



# WEEKLY MARKET UPDATE

2018.07.02-07.06

## GLOBAL MARKET PERFORMANCE

**United States:** Stocks were volatile but rose for the week. Health care stocks were particularly strong within the S&P 500 Index, while financials shares lagged.

The market started the week off lower, following steep overnight losses in Asia as a measure of Chinese manufacturing activity came in below expectations and trade war worries continued to weigh on sentiment. A stronger-than-expected report on U.S. manufacturing activity may have helped turn markets around.

The Labor Department released monthly employment summary. Employers added a healthy 213,000 jobs in June, and previous months' gains were revised higher. The unemployment rate rose from an 18-year low of 3.8% in May, climbing to 4.0% in June, but the increase was due to a jump in people entering the labor force—a positive sign.

**Europe:** European equities ended the week mixed as trade talk continued to dominate market sentiment. Markets began the week in negative territory as President Trump threatened withdrawal from the World Trade Organization and emphasized plans that his next tariffs would likely target automobiles. The European Union countered with threats to levy measures on nearly USD 300 billion of U.S. goods. Banking, mining, oil, and automotive shares traded in negative territory. Bank of England Governor Mark Carney spoke on Thursday about "greater confidence" in the UK's economy following recent data that showed stronger growth in the UK services sector. The pound strengthened against the U.S. dollar following the upbeat news.

**Japan:** Japanese stocks declined for a third consecutive week. The yen ended the week at ¥110.5 per U.S. dollar, which is about 1.8% stronger than the ¥112.7 level at the end of 2017. The yen has remained in a fairly tight range, near ¥110 per U.S. dollar, for the past two months.

On Friday as banks and tourism-related companies sold off on investor concerns about the implementation of U.S. tariffs on \$34 billion of Chinese goods.

Prime Minister Shinzo Abe is firm in his conviction to raise the consumption tax from 8% to 10% in October 2019, but some observers believe that the tax should not be increased until the inflation rate reaches 2% and the economy demonstrates sustainable growth.

**China:** China's main stock indexes extended a stretch of weekly losses as trade tensions with the U.S. ratcheted up.

**Source:** Reuters, Troweprice

### WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,545.46	-2.08% ▼
Dow Jones	USA	24,456.48	0.76% ▲
S&P 500	USA	2,759.82	1.52% ▲
Nasdaq	USA	7,688.39	2.37% ▲
S&P/TSX	Canada	16,371.78	0.58% ▲
FTSE 100	GB	7,617.70	-0.25% ▼
S&P/ASX 200	Australia	6,272.30	1.25% ▲
Nikkei 225	Japan	21,788.14	-2.32% ▼
Hang Seng	Hong Kong	28,315.62	-2.21% ▼

### MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	107.99
Mongol 2023 (Gerege)	USD	5.6%	95.16
Mongol 2022 (Chinggis)	USD	5.1%	94.16
Mongol 2021 (Mazalai)	USD	10.8%	111.96
DBM' 23 (Samurai)	JPY	1.5%	104.63
TDBM' 2020	USD	9.3%	105.53

### MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.086	0.06 ▲
Libor 3M	2.331	0.00 ▼
Libor 6M	2.508	0.01 ▲
Libor 1YR	2.774	0.01 ▲
US 6M Bond	2.103	0.00 ▲
US 2YR Bond	2.545	0.03 ▲
US 3YR Bond	2.644	0.04 ▲
US 5YR Bond	2.735	0.02 ▲
US 10YR Bond	2.840	0.00 ▲

### EXCHANGE RATES

Against MNT	2018.07.06	Change /w/
USD	2,463.31	0.02% ▲
CNY	370.35	-0.38% ▼
EUR	2,882.81	0.70% ▲
RUB	39.03	-0.46% ▼
KRW	2.20	-0.45% ▼
JPY	22.28	0.09% ▲

### COMMODITY PRICE

Commodity	Last Price	Change /w/
Gold /spot/	1,255.48	0.38% ▲
Silver /spot/	16.05	0.00% ▼
Copper	282.40	-4.88% ▼
Coal	113.12	1.61% ▲
Crude Oil WTI	73.92	1.01% ▲
Crude Oil Brent	77.11	-1.31% ▼
Natural Gas	2.85	-2.06% ▼

### MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2018. V	6.10%
Policy Rate	2018. V	10.00%
Interbank Rate	2018. V	10.00%
Deposit Interest Rate /MNT/	2018. V	12.60%
Deposit Interest Rate /Foreign currency/	2018. V	5.20%
Loan Interest Rate /MNT/	2018. V	18.70%
Loan Interest Rate /Foreign currency/	2018. V	10.10%

**Source:** National Statistical Office, Bank of Mongolia, Bloomberg

## MSE TRADING UPDATE

In this week, a total of 44 companies' 6,247,690 shares worth MNT 1,249.8 million were traded.

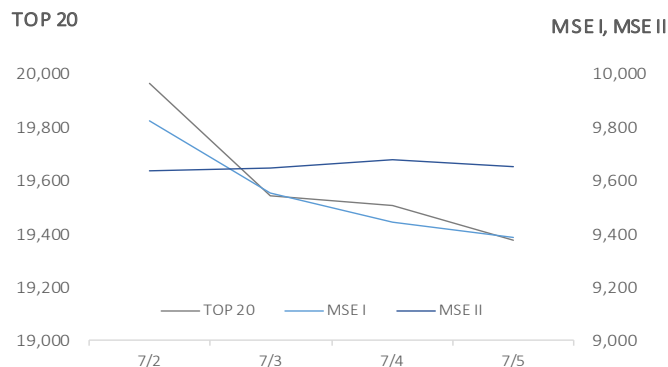
"Khukh Gan" /HGN/ company's share rose 24.21 percent to MNT 118, while "Olooo" /OLL/ company's share fell 15.00 percent to MNT 51.01.

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

On the secondary market of Government securities, 56 units of securities were traded for MNT 5.6 million.

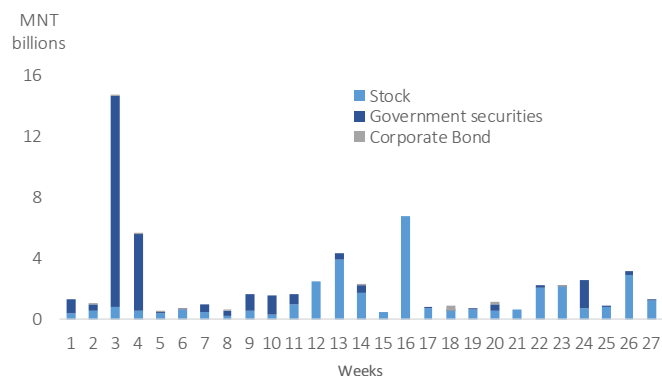
As of July 6, total market capitalization of MSE is MNT 2,415.6 billion. The TOP-20 index decreased by 2.08% to stand at 19,545.46 units.

### MSE Indices



Source: Mongolian Stock Exchange

### Trading Value /week by week/



Source: Mongolian Stock Exchange

### STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	1,255.4
Market Capitalization	2,415,596.6

### STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,545.46	-2.08% ▼
MSE I Index	9,481.07	-3.49% ▼
MSE II Index	9,650.70	0.17% ▲

### ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Moninjbar	5,150,000	875,500,000
APU	135,981	80,955,671
Mongol Basalt	121,589	48,600,333
Erdene Resource Development Corp.	72,071	46,667,714
Tavan Tolgoi	3,680	34,988,930

### SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khukh Gan	118.00	24.21% ▲
Moninjbar	170.00	13.33% ▲
Gutal	22,000.00	12.82% ▲
Materialimpex	9,490.00	5.44% ▲
Mongol Post	588.88	1.84% ▲

### SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Olooo	51.01	-15.00% ▼
Silikat	170.00	-15.00% ▼
Mongol Shiltgeen	463.00	-14.89% ▼
Mongol securities	403.03	-14.25% ▼
Atar-Urguu	62,000.00	-11.30% ▼

### MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
BDSec	1,891,064,084
Gauli	101,995,290
Bumbat Altai	80,111,882
Ard Securities	76,032,795
TDB Capital	67,836,229

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	595.00	633,188
Tavan Tolgoi	9,500.00	500,319
Mongolian Mortgage Corporation	10,250.00	212,271
Gobi	23,980.00	187,071
Suu	216.00	74,304

## 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	56	5,600,000	100,000	100,000	104	14.820%

## DIVIDEND INFORMATION

Nº	Ticker	Company name	Dividend per share /MNT/	Total dividend /MNT mln/	Date of resolution	Record date	Payment date	Distribution
1	ERS	Mongol Alt	150.00	39.88	2018.04.27	2018.04.05	within 2018.12.31	N/A
2	TEE	Teever Darkhan	500.00	81.67	2018.04.27	2018.04.05	within 2018.12.31	N/A
3	TTL	Tavan Tolgoi	2,410.00	126,923.13	2018.04.16	2018.04.03	paid on 2018.06.12	MCSD account
4	EER	Arig Gal	21.33	74.21	2018.04.25	2018.04.02	from 2018.09.01	N/A
5	BDL	Mogoin gol	100.00	82.96	2018.04.26	2018.01.18	paid on 2018.06.26	MCSD account
6	DSS	Darkhan Selengiin tsakhilgaan tugeekh suljee	56.60	7.66	2018.03.07	2018.03.27	from 2018.07.02	N/A
7	TAL	Talyn Gal	50.00	34.71	2018.03.05	2018.04.26	within 2018.12.31	N/A
8	BRC	Barilga Corporation	700.00	28.46	2018.02.24	2018.03.16	N/A	N/A
9	AND	And Energy	1.27	99.15	2018.02.24	2018.03.16	N/A	N/A
10	SUL	Juulchin Duty Free	10,000.00	653.62	2018.02.23	2018.04.11	from 2018.05.01	at the company
11	GTL	Gutal	1,270.00	83.01	2018.02.19	2018.03.18	from 2018.07.06	N/A
12	BNG	Bayangol Hotel	355.00	150.19	2018.02.19	2018.04.06	from 2018.09.01	at the company
13	APU	APU	10.00	10,641.82	2018.02.19	2018.03.29	paid on 2018.05.17	MCSD account
14	BTG	Bayanteeg	100.00	25.26	2018.02.19	2018.03.12	within 2018.06.01	MCSD account
15	MIE	Materialimpex	10.00	13.68	2018.02.19	2018.03.26	paid on 2018.04.17	MCSD account
16	HRD	Khurd	497.00	67.23	2018.02.15	2018.02.23	within 2018.06.30	N/A
17	SUU	Suu	3.00	1,032.00	2018.02.14	2018.04.05	paid on 2018.06.04	MCSD account
18	MNP	Mongol Post	3.68	366.48	2018.02.13	2018.04.13	paid on 2018.06.05	MCSD account
19	MMX	Makhimpex	100.00	380.07	2018.02.13	2018.04.05	from 2018.10.01	at the company
20	TCK	Talkh Chikher	170.00	174.03	2018.02.12	2018.04.06	from 2018.07.01	at the company
21	GHC	Gan Khiits	100.00	24.25	2018.02.09	N/A	N/A	N/A
22	ADL	Aduunchuluun	130.00	409.67	2018.02.07	2018.03.01	paid on 2018.06.26	MCSD account
23	TAH	Takhi Ko	108.00	128.52	2018.02.05	2018.03.30	within 2018.05.01	MCSD account
24	UBH	Ulaanbaatar Khivs	100.00	40.48	2018.02.05	2018.02.26	from 2018.05.01	MCSD account
25	GOV	Gobi	220.00	1,716.25	2018.02.02	2018.03.27	paid on 2018.04.24	at the company
26	HRM	Hermes Center	5.00	392.72	2018.01.24	2018.02.15	paid on 2018.04.12	MCSD account

## CAPITAL MARKET NEWS

### 'Khusvgul Altan Duulga' JSC to issue additional shares

According to the Resolution No.: 262 of Financial Regulatory Commission dated 29 June 2018, 'Khusvgul Altan Duulga' JSC's issue of additional shares for 4,405,600 shares with nominal price of MNT10.00 per share have been approved and the company's listing has been amended accordingly.

Out of the total additional issue, 3,328,600 shares shall be offered to strategic investors by fixed price offering for MNT850.00 per share, and the remaining 1,177,000 shares shall be offered to the public by bookbuilding with the minimum price of MNT850.00 per share.

**Source:** Mongolian Stock Exchange

### The 5th Asian Fixed Income Summit to secondary housing finance

The 5th Asian Fixed Income Summit aimed at reaffirming the importance of secondary housing finance in bridging the capital market to money market, concluded in Ulaanbaatar on July 2.

The event has been held alternately among seven members of the Asian Secondary Mortgage Market Association (ASMMA). The event was attended by more than 300 participants including the bank's executives, pension funds, insurance companies, financial institutions, financial authorities and investors in Asia.

ASMMA was established in 2014 with Mongolia, Malaysia, Japan, South Korea, Thailand, Kazakhstan, Indonesia, and the Philippines as members.

"The mortgage program implemented in Mongolia is a good joint public-private venture that encompasses banks and other relevant parties while also reducing risk in the financial market. It is a productive program that provides housing to Mongolian citizens quickly and supports low to mid-income families", said Ananta Wiyogo, president of ASMMA.

At a time when the eight percent mortgage program in Mongolia has met an uncertain future, industry experts and analysts underline the importance of organizing such a summit in order to find solutions.

On the sidelines of the summit, MIK HFC LLC signed a memorandum of understanding with Korea Housing Finance Corporation. The agreement is aimed at supporting the housing market and housing finance jointly. The two companies will enhance their cooperation, specifically finding solutions to problems in the market, as well as sharing experiences and know-how.

**Source:** PressReader.com

### Share prices of 'GanKhiits' JSC and 'Ulaanbaatar BUK' JSC have increased by 7-20 percent for the past one year period

37 construction companies listed on the Mongolian Stock Exchange. Shares of 19 of them are traded actively.

For the past one year period, share price of "GanKhiits" JSC has increased by 20 percent to MNT 13,570. As a result, market capitalization of the company is accounted for MNT 3.3 billion. The company has distributed dividends 12 times since its IPO. "Gan Khiits" JSC distributed a total of MNT 24.2 million or MNT 100 per share dividend from 2017 net profit.

Share price of "UB BUK" JSC listed in the Tier II on the Mongolian Stock Exchange has risen 6.8 percent for the past one year. The share price and the market capitalization has reached MNT 425 and MNT 55.9 billion respectively.

According to the "BarilgaMN", construction market in Mongolia started to intensify. "Tenkhle Zuuch" reported that house price index has increased for 6 months in a row.

**Source:** BloombergTv.mn



### MIK have bought mortgage loans of 64,772 borrowers as of 1st quarter of this year

Mongolian Mortgage Corporation (MIK) has been issuing mortgage-backed securities and financing 8-percent housing loan. As of 1st quarter of 2018, the company has bought loan packages of 64,772 borrowers through 14 transactions. Mongolian Mortgage Corporation purchases unpaid mortgage loans and issues mortgage-backed securities through its dedicated company. These securities consist of fixed rate, preferential and ordinary bonds.

Additionally, Mongolian Mortgage Corporation is purchasing a mortgage pool in order to improve the liquidity of banks and to increase mortgage access through banks. The Mongolian Mortgage Corporation reported that it signed agreements with 59 lenders on the terms of lump-sum payment.

**Source:** BloombergTv.mn

## COMMODITY MARKET NEWS

### Silicon processing plant launches in Dornogobi

A silicon extraction and processing plant launched in Saikhandulaan soum of Dornogobi aimag on July 1. The first factory to process and export silicon was constructed by the Japanese Megatech Corporation subsidiary in Mongolia.

The plant based on deposits with 400 years of reserve has a capacity of processing 3600–4800 tons of silicon annually.

President of the Megatech Corporation Shigeru Nagao said that the company is planning to export the silicon to Japan, Korea and China. The company is also aiming to increase the production capacity in the future.

Ambassador Extraordinary and Plenipotentiary of Japan to Mongolia Takaoka Masato in addressing the ceremony, emphasized that the Japan-Mongolia Economic Partnership Agreement concluded two years ago is encouraging bilateral business cooperation.

**Source:** Montsame.mn

### TerraCom secures more offtake for Blair Athol

ASX-listed junior TerraCom has secured coal offtake from its Blair Athol mine, in Queensland, for the June quarter.

The company said that the coal sales volumes and prices for the second quarter accounted for 374.6 thousand tons, which exceeded forecast by 16 percent. Coal price per ton was in line with forecasts and accounted for AUD 102.

The company said that the September quarter forecast average selling price was expected to be at AUD 94 per ton, and volume to be 583 thousand tons.

The company is mining Baruun Noyon Uul deposit located in Umnugobi province of Mongolia.

**Source:** BloombergTv.mn

## OTHER NEWS

### World Bank: Mongolia's growth prospects remain positive

Mongolia's economic performance has improved dramatically with GDP growth increasing from 1.2 percent in 2016 to 5.1 percent in 2017 and 6.1 percent in the first quarter of 2018. While short- and medium-term economic prospects remain positive, Mongolia faces core structural vulnerabilities that hinder its potential, according to Mongolia Economic Update, the latest World Bank report on Mongolia's economy launched here today. The report also highlights the importance of improving efficiency of its public investment programs given extensive consequences from the overambitious and unrealistic investment programs implemented in the past.

The recovery is expected to accelerate with a GDP growth rate averaging more than 6 percent between 2019 and 2020, driven by large foreign direct investments in mining. Other than agriculture, which was severely affected by harsh weather conditions during the winter, most major sectors including manufacturing, trade, and transport are expected to expand significantly. On the back of increasing exports and higher commodity prices, economic growth will continue to have a strong positive impact on government revenue, contributing to the reduction of the fiscal deficit.

"To create a strong buffer against economic vulnerabilities, the government and donors should give a high priority to economic diversification that helps counter the ups and downs of the mining sector. Investing in human capital and strengthening the country's institutions are the best way to support diversification, together with sound investments in crucial infrastructure," said James Anderson, World Bank Country Manager for Mongolia.

**Source:** World Bank

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