PRESS CUTTINGS

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Steady growth anticipated for the glass industry

By TENNIELLE CHUA
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KUALA LUMPUR: The glass industry is expected to experience steady growth by reinvesting within its

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OM Sarawak plans RM61mil plant

Bintulu sinter plant expected to be operational in the second quarter next year

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Part 1:

METALLIC COMMODITIES

OM Sarawak plans RM61mil plant

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By JACK WONG
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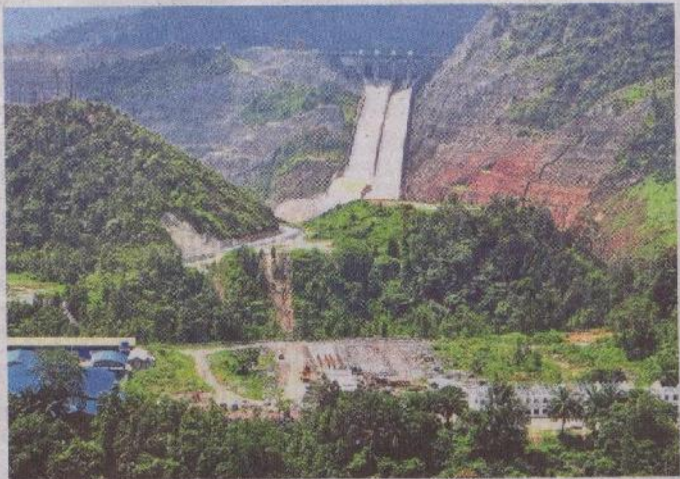


Hydro-electric power: OM Sarawak will obtain renewable energy supply from Bakun dam (2,400MW) and Murun dam (944MW). — Bernama

KUCHING: OM Materials (Sarawak) Sdn Bhd (OM Sarawak), which owns a ferrosilicon and manganese alloys smelting plant in Samalaju Industrial Park, Bintulu, will invest about A$20mil (RM61mil) in a sinter plant project.

The proposed plant, which will have a production capacity of 250,000 tonnes per annum, is expected to be operational in the second quarter of 2019 (2Q19), according to ASX-listed OM Holdings Ltd (OMH).

OMH owns 75% stake in OM Sarawak, with its joint venture partner Cahya Mata Sarawak Bhd (CMS) holds the balance 25% equity interest.

The smelting plant has a production capacity of 200,000 tonnes to 210,000 tonnes per annum of ferrosilicon alloys and 250,000 tonnes to 300,000 tonnes per annum of manganese alloys.

On-site sinter production has synergies with OM Sarawak's manganese tailing retreatment and contributes to cost savings in raw material, OMH said in its latest investors' presentation in conjunction with the release of its third-quarter results ended Sept 30, 2018 (3Q18).

OMH is investing A$12mil in a tailing retreatment plant project with ore fine production of 250,000 tonnes per annum. The plant is scheduled for pre-delivery commissioning at the company's contractor facility in South Africa in January 2019 before shipment to Australia. Commissioning of facilities at OMH Bootu Creek, Australia is scheduled in 2Q19.

According to OMH, a sinter plant would fit into the group's activities as the plant would get together iron ore dust with other fine materials at high temperatures to create sinter for use in blast furnaces.

Subsidiary OM (Qinzhou) Co Ltd currently owns a sinter plant in Guangxi, China with an annual capacity of 300,000 tonnes.

Reviewing the operating performance of OM Sarawak's smelting plant, OMH said all the 16 units of 25.5 megavolt-ampere furnaces under phase one were in full production in 3Q18. Nine of the furnaces produce standard grade ferrosilicon, one producing refined ferrosilicon and the remaining six furnaces producing manganese alloys.

Ferrosilicon production volume rose by 11% to 58,121 tonnes from 52,171 tonnes in 2Q18 with the commencement of production from the final furnace in June

However, the plant's production volume of manganese alloys fell by about 9% to 55,628 tonnes from 61,229 tonnes during the same period due to the development and production of higher grades of manganese alloys as demanded by the market. These grades command a premium but require more power to produce.

"The plant successfully produced a premium grade of SiMn (low carbon silicomanganese) during 3Q18, thus expanding the product mix offerings and elevating OM Sarawak's position to one of the few ferroalloy producers capable of supplying in bulk this strategic resource for the stainless steel industry," said OMH.

During the quarter under review, the ferrosilicon furnaces achieved an average daily production output of about 64 tonnes per furnace. The production have consistently exceeded the furnace design capacity of 55 tonnes per furnace per day since 1Q16.

"The SiMn and high carbon ferromanganese (HCFeMn) furnaces have also outperformed their respective furnace design capacity of 100 tonnes of SiMn and 150 tonnes of HCFeMn per furnace per day, with average daily production output achieved of 102 tonnes and 152 tonnes respectively for 3Q18."

In 3Q18, OM Sarawak raised the sales of ferrosilicon by 37% to 61,179 tonnes from 44,766 tonnes in 2Q18 while the sales of manganese alloys rose by 6% to 57,097 tonnes from 53,782 tonnes during the same period.

OMH attributed the higher sales mainly to strong ferroalloy demand.

OM Sarawak has recently secured an additional 50MW, bringing total supply from Sarawak Energy Bhd (SEB) to 350MW to support its smelter's high production rates. It is seeking an additional 100MW, which according to OMH, has been agreed in principle but is subject to the necessary approvals.

OM Sarawak has signed a 20-year fixed-escalation power tariff with SEB, which supplies green and renewable energy from its Bakun hydro-electric dam (2,400MW) and Murun dam (944MW) to energy-intensive industries in Samalaju Industrial Park. Another major dam in Baleh will generate 1,285MW when commissioned by 2025 to beef up supply to heavy industries in the Sarawak Corridor of Renewable Energy.

With hydro-power, OMH said OM Sarawak had a competitive advantage over marginal producers in China which operate on higher costs of electricity, the main cost component in smelting operations.

"OM Sarawak has a cost advantage over current marginal suppliers, even without Chinese export duty." China is the world's leading producer of ferrosilicon and one of the dominant producers of manganese alloys.

Source : StarBiz
Date : 23 November 2018 (Friday)

Lithium king bets big with Australia mine deal

Albemarle invests US$1.15bil in JV with Mineral Resources

SANTIAGO: Albemarle Corp agreed to pay US$1.15bil for a stake in a giant lithium mine in Australia, guaranteeing the biggest producer of the mineral greater access to a more refined form of the raw material that's increasingly being used in electric-car batteries.

The Charlotte, North Carolina-based company will take a 50% stake in a potential joint venture with Mineral Resources Ltd that will own and operate the Wodgina hard-rock lithium deposit with a mine life of over three decades.

Under the deal, Albemarle will manage the marketing and sales of lithium hydroxide, which fetches a higher price than lithium carbonate. Mineral Resources rose as much as 33%, the most since July 2006, in Sydney trading yesterday.

Albemarle plans to expand output in Australia to gain from rising demand for lithium hydroxide, also known as spodumene. The mineral works better with cathodes containing higher levels of nickel, helping electric cars go further on a single charge.

The deal signals the company's swift reaction toward shifting demand that has previously been concentrated mostly on lithium carbonate.

"It makes sense for the company to diversify its spodumene assets to ensure growth in their hydroxide supply chain," Andrew Miller, a senior analyst at Benchmark Mineral Intelligence said by email.

"Those producing hydroxide from spodumene will only be competitive on cost if they integrate raw material and chemical production, and this is a position Albemarle is clearly trying to strengthen through the Mineral Resources JV."

Total demand for lithium is expected to almost triple through 2025 as manufacturers such as Tesla Inc ramp up electric vehicle production.

Albemarle announced earlier this month it was halting a project to increase output capacity in its operations in Chile beyond 2021.

That project would have produced lithium carbonate. Instead, the company will focus on expanding its Kemerton plant in Western Australia, which processes hard rock from the Greenbushes mine to produce lithium hydroxide.

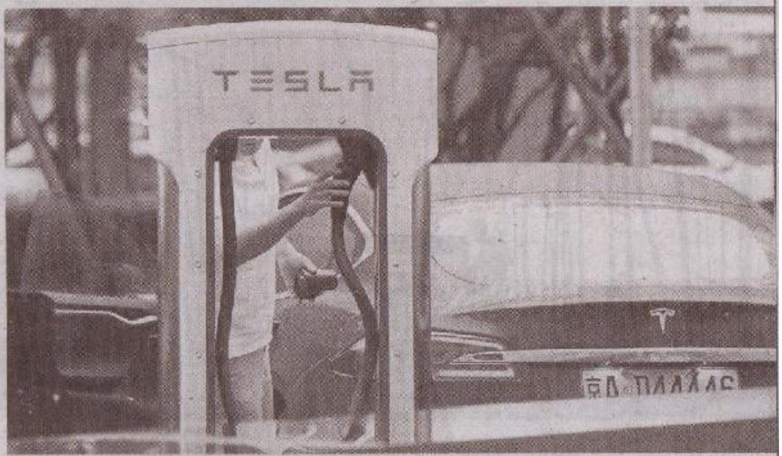
Lithium hydroxide is produced mainly from hard-rock mines, while the more abundant but less refined lithium carbonate is extracted from salty brine sitting underneath salt flats, mostly in South America. "We're seeing a significant acceleration in demand of lithium hydroxide and so we need to address that," chief executive officer Luke Kissam told analysts at the third quarter earnings conference call earlier this month.

"We've always said that we are going to invest capital to meet the needs of our customers. It's clear we need to focus on lithium hydroxide, have the focus there."

The deal with Mineral Resources came after the Chilean Nuclear Energy Commission, known as CCHEN, rejected Albemarle's application for a license required for the company to expand its operations in the country beyond 2021.

Another Chilean agency, Corfo, said it will take a separate dispute with the company to the International Chamber of Commerce for arbitration.

Albemarle's decision to join the Wodgina mine project "may also be a way of hedging their exposure to Chilean regulators," Miller said. — Bloomberg



Electrifying venture: The demand for lithium is expected to almost triple through 2025 as manufacturers such as Tesla Inc ramp up electric vehicle production. — Reuters

Source : StarBiz
Date : 27 November 2018 (Tuesday)

Goldman predicts commodities will soar

Analysts say this week's G-20 meeting a potential turning point

SINGAPORE: Commodity bull Goldman Sachs Group Inc is undaunted by the sell-off in raw materials and is forecasting returns of about 17% in the coming months, describing the current situation as unsustainable and touting this week's G-20 meeting in Buenos Aires as a potential turning point.

"Given the size of dislocations in commodity pricing relative to fundamentals – with oil now having joined metals in pricing below cost support – we believe commodities offer an extremely attractive entry point for longs in oil, gold and base," analysts including Jeffrey Currie said in a report.

The note listed its top 10 trade ideas for 2019, including a rebound in Brent as Opec cuts supply.

Raw materials have been battered in November on a toxic cocktail of drivers, with crude sinking amid speculation there's too much supply, metals getting hit on concern growth is slowing, and investors fretting about the outlook for the trade war between the United States and China.

This week, leaders from the G-20 gather in Argentina, offering presidents Donald Trump and Xi Jinping a chance to address their trade spat, while Russia's Vladimir Putin has an opportunity to address crude policy with Saudi Crown Prince Mohammed Salman.

"Many of the political uncertainties weighing on commodity markets have a significant chance of being addressed in Buenos Aires," Goldman said.

"This includes some improvement on the China-US relationship and, like in the 2016 G-20 meetings, some greater clarity on a potential Opec cut."

Here are some of Goldman's top ideas for next year, as listed in the report:

Oil: Goldman expects an Opec supply cut and its announcement will lead to a recovery in prices. It advises going long on short-dated-Brent.

Oil: There'll be a return to backwardation. The bank recommends selling an US$50 a barrel December 2019 WTI put option, which is currently worth US$7.25 a barrel as of Friday.

Go for gold: If US growth slows down next year, as expected, gold is likely to benefit from higher demand for defensive assets, according to Goldman. — Reuters

Gas: The recent rally in winter contracts, driven by a cold start to the winter, has dislocated the April 2019 natural gas contract, leaving it significantly backwardated versus October. The bank says this spread will continue to narrow.

Gold: The market has priced in 10 out of 12 of the Federal Reserve's hikes that the bank expects, and the strong dollar trend is seen reversing.

"If US growth slows down next year, as expected, gold would benefit from higher demand for defensive assets," Goldman said, adding that there may be additional support from central bank buying.

Agriculture: Go long Chicago soybeans, short on corn, bank says.

"The upcoming G-20 talks in Argentina are likely to be as important to the near-term direction of US grain prices as summer weather normally is," Goldman says.

"Our view on the likely outcome of the meetings for the ongoing trade war (most likely a pause, but with some chance for normalisation) is more optimistic than currently priced in by markets." — Bloomberg

Source : StarBiz
Date : 28 November 2018 (Wednesday)

Bauxite miner to build railway and refinery for US$3bil

CONAKRY: Societe Miniere de Boke, which mines aluminium raw material bauxite in Guinea, signed agreements with the West African nation to spend US$3bil on a railway, an alumina refinery and the development of new mining areas.

The 135-km railway, which will link mining operations to a river terminal, will cost an estimated US$1.2bil and is expected to start operations in 2022, the group said in a statement on Monday. The refinery will have capacity of as much as one million tonnes a year and require US$700mil to US$900mil of investment.

Production from the new mining deposits is expected in 2022, with estimated output of 10 million tonnes in the first year, increasing to 30 million tonnes in 2024. — Bloomberg

Part 2:

NON-METALLIC COMMODITIES

Source : StarBiz
Date : 02 November 2018 (Friday)

October proves to be rare good month for both gold and dollar

LONDON: Normally, investors wanting to guess which way gold is headed look to the dollar.

When the greenback goes up, the precious metal almost always goes down. Few assets have a stronger inverse correlation to the Bloomberg Dollar Spot Index, with gold favored as a hedge against the world's reserve currency.

But that's not what happened in October, a month when both assets gained ground for the first time in 20 months.

The change has been driven by last month's rout in emerging market equities, and particularly in China, which has seen investors seek out haven assets. At the same time, the strength of the US economy is benefiting the dollar.

The inverse relationship between gold and the dollar could continue to break down, said Michael McCarthy, chief market strategist for Asia-Pacific at CMC Markets in Sydney. Concerns about rising inflation and the outcome of the midterm Congressional elections could drive gold higher.

"We're likely to see both a rising US dollar and a rising gold price at least into next Tuesday night," McCarthy said by phone. The midterms are "a potential game-changer. Predicting beyond that at the moment is very difficult."

The Bloomberg Dollar Spot Index rose 2.3% in October to the highest in 17 months, while gold gained 2%, the most since January. The metal advanced 0.8% to US$1,224.64 an ounce at 10:04 am in London.

Gold's gains owe "mostly to the recent de-risking in equity markets that we view as a correction rather than being in the throes of a bear market," Harry Tchilinguirian, head of commodity-markets strategy at BNP Paribas SA, said by email. While the bank raised its forecasts for gold, it still sees it declining, from an average US$1,260 an ounce in 2018 to US$1,145 in 2019.

"Risk aversion has crept back in as we've seen declines in emerging markets around the world and now Asian markets following," said Mark O'Byrne, Dublin-based executive director at brokerage Goldcore Ltd.

"Fund managers are rebalancing after a very good run on the stock market, taking chips off the table and putting money into gold and cash, hence why the dollar has also risen."

The inverse correlation on a 120-day basis has been narrowing since June, with the trend accelerating in October. It has gone from as strong as minus 0.75 to less than minus 0.55.

A reading of minus 1 means the two are always moving in the opposite direction. — Bloomberg

Steady growth anticipated for the glass industry

By **TENNIELLE CHUA**
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KUALA LUMPUR: The glass industry is expected to experience steady growth by reinvesting within its own glass manufacturing facilities, despite the softening construction sentiment.

Malaysia Glass Association president Woo Wan Zheng said there is more demand based on the spur of the government to encourage more usage of the various types of glass including for solar and heating.

"When it comes to the higher demand, the industry needs to push for new technology to improve the glass (product mix) quality," she told *StarBiz* at the sidelines of the Glasstech Asia 2018 and Fenestration Asia 2018 event yesterday.

According to a 2017 market report by Global Market Insights, the world's flat glass market size had surpassed US$80bil in 2016, and that the demand from construction applications is expected to exceed 120 million tonnes, surpassing US$100bil by 2024.

"The industry is doing well with a lot of players in the market providing healthy competition. It keeps all the players on their toes and may help them to innovate their products, making it thinner, more durable, and heat resistant.

"The second thing we would have to note (to improve the industry) would be to cut the cost on distribution networks. As a whole, the industry remains healthy and is growing at a steady pace," Woo said.

The remaining challenges, according to Woo, would be the margin pressure on the operation expenditure, with transportation and geological infrastructure being some key points to be addressed. "The cost has increased and (reducing it) would be one of the challenges we would have to overcome," she said.

Earlier in her keynote speech Woo said the conference will provide many prominent opportunities for business outreach and expansion in the local, regional and even international markets.

The event is being held concurrently with Fenestration Asia 2018 from Nov 14-16 at the Malaysian International Trade Exhibition Centre. The opening was officiated by Tourism and Culture Ministry deputy secretary-general (management) Datuk Yean Yoke Heng.

Hi-tech move: Woo says the industry needs to push for new technology to improve glass quality.

Source : The Star **Date : 15 November 2018 (Thursday)**

US$50mil pink diamond sets auction record

GENEVA: An exceptionally rare pink diamond of nearly 19 carats fetched US$50mil (RM209.5mil) at an auction in Geneva, Christie's said, setting a new per-carat record for a stone of its kind.

The Pink Legacy, which once belonged to the Oppenheimer family – who for decades ran the De Beers diamond-mining company – was snapped up by American luxury brand Harry Winston, part of the Swiss Swatch group.

"US$2.6mil (RM10.9mil) per carat. That is a world record per carat for a pink diamond," said Francois Curiel, head of Christie's in Europe, of the price that included all fees and commissions on Tuesday.

"This stone is for me the Leonardo da Vinci of diamonds."

The 18.96-carat diamond was discovered in a South African mine around a century ago, Christie's said. It was probably cut in the 1920s and has not been altered since.

The stone was rechristened the Winston Pink Legacy by its buyers.

Christie's international head of jewellery Rahul Kadakia described it as "one of the world's greatest diamonds".

The rectangular-cut stone has been graded "fancy vivid" – the highest possible grade of colour intensity – as it has no trace of another hue like purple, orange or brown.

Most pink diamonds weigh less than one carat and those in the top colour category with more than 10 carats are virtually unheard of at auction houses.

The Pink Legacy is classed as Type IIa, meaning that it is extremely chemically pure, a category only two percent of diamonds fall into.

"These are stones that have little, if any, trace of nitrogen," said Kadakia, adding that this often gives Type IIa diamonds "exceptional transparency and brilliance".

"Imagine a domino that you have cut the corners off of," Jean-Marc Lunel, an international jewellery specialist at Christie's, recently said, describing the stone's unusual shape.

He pointed out that the diamond has a "classical so-called emerald cut" – standing out from the typical cuts used today, which are more rounded and multi-faceted. — AFP

Source : StarBiz
Date : 16 November 2018 (Friday)

Goldman Sachs investing in startup that makes paper from stones

TOKYO: Goldman Sachs Group Inc is buying a stake in TBM Co, a startup that's become known for its technology that turns limestone into paper.

The two parties confirmed the deal to Bloomberg News yesterday. TBM, which makes business cards, posters, catalogs and stickers from limestone, is seeking to raise a total of 3.1 billion yen (US$27mil).

Goldman Sachs is seeking to making investments in 10 to 15 Japanese startups through 2019, people with knowledge of the matter said.

The investment is part of a renewed push by Goldman Sachs to seek out and back potential Japanese unicorns that can compete globally with their technology while being environmentally responsible, said the people, who asked not to be identified because the information isn't public.

TBM's Limex paper is made without water. By comparison, it takes 100 tonnes of water to make a ton of regular paper.

That also required 20 trees, while the process uses less than a ton of limestone, in addition to 200 kilograms of polyolefin.

Representatives from Goldman Sachs visited TBM more than three years ago as a potential investment target because their technology is unique and the firm can be bigger than a unicorn, they said.

Nobuyoshi Yamasaki, TBM's chief executive officer, said in an interview last year that he's aiming for an initial public offering by 2020.

The company was founded in 2011.

Prior to the global financial crisis in 2008, Goldman Sachs had poured 550 billion yen into Japanese companies, including a lender, an electronics company and an amusement-park operator.

It then scaled back investments for a decade. — Bloomberg

Leader to bid for federal government's solar projects next year

GEORGE TOWN : Leader Solar Energy (LSE) Sdn Bhd will take part in the upcoming federal government's third large scale solar tender totalling 500MW to be launched in 2019.

Its chief executive officer Ian Fox said the new round of solar tender will provide another exciting opportunity for Leader to further grow its solar footprint in the country.

"Apart from Malaysia, we seek to expand our presence in other high growth markets in South-East Asia," Fox said.

Leader Solar Energy Sdn Bhd (LSE) is officially launching the commercial operation of its net 29 MWac Solar Power Plant in Kedah today.

LSE is the first solar power project executed by Leader Energy Group, which is a wholly owned subsidiary of the home-grown HNG Capital Group.

Fox said the project was awarded to LSE in December 2016 through competitive bidding conducted by the Energy Commission of Malaysia.

LSE will sell power generated to Tenaga Nasional Bhd (TNB) under a 21-year power purchase agreement (PPA) that was signed in March 2017.

The solar plant occupies a 49 ha freehold site and has a gross installed capacity of 38MWp and net export capacity to the grid of 29 MWac.

The plant's net energy output is up to the maximum of 61 million kilowatt-hours (kWh) annually and is sufficient to supply electricity to about 11,000 homes.

The LSE solar power project will save the environment from approximately 40,000 tonnes of CO2 emission annually that might otherwise be created from fossil fuel power generation.

The total project cost including land acquisition is approximately RM180 million and was financed with support from HSBC Bank and Alliance Bank.

Leader Energy owns and operates a diverse portfolio of power and transmission assets in South-East Asia.

Currently the company owns and operates more than 333 MW of power plants, consisting of 235 MW of coal power plants in Cambodia, 49.5 MW of hydro power plants in Vietnam and 49 MWac of solar power plants in Malaysia.

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Power generation: Leader Energy's RM180mil solar power project in Kedah

Source : StarBiz Date : 30 November 2018 (Friday)

CMSB buys 56% stake in quarry company for RM31mil

PETALING JAYA: Cahya Mata Sarawak Bhd (CMSB) has acquired a 56% equity interest in quarry company Borneo Granite Sdn Bhd (BGSB) for RM31mil.

In a filing with Bursa Malaysia yesterday, CMSB said its 51%-owned subsidiary, CMS Resources Sdn Bhd (CMSR), had entered into a share sale and purchase agreement with Kasuma Resort Sdn Bhd for the acquisition of 56,000 ordinary shares in BGSB.

"The acquisition is set to further expand the CMSB group's quarry operations and a planned strategic investment to secure a reliable and immediate source of granite stone for the group's existing and impending projects.

"Upon the acquisition, BGSB is expected to generate a strong upward trajectory in its future earnings, with a positive cash flow in the years to come under the management of CMSR," said CMSB.

CMSB added that the quarry occupies about 139 hectares of land with two hill reserves.

"It is readily operational and has a logistic advantage for outbound delivery through a waterway enabling CMSR to immediately solve the present shortage of stones instead of acquiring a greenfield granite reserve."

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by;

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