



MONGOLIA'S FOREIGN TRADE REVIEW

October 2015

Total trade turnover: \$7,090.0 millions

As of Oct 2015 the total cumulative trade turnover decreased by 21.9% (USD 1,990.0 millions) from that of the previous year and reached USD 7,090.0 millions. The decrease in the trade turnover was mainly due to the decrease in imports by USD 1,311.0 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.3% or USD 4,420.2 millions and (ii) trade with Russia: 12.7% or USD 901.1 millions. The trade volume between Mongolia and China decreased by 20.2% and the trade volume between Mongolia while Russia decreased by 34.4%.

Trade balance: \$763.4 million

As of Oct 2015, the cumulative trade balance improved by USD 632.0 millions from that of the previous year and reached USD 763.4 millions. During the reporting period even though the total exports decreased by 14.7% from that of the previous year, imports decreased by 29.3% from that of the previous year, thus the trade balance improved by USD 632.0 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: \$1,007.6 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 Oct 2015, the trade balance of paid trade flows reached USD 1,007.6 millions. During the reporting period, paid imports decreased by 31.6%, and paid exports decreased by 15.4% from that of previous year.

Terms of trade: 1.408 (test estimation)

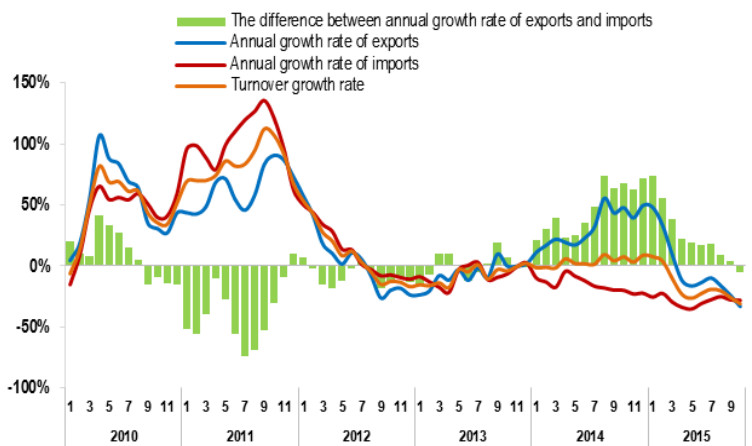
As of Oct 2015, terms of trade index (2012 base year) decreased by 9.5% from that of the previous year and reached 1.408.

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

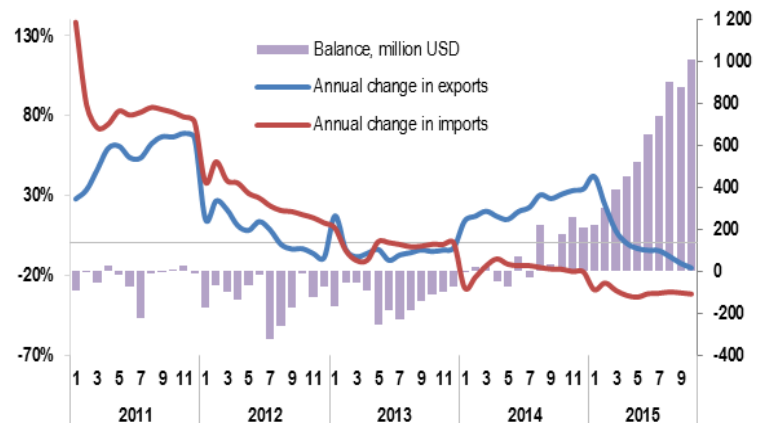
Table 1. The foreign trade performance /million USD/

Type	First 10 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turn over	7 090,0	9 080,0	8 821,2	(1 990,0)	-21,9%	258,9	2,9%
Ex port	3 926,7	4 605,7	3 480,2	(679,0)	-14,7%	1 125,5	32,3%
Import	3 163,3	4 474,3	5 341,0	(1 311,0)	-29,3%	(866,7)	-16,2%
Balance	763,4	131,4	(1 860,8)	632,0		1 992,2	-107,1%

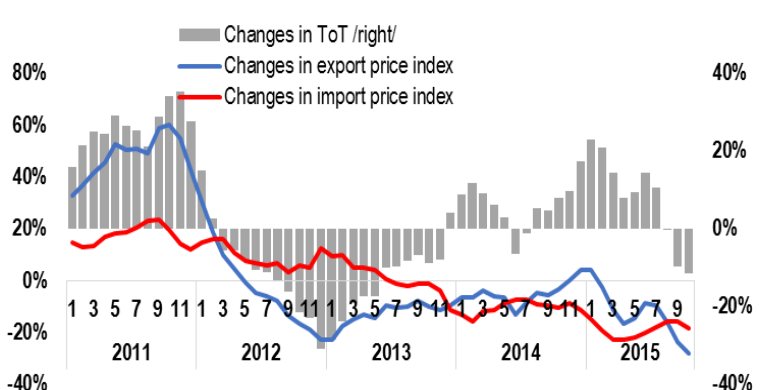
Picture1. The growth rate of exports and imports /3 month moving average/



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 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 77% of total exports and 84% of mining exports.

In addition, these 4 products' share in the mining exports decreased by 3.0 points from that of the previous year, share in the total exports decreased by 4.0 points.

Growth: -14.7%

Mongolian export decreased by 14.7% from that of the previous year, which was mainly affected by decrease in commodity prices.

Exports of non-monetary gold increased by 10%, 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%, 49% and 41% respectively, which accounted for 15% decrease in the growth of mining export.

Changes

As of Oct 2015, Mongolian export decreased by 679.0 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 156.5 millions) and decrease in export commodities' prices (USD 835.5 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 345 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 750 million USD.

Cashmere, cashmere products' export decreased by 45 million USD, while other exports stayed at the same level.

World market prices for primary commodities

As of Oct 30 2015, gold price reached 1,142.1 USD, decreased by 2.6% from that of the previous year and decreased by 2.4% from that of the last month.

As of Oct 30 2015, copper and iron ore prices reached 5,129.5 USD and 50.0 USD. Copper price decreased by 0.9% from that of previous month and decreased by 24.1% from that of previous year. Iron ore price decreased by 10.7% from that of previous month and decreased by 36.7% 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		3 409	87%		4 045	88%	(636)	-16%	
Coal	11 542	468	12%	14 839	683	15%	(216)	-32%	-5%
Copper concentrate	1 205	1 890	48%	1 095	1 932	42%	(43)	-2%	-1%
Iron ore /c onc.	3 975	187	5%	4 998	367	8%	(179)	-49%	-4%
Crude oil	6 618	328	8%	5 710	555	12%	(227)	-41%	-6%
Zinc ore/concentrate	83	100	3%	87	98	2%	2	2%	0%
Non monetary gold	9 474	357	9%	7 925	324	7%	33	10%	1%
Spar, leucine, nepheline	232	55	1%	258	59	1%	(4)	-7%	0%
Molybdenum ore/c onc.	4	25	1%	3	26	1%	(2)	-7%	0%
2. Cashmere		224,7	6%		269,3	6%	(45)	-17%	
Washed cashmere	4 765	189	5%	3 992	221	5%	(31.9)	-14%	-12%
Combed cashmere	480	35	1%	494	48	1%	(12.6)	-26%	-5%
3. Other		293	7%		292	6%	2	1%	
Total amount		3 927			4 606		(679,0)	-14,7%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

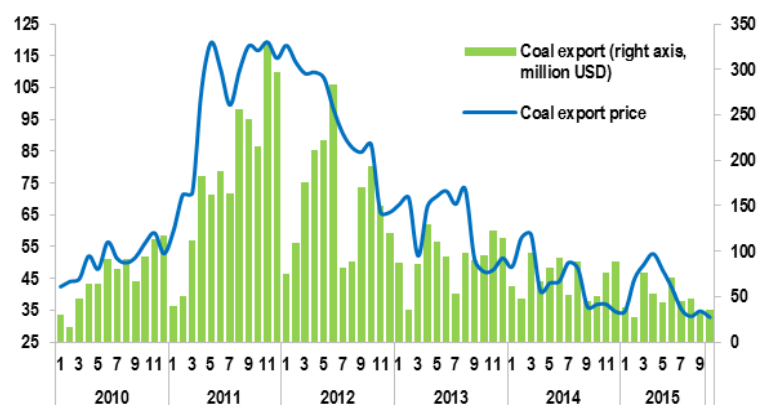
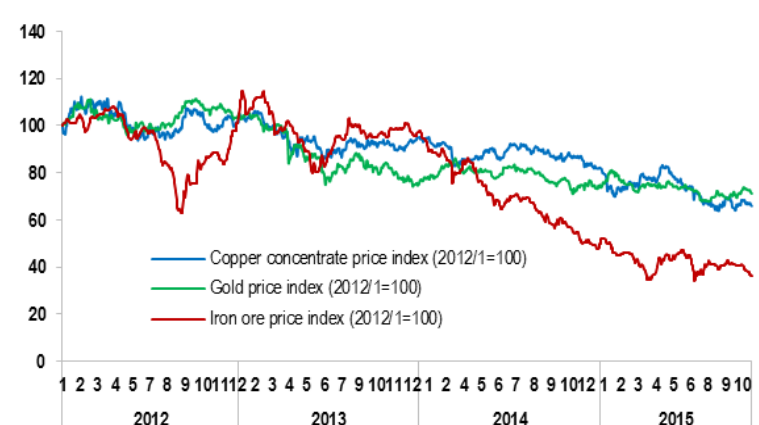


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
		%		%		%
1. Minerals	114		(750)		(636)	
Coal	(152)	-70%	(64)	-30%	(216)	-32%
Copper concentrate	193	449%	(236)	-549%	(43)	-2%
Iron ore /c onc.	(75)	-42%	(104)	-58%	(179)	-49%
Crude oil	88	39%	(315)	-139%	(227)	-41%
Zinc ore/concentrate	(5)	-201%	7	301%	2	2%
Non monetary gold	63	194%	(31)	-94%	33	10%
Spar, leucine, nepheline	(6)	-146%	2	46%	(4)	-7%
Molybdenum ore/c onc.	7	387%	(9)	-487%	(2)	-7%
2. Cashmere	41,5		(86,1)		(45)	
Washed cashmere	42,9	134%	(74,8)	-234%	(31,9)	-14%
Combed cashmere	(1,4)	-11%	(11,2)	-89%	(12,6)	-26%
3. Other	1	56%	1	44%	2	1%
Total	156,5		(835,5)		(679,0)	

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



Composition: 29% + 38% + 19%

As of Oct 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: -29.3%

Mongolian imports decreased by 29.3% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 14% of the total decrease and fuel imports which equals to 8% of the total decrease.

Capital goods and petroleum products imports decreased by 34% (641 millions USD) and 39% (376 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% (88 millions USD) and foods import decreased by 17% (71 millions USD).

Capital goods import decreased by 34% (641 millions USD) which was mainly contributed by 36% decrease in machinery, equipment and supplies (344 million USD). In addition, import of construction materials decreased by 38% (268 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 14% (73 millions USD).

Fuels import decreased by 39% (376 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 half year.

Import of the consumer goods

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

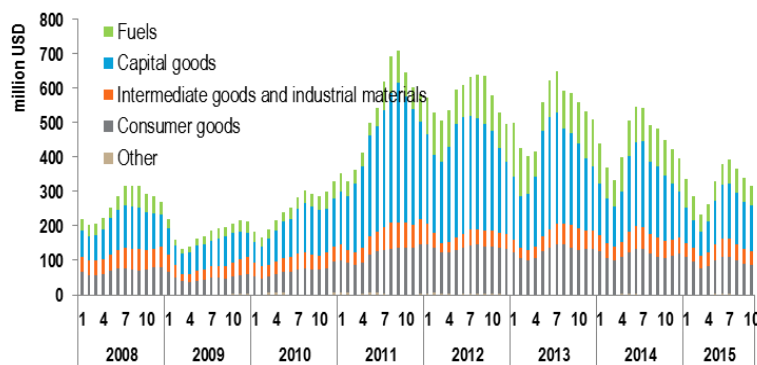
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 6 months.

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

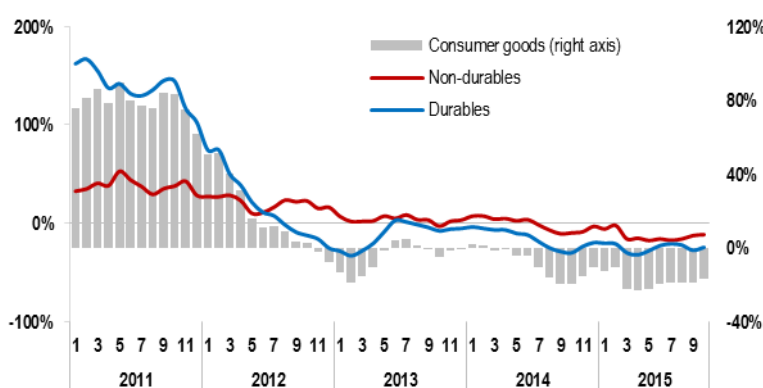
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	907	29%	1136	25%	(228)	-20%	
Non-durables	523	17%	616	14%	(93)	-15%	-8%
Food	358	11%	430	10%	(71)	-17%	-6%
Medicinal and pharmaceutical products	61	2%	64	1%	(3)	-5%	0%
Other non-durables	103	3%	123	3%	(19)	-16%	-2%
Durables	384	12%	520	12%	(135)	-26%	-12%
Clothing	42	1%	49	1%	(7)	-15%	-1%
Household electrical appliances and furniture	75	2%	109	2%	(33)	-31%	-3%
Passenger cars and parts	213	7%	301	7%	(88)	-29%	-8%
Other durables	54	2%	61	1%	(7)	-12%	-1%
Capital goods	1218	38%	1858	42%	(641)	-34%	
Machinery, equipment, supplies and vehicles	623	20%	967	22%	(344)	-36%	-18%
Vehicles other than passenger cars, parts	94	3%	242	5%	(148)	-61%	-8%
Machinery, equipment and supplies	529	17%	725	16%	(196)	-27%	-11%
Construction materials	429	14%	697	16%	(268)	-38%	-14%
Other capital goods	165	5%	195	4%	(29)	-15%	-2%
Intermediate goods and industrial materials	431	14%	504	11%	(73)	-14%	
Food ingredients (w heat, malt etc)	24	1%	30	1%	(6)	-21%	-1%
Chemical products	75	2%	77	2%	(2)	-3%	0%
Yarn, fabrics, textiles, leather	13	0%	13	0%	(1)	-5%	0%
Electricity	106	3%	104	2%	2	2%	0%
Metal ores and scrap	1	0%	0	0%	1	116%	0%
Other industrial materials	213	7%	279	6%	(66)	-24%	-13%
Fuels	588	19%	964	22%	(376)	-39%	
Diesels	310	10%	537	12%	(226)	-42%	-23%
Gasolines A92-95	192	6%	272	6%	(81)	-30%	-8%
Gasolines A80 and other fuels	86	3%	155	3%	(69)	-45%	-7%
Other	20	1%	12	0%	8		
TOTAL	3 163		4 474		(1 311)	-29.3%	

*%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

