



WEEKLY MARKET UPDATE

2019.04.15-04.19

MACROECONOMIC UPDATE OF MONGOLIA

Gross industrial output reaches MNT1.3 trillion in March

In the first quarter of 2019, the gross industrial output reached MNT 3.8 trillion, showing an increase of MNT 572.3 billion (17.5 percent) from the same period of the previous year. This increase was mainly due to an increase of mining and quarrying gross output by MNT 498.4 billion (21.3 percent), of which mining of coal increased by MNT 505.4 billion (64.9 percent) and mining of metal ores increased by MNT 17.2 billion (1.4 percent).

In March 2019, the gross industrial output reached MNT 1.3 trillion and increased by MNT 128.1 billion (10.6 percent) compared to the previous month.

In March 2019, the seasonally adjusted industrial production index was 187.3 (2010=100), increased by 5.3 percent from the same period of the previous year and by 6.5 percent from the previous month, whereas, it decreased by 0.2 percent from the end of the previous year.

In the first quarter of 2019, in mining sector, extraction of zinc concentrate, iron ore, copper concentrate, coal and gravel are increased by 2.4-43.2 percent compared to the same period of 2018. In manufacturing sector, production of beer, vacuum windows and doors, cashmere products, buuz and dumpling, combed cashmere and wooden window and door are increased by 2.0-97.1 percent.

On the other hand, in mining sector, extraction of fluorspar, crude oil, molybdenum concentrate and gold decreased by 4.2-30.1 percent. In manufacturing sector, productions of wooden products, copper cathode, sausage products, alcoholic beverage, fodder and horse meat are decreased by 1.6-48.1 percent.

In the first quarter of 2019, the sales of industrial production reached MNT 4.6 trillion, increased by MNT 790.9 billion (20.7 percent) from the same period of previous year. From the total sales of industrial production, MNT 3.4 trillion (74.1 percent) were export.

Source: Montsame.mn

Mongolia seeks to diversify tourism sector to promote growth

Mongolian Prime Minister Ukhnaa Khurelsukh said that his country is seeking to diversify its tourism sector to promote the growth of its mining-dependent economy.

The Mongolian government has declared Khentii Province in the east as a heritage tourism destination, Khuvsgul Province in the northwest as a tourist attraction that focuses on nature and the capital city of Ulan Bator as a cultural tourism destination, the prime minister said.

Within the framework of its efforts to develop heritage tourism, the government has recently decided to establish an independent institute for Genghis Khan research in Khentii Province.

Mongolia has set itself the goal of welcoming one million foreign tourists and earning one billion U.S. dollars from tourism in 2020.

Source: Xinhuanet.com

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	2019.04.19	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 38 companies' 2,876,551 shares worth MNT 467.7 million were traded in the secondary market.

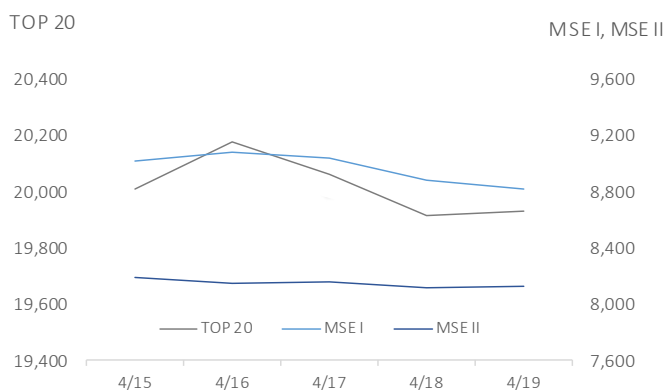
'Mongol Post' /MNP/ company's share rose 12.28 percent to MNT 585.0 while 'Nogoon Khugjil Undesnii Negdel' /JLT/ company's share fell 15.00 percent to MNT 131.8.

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

On the secondary market trading of Government securities, 130 units of securities were traded for MNT 13.0 million

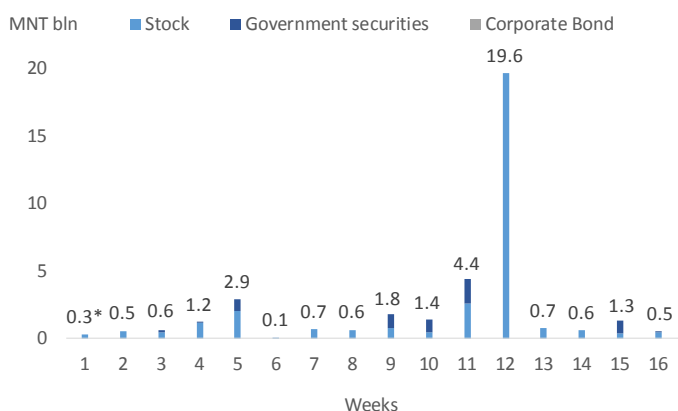
As of April 19, total market capitalization of MSE is MNT 2,312.5 billion. The TOP-20 index decreased by 0.64% to stand at 19,881.95 units.

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	480.6
Market Capitalization	2,312,494.0

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,881.95	-0.64% ▼
MSE I Index	8,778.22	-2.63% ▼
MSE II Index	8,099.07	-1.07% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
APU	262,601	155,758,187
LendMN NBF1	1,258,842	83,090,233
Gobi	211,241	62,683,873
Tumen Shuvuut	229,526	45,132,136
Ard Credit NBF1	284,016	21,580,208

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Mongol Post	585.00	12.28% ▲
Mongol Savkhi	570.00	11.76% ▲
Ulsym Ikh Delguur	500.00	8.70% ▲
Baganuur	1,190.00	7.50% ▲
BDSec	830.00	2.47% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Nogoon Khugjil Undesnii Negdel	131.75	-15.00% ▼
Undurkhaan	9,400.00	-14.86% ▼
MIK Holding	10,500.00	-8.70% ▼
Sharyn Gol	1,800.00	-7.93% ▼
Bayangol Hotel	27,000.00	-6.90% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Golomt Capital	260,524,244
BDSec	120,125,685
Mirae Asset Securities Mongolia	94,041,172
TDB Capital	86,673,810
Ard Securities	79,412,114

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	584.36	621,865
Tavan Tolgoi	6,280.00	330,737
Gobi	299.00	233,254
Mongolian Mortgage Corporation	10,500.00	217,448
Suu	211.34	72,701

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-20/06/20-A0260-15.14	130	12,992,200	99,940	99,940	156	15.140%

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

“Monos Food” JSC’s primary market subscription information

Newly MSE listed “Monos Food” JSC, a producer of healthy food and supplements, plans to raise MNT 8.6 billion by going public. It is offering 30 percent of its total shares, specifically 122,655,128 shares, at MNT 70 per share to build a factory for health drinks and beverages. Half of the offering will be sold to strategic investors and the other half to the public.

The primary market subscription offering will be held from April 12 to May 3.

Source: Mongolian Stock Exchange



Attention to the shareholders of “Erdene Resource Development Corporation”

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) announced the closing of the repurchase of a 1% net smelter return royalty from Sandstorm Gold Limited on its Khundii Gold Project in southwest Mongolia on April 12, 2019 for C\$1.2 million. “Completing this repurchase is accretive for shareholders as the present value of royalty payments implied by the Preliminary Economic Assessment are well in excess of the purchase price. With the exploration potential of the Khundii Gold Project license areas, which we are continuing to evaluate as part of our ongoing 2019 exploration program, the benefits of repurchasing could prove even greater” said Peter Akerley, Erdene’s President and CEO.

Source: Mongolian Stock Exchange

MSX: “Mabu bond” is the first private placement bond to be traded in the regulated market

The Mongolian Securities Exchange has signed an “Settlement Agreement” with the “Covent TM” company to determine the payment obligations of the “Mabu bond” settlement in the OTC market.

In this way, the “Mabu bond” is the first private placement bond (OTC market bond) that will be traded through a regulated market (the MSX). The Mongolian Securities Exchange is able to organize transactions between professional investors, coupon and principal payment of the bond.

In addition, the bond will be held by the custodian bank, and the bond trade between investors and corporations will be registered in the clearing house.

The Mongolian Securities Exchange reports that the Mabu bond subscription offering will begin on April 22, and the stock exchange will execute its settlement beginning April 26.

Source: BloombergTv.mn

90 percent of securities traded on the MSE were stocks in the first quarter

In the first quarter, securities worth MNT 49.2 billion were traded on the MSE, of which 90 percent were stocks.

In the first quarter, stocks worth MNT 29.1 billion were traded in the secondary market and stocks worth MNT 5.2 billion were traded in the primary market.

In the same period of the previous year, securities worth about MNT 42 billion were traded on the MSE, of which approximately 60 percent were Government securities. However, this year, Government securities trade accounted for about only 10 percent of total MSE trade.

Also, in the first quarter of last year, “LendMN NBF1” JSC launched its IPO and attracted MNT 5 billion from the public. This year, both “Tumen Shuvuut” JSC and “Ard Credit NBF1” JSC raised MNT 15 billion by going public. Official sources report that several companies are waiting FRC permission to issue their shares this year. The primary market subscription offering of “Monos Food” LLC will start on April 22.

Looking at the secondary market trade, shares of 20 companies generate 98.9 percent of total stock trade. In other words, a total of MNT 29.1 billion stocks were traded on the MSE, and most of them were shares of companies such as “APU” JSC, “LendMN NBF1” JSC, “Khuvsgul Altan Duulga” JSC.

Source: BloombergTv.mn

Market capitalization of Mongolia decreased by 7.2 percent

Market capitalization has fallen 7.2 on year-to-date basis and reached MNT 2,362 billion due to the fact that market capitalization 4 companies with largest market cap which account for 60 percent of total market capitalization decreased by MNT 200 billion.

Share price of “APU” JSC, a company with largest market cap, fell 7.8 percent. As a result, the market cap of the company decreased by MNT 54 billion to MNT 633 billion. Also, share price of “Tavan Tolgoi” JSC decreased by 12.4 percent, and market cap by MNT 48 billion.

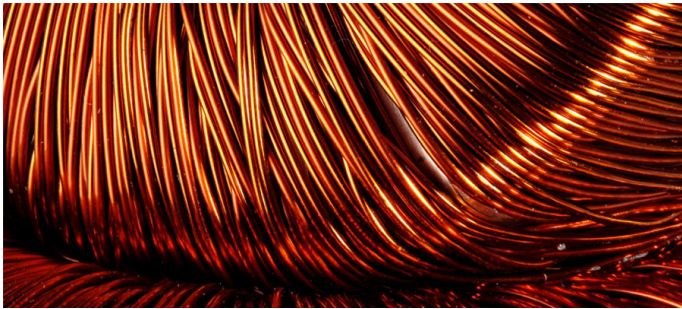
Sector analysts state that a lack of professional investors in the domestic market adversely affects market capitalization of joint stock companies. In other words, limited capital inflows in the market hinder companies to reach their real valuation.

Most recently, 2.4 percent of shares of “APU” JSC were acquired for MNT 720 per share through block trade, while shares were traded at MNT 627 on average in the secondary. Therefore, introducing foreign investors and professional investors in the domestic capital market will have a positive impact on the market development.

In order to do so, the CEO of the Mongolian Stock Exchange expresses the urgency of introducing a “T+2” settlement system based on the principle of “payment against supply”.

Source: BloombergTv.mn

COMMODITY MARKET NEWS



NSO: Copper concentrate export increased by 7 percent to 361.4 thousand tons

In the first quarter of 2019, copper concentrate exports increased by 7 percent to 361.4 thousand tons. By the end of the year, revenue grew 9 percent to USD 503.7 million. 100% of copper concentrate were supplied to China.

As for the key exporter, "Oyu Tolgoi" LLC reported that the underground mine construction work may be delayed depending on mine conditions. The company exported its copper concentrate to Japan in order to diversify export markets. However, Armando Torres, CEO of the company, emphasized the difficulties of transporting and logistics problems in exporting copper concentrate to Japan.

Fluorspar exports increased by 41 percent to 110.6 thousand tons in terms of volume, and the revenue increased by 62 percent to USD 40.5 million in terms of value. 69 percent of fluorspar were exported to China, 30 percent to Russia, and 1 percent to South Korea. Korean "Rosco" company is interested in fluorspar market of Mongolia, while Japanese representative office was established in Mongolia. In the future, the Government is implementing the "Target program to support fluorite production and export" in 2019-2024.

Zinc exports increased by 34 percent to 44,000 tons in the first quarter. Export revenue grew 4 percent to USD 62.6 million. Zinc price has fallen by 6.8 percent year-over-year, but has risen by 19 percent year-to-date on the London Metal Exchange. Zinc futures per ton was at USD 2,928. Currently, about 75% of zinc exports are exported by "Tsairt Mineral" LLC and the rest are exported by "Xin Shin" company with Chinese investment.

In addition, iron ore exports increased by 44 percent to 2 million tons. Export revenue rose by 66 percent to USD 106.5 million, according to the National Statistical Office.

Source: BloombergTv.mn

Turquoise Hill announces first quarter 2019 production and provides underground development update

Turquoise Hill Resources announced first quarter 2019 production for Oyu Tolgoi and provided an update on underground development.

Ulf Quellmann, Chief Executive Officer of Turquoise Hill, said, "The Oyu Tolgoi open pit delivered another strong operational performance in the first quarter of 2019. Mined material was higher than the same period last year, and we continued to benefit from processing high grade material from Phase 4A. Copper and gold grades are expected to decline over the remainder of the year as we process a higher proportion of Phase 6 ore, but we are well positioned to meet our 2019 copper and gold production guidance.

"Rio Tinto, as project manager, has advised that it has completed a review of the fit-out and commissioning issues at Shaft 2 and it now expects Shaft 2 to be completed by the end of October 2019. Turquoise Hill will review the cause and impact of this further delay to Shaft 2."

As expected, mill throughput in Q1'19 decreased 3.2% over Q1'18 due to the concentrator processing harder Phase 4 ore and planned plant maintenance. This was offset by higher copper and gold mill head grades as mining advanced into the high-grade zone of Phase 4A, compared to Q1'18 when lower grade Phase 6 was processed. Recovery rates also benefited from the processing of higher-grade ore, with copper and gold recovery rates up 5.4% and 27.4% on Q1'18 respectively. Copper production increased 18.2% over Q1'18 due to increased head grade and recovery rate. Gold production increased 187.6% over Q1'18 primarily due to a 135.2% increase in head grade resulting from the increased contribution of Phase 4A.

Average gold mill head grades are expected to decline significantly over the remainder of 2019, particularly in the second half as softer, lower grade Phase 6 ore, and some material from mine stockpiles are processed. Average copper mill head grades are also expected to be lower over the remainder of the year.

Oyu Tolgoi is expected to produce 125,000 to 155,000 tonnes of copper and 180,000 to 220,000 ounces of gold in concentrates for 2019. Mill throughput for 2019 is expected to be approximately 40 million tonnes.

Source: Turquoisehill.com

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