

WEEKLY MARKET UPDATE

2019.07.22-07.26

MACROECONOMIC UPDATE OF MONGOLIA

Mongolia's economic outlook in June 2019

General government budget

In the first half of 2019, total equilibrated revenue and grants of the general government budget amounted to MNT 4.9 trillion and total expenditure and net lending amounted to MNT 4.7 trillion, resulting a surplus of MNT 192.2 trillion in the equilibrated balance.

In June 2019, equilibrated revenue and grants of the general government budget reached MNT 948.5 billion, increased by MNT 128.6 billion or 15.7% from the previous month whereas, total expenditure and net lending reached MNT 902.4 billion, decreased by MNT 57.9 billion or 6.0% from the previous month.

General government budget revenue was comprised of 80.1% of tax revenue, 8.2% of non-tax revenue, 11.1% of the future heritage fund and 0.6% of the stabilization fund.

Balance of payment

In the first 5 months of 2019, current and capital account balance deficit by preliminary result reached to USD 410.0 million, increased by USD 156.0 million compared to the same period of last year.

In the first 5 months of 2019, capital account surplus reached USD 34.1 million, increased by USD 3.7 million or 12.0% compared to the same period of previous year.

Financial account surplus reached USD 646.9 million, decreased by USD 8.8 million or 1.3% compared to the same period of previous year.

Overall balance of payment was in surplus of USD 233.6 million, increased by USD 31.8 million compared to the same period of previous year.

Foreign trade

In the first half year of 2019, Mongolia traded with 137 countries from all over the world and total trade turnover reached USD 6.8 billion, of which USD 3.9 billion were exports and USD 2.9 billion were imports. In June 2019, exports and imports reached to USD 657.6 million and USD 578.7 million, respectively. Compared to the previous month, exports decreased by USD 75.8 and imports increased by USD 29.9 million.

In the first half year of 2019, foreign trade surplus reached USD 1.0 billion, which increased by USD 223.0 million from USD 822.2 million in the same period of 2018. In June 2019, foreign trade surplus reached to USD 96.9 million. Compared to the previous month, foreign trade surplus decreased by USD 105.7 million.

Price

In June 2019, consumer price index at the national level increased by 0.7% from the previous month, by 4.9% from the end of previous year and by 8.1% from the same period of previous year.

In June 2019, consumer price index increased by 8.1% from the same period of previous year, which was mainly contributed by increases in prices of food and non-alcoholic beverages group by 10.8% (meat and meat products by 31.6%, non-alcoholic beverages by 5.8% and milk, dairy products and eggs by 1.0%), alcoholic beverages and tobacco group by 3.8%, clothing, cloth and footwear each group by 9.8% transport by 4.8%, housing, water, electricity and fuels group by 8.8% (electricity, gas and other fuels by 10.2%), and health by 8.6%.

Source: National Statistics Office of Mongolia

WORLD INDICES

Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	20,233.74	-1.84% ▼
Dow Jones	USA	27,192.45	0.14% ▲
S&P 500	USA	3,025.86	1.65% ▲
Nasdaq	USA	8,330.21	2.26% ▲
S&P/TSX	Canada	16,531.04	0.27% ▲
FTSE 100	GB	7,549.06	0.54% ▲
S&P/ASX 200	Australia	6,793.40	1.33% ▲
Nikkei 225	Japan	21,658.15	0.89% ▲
Hang Seng	Hong Kong	28,397.74	-1.28% ▼

MONGOLIA RELATED BONDS

Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	113.63
Mongol 2023 (Gerege)	USD	5.625%	102.23
Mongol 2022 (Chinggis)	USD	5.125%	101.15
Mongol 2021 (Mazalai)	USD	10.875%	110.90
DBM' 23 (Samurai)	JPY	1.520%	103.88
DBM' 2023	USD	7.250%	104.94
TDBM' 2020	USD	9.375%	103.51

MARKET RATES

Rates	Last	Change /w/
Libor 1M	2.237	-0.02 ▼
Libor 3M	2.265	0.01 ▲
Libor 6M	2.200	0.06 ▲
Libor 1YR	2.196	0.04 ▲
US 2YR Bond	1.844	0.03 ▲
US 3YR Bond	1.807	0.02 ▲
US 5YR Bond	1.840	0.03 ▲
US 10YR Bond	2.063	0.02 ▲

EXCHANGE RATES

Against MNT	2019.07.26	Change /w/
USD	2,665.32	0.13% ▲
CNY	387.47	0.06% ▲
EUR	2,968.50	-0.99% ▼
RUB	42.21	-0.26% ▼
KRW	2.25	-0.88% ▼
JPY	24.53	-0.81% ▼
CAD	2,022.78	-0.96% ▼

COMMODITY PRICE

Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,418.90	-0.45% ▼
Silver /spot/	USD/t oz.	16.40	1.24% ▲
Copper	USD/lb.	268.50	-2.45% ▼
Coal	USD/MT	74.07	-2.00% ▼
Crude Oil WTI	USD/bbl.	56.20	1.02% ▲
Crude Oil Brent	USD/bbl.	63.46	1.58% ▲
Natural Gas	USD/MMBtu	2.17	-3.56% ▼

MONGOLIAN MACRO ECONOMIC INDICATORS

Indicators	Reference	Amount
Inflation Rate	2019. VI	8.10%
Policy Rate	2019. VI	11.00%
Interbank Rate	2019. VI	11.13%
Deposit Interest Rate /MNT/	2019. VI	11.48%
Deposit Interest Rate /Foreign currency/	2019. VI	4.95%
Loan Interest Rate /MNT/	2019. VI	17.10%
Loan Interest Rate /Foreign currency/	2019. VI	10.68%

Source: National Statistical Office, Bank of Mongolia, Bloomberg

MSE TRADING UPDATE

In this week, a total of 43 companies' 1,748,070 shares worth MNT 338.5 million were traded in the secondary market.

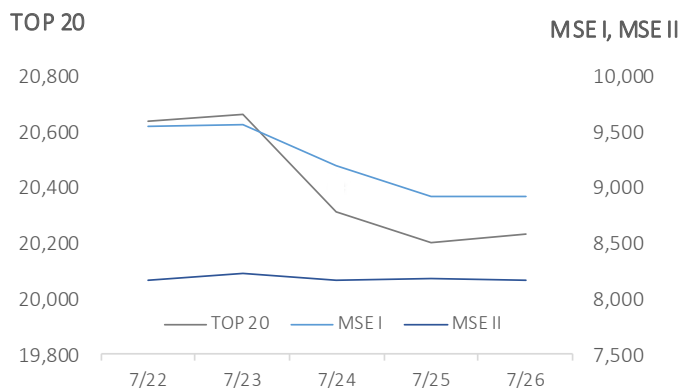
'Mongol basalt /MBW/ company's share rose 13.21 percent to MNT 360.0 while 'Naco tulsh' /NKT/ company's share fell 25.00 percent to MNT 60.0.

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

On the secondary market trading of Government securities, 104 units of securities were traded for MNT 10.4 million.

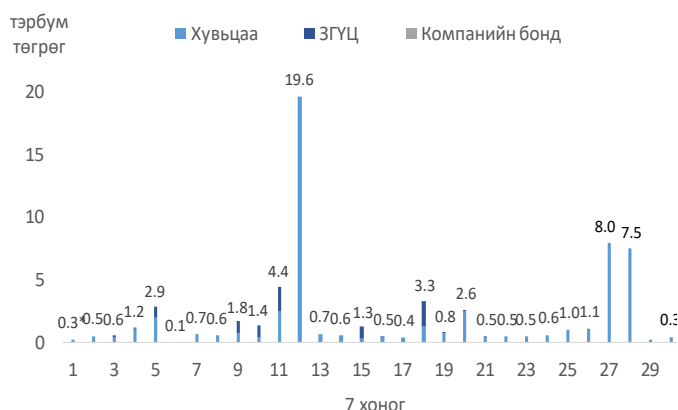
As of July 26, total market capitalization of MSE is MNT 2,488.8 billion. The TOP-20 index decreased by 1.84% to stand at 20,233.74 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



*Excluded the trade value of December 31, 2018

Source: Mongolian Stock Exchange

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	348.9
Market Capitalization	2,488,764.6

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	20,233.74	-1.84% ▼
MSE I Index	8,924.99	-7.06% ▼
MSE II Index	8,169.66	-0.21% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Mongol Basalt	377,192	134,383,208
LendMN NBFi	494,119	30,410,078
Gobi	90,110	25,997,225
Monos Foods	338,708	23,665,698
APU	36,412	20,499,483

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Mongol Basalt	360.00	13.21% ▲
Khishig Uul	450.00	12.50% ▲
Talkh Chicker	18,500.00	8.82% ▲
Mongol Savkhi	650.00	8.33% ▲
Invescore NBFi	1,816.00	2.95% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Naco Tulsh	60.00	-25.00% ▼
MIK Holding	11,020.00	-24.00% ▼
HBOil	47.10	-15.89% ▼
Technicimport	10,200.00	-14.86% ▼
Tsagaantolgoi	1,625.00	-14.47% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Gauli	138,507,311
BDSec	115,466,866
Golomt Capital	102,119,349
Bumbat-Altai	61,439,138
Standard Investment	60,467,865

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	569.00	605,519
Tavan Tolgoi	7,015.00	369,446
MIK Holding	11,020.00	228,217
Gobi	284.25	221,747
Invescore NBFi	1,816.00	130,258

GOVERNMENT SECURITY TRADING

Government securities /primary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
-	-	-	-	-	-	-	-

Government securities /secondary market/

Nº	Name	Volume	Turnover /MNT/	Minimum /MNT/	Maximum /MNT/	Weeks	Annual interest rate
1	ZGEB-BD-15/08/20-A0295-14.5	104	10,400,000	100,000	100,000	156	14.500%

DIVIDEND INFORMATION

Nº	Ticker	Company name	Net profit of 2018 /MNT mln/	Total dividend amount /MNT mln/	Dividend payout ratio	Dividends per share /MNT/	Date of resolution	Record date	Payment date
1	HRM	Hermes Center	783.4	298.5	38.1%	3.8	2019.01.25	2019.02.18	paid on 2019.03.18
2	LEND	LendMN NBF1	2,560.3	800.0	31.2%	1.0	2019.01.30	2019.02.22	paid on 2019.03.28
3	MBW	Mongol Basalt	217.2	56.4	26.0%	1.0	2019.02.01	2019.03.25	paid on 2019.06.14
4	BTG	Bayanteeg	1,771.4	1,000.0	56.5%	3,958.7	2019.02.11	2019.03.04	from 2019.06.01
5	SUL	Juulchin Duty Free	1,384.5	653.6	47.2%	10,000.0	2019.02.12	2019.04.10	from 2019.05.31
6	GOV	Gobi	17,764.2	5,304.8	29.9%	6.8	2019.02.13	2019.03.28	from 2019.04.25
7	ADU	Khuvsgul Altan Duulga	399.2	1,888.1	473.0%	120.0	2019.02.13	2019.04.01	from 2019.05.01
8	TCK	Talkh Chikher	1,975.9	204.7	10.4%	200.0	2019.02.14	2019.04.03	from 2019.07.01
9	MMX	Makhimpex	778.6	456.1	58.6%	120.0	2019.02.14	2019.04.03	from 2019.10.01
10	BUK	UB-BUK	566.4	131.5	23.2%	1.0	2019.02.14	2019.04.05	from 2019.05.01
11	TAH	Takhi Ko	799.1	128.5	16.1%	108.0	2019.02.15	2019.04.05	paid on 2019.04.24
12	BNG	Bayangol Hotel	3,433.1	150.2	4.4%	355.0	2019.02.16	2019.04.05	from 2019.09.01
13	MNP	Mongol Post	1,560.3	468.1	30.0%	4.7	2019.02.18	2019.04.05	from 2019.05.01
14	HRD	Khurd	751.1	74.4	9.9%	550.0	2019.02.18	2019.03.04	within 2019.06.01
15	MNDL	Mandal Insurance	3,868.3	624.3	16.1%	100.0	2019.02.18	2019.04.10	paid on 2019.05.27
16	GTL	Gutal	2,225.8	1,257.7	56.5%	777.0	2019.02.18	2019.03.13	from 2019.05.06
17	TEX	Technicimport	2,702.0	723.4	26.8%	500.0	2019.02.18	2019.03.11	from 2019.04.11
18	APU	APU	57,851.7	48,952.4	84.6%	46.0	2019.02.19	2019.04.04	paid on 2019.05.20
19	AIC	Ard Insurance	1,263.4	631.8	50.0%	25.3	2019.02.19	2019.03.15	paid on 2019.06.17
20	GHC	Gan Khiits	20.3	12.1	59.7%	50.0	2019.02.19	2019.03.22	from 2019.10.01
21	HUV	Khuvsgul Geology	107.4	14.4	13.4%	100.0	2019.02.19	2019.04.03	from 2019.04.29
22	HHS	Khuvsgul Khuns	11.3	2.6	23.4%	10.0	2019.02.19	2019.04.03	from 2019.05.15
23	TAL	Talyn Gal	255.9	34.7	13.6%	50.0	2019.02.25	2019.03.26	paid on 2019.07.19
24	BRC	Barilga Corporation	1,311.0	40.1	3.1%	985.0	2019.02.26	2019.03.18	on 2019.03.18
25	UBH	Ulaanbaatar Khivs	235.6	48.6	20.6%	120.0	2019.02.26	2019.03.18	within 2019.05.31
26	DSS	Darkhan Selengiin Tsakhilgaan Tugeekh Suljee	11.5	11.4	99.2%	1.1	2019.03.01	2019.03.21	from 2019.07.02
27	ADL	Aduunchuluun	547.1	409.7	74.9%	130.0	2019.03.11	2019.04.03	paid on 2019.07.26
28	TEE	Teever Darkhan	22.3	81.7	365.5%	500.0	2019.04.17	2019.03.27	within 2019.12.31
29	ERS	Mongol Alt	6.3	39.9	631.2%	150.0	2019.04.17	2019.03.27	within 2019.12.31
30	TTL	Tavan Tolgoi	52,858.1	44,923.4	85.0%	853.0	2019.04.26	2019.04.01	paid on 2019.06.11
31	EER	Arig Gal	449.3	109.4	24.3%	32.5	2019.04.26	2019.03.27	within 2019.09.30

CAPITAL MARKET NEWS

The net profit of “Tumen shuvuut” JSC increased by 72.3%, meeting investors’ expectations

“Tumen shuvuut” JSC, a company which successfully launched its IPO on the MSE in February, has published its financial report of the first half of the year.

As of the first half of this year, the company has produced 31.5 million eggs, up by 27.5% or 6.8 million from the same period of last year.

In order to increase its sales, the company is aiming to increase number of its clients by 20% to 2,400.

As for the financials, “Tumen shuvuut” JSC has earned a revenue of MNT 10.5 billion and a net profit of MNT 2.1 billion or earnings per share of MNT 10.34. Also, the net profit margin of the company has increased.

Comparing above results to the same period of last year, the revenue increased by MNT 2.16 billion or 26% and the net profit increased by MNT 0.87 billion or 72.3%.

In 2019, “Tumen shuvuut” JSC plans to operate with a revenue and a net profit of MNT 17.3 billion and MNT 2.6 billion respectively. It should be emphasized that 60.4% of the revenue and 79.5% of the net profit planned have been completed by the first half of the year.

The completion of projects funded by the capital raised from the IPO are listed below.

- “Hen farm” expansion project is 80% complete /The construction has been completed, and the equipment is being installed/;
- Installation of irrigation system for “Crop and flour mill” project is 95% complete;
- Construction of organic fertilizer plant is 50% complete / plant is planned to be commissioned in September/;
- Construction of chicken plant is 20% complete, according to the company.

Factors that move stock prices up are considered to be set as the number of investors invested in the company is constantly increasing and the company’s financials met investors’ positive expectations.

Source: Marketinfo.mn

“Aduunchuluun” JSC has suffered a loss of MNT 1.6 billion

“Aduunchuluun” JSC /MSE:ADL/, thermal coal supplier of the eastern region of Mongolia, has suffered a loss of MNT 1.6 billion in the first half of 2019.

Although the company earned a revenue of MNT 1.9 billion, the company’s cost reached MNT 3.3 billion, explaining the main reason for the loss.

Also, the company’s revenue fell by 54% compared to the same period of last year.

As for the share price, it fell by 23.8% to MNT 1,601 year-to-date.

Source: Marketinfo.mn

Total liabilities of “Gobi” JSC has doubled

“Gobi” JSC /MSE:GOV/, a TOP-20 index constituent, operated with a net profit of MNT 3.9 billion or with earnings per share of MNT 5.11 in the first half of 2019.

The net profit of the company decreased by MNT 291 million or 6.3%. The revenue however, reached MNT 66.8 billion, up by MNT 11.2 billion or 20.1% from the same period of last year.

The increase in liability of the company is widely attracting investors’ attention. The company reported a total liability of MNT 320.3 billion which is twice the amount in 2018. The company has a long term liability of MNT 84.5 billion, short term liability of MNT 168.5 billion. Of that, short-term loan tripled in size reaching MNT 113.0 billion.

“Gobi” JSC recently announced that it will be taking over “Goyo” LLC for USD 15 million.

Source: Marketinfo.mn

Net profit of “Suu” JSC increased by MNT 1.99 billion

“Suu” JSC /MSE:SUU/, a dairy product producer, published its financial report of the first half of 2019.

In the first half of 2019, the company operated with a revenue of MNT 37.2 billion and a net profit of MNT 4.19 billion or with earnings per share of MNT 12.17. Comparing that to the same period of last year, revenue and net profit of the company increased by 6.0% or MNT 2.1 billion and 90.7% or MNT 2.0 billion respectively.

As for the company’s liabilities, long-term loan amount increased by MNT 12.1 billion to MNT 20 billion, and short-term loan decreased by MNT 5.6 billion to MNT 6.4 billion.

Source: Marketinfo.mn

“Bayangol hotel” JSC operated with a profit of MNT 4.5 million, down by 99.4%

“Bayangol hotel” JSC /MSE:BNG/, listed in the Classification I on the MSE, reported a revenue of MNT 2.1 billion and a net profit of MNT 4.5 million.

Compared to the same period of last year, the company’s revenue and net profit decreased by 9.8% and 99.4% respectively.

The main reason for the company’s decrease in profitability was due to a rise in the cost of goods. Last year, the cost of goods sold was at 61% of the sales, while it has increased to 81% this year.

Source: Marketinfo.mn

“Aduunchuluun” JSC has allocated 2018 dividends to its shareholders’ accounts

“Aduunchuluun” JSC has allocated a total of MNT 47.3 million or MNT 117 per share after tax dividends from net profit of 2018 to its 1,145 shareholders’ accounts July 26, 2019

Source: Marketinfo.mn

COMMODITY MARKET NEWS

The Tavan Tolgoi-Gashuun Sukhait railway project will continue starting next month

During the Cabinet's regular meeting held on July 24, the Government decided to continue the construction of the 208.5 km railway in route Tavan Tolgoi-Gashuun Sukhait starting on August 15 of 2019. The railway will be commissioned in 2021.

The license for the construction of the basic railway structure has been issued to "Tavantolgoi Tumor Zam" LLC, and the funding needed for the construction will be financed through pre-sales of coal and other sources.

In addition, the Governor of Umnugovi province Naranbaatar.N was obligated to promptly provide the necessary licenses for additional constructions of engineering facilities, energy, water supply, terminals, gears and alarms and other facilities.

66% of total shares of "Tavantolgoi Tumor Zam" LLC will be owned by "Erdenes Tavan Tolgoi" closed JSC and the remaining 34% of the shares – by "Mongolyn Tumor Zam" state-owned JSC. Mongolia's Prime Minister Khurelsukh.U has specially warned the relevant ministers, agencies and companies' managers to commission the railway, which has been talked about for many years, on time.

The Tavan Tolgoi-Gashuun Sukhait railway will pass through Tsogttsetsii, Bayan-Ovoo and Khanbogd soums of Umnugovi province and is able to transport 30 million tons of coking and thermal coal.

From 2013 to 2015, 51.8 percent of the construction of lower structure of the railway, 86.6 percent of earthworks and 52 percent of bridgework were completed. However, due to lack of funding, the work has been stopped from 2015 to 2018.

The cost of transporting coal from Tavan Tolgoi to Gashuun Sukhait port is around USD 30-32 per ton. The railway will reduce cost by half to USD 14.9, according to the Parliamentary office's media and public relations division.

Source: MongolianMiningJournal.com

OTHER NEWS



Foreign exchange reserves reach USD 4 billion

The Bank of Mongolia (BoM) presented the monetary and financial statistics of Mongolia on July 25.

The money supply (broad money or M2) reached MNT 20.2 trillion at the end of June 2019, showing a decrease of MNT 67.1 billion (0.3%) from the previous month, while it shows an increase of MNT 2.9 trillion (16.7%) from the same period of previous year.

At the end of June 2019, the national currency in circulation reached MNT 937.1 billion, showing a decrease of MNT 2.6 billion (0.3%) from the previous month, while it shows an increase of MNT 6.0 billion (0.6%) from the same period of previous year.

At the end of June 2019, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 18.2 trillion, increased by MNT 237.1 billion (1.3%) from the previous month and by MNT 2.8 trillion (18.3%) from the same period of previous year.

BoM purchased a total of 7.5 tons of gold during the period from January 1 to July 24, 2019. Compared with the same period of the previous year, it shows a decrease of 14.5 percent.

As of July 2019, the Darkhan-Uul and Bayankhongor branches of the BoM bought a total of 412 kg and 268 kg of gold respectively.

The total purchase of 7.8 tons of gold increased the foreign exchange reserves by USD 259 million. Thus, the foreign exchange reserves of Mongolia reached USD 4 billion.

Source: Montsame.mn

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