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2021.12.23

Highlights

- Japan upgraded on Thursday its growth projections for the next fiscal year starting in April, saying it expected gross domestic product (GDP) to hit a record even amid risks from the Omicron variant and supply constraints, Cabinet Office officials said. The growth projection was raised to 3.2% for fiscal 2022 from a forecast 2.2% real GDP growth seen at a mid-year review in July.
- U.S. consumer confidence improved further in December, suggesting the economy would continue to expand in 2022 despite a resurgence in COVID-19 infections and reduced fiscal stimulus. The Conference Board's consumer confidence index increased to a reading of 115.8 this month from an upwardly revised 111.9 in November.

Forex

The safe-haven dollar languished near an almost one-week low against its major peers on Thursday as investors adopted a more optimistic stance about the global economic outlook, despite the rapid spread of the Omicron coronavirus variant. The dollar index, which measures the currency against six rivals, stood at 96.111, not far from the overnight low of 96.020, touched for the first time since Dec. 17. The risk-sensitive Australian dollar was steady at \$0.72125 following Wednesday's 0.86% surge. Sterling was little changed at \$1.33515 after a 0.63% rally. The euro was about flat at \$1.13325 after a 0.33% overnight advance. The dollar was little changed at 114.16 yen - another safe-haven currency - holding close to an almost one-month high from Wednesday at 114.37.

The Russian rouble firmed slightly and stock indexes rose on Wednesday with an eye on lingering concerns about a standoff between Russia and the West that intensified two months ago, putting downside pressure on the Russian market. At 1456 GMT, the rouble was 0.2% stronger against the dollar at 73.81, off a session low of 74.50..

Gold

Gold prices gained on Wednesday, aided by a retreat in the dollar and lingering fears that the Omicron coronavirus variant could throw a wrench in the global economic recovery. Spot gold XAU= was last up 0.7% at \$1,801.24 per ounce by 1839 GMT. U.S. gold futures GCv1 settled up 0.8% at \$1,802.20.

Copper

London copper prices hit a near two-week high on Wednesday bolstered by concerns over tight supply and renewed risk appetite despite looming uncertainty from surging COVID-19 cases due to the Omicron variant. Three-month copper on the London Metal Exchange was up 0.5% to \$9,578 a tonne as of 0830 GMT, after having touched \$9,584, its highest since Dec. 10. The most-traded February copper

Currency	Rate	24H Chg		
EUR/USD	1.1336	0.09%		
USD/CNY	6.3755	-0.01%		
USD/RUB	73.7719	0.00%		
USD/JPY	114.17	0.06%		
USD/KRW	1187.9	-0.36%		
AUD/USD	0.7203	-0.01%		
GBP/USD	1.3351	0.00%		
Index	Unit	24H Chg		
Dow Jones	35753.9	0.74%		
S&P 500	4696.6	1.02%		
NASDAQ	15521.9	1.18%		
FTSE 100	7341.7	0.61%		
Nikkei 225	28666.8	0.37%		
DAX	15593.5	0.95%		
Hang Seng	23102.3	0.57%		
Commodity	Price	24H Chg		
Gold	1803.49	-0.01%		
Silver	22.76	-0.22%		
Coal (Qinhuangdao Port)	147.75	0.00%		
Copper 3M Future	9607	0.77%		
Iron Ore	679.50	-2.51%		
Crude Oil	72.96	0.27%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.10%	0.72%		
US 3M LIBOR	0.22%	0.82%		
US 6M LIBOR	0.33%	2.80%		
US 12M LIBOR	0.54%	1.90%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.45%	0.00%		
UK Treasury 10Y	0.89%	1.49%		
GE Treasury 10Y	-0.29%	4.25%		
JP Treasury 10Y	0.06%	0.00%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
MIK 2022	9.75%	1/29/2022	10.44%	0.00%
Chinggis	5.13%	12/5/2022	2.60%	0.02%
Gerege	5.63%	5/1/2023	3.31%	-0.01%
DBM 2023	7.25%	10/23/2023	4.01%	-0.04%
Khuraldai	8.75%	3/9/2024	3.74%	-0.03%
MMC	9.25%	4/15/2024	18.79%	-0.05%
MIK 2024	8.85%	8/2/2024	10.44%	0.00%
Nomad	5.13%	4/7/2026	4.47%	0.04%
Mongol 27	3.50%	7/7/2027	4.66%	0.04%
Mongol 31	4.45%	7/7/2031	5.15%	0.01%
Samurai JPY	1.52%	12/25/2023	0.02%	-0.02%

Stock	Price	24H Chg
Turquoise Hill Resources	16.05	1.39%
Mongolian Mining Corp	1.75	2.94%
Erdene Resource Dev	0.435	3.57%
Centerra Gold	9.31	-0.21%

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 GDP YY	6.8%	6.6%	6.6%
UK GDP QQ	1.1%	1.3%	1.3%
US GDP Final	2.3%	2.1%	2.1%
US Existing Home Sales	6.46M	6.54M	6.34M
US Consumer Confidence	115.8	110.5	109.5

Expected today	Time	Survey	Prior
US New Home Sales Units	23:00	0.77M	0.745M
US Initial Jobless Clm	23:00	205k	206k
US Durable Goods	21:30	1.6%	-0.4%
US Consumption, Adjusted MM	21:30	0.6%	1.3%
CA GDP MM	21:30	0.8%	0.1%

Expected tomorrow	Time	Survey	Prior
JP CPI, Overall Nationwide	7:30	-	0.1%
JP CPI, Core Nationwide YY	7:30	0.4%	0.1%

contract on the Shanghai Futures Exchange closed up 1% at 69,690 yuan (\$10,938.11) a tonne.

Crude Oil

Oil prices rose on Wednesday after a larger-than-expected drawdown in U.S. inventories, shaking off worries about the likely hit to economic activity from the spread of the Omicron coronavirus variant. Brent crude LCOc1 futures ended the day up \$1.31, or 1.8%, to \$75.29 a barrel.

Fixed Income

Longer-term U.S. Treasury yields were lower on Wednesday, flattening the yield curve. The benchmark 10-year yield US10YT=RR was down 3 basis points at 1.4566% in morning trading, giving back some of the increase it posted on Tuesday. The bond-buying pushed down a closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes US2US10=RR, seen as an indicator of economic expectations.

Stock Market

U.S. futures were steady after the S&P 500 closed in on its record high. Brighter consumer confidence and home sales aided sentiment, as did studies signaling omicron may be less likely to land patients in hospital than the delta variant. At the same time, officials remain cautious since omicron spreads quickly.

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