



MONGOLIA'S FOREIGN TRADE REVIEW

December 2016

Overview: As of December 2016, cumulative trade turnover decreased by 2.3% or USD 191.5 million from that of the previous year and reached USD 8275.3 million. The decrease was caused by the fall in exports by 5.3% or USD 248.1 million and in imports by 11.6% or USD 439.6 million. During the reporting period, trade balance recorded a surplus of USD 1559.4 million, which is USD 687.6 millions higher than that of the previous year.

Table 1. Foreign trade performance /million USD/

Category	Yearly			Change				First 9 months			Change			
	2013	2014	2015	2014/2013		2015/2014		2014	2015	2016	2015/2014		2016/2015	
				Value	%	Value	%				Value	%	Value	%
Turnover	10,627	11,011	8,467	384	3.6%	(2,544)	-23.1%	8,044	6,398	5,781	(1,646)	-20.5%	(617)	-9.6%
Exports	4,269	5,774	4,669	1,505	35.3%	(1,105)	-19.1%	4,021	3,541	3,333	(480)	-11.9%	(208)	-5.9%
Imports	6,358	5,237	3,797	(1,121)	-17.6%	(1,440)	-27.5%	4,023	2,857	2,448	(1,166)	-29.0%	(408.8)	-14.3%
Balance	(2,089)	538	872	2,626	0.0%	335	62.2%	(1)	684	885	686		201	29.3%

The balance of trade paid in hard currency is one of the main variables that determines the pressure of foreign exchange rates against Mongolian Tugrik. As of December 2016, paid trade balance recorded a surplus of USD 1619.8 million, which is USD 435.4 million higher than that of the previous year.

Chart 1. Trade paid in hard currency /3 months moving average/

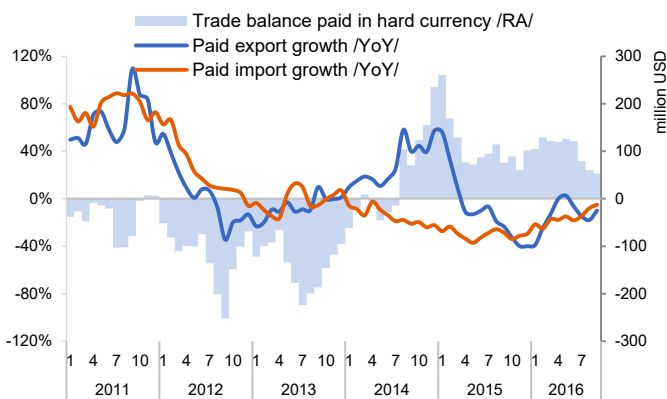
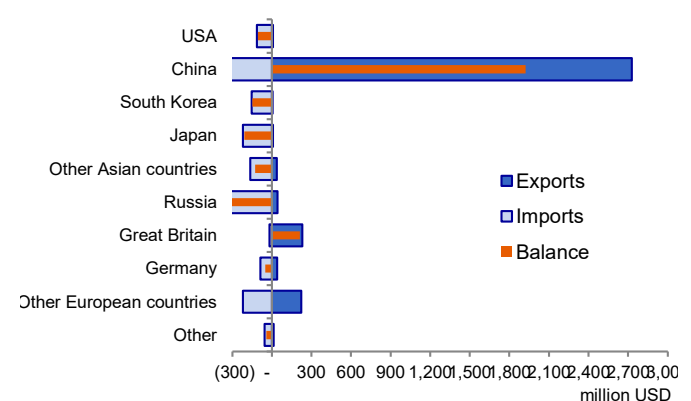


Chart 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as following: (i) trade with China: 59.5% or USD 4923.4 million and (ii) trade with Russia: 11.3% or USD 936.2 million. While trade turnover between Mongolia and China decreased by 6.4%, that between Mongolia and Russia decreased by 14.7% from that of the previous year.

Chart 3. Terms of trade index /3 months moving average/

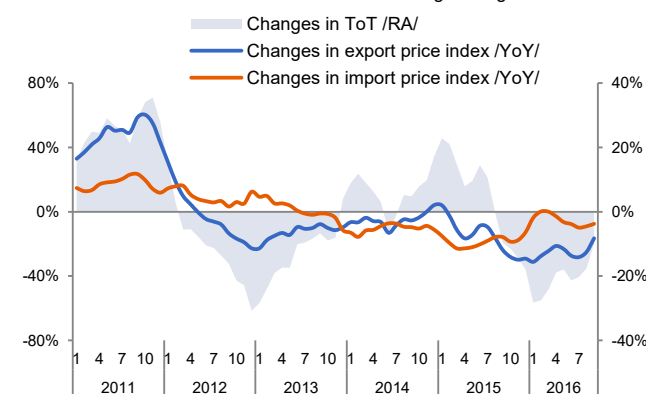


Table 2. Terms of trade /Base: December 2012 = 100/

Price indices*	2015 Sep	2016 Aug	2016 Sep	Yearly Δ	Monthly Δ
Exports	0.74	0.68	0.69	-6%	2%
Copper ores and concentrat	0.35	0.30	0.30	-14%	0%
Coal	0.41	0.38	0.40	-4%	4%
Washed cashmere	0.34	0.31	0.32	-8%	2%
Imports	0.60	0.59	0.58	-4%	-3%
Consumer goods	0.78	0.74	0.77	-1%	3%
Capital goods	0.52	0.56	0.51	-2%	-10%
Fuels	0.58	0.50	0.51	-12%	3%
Terms of trade	1.23	1.15	1.20	-2%	5%

* Dismantled by main contributors to growth.

Terms of trade index reached 1.551 in December 2016, 30.5% higher from that of the previous year and 2.5% higher from the last month. Main contributors to the growth were increase in export price of coal, copper and decline in import price of fuels.

As of December 2016, exports of goods increased by 5.3% or USD 248.1 millions from that of the previous year. Increase in industrial goods export resulted 260 basis point increase in net exports, and 310 basis points increase in mining product exports. The weight of mining products in total exports decreased by 1.6% point, while weight of goods production increased by 1.5% point and industrial goods increased by 2.2%.

Table 3. Exports of goods /million USD/

Category	2014			2015			2016			Δ (2015/2014)			Δ (2016/2015)			
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²	
1. Mining products		5,184	90%		4,092	88%		4,238	86%		(1,092)	-21%	-19%	146	4%	3%
1.1. Copper ores and concentrates	1,378	2,574	45%	1,478	2,280	49%	1,554	1,606	33%	(293)	-11%	-5%	(674)	-30%	-14%	
1.2. Coal	19,480	849	15%	14,426	555	12%	25,607	968	20%	(294)	-35%	-5%	413	74%	9%	
1.3. Crude oil	6,885	635	11%	8,135	387	8%	7,977	336	7%	(247)	-39%	-4%	(52)	-13%	-1%	
1.4. Iron ores and concentrates	6,324	446	8%	5,065	227	5%	6,425	261	5%	(219)	-49%	-4%	33	15%	1%	
1.5. Non-monetary gold /kg/	10,041	405	7%	11,343	421	9%	19,169	758	15%	15	4%	0%	338	80%	7%	
1.6. Zinc ores and concentrates	99	113	2%	84	102	2%	126	144	3%	(12)	-10%	0%	42	41%	1%	
1.7. Fluorspar, leucite, nepheline etc.	314	72	1%	280	65	1%	247	59	1%	(6)	-8%	0%	(7)	-10%	0%	
1.8. Molybdenum ores and concentrates	4	36	1%	5	29	1%	6	26	1%	(6)	-17%	0%	(3)	-10%	0%	
1.9. Tungsten ores and concentrates	2	20	0%	2	14	0%	1	10	0%	(6)	-30%	0%	(4)	-26%	0%	
1.10. Silver /tonnes/	42	33	1%	54	10	0%	95	39	1%	(22)	0%	0%	29	278%	1%	
1.11. Other	18	3	0%	53	2	0%	133	31	1%	(1)	-42%	0%	30		1%	
2. Animal products		361	6%		329	7%		316	6%		(32)	-9%	-1%	(13)	-4%	0%
2.1. Live animals, meat	3	7	0%	5	14	0%	9	19	0%	6	88%	0%	5	37%	0%	
2.2. Hide, skin and leather	298	36	1%	340	33	1%	173	24	0%	(3)	-8%	0%	(9)	-26%	0%	
2.3. Casing	0	8	0%	0	9	0%	0	7	0%	1	10%	0%	(2)	-26%	0%	
2.4. Cashmere	7	294	5%	7	252	5%	7	242	5%	(42)	-14%	-1%	(10)	-4%	0%	
2.5. Wool, other hair	9	15	0%	14	21	0%	16	22	0%	6	36%	0%	1	5%	0%	
2.6. Other	0	0	0%	0	1	0%	1	2	0%	0	140%	0%	1	242%	0%	
3. Horticultural products		29	0%		27	1%		24	0%		(2)	-5%	0%	(3)	-12%	0%
4. Manufacturing goods		199	3%		219	5%		338	7%		20	10%	0%	119	55%	3%
4.1. Food	1	6	0%	4	26	1%	9	43	1%	20	357%	0%	17	67%	0%	
4.2. Cashmere goods	1	24	0%	1	25	1%	1	26	1%	1	4%	0%	1	3%	0%	
4.3. Other apparel, footwear etc.	1	8	0%	1	10	0%	2	20	0%	2	25%	0%	9	94%	0%	
4.4. Mining products	20	58	1%	35	78	2%	31	88	2%	21	36%	0%	9	12%	0%	
4.5. Electronic goods	0	4	0%	0	4	0%	0	5	0%	(0)	-6%	0%	1	25%	0%	
4.6. Machinery, equipment and their parts	2	92	2%	1	70	1%	1	149	3%	(22)	-24%	0%	79	114%	2%	
4.7. Other	192	8	0%	185	6	0%	237	8	0%	(2)	-21%	0%	2	36%	0%	
5. Other		2	0%		2	0%		1	0%		(0)	-5%	0%	(1)	-59%	0%
Total		5,774			4,669			4,917			(1,105)	-19%		248	5%	

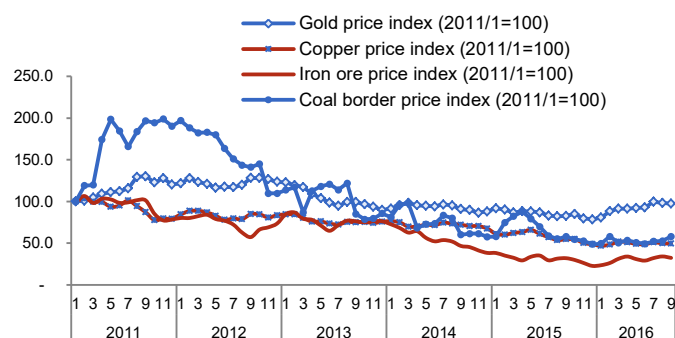
² - Contribution to total growth

Table 4. Changes in exports, 2016 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	740.1	###	(1,011.5)	373%	(271.4)	-9%
1.1. Copper ores and concentrates	284.6	-64%	(727.7)	164%	(443.1)	-26%
1.2. Coal	204.5	0%	(13.1)	0%	73.5	17%
1.3. Crude oil	27.4	-47%	(85.5)	147%	(58.1)	-20%
1.4. Iron ores and concentrates	59.2	0%	(45.9)	0%	13.4	8%
1.5. Non-monetary gold	117.1	104%	(4.0)	-4%	113.2	40%
1.6. Zinc ores and concentrates	28.1	247%	(16.7)	-147%	11.4	12%
1.7. Fluorspar, leucite, nepheline etc.	1.4	-66%	(3.4)	166%	(2.1)	-4%
1.8. Molybdenum ores and concentrates	5.3	-109%	(10.2)	209%	(4.9)	-21%
1.9. Tungsten ores and concentrates	0.3	-8%	(3.7)	108%	(3.5)	-31%
1.10. Silver	8.3	46%	9.8	54%	18.2	177%
1.11. Other	3.7	35%	6.9	65%	10.6	0%
2. Animal products	13.2	-69%	(32.3)	169%	(19.1)	-7%
2.2. Hide, skin and leather	(8.3)	148%	2.7	-48%	(5.6)	-25%
2.4. Cashmere	10.3	-66%	(25.8)	166%	(15.5)	-7%
3. Horticultural products	(1.2)	14%	(7.3)	86%	(8.6)	-40%
4. Manufacturing goods	7.4	8%	84.7	92%	92.1	58%
5. Other	(0.1)	6%	(1.1)	94%	(1.1)	-61%
Total	759.4		(967.5)		(208.1)	-6%

* Goods that share similarities are included in one category, therefore the following review calculations only show general tendency

Chart 4. International market price of main commodities



Export performance of the first 12 months of 2016 increased by USD 964.6 million due to change in quantity of foreign goods trade, increased by USD 716.5 million owing to price change.

Decreased by USD 12.9 million caused by decrease in price of animal products.

Production export increased by 55% or USD 119.4 million due to increase in machineries export.

The average price of 1 ounce of gold on the global market as of December 2016 reached USD 1,150 million, which shows increase of 7.7% from that of the previous year, decrease of 6.7% from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 5,660, USD 80 respectively. Copper increased by 22%, iron ore increased by 97% from that of the previous year.

Copper and iron ore increased by 4%, 10% from that of the previous month respectively. Coal export price reached USD 55 in December 2016, with increase of 87.0% from that time of the previous year and increase of 13.2% from previous month.

Import As of the ending month of 2016, imports decreased by 11.6% or USD 439.6 million from that of the previous year. If decrease in imports is seen more thoroughly, capital goods resulted by 8 percentage point, fuels resulted by 5 percentage point, consumer goods resulted increase by 6% point, respectively. Weight of consumer goods in total imports increased by 6% point from that of the previous year, while weight of fuels decreased by 3 percentage point.

Table 5. Imports of goods /million USD/

Category	2014			2015			2016			Δ (2015/2014)			Δ (2016/2015)					
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²			
Consumer goods		1,022	25%		814	29%		859	35%	(208)	-20%	-5%	44	5%	2%			
Non-durables	612	547	14%	640	465	16%	577	457	19%	(82)	-15%	-2%	(8)	-2%	0%			
Food	290	380	9%	270	318	11%	289	317	13%	(63)	-17%	-2%	(1)	0%	0%			
Medicinal and pharmaceutical products	2	56	1%	2	54	2%	2	63	3%	(2)	-4%	0%	9	17%	0%			
Other non-durables	320	110	3%	368	93	3%	286	77	3%	(17)	-15%	0%	(16)	-17%	-1%			
Durables	139	476	12%	137	350	12%	102	402	16%	(126)	-26%	-3%	52	15%	2%			
Clothing	30	43	1%	31	36	1%	38	38	2%	(7)	-17%	0%	2	6%	0%			
Household electrical appliances and furniture	52	98	2%	62	70	2%	19	74	3%	(28)	-28%	-1%	4	5%	0%			
Passenger cars and parts	1	278	7%	1	196	7%	1	246	10%	(82)	-29%	-2%	50	25%	2%			
Other durables	56	56	1%	43	47	2%	45	44	2%	(9)	-16%	0%	(3)	-6%	0%			
Capital goods		1,670	42%		1,097	38%		839	34%	(574)	-34%	-14%	(257)	-23%	-9%			
Machinery, equipment, supplies and vehicles	19	856	21%	14	566	20%	11	475	19%	(290)	-34%	-7%	(90)	-16%	-3%			
Vehicles other than passenger cars, parts	1	225	6%	1	88	3%	0	139	6%	(137)	-61%	-3%	51	59%	2%			
Machinery, equipment and supplies	18	631	16%	13	478	17%	10	336	14%	(153)	-24%	-4%	(142)	-30%	-5%			
Construction materials	2,397	635	16%	1,462	396	14%	597	227	9%	(240)	-38%	-6%	(169)	-43%	-6%			
Other capital goods	76	179	4%	60	135	5%	40	137	6%	(44)	-25%	-1%	2	1%	0%			
Intermediate goods and industrial materials		454	11%		391	14%		390	16%	(64)	-14%	-2%	(1)	0%	0%			
Food ingredients (wheat, malt etc)	47	27	1%	34	22	1%	182	49	2%	(5)	-18%	0%	27	126%	1%			
Chemical products	91	71	2%	98	69	2%	86	60	2%	(1)	-2%	0%	(9)	-13%	0%			
Yam, fabrics, textiles, leather	22	11	0%	12	11	0%	20	14	1%	0	1%	0%	3	25%	0%			
Electricity	1	93	2%	1	95	3%	1	91	4%	2	3%	0%	(4)	-4%	0%			
Metal ores and scrap	1	0	0%	0	1	0%	1	1	0%	1	150%	0%	0	39%	0%			
Other industrial materials	691	252	6%	613	192	7%	585	173	7%	(60)	-24%	-1%	(19)	-10%	-1%			
Fuels		828	864	21%		843	537	19%		733	356	15%	(327)	-38%	-8%	(181)	-34%	-6%
Diesels	485	481	12%	487	288	10%	371	164	7%	(192)	-40%	-5%	(124)	-43%	-4%			
Gasolines A92-95	229	247	6%	261	172	6%	246	120	5%	(75)	-30%	-2%	(52)	-30%	-2%			
Gasolines A80 and other fuels	114	137	3%	95	77	3%	116	72	3%	(60)	-44%	-1%	(5)	-6%	0%			
Other		12	0%		18	1%		4	0%	6	0%	0%	(14)	0%	0%			
TOTAL		4,023		2,857		2,448		(1,166)	-29.0%				(409)	-14.3%				

² - Contribution to total growth

Table 6. Changes in imports, 2016 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	(12.6)	0%	56.9	129%	44.3	5%
Non-durables	(9.1)	113%	1.1	-13%	(8.0)	-2%
Durables	(3.6)	-7%	55.8	107%	52.3	15%
Capital goods	(334.4)	130%	77.1	-30%	(257.3)	-23%
Machinery, equipment, supplies and vehicles	(162.2)	180%	72.0	-80%	(90.2)	-16%
Construction materials	(172.7)	102%	3.7	-2%	(169.0)	-43%
Other capital goods	0.5	25%	1.4	75%	1.9	1%
Intermediate goods and industrial materials	31.6		(32.5)		(0.9)	0%
Fuels	(45.7)	25%	(135.0)	75%	(180.8)	-34%
Diesels	(51.6)	42%	(72.3)	58%	(123.9)	-43%
Gasolines A92-95	(7.2)	14%	(45.0)	86%	(52.2)	-30%
Gasolines A80 and other fuels	13.1	-285%	(17.7)	385%	(4.6)	-6%
Other	3.2	-23%	(17.1)	123%	(14.0)	0%
TOTAL	(358.1)		(50.7)		(408.8)	-14%

* Goods that share similarities are included in one category, therefore the following review calculations only show general tendency

Performance of the end of 2016 decreased by USD 236 million owing to change in value of goods import, decreased by USD 204 million due to price change, increased by USD 57.7 million caused by rise in quantity of consumer goods imports. 20% decrease in investment goods resulted from change in import of the following sector.

While oil goods import amount fell by 25%. Despite the consecutive decrease since 2013, customs oil goods price as of December, 2016 reached USD 546.1 per ton with 3 consecutive months of increase.

Chart 5. Import growth, YoY /3 months moving average/

