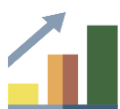


MAIN INDICATORS

Compared with September 2018



GDP

6.4%

Q3 2018 (YoY)



INFLATION

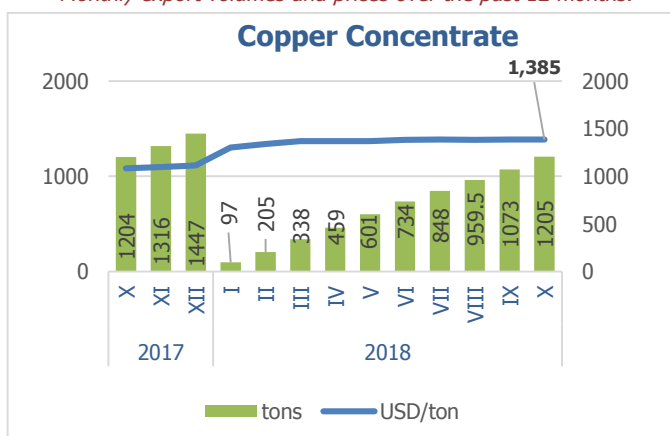
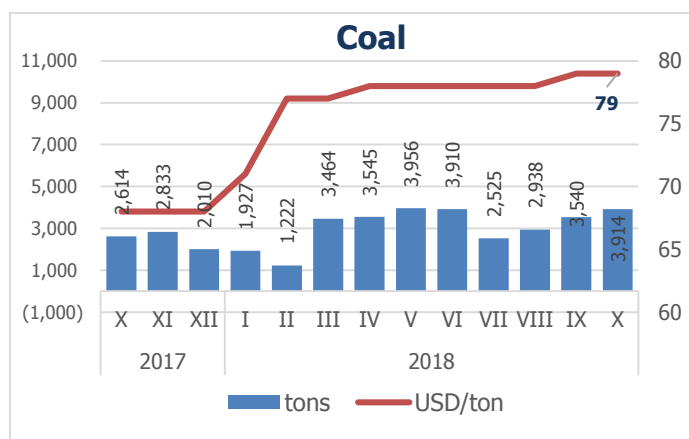
6.3%

(YoY)

USD/MNT
EXCHANGE RATE2564.14
MNTBUDGET
DEFICITMNT 342
billionFOREIGN
TRADESurplus: USD
1069 million

MAJOR EXPORT COMMODITY PRICES AND VOLUMES

Monthly export volumes and prices over the past 12 months.



Source: National statistical office of Mongolia

OTHER MONTHLY INDICATORS

Compared with September 2018



FOREIGN CURRENCY RESERVES

USD 3.4 billion



TOTAL DEPOSITS

MNT 12 trillion



% OF NON-PERFORMING LOAN

11.9%



CURRENCY IN CIRCULATION

MNT 887 billion

ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2018: +3.8%, in 2019: +4.3%

Inflation: in 2018: +8%, in 2019: +7%

Current account balance: in 2018: -6.3% of GDP, in 2019: -7% of GDP according to a new Asian Development Bank (ADB) report (2018).

Source: <https://bit.ly/2HJFlip>

GDP growth: in 2018: +5%, in 2019: +6.3%

Inflation: in 2018: +6.4%, in 2019: +6.8%,

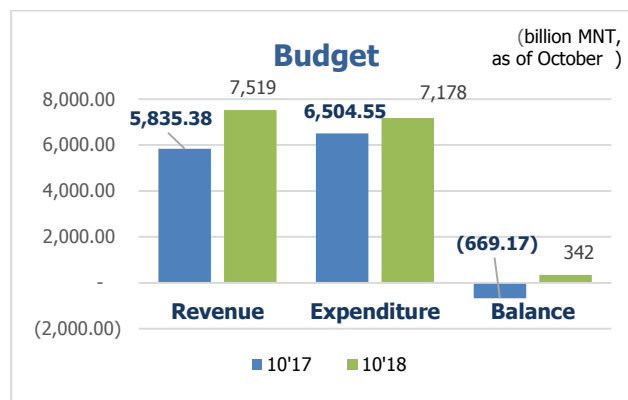
Current account balance: in 2018: -6.4% of GDP, in 2018: -8.3% of GDP- by IMF (World Economic Outlook, April 2018)

Source: <http://bit.ly/2zsmvYo>

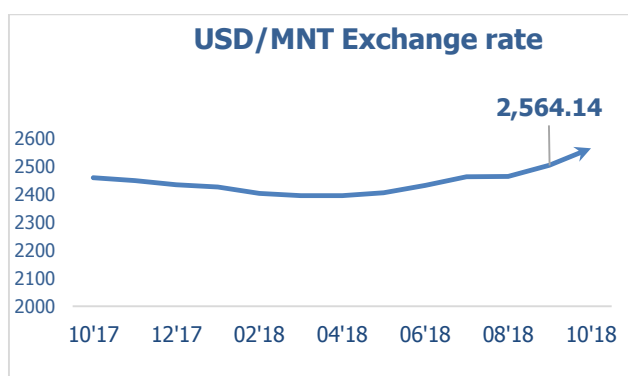
ANALYSIS: STATE BUDGET, EXCHANGE RATE, INFLATION, FOREIGN TRADE

The budget deficit reached MNT 342 billion

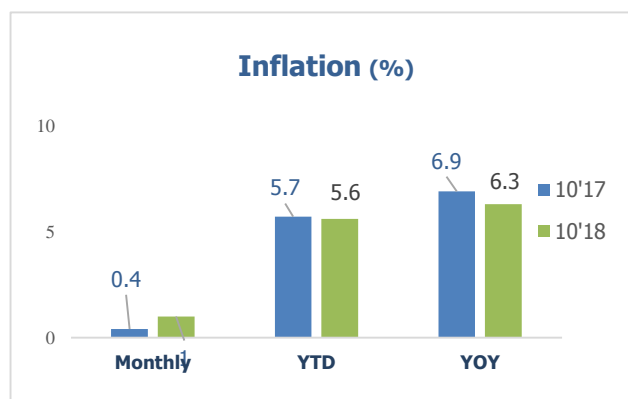
Government revenues increased by 28.9% and expenditures increased by 10.3% relative to the same period in 2017, resulting in a budget deficit of MNT 342 billion, a 50% decline compared to the same period in 2017.

**The USD exchange rate increased by MNT 60.**

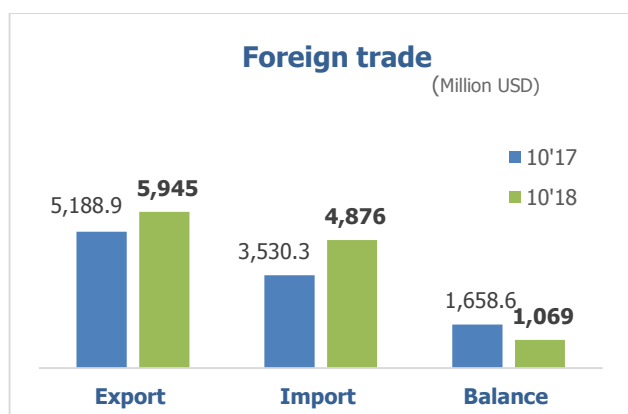
In October, the average nominal exchange rate against the US dollar was MNT 2564.14. This is a 4.3% or by 105 MNT increase from the same period in 2017, and a 2.4% or by 60 MNT increase from September 2018. In October, foreign exchange reserves reached 3.4 billion MNT an increase from 18%.

**Inflation Rate increased 6.3 %**

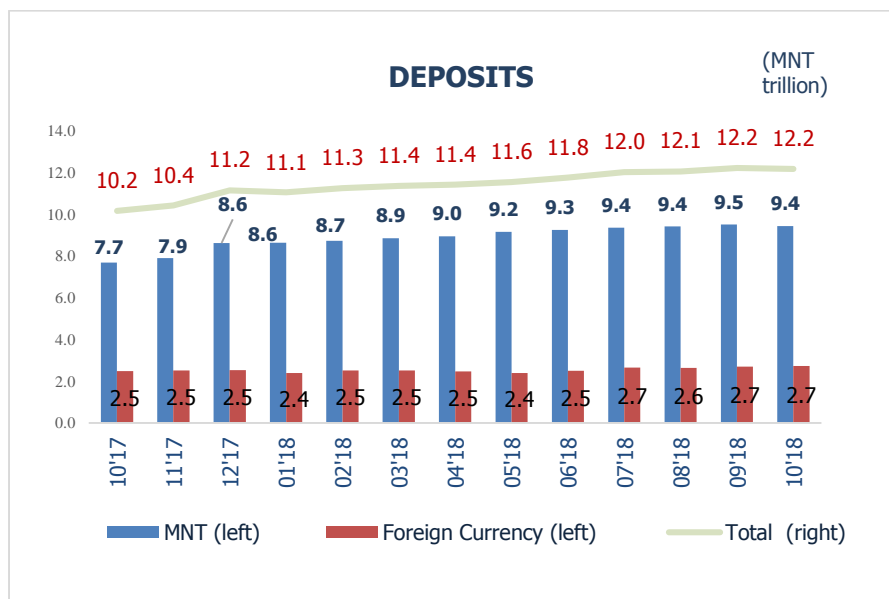
In October, the national consumer price index increased by 1% compared to September 2018, and increased by 5.6% in the year to date. Annual inflation is 6.3%. The consumer price index has increased due to prices of food and beverages, prices of transport housing, electricity, medicine and medical services.

**Trade Balance surplus reached 1069 million USD**

Total turnover of foreign trade reached USD 10,820 billion, a 24.1% increase compared to the same period in 2017. Exports increased by 14.5% from the last year, while imports increased by 38%. The trade surplus reached USD 1069 million.



SPECIAL FOCUS: DEPOSITS

Source: www.1212.mn

Total deposits were MNT 12.1 trillion in October 2018, an increase of 47.8 billion or 0.7 percent on the previous month. This is an increase of MNT 2003 billion or 19.7 percent on the same period in 2017. Savings in local currency decreased by MNT 9442 billion or 0.7 percent whereas foreign currency deposits increased by 0.8 percent or MNT 2731.9 billion.

Of these, MNT deposits accounted for 78 percent and currency deposits accounted for 22 percent. In comparison with the same period of last year, MNT deposits decreased by 22.9 percent while currency deposits accounted for 9.8 percent.

HIGHLIGHTS OF THE MONTH: CENTRAL REGION COMPETITIVENESS FORUM 2018, MONGOLIA'S RATING UPGRADED TO 'B' WITH STABLE OUTLOOK

- The Economic Policy and Competitiveness Research Center (EPCRC), Konrad-Adenauer Foundation, Governor's office of Darkhan-Uul province and MNCCI held the "Central Region Competitiveness Forum 2018- Today's decision, Tomorrow's reality" in Darkhan city, Darkhan-Uul province on 26 October, 2018. The forum focused on the development and collaboration of the central region provinces namely Darkhan-Uul, Selenge, Tuv and Gobi-Sumber. Since 2012, Provincial competitiveness report has published and is measured at over 180 indicators, according to the four main factors: economic efficiency, government efficiency, business efficiency and infrastructure. This conference was the fifth edition organized by the EPCRC, following similar events in other regions. Previously, the EPCRC had organized the "Khangai Region Competitiveness Forum 2017" in Murun city, Khuvsgul, "Eastern Region Forum 2015" in Baruun-Urt city, Sukhbaatar province, the "Gobi Region Competitiveness Forum 2016" in Mandalgobi city, Dundgobi, and "The First Provincial Competitiveness Forum" in 2014, in Ulaanbaatar. The last six years of the competitiveness of the Orkhon, Darkhan-Uul and Umnugovi provinces were stable. These aimags are still in their order.
- S&P's Global Ratings upgraded Mongolia's rating to 'B stable' from 'B-'. The upgrade was mainly influenced by the faster economic growth that has been 6.3 percent as of the first half of 2018, which is considered the result of government policy on improving budgetary and financial disciplines. The 6.3 percent growth is relatively higher indication compared with other countries having the same rating.

Sources:

- Monthly bulletin of statistics, October 2018, National Statistics office of Mongolia
- Monthly bulletin of statistics, October 2018, Mongolbank
- www.1212.mn, www.mongolbank.mn; www.montsame.mn