

MONTHLY MACROECONOMIC UPDATE

July 2024

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▶ MAIN ECONOMIC INDICATORS

GDP growth

(H1 2024)

5.6 percent

International reserves

(July 2024)

4,737 million \$

Inflation

(July 2024)

5.5 percent

Budget balance

(July 2024)

1.6 trillion ₺

Exports

(July 2024)

9,266 million \$

Imports

(July 2024)

6,411 million \$

FDI

(Q1 2024)

885 million \$

Loan rate

(June 2024)

17.1 percent

Number of employees

(Q2 2024)

1.3 million

* As of Q2 2024 the labor force participation rate is 62.2 percent.

Real wage growth

(Q1 2024)

15.4 percent

Number of enterprises operating

(Q2 2024)

99.1 thousand

*Mainly in trade, services, construction and manufacturing sectors

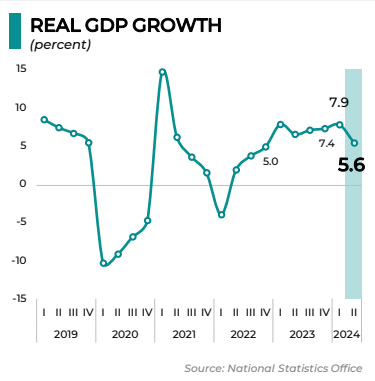
Household real income growth

(Q1 2024)

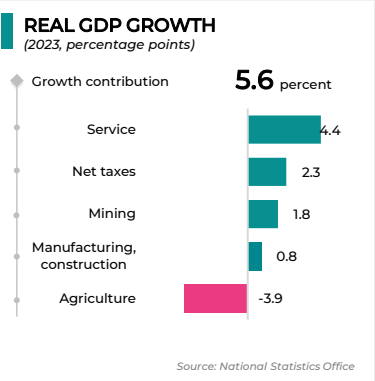
17.3 percent



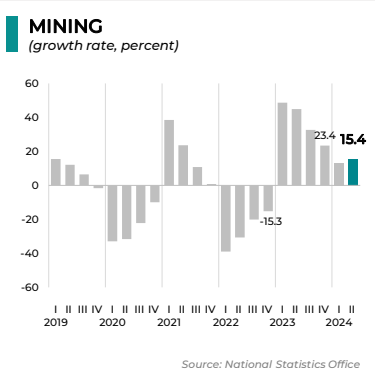
The real GDP growth was 5.6 percent as of the first half of 2024. Non-agricultural production supported the economic growth. The mining sector's growth contribution declined due to the high base of the previous year, while the service sector propelled the economic growth.



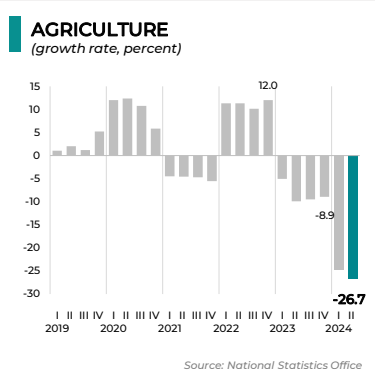
- The real GDP grew by 5.6 percent in first half of 2024.
- Primary sector: The mining sector expanded by 15.4 percent and the agriculture sector contracted by 26.7 percent.
- Secondary sector /manufacturing, construction, electricity, water supply/ expanded by 7.9 percent, contributing 0.8 pp to the overall growth;
- Service sector activity increased, experiencing 9.3 percent growth, contributing 4.4 pp to the overall growth;
- Net taxes on products increased by 15.0 percent, contributing 2.3 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 26.7 percent due to the loss of adult animals.



- The mining sector output increased by 15.4 percent in the first half of 2024.
- The production of mining commodities, excluding crude oil and gold, increased, leading to mining sector expansion.



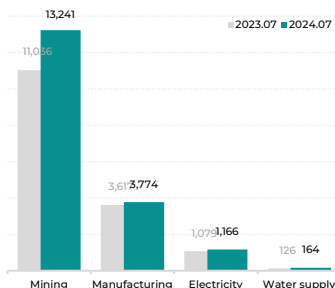
- The agricultural sector shrank by 26.7 percent in the first half of 2024 compared to same period last year.
- The number of natural losses of adult livestock reached 8.1 million, increased by 4.2 million from same period last year. Also, it is accounting for 12.5 percent of the total livestock counted beginning of the year.



Industrial production increased by 16 percent in July 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.

GROSS OUTPUT

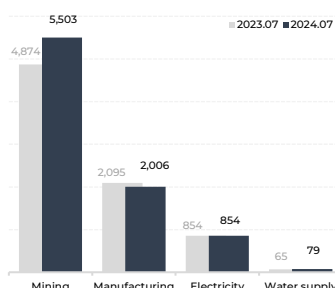
(billion ₹)



Source: National Statistics Office

GROSS OUTPUT

(in real terms, adjusted by PPI, billion ₹)



Source: MED estimation, National Statistics Office

MINING PRODUCTION

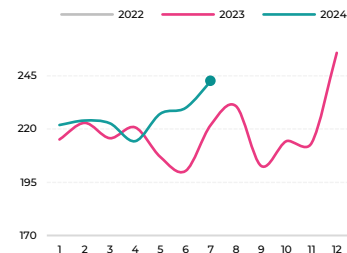
(by main commodities)

		YoY change:
Coal	54 mln.t	34%
Copper concentrate	846 thous.t	2.5%
Crude oil	2.5 mln.barrel	-14%
Gold	6.8 t	-13%
Iron ore	5,453 thous.t	44%

Source: National Statistics Office

PRODUCER PRICE INDEX

(2015=100)



Source: National Statistics Office

- The gross industrial output reached ₹18.3 trillion in July 2024, marking a 16 percent increase compared to the same period the previous year.
- This growth was mainly driven by a 20 percent increase in mining sector due to the increased production volume of coal, copper concentrate and iron ore.
- The manufacturing gross output rose by 4.3 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 7.0 percent in July 2024.
- Production in the mining sector, which makes up the majority of the industry, grew by 12.9 percent and was the primary driving force.
- However, a decline in meat processing production, caused by livestock losses due to Zhud, resulted in a decrease in total manufacturing production in real terms.

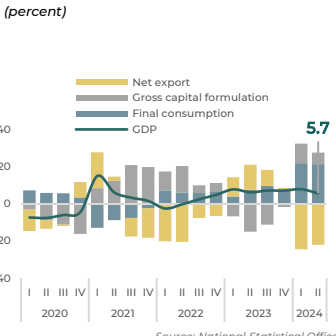
- Coal production reached 54 million tons in July of 2024, an increase of 34 percent from the same period the previous year.
- Iron ore and iron ore concentrate production showed a significant increase of 44 percent.
- Copper concentrate production rose by 2.5 percent, reaching 846 thousand tons.
- However, gold and crude oil production has declined compared to the same period the previous year.

- The producer price index (PPI) increased by 9.3 percent from the same period last year and increased by 78.0 percent from the pre-pandemic period.
- PPI has increased in:
 - Food production by 9.8 percent,
 - Beverages and alcoholic beverages by 9.4 percent,
 - Textile by 9.8 percent respectively;
- PPI decreased in:
 - Production of leather and leather products by 0.4 percent.
 - Manufacture of electrical equipment by 1.4 percent.

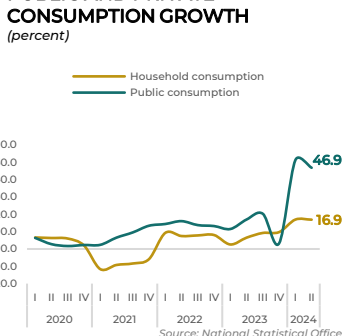


Robust domestic demand spurred the economic growth.

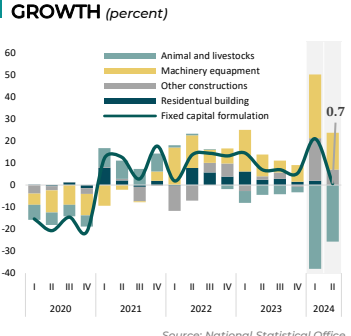
GDP GROWTH



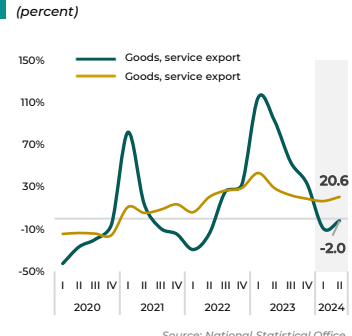
PUBLIC AND PRIVATE CONSUMPTION GROWTH



FIXED CAPITAL FORMATION GROWTH



EXPORTS AND IMPORTS GROWTH

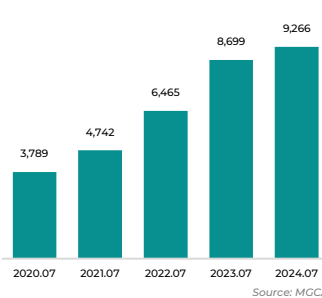


- Economic growth by expenditure approach, estimated at 5.7 %.
- Final consumption contributed by 21.5 percentage points and capital formation by 6.2 percentage points to the growth, while net exports reduced growth by 21.9 percentage points.
- Public consumption expanded by 46.9 percent from the same period of previous year due to growth of public servant salary and stimulated the overall demand in the economy.
- Improvement of 17.3 percent in household real income encouraged the private consumption, which grew by 16.9 percent compared to the first half of 2023.
- Fixed capital formation is at the level of the previous year.
- Fixed capital formulation increased by 6.8 percentage point, non-residential buildings by 6.9 percentage point, intellectual property by 2.5 percentage point, while animal and livestock decreased by 25.6 percentage point.
- In 2024Q2, export revenue reduction due to coal, copper price and service export decline, decreased goods and service exports by 2.0 percent compared to same period of previous year.
- The goods and service import increased by 20.6 percent from the first half of 2024, mainly affected by 29.4 percent growth in goods import and 10.4 percent growth in service import.



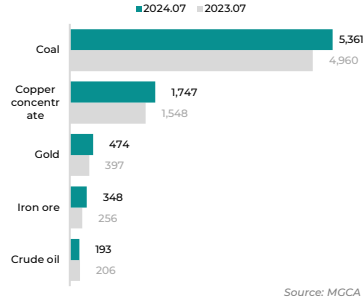
In July 2024, the foreign trade turnover reached \$15.7 billion, yielding a trade surplus of \$2.8 billion.

EXPORTS (million \$)



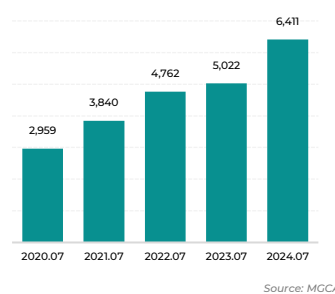
- In July 2024, exports have surged to \$9,266 million, marking a 6 percent increase compared to the previous year.
- Mining products accounted for 93 percent of total exports, including coal exports, which alone accounted for 69 percent.

EXPORTS BY MAIN PRODUCTS (million \$)



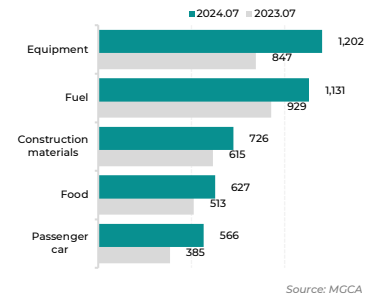
- Revenue from coal exports surged to \$5,361 million, marking a 7.5 percent increase compared to the previous year.
- Copper concentrate export revenue reached \$1,747 million, an increase of 11.4 percent from the same period last year.
- Gold export income reached \$474 million, increasing by 16.5 percent from the same period last year.
- Iron ore export reached \$348 million, an increase of 26.5 percent from the same period last year.

IMPORTS (million \$)



- In the first 7 months of 2024, imports reached \$6,411 million, an increase of 27.6 percent from the same period of the previous year.
- Petroleum products accounted for 17.6 percent of the total imports, while equipment and automobiles accounted for 18.7 percent and 8.8 percent, respectively.

IMPORTS BY MAIN PRODUCTS (million \$)



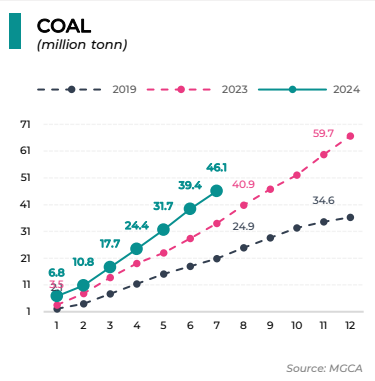
- Equipment import reached \$1,202 million, which increased by 42.0 percent from the same period of the previous year.
- Petroleum products imports reached \$1,131 million, which increased by 21.7 percent compared to the previous year.
- Passenger car imports reached \$566 million, which increased 52.4 percent from the same period of the previous year.

2.1 MINERAL PRODUCTS

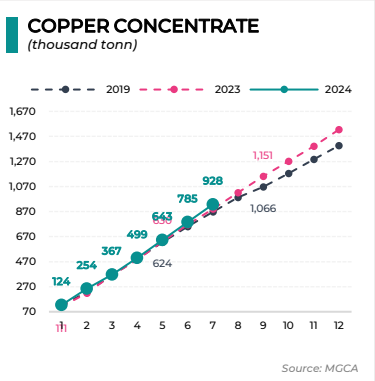
JULY 2024



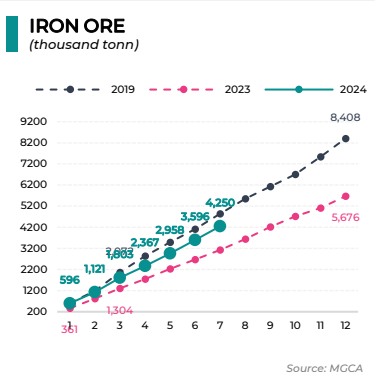
In July 2024, mining products accounted for 93 percent of total exports, including coal and copper concentrate alone for 80 percent.



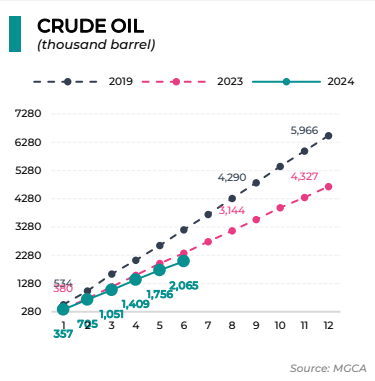
- Coal exports reached 46.1 million tons in July 2024, marking a 26.3 percent increase compared to the previous year.
- Coal exports were distributed as follows: 3.6 million tons through Gashuunsuhait port, 2.2 million tons through Shiveehuren port, 0.7 million tons through Khangii port, and 0.7 million tons through various other ports.



- Copper concentrate exports reached 928 thousand tons in July 2024, marking a 3.8 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 4,250 thousand tons in July 2024, marking a 26.6 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.

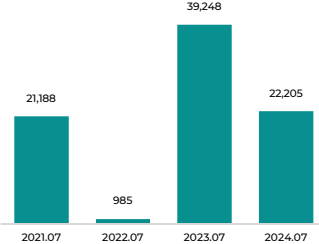


- Crude oil exports reached 2,065 thousand tons in June 2024, marking a 18.8 percent decrease compared to the previous year.
- Crude oil exports were distributed as follows: 313 thousand tons through Zamin-Ud port, and 34 thousand tons through various other ports.



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

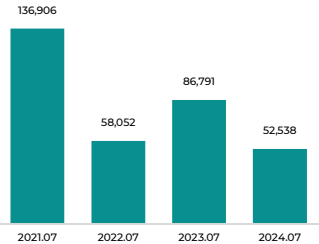
MEAT
(thousand tonn)



Source: MGCA

- In July 2024, exports of meat amounted to 22,205 tons, marking a 43 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.

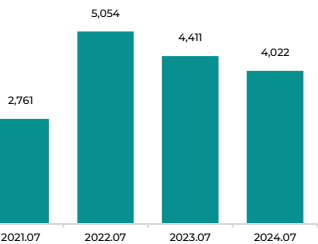
SKINS, LEATHER, FURSKINS
(square meter)



Source: MGCA

- During the initial seven months of 2024, exports of Skins, leather, and fur skins amounted to 52,538 tons, marking a 31 percent decrease compared to the previous year.

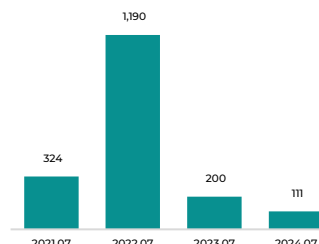
CASHMERE
(thousand tonn)



Source: MGCA

- During the initial seven months of 2024, exports of Cashmere amounted to 4,022 tons, marking a 9 percent increase compared to the previous year.

WOOL
(thousand tonn)



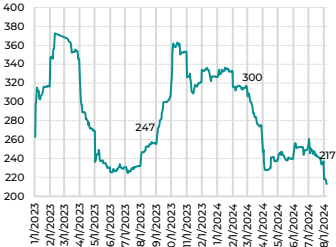
Source: MGCA

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



GLOBAL COMMODITY PRICE TRENDS

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



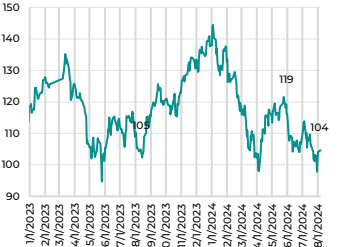
Source: Bloomberg

COPPER
(\$/tonn, LME)



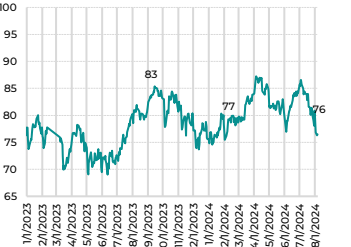
Source: Bloomberg

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



Source: Bloomberg

CRUDE OIL
(\$/BBL, Brent)



Source: Bloomberg

- The average price of Australian high-quality coking coal on the Singapore Exchange in July 2024 was \$244, marking a 3 percent decrease from the previous year.
- Based on the forecasts of international experts, the average price is expected to reach \$250 in 2024 and further decline to \$215 in 2025.

- The average price of copper on the London Metal Exchange in July 2024 was \$9,394, marking a 11 percent increase from the previous year
- Based on the forecasts of international experts, the average price is expected to reach \$9,500 in 2024 and is expected to rise to \$10,000 in 2025.

- The average price of Iron ore in Northwest China in July 2024 was 107, marking a 2 percent decrease from the previous year
- Based on the forecasts of international experts, the average price is expected to reach \$120 in 2024 and further decline to \$100 in 2025.

- The average price of Brent oil in July 2024 was \$83, marking a 2 percent increase from the previous year
- Based on the forecasts of international experts, the average price is projected to decrease to \$85 in 2024 and further to \$80 in 2025.

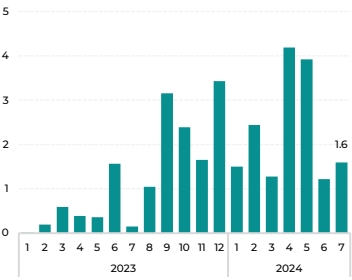
4. THE MINING COMMODITY EXCHANGE TRADE

JULY 2024



As of July 2024, 31 million tons of coal, 1.8 million tons of iron ore, 5.4 thousand tons of copper concentrates, and 6.5 thousand tons of fluoride were traded on the mining commodity exchange.

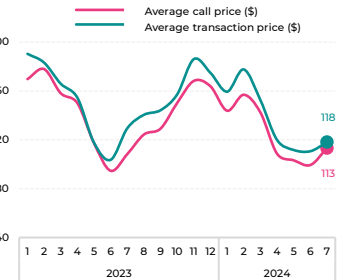
COAL TRADE (million tonn, monthly)



Source: Mongolian Stock Exchange

- As of July 2024, a total of 31 million tons of coal was traded and \$4.1 billion was earned.
- In the first 7 months of 2024, 16.4 million tons of coal were traded and \$1.9 billion were earned.
- A total of 1.6 million tons of coal were sold in July 2024

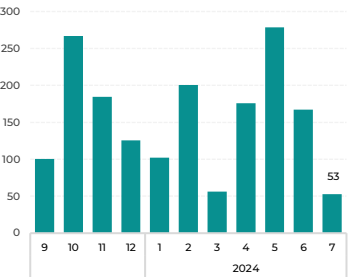
AVERAGE COAL PRICE (\$/tonn, monthly)



Source: Mongolian Stock Exchange

- The average call price of coal in July 2024 was \$113, and the average transaction price was \$118.
- Depending on the type of coals, in May 2024, the minimum transaction price reached \$52, and the maximum price reached \$159.

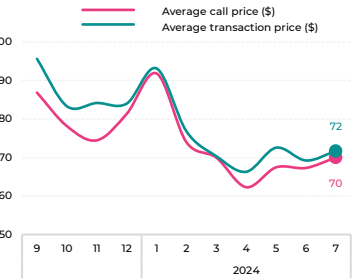
IRON TRADE (thousand tonn, monthly)



Source: Mongolian Stock Exchange

- The trading of iron ore and concentrates began in September 2023, and a total of 1.8 million tons of iron ore and concentrates were traded in 2023, and sales of \$141 million were made.
- In the first 7 months of 2024, 1,168 thousand tons of iron were traded and \$84 million was earned.

AVERAGE IRON PRICE (\$/tonn, monthly)



Source: Mongolian Stock Exchange

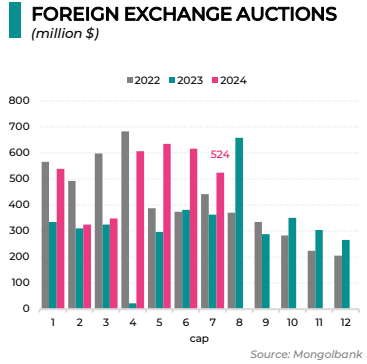
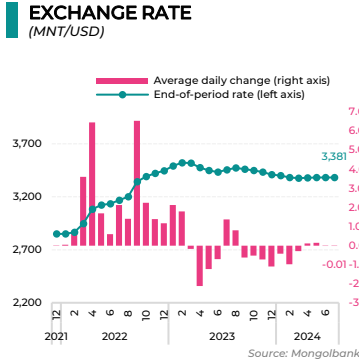
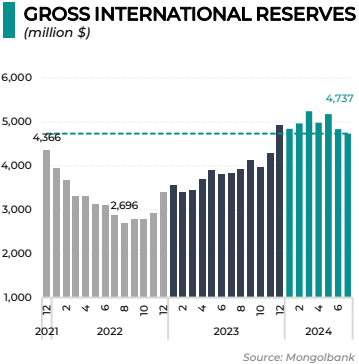
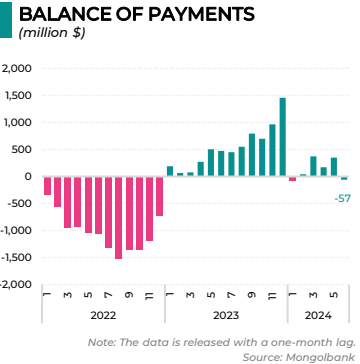
- The average call price of iron ore and concentrate for July rose to \$70, and the transaction price reached \$72 during trading.
- Depending on the type of iron, in July 2024, the minimum price of the deal was \$70, and the maximum price was \$75.

5. BALANCE OF PAYMENTS, GROSS INTERNATIONAL RESERVES

JUN-JUL 2024



The balance of payments recorded a deficit of \$57 million at the end of the first 6 months of 2024 as the Bank of Mongolia paid off \$620 million or ¥4.5 trillion of the PBOC swap agreement in 2024. As of the end of July 2024, the gross international reserves stood at \$4.7 billion, down \$102 million from the previous month.

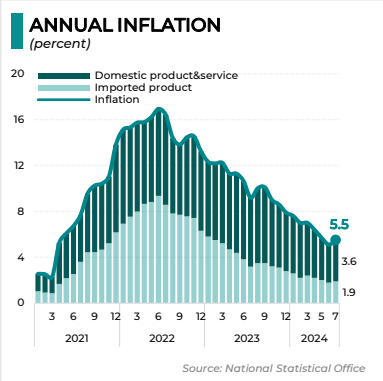


- The balance of payments recorded a deficit of \$57 million in the first 6 months of 2024, down \$537 million from the same period last year.
- Compared to a year earlier, exports of goods and services increased by \$0.7 billion but imports surged by \$1.2 billion, resulting in a deterioration of the current account balance.
- Net FDI inflow* stood at \$1.3 billion as of June 2024, up by \$437 million from the same period last year.
- Gross international reserves (GIR) stood at \$4,737 million at the end of July 2024, down \$102 million from the previous month, but up \$0.9 billion or 23.8 percent from a year earlier.
- The average daily fluctuation of the MNT/USD exchange rate was -0.01 in July 2024.
- At the end of July 2024, the MNT/USD rate reached 3,381, down 30 or 0.9 percent compared to the beginning of the year.
- As of July 2024, the Bank of Mongolia sold \$3,595 million to the commercial banks, up 76.7 percent or \$1,562 million compared the same period last year.

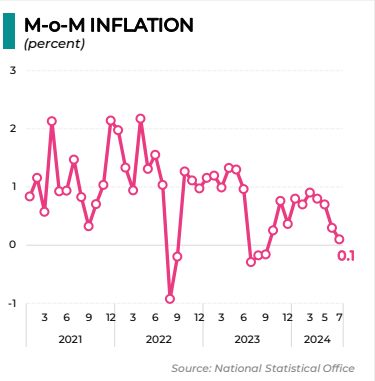
*Net FDI inflow excludes transactions related to outflows of disinvestment and loan repayments.



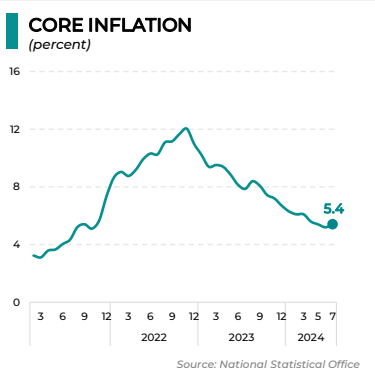
The annual inflation rate reached 5.5 percent in July 2024. On a monthly basis, consumer prices increased by 0.1 percent in July.



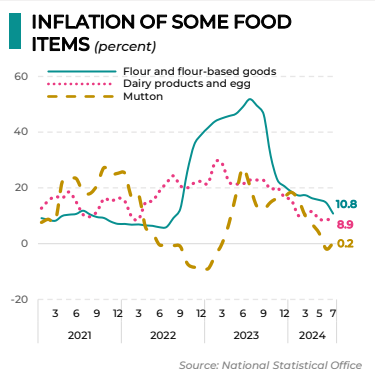
- In July, the annual inflation rate reached 5.5 percent.
- Inflation from imported goods contributed 1.9 percentage points, accounting for 34.7 percent of the annual inflation.
- Inflation from domestic goods and services contributed 3.6 percentage points, accounting for 65.3 percent of the annual inflation.



- On a monthly basis, consumer prices increased by 0.1 percent in July.
- Monthly inflation was mainly due to increased prices of clothing, footwear, cloth group, furnishings, household equipment, tools group, miscellaneous goods, and services group, constituting 48 percent, 34 percent, and 65 percent, while a decrease in the food prices outweighed monthly inflation.



- Core inflation is measured by excluding volatile food and energy costs from headline inflation.
- Core inflation stood at 5.4 percent in July 2024, contributing 3.6 percentage points to annual inflation.
- Core inflation increased last month.

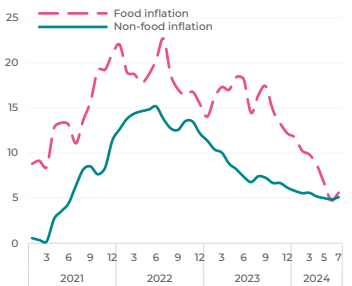


- Price increases in meat, dairy products, and flour-based goods contributed 10 percent to annual inflation in July 2024.
- Flour and flour-based goods prices rose 10.8 percent year-over-year.
- Dairy products and egg prices increased 8.9 percent year-over-year.
- Mutton price increased 0.2 percent year-over-year.



Global container shipping prices increased worldwide, leading to inflationary pressures. The FAO Food Price Index (FFPI) decreased by 3.1 percent its corresponding value one year ago in July 2024.

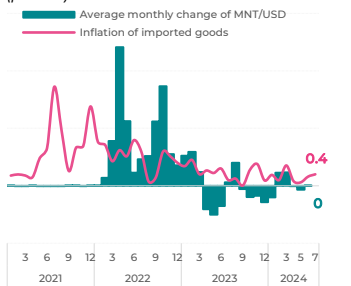
FOOD AND NON-FOOD INFLATION
(percent)



Source: National Statistical Office

- Food inflation is 5.6 percent, accounting for 1.7 percentage points of annual inflation in July 2024.
- Non-food inflation is 5.1 percent, accounting for 3.8 percentage points of annual inflation.

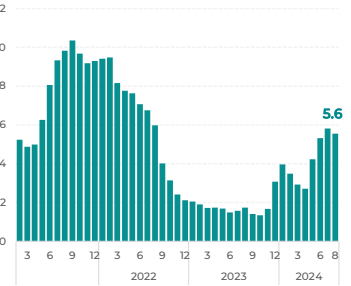
IMPORTED INFLATION AND EXCHANGE RATE
(percent)



Source: National Statistical Office, Mongolbank

- In July 2024, the MNT/USD rate reached 3,380, which remained unchanged from the previous month.
- Inflation of imported goods increased by 0.4 percent from last month despite the unchanged exchange rate.

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



Source: Drevry

- The cost of international shipping has shot up due to disruption from attacks in the Red Sea/Suez Canal.
- As of August 12, the World Container Index (WCI) reached 5,551 per 40 ft container, which increased 210 percent compared to last year.
- It remains 291 percent higher than average 2019 (pre-pandemic) rates.
- Increased shipping prices leading to inflationary pressures through the supply chain.

FOOD PRICE INDEX
(percent)



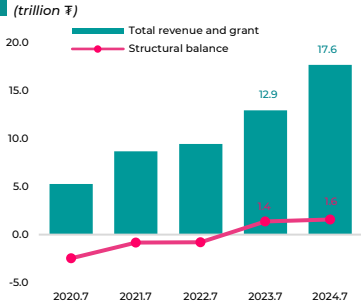
Source: FAO

- 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 120.8 points and remained 3.1 percent lower than its corresponding value one year ago in July 2024.
- Price indices for vegetable oil, meat products, and sugar increased, and price index for cereals decreased, while the dairy index was almost unchanged as of the last month.



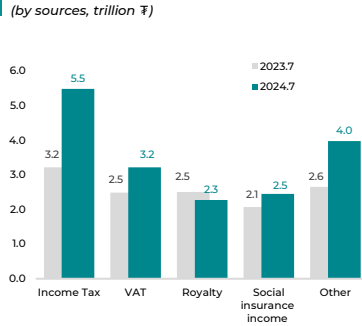
The consolidated budget recorded a surplus of ₹1.6 billion in June 2024. The improvement was mainly attributed to the increase in corporate income tax.

STRUCTURAL BALANCE



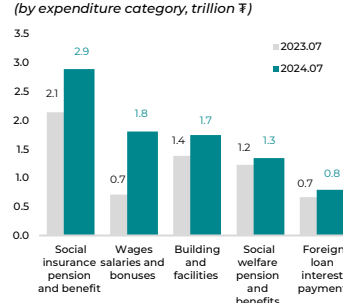
Source: Ministry of Finance

BUDGET REVENUE



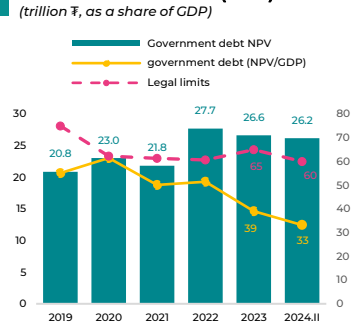
Source: Ministry of Finance

KEY COMPONENTS OF THE EXPENDITURE INCREASE



Source: Ministry of Finance

GOVERNMENT DEBT (NPV)



Source: Ministry of Finance

- In July 2024, the structural balance of the consolidated budget yielded a surplus of ₹1.6 trillion, an increase of ₹213 billion (15.7%) from the same period of the last year.

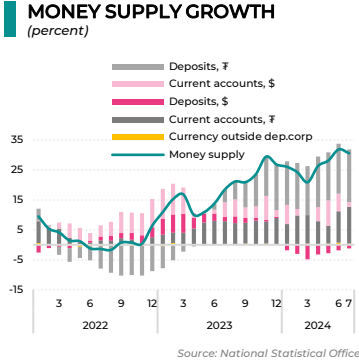
- In July 2024, the total revenue within the consolidated budget amounted to ₹17.6 trillion, reflecting an increase of ₹4.7 trillion (37.5%) compared to the same period of the last year.
- This upsurge was mainly driven by an increase of ₹2.2 trillion (70.3%) in income tax, ₹11.1 (0.4%) billion in royalties, ₹737.7 (29.7%) billion in value added tax and ₹385.7 (18.6%) billion in social insurance

- In July 2024, the total expenditure of the consolidated budget amounted to ₹15.3 trillion, an increased of ₹4.2 (37.8%) 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.

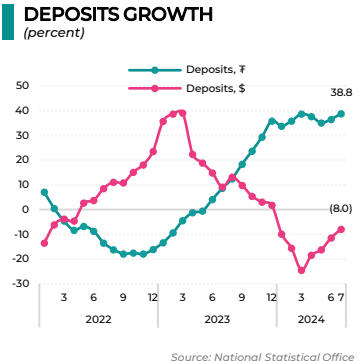
- As of the 2nd quarter of 2024, the government debt reached ₹26.2 trillion, accounting for 33 percent of GDP in present value.
- The preliminary results show that the government debt level, as a share of GDP in present value, aligns with the special fiscal requirements.



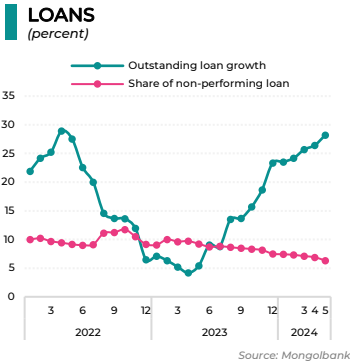
The annual growth rate of the money supply reached 30.6 percent, marking a 1.3 percentage point decrease from the previous month. Domestic currency accounts and deposits, as well as foreign currency accounts, grew, while foreign currency deposits declined. The interest rate increased by 0.2 percentage points from the previous month to 17.1 percent.



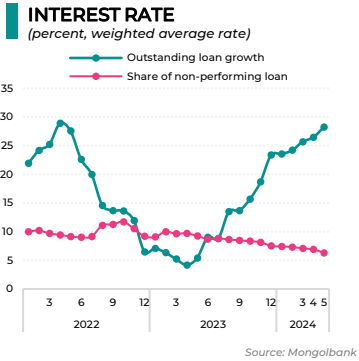
- In June 2024, the money supply reached 41.8 trillion MNT, an increase of 30.6 percent from the same period of previous year.
- Domestic currency current and deposit accounts contributed 29.7 percentage points, while foreign currency current and deposit accounts contributed 2.0 percentage points.



- Total deposits reached 24.6 trillion MNT, an increase of 26.9 percent from the same period last year.
- Domestic currency deposits reached 20.1 trillion MNT, which increased 38.8 percent from the same period last year and 2.2 percent from the previous month.
- Foreign currency deposits reached 4.5 trillion MNT, decreased by 8.0 percent from the same period last year and 1.4 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.

Note: Loans and deposit interest rate statistics for July 2024 will be announced on August 20, 2024.

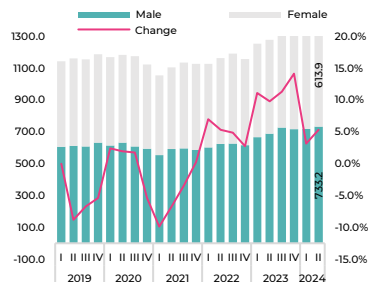
9. LABOR MARKET

2024 Q2



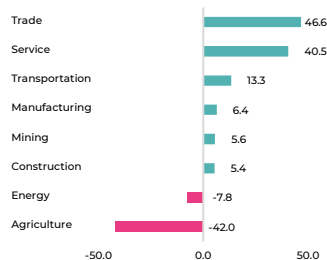
The labor market indicators, which had declined during the pandemic, recovered and surpassed pre-pandemic levels due to economic growth.

CHANGES IN THE NUMBER OF EMPLOYEES BY GENDER (percent)



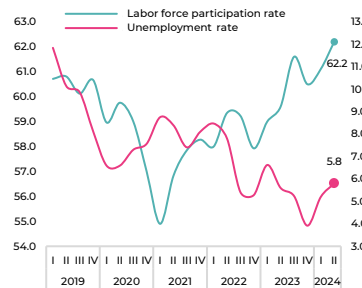
Source: National Statistics Office

CHANGES IN THE NUMBER OF EMPLOYEES BY SECTOR (percent)



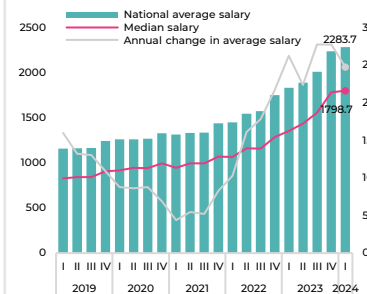
Source: National Statistics Office

LABOR FORCE PARTICIPATION RATE (percent)



Source: National Statistics Office

CHANGES IN THE MEDIAN SALARY AND THE AVERAGE SALARY (percent)



Source: National Statistics Office

- The number of employees increased by 68 thousand from the same period last year, reaching 1,347.1 thousand, which is 184.9 thousand above the pre-pandemic level.
- In the second quarter of 2024, the number of male employees grew by 44.1 thousand, while female employees increased by 23.9 thousand compared to the same period last year.

- The growth in the number of employees was positively influenced by increases in employment across the trade, service, transportation, manufacturing, mining, and construction sectors.
- Conversely, the severe winter conditions adversely impacted employment in the agricultural sector, and the water and electricity sectors were impacted adversely.

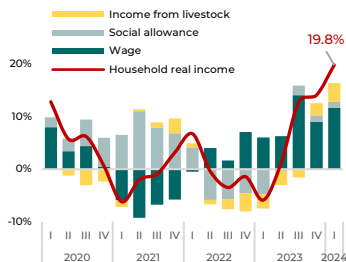
- The labor force participation rate reached 62.2 percent, reflecting an increase of 2.6 percentage points compared to the same period last year and 1.2 percentage points relative to the pre-pandemic period.
- However, the number of unemployed individuals rose by 6.1 thousand to 82.3 thousand in the second quarter of 2024.
- The unemployment rate increased by 0.2 percentage points year-on-year, reaching 5.8 percent.

- In the first quarter of 2024, the average salary reached ₮2,284 thousand, showing a notable increase of 24.7 percent compared to the same period last year.
- The national median salary for the first quarter of 2024 rose by 15.6% from the same period last year, amounting ₮1,788 thousand, which is 485 thousand MNT less than the average salary.
- By sectors, the average salary in the mining sector is the highest among other sectors, 2.5 times higher than the national average.



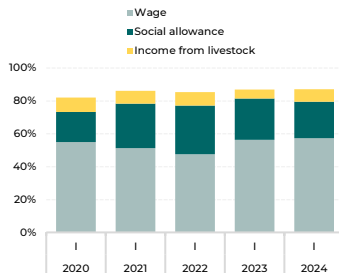
Stable inflation, MNT appreciation and rising wage are positively impacting average income of households. However, income effects are adverse across a variety of groups.

AVERAGE REAL INCOME GROWTH RATE
(thousand tugriks, percent)



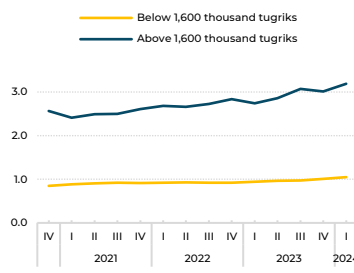
Source: National Statistics Office

REAL INCOME STRUCTURE
(percent)



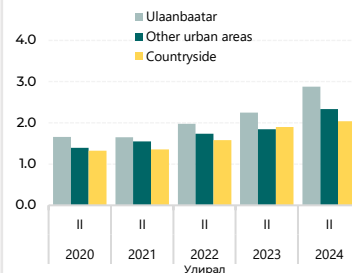
Source: National Statistics Office

AVERAGE NOMINAL INCOME
(mln tugriks)



Source: National Statistics Office

AVERAGE NOMINAL INCOME
(mln tugriks)



Source: National Statistics Office

- Real income improved by 19.8 percent.
- Strong increase of 21.9 percent in wage promoted the nominal income, which reached to ₮2.4 million.

- In average, wage income equivalent to 57 percent of household total income.
- The wage contribution in overall household income declined to 48 percent during the pandemic from 54 percent on average during 2018–2019, due to increased social welfare support.

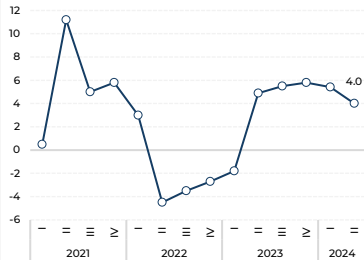
- Households with lower income than ₮1,600 thousand that accounts for 41.7 percent of the total household pool, and their average income amounted to ₮1,049 thousand.
- Average income for households, whose income is higher than MNT 1,600 thousand, which accounts for 58.3 percent of overall households, is about ₮3,189 thousand, which is three times higher than for households whose income is below ₮1,600 thousand.

- In Ulaanbaatar and its suburbs, household real income growth accelerated, while in other areas it decelerated, and income inequality is widening.
- Herder families suffer from revenue instability since they lack stable source of wage income.



The Central Bank of Russia has increased its monetary policy interest rate from 16 percent, which had been maintained for the past seven months, to 18 percent to control inflation.

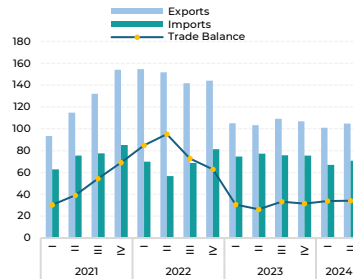
GDP GROWTH (percent)



Source: Bloomberg

- In the second quarter of 2024, the gross domestic product decreased by 0.9 percent compared to the same period last year but grew by 4.0 percent.
- Economic growth slowed to its lowest level since the first quarter of 2023, due to increased spending on the Russian military and rising commodity prices.

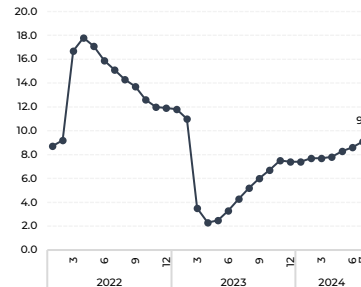
EXPORTS & IMPORTS GROWTH (percent, year-on-year)



Source: Central Bank of the Russian Federation

- In the second quarter of 2024, exports increased by 3.9 percent compared to the previous quarter and by 1.4 percent compared to the same period last year.
- This growth was primarily driven by higher prices for oil and natural gas.
- Imports, however, decreased by 8.2 percent from the same period the previous year.
- Imports was wiped out by the ruble weakening and logistical difficulties.

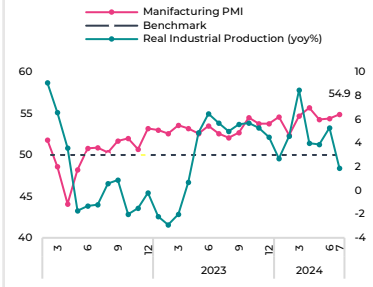
INFLATION (percent)



Source: Bloomberg

- In July 2024, the inflation rate rose by 0.5 percentage points from the previous month, reaching 9.1 percent, the highest rate since December 2023.
- The Central Bank of Russia has raised the monetary policy interest rate by 2 percentage points to 18 percent in response to a gradual rise in inflation since December 2023 and inflation rate remaining significantly above its 4 percent target.

PURCHASING MANAGERS' INDEX (PMI)

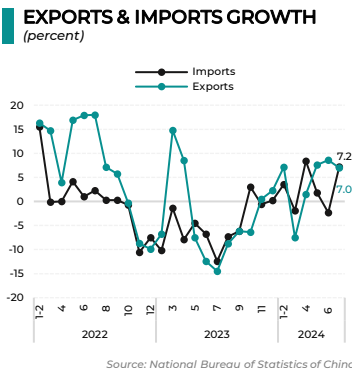


Source: Bloomberg

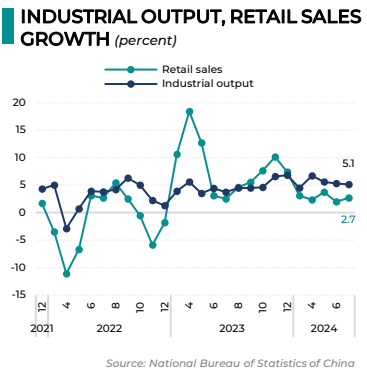
- In July 2024, the PMI for the industrial sector fell to 53.6, down 13 points from June.
- Industrial production growth slowed to 1.9%, the lowest rate since April 2023, with a 3.8 percentage point decrease from the previous year.
- Manufacturing and mining sectors saw significant declines.



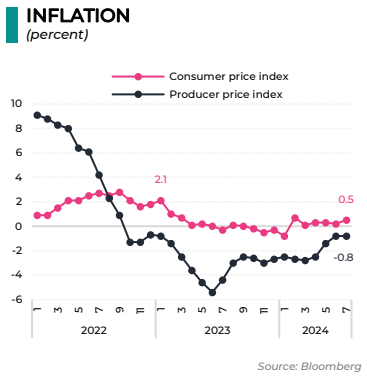
In July 2024, industrial output growth decelerated but retail sales growth and inflation accelerated compared to the previous month.



- Export growth slowed from 8.6 percent in June 2024 to 7.0 percent in July 2024.
- Imports declined by 2.3 percent in June 2024 from a year earlier.



- Industrial output growth declined from 5.3 in June 2024 to 5.1 percent in July 2024.
- Retail sales growth accelerated from 2.0 percent in June 2024 to 2.7 percent in July 2024.



- The consumer price index was up 0.5 percent in July 2024 from a year earlier, up from 2.1 percent in June 2024.
- The producer price index growth stayed at 0.8 percent, unchanged from June 2024.



- The manufacturing PMI stood at 49.4 in July 2024, marking the third consecutive month below the 50-point threshold.
- The non-manufacturing and composite PMI declined from previous month 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.



MINISTRY OF ECONOMY AND DEVELOPMENT