



MONGOLIA'S FOREIGN TRADE REVIEW

December 2017

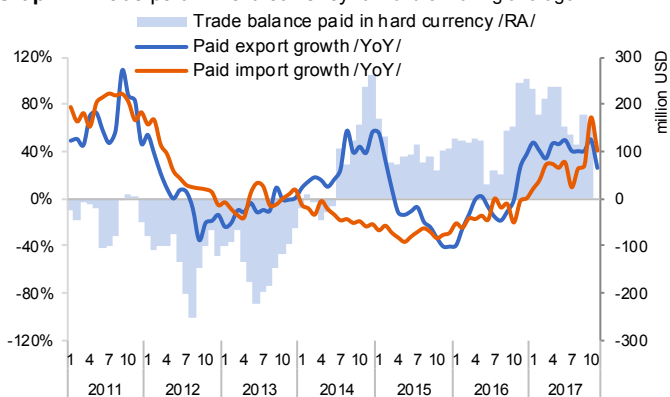
Overview: As of December 2017, total trade turnover increased by 27% (or USD 2,262 million) from that of the previous year and reached USD 10,536 million. Total exports increased by 26% (or USD 1,284 million) and imports by 29% (or USD 977 million). During the reporting period, as export surpassed import by USD 1,865 million, trade balance recorded a surplus that is USD 307 million higher than that of the previous year.

Table 1. Foreign trade performance /million USD/

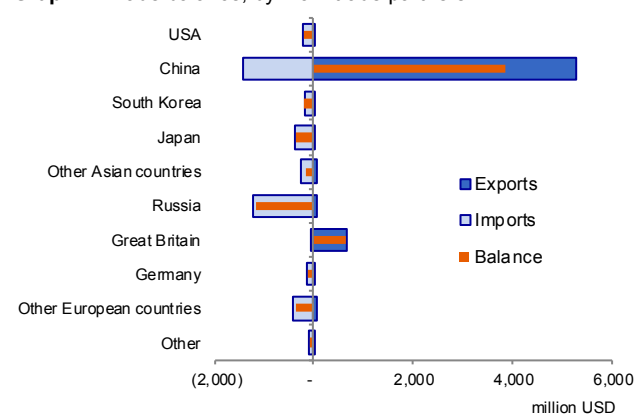
Category	Yearly			Change				First 12 months			Change			
	2014	2015	2016	2015/2014		2016/2015		2015	2016	2017	2016/2015		2017/2016	
				Value	%	Value	%				Value	%	Value	%
Turnover	11,011	8,467	8,274	(2,544)	-23%	(192)	-2%	8,467	8,274	10,536	(192)	-2%	2,262	27%
Exports	5,774	4,669	4,916	(1,105)	-19%	247	5%	4,669	4,916	6,201	247	5%	1,284	26%
Imports	5,237	3,798	3,358	(1,439)	-27%	(439)	-12%	3,798	3,358	4,335	(439)	-12%	977	29%
Balance	538	872	1,558	334	0.0%	686	78.7%	872	1,558	1,865	686	79%	307	20%

The balance of trade paid in hard currency, in the first 12 months of 2017, recorded a surplus of USD 2,051 million, which is USD 433 million higher than that of the previous year.

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

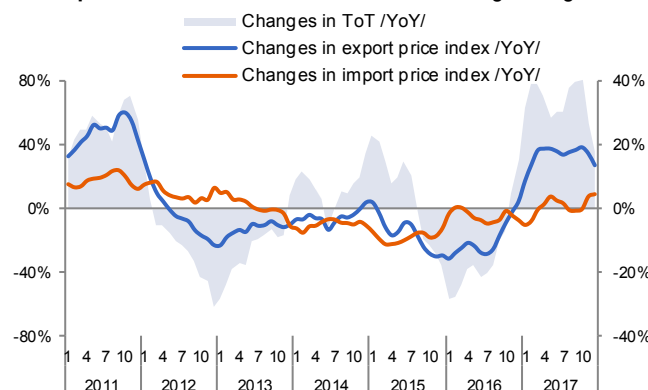


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follows: (i) from the total trade turnover trade with China is 63% (or USD 6,681 million) and (ii) trade with Russia is 12% (or USD 1,284 million). Trade turnover with China and Russia increased by 36% and 37%, respectively.

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



Terms of trade index, increased by 15% from that of the previous year and increased by 6% from that of the previous month, reached 1.75. For the reporting month, export price of copper, coal and washed cashmere resulted in an improvement of the terms of trade.

Export: As of December 2017, total exports increased by 26% (or USD 1,284 million) from that of the previous year. The increase in exports of mining products explain 26 percentage points and other sectors exports products explain 0.1 percentage points of the total export growth. The weight of mining products in total exports increased by 3 percentage points, while manufacturing goods decreased by 2 percentage points.

Table 3. Exports of goods /million USD/

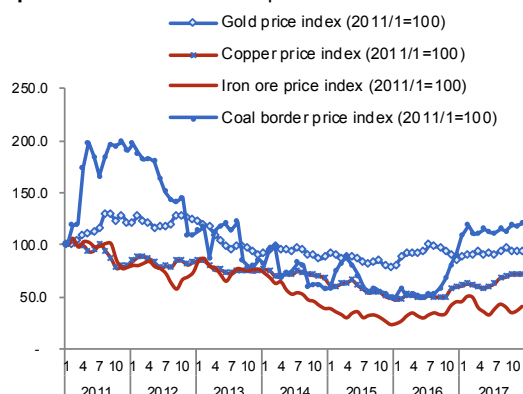
Category	2015			2016			2017			Δ (2016/2015)			Δ (2017/2016)			
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²	
1. Mining products		4,092	88%		4,238	86%		5,519	89%		146	4%	3%	1,280	30%	26.0%
1.1. Copper ores and concentrates	1,478	2,280	49%	1,554	1,606	33%	1,447	1,613	26%	(674)	-30%	-14%	7	0%	0%	
1.2. Coal	14,426	555	12%	25,607	968	20%	32,986	2,256	36%	413	74%	9%	1,288	133%	26%	
1.3. Crude oil	8,135	387	8%	7,977	336	7%	7,514	374	6%	(52)	-13%	-1%	38	11%	1%	
1.4. Iron ores and concentrates	5,065	227	5%	6,425	261	5%	6,207	310	5%	33	15%	1%	50	19%	1%	
1.5. Non-monetary gold /kg/	11,343	421	9%	19,169	758	15%	14,548	595	10%	338	80%	7%	(163)	-22%	-3%	
1.6. Zinc ores and concentrates	84	102	2%	126	144	3%	118	181	3%	42	41%	1%	37	26%	1%	
1.7. Fluorspar, leucite, nepheline etc.	280	65	1%	247	59	1%	319	84	1%	(7)	-10%	0%	26	44%	1%	
1.8. Molybdenum ores and concentrates	5	29	1%	6	26	1%	6	37	1%	(3)	-10%	0%	11	41%	0%	
1.9. Tungsten ores and concentrates	2	14	0%	1	10	0%	1	8	0%	(4)	-26%	0%	(2)	-20%	0%	
1.10. Silver /tonnes/	54	10	0%	95	39	1%	0	1	0%	29		1%	(38)	-98%	-1%	
1.11. Other	53	2	0%	133	31	1%	440	58	1%	30	1836%	1%	27	1%	1%	
2. Animal products		329	7%		316	6%		379	6%		(13)	-4%	0%	63	20%	1.3%
2.1. Live animals, meat	5	14	0%	9	19	0%	29	56	1%	5	37%	0%	37	194%	1%	
2.2. Hide, skin and leather	340	33	1%	173	24	0%	306	23	0%	(9)	-26%	0%	(1)	-6%	0%	
2.3. Casing	0	9	0%	0	7	0%	0	6	0%	(2)	-26%	0%	(0)	-2%	0%	
2.4. Cashmere	7	252	5%	7	242	5%	8	262	4%	(10)	-4%	0%	20	8%	0%	
2.5. Wool, other hair	14	21	0%	16	22	0%	19	29	0%	1	5%	0%	7	33%	0%	
2.6. Other	0	1	0%	1	2	0%	1	2	0%	1	242%	0%	0	13%	0%	
3. Horticultural products		27	1%		24	0%		14	0%		(3)	-12%	0%	(10)	-42%	-0.2%
4. Manufacturing goods		219	5%		337	7%		289	5%		118	54%	3%	(49)	-14%	-1.0%
4.1. Food	4	26	1%	9	43	1%	19	77	1%	17	67%	0%	34	80%	1%	
4.2. Cashmere goods	1	25	1%	1	26	1%	1	32	1%	1	3%	0%	7	27%	0%	
4.3. Other apparel, footwear etc.	1	10	0%	2	20	0%	3	16	0%	9	94%	0%	(3)	-17%	0%	
4.4. Mining products	35	78	2%	31	88	2%	35	108	2%	9	12%	0%	20	23%	0%	
4.5. Electronic goods	0	4	0%	0	5	0%	0	1	0%	1	25%	0%	(4)	-77%	0%	
4.6. Machinery, equipment and their parts	1	70	1%	1	148	3%	2	47	1%	78	112%	2%	(101)	-68%	-2%	
4.7. Other	185	6	0%	237	8	0%	300	7	0%	2	36%	0%	(2)	-21%	0%	
5. Other		2	0%		1	0%		1	0%		(1)	-59%	0%	0	8%	0%
Total		4,669			4,916			6,201			247	5%		1,284	26%	

 %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	211.3	17%	1,069	83%	1,280	30%
1.1. Copper ores and concentrates	(119.2)	-1792%	125.9	1892%	6.7	0%
1.2. Coal	504.7	39%	783.3	61%	1,288	133%
1.3. Crude oil	(23.0)	-60%	61.5	160%	38	11%
1.4. Iron ores and concentrates	(10.9)	-22%	60.6	122%	49.7	19%
1.5. Non-monetary gold	(189.0)	116%	25.7	-16%	(163.3)	-22%
1.6. Zinc ores and concentrates	(12.0)	-32%	49.2	132%	37.2	26%
1.7. Fluorspar, leucite, nepheline etc.	19.0	74%	6.6	26%	25.6	44%
1.8. Molybdenum ores and concentrates	4.1	38%	6.7	62%	10.8	41%
1.9. Tungsten ores and concentrates	(3.1)	152%	1.1	-52%	(2.0)	-20%
1.10. Silver	-	0%	-	0%	(38.2)	-98%
1.11. Other	40.8	150%	(13.6)	-50%	27.1	0%
2. Animal products	58.9	94%	3.8	6%	62.7	20%
2.2. Hide, skin and leather	9.8	-684%	(11.3)	784%	(1.4)	-6%
2.4. Cashmere	7.3	36%	12.8	64%	20.1	8%
3. Horticultural products	(5.0)	50%	(5.1)	50%	(10.1)	-42%
4. Manufacturing goods	79.5	-164%	(128.1)	264%	(48.6)	-14%
5. Other	0.1	119%	(0.0)	-19%	0.1	8%
Total	345		940		1,284	26%

* 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


Changes in the quantity of foreign goods trade increased exports in 2017 by USD 345 million, while USD 940 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 1,280 million. Export price and quantity increases of animal products resulted in increase of USD 63 million. Despite the increase in export quantity of manufacturing products, the decrease in export price resulted in a decrease of USD 49 million.

The average price of an ounce of gold on the global market as of December, 2017 reached USD 1,266 which shows an increase of 10% from that of the previous year, and 1.20% decrease from that of the previous month. Average price of "A" level purified copper and iron ore reached USD 6,834 and USD 72, respectively. In addition, copper price increased by 21%, iron ore price decreased by 10% from that of the previous year.

Coal export price reached USD 72 in December 2017, with the increase of 32% from that time of the previous year and increase of 2% from the previous month.

Import: As of the first 12 months of 2017, total import increased by 29% (or USD 977 million) from that of the previous year. Capital goods explain 16 percentage points, fuels explain 8 percentage points and consumer goods explain 4 percentage points of the total import growth. Contribution of consumer goods in the total imports decreased by 5 percentage points from that of the previous year, while contribution of fuels increased by 2 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		1,101	29%		1,159	35%		1,285	30%	58	5%	2%	127	11%	4%
Non-durables	836	643	17%	823	652	19%	836	733	17%	9	1%	0%	81	12%	2%
Food	377	445	12%	394	453	13%	390	510	12%	8	2%	0%	58	13%	2%
Medicinal and pharmaceutical products	2	75	2%	2	90	3%	3	95	2%	16	21%	0%	5	5%	0%
Other non-durables	456	123	3%	427	109	3%	443	128	3%	(15)	-12%	0%	19	18%	1%
Durables	167	459	12%	125	507	15%	199	553	13%	49	11%	1%	45	9%	1%
Clothing	44	49	1%	44	53	2%	64	64	1%	4	8%	0%	11	21%	0%
Household electrical appliances and furniture	69	94	2%	24	97	3%	71	94	2%	3	3%	0%	(3)	-3%	0%
Passenger cars and parts	1	254	7%	1	294	9%	1	328	8%	41	16%	1%	34	12%	1%
Other durables	53	62	2%	56	63	2%	63	66	2%	1	2%	0%	3	5%	0%
Capital goods		1,447	38%		1,152	34%		1,702	39%	(295)	-20%	-8%	550	48%	16%
Machinery, equipment, supplies and vehicles	19	757	20%	17	685	20%	27	1,077	25%	(72)	-10%	-2%	393	57%	12%
Vehicles other than passenger cars, parts	1	113	3%	1	214	6%	1	328	8%	101	90%	3%	115	54%	3%
Machinery, equipment and supplies	18	644	17%	16	471	14%	26	749	17%	(173)	-27%	-5%	278	59%	8%
Construction materials	1,638	473	12%	691	283	8%	594	441	10%	(190)	-40%	-5%	159	56%	5%
Other capital goods	78	218	6%	53	185	6%	58	183	4%	(33)	-15%	-1%	(2)	-1%	0%
Intermediate goods and industrial materials		512	13%		508	15%		552	13%	(4)	-1%	0%	44	9%	1%
Food ingredients (wheat, malt etc)	51	28	1%	191	53	2%	51	22	0%	25	88%	1%	(32)	-60%	-1%
Chemical products	128	89	2%	129	86	3%	183	107	2%	(3)	-4%	0%	21	24%	1%
Yarn, fabrics, textiles, leather	19	16	0%	28	19	1%	49	23	1%	3	16%	0%	4	21%	0%
Electricity	1	129	3%	1	124	4%	2	136	3%	(5)	-4%	0%	12	10%	0%
Metal ores and scrap	0	1	0%	2	1	0%	2	1	0%	(0)	-5%	0%	(0)	-30%	0%
Other industrial materials	762	248	7%	752	225	7%	839	264	6%	(23)	-9%	-1%	39	17%	1%
Fuels		1,146	70%		1,060	53%		1,370	78%	(174)	-25%	-5%	256	48%	8%
Diesels	655	377	10%	554	257	8%	805	428	10%	(119)	-32%	-3%	171	66%	5%
Gasolines A92-95	361	228	6%	330	165	5%	354	211	5%	(63)	-28%	-2%	46	28%	1%
Gasolines A80 and other fuels	131	103	3%	176	111	3%	211	150	3%	8	8%	0%	39	35%	1%
Other		29	1%		6	0%		7	0%	(23)	0%	-1%	1	0%	0%
TOTAL		3,798		3,358		4,335		(439)	-11.6%				977	29.1%	

²% - Contribution to total growth

Table 6. Changes in imports /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	133.0	105%	(6.5)	-5%	126.5	11%
Non-durables	19.4	24%	61.8	76%	81.2	12%
Durables	113.6	251%	(68.3)	-151%	45.3	9%
Capital goods	418.0	76%	131.6	24%	549.5	48%
Machinery, equipment, supplies and vehicle:	369.3	94%	23.5	6%	392.8	57%
Construction materials	50.1	32%	108.8	68%	158.9	56%
Other capital goods	(1.4)	67%	(0.7)	33%	(2.1)	-1%
Intermediate goods and industrial materials	49.8		(5.8)		44.0	9%
Fuels	172.3	67%	83.5	33%	255.8	48%
Diesels	133.6	78%	37.1	22%	170.8	66%
Gasolines A92-95	13.8	30%	32.2	70%	45.9	28%
Gasolines A80 and other fuels	24.9	64%	14.2	36%	39.1	35%
Other	6.8	474%	(5.4)	-374%	1.4	0%
TOTAL	779.8		197.5	20%	977.3	29%

In the first 12 months, USD 780 million increase in imports was driven by the change in the quantity of imports and USD 198 million increase was due to changes in prices.

Consumer goods increased by USD 127 million mainly as a result of the increase in quantity of imports. Capital goods import increased by 48% owing to the change in quantity of imports, while fuels import increased by 48%. As of December 2017, fuels import price is USD 648 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/

