Chinese Aluminum Products Exports Decline

Aluminum shipments from China, the world's biggest producer, fell from the highest level this year amid a decline in global prices. Sales of unwrought aluminum and products slumped 20 percent to 360,000 metric tons in July from 448,980 tons in June, preliminary customs data showed. While monthly exports dropped, shipments climbed 28 percent to 2.87 million tons in the first seven months.

China is heading for the slowest economic expansion since 1990 and faltering domestic demand combined with excess capacity has spurred a surge of aluminum and steel supply onto world markets, pressuring foreign producers. Prices of the metal used in everything from cans to aircraft fell for the third month in July, declining 4.3 percent, and lost 14 percent this year.

Pahang's Bauxite Mining Areas Under Aelb's Scanner

The Atomic Energy Licensing Board (AELB) has taken samples of water, soil and bauxite in mining areas in Pahang said to be unleashing radioactive elements for analysis. Menteri Besar Datuk Seri Adnan Yaakob said the samples were taken last Aug 3 at the river and beach in Pengorak and the result would be known in a month.
"We will wait for the result of the analysis before taking any action," he told at the state executive council meeting at the Pahang Foundation.

Adnan said the Department of Environment (DOE) had taken samples of water in the affected areas on several occasions, but did not detect the presence of any radioactive elements."We do not deny the problem, but the government has taken measures to address the problem." "We cannot stop the mining activities because it provides economic activities for the locals, like employment where the lorry drivers can earn between RM3, 000 and RM7, 000 a month," he added.
In a related development, Adnan said the state government would revise the royalty rate on bauxite production of five per cent currently.

Rio Tinto Half-year Net Profit Crashes

Mining giant Rio Tinto reported a 82% drop in its first-half net profit as a supply glut and slowing demand in key market China sent iron ore prices plunging.

The Anglo-Australian firm, which reports in US dollars, said net profit was $806m in the six months to June 30 from $4.4bn in the same period last year. Its underlying profit, the measure preferred by the company, was down 43% to $2.9bn. "This is a robust set of results, given the tough operating environment," Rio Tinto CE Sam Walsh said in a statement. Mr Walsh said the miner's focus on cost-cutting had reaped savings of $641m in the six months, and it was now increasing its target to $1bn.

The world's second-largest miner is heavily reliant on iron ore, a crucial steel-making component, and added that it was expecting capital expenditure to decline to about $5.5bn this year and be about $6bn in 2016. It cut capital expenditure by $1.4bn for the first half to $2.5bn.Rio declared an interim dividend of 107.5c, a 12% increase from 2014. Its shares closed 1.08% higher

at A$53.55 ahead of the results.

The company's underlying earnings for iron ore slumped 55% to $2.1bn from $4.7bn. Copper earnings sank 40% to $393m while aluminium soared 113% to $793m. Diamonds and other minerals were broadly unchanged, slipping 1% to $75m. "It's definitely strong all round and ahead of expectations on all key metrics," CLSA's head of resources research, Andrew Driscoll, said of the results, despite the profit slump."But it hasn't delivered the same surprise perhaps that the full-year result did as the market has become more expecting of increases in cost-out targets and reductions in (capital expenditure)."

Analysts have said the tumbling prices are a result of mining majors BHP Billiton, Rio and Brazil's Vale continuing to raise production despite an excess of supply and softening Chinese demand. BHP in July reported a 6% year-on-year rise in ore output for the June quarter, while Rio recorded a 9% jump.

Rio said in its statement to the Australian Securities Exchange that it expected the current cyclical weakness to pass as global economic growth strengthened and commodity markets rebalanced.

"However, the recovery will be characterized by slower commodity demand growth compared to the past decade and continued focus on productivity and costs over capital project development," Rio said.

It added that it continued to expect long-term growth in Chinese crude steel production to reach about 1-billion tonnes towards 2030.