



MONGOLIA'S FOREIGN TRADE REVIEW

December 2015

Total trade turnover: \$8,466.6 millions

As of Dec 2015 the total cumulative trade turnover decreased by 23.1% (USD 2,544.6 millions) from that of the previous year and reached USD 8,466.6 millions. The decrease in the trade turnover was mainly due to the decrease in imports by USD 1,439.5 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.1% or USD 5,257.9 millions and (ii) trade with Russia: 13.0% or USD 1,098.0 millions. The trade volume between Mongolia and China decreased by 22.7% and the trade volume between Mongolia while Russia decreased by 31.8%.

Trade balance: \$872.3 million

As of Dec 2015, the cumulative trade balance improved by USD 334.4 millions from that of the previous year and reached USD 872.3 millions. During the reporting period even though the total exports decreased by 19.1% from that of the previous year, imports decreased by 27.5% from that of the previous year, thus the trade balance improved by USD 334.4 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: \$1,185.0 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 Dec 2015, the trade balance of paid trade flows reached USD 1,185.0 millions. During the reporting period, paid imports decreased by 30.3%, and paid exports decreased by 20.0% from that of previous year.

Terms of trade: 1.169 (test estimation)

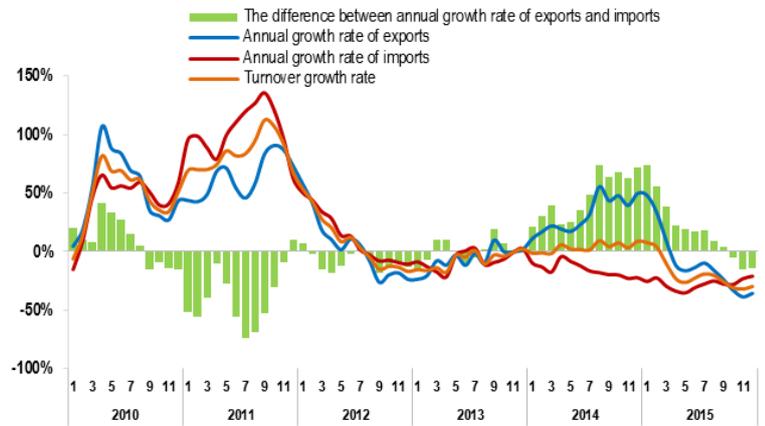
As of Dec 2015, terms of trade index (2012 base year) decreased by 26.4% from that of the previous year and reached 1.169.

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

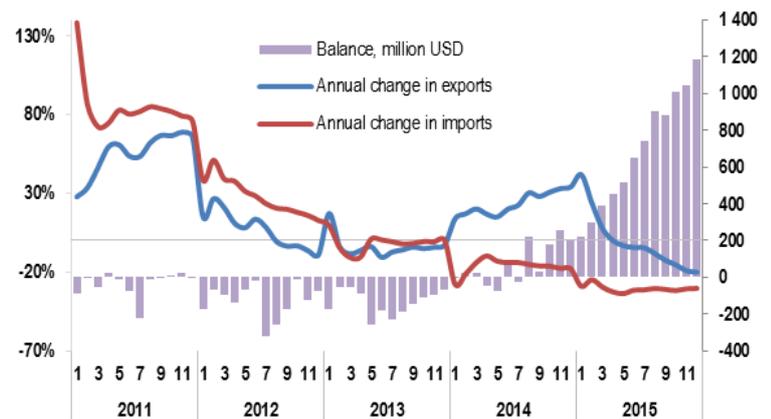
Table 1. The foreign trade performance /million USD/

Type	First 12 months			Changes			
	2015	2014	2013	2015/2014		2014/2013	
				Дүн	Хувь	Дүн	Хувь
Turnover	8 466,6	11 011,2	10 626,9	(2 544,6)	-23,1%	384,3	3,6%
Ex port	4 669,5	5 774,6	4 269,1	(1 105,1)	-19,1%	1 505,5	35,3%
Import	3 797,2	5 236,6	6 357,8	(1 439,5)	-27,5%	(1 121,2)	-17,6%
Balance	872,3	537,9	(2 088,8)	334,4		2 626,7	-125,8%

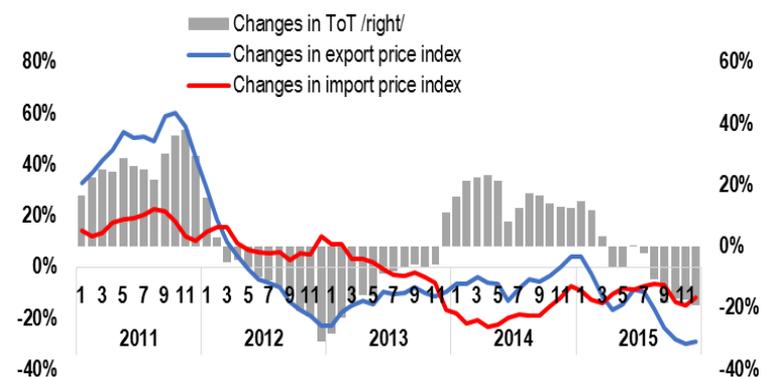
Picture1. The growth rate of exports and imports /3 month moving average/



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: -19.1%

Mongolian export decreased by 19.1% 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 35%, 11%, 49% and 39% respectively, which accounted for 21% decrease in the growth of mining export.

Changes

As of Dec 2015, Mongolian export decreased by 1,105.1 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 76.6 millions) and decrease in export commodities' prices (USD 1,181.7 millions).

Because of the increase in quantity of crude oil, nonmonetary gold and copper concentrate export, mining export increased by 354 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 1,181.7 million USD.

Cashmere, cashmere products' export decreased by 48 million USD, while other exports increased by 5 million USD.

World market prices for primary commodities

As of Dec 31 2015, gold price reached 1,061.1 USD, decreased by 10.4% from that of the previous year and decreased by 0.3% from that of the last month.

As of Dec 31 2015, copper and iron ore prices reached 4,705.8 USD and 44.0 USD respectively. Copper price decreased by 26.1% from that of previous year and increased by 2.3% from that of previous month. Iron ore price decreased by 36.2% from that of previous year and remained at the same level from that of previous month.

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	4 067	87%		5 129	89%		(1 062)	-21%	
Coal	14 426	555	12%	19 481	849	15%	(294)	-35%	-6%
Copper concentrate	1 478	2 280	49%	1 378	2 574	45%	(293)	-11%	-6%
Iron ore /conc.	5 065	227	5%	6 324	446	8%	(219)	-49%	-4%
Crude oil	8 135	387	8%	6 885	635	11%	(247)	-39%	-5%
Zinc ore/concentrate	84	102	2%	99	113	2%	(12)	-10%	0%
Non monetary gold	11 343	421	9%	10 041	405	7%	15	4%	0%
Spar. leucine, nepheline	280	66	1%	314	72	1%	(6)	-8%	0%
Molybdenum ore/conc.	5	29	1%	4	36	1%	(6)	-17%	0%
2. Cashmere	237,9	5%		285,7	5%		(48)	-17%	
Washed cashmere	4 988	197	4%	4 035	224	4%	(26,6)	-12%	-9%
Combed cashmere	559	41	1%	637	62	1%	(21,2)	-34%	-7%
3. Other	385	8%		360	6%		5	1%	
Total amount	4 669			5 775			(1 105,1)	-19,1%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

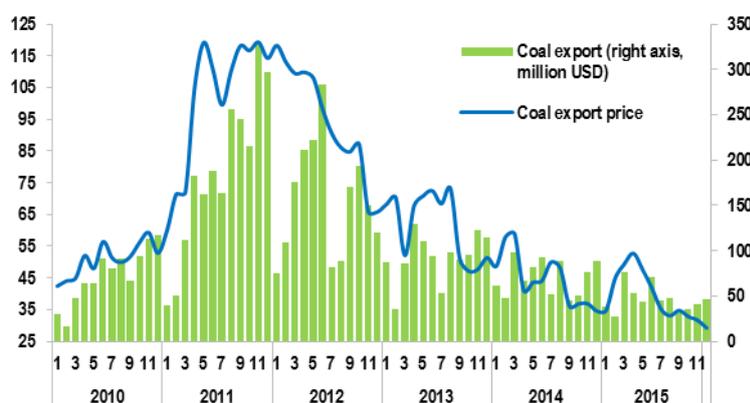
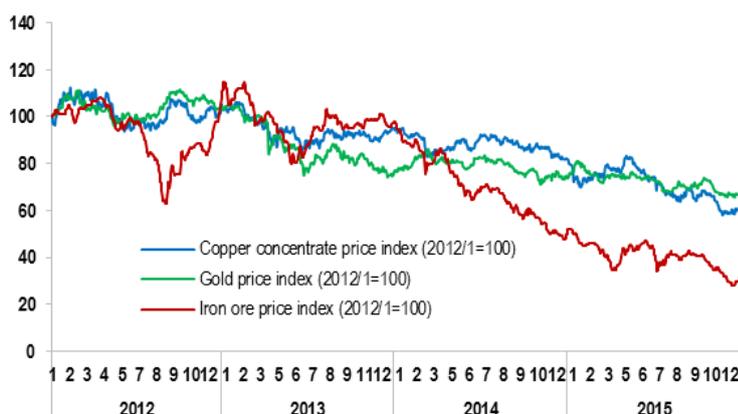


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
		%		%		%
1. Minerals	29		(1 091)		(1 062)	
Coal	(220)	-75%	(73)	-25%	(294)	-35%
Copper concentrate	186	63%	(480)	-163%	(293)	-11%
Iron ore /conc.	(89)	-41%	(130)	-59%	(219)	-49%
Crude oil	115	47%	(363)	-147%	(247)	-39%
Zinc ore/concentrate	(17)	-151%	6	51%	(12)	-10%
Non monetary gold	53	343%	(37)	-243%	15	4%
Spar. leucine, nepheline	(8)	-128%	2	28%	(6)	-8%
Molybdenum ore/conc.	9	142%	(15)	-242%	(6)	-17%
2. Cashmere	45,3		(93,1)		(48)	
Washed cashmere	52,8	198%	(79,5)	-298%	(26,6)	-12%
Combed cashmere	(7,6)	-36%	(13,7)	-64%	(21,2)	-34%
3. Other	3	56%	2	44%	5	1%
Total	76,6		(1 181,7)		(1 105,1)	

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



Composition: 29% + 38% + 19%

As of Dec 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 2% from that of the previous year, while the share of consumer goods import increased by 3%.

Growth: -27.5%

Mongolian imports decreased by 27.5% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 12% of the total decrease and fuel imports which equals to 9% of the total decrease.

Capital goods and petroleum products imports decreased by 31% (654 millions USD) and 39% (447 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 27% (94 millions USD) and foods import decreased by 16% (87 millions USD).

Capital goods import decreased by 31% (654 millions USD) which was mainly contributed by 33% decrease in machinery, equipment and supplies (364 million USD). In addition, import of construction materials decreased by 38% (284 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 13% (76 millions USD).

Fuels import decreased by 39% (447 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/.

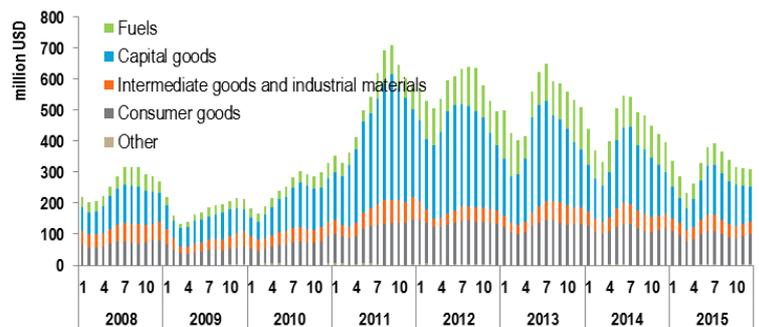
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 6 months.

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

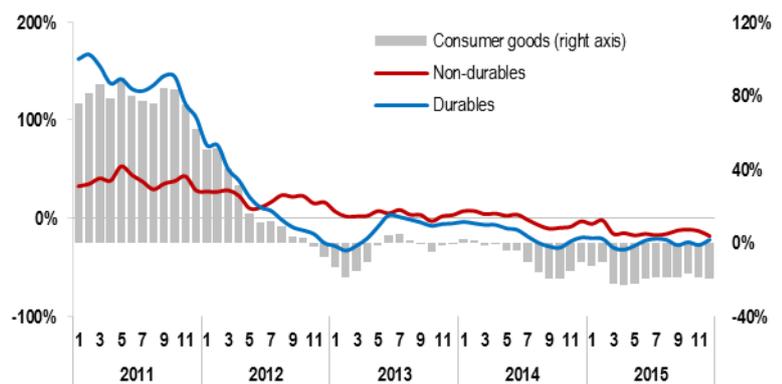
Types	2015		2014		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	1 101	29%	1379	26%	(278)	-20%	
Non-durables	643	17%	764	15%	(121)	-16%	-9%
Food	445	12%	531	10%	(87)	-16%	-6%
Medicinal and pharmaceutical products	75	2%	82	2%	(7)	-8%	-1%
Other non-durables	123	3%	151	3%	(27)	-18%	-2%
Durables	459	12%	615	12%	(157)	-25%	-11%
Clothing	49	1%	58	1%	(9)	-15%	-1%
Household electrical appliances and furniture	94	2%	137	3%	(43)	-32%	-3%
Passenger cars and parts	254	7%	348	7%	(94)	-27%	-7%
Other durables	62	2%	73	1%	(11)	-15%	-1%
Capital goods	1443	38%	2098	40%	(654)	-31%	
Machinery, equipment, supplies and vehicles	749	20%	1114	21%	(364)	-33%	-17%
Vehicles other than passenger cars, parts	113	3%	281	5%	(169)	-60%	-8%
Machinery, equipment and supplies	637	17%	832	16%	(196)	-23%	-9%
Construction materials	473	12%	756	14%	(284)	-38%	-14%
Other capital goods	222	6%	228	4%	(6)	-3%	0%
Intermediate goods and industrial materials	516	14%	592	11%	(76)	-13%	
Food ingredients (w heat, malt etc)	28	1%	32	1%	(4)	-12%	-1%
Chemical products	89	2%	93	2%	(4)	-4%	-1%
Yarn, fabrics, textiles, leather	16	0%	17	0%	(0)	-3%	0%
Electricity	129	3%	130	2%	(1)	-1%	0%
Metal ores and scrap	1	0%	0	0%	1	212%	0%
Other industrial materials	252	7%	320	6%	(68)	-21%	-12%
Fuels	707	19%	1 165	22%	(447)	-39%	
Diesels	377	10%	656	13%	(280)	-43%	-24%
Gasolines A92-95	228	6%	320	6%	(92)	-29%	-8%
Gasolines A80 and other fuels	103	3%	178	3%	(76)	-42%	-7%
Other	29	1%	14	0%	16		
TOTAL	3 797		5 237		(1 439)	-27.5%	

*%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

