



MONGOLIA'S FOREIGN TRADE REVIEW

August 2017

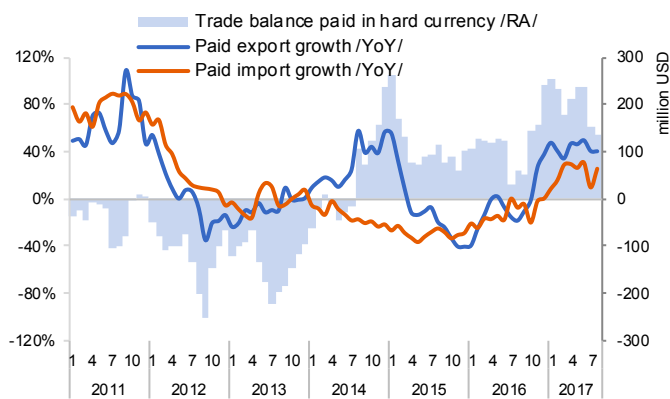
Overview: As of August 2017, cumulative trade turnover increased by 32.7% (or USD 1690 million) from that of the previous year and reached USD 6,857 million. Exports increased by 37% (or USD 1,109 million) and imports increased by 27% (or USD 580.7 million). During the reporting period, trade balance recorded surplus of USD 1,348 million, which is USD 528 million higher than that of the previous year.

Table 1. Foreign trade performance /million USD/

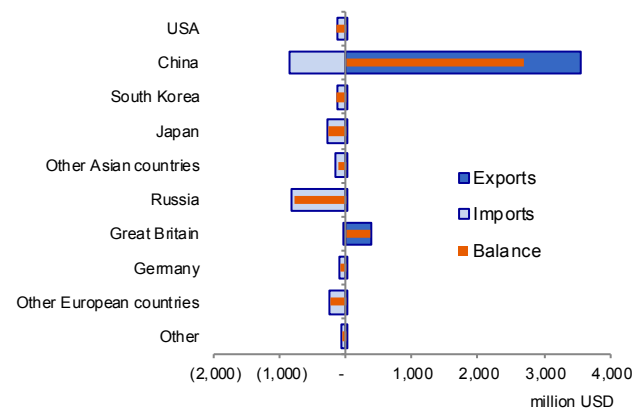
Category	Yearly			Change				First 8 months			Change			
	2014	2015	2016	2015/2014		2016/2015		2015	2016	2017	2016/2015		2017/2016	
				Value	%	Value	%				Value	%	Value	%
Turnover	11,011	8,467	8,274	(2,544)	-23.1%	(192)	-2.3%	5,798	5,167	6,857	(632)	-10.9%	1,690	32.7%
Exports	5,774	4,669	4,916	(1,105)	-19.1%	247	5.3%	3,252	2,993	4,102	(258)	-7.9%	1,109	37%
Imports	5,237	3,798	3,358	(1,439)	-27.5%	(439)	-11.6%	2,547	2,173	2,754	(373)	-14.7%	580.7	27%
Balance	538	872	1,558	334	0.0%	686	78.7%	705	820	1,348	115	16%	528	64%

The balance of trade paid in hard currency in first 8 months of 2017 recorded surplus of USD 1,462 million, which is USD 661 million higher than that of the previous year.

Graph 1. Trade paid in hard currency /8 months moving average/

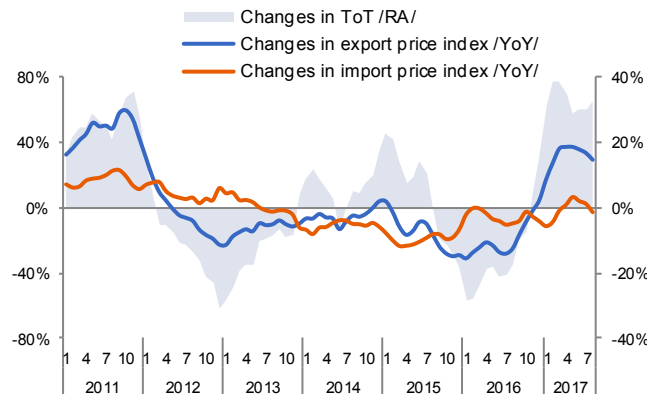


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follow:(i) trade with China: 64.4% (or USD 4418.4 million) and (ii) trade with Russia:12.3% (or USD 845 million). Trade turnover with China and Russia increased by 41.5% and 38%, respectively.

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



Terms of trade index reached to 1.76, increased by 52.8% from that of the previous year and increased by 10.3% from that of the previous month. For the reporting month, import price of capital goods increase, and export prices of coal and copper decrease, which resulted in a deterioration of the terms of trade.

Export: As of August 2017, exports of goods increased by 37% (or USD 1,109 million) from that of the previous year. The increase in mining products' export explains 36.6 percentage points and other sector export products explain 0.4 percentage points of the total export growth. The weight of mining products in total exports increased by 4 percentage points, while manufacturing goods decreased 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		2,818	87%		2,525	84%		3,621	88%		(293)	-10%	-9%	1,096	43%	36.6%
1.1. Copper ores and concentrates	930	1,567	48%	1,085	1,168	39%	980	1,032	25%	(399)	-25%	-12%	(136)	-12%	-5%	
1.2. Coal	9,571	401	12%	13,528	417	14%	23,247	1,570	38%	15	4%	0%	1,153	277%	39%	
1.3. Crude oil	5,193	264	8%	5,438	216	7%	5,064	245	6%	(48)	-18%	-1%	29	13%	1%	
1.4. Iron ores and concentrates	3,055	150	5%	4,041	156	5%	3,759	202	5%	6	4%	0%	47	30%	2%	
1.5. Non-monetary gold /kg/	6,959	263	8%	9,631	390	13%	8,421	342	8%	127	48%	4%	(49)	-12%	-2%	
1.6. Zinc ores and concentrates	72	89	3%	88	94	3%	81	119	3%	5	6%	0%	25	26%	1%	
1.7. Fluorspar, leucite, nepheline etc.	182	43	1%	163	39	1%	191	48	1%	(4)	-9%	0%	10	25%	0%	
1.8. Molybdenum ores and concentrates	3	21	1%	4	17	1%	4	23	1%	(5)	-22%	0%	7	40%	0%	
1.9. Tungsten ores and concentrates	1	9	0%	1	6	0%	1	4	0%	(3)	-35%	0%	(2)	-35%	0%	
1.10. Silver /tonnes/	48	10	0%	47	19	1%	0	0	0%	10	0%	0%	(19)	-98%	-1%	
1.11. Other	48	1	0%	66	4	0%	240	36	1%	3	212%	0%	32	19%	1%	
2. Animal products		262	8%		234	8%		281	7%		(29)	-11%	-1%	48	20%	1.6%
2.1. Live animals, meat	2	6	0%	3	7	0%	10	18	0%	1	11%	0%	11	168%	0%	
2.2. Hide, skin and leather	177	19	1%	110	17	1%	190	16	0%	(2)	-13%	0%	(1)	-5%	0%	
2.3. Casing	0	6	0%	0	4	0%	0	4	0%	(2)	-27%	0%	(0)	-11%	0%	
2.4. Cashmere	6	220	7%	6	192	6%	7	227	6%	(28)	-13%	-1%	35	18%	1%	
2.5. Wool, other hair	7	11	0%	9	13	0%	10	14	0%	2	17%	0%	1	11%	0%	
2.6. Other	0	0	0%	0	1	0%	1	2	0%	0	80%	0%	1	133%	0%	
3. Horticultural products		21	1%		12	0%		7	0%		(9)	-42%	0%	(5)	-40%	-0.2%
4. Manufacturing goods		148	5%		222	7%		192	5%		74	50%	2%	(30)	-14%	-1.0%
4.1. Food	2	16	0%	4	22	1%	15	60	1%	6	39%	0%	38	175%	1%	
4.2. Cashmere goods	0	15	0%	0	14	0%	0	17	0%	(1)	-7%	0%	3	21%	0%	
4.3. Other apparel, footwear etc.	0	6	0%	1	7	0%	1	8	0%	2	29%	0%	1	11%	0%	
4.4. Mining products	28	57	2%	19	49	2%	24	70	2%	(8)	-14%	0%	21	42%	1%	
4.5. Electronic goods	0	2	0%	0	1	0%	0	1	0%	(1)	-58%	0%	(0)	-4%	0%	
4.6. Machinery, equipment and their parts	1	48	1%	1	124	4%	1	32	1%	75	156%	2%	(92)	-74%	-3%	
4.7. Other	128	4	0%	169	5	0%	254	4	0%	1	15%	0%	(1)	-16%	0%	
5. Other		2	0%		1	0%		1	0%		(1)	-63%	0%	(0)	-10%	0%
Total		3,252		2,993			4,102			(258)	-8%		1,109	37%		

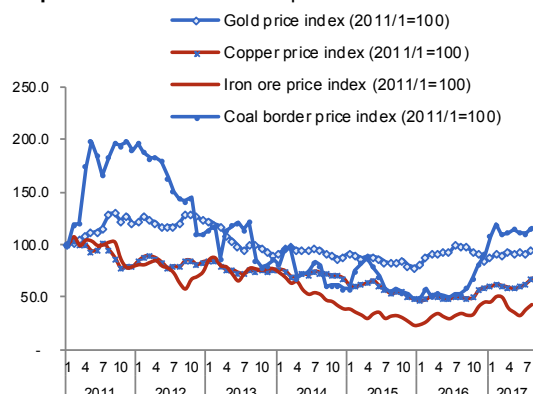
² - Contribution to total growth

Table 4. Changes in exports 2017 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	488.2	45%	608.2	55%	1,096	43%
1.1. Copper ores and concentrates	(110.3)	81%	(25.5)	19%	(135.8)	-12%
1.2. Coal	656.3	57%	496.8	43%	1,153	277%
1.3. Crude oil	(18.0)	-62%	47.1	162%	29	13%
1.4. Iron ores and concentrates	(15.2)	-32%	61.9	132%	46.7	30%
1.5. Non-monetary gold	(49.1)	101%	0.5	-1%	(48.6)	-12%
1.6. Zinc ores and concentrates	(9.5)	-39%	34.0	139%	24.5	26%
1.7. Fluorspar, leucite, nepheline etc.	7.1	74%	2.5	26%	9.7	25%
1.8. Molybdenum ores and concentrates	2.1	32%	4.5	68%	6.6	40%
1.9. Tungsten ores and concentrates	(1.6)	79%	(0.4)	21%	(2.0)	-35%
1.10. Silver	-	0%	-	0%	(18.8)	-98%
1.11. Other	26.2	82%	5.6	18%	31.8	0%
2. Animal products	45.5	95%	2.2	5%	47.7	20%
2.2. Hide, skin and leather	6.7	-764%	(7.6)	864%	(0.9)	-5%
2.4. Cashmere	25.0	70%	10.5	30%	35.4	18%
3. Horticultural products	(0.6)	12%	(4.4)	88%	(5.0)	-40%
4. Manufacturing goods	67.6	-226%	(97.6)	326%	(30.0)	-14%
5. Other	0.0	-29%	(0.1)	129%	(0.1)	-10%
Total	600.7		508		1,109	37%

* 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 8 months increased by USD 601 million due to changes in quantity of foreign goods trade, increased by USD 508 million owing to price changes. Increases in export price and export quantity of mining products, specially coal export, resulted in the increase of USD 1,096 million. While export price and quantity increases of animal products resulted in increase of USD 47.7 million. Decreases in export price and export quantity of manufacturing products, resulted in a decrease of USD 30 million.

The average price of 1 ounce of gold on the global market as of August, 2017 reached USD 1,284 which shows a decrease of 4% from that of the previous year, and 3.8% increase from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 6,485 and USD 76.1, respectively. Copper price increased by 36.5%, iron ore price increased by 24.6% from that of the previous year.

Copper price increased by 8.4% and iron ore price increased by 12.3% from that of the previous month. Coal export price reached USD 69.3 in August 2017, with the increase of 118.7% from that time of the previous year and increase of 4% from the previous month.

Import: As of the first 8 months of 2017, import increased by 26.7% (or USD 581 million) from that of the previous year. Capital goods explain 13 percentage points, fuels explain 10 percentage points and consumer goods explain 3 percentage points of total import growth, respectively. Contribution of consumer goods in total imports decreased by 5 percentage points from that of the previous year, while contribution of fuels increased by 5 percentage points.

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		732	29%		764	35%		821	30%		32	4%	1%	57	7%	3%
Non-durables	487	410	16%	498	398	18%	562	453	16%	(12)	-3%	0%	54	14%	3%	
Food	239	280	11%	256	276	13%	249	316	11%	(4)	-1%	0%	40	15%	2%	
Medicinal and pharmaceutical products	2	47	2%	1	56	3%	2	55	2%	9	19%	0%	(2)	-3%	0%	
Other non-durables	246	84	3%	241	66	3%	312	82	3%	(17)	-21%	-1%	16	24%	1%	
Durables	129	322	13%	87	366	17%	153	368	13%	44	14%	2%	2	1%	0%	
Clothing	29	31	1%	34	33	2%	45	38	1%	2	6%	0%	5	16%	0%	
Household electrical appliances and furniture	60	64	3%	16	67	3%	61	57	2%	3	4%	0%	(10)	-14%	0%	
Passenger cars and parts	1	183	7%	1	226	10%	1	229	8%	43	24%	2%	3	1%	0%	
Other durables	40	44	2%	37	40	2%	46	43	2%	(4)	-9%	0%	3	9%	0%	
Capital goods		967	38%		749	34%		1,038	38%		(218)	-23%	-9%	289	39%	13%
Machinery, equipment, supplies and vehicles	12	492	19%	10	435	20%	18	659	24%	(58)	-12%	-2%	224	52%	10%	
Vehicles other than passenger cars, parts	1	81	3%	0	129	6%	1	184	7%	48	59%	2%	55	43%	3%	
Machinery, equipment and supplies	11	411	16%	9	306	14%	17	475	17%	(105)	-26%	-4%	169	55%	8%	
Construction materials	1,294	351	14%	537	198	9%	426	268	10%	(153)	-44%	-6%	70	35%	3%	
Other capital goods	50	123	5%	36	116	5%	43	111	4%	(8)	-6%	0%	(5)	-4%	0%	
Intermediate goods and industrial materials		349	14%		350	16%		355	13%		1	0%	0%	6	2%	0%
Food ingredients (wheat, malt etc)	32	20	1%	178	47	2%	27	13	0%	28	143%	1%	(34)	-72%	-2%	
Chemical products	87	64	2%	77	54	2%	127	72	3%	(10)	-15%	0%	19	35%	1%	
Yarn, fabrics, textiles, leather	11	11	0%	18	12	1%	26	14	1%	2	15%	0%	2	17%	0%	
Electricity	1	85	3%	1	81	4%	1	86	3%	(3)	-4%	0%	5	6%	0%	
Metal ores and scrap	0	1	0%	1	1	0%	1	1	0%	0	47%	0%	(1)	-59%	0%	
Other industrial materials	549	169	7%	508	153	7%	571	169	6%	(16)	-9%	-1%	15	10%	1%	
Fuels		745	48%		635	30%		956	53%		(174)	-36%	-7%	228	74%	10%
Diesels	430	260	10%	324	142	7%	586	302	11%	(117)	-45%	-5%	160	112%	7%	
Gasolines A92-95	233	155	6%	215	104	5%	245	144	5%	(51)	-33%	-2%	39	38%	2%	
Gasolines A80 and other fuels	82	67	3%	97	61	3%	125	89	3%	(6)	-9%	0%	28	47%	1%	
Other		17	1%		3	0%		5	0%		(14)	0%	-1%	2	0%	0%
TOTAL		2,547		2,173		2,764		(373)	-14.7%		581	26.7%				

%² - Contribution to total growth

Table 6. Changes in imports /million USD/

Category*	Changes in quantity		Changes in price		Total changes	
	quantity	%	price	%	changes	%
Consumer goods	106.8	188%	(50.1)	-88%	56.7	7%
Non-durables	27.7	51%	26.7	49%	54.5	14%
Durables	79.1	3539%	(76.8)	-3439%	2.2	1%
Capital goods	311.7	108%	(22.6)	-8%	289.0	39%
Machinery, equipment, supplies and vehicle:	286.0	128%	(62.0)	-28%	224.1	52%
Construction materials	29.3	42%	40.5	58%	69.7	35%
Other capital goods	(3.6)	76%	(1.1)	24%	(4.7)	-4%
Intermediate goods and industrial materials	7.0		(1.3)		5.7	2%
Fuels	172.9	76%	54.8	24%	227.7	74%
Diesels	135.1	85%	24.7	15%	159.8	112%
Gasolines A92-95	17.5	44%	21.9	56%	39.4	38%
Gasolines A80 and other fuels	20.3	71%	8.2	29%	28.5	47%
Other	4.5	281%	(2.9)	-181%	1.6	0%
TOTAL	602.8		(22.1)	-4%	580.7	27%

Performance of the first 8 months increased by USD 602.8 million because of the change in quantity of imports, decreased by USD 22.1 million due to changes in prices. Consumer goods increased by USD 56.7 million mainly because of increase in quantity of imports. Capital goods import increased by 39% owing to the change in quantity of imports, while fuels import increased by 74%. As of August 2017, fuels import price is USD 531 per ton.

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

Graph 5. Import growth YoY /3 months moving average/

