Biz
Date : 08 December 2016 (Thursday)

Tanjung Offshore signs MoU with UK's Kilgour Metal Treatments

KUALA LUMPUR: Tanjung Offshore Bhd's wholly owned subsidiary, T7 Aero Sdn Bhd, has entered into a memorandum of understanding (MoU) with UK-based Kilgour Metal Treatments Ltd, to explore the business prospects of metal treatments as well as the aerospace industry ecosystem in Malaysia.

Tanjung Offshore and Kilgour will explore the building, operation and setup of a metal treatment plant in Malaysia as part of their diversification into high value manufacturing.

The proposed metal treatment plant will carry out metal surface treatment, chemical processing, NDT (non-destructive testing) activities and coating applications specialising in the aerospace industry.

Other topics of collaboration include market development, technology transfer and technology acquisition planning, human capital development programmes, research and development opportunities and other related areas to become an integral part of the Malaysian aerospace industry ecosystem.

"We're excited to be venturing into the Malaysian aerospace industry with Kilgour.

"They bring 50 years of in-depth technical know-how from the global aerospace industry in manufacturing complex components and assemblies.

"Hence, it's a strong collaboration for us to set a firm footing into the industry and in working towards the global standards of aerospace requirements," said Tanjung Offshore chairman Datuk Nik Norzul Thani N. Hassan Thani in a statement yesterday.

Kilgour Aerospace Specialists Ltd chief executive officer Ray Kilgour is optimistic about the future of the aerospace industry here in Malaysia.

"This synergistic partnership will provide an avenue for knowledge transfer to the local workforce and allows both parties to accelerate the development of this growing industry in Malaysia.

"For us to develop and invest in this space, where we can bring our expertise it will contribute both to our business growth and the human capital development in Malaysia," he said.

Bring out the inner child in you with DeGem's fun and playful Pinwheels collection – now available in more variations and beautiful gemstones.

The Pinwheels collection is truly beautiful and special with innovative mechanisms that move and spin as you wear them.

The unique mechanism of the Pinwheels collection enables the pendant to twirl beautifully – giving you the best sparkles when being worn.

Glittering delights

IN 2015, DeGem launched the "Pinwheels" diamond jewellery collection to bring back the inner child in everyone. This unique collection draws its inspiration from the graceful spins of a popular childhood toy – the pinwheel. Following the encouraging response from customers on this collection when it was launched a year ago, DeGem returns with more amazing jewellery pieces that come in an array of mesmerising colours this Christmas.

Combining both creative designs and innovative mechanisms where the jewellery twirls beautifully when one wears them and moves around, the new addition of the Pinwheels collection features a harmonious blend of lovely shades of sapphires in pink, purple, citrus, green and blue.

The spinning pieces of jewellery further enhance the brilliance and scintillation of the colourful gemstones and diamonds as each of its facet dances with the light.

It gives you the best sparkles when worn, making you stand out among the crowd.

Adding in the design elements of snowflakes and blooming flowers in the new Pinwheels collection, DeGem hopes to bring a more colourful festive cheer this Christmas to its loyal customers.

The latest Pinwheels collection is now available in store at all DeGem boutiques.

DeGem is a premier Asian jeweller, renowned for its collection of fine diamonds, rare gemstones and beautiful craftsmanship. It is one of the most respected names in high-end jewellery across the region.

Its retail stores are located in Bangsar (flagship outlet) Ampang Point, 1 Utama (New Wing), Pavilion KL and The Gardens Mid Valley in Kuala Lumpur, Malaysia; and at the exclusive Marina Bay Sands Resort in Singapore, which serves regional clientele.

DeGem is the sole distributor of some of the world's renowned branded jewellery names like Lazare Diamonds (Malaysia), Forevermark (Malaysia) and Victor Mayer. It is also the creator and exclusive jeweller of Infinity – the foremost brand of wedding bands and celebration jewellery in the region.

DeGem caters to discerning customers with its flawless collection comprising the company's finest line-up of the rarest and most exclusive diamonds and gems.

It also offers a range of GIA-certified (Gemological Institute of America) diamonds and the most comprehensive collection of internationally certified coloured gemstones.

To provide a more personalised feel, DeGem also offers "haute joaillerie" or made-to-order jewellery services.

■ For more selections of the perfect Christmas sparkles this festive season, visit any DeGem boutiques or e-mail marketing@degemdiamond.com with your enquiry.

Sparkle captivatingly this festive season with DeGem's fancy-coloured sapphires and diamonds.

Another beautiful Pinwheels in luscious pink and blue sapphires set with round brilliant diamonds in this unique collectible necklace.

Source : Star Biz
Date : 16 December 2016 (Friday)

Gold retreats to lowest in 10 months

Precious metal beaten lower as US interest rates increase

SINGAPORE: Gold just took it on the chin, socked by the Federal Reserve.

The precious metal retreated to the lowest level in 10 months after US policy makers combined an expected jab in increasing interest rates with a surprise punch that they expect a faster pace of tightening next year.

Bullion for immediate delivery lost as much as 0.7% to US$1,134.89 an ounce, the lowest since Feb 3, and traded at US$1,136.97 in London, according to *Bloomberg* generic pricing.

The metal sank 1.4% on Wednesday and fund holdings plunged after the Fed's revised outlook, which now suggests three hikes in 2017, up from two previously.

Gold is being beaten lower as US interest rates increase, buoying the dollar, and investors expect that president-elect Donald Trump will stoke growth through spending, helping US equities rally to records.

That's spurred outflows of metal from exchange-traded funds, which dropped by the most since 2013.

The commodity has lost 14% since the end of September.

"The FOMC was upbeat and more hawkish than anticipated," Australia & New Zealand Banking Group Ltd said in a note, referring to the rate-setting Federal Open Market Committee. "Notably, there was a shift in the median dot plots to three hikes in 2017 from two previously."

While the 25 basis point rate increase had been fully anticipated by investors after the move was telegraphed in recent weeks by policy makers, the tweak to the central bank's outlook for next year hadn't been foreseen. Higher borrowing costs tarnish bullion's allure as the metal doesn't bear interest.

> **The markets were expecting the 25 basis points, nothing dangerous in that.**
>
> David Lennox

"The markets were expecting the 25 basis points, nothing dangerous in that," David Lennox, a resources analyst at Fat Prophets in Sydney, said by phone.

"But I don't think they liked the fact that perhaps we'll see a greater pace of rate increases in 2017 and of course that impacted the US dollar."

Mining companies were hit as investors weighed the outlook for bullion next year.

In London, Acacia Mining Plc – the Tanzanian gold producer majority-owned by Barrick Gold Corp – fell 4.9%.

In Australia, Newcrest Mining Ltd, the country's largest producer, and Evolution Mining Ltd both retreated.

Holdings in gold-backed ETFs shrank by 21.8 tonnes to 1,808.8 tonnes on Wednesday, dropping for a 24th day to the lowest since June, data compiled by *Bloomberg* show.

The drop was the biggest single-day outflow in tonnage terms since 2013. – Bloomberg

Source : Star Biz Date : 19 December 2016 (Monday)

Leader Steel sees improved revenue, profit

By DAVID TAN
davidtan@thestar.com.my

BUKIT TENGAH: Leader Steel Holdings Bhd expects its revenue and profit for financial year 2016 to improve by strong double-digit percentage over 2015 due to higher steel prices and stronger demand from the construction, renovation and furniture industries.

Group managing director Datin Tan Pak Say told *StarBiz* that the pricing of steel pipes was now around RM3,000 per tonne, about 25% higher than in early January.

She said steel pipe prices had increased due to the stringent conditions regulating the entry of imported steel products.

"Since late 2013, imported steel products need to have product certificate licensing and certificate of approval to sell in the country.

"As a result, there is less competition from low-quality steel products from overseas.

"The anti-dumping duties introduced in early 2015 for hot-rolled and cold-rolled coil from China is also beginning to produce results," she added.

Tan said that since January, the group had seen orders from the construction, renovation and furniture industries increased by more than 15%.

"Our new production line installed at the Sungai Bakap plant late last year has helped us to cope with the new orders by raising output by more than 10%," she said.

Growing orders: Leader Steel plant in Bukit Tengah. Since January, the group has seen orders from the construction, renovation and furniture industries increased by more than 15%.

For the nine months of the financial year ended Sept 30, 2016, Leader Steel had returned to the black with a net profit of RM5.2mil on the back of a RM120mil revenue, compared with a net loss of RM2.5mil and a revenue of RM121mil previously.

Last year, the group posted a net loss of RM872,000 on the back of a RM32.5mil turnover.

Moving forward, the group expects the trend in orders to maintain in 2017.

"The prices of steel should maintain also. We can expect a strong double-digit percentage growth for the group in 2017.

"We plan to increase our production capacity by about 20% for 2017 to produce more variety of steel products in different sizes," she added.

On its business operations in Sarawak, Tan said the plant there had recently obtained SIRIM certification for its steel products sold in East Malaysia.

"The certification will help the group to broaden its customer base in East Malaysia," she said.

On the trading segment which contributes about 20% of the group's revenue, Tan said Leader Steel's manganese products were sold largely in China.

"The price of manganese has risen by more than 50% since early this year," she added.

Source : Star Biz **Date : 21 December 2016 (Wednesday)**

Steel could shine in 2017 as China expands capacity controls

SHANGHAI: China has handed the resurgent global steel industry an early boost for next year, with a clampdown on illegal mills that Citigroup Inc says could benefit the world's biggest producers.

A campaign by China to shutter some induction furnaces, which use scrap as a raw material, may hit as much as 5% of the country's output, bank analysts including Jack Shang and Tracy Liao wrote in a note received yesterday.

That's raising prices for Chinese steel, and is poised to prop up iron ore and coking coal markets when blast furnaces ramp up to fill the gap, they said. That will boost steelmakers including ArcelorMittal, the world's biggest.

"China is the largest exporter of steel in the world and Chinese export prices effectively put the floor under the global steel prices in our view," the analysts wrote. The crackdown is "changing the investment case for global steel stocks, iron ore and coking coal," according to the note.

The closures in four provinces show China is using an expanding toolbox of policies to restructure the world's biggest steel industry after decades of growth.

Stricter environmental rules, and this direct action against illegal small producers, add to measures to cut capacity. At the same time, moves to stimulate growth in Asia's biggest economy have benefited global steelmakers, with China's exports poised to fall in 2016 for the first time in seven years.

Steel in Europe and the US could rise US$50 to US$80 a tonne in the next month if Chinese prices hold at current levels, Citigroup said. The price of benchmark hot rolled coil shipped from China has already jumped to US$530, the highest since 2013, according to Beijing Antaike Information Development Co.

Industry data for November shed an early light on how tighter restraints might play out next year, especially if this year's resurgent demand is sustained. Run-rates at China's steelmakers didn't budge in November from October, even though prices were surging on a fresh bout of optimism for demand.

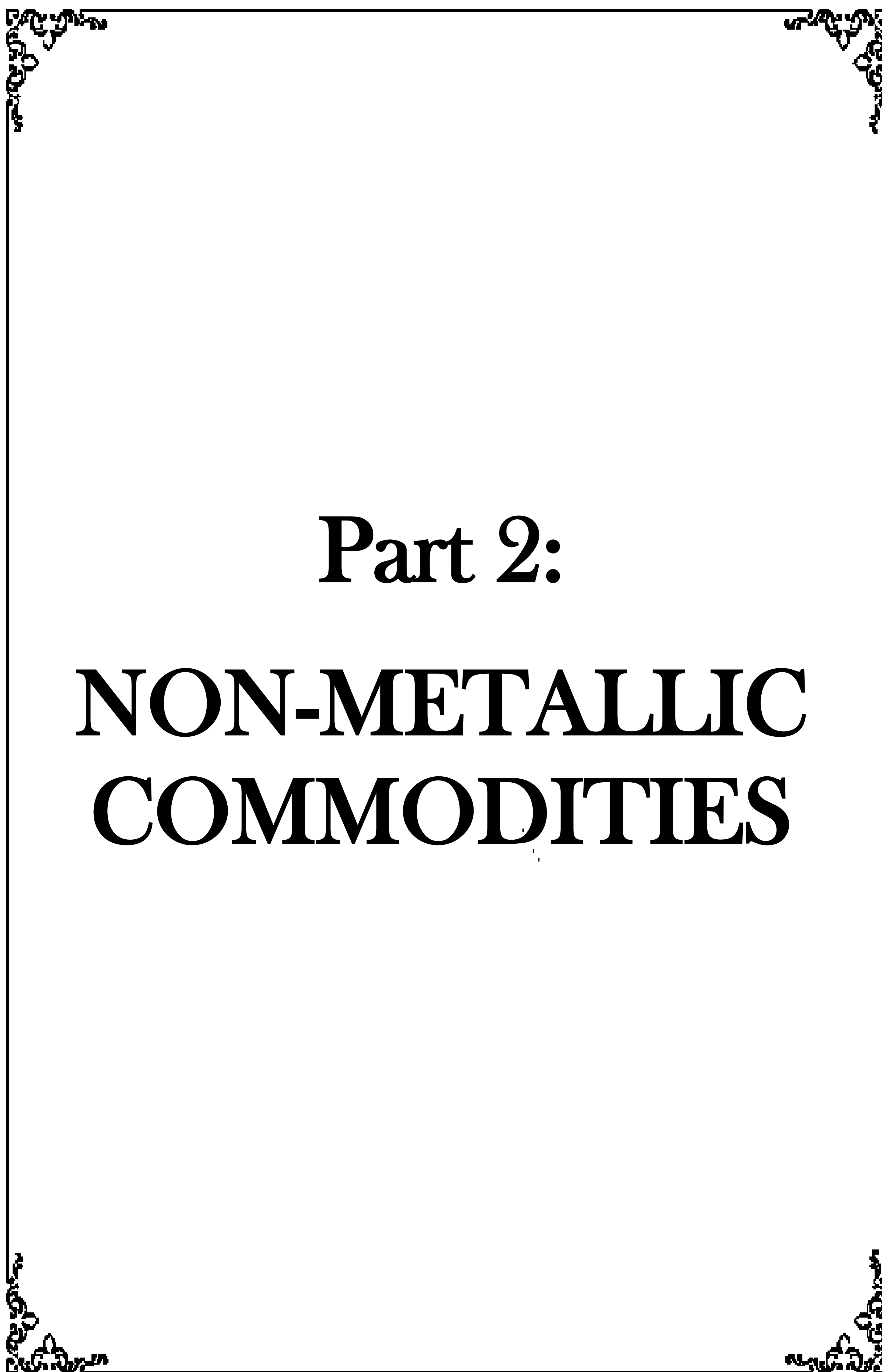
That's a sign that environmental inspections which began in late-November were already having some impact, analyst Kevin Bai of CRU Group.

Citigroup singled the world's No.1 producer ArcelorMittal as benefiting from the furnace shutdowns, because it sells iron ore and coking coal to third parties, as well as shipping steel. The firm's value has surged 135% this year. The swing from scrap to mined raw materials could generate as much as 5 million tons a month of additional iron ore demand, and an extra 2 million tonnes of coking coal consumption, helping to prop up prices, Citigroup said.

"China has focused this year on the so-called zombie plants, but next year it's going to target operational capacity," Ren Zhuqian, chief analyst at consultancy Mysteel Research, said from Shanghai last week.

She said it's possible that steel could follow the coal industry next year, with more direct government intervention.

"Supply-side reform has effectively lifted coal market sentiment this year and the market expects that to shift to the steel sector." – Bloomberg



Part 2:

NON-METALLIC COMMODITIES

Source : Star Biz **Date : 15 December 2016 (Thursday)**

Asahi Glass to buy 59% stake in Vinythai from Solvay

TOKYO: Japan's biggest glass maker, Asahi Glass, said it would buy a controlling 59% stake in Thai plastics company Vinythai from Belgium chemical firm Solvay SA.

The Japanese maker of autoglass and display panel components would pay 33.5 billion yen (US$291mil) for the stake, with the purchase to be completed by the end of June next year, it said in a statement released through the Tokyo Stock Exchange.

Asahi Glass said the purchase of Vinythai was aimed at bolstering its chemicals business in South-East Asia, and would have no impact on the business year that ends Dec 31.

Vinythai makes construction materials and coatings used by car manufacturers and consumer electronics makers.

For Solvay, the deal represents a further withdrawal from PVC production after the sale of its European operations and the impending divestment of its Brazilian activities as it seeks to concentrate on specialty chemicals and polymers.

RusVinyl, a 50-50 joint venture with Russia's Sibor which started operations in 2015, will be its remaining PVC interest. Solvay executive Vincent De Cuyper said the company had no intention of selling this stake. – Reuters

Source : Star Biz Date : 16 December 2016 (Friday)

World energy hits a turning point: solar that's cheaper than wind

NEW YORK: There's a transformation happening in global energy markets that's worth noting as 2016 comes to an end: Solar power, for the first time, is becoming the cheapest form of new electricity.

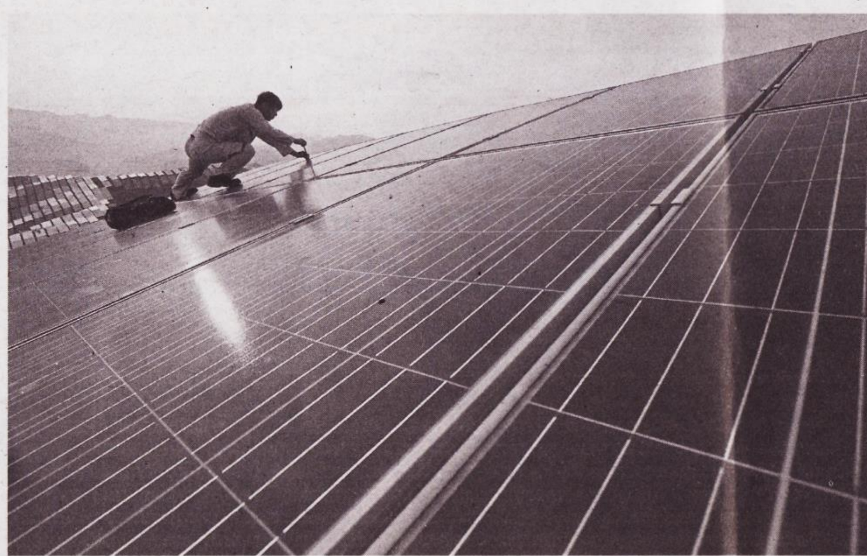
There have been isolated projects in the past where this happened: An especially competitive auction in the Middle East, for example, resulting in record-cheap solar costs. But now unsubsidised solar is beginning to outcompete coal and natural gas on a larger scale, and notably, new solar projects in emerging markets are costing less to build than wind projects, according to fresh data from Bloomberg New Energy Finance.

While solar was bound to fall below wind eventually, given its steeper price declines, few predicted it would happen this soon.

"Solar investment has gone from nothing-literally nothing-like five years ago to quite a lot of money," said Ethan Zindler, head of US policy analysis at BNEF. "A huge part of this story is China, which has been rapidly deploying solar" and helping other countries finance their own projects.

This year has seen a remarkable run for solar power globally. Auctions, where private companies compete for massive contracts to provide electricity, established record after record for cheap solar power. It started with a contract in January to produce electricity for US$64 per MW-hour in India; then a deal in August pegging US$29.10 per MW hour in Chile. That's record-cheap electricity-roughly half the price of competing coal power.

"Renewables are robustly entering the era of undercutting" fossil fuel prices, BNEF chairman Michael Liebreich said in a note to clients this week.



Dawn of a new era: Unsubsidised solar is beginning to outcompete coal and natural gas on a larger scale, and notably, new solar projects in emerging markets are costing less to build. – AP

Those are new contracts, but there are plenty of projects reaching completion this year, too. When all of the 2016 projects are tallied in coming months, it's likely that the total amount of solar photovoltaics added globally will exceed that of wind for the first time. The latest BNEF projections call for 70 gigawatts of newly installed solar in 2016 compared with 59 gigawatts of wind.

The overall shift to clean energy is more expensive in wealthier nations, where electricity demand is flat or falling and new solar must compete with existing billion-dollar coal and gas plants. But in countries that are adding new electricity capacity as quickly as possible, "renewable energy will beat any other technology in most of the world without subsidies," said Liebreich.

The world recently passed a turning point and is adding more capacity for clean energy each year than for coal, natural gas, and oil combined. Peak fossil fuel use for electricity may be reached within the next decade.

Yesterday's BNEF's report, called Climatescope, ranks and profiles emerging markets for their ability to attract capital for low-carbon energy projects. The top-scoring markets were China, Chile, Brazil, Uruguay, South Africa, and India.

When it comes to renewable energy investment, emerging markets have taken the lead over the 35 member nations of the Organisation for Economic Cooperation and Development (OECD), spending US$154.1bil in 2015 compared with US$153.7bil by those wealthier countries, BNEF said. The growth rates of clean-energy deployment are higher in these emerging market states, so they are likely to remain the clean energy leaders indefinitely, especially now that three quarters have established clean-energy targets.

Still, the buildup of wind and solar takes time and fossil fuels remain the cheapest option for when the wind doesn't blow and the sun doesn't shine.

Coal and natural gas will continue to play a key role in the alleviation of energy poverty for millions of people in the years to come. – Bloomberg

Source : Star Biz Date : 21 December 2016 (Wednesday)

Amazing secrets of Maifan stone

LA gourmet has developed the Truly Oriental Healthy Claypot with far infrared rays (FIR) and alkaline benefits.

The Truly Oriental toughened claypot, constructed of special clay and spodumene from Australia, emits FIR when the pot is put to boil.

FIR is a naturally occurring form of energy. These rays are a part of the electromagnetic light frequency of sunlight, yet invisible to the human eye.

Recent research shows FIR being emitted when food is being cooked in these Truly Oriental claypots.

La gourmet International LLC discovered the amazing secret of Maifan stone and has infused this into the special clay and spodumene to produce the incredible Truly Oriental Claypots with both FIR and alkaline benefits.

The Truly Oriental toughened claypot, constructed of special clay and spodumene from Australia, emits FIR when the pot is put to boil.

What is Maifan stone?

Maifan stone or bakuhanseki (in Japanese) is nature's miracle mineral rock that contains micronutrient elements such as calcium, zinc, magnesium, copper, selenium and such – all essential to a healthy human body.

Infusing Maifan Stone into Truly Oriental Claypot will help to enhance the micronutrient density in the water. What is most amazing is the Maifan stone infused in the claypot has also turned the water more alkaline, which is healthy.

SAES (Sumika Analysis and Evaluation Service) Laboratory has tested water boiled in Truly Oriental Claypot infused with Maifan stone for the pH value measured on a scale of 1 to 14 with 1 being very acidic and 14 being very alkaline.

The results:

– Water before boiling in Truly Oriental Claypot: pH Value is 7.10

– Water after boiling in Truly Oriental Claypot for one hour: pH Value is 9.09

Several water filter systems in Canada and the US, for example Berkey Water, Canada, are also using Maifan Stone to alkalise the water and raise the pH level of drinking water, which will help strengthen immunity and improve digestive health as alkaline water rids the body of acid waste.

Truly Oriental toughened claypot by La gourmet was introduced into Malaysia some 15 years ago.

Today, the Truly Oriental Claypot has evolved with great innovation as spodumene and Maifan stones are added into the production of this healthy claypot.

The production of the claypot goes through several processes and it is fired in the kiln at 1,2800C, making the Truly Oriental Claypot toughened – it will not crack due to sudden changes in temperature.

Stringent measures are taken to ensure the claypot is 100% safe and Truly Oriental Claypot is tested and by SGS laboratories to be free of lead and cadmium.

The Truly Oriental Toughened Claypot by La gourmet is available in major department stores and the speciality shops of House of Presentation, Kitchen Shop and La gourmet Boutique Shops.

■ La gourmet sole country distributor Katrin BJ Sdn Bhd can be contacted at 03-8023 3939 or e-mail marketing@katrinbj.com.

Source : Star Biz
Date : 22 December 2016 (Thursday)

Four firms get go-ahead to build solar power plants

They join Edra in developing renewable energy sources in M'sia

By **SHARIDAN M. ALI**
sharidan@thestar.com.my

PETALING JAYA: Malaysia seems to be going on an overdrive to develop renewable energy sources.

Four more utility companies – Tenaga Nasional Bhd (TNB), Malakoff Corp Bhd, Mudajaya Group Bhd and Integrated Logistics Bhd (ILB) – have been accepted by the Energy Commission (EC) to develop large-scale solar photovoltaic plants.

The first company to get the green light to build a large-scale solar power plant was 1Malaysia Development Bhd's (1MDB) energy unit, Edra Global Energy Bhd. In 2014, Edra was given the mandate to build a 50MW solar power plant in Kulim, Kedah.

1MDB Solar Sdn Bhd, a subsidiary of 1MDB, had signed a 25-year, power purchase agreement (PPA) with TNB in April 2014.

Edra was supposed to be listed last year and the solar power plant developed gradually. However, the listing plan fell through.

Subsequently, 1MDB sold Edra to China Nuclear Power Corp, a company from China, in a deal valued at RM9.83bil as part of its debt-rationalisation programme.

TNB in a filing with Bursa Malaysia yesterday said: "The 50MW large-scale solar photovoltaic plant would be located in Kuala Langat, Selangor, subsequent to a competitive bidding process conducted by the EC."

"The letter of acceptance of offer requires TNB to satisfy certain obligations, including completion of negotiations and execution of project," it said.

> **"The 50MW large-scale solar photovoltaic plant would be located in Kuala Langat, Selangor, subsequent to a competitive bidding process conducted by the EC."**
>
> Tenaga Nasional Bhd

It was reported in January that the Energy, Green Technology and Water Ministry would be calling for a request for proposal (RFP) to develop up to 250MW solar power plants this year.

Meanwhile, Malakoff and its partner DRB-Hicom Environmental Services Sdn Bhd (DHES), a wholly owned subsidiary of DRB-Hicom Bhd, will undertake the construction and development of a 50MWac large-scale solar photovoltaic plant of approximately 200 acres, which will be situated in Tanjung Malim, Perak.

The equity holding between Malakoff and DHES in the consortium is on a 51% and 49% basis, respectively.

"The project involves the financing, designing, supplying, building, owning, operating and maintenance of a 50MW large-scale solar photovoltaic plant on a build, own and operate basis, with the expected commercial operation date on July 1, 2018 for a term of 21 years under the PPA."

Both filings did not mention the value of their projects.

Mudajaya's unit – Mudajaya Corp Bhd – meanwhile, has accepted the letter of offer from the EC to undertake the development of a large-scale 49MW solar photovoltaic plant in Kuala Kangsar, Perak, for RM270mil.

"The construction period for the project (in Sungai Siput) is 18 months from the finalisation of the award, and it is expected to contribute positively to the earnings of the group for the financial year ending 2018 onwards," it said in a filing with Bursa Malaysia.

In the case of ILB, it said it had received a conditional letter of acceptance of the RFP bid for the development and operation of a solar photovoltaic plant of 10MW in Bandar Bukit Kayu Hitam, Kedah.

China has some of the biggest solar energy equipment producers in the world. Of late, there have been Malaysian companies teaming up with companies from China to bid for renewable energy jobs.

For instance, on Dec 12, Lejadi Group via its bumiputra construction subsidiary, Lejadi Infra Sdn Bhd, signed a joint-venture agreement with Chinese company Global Solar Co Ltd to jointly bid for engineering, procurement and construction projects of solar and renewable energy plants in Malaysia.

Source : Star Biz Date : 22 December 2016 (Thursday)

Lafarge Cement's RM500mil sukuk rated AA2

PETALING JAYA: Lafarge Malaysia Bhd unit's proposed Sukuk Wakalah programme of up to RM500mil has been assigned AA2/ Stable/P1 ratings by RAM Rating Services Bhd.

The programme to be issued by Lafarge Cement Sdn Bhd (LCSB) comprises of the Islamic medium term notes (IMTN) and commercial papers (2017/2024).

RAM Ratings said concurrently, the AA2/ Stable/P1 ratings of Lafarge Malaysia Bhd's RM350mil Islamic securities programme (2010/2017) have been reaffirmed.

"The credit profile of LCSB reflects its importance as the main operating entity of Lafarge Malaysia, having contributed over 70% of the group's revenue and operating profit before depreciation, interest and tax (OPBDIT) over the past few years.

"Lafarge Malaysia sells its cement entirely through LCSB. Therefore, the ratings of LCSB's proposed sukuk are equated to those of Lafarge Malaysia.

"LCSB is financially strong on its own and has no external borrowings at present. Even after the issuance of the proposed sukuk, its net gearing ratio is anticipated to remain strong at 0.3 times," it said in a statement.

RAM Ratings said the reaffirmation of Lafarge Malaysia's ratings reflected its expectations the group will overcome near-term industry challenges given its established market position within the local cement sector, its highly integrated operations and operational support from the global network of its parent, LafargeHolcim Ltd.

LafargeHolcim is the world's largest producer of building materials.

However, the group's financial performance has been affected by the increasingly competitive operating environment.

Heightened pressure on cement prices due to the industry's expanded capacity and lower consumption – attributable to slower property launches and the delayed rollout of infrastructure projects – resulted in a 35.8% on-year decline in OPBDIT for nine-month financial December 2016.

However, its pre-tax profit tumbled 74.80% amid heftier finance costs.

Higher tax expenses owing to the depletion of reinvestment and capital allowances as well as the non-deductibility of interest expenses had further eroded its net profit.

"The group's profitability is unlikely to improve until demand for cement picks up in 2017, when some mega infrastructure projects commence.

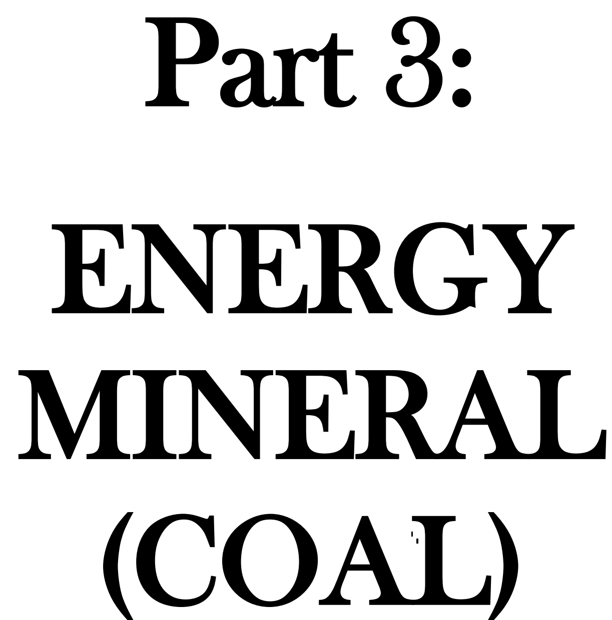
"Despite the sharp decline in profitability, Lafarge Malaysia's financial profile remains robust. As at end-September 2016, its adjusted net gearing ratio and annualised funds from operations debt cover (FFODC) stood at a respective 0.14 and 0.44 times," it said.

RAM Ratings said the first issuance of the proposed sukuk would be used will be used to refinance RM280mil of Islamic securities maturing in January 2017, the group's gearing should remain fairly unchanged.

While the group's FFODC could decline to between 0.30 and 0.40 times in FY December 2017 due to challenging operating conditions, the metrics remain supportive of its ratings.

"Going forward, we do not expect any significant increase in the group's borrowings in the absence of major capex.

"With three integrated cement plants and two grinding facilities strategically located across the peninsula, the group can produce up to 14.9 million tonnes of cement annually (about 40% of the industry's production capacity)," said RAM Ratings.



Part 3:

ENERGY MINERAL (COAL)

Source : Star Biz
Date : 02 December 2016 (Friday)

China set to implement North Korea UN sanctions

Measures expected to deal big blow to Pyongyang's coal exports

BEIJING: Beijing will "seriously" implement new United Nations sanctions imposed on North Korea over its nuclear and missile programmes, it said, with the measures set to hit Pyongyang's lucrative Chinese coal exports hard.

UN Security Council Resolution 2321, passed on Wednesday, caps the North's annual coal exports at little more than four months of current sales to China, Chinese government data showed.

Spearheaded by the United States, the response to the hermit state's latest nuclear test in September was approved 15-0 after extended negotiations.

It limits North Korea's coal exports next year to 7.5 million tonnes or just over US$400mil (RM1.7mil), down 62% from 2015.

The cap represents a fraction of the North's current annual exports to China, the isolated country's sole ally and its main provider of trade and aid.

China imported 1.8 million tonnes of coal worth US$101mil (RM450mil) from North Korea in October alone, according to the most recent figures available on the Chinese Customs website. The volume was up nearly 40% year on year.

Beijing will "seriously" implement the resolution, foreign ministry spokesman Geng Shuang told reporters at a regular briefing yesterday.

China, a veto-wielding permanent Security Council member, had a "responsible attitude", he added, and had always implemented UNSC resolutions and fulfilled "its international obligations according to the UN charter".

Trade with the world's second largest economy is crucial for the isolated and impoverished North, which has suffered regular food shortages and an outright famine in the mid-1990s.

The North's coal exports to the Asian giant have continued despite previous UN sanctions, which included exemptions allowing trade to go on for "livelihood" purposes, but did not set criteria for the determination. — AFP

Source : Star Biz **Date : 05 December 2016 (Monday)**

Hewson: Australia's loss of AAA rating is inevitable

SYDNEY: It's only a matter of time before Australia loses its *AAA* credit rating as the nation's budget falls further into deficit, according to John Hewson, a former Liberal Party leader and central bank economist.

"The fact that we are going to lose the triple-A credit rating is a foregone conclusion, it's just a question of timing," Hewson, who was leader of the Liberal opposition in the 1990s, told Sky News TV.

Hewson said he hasn't seen any realistic debate by the government or opposition about how to return the budget to surplus by the end of the decade.

Australia's budget has been in deficit since 2008 and isn't forecast to return to surplus until at least 2021, according to the latest one released by Treasurer Scott Morrison in May.

Australia's *AAA* rating is still under pressure even as coal prices climb, Kim Eng Tan, a senior director of sovereign ratings for Asia Pacific at S&P Global Ratings, said on Nov 30.

Australia is a major exporter of coal.

The government has struggled to rein in its fiscal shortfall as lower commodity prices have crimped revenues and parliament has stymied savings measures.

Political uncertainty from the 2016 election, which the Liberal-National coalition won with a one-seat majority, continues to contribute to Australia's negative outlook, Tan said on a webcast.

S&P said in July there was one-in-three chance it could lower the country's top credit rating within two years.

BlackRock Inc's head of Australia fixed-income Stephen Miller said in November that Australia could be stripped of its *AAA* rating as early as this month if the government's interim budget review shows further deterioration.

Morrison is due to release a mid-year economic and fiscal outlook on Dec 19.

Australia is currently the highest-yielding issuer among 10 nations with top ratings from the three major assessors, and a downgrade could lessen the appeal of Aussie debt for international investors who hold the majority of the country's sovereign notes. — Bloomberg

Source : Star Biz
Date : 06 December 2016 (Tuesday)

Adani secures milestone in planned Aussie coal project

MELBOURNE: India's Adani Enterprises Ltd reached a milestone in its bid to build a controversial US$16bil coal project in northern Australia, winning approval for part of a rail link to service the planned mine.

The mine has now secured all major state and federal government approvals, said the Queensland state government, whose premier will meet with chairman and founder Gautam Adani in the northern city of Townsville today.

Adani was also expected to meet with Prime Minister Malcolm Turnbull yesterday, amid local media speculation the federal government could contribute A$1bil (US$740mil) in rail funding. "I do expect to meet Mr Adani and I have got no doubt we will be discussing his proposed substantial investment in Queensland," Turnbull said in Melbourne.

The Carmichael mine has faced years of legal delays and rollercoaster coal prices, amid strident opposition from environmentalists opposed to coal mining and concerned at the impact the mine will have on the Great Barrier Reef.

Adani, India's biggest solar power producer and top coal-fired generator, said in October it was preparing to start construction of the mine in 2017, although it still faces several court challenges and appeals.

Queensland state premier Annastacia Palaszczuk said she would meet Gautam Adani today to gain an assurance the firm would use local labour for the coal, rail and port project. — Reuters

Source : Star Biz **Date : 07 December 2016 (Wednesday)**

Carmichael coal project 'back on track', says Adani Australia CEO

SYDNEY: India's Adani Enterprises said it aims to start construction around mid-2017 on a controversial US$16bil coal project after clearing all major government approvals for the project.

"We want to start construction in the middle of next year," Adani Australia chief executive Jeyakumar Janakaraj told reporters in Townsville, where he announced an agreement with the Queensland state government to hire local workers.

"I can confidently say to you, Adani and our Carmichael project is back on track," he added.

Since starting work on the project six years ago, Adani has battled opposition from green groups who say it will contribute to global warming.

Environmentalists have lobbied banks not to provide loans and a number, including Germany's Deutsche Bank and Commonwealth Bank of Australia, have stated they will not participate in the project.

Adani, which this week secured the last of the major state and federal government approvals its needs, has still to announce funding for the mine, rail and port project.

"There will be early works we plan to start in the quarter of June-July and we would want to start the main works from the last quarter of the year," Janakaraj said.

Comprising six open-cut pits and five underground collieries, environmentalists fear the mine will produce so much coal for export to India that it will require a mega-port expansion into the Great Barrier Reef World Heritage Area.

Adani has said the project would not threaten the reef, while creating thousand of jobs and providing India with cleaner buring coal only found in Australia.

"If Australia doesn't produce and give India high-quality, highly sustainable mining, it is going to rely on coal that will come from lesser reliable geographies," he said.

Adani has argued the mine is needed for Indian Prime Minister Narendra Modi is to keep his promise to bring electricity to hundreds of millions of people living off the grid, but opponents say it is not a done deal.

"They still have major hurdles before achieving the financing for this project," said Moira Williams, a campaign leader for environmental group 350.org. – Reuters

Source : Star Biz
Date : 13 December 2016 (Tuesday)

EIA: Growth in global coal demand to slow over next 5 years

LONDON: Growth in global coal demand would slow over the next five years due to lower consumption in China and the United States and as renewable energy sources gain ground, the International Energy Agency (IEA) said.

The IEA said last year that the world's top coal consumer, China, could be facing peak coal demand for the first time due to measures to cap coal use to tackle air pollution and curb excess supply.

"In China, coal demand is in structural and slow decline driven by a new economic growth model and diversification of coal," the Paris-based IEA said in its medium-term coal market report.

Even though China's consumption is likely to have peaked, the country will still be the largest coal user over the next five years.

Its coal demand should decrease slightly to 2.816 billion tonnes of coal equivalent by 2021, compared with 2.896 billion tonnes of coal equivalent in 2014. – Reuters

Source : Star Biz
Date : 14 December 2016 (Wednesday)

China coal miners boost output as winter nears

BEIJING: China's coal miners ramped up output in November, but production was still down year-on-year and power consumption rose at its fastest pace in years, underlining the government's difficulties as it tries to avert a winter energy crisis.

The data was the strongest sign yet that miners are struggling to comply with government orders to crank out more thermal coal supplies for the power sector ahead of the busiest and coldest months of the year.

Production in November fell to 308.1 million tonnes, up 9% from October, but still down 5.1% from a year ago, the National Bureau of Statistics data showed.

The pace of output cuts year-on-year slowed compared with double-digit percentage drops since March and analysts expect data to register a rise in December, the first in at least 18 months, as fresh supplies hit the market.

But the data surprised some market followers after a senior industry executive on Monday said output had grown month-on-month and year-on-year and after a series of emergency measures by the government to boost output.

Mining executives say increasing capacity or reopening idled mines has been slow, particularly for smaller companies, as they have to rehire workers and refurbish equipment.

"Production is recovering very slowly towards the year-end," said a Shaanxi Yulin based coal executive, adding that it takes a long time to reopen a small mine.

Separate data on Tuesday showed monthly power consumption rose 9% in November on a year earlier, the fastest pace since February 2014.

The jump is partly due a vicious cold snap that gripped northern China early last month and better-than-expected manufacturing levels. Still, the combined numbers illustrate the task facing Beijing as it scrambles to replenish supplies ahead of the cold winter months and quell a months-long rally in prices, which have doubled since May.

Some of the steps taken reversed major policies introduced earlier this year aimed at tackling a glut and cutting the world's top energy market's dependence on fossil fuels by closing mines and limiting the number of operating days. – Reuters

Source : Star Biz Date : 22 December 2016 (Thursday)

Coal traders see end of price rally as China ramps up output

PRAGUE: Coal's recovery was one of the biggest surprises in commodities this year, but it's all poised to end as output rises from China, producer of half the world's supply.

After half a decade of declines, European prices rebounded more than 80% as China, also the world's biggest consumer of the fuel, boosted imports. Benchmark month-ahead contracts will fall by 25% by the end of next year, according to the median in a *Bloomberg* survey of six analysts and traders.

Just as Chinese policy limiting mining days kick-started the rally, a gradual boost in domestic output during autumn will accelerate a slide, according to analysts. Once seasonal winter demand in the northern hemisphere is over, China will need less imports at the same time as abundant output by other producers will keep a lid on prices from Australia to Antwerp.

"The market is going to be determined by whatever the Chinese are going to do," said Thomas Pugh, a commodities economist at Capital Economics Ltd in London, who predicted a price of US$60 in the survey. "Everything else fades into the background."

Forecasts ranged from US$57.50 to US$75 a tonne. Month-ahead fuel for delivery to Amsterdam, Rotterdam or Antwerp traded Tuesday at US$82.80 per tonne. Coal at Australia's Newcastle port as well as front-month futures on China's Zhengzhou Commodity Exchange, are up more than 70% this year.

The speed and magnitude of the price recovery prompted Chinese officials to loosen curbs ahead of winter. China restricted output earlier this year to the equivalent of 276 days of annual capacity to reduce a glut and support prices to aid the debt-burdened industry, before relaxing rules in September.

Chinese mine: File photo showing mine workers handling large volumes of coal at the Haizhou opencast mine in Fuxin in northeast China's Liaoning province. – EPA

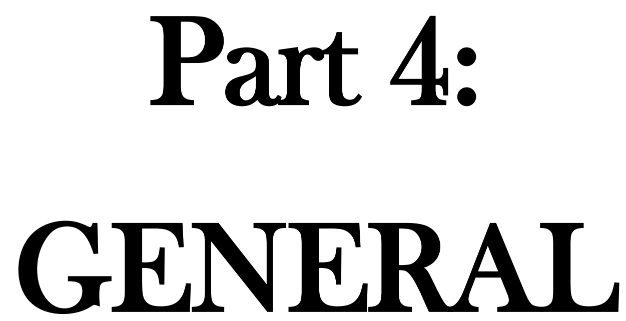
Chinese coal production in November climbed to the highest level this year. Average daily output jumped 13% from the previous month, according to Bloomberg calculations based on data from the National Bureau of Statistics.

Prices may gain further before falling once the winter is over, according to Erik Stavseth, an analyst at Arctic Securities in Oslo, who's tracked the market for almost a decade. That may encourage some of the world's biggest suppliers from Australia to Indonesia to ramp up output, even if China doesn't immediately reduce imports, which would help push prices back down, he said.

At the same time, global coal use will "stall and plateau" over the next five years, according to the Paris-based International Energy Agency. While supply remains abundant, demand in Europe and the U.S. will decline further as their economies switch to cleaner energy sources, it said in a report this month.

Europe in particular is unlikely to change course, according to Georgi Slavov, head of research at Marex Spectron Ltd in London. The "temporary excitement" in the market caused by prolonged unexpected outages at Electricite de France SA's nuclear plants this year probably won't be repeated, so demand for replacement fuels like coal will fall again, he said.

Adding to the bearish outlook is the US election of Donald Trump, who has pledged to revive his country's coal mining industry and repeal environmental regulations passed under President Barack Obama. If Trump makes good on his promises and throws failing US mines a safety line, increased output would drive prices lower, said Guillaume Perret, the director of Perret Associates in London, an industry consultant. – Bloomberg


Part 4:
GENERAL

Source : Star Biz Date : 02 December 2016 (Friday)

A good time to give focus to remanufacturing

REMANUFACTURING is a growing industry that is fast gaining recognition as an economically viable activity, along with its benefits in protecting the environment.

Remanufactured items are virtually indistinguishable from similar new items yet offer "like new" condition and performance under full warranty despite the lower prices.

Amid increasing global awareness on the need to reduce carbon footprints and the austerity drive in challenging economic times, remanufacturing has assumed a higher level of importance.

It involves the refurbishment or restoration of used, worn-out or obsolete parts, equipment, machinery and vehicles for transformation into a "new" condition. These products carry warranty periods similar to new products. Items restored using a combination of reused, repaired and new parts are more often than not cheaper without compromising usability, safety and efficiency.

Examples include reconditioned car parts in the automobile industry and excavating machinery in the mining industry.

It has to be stressed that remanufacturing is not the use of second-hand parts. Remanufactured items must match the same customer expectations for new products. They have to go through stringent testing to ensure that they meet the same performance specifications.

Leading the way in global remanufacturing activities are the United States and Europe, while many other countries are increasingly warming up to its economic, environmental and social benefits and are actively developing their remanufacturing industries.

Global Industry Analysts Inc. has projected the global market for remanufactured automotive parts to reach US$140bil by 2020.

Besides the huge economic impact, the industry also generates positive multiplier effects in terms of fostering investment, boosting infrastructure development and creating highly skilled, value-adding employment opportunities.

The remanufacturing industry is based on the concept of delivering quality at lower cost and promoting the reduction of waste and conservation of resources through the use of components and materials recovered from used items.

> **Using remanufactured items can help reduce the country's foreign exchange outflow and its current account deficit.**

There are currently 39 companies in Malaysia involved in remanufacturing. They are domestic oriented and have narrow sectoral focus, producing items using varying manufacturing processes with varying levels of warranty.

Leading the remanufacturing activities in Malaysia are the electronics and IT sectors (with 19 companies involved), automotive parts and components sector (10 companies) and plant machineries and equipment sector (eight companies).

The International Trade and Industry Ministry has also been tasked by the Government to develop a policy for Malaysia's remanufacturing industry which will act as a roadmap for its long-term development.

There are several compelling reasons to promote remanufacturing aggressively in Malaysia.

The economic justification is strong. Malaysia spends considerably on imports of vehicles, equipment, parts and components to power its economy, hence using remanufactured items can help reduce the country's foreign exchange outflow and current account deficit.

It can also lower the capital and operational expenditures of local industries and businesses dependent on imported items.

From the point of view of human capital development, the remanufacturing industry could foster the nurturing of skilled workers who are crucial in undertaking the dismantling, cleaning, restoration, reworking, assembly and testing activities.

Next Page >>

>> From Page 28

The remanufacturing industry could also attract foreign direct investment and talents into the country, and foster research and development activities.

Last but not least, remanufacturing activities also contribute towards sustainable development and reduction of greenhouse gases (GHG).

The marine industry provides a potentially attractive platform for remanufacturing. It is a global industry which utilises a wide range of vehicles (such as ships, trucks and stackers), equipment (cranes, engines and pumps) and parts which have to meet stringent technical standards.

The economic logic of remanufacturing becomes more pronounced amidst the current challenging landscape of the marine industry, which has been hit hard by the global recession that started in 2008.

Local shipping companies are struggling amid low demand for shipping services to support seaborne trade and offshore exploration and production activities.

Exposure to foreign exchange from purchasing imported parts and equipment adds to the woes of operating in a very challenging business environment.

Using remanufactured products could help reduce the local marine industry players' dependence on expensive imported products.

It could also help promote the development of a new subsector which will benefit the economy.

A vibrant remanufacturing sector within the marine industry would not do harm to Malaysia's ambition to become a regional logistics hub and a globally competitive maritime nation which hosts world-class ports and local and foreign players in the marine industry.

In this regard, remanufacturing in the marine industry has great potential to be developed in Malaysia.

Being a nation dependent on the marine industry to facilitate its trade and power its economic growth, there will always be high demand for marine assets and services in this country.

As it stands, there is only a handful of local companies involved in remanufacturing activities in the marine industry, namely for parts and components such as engines, valves and pumps.

They operate on a small scale and focus on serving the small domestic market amid low demand for remanufactured products from local companies.

They make do without any policy support, incentives or core pool of skilled or technical workers.

To promote remanufacturing in Malaysia's marine industry, the following enablers must be in place:

> A facilitating policy covering aspects such as well-defined legal and institutional framework, market access, licensing, certification and incentives;

> Provision of customised incentives to marine industry players in terms of financing, importation of core components, human capital development and OEM, among others;

> A set of standards for remanufactured products for the marine industry;

> A core group of skilled and technically adept workers able to undertake the range of activities in remanufacturing;

> Availability of specialised supporting services such as inspection, testing, R&D, design, accreditation, licensing, after-sales service, consultancy and others;

> Efforts to educate and increase awareness of industry players of the viability of using remanufactured products;

> Assistance to players in remanufacturing to promote their products to domestic and international markets; and

> Promotion of remanufacturing as a key subject at local universities and research institutes.

With the above enablers in place, Malaysia could become a player in remanufacturing in the marine industry which would not only benefit the relevant practitioners but also the economy as a whole.

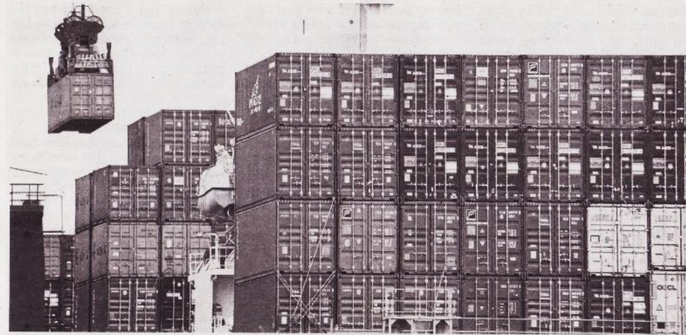
The ingredients for success are already there. It is just a matter of having the right recipe in the form of a well-defined and visionary policy to harness them, and strong cooperation between the stakeholders in Malaysia's marine industry to capitalise on the wave of remanufacturing that's now sweeping the world.

NAZERY KHALID
Honorary Secretary
Association of Marine Industries of Malaysia

Source : Star Biz **Date : 09 December 2016 (Friday)**

China's November trade up unexpectedly

It's a sign of global pick-up but Trump clouds 2017



Upbeat data: Exports rose 0.1% from a year earlier, defying predictions for a 5% slide. Demand from all of China's major trading partners improved significantly, especially Europe and the United States, though shipments to emerging economies remained weak. – AP

BEIJING: China's imports grew at the fastest pace in more than two years in November, fuelled by its strong thirst for commodities from coal to iron ore, while exports also rose unexpectedly, reflecting a pick-up in both domestic and global demand.

The upbeat data add to signs of a modest industrial recovery in the world's largest economies, even as China and other Asian exporters brace for a potential trade war once protectionist US president-elect Donald Trump takes office.

"The improvement reflects a strengthening in global demand, with recent business surveys suggesting that developed economies are on track to end the year on a strong note," Julian Evans-Pritchard, China economist at Singapore-based Capital Economics, said in a note.

"But while global demand has recovered somewhat recently, lower trend growth in many developed and emerging economies means that further upside is probably limited." China's November imports expanded 6.7% on-year, confounding expectations for a drop of 1.3% and the strongest gain since September 2014, data showed yesterday.

Exports rose 0.1% from a year earlier, defying predictions for a 5% slide. Demand from all of China's major trading partners improved significantly, especially Europe and the United States, though shipments to emerging economies remained weak.

That left the country with a trade surplus of US$44.61bil for the month, the General Administration of Customs said, versus forecasts of US$46.30bil and October's US$49.06bil.

Analysts polled by *Reuters* had expected a more modest drop in November exports after a 7.3% contraction in October, while imports had been seen falling at roughly the same pace.

China's imports of major commodities including iron ore, crude oil, coal, soybeans and copper all surged in November, despite a sharp weakening in its yuan.

While some analysts have worried that sharp commodity price rises could be masking still sluggish demand, the data showed imports rose in both value and volume terms.

A government infrastructure building spree and housing rally have fueled a construction boom in China this year, spurring demand for building materials from steel bars to cement.

China imported 91.98 million tonnes of iron ore in November, the third highest monthly tally on record, while imports of copper, used in plumbing and wiring, surged 31%.

China also imported its largest volume of coal in 18 months, as utilities rebuilt stocks to cope with higher winter demand.

Its strong appetite has helped fuel a reflationary pulse in global commodities worldwide.

Some market watchers, however, suspected the spike in metal imports may have been due to shipments being delayed from October during the country's long National Day holiday. Top suppliers Australia and Brazil may have also ramped up iron ore exports to China to meet annual targets as the year-end nears.

"The rise in copper imports reflected in part a rise in Shanghai Futures Exchange inventories and stronger demand from the Chinese power and construction sectors," said Vivek Dhar, a commodities analyst with Commonwealth Bank in Melbourne.

"The debate dividing the market is whether this growth can be sustained into next year, or will things flatten out. This isn't necessarily clear just yet."

Rocky road ahead?

The better-than-expected trade figures cement expectations that China's government will once again meet its full-year growth target, which this year was set at 6.5% to 7%.

But the world's largest trading nation could be heavily exposed to protectionist measures next year if Trump follows through on campaign pledges to brand it a currency manipulator and impose heavy tariffs on imports of Chinese goods.

South Korea and Taiwan are worried, too. Both also reported stronger-than-expected exports in November.

"We would not think of the positive (China) numbers as an inflection point. Of all the high frequency economic data over the year, trade headwinds are likely to be the most severe, and the most uncontrollable, due to trade policies of other countries," said Chester Liaw, an economist at Forecast Pte Ltd in Singapore.

China is squarely in Trump's sights. Its trade surplus with the United States has widened steadily over the past years, expanding 6.5% to US$367.11bil in 2015, US Census Bureau data showed.

Even if Trump does not try to impose punitive measures, growing protectionist sentiment could have a chilling effect on trade and investment worldwide.

The chief of China's sovereign wealth fund said yesterday he expected Trump to be very careful in considering whether to increase tariffs in line with his election promises because it would not be in US interests. The United States is China's largest trading partner.

Stubbornly weak export demand has dragged on China's economic growth to the point where Beijing did not even set a trade target this year.

That has forced policymakers to rely on higher government spending and record bank lending to boost activity, even at the risk of adding to a mountain of debt.

China's exports in the first 11 months of the year fell 7.5% from the same period a year earlier, while imports dropped 6.2%.

Analysts have warned that a property boom which has generated a significant share of economic growth this year may be peaking, threatening to snuff out a spectacular months-long rally in Chinese commodities prices. – Reuters

Source : Star Biz
Date : 19 December 2016 (Monday)

Value of construction jobs down slightly

But association is still optimistic its RM200bil target will be met

By DAVID TAN
davidtan@thestar.com.my

GEORGE TOWN: The value of construction jobs given out in the country over the past nine months declined slightly to RM97.29bil from RM98.36bil in the same period of 2015.

Despite the decline in value, the Penang Master Builders and Building Materials Dealers' Association (PMBBMDA) immediate past president Datuk Lim Kai Seng said the association was still optimistic that its targeted RM200bil in value of jobs would still be achieved.

The RM97.29mil generated 3,899 jobs, compared to 5,571 created in the same period of 2015.

Of the RM97.29bil, more than RM15bil was obtained from Government contracts, while the private sector provided over RM70bil worth of contracts.

Last year, the value of contracts awarded in the country was about RM138bil, which created over 7,000 jobs.

"We are expecting more jobs from the Government sector to come in during the final quarter of 2017. Some of the jobs may have already been awarded, but have yet to be captured in the recent nine-month Construction Industry Development Board (CIDB) report.

"We expect new job opportunities from mega-infrastructure schemes like the light rail transit, mass rapid transit, West Coast Expressway, Central Spine Road linking Kuala Krai in Kelantan and Simpang Pelangai in Pahang, and the Pan-Borneo Highway in Sabah, to raise the value of jobs to RM200bil," he said.

In Penang, Lim said the value of jobs awarded over the past nine months was RM2.83bil, which generated 272 jobs, compared to RM8.1bil achieved in the same period of 2015, which created 527 jobs.

"The target for 2016 is to achieve RM6bil for the local construction industry, which we believe is achievable.

"We believed that many of the jobs for affordable projects in Penang has yet to be captured in the nine-month CIDB report," he said.

On the pricing of steel, Lim said there was currently a shortage of steel, which had caused prices to spiral upwards.

"The price of steel bars is now hovering at RM2,500 per tonne, compared to RM1,900 per tonne in September.

"The price of cement has also increased to about RM17 per 50kg bag from RM11.60 per 50kg bag in early 2016."

Lim said the price hike was unlikely to have an immediate impact on housing prices as developers had already locked onto the pricing of raw materials prior to the increase.

"Contractors are the ones who have to suffer as they have to bear the differences in the cost of materials," he added.

Ample opportunities: Labourers work at a construction site in Kuala Lumpur. Last year, the value of construction contracts awarded in the country was about RM138bil, which created over 7,000 jobs. — Bloomberg

Source : Star Biz Date : 14 December 2016 (Wednesday)

An eye on renewable energy

THE world's climate change enthusiasts concluded their meeting in Marrakesh, Morocco, last month. In the words of the organisers: "The Conference has successfully demonstrated to the world that the implementation of the Paris Agreement is underway and the constructive spirit of multilateral cooperation on climate change continues."

Some view the statement as over optimistic considering recent sceptical rhetoric from the US which many see as equivalent to ridiculing the entire climate change claim.

Since the US is seen as a key player in the global fight to neutralise climate change, the days ahead will surely prove to be challenging times for climate change activists everywhere.

Whatever it is, many of the solutions for climate change lie in our choice of energy.

Countless studies have concluded that unless people wean themselves off their addiction to fossil fuels, there is no way the world can win the fight against climate change.

Next Page >>

>> From Page 31

Renewable energy has been touted as the alternative to fossil fuel. However, implementing renewable energy is not without its challenges. Cost is one. At the current comparatively low price of crude oil, the cost competitiveness of renewables has been severely eroded.

Of course, the proponents of renewable energy will argue that the costs should also take into account environmental and health costs. Incorporating such costs would put renewable energy in a better position. Notwithstanding the costs disadvantage, many countries are actively promoting renewable energy for the longer term.

Many still believe that crude oil prices are set to rise in the longer term.

Indonesia is one country which has indicated strong interest in investing in renewable energy infrastructure.

This became clear at a recent conference organised by CONFEXHUB in Jakarta. Titled "Renewable Energy for Indonesia 2016 (RE4I)", the conference attracted close to 200 participants.

By the year 2025, the population of Indonesia is expected to reach 285 million, the highest among Asean member nations. And the people there are in no mood to slow down growth. Large families are still common in Indonesia.

Growth in demand for national energy is inevitable. One important development is that, since the middle of the last decade, Indonesia has switched from being a petroleum exporting nation to a petroleum importer.

This transition has created even more urgency to look at alternative sources of energy.

Estimates have put the potential in new and renewable energy (NRE) in Indonesia at 200,000MW of electricity-generation. So far, only 6.8% has been realised.

In 2014, Indonesia's National Energy Policy set a target of 23% renewable energy to be produced by 2025. This would require an investment of around 1,600 trillion rupiah.

The hosting of the Second Renewable Energy for Indonesia 2016 provided a good platform for potential investors to understand the key development issues of investing in the country's renewable energy sector.

The speakers selected also provided useful information on how to effectively manoeuvre the many stages of getting investment approval in a country which is still struggling to reduce bureaucracy not only at the central level but more so at the provincial level.

Fortunately, we were told that the processes have vastly improved.

Admittedly, it would be hard to resist the attractive potential Indonesia offers.

It has an estimated geothermal energy potential of 29GW, equivalent to about 40% of the world's total geothermal reserves.

A new law has been passed which separates geothermal from other mining activities, thus paving the way for geothermal exploration in the country.

The Geothermal Fund Facility (GFF) provides support to mitigate risks, as the government ventures to make investments in geothermal energy more attractive.

Indonesia has an estimated 75,670MW of hydropower potential. And 95% of the hydropower potential is still unutilised. Participants were also given the latest update on the country's Feed-in Tariffs (FiTs) for hydropower projects.

Investors at the conference concurred that they are attractive.

It also became obvious to many at the conference that it would be difficult for players in RE to ignore the potential Indonesia offers.

It was also a relief that Malaysia was represented at the conference since we do have renowned experts in the field.

PROF DATUK DR AHMAD IBRAHIM
Academy of Sciences Malaysia
UCSI University

Press Cutting
Issue 02/2017
February 2017
(For internal use only)

by;

MINERAL ECONOMICS SECTION

JABATAN MINERAL DAN GEOSAINS MALAYSIA
MINERALS AND GEOSCIENCE DEPARTMENT MALAYSIA
19th – 22nd Floor, Tabung Haji Building
Jalan Tun Razak
50658 Kuala Lumpur

Tel : +603 - 2161 1033
Fax : +603 - 2161 1036
+603 - 2161 3302
Website : www.jmg.gov.my