



WEEKLY MARKET UPDATE

2018.11.19-11.23

GLOBAL MARKET PERFORMANCE

United States: Stocks endured a second week of losses due mostly to sell-offs on Monday and Tuesday. The technology-heavy Nasdaq Index performed worst, dragged down by declines in heavily weighted Internet and technology stocks, and was the only major index to dip under its late-October lows. Tech selling contributed to relative weakness in higher-valuation growth stocks, which underperformed slower-growing value shares for the fourth consecutive week. Energy stocks were also particularly weak, dragged down by a continuing tumble in oil prices, which reached their lowest level in over a year. The typically defensive utilities sector held up best.

As of Tuesday's market bottom, all of the so-called FAANG stocks (Facebook, Amazon.com, Apple, Netflix, and Google parent Alphabet) had entered a bear market, or off more than 20% their highs.

Trade worries seemed to continue to weigh on sentiment. Vice President Mike Pence and Chinese President Xi Jinping reportedly had a tense exchange at an Asian economic summit the previous weekend, dampening hopes for progress in talks between Xi and President Trump at the G-20 summit at the end of the month.

US economic growth is expected to slow from a recent pace of 3.5% to 1.75% by end-2019 due to tighter financial conditions and a fading fiscal stimulus, according to Goldman Sachs Research. Robust job creation should push the unemployment rate to 3% by early 2020. Wage growth should reach 3.25-3.5% in this environment and, firmer wage pressures couples with additional tariff rounds should boost core PCE inflation to 2.25% by end-2019. The Federal reserve is very likely to raise rates in December, and we expect 4 more hikes in 2019.

Europe: European stocks fell throughout the week as Brexit and Italy's budget woes continued to worry investors.

The British pound recouped losses after the European Union (EU) and UK reached a draft deal that outlined future ties between the EU and UK. This deal followed the previous week's agreement that laid out key terms of the withdrawal in March 2019. Prime Minister Theresa May will still need to gain parliamentary approval for the pact, which has split lawmakers.

Italy continued its standoff with the EU refusing to rein in its 2019 borrowing and spending plan even after the European Commission began formal proceedings against the Italian government. Italy's coalition leaders continued to defy EC calls to do more to ease its debt burden, claiming the budget expansion will boost economic growth and, in turn, tax revenue, which will in turn help Italy lower its debt levels.

Japan: The Nikkei 225 Stock Average declined 35 points (-0.2%). The Finance Ministry reported on Monday that Japan's monthly trade balance widened to a deficit of \$4 billion in October. The deficit, about nine times larger than forecast by a Nikkei poll of economists, was fueled by a 20% rise in imports (largely oil, liquified natural gas, and grains), which overshadowed an 8% increase in exports (mostly sales of autos, engines, and semiconductors).

For the first time in four months, Japan's trade surplus with the U.S. declined, falling 11% from a year ago. Exports to the U.S. expanded nearly 12%, in large part due to increased shipments of autos, machinery, medical products, and rubber.

China: Markets in mainland China and Hong Kong slumped on Friday following a report that the U.S. government was lobbying its allies to avoid buying equipment from Chinese telecommunications equipment maker Huawei Technologies, citing security concerns.

Source: Reuters, Troweprice

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,592.93	-2.81% ▼
Dow Jones	USA	24,285.95	-4.44% ▼
S&P 500	USA	2,632.56	-3.79% ▼
Nasdaq	USA	6,938.98	-4.26% ▼
S&P/TSX	Canada	15,010.73	-0.96% ▼
FTSE 100	GB	6,952.86	-0.87% ▼
S&P/ASX 200	Australia	5,716.20	-0.25% ▼
Nikkei 225	Japan	21,646.55	-0.16% ▼
Hang Seng	Hong Kong	25,927.68	-0.98% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	106.47
Mongol 2023 (Gerege)	USD	5.625%	94.55
Mongol 2022 (Chinggis)	USD	5.125%	93.56
Mongol 2021 (Mazalai)	USD	10.875%	110.03
DBM' 23 (Samurai)	JPY	1.520%	104.63
DBM' 2023	USD	7.250%	97.76
TDBM' 2020	USD	9.375%	104.80

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.322	0.02 ▲
Libor 3M	2.691	0.05 ▲
Libor 6M	2.886	0.02 ▲
Libor 1YR	3.121	0.00 ▼
US 6M Bond	3.050	-0.01 ▼
US 2YR Bond	2.827	0.03 ▲
US 3YR Bond	2.850	0.01 ▲
US 5YR Bond	2.882	0.00 ▲
US 10YR Bond	2.528	0.03 ▲

EXCHANGE RATES

Against MNT	2018.11.23	Change /w/
USD	2,596.89	0.86% ▲
CNY	374.11	0.81% ▲
EUR	2,963.70	0.80% ▲
RUB	39.60	1.49% ▲
KRW	2.29	-0.43% ▼
JPY	23.01	0.83% ▲
CAD	1,967.49	0.45% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,223.05	0.12% ▲
Silver /spot/	USD/t oz.	14.29	-0.76% ▼
Copper	USD/lb.	278.55	0.41% ▲
Coal	USD/MT	97.02	-1.55% ▼
Crude Oil WTI	USD/bbl.	50.42	-11.84% ▼
Crude Oil Brent	USD/bbl.	58.8	-12.79% ▼
Natural Gas	USD/MMBtu	4.31	-7.11% ▼

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2018. X	6.30%
Policy Rate	2018. X	10.00%
Interbank Rate	2018. IX	10.00%
Deposit Interest Rate /MNT/	2018. IX	12.30%
Deposit Interest Rate /Foreign currency/	2018. IX	5.10%
Loan Interest Rate /MNT/	2018. IX	17.50%
Loan Interest Rate /Foreign currency/	2018. IX	10.70%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 45 companies' 1,779,972 shares worth MNT 587.1 million were traded.

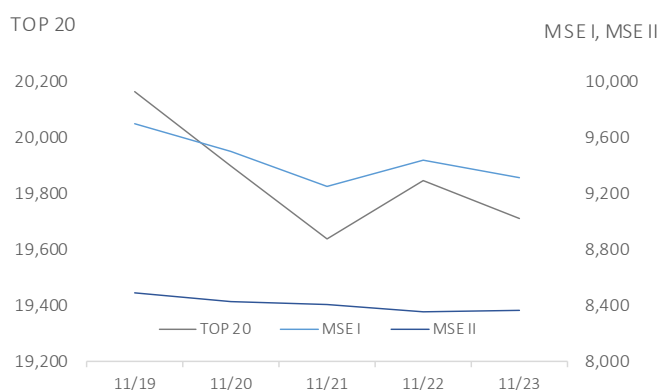
'Altain Zam' /AZH/ company's share rose 32.07 percent to MNT 39,700 while 'Durvun Uul' /DRU/ company's share fell 23.27 percent to MNT 1,500.

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

On the secondary market of Government securities, 1,471 units of securities were traded for MNT 157.0 million.

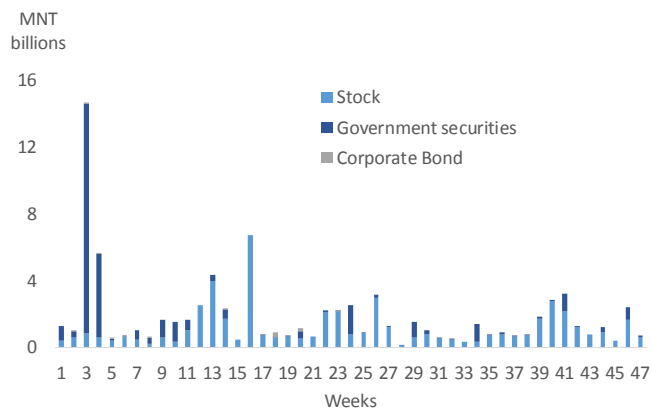
As of November 23, total market capitalization of MSE is MNT 2,293.9 billion. The TOP-20 index decreased by 2.81% to stand at 19,592.93 units.

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	744.1
Market Capitalization	2,293,876.2

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,592.93	-2.81% ▼
MSE I Index	9,264.31	-4.44% ▼
MSE II Index	8,284.32	-2.39% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
APU	280,444	161,228,479
Erdene Resource Development Corp.	252,871	152,882,636
LendMN	851,083	59,642,830
Tavan Tolgoi	8,115	54,095,300
Gobi	1,070	34,600,440

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Altain Zam	39,700.00	32.07% ▲
Khorin Khoyordugaar Baaz	379.00	31.83% ▲
Khuvsgul Aktan Duulga	819.00	22.32% ▲
Khurd	2,128.00	14.35% ▲
E-trans Logistics	97.98	9.41% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Durvun Uul	1,500.00	-23.27% ▼
Moninjbar	110.00	-15.38% ▼
Takhi Ko	10,200.00	-15.00% ▼
Tavan Tolgoi	6,595.00	-14.35% ▼
Materialimpex	7,700.00	-9.41% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Mirae Asset Securities	313,904,260
BDSec	257,281,651
Golomt Capital	179,512,921
Ard Capital Group	94,401,756
TDB Capital	88,557,178

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	564.00	600,454
Tavan Tolgoi	6,595.00	347,327
Gobi	32,600.00	254,317
Mongolian Mortgage Corporation	10,900.00	225,732
Suu	227.63	78,305

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-18/07/20-A0275-15.14	492	52,555,440	106,820	106,820	156	15.140%
2	ZGEB-BD-18/07/20-A0275-15.14	312	33,327,840	106,820	106,820	156	15.140%
3	ZGEB-BD-20/06/20-A0260-15.14	147	15,662,850	106,550	106,550	156	15.140%
4	ZGEB-BD-20/06/20-A0260-15.14	520	55,406,000	106,550	106,550	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	paid on 2018.10.10
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	2018.03.06	paid on 2018.09.21
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

Attention to the shareholders of 'Cement Shokhoi' JSC

According to the Resolution No.:18/62 of 'Cement Shokhoi' JSC's Board meeting dated on 15 November 2018, the Extraordinary Shareholders Meeting will be held on 25 December 2018.

Date of the meeting: 2018.12.25 at 10:00 am

Record date: 2018.12.07

Venue of the meeting: Conference hall of 'Cement Shokhoi' JSC, Saikhan soum, Selenge province

Agenda: Approval of the amended Company charter

The shareholders who would like to review the agenda, draft resolutions and other relevant documents of the meeting, may visit the Office of 'Tsement Shohoi' JSC located in Saikhan sum, Selenge province or contact their brokerage company during 9-5pm on business days.

Contact phone number: +976-9914-4535, +976-9968-3422, +976-9473-6330.

Source: Mongolian Stock Exchnage



Attention to the shareholders of 'Guril Tejeel Bulgan' JSC

According to the Resultion No.:01 of 'Guril Tejeel Bulgan' JSC's Board meeting dated on 15 November 2018, the Extraordinary Shareholders' Meeting will be held on 25 December 2018.

Date of the meeting: 2018.12.25 at 11:00am

Record date: 2018.12.05

Venue of the meeting: Conference room of 'Beren Group' LLC, Chinggis Avenue, Khoroo#15, Khan-Uul district

Agenda: To transfer the real estate of the Company, which is located in the 5th bag in Bulgan soum, Bulgan province to Mrs. Sarangerel.B /registration number: ChB64042201/

The shareholders who would like to review the agenda, draft resolutions and other relevant documents of the meeting, may visit the Company Office located in the 15th khoroo, Khan-Uul District, Ulaanbaatar or contact their brokerage company during 9-5pm on business days.

Contact phone number: +976-8803-5353.

Source: Mongolian Stock Exchnage

Attention to the shareholders of 'Sharyn Gol' JSC

According to the Resolution No.:33 of 'Sharyn Gol' JSC's Board meeting dated on 11 November 2018, the Extraordinary Shareholders Meeting will be held on 26 December 2018.

Date of the meeting: 2018.12.26 at 1:00 pm

Record date: 2018.12.05

Venue of the meeting: Conference hall of 'Ulaanbaatar' hotel

Agenda: Election of the Board

The shareholders who would like to review the agenda, draft resolutions and other relevant documents of the meeting, may visit the Company Office located in Sharyn Gol soum of Darkhan-Uul province or contact their brokerage company during 9-5pm on business days.

Contact phone number: +976-8802-6677, +976-9929-3913, +976-7037-2235

Source: Financial Regulatory Commission

MCSD: 'Gan Khiits' and 'Hermes Center' joint stock companies have allocated dividends to its shareholders' accounts

'Gan Khiits' JSC has allocated its MNT 100 (or MNT 90 after tax) dividends from 2017 net profit to its 98 shareholders' accounts on September 21, 2018.

'Hermes Center' JSC has allocated its MNT 5 (or MNT 4.5 after tax) dividends from 2018Q2 net profit to its 900 shareholders' accounts on October 10, 2018.

Source: Mongolian Central Securities Depository

About 80 percent of 200 listed companies on the MSE received "inadequate" ratings

The Mongolian Stock Exchange reported that implementation of legal and contractual obligations of about 80 percent of the 200 listed companies are inadequate or incomplete.

The Mongolian Stock Exchange conducts a semi-annual survey on the implementation of legal and contractual obligations of the listed companies. As of the first half of 2018, 46 out of surveyed 201 companies had "adequate" ratings. Certain companies listed in the Tier I, II such as 'Gobi', 'E-Trans Logistics' and 'ltools' has performance of more than 80 percent. 19 state-owned companies were not included in this study.

There are 11 companies that have completed all the 10 criteria in the first half of the year. However, 52 companies have failed to comply with these criteria, the Mongolian Stock Exchange reported. All 52 companies have been listed in the Tier III on the Mongolian Stock Exchange.

Source: BloombergTv.mn

COMMODITY MARKET NEWS

Coal loading at Tavan Tolgoi mine suspended

The Ministry of Road and Transport Development of Mongolia and the Mongolian National Road Transport Center has decided to suspend coal loading at Tavan Tolgoi mine due to sharp decrease in number of trucks entering the Gashuun Sukhait-Gantsmod port.

The Mongolian National Road Transport Center and Customs organizations stopped issuing border stamps. Chinese side reported that it is registering drivers' information and introducing smart system. Administration of Gashuun Sukhait port negotiated with Chinese side on sending drivers' information before entering the port.

On Monday, 99 coal trucks, 27 trucks of 'Oyu Tolgoi' LLC crossed the board. It means that about 7,400 tons of coal were exported to China.

Source: BloombergTv.mn

MRPAM: Fuel price may decline early next year

According to the Mineral Resources and Petroleum Authority of Mongolia, fuel prices are expected to fall slowly in January-February 2019.

In the past, rising oil prices in the world have supported fuel prices. In connection with the higher oil price, Russia's 'Rosneft' company increased the border price of fuel exported to Mongolia by USD 45-85 per ton last month. However, in November, Russia's price of AI-92 gasoline imported to Mongolia fell to USD 766-765. Petrol imported in November is being sold in December. Therefore, fuel prices are likely to fall in the coming months.

Source: BloombergTv.mn



USD 41.8 million debt default of 'Southgobi Sands' to 'CIC'

Southgobi Resources, which operates at Ovoot Tolgoi deposit, has not paid the November 19th payment for USD 41.8 million to China's China Investment Corporation. As a result, the payment has been defaulted.

It includes cash interest and associated costs for USD 33.8 million and USD 8 million debenture stocks. Southgobi resources is in discussion with CIC for a deferral of these payments.

Southgobi Resources sold 700 thousand tons of coal and earned USD 24.5 in the third quarter.

Source: BloombergTv.mn

MOFALI: As of November 7, export of meat and meat products has reached 43.3 thousand tons

The Ministry of Food, Agriculture and Light Industry reported that as of November 7, export of meat and meat products has reached 43.3 thousand tons.

A total of 27 thousand tons of sheep, goats, cows and horses, and 16 thousand tons of processed meat were exported. It means meat and meat products worth USD 104 million or MNT 267.4 billion has been exported. A rise in export of meat and meat products was generated by the fact that number of products have been increased. The CEO of 'Munkhiin Bolor' LLC emphasized that healthy livestock increased the exports of meat and meat products.

Also, 'Darkhan Meat Foods' LLC has exported 13-14 thousand tons of meat this year. Most of the exports were to Russia and China.

Source: BloombergTv.mn



In 2018-2019, Mongolia will not import wheat

According to preliminary estimates, 428.6 thousand tons of wheat, 267.1 thousand tons of potatoes and vegetables were harvested this year, the Ministry of Food, Agriculture and Light Industry reported. Therefore, Mongolia is able to fully meet its domestic demand for wheat and potatoes.

A total of 226.4 thousand tons and 50.5 thousand tons of wheat flour were supplied to flour milling plants and Agricultural support fund respectively. According to the Ministry, 63.1 thousand tons of wheat are being processed. 'Khuvsgul Altan Duulga' JSC harvested 5.8 thousand tons of wheat this year, and the company reported that the average yield was 15.1 centners per hectare which was 36 percent higher than the last six years' average. The company assessed the wheat quality as "Good." Also started to supply new wheat flour to the market.

In addition, the Ministry of Food, Agriculture and Light Industry organized to build winter camps for 8.7 million livestock for 19.5 thousand households. Preparation for winter and spring was provided at 89.1 percent nationwide.

Source: BloombergTv.mn



OTHER NEWS



Legislator of Mongolia's ruling party submits proposal on dismissing government

Mongolian legislator Damdin Khayankhyarvaa submitted a proposal Monday on dismissing the state government in connection with a scandal involving financial irregularities by some members of parliament and government.

The proposal was submitted to the speaker of the parliament Miyegombo Enkhbold after reports were made public late last month that some members of the Mongolian parliament and their relatives have obtained a number of loans with low interest rates from a fund aimed at small and medium-sized enterprises.

Issues relating to the fund were frequently discussed in the country this month.

"A total of 27 lawmakers signed the proposal on dismissing the government," Khayankhyarvaa, former parliamentary faction leader of the ruling Mongolian People's Party, told reporters after submitting the proposal.

He was dismissed from his post last Tuesday following his demand for the lawmakers involved in the financial irregularities be brought to justice.

According to the country's Constitution, a proposal on dissolving government should be considered within 15 days.

Ukhnaa Khurelsukh's government that formed a year ago will be dismissed if the proposal is supported by over 50 percent of lawmakers in the 76-seat parliament.

In connection with it, the price on Government bonds issued on international markets started to fall. For instance, bond price of "Gerege" bond fell 0.12 percent on the secondary market.

Source: Xinhuanet.com

World Economics: Mongolia's Sales Managers' index fell 5 months in a row

The Sales Managers' Index for Mongolia fell sharply in November as its economic growth slowed down, according to the "World Economics".

This represents the fifth monthly fall in the index value after a run of 6 consecutive monthly gains came to an end in June. The fall was due to a decrease in business confidence index and a rise in inflation. According to the World Economics, higher price of fuel, electricity and food are adversely affecting the economic growth of Mongolia. However, lower coal exports to China did not affected the Index.

The World Economics reported that the economic slowdown of Mongolia is a short-term change, and in the long-term, overall economic growth continues at a reasonably rapid rate. In other words, the index is being kept in the growth zone.

Source: BloombergTv.mn

Import growth has been kept at about 40 percent since the beginning of this year

According to the National Statistical Office, imports in October rose by 39 percent, or USD 1.4 billion, compared to the same period of the previous year. As a result, imports have increased by 40 percent since the beginning of the year.

The Bank of Mongolia has reported that investment-oriented imports are growing rapidly. In terms of growth, imports of investment products rose 19 percent, consumer products rose 8 percent, oil products rose 7 percent and industrial inputs rose 4 percent. However, the increase in domestic demand has contributed to an increase in the current account deficit and has impeded accumulation of resources, according to the Sixth Review of the International Monetary Fund. It also recommended to take macro-prudential measures in order to limit the high growth rate of lending.

The Asian Development Bank is also emphasized that the current account deficit will increase, which will be the main economic challenge of Mongolia next year. In the first nine months of this year, the deficit of balance of payments increased to USD 500 million.

The Bank of Mongolia will implement macro-prudential policy to limit growth in loan for consumption in 2019.

Source: BloombergTv.mn

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