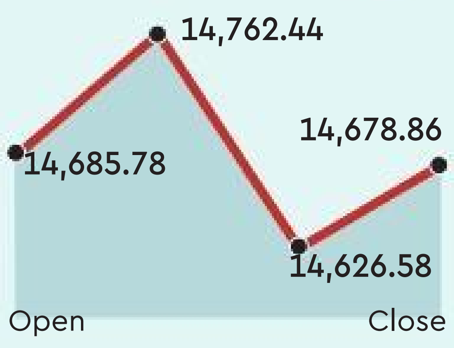
Street Signs

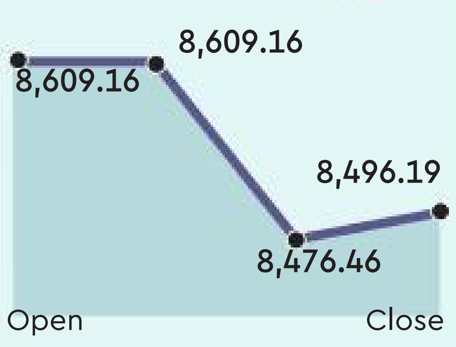
BSE Oil & Gas

BSE Oil & Gas Index closes higher, powered by heavyweight RIL 0.08%



BSE Metal

BSE Metal Index slides tracking broader market sell-off 1.54%



October 9

INDIAN BASKET CRUDE

$58.54 BBL

₹4,162.55 BBL

EXCHANGE RATE

₹71.11/$

PRICE POINTS

October 10

	Del	Mum	Kol	Blr
Rice	34	30	29	52
Wheat	24	34	NR	36
Tur dal	97	88	88	88
Potato	25	24	15	32
Sugar	40	41	41	38
Mustard oil	120	120	100	132

Price in ₹/kg for Delhi, Mumbai, Kolkata and Bengaluru
Source: Dept of consumer affairs

Quick View

High prices: Centre asks Mother Dairy to sell tomato puree

TO PROVIDE RELIEF to consumers from rising tomato prices, the Centre on Thursday directed state-run Mother Dairy to sell tomato puree from Friday through its 400-odd Safal outlets in the national capital. The decision was taken at an inter-ministerial meeting, headed by consumer affairs secretary Avinash K Srivastava, that reviewed the price and supply situation of tomato, a highly perishable vegetable. Tomato prices have shot up to ₹80 per kg in retail markets in Delhi and the National Capital Region (NCR) due to supply disruption owing to heavy rains in producing states like Maharashtra, Karnataka and Telangana.

'Several Asian refiners to get full Saudi oil supplies in November'

AT LEAST seven Asian refiners will receive the full crude volumes they requested from Saudi Arabia for November loading, a sign that Saudi production has stabilised after disruptions last month, multiple sources with knowledge of the matter said. Most of the refiners are getting the crude grades that they want, the sources said on Thursday, adding that there was no request from state-owned oil company Saudi Aramco for them to change grades. Saudi Aramco's oil processing facilities at Abqaiq and Khurais were attacked on September 14, shutting down 5.7 million bpd of its production.

SEPTEMBER PERFORMANCE

Gold ETFs attract inflows for 2nd consecutive month

PRESS TRUST OF INDIA
New Delhi, October 10

GOLD EXCHANGE-TRADED FUNDS garnered ₹44 crore in September, making it the second straight month of inflows, as trade conflicts, signs of a global slowdown and decline in equities made investors bet big on the safe-heaven asset.

This comes on the back of a net infusion of ₹145 crore in gold exchange-traded funds (ETFs) in August. It was the first inflow since November last year, when ₹10 crore was infused in such instruments.

Prior to this, gold ETFs had seen a net inflow of ₹20 crore in October 2016 and before that, an inflow of ₹5 crore was witnessed in such funds in May 2013.

According to the latest data available with the Association of Mutual Funds in India (AMFI), ₹44 crore was pumped in gold-linked ETFs last month as compared to an outflow of ₹34 crore in September 2018.

"Sudden rally in gold prices mainly due to uneasy trade negotiation between the US and China, and lower than expected global GDP growth are the key reasons for the inflows in gold ETFs in recent times," said Omkeshwar Singh, head of mutual fund distribution business at Samco.

Himanshu Srivastava, senior analyst manager research, Morningstar Investment Adviser India said, "Like in the month of August, gold ETFs continued to witness net inflow in the month of September as well, although the quantum of net inflow was lower than the previous month. The slowdown in flows could be attributed to profit booking given the surge in gold prices in the recent times."

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The fears of a slowdown in global market has helped gold find its safe-haven appeal back which has triggered a sharp rally in its prices this year, thus, catching investor's fancy, he said.

"Gold also adds a different layer of diversification in an investor's portfolio, which has come in full play this year with gold witnessing one of its best years after 2011," Srivastava added.

Assets under management (AUM) of gold funds stood at ₹5,613 crore in September-end as compared to ₹5,799 crore at the end of August.

Over the last few years, retail investors have been putting in more money into equities as compared to gold ETFs, mainly on account of strong returns.

Gold ETFs have witnessed an inflow in just five months in last six years.

Investors pulled out ₹571 crore from gold ETFs in 2018, making it the sixth consecutive year of outflow from such products. In comparison, they pulled out ₹730 crore in 2017.

Gold ETFs had seen an outflow of ₹942 crore, ₹891 crore, ₹1,651 crore and ₹1,815 crore in 2016, 2015, 2014 and 2013, respectively.

In 2012, they saw an inflow of ₹1,826 crore.

Gold ETFs are passive investment instruments that are based on price movements and investments in the metal.

Soaring gold prices put buyers off ahead of Diwali

SWANSY AFONSO
Mumbai, October 10

THE FESTIVAL OF lights is bringing little cheer to jewellers in the world's second-biggest gold consumer.

With less than a month to go before Diwali, a period when gold purchases typically peak, jewellers are lining up promotions to get buyers through the door as a rally in prices coincides with a collapse in consumer demand for everything from cookies to cars.

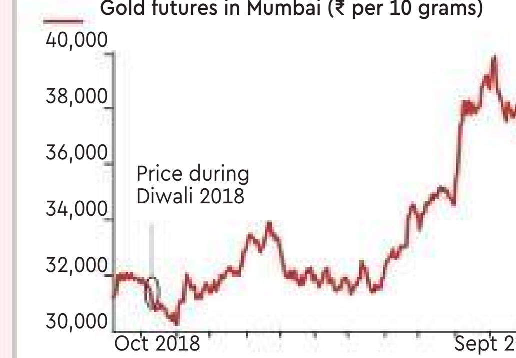
Gold has soared in 2019, hitting a six-year high in dollar terms, as investors fret about the impact of the trade war, central banks cut rates and exchange-traded fund holdings surge. In India, where prices hit a record in September, the rally comes as the country's growth slows, unemployment rises and a crisis of confidence engulfs the banking system. Its imports fell for a third month in September to the lowest in more than three years as jewellers cut purchases.

"Buying of gold during festivals and wearing it has been our tradition for decades," according to Manish Kotekar, a 28-year-old taxi driver in Mumbai. "We have been waiting for prices to drop before buying gold as the rates are too high," and if prices don't go down below current levels by Diwali, "we may not buy this year. It is just not within our budget to buy at these prices."

Benchmark gold futures in Mumbai touched an all-time high of ₹39,885 per 10 grams in early September and while prices have come off about 4% since that peak, they're still more than 20% higher than last year. Diwali falls on October 27 and is preceded by Dhanteras, the most auspicious day in the Hindu calendar to buy gold.

Price pinch

Gold prices in India are more than 20% higher than last Diwali



Source: Multi Commodity Echange of India

"Diwali is just a festival on the calendar this year and there is no festivity for jewellers in the market at all. It's very bad," Ketan Shroff, a director at Mumbai-based jeweler Penta Gold and a former joint secretary of the India Bullion and Jewellers Association, said by phone. Companies are giving deep discounts "because there are no customers."

Jewellers "will try to instigate demand, but in light of the general economic slowdown, no major change in demand prospects are likely before December," said Harish Galipelli, head of commodity and currencies at Inditrade Derivatives & Commodities.

Futures on the Multi Commodity Exchange of India fell as much as 0.2% to ₹38,403 in Mumbai on Thursday, while overseas spot gold climbed as much as 0.8%. BLOOMBERG

Sugar export deals signed; Maha federation asks millers to increase exports

NANDA KASABE
Pune, October 10

WITH EXPORT DEALS signed for some 1.5 lakh tonne of sugar at the start of the season, the Maharashtra State Cooperative Sugar Millers Federation has urged millers in the state to export as much sugar as possible in the upcoming season of 2019-20. The National Federation of Cooperative Sugar Mills, too, has been advocating sugar export for mills since the country is sitting on a stockpile of the sweetener.

In a note addressed to all the mills, the state federation has mentioned that the sugar season of 2019-20 is slated to open with a stock of 141 lakh tonne pan-India and 58 lakh tonne in Maharashtra. With the new sugar production, the total sugar production is expected to go up to 263 lakh tonne nationally and 65 lakh tonne in Maharashtra.

Significantly, the Cabinet Committee on Economic Affairs (CCEA) has approved a sugar export policy for evacuation of surplus stocks during sugar season 2019-20. The CCEA, chaired by Prime Minister Narendra Modi, recently gave the nod to sugar export subsidy of about ₹6,268 crore to liquidate surplus domestic stock and help mills in clearing huge sugarcane arrears to farmers. The Centre has approved export subsidy for 6 lakh tonne for 2019-20. The government will provide a lump sum subsidy of ₹10,448 per tonne to sugar mills for the sugar season 2019-20. The total estimated expenditure of about ₹6,268 crore will be incurred for this purpose. The export subsidy will be provided for expenses on marketing costs including handling, upgrading and other processing costs, international and internal transport costs and freight charges. The subsidy would be directly credited into farmers' accounts on behalf of mills against sugarcane price dues. Subsequent balance, if any, would be credited to mills' account.

The federation, in the letter to millers, has pointed out that the government, this time, has also simplified the process for claiming subsidies on exports, which is likely to encourage participation. Sugar mills are allowed to submit their claims in two tranches. The first claim could be submitted by the sugar mills on exporting at least 50% of their maximum admissible export quantity. In 2018-19, many mills were reluctant to participate due to the delay in providing subsidies on exports. Subsidies were disbursed only after a mill completed 100% of their allocated quota.

Prakash Naiknavare, MD of the national federation, said that the federation has been publicly urging mills to go in for raw sugar exports. On the international front, Brazil is expected to produce some 255 lakh tonne of sugar. Thailand, Australia, the European Union, Pakistan and India are expected to produce less sugar in the coming season. Therefore, prices are expected to remain stable during the season. India can therefore capture markets for raw sugar in China, Indonesia, Bangladesh, Malaysia, Korea and Sri Lanka. Brazil's season ends in November while the Indian season is expected to continue till March. Moreover, a Chinese delegation is in India from October 11 to 12, 2019. Indonesia has reduced import duties to 5% from 13% and therefore the country is poised for a good export season ahead.

As per market reports, sugar traders are said to have already signed deals to export 100,000-150,000 tonne of sugar. Deals were signed at freight-on-board price of $310-$330 per tn for export to Iran, Sri Lanka and Afghanistan, they said. According to Mukesh Kuvediya, secretary-general, Bombay Sugar Merchants Association, the deals have been signed for Iran.

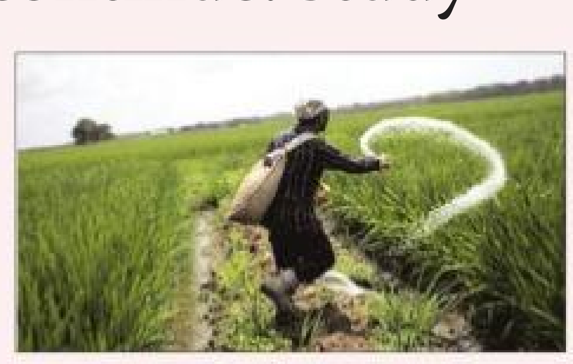
Most farmers prefer current fertiliser subsidy system to continue: Study

FE BUREAU
New Delhi, October 10

AS 93% OF farmers are buying fertiliser in cash (only 6% on credit) from retailers, the majority of them prefer the current system of subsidy to continue, rather than shifting to DBT, under which the subsidy amount will be transferred to their bank accounts, according to a study commissioned by the Niti Aayog. It also said that the government saved $1.54 billion (about ₹10,800 crore) in the first year of implementation of the Aadhaar-enabled sales through PoS machines.

The government provides about ₹70,000-crore fertiliser subsidy annually. Currently the subsidy is transferred to the fertiliser companies (since October 2017) based on actual sales captured by PoS machines at the retailer level. Farmers are mandated to show their Aadhaar card to buy these subsidised fertilisers. But the government is planning to launch a pilot project in some select districts, under which farmers will get the subsidy in their bank accounts.

According to the study, conducted by MicroSave Consulting (MSC), 63.6% of farmers surveyed said they would prefer to buy the fertiliser at a subsidised rate rather than purchasing at the market rate and getting the subsidy later. Currently, farmers buy a 45-kg bag urea at ₹242, which may go up to ₹900 if subsidy is transferred to the bank accounts. Sources said the government is considering measures to help farmers buy fertilisers without feeling any kind of immediate financial burden. One of the important findings in this study is farmers' willingness to go digital. As many as 42% farmers were



ready "to pay using a cashless mode, such as debit or credit card and wallets in future — if sufficient payment infrastructure was ensured," the report by MSC said. It also said instances of manual sales without Aadhaar and 'adjusted' transactions fell from 21% in the third round of evaluation to 13% in the current round. Adjusted transactions are those that retailers often undertake without verifying farmers' credentials, only to update their records later, it said.

Among Aadhaar-authenticated transactions, the study showed 86.6% were successful on the first attempt. Overall, successful Aadhaar authentication in three attempts increased to 99% in the current round from 97% in the third round of evaluation. The average time it takes for a transaction via PoS devices improved to 3-4 minutes in the current round from 4-5 minutes in previous survey.

Under the current system, retailers can also use the Kisan Credit Card or Electoral Photo ID Card to sell fertiliser if a farmer has not received an Aadhaar number after enrolling for it. The MSC conducted the fourth round of evaluation from July to October 2018. The quantitative research was done with 1,182 retailers and 11,281 farmers across 18 states and 54 districts.

August rice exports drop 29% on weak African demand

RAJENDRA JADHAV
Mumbai, October 10

INDIA'S RICE EXPORTS in August fell 29% year-on-year to 644,249 tonne, government data showed on Thursday, due to weak demand from African countries for non-basmati rice, among other factors.

"Demand from west African countries is weak for non-basmati rice. They have bought a lot from China and don't need to buy huge volumes now," said Nitin Gupta, vice-president of Olam India's rice business.

India is the world's biggest rice exporter but its shipments have plunged 27% in the first five months of 2019-20 financial year, starting on April 1, to 3.8 million tonne (mt), the data showed.

Iran, the biggest buyer of India's basmati rice, has nearly stopped purchases in the last few weeks as it harvests its own crop, said an exporter based in New Delhi, who declined to be identified.

"Iran could resume buying early next year after harvesting the local crop," the exporter said.

Rice supplies from the summer-sown crop are expected to improve from next month and this could moderate local prices and make exports competitive, Gupta said.

Last month, the government had said that rice production from the summer-sown crop in 2019 was expected to drop 1.7% from a year ago to 100.35 mt.

Non-basmati rice exports could fall 40% in 2019/20 from a year ago unless the government provided some incentive for exports, said BV Krishna Rao, president of the Rice Exporters Association (REA).

"The industry badly needs government support to accelerate exports," Rao said.

India exported 11.95 mt of rice in 2018-19 through March 31, down 7.2% from the previous 12 months, even though it had provided incentives for exports of non-basmati rice for four months of the year.

Lower prices from competitors could also be a contributing factor to a fall in exports.

India's 5% broken white rice was quoted at about $368-$372 per tonne this week compared with $350 for supplies from Vietnam. REUTERS

Exports of gems, jewellery fall 6.2%

INDIA'S GEMS AND jewellery exports fell 6.2% in September from a year ago to $3.3 billion as shipments of cut and polished diamonds slumped, a leading trade body said on Thursday.

The country's cut and polished diamonds exports in the month fell 17.8% from a year ago to $1.94 billion, the Gems and Jewellery Export Promotion Council said in a statement. REUTERS

MNRE: Renewable energy capacity by 2022 to exceed 175 GW target

PRESS TRUST OF INDIA
New Delhi, October 10

THE NEW AND renewable energy ministry (MNRE) on Thursday denounced a Crisil report that stated the ministry may miss the renewable energy target by 42%, and asserted that the clean power capacity by 2022 will exceed the goal of 175 GW.

The ministry termed the report as "ill founded", factually incorrect and lacking credibility, and pointed out that Crisil even did not consult it for its views on the target.

The report by Crisil highlighted that the country is likely to miss the renewable energy target of 175 GW by 2022 by a wide margin of 42% due to many a regulatory challenge, policy flip-flops and also a steep fall in tariffs.

"The CRISIL report...is neither factually correct nor takes into account initiatives taken by the MNRE to facilitate accelerated development and deployment of renewable energy in the country. This report lacks in credibility in all respects as CRISIL did not even bother to consult this Ministry for its views...doubts are ill-founded and not reflective of the status on the ground and plans ahead," the ministry said in a statement.

It said the MNRE refutes reports expressing doubt on India's renewable energy target. By the end of September 2019, the ministry said India has installed more than 82,580 MW of renewable energy capacity with around 31,150 MW of capacity under various stages of installation. Thus, by the first quarter of 2021, India would have installed more than 1,13,000 MW of renewable power capacity.

Investors with over $5-trn target BHP over coal funding

REUTERS
Melbourne, October 10

INVESTORS REPRESENTING A$8 trillion ($5.4 trillion) have backed a call for BHP to ditch funding for industry groups whose actions are inconsistent with the Paris climate agreement, an Australian NGO said on Thursday.

The Australian Centre for Corporate Responsibility, a small shareholder in BHP, the world's biggest listed miner, co-filed a resolution in September that recommended the company suspend its membership of such industry bodies.

But BHP said its board would recommend shareholders vote against the resolution at its annual general meetings because it was already reviewing its industry memberships and the policy positions taken by those groups since January 2018.

BHP will hold its London AGM on Thursday next week and in Sydney on November 7. Non-government organisation ACCR said in a statement that a base of 27 investors would back its resolution, including the Californian superannuation fund CalPERS, AXA Investment Managers, BNP Paribas Asset Management and Aviva Investors.

This also includes the Church of England Pensions Board and top-five investor Aberdeen Asset Management, which said this week that they planned to support the resolution.

It was unclear what percentage of BHP shares the 27 investors held in total.

BHP is trying to establish itself as a leader in climate-change management after chief executive Andrew Mackenzie in July pledged to spend $400 million on curtailing emissions.

It also says it believes engagement can promote best practice. It funds several industry bodies, including the New South Wales Minerals Council of Australia, which has launched an advertising blitz in support of coal jobs in the state.

The NSW Minerals Council is rallying public support for an overhaul of state planning laws after the state's Independent Planning Commission blocked several coal projects, citing concerns over climate change.

The NSW council referred Reuters to its climate change policy, which says it supports a measured transition to a low-emissions economy including participation in global agreements such as the 2015 Paris accord.

Oil prices rise as OPEC pledges decision on supply

NOAH BROWNING
London, October 10

OIL PRICES ROSE on Thursday as OPEC indicated that all options were on the table to balance oil markets and that it would take a decision in December on supply for next year.

Mohammad Barkindo, leader of the exporter group, did not specify if the move would mean extending a pact to rein in production to stabilise prices, but the comments appeared to nudge the market out of pessimism over US-China trade talks.

Global benchmark Brent crude futures rose by 8 cents, or 0.14%, to $58.40 a barrel at 1125 GMT. US West Texas Intermediate (WTI) futures were up 10 cents, or 0.19%, at $52.69.

A December meeting between the Organization of the Petroleum Exporting Countries plus allies including Russia would take "decisions that will set us on the path of heightened and sustained stability for 2020", Barkindo said on Thursday.

"Barkindo's comment reminds markets that if oil prices do not fall off a cliff over demand concerns, we could very see OPEC+ extend their production cuts throughout the majority of 2020," said Edward Moya, senior market analyst at OANDA in New York.

Separately, Saudi Arabia told OPEC its monthly oil output fell by 660,000 bpd in September after major attacks on its energy facilities, while OPEC lowered its 2020 forecast for non-OPEC supply growth.

Those signals from OPEC suggested a tighter global oil supply picture, but elsewhere abundance reigned.

Price gains were curbed by a report of rising stockpiles in the United States, currently the world's biggest oil producer.

US crude stocks rose by 2.9 million barrels in the week to October 4, the Energy Information Administration (EIA) said on Wednesday, more than double analyst expectations.

Additionally, OPEC member Nigeria secured a higher production target from the organisation and a force majeure over exports from the key Bonny Light stream was lifted.

Venezuela will also increase its exports despite US economic sanctions that have curtailed shipments as Indian refiner Reliance Industries plans to start loading Venezuelan crude after a four-month pause. REUTERS