

GLOBAL MARKET PERFORMANCE

United States: Most of the major indexes closed higher for the week, as large declines on Wednesday were offset by a rally on Thursday. The technology-heavy Nasdaq Composite Index lagged and recorded a modest loss. Consumer staples shares led gains in the S&P 500 Index for the week, but real estate and utilities shares also outperformed. Energy stocks retreated with oil prices and performed worst, hurt by a rise in U.S. inventories.

Investors continued to worry about the recent sharp decline in the Turkish lira and whether it might spark a broader sell-off in emerging markets.

These fears seemed to dissipate late in the week, however, with news that China would be sending a trade delegation to the U.S. appearing to play a key role in Thursday's rebound.

The week's economic data were generally supportive. Most notably, the Commerce Department reported on Wednesday that retail sales had increased a solid 0.5% in July.

On a micro level, the strength of the American consumer was confirmed on Thursday by Walmart's earnings report, which showed the best sales growth for the retail giant in over a decade. Walmart's stock rose more than 9% as investors also rewarded rapid growth in the company's online sales.

Europe: Key European indexes ended the week lower amid concerns about the health of Italian banks, Turkey's currency crisis, and uncertainty about global trade policies.

Midweek, the index posted its biggest one-day decline since late June, as uncertainty about Turkey apparently worried investors. Some of Europe's biggest lenders to Turkey include Italian bank UniCredit, Spanish bank BBVA, and French bank BNP Paribas.

Japan: Japanese stocks zigzagged during the week and ended with a modest loss. The yen ended the week at ¥110.4 per U.S. dollar, modestly stronger during the week and the year to date, versus ¥112.7 at the end of 2017.

Japan's public companies reported an aggregate net profit gain of 28%, representing approximately \$80 billion year over year in the three months ended June 30, 2018—a second-consecutive quarterly record gain. According to The Nikkei, 56% of 1,588 companies recorded profits.

China: The yuan's unexpected weakness has been a growing concern for the U.S. and China. The currency has dropped more than 8% since March, according to Bloomberg, when U.S. trade relations worsened and China's central bank began loosening monetary policy to bolster a slowing economy.

Slowing growth in China was also a concern, and disappointing results from Chinese Internet giant Tencent Holdings appeared to play a large role in Wednesday's sell-off.

Source: Reuters, Troweprice

WORLD INDICES			
Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,263.81	0.64% ▼
Dow Jones	USA	25,669.32	1.41% ▲
S&P 500	USA	2,850.13	0.59% ▲
Nasdaq	USA	7,816.33	-0.29% ▼
S&P/TSX	Canada	16,323.71	-0.02% ▼
FTSE 100	GB	7,558.59	-1.41% ▼
S&P/ASX 200	Australia	6,339.20	0.97% ▲
Nikkei 225	Japan	22,270.38	-0.12% ▼
Hang Seng	Hong Kong	27,213.41	-4.07% ▼
MONGOLIA RELATED BONDS			
Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	110.08
Mongol 2023 (Gerege)	USD	5.6%	97.10
Mongol 2022 (Chinggis)	USD	5.1%	96.48
Mongol 2021 (Mazalai)	USD	10.8%	113.10
DBM' 23 (Samurai)	JPY	1.5%	104.36
TDBM' 2020	USD	9.3%	106.40
MARKET RATES			
Rates	Last	Change /w/	
Libor 1M	2.069	0.00	▲
Libor 3M	2.312	-0.01	▼
Libor 6M	2.511	-0.00	▼
Libor 1YR	2.813	-0.00	▼
US 6M Bond	2.219	0.01	▲
US 2YR Bond	2.608	0.02	▲
US 3YR Bond	2.681	0.02	▲
US 5YR Bond	2.745	0.02	▲
US 10YR Bond	2.866	0.01	▲
EXCHANGE RATES			
Against MNT	2018.08.17	Change /w/	
USD	2,464.56	0.35%	▲
CNY	357.78	-0.13%	▼
EUR	2,806.64	-0.33%	▼
RUB	36.85	0.27%	▲
KRW	2.19	0.92%	▲
JPY	22.26	0.32%	▲
COMMODITY PRICE			
Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,183.19	-2.10% ▼
Silver /spot/	USD/t oz.	14.76	-3.40% ▼
Copper	USD/lb.	267.25	-2.14% ▼
Coal	USD/MT	107.85	1.08% ▲
Crude Oil WTI	USD/bbl.	65.81	-2.56% ▼
Crude Oil Brent	USD/bbl.	71.7	-1.21% ▼
Natural Gas	USD/MMBtu	2.92	0.00%
MONGOLIAN MACRO ECONOMIC INDICATORS			
Indicators	Reference	Amount	
Inflation Rate	2018. VII	7.70%	
Policy Rate	2018. VII	10.00%	
Interbank Rate	2018. VI	10.00%	
Deposit Interest Rate /MNT/	2018. VI	12.30%	
Deposit Interest Rate /Foreign currency/	2018. VI	5.20%	
Loan Interest Rate /MNT/	2018. VI	18.00%	
Loan Interest Rate /Foreign currency/	2018. VI	10.20%	

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 38 companies' 1,744,422 shares worth MNT 350.5 million were traded.

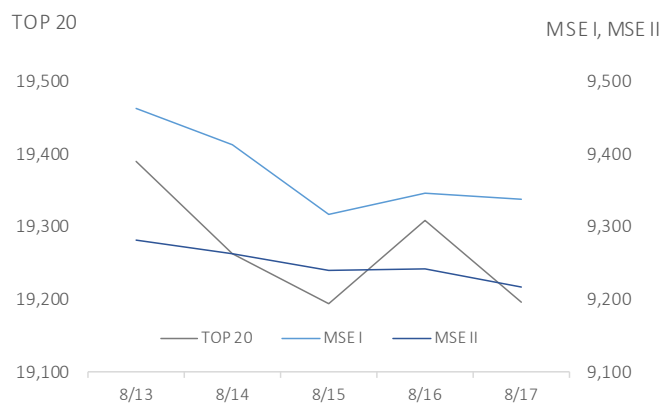
'Gan Kherlen' /HZB/ company's share rose 14.98 percent to MNT 3,838 while 'Mongol Shiltgeen' /MSH/ company's share fell 16.48 percent to MNT 700.

No government securities were traded on the primary and secondary markets during this week.

No corporate bonds were traded on the primary and secondary markets.

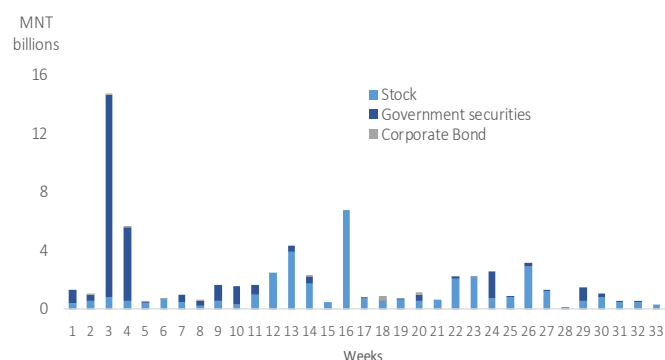
As of August 17, total market capitalization of MSE is MNT 2,335.9 billion. The TOP-20 index decreased by 0.64% to stand at 19,263.81 units.

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	350.5
Market Capitalization	2,335,940.2

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,263.81	-0.64% ▼
MSE I Index	9,362.63	-1.04% ▼
MSE II Index	9,230.57	-0.53% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
LendMN	1,398,243	97,177,365
Gan Kherlen	15,000	57,570,000
APU	76,511	45,022,607
Gobi	1,512	38,057,600
Tavan Tolgoi	3,779	30,409,560

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Gan Kherlen	3,838.00	14.98% ▲
Khusug Trade	1,890.00	14.96% ▲
Aduunchuluun	2,200.00	9.95% ▲
Ulsyn Ikh Delguur	489.99	8.89% ▲
Teever Darkhan	13,000.00	1.17% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Mongol Shiltgeen	400.00	-22.22% ▼
Noyot Khaikhan	600.00	-13.79% ▼
Erdenet Auto Zam	750.00	-10.00% ▼
Jinst-Uvs	1,460.00	-10.00% ▼
Bayangol Hotel	28,000.00	-6.67% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Monsec	132,414,581
Bumbat-Altai	98,423,000
TDB Capital	91,581,435
Golomt Capital	61,217,850
BDSec	55,344,277

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	580.25	617,491
Tavan Tolgoi	8,200.00	431,855
Mongolian Mortgage Corporation	10,980.00	227,388
Gobi	24,980.00	194,872
Suu	218.99	75,333

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
-	-	-	-	-	-	-	-

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

'BDSec' JSC upgraded to Tier I

In accordance with the provisions 20.2 and 20.3.6 of the Securities Listing Rules of MSE and the application received from 'BDSec SC' JSC, the listing of securities of 'BDSEC SC' JSC has been upgraded from Tier II to Tier I by the Order No.A/92 dated August 14, 2018 of the CEO of the Mongolian Stock Exchange.

Source: Mongolian Stock Exchange

Operational overview of 'Mongolian Stock Exchange' state-owned JSC in the first half of 2018

In the first half of 2018, 'Mongolian Stock Exchange' JSC organized 126 trading sessions worth MNT 77.5 billion. 384.5 million pieces of shares of 128 companies worth MNT 49.5 billion were traded in the primary and secondary markets during the first half of this year. Also, 276 thousand pieces of government bonds worth MNT 27.5 billion and 6,316 pieces of 'Suu' bonds worth MNT 631.6 million were traded in the secondary bond market.

In the first half of 2018, the MSE organized primary market trading worth MNT 13.9 billion and listed 3 companies. One of the listed companies was Toronto-listed 'Erdene Resource Development Corporation' JSC.

Although no government bonds were issued in the primary market during the first half of this year, the MSE has earned revenue of MNT 793.7 million. Even though operational costs of the company have reached MNT 897.3 million, the MSE paid MNT 219.7 million tax to the state budget.

Source: Mongolian Stock Exchange



'Ittools' JSC presents its semi-annual report

'Ittools' JSC, a Tier II listed company, presented its semi-annual financial and operational report to the public.

In the first half of 2018, sales of 'Ittools' JSC increased by 39.4 percent reaching MNT439.3 million and its net profit tripled reaching MNT62.4 million.

Due to the fact that the construction of modular data center in Darkhan postponed until 2021, the company is working on an implementation of the 'Financial data center' project as well as on blockchain-based UBEX trading platform, Zeel.mn, Trade.mn, cloud mining. In scope of these activities, the company offered blockchain technology services to some Japanese companies.

Also, 'Ittools' JSC signed a Memorandum of Understanding with the National Data Center and started introducing the "State Information System" to its operations.

Source: TDB Capital SC



'Darkhan Nekhii' JSC presents its semi-annual report

'Darkhan Nekhii' JSC, a Tier I listed company, presented its semi-annual financial and operational report to the public.

Although in the first half of 2018 "Darkhan Nekhii" JSC's net revenue decreased by 16.5 percent y-o-y and fell down to MNT 5.3 billion, the company stated that it's working to increase sales by 44 percent y-o-y by year end. The company increased production capacity, installed hair processing line along with a waste wool processing plant and planning to export 100,000 eco skins to Europe.

The company reduced factory waste and installed water and chemical material re-use technologies to its plants in an effort to become more eco-friendly. The company is testing new methods to increase water re-use percentage to 80-90%, re-use lime, and other waste to re-use in skin soaking washing process.

Source: Mongolian Stock Exchange

'Mongol Basalt' JSC presents its semi-annual report

'Mongol Basalt' JSC, a Tier II listed company, presented its semi-annual financial and operational report to the public.

The company's revenue has accounted for MNT 639.5 million, down for 17.4 percent from the same period of the previous year, and a net loss of the company has reached MNT 190.7 million.

Accordance with the prospectus, 'Mongol Basalt' JSC paid all of its long-term debt from the IPO proceedings, and, currently, made no equipment purchases resulting in interest income of MNT 42.6 million. The company is aiming to supply basalt sponges and basalt slabs into the market from September to October this year.

"Mongol basalt" JSC claims that they've already signed two sales agreements amounting to MNT 1.2 billion, and another two sales agreements amount to MNT 1.2 billion has been made but not signed. Furthermore, sales contracts amounting to MNT 2.3 billion is being discussed and the company indicated that many tender offers have become available.

"Mongol basalt" JSC is planning to increased its sales by 45 percent every year until 2022, introduce to the foreign markets and create the 'Basaltwool' brand. In scope of this, the company will focus on marketing and will increase its marketing costs.

Source: TDB Capital SC

OTHER NEWS

NSO: Mongolia's macroeconomic indicators as of July, 2018

According to the preliminary estimate, GDP by production approach in the first half of 2018 reached MNT 8.0 trillion at 2010 constant price which increased by MNT 475.2 billion (6.3%) compared with the same period of the previous year. This growth was mainly due to an increase in service sector by MNT 184.9 billion or 5.8% (wholesale and retail trade sector by MNT 73.7 billion or 9.0%) and net taxes on products by MNT 192.1 billion (21.4%).

The money supply (broad money or M2) reached MNT 17.2 trillion at the end of July 2018, showing a decrease of MNT 153.5 billion (0.9%) from the previous month and an increase of MNT 3.2 trillion (22.8%) from the same period of the previous year.

At the end of July 2018, the national currency in circulation reached MNT 917.1 billion, decreased by MNT 14.0 billion (1.5%) from the previous month, but is increased by MNT 29.5 billion (3.3%) from the same period of the previous year.

At the end of July 2018, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 15.6 trillion, increased by MNT 192.5 billion (1.3%) from the previous month and by MNT 2.6 trillion (19.6%) from the same period of the previous year.

In the first 7 months of 2018, total equilibrated revenue and grants of the General Government Budget reached MNT 5.0 trillion, and total expenditure and net lending amounted to MNT 4.8 trillion. In the first 7 months of 2017, the equilibrated balance was in deficit of MNT 589.4 billion, however, it is in surplus of MNT 291.3 billion in the first 7 months of 2018.

Tax revenue reached MNT 4.5 trillion, increased by MNT 1.1 trillion or 33.0% compared to the same period of the previous year. This growth was mainly affected by increases of MNT 291.6 billion or 34.1% in value added tax, MNT 277.7 billion or 31.5% in income tax, MNT 168.4 billion or 68.5% in excise taxes, MNT 145.0 billion or 20.5% in social security income, MNT 108.5 billion or 33.0% in other taxes and MNT 102.8 billion or 39.0% in revenue of foreign activities.

The General Government revenue accounted for 79.6% of tax revenue, 10.3% of non-tax revenue, 7.3% of the future heritage fund and 2.8% of stabilization fund.

In the first 7 months of 2018, Mongolia traded with 143 countries from all over the world and total trade turnover reached USD 7.4 billion, where exports was USD 4.1 billion and imports was USD 3.3 billion.

Total foreign trade turnover increased by USD 1.5 (26.2%) billion, of which exports by USD 596.4 (16.9%) million and imports by USD 935.1 (40.1%) million compared to the same period of the previous year.

In the first 7 months of 2018, foreign trade surplus reached USD 51.0 million, decreased by USD 338.7 (28.5%) million from USD 1.2 billion in the same period of 2017.

The increase of USD 596.4 million in exports was due to an increase of USD 614.8 million in mineral products exports, and an increase of USD 55.8 million in textile articles exports.

In July 2018, consumer price index at the national level increased by 0.5% from the previous month, by 5.5% from the end of the previous year and by 7.7% from the same period of the previous year.

In July 2018, consumer price index increased by 7.7% from the same period of the previous year, which was mainly contributed by increases in prices of food and non-alcoholic beverages group by 11.1% (potato and vegetables by 45.0%, non-alcoholic beverages by 6.6% and milk, dairy products and eggs by 10.7%), alcoholic beverages and tobacco group by 9.2%, transport by 6.4%, housing, water, electricity and fuels group by 14.9% (electricity, gas and other fuels by 22.1%), and health by 11.7%.

Source: National Statistical Office of Mongolia

World Economics: Mongolian sales managers index at a 4 month low

In August the Mongolian sales managers index fell to 58.3 as stated by "World Economics". In other words the index has reached a 4 month low point. "World Economics" explains that it's due to Naadam. As Naadam gets closer the sales manager index rose rapidly going over 60 and falling back down to 50 after July.

The agency noted that in 2018 business confidence index is still in the growth zone. In other words the market expects business conditions to improve. In other economics indicators, inflation reached 6.3% in August increasing from the previous quarter. According to Mongol Bank inflation is expected to stabilize at around 8 percent, the target rate.

Source: BloombergTv.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.