

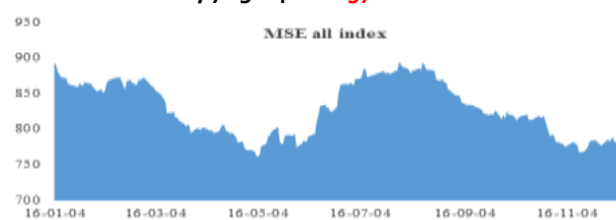
December 7<sup>th</sup>, 2016

# Mongolia Investors Cockpit Monthly Report

**MSE TOP 20 Index, 11,003.54 -11.91% YOY**



**MSE ALL Index, 785.24 -11.57% YOY**



## MSE Top 20 Stocks (Monthly performances)

Company name	31 <sup>st</sup> Oct	30 <sup>th</sup> Nov	Change
Material Impex (MIE)	8,790	8,000	-8.99%
APU JSC (APU)	400	366	-8.59%
MIK Holding JSC (MIK)	10,000	9,550	-4.50%
Makhimpex JSC (MMX)	2,649	2,600	-1.85%
Merex JSC (MRX)	52	52	0.00%
UB BUK JSC (BUK)	300	300.25	0.08%
Ulsiin Ikh Delguur JSC (UID)	510	512	0.28%
Suu JSC (SUU)	134	135	0.37%
Arig gal JSC (EER)	2,241	2,250	0.40%
Mongolian Telecom JSC (MCH)	600	605	0.83%
Genco Tour Bureau JSC (JTB)	60	61	1.20%
Darkhan Nekhii JSC (NEH)	19,000	19,890	4.68%
Bayangol Hotel JSC (BNG)	40,000	42,000	5.00%
Talkh Chikher JSC (TCK)	17,100	18,070	5.67%
Remicon JSC (RMC)	50	56	11.78%
Baganuur JSC (BAN)	1,910	2,150	12.57%
Gobi JSC (GOV)	8,800	10,340	17.50%
Mongol Post JSC (MNP)	278	339	22.01%
Sharyn Gol JSC (SHG)	2,025	2,499	23.41%
Tavantolgoi JSC (TTL)	1,893	2,757	45.64%

Source: MSE

## Mongolia in the global context

Index	YOY perf	YTD perf
DJIA (US)	+7.44%	+11.51%
Nikkei 225 (JP)	-7.92%	-0.77%
Hang Seng (HK)	+3.27%	+6.86%
DAX 30 (DE)	-5.80%	+3.47%
SMI (CH)	-10.54%	-4.63%
MSE 20	-11.91%	-13.27%

Source: Bloomberg

## Foreign Exchange Rates (Monthly performances)

	31 <sup>st</sup> October	30 <sup>th</sup> November	Change
USD - MNT	2,273.59	2,413.08	3.89%
EUR - MNT	2,526.53	2,668.87	1.1%
JPY - MNT	21.9	23.1	-2.97%
CHF - MNT	2,314.44	2,468.62	1.64%

Source: MongolBank

## Market news

### November stock trading

Total trading of the MSE in November was 1,036.8 million MNT, which was 3.17 times larger compared to the same period in 2015. Compared to the previous month's trade value of 240.8 million MNT, it had increased by 4.3 times due to 500 million MNT trade of Mongol Post (MSE:MNP).

### Government bond trading

With regards to the Government retail bonds' trade, please see the table below for detailed information of past average annual rates and December trading schedule. It has been discussed to trade Government bonds only via MSE and procedural changes may occur in the near future.

Traded period/date, (average annual rate)	12-weeks bond	28-weeks bond	39-weeks bond	52-weeks bond
November 2014 - April 2016	14.670%	14.723%	14.743%	15.377%
September 2016	15.700%	16.400%	16.964%	17.000%
October 2016	16.848%	16.886%	16.959%	17.000%
November 2016	16.720%	16.980%	16.979%	16.998%
<b>December 2016 trading schedule</b>				
2016.12.06				17.000%
2016.12.13			+	
2016.12.20		+		
2016.12.27				+

Source: MSE

### Stock prices increased in November

In November the main export commodities of Mongolia, coal and copper prices had risen in the international market. Due to this increase, prices of coal mining companies such as Baganuur, Sharyn Gol and Tavantolgoi had shown 12-45 percent increase as you may see from the table in the left - MSE Top 20 stock performance. Mongol Post price increase of 22% seem to be related to the Government's decision to fully privatize the company in 2017.

## Economic news

### Moody's and Fitch downgraded Mongolia

On November 18<sup>th</sup>, Moody's has downgraded Mongolia's government long-term issuer and senior unsecured ratings to Caa1 from B3 with a stable outlook. Following sovereign downgrade, Moody's has also downgraded the local currency long-term deposit ratings of 7 Mongolian banks (Bogd Bank, Capital Bank, Golomt Bank, Khan Bank, State Bank, Trade and Development Bank of Mongolia and XacBank) to Caa1 from B3.

Right after Moody's, Fitch Ratings has also downgraded Mongolia's Long-Term Foreign- and Local-Currency Issuer Default Ratings to 'B' from 'B+' and revised the Outlooks to Stable from Negative. The main factors for downgrade include: uncertainty regarding the government's ability to meet its direct and indirect debts over the next two years; the rising budget deficit, low foreign investment and a weaker growth outlook in the coming 2 years.

On the other hand, these risks can be balanced by improvements to the fiscal policy framework, favorable economic growth prospects reinforced by the resolution of the Oyu Tolgoi project dispute, and strong structural indicators. An IMF-supported economic and financial program to address challenges facing the economy, could be the best chance to overcome the current struggle.

## Contacts

### MONGOLIA

Standard Investment LLC  
Head office  
Jigjidjav's Street 5/3  
Khoroo 1, Chingeltei District  
Ulaanbaatar, Mongolia

Postal address:  
POB 1487, Central Post Office  
Ulaanbaatar 15160

T +976 7011 4433  
info@standardinvestment.mn

### EUROPE & MIDDLE EAST

Standard Investment LLC  
Representative Office  
Switzerland  
Bahnhofstrasse 98, 4th Floor  
8001 Zurich

T +41 44 500 3220  
europe@standardinvestment.mn

### HONG KONG

Standard Investment Co. Ltd.  
Hong Kong Branch  
21st Floor, Fairmont House,  
8 Cotton Tree Drive, Central  
Hong Kong

T +852 61030227  
hk@standardinvestment.mn

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