



ASF 2017 Market Report /Mongolia/

**Ulziibayar Bold
Chair, Board of Directors, MASD**

Economic Performance of Mongolia

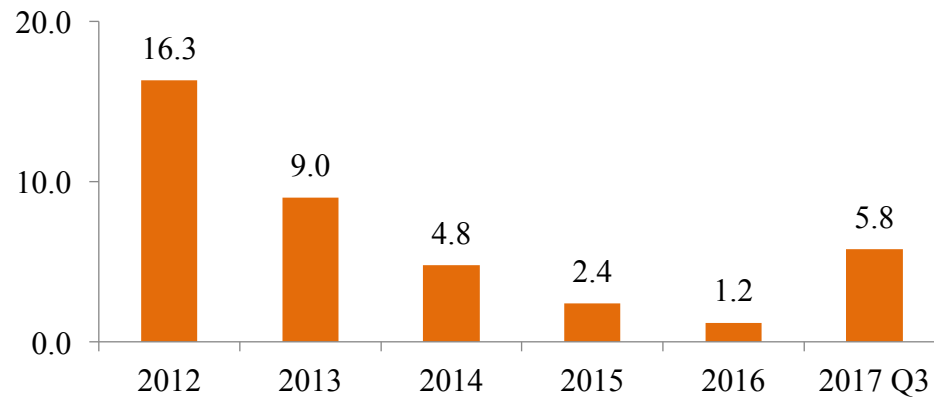
Current economic environment

- 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.

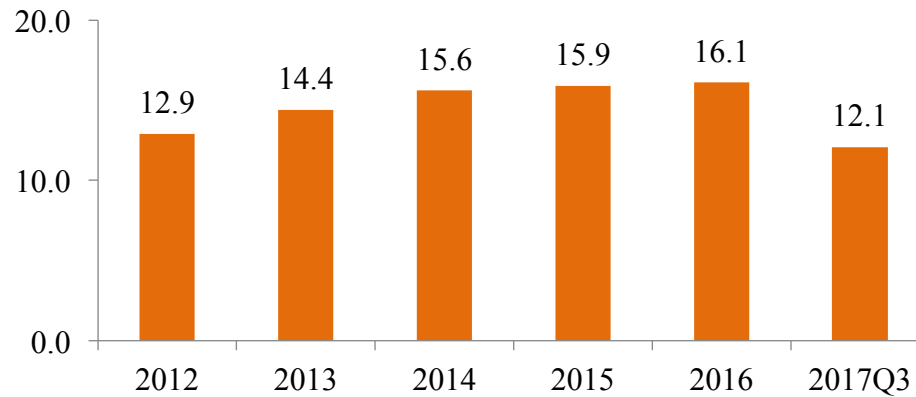
Current economic environment

- 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 /

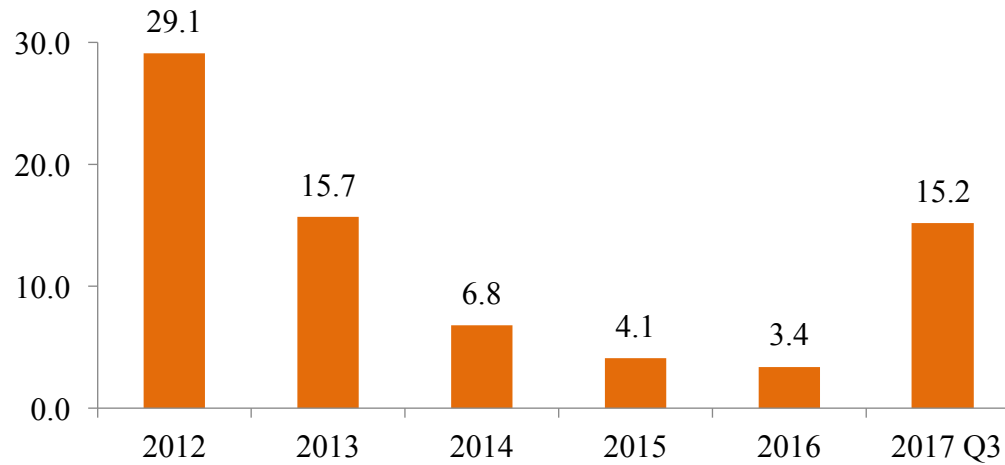
Real GDP /in percent/



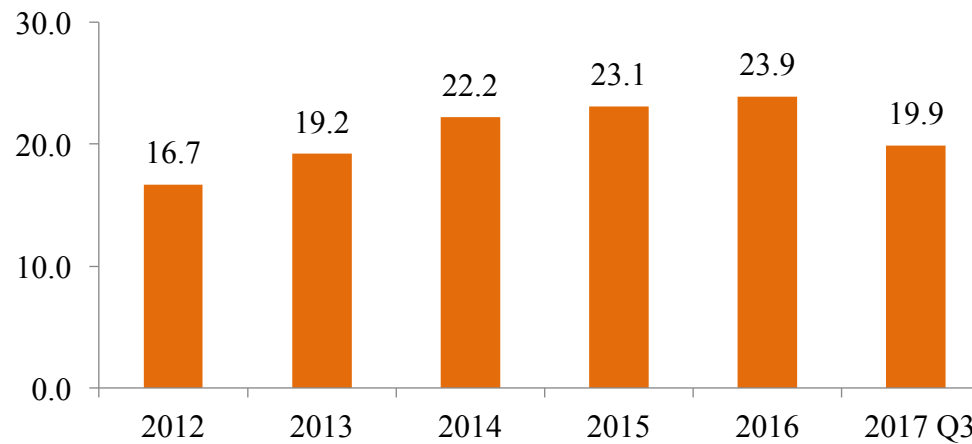
Real GDP, /in trillion. MNT/



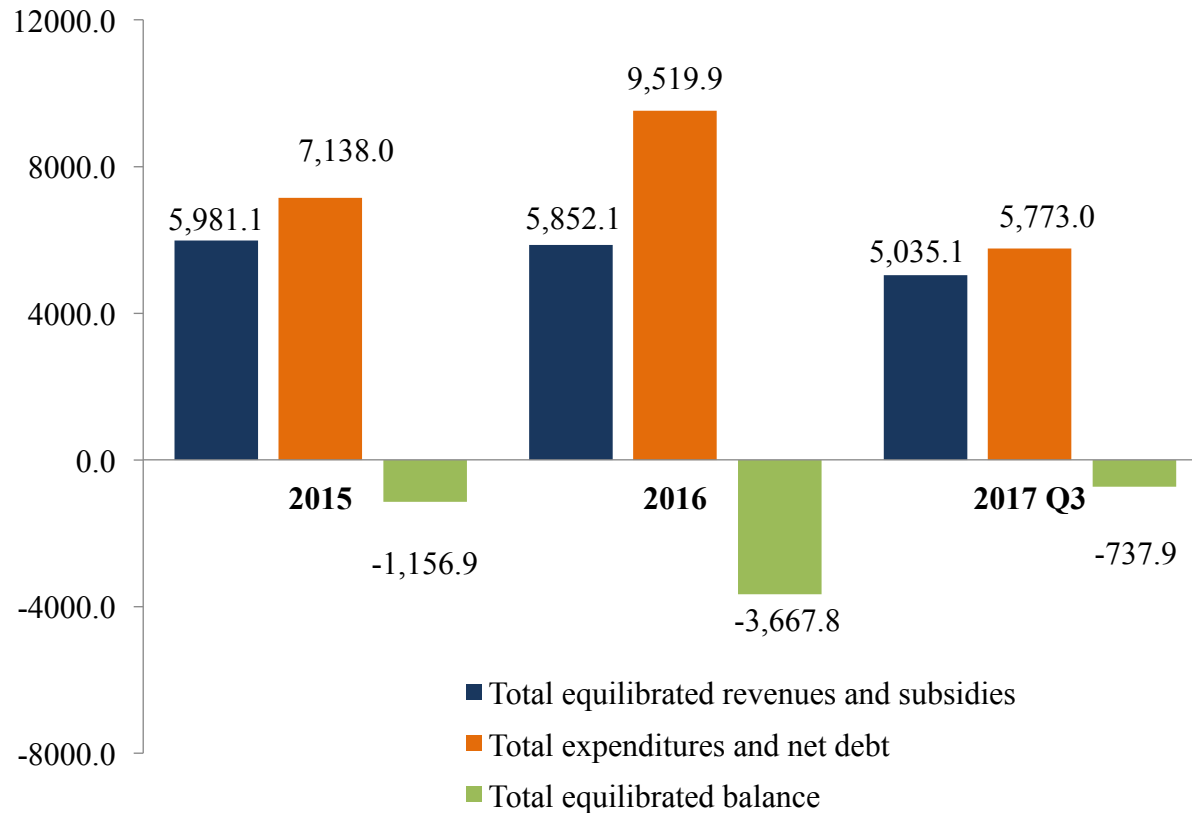
Nominal GDP / in percent/



Nominal GDP, / in trillion MNT/



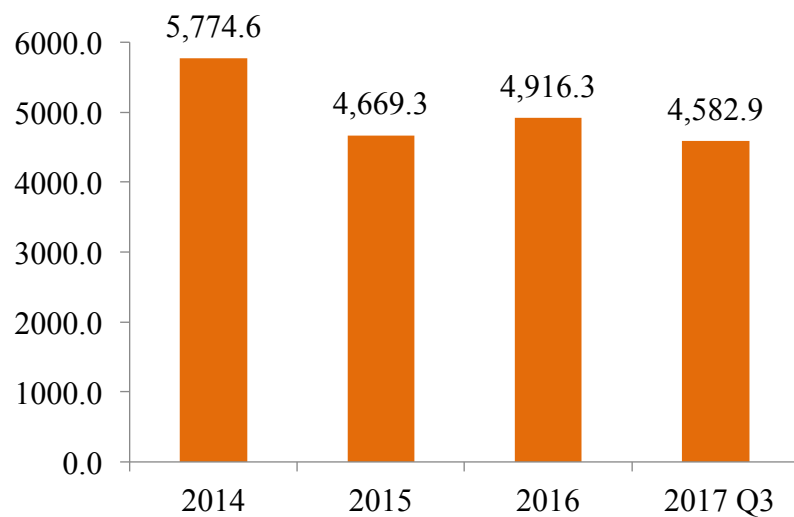
General budget /in billion MNT/



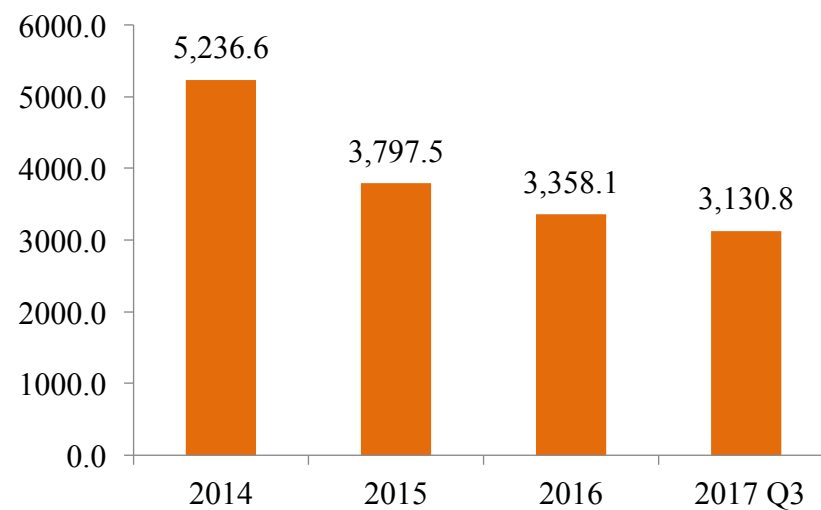
Foreign trade /in million USD/

	2014	2015	2016	2017Q3
Total turnover	11,011.2	8,466.8	8,274.5	7,713.6
Total balance	537.9	871.8	1,558.2	1,452.1

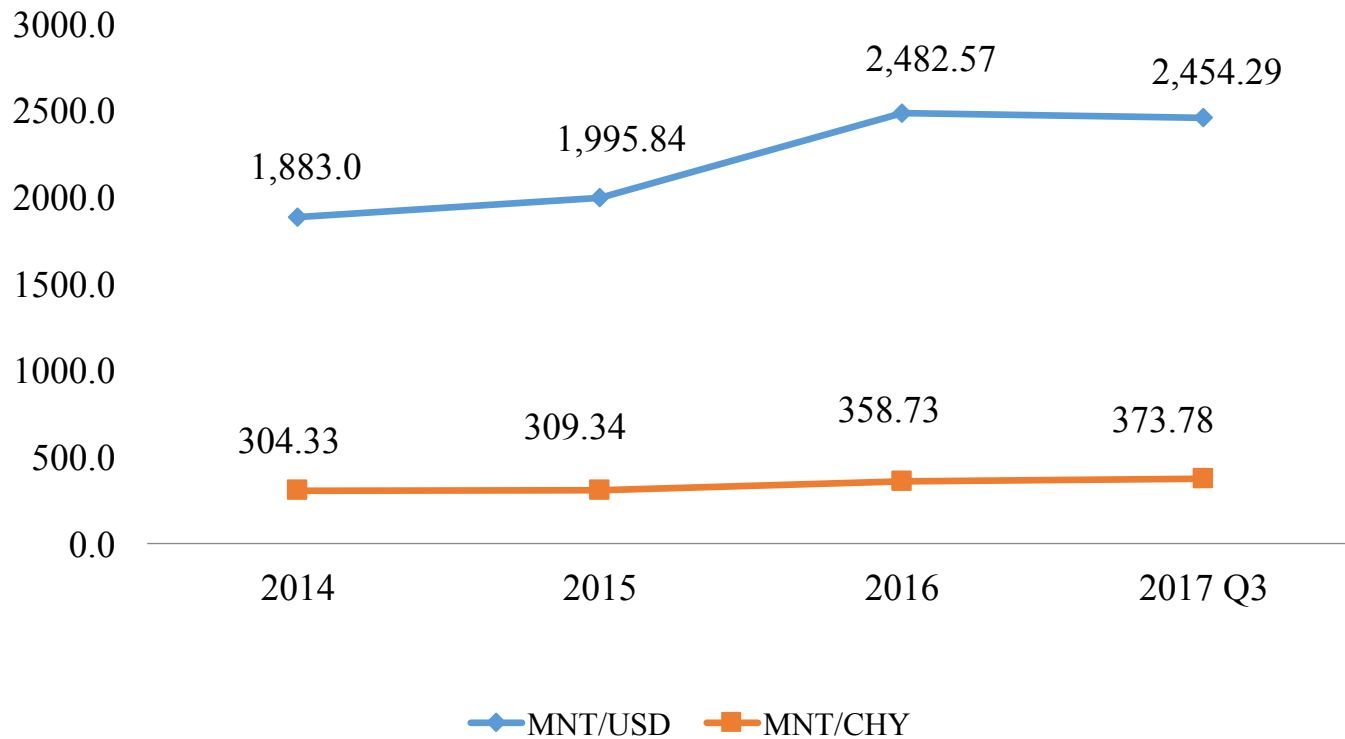
Export / In million USD /



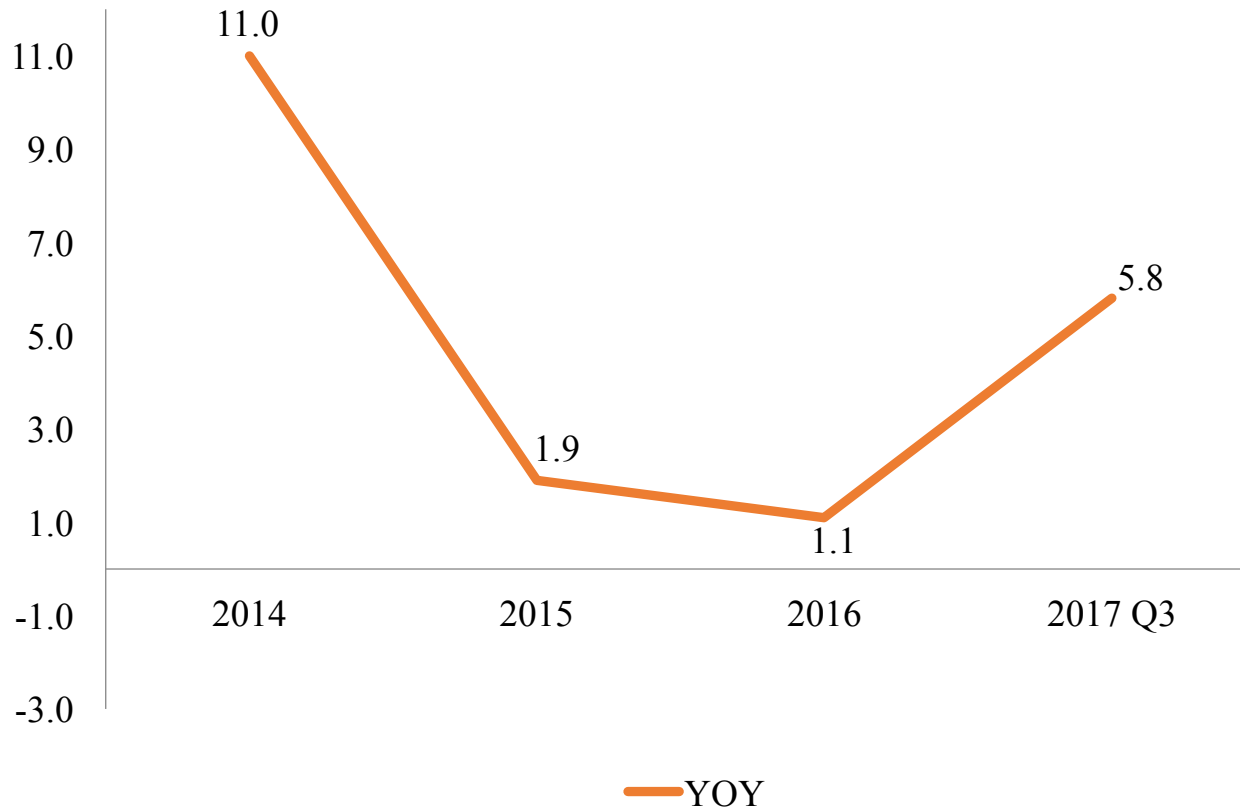
Import / In million USD /



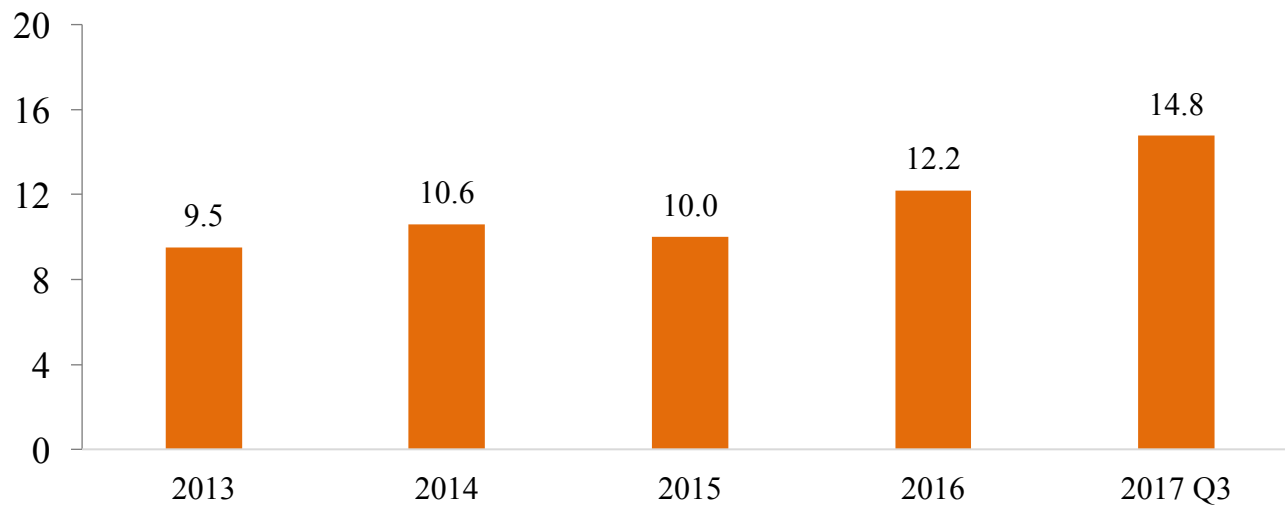
Exchange rate /In MNT /



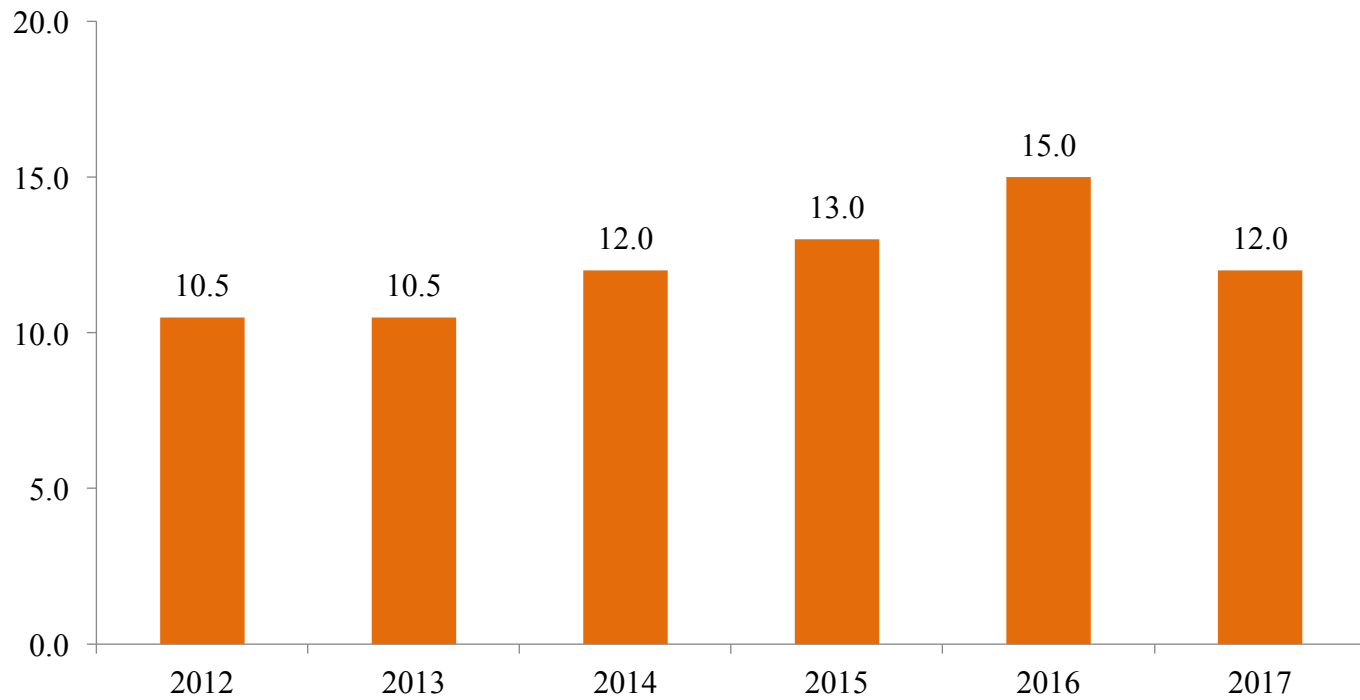
Inflation / in percent /



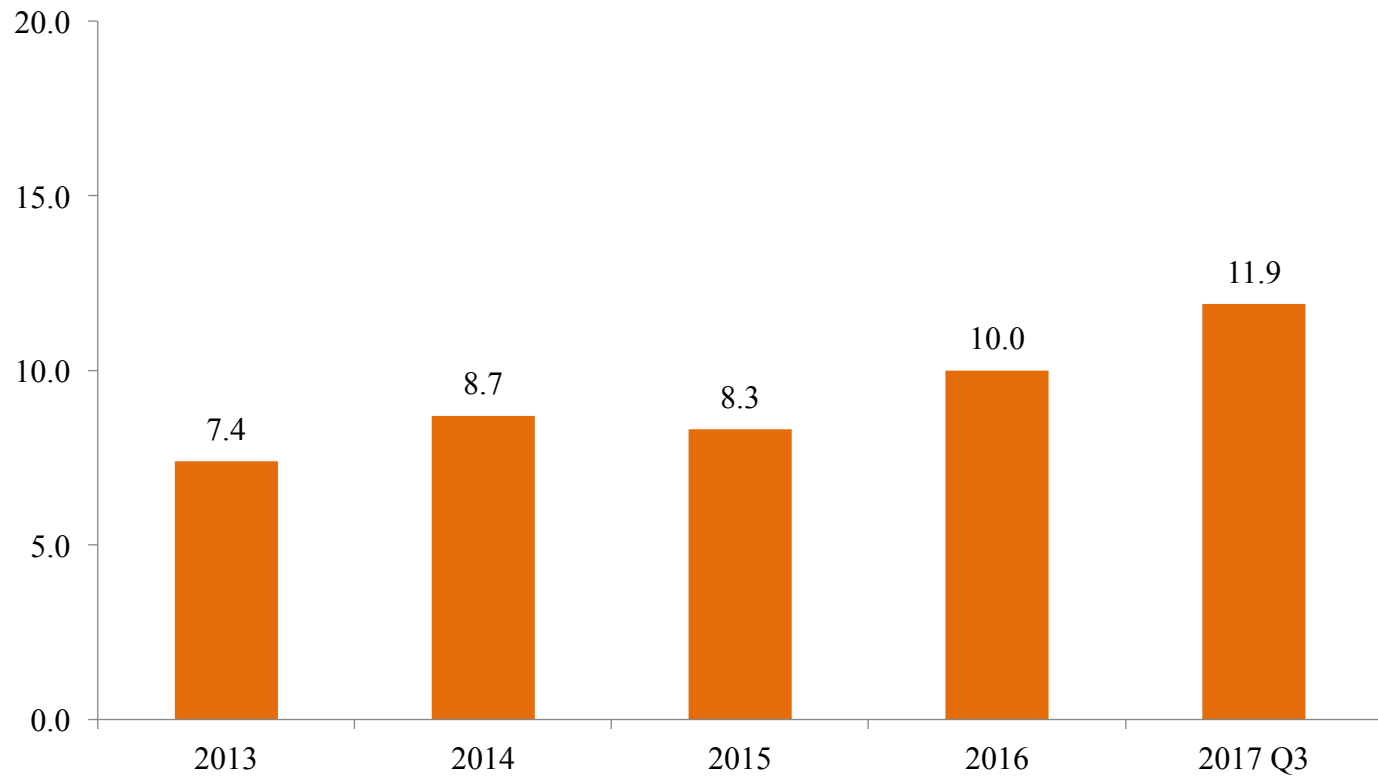
Money supply /in tn.MNT/



Monetary Policy Rate

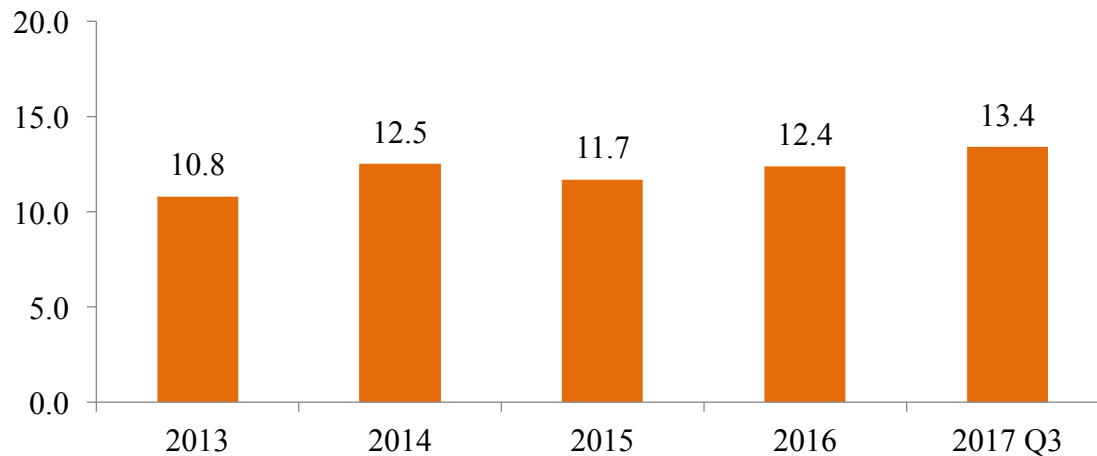


Total deposit /In trillion MNT/

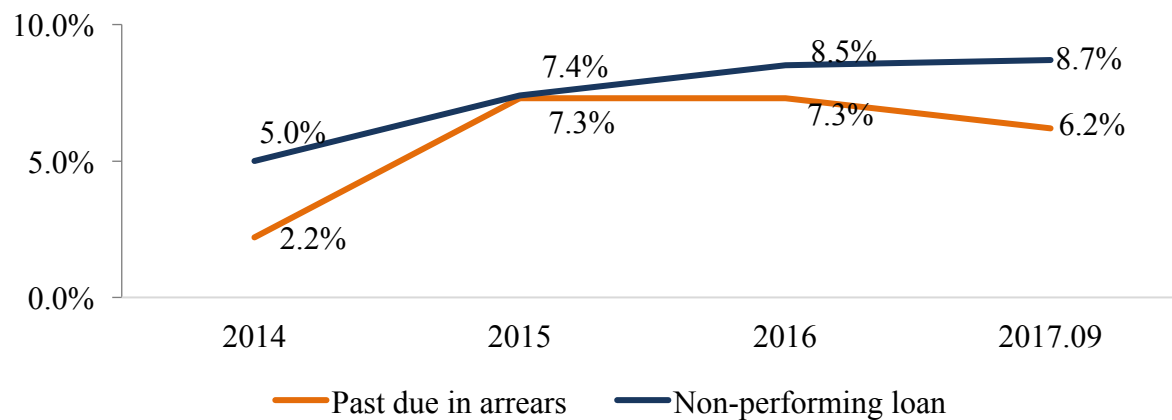


Source: Bank of Mongolia

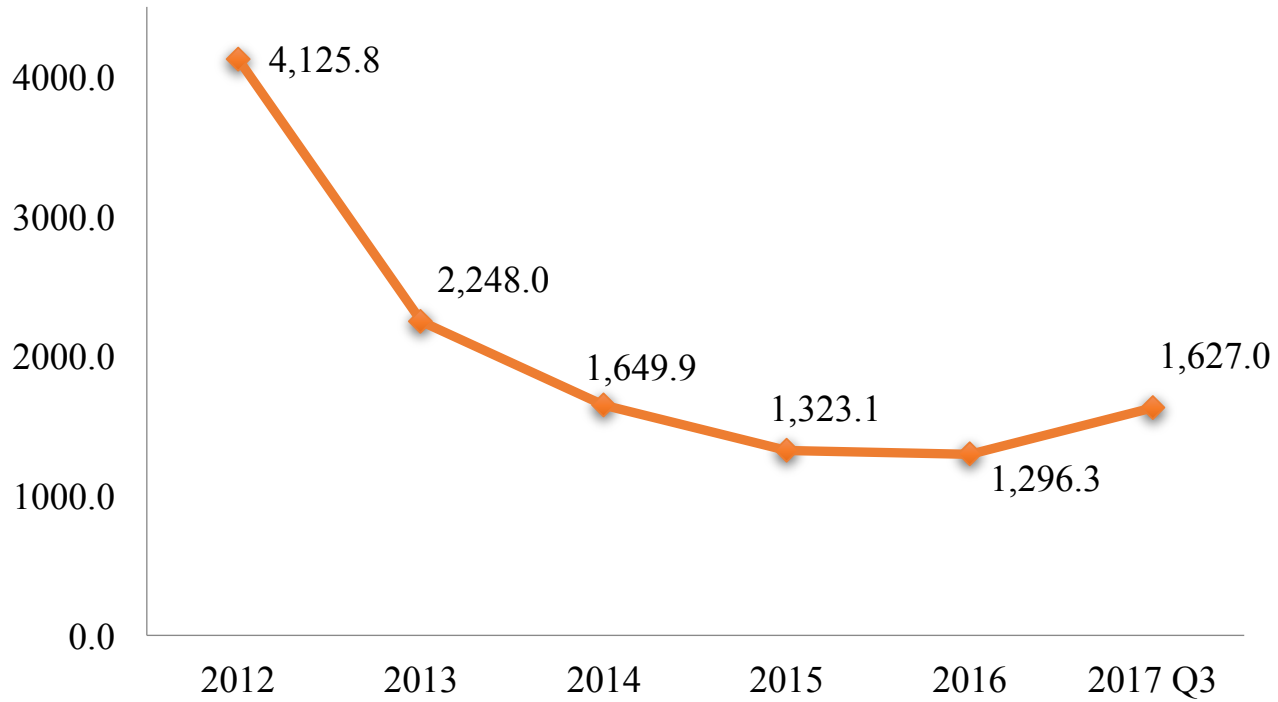
Total Outstanding Loan/ In trillion MNT/



Weight in total outstanding loans

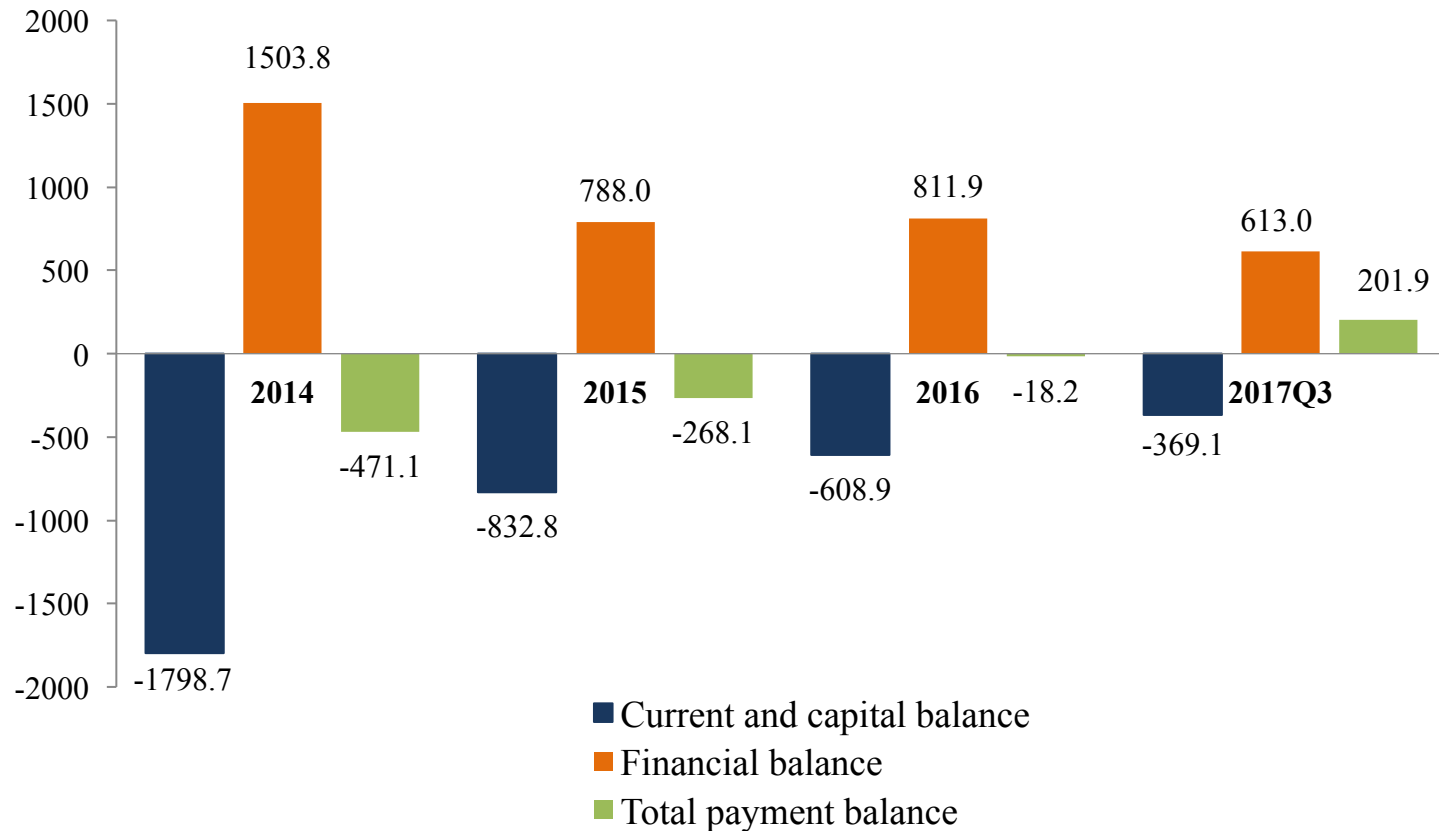


Foreign Reserve /in million USD/

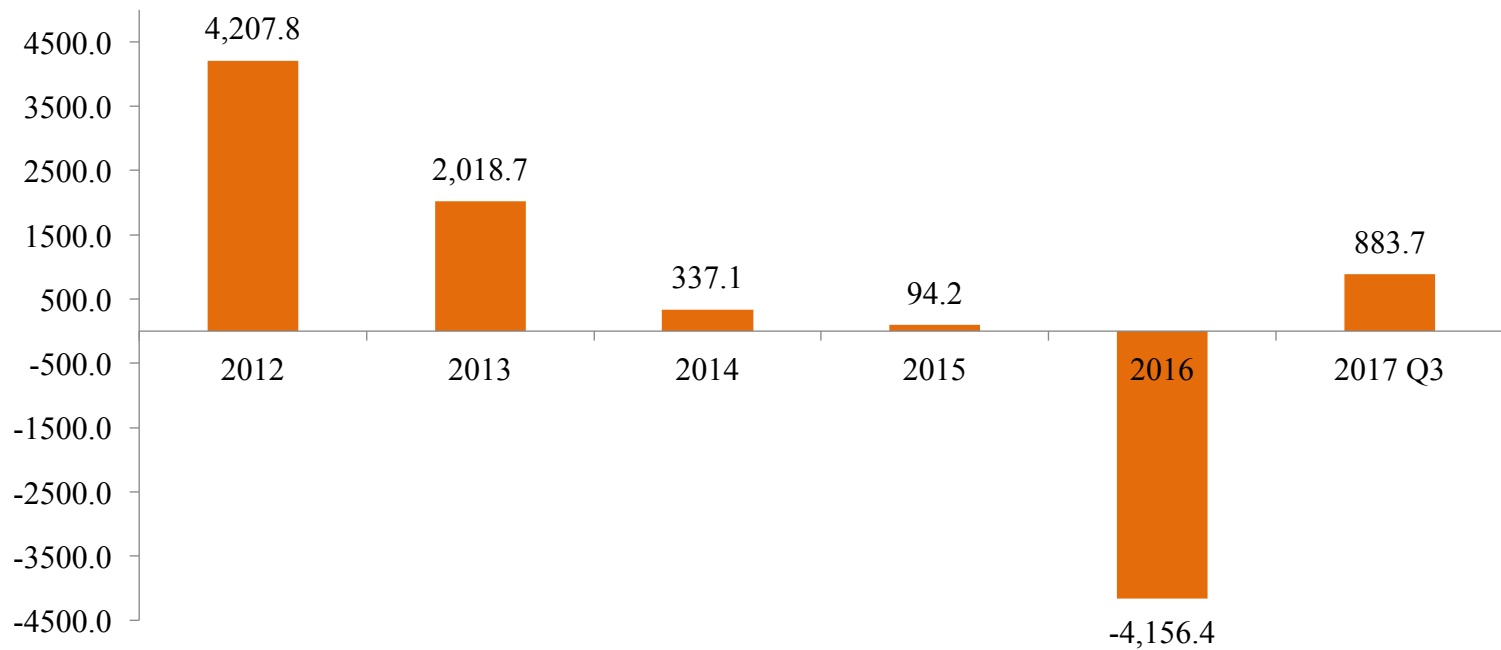


Source: Bank of Mongolia

Payment balance/in bn.USD/



FDI in Mongolia /in million USD/

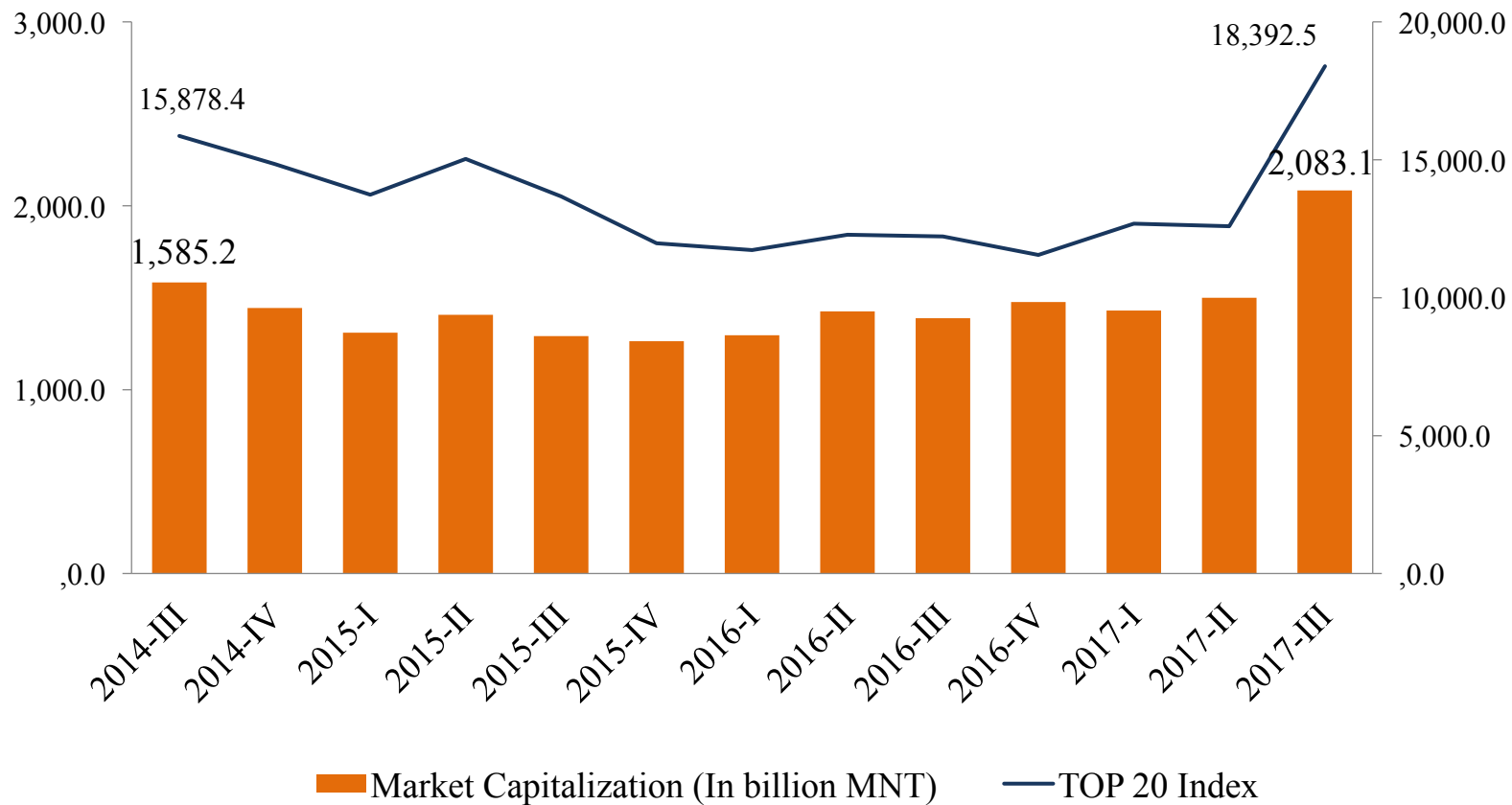


**Capital market
performance of
Mongolia**

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.

Current situation of Mongolian Capital market



New Products

➤ *Suu Bond*

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

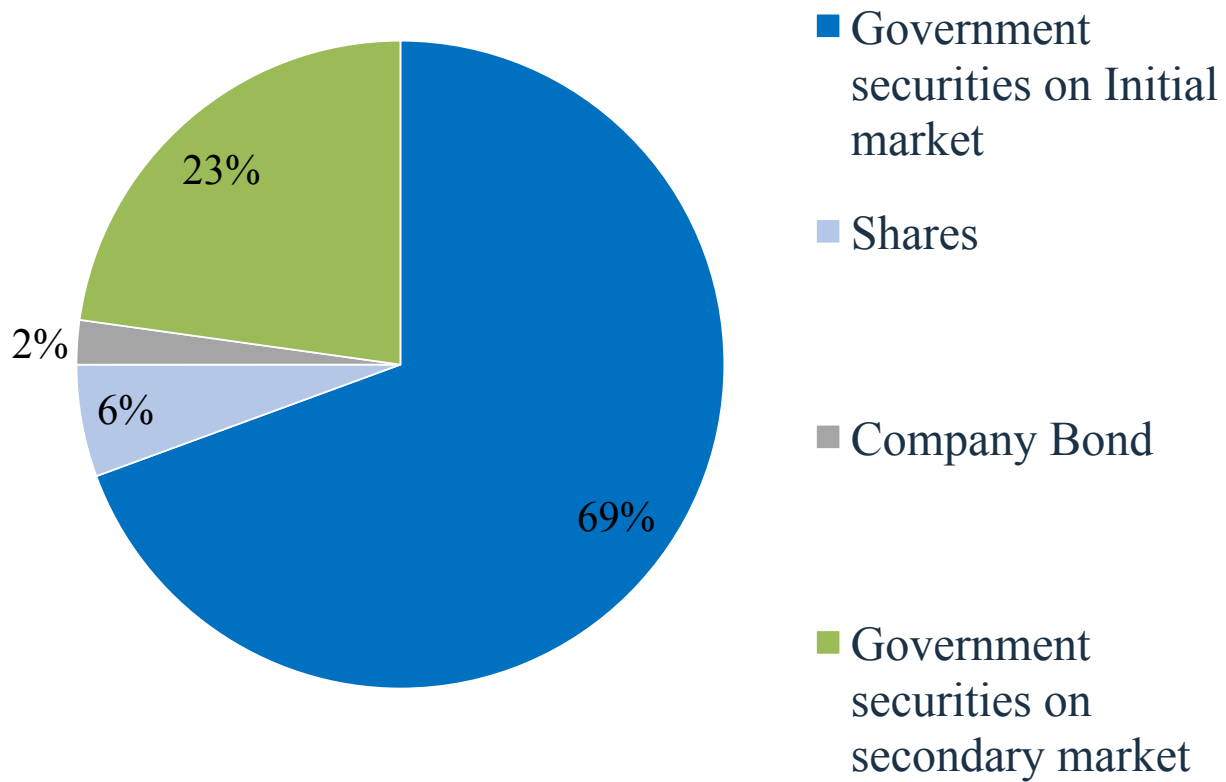
➤ *“Itools ” JSC IPO*

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.

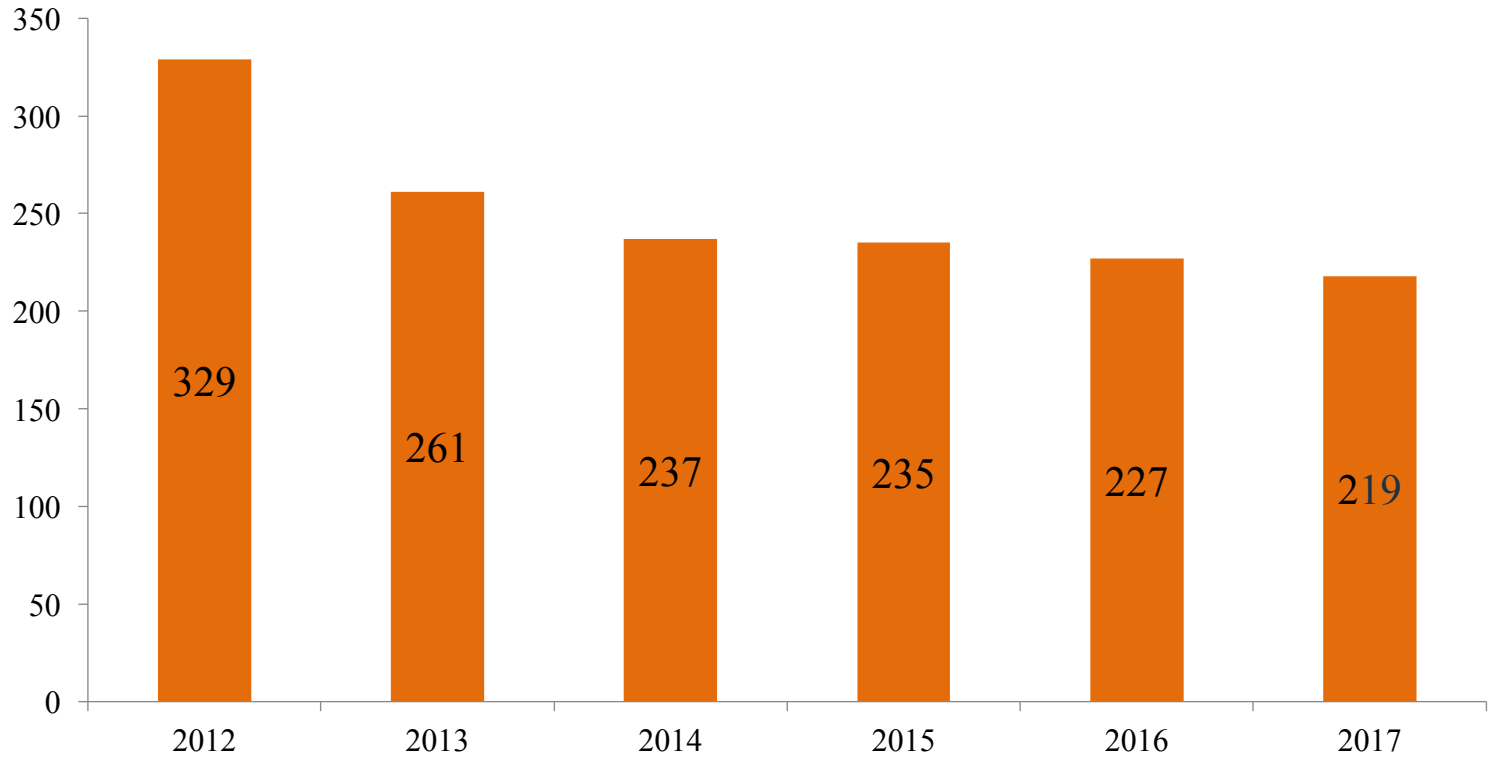
➤ *“AND Energy” JSC IPO*

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/



Number of listed companies



What is the forecast?

- ❖ Recently, International financial institutions has raised their forecasts on Mongolian economic growth.

	In May 2017		In September 2017	
	2017	2018	2017	2018
ADB	2.5	2.0	4.0	3.0
The World Bank	-0.2	1.8	2.8	3.1
EBRD	1.4	2.8	2.6	3.0
IMF	-0.2	1.8	3.3	

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!