

# [Trends in mining industry](https://assignbuster.com/trends-in-mining-industry/)

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﻿Trends in Mining Industry
The current trend in mining industry is as follows as described by Tsai, 2014 is as below: The mining market is now stained by volatile prices of products and the demand fundamentals are shifting. This will have a significant effect on the demand and supply of mineral products across the world. There is dwindling prices of commodity and lower levels of production. Minerals that are at risk experiencing tipping into a flooding supply thermal coal, iron ore and even aluminum. The exploration and excavation costs by the market players have gone down increasing the affordability of the process. For instance, Aluminum cost is going even lower in china beyond much of other countries. This is due to the funding by the Chinese government which has now reduced competition for the aluminium product from china. Silver and copper are amongst those expected to drop as well, however this may not be immediate but rather gradual. Diamond and gemstone are the minerals whose mining are expected to experience a boom realizing the largest industry growth in Australia. The mining industry in Australia has experienced a tremendous growth over time and is thus expected to affect a change in the mining industry. However, explorations or mines are in a downturn. There is slush in companies’ exploration budgets. Additionally, there is a plummet of about 30% in the exploration of non-ferrous metals. Thus focus is shifting away from exploration of minerals to production. The nursery sector of mining is shrinking due to a rise in troubled small miners. Small miners are experiencing problems due to lack of economies of scale. Costs are likely to careen beyond control due to the resultant pullback in the budgets for exploration threatening to widen the rift between supply and demand. The mining sector is in a decline falling with over 7. 5% in 2014. The effects of these challenges have subsequently made companies mothball there projects as well as cap capacity. Therefore only an adoption of new ways of business will break this cycle. Nonetheless, CIBC world Market projects a likely rise in gold at about $US1383 per ounce as silver on the other end is to fall to about $US22. 81 per ounce similarly, copper will experience a drop to $US3. 17 per pound.
A critical evaluation of Dicores customers and Dicores competitors shows the table below using strengths, weakness risks and opportunity (Amin, Razmi, & Zhang, 2011).
1. SWORT
Internal Factors
Threats
Weaknesses
Core competence
Inadequate leadership skills
Resources
Key technical resource gaps
capacity
Inadequate mining capacity
External factors
opportunities
Threats
Growth of economy
Economic down turn
New minerals availability
New entrant to the market
Market expansion
Technology threat
Fewer and weak competitors
Increased competition
Five forces analysis
According to McKay, 2012) it can be analyzed using the five below factors:
Threats of new entry
Threats of substitution
Consumer power
Supplier power
Competitive rivalry
Not too expensive to prevent new entrants
Competitors may have economies of scale
No excavation technology exclusivity
Ability of product substitution
Able to substitute
Very sensitive to price changes
High number of suppliers
Similarity of products supplied
Many competitors in the industry
High cost of exiting the market
Reference
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McKay, P. (2012). UF Business Library: MSE: Master of Science in Entrepreneurship: Porter's Five Forces Analysis.