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Highlights

- Japan's core consumer prices rose for a fifth straight month in January but at a slower pace than in the previous month, boosting the likelihood the country's central bank will lag behind other economies in raising interest rates. The core consumer price index (CPI) increased 0.2% in January from a year earlier. That was weaker than 0.5% rise in the previous two months.
- The U.S. Congress on Thursday gave final approval of legislation funding the government through March 11, avoiding the embarrassing spectacle of federal agencies having to shut many of their operations amid the Russia-Ukraine crisis.

Forex

The safe-haven yen reversed course on Friday, giving up some its gains from earlier this week as markets seemed to take cheer from news of talks between the U.S. and Russia about Ukraine, helping other risk-friendly assets including the Aussie dollar. The dollar rose 0.2% on the yen, and earlier reached as high as 115.27 yen, having touched a two-week low of 114.78 in early Friday trading. The yen and rival safe-haven, the Swiss franc, have gained this week amid high tension on the Ukrainian border, though the dollar gained 0.12% on the franc on Friday. The Australian dollar rose 0.27% on Friday. The euro continued its week of choppy trading based on Ukraine headlines and was at \$1.1365 on Friday, while the pound was at \$1.3605 supported by markets betting on more monetary tightening from the Bank of England.

Gold

Gold prices on Friday were at their highest since June 2021 as mounting tensions between Russia and the West over Ukraine lifted bullion's safe-haven appeal, buttressed by lower U.S. bond yields. Spot gold XAU= rose 0.3% to \$1,902.20 per ounce, as of 0033 GMT, its highest in eight months. U.S. gold futures GCv1 added 0.1% to \$1,904.30. On Thursday, gold prices rose as much as 1.8%, breaking past \$1,900/oz for the first time since June 11, 2021, with analysts expecting a further rally if tensions continue to escalate.

Copper

Nickel prices rose on Friday to their highest levels in 3-1/2 weeks, after the market was bolstered by dwindling inventories and as the prospect of sanctions on Russia, a major producer of the metal, exacerbated concerns of reduced supply. Also copper prices was up on Friday. Three-month copper CMCU3 on the London Metal Exchange (LME) rose 0.4% to \$9,965.50 a tonne, while the most-traded March copper contract SCFcv1 on the Shanghai Futures Exchange rose 0.2% to 71,490 yuan a tonne. Japan's copper cable sales,

Currency	Rate	24H Chg		
EUR/USD	1.1367	0.05%		
USD/CNY	6.333	-0.07%		
USD/RUB	76.3176	0.01%		
USD/JPY	115.16	0.19%		
USD/KRW	1196.25	-0.08%		
AUD/USD	0.7198	-0.02%		
GBP/USD	1.3607	0.00%		
Index	Unit	24H Chg		
Dow Jones	34312.0	-1.78%		
S&P 500	4380.3	-2.12%		
NASDAQ	13716.7	-2.88%		
FTSE 100	7537.4	-0.87%		
Nikkei 225	27094.2	-0.51%		
DAX	15267.6	-0.67%		
Hang Seng	24646.2	-0.59%		
Commodity	Price	24H Chg		
Gold	1890.82	-0.40%		
Silver	23.83	-0.02%		
Coal (Qinhuangdao Port)	166.59	0.00%		
Copper 3M Future	9929	-0.64%		
Iron Ore	683.50	-1.58%		
Crude Oil	91.15	-0.66%		
LIBOR	Yield	24H Chg		
US 1M LIBOR	0.14%	14.20%		
US 3M LIBOR	0.49%	4.15%		
US 6M LIBOR	0.79%	-0.70%		
US 12M LIBOR	1.33%	-0.96%		
Government Bonds	Yield	24H Chg		
US Treasury 10Y	1.98%	1.06%		
UK Treasury 10Y	1.46%	-4.00%		
GE Treasury 10Y	0.23%	-16.30%		
JP Treasury 10Y	0.22%	-2.21%		
Mongolian Bonds	Coupon	Mature Date	Yield	24H Chg
Chinggis	5.13%	12/5/2022	3.06%	0.06%
Gerege	5.63%	5/1/2023	3.31%	0.03%
DBM 2023	7.25%	10/23/2023	4.58%	-0.17%
Khuraldai	8.75%	3/9/2024	3.96%	0.00%
MMC	9.25%	4/15/2024	23.80%	1.34%
MIK 2024	8.85%	8/2/2024	11.35%	0.00%
Nomad	5.13%	4/7/2026	4.71%	-0.01%
Mongol 27	3.50%	7/7/2027	4.96%	-0.01%
Mongol 31	4.45%	7/7/2031	5.39%	-0.06%
Samurai JPY	1.52%	12/25/2023	0.05%	-0.02%

Stock	Price	24H Chg
Turquoise Hill Resources	20.53	-2.19%
Mongolian Mining Corp	2.1	0.00%
Erdene Resource Dev	0.445	-2.20%
Centerra Gold	11.51	1.86%

Macro economic indicator	Date	Actual
Inflation rate	2022 (I)	14.6%
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

Economic Calendar

Source: Bloomberg

Last working day	Actual	Survey	Prior
JP Trade Balance Total Yen	-2191B	-1607B	-582.4B
JP Imports YY	39.6%	37.1%	41.1%
JP Exports YY	9.6%	16.5%	17.5%
JP Machinery Orders YY	5.1%	0.6%	11.6%
JP Machinery Orders MM	3.6%	-1.8%	3.4%

Expected today	Time	Survey	Prior
UK Retail Sales YY	14:00	8.7%	-0.9%
UK Retail Sales MM	14:00	1.0%	-3.7%
US Existing Home Sales	23:00	6.1M	6.18M
JP CPI, Overall Nationwide	7:30	-	0.8%
JP CPI, Core Nationwide YY	7:30	0.3%	0.5%

Expected tomorrow	Time	Survey	Prior
UK Flash Manufacturing PMI	17:30	-	57.3
FR Markit Mfg Flash PMI	16:15	-	55.5
GE Markit Mfg Flash PMI	16:30	-	59.8
JP Jibun Bank Mfg Flash PMI	8:30	-	55.4

domestic and exports, rose 0.5% in January to 50,800 tonnes year-on-year, the Japan Electric Wire and Cable Makers' Association said.

Crude Oil

Oil prices retreated on Friday after wild swings during the week, as the prospect of extra supply from Iran returning to the market outweighed fears of a possible Russian invasion of Ukraine, which could disrupt supply. Brent crude LCOc1 futures fell 68 cents, or 0.7%, to \$92.29 a barrel at 0124 GMT, extending a 1.9% drop from the previous session.

Fixed Income

Super-long Japanese government bond yields retreated on Friday, flattening the yield curve from its steepest level in more than three years, amid strengthened demand for safe-haven assets as tensions surrounding Ukraine simmered. The 30-year JGB yield JP30YTN=JBTC was down 3 basis points at 0.960%, as of 0425 GMT, retreating from a six-year high of 0.995% scaled in the previous session. The 10-year yield rose as high as 0.23% last week, before pulling back as far as 0.200% following the BOJ's announcement. But it crept back to 0.225% on Thursday and was last at 0.220%.

Stock Market

U.S. equity futures climbed Friday and havens like gold and bonds slipped as planned talks between Russia and the U.S. over Ukraine alleviated some investor despondency about geopolitical risks. The U.S. said Russian and American officials agreed to meet next week in Europe. S&P 500 and Nasdaq 100 contracts pushed higher and Asian shares pared losses, though key markets like Japan remained slightly in the red. That was a turnaround from Thursday, when U.S. equities sank.

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