

# Mongolia Growth Group December 2013 Economic Update

## December News Highlights

### **MONGOLIA GDP INCREASED**

The Gross Domestic Product (GDP) in Mongolia expanded 11.50 percent in the third quarter of 2013 over the same period a year earlier. GDP Growth Rate in Mongolia is reported by the National Statistical Office of Mongolia. From 1991 until 2013, Mongolia GDP Growth Rate averaged 5.6 Percent reaching an all time high of 17.5 Percent in December of 2011 and a record low of -9.3 Percent in December of 1992. Mongolia is a transition economy in Central Asia. (Source: Mongolbank)

### **SAMURAI BOND RELEASES**

The government of Japan authorized Mongolia's request to issue bonds on 10th December. maturity at 1.52% coupon.

The following issue went on sale:

Issuer: Development Bank of Mongolia  
 Manager(s): Nomura Securities, Daiwa Securities  
 Amount: 30 billion yen  
 Coupon: 1.52 percent  
 Maturity: Dec. 25, 2023  
 Settlement: Dec. 25, 2013  
 Issue Price: 100  
 In USD: 291.86 million USD

### **HIGHLIGHTS OF THE 2013 BUDGET AND THE FISCAL OUTLOOK OF MONGOLIA**

The budget proclaims that the Government will be committed to the Fiscal Stability Law (FSL) by setting the structural fiscal deficit at 2 percent. While this is progress toward a more sound fiscal policy, the budget also has significant potential risks of undermining the goal of the FSL with optimistic revenue projections and expansionary spending plans. The recent involvement of the Bank of Mongolia (BoM) in the Price Stabilization Program and the ambiguity on the use of sovereign bond proceeds are adding to concerns of a growing tendency to bypass the FSL. (source: Bank of Mongolia)

### **FIRST JAPANESE BANK OPENS**

Japan's second largest bank, Sumitomo Mitsui Banking Corporation (SMBC), opened a representative office in Ulaanbaatar. The SMBC office is the first Japanese bank to open in Mongolia, and the fourth foreign bank in Mongolia. SMBC, the 19th largest bank in the world, will focus on financing large mining and infrastructure projects. The opening reception was headed by SMBC's deputy president and head of SMBC international banking, Hiroshi Minoura. Among others was Enkhbayarn Batshugar, deputy governor of the Bank of Mongolia. (Source: Cover Mongolia)

### **OYU TOLGOI STARTS TO EXPORT COPPER CONCENTRATES**

Oyu tolgoi project has finally been turned into economic circulation and started to export its copper concentrates. With certain reasons, the date of the export was delayed twice and the first convoy of 16 trucks carrying 576 tons of copper departed by Gashuun-Sukhait border crossing. Starting export means Mongolian total copper concentrate increases by 80%, total export by 30-40%, and accounts for 20% of the country's gross domestic product. (Source: Montsame Agency).

### **MONGOLIA IS OPEN COUNTRY TO INVESTORS**

According to Central bank of Mongolia, foreign investment reached 4.6 billion USD in 2011, but in the first half of 2013 it declined to 1.4 billion USD. Therefore Mongolian President Ts. Elbegdorj has appealed foreigners, assuring them that Mongolia is an open country. (Source: Covermongolia).

### **GOOGLE STARTS TRANSLATE TO MONGOLIAN LANGUAGE**

Google's free online language translation service has added the Mongolian language to its repertoire. Google Inc. Executive Chairman Eric Schmidt had promised to add the Mongolian language to Google translate when he visited Mongolia in 2011.

### CONSUMER PRICE INDICIES: 2013/Dec

	Month	YTD	YOY
Ulaanbaatar	1.8	12.3	12.3
Mongolia	1.3	12.5	12.5







### MONETARY INDICATORS: 2013/Dec

	bln ₮	YOY %
Reserve money	3335.6	54.0M
M2 Money	9450.9	24.1M

### INTEREST RATES 2013/Dec

Policy rate	10.5%
Overnight repo	12.5%
Overnight deposit	8.5%
Repo	11.0%

### OFFICIAL EXCHANGE RATES\*: 12/31/2013

	1 USD	1659.3₮
	1 EUR	2288.8₮
	1 CNY	274.2₮
	1 GBP	2735.8₮
	1 RUB	50.6₮
	1 CAD	1558.8₮

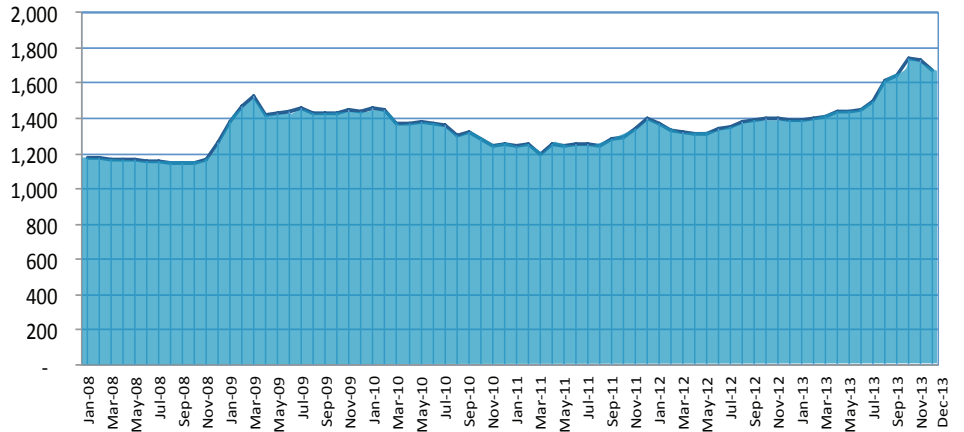
\*Mongol Bank

### ECONOMIC INDICATORS

<i>mIn USD</i>	December	November	Change %
Exports	411.5	381.0	8.0
Imports	499.4	514.3	-2.9
Net exports	-87.9	-133.3	34.1

Source: National Statistics Office

### MONGOLIAN TUGRIK VS US DOLLAR



	DEC 31	NOV 30	MONTHLY CHANGE
MSE TOP 20 INDEX	16,301.8	15,301.3	6.5%
Market Cap (USD)	1,006,744,368	893,877,591	12.6%

### MONGOLIAN STOCK EXCHANGE CHART

MSE TOP 20 INDEX

