

# MONTHLY MACROECONOMIC UPDATE

January 2024

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## ▶ MAIN ECONOMIC INDICATORS

### GDP growth

(2023)

**7.0** percent

### International reserves

(January 2024)

**4.8** billion \$

### Inflation

(January 2024)

**7.6** percent

### Budget balance

(January 2024)

**676** billion ₹

### Exports

(January 2024)

**1,324** million \$

### Imports

(January 2024)

**935** million \$

### FDI

(Q1-Q3 2023)

**1.9** billion \$

### Loan rate

(December 2023)

**16.7** percent

### Number of employees

(Q4 2023)

**1.2** million

\* As of Q4 2023, the labor force participation rate is 58 percent.

### Real wage growth

(Q3 2023)

**15.2** percent

### Number of enterprises operating

(End of 2023)

**96.8** thousand

\*Mainly in trade, services, construction and manufacturing sectors

### Household real income growth

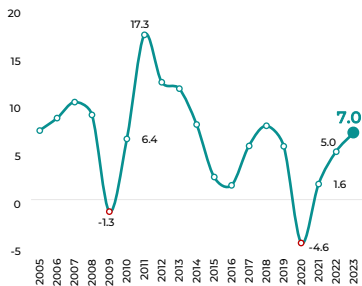
(Q4 2023)

**14.1** percent



The economy has continued its recovery in 2023 and grew by 7.0 percent from 2022. Economic growth took place in all sectors except agriculture. The mining and transportation sectors considerably contributed to the growth while the agriculture sector shrank by natural disasters.

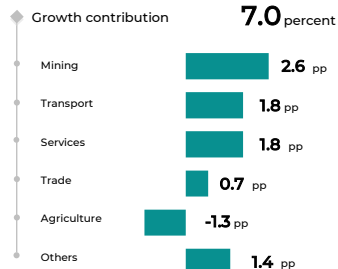
## REAL GDP GROWTH (percent)



Source: National Statistics Office

- The growth reached 7.0 percent in 2023. Nominal GDP reached ₮68.9 trillion, an increase of 27.9 percent.
- Primary sector: The mining sector expanded by 23 percent and the agriculture sector contracted by 8.9 percent in 2023.
- Secondary sector /manufacturing, construction, electricity, water supply/ expanded by 4.1 percent.
- Service sector activity increased, experiencing 9.2 percent growth.
- Net taxes on products increased by 6.8 percent in 2023.

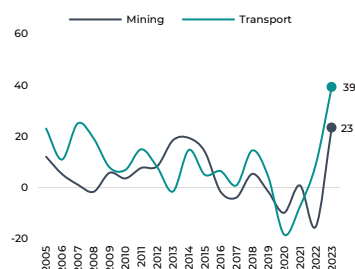
## REAL GDP GROWTH (2023, percentage points)



Source: National Statistics Office

- The growth is supported by the mining and transportation sectors, contributing 4.4 percentage points to economic growth, reflecting the impact of measures aimed at increasing the international reserves and exports.
- Trade and service sectors' activity recovered, accounting for 2.5 percentage points of the growth.
- However, agriculture contracted by 8.9 percent due to the harsh weather, limiting economic growth.

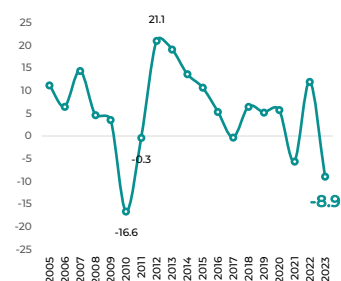
## MINING, TRANSPORTATION (growth rate, percent)



Source: National Statistics Office

- The growth in the mining and transportation sectors reached the highest level in 2023.
- The record high coal export and increased production of copper concentrate and crude oil led to a surge in the mining sector.
- A total of 102 million tons of freights were carried in 2023, reflecting the improvement in the arrangement of transport.

## AGRICULTURE (growth rate, percent)



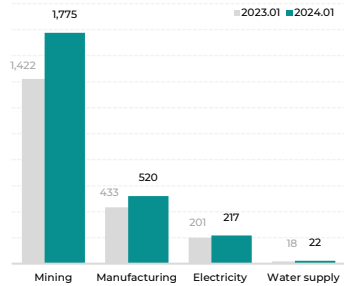
Source: National Statistics Office

- The agricultural sector shrank by 8.9 percent from the last year.
- Total number of livestock decreased by 6.4 million (9.1 percent) from the previous year and reached 64.7 million animals at the end of 2023, nearly the 2016-2017 livestock amount.
- Losses of adult animals reached 4.9 million, ranked after the historical record in 2010.
- In terms of livestock total losses, 86 percent were sheep and goats, and 69 percent are in 7 provinces, which make up 44 percent of the total number of livestock in our country. (Khentii, Arkhangai, Sukhbaatar, Uvs, Hovd, Khuvsgul, Bulgan)



Industrial production increased by 22 percent in January 2024 compared to the previous year. Production in the mining sector remains the main contribution.

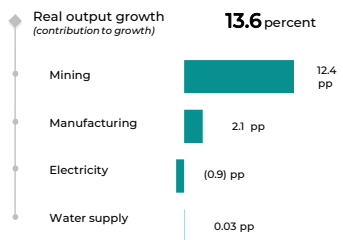
### GROSS OUTPUT (billion ₹)



Source: National Statistics Office

- The gross industrial output reached ₹1.8 trillion in January 2024, an increase of 22 percent from the previous year.
- This growth was driven by a 25 percent increase in mining gross output due to the increased production volume of coal, gold, and iron ore.
- The manufacturing gross output increased by 20 percent from the previous year.

### GROSS OUTPUT (growth contribution by sectors)



Source: National Statistics Office, MED estimation

- The gross industrial output experienced 13.6 percent real growth in January.
- This is primarily due to the real output expansion of 21.0 percent in the mining sector and 8.6 percent in the manufacturing sector.

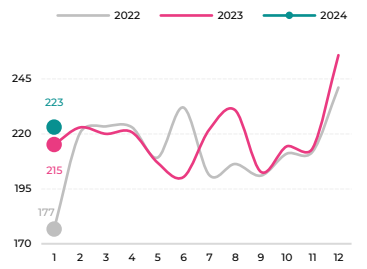
### MINING PRODUCTION (by main commodities)

Commodity	Production	YoY change:
Coal	6.9 mln.t	12%
Copper concentrate	119 thous.t	-1%
Crude oil	0.4 mln.barrel	-15%
Gold	0.7 t	40%
Iron ore	345 thous.t	2%

Source: National Statistics Office

- Coal production reached 6.9 million tons, an increase of 12 percent in January compared to the previous year.
- Gold production experienced 40 percent growth, while iron ore and iron ore concentrate production increased slightly.
- However, crude oil production has not reached the level of production of the previous year.

### PRODUCER PRICE INDEX (2015=100)

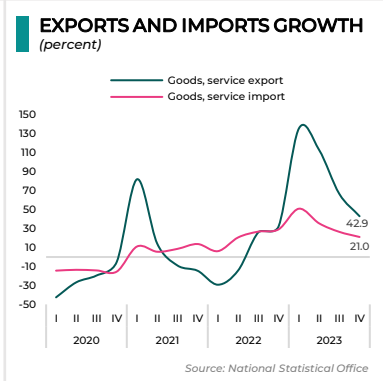
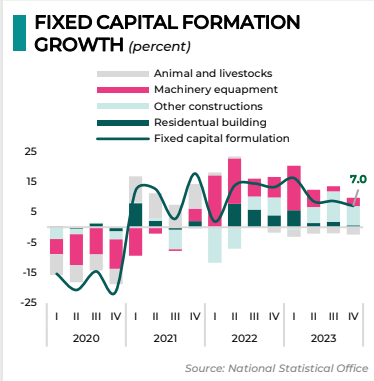
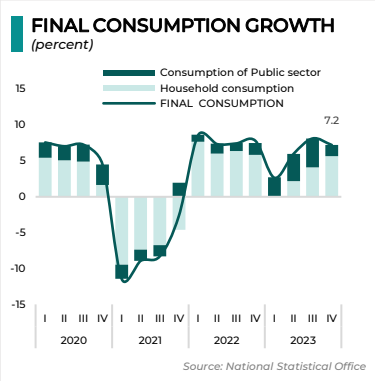
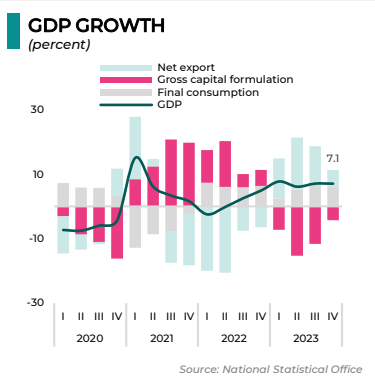


Source: National Statistics Office

- The producer price index (PPI) increased by 4 percent from the same period last year and by 69 percent from the pre-pandemic period.
- PPI has increased in:
  - ✓ Mining by 2.2 percent,
  - ✓ Food production by 17 percent,
  - ✓ Beverages and alcoholic beverages by 10 percent,
  - ✓ Textile by 9 percent respectively;
- Production of leather and leather products decreased by 0.4 percent.



By the demand side preliminary estimates, the economy grew by 7.1 percent. Both external and domestic demand were favorable and it stimulated growth.



- Economic growth was estimated at 7.1% by demand side approach.
- Final consumption contributed 6.1 percentage points and net exports contributed 5.2 percentage points to the growth, while capital formation contracted by 4.3 percentage points.

- In 2023, final consumption reached ₮25.9 trillion, expanding by 7.2 percent from the previous year.
- Private consumption contributed 5.7 percentage points and public consumption contributed 1.6 percentage points to the final consumption growth.

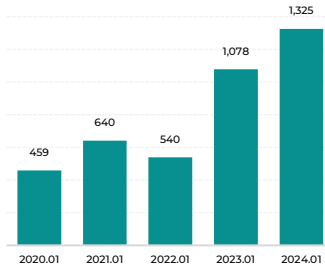
- Fixed capital formation grew by 7 percent. Non-residential and engineering construction contributed 6.4 percentage points, machinery equipment contributed 2.7 percentage points, and residential construction contributed 0.6 percentage point to the growth.
- However, due to a surge in losses of adult livestock, fixed capital formation growth slowed by 2.4 percentage points.

- In 2023, goods and service exports increased by 2 times more rapidly than goods and service imports.
- The overall trade deficit accounted for 7.5 trillion tugriks, which declined by 16.6 percent from the last year.



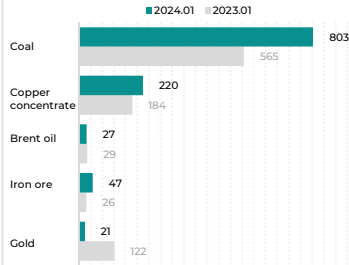
The foreign trade balance reached \$389 million by January 2024, decreasing by 1 percent from the same period of the previous year.

### EXPORTS (million \$)



Source: MGCA

### EXPORTS BY MAIN PRODUCTS (million \$)

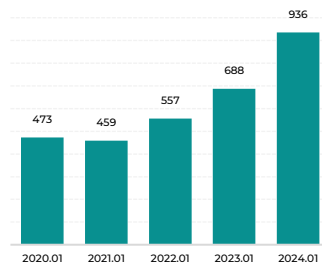


Source: MGCA

- In January 2024, exports have surged to \$1,325 million, marking a 19 percent increase compared to the previous year.
- Mining products accounted for 94 percent of total exports, including coal exports, which alone accounted for 61 percent.

- Revenue from coal exports surged to \$803 million, marking a 29 percent increase compared to the previous year.
- Copper concentrate export revenue reached \$220 million, an increase of 16 percent from the same period last year.
- Crude oil export income reached \$27 million, decreasing by 7 percent from the same period last year.
- Iron ore export reached \$47 million, an increase of 45 percent from the same period last year.

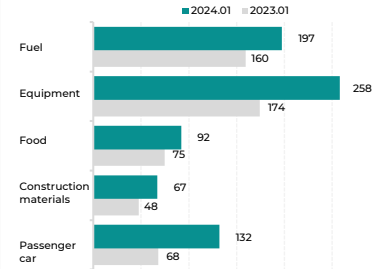
### IMPORTS (million \$)



Source: MGCA

- As of January 2024, imports reached \$936 million, an increase of 26 percent from the same period of the previous year.
- Crude oil accounted for 21 percent of the total imports and automobiles for 18 percent.

### IMPORTS BY MAIN PRODUCTS (million \$)

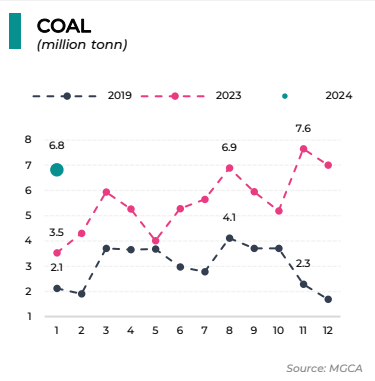


Source: MGCA

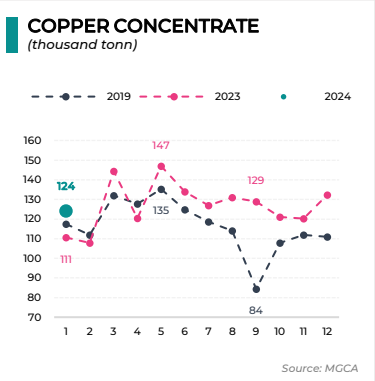
- Equipment import reached \$258 million in January 2024, increasing by 32 percent from the previous year
- Passenger car imports reached \$132 million, up by 10 percent compared to the previous year.



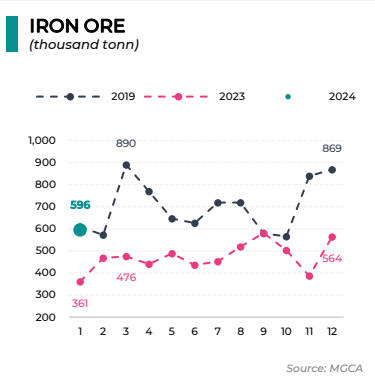
January 2024, mining products accounted for 94 percent of total exports, including coal and copper concentrate alone for 77 percent.



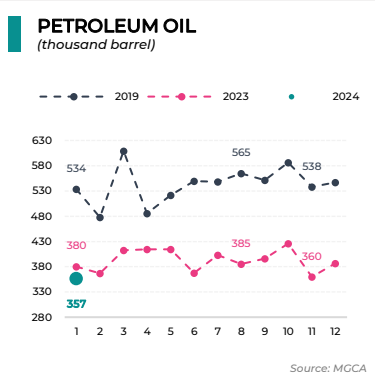
- Coal exports reached 6.8 million tons in the January 2024, marking a 1.9 times compared to the previous year.
- Coal exports were distributed as follows: 3.6 million tons through Gashuunsuhait port, 1.8 million tons through Shiveehuren port, 0.6 million tons through Khangii port, and 0.7 million tons through various other ports..



- Copper concentrate exports reached 124 thousand tons in the January 2024, marking a 11 percent increase compared to the previous year.
- Copper concentrate exports were distributed as follows: 73 thousand tons through Gashuunsuhait port, 51 thousand tons through Zamyn-Ud port.



- Iron ore exports reached 596 thousand tons in the January 2024, marking a 40 percent increase compared to the previous year
- Iron ore exports were distributed as follows: 525 thousand tons through Zamyn-Ud port, 63 thousand tons through Burgastai port, 8 thousand tons through various other ports.

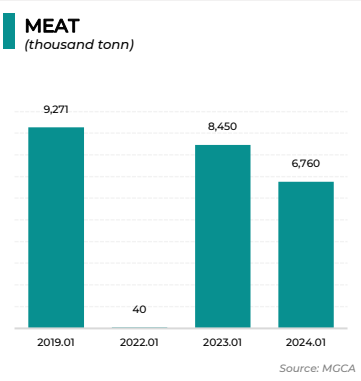


- Petroleum oil exports reached 596 thousand tons in the January 2024, marking a 40 percent increase compared to the previous year
- Petroleum oil exports were distributed as follows: 340 thousand tons through Zamyn-Ud port, 17 thousand tons through various other ports..

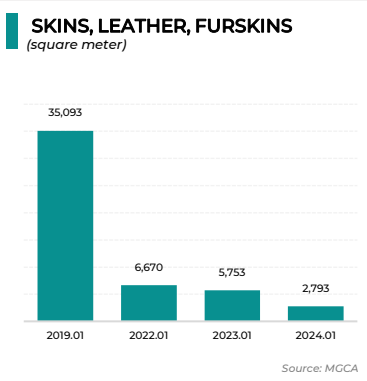




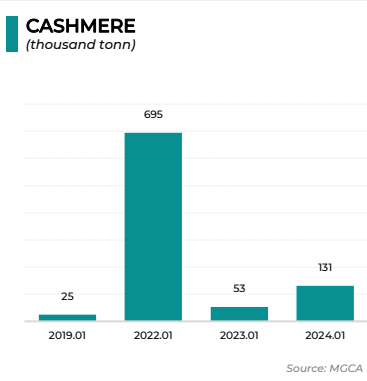
In January 2024, the export of the main agricultural products, except for cashmere, decreased from the same period last year.



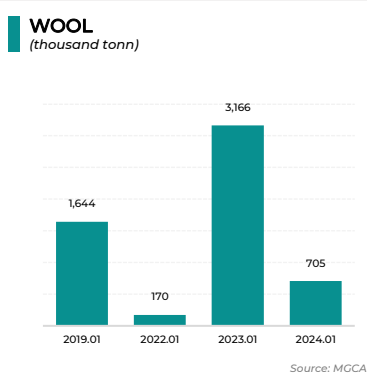
- Meat exports reached 6,760 million tons in the January 2024, marking a 25 percent decrease compared to the previous year
- In particular, the export of canned meat decreased by two times compared to the same period last year and reached 2,667 thousand tons.



- Skins, leather, furskins exports reached 2,793 square meter in the January 2024, a decrease of 2 times from the previous year.



- Cashmere exports reached 2,793 thousand tons in the January 2024, a 2.4-fold increase from the previous year.

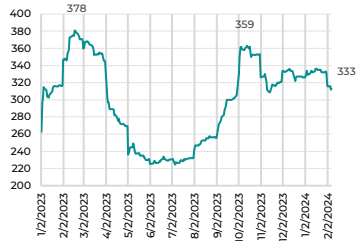


- Wool exports reached 705 thousand ton in the January 2024, a decrease of 4 times from the previous year.



GLOBAL COMMODITY PRICE TRENDS

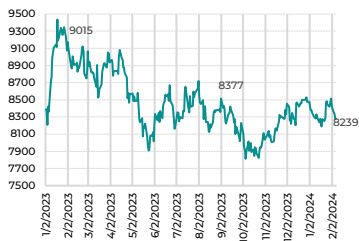
**COAL**  
(\$/tonn, Australian high quality coking coal, SGX)



Source: Bloomberg

- The average price of Australian high-quality coking coal on the Singapore Exchange in January 2024 was \$332, showing a 7 percent increase from the previous year.
- Based on the forecasts of international experts, the average price is expected to reach \$235 in 2024 and further decline to \$200 in 2025.

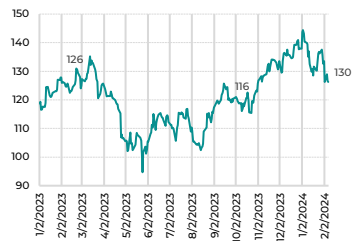
**COPPER**  
(\$/tonn, LME)



Source: Bloomberg

- The average price of copper on the London Metal Exchange in January 2024 was \$8,350, showing a 1 percent increase from the previous year
- Based on the forecasts of international experts, the average price is expected to reach \$8,300 in 2024 and is expected to rise to \$8,700 in 2025.

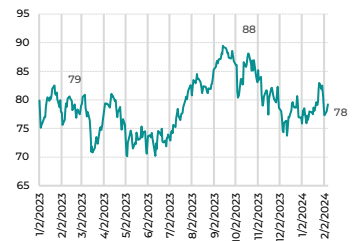
**IRON CONCENTRATE**  
(\$/tonn, Iron Concentrate 62% Northwest China)



Source: Bloomberg

- The average price of Iron ore in the Northwest China in January 2024 was \$136, showing a 10 percent decrease from the previous year
- Based on the forecasts of international experts, the average price is expected to decrease further to \$110 in 2024 and to \$100 in 2025.

**CRUDE OIL**  
(\$/BBL, Brent)



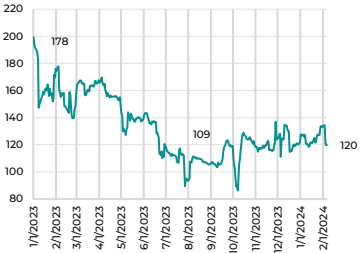
Source: Bloomberg

- The average price of Brent oil in January 2024 was \$79, showing a 1 percent decrease from the previous year
- Based on the forecasts of international experts, the average price is projected to decrease to \$80 in 2024 and further to \$78 in 2025.



COMMODITY PRICE TRENDS

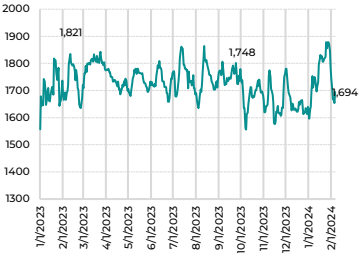
**COAL**  
(\$/tonn, Mongolia coal)



Source: MGCA

- The average price of Mongolian coal in January 2024 was \$122, showing a 31 percent decrease from the previous year.

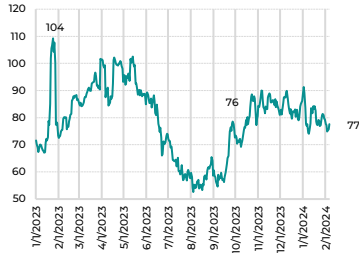
**COPPER CONCENTRATE**  
(\$/tonn , Mongolia copper concentrate)



Source: MGCA

- The average price of Mongolian copper concentrate in January 2024 was \$1,774, showing a 6 percent increase from the previous year.

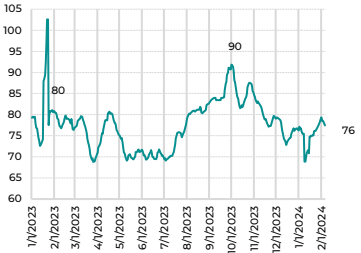
**IRON ORE**  
(\$/tonn, Mongolia iron ore)



Source: MGCA

- The average price of Mongolian iron ore in January 2024 was \$80, showing a 10 percent increase from the previous year.

**CRUDE OIL**  
(\$/bbl, Mongolia Crude oil)



Source: MGCA

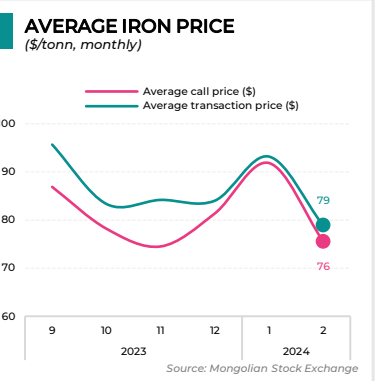
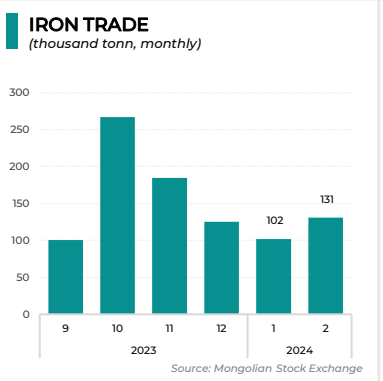
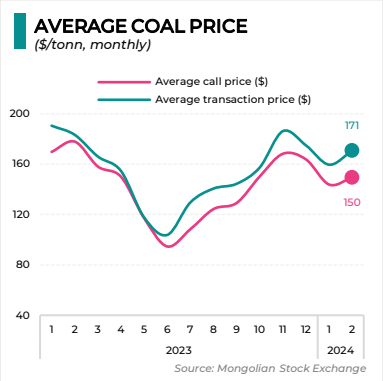
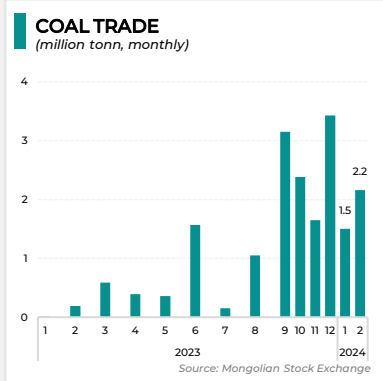
- In 2023, the average price of Mongolian crude oil reached \$77, reflecting a 17 percent decrease from the previous year.
- The average price of Mongolian crude oil in January 2024 was \$76, showing a 2 percent decrease from the previous year.

# 4. THE MINING COMMODITY EXCHANGE TRADE

2024.01 cap



As of February 19, 2024, a total of 18.6 million tons of coal, 894 thousand tons of iron ore and concentrates were traded on the the mining commodity exchange.



- As of February 19, 2024, a total of 18.6 million tons of coal was traded and \$2.6 billion was earned.
- As of February 19, 2024, 3.7 million tons of coal were traded and \$498 million were earned.
- At the beginning of 2024, the trade volume of coal decreased and by the end of January 2024, 1.5 million tons of coal were sold, a decrease of 56 percent from the previous month.

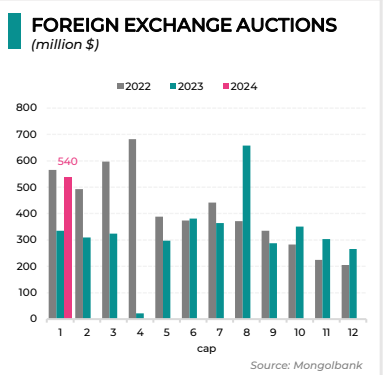
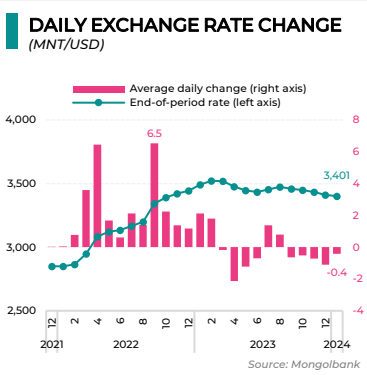
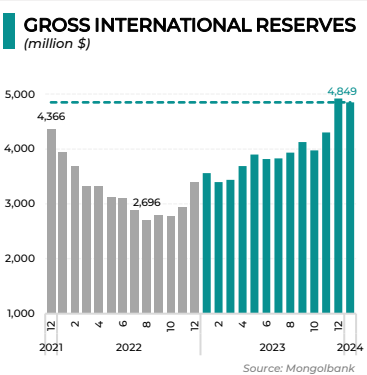
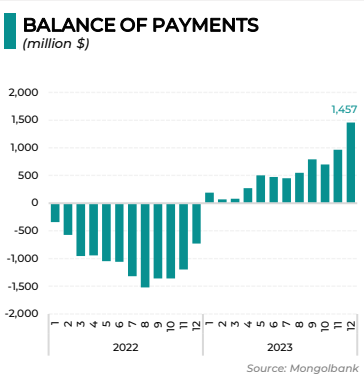
- The average call price of coal in February 2024 was \$150, and the average transaction price was \$171.
- Depending on the type of coals, in February 2024, the minimum transaction price reached \$79, the maximum price reached \$206, and the average price was \$176.

- The trading of iron ore and concentrates began in September 2023, and a total of 677.5 thousand tons of iron ore and concentrates were traded in 2023, and sales of ₮196 billion or \$57 million were made.
- By the end of January 2024, 217 thousand tons of iron were sold, a decrease of 19 percent from the previous month.
- As of February 19, 2024, 894 thousand tons of iron were traded and \$74 million was earned.
- Starting from February 6, 2024, "Darkhan Metallurgical Plant" began trading iron ore on the exchange.

- The average call price for iron ore and concentrate in February 2024 was \$76, and the average transaction price was \$79.
- Depending on the type of iron, in February 2024, the minimum price of the deal was \$65, the maximum price was \$105, and the average price was \$176.



The balance of payments recorded a surplus of \$1.5 billion in 2023, an improvement of \$2.2 billion from the previous year, largely driven by the measures aimed at increasing the international reserves. In January 2024, the gross international reserves declined from the previous month but the MNT continued to appreciate against the USD.



- The balance of payments recorded a surplus of \$1.5 billion in 2023, an improvement of \$2.2 billion from the previous year.
- Goods and services exports increased by \$4.4 billion in 2023, recording the first surplus since 2007.
- Net FDI inflow\* stood at \$1,767 million at the end of 2023, down by \$737 million from the previous year.
- Gross international reserves (GIR) stood at \$4,849 million in January 2024, declining by \$72 million from the previous month.
- In January 2024, the MNT appreciated against the USD by 0.4 on average.
- At the end of January 2024, the MNT/USD rate was at 3,401, decreasing by 0.3 percent or 9 since the beginning of the year.
- In January 2024, the Bank of Mongolia sold \$540 million to commercial banks, up 61 percent or \$205 million from January 2023, and down 5 percent or \$26 million from January 2022.

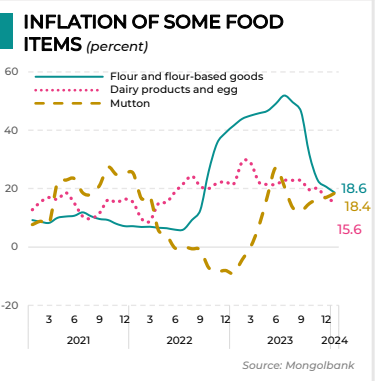
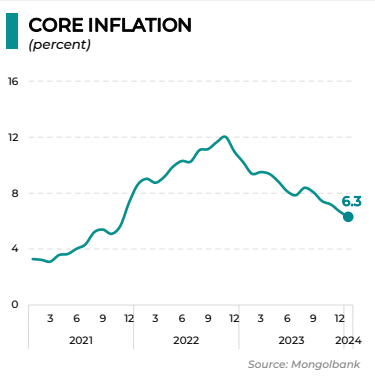
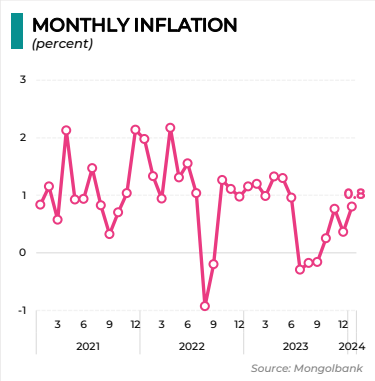
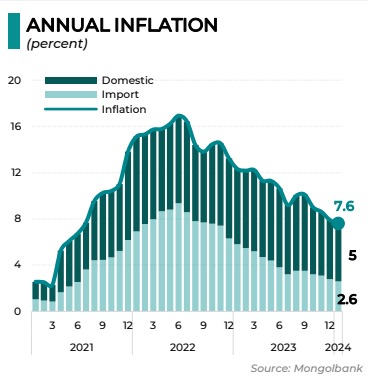
\*Net FDI inflow excludes transactions related to outflows of disinvestment and loan repayments.

# 6. INFLATION RATE

JANUARY 2024



The annual inflation rate slowed to 7.6 percent, falling within the central bank's target range in January 2024. Even though there were slowdowns in inflation from domestic goods, their contribution to annual inflation remains high. On a monthly basis, consumer prices increased by 0.8 percent in January.



- In January, the annual inflation rate slowed to 7.6 percent, falling within the central bank's target range.
- Inflation from imported goods contributed 2.6 percentage points, accounting for 34.2 percent of the annual inflation.
- Inflation from domestic goods and services contributed 5 percentage points, accounting for 65.8 percent of the annual inflation.

- On a monthly basis, consumer prices increased by 0.8 percent in January.
- Monthly inflation was mainly due to increases in prices of food group, constituting around 63 percent of total inflation.
- Mutton, milk, and flour-based goods contributed 37 percent, 10 percent, and 7 percent, respectively, to the monthly inflation.

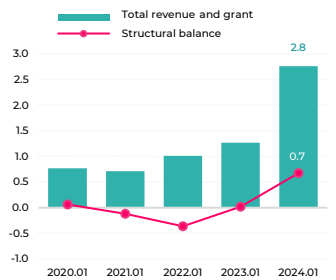
- Core inflation is measured by excluding volatile food and energy costs from headline inflation.
- Core inflation stood at 6.3 percent in January 2024, which contributed 4.2 percentage points to annual inflation.
- Core inflation declined gradually over the last half year.

- Price increases in meat, dairy products, and flour-based goods contributed 21 percent to annual inflation in January 2024.
- Flour and flour-based goods prices rose 18.6 percent year-over-year.
- Dairy products and egg prices increased 15.6 percent year-over-year.
- Mutton price increased 18.4 percent year-over-year.



The consolidated budget recorded a surplus of ₹676 billion in January 2024. The improvement was mainly attributed to the increase in royalties.

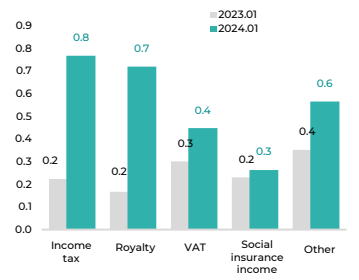
### STRUCTURAL BALANCE (trillion ₹)



Source: Ministry of Finance

- In January 2024, the structural balance of the consolidated budget yielded a surplus of ₹676 billion, an increase of ₹708 MNT from the same period of the last year.

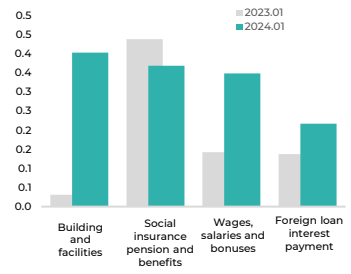
### BUDGET REVENUE (by sources, trillion ₹)



Source: Ministry of Finance

- In January 2024, the total revenue within the consolidated budget amounted to ₹2.8 trillion, reflecting an increase of ₹1.5 trillion (117%) compared to the same period of the last year.
- This upsurge was mainly driven by an increase of ₹544 billion in income tax, ₹553 billion in royalties and ₹147 billion in value added tax.

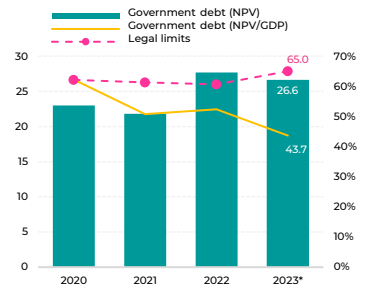
### KEY COMPONENTS OF THE EXPENDITURE INCREASE (by sources, trillion ₹)



Source: Ministry of Finance

- In January 2024, the total expenditure of the consolidated budget amounted to ₹2.1 trillion, an increased of ₹935 billion from the same period of the previous year.
- In 2024, it is planned to increase the salaries of all government employees by 10 percent, and the salaries of general service employees by 20 percent.

### GOVERNMENT DEBT (NPV) (trillion ₹, as a share of GDP)

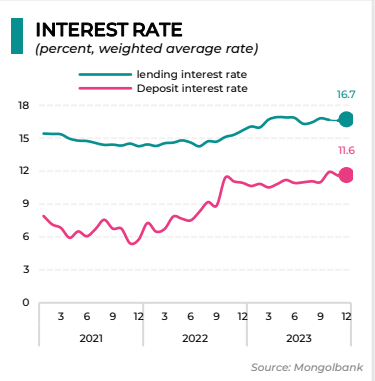
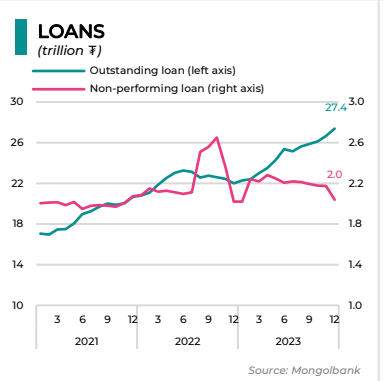
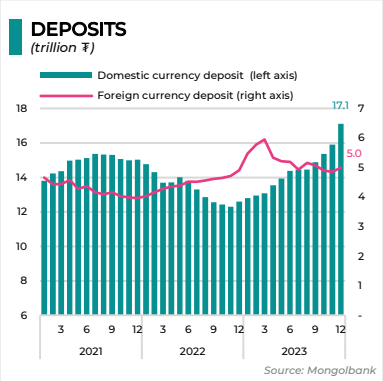
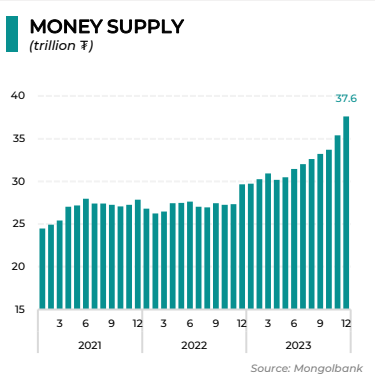


Source: Ministry of Finance

- The government debt reached ₹30.8 trillion, accounting for 43.7 percent of GDP in present value.
- The preliminary results show that the government debt level, as a share of GDP in present value, aligns with the special fiscal requirements.



At the end of 2023, the money supply reached ₮37.6 trillion, up by 26.8 percent from the previous year. The growth was primarily driven by a 36 percent year-over-year increase in deposits in domestic currency.



- At the end of 2023, the money supply reached ₮37.6 trillion, up by 26.8 percent from the previous year. This growth was primarily driven by a 36 percent year-over-year increase in deposits in domestic currency.

- Total deposits reached ₮22.1 trillion, marking a 26.2 percent increase from the same period of last year.
- Domestic currency deposits reached ₮17.1 trillion, showing a 36 percent increase from the same period of last year and 7.6 percent from the previous month.
- Foreign currency deposits reached ₮5.0 trillion, up by 1.8 percent from the same period of last year and 2.9 percent from the previous month.

- In December 2023, bank loans reached ₮27.4 trillion, up by 24 percent from the same period last year.
- The balance of non-performing loans is ₮2.0 trillion. The share of non-performing loans in total loan was 7.4 percent (decreased by 1.7 percentage points from last year.)

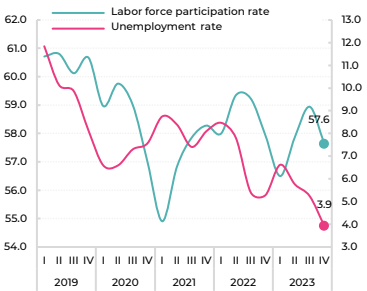
- In December 2023, the weighted average interest rate on new loans increased by 1.0 percentage points to 16.7 percent.
- At the same time, the weighted average interest rate on new deposits increased by 0.7 percentage points to 11.6 percent.





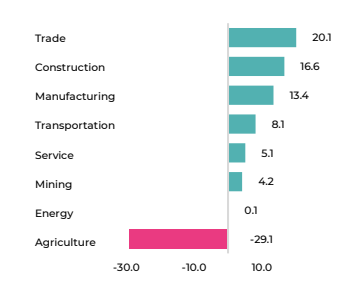
The economy has experienced six consecutive quarters of growth, yet the labor market has not recovered to the pre-pandemic levels. Unemployment rate has reached its lowest level. The labor force has been contracting for the past five consecutive quarters, while the population outside the labor force continues to expand.

### LABOR FORCE PARTICIPATION RATE (percent)



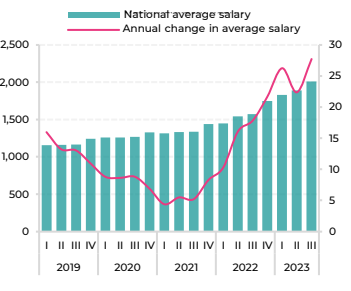
Source: National Statistics Office

### CHANGE IN THE NUMBER OF EMPLOYEES (percent)



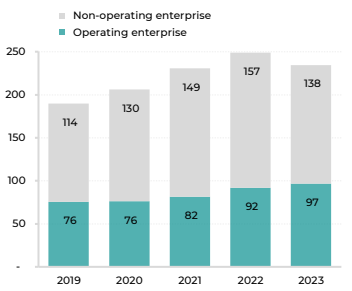
Source: National Statistics Office

### CHANGE IN AVERAGE WAGE (percent)



Source: National Statistics Office

### TOTAL NUMBER OF REGISTERED ENTERPRISES (thousands, by activity)



Source: National Statistics Office

- The labor force participation rate fell to 57.6 percent, marking a 2.5 percentage decrease from the pre-pandemic period.
- The number of unemployed population decreased by 15.8 thousand individuals in the fourth quarter of 2023 from the same period in the previous year, totaling 48.8 thousand.
- The unemployment rate dropped by 1.4 percentage from the previous year, reaching 3.9 percent.

- By the fourth quarter of 2023, the number of employees reached 1.2 million, reflecting an increase of 40 thousand person compared to the same period the previous year. Despite this growth, the speed rate of increase was low.
- Sectors including trade, construction, manufacturing, transportation, service, mining, energy experienced a rise in employment, contributing to the overall increase.
- On the other hand, the agricultural sector's employment declined.

- In the third quarter of 2023, the average salary reached ₹2,009 thousand, showing a notable increase of 27.3 percent compared to the same period last year.
- By industry, the average salary in the mining sector stands at 2.4 times to the national average.

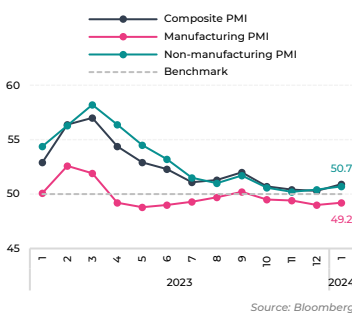
- The total number of registered enterprises decreased from the previous year, primarily due to a reduction in non-operating enterprises.
- In 2023, the number of enterprises operating reached 96.8 thousand, marking a 5 thousand increase from the previous year.
- This growth is predominantly attributed to the rise of micro enterprises /1-9 employees/ in the trade and service sectors.



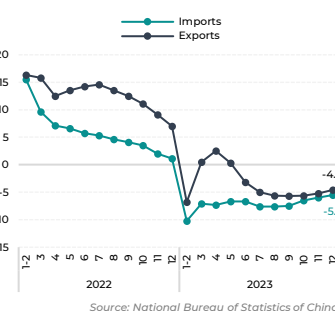
In 2023, China's external and domestic demand remained subdued, with exports and imports contracting for the first time since 2016 and the pandemic, respectively. In January 2024, the official manufacturing purchasing managers' index rose from the previous month, but remained below the threshold of 50, indicating weak activity.

China's economic data for January and February is expected to be released in March 2024.

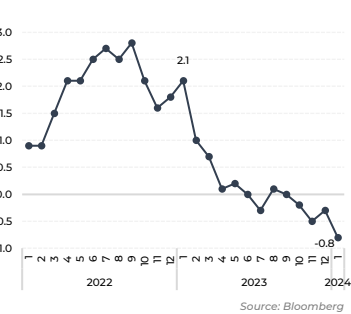
**PURCHASING MANAGERS' INDEX (PMI)**



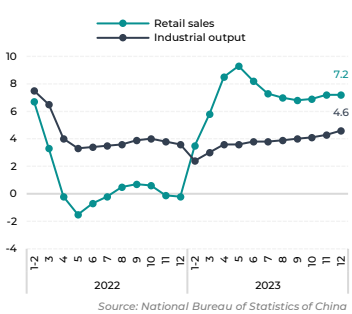
**EXPORTS & IMPORTS GROWTH (percent, year-to-date)**



**INFLATION (percent)**



**INDUSTRIAL OUTPUT, RETAIL SALES GROWTH (percent, year-to-date)**



- The manufacturing PMI rose slightly to 49.2 in January 2024, from 49 in December 2023, marking a fourth consecutive monthly contraction.
- The non-manufacturing PMI remained above 50.

- Exports fell 4.6 percent, the first annual drop since 2016.
- Imports declined 5.5 percent, the first fall since 2020, the pandemic year.
- The deterioration in trade indicates a sluggish demand for Chinese goods and muted domestic demand.

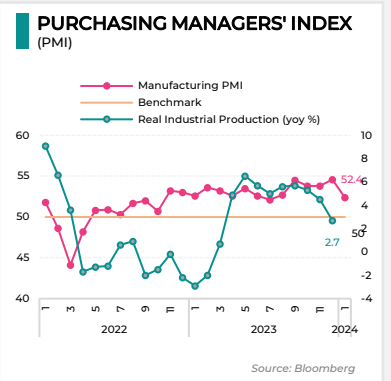
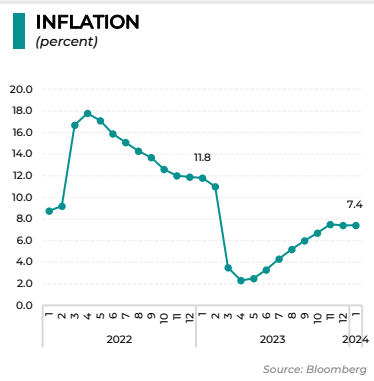
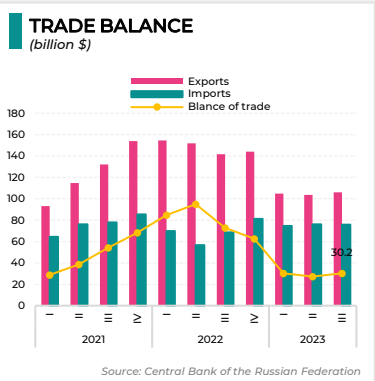
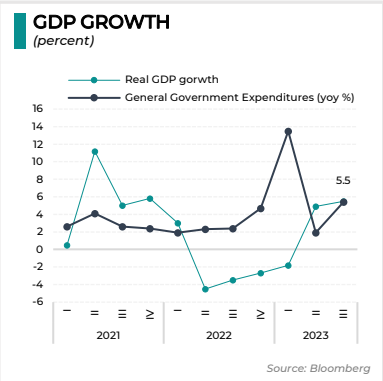
- Stood at 2.1 percent in January 2023, inflation dropped to -0.8 percent in December 2023 to -0.8 percent in January 2024, the steepest decline since September 2009.

- In 2023, industrial output and retail sales grew by 4.6 percent and 7.2 percent, respectively, supporting the overall economic growth.

Purchasing Managers' Index (PMI) is an index summarized and compiled through the results of the monthly survey of enterprises' purchasing managers, involving 3200 samples from the manufacturing industry as well as 4300 samples from the non-manufacturing industry.  
The PMI above 50 reflects expansion in the overall economy over the last month; while PMI below 50 indicates contraction.



Russia's GDP expanded by 5.5 percent year-on-year in third quarter 2023 and is expected to grow by around 4 percent in the fourth quarter 2023. Growth was supported by a boost in public spending, manufacturing, and military-related production.



- Gross domestic product growth reached 5.5 percent in 2023 Q3.
- Government final consumption expenditure drove up 5.4 percent in 2023 Q3.
- The economy has reached its highest growth rate since the 4th quarter of 2021, due to the expansion of budget expenditures related to the increase in the cost of the Russian military and the increase in commodity prices.

- In 2023 Q3, exports declined 25.1 percent compared 2022 Q3 and 19.7 percent compared to 2021 Q3.
- The value of imports fell by 2.6 percent compared to 2021 Q3.

- Inflation stood at 7.4 percent in January 2024, dropping from 11.8 percent in January 2023.
- Inflation remained above the Central bank's official target of 4 percent.

- The manufacturing PMI fell to 52.4 in January 2024, from 54.6 in December 2023, and remained above 50.
- In December 2023, the manufacturing sector PMI reached a seven-year high of 54.6 percent.
- Real Industrial Production growth in December 2023 increased by 4.5 percent from the same period last year and by 2.7 percent from the previous month.



MINISTRY OF ECONOMY AND DEVELOPMENT