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MACROECONOMIC UPDATE OF MONGOLIA

World Bank's East Asia and Pacific Economic Update introduced

Weathering Growing Risks, the October 2019 edition of the World Bank's East Asia and Pacific Economic Update, released today, was introduced at the press conference at World Bank Mongolia Office in Ulaanbaatar.

At the press conference, World Bank's Country Manager for Mongolia Andrei Mikhnev, Senior Economist for Mongolia Jean-Pascal N.Nganou and economist B.Davaadalai gave information and answered to the questions of journalists.

The economic update reads that growth in developing East Asian and Pacific economies is expected to slow from 6.3 percent in 2018 to 5.8 percent in 2019 and to 5.7 and 5.6 percent in 2020 and 2021, respectively, reflecting a broad-based decline in export growth and manufacturing activity.

In Mongolia, growth momentum has continued in the first half of 2019, as GDP rose to 7.3 percent from 6.8 percent in 2018. This robust performance has largely been supported by a strong coal sector and increased private investment. In addition, improved market confidence following the continuous support from multilateral banks as part of a \$5.5 billion multi-donor support package, skillful management of the macroeconomy, especially on the fiscal side, and steady progress on structural reforms contributed to the strong performance. In the near to medium term, the country's growth outlook remains positive. However, the report cautions of the risks including political uncertainty, commodity price shocks, cross-border bottlenecks, implementation delay mega projects and slower implementation of banking sector reforms.

"As growth slows, so does the rate of poverty reduction," said Victoria Kwakwa, World Bank Vice President for East Asia and the Pacific. "We now estimate that almost a quarter of the population of developing East Asia and the Pacific lives below the upper-middle-income poverty line of US\$5.50 a day. This includes nearly 7 million more people than we projected in April, when regional growth was looking more robust.

The report makes clear that increasing trade tensions pose a long-term threat to regional growth. While some countries have hoped to benefit from a reconfiguration of the global trade landscape, the inflexibility of global value chains limits the upside for countries in the region in the near term.

To weather growing risks, the report recommends that countries with sufficient policy space use fiscal and/or monetary measures to help stimulate their economies, while guarding fiscal and debt sustainability. Countries in the region will also benefit from staying the course on trade openness and by deepening regional trade integration.

The ongoing US-China trade dispute, along with slowing global growth, also increase the need for countries in the region to undertake reforms to improve their productivity and boost growth. This includes regulatory reforms that improve the trade and investment climate to attract investment and facilitate the movement of goods, technology, and know-how.

Source: World Bank

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,001.36	-0.94% ▼
Dow Jones	USA	26,816.59	0.91% ▲
S&P 500	USA	2,970.27	0.62% ▲
Nasdaq	USA	8,057.04	0.93% ▲
S&P/TSX	Canada	16,415.16	-0.21% ▼
FTSE 100	GB	7,247.08	1.28% ▲
S&P/ASX 200	Australia	6,606.80	1.38% ▲
Nikkei 225	Japan	21,798.87	1.82% ▲
Hang Seng	Hong Kong	26,308.44	1.89% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.27
Mongol 2023 (Gerege)	USD	5.625%	101.56
Mongol 2022 (Chinggis)	USD	5.125%	100.50
Mongol 2021 (Mazalai)	USD	10.875%	109.06
DBM' 23 (Samurai)	JPY	1.520%	103.98
DBM' 2023	USD	7.250%	104.62
TDBM' 2020	USD	9.375%	102.54
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.26

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.914	-0.06 ▼
Libor 3M	2.000	-0.03 ▼
Libor 6M	1.976	0.02 ▲
Libor 1YR	1.956	0.10 ▲
US 2YR Bond	1.591	0.21 ▲
US 3YR Bond	1.565	0.23 ▲
US 5YR Bond	1.554	0.23 ▲
US 10YR Bond	1.729	0.22 ▲

EXCHANGE RATES

Against MNT	2019.10.11	Change /w/
USD	2,670.53	0.11% ▲
CNY	377.86	1.25% ▲
EUR	2,942.39	0.77% ▲
RUB	41.47	1.25% ▲
KRW	2.25	1.81% ▲
JPY	24.68	-0.80% ▼
CAD	2,021.14	0.95% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,489.01	-1.04% ▼
Silver /spot/	USD/t oz.	17.54	-0.04% ▼
Copper	USD/lb.	262.80	2.56% ▲
Coal	USD/MT	68.43	1.65% ▲
Crude Oil WTI	USD/bbl.	54.70	3.57% ▲
Crude Oil Brent	USD/bbl.	60.51	3.67% ▲

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' 744,047 shares worth MNT 221.2 million were traded in the secondary market.

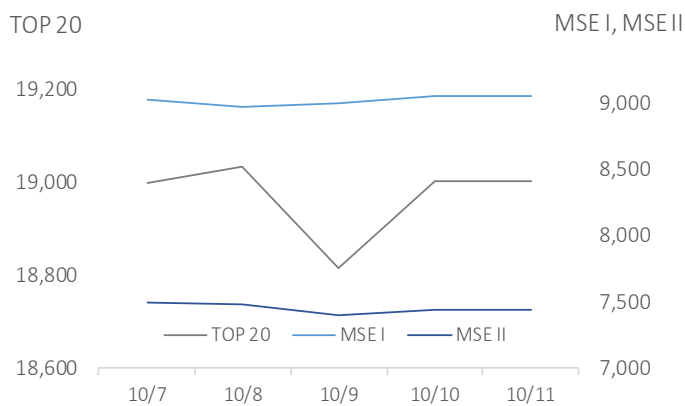
'Autoimpex' /AOI/ company's share rose 11.30% percent to MNT 1,725.0 while 'Standard Property Group' /BBD/ company's share fell 26.23 percent to MNT 1,271.0.

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

On the secondary market trading of Government securities, 1 unit of securities were traded for MNT 0.1 million

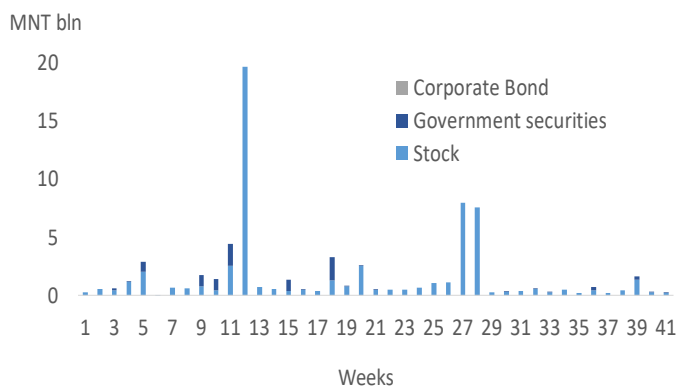
As of October 11, total market capitalization of MSE is MNT 2,493.1 billion. The TOP-20 index decreased by 0.94% to stand at 19,001.36 units.

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	221.2
Market Capitalization	2,493,074.3

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,001.36	-0.94% ▼
MSE I Index	9,040.52	0.15% ▲
MSE II Index	7,436.99	-1.26% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Invescore NBFI	38,719	74,463,292
Gobi	173,271	47,907,824
Tavantolgoi	3,390	22,034,365
APU	27,279	13,950,125
Monos Khuns	206,910	12,129,487

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Autoimpex	1,920.00	11.30% ▲
Monos Khuns	64.40	7.35% ▲
Itools	83.00	6.41% ▲
Baganuur	1,001.00	4.82% ▲
BDSec	880.00	3.04% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Standard Property Group	106.97	-26.23% ▼
Frontier Land Group	175.00	-12.50% ▼
Mon It Buligar	7,200.00	-10.00% ▼
Telecom Mongolia	405.00	-10.00% ▼
Arig Gal	3,300.00	-8.33% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Invescore Capital	89,809,871
Ard Securities	50,254,940
TDB Capital	47,986,010
BDSec	41,332,882
Bumbat-Altai	34,547,458

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	526.36	560,143
Tavan Tolgoi	6,490.00	341,797
MIK Holding	14,390.00	298,007
Gobi	278.13	216,973
Invescore NBFI	2,017.00	144,675

GOVERNMENT SECURITY TRADING

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	1	101,000	101,000	101,000	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 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	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
33	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

Erdenes Tavantolgoi: will start a campaign called "Citizen with saving and stocks"

"Erdenes Tavantolgoi" JSC, a company which is owned by two third of Mongolia's population, will start a campaign to educate its shareholders and the public about the basics of the capital market.

In the scope of the campaign, the company will go to 21 provinces' 330 sums and inform citizens the basics of stocks, capital market and open securities accounts.

Source: MarketInfo.mn



The top 10 cheapest stocks traded on the MSE.

There are 198 companies traded on the MSE and the market price per share varies greatly.

Below are stocks with the lowest market price. When a stock is bought, the buyer is considered an investor or a shareholder and will be able to exercise all legal rights including receiving dividends, participating in the annual general meetings and voting rights.

Ticker BAJ 3.0₮ last traded /2000.09.29/	Ticker JGL 10.0₮ last traded /2006.04.25/	Ticker TAL 15.87₮ last traded /2018.05.02/	Ticker HUN 20.0₮ last traded /2005.04.13/	Ticker TLP 20.0₮ last traded /2006.12.18/
Ticker MRX 20.0₮ last traded /2019.09.30/	Ticker IHN 20.0₮ last traded /2013.10.15/	Ticker RMC 24.11₮ last traded /2019.10.09/	Ticker ULZ 30.0₮ last traded /2007.11.22/	Ticker LEND 48.99₮ last traded /2019.10.11/

Source: MarketInfo.mn

Beginners' classes on the basics of securities market will begin on 21 October, 2019.

In order to educate the public, the MSE organizes a monthly class. The class of this month will start on 21 October, 2019 at 14:00. The class will be organized in MSE's study hall between Monday and Friday. Professionals and authorities working in the securities market will teach the classes in both theoretical and practical ways.

Registration: Online and on the MSE

Contact: 11-313747 /3312/, 11-313747 /3316/

Source: Mongolian Stock Exchange



Atar Urguu: "Tavan Bogd Trade" LLC and "Ulaanbaatar Guril" LLC's voting rights have been terminated.

The Court has decided to terminate the voting rights of "Tavan Bogd Trade" LLC, a company that has bought 69,425 shares or 39.9% of "Atar Urguu" LLC /MSE: ATR/ in December, 2017, and "Ulaanbaatar Guril" LLC.

Specifically, the FRC announced that the Supreme Court of Mongolia has passed the resolution. In other words, the court decided that claim made by Beren Group was valid.

Previously, there has been news about the company not organizing its AGM for the last 2 years.

Source: MarketInfo.mn

Bayalag Sumber: The new major shareholder has restructured the board

"Bayalag Sumber" /MSE: BAJ/ JSC's 89.6% of shares have been recently bought by a citizen of Vanuatu, Yeh Montgomer.

The company is to hold its shareholders' extraordinary meeting on November 18, 2019. The main agenda of the meeting will be elect new members to the board. In other words, the new investor of the company is forming the company's directing authorities.

Source: MarketInfo.mn

COMMODITY MARKET NEWS

Total foreign trade turnover increases by 9.5 percent

In the first 9 months of 2019, Mongolia traded with 145 countries from all over the world and total trade turnover reached USD 10.5 billion, of which USD 5.9 billion were exports and USD 4.6 billion were imports.

In September 2019, exports and imports reached to USD 559.0 million and USD 507.5 million, respectively. Compared to the previous month, exports decreased by USD 256.6 million and imports decreased by USD 76.5 million. Total foreign trade turnover increased by USD 911.0 (9.5%) million, of which exports increased by USD 663.3 million (12.6%) and imports increased by USD 247.8 million (5.7%) compared to the same period of previous year.

In the first 9 months of 2019, foreign trade surplus reached USD 1.3 billion, which increased by USD 415.5 million from USD 931.7 million in the same period of 2018. In September 2019, foreign trade surplus reached to USD 51.4 million. Compared to the previous month, foreign trade surplus decreased by USD 180.2 million.

The 663.3 million increase in exports from the same period of previous year was due to the increases of USD 312.5 million in bituminous coal and USD 199.8 million in gold, unwrought or in semi-manufactured forms exports.

The USD 247.8 million increase in imports from the same period of previous year was mainly due to USD 40.9 million increase in mineral products imports, especially, USD 93.6 million increase in diesel imports and USD 179.8 million increase in transport vehicles and its spare parts.

Exports of mineral products, textiles and textile articles, natural or cultured stones, precious metals jewelry made up 95.8 percent of total export. On the other hand, 68.3 percent of imports was mineral products, machinery, equipment, electric appliances, transport vehicle and its spare parts and food products.

Source: National Statistics Office of Mongolia

Mongolia and Kazakhstan to jointly build gold and silver refining plant

Mongolia and Kazakhstan established an agreement on building and commissioning a gold and silver refining plant during a Mongolia-Kazakhstan Business Forum held on October 11 in Nur-Sultan, Kazakhstan. The Kazakhstan side will introduce its technology of gold and silver refining into Mongolia free of charge. The patent costs USD 30 million.

Minister of Mining and Heavy Industry D.Sumiyabazar said "The Kazakhstan side will render support on technology and human resource to build and operate the plant. In connection with commissioning the plant, we are preparing to submit a draft law on Precious Stones and Metals. By adopting the law, conditions will be created for not only processing gold and silver at home but also promoting jewelry manufacturing."

The gold and silver refining plant will be erected with USD 81.7 million and will process seven to eight types of other elements besides refining 25 tons of gold and 50 tons of silver a year.

Eight cooperation agreements and memorandums worth about USD 200 million were signed during the Mongolia-Kazakhstan Business Forum.

Chairman of the Mongolian National Chamber of Commerce and Industry O.Amartuvshin said that the parties signed agreements on collaborating in mining, transport and logistics, agriculture and medical technology fields. "Furthermore, we are opening a short path to export products to Europe and the Middle East, operating direct flight from Mongolia to Kazakhstan and developing air cargo. It enables to deliver agricultural products especially mutton by air transport to the countries of the Middle East passing through Kazakhstan. In addition, refining gold at home will bring many advantages.

Source: Montsame.mn

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