

NEAR-TERM OUTLOOK

Economic growth is expected to be around 5.6 percent at the end of 2024¹. Continued production from the Oyutolgoi underground mine—which holds over 80 percent of total reserves and has higher copper and gold content—along with increased output of coal, gold, and iron ore, is expected to support growth in the mining and transportation sectors. However, with livestock losses surpassing 2023 levels, the contraction in the agriculture sector is expected to negatively impact overall growth. Additionally, domestic demand is likely to strengthen due to increased household consumption, driven by wage and pension increases as well as fiscal expansion. With a rise in the number of enterprises, employees, and newly issued loans, growth in the service sector is expected to be sustained in the second half of the year.

At the end of 2024, trade turnover is expected to reach USD 28.5 billion, with trade balance is estimated to record a surplus of USD 4.9 billion. Copper concentrate exports are projected to increase to 1,560 thousand tons with increased output of Oyutolgoi underground mine. Total exports is set to reach USD 16.7 billion with the continuation of policy measures aimed at improving border port infrastructure, export transportation, and operation of the Mining commodity

exchange. Particularly, Mongolia expects to export 78 million tons of coal, 8,400 thousand tons of iron ore, and 4,210 thousand barrels of crude oil. Imports of mining machinery, manufacturing equipment, and construction materials are expected to increase due to robust economic activity and credit growth for enterprises. Moreover, the increase in consumer credit, combined with higher household income, is expected to boost imports of consumer goods such as food and fuel. Subsequently, total imports are projected to reach USD 11.8 billion by the end of the year.

Inflation is expected to be around the upper end of the central bank's target range of 6±2 at the end of 2024. Harsh winter and spring conditions could negatively impact meat supply and add supply-driven inflationary pressure. Additionally, the anticipated expansion of public expenditures for 2025 poses a risk of encouraging demand-side inflation. Additionally, there are ongoing risks of increased inflationary pressures due to the prolonged congestion of containers at Tianjin Port, which could raise transportation costs. Rising geopolitical tensions could put upward pressure on global prices of fuel, grain, food, and energy, which could also add to domestic inflationary pressures.

¹ The growth projection for 2024 was reduced from the previous estimate following the announcement of official 2023 economic growth at 7.4 percent in August 2024.