

WEEKLY MARKET UPDATE

08.17 - 08.21



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	17,057.89	3.72% ▲
Dow Jones	USA	27,930.33	0.00% ▼
S&P 500	USA	3,397.16	0.72% ▲
Nasdaq	USA	11,311.80	2.65% ▲
S&P/TSX	Canada	16,517.85	0.02% ▲
FTSE 100	Great Britain	6,001.89	-1.45% ▼
S&P/ASX 200	Australia	6,111.20	-0.24% ▼
Nikkei 225	Japan	22,920.30	-1.58% ▲
Hang Seng	Hong Kong	25,113.84	-0.27% ▼

Bond	Currency	Coupon	Last price
Mongol 2024 (Khuraldai)	USD	8.750%	112.68
Mongol 2023 (Gerege)	USD	5.625%	103.55
Mongol 2022 (Chinggis)	USD	5.125%	102.32
Mongol 2021 (Mazalai)	USD	10.875%	104.45
DBM' 23 (Samurai)	JPY	1.520%	100.65
DBM' 2023	USD	7.250%	104.31
MGMTGE' 2022 (Hoelun)	USD	9.750%	96.15

Rates	Last	Change /w/
Libor 1M	0.175	0.16 ▲
Libor 3M	0.250	-0.08 ▼
Libor 6M	0.314	-0.05 ▼
Libor 1YR	0.441	-0.04 ▼
US 2YR Bond	0.143	-0.01 ▼
US 3YR Bond	0.162	-0.10 ▼
US 5YR Bond	0.263	-0.10 ▼
US 10YR Bond	0.627	-0.11 ▼

Exchange rates	2020.08.21	Change /w/
USD	2,850.89	0.10% ▲
CNY	412.51	0.63% ▲
EUR	3,375.03	0.41% ▲
RUB	38.48	-0.98% ▼
KRW	2.4	0.00%
JPY	27.02	1.27% ▲
CAD	2,162.55	0.51% ▲

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,940.48	-0.24% ▼
Silver /spot/	USD/t oz.	26.79	1.30% ▲
Copper	USD/lb.	293.40	1.80% ▲
Coal	USD/MT	51.35	-4.52% ▼
Crude Oil WTI	USD/bbl.	42.34	0.79% ▲
Crude Oil Brent	USD/bbl.	42.28	-5.62% ▼
Natural Gas	USD/MMBtu	2.45	3.81% ▲

Indicators	Reference	Amount
Inflation Rate	2020.VII	3.40%
Policy Rate	2020.VII	9.00%
Interbank Rate	2020.VII	8.85%
Deposit Interest Rate /MNT/	2020.VII	10.91%
Deposit Interest Rate /Foreign currency/	2020.VII	4.24%
Loan Interest Rate /MNT/	2020.VII	16.89%
Loan Interest Rate /Foreign currency/	2020.VII	10.45%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADE UPDATE

In this week, a total of 61 companies' 7,778,889 shares worth MNT 709.9 million were traded in the secondary market.

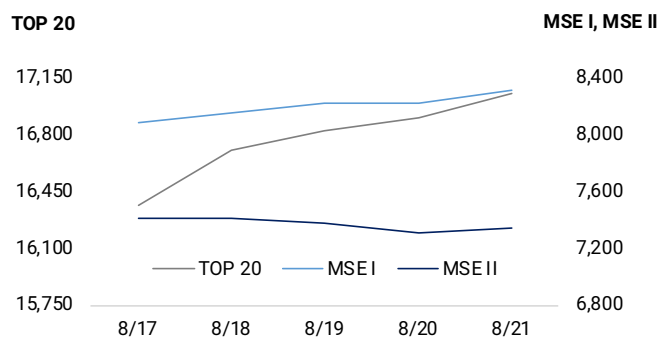
"Ulsyn Ikh Delguur" /MSE: UID/ company's shares rose 33.44 percent to MNT 1,201.00, while "Bayangol Hotel" /MSE: BNG/ company's share fell 23.95 percent to MNT 3,000.00.

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

On the corporate bond market, "Lendmn NBF1" /MSE: LEND/ JSC's 113 units of securities were traded for MNT 11.3 million on the secondary market.

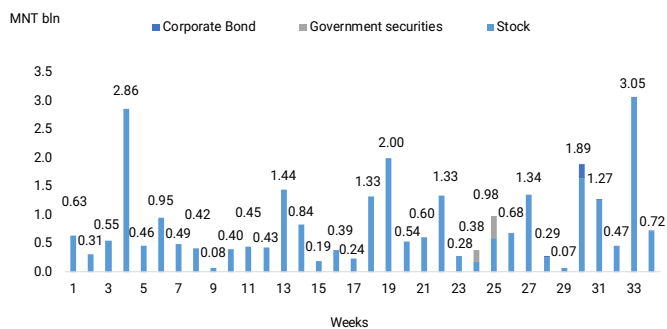
As of August 21, total market capitalization of MSE is MNT 2,599.2 billion. The TOP-20 index increased by 3.72% to stand at 17,057.89 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /weekly/



Source: Mongolian Stock Exchange

Market Review		Total amount /MNT mln/	
Total Value		721.1	
Market Capitalization		2,599,220.7	
Market Indices		Last Price	Change /w/
MSE Top 20	17,057.89	3.72%	▲
MSE I Index	8,315.25	2.46%	▲
MSE II Index	7,338.47	-0.95%	▼
Actively Traded Securities		Volume	Amount/MNT/
Genco Tour Bureau	2,631,582	250,000,290	
Lendmn NBF1	4,170,465	131,249,859	
APU	198,305	116,038,794	
Erdene Resource Development	65,918	65,903,512	
Ard Financial Group	41,125	45,222,457	
Securities with most growth		Last Price /MNT/	Change /w/
Ulsyn Ikh Delguur	1,201.00	33.44%	▲
Darkhan Hotel	146.60	14.98%	▲
Telecom Mongolia	376.01	14.33%	▲
Hermes Centre	130.00	10.30%	▲
Standart Agriculture Group	75.00	10.29%	▲
Securities with most decline		Last Price /MNT/	Change /w/
Bayangol Hotel	25,020.00	-23.95%	▼
Mongol Savkhi	550.00	-14.72%	▼
Genco Tour Bureau	76.00	-14.60%	▼
Niislel Urguu	2,600.00	-13.33%	▼
Darkhan Khuvun	7,000.00	-12.50%	▼
Most Active Brokerage Firms		Amount/MNT/	
BDSec	614,991,250		
Mirea Asset Securities Mongolia	210,308,090		
Ard Securities	121,738,631		
Apex Capital	78,646,629		
Gauli	73,584,247		
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 NBF1	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	113	11,300,000	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	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 NBF1	4,910.2	1,200.0	24.4%	1.5	2020.02.25	PAID ON 2020.04.30
5	ADB	ARD CREDIT NBF1	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

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

In this trade, 2.6 million shares of the company or 2.63% of the total shares, were traded for MNT 250.0 million or MNT 95 per share.

Source: TDB Capital SC

NEWS ON JOINT STOCK COMPANIES

APU /MSE: APU/ declared to allocate dividends from semi-annual net profit

In accordance with Board Resolution No.20/14 of “APU” JSC dated August 13, 2020, “APU” JSC announced that it will distribute MNT39.9 billion to its shareholders from its net profit for the half year of 2020 by a dividend of MNT 37.5 per share. The list of shareholders who are eligible for dividend will be determined as the record date of the Extraordinary shareholders’ meeting and the dividends will be placed at the shareholders’ accounts held at Mongolian Central Securities Depository within February 10, 2021.

Source: Mongolian Stock Exchange

‘APU’ JSC announced to hold extraordinary shareholders’ meeting

In accordance with the Board Resolution 20/15 dated August 13, 2020 of ‘APU’ JSC, the Extraordinary Shareholders’ Meeting will be organized in the form of voting by circulation.

Voting period: From August 21, 2020 to 4 pm of October 02, 2020

Place where voting ballots are submitted to: ‘BDSec SC’ JSC or any MSE member brokerage company

Record date: September 02, 2020

Agenda of the Meeting:

To terminate all members of Board of Directors of ‘APU’ JSC before the expiration of their terms; and

To elect new members /cumulative voting method/.

Members of the Organizing committee: Head of the Committee: Ariunsan.Ch, Members: Solongo.E, Myagmar.B

Source: Mongolian Stock Exchange

“Khar khorum properties” /MSE: AMT/ jsc’s name changed to “Erdenes solutions” /MSE: AMT/ JSC.

Based on the decision of the Extraordinary Shareholders’ Meeting of “Khar khorum Properties” /MSE: AMT/ JSC dated January 24, 2020, the legal name change request of the Company was approved by the FRC on August 14, 2020. Consequentially, the Company’s legal name has been changed to “Erdenes Solutions” /MSE: AMT/ JSC.

Source: Mongolian Stock Exchange

“Erdene Resource Development Corporation” /TSX: ERD, MSE: ERDN/ JSC commences 18,000 meter drill program at the Khundii gold district.

“Erdene Resource Development Corporation” /TSX: ERD, MSE: ERDN/ has announced it commences 18,000 meter drill program at the Khundii gold district. An 18,000 meter drill program is planned to be completed before year-end, with drilling now underway at Bayan Khundii and a second drill rig scheduled to arrive at Dark Horse next week. The program is designed to test new areas in the district, add additional resources adjacent to current deposits and increase confidence in current resource areas, potentially adding to existing reserves at Bayan Khundii.

Source: Mongolian Stock Exchange

OTHER NEWS

HIGHLIGHTS

The banking sector, which depends on the trust of customers and depositors, is a very sensitive sector, and any misleading information broadcasted to the public can lead to disruption of normal banking operations and significant risks as well as negative impact on overall economy.

As of today, there are 5 major banks are operating in the system providing pension and welfare services to the citizens, and 899.7 billion MNT of the Social Insurance is located. Commercial banks around the globe are also operating in challenging economic environment due to the global pandemic, but we would like to inform that the news about two major banks are on serious risk is incorrect.

In accordance with the Banking Law, all operating banks reports the monthly financial statement and compliance of the prudential ratios set by the Bank of Mongolia publicly through their own official website, so customers can check and confirm respective bank information.

Source: Bank of Mongolia

MACROECONOMIC NEWS

In accordance with 'Measures to ensure financial and economic stability, risk prevention, and electronic transition to public services during the outbreak of coronavirus infection (COVID-19)', the 32nd resolution of the Parliament of Mongolia, members of the projects led by MP D. Battumur on decreasing the bank loan interest and deposit costs was presented to the Speaker of the Parliament G.Zandanshatar.

In recent years, the interest rate has been decreasing steadily by 4 percent, and as of the end of June, 2020 annual weighted average interest rate reached 16.3 percent. However, it is still one of the pressing issues, and interest rates should lower enough to diversify the economy, invest in businesses, increase employment, and support small medium enterprises. Hence, in order to decrease loan interest rate, determining financial and economic policies and measures to implement in the framework of legal reform and comply it effectively will be the base for achieving Mongolian long-term development.

Source: Bank of Mongolia

COMMODITY MARKET NEWS

In the first half of 2020, Mongolia traded with 135 countries, with a total foreign trade turnover of 5.3 billion US dollars, of which exports were 2.8 billion US dollars and imports were 2.5 billion US dollars. Total trade turnover decreased by USD 1.5 billion (22.6%) compared to the same period of the previous year, of which exports decreased by USD 1.1 billion (28.2%) and imports decreased by USD 433.7 million (15.0%). In June 2020, exports reached 822.1 mln.US dollars and imports 467.7 mln.US dollars, increasing by 189.4 (29.9%) mln.US dollars and 61.6 (15.2%) mln. US dollars, respectively, from the previous month.

In the first half of 2019, the foreign trade balance showed a surplus

of 1.0 bln.US dollars, while in the first half of 2020 it decreased by 677.0 mln.US dollars compared to the same period of the previous year, and a surplus of 368.2 mln.US dollars. Our two neighbors have the highest total foreign trade turnover, with \$ 3.0 billion in trade with China. It accounts for 56.2 percent of total foreign trade turnover. Exports to China account for 74.7 percent of Mongolia's total exports. Coal accounted for 31.2 percent of China's exports, copper concentrate for 35.1 percent, while Switzerland for 99.8 percent, Singapore for 80.2 percent and the United Kingdom for 68.6 percent of gold.

Source: National Statistics Office

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