

WEEKLY MARKET UPDATE

2018.12.24-12.28

GLOBAL MARKET PERFORMANCE

United States: Stocks emerged with gains following another week of remarkable volatility. Within the S&P 500 Index, consumer discretionary and information technology stocks were particularly strong, while the typically defensive utilities sector was roughly flat.

During the week, President Trump seemed to add to market worries on Monday by sending out another tweet criticizing the Fed's rate hiking.

Wednesday's positive turn in the markets seemed due to several factors, including rumors of new U.S.-China trade talks and reports that executives purchasing their own companies' stock had reached an eight-year high.

Positive news on holiday spending may have been the primary driver, following a report from a research branch of MasterCard that holiday season sales (since November 1) had grown by 5.1% over the past year, the biggest increase in five years. The figures were roughly in line with recent personal spending and retail sales data.

Europe: After a rollercoaster ride, the European indices ended flat for the week.

European shares fell for most of the week, unable to overcome nervousness over losses on Wall Street and fears of a prolonged U.S. government shutdown.

The steep sell-off mostly reversed by the week's end following a bounce in U.S. markets and amid signs of progress in U.S.-China trade talks after China's Commerce Ministry confirmed that consultations would be held with U.S. officials in January.

In other news, UK Labour leader Jeremy Corbyn called on Prime Minister Theresa May to recall parliament early from Christmas recess in order to move forward a critical vote on the Brexit deal. In Italy, the government won a vote of confidence on its 2019 budget in the upper house in the early hours of Sunday, and a final vote is expected on Saturday, December 29, in a race to get the package approved before the year-end deadline.

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Japan: The Nikkei 225 Index finished down 0.75% for the week.

Japanese equities seemed to largely follow the gyrations in the U.S. market for the week, although the release of a summary of opinions from the Bank of Japan's December meeting may have weighed on Friday's results. The central bank's policymakers appeared to be concerned about slowing global growth and below-target inflation. The broad-based, large-cap TOPIX Index and the TOPIX Small Index both notched small gains for the week after hitting bear market levels earlier in the month. Japanese equity markets were open for trading on Christmas but closed on December 24 in observance of the emperor's birthday.

Source: Reuters, Troweprice

WORLD INDICES

| Index | Country | Last Price | Change /w/ |
|-------------|-----------|------------|------------|
| MSE TOP 20 | Mongolia | 20,646.96 | 1.51% ▲ |
| Dow Jones | USA | 23,062.40 | 2.75% ▲ |
| S&P 500 | USA | 2,485.74 | 2.86% ▲ |
| Nasdaq | USA | 6,584.52 | 3.97% ▲ |
| S&P/TSX | Canada | 14,222.00 | 2.06% ▲ |
| FTSE 100 | GB | 6,733.97 | 0.19% ▲ |
| S&P/ASX 200 | Australia | 5,654.30 | 3.41% ▲ |
| Nikkei 225 | Japan | 20,014.77 | -0.75% ▼ |
| Hang Seng | Hong Kong | 25,504.20 | -0.97% ▼ |

MONGOLIA RELATED BONDS

| Issuer | Currency | Coupon | Last Price |
|-------------------------|----------|---------|------------|
| Mongol 2024 (Khuraldai) | USD | 8.750% | 107.58 |
| Mongol 2023 (Gerege) | USD | 5.625% | 95.17 |
| Mongol 2022 (Chinggis) | USD | 5.125% | 94.30 |
| Mongol 2021 (Mazalai) | USD | 10.875% | 110.49 |
| DBM' 23 (Samurai) | JPY | 1.520% | 104.73 |
| DBM' 2023 | USD | 7.250% | 98.41 |
| TDBM' 2020 | USD | 9.375% | 104.19 |

MARKET RATES

| Rates | Last | Change /w/ |
|--------------|-------|------------|
| Libor 1M | 2.520 | 0.02 ▲ |
| Libor 3M | 2.800 | -0.02 ▼ |
| Libor 6M | 2.870 | -0.03 ▼ |
| Libor 1YR | 3.010 | -0.06 ▼ |
| US 2YR Bond | 2.516 | -0.12 ▼ |
| US 3YR Bond | 2.495 | -0.12 ▼ |
| US 5YR Bond | 2.555 | -0.08 ▼ |
| US 10YR Bond | 2.718 | -0.07 ▼ |

EXCHANGE RATES

| Against MNT | 2018.12.28 | Change /w/ |
|-------------|------------|------------|
| USD | 2,642.92 | 0.19% ▲ |
| CNY | 385.73 | 0.86% ▲ |
| EUR | 3,028.65 | 0.10% ▲ |
| RUB | 38.00 | -2.14% ▼ |
| KRW | 2.37 | 0.42% ▲ |
| JPY | 23.94 | 0.97% ▲ |
| CAD | 1,942.61 | -0.57% ▼ |

COMMODITY PRICE

| Commodity | Unit | Last Price | Change /w/ |
|-----------------|-----------|------------|------------|
| Gold /spot/ | USD/t oz. | 1,281.52 | 1.40% ▲ |
| Silver /spot/ | USD/t oz. | 15.47 | 5.17% ▲ |
| Copper | USD/lb. | 269.30 | 0.67% ▲ |
| Coal | USD/MT | 101.60 | -0.68% ▼ |
| Crude Oil WTI | USD/bbl. | 46.23 | 0.37% ▲ |
| Crude Oil Brent | USD/bbl. | 54.46 | 0.17% ▲ |
| Natural Gas | USD/MMBtu | 3.09 | -18.47% ▼ |

MONGOLIAN MACRO ECONOMIC INDICATORS

| Indicators | Reference | Amount |
|--|-----------|--------|
| Inflation Rate | 2018. XI | 8.10% |
| Policy Rate | 2018. XI | 11.00% |
| Interbank Rate | 2018. XI | 10.20% |
| Deposit Interest Rate /MNT/ | 2018. XI | 12.20% |
| Deposit Interest Rate /Foreign currency/ | 2018. XI | 5.30% |
| Loan Interest Rate /MNT/ | 2018. XI | 17.30% |
| Loan Interest Rate /Foreign currency/ | 2018. XI | 10.70% |

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 42 companies' 3,870,251 shares worth MNT 1,768.9 million were traded. Also, block trade of 2 companies worth MNT 31.9 billion was held.

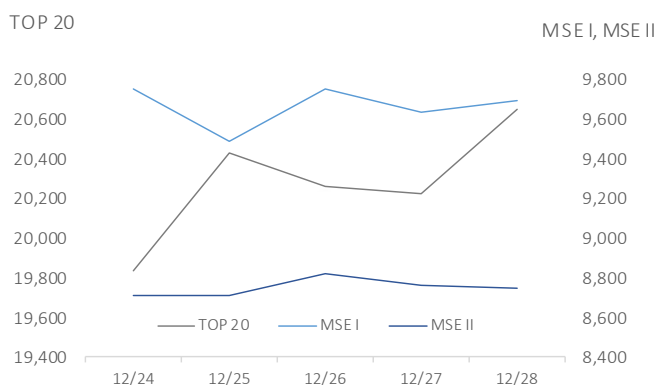
'HBOil' /HBO/ company's share rose 38.67 percent to MNT 45.9 while 'Sharyn Gol' /SHG/ company's share fell 15.45 percent to MNT 1,801.

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

On the secondary market of Government securities, 430 units of securities were traded for MNT 44.2 million.

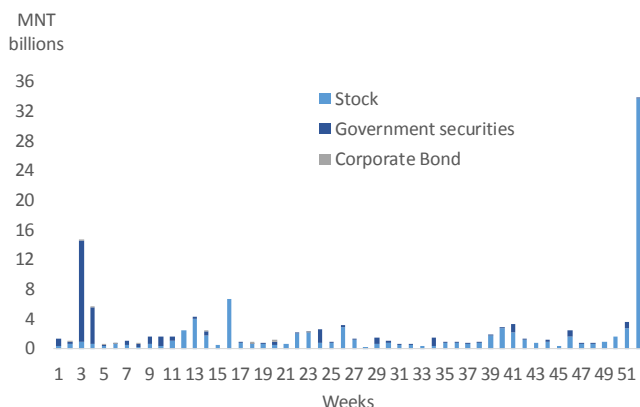
As of December 28, total market capitalization of MSE is MNT 2,428.1 billion. The TOP-20 index increased by 1.51% to stand at 20,646.96 units.

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 | 33,739.2 |
| Market Capitalization | 2,428,110.1 |

STOCK MARKET INDICES

| Index | Last Price | Change /w/ |
|--------------|------------|------------|
| MSE Top 20 | 20,646.96 | 1.51% ▲ |
| MSE I Index | 9,790.66 | 0.39% ▲ |
| MSE II Index | 8,748.85 | 0.41% ▲ |

ACTIVELY TRADED SECURITIES

| Company | Volume | Turnover /MNT/ |
|--------------------------------|------------|----------------|
| Mongolian Mortgage Corporation | 2,005,073 | 31,326,814,790 |
| Khuvsgul Altan Duulga | 791,223 | 756,602,524 |
| LendMN NFBI | 11,947,666 | 701,608,876 |
| APU | 428,546 | 254,458,725 |
| Ard Insuranse | 193,149 | 141,610,126 |

SECURITIES WITH MOST GROWTH

| Company | Last Price /MNT/ | Change /w/ |
|--------------------------------|------------------|------------|
| HBOil | 45.90 | 38.67% ▲ |
| Mongolian Mortgage Corporation | 12,990.00 | 26.12% ▲ |
| Khasu-Mandal | 5,750.00 | 15.00% ▲ |
| UB-BUK | 385.00 | 14.93% ▲ |
| Itools | 106.04 | 6.04% ▲ |

SECURITIES WITH MOST DECLINE

| Company | Last Price /MNT/ | Change /w/ |
|------------------|------------------|------------|
| Sharyn Gol | 1,801.00 | -15.45% ▼ |
| Durvun Uul | 1,300.00 | -13.33% ▼ |
| Ar Bayankhangai | 700.00 | -12.50% ▼ |
| Erdenet Auto Zam | 425.00 | -11.46% ▼ |
| Gutal | 16,000.00 | -5.88% ▼ |

MOST ACTIVE BROKERAGE FIRMS

| Company | Trading amount /MNT/ |
|-------------------------------|----------------------|
| TBD Capital | 61,841,745,843 |
| Golomt Caoital | 1,672,739,264 |
| Mirae Asset Securities Mongol | 1,417,968,690 |
| Bumbat-Altai | 1,412,879,272 |
| Ard Securities | 366,199,365 |

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

| Company | Last Price /MNT/ | Market Cap. /MNT mln/ |
|--------------------------------|------------------|-----------------------|
| APU | 590.00 | 627,867 |
| Tavan Tolgoi | 7,200.00 | 379,189 |
| Mongolian Mortgage Corporation | 12,990.00 | 269,014 |
| Gobi | 337.18 | 236,038 |
| Suu | 200.14 | 68,848 |

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 | 400 | 41,160,000 | 101,510 | 104,290 | 156 | 15.140% |
| 2 | ZGEB-BD-25/04/20-A0236-16.993 | 30 | 3,060,000 | 102,000 | 102,000 | 156 | 16.993% |

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

“Tumen Shuvuut” LLC becomes public company

The Financial Regulatory Commission at its Meeting held on 14 December 2018 passed a Decision to register 200 million shares of ‘Tumen Shuvuut’ LLC, an egg producer, with MNT 20 nominal price each and approved public offering of 25 percent of the amount or 50 million shares for MNT 200. The Company was listed on the Mongolian Stock Exchange as a Tier II issuer by the MSE CEO’s Order No. A/94 dated August 16, 2018.

‘Tumen Shuvuut’ JSC, the first issue on MSE in 2019, is aiming to raise MNT 10 billion from the primary stock market.

Subscription for the stock will be open during the period between 15 January, 2019, to 15:00 pm, 31 January, 2019.

In case of oversubscription, MNT 3 billion of shares will be allocated equally to all investors and the remaining MNT 7 billion of shares will be allocated on pro-rata basis.

Source: Mongolian Stock Exchange



Attention to the shareholders of ‘Gobi’ JSC

‘Gobi’ JSC decided to distribute MNT 220 dividend per share from its net profit of 2017. Thus, the company has been distributing dividends on its company office since 24 April, 2018.

The company has allocated its MNT 158,371,774 (after tax) dividends of 15,960 shareholders from net profit of 2017 along with dividend distributed from net profit of 2010-2016 to its shareholders’ accounts on 27 December, 2018.

Source: Mongolian Stock Exchange

The last regular meeting in 2018 of the Financial Regulatory Commission was held

The regular meeting the Financial Regulatory Commission was held on 26 December, 2018.

At the meeting ‘Procedure on securities collateral securities’ has been approved by the FRC. The procedure regulates relations of a citizen and legal entity that participates in the securities market to pledge their securities, segregate pledged securities, register the pledged securities into the database.

Source: Financial Regulatory Commission of Mongolia



MSE: The average daily trading amount increased by 21.5 percent to MNT 373 million

The average daily trading on the MSE increased by 21.5 percent to MNT 373 million. The result has been steadily increasing over the past five years.

In other words, the average daily trading amount on the Mongolian Stock Exchange was MNT 95 million. Since then, the average annual growth rate is equal to about 40 percent. The trading amount was increased due to a rise in the number of new products launched in the domestic capital market. The largest IPOs on the market were the IPO of ‘Mandal Insurance’ JSC worth MNT 7.5 billion and the IPO of ‘Mongol Basalt’ JSC worth MNT 6.4 billion. Securities companies have pointed out that investors are more interested in stocks as the primary market trading of Government securities has stopped since November, 2017.

Source: BloombergTv.mn

Chinese capital markets suffered a USD 2.3 trillion loss, and named the worst performing market

China’s capital markets suffered through a bad year. The second biggest capital market in the world in terms of capitalization fell by USD 2.3 trillion due to the “Trade war”.

This has been the biggest loss in value since 2002. Moreover, the main capital market index the “Shanghai Composite” index fell by 25 percent last year.

Thus the exchange was named the worst performing exchange. 10 years ago during the world financial crisis the Shanghai stock exchange fell by 65 percent. Also investor activity decreased significantly. Shanghai and Shenzhen stock exchange daily trade value fell to CNY 369 billion or USD 54 billion, reaching a new low since 2014.

As of Thursday, a total of CNY 263.8 billion trade was made which equals about 10 percent of the highest trade value recorded in 2015.

Moreover, newly listed companies on China’s capital markets had an average of 193 percent increase in value in the first month after IPO. Although this is not a bad indicator, it’s a 5 year low and equals only about 50 percent of the indicator in the last 2 years as noted by analysts.

Source: BloombergTv.mn

COMMODITY MARKET NEWS

MOFALI: Meat and meat product exports reached 20-year high

According to the Ministry of Food, Agriculture and Light Industry, meat and meat product exports have reached its 20-year high level in 2018 to 54.9 thousand tons.

By head of livestock, Mongolia exported meat and meat products worth more than 4.4 million heads of livestock. According to the ministry, there are potential resources to export about 180 thousand tons of meat annually, taking into account the carrying capacity of the pastures. In terms of businesses, 19 domestic companies have the right to export meat and meat products. For instance, 'Khatansuikh Impex' LLC has been exporting heat processed meat products to China and bone soup to Korea. Also, 'Ochirdaginas' LLC has been exporting canned meat products to Korea. The company announced that its new sausage and conservancy plant was launched in March, 2018. Some experts believe that the agricultural sector has the potential to become one of the key sectors of the economy of Mongolia.

Under the 'Cashmere' program, the Development Bank of Mongolia issued loans worth MNT 188.2 billion to 20 factories for purpose of financing their working capital. Dehairing, spinning and sewing production capacity of these factories were increased by 28-43 percent.

The government also approved Intensive livestock breeding program, and plans to spend MNT 166.3 billion. In scope of this program liquid milk import will decrease to zero, egg imports will fall 90 percent, and honey imports will reduced by 70 percent in 2019-2023.

Source: BloombergTv.mn



Mining deals reached a 5 year high point measured at USD 86.3 billion

Since the beginning of 2018, global mining sector had 1,349 deals recorded. The deals had a total value of USD 86.3 billion which is 60 percent higher than that of 2017. Also it's a 5 year high. During China's super cycle or in years when metal demands increased rapidly mining M&A deals exceeded USD 100 billion. For example in 2012, deal value reached a record USD 149 billion. On the other hand in 2015 when copper, gold and iron ore reached a low point mining companies focused more on cost reduction and dividend distribution rather than mergers or acquisitions. That year deal value fell to USD 50 billion.

2018 highest mining deal was between "Barrick Gold" and "Randgold Resources" with a value of USD 5.4 billion.

Source: BloombergTv.mn

International Trade Index decreased by 11 percent due to changes in coal price

According to the November statistics, Mongolia's International Trade Index has fallen from the previous month to 1,731, according to the Bank of Mongolia.

This decline is attributable to lower coal prices in international markets that affected domestic coal export prices. For instance, border price of coal export reached USD 74 per ton in November, down 8 percent from the previous month, but increased by 5 percent from the same period of the previous year. The BOM said that although the International Trade Index declined from the previous month, it increased by 5 percent on a year-on-year basis.

In the first 11 months of 2018, Mongolia exported 33.3 million tons of coal by USD 2.6 billion, a y-o-y increase of 24 percent in terms of value and a y-o-y increase by 9 percent on terms of volume. Coal exports declined in May and June, but slightly increased in July and slumped again in August.

Source: BloombergTv.mn



MACE: 20 commodities worth MNT 700 billion traded in 2018

This year, 20 commodities worth MNT 700 billion traded through the Mongolian Agricultural Commodity Exchange.

It was 22.7 percent higher than in the previous year. Trading value increased as the commodity prices rose 30-70 percent in 2018, according to the MACE. In addition, 82.3 percent of the total trade on the MACE was generated by trade of unprocessed zinc and dark cashmere. Price on these commodities have increased by over 60 percent from the previous year. In the future, are increasingly experts emphasizing the importance of cashmere quality, supplying, processing, and exporting value added products. This year, not only wool and cashmere were traded on the MACE, but also meat and hides were traded on it. Next year, the Mongolian Agricultural Commodity Exchange plans to organize forward trade of livestock, meat and hides.

Source: BloombergTv.mn

OTHER NEWS

External debt of the Government of Mongolia reached USD 7,024 million in the 3rd quarter

The Government of Mongolia reported that the external debt of the Government reached USD 7,024 million in the third quarter. This is a 12 percent increase comparing to the same period of the previous year. As of the end of 2017, the Government debt outstanding had reached 74.4 percent of GDP. In the first half of 2018, this figure has fallen to 58.9 percent of GDP.

According to the Ministry of Finance, the current ratio of government debt to gross domestic product is expected to reach 55.3 percent in 2019. Interest payment is expected to decrease by MNT 285.1 billion. The government plans to use MNT 1.3 trillion in foreign loans and grants this year. According to the structure of the government debt, most of them are long-term bonds.

In view of the major anticipated payments, the 'Syndicate' loan is scheduled to be paid in 2021, the 'Mazaalai' bond in 2021, and the 'Chinggis' bonds in 2022, totaling about USD 5.4 billion.

In addition, the Central Bank has said it will continue to expand its foreign exchange reserves. As of October, the official foreign exchange reserves have reached its last six-year highs or USD 3.4 billion. The government has reported that it has been working on its debt management.

This year the S&P agency has upgraded Mongolia's long-term credit rating to "B" and keeps its status "Sustainable".

Source: BloombergTv.mn

Rio Tinto, Mongolia sign power deal for Oyu Tolgoi copper mine

At its regular meeting on December 26, the Cabinet supported the agreement with Rio Tinto to construct 300 MW power plant in Tavan Tolgoi. Minister of Energy Ts.Davaasuren gave briefing in this regard.

"The Cabinet held negotiations with Rio Tinto on the construction of a power plant in Tavan Tolgoi to supply Oyu Tolgoi deposit. In this regard, a draft agreement on the power plant construction was developed and presented at the Cabinet meeting. According to the draft agreement, it is planned to start the construction in March 2020 and commence the power plant in June 2023. As a result, Mongolia has made a historic decision to supply the major deposits in the south region such as Tavan Tolgoi and Oyu Tolgoi with energy," said Minister Ts.Davaasuren.

The development of agreement on financing, feasibility study and environmental assessment will start off soon. Currently, Oyu Tolgoi LLC annually purchases 100 MW electricity from China at USD 160-170 million. The provision of the Investment Agreement on procurement of certain amount of its energy consumption from Mongolia will take effect next year. It is expected to provide 20 percent primarily. With the commencement of the power plant in 2023, it will be able to fully provide the energy consumption of Oyu Tolgoi and retain the amount of money at home.

Source: Montsame.mn

USD yearly appreciations reached a 3 year high

US Dollar had the best performance in three years in 2018. The USD index had fallen by 10 percent in 2017 until this year due to the "trade war" continuation and the devaluation of the CNY, US dollar had a great year. According to calculations made by "Factset", the US Dollar appreciated by about 5 percent in value. However, currency market analysts believe it won't be the same in 2019. For example, although it hasn't been resolved, the trade disputes are looking to end with both sides agreeing to a compromise for the sake of the market. However, with the risk of both sides making strong announcements that could affect the market tremendously US dollar will be volatile in the beginning of the year.

Aaron Hurd, a senior portfolio manager at "State Street Global Investors" noted that future traders and hedgers should rethink their positions starting from Q1 2019.

Also, the US Federal reserve bank has been increasing policy rates slowly which could depreciate the US dollar in the future. The Chief of the Federal Reserve, Jerome Powell noted in his latest announcements that policy rates will be increased 2 times in the upcoming year. This year the fed raised rates 4 times.

Moreover, the US has both a trade and a fiscal deficit which are not positive news. Looking at specific zones, the US dollar is expected to be weakest in the Eurozone. Because Europeans always had lower confidence in the US dollar compared to American or Asian investors. On the other hand, a weak US dollar could bring opportunities for the Euro which fell by 5.6 percent due to BREXIT and other economic factors.

Source: BloombergTv.mn

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