

WEEKLY MARKET UPDATE

2019.05.06-05.10

MACROECONOMIC UPDATE OF MONGOLIA

B.Altantsetseg: Economy grows when consumer confidence index shows more optimistic results

Comparing household spending and purchase state to the previous year, real estate purchase is expected to be decreased while spending on traveling and buying automobiles keep on increasing, according to Consumer Confidence Index (CCI) Survey conducted by the National Research and Consulting Center Co.,Ltd.

Consumer Confidence Index measures the degree of optimism that consumers feel about the overall state of the country's economy and their personal financial situation. For instance, in the first quarter of 2019, the expected rate of inflation was estimated to be 4.4 percent. The expected inflation in the next year is 4.5 percent presumed by UB consumers while it is lower by 0.3 percentage points by the consumers in rural area. Consumers expect there will be no change in housing price in the next year. Most of the consumers or 40.8 percent expect no change in loan interest as well.

While 36.5 percent of consumers consider that USD exchange rate will be increased, reaching MNT 2655.4 on average in the next 6 months. As for condition of citizens' purchase, as mentioned above, real estate purchase is decreased by 3.9 percent while spending on traveling and automobile purchase are increased by 5.8 percent and 1.1 percentage points respectively.

During the presentation, economist, researcher B.Altantsetseg said that economy grows when consumer confidence index shows more optimistic results. The reason is as business operations and income directly depend on market and economic conditions, product manufacturers benefit more when consumers' optimism on economy is high besides their financial situation is good.

Source: Montsame.mn

Industrial production increases by 17.5 percent

As of the first quarter of this year, a total production of industrial sector reached MNT 3.8 trillion, showing an increase of 17.5 percent comparing to the same period of last year. This increase was mainly caused by 21.3 percent growth in total production of mining and extractive industry compared to the same period of previous year.

Moreover, coal mining and metal ore mining upped by 64.9 percent and 1.4 percent respectively. Extraction of fluoride, petroleum, molybdenum concentrate and gold are decreased by 4.2-30.1 percent.

In the processing sector, production of main types of products including beer, vacuum windows, doors, buuz and dumpling, woolen and textile goods, combed cashmere and wooden doors and windows for building are increased by 2-97.1 percent.

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,248.24	-0.71% ▼
Dow Jones	USA	25,942.37	-2.12% ▼
S&P 500	USA	2,881.40	-2.18% ▼
Nasdaq	USA	7,916.94	-3.03% ▼
S&P/TSX	Canada	16,297.55	-1.19% ▼
FTSE 100	GB	7,203.29	-2.40% ▼
S&P/ASX 200	Australia	6,310.90	-0.39% ▼
Nikkei 225	Japan	21,344.92	-4.11% ▼
Hang Seng	Hong Kong	28,550.24	-5.09% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	109.79
Mongol 2023 (Gerege)	USD	5.625%	98.19
Mongol 2022 (Chinggis)	USD	5.125%	97.99
Mongol 2021 (Mazalai)	USD	10.875%	109.96
DBM' 23 (Samurai)	JPY	1.520%	104.09
DBM' 2023	USD	7.250%	102.02
TDBM' 2020	USD	9.375%	103.79

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.440	-0.02 ▼
Libor 3M	2.520	-0.04 ▼
Libor 6M	2.590	-0.03 ▼
Libor 1YR	2.690	-0.06 ▼
US 2YR Bond	2.215	-0.12 ▼
US 3YR Bond	2.176	-0.12 ▼
US 5YR Bond	2.210	-0.11 ▼
US 10YR Bond	2.421	-0.10 ▼

EXCHANGE RATES

Against MNT	2019.05.10	Change /w/
USD	2,642.01	0.02% ▲
CNY	388.03	-1.07% ▼
EUR	2,965.79	0.56% ▲
RUB	40.53	0.22% ▲
KRW	2.25	-0.44% ▼
JPY	24.07	1.60% ▲
CAD	1,963.44	0.09% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,286.05	0.54% ▲
Silver /spot/	USD/t oz.	14.79	-1.03% ▼
Copper	USD/lb.	277.45	-1.58% ▼
Coal	USD/MT	87.50	-0.96% ▼
Crude Oil WTI	USD/bbl.	61.66	-0.45% ▼
Crude Oil Brent	USD/bbl.	70.62	-0.32% ▼
Natural Gas	USD/MMBtu	2.62	1.95% ▲

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 48 companies' 5,770,572 shares worth MNT 782.7 million were traded in the secondary market.

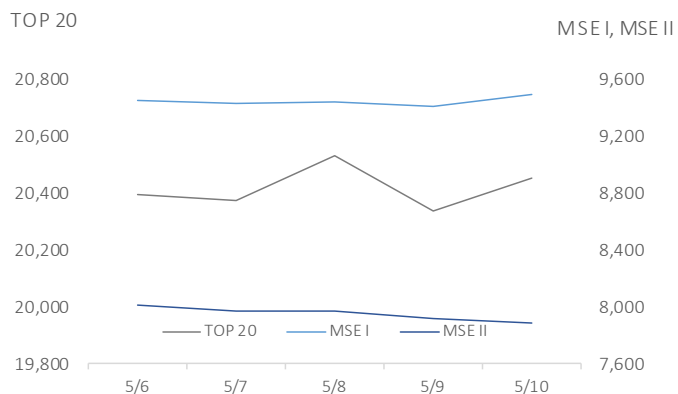
'Khuvsgul Altan Duulga' /ADU/ company's share rose 8.51 percent to MNT 778.5 while 'Undurkhaan' /ONH/ company's share fell 26.69 percent to MNT 5,000.0.

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

On the secondary market trading of Government securities, 10 units of securities were traded for MNT 1.0 million.

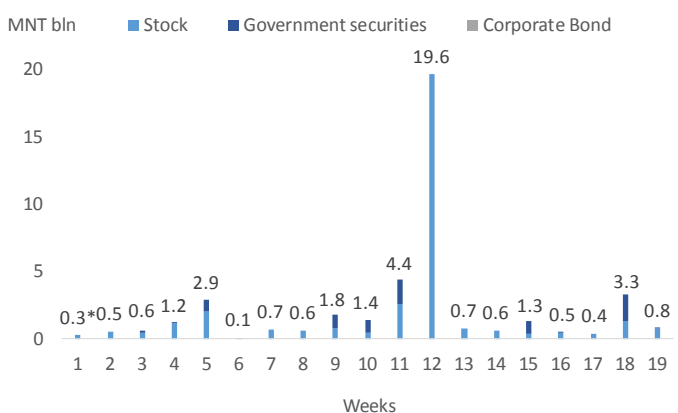
As of May 10, total market capitalization of MSE is MNT 2,374.2 billion. The TOP-20 index decreased by 0.71% to stand at 20,248.24 units.

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	783.7
Market Capitalization	2,374,162.5

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,248.24	-0.71% ▼
MSE I Index	9,421.34	-0.27% ▼
MSE II Index	7,891.11	-1.50% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
LendMN NBF1	3,392,188	226,706,219
Ard Credit	1,273,543	91,559,272
Teever Darkhan	6,624	79,488,000
Davaanbulag	463,200	70,206,720
APU	111,933	65,612,624

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khuvsgul Altan Duulga	778.50	8.51% ▲
Materialimpex	8,000.00	8.25% ▲
Jinst Uvs	2,058.00	7.69% ▲
Talkh Chikher	17,200.00	5.07% ▲
Itools	88.70	4.19% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Undurkhaan	5,000.00	-26.69% ▼
Autoimpex	2,220.00	-14.62% ▼
Bayalag Nalaikh	211.10	-14.01% ▼
Atar Urguu	56,000.00	-13.85% ▼
Standard Argiculture Group	220.00	-12.00% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Mirae Asset Securities Mongolia	436,703,189
Ard Securities	169,221,784
Darkhan Broker	159,181,412
Masdaq	145,141,690
TDB Capital	112,327,573

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	588.08	625,824
Tavan Tolgoi	6,345.00	334,161
Mongolian Mortgage Corporation	14,200.00	294,072
Gobi	293.79	229,189
Suu	204.00	70,176

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-15/08/20-A0295-14.5	10	1,000,000	100,000	100,000	156	14.500%

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	paid on 2019.04.24
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
28	TEE	Teever Darkhan	22.3	81.7	365.5%	500.0	2019.04.17	2019.03.27	within 2019.12.31
29	ERS	Mongol Alt	6.3	39.9	631.2%	150.0	2019.04.17	2019.03.27	within 2019.12.31
30	TTL	Tavan Tolgoi	52,858.1	44,923.4	85.0%	853.0	2019.04.26	2019.04.01	within 2019.05.03
31	EER	Arig Gal	449.3	109.4	24.3%	32.5	2019.04.26	2019.03.27	within 2019.09.30

CAPITAL MARKET NEWS

Attention to the shareholders of “Erdene Resources Development Corporation”

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) announced financial and operating results for the three months ended March 31, 2019 and to provide and update on progress and plans for its Khundii Gold Project. Main highlights for report as follows:

- Commenced a NI43-101 Pre-Feasibility Study for Khundii Gold Project
- Received Mineral Resources Professional Council approval for Bayan Khundii resource registration, and Bayan Khundii mining license expected to be received by end of June.

Source: Mongolian Stock Exchange

FRC approved merger of “Jinst Uvs” JSC and “Ard Financial Group” Closed-JSC

At the 7th regular meeting of the FRC was held on May 8, 26 issues regarding insurance market, securities market, market of savings and credit cooperatives were discussed and resolved.

“Takhim Capital” LLC received insurance broker license, and named agents of “National Life Insurance” LLC received insurance agent license. The FRC discussed the 13 issues of the insurance sector such as registration of branches, registration of structural and capital changes, invalidating actuary license, appointment of officials.

Six issues of the securities sector were discussed, and the FRC licensed “Primer Dealer” LLC to conduct brokerage activity on the Mongolian Agricultural Commodity Exchange as well as approved merger of “Jinst Uvs” JSC and

“Ard Financial Group” Closed-JSC. Also, registered changes in capital and shareholders’ structure of securities companies.

“Davst Urnu Delgerekh” savings and credit cooperative (SACCO) was licensed, and same type of license was extended for two SACCOs.

In addition, “Gurvan Bulag Invest NBF” LLC was licensed to hold non-banking financial activities. Licenses of “Enerel Invest NBF” and “North Asia Investment NBF” were cancelled.

Source: Financial Regulatory Commission of Mongolia



Invescore NBF to launch IPO for MNT 17.6 billion

At the regular meeting held on April 24, the FRC approved initial public offering of Invescore NBF, the leading non-banking financial institution, on the Mongolian Stock Exchange.

Invescore NBF had begun its business operations in 2016 and has since become one of the top-tier leading companies in the sector as a result of consistent pursuit to introduce swift services and innovative technology in the market and its constant aim to become the responsible financial assistant to its customers. The company had become the first to introduce KHUR system, which eliminated any difficulties and delays caused to customers, and allowed swift services as well as reducing the risks associated with false information. It also developed the SMART-LOS internal credit procedure system via its subsidiary company Invescore AI Lab LLC and has successfully introduced the system in its credit procedures. As a result, the company operates offering traditional non-banking financial and financial technology-based products and services.

Invescore NBF is currently developing a credit scoring system, which is a further extension to the loan evaluation system by using artificial intelligence algorithms. The system is under development by Invescore AI Lab LLC, a subsidiary company of the Issuer and Liberra Company, a Japanese corporation implementing the self-driving car project of Toyota Corporation. Additionally, the company is working to launch a fintech-based micro-loan application in order to increase the accessibility of its financial services. The issuer plans to enter foreign markets such as Japan, Central Asia, and South-East Asia.

The company is offering 10,759,188 units or 15 percent of its total ordinary shares to raise MNT 17.6-18.7 billion. The proceeds of the IPO are planned to finance the company’s core activity – lending activity. Invescore NBF is offering 85 percent of its newly issuing shares at MNT 1,650-1,750 to strategic investors, and 15 percent at MNT 1,550-1,650 to the public based on book building method. Primary market subscription will be held from May 22 to May 30.

Lead manager of the IPO is “TDB Capital SC” LLC and co-manager is “Invescore Capital SC” LLC.

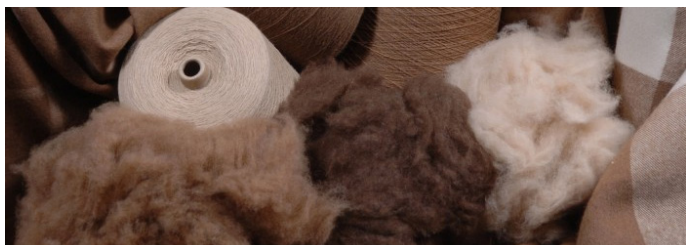
Source: TDB Capital SC LLC

COMMODITY MARKET NEWS

90 percent of trade on the MACE was raw cashmere

On Friday, commodities worth MNT 6.8 billion were traded on the Mongolian Agricultural Commodity Exchange. As a result, commodities worth about MNT 57 billion were traded during this week. On Monday, trading value reached the highest level of the week MNT 18 billion, while commodity trading ranged between MNT 6-13 billion other days. About 90 percent of this week's trade was generated by light and dark raw cashmere. The price of light raw cashmere was at around MNT 124 thousand and the price of dark raw cashmere stayed at MNT 122 thousand. In addition to these two commodities, processed light sheep wool was traded on Monday and Friday. A total of 53 tons of processed light sheep wool sold at MNT 2,000 per kilogram, and the price of the wool was stable last week.

Source: BloombergTv.mn



Copper concentrate exports reached 489.1 thousand tons in the first four months of 2019

As of May, the petroleum price is increasing due to the fact that the A-80, AI-92 fuel prices have risen by USD 53 per ton and diesel fuel price has risen by USD 17 per ton from the previous month at the border, according to the Mineral Resources and Petroleum Authority.

It also emphasized that the oil price has reached its peak in six months due to Iran's sanctions. A working group to introduce a fuel price regime within the "Extended Funding Program" of the International Monetary Fund worked in Mongolia last month. It is expected to reduce the petroleum price fluctuation and to match its price with the market principles.

In addition, 80 percent of the infrastructure project for the oil refinery with capacity to produce 1.5 million is completed. It is necessary to intensify exploration work to increase resources.

Source: BloombergTv.mn



Exports of coal companies have increased, but still facing logistics challenges

Exports of major coal companies have increased over the same period of last year. However, some companies emphasize logistics problems.

According to the Governor of Umnugovi Province, a total of 5.3 million tons of coal were exported through Gashuun Sukhait-Gantsmod port and 4.4 million tons were exported through Shiveekhuren-Seke port in the first four months of the year.

Among coal exporters of Shiveekhuren-Seke port, Mongolyn Alt Corporation that operates in Nariinsukhait group of mines exported 1 million tons of coal. This figure is lower than last year. The company explains that the criterion for obtaining coal transportation permits has been increased. Mongolyn Alt Corporation plans to export eight million tons of coal this year.

"Usukh Zoos" LLC exported around 1,200 thousand tons of coal in the first four months of this year, up from the same period last year. The company expects to export four million tons of coal this year, and it is commissioning its coal washing plant with capacity of 2.5 million tons in May. However, energy issues remain a major obstacle.

"Terracom" company sold 230 thousand tons of coal in the first three months of the year. The company aims to increase its coal production and exports from Mongolia to three million tons a year. Therefore, coal mining has begun in new mining.

Erdenes Tavan Tolgoi JSC exported 2.4 million tons of coal in the first three months of 2019. Mongolia plans to export 42 million tons of coal this year, and is planning to upgrade main port – Gashuunsukhait port – this year. This year, Government planned to renovate the port with part of the Chinese Grant worth 140 million yuan or more than MNT 50 billion.

Source: BloombergTv.mn

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