

WEEKLY MARKET UPDATE

08.10 - 08.14



GLOBAL MARKET UPDATE

U.S: The major indexes ended mixed in what T. Rowe Price traders characterized as a week of generally light summer trading—at least in the context of the market's recent volatility. Nevertheless, the week was notable for the S&P 500 Index hitting record intraday and closing highs on Tuesday. By common definitions, this marked the fastest recovery from a bear market in history—according to Barron's and Dow Jones Market Data, the 126 trading days it took for the S&P 500 to reclaim its February peak was over 10 times as fast as the index's average historical rebound (1,542 trading days).

Communication services shares were among the best performers, helped by gains in Alphabet (Google), which has a heavy weighting in benchmark indexes. Technology stocks were also strong, boosted by gains in chipmaker Nvidia and Apple, which became the first U.S. publicly traded company with a market capitalization over \$2 trillion. Meanwhile, energy shares recorded declines as OPEC and other major hydrocarbon-producing nations predicted a slow recovery in global oil demand. Financials, another prominent value sector, underperformed after Warren Buffett's Berkshire Hathaway revealed a significant reduction in its bank holdings.

Europe: European shares weakened on worsening U.S.-China relations and growing concerns that a resurgence in coronavirus infections could derail an economic recovery. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 0.81% lower, while Germany's Xetra DAX Index fell 1.06%, France's CAC 40 slipped 1.34%, and Italy's FTSE MIB declined 1.66%. The UK's FTSE 100 Index shed 1.45%.

The net long position in euro futures climbed to a record level of more than USD 30 billion in the week ended August 11, according to the U.S. Commodity Futures Trading Commission. During the week, the euro reached its highest value relative to the dollar since May 2018, partly on the view that the eurozone economy would recover faster from coronavirus lockdowns than the U.S.

Japan: Japanese stocks posted losses for the week, with the Nikkei 225 Index falling 1.58%. The yen continued to strengthen against the U. S. dollar, although it remained below its recent peak in late July.

Japan's Cabinet Office released on Monday its first estimate of GDP for the first fiscal quarter, ended June 30, 2020. The government reported that Japan's economy suffered its largest contraction on record as companies experienced the full impact of the global pandemic. GDP fell 7.8% in the quarter, which equates to 27.8% on an annualized basis, largely due to steep declines in exports and domestic consumer spending.

China: Mainland Chinese stocks ended the week slightly higher as President Donald Trump's postponement of a six-month trade review assuaged concerns about deteriorating U.S.-China ties. Some observers believe that the White House is seeking more time to allow China to increase purchases of U.S. farm and other exports in order to burnish the optics of the trade deal. However, tensions remained on low boil as the U.S. announced more restrictions on Huawei Technologies, making it difficult for the Chinese telecoms giant to maintain production beyond September without a supply of advanced chips from the U.S. or Taiwan.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	16,446.15	0.26% ▲
Dow Jones	USA	27,931.02	1.81% ▲
S&P 500	USA	3,372.85	0.64% ▲
Nasdaq	USA	11,019.30	0.08% ▲
S&P/TSX	Canada	16,514.61	-0.18% ▼
FTSE 100	Great Britain	6,090.04	0.96% ▲
S&P/ASX 200	Australia	6,126.20	2.02% ▲
Nikkei 225	Japan	23,289.36	4.30% ▲
Hang Seng	Hong Kong	25,183.01	2.66% ▲
Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	112.10
Mongol 2023 (Gerege)	USD	5.625%	103.31
Mongol 2022 (Chinggis)	USD	5.125%	101.93
Mongol 2021 (Mazalai)	USD	10.875%	104.55
DBM' 23 (Samurai)	JPY	1.520%	100.63
DBM' 2023	USD	7.250%	104.13
MGMTGE' 2022 (Hoelun)	USD	9.750%	96.85
Rates		Last	Change /w/
Libor 1M		0.152	-0.07 ▼
Libor 3M		0.270	0.07 ▲
Libor 6M		0.333	0.08 ▲
Libor 1YR		0.461	0.03 ▲
US 2YR Bond		0.145	0.12 ▲
US 3YR Bond		0.180	0.28 ▲
US 5YR Bond		0.293	0.27 ▲
US 10YR Bond		0.703	0.25 ▲
Exchange rates		2020.08.14	Change /w/
USD		2,847.99	0.06% ▲
CNY		409.91	0.25% ▲
EUR		3,361.20	-0.27% ▼
RUB		38.86	0.36% ▲
KRW		2.4	0.00%
JPY		26.68	-1.04% ▼
CAD		2,151.54	0.84% ▲
Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,945.12	-4.44% ▼
Silver /spot/	USD/t oz.	26.45	-6.55% ▼
Copper	USD/lb.	288.20	3.21% ▲
Coal	USD/MT	53.78	-4.43% ▼
Crude Oil WTI	USD/bbl.	42.01	1.92% ▲
Crude Oil Brent	USD/bbl.	44.80	0.90% ▲
Natural Gas	USD/MMBtu	2.36	5.36% ▲
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

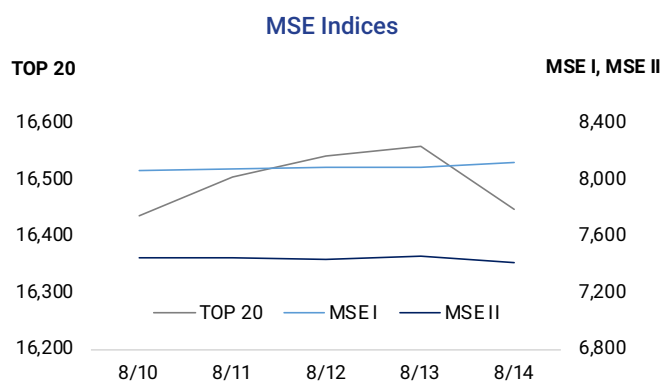
In this week, a total of 55 companies' 6,654,778 shares worth MNT 3,045.4 million were traded in the secondary market.

"Teever Darkhan" /MSE: TEE/ company's shares rose 15.00 percent to MNT 7,475.00, while "Niislel Urguu" /MSE: NUR/ company's share fell 18.91 percent to MNT 3,000.00.

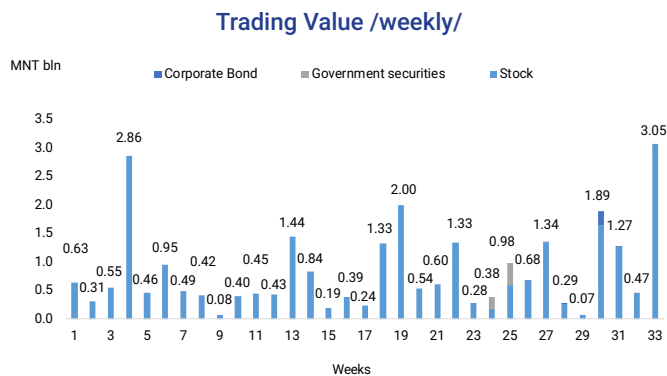
No government securities were traded on the primary and secondary market during this week.

On the corporate bond market, "Lendmn NBFI" /MSE: LEND/ JSC's 77 units of securities were traded for MNT 7.7 million on the secondary market.

As of August 14, total market capitalization of MSE is MNT 2,531.3 billion. The TOP-20 index increased by 0.26% to stand at 16,446.15 units.



Source: Mongolian Stock Exchange



Source: Mongolian Stock Exchange

Market Review		Total amount /MNT mln/	
Total Value		3,053.1	
Market Capitalization		2,531,331.9	
Market Indices		Last Price	Change /w/
MSE Top 20		16,446.15	0.26% ▲
MSE I Index		8,115.64	0.57% ▲
MSE II Index		7,409.00	0.00% ▼
Actively Traded Securities		Volume	Amount/MNT/
Invescore NBFI		3,597,828	2,459,637,081
Genco Tour Bureau		1,103,765	341,610,647
Erdene Resource Development		58,916	54,229,710
APU		68,654	37,385,367
Bodi Insurance		257,199	30,568,924
Securities with most growth		Last Price /MNT/	Change /w/
Teever Darkhan		7,475.00	15.00% ▲
HBOil		64.00	14.28% ▲
Mogoin Gol		7,990.00	14.14% ▲
Standart Agriculture Group		68.00	13.33% ▲
Baganuur		950.00	11.47% ▲
Securities with most decline		Last Price /MNT/	Change /w/
Niislel Urguu		3,000.00	-18.91% ▼
Darkhan Hotel		127.50	15.00% ▼
Guril Tejeel Bulgan		510.00	-13.55% ▼
E Trans Logistics		125.00	-11.47% ▼
Tsagaantolgoi		1,025.00	-10.86% ▼
Most Active Brokerage Firms		Amount/MNT/	
Invescore Capital		4,903,457,925	
BDSec		825,625,271	
Gauli		40,977,299	
Standard Investment		38,678,671	
TDB Capital		38,259,641	
Top 5 Companies With Largest Market Capitalization		Last Price / MNT/	Market Cap. /MNT mln/
APU		549.00	584,235.67
Tavan Tolgoi		5,595.00	294,661.79
MIK Holding		12,990.00	269,014.07
Invescore NBFI		2,650.00	190,078.98
Gobi		194.22	151,513.45

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	77	7,700,000	100,000	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	PAID ON 2020.05.28
2	MNDL	MANDAL DAATGAL	5,820.3	2,497.2	42.9%	4.0	2020.04.01	PAID ON 2020.06.29
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	PAID ON 2020.04.30
5	ADB	ARD CREDIT NBFI	2,369.4	1,184.7	50.0%	4.2	2020.04.08	PAID ON 2020.04.29
6	AARD	ARD FINANCIAL GROUP	715.9	1,000.0	139.7%	35.0	2020.04.07	PAID ON 2020.06.30
7	TUM	TUMEN SHUVUUT	3,232.9	960.0	29.7%	4.8	2020.04.07	PAID ON 2020.06.30
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	PAID ON 2020.07.09
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	PAID ON 2020.07.30
16	HRM	HERMES CENTRE	820.0	322.0	39.3%	4.1	2020.02.28	PAID ON 2020.04.16
17	NEH	DARKHAN NEKHII	2,327.6	230.8	9.9%	210.0	2020.02.25	FROM 2020.09.30
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	PAID ON 2020.07.03
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	PAID ON 2020.07.08
23	TAH	TAKHI KO	489.0	128.5	26.3%	108.0	2020.04.10	PAID ON 2020.05.04
24	UBH	ULAANBAATAR KHIVS	298.8	121.4	40.6%	300.0	2020.03.06	PAID ON 2020.04.17
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	PAID ON 2020.07.31
27	MCH	TELECOM MONGOLIA	62.0	25.9	41.7%	1.0	2020.04.06	PAID ON 2020.06.29
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	PAID ON 2020.07.21
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

HIGHLIGHTS

In 2018, the first dual listing was conducted and it has become a significant development milestone for Mongolian capital market. Dual listing enabled foreign-listed mining companies operating in Mongolia to be listed on the MSE, giving the Mongolian public the opportunity to share the rewards and risks of the businesses.

In order to improve the legal environment of dual listed stocks, the FRC's "Regulation on Dual Listing" was amended by the FRC's Meeting of August 12, 2020. These amendments will allow the fungibility of dual listed stocks between the markets, which will benefit the liquidity of the stocks, provide investors with opportunity to take advantage of price differences of the markets as well as increase supply of the stocks in the domestic market.

According to these amendments, the shareholders of dual-listed "Erdene Resource Development Corporation" /MSE: ERDN, TSX: ERD/ JSC will be able to trade their shares on the Toronto Stock Exchange by contacting the MCSD or their brokerage company.

Source: Mongolian Stock Exchange

NEWS ON JOINT STOCK COMPANIES

"Erdene Resource Development Corporation" /TSX: ERD, MSE: ERDN/ JSC has provided an update on private placement.

"Erdene Resource Development Corporation" /TSX: ERD, MSE: ERDN/ JSC has provided an update on its previously announced non-brokered private placement of approximately CAD 20 million.

"Erdene Resource Development Corporation" /TSX: ERD, MSE: ERDN/ JSC announced the closing of the previously announced non-brokered private placement of approximately CAD 20 million. The funds will be focused on expanding high-grade resources in our Khundii Gold District and allow to initiate early works at the Bayan Khundii Gold Project.

As announced on July 23 and 30, 2020, the Private Placement consisted of the sale of 33,333,333 subscription receipts at a price of CAD 0.45 per Subscription Receipt, to 2176423 Ontario Ltd., an entity controlled by Mr. Eric Sprott, and the concurrent sale of 11,111,108 units of the Company at a price of \$0.45 per Unit.

Source: Mongolian Stock Exchange

"Invescore NBF" /MSE: INV/ JSC's 1.53% of total shares was block traded.

A block trade of "Invescore NBF" /MSE: INV/ JSC, a company listed on tier II of the MSE, has occurred on August 10. This was the fourth block trade of 2020 and the second block trade of August.

By this block trade, 1.1 million shares or 1.53% of the total shares were traded for MNT 2.45 billion or MNT 2,227.00 per share.

Source: MarketInfo.mn

"Gobi" /MSE: GOV/ JSC provides corporate governance assessment report.

"Gobi" /MSE: GOV/ JSC, a company listed on tier I of the MSE, has provided the Self-Assessment Report of Corporate Governance for the third year.

In previous years, the Company concluded on improving its policy documentation, while, this year it considered the need to improve the implementation of those documentation. In the future, the Company is aiming to lead by good governance by improving its development and implementation of policy documentation to better performance.

Source: Mongolian Stock Exchange

"Genco Tour Bureau" /MSE: JTB/ JSC's 4.5% of total shares was block traded.

A block trade of "Genco Tour Bureau" /MSE: JTB/ JSC, a company listed on tier II of the MSE, has occurred on August 12.

Specifically, 3,571,596 shares of the company were traded at the price of MNT 95.00 each or MNT 339.3 million in total.

As of August 7, 2020, 70.05% of the company was owned by 5 major shareholders, while the remaining 29.95% was owned by more than 50,000 minor shareholders.

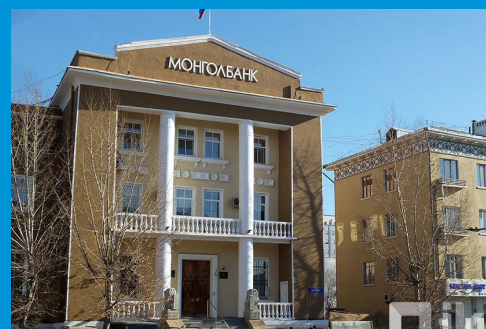
Source: MarketInfo.mn

OTHER NEWS

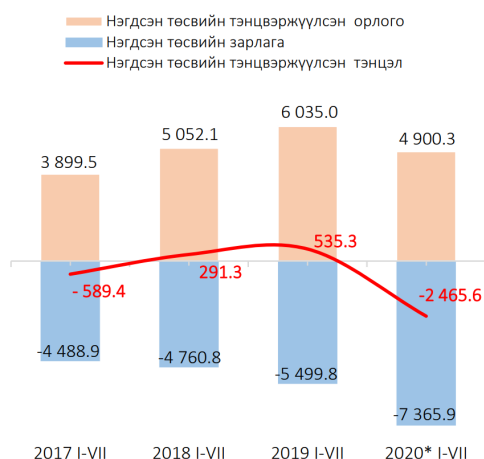
HIGHLIGHTS

The money supply (M2) reached MNT 21.4 trillion at the end of July 2020, increased by MNT 1.1 trillion (5.3%) compared with the same period of the previous year. The main reason for this increase was resulted from MNT 1.7 trillion (56.7%) increase of time deposits in foreign currency, MNT 243.2 billion (2.2%) increase of time deposit in local currency and MNT 16.5 (2.6%) increase of currency outside depository corporations.

Source: National Statistics Office



MACROECONOMIC NEWS



According to the preliminary results in the first 7 months of 2020, the total revenue of the general government budget amounted to MNT 5.3 trillion, MNT 4.9 trillion of which accounted for equilibrated revenue. Total equilibrated revenue was 93.1% of general government budget revenue.

Total expenditure and net lending amounted to MNT 7.4 trillion, resulting in a deficit of MNT 2.5 trillion in the equilibrated balance.

In July 2020, total revenue and grants of General Government budget reached MNT 902.8 billion, increased by MNT 108.1 billion or 13.6% and total expenditure and net lending amounted to MNT 1.1 trillion, increased by MNT 308.5 billion or 22.4% compared to the previous month. The equilibrated deficit of the General Government Budget reached MNT 257.6 billion, decreasing by MNT 351.6 billion or 56.8% compared to the previous month.

Source: National Statistics Office

COMMODITY MARKET NEWS

According to the preliminary results, the gross industrial output reached MNT 8.2 trillion in the first 7 months of 2020, showing a decrease of MNT 2.0 trillion (19.3%) from the same period of previous year. This decrease was mainly due to the decrease in mining and quarrying gross output by MNT 1.9 trillion (26.4%) However, the electricity, thermal energy and water supply production output increased by MNT 14.0 billion (2.3%), respectively.

By preliminary results, the mining and quarrying gross output reached MNT 5.4 trillion, in the first 7 months of 2020, showing

a decrease of MNT 1.9 trillion (26.4%) from the same period of previous year. This decrease was mainly due to decreases in mining of coal and lignite by MNT 1.8 trillion (56.7%), extraction of crude petroleum by MNT 444.1 billion (74.9%) respectively.

In July 2020, the gross industrial output reached MNT 1.4 trillion, showing an decrease of MNT 5.9 billion (0.4%) from the previous month. This decrease was mainly due to decreases in mining and quarrying output by MNT 7.7 billion (0.8%).

Source: National Statistics Office

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