

WEEKLY MARKET UPDATE

2019.04.08-04.12

MACROECONOMIC UPDATE OF MONGOLIA (AS OF MARCH)

Money: The money supply (broad money or M2) reached MNT 19.7 trillion at the end of March 2019, showing an increase of MNT 112.4 billion (0.6%) from the previous month and by MNT 3.6 trillion (22.5%) from the same period of previous year.

At the end of March 2019, the national currency in circulation reached MNT 897.8 billion, showing an increase of MNT 43.7 billion (5.1%) from the previous month and MNT 57.4 billion (6.8%) from the same period of previous year.

Loan: At the end of March 2019, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 17.5 trillion, increased by MNT 223.1 billion (1.3%) from the previous month and by MNT 3.3 trillion (23.5%) from the same period of previous year.

General Government Budget: In the first quarter of 2019, total equilibrated revenue and grants of the General Government Budget amounted to MNT 2163.4 billion and total expenditure and net lending amounted to MNT 1969.1 billion, resulting a surplus of MNT 194.3 billion in the equilibrated balance.

In March, equilibrated revenue and grants of the General Government Budget reached MNT 709.1 billion, decreased by MNT 54.7 billion or 7.2%, whereas total expenditure and net lending reached MNT 816.8 billion, increased by MNT 222.7 billion or 37.5% from the previous month.

Balance of payment: In the first two months of 2019, current and capital account balance deficit by preliminary result reached to USD 226.7 million, decreased by USD 99.0 million compared to the same period of last year.

Current account deficit reached USD 241.1 million, which was mainly due to USD 382.2 million deficit in services account and USD 116.3 million deficit in primary account.

Overall balance of payment was in surplus of USD 182.1 million, increased by USD 247.5 million compared to the same period of previous year.

Foreign trade: In the first quarter of 2019, Mongolia traded with 120 countries from all over the world and total trade turnover reached USD 3.1 billion, of which USD 1.8 billion were made up by exports and USD 1.3 billion by imports. In March 2019, exports and imports reached to USD 678.0 million and USD 448.2 million, respectively. Compared to the previous month, exports and imports increased by USD 191.7 million and USD 114.7 million.

Price: In March 2019, consumer price index at the national level increased by 0.7% from the previous month, by 1.8% from the end of the previous year and by 6.7% from the same period of the previous year. The 1.8% increase in CPI from the end of the previous year was mainly due to increases in prices for food and non-alcoholic beverages group by 6.5% (meat and meat products by 15.1%) and alcoholic beverages, tobacco group by 1.3%, clothing, cloth and footwear each group by 1.7% respectively.

Source: National Statistical Office

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,010.13	-0.49% ▼
Dow Jones	USA	26,412.30	-0.05% ▼
S&P 500	USA	2,907.41	0.51% ▲
Nasdaq	USA	7,984.16	0.57% ▲
S&P/TSX	Canada	16,480.53	0.51% ▲
FTSE 100	GB	7,437.06	-0.13% ▼
S&P/ASX 200	Australia	6,251.30	1.13% ▲
Nikkei 225	Japan	21,870.56	0.29% ▲
Hang Seng	Hong Kong	29,909.76	-0.09% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	111.14
Mongol 2023 (Gerege)	USD	5.625%	99.28
Mongol 2022 (Chinggis)	USD	5.125%	99.19
Mongol 2021 (Mazalai)	USD	10.875%	110.81
DBM' 23 (Samurai)	JPY	1.520%	104.60
DBM' 2023	USD	7.250%	103.75
TDBM' 2020	USD	9.375%	104.29

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.470	0.00 ▼
Libor 3M	2.600	0.01 ▲
Libor 6M	2.640	0.00 ▼
Libor 1YR	2.748	0.00 ▼
US 2YR Bond	2.391	0.07 ▲
US 3YR Bond	2.356	0.08 ▲
US 5YR Bond	2.372	0.08 ▲
US 10YR Bond	2.558	0.07 ▲

EXCHANGE RATES

Against MNT	2019.04.12	Change /w/
USD	2,631.77	0.01% ▲
CNY	391.71	-0.01% ▼
EUR	2,970.87	0.55% ▲
RUB	40.79	1.42% ▲
KRW	2.31	0.00% ▲
JPY	23.53	-0.13% ▼
CAD	1,970.18	-0.02% ▼

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,290.43	-0.10% ▼
Silver /spot/	USD/t oz.	14.97	-0.89% ▼
Copper	USD/lb.	294.60	1.78% ▲
Coal	USD/MT	87.13	7.83% ▲
Crude Oil WTI	USD/bbl.	63.89	1.28% ▲
Crude Oil Brent	USD/bbl.	71.55	1.72% ▲
Natural Gas	USD/MMBtu	2.66	0.00% ▼

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 40 companies' 1,839,367 shares worth MNT 353.0 million were traded in the secondary market.

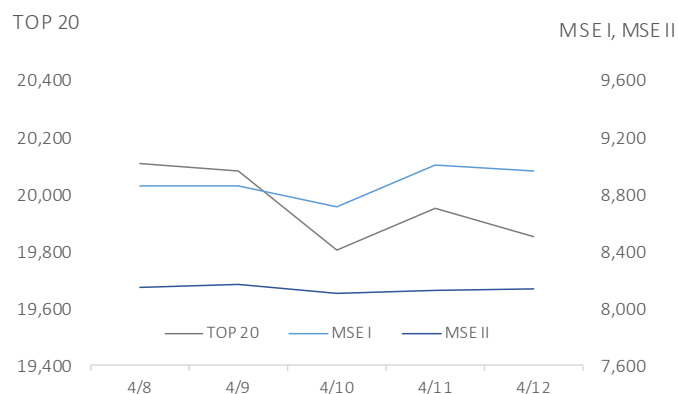
'Tumen Shuvuut' /TUM/ company's share rose 12.40 percent to MNT 196.7 while 'Frontier Land Group' /MDR/ company's share fell 15.00 percent to MNT 170.0.

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

On the secondary market trading of Government securities, 9,564 units of securities were traded for MNT 981.6 million

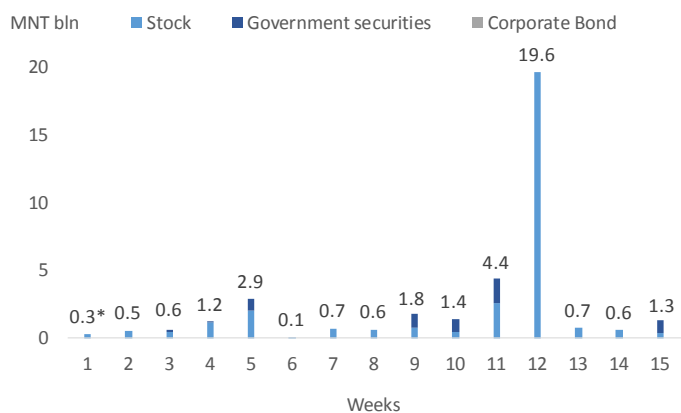
As of April 12, total market capitalization of MSE is MNT 2,348.3 billion. The TOP-20 index decreased by 0.49% to stand at 20,010.13 units.

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	1,334.6
Market Capitalization	2,348,261.9

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,010.13	-0.49% ▼
MSE I Index	9,015.59	1.79% ▲
MSE II Index	8,186.49	0.48% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
APU	126,006	74,320,358
Gobi	153,617	45,229,586
Ard Credit NBFI	434,222	34,342,335
Tumen Shuvuut	190,955	34,243,408
LendMN NBFI	479,703	31,575,733

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Tumen Shuvuut	196.70	12.40% ▲
Niislel Urguu	5,900.00	11.32% ▲
MIK Holding	11,500.00	7.38% ▲
Genco Tour Bureau	70.62	5.40% ▲
Mongol Basalt	249.01	3.97% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Frontier Land Group	170.00	-15.00% ▼
Mongeo	17,850.00	-15.00% ▼
Naco Tulsh	97.75	-15.00% ▼
Mongol Keramik	18,040.00	-14.99% ▼
Mongol Savkhi	510.00	-11.61% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Mirae Asset Securities Mongolia	1,667,076,010
Novel Investment	350,099,577
Golomt Capital	178,874,689
TDB Capital	84,750,303
BDSec	79,207,547

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	591.66	629,634
Tavan Tolgoi	6,400.00	337,057
Mongolian Mortgage Corporation	11,500.00	238,157
Gobi	295.70	230,679
Suu	206.67	71,094

GOVERNMENT SECURITY TRADING

Government securities /primary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
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Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-BD-09/05/19-A0242-15.995	3,588	359,720,920	100,200	100,330	104	15.995%
2	ZGEB-BD-22/05/20-A0248-15.87	5,976	621,862,560	103,360	104,940	156	15.870%

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	paid on 2019.03.18
2	LEND	LendMN NBF1	2,560.3	800.0	31.2%	1.0	2019.01.30	2019.02.22	paid on 2019.03.28
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

Erdene Commences Khundii Gold Project Drilling Program

Erdene Resource Development Corp. (TSX:ERD ; MSE:ERDN) has announced the commencement of the 2019 drill program at its 100%-owned Khundii Gold Project ("Khundii Project").

The 2019 drilling program is separated into two phases. The first phase will include approximately 1,800 metres and focus on increasing confidence in the resource, confirming ultra-high gold grades and expanding the Bayan Khundii deposit to support the recently launched Prefeasibility study ("PFS") led by Tetra Tech, Inc., a global engineering firm. A second phase, scheduled for later in the year, will focus on regional targets.

Source: Erdene.com

Talkh Chikher JSC aims to increase the capacity of "Harvest" and "Unimax" lines in 2019

"Talkh Chikher" JSC aims to increase the capacity and utilization of the "Harvest" and "Unimax" lines and to improve the laboratory equipment.

In 2018, the company sold over 14,000 tons of 100 types of products and earned MNT 46.6 billion revenue. This resulted in net profit of MNT 1.9 billion. Also, the company introduced system for installing, receiving, storing and transmitting flour and sugar to its production, and also introduced new "Unique" brand products to the market.

In addition, the company launched new products such as bread with raisins, "Klem" buryat bread, long loaf, and multi-seeded rye baguette with garlic. Human Resource Policy of the company is implementing the "Khotol" housing program for its employees.

Source: BloombergTv.mn

MSE: 12 companies will distribute their dividends within the second quarter

Twelve companies listed on the Mongolian Stock Exchange will have their dividend paid to the shareholders within the second quarter of 2019. For instance, "Technicimport" JSC and 'Gobi' JSC are planning to distribute dividends this month, while 'Mandal Insurance' and 'Khuvsgul Altan Duulga' companies aim to pay dividends next month.

Currently, 27 Mongolian companies decided to distribute dividends and allocate MNT 64.4 billion to their shareholders. Among them, 'LendMN NBF' and 'Hermes Center' companies have allocated dividends into their shareholders' accounts in the Mongolian Central Securities Depository.

'Hermes Center' JSC distributed dividends twice a year, and the company paid a total of MNT 298.5 million dividend from net profit of the second quarter of 2018. 'LendMN NBF' JSC has allocated a total of MNT 180 million dividend to its 3,903 shareholders' account on March 28th.

Source: BloombergTv.mn

MSE: 80 percent of total trade amount in March was block trade

In March, securities worth MNT 26.9 billion were traded through the Mongolian Stock Exchange. It was twice as high as February's figure. 80 percent or MNT 21.5 billion of total trade in March was block trade.

8.2 percent of total shares of 'Khuvsgul Altan Duulga' JSC was traded for MNT 1.3 billion. In March, the company's share price fluctuated around MNT 900, while the share price was valued at MNT 979 through the block trading.

Also, 2.4 percent of 'APU' JSC's shares were traded for MNT 18.5 billion. The company's share price was at around MNT 627 on the secondary market, while the block trading value per share was at MNT 720.

These two companies have decided to distribute dividends from their net profits of 2018.

A glance at the securities trading in March shows stocks traded for MNT 3.9 billion on the secondary market, and the Government securities traded for MNT 1.4 billion.

In addition, in March, securities worth MNT 1 million were traded through the Mongolian Securities Exchange. Share price of 'And Energy' JSC, which was weakening recently, has rebounded after commissioning of a new plant. The shares of 'And Energy' JSC has increased by 32.5 percent over the past month, reaching MNT 53.

Source: Bloomberg.com

Hong Kong beats Japan as world's third-largest stock market

The Hong Kong's equity market has overtaken Japan to be the world's third-largest in value, behind only the US and mainland China, courtesy a rebound in Hong Kong stocks after their worst year since 2011.

Hong Kong's market cap was USD 5.78 trillion as of Tuesday, the latest available data show, compared with USD 5.76 trillion for Japan. The Asian city's benchmark Hang Seng Index climbed 17 percent this year through Tuesday, when it closed at its highest since June 15.

Internet giant Tencent Holdings has been the main driver with a 22 per cent gain. Japan's Topix Index advanced 8.3 percent during that period.

Both markets were lower on Wednesday as an economic outlook from the International Monetary Fund renewed concerns about a slowdown in global growth and after the U.S. threatened tariffs on the European Union.

The Hang Seng Index fell 0.3 per cent as of 11:38 a.m. in Hong Kong, still just above the 30,000-point level that it broke through earlier this month. The Topix was down 0.7 per cent.

Source: EconomicTimes.IndiaTimes.com



COMMODITY MARKET NEWS

96.46 percent of bond holders received the Mongolian Mining Corporation's bid price

Mongolian Mining Corporation has bid for its USD 412.5 million bond with maturity in 2022. 96.46 percent of bond holders of USD 397.8 million bond received bids.

Last week, the company sent its bid price to bond holders of USD 194.9 million in 2017. 12.24 percent of holders of USD 23.9 million accepted the offer. Mongolian Mining Corporation is aiming to renew its financial structure. Thus, a new the company issued USD 440 million bond with coupon rate of 9.25 percent that will mature in 2024. The bond subscription reached USD 740 million, which showed a high demand. Fund raised through new bond issuance will be spent on payments of earlier issued securities. Bloomberg Intelligence analysts reported that Asian investors are very interested in junk bonds with high risk.

Sales of washed coking coal of Mongolia Mining Corporation, which are mined in Baruun Naran and Ukhaa Hudag deposits, increased by 9.3 percent in 2018 to 3.9 million tons. The average price per ton of coal rose 7.2 percent to USD 139.7. However, analysts conclude that the coal price is falling is a big risk.

Source: BloombergTv.mn

Xanadu Mines scoping study confirms potential of Kharmagtai Copper-Gold Project in Mongolia

Xanadu Mines Ltd (ASX:XAM) has completed an open pit scoping study at the Kharmagtai Copper-Gold Project in Mongolia, which confirmed the viability of near-surface copper and gold mineralisation.

The study confirms the company's strategy to explore for high-value large copper porphyry systems in the area.

It has identified opportunities for further upside from extending the life of the planned open pit mine, assessing higher-grade underground options and evaluating oxide gold potential near-surface at several locations.

After the announcement, the share price of the company reached AUS 0.11 on the ASX. The company plans to hold its annual shareholders' meeting on April 30. Last year, Xanadu Mines issued additional shares through private placement and attracted AUS 10 million. This year, the company will need additional financing, according to the report.

Source: MiningCapital.com

China's Feb coking coal imports from Australia fall 21%

China's coking coal imports from Australia in February slumped 21 percent from a year earlier as lengthy customs checks on Australian cargoes at several ports delayed their arrival into the country.

Australian imports were at 1.16 million tons last month, according to data released by the General Administration of Customs on Monday, compared to 1.47 million tons in February 2018.

Traders have cut purchases of both thermal and metallurgical coal from Australia as customs official have been carrying out quality checks on Australian supplies that have lasted as long as two months at northern Chinese ports such as Dalian and southern ports including Fangchenggang.

For the first two months of 2019, Australian coal imports rose 27 percent from the same period a year earlier, to 5.49 million tons, according to the customs data. That reflected a flurry of shipments being accepted in January after being subject to customs clearance delays in December.

Imports of Mongolian coking coal jumped 47 percent to 1.43 million tons in February from a year earlier, as Chinese buyers shifted to alternative suppliers, the data showed.

Arrivals from Russia, however, fell 31 percent from February last year to 191,966 tons.

Source: Mining.com

Southgobi Resources: Coal sales in 2018 decreased by 1.6 times, but profits increased by 1.5 times

Coal sales of 'Southgobi Resources' decreased by 1.6 times in 2018 to 2.8 million tons due to a delays in the Seke port.

However the coal price rose 1.3 times to USD 37.1 per ton. In the meantime, Southgobi Resources's net profit increased by 1.5 times to USD 24 million. The company has commissioned its coal washing plant in October 2018.

At the end of the year, 200 thousand tons of washed coal was sold. In the future, the company is aiming to improve the capacity of the coal washing plant. Southgobi Resources exports coal from Ovoot Tolgoi deposit of Mongolia.

Source: BloombergTv.mn

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