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Highlights

- Home sales across the United States are expected to end 2021 up 7.1%, but are forecast to decline over the next two years as limited supply, along with higher mortgage rates and prices, cool the residential real estate market, Fannie Mae said on Monday.
- Germany's tax take surged again in November, rising 15.4% on the year to 54.9 billion euros, thanks to its recovery from the pandemic earlier this year. The combined tax income of central and regional government in Europe's largest economy rose 10.2% in the first 11 months of the year, according to the report.

Forex

The dollar hovered below recent highs on Tuesday having lost ground overnight after a blow to Democratic spending plans in Washington, but worries about the Omicron coronavirus variant kept risk currencies in check. The dollar index, which measures the currency against six major peers, was last at 96.513, having lost ground on both the euro and the yen. The pound was on the back foot at \$1.3204 after British Prime Minister Boris Johnson said on Monday he would tighten coronavirus curbs to slow the spread of the Omicron variant if needed. The euro inched higher to \$1.1282, and the safe haven yen lost some ground to 113.7 per dollar, both moves in keeping with Tuesday's gains in Asian equities, U.S. share futures and oil.

Gold

Gold prices held steady on Tuesday, as traders assessed the impact of surging Omicron coronavirus cases and interest rate hikes aimed at taming high inflation. Spot gold XAU= was up 0.1% at \$1,790.57 per ounce by 0142 GMT. U.S. gold futures GCv1 were down 0.2% at \$1,790.60. Commodities outperformed other assets this year as a recovery from the pandemic boosted demand though gold's poor showing dented investor appetite.

Copper

Copper prices edged higher on Tuesday buoyed by a softer dollar, though jitters over the rapid spread of the Omicron coronavirus variant capped gains. Three-month copper on the London Metal Exchange CMCU3 rose 0.5% to \$9,491 a tonne, as of 0240 GMT, while the most-traded January copper contract on the Shanghai Futures Exchange SCFcv1 gained 0.4% to 69,180 yuan (\$10,853.47) a tonne. For the first nine months of the year, the market was in a 161,000 tonne deficit compared with a 239,000 tonne deficit in the same period a year earlier, the International Copper Study Group said.

Crude Oil

Oil prices edged higher on Tuesday, though investors

Currency	Rate	24H Chg		
EUR/USD	1.1284	0.04%		
USD/CNY	6.3834	0.04%		
USD/RUB	74.1784	-0.02%		
USD/JPY	113.65	0.04%		
USD/KRW	1191.6	0.05%		
AUD/USD	0.7116	-0.01%		
GBP/USD	1.3212	0.00%		
Index	Unit	24H Chg		
Dow Jones	34932.2	-1.23%		
S&P 500	4568.0	-1.14%		
NASDAQ	14981.0	-1.24%		
FTSE 100	7198.0	-0.99%		
Nikkei 225	28436.7	1.79%		
DAX	15239.7	-1.88%		
Hang Seng	22878.4	0.59%		
Commodity	Price	24H Chg		
Gold	1790.52	-0.02%		
Silver	22.22	-0.23%		
Coal (Qinhuangdao Port)	147.57	0.00%		
Copper 3M Future	9446.5	0.10%		
Iron Ore	695.50	1.61%		
Crude Oil	69.26	0.95%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.10%	0.98%		
US 3M LIBOR	0.21%	0.76%		
US 6M LIBOR	0.32%	1.24%		
US 12M LIBOR	0.53%	0.42%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.43%	0.24%		
UK Treasury 10Y	0.77%	1.71%		
GE Treasury 10Y	-0.37%	3.17%		
JP Treasury 10Y	0.05%	14.63%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
MIK 2022	9.75%	1/29/2022	10.43%	0.00%
Chinggis	5.13%	12/5/2022	2.64%	0.05%
Gerege	5.63%	5/1/2023	3.31%	0.02%
DBM 2023	7.25%	10/23/2023	4.03%	-0.04%
Khuraldai	8.75%	3/9/2024	3.77%	-0.04%
MMC	9.25%	4/15/2024	18.74%	0.01%
MIK 2024	8.85%	8/2/2024	10.43%	0.00%
Nomad	5.13%	4/7/2026	4.48%	0.03%
Mongol 27	3.50%	7/7/2027	4.66%	0.03%
Mongol 31	4.45%	7/7/2031	5.15%	-0.01%
Samurai JPY	1.52%	12/25/2023	0.01%	0.00%

Stock	Price	24H Chg
Turquoise Hill Resources	14.81	-1.13%
Mongolian Mining Corp	1.74	1.16%
Erdene Resource Dev	0.4	-3.61%
Centerra Gold	8.8	0.00%

Macro economic indicator	Date	Actual
Inflation rate	2021 (XI)	10.5%
Policy rate	2021 (XII)	6.0%
Interbank rate	2021 (X)	6.07%
Interest rate on deposit (dom.currency)	2021 (X)	7.19%
Interest rate on deposit (for.currency)	2021 (X)	2.25%
Interest rate on lending (dom.currency)	2021 (X)	15.7%
Interest rate on lending (for.currency)	2021 (X)	9.3%

Forecasts

Currency	Q4 21	Q1 22	Q2 22	2022	2023
EUR/USD	1.16	1.17	1.17	1.17	1.18
GBP/USD	1.37	1.37	1.39	1.40	1.42
USD/CNH	6.40	6.40	6.40	6.34	-
USD/JPY	112	112	112	112	113
USD/RUB	71.33	70.0	70.50	70.0	72.70

Commodity

Gold	1750	1750	1725	1719	1650
Copper	9600	9600	9300	9250	8537
Coal	139.66	118.13	104.38	97.50	55.00

Economic Calendar

Source: Bloomberg

Last working day	Actual	Survey	Prior
UK CBI Trends Orders	24	-	26

Expected today	Time	Survey	Prior
CA Retail Sales MM	21:30	1.0%	-0.6%
EU Consumer Confid. Flash	23:00	-8.0	-6.8

Expected tomorrow	Time	Survey	Prior
UK GDP YY	15:00	6.6%	6.6%
UK GDP QQ	15:00	1.3%	1.3%
US GDP Final	21:30	2.1%	2.1%
US Existing Home Sales	23:00	6.54M	6.34M
US Consumer Confidence	23:00	110.5	109.5

remained worried about the rapid spread of the Omicron coronavirus variant globally, prompting countries to consider more restrictions potentially denting fuel demand. Brent crude LCOc1 futures increased by 9 cents, or 0.1%, to \$71.61 a barrel.

Fixed Income

S&P futures drop as much as 1.1% and Nasdaq contracts plunge after Senator Manchin rejects President Biden's sweeping \$2 trillion economic package. The dollar holds steady and Treasury 10-year yield falls three basis points to near 1.37%. Aussie curve flattens with 10-year yield ~4.5bps lower.

Stock Market

U.S. stocks posted their worst three-day stretch since September on Monday, following renewed concerns that the fast-spreading coronavirus variant may hinder the economic recovery and add to inflation pressures. The S&P 500 shed 1.1%, extending its losses for three straight days as investors continued to shift away from risk assets after the Federal Reserve signaled last Wednesday that it would combat inflation by ramping up the withdrawal of its economic stimulus.

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