



MONGOLIA'S FOREIGN TRADE REVIEW

Apr 2015

Total trade turnover: \$2,486.5 millions

As of Apr 2015 the total cumulative trade turnover decreased by 16.0% (USD 472.1 millions) from that of the previous year and reached USD 2,486.5 millions. The decrease in the trade turnover was due to the decrease in imports by USD 491.9 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.2% or USD 1,546.5 millions and (ii) trade with Russia: 12.7% or USD 317.0 millions. The trade volume between Mongolia and China increased by 4.1% and the trade volume between Mongolia while Russia decreased by 3.2%.

Trade balance: \$418.0 million

As of Apr 2015, the cumulative trade balance improved by USD 511.8 millions from that of the previous year and reached USD 418.0 millions. During the reporting period the total exports increased by 1.4% from that of the previous year, imports decreased by 32.2% from that of the previous year, thus the trade balance improved by USD 511.8 millions.

The three-month moving average value of the difference between annual growth rates of exports and imports started to decline since the beginning of 2015. The high export growth rate during 2014 was due to the exports of copper concentrate and it started to stabilize.

Trade balance of paid trade flows: \$454.3 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 Apr 2015, the trade balance of paid trade flows reached USD 454.3 millions. During the reporting period, paid imports decreased by 32.5%, and paid exports increased by 0.13% from that of previous year.

Terms of trade: 1.675 (test estimation)

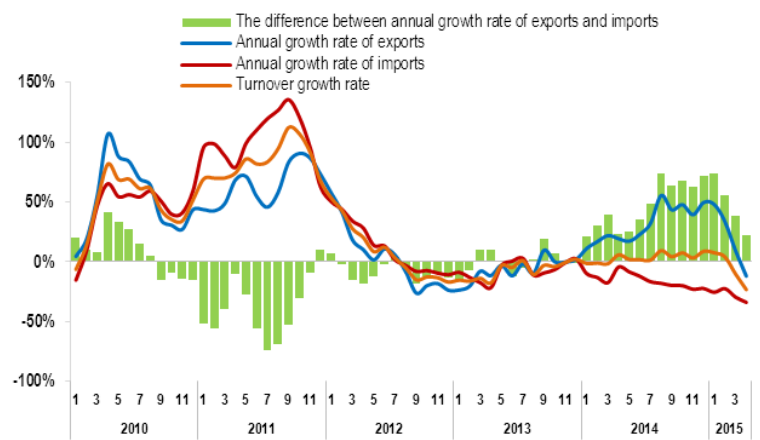
As of Apr 2015, terms of trade index (2012 base year) decreased by 8.0% from that of the previous year and reached 1.675.

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

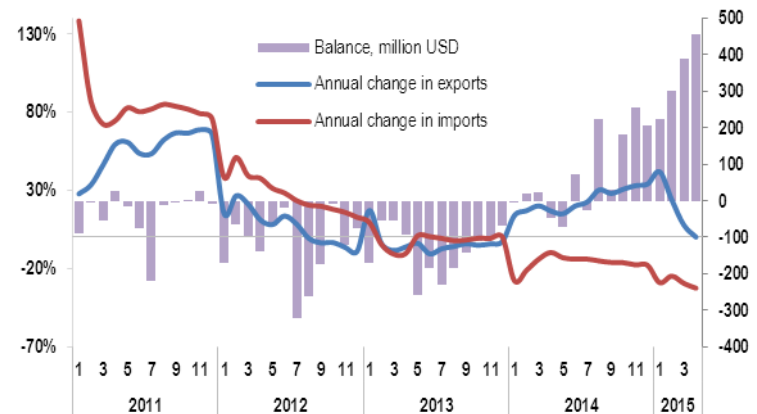
Table 1. The foreign trade performance /million USD/

Type	First 4 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turnover	2,486.5	2,958.6	2,953.3	(472.1)	-16.0%	5.3	0.2%
Ex port	1,452.3	1,432.4	1,212.5	19.8	1.4%	219.9	18.1%
Import	1,034.3	1,526.2	1,740.8	(491.9)	-32.2%	(214.6)	-12.3%
Balance	418.0	(93.7)	(528.3)	511.8		434.6	-82.3%

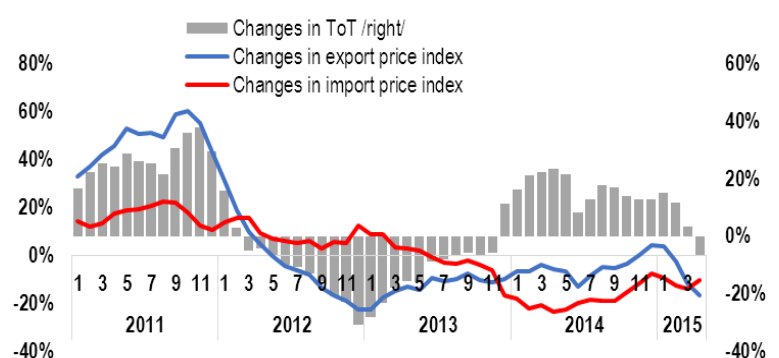
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



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



Composition: 88% + 12%

The share of mineral exports in total exports decreased by 1.0 points from that of the previous year and reached 88%.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 73% of total exports and 83% of mining exports.

In addition, these 4 products' share in the mining exports decreased by 5.6 points from that of the previous year, share in the total exports decreased by 5.9 points.

Growth: +1.4%

Mongolian export increased by 1.4% from that of the previous year, which was mainly affected by increase in other exports. Main contributors were re-export of machineries and cathode copper, its components.

Exports of copper concentrate increased by 26%, which accounted for 11% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 29%, 35% and 40% respectively, which accounted for 16% decrease in the growth of mining export.

Changes

As of Apr 2015, Mongolian export increased by 19.8 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 216.1 millions) and decrease in export commodities' prices (USD 196.3 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 255 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 207 million USD.

Cashmere, cashmere products' export decreased by 31 million USD, while other exports increased by 48 million USD.

World market prices for primary commodities

As of Apr 30 2015, gold price reached 1,184.4 USD, decreased by 8.3% from that of the previous year and increased by 0.1% from that of the last month.

As of Apr 30 2015, copper and iron ore prices reached 6,364.5 USD and 59.0 USD. Copper price increased by 4.9% from that of previous month and decreased by 4.4% from that of previous year. Iron ore price increased by 11.3% from that of previous month and decreased by 44.0% from that of previous year.

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

	2015			2014			Changes		
	Quan. unit (thou. tonnes, kg)	Amount	%	Quan. unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
1. Minerals	1,284	88%		1,281	89%		3	0%	
Coal	4,248	194	13%	5,354	273	19%	(78)	-29%	-6%
Copper concentrate	4.15	667	46%	3.17	530	37%	137	26%	11%
Iron ore /conc.	1,500	81	6%	1,582	126	9%	(45)	-35%	-3%
Crude oil	2,518	123	8%	2,095	207	14%	(84)	-40%	-7%
Zinc ore/concentrate	43	53	4%	27	27	2%	26	95%	2%
Non monetary gold	3,362	133	9%	2,171	90	6%	43	48%	3%
Spar, leucine, nepheline	81	19	1%	83	18	1%	1	4%	0%
Molybdenum ore/conc.	2	18	1%	1	10	1%	3	28%	0%
2. Cashmere	35.8	2%		67.1	5%		(31)	-47%	
Washed cashmere	656	28	2%	1,011	62	4%	(33.9)	-55%	-50%
Combed cashmere	89	8	1%	52	5	0%	2.5	46%	4%
3. Other	133	9%		84	6%		48	57%	
Total amount	1,452			1,432			19.8	1.4%	

%2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

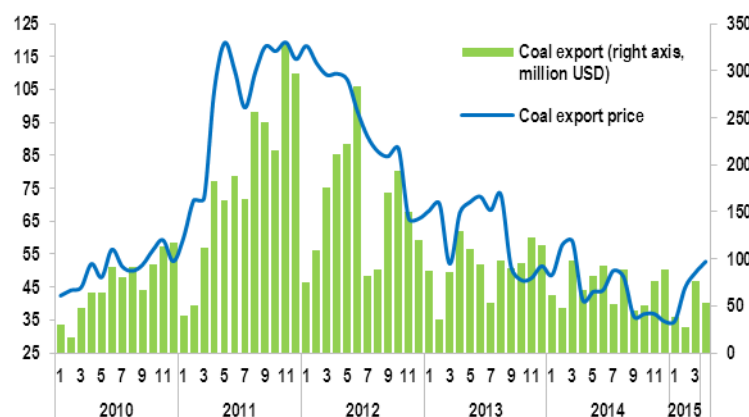
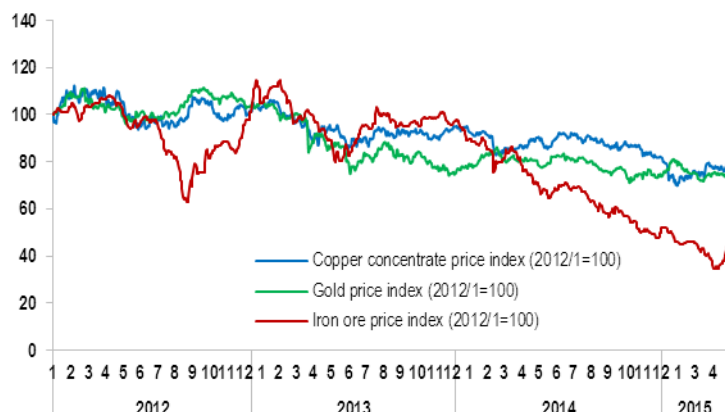


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
	Quantity	%	Price	%	Amount	%
1. Minerals	210		(207)		3	
Coal	(56)	-72%	(22)	-28%	(78)	-29%
Copper concentrate	164	120%	(27)	-20%	137	26%
Iron ore /conc.	(6)	-5%	(38)	-85%	(45)	-35%
Crude oil	42	50%	(126)	-150%	(84)	-40%
Zinc ore/concentrate	16	61%	10	39%	26	95%
Non monetary gold	49	114%	(6)	-14%	43	48%
Spar, leucine, nepheline	(0)	-70%	1	170%	1	4%
Molybdenum ore/conc.	2	62%	1	38%	3	28%
2. Cashmere	(210)		(10.3)		(31)	
Washed cashmere	(24.9)	-74%	(8.9)	26%	(33.9)	-55%
Combed cashmere	3.9	65%	(14)	-55%	2.5	46%
3. Other	27	56%	21	44%	48	57%
Total	216.1		(196.3)		19.8	

Picture 5. Market price of gold, zinc, copper



Composition: 32% + 33% + 20%

As of Apr 2015, 32% of total imports were consumer goods, 33% were capital goods and 20% were fuels.

Share of the capital goods in total imports increased by 4% from that of the previous year, while the share of other major imports decreased by 3-4%.

Growth: -32.2%

Mongolian imports decreased by 32.2% 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 38% (213 millions USD) and 23% (100 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% (43 millions USD) and foods import decreased by 16% (25 millions USD).

Capital goods import decreased by 38% (213 millions USD) which was mainly contributed by 37% decrease in machinery, equipment and supplies (114 million USD). In addition, import of construction materials decreased by 39% (72 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 12% (22 millions USD).

Fuels import decreased by 42% (150 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/.

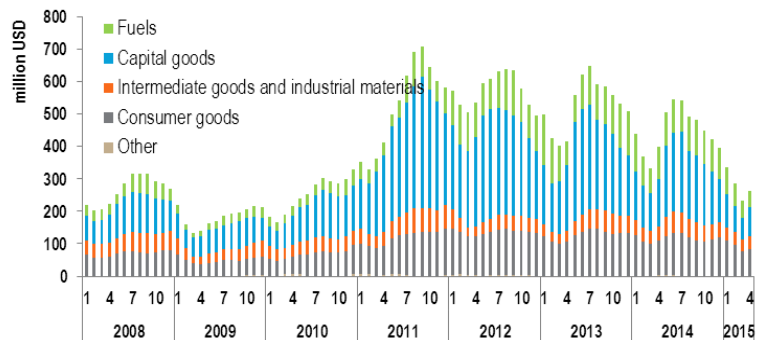
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 2 months.

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

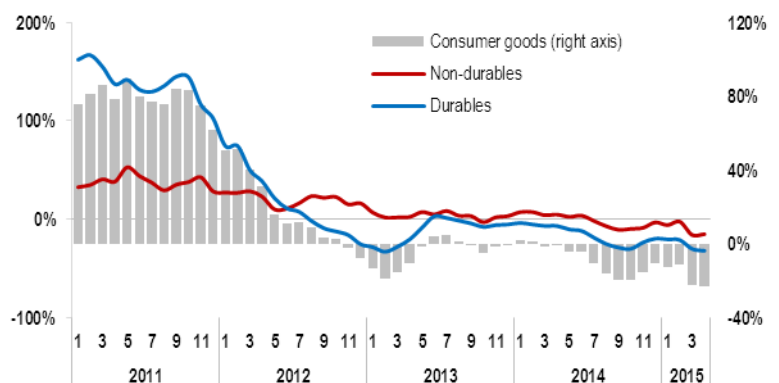
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	327	32%	427	28%	(100)	-23%	-7%
Non-durables	188	18%	223	15%	(35)	-16%	-2%
Food	128	12%	153	10%	(25)	-16%	-2%
Medicinal and pharmaceutical products	22	2%	24	2%	(2)	-9%	0%
Other non-durables	37	4%	45	3%	(8)	-18%	-1%
Durables	140	14%	204	13%	(65)	-32%	-4%
Clothing	14	1%	20	1%	(6)	-30%	0%
Household electrical appliances and furniture	33	3%	39	3%	(6)	-16%	0%
Passenger cars and parts	75	7%	118	8%	(43)	-36%	-3%
Other durables	17	2%	27	2%	(9)	-35%	-1%
Capital goods	345	33%	568	37%	(213)	-38%	-14%
Machinery, equipment, supplies and vehicles	199	19%	313	20%	(114)	-37%	-7%
Vehicles other than passenger cars, parts	32	3%	68	4%	(36)	-53%	-2%
Machinery, equipment and supplies	167	16%	245	16%	(78)	-32%	-5%
Construction materials	111	11%	184	12%	(72)	-39%	-5%
Other capital goods	35	3%	61	4%	(27)	-43%	-2%
Intermediate goods and industrial materials	155	15%	176	12%	(22)	-12%	-1%
Food ingredients (w heat, malt etc)	10	1%	13	1%	(3)	-22%	0%
Chemical products	29	3%	26	2%	3	12%	0%
Yarn, fabrics, textiles, leather	4	0%	5	0%	(0)	-8%	0%
Electricity	42	4%	34	2%	9	25%	1%
Metal ores and scrap	0	0%	0	0%	(0)	-15%	0%
Other industrial materials	69	7%	99	6%	(30)	-30%	-2%
Fuels	205	20%	355	23%	(150)	-42%	-10%
Diesels	103	10%	185	12%	(82)	-44%	-5%
Gasolines A92-95	75	7%	117	8%	(42)	-36%	-3%
Gasolines A80 and other fuels	27	3%	53	3%	(26)	-49%	-2%
Other	2	0%	9	1%	(7)	(7)	0%
TOTAL	1,034		1,526		(492)	-32.2%	

*%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

