

WEEKLY MARKET UPDATE

2020.01.20 - 01.24



TDB Capital SC offers its clients the opportunity to have the fastest access to securities trades using a trading system directly linked to the Mongolian Stock Exchange.

GLOBAL MARKET UPDATE

US: Stocks closed lower for the holiday-shortened week, as more quarterly earnings reports rolled in and investors worried about the coronavirus outbreak in China.

The large-cap benchmarks and the technology-heavy Nasdaq Composite Index outperformed and touched new record highs before falling back sharply on Friday.

Utilities shares outperformed, helped by a steep decline in longer-term bond yields, which heightens the appeal of utilities' relatively attractive dividends. Energy shares lagged as oil prices continued the decline they began on January 6. Expectations for a drop-off in global tourism in the wake of the coronavirus appeared to play a role in driving concerns over oil demand. Wynn Resorts and Las Vegas Sands were also particularly weak given the prospect of a decline in visits to their casinos in Macau.

The outbreak in China dominated sentiment as the U.S. trading week began on Tuesday, according to T. Rowe Price traders, with tourism, airline, and gaming stocks bearing the brunt of the selling. News of a confirmed case in the Seattle area appeared to particularly worry markets.

Europe: European stocks finished little changed, recovering from earlier weakness after economic data showed the German economy might be picking up steam, and the World Health Organization stopped short of declaring the coronavirus outbreak in China a global health emergency.

UK Chancellor of the Exchequer Sajid Javid said in an interview with the Financial Times (FT) that the UK would not seek regulatory alignment with European Union (EU) rules and intends to be out of the single market and customs union by the end of the year. He said the government would not support big manufacturers that favor alignment with EU rules. Javid's comments represent a shift in the UK's negotiating stance.

The French and German economies, the largest in the eurozone, posted a positive start to the year, with combined output growth at a five-month high in January. In Germany, overall output rose for the second successive month, with new orders increasing for the first time since June 2019.

Japan: Japanese stocks declined for the week. Japan's exports fell a more-than-expected 6.3% in December compared with a year earlier, extending the longest stretch of monthly contractions (13) since 2016. The fall-off in exports, as reported by the Ministry of Finance on Thursday, was larger than most economists had forecast. November's export data were revised lower as the Japanese economy continued to suffer from the global slowdown caused by the U.S.-China trade war. Although the "phase one" trade deal has been signed, most economy watchers believe the decline in exports will persist for a few more months.

China: The sudden appearance of a new coronavirus in Wuhan, a city of 11 million people in central China, shook Chinese markets.

When compared with the SARS (severe acute respiratory syndrome) outbreak in 2003, there are obvious similarities but also some key differences. Today's Chinese economy is more consumer-oriented and, arguably, more vulnerable. Since China's economic growth slowed significantly before the Wuhan coronavirus outbreak, there is growing market speculation about a possible short-term stimulus.

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,999.02	-0.53% ▼
Dow Jones	USA	28,989.73	-1.22% ▼
S&P 500	USA	3,295.47	-1.03% ▼
Nasdaq	USA	9,314.91	-0.79% ▼
S&P/TSX	Canada	17,565.34	0.04% ▲
FTSE 100	Great Britain	7,585.98	-1.15% ▼
S&P/ASX 200	Australia	7,090.50	0.37% ▲
Nikkei 225	Japan	23,827.18	-0.89% ▼
Hang Seng	Hong Kong	27,949.64	-3.23% ▼

Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	114.18
Mongol 2023 (Gerege)	USD	5.625%	103.11
Mongol 2022 (Chinggis)	USD	5.125%	102.09
Mongol 2021 (Mazalai)	USD	10.875%	108.50
DBM' 23 (Samurai)	JPY	1.520%	103.27
DBM' 2023	USD	7.250%	106.84
TDBM' 2020	USD	9.375%	101.51
MGMTGE' 2022 (Hoelun)	USD	9.750%	98.83

Rates	Last	Change /w/
Libor 1M	1.660	0.01 ▼
Libor 3M	1.795	-0.02 ▼
Libor 6M	1.805	-0.04 ▼
Libor 1YR	1.880	-0.04 ▼
US 2YR Bond	1.451	-0.11 ▼
US 3YR Bond	1.427	-0.14 ▼
US 5YR Bond	1.456	-0.16 ▼
US 10YR Bond	1.641	-0.18 ▼

Exchange rates	2020.01.24	Change /w/
USD	2,749.37	0.11% ▲
CNY	396.35	-1.02% ▼
EUR	3,039.02	-0.63% ▼
RUB	44.50	-0.38% ▼
KRW	2.35	-0.84% ▼
JPY	25.10	0.72% ▲
CAD	2,093.80	-0.63% ▼

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,571.53	0.92% ▲
Silver /spot/	USD/t oz.	18.10	0.33% ▲
Copper	USD/lb.	268.40	-5.68% ▼
Coal	USD/MT	68.53	-3.04% ▼
Crude Oil WTI	USD/bbl.	54.19	-7.43% ▼
Crude Oil Brent	USD/bbl.	60.69	-6.41% ▼

Indicators	Reference	Amount
Inflation Rate	2019. XII	5.2%
Policy Rate	2019. XII	11.00%
Interbank Rate	2019. XII	11.02%
Deposit Interest Rate /MNT/	2019. XII	11.29%
Deposit Interest Rate /Foreign currency/	2019. XII	4.75%
Loan Interest Rate /MNT/	2019. XII	16.84%
Loan Interest Rate /Foreign currency/	2019. XII	10.35%

Source: Troweprice.com

Source: National Statistical Office, Bank of Mongolia, Bloomberg

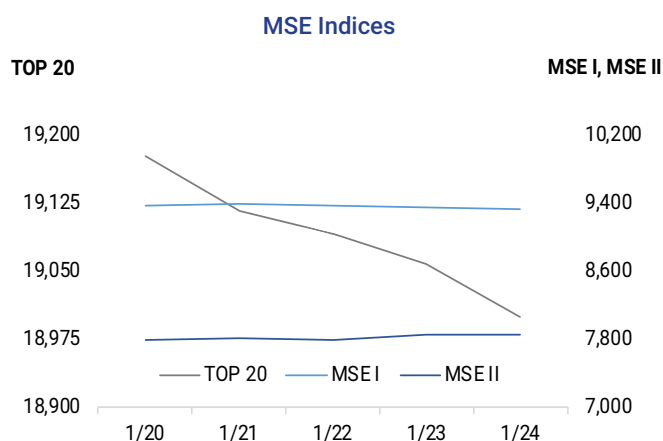
MSE TRADE UPDATE

In this week, a total of 42 companies' 4,444,650 shares worth MNT 2,864.3 million were traded in the secondary market.

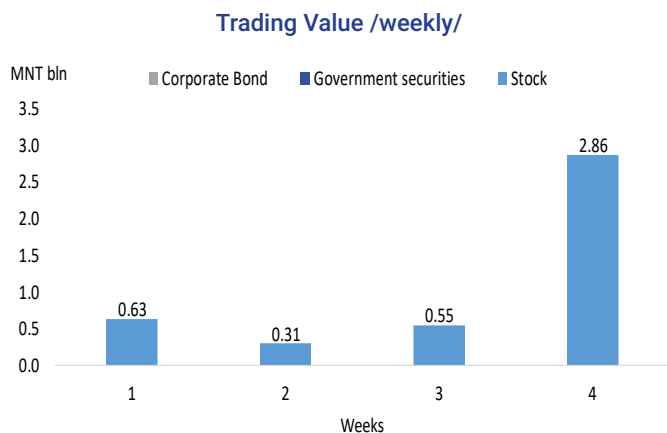
"Mongol Daatgal" /CHE/ companies shares rose 52.06 percent to MNT 122.41, while 'Khanyin Material' /HMK/ company's share fell 14.55 percent to MNT 1,880.0.

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

As of January 24, total market capitalization of MSE is MNT 2,673.7 billion. The TOP-20 index decreased by 0.53% to stand at 18,999.02 units.



Source: Mongolian Stock Exchange



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Market Review	Total amount /MNT mln/
Total Value	2,864.3
Market Capitalization	2,673,677.7

Market Indices	Last Price	Change /w/
MSE Top 20	18,999.02	-0.53% ▼
MSE I Index	9,330.09	-0.28% ▼
MSE II Index	7,850.39	0.68% ▲

Actively Traded Securities	Volume	Amount/MNT/
Mongol Post	3,116,782	1,956,055,223
Ard Financial Group	461,914	777,323,485
Mandal Daatgal	288,670	14,453,567
Monos Khuns	170,831	11,979,005
Lendmn NBF1	78,096	3,430,887

Securities with most growth	Last Price /MNT/	Change /w/
Mongol Daatgal	122.41	52.06% ▲
UB-BUK	345.00	15.00% ▲
Autoimpex	2,300.00	14.71% ▲
Hermes Centre	146.00	8.96% ▲
Shivee Ovoo	2,555.00	6.46% ▲

Securities with most decline	Last Price /MNT/	Change /w/
Khanyin Material	1,880.00	-14.55% ▼
Merex	20.00	-9.17% ▼
Khukh Gan	80.00	-9.09% ▼
Arig Gal	2,807.00	-6.40% ▼
Standard Property Group	66.00	-5.71% ▼

Most Active Brokerage Firms	Amount/MNT/
Ard Securities	5,468,056,051
Golomt Capital	41,441,820
BDSec	38,032,196
TDB Capital	36,322,152
Bumbat-Altai	25,270,967

Top 5 Companies With Largest Market Capitalization	Last Price /MNT/	Market Cap. /MNT mln/
APU	635.18	675,947
Tavan Tolgoi	6,500.00	342,324
MIK Holding	15,000.00	310,640
Gobi	270.00	210,630
Invescore NBF1	2,198.00	157,658

Government securities /secondary market/

Nº	NAME	VOLUME	TURNOVER /MNT/	MINIMUM /MNT/	MAXIMUM /MNT/	WEEKS	ANNUAL INTEREST RATE
-	-	-	-	-	-	-	-

CAPITAL MARKET UPDATE

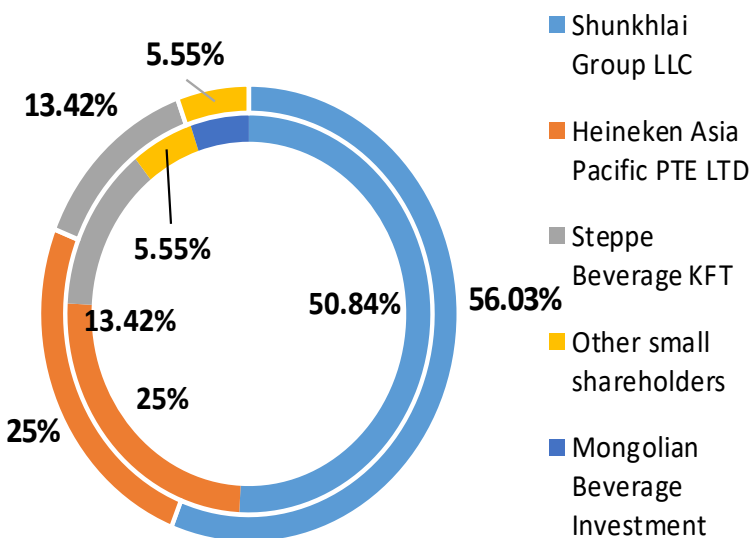
HIGHLIGHT



- Shunxhlai Group: “APU” JSC’s shares held by “Mongolian Beverage Investment” LLC has been purchased
- D. Sumiyabazar: Whether ETT will distribute dividends shall be decided by February 15.
- Chairman of the Executive Board of the MASD B. Ulziibayar announces plans to set up a credit rating agency during a discussion on the topic “Development and regulatory environment of the corporate bond market” organized by the FRC.

NEWS ON JOINT STOCK COMPANIES

- “Mandal Daatgal” JSC has published the company’s participation as a Plaintiff and Defendant in accordance to Section 3.2 of the “Securities’ Information Transparency Regulation”, approved by the Financial Regulatory Commission by Resolution №443 of 2015.
- On January 21, 2020, “Ard Financial Group” JSC’s shares were traded for MNT 764.1 million.
- “Mongol Post” JSC was the most actively traded company with 800,046 shares traded for MNT 504.0 million.
- The regular shareholders’ meeting of “Kharshiin Geree” JSC will take place on February 26, 2020.



ANALYST COMMENTARY

Lately, there have been a lot of changes concerning the shareholders’ structure of “APU” JSC.

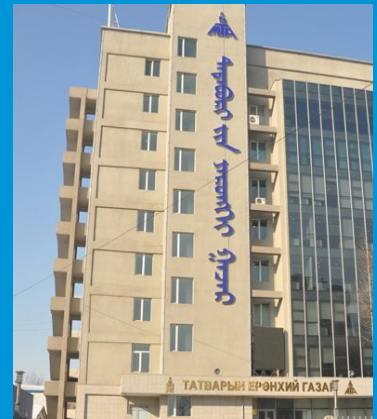
Most recently, on January 20, 2020, “Shunxhlai Group” LLC has acquired 55,212,572 shares or 5.19% of total shares which was owned by “Mongolian Beverage Investment” LLC. The acquisition non-exchange transaction. As a result of the transaction, “Shunxhlai Group” LLC currently owns 541,017,070 shares of 56.03% of total shares of “APU” JSC.

Previously, , on July 31, 2019, “Shunxhlai Group” LLC acquired a total of 50.84% of “APU” JSC’s shares which was owned by “Wit Alliance Limited” LLC and “Tuul International” LLC through non-exchange transaction.

OTHER NEWS

HIGHLIGHT

- Introduction of Mongolian drugs to the Indian market has started.
- The World Economic Forum began.
- GDP per capita reaches USD 4,470.
- Tax revenue increased by MNT 1.5 trillion.
- The Bank of Mongolia has appointed an authorized representative for Arig Bank.
- Coronavirus infection warning has been issued by the Ministry of Health.
- Mongolia, China border roads were closed.



MACROECONOMIC NEWS

- The Bank of Mongolia has decided to appoint an authorized representative for Arig Bank. Specifically, as stated in Article 49 of the Banking Law, "the Bank of Mongolia (BOM) may decide to implement conditional management and appoint an authorized representative, if the BOM deems that the precautionary measures provided by law are not enough to improve the bank's operations and restore its stable and sound management or in the case of conditions specified in Article 3.1.16 of the Law."
- Here are tips on how to prevent people from getting a coronavirus infection. To be precise, the Ministry of Health recommends that you do not travel to the country where the disease has been registered, have regular oral hygiene with the constant use of masks, regularly wash your hands with soap, do not take small children to public places, and use vitamins to enhance immunity.

COMMODITY MARKET NEWS

Steppe Gold (TSE: STGO), the company implementing the Golden Platinum Basic Deposit project, located in Tsagaan Ovoo soum of Dornod province, has announced that it will raise USD 3 million from "DBM Asset Management SC" LLC. Specifically, the funding is coming from the "Mongolian National Investment Fund IF SPC", which is managed "DBM Asset Management SC" LLC, a subsidiary of the Development Bank.



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