



MONGOLIA'S FOREIGN TRADE REVIEW

January 2020

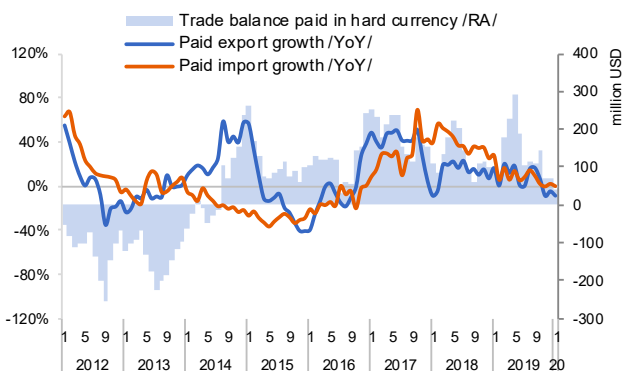
Overview: As of January 2020, Mongolia's trade turnover decreased by 16% (or USD 179 million) from that of the previous year and reached USD 932 million. In which, exports decreased by 24% (or USD 148 million), while imports decreased by 6% (or USD 31 million). During the reporting period, the trade balance decreased by USD 118 million from that of the previous year to a deficit of USD 14 million.

Table 1. Foreign trade performance /million USD/

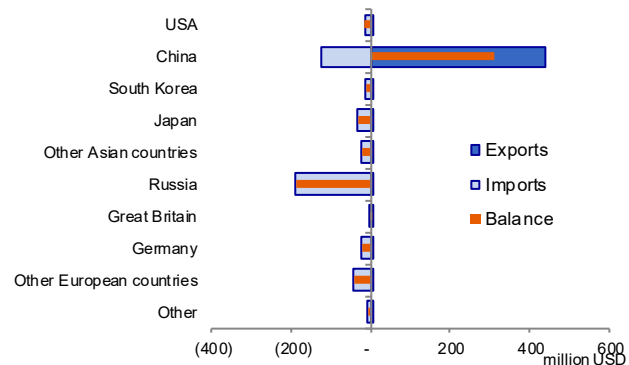
Category	Yearly			Change				January			Change			
	2017	2018	2019	2018/2017		2019/2018		2018	2019	2020	2019/2018		2020/2019	
				Value	%	Value	%				Value	%	Value	%
Turnover	10,536	12,887	13,747	2,351	22%	860	7%	785	1,111	932	326	42%	(179)	-16%
Exports	6,201	7,012	7,620	811	13%	608	9%	424	607	459	183	43%	(148)	-24%
Imports	4,335	5,875	6,127	1,540	36%	252	4%	361	504	473	143	40%	(31)	-6%
Balance	1,865	1,137	1,492	(728)	0.0%	356	31.3%	63	103	(14)	41	65%	(118)	-114%

The trade balance paid in foreign currency in the first month of 2020 reached a surplus of USD 40 million, which is a decrease of USD 84 million from the previous year.

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

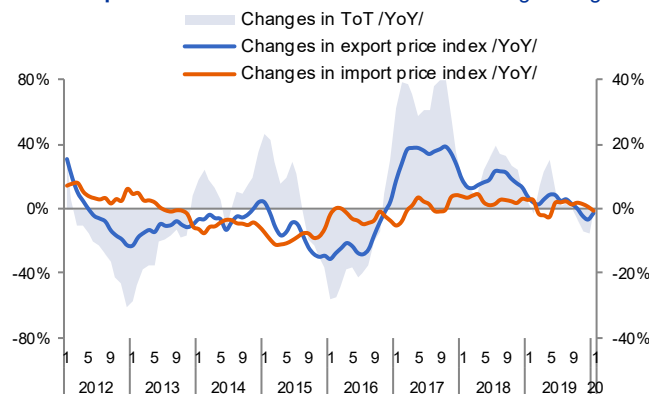


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring countries are as follows: the total trade turnover with (i) China is 60% (or USD 560 million) and with (ii) Russia is 21% (or USD 194 million). Compared to the same period of last year, the trade turnover with Russia increased by 33% and with China decreased by 13%.

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



The terms of trade index increased by 10% from the same period last year and by 20% from the previous month, reaching 1.920. An increase in the border price of coal and price decrease of capital goods caused the terms of trade to improve from the previous month.

Export: As of January 2020, the total exports decreased by 24% (or USD 148 million) from that of the previous year. The decrease in the export of mining products explains 20 percentage points of the total export contraction. The weight of mining products in total exports increased by 2.7 percentage points, whereas animal products decreased by 1.7 percentage points.

Table 2. Exports of goods /million USD/

Category	2018			2019			2020			Δ (2019/2018)			Δ (2020/2019)			
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²	
1. Mining products		378	89%		554	91%		431	94%		176	47%	42%	(123)	-22%	-20%
1.1. Copper ores and concentrates	97	127	30%	117	157	26%	102	114	25%	30	24%	7%	(43)	-27%	-7%	
1.2. Coal	1,926	136	32%	2,118	169	28%	2,425	203	44%	33	25%	8%	34	20%	6%	
1.3. Crude oil	555	35	8%	534	27	4%	288	17	4%	(8)	-22%	-2%	(10)	-37%	-2%	
1.4. Iron ores and concentrates	437	18	4%	609	26	4%	815	55	12%	8	48%	2%	29	113%	5%	
1.5. Non-monetary gold /kg/	622	27	6%	3,110	130	21%	0	-	0%	103	379%	24%	(130)	-100%	-21%	
1.6. Zinc ores and concentrates	11	19	5%	12	17	3%	13	18	4%	(2)	-12%	-1%	1	5%	0%	
1.7. Fluorspar, leucite, nepheline etc.	29	9	2%	54	18	3%	47	13	3%	8	92%	2%	(5)	-27%	-1%	
1.8. Molybdenum ores and concentrates	0	3	1%	0	4	1%	1	4	1%	1	48%	0%	(0)	-10%	0%	
1.9. Tungsten ores and concentrates	0	0	0%	0	0	0%	0	-	0%	(0)	-38%	0%	(0)	-100%	0%	
1.10. Silver /tonnes/	0	0	0%	0	-	0%	0	-	0%	(0)	0%	0%	-	0%	0%	
1.11. Other	74	4	1%	47	5	1%	18	7	1%	1	26%	0%	2	31%	0%	
2. Animal products	59	20	5%	42	24	4%	25	11	2%	4	20%	1%	(13)	-56%	-2%	
2.1. Live animals, meat	4	9	2%	4	8	1%	0	1	0%	(0)	-2%	0%	(7)	-87%	-1%	
2.2. Hide, skin and leather	53	3	1%	35	1	0%	23	1	0%	(2)	-55%	0%	(0)	-26%	0%	
2.3. Casing	0	0	0%	0	0	0%	0	1	0%	0	9893%	0%	0	16%	0%	
2.4. Cashmere	1	7	2%	1	10	2%	1	7	1%	3	41%	1%	(3)	-29%	0%	
2.5. Wool, other hair	1	1	0%	2	4	1%	1	1	0%	3	215%	1%	(3)	-76%	0%	
2.6. Other	0	0	0%	0	0	0%	0	0	0%	0	18%	0%	(0)	-60%	0%	
3. Horticultural products	0	0	0%	8	2	0%	3	1	0%	2	1059%	0%	(1)	-49%	0%	
4. Manufacturing goods	6	25	6%	39	27	4%	26	16	3%	1	5%	0%	(11)	-41%	-2%	
4.1. Food	3	11	3%	6	15	2%	1	4	1%	3	29%	1%	(10)	-71%	-2%	
4.2. Cashmere goods	0	2	0%	0	2	0%	0	1	0%	1	42%	0%	(1)	-37%	0%	
4.3. Other apparel, footwear etc.	0	1	0%	0	1	0%	0	1	0%	(0)	-31%	0%	0	21%	0%	
4.4. Mining products	2	9	2%	4	6	1%	2	6	1%	(3)	-28%	-1%	(0)	-1%	0%	
4.5. Electronic goods	0	0	0%	0	0	0%	0	0	0%	0	3%	0%	(0)	-41%	0%	
4.6. Machinery, equipment and their parts	0	2	0%	0	2	0%	0	2	1%	1	29%	0%	0	9%	0%	
4.7. Other	0	1	0%	29	0	0%	22	0	0%	(0)	-24%	0%	(0)	-11%	0%	
5. Other	0	0	0%	0	0	0%	0	0	0%	(0)	-48%	0%	0	162%	0%	
Total		424		607			459			183	43%		(148)	-24%		

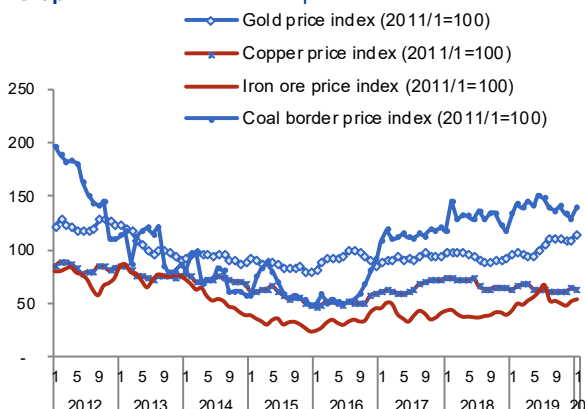
²% - Contribution to total growth

Table 3. Changes in exports January, 2020 /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	(134)	0%	11	0%	(123)	-22%
1.1. Copper ores and concentrates	(18)	41%	(25)	59%	(43)	-27%
1.2. Coal	26	76%	8	24%	34	20%
1.3. Crude oil	(14)	143%	4	-43%	(10)	-37%
1.4. Iron ores and concentrates	14	48%	15	52%	29	113%
1.5. Non-monetary gold	(130)	100%	-	0%	(130)	-100%
1.6. Zinc ores and concentrates	1	120%	(0)	-20%	1	5%
1.7. Fluorspar, leucite, nepheline etc.	(2)	35%	(3)	65%	(5)	-27%
1.8. Molybdenum ores and concentrates	0	-104%	(1)	204%	(0)	-10%
1.9. Tungsten ores and concentrates	-	0%	(0)	100%	(0)	-100%
1.10. Silver	-	0%	-	0%	-	0%
1.11. Other	(11)	-706%	13	806%	2	31%
2. Animal products	(18)	130%	4	-30%	(13)	-56%
2.2. Hide, skin and leather	(1)	148%	0	-48%	(0)	-26%
2.4. Cashmere	(2)	90%	(0)	10%	(3)	-29%
3. Horticultural products	(2)	160%	1	-60%	(1)	-49%
4. Manufacturing goods	(19)	176%	8	-76%	(11)	-41%
5. Other	(0)	-17%	(0)	-7%	0	162%
Total	(173)		24		(148)	-24%

* 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



As of January 2020, the total export decreased by USD 173 million due to quantity changes, while due to price changes increased by USD 24 million.

Total changes in exports by category:

The export of coal and copper increased by USD 8 million due to the volume changes and decreased by USD 17 million due to the price changes. These changes explain the USD 9 million decrease in mining products.

The export of manufacturing products decreased by USD 19 million due to volume changes and increased by USD 8 million due to price changes.

The average price of an ounce of gold on the global market as of January 2020 reached USD 1,560. Which is an increase of 21% from the previous year and an increase of 5% from the previous month. The average price of "A" level purified copper and iron ore reached USD 6,031 and USD 96, respectively.

Compared to the prices of the same period of last year, copper and iron ore prices increased by 2%, 26%, respectively. Compared to the previous month, the average price of copper decreased by 0.8%, while the average price of iron ore increased by 3%.

The export price of coal reached USD 84 as of January 2020, which is an increase of 5% from the previous year and 8% from the previous month.

Import: As of January 2020, total imports decreased by 6% (or USD 31 million) from that of the previous year. Capital goods explain 5 percentage points, consumer goods explain 4 percentage points of the total import decline.

Table 4. Imports of goods /million USD/

Category	2016			2017			2018			Δ (2019/2018)			Δ (2020/2019)		
	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Volume (k.unit)	Value	%	Value	Change	% ²	Value	Change	% ²
Consumer goods		111	31%		139	28%		120	25%	28	25%	8%	(20)	-14%	-4%
Non-durables	68	59	16%	80	63	13%	82	65	14%	5	8%	1%	2	4%	0%
Food	33	41	11%	34	44	9%	35	46	10%	3	7%	1%	2	4%	0%
Medicinal and pharmaceutical products	0	7	2%	0	6	1%	0	7	2%	(1)	-12%	0%	1	12%	0%
Other non-durables	35	10	3%	45	13	3%	48	13	3%	3	25%	1%	(0)	-1%	0%
Durables	14	53	15%	21	76	15%	11	54	11%	24	45%	7%	(22)	-29%	-4%
Clothing	5	5	1%	7	5	1%	3	4	1%	0	4%	0%	(1)	-25%	0%
Household electrical appliances and furniture	4	10	3%	6	11	2%	2	9	2%	1	7%	0%	(2)	-19%	0%
Passenger cars and parts	0	32	9%	0	54	11%	0	35	7%	22	70%	6%	(19)	-35%	-4%
Other durables	4	6	2%	7	6	1%	6	6	1%	1	10%	0%	(0)	0%	0%
Capital goods		122	34%		207	41%		182	39%	85	70%	24%	(25)	-12%	-5%
Machinery, equipment, supplies and vehicles	1	81	22%	2	158	31%	2	137	29%	77	95%	21%	(20)	-13%	-4%
Vehicles other than passenger cars, parts	0	16	4%	1	63	13%	1	51	11%	48	309%	13%	(13)	-20%	-3%
Machinery, equipment and supplies	1	66	18%	2	94	19%	2	87	18%	29	44%	8%	(7)	-8%	-1%
Construction materials	22	25	7%	37	36	7%	37	30	6%	10	42%	3%	(5)	-15%	-1%
Other capital goods	3	16	4%	2	14	3%	2	15	3%	(2)	-11%	0%	1	7%	0%
Intermediate goods and industrial materials		52	15%		50	10%		49	10%	(2)	-4%	-1%	(1)	-2%	0%
Food ingredients (wheat, malt etc)	29	7	2%	3	1	0%	6	2	0%	(5)	-79%	-1%	1	41%	0%
Chemical products	16	8	2%	15	8	2%	12	7	1%	0	1%	0%	(1)	-17%	0%
Yam, fabrics, textiles, leather	4	2	1%	6	3	1%	9	2	0%	1	41%	0%	(1)	-27%	0%
Electricity	0	12	3%	0	10	2%	0	13	3%	(2)	-19%	-1%	3	29%	1%
Metal ores and scrap	0	0	0%	0	0	0%	0	0	0%	0	156%	0%	0	32%	0%
Other industrial materials	61	23	6%	84	28	6%	91	26	5%	5	20%	1%	(2)	-8%	0%
Fuels		114	75	21%		176	106	21%		189	122	26%	31	42%	9%
Diesels	81	51	14%	106	66	13%	111	71	15%	15	30%	4%	5	7%	1%
Gasolines A92-95	24	16	4%	51	28	6%	50	32	7%	13	79%	3%	4	13%	1%
Gasolines A80 and other fuels	9	8	2%	18	12	2%	27	19	4%	4	46%	1%	7	55%	1%
Other		1	0%		1	0%		0	0%	(0)	-7%	0%	(0)	-39%	0%
TOTAL		361		504		473		143	39.6%	(31)	-6%				

² - Contribution to total growth

Table 5. Changes in imports /million USD/

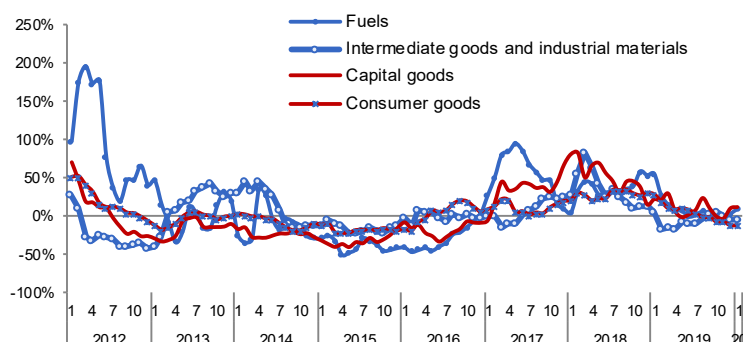
Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	(33)	166%	13	-66%	(20)	-14%
Non-durables	(3)	-124%	5	224%	2	4%
Durables	(30)	136%	8	-36%	(22)	-29%
Capital goods	0	0%	(25)	100%	(25)	-12%
Machinery, equipment, supplies and vehicles	3	0%	(23)	113%	(20)	-13%
Construction materials	(3)	58%	(2)	42%	(5)	-15%
Other capital goods	1	56%	0	44%	1	7%
Intermediate goods and industrial materials	5		(6)		(1)	-2%
Fuels	9	56%	7	44%	15	14%
Diesels	3	66%	2	34%	5	7%
Gasolines A92-95	(1)	-19%	4	119%	4	13%
Gasolines A80 and other fuels	6	90%	1	10%	7	55%
Other	0	0%	(1)		(0)	-39%
TOTAL	(19)		(12)	40%	(31)	-6%

A total decrease in imports (of USD 31 million) suggests:

- Import of capital goods decreased by USD 25 million,
- Import of consumer goods decreased by USD 20 million,
- Import of petroleum products increased by USD 15 million.

* 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/



As of January 2020, the border price of petroleum products reached USD 645 per ton. Which is a 7% price increase from the previous year, and a 2% increase from the previous month.