

## WEEKLY MARKET UPDATE

2018.09.10-09.14

## GLOBAL MARKET PERFORMANCE

**United States:** Stocks finished the week with gains. Large-cap stocks outpaced small-caps, with companies in the transportation segment. Oil prices were volatile, with U.S. benchmark crude oil rising above the \$70-per-barrel mark midweek before falling back somewhat.

Early in the week, worries about the Trump administration implementing its next round of planned tariffs—a 25% levy on \$200 billion of Chinese imports—dampened sentiment. However, on Wednesday headlines about Treasury Secretary Steven Mnuchin leading a new round of trade negotiations with China helped lift stocks off their intraday lows amid hopes that the talks would head off implantation of the tariffs.

On Wednesday, technology bellwether Apple introduced a new line of larger iPhones and a revamped Apple Watch, with new functionality focused on monitoring the wearer's health. Share price of the company increased as investors cheered the relatively modest changes to the company's device lineup.

August consumer price index data showed prices rising 2.7% from a year earlier, making it the first month in 2018 that year-over-year inflation has eased. Dovish statements from regional Federal Reserve Bank Presidents James Bullard and Raphael Bostic, as well as former Fed Chair Janet Yellen, also supported hopes that the Fed may pause its rate hikes. The Fed's next monetary policy meeting is scheduled for September 25–26.

**Europe:** The European indices edged higher, buoyed by an easing of trade tensions between the U.S. and China. Auto and mining stocks led the gains.

The Bank of England and the European Central Bank (ECB) kept short-term interest rates unchanged in order to ensure that the rate of inflation is close to or below 2% over the medium term. The ECB confirmed that it will reduce the amount of bonds it buys by half—to €15 billion from €30 billion—under its quantitative easing program from October through the end of 2018.

**Japan:** Japanese stocks posted strong weekly gains. The yen ended the week at ¥112.0 per U.S. dollar, weaker for the week but 0.8% stronger than its ¥112.7 level at the end of 2017. The Japanese stock market surged on Friday, in part due to the yen's drop versus the U.S. dollar.

Japan's annualized gross domestic product growth was revised up to 3.0% in the second quarter of 2018 from an earlier estimate of 1.9% growth, according to Cabinet Office data. The Japanese economy expanded 0.7% in the June quarter versus the prior three-month period, benefiting from upward revisions in business spending and private consumption.

**China:** Monthly indicators provided fresh evidence of slowing growth on the mainland. A Chinese government official said that U.S. trade friction had little impact on August's readings.

**Source:** Reuters, Troweprice

WORLD INDICES			
Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,041.17	0.63% ▲
Dow Jones	USA	26,154.67	0.92% ▲
S&P 500	USA	2,904.98	1.16% ▲
Nasdaq	USA	8,010.04	1.36% ▲
S&P/TSX	Canada	16,013.49	-0.48% ▼
FTSE 100	GB	7,304.04	0.36% ▲
S&P/ASX 200	Australia	6,185.90	0.69% ▲
Nikkei 225	Japan	23,094.67	3.53% ▲
Hang Seng	Hong Kong	27,286.41	1.16% ▲

MONGOLIA RELATED BONDS			
Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	108.31
Mongol 2023 (Gerege)	USD	5.6%	95.85
Mongol 2022 (Chinggis)	USD	5.1%	95.31
Mongol 2021 (Mazalai)	USD	10.8%	112.59
DBM' 23 (Samurai)	JPY	1.5%	104.33
TDBM' 2020	USD	9.3%	105.53

MARKET RATES			
Rates	Last	Change /w/	
Libor 1M	2.165	0.03	▲
Libor 3M	2.337	0.01	▲
Libor 6M	2.569	0.03	▲
Libor 1YR	2.880	0.03	▲
US 6M Bond	2.328	0.03	▲
US 2YR Bond	2.778	0.08	▲
US 3YR Bond	2.854	0.09	▲
US 5YR Bond	2.903	0.09	▲
US 10YR Bond	2.996	0.06	▲

EXCHANGE RATES			
Against MNT	2018.09.14	Change /w/	
USD	2,497.65	0.73%	▲
CNY	364.73	0.58%	▲
EUR	2,927.12	1.37%	▲
RUB	36.59	2.01%	▲
KRW	2.24	1.36%	▲
JPY	22.34	-0.22%	▼
CAD	1,922.60	1.83%	▲

COMMODITY PRICE			
Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,194.97	-0.16% ▼
Silver /spot/	USD/t oz.	14.09	-0.56% ▼
Copper	USD/lb.	262.40	0.06% ▲
Coal	USD/MT	114.78	1.58% ▲
Crude Oil WTI	USD/bbl.	68.95	1.77% ▲
Crude Oil Brent	USD/bbl.	78.11	1.67% ▲
Natural Gas	USD/MMBtu	2.78	0.00%

MONGOLIAN MACRO ECONOMIC INDICATORS			
Indicators	Reference	Amount	
Inflation Rate	2018. VII	7.70%	
Policy Rate	2018. VII	10.00%	
Interbank Rate	2018. VII	9.80%	
Deposit Interest Rate /MNT/	2018. VII	12.30%	
Deposit Interest Rate /Foreign currency/	2018. VII	5.20%	
Loan Interest Rate /MNT/	2018. VII	17.60%	
Loan Interest Rate /Foreign currency/	2018. VII	10.70%	

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

## MSE TRADING UPDATE

In this week, a total of 41 companies' 1,605,071 shares worth MNT 674.1 million were traded.

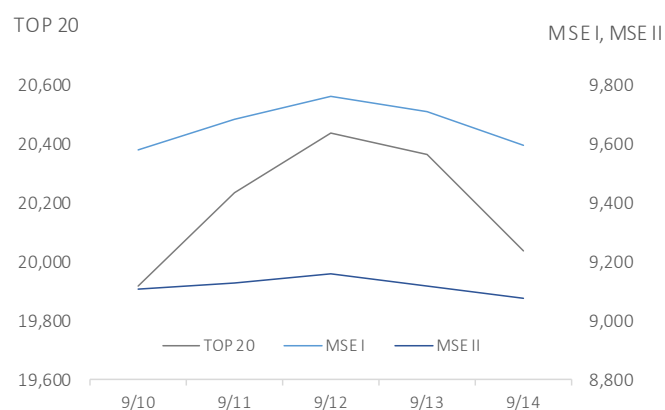
'Khuvsgul Altan Duulga' /ADU/ company's share rose 14.48 percent to MNT 973.11 while 'Frontier Land Group' /MDR/ company's share fell 16.00 percent to MNT 210.

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

On the secondary market of Government securities, 368 units of securities were traded for MNT 37.3 million.

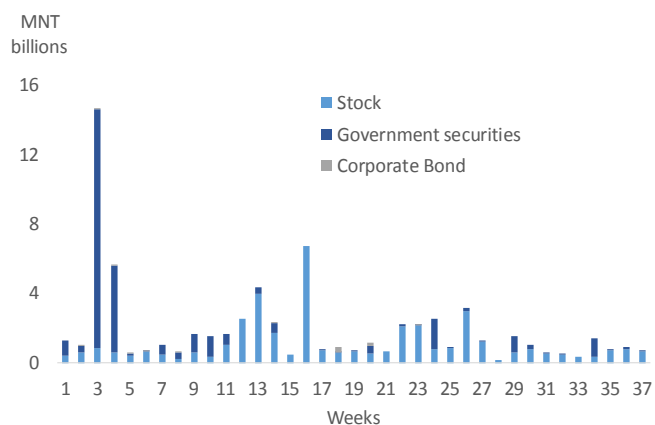
As of September 14, total market capitalization of MSE is MNT 2,324.5 billion. The TOP-20 index increased by 0.63% to stand at 20,041.17 units.

### 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	711.4
Market Capitalization	2,324,456.1

### STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,041.17	0.63% ▲
MSE I Index	9,588.93	0.09% ▲
MSE II Index	9,184.68	0.85% ▲

### ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Gobi	5,750	191,440,100
APU	264,700	142,683,107
Mongol Basalt	270,385	90,448,053
Erdene Resource Development Corp.	104,740	67,911,304
LendMN	714,311	48,562,171

### SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khuvsgul Altan Duulga	973.11	14.48% ▲
HBOil	62.00	12.73% ▲
Itools	127.90	11.22% ▲
Juulchin Duty Free	98,000.00	8.79% ▲
Erdene Resource Development Corp.	650.00	6.56% ▲

### SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Frontier Land Group	210.00	-16.00% ▼
Ereentsav	5,350.00	-14.67% ▼
Standart Noos	350.00	-12.50% ▼
Uvs Chatsargana	525.00	-12.50% ▼
Ulaansan	949.00	-7.86% ▼

### MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Bumbat-Altai	7,392,413,280
Novel Investment	327,715,276
BDSec	195,631,346
Golomt Capital	168,133,234
TDB Capital	160,075,812

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	540.24	574,913
Tavan Tolgoi	7,900.00	416,055
Gobi	32,540.00	253,849
Mongolian Mortgage Corporation	10,980.00	227,388
Suu	212.00	72,928

## 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-06/06/19-A0254-15.49	25	2,500,000	100,000	100,000	104	15.490%
2	ZGEB-BD-06/06/19-A0254-15.49	4	410,640	102,660	102,660	104	15.490%
3	ZGEB-BD-10/10/19-A0336-13.945	59	5,900,000	100,000	100,000	104	13.945%
4	ZGEB-BD-20/06/20-A0260-15.14	280	28,467,600	101,670	101,670	156	15.140%

## DIVIDEND INFORMATION

Nº	Ticker	Company name	Dividend per share /MNT/	Total dividend /MNT mln/	Date of resolution	Record date	Payment date
1	HRM	Hermes Center	5.00	392.72	2018.08.31	2018.09.10	2018.10.01-2018.11.30
2	ERS	Mongol Alt	150.00	39.88	2018.04.27	2018.04.05	within 2018.12.31
3	TEE	Teever Darkhan	500.00	81.67	2018.04.27	2018.04.05	within 2018.12.31
4	TTL	Tavan Tolgoi	2,410.00	126,923.13	2018.04.16	2018.04.03	paid on 2018.06.12
5	EER	Arig Gal	21.33	74.21	2018.04.25	2018.04.02	from 2018.09.01
6	BDL	Mogoin gol	100.00	82.96	2018.04.26	2018.01.18	paid on 2018.06.26
7	DSS	Darkhan Selengiin tsakhilgaan tugeekh suljee	56.60	7.66	2018.03.07	2018.03.27	from 2018.07.02
8	TAL	Talyn Gal	50.00	34.71	2018.03.05	2018.04.26	within 2018.12.31
9	BRC	Barilga Corporation	700.00	28.46	2018.02.24	2018.03.16	N/A
10	AND	And Energy	1.27	99.15	2018.02.24	2018.03.16	N/A
11	SUL	Juulchin Duty Free	10,000.00	653.62	2018.02.23	2018.04.11	from 2018.05.01
12	GTL	Gutal	1,270.00	83.01	2018.02.19	2018.03.18	from 2018.07.06
13	BNG	Bayangol Hotel	355.00	150.19	2018.02.19	2018.04.06	from 2018.09.01
14	APU	APU	10.00	10,641.82	2018.02.19	2018.03.29	paid on 2018.05.17
15	BTG	Bayanteeg	100.00	25.26	2018.02.19	2018.03.12	within 2018.06.01
16	MIE	Materialimpex	10.00	13.68	2018.02.19	2018.03.26	paid on 2018.04.17
17	HRD	Khurd	497.00	67.23	2018.02.15	2018.02.23	within 2018.06.30
18	SUU	Suu	3.00	1,032.00	2018.02.14	2018.04.05	paid on 2018.06.04
19	MNP	Mongol Post	3.68	366.48	2018.02.13	2018.04.13	paid on 2018.06.05
20	MMX	Makhimpex	100.00	380.07	2018.02.13	2018.04.05	from 2018.10.01
21	TCK	Talkh Chikher	170.00	174.03	2018.02.12	2018.04.06	from 2018.07.01
22	GHC	Gan Khiits	100.00	24.25	2018.02.09	N/A	N/A
23	ADL	Aduunchuluun	130.00	409.67	2018.02.07	2018.03.01	paid on 2018.06.26
24	TAH	Takhi Ko	108.00	128.52	2018.02.05	2018.03.30	within 2018.05.01
25	UBH	Ulaanbaatar Khivs	100.00	40.48	2018.02.05	2018.02.26	from 2018.05.01
26	GOV	Gobi	220.00	1,716.25	2018.02.02	2018.03.27	paid on 2018.04.24
27	HRM	Hermes Center	5.00	392.72	2018.01.24	2018.02.15	paid on 2018.04.12



## CAPITAL MARKET NEWS

### “Khuvsgul Altan Duulga” JSC additional issue succeeds

The primary market subscriptions of the additional issue of ‘Khuvsgul Altan Duulga’ JSC that aims to raise MNT3.74 billion for 4.4 million shares /28 percent of the shares/, were received from public until August 16, 2018. The offerings for strategic investors have run until September 10, 2018 in accordance with the FRC direction.

As the total subscription for the stock has totaled 4,405,600 shares, subscribed by 100 individuals and entities, the condition that the additional issue is deemed as successful have met and an allotment notice has been delivered to the FRC.

The secondary market trading of “Khuvsgul Altanduulga” JSC is commencing starting from September 14, 2018 based on the FRC letter of September 12, 2018 which states the consideration of the public offering as successful and grants a permission to commence its secondary market trading.

**Source:** Mongolian Stock Exchange



### Tender offer made by the controlling block holder of ‘Lux Zanadu Group’ JSC

According to the provision No.:57.1 of Company Law, the provision No.:22 of Securities Market Law and the provision No.:3.1 of “FRC Regulation on Tender offering to buy shares of Joint Stock Company”, “Lux Zanadu Group” JSC’s controlling block holder “Tozawellness services” LLC has made a tender offer to buy 43,094 shares at MNT890 per share /weighted average price of the last 6 months/ from other shareholders of the company.

The proposed buyout price per share: MNT890

The proposed unit of shares: 43,094 shares

The starting date of the offer: September 10th, 2018

The ending date of the offer: October 23rd, 2018

The payment date: October 24th, 2018

The address of the Bidder: Room No.210, Company Office of “Ikh Uilsyn Erel” LLC, Constitutional Street, 5th khoroo, Sukhbaatar District, Ulaanbaatar

Postal address to receive proposals from shareholders: Room No.314, 3rd floor, Regency Residence, Olympic Street-16, 1st khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia /Mongol Post 48th branch/

For detailed information, please contact at 99777951.

**Source:** Mongolian Stock Exchange

### ‘Ard Insurance’ JSC share subscription information

‘Ard Insurance’ JSC, the 6th new issue listed on MSE in 2018 as well as the first insurance IPO, is offering its 30 percent or 7.5 billion shares of total outstanding shares to the public for MNT 700 per share or total of MNT 5.4 billion.

The proceeds will be used to improve its risk management capabilities by increasing the owner’s equity as well as invest in the capital market in accordance with the FRC rules.

In case of oversubscription for the stock, shares will be allocated on a pro-rata basis.

Subscription for the stock will be open during the period between 17th September 2018 to 2:00 pm, 26th September, 2018.

**Source:** Mongolian Stock Exchange

### Attention to shareholders of ‘Zoos Goyol’ JSC

Based on the decision of the Shareholders meeting of ‘Zoos Goyol’ JSC on transforming the company form to Limited Liability Company dated on 29 April 2017, Mongolian Stock Exchange and Financial Regulatory Commission issued a decision to delist the securities from the listing.

In accordance with the provisions 53 and 54 of the Company Law of Mongolia, “Zoos Goyol” JSC hereby 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 decisions.

Date of announcement: 29 August 2018

Redemption price: MNT289,440

Note: This is a unit consolidated in accordance with the Resolution No.:366 of FRC of 2015 (1 unit=288 shares before the Resolution 366)

Deadline of the redemption: 15 October 2018

The related rules, guidelines and forms can be found on the company website.

**Source:** Mongolian Stock Exchange

### Request to improve liquidity of some listed companies sent to the FRC

In order to improve the quality of companies listed, the Mongolian stock exchange sent notices to comply with contractual agreements to 130 companies with insufficient liquidity, 95 companies with compliance issues, and 32 companies whose trade has stopped, and also sent suggestions to the FRC about reducing inefficiencies in the market regarding these companies.

**Source:** Mongolian Stock Exchange

## NEW IPO

	'Mandal Insurance' JSC	'Ard Insurance' JSC
<b>Share info</b>		
Issuer:	'Mandal Insurance' JSC	'Ard Insurance' JSC
Ticker:	MNDL	AIC
MSE Tier:	Tier 1	Tier 1
Number of issued shares:	25,000,000 units	25,000,000 units
Shares outstanding:	5,000,000 units	17,500,000 units
Treasury shares:	1,243,016 units	0 units
Number of shares offered to public:	1,560,754 units	7,500,000 units
Percentage of shares offered to public:	25.00%	30.00%
Nominal share price:	MNT 1,000	MNT 200
Share price offered to public:	MNT 4,800	MNT 700
Book price:	MNT 1,200	MNT 299
Equity value:	MNT 4,723.83-5,041.72	MNT 1,164
Discount:	4.8% (estimated from MNT 5,041.72)	39.9%
Fund raised:	MNT 7,491,619,200	MNT 5,250,000,000
Use of proceeds:	To increased share capital amount	To increased share capital amount and shareholders' equity
Primary market subscription period:	September 4 - September 18, 2018	September 17 - September 26, 2018
Share allotment:	MNT 1 billion of shares will be allocated equally to all investors and the remaining MNT 6.49 billion of shares will be allocated on a pro-rata basis.	Shares will be allocated on a pro-rata basis.
Dividend policy:	No dividends for recent years	30-50% of net profit
<b>Company info, 2017</b>		
Established date:	2011	1994
Shareholders:	1. "Golomt Financial Group" LLC - 51%; 2. "UMC Capital" LLC - 49%	1. "Ard Financial Group" JSC - 95.31%; 2. "Energy International Capital" LLC - 4.69%
Number of branches:	280 branches of banks	24 branches, 238 agents
Number of insured:	45,997	26,979
Market share:	16%	11%
Total asset:	MNT 21,472 million	MNT 11,727 million
Underwriting income:	MNT 22,533 million	MNT 10,355 million
Income share proceeds:	50%	32%
Net underwriting income:	MNT 10,081 million	MNT 6,912 million
Net profit:	MNT 1,103 million	MNT 1,124 million
Net profit margin:	4.90%	10.85%
Mid-term goals:	1. To increase market share; 2. To reduce reinsurance costs; 3. To increase investments; 4. Merge small insurance companies	1. To increase market share; 2. To increase investments; 3. To provide its insurance services through branches of 'Mongol Post' JSC

## COMMODITY MARKET NEWS

### NSO: Mineral exports has increased by 21.2 percent

In the first 8 months of 2018, total foreign trade turnover of Mongolia reached USD 8.5 billion, of which USD 4.7 billion were made up by exports and USD 3.8 billion - by imports.

Total foreign trade turnover increased by 23.7%, of which exports by 13.9% and imports by 38.3% respectively compared to the same period of the previous year.

In the first 8 months of 2018, minerals exports reached USD 3.98 billion, increased by 21.2 percent from the same period of the previous year.

Coal export volume in the first half was around 23.8 million tonnes, a y-o-y decrease of 1.4%, and revenue increased by 17.3% to USD 1.85 billion. In August, coal export rose 17% from July to 2.98 million tons.

Main coal exporters, such as 'Erdenes Tavan Tolgoi' exported 9.5 million tons of coal in September. The company aims to export 13 million tons of coal this year. 'Mongolia Energy Corporation' that operates in Khushuut mine exported 630 thousand tons of washed coal last year. In the first nine months of 2018, the company has already exceeded its annual output. 'Mongolia Energy Corporation' aims to export 1 million tons of enriched coal. 'Energy Resource' company sold 2.1 million tons of washed coal in the first half of this year.

In the first half of 2018, copper concentrate export reached 959.5 thousand tons, a y-o-y drop of 2.1%. The export revenue is accounted for USD 1.33 billion, increasing 28.7 percent.

In the first half of 2018, 9,085.7 tons of processed pure copper were exported, dropped by 15.6 percent, and the USD 59.6 million earned was higher by 2.1%.

Copper concentration of 'Oyu Tolgoi' LLC increased by 1.5 percent, and the gold output rose 19 percent, according to 'Turquoise Hill Resources'.

The 3.4 tonnes of unrefined gold exported and the USD 144.5 million earned marked approximately 60 percent decrease y-o-y. In the first 8 months of 2018, the BoM's gold purchases stayed at the same level and has reached 12.2 percent.

Crude oil exports reached 4.4 million barrels and earned USD 287 million, a y-o-y drop of 13.3% in terms of volume while income rose by 17.3%.

Iron ore exports reached 4.59 million tons and earned USD 210.3 million, a y-o-y rise of 20.5% in terms of volume while income fell by 2.3%.

Export of zinc concentrate increased by 0.2% y-o-y and reached 81.2 thousand tons, while the USD 138.5 million revenue was up 16.6%.

Export volume of fluor spar increased by 51.4% y-o-y to 289 thousand tons, and revenue rose 2 times to reach USD 97 million.

The 3.9 thousand tons of molybdenum exported was down 6.5% y-o-y, though the USD 31.7 million revenue was 36.3% higher.

Lead export reached 12.4 thousand tons, earning USD 31.8 million, 11.1% and 12.8% higher respectively y-o-y.

Tungsten ore exports reached 375.8 tons and earned USD 4.27 million, a y-o-y rise of 28.8% and 13.3% y-o-y respectively.

**Source:** MongolianMiningJournal.com



### BarilgaMN: Local supply's ability to meet cement demands increased

According to "BarilgaMN", in 2013 local cement sales were 12% of total sales while in 2017 local cement sales reached 80% of total sales. Particularly, in 2015 Monpolymet's Moncement, Munkhiin Bayn Gal with annual capacities of 1 million and 860 thousand tons, in 2016 MAK's Khukh tsav cement lime factory with an annual capacity of 1 million tons of cement started operations supplying local demands and needs.

The second most important component in construction, armature, has a total annual consumption of 212-338 thousand tons with 19-31% being manufactured locally and 70-80% imported. In Mongolia there are 14 manufacturers with a capacity to produce 148.5 thousand tons of armature per year. The largest manufacturers, "Darkhan Metallurgical plant", "Dul tushig", "Niislel Urgoo" and 3 others make up 97% of total local capacity. However, during 2012-2014 when local supply was highest these factories were working at 16-34% capacity.

On the other hand, 69% of import is from Russia with 30% from China. In terms of price, since November 2017 Chinese armature price is stable while Russian armature price has been increasing nonstop. In August 2018 the price per ton of armature was at MNT 1,730,000-1,793,000.

Moreover, the price of a simple brick had increased in the first quarter but stabilized recently. Also, light block price increased nonstop from MNT 126.5 thousand to MNT 137.5 thousand.

**Source:** Montsame.mn

## OTHER NEWS

### NSO: Mongolia's macroeconomic indicators as of August, 2018

The money supply (M2) reached MNT 17.4 trillion at the end of August 2018, showing an increase of MNT 229.1 billion (1.3%) from the previous month and by MNT 2.9 trillion (20.1%) from the same period of the previous year.

At the end of August 2018, the national currency in circulation reached MNT 927.5 billion, increased by MNT 10.4 billion (1.1%) from the previous month, and by MNT 27.9 billion (3.1%) from the same period of the previous year.

At the end of August 2018, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 15.9 trillion, increased by MNT 337.6 billion (2.2%) from the previous month and by MNT 2.7 trillion (20.2%) from the same period of the previous year.

In the first 8 months of 2018, total equilibrated revenue and grants of the General Government Budget reached MNT 5.8 trillion, and total expenditure and net lending amounted to MNT 5.4 trillion. In the first 8 months of 2017, the equilibrated balance was in deficit of MNT 577.6 billion, however, it is in surplus of MNT 410.8 billion in the first 8 months of 2018. In August of 2018 equilibrated balance of the General Government Budget decreased by MNT 158.9 billion, in which total equilibrated revenue and grants decreased by MNT 149.1 billion and total expenditure and net lending increased by MNT 9.8 billion compared to the same period of the previous month.

Tax revenue reached MNT 5.1 trillion, increased by MNT 1.3 trillion or 32.5% compared to the same period of the previous year. This growth was mainly affected by increases of MNT 352.2 billion or 35.3% in value added tax, MNT 307.1 billion or 31.1% in income tax, MNT 199.4 billion or 67.5% in excise taxes, MNT 179.1 billion or 22.0% in social security income, MNT 113.4 billion or 30.7% in other taxes and MNT 98.1 billion or 29.3% in revenue of foreign activities.

The General Government revenue accounted for 80.0% of tax revenue, 10.4% of non-tax revenue, 6.9% of the future heritage fund and 2.7% of stabilization fund.

In the first half of 2018, current and capital account balance deficit reached to USD 641.0 million and increased by USD 404.6 million compared to the same period of last year.

Current account had a deficit of USD 679.3 million, which was mainly due to deficit amounted USD 321.2 million in services account, USD 413.8 million in primary account, however, goods account had surplus of USD 355.4 million.

In the first 8 months of 2018, Mongolia traded with 147 countries from all over the world and total trade turnover reached USD 8.5 billion, where exports was USD 4.7 billion and imports was USD 3.8 billion. In August 2018, export and import reached to USD 554.6 million and USD 536.3 million, respectively. Compared to same period of previous year, export decreased by USD 27.4 million (4.7%) , and whereas import increased by USD 118.8 million (28.5%).

The increase of USD 568.9 million in exports was due to an increase of USD 698.0 million in mineral products exports, and an increase of USD 63.7 million in textile articles exports.

The increase of USD 1.1 billion in imports was mainly due to USD 195.6 million increase in mineral products imports, especially USD 62.3 million increase in diesel imports, USD 229.2 million in increase machinery, equipment and electric appliances, USD 204.7 million increase in transport vehicles and their spare parts and USD 157.2 million increase in base metals and articles thereof.

In August 2018, consumer price index at the national level decreased by 0.8% from the previous month, increased by 4.6% from the end of the previous year and by 6.0% from the same period of the previous year.

In August, consumer price index increased by 6.0% from the same period of the previous year, which was mainly contributed by increases in prices of food and non-alcoholic beverages group by 5.6% (non-alcoholic beverages by 6.2% and milk, dairy products and eggs by 8.8%), alcoholic beverages and tobacco group by 8.0%, transport by 5.6%, housing, water, electricity and fuels group by 11.1% (electricity, gas and other fuels by 15.8%), and health by 12.7%.

**Source:** National Statistical Office of Mongolia

### Fitch: Mongolian economy growth expected to be 6.3% in 2019

"Fitch" agency predicts Mongolia's economy to grow by 5.2% in 2018 and 6.3% in 2019. According to "S&P" growth in the next 3 years is going to average 5.5%. "S&P" also noted that credit ratings can be improved if mining mega projects proceed better and economy growth exceeds expectations. In the first half of 2018, Mongolia's economy grew by 6.3% exceeding expectations. Also the government announced plans to offer "Erdenes Tavan Tolgoi" to the public in an IPO next year. In contrast, "2020 elections and commodity price declines are the main risk in the Mongolian economy" according to the director of Asia Pacific credit ratings of Fitch agency.

**Source:** BloombergTv.mn

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