Ministry of Economy and Development

MONTHLY MACROECONOMIC UPDATE

July 2026

CONTENTS:

▸ MAIN ECONOMIC INDICATORS - 2026.07

GDP growth
(Q2 2026)

7.7 percent

International reserves
(July 2026)

7,963 million $

Inflation
(July 2026)

13.0 percent

Budget balance
(July 2026)

-2,206 billion ₮

Exports
(July 2026)

12.2 billion $

Imports
(July 2026)

7.2 billion $

FDI
(Q1 2026)

1.4 billion $

Loan rate
(July 2026)

17.4 percent

Number of employees
(Q2 2026)

1.37 million

** As of Q2 2026 the labor force participation rate is 61.5 percent.*

Real wage
(July 2026)

2.5 million

**CPI 2023=100*

Number of enterprises operating
(Q2 2026)

119.1 thousand

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

Household real income growth
(Q2 2026)

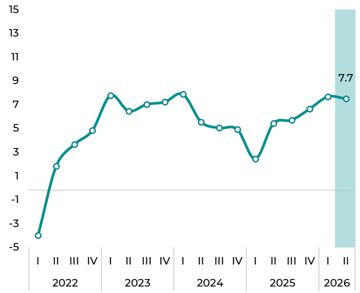
-4.9 percent

1.1 GDP: Production

2026 Q2

Economic growth reached 7.7 percent in the first half of 2026. Growth was mainly supported by the strong expansion of mining production, which remained the key driver of overall economic growth. In addition, growth in the agricultural sector remained stable, supporting overall economic growth.

REAL GDP GROWTH
(percent)



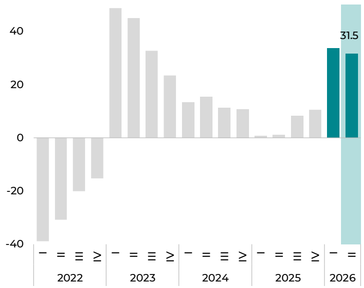
Source: National Statistics Office

REAL GDP GROWTH
(by sectors)

GDP	2025.II	2026.II
	5.6	**7.7**
Agriculture	35.6	11.3
Mining	1.1	31.5
Manufacturing	5.8	1.2
Electricity, water	8.4	7.4
Construction	25.2	7.9
Wholesale, retail trade	-5.7	-0.2
Transportation	-12.5	21.5
Information, communication	16.6	6.1
Other services	4.5	2.6
Net taxes on products	0.9	0.3

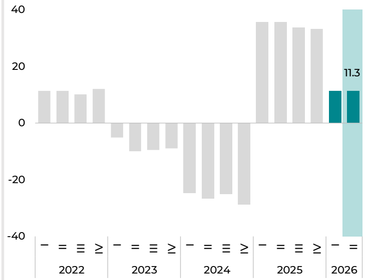
Source: National Statistics Office

MINING
(cumulative GDP growth, percent)



Source: National Statistics Office

AGRICULTURE
(cumulative GDP growth, percent)



Source: National Statistics Office

- Real GDP grew by **7.7 percent** in the first half of 2026.
- Primary sector: Agriculture expanded by 11.3 percent, contributing 1.4 percentage points to growth, while mining expanded by 29.2 percent, contributing 3.9 percentage points to growth.
- Secondary sector (manufacturing, construction, electricity, and water supply) grew by 4.1 percent, contributing 0.5 percentage points to growth.
- Services sector (with all service subsectors except trade recording growth) expanded by 3.8 percent, contributing 1.8 percentage points to growth.
- Net taxes on products increased by 0.3 percent, supporting growth by 0.05 percentage points.

- Economic growth was mainly supported by expansions in the agricultural and mining sectors, while a contraction in the trade sector dampened overall growth.
- Manufacturing, construction, electricity and water supply, and transportation sectors supported overall growth.
- The trade sector remained in decline, largely due to a decrease in non-food product sales.

- The mining sector grew by 31.5 percent in the first half of 2026.
- This growth was mainly driven by coal production, which reached 61 million tons, increasing by 48.7 percent compared to the previous year, and copper concentrate production, which reached 1.2 million tons, increasing by 20 percent year-on-year.
- Meanwhile, gold production reached 4.5 tons, remaining at the same level as the previous year, while crude oil production declined by 7.3 percent to 1.8 million barrels.

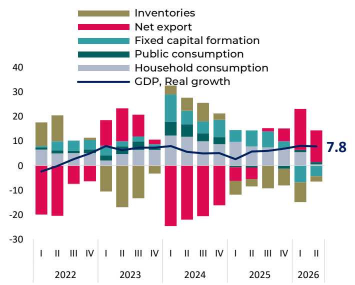
- The agricultural sector grew by 11.3 percent in the first half of 2026.
- Despite a relatively normal winter, the number of survived young animals reached 18.9 million (98.8 percent of total births). However, due to cold weather accompanied by snow and dust storms in some areas during the spring months, the number of survived young animals declined by 1.8 million head compared to the same period of the previous year. In addition, due to the spread of an unprecedented type of foot-and-mouth disease and the increase in the incidence of livestock infectious diseases, the number of large livestock losses reached 348 thousand head, an increase of 160 thousand head compared to the same period of the previous year.

1.2 GDP: Demand

2026 Q2

On the demand side, net exports and government consumption contributed to economic growth.

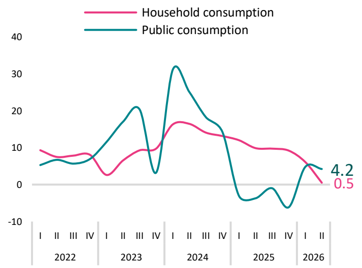
GDP GROWTH
(percent)



Source: National Statistical Office

- Economic growth was mainly supported by external demand. Net exports contributed 13.0 percentage points to total growth, while household consumption contributed 1.3 percentage points.
- In contrast, the decline in gross capital formation reduced growth by 6.5 percentage points.

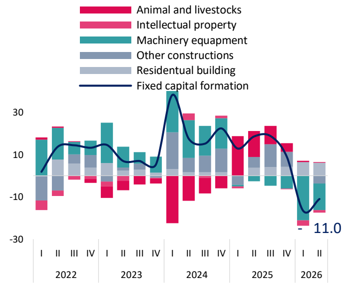
CONSUMPTION GROWTH
(percent)



Source: National Statistical Office

- Government consumption increased by 4.2% in real terms compared to the same period of the previous year, while household consumption increased by 0.5%.

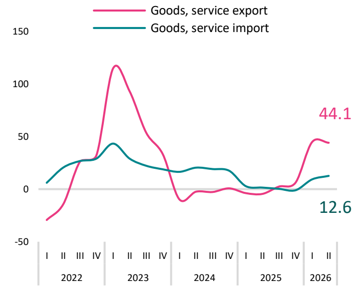
FIXED CAPITAL FORMATION GROWTH *(percent)*



Source: National Statistical Office

- Gross fixed capital formation declined by 11.0%, mainly driven by a 12.7% decrease in machinery and equipment accumulation compared to the previous year.

EXPORT AND IMPORT GROWTH
(percent)



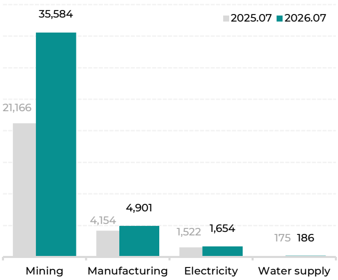
Source: National Statistical Office

- Exports of goods and services increased by 44.1% year-on-year, with the sharp acceleration in growth having a positive impact on net exports.

Total industrial production increased by 56.7 percent in July 2026. The growth was mainly driven by higher physical output of coal, copper, and iron ore extraction in the mining sector.

GROSS OUTPUT

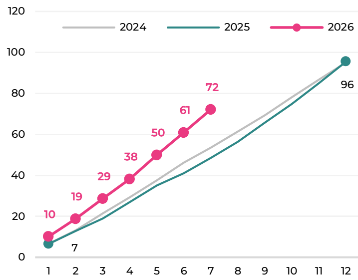
(billion ₮)



Source: National Statistics Office

COAL PRODUCTION

(million tons)



Source: National Statistics Office

MINING PRODUCTION

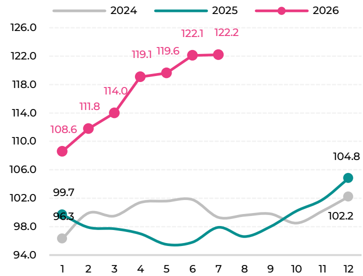
(by main commodities)

		YoY change:
Copper concentrate	**1,379 thous.t**	20.5%
Crude oil	**2,060 thous.bar**	-6.6%
Gold	**5,6 tonn**	-3.0%
Iron ore	**4.9 mil.t**	10.6%

Source: National Statistics Office

PRODUCER PRICE INDEX

(2024=100)



Source: National Statistics Office

- Industrial output reached MNT 42.3 trillion in July 2026, increasing by 56.7 percent compared to the same period of the previous year.
- Despite declines in crude oil and zinc concentrate production, higher coal and metallic ore extraction boosted mining sector output, resulting in a 68.1 percent increase in nominal production.
- Manufacturing output (in nominal terms) grew by 18.0 percent, driven by increased food production, particularly dairy products, as well as higher production of chemicals and chemical products.

- The mining sector accounts for around 80 percent of total industrial production, of which coal mining represents approximately 40 percent.
- Coal production reached 72 million tons in July 2026, increasing by 48.8 percent compared to the previous year.

*As of 2025

- Copper concentrate production increased by 20.5 percent in July 2026, reaching 1,379 thousand tons.
- Iron ore and iron ore concentrate production reached 4.9 million tons, increasing by 10.6 percent compared to the same period of the previous year.
- Gold production reached 5.6 tons, declining by 3 percent compared to the production level recorded in the same period of the previous year.
- Meanwhile, crude oil production declined by 6.6 percent.

- The Producer Price Index (PPI) increased by 24.8 percent year-on-year in July 2026.

<u>PPI increased in:</u>

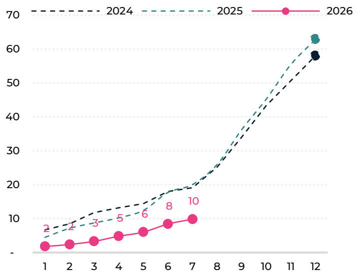
- Chemical and chemical products manufacturing by 50.2 percent;
- Paper and paper products manufacturing by 56.6 percent;
- Metal manufacturing by 38.5 percent;
- Coal and lignite mining by 33.2 percent.

1.4 MANUFACTURING PRODUCTS

JULY 2026

The manufacturing sector output grew by 1.5 percent in real terms in July 2026. This was mainly driven by increases in dairy production, spinning and weaving textile materials, and chemicals and chemical products.

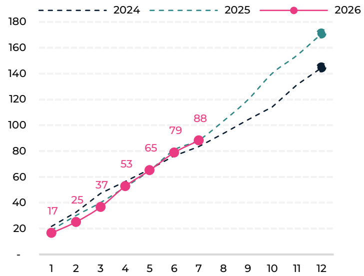
MEAT
(thousand tons)



Source: National Statistics Office

- Processed livestock meat reached 9.8 thousand tons in July 2026, decreasing by 51 percent compared to the same period of the previous year.
- As the physical volume of processed meat declined, real output in meat processing and preservation activities, which account for around 8–10 percent of manufacturing output, decreased by 23.5 percent year-on-year (adjusted using the 2024-based producer price index).

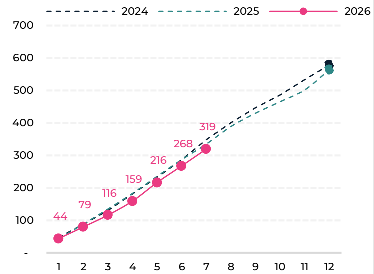
WHEAT FLOUR
(thousand tons)



Source: National Statistics Office

- Flour production reached 88.1 thousand tons in July 2026, decreasing by 0.5 percent compared to the same period of the previous year.
- As the physical volume of flour production decreased, real output of flour, starch, and starch products-accounting for around 5-7 percent of the manufacturing sector decreased by 8.3 percent year-on-year (adjusted for the producer price index based on 2024).

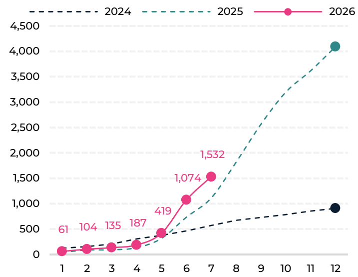
BEVERAGES
(thousand tons)



Source: National Statistics Office

- The production volume of alcoholic and non-alcoholic beverages reached 319.3 thousand tons in July 2026, decreasing by 4.6 percent compared to the same period of the previous year.
- As the physical volume declined, real output of beverages, which account for around 20–25 percent of the manufacturing sector decreased by 2.2 percent year-on-year (adjusted for the 2024-based producer price index).

CASHMERE PRODUCTS
(tons)



Source: National Statistics Office

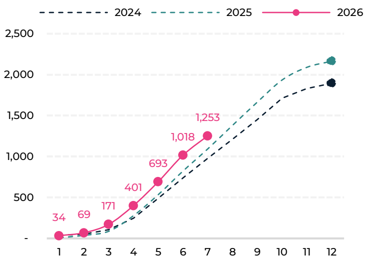
- Combed cashmere production reached 1,532 tons in July 2026, increasing by 37.8 percent compared to the same period of the previous year.
- Despite the increase in physical output, real production in spinning, weaving, and textile materials—accounting for around 3–5 percent of the manufacturing sector increased by 33.8 percent year-on year (adjusted for the 2024-based producer price index).

1.5 MANUFACTURING PRODUCTS: Construction inputs

JULY 2026

Production of key inputs in the construction sector increased, including cement, vacuum windows and doors, and base metals and rolled products, while cathode copper production declined.

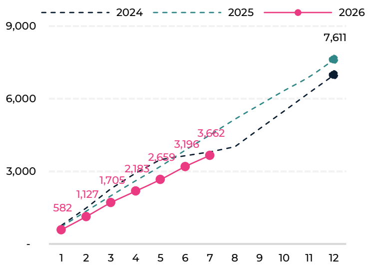
CEMENT
(thousand tons)



Source: National Statistical Office

- Cement production reached 1,253 thousand tons in July 2026, increasing by 14.6 percent compared to the same period of the previous year.

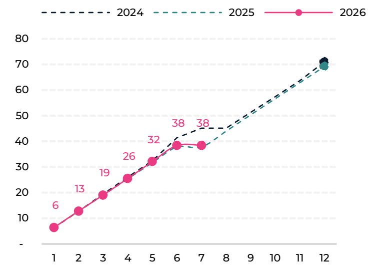
COPPER CATHODE
(tons)



Source: National Statistical Office

- Cathode copper production reached 3,662 tons in July 2026, decreasing by 18.7 percent compared to the same period of the previous year.

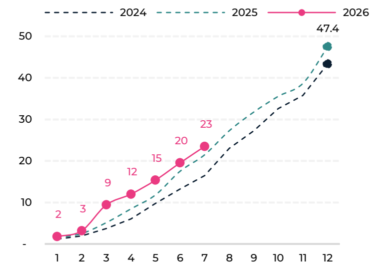
BASE METAL AND FOUNDRIES
(thousand tons)



Source: National Statistical Office

- Metal billets and rolled products production reached 38.4 thousand tons in July 2026, increasing by 1.6 percent compared to the same period of the previous year.

WINDOW AND DOORS
(thousand m2)



Source: National Statistical Office

- Vacuum windows and doors production reached 23.5 thousand m² in July 2026, increasing by 9.4 percent compared to the same period of the previous year.

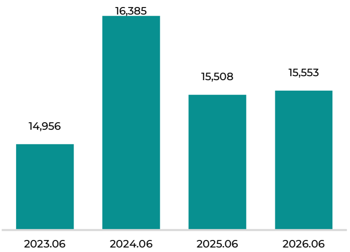
Note: The industrial sector's statistics for October have not been released.

1.6 SERVICES

Freight transportation activity increased in line with higher coal shipments. Growth in real revenues of the trade and accommodation sectors, adjusted for inflation, is gaining momentum.

DOMESTIC TRADE

(trade turnover, billion ₮, adjusted by CPI)

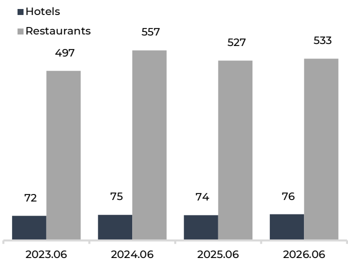


Note: The data is released with a 45-day lag.
Source: MED estimation, NSO

- Wholesale and retail trade account for the largest share of the services sector.
- In June 2026, sales revenue in the sector reached MNT 33.8 trillion in nominal terms, increasing by 10.1 percent compared to the same period of the previous year, while real sales, adjusted for price effects, increased by 0.3 percent.

HOTELS, RESTAURANTS

(revenue, billion ₮, adjusted by CPI)



Note: The data is released with a 45-day lag.
Source: MED estimation, NSO

- In June 2026, nominal sales revenue in the hotel sector increased by 12.3 percent, while revenue in the food services sector rose by 9.2 percent.
- In real terms, adjusted for price effects, hotel sector revenue increased by 3.8 percent, while food services sector revenue increased by 1.1 percent.

TRANSPORTATION

(carried freight, million tons)

	2025.07	2026.07	YoY change:
Railway	24.8	36.1	45.7%
Mining products	17.6	27.3	55.2%
Air	5.34	5.59	4.7%
	2025.II	2026.II	
Road	40.6	62.2	53.3%
Mining products	27.9	41.5	48.9%

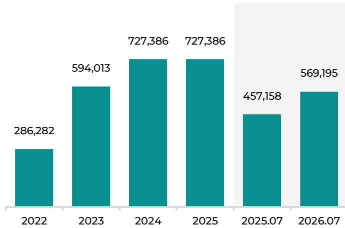
**thousand tons*

Note: The data of road transport is released on quarterly basis.
Source: National Statistics Office

- Rail freight transport reached 36.1 million tons as of July 2026, increasing by 45.7 percent compared to the same period of the previous year.
- Air freight increased by 4.7 percent year-on-year.
- Road freight transport reached 62.2 million tons in Q2 2026, increasing by 53.3 percent compared to the previous year.

TOURISM

(number of inbound tourists, thousand person)



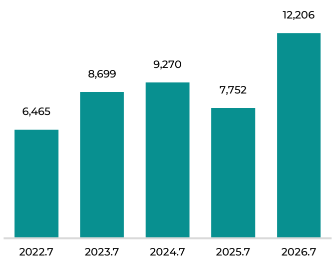
Source: National Statistics Office

- The number of inbound tourists reached 569 thousand in the first seven months of 2026, increasing by 24.5 percent compared to the same period of the previous year.

2.1 FOREIGN TRADE JULY 2026

As of July 2026, total foreign trade turnover reached USD 19.4 billion, while the trade balance recorded a surplus of USD 5 billion.

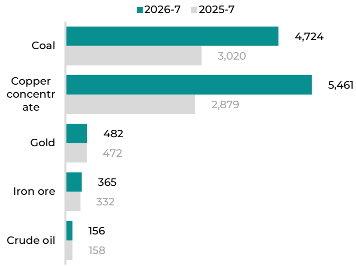
EXPORTS
(million $)



Source: MGCA

- In July 2026, exports reached $12,206 million, increase of 57 percent from last year.
- Mining products accounted for 96 percent of total exports.

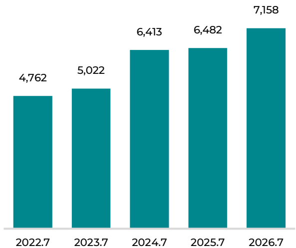
EXPORTS BY MAIN PRODUCTS
(million $)



Source: MGCA

- Coal export reached $4,724 million, increasing by 56 percent compared with the previous year.
- Copper concentrate export reached $5,406 million, increasing by 90 percent compared with the previous year.
- Gold export reached $482 million, increasing by 2 percent compared with the previous year.
- Iron ore export reached $365 million, increasing by 10 percent compared with the previous year.

IMPORTS
(million $)



Source: MGCA

- In July 2026, imports reached $7,158 million, an increase of 10.9 percent from last year.
- Fuel accounted for 21 percent of the total imports, equipment for 19 percent, construction materials for 13 percent, food products for 10 percent, and passenger cars for 8 percent.
- Imports of fuel increased by 41 percent, construction materials by 16 percent, equipment by 10 percent, and food imports by 7 percent, contributing to the overall increase in total imports.

IMPORTS BY MAIN PRODUCTS
(million $)

Source: MGCA

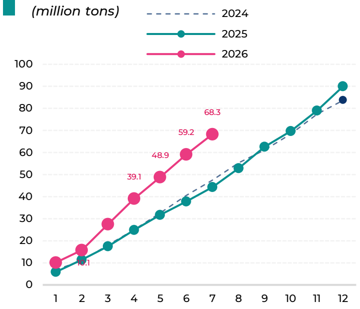
- Fuel imports reached $1,482 million, up 41 percent compared to a year earlier.
- Equipment import reached $1,362 million, up 14 percent compared to a year earlier.
- Passenger car imports reached $582 million, down 23 percent compared to a year earlier.
- Construction materials' imports reached $944 million, up 16 percent compared to a year earlier.
- Food imports reached $732 million, up 7 percent compared to a year earlier.

2.2 MINERAL PRODUCTS

JULY 2026

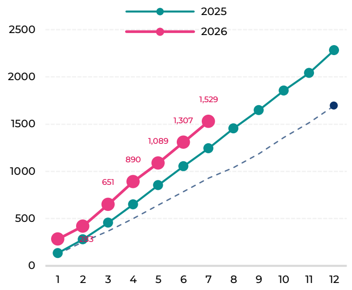
As of July 2026, mining products made up 95 percent of total exports.

COAL
(million tons)



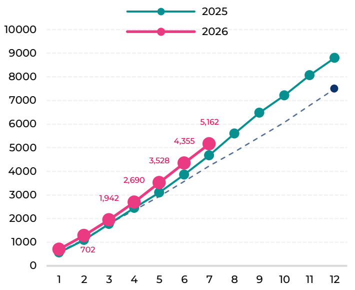
Source: MGCA

COPPER CONCENTRATE
(thousand tons)



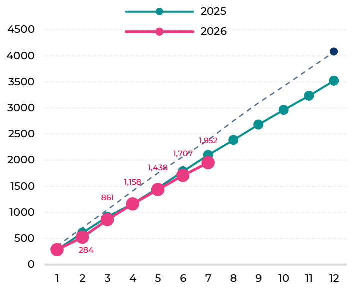
Source: MGCA

IRON ORE
(thousand tons)



Source: MGCA

CRUDE OIL
(thousand barrel)



Source: MGCA

- In July 2026, coal exports reached 68.3 million tons, increasing by 54 percent with the previous year.

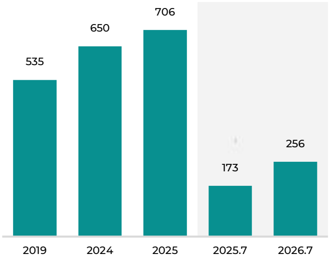
- In July 2026, copper concentrate exports reached 1,529 thousand tons, increasing by 23 percent compared with the previous year.

- In July 2026, iron ore exports reached 5,162 thousand tons, increasing by 10 percent compared with the previous year.

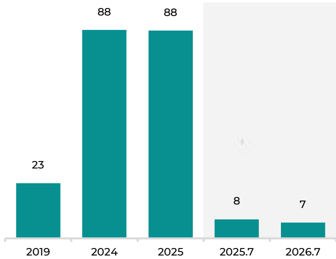
- In July 2026, crude oil exports reached 1,952 thousand barrels, unchanged from the same period of the previous year.

In July 2026, agricultural exports increased by 48 percent compared with the previous year.

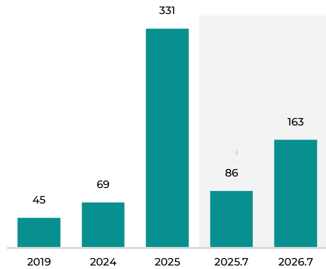
TOTAL AGRICULTURAL EXPORTS
(million USD)



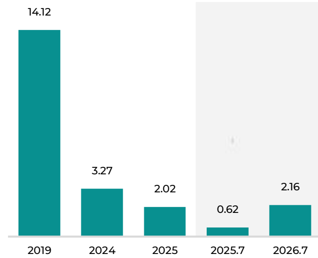
MEAT OF SHEEP AND GOAT
(million USD)



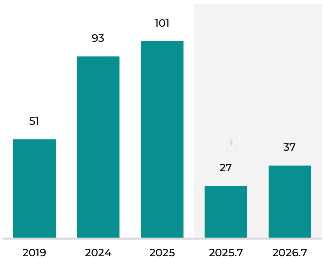
CASHMERE, WASHED
(million USD)



FURS, HIDES AND SKINS
(million USD)

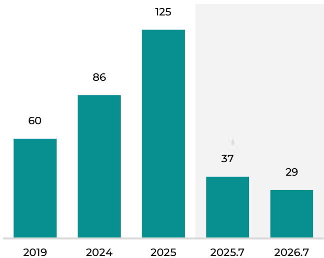


CANNED MEATS
(million USD)



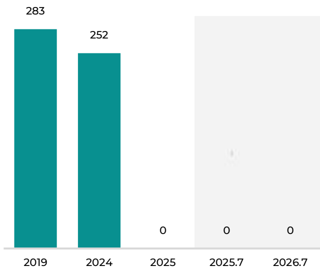
Source: MGCA

MEAT OF HORSE AND BOVINE
(million USD)



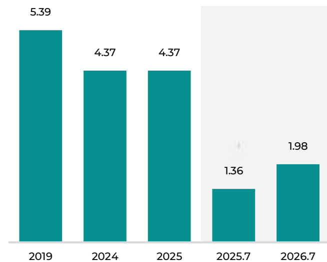
Source: MGCA

CASHMERE, COMBED
(million USD)



Source: MGCA

WOOL
(million USD)



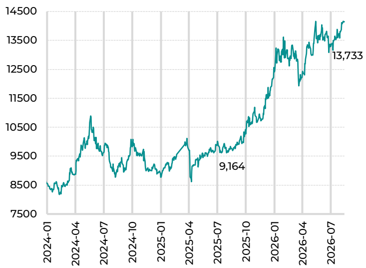
Source: MGCA

GLOBAL COMMODITY PRICE TRENDS

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

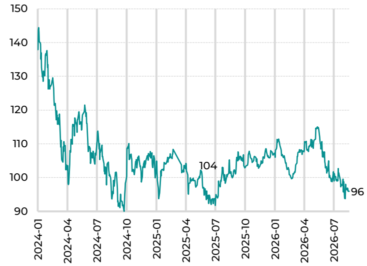
Source: Bloomberg

COPPER
($/tons, LME)



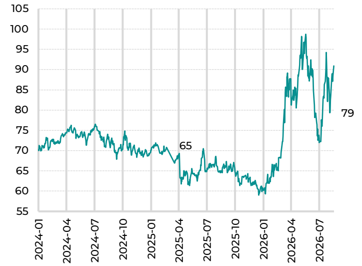
Source: Bloomberg

IRON CONCENTRATE
($/tons, iron concentrate 62%, Northwest China)



Source: Bloomberg

CRUDE OIL
($/bbl, Brent)



Source: Bloomberg

- The average price of high-quality Australian coking coal on the Singapore Exchange (SGX) reached USD 218 per ton in July 2026, down 4 percent from the previous month and 31 percent year-on-year.

- The average price of refined copper on the London Metal Exchange (LME) reached USD 14,385 per ton in July 2026, an increase of 38 percent year-on-year.

- The average price of iron ore concentrate in Northeast China reached USD 95 per ton in July 2026, down 2 percent from the previous month and 1 percent year-on-year.

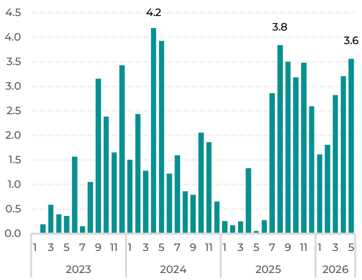
- The average price of Brent crude oil reached USD 85 per barrel in July 2026, remaining unchanged from the previous month and increasing by 23 percent year-on-year.

4. THE MINING COMMODITY EXCHANGE TRADE

MAY 2026

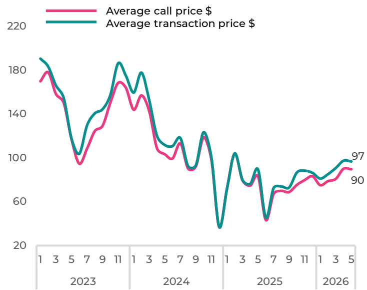
In May 2026, the Mining Commodity Exchange traded 13 million tons of coal and 2.0 million tons of iron ore.

COAL TRADE
(million tons, monthly)



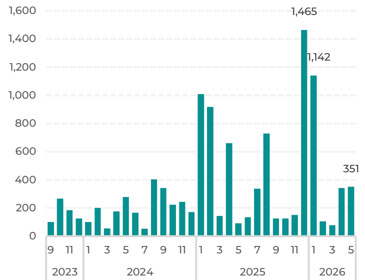
Source: Mongolian Stock Exchange

AVERAGE COAL PRICE
($/tons, monthly)



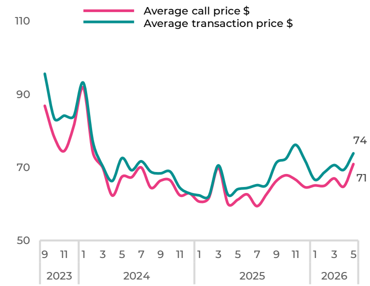
Source: Mongolian Stock Exchange

IRON TRADE
(thousand tons, monthly)



Source: Mongolian Stock Exchange

AVERAGE IRON PRICE
($/tons, monthly)



Source: Mongolian Stock Exchange

- Between January 2023 and May 2026, a total of 72.1 million tons of coal were traded, generating $7.3 billion in revenue.
- In 2025, 21.8 million tons of coal were traded, generating $1.6 billion in revenue.
- In May 2026, 13 million tons of coal were sold.

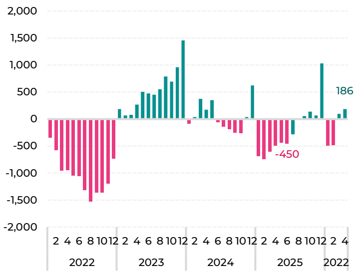
- In May 2026, the average call price of coal was $90, and the average transaction price was $97.
- Depending on the type of coal, in May 2026, the minimum transaction price reached $21, and the maximum price reached $153.

- Between September 2023 and May 2026, a total of 11 million tons of iron ore and concentrate were traded, generating $732million in revenue.
- In 2025, 5.9 million tons of iron ore and concentrate were traded, generating $380 million in revenue.
- In May 2026, 2 million tons of iron ore were sold.

- The average call price of iron ore and concentrate was $71 in May 2026, and the average transaction price reached $74.
- Depending on the type of iron, the minimum transaction price in May 2026 was $60, and the maximum price was $97.

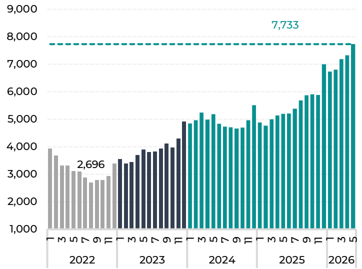
The balance of payments recorded a $186 million surplus in April 2025, while gross international reserves increased to $7,733 million at the end of May 2026.

BALANCE OF PAYMENTS
(million $)



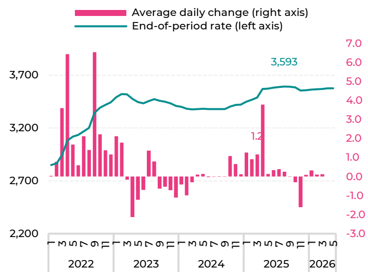
Note: The data is released with a one-month lag.
Source: Bank of Mongolia

GROSS INTERNATIONAL RESERVES
(million $)



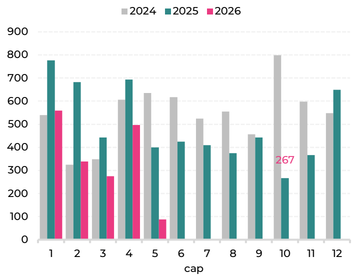
Source: Bank of Mongolia

EXCHANGE RATE
(MNT/USD)



Source: Bank of Mongolia

FOREIGN EXCHANGE AUCTIONS
(million $)



Source: Bank of Mongolia

- The balance of payments recorded a surplus of $186 million in April 2026.
- The current account is $311 million surplus, while the financial account is $227 million surplus.

- Gross international reserves stood at $7,733 million at the end of May 2026, up $406 million from the previous month, $2,539 million from the period last year.

- The average daily change in the MNT/USD rate was 0 in May 2026, and the exchange rate remained at 3,576.

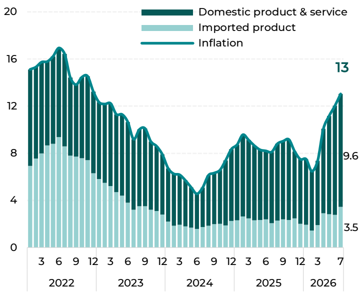
- In May 2026, the Bank of Mongolia sold $88 million to the commercial banks.
- As of the first five months of 2026, total intervention reached $1,756 million, marking a $1,756 million decrease compared to the previous year.

6.1 INFLATION

JULY 2026

The annual inflation rate reached 13.0 percent in July 2026, marking an increase of 4.9 percentage points compared to the same period last year. The price increases in the food and transportation groups primarily drove the year-on-year acceleration in inflation. Prices of goods and services increased by 0.9 percent from the previous month.

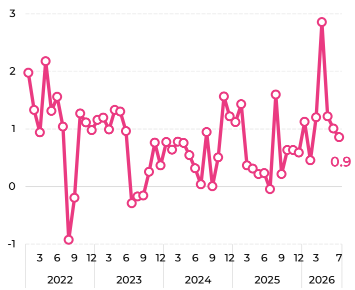
ANNUAL INFLATION
(percent)



Source: National Statistical Office

- In July 2026, the annual inflation rate stood at 13.0 percent.
- Inflation from imported goods contributed 3.5 percentage points, accounting for 26.6 percent of the annual inflation.
- Inflation from domestic goods and services contributed 9.6 percentage points, accounting for 73.4 percent of the annual inflation.

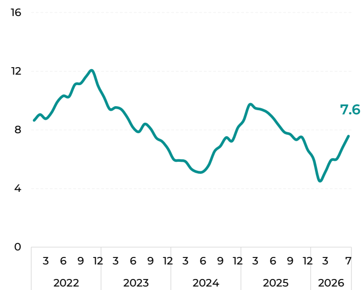
M-o-M INFLATION
(percent)



Source: National Statistical Office

- On a month-over-month basis, consumer prices increased by 0.9 percent in July 2026.
- This increase was primarily driven by increase in the price of potatoes and gasoline, which rose by 14.8 percent and 9.5 percent, respectively.

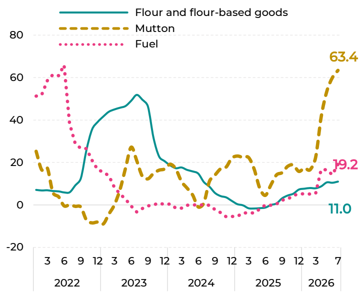
CORE INFLATION
(percent)



Source: National Statistical Office

- Core inflation excludes the volatile prices of food and energy from headline inflation.
- Core inflation estimated at 7.6 percent in July 2026, contributing 4.6 percentage points to the annual inflation.
- Core inflation increased over the last 5 months.

PRICE TRENDS FOR KEY FOOD COMMODITIES *(percent)*



Source: National Statistical Office

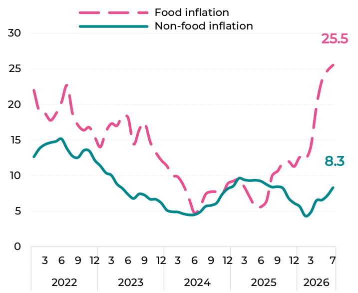
- Price increases in meat, dairy, and fuel group products accounted for 48.7 percent of the annual inflation in July 2026.
- Prices of flour and flour-based products increased 11.0 percent from the same period last year.
- Mutton price increased by 63.4 percent year-over-year.
- The price of fuel group increased by 19.2 percent year-over-year.

6.2 INFLATION

JULY 2026

Global container shipping prices rose to $4,526, doubling from the same period last year. Meanwhile, the FAO Food Price Index (FFPI) rose by 0.6 percent month over month in July 2026.

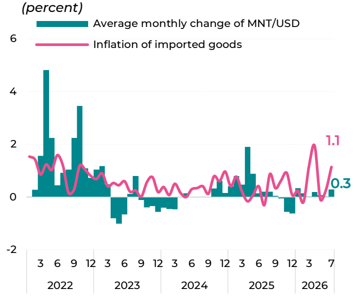
FOOD AND NON-FOOD INFLATION
(percent)



Source: National Statistical Office

- Food inflation was at 25.5 percent, accounting for 7.0 percentage points of annual inflation in July 2026. The acceleration in food inflation was driven by price increases in meat and meat products.
- Non-food inflation was at 8.3 percent, accounting for 6.0 percentage points of annual inflation.

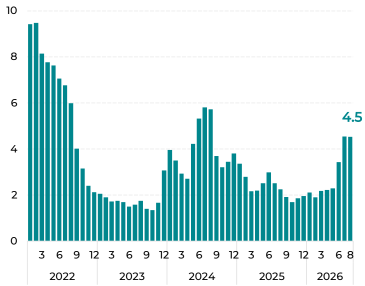
IMPORTED INFLATION AND EXCHANGE RATE
(percent)



Source: National Statistical Office, Bank of Mongolia

- In July 2026, the average MNT/USD rate appreciated by 0.3 percent from the previous month to MNT 3,587.
- In July 2026, prices of imported goods were up by 1.1 percent from the previous month.

WORLD CONTAINER INDEX
(1000$/40-foot container)



Source: Drewry's World Container Index

- Container freight rates, which had been increasing at a relatively stable pace following the conflict in the Middle East, rose sharply over the past month.
- As of August 20, 2026, the Drewry World Container Index (WCI) reached $4,526 per 40-ft container, doubling from a year earlier and falling 0.5 percent from the previous month.
- The increase in container shipping costs are increasing supply-driven inflationary pressure.

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 is calculated as the average of price indices for five commodity groups.
- The FFPI stood at 131.1 points in July 2026, increasing by 1.0 percent y-o-y, and by 0.6 percent compared to the previous month.
- Over the past month, prices of vegetable oil, cereals, wheat, and sugar have increased in the global market, while prices of meat have decreased.

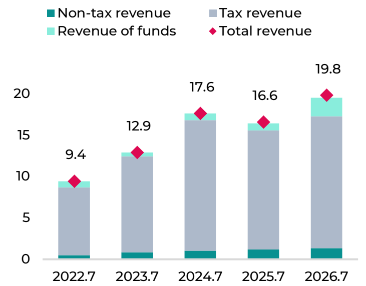
7.1 BUDGET

JULY 2026

Year-on-year revenue performance improved by 19.6%, reaching 19,829.8 billion MNT. Meanwhile, expenditure rose to 19,507.2 billion MNT, a 15.5% increase compared to the same period last year.

BUDGET REVENUE

(by source, trillion ₮)

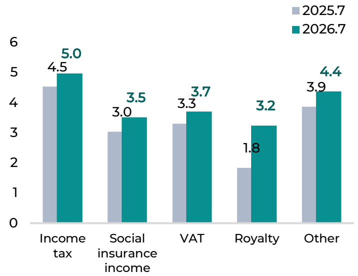


Source: Ministry of Finance

- Since the beginning of 2026, 65 percent of royalty revenue has been allocated to the Future Heritage Fund, contributing to a 2.6 times increase in fund revenue accumulation year-on-year.
- The structural revenue reached MNT 17.3 trillion as of July 2026, increasing by MNT 1,712.6 billion (11.0 percent) year-on-year.
- Tax revenue reached MNT 16.0 trillion as of July 2026, increasing by MNT 1,537.5 billion (10.4 percent) year on year. This growth was mainly driven by increases in VAT and social insurance revenue.

TAX REVENUE

(by type of taxes, trillion ₮)

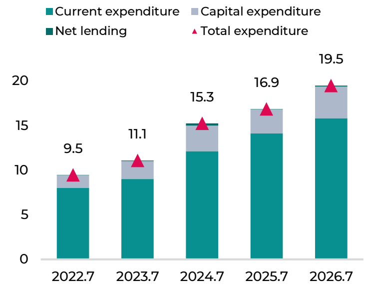


Source: Ministry of Finance

- Driven by higher global copper prices and the volume of mineral exports, royalty revenue reached MNT 3.2 trillion, increased 1.8 times compared to the same period of the previous year, thereby contributing positively to overall budget revenue growth.
- Corporate income tax revenue increased by MNT 211.4 billion (7.1 percent) from the same period of the previous year. In contrast, excise tax revenue decreased by MNT 102.8 billion (16.2 percent) over the same period.

CONSOLIDATED BUDGET

(by category, trillion ₮)

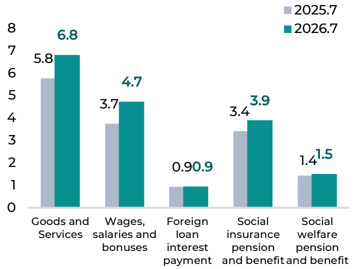


Source: Ministry of Finance

- In July 2026, budget expenditure amounted to MNT 19.5 trillion, an increase of MNT 2.6 trillion (15.5 percent) year-on-year.
- This increase was driven mainly by higher current and capital spending, which contributed 10.1 and 5.1 percentage points to the growth, respectively
- Capital expenditure amounted to MNT 3.6 trillion, an increase of 858.8 billion (31.8 percent) year-on-year.

CURRENT EXPENDITURE

(by expenditure category, trillion ₮)

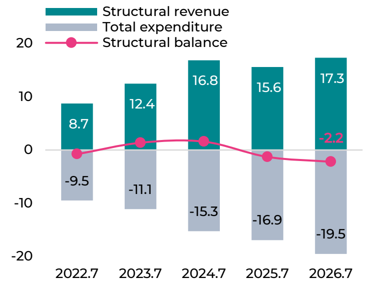


Source: Ministry of Finance

- The increase in current expenditure was mainly due to salary spending reaching MNT 4.7 trillion, an increase of MNT 995.1 billion (26.6 percent) year-on-year. Similarly, pension and benefit costs rose to MNT 5.4 trillion, up by MNT 560.8 billion (11.6 percent).
- Current transfers increased to MNT 1,655.0 billion, up by MNT 12.3 billion (0.8 percent) year-on-year. In contrast, other expenditures on goods and services declined to MNT 349.4 billion, down by MNT 68.4 billion (16.4 percent) year-on-year.

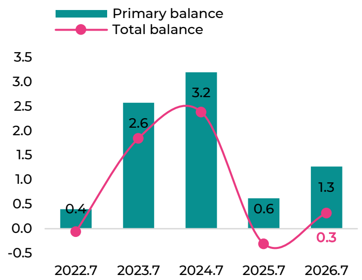
In July 2026, the structural balance recorded a deficit of MNT 2,206.4 billion.

STRUCTURAL BALANCE
(trillion ₮)



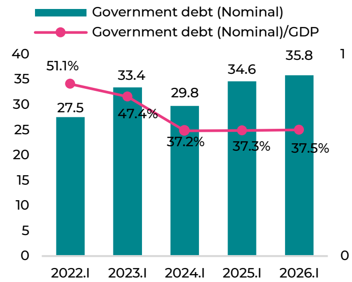
Source: Ministry of Finance

CONSOLIDATED BALANCE
(trillion ₮)



Source: Ministry of Finance

GOVERNMENT DEBT (NPV)
(Left axis: trillion ₮, Right axis: share of GDP)



Source: Ministry of Finance

GOVERNMENT DEBT (NPV)
(trillion ₮)

	2025.I	2026.I	growth
Government total debt	34.6	35.8	3.4%
Debt-to-GDP ratio	*37.3%*	*37.5%*	*0.2%*
Government domestic debt	0.4	1.1	160.8%
Government external debt	31.4	32.0	1.9%
Securities	8.7	9.1	4.5%
Loans	22.7	22.9	0.9%
Other government debt	2.8	2.7	-2.0%
Government debt	0.2	0.2	-7.9%
Capital city Securities	2.6	2.6	-1.6%

Source: Ministry of Finance

- The structural balance recorded a deficit of MNT 2.2 trillion in July 2026.
- The deficit was mainly driven by increased expenditures resulting from adjustments to public sector wages and pensions.

- As of July 2026, the overall budget balance recorded a surplus of MNT 322.6 billion, representing a year-on-year increase in the budget surplus of MNT 631.8 billion.
- Meanwhile, the primary balance (which excludes interest payments) stood at a surplus of MNT 1,270.1 billion during this period.
- This indicates that the budget's underlying core operations remained profitable, excluding debt service obligations.

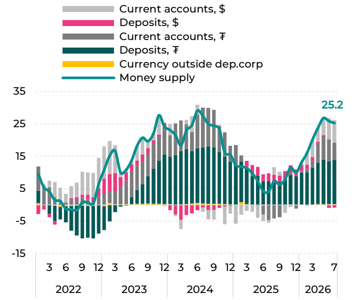
- As of the first quarter of 2026, government debt reached MNT 35.8 trillion, equivalent to 37.5 percent of GDP, reflecting an increase of MNT 1.2 trillion (3.4 percent) year-on-year.
- The government's nominal debt-to-GDP ratio remains within the limits prescribed under the fiscal responsibility law.

- The composition of government debt is dominated by external borrowing instruments. External debt accounts for 89.4% of total government debt, of which 63.9 percent is external loans and the remaining 25.5 percent is external securities.
- This indicates a relatively high exposure to risks arising from exchange rate fluctuations, changes in international market conditions, and volatility in interest rates.

8.1 MONEY AND FINANCE July 2026

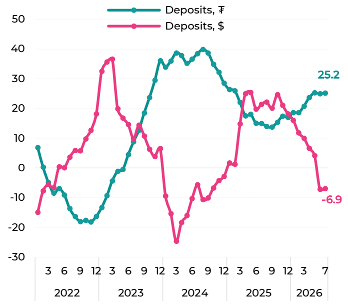
The money supply increased 25.2 percent year-on-year to ₮53.1 trillion in July 2026. The outstanding loans increased by 13.0 percent year-on-year in July 2026, reaching ₮47.9 trillion.

MONEY SUPPLY GROWTH
(percent)



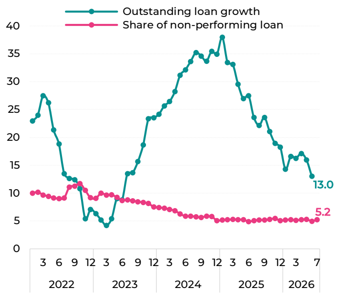
Source: Bank of Mongolia

DEPOSITS GROWTH
(percent)



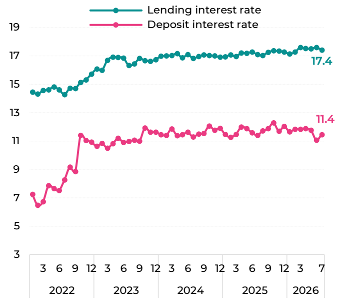
Source: Bank of Mongolia

LOANS
(percent)



Source: Bank of Mongolia

INTEREST RATE
(percent, weighted average rate)



Source: Bank of Mongolia

- In July 2026, the money supply reached ₮53.1 trillion, marking an increase of 25.2 percent from a year earlier.
- Domestic currency deposits increased growth by 13.7 percentage points, foreign currency current accounts increased growth by 6.9 percentage points, domestic currency current accounts increased growth by 5.3 percentage points, and currency outside Dep.Corp growth increased by 0.2 percentage points, while foreign currency deposits had a 0.9 percentage-point negative effect on growth.

- Total deposits reached ₮33.8 trillion, an increase of 19.1 percent from a year earlier.
- Domestic currency deposits reached ₮28.8 trillion, up 25.2 percent from a year earlier.
- Foreign currency deposits reached ₮5.0 trillion, down 6.9 percent from a year earlier.

- In July 2026, outstanding loans reached ₮47.9 trillion, marking an increase of 13.0 percent from a year earlier.
- The share of non-performing loans in total loans was 5.2 percent, an increase of 0.2 percentage points from the same period last year.

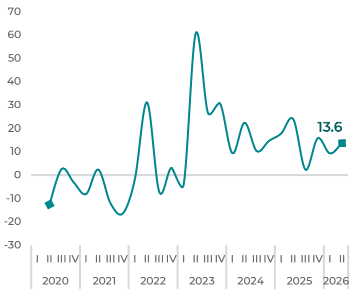
- In July 2026, the weighted average interest rate on outstanding loans was 17.4 percent, up 0.3 percentage points from a year earlier and down 0.2 percentage points from the previous month.
- The interest rate on new deposits was 11.4 percent, increasing by 0.04 percentage points from the same period of the previous year and by 0.4 percentage points from the previous month.

8.2 GREEN FINANCE

2026 Q2

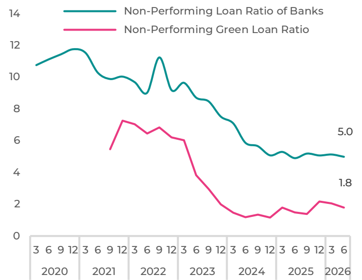
As of the first quarter of 2026, banks' outstanding green loan balance reached MNT 2.5 trillion, increasing by 2.9% compared to the previous quarter. The share of green loans in total outstanding bank loans reached 5.7%.

GROWTH OF OUTSTANDING GREEN LOANS *(quarterly growth, %)*



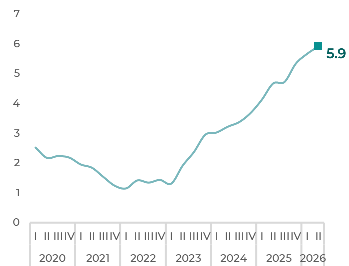
Source: Bank of Mongolia

NON-PERFORMING LOAN RATIO



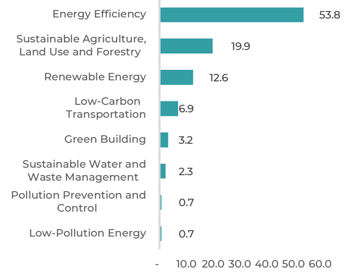
Source: Bank of Mongolia

SHARE OF GREEN LOANS IN TOTAL OUTSTANDING LOANS *(percentage)*



Source: Bank of Mongolia

OUTSTANDING GREEN LOANS BY SECTOR *(sectoral distribution, %))*



Source: Bank of Mongolia

- As of the first quarter of 2026, the outstanding balance of green loans increased by 13.6% compared to the previous quarter, continuing its upward trend. Although the growth rate has moderated compared to the sharp expansion observed in 2022–2023, it indicates that green financing is becoming more firmly established within the banking sector.

- The non-performing loan (NPL) ratio of green loans remained lower than the overall banking sector average at 1.8%, compared to 5.0% for total loans. This suggests that green loans carry relatively lower financial risk and demonstrate stronger repayment performance.

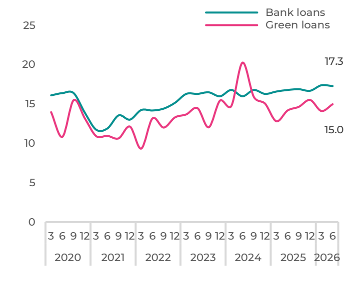
- Green loans accounted for 5.9% of total outstanding loans, showing steady growth in recent years. However, compared to the overall loan portfolio of the banking sector, the share of green financing remains relatively small, indicating significant room for further expansion.

- As of the first quarter of 2026, 53.8% of total outstanding green loans were concentrated in the energy-efficient housing sector. This was followed by the agriculture sector with 19.9% and the renewable energy sector with 12.6%. Compared to these sectors, green financing in other sectors remains relatively limited.

8.2 GREEN FINANCE

The weighted average interest rate of newly issued green MNT loans stood at 15.0%, while the weighted average maturity reached 45.1 months. Compared to overall bank lending, green loans continue to be issued at relatively lower interest rates and longer maturities, reflecting growing support for sustainable long-term investment.

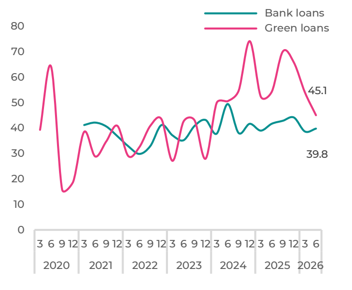
INTEREST RATE OF NEWLY ISSUED MNT LOANS *(weighted average interest rate, %)*



Source: Bank of Mongolia

- The weighted average interest rate on newly issued green MNT loans was 15.0%, lower than the banking sector average of 17.3%. In recent years, green loans have consistently been provided at more favorable financing terms compared to overall bank lending, indicating continued support for green financing.

MATURITY OF NEWLY ISSUED MNT LOANS *(weighted average maturity, months)*



Source: Bank of Mongolia

- The weighted average maturity of newly issued green MNT loans reached 45.1 months, compared to the banking sector average of 39.8 months. The relatively longer maturity of green loans reflects increasing efforts to finance long-term sustainable and environmentally friendly investment projects.

GREEN BOND INFORMATION – 2026.03

GREEN BOND – 1
Commercial bank *(2023.12.15)*
17 bil. ₮
16% | 3 years

GREEN BOND – 2
Commercial bank *(2024.10.17)*
25 mil. $
SOFR+3.4% | 3 years

GREEN RECYCLE BOND (TRANCHE-1)
Waste Recycling Sector *(2024.11.06)*
11 mil. $
10% | 3 years

GREEN RECYCLE BOND (TRANCHE-2)
Waste Recycling Sector *(2025.01.03)*
4 mil. $
10% | 3 years

SENIOR UNSECURED GREEN AND SOCIAL BOND
Арилжааны банк *(2024.10.23)*
50 mil. $
9.5% | 5 years

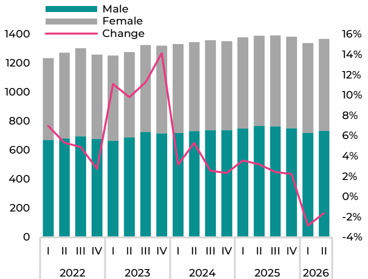
GREEN AND SOCIAL BOND
Арилжааны банк *(2025.01.02)*
50 mil. $
8% | 5 years

Source: Financial Regulatory Commission

9.1 LABOR MARKET 2026 Q2-2026.07

The number of employed persons decreased to 1.37 million, resulting in a decline in the labor force participation rate to 61.5 percent.

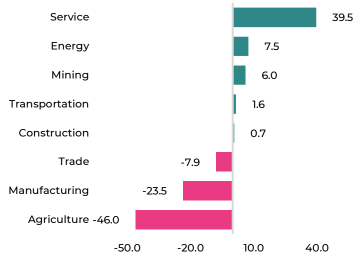
CHANGES IN THE NUMBER OF EMPLOYEES BY GENDER
(thousand persons, percent)



Source: National Statistics Office

- The number of employees decreased by 22 thousand, or 1.6 percent, from the same period last year to 1 million 368 thousand.
- In the second quarter of 2026, the number of male employees decreased by 31 thousand from the same period last year, and the number of female employees increased by 9 thousand from the same period last year.

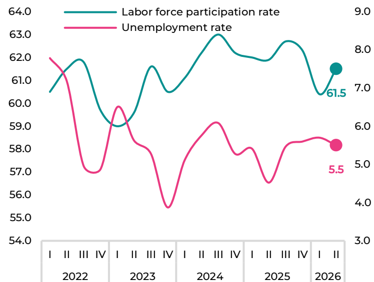
CHANGES IN THE NUMBER OF EMPLOYEES BY SECTOR
(thousand persons)



Source: National Statistics Office

- The decline in the number of employees was mainly driven by a year-on-year decrease of 46 thousand employees, or 12 percent in the agriculture sector, which accounts for one-quarter of total employees, and a decrease of 24 thousand employees in the manufacturing sector.
- However, the number of employees in the services sector increased by 40 thousand, driven primarily by increases in the financial and insurance, and education sectors.

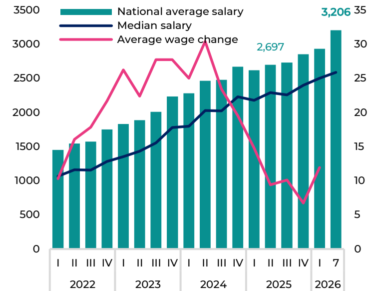
LABOR FORCE PARTICIPATION RATE
(percent)



Source: National Statistics Office

- The number of unemployed persons increased by 13 thousand compared to the same period of the previous year, bringing the unemployment rate to 5.5 percent, an increase of 1.0 percentage points compared to the same period of the previous year.
- However, the labor force participation rate decreased by 0.4 percentage points compared to the same period of the previous year to 61.5 percent, due to the decrease in the number of employees.

THE AVERAGE, MEDIAN, REAL SALARY
(thousand ₮)



Source: National Statistics Office

- The average salary as of July 2026 is 3 million 206 thousand tugriks.
- The median salary is 2 million 588 thousand tugriks (618 thousand tugriks less than the average salary). This means that more than half of the workers receive a salary of less than 2.6 million tugriks.
- The real salary adjusted by the consumer price index reached 2 million 475 thousand tugriks.

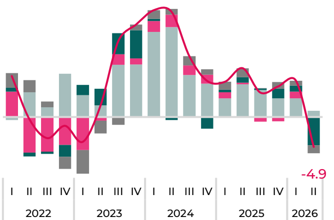
(CPI 2023=100)

9.2 HOUSEHOLD INCOME

2026 Q2

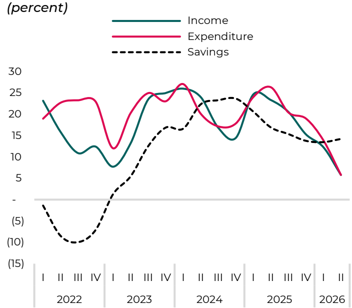
Household real income decreased by 4.9 percent.

AVERAGE REAL INCOME GROWTH
(percent)



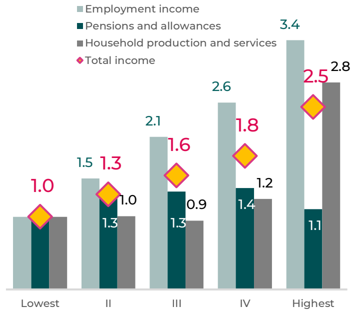
Source: National Statistics Office

NOMINAL INCOME, EXPENDITURE AND SAVING
(percent)



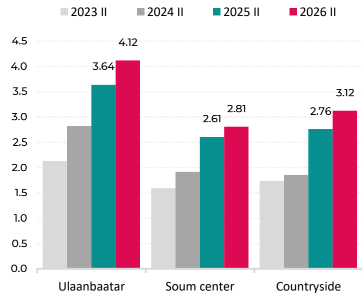
Source: National Statistics Office

DISTRIBUTION OF AVERAGE REAL INCOME



Source: National Statistics Office

AVERAGE NOMINAL INCOME
(mln MNT)



Source: National Statistics Office

- Household real income contracted by 4.9%.
- The decline in household income was mainly driven by a decrease of MNT 97.6 thousand in income from household production and services compared with the same period of the previous year.

Note: Household real income based on 2020 constant prices.

- The growth in household income and expenditure slowed to 5.8%, while the growth in household savings is gradually gaining momentum.

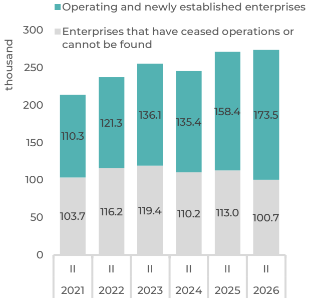
- When households are divided into five equal groups by number of households, the income of the highest-income group compared with the lowest-income group is:
  - 3.4 times higher in terms of real wage income;
  - 2.8 times higher in terms of real household production income;
  - 1.1 times higher in terms of real pension and benefit income.

Note: The households were divided into five equal groups by household number, and the wage, pension and benefit, and household production incomes of the lowest-income group were calculated and compared with those of the other household groups.

- The gap in nominal household income between urban and rural areas persists. In the second quarter of 2025, average household income in the capital city was 1.5 times higher than that of rural households. As of the second quarter of 2026, this gap has persisted, remaining at the same level.

The total number of enterprises registered in the Business Register reached **274.2 thousand** in the second quarter of 2026, increasing by **2.8 thousand entities**, or **9.5 percent**, compared to the same period of the previous year.

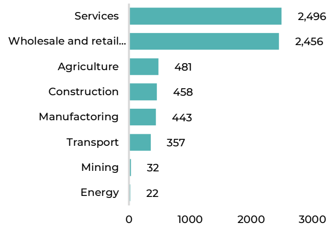
TOTAL NUMBER OF REGISTERED ENTERPRISES *(thousands, by operating*



Source: National Statistics Office

CHANGE IN THE NUMBER OF ENTERPRISES OPERATING BY SECTOR

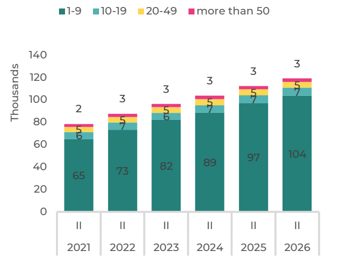
(the number of enterprise)



Source: National Statistics Office

THE NUMBER OF ENTERPRISES OPERATING BY SECTOR

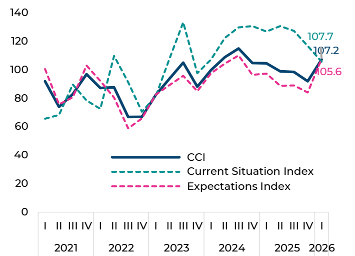
(thousands, by number of employees)



Source: National Statistics Office

CONSUMER CONFIDENCE INDEX

(by quarter, 2018=100)



Source: National Research and Consulting Center (NRCC Co. Ltd)

- The total number of enterprises registered in the Business Register reached 274.2 thousand in the second quarter of 2026, increasing by 2.8 thousand compared to the same period of the previous year.
- Enterprises that are active or have not yet started operations increased by 9.5 percent compared to the same period last year, while enterprises that have ceased operations or are untraceable decreased by 10.8 per cent.

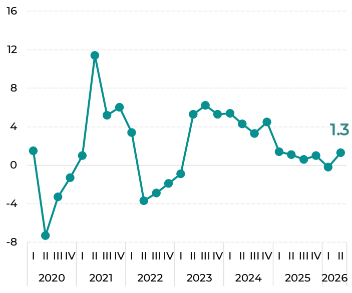
- The number of operating enterprises increased by 2.5 thousand in the trade sector and by 2.4 thousand in the services sector.
- Additionally, the number of operating enterprises in agriculture sector grew by 10.6 percent.

- Out of 119.1 thousand operating enterprises, 103.6 thousand are micro-enterprises with 1–9 employees.
- In addition, the number of small enterprises with 1–9 employees increased by 6.8% compared to the same period of the previous year.

- The Consumer Confidence Index (CCI) reached to 107.2 in the first quarter of 2026, raised by 2.8 points compared to the same period of the previous year.
- A breakdown of the CCI shows that the Current Situation Index, which reflects consumers' assessment of current economic conditions, decreased by 21.1 points from a year earlier.
- The Expectations Index, which measures expectations for the next six months, increased by 10.5 points, mainly due to improving expectations regarding business conditions, job availability, and income prospects.

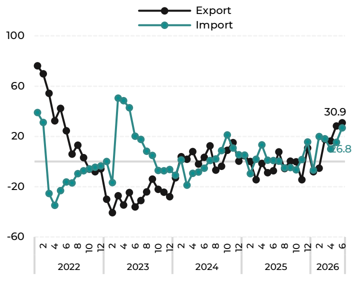
The Russian economic growth increased to 1.3 percent in the second quarter of 2026. The inflation rate reached 5.3 percent in June 2026, down 3.4 percentage points from the same period last year.

GDP GROWTH
(percent)



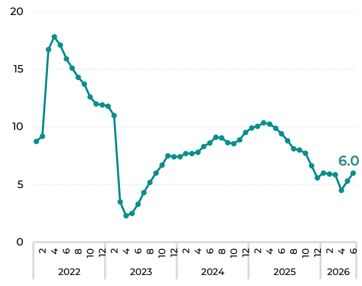
Source: Bloomberg

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



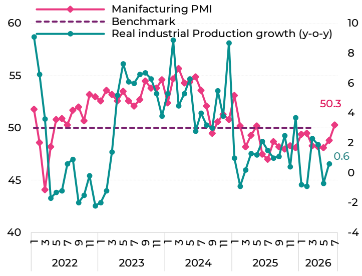
Source: Central Bank of the Russian Federation

INFLATION
(percent)



Source: Bloomberg

PURCHASING MANAGERS' INDEX
(PMI)



Source: Bloomberg

- The Russian economic growth increased to 1.3 percent in the second quarter of 2026, marking increase of 1.5 percentage points from the same period last year.

- As of June 2026, exports reached $43.2 billion, and imports reached $30.8 billion, resulting in a trade surplus of $12.5 billion.
- Exports rose by 31 percent year-on-year in June 2026.
- Imports increased by 27 percent year-on-year in June 2026.

- The inflation rate remains above the central bank's target level of 4 percent.
- Inflation stood at 6 percent in June 2026, decreasing by 0.7 percentage points from the previous month and by 3.4 percentage points year-on-year.
- The annual inflation reached 8.7 percent in 2025, showing a 0.3 percentage point increase from the previous year.
- The Central Bank of Russia reduced its policy rate by 0.5 percentage points to 14.5 percent in April 2026.

- In July 2026, the Purchasing Manager's Index (PMI) for the industrial sector reached 50.3, reflecting an increase of 0.4 points from the previous month.
- As of June 2026, the growth of real industrial production reached 0.6 percent, a decrease of 1.3 percentage points from the previous month.

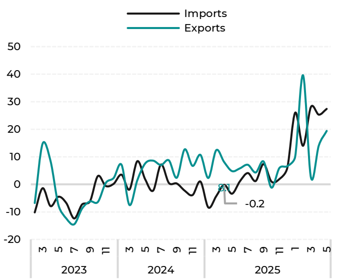
11.2 WORLD ECONOMY- CHINA

MAY 2026

Despite weak domestic demand, China's economy expanded by 5.0 % in the first quarter of 2026, supported by increased exports and domestic demand.

EXPORTS & IMPORTS GROWTH

(percent)

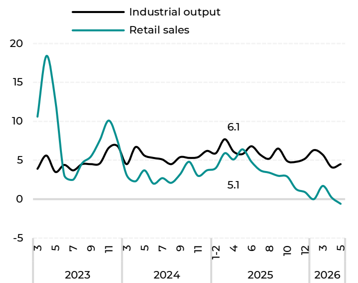


Source: National Bureau of Statistics of China

- China's GDP grew by 5.0 percent in the first quarter of 2026.
- Export growth accelerated to 19.4 percent in May 2026, while import growth also accelerated to 27.4 percent this month.

Combined trade data for January and February will be released in March.

INDUSTRIAL OUTPUT, RETAIL SALES GROWTH *(percent)*



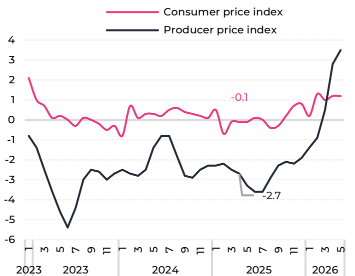
Source: National Bureau of Statistics of China

- Industrial output decelerated 4.5 percent in May 2026.
- Retail sales growth - a key indicator of consumption behavior - accelerated to -0.6 percent in May 2026.

Combined data for January and February will be released in March.

INFLATION

(percent)

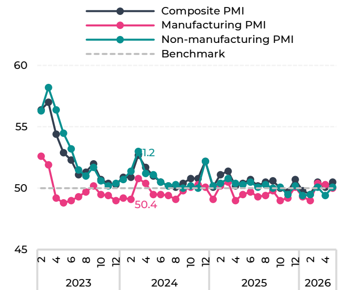


Source: Bloomberg

- The consumer price index turned to 1.2 percent, out of the deflation zone, in May 2026.
- The producer price index rose by 3.5 percent in May 2026, leaving the price decline zone and rising sharply.

PURCHASING MANAGERS' INDEX

(PMI)



Source: National Bureau of Statistics of China

- The manufacturing PMI rose to 50 in May 2026, indicating constant.
- The non-manufacturing and combined PMI both rose to 50 from the previous month.

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