

WEEKLY MARKET UPDATE

2019.12.30 - 2020.01.03

MACROECONOMIC UPDATE OF MONGOLIA

Foreign exchange reserve reaches USD 4 billion

Mongolian foreign exchange reserves exceeded USD 4 billion, according to the Bank of Mongolia (BoM) which means an increase of USD 600 million compared with the same period of the previous year.

According to the officials, it is due to the result of monetary policy decisions in 2019 aimed at maintaining the stability of the national currency, in addition to stimulating economic growth. The average interest rate on new loans also reached 16.8 percent which showed the decrease of 1.7 points compared with the same period of the previous year.

Source: Bank of Mongolia

2019 profits of some state owned companies soared to record high

In 2019, profits of some large state-owned enterprises reached an all-time high as follows:

-Erdenet Mining Corporation (EMC) paid MNT 936 billion to state budgets, hitting record high in its history of four decades. The company also saved MNT 54 billion from its tendering and procurement activities. In 2016, EMC paid MNT 184 billion to the state budget. On March 21, 2019, the EMC was transferred to the full ownership of the Mongolian Government.

-Sales revenue of Erdenes Tavan Tolgoi JSC reached USD 1 billion or MNT 2.7 trillion in 2019, making the highest revenue in Mongolia last year. The company has completed repayment of a total of USD 680 million of debts due to Aluminum Corporation of China Limited CHALCO and other companies since 2010. Only in 2018, the Erdenes Tavan Tolgoi JSC generated MNT 720 billion to the state budget.

-National flag carrier Mongolian Airlines MIAT conducted the most number of flights to various international destinations. It performed 2590 flights with 18200 total hours in 12 international and one domestic routes. The total passengers of MIAT for 2019 reached 785 thousand. Total revenue of MIAT reached MNT 484.3 billion and its profits amounted to MNT 30.8 billion.

Source: Bank of Mongolia

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,511.49	1.67% ▲
Dow Jones	USA	28,634.88	-0.04% ▼
S&P 500	USA	3,234.85	-0.16% ▼
Nasdaq	USA	9,020.77	0.16% ▲
S&P/TSX	Canada	17,066.12	-0.59% ▼
FTSE 100	GB	7,622.40	-0.29% ▼
S&P/ASX 200	Australia	6,733.50	-1.29% ▼
Nikkei 225	Japan	23,656.62	-0.76% ▼
Hang Seng	Hong Kong	28,451.50	0.80% ▲

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	114.11
Mongol 2023 (Gerege)	USD	5.625%	103.58
Mongol 2022 (Chinggis)	USD	5.125%	102.63
Mongol 2021 (Mazalai)	USD	10.875%	109.26
DBM' 23 (Samurai)	JPY	1.520%	103.06
DBM' 2023	USD	7.250%	106.31
TDBM' 2020	USD	9.375%	101.93
MGMTGE' 2022 (Hoelun)	USD	9.750%	97.46

MARKET RATES

Rates	Last	Change /w/
Libor 1M	1.714	-0.08 ▼
Libor 3M	1.874	-0.07 ▼
Libor 6M	1.893	-0.03 ▼
Libor 1YR	1.964	-0.04 ▼
US 2YR Bond	1.513	-0.07 ▼
US 3YR Bond	1.521	-0.08 ▼
US 5YR Bond	1.570	-0.11 ▼
US 10YR Bond	1.771	-0.11 ▼

EXCHANGE RATES

Against MNT	2020.01.03	Change /w/
USD	2,735.88	0.09% ▲
CNY	392.29	0.43% ▲
EUR	3,051.46	0.26% ▲
RUB	43.98	-0.27% ▼
KRW	2.34	-0.43% ▼
JPY	25.35	1.52% ▲
CAD	2,110.37	1.19% ▲

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,552.20	2.76% ▲
Silver /spot/	USD/t oz.	18.06	1.65% ▲
Copper	USD/lb.	278.70	-1.50% ▼
Coal	USD/MT	69.47	0.32% ▲
Crude Oil WTI	USD/bbl.	63.05	2.15% ▲
Crude Oil Brent	USD/bbl.	68.60	0.65% ▲

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. XI	5.2%
Policy Rate	2019. XI	11.00%
Interbank Rate	2019. XI	11.20%
Deposit Interest Rate /MNT/	2019. XI	11.49%
Deposit Interest Rate /Foreign currency/	2019. XI	4.80%
Loan Interest Rate /MNT/	2019. XI	16.88%
Loan Interest Rate /Foreign currency/	2019. XI	10.58%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

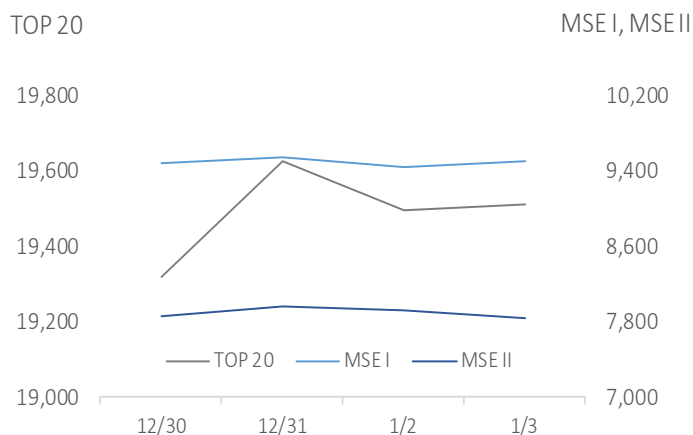
In this week, a total of 52 companies' 4,243,945 shares worth MNT 633.6 million were traded in the secondary market.

'Darkhan Guril Tejeel' /DAR/ company's share rose 32.22 percent to MNT 4,879.0 while 'Khar Tarvagatai' /TVT/ company's share fell 24.70 percent to MNT 5,000.0.

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

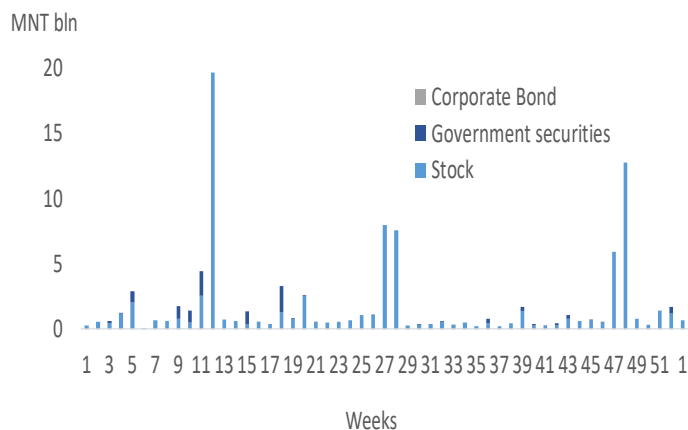
As of January 3, total market capitalization of MSE is MNT 2,666.7 billion. The TOP-20 index increased by 1.67% to stand at 19,511.49 units.

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	633.6
Market Capitalization	2,666,685.0

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,511.49	1.67% ▲
MSE I Index	9,500.09	2.90% ▲
MSE II Index	7,829.09	0.67% ▲

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Credit NBF1	3,308,229	262,416,137
APU	144,605	91,275,301
Ard Daatgall	84,730	65,810,760
Ard Financial Group	34,824	61,253,838
Mongolian Post	75,879	52,032,224

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Darkhan Guril Tejeel	4,879.00	32.22% ▲
Takhi Ko	13,100.00	14.91% ▲
Tav	17,500.00	12.90% ▲
Frontier Land Group	338.44	12.81% ▲
Genco Tour Bureau	80.00	11.11% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Khar Tarvagatai	5,000.00	-24.70% ▼
Aduun Chuluun	1,180.00	-15.71% ▼
Mogoin Gol	7,655.00	-14.99% ▼
Invescore NBF1	2,210.00	-10.96% ▼
UB-BUK	400.00	-9.09% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Ard Securities	522,394,988
Standard Investment	135,097,002
Golomt Capital	114,104,854
Bumbat-Altai	102,737,928
Ard Capital Group	80,171,250

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	620.00	659,973
Tavan Tolgoi	6,550.00	344,957
MIK Holding	15,000.00	310,640
Gobi	276.12	215,405
Invescore NBF1	2,201.00	157,873

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

Training for overseers in combating money laundering and terrorism financing took place

The Financial Regulatory Commission, the BOM and the Financial Information Office have organized training to increase the capacity of supervisors on “Measures to Combat Money Laundering and Terrorism Financing (MCMLTF)”. The purpose of the training was to increase the knowledge of the supervisory authorities on MCMLTF, provide them with unified information, identify problems and seek ways to solve pressing issues. During the training, representatives of the relevant regulatory bodies, such as the Financial Regulatory Commission, the BOM, the Initial Information Office, the Ministry of Internal Affairs and Justice, and the Counter-Terrorism Council provided overview on MCMLTF crimes and spoke about the MCMLTF inspection system, its modernization, the methodology and experience of distance monitoring, targeted financial sanctions, responsibilities, on-site inspections, experiences and challenges of implementing the sanctions related to the MCMLTF and the oversight system.

Source: Financial Regulatory Commission

Total trading value of 2019 reaches MNT143 billion

The total trading value of 2019 reached MNT 143 billion and four companies issued new securities raising MNT 42.4 billion, setting the record for the highest primary market trading value in the 29-year history of the Mongolian stock market, reported the Mongolian Stock Exchange.

The foreign institutional investor, Rhinos Asset Management Company from Korea has established its branch office ‘Rhinos Asset Management Mongolia’ and started its investments into MSE’s listed companies.

Mongolian Stock Exchange initiated, drafted and approved the ‘Closed End Fund Listing Rules’, creating the legal foundation and enabling the listing and trading of the investment fund units.

In order to increase public knowledge and awareness of the stock market, ‘Open Market Day’ was organized in 10 aimags and 6 soums, in addition to providing capital markets training to more than 54,000 citizens in 21 aimags and 330 soums in cooperation with Erdenes Tavan Tolgoi JSC.

Source: Montsame



“Bodi Daatgal” LLC to offer 20% of the company to the public raising MNT 5.16 billion.

“Bodi Daatgal” LLC has been approved by the FRC to issue an IPO. Launched in 1995, the company plans to offer a total of 47 million shares to the public for MNT 113 per share.

The company plans to use the funds raised from the public for integration, insurtech, corporate investment, and business intelligence. Out of the total shares the company supplying into the stock market, 11.7 million shares will be from existing shareholders’ shares while the rest will be newly issued as 15% of the company. As a result, the company will have about 253 million shares and will offer 20% of the shares to the public.

Currently the shares of “Ard Daatgal” JSC and “Mandal Daatgal” JSC’s are being traded on the Mongolian Stock Exchange, and the process of consolidation of “Horgo Khaikhan” JSC, a company listed on the Mongolian Stock Exchange, and “Mongol Daatgal” JSC is continuing.

In the third quarter of 2019, the total assets of “Bodi Daatgal” LLC amounted to MNT 23.9 billion resulting in the company to be the sixth largest insurance and reinsurance company by total assets.

As of the end of the third quarter of 2019, aggregate total assets of insurance companies reached MNT 373.6 billion, an increase of 14.8% compared to the same period of the previous year.

Source: BloombergTV.mn

Attention to the shareholders of “Khorgo Khaikhan” JSC

According to the FRC’s Resolution No. 372 of December 16, 2019 the consolidation of “Mongol Daatgal” LLC and “Khorgo Khaikhan” JSC was approved and the name of the company was changed to “Mongol Daatgal” JSC.

Source: Mongolian Stock Exchange

COMMODITY MARKET NEWS

Bank of Mongolia purchases 15.2 tons of gold in 2019

In 2019, the gold purchase of the Bank of Mongolia (BoM) reached 15.2 tons, which means the amount of gold purchase decreased by 6.7 tons or 30 percent compared with the previous year.

In December, 2019 the BoM purchased 761 kilograms of gold in total, of which BoM branches in Darkhan-Uul and Bayankhongor aimags bought 29 kg and 2.5 kg respectively. The figure represents a fall of 2.2 tons as compared to the same period of previous year. The average value of BoM's purchase of 1 gram of gold was MNT 129,222.85 in December, 2019.

Source: Mongolbank

Erdenes Silver Resource LLC to refine 750 tons of silver within five years.

On December 25, 'Erdenes Mongol' LLC and 'Erdenes Silver Resource' LLC established an agreement with the Bank of Mongolia to cooperate in selling and purchasing precious metals and handed the first sample of refined silver, extracted from Salkhit silver deposit, to the State Fund of Treasury.

Within the five-year agreement, 'Erdenes Silver Resource' LLC is to supply fine silver bars with not less than 850-980 percent purity and receive the amount of payment as stated in the agreement. Speaker of Parliament G.Zandanshatar and Governor of the Bank of Mongolia B.Lkhagvasuren witnessed the signing of the agreement by CEO of 'Erdenes Mongol' LLC P.Gankhuu, CEO of 'Erdenes Silver Resource' LLC T.Munkhbayar and head of Reserve Management and Financial Markets Department of the BoM A.Enkhjin.

Source: Montsame.mn

Each coal seam of Tavantolgoi deposit contains methane gas

During the exploration, it is detected that each coal seam of Tavantolgoi deposit contains methane gas and the project implementers are working on defining its reserves. They presented and sent the result of their exploration to the Mineral Resources and Petroleum Authority.

'Erdenes Methane', subsidiary company of 'Erdenes Mongol' LLC and 'Jade Methane' Company of Australia established an investment agreement on exploration of coal seam methane gas in May, 2019. Moreover, the two sides commenced their work by founding a joint company 'Methane Gas Resources'.

'Jade methane' company is fully covering investment for unearthing coal seam gas in Tavantolgoi deposit. Erdenes Methane plans to drill five holes this year while geologists from Australia studied geological formation of the deposit and defined sites for extraction. The joint company has drilled 500-900 meter deep holes in eight sites. A total of 5207.7 m holes have been drilled and full test for methane gas has been made in samples of 618 pieces of coal.

Methane gas is smokeless, odourless and burns 98 percent. Therefore, if it is introduced into use, it is considered to resolve air pollution issue in Ulaanbaatar city aside from ensuring domestic fuel demand at 100 percent. Huge amount of water is collected in the process of unearthing methane gas. The collected water is possible to be supplied to coal preparation plants operating in territory of Umnugobi aimag.

In addition, experts calculated that methane gas demand at international market is expected to be raised by 5.8 percent by 2021 compared with five years ago.

Source: Montsame.mn

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