Nalco clocks record production of bauxite and alumina

Public sector Nalco has clocked a record production of alumina and bauxite in fiscal 2015-16. The aluminium major has registered an all-time high production of 63.40 lakh tonnes of bauxite in 2015-16 fiscal which is 10.47 percent higher, and 19.53 lakh tonnes of alumina, 5.51 percent higher than the corresponding period previous fiscal, NALCO said in a BSE filing. "These are the highest-ever production figures since inception of the company," said NALCO CMD Tapan Kumar Chand. The Navratna PSU also produced 3.72 lakh tonnes of metal registering an increase of 13.79 percent as compared to last fiscal.

During the year, the metal sale was higher by 14.21 percent at 3.72 lakh tonnes and power generation was up by 13.84 percent at 5,841 million units, as compared to previous year. "At a time when 70percent aluminium companies world over have reported loss and the aluminium industry is reeling under heavy pressure due to sluggish international market, NALCO has remained profitable," it said in a statement.

It said the company has handled the market downturn by focusing on its bauxite mining and alumina refining arm, besides affecting several cost reduction measures, particularly in metal production.

Copper miners prefer low prices rather than cut output

Copper producers around the world prefer to tough out the current period of low prices rather than cut back production, executives and analysts said.

"Copper prices have been falling four years, but it is only in the last year become painful for producers," said Vanessa Davidson of commodity analysts CRU.

CRU expects prices to bottom out later this year slightly below the average of the first quarter. But given the global surplus, the industry does not expect an immediate recovery.

"We are managing the company on the expectations that current prices will last another two years," Diego Hernandez, CEO of Chilean producer Antofagasta said at the event.

Any cutbacks, such as Freeport McMoRan's output reduction at El Abra in Chile, have been offset by new mines and expansions entering production, Davidson said.

Hernandez said Antofagasta's new Antucoya mine is on target to reach full capacity by the middle of this year.

Meanwhile, mines that had been expected to close have managed to stay open with

tough cost cutting and adjustments to mine plans, sometimes with new management in charge.

Private equity firms Audley Capital and Orion Mine Finance acquired the MantosBlancos and Mantoverde copper mines in northern Chile from Anglo American in 2015 for $300 million. With high costs and limited reserves, many expected them to close.

But new operator Mantos Copper has brought their costs below $2/lb and drilled sufficient reserves to continue production for at least another decade, said executive chairman John MacKenzie. Industry leader Codelco has also preferred to cut costs rather than production, said CEO Nelson Pizarro. With its cashflow being squeezed, the state-owned miner will cut its planned investment through 2019 by $4 billion, but the near term impact on production will be minimal.

"70,000 mt over five years is next to nothing," he said. Instead, the emphasis is on reducing costs that will have fallen almost a quarter from their 2012 peak. CRU estimates that the 10% most expensive mines have cut production costs by an average of 30% in