

WEEKLY MARKET UPDATE

2020.01.27 - 01.31



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: The major U.S. equity benchmarks lost ground for the week amid growing concerns about the impact of the coronavirus on global economies. The Nasdaq Composite Index held up the best, while the mid- and smaller-cap benchmarks had the weakest results. Performance was mixed for the month—the Nasdaq recorded positive results, but the other major benchmarks finished January with flat or negative returns.

Stocks suffered their worst losses on Monday and Friday, when markets seemed focused on the spreading virus. By the end of the week, approximately 10,000 cases had been reported, the World Health Organization (WHO) had declared the outbreak a global health emergency, and the U.S. State Department had issued a warning for U.S. citizens to avoid traveling to China.

The outbreak in China dominated sentiment as the U.S. trading week began on Tuesday, according to 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. Traders noted that airline, cruise line, and casino stocks were particularly hard-hit by coronavirus worries. Energy stocks were pressured by falling oil prices.

Europe: European stocks fell as the rapid spread of the coronavirus in China sparked fears of a pandemic and a hit to global economic growth. The pan-European STOXX Europe 600 Index ended the week down 2.28%, while Germany's exporter-heavy DAX Index fell 3.47% and the CAC-40 Index in France dropped 2.94%. The UK's FTSE 100 Index declined 3.29%, sapped by a stronger UK pound after the Bank of England's (BoE) decision to leave monetary policy unchanged.

The eurozone economy grew at a slower-than-expected rate in the fourth quarter, according to a flash estimate of the statistics office. Gross domestic product (GDP) expanded 0.1% on the quarter and 1.0% on the year, slightly below the consensus estimate of economists surveyed by FactSet. France and Italy were the main reason for slower-than-expected overall GDP growth. The French economy contracted, rather than expanded, in the period, probably due to the public sector strikes at the end of 2019.

Japan: Stocks trended lower on worries about a global economic slowdown caused by the coronavirus. Economy Minister Yasutoshi Nishimura said that Japan's corporate revenues, earnings, and factory production might be hurt by the outbreak. In addition to being Japan's leading trading partner, China accounted for about one-third of the tourists visiting Japan last year, and their spending represented about 40% of the total spent by foreigners.

China: China's financial markets were shut during the week after authorities extended the Lunar New Year holiday as part of their administrative efforts to contain the spread of the Wuhan coronavirus. Trading is set to resume on Monday, February 3. Before markets were shut, Hong Kong's Hang Seng Index was down 9.5% from the last peak on January 20. Emerging markets stocks were weak overall, with the MSCI Emerging Markets Index losing 2.9% in the week to January 29.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	18,828.56	-0.90% ▼
Dow Jones	USA	28,256.03	-2.53% ▼
S&P 500	USA	3,225.52	-2.12% ▼
Nasdaq	USA	9,150.94	-1.76% ▼
S&P/TSX	Canada	17,318.49	-1.41% ▼
FTSE 100	Great Britain	7,286.01	-3.95% ▼
S&P/ASX 200	Australia	7,017.20	-1.03% ▼
Nikkei 225	Japan	23,205.18	-2.61% ▼
Hang Seng	Hong Kong	26,312.63	-5.86% ▼

Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	113.12
Mongol 2023 (Gerege)	USD	5.625%	102.40
Mongol 2022 (Chinggis)	USD	5.125%	101.62
Mongol 2021 (Mazalai)	USD	10.875%	107.96
DBM' 23 (Samurai)	JPY	1.520%	103.41
DBM' 2023	USD	7.250%	106.42
TDBM' 2020	USD	9.375%	101.43
MGMTGE' 2022 (Hoelun)	USD	9.750%	98.20

Rates	Last	Change /w/
Libor 1M	1.662	0.00 ▲
Libor 3M	1.751	-0.04 ▼
Libor 6M	1.745	-0.06 ▼
Libor 1YR	1.807	-0.07 ▼
US 2YR Bond	1.333	-0.12 ▼
US 3YR Bond	1.313	-0.11 ▼
US 5YR Bond	1.334	-0.12 ▼
US 10YR Bond	1.522	-0.12 ▼

Exchange rates	2020.01.31	Change /w/
USD	2,751.57	0.08% ▲
CNY	396.67	0.08% ▲
EUR	3,034.57	-0.15% ▼
RUB	43.61	-2.00% ▼
KRW	2.31	-1.70% ▼
JPY	25.23	0.52% ▲
CAD	2,082.08	-0.56% ▼

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,589.16	1.12% ▲
Silver /spot/	USD/t oz.	18.04	-0.32% ▼
Copper	USD/lb.	251.70	-6.22% ▼
Coal	USD/MT	67.17	-1.98% ▼
Crude Oil WTI	USD/bbl.	51.56	-4.85% ▼
Crude Oil Brent	USD/bbl.	58.16	-4.17% ▼

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: National Statistical Office, Bank of Mongolia, Bloomberg

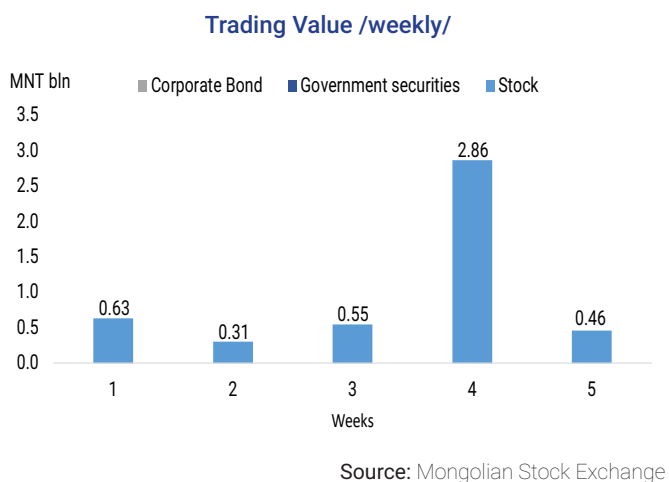
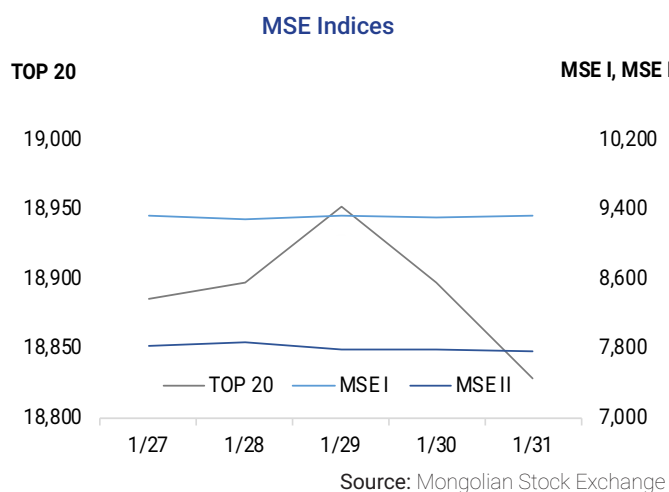
MSE TRADE UPDATE

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.



Market Review	Total amount /MNT mln/
Total Value	461.9
Market Capitalization	2,665,213.2

Market Indices	Last Price	Change /w/
MSE Top 20	18,828.56	-0.90% ▼
MSE I Index	9,332.39	0.02% ▲
MSE II Index	7,768.11	-1.05% ▼

Actively Traded Securities	Volume	Amount/MNT/
Mongol Post	494,341	311,927,101
Ard Financial Group	20,109	31,321,493
APU	46,204	28,532,536
Invescore NBF1	6,100	15,906,914
Gutal	962	14,672,000

Securities with most growth	Last Price /MNT/	Change /w/
Mongol Daatgal	214.08	74.89% ▲
Mogoin Gol	8,855.00	15.00% ▲
Baganuur	1,045.00	14.77% ▲
Arig Gal	3,077.00	9.62% ▲
Erdene Resource Development	479.48	5.72% ▲

Securities with most decline	Last Price /MNT/	Change /w/
Silicate	50.00	-20.63% ▼
Mongol Securities	290.00	-14.71% ▼
Bulgan Guril Tejeel	6500.00	-13.33% ▼
Kherlen Khivs	39.00	-13.33% ▼
Khuvsgul Altan Duulga	621.00	-11.29% ▼

Most Active Brokerage Firms	Amount/MNT/
Ard Securities	684,612,983
Golomt Capital	31,605,406
Delgerkhangai Securities	30,528,655
Standard Investment	29,760,620
Mongol Securities	20,662,913

Top 5 Companies With Largest Market Capitalization	Last Price /MNT/	Market Cap. /MNT mln/
APU	615.84	655,366
Tavan Tolgoi	6,490.00	341,797
MIK Holding	14,940.00	309,397
Gobi	258.77	201,870
Invescore NBF1	2,656.00	190,509

Government securities /secondary market/

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

CAPITAL MARKET UPDATE



HIGHLIGHT

- The FRC announced that securities settlement mode will be fully transitioned to T+2 by March 31, 2020.
- During the FRC's second meeting of 2020, a total of 29 issues were discussed and resolved.

NEWS ON JOINT STOCK COMPANIES

- Telmen G, who previously worked as the Deputy Director of "Mongol Post" JSC /MSE:MNP/ has been appointed as the new CEO of "Ard Credit NBFI" JSC /MSE:ADB/, a company that went public in 2019.
- During "Khaar Khorum Properties" JSC's /MSE:AMT/ shareholders' meeting the company has decided to merge with "Erdenes Solutions" LLC. As a result, the company will issue 15,751,262 shares with the price of MNT 100 per share to the current shareholders of "Erdenes Solutions" LLC.
- "Standart Noos" JSC /MSE:ALI/ has scheduled its annual general meeting on March 09, 2020. During the meeting, the performance of 2019 the plan of 2020 and the composition of the Board will be discussed.
- "Khasu Mandal" JSC /MSE:HSR/, a company listed on tier III of the MSE has published its financial reports of 2019.



OTHER NEWS



Financial Action Task Force (FATF), at its regular meeting of October 18, 2019, has included Mongolia in the list of strategically disadvantaged countries in the area of combating money laundering and terrorism financing, and assigned term tasks in four directions.

As part of the implementation of this task, the Law on Legal Status of the Financial Regulatory Commission and the Law on Licensing of Business Activities was amended by a session of the General Assembly of the Parliament of Mongolia on January 17, 2020 resulting in The Financial Regulatory Commission to have obligation to grant, regulate and supervise the licensed trader of precious metals, precious stones and real estate brokerage.

OTHER NEWS

HIGHLIGHT

- 3,558 kg of precious metal was purchased in January.
- Arig Bank's operation is continuing normally.
- The Bank of Mongolia: USD 100 million have been supplied to the foreign exchange market in order to prevent further depreciation of the MNT.
- Iron ore companies restrict employees to travel to China.
- Shares of mining companies have plummeted due to the spread of the new coronavirus



MACROECONOMIC NEWS

The Bank of Mongolia has purchased 3,358 kg of precious metal in January, 2020, which was an increase of 2960 kg or five time increase compared to the previous year's purchase of 597 kg of precious metal. Of which 1747 kg was silver and 1810 kg was gold.

The BoM's Darkhan-Uul aimag branch purchased 61 kg of precious metal and Bayankhongor aimag branch purchased 72 kg of precious metal respectively in January.

In January, the average gold price stood at MNT 137,211.81 per gram.

COMMODITY MARKET NEWS

"Rio Tinto" JSC's shares fell more than five percent on European trading on Monday. This decrease was the largest decrease of the last 17 weeks. At the same time, the British FTSE 100 index fell 1.4%.

The decrease wasn't only limited to "Rio Tinto" JSC, as other major players such as "BHP Group" JSC and "Fortescue Metals" JSC's shares dropping 4% and 6.9% respectively. With the increasing spread and harm of the new coronavirus, the Chinese economy is expected to suffer a severe blow. Analysts have predicted that the spear of new coronavirus will have larger impact on the mining industry of today, compared to a similar SARS epidemic in 2003.



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