



# MONGOLIA'S FOREIGN TRADE REVIEW

September 2015

## Total trade turnover: \$6,397.7 millions

As of Sep 2015 the total cumulative trade turnover decreased by 20.7% (USD 1,670.4 millions) from that of the previous year and reached USD 6,397.7 millions. The decrease in the trade turnover was mainly due to the decrease in imports by USD 1,189.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 63.0% or USD 4,029.8 millions and (ii) trade with Russia: 12.9% or USD 825.0 millions. The trade volume between Mongolia and China decreased by 18.3% and the trade volume between Mongolia while Russia decreased by 33.1%.

## Trade balance: \$684.2 million

As of Sep 2015, the cumulative trade balance improved by USD 708.6 millions from that of the previous year and reached USD 684.2 millions. During the reporting period even though the total exports decreased by 12.0% from that of the previous year, imports decreased by 29.4% from that of the previous year, thus the trade balance improved by USD 708.6 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: \$878.9 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 Sep 2015, the trade balance of paid trade flows reached USD 878.9 millions. During the reporting period, paid imports decreased by 30.9%, and paid exports decreased by 12.5% from that of previous year.

## Terms of trade: 1.249 (test estimation)

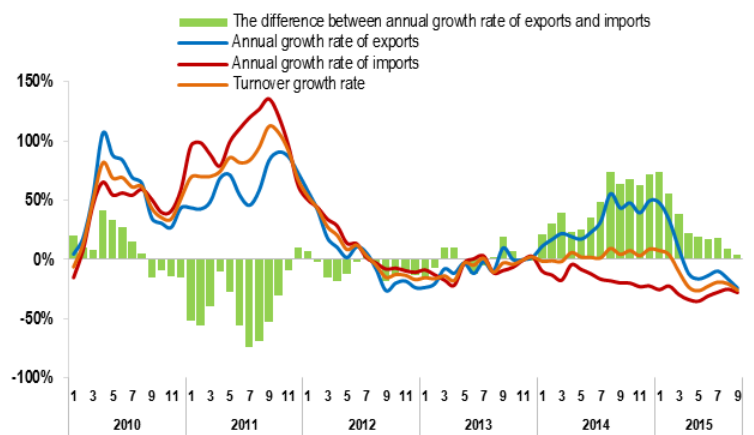
As of Sep 2015, terms of trade index (2012 base year) decreased by 21.2% from that of the previous year and reached 1.249.

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

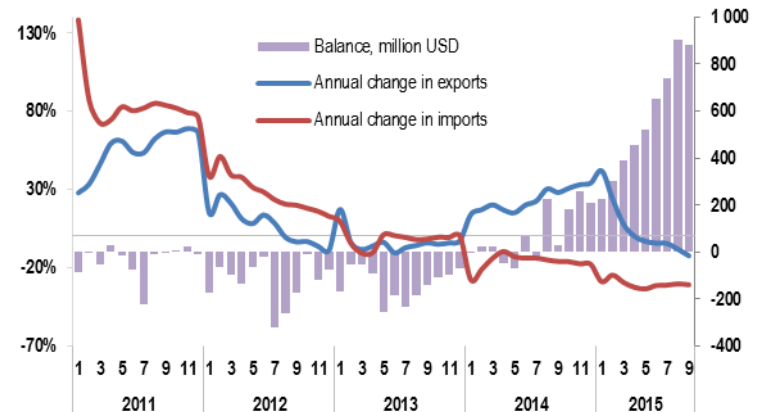
Table 1. The foreign trade performance /million USD/

Type	First 9 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
<b>Turnover</b>	<b>6 397,7</b>	<b>8 068,1</b>	<b>7 923,3</b>	<b>(1 670,4)</b>	<b>-20,7%</b>	<b>144,8</b>	<b>1,8%</b>
Ex port	3 540,9	4 021,8	3 097,8	(480,9)	-12,0%	924,0	29,8%
Import	2 856,8	4 046,2	4 825,4	(1 189,5)	-29,4%	(779,2)	-16,1%
<b>Balance</b>	<b>684,2</b>	<b>(24,4)</b>	<b>(1 727,6)</b>	<b>708,6</b>		<b>1 703,2</b>	<b>-98,6%</b>

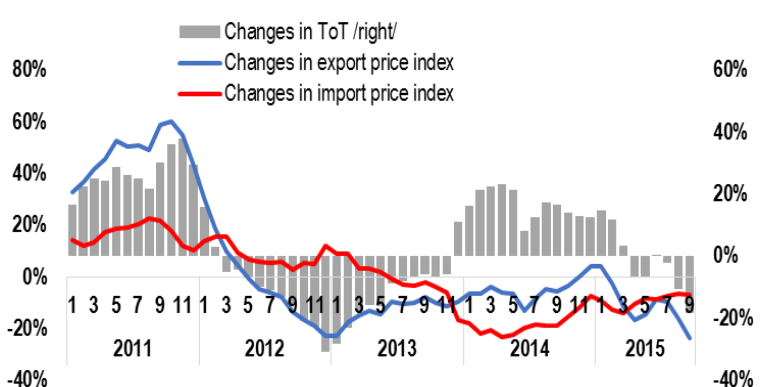
Picture1. The growth rate of exports and imports /3 month moving average/



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 74% 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: -12.0%**

Mongolian export decreased by 12.0% from that of the previous year, which was mainly affected by decrease in commodity prices.

Exports of copper concentrate increased by 2%, which accounted for 1% 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 Sep 2015, Mongolian export decreased by 480.9 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 197.5 millions) and decrease in export commodities' prices (USD 678.4 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 346 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 599 million USD.

Cashmere, cashmere products' export decreased by 39 million USD, while other exports increased by 10 million USD.

**World market prices for primary commodities**

As of Sep 30 2015, gold price reached 1,115.9 USD, decreased by 7.7% from that of the previous year and decreased by 1.5% from that of the last month.

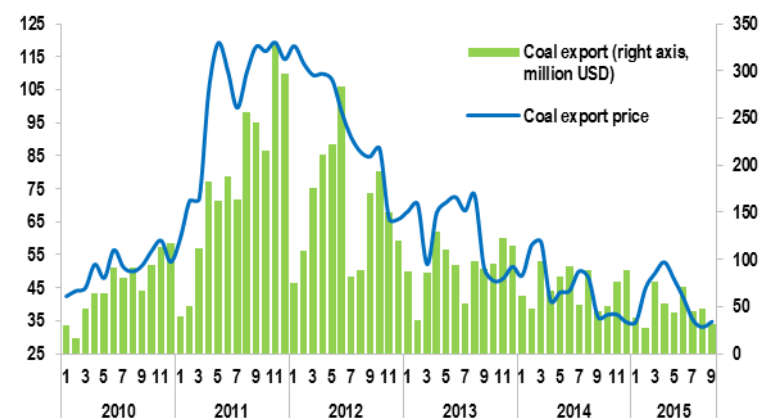
As of Sep 30 2015, copper and iron ore prices reached 5,176.4 USD and 56.0 USD. Copper price increased by 0.6% from that of previous month and decreased by 23.0% from that of previous year. Iron ore price stayed at the same level as previous month and decreased by 28.2% from that of previous year.

**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
<b>1. Minerals</b>		<b>3 057</b>	<b>86%</b>		<b>3 509</b>	<b>87%</b>	<b>(452)</b>	<b>-13%</b>	
Coal	10 458	432	12%	13 473	633	16%	(201)	-32%	-6%
Copper concentrate	1 060	1 715	48%	966	1 684	42%	31	2%	1%
Iron ore /c onc.	3 424	164	5%	4 158	314	8%	(150)	-48%	-4%
Crude oil	5 857	293	8%	5 051	500	12%	(207)	-41%	-6%
Zinc ore/concentrate	78	96	3%	80	90	2%	6	6%	0%
Non monetary gold	7 581	286	8%	5 126	214	5%	72	34%	2%
Spar. leucine. nepheline	202	47	1%	228	52	1%	(4)	-8%	0%
Molybdenum ore/c onc.	3	23	1%	3	22	1%	1	5%	0%
<b>2. Cashmere</b>		<b>218,0</b>	<b>6%</b>		<b>256,6</b>	<b>6%</b>	<b>(39)</b>	<b>-15%</b>	
Washed cashmere	4 765	189	5%	3 889	216	5%	(26,4)	-12%	-10%
Combed cashmere	386	29	1%	419	41	1%	(12,2)	-30%	-5%
<b>3. Other</b>		<b>266</b>	<b>8%</b>		<b>256</b>	<b>6%</b>	<b>10</b>	<b>4%</b>	
<b>Total amount</b>		<b>3 541</b>			<b>4 022</b>		<b>(480,9)</b>	<b>-12,0%</b>	

% 2 - Contribution to the growth

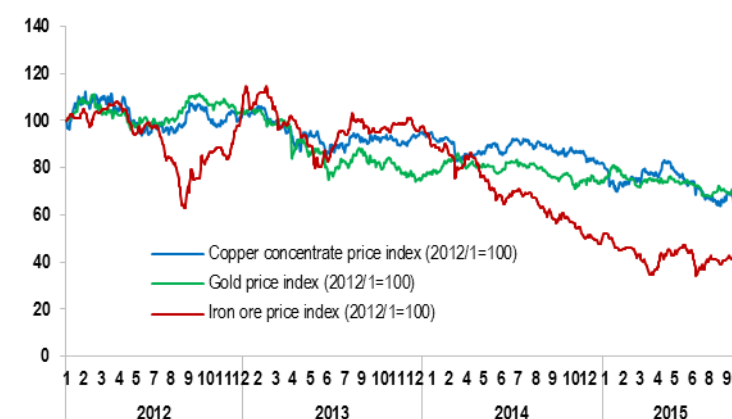
**Picture 4. Coal export, market price (USD)**



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

	Changes in quantity		Changes in price		Total changes	
		%		%		%
<b>1. Minerals</b>	147		(599)		(452)	
Coal	(142)	-70%	(59)	-30%	(201)	-32%
Copper concentrate	163	520%	(132)	-420%	31	2%
Iron ore /c onc.	(55)	-37%	(94)	-63%	(150)	-48%
Crude oil	80	39%	(287)	-139%	(207)	-41%
Zinc ore/concentrate	(3)	-46%	8	146%	6	6%
Non monetary gold	103	142%	(31)	-42%	72	34%
Spar. leucine. nepheline	(6)	-138%	2	38%	(4)	-8%
Molybdenum ore/c onc.	7	628%	(6)	-528%	1	5%
<b>2. Cashmere</b>	45,5		(84,1)		(39)	
Washed cashmere	48,6	184%	(75,0)	-284%	(26,4)	-12%
Combed cashmere	(3,2)	-26%	(9,0)	-74%	(12,2)	-30%
<b>3. Other</b>	5	56%	4	44%	10	4%
<b>Total</b>	<b>197,5</b>		<b>(678,4)</b>		<b>(480,9)</b>	

**Picture 5. Market price of gold, iron ore, copper**



## Composition: 29% + 38% + 19%

As of Sep 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 4%.

## Growth: -29.4%

Mongolian imports decreased by 29.4% 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 35% (597 millions USD) and 38% (327 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% (82 millions USD) and foods import decreased by 17% (63 millions USD).

**Capital goods** import decreased by 35% (597 millions USD) which was mainly contributed by 36% decrease in machinery, equipment and supplies (315 million USD). In addition, import of construction materials decreased by 38% (240 million USD) from that of previous year.

**Intermediate goods and industrial materials** import decreased by 14% (63 millions USD).

**Fuels** import decreased by 38% (327 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).

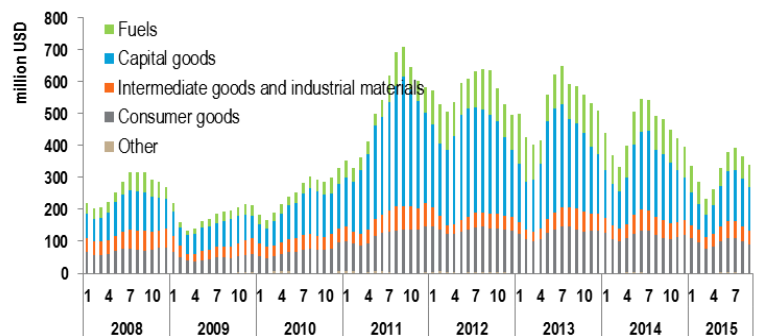
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 6 months.

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

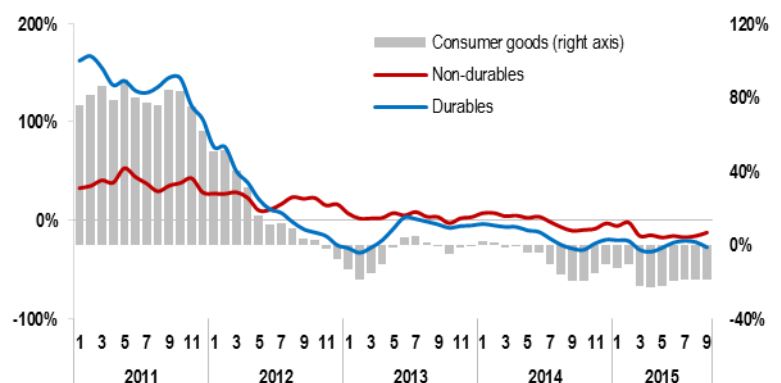
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
<b>Consumer goods</b>	<b>814</b>	<b>29%</b>	<b>1022</b>	<b>25%</b>	<b>(208)</b>	<b>-20%</b>	
Non-durables	465	16%	547	14%	(82)	-15%	-8%
Food	318	11%	380	9%	(63)	-17%	-6%
Medicinal and pharmaceutical products	54	2%	56	1%	(2)	-4%	0%
Other non-durables	93	3%	110	3%	(17)	-15%	-2%
Durables	350	12%	476	12%	(126)	-26%	-12%
Clothing	36	1%	43	1%	(7)	-17%	-1%
Household electrical appliances and furniture	70	2%	98	2%	(28)	-28%	-3%
Passenger cars and parts	196	7%	278	7%	(82)	-29%	-8%
Other durables	47	2%	56	1%	(9)	-16%	-1%
<b>Capital goods</b>	<b>1096</b>	<b>38%</b>	<b>1693</b>	<b>42%</b>	<b>(597)</b>	<b>-35%</b>	
Machinery, equipment, supplies and vehicles	564	20%	879	22%	(315)	-36%	-19%
Vehicles other than passenger cars, parts	88	3%	225	6%	(137)	-61%	-8%
Machinery, equipment and supplies	476	17%	654	16%	(177)	-27%	-10%
Construction materials	396	14%	635	16%	(240)	-38%	-14%
Other capital goods	136	5%	179	4%	(43)	-24%	-3%
<b>Intermediate goods and industrial materials</b>	<b>391</b>	<b>14%</b>	<b>455</b>	<b>11%</b>	<b>(63)</b>	<b>-14%</b>	
Food ingredients (w heat, malt etc)	22	1%	27	1%	(5)	-18%	-1%
Chemical products	69	2%	71	2%	(2)	-2%	0%
Yarn, fabrics, textiles, leather	11	0%	11	0%	0	1%	0%
Electricity	95	3%	93	2%	2	3%	1%
Metal ores and scrap	1	0%	0	0%	1	150%	0%
Other industrial materials	193	7%	253	6%	(60)	-24%	-13%
<b>Fuels</b>	<b>537</b>	<b>19%</b>	<b>864</b>	<b>21%</b>	<b>(327)</b>	<b>-38%</b>	
Diesels	288	10%	481	12%	(192)	-40%	-22%
Gasolines A92-95	172	6%	247	6%	(75)	-30%	-9%
Gasolines A80 and other fuels	77	3%	137	3%	(60)	-44%	-7%
<b>Other</b>	<b>18</b>	<b>1%</b>	<b>12</b>	<b>0%</b>	<b>6</b>		
<b>TOTAL</b>	<b>2 857</b>		<b>4 046</b>		<b>(1 189)</b>	<b>-29.4%</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

