**Total trade turnover: $965.4 millions**

As of Feb 2016 the total cumulative trade turnover decreased by 20.6% (USD 250.2 millions) from that of the previous year and reached USD 965.4 millions. The decrease in the trade turnover was mainly due to the decrease in exports by USD 139.9 millions.

The structure of the trade flows with the neighboring trade partners is as following: (i) trade with PRC: 62.3% or USD 601.9 millions and (ii) trade with Russia: 10.8% or USD 104.7 millions. The trade volume between Mongolia and China decreased by 18.2% and the trade volume between Mongolia while Russia decreased by 34.0%.

**Trade balance: $261.2 million**

As of Feb 2016, the cumulative trade balance deteriorated by USD 29.7 millions from that of the previous year and reached surplus of USD 261.2 millions. During the reporting period even though the total imports decreased by 23.8% from that of the previous year, exports decreased by 18.6% from that of the previous year, thus the trade balance deteriorated by USD 29.7 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: $243.8 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 Feb 2016, the trade balance of paid trade flows reached USD 243.8 millions. During the reporting period, paid imports decreased by 23.7%, and paid exports decreased by 21.7% from that of previous year.

**Terms of trade: 1.229 (test estimation)**

As of Feb 2016, terms of trade index (2012 base year) decreased by 22.1% from that of the previous year and reached 1.229.

This decrease in the terms of trade is mainly attributed to the decrease in export price of coking coal, copper concentrate, iron ore and crude oil.
Composition: 85% + 15%

The share of mineral exports in total exports declined by 4% from that of the previous year.

Exports of coal, copper concentrate, iron ore and concentrate and crude oil have a weight of nearly 71% of total exports and 84% of mining exports.

In addition, these 4 products’ share in the mining exports increased by 4.0 points from that of the previous year, share in the total exports remained at the similar level.

Growth: -18.6%

Mongolian export decreased by 18.6% from that of the previous year, which was mainly affected by decrease in commodity prices.

Coking coal, copper concentrate, iron ore, crude oil and non-monetary gold export decreased by nearly 33%, 8%, 66%, 25% and 35% respectively, which accounted for 20% decrease in the growth of mining export.

Changes

As of Feb 2016, Mongolian export decreased by 139.9 million USD from that of the previous year. It is affected by the increase in export commodities’ quantities (USD 74.8 millions) and decrease in export commodities’ prices (USD 214.8 millions).

Because of the increase in quantity of copper concentrate mining export increased by 120 millions USD. On the other hand, because of decrease in prices of mineral exports, mining export declined by 217.0 million USD.

Cashmere, cashmere products’ export decreased by 3 million USD, while other exports increased by 8 million USD.

World market prices for primary commodities

As of Feb 29 2016, gold price reached 1,239 USD, increased by 2.1% from that of the previous year and by 10.8% from that of the last month.

As of Feb 29 2016, copper and iron ore prices reached 4,706 USD and 49.0 USD respectively. Copper price decreased by 20.6% from that of previous year and increased by 3.0% from that of previous month. Iron ore price decreased by 23.4% from that of previous year and increased by 14.0% from that of previous month.
Composition: 36% + 30% + 15%
As of Feb 2016, 36% of total imports were consumer goods, 30% were capital goods and 15% were fuels.

Share of the fuels in total imports decreased by 8% from that of the previous year, while the share of consumer goods import increased by 2%.

Growth: -23.8%
Mongolian imports decreased by 23.8% from that of the previous year. Main contributors of this decrease were consumer goods decrease, which equals to 6% of the total decrease and fuel imports which equals to 11% of the total decrease.

Consumer goods and petroleum products imports decreased by 19% (29 millions USD) and 48% (51 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 36% (6.5 millions USD) and foods import decreased by 20% (12.7 millions USD).

Capital goods import decreased by 19% (24.5 millions USD) which was mainly contributed by 24% decrease in machinery, equipment and supplies (19 millions USD). In addition, import of construction materials decreased by 28% (9 million USD) from that of previous year.

Intermediate goods and industrial materials import decreased by 7% (5 millions USD).

Fuels import decreased by 48% (51 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.