MONTHLY MACROECONOMIC OVERVIEW

December 2019

MAIN INDICATORS

Compared with November 2019

GDP
6.3%
QIII 2019 (YoY)

INFLATION
5.2%
(YoY)

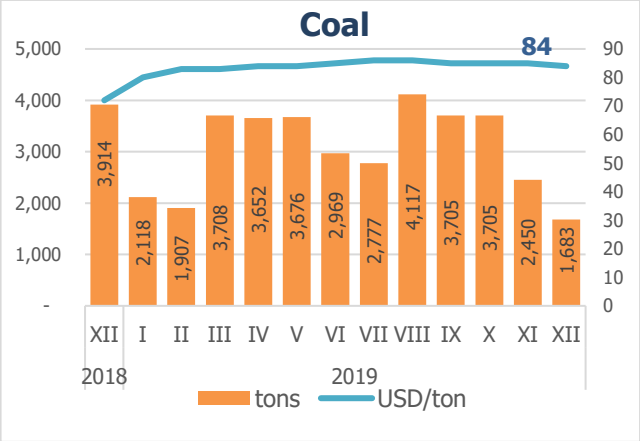
USD/MNT EXCHANGE RATE
2727.34
MNT

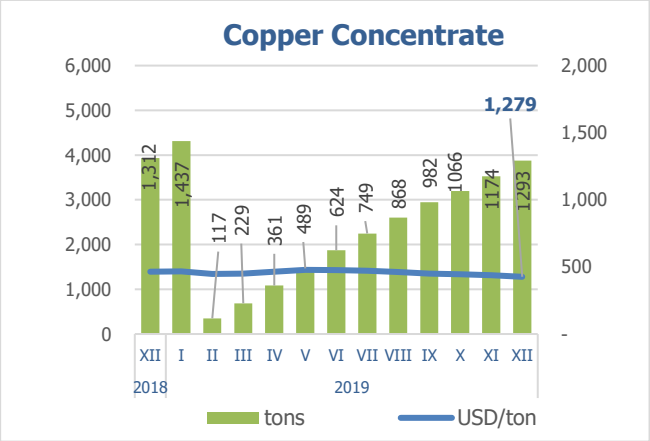
BUDGET DEFICIT
MNT -627 billion

FOREIGN TRADE
USD 1492 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

FOREIGN CURRENCY RESERVES
USD 4 billion

TOTAL DEPOSITS
MNT 14.6 trillion

% OF NON-PERFORMING LOAN
10%

CURRENCY IN CIRCULATION
MNT 897 billion

ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2019: +6.7%, in 2020:+6.1%
Inflation: in 2019: +8.5%, in 2020: 7.5%
Current account balance: in 2019: -9.6% of GDP, in 2020: -13% *according to a new Asian Development Bank (ADB) report (2019).*

Source: *https://bit.ly/2HJFlip*

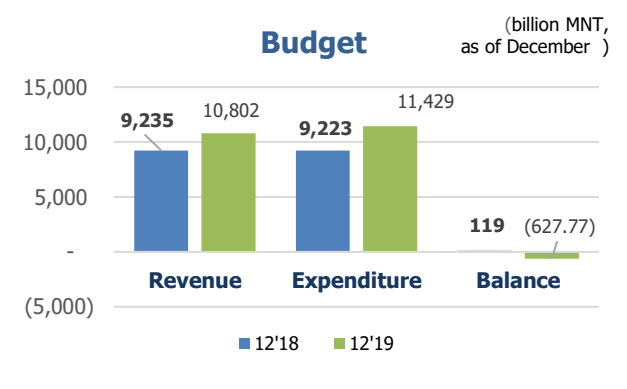
GDP growth: in 2019: +6.3%
Inflation: : in 2019: +7.1%
Current account balance: in 2019: -10.8% of GDP- *by IMF (World Economic Outlook, 2019)*

Source: *http://bit.ly/2zsmvYo*

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

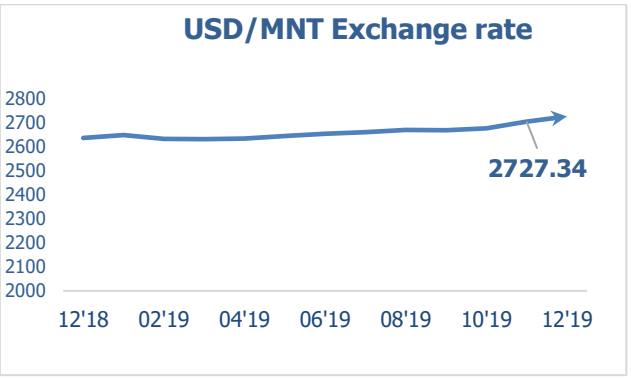
The budget deficit reached MNT 627 bilion

Government revenues increased by 17% and expenditures increased by 23.9% relative to the same period in 2018, resulting in a budget deficit of MNT 627 billion. The budget deficit has increased by 747 billion MNT from the same period in 2018.



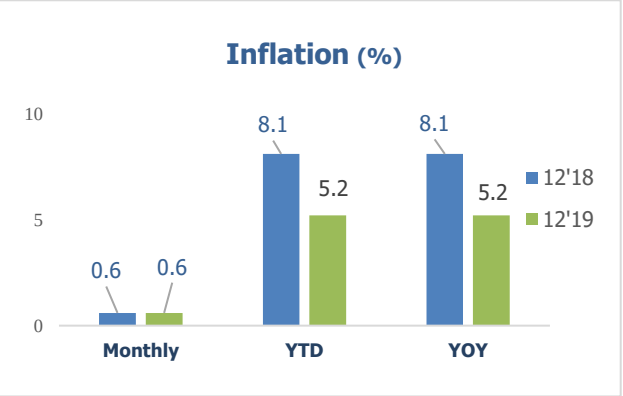
The USD exchange rate increased by MNT 22

In December, the average nominal exchange rate against the US dollar was MNT 2727.34. This is a 3.4% or by 89.9 MNT increase from the same period in 2018, and a 0.8% or by 22 MNT increase from November 2019. In November, foreign exchange reserves reached 4 billion MNT an increase 15.2 percent from the same period in 2018, and -0.46 percent decrease from October 2019.



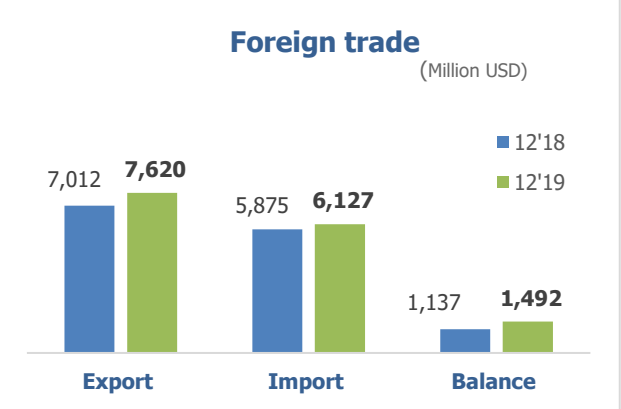
Inflation Rate increased 5.2%

In December, the national consumer price index decreased by 0.6% compared to October 2019, and increased by 5.2% in the year to date. Annual inflation is 5.2%. The consumer price index has increased due to prices of food and beverages, prices of transport housing, electricity, medicine and medical services.

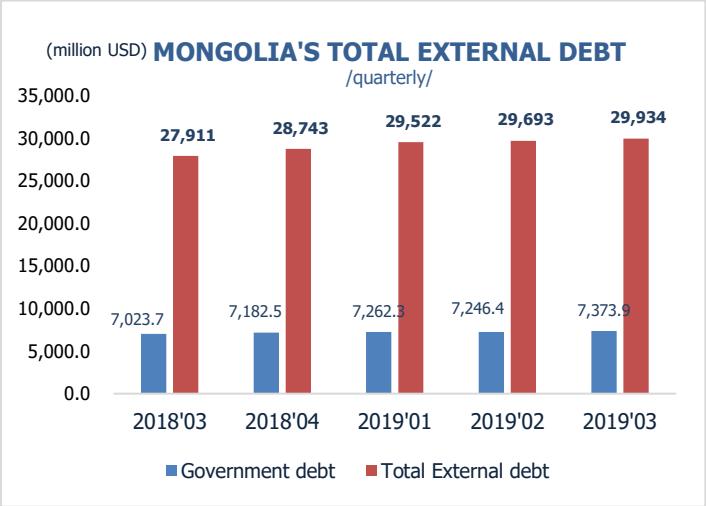


Trade Balance surplus reached 1492 million USD

Total turnover of foreign trade reached USD 13747 billion, a 6.6% increase compared to the same period in 2018. Exports increased by 8.6% from the last year, while imports increased by 4.3%. The trade surplus reached USD 1492 million.



SPECIAL FOCUS: MONGOLIA EXTERNAL DEBT



Source: www.mongolbank.mn

In the third quarter of 2019, Mongolia's total external debt outstanding reached USD 29.9 billion. Mongolia's government debt stood at USD 7.3 billion. Total external debt increased by 1 percent on the previous quarter (USD 240 million). Government debt increased by 2 percent compared to the previous quarter (USD 127.5 million). Central bank debt decreased by 4% (USD 86 million) over the previous quarter, debt to depository institutions decreased by 2% (USD 35.9 million). Of the total debt, 25% is attributable to the government, 7% to the central bank, 7% to depository institutions, 29% to other sectors, and 33% to inter-company loans.

HIGLIGHTS OF THE MONTH

OIL PRODUCTION

- A total of 8.15 million barrels or 1.1 million tons of oil has been extracted and exported nationwide this year. It is planned to generate 335.6 billion MNT in revenue from oil production. As of December 4, 2013, 6.39 million barrels or 867.1 thousand tons (78.47 percent) of oil was extracted and 6.09 million barrels or 827.7 thousand tons (74.79 percent) of oil was exported nationwide.

THE STATE BUDGET REVENUES FROM MINING AND INDUSTRY

- Revenues from mining and industry reached 2.4 trillion MNT, increasing by 518.6 billion MNT or 26.7 percent compared to the same period of the previous year. Of which: Coal 1.1 trillion MNT, copper 981.7 billion MNT, gold 112.5 billion MNT, zinc 65.2 billion MNT, iron 24.5 billion MNT, fluorspar 29.9 billion MNT and other revenues 69.5 billion MNT. Compared to the same period of the previous year, coal increased by 3.50 million tons or 7.9 percent, iron ore by 2.20 million tons or 37.4 percent, fluorspar ore by 33.2 thousand tons or 33.8 percent, and oil by 539.8 thousand barrels or 9.3 percent. Copper concentrate 33.2 thousand tons or 2.8 percent, gold 4.4 tons or 22.9 percent, molybdenum concentrate 266.5 tons or 5.3 percent, iron ore concentrate 94.5 thousand tons or 3 percent, fluorspar concentrate 25.9 thousand tons or 38.1 percent, zinc concentrate. Decreased by 1.8 thousand tons or 2.3 percent respectively.

Sources:

1. *Monthly bulletin of statistics, December 2019, National Statistics office of Mongolia*
2. *Monthly bulletin of statistics, December 2019, Mongolbank*
3. *www.1212.mn, www.mongolbank.mn; www.montsame.mn*