

# MONTHLY MACROECONOMIC UPDATE

March 2024

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## ▶ MAIN ECONOMIC INDICATORS

### GDP growth

(2023)

**7.0** percent

### International reserves

(March 2024)

**5,250** million \$

### Inflation

(March 2024)

**7.0** percent

### Budget balance

(March 2024)

**1.6** trillion ₺

### Exports

(March 2024)

**3,659** million \$

### Imports

(March 2024)

**2,414** million \$

### FDI

(2023)

**3.1** billion \$

### Loan rate

(March 2024)

**17.0** percent

### Number of employees

(Q4 2023)

**1.2** million

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

### Real wage growth

(Q4 2023)

**16.4** percent

### Number of enterprises operating

(End of 2023)

**96.8** thousand

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

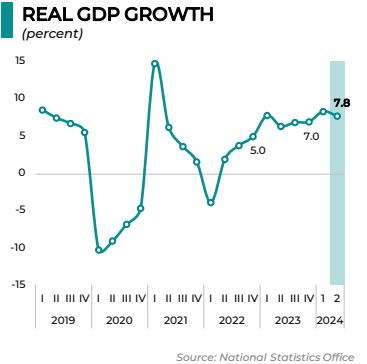
### Household real income growth

(Q4 2023)

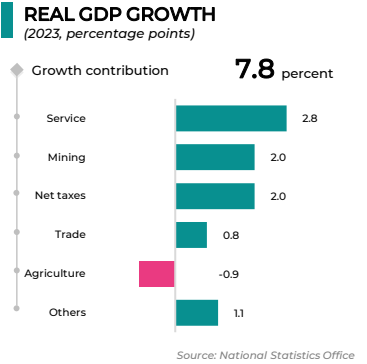
**14.1** percent



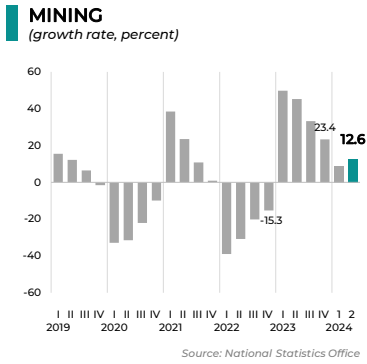
According to the monthly trial estimation of NSO, the economy grew by 7.8 percent in February 2024. Non-agricultural production supported the economic growth. The mining sector's growth contribution declined due to the high base of the previous year, while the service sector propelled the economic growth.



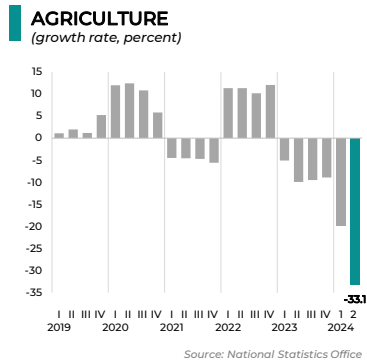
- The real GDP grew by 7.8 percent in Feb 2024 according to the NSO.
- Primary sector: The mining sector expanded by 12.6 percent and the agriculture sector contracted by 33.1 percent.
- Secondary sector /manufacturing, construction, electricity, water supply/expanded by 8.9 percent.
- Service sector activity increased, experiencing 6.5 percent growth.
- Net taxes on products increased by 13.7 percent as of Feb 2024.



- The service sector output as well as increased net tax revenue contributed to the economic growth in February. Furthermore, the manufacturing and construction sectors' output experienced growth.
- However, agriculture contracted by 33.1 percent due to the loss of adult animals.



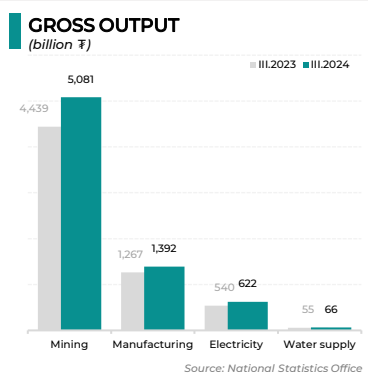
- The mining sector output increased by 12.6 percent in Feb 2024.
- The production of mining commodities, excluding crude oil, increased, leading to mining sector expansion. (click [here](#) to see the February update)



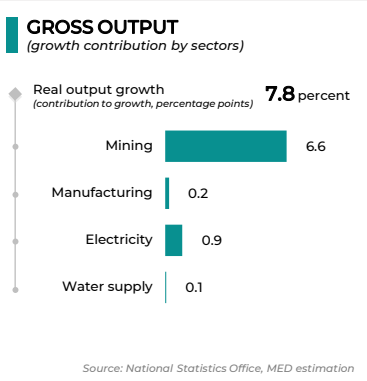
- The agricultural sector shrank by 33.1 percent in February compared to SPLY.
- The number of natural losses of adult livestock reached 6.3 million, increased by 5.4 million from SPLY. Also, it is accounting for 9.8 percent of the total livestock counted beginning of the year.



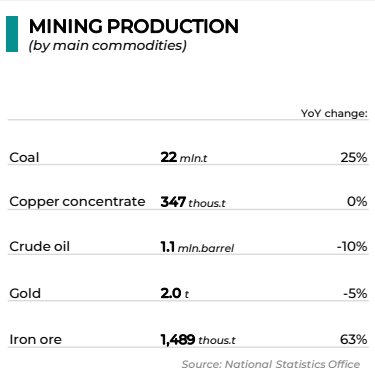
Industrial production increased by 13.6 percent in the first quarter of 2024 compared to the same period of the previous year. The production of the mining sector continues to support industrial growth.



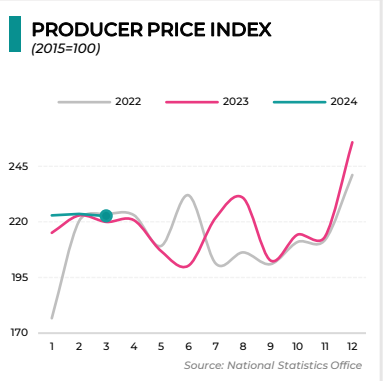
- The gross industrial output reached ₹7.2 trillion in the first quarter of 2024, an increase of 13.6 percent from the same period previous year.
- This growth was mainly driven by a 14.5 percent increase in mining gross output due to the increased production volume of coal and iron ore.
- The manufacturing gross output increased by 9.9 percent from the previous year due to the production increase of beverages, tobacco, lime, and metal steel.



- The real gross industrial output experienced 7.8 percent growth in the first quarter of 2024.
- The mining sector accounted for 6.6 percentage points of the growth.
- The output of other industrial sectors, such as manufacturing, electricity, and water supply also experienced modest growth.



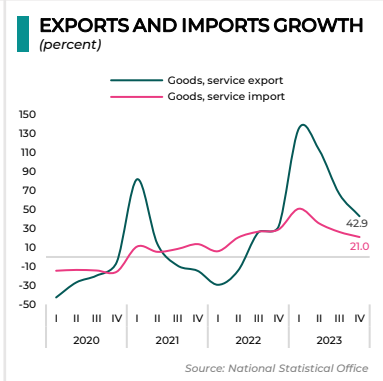
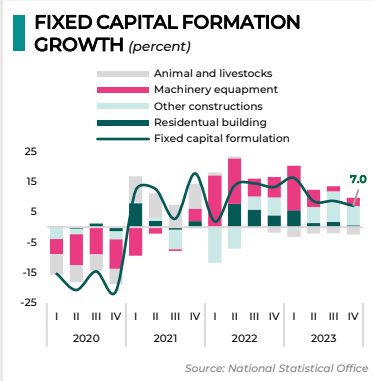
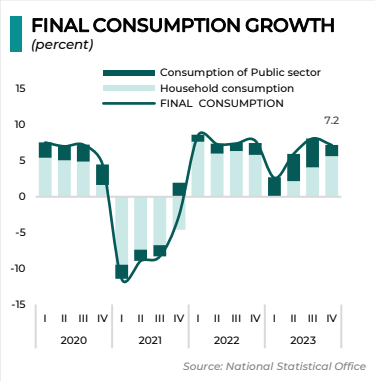
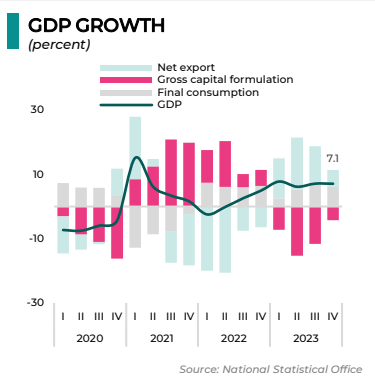
- Coal production amounted to 22 million tons in the first quarter of 2024, an increase of 25 percent from the same period last year.
- Iron ore and iron ore concentrate production increased by 63 percent.
- Copper concentrate production is almost around the level of the first quarter of the previous year. While gold production declined by 3 percent.
- However, crude oil production has not reached the level of production of the previous year.



- The producer price index (PPI) increased by 1.2 percent from the same period last year and by 63 percent from the pre-pandemic period.
- PPI has increased in:
  - Food production by 14.9 percent,
  - Beverages and alcoholic beverages by 7.6 percent,
  - Textile by 7.8 percent respectively;
- PPI decreased in:
  - Production of leather and leather products by 0.4 percent,
  - Mining by 0.2 percent,



By the demand side preliminary estimates, the economy grew by 7.1 percent in 2023. Both external and domestic demand were favorable and 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.

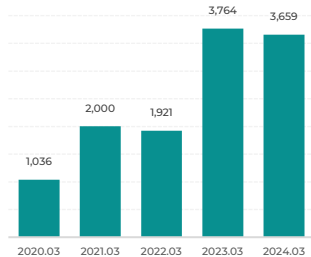
- In 2023, goods and service exports increased by 2 times more rapidly than goods and service imports.
- The overall trade deficit accounted for 7.5 trillion tugriks, which declined by 16.6 percent from the last year.



The foreign trade balance reached \$1,245 million by March 2024, decreasing by 32 percent from the same period of the previous year.

### EXPORTS

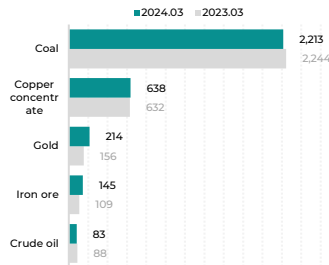
(million \$)



Source: MGCA

### EXPORTS BY MAIN PRODUCTS

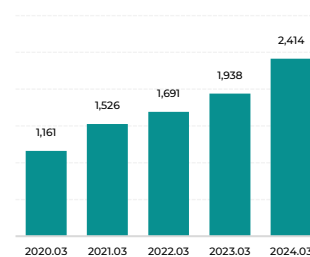
(million \$)



Source: MGCA

### IMPORTS

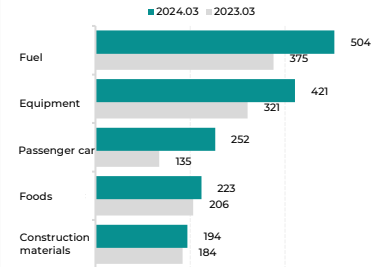
(million \$)



Source: MGCA

### IMPORTS BY MAIN PRODUCTS

(million \$)



Source: MGCA

- In March 2024, exports have surged to \$3,659 million, marking a 2 percent decrease compared to the previous year.
- Mining products accounted for 95 percent of total exports, including coal exports, which alone accounted for 60 percent.

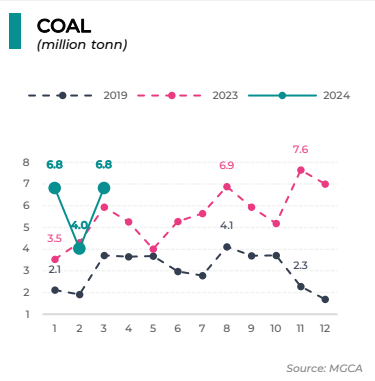
- Revenue from coal exports surged to \$2,213 million, marking a 1 percent decrease compared to the previous year.
- Copper concentrate export revenue reached \$638 million, an increase of 1 percent from the same period last year.
- Gold export income reached \$214 million, increasing by 27 percent from the same period last year.
- Iron ore export reached \$90 million, an increase of 28 percent from the same period last year.

- In the first 3 months of 2024, imports reached \$2,414 million, an increase of 24.7 percent from the same period of the previous year.
- Petroleum products accounted for 21 percent of the total imports, while equipment and automobiles accounted for 17 percent and 10 percent, respectively.

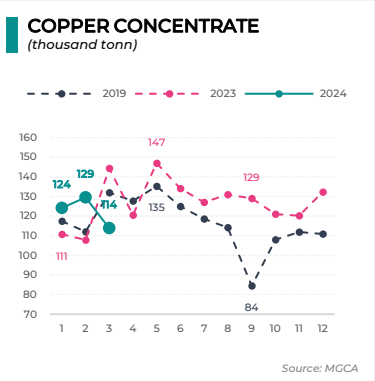
- Petroleum products imports reached \$504 million, which increased by 34.4 percent compared to the previous year.
- Equipment import reached \$421 million in February 2024, increasing by 31.1 percent from the same period of the previous year.
- Passenger car imports reached \$252 million, which increased 87.3 percent from the same period of the previous year.



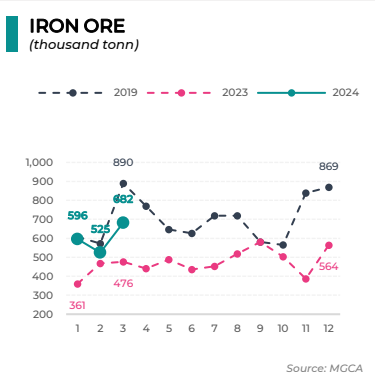
In February 2024, mining products accounted for 95 percent of total exports, including coal and copper concentrate alone for 80 percent.



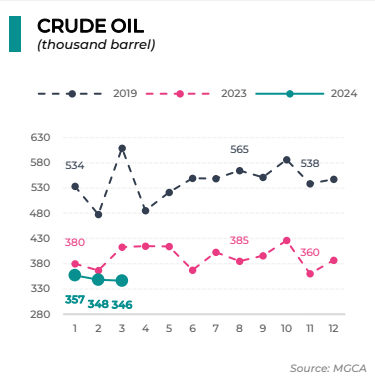
- Coal exports reached 6.8 million tons in the March 2024, marking a 15 percent increase compared to the previous year.
- Coal exports were distributed as follows: 3.5 million tons through Gashuunsuhait port, 2.2 million tons through Shiveehuren port, 0.7 million tons through Khangii port, and 0.4 million tons through various other ports..



- Copper concentrate exports reached 114 thousand tons in the March 2024, marking a 21 percent decrease compared to the previous year.
- Copper concentrate exports were distributed as follows: 61 thousand tons through Gashuunsuhait port, 53 thousand tons through Zamyn-Ud port.



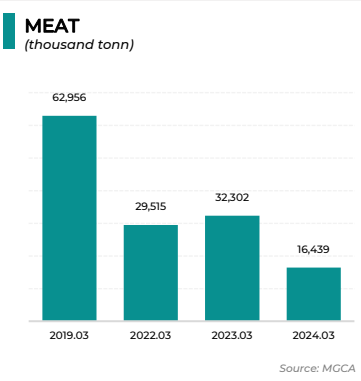
- Iron ore exports reached 525 thousand tons in the March 2024, marking a 44 percent increase compared to the previous year
- Iron ore exports were distributed as follows: 621 thousand tons through Zamyn-Ud port, 53 thousand tons through Burgastai port, 8 thousand tons through various other ports.



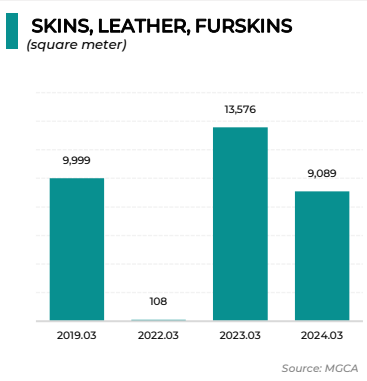
- Crude oil exports reached 346 million tons in the March 2024, marking a 16 percent decrease compared to the previous year
- Crude oil exports were distributed as follows: 312 thousand tons through Zamin-Ud port, 34 thousand tons through various other ports..



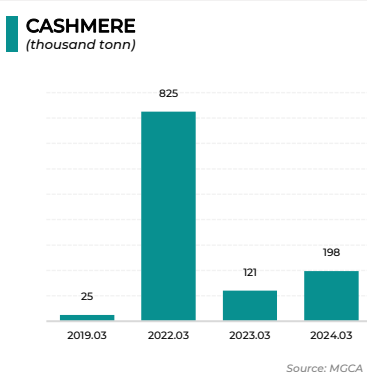
In February 2024, the export of the main agricultural products, except for cashmere, decreased from the same period last year.



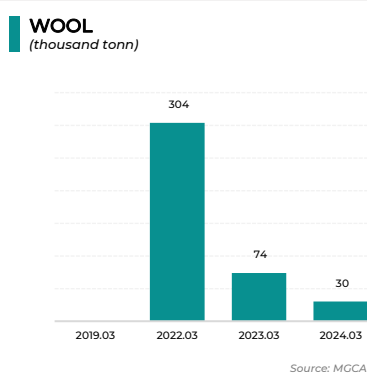
- During the initial three months of 2024, exports of meat amounted to 16,439 tons, marking a 33 percent decrease compared to the previous year
- In particular, the export of canned meat decreased by three times compared to the same period last year and reached 2,785 thousand tons.



- During the initial three months of 2024, exports of Skins, leather, furskins amounted to 9,089 tons, marking a 33 percent decrease compared to the previous year



- During the initial three months of 2024, exports of Cashmere amounted to 198 tons, marking a 64 percent increase compared to the previous year

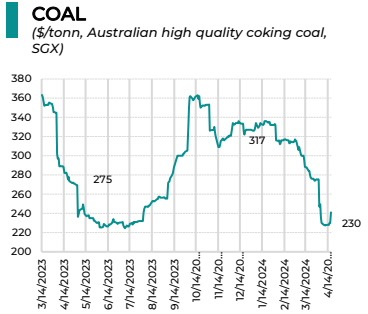


- During the initial three months of 2024, exports of Wool amounted to 30 tons, marking a 60 percent decrease compared to the previous year

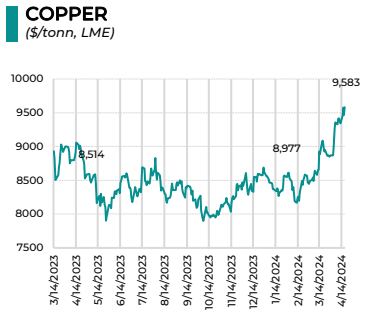




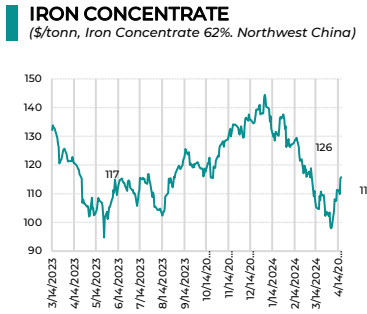
GLOBAL COMMODITY PRICE TRENDS



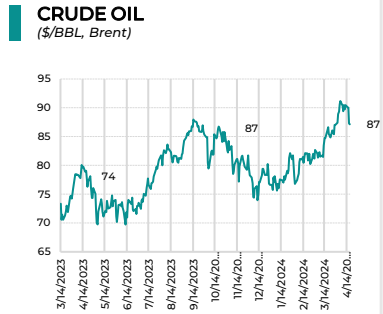
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

- The average price of Australian high-quality coking coal on the Singapore Exchange in March 2024 was \$289, marking a 16 percent decrease from the previous year.

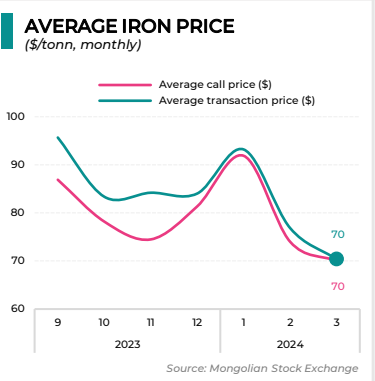
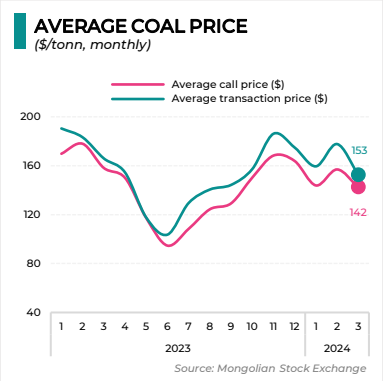
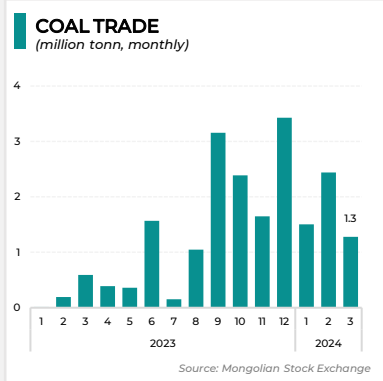
- The average price of copper on the London Metal Exchange in March 2024 was \$8,678, marking a 8 percent decrease from the previous year.

- The average price of Iron ore in the Northwest China in March 2024 was \$110, marking a 1 percent decrease from the previous year.

- The average price of Brent oil in March 2024 was \$84, marking a 7 percent increase from the previous year.



As of March 2024, a total of 22 million tons of coal, 1,121 thousand tons of iron ore, and concentrates were traded on the the mining commodity exchange since 2023.



- As of March 2024, a total of 22 million tons of coal was traded and \$3.0 billion was earned.
- In the first 3 months of 2024, 7.3 million tons of coal were traded and \$898 million were earned.
- A total of 1.3 million tons of coal were sold in March 2024, compared to 2.4 million in February 2024.

- The average call price of coal in March 2024 was \$142, and the average transaction price was \$153.
- Depending on the type of coals, in March 2024, the minimum transaction price reached \$54, the maximum price reached \$194, and the average price was \$153.

- 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.
- In the first 3 months of 2024, 444 thousand tons of iron were traded and \$34 million was earned.

- The average call price of iron ore and concentrate for March fell to 70 USD, and the price did not change during trading.
- Depending on the type of iron, in March 2024, the minimum price of the deal was \$65, the maximum price was \$90, and the average price was \$70.

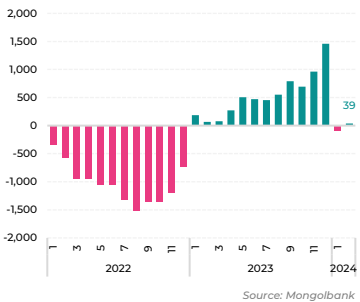
# 5. BALANCE OF PAYMENTS, GROSS INTERNATIONAL RESERVES

FEB-MAR 2024



The balance of payments recorded a surplus of \$39 million at the end of February 2024. At the end of March 2024, the gross international reserves increased by \$1.8 trillion or 52.7 percent from the same period last year and the MNT continued to appreciate against the USD.

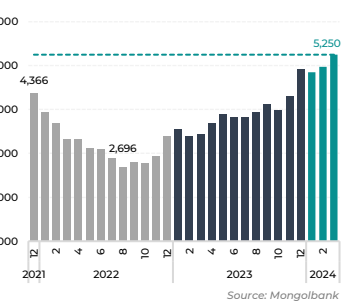
### BALANCE OF PAYMENTS (million \$)



- The balance of payments recorded a surplus of \$39 million in February 2024, down \$28 million from the same period last year.
- Exports of goods and services decreased by \$70 million and imports rose by \$465 million, respectively, from the same period last year, resulting in a deterioration of the current account balance.
- Net FDI inflow\* stood at \$534 million in February 2024, up by \$320 million from the same period last year.

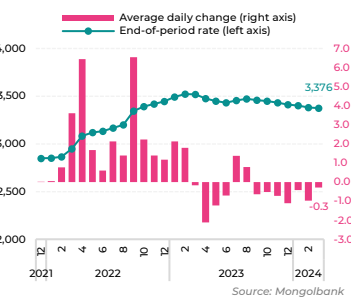
\*Net FDI inflow excludes transactions related to outflows of disinvestment and loan repayments.

### GROSS INTERNATIONAL RESERVES (million \$)



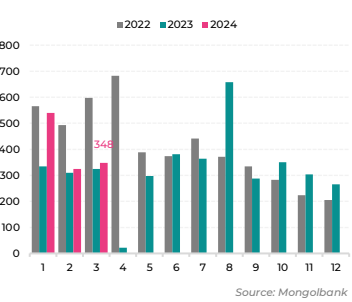
- Gross international reserves (GIR) stood at \$5,250 million at the end of March 2024, increasing by \$1.8 billion or 52.7 percent from the same period last year.
- This corresponds to 6.5 months of goods import coverage.  
/calculated on average over the last 12 months/

### EXCHANGE RATE (MNT/USD)



- In March 2024, the MNT appreciated against the USD by 0.3 on average.
- At the end of March 2024, the MNT/USD rate was at 3,376, down by 1.0 percent or 35 since the beginning of the year.

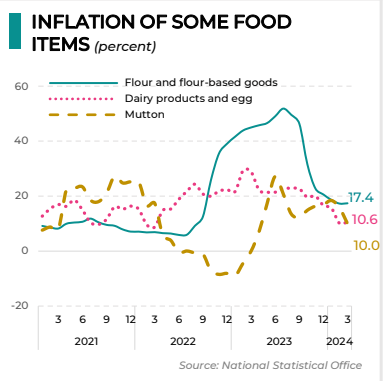
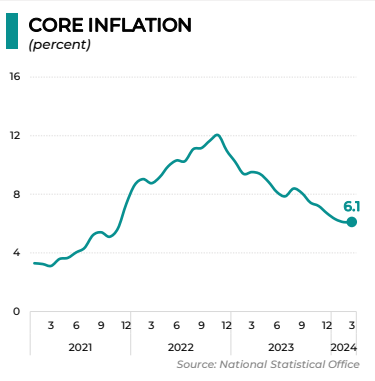
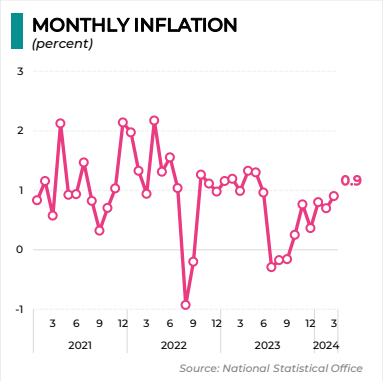
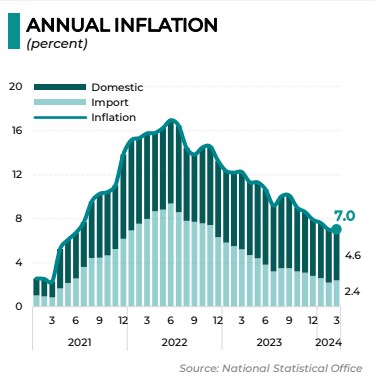
### FOREIGN EXCHANGE AUCTIONS (million \$)



- In March 2024, the Bank of Mongolia sold \$348 million to commercial banks, up 7 percent compared to March 2023, but down 42 percent or \$249 million from March 2022.



The annual inflation rate slowed to 7.0 percent, falling within the central bank's target range in March 2024. On a monthly basis, consumer prices increased by 0.9 percent in March.



- In March, the annual inflation rate slowed to 7.0 percent, falling within the central bank's target range.
- Inflation from imported goods contributed 2.4 percentage points, accounting for 34.1 percent of the annual inflation.
- Inflation from domestic goods and services contributed 4.6 percentage points, accounting for 65.9 percent of the annual inflation.

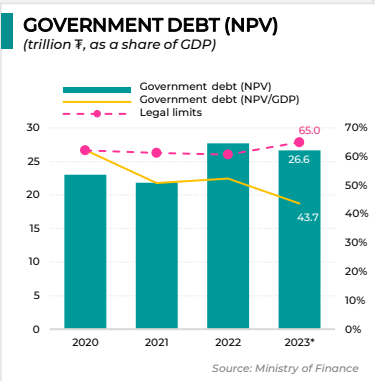
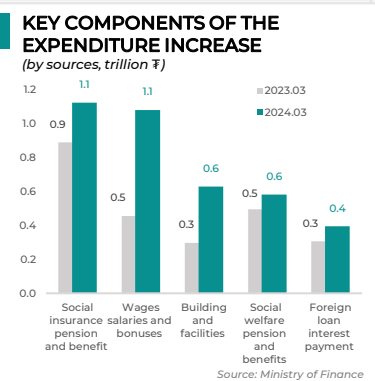
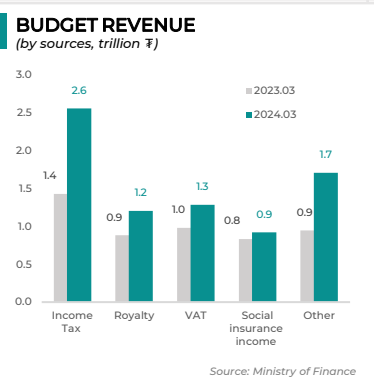
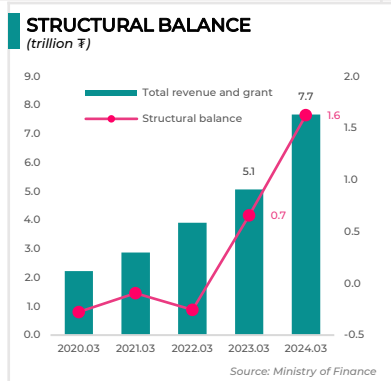
- On a monthly basis, consumer prices increased by 0.9 percent in March.
- Monthly inflation was mainly due to increases in prices of food group, constituting around 58.4 percent of total inflation.
- Mutton, milk, and flour-based goods contributed 28 percent, 3 percent, and 14 percent, respectively, to the monthly inflation.

- Core inflation is measured by excluding volatile food and energy costs from headline inflation.
- Core inflation stood at 6.1 percent in March 2024, which contributed 4.1 percentage points to annual inflation.
- Core inflation declined gradually for the last seven months.

- Price increases in meat, dairy products, and flour-based goods contributed 24 percent to annual inflation in March 2024.
- Flour and flour-based goods prices rose 17.4 percent year-over-year.
- Dairy products and egg prices increased 10.6 percent year-over-year.
- Mutton price increased 10.0 percent year-over-year.



The consolidated budget recorded a surplus of ₹1.6 billion in March 2024. The improvement was mainly attributed to the increase in royalties and corporate income tax.



- In March 2024, the structural balance of the consolidated budget yielded a surplus of ₹1.6 trillion, an increase of ₹969.9 billion from the same period of the last year.

- In March 2024, the total revenue within the consolidated budget amounted to ₹7.7 trillion, reflecting an increase of ₹2.6 trillion (51.3%) compared to the same period of the last year.
- This upsurge was mainly driven by an increase of ₹1.1 trillion in income tax, ₹322 billion in royalties and ₹304 billion in value added tax.

- In March 2024, the total expenditure of the consolidated budget amounted to ₹5.7 trillion, an increased of ₹1.6 (37.6%) trillion 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.

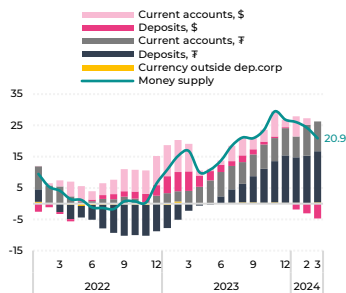
- The government debt reached ₹30.8 trillion, accounting for 43.7 percent of GDP in present value.
- The preliminary results show that the government debt level, as a share of GDP in present value, aligns with the special fiscal requirements.



Annual growth of money supply decreased by 3.4 percentage points from the previous month. Compared to the previous month, foreign currency current and deposit accounts decreased, while domestic currency current and deposit accounts increased. Annual growth rate of outstanding loans also increased compared to the previous month.

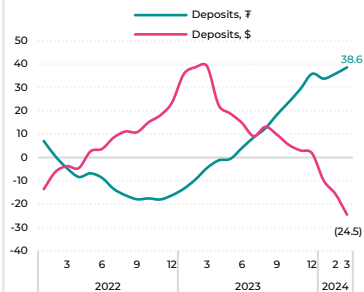
## MONEY SUPPLY GROWTH

(percent)



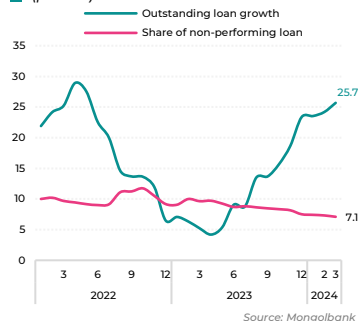
## DEPOSITS GROWTH

(percent)



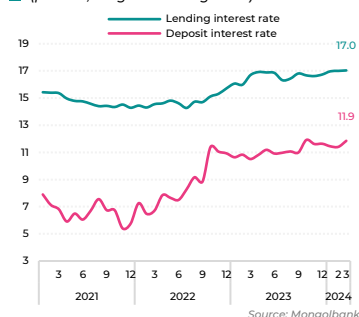
## LOANS

(percent)



## INTEREST RATE

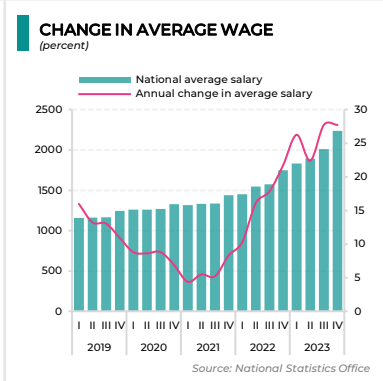
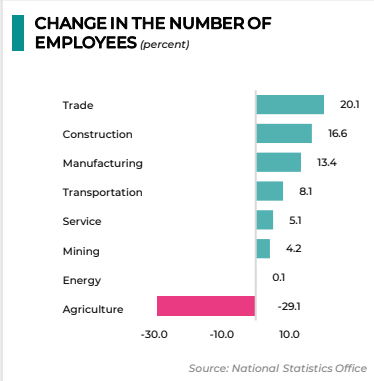
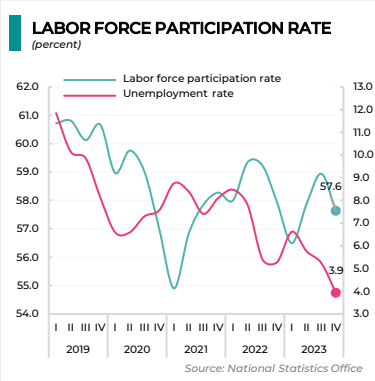
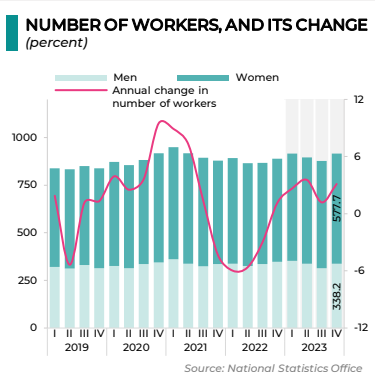
(percent, weighted average rate)



- At the end of March 2024, the money supply reached ₮37.4 trillion, up by 20.9 percent from the same period previous year. Domestic currency current and deposit accounts contributed 25.8 percentage points, while foreign currency current and deposit accounts contributed -5.1 percentage point.
- Total deposits reached ₮22.6 trillion, marking an increase of 18.9 percent from the same period last year.
- Domestic currency deposits reached ₮18.1 trillion, up 38.6 percent from the same period last year and 3.1 percent from the previous month.
- Foreign currency deposits reached ₮4.5 trillion, increasing by 24.5 percent from the same period last year and 7.8 percent from the previous month.
- At the end of March 2024, outstanding loans increased annually by 28.9 percent to ₮28.9 trillion.
- The share of non-performing loans in total loans fell to 7.1 percent, down by 2.5 percentage points from a year earlier.
- In March 2024, the weighted average interest rate on new loans was at 17.0 percent, up 0.3 percentage point from the same period last year.
- The weighted average interest rate on new deposits was at 11.9 percent, up 1.3 percentage point from a year earlier.



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.



- The number of employees increased by 38.6 thousand compared to the same period the previous year, reaching 1,197 thousand, which is 8.4 thousand higher than before the pandemic.
- In the fourth quarter of 2023, the number of female workers increased by 21.2 thousand compared to the same period the previous year, while the number of male workers increased by 17.4 thousand.

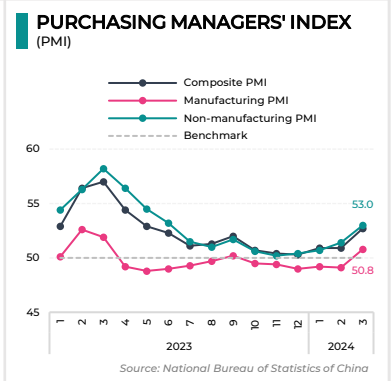
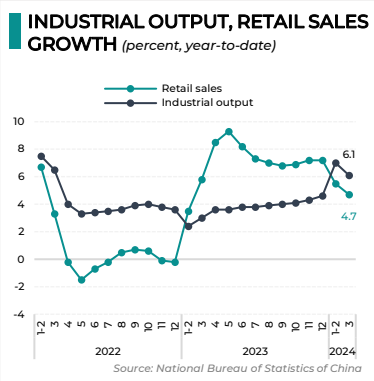
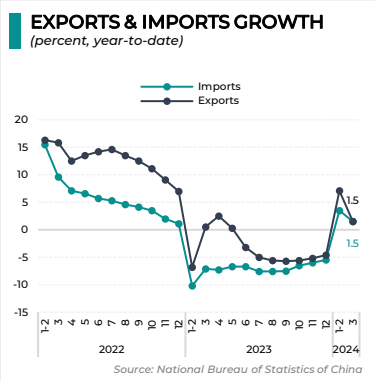
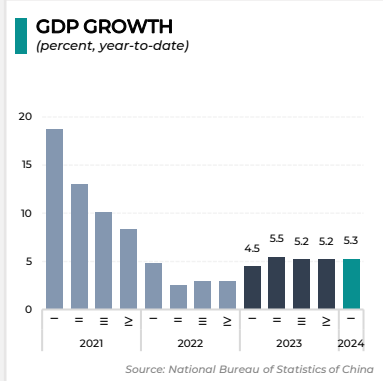
- The labor force participation rate fell to 57.6 percent, marking a 2.5 percentage decrease from the pre-pandemic period.
- The number of unemployed population decreased by 15.8 thousand individuals in the fourth quarter of 2023 from the same period in the previous year, totaling 48.8 thousand.
- The 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 fourth quarter of 2023, the average salary reached ₺2,235 thousand, showing a notable increase of 27.7 percent compared to the same period last year.
- By industry, the average salary in the mining sector stands at 2.3 times to the national average.



China's GDP expanded by 5.3 percent in the first quarter of 2024. Growth in exports, imports, industrial output, and retail sales slowed in March 2024. However, the official manufacturing purchasing managers' index moved above the 50 threshold in March 2024.



- GDP growth accelerated to 5.3 percent in the first quarter of 2024, reflecting strong performances in the industrial and service sectors.
- Industrial output contributed 37.3 percent of the GDP growth, driving nearly 2 percentage points of the overall GDP growth.

- Exports fell by 7.5 percent in March from a year earlier, but grew by 1.5 percent in the first 3 months of 2024, rebounding from a contraction of 1.2 percent in the previous quarter.
- The sharp drop in exports was mainly due to a higher base of comparison.
- Imports dropped by 1.9 percent in March from a year earlier, but grew by 1.5 percent in the first quarter of 2024.

- Industrial output and retail sales growth slowed to 6.1 percent and 4.7 percent, respectively, in the first quarter of 2024.

- The manufacturing PMI rose to 50.8 in March 2024, up 1.7 from February 2024, surpassing 50 for the first time since September 2023.
- The non-manufacturing PMI remained above 50.

*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.*

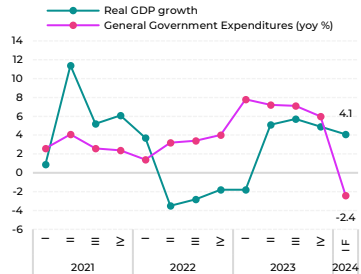




Russia's GDP expanded by 4.9 percent year-on-year in the fourth quarter 2023 and is expected to grow by around 4.1 percent in the first quarter 2024. Growth was supported by a boost in public spending, manufacturing, and military-related production.

### GDP GROWTH

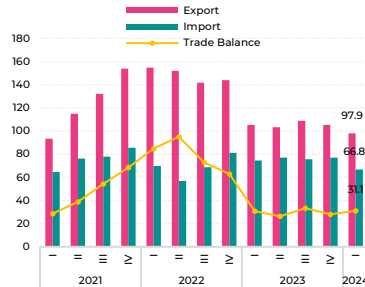
(percent)



Source: Bloomberg

### TRADE BALANCE

(billion \$)



Source: Central Bank of the Russian Federation

### INFLATION

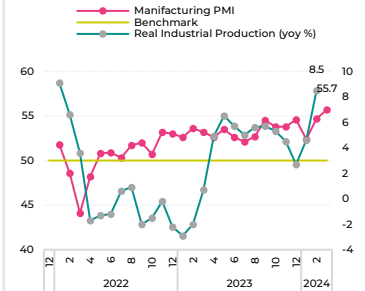
(percent)



Source: Bloomberg

### PURCHASING MANAGERS' INDEX (PMI)

(PMI)



Source: Bloomberg

- GDP growth reached 4.9 percent in 2023 Q4 and expected to grow 4.1 percent in 2024 Q1.
- Government final consumption expenditure drove up 6.0 percent in 2023 Q4.
- The economy has reached its highest growth rate since the 1st quarter of 2022, 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 2024 Q1, exports declined 6.9 percent compared 2023 Q1 and 36.7 percent compared to 2022 Q1.
- In 2024 Q1, the value of the imports declined 4.3 percent compared 2023 Q1.
- Export reduction was due to the decline in prices for the basic goods of Russia (primarily oil, gas and petroleum products) and the reduction in the physical volume of exports.

- In March 2024, the inflation rate remained steady at a one-year peak of 7.7%.
- Upward pressure came from prices of services (8.3%), food (8.1%) and non-food products (6.7%).
- Since December 2023, the inflation rate has been gradually increasing, which is still above the Central Bank's target level of 4 percent.

- In March 2024, the manufacturing sector PMI reached a seven-year high of 55.7 percent.
- Real Industrial Production growth rose by 8.5 percent year-on-year in February 2024, the highest in two years and following a 6.6 percent increase in January 2022.
- The manufacturing sector expansion was driven by a sharp increase in new orders, which supported employment and real output as inventory purchases increased.



MINISTRY OF ECONOMY AND DEVELOPMENT