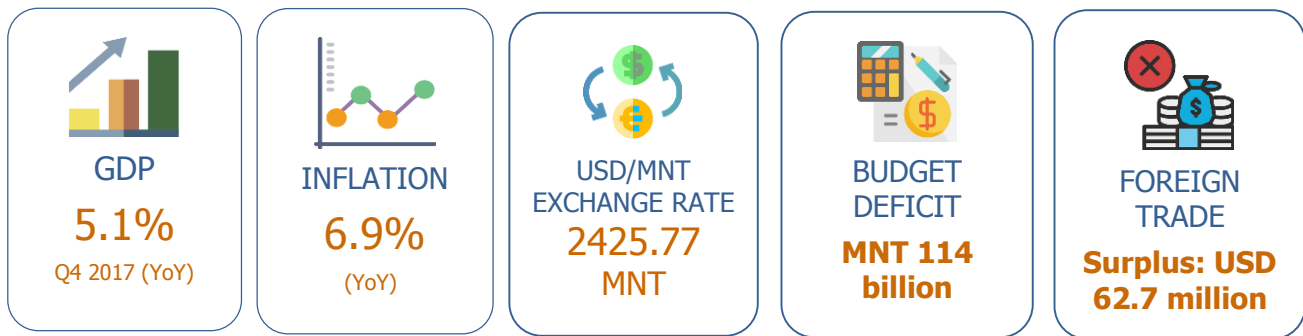


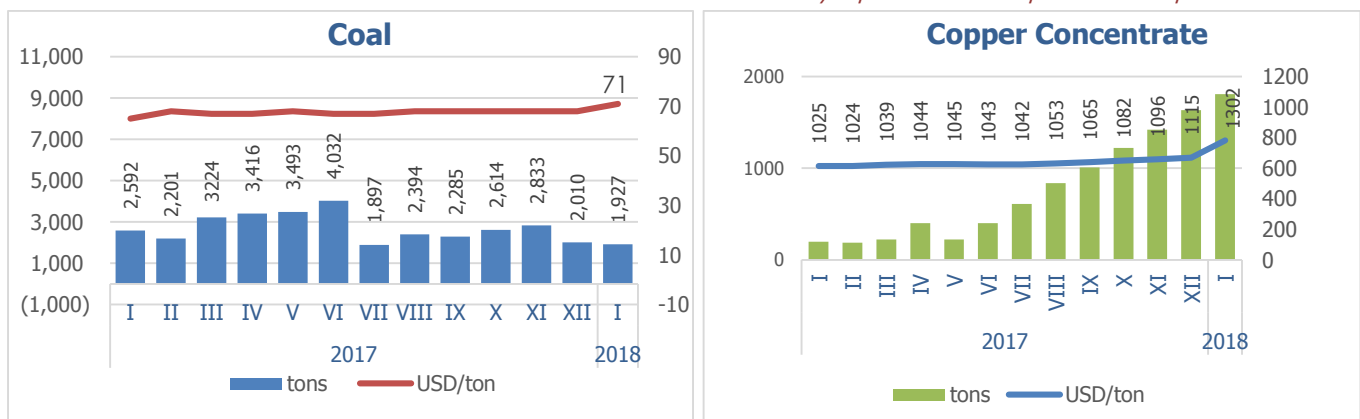
MAIN INDICATORS

Compared with December 2017



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 November 2017



ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2017: +4.0%, in 2018: +3.0%
 Inflation: in 2017: +3.0%, in 2018: +3.4%
 Current account balance: in 2017: -6.4% of GDP, in 2018: -8.5% of GDP according to a new Asian Development Bank (ADB) report.

Source: <http://bit.ly/2zwQ36D>

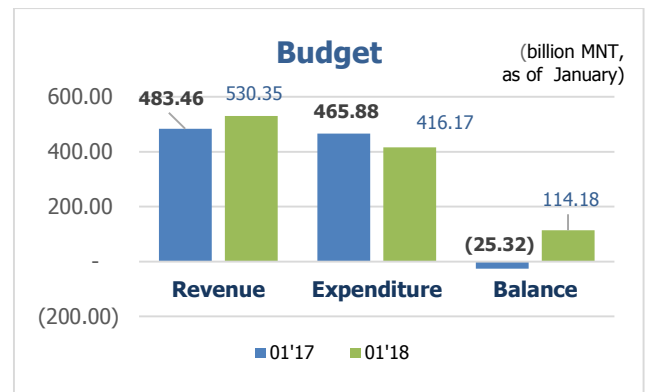
GDP growth: in 2017: +2%, in 2018: +2.5%
 Inflation: : in 2017: +4.4%, in 2018: +6%,
 Current account balance: in 2017: -4.9% of GDP, in 2018: -8.7% of GDP- by IMF (World Economic Outlook, 2017)

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

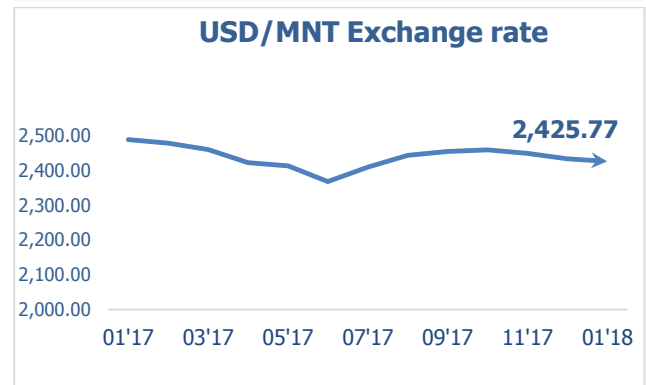
ANALYSIS: STATE BUDGET, EXCHANGE RATE, INFLATION, FOREIGN TRADE

The budget deficit reached MNT 114 billion

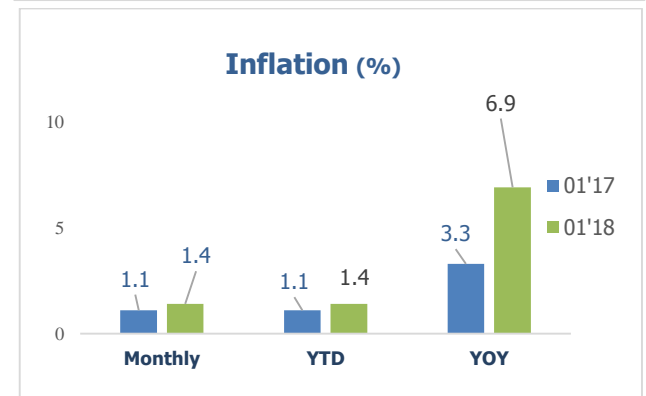
Government revenues increased by 9.7% and expenditures decreased by 10.7% relative to the same period in 2016, resulting in a budget deficit of MNT 114 billion. The Budget deficit has reached MNT 139 billion compared to the same period in 2017.

**The USD exchange rate decreased by MNT 7.7**

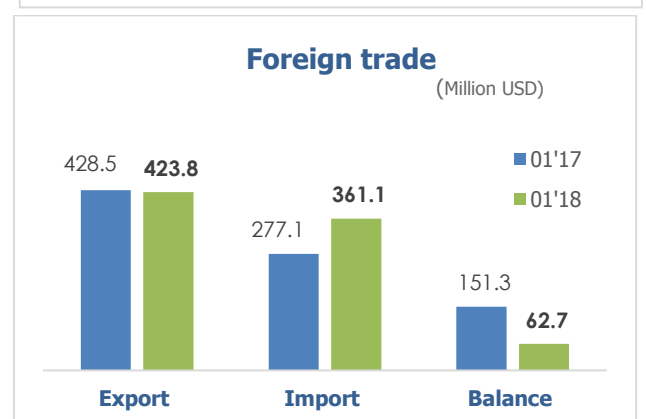
In January, the average nominal exchange rate against the US dollar was MNT 2,425.77. This is a 2.5% or by 62 MNT decrease from the same period in 2017, and a 0.3% or by 7.7 MNT decrease from December 2017. In January, foreign exchange reserves reached 3 billion MNT, an increase of 132% from the same period of last year.

**Inflation Rate increased 6.9%**

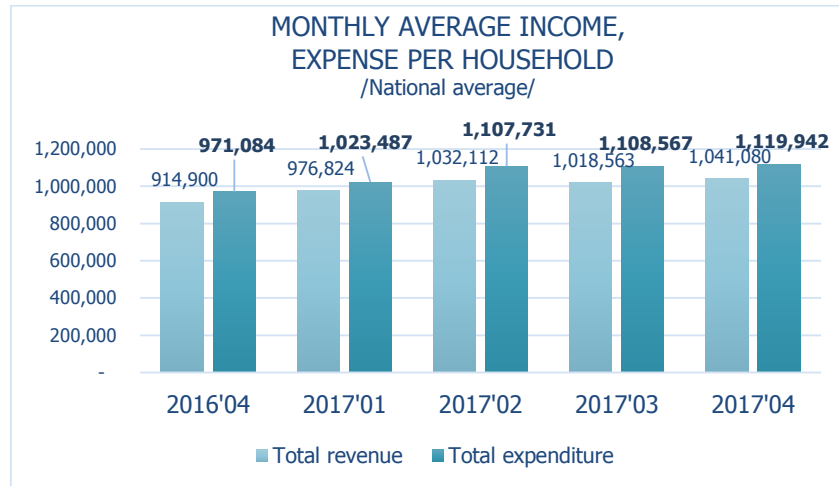
In January, the national consumer price index increased by 1.4% compared to December 2017, and increased by 6.9% in the year to date. Annual inflation is 6.9% (relative to December 2016). The consumer price index has increased due to prices of food and beverages, transport, prices of fuel. Beginning of 2018, the yuan's appreciation against the MNT has been steadily rising, due to Tsagaan sar holiday fuel price increased.

**Trade Balance surplus reached 62.7 million USD**

Total turnover of foreign trade reached USD 784.9 billion, an 11% increase compared to the same period in 2017. Exports decreased by 1.1% from the last year, while imports increased by 30%. The trade surplus reached USD 62.7 million.



SPECIAL FOCUS: MONTHLY AVERAGE INCOME, EXPENSE PER HOUSEHOLD



Source: Mongolbank

In the fourth quarter of 2017, average monthly household monetary income amounted to MNT 1 million, increased by MNT 126.1 thousand or 12% compared with the same period of the previous year. This increase was mainly driven by increase of MNT 47 thousand or 10.3% in revenue of salaries and MNT 28.4 thousand or 46.6% in revenue of agricultural sector. Average monthly household monetary expenditure amounted to MNT 1 million, increased by MNT 148.8 thousand or 13.2% compared with the same period of the previous year.

This increase was mainly driven by increase of MNT 103.4 thousand or 15.4% in non-food expenses and services and other expenditure. When households were grouped by income, 109.5 thousand or 12.3% of total households accounted for those with income lower than MNT 300.0 thousand, 144.2 thousand or 16.2% households between MNT 300.0-500.0 thousand, 289.2 thousand or 32.5% households between MNT 500.0-900.0 thousand and 57.8 thousand or 6.5% households were higher than MNT 2.1 million.

National average real income per capita per month (elimination of price impact to be removed) was higher than minimum subsistence level by 55.0%, 72.8% in Central region, 65.7% in Ulaanbaatar, 49.3% in Eastern region, 32.5% in Khangai region, 31.4% in Western region.

Consumption share of the poorest group in total consumption was 7.2% and richest group was 42.0% in fourth quarter of 2017 in nationwide. It shows that average consumption of the richest group (20%) is 5.8 times higher than poorest group (20%).

HIGHLIGHTS OF THE MONTH: MOODY'S UPGRADES MGL'S RATING, REPAYMENT OF CHINGGIS BOND

- On January 19, 2018, Moody's Investors Service has upgraded the Government of Mongolia's long-term issuer ratings and the senior unsecured ratings to B3 from Caa1, and the senior unsecured MTN program rating to (P)B3 from (P)Caa1. The short-term issuer ratings are affirmed at not prime. The outlook remains stable. The key factors driving the rating upgrade are an alleviation in liquidity and external pressures and prospects of a somewhat attenuated sensitivity of Mongolia's credit metrics to fluctuations in commodity prices, if the reforms currently implemented and planned are adhered to.
- In 2012 Government of Mongolia released Chinggis Bond, raising USD 1.5 billion with a condition to repay USD 500 million in 2018 and remaining USD 1 billion in 2022. According to the condition, the first part of debt USD 500 million and its interest repaid on January 5, 2018.

Sources:

- Monthly bulletin of statistics, January 2018, National Statistics office of Mongolia
- Monthly bulletin of statistics, January 2018, Mongolbank
- www.1212.mn, www.monqolbank.mn; www.montsame.mn