



MONGOLIA'S FOREIGN TRADE REVIEW

August 2020

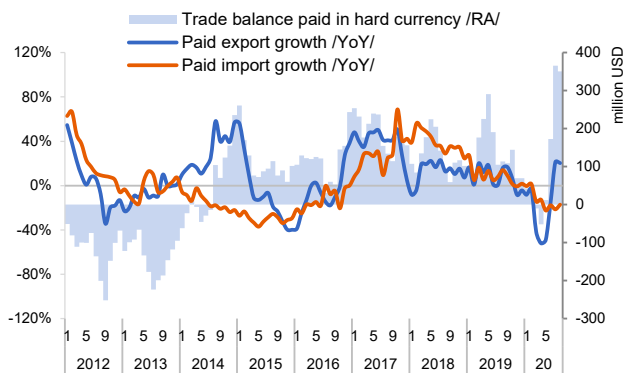
Overview: As of August 2020, total trade turnover decreased by 16% (or USD 1,546 million) from that of the previous year and reached USD 7,932 million. In which, total exports decreased by 17% (or USD 908 million), while imports decreased by 16% (or USD 638 million). During the reporting period, trade balance decreased by USD 270 million from that of the previous year to a surplus of USD 1,026 million.

Table 1. Foreign trade performance /million USD/

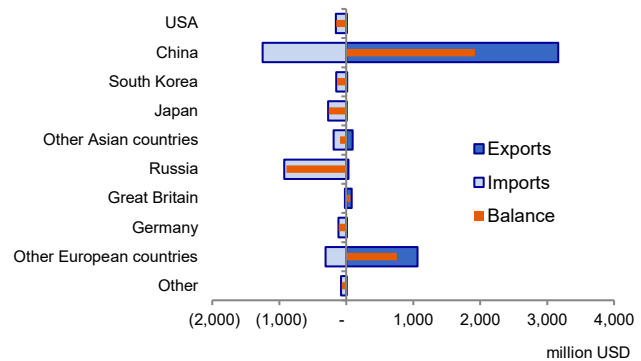
Category	Yearly			Change				First 8 month			Change			
	2017	2018	2019	2018/2017		2019/2018		2018	2019	2020	2019/2018		2020/2019	
				Value	%	Value	%				Value	%	Value	%
Turnover	10,538	12,887	13,747	2,349	22%	861	7%	8,473	9,478	7,932	1,005	12%	(1,546)	-16%
Exports	6,201	7,012	7,620	811	13%	608	9%	4,671	5,387	4,479	716	15%	(908)	-17%
Imports	4,337	5,875	6,128	1,537	35%	253	4%	3,802	4,091	3,453	289	8%	(638)	-16%
Balance	1,863	1,137	1,492	(726)	0.0%	355	31.2%	869	1,296	1,026	427	49%	(270)	-21%

The trade balance paid in foreign currency: in the first 8 months of 2020, reached a surplus of USD 1,175 million, which is a decrease of USD 187 million from the previous year.

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

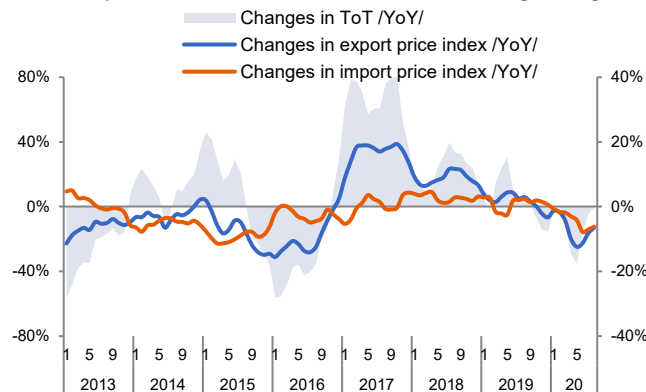


Graph 2. Trade balance, by main trade partners



The structure of the trade flows with the neighboring countries are as follows: total trade turnover with (i) China is 56% (or USD 4,412 million) and with (ii) Russia is 12% (or USD 957 million). Compared to the same period of last year trade turnover with Russia and China decreased by 18% and 28%, respectively.

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



Terms of trade index decreased by 4% from that of the previous year and by 0.4% from that of the previous month, reaching 1.926. Annual change of 4% is due to decrease in the export price of coal and import price of petroleum products. While monthly change of 0.4% is due to an increase in the import price of capital goods and the export price of coal.

Export: As of August 2020, total exports decreased by 17% (or USD 908 million) from that of the previous year. The decrease in mining products explains 11 percentage points and animal products explains 4 percentage points of the total export contraction. The weight of mining products in total exports increased by 5 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		4,122	88%		4,761	88%		4,171	93%		639	15%	14%	(589)	-12%	-11%
1.1. Copper ores and concentrates	960	1,328	28%	982	1,329	25%	905	1,011	23%	1	0%	0%	(318)	-24%	-6%	
1.2. Coal	23,487	1,837	39%	24,924	2,132	40%	15,175	1,167	26%	295	16%	6%	(965)	-45%	-18%	
1.3. Crude oil	4,388	287	6%	4,290	241	4%	1,831	67	1%	(46)	-16%	-1%	(174)	-72%	-3%	
1.4. Iron ores and concentrates	4,591	210	5%	5,554	379	7%	5,589	402	9%	168	80%	4%	24	6%	0%	
1.5. Non-monetary gold /kg/	3,432	144	3%	7,464	344	6%	19,934	1,147	26%	200	138%	4%	802	233%	15%	
1.6. Zinc ores and concentrates	81	138	3%	91	132	2%	89	106	2%	(6)	-4%	0%	(27)	-20%	0%	
1.7. Fluorspar, leucite, nepheline etc.	289	97	2%	421	132	2%	428	101	2%	35	36%	1%	(31)	-23%	-1%	
1.8. Molybdenum ores and concentrates	4	32	1%	4	33	1%	4	27	1%	1	3%	0%	(5)	-17%	0%	
1.9. Tungsten ores and concentrates	0	4	0%	0	4	0%	0	0	0%	(0)	-3%	0%	(4)	-96%	0%	
1.10. Silver /tonnes/	0	1	0%	0	-	0%	175,697	96	2%	(1)	0%	0%	96	0%	2%	
1.11. Other	330	43	1%	102	35	1%	40	47	1%	(8)	-16%	0%	13	36%	0%	
2. Animal products		271	357	8%	232	383	7%	156	186	4%	26	7%	1%	(197)	-52%	-4%
2.1. Live animals, meat	16	36	1%	17	33	1%	6	13	0%	(2)	-7%	0%	(21)	-62%	0%	
2.2. Hide, skin and leather	235	12	0%	196	11	0%	138	6	0%	(2)	-14%	0%	(5)	-44%	0%	
2.3. Casings	0	5	0%	0	5	0%	0	6	0%	0	3%	0%	1	14%	0%	
2.4. Cashmere	8	285	6%	8	317	6%	6	155	3%	32	11%	1%	(162)	-51%	-3%	
2.5. Wool, other hair	10	17	0%	8	15	0%	5	6	0%	(3)	-15%	0%	(9)	-62%	0%	
2.6. Other	1	2	0%	3	2	0%	0	1	0%	(0)	-7%	0%	(1)	-69%	0%	
3. Horticultural products		24	5	0%	32	7	0%	28	7	0%	2	52%	0%	0	2%	0%
4. Manufacturing goods		171	187	4%	291	236	4%	168	114	3%	49	26%	1%	(122)	-52%	-2%
4.1. Food	14	42	1%	16	41	1%	9	26	1%	(2)	-4%	0%	(15)	-37%	0%	
4.2. Cashmere goods	0	19	0%	1	25	0%	0	19	0%	6	31%	0%	(6)	-24%	0%	
4.3. Other apparel, footwear etc.	2	9	0%	2	9	0%	3	9	0%	(0)	-1%	0%	0	0%	0%	
4.4. Mining products	35	73	2%	105	71	1%	12	39	1%	(2)	-3%	0%	(32)	-45%	-1%	
4.5. Electronic goods	0	2	0%	0	1	0%	0	1	0%	(1)	-71%	0%	(0)	-10%	0%	
4.6. Machinery, equipment and their parts	2	38	1%	1	85	2%	1	17	0%	47	126%	1%	(68)	-80%	-1%	
4.7. Other	118	3	0%	166	4	0%	142	3	0%	1	36%	0%	(2)	-34%	0%	
5. Other		0	1	0%	0	1	0%	0	1	0%	(0)	-25%	0%	0	16%	0%
Total		4,671		5,387		4,479		716	15%		(908)	-17%				

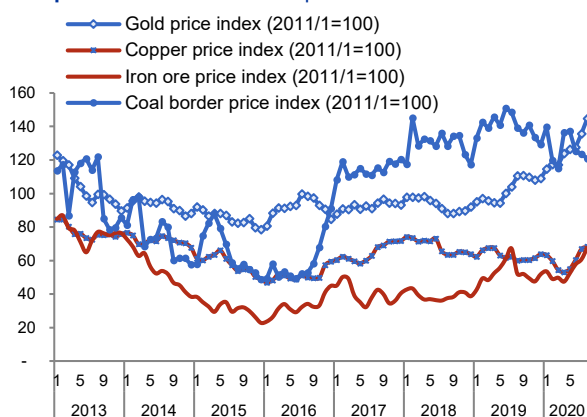
² - Contribution to total growth

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

Category*	Changes in quantity	%	Changes in price	%	Total changes	%
1. Mining products	(184)	0%	(405)	0%	(589)	-12%
1.1. Copper ores and concentrates	(85)	27%	(232)	73%	(318)	-24%
1.2. Coal	(750)	78%	(215)	22%	(965)	-45%
1.3. Crude oil	(90)	5%	(84)	49%	(174)	-72%
1.4. Iron ores and concentrates	3	1%	21	89%	24	6%
1.5. Non-monetary gold	717	89%	85	11%	802	233%
1.6. Zinc ores and concentrates	(2)	8%	(24)	92%	(27)	-20%
1.7. Fluorspar, leucite, nepheline etc.	2	-5%	(33)	105%	(31)	-23%
1.8. Molybdenum ores and concentrates	3	-50%	(8)	150%	(5)	-17%
1.9. Tungsten ores and concentrates	(3)	82%	(1)	18%	(4)	-96%
1.10. Silver	96	100%	-	0%	96	0%
1.11. Other	(74)	-586%	86	686%	13	36%
2. Animal products	(62)	31%	(135)	69%	(197)	-52%
2.2. Hide, skin and leather	(3)	55%	(2)	45%	(5)	-44%
2.4. Cashmere	(28)	17%	(134)	83%	(162)	-51%
3. Horticultural products	(1)	-757%	1	857%	0	2%
4. Manufacturing goods	(317)	259%	195	###	(122)	-52%
5. Other	(0)	-460%	0	45%	0	16%
Total	(564)		(344)		(908)	-17%

* 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



A total decrease in exports (of USD 908 million) compared to the August 2019 suggests:

1/ Export of mining products, decreased by USD 184 million due to volume changes, and decreased by USD 405 million due to price changes. Changes in export of coal and copper concentrate explains the USD 1,283 million decrease in mining products.

However, compared to August 2019, export volume of gold increased by USD 802 million.

2/ Export of animal products, decreased by USD 62 million due to volume changes, and decreased by USD 135 million due to price changes.

The average price of an ounce of gold on the global market as of August 2020, reached USD 1,970. Which is an increase of 31% from the previous year and an increase of 7% from the previous month. Average prices of "A" level purified copper and iron ore reached USD 6,499 and USD 121, respectively. Which is a 14% and 30% increase for copper and iron ore compared to the prices of the same period last year. Compared to the previous month, the export prices of copper and iron increased by 2% and 12%, respectively.

Export price of coal reached USD 72 as of August 2020, which is a 13% decrease from the previous year and a 2% decrease from the previous month.

Import: As of August 2020, total import decreased by 16% (or USD 638 million) from that of the previous year. Capital goods explain 6 percentage points, petroleum products explain 6 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		1,055	28%		1,104	27%		974	28%		49	5%	1%	(130)	-12%	-3%
Non-durables	640	550	14%	584	549	13%	615	551	16%	(1)	0%	0%	2	0%	0%	
Food	308	381	10%	278	387	9%	298	386	11%	5	1%	0%	(0)	0%	0%	
Medicinal and pharmaceutical products	2	74	2%	2	68	2%	2	71	2%	(7)	-9%	0%	3	5%	0%	
Other non-durables	330	94	2%	304	95	2%	314	94	3%	0	0%	0%	(1)	-1%	0%	
Durables	158	505	13%	224	555	14%	203	423	12%	50	10%	1%	(132)	-24%	-3%	
Clothing	39	46	1%	46	42	1%	57	42	1%	(4)	-8%	0%	(0)	-1%	0%	
Household electrical appliances and furniture	71	75	2%	122	72	2%	88	67	2%	(3)	-4%	0%	(6)	-8%	0%	
Passenger cars and parts	1	332	9%	1	383	9%	1	254	7%	51	15%	1%	(129)	-34%	-3%	
Other durables	48	53	1%	55	58	1%	57	61	2%	5	10%	0%	3	4%	0%	
Capital goods		1,532	40%		1,763	43%		1,520	44%		231	15%	6%	(243)	-14%	-6%
Machinery, equipment, supplies and vehicles	20	951	25%	19	1,162	28%	24	937	27%	211	22%	6%	(225)	-19%	-5%	
Vehicles other than passenger cars, parts	1	307	8%	2	422	10%	6	333	10%	115	37%	3%	(89)	-21%	-2%	
Machinery, equipment and supplies	19	644	17%	17	740	18%	18	604	17%	96	15%	3%	(136)	-18%	-3%	
Construction materials	538	445	12%	691	459	11%	883	410	12%	14	3%	0%	(49)	-11%	-1%	
Other capital goods	27	136	4%	32	142	3%	82	173	5%	6	4%	0%	31	22%	1%	
Intermediate goods and industrial materials		500	13%		448	11%		429	12%		(52)	-10%	-1%	(19)	-4%	0%
Food ingredients (wheat, malt etc)	268	72	2%	35	16	0%	141	37	1%	(56)	-78%	-1%	21	130%	1%	
Chemical products	139	83	2%	155	81	2%	130	74	2%	(2)	-3%	0%	(7)	-9%	0%	
Yam, fabrics, textiles, leather	50	19	1%	55	19	0%	46	16	0%	0	0%	0%	(3)	-18%	0%	
Electricity	1	95	2%	1	95	2%	1	93	3%	1	1%	0%	(3)	-3%	0%	
Metal ores and scrap	0	0	0%	1	0	0%	1	1	0%	(0)	-5%	0%	0	15%	0%	
Other industrial materials	595	231	6%	640	236	6%	653	209	6%	5	2%	0%	(27)	-11%	-1%	
Petroleum products		1,036	710	19%		1,226	772	19%		1,190	527	15%		62	9%	2%
Diesels	553	361	10%	745	460	11%	644	274	8%	99	27%	3%	(186)	-40%	-5%	
Gasolines A92-95	235	165	4%	320	193	5%	338	141	4%	28	17%	1%	(52)	-27%	-1%	
Gasolines A80 and other fuels	248	183	5%	161	118	3%	208	111	3%	(65)	-35%	-2%	(7)	-6%	0%	
Other		5	0%		4	0%		3	0%		(1)	-18%	0%	(1)	-22%	0%
TOTAL		3,802		4,091		3,453		289	8%		(638)	-16%				

² - Contribution to total growth

Table 5. Changes in imports /million USD/

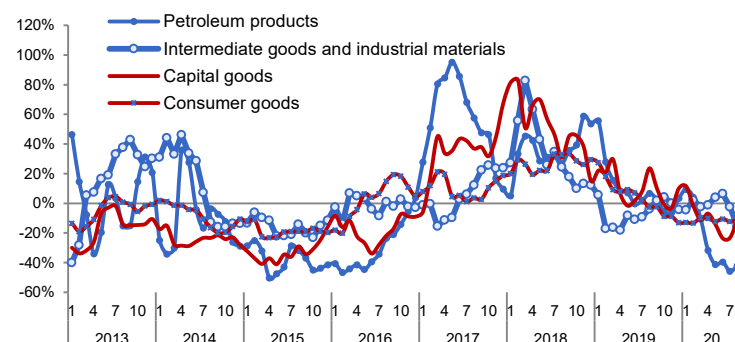
Category*	Changes in quantity	%	Changes in price	%	Total changes	%
Consumer goods	(90)	69%	(40)	31%	(130)	-12%
Non-durables	20	990%	(18)	-890%	2	0%
Durables	(110)	84%	(22)	16%	(132)	-24%
Capital goods	291	-120%	(534)	220%	(243)	-14%
Machinery, equipment, supplies and vehicles	261	0%	(486)	216%	(225)	-19%
Construction materials	29	-59%	(78)	159%	(49)	-11%
Other capital goods	1	4%	29	96%	31	22%
Intermediate goods and industrial materials	13	(32)	(19)	-4%	(19)	-4%
Petroleum products	(10)	4%	(235)	96%	(245)	-32%
Diesels	(43)	23%	(143)	77%	(186)	-40%
Gasolines A92-95	8	-15%	(59)	115%	(52)	-27%
Gasolines A80 and other fuels	25	-351%	(32)	451%	(7)	-6%
Other	3	0%	(4)	(1)	(1)	-22%
TOTAL	207		(845)	132%	(638)	-16%

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

A total decrease in imports (of USD 638 million) compared to August 2019 suggests:

- Import of machinery, equipment, supplies and vehicles decreased by USD 243 million,
- Import of petroleum products decreased by USD 245 million, most of which is due to changes in consumption of diesel fuel,
- Import of consumer products decreased by USD 130 million,
- Import of intermediate goods and industrial materials decreased by USD 19 million.

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



As of August 2020, border price of petroleum products reached USD 415 per ton. Which is a 33% decrease compared to the same period of last year, and a 13% increase from the previous month.