MONGOLBANK
CENTRAL BANK OF MONGOLIA

BUSINESS TENDENCY SURVEY

Second quarter of 2026

July 2026

I. SUMMARY

Data collection for the "Business Tendency Survey" was conducted in June 2026. A total of 401 firms from the main sectors of the economy participated in the survey. Their responses were consolidated and analyzed to assess overall business sentiment, expectations for economic activity and inflation.

- The majority of firms that participated in the survey are limited liability companies operating in food and non-food manufacturing, services, wholesale and retail trade, and construction. Most have more than 20 years of operational experience, employ up to 200 workers, and report annual sales revenue exceeding MNT 2.5 billion.
- Survey-based inflation expectations are summarized as follows:

Inflation expectations	*By the end of 2026Q3*	*By the end of 2027Q2*
Mean	**10.9%**	**11.8%**
Median	**11.6%**	**12.4%**

- Inflation expectations, which had turned upward in the first quarter of 2026, increased further in the current quarter. Across sectors, inflation expectations in the services sector were comparatively high, standing at 11.2% for the next quarter and 12.1% for the next 12 months.
- **Economic sentiment indicator:** In the second quarter of 2026, the ESI increased by 15.1 points from the previous quarter to **96.1**, but remained in contractionary territory. The improvement across all sectoral and consumer indicators suggests a recovery in economic activity and expectations regarding the economic outlook.
- **Employment expectations indicator:** The EEI reached **101.4** in the second quarter of 2026, moving into expansionary territory and indicating an improvement in labor market expectations. Compared with the previous quarter, employment expectations increased across all sectors, with a particularly sharp rebound in manufacturing.
- **Economic uncertainty indicator:** In the second quarter of 2026, the EUI declined by 12.1 points from the previous quarter to **127.8**, indicating that uncertainty regarding the economic environment eased compared with the previous quarter. By sector, the decline was mainly driven by retail trade, construction, and services.
- Expectations for demand and exports for the next quarter increased from the previous quarter and moved into expansionary territory, indicating that expectations of a recovery in economic activity prevailed among enterprises. In particular, improvements in manufacturing and retail trade were the main contributors to the overall strengthening of the indicators.

II. INFLATION EXPECTATIONS

Enterprises participating in the survey were asked to assess developments in the general price level over the past period and provide their expectations regarding future price developments. Based on these responses, indices of perceived inflation and inflation expectations were compiled. The perceived inflation indices for both the past 3 months and the past 12 months increased slightly from the previous quarter. The perceived inflation index for the past 3 months moved into the “inflation perceived above the current level” range in 2026Q1 and remained in that range in the reporting quarter. The perceived inflation index for the past 12 months has remained in the “inflation perceived above the current level” range for seven consecutive quarters (Figure 1).

In 2026Q1, when the inflation rate stood at 7.4%, enterprises were asked whether prices over the next 3 months and the next 12 months would be “higher than the current level”, “at the current level”, or “lower than the current level”. The resulting directional indices increased markedly and moved into the “inflation above the current level” range. In the reporting quarter, with inflation having risen to 12%, the directional indices for both the next 3 months and the next 12 months declined under the same methodology. As a result, the index for the next 3 months moved into the “inflation broadly unchanged from the current level” range, while the index for the next 12 months declined but remained in the “inflation above the current level” range (Figure 2).

Figure 1. Inflation perception index

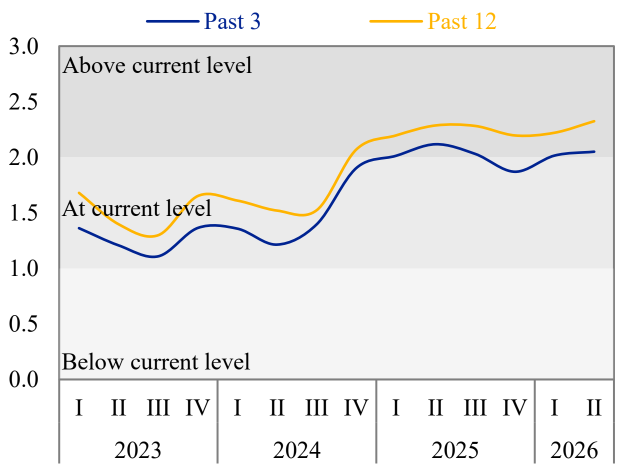
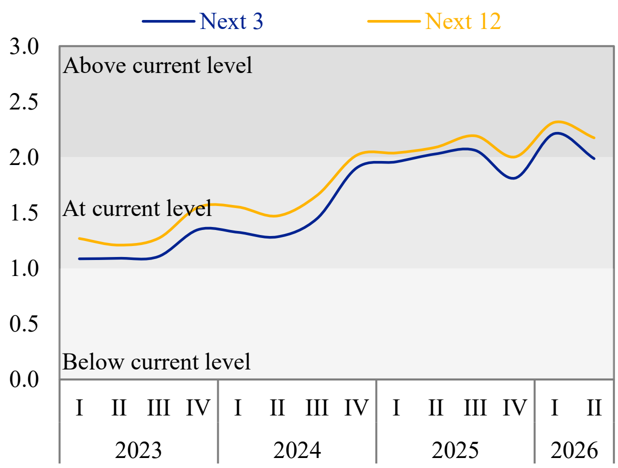


Figure 2. Inflation expectations index

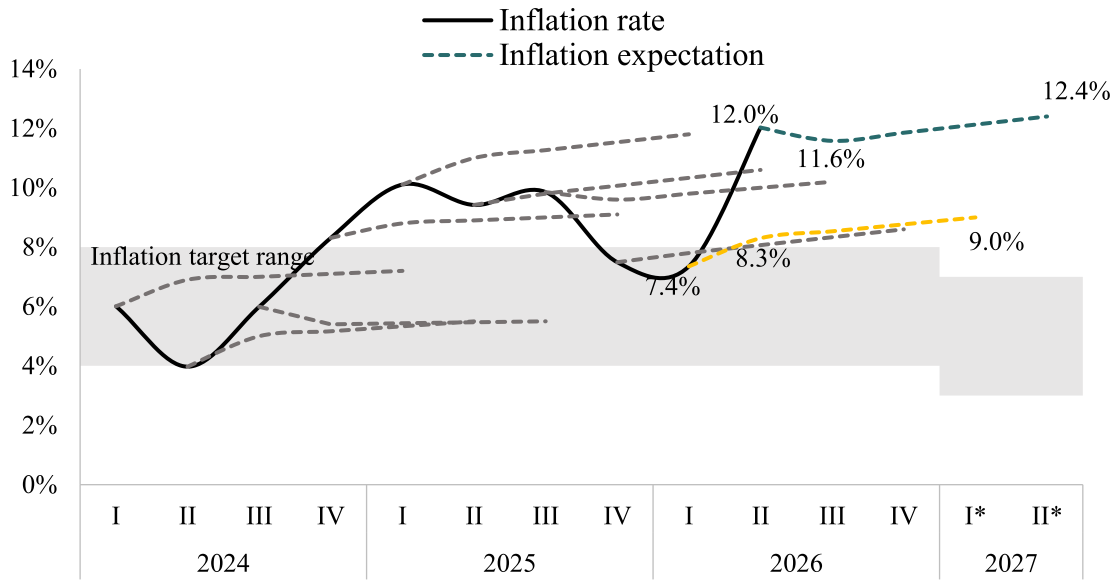


Source: “Business tendency survey report”, BOM

Based on enterprises’ quantitative responses on inflation expectations, the weighted average expectation for 2026Q3 increased by 2.5 percentage points from the previous quarter to **10.9%**, while the weighted average expectation for 2027Q2 also rose by 2.5 percentage points to **11.8%**. The median[1] expectation for 2026Q3 increased by 3.3 percentage points from the previous quarter to **11.6%**, while the median expectation for 2027Q2 rose by 3.4 percentage points to **12.4%** (Figure 3).

[1] *The distribution and median values of quantitative expectations were calculated applying Nicholas J.Cox (2009) methodologies of the ‘Symmetric Linear Interpolation Median’ based on ‘ Mid-distribution function’.*

Figure 3. Inflation Expectations: Median (quantitative responses)



Source: "Business tendency survey report", BOM

The distribution of inflation expectations for the next 3 months shows a clear shift to higher values. While enterprises' expectations in 2026Q1 were mainly concentrated in the 7–9% range, the distribution shifted to the 11–13% range in 2026Q2. More than 60% of surveyed enterprises expected inflation to fall within this range, with the distribution peaking at 11%. The rightward shift and greater concentration at a higher level indicate a marked increase in enterprises' short-term inflation expectations from the previous quarter (Figure 4).

A similar rightward shift was observed in the distribution of inflation expectations for the next 12 months. In 2026Q1, the distribution peaked at 7%, with expectations in the 9–11% range relatively common. In 2026Q2, the distribution became concentrated around 13%, while the frequency of expectations in the 11–17% range increased noticeably. This indicates that enterprises' medium-term inflation expectations increased from the previous quarter and shifted to a higher level (Figure 5).

Figure 4. Distribution of Quantitative Inflation Expectations, next 3 months

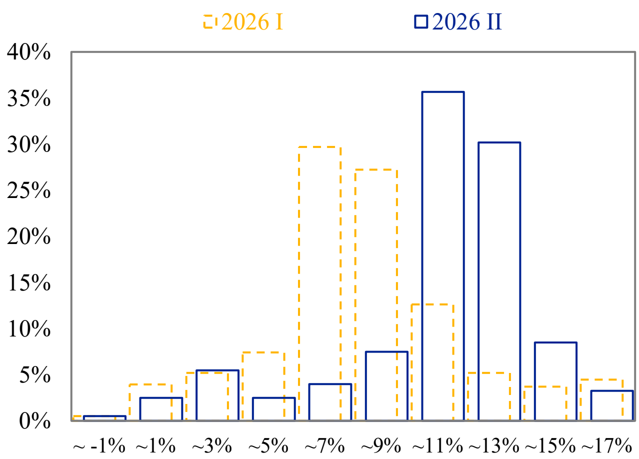
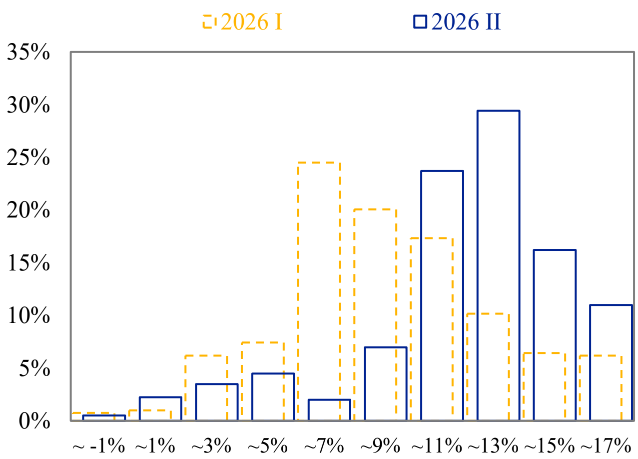


Figure 5. Distribution of Quantitative Inflation Expectations, next 12 months



Source: "Business tendency survey report", BOM

By sector, inflation expectations for the next 3 months, which had increased across all sectors in 2026Q1, rose further in all sectors in the reporting quarter and remained above the target level. Expectations were highest in services at 11.2%, while manufacturing, construction, and retail trade each recorded 10.8%. Compared with the previous quarter, inflation expectations increased most in services, by 3.1 percentage points. These results indicate that short-term inflation expectations have risen to elevated levels across all sectors, with enterprises in services expecting comparatively stronger price increases (Figure 6).

Inflation expectations for the next 12 months have been on an upward trend since reaching their lowest level in 2024Q3. Expectations increased across all sectors in 2026Q1 and continued to rise in the reporting quarter, reaching the highest level in services at 12.1%. Expectations stood at 11.9% in construction, 11.8% in retail trade, and 11.5% in manufacturing. Compared with the previous quarter, the largest increase was again recorded in services, at 3.1 percentage points. Across all sectors, 12-month expectations were higher than 3-month expectations, indicating that enterprises expect inflationary pressures to persist (Figure 7).

Figure 6. Inflation Expectations by sector (next 3 months)

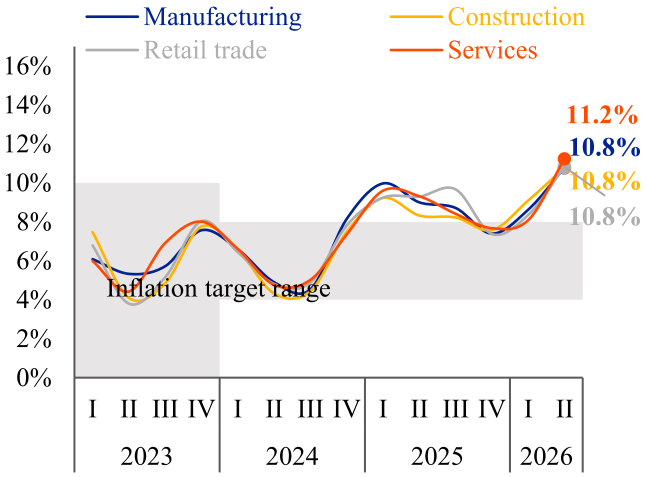
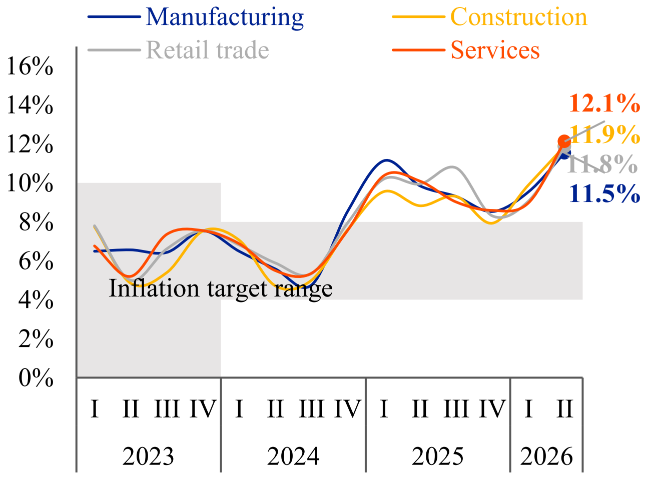


Figure 7. Inflation Expectations by sector (next 12 months)



Source: "Business tendency survey report", BOM

By firm size[2], inflation expectations for both the next 3 months and the next 12 months increased again after reaching their lowest level in 2024Q3, rising notably in 2026Q2. For the next 3 months, large enterprises reported the highest expectation at 11.2%, followed by micro and medium-sized enterprises at 11.0% each, and small enterprises at 10.2% (Figure 8). For the next 12 months, large and micro enterprises reported the highest expectations at 12.0% each, followed by medium-sized enterprises at 11.7% and small enterprises at 11.5% (Figure 9).

In the previous quarter, inflation expectations were relatively high among micro and small enterprises. In the reporting quarter, large and micro enterprises expected inflation over both the next quarter and the next 12 months to be higher than other firm-size groups. Regardless of firm size, inflation expectations remained elevated at around 11–12%, above the target level.

[2] *Firm size is classified based on the sales revenue thresholds specified in the "Law on Supporting Small and Medium-sized Enterprises and Services". Micro enterprises refer to firms with annual sales revenue of up to MNT 300 million, small enterprises to those with revenue of MNT 300 million–1.0 billion, medium-sized enterprises to those with revenue of MNT 1.0–2.5 billion, and large enterprises to those with revenue above MNT 2.5 billion.*

Figure 8. Inflation Expectations by firm size (next 3 months)

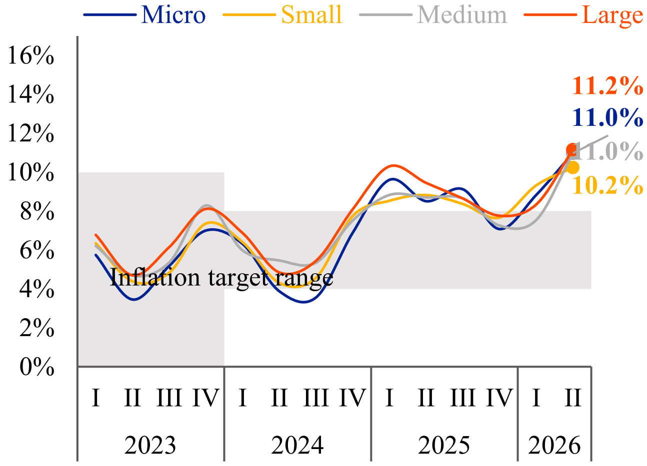
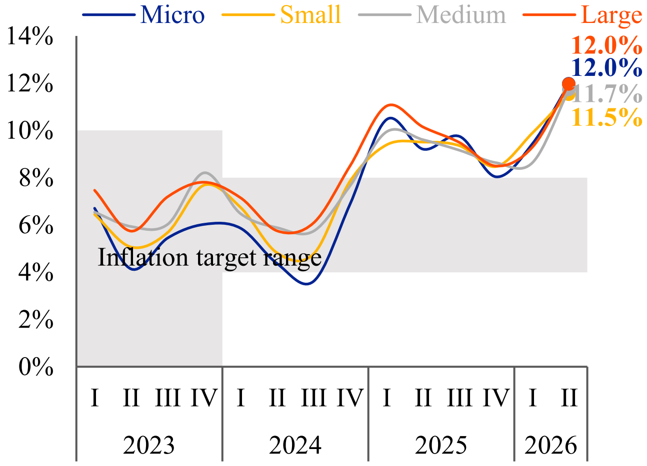


Figure 9. Inflation Expectations by firm size (next 12 months)



Source: "Business tendency survey report", BOM

By operating years, inflation expectations for the next 3 months were broadly similar across all groups at 8.3–8.5% in 2026Q1, before increasing by around 2 percentage points in each group to 10.4–11.2% in 2026Q2. Enterprises operating for more than 20 years reported the highest short-term inflation expectation (Figure 10). A similar pattern was observed for expectations over the next 12 months. Expectations, which had increased across all groups in 2026Q1, rose further in the reporting quarter to 11.3–12.2%, with enterprises operating for more than 20 years again reporting the highest expectation (Figure 11).

Figure 10. Inflation Expectations by operating years (next 3 months)

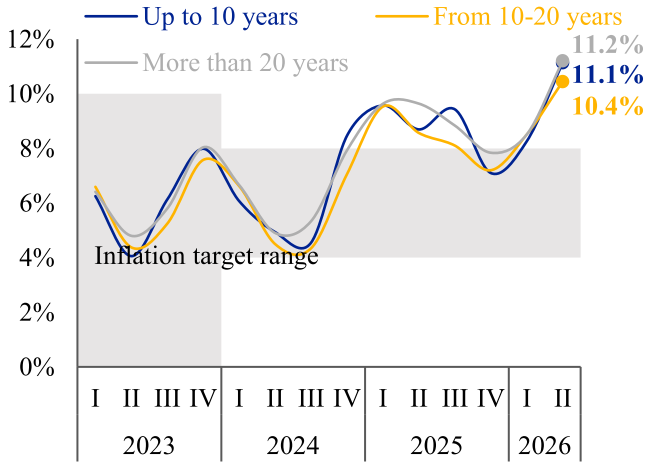
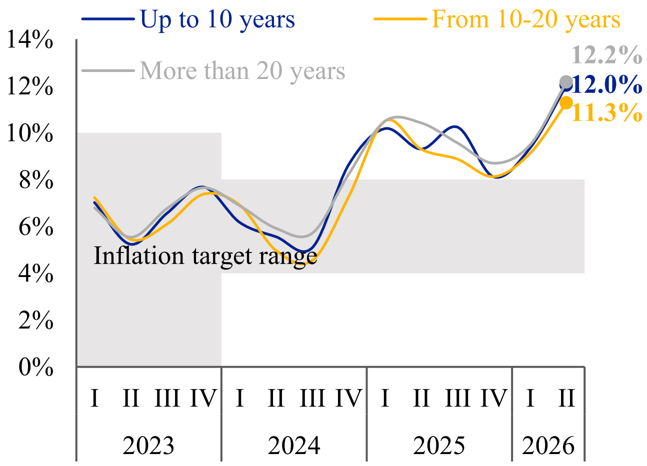


Figure 11. Inflation Expectations by operating years (next 12 months)



Source: "Business tendency survey report", BOM

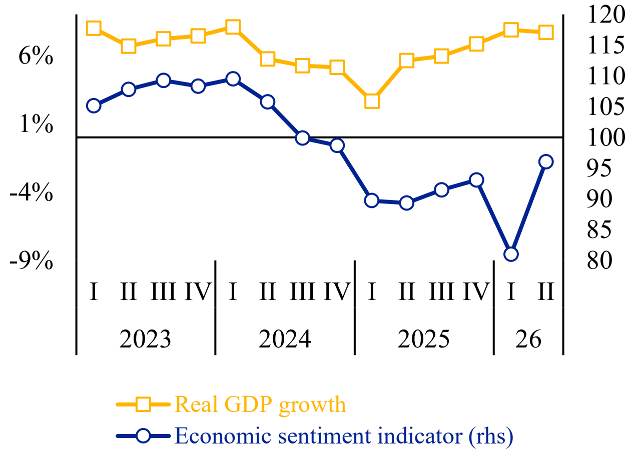
III. BUSINESS PERFORMANCE INDICATORS

Economic Sentiment Indicator (ESI)

Mongolia's Economic Sentiment Indicator (ESI) increased by 15.1 points from the previous quarter to **96.1** in 2026Q2, but remained in contractionary territory (Figure 12). After falling to its lowest level in the past four years in the previous quarter, the indicator rebounded and resumed the upward trend observed throughout 2025. By sector, the manufacturing indicator rose to 109.1, moving into expansionary territory for the first time in eight quarters. The indicators for consumers (98.3), construction (87.3), retail trade (82.5), and services (80.8) remained below 100 and therefore in contractionary territory.

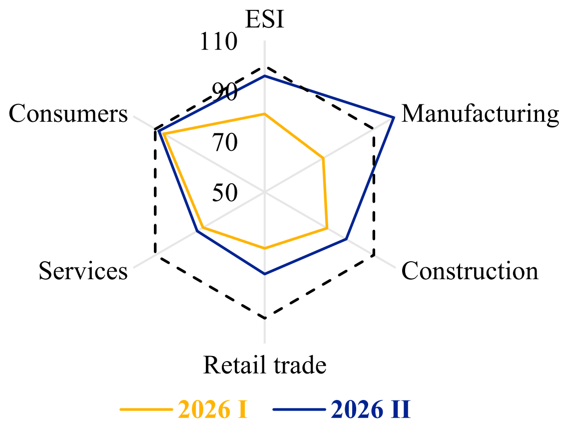
Compared with the previous quarter, the indicator improved across all sectors. The largest increase was recorded in manufacturing (+32.2 points), followed by retail trade (+10.2 points), construction (+8.7 points), services (+2.6 points), and consumers (+2.2 points) (Figure 13).

Figure 12. Economic Sentiment Indicator



Note: This indicator is determined by the average expectations of participants in the economy (consumers) regarding various factors, based on their experiences over the past 3 months. These factors include new orders, sales (financial situation, economic conditions), inventory levels, production, and employment for the next 3 months (financial situation, consumption, and economic conditions). The calculation follows the methodology outlined in the European Commission's "European Business Cycle Indicators" report. A value above 100 indicates an improvement in economic conditions, while a value below 100 reflects a downturn.

Figure 13. Economic Sentiment Indicator by sector



Note: The indicator was calculated using the methodology from the European Commission's "European Business Cycle Indicators" report, with weights assigned as follows: manufacturing 40%, services 30%, consumers 20%, construction 5%, and retail trade 5%.

Source: "Business tendency survey report", BOM

Employment Expectations Indicator (EEI)

Mongolia's Employment Expectations Indicator increased by 15.1 points from the previous quarter to **101.4** in 2026Q2, moving back into expansionary territory one quarter after falling into contractionary territory (Figure 14). This indicates an improvement in enterprises' expectations regarding labor market conditions compared with the previous quarter.

By sector, the indicator increased across all sectors in 2026Q2 compared with the previous quarter. In particular, employment expectations in manufacturing, which had fallen sharply in 2026Q1, rebounded strongly in the reporting quarter and returned to around the 100-point threshold between expansion and contraction. Employment expectations also improved in the other sectors, indicating a broad-based recovery in enterprises' assessments of the labor market outlook (Figure 15).

Figure 14. Employment Expectations Indicator

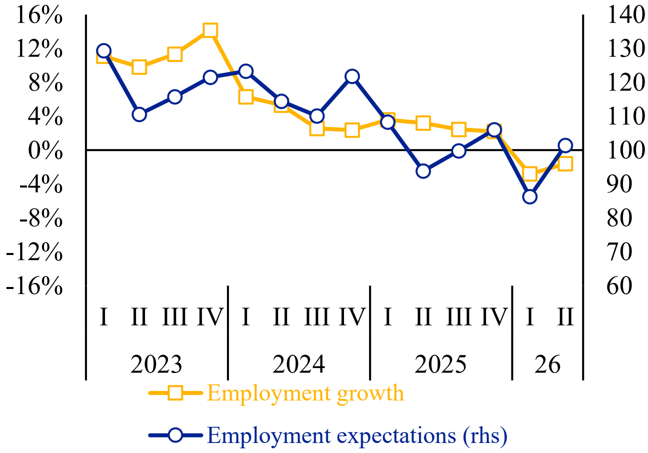
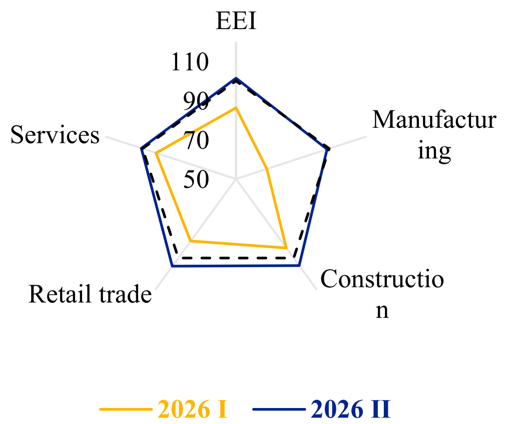


Figure 15. Employment Expectations Indicator by sector



Source: "Business tendency survey report", BOM

Economic Uncertainty Indicator (EUI)

The Economic Uncertainty Indicator, calculated based on enterprises' and consumers' assessments of economic uncertainty in Mongolia, declined by 12.1 points from the previous quarter to **127.8** in 2026Q2 (Figure 16). This indicates that uncertainty surrounding the economic environment eased somewhat from the previous quarter, although the indicator remained elevated.

By sector, the Economic Uncertainty Indicator, which had increased markedly in retail trade, construction, and services in 2026Q1, fell by 21.2–32.8 points in these sectors in 2026Q2, lowering the composite indicator. In manufacturing, where uncertainty had improved slightly in 2026Q1 while deteriorating in other sectors, the indicator recorded a comparatively smaller decline of 6.0 points in the current quarter. The consumer indicator remained broadly unchanged at 153.2, continuing to stand at an elevated level (Figure 17).

Figure 16. Economic Uncertainty Indicator

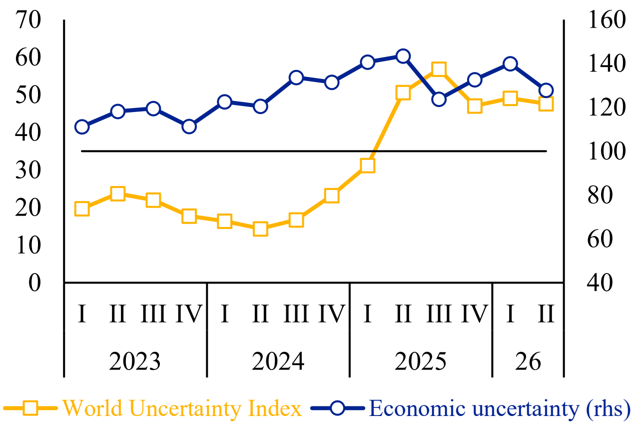
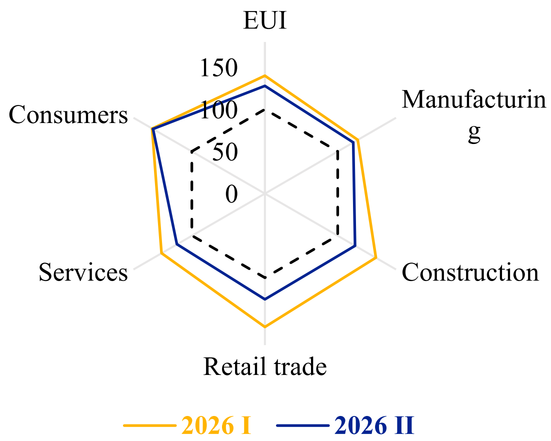


Figure 17. Economic Uncertainty Indicator by sector



Source: "Business tendency survey report", BOM

IV. OTHER EXPECTATIONS

Expectations for demand in the next quarter increased by 19.4 points from the previous quarter to 109.1, moving into expansionary territory. By sector, demand expectations in manufacturing and retail trade recorded the strongest increases and moved into expansionary territory. Among consumers, the indicator changed little and remained at the relatively high level in expansionary territory recorded in the previous quarter. Overall, demand expectations returned to expansionary territory after one quarter, indicating that expectations of a noticeable increase in demand for the period ahead prevailed among enterprises (Figure 18). Expectations for exports in the next quarter increased by 3.1 points from the previous quarter to 99.8. Although the indicator remained in contractionary territory, this was its most positive reading since 2024Q4. At the sectoral level, the retail trade indicator, which had recorded the largest decline in the previous quarter, rebounded the most and was the main contributor to the slight improvement in the overall indicator (Figure 19).

On the other hand, expectations related to cost pressures eased slightly. Expectations for labor costs in the next quarter declined by 3.3 points from the previous quarter but remained elevated at 156.5. Labor cost expectations fell markedly in construction and services, while increasing notably in manufacturing, resulting in only a small change in the overall indicator (Figure 20). Expectations for unit production costs also declined by 4.1 points from the previous quarter to 175.0, but remained elevated, indicating that underlying cost pressures persist (Figure 21).

Exchange rate expectations for the next quarter declined by 20.8 points from the previous quarter to 136.2, but remained within the range indicating expectations of MNT depreciation. Lending rate expectations declined by 12.2 points to 123.1, while remaining within the range indicating expectations of higher lending rates (Figure 22,Figure 23). Overall, compared with the previous quarter, demand expectations increased while expectations related to cost, exchange rate, and financing pressures eased somewhat. Most indicators, which had reached their weakest levels in the past four years in the previous quarter, improved in the current quarter.

Figure 18. Demand expectations

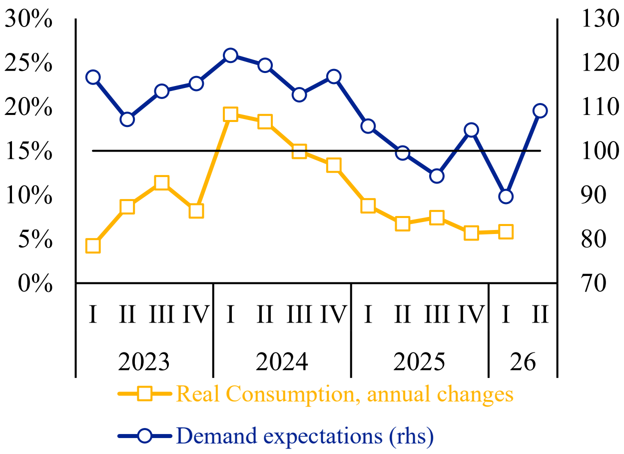


Figure 19. Export expectations

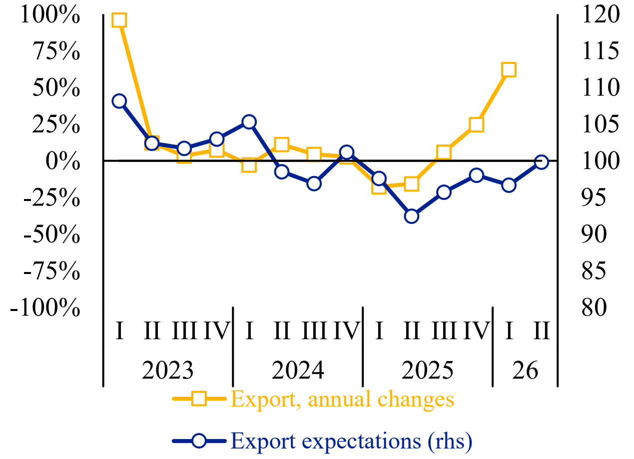


Figure 20. Labor cost expectations

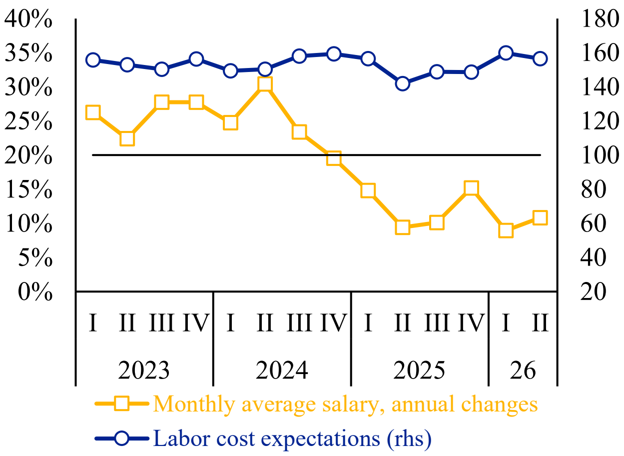


Figure 21. Cost per unit expectations

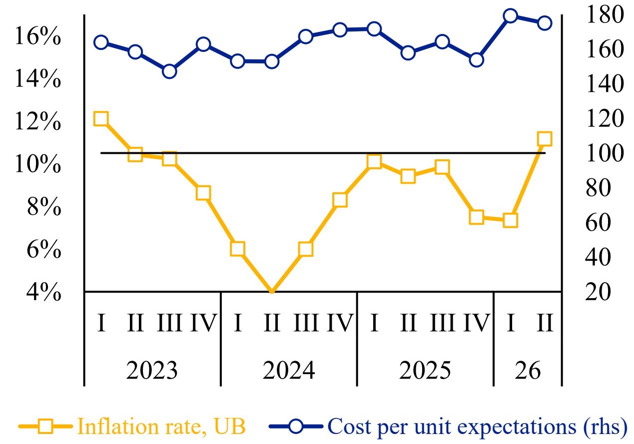


Figure 22. Exchange rate expectations

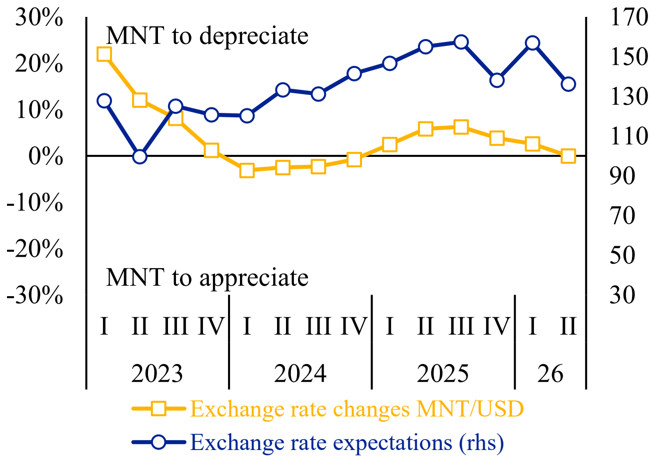
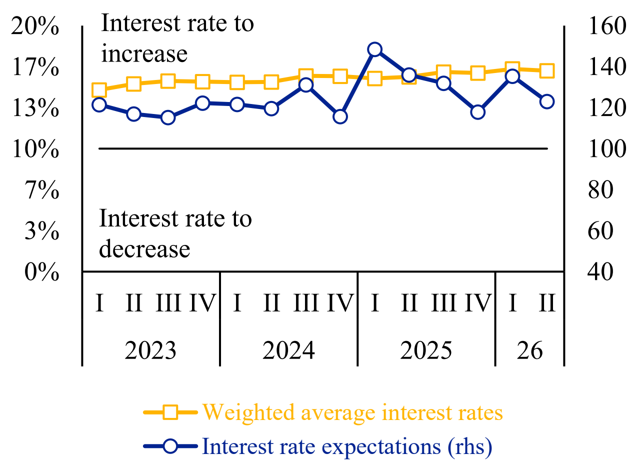


Figure 23. Loan rate expectations



Source: "Business tendency survey report", BOM

V. APPENDIX 1: General information on enterprises

The survey was conducted in June 2026 and covered a total of 401 enterprises. In terms of ownership structure, 385 (96%) were limited liability companies (LLCs), 14 (3%) were joint-stock companies (JSCs), and the remaining 2 were enterprises with other forms of ownership (Table 1Table 1).

Private enterprises accounted for the majority of respondents. In terms of years in operation, 50% of surveyed firms had been in business for over 20 years, 18% for 15–20 years, 16% for 10–15 years, 14% for 5–10 years, and 1% for up to 5 years (Table 2). By main sector, the survey covered 130 enterprises in manufacturing and 130 enterprises in services, each accounting for 32% of respondents. Retail trade accounted for 78 enterprises (19%), while construction accounted for 63 enterprises (16%) (Table 3).

In terms of annual sales revenue, 182 firms (45%) reported sales revenue exceeding MNT 2.5 billion, 79 firms (20%) reported revenue between MNT 1.0 billion and 2.5 billion, 68 firms (17%) reported revenue between MNT 300 million and 1.0 billion, 56 firms (14%) reported revenue between MNT 50.0 million and 300.0 million, and 16 firms (4%) reported revenue of less than MNT 50 million (Table 4).

By number of employees, 156 firms (39%) had 10–49 employees, 133 firms (33%) had 1–9 employees, 75 firms (19%) had 50–200 employees, and 37 firms (9%) had more than 200 employees (Table 5).

Table 1. Number of firms by ownership type

Ownership	number	%
LLC	385	96%
JSC	14	3%
Others	2	0%
Total	**401**	**100%**

Table 2. Number of firms by operating years

Operating years	number	%
Up to 5 years	5	1%
5-10 years	57	14%
10-15 years	63	16%
15-20 years	74	18%
More than 20 years	202	50%
Total	**401**	**100%**

Table 3. Number of firms by main sectors

Main sector	number	%
Manufacturing	130	32%
Construction	63	16%
Retail trade	78	19%
Services	130	32%
Total	**401**	**100%**

Table 4. Number of firms by annual income

Annual income	number	%
Up to 50 million	16	4%
50-300 million	56	14%
300 million - 1.0 billion	68	17%
1.0-2.5 billion	79	20%
More than 2.5 billion	182	45%
Total	**401**	**100%**

Table 5. Number of firms by number of employees

Number of employees	number	%
1-9	133	33%
10-49	156	39%
50-200	75	19%
More than 200	37	9%
Total	**401**	**100%**

Table 6. Number of firms by size

Size	number	%
Micro	72	18%
Small	68	17%
Medium	79	20%
Large	182	45%
Total	**401**	**100%**

VI. APPENDIX 2: Methodological notes

Economic Sentiment Indicator (ESI)

The Economic Sentiment Indicator (ESI) is calculated using the methodology outlined in the European Commission's "European Business Cycle Indicators" report. The indicator is a weighted average of selected survey questions from enterprise and consumer surveys covering five main sectors: manufacturing 40%, services 30%, consumers 20%, retail trade 5%, and construction 5%. The selected questions include **new orders** in the current quarter, **inventory levels** of finished products, and **production expectations** for the next quarter in manufacturing; **new orders** in the current quarter and **employment expectations** for the next quarter in construction; **sales** in the current quarter, **inventory levels** of goods for resale, and **sales expectations** for the next quarter in retail trade; the **business situation**, **new orders**, and **sales expectations** for the next quarter in services; and consumers' **financial situation** in the current quarter, **financial situation expectations** for the next quarter, **consumption**, and economic conditions. For each question, the balance is calculated as the difference between the shares of positive and negative responses in total responses.

Employment Expectations Indicator (EEI)

The indicator is calculated using the methodology outlined in the European Commission's "European Business Cycle Indicators" report. The Employment Expectations Indicator is calculated as the weighted average of expectations reported by enterprises in four main sectors covered by the survey: manufacturing with a weight of 23%, construction 8%, retail trade 18%, and services 51%. Enterprises were asked about their expectations regarding changes in employment for the next quarter. The indicator is calculated based on the balance of positive and negative responses to four response options: "Increase", "Decrease", "Don't know", and "Remain unchanged".

Economic Uncertainty Indicator (EUI)

The indicator is calculated using the methodology outlined in the European Commission's "European Business Cycle Indicators" report. The Economic Uncertainty Indicator is calculated as the weighted average of responses from five main sectors covered by the enterprise and consumer sample surveys: manufacturing with a weight of 40%, services 30%, consumers 20%, retail trade 5%, and construction 5%. Respondents were asked about changes in uncertainty over the previous quarter. The indicator is calculated based on the balance of positive and negative responses to four response options: "Increased", "Decreased", "Don't know", and "Remained unchanged".

Calculating median (Symmetric Linear Interpolated Median)

The distribution and median values of quantitative expectations were calculated applying Nicholas J. Cox (2009) methodologies of the "Symmetric Linear Interpolation Median" based on "Mid-Distribution Function". As the expectation values are calculated with reference to the Consumer Price Index (CPI), they reflect the general direction of price developments and should not be interpreted as direct measures of inflation.