



# MONGOLIA'S FOREIGN TRADE REVIEW

Jan 2015

## Total trade turnover: \$720.0 millions

As of Jan 2015 the total cumulative trade turnover increased by 9.4% (USD 61.7 millions) from that of the previous year and reached USD 720.0 millions. The increase in the trade turnover was due to the increase in exports by USD 151.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 65.6% or USD 472.7 millions and (ii) trade with Russia: 12.3% or USD 88.3 millions. The trade volume between Mongolia and China increased by 13.0% and the trade volume between Mongolia while Russia decreased by 2.2%.

## Trade balance: \$225.4 million

As of Jan 2015, the cumulative trade balance improved by USD 241.3 millions from that of the previous year and reached USD 225.4 millions. During the reporting period the total exports increased by 47.2% from that of the previous year, imports decreased by 26.6% from that of the previous year, thus the trade balance improved by USD 241.3 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

## Trade balance of paid trade flows: \$223.7 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 Jan 2015, the trade balance of paid trade flows reached USD 223.7 millions. During the reporting period, paid imports decreased by 29.0%, and paid exports increased by 41.9% from that of previous year.

## Terms of trade: 1.770 (test estimation)

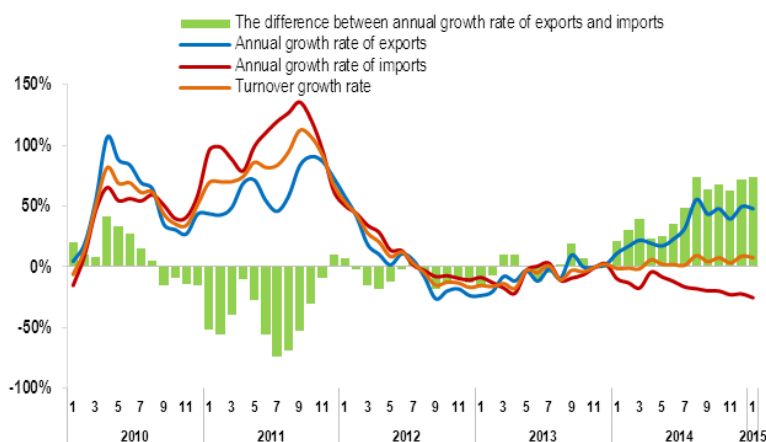
As of Jan 2015, terms of trade index (2012 base year) increased by 21.4% from that of the previous year and reached 1.770.

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

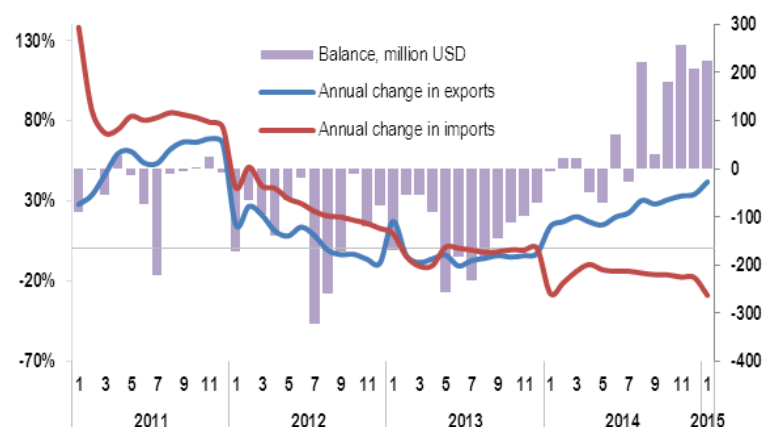
Table 1. The foreign trade performance /million USD/

Type	First 1 month			Changes			
	2014	2013	2012	2014/2013		2013/2012	
				Дүн	Хувь	Дүн	Хувь
Turnover	720.0	658.3	779.7	61.7	9.4%	(121.4)	-15.6%
Ex port	472.7	321.2	281.6	151.5	47.2%	39.6	14.1%
Import	247.3	337.1	498.1	(89.8)	-26.6%	(161.1)	-32.3%
Balance	225.4	(15.9)	(216.5)	241.3		200.7	-92.7%

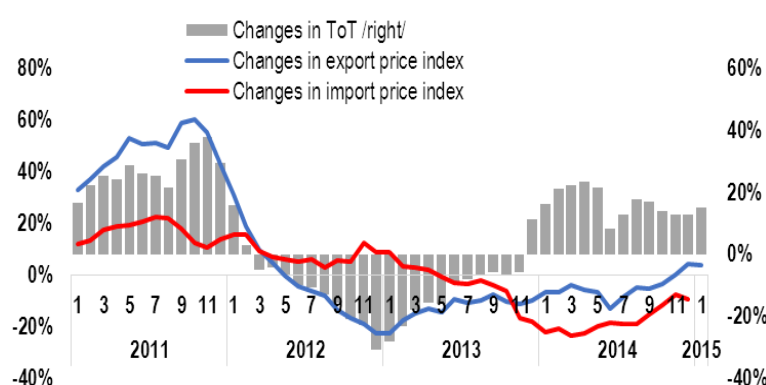
Picture1. The growth rate of exports and imports /3 month moving average/



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 1.7 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 76% of total exports and 86% of mining exports.

In addition, these 4 products' share in the mining exports increased by 4.3 points from that of the previous year, share in the total exports increased by 2.4 points.

## Growth: +47.2%

Mongolian export increased by 47.2% from that of the previous year, which was mainly affected by increase in mineral exports. Exports of copper concentrate increased by 179%, which accounted for 59% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 37%, 34% and 33% respectively, which accounted for 17% decrease in the growth of mining export.

## Changes

As of Jan 2015, Mongolian export increased by 151.5 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 132.3 millions) and increase in export commodities' prices (USD 19.2 millions).

Because of the increase in crude oil quantity and copper concentrate export, mining export increased by 189 millions USD. On the other hand, because of decrease in prices of coal, iron ore and crude oil, mining export declined by 62 million USD.

Cashmere, cashmere products' export decreased by 3 million USD, while other exports increased by 26 million USD.

## World market prices for primary commodities

As of Jan 30 2015, gold price reached 1,283.8 USD, decreased by 3.2% from that of the previous year and by 8.4% from that of the last month.

As of Jan 30 2015, copper and iron ore prices reached 5.541.0 USD and 64.0 USD, decreased by 13.0%, 7.2% 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
<b>1. Minerals</b>	<b>419</b>	<b>89%</b>		<b>290</b>	<b>90%</b>		<b>129</b>	<b>44%</b>	<b>40%</b>
Coal	1,06	38	8%	1,256	61	19%	(23)	-37%	-8%
Copper concentrate	133	268	57%	63	96	30%	172	179%	59%
Iron ore /conc.	343	21	4%	302	32	10%	(11)	-34%	-4%
Crude oil	691	33	7%	514	48	15%	(16)	-33%	-5%
Zinc ore/concentrate	9	11	2%	9	8	3%	3	30%	1%
Non monetary gold	1,018	40	9%	995	39	12%	1	2%	0%
Spar, leucine, nepheline	18	4	1%	20	5	1%	(0)	-9%	0%
Molybdenum ore/conc.	0	3	1%	0	1	0%	3	402%	1%
<b>2. Cashmere</b>	<b>1.2</b>	<b>0%</b>		<b>4.1</b>	<b>1%</b>		<b>(3)</b>	<b>-71%</b>	<b>-1%</b>
Washed cashmere	-	-	0%	43	2	0%	(15)	-100%	-37%
Combed cashmere	11	1	0%	26	3	1%	(14)	-54%	-34%
<b>3. Other</b>	<b>53</b>	<b>11%</b>		<b>27</b>	<b>8%</b>		<b>26</b>	<b>96%</b>	<b>8%</b>
<b>Total amount</b>	<b>473</b>			<b>321</b>			<b>151.5</b>	<b>47.2%</b>	

%2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

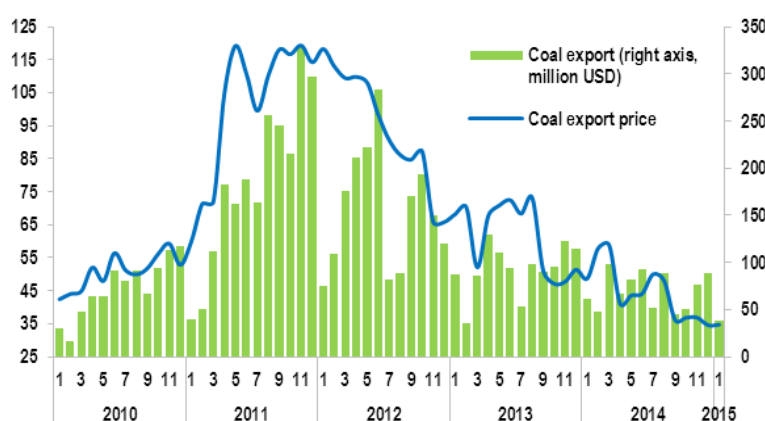
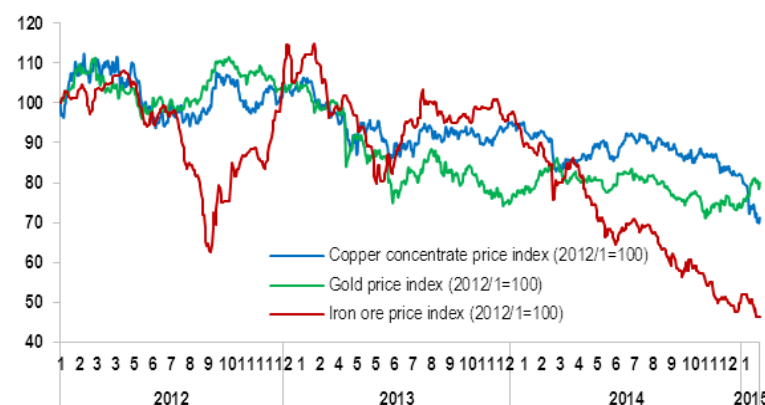


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
		%		%		%
<b>1. Minerals</b>	<b>121</b>		<b>8</b>		<b>129</b>	
Coal	(7)	-32%	(15)	-68%	(23)	-37%
Copper concentrate	105	61%	67	39%	172	179%
Iron ore /conc.	4	41%	(15)	-141%	(11)	-34%
Crude oil	17	106%	(32)	-206%	(16)	-33%
Zinc ore/concentrate	-	0%	3	-100%	3	30%
Non monetary gold	1	18%	(0)	-18%	1	2%
Spar, leucine, nepheline	(0)	-18%	0	18%	(0)	-9%
Molybdenum ore/conc.	2	75%	1	25%	3	402%
<b>2. Cashmere</b>	<b>(3.1)</b>		<b>0.1</b>		<b>(3)</b>	
Washed cashmere	(15)	100%	-	0%	(15)	-100%
Combed cashmere	(16)	10%	0.1	-10%	(14)	-54%
<b>3. Other</b>	<b>15</b>	<b>56%</b>	<b>11</b>	<b>44%</b>	<b>26</b>	<b>96%</b>
<b>Total</b>	<b>132.3</b>		<b>19.2</b>		<b>151.5</b>	

Picture 5. Market price of gold, zinc, copper



## Composition: 34% + 31% + 25%

As of Jan 2015, 34% of total imports were consumer goods, 31% were capital goods and 25% were fuels.

Share of the capital goods in total imports decreased by 6% from that of the previous year, while the share of fuels increased by 6%.

## Growth: -26.6%

Mongolian imports decreased by 26.6% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 14% of the total decrease, and consumer goods imports which equals to 8% of the total decrease.

Capital goods and consumer goods imports decreased by 38% (47 millions USD) and 23% (26 millions USD) respectively. Thus total import decreased from that of the previous year.

## Breakdown

Main contributors of decrease in **consumer goods** import were both in durables and non-durables. Passenger cars import decreased by 29% (8 millions USD) and foods import decreased by 22% (10 millions USD).

**Capital goods** import decreased by 38% (47 millions USD) which was mainly contributed by 38% decrease in machinery, equipment and supplies (30 million USD). In addition, import of construction materials decreased by 44% (13 million USD) from that of previous year.

**Intermediate goods and industrial materials** import decreased by 35% (14 millions USD).

**Fuels** import decreased by 6% (4 millions USD). The border price of oil has been decreasing since the end of 2013 (Figure 8). In parallel with global oil market price, it declined sharply in last 4 months, reaching the lowest level since 2010.

## Import of the consumer goods

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

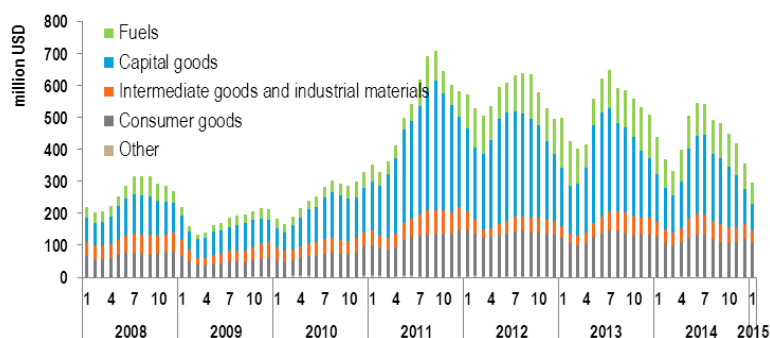
Even though the import growth of non-durable consumer goods was relatively stable, that of durable consumer goods was declining by the bigger phase.

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

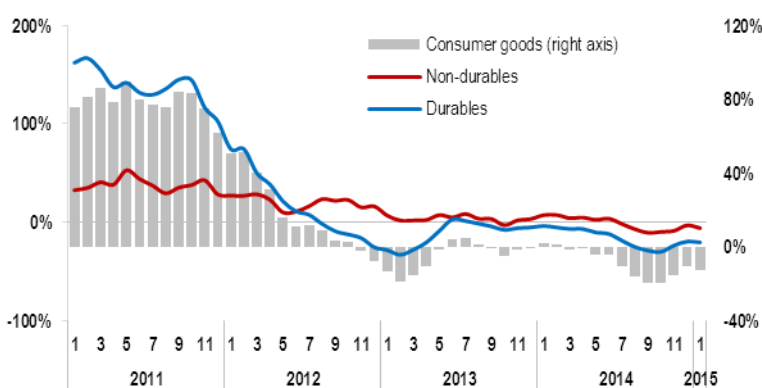
Types	2014		2013		Changes		
	Amount	%	Amount	%	Amount	%	%2*
<b>Consumer goods</b>	<b>84</b>	<b>34%</b>	<b>109</b>	<b>32%</b>	<b>(26)</b>	<b>-23%</b>	<b>-8%</b>
Non-durables	47	19%	57	17%	(10)	-17%	-9%
Food	33	13%	43	13%	(10)	-22%	-9%
Medicinal and pharmaceutical products	5	2%	4	1%	2	50%	2%
Other non-durables	8	3%	10	3%	(2)	-19%	-2%
Durables	37	15%	53	16%	(16)	-30%	-14%
Clothing	4	1%	6	2%	(2)	-37%	-2%
Household electrical appliances and furniture	9	4%	13	4%	(3)	-27%	-3%
Passenger cars and parts	19	8%	27	8%	(8)	-29%	-7%
Other durables	5	2%	7	2%	(2)	-33%	-2%
<b>Capital goods</b>	<b>76</b>	<b>31%</b>	<b>124</b>	<b>37%</b>	<b>(47)</b>	<b>-38%</b>	<b>-14%</b>
Machinery, equipment, supplies and vehicles	49	20%	79	23%	(30)	-38%	-24%
Vehicles other than passenger cars, parts	11	4%	17	5%	(6)	-38%	-5%
Machinery, equipment and supplies	39	16%	62	18%	(23)	-37%	-19%
Construction materials	17	7%	29	9%	(13)	-44%	-10%
Other capital goods	10	4%	15	5%	(5)	-32%	-4%
<b>Intermediate goods and industrial materials</b>	<b>26</b>	<b>10%</b>	<b>39</b>	<b>12%</b>	<b>(14)</b>	<b>-35%</b>	<b>-4%</b>
Food ingredients (w heat, malt etc)	2	1%	1	0%	0	29%	1%
Chemical products	4	2%	7	2%	(3)	-40%	-7%
Yarn, fabrics, textiles, leather	1	0%	1	0%	0	12%	0%
Electricity	0	0%	4	1%	(4)	-97%	-9%
Metal ores and scrap	0	0%	0	0%	(0)	-60%	0%
Other industrial materials	18	7%	26	8%	(8)	-30%	-20%
<b>Fuels</b>	<b>61</b>	<b>25%</b>	<b>65</b>	<b>19%</b>	<b>(4)</b>	<b>-6%</b>	<b>-1%</b>
Diesels	28	12%	31	9%	(3)	-8%	-4%
Gasolines A92-95	26	11%	22	7%	4	18%	6%
Gasolines A80 and other fuels	6	3%	11	3%	(5)	-44%	-8%
<b>Other</b>	<b>1</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>0%</b>	<b>0%</b>
<b>TOTAL</b>	<b>247</b>		<b>337</b>		<b>(90)</b>	<b>-26.6%</b>	

\*%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

