

WEEKLY MARKET UPDATE

2019.09.16 - 09.20

MACROECONOMIC UPDATE OF MONGOLIA

Policy rate unchanged

During its meeting on September 17, the Monetary Policy Committee of the Bank of Mongolia made a decision to keep the policy rate unchanged at 11 percent.

As of August, 2019, annual inflation rate has reached 8.9 percent nationwide. Changes in prices of meat and vegetables, tuition fees of universities as well as prices of government-regulated commodities caused a rise in supply-driven inflation, but the demand-driven core inflation remained stable. Inflation is expected to be around its target level, given the external environment and domestic economic outlook.

Mineral extraction exceeded the expected volume, steady expansion of corporate lending and increase of investment and budget expenditure have contributed to the economic growth.

As compared with the previous quarter, trade war between the great states has deepened, resulting in increased uncertainty in the external environment and heightened risk for the domestic economy through the external demand, commodity prices and foreign direct investment.

In this regard, it is of utmost priority to focus on macroeconomic policy to sustain the external and internal balance and to accumulate saving and financial buffer at all levels of the country and strengthen risk-bearing capacity. In consideration of present macroeconomic outlook, prospects, factors and uncertainties and risks in external and internal environment, the Monetary Policy Committee decided to keep the policy rate unchanged this time.

The decision is consistent with the Bank of Mongolia's objective to keep inflation rate around the target rate and to ensure macroeconomic and financial stability in the medium term.

Source: Montsame.mn

Financing agreement of USD 100 million signed

Minister of Finance Ch.Khurelbaatar and World Bank's Country Manager for Mongolia Andrei Mikhnev today signed a financing agreement of USD 100 million for the second Economic Management Support Operation (EMSO 2).

The funding is being granted within the Extended Fund Facility (EFF) Program run by the Government of Mongolia in partnership with the International Monetary Fund (IMF). The first funding of the program or USD 120 million was granted in December 2017. While, the World Bank's International Development Association and the International Bank for Reconstruction and Development are jointly providing USD 100 million for the second phase.

The funding will be spent on reducing expense of public investment projects, increasing their efficiencies, increasing housing access in a way of improving apartment mortgage program, strengthening social protection system, upgrading business environment and ensuring implementation of law on Animal Health.

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,987.51	-2.52% ▼
Dow Jones	USA	26,935.07	-1.05% ▼
S&P 500	USA	2,992.07	-0.51% ▼
Nasdaq	USA	8,117.67	-0.72% ▼
S&P/TSX	Canada	16,899.69	1.30% ▲
FTSE 100	GB	7,344.92	-0.31% ▼
S&P/ASX 200	Australia	6,730.80	0.92% ▲
Nikkei 225	Japan	22,079.09	0.41% ▲
Hang Seng	Hong Kong	26,435.67	-2.34% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	113.25
Mongol 2023 (Gerege)	USD	5.625%	102.46
Mongol 2022 (Chinggis)	USD	5.125%	101.35
Mongol 2021 (Mazalai)	USD	10.875%	109.92
DBM' 23 (Samurai)	JPY	1.520%	104.00
DBM' 2023	USD	7.250%	103.60
TDBM' 2020	USD	9.375%	102.63
MGMTGE' 2022 (Hoelun)	USD	9.750%	99.20

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.037	0.01 ▲
Libor 3M	2.135	0.00 ▼
Libor 6M	2.070	0.00 ▲
Libor 1YR	2.065	0.02 ▲
US 2YR Bond	1.683	-0.12 ▼
US 3YR Bond	1.616	-0.14 ▼
US 5YR Bond	1.600	-0.15 ▼
US 10YR Bond	1.722	-0.17 ▼

EXCHANGE RATES

Against MNT	2019.09.20	Change /w/
USD	2,667.91	-0.11% ▼
CNY	376.38	-0.24% ▼
EUR	2,948.31	-0.49% ▼
RUB	41.81	0.94% ▲
KRW	2.24	-1.32% ▼
JPY	24.72	-0.08% ▼
CAD	2,010.79	-0.46% ▼

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,516.90	0.80% ▲
Silver /spot/	USD/t oz.	17.99	3.13% ▲
Copper	USD/lb.	260.65	-3.45% ▼
Coal	USD/MT	70.17	-0.43% ▼
Crude Oil WTI	USD/bbl.	58.09	5.91% ▲
Crude Oil Brent	USD/bbl.	64.28	6.74% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. VIII	8.90%
Policy Rate	2019. VIII	11.00%
Interbank Rate	2019. VIII	11.26%
Deposit Interest Rate /MNT/	2019. VIII	11.42%
Deposit Interest Rate /Foreign currency/	2019. VIII	4.99%
Loan Interest Rate /MNT/	2019. VIII	16.94%
Loan Interest Rate /Foreign currency/	2019. VIII	10.75%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

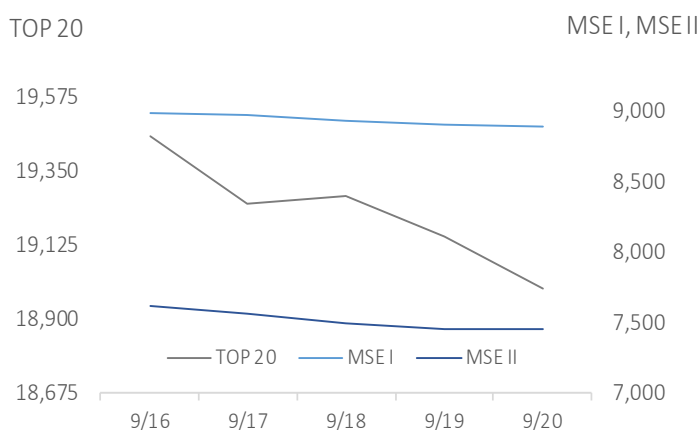
In this week, a total of 42 companies' 1,074,739 shares worth MNT 447.1 million were traded in the secondary market.

'Sor' /SOR/ company's share rose 14.76% percent to MNT 1,135.0 while 'Mongol Alt' /ERS/ company's share fell 27.67 percent to MNT 6,510.0.

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

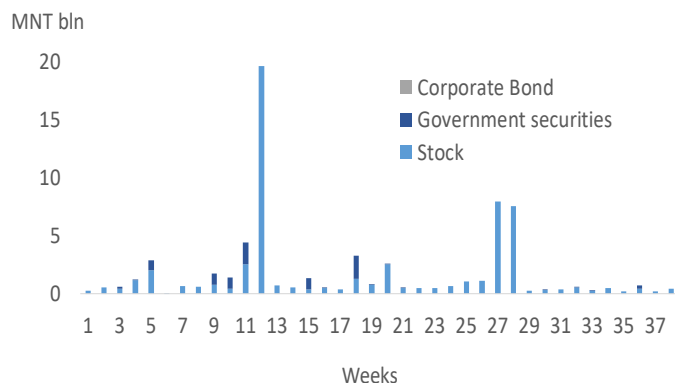
As of September 20, total market capitalization of MSE is MNT 2,488.6 billion. The TOP-20 index decreased by 2.52% to stand at 18,987.51 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



Source: Mongolian Stock Exchange

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	447.1
Market Capitalization	2,488,601.5

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	18,987.51	-2.52% ▼
MSE I Index	8,880.51	-1.19% ▼
MSE II Index	7,454.85	-2.10% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Financial Group	158,726	221,526,348
Gobi	345,347	97,945,343
APU	51,624	25,990,427
Tavantolgoi	2,431	15,870,645
Tumen Shuvuut	83,185	13,396,284

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Sor	1,135.00	14.76% ▲
Darkhan Khuvun	9,500.00	11.76% ▲
Remicon	25.00	11.11% ▲
Khukh Gan	70.00	10.24% ▲
Shivee Ovoo	2,494.00	5.01% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Mongol Alt	6,510.00	-27.67% ▼
Arig Gal	3,000.00	-14.29% ▼
Mongol Shiltgeen	270.00	-13.18% ▼
Makhimpex	2,250.00	-12.35% ▼
Suu	181.56	-8.18% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	471,184,931
BDSec	148,603,826
Golomt Capital	64,757,697
Standart Investment	50,557,321
Bumbat-Altai	29,544,099

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	504.12	536,475
Tavan Tolgoi	6,485.00	341,534
MIK Holding	13,700.00	283,718
Gobi	284.01	221,560
Invescore NBFI	2,000.00	143,456

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 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	paid on 2019.06.14
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	paid on 2019.05.27
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	from 2019.04.11
18	APU	APU	57,851.7	48,952.4	84.6%	46.0	2019.02.19	2019.04.04	paid on 2019.05.20
19	AIC	Ard Insurance	1,263.4	631.8	50.0%	25.3	2019.02.19	2019.03.15	paid on 2019.06.17
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	paid on 2019.07.19
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	paid on 2019.07.26
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	paid on 2019.06.11
31	EER	Arig Gal	449.3	109.4	24.3%	32.5	2019.04.26	2019.03.27	within 2019.09.30
32	HRM	Hermes Center	481.3	447.7	93.0%	5.7	2019.08.15	2019.09.02	from 2019.09.12
32	SUU	Suu	5,706.4	1,143.4	20.0%	3.3	2019.09.09	2019.04.05	from 2019.09.09

CAPITAL MARKET NEWS

“Monos Khuns” JSC established a Strategy and Business development committee

“Monos Khuns” JSC /MSE:MFC/, a company that went public earlier this year, has established committees beside the Board of Directors.

The company combined the Audit committee and the Nomination and Remuneration Committee in accordance with Company law of Mongolia and has established a Strategy and Business development committee.

Mr. Anand Kh was elected as the director of the committee and Mr. Gantulga B and Mr. Chinzorig Ch were elected as the board’s independent members.

Source: MarketInfo.mn

FRC’s 14th regular meeting took place

FRC’s 14th regular meeting of 2019 took place which resolved 14 issues.

During the meeting “MIDAC” LLC’s license for investment management activities, “Apex Capital SC” LLC’s license for foreign securities markets’ trade intermediary activities, “Ikh Agdir” LLC’s license for NBFi’s credit activities were granted. The decision to assign managing authorities of some securities companies, change in the amount of equity, issue additional licenses we made and 1 securities company’s special license was terminated.

Source: Financial Regulatory Commission



“APU” JSC’s market capitalization decreased by MNT 151.9 billion

“APU” JSC’s /MSE:APU/, the company with the largest market capitalization, stock price fell by 22% since the start of 2019. This is considered to be a large decrease among companies in the TOP 20 index and among the companies listed on the MSE’s classification I.

At the start of this year, the company’s market capitalization was at MNT 687.2 billion and as of September 19, 2019 the company’s market capitalization is at MNT 535.3 billion which is a decrease of MNT 151.9 billion.

Compared to the financial performance on the first half of 2018, the company’s revenue increased while the net profit decreased by MNT 4.5 billion, additionally the decrease of trade activity in the capital market was the main reasons for this decrease.

It should be noted that even though the stock price is falling, due to the slim investment possibilities of the capital market for new participants, the company’s number of shareholders have increased. To be precise, “APU” JSC’s number of shareholders increased by 7.4% surpassing 6000.

Source: MarketInfo.mn

Erdenes-Tavantolgoi granted ISO certifications

Within the integrated management system “Erdenes-Tavantolgoi” JSC introduced international ISO 9001, 14001 and 45001 standards to their operations. On September 18, 2019 representatives of “Erdenes-Tavantolgoi” JSC, Mr. Batsaikhan Bekhbaatar /Director of business management/ and Mr.Erdenekhuyag Navaandemberal-/Branch director/ are obtaining the certification in ISO standards, awarded by Mrs. Myriam Augereau-Landais Director of International business at the AFNOR group headquarter in Paris.

In preparation on comprehensive development of the Tavantolgoi deposit and preparation to conduct an IPO by selling up to 30% of the company’s shares on the international and domestic stock markets since 2017, company started preparation work for the implementation of standards, as ISO 9001: 2015 Quality management, ISO 45001: 2018 Occupational Health and Safety management and ISO 14001: 2015 Environmental management.

In consultation with “MonCertf” LLC, ETT established a working group with an international consultant of the “AFNOR” group, which conducted a preliminary audit to verify standards.

The introduction of ISO in the company’s operation creates a unified management system to ensure product quality, increase customer satisfaction, monitor and manage occupational safety, hygiene and environmental protection.

Source: Montsame.mn

“Erdene resource development corporation” JSC commences drilling program at the khundii gold project

“Erdene Resource Development Corporation” JSC (TSX:ERD; MSE:ERDN) (“Erdene” or the “Company”) has announced the commencement of the second phase of the 2019 drill program at its 100%-owned Khundii Gold Project. “The current drill program will follow up on our Q2 2019 program, which discovered high-grade gold in a previously untested area of the Bayan Khundii deposit and intersected 112 metres grading 5.9 g/t gold at Midfield, confirming the continuity of high-grade mineralization from near surface in the heart of the Bayan Khundii deposit,” said Peter Akerley, Erdene’s President and CEO.

Source: Mongolian Stock Exchange

“Ard Credit NBFi” JSC has published its report of expenditure of capital raised from the public offering

“Ard Credit NBFi” JSC, a company that was listed on the MSE in 2019 which raised MNT 5.2 billion, has published its’ report of expense as of September 13, 2019. The report stated:

- Loans issued: MNT 4.9 billion;
- Marketing expenditure: MNT 205.5 million;
- Fees and commissions to professional agencies: MNT 276.5 million;
- Expense on leaflets: MNT 54.4 million

Source: Mongolian Stock Exchange

COMMODITY MARKET NEWS

Prime Minister works in Selenge aimag to check on crop harvesting works

Last weekend, Prime Minister of Mongolia U.Khurelsukh worked in Selenge aimag, a region of agricultural breadbasket. During his working trip, the head of the government got acquainted with the harvesting of 'Agro Shim' LLC in Orkhontuul sum and the field, B.Khadbaatar, the leading farmer of Orkhon sum, and irrigation system of 'Norbu Agko' LLC in Baruuburen sum.

Then, he handed over high-capacity combine harvesters bought with soft loan of Vnesheconombank of Russian Federation to local farmers. Prime Minister U.Khurelsukh was accompanied with Minister of Food, Agriculture and Light Industry Ch.Ulaan, Head of the Parliamentary Standing Committee on Environment, Food and Agriculture.

The officials also visited Ughtaalsaidam soum of Selenge aimag, where 1,800 ha land has been sown with wheat, 142 ha with forage and 50 ha with oil plants. During the meeting with the PM, local farmers noted about the lack of workforce and put forward a request to increase the number of military personnel in harvesting works and involve students as well.

It has been reported that a total of 512.0 ha land was sown countrywide, including 364.8 thousand land was planted with grains, of which 340.1 thousand ha was wheat, as well as 14.8 thousand ha was sown with potato, 8.0 thousand ha with vegetables, 82.4 thousand ha with oil plants, 42.0 thousand ha with fodder plants. According to preliminary harvest balance, it is expected to harvest 441.9 thousand tons of crops of which 420.0 thousand tons of wheat; 176.8 thousand tons of potatoes, 91.2 thousand tons of vegetables, 38.0 thousand tons of oil plants and 80.4 thousand tons of fodder plants.

As reported by the Minister of Food, Agriculture and Light Industry, the crop growth is under normal condition nationwide, however, in some northern areas of the country, the crop yields are expected to be slightly lower because of extreme heat and drought. Regardless of the given situation, the Minister pledges to ensure uninterrupted harvesting for compliance with weather forecast and technical advisories to fully supply the domestic demands of wheat.

Thanking the farmers who are working hard during this harvesting season, Prime Minister U.Khurelsukh informed that the wheat incentive was increased by double to reach MNT 100 thousand per ton as per requests by the farmers with a view to maintain stable price of flour, the strategic food product and to improve the wheat supply.

Source: Montsame.mn



Development Bank issuing loans not less than MNT 20 billion

Open Door Days, an event to present current activities of the government of Mongolia to the public is being held on 16-27 September at the central square. On the first day of the event, the Development Bank of Mongolia, responsible for building sources of capital to finance large-scale projects and programs for Mongolia's development, organized its presentation to give update on its operations, projects and programs presently underway, and loans and financing activities. On this day, the information booth of the Development Bank at the Sukhbaatar Square provided information and services related to loan and financing to more than 150 visitors.

The bank CEO H.Amartuvshin informed that the Development Bank is currently working on upcoming loan programs including the government's wool and cashmere program for 2020 to be announced within this month and export support program. He denied the information that the Development Bank has temporarily stopped issuing loans. "We are still issuing loans, currently having a loan package of MNT2.7 trillion. The minimum loan amount issued from the Development Bank is MNT 20 billion and amounts lower than that are being issued through commercial banks within the concerned program.

The Development Bank of Mongolia, a policy bank directed at giving support in achieving sustainable economic growth of Mongolia and introducing financial solutions to promote value-added production, has been continuously financing infrastructural, energy, agricultural and mining projects and programs that play significant roles in the national development. In addition to financing non-export projects that satisfy the corresponding requirements, the Development Bank is willing to fund projects and programs that would make immediate impacts on the livelihood of the Mongolian population, such as building oil refineries, and projects related to the reduction of air and soil pollution.

Source: Montsame.mn

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