

WEEKLY MARKET UPDATE

2019.12.09 - 12.13

MACROECONOMIC UPDATE OF MONGOLIA

Monetary policy statement

The Monetary Policy Committee meeting was held on December 20, 2019. The Committee decided to keep the Policy rate unchanged at 11 percent and the reserve requirement on banks' liabilities in MNT at 10.5 percent, while increasing the requirement on liabilities in foreign currency by 3 percentage points to 15 percent.

Annual headline inflation reached 5.2 percent nationwide as of November 2019. Inflation fluctuations are mainly attributed to price swings of few items related to supply changes, while the demand induced core inflation remains stable and inflation is expected to be consistent with the Central bank's target.

Although, relatively favorable level of export prices, expansion of fiscal spending, and sustained investments in mega projects are supporting the economic growth, it is expected to decelerate due to uncertainties in the external environment. In the upcoming year, fiscal expenditure and rising wages are likely to support the domestic demand. Nevertheless, on account of weaker growth in the mining sector and deceleration in investments, economic activities are expected to be limited.

In relation to weakening economic growth and bank lending the Monetary Policy Committee discussed the option of reducing the policy rate. However, considering the performance of fiscal spending and uncertainties in the external environment the Committee decided to keep the policy rate unchanged, this time.

Furthermore, the Committee decided to increase the reserve requirement on banks' liabilities in foreign currency by 3 percentage points, with the purpose of sustaining relative yield of togrog and consequently to minimize exchange rate fluctuations.

Extracts of the meeting minutes will be released in two weeks on the Bank of Mongolia's website.

Source: Bank of Mongolia

USA to give support for Mongolia on FATF compliance

On December 13, Governor of the Bank of Mongolia B.Lkhagvasuren met with Assistant Secretary for Terrorist Financing in the United States Department of the Treasury Marshall Billingslea.

At the meeting, the central bank governor presented measures being taken to combat against money laundering and terrorist financing and noted its efforts to implement recommendations by an international organization.

In turn, the US side pledged to provide support to Mongolia to be removed from the Financial Action Task Force's (FATF) list of jurisdiction with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies.

Source: Montsame.mn

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,891.53	0.84% ▼
Dow Jones	USA	28,455.09	1.14% ▲
S&P 500	USA	3,221.22	1.65% ▲
Nasdaq	USA	8,924.96	2.18% ▲
S&P/TSX	Canada	17,118.44	0.68% ▲
FTSE 100	GB	7,582.48	3.11% ▲
S&P/ASX 200	Australia	6,816.30	1.14% ▲
Nikkei 225	Japan	23,816.63	-0.86% ▼
Hang Seng	Hong Kong	27,871.35	0.66% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	113.82
Mongol 2023 (Gerege)	USD	5.625%	103.48
Mongol 2022 (Chinggis)	USD	5.125%	102.51
Mongol 2021 (Mazalai)	USD	10.875%	109.30
DBM' 23 (Samurai)	JPY	1.520%	102.93
DBM' 2023	USD	7.250%	106.09
TDBM' 2020	USD	9.375%	102.04
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.36

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.780	0.04 ▲
Libor 3M	1.935	0.04 ▲
Libor 6M	1.921	0.02 ▲
Libor 1YR	2.000	0.04 ▲
US 2YR Bond	1.627	0.01 ▲
US 3YR Bond	1.657	0.02 ▲
US 5YR Bond	1.727	0.06 ▲
US 10YR Bond	1.908	0.07 ▲

EXCHANGE RATES

Against MNT	2019.12.20	Change /w/
USD	2,731.72	0.21% ▲
CNY	389.74	-0.14% ▼
EUR	3,037.13	-0.34% ▼
RUB	43.79	0.46% ▲
KRW	2.35	0.86% ▲
JPY	24.98	0.44% ▲
CAD	2,078.70	0.32% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,476.33	1.11% ▲
Silver /spot/	USD/t oz.	16.93	2.15% ▲
Copper	USD/lb.	278.10	2.06% ▲
Coal	USD/MT	68.33	-0.71% ▼
Crude Oil WTI	USD/bbl.	60.07	1.47% ▲
Crude Oil Brent	USD/bbl.	65.22	1.29% ▲

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

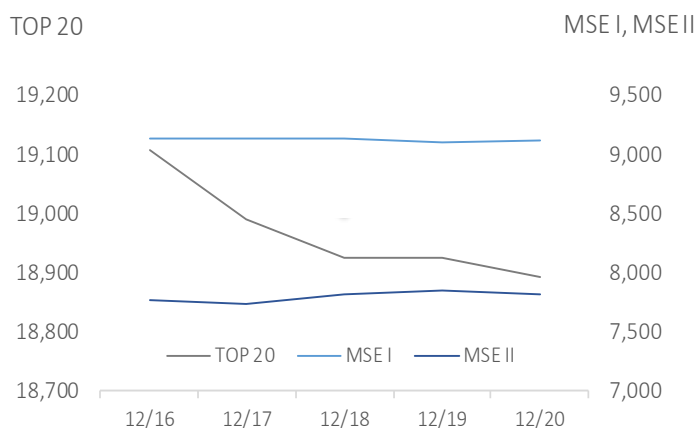
In this week, a total of 61 companies' 17,818,167 shares worth MNT 1,416.0 million were traded in the secondary market.

'Khasu-Mandal' /HSR/ company's share rose 15.39 percent to MNT 2,791.0 while 'Erdenet Zandan' /IND/ company's share fell 13.97 percent to MNT 1,700.0.

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

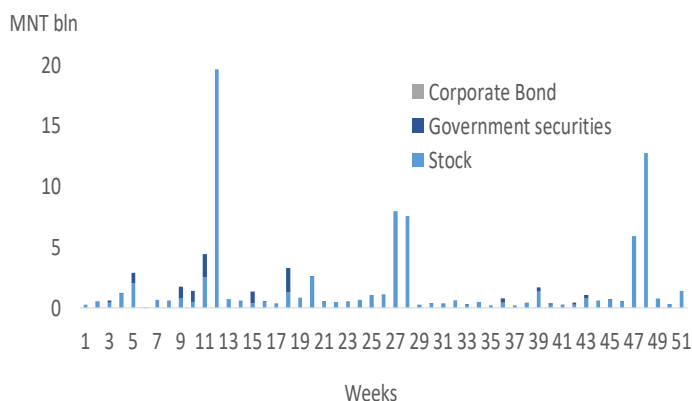
As of December 20, total market capitalization of MSE is MNT 2,604.7 billion. The TOP-20 index decreased by 0.84% to stand at 18,891.53 units.

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	1,416.0
Market Capitalization	2,604,651.7

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	18,891.53	-0.84% ▼
MSE I Index	9,104.45	-0.78% ▼
MSE II Index	7,806.74	0.63% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Mandal Daatgal	12,271,338	624,895,295
Ard Credit NBFI	3,809,271	295,442,312
Ard Financial Group	82,841	155,080,056
Khuvsdul Altan Duulga	141,212	98,846,930
APU	89,215	53,810,684

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Khasu-Mandal	7,460.00	15.39% ▲
Teever Darkhan	8,625.00	15.00% ▲
Darkhan Guril Tejeel	3,209.00	14.98% ▲
Tav	15,500.00	14.81% ▲
Takhi-Ko	11,400.00	14.00% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Erdenet Zandan	1,700.00	-13.97% ▼
Kherlen Khivs	45.00	-10.00% ▼
Nako Tulsh	50.00	-9.09% ▼
Mandal Daatgal	48.31	-7.10% ▼
Ulaanbaatar Khivs	16,050.00	-5.59% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Capital Group	772,370,841
Ard Securities	698,810,457
Golomt Capital	661,816,902
Bumbat-Altai	296,786,179
TDB Capital	107,432,073

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	608.29	647,331
Tavan Tolgoi	6,670.00	351,277
MIK Holding	14,000.00	289,930
Gobi	255.45	199,930
Invescore NBFI	2,172.00	155,793

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	paid on 2019.03.18
25	UBH	Ulaanbaatar Khivs	235.6	48.6	20.6%	120.0	2019.02.26	2019.03.18	paid on 2019.12.19
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	paid on 2019.12.17
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

“Atar Urguu” JSC’s shares were traded based on the purchase 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 55.95% of common shares that amounts 97,423 shares of “Atar Urguu” JSC, a Tier 2 company, with a price of MNT 60,200 per share.

The offer for the purchase of shares was available from November 13, 2019 until 1:00 pm of December 16, 2019 and 43 shares of “Atar Urguu” JSC’s shares worth MNT 2,592,900 were traded.

Source: Mongolian Stock Exchange

Securities trading of “Khorgo Khaikhan” JSC suspended

On December 16, 2019, FRC approved the reverse takeover involving Khorgo Khaikhan JSC, a publicly listed company /MSE: CHE/ and Mongol Daatgal LLC, an insurance company. The shareholders’ meeting of “Khorgo Khaikhan” JSC decided to reorganize the company by merging with “Mongol Daatgal” JSC on April 25, 2019.

According to the official notification No: 88 of December 16, 2019 by the State Inspector of Financial Regulatory Commission, “Khorgo Khaikhan” JSC’s securities trading has been suspended until the shareholding registry is amended by the Mongolian Central Securities Depository.

Source: Mongolian Stock Exchange

The date of “Khar Khorum Properties” JSC’s Extraordinary General Meeting of Shareholders has been set

According to “Khar Khorum Properties” JSC’s board’s of resolution 03/2019 of December 14, 2019, “Khar Khorum Properties” JSC’s extraordinary general meeting of shareholders is to take place on 12:00 PM January 24th, 2020.

Registry date: January 5, 2020

Place of meeting: Ulaanbaatar, Chingeltei district 1st khoroo, 7/2 Peace Avenue, Denver office 401

Contact Phone: 99922517

Agenda of the Meeting:

- Company operational report;
- Discuss and approve the reorganization plan through merger that was offered by “Erdene Solution” LLC which will transfer 100 ordinary shares of “Erdene Solution” LLC with nominal value of 1 MNT into “Khar Khorum Properties” JSC’s 1 share with a nominal value of 100 MNT per share.
- To discuss and approve the independent audited financial statements, asset valuation report and legal findings of the parties as of December 31, 2019 in the merger of “Erdene Solutions” LLC and “Khar Khorum Properties”;
- In connection with the merger of “Erdene Solutions” LLC and “Khar Khorum Properties” JSC, to issue additional shares of up to one billion seven hundred million units with a nominal price of MNT 100 per share;
- To not let “Khar Khorum Properties” JSC to exercise the right to preemptively buy the newly issued shares;
- A shareholders’ right to demand redemption of his / her own shares in connection with the merger of “Erdene Solutions” LLC and “Khar Khorum Properties”;
- To make amendments to the activities of “Khar Khorum Properties” JSC;
- Change the address of “Khar Khorum Properties” JSC;
- Change the name of “Khar Khorum Properties” JSC to the company’s name that is being merged which is “Erdene Solutions” LLC;
- Approve amendments to the charter of “Khar Khorum Properties” JSC
- Appointment new members to the Company’s Board of Directors;

Composition of the meeting organizing committee:

Chairman of the organizing committee: SodErdene. E,
Member: Shagdarsuren. E

Source: Mongolian Stock Exchange

COMMODITY MARKET NEWS

Mongolia to cooperate with Hainan Province of China in agricultural industry

Mongolian delegation headed by Minister of Food, Agriculture and Light Industry Ch.Ulaan visited the Tropical Agricultural Complex in Hainan Province, China to study from their experiences of introducing scientific innovation in farming.

They also held a meeting with scholars and authorities of the Chinese Academy of Tropical Agricultural Sciences (CATAS) under the Ministry of Agriculture of the People's Republic of China.

Engaged in researches on tropical vegetables, tropical forage, tropical textile fiber crops, tropical spice and beverage crops, tropical medicinal crops, agricultural machinery, environment and plant protection, biotechnology, genetic resource conservation and development for tropical agriculture, the CATAS has 14 institutes and one experimental farm with land area of more than 4,000 ha for trials and experiments. It has 3300 research scientists.

The sides agreed to work together on the development of science-based agriculture, train Mongolian agricultural scholars, specialists and producers at the CATAS and perform joint research and studies on introducing scientific innovations in farming industry.

Source: Montsame.mn

Sample collection from Asgat silver deposit wraps up

Upon the Government resolution to transfer the special license for the Asgat silver deposit to the full ownership of Erdenes Mongol LLC state owned company and put under economic circulation, Mongolian emergency rescue officers and Asgat Kent Company worked at the deposit to open the deposit and collect technological sampling from November 1 to December 18.

As the deposit remained untouched for a long period of time, the local company of Asgat Kent did not have the sufficient capacity to rebuild the road to the deposit, collect sample for laboratory tests and open the mine shaft on its own. "Therefore, emergency rescue miners of the Emergency Management Agency of Mongolia worked together at the Asgat deposit with us" said director of Asgat Kent Company Kh.Muratai.

A total of 20 tons of sample was collected from a level of 250-meter below the ground in the deposit at 270-meter underground. The sample will be sent for laboratory tests, results of which will be followed by next stages of talks with potential investors.

Exploration and geological survey on the Asgat Silver Deposit located in Nogoonnur soum of Bayan-Ulgii aimag in the western region of Mongolia were first made in 1953 to continue until 1990. The study concluded its silver deposit at 7,369.8 tons and copper and other mixed metal minerals at 227,436 tons.

Source: Montsame.mn

Erdenet Mining Corporation and Mongolian Academy of Sciences partnering

The Erdenet Mining Corporation (EMC), one of the largest copper ore mining and processing factory in Mongolia, has introduced about the projects being developed in eight areas for this year in cooperation with the Mongolian Academy of Sciences (MAS).

For instance, Water Supply Workshop of the Erdenet Mining Corporation, state-owned enterprise, is working on a large-scale innovative project with the MAS on odor removal from the sewage from its treatment facility. The project will show its results starting from the spring of 2020.

Moreover, joint research works in environmental areas, such as reduction of air pollution and white dust in Erdenet city are ongoing.

Source: Montsame.mn

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