



Mongolia Growth Group October 2015 Economic Update

October News Highlights

WORLDS BANK AND IMF LOWER MONGOLIA'S 2015 GDP FORECAST

The World Bank projects overall growth to slow to 3.3 percent in 2015, a decline from the 4.4 percent of the last projection. Mining growth will soften to around 10 percent in 2015 and further slow in 2016–17 amidst the weak minerals market. Non-mining growth will remain subdued in 2015, but is expected to rebound in 2016 with FDI recovery according to World Bank. On the other hand, The International Monetary Fund (IMF) has lowered its GDP forecast for Mongolia to 3.5 percent from 4.4 percent in its report “World Economic Outlook, October 2015: Adjusting to Lower Commodity Prices”. *(Source: World Bank, IMF)*

ERDENES TT WILL NOT END AGREEMENT WITH CHINESE CONTRACTOR

Erdenes Tavan Tolgoi LLC says it has retained many of the staff mining coal at the Tavan Tolgoi mines, despite claims by workers on strike that they were all let go after a Chinese company was hired. The state-owned miner has transferred personnel employed by Australia's MacMahon Holdings Ltd. to mine the East Tsankhi mine to the operations now being led by China's TTJVCo, said the acting executive director in a 23 October press conference. TTJVCo was hired to replace MacMahon because of a contract dispute and money owed. “We will not draw back this decision,” said Erdenes TT Chief Executive Officer B. Batbileg. Workers began a sit-down strike on 19 October after the Chinese company's appointment. *(Source: Montsame)*

TRANSPARENCY INTERNATIONAL CHAIR ASKS PM TO REJECT AMNESTY LAW

The chair of Transparency International, Jose Ugaz, has requested in a letter that Prime Minister Saikhanbileg reject a proposed Amnesty Law that aims to close corruption investigations into public officials and disband the Independent Agency Against Corruption. Ugaz objected to the bill based on “deep concern that such changes would severely undermine the positive progress Mongolia has made in tackling corruption,”. Ugaz expressed concern about the fact that 45 out of a total 55 cases currently opened by the Independent Agency Against Corruption would be closed, with amnesty granted the accused, “potentially sending a worrying message to the Mongolian people that the corrupt will not be brought to justice.” *(Source: Transparency International)*

GERMANY LOOKS TO MONGOLIA FOR COPPER IMPORTS

The visit by German President Joachim Gauck last week saw a new commitment to bring Mongolian copper concentrate to Germany. President Elbegdorj and his counterpart at a press conference said that in addition to their plans for the copper trade, they would also work on joining together their key scientific institutions for collaborative research. *(Source: Montsame)*

BURGER KING ENTERS MONGOLIAN COURT

Burger King, the U.S. fast-food chain, opened its first branch in Ulaanbaatar on 16 October, making it the first major burger restaurant to open in the country. The Mongolian holding company MAX Group has taken the franchise rights to the burger chain, with its first restaurant to open in the Bayangol District. “We will provide and offer good quality, low price, wide selection and quick service for the brand,” said MAX Group President D. Ganbaatar. KFC was the first major fast food chain to open in Mongolia, followed by another Yum Inc.'s brand, Pizza Hut. Both are owned and operated by Tavan Bogd Group. *(Source: Daily News)*

UB SEEKS COOPERATION WITH BILL & MELINDA GATES FOUNDATION

Ulaanbaatar Mayor Erdene Bat-Uul will appeal to the Bill & Melinda Gates Foundation for sustainable urban development in Ulaanbaatar's ger districts to help move residents into apartment housing. Bat-Uul on 13 October ordered that a working group be established to work directly with the foundation, run by the billionaire and former-Microsoft chief Bill Gates and his wife Melinda, to help encourage development of the city while mitigating the destruction toll on city land. *(Source: Montsame)*

CONSUMER PRICE INDICES: 2015/Oct

CPI March	Month	YTD	YOY
Ulaanbaatar	(1.1)	0.8	1.9
Mongolia	(0.7)	1.9	3.4

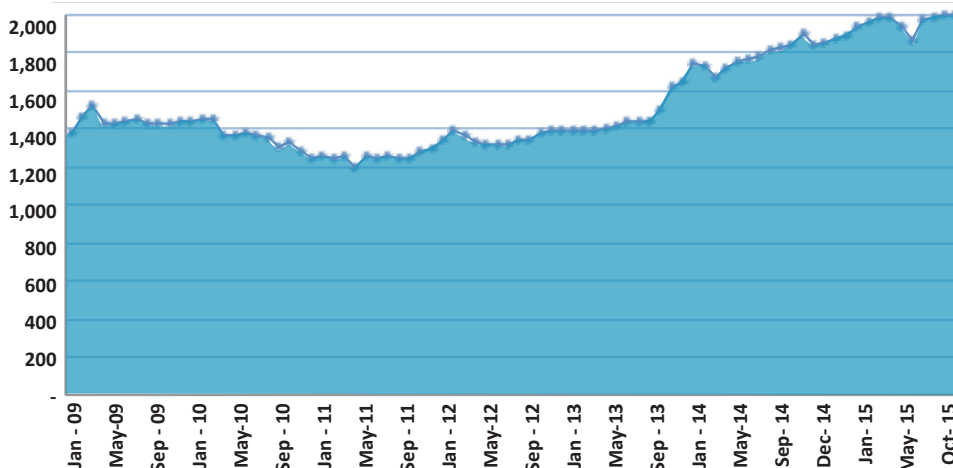
EXTERNAL SECTOR

<i>mIn USD</i>	Oct 2015	Oct 2014	Change %
Exports	385.8	583.9	(33.9%)
Imports	306.5	428.1	(28.4%)
Net exports	79.3	155.8	--

MONETARY INDICATORS: 2015/Oct

	bIn ₮	YOY %
Reserve money	2,178.5	(19.5%)
M2 Money	9,900.3	(0.7%)

MONGOLIAN TUGRIK VS US DOLLAR



INTEREST RATES 2015/Oct

Policy rate	13.0%
Overnight repo	15.0%
Overnight deposit	11.0%
Repo	13.5%

OFFICIAL EXCHANGE RATES*: 10/31/2015

	1 USD	1,991.7₮
	1 EUR	2,188.6₮
	1 CNY	314.9₮
	1 GBP	3,054.4₮
	1 RUB	30.9₮
	1 CAD	1,514.6₮

*Mongol Bank

	Oct 31	Sep 30	MONTHLY CHANGE
MSE TOP 20 INDEX	13,211.56	13,129.04	(0.63%)
Market Cap (USD)	660,729,126	645,926,275	(2.29%)

MONGOLIAN STOCK EXCHANGE CHART

MSE TOP 20 INDEX

