



MONGOLIA'S FOREIGN TRADE REVIEW

Nov 2014

Total trade turnover: \$10,022.6 millions

As of Nov 2014 the total cumulative trade turnover increased by 3.2% (USD 306.1 millions) from that of the previous year and reached USD 10,022.6 millions. The increase in the trade turnover was due to the increase in exports by USD 1,329.3 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 61.7% or USD 6,185.6 millions and (ii) trade with Russia: 14.8% or USD 1,484.7 millions. The trade volume between Mongolia and China increased by 24.4% and the trade volume between Mongolia and Russia increased by 0.5%.

Trade balance: \$358.2 million

As of Nov 2014, the cumulative trade balance improved by 118.0% (USD 2,352.4 millions) from that of the previous year and reached USD 358.2 millions. During the reporting period the total exports increased by 34.4% from that of the previous year, imports decreased by 17.5% from that of the previous year, thus the trade balance improved by USD 2,352.4 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: \$650.5 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 Nov 2014, the trade balance of paid trade flows reached USD 650.5 millions. During the reporting period, paid imports decreased by 17.6%, and paid exports increased by 33.1% from that of previous year.

Terms of trade: 1.593 (test estimation)

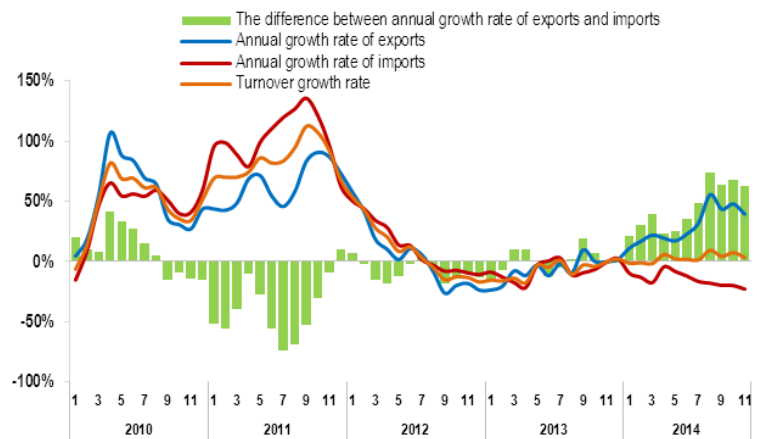
As of Nov 2014, terms of trade index (2012 base year) increased by 15.5% from that of the previous year and reached 1.593.

This increase in the terms of trade is mainly attributed to the decrease in import prices of durable consumer goods, fuels and increase in export price of copper concentrate.

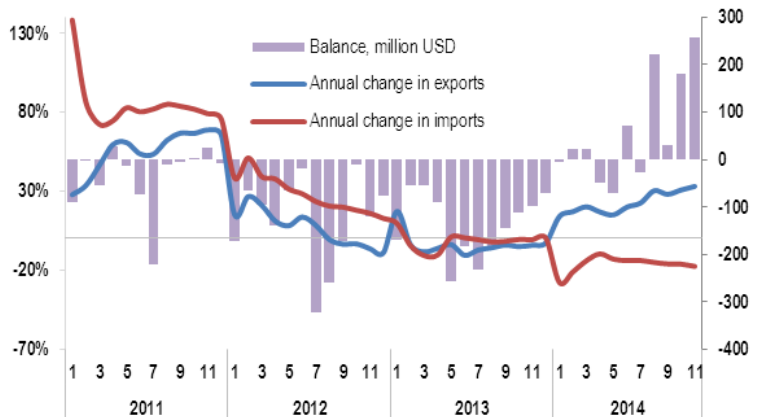
Table 1. The foreign trade performance /million USD/

Type	First 11 months			Changes			
	2014	2013	2012	2014/2013		2013/2012	
				Дүн	Хувь	Дүн	Хувь
Turnover	10,022.6	9,716.4	10,298.9	306.1	3.2%	(582.5)	-5.7%
Export	5,190.4	3,861.2	4,029.9	1,329.3	34.4%	(168.7)	-4.2%
Import	4,832.2	5,855.3	6,269.1	(1,023.1)	-17.5%	(413.8)	-6.6%
Balance	358.2	(1,994.1)	(2,239.2)	2,352.4	118.0%	245.1	-10.9%

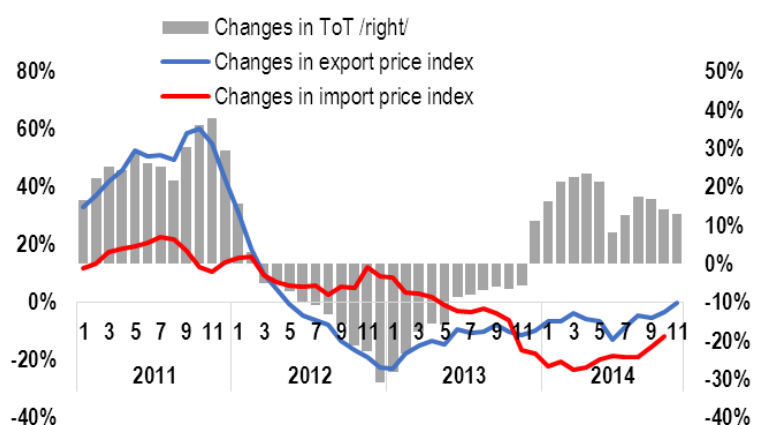
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



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



Composition: 89% + 11%

The share of mineral exports in total exports increased by 0.3 points from that of the previous year and reached 89%.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 78% of total exports and 88% of mining exports.

In addition, these 4 products' share in the mining exports increased by 3.3 points from that of the previous year, share in the total exports increased by 3.2 points.

Growth: +34.4%

Mongolian export increased by 34.4% from that of the previous year, which was mainly affected by 30.8% increase in mineral exports. Exports of copper concentrate and crude oil increased by 169% and 35%, respectively, which accounted for 47% in growth of mining export. On the other hand, coking coal and iron ore export decreased by nearly 24%, 32% respectively, which accounted for 13% decrease in the growth of mining export.

Changes

As of Nov 2014, Mongolian export increased by 1,329.3 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 1,236.6 millions) and decrease in export commodities' prices (USD 92.7 millions).

Because of the increase in crude oil and copper concentrate quantities, mining export increased by 1,146 millions USD. On the other hand, because of decrease in prices of coal, iron ore and decrease in quantities of iron ore, zinc ore mining export declined by 517 million USD.

Cashmere, cashmere products and other exports increased by 40.9 and 100.9 million USD respectively.

World market prices for primary commodities

As of Nov 28 2014, gold price reached 1,167.4 USD, decreased by 6.9% from that of the previous year and by 0.5% from that of the last month.

As of Nov 28 2014, copper and iron ore prices reached 6,412.0 and 70.0 USD, decreased by 5.2%, 11.4% from that of the previous month 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		4,596	89%		3,409	88%	1,187	35%	31%
Coal	16,909	760	16%	15,971	1,002	26%	(242)	-24%	-7%
Copper concentrate	1,253	2,288	44%	586	851	22%	1,437	169%	42%
Iron ore /conc.	5,554	401	8%	5,987	591	15%	(191)	-32%	-6%
Crude oil	6,330	602	12%	4,532	447	12%	155	35%	5%
Zinc ore/concentrate	93	106	2%	121	10	3%	(4)	-4%	0%
Non monetary gold	8,423	343	7%	7,384	304	8%	39	13%	1%
Spar, leucine, nepheline	287	66	1%	30	77	2%	(12)	-15%	0%
Molybdenum ore/conc.	4	32	1%	4	27	1%	5	20%	0%
2. Cashmere		276.4	5%		235.5	6%	41	17%	1%
Washed cashmere	4,015	223	4%	3,988	185	5%	37.6	20%	16%
Combed cashmere	554	54	1%	511	50	1%	3.3	7%	1%
3. Other		318	6%		217	6%	101	47%	3%
Total amount		5,190			3,861		1,329.3	34.4%	

%2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

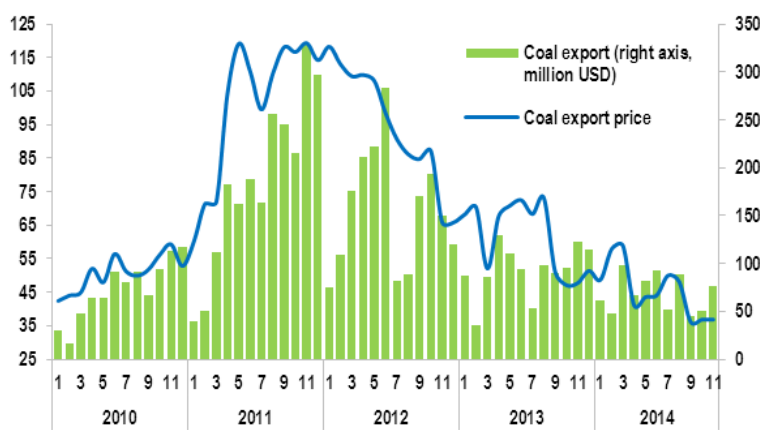
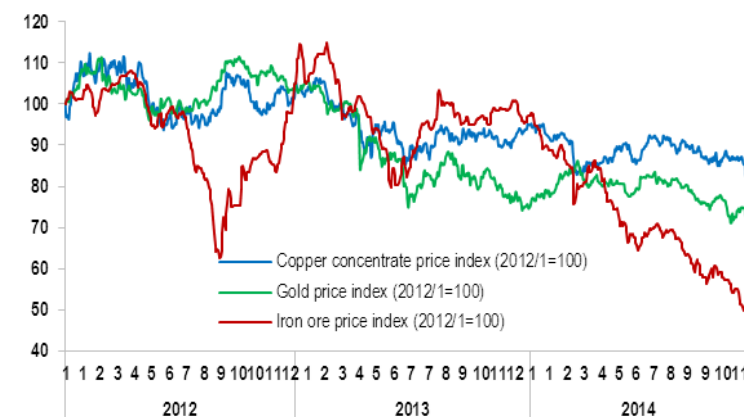


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
	Quantity	%	Price	%	Total	%
1. Minerals	1,174		13		1,187	
Coal	59	24%	(301)	-124%	(242)	-24%
Copper concentrate	969	67%	468	33%	1,437	169%
Iron ore /conc.	(43)	-22%	(148)	-78%	(191)	-32%
Crude oil	177	16%	(23)	-15%	155	35%
Zinc ore/concentrate	(25)	-613%	21	513%	(4)	-4%
Non monetary gold	43	10%	(4)	-10%	39	13%
Spar, leucine, nepheline	(6)	-50%	(6)	-50%	(12)	-15%
Molybdenum ore/conc.	0	2%	5	98%	5	20%
2. Cashmere	5.5		35.4		41	
Washed cashmere	1.3	3%	36.4	97%	37.6	20%
Combed cashmere	4.2	129%	(0.9)	-29%	3.3	7%
3. Other	57	56%	44	44%	101	47%
Total	1,236.6		92.7		1,329.3	

Picture 5. Market price of gold, zinc, copper



Composition: 26% + 41% + 22%

As of Nov 2014, 26% of total imports were consumer goods, 41% were capital goods and 22% were fuels.

Share of the capital goods in total imports decreased by 4% from that of the previous year while the share of fuels stood at the same level.

Growth: -17.5%

Mongolian imports decreased by 17.5% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 12% of the total decrease, and oil imports which equals to 4% of the total decrease.

Capital goods and fuels imports decreased by 25% (674 millions USD) and 16% (207 millions USD) respectively. Thus total import decreased from that of the previous year.

Breakdown

Consumer goods import decreased by 11% (147 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% (674 millions USD) which was mainly contributed by 38% decrease in machinery, equipment and supplies (650 million USD). On the other hand, import of construction materials increased by 2% (13 million USD).

Intermediate goods and industrial materials import increased by 1% (4 millions USD).

Fuels import decreased by 16% (207 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/.

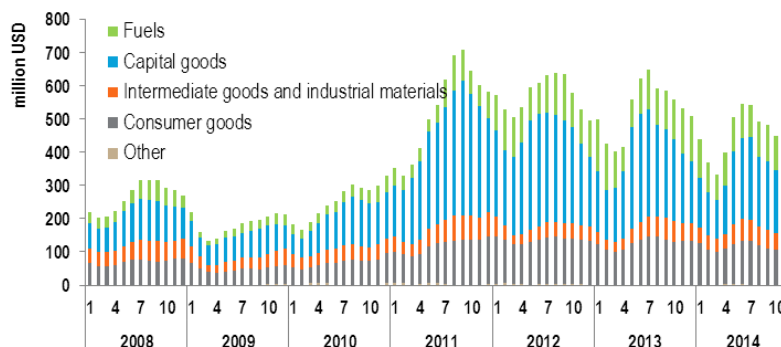
Even though the import growth of non-durable consumer goods was relatively stable, that of durable consumer goods was declining by the bigger phase.

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

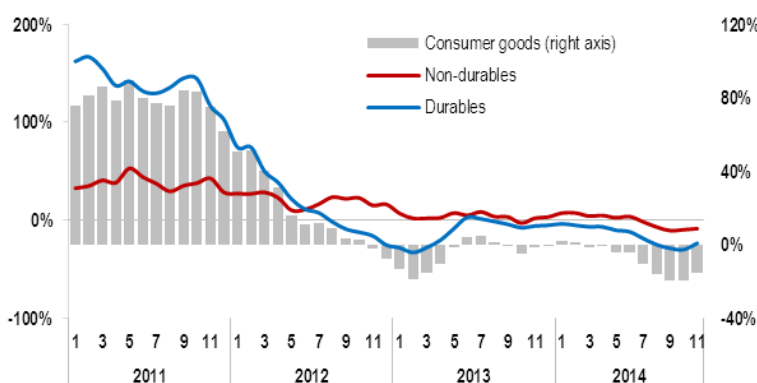
Types	2014		2013		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	1,252	26%	1399	24%	(147)	-11%	-3%
Non-durables	685	14%	709	12%	(24)	-3%	-2%
Food	479	10%	508	9%	(28)	-6%	-2%
Medicinal and pharmaceutical products	70	1%	69	1%	1	2%	0%
Other non-durables	136	3%	132	2%	4	3%	0%
Durables	567	12%	690	12%	(124)	-18%	-9%
Clothing	53	1%	51	1%	3	5%	0%
Household electrical appliances and furniture	122	3%	139	2%	(17)	-12%	-1%
Passenger cars and parts	323	7%	435	7%	(112)	-26%	-8%
Other durables	68	1%	66	1%	2	3%	0%
Capital goods	1983	41%	2657	45%	(674)	-25%	-12%
Machinery, equipment, supplies and vehicles	1044	22%	1694	29%	(650)	-38%	-24%
Vehicles other than passenger cars, parts	259	5%	543	9%	(283)	-52%	-11%
Machinery, equipment and supplies	785	16%	1151	20%	(366)	-32%	-14%
Construction materials	732	15%	719	12%	13	2%	1%
Other capital goods	207	4%	245	4%	(38)	-15%	-1%
Intermediate goods and industrial materials	533	11%	537	9%	(4)	-1%	0%
Food ingredients (w heat, malt etc)	31	1%	18	0%	13	70%	2%
Chemical products	84	2%	89	2%	(4)	-5%	-1%
Yarn, fabrics, textiles, leather	15	0%	23	0%	(8)	-36%	-2%
Electricity	106	2%	92	2%	14	15%	3%
Metal ores and scrap	0	0%	1	0%	(0)	-16%	0%
Other industrial materials	297	6%	315	5%	(18)	-6%	-3%
Fuels	1,052	22%	1,259	22%	(207)	-16%	-4%
Diesels	592	12%	785	13%	(193)	-25%	-15%
Gasolines A92-95	294	6%	286	5%	8	3%	1%
Gasolines A80 and other fuels	166	3%	189	3%	(23)	-12%	-2%
Other	13	0%	3	0%	10	309%	0%
TOTAL	4,832		5,855		(1,023)		-17.5%

*%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

