

WEEKLY MARKET UPDATE

2018.04.23-04.27

GLOBAL MARKET PERFORMANCE

United States: The major benchmarks were flat to modestly lower for the week.

On Tuesday, Caterpillar shares declined after officials at the industrial equipment giant cautioned that profits may have dropped. 3M also fell sharply on a lower profits outlook. Investors may seem to be concerned that the profit margin of companies will rise as aggressive plant and equipment investment.

Following the release of revenue and profits, shares of Facebook and Amazon.com rose 9 percent and 4 percent respectively.

Europe: European stocks broadly gained as investors digested a flood of corporate earnings.

French President Emmanuel Macron visited Washington, D.C., where he displayed a friendly relationship with U.S. President Donald Trump but criticized protectionist trade policies in an address to a joint session of Congress. German Chancellor Angela Merkel met with Trump on Friday in Washington, where the two were also expected to discuss trade policy.

After the release of about one-third of quarterly European corporate earnings reports, the market seemed to be interpreting the results positively despite substantial dispersion of results within sectors.

European Central Bank kept monetary policy unchanged as expected. ECB President Mario Draghi acknowledged that euro zone growth has recently shown signs of slowing from its unexpectedly fast pace in recent months.

The UK's Office of National Statistics released data showing that the UK economy expanded only 0.1% in the first quarter of 2018, its weakest pace in over five years.

Japan: Japanese stocks rallied for a fifth consecutive week. The yen weakened and closed Friday's trading at ¥109.2 per U.S. dollar.

The Bank of Japan (BoJ) voted 8-1 to maintain short-term interest rates at -0.1% and long-term rates near 0%. The BoJ policy-setting committee removed its time line for achieving its 2% inflation target, which some analysts think was designed to keep market expectations for additional stimulus at bay.

China: Trade relations between the U.S. and China remained on a low boil as officials from both sides worked behind the scenes to resolve their respective tariff threats.

The IMF forecasts that the global economy is expected to grow 3.9% this year, which marked the fastest growth pace in six years. But tensions between U.S. – China might adversely affect the growth.

South Korea: South Korean stocks and the won performed a rise after North Korean President Kim Jong-un and South Korean President Moon Jae-in agreed to replace a 1953 armistice with a peace treaty by year-end. The two leaders essentially ended their 70 years of estrangement and pledged to pursue denuclearization of the Korean Peninsula.

Source: Reuters, Troweprice

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,148.26	-0.65% ▼
Dow Jones	USA	24,311.19	-0.62% ▼
S&P 500	USA	2,669.91	-0.01% ▼
Nasdaq	USA	7,119.80	-0.37% ▼
S&P/TSX	Canada	15,668.93	1.18% ▲
FTSE 100	GB	7,502.21	1.82% ▲
S&P/ASX 200	Australia	5,953.60	1.44% ▲
Nikkei 225	Japan	22,467.87	1.38% ▲
Hang Seng	Hong Kong	30,280.67	-0.45% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	111.02
Mongol 2023 (Gerege)	USD	5.6%	97.24
Mongol 2022 (Chinggis)	USD	5.1%	96.34
Mongol 2021 (Mazalai)	USD	10.8%	114.50
Mongol CNY (Dimsam)	CNY	7.5%	100.35
DBM' 23 (Samurai)	JPY	1.5%	104.62
TDBM' 2020	USD	9.3%	106.73

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.907	0.01 ▲
Libor 3M	2.358	-0.00 ▼
Libor 6M	2.520	0.01 ▲
Libor 1YR	2.780	0.02 ▲
US 6M Bond	2.004	0.01 ▲
US 2YR Bond	2.484	0.02 ▲
US 3YR Bond	2.618	-0.00 ▼
US 5YR Bond	2.801	-0.00 ▼
US 10YR Bond	2.957	-0.00 ▼

EXCHANGE RATES

Against MNT	2018.04.27	Change /w/
USD	2,401.65	0.28% ▲
CNY	378.73	-0.57% ▼
EUR	2,900.23	-1.76% ▼
RUB	38.22	-1.97% ▼
KRW	2.23	-0.45% ▼
JPY	21.95	-1.44% ▼

COMMODITY PRICE

Commodity	Last Price	Change /w/
Gold /spot/	1,324.00	-0.77% ▼
Silver /spot/	16.51	-3.22% ▼
Copper	306.95	-3.23% ▼
Coal	94.57	1.20% ▲
Crude Oil WTI	68.1	-0.22% ▼
Crude Oil Brent	74.64	0.89% ▲
Natural Gas	2.77	1.09% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2018.III	6.60%
Policy Rate	2018.III	10.00%
Interbank Rate	2018.III	10.07%
Deposit Interest Rate /MNT/	2018.III	12.80%
Deposit Interest Rate /Foreign currency/	2018.III	5.20%
Loan Interest Rate /MNT/	2018.III	19.10%
Loan Interest Rate /Foreign currency/	2018.III	11.30%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 56 companies' 3,905,417 shares worth MNT 710.0 million were traded.

Khunnu Menegment /HBZ/ company's share rose 15.00 percent to MNT 107.88, while Ikh Barilga /IBA/ company's share fell 19.51 percent to MNT 3,300.

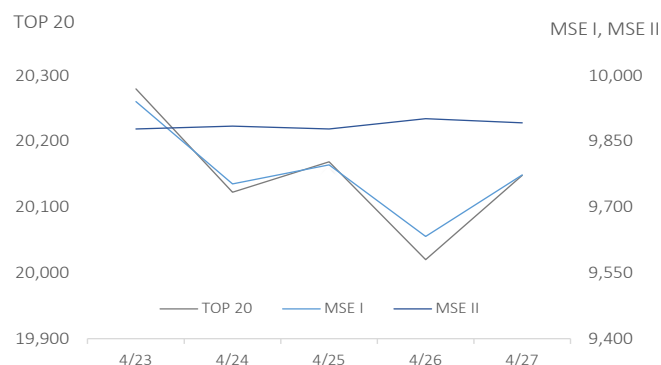
No government securities were issued on the primary market during this week.

On the secondary market of Government securities, 365 units of securities were traded for MNT 36.4 million through 1 trading session.

No corporate bonds were traded on the secondary market.

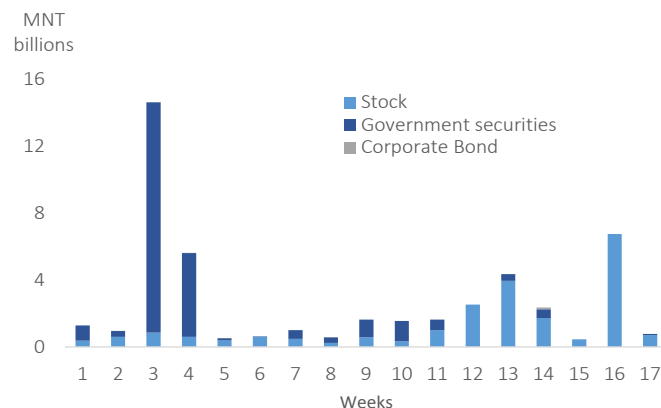
As of April 27, total market capitalization of MSE is MNT 2,483.9 billion. The TOP-20 index decreased by 0.65% to stand at 20,148.26 units.

MSE Indices



Source: MSE

Trading Value /week by week/



Source: MSE

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	782.8
Market Capitalization	2,483,912.2

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,148.26	-0.65% ▼
MSE I Index	9,773.16	-1.68% ▼
MSE II Index	9,892.13	0.14% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Jinst-Uvs	161,842	247,380,222.0
LendMN	3,094,467	142,874,667.2
APU	218,649	137,969,131.8
Tavan Tolgoi	6,380	64,590,875.0
Gobi	2,090	46,319,740.0

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khunnu Menegment	107.88	15.00% ▲
Ulaanbaatar khivs	16,490.00	13.72% ▲
Bayan Aldar	650.00	12.07% ▲
Durvun-Uul	2,150.00	10.26% ▲
Buunii Hudaldao	419.00	9.05% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Ikh Barilga	3,300.00	-19.51% ▼
Mon It Buligar	9,550.00	-14.96% ▼
E-Trans logistics	100.00	-13.04% ▼
Sor	1,100.00	-10.93% ▼
Bukhug	3,800.00	-7.32% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	301,334,666.89
BDSec	176,837,091.36
Mirae Asset Securities Mongolia	135,374,125.33
Bumbat-Altai	134,264,877.97
TDB Capital	118,285,219.78

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	645.44	686,865
Tavan Tolgoi	10,070.00	530,339
MIK Holding	11,250.00	232,980
Gobi	22,120.00	172,561
Suu	218.00	74,992

GOVERNMENT SECURITY TRADING

Government securities /primary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-08/05/18-A0241-0	730.00	72,810,200.00	99,740.00	99,740.00	52	14.670%

CORPORATE BOND TRADING

Corporate bond /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

DIVIDEND INFORMATION

Nº	Ticker	Company name	Dividends per share /MNT/	Total dividend /MNT mln/	Net profit /MNT mln/	Dividend payout ratio /%/	Date of the decision	Regord date	Payment date
1	TTL	Tavan Tolgoi	2140.00	126,923.13	141,054.64	90.0%	2018.03.16	2018.04.03	N/A
2	DSS	Darkhan Selengiin tsakhilgaan tugeekh suljee	56.60	587.80	2,329.13	25.2%	2018.03.07	2018.03.27	from 2018.07.02
3	AND	And Energy	1.27	13.27	121,400.00	0.0%	2018.02.24	2018.03.16	N/A
4	SUL	Juulchin Duty Free	10,000.00	653.62	1,070.68	61.0%	2018.02.23	2018.04.11	from 2018.05.01
5	SUU	Suu	3.00	1,032.00	2,430.13	42.5%	2018.02.14	2018.04.05	within 2018.12.31
6	GTL	Gutal	1,270.0	2,055.73	2,492.84	82.5%	2018.02.19	2018.03.18	from 2018.07.06
7	BNG	Bayangol Hotel	355.0	150.19	2,481.23	6.1%	2018.02.19	2018.04.06	from 2018.09.01
8	APU	APU	10.0 0	10,641.82	24,871.94	42.8%	2018.02.19	2018.03.29	within 2018.06.01
9	BTG	Bayanteeg	100.00	25.26	1,131.61	2.2%	2018.02.19	2018.03.12	from 2018.06.01
10	MIE	Materialimpex	10.00	13.68	492.98	2.8%	2018.02.19	2018.03.26	from 2018.12.31
11	HRD	Khurd	497.00	67.23	694.41	9.7%	2018.02.15	2018.02.23	in the 2nd quarter of 2018
12	MNP	Mongol Post	3.68	367.25	911.83	40.3%	2018.02.13	2018.04.13	from 2018.05.01
13	MMX	Makhimpex	100.00	380.07	354.75	107.1%	2018.02.13	2018.04.05	from 2018.10.01
14	TCK	Talkh Chikher	170.00	174.03	1,128.02	15.4%	2018.02.12	2018.04.06	from 2018.07.01
15	GHC	Gan Khiits	100.00	24.20	(158.94)	N/A	2018.02.09	N/A	N/A
16	ADL	Aduunchuluun	130.00	409.67	435.50	94.1%	2018.01.24	2018.03.01	N/A
17	UBH	Ulaanbaatar khivs	100.00	40.48	247.12	16.4%	2018.02.05	2018.02.26	within 2018.05.01
18	TAH	Takhi Ko	108.00	128.52	790.06	16.3%	2018.02.05	2018.03.30	within 2018.05.01
19	GOV	Gobi	220.00	1,716.25	17,474.71	9.8%	2018.02.02	2018.03.27	from 2018.04.24
20	HRM	Hermes Center	5.00	392.72	715.41	54.9%	2018.01.24	2018.02.15	from 2018.03.06

CAPITAL MARKET NEWS

'Khurd' JSC to distribute dividends

According to the Resolution No.: 03 of 'Khurd' JSC's Board of Directors Meeting held on 15 February 2018, the decision to distribute MNT67.2 million to its shareholders by a dividend of MNT 497 has been approved.

The record date is 23 February 2018 and dividends will be paid within the second quarter of 2018.

Source: MSE.mn

Annual Shareholders' meeting of 'Atar Urguu' JSC was cancelled

As the Khan-Uul District Civil Court of First Instance issued a decision on April 23, 2018 to suspend the Board Resolution No.14 of March 19, 2018 of "Atar Urguu" JSC until the finalization of the civil case related to the Board of Directors of "Atar Urguu" JSC claimed by "Tavanbogd Trade" LLC and "Ulaanbaatar Guril" LLC, the Annual Shareholders' meeting of 'Atar-Urguu' JSC to be held on 27 April, 2018 was cancelled.

Source: MSE.mn

'And Energy' JSC increases its dividends

'And Energy JSC's Shareholders meeting has been held in Orkhon Province on April 24.

As of March 16, which was the record date of the meeting, a total of 432 shareholders were holding 78,070,758 stocks of the company.

67.72% of them or 64 shareholders of 52,907,300 stocks attended the meeting.

The Board of Directors had decided to distribute MNT 0.5 per share dividends on February 24, 2018.

However, four of the company's founders decided to distribute 80% of their dividends to the rest of the shareholders.

As a result, the company is distributing MNT 1.27 per share dividends.

Source: Erdenetled.mn



'Tavan Tolgoi' JSC distributes 90% of its net profit as dividends

'Tavan Tolgoi' JSC listed in the Board I on the Mongolian Stock Exchange decided to distribute 90 percent of its net profit or approximately MNT 127 billion as dividends. As a result, dividend per share is accounted for MNT 2,410. In 2017, the company sold 4 million tons of coal, doubling the planned amount. Sales income of the company rose 2.4 times to MNT 428 billion. In addition, 'Tavan Tolgoi' JSC paid a total of MNT 184.3 billion tax to the budget. This year, share price of the company has reached the highest level of MNT 13 thousand, unseen for the last 7 years.

As of April 27, share price was accounted for MNT 10,070 and market capitalization reached MNT 530 billion.

Source: BloombergTv.mn

B.Gankhuyag: Shareholders of 1072 shares will be able to receive their dividend payments from 2019

B.Gankhuyag, CEO, and U.Byambasuren, a chair of the Board of 'Erdenes Tavan Tolgoi' JSC, made an announcement.

'Erdenes Tavan Tolgoi' JSC, which had been operating with losses since its establishment, earned sales income of MNT 1.1 trillion and net profit of MNT 461 billion in 2017. The company registered a total of 2.5 million shareholders and MNT 11.2 trillion of intangible assets. As a result, company's price reached USD 5 billion. Also 8.5 million tons of coal were exported in 2017.

The company plans to launch IPO on the Mongolian Stock Exchange in September this year. Currently, the company met 85 percent of listing requirement of the Mongolian Stock Exchange. In further, company plans to be listed on the international stock exchanges. As a result, shareholders of 1072 shares will be able to receive their dividend payments from 2019.

Source: BloombergTv.mn

'Ard Financial Group' JSC acquires 'Jinst-Uvs' JSC

Shareholders' meeting of 'Ard Financial Group' JSC was held on April 28. Currently, there are 3,000 shareholders of the company. 'Ard Financial Group' has 12 subsidiaries such as Ard Insurance, Ard Credit NBF and Ard Securities.

The company's equity rose 64 percent from MNT 39.4 billion to MNT 49.7 billion. Share price increased by 20 percent to MNT 2,955.

100 percent of shareholders voted to acquire 'Jinst-Uvs' JSC listed on the Mongolian Stock Exchange. As a result, the company will have 28,614,263 shares with nominal price of MNT 1,000.

Source: BloombergTv.mn

COMMODITY MARKET NEWS

Fluorspar exports increased by 2 times year on year in the first quarter

In the first quarter 2018, fluorspar exports of Mongolia increased by 2 times year on year and reached USD 25 million. Half of them were exported to China and the rest – to Russia. According to the National Statistical Office of Mongolia, 78.3 thousand tons of fluorspar were exported, which is 47.3 percent higher in the same period of the previous year. Main exporter of fluorspar, 'Bayalag Fluorspar' LLC, exported about 5,000 tons. The company, which exports approximately 20 thousand tons every year, plans to increase its exports this year.

Raw fluorspar price per ton is accounted for USD 75-92, fluorspar concentrate is accounted for USD 92-97. Fluorspar price in China is USD 30 higher but there are some troubles with exporting it, said the CEO of 'Bayalag Fluorspar' LLC.

Ministry of Mining and Heavy Industry established working group to assess fluorspar mining, processing and exporting. The working group has met representatives of more than 40 companies.

Source: BloombergTv.mn



Aspire Mining: Feasibility study of Nuurstei coking coal project will be finished in 2018

On Monday, shares of the 'Aspire Mining' company rose 20 percent to AUD 0.012 on the Australian Stock Exchange. The CEO of the company David Paul announced that Nuurstei coking coal project's feasibility study will be finished in the mid-year of 2018, and the company is planning to start its mining operation next year. The company is on the path to create an infrastructure that allows exporting its mineral products to Russia and China. For instance, Prime Minister U.Khurelsukh signed some documents and memorandums of understanding on railways, infrastructure and investments during his visit to China.

Thus, Aspire Mining and its rail subsidiary Northern Railways have entered into a memorandum of understanding with China Gezhouba Group International Engineering Company (CGGC) to advance the Erdenet to Ovoot rail project.

Source: BloombergTv.mn

70 percent of utility construction materials are produced in the domestic market

In 2017, approximately 20 construction material factories were put into operation. It is almost twice as low as in 2016. The CEO of Building Material Manufacturer's Association of Mongolia, O.Lkhagvadorj, reported that construction companies and material manufacturers are in a difficult situation due to a decrease in investment in the construction sector and stagnation of mortgage loans. Over the last four years, most of the new companies are small and medium sized enterprises except several large concrete manufacturers. 75 percent of the factories are concentrated in Ulaanbaatar. Five years ago, 88 percent of building materials were imported, but now it is possible to produce 70 percent of the 40 materials used in the building. For example, ready-mix concrete, concrete-steel composite structures of civil and engineering constructions and ceramic bricks can be fully supplied by local suppliers. Plastic doors and windows, plastic plumbing pipes and foam board insulations can be included. In addition, the number of new cement plants has increased by six times over the past seven years. In other words, companies are not only able to fully meet domestic demand, but also able to export it. Currently, Building Material Manufacturer's Association of Mongolia is studying the possibility of exporting cement to Russia.

In 2016, large cement projects were implemented and four large factories producing one million tons of cement per year were newly built. 70.4 thousand tons of cement were produced in the first quarter of this year, which has tripled the result from the same period of last year.

However, lime production has decreased by three times and iron production dropped by 50 percent, according to the National Statistical Office. In addition, the production of vacuum windows and doors increased by 4 percent.

Source: BloombergTv.mn

Mongolian Commodity Exchange: The price of raw cashmere has dropped by 4.7 percent

The main commodity price on the Mongolia Commodity Exchange stock has a downward trend. For example, dark raw cashmere prices fell 3 percent on Thursday to MNT 97 thousand. In the long run, the exchange rate is 14.3 percent higher than the same period last year. The price of light raw cashmere was decreased by 4.7 percent to MNT 102 thousand. It also rose 17.9 percent year on year. Since April, commodity worth MNT 140.1 billion were traded on the Mongolia Commodity Exchange, which is MNT 12.2 billion higher than a year before.

Under the 'Cashmere Program' that is planned to be implemented in 2018-2021, exports of cashmere will grow 5.7 times, according to the Deputy Minister of Food, Agriculture and Light Industry. More than 1000 projects have been submitted to Small and Medium Enterprise Development Fund to receive investment accounted for MNT 800 billion.

Source: BloombergTv.mn

OTHER NEWS



Fitch maintained its forecast for GDP growth of 4.5 percent in 2018

In its latest assessment of Mongolia's economy, Fitch Ratings said that several banking and economic risks have been reduced thanks to several encouraging developments in recent years. The ratings agency views the recently completed asset quality review as helping to ease uncertainty over capital adequacy in the banking system.

In addition, there has been an upsurge in the delays in China's border with coal exports. Fitch in a statement said that it will reduce the risk of reducing economic growth. Officials reported that there was progress in port issues in April after the visit of Prime Minister U.Hurelsukh to China. The agency estimates that economic growth is slightly below than the previous year, accounting for 4.5 percent in 2018.

However, Fitch still underlined a risk of waning commitment to the IMF program by authorities due to improved conditions. This likely was seen as a potential issue due to several moves by the government, including a repeal of the agreed upon tax increases as part of the program. In regards to tax repeal the overall fiscal reform progress has been mixed with the government cancelling or delaying some of the structural benchmarks agreed with IMF, including a progressive personal income tax, a politically independent fiscal council and a gradual extension of the retirement age.

An area of concern for the ratings agency is the fact that the government's willingness to prioritize financial stability is untested. It believes banks could still come under pressure to support the economic recovery.

Source: BloombergTv.mn

Shares of Erdenes Tavan Tolgoi JSC attract foreign investors interest

'Invest Mongolia Hong Kong 2018' conference was successfully held on April 20 at Hong Kong Special Administrative Region of the People's Republic of China. Representatives of more than 120 international banking and financial institutions, public and private organizations participated at the conference. Mongolian delegates led by the Minister of Mining and Heavy Industry D.Sumiyabazar attended the meeting.

The conference included discussions on Mongolia's economy, investment environment, Asian investors, major projects and programs in mining industry and the stock market.

Major companies and investors of China attached great importance on the conference as it was organized shortly after Prime Minister U.Khurelsukh's official visit to China. At the conference Minister D.Sumiyabazar called the investors to make investments in gold mining, minerals processing plants and making the Erdenes Tavan Tolgoi deposit to enter to international markets.

Deputy Director for Business and Development of the Erdenes Mongol LLC O.Odbayar gave information on financial performance, long-term goals, projects and programs of the Erdenes Mongol LLC and its subsidiaries, and the stocks issued by Erdenes Tavan Tolgoi JSC, which attracted interest of the conference participants.

Source: Montsame.mn

Central bank approves regulation on digital currency

The Central bank of Mongolia adopted a Regulation on Digital Currency to create legal environment of coordination of digital currency and its activities which has been defined in the Law on National Payment System, and to protect customers through establishing safe and reliable digital currency system.

The regulation defines who will participate in digital currency system and how, process of getting permission, rights and duties of customers and service providers. It also expected to support further development of FinTech technology and payment system.

Source: Mongolbank.mn

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