ASF 2017
Market Report
/Mongolia/

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Chair, Board of Directors, MASD
Economic Performance of Mongolia
Current economic environment

- Since the beginning of 2017, the Mongolian economy started to show the signs of recovery.

- Mongolia’s economy grew by 5.8% in Q3 2017, recovering strongly from the 1.2% growth rate recorded in 2016. The main drivers of the growth are the substantial export increase of mineral resources such as coal, copper due to hike up of commodities prices on international market, and the approval of the Extended Fund Facility program with the International Monetary Fund in May, which has helped to restore the business confidence.

- $5.5 billion bailout approved by the International Monetary Fund (IMF) this year has also helped to bring positive market sentiments.
Current economic environment

• The Government of Mongolia has managed to restructure its bonds on international capital market with an interest rate two times lower than last year.

• The Bank of Mongolia has extended its CNY 15 billion swap agreement with the People's Bank of China for three years and it prevents Mongolia from risk concerning to external debt repayments until 2021.

• Mongolia’s tremendous mineral reserves, agricultural endowments, and proximity to the vast Asia market continue to make it an attractive foreign direct investment (FDI) destination in the medium to long term. / Source: 2017 Investment climate statement US Department /
Real GDP /in percent/  

![Bar chart showing the percentage change in Real GDP from 2012 to 2017 Q3. The values are as follows: 16.3% in 2012, 9.0% in 2013, 4.8% in 2014, 2.4% in 2015, 1.2% in 2016, and 5.8% in 2017 Q3.](chart1.png)

Real GDP, /in trillion. MNT/  

![Bar chart showing the real GDP in trillion MNT from 2012 to 2017 Q3. The values are as follows: 12.9 trillion MNT in 2012, 14.4 trillion MNT in 2013, 15.6 trillion MNT in 2014, 15.9 trillion MNT in 2015, 16.1 trillion MNT in 2016, and 12.1 trillion MNT in 2017 Q3.](chart2.png)

Source: National Statistical office
Nominal GDP / in percent/

![Bar chart showing the percentage of nominal GDP from 2012 to 2017 Q3.]

- 2012: 29.1
- 2013: 15.7
- 2014: 6.8
- 2015: 4.1
- 2016: 3.4
- 2017 Q3: 15.2

Nominal GDP, / in trillion MNT/

![Bar chart showing the nominal GDP in trillion MNT from 2012 to 2017 Q3.]

- 2012: 16.7
- 2013: 19.2
- 2014: 22.2
- 2015: 23.1
- 2016: 23.9
- 2017 Q3: 19.9

Source: National Statistical office
General budget /in billion MNT/

- **2015**: Total equilibrated revenues and subsidies: 5,981.1, Total expenditures and net debt: -1,156.9, Total equilibrated balance: 0.0
- **2016**: Total equilibrated revenues and subsidies: 5,852.1, Total expenditures and net debt: -3,667.8, Total equilibrated balance: 0.0
- **2017 Q3**: Total equilibrated revenues and subsidies: 5,773.0, Total expenditures and net debt: -737.9, Total equilibrated balance: 0.0

Source: Ministry of Finance
## Foreign trade /in million USD/ 

<table>
<thead>
<tr>
<th>Year</th>
<th>Total turnover</th>
<th>Total balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11,011.2</td>
<td>537.9</td>
</tr>
<tr>
<td>2015</td>
<td>8,466.8</td>
<td>871.8</td>
</tr>
<tr>
<td>2016</td>
<td>8,274.5</td>
<td>1,558.2</td>
</tr>
<tr>
<td>2017Q3</td>
<td>7,713.6</td>
<td>1,452.1</td>
</tr>
</tbody>
</table>

## Export / In million USD / 

- 2014: 5,774.6
- 2015: 4,669.3
- 2016: 4,916.3
- 2017 Q3: 4,582.9

## Import / In million USD / 

- 2014: 5,236.6
- 2015: 3,797.5
- 2016: 3,358.1
- 2017 Q3: 3,130.8
Exchange rate /In MNT/

Source: Bank of Mongolia
Inflation / in percent /

Source: Bank of Mongolia
Money supply /in tn.MNT/

Source: Bank of Mongolia
Total deposit /In trillion MNT/

Source: Bank of Mongolia
Total Outstanding Loan/ In trillion MNT/

Weight in total outstanding loans

Source: Bank of Mongolia
Foreign Reserve (in million USD)

- 2012: 4,125.8
- 2013: 2,248.0
- 2014: 1,649.9
- 2015: 1,323.1
- 2016: 1,296.3
- 2017 Q3: 1,627.0

Source: Bank of Mongolia
Payment balance/in bn. USD/

- 2014: -1798.7
- 2015: -832.8
- 2016: -608.9
- 2017Q3: -369.1
- 2014: 1503.8
- 2015: 788.0
- 2016: 811.9
- 2017Q3: 613.0
- 2014: -471.1
- 2015: -268.1
- 2016: -18.2
- 2017Q3: 201.9

- Current and capital balance
- Financial balance
- Total payment balance

Source: Bank of Mongolia
FDI in Mongolia /in million USD/

Source: Bank of Mongolia
Capital market performance of Mongolia
Current situation of Mongolian Capital market

- As the economy recovers, the Mongolia Stock Exchange Top 20 Index, which had been posting negative returns since 2012, has soared 74.0 percent since the start of the year, the highest level since March 2012.

- Total capitalization of the market, meanwhile, for the first time surpassed the MNT 2.0 trillion (USD 812.35 million) in Q3 2017, increasing by more than 40 percent over last year.

- Stock market boom makes it world’s best performer for 2017. The Mongolia Stock Exchange Top 20 Index is the biggest gain among all the benchmarks tracked by Bloomberg.

Source: Bloomberg
Current situation of Mongolian Capital market

Source: MSE
New Products

- **Suu Bond**
  
  *Suu JSC*, the largest dairy factory has issued the largest corporate fixed income since 2011.

- **“Itools” JSC IPO**
  
  IT company operating in software development and information technology sector, raising fund for development of the modular data center park. Its IPO oversubscribed 3 times.

- **“AND Energy” JSC IPO**
  
  The company is operating in electricity sector. IPO proceed will be used for the extension of factory. It is the first IPO on Mongolian Securities Exchange, which has newly established in 2016. This IPO was also 2 times over subscription.
Weight in total amount of trading /in billion MNT/

- Government securities on Initial market: 69%
- Shares: 23%
- Company Bond: 2%
- Government securities on secondary market: 6%

Source: MSE
Number of listed companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>329</td>
</tr>
<tr>
<td>2013</td>
<td>261</td>
</tr>
<tr>
<td>2014</td>
<td>237</td>
</tr>
<tr>
<td>2015</td>
<td>235</td>
</tr>
<tr>
<td>2016</td>
<td>227</td>
</tr>
<tr>
<td>2017</td>
<td>219</td>
</tr>
</tbody>
</table>

Source: MSE
Recently, International financial institutions have raised their forecasts on Mongolian economic growth.

<table>
<thead>
<tr>
<th>Organization</th>
<th>In May 2017</th>
<th>In September 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>ADB</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td>The World Bank</td>
<td>-0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>EBRD</td>
<td>1.4</td>
<td>2.8</td>
</tr>
<tr>
<td>IMF</td>
<td>-0.2</td>
<td>1.8</td>
</tr>
</tbody>
</table>
What is the forecast?

- In 2008-2009 Mongolia had implemented 18-month Stand-By Arrangement with IMF. And at that time, mineral prices surged on global market thus bringing impressive growth of economy of 17% in a short time.

- This time, we are going through the same experience.

- At the breaking point – if Mongolia is expected to break out of years of slump and enter a fresh phase of expansion in business cycle.

- It might be the best timing to invest.
Thank you for your attention!