

WEEKLY MARKET UPDATE

11.02 - 11.06



GLOBAL MARKET UPDATE

U.S: Stocks posted their largest weekly rally since April, despite the lack of a clear winner emerging from Tuesday's presidential election as vote-counting continued in several pivotal states. With former Vice President Joe Biden appearing to have the clearest path to victory and Republicans seeming likely to retain control of the Senate, investors began to anticipate a Goldilocks scenario of additional fiscal stimulus but more limited tax increases than under a "blue wave" Democratic sweep. The tech-heavy Nasdaq Composite Index and the small-cap Russell 2000 Index performed even better than the broad large-cap S&P 500 Index.

T. Rowe Price traders noted that value stocks outperformed high-valuation growth companies early in the week, but the momentum that has driven many growth stocks higher all year took control following the election. While this was the second-busiest week of the quarter for earnings releases from S&P 500 companies, broad macro sentiment about politics and the economy seemed to drive the market.

Europe: Shares in Europe rallied in sympathy with U.S. equities while also receiving a lift from the generally strong quarterly earnings reported by European corporations and the additional stimulus measures announced in the UK. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 7.02% higher, while Germany's DAX Index rallied 7.99%, France's CAC 40 gained 7.98%, and Italy's FTSE MIB climbed 9.69%. The UK's FTSE 100 Index advanced 5.97%.

Core eurozone bond yields bounced around but ended the week roughly level. The German 10-year bund yield, for example, plummeted on Wednesday after early U.S. election results proved indecisive. This downward pressure eased as the odds of a Biden victory and a divided Congress appeared to increase. Yields on peripheral eurozone bonds fell overall. The growing likelihood of a Biden win drove demand for riskier assets, pushing the yield on Italy's 10-year bonds to record lows on Friday. UK gilt yields largely tracked core eurozone yields.

Japan: Japanese stocks finished sharply higher in the holiday-shortened trading week. Japan's stock markets were closed on Tuesday in observance of Culture Day. The Nikkei 225 Stock Average advanced 5.87% (1,348 points) and closed at 24,325.23. This week's market rally also lifted the widely watched market yardstick into positive territory for the year-to-date period (+2.8%). The large-cap TOPIX Index and the TOPIX Small Index, broader measures of Japanese stock market performance, also recorded strong results, although both remain underwater in 2020.

China: Chinese stocks advanced as the prospect of a Biden presidency raised the outlook for improved U.S.-China relations. The benchmark Shanghai Composite Index ended up 2.2% and the large-cap CSI 300 Index rose 3.4%, according to Reuters data. The yield on China's 10-year government bond increased to 3.22% as economic data showed the country's recovery was on track. In currency trading, the renminbi rose 1.1% versus the dollar and closed at 6.621. Many policy analysts see scope for more cordial U.S.-China relations in trade, cross-border investment, and climate change. However, they caution that a major reengagement with China appears unlikely and that U.S. policy toward China regarding intellectual property rights, technology transfer, and national security may not change much under a Biden administration.

Source: Troweprice.com

International indices	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	17,517.07	0.64% ▲
Dow Jones	USA	28,323.40	6.87% ▲
S&P 500	USA	3,509.44	7.32% ▲
Nasdaq	USA	11,895.23	9.01% ▲
S&P/TSX	Canada	16,282.83	4.51% ▲
FTSE 100	Great Britain	5,910.02	5.97% ▲
S&P/ASX 200	Australia	6,190.20	4.43% ▲
Nikkei 225	Japan	24,325.23	5.87% ▲
Hang Seng	Hong Kong	25,712.97	6.66% ▲

Bond	Currency	Coupon	YTM
Mongol 2024 (Khuraldai)	USD	8.750%	3.86%
Mongol 2023 (Gerege)	USD	5.625%	3.51%
Mongol 2022 (Chinggis)	USD	5.125%	3.42%
Mongol 2021 (Mazalai)	USD	10.875%	1.65%
DBM' 23 (Samurai)	JPY	1.520%	1.09%
DBM' 2023	USD	7.250%	5.17%
MGMTGE' 2022 (Hoelun)	USD	9.750%	11.04%
Mongol 2026 (Nomad)	USD	5.125%	4.22%

Rates	Last	Change /w/
Libor 1M	0.128	-0.09 ▼
Libor 3M	0.206	-0.05 ▼
Libor 6M	0.243	0.01 ▲
Libor 1YR	0.333	0.01 ▲
US 2YR Bond	0.151	-0.01 ▼
US 3YR Bond	0.195	0.02 ▲
US 5YR Bond	0.356	-0.05 ▼
US 10YR Bond	0.814	-0.05 ▼

Exchange rates	2020.11.06	Change /w/
USD	2,849.83	-0.08% ▼
CNY	430.24	1.02% ▲
EUR	3,374.20	1.33% ▲
RUB	36.93	2.73% ▲
KRW	2.54	1.20% ▲
JPY	27.55	0.80% ▲
CAD	2,182.11	2.01% ▲

Commodity	Unit	Last price	Change /w/
Gold /spot/	USD/t oz.	1,951.35	3.86% ▲
Silver /spot/	USD/t oz.	25.61	8.26% ▲
Copper	USD/lb.	315.40	3.49% ▲
Coal	USD/MT	62.47	5.58% ▲
Crude Oil WTI	USD/bbl.	37.14	3.77% ▲
Crude Oil Brent	USD/bbl.	39.45	5.31% ▲

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 53 companies' 3,010,660 shares worth MNT 570.2 million were traded in the secondary market.

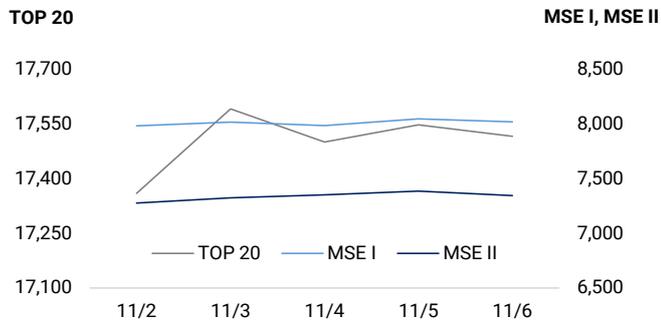
"Bodi Insurance" /MSE: BODI/ company's shares rose 17.97 percent to MNT 135.00, while "Technicimport" /MSE: TEX/ company's share fell 14.34 percent to MNT 6,900.00.

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 114 units of securities were traded for MNT 11.7 million on the secondary market.

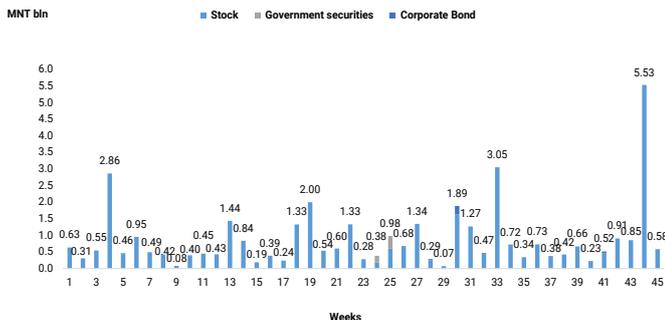
As of November 6, total market capitalization of the MSE is MNT 2,589.7 billion. The TOP-20 index increased by 0.64% to stand at 17,517.07 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /weekly/



Source: Mongolian Stock Exchange

Market Review		Total amount /MNT mln/
Total Value		581.8
Market Capitalization		2,589,653.7
Market Indices		Last Price
MSE Top 20	17,517.07	0.64% ▲
MSE I Index	8,022.16	0.61% ▲
MSE II Index	7,346.48	1.14% ▲
Actively Traded Securities		Volume
Mongolian Post	359,920	233,288,991
Ard Financial Group	42,998	59,234,687
APU	92,324	53,227,334
Mandal Insurance	783,570	36,611,079
National Privatization Fund	260,728	28,312,793
Securities with most growth		Last Price /MNT/
Bodi Insurance	135.00	17.97% ▲
Shinest	115.00	15.00% ▲
Mongol Alt	6,325.00	15.00% ▲
Uvs Chatsargana	334.00	15.00% ▲
Mandal Insurance	48.00	9.31% ▲
Securities with most decline		Last Price /MNT/
Technicimport	6,900.00	-14.34% ▼
Mongoliin Khuguil Undesnii Negdel	3,250.00	-12.16% ▼
Mudix	6,900.00	-11.54% ▼
Khuvsgul Altan Duulga	616.00	-7.64% ▼
Dornod Khudaldaa	20,500.00	-6.73% ▼
Most Active Brokerage Firms		Amount/MNT/
Ard Securities		723,007,868
BDSec		102,730,800
Novel Investment		34,107,893
Standard Investment		33,212,512
Bumbar-Altai		33,082,971
Top 5 Companies With Largest Market Capitalization		Last Price /MNT/
APU	580.00	617,225.30
Tavan Tolgoi	5,795.00	305,194.83
MIK Holding	11,000.00	227,802.52
Invescore NBF1	2,927.00	209,947.62
Gobi	193.00	150,561.71

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	114	11,650,000	102,500	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 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
35	HRM	HERMES CENTRE	530.2	65.1	12.3%	6.3	2020.09.09	PAID ON 2020.09.28
36	APU	APU	41,168.2	39,861.6	96.8%	37.5	2020.09.02	PAID ON 2020.11.02

CAPITAL MARKET UPDATE

HIGHLIGHTS

In accordance with the provision 23.11 of the Listing Rules of MSE, a security shall be delisted if the liquidity of the security falls and it has become clear that the issuer is no longer able to meet the listing requirements set by the Exchange; or upon consecutive failure by the issuer to meet its ongoing obligations and duties; or failed to pay the annual listing fee for more than 2 years; or more than one year has elapsed since the suspension of the securities trading and the trading has not resumed or the causes for suspension have not been rectified; and any grounds stated in relating Law and rules.

In relation to this, the Mongolian Stock Exchange has sent out an official letter to 42 listed companies that failed to meet its ongoing obligations, to fulfill their legal obligations and submit a corrective action plan within December 01, 2020. Therefore the MSE warns these companies that it will take necessary action to delist if they fail to rectify the violations within the stated period.

NEWS ON JOINT STOCK COMPANIES

“Erdene Resource Development Corporation” /TSX: ERD; MSE: ERDN/ JSC executes project finance mandate letter with Export Development Canada for Bayan kKhundii Gold Project.

“Erdene Resource Development Corporation” /TSX: ERD; MSE: ERDN/ JSC announced that it has executed a mandate letter with Export Development Canada (“EDC”) for an up to USD 55 million senior secured debt facility to develop the Bayan Khundii Gold Project in southwest Mongolia.

Export Development Canada (EDC) is a financial Crown corporation dedicated to helping Canadian companies of all sizes succeed on the world stage. As international risk experts, EDC equips Canadian companies with the tools they need – the trade knowledge, financing solutions, equity, insurance, and connections – to grow their business with confidence.

“Executing the debt financing mandate letter with EDC is an important milestone in the development of our high-grade Bayan Khundii Gold Project,” said Peter Akerley, Erdene’s President and CEO. “EDC has assisted many companies in developing mining projects internationally, including in Mongolia. The involvement of EDC, as well as our major shareholder the European Bank for Reconstruction and Development will help to ensure that the Project will be developed to the highest environmental and social standards, delivering benefits for Mongolian and international stakeholders.”

Source: Mongolian Stock Exchange

“Nogoon Hugjil Undesnii Negdel” /MSE: JLT/ JSC’s shareholders meeting scheduled.

According to “Nogoon Hugjil Undesnii Negdel” /MSE: JLT/ JSC’s Board of Directors’ resolution of November 2, 2020, the Shareholders’ meeting was scheduled on December 13, 2020 at 5 pm.

Venue: Company Office Door# 84/2, Zamchdiin street, 3rd khoroo, Bayangol district, Ulaanbaatar

Record date: November 26, 2020

Agenda of the meeting:

- Reports and information about the Company’s project ‘Accommodation with Stock’;
- Make an amendment of Company’s Charter;
- Issue corporate bond;
- Salary and bonuses for Chairman and members of BoD; and
- Other issues.

The shareholders who would like to review the agenda, draft resolutions and other relevant documents of the meeting, may visit the Company’s web page or brokerage companies.

Tel: 99276519, 91918840

Email: Jinst_Altansukh@yahoo.com

Source: Mongolian Stock Exchange

“Mongol Basalt” /MSE: MBWs/ JSC presents spending report on its IPO proceeds.

“Mongol Basalt” JSC, that successfully raised MNT 6.4 billion from public in 2018, has presented its spending report on the proceeds from IPO. As of 3rd quarter of 2020, a total of MNT 5.96 billion has been spent in the following activities:

- Factory expansion of basalt wool – MNT 2.5 billion;
- Power substation – MNT 1.1 million;
- Factory building – MNT 680.0 million;
- Factory machinery – MNT 330.0 million;
- Basalt quarry equipment – MNT 40.1 million;
- Basalt quarry machinery – MNT 210 million;
- Raw material reserves for 4 months – MNT 599 million; and
- Long-term loan repayment - MNT 496.5 million.

Source: Mongolian Stock Exchange

OTHER NEWS

HIGHLIGHTS

The US Embassy has released a report analyzing Mongolia's investment climate. Of particular note is the impact of the epidemic and the analysis of the Extended Fund Facility (EFF) program with the International Monetary Fund. The report notes that investing in Mongolia's mining sector is considerably more risky due to political influence. According to the US Embassy report, the service sector, which accounts for 39% of Mongolia's GDP, has suffered the most from the pandemic. Although a V-shaped recovery is expected in the second half of the year, the economy is expected to shrink compared to the end of the previous year. However, due to the global stability of the mining and agricultural sectors, it is possible to overcome the epidemic with less damage than other similar countries.

Source: BloombergTV.mn

MACROECONOMIC NEWS



At the general session of the Parliament on November 5, the draft of monetary policy guidelines for 2021 were discussed and approved at the final discussion.

Next year, the Bank of Mongolia plans take actions to reduce interest rates, prepare for the next peer review of Mongolia's anti-money laundering and anti-terrorist financing system, and improve the legal framework for remote identification of financial consumers.

Source: Bank of Mongolia

COMMODITY MARKET NEWS

In October 2020, the Bank of Mongolia purchased 2.1 tons of precious metals and its gross purchases totaled 19.2 tons in 2020. This is an increase of 6.3 tons from the same period of the previous year. Out of 19.2 tons of precious metals, 17.5 tons were gold, and 1.7 tons were white silver.

This month, Darkhan-uul regional division purchased 102.1 kg and Bayankhongor regional branch purchased 114.6 kg precious metals and total of 1.6 tons purchased from these 2 regions in 2020.

Monthly average gold price was 174,145.46 MNT per gram.

Source: Bank of Mongolia



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