

WEEKLY MARKET UPDATE

2019.10.28 - 11.01

MACROECONOMIC UPDATE OF MONGOLIA

Ch.Ulaan: Special attention to be paid on developing specialized export consulting service

To develop food, agriculture and light industry sectors which are important part of Government's three-pillar development policy, 'Mongol Export' program will be implemented at stages, underlined Minister Ch.Ulaan in his opening speech at Export Mongolia-2019, the First International Business Forum kicked off today at Corporate Convention Center.

"By implementing the program favorable conditions will be created for investment and manufacturing of non-mining export products. We are working towards it. We also expect that the contribution of agricultural processing industry will be augmented to the total export of Mongolia with increased export income of the sector through increasing types of value added export products and raising competitiveness of goods. Mongolia's total foreign trade turnover reached USD 12.9 billion last year, of which USD 7 billion was export and USD 5.9 billion was import. Among them, export of ready-made garment and textile products has been upped by 21.7 percent from the previous year, animal-origin products by 6.8 percent and food products by 5.5 percent respectively and it indicates possibilities of increasing export of value added products."

Then the Minister said that the Parliament adopted SME law and the Government defined SME development program, policy and priorities while the MFALI approved a regulation on selecting projects to be provided with long term, soft loans from the SME Development Fund. "Various regulations and coordination were reflected in these policy papers in directions of export promotion. Further, we will pay special attention on supporting small and medium enterprises through non-financial ways, developing specialized export consulting service and creating export-oriented products and services.

The Export Mongolia 2019 Forum is being held under the motto 'One policy, One window and One prosperity' targeting to implement programs adopted by the Government, attract foreign investors, expand foreign relations and cooperation in export as well as promote export-oriented products and service at global market.

Being co-organized by government and non-government organizations such as the MFALI, SME Development Fund, the Ministry of Foreign Affairs, the National Development Agency, the Council on Mongolian National Brand and Export International Trading Center, the first business forum is running for two days and more than 350 private enterprises and over 1000 delegation of foreign and domestic entities are taking part.

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,331.17	1.13% ▲
Dow Jones	USA	27,347.36	1.44% ▲
S&P 500	USA	3,066.91	1.47% ▲
Nasdaq	USA	8,386.40	1.74% ▲
S&P/TSX	Canada	16,594.07	1.16% ▲
FTSE 100	GB	7,302.42	-0.30% ▼
S&P/ASX 200	Australia	6,669.10	-1.04% ▼
Nikkei 225	Japan	22,850.77	0.22% ▲
Hang Seng	Hong Kong	27,100.76	1.63% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	113.53
Mongol 2023 (Gerege)	USD	5.625%	102.81
Mongol 2022 (Chinggis)	USD	5.125%	101.80
Mongol 2021 (Mazalai)	USD	10.875%	109.85
DBM' 23 (Samurai)	JPY	1.520%	103.81
DBM' 2023	USD	7.250%	105.23
TDBM' 2020	USD	9.375%	102.58
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.63

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.850	-0.03 ▼
Libor 3M	1.950	-0.04 ▼
Libor 6M	1.950	-0.03 ▼
Libor 1YR	1.980	-0.03 ▼
US 2YR Bond	1.592	-0.04 ▼
US 3YR Bond	1.574	-0.04 ▼
US 5YR Bond	1.583	-0.05 ▼
US 10YR Bond	1.778	-0.05 ▼

EXCHANGE RATES

Against MNT	2019.11.01	Change /w/
USD	2,685.97	0.56% ▲
CNY	379.81	1.02% ▲
EUR	2,985.86	0.97% ▲
RUB	41.99	0.45% ▲
KRW	2.29	1.31% ▲
JPY	24.73	1.17% ▲
CAD	2,056.32	-0.11% ▼

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,514.34	0.65% ▲
Silver /spot/	USD/t oz.	18.13	0.50% ▲
Copper	USD/lb.	265.30	-0.84% ▼
Coal	USD/MT	69.95	3.32% ▲
Crude Oil WTI	USD/bbl.	56.20	-0.81% ▼
Crude Oil Brent	USD/bbl.	61.69	-0.53% ▼

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. IX	9.00%
Policy Rate	2019. IX	11.00%
Interbank Rate	2019. IX	11.12%
Deposit Interest Rate /MNT/	2019. IX	11.37%
Deposit Interest Rate /Foreign currency/	2019. IX	4.95%
Loan Interest Rate /MNT/	2019. IX	16.91%
Loan Interest Rate /Foreign currency/	2019. IX	10.76%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

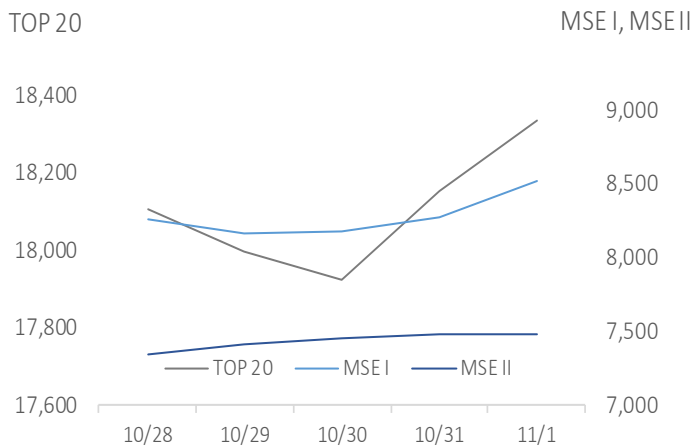
In this week, a total of 45 companies' 3,088,342 shares worth MNT 5,233.8 million were traded in the secondary market.

'Ulsyn Ikh Delguur' /UID/ company's share rose 16.91% percent to MNT 1,300.0 while 'Standard Property Group' /BBD/ company's share fell 14.93 percent to MNT 91.0.

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

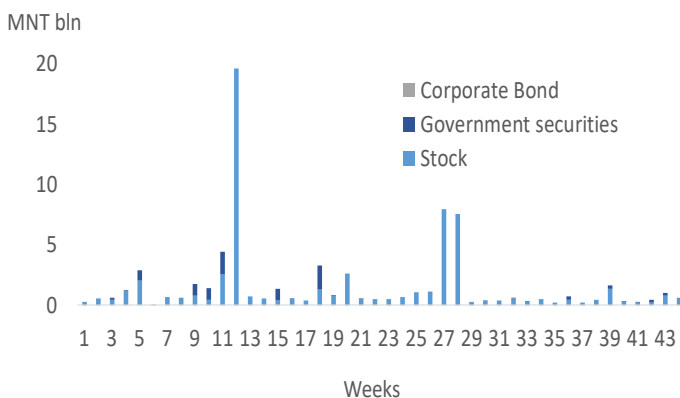
As of November 1, total market capitalization of MSE is MNT 2,445.9 billion. The TOP-20 index increased by 1.13% to stand at 18,331.17 units.

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	5,233.8
Market Capitalization	2,445,918.9

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	18,331.17	1.13% ▲
MSE I Index	8,512.28	3.17% ▲
MSE II Index	7,480.01	1.23% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Atar-Urguu	76,713	4,618,122,600
Ard Financial Group	136,615	204,524,854
Ard Credit NBFI	1,725,740	133,167,610
Gobi	183,546	48,692,095
Ard Daatgal	583,403	38,433,499

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Ulsyn Ikh Delguur	1,300.00	16.91% ▲
Darkhan Guril Tejeel	2,111.00	14.98% ▲
Khukh Gan	72.00	12.50% ▲
Makhinpex	2,499.00	12.16% ▲
MIK Holding	12,220.00	11.09% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Standard Property Group	91.00	-14.93% ▼
Teever Darkhan	7,500.00	-14.77% ▼
Itools	71.11	-9.87% ▼
Lendmn NBFI	42.34	-6.04% ▼
Gobi	266.61	-1.98% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
BDSec	9,126,110,479
Ard Securities	660,033,612
Standard Investment	162,421,182
Bumbat-Altai	130,148,080
Golomt Capital	107,443,320

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	504.95	537,358
Tavan Tolgoi	6,550.00	344,957
MIK Holding	12,220.00	253,068
Gobi	266.61	207,986
Invescore NBFI	2,097.00	150,413

GOVERNMENT SECURITY TRADING

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
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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	paid on 2019.10.21
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	paid on 2019.09.18
33	SUU	Suu	5,706.4	1,143.4	20.0%	3.3	2019.09.09	2019.04.05	paid on 2019.10.24

CAPITAL MARKET NEWS

In frame of the “Capital market promotion month” campaign, trade commission has been reduced to 0.9%

One of the leading companies in Mongolia’s capital market, “TDB Capital SC” LLC, welcoming the 9th year anniversary of the commencement of operations in Mongolian capital market has announced November as “Capital market promotion month” to contribute to the stable development of the market, increase the public’s knowledge about the capital market and increase market participation.



In frame of the campaign, the company is decreasing its commission to 0.9% for equity trades for 3 months. The incentive will be applicable to new clients that open their accounts in November. Additionally, the company is offering capital market training free of charge to its clients, “TDB Capital SC” LLC has initiated many efforts to contribute to the development of domestic capital market, creating the first online trading system with direct connection to the Mongolian Stock Exchanges, allowing its clients to have the fastest trading experience with no delay, manage securities account remotely and have constant reports from professionals working in the field.

Source: TDB Capital SC

“Invescore NBF1” JSC has published its operational and financial report of the third quarter of 2019

“Invescore NBF1” JSC /MSE: LEND/, a company which provides financial services, has published its operational and financial reports of the third quarter of 2019 on the website of the Mongolian Stock Exchange.

As of 30 September, 2019, “Invescore NBF1” JSC has operated with a revenue of MNT 10.8 billion and a net profit of MNT 5.3 billion.

As of 1 November, 2019, the company’s shares are listed on tier III of the MSE with the closing price of MNT 2,097.0.

Source: TDB Capital SC

Shares of “Atar-Urguu” JSC traded by tender offer

According to the provision 22.1.1 of the Securities Market Law which states that an offer to purchase the shares of a company shall be made by a shareholder of the company alone or together with its connected persons, or else a person that is not a shareholder, making an offer for the purchase of all or more than a controlling block of the shares of the company on a voluntary basis, “Tavan Bogd Invest” LLC has made an offer to purchase the whole common shares or 174,136 shares of “Atar Urguu” JSC, a Tier 2 company of MSE and offering price was MNT 60,200 for per share.

A tender offer to buy shares were continued between 26th of September to 1:00 pm of 31st of October 2019 and 76,713 shares of “Atar-Urguu” JSC traded by tender offer at MNT 4.6 billion which is 44% of the company’s total share.

Source: TDB Capital SC

The FRC is working together with JICA in order to develop the corporate bond market

With joint effort from the FRC and JICA “Phase II of the project for capacity building of capital market in Mongolia” is being implemented from March 2019.

Mrs.Davaasuren, Chairman of the Financial Regulatory Commission met with the project consultant to intensify the development of the corporate bond market and improve the market legal environment.

Source: Financial Regulatory Commission

Announcement of shareholders’ meeting by “Frontier Land Group” JSC

“Frontier Land Group” JSC /MSE: MDR/, a company listed on tier II of the MSE, has announced that the company will hold its shareholders’ meeting on December 9, 2019.

On this meeting, the shareholders will discuss changes to the company’s operations and future action plans, large-scale and conflict-of-interest transactions, and repurchase of shares.

In respect of the issue of repurchase of shares, the company has submitted a proposal to buy its shares from “BDSec” JSC (MSE: BDS), which owns 2,095,891 shares of the company.

Frontier Group is currently in the real estate management and leasing sector and currently the company is leasing its office, service area and apartment in Ulaanbaatar.

In August the board changed its executive management and O.Amartuvshin was appointed CEO.

Source: MarketInfo.mn

COMMODITY MARKET NEWS

“Erdene Resource Development Corporation” JSC appoints Hedley Widdup to its board of directors

“Erdene Resource Development Corporation” JSC (TSX:ERD | MSE:ERDN) (“Erdene” or the “Company”) has announced the appointment of Hedley Widdup to the Company’s Board of Directors. Mr. Widdup is an Executive Director of Lion Manager Pty and will serve as a non-executive, independent member of the Erdene board.

“We are delighted to welcome Hedley to our Board. He brings with him almost 20 years of mining industry experience, between time spent as a mining geologist at several large Australian mines across a variety of commodities and later as an investment manager at Lion Selection Group, a Melbourne based mining investment fund,” said Erdene’s Chairman, Layton Croft. “We believe that his mining and financing experience with companies transitioning to mining will be a significant asset to the Company as we develop our Khundii Gold Project.”

Hedley was part of the mine geology teams at the Mt Keith Nickel Mine (WA), Olympic Dam Copper-Uranium Mine (SA), Black Star Open cut zinc project, which is a part of the Mt Isa Mining complex (Qld), and St Ives Gold Mine (WA). He joined the investment team at Lion Selection Group in 2007 and has worked across the investment and investor relations functions. Lion Selection Group is a development-oriented mining fund based in Melbourne, Australia, and has held a shareholding in Erdene for a number of years.

Hedley was educated in Australia, receiving a Degree in Geology with first class honours from the University of Melbourne (2000) before completing a Graduate Diploma in Applied Finance (2011). He is currently a non-executive Director of another of Lion’s investments, ASX listed EganStreet Resources (ASX:EGA), and is a shareholder and executive director of Lion Manager Pty Ltd the entity which provides investment services to Lion Selection Group.

Source: Erdene .com

Gold purchasing declines by 27 percent

As of first ten months of 2019, the gold purchase of the Bank of Mongolia (BoM) was 12.9 tons, which means the amount of gold purchase decreased by 4.9 tons or 27 percent compared with the same period of previous year.

In October, 2019 the BoM purchased 1.7 tons of gold in total, of which BoM branches in Darkhan-Uul and Bayankhongor aimags bought 51.8 kg and 58.7 kg gold respectively. The figure represents a fall of 1.7 tons as compared to the same period of previous year.

The average value of BoM’s purchase of 1 gram of gold was MNT 128,362.91 in October, 2019.

Source: Mongolbank



Grain cropping at 83.5 percent

As of October 25, 361.7 thousand tons of grain, of which 349.6 thousand tons of wheat have been cropped from 292.5 thousand hectares, 189.3 thousand tons of potato from 14.7 thousand hectares and 90.5 thousand tons of vegetables from 7.9 thousand hectares respectively. It means the nationwide grain harvesting is running at 83.5 percent, vegetables’ cropping at 94.7 percent and potato harvesting at 98.3 percent.

In spring, 512.0 thousand hectares were cultivated, including 364.8 thousand hectares for grain of which 340.0 thousand hectares were for wheat; 14.8 thousand hectares for potatoes, 8.0 thousand hectares for vegetables, 82.4 thousand hectares for oil plants and 42.0 thousand hectares for fodder plants, reported the Ministry of Food, Agriculture and Light Industry.

Source: Montsame.mn

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