




**MONGOLIA: MONTHLY MACROECONOMIC
OVERVIEW**

July 2015

Indicators:

GDP growth of 3% in Q2 2015 (Y-o-Y)	FDI reached 65.6 million dollars (in June)	A budget balance deficit MNT 637.8 billion	Inflation 6.9%	Non-performing loans increased by MNT 50.7 billion	USD 1.69 billion in BoM foreign currency reserves in June
* 9.2% growth in agriculture, * 12.1% growth in industry and construction sector * 3% growth in services sector.	Net FDI increased by USD 39.5 million compared to the same period of previous year, and decreased by USD 18.1 million compared to the previous month.	MNT 3.14 trillion in revenue and MNT 3.78 trillion in expenditure and a balance deficit of MNT 637.8 trillion.	Unchanged from the previous month, and increased by 6.9 percent year over year.	Non-performing loans increased by MNT 8.4 trillion or 1.1% compared to the previous month and reaching at total MNT 774 billion.	Increased by USD 95 million or 5.9 percent compared to the previous month.
 The average USD/MNT nominal exchange rate 1978.28	 Housing price index 1,123 decreased by 1.491% compared to the previous month and by 10.234% y.o.y respectively.	 BoM policy rate 13%			

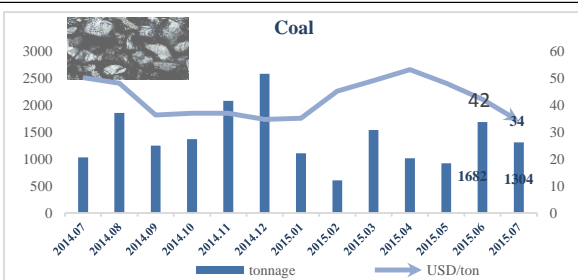
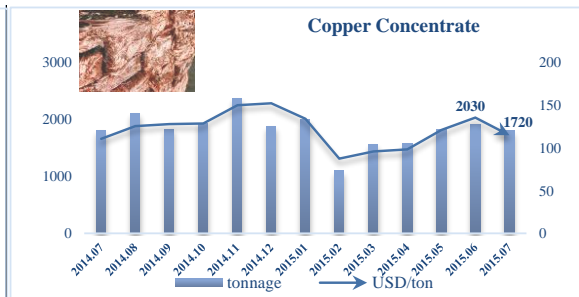
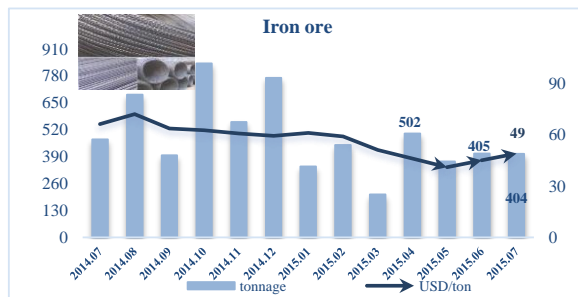


The 2015 National Naadam Festival, which is officially celebrated nationwide as a public holiday during July 11-15, is dedicated to the 2224th Anniversary of the Mongolia's First Statehood, the 809th Anniversary of the Great Mongol Empire and the 94th Anniversary of the People's Revolution.

Major export commodity prices and volumes

Monthly export volumes and prices for Mongolia's major commodities for the past 12 months are presented in the following tables.

Source: National Statistical Office



Mongolia's exports of raw materials over the past 3 years
(In thousands of US dollars, tons)

Major products	2012		2013		2014	
	Tons	USD	Tons	USD	Tons	USD
Coal	20574	1,880,396	18,194	1,116,153	1,106	850,615
Iron ore	6415	532,509	6725	654,333	8,338	448,378
Copper	575	838,780	650	948,951	1,378	2,575,636
Total	27564	3,251,685	25,569	2,719,437	10,822	3,874,629

Source: National Statistical Office

This year Mongolia celebrates 25th anniversary of the first democratic election, and the anniversary events would took place nationwide on July 29-30 pursuant to a decree by the President of Mongolia.

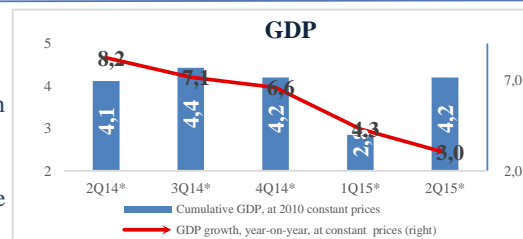
MONGOLIA:MONTHLY MACROECONOMIC OVERVIEW

Macroeconomic Indicators

July 2015

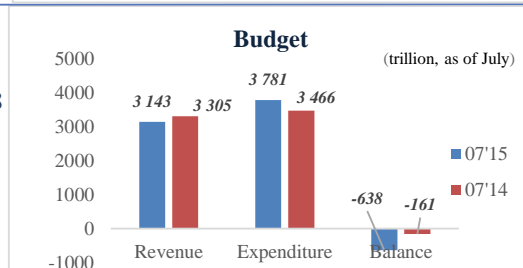
GDP

Cumulative GDP at constant prices in the second quarter of 2015 totalled MNT 7.0 trillion, a 205.6 billion or 3 percent increase compared to increase in the same period of the previous year. This comprised of agricultural sector by 9.4 percent, the industry, construction sector by 12.1 percent and the services sector by 3 percent.



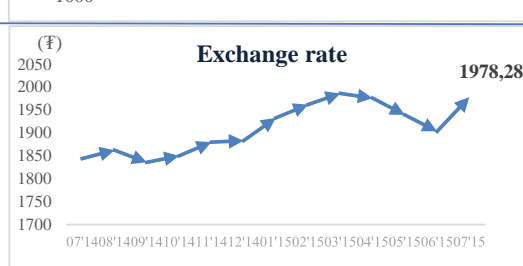
Budget

Cumulative state budget revenue (including aid) totalled MNT 3.14 trillion in July, while expenditure and net lending amounted to MNT 3.78 trillion. This resulted in general government deficit of 637.8 billion. Deficit increased by MNT 476.9 billion from the same period of the previous year. Budget revenues comprised of 87.3% taxes and 12.6% non-tax and 0.1% other revenue.



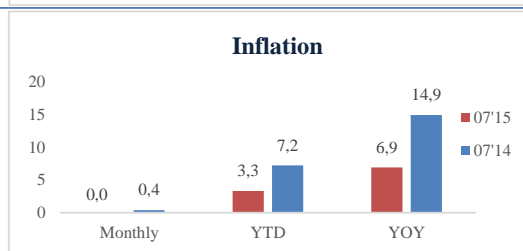
Exchange rate

In July, the Mongolian tugrik further appreciated in the forex market, the average nominal US dollar exchange rate was MNT 1978.28. While this is a 3.9 percent or MNT 74.98 increase from previous month and 7.3% or MNT 134.21 increase from the same period of the previous year.



Inflation

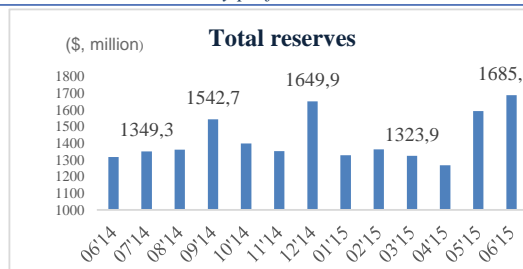
In July 2015, the Consumer Price Index stayed unchanged from the previous month, however rose by 6.9 percent compared to the same period of the previous year.



* Preliminary performance, Source NSO, BoM

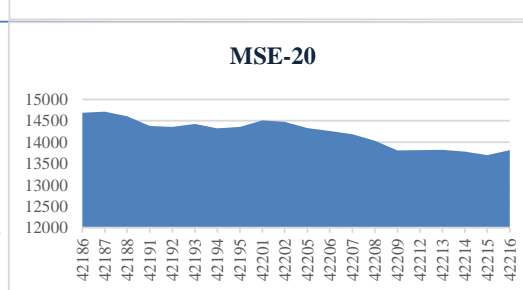
Foreign exchange reserves

As of June, 2015, foreign exchange reserves were USD 1.686 billion. This is a 5.9 percent, or US 95 million rose from the previous month 28 percent or US 369 million increase from the same period of previous year, and rose 2.2%, or \$ 36 million compared to the period of beginning of the year. Foreign exchange reserves have increased over the past 2 months.



MSE-20 index

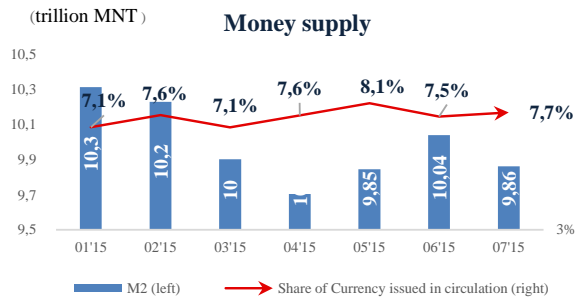
Total value of securities traded in July were MNT 635 billion, with over 21.6 million transactions. This is a 500.3 billion, or 4.7 fold increase compared to the same period of the previous year. The Top-20 index in July 2015 was 14,219 a fell by 372.2 points from the previous month. Stock exchanges are operating SHCs Total securities reached at MNT 1.43 trillion



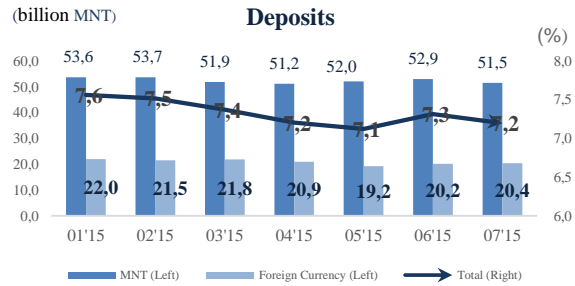
* Mongolian Stock Exchange

MONGOLIA:MONTHLY MACROECONOMIC OVERVIEW
The financial sector
July 2015
Money

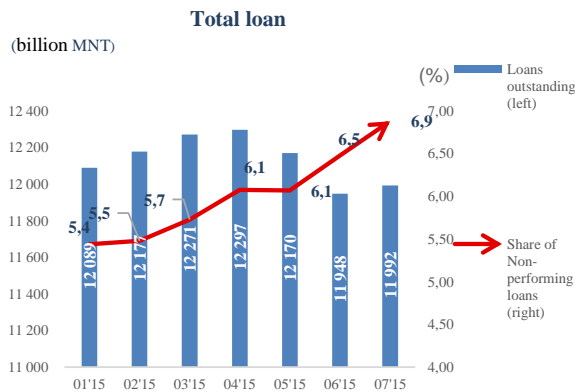
M2 Money supply at the end of July 2015 totalled MNT 9.9 trillion, a 177.9 billion or 1.8% decrease from the previous month and decrease by 214.8 billion or 2.1 percent from the same period of the previous year, respectively. In July, cash flows reached 759 billion, an increase by 3.2 billion or 0.4% over the previous month and 100.6 billion or 11.7% from the same period previous year.


Deposits

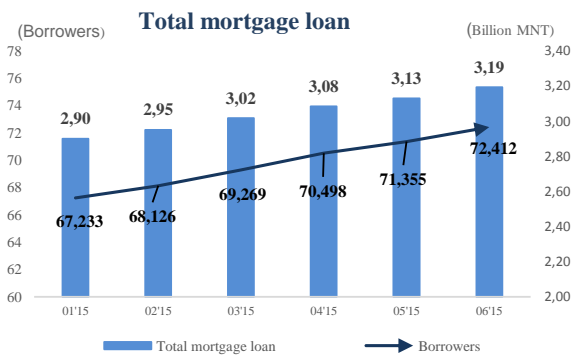
Total deposits were MNT 7.2 trillion in July 2015, a decrease by 117.2 billion or 1.6 percent from the previous month. This is an increase of 78.6 billion or 1.1 percent from the same period last year. Savings from the previous month decreased by MNT 139.9 billion or 2.6 percent in local currency deposits where as foreign currency deposits increased by 1.1 percent or 22.7 billion.


Loans

Total outstanding loans for businesses and individuals were to MNT 12.0 trillion as of July 2015, and was increased by 45.2 billion or 0.4 percent from the previous month and decreased by 232.6 billion, or 1.9% compared to the previous year. For the same period, non-performing loans amounted to 824.6 billion, a 6.6% (50.7 billion), increase from the previous month and 37.5% (224.9 billion) the same period of the last year. Share of non-performing loans has made up 6.9% of total loans.


Mortgages

As of June 2015, total value of outstanding mortgage loans rose by 2 percent (64.2 billion) from the previous month and 30.8 percent (752 billion) from the same period of the previous year, and reached at MNT 3.19 trillion. In June, MNT 100.2 trillion mortgage loan was granted to 1567 applicants, and made up 72412 borrowers. The ratio of mortgage loans between MNT and foreign currencies is presently 98/2% in favour of domestic, and the total market share of non-performing mortgage loans is 0.5 percent.

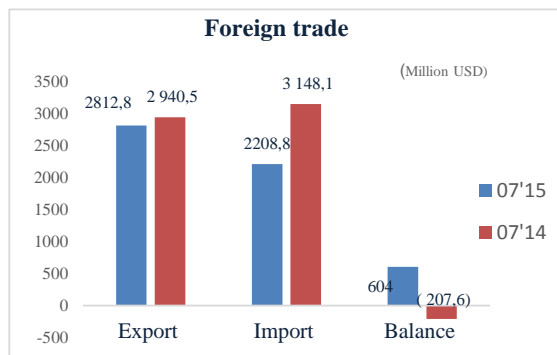


* Source BoM

Foreign Trade

Foreign Trade

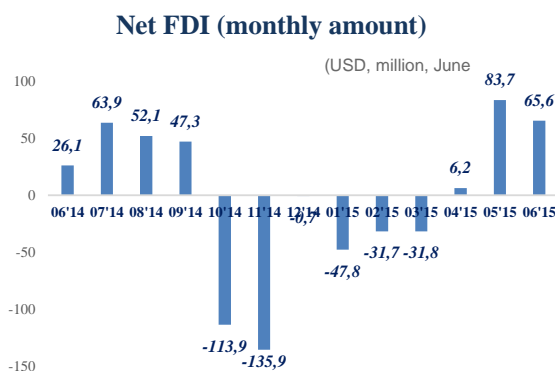
In July 2015, total trade turnover reached USD 5,021.7 million, of which exports totalled 2812.8 million and imports amounted 2208.8 million and resulting in foreign trade surplus of 604.0 million.



* Source NSC, BOM

Foreign direct investment

Net Foreign Direct Investment inflows in June amounted to USD 65.6 million and is increased by USD 39.5 million compared to the same period of the previous year. It however decreased by \$ USD 18.1 million compared to the previous month. In June, investments outflow was equated to USD -0.7 million, while investment inflows amounted to USD 66.4 million.



* Source NSO, BOM

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July 2015

Highlights of the month

- 2-Jul** The Monetary Policy Committee (MPC) of the Bank of Mongolia decided to keep current policy interest rate unchanged at its recurrent meeting held on the 2nd of July 2015.
- 9-Jul** Parliament's plenary session approved a revised draft laws including the "Law on Value Added Tax" and other relevant. If the laws enacted, the value-added tax of 10 million threshold as 50 million, will provide the two percent tax refund. Should enacted the law will be effective starting 1st January 2016.
- 9-Jul** Mongolia's President H.E Tsakhia Elbegdorj said word of the extended at the meeting of the heads of stateduring Shanghai Cooperation Organization (SCO) member countries and observers meeting held in Ufa, Russia. During the event, the tripartitate meeting was held among President of Mongolian, Russian President Vladimir Putin and Chinese President Xi Jinping.
- 29-Jul** Mongolia's first democratic election was held on July 29, 1990. On the note of this historical event, the Government of Mongolia decreed the day as " Day of sovereignty" every year. By the decree order of the president.

Overview

President of Mongolia H.E Tsakhiagiin Elbegdorj had participated in the Meeting of the SCO Council of Heads of State and the Meeting of the BRICS Heads of State which was held in Ufa, the Republic of Bashkortostan, the Russian Federation. During, President Elbegdorj met with Alexander Lukashenko, the President of the Republic of Belarus and Ashraf Ghani, the President of the Islamic Republic of Afghanistan respectively. Also the second trilateral meeting between the Heads of State of Mongolia, the Russian Federation and the People's Republic of China took place in Ufa.

During the trilateral meeting, the parties touched upon the issues of development of tripartite relations and partnership as well as signed several documents of cooperation.