

WEEKLY MARKET UPDATE

2019.08.12 - 08.16

MACROECONOMIC UPDATE OF MONGOLIA

Mongolia's economic outlook in July 2019

General government budget

In the first 7 month of 2019, total equilibrated revenue and grants of the General government budget amounted to MNT 6.0 trillion and total expenditure and net lending amounted to MNT 5.5 trillion, resulting a surplus of MNT 535.3 billion in the equilibrated balance.

In July 2019, equilibrated revenue and grants of the General government budget reached MNT 1134.6 billion, increased by MNT 186.1 billion or 19.6% from the previous month whereas, total expenditure and net lending reached MNT 791.5 billion, decreased by MNT 110.9 billion or 12.3% from the previous month.

General Government budget revenue was comprised of 80.9% of tax revenue, 8.1% of non-tax revenue, 10.5% of the future heritage fund and 0.5% of the stabilization fund.

Balance of payment

In the first half year of 2019, current and capital account balance deficit by preliminary result reached to USD 639.4 million, decreased by USD 138.7 million compared to the same period of last year

In the first half year of 2019, capital account surplus reached USD 44.2 million, increased by USD 2.5 million or 5.9% compared to the same period of previous year

In the first half year of 2019, overall balance of payment surplus reached USD 456.0 million, which is increased by USD 627.9 million compared to the same period of 2018.

Foreign trade

In the first 7 months of 2019, Mongolia traded with 141 countries from all over the world and total trade turnover reached USD 8.1 billion, of which USD 4.6 billion were exports and USD 3.5 billion were imports. In July 2019, exports and imports reached to USD 632.5 million and USD 613.4 million, respectively. Compared to the previous month, exports decreased by USD 43.1 and imports increased by USD 34.7 million.

In the first 7 months of 2019, foreign trade surplus reached USD 1.1 billion, which increased by USD 213.3 million from USD 851.0 million in the same period of 2018. In July 2019, foreign trade surplus reached to USD 19.1 million. Compared to the previous month, foreign trade surplus decreased by USD 77.8 million.

Price

In July 2019, consumer price index at the national level decreased by 0.1% from the previous month and increased by 4.8% from the end of the previous year and by 7.4% from the same period of the previous year.

In July 2019, consumer price index increased by 7.4% from the same period of previous year, which was mainly contributed by increases in prices of food and non-alcoholic beverages group by 9.5% (meat and meat products by 29.2%, non-alcoholic beverages by 5.2%), alcoholic beverages and tobacco group by 3.0%, clothing, cloth and footwear each group by 9.7% transport by 2.9%, housing, water, electricity and fuels group by 9.1% (electricity, gas and other fuels by 10.8%), and health by 8.1%.

Source: MongolianMiningJournal.comw

WORLD INDICES			
Index	Country	Last Price	Change /w/
MSE TOP 20	Mongolia	19,995.21	-1.96% ▼
Dow Jones	USA	25,886.01	-1.53% ▼
S&P 500	USA	2,888.68	-1.03% ▼
Nasdaq	USA	7,895.99	-0.79% ▼
S&P/TSX	Canada	16,149.79	-1.17% ▼
FTSE 100	GB	7,117.15	-1.88% ▼
S&P/ASX 200	Australia	6,405.50	-2.72% ▼
Nikkei 225	Japan	20,418.81	-1.29% ▼
Hang Seng	Hong Kong	25,734.22	-0.79% ▼

MONGOLIA RELATED BONDS			
Issuer	Currency	Coupon	Last Price
Mongol 2024 (Khuraldai)	USD	8.750%	111.18
Mongol 2023 (Gerege)	USD	5.625%	100.04
Mongol 2022 (Chinggis)	USD	5.125%	99.48
Mongol 2021 (Mazalai)	USD	10.875%	109.65
DBM' 23 (Samurai)	JPY	1.520%	104.20
DBM' 2023	USD	7.250%	102.00
TDBM' 2020	USD	9.375%	102.82

MARKET RATES			
Rates	Last	Change /w/	
Libor 1M	2.172	-0.02	▼
Libor 3M	2.136	-0.04	▼
Libor 6M	2.017	-0.04	▼
Libor 1YR	1.945	-0.04	▼
US 2YR Bond	1.491	-0.16	▼
US 3YR Bond	1.446	-0.14	▼
US 5YR Bond	1.435	-0.14	▼
US 10YR Bond	1.583	-0.16	▼

EXCHANGE RATES			
Against MNT	2019.08.16	Change /w/	
USD	2,672.87	0.15%	▲
CNY	379.38	0.24%	▲
EUR	2,962.61	-0.79%	▼
RUB	40.47	-0.93%	▼
KRW	2.21	0.45%	▲
JPY	25.18	-0.04%	▼
CAD	2,008.32	-0.49%	▼

COMMODITY PRICE			
Commodity	Unit	Last Price	Change /w/
Gold /spot/	USD/t oz.	1,496.95	3.89% ▲
Silver /spot/	USD/t oz.	16.98	4.78% ▲
Copper	USD/lb.	258.90	0.68% ▲
Coal	USD/MT	72.10	-3.74% ▼
Crude Oil WTI	USD/bbl.	54.50	-2.08% ▼
Crude Oil Brent	USD/bbl.	58.53	-5.43% ▼
Natural Gas	USD/MMBtu	2.12	0.00% -

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 44 companies' 779,330 shares worth MNT 284.2 million were traded in the secondary market.

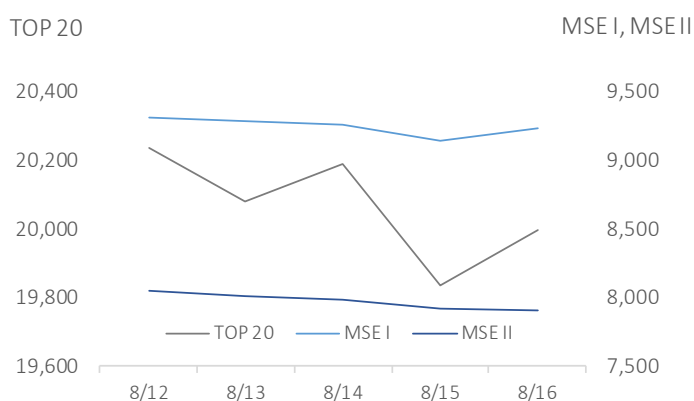
'Ulsyn Ikh Delguur' /UID/ company's share rose 36.72% percent to MNT 700.0 while 'Ard Financial Group' /AARD/ company's share fell 22.93 percent to MNT 1,499.0.

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

On the secondary market trading of Government securities, 249 units of securities were traded for MNT 25.3 million

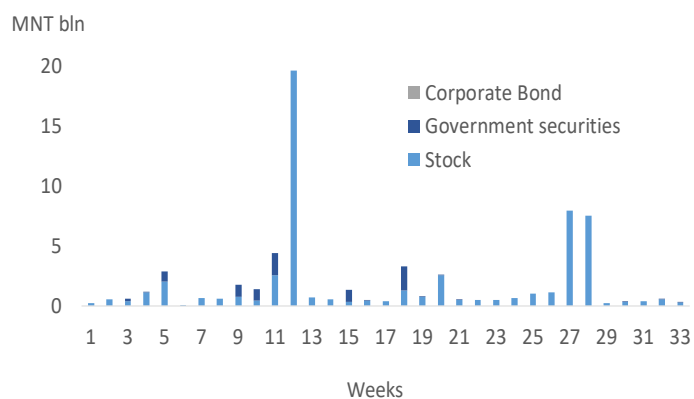
As of August 16, total market capitalization of MSE is MNT 2,536.5 billion. The TOP-20 index decreased by 1.96% to stand at 19,995.21 units.

MSE Indices



Source: Mongolian Stock Exchange

Trading Value /week by week/



Source: Mongolian Stock Exchange

STOCK MARKET REVIEW

Review	Total amount /MNT mln/
Total Value	309.4
Market Capitalization	2,536,469.5

STOCK MARKET INDICES

Index	Last Price	Change /w/
MSE Top 20	19,995.21	-1.96% ▼
MSE I Index	9,225.77	-1.11% ▼
MSE II Index	7,905.69	-1.91% ▼

ACTIVELY TRADED SECURITIES

Company	Volume	Turnover /MNT/
Ard Financial Group	42,023	69,017,262
Invescore NBF1	16,268	30,359,930
APU	55,111	29,877,603
Gobi	86,543	25,541,558
Khuvsgul Altan Duulga	32,992	23,307,059

SECURITIES WITH MOST GROWTH

Company	Last Price /MNT/	Change /w/
Ulsyn Ikh Delguur	700.00	36.72% ▲
Baganuur	1,280.00	27.87% ▲
Mogoin Gol	7,500.00	20.97% ▲
Remicon	28.00	6.79% ▲
Bayangol Hotel	28,100.00	4.07% ▲

SECURITIES WITH MOST DECLINE

Company	Last Price /MNT/	Change /w/
Ard Financial Group	11,499.00	-22.93% ▼
Juulchin duty free	87,040.00	-20.44% ▼
Standart Agriculture Group	120.00	-20.00% ▼
Undurkhaan	1,923.00	-14.99% ▼
Merex	22.88	-10.27% ▼

MOST ACTIVE BROKERAGE FIRMS

Company	Trading amount /MNT/
Golomt Capital	136,881,823
Ard securities	135,378,146
Standard Investment	62,907,736
TDB Capital	62,762,412
Bumbat-Altai	57,810,683

COMPANIES WITH HIGHEST MARKET CAPITALIZATION

Company	Last Price /MNT/	Market Cap. /MNT mln/
APU	531.25	565,346
Tavan Tolgoi	6,775.00	356,807
MIK Holding	13,900.00	287,860
Gobi	292.99	228,565
Invescore NBF1	1,900.00	136,283

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-24/02/20-A0213-18	249	25,258,560	101,440	101,440	156	18.000%

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 NBFI	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
32	HRM	Hermes Center	481.3	447.7	93.0%	5.7	2019.08.15	2019.09.02	from 2019.09.12

CAPITAL MARKET NEWS

“Mandal Daatgal” JSC presents its 2019 semi-annual report to public at MSE

‘Mandal Daatgal’ JSC, a Tier 1 listed company, presented its semi-annual financial and operational report to public on August 14th, 2019 at MSE. During the reporting period:

-The Company recognized the fee and commission income of MNT 18.2 billion and the market share reached 18%.

-It recorded the net profit of MNT 3.4 billion, which showed the leading performance in the domestic insurance sector and also exceeded its projected net profit of the financial year of 2019.

-The Company also leads the domestic insurance companies by its number of coverages of accident and health insurance and construction insurance.

-The total assets of ‘Mandal Daatgal’ JSC reached MNT 42.6 billion, which indicates the biggest insurance company in Mongolia. The Company has cash investments of MNT 27.3 billion of which MNT 7.7 billion was invested in corporate bonds and equities.

Source: Mongolian Stock Exchange

Erdene provides second quarter financial and Khundii gold project update

Erdene Resource Development Corp. (TSX:ERD; MSE:ERDN) (“Erdene” or the “Company”) is pleased to announce operating and financial results for the three and six months ended June 30th, 2019, and to provide an update on the Khundii Gold Project.

2019Q2 Highlights and subsequent events:

-Received the Bayan Khundii Mining License on August 5, 2019;

-Completed a 1,800m drill program at Bayan Khundii in support of the PFS;

-Advanced the Khundii Gold Project PFS, led by Tetra Tech, Inc;

-Finalized metallurgical test work program for Bayan Khundii, led by Blue Coast Research;

-Drilled 17 holes (1,800m) for the Hydrogeological – Process Water Exploration Program;

-Commenced the Environmental and Social Impact Assessment (ESIA) led by Sustainability East Asia LLC;

-Initiated Q3 Exploration and Technical Program;

-Closed a non-brokered private placement for gross proceeds of USD 2 million on July 9, 2019;

-Repurchased 50% of the Khundii NSR Royalty from Sandstorm Gold on April 12, 2019; and

-Recorded a net loss of USD 755,291 for the three months ended June 30, 2019, compared to a net loss of USD 1,439,471 for the comparative 2018 period.

Source: Mongolian Stock Exchange

“MIK Holding” JSC presents its 2019 semi-annual report to public at MSE

‘MIK Holding’ JSC, a Tier 1 listed company, presented its semi-annual financial and operational report to public on August 15th, 2019, at MSE. During the reporting period:

-Total assets reached MNT 4.0 trillion and the Company recorded the net interest income of MNT 32.5 billion and the interest expense of MNT 27.0 billion which resulted in the net income of MNT 5.5 billion.

-On February 14, 2019, ‘MIK Holding’ JSC successfully issued Eulun (SGX:MGMTGE, 144 A/Reg S) bond worth USD 300.0 million with annual coupon 9.75% on the Singapore Stock Exchange. This has been the third international bond issued by Mongolian private organization.

-The owner’s equity composes 5.3% and the loan assets composes 79.4% of the total assets while the Eulun bond equals 19.9% of the total assets.

Source: Mongolian Stock Exchange

‘Hermes’ JSC announces semi-annual dividend

‘Hermes’ JSC (MSE:HRM) has announced a semi-annual cash dividend of MNT 5.7 per share (a total of MNT 447.7 million), payable from September 12, 2019, to shareholders of record at the close of business on September 2, 2019. The dividends will be paid to the shareholders through their accounts held at the Mongolian Central Securities Depository.

Source: Mongolian Stock Exchange

‘Invescore NBF’ JSC presents its 2019 semi-annual report to public at MSE

‘Invescore NBF’ JSC (MSE:INV), a tier 3 listed company, has announced its semi-annual financial and operational reports to the public on August 13, 2019. During the reporting period:

-Compared to the same period last year, number of clients increased by 170% and the loan portfolio increased by 103% reaching MNT 52.9 billion.

-Total asset increased by 117% from MNT 35 billion, reaching MNT 65.1 billion.

-Total equity increased by MNT 24 billion reaching MNT 35.7 billion.

- Income of MNT 8.3 billion which is 68% increase compared to the same period last year.

-In the first half of 2019, the company operated with a net profit of MNT 4 billion which is an increase of 56% compared to the same period last year.

Source: Mongolian Stock Exchange

COMMODITY MARKET NEWS

Minerals export increased by 20 percent

In the first two months of 2019, total foreign turnover of Mongolia reached MNT 1.9 billion, of which USD 1.1 billion were made up by exports and USD 837.5 million – by imports.

Total trade turnover increased by 23.4%, of which exports by 30.4% and imports by 15.4% respectively compared to the same period of the previous year. Foreign trade surplus reached USD 256.1 million, increased by USD 143.7 million from the same period of previous year.

In the first two months of 2019, minerals exports reached USD 826.4 million, increased by 19.6% from the same period previous year.

Coal export volume in the first two months was 4.07 million, a y-o-y increase of 25.5%, and revenue increased by 36.2% to USD 334.2 million. However, coal export volume decreased by 251 thousand tons or about 12 percent to 1.91 million tons in February.

In the first two months of 2019, copper concentrate export reached 229.4 thousand tons, increasing by 11.8%. The export revenue is accounted for USD 309 million, increasing 12.5%. 1,521 tons of processed pure copper worth USD 8.9 million were exported, dropped by 34.5% and 43.8% in terms of volume and value respectively.

Crude oil exports reached 1 million barrels, staying at the same level, and earned USD 53 million, a y-o-y drop of 15.4%.

The 4.7 tons of unrefined gold exported and the USD 196 million earned marked 2.8 and 2.7 times increase respectively y-o-y. However, the Bank of Mongolia purchased 84.1 kg of gold in the first two months of 2019, which is 81% down comparing to the same period of the previous year.

Iron ore exports reached 1.2 million tons and earned USD 52.2 million, a y-o-y rise of 26.7% and 31.8% in terms of volume and value respectively.

Exports of zinc concentrate increased by 16.5% y-o-y and reached 24.6 thousand tons, while the USD 34.4 million revenue was down by 7.3%.

Export volume of fluor spar increased by 39.9% y-o-y to 69.2 thousand tons, and revenue rose 49.1% to reach USD 23.3 million.

Lead export reached 3 thousand tons, earning USD 7 million, 22.5% and 5.8% higher respectively y-o-y.

The 0.9 thousand tons of molybdenum exported was down a bit, though the USD 8.2 revenue was 34.8% higher.

Tungsten ore exports reached 45 tons and earned USD 495.3 thousand, a y-o-y rise of 11.6% and 19.2% y-o-y respectively.

Source: MongolianMiningJournal.com

Representatives of “Erdenes Mongol” Co., Ltd worked on Asgat silver ore deposit

Asgat silver ore deposit, which was owned by SOE “Mongolrostsvetmet”, has been transferred to “Erdenes Mongol” Co., Ltd, and four special licenses to use the ore has been issued in June by the Mineral Resource and Petroleum Authority.

Recently representatives from “Erdenes Mongol” Co., Ltd, Mineral Resource and Petroleum Authority and Mongolia National Emergency Management Agency have visited the ore deposit and are researching economical possibilities of the site. They have been exploring opportunities for technological sampling, road conditions, and horizontal mining.

During this meeting, Mr. Elbegzaya, Director of the Mining and Technical Department of “Erdenes Mongol” LLC, met with officials from Bayan-Ulgii province and exchanged their views on putting the deposit into economic circulation. D.Bairjran, Chair of the Citizens’ Representatives of Bayan-Ulgii province, said that the mining company could support the local budget and provide jobs to the local population.

Source: Montsame.mn



China's iron ore imports grew by 21%

China imported 91.02 million tons of iron ore in July, up 21 percent from the previous month. This is the highest level since the beginning of the year, according to the General Customs Office.

As of the first 7 months of 2019, 590.1 million tons of iron ore were imported, which is 4.9% lower than the same period of the previous year. Last week, iron ore fell to 689 yuan or 97.7 dollars per ton on the Dalian Commodity Exchange.

Source: Montsame.mn

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