






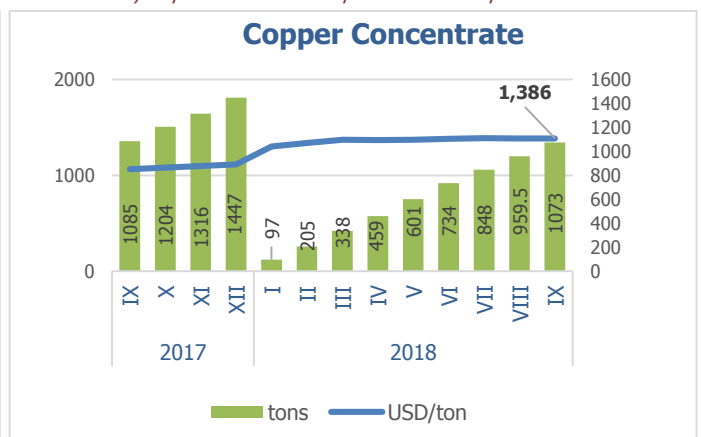
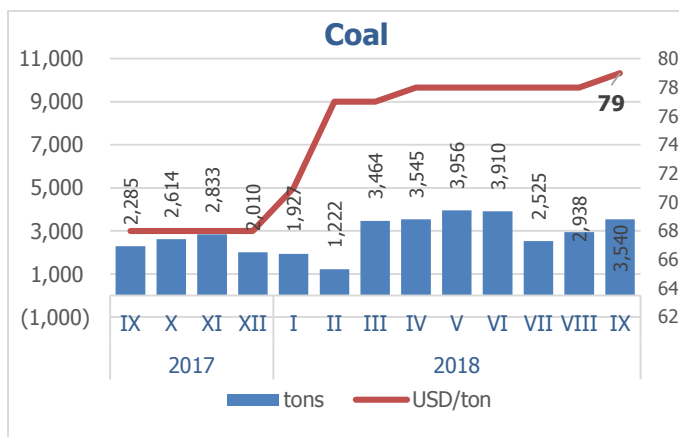
MAIN INDICATORS

Compared with August 2018

 <p>GDP 6.3% Q2 2018 (YoY)</p>	 <p>INFLATION 5.7% (YoY)</p>	 <p>USD/MNT EXCHANGE RATE 2503.31 MNT</p>	 <p>BUDGET DEFICIT MNT 241.6 billion</p>	 <p>FOREIGN TRADE Surplus: USD 931 million</p>
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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 August 2018

 <p>FOREIGN CURRENCY RESERVES USD 2.8 billion</p>	 <p>TOTAL DEPOSITS MNT 12 trillion</p>	 <p>% OF NON-PERFORMING LOAN 8.3%</p>	 <p>CURRENCY IN CIRCULATION MNT 929 billion</p>
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ECONOMIC FORECASTS FOR MONGOLIA

GDP growth: in 2018: **+3.8%**, in 2019: **+4.3%**
 Inflation: in 2018: **+8%**, in 2019: **+7%**
 Current account balance: in 2018: **-6.3% of GDP**, in 2019: **-7% of GDP** according to a new Asian Development Bank (ADB) report (2018).

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

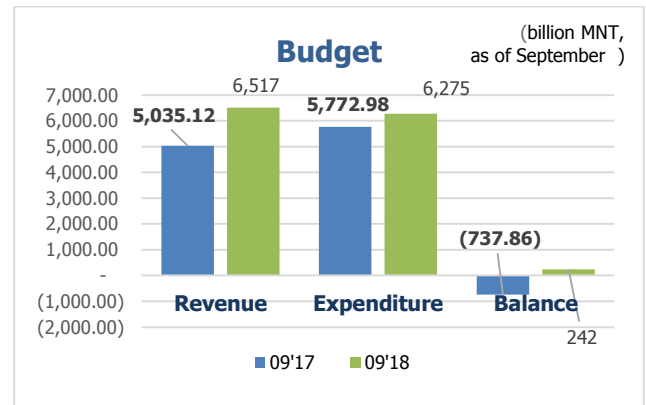
GDP growth: in 2018: **+5%**, in 2019: **+6.3%**
 Inflation: : in 2018: **+6.4%**, in 2019: **+6.8%**,
 Current account balance: in 2018: **-6.4% of GDP**, in 2018: **-8.3% of GDP**- by IMF (World Economic Outlook, April 2018)

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

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

The budget deficit reached MNT 242 billion

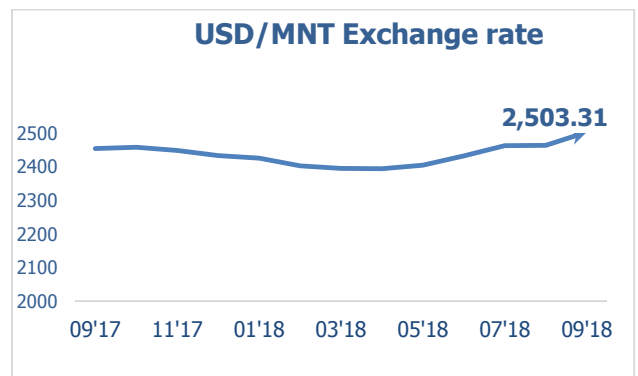
Government revenues increased by 29.4% and expenditures increased by 8.7% relative to the same period in 2017, resulting in a budget deficit of MNT 242 billion, a 50% decline compared to the same period in 2017.



The USD exchange rate increased by MNT 39.

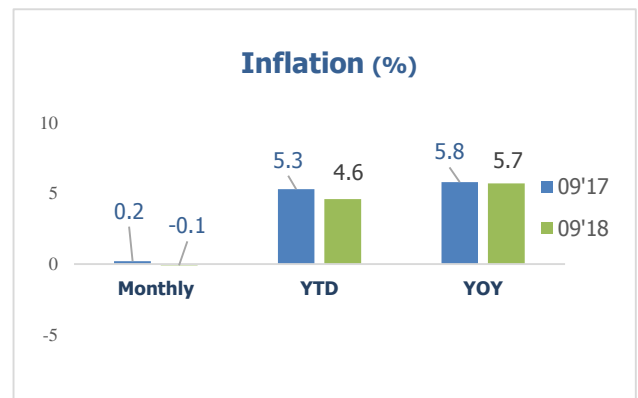
In September, the average nominal exchange rate against the US dollar was MNT 2503.31. This is a 2% or by 49 MNT increase from the same period in 2017, and a 1.5% or by 39 MNT increase from August 2018.

In August, foreign exchange reserves reached 2.8 billion MNT decrease from 3%.



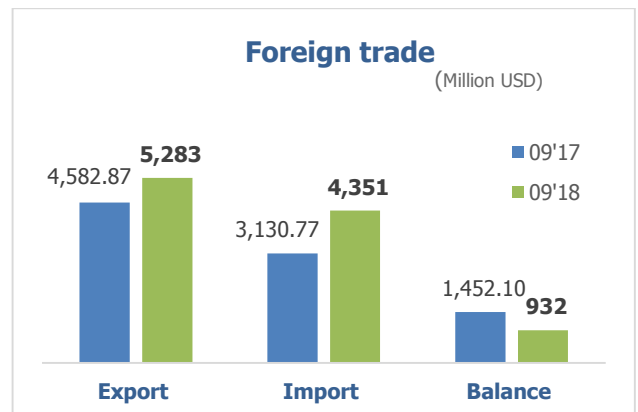
Inflation Rate increased 5.7 %

In September, the national consumer price index decreased by -0.1% compared to August 2018, and increased by 5.5% in the year to date. Annual inflation is 7.7%. The consumer price index has increased due to prices of food and beverages, prices of transport housing, electricity, medicine and medical services.

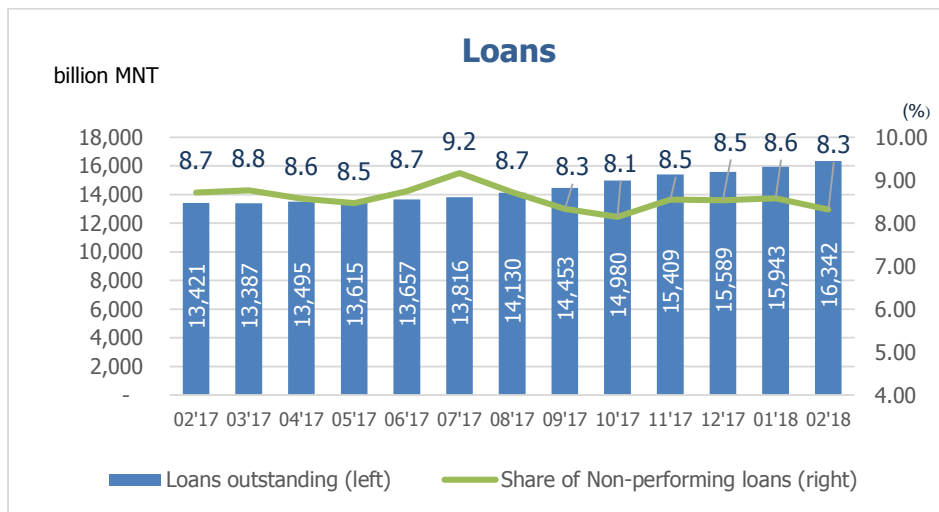


Trade Balance surplus reached 932 million USD

Total turnover of foreign trade reached USD 9633 billion, a 24.8% increase compared to the same period in 2017. Exports increased by 15% from the last year, while imports increased by 38%. The trade surplus reached USD 932 million.



SPECIAL FOCUS: LOANS



Source: www.1212.mn

At the end of September 2018, the amount of outstanding loan to entities, enterprises and citizens amounted MNT 16.3 trillion, increased by MNT 399.4 billion (2.5%) from the previous month and by MNT 2.9 trillion (21.8%) from the same period of the previous year. The principals in arrears amounted MNT 991.0 billion, decreased by MNT 27.5 billion (2.7%) from the previous month, whereas if increased by MNT 164.1 billion (19.8%) from the same period of the previous year.

The principals in arrears makes up to 6.1% of total loans, showing a decrease of 0.3 points from the previous month.

The non-performing loans at the banks system amounted MNT 1.4 trillion, decreased by MNT 8.1 billion (0.6%) from the previous month, whereas if increased by MNT 189.9 billion (16.2%) from the same period of the previous year. The non-performing loans at the banking system makes up to 8.3% of total loans.

HIGHLIGHTS OF THE MONTH: GERMANY PLEDGES EUR 55.4 MILLION, MORTGAGE LOAN FOR BORROWERS

- Germany pledges EUR 55.4 million for development cooperation projects for 2018 and 2019 in the three priority areas energy efficiency, sustainable economic development and biodiversity. The highest pledge in 26 years of cooperation was made during the intergovernmental negotiations September, signing on the protocol. The State Secretary of the Ministry of Finance, S. Narantsogt, and the German Ambassador, Stefan Duppel, opened the negotiations. The new pledge raises the total amount of German development cooperation with Mongolia to over EUR450 million. Since 2016 over EUR 120 million were provided by the German side, showing a clear increase in bilateral cooperation. A new project to improve air quality and children's health in the Ger areas of Ulaanbaatar through better insulation of school and kindergarten buildings was also agreed upon.
- By the end of September 2018, Bank of Mongolia invested a total of MNT16 billion for financing of mortgage loan program to commercial banks. Mortgage loans were granted to 239 borrowers. In the first nine months of this year, MNT 143.7 billion from the BOM's resources, 59.6 billion MNT from government sources and MNT 203.2 billion from mortgage loans to 2724 citizens

Sources:

1. *Monthly bulletin of statistics, August 2018, National Statistics office of Mongolia*
2. *Monthly bulletin of statistics, August 2018, Mongolbank*
3. www.1212.mn, www.mongolbank.mn; www.montsame.mn