

WEEKLY MARKET UPDATE

07.20 - 07.24



GLOBAL MARKET UPDATE

U.S: The major indexes ended mixed for the week after surrendering early gains; at its Thursday peak, the S&P 500 Index moved within nearly 3% of its all-time high in February. The market rotation that began the previous week remained in evidence, with mid-caps and value stocks regaining some of the substantial ground lost in recent months to large-caps and growth shares. Technology stocks and the tech-heavy Nasdaq Composite Index fared worst, dragged down by declines in Apple and several chipmakers. Energy stocks outperformed within the S&P 500 as oil prices rallied early in the week.

Credit for the week's strong start seemed to go, in part, to good news on the vaccine front. Confirming earlier reports, Oxford University and AstraZeneca announced that their vaccine candidate under joint development had produced healthy levels of both antibodies and T-cells—with the latter offering the hope of prolonged immunity—in a trial involving 1,077 participants. Studies on candidates being developed by Pfizer in partnership with BioNTech and CanSino Biologics working with the Beijing Institute of Biotechnology also indicated significant immune responses, though with moderate side effects in some patients.

Europe: European shares fell, as a deterioration in U.S.-China relations eroded earlier gains from the European Union (EU) agreeing on a recovery fund and positive news on efforts to develop a coronavirus vaccine. In local-currency terms, the pan-European STOXX Europe 600 Index ended the week 1.17% lower, while Germany's DAX Index eased 0.23%, France's CAC 40 slid 1.47%, and Italy's FTSE MIB declined 1.25%. The UK's FTSE 100 Index fell 2.38%.

After five days of haggling, EU leaders agreed to a historic deal on a EUR 750 billion stimulus plan. As a result, the European Commission, the EU's executive branch, can now raise billions of euros in capital markets on behalf of all 27 states. The fund will comprise EUR 390 billion in grants—instead of the proposed EUR 500 billion—and EUR 360 billion in low-interest loans. Italy will likely be the biggest recipient. Reducing the proportion of the fund allocated to grants appeased fiscally hawkish northern countries, which also secured sizable budget rebates to lower their annual net contributions.

Japan: Japanese stocks were relatively unchanged in the holiday-shortened trading week. Japan's stock markets were closed on Thursday for Marine Day and on Friday for Health-Sports Day. The Nikkei 225 Stock Average advanced 55 points (0.2%) and closed at 22,751.61 on Wednesday, July 22. The widely watched market yardstick has returned -3.8% for the year-to-date period. The large-cap TOPIX Index and the TOPIX Small Index, broader measures of Japanese stock market performance, posted a modest loss and gain, respectively. The yen was modestly stronger versus the U.S. dollar during the week and trended below JPY 107 per U.S. dollar.

China: Mainland Chinese stocks declined for the week. The large-cap CSI 300 Index declined 0.87% and the benchmark Shanghai Composite Index shed 0.54%, weighed by a Friday sell-off on news that the Trump administration withdrew consent for China to operate its consulate in Houston, Texas. This unexpected decision rattled investors who viewed it as an aggressive move that would ratchet up bilateral tensions at a time when China's economic recovery remains fragile.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	16,494.07	-0.30% ▼
Dow Jones	USA	26,469.89	-0.76% ▼
S&P 500	USA	3,215.63	-0.28% ▼
Nasdaq	USA	10,363.18	-1.33% ▼
S&P/TSX	Canada	15,997.06	-0.78% ▼
FTSE 100	Great Britain	6,123.82	-2.65% ▼
S&P/ASX 200	Australia	6,024.00	-0.16% ▼
Nikkei 225	Japan	22,751.61	0.24% ▲
Hang Seng	Hong Kong	24,705.33	-1.53% ▼
Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	109.95
Mongol 2023 (Gerege)	USD	5.625%	101.63
Mongol 2022 (Chinggis)	USD	5.125%	100.65
Mongol 2021 (Mazalai)	USD	10.875%	104.54
DBM’ 23 (Samurai)	JPY	1.520%	100.76
DBM’ 2023	USD	7.250%	101.75
MGMTGE’ 2022 (Hoelun)	USD	9.750%	90.44
Rates		Last	Change /w/
Libor 1M		0.173	-0.04 ▼
Libor 3M		0.247	-0.09 ▼
Libor 6M		0.319	-0.05 ▼
Libor 1YR		0.460	-0.02 ▼
US 2YR Bond		0.147	0.03 ▲
US 3YR Bond		0.167	-0.03 ▼
US 5YR Bond		0.274	-0.01 ▼
US 10YR Bond		0.591	-0.05 ▼
Exchange rates		2020.07.24	Change /w/
USD		2,842.11	0.27% ▲
CNY		404.84	-0.02% ▼
EUR		3,296.28	2.09% ▲
RUB		39.69	0.51% ▲
KRW		2.36	0.43% ▲
JPY		26.76	1.13% ▲
CAD		2,115.77	1.38% ▲
Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,902.02	5.06% ▲
Silver /spot/	USD/t oz.	22.77	17.79% ▲
Copper	USD/lb.	289.25	-0.41% ▼
Coal	USD/MT	53.32	-1.75% ▼
Crude Oil WTI	USD/bbl.	41.29	1.72% ▲
Crude Oil Brent	USD/bbl.	43.34	0.46% ▲
Natural Gas	USD/MMBtu	1.81	5.23% ▲
Indicators		Reference	Amount
Inflation Rate		2020.VI	2.80%
Policy Rate		2020.VI	9.00%
Interbank Rate		2020.VI	8.95%
Deposit Interest Rate /MNT/		2020.VI	10.98%
Deposit Interest Rate /Foreign currency/		2020.VI	4.33%
Loan Interest Rate /MNT/		2020.VI	17.03%
Loan Interest Rate /Foreign currency/		2020.VI	10.43%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADE UPDATE

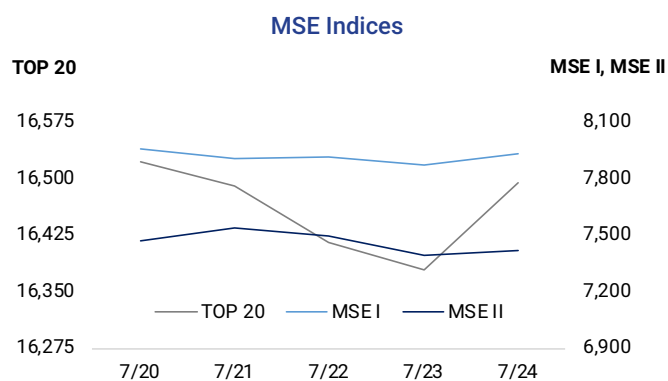
In this week, a total of 44 companies' 1,762,922 shares worth MNT 1,635.6 million were traded in the secondary market.

"Standart Agricultural Group" /MSE: SOH/ company's shares rose 44.74 percent to MNT 55.00, while "Sharyn Gol" /MSE: SHG/ company's share fell 29.17 percent to MNT 850.00.

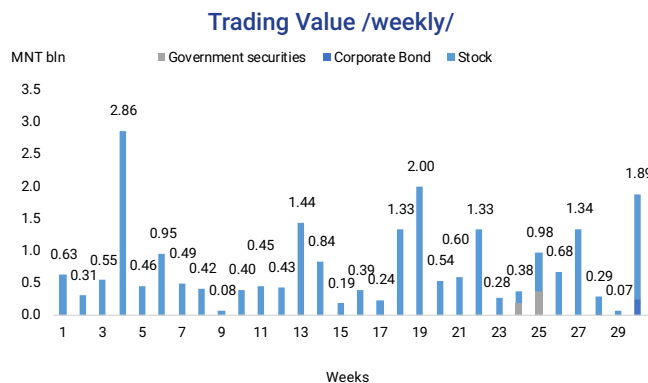
No government securities were traded on the primary and secondary market during this week.

On the corporate bond market, "Lendmn NBFI" /MSE: LEND/ JSC's 2,492 units of securities were traded for MNT 249.4million on the secondary market.

As of July 24, total market capitalization of MSE is MNT 2,493.4 billion. The TOP-20 index decreased by 0.30% to stand at 16,494.07 units.



Source: Mongolian Stock Exchange



Source: Mongolian Stock Exchange

Market Review	Total amount /MNT mln/
Total Value	1,885.01
Market Capitalization	2,493,436.32

Market Indices	Last Price	Change /w/
MSE Top 20	16,494.07	-0.30% ▼
MSE I Index	7,934.72	-0.12% ▼
MSE II Index	7,419.84	-0.67% ▼

Actively Traded Securities	Volume	Amount/MNT/
Invescore NBFI	678,159	1,454,262,147
APU	84,210	46,121,227
Erdene Resource Development	40,847	32,278,802
Ard Financial Group	16,493	20,237,233
Gobi	82,232	15,187,674

Securities with most growth	Last Price /MNT/	Change /w/
Standart Agricultural Group	55.00	44.74% ▲
Tushig Uul	690.00	15.00% ▲
Ulaanbaatar Khivs	19,500.00	14.71% ▲
Talkh Chikher	12,450.00	13.18% ▲
Aduunchuluun	1000.00	11.11% ▲

Securities with most decline	Last Price /MNT/	Change /w/
Sharyn Gol	850.00	-29.17% ▼
Ulsyn Ikh Delguur	930.00	-15.07% ▼
Bayanteeg	21,260.00	-14.96% ▼
Shivee Ovoo	1,900.00	-14.41% ▼
Ulaansan	735.00	-11.45% ▼

Most Active Brokerage Firms	Amount/MNT/
Invescore Capital	2,876,942,477.50
BDSec	99,814,269.53
TDB Capital	69,139,167.20
Ard Securities	67,076,182.58
Standard Investment	28,558,248.71

Top 5 Companies With Largest Market Capitalization	Last Price /MNT/	Market Cap. /MNT mln/
APU	548.55	583,757
Tavan Tolgoi	5,520.00	290,712
MIK Holding	12,990.00	269,014
Invescore NBFI	2,519.00	180,683
Gobi	185.00	144,321

Corporate bond /secondary market/

Nº	NAME	VOLUME	TURNOVER /MNT/	MINIMUM /MNT/	MAXIMUM /MNT/	WEEKS	ANNUAL INTEREST RATE
1	LNBO-BD-19/06/21-C0008-17	7	702,780	101,390	100,000	52	17%
2	LNBO-BD-19/06/21-C0008-17	2,480	248,024,760	100,010	100,000	52	17%
3	LNBO-BD-19/06/21-C0008-17	3	300,000	100,000	100,000	52	17%
4	LNBO-BD-19/06/21-C0008-17	4	402,000	101,000	100,000	52	17%

DIVIDEND INFORMATION

Nº	TICK-ER	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 order to support companies in raising funds and issuing new securities during the outbreak of the coronavirus pandemic, the Board of Directors of the Mongolian Stock Exchange has decided to decrease the fee for securities registration service specified in Article 22 Section 22.2.2 of the "Securities Registration Regulation" by 20% from July 1, 2020 to December 31, 2020.

Source: Mongolian Stock Exchange

NEWS ON JOINT STOCK COMPANIES

Attention to listed companies that failed to submit their financial and operational reports.

According to the provision 20.1.6 of Securities Market Law and Accounting Law, a securities' issuer shall have an obligation to submit their semi-annual financial reports by July 20th of each year to the stock exchange. As of July 23, 2020, only 59 issuers out of 199 have submitted to the MSE their reports.

MSE hereby informs that it will impose measures stipulated in the "Regulation on Information Disclosure" of FRC, relevant rules and regulations of MSE and "Listing Agreement" against those 140 companies that failed to fulfill their legal obligation within the allowed extension period.

In addition, MSE warns the issuers to submit their half-yearly operational reports by August 01, 2020 according to the FRC regulation.

Source: Mongolian Stock Exchange

"Erdene Resource Development Corporation" /TSX: ERD; MSE: ERDN/ JSC announces positive bankable feasibility study results for Bayan Khundii gold project.

"Erdene Resource Development Corporation" /TSX: ERD; MSE: ERDN/ JSC announces the results of an independent Bankable Feasibility Study ("BFS") for the 100% owned, high-grade, open-pit Bayan Khundii Gold Project ("BK" or "Project") in southwest Mongolia. The independent BFS was prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and has incorporated detailed mine design and scheduling, front-end engineering design for the processing plant and site infrastructure, a hydrogeological assessment, mineral waste facility design, comprehensive capital and operating cost estimation, and an updated economic model. These studies have been completed by a consortium of International and Mongolian firms with significant experience operating in Mongolia and internationally. The Technical Report, prepared by the Roma Group Ltd, pursuant to NI 43-101 guidelines, will be filed on SEDAR within 45 days.

Source: Mongolian Stock Exchange

"Erdene Resource Development Corporation" /TSX: ERD; MSE: ERDN/ JSC announces USD 20 million financing led by USD 15 million strategic investment from Eric Sprott.

"Erdene Resource Development Corporation" /TSX: ERD; MSE: ERDN/ JSC announces a non-brokered private placement of approximately CAD 20 million ("Private Placement"), led by a CAD 15 million strategic investment from Mr. Eric Sprott. Paradigm Capital acted as lead financial advisor to Erdene on the transaction. Haywood Securities acted as co-advisor.

"We are very pleased to have Mr. Sprott as a significant shareholder of Erdene," said Mr. Peter Akerley, Erdene's President and CEO. "His investment is a strong endorsement of Erdene's high-grade Bayan Khundii Gold Project and the prospectivity of our 100% owned Khundii Gold District. Funds from this financing will be used to initiate early construction works at Bayan Khundii and continue exploration to expand our high-grade resources."

The Private Placement will consist of the sale of 33,333,333 subscription receipts ("Subscription Receipts") at a price of USD 0.45 per Subscription Receipt, to an entity controlled by Mr. Eric Sprott and the concurrent sale of up to 11,111,111 units of the Company ("Units") at a price of USD 0.45 per Unit. Each Subscription Receipt will be convertible into Units, and each Unit consists of one common share and one Warrant ("Warrants"), with each Warrant exercisable into one common share of the Company within two years of the closing date, at a price of USD 0.60 per share.

Source: Mongolian Stock Exchange

OTHER NEWS

HIGHLIGHTS

According to the preliminary results in the first half of 2020, the total revenue of the general government budget amounted to MNT 4.4 trillion, MNT 4.1 trillion of which accounted for equilibrated revenue. Total equilibrated revenue was 94.1% of general government budget revenue.

Total expenditure and net lending amounted to MNT 6.3 trillion, resulting in a deficit of MNT 2.2 trillion in the equilibrated balance. However, in June 2020, total revenue and grants of General Government budget reached MNT 794.7 billion, increasing by MNT 97.7 billion or 14.0% and total expenditure and net lending amounted to MNT 1.4 trillion, decreasing by MNT 226.0 billion or 14.1% compared to the previous month.

Source: National Statistics Office



MACROECONOMIC NEWS

Impact of demand and supply-driven factors to inflation is expected to remain subdued. Annual inflation has consistently been falling in the past 4 months and has reached 3.3% nationwide and 3.5% in Ulaanbaatar city as of May 2020. From the demand side, although inflation is positively impacted by measures implemented by the central bank and the government that are aimed at supporting consumption, the negative impact of COVID-19 pandemic exceeds the measures taken. Assuming that sudden price fluctuations induced by supply-driven factors do not take place, inflation is expected to remain below target level throughout 2020-2021.

Source: Bank of Mongolia

COMMODITY MARKET NEWS

During his working trip to Umnugobi aimag, Speaker of the Parliament G.Zandanshatar became familiarized with construction progress of Tavantolgoi-Gashuunsukhait railroad.

The railroad will run for around 240 km through the territories of Tsogtsetsii, Bayan-Ovoo and Khanbogd soums of Umnugobi aimag and will be developed with two railway stations and six junctions. More than 300 engineering and technical staff, over 1700 workers and over 510 machineries are working in this project.

Currently, earthworks are running at 92.3 percent, repairing works at 94.2 percent, works to build drain pipes at 79 percent, bridge construction at 56 percent and lower infrastructure works at 83.5 percent while upper construction work is running with 16.7 percent completion, making the total railway joints to have been assembled 42 km. The construction work is expected to complete in July 2020.

Since it has been unable to import some necessary equipment and machinery due to the pandemic, Mongolian engineers are building and operating some of the required equipment for building railroad by themselves. Appraising their efforts, Speaker G.Zandanshatar congratulated the Tavantolgoi railroad construction team on using and making the COVID-19 situation an opportunity.

With development of the railroad, it will be possible to transport and export 30 million tons of coking coal and energy coal a year. Additionally, opportunities to make transportation to Chinese seaport cities such as Huanghua, Tianjin, Qingdao and Jinzhou as well as to third country will be opened up alongside enabling Mongolian mining companies to compete at the global market.

Source: Montsame.mn

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