

## MACROECONOMIC UPDATE OF MONGOLIA

### World Bank recommends healthy banking system for Mongolian economy

The latest edition of the semiannual 'East Asia and Pacific Economic Update, Managing Headwinds' was presented at World Bank Country Office in Ulaanbaatar on April 24.

Present at the press conference, there were World Bank's Country Manager Mr. Andrei Mikhnev, Senior Economist for Mongolia Mr. Jean-Pascal N.Nganou, and economists Sh.Altantsetseg and B.Davaadalai.

During the conference, WB's Country Manager Mr. Andrei Mikhnev and Senior Economist Mr. Jean-Pascal N.Nganou pointed out, "Having healthy banking system is the most important to country's economy. Sustainability of financial sector is vital to constant economic growth." "During this favorable period with the positive economic index, banking sector should not weight down the country's economy; thus banks are required to be sufficiently capitalized to make the sector healthy. It will be a main leverage for further constant economic growth of Mongolia," they said.

"Mongolia's economy is projected to have a 7.2 percent growth in 2019. To make the state budget of previous year of the parliamentary election apart from the politics, the fiscal policy disciplines need to be continually maintained at the level of 2018. If so, WB's optimal assumption for Mongolia can happen," said Mr. Andrei Mikhnev.

According to the 'East Asia and Pacific Economic Update, Managing Headwinds', growth prospects among the smaller economies in EAP remain favorable. Large infrastructure projects are expected to accelerate growth for Lao PDR and Mongolia.

It also states that growth in developing East Asia and the Pacific (EAP) is projected to soften to 6.0 percent in 2019 and 2020, down from 6.3 percent in 2018, largely reflecting global headwinds and a continued gradual policy-guided slowdown in China. Still, the region's economies weathered the financial markets volatility of 2018 relatively well largely due to effective policy frameworks and strong fundamentals, including diversified economies, flexible exchange rates, and solid policy buffers.

The report highlights the importance of continued structural reforms in the medium term – to increase productivity, boost competitiveness, create better opportunities for the private sector, and strengthen countries' human capital. The intensification of some risks also highlights the need for continued investments on social assistance and insurance programs to protect the most vulnerable, the report argues. Today, developing EAP has the lowest social assistance coverage among the poorest twenty percent of the population than any other developing region.

Source: Montsame.mn

#### WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,231.64	1.76% ▲
Dow Jones	USA	26,543.33	-0.06% ▼
S&P 500	USA	2,939.88	1.20% ▲
Nasdaq	USA	8,146.40	1.85% ▲
S&P/TSX	Canada	16,613.46	0.00% ▲
FTSE 100	GB	7,428.19	-0.42% ▼
S&P/ASX 200	Australia	6,385.60	2.01% ▲
Nikkei 225	Japan	22,258.73	0.26% ▲
Hang Seng	Hong Kong	29,605.01	-1.20% ▼

#### MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	110.72
Mongol 2023 (Gerege)	USD	5.625%	98.80
Mongol 2022 (Chinggis)	USD	5.125%	98.36
Mongol 2021 (Mazalai)	USD	10.875%	110.50
DBM' 23 (Samurai)	JPY	1.520%	104.07
DBM' 2023	USD	7.250%	102.37
TDBM' 2020	USD	9.375%	103.40

#### MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.483	0.00 ▲
Libor 3M	2.580	0.00
Libor 6M	2.610	-0.02 ▼
Libor 1YR	2.717	-0.03 ▼
US 2YR Bond	2.282	-0.09 ▼
US 3YR Bond	2.247	-0.10 ▼
US 5YR Bond	2.288	-0.09 ▼
US 10YR Bond	2.498	-0.07 ▼

#### EXCHANGE RATES

Against MNT	2019.04.26	Change /w/
USD	2,639.51	0.14% ▲
CNY	391.78	-0.35% ▼
EUR	2,940.15	-0.80% ▼
RUB	40.80	-1.02% ▼
KRW	2.27	-2.16% ▼
JPY	23.64	0.38% ▲
CAD	1,958.38	-0.66% ▼

#### COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,286.16	0.83% ▲
Silver /spot/	USD/t oz.	15.09	0.35% ▲
Copper	USD/lb.	289.40	-1.11% ▼
Coal	USD/MT	86.62	-0.59% ▼
Crude Oil WTI	USD/bbl.	63.30	-1.09% ▼
Crude Oil Brent	USD/bbl.	72.15	0.25% ▲
Natural Gas	USD/MMBtu	2.57	3.21% ▲

#### MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. III	6.70%
Policy Rate	2019. III	11.00%
Interbank Rate	2019. III	10.94%
Deposit Interest Rate /MNT/	2019. III	12.06%
Deposit Interest Rate /Foreign currency/	2019. III	4.93%
Loan Interest Rate /MNT/	2019. III	17.10%
Loan Interest Rate /Foreign currency/	2019. III	10.60%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

## MSE TRADING UPDATE

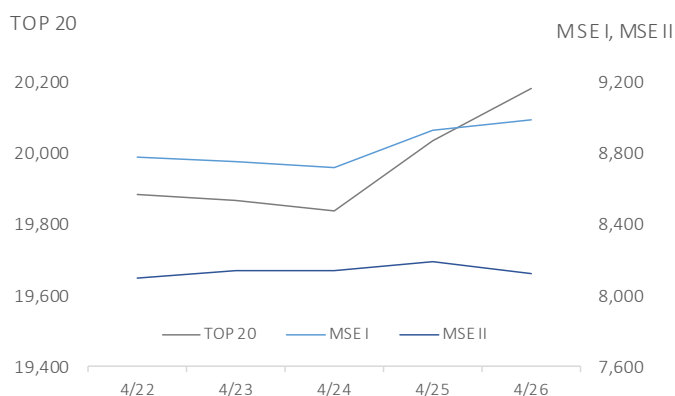
In this week, a total of 38 companies' 2,493,422 shares worth MNT 396.4 million were traded in the secondary market.

'Khukh Gan' /HGN/ company's share rose 25.00 percent to MNT 75.0 while 'Undurkhaan' /ONH/ company's share fell 14.89 percent to MNT 8,000.0.

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

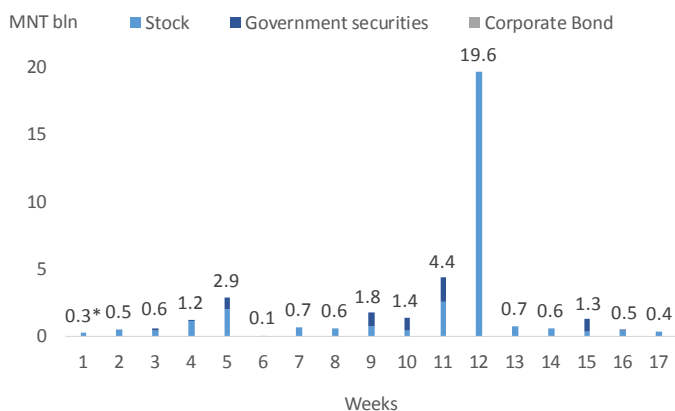
As of April 26, total market capitalization of MSE is MNT 2,352.7 billion. The TOP-20 index increased by 1.76% to stand at 20,231.64 units.

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	396.1
Market Capitalization	2,352,735.6

### STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,231.64	1.76% ▲
MSE I Index	9,028.47	2.85% ▲
MSE II Index	8,134.64	0.44% ▲

### ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Insurance	110,711	75,950,586
Ard Credit NBFI	672,073	52,265,122
Jinst Uvs	22,957	44,279,991
APU	562,762	37,342,451
LendMN NBFI	56,633	32,846,272

### SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khukh Gan	75.00	25.00% ▲
MIK Holding	11,480.00	9.33% ▲
Itools	88.81	8.80% ▲
Kharkhorin	1,760.00	6.67% ▲
Ard Insurance	709.28	4.75% ▲

### SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Undurkhaan	8,000.00	-14.89% ▼
Durvun Uul	900.00	14.29% ▼
Sharyn Gol	1,613.00	-10.39% ▼
Juulchin Duty Free	100,800.00	-10.00% ▼
Erdene Resource Development Corp.	460.00	-5.77% ▼

### MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	227,826,913
Bumbat Altai	67,887,422
Golomt Capital	65,206,744
TDB Capital	61,479,409
BDSec	59,442,220

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	589.99	627,856
Tavan Tolgoi	6,485.00	341,534
Mongolian Mortgage Corporation	11,480.00	237,743
Gobi	290.57	226,677
Suu	211.68	72,818

## 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	paid on 2019.03.18
2	LEND	LendMN NBFI	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

### Opening bell ceremony conducted for the IPO of 'Monos Foods'

To honor the occasion of the primary market opening of 'Monos Foods' JSC's IPO, Ms.Davaasuren, Chairwoman of FRC, Mr.Munkhbaysgalan, Head of Regulatory Department of Mongolian Stock Exchange, Mr.Khurelbaatar, President of 'Monos Group' LLC, Mr.Anand, CEO of 'Monos Group' LLC, Ms.Otgondari, CEO of 'Monos Foods' JSC, and Mr.Munkhjargal, CEO of 'Golomt Capital' LLC, visited Mongolian stock exchange and rang the bell to start the 5,956th securities trading of MSE.

Monos Foods JSC, represents the first health industry company to list on the MSE. The company is offering its 30 percent or 122.6 million shares of its total outstanding shares for MNT70.0 per share and aiming to raise MNT8.6 billion for expanding business operations. The subscription will be received through MSE's all member brokerage companies during the period between April 22, 2019 and May 03, 2019.

**Source:** Mongolian Stock Exchange



### Attention to the shareholders of 'Atar Urguu' JSC

According to the Court Order No.: 183/SH32019/05036 of Khan-Uul District dated on 24 April 2019, the Resolution No.: 01/02 of Board of Meeting of 'Atar Urguu' JSC dated on 14 March 2019 to convene the shareholders meeting on 25 April 2019 has been suspended.

**Source:** Mongolian Stock Exchange

### 'Takhi Ko' stock company has allocated 2018 dividends to its shareholders' accounts

'Takhi Ko' JSC has allocated a total of MNT 110.6 million or MNT 97.2 per share after tax dividends from net profit of 2018 to its 629 shareholders' accounts on April 24, 2019.

**Source:** Mongolian Central Securities Depository

### Khurelbaatar Ch.: Bond payments to be made from 2021

The Minister of Finance Khurelbaatar Ch. introduced decisions made at the Cabinet's regular meeting held on April 23. The Cabinet discussed the 2020 State Budget framework, bills on state budget assumptions for 2021-2022 and other related legislations, and draft parliamentary resolution on approval of the Basic Guideline to develop Mongolia's socio-economy in 2020. They were decided to be submitted to the Parliament.

The Minister of Finance said "In 2020, Mongolia's GDP growth and inflation rate expected to be at 6.3 percent and 8 percent respectively. Also, foreign trade surplus expected to be USD 1 million. Budget deficit will decrease by 0.3 percent and will account for 5.1 percent of GDP".

Next year, the Cabinet plans to implement 116 projects with requiring investment of MNT 10 trillion.

The Government debt accounted for 78.8 percent of GDP in 2016, while, it decreased to 58.9 percent in 2018. This year the Cabinet pursues policy of not buying foreign or domestic bonds. From 2021, a total of USD 2.9 billion bond payments expected to be made from 2021. For instance, payment of USD 600 million of Mazaalai bond will be made in 2021, payment of USD 1 billion of Chingis bond will be made in 2022, USD 800 million of Gerege bond will be made in 2023, USD 600 million of Khuraldai bond will be made in 2024. The Cabinet has developed a strategy to pay these payments without burden on the economy and budget.

The state budget is in surplus of MNT 194 billion in the first quarter of this year. Mongolia has a history when its debt was equal to 93 percent of GDP. As a result of measures to be take in 2020, the government plans to reduce government debt to 54 percent of GDP.

**Source:** Montsame.mn

### Rio Tinto purchased 75,772 of ordinary shares on the LSE

Rio Tinto plc announces that on 25 April 2019 it purchased 75,772 ordinary shares of 10 pence each in the Company on the London Stock Exchange from J.P. Morgan Securities plc.

These share purchases form part of the Company's share buy-back program which is expected to be completed over the period from 28 February 2019 to 28 February 2020, details of which were announced on 20 September 2018.

In respect of this program, J.P. Morgan Securities plc will make trading decisions in relation to the Company's Ordinary Shares repurchased under the buy-back program independently of, and uninfluenced by, the Company for the period from 28 February 2019 to 17 May 2019.

**Source:** LondonStockExchange.com

## COMMODITY MARKET NEWS



### Mongolian central bank launches campaign to increase gold purchase

Mongolia's central bank on Monday launched a campaign to encourage gold miners and individuals to sell gold to banks.

"The Bank of Mongolia's gold purchase has declined sharply since the beginning of this year due to instability in the domestic tax environment. So, we decided to again launch a campaign called 'National Gold to the Fund of Treasures' to increase the central bank's gold purchase," Atarbaatar Enkhjin, head of the Reserve Management and Financial Markets Department at the Bank of Mongolia, said at the campaign's launch ceremony.

During the six-month campaign, the Bank of Mongolia is planning to organize activities directed at encouraging gold miners and individuals to sell gold to banks, said Enkhjin.

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.

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

As a result, the central bank purchased only 772.1 kg of gold from legal entities and individuals in the first three months of this year, down 71.6 percent year on year.

During its extraordinary session on March 18-29, the Mongolian parliament decided to set the gold royalty at a 5 percent rate to revive the central bank's gold purchase.

The new rate came into force on Monday, according to the central bank.

In May last year, the Mongolian central bank launched the campaign called "National Gold to the Fund of Treasures" for the first time, which lasted for five months.

**Source:** Xinhuanet.com

### Coking coal import of China increased by 53 percent

In March, China's coking coal import increased by 53 percent from the previous month and reached 6.1 million tons. The growth rate is considered to be the highest since April 2017.

In the first three months of 2019, coking coal import rose 35 percent to 16.4 million tons. Total coal import including thermal coal decreased by 12 percent in the first quarter.

Coking coal imports rose sharply in March due to the Lunar New Year celebration. Experts believe that coking coal imports will be lowered in April.

China is tightening coking coal import restrictions. Particularly, the radioactive content is being investigated. In addition, shipments from top supplier Australia had already slowed sharply because of lengthy checks at customs.

In March, China purchased 3.3 million tons of coking coal from Mongolia for the first time. It is 44 percent higher than in the same period last year.

During this period, 2.2 million tons of coking coal were imported from Australia. As a result, Mongolia has surpassed Australia by the size of coking coal supplied to China.

The next major supplier, Russia, delivered 417 thousand tons of coking coal to China in March. This is an increase of more than 100 percent y-o-y.

**Source:** BloombergTv.mn

### Coal production of Mongolian Mining Corporation increased by 30 percent to 10.9 million tons

Coal production Mongolian Mining Corporation increased by 30 percent in 2018, reaching a record high of 10.9 million tons. Also, according to the annual report, the market price of coal was relatively high, which led to historic high of revenue of USD 590 million.

The company washed 4.8 million tons of coking coal during this period. According to the report of Mongolian Mining Corporation, the main difficulty in exporting coal is the capacity of the Gantsmod-Gashuun Sukhait port. For example, last year, the total number of trucks entering the port was reduced by 20% to 208,400.

According to the latest estimates, coal reserves at the Ukhaa Khudag deposit owned by the company are 311 million tons. In 2018, 9.5 million tons of coal was extracted from the deposit. Reserves of the West Naran deposits are estimated at 175 million tons. The coal production of 2018 reached 1.4 million tons.

**Source:** BloombergTv.mn

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