

GLOBAL MARKET PERFORMANCE

United States: The major equity benchmarks were mixed in a week of generally subdued trading volumes. Energy stocks performed best, while real estate and utilities shares sold off as their relatively high dividend payments became less attractive following an increase in long-term bond yields.

Stocks suffered much of their decline on Tuesday morning, after strong economic data raised fears about higher interest rates. The Commerce Department reported that core (excluding auto, gas, and building materials) retail sales expanded by 0.3% in April.

The solid economic data pushed the yield on the benchmark 10-year Treasury note up to 3.12% on Thursday—its highest level in seven years.

Europe: European equities were relatively volatile but ended the week higher.

The UK's blue chip FTSE 100 also climbed to a record close, lifted by a report midweek that purportedly confirmed that Britain would retain some official trade ties with the European Union (EU) following Brexit.

A rally in oil prices helped energy shares outperform and mining stocks were notably strong. Telecommunication services shares, weighed down by disappointing earnings, and banks lagged.

Japan: Japanese stocks advanced for the week. The Nikkei 225 Stock Average recorded its eighth positive week in a row, rising 0.76% and closing on Friday at 22,930.36. The yen, which lost ground against the U.S. dollar as U.S. bond yields rose, traded on Friday at ¥110.72 per dollar, its lowest level since January.

The week brought news that Japan's had contracted at an annualized rate of 0.6% in the first quarter, bringing to an end a streak of eight consecutive quarters of expansion—the longest stretch of positive quarterly growth readings in 28 years. Moreover, the contraction was worse than expected, and fourth-quarter growth was also revised down from 1.6% to 0.6%. In a separate report, the rate of core inflation (which excludes fresh food) came in at 0.7% on a year-over-year basis in April, its lowest level since September and well below the central bank's 2% target.

China: A trio of economic indicators painted a mixed picture for China's economy, suggesting that growth on the mainland may be entering a long-anticipated slowdown just as trade protectionism threatens to heat up.

Fixed-asset investment outside rural areas grew at its slowest pace in the first four months of the year since 1999. Retail sales increased 9.4% in April from the year-ago period. The only bright spot was industrial output, which rose a better-than-forecast 7.0% year-over-year in April—an increase analysts attributed to the loosening of pollution controls Beijing had imposed on smokestack industries across the country. Sino-U.S. trade frictions have not yet had an impact on China's economy, according to the country's statistics bureau.

Source: Reuters, Troweprice

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,213.17	-0.21% ▼
Dow Jones	USA	24,715.09	-0.47% ▼
S&P 500	USA	2,712.97	-0.54% ▼
Nasdaq	USA	7,354.34	-0.66% ▼
S&P/TSX	Canada	16,162.31	1.27% ▲
FTSE 100	GB	7,778.79	0.70% ▲
S&P/ASX 200	Australia	6,087.40	-0.47% ▼
Nikkei 225	Japan	22,930.36	0.76% ▲
Hang Seng	Hong Kong	31,047.91	-0.24% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	109.17
Mongol 2023 (Gerege)	USD	5.6%	96.26
Mongol 2022 (Chinggis)	USD	5.1%	95.54
Mongol 2021 (Mazalai)	USD	10.8%	112.30
Mongol CNY (Dimsam)	CNY	7.5%	100.13
DBM' 23 (Samurai)	JPY	1.5%	104.52
TDBM' 2020	USD	9.3%	106.18

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.953	0.03 ▲
Libor 3M	2.329	-0.01 ▼
Libor 6M	2.499	-0.02 ▼
Libor 1YR	2.765	0.00 ▼
US 6M Bond	2.077	0.05 ▲
US 2YR Bond	2.557	0.02 ▲
US 3YR Bond	2.726	0.04 ▲
US 5YR Bond	2.902	0.07 ▲
US 10YR Bond	3.069	0.11 ▲

EXCHANGE RATES

Against MNT	2018.05.18	Change /w/
USD	2,405.65	0.17% ▲
CNY	377.46	-0.29% ▼
EUR	2,842.03	-0.63% ▼
RUB	38.84	-0.15% ▼
KRW	2.23	-0.89% ▼
JPY	21.69	-1.27% ▼

COMMODITY PRICE

Commodity	Last Price	Change /w/
Gold /spot/	1,293.05	-2.18% ▼
Silver /spot/	16.44	-1.67% ▼
Copper	306.35	-1.76% ▼
Coal	104.10	4.36% ▲
Crude Oil WTI	71.28	0.83% ▲
Crude Oil Brent	78.51	1.83% ▲
Natural Gas	2.85	1.06% ▲

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 102 companies' 4,061,994 shares worth MNT 394.1 million were traded.

Altain Zam /AZH/ company's share rose 32.25 percent to MNT 798.5, while Mon It Buligar /MBG/ company's share fell 14.95 percent to MNT 9,270.

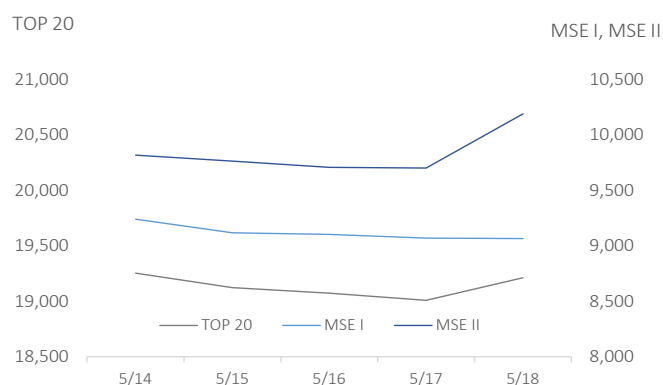
No government securities were issued on the primary market during this week.

On the secondary market of Government securities, 4,000 units of securities were traded for MNT 416.9 million through 1 trading session.

2,025 units of corporate bonds worth MNT 202.5 million were traded on the secondary market.

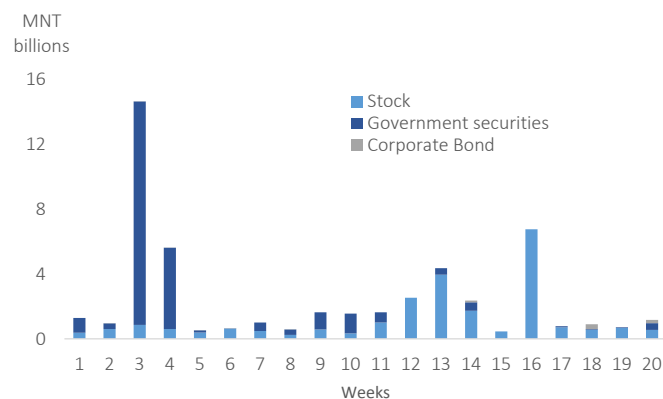
As of May 18, total market capitalization of MSE is MNT 2,366.9 billion. The TOP-20 index decreased by 0.21% to stand at 19,213.17 units.

MSE Indices



Source: MSE

Trading Value /week by week/



Source: MSE

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	1,175.9
Market Capitalization	2,366,900.9

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,213.17	-0.21% ▼
MSE I Index	9,065.86	-1.89% ▼
MSE II Index	10,190.15	3.78% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
LendMN	3,780,761	178,270,027
APU	245,211	141,749,010
Tavan Tolgoi		97,123,275
Gobi		40,794,140
Suu	112,092	23,141,178

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Altain Zam	798.50	32.25% ▲
Teever Achlal	920.00	15.00% ▲
Standart Noos	575.00	15.00% ▲
Mogoin Gol	9,200.00	15.00% ▲
Bluesky Securities	2,070.00	15.00% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Mon It Buligar	9,270.00	-14.95% ▼
HBOil	56.18	-14.88% ▼
Silk Net	630.00	-14.24% ▼
Auto impex	2,190.00	-12.40% ▼
Remicon	42.00	-10.66% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Mirae Asset Securities Mongolia	189,655,597
TDB Capital	135,834,968
BDSec	132,152,973
Bumbat-Altai	126,759,115
Standart Investment	111,178,504

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	564.38	600,603
Tavan Tolgoi	9,330.00	491,366
Mongolian Mortgage Corporation	10,510.00	217,655
Gobi	21,500.00	167,724
Suu	210.65	72,464

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-BD-04/07/19-A0266-14.82	4,000	416,880,000	103,950	104,490	104	14.820%

CORPORATE BOND TRADING

Corporate bond /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	SUUB-BD-29/06/18-C0006-17.5	2,025	202,500,000	100,000	100,000	52	17.500%

DIVIDEND INFORMATION

Nº	Ticker	Company name	Dividend per share /MNT/	Total dividend /MNT mln/	Date of decision	Record date	Payment date
1	ERS	Mongol Alt	150.00	39.88	2018.04.27	2018.04.05	within 2018.12.31
2	TEE	Teever Darkhan	500.00	81.67	2018.04.27	2018.04.05	within 2018.12.31
3	TTL	Tavan Tolgoi	2,410.00	126,923.13	2018.04.16	2018.04.03	from 2018.04.27
4	EER	Arig Gal	21.33	74.21	2018.04.25	2018.04.02	from 2018.09.01
5	BDL	Mogoin gol	100.00	82.96	2018.04.26	2018.01.18	-
6	DSS	Darkhan Selengiin tsakhilgaan tugeekh suljee	56.60	7.66	2018.03.07	2018.03.27	from 2018.07.02
7	TAL	Talyn Gal	50.00	34.71	2018.03.05	2018.04.26	within 2018.12.31
8	AND	And Energy	1.27	99.15	2018.02.24	2018.03.16	-
9	SUL	Juulchin Duty Free	10,000.00	653.62	2018.02.23	2018.04.11	from 2018.05.01
10	GTL	Gutal	1,270.00	83.01	2018.02.19	2018.03.18	from 2018.07.06
11	BNG	Bayangol Hotel	355.00	150.19	2018.02.19	2018.04.06	from 2018.09.01
12	APU	APU	10.00	10,641.82	2018.02.19	2018.03.29	within 2018.06.01
13	BTG	Bayanteeg	100.00	25.26	2018.02.19	2018.03.12	within 2018.06.01
14	MIE	Materialimpex	10.00	13.68	2018.02.19	2018.03.26	within 2018.12.31
15	HRD	Khurd	497.00	67.23	2018.02.15	2018.02.23	within 2018 .06.30
16	SUU	Suu	3.00	1,032.00	2018.02.14	2018.04.05	from 2018.05.21
17	MNP	Mongol Post	3.68	366.48	2018.02.13	2018.04.13	from 2018.05.01
18	MMX	Makhimpex	100.00	380.07	2018.02.13	2018.04.05	from 2018.10.01
19	TCK	Talkh Chikher	170.00	174.03	2018.02.12	2018.04.06	from 2018.07.01
20	GHC	Gan Khiits	100.00	24.25	2018.02.09	-	-
21	ADL	Aduunchuluun	130.00	409.67	2018.02.07	2018.03.01	-
22	TAH	Takhi Ko	108.00	128.52	2018.02.05	2018.03.30	within 2018.05.01
23	UBH	Ulaanbaatar Khivs	100.00	40.48	2018.02.05	2018.02.26	from 2018.05.01
24	GOV	Gobi	220.00	1,716.25	2018.02.02	2018.03.27	from 2018.04.24
25	HRM	Hermes Center	5.00	392.72	2018.01.24	2018.02.15	from 2018.03.06

CAPITAL MARKET NEWS

Share allocation policy of 'Mongol Basalt' JSC changed

The share allocation policy has been changed due to the direction given by the Financial Regulatory Commission dated on 15 May 2018.

In case of oversubscription for the stock, the following allocation policy will apply:

Amount to be allocated equally: MNT 1.0 billion

Amount to be fulfilled: Depends on total number of investors

Amount to be allocated on pro-rata basis: MNT 5.4 billion

Amount to be fulfilled: Allocated on pro-rata basis

Source: MSE.mn

Foreign investors of 'Mongol Basalt' JSC will participate in trading due to the share allocation policy

'Gauli' LLC, the sub-underwriter of 'Mongol Basalt' JSC, is raising fund from Korean investors on long-term basis. Therefore, the investors are participating in primary market trading due to the share allocation policy approved by the Financial Regulatory Commission.

As of May 18, 'Mongol Basalt' JSC raised MNT 2.6 billion.

Source: MSE.mn



'Mongol alt' JSC to distribute dividends

According to the Annual Shareholders' meeting of "Mongol Alt" JSC held on 27 April, 2018, "Mongol Alt" JSC announced that the Company will distribute a dividend of MNT150 per share.

The record date is April 05, 2018 and dividends will be paid within 31 December 2018.

Source: MSE.mn

Attention to shareholders of 'Jinst Uvs' JSC

According to the Shareholders meeting dated 28 April, 2018 of MSE listed "Jinst Uvs" JSC, the decision to merge with Ard Financial Group closed public company has been made.

In accordance with the provision 53.1.1 of the Company Law of Mongolia, "Jinst Uvs" JSC gives a notice that the shareholders who voted against or who did not participate in the voting have become entitled to demand that the Company to redeem its shares with respect to the above mentioned decision.

The shareholders who were recorded as a shareholder as of 28 April, 2018 can present its demand for redemption to the company at the price of MNT1547 per share until June 15, 2018.

Source: MSE.mn

'Teever Darkhan' JSC to distribute dividends

According to the Annual Shareholders' meeting of 'Teever Darkhan' JSC held on 27 April, 2018, "Teever Darkhan" JSC announced that the Company will distribute a dividend of MNT500 per share.

The record date is April 05, 2018 and dividends will be paid within 31 December 2018.

Source: MSE.mn

MSE: Construction companies will begin distributing dividends from June 30

74 percent of sales income of 'Barilga Corporation' JSC in 2017 were generated by 'Oyu Tolgoi' project. The company is listed in Tier III on the Mongolian Stock Exchange. The CEO of the company announced that 'Barilga Corporation' JSC will distribute 10-13 percent of its net profit as dividends. In addition, other construction companies listed on the MSE such as 'Arig Gal' and 'Khurd' JSCs are distributing dividends from June 30.

According to the National Statistical Office, preliminary estimates for the first quarter of this year include construction and capital repairs worth MNT 248 billion. Of these, 86.3 percent were generated by domestic construction companies and 13.7 percent were generated by foreign construction companies. Construction and capital repair work increased by 22.3 percent from the same period of the previous year. The National Statistical Office reported that the work done by domestic organizations increased by MNT 15.4 billion or 7.8 percent.

Source: BloombergTv.mn

COMMODITY MARKET NEWS

Financial issues of 'Baganuur', 'Shivee Ovoo' companies to be solved

At its regular meeting on May 16, the Cabinet made a decision to scrutinize estimations of the investment required to secure constant operations of Baganuur and Shivee Ovoo companies and expand their capacities with technical modernizations, and resolve the financial sources within next month.

The Cabinet obliged the Board of Directors of 'Erdenes Mongol' LLC and 'Erdenes Tavan Tolgoi' JSC to settle short-term payables of Baganuur and Shivee-Ovoo companies by June 1 with their internal resources, and corresponding minister to take stage by stage measures to increase the coal price to its actual cost.

Certain measures will be also taken to increase profitability of the companies, reduce production costs and improve its management..

Source: BloombergTv.mn



NSO: Coal export drastically grew since March

In the first four months of 2018, around 85 percent of the country's total export was consisted of mineral products alone. Specifically, the coal export increased by three percent, reaching USD 795.8 million according to the National Statistical Office (NSO) report.

The coal export has drastically increased since March and a total of 3.56 million tons of coal were exported in April. Following the official visit of the Mongolian Prime Minister Khurelsukh Ukhnaa, the number of exit ports at the Chinese side Gantsmod checkpoint was increased to three. As a result, average number of 950- 1200 coal trucks started transporting coal on daily basis for export, Erdenes Tavan Tolgoi JSC reported.

In addition to this, copper concentration export was decreased by 8.6 percent in physical quantity in the first four months of 2018, to 458.6 thousand tons. Total sales reached USD 627.6 million, which is an increase of 20 percent compared to the same period of last year, the NSO reported. One of the major mining exporters Oyu Tolgoi LLC's sales revenue totalled USD 168.9 million, which is a 13 percent fall year over year, Turquoise Hill Resources LLC reported. It was noted that several factors including decline in concentration content had an impact in it.

Moreover, zinc export totalled 41.6 thousand tons and shown an increase of seven percent. The revenue increased by 30 percent, to USD 75.1 million.

Source: BloombergTv.mn

Mongolbank purchases 988.8 kg gold in April

In connection to the Alt -2 program of the Bank of Mongolia (BoM), the bank's gold purchase has increased. As of April 31, 2018, the BoM purchased 988.8 kgs of gold, reported on May 16.

The bank has purchased 3.2 tons or 3290.6 kg of gold in the first four months of 2018, which was increased by 257.6 kg compared to the same period of the previous year.

The BoM is purchasing gold at MNT 103,531.75 per gram, the same price as London Metal Exchange. The bank's average gold purchase rate is MNT 102,000.96 per gramm.

Source: Montsame.mn

'Erdenes Tavan Tolgoi' JSC will sell East Tsankhi's coal at USD 60 per ton to 'Chalco'

'Erdenes Tavan Tolgoi' JSC increased its East Tsankhi's coal price by 70 cents per ton to USD 60 supplied to 'Chalco'. The company will increase the price to USD 61.35, and the proposal was reviewed by 'Chalco'. 'Chalco' decided to respond within this week after introducing it to the Board. The coking coal of 'Erdenes Tavan Tolgoi' JSC is being sold at USD 68.1 per ton and the energy coal is sold at USD 12.1 at the mine site. Under the terms of the agreement signed in 2011 with 'Chalco', the company is aiming to improve the pricing mechanism or price indexing mechanism, depending on market conditions.

In this regard, representatives of "Erdenes Tavan Tolgoi" LLC met with 'Chalco Trading Hongkong' last week. One index was added to the four existing indices. As a result, 60 percent dependency from 'CR China Coking Coal Price Index' dropped to 30 percent. It means that East Tsankhi's coal will be sold at relatively close price with the West Tsankhi's coal over the next 1-1.5 years, and substantial price fluctuations will be reduced.

Source: BloombergTv.mn

Mongolian companies intend to increase coal export prices

In line with the Chinese government's policy, Mongolian companies are aiming to increase their coal exports. "Erdenes Tavantolgoi" JSC has negotiated for the Tavantolgoi group of mining companies, and East Tsankhi coal is being supplied to Chalco at USD 60 per ton. Furthermore, Western Tsankhi's coking coal is sold for USD 68 and thermal coal is sold at USD 14-16 per ton.

In addition, the Mongolian Mining Corporation stated in its financial report: "The average price of washed coal was USD 130.3 per ton." The Naryn Sukhait Group is targeting MAK, Usukh Zoos and Southgobi Sands to enrich their coal. For Southgobi Sands LLC, the coal price is expected to be around 500-600 yuan per ton. The company plans to export 800 thousand tons of enriched coal in 2018. In the first quarter of this year, coal was sold at USD 43.02 per ton, up 1.7 times from 2017.

Source: BloombergTv.mn

OTHER NEWS

Government to reduce loan interest rate to 16 percent by 2024

The government is planning to reduce the interest rate to 16 percent by 2024.

It emphasized that the capital market share in the total financial market would increase to 12 percent. According to the Bank of Mongolia, the average loan interest rate for commercial banks is 19.1 percent in March 2018. S.Erdene, Member of the Parliament, has submitted a bill to limit loan interest rate. However, the Bank of Mongolia maintains a position that the interest rate should be lowered by market principle.

Эх сурвалж: BloombergTv.mn



The capital city is estimated to have 38.5 thousand apartments opened in next three years

According to the research of "Tenkhleg Zuuch" company, 217 thousand households will need apartments in the capital city over the next five years. In the rural areas, the demand for apartments is expected to reach 122 thousand. As of 2017, 43 percent of the 380 thousand households living in the capital live in apartments with full supply of engineering. In collaboration with the Mongolian National Construction Association, "Tenkhleg Zuuch" LLC has introduced a survey on demand and supply of housing in Mongolia.

According to the survey, 427 projects for 62.3 thousand households in Ulaanbaatar are being implemented. Over the next three years, 38.5 thousand apartments will be ready for use in the capital city. Currently, 5,822 housing units are being sold in the market. Most of them have less than 80 square meters, the average cost of the square meter is MNT 2.114 million. As of April 2017, one square meter was accounted for MNT 2 million and 30 thousand. In other words, the average apartment price has risen slightly from the same period last year.

Эх сурвалж: BloombergTv.mn

NSO: Economic situation in Mongolia as of April 2018

According to the preliminary estimate, GDP by production approach in the first quarter of 2018 reached MNT 3.2 trillion at 2010 constant price which increased by MNT 188.0 billion (6.1%) compared with the same period of the previous year.

This growth was mainly due to an increase in service sector by MNT 74.8 billion or 4.9% (wholesale and retail trade sector by MNT 25.8 billion or 7.3%) and net taxes on products by MNT 56.8 billion (16.1%).

The money supply (broad money or M2) reached MNT 16.2 trillion at the end of April 2018, showing an increase of MNT 150.0 billion (0.9%) from the previous month and by MNT 3.8 trillion (30.1%) from the same period of the previous year.

At the end of April 2018, the national currency in circulation reached MNT 937.6 billion, increased by MNT 97.1 billion (11.6%) from the previous month and by MNT 103.4 billion (12.4%) from the same period of the previous year.

In the first 4 months of 2018, total equilibrated revenue and grants of the General Government Budget amounted to MNT 2.5 trillion and total expenditure and net lending amounted to MNT 2.4 trillion, representing a surplus of MNT 98.2 billion in the equilibrated balance.

An increase of MNT 204.0 billion in surplus of the equilibrated balance from the same period of the previous year was mainly affected by the revenue growth which is 10.2 points higher than expenditure.

In the first 4 months of 2018, Mongolia traded with 125 countries from all over the world and total trade turnover reached USD 3.7 billion, of which USD 2.1 billion were made up by exports and USD 1.6 billion by imports.

In April 2018, consumer price index at the national level increased by 0.6% from the previous month, by 3.8% from end of the previous year and by 6.0% from the same period of the previous year.

In April 2018, consumer price index increased by 6.0% from the same period of the previous year, which was mainly contributed by increases in the following group of food and non-alcoholic beverages by 6.1% (potato and vegetables by 24.3%, non-alcoholic beverages by 5.7% and milk, dairy products and eggs by 9.3%), alcoholic beverages, tobacco by 8.5%, transport by 6.1%, housing, water, electricity and fuels by 13.0% (electricity, gas and other fuels by 23.0%), and health by 9.6%.

Source: NSO.mn

DISCLAIMER/DISCLOSURE

This publication has been prepared on behalf of TDB Capital LLC solely for the information of its clients. It is not investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, TDB Capital LLC makes no representation that it is accurate or complete. The information herein is subject to change without notice. Because of the possibility of human or mechanical error as well as other factors such information provided as is" without warranty of any kind and TDB Capital LLC, in particular, makes no representation or warranty, express or implied, as to accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances, TDB Capital LLC has any liability to any person or entity (-ies) for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligible or otherwise) or other circumstances or contingency within or outside the control of any of their directors, managements, officers, employees, or agents in connection with compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, loss profits) even if TDB Capital LLC is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.