



## WEEKLY MARKET UPDATE

2019.03.25-03.29

## GLOBAL MARKET PERFORMANCE

**USA:** The major indexes rose and erased most of the previous week's losses, rounding out the best quarter for stocks in a decade. Industrials shares performed best within the S&P 500 Index, helped by a partial rebound in Boeing shares after the company announced a software fix for its troubled 737 Max airliner. Utilities stocks performed worst, and the larger communication services sector also lagged, held down by weakness in telecom stocks following a Bloomberg report on Thursday that regulators were growing more skeptical of a proposed merger between T-Mobile and Sprint. Weakness in Alphabet, which accounts for a large proportion of the sector, also weighed on the segment.

**Europe:** The pan-European Stoxx Europe 600 Index and the UK's FTSE 100 Index rose for the week, during which the UK Parliament rejected Prime Minister Theresa May's Brexit deal for a third time and European Central Bank President Mario Draghi pledged to take measures to combat rising risks to European economic growth.

The euro and the British pound fell against the U.S. dollar after May's Brexit deal was defeated by a greater-than-expected margin on Friday, the day Britain had been originally scheduled to withdraw from the European Union. The UK could lose a prime minister, the indicative votes scheduled for Monday could still be directionless, the EU is likely to start making noise about the conditionality for a long extension, and a snap election could become inevitable.

The yield on the 10-year German bund fell further into negative territory after Draghi said that the ECB could further delay any plans to raise interest rates if the European economy continues to deteriorate.

**Japan:** The Nikkei 225 Stock Average retreated 422 points (1.9%) for the week and closed on Friday at 21,205.81, ahead 6.0% in 2019. On March 24, Prime Minister Shinzo Abe's ruling coalition won approval from the House of Representatives for a record ¥101.46 trillion fiscal 2019 budget. It was the first time Japan's budget has exceeded ¥100 trillion. Within the budget, about one-third is designated for social security, such as health care and pensions, which continue to grow with the country's aging population.

**China:** Mainland Chinese stock markets ended the week on a mixed note, lifted by a rally on Friday on signs that the U.S. and China were inching closer to ending their bruising trade dispute.

**Mongolia:** Bond yield and prices fluctuate depending on macroeconomic and political situation of the country. Bond yields on Mongolian bonds have increased slightly this week.

Yield of "Mazaalai" bond that matures in 2021 increased a bit to 4.71%. However, the bond yield decreased by 18.9 percent year-to-date. Bond price was closed at USD 111.6.

Yield of "Chinggis" bond that matures in 2022 increased to 5.05%. However, the bond yield decreased by 26.6 percent year-to-date. Bond price was closed at USD 100.2.

**Source:** Troweprice, Reuters, Bloomberg

### WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,852.24	-1.12% ▼
Dow Jones	USA	25,928.68	1.67% ▲
S&P 500	USA	2,834.40	1.20% ▲
Nasdaq	USA	7,729.32	1.13% ▲
S&P/TSX	Canada	16,102.09	0.08% ▲
FTSE 100	GB	7,279.19	0.99% ▲
S&P/ASX 200	Australia	6,180.70	-0.23% ▼
Nikkei 225	Japan	21,205.81	-1.95% ▼
Hang Seng	Hong Kong	29,051.36	-0.21% ▼

### MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.65
Mongol 2023 (Gerege)	USD	5.625%	101.03
Mongol 2022 (Chinggis)	USD	5.125%	100.23
Mongol 2021 (Mazalai)	USD	10.875%	111.65
DBM' 23 (Samurai)	JPY	1.520%	104.75
DBM' 2023	USD	7.250%	104.33
TDBM' 2020	USD	9.375%	104.49

### MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.495	-0.00 ▼
Libor 3M	2.600	-0.01 ▼
Libor 6M	2.660	-0.01 ▼
Libor 1YR	2.710	-0.08 ▼
US 2YR Bond	2.294	-0.02 ▼
US 3YR Bond	2.243	0.01 ▲
US 5YR Bond	2.266	0.03 ▲
US 10YR Bond	2.433	0.00 ▲

### EXCHANGE RATES

Against MNT	2019.03.29	Change /w/
USD	2,631.51	0.02% ▲
CNY	391.61	-0.25% ▼
EUR	2,955.84	-1.34% ▼
RUB	40.62	-1.57% ▼
KRW	2.32	-0.43% ▼
JPY	23.76	0.04% ▲
CAD	1,959.06	-0.55% ▼

### COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,292.38	-1.62% ▼
Silver /spot/	USD/t oz.	15.12	-1.98% ▼
Copper	USD/lb.	293.60	3.29% ▲
Coal	USD/MT	84.63	-4.07% ▼
Crude Oil WTI	USD/bbl.	60.14	1.86% ▲
Crude Oil Brent	USD/bbl.	68.39	2.03% ▲
Natural Gas	USD/MMBtu	2.66	-3.27% ▼

### MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. II	6.90%
Policy Rate	2019. II	11.00%
Interbank Rate	2019. II	11.00%
Deposit Interest Rate /MNT/	2019. II	12.00%
Deposit Interest Rate /Foreign currency/	2019. II	5.30%
Loan Interest Rate /MNT/	2019. II	17.00%
Loan Interest Rate /Foreign currency/	2019. II	10.70%

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

## MSE TRADING UPDATE

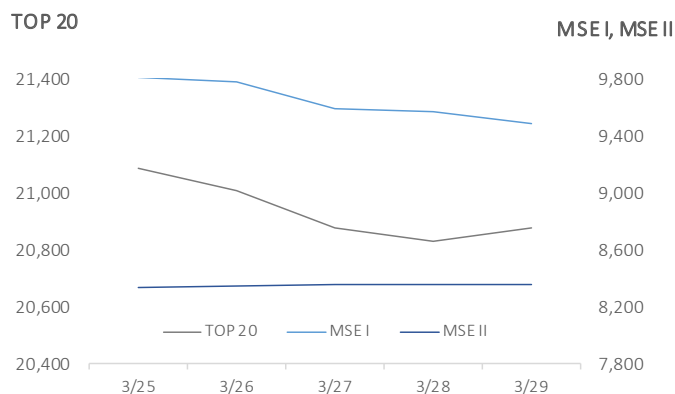
In this week, a total of 65 companies' 3,025,324 shares worth MNT 724.9 million were traded in the secondary market.

'Jinst Uvs' /JIV/ company's share rose 16.42 percent to MNT 1,978.0 while 'Bayalag Nalaikh' /BNB/ company's share fell 18.88 percent to MNT 333.0.

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

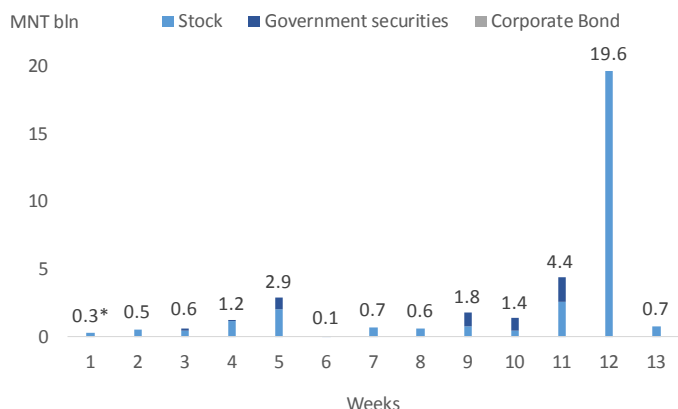
As of March 29, total market capitalization of MSE is MNT 2,452.8 billion. The TOP-20 index decreased by 1.12% to stand at 20,852.24 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



\*Excluded the trading value of December 31, 2018

Source: Mongolian Stock Exchange

### STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	724.9
Market Capitalization	2,452,754.8

### STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,852.24	-1.12% ▼
MSE I Index	9,458.48	-3.58% ▼
MSE II Index	8,322.03	-0.23% ▼

### ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
APU	201,429	126,197,909
LendMN NBFII	1,616,165	109,485,425
Jinst Uvs	47,161	81,840,926
Tavan Tolgoi	10,449	75,165,280
Ulsyn Ikh Delguur	150,184	70,961,292

### SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Jinst Uvs	1,978.00	16.42% ▲
Bayantalbai	74.75	15.00% ▲
Naco Tulsh	115.00	15.00% ▲
Mongol Textile	2,735.00	14.92% ▲
Bayan Aldar	1,001.00	8.80% ▲

### SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Bayalag Nalaikh	333.00	-18.88% ▼
Standard Agriculture Group	250.00	-16.67% ▼
Binse	340.00	-15.00% ▼
Gan Khiits	12,490.00	-13.02% ▼
Uvs Chatsargana	448.31	-9.98% ▼

### MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Apex Capital	200,096,396
Ard Securities	184,648,628
Ard Capital Group	180,556,308
Golomt Capital	136,813,272
Bumbat Altai	127,219,050

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	631.62	672,158
Tavan Tolgoi	7,225.00	380,506
Mongolian Mortgage Corporation	11,770.00	243,749
Gobi	293.60	229,041
Suu	212.26	73,017

## GOVERNMENT SECURITY TRADING

Government securities /primary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

## DIVIDEND INFORMATION

Nº	Ticker	Company name	Net profit of 2018 /MNT mln/	Total dividend amount /MNT mln/	Dividend payout ratio	Dividends per share /MNT/	Date of resolution	Record date	Payment date
1	HRM	Hermes Center	783.4	298.5	38.1%	3.8	2019.01.25	2019.02.18	from 2019.03.15
2	LEND	LendMN NBF1	2,560.3	800.0	31.2%	1.0	2019.01.30	2019.02.22	within 2019.05.01
3	MBW	Mongol Basalt	217.2	56.4	26.0%	1.0	2019.02.01	2019.03.25	from 2019.10.01
4	BTG	Bayanteeg	1,771.4	1,000.0	56.5%	3,958.7	2019.02.11	2019.03.04	from 2019.06.01
5	SUL	Juulchin Duty Free	1,384.5	653.6	47.2%	10,000.0	2019.02.12	2019.04.10	from 2019.05.31
6	GOV	Gobi	17,764.2	5,304.8	29.9%	6.8	2019.02.13	2019.03.28	from 2019.04.25
7	ADU	Khuvsgul Altan Duulga	399.2	1,888.1	473.0%	120.0	2019.02.13	2019.04.01	from 2019.05.01
8	TCK	Talkh Chikher	1,975.9	204.7	10.4%	200.0	2019.02.14	2019.04.03	from 2019.07.01
9	MMX	Makhimpex	778.6	456.1	58.6%	120.0	2019.02.14	2019.04.03	from 2019.10.01
10	BUK	UB-BUK	566.4	131.5	23.2%	1.0	2019.02.14	2019.04.05	from 2019.05.01
11	TAH	Takhi Ko	799.1	128.5	16.1%	108.0	2019.02.15	2019.04.05	within 2019.05.01
12	BNG	Bayangol Hotel	3,433.1	150.2	4.4%	355.0	2019.02.16	2019.04.05	from 2019.09.01
13	MNP	Mongol Post	1,560.3	468.1	30.0%	4.7	2019.02.18	2019.04.05	from 2019.05.01
14	HRD	Khurd	751.1	74.4	9.9%	550.0	2019.02.18	2019.03.04	within 2019.06.01
15	MNDL	Mandal Insurance	3,868.3	624.3	16.1%	100.0	2019.02.18	2019.04.10	from 2019.05.01
16	GTL	Gutal	2,225.8	1,257.7	56.5%	777.0	2019.02.18	2019.03.13	from 2019.05.06
17	TEX	Technicimport	2,702.0	723.4	26.8%	500.0	2019.02.18	2019.03.11	on 2019.04.11
18	APU	APU	57,851.7	48,952.4	84.6%	46.0	2019.02.19	2019.04.04	within 2019.12.31
19	AIC	Ard Insurance	1,263.4	631.8	50.0%	25.3	2019.02.19	2019.03.15	within 2019.06.29
20	GHC	Gan Khiits	20.3	12.1	59.7%	50.0	2019.02.19	2019.03.22	from 2019.10.01
21	HUV	Khuvsgul Geology	107.4	14.4	13.4%	100.0	2019.02.19	2019.04.03	from 2019.04.29
22	HHS	Khuvsgul Khuns	11.3	2.6	23.4%	10.0	2019.02.19	2019.04.03	from 2019.05.15
23	TAL	Talyn Gal	255.9	34.7	13.6%	50.0	2019.02.25	2019.03.26	N/A
24	BRC	Barilga Corporation	1,311.0	40.1	3.1%	985.0	2019.02.26	2019.03.18	on 2019.03.18
25	UBH	Ulaanbaatar Khivs	235.6	48.6	20.6%	120.0	2019.02.26	2019.03.18	within 2019.05.31
26	DSS	Darkhan Selengiin Tsakhilgaan Tugeekh Suljee	11.5	11.4	99.2%	1.1	2019.03.01	2019.03.21	from 2019.07.02
27	ADL	Aduunchuluun	547.1	409.7	74.9%	130.0	2019.03.11	2019.04.03	within 2019.12.31



## CAPITAL MARKET NEWS

### FRC: 2 IPOs in one quarter

In the first quarter of 2019, the Financial Regulatory Commission granted permission to issue two new IPOs to the public. Lastly, shares of “Ard Credit NBF” JSC were subscribed successfully, and primary market subscription of “Monos Food” JSC is planned to start soon.

The Commission issued investment management license to two company, registered two legal entities as legal advisors and audit. The FRC provided broker license to three companies and permission to launch seven branches to three brokerages.

**Source:** Financial Regulatory Commission of Mongolia

### In April, eight companies listed on the MSE will decide whether to issue additional shares

In April, 133 companies listed on the Mongolian Stock Exchange are planning to hold their Annual General Meeting of Shareholders. Of these, eight companies are expected to issue additional shares.

For example, “Sharyn Gol” JSC is planning to issue additional shares to do debt-to-equity swap. The company’s shares fell this month to close at MNT 1,611, reaching its lowest point since in the last decade. Since then, the share price has risen 4 trading sessions in a row to MNT 1,955.

Also, the company’s “Bayan-Aldar” and “Darkhan Guril Tejeel” companies are planning to split their stocks and issue additional shares.

“Bayan-Aldar” JSC plans to merge with “Mongorumatrix Genco” LLC and become a non-banking financial institution. The company’s share price was closed at MNT 1,001. As a result, market capitalization of the company reached MNT 19.9 billion.

“Darkhan Guril Tejeel” JSC operated with loss of MNT 2.7 billion, which is lower by 17 percent comparing to the previous year. Total revenue of the company exceeded MNT 32 billion in 2018. The share price was at MNT 1,051 and the market capitalization was less than MNT 650 million.

In addition, “Khasu-Mandal” and “Azyk” companies are planning to transform their company form into a limited liability company. “Naco Tulsh” JSC will discuss issues related to the liquidity of the company.

**Source:** BloombergTv.mn

### Name of ‘Bayan-Aldar’ JSC becomes ‘Bayan-Aldar NBF’ JSC

Based on the request No. 56 of “Bayan-Aldar” JSC on March 25, 2019, the name “Bayan-Aldar” JSC was changed to “Bayan-Aldar NBF” JSC by the order No. A/24 of CEO of the Mongolian Stock Exchange, dated March 26.

**Source:** Mongolian Stock Exchange

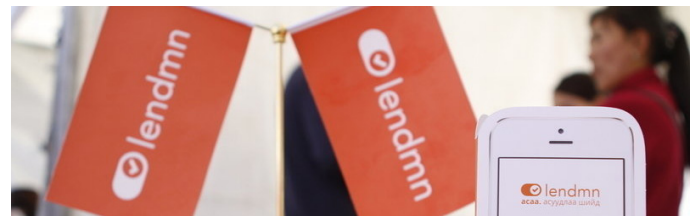
### LendMN NBF JSC plans to earn MNT 6 billion in 2019

The annual shareholders’ meeting of ‘LendMN NBF’ JSC was held on March 23, and the company made a decision to repurchase four million shares.

“LendMN NBF” offered its 25 percent of shares to public and raised MNT 5 billion from investors in March 2018. Lastly, the company’s share price was at MNT 69.5, which is 2.8 times higher than its nominal value. Since its IPO, the stock has been high in demand, and it remains to be one most traded stocks on the MSE. As a result, the Mongolian Stock Exchange listed its shares in Classification I in 2019 and included it in the “Top 20” index basket.

“LendMN NBF” earned net income of MNT 2,560 million. In 2019, the company plans to increase its net profit by 2.3 times to MNT 6 billion. In order to reach its goals, company decided to issue long-term loans with high interest rates, loans to small and medium enterprises.

**Source:** BloombergTv.mn



### Attention to the shareholders of ‘Erdene Resources Development Corporation’

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) announced its intention to repurchase a 1% net smelter return royalty from Sandstorm Gold Limited on its Khundii Gold Project in southwest Mongolia by April 14, 2019 for C\$1.2 million.

**Source:** Mongolian Stock Exchange

### ‘Hermes Center’ JSC and ‘LendMN’ JSC have allocated 2018 dividends to their shareholders’ accounts

‘Hermes Center’ JSC and ‘LendMN’ NBF JSC have allocated MNT 3.42 per share dividends from net profit of second half of 2018 and MNT 0.90 per share dividends from net profit of 2018 to its’ shareholders’ accounts on March 18 and March 28 respectively.

**Source:** Mongolian Central Securities Depository

### Introduced online brokerage account opening

“Mongolian Central Securities Depository” LLC has digitized its securities account opening process through the API and started opening new accounts online. Investors are now able to open their securities accounts online at securities company they chose.

**Source:** Mongolian Central Securities Depository

## COMMODITY MARKET NEWS



### Mongolian central bank sees dramatic decline in gold purchase in Q1

Mongolia’s central bank said that its purchase of gold decreased by 71.6 percent year on year in the first quarter of 2019.

The Bank of Mongolia purchased a total of 772.1 kg of gold from legal entities and individuals in the first three months of this year.

The dramatic decline was directly related to the expiration of the effective period of low royalty taxes on gold with the 2014 amendments to the Minerals Law, according to the central bank.

The 2.5-percent of discounted royalty on gold mining ended on January 1. Since then, 5 to 10 percent royalty taxes on gold mining have been imposed on miners.

“Miners are less willing to sell their gold to the central bank due to this factor. During its extraordinary session on March 18-29, the Mongolian parliament has decided to set the gold royalty at a five percent rate to revive the central bank’s gold purchase,” the bank’s spokesperson Ariun Dagva told Xinhua.

She said the new rate will come into force on April 8.

The Mongolian central bank purchased only 12.7 tons of gold in 2014. Thanks to the low royalty taxes on gold with the 2014 amendments, the central bank’s annual gold purchase almost doubled to 22 tons in 2018.

**Source:** XinHuaNet.com

### “Erdenes Tavantolgoi” JSC has mined 50 million tons of coal

Erdenes Tavan Tolgoi JSC reported that it sold 4 million tons of coal in the first quarter, which is 20 percent higher than in the same period of the previous year.

Coal of East Tsnkhi is sold at USD 63.32 per ton to Chalco. In the first quarter of 2019, the price has increased for the first time since the second quarter of 2018, when the coal was sold at USD 61 per ton. West Tsankhi’s coal is sold openly. Lastly, the coal price was at USD 71.25 per ton.

“Erdenes Tavantolgoi” JSC started its mining since 2010, and currently it has mined 50 million tons of coal. The company plans to mine and sell 13 million tons of coal in 2019.

**Source:** BloombergTv.mn



### Aluminum refineries prefer to use renewable energy

Aluminum production sector uses 1,700 terawatts a year, of which over 1,000 are electric.

Aluminum production sector is the only sector that mainly uses gas and coal-fired power plants, according to the “Bloomberg New Energy Finance”. Recently, aluminum production factories have started concluding the renewable energy power generation contracts. Half of the total electricity consumed comes from the hydroelectric power plant. Contracts with wind farms also increased. Companies such as ‘Alcoa’ and ‘Horsk Hydro’ are beginning to buy this kind of energy products. Aluminum plants choose renewable energy for low carbon emissions to generate heat needed for production.

**Source:** BloombergTv.mn

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