



MONGOLIA'S FOREIGN TRADE REVIEW

October 2017

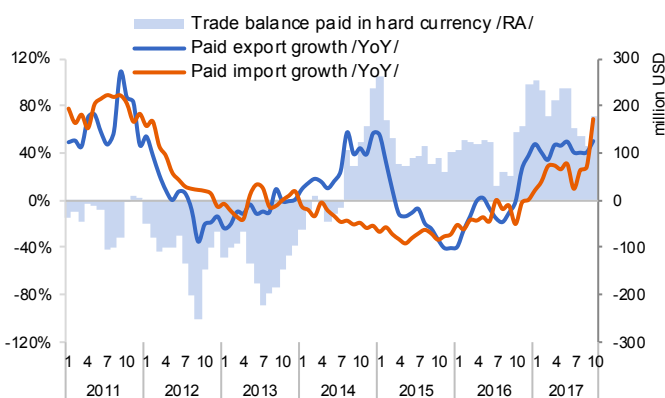
Overview: As of October 2017, total trade turnover increased by 34% (or USD 2,225 million) from that of the previous year and reached USD 8,719 million. Total exports increased by 39% (or USD 1,463 million) and imports increased by 28% (or USD 762 million). During the reporting period, as export surpassed import by USD 1,659 million, trade balance recorded a surplus which is USD 701 million higher than that of the previous year.

Table 1. Foreign trade performance /million USD/

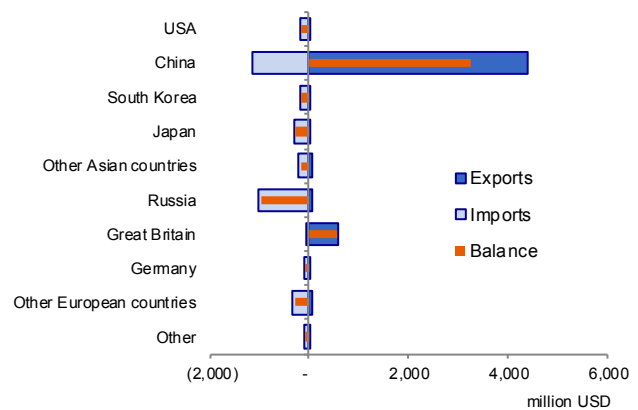
Category	Yearly			Change				First 10 months			Change			
	2014	2015	2016	2015/2014		2016/2015		2015	2016	2017	2016/2015		2017/2016	
				Value	%	Value	%				Value	%	Value	%
Turnover	11,011	8,467	8,274	(2,544)	-23.1%	(192)	-2.3%	7,090	6,494	8,719	(596)	-8.4%	2,225	34.3%
Exports	5,774	4,669	4,916	(1,105)	-19.1%	247	5.3%	3,927	3,726	5,189	(201)	-5.1%	1,463	39%
Imports	5,237	3,798	3,358	(1,439)	-27.5%	(439)	-11.6%	3,163	2,768	3,530	(395)	-12.5%	761.9	28%
Balance	538	872	1,558	334	0.0%	686	78.7%	763	957	1,659	194	25%	701	73%

The balance of trade paid in hard currency in first 10 months of 2017 recorded surplus of USD 1,804 million, which is USD 781 million higher than that of the previous year.

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

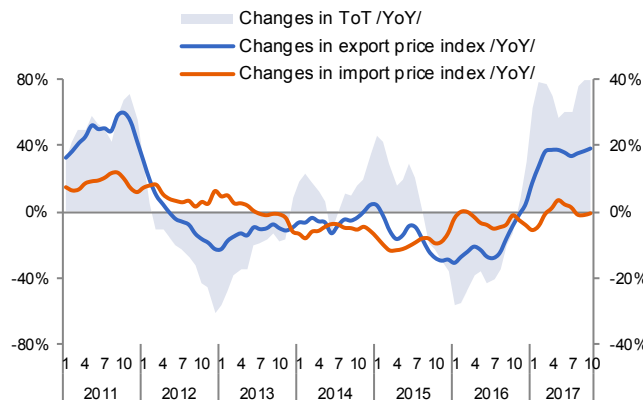


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follow:(i) trade with China: 64% (or USD 5,543 million) and (ii) trade with Russia:12% (or USD 1,066 million). Trade turnover with China and Russia increased by 41% and 46%, respectively.

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



Terms of trade index increased by 31% from that of the previous year and increased by 0.3% from that of the previous month. For the reporting month, import price of capital goods and consumer goods increased; however increase in export price of copper and coal resulted in improvement of the terms of trade.

Export: As of October 2017, total exports increased by 39% (or USD 1,463 million) from that of the previous year. The increase in mining products explain 38 percentage points and other sectors exports products explain 1.1 percentage points of the total export growth. The weight of mining products in total exports increased by 3.4 percentage points, while manufacturing goods decreased by 2.5 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		3,433	87%		3,169	85%		4,592	88%		(264)	-8%	-7%	1,423	45%	38.2%
1.1. Copper ores and concentrates	1,205	1,890	48%	1,321	1,393	37%	1,204	1,302	25%	(496)	-26%	-13%	(91)	-7%	-2%	
1.2. Coal	11,542	468	12%	18,557	605	16%	28,143	1,911	37%	138	29%	4%	1,306	216%	35%	
1.3. Crude oil	6,618	328	8%	6,564	269	7%	6,308	306	6%	(59)	-18%	-2%	38	14%	1%	
1.4. Iron ores and concentrates	3,975	187	5%	5,332	209	6%	5,030	261	5%	22	12%	1%	51	24%	1%	
1.5. Non-monetary gold /kg/	9,474	357	9%	10,955	445	12%	12,589	515	10%	88	25%	2%	70	16%	2%	
1.6. Zinc ores and concentrates	83	100	3%	106	117	3%	101	151	3%	17	17%	0%	34	29%	1%	
1.7. Fluorspar, leucite, nepheline etc.	232	55	1%	207	50	1%	245	63	1%	(4)	-8%	0%	13	26%	0%	
1.8. Molybdenum ores and concentrates	4	25	1%	4	20	1%	6	32	1%	(5)	-20%	0%	12	60%	0%	
1.9. Tungsten ores and concentrates	1	12	0%	1	9	0%	1	7	0%	(3)	-26%	0%	(2)	-25%	0%	
1.10. Silver /tonnes/	54	10	0%	79	34	1%	0	1	0%	24	1%		(33)	-98%	-1%	
1.11. Other	48	1	0%	75	17	0%	307	44	1%	16	1092%	0%	27	16%	1%	
2. Animal products		293	7%		270	7%		336	6%		(23)	-8%	-1%	66	24%	1.8%
2.1. Live animals, meat	3	9	0%	5	12	0%	19	36	1%	3	31%	0%	25	212%	1%	
2.2. Hide, skin and leather	262	26	1%	134	19	1%	248	19	0%	(7)	-28%	0%	(1)	-3%	0%	
2.3. Casing	0	7	0%	0	5	0%	0	5	0%	(3)	-34%	0%	0	5%	0%	
2.4. Cashmere	6	233	6%	6	214	6%	7	251	5%	(19)	-8%	0%	37	17%	1%	
2.5. Wool, other hair	11	17	0%	14	19	1%	15	23	0%	2	14%	0%	4	19%	0%	
2.6. Other	0	1	0%	0	1	0%	1	2	0%	1	149%	0%	1	65%	0%	
3. Horticultural products		22	1%		16	0%		12	0%		(6)	-27%	0%	(4)	-25%	-0.1%
4. Manufacturing goods		177	5%		270	7%		248	5%		93	52%	2%	(22)	-8%	-0.6%
4.1. Food	3	17	0%	5	27	1%	16	68	1%	11	64%	0%	41	151%	1%	
4.2. Cashmere goods	1	21	1%	1	21	1%	1	27	1%	0	1%	0%	6	29%	0%	
4.3. Other apparel, footwear etc.	1	8	0%	1	11	0%	2	13	0%	4	46%	0%	2	13%	0%	
4.4. Mining products	31	69	2%	25	70	2%	30	91	2%	1	2%	0%	21	30%	1%	
4.5. Electronic goods	0	2	0%	0	4	0%	0	1	0%	2	101%	0%	(4)	-81%	0%	
4.6. Machinery, equipment and their parts	1	56	1%	1	129	3%	1	42	1%	73	131%	2%	(87)	-67%	-2%	
4.7. Other	168	5	0%	190	7	0%	300	6	0%	2	37%	0%	(1)	-18%	0%	
5. Other		2	0%		1	0%		1	0%		(1)	-63%	0%	0	4%	0%
Total		3,927			3,726			5,189			(201)	-5%		1,463	39%	

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	601.8	42%	821.4	58%	1,423	45%
1.1. Copper ores and concentrates	(126.5)	139%	35.7	-39%	(90.8)	-7%
1.2. Coal	650.9	50%	654.8	50%	1,306	216%
1.3. Crude oil	(12.4)	-33%	50.0	133%	38	14%
1.4. Iron ores and concentrates	(15.7)	-31%	66.9	131%	51.3	24%
1.5. Non-monetary gold	66.8	96%	3.0	4%	69.8	16%
1.6. Zinc ores and concentrates	(7.7)	-23%	41.3	123%	33.6	29%
1.7. Fluorspar, leucite, nepheline etc.	9.9	75%	3.3	25%	13.2	26%
1.8. Molybdenum ores and concentrates	6.4	54%	5.4	46%	11.8	60%
1.9. Tungsten ores and concentrates	(2.8)	124%	0.5	-24%	(2.2)	-25%
1.10. Silver	-	0%	-	0%	(33.4)	-98%
1.11. Other	33.0	124%	(6.4)	-24%	26.6	0%
2. Animal products	65.0	99%	0.7	1%	65.7	24%
2.2. Hide, skin and leather	8.5	-1357%	(9.1)	1457%	(0.6)	-3%
2.4. Cashmere	26.8	72%	10.3	28%	37.0	17%
3. Horticultural products	(1.1)	27%	(2.9)	73%	(4.0)	-25%
4. Manufacturing goods	82.7	-379%	(104.6)	479%	(21.9)	-8%
5. Other	0.1	242%	(0.0)	-142%	0.0	4%
Total	748.6		715		1,463	39%

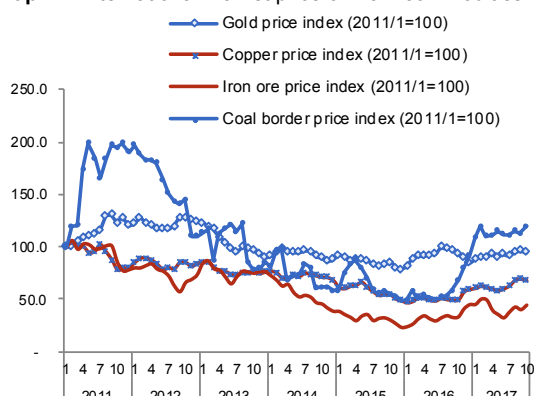
* Goods that share similarities are included in one category, therefore the following review calculations only show general tendency

Changes in quantity of foreign goods trade increased exports in the first 10 months of 2017 by USD 749 million while, USD 715 million increase was driven by the price changes. Increases in export price and export quantity of mining products, specially coal export resulted in the increase of USD 1,423 million. Export price and quantity increases of animal products resulted in increase of USD 66 million. Despite the increase in export quantity of manufacturing products, the decrease in export price resulted in a decrease of USD 22 million.

The average price of 1 ounce of gold on the global market as of October, 2017 reached USD 1,282 which shows an increase of 1% from that of the previous year, and 3% decrease from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 6,461 and USD 79, respectively. In addition, copper price increased by 37%, iron ore price increased by 34% from that of the previous year.

Copper price decreased by 2% and iron ore price increased by 11% from that of the previous month. Coal export price reached USD 71 in October 2017, with the increase of 76% from that time of the previous year and increase of 6% from the previous month.

Graph 4. International market price of main commodities



Import: As of the first 10 months of 2017, total import increased by 28% (or USD 762 million) from that of the previous year. Capital goods explain 14 percentage points, fuels explain 9 percentage points and consumer goods explain 3 percentage points of total import growth. 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		907	29%		956	35%		1,050	30%		49	5%	2%		94	10%	3%
Non-durables	703	523	17%	688	522	19%	697	594	17%	(1)	0%	0%	72	14%	3%		
Food	305	358	11%	321	360	13%	316	412	12%	2	0%	0%	52	14%	2%		
Medicinal and pharmaceutical products	2	61	2%	2	74	3%	2	77	2%	13	22%	0%	3	4%	0%		
Other non-durables	396	103	3%	365	87	3%	378	105	3%	(16)	-15%	-1%	17	20%	1%		
Durables	147	384	12%	108	434	16%	179	456	13%	50	13%	2%	22	5%	1%		
Clothing	35	42	1%	39	43	2%	58	51	1%	1	3%	0%	8	19%	0%		
Household electrical appliances and furniture	65	75	2%	21	80	3%	66	73	2%	5	7%	0%	(7)	-9%	0%		
Passenger cars and parts	1	213	7%	1	261	9%	1	277	8%	47	22%	2%	16	6%	1%		
Other durables	46	54	2%	48	50	2%	54	55	2%	(4)	-8%	0%	5	9%	0%		
Capital goods		1,220	39%		981	35%		1,358	38%		(239)	-20%	-8%		376	38%	14%
Machinery, equipment, supplies and vehicles	15	628	20%	13	574	21%	22	846	24%	(54)	-9%	-2%	272	47%	10%		
Vehicles other than passenger cars, parts	1	94	3%	1	197	7%	1	247	7%	103	110%	3%	50	26%	2%		
Machinery, equipment and supplies	15	534	17%	12	377	14%	22	599	17%	(157)	-29%	-5%	221	59%	8%		
Construction materials	1,568	429	14%	638	250	9%	542	370	10%	(179)	-42%	-6%	120	48%	4%		
Other capital goods	69	163	5%	46	157	6%	52	142	4%	(6)	-4%	0%	(15)	-10%	-1%		
Intermediate goods and industrial materials		428	14%		426	15%		454	13%		(2)	0%	0%		27	6%	1%
Food ingredients (wheat, malt etc)	38	24	1%	185	51	2%	35	16	0%	27	115%	1%	(34)	-68%	-1%		
Chemical products	105	75	2%	98	68	2%	155	89	3%	(7)	-9%	0%	21	31%	1%		
Yarn, fabrics, textiles, leather	15	13	0%	21	15	1%	38	18	1%	3	21%	0%	3	19%	0%		
Electricity	1	106	3%	1	102	4%	2	111	3%	(4)	-4%	0%	10	10%	0%		
Metal ores and scrap	0	1	0%	1	1	0%	1	1	0%	0	42%	0%	(1)	-57%	0%		
Other industrial materials	663	211	7%	640	190	7%	695	218	6%	(21)	-10%	-1%	28	15%	1%		
Fuels		931	58%		817	40%		1,171	66%		(187)	-32%	-6%		263	66%	9%
Diesels	529	310	10%	413	184	7%	676	351	10%	(126)	-41%	-4%	167	90%	6%		
Gasolines A92-95	295	192	6%	264	129	5%	313	185	5%	(63)	-33%	-2%	56	43%	2%		
Gasolines A80 and other fuels	107	86	3%	140	87	3%	183	128	4%	2	2%	0%	40	46%	1%		
Other		20	1%		5	0%		6	0%		(16)	0%	0%		1	0%	0%
TOTAL		3,163			2,768			3,530			(395)	-12.5%			762	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	115.9	123%	(21.9)	-23%	94.0	10%
Non-durables	14.6	20%	57.2	80%	71.9	14%
Durables	101.2	458%	(79.1)	-358%	22.1	5%
Capital goods	397.2	106%	(20.8)	-6%	376.4	38%
Machinery, equipment, supplies and vehicle:	340.9	125%	(69.1)	-25%	271.7	47%
Construction materials	67.5	56%	52.2	44%	119.8	48%
Other capital goods	(11.2)	74%	(3.9)	26%	(15.1)	-10%
Intermediate goods and industrial materials	25.4		1.7		27.1	6%
Fuels	195.4	74%	67.5	26%	262.9	66%
Diesels	136.5	82%	30.1	18%	166.6	90%
Gasolines A92-95	28.9	52%	27.1	48%	56.0	43%
Gasolines A80 and other fuels	30.0	74%	10.4	26%	40.4	46%
Other	5.6	400%	(4.2)	-300%	1.4	0%
TOTAL	739.5		22.4	3%	761.9	28%

In the first 10 months, imports increased by USD 739 million, as the change in the quantity of imports, increased by USD 22 million due to changes in prices.

Consumer goods increased by USD 94 million mainly as a result of the increase in quantity of imports. Capital goods import increased by 38% owing to the change in quantity of imports, while fuels import increased by 66%. As of October 2017, fuels import price is USD 617 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/

