



WEEKLY MARKET UPDATE

2018.03.12-03.16

GLOBAL MARKET PERFORMANCE

United States: Investors continued to worry about retaliation following the previous week's announcement of new U.S. tariffs on steel and aluminum imports, but major trading partners in Asia and Europe appeared to be taking a wait-and-see approach. The week's economic data may have also dampened sentiment. The subdued growth and inflation data led to a modest decrease in the yield on the 10-year Treasury note.

Europe: European equities ended the week mixed amid relatively low trading volumes, disappointing inflation numbers for the eurozone, and political uncertainty about the prospects of a trade war and other geopolitical tensions such as UK Prime Minister Theresa May's assertion that Russia was connected to the chemical poisoning of a former spy on British soil. UK stocks dipped following a report by the Organization for Economic Cooperation and Development that forecast Britain would miss out on buoyant global economic growth over the next two years and grow more slowly than the other Group of Twenty leading economies.

Japan: The Japanese Trade Union Confederation reported that labor unions have negotiated a 2.16% monthly pay increase from several of Japan's larger companies. Occurring against a backdrop of the lowest unemployment in 25 years and record corporate profits, the modest wage hike disappointed many observers.

China: China announced that it would merge its banking and insurance regulators, a long-awaited move that aims to tighten control of the country's financial sector and curb the risks that have accompanied years of rapid credit growth.

Mongolia: The money supply (M2) reached MNT 15.9 trillion at the end of February 2018, showing an increase of MNT 135.5 billion (0.9%) from the previous month and MNT 3.6 trillion (29.0%) from the same period of the previous year. In the first 2 months of 2018, total equilibrated revenue and grants of the General Government Budget amounted to MNT 1.2 trillion and total expenditure and net lending amounted to MNT 1.1 trillion, representing a surplus of MNT 73.1 billion in the equilibrated balance. Current and capital account balance totaled to USD 1.1 billion of deficit in 2017 which has increased by USD 452.4 (74.3%) million compared to the previous year. In the first 2 months of 2018, Mongolia traded with 109 countries from all over the world and total trade turnover reached USD 1.6 billion, of which USD 838.4 million were made up by exports and USD 726.0 million by imports. In February 2018, at the national level consumer price index increased by 0.8% from the previous month, by 2.2% from end of the previous year, and by 6.9% from the same period of the previous year.

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,990.35	0.91% ▲
Dow Jones	USA	24,946.51	-1.54% ▼
S&P 500	USA	2,752.01	-1.24% ▼
Nasdaq	USA	7,481.99	-1.04% ▼
S&P/TSX	Canada	15,711.33	0.86% ▲
FTSE 100	GB	7,165.14	-0.82% ▼
S&P/ASX 200	Australia	5,949.40	-0.23% ▼
Nikkei 225	Japan	21,676.51	0.97% ▲
Hang Seng	Hong Kong	31,501.97	1.63% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.7%	113.49
Mongol 2023 (Gerege)	USD	5.6%	99.29
Mongol 2022 (Chinggis)	USD	5.1%	98.23
Mongol 2021 (Mazalai)	USD	10.8%	116.15
Mongol CNY (Dimsam)	CNY	7.5%	100.38
DBM' 23 (Samurai)	JPY	1.5%	104.83
TDBM' 2020	USD	9.3%	108.26

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.822	0.07 ▲
Libor 3M	2.202	0.11 ▲
Libor 6M	2.364	0.09 ▲
Libor 1YR	2.615	0.07 ▲
US 6M Bond	1.924	0.06 ▲
US 2YR Bond	2.295	0.03 ▲
US 3YR Bond	2.449	0.01 ▲
US 5YR Bond	2.649	-0.01 ▼
US 10YR Bond	2.850	-0.05 ▼

EXCHANGE RATES

Against MNT	2018.03.16	Change /w/
USD	2,397.19	0.10% ▲
CNY	378.99	0.25% ▲
EUR	2,952.62	0.12% ▲
RUB	41.71	-0.67% ▼
KRW	2.25	0.45% ▲
JPY	22.69	1.07% ▲

COMMODITY PRICE

Commodity	Last Price	Change /w/
Gold /spot/	1,314.24	-0.73% ▼
Silver /spot/	16.34	-1.51% ▼
Copper	310.75	-0.93% ▼
Coal	97.15	3.49% ▲
Crude Oil WTI	62.34	0.48% ▲
Crude Oil Brent	66.21	1.10% ▲
Natural Gas	2.69	-1.47% ▼

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2018.1	6.90%
Policy Rate	2018.1	11.00%
Interbank Rate	2018.1	13.63%
Deposit Interest Rate /MNT/	2018.1	12.50%
Deposit Interest Rate /Foreign currency/	2018.1	5.80%
Loan Interest Rate /MNT/	2018.1	19.40%
Loan Interest Rate /Foreign currency/	2018.1	10.80%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 53 companies' 21,869,492 shares worth MNT 1,007.9 million were traded.

E-Money /HCH/ company's share rose 32.22 percent to MNT 1,251, while Ar Bayankhangai /ABH/ company's share fell 30.30 percent to MNT 1,150.

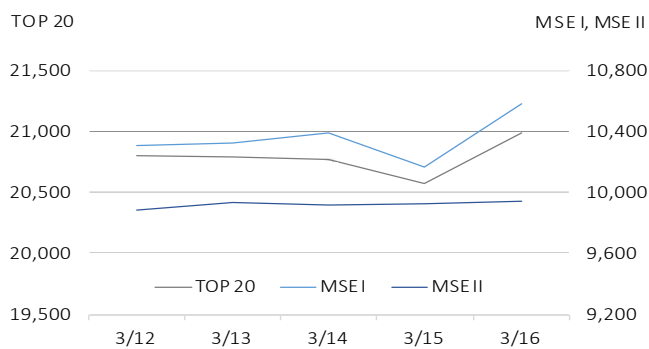
No government securities were issued on the primary market during the week spanning March 12 to March 16, 2018.

On the secondary market trading of Government securities, 6,313 units of securities were traded for MNT 627.8 million through 10 trading sessions.

No corporate bonds were traded on the secondary market during this week.

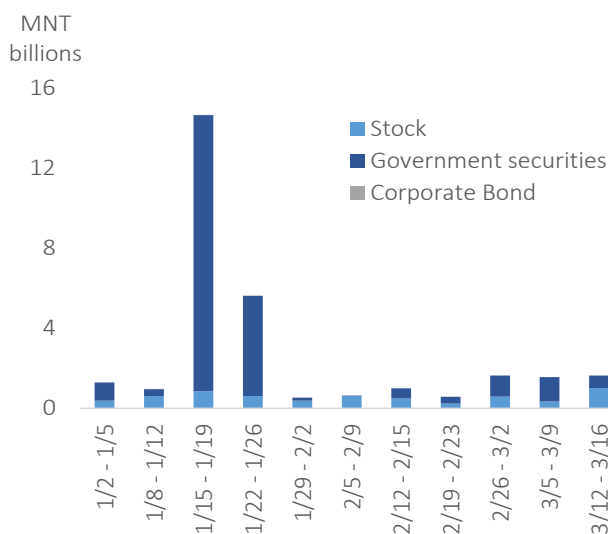
As of March 16, total market capitalization of MSE is MNT 2,571.3 billion. The TOP-20 index increased by 0.91% to stand at 20,990.35 units.

MSE Indices



Source: MSE

Trading Value /week by week/



Source: MSE

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	6,635
Market Capitalization	2,571,399

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,990.35	0.91% ▲
MSE I Index	10,585.65	2.58% ▲
MSE II Index	9,944.24	0.80% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Lend	21,251,181	543,569,191
APU	239,906	163,188,692
Tavan Tolgoi	14,242	161,420,930
Gobi	1,842	44,523,080
Jinst Uvs	15,234	22,179,725

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
E-Money	1,251.00	32.22% ▲
Makhimpex	3,500.00	23.24% ▲
Dornod Khudaldaa	17,480.00	15.00% ▲
Tavilga	1,587.00	15.00% ▲
Taliin gal	13.80	15.00% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Ar Bayankhangai	1,150.00	-30.30% ▼
Mongol Nekhmel	3,750.00	-22.68% ▼
Olloo	68.00	-14.99% ▼
Bayan-Aldar	580.00	-14.71% ▼
Mongol Savkhi	900.00	-14.37% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading Amount /MNT/
Mirae Asset Securities	1,012,375,803
BDSec	151,703,131
TDB Capital	134,240,571
Ard Capital Group	120,091,208
Golomt Capital	103,276,579

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	670.86	713,916
Tavan Tolgoi	11,850.00	624,082
MIK Holding	10,000.00	207,093
Gobi	23,960.00	186,914
Suu	245.00	84,280

GOVERNMENT SECURITY TRADING /SECONDARY MARKET/

Nº	Name	Volume	Turnover /MNT/	Price /MNT/	Weeks	Annual interest rate
1	ZBEG-BD-18/07/20-A0275-15.4	106	10,706,000	101,000	156	15.140
2	ZBEG-BL-24/04/18-A0235-0	1,500	147,300,000	98,200	52	16.081
3	ZBEG-BD-08/02/19-A0106-15.75	610	63,568,100	104,210	156	15.750
4	ZBEG-BD-11/04/19-A0230-18	93	9,402,300	101,100	104	18.000
5	ZBEG-BD-04/04/18-A0267-10.3	2,290	229,000,000	100,000	39	10.300
6	ZBEG-BD-16/10/20-A0342-13.91	100	10,000,000	100,000	156	13.910
7	ZBEG-BD-16/10/20-A0342-13.91	100	10,636,000	106,360	156	13.910
8	ZBEG-BD-17/04/18-A0276-12	400	40,000,000	100,000	39	12.000
9	ZBEG-BL-08/05/18-A0241-0	484	47,369,080	97,870	52	14.670
10	ZBEG-BL-29/05/18-A0304-0	630	59,824,800	94,960	39	11.673

DIVIDEND INFORMATION

Nº	Ticker	Company name	Total dividend /MNT mln/	Dividends per share /MNT/	Decision of the Board (Date)	Record date	Payment date
1	DSS	Darkhan Selengiin Tshahilgaan Tugeekh Suljee	587.7	56.6	2018.03.07	2018.03.27	from 2018.07.02
2	AEL	And-Energy	13.3	0.5	2018.02.24	2018.03.16	N/A
3	SUL	Juulchin Duty Free	653.6	10,000.0	2018.02.23	Record date for annual meeting	from 2018.05.01
4	SUU	Suu	1,032.0	3.0	2018.02.14	Record date for annual meeting	within 2018.12.31
5	GTL	Gutal	2,055.7	1,270.0	2018.02.19	2018.03.18	from 2018.07.06
6	BNG	Bayangol Hotel	150.2	355.0	2018.02.19	Record date for annual meeting	from 2018.09.01
7	APU	APU	10,641.8	10.0	2018.02.19	2018.03.29	within 2018.06.01
8	BTG	Bayanteeg	25.3	100.0	2018.02.19	2018.03.12	within 2018.06.01
9	MIE	Materialimpex	13.7	10.0	2018.02.19	2018.03.26	within 2018.12.31
10	MNP	Mongolian Post	273.5	2.7	2018.02.13	Record date for annual meeting	from 2018.05.01
11	MMX	Makhimpex	380.1	100.0	2018.02.13	2018.04.05	from 2018.10.01
12	TCK	Talkh Chikher	174.0	170.0	2018.02.12	2018.04.06	2018.07.01-ээс
13	ADL	Aduunchuluun	409.6	130.0	2018.01.24	2018.03.01	N/A
14	UBH	Ulaanbaatar Khivs	40.4	100.0	2018.02.05	2018.02.26	within 2018.05.01
15	TAH	Takhi-Ko	128.5	108.0	2018.02.05	2018.03.30	within 2018.05.01
16	GOV	Gobi	1,716.2	220.0	2018.02.02	2018.03.27	from 2018.04.24
17	HRM	Hermes Center	392.7	5.0	2018.01.24	2018.02.15	from 2018.03.06

ANNUAL SHAREHOLDERS MEETINGS

Nº	Ticker	Company name	Record date	Date of meeting	Time of meeting
1	HRM	Hermes Center	2018-02-15	2018-03-07	15:00
2	NEH	Darkhan Nekhii	2018-02-22	2018-03-17	-
3	BLG	Zavkhan Bayalag	2018-02-27	2018-03-19	10:00
4	VIK	Bayan-Aldar	2018-03-09	2018-03-27	10:00
5	ADL	Aduunchuluun	2018-03-01	2018-03-28	14:00
6	DLH	MND	2018-03-09	2018-03-28	15:00
7	ADU	Huvsgul Altan Duulga	2018-03-12	2018-04-02	11:00
8	BTG	Bayanteeg	2018-03-12	2018-04-02	10:00
9	HRD	Hurd	2018-02-23	2018-04-04	16:00
10	AZH	Altain Zam	2018-03-01	2018-04-04	16:00
11	BHL	Buunii Khudaldaq	2018-03-05	2018-04-04	13:00
12	HBT	Hungun Beton	2018-03-13	2018-04-04	17:00
13	MNB	Mon Nab	2018-03-14	2018-04-05	14:00

Nº	Ticker	Company name	Record date	Date of meeting	Time of meeting
14	GHC	Gan Khiits	2018-03-06	2018-04-06	11:00
15	SSG	Songolon barmat	2018-03-09	2018-04-06	10:00
16	HUZ	Khuvsgul uzan zam	2018-02-26	2018-04-09	-
17	DAZ	Dornod autozam	2018-03-12	2018-04-09	15:00
18	GTL	Gutal	2018-03-18	2018-04-09	15:00
19	ALI	Standart Noos	2018-02-26	2018-04-10	15:00
20	UBH	Ulaanbaatar khivs	2018-02-26	2018-04-10	11:00
21	OLL	Olloo	2018-03-19	2018-04-10	14:00
22	ETR	E-Trans logistics	2018-03-23	2018-04-11	10:00
23	HUN	Uvs khuns	2018-03-23	2018-04-13	9:00
24	BRC	Barilga Corporation	2018-03-16	2018-04-14	10:00
25	DBL	Davaanbulag	2018-03-24	2018-04-14	14:00
26	TEX	Technicimport	2018-03-28	2018-04-16	15:00
27	GOV	Gobi	2018-03-27	2018-04-17	14:00
28	HHS	Khuvsgul khuns	2018-03-28	2018-04-17	17:00
29	HVL	Khuvsgul	2018-03-28	2018-04-17	14:00
30	HUV	Khuvsgul Geology	2018-03-29	2018-04-17	10:00
31	SOR	Sor	2018-03-28	2018-04-18	10:00
32	TGS	Nomin Khishig	2018-03-29	2018-04-18	10:00
33	HHN	Kharkhorin	2018-03-30	2018-04-18	14:00
34	MIE	Materialimpex	2018-03-26	2018-04-20	10:30
35	DSS	Darkhan Selengiin tsakhilgaan tugeekh suljee	2018-03-27	2018-04-20	16:00
36	NOG	Achit Alkaby	2018-03-27	2018-04-20	15:00
37	TAV	Tav	2018-03-28	2018-04-20	11:00
38	APU	APU	2018-03-29	2018-04-20	15:00
39	HSG	Khusug Trade	2018-03-23	2018-04-21	12:00
40	AEL	And-Energy	2018-03-16	2018-04-21	12:00
41	CHR	Uvs Chatsargana	2018-03-23	2018-04-22	11:00
42	BNB	Bayalag Nalaikh	2018-03-30	2018-04-22	15:00
43	MNS	Monnoos	2018-03-31	2018-04-23	15:00
44	BDS	BDSec	2018-04-02	2018-04-23	10:00
45	BHG	Bukhug	2018-03-23	2018-04-25	10:00
46	TAH	Takhi Ko	2018-03-30	2018-04-25	10:00
47	EER	Arig Gal	2018-04-02	2018-04-25	17:00
48	TTL	Tavan Tolgoi	2018-04-03	2018-04-26	14:00
49	SUN	Euroasia Capital Holding	2018-03-20	2018-04-27	12:00
50	MIB	Moninjbar	2018-03-20	2018-04-27	11:00
51	GFG	Silk Net	2018-03-20	2018-04-27	14:00
52	ALD	Azyk	2018-03-28	2018-04-27	14:00
53	DZG	Darkhan Hotel	2018-03-28	2018-04-27	14:00
54	MNH	Mongol Nekhmel	2018-03-30	2018-04-27	11:00
55	UID	Ulsyn ikh delguur	2018-03-30	2018-04-27	10:00
56	TVL	Tavilga	2018-04-02	2018-04-27	12:00
57	JTB	Genco Tour Bureau	2018-04-04	2018-04-27	10:00
58	JLT	Nogoon hugjin undesnii negdel	2018-03-22	2018-04-28	14:00
59	MSC	Mongol Securities	2018-03-23	2018-04-28	13:00
60	TUS	Tushig Uul	2018-03-29	2018-04-28	14:00
61	HSR	Khasu Mandal	2018-03-23	2018-04-29	15:00
62	AHH	Khorin Khoyordugaar Baaz	2018-03-23	2018-04-30	13:00
63	BSKY	Bluesky Securities	2018-03-30	2018-04-30	18:00
64	ALA	Altain Negdel	2018-03-30	2018-04-30	10:00
65	TAS	Erdenet Khuns	2018-03-31	2018-04-30	14:00

CAPITAL MARKET NEWS



The secondary market trading of LendMN JSC has started

The secondary market trading of LendMN JSC has started on March 14. The company offered 25 percent of its shares to the public and the strategic investors. Although the company launched the IPO to raise MNT 2.5 billion from the public, the public offering was oversubscribed by 16.5 times. On the first trading day, LendMN JSC's shares were traded at MNT 28.75 each. "The buy orders were high on the first day of trading. The company was aiming to raise MNT 2.5 billion in the primary market. Now, the secondary market demand is MNT 2.5 billion. After the IPO, the public knowledge about stocks has increased as well as people has started to explore other stocks, which has a positive effect on securities trading," the CEO of Mirae Asset Securities said.

Source: BloombergTv.mn

Clarification about LendMN block trading

On 14 and 15 March 2018, 20.0 million Shares of 'LendMN BBSB' traded on block trading of MSE. 'Mirae Asset Securities Mongol UTsk' LLC, the underwriter company who organized this block trading sent the clarification letter to Mongolian Stock Exchange. In the letter, 'Mirae Asset Securities Mongol UTsk' LLC explained about the block trading, and it has condition of Lock-up, which means 20.0 million shares are not able to trade on secondary market for 8 more months.

Source: MSE

Mongolian Central Securities Depository: The number of new account has increased by 2.5 times

The number of individuals and enterprises that opened new brokerage accounts has increased by 2.5 times and has exceeded 10 thousand in February comparing to the previous month. It is the highest number since June 2016, according to the Central Securities Depository. According to the account structure, 99.8 percent of total account holders are Mongolians, while 0.1 percent are foreigners. The rest was domestic and foreign enterprises. Over the same period, the GoodSec company has opened the highest number of account of more than 7,000. In addition, Mirae Asset Securities Mongolia, the LendMN JSC's underwriter, has opened 1240 accounts, which is 27 times more than in the previous month. The Mongolian Stock Exchange emphasized that participation of citizen in the market grows, when new products come to the capital market. The Mongolian Stock Exchange reported that a total of MNT 859 million was traded in 2017, which is the highest number in last 26 years. Since 2018, APU, TavanTolgoi and iTools companies' shares have been the most actively traded securities.

Source: BloombergTv.mn

Minimum amount of block trading changed to previous amount

MSE CEO's order No.: A/32 dated 28 February 2018 has been revoked in accordance with the direction given by the FRC on 12 March 2018. Therefore, the minimum amount of block trading has been reinstated to the minimum amount of MNT250.0 million.

Source: MSE

MSE received the first dual-listing application

The amendments to the Securities Markets Law created the legal framework for introducing dual-listing in Mongolia. Dual-listing refers to the listing of foreign listed companies on domestic stock exchange or domestic listed companies' listing on overseas exchanges. The detailed rules to regulate dual-listing titled 'Regulation on Listing the Shares of Foreign-Listed Companies and Registering the Shares of Domestic Listed Companies Listing Overseas' was drafted by the joint working group consisting of the FRC and the MSE, which was subsequently approved by the FRC meeting on 24 November 2017.

In accordance with this regulation, MSE revised its listing rules that came into effect on February 2018. Upon the creation of a complete legal and regulatory framework for dual-listing, MSE has received its first dual-listing application on 12 March 2018 from a Toronto listed company. The request will be reviewed by MSE within 15 working days in accordance with the relevant rules and regulations.

Source: BloombergTv.mn

Sales income of Gobi JSC has reached MNT 124.4 billion and increased by 40.3 percent

Sales income of Gobi JSC, which is pursuing a policy to intensify exports, has reached MNT 124.4 billion in 2017 and increased by 40.3 percent comparing to the previous year. The company is aiming to reach its sales to MNT 300 billion in 2021. According to the financial statement presented by the MSE, net income of Gobi JSC increased by 8.4 percent and reached MNT 17.5 billion. Gobi has decided to distribute approximately 10 percent of its net income to its shareholders as a dividend. The company has decided to distribute MNT 220 per share or a total of MNT 1.7 billion. Dividends will be distributed from April 24th. The company has been offering dividends to its shareholders for the past eight years. Gobi is committed to become the world's leading supplier of pure cashmere coat. The company's share price has increased by more than 80 percent over the past one year and has reached MNT 23,960. In November 2017, the share price has peaked 34 thousand.

Source: BloombergTv.mn

COMMODITY MARKET NEWS

COPPER: Export earnings have strengthened its leadership position

According to the National Statistical Office, Mongolia exported \$838.4 million of goods and imported \$ 726 million in the first two months of this year. The trade turnover in the first two months reached \$1.6 billion, up by \$ 248.1 million or 18.9% higher than the same period of the previous year. However, exports grew by just 1.6 percent year-on-year, which was mostly affected by gold exports rise by \$ 41.4 million. Imports rose 47.9 percent, or \$ 235 million, compared to the same period of the previous year, as imports of mineral products, including diesel, machinery, electrical equipment, metallurgy, vehicles and spare parts increased. Mongolia foreign trade surplus reached \$ 112.4 million for the first two months, down 67.4 percent from a year ago.

Exports of mineral products reached \$ 690.6 million and accounted for 82.4 percent of total exports in the first two months of this year. In particular, coal exports reached \$ 245.4 million, representing 35.5% of mineral exports and 29.3% of total exports. In February alone, coal exports reached 1.25 million tons, down 742.8 thousand tons from January. This may have been due to slowdown in port penetration, but Mongolia's coal exports lowers every time on Chinese New Year holidays.

In the first two months, coal exports are also lower. About 3.25 million tones by weight reflects 33.2 percent decline, and \$ 245.4 million shows 25 percent decrease compared to the same period of the previous year.

Exports of copper concentrates are estimated to be 205.1 thousand tons or \$ 274.6 million over the same period. This was 14.7 percent lower by weight, and 11.5 percent higher by price comparing to the same period of the previous year. Copper, which was exported less that coal last year, has been in the lead since February. The exports of pure copper decreased. In the first two months of this year, pure copper sales weighed 2.3 thousand tons, with a value of \$ 15.8 million, which is 20.5% lower by weight and 3.7% lower by earnings comparing to the previous year.

Gold has been ranked third in the export earnings in the first two months. In the same period, Mongolia exported 1.7 tons of gold and made up about \$ 72.2 million, which was 2.2 times higher by weight and 2.3 times higher by turnover comparing to the same period of the previous year.

Crude oil exports has reached 1 million and 9.9 thousand barrels, accounting \$ 62.6 million, which was 10.3 percent lower by weight and 6.9 percent higher by turnover.

Iron ore exports have risen substantially in the first two months, but export revenue declines have fallen. Mongolia exports 932.4 thousand tons of ore which is 30.7% higher than last year, but export earnings decreased by 11.9% to \$ 39.6 million.

Exports of zinc ore and zinc concentrate has performed well. In the same period, sales of zinc concentrate increased by 13.1 percent to 21.1 thousand tons, and its export earnings rose 37.9 percent to \$ 37.2 million.

The same goes for exports of fluorine ore and fluorine concentrate. Export volume of fluorspar increased by 48.7 percent to 49.5 thousand tons, and its export earnings increased by 103.6% to about \$ 15.7 million.

Exports of lead ore and lead ore concentrate have increased by 14.9 percent to 2.48 million tons, and its export revenues has risen 7.2 percent to \$ 6.6 million.

Exports of molybdenum concentrate has fallen 19.2 percent to 0.9 thousand tons, but its export earnings increased by 7.1 percent to \$6.08 million.

Exports of copper, crude oil, zinc, fluorine, molybdenum and tungsten have grown substantially. This is a favorable market situation. However, a total export of mineral products decreased by \$ 37.2 million or 5.1% compared to the same period of the previous year as the coal export decreased by 25% or \$ 82 million over the first two months.

Source: MongolianMiningJournal.com



In the first two months, import of diesel fuel has increased by 81 percent from the same period of the previous year

According to the NSO's report, import of diesel fuel has decreased by 10 percent and reached \$ 46 million in February. However, comparing results of the first two months of this years to the same period of the previous year, the import has increased by 81 percent. This happened due to the fact that diesel fuel price has increased by \$ 130-150 per ton for the last six months, according to the analysts. Gasoline imports have not grown last month. According to the Ministry of Mining and Heavy Industry, there is a 44-day fuel reserve on the national level, and there will not be any resource deficit. Notwithstanding the average fuel price cut by the AI-92 fuel tax, the price of liters increased by more than MNT 30 at the end of the month to the average price of MNT 1664. Distributors explain their decision with the increased price in the international market. Mongolian companies use the Singapore stock exchange prices when they purchase Rosneft petrol. The 92-ounce gasoline exchange rate rose 20 percent from the same period last year. However, the rate, which was growing continuous in the last six months of the previous year, fell about 10 percent since the end of January. The Minister of Mining and Heavy Industry does not consider adding "fuel prices".

Source: BloombergTv.mn

COMMODITY MARKET NEWS

TRQ: Sales income decreased by 21.9 percent and has reached USD 939.8 million in 2017

Earnings per share of Turquoise Hill Resources, the Oyu Tolgoi investor, has surpassed analysts' forecast and reached 3 cents. In addition, the sales income in fourth quarter has reached \$ 251.7 million. In 2017, sales income decreased by 21.9 percent from 2016 and reached \$ 939.8 million. This is due to a decreased concentration of copper and gold in Oyu Tolgoi's output. In 2017, Oyu Tolgoi's operating costs totaled \$ 711.6 million, which fell around 8 percent comparing to 2016. The company has taken several measures in order to cut costs. Turquoise Hill Resources is planning to spend \$ 150 million on open pit mining and \$ 1.1-1.2 billion dollars on underground mining development in 2018. Thus, Oyu Tolgoi's copper output will reach 125-155 thousand tones and gold output will reach 201-280 thousand ounces in 2018, according to Turquoise Hill Resources.

Source: BloombergTV.mn



Entree Resources will spend USD 1.2-1.5 million on project in Mongolia in 2018

Entree Resources which is listed on Toronto Stock Exchange introduced updated technical report on the Entree/Oyu Tolgoi joint venture project. According to the report, it is estimated that the cash flow of the Hugo North expansion over the first 33 years of production will be \$ 2.1 billion. For Entree Resources, a total of 18.5 million shares were traded in closed-market transaction and the company raised 7.6 million Canadian dollars last year. The annual loss reached \$ 3.1 million in 2017, which is 3 percent higher than in 2016. By the end of 2017, the cash balance stood at \$ 7.1 million. In 2018, the company plans to spend around USD 1.2-1.5 million on site management and marketing in Mongolia. Entree Resources and Oyu Tolgoi Joint Venture Company owns not only Hugo North area but also the majority of "Heruga" area in the Oyu Tolgoi project.

Source: BloombergTV.mn

Global mining equipment market improving

The cost saving policy of mining companies is ending as well as mining equipment market is improving in 2018. Capital spending for key metal mining companies dropped 64 percent in 2013-2017, according to Bloomberg Intelligence. Investment of the 10 largest metal miners, which account for 70-80 percent of total spending, is projected to grow 12.3 percent in 2018. This is due to the improvement of the global economic growth and the rise in commodity price, according to Bloomberg Intelligence analysts. Nevertheless, the coal mining sector's expenditure grew 16 percent in 2017, but Chinese major coal firms cut their costs, and the cost may fall 8 percent this year. The company's chief executive, Jim Ampletebi, predicted that sales of Caterpillar, leading heavy equipment industry company, will continue to grow in 2018. He said "The major economic indicators are positive."

Source: BloombergTV.mn

ING: Crude oil prices are likely to decline

The crude oil price may drop below \$ 60 in the second half of this year, according to ING's analysts. The US oil supply to the Asian market is continuously increasing, which is a challenge for OPEC member states to set the balance between supply and demand. In other words, analysts believe that some OPEC countries might leave the organization in order to limit US participation in the Asian market. US oil exports have reached 1.5 million barrels per day, which is two times higher than six months ago, and the main buyers of the oil are Asian countries. The crude oil price reached \$ 115 a barrel in mid-2014, but now the Brent and West Texas oil prices fluctuate around 65 dollars.

Source: BloombergTV.mn

Shell: Fuel demand will rise continuously

According to Shell, fuel demand will grow continuously over the next 20 years. In the context of climate change policies, international renewable energy is increasing. However, in the short-term, heavy industries cannot be fully supplied with renewable energy and cost is high, "said Shell's Vice-President. According to the Bank of America's recent research, the demand for oil is expected to peak in mid-2030s and decline after. According to the International Energy Agency, the demand for oil in the car market will peak in 2020.

Source: BloombergTV.mn

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