



MONGOLIA'S FOREIGN TRADE REVIEW

June 2020

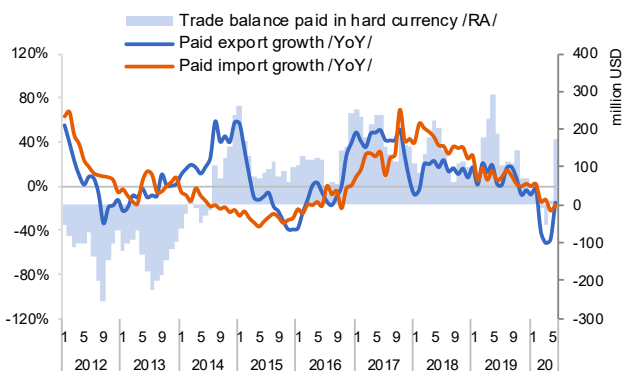
Overview: As of June 2020, total trade turnover decreased by 23% (or USD 1,544 million) from that of the previous year and reached USD 5,288 million. In which, total exports decreased by 28% (or USD 1,111 million), while imports decreased by 15% (or USD 434 million). During the reporting period, trade balance decreased by USD 677 million from that of the previous year to a surplus of USD 368 million.

Table 1. Foreign trade performance /million USD/

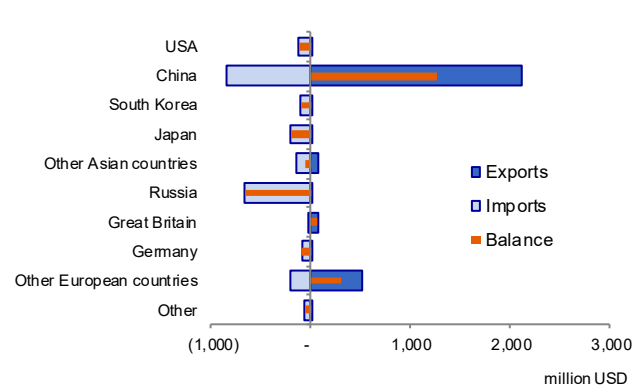
Category	Yearly			Change				First 6 month			Change			
	2017	2018	2019	2018/2017		2019/2018		2018	2019	2020	2019/2018		2020/2019	
				Value	%	Value	%				Value	%	Value	%
Turnover	10,538	12,887	13,747	2,349	22%	861	7%	6,341	6,833	5,288	492	8%	(1,544)	-23%
Exports	6,201	7,012	7,620	811	13%	608	9%	3,581	3,939	2,828	358	10%	(1,111)	-28%
Imports	4,337	5,875	6,128	1,537	35%	253	4%	2,759	2,894	2,460	135	5%	(434)	-15%
Balance	1,863	1,137	1,492	(726)	0.0%	355	31.2%	822	1,045	368	223	27%	(677)	-65%

The balance of trade paid in hard currency, in the first 6 months of 2020, reached a surplus of USD 488 million, decrease of USD 612 million from previous year.

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

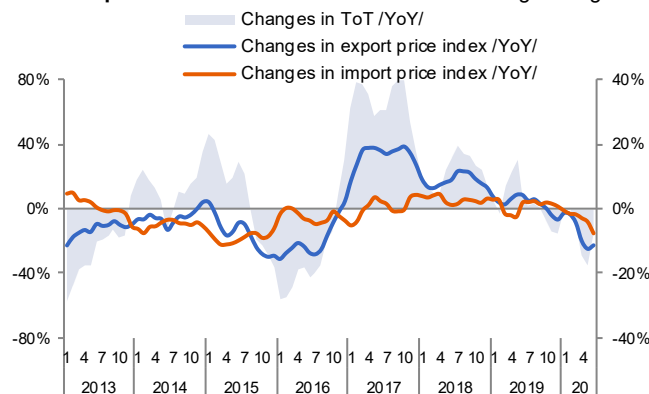


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring trade partners is as follows: (i) total trade turnover with China is 56% (or USD 2,964 million) and (ii) trade with Russia is 13% (or USD 699 million). Trade turnover with Russia and China decreased by 13% and 34%, respectively.

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



Terms of trade index increased by 7% from that of the previous year and by 5% from that of the previous month, reached 2.071. Due to the increase in the border price of copper in the reporting month, terms of trade has improved from the previous month.

Export: As of June 2020, total exports decreased by 28% (or USD 1,111 million) from that of the previous year. The decrease in mining products explain 22 percentage points and other sectors products explain 7 percentage points of the total export growth. The weight of mining products in total exports increased by 4 percentage points, whereas animal products decreased by 3 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		3,165	88%		3,483	88%		2,625	93%	318	10%	9%	(858)	-25%	-22%
1.1. Copper ores and concentrates	734	1,014	28%	749	1,062	27%	676	741	26%	48	5%	1%	(321)	-30%	-8%
1.2. Coal	18,024	1,405	39%	18,030	1,540	39%	8,653	690	24%	136	10%	4%	(850)	-55%	-22%
1.3. Crude oil	3,299	212	6%	3,177	180	5%	951	34	1%	(33)	-15%	-1%	(146)	-81%	-4%
1.4. Iron ores and concentrates	3,373	156	4%	4,115	252	6%	4,124	283	10%	96	61%	3%	31	12%	1%
1.5. Non-monetary gold /kg/	3,432	144	4%	4,665	196	5%	10,974	606	21%	51	36%	1%	40	210%	10%
1.6. Zinc ores and concentrates	62	108	3%	72	107	3%	67	80	3%	(1)	-1%	0%	(27)	-25%	-1%
1.7. Fluorspar, leucite, nepheline etc.	196	64	2%	286	93	2%	314	76	3%	29	44%	1%	(17)	-18%	0%
1.8. Molybdenum ores and concentrates	3	23	1%	3	25	1%	3	21	1%	2	10%	0%	(4)	-15%	0%
1.9. Tungsten ores and concentrates	0	2	0%	0	2	0%	0	0	0%	(0)	-3%	0%	(2)	-99%	0%
1.10. Silver /tonnes/	0	0	0%	0	-	0%	109,148	60	2%	(0)	0%	0%	60	0%	2%
1.11. Other	260	35	1%	83	26	1%	32	34	1%	(10)	-27%	0%	8	31%	0%
2. Animal products	235	269	8%	203	291	7%	143	122	4%	22	8%	1%	(169)	-58%	-4%
2.1. Live animals, meat	11	24	1%	11	23	1%	3	7	0%	(2)	-6%	0%	(15)	-67%	0%
2.2. Hide, skin and leather	212	11	0%	178	10	0%	131	6	0%	(2)	-15%	0%	(4)	-41%	0%
2.3. Casing	0	4	0%	0	4	0%	0	4	0%	1	14%	0%	0	3%	0%
2.4. Cashmere	7	222	6%	6	244	6%	4	100	4%	22	10%	1%	(144)	-59%	-4%
2.5. Wool, other hair	4	7	0%	5	10	0%	3	4	0%	3	45%	0%	(6)	-59%	0%
2.6. Other	1	1	0%	2	1	0%	0	0	0%	(1)	-45%	0%	(0)	-62%	0%
3. Horticultural products	12	3	0%	26	6	0%	19	6	0%	3	116%	0%	(0)	-5%	0%
4. Manufacturing goods	159	144	4%	216	159	4%	135	75	3%	14	10%	0%	(84)	-53%	-2%
4.1. Food	12	35	1%	12	29	1%	3	7	0%	(6)	-16%	0%	(22)	-77%	-1%
4.2. Cashmere goods	0	10	0%	0	13	0%	0	9	0%	3	33%	0%	(4)	-29%	0%
4.3. Other apparel, footwear etc.	2	6	0%	1	5	0%	2	6	0%	(1)	-12%	0%	1	13%	0%
4.4. Mining products	29	57	2%	71	52	1%	11	36	1%	(5)	-8%	0%	(16)	-31%	0%
4.5. Electronic goods	0	2	0%	0	0	0%	0	0	0%	(1)	-70%	0%	(0)	-8%	0%
4.6. Machinery, equipment and their parts	2	33	1%	1	55	1%	1	14	0%	22	69%	1%	(41)	-75%	-1%
4.7. Other	115	3	0%	131	3	0%	119	2	0%	1	26%	0%	(1)	-32%	0%
5. Other	0	0	0%	0	0	0%	0	1	0%	(0)	-3%	0%	0	30%	0%
Total		3,581		3,939		2,828		358	10%	358	10%		(1,111)	-28%	

²% - Contribution to total growth

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

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	(553)	0%	(305)	0%	(858)	-25%
1.1. Copper ores and concentrates	(80)	25%	(241)	75%	(321)	-30%
1.2. Coal	(748)	88%	(103)	12%	(850)	-55%
1.3. Crude oil	(79)	55%	(66)	45%	(146)	-81%
1.4. Iron ores and concentrates	1	2%	31	98%	31	12%
1.5. Non-monetary gold	349	85%	62	45%	410	210%
1.6. Zinc ores and concentrates	(7)	26%	(20)	74%	(27)	-25%
1.7. Fluorspar, leucite, nepheline etc.	7	-39%	(24)	139%	(17)	-18%
1.8. Molybdenum ores and concentrates	2	-56%	(6)	156%	(4)	-15%
1.9. Tungsten ores and concentrates	(2)	73%	(1)	27%	(2)	-99%
1.10. Silver	60	100%	-	0%	60	0%
1.11. Other	(55)	-691%	63	791%	8	31%
2. Animal products	(61)	36%	(108)	64%	(169)	-58%
2.2. Hide, skin and leather	(2)	52%	(2)	48%	(4)	-41%
2.4. Cashmere	(35)	25%	(108)	75%	(144)	-59%
3. Horticultural products	(2)	550%	1	-450%	(0)	-5%
4. Manufacturing goods	(219)	260%	135	-160%	(84)	-53%
5. Other	(0)	-160%	0	32%	0	30%
Total	(834)		(277)		(1,111)	-28%

Changes in quantity decreased total export by USD 834 million, at the same time the changes in price decreased total export by USD 277 million.

If we see the total changes in exports by category: Export of coal and copper decreased by USD 828 million due to the volume changes and decreased by USD 344 million due to the price changes.

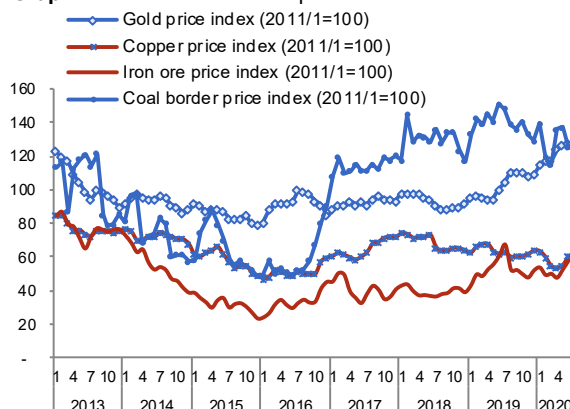
Export of animal products decreased by USD 61 million due to changes in volume and decreased by USD 108 million due to changes in price.

The average price of an ounce of gold on the global market as of June 2020 reached USD 1,736 which shows an increase of 27% from the previous year and an increase of 1% from the previous month. Average price of "A" level purified copper and iron ore reached USD 5,755 and USD 103, respectively.

In addition, copper and iron ore prices decreased by 2%, 5% from the previous year, and increased by 10% from the previous month, respectively.

Coal export price reached USD 75 in June 2020, with a decrease of 17% from the previous year and by 9% from the previous month.

Graph 4. International market price of main commodities



Import: As of June 2020, total import decreased by 15% (or USD 434 million) from that of the previous year. Capital goods explain 8 percentage points, fuels explain 4 percentage points, consumer goods explain 3 percentage points of the total import decline.

Table 4. Imports 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
Consumer goods		746	27%		805	28%		723	29%	59	8%	2%	(82)	-10%	-3%
Non-durables	460	395	14%	416	400	14%	463	408	17%	5	1%	0%	8	2%	0%
Food	224	273	10%	204	282	10%	228	288	12%	9	3%	0%	6	2%	0%
Medicinal and pharmaceutical products	1	55	2%	1	51	2%	2	53	2%	(5)	-9%	0%	2	4%	0%
Other non-durables	235	66	2%	211	67	2%	233	67	3%	1	1%	0%	0	0%	0%
Durables	106	351	13%	180	405	14%	135	315	13%	54	16%	2%	(90)	-22%	-3%
Clothing	27	34	1%	32	31	1%	49	32	1%	(3)	-10%	0%	2	5%	0%
Household electrical appliances and furniture	42	53	2%	108	52	2%	48	48	2%	(1)	-2%	0%	(4)	-8%	0%
Passenger cars and parts	1	225	8%	1	281	10%	1	194	8%	55	25%	2%	(87)	-31%	-3%
Other durables	36	39	1%	39	42	1%	38	42	2%	3	8%	0%	(0)	-1%	0%
Capital goods		1,155	42%		1,246	43%		1,017	41%	91	8%	3%	(229)	-18%	-8%
Machinery, equipment, supplies and vehicles	15	742	27%	14	849	29%	17	639	26%	108	15%	4%	(211)	-25%	-7%
Vehicles other than passenger cars, parts	1	236	9%	1	322	11%	4	194	8%	86	37%	3%	(129)	-40%	-4%
Machinery, equipment and supplies	14	506	18%	13	527	18%	12	445	18%	21	4%	1%	(82)	-16%	-3%
Construction materials	353	312	11%	465	308	11%	578	280	11%	(5)	-1%	0%	(28)	-9%	-1%
Other capital goods	22	101	4%	15	89	3%	25	99	4%	(12)	-12%	0%	10	12%	0%
Intermediate goods and industrial materials		366	13%		317	11%		325	13%	(49)	-13%	-2%	7	2%	0%
Food ingredients (wheat, malt etc)	257	67	2%	23	11	0%	118	30	1%	(56)	-83%	-2%	19	165%	1%
Chemical products	96	58	2%	97	55	2%	94	55	2%	(4)	-6%	0%	0	1%	0%
Yam, fabrics, textiles, leather	36	14	1%	42	14	0%	32	13	1%	0	1%	0%	(2)	-12%	0%
Electricity	1	71	3%	1	71	2%	1	69	3%	(0)	0%	0%	(1)	-2%	0%
Metal ores and scrap	0	0	0%	0	0	0%	1	0	0%	(0)	-14%	0%	0	14%	0%
Other industrial materials	426	155	6%	471	166	6%	442	157	6%	10	7%	0%	(8)	-5%	0%
Fuels		725	48%		826	52%		851	39%	35	7%	1%	(130)	-25%	-4%
Diesels	392	253	9%	503	315	11%	459	205	8%	62	25%	2%	(110)	-35%	-4%
Gasolines A92-95	163	113	4%	219	130	5%	241	105	4%	18	16%	1%	(26)	-20%	-1%
Gasolines A80 and other fuels	170	122	4%	104	77	3%	151	84	3%	(45)	-37%	-2%	6	8%	0%
Other		4	0%		3	0%		2	0%	(1)	-25%	0%	(1)	-29%	0%
TOTAL		2,759			2,894			2,460		135	5%		(434)	-15%	

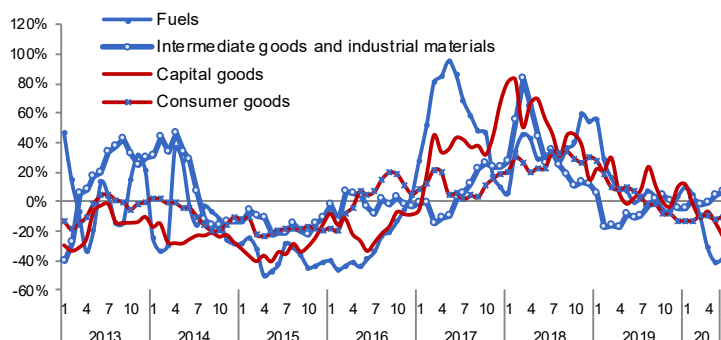
²% - Contribution to total growth

Table 5. Changes in imports /million USD/

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	(37)	45%	(45)	55%	(82)	-10%
Non-durables	27	336%	(19)	-236%	8	2%
Durables	(64)	71%	(26)	29%	(90)	-22%
Capital goods	167	-73%	(396)	173%	(229)	-18%
Machinery, equipment, supplies and vehicles	132	0%	(342)	162%	(211)	-25%
Construction materials	37	-131%	(65)	231%	(28)	-9%
Other capital goods	(1)	-12%	11	112%	10	12%
Intermediate goods and industrial materials	8		(1)		7	2%
Fuels	16	-12%	(145)	112%	(130)	-25%
Diesels	(20)	18%	(91)	82%	(110)	-35%
Gasolines A92-95	9	-37%	(35)	137%	(26)	-20%
Gasolines A80 and other fuels	26	413%	(20)	-313%	6	8%
Other	2	0%	(3)		(1)	-29%
TOTAL	156		(590)	136%	(434)	-15%

* 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/



In the first 6 months, capital goods, consumer goods and fuels imports decreased by USD 229 million, USD 82 million and USD 130 million, respectively. While, intermediate goods imports increased by USD 7 million. As a result, total imports decreased by USD 434 million.

As of June 2020, border price of fuel products decreased by 53% from that of the previous year, and decreased by 13% from that of the previous month and reached USD 310 per ton.