MONTHLY MACROECONOMIC OVERVIEW

JANUARY 2019

MAIN INDICATORS

Compared with December 2018

GDP
6.9%
Q4 2018 (YoY)

INFLATION
7.3%
(YoY)

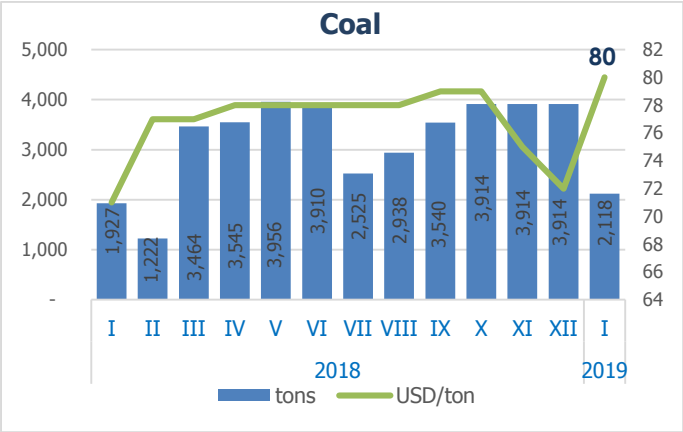
USD/MNT EXCHANGE RATE
2649.68MNT

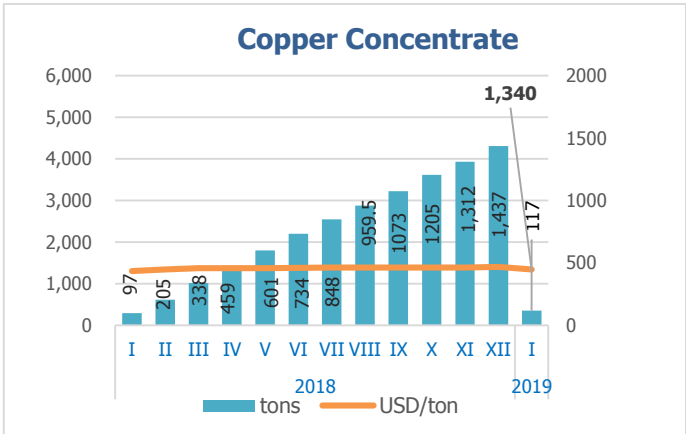
BUDGET DEFICIT
MNT 132 billion

FOREIGN TRADE
Surplus: USD 103 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 December 2018

FOREIGN CURRENCY RESERVES
USD 3.6 billion

TOTAL DEPOSITS
MNT 13.1 trillion

% OF NON-PERFORMING LOAN
10.3%

CURRENCY IN CIRCULATION
MNT 1039 billion

ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2019: +6.1%
Inflation: in 2019: +7%
Current account balance: in 2019: -7% of GDP *according to a new Asian Development Bank (ADB) report (2018).*

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

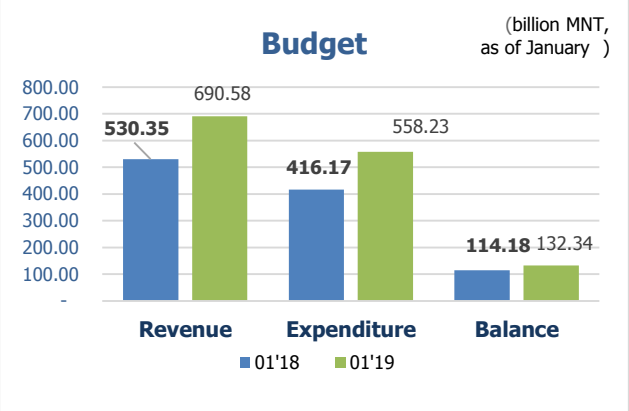
GDP growth: in 2019: +6.3%
Inflation: : in 2019: +6.8%
Current account balance: in 2019: -8.3% of GDP- *by IMF (World Economic Outlook, 2018)*

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

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

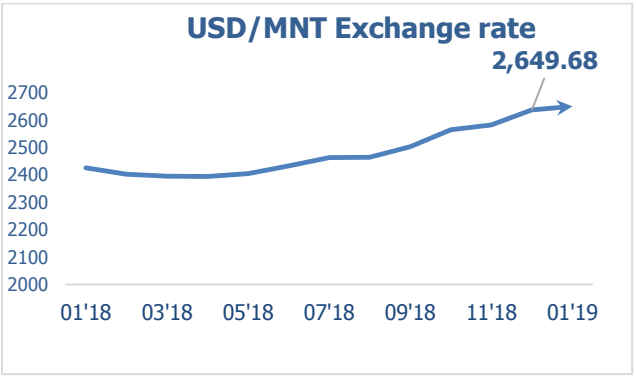
The budget deficit reached MNT 132 bilion

Government revenues increased by 30.2% and expenditures increased by 34.1% relative to the same period in 2018, resulting in a budget deficit of MNT 132 billion. The budget deficit has increased by 18.1 billion MNT from the same period in 2018.



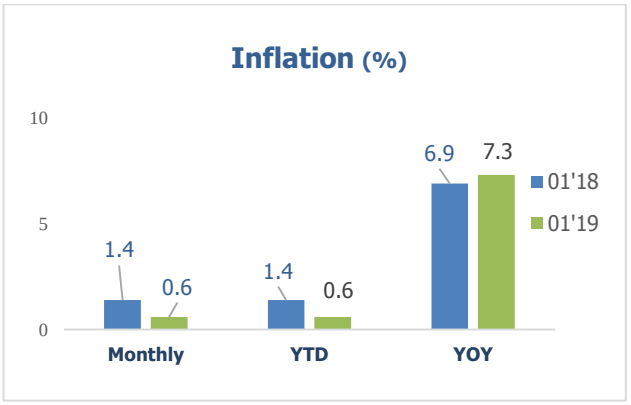
The USD exchange rate increased by MNT 12.33.

In January, the average nominal exchange rate against the US dollar was MNT 2649.68. This is a 8.4% or by 203 MNT increase from the same period in 2018, and a 2.1% or by 55.47 MNT increase from December 2018. In January, foreign exchange reserves reached 3.6 billion MNT an increase 2 percent from last month.



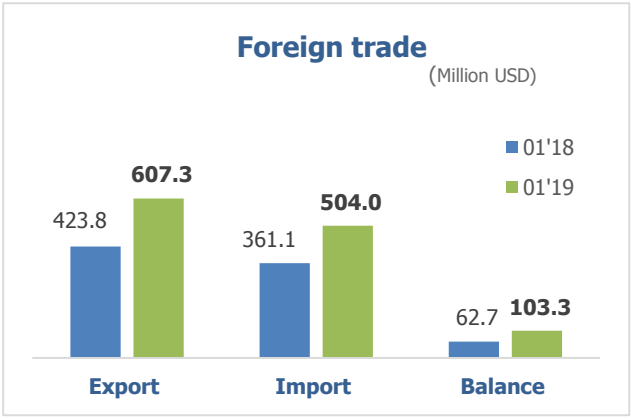
Inflation Rate increased 7.3 %

In January, the national consumer price index increased by 0.6% compared to December 2018, and increased by 0.6% in the year to date. Annual inflation is 7.3%. The consumer price index has increased due to prices of food and beverages, prices of transport housing, electricity, medicine and medical services.

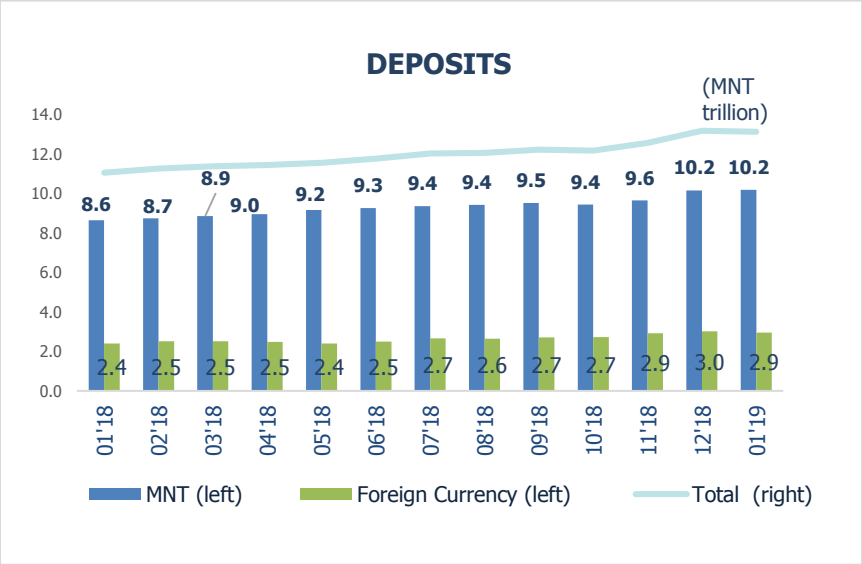


Trade Balance surplus reached 103.3 million USD

Total turnover of foreign trade reached USD 1111.2 billion, a 41.5% increase compared to the same period in 2018. Exports increased by 43.2% from the last year, while imports increased by 35.5%. The trade surplus reached USD 1111.2 million.



SPECIAL FOCUS: DEPOSITS



Source: www.1212.mn

Total deposits were MNT 13.1 trillion in January 2019, an increase of 49.9 billion or 0.2 percent on the previous month. This is an increase of MNT 2070 billion or 0.2 percent on the same period in 2018. Savings in local currency decreased by MNT 10180 billion or 0.2 percent whereas foreign currency deposits decreased by 2.5 percent or MNT 2945.5 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 increased by 17.7 percent while currency deposits accounted for 22.5 percent.

HIGLIGHTS OF THE MONTH: ERDENES TAVAN TOLGOI ALLOCATED MNT 480 BILLION, 7TH ANNUAL PROVINCIAL COMPETITIVENESS REPORT RELEASED

- Erdenes Tavan Tolgoi JSC sold a total of 13.5 million tons of coal last year. In 2018, the company's revenue from sales reached MNT 1.86 trillion, with net profit of MNT 720 billion and MNT 480 billion allocated in the state budget. The Government made a decision on comprehensive development of the Tavan Tolgoi deposit and prepares for the IPO on international market. It is also planned to commence and continue major projects of railway, road and coal enrichment plant.

- The Economic Policy and Competitiveness Research Center (EPCRC) is presenting you the 7th annual Provincial Competitiveness Report. According to this year's rankings, competitiveness scores of Orkhon, Darkhan-Uul, and Umnugobi have been continually been relatively high. In contrast, competitiveness scores of Dundgobi, Gobi-Altai, and Arkhangai provinces declined the most. In terms of the 4 main factors, Orkhon and Umnugobi provinces performed the best on economic performance, Gobisumber and Sukhbaatar provinces performed the best on governance efficiency, Darkhan-Uul and Umnugobi provinces performed the best on business efficiency and Orkhon and Gobisumber provinces performed the best on infrastructure. Please visit www.aimagindex.mn to get more information about the annual reports.

Sources:

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