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2021.12.30

Highlights

- The U.S. trade deficit in goods mushroomed to the widest ever in November as imports of consumer goods shot to a record ahead of the second straight COVID-distorted holiday shopping season along with industrial supplies. The goods trade deficit widened last month by 17.5% to \$97.8 billion from \$83.2 billion in October, Census Bureau data showed.
- Consumer inflation in Russia accelerated to 8.39% in 2021 despite seven interest rate hikes by the central bank, up from 4.91% in 2020, preliminary data from the statistics service Rosstat showed on Wednesday.

Forex

The dollar and yen were at the low end of their recent ranges in thin holiday trading on Thursday, having fallen overnight as investors favoured riskier currencies along with equities. The euro was at \$1.1352 in early Asian trading, after gaining 0.35% and touching a one-month high the day before. The sterling was at 1.3500, its highest since Nov. 19 after a 0.44% overnight gain. This left the dollar index, which measures the greenback against major peers, at 95.862, languishing near its lowest in a month. The safe haven yen was at 114.95 per dollar after touching a one-month low of 115.03 on Wednesday.

China's yuan weakened against a firmer greenback on Wednesday in thin end-of-year trade. The spot market opened at 6.3720 per dollar and was changing hands at 6.3715 at midday, while the offshore yuan was trading -0.03% away from the onshore spot at 6.3732 per dollar.

Gold

Gold prices steadied above the key \$1,800 per ounce level on Thursday as a weak U.S. dollar, balanced pressure from firm Treasury yields which eroded the metal's appeal. Spot gold XAU= was steady at \$1,803.03 per ounce by 0059 GMT. U.S. gold futures GCv1 were down 0.1% at \$1,804.30. Gold was on track for its biggest annual decline since 2015, having fallen nearly 5% so far this year.

Copper

Copper prices climbed to their highest in a month on Wednesday, boosted by year-end trading, friendly sentiment for risky assets and arbitrage buying. Three-month copper CMCU3 on the London Metal Exchange (LME), which was closed on Monday and Tuesday for public holidays, gained 1.2% to \$9,683 a tonne by 1710 GMT. The most-traded February copper contract on the Shanghai Futures Exchange SCFcv1, however, ended daytime trading 0.2% lower at 70,200 yuan (\$11,017.47) a tonne after scaling a one-month high on Tuesday. An arbitrage opportunity between COMEX and LME copper also supported the metal, one Singapore-based trader said.

Currency	Rate	24H Chg		
EUR/USD	1.1346	-0.03%		
USD/CNY	6.3703	0.06%		
USD/RUB	74.0168	0.01%		
USD/JPY	115.06	0.10%		
USD/KRW	1184.1	-0.19%		
AUD/USD	0.7256	-0.09%		
GBP/USD	1.3498	0.00%		
Index	Unit	24H Chg		
Dow Jones	36488.6	0.25%		
S&P 500	4793.1	0.14%		
NASDAQ	15766.2	-0.10%		
FTSE 100	7420.7	0.66%		
Nikkei 225	28798.8	-0.37%		
DAX	15852.3	-0.70%		
Hang Seng	23086.5	-0.83%		
Commodity	Price	24H Chg		
Gold	1801.87	-0.16%		
Silver	22.75	-0.37%		
Coal (Qinhuangdao Port)	147.87	0.00%		
Copper 3M Future	9680.5	1.18%		
Iron Ore	674.50	1.73%		
Crude Oil	76.69	0.17%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.10%	-0.62%		
US 3M LIBOR	0.22%	-0.85%		
US 6M LIBOR	0.34%	2.04%		
US 12M LIBOR	0.57%	1.07%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.55%	-0.11%		
UK Treasury 10Y	1.01%	9.51%		
GE Treasury 10Y	-0.18%	22.03%		
JP Treasury 10Y	0.07%	12.70%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
MIK 2022	9.75%	1/29/2022	10.37%	-0.01%
Chinggis	5.13%	12/5/2022	2.58%	0.06%
Gerege	5.63%	5/1/2023	3.28%	0.02%
DBM 2023	7.25%	10/23/2023	4.01%	-0.01%
Khuraldai	8.75%	3/9/2024	3.72%	0.00%
MMC	9.25%	4/15/2024	18.84%	0.00%
MIK 2024	8.85%	8/2/2024	10.37%	-0.01%
Nomad	5.13%	4/7/2026	4.48%	0.07%
Mongol 27	3.50%	7/7/2027	4.66%	0.04%
Mongol 31	4.45%	7/7/2031	5.15%	0.11%
Samurai JPY	1.52%	12/25/2023	0.02%	0.02%

Stock	Price	24H Chg
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Turquoise Hill Resources	16.24	-0.31%
Mongolian Mining Corp	1.71	-3.39%
Erdene Resource Dev	0.45	3.45%
Centerra Gold	9.89	1.64%

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
US Pending Sales Change MM	-2.2%	0.5%	7.5%

Expected today	Time	Survey	Prior
UK Nationwide house price yy	15:00	-	10.0%
UK Nationwide house price mm	15:00	0.5%	0.9%
US Initial Jobless Clm	21:30	208k	205k

Expected tomorrow	Time	Survey	Prior
CN NBS Manufacturing PMI	9:00	-	50.1

Crude Oil

Oil prices rose on Thursday to extend several consecutive days of gains, buoyed by data showing U.S. fuel demand holding up well despite soaring Omicron coronavirus infections. Brent crude LCOc1 futures rose 17 cents, or 0.2%, to \$79.40 a barrel at 0217 GMT, climbing for a fourth day in a row.

Fixed Income

Treasuries are little changed from open, following the selloff in the overnight session precipitated by weak demand at 7-year Treasury sale. U.S. 10-year futures are steady at 130 7/32, while similar-dated cash bonds are little changed at 1.55%. Japan 10-year yield yet to trade after closing at 0.055%.

Stock Market

After spending much of the session little changed, the S&P 500 climbed 0.2% to reach the 70th record close of the year. The Dow Jones Industrial Average also ended the day at an all-time high, while the Russell 2000, a proxy for the reopening trade, rebounded. The tech-heavy Nasdaq 100, too, staged a comeback in late trading.

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