

WEEKLY MARKET UPDATE

07.06 - 07.10



GLOBAL MARKET UPDATE

U.S: The major indexes ended mixed for the week, with large-caps outperforming small-caps. The technology-heavy Nasdaq Composite Index fared best and reached new record highs, thanks in part to strong gains for “work from home” shares, such as Amazon.com, Apple, Facebook, and Netflix. The latter two also boosted the communication services sector, which outperformed within the S&P 500 Index, while energy shares were weak as crude oil prices fell back below USD 40 per barrel.

Stocks jumped at the start of trading Monday, with many attributing the strength to a front-page editorial in the China Securities Journal, which stated that “fostering a healthy bull market after the pandemic is now more important to the economy than ever” (see China section below). T. Rowe Price traders noted that growing hopes for a COVID-19 vaccine being released as early as the end of the year also seemed to support the gains, but few concrete developments appeared to drive the rally.

Europe: European shares ended the week little changed, depressed by renewed concerns about a resurgence of coronavirus cases. Although the pan-European STOXX Europe 600 Index was flat, major European market indexes were mixed. Germany's DAX Index rose 0.22%, but France's CAC 40 Index eased 1.38%, while Italy's FTSE MIB Index declined 1.12%, and the UK's FTSE 100 Index fell 1.19%.

Core eurozone bond yields fell on the week as a surge of coronavirus cases in the U.S. ignited fresh fears of a second wave, pushing investors to core assets. Peripheral eurozone bond yields fell overall after a mixed week. Cautious optimism about an economic recovery lifted yields at first, but reignited coronavirus fears caused them to retrace.

Japan: Japanese stocks recorded relatively small losses for the week. The Nikkei 225 Stock Average fell 16 points (0.1%) and closed at 22,290.81. Japan's widely watched benchmark has returned -5.8% for the year-to-date period. The large-cap TOPIX Index and the TOPIX Small Index, broader measures of Japanese stock market performance, also posted weekly declines. The yen was little changed versus the U.S. dollar over the week.

Japan's Finance Ministry reported that tax receipts of JPY 58 trillion (USD 540 billion) in fiscal year 2019 (ended March 31, 2020) declined 3.2% versus fiscal year 2018. While consumption taxes expanded modestly thanks to the tax increase in October, corporate taxes plunged more than 12% due to a government moratorium on collections from companies hurt by the coronavirus.

China: Mainland stock markets surged after a state-run publication talked up the country's recovery and appeared to officially endorse the rally in equities. A bullish editorial in the China Securities Journal on Monday set in motion a risk-on rally for the rest of the week that sent the benchmark Shanghai Composite Index to a two-year high. By Friday, the large-cap CSI 300 Index and Shanghai Composite Index rallied 7.5% and 7.3%, respectively. In China's fixed income market, domestic bonds sold off and yields rose. The yield on China's 10-year bond rose 20 basis points to end the week at 3.13% amid growing optimism about the economy and strong momentum in stocks.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	16,427.63	-0.42% ▼
Dow Jones	USA	26,075.30	0.96% ▲
S&P 500	USA	3,185.04	1.76% ▲
Nasdaq	USA	10,617.44	4.01% ▲
S&P/TSX	Canada	15,713.82	0.75% ▲
FTSE 100	Great Britain	6,095.41	-1.01% ▼
S&P/ASX 200	Australia	5,919.20	-2.29% ▼
Nikkei 225	Japan	22,290.81	-0.07% ▼
Hang Seng	Hong Kong	25,727.41	1.40% ▲

Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	109.28
Mongol 2023 (Gerege)	USD	5.625%	100.69
Mongol 2022 (Chinggis)	USD	5.125%	100.09
Mongol 2021 (Mazalai)	USD	10.875%	104.37
DBM' 23 (Samurai)	JPY	1.520%	100.73
DBM' 2023	USD	7.250%	101.27
MGMTGE' 2022 (Hoelun)	USD	9.750%	90.08

Rates	Last	Change /w/
Libor 1M	0.175	0.08 ▲
Libor 3M	0.268	-0.03 ▼
Libor 6M	0.345	-0.06 ▼
Libor 1YR	0.480	-0.05 ▼
US 2YR Bond	0.165	0.06 ▲
US 3YR Bond	0.195	0.05 ▲
US 5YR Bond	0.307	0.03 ▲
US 10YR Bond	0.645	-0.06 ▼

Exchange rates	2020.07.10	Change /w/
USD	2,832.22	0.22% ▲
CNY	404.12	1.05% ▲
EUR	3,194.46	0.61% ▲
RUB	39.83	-0.60% ▼
KRW	2.36	0.00%
JPY	26.51	0.84% ▲
CAD	2,080.98	-0.17% ▼

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,798.70	1.50% ▲
Silver /spot/	USD/t oz.	18.72	3.91% ▲
Copper	USD/lb.	289.75	6.14% ▲
Coal	USD/MT	53.98	-0.53% ▼
Crude Oil WTI	USD/bbl.	40.55	0.27% ▲
Crude Oil Brent	USD/bbl.	43.24	1.03% ▲
Natural Gas	USD/MMBtu	1.81	3.43% ▲

Indicators	Reference	Amount
Inflation Rate	2020.V	3.3%
Policy Rate	2020.V	9.00%
Interbank Rate	2020.V	8.93%
Deposit Interest Rate /MNT/	2020.V	11.20%
Deposit Interest Rate /Foreign currency/	2020.V	4.48%
Loan Interest Rate /MNT/	2020.V	17.06%
Loan Interest Rate /Foreign currency/	2020.V	10.41%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADE UPDATE

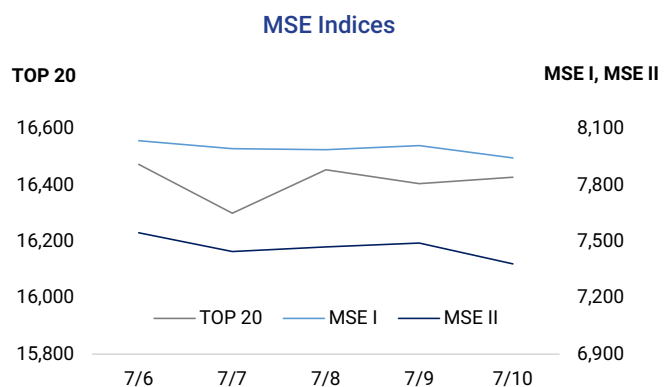
In this week, a total of 38 companies' 1,086,454 shares worth MNT 248.5 million were traded in the secondary market.

"Mongol Savkhi" /MSE: UYN/ company's shares rose 31.53 percent to MNT 680.00, while "Guril Tejeel Bulgan" /MSE: GTJ/ company's share fell 14.99 percent to MNT 590.00.

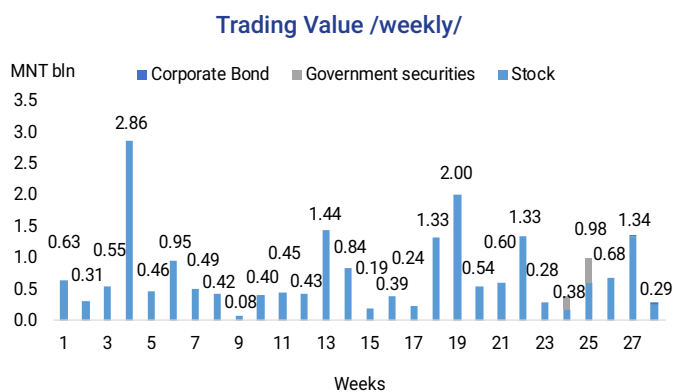
No government securities were traded on the primary and secondary market during this week.

On the corporate bond market, "Lendmn NBF1" JSC's 377 units of securities were traded for MNT 37.7 million on the secondary market.

As of July 10, total market capitalization of MSE is MNT 2,506.4 billion. The TOP-20 index increased by 0.42% to stand at 16,427.63 units.



Source: Mongolian Stock Exchange



Source: Mongolian Stock Exchange

Market Review	Total amount /MNT mln/
Total Value	286.23
Market Capitalization	2,506,372.06

Market Indices	Last Price	Change /w/
MSE Top 20	16,427.63	-0.42% ▼
MSE I Index	7,943.49	-0.97% ▼
MSE II Index	7,380.41	-2.49% ▼

Actively Traded Securities	Volume	Amount/MNT/
Erdene Resource Development	59,342	43,809,620
Invescore NBF1	11,802	29,668,420
Gobi	100,225	19,372,251
Bodi Insurance	163,465	18,419,601
Khunbun Beton	77,148	17,906,051

Securities with most growth	Last Price /MNT/	Change /w/
Mongol Savkhi	680.00	31.53% ▲
Makhimpex	3,130.00	29.34% ▲
Juulchin Duty Free	79,950.00	14.21% ▲
Erdene Resource Development	750.00	13.64% ▲
Bodi Insurance	112.78	8.49% ▲

Securities with most decline	Last Price /MNT/	Change /w/
Guril Tejeel Bulgan	590.00	-14.99% ▼
Merex	12.00	-14.29% ▼
Ard Financial Group	1,130.00	-11.65% ▼
Ard Credit NBF1	60.11	-11.15% ▼
Mon It Buligar	5,000.00	-9.09% ▼

Most Active Brokerage Firms	Amount/MNT/
BDSec	143,092,396.30
Ard Securities	69,033,329.67
TDB Capital	61,841,093.74
Bumbat-Altai	45,325,580.11
Standard Investment	30,809,118.20

Top 5 Companies With Largest Market Capitalization	Last Price /MNT/	Market Cap. /MNT mln/
APU	548.99	584,225
Tavan Tolgoi	5,530.00	291,239
MIK Holding	12,990.00	269,014
Invescore NBF1	2,513.00	180,252
Gobi	196.19	153,050

Government securities /secondary market/

Nº	NAME	VOLUME	TURNOVER /MNT/	MINIMUM /MNT/	MAXIMUM /MNT/	WEEKS	ANNUAL INTEREST RATE
1	LNBO-BD-19/06/21-C0008-17	20	2,000,000	100,000	100,000	52	17%
2	LNBO-BD-19/06/21-C0008-17	326	32,600,000	100,000	100,000	52	17%
3	LNBO-BD-19/06/21-C0008-17	1	100,000	100,000	100,000	52	17%
4	LNBO-BD-19/06/21-C0008-17	30	3,000,000	100,000	100,000	52	17%

DIVIDEND INFORMATION

Nº	TICKER	COMPANY NAME	NET PROFIT OF 2019 /MNT MLN/	TOTAL DIVIDEND AMOUNT /MNT MLN/	DIVIDEND PAYOUT RATIO	DIVIDENDS PER SHARE /MNT/	RECORD DATE	PAYMENT DATE
1	APU	APU	74,411.5	75,471.2	101.4%	71.0	2020.02.14	WITHIN 2020.08.31
2	MNDL	MANDAL DAATGAL	5,820.3	2,497.2	42.9%	4.0	2020.04.01	WITHIN 2020.06.30
3	GTL	GUTAL	2,403.7	2,436.0	101.3%	1,520.0	2020.03.13	ON 2020.05.05
4	LEND	LENDMN NBFI	4,910.2	1,200.0	24.4%	1.5	2020.02.25	ON 2020.04.30
5	ADB	ARD CREDIT NBFI	2,369.4	1,184.7	50.0%	4.2	2020.04.08	WITHIN 2020.06.30
6	AARD	ARD FINANCIAL GROUP	715.9	1,000.0	139.7%	35.0	2020.04.07	WITHIN 2020.04.30
7	TUM	TUMEN SHUVUUT	3,232.9	960.0	29.7%	4.8	2020.04.07	ON 2020.06.24
8	AIC	ARD DAATGAL	1,718.7	850.0	49.5%	34.0	2020.04.09	WITHIN 2020.06.30
9	JTB	GENCO TOUR BUREAU	1,253.8	799.9	63.8%	10.0	2020.03.27	WITHIN 2020.06.30
10	TEX	TECHNICIMPORT	2,718.2	723.4	26.6%	500.0	2020.03.01	FROM 2020.04.24
11	BUK	UB-BUK	2,465.3	526.2	21.3%	4.0	2020.03.30	FROM 2020.06.01
12	MMX	MAKHIMPEX	819.3	456.1	55.7%	120.0	2020.04.03	FROM 2020.10.01
13	MFC	MONOS KHUNS	761.9	408.9	53.7%	1.0	2020.03.11	WITHIN 2020.08.31
14	DSS	DARKHAN SELENGIIN TSAKHILGAAN TU- GEEKH SULJEE	581.8	391.8	67.3%	37.7	2020.03.20	ON 2020.09.02
15	MNP	MONGOL POST	1,103.6	331.1	30.0%	3.3	2020.04.05	FROM 2020.05.01
16	HRM	HERMES CENTRE	820.0	322.0	39.3%	4.1	2020.02.28	FROM 2020.03.15
17	NEH	DARKHAN NEKHII	2,327.6	230.8	9.9%	210.0	2020.02.25	BETWEEN 2020.09.30 AND 2020.12.30
18	TCK	TALKH CHIKHER	2,456.0	230.3	9.4%	225.0	2020.02.18	FROM 2020.06.20
19	MBW	MONGOL BASALT	335.0	225.7	67.4%	4.0	2020.03.09	WITHIN 2020.06.30
20	BNG	BAYANGOL HOTEL	2,117.8	152.3	7.2%	360.0	2020.04.05	ON 2020.09.01
21	BDS	BDSEC	19.9	136.9	687.0%	10.0	2020.03.09	WITHIN 2020.12.31
22	EER	ARIG GAL	225.8	131.0	58.0%	38.9	2020.03.27	WITHIN 2020.06.30
23	TAH	TAKHI KO	489.0	128.5	26.3%	108.0	2020.04.10	WITHIN 2020.05.01
24	UBH	ULAANBAATAR KHIVS	298.8	121.4	40.6%	300.0	2020.03.06	BETWEEN 2020.05.01 AND 2020.05.15
25	HRD	HURD	722.6	72.4	10.0%	535.0	2020.03.02	WITHIN 2020.06.30
26	ATR	ATAR URGUU	280.4	60.9	21.7%	350.0	2020.04.01	WITHIN 2020.08.01
27	MCH	TELECOM MONGOLIA	62.0	25.9	41.7%	1.0	2020.04.06	FROM 2020.06.01
28	HUV	KHUVSGUL GEOLOGY	324.7	21.6	6.7%	150.0	2020.04.03	FROM 2020.05.01
29	SUU	SUU	5,668.0	1,715.1	30.3%	5.0	2020.03.27	FROM 2020.05.01
30	HZB	GAN KHERLEN	31.9	15.0	46.9%	150	2020.04.06	WITHIN 2020.09.30
31	BTG	BAYANTEEG	2,166.2	500.0	23.1%	1,979.3	2020.02.07	WITHIN 2020.12.01
32	TTL	TAVANTOLGOI	48,062.7	43,238.0	90.0%	821.0	2020.04.03	WITHIN 2020.05.31
33	ERS	MONGOL ALT	71.3	39.9	55.9%	150.0	2020.04.29	WITHIN 2020.12.31
34	TEE	TEEVER DARKHAN	10.9	0.8	749.1%	500.0	2020.04.29	WITHIN 2020.12.31

CAPITAL MARKET UPDATE

HIGHLIGHT



In accordance with the provision 20.2 of the Listing Rules of MSE, the listings of companies registered on the MSE have been updated by the CEO's Order No.A/51 of July 07, 2020.

"Tumen Shuvuut" JSC, "Monos Khuns" JSC, and "Khuvs gul Altan Duulga" JSC have been upgraded to tier I, "Invescore NBF1" JSC, "Teever-Darkhan" JSC, "Mongol Daatgal" JSC, "Mongol Shevro" JSC and "Nekheesgui Edlel" JSC to tier II and "Merex" JSC, "Naco Tulsh" JSC, "Nogoon Khugjil Undesnii Negdel" JSC and "Khukh Gan" JSC have been downgraded to tier III.

Source: Mongolian Stock Exchange

NEWS ON JOINT STOCK COMPANIES

Attention to the shareholders of "Erdene Resource Development Corporation" /MSE: ERDN, TSX: ERD/ JSC.

"Erdene Resource Development Corporation" /MSE: ERDN, TSX: ERD/ JSC ("Erdene" or the "Company") has announced drilling results from the Midfield Southeast zone of the Company's 100%-owned Bayan Khundii Gold Project ("Project").

"We are exceptionally pleased with drill results from the new Midfield Southeast zone, including one metre of 582 g/t gold within an intersection of 5.5 metres grading 126 g/t gold, in a near-surface region of the Bayan Khundii deposit," said Peter Akerley, Erdene's President and CEO. "A second intersection, 40 metres north of 15 metres of 26 g/t gold, including one metre grading 338 g/t gold, confirms the existence of a new high-grade zone in an area that is currently classified as waste or low-grade material that could add meaningfully to resources during the early stages of the Project."

"While we are rapidly advancing the Bayan Khundii development, with results of the Project's Bankable Feasibility Study anticipated in the coming weeks, over the past six months we have demonstrated the potential of the Khundii Gold District, with high-grade intersections at Bayan Khundii and Altan Nar, and the discovery of the Dark Horse prospect," continued Mr. Akerley. "Further results are forthcoming from recent work at Striker and Dark Horse, where multiple instances of visible gold were encountered. We are developing follow-up drilling campaigns for these exciting targets, prioritizing near mine expansion opportunities at Bayan Khundii that are expected to add to our established resource base.

Source: Mongolian Stock Exchange

The trading of "Mongol Daatgal" /MSE: CHE/ JSC's stock have been temporarily halted.

According to the enforcement letter No. 95 of July 06, 2020 by the FRC's State inspector, the trading of "Mongol Daatgal" /MSE: CHE/ JSC's stock have been temporarily halted starting from July 07, 2020, due to the changing of the company's ticker symbol.

Source: Mongolian Stock Exchange

The trading of "Darkhan Nekhii" /MSE: NEH/ JSC's stock have been temporarily halted.

According to the enforcement letter No: 96 of July 08, 2020 by the FRC's State inspector, the trading of "Darkhan Nekhii" /MSE: NEH/ JSC's stock have been temporarily halted starting from July 09, 2020, due to the company's stock splitting with 1:1,000 ratio. The stock split was decided by the company's shareholders' meeting of March 21, 2020 and was approved by the FRC on July 8, 2020.

Source: Mongolian Stock Exchange

"Lendmn NBF1" /MSE: LEND/ JSC's board's decision.

In accordance with Section 76 Article 76.1.18 and Section 80 Article 80.2 of the Company Law, Section 3 Article 3.6.4 of the "Regulation on classification of assets of non-bank financial institutions, establishment and disbursement of asset risk fund" which was approved by the joint order No. 144/125 of the FRC Chairman and the Minister of Finance. Additionally, based on Section 9 Article 9.6.23 of "Lendmn NBF1" /MSE: LEND/ JSC's by-law, the board of directors decided to write off MNT 115 million in non-performing loans and MNT 15 million in outstanding receivables from the company's contingency fund.

Source: Mongolian Stock Exchange

OTHER NEWS

HIGHLIGHTS

On July 9, 2020, S&P Global Ratings affirmed its 'B' long- and short-term sovereign credit ratings on Mongolia. The outlook on the long-term rating is stable.

The ratings on Mongolia reflect the country's modest per capita income level, evolving institutional settings, and elevated external imbalances. We weigh these factors against steady access to concessional funding from multilateral and bilateral partners, and Mongolia's above-average economic growth prospects. The government's recent track record of fiscal discipline also lends support to the rating. Nevertheless, Mongolia continues to face significant vulnerabilities stemming from a concentrated economic base and elevated external and public indebtedness.

Source: S&P Global Rating



MACROECONOMIC NEWS

In the first 6 months of 2020, total foreign trade turnover reached USD 5,288.3 million, decreasing by USD 1,544.5 million or 22.6% compared to the same period last year. Exports exceeded imports by USD 368.0 million thus resulting in foreign trade surplus.

Exports of goods and raw materials amounted to USD 2,828.2 million, a decrease of 28.2% compared to the same period of the previous year. Mineral products accounted for USD 2,020.6 million or 71.4% of total exports, while exports of pearls, precious and semi-precious stones, precious metals and jewelry accounted for USD 607.1 million or 21.5% of total exports.

Source: Mongolian Customs General Administration

COMMODITY MARKET NEWS

In June 2020, the precious metal purchase of the Bank of Mongolia (BoM) was 2.3 tons, raising the BoM's total precious metal purchase of 2020 to 10.8 tons, of which 9.1 tons were gold and 1.7 tons were silver. It means the amount of precious metal purchase increased by 4.8 tons compared with the same period of previous year.

In June, the BoM branches in Darkhan-Uul and Bayankhongor aimags bought 63.9 kg and 81.9 kg of precious metals respectively. The average price of BoM's purchase of 1 gram of gold was MNT 156,422.38 in June.

Source: Bank of Mongolia



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