



MONGOLIA'S FOREIGN TRADE REVIEW

May 2013

Total trade turnover: \$4,111 millions

As of May 2013 the total cumulative trade turnover from the beginning of the year fell by 5% (USD 235.6 millions) from that of the previous year and reached USD 4,111.3 millions. The decrease in the trade turnover was due to the decrease in imports by USD 179.9 millions and in exports by USD 55.7 millions.

The annual growth rate declined by 11 percentage points from that of the previous year as a result of the decrease in the growth rate of imports by 17 percentage points and that of exports by 6 percentage points.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 49% or USD 1,995.0 millions and (ii) trade with Russia: 15% or USD 601.0 millions. The trade volume between Mongolia and China decreased by 10% and the trade volume between Mongolia and Russia declined by 22%.

Trade balance: -\$825 million

As of May 2013, the cumulative trade balance decreased by 13% (USD 124.0 millions) from that of the previous year and reached USD -825.0 millions. Although during the reporting period the total exports decreased by 3% from that of the previous year the trade balance improved due to the decline in imports by 7% from that of the previous year.

The value of the three-month moving average of the difference of annual growth rates of exports and imports has been decreasing since September 2012 and as of May 2013 it is -1%. Picture 1 shows that the annual growth rates of exports and imports have been declining since October 2011. In this May, it slightly increased from previous month.

Trade balance of paid trade flows: -\$625 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 2013, the trade balance of paid trade flows decreased by 2.7% from that of the previous year and reached USD -625 millions. Paid imports during the reporting period increased by 1% which means that the rate of the decrease in paid exports is by 3.8 percentage points higher than that of imports.

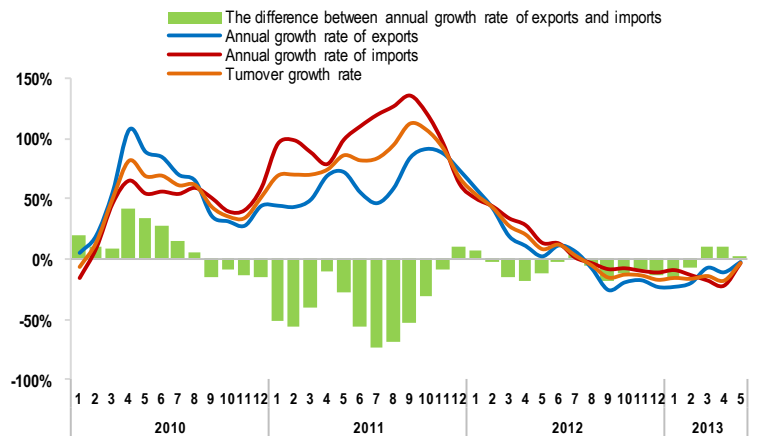
Terms of trade: 1.429

As of May 2013, terms of trade index (2000 base year) decreased by 8.7% from that of the previous year and reached 1.429. This decrease in the terms of trade is mainly attributed to the fall in export prices of exporting commodities.

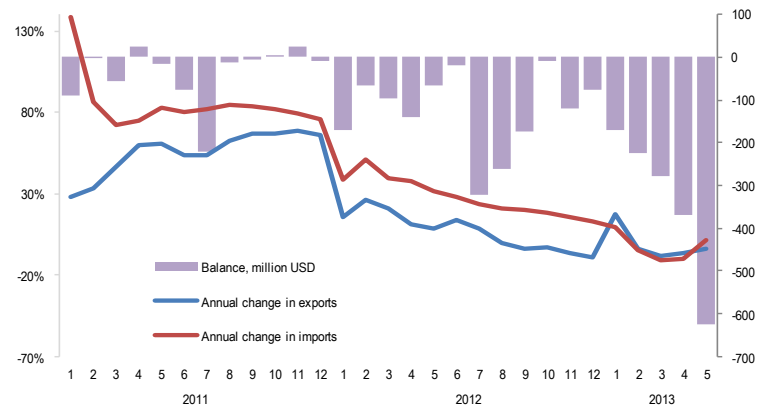
Table 1. The foreign trade performance /million USD/

Type	First 5 months			Changes			
	2013	2012	2011	2013/2012		2012/2011	
				Amount	%	Amount	%
Turnover	4 111,3	4 347,0	3 695,6	(235,7)	-5%	651,4	18%
Export	1 643,3	1 699,0	1 578,0	(55,7)	-3%	120,9	8%
Import	2 468,1	2 648,0	2 117,6	(179,9)	-7%	530,4	25%
Balance	(824,8)	(949,0)	(539,5)	124,2	-13%	(409,5)	1.8x

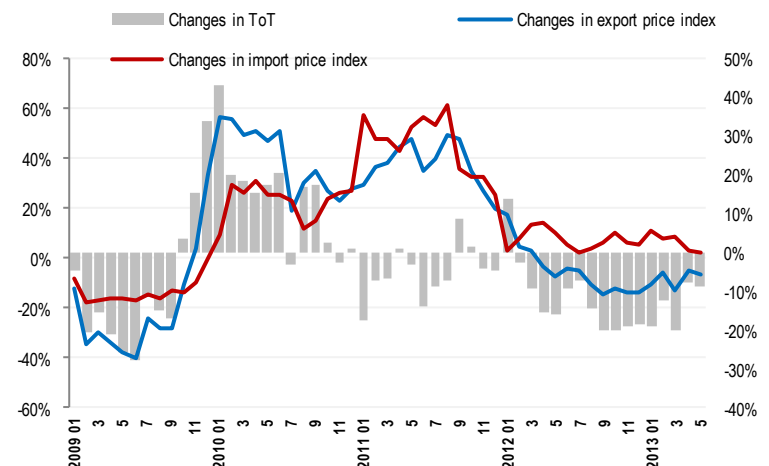
Picture1. The growth rate of exports and imports /3 month moving average/



Picture 2. The trade paid in hard currency



Picture 3. Changes in terms of trade



Composition: 88%+ 12%

The share of mineral exports in total exports was 88% of the total export and decreased by 4 points from that of the previous year.

Coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 74% of total export and 84% of mining export.

In addition, these 4 products share in the mining exports decreased by 7 points from that of the previous year, share in the total exports decreased by 10 points..

Growth: -3.3%

Mongolian export decreased by 3.3% from that of the previous year, which was mainly affected by 7% decrease in mineral exports. Exports of iron ore, concentrate and non monetary gold increased by 56% and 225%, respectively, which accounting for almost 6% and 6% in growth of mining export. On the other hand, coal export decreased by nearly 43% and because of this mining export has decreased by 22% from the first 5 months of 2012.

Changes

In first 5 months of 2013, Mongolian export decreased by 55.7 million USD from that of the previous year. The decrease in export commodities' prices (USD 145.4 millions) offsets increase of export commodities' quantities (USD 89.6 millions).

Because of the increase in crude oil, zinc ore, concentrate and non monetary gold quantities, total export would've increased by 163 millions USD. However, coal, crude oil, monetary gold's prices, coal, iron ore and spar, leucine, nepheline' quantities decreased in reporting period, so total mining export decreased by 112 millions USD.

Cashmere and cashmere product exports' both prices and quantities increased by 13 and 22 million USD, respectively . For other exports, prices and quantities both increased, so total of other export increased by almost 22 millions USD.

World market prices for primary commodities

As of May 31 2013, gold price reached 1,387.8 USD, decreased by 11.1% from that of the previous year and decreased 6.0% from that of the last month.

As of May 31 2013, copper and zinc prices reached 7,280.8 and 1,883.8 USD, increased by 3.7%, 3.2% from that of the last month, copper price decreased by 2.1% and zinc price increased by 1.5% from that of the previous year, respectively.

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

	2013			2012			Changes		
	Quan/unit (thou. tonnes, kg)	Amount	%	Quan/unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
1. Minerals	1 451	88%		1 563	92%		(112)	-7%	-7%
Coal	6 332	449	27%	7 268	793	47%	(345)	-43%	-22%
Copper concentrate	232	338	21%	231	339	20%	(2)	0%	0%
Iron ore /conc.	2 324	262	16%	2 387	168	10%	94	56%	6%
Crude oil	1 789	169	10%	1 262	127	7%	42	33%	3%
Zinc ore/concentrate	69	67	4%	49	48	3%	19	40%	1%
Non monetary gold	2 959	126	8%	889	39	2%	87	225%	6%
Spar, leucine, nepheline	108	26	2%	154	33	2%	(7)	-22%	0%
Molybdenum ore/conc.	2	14	1%	2	15	1%	(2)	-12%	0%
2. Cashmere	105,5	6%		70,8	4%		35	49%	2%
Washed cashmere	1 957	93	6%	1 444	59	3%	33,5	56%	47%
Combed cashmere	134	13	1%	125	11	1%	1,2	10%	2%
3. Other	87	5%		65	4%		22	34%	1%
Total amount	1 643			1 699			(55,7)	-3,3%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

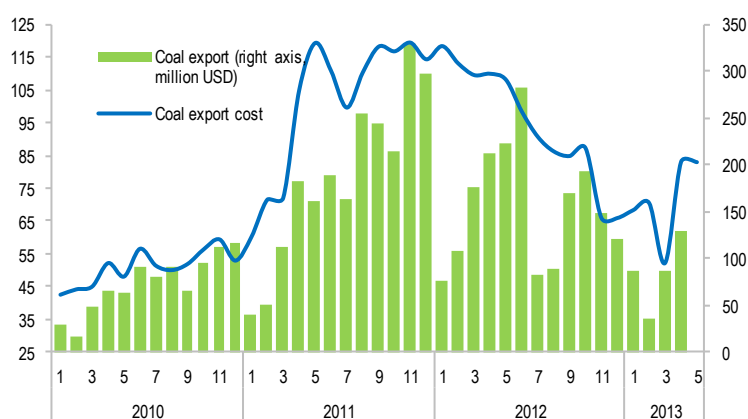
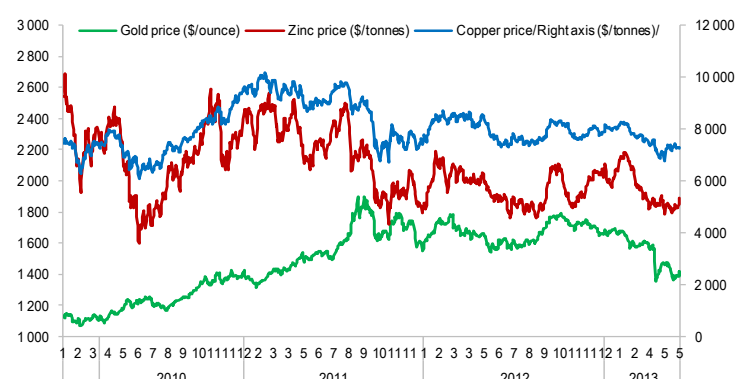


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	47		(159)		(112)	
Coal	(102)	30%	(242)	70%	(345)	618%
Copper concentrate	1	-57%	(2)	157%	(2)	3%
Iron ore /conc.	(4)	-5%	99	105%	94	-169%
Crude oil	53	126%	(11)	-26%	42	-76%
Zinc ore/concentrate	20	103%	(1)	-3%	19	-34%
Non monetary gold	90	104%	(3)	-4%	87	-157%
Spar, leucine, nepheline	(10)	136%	3	-36%	(7)	13%
Molybdenum ore/conc.	(1)	50%	(1)	50%	(2)	3%
2. Cashmere	22		13		35	
Washed cashmere	21,1	63%	12,4	37%	33,5	-60%
Combed cashmere	0,9	74%	0,3	26%	1,2	-2%
3. Other	21	97%	1	3%	22	-39%
Total	89,6		(145,4)		(55,7)	

Picture 5. Market price of gold, zinc, copper



Composition: 27% + 21%

As of first 5 months of 2013, 48% of total imports were oil products and industrial inputs' imports, 15% were consumer goods and food imports, rest 37% were other products' import.

Share of oil products and industrial inputs' imports in total imports decreased by 3 points from the first 5 months of 2012. This decrease affected by industrial inputs' import, which decreased by 2 points, even though oil products' import not changed.

Growth: -7%

Mongolian imports decreased by 7% from that of the previous year. Main contributors of this decrease were industrial inputs' decrease, which equal to 3% of the total decrease, and decrease of other products' import, which equal to 3% of the total decrease.

Consumer goods and industrial inputs' imports decreased by 11% (37 millions USD) and 11% (86 millions USD) respectively, thus total import decreased from that of the previous year.

Changes

Prices and quantities of import goods both decreased by 37 and 143 millions USD respectively, thus total imports decreased by 180 millions USD from that of the previous year.

The primary reason behind the decrease in imports of oil products was a decrease of quantities by 21 millions USD, although oil price on the border increased by 0.9 millions USD. The oil price on the border decreased in begin 2012 and the august 2012. Since then, the oil price increased slightly, but in 2013, it is decreasing slowly. (Figure 6).

Industrial inputs' imports price and quantity both decreased by 93% and 7%, respectively, thus industrial inputs' import declined by almost 86 millions USD. At the same time, 72% of decrease in consumer products' import were quantity related causes, 28% were price related causes, thus consumer products' import decreased by 37 million USD.

Import of the primary consumer products*

As of first 5 months of 2013, growth of primary consumer products' import, which calculated by 3 month moving average method, decreased to -6%. import / Figure 7).

Annual growth of electronics import had been increased from beginning of 2010 to mid of 2011 year, but since then it has been dropped. In the other hand, passenger cars import had been decreased since beginning of 2011, but since beginning of this year it has been increased and in the reporting report it reached previous year's the same period's level.

*In this calculation, among the all consumer products' import, main 48 goods is chosen and used.

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

Types	2013			2012			Changes		
	Quant (unit, thousand of units)	Amount	%	Quant (unit, thousand of units)	Amount	%	Amount	Percentage	Percentage
Industrial inputs		669	27%		755	29%	(86)	-11%	-3%
Heavy mechanism, equipment	4 660	383	57%	4 411	449	60%	(66)	-15%	-9%
Cars other than passenger	390	234	35%	399	248	33%	(14)	-6%	-2%
Iron work, steel prod.	12 001	17	3%	13 891	21	3%	(4)	-19%	-1%
Other products	211 305	35	5%	44 740	36	5%	(2)	-5%	0%
Oil		530	21%		551	21%	(20)	-4%	-1%
Diesel fuel	262 770	314	59%	283 593	336	61%	(22)	-7%	-4%
A-92, A-95	92 907	115	22%	97 484	122	22%	(8)	-6%	-1%
A-80 and other	79 430	102	19%	71 863	92	17%	10	11%	2%
Consumer goods		293	12%		331	12%	(37)	-11%	-1%
Passenger car	19	156	53%	18	185	56%	(29)	-16%	-9%
Electronics	459	64	22%	432	67	20%	(3)	-5%	-1%
All types of medicine	769	26	9%	721	30	9%	(4)	-14%	-1%
Other consumer goods	6 304	48	16%	5 842	48	15%	(1)	-2%	0%
Nutrimet		66	3%		72	3%	(6)	-9%	0%
Powder, rice, bread	18 833	19	28%	43 710	24	33%	(5)	-21%	-7%
Dairy produce	2 214	8	12%	2 417	9	13%	(2)	-20%	-3%
All types of fat	9 674	13	19%	9 081	12	17%	1	4%	1%
Alcohol	9 387	8	12%	8 872	8	11%	0	0%	0%
Vegetable	29 707	6	9%	32 779	6	8%	(0)	-1%	0%
Other	24 692	13	20%	22 930	13	18%	0	1%	0%
Other imports		910	37%		939	35%	(30)	-3%	-1%
Other		910			939		(30)	-3%	-3%
Total amount		2 468			2 648		(180)	-7%	-7%

% 2 - Contribution to the growth

Picture 6. Import of oil products, average border price

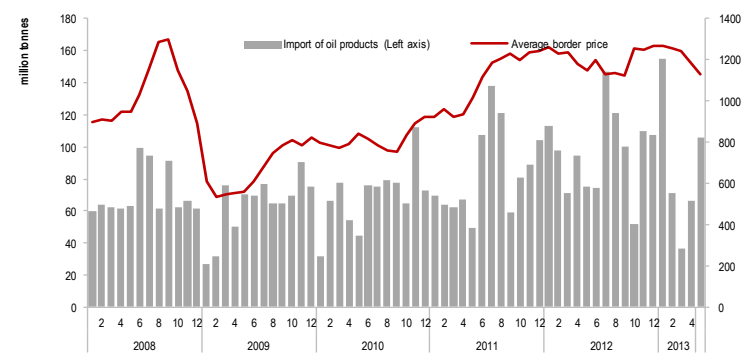


Table 5. Changes in import goods (million USD)

Types	Changes in quantity		Changes in price		Total changes	
	(million USD)	%	(million USD)	%	(million USD)	%
Industrial inputs	(80,3)	93%	(6,0)	7%	(86,3)	
Heavy mechanism, equipment	(57,8)	87%	(8,6)	13%	(66,4)	77%
Cars other than passenger	(17,5)	125%	3,5	-25%	(14,1)	16%
Iron work, steel prod.	(4,4)	111%	0,4	-11%	(4,0)	5%
Other products	(0,6)	34%	(1,2)	66%	(1,9)	2%
Oil	(21,3)	104%	0,9	-4%	(20,4)	
Diesel fuel	(24,7)	110%	2,3	-10%	(22,4)	110%
A-92, A-95	(5,7)	74%	(2,0)	26%	(7,7)	38%
A-80 and other	9,2	94%	0,6	6%	9,8	-48%
Consumer goods	(27,0)	72%	(10,4)	28%	(37,4)	
Passenger car	(18,9)	65%	(10,1)	35%	(28,9)	77%
Electronics	(2,5)	76%	(0,8)	24%	(3,3)	9%
All types of medicine	(4,9)	113%	0,6	-13%	(4,3)	11%
Other consumer goods	(0,8)	89%	(0,1)	11%	(0,9)	2%
Nutrimet	(4,6)	74%	(1,6)	26%	(6,3)	
Powder, rice, bread	(4,6)	91%	(0,4)	9%	(5,0)	80%
Dairy produce	(0,8)	42%	(1,1)	58%	(1,9)	30%
All types of fat	0,8	159%	(0,3)	-59%	0,5	-8%
Alcohol	(0,0)	-44%	0,0	144%	0,0	0%
Vegetable	(0,0)	15%	(0,0)	85%	(0,1)	1%
Other	(0,1)	-87%	0,2	187%	0,1	-2%
Other imports	(9,2)	31%	(20,4)	69%	(29,6)	
Other	(9,2)	31%	(20,4)	69%	(29,6)	100%
Total amount	(142,5)		(37,4)		(179,9)	

Picture 7. Import of consumption goods / 3 month moving average*

