



# Mongolia

**Selected Macroeconomic Indicators**  
**January 24, 2014**

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Table 1. Mongolia: Exports															
	2006	2007	2008	2009	2010	2011	2012	2013	2013						
									Q1	Q2	Q3	Oct.	Nov.	Dec.	Q4
	(in millions of U.S. dollars)														
<b>Total US\$-value</b>	1,543	1,947	2,534	1,885	2,909	4,817	4,385	4,273	809	1,215	1,074	382	381	412	1,175
Mining	1,164	1,536	2,129	1,560	2,530	4,414	4,032	3,805	750	1,019	958	358	350	370	1,078
Copper	635	812	836	502	771	964	839	949	209	195	275	70	102	98	269
Gold	270	235	600	308	178	113	122	310	43	93	110	50	8	6	64
Coal		116	185	306	882	2,273	1,902	1,122	209	333	241	97	126	115	338
Iron Ore		16	92	87	254	442	533	654	126	225	127	69	45	63	176
Crude oil		53	102	116	155	252	336	515	94	109	147	47	51	69	166
Zinc		176	155	122	134	143	131	119	43	32	14	13	8	9	30
Molybdenium		75	82	50	52	46	38	29	9	7	7	2	2	2	7
Fluor spar		45	59	48	69	95	103	83	15	21	28	7	6	6	19
Other mining	259	8	19	20	36	86	29	23	2	5	8	4	3	1	8
Non-mining	379	411	405	325	378	403	352	467	60	195	116	25	31	42	97
Textiles		263	227	192	216	241	234	283	13	161	75	10	11	12	34
Animals, animal products		27	32	46	69	40	24	24	5	5	3	1	4	7	12
Hides and skins		42	41	29	33	51	31	35	14	5	7	2	1	5	9
Other		80	106	58	60	71	64	125	27	25	31	11	14	17	42
	(in thousands of tons, unless otherwise indicated)														
<b>Export volumes</b>															
Copper		608	583	587	569	576	575	650	140	143	186	51	65	64	181
Gold (tons)		11.6	22.1	10.9	5.1	2.7	2.8	7.6	1.0	2.2	2.8	1.2	0.2	0.2	1.6
Coal		3,269	4,169	7,113	16,726	21,296	20,916	18,368	3,445	4,039	3,897	2,062	2,661	2,264	6,987
Iron Ore		240	1,013	1,598	3,564	5,802	6,416	6,725	1,122	2,076	1,492	816	481	739	2,036
Crude oil ('000s of barrels)		812	1,059	1,939	2,071	2,554	3,568	5,244	982	1,156	1,396	463	534	712	1,709
Zinc		133	138	151	120	121	141	131	42	35	21	14	9	10	33
Molybdenium		3.2	4.1	6.7	4.8	4.2	4.3	4	1.1	1	1	0.3	0.3	0.4	1.0
Fluor spar		360	349	314	406	407	429	338	64	78	112	29.3	26.9	27	84
	(annual change, in percent)														
<b>Export volumes</b>															
Copper			-4	1	-3	1	0	13	0	-2	28	7	36	35	26
Gold			91	-51	-53	-47	4	171	100	340	367	200	-33	-60	33
Coal			28	71	135	27	-2	-12	1	-41	-2	-8	15	11	6
Iron Ore			321	58	123	63	11	5	-24	22	3	19	12	10	14
Crude oil			30	83	7	23	40	47	31	48	54	17	35	111	52
Zinc			4	10	-21	1	17	-7	34	36	-42	-21	-40	-36	-32
Molybdenium			28	63	-28	-13	2	-7	0	0	-9	-25	-25	0	-17
Fluor spar			-3	-10	29	0	5	-21	-28	-33	-1	-31	-29	-12	-25
	(annual change, in percent)														
<b>Implied prices</b>															
Copper			7	-40	58	23	-13	0	6	-11	5	-6	3	4	1
Gold			34	4	24	20	4	-7	3	-15	-6	12	-31	-27	-7
Coal			25	-3	22	102	-15	-33	-42	-22	-28	-46	-18	-25	-32
Iron Ore			33	-40	31	7	9	17	54	33	-9	7	19	-8	3
Crude oil			46	-38	25	32	-5	4	-5	-2	12	11	9	9	9
Zinc			-15	-28	38	6	-21	-2	6	-7	-22	-7	-2	5	-2
Molybdenium			-15	-63	44	2	-20	-17	-15	-20	-20	-7	-11	-23	-15
Fluor spar			36	-10	10	38	2	3	10	15	-1	-8	-14	-4	-9
	(weighted average annual change, in percent)														
Mining export price			12	-23	37	49	-11	-13	-10	-11	-12	-22	-6	-12	-13
Mining export volume			20	1	21	14	3	6	3	-12	21	7	15	17	14

Source: National Statistics Office Mongolia; and IMF staff calculations.

	2007	2008	2009	2010	2011	2012	2013	2013	2013	2013	2013
								Q1	Q2	Q3	Q4
<b>Oil imports (value, in US\$m)</b>	542	867	508	643	1,102	1,340	1,320	313	298	353	357
Gasoline	239	361	223	229	350	474	440	92	119	97	132
Diesel	271	468	272	398	720	819	881	209	166	237	269
Other	32	38	13	16	32	47	49	12	13	19	5
<b>Oil imports (volumes, in '000s of tons)</b>	781	833	755	806	1,004	1,145	1,194	251	269	323	352
Gasoline	346	366	323	285	325	389	380	75	105	87	114
Diesel	388	428	414	499	647	716	773	167	153	219	234
Other	47	38	19	21	32	40	41	9	11	16	4
<b>Volume change (year-on-year, in percent)</b>											
Total imports		7	-9	7	25	14	4	-10	12	-11	34
Gasoline		6	-12	-12	14	20	-2	-34	97	-24	5
Diesel		11	-3	21	30	11	8	4	-13	-7	64
Other		-18	-50	11	48	26	3	40	19	39	-64
<b>Price change (year on year, in percent)</b>											
Total imports		50	-35	19	38	7	-6	2	-2	-1	-18
Gasoline		43	-30	16	34	13	-5	3	-6	-7	-9
Diesel		56	-40	21	40	3	0	1	-2	2	-5
Other		47	-32	10	34	16	2	11	4	-1	-3
<b>Vehicle imports (value, in US\$m)</b>	155	309	131	373	1,030	838	680	158	264	149	109
Cars	101	190	71	164	447	430	373	76	121	106	70
Trucks	54	119	59	208	582	408	307	82	143	43	39
<b>Vehicle imports (number)</b>	35,266	56,599	16,217	38,599	82,433	68,837	62,675	12,810	20,098	18,422	11,345
Cars	22,150	38,526	11,658	26,378	57,580	46,403	44,679	8,903	13,965	13,452	8,359
Trucks	13,116	18,073	4,559	12,221	24,853	22,434	17,996	3,907	6,133	4,970	2,986
<b>Average price per vehicle (in US\$)</b>											
Cars	4,551	4,927	6,116	6,232	7,770	9,264	8,348	8,526	8,677	7,870	8,377
Trucks	4,132	6,596	12,993	17,049	23,429	18,195	17,058	20,988	23,259	8,704	13,082
<b>Volume change (year-on-year, in percent)</b>											
All vehicles		60	-71	138	114	-16	-9	-24	24	-8	-28
Cars		74	-70	126	118	-19	-4	-24	32	-1	-21
Trucks		38	-75	168	103	-10	-20	-25	10	-22	-44
<b>Price change (year on year, in percent)</b>											
All vehicles		24	47	20	29	-3	-11	-9	-7	-28	-4
Cars		8	24	2	25	19	-10	-11	-22	-9	7
Trucks		60	97	31	37	-22	-6	-6	16	-47	-9

Source: National Statistics Office Mongolia; and IMF staff calculations.

	2007	2008	2009	2010	2011	2012	2013
Oil exports	53	102	116	155	252	336	515
Oil imports	542	867	508	643	1,102	1,340	1,320
Net oil exports	-488	-765	-392	-488	-850	-1,004	-805

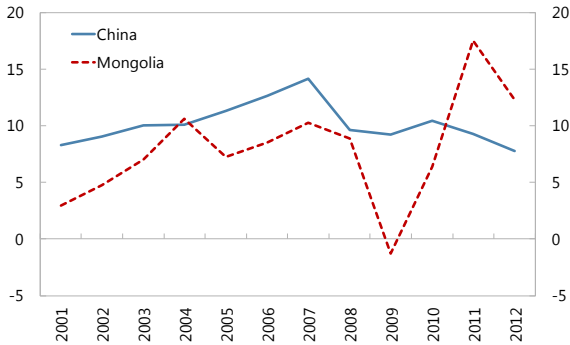
Source: National Statistics Office Mongolia; and IMF staff calculations.

### Figure 1. Mongolia: Real Sector Developments

The economy expanded by 11½ percent during the first nine months of 2013 despite slowing exports and FDI inflows. The start of OT's open-pit mining is boosting industrial production.

Mongolia's growth has been impressive...

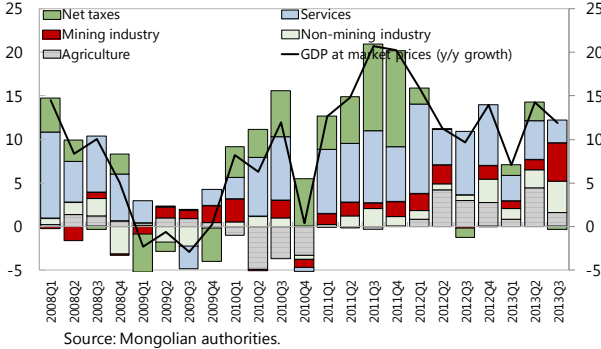
**Real GDP growth rate: China vs. Mongolia**  
(Year-on-year percent change)



Sources: Mongolian authorities; and IMF staff estimates.

The economy expanded by 11.9 percent (y/y) in the third quarter of 2013, led by mining and non-mining industry.

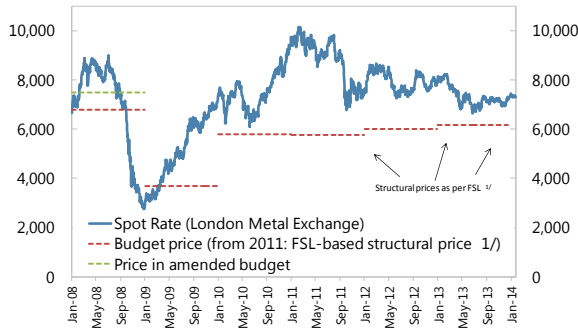
**Real GDP Growth**  
(Contribution and year-on-year percentage change, 2008Q1-2013Q3)



Source: Mongolian authorities.

International copper prices declined by 8 percent in 2013.

**International copper price**  
(U.S. dollars per metric ton, Jan. 1, 2008-Jan. 24, 2014)

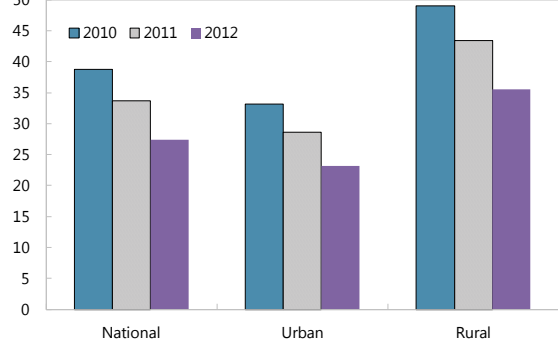


Sources: Bloomberg LP; Mongolian authorities; and IMF staff estimates.

<sup>1/</sup>The structural price is the average of the past 12 years and projections for the current and subsequent 3 years.

...contributing to a decline in poverty.

**Mongolia: Poverty Headcount**  
(In percent)

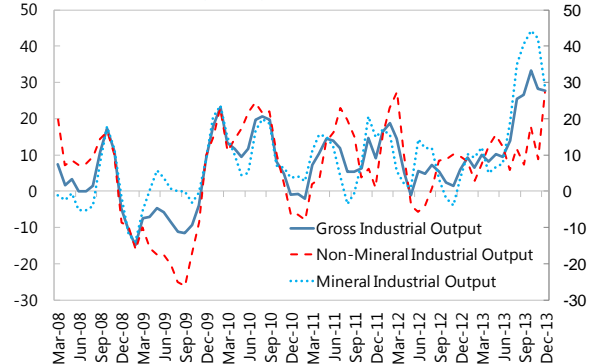


Source: Mongolian authorities.

Industrial output rose 28 percent during the last quarter of 2013 (y/y), aided by the start of OT production.

**Industrial Production**

(12-month percentage change in 3mma, March 2008-December 2013)

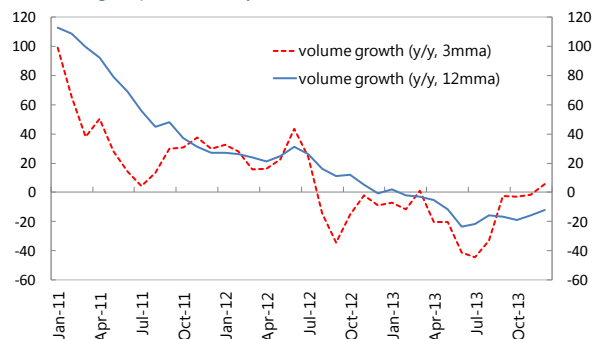


Sources: Mongolian authorities.

The volume of coal exports declined 12 percent in 2013. But exports expanded during the last quarter of the years.

**Coal Export Volume**

(Change, in percent, January 2011-December 2013)

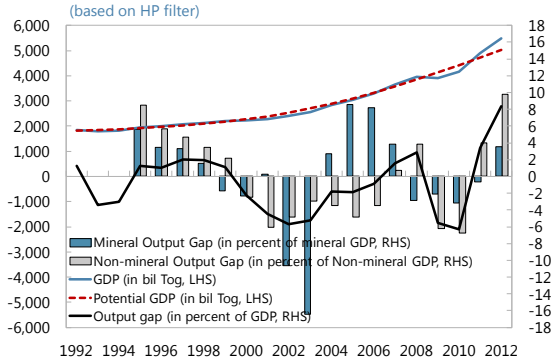


Sources: Mongolian authorities; and IMF staff estimates.

**Figure 2. Mongolia: Overview of Macroeconomic Developments**

*Expansionary fiscal policy in 2012 and 2013 supported growth but also put pressure on inflation and the current account. The successful international bond issuance in late-2012 boosted reserves. Strong demand growth in recent years may have outstripped the growth of Mongolia's production capacity...*

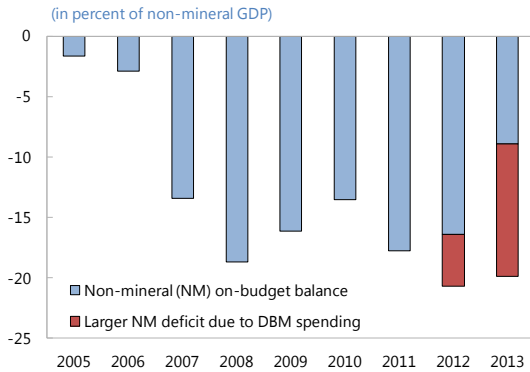
**Output Gap Estimates**



Sources: Mongolian authorities; and IMF staff estimates.

*Expansionary fiscal policy has been a key driver of inflation.*

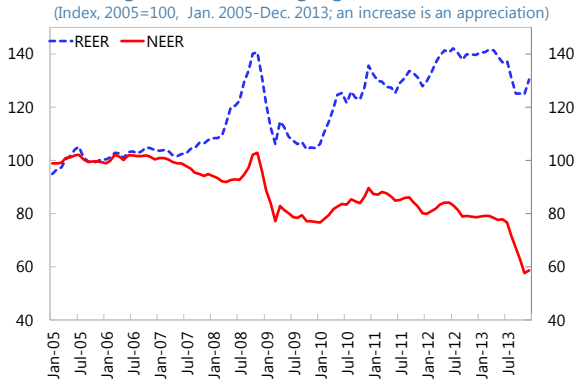
**Non-mineral fiscal balance**



Sources: Mongolian authorities; and IMF staff estimates.

*The real effective exchange rate appreciated through June. In recent months there has been a correction.*

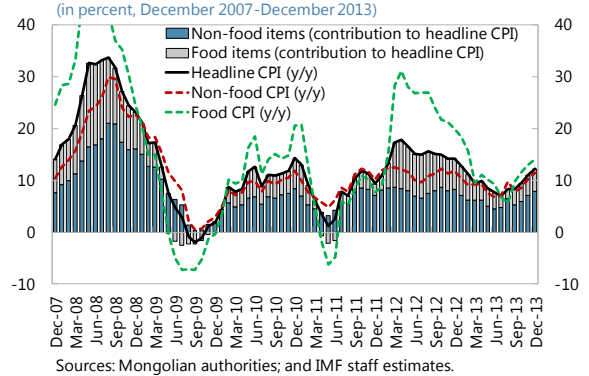
**Exchange rates of the togrog**



Sources: Mongolian authorities; and IMF staff estimates.

*...contributing to double-digit inflation. Inflation in Ulaanbaatar was 12.3 percent in December 2013 (y/y).*

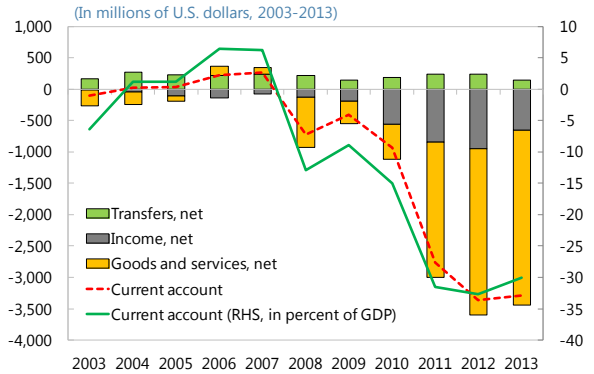
**Consumer Price Inflation**



Sources: Mongolian authorities; and IMF staff estimates.

*It has also kept the current account significantly in deficit even as imports for the FDI-financed OT mine wound down.*

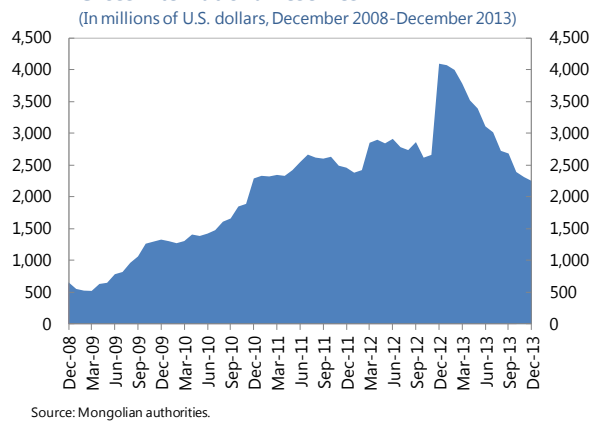
**Current Account**



Sources: Mongolian authorities; and IMF staff estimates.

*Chinggis bond proceeds raised reserves in late-2012. Gross reserves amounted to US\$2.25bn in December.*

**Gross international reserves**



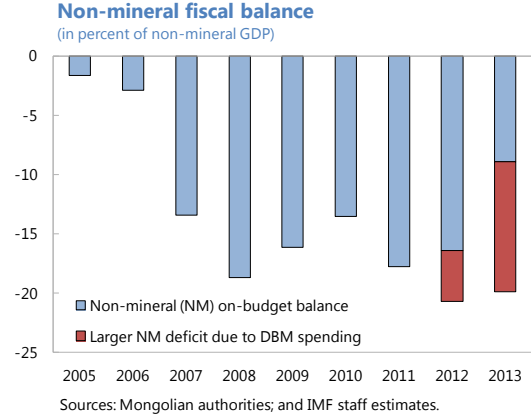
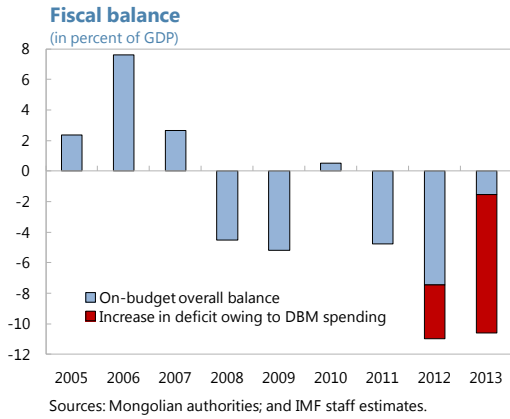
Source: Mongolian authorities.

### Figure 3. Mongolia: Fiscal Developments

*Expansionary fiscal policy pushed the deficit (including operations of the Development Bank of Mongolia (DBM)) in excess of 10 percent of GDP in 2012 and 2013.*

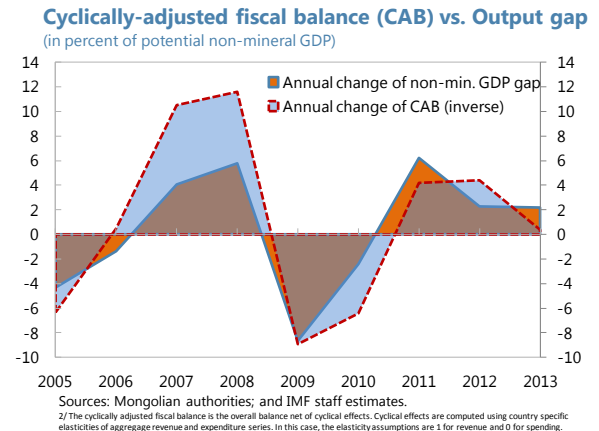
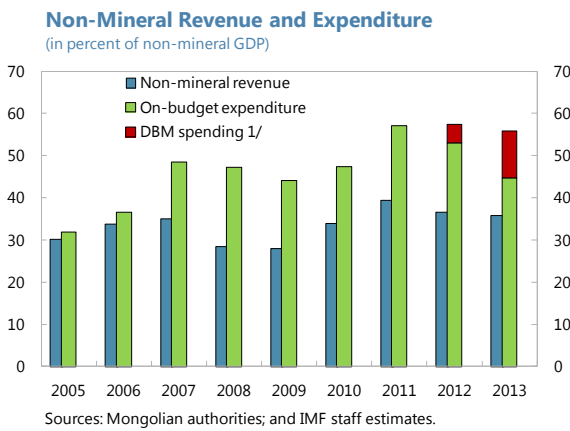
*Including DBM spending, the deficit reached 10.9 percent of GDP in 2012 and 10.6 percent of GDP in 2013.*

*The 2012 and 2013 non-mining deficit topped the 2008 record.*



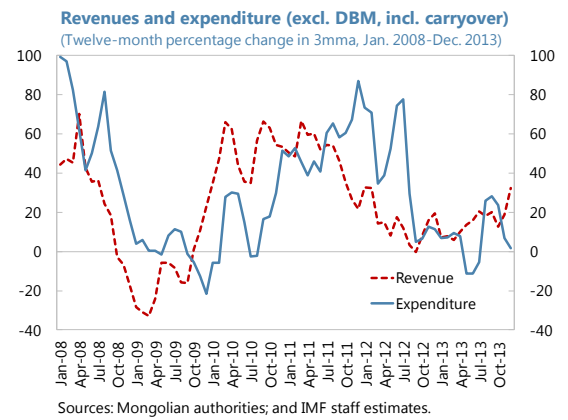
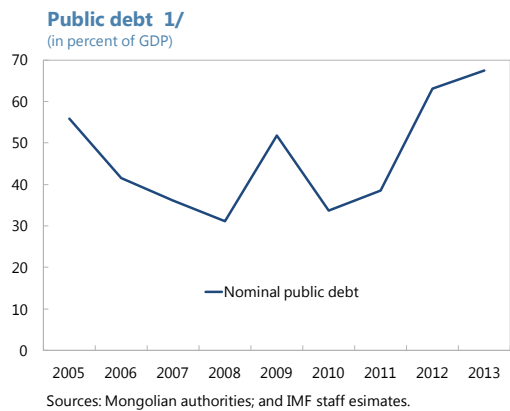
*Spending is about 56 percent of non-mineral GDP.*

*Fiscal policy has been pro-cyclical.*



*The Chinggis bond and DBM bond raised public debt by US\$2.1bn in 2012. The togrog depreciation pushed up the domestic currency value of external debt in 2013.*

*The 2013 budget deficit was limited to MNT 250 billion or 1.5 percent of GDP. But this excludes DBM spending.*



1/ As noted in the [recent press release](#), the public debt data refer to the nominal value of debt and include tax prepayments by mining companies and external borrowing by the central bank. By contrast, the authorities' estimates of public debt follow the definitions in the Fiscal Stability Law. They are expressed in net present value terms and exclude BOM borrowing.

### Figure 4. Mongolia: External Sector Developments

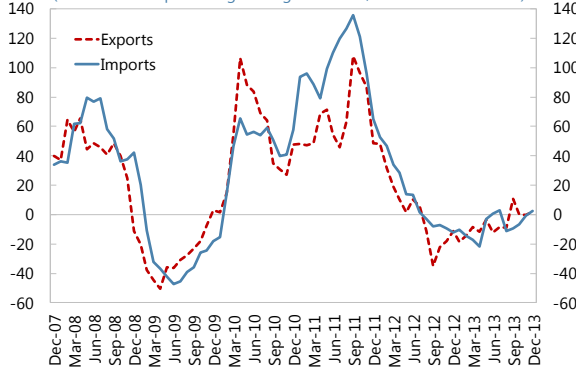
*The trade deficit continues to be large.*

*Import growth remains subdued owing to the decline in FDI. Export growth remains weak, despite the start of operations of the OT open pit mine.*

*The 12-month trade deficit remains over US\$2 billion.*

#### Imports and Exports

(Twelve-month percentage change in 3mma, Dec. 2007-Dec. 2013)

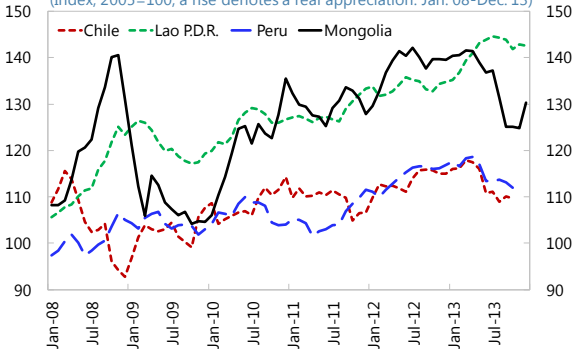


Sources: Mongolian authorities; and IMF staff estimates.

*Before the recent depreciation, the REER was appreciating more than in copper-producing peers (e.g. Chile and Peru).*

#### Real Effective Exchange Rates

(Index, 2005=100; a rise denotes a real appreciation. Jan. 08-Dec. 13)

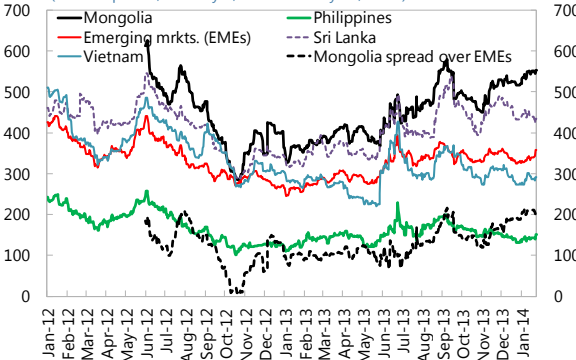


Source: IMF INS.

*Mongolia's sovereign spread is now about 200 basis points wider than the average for emerging market economies.*

#### JP Morgan EMBI Global Sovereign Spreads

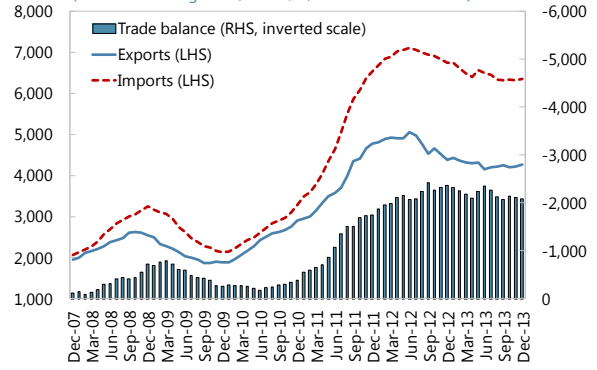
(in basis points, January 1, 2012-January 24, 2014)



Source: Bloomberg LP.

#### Trade Balance

(12-month rolling sums, in US\$m, Dec. 2007 - Dec. 2013)

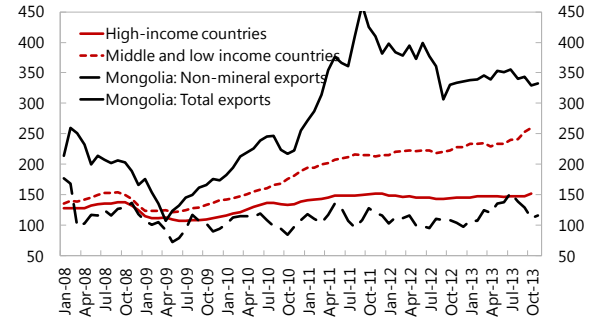


Sources: Mongolian authorities; and IMF staff estimates.

*Amid overall relatively strong export performance, non-mineral exports have underperformed.*

#### Export performance relative to other Asian countries

(2006Q1=100, 3mma, sa, Jan. 2008-Nov. 2013)

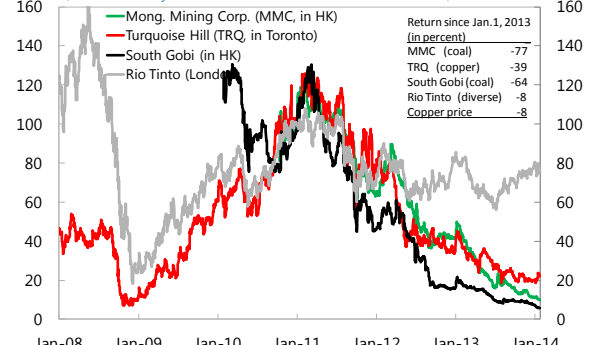


Sources: Haver Analytics; CEIC Data Company; and IMF staff estimates.  
Note: High-income countries include Australia, New Zealand, Japan, Korea, Singapore, and Taiwan; Middle- and low-income countries include Indonesia, Philippines, Sri Lanka, Vietnam, Bangladesh, and India.

*Stock prices of 3 mining companies operating mostly in Mongolia (MMC, TRQ, South Gobi) slumped in 2013.*

#### Stock Prices for Mining Companies

(Index, January 1, 2011=100, Jan. 1, 2008-Jan. 24, 2014)

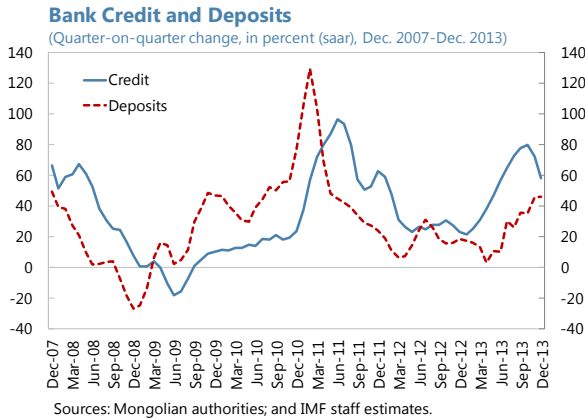


Sources: Bloomberg LP; and IMF staff estimates.

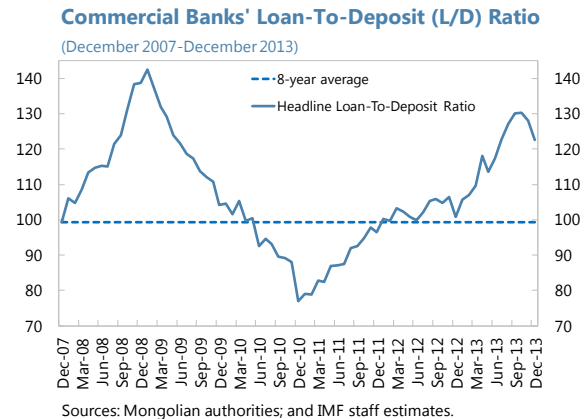
### Figure 5. Mongolia: Monetary Developments

Bank lending picked up rapidly through most of 2013 but slowed somewhat in recent months.

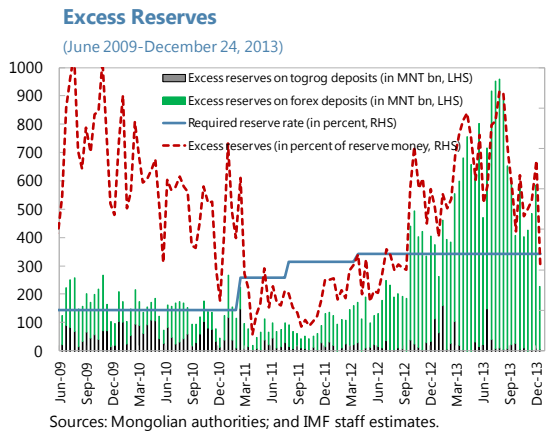
The growth of private sector credit decelerated in December but remains high.



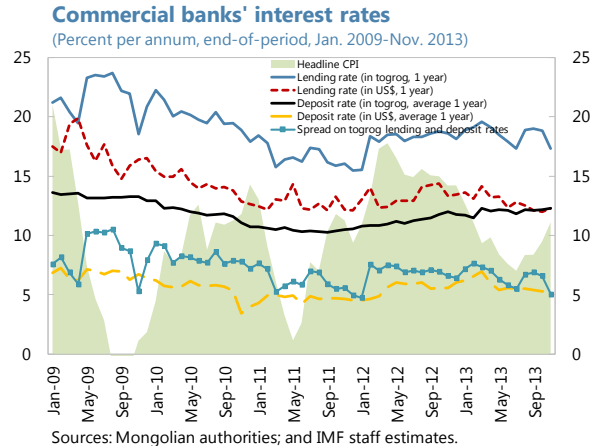
Banks' loan-to-deposit ratio substantially exceeds the average for the past 8 years.



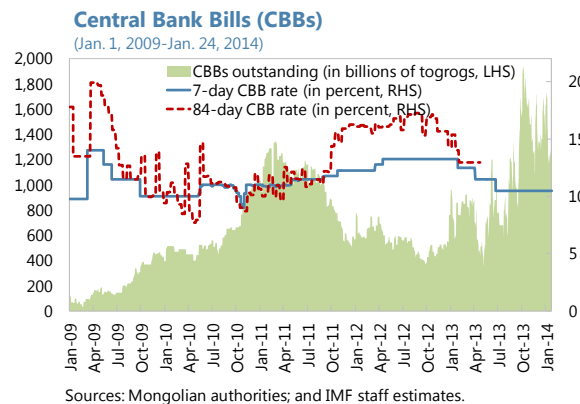
Banks are holding substantial overall excess reserves with the Bank of Mongolia, mostly in foreign currency.



Bank lending rates on 1-year togrog loans averaged 18.8 percent in October.



In three steps, the Bank of Mongolia's Monetary Policy Committee lowered the policy rate 275 bps, to 10.5 percent.



New regulations to strengthen bank capitalization have been phased in amid low reported NPLs.

