

WEEKLY MARKET UPDATE

10.12 - 10.16



GLOBAL MARKET UPDATE

U.S: The large-cap benchmarks narrowly managed a third consecutive week of gains, while small-cap shares lagged slightly after a recent streak of outperformance. Within the S&P 500 Index, industrials and utilities shares outperformed, while financials recorded losses as investors gave a lukewarm reception to bank earnings reports. The small real estate sector was also weak.

The S&P 500 reached its high point for the week on Monday afternoon, guided higher by mega-cap technology stocks. Apple shares recorded solid gains ahead of the company's unveiling of new iPhones on Tuesday, and Amazon.com shares were also strong in advance of its annual Prime Day, scheduled this year to stretch over October 13 and 14.

Europe: Stocks in Europe fell on burgeoning coronavirus infections, Brexit-related uncertainty, and the dissipating prospects of U.S. fiscal stimulus before the November 3 presidential and congressional elections. A rally in German debt pushed yields on these haven securities to the lowest level since the market swoon in March. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 0.78% lower. Major indexes lost ground: Germany's Xetra DAX Index slid 1.09%, Italy's FTSE MIB dropped 1.05%, and France's CAC 40 gave up 0.22%. The UK's FTSE 100 Index declined 1.61%.

In the face of regional protests, European central governments imposed stricter targeted measures to contain the accelerating spread of the coronavirus and prevent a second round of economically damaging national lockdowns. France, for example, imposed a nighttime curfew in Paris and eight other cities, while Germany began to impose restrictions on socializing in areas worst hit by the virus, such as Berlin. The UK implemented a three-tiered system of localized lockdowns across England and offered business subsidies to the worst-affected areas.

Japan: Japanese stocks retreated for the week. The Nikkei 225 Stock Average fell 209 points (0.9%) and closed at 23,410.63. The widely watched market yardstick has declined (1.0%) for the year-to-date period. The large-cap TOPIX Index and the TOPIX Small Index, broader measures of Japanese stock market performance, also recorded losses. The yen strengthened modestly and traded above JPY 105 per U.S. dollar on Friday.

The Japanese government is looking into a third stimulus package to boost consumption, which has faltered during the global pandemic. Prime Minister Yoshihide Suga has asked for specific recommendations for the proposal next month, so that a draft of the package can be created by year-end and submitted to the next ordinary Diet in January.

China: Chinese stocks rallied after investors returned from the national Golden Week holiday. The benchmark Shanghai Composite Index rose 2.0% and the blue chip CSI 300 Index advanced 2.4% in its third weekly gain. In fixed income markets, the yield on China's 10-year sovereign bond rose four basis points to 3.25%, as strong September trade data reinforced hopes for a sustained recovery. Last month marked another strong month for foreign purchases of Chinese bonds, with foreign investors buying USD 20.2 billion in September. At a monthly press conference, People's Bank of China (PBOC) officials appeared to show little appetite for cutting interest rates.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	17,501.43	-0.57% ▼
Dow Jones	USA	28,606.31	0.07% ▲
S&P 500	USA	3,483.81	0.19% ▲
Nasdaq	USA	11,671.56	0.79% ▲
S&P/TSX	Canada	16,438.75	-0.75% ▼
FTSE 100	Great Britain	5,919.58	-1.61% ▼
S&P/ASX 200	Australia	6,176.80	1.22% ▲
Nikkei 225	Japan	23,410.63	-0.89% ▼
Hang Seng	Hong Kong	24,386.79	1.11% ▲

Bond	Currency	Coupon	YTM
Mongol 2024 (Khuraldai)	USD	8.750%	4.39%
Mongol 2023 (Gerege)	USD	5.625%	3.92%
Mongol 2022 (Chinggis)	USD	5.125%	3.73%
Mongol 2021 (Mazalai)	USD	10.875%	2.05%
DBM' 23 (Samurai)	JPY	1.520%	1.08%
DBM' 2023	USD	7.250%	5.14%
MGMTGE' 2022 (Hoelun)	USD	9.750%	11.61%
Mongol 2026 (Nomad)	USD	5.125%	4.45%

Rates	Last	Change /w/
Libor 1M	0.151	0.04 ▲
Libor 3M	0.218	-0.03 ▼
Libor 6M	0.258	0.05 ▲
Libor 1YR	0.335	-0.04 ▼
US 2YR Bond	0.149	-0.02 ▼
US 3YR Bond	0.188	-0.05 ▼
US 5YR Bond	0.330	-0.02 ▼
US 10YR Bond	0.759	-0.02 ▼

Exchange rates	2020.10.16	Change /w/
USD	2,853.47	-0.04% ▼
CNY	425.7	0.14% ▲
EUR	3,343.13	-0.57% ▼
RUB	36.63	-1.03% ▼
KRW	2.49	0.00%
JPY	27.1	0.56% ▲
CAD	2,160.08	-0.31% ▼

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,899.29	-1.61% ▼
Silver /spot/	USD/t oz.	24.16	-3.96% ▼
Copper	USD/lb.	306.75	-0.49% ▼
Coal	USD/MT	57.63	-1.49% ▼
Crude Oil WTI	USD/bbl.	40.88	0.69% ▲
Crude Oil Brent	USD/bbl.	42.93	0.19% ▲

Indicators	Reference	Amount
Inflation Rate	2020.VIII	2.10%
Policy Rate	2020.VIII	8.00%
Interbank Rate	2020.VIII	8.73%
Deposit Interest Rate /MNT/	2020.VIII	10.84%
Deposit Interest Rate /Foreign currency/	2020.VIII	4.13%
Loan Interest Rate /MNT/	2020.VIII	16.93%
Loan Interest Rate /Foreign currency/	2020.VIII	10.44%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADE UPDATE

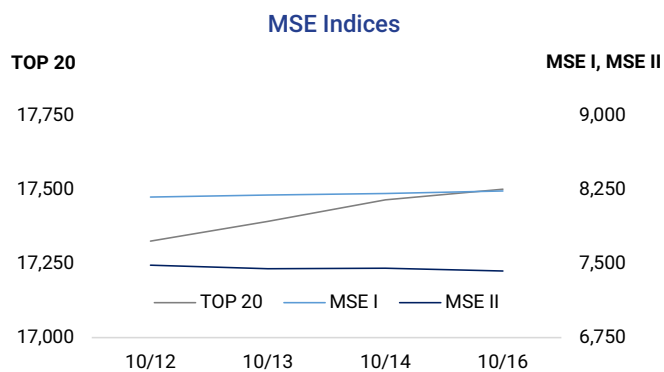
In this week, a total of 43 companies' 12,378,731 shares worth MNT 905.4 million were traded in the secondary market.

"Darkhan Khuvun" /MSE: DAH/ company's shares rose 10.58 percent to MNT 6,580.00, while "Moninjbar" /MSE: MIB/ company's share fell 15.78 percent to MNT 80.00.

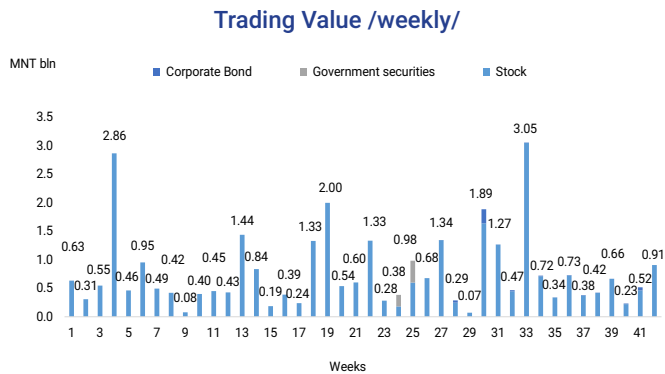
No government securities were traded on the primary and secondary market during this week.

No securities were traded on the secondary corporate bond market during this week.

As of October 16, total market capitalization of MSE is MNT 2,593.2 billion. The TOP-20 index increased by 1.09% to stand at 17,501.43 units.



Source: Mongolian Stock Exchange



Source: Mongolian Stock Exchange

Market Review	Total amount /MNT mln/
Total Value	905.4
Market Capitalization	2,593,190.0

Market Indices	Last Price	Change /w/
MSE Top 20	17,501.43	-0.57% ▼
MSE I Index	8,236.81	0.16% ▲
MSE II Index	7,426.15	-0.81% ▼

Actively Traded Securities	Volume	Amount/MNT/
Genco Tour Bureau	4,705,921	447,062,495
Mandal Insurance	6,189,000	272,316,000
APU	58,107	33,118,539
Ard Financial Group	21,716	29,218,749
Monos Khuns	429,319	29,215,258

Securities with most growth	Last Price /MNT/	Change /w/
Darkhan Khuvun	6,580.00	10.58% ▲
Mongol Basalt	190.00	3.92% ▲
Gobi	199.06	2.60% ▲
Itools	78.90	1.54% ▲
BDSec	860.00	1.17% ▲

Securities with most decline	Last Price /MNT/	Change /w/
Moninjbar	80.00	-15.78% ▼
Autoimpex	1,010.00	-14.69% ▼
Olloo	45.00	13.46% ▼
Remicon	23.27	-11.52% ▼
Telecom Mongolia	375.00	-10.69% ▼

Most Active Brokerage Firms	Amount/MNT/
BDSec	955,595,756
Bumbat-Altai	307,896,634
Goodsec	280,603,213
Ard Securities	66,528,777
TDB Capital	65,456,530

Top 5 Companies With Largest Market Capitalization	Last Price /MNT/	Market Cap. /MNT mln/
APU	570.04	606,626.05
Tavan Tolgoi	5,795.00	305,194.83
MIK Holding	12,790.00	264,872.20
Invescore NBF1	2,855.00	204,783.21
Gobi	199.06	155,289.19

Corporate bond /secondary market/

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

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 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	PAID ON 2020.08.06
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	PAID ON 2020.09.07
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

“National Privatization Fund”, the first close-end mutual fund to be listed on the Mongolian Stock Exchange, offered 95.5% or 47.5 million shares to the strategic investors and the public throughout September 5, 2020 to October 16, 2020 on the primary market.

In the primary market, a total of 2,245 individuals and legal entities submitted bid orders for a total of MNT 5,537,565,300, which was 16.5% more than the amount offered.

Source: Mongolian Stock Exchange

NEWS ON JOINT STOCK COMPANIES

“Erdene Resource Development Corp.” /TSX: ERD; MSE: ERDN/ JSC announces conversion of EBRD convertible loan and provides Dayan Khundii Gold Project update.

“Erdene Resource Development Corp.” /TSX: ERD; MSE: ERDN/ JSC (“Erdene” or the “Company”) announced that the European Bank for Reconstruction and Development (“EBRD” or “Bank”) has exercised its conversion option in respect of its USD 5 million convertible loan (“Convertible Loan”) with the Company. Following conversion of the Convertible Loan, the EBRD owns and controls 30,043,290 common shares representing approximately 11.2% of the issued and outstanding common shares of the Company.

“The proceeds of the EBRD Convertible Loan provided the funding to complete the recently announced Bayan Khundii Gold Project Feasibility Study,” said Peter Akerley, Erdene’s President and CEO. “The EBRD’s conversion, along with the proceeds of the CAD 20 million equity financing led by a CAD 15 million strategic investment from Mr. Eric Sprott position Erdene to secure the project finance required to move Bayan Khundii rapidly to production. The company is focused on expanding the resources throughout the district and construction readiness efforts for the Bayan Khundii project as we target first gold in 2022.”

Source: Mongolian Stock Exchange

6.2 million shares of “Mandal Insurance” / MSE: MNDL / JSC were block traded.

On October 14, 2020, 6,189,000 shares of “Mandal Insurance” /MSE: MNDL / JSC, a company listed on tier I of the Mongolian Stock Exchange, were block traded for a total of MNT 272,316,000 or MNT 44 per share. The trade was the company’s first block trade since its secondary market trading began in 2018.

4.7 million shares of Genco Tour Bureau / MSE: JTB / JSC were block traded.

On October 16, 2020, 4,705,921 shares of “Genco Tour Bureau” / MSE: JTB/ JSC, a company listed on tier II of the Mongolian Stock Exchange, were block traded for a total of MNT 447,062,495 or MNT 95 per share.

The company’s latest block trade was on September 21, 2020, with 4,705,921 shares traded totaling MNT 447,062,495 or 95 MNT per share.

In 2020, the company’s shares were block traded 5 times with a total of 20,878,177 shares being traded for MNT 1,983,426,815.

Resolution of the Extraordinary General Meeting of Shareholders of “APU” / MSE: APU / JSC.

As a result of “APU” / MSE: APU / JSC’s Extraordinary General Meeting of Shareholders of October 2, 2020. The company has made the following decisions:

- P.Batsaikhan, B.Batbayar, Sergey Gromov, Kenneth Chu, Sen Yi-Ying, Thomas Holland were appointed as full members and U.Batbayar and Yo. Gerelchuluun and J. Unenbat were elected for 3 years.
- P.Batsaikhan was elected as the Chairman of the Board.
- Establish an Audit Committee under the Board consisting of J. Unenbat, Sen Yi-In, U. Batbayar, a Nomination Committee consisting of P. Batsaikhan, U. Batbayar, Yo. Gerelchuluun, and a Salary and Incentive Committee consisting of Yo. Gerelchuluun, J. Unenbat and Kenneth Chu.

OTHER NEWS

HIGHLIGHTS

The International Monetary Fund forecasts that Mongolia's economy will shrink by 2% in 2020, down 1% from the previous forecast, and recover by 6% in 2021 and stabilize at 4.5% by 2025.

This forecast is close to the BoM's expectation that the economy will shrink by 2.6%, and poor economic performance in the first half of the year led to a resumption of the forecast. The inflation forecast is projected at 4.5% this year and 6.6% next year, which is in line with the BoM's goal of keeping inflation at 6% at 2% intervals.

Source: BloombergTV.mn



MACROECONOMIC NEWS

In September 2020, consumer price index at the national level decreased by 0.3% from the previous month, while it increased by 1.9% from the end of the previous year and by 1.7% from the same period of the previous year.

The 1.7% increase in consumer price index from the same period of previous year was mainly contributed by 2.4% increase in prices of food and non-alcoholic beverages group (non-alcoholic beverages by 3.8%), 4.7% increase in price of alcoholic beverages and tobacco group, 4.3% increase in price of clothing, cloth and footwear group, 2.9% increase in price of housing, water, electricity and fuels group (electricity, gas and other fuels by 2.7%), and 3.0% increase in price of medicine and medical service group, though price of transport group decreased by 5.8%

The 1.9% increase in CPI from the end of previous year was mainly due to 5.6% increases in prices of food and non-alcoholic beverages group (meat and meat products by 13.1%), 2.0% increase in price of clothing, cloth and footwear group and 3.9% increase in price of alcoholic beverages and tobacco group, though price of transport group decreased by 6.0%.

The 0.3% decrease in CPI from the previous month was mainly due to 2.3% decrease in price of food and non-alcoholic beverages group (meat and meat products by 5.0%), 16.0% decrease in price of potato and vegetable group. But 0.4% increase was observed in prices of clothing, cloth and footwear group, 0.3% increase in price of medicine and medical service group.

Source: National Statistics Office

COMMODITY MARKET NEWS

According to the preliminary results, the gross industrial output reached MNT 11.1 trillion in the first 9 months of 2020, decreased by MNT 2.3 trillion (17.2%) from the same period of previous year. This decrease was mainly due to MNT 2.1 trillion (21.5%) decrease in mining and quarrying gross output. However, the electricity, thermal energy and water supply production output increased by MNT 62.4 billion (7.9%) compared to same period of previous year.

By preliminary results, the mining and quarrying gross output reached MNT 7.6 trillion, in the first 9 months of 2020, decreased

by MNT 2.1 trillion (21.5%) from the same period of previous year. This decrease was mainly due to decreases in mining of coal and lignite by MNT 2.2 trillion (52.8%), and extraction of crude petroleum by MNT 503.6 billion (66.0%) compared to same period of previous year.

In September 2020, the gross industrial output reached MNT 1.7 trillion, increased by MNT 270.1 billion (19.4%) from the previous month. This increase was mainly due to MNT 268.3 billion (28.0%) increase in mining and quarrying output.

Source: National Statistics Office

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