

## WEEKLY MARKET UPDATE

2019.11.11 - 11.15

## MACROECONOMIC UPDATE OF MONGOLIA

### Economy grows 6.3 percent as service sector increases

As of first nine months of 2019, Mongolia's real GDP increased 6.5 percent, to MNT 13.7 trillion, according to the National Statistical Office (NSO). This was mainly due to increases in the service sector which accounted for 2.9 percentage points or 40 percent of the growth.

The mining sector growth made up about 1.5 percentage points or 24 percent of the GDP rise. Service sector includes trade, transportation, and communication sectors, which depend on the mining sector, showing that Mongolia's economy is still encouraged by the growth in mining. In terms of the largest mining companies' performance, "Erdenes Tavan Tolgoi" JSC exported 12.6 million tons of coal in the first 10 months and Energy Resource LLC 4.2 million tons of coal. Coal exports have reached 32.3 million tons, a 5 percent increase from the same period of last year. Thus, 524 national companies have supplied their products and services to "Oyu Tolgoi" (OT) LLC during the reporting period. OT spent USD 329 million on national procurement and the construction of Shaft 2 at the Oyu Tolgoi mine has been declared complete. The World Bank highlighted in its report in October, "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. 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." In addition to the main economic indicators, inflation has also declined. Consumer price index (CPI) at the national level, which increased 9 percent in September, rose 7.6 percent in October. In October 2019, a 5.1 percent increase in CPI from the end of the previous year was mainly due to increases in prices for meat and meat products by 27.4 percent and clothing, cloth and footwear for each group by 5.4 percent and alcoholic beverages, tobacco group by 2.7 percent, respectively. Meat prices have risen by 30 percent year on year, but have dropped by about 4 percent in October, compared to the previous month. However, the inflation rate in Ulaanbaatar is 8.5 percent, which exceeds the Bank of Mongolia (BoM)'s target.

**Source:** ZGM.mn

#### WORLD INDICES

| Index       | Country   | Last Price | Change /w/ |
|-------------|-----------|------------|------------|
| MSE TOP 20  | Mongolia  | 18,829.94  | 2.02% ▲    |
| Dow Jones   | USA       | 28,004.89  | 1.17% ▲    |
| S&P 500     | USA       | 3,120.46   | 0.89% ▲    |
| Nasdaq      | USA       | 8,540.83   | 0.77% ▲    |
| S&P/TSX     | Canada    | 17,028.47  | 0.89% ▲    |
| FTSE 100    | GB        | 7,302.94   | -0.77% ▼   |
| S&P/ASX 200 | Australia | 6,793.70   | 1.04% ▲    |
| Nikkei 225  | Japan     | 23,303.32  | -0.38% ▼   |
| Hang Seng   | Hong Kong | 26,326.66  | -5.46% ▼   |

#### MONGOLIA RELATED BONDS

| Issuer                  | Currency | Coupon  | Last Price |
|-------------------------|----------|---------|------------|
| Mongol 2024 (Khuraldai) | USD      | 8.750%  | 113.85     |
| Mongol 2023 (Gerege)    | USD      | 5.625%  | 103.38     |
| Mongol 2022 (Chinggis)  | USD      | 5.125%  | 102.59     |
| Mongol 2021 (Mazalai)   | USD      | 10.875% | 109.96     |
| DBM' 23 (Samurai)       | JPY      | 1.520%  | 103.45     |
| DBM' 2023               | USD      | 7.250%  | 105.41     |
| TDBM' 2020              | USD      | 9.375%  | 102.48     |
| MGMTGE' 2022 (Hoelun)   | USD      | 9.750%  | 97.84      |

#### MARKET RATES

| Rates        | Last  | Change /w/ |
|--------------|-------|------------|
| Libor 1M     | 1.733 | -0.03 ▼    |
| Libor 3M     | 1.900 | 0.00       |
| Libor 6M     | 1.920 | 0.00       |
| Libor 1YR    | 1.960 | -0.04 ▼    |
| US 2YR Bond  | 1.604 | -0.07 ▼    |
| US 3YR Bond  | 1.604 | -0.10 ▼    |
| US 5YR Bond  | 1.639 | -0.11 ▼    |
| US 10YR Bond | 1.826 | -0.12 ▼    |

#### EXCHANGE RATES

| Against MNT | 2019.11.15 | Change /w/ |
|-------------|------------|------------|
| USD         | 2,671.60   | -1.16% ▼   |
| CNY         | 377.44     | -2.47% ▼   |
| EUR         | 2,944.37   | -1.39% ▼   |
| RUB         | 41.57      | -1.96% ▼   |
| KRW         | 2.25       | -3.85% ▼   |
| JPY         | 24.66      | -0.28% ▼   |
| CAD         | 2,019.96   | -1.45% ▼   |

#### COMMODITY PRICE

| Commodity       | Unit      | Last Price | Change /w/ |
|-----------------|-----------|------------|------------|
| Gold /spot/     | USD/t oz. | 1,468.21   | 0.63% ▲    |
| Silver /spot/   | USD/t oz. | 16.96      | 0.89% ▲    |
| Copper          | USD/lb.   | 265.15     | -1.14% ▼   |
| Coal            | USD/MT    | 71.40      | 2.07% ▲    |
| Crude Oil WTI   | USD/bbl.  | 57.72      | 0.84% ▲    |
| Crude Oil Brent | USD/bbl.  | 63.30      | 1.26% ▲    |

#### 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 52 companies' 3,482,955 shares worth MNT 477.1 million were traded in the secondary market.

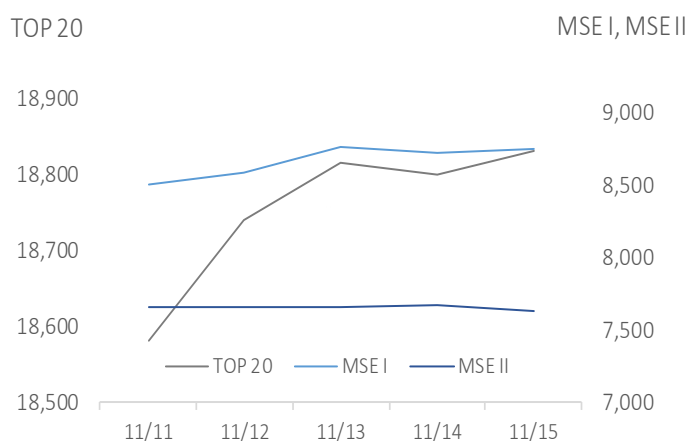
'Berkh-Uul' /BEU/ company's share rose 15.00% percent to MNT 690.0 while 'Ulsyn Ikh Delguur' /UYD/ company's share fell 20.00 percent to MNT 1,000.0.

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

On the secondary market trading of Government securities, 317 unit of securities were traded for MNT 32.0 million

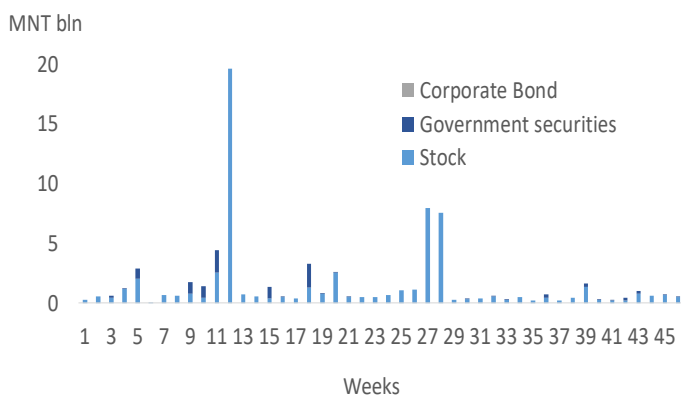
As of November 15, total market capitalization of MSE is MNT 2,517.0 billion. The TOP-20 index increased by 2.02% to stand at 18,829.94 units.

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           | 509.1                  |
| Market Capitalization | 2,517,039.5            |

### STOCK MARKET INDICES

| Index        | Last Price | Change /w/ |
|--------------|------------|------------|
| MSE Top 20   | 18,829.94  | 2.02% ▲    |
| MSE I Index  | 8,744.23   | 5.02% ▲    |
| MSE II Index | 7,620.77   | -0.56% ▼   |

### ACTIVELY TRADED SECURITIES

| Company             | Volume    | Turnover /MNT/ |
|---------------------|-----------|----------------|
| Ard Financial Group | 63,065    | 109,039,953    |
| Ard Credir NBFI     | 1,187,146 | 95,516,293     |
| APU                 | 97,852    | 54,022,662     |
| Remicon             | 1,021,253 | 30,437,498     |
| Suu                 | 124,502   | 25,208,444     |

### SECURITIES WITH MOST GROWTH

| Company             | Last Price /MNT/ | Change /w/ |
|---------------------|------------------|------------|
| Berkh-Uul           | 690.00           | 15.00% ▲   |
| Frontier Land Group | 230.00           | 15.00% ▲   |
| Monnoos             | 1,955.00         | 15.00% ▲   |
| Ikh Barilga         | 3,448.00         | 14.97% ▲   |
| Baganuur            | 1,199.00         | 12.69% ▲   |

### SECURITIES WITH MOST DECLINE

| Company           | Last Price /MNT/ | Change /w/ |
|-------------------|------------------|------------|
| Ulsyn Ikh Delguur | 1,000.00         | -20.00% ▼  |
| Agrotechimpex     | 800.00           | -19.96% ▼  |
| Durvun-Uul        | 775.00           | -13.89% ▼  |
| Mongol Nekhmel    | 2,100.00         | -12.50% ▼  |
| Mongol Ceramic    | 16,500.00        | -8.54% ▼   |

### MOST ACTIVE BROKERAGE FIRMS

| Company             | Trading amount /MNT/ |
|---------------------|----------------------|
| Ard Securities      | 409,621,787          |
| BDSec               | 150,398,836          |
| Golomt Capital      | 96,782,626           |
| Bumbat-Altai        | 76,503,633           |
| Standard Investment | 70,012,674           |

### COMPANIES WITH HIGHEST MARKET CAPITALIZATION

| Company        | Last Price /MNT/ | Market Cap. /MNT mln/ |
|----------------|------------------|-----------------------|
| APU            | 556.30           | 592,004               |
| Tavan Tolgoi   | 6,635.00         | 349,434               |
| MIK Holding    | 12,220.00        | 253,068               |
| Gobi           | 263.24           | 205,357               |
| Invescore NBFI | 2,109.00         | 151,274               |

## GOVERNMENT SECURITY TRADING

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     | 1,006,300      | 100,630       | 100,630       | 156   | 14.500%              |
| 2  | ZGEB-BD-20/06/20-A0260-15.14 | 307    | 30,970,160     | 100,880       | 100,880       | 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 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  | 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

### Announcement of offer to purchase shares of “Atar-Urguu” jsc

According to the provision 22.1.2 of the Securities Market Law which states that “an offer to purchase the shares of a company shall be made by who has alone, or together with its connected persons, purchased a controlling block of shares of a company, exercising its obligations specified in Article 57.1 of the Company Law of Mongolia”, “Tavan Bogd Invest” LLC has made an offer to purchase 55.95% or 97,423 shares of “Atar Urguu” JSC on the 13th of November 2019.

Offeror: ‘Tavan bogd invest’ LLC

Offering price: MNT60,200

Number of shares to purchase: 97,423

Starting date: November 13, 2019

Closing date: 1pm, December 16, 2019

Payment date: December 17, 2019

Share ownership of the offeror: 76,713 shares or 44.05 percent

Securities Company of the offeror: “BDSec” JSC / Contact: +976-75551919-04/

Address to receive an offer: 10th floor, Khan Bank tower, Chinggis Avenue-6, Stadium Orgil-1, Khan-Uul district, Ulaanbaatar 17010, Mongolia,

Tel: 976- 75112222.

E-mail address: invest@tavanbogd.com

**Source:** Mongolian Stock Exchange

### “Erdene Resource Development Corp” JSC provides third quarter financial and khundii gold project update

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) has announced its operating and financial results for the three and nine months ended September 30, 2019, and provided an update on its recently announced financing led by the European Bank for Reconstruction and Development.

- During the reporting period, the Company has accomplished the following results:
- Announced positive results of a NI 43-101 Technical Report led by Tetra Tech, Inc;
- Received the Bayan Khundii Mining License on August 5, 2019;
- Monitoring of environmental and social impact led by Sustainability East Asia;
- Completed an exploration and infill drill program on the Khundii mining license in September 2019;

- Concluded process water reserve drilling and testing;
- Initiated the Q4 2019 Exploration and Technical Program;
- Announced a C\$8 million financing led by the European Bank for Reconstruction and Development; and
- Recorded a net loss of \$638,379 for the three months ended September 30, 2019, compared to a net loss of \$743,484 for the comparative 2018 period;

**Source:** Mongolian Stock Exchange

### Registration procedure of unit right of investment fund has been ratified

“Registration procedure of unit right of closed-end mutual fund” which has been approved by Resolution No. 2019/07 on June 28, 2019 by the Board of Directors of the “Mongolian Stock Exchange” SOE has been ratified by the FRC’s Chairman’s Order No. 537 on November 13, 2019.

In recent years, new securities have been successful in the capital market, increasing the number of investors and market participation thus the emergence of market liquidity and stability have been a challenge. As a resolution there is a need to increase the participation of professional investors in this matter.

This regulation will allow professional investors, such as investment funds, the opportunity to register their unit right, commonly traded product on the international markets, on the exchange and thus will allow investors to trade their unit rights, diversify their risk and invest in portfolios.

From international practice, increasing the involvement of professional investors has shown that securities’ prices will be relatively realistic, result in low volatility, increases volume and positively impact the protection of small shareholders.

In the future, regulators and other professional organizations are working together to register the unit rights of open-end mutual funds and to create regulatory arrangements.

**Source:** Mongolian Stock Exchange

## COMMODITY MARKET NEWS

### Harvested potatoes increases by 13.5 percent than last year

According to National Statistics Office of Mongolia, 397.2 thousand tons of grain was harvested nationwide as of November 1. 189.2 thousand tons of potatoes, 91.1 thousand tons of vegetables were harvested as well as 1.1 million tons of hay, 39.6 thousand of fodder plant and 5.3 thousand tons of silage.

Harvested potatoes increased by 22.6 thousand tons or 13.5 percent compared with the same period of the previous year. Moreover, hay increased by 16.8 thousand tons, fodder plant by 3.1 thousand tons, silage 0.8 thousand tons this year. As for the grains, it decreased by 18.9 thousand tons and vegetable harvesting also decreased by 3.9 thousand tons.

Dornod, Khuvsgul, Uvs, Bulgan, Tuv and Selenge aimags made up 87.9 percent of total harvested grain, Darkhan-Uul, Khovd, Selenge, Tuv made up 81.6 percent of potatoes while Ulaanbaatar, Khovd, Darkhan-Uul, Tuv, Selenge made up 76.7 percent of vegetables.

**Source:** Montsame.mn

### Proposal to cooperate in agriculture put forward

On November 14, State Secretary of the Ministry of Foreign Affairs D.Davaasuren met with Mika Vepsäläinen, Chief of Market Access Section, Economic Cooperation and Trade Division, United Nations Economic Commission for Europe (UNECE) and Liliana Annovazzi-Jakab, Head of Agricultural Standards Unit, UNECE, exchanging views on cooperation issues.

At the beginning of the meeting, the State Secretary stressed that the Government of Mongolia is attaching special significance to fostering sectors apart from mining, especially agricultural sector and increasing export of agricultural products and foodstuffs and expanding the products' market base. He thus expressed interest in cooperating in agriculture in order to introduce international standards that would greatly boost Mongolia's export of agricultural products.

Briefly introducing their commission's operation, the UNECE officials voiced their views on opportunities for cooperation. The sides agreed to collaborate in holding a class on butchering sheep in line with international standards, providing customs inspectors with training for improved inspection of export and import vegetables, and developing national standards for seabuckthorn and bringing it to international markets.

**Source:** Montsame.mn

### Forum on Responsible Artisanal and Small-scale Mining took place

The Forum on Responsible Artisanal and Small-scale Mining was held in connection with the completion of the Sustainable Artisanal Mining project. At the forum, over 250 representatives of corresponding ministries, international organizations, local authorities, and miners discussed the results of the 14-year project and policies and decisions being adopted in the field.

The Sustainable Artisanal Mining project is one of the many coherent agricultural, food security, primary education-vocational training, and governance improvement projects that the Government of Switzerland is implementing in Mongolia through the Swiss Agency for Development and Cooperation (SDC). It has been carried out from 2005 to 2019 in four phases, laying the foundation for organizing artisanal and small-scale miners into cooperatives and providing them with guaranteed jobs.

Compared to 2013, the number of artisanal and small-scale miners has doubled this year with around 10,000 miners working in 1181 cooperatives. The average annual income of those miners also grew by 55 percent in 2015 and by 16 percent in 2016, resulting in a drastic decrease in the number of accidents caused by illegal mining. In addition, numerous positive changes have been made. For instance, miners with their own funds rehabilitated a total of 526 ha of land, a 20 fold increase compared to 2013, and mercury free ore concentration technology was introduced in Gobi-Altai, Bayankhongor, Selenge, Tuv, Umnugobi, and other aimags.

"Artisanal and small-scale mining concerns not only the Ministry of Mining and Heavy Industry, but many social sectors. Thus, every sector has to develop further the good practices introduced into the field. Thanks to the project, mercury-free gold processing technology was introduced, artisanal and small-scale miners were organized into cooperatives, and small-scale rehabilitation has become possible. It also appears that the miners' competitiveness is increasing as they started investing in other areas while making contributions to the local development and economy," said project coordinator N.Erdenesaikhan.

Governor of Bayankhongor aimag G.Bayanjargal stressed the necessity of paying considerable attention to developing artisanal mining properly and that land issues should come first of all.

**Source:** Montsame.mn

## OTHER NEWS

### NSO: Mongolia's macroeconomic indicators as of December, 2018

#### Money, loan

The money supply (broad money or M2) reached MNT 20.4 trillion at the end of October 2019, showing a decrease of MNT 7.3 billion (0.04%) from the previous month, while it was increased by MNT 2.1 trillion (11.4%) from the same period of previous year.

At the end of October 2019, the national currency in circulation reached MNT 873.9 billion, showing a decrease of MNT 15.9 billion (1.8%) from the previous month and by MNT 13.9 billion (1.6%) from the same period of previous year.

At the end of October 2019, the principals in arrears amounted MNT 949.1 billion, showing a decrease of MNT 36.5 billion (3.7%) from the previous month and MNT 95.0 billion (9.1%) from the same period of previous year. The principals in arrears makes up to 5.2% of total loans, showing a decrease 0.2 percent from the previous month and 1.1 percent from the same period of previous year.

#### General government budget

In the first 10 months of 2019, total equilibrated revenue and grants of the General government budget amounted to MNT 8.8 trillion and total expenditure and net lending amounted to MNT 8.3 trillion, resulting a surplus of MNT 545.4 billion in the equilibrated balance.

In October 2019, equilibrated revenue and grants of the General government budget reached MNT 1.1 trillion, increased by MNT 222.2 billion or 25.5% from the previous month and total expenditure and net lending reached MNT 1.0 trillion, increased by MNT 96.4 billion or 10.3% from the previous month.

In the first 10 months of 2019, tax revenue reached MNT 8.0 trillion, increased by MNT 1.3 trillion or 19.2% compared with the same period of previous year. This growth was mainly affected by increases of MNT 399.7 billion or 22.8% in income tax, MNT 294.1 billion or 22.9% in social security revenue, MNT 243.5 billion or 13.9% in value added taxes, MNT 136.6 billion or 21.9% in other tax, MNT 110.5 billion or 17.8% in excise taxes and MNT 96.7 billion or 17.4% in revenue from foreign activities.

#### Foreign trade

In the first 10 months of 2019, Mongolia traded with 148 countries from all over the world and total trade turnover reached USD 11.6 billion, of which USD 6.5 billion were exports and USD 5.1 billion were imports. In October 2019, exports and imports reached to USD 582.6 million and USD 465.7 million, respectively. Compared to the previous month, exports increased by USD 23.6 million and imports decreased by USD 41.8 million.

Total foreign trade turnover increased by USD 772.8 (7.1%) million, of which exports increased by USD 583.9 million (9.8%) and imports increased by USD 189.0 million (3.9%) compared to the same period of previous year. In the first 10 months of 2019, foreign trade surplus reached USD 1.5 billion, which increased by USD 394.9 million from USD 1.1 billion in the same period of 2018.

In October 2019, foreign trade surplus reached to USD 116.9 million. Compared to the previous month, foreign trade surplus increased by USD 65.4 million

#### Price

In October 2019, consumer price index at the national level decreased by 0.3% from the previous month, whereas it increased by 5.1% from the end of the previous year and by 7.6% from the same period of the previous year.

In October 2019, consumer price index increased by 7.6% from the same period of previous year, which was mainly contributed by increases in prices of food and non-alcoholic beverages group by 14.0% (meat and meat products by 32.6%, non-alcoholic beverages by 5.0%), alcoholic beverages and tobacco group by 3.2%, clothing, cloth and footwear each group by 8.1%, housing, water, electricity and fuels group by 8.6% (electricity, gas and other fuels by 10.0%), and health by 4.8%.

In October 2019, 5.1% increase in CPI from the end of previous year was mainly due to increases in prices for food and non-alcoholic beverages group by 10.0% (meat and meat products by 27.4%) and clothing, cloth and footwear each group by 5.4% and alcoholic beverages, tobacco group by 2.7%, respectively.

**Source:** National Statistical Office of Mongolia

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