



Iran Economical State and projections

2018-2019

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• Iran Overall Economy •

Economical Doctrine

جمهوری اسلامی ایران
ریاست جمهوری

President Rouhani's economical doctrine:

- Stability in currency value
- Low inflation

FAIL



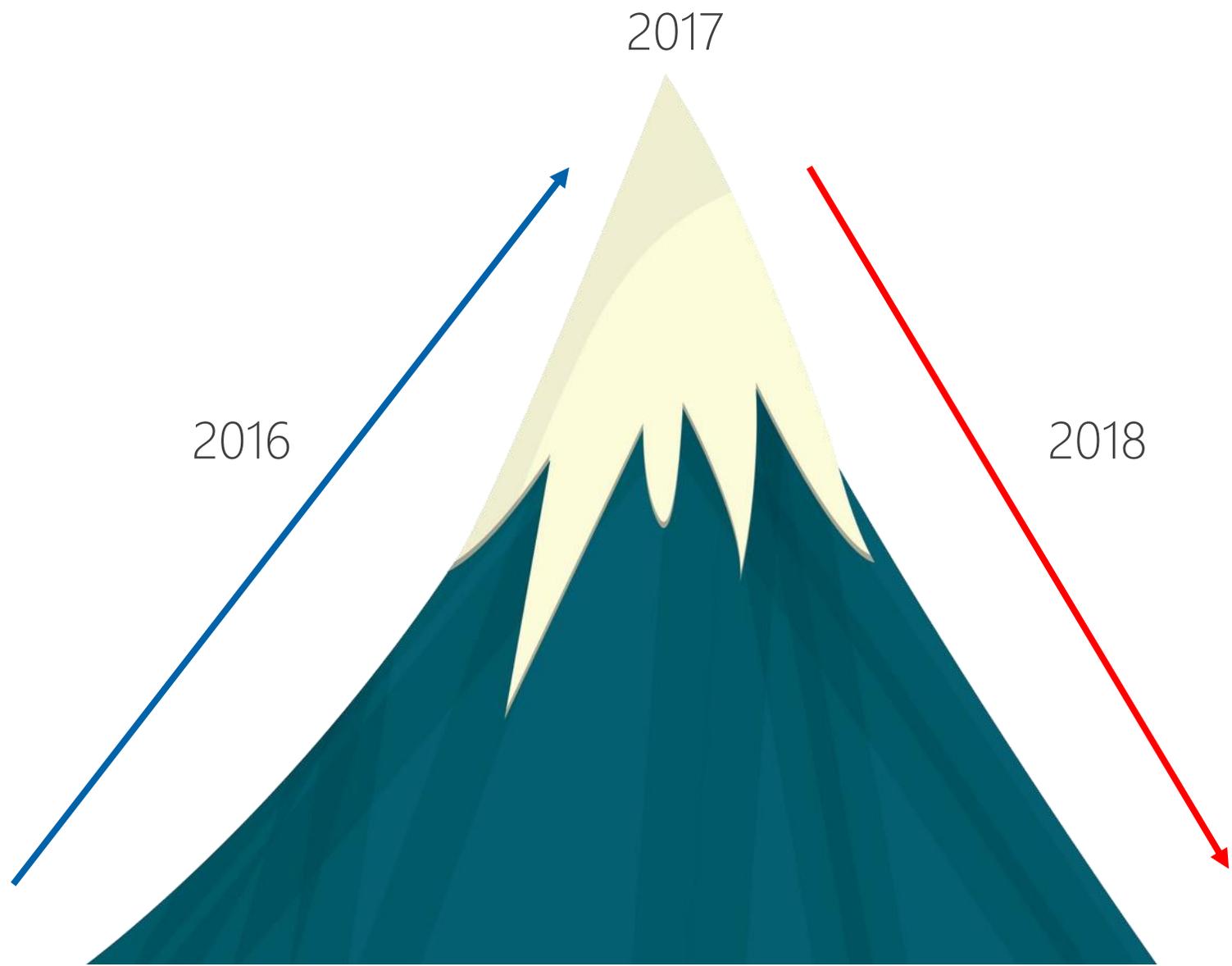
JCPOA Starts in 2016



JCPOA Ends in 2018



JCPOA and Iran Economy



Snapshot of Iran Economy

Indicators	1395 (21.03.16 to 20.03.17)	1396 (21.03.17 to 20.03.18)
GDP growth (real in Rial)	4.6%	3.8%
GDP (nominal in US\$ at median exchange rate)	\$425 billion	\$447.3 billion
GDP per capita (nominal)	\$4,764	\$5,550
GDP per capita (PPP – Purchasing Power Parity)	\$16,023	\$18,450
Inflation (Official)	7.2%	10.0%
Trade Surplus	\$19.3 billion	\$22.0 billion
Unemployment (Official)	12.7%	12.1%

Sources: Statistical Center of Iran, Central Bank of Iran, World Bank

Economic Growth



Source: Central Bank of Iran/ World Bank projections

2018 Projection

7%

2018

-1.5%

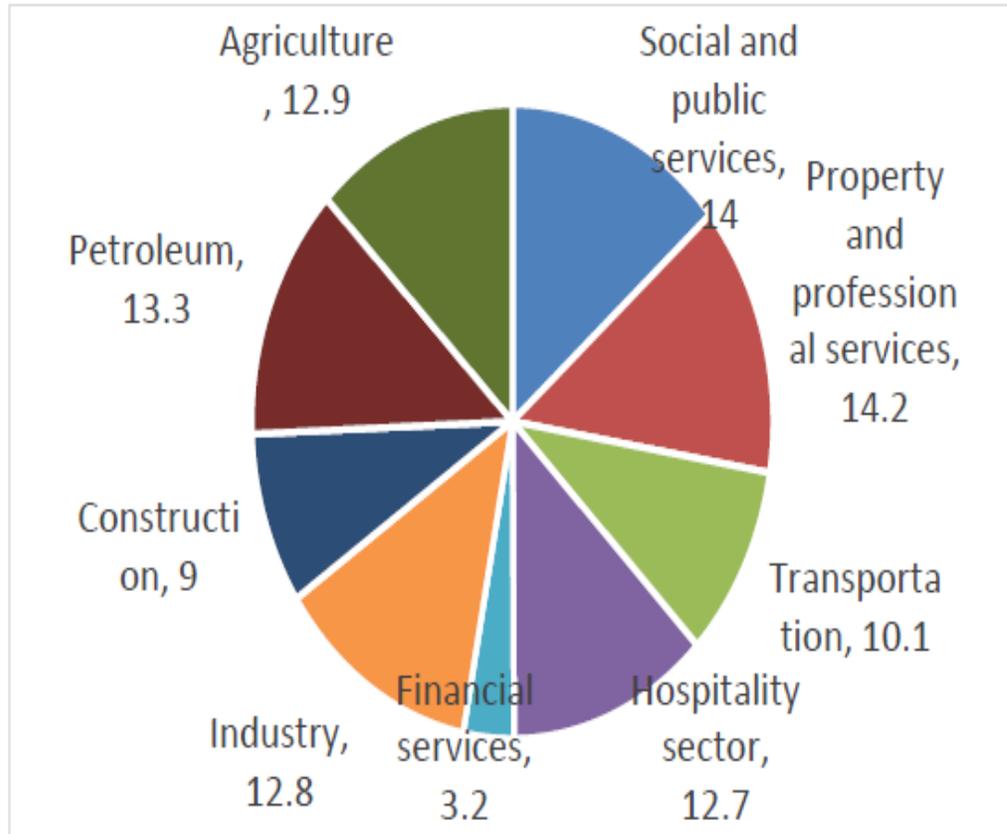
2019 Projection

-3.6%

Iran needs 8% GDP growth to create the number of jobs that are required to contain unemployment.

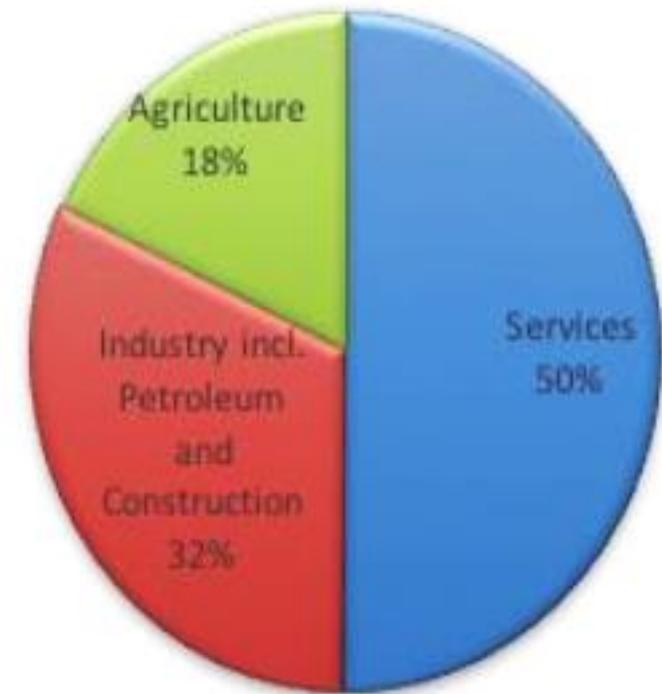
Sector Contribution to GDP

Sector Contribution to GDP (2017 figures)



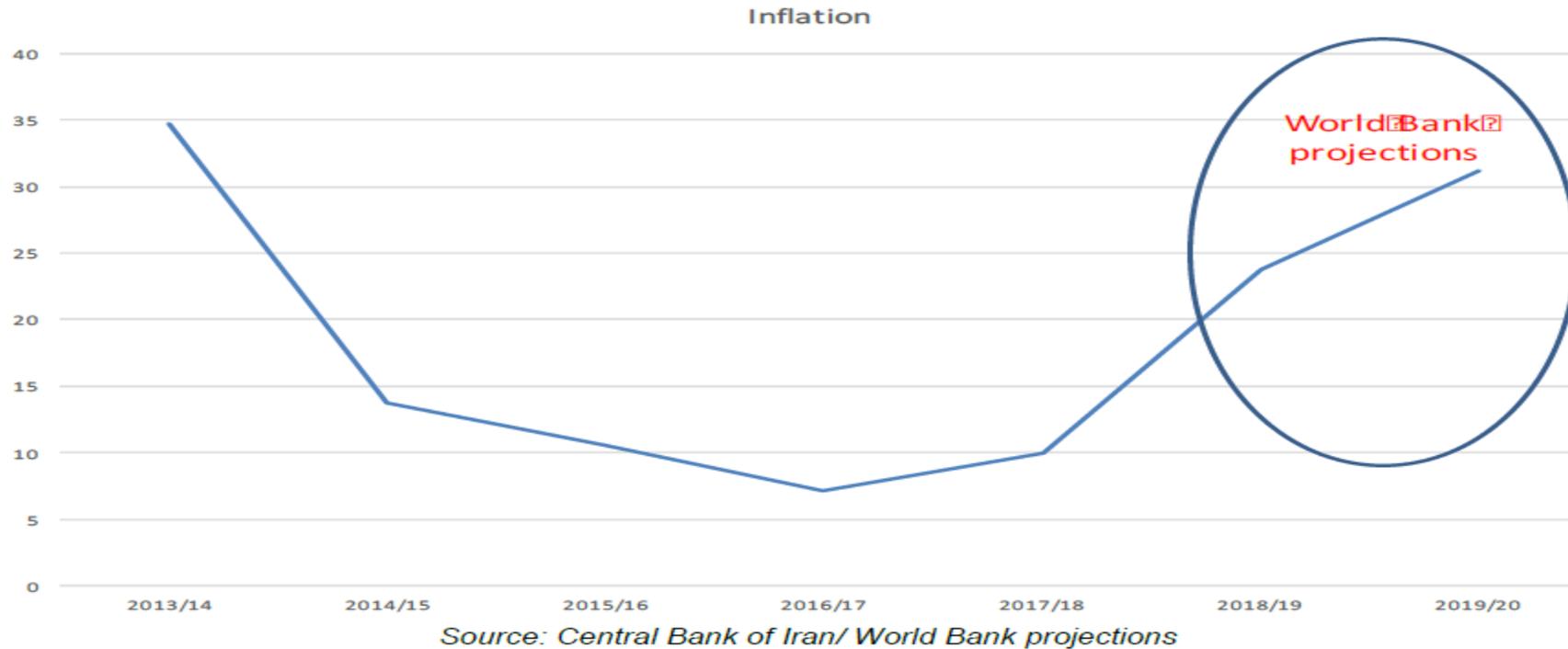
Source: Statistical Center of Iran

Sectors' Contributions to Employment (%) (2016 figures)



Service sector contribution to GDP: 53%

Inflation Trend



2018 Projection

10%

2018

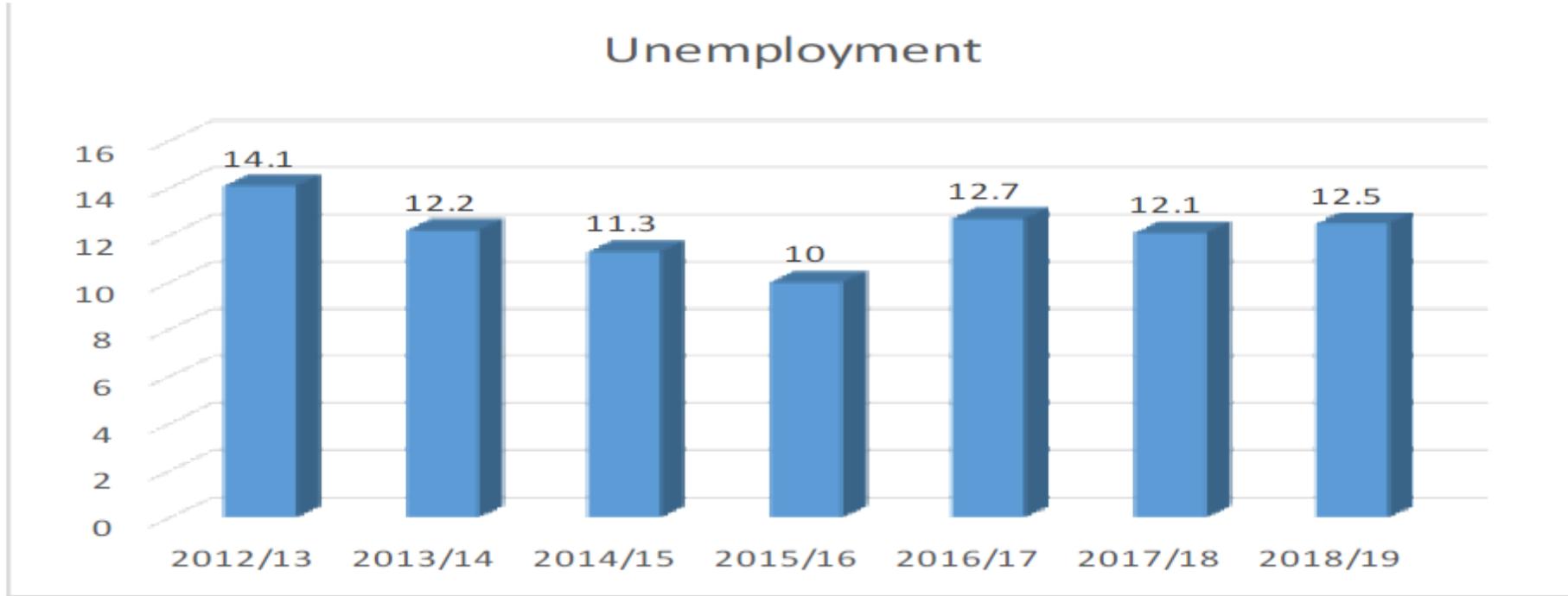
25%

2019 Projection

+30%

The average Iranian family will lose purchasing power in the next 2 years.

Unemployment Trend



Source: Statistical Center of Iran / World Bank / Author's projection for 2018/2019

2018 Projection

11.5%

2018

12.5%

2019 Projection

No projection

labor-force participation rose from 39.5% in spring 2016 to 40.6% in spring 2017.

There are some 800,000 new entrants into the job market every year.

Youth Unemployment



Youth Unemployment: 25%

According to official statistics 40% of Iran's university graduates fail to find a job in their own field of expertise

The government's success in reducing unemployment will depend on its ability to grow employment intensive sectors such as agriculture and services, especially tourism.

Job Creation



Service and Agriculture

the government's success in reducing unemployment will depend on its ability to grow employment intensive sectors such as agriculture and services



Non-oil Exports

The devaluation of the Rial has made Iranian exports more competitive, hence there will be an impetus from growing non-oil exports.



Tourism

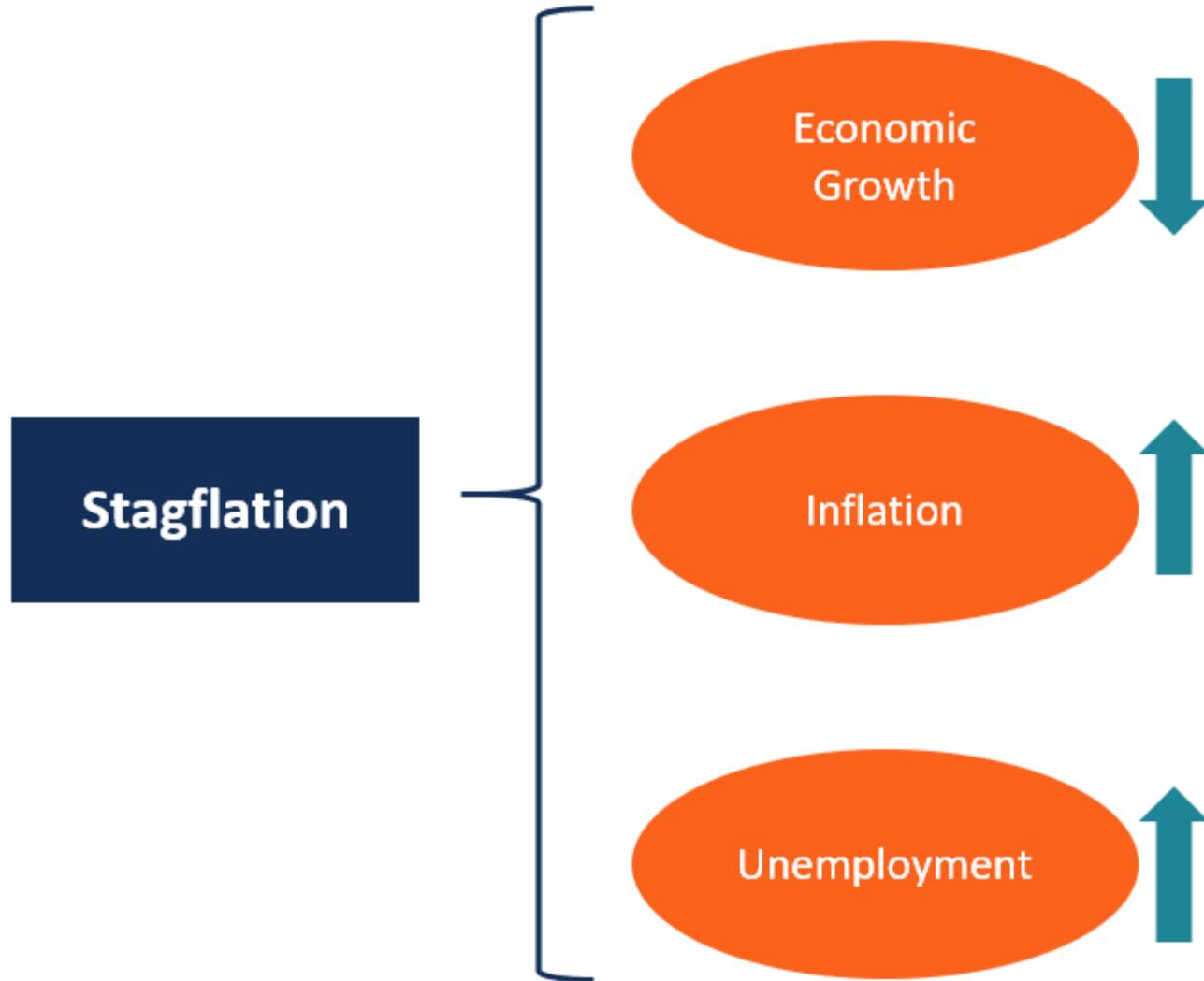
Tourism (including health tourism) which will generate jobs and also economic impetus in provincial areas. The growth of the tourism sector will also include an increase in domestic tourism.



IT Start-ups

Would offer new opportunities to the educated youth.

Result



• Exchange Rate Developments •

Exchange Rates



Governmental Rate

Rial 42,000 for the basic imports, i.e. foodstuffs, medicine and medical supplies



Secondary Market (Nima)

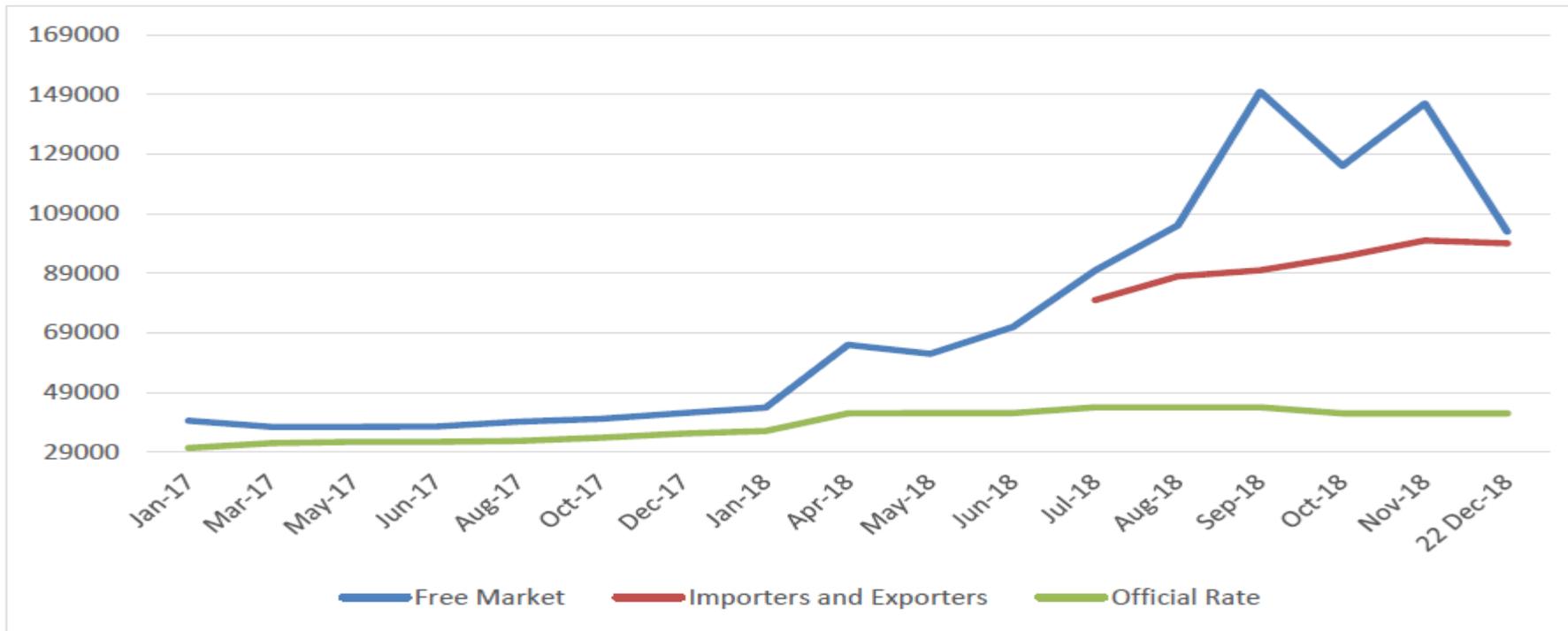
Where exporters sell their hard currency earnings to importers – also known as the Nima rate.



Free Market

Used for all hard currency demands that cannot be met with the above two rates.

Exchange Rate



Source: CBI, Sanarate.ir, Bonbast.com

2018 Projection

3800 Rial

4400 Rial

2018

4200 Rial

10300 Rial

2019 Projection

5800 Rial

10000 Rial

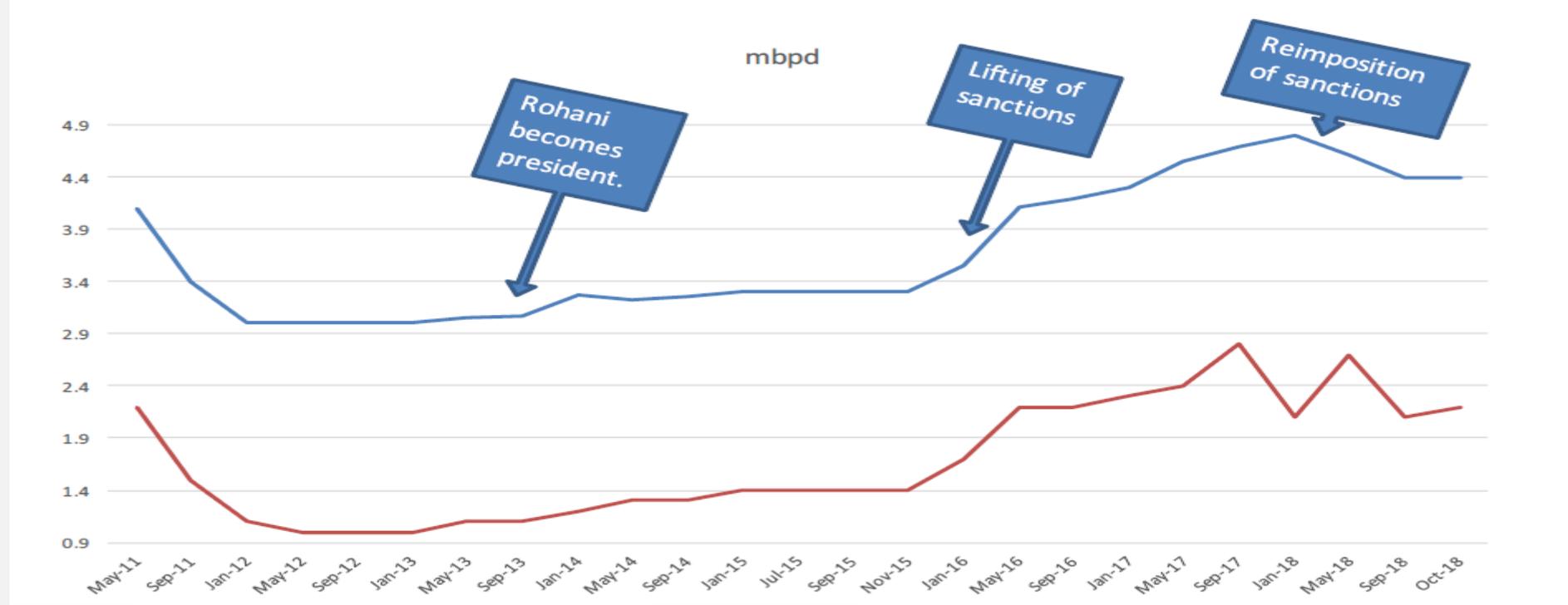
Official rate

Free market



Oil Exports

Inflation Trend



2018 Projection

No projection

2018

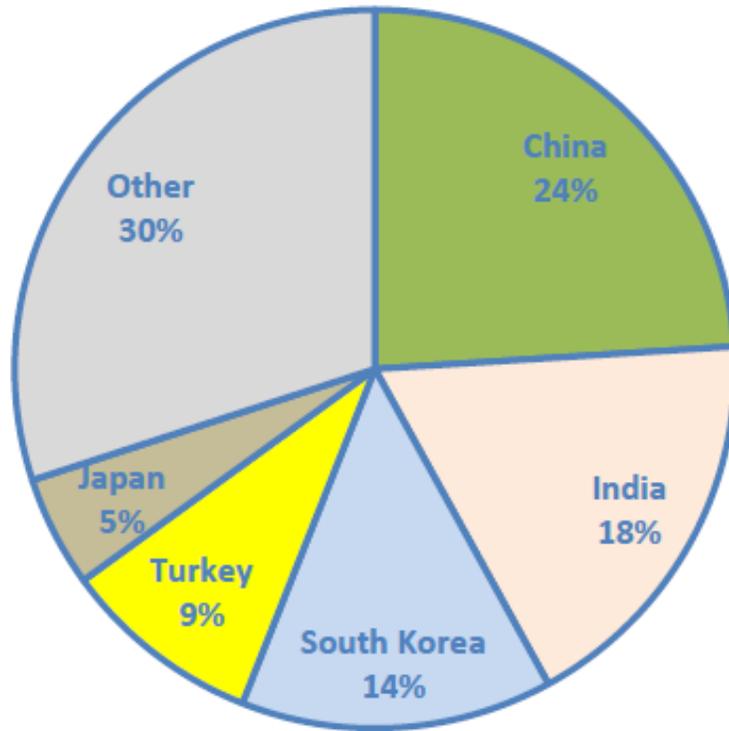
2.7 mbpd

2019 Projection

+1.6 mbpd

Iran will lose 1/10 its budget volume in 2019.

Significant Reduction Exemptions (SREs)

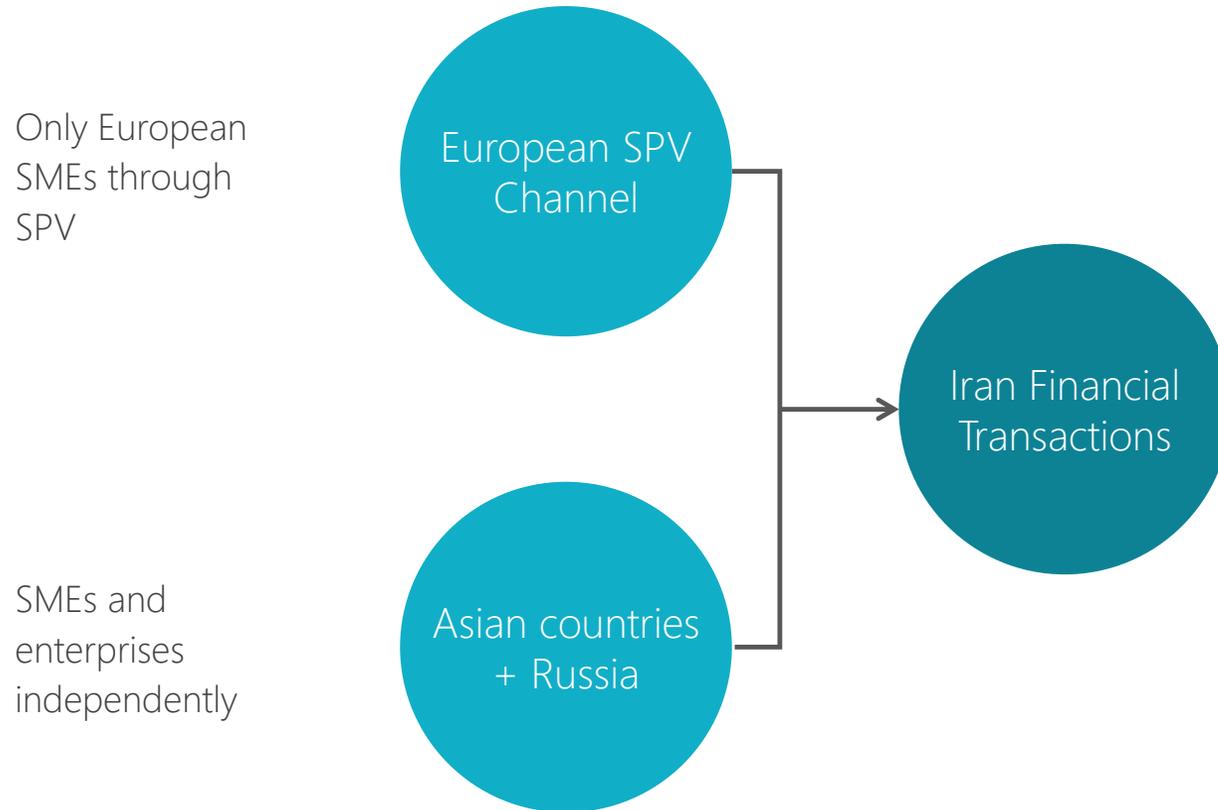


Source: US Energy Information Administration

SREs will be able to buy Iranian oil for 180 days. The question whether these SREs will be renewed will depend on the overall world market conditions in six months and also on US-Saudi relations.

• Iran's Integration in Global Economy •

Financial Transactions



SPV



Pass and Implement



Oil for Goods



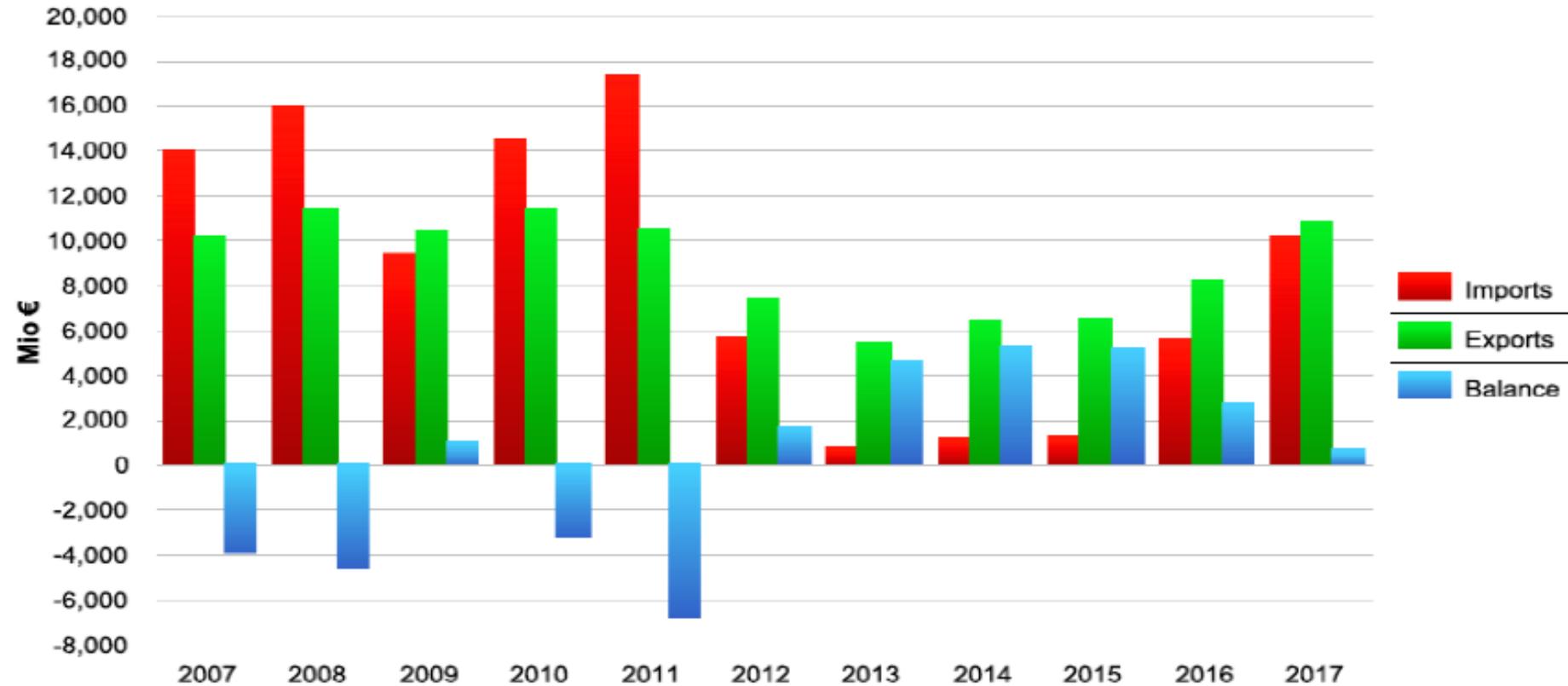
Iran – EU Trade



European Union, Trade with Iran

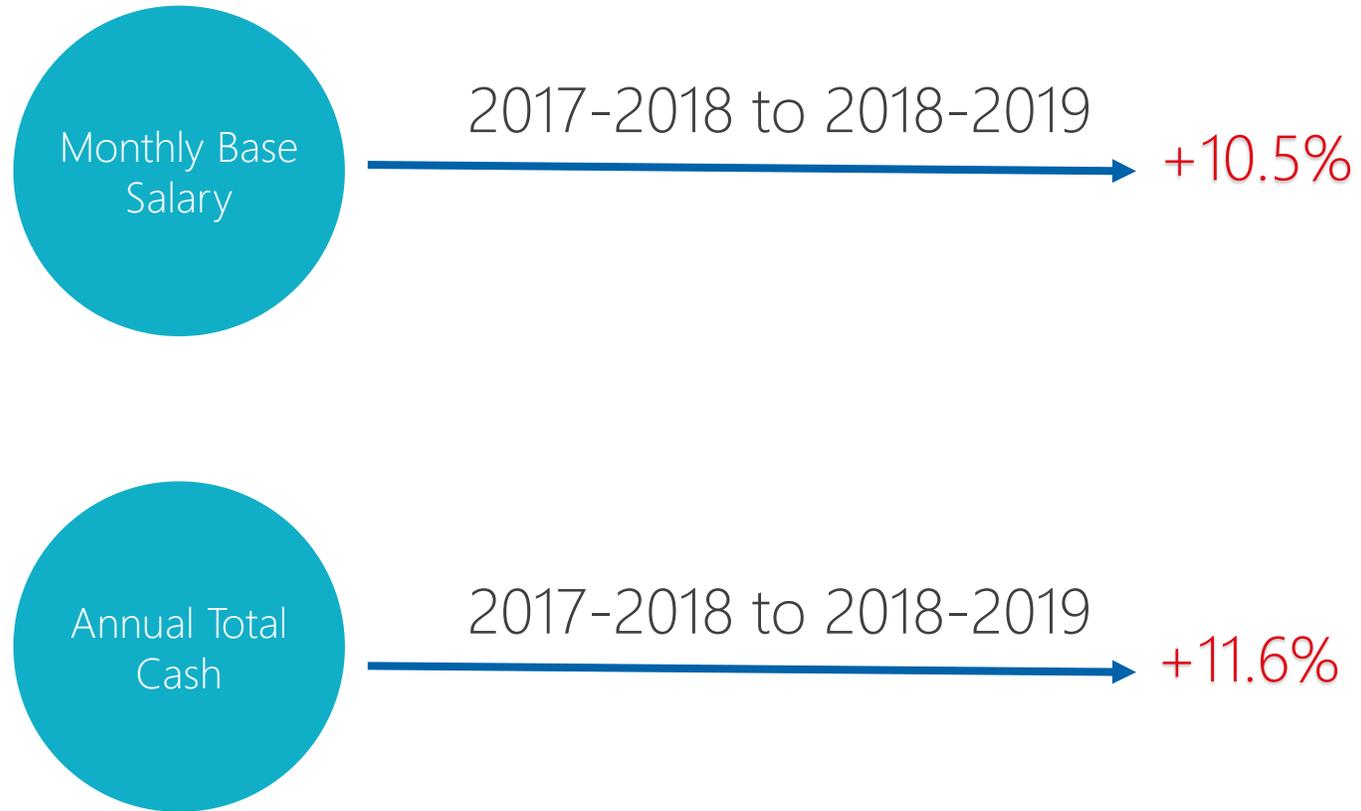
Total goods: EU Trade flows and balance, annual data 2007 - 2017

Source Eurostat Comext - Statistical regime 4



• Compensation Trends •

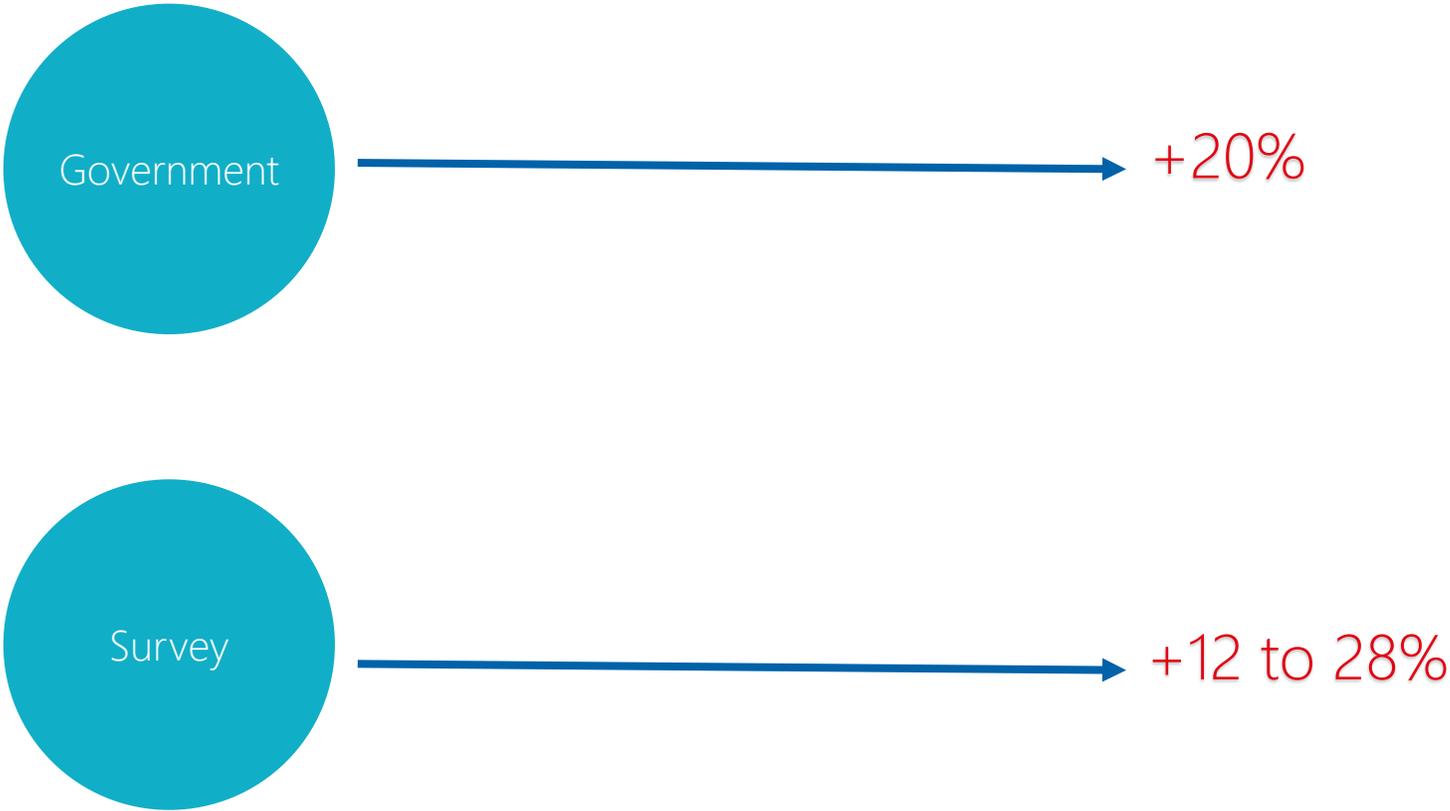
Compensation Trends





Outlook for 2019

Outlook for 2019





Thank You