MONTHLY MACROECONOMIC OVERVIEW

May 2021

MAIN INDICATORS

Compared with April 2021

GDP
15.7%
Q1 2021 (YoY)

INFLATION
6.2%
(YoY)

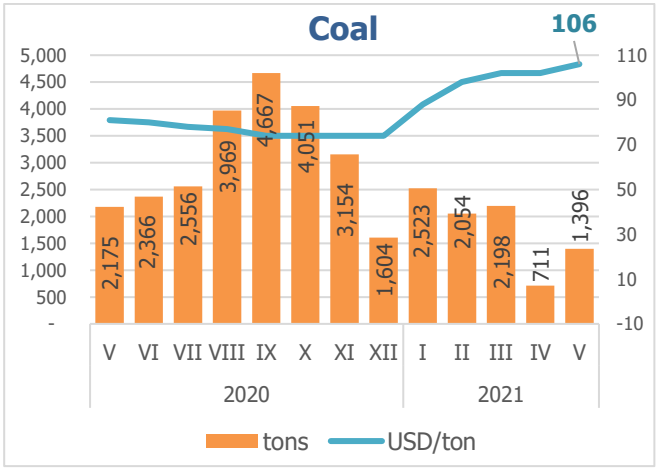
USD/MNT EXCHANGE RATE
2849.57
MNT

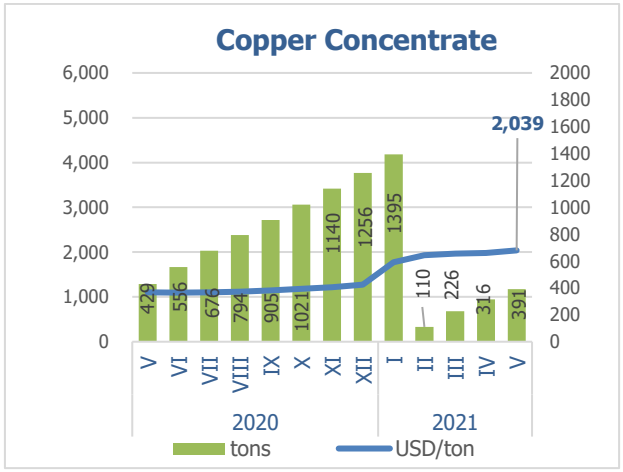
BUDGET DEFICIT
MNT (866.3) billion

FOREIGN TRADE
USD 722.4 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 4892 million

TOTAL DEPOSITS
MNT 19 trillion

% OF NON-PERFORMING LOAN
11%

CURRENCY IN CIRCULATION
MNT 1249 billion

ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2021: 5.1%
Inflation: in 2020: 8.2%
Current account balance: in 2021: -8.3% *according to a new Asian Development Bank (ADB) report, 2020*

Source: https://bit.ly/30pG2Et

GDP growth: in 2021: 6%
Inflation: : in 2021: 5.5%
Current account balance: in 2021: -13.5% of GDP- *by IMF (World Economic Outlook, 2020)*

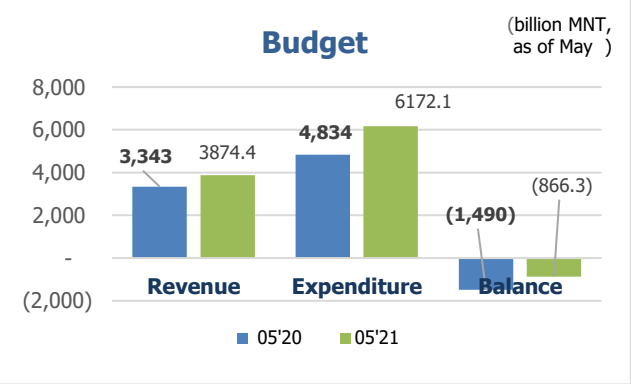
Source: https://bit.ly/3qx1ORq

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

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

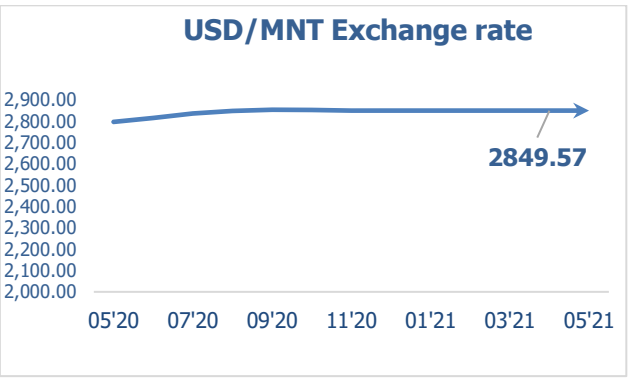
The budget deficit reached MNT -866.3 billion

Government revenues increased by 15.9% and expenditures increased by 25.4% relative to the same period in 2020, resulting in a budget deficit of MNT 866.3 billion. The budget deficit has decreased by 45.1 billion MNT from the same period in 2020.



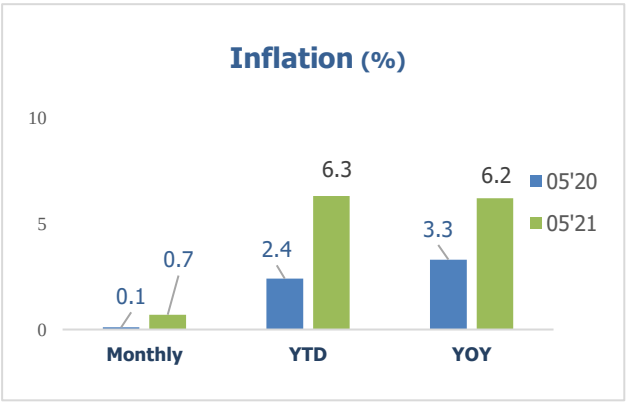
The USD exchange rate increased by MNT 0.33

In May, the average nominal exchange rate against the US dollar was MNT 2849.57. This is a 1.9% or by 52.3 MNT increase from the same period in 2020, and a 0.33 MNT decrease from Avril 2021. In April, foreign exchange reserves reached 4.8 billion MNT an increase 27.2 percent from the same period in 2020, and 2 percent increase from March 2021.



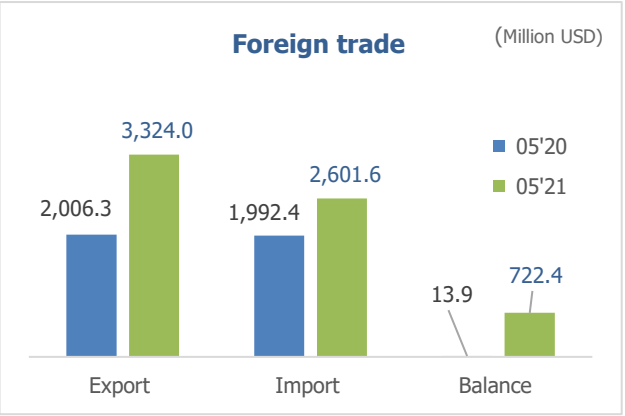
Inflation Rate is 6.2%

In May, the national consumer price index increased by 0.7% compared to Avril 2021, and increased by 6.3% in the year to date. Annual inflation is 6.2%. Prices for food, medicine, medical services and housing, water, electricity, gas and other fuels increased.

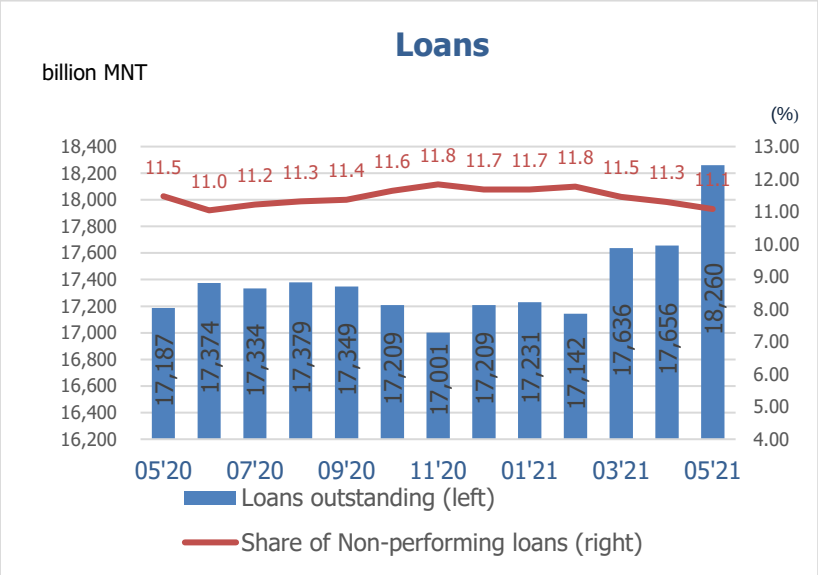


Trade Balance surplus reached 722.4 million USD

In May, Total turnover of foreign trade reached USD 5925.6 billion, an 48% increase compared to the same period in 2020. Exports increased by 65.6% from the last year, while imports increased by 30.5%. The trade surplus reached USD 722.4 million.



SPECIAL FOCUS: LOANS



Source: www.1212.mn

At the end of May 2021, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 18.2 trillion, increased by 3.4% from the previous month and increased by 6.2% from the same period of the previous year. Non-performing loans amounted MNT 2024 billion, increased by 1.5% from the previous month and increased by 2.6% from the same period last year. Non-performing loans accounted for 11% of total loans. In terms of types of individual loans, 46.5% was loan for business activities, 30.1% was salary loans, 8.1% was herder loans, 6.4% was deposit backed loans, 2.5% was car loans, 2.3% was credit card loans, 1.5% was pension loans, 0.6% was household consumption loans, and 2.0% was other loans.

HIGLIGHTS OF THE MONTH

275 BILLION MNT WAS DISBURSED TO BANKS

- The Mongolbank organized repo trading in the second quarter of this year, announced repo trading of up to 350 billion MNT, and complied with the proposal to receive repo financing of 275 billion MNT from 6 banks. The funds will be used by banks to provide loans to small and medium enterprises, non-mining exports, services, manufacturing, and wholesale and retail businesses with two hundred or more employees. Repo financing loans are available from Khan bank, Trade and Development bank, Golomt bank, State bank, Xac bank, Capitron bank, Transport and Development bank, Credit bank, and Bogd Bank.

THE REVENUES OF THE SOCIAL INSURANCE FUND INCREASED BY 8.2 PERCENT

- In the first 4 months of 2021, revenue of Social Insurance Fund reached 813.7 bln.togrogs, increased by 61.6 bln.togrogs (8.2 percent) and total expenditure reached 836.5 bln.togrogs, increasing by 61.4 bln.togrogs (7.9 percent) compared to the same period of the previous year. The increase in social insurance fund revenue was due to an increase of MNT 109.3 billion (26.4 percent) in pension insurance premium income. However, the increase in social insurance fund expenditures was due to an increase of MNT 60.9 billion (7.9 percent) in social insurance pensions and benefits.

Sources:

1. *Monthly bulletin of statistics, May 2021, National Statistics office of Mongolia*
2. *Monthly bulletin of statistics, May 2021, Mongolbank*
3. www.1212.mn, www.mongolbank.mn; www.montsame.mn