

WEEKLY MARKET UPDATE

2019.12.02 - 12.06

MACROECONOMIC UPDATE OF MONGOLIA

BoM governor meets IMF resident representative

Governor of the Bank of Mongolia B.Lkhagvasuren met with Resident Representative of the International Monetary Fund (IMF) in Mongolia Seok Hyun Yoon on December 4.

At the beginning of the meeting, Mr. Seok Hyun Yoon congratulated the governor on his recent appointment. The two sides then stressed that IMF's Fund Facility arrangement for Mongolia has been fruitful and that successful implementation of the program will be of key importance in tackling economic challenges in the medium term.

Source: Montsame.mn

Mongolian and Russian companies sign cooperation documents

During his official visit to the Russian Federation, Prime Minister of Mongolia U.Khurelsukh attended the signing ceremony of cooperation agreements between Mongolian and Russian businesses.

At the ceremony, corresponding officials signed the following documents:

- 2020-2021 action plan for cooperation of the working group between Government of Mongolia and Eurasian Economic Commission;
- Cooperation agreement between Mongolian National Chamber of Commerce and Industry and Chamber of Commerce and Industry of the Russian Federation;
- Memorandum of cooperation between Mongolian National Chamber of Commerce and Industry and Moscow Chamber of Commerce and Industry;
- Protocol on operational principles and mechanisms of Mongolia-Russia Business Council;
- Cooperation agreement on the use of Business Market platform between Mongolian National Chamber of Commerce and Industry and Moscow Chamber of Commerce and Industry;
- Memorandum of cooperation between Mongol Em Impex Concern and Lasa Laboratorios LLC;
- Memorandum of cooperation between Mongolian Quality Management Association and All-Russian Quality Society;
- Memorandum of cooperation between Ulaanbaatar Railway Mongolia-Russia joint venture and International Investment Bank

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,685.40	-0.47% ▼
Dow Jones	USA	28,015.06	-0.13% ▼
S&P 500	USA	3,145.91	0.16% ▲
Nasdaq	USA	8,656.53	-0.10% ▼
S&P/TSX	Canada	16,996.97	-0.25% ▼
FTSE 100	GB	7,239.66	-1.45% ▼
S&P/ASX 200	Australia	6,707.00	-2.03% ▼
Nikkei 225	Japan	23,354.40	0.26% ▲
Hang Seng	Hong Kong	26,217.04	-0.49% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	112.95
Mongol 2023 (Gerege)	USD	5.625%	102.90
Mongol 2022 (Chinggis)	USD	5.125%	102.01
Mongol 2021 (Mazalai)	USD	10.875%	109.27
DBM' 23 (Samurai)	JPY	1.520%	103.26
DBM' 2023	USD	7.250%	105.78
TDBM' 2020	USD	9.375%	102.41
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.33

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.715	0.02 ▲
Libor 3M	1.890	-0.02 ▼
Libor 6M	1.886	-0.01 ▼
Libor 1YR	1.923	-0.03 ▼
US 2YR Bond	1.619	0.00 ▼
US 3YR Bond	1.639	0.01 ▲
US 5YR Bond	1.664	0.01 ▲
US 10YR Bond	1.838	0.03 ▲

EXCHANGE RATES

Against MNT	2019.12.06	Change /w/
USD	2,721.72	0.24% ▲
CNY	387.11	0.18% ▲
EUR	3,023.01	1.11% ▲
RUB	42.71	0.83% ▲
KRW	2.29	-0.43% ▼
JPY	25.04	0.97% ▲
CAD	2,065.35	1.03% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,460.17	-0.26% ▼
Silver /spot/	USD/t oz.	16.58	-2.03% ▼
Copper	USD/lb.	272.50	2.39% ▲
Coal	USD/MT	68.82	-4.42% ▼
Crude Oil WTI	USD/bbl.	59.20	7.30% ▲
Crude Oil Brent	USD/bbl.	64.39	3.14% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. X	7.60%
Policy Rate	2019. X	11.00%
Interbank Rate	2019. X	11.06%
Deposit Interest Rate /MNT/	2019. X	11.48%
Deposit Interest Rate /Foreign currency/	2019. X	4.82%
Loan Interest Rate /MNT/	2019. X	16.90%
Loan Interest Rate /Foreign currency/	2019. X	10.61%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

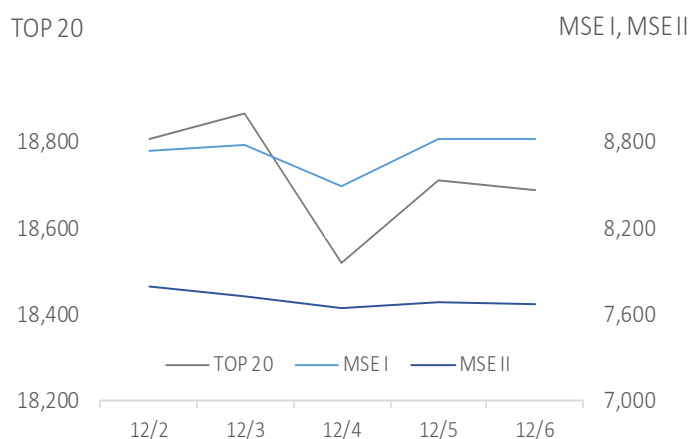
In this week, a total of 44 companies' 2,190,245 shares worth MNT 743.9 million were traded in the secondary market.

'Khishig Uul' /HSX/ company's share rose 32.05 percent to MNT 515.0 while 'Mongol Savkhi' /UYN/ company's share fell 14.92 percent to MNT 553.0.

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

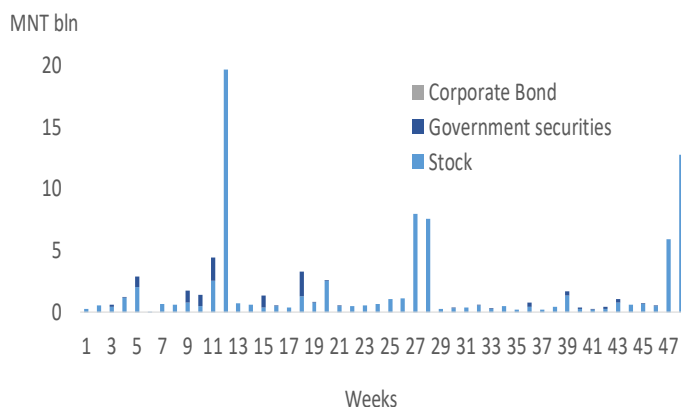
As of December 6, total market capitalization of MSE is MNT 2,542.1 billion. The TOP-20 index decreased by 0.14% to stand at 18,685.40 units.

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	743.9
Market Capitalization	2,542,077.0

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	18,685.40	-0.47% ▼
MSE I Index	8,820.19	1.04% ▲
MSE II Index	7,672.47	-0.47% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Invescore NBFI	114,732	214,781,859
Khuvsdul Altan Duulga	184,006	129,355,379
Mongol Post	141,378	74,938,352
Ard Credit NBFI	931,170	70,378,633
Mogoin Gol	6,262	56,358,000

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khishig Uul	515.00	32.05% ▲
Darkhan Nemkhii	12,000.00	17.65% ▲
Goviin Undur	142.60	15.00% ▲
Agrotechimpex	1,045.00	14.71% ▲
Mongol Basalt	265.00	4.13% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Mongol Savkhi	553.00	-14.92% ▼
Autoimpex	1,325.00	-14.52% ▼
Mongol Nekhmel	1,810.00	-13.81% ▼
Mongol Post	530.06	-12.96% ▼
Telecom Mongolia	405.00	-10.00% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
TDB Capital	417,514,540
Bumbat-Altai	329,505,758
Ard Securities	197,368,247
Gauli	115,096,728
Golomt Capital	91,226,034

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	585.51	623,089
Tavan Tolgoi	6,550.00	344,957
MIK Holding	12,640.00	261,766
Gobi	255.52	199,334
Invescore NBFI	2,167.00	155,434

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

Committee Chairman D.Bayarsaikhan met with JICA representatives

Chairman of the Financial Regulatory Commission D.Bayarsaikhan met with delegates from Japan International Cooperation Agency (JICA).

The Committee has started the implementation of the second stage of the "Phase II Capacity Building on Mongolia's Capital Market" with the Japan International Cooperation Agency (JICA) in March 2019. Within the framework of the project, the Economic Research Institute (ERI) conducted a survey on the current state of bond market in Mongolia over a period of five months from March of this year. The international consultant, Noritaka Akamatsu, has worked with the research team to prepare the "Corporate Bond Market Development" report.

The project team also provided training for the Commission's employees and other market participants

Source: Financial Regulatory Commission

A joint meeting of the FRC and JICA joint project

In collaboration with the Financial Regulatory Commission and Japan International Cooperation Agency (JICA), the second phase of the Phase II project is being implemented.

The project aims at identify and consult the market conditions of the corporate bonds, set up rating agencies, establish the legal, regulatory, and institutional framework of the OTC market, improve the knowledge of the public about the capital market and increasing the market interest.

The first Joint Coordination Committee's (JCC) meeting of 2019 took place in which the JCC evaluated its implementations in 2019 and discussed the work plan for 2020.

Source: Financial Regulatory Commission

"Most Fintech" LLC was removed from registration

"Most Fintech" LLC, a company which was approved to go public by the FRC, has cancelled it's plan to go public.

Therefore, the FRC has decided to remove the 466,716,642 shares with nominal price of MNT 1 from registration,

This is one of few cases where the company has been approved to go public in the domestic capital market but requested to cancel the plans.

Source: MarketInfo.mn

FRC's XVII meeting of 2019 took place

On the FRC's XVII meeting of 2019, a total of 28 issues were resolved.

During the meeting, an asset backed security issued by "MIK Active-21" LLC's, closed scope debt instruments issued by "Ard Financial Group" JSC and "Ard Credit NBF1" JSC were registered, the license for brokerage and investment activities were granted "Rhinos Investment" LLC and the company was granted permission to provide brokerage services for clients through the nominal accounts and to sell and buy securities in the securities market abroad. The documentation of private investment fund founded by "DBM Asset Management SC" LLC's was accepted.

Also, the license to engage in insurance brokerage activities, and to issues of insurance products was granted to "Transport Development Bank" LLC, and certain insurance companies' product, restructuring and registration were resolved.

Extension of licenses for certain securities companies, savings and credit cooperatives, NBFIs and issuance of new licenses were discussed.

Source: Financial Regulatory Commission

Regulatory environment created for enabling the creation of closed end funds

Mongolian Stock Exchange (MSE) "Closed-end Fund Listing Rules" was approved by the MSE Board of Directors Resolution no.2019/07 of June 28, 2019 and by the FRC Resolution no.537 of November 13, 2019. MSE organised a seminar to provide detailed information about the newly approved rules to the market participants such as the asset management companies and securities firms.

"Closed-end Fund Listing Rules" has special importance in that it creates the opportunity for closed-end investment funds to be listed on the MSE and be publicly traded while providing professional fund management services to the investors, channelling a significant portion of their assets under management to the local stock market, and forming the basis of the much-needed long-term institutional investor in the market.

The seminar covered the main concepts and international practices related to the listing and trading of closed-end funds as well as the listing procedure by the FRC and MSE and the ongoing obligations as a listed fund.

Source: Mongolian Stock Exchange

COMMODITY MARKET NEWS

“Erdene Resource Development Corp.” JSC files pre-feasibility study for the Bayan Khundii gold project and completes the European bank for reconstruction and development financing

“Erdene Resource Development Corp.” JSC (TSX:ERD; MSE:ERDN) (“Erdene” or the “Company”) is announcing the filing on SEDAR of the independent Technical Report (the “Report”) for its 100%-owned, high-grade, open-pit, Khundii Gold Project in southwest Mongolia, including a Pre-Feasibility Study (“PFS”) for its Bayan Khundii Gold Deposit (“Bayan Khundii” or “BK”) and an updated Preliminary Economic Assessment (“PEA”) for its Altan Nar Deposit (“Altan Nar” or “AN”), located 16 km from Bayan Khundii. The Report entitled “Khundii Gold Project NI 43-101 Technical Report”, dated December 4, 2019, was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) by Tetra Tech, Inc. (“Tetra Tech”). The Report is available under the Company’s profile at www.sedar.com and on the Company’s website at www.erdene.com.



The Company is also pleased to announce the receipt of USD 5 million (CAD 6.6 million) from the European Bank for Reconstruction and Development (“EBRD”) and a further CAD 1 million from the coincident non-brokered private placement of units of the Company, under the previously announced financing package. Proceeds of these financings will be used to fund the independent Feasibility Study (“FS”), Front-end Engineering and Design (“FEED”) of the Khundii Gold Project (the “Project”), exploration, acquisition, and for general working capital purposes.

Source: Erdene.com

Meat exports to China to grow

An examination team on veterinary and quarantine of China is working in Mongolia this week to get familiarized with factories of heat processing meat for exports and hold talks with the Mongolian side on meat export growth.

Mongolia have sold a total of 40 thousand tons of meat to China, Russia, Vietnam, Japan, Iran and Kazakhstan this year. Deputy Minister of Food and Agriculture J.Saule affirmed that meat export from Mongolia is under normal condition as before and meat factories and entities are being issued license for meat exports as long as they satisfy all relevant requirements and submit necessary documents.

As of now, around 3 thousand tons of heat processed meat is ready to be shipped abroad for exports with approval from the Food and Agricultural Ministry in compliance with proper meat export standards and requirements for heat processed meat exports.

In recent years, meat export to Hong Kong, Iran and Vietnam have been growing as reported by the Ministry. Some 80 percent of the total revenue from meat exports accounts for horse meat and supply of mutton, goat meat and beef showed significant increase

Source: Montsame.mn

Gold purchasing declines by 24 percent

As of first 11 months of 2019, the gold purchase of the Bank of Mongolia (BoM) was 14.4 tons, which means the amount of gold purchase decreased by 4.5 tons or 24 percent compared with the same period of previous year.

In November, 2019 the BoM purchased 1.5 tons of gold in total, of which BoM branches in Darkhan-Uul and Bayankhongor aimags bought 11.3 kg and 19.4 kg respectively. The figure represents an increase of 0.3 tons as compared to the same period of previous year. The average value of BoM’s purchase of 1 gram of gold was MNT 128,002.45 in November, 2019.

Source: Bank of Mongolia

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