



MONGOLIA'S FOREIGN TRADE REVIEW

August 2015

Total trade turnover: \$5,798.4 millions

As of Aug 2015 the total cumulative trade turnover decreased by 19.2% (USD 1,377.2 millions) from that of the previous year and reached USD 5,798.4 millions. The decrease in the trade turnover was mainly due to the decrease in imports by USD 1,052.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 63.4% or USD 3,673.4 millions and (ii) trade with Russia: 12.7% or USD 733.5 millions. The trade volume between Mongolia and China decreased by 16.3% and the trade volume between Mongolia while Russia decreased by 32.2%.

Trade balance: \$704.8 million

As of Aug 2015, the cumulative trade balance improved by USD 727.7 millions from that of the previous year and reached USD 704.8 millions. During the reporting period even though the total exports decreased by 9.1% from that of the previous year, imports decreased by 29.2% from that of the previous year, thus the trade balance improved by USD 727.7 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: \$905.2 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 Aug 2015, the trade balance of paid trade flows reached USD 905.2 millions. During the reporting period, paid imports decreased by 30.3%, and paid exports decreased by 8.2% from that of previous year.

Terms of trade: 1.313 (test estimation)

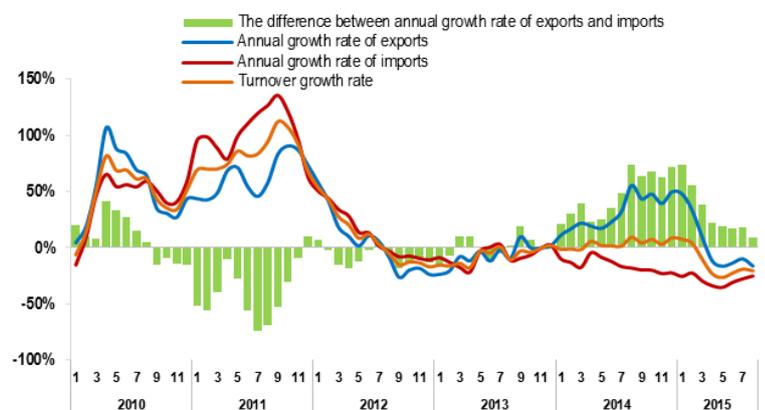
As of Aug 2015, terms of trade index (2012 base year) decreased by 19.5% from that of the previous year and reached 1.313

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

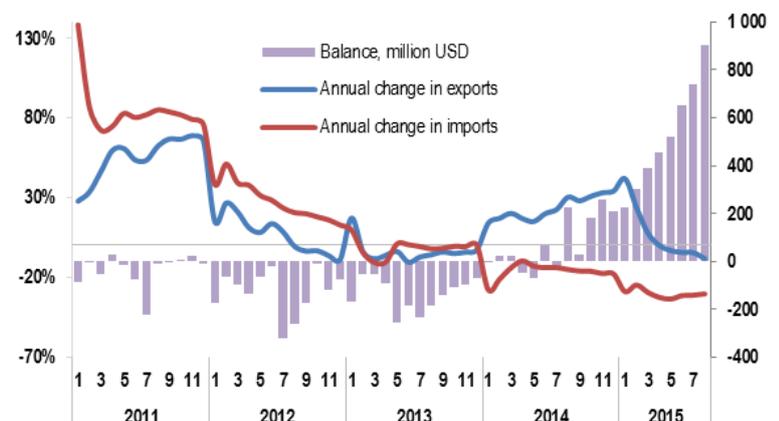
Table 1. The foreign trade performance /million USD/

Type	First 8 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turnover	5 798,4	7 175,6	6 960,1	(1 377,2)	-19,2%	215,5	3,1%
Export	3 251,6	3 576,3	2 703,2	(324,7)	-9,1%	873,1	32,3%
Import	2 546,8	3 599,3	4 256,9	(1 052,5)	-29,2%	(657,6)	-15,4%
Balance	704,8	(23,0)	(1 553,6)	727,7		1 530,7	-98,5%

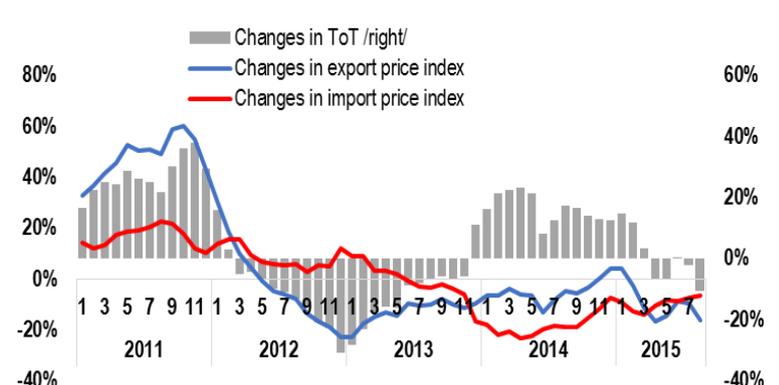
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



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



Composition: 86% + 14%

The share of mineral exports in total exports maintained at the close level as the previous year.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 73% of total exports and 85% of mining exports.

In addition, these 4 products' share in the mining exports decreased by 4.0 points from that of the previous year, share in the total exports decreased by 4.0 points.

Growth: -9.1%

Mongolian export decreased by 9.1% from that of the previous year, which was mainly affected by decrease in commodity prices.

Exports of copper concentrate increased by 8%, which accounted for 4% in growth of mining export. On the other hand, coking coal, iron ore and crude oil export decreased by nearly 32%, 48% and 41% respectively, which accounted for 16% decrease in the growth of mining export.

Changes

As of Aug 2015, Mongolian export decreased by 324.7 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 188.2 millions) and decrease in export commodities' prices (USD 512.9 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 299 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 513 million USD.

Cashmere, cashmere products' export decreased by 36 million USD, while other exports increased by 38 million USD.

World market prices for primary commodities

As of Aug 31 2015, gold price reached 1,132.3 USD, decreased by 12.0% from that of the previous year and decreased by 3.3% from that of the last month.

As of Aug 31 2015, copper and iron ore prices reached 5,147.0 USD and 56.0 USD. Copper price decreased by 1.4% from that of previous month and by 26.6% from that of previous year. Iron ore price increased by 1.8% from that of previous month and decreased by 36.3% 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	2 799	86%		3 126	87%		(327)	-10%	
Coal	9 571	401	12%	12 225	568	16%	(187)	-32%	-6%
Copper concentrate	930	1 567	48%	844	1 450	41%	117	8%	4%
Iron ore /conc.	3 055	150	5%	3 761	289	8%	(139)	-48%	-4%
Crude oil	5 193	264	8%	4 441	443	12%	(180)	-41%	-6%
Zinc ore/concentrate	72	89	3%	69	76	2%	13	17%	0%
Non monetary gold	6 959	263	8%	5 126	214	6%	49	23%	2%
Spar, leucine, nepheline	182	43	1%	207	47	1%	(4)	-9%	0%
Molybdenum ore/conc.	3	21	1%	2	18	1%	3	18%	0%
2. Cashmere	211,2	6%		247,0	7%		(36)	-15%	
Washed cashmere	4 710	187	6%	3 834	213	6%	(25,7)	-12%	-10%
Combed cashmere	318	24	1%	347	34	1%	(10,1)	-30%	-4%
3. Other	242	7%		204	6%		38	19%	
Total amount	3 252			3 576			(324,7)	-9,1%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

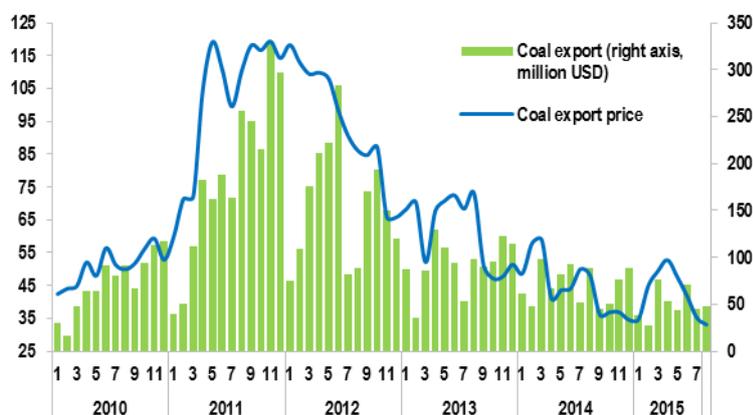
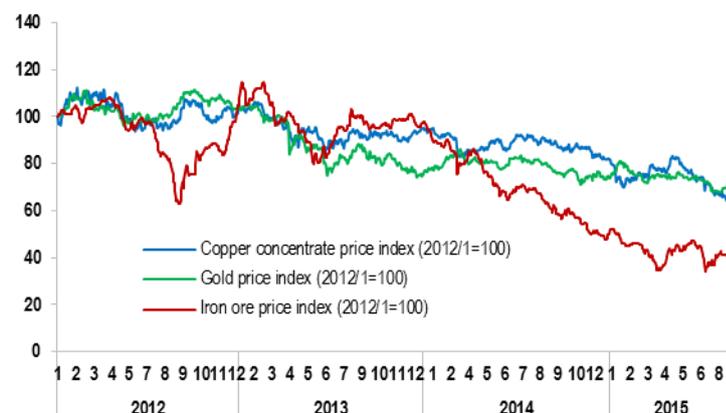


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	121		(448)		(327)	
Coal	(128)	-68%	(59)	-32%	(187)	-32%
Copper concentrate	147	125%	(30)	-25%	117	8%
Iron ore /conc.	(54)	-39%	(85)	-61%	(139)	-48%
Crude oil	75	42%	(255)	-142%	(180)	-41%
Zinc ore/concentrate	4	30%	9	70%	13	17%
Non monetary gold	77	156%	(27)	-56%	49	23%
Spar, leucine, nepheline	(6)	-143%	2	43%	(4)	-9%
Molybdenum ore/conc.	6	184%	(3)	-84%	3	18%
2. Cashmere	45,8		(81,6)		(36)	
Washed cashmere	48,6	189%	(74,4)	-289%	(25,7)	-12%
Combed cashmere	(2,8)	-28%	(7,2)	-72%	(10,1)	-30%
3. Other	21	56%	17	44%	38	19%
Total	188,2		(512,9)		(324,7)	

Picture 5. Market price of gold, zinc, copper



Composition: 29% + 38% + 19%

As of Aug 2015, 29% of total imports were consumer goods, 38% were capital goods and 19% were fuels.

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

Growth: -29.2%

Mongolian imports decreased by 29.2% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 15% of the total decrease and fuel imports which equals to 8% of the total decrease.

Capital goods and petroleum products imports decreased by 36% (546 millions USD) and 36% (270 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 31% (81 millions USD) and foods import decreased by 17% (58 millions USD).

Capital goods import decreased by 36% (546 millions USD) which was mainly contributed by 39% decrease in machinery, equipment and supplies (311 million USD). In addition, import of construction materials decreased by 36% (197 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 12% (49 millions USD).

Fuels import decreased by 36% (270 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 during last few months.

Import of the consumer goods

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

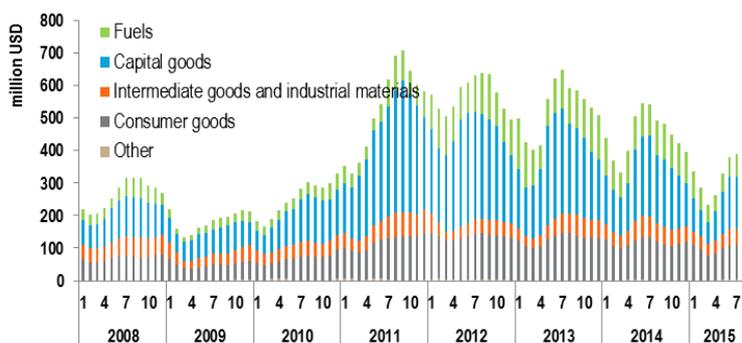
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 6 months.

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

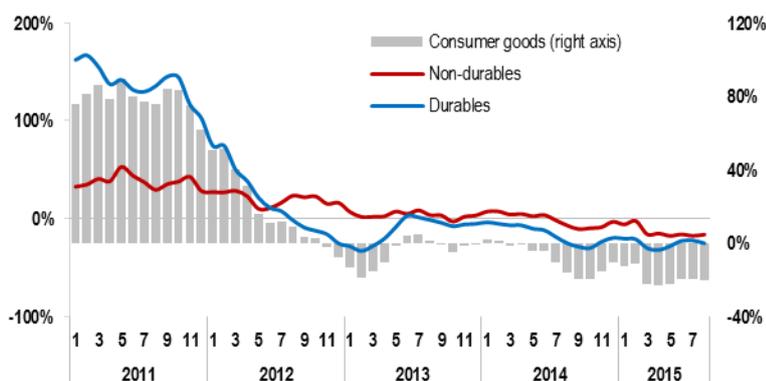
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	726	29%	919	26%	(193)	-21%	
Non-durables	410	16%	487	14%	(77)	-16%	-8%
Food	279	11%	337	9%	(58)	-17%	-6%
Medicinal and pharmaceutical products	47	2%	51	1%	(4)	-7%	0%
Other non-durables	84	3%	99	3%	(16)	-16%	-2%
Durables	317	12%	432	12%	(116)	-27%	-13%
Clothing	31	1%	38	1%	(7)	-18%	-1%
Household electrical appliances and furniture	64	2%	86	2%	(22)	-26%	-2%
Passenger cars and parts	179	7%	259	7%	(81)	-31%	-9%
Other durables	44	2%	49	1%	(6)	-12%	-1%
Capital goods	967	38%	1513	42%	(546)	-36%	
Machinery, equipment, supplies and vehicles	489	19%	801	22%	(311)	-39%	-21%
Vehicles other than passenger cars, parts	79	3%	204	6%	(124)	-61%	-8%
Machinery, equipment and supplies	410	16%	597	17%	(187)	-31%	-12%
Construction materials	349	14%	546	15%	(197)	-36%	-13%
Other capital goods	129	5%	166	5%	(37)	-22%	-2%
Intermediate goods and industrial materials	355	14%	404	11%	(49)	-12%	
Food ingredients (w heat, malt etc)	20	1%	25	1%	(5)	-21%	-1%
Chemical products	64	2%	63	2%	0	1%	0%
Yarn, fabrics, textiles, leather	11	0%	10	0%	1	5%	0%
Electricity	85	3%	81	2%	4	5%	1%
Metal ores and scrap	1	0%	0	0%	1	148%	0%
Other industrial materials	175	7%	225	6%	(49)	-22%	-12%
Fuels	481	19%	752	21%	(270)	-36%	
Diesels	259	10%	421	12%	(161)	-38%	-21%
Gasolines A92-95	155	6%	214	6%	(58)	-27%	-8%
Gasolines A80 and other fuels	67	3%	117	3%	(51)	-43%	-7%
Other	17	1%	11	0%	6		
TOTAL	2 547		3 599		(1 052)	-29.2%	

*%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

