

WEEKLY MARKET UPDATE

10.19 - 10.23



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	17,396.36	-0.60% ▼
Dow Jones	USA	28,335.57	-0.95% ▼
S&P 500	USA	3,465.39	-0.53% ▼
Nasdaq	USA	11,548.28	-1.06% ▼
S&P/TSX	Canada	16,304.08	-0.82% ▼
FTSE 100	Great Britain	5,860.28	-1.00% ▼
S&P/ASX 200	Australia	6,167.00	-0.16% ▼
Nikkei 225	Japan	23,516.59	0.45% ▲
Hang Seng	Hong Kong	24,918.78	2.18% ▲

Bond	Currency	Coupon	YTM
Mongol 2024 (Khuraldai)	USD	8.750%	4.08%
Mongol 2023 (Gerege)	USD	5.625%	3.74%
Mongol 2022 (Chinggis)	USD	5.125%	3.59%
Mongol 2021 (Mazalai)	USD	10.875%	2.02%
DBM' 23 (Samurai)	JPY	1.520%	1.11%
DBM' 2023	USD	7.250%	4.93%
MGMTGE' 2022 (Hoelun)	USD	9.750%	11.71%
Mongol 2026 (Nomad)	USD	5.125%	4.43%

Rates	Last	Change /w/
Libor 1M	0.156	0.03 ▲
Libor 3M	0.217	-0.01 ▼
Libor 6M	0.249	-0.03 ▲
Libor 1YR	0.337	0.00 ▲
US 2YR Bond	0.149	0.00
US 3YR Bond	0.194	0.03 ▲
US 5YR Bond	0.359	0.09 ▲
US 10YR Bond	0.818	0.08 ▲

Exchange rates	2020.10.23	Change /w/
USD	2,852.33	-0.04% ▼
CNY	427.65	0.46% ▲
EUR	3,375.30	0.96% ▼
RUB	37.37	2.02% ▼
KRW	2.53	1.61%
JPY	27.27	0.63% ▲
CAD	2,173.20	0.61% ▼

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,902.05	0.15% ▲
Silver /spot/	USD/t oz.	24.61	1.86% ▲
Copper	USD/lb.	312.90	2.00% ▲
Coal	USD/MT	58.52	1.54% ▲
Crude Oil WTI	USD/bbl.	39.85	-2.52% ▼
Crude Oil Brent	USD/bbl.	41.77	-2.70% ▼

Indicators	Reference	Amount
Inflation Rate	2020.IX	1.70%
Policy Rate	2020.IX	8.00%
Interbank Rate	2020.IX	8.22%
Deposit Interest Rate /MNT/	2020.IX	10.75%
Deposit Interest Rate /Foreign currency/	2020.IX	3.76%
Loan Interest Rate /MNT/	2020.IX	16.91%
Loan Interest Rate /Foreign currency/	2020.IX	10.46%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADE UPDATE

In this week, a total of 46 companies' 6,559,937 shares worth MNT 848.1 million were traded in the secondary market.

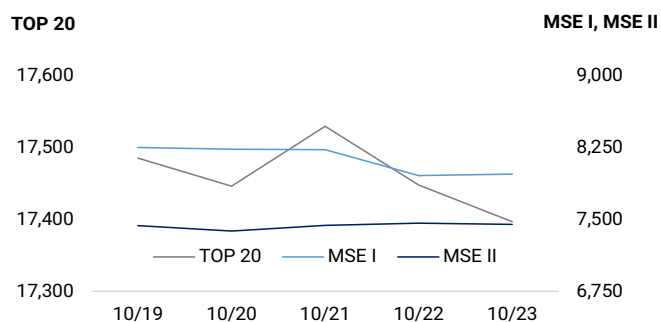
"Berkh Uul" /MSE: BEU/ company's shares rose 62.97 percent to MNT 611.16, while "MIK Holding" /MSE: MIK/ company's share fell 13.99 percent to MNT 11,000.00.

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 60 units of securities were traded for MNT 6.0 million on the secondary market.

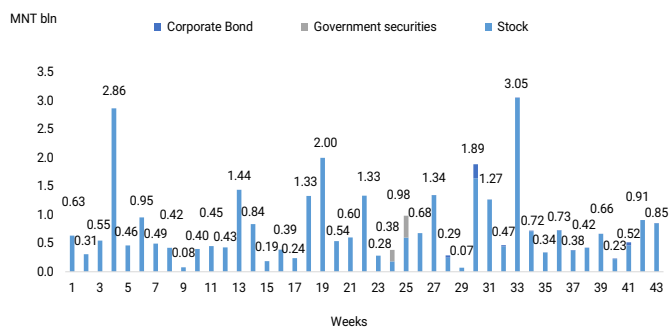
As of October 23, total market capitalization of the MSE is MNT 2,565.2 billion. The TOP-20 index decreased by 0.60% to stand at 17,396.36 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /weekly/



Source: Mongolian Stock Exchange

Market Review		Total amount /MNT mln/	
Total Value		854.1	
Market Capitalization		2,565,227.0	
Market Indices		Last Price	Change /w/
MSE Top 20		17,396.36	-0.60% ▼
MSE I Index		7,968.69	-3.26% ▼
MSE II Index		7,443.69	0.24% ▲
Actively Traded Securities		Volume	Amount/MNT/
Bodi Insurance		5,843,036	660,130,959.2
MIK Holding		5,064	55,704,000
Ard Financial Group		25,414	34,817,477
APU		42,487	24,226,781
Erdenes Solutions		26,000	11,180,000
Securities with most growth		Last Price /MNT/	Change /w/
Berkh Uul		611.16	62.97% ▲
Darkhan Khuns		3,379.00	14.90% ▲
Moninjbar		91.00	13.75% ▲
Ulaansan		830.00	12.95% ▲
Baganuur		1,000.00	11.11% ▲
Securities with most decline		Last Price /MNT/	Change /w/
MIK Holding		11,000.00	-13.99% ▼
Mongol Shiltgeen		210.08	-6.63% ▼
Autoimpex		950.00	-5.94% ▼
Mongol Basalt		181.10	-4.68% ▼
Erdene Resource Development		851.00	-4.18% ▼
Most Active Brokerage Firms		Amount/MNT/	
BDSec		1,465,199,067	
Ard Securities		64,110,519	
TDB Capital		29,924,706	
Bumbat Altai		26,016,158	
Standard Investment		21,422,469	
Top 5 Companies With Largest Market Capitalization		Last Price /MNT/	Market Cap. /MNT mln/
APU		569.99	606,572.84
Tavan Tolgoi		5,765.00	303,614.88
MIK Holding		11,000.00	227,802.52
Invescore NBF1		2,898.00	207,867.51
Gobi		200.36	156,303.34

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	60	6,000,070	100,000	100,010	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 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

According to the Chairman of the FRC's Resolution No.1/4328 of October 22, 2020, the secondary market trading of units of "National Privatization Fund", a closed-end investment fund, has been scheduled to start for October 26, 2020 upon the completion of the registry and exchange of relevant information by the 'Mongolian Central Securities Depository' LLC. Therefore, the right to redeem extra payment shall be effective from today through securities companies.

Source: Mongolian Stock Exchange

NEWS ON JOINT STOCK COMPANIES

Clients of 'Capital Market Corporation SC' LLC to be transferred.

According to the Financial Regulatory Commission's Resolution No. 953 of October 21, 2020, the license of "Capital Market Corporation SC" LLC to conduct regulated activities in the securities market has been revoked. The clients of "Capital Market Corporation SC" LLC will be transferred to "SG Capital SC" LLC with no additional costs.

Source: Mongolian Stock Exchange

Attention to the shareholders of "Bornuur" /MSE: BOR/ JSC.

According to "Bornuur" /MSE: BOR/ JSC's Board of Directors' Resolution No.20/1 of October 16, 2020, the extraordinary shareholders meeting was scheduled at 11:00 am on November 25, 2020.

Meeting Date: November 25, 2020, at 11:00 am

Meeting Venue: Cultural center of Bornuur soum of Tuv province

Record Date: November 9, 2020

Agenda:

- Company financial and operational statements
- Board decision not to distribute dividends
- Discuss and approve the 2020 Action Plan
- Election of the Board of Directors

Detailed information about the meeting can be obtained on weekdays from 9:00 to 18:00 at the company's office and through the broker and dealer company which you are a client of.

Telephone: 88222323, 89114474

Source: Mongolian Stock Exchange

Attention to the shareholders of "Tandem Invest NBFI" /MSE: VIK/ JSC.

According to "Tandem Invest NBFI" /MSE: VIK/ JSC's Board of Directors' Resolution No.5 of October 13, 2020, the extraordinary shareholders meeting was scheduled at 9:00 am on November 25, 2020.

Meeting Date: November 25, 2020, at 9 am

Meeting Venue: Arizona Center, Door # 11, Chingeltei District, Ulaanbaatar

Record Date: November 02, 2020

Agenda:

- To make an amendment to the Company's charter
- To issue additional shares and determine the quantity.

For more information about the meeting, please visit the Company's office on weekdays from 9 am-6 pm.

Telephone: 94002977, 99074804

Email: info@vik.mn

Source: Mongolian Stock Exchange

Attention to the shareholders of "Invescore NBFI" /MSE: INV/ JSC.

According to "Invescore NBFI" /MSE: INV / JSC's Board of Directors' Resolution No.A/22-T of August 26, 2020, the company' stakes in "Invescore AI Lab" LLC, a subsidiary with 90% stake by "Invescore NBFI" /MSE: INV/, which operates in a different field than the specified fields in the license of the Non-Bank Financial Institution and "Investor Japan" LLC, a subsidiary with 99.84% stake by "Invescore NBFI" /MSE: INV/ JSC has been decided to be transferred to "Invescore NBFI" /MSE: INV/ JSC's parent company, "SIGB Capital" LLC.

Source: Mongolian Stock Exchange

OTHER NEWS

HIGHLIGHTS

The Financial Action Task Force (FATF) held a meeting on October 23, 2020 to discuss the removal of Mongolia from the FATF's gray list of countries which lacks strategies to combat money laundering and terrorist financing. The conference was attended by representatives of more than 130 countries and international organizations and was chaired by FATF President Dr. Marcus Player. Delegates unanimously supported the removal of Mongolia from the FATF gray list. He also congratulated Mongolia on its significant progress in the fight against money laundering and terrorist financing, and noted that the successful conduct of on-site inspections during the COVID-19 epidemic was a good international practice.

FATF President Dr. Marcus Player held an online press conference after the meeting and officially announced that Mongolia had successfully implemented its action plan and was removed from the FATF's gray list.

Source: Bank of Mongolia

MACROECONOMIC NEWS

According to the preliminary results in the first 9 months of 2020, the total revenue of the general government budget was MNT 7.3 trillion. The equilibrated revenue of the general government budget was MNT 6.7 trillion and 91.6% of the total revenue of general government budget. On the other hand, the total expenditure and net lending was MNT 9.4 trillion in the first 9 months of 2020, resulting in deficit of MNT 2.7 trillion in the equilibrated balance.

In September 2020, the total equilibrated revenue and grants of general government budget was MNT 1.0 trillion, increased by MNT 202.9 billion or 25.4%, the total expenditure and net lending was MNT 1.1 trillion, increased by MNT 94.7 billion or 9.6% compared to previous month.

The General government budget was in deficit of 82.7 billion, decreased by MNT 108.2 billion or 56.7% compared to the previous month. The General government budget revenue was comprised of 83.3% of tax revenue, 8.3% of non-tax revenue, 8.0% of the future heritage fund and 0.4% of the stabilization fund.

In the first 9 months of 2020, tax revenue reached MNT 6.1 trillion, decreased by MNT 0.9 trillion or 13.1% compared to the same period of the previous year. This decrease was mainly due to MNT 330.9 billion or 18.5% decrease in income tax revenue, MNT 183.9 billion or 13.0% decrease in social security revenue.

Source: National Statistics Office

COMMODITY MARKET NEWS

China's coking coal and steel mills have begun to build up coal reserves and stimulate demand. As a result, the price of coking coal supplied by Mongolia rose by CNY 20 per ton earlier this week and is expected to rise further, according to SXCoal.

To be precise, the price of raw coal shipped through the Gashuunsukhait-Gantsmod port increased by CNY 20 to reach CNY 810-840. At the end of last week, the price of washed coal was CNY 1,020-1,040 per ton. Following the Australian embargo, some factories in China's Hebei province began buying coal from Mongolia, which affected prices.

Due to the high demand for coal in China, the two sides agreed to allow Mongolian coal trucks with transporting licenses directly cross the border to China. SXCoal expects coal shipments to increase as if during Green Gateway in August of this year.

As of the first 20 days of October, 1,055 coal trucks have crossed the Gashuunsukhait-Gantsmod port. This was an increase by 330 vehicles or 45.5% compared to the same period of the previous year.

Source: BloombergTV.mn

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