



# MONGOLIA'S FOREIGN TRADE REVIEW

Mar 2015

## Total trade turnover: \$1,779.5 millions

As of Mar 2015 the total cumulative trade turnover decreased by 10.3% (USD 203.4 millions) from that of the previous year and reached USD 1,779.5 millions. The decrease in the trade turnover was due to the decrease in imports by USD 294.2 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.0% or USD 1,103.1 millions and (ii) trade with Russia: 13.3% or USD 236.1 millions. The trade volume between Mongolia and China increased by 5.7% and the trade volume between Mongolia while Russia decreased by 2.5%.

## Trade balance: \$376.0 million

As of Mar 2015, the cumulative trade balance improved by USD 385.1 millions from that of the previous year and reached USD 376.0 millions. During the reporting period the total exports increased by 9.2% from that of the previous year, imports decreased by 29.5% from that of the previous year, thus the trade balance improved by USD 385.1 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: \$388.3 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 Mar 2015, the trade balance of paid trade flows reached USD 388.3 millions. During the reporting period, paid imports decreased by 7.8%, and paid exports increased by 29.4% from that of previous year.

## Terms of trade: 1.509 (test estimation)

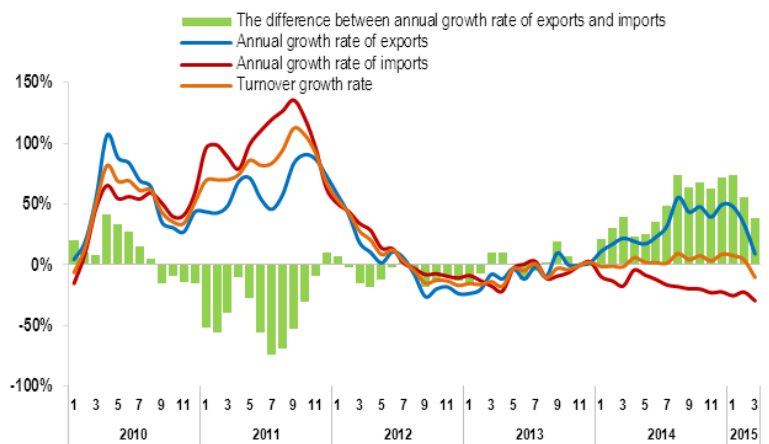
As of Mar 2015, terms of trade index (2012 base year) decreased by 17.5% from that of the previous year and reached 1.509.

This decrease in the terms of trade is mainly attributed to the decrease in export price of copper concentrate and crude oil.

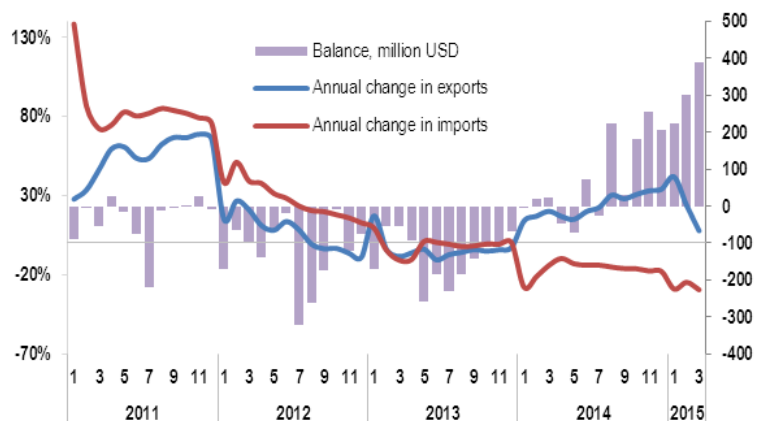
Table 1. The foreign trade performance /million USD/

Type	First 3 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turnover	1,779.5	1,982.9	2,014.2	(203.4)	-10.3%	(31.3)	-1.6%
Export	1,077.7	986.9	809.2	90.8	9.2%	177.7	22.0%
Import	701.7	996.0	1,205.0	(294.2)	-29.5%	(209.1)	-17.3%
Balance	376.0	(9.1)	(395.8)	385.1		386.8	-97.7%

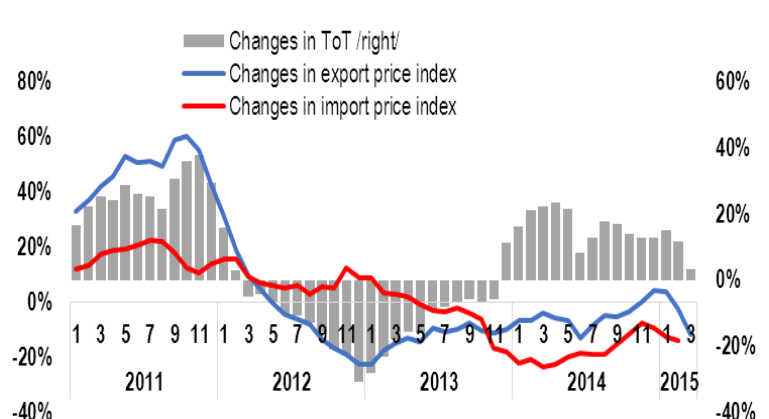
Picture1. The growth rate of exports and imports /3 month moving average/



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 decreased by 4.1 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 75% of total exports and 84% of mining exports.

In addition, these 4 products' share in the mining exports decreased by 2.7 points from that of the previous year, share in the total exports decreased by 5.9 points.

**Growth: +9.2%**

Mongolian export increased by 9.2% from that of the previous year, which was mainly affected by increase in mineral exports and other machineries. Exports of copper concentrate increased by 47%, which accounted for 18% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 31%, 29% and 42% respectively, which accounted for 17% decrease in the growth of mining export.

**Changes**

As of Mar 2015, Mongolian export increased by 90.8 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 221.2 millions) and decrease in export commodities' prices (USD 130.4 millions).

Because of the increase in crude oil, nonmonetary gold quantity and copper concentrate export, mining export increased by 206 millions USD. On the other hand, because of decrease in prices of coal, iron ore and crude oil, mining export declined by 165 million USD.

Cashmere, cashmere products' export decreased by 0.5 million USD, while other exports increased by 51 million USD.

**World market prices for primary commodities**

As of Mar 31 2015, gold price reached 1,183.6 USD, decreased by 7.8% from that of the previous year and by 2.4% from that of the last month.

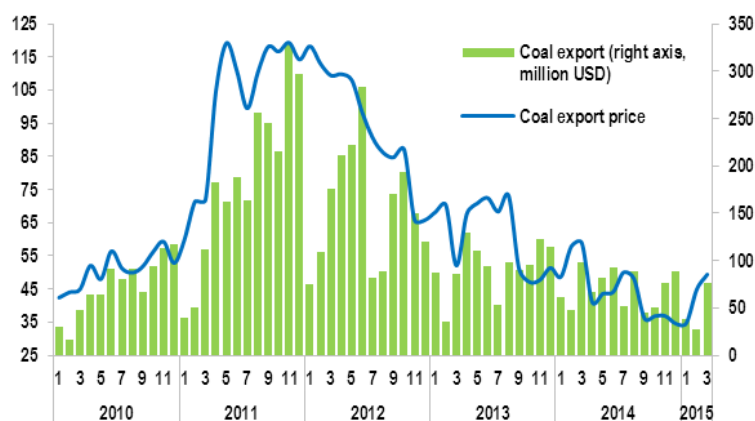
As of Mar 31 2015, copper and iron ore prices reached 6,064.5 USD and 53.0 USD. Copper price increased by 2.4% from that of previous month and iron ore price decreased by 17.2% from that of the previous month.

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

	2015			2014			Changes		
	Quant. unit (thou. tonnes, kg)	Amount	%	Quant. unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
<b>1. Minerals</b>		<b>958</b>	<b>89%</b>		<b>918</b>	<b>93%</b>	<b>40</b>	<b>4%</b>	
Coal	3,245	41	13%	3,735	206	21%	(65)	-31%	-7%
Copper concentrate	309	52	48%	214	349	35%	163	47%	18%
Iron ore /conc.	998	58	5%	909	81	8%	(23)	-29%	-3%
Crude oil	1,921	92	9%	1,608	158	16%	(66)	-42%	-7%
Zinc ore/concentrate	28	35	3%	15	15	1%	20	140%	2%
Non monetary gold	2,456	98	9%	2,171	90	9%	8	9%	1%
Spar, leucine, nepheline	56	18	1%	56	12	1%	1	7%	0%
Molybdenum ore/conc.	1	9	1%	1	7	1%	2	23%	0%
<b>2. Cashmere</b>		<b>5.2</b>	<b>0%</b>		<b>5.7</b>	<b>1%</b>	<b>(1)</b>	<b>-9%</b>	
Washed cashmere	-	-	0%	43	2	0%	(15)	-100%	-27%
Combed cashmere	53	5	0%	39	4	0%	10	24%	17%
<b>3. Other</b>		<b>114</b>	<b>11%</b>		<b>63</b>	<b>6%</b>	<b>51</b>	<b>81%</b>	
<b>Total amount</b>		<b>1,078</b>			<b>987</b>		<b>90.8</b>	<b>9.2%</b>	

*%2 - Contribution to the growth*

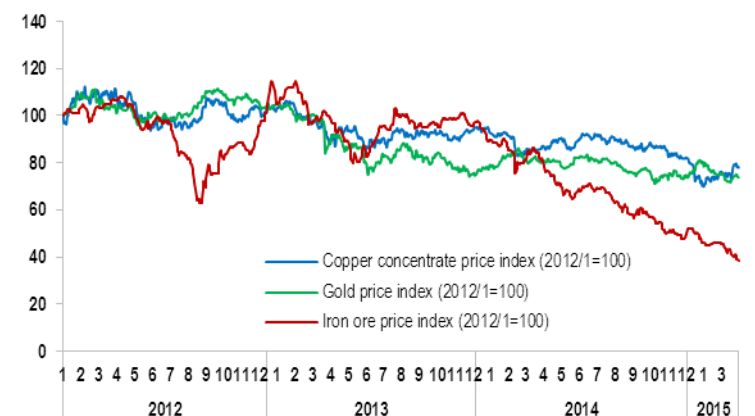
**Picture 4. Coal export, market price (USD)**



**Table 3. Changes in export goods (million USD)**

	Changes in quantity	%	Changes in price	%	Total changes	%
<b>1. Minerals</b>	192		(52)		40	
Coal	(27)	-42%	(38)	-58%	(65)	-31%
Copper concentrate	155	95%	8	5%	163	47%
Iron ore /conc.	8	34%	(31)	-134%	(23)	-29%
Crude oil	31	47%	(96)	-147%	(66)	-42%
Zinc ore/concentrate	13	64%	7	36%	20	140%
Non monetary gold	12	145%	(4)	-45%	8	9%
Spar, leucine, nepheline	0	20%	1	80%	1	7%
Molybdenum ore/conc.	0	24%	1	76%	2	23%
<b>2. Cashmere</b>	(0.0)		(0.5)		(1)	
Washed cashmere	(15)	-100%	-	0%	(15)	-100%
Combed cashmere	15	149%	(0.5)	-49%	10	24%
<b>3. Other</b>	29	56%	22	44%	51	81%
<b>Total</b>	<b>221.2</b>		<b>(130.4)</b>		<b>90.8</b>	

**Picture 5. Market price of gold, zinc, copper**



## Composition: 33% + 29% + 22%

As of Mar 2015, 33% of total imports were consumer goods, 29% were capital goods and 22% were fuels.

Share of the capital goods in total imports decreased by 6% from that of the previous year, while the share of other types of imports increased by 2-3%.

## Growth: -29.5%

Mongolian imports decreased by 29.5% 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 7% of the total decrease.

Capital goods and consumer goods imports decreased by 41% (143 millions USD) and 23% (68 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 36% (28 millions USD) and foods import decreased by 16% (17 millions USD).

**Capital goods** import decreased by 41% (143 millions USD) which was mainly contributed by 42% decrease in machinery, equipment and supplies (87 million USD). In addition, import of construction materials decreased by 45% (47 million USD) from that of previous year.

**Intermediate goods and industrial materials** import decreased by 8% (10 millions USD).

**Fuels** import decreased by 32% (75 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 5 months, reaching the lowest level since 2010 in February.

## Import of the consumer goods

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

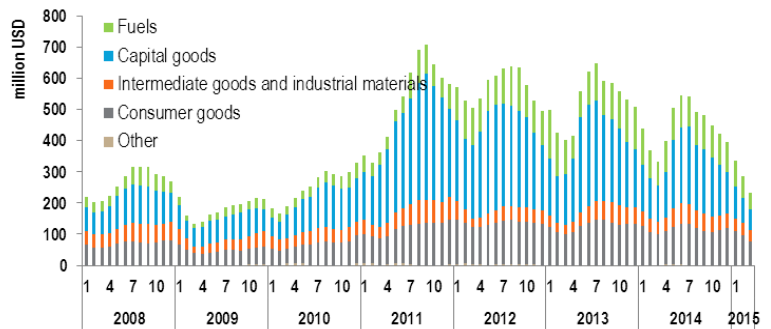
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 2 months.

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

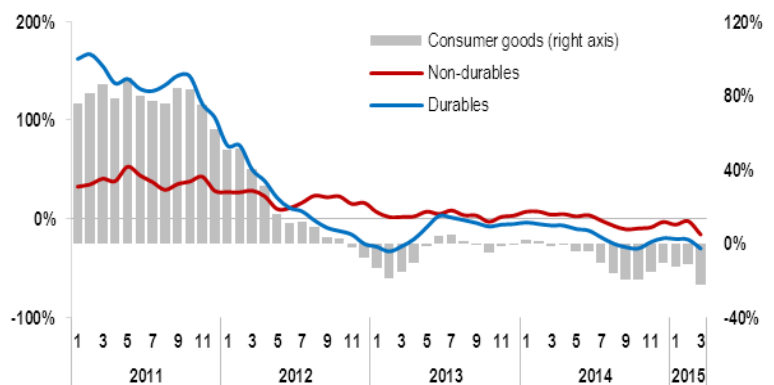
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
<b>Consumer goods</b>	<b>230</b>	<b>33%</b>	<b>298</b>	<b>30%</b>	<b>(68)</b>	<b>-23%</b>	<b>-7%</b>
Non-durables	133	19%	158	16%	(25)	-16%	-3%
Food	91	13%	108	11%	(17)	-16%	-2%
Medicinal and pharmaceutical products	16	2%	17	2%	(1)	-8%	0%
Other non-durables	26	4%	33	3%	(7)	-21%	-1%
Durables	97	14%	140	14%	(42)	-30%	-4%
Clothing	11	2%	14	1%	(3)	-25%	0%
Household electrical appliances and furniture	25	4%	29	3%	(4)	-13%	0%
Passenger cars and parts	51	7%	79	8%	(28)	-36%	-3%
Other durables	11	2%	18	2%	(7)	-39%	-1%
<b>Capital goods</b>	<b>206</b>	<b>29%</b>	<b>349</b>	<b>35%</b>	<b>(143)</b>	<b>-41%</b>	<b>-14%</b>
Machinery, equipment, supplies and vehicles	122	17%	210	21%	(87)	-42%	-9%
Vehicles other than passenger cars, parts	18	3%	48	5%	(29)	-61%	-3%
Machinery, equipment and supplies	104	15%	162	16%	(58)	-36%	-6%
Construction materials	58	8%	105	11%	(47)	-45%	-5%
Other capital goods	26	4%	34	3%	(9)	-25%	-1%
<b>Intermediate goods and industrial materials</b>	<b>107</b>	<b>15%</b>	<b>117</b>	<b>12%</b>	<b>(10)</b>	<b>-8%</b>	<b>-1%</b>
Food ingredients (w heat, malt etc)	7	1%	6	1%	1	20%	0%
Chemical products	16	2%	17	2%	(1)	-3%	0%
Yarn, fabrics, textiles, leather	3	0%	3	0%	(0)	-4%	0%
Electricity	32	5%	25	3%	7	28%	1%
Metal ores and scrap	0	0%	0	0%	(0)	-13%	0%
Other industrial materials	48	7%	66	7%	(17)	-27%	-2%
<b>Fuels</b>	<b>157</b>	<b>22%</b>	<b>232</b>	<b>23%</b>	<b>(75)</b>	<b>-32%</b>	<b>-8%</b>
Diesels	77	11%	119	12%	(42)	-35%	-4%
Gasolines A92-95	60	9%	78	8%	(18)	-23%	-2%
Gasolines A80 and other fuels	20	3%	35	4%	(15)	-43%	-2%
<b>Other</b>	<b>2</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>-32%</b>	<b>0%</b>
<b>TOTAL</b>	<b>702</b>		<b>996</b>		<b>(294)</b>	<b>-29.5%</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

