

Mongolia Daily

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Politics & Economy

- West Tsankhi Tavan Tolgoi Negotiation Should Be Over By December 2011, Deputy Premier and Head of Tavan Tolgoi Working Group S. Altankhuyag Says

Financial Markets

- Market Slides as Major Stocks Underperform

Selected Worldwide Indices

Index	Close price	Performance	
		1D Chg	YTD
MSE TOP 20	21,257.7	-0.39%	44.0%
Silk Road Mongolia	1,304.1	-0.19%	-14.6%
Silk Road Hong Kong	66.4	-0.18%	-38.4%
Dow Jones	12,231.1	0.18%	5.6%
FTSE 100	5,702.2	-0.20%	-3.4%
Nikkei	8,988.4	-0.69%	-12.1%
MSCI EM Asia	414.6	1.73%	-11.4%
Hang Seng	19,864.9	-0.77%	-13.8%
Shanghai	2,695.3	-0.51%	-13.8%
KASE	1,189.6	-1.12%	-30.8%
RTS	1,610.3	1.09%	-9.2%

Top Movers on MSE

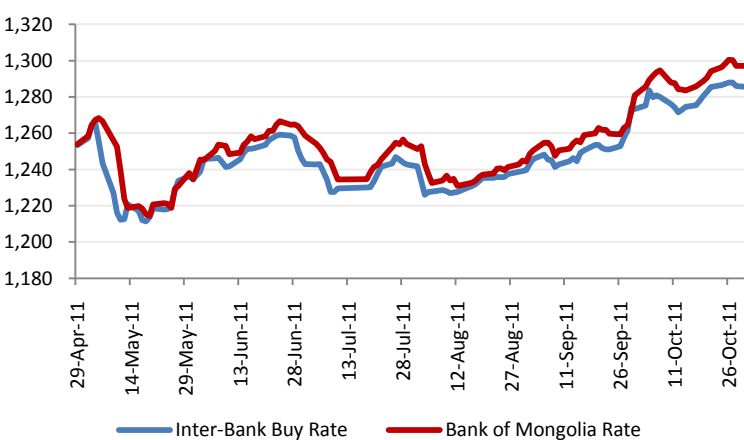
Stock	Close price, MNT	Performance	
		1D Chg	YTD
Best performers			
Sudut	1,955	15.00%	1427.3%
Auto Impex	1,322	14.96%	86.2%
Sav Shim	439	14.92%	137.3%
Bayalag Nalaikh	327	14.74%	118.0%
Hotel Mongolia	900	12.50%	60.7%
Worst performers			
Nako Tulsh	200	-7.83%	-38.5%
State Department Store	430	-4.44%	0.0%
Tavan Tolgoi	11,300	-2.59%	96.2%
Makh Impex	1,800	-2.17%	0.0%
Shivee Ovoo	25,000	-1.96%	92.3%

MSE TOP-20 Index



Source: MSE

US\$-MNT rate



Source: Bank of Mongolia, Eurasia Capital

Major Commodities

Commodity	Last price	Performance	
		1D Chg	YTD
Copper \$/t	8,169.50	1.61%	-15.3%
Gold \$/oz	1,715.13	-1.28%	20.7%
Coal ¹ \$/t	154.34	0.00%	20.7%
Iron ore ² , \$/t	165.23	0.08%	-14.0%
Uranium \$/lp	52.00	0.00%	-15.4%
Crude oil \$/bbl	92.45	-1.04%	1.2%

MNT vs Major Currencies

Name	Rate ³ , MNT	MNT app(+) or dep(-)	
		1D Chg	YTD
US\$	1,297.08	0.00%	-3.2%
Euro	1,837.83	-1.12%	-9.4%
Japanese Yen	17.10	-0.12%	-10.7%
Chinese Yuan	204.26	-0.14%	-7.1%
Russian Rouble	43.45	-1.35%	-5.6%

¹ Qinhuangdao, Steam Coal

² China Import Price Qingdao Port

³ Central Bank Rates

Source: Bloomberg, MSE, Eurasia Capital

POLITICS & ECONOMY

West Tsankhi Tavan Tolgoi Negotiation Should Be Over By December 2011, Deputy Premier and Head of Tavan Tolgoi Working Group S. Altankhuyag Says

In an extensive interview to *The UB Post* on October 26 Deputy Premier and Leader of Democratic Party N. Altankhuyag reflected on recent political developments and upcoming parliamentary elections in Mongolia. Deputy Premier also heads working group on Tavan Tolgoi.

Deputy Premier said that Democratic Party did not discuss resignation of Prime Minister S. Batbold. Therefore, four DP MPs joining MPs demanding resignation of Prime Minister express their personal position not the party's. Mr. Altankhuyag said: "Even though there are only eight months until the election, we have to be less political and get some work done together in the next three or four months."

Deputy Premier Altankhuyag also noted that economic growth was at record levels and the government needed to come up with a policy against inflation. About public sector salary increase, he said that public sector salaries will increase by MNT80,000 first, followed by percentile increase in salaries. Deputy Premier believes that private sector would have to follow and increase salaries.

Mr. Altankhuyag also said that Mongolia is experiencing unprecedented FDI flows thanks to the coalition government coming to agreement about Oyu Tolgoi and Tavan Tolgoi. Economic growth is creating many opportunities for Mongolians. In regard of Oyu Tolgoi Investment Agreement he said: "We made agreements with foreign companies in order to benefit from Oyu Tolgoi investments, raise money and create jobs."

In regards of West Tsankhi Tavan Tolgoi bidding, he said that the government is in a new round of negotiations with companies from the USA, China, Russia, Japan and Korea. In previous negotiations Japanese and Korean companies stated that there were difficulties in establishing big industrial facilities in Mongolia, due to its demographics. Previously, the working group suggested Shenhua of China to receive the largest share in the project because their proposal was beneficial to Mongolia such as buying coal from Tavan Tolgoi and building a power plant, Deputy Premier Altankhuyag said. In the new round of negotiations Russia proposed to increase its investment in railways while Korea and Japan offering to bring their know-how to Mongolia. "If we put the interests of our people and country before ours, West Tsankhi discussion should be over before December, 2011," – the head of Working Group on Tavan Tolgoi said. Deputy Premier Altankhuyag said that the Tavan Tolgoi stock will be available on international stock markets starting from next March or April.

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FINANCIAL MARKETS

Market Slides as Major Stocks Underperform

On Monday, Top 20 Index, Mongolian local stock market benchmark, Dropped 0.39% to 21,257.67 on MNT88.95mn trade volume. In total, 36 companies were traded for MNT181.96mn.

13 out of the total traded grew on 125.27mn trade volume. Among the major stocks only Sharyn Gol (SHG) advanced, up 4.24% to MNT12,300. 8 stocks dropped on MNT38.55mn. Most of them were major stocks including Tavan Tolgoi (TTL) (coal, -2.59% to MNT11,300), Baganuur (BAN) (coal, -0.09% to MNT16,010), Shivee Ovoo (SHV) (coal, -1.96% to MNT25,000), Aduunchuluun (ADL) (coal, -0.03% to MNT7,900) and Remicon (RMC) (construction material, -0.66% to MNT151).

Another 15 stocks remained flat on MNT18.02mn. These companies included APU (APU), Gobi (GOV), Mogoin Gol (BDL) and Mongolian Telecom (MCH).

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MSE AND MONGOLIA-FOCUSED INTERNATIONAL MINING COMPANIES STOCKS PERFORMANCE SUMMARY

MSE TOP-20 (October 31, 2011)

Name	Symbol	Price		Market Cap		Performance		Daily Volume			P/E	P/B
		MNT	US\$	MNTmn	US\$mn	1D chg	y-t-d	Shares	MNTmn	US\$'000	2010	2010
Tavan Tolgoi	TTL	11,300	8.71	595,117	458.8	-2.6%	96.2%	1,527	17.26	13.30	7.8	6.0
Baganuur	BAN	16,010	12.34	335,800	258.9	-0.1%	52.5%	158	2.53	1.95	NA	NA
Shivee Ovoo	SHV	25,000	19.27	335,478	258.6	-2.0%	92.3%	123	3.08	2.37	NA	NA
APU	APU	3,240	2.50	240,692	185.6	0.0%	62.8%	676	2.19	1.69	12.2	4.8
Sharyn Gol	SHG	12,300	9.48	125,846	97.0	4.2%	17.1%	2,703	33.25	25.63	NA	16.1
Mongolian Telecom	MCH	2,650	2.04	68,556	52.9	0.0%	-24.3%	13	0.03	0.03	37.3	2.1
BDSec	BDS	3,900	3.01	42,900	33.1	0.0%	56.0%	0	0.00	0.00	52.4	6.8
Gobi	GOV	5,100	3.93	39,786	30.7	0.0%	-8.9%	160	0.82	0.63	11.8	1.6
Aduunchuluun	ADL	7,900	6.09	24,895	19.2	0.0%	-1.3%	530	4.19	3.23	52.1	9.9
Mogoin Gol	BDL	30,000	23.13	24,889	19.2	0.0%	154.2%	210	6.30	4.86	NA	11.1
Suu	SUU	70,000	53.97	24,080	18.6	0.0%	233.5%	28	1.96	1.51	8.9	2.8
Khukh Gan	HGN	200	0.15	20,264	15.6	0.0%	7.0%	2,202	0.44	0.34	NA	2.5
Mongolian Development Resources	MDR	1,200	0.93	16,500	12.7	0.0%	-7.7%	4,520	5.42	4.18	16.4	1.2
Bayangol Hotel	BNG	38,000	29.30	16,076	12.4	0.0%	59.0%	10	0.38	0.29	7.0	0.9
State Department Store	UID	430	0.33	15,827	12.2	-4.4%	0.0%	668	0.29	0.22	NA	4.2
Remicon	RMC	151	0.12	11,881	9.2	-0.7%	109.7%	69,722	10.53	8.12	28.2	1.9
Genco Tour Bureau	JTB	99	0.08	10,890	8.4	0.0%	5.3%	2,331	0.23	0.18	97.6	1.3
Bayanteeg	BTG	42,989	33.14	10,859	8.4	0.0%	514.0%	0	0.00	0.00	NA	NA
Talkh Chikher	TCK	10,000	7.71	10,237	7.9	0.0%	170.3%	2	0.02	0.02	11.5	3.2
Hotel Mongolia	MSH	900	0.69	9,000	6.9	12.5%	60.7%	53	0.05	0.04	59.7	2.8

Source: MSE, Eurasia Capital estimates

Selected 5 Non-MSE TOP-20 Member Largest Companies (October 31, 2011)

Name	Symbol	Price		Market Cap		Performance		Daily Volume			P/E	P/B
		MNT	US\$	MNTmn	US\$mn	1D chg	y-t-d	Shares	MNTmn	US\$'000	2010	2010
UB Hotel	ULN	59,000	45.49	19,783	15.3	2.6%	114.5%	6	0.35	0.27	15.8	3.1
Eermel	EER	2,550	1.97	8,872	6.8	0.0%	-11.3%	0	0.00	0.00	25.3	0.8
Makh Impex	MMX	1,800	1.39	6,841	5.3	-2.2%	0.0%	160	0.29	0.22	NA	NA
Darkhan Nekhii	NEH	6,010	4.63	6,644	5.1	0.1%	22.7%	20	0.12	0.09	5.4	1.1
Nako Tulsh	NKT	200	0.15	2,523	1.9	-7.8%	-38.5%	2,001	0.40	0.31	NA	2.1

Source: MSE, Eurasia Capital estimates

Silk Road Mongolia Index* Companies (October 31¹, 2011)

Name	Symbol	Currency	Close Price	MktCap	Price		Performance		Daily Volume (52Wk) US\$m
					US\$m	52 wk high	52 wk low	1D chg	
IVANHOE MINES LTD	IVN:US	USD	20.99	15,502.4	29.29	12.11	4.3%	-8.4%	48.25
CENTERRA GOLD INC	CG:CN	CAD	19.53	4,641.3	23.72	14.00	1.1%	0.0%	12.48
MONGOLIAN MINING CORP	975:HK	HKD	6.98	3,329.5	11.50	4.94	-0.3%	-23.0%	6.96
SOUTHGOBI RESOURCES LTD	1878:HK	HKD	62.55	1,474.8	130.90	43.00	0.0%	-37.1%	1.41
WINSWAY COKING COAL HOLDINGS	1733:HK	HKD	2.59	1,264.1	4.91	1.47	-0.4%	-44.5%	11.96
MONGOLIA ENERGY CORP LTD	276:HK	HKD	0.76	646.4	3.16	0.46	1.3%	-67.2%	4.88
HUNNU COAL LTD	HUN:AU	AUD	1.79	468.5	1.80	0.96	0.0%	34.1%	1.36
TAVAN TOLGOI JSC	TTL:MO	MNT	11,300	458.8	14,400	4,650	-2.6%	96.2%	0.01
ASPIRE MINING LTD	AKM:AU	AUD	0.43	278.3	1.14	0.29	-3.4%	-11.5%	1.07
BAGANUUR JSC	BAN:MO	MNT	16,010	258.9	42,000	6,390	-0.1%	52.5%	0.08
SHIVEE OVOO JSC	SHV:MO	MNT	25,000	258.6	62,355	12,305	-2.0%	92.3%	0.01
ENTREE GOLD INC	ETG:CN	CAD	1.90	220.9	3.47	1.23	0.0%	-45.2%	0.34
APU JSC	APU:MO	MNT	3,240	185.6	3,795	1,670	0.0%	62.8%	0.01
ORIGO PARTNERS PLC	OPP:LN	Gbp	33.50	162.2	54.13	25.75	1.5%	-18.3%	0.18
MONGOLIA GROWTH GROUP LTD	YAK:CN	CAD	4.50	136.3	6.04	0.60	2.3%	NA	0.02
PROPHECY RESOURCE CORP	PCY:CN	CAD	0.56	111.6	1.11	0.39	9.8%	-35.2%	1.07
VOYAGER RESOURCES LTD	VOR:AU	AUD	0.08	107.2	0.13	0.03	1.2%	52.9%	0.15
SHARYN GOL JSC	SHG:MO	MNT	12,300	97.0	36,553	9,751	4.2%	17.1%	0.09
CENTRAL ASIA METALS PLC	CAML:LN	Gbp	68.00	94.5	101.50	66.00	0.2%	-24.7%	0.05
XANADU MINES LTD	XAM:AU	AUD	0.41	80.9	0.80	0.35	-6.8%	-27.4%	0.04
EAST ASIA MINERALS CORP	EAS:CN	CAD	0.90	73.2	8.38	0.49	40.6%	-88.8%	1.35
PETRO MATAD LTD	MATD:LN	Gbp	22.50	66.5	211.00	22.38	0.0%	-81.6%	0.50
NORTH ASIA RESOURCES HOLDING	61:HK	HKD	0.44	64.5	1.45	0.38	-9.3%	-51.6%	0.88
MONGOLIA INVESTMENT GROUP LT	402:HK	HKD	0.05	60.4	0.22	0.04	-3.8%	-65.5%	1.22
MONGOLIAN TELECOM JSC	MCH:MO	MNT	2,650	52.9	4,501	2,500	0.0%	-24.3%	0.00
KINCORA COPPER LTD	KCC:CN	CAD	0.32	44.6	0.65	0.11	0.0%	18.5%	0.01
HARANGA RESOURCES LTD	HAR:AU	AUD	0.22	43.3	0.74	0.16	0.0%	-65.6%	0.03
ASIA COAL LTD	835:HK	HKD	0.14	37.9	0.30	0.08	-1.4%	-44.0%	0.04
SOLARTECH INTERNATIONAL HOLD	1166:HK	HKD	0.23	37.8	1.20	0.15	-2.1%	-75.7%	3.25
ERDENE RESOURCE DEVELOPMENT CORP	ERD:CN	CAD	0.40	36.4	1.84	0.32	-4.8%	-67.7%	0.05
BDSEC JSC	BDS:MO	MNT	3,900	33.1	6,500	2,212	0.0%	56.0%	0.01
GOBI JSC	GOV:MO	MNT	5,100	30.7	8,000	4,900	0.0%	-8.9%	0.01

Source: Bloomberg, MSE, Bank of Mongolia, Eurasia Capital

*Note: MonBiz Mongolia Index and MonBiz Hong Kong Index were acquired by Silk Road Management and rebranded to Silk Road Mongolia and Silk Road Hong Kong indices, respectively, on January 11, 2011.

¹ Share prices of NYSE, TSX and LSE-listed companies are as of yesterday.

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