



MONGOLIA'S FOREIGN TRADE REVIEW

July 2017

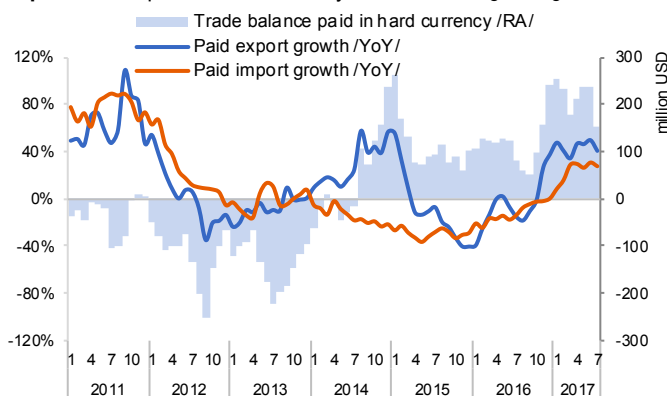
Overview: As of July 2017, cumulative trade turnover increased by 33.9% or USD 1482.8 million from that of the previous year and reached USD 5,857 million compared to the same period of previous year. Exports increased by 39% or USD 979.2 million and imports increased by 27.5% or USD 504.1 million. During the reporting period, trade balance recorded surplus of USD 1,184 million, which is USD 475 million higher than that of the previous year.

Table 1. Foreign trade performance /million USD/

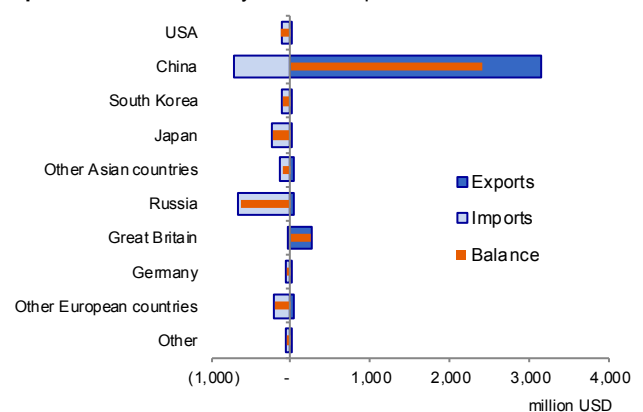
Category	Yearly			Change				First 7 months			Change			
	2014	2015	2016	2015/2014		2016/2015		2015	2016	2017	2016/2015		2017/2016	
				Value	%	Value	%				Value	%	Value	%
Turnover	11,011	8,467	8,274	(2,544)	-23.1%	(192)	-2.3%	5,022	4,374	5,857	(648)	-12.9%	1,483	33.9%
Exports	5,774	4,669	4,916	(1,105)	-19.1%	247	5.3%	2,813	2,541	3,520	(272)	-9.7%	979.2	39%
Imports	5,237	3,798	3,358	(1,439)	-27.5%	(439)	-11.6%	2,209	1,833	2,337	(376)	-17.0%	504.1	27.5%
Balance	538	872	1,558	334	0.0%	686	78.7%	604	709	1,184	105	17.3%	475	67.1%

The balance of trade paid in hard currency in first 7 months of 2017 recorded surplus of USD 1,267 million, which is USD 678.4 million higher than that of the previous year.

Graph 1. Trade paid in hard currency /7 months moving average/

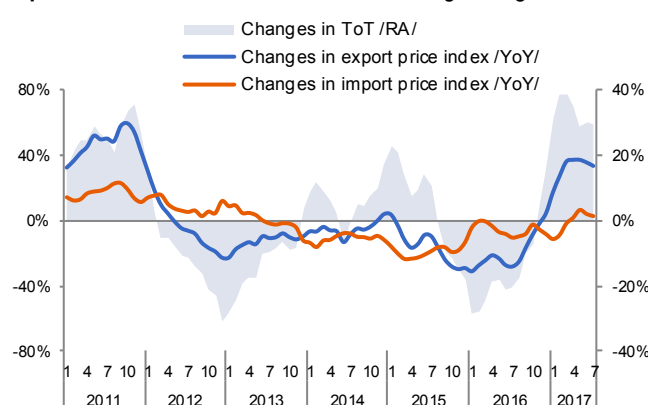


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follow: (i) trade with China: 65.9% or USD 3860.4 million and (ii) trade with Russia: 12% or USD 705 million. Trade turnover with China and Russia increased by 46% and 46.9% respectively.

Graph 3. Terms of trade index /7 months moving average/



Terms of trade index reached to 1.57, increased by 29% from that of the previous year and decreased by 9% from that of the previous month. For the reporting month, import price of consumer goods increases, and export prices of coal, copper and washed cashmere decrease, which resulted deterioration in the terms of trade.

Export: As of July 2017, exports of goods increased by 38.5% or USD 979.2 million from that of the previous year. The increase in mining products' export explains 35.9 percentage points and other sector export products explain 2.7 percentage points of the total export growth. The weight of mining products in total exports increased by 2 percentage points.

Table 3. Exports of goods /million USD/

Category	2015			2016			2017			Δ (2016/2015)			Δ (2017/2016)		
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²
1. Mining products		2,412	86%	2,184	86%		3,096	88%		(228)	-9%	-8%	912	42%	36%
1.1. Copper ores and concentrates	784	1,353	48%	945	1,041	41%	853	889	25%	(313)	-23%	-11%	(152)	-15%	-6%
1.2. Coal	8,114	353	13%	10,997	337	13%	20,853	1,404	40%	(16)	-5%	-1%	1,067	317%	42%
1.3. Crude oil	4,504	234	8%	4,772	186	7%	4,349	211	6%	(48)	-21%	-2%	24	13%	1%
1.4. Iron ores and concentrates	2,676	135	5%	3,476	132	5%	3,132	175	5%	(2)	-2%	0%	43	33%	2%
1.5. Non-monetary gold /kg/	4,636	180	6%	8,511	341	13%	5,404	218	6%	162	90%	6%	(124)	-36%	-5%
1.6. Zinc ores and concentrates	65	81	3%	77	83	3%	70	103	3%	1	2%	0%	21	25%	1%
1.7. Fluorspar, leucite, nepheline etc.	162	38	1%	137	32	1%	165	41	1%	(6)	-16%	0%	9	29%	0%
1.8. Molybdenum ores and concentrates	3	20	1%	3	14	1%	4	20	1%	(6)	-28%	0%	6	39%	0%
1.9. Tungsten ores and concentrates	1	7	0%	1	5	0%	0	2	0%	(2)	-33%	0%	(2)	-49%	0%
1.10. Silver /tonnes/	42	9	0%	29	12	0%	0	0	0%	3	0%	0%	(12)	-96%	0%
1.11. Other	48	1	0%	51	1	0%	224	32	1%	(0)	-25%	0%	31	1%	1%
2. Animal products		247	9%	209	8%		252	7%		(38)	-15%	-1%	43	21%	2%
2.1. Live animals, meat	2	6	0%	3	6	0%	7	12	0%	0	4%	0%	6	105%	0%
2.2. Hide, skin and leather	162	18	1%	106	17	1%	180	16	0%	(1)	-8%	0%	(1)	-6%	0%
2.3. Casing	0	5	0%	0	4	0%	0	4	0%	(1)	-25%	0%	(0)	-5%	0%
2.4. Cashmere	6	208	7%	5	172	7%	6	209	6%	(36)	-17%	-1%	37	22%	1%
2.5. Wool, other hair	6	10	0%	6	10	0%	6	10	0%	0	-2%	0%	0	1%	0%
2.6. Other	0	0	0%	0	1	0%	1	1	0%	0	149%	0%	1	94%	0%
3. Horticultural products		21	1%	12	0%		6	0%		(9)	-44%	0%	(6)	-49%	0%
4. Manufacturing goods		132	5%	136	5%		166	5%		4	3%	0%	30	22%	1%
4.1. Food	2	15	1%	3	17	1%	13	56	2%	1	7%	0%	39	238%	2%
4.2. Cashmere goods	0	11	0%	0	10	0%	0	10	0%	(2)	-15%	0%	1	6%	0%
4.3. Other apparel, footwear etc.	0	5	0%	1	7	0%	1	6	0%	2	37%	0%	(0)	-1%	0%
4.4. Mining products	25	50	2%	15	38	2%	20	61	2%	(11)	-23%	0%	22	58%	1%
4.5. Electronic goods	0	1	0%	0	1	0%	0	1	0%	(1)	-57%	0%	(0)	-2%	0%
4.6. Machinery, equipment and their parts	1	45	2%	1	60	2%	1	28	1%	15	33%	1%	(32)	-53%	-1%
4.7. Other	108	4	0%	126	4	0%	231	4	0%	0	5%	0%	(1)	-13%	0%
5. Other		2	0%	1	0%		0	0%		(1)	-63%	0%	(0)	-24%	0%
Total		2,813		2,541			3,520			(272)	-10%		979.2	38.5%	

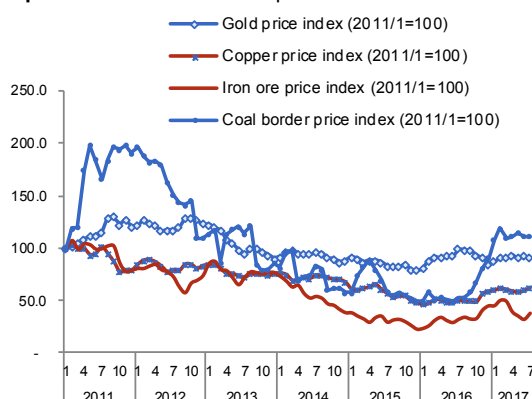
%² - Contribution to total growth

Table 4. Changes in exports 2017 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	424.0	47%	487.7	53%	911.8	42%
1.1. Copper ores and concentrates	(95.9)	63%	(56.0)	37%	(151.9)	-15%
1.2. Coal	663.7	62%	403.8	38%	1,067.5	317%
1.3. Crude oil	(20.5)	-84%	44.9	184%	24.4	13%
1.4. Iron ores and concentrates	(19.2)	-45%	62.3	145%	43.1	33%
1.5. Non-monetary gold	(125.2)	101%	1.5	-1%	(123.8)	-36%
1.6. Zinc ores and concentrates	(9.6)	-47%	30.3	147%	20.7	25%
1.7. Fluorspar, leucite, nepheline etc.	7.0	77%	2.1	23%	9.1	29%
1.8. Molybdenum ores and concentrates	1.2	21%	4.4	79%	5.6	39%
1.9. Tungsten ores and concentrates	(2.2)	94%	(0.1)	6%	(2.3)	-49%
1.10. Silver	-	0%	-	0%	(11.9)	-96%
1.11. Other	24.9	80%	6.3	20%	31.2	0%
2. Animal products	41.4	96%	1.6	4%	43.1	21%
2.2. Hide, skin and leather	6.5	-60%	(7.5)	706%	(1.1)	-6%
2.4. Cashmere	26.6	72%	10.6	28%	37.2	22%
3. Horticultural products	(1.3)	22%	(4.5)	78%	(5.8)	-49%
4. Manufacturing goods	63.0	208%	(32.7)	-108%	30.3	22%
5. Other	(0.1)	37%	(0.1)	63%	(0.1)	-24%
Total	527.1		452.0		979.2	39%

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

Graph 4. International market price of main commodities



Export performance of first 7 months increased by USD 527 million due to the change in quantity of foreign goods trade, increased by USD 452 million owing to price change. Also the increase in export price and export quantity of mining products, specially coal export, resulted the increase of USD 911.8 million. While export price and quantity increase of animal products resulted increase of USD 43.1 million. Despite the decrease in export price of manufacturing products, the increase in export quantity resulted increase of USD 30.3 million.

The average price of 1 ounce of gold on the global market as of July, 2017 reached USD 1,237 which shows a decrease of 8.8% from that of the previous year, and decrease of 1.8% from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 5,985 and USD 67.7 respectively. Copper price increased by 23%, iron ore price increased by 17.9% from that of the previous year.

However, copper price increased by 4.6% and iron ore price increased by 17.9% from that of the previous month. Coal export price reached USD 66.6 in July 2017, with the increase of 112.5% from that time of the previous year and decrease of 0.7% from the previous month.

Import: As of the first 7 months of 2017, import increased by 27.5% or USD 504.1 million from that of the previous year. Capital goods explain 14 percentage point, fuels explain 11 percentage point and consumer goods explain 3 percentage point of total import growth respectively. Contribution of consumer goods in total imports decreased by 5 percentage point from that of the previous year, while contribution of fuels increased by 5 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		647	29%		647	35%		709	30%		1	0%	0%	61	9%	3%
Non-durables	421	359	16%	423	334	18%	488	391	17%	(26)	-7%	-1%	58	17%	3%	
Food	212	246	11%	224	229	12%	214	272	12%	(17)	-7%	-1%	43	19%	2%	
Medicinal and pharmaceutical products	1	41	2%	1	50	3%	1	49	2%	8	21%	0%	(1)	-1%	0%	
Other non-durables	208	72	3%	198	55	3%	272	70	3%	(17)	-24%	-1%	15	27%	1%	
Durables	116	287	13%	79	314	17%	128	317	14%	27	9%	1%	4	1%	0%	
Clothing	27	26	1%	32	28	2%	37	32	1%	2	8%	0%	4	14%	0%	
Household electrical appliances and furniture	55	57	3%	14	59	3%	49	48	2%	2	3%	0%	(10)	-18%	-1%	
Passenger cars and parts	1	166	8%	1	191	10%	1	199	9%	25	15%	1%	8	4%	0%	
Other durables	33	39	2%	32	36	2%	41	38	2%	(3)	-7%	0%	2	6%	0%	
Capital goods		822	37%		627	34%		878	38%		(195)	-24%	-9%	252	40%	14%
Machinery, equipment, supplies and vehicles	10	419	19%	9	365	20%	14	564	24%	(53)	-13%	-2%	198	54%	11%	
Vehicles other than passenger cars, parts	1	74	3%	0	108	6%	1	157	7%	33	45%	2%	50	46%	3%	
Machinery, equipment and supplies	10	345	16%	8	258	14%	14	406	17%	(87)	-25%	-4%	148	58%	8%	
Construction materials	1,045	297	13%	447	161	9%	344	219	9%	(136)	-46%	-6%	57	36%	3%	
Other capital goods	42	106	5%	31	100	5%	38	96	4%	(6)	-5%	0%	(4)	-4%	0%	
Intermediate goods and industrial materials		309	14%		303	17%		299	13%		(5)	-2%	0%	(5)	-1%	0%
Food ingredients (wheat, malt etc)	29	18	1%	168	44	2%	24	11	0%	26	140%	1%	(33)	-75%	-2%	
Chemical products	80	58	3%	67	46	3%	107	61	3%	(12)	-21%	-1%	15	32%	1%	
Yarn, fabrics, textiles, leather	10	9	0%	11	10	1%	23	12	1%	1	7%	0%	2	24%	0%	
Electricity	1	76	3%	1	71	4%	1	75	3%	(5)	-6%	0%	3	5%	0%	
Metal ores and scrap	0	1	0%	1	1	0%	1	0	0%	0	47%	0%	(1)	-71%	0%	
Other industrial materials	489	145	7%	440	130	7%	495	140	6%	(15)	-10%	-1%	9	7%	0%	
Fuels		639	41%		525	25%		788	44%		(163)	-30%	-7%	194	77%	11%
Diesels	367	224	10%	264	114	6%	489	255	11%	(111)	-49%	-5%	142	125%	8%	
Gasolines A92-95	203	135	6%	182	88	5%	203	121	5%	(46)	-34%	-2%	33	37%	2%	
Gasolines A80 and other fuels	69	56	3%	79	51	3%	95	70	3%	(6)	-10%	0%	20	39%	1%	
Other		17	1%		3	0%		4	0%		(14)	0%	-1%	1	0%	0%
TOTAL		2,209		1,833		2,337		(376)	-17.0%		504	27.5%				

²% - Contribution to total growth

Table 6. Changes in imports /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	90.3	147%	(28.8)	-47%	61.4	9%
Non-durables	30.2	53%	27.4	47%	57.6	17%
Durables	60.0	1561%	(56.2)	-1461%	3.8	1%
Capital goods	243.7	97%	8.1	3%	251.7	40%
Machinery, equipment, supplies and vehicle:	221.1	112%	(22.9)	-12%	198.1	54%
Construction materials	25.4	44%	32.0	56%	57.4	36%
Other capital goods	(2.8)	73%	(1.0)	27%	(3.8)	-4%
Intermediate goods and industrial materials	3.8	73%	(8.4)	27%	(4.6)	-1%
Fuels	142.1	73%	52.0	27%	194.0	77%
Diesels	117.5	83%	24.1	17%	141.6	125%
Gasolines A92-95	12.3	38%	20.5	62%	32.9	37%
Gasolines A80 and other fuels	12.2	62%	7.4	38%	19.6	39%
Other	3.8	268%	(2.4)	-168%	1.4	0%
TOTAL	483.6		20.4	4%	504.1	28%

Performance of the first 7 months increased by USD 483.6 million because of the change in quantity of imports, increased by USD 20.4 million due to change in price. Consumer goods increased by USD 61.4 million mainly because of the increase in quantity of imports. Capital goods import increased by 40% owing to the change in quantity of imports.

While fuels import increased by 77%. As of July 2017, fuels import price is USD 522 per ton.

Graph 5. Import growth YoY /5 months moving average/

