



MONGOLIA'S FOREIGN TRADE REVIEW

January 2016

Total trade turnover: \$528.3 millions

As of Jan 2016 the total cumulative trade turnover decreased by 26.6% (USD 191.8 millions) from that of the previous year and reached USD 528.3 millions. The decrease in the trade turnover was mainly due to the decrease in exports by USD 143.6 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 66.7% or USD 352.5 millions and (ii) trade with Russia: 10.0% or USD 53.1 millions. The trade volume between Mongolia and China decreased by 25.4% and the trade volume between Mongolia while Russia decreased by 39.9%.

Trade balance: \$130.0 million

As of Jan 2016, the cumulative trade balance deteriorated by USD 95.4 millions from that of the previous year and reached USD 130.0 millions. During the reporting period even though the total imports decreased by 19.5% from that of the previous year, exports decreased by 30.4% from that of the previous year, thus the trade balance deteriorated by USD 95.4 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: \$137.4 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 Jan 2016, the trade balance of paid trade flows reached USD 137.4 millions. During the reporting period, paid imports decreased by 19.0%, and paid exports decreased by 28.7% from that of previous year.

Terms of trade: 1.117 (test estimation)

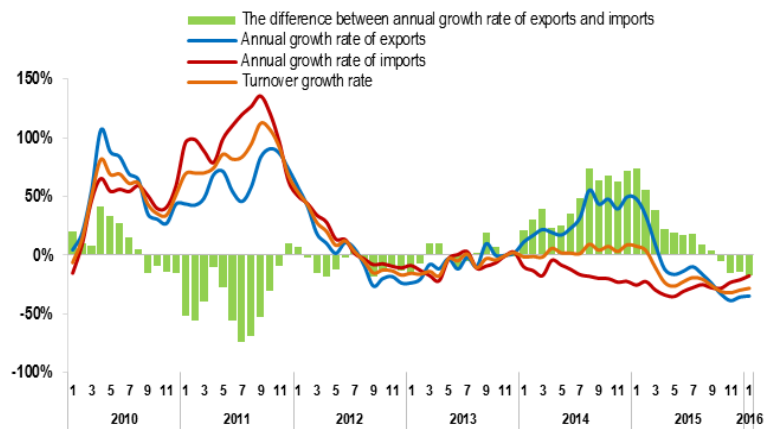
As of Jan 2016, terms of trade index (2012 base year) decreased by 36.9% from that of the previous year and reached 1.117.

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

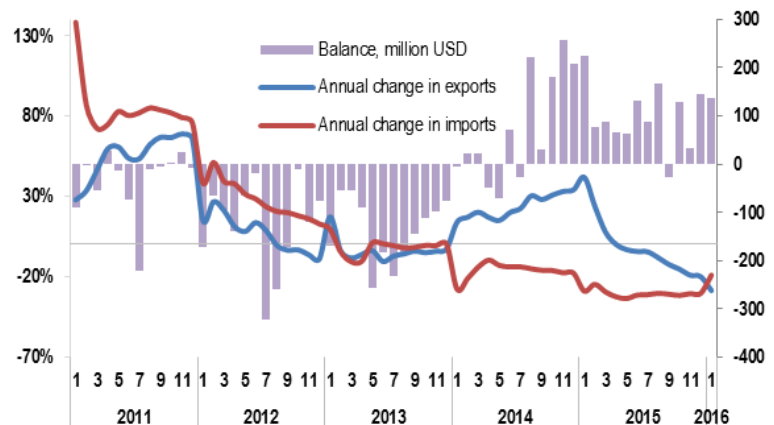
Table 1. The foreign trade performance /million USD/

Type	First 1 month			Changes			
	2016	2015	2014	2016/2015		2015/2014	
				Дүгн	Хувь	Дүгн	Хувь
Turnover	528,3	720,0	658,3	(191,8)	-26,6%	61,7	9,4%
Export	329,1	472,7	321,2	(143,6)	-30,4%	151,5	47,2%
Import	199,1	247,3	337,1	(48,2)	-19,5%	(89,8)	-26,6%
Balance	130,0	225,4	(15,9)	(95,4)	-42,3%	241,3	

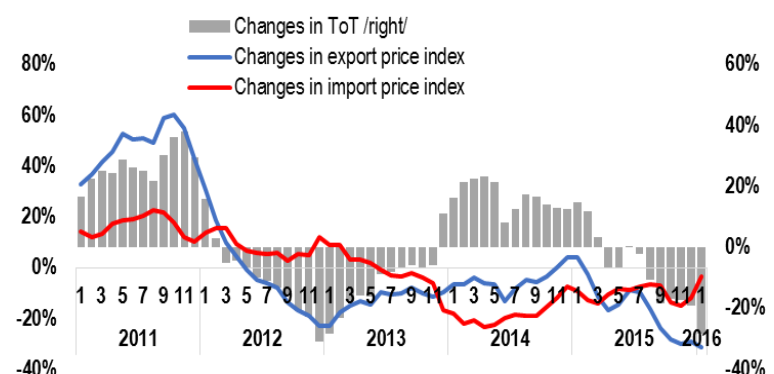
Picture1. The growth rate of exports and imports /3 month moving average/



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 declined by 3% from that of the previous year.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 76% of total exports and 88% of mining exports.

In addition, these 4 products' share in the mining exports increased by 2.0 points from that of the previous year, share in the total exports remained at the similar level.

Growth: -30.4%

Mongolian export decreased by 30.4% from that of the previous year, which was mainly affected by decrease in commodity prices.

Coking coal, copper concentrate, iron ore and crude oil export decreased by nearly 11%, 34%, 37% and 24% respectively, which accounted for 32% decrease in the growth of mining export.

Changes

As of Jan 2016, Mongolian export decreased by 143.6 million USD from that of the previous year. It is affected by the increase of export commodities' quantities (USD 6.4 millions) and decrease in export commodities' prices (USD 150.0 millions).

Because of the increase in quantity of iron ore, copper concentrate and crude oil export, mining export increased by 26 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 145.0 million USD.

Cashmere, cashmere products' export increased by 1 million USD, while other exports decreased by 9 million USD.

World market prices for primary commodities

As of Jan 29 2016, gold price reached 1,118 USD, decreased by 12.9% from that of the previous year and increased by 5.4% from that of the last month.

As of Jan 29 2016, copper and iron ore prices reached 4,570 USD and 43.0 USD respectively. Copper price decreased by 17.5% from that of previous year and by 2.9% from that of previous month. Iron ore price decreased by 32.8% from that of previous year and by 2.3% from that of previous month.

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

	2016			2015			Changes		
	Quan/unit (thou. tonnes, kg)	Amount	%	Quan/unit (thou. tonnes, kg)	Amount	%	Amount	%	% 2
1. Minerals		283	86%		419	89%	(135)	-32%	
Coal	1 156	34	10%	1 106	38	8%	(4)	-11%	-1%
Copper concentrate	140	178	54%	133	268	57%	(90)	-34%	-21%
Iron ore /c onc.	475	13	4%	343	21	4%	(8)	-37%	-2%
Crude oil	779	25	7%	691	33	7%	(8)	-24%	-2%
Zinc ore/concentrate	3	3	1%	9	11	2%	(9)	-77%	-2%
Non monetary gold	715	25	8%	1 018	40	9%	(15)	-37%	-4%
Spar, leucine, nepheline	16	4	1%	18	4	1%	(0)	-10%	0%
Molybdenum ore/c onc.	1	2	1%	0	3	1%	(2)	-44%	0%
2. Cashmere		2.1	1%		1.2	0%	1	78%	
Washed cashmere	-	-	0%	-	-	0%	-	-	0%
Combed cashmere	30	2	1%	11	1	0%	0.9	78%	78%
3. Other		44	13%		53	11%	(9)	-18%	
Total amount		329			473		(143,6)	-30,4%	

% 2 - Contribution to the growth

Picture 4. Coal export, market price (USD)

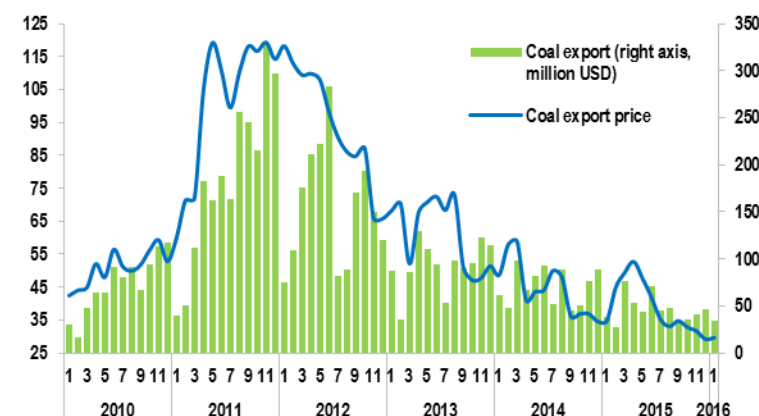
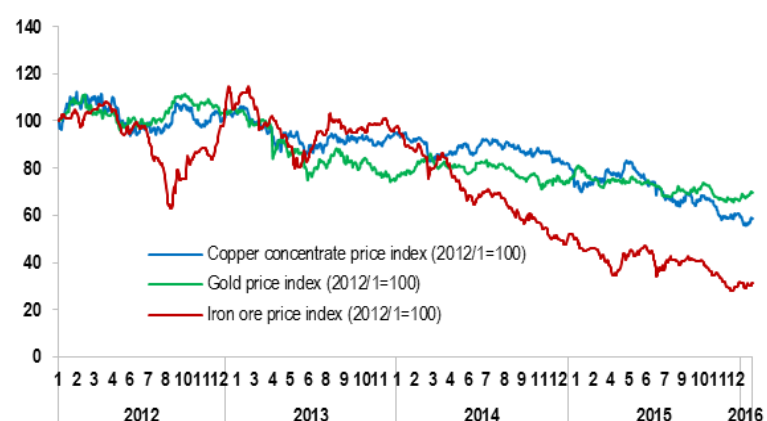


Table 3. Changes in export goods (million USD)

	Changes in quantity		Changes in price		Total changes	
		%		%		%
1. Minerals	9		(145)		(135)	
Coal	2	42%	(6)	-142%	(4)	-11%
Copper concentrate	14	15%	(104)	-115%	(90)	-34%
Iron ore /c onc.	8	104%	(16)	-204%	(8)	-37%
Crude oil	4	52%	(12)	-152%	(8)	-24%
Zinc ore/concentrate	(7)	-86%	(1)	-14%	(9)	-77%
Non monetary gold	(12)	-80%	(3)	-20%	(15)	-37%
Spar, leucine, nepheline	(0)	-97%	(0)	-3%	(0)	-10%
Molybdenum ore/c onc.	1	83%	(3)	-183%	(2)	-44%
2. Cashmere	2,3		(1,3)		1	
Washed cashmere						
Combed cashmere	2,3	241%	(1,3)	-141%	0,9	78%
3. Other	(5)	-56%	(4)	-44%	(9)	-18%
Total	6,4		(150,0)		(143,6)	

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



Composition: 37% + 29% + 15%

As of Jan 2016, 37% of total imports were consumer goods, 29% were capital goods and 15% 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: -19.5%

Mongolian imports decreased by 19.5% from that of the previous year. Main contributors of this decrease were capital goods decrease, which equals to 4% of the total decrease and fuel imports which equals to 13% of the total decrease.

Capital goods and petroleum products imports decreased by 14% (10 millions USD) and 51% (31 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. Household electrical appliances and furniture import decreased by 30% (3 millions USD) and foods import decreased by 10% (4 millions USD).

Capital goods import decreased by 14% (10 millions USD) which was mainly contributed by 10% decrease in machinery, equipment and supplies (4 million USD). In addition, import of construction materials decreased by 15% (2 million USD) from that of previous year.

Intermediate goods and industrial materials import increased by 9% (3 millions USD).

Fuels import decreased by 51% (31 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/.

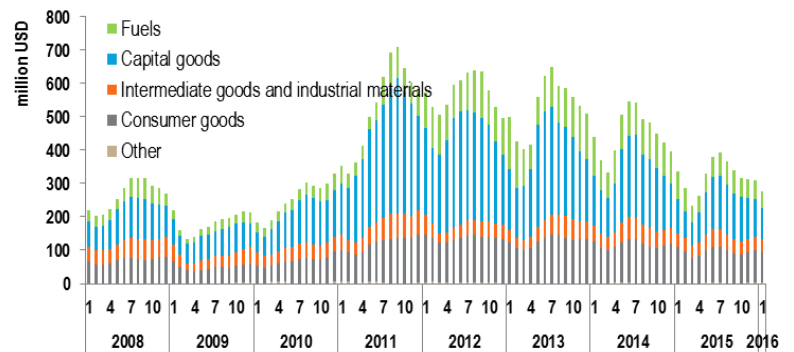
Even though, the import growth of non-durable consumer goods was relatively stable, it started to decline by bigger phase in last 12 months.

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

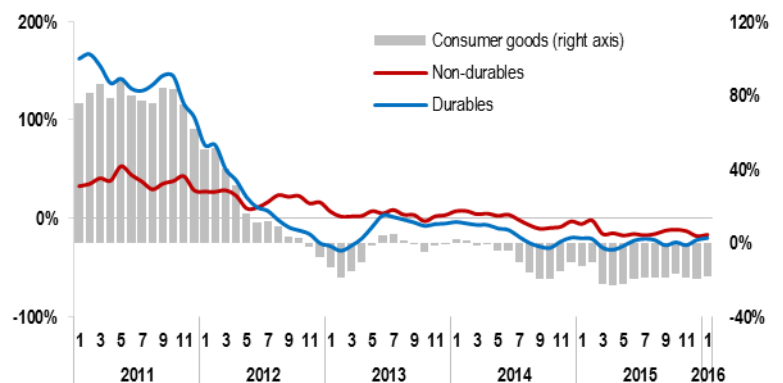
Types	2016		2015		Changes		
	Amount	%	Amount	%	Amount	%	%2*
Consumer goods	74	37%	84	34%	(10)	-12%	
Non-durables	43	21%	47	19%	(4)	-10%	-5%
Food	30	15%	33	13%	(3)	-10%	-4%
Medicinal and pharmaceutical products	4	2%	5	2%	(1)	-20%	-1%
Other non-durables	8	4%	8	3%	(0)	0%	0%
Durables	32	16%	37	15%	(5)	-14%	-6%
Clothing	3	1%	4	1%	(1)	-17%	-1%
Household electrical appliances and furniture	6	3%	9	4%	(3)	-30%	-3%
Passenger cars and parts	18	9%	19	8%	(1)	-7%	-2%
Other durables	4	2%	5	2%	(1)	-11%	-1%
Capital goods	58	29%	67	27%	(10)	-14%	
Machinery, equipment, supplies and vehicles	36	18%	40	16%	(4)	-10%	-6%
Vehicles other than passenger cars, parts	7	3%	6	2%	1	12%	1%
Machinery, equipment and supplies	30	15%	34	14%	(5)	-14%	-7%
Construction materials	14	7%	17	7%	(2)	-15%	-4%
Other capital goods	7	4%	10	4%	(3)	-29%	-4%
Intermediate goods and industrial materials	37	19%	34	14%	3	9%	
Food ingredients (w heat, malt etc)	5	3%	2	1%	4	222%	11%
Chemical products	5	3%	4	2%	1	21%	3%
Yarn, fabrics, textiles, leather	1	0%	1	0%	(0)	-15%	-1%
Electricity	11	5%	9	4%	2	22%	6%
Metal ores and scrap	0	0%	0	0%	(0)	-22%	0%
Other industrial materials	15	8%	18	7%	(3)	-19%	-10%
Fuels	30	15%	61	25%	(31)	-51%	
Diesels	14	7%	28	12%	(15)	-51%	-24%
Gasolines A92-95	11	6%	26	11%	(15)	-56%	-24%
Gasolines A80 and other fuels	4	2%	6	3%	(2)	-31%	-3%
Other	0	0%	1	0%	(0)		
TOTAL	199		247		(48)	-19.5%	

*%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

