



WEEKLY MARKET UPDATE

2018.11.26-11.30

GLOBAL MARKET PERFORMANCE

United States: The major indexes bounced back from their second correction of the year, with the S&P 500 Index recording its best weekly gain since December 2011. Health care and information technology shares outpaced the rest of the S&P 500 Index, while materials shares performed worst. Energy shares also lagged as domestic oil prices fell below \$50 per barrel for the first time in over a year.

Investors were also encouraged by positive sales data over the Black Friday weekend. In particular, Internet sales from Wednesday through Black Friday surged by 26.4% over the same period in 2017, according to data tracked by Adobe Systems.

As has often been the case in recent months, trade headlines threatened briefly to offset the market's advance. Stocks opened lower on Tuesday morning after The Wall Street Journal published a report the previous evening that President Donald Trump planned to follow through on his threat to increase the tariff rate on many Chinese goods from 10% to 25% at the beginning of 2019.

The week's primary positive catalyst seemed to come on the monetary policy front. Stocks rallied sharply on Wednesday following a speech by Federal Reserve Chairman Jerome Powell in which he stated that the federal funds rate is "just below" a neutral level that would neither stimulate the economy nor rein in growth to curb inflation. Some disappointing economic data had already lowered expectations for future rate hikes, and Powell's comments seemed to moderate them further. Another quarter-point hike at the Fed's upcoming meeting in December still appears highly likely, however.

The week's economic data were mixed. The Commerce Department reported that new home sales dropped by nearly 9% in October to their lowest level in two and one-half years. Weekly jobless claims recorded their fourth consecutive increase, and another regional manufacturing index came in below expectations. On the positive side, both personal spending and income rose at a solid pace in October and surpassed consensus estimates.

Europe: The pan-European Stoxx Europe 600 Index was up slightly after a week filled with geopolitical tensions, as investors sorted through conflicting signals on Brexit and braced for the weekend G-20 meeting.

Stocks got a boost after news of a Brexit deal the previous Sunday between the European Union (EU) and the UK. While the EU endorsed British Prime Minister Theresa May's proposed Brexit plan, she will still need to win the approval of Parliament on December 11, which some analysts predict will result in a humiliating defeat. May will need to win the backing of 320 of the 650 members of Parliament.

As Brexit worries persist, Bank of England (BoE) Governor Mark Carney warned that many British companies would have difficulties if the UK left the EU without a formal exit agreement.

Japan: The Nikkei 225 Stock Average tallied five consecutive daily gains.

Prime Minister Shinzo Abe confirmed that the government will increase the consumption tax rate from 8% to 10% on October 1, 2019.

Source: Reuters, Troweprice

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,514.19	-0.40% ▼
Dow Jones	USA	25,538.46	5.16% ▲
S&P 500	USA	2,760.17	4.85% ▲
Nasdaq	USA	7,330.54	5.64% ▲
S&P/TSX	Canada	15,197.82	1.25% ▲
FTSE 100	GB	6,980.24	0.39% ▲
S&P/ASX 200	Australia	5,667.20	-0.86% ▼
Nikkei 225	Japan	22,351.06	3.25% ▲
Hang Seng	Hong Kong	26,506.75	2.23% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	106.00
Mongol 2023 (Gerege)	USD	5.625%	93.93
Mongol 2022 (Chinggis)	USD	5.125%	93.02
Mongol 2021 (Mazalai)	USD	10.875%	109.64
DBM' 23 (Samurai)	JPY	1.520%	104.65
DBM' 2023	USD	7.250%	97.64
TDBM' 2020	USD	9.375%	104.08

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.347	0.03 ▲
Libor 3M	2.736	0.04 ▲
Libor 6M	2.895	0.01 ▲
Libor 1YR	3.120	0.00 ▼
US 2YR Bond	2.833	0.01 ▲
US 3YR Bond	2.855	0.01 ▲
US 5YR Bond	2.872	-0.01 ▼
US 10YR Bond	3.035	-0.01 ▼

EXCHANGE RATES

Against MNT	2018.11.30	Change /w/
USD	2,627.04	1.16% ▲
CNY	378.32	1.13% ▲
EUR	2,988.26	0.83% ▲
RUB	39.46	-0.35% ▼
KRW	2.34	2.18% ▲
JPY	23.15	0.61% ▲
CAD	1,975.44	0.40% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,224.26	0.10% ▲
Silver /spot/	USD/t oz.	14.29	0.00% -
Copper	USD/lb.	284.25	2.05% ▲
Coal	USD/MT	101.60	4.72% ▲
Crude Oil WTI	USD/bbl.	53.70	6.51% ▲
Crude Oil Brent	USD/bbl.	62.33	6.00% ▲
Natural Gas	USD/MMBtu	4.49	4.18% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2018. X	6.30%
Policy Rate	2018. XI	11.00%
Interbank Rate	2018. X	10.00%
Deposit Interest Rate /MNT/	2018. X	12.30%
Deposit Interest Rate /Foreign currency/	2018. X	5.40%
Loan Interest Rate /MNT/	2018. X	17.40%
Loan Interest Rate /Foreign currency/	2018. X	10.70%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 41 companies' 4,304,843 shares worth MNT 659.8 million were traded.

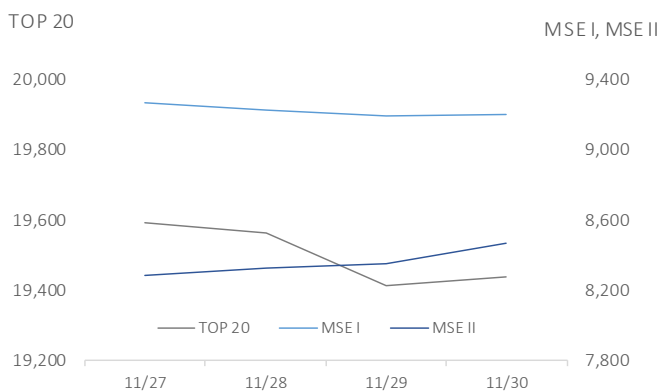
'Altain Zam' /AZH/ company's share rose 51.67 percent to MNT 60,200 while 'Orkhondalai' /ORD/ company's share fell 32.68 percent to MNT 2,400.

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

On the secondary market of Government securities, 160 units of securities were traded for MNT 16.2 million.

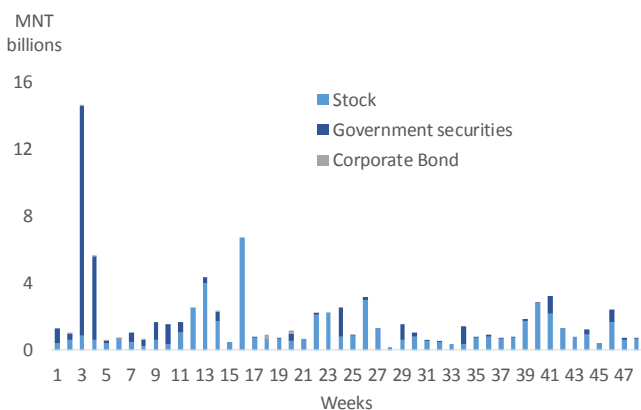
As of November 30, total market capitalization of MSE is MNT 2,303.0 billion. The TOP-20 index decreased by 0.40% to stand at 19,514.19 units.

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	676.0
Market Capitalization	2,302,979.5

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,514.19	-0.40% ▼
MSE I Index	9,271.33	0.08% ▲
MSE II Index	8,455.44	2.07% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
LendMN	2,446,002	171,405,799
Ard Insurance	150,983	112,116,312
Khuvsgul Altan Duulga	118,07	98,907,882
Jinst Uvs	45,886	76,572,022
Gobi	1,832	59,370,960

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Altain Zam	60,200.00	51.64% ▲
Jinst Uvs	1,783.00	33.66% ▲
Baganuur	1,679.00	15.00% ▲
Mogoin Gol	6,405.00	14.27% ▲
Khuvsgul Altan Duulga	920.00	12.33% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Orkhondalai	2,400.00	-32.68% ▼
Moninjbar	90.00	-18.18% ▼
Darkha Hotel	90.00	-14.29% ▼
Tav	6,405.00	-12.21% ▼
Gutal	920.00	-5.56% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Mirae Asset Securities Mongol	337,221,823
Ard securities	259,139,726
Bumbat-Altai	138,753,982
BDSec	138,466,169
Standard Investment	106,222,315

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	572.00	608,712
Tavan Tolgoi	6,500.00	342,324
Gobi	33,000.00	257,437
Mongolian Mortgage Corporation	10,350.00	214,341
Suu	227.10	78,122

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-14/02/19-A0208-18	83	8,515,800	102,600	102,600	104	18.000%
2	ZGEB-BD-14/02/19-A0208-18	77	7,700,000	100,000	100,000	104	18.000%

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 'Erdenet Zandan' JSC

According to the Resolution No.:01 of 'Erdenet Zandan' JSC's Board meeting dated on 02 November 2018, the Extraordinary Shareholders Meeting will be held on 12 December 2018.

Date of the meeting: 2018.12.12 at 10:00 am

Record date: 2018.12.07

Venue of the meeting: Company office in Govil bag, Orkhon province

Agenda:

1. To create new board of directors by nominating dependent and independent board members;
2. To create audit committee, remuneration committee, nomination committee and to nominate members for the committees;
3. The operational and financial report of the company with the Management discussion and analysis of 2017;
4. Reorganization of the Company;
5. Business valuation report conducted by an independent organization;
6. Redemption price of the share;
7. Draft Charter of the Company; and
8. Regulation on redemption of shares in relation to the reorganization of the Company.

More detailed information: Call +796-9901-1106.

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

Source: Mongolian Stock Exchange

FRC approved 100-for-1 share split for 'Gobi' JSC

The regular meeting of the Financial Regulatory Commission was held on November 30th.

The FRC made resolution on listing amendment of a stock split of 100-for-1. As a result, 7,801,125 units of shares of 'Gobi' JSC with nominal value of MNT 100 will be turned into 780,112,500 units of shares with nominal value of MNT 1. A stock split can help improve liquidity of stocks, increase the number of shareholders and market capitalization and decrease ownership concentration. Therefore, 'Mongolian Stock Exchange' JSC and 'Mongolian Central Securities Depository' LLC were obliged to execute share-split within 10 working days.

At the meeting, 'Transport and Development Bank' LLC granted special license for underwriting operations in the securities market. As a result, 25 companies provide underwriting services in the market.

Source: Financial Regulatory Commission



'Park Town' bond subscription will end on December 3, 2018

'Minj Property' company, located in Darkhan Uul province, issued 'Park Town' bond to attract MNT 1 billion.

The bond's annual coupon rate is 17 percent which is higher than bank's deposit interest rates. The primary market for the guaranteed bond will start from November 27 until December 3. The primary market trading and bond allocation will be held at 11:00-12:00 am and 17:00 pm respectively on December 3.

'Park Town' bond is traded on the Mongolian Securities Exchange, making it the second security listed on it. The bond has 1-year maturity with annual coupon rate of 17 percent where the nominal value of each bond is equal to MNT 10,000. The company attracts MNT 1 billion through the bond issuance.

It is the first time when construction company located in rural area of Mongolia is issuing public bond. The experts believe that this bond will open the door to domestic capital market for the other companies operating in rural areas of the country.

In the domestic capital market, 15 companies issued their public bonds and raised MNT 24.6 billion, and the 'Park Town' ranks the 16th. Of these, the 'Suu' bond attracted the highest amount of MNT 6 billion.

Source: Montsame.mn



COMMODITY MARKET NEWS

Meat export revenue reached USD 104 million

Currently, Mongolia exports meat to eight countries.

Specifically, as of November of this year, 955 tons of beef, 22,492 tons of horse meat, 3,814 tons of mutton and goat meat or a total of 27,261 tons of meat has been exported to Russia, China, Kazakhstan, Japan, Iran, Vietnam, Malaysia and Hong Kong.

Raw meat and processed meat export increased by 17.7 thousand tons and 14.5 thousand tons from the same period of the previous year respectively. 16.7 thousand tons of horse meat were exported in the first nine months of this year, and the amount increased by 6 tons in November. In addition, the Customs General Administration of Mongolia reported that Mongolia has exported 815.3 tons of livestock animal by-products.

Source: Montsame.mn

'Morgan Stanley' expects metallurgical coal price fall to USD 155

In the first 10 months of 2018, China imported 56.9 million tons of coking coal, down 1.6 percent from a year earlier. Imports in October alone reached 6.08 million tons, up 15.7 percent from a year earlier, according to the Customs Department of China.

China's coking coal imports have been steadily declining since July. However, steel output is still high in relation to the Chinese government's expansion strategy. This has postponed China's decline in imports, according to the predictions of 'Morgan Stanley'. The average price of metallurgical coal is equal to USD 196 this year, and it is expected to reach USD 155 next year. 'Morgan Stanley' emphasized that Australia's metallurgical coal supply is expected to increase in the coming year. For instance, 'BHP Billiton' is expected to increase its annual coal output by four million tons and 'Qcoal' group plans to supply two million tons of coal annually from its 'Byerwen' mine. Furthermore, coking coal production will reach 10 million tons per year.

Mongolia exported 31.3 million tons of coal in the first 10 months of this year, up 10.3 percent over the previous year. Mongolia expected to export 42 million tons of coal next year. The Ministry of Finance estimates the average coal price to be USD 75.9 per ton in 2019. This month, the China Development and Reform Commission has decided to restrict coal imports.

In addition, the Bank of Mongolia raised its policy rate by one percentage point on Tuesday, saying that "China has restricted its coal market, which has a negative impact on the balance of payments and the pressure on the tugrik." However, Mongolia's coal exporters are optimistic about the next year.

Source: BloombergTv.mn

Aspire Mining: The demand for metallurgical coal is expected to rise due to Japan, Korea and India

Aspire Mining Ltd. has announced its predictions about increase in demand for metallurgical coal due to the Indian, Japanese and South Korean markets. The company oversees its 'Ovoot' project in Mongolia.

The pre-feasibility study by JORC standard estimated that the 'Ovoot' project has 247 million tons of coal, and it is able to supply 10 million tons of coal to other markets through railway every year. A ton of coal where 1/3 is consists of coking coal is sold at 650-700 yuan on Ceke port, and washed high quality coking coal is sold at 1,100 yuan per ton on Gantsmod port.

At the Tangshan port, Mongolia's washed high-quality coking coal price has reached 1,515 yuan, while Australia's has reached 1,388 yuan, according to the Aspire Mining. Mongolian coal is now able to introduce new markets as it is able to transport coal through rail freight via the Russian Federation with tariff discounts.

The company's shares are traded at AUD 0.019 at the Australian Securities Exchange.

Source: BloombergTv.mn

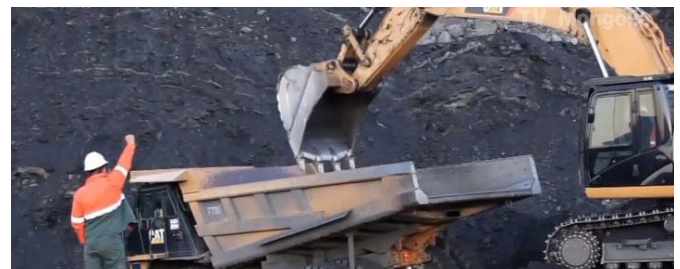
Revenue of 'Mongolia Energy Corporation' increased by 45.7 percent

Mongolia Energy Corporation, which operates in 'Khushuut' deposit, earned HKD 360 million in March-September, up 45.7 percent from a year earlier.

A rise in sales was the major impact in it, according to the financials of the company. However, the pre-tax loss increased by 21 percent y-o-y to HKD 239.6. The 'Khushuut' mine is located in Khovd province, about 1,350 km west of Ulaanbaatar, and the coal mined is exported to Xinjiang-Tacheng, China. During the financial year, the company mined 863.7 thousand tons of coal and sold over 288 thousand tons of coal. The average price of sold coking coal was HKD 1,274, down 7.5 percent from a year earlier. The average price of its thermal coal was HKD 71.5, down 24 percent from a year earlier.

The share price of the company has reached HKD 0.13 on the Hong Kong Stock Exchange, which has dropped 31.5 percent year-to-date.

Source: BloombergTv.mn



OTHER NEWS

Bank of Mongolia raises its policy rate

At the unscheduled meeting held on 27 November 2018, the Monetary Policy Committee decided to increase the Policy rate by 1.0 percentage point to 11 percent.

As of October 2018, annual inflation measured by the consumer price index has reached 6.3 percent nationwide and 6.8 percent in Ulaanbaatar city. Although the price of commodities remained relatively high and economic growth reached 6.7 percent in the third quarter, exceeding previous expectations, uncertainties in the external sector remain elevated.

Approval of next year's budget with a relatively high level of deficit, the US Federal Reserve's decisions to raise its federal funds rate, and the People's Republic of China's action to limit its coal imports, are adversely affecting the balance of payments and thus creating pressures on the exchange rate. Hence, considering the uncertainties in the external sector, with the intention to preserve economic recovery at a medium term sustainable path, the Monetary Policy Committee decided to increase the policy rate, during its unscheduled meeting.

The decision is consistent with the Bank's mandate to keep inflation rate around the medium term target rate and is intended to increase yield for assets in togrog, to support credibility of the national currency, and to sustain macroeconomic stability in the medium term.

The Bank of Mongolia decided to issue central bank bills with maturities of 28 weeks, starting from December 2018.

Source: Bank of Mongolia

Electronic transaction maximum amount increased to MNT 3 million

The limit of the 247 payment system of the National electronic transaction center has been increased to MNT 3 million from MNT 1 million. Thus, transactions up to MNT 3 million can be transferred between banks anytime, anywhere in 1 to 4 seconds. Mongolia's electronic payment operations increased by a level and economic money circulation will increase. The decision was made with careful consideration of requests from banks and individuals, relevant analysis to support the effort to make electronic payments widely used by the public.

Source: Montsame.mn



ADB: Mongolia needs time to increase economic diversity

"It's not an accurate policy to spend too much foreign exchange reserves in order to stabilize rates" noted analysts at the Asian Development Bank. The MNT rate depreciated by 7.4 percent since the beginning of 2018. However, with inflation at 6.3 percent it's an acceptable rate according to analysts at the ADB.

The Bank of Mongolia has supplied USD 979 million as an intervention in 2018. They have planned to supply about USD 1 billion this year according to Mr. Bayrtaikhan, director of the BoM. However, the International Monetary Fund Sixth Review of Mongolia's Extended Fund Facility warned about the vulnerabilities of the foreign exchange reserves. Moreover, as local demand increases current account losses continue to increase and the Bank of Mongolia is recommended to tighten monetary policy and limit credit growth.

"Mongolian export products and market is too concentrated" noted Declan Magee, senior economist at the ADB. Economic diversity and income has positive correlations and there is a real necessity to diversify the economy. Moreover, "Increasing economic diversity for countries with high natural resources is crucial in decreasing price shocks from external trade environments" he noted.

In the first 10 months, 86 percent of export is from mineral exports. This is a 7 percentage point increase from the same time last year. In recent years, mineral export percentage of total export has been increasing. Following this trend, the income from mining activities for the country budget has been increasing. In the 2019 budget project, mining activities income make up 27 percent of total income a whole 5 percentage points higher than this year's budget.

Source: BloombergTv.mn

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