# MONTHLY MACROECONOMIC OVERVIEW

December 2020

## MAIN INDICATORS

*Compared with November 2020*

**GDP**
-7.3%
Q3 2020 (YoY)

**INFLATION**
2.3%
(YoY)

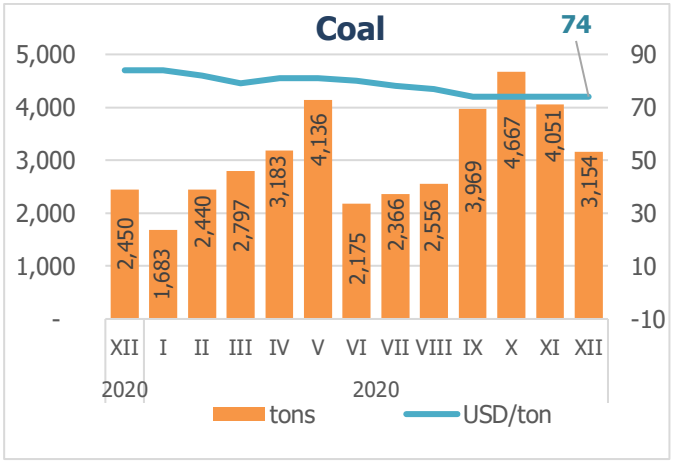
**USD/MNT EXCHANGE RATE**
2849.55 MNT

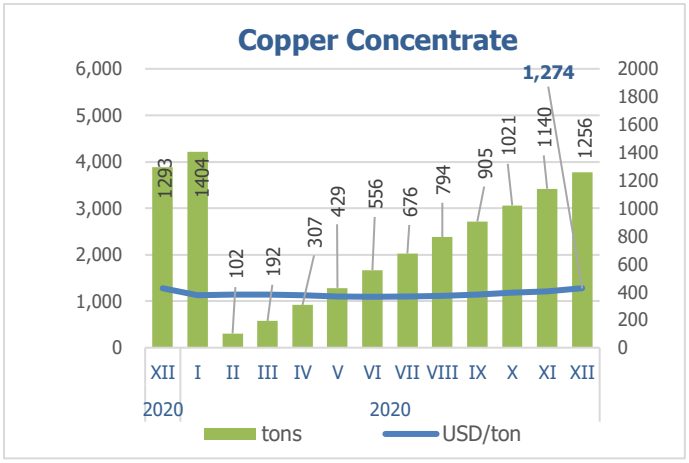
**BUDGET DEFICIT**
**MNT -4539 billion**

**FOREIGN TRADE**
**USD 2282 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 3870 million**

**TOTAL DEPOSITS**
**MNT 18 trillion**

**% OF NON-PERFORMING LOAN**
**11.6%**

**CURRENCY IN CIRCULATION**
**MNT 91 billion**

## ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2020: 2.1%
Inflation: in 2020: 6.6%
Current account balance: in 2020: -13% *according to a new Asian Development Bank (ADB) report (2020, April).*

Source: *https://bit.ly/2XR5XVj*

GDP growth: in 2020: -1%
Inflation: : in 2020: +5.6%
Current account balance: in 2020: -10.2% of GDP- *by IMF (World Economic Outlook, 2020)*

Source: https://bit.ly/2XR5XVj

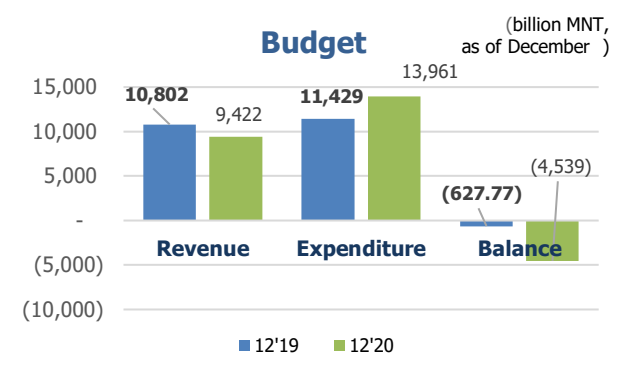


www.facebook.mn/ecrcmn; www.twitter.com/ursulduhchadvar; www.ecrc.mn; tel: 976-11-321927

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

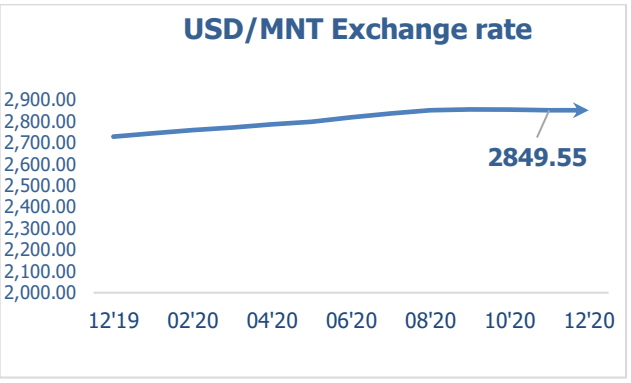
### The budget deficit reached MNT -4539 bilion

Government revenues decreased by 12.8% and expenditures increased by 22% relative to the same period in 2019, resulting in a budget deficit of MNT -4539 billion. The budget deficit has decreased by 623 billion MNT from the same period in 2019.



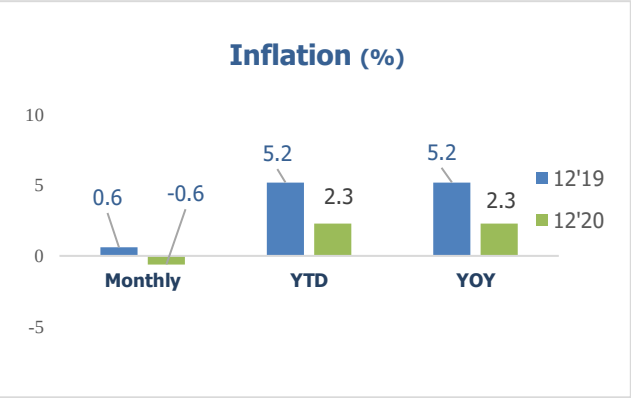

### The USD exchange rate decreased by MNT 0.45

In December, the average nominal exchange rate against the US dollar was MNT 2849.55. This is a 4.5% or by 122 MNT increase from the same period in 2019, and a -0.02% or by 0.45 MNT decrease from November 2020. In November, foreign exchange reserves reached 3.87 billion MNT a decrease 4 percent from the same period in 2019, and 4 percent increase from October 2020.



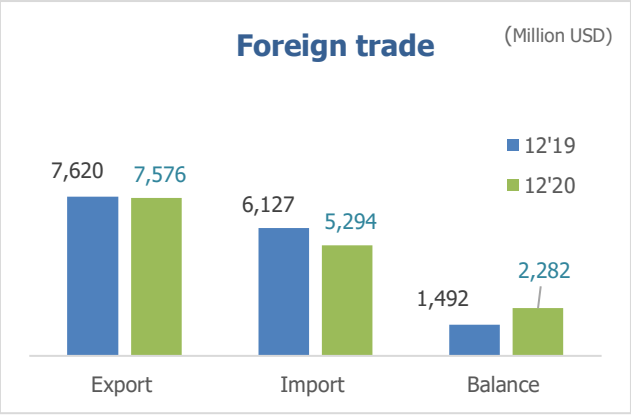

### Inflation Rate is 2.3%

In December, the national consumer price index increased by 0.6% compared to October 2020, and increased by 2.9% in the year to date. Annual inflation is 3.5%. The 2.9% increase in consumer price index from the end of previous year was mainly due to 6.9% increases in prices of food and non-alcoholic beverages group (meat products by 9.2%), 3.2% increase in prices of clothing, cloth and footwear group and 4.1% increase in prices of alcoholic beverages and tobacco group, though prices of transport group decreased by 5.2%.

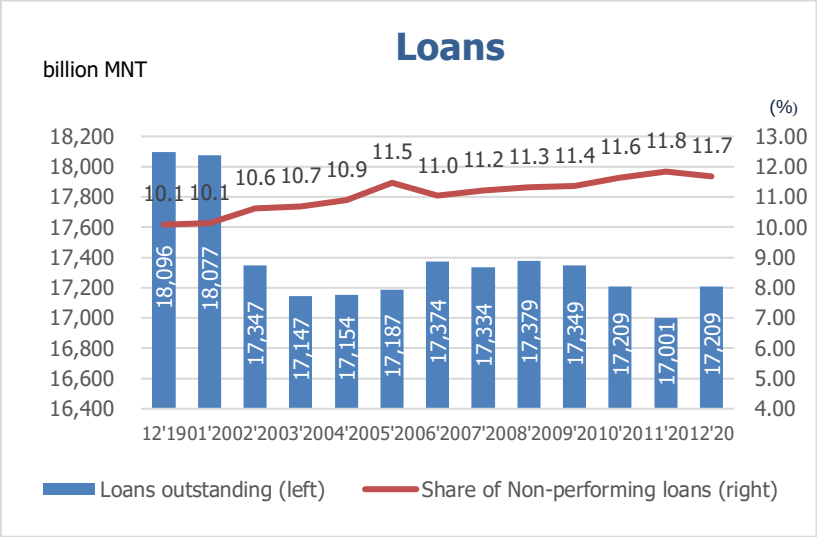



### Trade Balance surplus reached 2282 million USD

In December, Total turnover of foreign trade reached USD 12870 billion, a 6.3% decrease compared to the same period in 2019. Exports decreased by 2.8% from the last year, while imports decreased by 13.6%. The trade surplus reached USD 2282 million.



## SPECIAL FOCUS: LOANS




*Source: www.mongolbank.mn*

At the end of December 2020, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 17.2 trillion, increased by 1.2% from the previous month and decreased by 4.2% from the same period of the previous year. Non-performing loans amounted MNT 2010 billion, decreased by 0.2% from the previous month and increased by 10.1% from the same period last year. The non-performing loans at the banking system makes up to 11.3% of total loans. Overdue loans reached MNT 1.3 trillion at the end of December 2020, increasing by MNT 90 (7.6%) billion from the previous month and by MNT 445.4 billion (54.1%) from the same period of the previous year. Overdue loans accounted for 7.4 percent of total loans. At the end of December 2020, non-performing loans in the banking system reached MNT 2 trillion, decreasing by MNT 3.1 billion (0.2%) from the previous month and increasing by MNT 184.5 billion (10.1%) from the same period of the previous year. Non-performing loans accounted for 11.7 percent of total loans.

## HIGLIGHTS OF THE MONTH

### MORTGAGE LOAN PAYMENT DELAYED

As of December 11, banks have received applications from 44,907 borrowers for a total of MNT 2.4 trillion. As of this date, about 92% of the total requests or 41,533 borrowers with outstanding loans of MNT 2.2 trillion have been resolved and repayment has been postponed.

### MAJOR EXPORT COMMODITY PRICES

- Mongolia's GDP decreased by 10.7 percent in the first quarter of this year. Mining fell 29.5 percent, net taxes fell 7.9 percent and services fell 6.8 percent. The agricultural sector grew by 14 percent and the industrial and construction sectors by 6.4 percent. Economic growth decreased by 9.7 percent in the first half of the year or in the second quarter compared to the previous year, and by 7.3 percent in the third quarter. According to the foreign trade situation, which determines the main exports and imports that affect the economy, in November of this year, exports reached 6.8 billion USD, imports 4.8 billion USD, and the foreign trade balance showed a surplus of 1.9 billion USD. Gold exports rose 4.7 percent to 1.6 billion USD and imports fell 12.5 percent.

*Sources:*

1. *Monthly bulletin of statistics, December 2020, National Statistics office of Mongolia*
2. *Monthly bulletin of statistics, December 2020, Mongolbank*
3. *www.1212.mn, www.mongolbank.mn; www.montsame.mn*