

# NEAR-TERM OUTLOOK

**The economic growth is expected to be around 8.0 percent in 2025.** Higher production of main mining products including coal, iron ore, and copper is expected to support the mining sector. The rise in imports of machinery and equipment is expected to boost potential output and growth of the economy. The mining and transportation sectors are projected to sustain robust growth in 2025, supported by a twofold increase in heavy machinery imports for mining and an 85 percent rise in imports of vehicles for goods transportation.

The ongoing energy sector projects, including Buuruljuut and Choibalsan power plants and Baganuur battery storage, are expected to enhance the economy's potential. Moreover, the agricultural sector, which has contracted for the past seven consecutive quarters, is expected to recover and make a positive contribution to growth as well. The manufacturing sector is expected to be supported by the recovery of agricultural output and a rise in imports of food production equipment,

facilitated by customs tax exemptions on agricultural machinery. Strong domestic demand is expected to drive growth in the trade and service sectors. Coal and copper concentrate export volumes are projected to exceed expectations in 2024, and Mongolia plans to export 83 million tons of coal and 1.78 million tons of copper concentrate in 2025. However, global commodity price volatility, driven by market uncertainties and geopolitical tensions, poses risks to export revenues.

**Inflation is expected to approach the upper limit of the target band.** Inflation is projected to be around 7.2 percent in 2025, approaching the upper limit of the central bank's target band. The reduced meat supply resulting from the contraction in the agricultural sector, along with the energy tariff hike, could exert upward pressure on domestic inflation. The risks of increased import inflation also remain heightened due to geopolitical tensions, climate change, and disruptions in transportation logistics.