



MONGOLIA'S FOREIGN TRADE REVIEW

May 2015

Total trade turnover: \$3,316.3 millions

As of May 2015 the total cumulative trade turnover decreased by 18.3% (USD 743.5 millions) from that of the previous year and reached USD 3,316.3 millions. The decrease in the trade turnover was due to the decrease in imports by USD 684.9 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 63.1% or USD 2,093.2 millions and (ii) trade with Russia: 12.9% or USD 426.5 millions. The trade volume between Mongolia and China increased by 4.3% and the trade volume between Mongolia while Russia decreased by 2.8%.

Trade balance: \$422.3 million

As of May 2015, the cumulative trade balance improved by USD 626.3 millions from that of the previous year and reached USD 422.3 millions. During the reporting period even though the total exports decreased by 3.0% from that of the previous year, imports decreased by 32.1% from that of the previous year, thus the trade balance improved by USD 626.3 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: \$518.1 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 May 2015, the trade balance of paid trade flows reached USD 518.1 millions. During the reporting period, paid imports decreased by 33.56%, and paid exports decreased by 3.19% from that of previous year.

Terms of trade: 1.738 (test estimation)

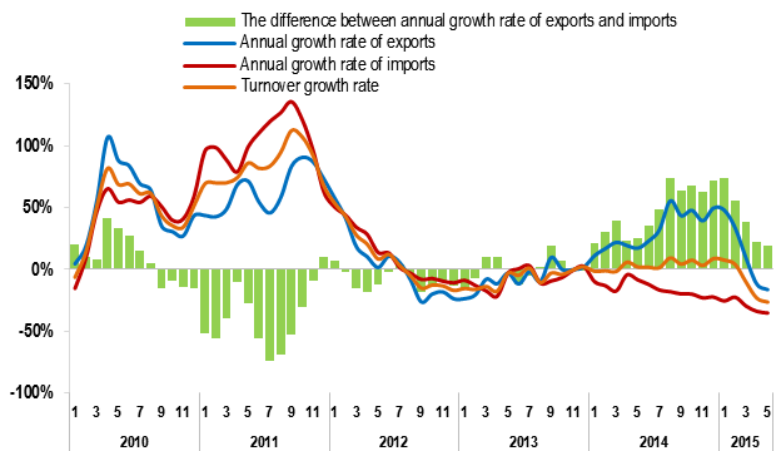
As of May 2015, terms of trade index (2012 base year) increased by 6.0% from that of the previous year and reached 1.738.

This increase in the terms of trade is mainly attributed to the decrease in import price of machinery, equipment and petroleum.

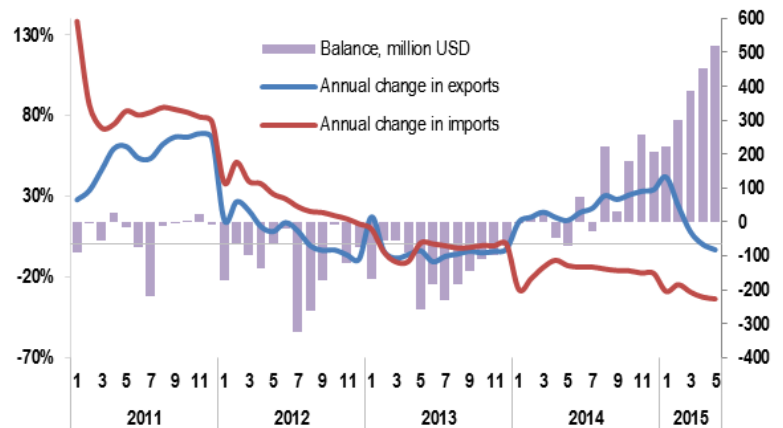
Table 1. The foreign trade performance /million USD/

Type	First 5 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				ΔУН	Хувь	ΔУН	Хувь
Turnover	3 316,3	4 059,8	4 111,3	(743,5)	-18,3%	(51,5)	-1,3%
Export	1 869,3	1 927,9	1 643,3	(58,6)	-3,0%	284,7	17,3%
Import	1 447,0	2 131,9	2 468,1	(684,9)	-32,1%	(336,2)	-13,6%
Balance	422,3	(204,0)	(824,8)	626,3		620,8	-75,3%

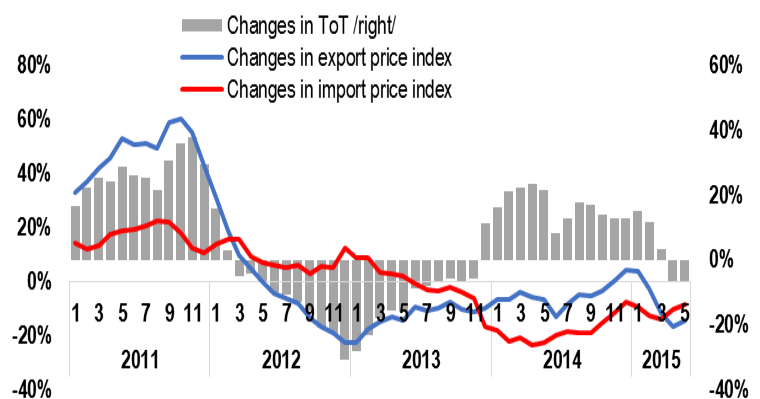
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



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



Composition: 87% + 13%

The share of mineral exports in total exports decreased by 1.0 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 74% of total exports and 85% of mining exports.

In addition, these 4 products' share in the mining exports decreased by 4.7 points from that of the previous year, share in the total exports decreased by 3.1 points.

Growth: -3.0%

Mongolian export decreased by 3.0% from that of the previous year, which was mainly affected by decrease in commodity prices.

Exports of copper concentrate increased by 24%, which accounted for 10% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 33%, 37% and 39% respectively, which accounted for 16% decrease in the growth of mining export.

Changes

As of May 2015, Mongolian export decreased by 58.6 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 178.5 millions) and decrease in export commodities' prices (USD 237.1 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 273 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 213 million USD.

Cashmere, cashmere products' export decreased by 57 million USD, while other exports increased by 29 million USD.

World market prices for primary commodities

As of May 29 2015, gold price reached 1,190.6 USD, decreased by 4.7% from that of the previous year and increased by 0.5% from that of the last month.

As of May 29 2015, copper and iron ore prices reached 6,005.2 USD and 60.0 USD. Copper price decreased by 5.6% from that of previous month and decreased by 13.2% from that of previous year. Iron ore price increased by 1.7% from that of previous month and decreased by 34.6% from that of previous year.

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

	2015			2014			Changes		
	Quantity (thou. tonnes, kg)	Amount	%	Quantity (thou. tonnes, kg)	Amount	%	Amount	%	%2
1. Minerals		1 619	87%		1 650	88%			
Coal	5 174	238	13%	7 245	355	18%	(117)	-33%	-7%
Copper concentrate	535	887	47%	434	718	37%	169	24%	10%
Iron ore /conc.	1 857	95	5%	1 932	154	8%	(58)	-37%	-3%
Crude oil	3 164	161	9%	2 610	259	13%	(98)	-36%	-6%
Zinc ore/concentrate	50	63	3%	36	36	2%	26	73%	2%
Non monetary gold	3 352	133	7%	2 171	90	5%	43	48%	3%
Spar, leucine, nepheline	107	25	1%	114	25	1%	(1)	-2%	0%
Molybdenum ore/conc.	2	15	1%	2	12	1%	3	23%	0%
2. Cashmere		91,1	5%		148,1	8%			
Washed cashmere	1 930	80	4%	2 482	138	7%	(58,4)	-42%	-39%
Combed cashmere	184	11	1%	97	10	1%	1,4	15%	1%
3. Other		159	9%		130	7%			
Total amount		1 869			1 928		(58,6)	-3,0%	

%2- Contribution to the growth

Picture 4. Coal export, market price (USD)

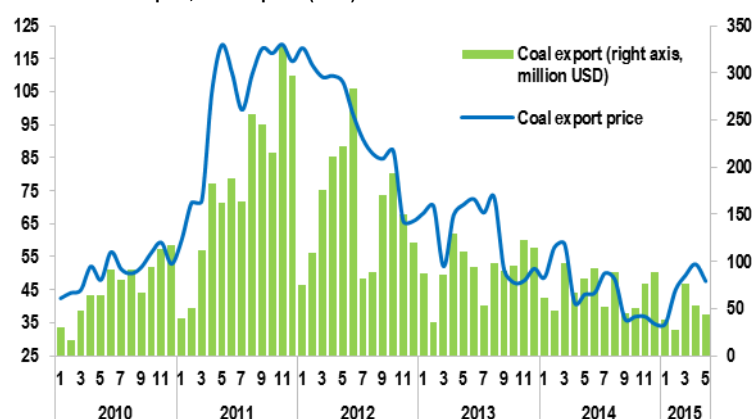
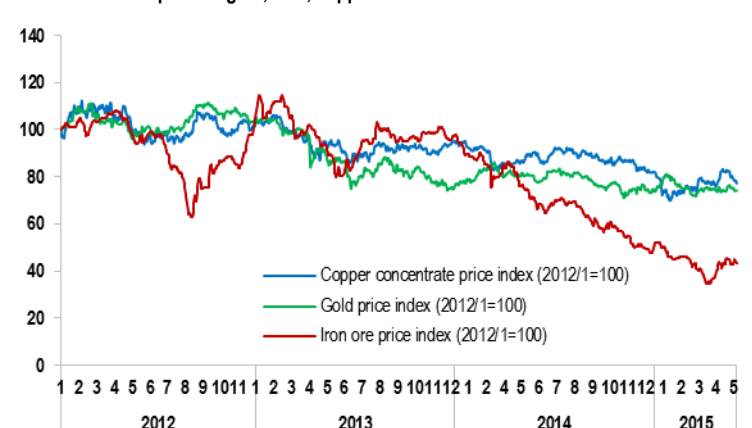


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
	Quantity	%	Price	%	Amount	%
1. Minerals	182		(213)		(31)	
Coal	(102)	-87%	(15)	-13%	(117)	-33%
Copper concentrate	169	100%	0	0%	169	24%
Iron ore /conc.	(5)	-9%	(52)	-91%	(58)	-37%
Crude oil	55	56%	(153)	-156%	(98)	-38%
Zinc ore/concentrate	15	55%	12	45%	26	73%
Non monetary gold	49	114%	(6)	-14%	43	48%
Spar, leucine, nepheline	(1)	-289%	1	189%	(1)	-2%
Molybdenum ore/conc.	3	82%	1	18%	3	29%
2. Cashmere	(20,4)		(36,6)		(57)	
Washed cashmere	(29,1)	-50%	(29,3)	-50%	(58,4)	-42%
Combed cashmere	8,7	614%	(7,3)	-514%	1,4	15%
3. Other	17	56%	13	44%	29	23%
Total	178,5		(237,1)		(58,6)	

Picture 5. Market price of gold, zinc, copper



Composition: 30% + 36% + 19%

As of May 2015, 30% of total imports were consumer goods, 36% were capital goods and 19% were fuels.

Share of the capital goods in total imports decreased by 5% from that of the previous year, while the share of other major imports increased by 2-4%.

Growth: -32.1%

Mongolian imports decreased by 32.1% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 17% of the total decrease, and consumer goods imports which equals to 6% of the total decrease.

Capital goods and consumer goods imports decreased by 17% (366 millions USD) and 21% (119 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 33% (52 millions USD) and foods import decreased by 17% (34 millions USD).

Capital goods import decreased by 42% (366 millions USD) which was mainly contributed by 48% decrease in machinery, equipment and supplies (251 million USD). In addition, import of construction materials decreased by 30% (80 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 14% (34 millions USD).

Fuels import decreased by 39% (172 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 6 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/.

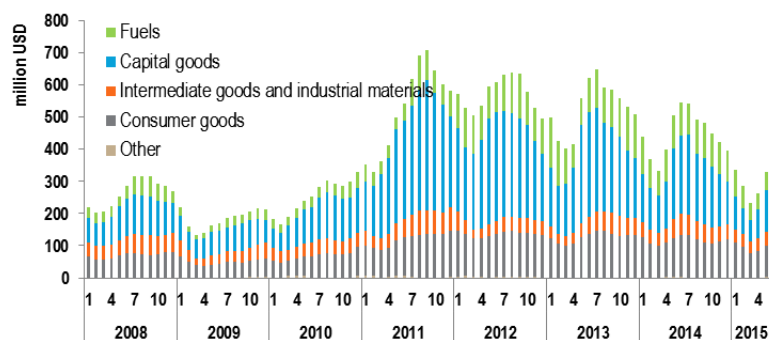
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 3 months.

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

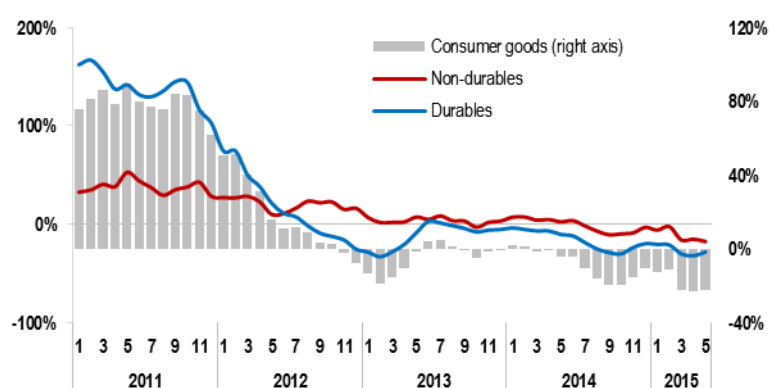
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	438	30%	557	26%	(119)	-21%	
Non-durables	247	17%	292	14%	(45)	-16%	-8%
Food	168	12%	202	9%	(34)	-17%	-6%
Medicinal and pharmaceutical products	30	2%	32	2%	(2)	-7%	0%
Other non-durables	49	3%	58	3%	(9)	-15%	-2%
Durables	191	13%	265	12%	(74)	-28%	-13%
Clothing	18	1%	25	1%	(6)	-26%	-1%
Household electrical appliances and furniture	42	3%	50	2%	(8)	-16%	-1%
Passenger cars and parts	105	7%	156	7%	(52)	-33%	-9%
Other durables	27	2%	34	2%	(7)	-21%	-1%
Capital goods	514	36%	880	41%	(366)	-42%	
Machinery, equipment, supplies and vehicles	270	19%	521	24%	(251)	-48%	-29%
Vehicles other than passenger cars, parts	45	3%	161	8%	(116)	-72%	-13%
Machinery, equipment and supplies	225	16%	360	17%	(135)	-38%	-15%
Construction materials	183	13%	262	12%	(80)	-30%	-9%
Other capital goods	62	4%	97	5%	(35)	-39%	-4%
Intermediate goods and industrial materials	209	14%	244	11%	(34)	-14%	
Food ingredients (wheat, malt etc)	13	1%	17	1%	(4)	-23%	-2%
Chemical products	41	3%	37	2%	4	11%	2%
Yarn, fabrics, textiles, leather	7	0%	6	0%	1	21%	0%
Electricity	53	4%	47	2%	6	13%	3%
Metal ores and scrap	1	0%	0	0%	1	289%	0%
Other industrial materials	94	7%	137	6%	(42)	-31%	-17%
Fuels	269	19%	441	21%	(172)	-39%	
Diesels	140	10%	237	11%	(97)	-41%	-22%
Gasolines A92-95	93	6%	134	6%	(41)	-31%	-9%
Gasolines A80 and other fuels	37	3%	70	3%	(33)	-47%	-8%
Other	15	1%	10	0%	6		
TOTAL	1 447		2 132		(685)	-32,1%	

*%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

