PRESS CUTTINGS

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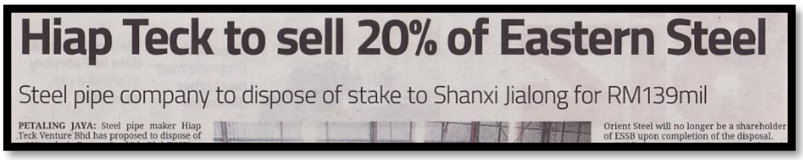

Hiap Teck to sell 20% of Eastern Steel

Steel pipe company to dispose of stake to Shanxi Jialong for RM139mil

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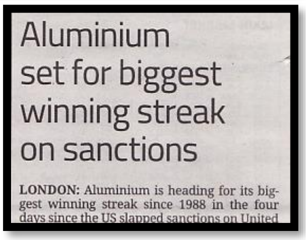
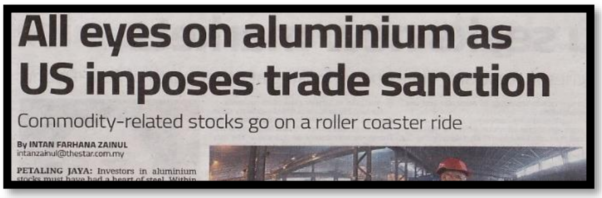


Aluminium set for biggest winning streak on sanctions

LONDON: Aluminium is heading for its biggest winning streak since 1988 in the four days since the US slapped sanctions on United



All eyes on aluminium as US imposes trade sanction

Commodity-related stocks go on a roller coaster ride

By INTAN FARHANA ZAINUL
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PETALING JAYA: Investors in aluminium

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Metallic Commodities

Part 1:

METALLIC COMMODITIES

Source : StarBiz Date : 05 April 2018 (Thursday)

Hiap Teck to sell 20% of Eastern Steel

Steel pipe company to dispose of stake to Shanxi Jialong for RM139mil

PETALING JAYA: Steel pipe maker Hiap Teck Venture Bhd has proposed to dispose of a 20% stake in Eastern Steel Sdn Bhd (ESSB) to Shanxi Jialong Industry Co Ltd for RM139.3mil to find a new strategic partner that can help turn ESSB around.

In a filing with Bursa Malaysia, Hiap Teck said the disposal would also help kickstart ESSB's operations, which is principally involved in manufacturing, selling and dealing in a range of steel products using a blast furnace plant.

ESSB is a joint-venture company between Hiap Teck, Orient Steel Investment Pte Ltd and Chinaco Investment Pte Ltd.

ESSB's operations have been halted since 2015 due to depressed market prices and soft demand for steel slabs, as well as the increased volatility of foreign exchange rates.

"The proposed disposal is in line with Hiap Teck's plan to bring in a new strategic partner to resume the operations of ESSB, as Orient Steel has decided to exit its investments in ESSB due to a change in its corporate strategy.

"The proposed disposal represents an opportunity for Hiap Teck to partner with an established and experienced steel player, namely, Jianlong who can bring value in terms of capital, technical expertise and resources that can support ESSB in its resumption of production and to further expand its steel business," said Hiap Teck.

Hiap Teck said it had entered into an equity and debt transfer agreement with Jianlong on April 3 for the disposal of 89.52 million shares of a 20% stake in ESSB for a total cash consideration of 225.6 million yuan, equivalent to approximately RM139.3mil.

Stake sale: A Hiap Teck facility. The company says the disposal will also help kickstart ESSB's operations, which is principally involved in manufacturing, selling and dealing in a range of steel products using a blast furnace plant.

It added that the proposed disposal would also reduce its capital outlay, as Hiap Teck's portion of the new shareholders' capital injection to resume ESSB's production and operations would be funded from proceeds from the proposed disposal.

Upon the completion of the disposals by Hiap Teck and Orient Steel, Jianlong will hold a 60% stake in ESSB. Hiap Teck's stake will be reduced to 35%.

Chinaco will maintain its 5% stake, while Orient Steel will no longer be a shareholder of ESSB upon completion of the disposal.

"With the new strategic partner, there is potential of a successful turnaround of ESSB.

"This will provide Hiap Teck the opportunity to recoup some of the earlier losses from its balance of a 35% stake still held in ESSB after the proposed disposal," said Hiap Teck.

"Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the proposed disposal is expected to be completed by the first quarter of 2019," it said.

According to the filing, Jianlong is a subsidiary of Beijing Jianlong Heavy Industry Group Co Ltd and has an annual capacity of six million tonnes.

Beijing Jianlong is a major steel producer in China with a total annual production capacity of 24 million tonnes.

In June 2016, Hiap Teck via ESSB inked a memorandum of understanding with Chinese steel products producer Ansteel Group Corp's unit Angang Group Hong Kong Co Ltd to explore, discuss and negotiate areas of cooperation between their units.

This included ESSB's production resumption, future expansion of its production capacity and product range, according to reports. Hiap Teck shares dropped four sen to 36.5 sen yesterday.

Source : StarBiz Date : 10 April 2018 (Tuesday)

Press Metal shares surge as aluminium price rallies

Rise marks significant reversal from downtrend since early last month

By GANESHWARAN KANA
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PETALING JAYA: Press Metal Aluminium Holdings Bhd was the fifth top gainer on Bursa Malaysia yesterday, as the counter surged 13.77% driven by the London Metal Exchange aluminium price rally, following the United States' sanctions imposed on Russian aluminium giant United Company Rusal Plc (Rusal).

South-East Asia's largest aluminium smelter settled at RM4.38 as trade closed yesterday. A total of 12.76 million shares changed hands.

Press Metal's rise in share price marked a significant reversal from its largely downtrend stock performance since early March 2018. The counter had fallen from RM5.79 on March 1 to RM3.85 on April 6.

The rebound in its share price also powered the local bourse's benchmark FBM KLCI, which was up 12.70 points or 0.69% to 1,849.71.

According to Reuters, the London aluminium price had rallied 2% on Monday to US$2,082 a tonne and is expected to rise further, moving forward.

This was primarily on the back of the sanctions on Rusal, which could hamper trade in some 7% of the world's annual supply of the metal.

The newswire also added that the share price of Rusal plunged about 31% on Monday, as investors bailed on the stock after it was included in a new list of US sanctions targeting Russian companies and their owners.

In one of its most aggressive moves to punish Russia for a range of activities, the US imposed sanctions on seven Russian oligarchs, including Rusal's former President Oleg Deripaska, 12 companies they own or control, as well as 17 senior Russian government officials.

Reuters said that the Russian individuals and companies were targeted for profiting from a Russian state engaged in "malign activities" around the world.

In a report, Hong Kong broker Argonaut pointed out that the sanctions against Rusal could raise aluminium prices further.

"Market concerns have it that the sanctions on Rusal and its own technical default assessment may lead to a supply shortage in both aluminium and alumina.

"It is expected that (the aluminium price rise) will extend further," Argonaut said.

According to the broker, Rusal produced some 3.7 million tonnes of aluminium in 2017, which represented about 7% of the world's total. Its annual alumina production of 11.5 million tonnes was also about 7% of the global total, while the company produced about 4% of the world's bauxite.

Source : StarBiz **Date : 11 April 2018 (Wednesday)**

Steel stocks regain strength

Demand outlook stays sound despite ongoing trade spat

By DANIEL KHOO
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PETALING JAYA: Steel stocks on Bursa Malaysia posted strong gains on a continued technical rebound after the demand outlook remained sound in spite of the ongoing United States-China trade spat.

Stocks such as Malaysia Steel Works (KL) Bhd (Masteel), Ann Joo Resources Bhd, Hiap Teck Venture Bhd and Southern Steel Bhd saw strong percentage gains and also dominated the volumes list.

Masteel added 8.5 sen or 10.63% to 88.5 sen, Ann Joo gained 32 sen or 11.03% to RM3.22, Hiap Teck rose four sen or 10.13% to 43.5 sen and Southern Steel climbed 16 sen or 9.36% to RM1.87.

Dealers said prices were staging an upward bounce and cautioned that it may be too early to determine if it had actually bottomed.

"If this buying action is sustained, then it is a good sign in the longer run, but this could just be a mild recovery. Steel stock prices have generally been recovering since last Friday and are already on to their third day of gains," he said.

There is no live ticker for steel prices in Malaysia, but steel bar prices last stood largely flat at RM2,600–RM2,750 per tonne, while steel billet prices declined slightly to RM2,200–RM2,250 for the week ended March 30 from a fortnight ago, according to statistics compiled by the International Trade and Industry Ministry.

The steel price statistics had originally been sourced from the Malaysian Iron and Steel Industry Federation.

Dealers said steel stocks are likely also being buoyed by the rising aluminium price, as sentiment in both steel and aluminium stocks were badly affected in tandem after US President Donald Trump announced tariffs on the two commodities that are imported into the US in the beginning of March.

"Traders might have fully discounted this news and prices are making a noticeable recovery now from their trade tariff lows," a dealer said.

Reuters reported that London aluminium rallied 2% on Monday to US$2,082 a tonne and is expected to rise further on concerns that sanctions by the US on Russian aluminium giant United Company Rusal Plc could hamper trade in some 7% of the world's annual supply of the metal.

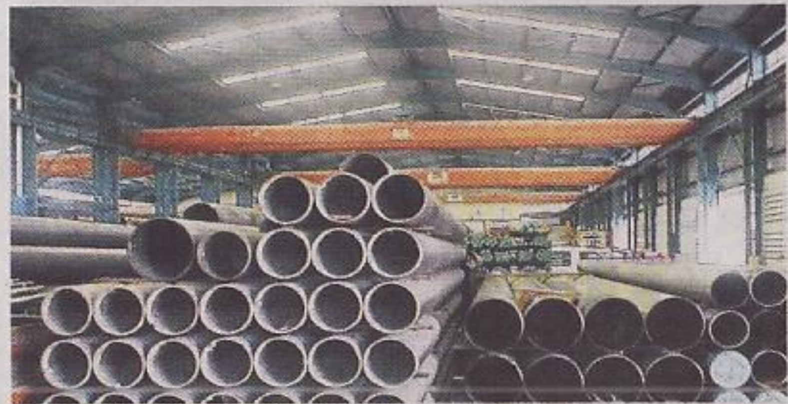
A big gainer on the local bourse from the rise in aluminium prices was Press Metal Aluminium Holdings Bhd, which rose 29 sen to RM4.67.

A steel analyst said that there was no change in demand for the commodity in spite of the new measures by Trump in the US more than a month ago.

"Demand outlook remains unchanged, but sentiments can change," an analyst said.

UOBKayHian Research said in a report on March 20 that gross profit margins for steel producers could show an improvement in the first quarter of the year.

"Our assessment suggests that the gross profit margin per tonne could expand to RM733 per tonne for the quarter (from RM708 per tonne in the fourth quarter of 2017), as the steel bar price climbed 9% quarter-on-quarter to RM2,717 per tonne," UOBKayHian Research said.



Strong gains: Steel stocks such as Ann Joo Resources Bhd see strong percentage gains and also dominated the volumes list.

Source : StarBiz
Date : 12 April 2018 (Thursday)

Aluminium set for biggest winning streak on sanctions

LONDON: Aluminium is heading for its biggest winning streak since 1988 in the four days since the US slapped sanctions on United Co Rusal and as top exchanges said they will stop accepting metal from the Russian smelting giant.

The metal advanced 3% yesterday to US$2,266.50 a tonne by 11am on the London Metal Exchange (LME). That is up 13% since last Thursday, before the US announced sanctions.

Both the LME and CME Group Inc's Comex have said they wouldn't allow new deliveries of metal from Russian billionaire Oleg Deripaska's Rusal, the biggest aluminium producer outside of China.

"I think there's definitely potential for prices to pass recent peaks," Helen Lau, an analyst at Argonaut Securities Asia Ltd, said from Hong Kong.

"Imagine how tight the world market is going to be if you lose a 10th of world supply, even for the short term. More and more companies are responding to the sanctions."

After declining through most of this year, aluminium is heading back toward its peak of US$2,290.50 a tonne reached last December, a more than five-year high.

While Rusal's stock has been hammered in Hong Kong, the rally in aluminium prices has fuelled gains in the shares of rivals worldwide. The block on Russian supplies adds to earlier import tariffs imposed by the US to benefit American producers most.

Alcoa Corp, the largest US producer, has climbed 14% since the close last Thursday, before the sanctions announcement. Rusal shares have dropped more than 50% this week.

The LME introduced a temporary suspension on placing Rusal metal on warrant with effect from April 17 unless the owner demonstrated it wouldn't breach sanctions, the bourse said. — Bloomberg

All eyes on aluminium as US imposes trade sanction

Commodity-related stocks go on a roller coaster ride

By INTAN FARHANA ZAINUL
intanzainul@thestar.com.my

PETALING JAYA: Investors in aluminium stocks must have had a heart of steel. Within the first four months of the year, aluminium prices have been topsy-turvy, amid policy changes in the United States on the commodity.

Simultaneously, shares in South-East Asia's largest aluminium smelter, Press Metal Aluminium Holdings Bhd, have been on a roller coaster ride, alongside the carnage in the market over the US-China trade war.

Press Metal's share price went up to as high as RM5.79 on March 1 but was battered down to a low of RM3.85 on April 6, as investors turn anxious on the impact of the US President Donald Trump's plan to implement tariffs on steel and aluminium imports.

But the counter marked a significant rebound this week, surging more than 23% to close at RM4.75 on Friday, following the US' sanctions imposed on Russian aluminium giant United Co Rusal Plc (Rusal).

Aluminium for delivery in three months climbed as much as 3.6% to US$2,331 a tonne on the London Metal Exchange, the highest since March 2012.

Taking a hit: A worker marks stacks of aluminium ingots at a smelter operated by Rusal in Sayanogorsk, Russia. The sanction by the United States on Rusal has roiled the market and all eyes are now on the other aluminium producers. — Bloomberg

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Additionally, the stock was boosted by the rally in the local bourse's benchmark FBM KLCI.

The sanction by the United States on Rusal has roiled the market and all eyes are now on the other aluminium producers.

It is worth noting that Rusal is the largest aluminium producer in China with more than 6% market share.

Under the sanction, Rusal is barred from conducting any trades in US dollar or doing business with US citizens.

As such, there has been panic buying for aluminium produced outside Russia, which pushes the price of the commodity.

Aluminium prices on the London Metal Exchange (LME) jumped about 9% in the past two days after sanctions on 12 Russian companies, including Rusal.

According to Press Metal head honcho Tan Sri Paul Koon Poh Keong, the company has received additional enquiries for its products this week.

He pointed out that although it is still early to conclude the impact of the sanction on the company's sales, the higher aluminium price is a positive development.

"The market is reacting very strongly to the news of the sanction by the United States on Rusal. The aluminium producers stand to gain from a surge in price," he told *StarBiz*.

"The short-term impact of the sanction is that aluminium price will continue to be supported on the 'high side' due to supply disruption," he added.

Press Metal exports 85% of its products overseas, mainly to Asia and Europe.

The *Financial Times* reported that inventories of aluminium on the LME rose by 9% last Thursday, raising fears that Russian metal is being offloaded.

A total of 94,450 tonnes of aluminium worth US$200mil was placed in LME warehouses, data showed.

The inflow reportedly came after the LME said on Tuesday that it would no longer accept Rusal metal after April 17.

However, Koon reckons that aluminium buyers would prefer to buy aluminium produced outside Russia, especially for companies that exports their end products to the United States.

"It is still the first week of the news on the sanction and so far, the market is still very cautious on the use of the Russian aluminium. Right now, nobody is jumping into any major decision yet," he said.

The sanction by the United States against Russia has triggered a review on the outlook for aluminium producers. For once, will the sanction disrupt the supply of aluminium this year?

According to newswires, aluminium prices saw the highest weekly jump in more than three decades.

Analysts are having a mixed view about the impact of the sanction on Rusal aluminium, as it is still in an early stage.

AmInvestment Research said the fear of Rusal production to be "shed off" from the global market has pushed aluminium prices to an all-time high this week, after the recent plunge for the past seven weeks.

The research house is maintaining its outlook on the aluminium price until further clarity on the two measures by Trump.

It expects average selling price for aluminium at US$2,150 per tonne this year.

"As for now, we believe it is premature to conclude these two measures by the Trump administration – which are to impose 10% tariff on imported aluminium and to impose a sanction on Russia-related entities and individuals – are a done deal," it said in a report.

"We expect Press Metal's share price to swing in tandem with the global aluminium prices," it added.

Meanwhile, an analyst with a foreign bank pointed out that aluminium prices are expected to hold strong due to supply disruption and that the demand for the metal would remain resilient.

"Rusal would need to find a solution to sell its products in the market; until then aluminium prices would remain supported," the analyst said.

Prices of alumina, a key raw material for aluminium production, also increased 26% in the past one month, mainly impacted by a partial shutdown at the world's largest alumina refinery in Brazil.

This would put more pressure on the price of aluminium this year, the analyst added.

Aluminium price rallies

Buyers rush for alternative supplies amid US$3,000 a tonne forecasts

SHANGHAI: Aluminium held near the highest in more than six years as the impact of US sanctions against Russia's United Co Rusal dominated trading more than a week after they were announced, with buyers rushing to secure alternative supplies amid forecasts the price may hit US$3,000 a tonne.

The metal, used to make everything from cans to airplanes, traded at US$2,387 a tonne on the London Metal Exchange (LME) at 11:09 am in Singapore, down 0.5%. On Monday, it rallied as much as 5.2% to US$2,403, the highest since September 2011, following a record gain last week.

The aluminium market is in turmoil following the US action against Rusal, which has unleashed a supply shock that's still unfolding as the company accounts for about 17% of worldwide production outside China. The Russian supplier has been shut out of the Western financial system, lacerating its share price while boosting rivals.

Rio Tinto Group, South32 Ltd and Alumina Ltd are among the potential beneficiaries, according to UBS Group AG.

"The market is looking at US$2,800, US$3,000," Jackie Wang, an analyst at CRU Group, said from Beijing. There are concerns about possible production cuts by Rusal, either because its sales are blocked or the raw material supply chain is affected, according to Wang. LME prices last topped US$3,000 in 2008.

Rusal's shares steadied in Hong Kong after losing more than half their value last week. Russia won't inject sovereign bonds into Rusal's capital as the country doesn't use local-currency sovereign bonds and any public debt to support companies under sanctions, according to the Finance Ministry.

Shares in rival suppliers gained again, including China Hongqiao Group Ltd, which added as much as 2.6% in Hong Kong. In Australia – Alumina Ltd, a partner with Alcoa Corp in the world's largest bauxite and alumina producer – headed for the highest close since 2011.

Prices of alumina, the semi-processed material used to make aluminium, are rocketing. India's National Aluminium Co sold a cargo of alumina last week at US$601 a tonne free-on-board, the highest level at which Nalco has sold in 12 years, chairman T.K. Chand said Monday.

The sanctions have thrown an estimated US$3bil of aluminium produced by Rusal into limbo as metal produced by the company accounts for more than a third of holdings in warehouses monitored by LME. The exchange has banned, with effect from April 17, deliveries of Rusal-branded metal into its sheds.

Russia produces about 6% of global aluminium supply, and any move to extend the scope of sanctions to nickel could see a more significant impact as the nation contributes 10% of supply, UBS said in a note.

While Russian aluminium supplies are getting shunned, China continues to churn out the metal. Data showed China's primary aluminium output rose 4% to 2.78 million tonnes in March. First-quarter production expanded 0.3% to 8.12 million tonnes. — Bloomberg

Source : StarBiz **Date : 19 April 2018 (Thursday)**

Goldman Sachs: Rusal shock may drive aluminium to US$3,000

MUMBAI: Goldman Sachs Group Inc says that the extraordinary rally in aluminium unleashed by US sanctions against United Co Rusal may have way, way further to go, forecasting the metal may spike to US$3,000 a tonne, while raising the possibility of further curbs against Russian coal supplies.

The metal may surge to between US$2,800 and US$3,000 in the near term as the US moves against the second-largest producer have "dramatically affected" the market, the bank said in a note received yesterday as it boosted price predictions for three, six and 12 months. The US$3,000 target is 25% above Tuesday's close, and almost 50% above the price before the curbs.

"US sanctions on Russian oligarchs and the companies that they own or control have dramatically affected the aluminium market," the bank said. "The uncertainty associated with our forecasts is great. In the event that resolutions are not found quickly enough, prices are likely to exceed our forecasts."

The global aluminium market has been upended by the US action against Rusal, which has triggered a worldwide supply shock as buyers seek alternative output, while producers also weigh the fallout for alumina, the semi-processed product that's needed to make the metal. Aluminium prices have already skyrocketed to six-year highs, and Goldman expects further gains before a reversal that may pull them back down to below current levels.

"There is still upside to aluminium prices despite the extraordinary rally," the bank said. "The Russian sanctions came at a time when the upstream alumina market was already facing tightness due to operational issues at the Alunorte refinery in Brazil," it said, referring to Norsk Hydro ASA's refinery.

Yesterday, the metal climbed as much as 2.3% to US$2,460 a tonne on the London Metal Exchange, the highest intra-day level since 2011, and traded at US$2,453 at 9:27 am in London. Goldman's three, six and 12-month outlooks were raised to US$2,500, US$2,300 and US$2,000.

Alumina has surged along with aluminium since the US salvo against Rusal, and there are forecasts it too will go on rising. Alumina prices are heading toward record highs as buyers scramble to secure material after the sanctions, according to India's state-run giant National Aluminium Co or Nalco.

Goldman's note also addressed the possibility of sanctions against other Russian commodities. "In the event that additional sanctions target Russian coal producers, which are a major supplier to European and East Asian markets, the long-dated aluminium price may also become unanchored," it said. "Even the partial loss of Russian coal supply would be enough to tighten the market given spare mining capacity is scarce after years of under-investment."

While aluminium prices are expected to rally further, they're also seen retreating when the market adjusts, including the possibility of more exports from China and a restructuring of Rusal's operations, according to the note. "We expect aluminium prices to fall back to US$2,000 a tonne in 12 months," it said. — Bloomberg

Rally has legs: Aluminium ingots are seen stored at the foundry shop of the Rusal Krasnoyarsk aluminium smelter in Krasnoyarsk, Siberia. Goldman Sachs sees the metal rally still having some way to go. — Reuters

Source : StarBiz
Date : 20 April 2018 (Friday)

Earnings forecasts cut for Press Metal

PETALING JAYA: AmInvestment Research has cut its earnings forecasts for Press Metal Aluminium Holdings Bhd on negative events impacting its supply of alumina, a raw material in the production of aluminium.

In a report, it maintained its "hold" call on the counter and trimmed its fair value by 7% to RM3 from RM3.23 previously, based on 13x revised FD FY19 forecast earnings per share.

The research house said Rio Tinto, one of the largest producers of alumina, has invoked force majeure for certain contracts. In addition, Brazil-based Norsk Hydro Alunorte has halved its alumina production after being accused of contaminating water supply surrounding its site in Brazil.

This comes following US government sanctions on 17 Russian entities including Rusal PLC, causing aluminium prices to soar by 25% over the last two weeks.

"Press Metal is likely to be forced to reduce its annual production amid the global alumina supply shortage. We lower our sales volume assumption by 10% annually to 685,000 tonnes but increase our ASP forecast by 3%, 12% and 12% to US$2,000/tonne, US$2,400/tonne and US$2,500/tonne respectively on the back of an uptrend in alumina prices.

"As such we revised up our alumina price in FY18-20F by 12%, 33% and 33% to US$380/tonne, US$490/tonne and US$520/tonne respectively while other raw material, operating costs and forex assumptions remain unchanged."

Source : StarBiz
Date : 23 April 2018 (Monday)

Rollout of big projects to drive steel industry in 2018

Ann Joo MD says steel sector reforms by China augur well for local millers

By **HANIM ADNAN**
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PETALING JAYA: Steel miller Ann Joo Resources Bhd expects 2018 to be a better year for the local steel industry.

According to its group managing director Datuk Lim Hong Thye, higher steel demand in Malaysia would be driven mainly by the full rollout of several big infrastructure and property projects.

Ann Joo Resources is Malaysia's largest steel company by market capitalisation at RM1.67bil.

The ongoing steel sector reform by China would augur well for local steel millers, Lim said adding that the world's largest steel exporter is planning to reduce another 30 million tonnes of its capacity this year.

In addition, the current trade war between the United States and China with the former slapping tariffs on imported steel from China, is creating uncertainties in the market leading to volatile trading in global steel prices.

"The domestic apparent steel consumption (ASC) would likely climb back to around 10 million tonnes in 2018, given the full rollout of several big infrastructure and property development projects here," Lim told *StarBiz*.

The domestic ASC had been on a flat mode between 2013 and 2016.

In 2017, domestic ASC fell by almost one million tonnes to about 9.15 million tonnes from a year earlier due to the slowdown in the property development sector and the slower-than-expected rollout of large infrastructure projects.

There was also a slowdown in the manufacturing and fabrication sectors last year, added Lim.

Despite better demand outlook this year, Lim, however, warned that there were several key challenges that would threaten the performance of the industry.

"This will include higher raw material costs, especially for those middle and downstream players where their raw materials i.e. the semi and finished steel products, are generally priced much higher than last year.

Lim: The current trade war between the US and China is creating uncertainties in the market.

"Other challenges will involve a higher fuel cost, especially the natural gas price; a worldwide shortage in electrodes, a key consumable used by electric arc furnaces to melt scraps that caused the spot price of electrode to increase by more than eight times; startup/resumption of new steel mills in Malaysia, especially those owned by foreigners, which may cause an overcapacity situation in Malaysia if the original commitment to our government on product mix and export ratio is not strictly adhered to; increasing number of trade actions against Malaysian steel products which will affect the export volume; and lastly, the indirect impact of s232 imposed by the US and the subsequent trade wars between the US and China," explained Lim.

On steel bars, which is the most consumed steel product in Malaysia, Lim said the domestic rebar price is expected to increase due to higher local demand from the full rollout of infrastructure and big property projects here.

He also expects regional demand to be strong for construction steel products.

"The continued steel industry reform in China would further 'normalise' international steel prices, as the dumping activities would then be substantially reduced.

"The shortage of electrode means the supply of rebars would be constrained, as most of the steel mills outside China are using electric arc furnaces to produce rebars," added Lim.

According to the Ministry of International Trade and Industry, which publishes the weekly rebar price, the domestic price stood at RM2,530 per tonne as at April 17.

The China domestic rebar price ranges from 4,000 yuan to 4,500 yuan per tonne, depending on the region and grade of the rebars.

On the continued volatile trading of steel companies' share prices, given the heightened risk of a US-China trade war, Lim said: "Share prices (of local public-listed steel millers) would be highly volatile as the market is full of uncertainty now.

"Any news flow would affect the share prices. But fundamentally, I don't foresee much of a direct impact on local steel players on the trade wars, but the indirect impact is very hard to assess now, thus the high uncertainty."

Meanwhile, UOB Kay Hian in its latest report said the outlook for the steel sector was promising, given the sustainably high local steel prices which are supported by industry consolidation in China.

It also expects local steel demand to gradually improve on the back of the commencement of various mega and infrastructure projects.

The research unit is maintaining a "buy" call on Ann Joo Resources, which is a prime beneficiary of rising demand for long steel products, given its hybrid manufacturing facility and effective capital management.

Source : StarBiz
Date : 25 April 2018 (Wednesday)

Press Metal shares down as aluminium prices plunge

PETALING JAYA: Shares in Press Metal Aluminium Holdings Bhd took a hit as global aluminium prices plunged, following indications of lighter US sanctions against Russia's United Co Rusal.

Press Metal shares closed lower by 31 sen or 6.1% at RM4.79.

The price of aluminium fell to the US$2,300-per-tonne level from over US$2,500 per tonne after the US Treasury said on Monday that it would reduce or lift sanctions against Rusal if its major shareholder, Russian tycoon Oleg Deripaska, sells off his stake in the company.

The US also extended the deadline for US businesses to end their dealings with Rusal, and comply with the sanctions to Oct 23 from June 5.

Rusal produces about 6% of the global supply of aluminium and alumina, which is a major raw material for the production of aluminium.

The sanctions, which were imposed on April 6, had earlier caused prices of the metal to soar over fears of reduced supply.

Aluminium prices have risen to over US$2,500 per tonne from a year-to-date low of US$1,960 per tonne and Press Metal has been a beneficiary of this.

Its share price rose to a high of RM5.23 on April 19 from RM3.83 on April 6.

UOB KayHian Research noted that the price of alumina was likely to dive as well, in view of the latest development, from its recent peak of US$670 per tonne.

It said alumina accounts for about 35% of Press Metal's cost of goods sold.

The research house said Press Metal had locked in most of its alumina requirement for 2018 based on the formula tied to the LME spot price movement with aluminium prices for a portion of its 2018 sales volume unhedged.

Source : StarBiz
Date : 30 April 2018 (Monday)

Asia gold buyers unimpressed by price dip; India shifts to premium

MUMBAI: Physical gold demand lacked vigour in most Asian hubs this week amid a slight dip in prices, while the yellow metal switched to a premium in India for the first time in over 1½ months due to a correction in local rates.

In India, dealers were charging a premium of up to US$1 an ounce over official domestic prices. This compared to a discount of US$1 last week as the country celebrated the annual Akshaya Tritiya festival, when buying gold is considered auspicious.

However, retail demand in India, the second-biggest gold consumer after China, remained subdued. "Many retail consumers made purchases last week during the Akshaya Tritiya festival. Now retail buying is weak," said Daman Prakash Rathod, a director at MNC Bullion, a wholesaler in Chennai.

Demand in China is slow, not too much activity.

Ronald Leung

In the local market, gold futures were trading at around 31,186 rupees per 10 grams, after rising to 31,620 last week, their highest since August 2016.

"Jewellers were waiting for a price correction. As prices are falling, they could start replenishing inventory in coming weeks," said a Mumbai-based dealer with a private bullion-importing bank.

Meanwhile, physical gold markets remained quiet in most other Asian regions, except for Singapore, which saw a slight pick-up in buying.

Benchmark spot gold prices were on course for an over 1% decline this week, pressured by a thaw in tensions on the Korean peninsula and a stronger dollar as investors looked to riskier assets such as equities.

In China, premiums ranged between US$8 and US$9 an ounce over the benchmark, versus US$5 to US$7 previously.

"Demand in China is slow, not too much activity," said Ronald Leung, chief dealer at Lee Cheong Gold Dealers in Hong Kong.

Premiums of 50 US cents to US$1.50 an ounce were being charged in Hong Kong, mostly unchanged from last week's 50 cents-US$1.20.

"Not too many people are interested (in gold) because of the strong dollar. It's too expensive for people to buy," said Peter Fung, head of dealing at Wing Fung Precious Metals in Hong Kong.

In Singapore, premiums inched lower to 60-70 US cents from 70 cents to a dollar last week. "This week started quieter. But in the last two days gold prices came off because of a stronger dollar and we saw good demand," said Brian Lan, managing director at dealer GoldSilver Central in Singapore.

In Japan, gold was sold at par with the global benchmark for the fourth straight week. — Reuters

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