



MONGOLIA'S FOREIGN TRADE REVIEW

November 2015

Total trade turnover: \$7,737.5 millions

As of Nov 2015 the total cumulative trade turnover decreased by 22.8% (USD 2,285.0 millions) from that of the previous year and reached USD 7,737.5 millions. The decrease in the trade turnover was mainly due to the decrease in imports by USD 1,337.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.4% or USD 4,831.9 millions and (ii) trade with Russia: 13.0% or USD 1,002.6 millions. The trade volume between Mongolia and China decreased by 21.9% and the trade volume between Mongolia while Russia decreased by 32.5%.

Trade balance: \$748.2 million

As of Nov 2015, the cumulative trade balance improved by USD 390.0 millions from that of the previous year and reached USD 748.2 millions. During the reporting period even though the total exports decreased by 18.3% from that of the previous year, imports decreased by 27.7% from that of the previous year, thus the trade balance improved by USD 390.0 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: \$1,041.2 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 Nov 2015, the trade balance of paid trade flows reached USD 1,041.2 millions. During the reporting period, paid imports decreased by 30.6%, and paid exports decreased by 19.1% from that of previous year.

Terms of trade: 1.254 (test estimation)

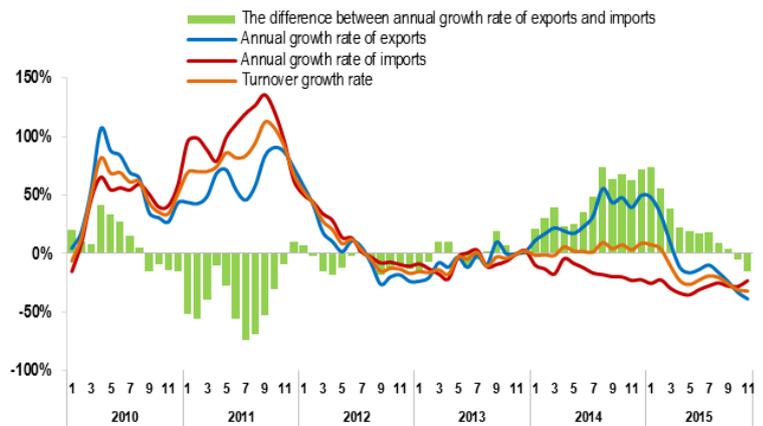
As of Nov 2015, terms of trade index (2012 base year) decreased by 21.3% from that of the previous year and reached 1.254.

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

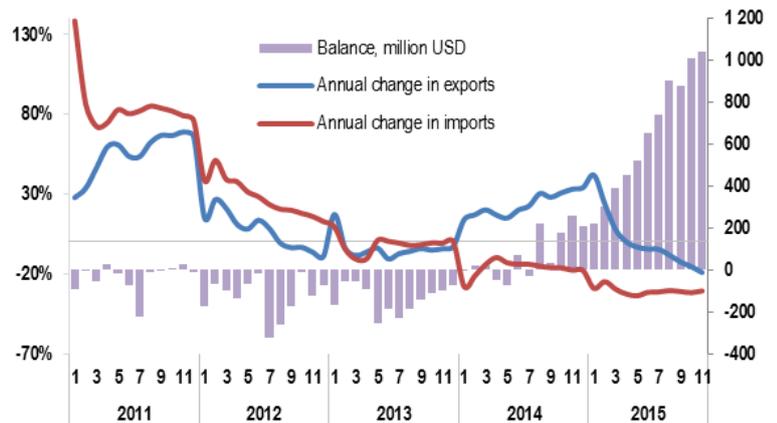
Table 1. The foreign trade performance /million USD/

Type	First 11 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turnover	7 737,5	10 022,6	9 716,4	(2 285,0)	-22,8%	306,1	3,2%
Ex port	4 242,9	5 190,4	3 861,2	(947,5)	-18,3%	1 329,3	34,4%
Import	3 494,7	4 832,2	5 855,3	(1 337,5)	-27,7%	(1 023,1)	-17,5%
Balance	748,2	358,2	(1 994,1)	390,0		2 352,4	-118,0%

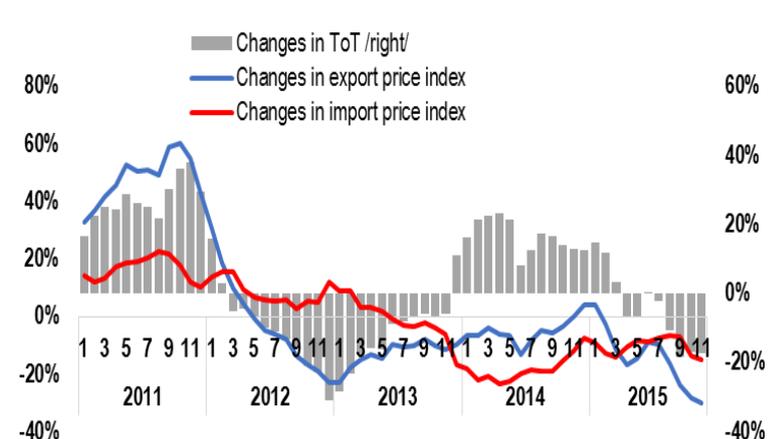
Picture1. The growth rate of exports and imports /3 month moving average/



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 declined by 2% from that of 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 3.0 points from that of the previous year, share in the total exports decreased by 4.0 points.

Growth: -18.3%

Mongolian export decreased by 18.3% from that of the previous year, which was mainly affected by decrease in commodity prices.

Exports of non-monetary gold increased by 4%, which accounted for 0.3% in growth of mining export. On the other hand, coking coal, copper concentrate, iron ore and crude oil export decreased by nearly 33%, 9%, 49% and 40% respectively, which accounted for 19% decrease in the growth of mining export.

Changes

As of Nov 2015, Mongolian export decreased by 947.5 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 57.4 millions) and decrease in export commodities' prices (USD 1,004.9 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 293 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 919 million USD.

Cashmere, cashmere products' export decreased by 47 million USD, while other exports increased by 7 million USD.

World market prices for primary commodities

As of Nov 30 2015, gold price reached 1,064.8 USD, decreased by 8.8% from that of the previous year and decreased by 6.8% from that of the last month.

As of Nov 30 2015, copper and iron ore prices reached 4,599.3 USD and 44.0 USD. Copper price decreased by 10.3% from that of previous month and decreased by 28.3% from that of previous year. Iron ore price decreased by 12.0% from that of previous month and decreased by 37.1% 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	3 688	87%		4 596	89%		(908)	-20%	
Coal	12 831	508	12%	16 909	760	15%	(251)	-33%	-5%
Copper concentrate	1 335	2 072	49%	1 253	2 288	44%	(216)	-9%	-5%
Iron ore /conc.	4 346	202	5%	5 554	401	8%	(198)	-49%	-4%
Crude oil	7 386	360	8%	6 300	602	12%	(242)	-40%	-5%
Zinc ore/concentrate	84	102	2%	93	106	2%	(4)	-4%	0%
Non monetary gold	9 474	357	8%	8 423	343	7%	14	4%	0%
Spar, leucine, nepheline	257	60	1%	287	66	1%	(5)	-8%	0%
Molybdenum ore/conc.	4	27	1%	4	32	1%	(5)	-17%	0%
2. Cashmere	229,3	5%		276,4	5%		(47)	-17%	
Washed cashmere	4 818	191	5%	4 015	223	4%	(31,4)	-14%	-11%
Combed cashmere	526	38	1%	554	54	1%	(15,6)	-29%	-6%
3. Other	325	8%		318	6%		7	2%	
Total amount	4 243			5 190			(947,5)	-18,3%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

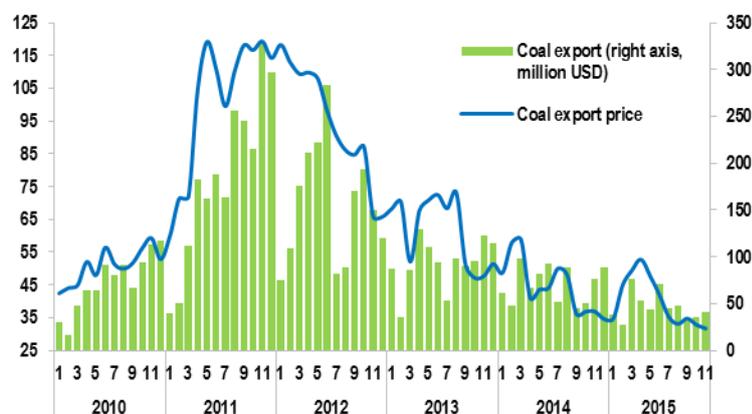
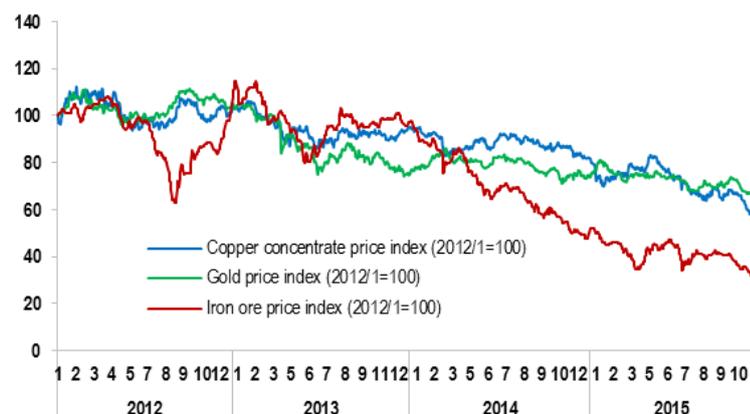


Table 3. Changes in export goods (million USD)

	Changes in quantity	%	Changes in price	%	Total changes	%
1. Minerals	11		(919)		(908)	
Coal	(183)	-73%	(68)	-27%	(251)	-33%
Copper concentrate	150	69%	(366)	-169%	(216)	-9%
Iron ore /conc.	(87)	-44%	(111)	-56%	(198)	-49%
Crude oil	100	42%	(342)	-142%	(242)	-40%
Zinc ore/concentrate	(10)	-269%	7	169%	(4)	-4%
Non monetary gold	43	307%	(29)	-207%	14	4%
Spar, leucine, nepheline	(7)	-134%	2	34%	(5)	-8%
Molybdenum ore/conc.	6	119%	(12)	-219%	(5)	-17%
2. Cashmere	41,8		(88,8)		(47)	
Washed cashmere	44,5	142%	(75,9)	-242%	(31,4)	-14%
Combed cashmere	(2,7)	-18%	(12,9)	-82%	(15,6)	-29%
3. Other	4	56%	3	44%	7	2%
Total	57,4		(1 004,9)		(947,5)	

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



Composition: 29% + 38% + 19%

As of Nov 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 3% from that of the previous year, while the share of consumer goods import increased by 3%.

Growth: -27.7%

Mongolian imports decreased by 27.7% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 13% of the total decrease and fuel imports which equals to 8% of the total decrease.

Capital goods and petroleum products imports decreased by 32% (640 millions USD) and 38% (401 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 28% (91 millions USD) and foods import decreased by 16% (77 millions USD).

Capital goods import decreased by 34% (640 millions USD) which was mainly contributed by 34% decrease in machinery, equipment and supplies (355 million USD). In addition, import of construction materials decreased by 38% (280 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 12% (63 millions USD).

Fuels import decreased by 38% (401 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).

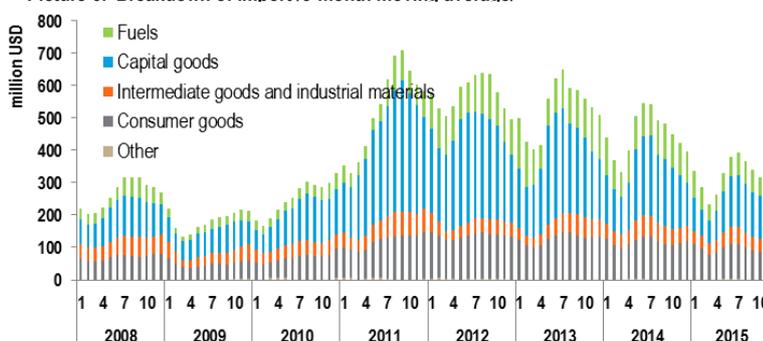
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 6 months.

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

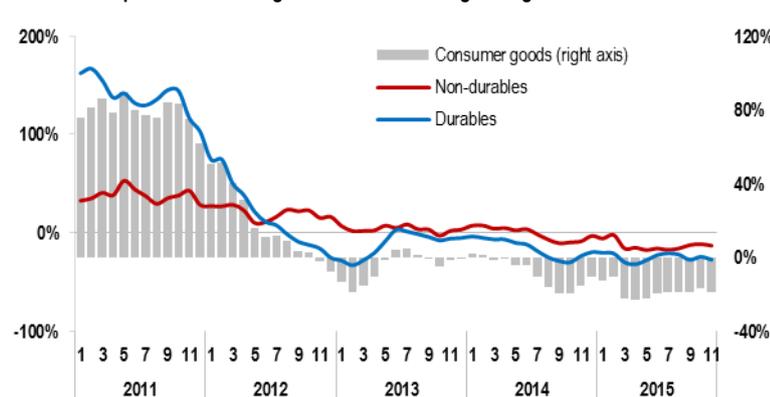
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	1 002	29%	1252	26%	(250)	-20%	
Non-durables	583	17%	686	14%	(102)	-15%	-8%
Food	403	12%	480	10%	(77)	-16%	-6%
Medicinal and pharmaceutical products	67	2%	70	1%	(3)	-4%	0%
Other non-durables	114	3%	136	3%	(22)	-17%	-2%
Durables	419	12%	567	12%	(148)	-26%	-12%
Clothing	46	1%	53	1%	(8)	-14%	-1%
Household electrical appliances and furniture	83	2%	122	3%	(39)	-32%	-3%
Passenger cars and parts	232	7%	323	7%	(91)	-28%	-7%
Other durables	58	2%	68	1%	(10)	-14%	-1%
Capital goods	1342	38%	1982	41%	(640)	-32%	
Machinery, equipment, supplies and vehicles	687	20%	1042	22%	(355)	-34%	-18%
Vehicles other than passenger cars, parts	106	3%	260	5%	(154)	-59%	-8%
Machinery, equipment and supplies	581	17%	783	16%	(202)	-26%	-10%
Construction materials	451	13%	731	15%	(280)	-38%	-14%
Other capital goods	203	6%	208	4%	(5)	-2%	0%
Intermediate goods and industrial materials	471	13%	534	11%	(63)	-12%	
Food ingredients (w heat, malt etc)	25	1%	31	1%	(6)	-19%	-1%
Chemical products	81	2%	84	2%	(3)	-4%	-1%
Yarn, fabrics, textiles, leather	14	0%	15	0%	(1)	-4%	0%
Electricity	117	3%	106	2%	11	10%	2%
Metal ores and scrap	1	0%	0	0%	1	214%	0%
Other industrial materials	232	7%	298	6%	(65)	-22%	-12%
Fuels	650	19%	1 052	22%	(401)	-38%	
Diesels	348	10%	592	12%	(244)	-41%	-23%
Gasolines A92-95	209	6%	294	6%	(86)	-29%	-8%
Gasolines A80 and other fuels	94	3%	166	3%	(72)	-43%	-7%
Other	29	1%	13	0%	16		
TOTAL	3 495		4 832		(1 338)	-27.7%	

*%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

