



MONGOLIA'S FOREIGN TRADE REVIEW

Jul 2014

Total trade turnover: \$6,088.6 millions

As of Jul 2014 the total cumulative trade turnover increased by 0.8% (USD 49.9 millions) from that of the previous year and reached USD 6,088.6 millions. The increase in the trade turnover was due to the increase in exports by USD 586.8 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 61% or USD 3,687.8 millions and (ii) trade with Russia: 16% or USD 945.2 millions. The trade volume between Mongolia and China increased by 23.2% and the trade volume between Mongolia and Russia increased by 5.8%.

Trade balance: -\$207.6 million

As of Jul 2014, the cumulative trade balance decreased by 84.4% (USD 1,123.8 millions) from that of the previous year and reached USD -207.6 millions. During the reporting period the total exports increased by 24.9% from that of the previous year, imports decreased by 14.6% from that of the previous year, thus the trade balance improved by USD 1,123.8 millions.

The value of the three-month moving average of the difference of annual growth rates of exports and imports has been decreasing recent years (Picture 1 shows that the annual growth rates of exports and imports have been declining since October 2011). But since the beginning of 2014, it has been increasing.

Trade balance of paid trade flows: -\$39.0 million

The state of the trade balance of paid trade flows is one of the main variables that determines the pressure on the domestic foreign exchange market.

As of Jul 2014, the trade balance of paid trade flows reached USD -39.0 millions. During the reporting period, paid imports decreased by 13.9%, and paid exports increased by 22.5% from that of previous year.

Terms of trade: 1.738 (test estimation)

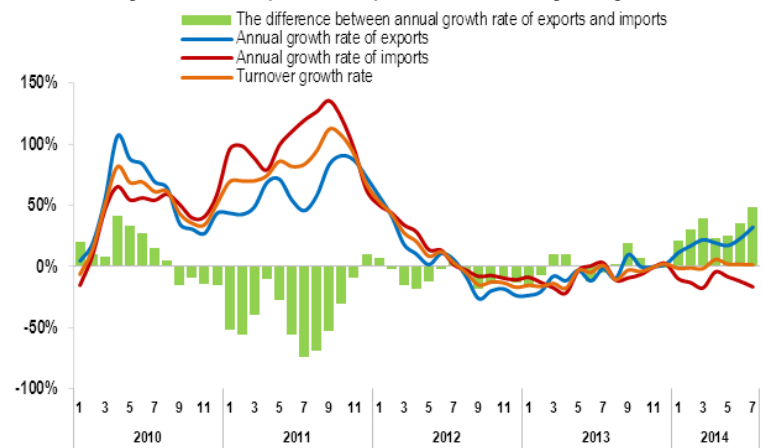
As of Jul 2014, terms of trade index (2012 base year) increased by 23.0% from that of the previous year and reached 1.738.

This increase in the terms of trade is mainly attributed to the decrease in import prices of durable consumer goods, fuels, machinery and equipment.

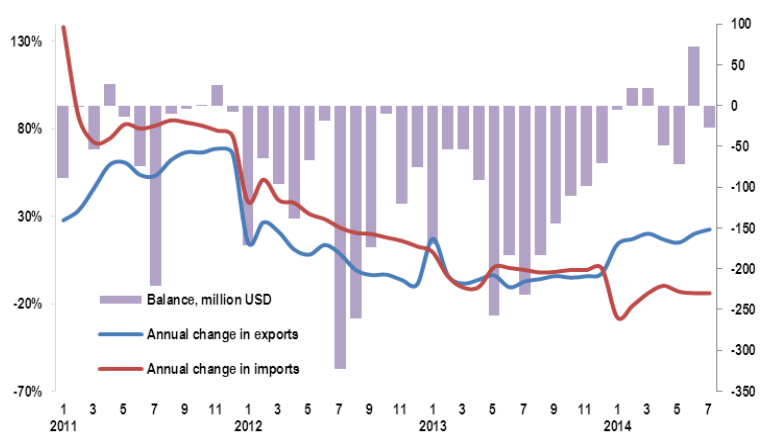
Table 1. The foreign trade performance /million USD/

Type	First 7 months			Changes			
	2014	2013	2012	2014/2013		2013/2012	
				Дүн	Хувь	Дүн	Хувь
Turnover	6,088.6	6,038.7	6,506.2	49.9	0.8%	(467.5)	-7.2%
Export	2,940.5	2,353.6	2,538.2	586.8	24.9%	(184.5)	-7.3%
Import	3,148.1	3,685.0	3,968.0	(536.9)	-14.6%	(283.0)	-7.1%
Balance	(207.6)	(1,331.4)	(1,429.8)	1,123.8	-84.4%	98.4	-6.9%

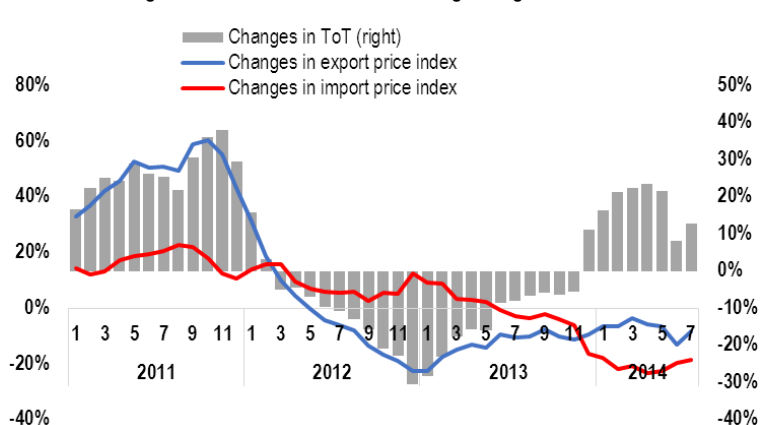
Picture 1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade /3 month moving average/



Composition: 87% + 13%

The share of mineral exports in total exports increased by 0.2 points from that of the previous year and reached 87%.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 78% of total exports and 90% of mining exports.

In addition, these 4 products' share in the mining exports increased by 7.0 points from that of the previous year, share in the total exports increased by 6.3 points.

Growth: +24.9%

Mongolian export increased by 24.9% from that of the previous year, which was mainly affected by 25.0% increase in mineral exports. Exports of copper concentrate and crude oil increased by 152% and 52%, respectively, which accounted for 42% in growth of mining export. On the other hand, coking coal, iron ore and zinc ore export decreased by nearly 16%, 37%, 25% respectively, which accounted for 13% decrease in the growth of mining export.

Changes

As of Jul 2014, Mongolian export increased by 586.8 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 661.3 millions) and decrease in export commodities' prices (USD 74.4 millions) .

Because of the increase in crude oil and copper concentrate quantities, mining export increased by 640 millions USD. On the other hand, because of decrease in prices of coal and iron ore and decrease in quantities of iron ore, zinc ore, and non-monetary gold mining export declined by 482 million USD.

Cashmere, cashmere products and other exports increased by 30 and 44 million USD respectively.

World market prices for primary commodities

As of Jul 31 2014, gold price reached 1,289.6 USD, increased by 3.2% from that of the previous year and increased by 3.4% from that of the last month.

As of Jul 31 2014, copper and iron ore prices reached 7,135.5 and 95.2 USD, increased by 1.3%, 1.5% from that of the previous month respectively. Copper price increased by 3.8%, iron ore price decreased by 26.7% from that of the previous year respectively.

Table 2. The performance of export of goods (million USD)

	2014			2013			Changes		
	Quan. unit (thou. tonnes, kg)	Amount	%	Quan. unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
1. Minerals	2,549	87%		2,035	86%		513	25%	22%
Coal	10,375	499	17%	8,259	595	25%	(96)	-16%	-5%
Copper concentrate	704	1,186	40%	332	470	20%	715	152%	35%
Iron ore /conc.	3,072	240	8%	3,582	382	16%	(143)	-37%	-7%
Crude oil	3,781	380	13%	2,595	249	11%	131	52%	6%
Zinc ore/concentrate	53	58	2%	80	77	3%	(19)	-25%	-1%
Non monetary gold	3,167	82	4%	4,727	185	8%	(63)	-32%	-3%
Spar, leucine, nepheline	177	39	1%	186	47	2%	(8)	-17%	0%
Molybdenum ore/conc.	2	14	0%	2	8	1%	(4)	-22%	0%
2. Cashmere	232.3	8%		202.4	9%		30	15%	1%
Washed cashmere	3,654	203	7%	3,760	174	7%	29.4	17%	15%
Combed cashmere	296	29	1%	299	29	1%	0.6	2%	0%
3. Other	160	5%		116	5%		44	38%	2%
Total amount	2,940			2,354			586.8	24.9%	

%2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

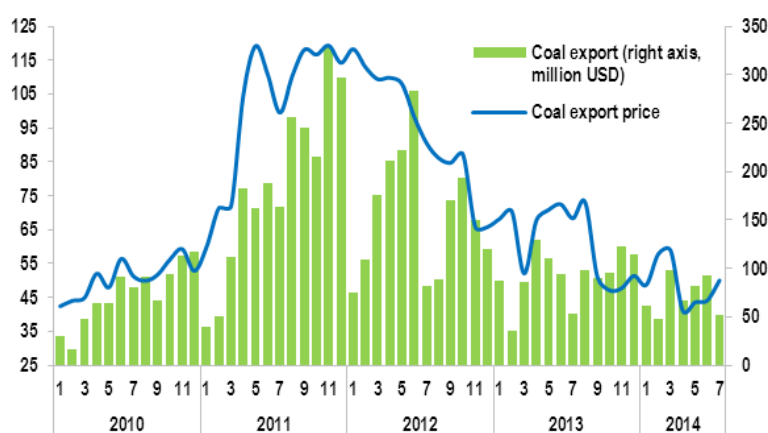
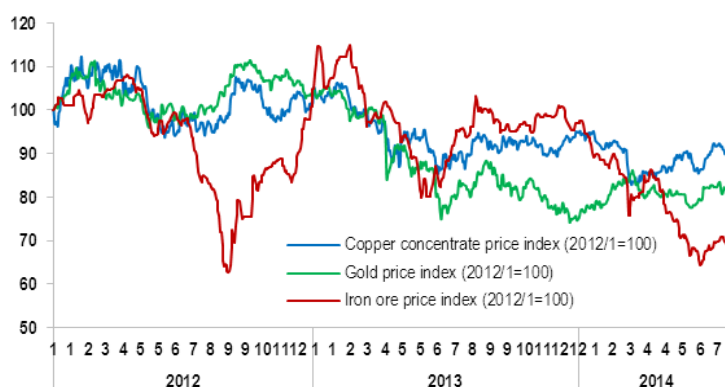


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	642		(129)		513	
Coal	153	-59%	(249)	259%	(96)	-16%
Copper concentrate	526	74%	189	26%	715	152%
Iron ore /conc.	(54)	38%	(88)	62%	(143)	-37%
Crude oil	114	87%	17	13%	131	52%
Zinc ore/concentrate	(26)	135%	7	-35%	(19)	-25%
Non monetary gold	(64)	102%	2	-2%	(63)	-32%
Spar, leucine, nepheline	(2)	32%	(5)	68%	(8)	-17%
Molybdenum ore/conc.	(4)	133%	0	-3%	(4)	-22%
2. Cashmere	(5.2)		35.2		30	
Washed cashmere	(4.9)	-17%	34.3	117%	29.4	17%
Combed cashmere	(0.3)	-58%	0.9	158%	0.6	2%
3. Other	25	56%	19	44%	44	38%
Total	661.3		(74.4)		586.8	

Picture 5. Market price of gold, zinc, copper



Composition: 26% + 41% + 21%

As of Jul 2014, 26% of total imports were consumer goods, 41% were capital goods and 21% were fuels.

Share of consumer goods in total imports increased by 2% from that of the previous year and share of the capital goods decreased by 6% from that of the previous year. And the share of fuels stood at the same level.

Growth: -14.6%

Mongolian imports decreased by 14.6% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equal to 12% of the total decrease, and oil import which equal to 3% of the total decrease.

Capital goods and fuels imports decreased by 25% (444 millions USD) and 15% (113 millions USD) respectively. Thus total import decreased from that of the previous year.

Breakdown

Consumer goods import decreased by 6% (49 millions USD) from that of the previous year. Main contributors of this decrease were durables goods, in particular decrease in passenger car imports.

Capital goods import decreased by 25% (444 millions USD) which was mainly contributed by 41% decrease in machinery, equipment and supplies (490 million USD). On the other hand, import of construction materials increased by 13% (54 million USD).

Intermediate goods and industrial materials import increased by 20% (61 millions USD). The main contribution was 123% increase in electricity (51 millions USD).

Fuels import decreased by 15% (113 millions USD). The oil price on the border decreased from beginning of 2012 to august 2012. Since then, the oil price increased slightly, but from October 2012 it is decreasing slowly. (Figure 8).

Import of the consumer goods

The growth of consumer goods import, calculated by 3 month moving average method, is constantly declining. / Figure 7/.

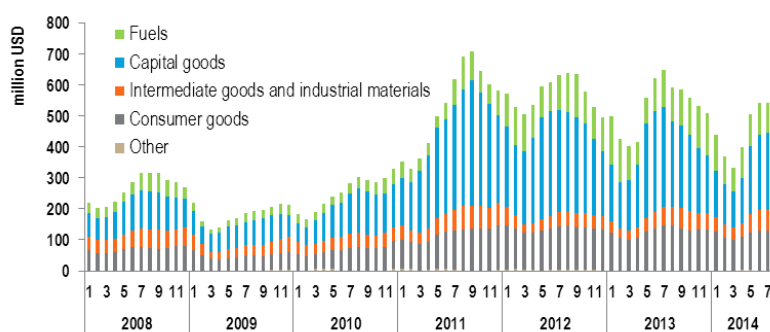
Even though the import growth of non-durable consumer goods was relatively stable, that of durable consumer goods was declining by the bigger phase.

Table 4. The performance of import goods (million USD)

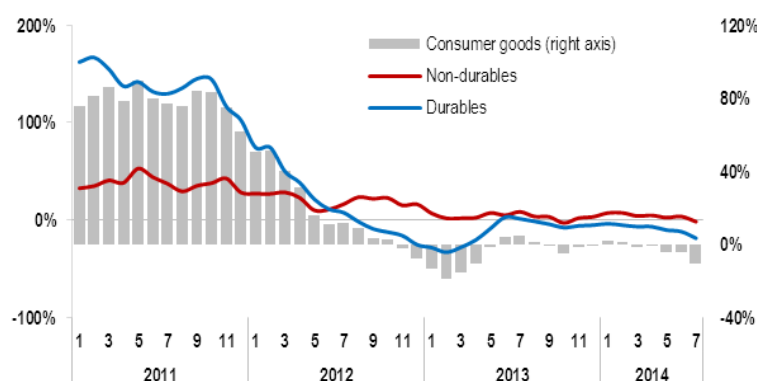
Types	2014		2013		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	821	26%	871	24%	(49)	-6%	-1%
Non-durables	431	14%	424	12%	7	2%	1%
Food	297	9%	303	8%	(6)	-2%	-1%
Medicinal and pharmaceutical products	47	1%	44	1%	3	7%	0%
Other non-durables	87	3%	78	2%	9	12%	1%
Durables	391	12%	447	12%	(56)	-13%	-6%
Clothing	33	1%	28	1%	5	16%	1%
Household electrical appliances and furniture	77	2%	82	2%	(5)	-6%	-1%
Passenger cars and parts	236	7%	298	8%	(62)	-21%	-7%
Other durables	45	1%	38	1%	7	19%	1%
Capital goods	1299	41%	1743	47%	(444)	-25%	-12%
Machinery, equipment, supplies and vehicles	703	22%	1192	32%	(490)	-41%	-28%
Vehicles other than passenger cars, parts	192	6%	461	13%	(270)	-68%	-15%
Machinery, equipment and supplies	511	16%	731	20%	(220)	-30%	-13%
Construction materials	461	15%	407	11%	54	13%	3%
Other capital goods	136	4%	144	4%	(8)	-6%	0%
Intermediate goods and industrial materials	366	12%	305	8%	61	20%	2%
Food ingredients (w heat, malt etc)	23	1%	11	0%	12	113%	4%
Chemical products	57	2%	56	2%	0	0%	0%
Yarn, fabrics, textiles, leather	9	0%	9	0%	0	0%	0%
Electricity	92	3%	41	1%	51	123%	17%
Metal ores and scrap	0	0%	0	0%	0	52%	0%
Other industrial materials	185	6%	188	5%	(3)	-1%	-1%
Fuels	651	21%	764	21%	(113)	-15%	-3%
Diesels	368	12%	445	12%	(78)	-17%	-10%
Gasolines A92-95	179	6%	178	5%	1	0%	0%
Gasolines A80 and other fuels	104	3%	141	4%	(36)	-26%	-5%
Other	10	0%	1	0%	9	683%	0%
TOTAL	3,148		3,685		(537)	-15%	

*%2 - Contribution to the growth

Picture 6. Breakdown of import /3 month moving average/



Picture 7. Import of consumer goods /3 month moving average/



Picture 8. Import of oil products, average border price

