

# MONTHLY MACROECONOMIC UPDATE

June 2024

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## ▶ MAIN ECONOMIC INDICATORS

### GDP growth

(Q1 2024)

**7.8** percent

### International reserves

(June 2024)

**4,839** million \$

### Inflation

(June 2024)

**5.1** percent

### Budget balance

(June 2024)

**1.3** trillion ₺

### Exports

(June 2024)

**7,886** million \$

### Imports

(June 2024)

**5,378** million \$

### FDI

(Q1 2024)

**885** million \$

### Loan rate

(May 2024)

**16.9** percent

### Number of employees

(Q1 2024)

**1.3** million

\* As of Q1 2024 the labor force participation rate is 59.4 percent.

### Real wage growth

(Q4 2023)

**16.4** percent

### Number of enterprises operating

(Q2 2024)

**99.1** thousand

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

### Household real income growth

(Q1 2024)

**19.8** percent

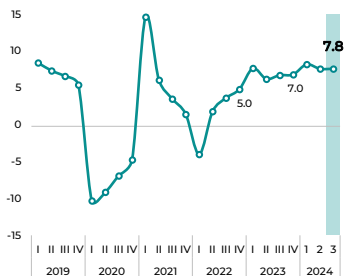


## 1.1 GDP

The real GDP growth was 7.8 percent as of Q1 2024 but reached 6.1 percent in the first 4 months of 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.

## REAL GDP GROWTH

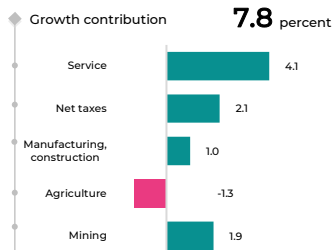
(percent)



Source: National Statistics Office

## REAL GDP GROWTH

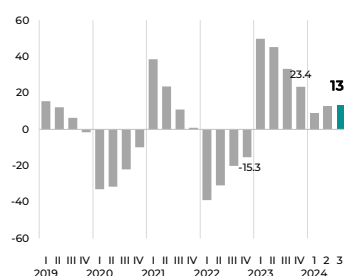
(2023, percentage points)



Source: National Statistics Office

## MINING

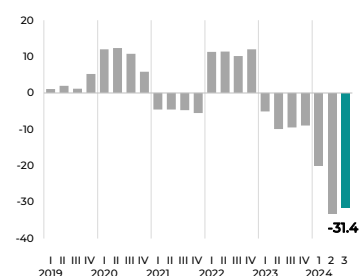
(growth rate, percent)



Source: National Statistics Office

## AGRICULTURE

(growth rate, percent)



Source: National Statistics Office

- The real GDP grew by 7.8 percent in first quarter of 2024.
- Primary sector: The mining sector expanded by 13.1 percent and the agriculture sector contracted by 31.4 percent.
- Secondary sector /manufacturing, construction, electricity, water supply/ expanded by 8.5 percent, contributing 0.9 pp to the overall growth;
- Service sector activity increased, experiencing 7.7 percent growth, contributing 4.1 pp to the overall growth;
- Net taxes on products increased by 13.1 percent as of Mar 2024, contributing 2.1 pp to the overall growth;

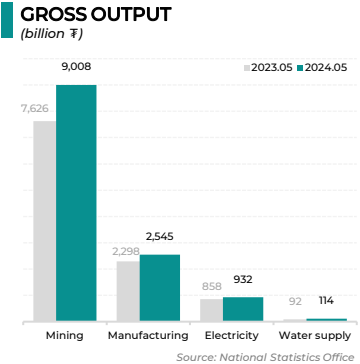
- The service sector output as well as increased net tax revenue contributed to the economic growth. Furthermore, the manufacturing and construction sectors' output experienced growth.
- However, agriculture contracted by 31.4 percent due to the loss of adult animals.

- The mining sector output increased by 13.1 percent in Mar 2024.
- The production of mining commodities, excluding crude oil and gold, increased, leading to mining sector expansion.

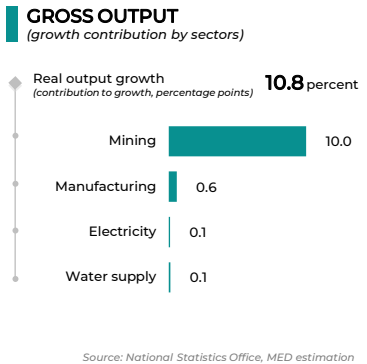
- The agricultural sector shrank by 31.4 percent in March compared to SPLY.
- The number of natural losses of adult livestock reached 6.3 million, increased by 5.4 million from SPLY. Also, it is accounting for 9.8 percent of the total livestock counted beginning of the year.



Industrial production increased by 16 percent in the first 5 months of 2024 compared to the same period of the previous year. The production of coal, copper concentrate, and iron ore is primarily driving the growth of mining output, while the increases in light and heavy industry are propelling the manufacturing sector.



- The gross industrial output reached MNT 12.6 trillion in the first five months of 2024, marking a 16 percent increase compared to the same period the previous year.
- This growth was mainly driven by a 18 percent increase in mining sector due to the increased production volume of coal, copper concentrate and iron ore.
- The manufacturing gross output rose by 11 percent from the previous year due to increased production in both light and heavy industries.



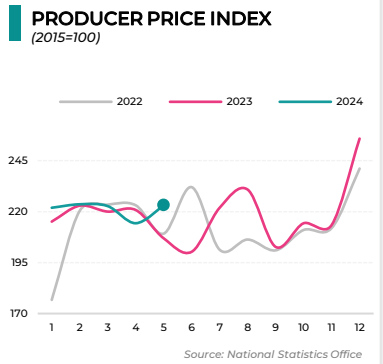
- The gross industrial output in real terms (adjusted by producer price index) increased by 10.8 percent in the first 5 months of 2024.
- The mining sector, which constitutes the largest portion of the industry, saw an increase of 16.4 percent, contributing 10.0 percentage points to the real growth.
- The manufacturing, electricity, and water supply sectors experienced production increases of 2.4 percent, 0.7 percent, and 13.5 percent, respectively, compared to the same period last year.

### MINING PRODUCTION (by main commodities)

Commodity	Production	YoY change:
Coal	39 mln.t	30%
Copper concentrate	612 thous.t	5%
Crude oil	1.8 mln.barrel	-10%
Gold	4.2 t	-5%
Iron ore	3,481 thous.t	59%

Source: National Statistics Office

- Coal production reached 39 million tons in the 5 months of 2024, an increase of 30 percent from the same period the previous year.
- Iron ore and iron ore concentrate production showed a significant increase of 59 percent.
- Copper concentrate production rose by 5 percent, reaching 612 thousand tons.
- However, gold and crude oil production has declined compared to the same period the previous year.



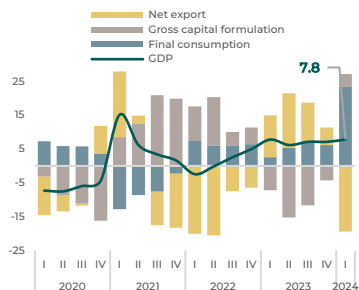
- The producer price index (PPI) increased by 7.8 percent from the same period last year and increased by 71.9 percent from the pre-pandemic period.
- PPI has increased in:
  - Food production by 12.5 percent,
  - Beverages and alcoholic beverages by 11.4 percent,
  - Textile by 11.4 percent respectively;
- PPI decreased in:
  - Production of leather and leather products by 0.4 percent,
  - Manufacture of electrical equipment by 2.8 percent.



Robust domestic demand encouraged the economic growth.

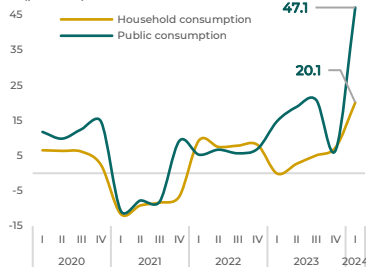
### GDP GROWTH

(percent)



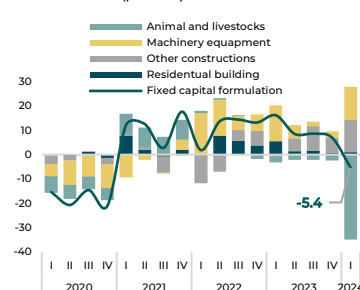
### PUBLIC AND PRIVATE CONSUMPTION GROWTH

(percent)



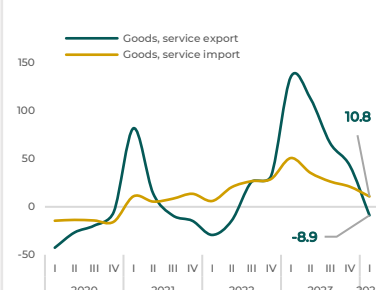
### FIXED CAPITAL FORMATION GROWTH

(percent)



### EXPORTS AND IMPORTS GROWTH

(percent)



- Economic growth by expenditure approach, estimated at 7.8 %.
- Final consumption contributed by 23.4 percentage points and capital formation by 3.8 percentage points to the growth, while net exports reduced growth by 19.4 percentage points.

- Public consumption expanded by 47.1 percent from the same period of previous year and stimulated the overall demand in the economy.
- Improvement of 19.8 percent in household real income encouraged the private consumption, which grew by 20.1 percent compared to the first quarter of 2023.

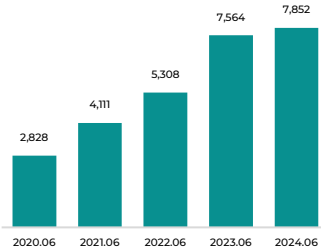
- Losses of adult livestock reached at 6.3 million headcount. As a result, fixed capital formation contracted by 5.4 percent.

- In 2024Q1, export revenue reduction due to coal, copper price and service export decline, decreased goods and service exports by 8.9 percent compared to same period of previous year.
- The goods and service import increased by 10.8 percent from the first quarter of 2023, mainly affected by 24.4 percent growth in goods import.



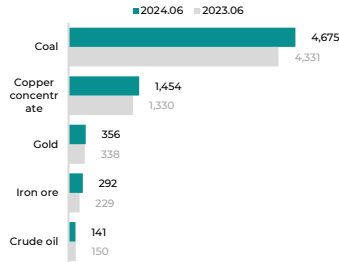
In June 2024, the foreign trade turnover reached 13.2 billion US dollars, yielding a profit balance of 2.5 billion US dollars.

### EXPORTS (million \$)



Source: MGCA

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

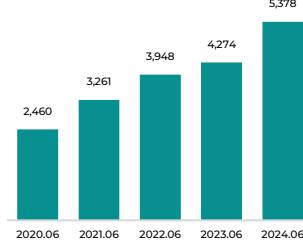


Source: MGCA

- In June 2024, exports have surged to \$7,852 million, marking a 4 percent increase 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 \$3,817 million, marking a 5 percent increase compared to the previous year.
- Copper concentrate export revenue reached \$1,151 million, an increase of 5 percent from the same period last year.
- Gold export income reached \$333 million, increasing by 13.5 percent from the same period last year.
- Iron ore export reached \$237 million, an increase of 21.5 percent from the same period last year.

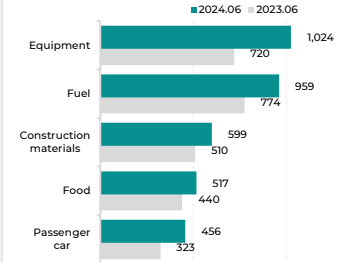
### IMPORTS (million \$)



Source: MGCA

- In the first 5 months of 2024, imports reached \$4,395 million, an increase of 27.0 percent from the same period of the previous year.
- Petroleum products accounted for 18.8 percent of the total imports, while equipment and automobiles accounted for 19.1 percent and 8.7 percent, respectively.

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

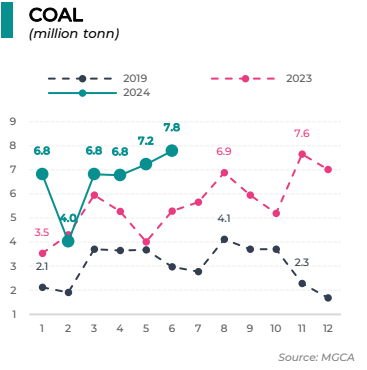


Source: MGCA

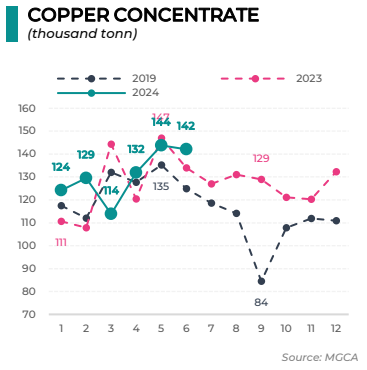
- Equipment import reached \$1,024 million, which increased by 42.3 percent from the same period of the previous year.
- Petroleum products imports reached \$959 million, which increased by 23.9 percent compared to the previous year.
- Passenger car imports reached \$456 million, which increased 40.9 percent from the same period of the previous year.



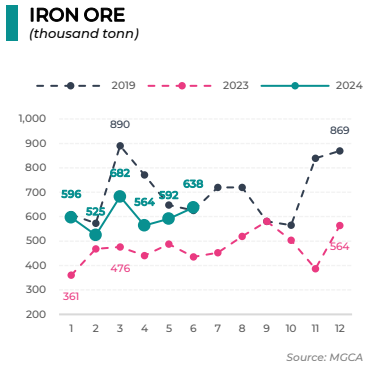
In June 2024, mining products accounted for 95 percent of total exports, including coal and copper concentrate alone for 80 percent.



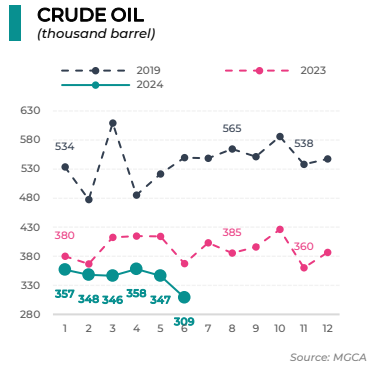
- Coal exports reached 7.8 million tons in June 2024, marking a 32 percent increase compared to the previous year.
- Coal exports were distributed as follows: 3.6 million tons through Gashuunsuhait port, 2.2 million tons through Shiveehuren port, 0.7 million tons through Khangii port, and 0.7 million tons through various other ports.



- Copper concentrate exports reached 142 thousand tons in June 2024, marking a 5.7 percent decrease compared to the previous year.
- Copper concentrate exports were distributed as follows: 89 thousand tons through Gashuunsuhait port, 55 thousand tons through Zamyn-Ud port.



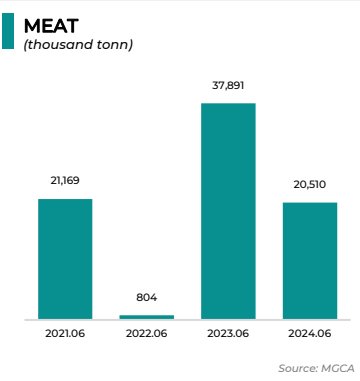
- Iron ore exports reached 638 thousand tons in June 2024, marking a 31.6 percent increase compared to the previous year.
- Iron ore exports were distributed as follows: 520 thousand tons through Zamyn-Ud port, 60 thousand tons through Burgastai port, and 12 thousand tons through various other ports.



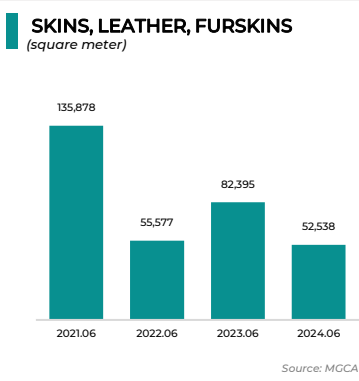
- Crude oil exports reached 347 thousand tons in June 2024, marking a 18.8 percent decrease compared to the previous year.
- Crude oil exports were distributed as follows: 313 thousand tons through Zamin-Ud port, and 34 thousand tons through various other ports.



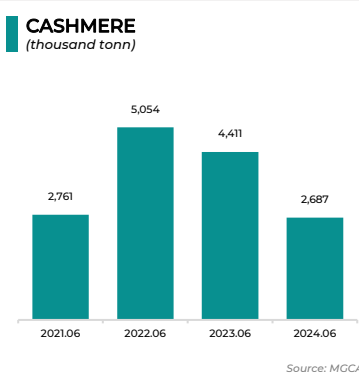
In May 2024, exports of the main agricultural products, except for cashmere, decreased from a year earlier.



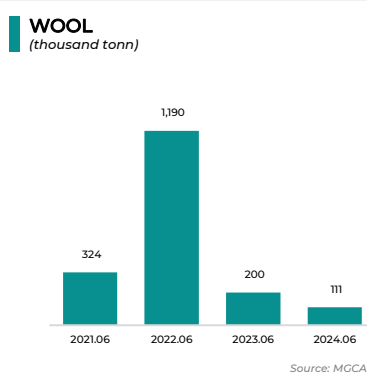
- In June 2024, exports of meat amounted to 20,510 tons, marking a 52 percent decrease compared to the previous year.
- In particular, the export of canned meat decreased by three times compared to the same period last year and reached 6,615 thousand tons.



- During the initial five months of 2024, exports of Skins, leather, and furskins amounted to 39,124 tons, marking a 31 percent decrease compared to the previous year.



- During the initial five months of 2024, exports of Cashmere amounted to 1,327 tons, marking a 9 percent increase compared to the previous year.

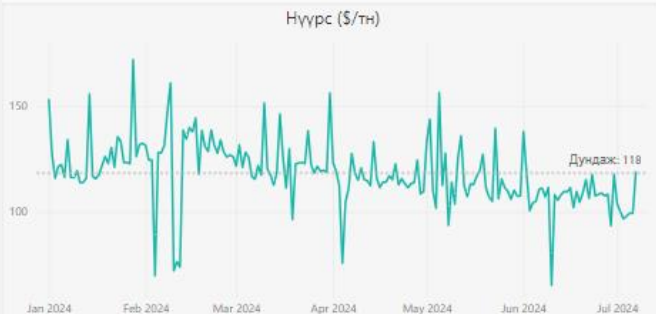


- During the initial five months of 2024, exports of Wool amounted to 111 tons, marking a 45 percent decrease compared to the previous year.





COMMODITY PRICE TRENDS

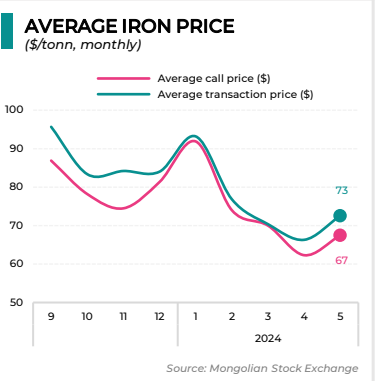
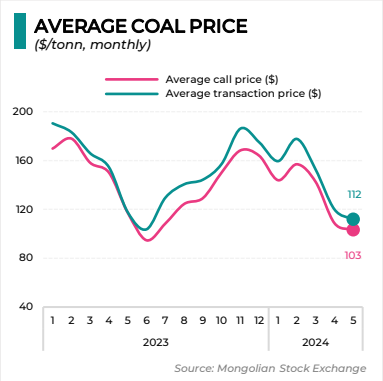
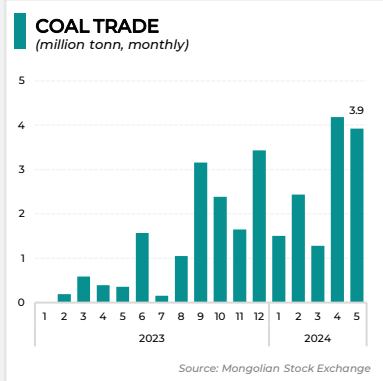


# 4. THE MINING COMMODITY EXCHANGE TRADE

JUNE 2024



As of May 2024, 28 million tons of coal, 1.5 million tons of iron ore and 5.4 thousand tons of copper concentrates were traded on the mining commodity exchange since 2023.



- As of May 2024, a total of 28 million tons of coal was traded and \$3.8 billion was earned.
- In the first 5 months of 2024, 13.3 million tons of coal were traded and \$1.6 billion were earned.
- A total of 3.9 million tons of coal were sold in May 2024, compared to 4.2 million in April 2024.

- The average call price of coal in May 2024 was \$103, and the average transaction price was \$112.
- Depending on the type of coals, in May 2024, the minimum transaction price reached \$52, the maximum price reached \$172, and the average price was \$112.

- The trading of iron ore and concentrates began in September 2023, and a total of 1.5 million tons of iron ore and concentrates were traded in 2023, and sales of \$117 million were made.
- In the first 5 months of 2024, 813 thousand tons of iron were traded and \$60 million was earned.

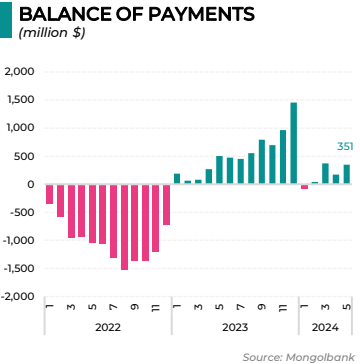
- The average call price of iron ore and concentrate for May rose to \$67, and the transaction price reached \$73 during trading.
- Depending on the type of iron, in April 2024, the minimum price of the deal was \$56, the maximum price was \$90, and the average price was \$73.

# 5. BALANCE OF PAYMENTS, GROSS INTERNATIONAL RESERVES

MAY-JUN 2024

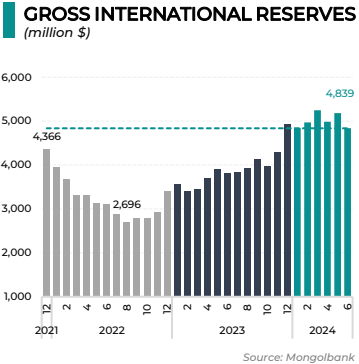


The balance of payments recorded a surplus of \$351 million in the first 5 months of 2024. However, as of the end of June 2024, the gross international reserves declined by \$345 million from the previous month, reflecting settlements of the bilateral currency swap agreement of the Bank of Mongolia and the People's Bank of China.

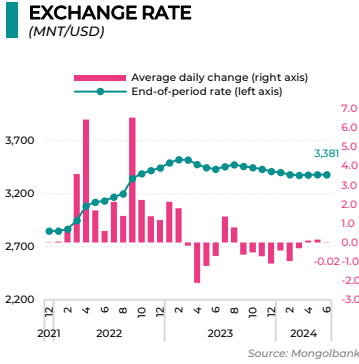


- The balance of payments recorded a surplus of \$351 million in the first 5 months of 2024, down \$153 million from the same period last year.
- Compared to a year earlier, exports of goods and services increased by \$0.4 billion but imports surged by \$1.1 billion, resulting in a deterioration of the current account balance.
- Net FDI inflow\* stood at \$964 million as of May 2024, up by \$376 million from the same period last year.

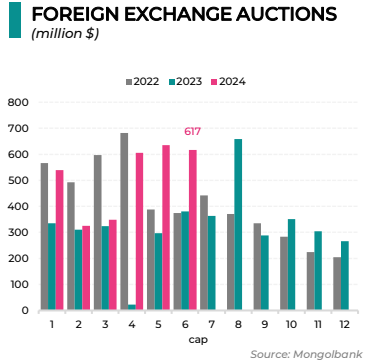
\*Net FDI inflow excludes transactions related to outflows of disinvestment and loan repayments.



- Gross international reserves (GIR) stood at \$4,839 million at the end of June 2024, up \$1 billion or 26.7 percent from a year earlier, and \$345 million from the previous month.



- The average daily fluctuation of the MNT/USD exchange rate was -0.02 in June 2024.
- At the end of June 2024, the MNT/USD rate reached 3,381, down 29 or 0.9 percent compared to the beginning of the year.

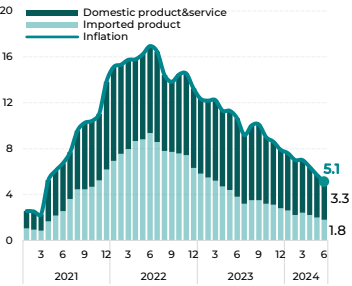


- As of June 2024, the Bank of Mongolia sold \$3,071 million to the commercial banks, up 84.0 percent or \$1,402 million compared the same period last year.



The annual inflation rate slowed to 5.1 percent in June 2024. On a monthly basis, consumer prices increased by 0.3 percent in June.

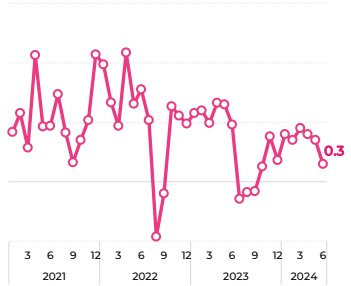
**ANNUAL INFLATION**  
(percent)



Source: National Statistical Office

- In June, the annual inflation rate slowed to 5.1 percent.
- Inflation from imported goods contributed 1.8 percentage points, accounting for 35.3 percent of the annual inflation.
- Inflation from domestic goods and services contributed 3.3 percentage points, accounting for 64.7 percent of the annual inflation.

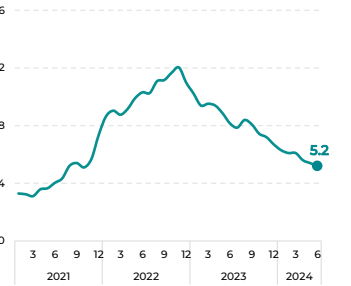
**MONTHLY INFLATION**  
(percent)



Source: National Statistical Office

- On a monthly basis, consumer prices increased by 0.3 percent in June.
- Monthly inflation was mainly due to increases in prices of food, restaurant and hotel, and miscellaneous goods and services, constituting 41 percent, 14 percent, and 13 percent, respectively, to the monthly inflation.
- Mutton, vegetables, and flour-based goods contributed 17 percent, 3 percent, and 32 percent, respectively, to the monthly inflation.

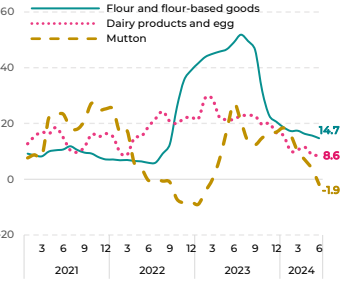
**CORE INFLATION**  
(percent)



Source: National Statistical Office

- Core inflation is measured by excluding volatile food and energy costs from headline inflation.
- Core inflation stood at 5.2 percent in June 2024, contributing 3.5 percentage points to annual inflation.
- Core inflation declined gradually for the last ten months.

**INFLATION OF SOME FOOD ITEMS**  
(percent)



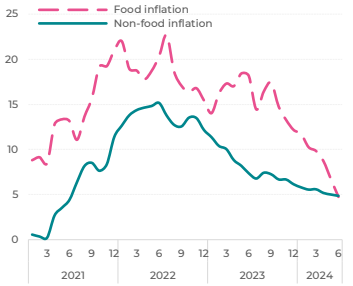
Source: National Statistical Office

- Price increases in meat, dairy products, and flour-based goods contributed 10 percent to annual inflation in June 2024.
- Flour and flour-based goods prices rose 14.7 percent year-over-year.
- Dairy products and egg prices increased 8.6 percent year-over-year.
- Mutton price decreased 1.9 percent year-over-year.



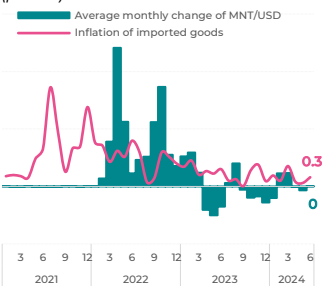
Global container shipping prices increased worldwide, leading to inflationary pressures. The FAO Food Price Index (FFPI) decreased by 2.1 percent its corresponding value one year ago in June 2024.

**FOOD AND NON-FOOD INFLATION**  
(percent)



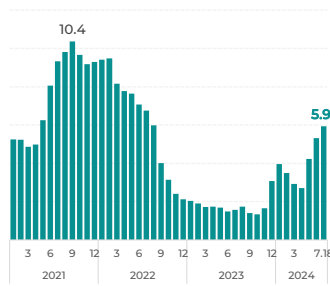
Source: National Statistical Office

**IMPORTED INFLATION AND EXCHANGE RATE**  
(percent)



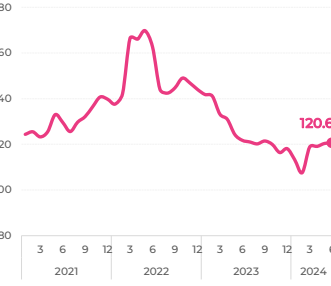
Source: National Statistical Office, Mongolbank

**WORLD CONTAINER INDEX**  
(1000\$/40 fut container)



Source: Drewry

**FOOD PRICE INDEX**  
(percent)



Source: FAO

- Food inflation is 4.7 percent, accounting for 1.4 percentage points of annual inflation in June 2024.
- Non-food inflation is 4.9 percent, accounting for 3.7 percentage points of annual inflation.

- In June 2024, the MNT/USD rate reached 3,381, which remained unchanged from the previous month.
- Inflation of imported goods increased by 0.3 percent from last month despite the unchanged exchange rate.

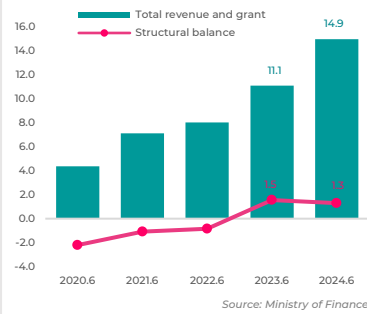
- The cost of international shipping has shot up due to disruption from attacks in the Red Sea/Suez Canal.
- As of July 18, the World Container Index (WCI) reached 5,937 per 40 ft container, which increased 286 percent when compared with last year.
- It remains 318 percent higher than average 2019 (pre-pandemic) rates.
- Increased shipping prices leading to inflationary pressures through the supply chain.

- The FAO Food Price Index (FFPI) measures the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices.
- FFPI stood at 120.6 points and remained 2.1 percent lower than its corresponding value one year ago in June 2024.
- Price indices for vegetable oil, sugar, and dairy products increased and the price index for cereals decreased, while the meat index was unchanged as of last month.

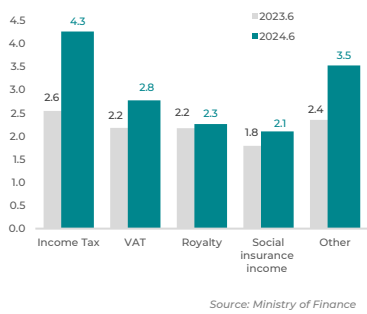


The consolidated budget recorded a surplus of ₹1.3 billion in June 2024. The improvement was mainly attributed to the increase in corporate income tax.

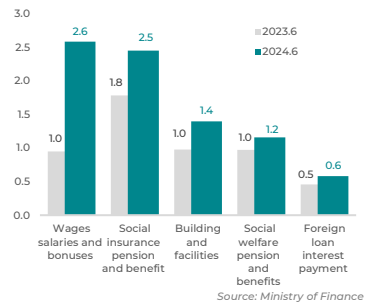
**STRUCTURAL BALANCE**  
(trillion ₹)



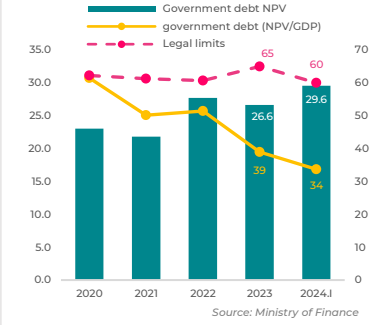
**BUDGET REVENUE**  
(by sources, trillion ₹)



**KEY COMPONENTS OF THE EXPENDITURE INCREASE**  
(by expenditure category, trillion ₹)



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



- In June 2024, the structural balance of the consolidated budget yielded a surplus of ₹1.3 trillion, a decrease of ₹260 billion (-16.8%) from the same period of the last year.

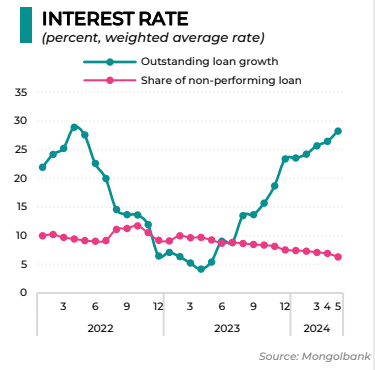
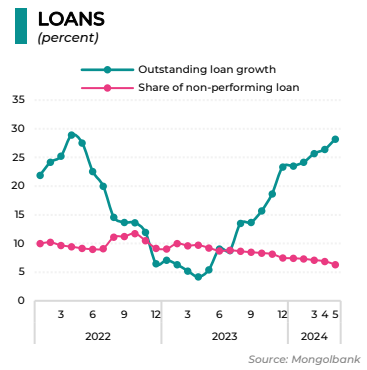
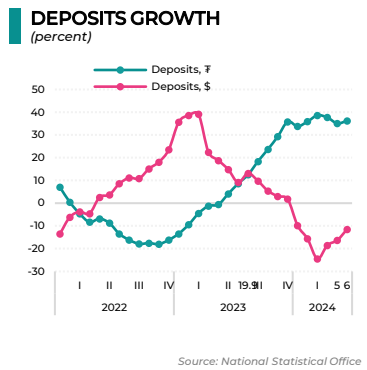
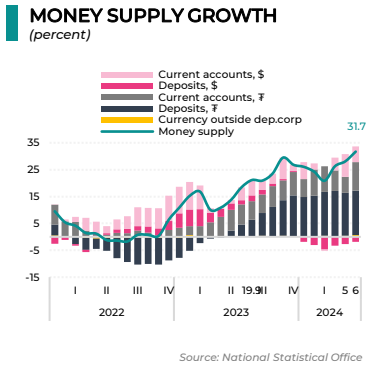
- In June 2024, the total revenue within the consolidated budget amounted to ₹14.9 trillion, reflecting an increase of ₹3.9 trillion (35.2%) compared to the same period of the last year.
- This upsurge was mainly driven by an increase of ₹1.7 trillion (67.2%) in income tax, ₹88.8 (4.1%) billion in royalties, ₹594.6 (27.3%) billion in value added tax and ₹309.7 (17.3%) billion in social insurance

- In June 2024, the total expenditure of the consolidated budget amounted to ₹12.9 trillion, an increased of ₹3.9 (42.9%) trillion from the same period of the previous year.
- On April 1, 2024, the salaries of all government officials were increased by 10 percent, the salaries of supply and service workers were increased by 20 percent, and the salaries of government employees in remote provinces and sums were increased by 20-40 percent.

- As of the 1<sup>st</sup> quarter of 2024, the government debt reached ₹29.6 trillion, accounting for 33.7 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.



The annual growth rate of the money supply reached 31.7 percent, marking a 3.6 percentage point increase from the previous month. Domestic currency accounts and deposits, as well as foreign currency accounts, grew, while foreign currency deposits declined. The interest rate decreased by 0.3 percentage points from the previous month to 16.9 percent, matching the level observed in the same period of the previous year.



- In June 2024, the money supply reached 44.1 trillion MNT, an increase of 31.7 percent from the same period of previous year.
- Domestic currency current and deposit accounts contributed 27.1 percentage points, while foreign currency current and deposit accounts contributed 3.9 percentage points.

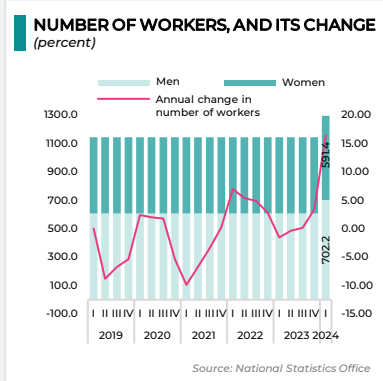
- Total deposits reached 24.2 trillion MNT, an increase of 21.3 percent from the same period last year.
- Domestic currency deposits reached 19.6 trillion MNT, which increased 36.2 percent from the same period last year and 4.0 percent from the previous month.
- Foreign currency deposits reached 4.6 trillion MNT, decreased by 11.4 percent from the same period last year and increased 5.3 percent from the previous month.

- In May 2024, outstanding loans reached 31.1 trillion MNT, an increase of 28.2 percent from the same period last year.
- The share of non-performing loans in total loans reached 6.3 percent, down by 2.9 percentage points from same period of last year.

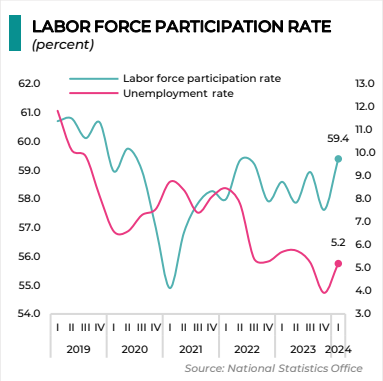
- In May 2024, the weighted average lending interest rate on new loans was at 16.9 percent, a decrease of 0.3 percentage point from the previous month reached the amount of the same period of last year.
- The weighted average interest rate on new deposits was at 11.4 percent, up 0.2 percentage point from a year earlier.



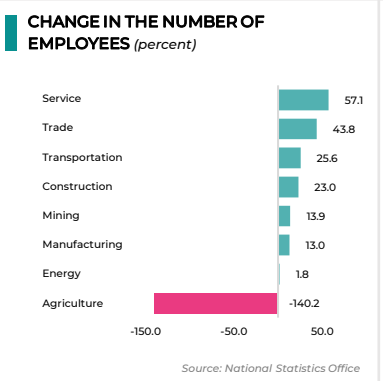
The labor market indicators, which had declined due to the epidemic, have improved with economic growth, bringing the number of workers to 1.3 million.



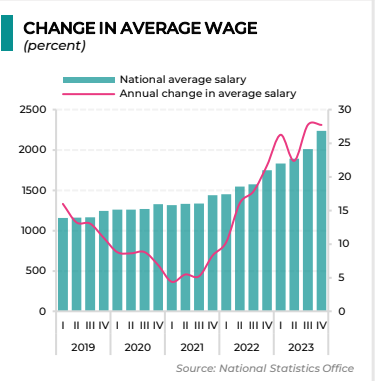
- The number of employees increased by 182.3 thousand compared to the same period of the previous year, reaching 1,293.6 thousand, which is 150.5 thousand higher than before the pandemic.
- In the first quarter of 2024, the number of male employees increased by 129.2 thousand compared to the same period last year, while the number of female employees increased by 53.2 thousand.



- The labor force participation rate rose to 59.4 percent, which is 0.7 percentage points higher than before the pandemic.
- The number of unemployed population decreased by 5.6 thousand in the first quarter of 2024 compared to the same period last year, reaching 71 thousand.
- The unemployment rate dropped by 0.5 percentage points from the same period last year, reaching 5.2 percent.



- By the first quarter of 2024, the number of employees reached 1.3 million, reflecting an increase of 37.8 thousand person compared to the same period the previous year.
- Sectors including service, trade, transportation, construction, mining, manufacturing and energy experienced a rise in employment, contributing to the overall increase.
- On the other hand, the agriculture sector's employment declined.



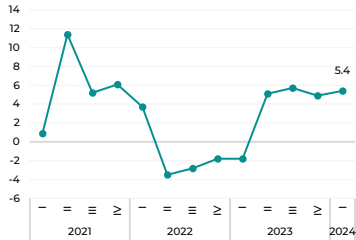
- In the fourth quarter of 2023, the average salary reached ₺2,235 thousand, showing a notable increase of 27.7 percent compared to the same period last year.
- By industry, the average salary in the mining sector stands at 2.3 times to the national average.





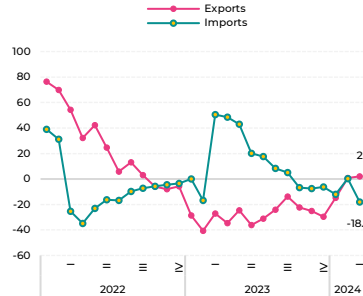
The Bank of Russia has kept the monetary policy rate at 16 percent, while inflation is gradually increasing, surpassing the target level of 4 percent.

### GDP GROWTH (percent)



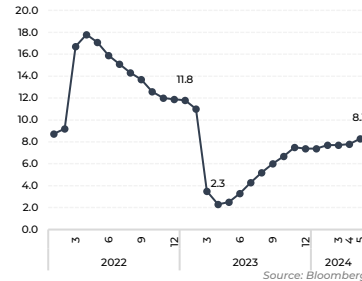
Source: Bloomberg

### EXPORTS & IMPORTS GROWTH (percent, year-on-year)



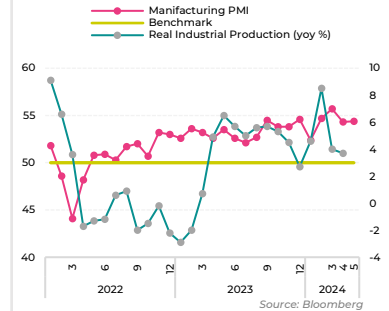
Source: Central Bank of the Russian Federation

### INFLATION (percent)



Source: Bloomberg

### PURCHASING MANAGERS' INDEX (PMI)



Source: Bloomberg

- GDP growth reached 5.4 percent in 2024 Q1.
- The economy continues to grow after 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.

- Exports rose 2.0 percent year-on-year in Q1 2024, the highest since October 2022.
- The growth of exports was mainly boosted by higher oil and natural gas prices.
- Imports plunged by 18.1 percent year-on-year in Q1 2024, affected by tight monetary policy.

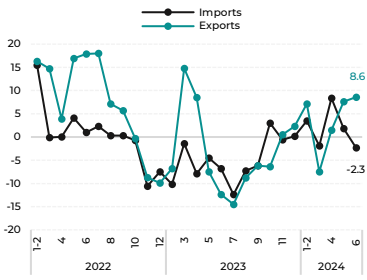
- In May 2024, the inflation rate reached 8.3 percent, increasing by 0.5 percentage point from the previous month.
- Since December 2023, the inflation rate has been gradually increasing, which is still above the Central Bank's target level of 4 percent.

- In May 2024, the manufacturing sector PMI index reached 54.4, decreased by 0.9 from the previous month.
- The real growth reached 3.9 due to the slowdown in the growth of the manufacturing and mining sectors.



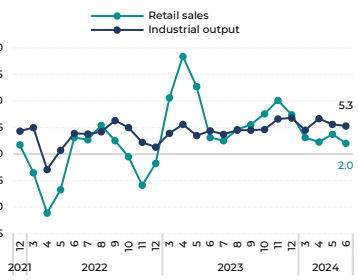
China's GDP growth slowed from 5.3 percent in 2024Q1 to 4.7 percent in 2024Q2. In June 2024, industrial output growth and retail sales growth decelerated, while inflation rate declined to 0.2 percent.

**EXPORTS & IMPORTS GROWTH**  
(percent)



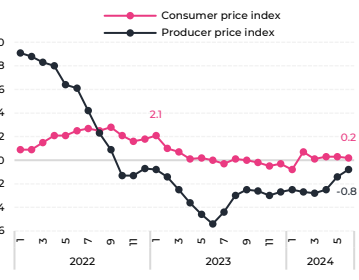
Source: National Bureau of Statistics of China

**INDUSTRIAL OUTPUT, RETAIL SALES GROWTH**  
(percent)



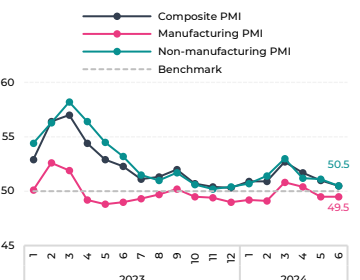
Source: National Bureau of Statistics of China

**INFLATION**  
(percent)



Source: Bloomberg

**PURCHASING MANAGERS' INDEX (PMI)**



Source: National Bureau of Statistics of China

- China's GDP growth slowed from 5.3 percent in the first quarter of 2024 to 4.7 percent in the second quarter of 2024.
- Exports grew by 8.6 percent in June 2024, the fastest pace since April 2023.
- Imports declined by 2.3 percent in June 2024 from a year earlier.
- Industrial output growth declined from 5.6 in May 2024 to 5.3 percent in June 2024.
- Retail sales growth decelerated from 3.7 percent in May 2024 to 2.0 percent in June 2024.
- The consumer price index was up 0.2 percent in June 2024, holding above zero for a 5<sup>th</sup> month.
- The producer price index, on the other hand, stayed negative for the 21<sup>st</sup> consecutive month, dropping 0.8 percent in June 2024.
- The manufacturing PMI stood at 49.5 in June 2024, unchanged from May 2024.
- The non-manufacturing and composite PMI declined but 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.*



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