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Highlights

- U.S. consumer sentiment fell to its lowest level in more than a decade in early February amid expectations that inflation would continue to increase in the near term, but that was unlikely to derail spending against the backdrop of excess savings and a strengthening labor market recovery. The University of Michigan's preliminary consumer sentiment index dropped to 61.7 in the first half of this month, the lowest since October 2011.
- Russia's central bank raised its key interest rate sharply to 9.5% on Friday, increasing the cost of borrowing by 100 basis points for the second time in a row, and indicated a further rate increase was likely. The central bank raised its main interest rate seven times in 2021 from a record low of 4.25% but failed to tame inflation, which it targets at 4%.

Forex

The dollar and safe-haven currencies held gains and riskier ones struggled for traction on Monday, with traders on edge about the prospect of war in Europe and unsettled by soaring inflation. The risk of war in Ukraine has seen the euro retreat to \$1.1360 from last week's top of \$1.1495. The Australian and New Zealand dollars were also pinned below last week's levels and the Russian rouble was smarting after suffering its sharpest fall in nearly two years on Friday. The safe-haven yen has climbed to 115.50 yen from a five-week low of 116.34 last week. Sterling held at \$1.3567 on Monday as investors are convinced the Bank of England is hiking rates next month and pricing about a 40% chance of a 50 basis point rise. The New Zealand dollar eased 0.1% to \$0.6645 and the Australian dollar hovered at \$0.7140.

Gold

Gold prices held their ground on Monday near a three-month high touched in the previous session, as lingering concerns surrounding Ukraine kept the metal's safe-haven appeal intact. Spot gold XAU= was steady at \$1,859.16 per ounce, as of 0125 GMT. In the previous session, bullion prices hit the highest since Nov. 19 at \$1,865.15, in their biggest daily gain since mid-October. U.S. gold futures GCv1 rose 0.9% to \$1,859.00 per ounce.

Copper

London copper, often viewed as a gauge of global economic health, rose on Monday as a jump in oil prices prompted investors' quest for a hedge against stubborn inflation, though a firmer dollar capped gains in the greenback-priced red metal. Three-month copper on the London Metal Exchange (LME) was up 0.5% at \$9,909 a tonne, as of 0325 GMT, while the most-traded March copper contract SCFcv1 on the Shanghai Futures Exchange eased 1.6% to 71,330 yuan (\$11,217.88) a tonne.

Currency	Rate	24H Chg		
EUR/USD	1.1345	-0.04%		
USD/CNY	6.3622	-0.16%		
USD/RUB	77.1771	0.02%		
USD/JPY	115.47	0.04%		
USD/KRW	1199.65	0.10%		
AUD/USD	0.7118	-0.01%		
GBP/USD	1.3542	0.00%		
Index	Unit	24H Chg		
Dow Jones	34738.1	-1.43%		
S&P 500	4418.6	-1.90%		
NASDAQ	13791.2	-2.78%		
FTSE 100	7661.0	-0.15%		
Nikkei 225	26970.3	-2.62%		
DAX	15425.1	-0.42%		
Hang Seng	24620.7	-1.15%		
Commodity	Price	24H Chg		
Gold	1854.77	-0.21%		
Silver	23.68	0.41%		
Coal (Qinhuangdao Port)	165.82	0.00%		
Copper 3M Future	9860.5	-3.84%		
Iron Ore	784.50	-5.88%		
Crude Oil	94.7	1.72%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.19%	54.51%		
US 3M LIBOR	0.51%	28.26%		
US 6M LIBOR	0.84%	26.49%		
US 12M LIBOR	1.39%	23.81%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.96%	1.07%		
UK Treasury 10Y	1.55%	1.38%		
GE Treasury 10Y	0.30%	4.58%		
JP Treasury 10Y	0.21%	-9.09%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
Chinggis	5.13%	12/5/2022	3.13%	0.11%
Gerege	5.63%	5/1/2023	3.41%	0.07%
DBM 2023	7.25%	10/23/2023	4.29%	-0.12%
Khuraldai	8.75%	3/9/2024	3.97%	0.00%
MMC	9.25%	4/15/2024	23.36%	-1.26%
MIK 2024	8.85%	8/2/2024	11.18%	-0.16%
Nomad	5.13%	4/7/2026	4.70%	0.02%
Mongol 27	3.50%	7/7/2027	4.96%	-0.11%
Mongol 31	4.45%	7/7/2031	5.38%	-0.19%
Samurai JPY	1.52%	12/25/2023	0.03%	0.01%

Stock	Price	24H Chg
Turquoise Hill Resources	20.51	2.19%
Mongolian Mining Corp	2.11	2.93%
Erdene Resource Dev	0.425	3.66%
Centerra Gold	10.85	3.53%

Macro economic indicator	Date	Actual
Inflation rate	2021 (XII)	13.4%
Policy rate	2022 (I)	6.5%
Interbank rate	2021 (XI)	6.08%
Interest rate on deposit (dom.currency)	2021 (XII)	7.04%
Interest rate on deposit (for.currency)	2021 (XII)	2.04%
Interest rate on lending (dom.currency)	2021 (XII)	15.54%
Interest rate on lending (for.currency)	2021 (XII)	9.07%

Forecasts

Currency	Q1 22	Q2 22	Q3 22	Q4 22	2023
EUR/USD	1.12	1.13	1.15	1.15	1.17
GBP/USD	1.34	1.35	1.36	1.37	1.40
USD/CNH	6.39	6.35	6.40	6.44	6.40
USD/JPY	114	115	115	115	115
USD/RUB	73.0	72.0	73.07	73.0	73.5

Commodity

Gold	1775	1750	1700	1680	1650
Copper	9500	9350	9400	9500	9550
Coal	138.13	109.38	93.13	79.38	62.50

Source: Bloomberg

Economic Calendar

Last working day	Actual	Survey	Prior
US U Mich Sentiment Prelim	61.7	67.5	67.2
GE HICP Final YY	5.1%	5.1%	5.1%
UK GDP Prelim YY	6.5%	6.4%	6.8%
UK GDP Prelim QQ	1.0%	1.1%	1.1%
UK Manufacturing Output MM	0.2%	0.1%	1.1%

Expected today	Time	Survey	Prior
-	-	-	-

Expected tomorrow	Time	Survey	Prior
US U Mich Sentiment Prelim	23:00	67.5	67.2
GE HICP Final YY	15:00	5.1%	5.1%
UK GDP Prelim YY	17:30	6.4%	6.8%
UK GDP Prelim QQ	17:30	1.1%	1.1%
UK Manufacturing Output MM	15:00	0.1%	1.1%

Crude Oil

Oil prices on Monday hit their highest in more than seven years on fears that a possible invasion of Ukraine by Russia could trigger U.S. and European sanctions that would disrupt exports from the world's top producer in an already tight market. Comments from the United States about an imminent attack by Russia on Ukraine have rattled global financial markets.

Brent crude futures LCOc1 was at \$95.56 a barrel by up \$1.12, or 1.2%, after earlier hitting a peak of \$96.16, the highest since October 2014.

Fixed Income

The Bank of Japan successfully defended its key bond yield target on Monday, holding the line on its ultra loose monetary policy, with the 10-year government bond yield falling after the central bank pledged market support to stop rates going higher. The 10-year JGB yield JP10YTN=JBTC fell two basis points to 0.205% in early trade, after rising to 0.230% last week. The BOJ said it made no purchases of the debt, as there were no offers for sale.

Stock Market

Stocks ended sharply lower on Friday as Ukraine tensions flared giving investors already nervous about rate hikes yet another reason to dump risky assets. For the week, the S&P 500 fell 1.8% and the Nasdaq shed 2.2%. The Dow lost 1%. Dow futures and S&P 500 futures were little changed. The U.S. referred to a build-up of Russian troops near Ukraine and asked its citizens to leave the country saying a Russian invasion could happen at any time. A Saturday call between Joe Biden and Vladimir Putin failed to ease tensions.

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