

Published  
May 2025



# Mongolian Market Update

Monthly Review - April 2025

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# Overview

## Mongolia Posts USD 465.1 Million Trade Surplus in Early 2025 Despite Export Decline

In Q1 2025, Mongolia achieved a trade surplus of USD 465.1 million, with total exports reaching USD 3.01 billion and imports at USD 2.5 billion. Despite a **17.7% year-on-year drop in exports**, driven by lower external demand, mineral commodities—especially gold and copper—helped maintain a positive trade balance.

Minerals accounted for **89.1% of total exports**, with **gold exports rising to USD 693.6/oz** and **copper at USD 291.5/ton**. Other significant exports included **zinc (USD 39.7M)**, **fluorspar (USD 29.3M)**, and **brushed cashmere (70 tons)**. Notably, **1.9 tons of gold** were shipped in the quarter. This strong reliance on mineral commodities highlights Mongolia's sensitivity to fluctuations in global metal prices and demand from major trade partners.

Imports grew by **USD 133.4 million**, mainly due to increased purchases of **passenger vehicles (USD 73.6M)**, **diesel fuel**, and **electronics**. Russia and China remained key suppliers, providing the bulk of Mongolia's automotive and fuel imports. This trend reflects Mongolia's growing consumer market and ongoing infrastructure expansion, which are increasing demand for foreign-produced goods.

While the decline in export value reflects Mongolia's vulnerability to global commodity fluctuations, the strong performance of mineral exports and lower import volumes helped sustain the trade surplus and highlight the continued dominance of raw materials in the national economy.

## Economic Highlights

**FX Reserve:** By the most recent report international reserve held by Bank of Mongolia is \$4,996 million. Compared to previous month reserve increased by 4.88% but YoY it declined -4.84%.

**Currency Rate:** Although the USD weakened against major currencies, the USD/MNT exchange rate continued to climb, reaching a record high of ₮3,570 in April.

**March Inflation:** Inflation eased to 9.1% in March, a decline of 50 basis points from February. Despite this moderation, the recent upward trend suggests that inflationary pressures may persist in the coming months. The main drivers of inflation remain meat, vegetables, and flour. Ensuring a steady supply and establishing a resilient value chain for these essential goods is a key area where government intervention can play a vital role in stabilizing prices.

# • Story of the Month

"Bond Forum-2025" Marks Major Milestone  
for Mongolia's Capital Market Development

# "Bond Forum-2025" Marks Major Milestone for Mongolia's Capital Market Development

Under the initiative of Parliament Speaker D. Amarbayasgalan, Bond Forum-2025 was successfully held to advance Mongolia's bond market. The forum brought together government officials, financial regulators, capital market institutions, investors, and international stakeholders to strengthen the role of bonds in financing Mongolia's economic growth.

The forum aimed to promote the bond market's importance, increase investor participation, and support enterprises—both public and private—in raising long-term capital through bond issuance. Parliament reaffirmed its commitment to developing a multi-pillar financial system and creating a competitive, transparent capital market. The forum concluded with a **four-party agreement (FRC, MNCCI, Mongolian Stock Exchange, and Mongolian Securities Dealers Association)** to simplify bond issuance and boost market participation, positioning Mongolia to lower financing costs and support long-term economic growth.

**Market Growth:** In 2024, securities trading reached MNT 1.58 trillion, doubling from the previous year, with corporate bonds making up 60% of the volume.

Government bonds issued in April 2025 were oversubscribed fourfold, signaling strong investor demand.

## Regulatory Reforms:

- The Financial Regulatory Commission (FRC) has eased bond issuance requirements—no collateral or guarantees for short-term, low-value bonds.
- A new program targets Top-100 companies to join the capital market and improve corporate governance.
- Bond types such as green, social, and sustainable development bonds will be expanded to align with global standards.

## Structural Improvements:

- Faster bond registration, lower fees, and removal of collateral conditions for select bonds.
- Plans to work with IMF, ADB, and World Bank to support MNT-denominated bonds in the local market.



*Creating a legal environment that supports economic expansion, fair competition, and the development of the financial market is a key focus of the current Parliament.*

- D. Amarbayasgalan  
Parliament Speaker

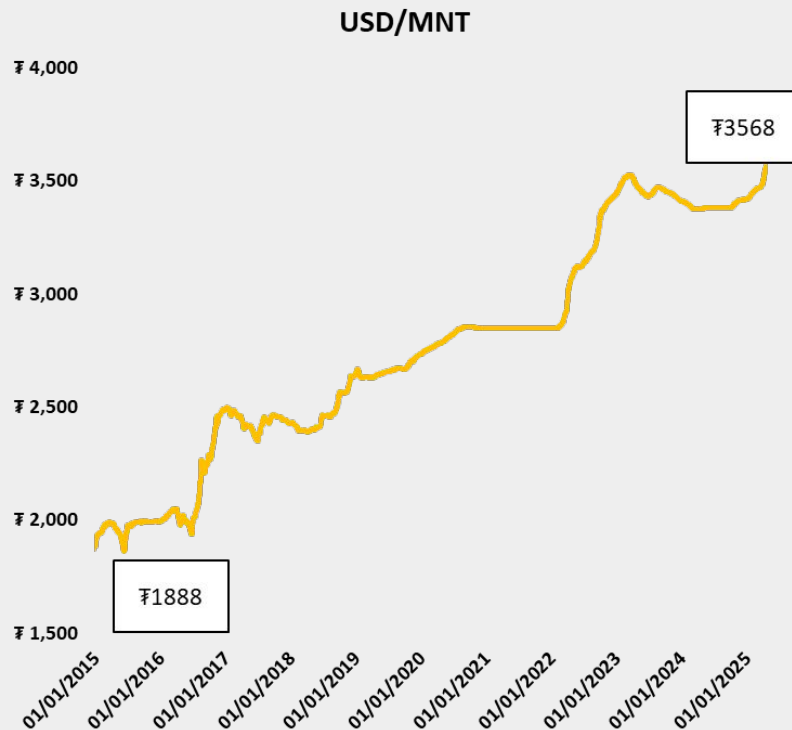
# Chart of the Month: Tugrik in Decade

Over the past decade, the Mongolian tugrik (MNT) has experienced a steady depreciation against the U.S. dollar, moving from approximately ₮2,000 per USD in 2015 to around ₮3,400 in 2025—a 70% decline. This long-term trend reflects Mongolia's exposure to external shocks, dependence on commodity exports, and periods of domestic fiscal imbalance.

## Key Turning Points:

- **2016–2017:** A fiscal crisis and falling export revenues triggered sharp depreciation. Stabilization followed after a \$5.5B IMF-led bailout.
- **2017–2018:** Tugrik remained stable as exports surged (especially coal to China) and IMF reforms were implemented.
- **2020:** COVID-19 caused mild depreciation, but foreign aid and reduced imports limited the damage.
- **2022:** The tugrik lost ~20% of its value in one year due to global inflation, USD strength, rising imports, and Chinese demand shocks.
- **2023–2024:** Currency stabilized (~₮3,400) as inflation slowed, exports rebounded, and monetary policy tightened.

The Tugrik's movement was driven by Mongolia's reliance on **commodity exports to China, global USD strength during Fed rate hikes, and domestic inflation and interest rate policies**. Government debt levels and confidence in reforms also played a role, along with support from IMF programs and China's currency swap line. In 2025, the tugrik remains relatively stable, supported by strong foreign reserves, cooling inflation, and sustained export growth. However, future risks include shifts in global interest rates, China's demand, and domestic debt dynamics.



# Bond market

The Government of Mongolia returned to the domestic bond market for the first time in eight years.

- To support the development of the securities market and establish a benchmark interest rate for MNT-denominated bonds, the Ministry of Finance issued domestic government securities via the Mongolian Stock Exchange on April 16 — marking the first open market issuance in eight years. This strategic move aims to create a benchmark yield curve, align bond pricing with international standards, and encourage greater participation from institutional investors and investment funds. The Financial Regulatory Commission has recognized the issuance as a significant milestone in broadening market participation among both individuals and corporations.
- LendMN NBFJ JSC [MSE:LEND] has secured a \$20 million USD debt facility from Lendable, a leading provider of debt finance to technology-enabled companies across emerging and frontier markets.

## M-OTC market

- In month of April interest rate of OTC market reached to 20.04%.
- In April, trading volume reached ₮106 billion in the primary market and ₮149 billion in the secondary market.
- Among total outstanding bonds, 55% have a maturity of 25 months or longer, 21% mature within 7 to 12 months, 16% in 19 to 24 months, and 8% in 13 to 18 months.

## Benchmark indicators

Indicators	Date	Value	YoY
Policy rate	04.30.2025	12%	0 point
Bank deposit 12M average interest on	04.29.2025	11.5%	0.23
Public bonds average coupon rate	03.31.2025	17.5%	1 point
OTC bonds average coupon rate	03.05.2025	20.04%	115 bp

## Bonds traded on International Stock Exchanges

USD Bonds	Coupon	YTM	YTM bp MoM	Maturity
Mongol 2027	3.50%	7.26%	68 bp	07/07/27
Mongol 2028	8.65%	7.05%	25 bp	01/19/28
Mongol 2029	7.875%	7.51%	62 bp	06/05/29
Mongol 2030	6.625%	7.48%	0 bp	02/25/30
Mongol 2031	4.45%	7.58%	34 bp	07/07/31
DBM 2026	11.00%	9.58%	208 bp	03/07/26
MONMIN 2026	12.50%	5.69%	-34 bp	09/13/26
MGMTGE 2027	11.50%	12.54%	145 bp	01/18/27
GLMTMO 2027	11.00%	11.03%	227 bp	05/20/27
TDBM 8.5	8.5%	11.48%	238 bp	23/12/27

# Market news

## MONGOLIA SELECTED AS THE HOST COUNTRY FOR THE 30TH GENERAL ASSEMBLY OF THE ASIAN SECURITIES FORUM

The Mongolian Securities Dealers Association (MSDA) has been **selected to host the 30th General Assembly of the Asian Securities Forum (ASF)**, the most prestigious event in the Asia-Pacific securities industry. The event will be held in Ulaanbaatar from September 10–13, 2025.

The ASF General Assembly brings together representatives from securities associations, regulators, and leading market participants across the region, including Australia, China, Hong Kong, Japan, South Korea, and Singapore.

Hosting the assembly in Ulaanbaatar for the first time is a historic opportunity for Mongolia to promote its capital market, key projects, and stakeholders to an international audience.

- Following regulatory updates in early 2025, coal trading volume through the Mongolian Stock Exchange surged. Between **April 1 and 25, over 1.3 million tons of coal were traded, more than double the 678,000 tons** traded during the first three months of the year. The increase is directly linked to new rules that introduced indexed pricing, flexible payment terms, and clearer delivery conditions.
- Mongolia has amended its Securities Market Law to **allow bank deposit certificates to be traded on the securities market**. The Financial Regulatory Commission approved the related regulation in February 2025, and the Mongolian Stock Exchange is now drafting procedures to register and trade these certificates. Market participants are currently reviewing the draft for finalization.

## Mongolian Stock Exchange Highlights

Indexes	Point	MoM	% YoY
TOP 20	48,937	-2.46%	-4.89%
MSE A Index	18,035	-4.66%	-8.9%
MSE B Index	14,443	-1.94%	-4.96%
Market Summary		Value	
Market capitalization		₮12.15 trillion	
Daily turnover		1.9 billion	
Most Active		Close	Value
Khan Bank JSC		₮1069	₮5.4 billion
Top Gainers		Close	% MoM
Sor JSC		₮12,000	64.00%
Top Losers		Close	% MoM
Hunnu Management JSC		₮2550	(68.00%)

As of 4.30.2025



- What to expect in  
May, 2025

May 12, 2025: Bank of Mongolia Report (April)

May 15, 2025: Balance of Payment

May 21, 2025: Bank Loan Report

May 23, 2025: Foreign Direct Investment Report

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