

FOCUS ECONOMICS

Economic Forecasts from the World's Leading Economists

CONSENSUS FORECAST Iran • April 2015

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Contributors

ARNE POHLMAN
Chief Economist

ARMANDO CICCARELLI
Head of Research

RICARDO ACEVES
Senior Economist

RICARD TORNÉ
Senior Economist

OLGA COSCODAN
Economist

CARL KELLY
Economist

TERESA KERSTING
Economist

DIRINA MANÇELLARI
Economist

ANGELA BOUZANIS
Economist

CECILIA SIMKIEVICH
Economist

ROBERT HILL
Economist

ERIC DENIS
Economist

MIRIAM DOWD
Editor

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Gran Via 657 E-08010 Barcelona, Spain

P +34 932 651 040 F +34 932 650 804

info@focus-economics.com focus-economics.com

Iran



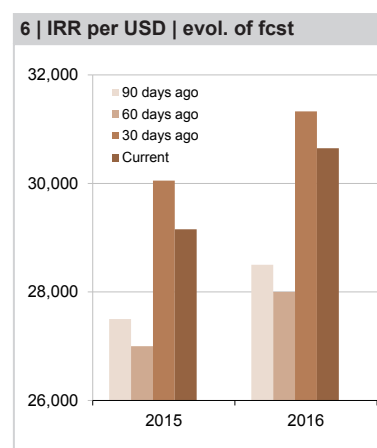
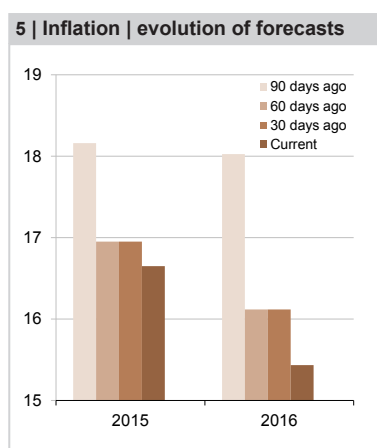
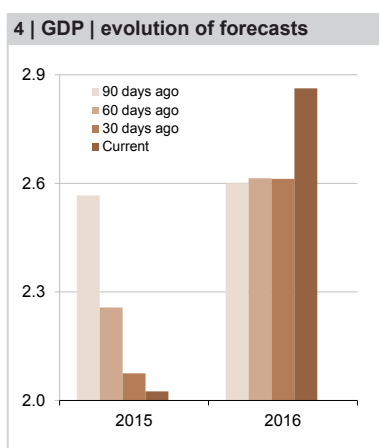
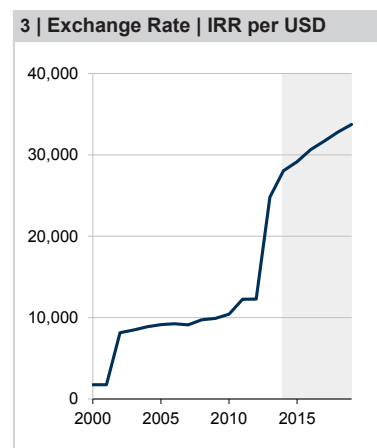
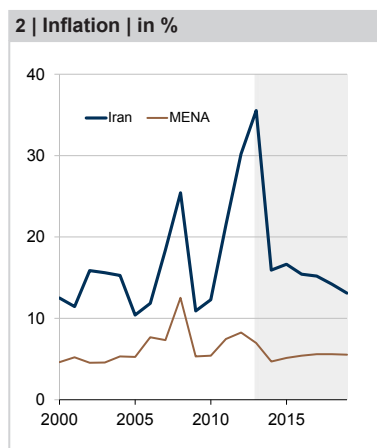
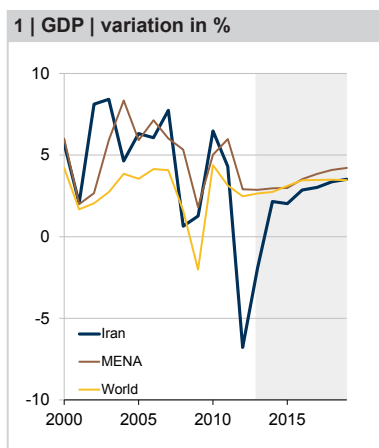
Outlook deteriorates

- On 2 April, negotiators from the U.S.-led group of six countries and Iran announced an outline agreement on Iran's nuclear program. The deal includes a reduction in Iran's nuclear capabilities and gives inspectors from the International Atomic Energy Agency access to inspect any nuclear facility in the country. In exchange, economic sanctions against Iran would be lifted. As the timing for lifting sanctions is unclear, this is still the main obstacle to reaching an agreement before the 30 June deadline. While Iranian authorities want all sanctions to be lifted on the first day of the deal's implementation, the United States stresses that the removal must be gradual.
- Uncertainty regarding when relief from economic sanctions will come and the low oil price environment continue to weigh on Iran's economic outlook. Panelists expect GDP to expand 2.0% in 2015, which is down 0.1 percentage points from last month's estimate, and 2.9% in 2016.
- Inflation rose from 15.7% in January to 16.2% in February. Inflationary pressures remain high as the plunge in oil prices is weakening the *rial* in the black market. FocusEconomics Consensus Forecast panelists expect inflation to average 16.7% in 2015 and see it declining to 15.4% in 2016.

LONG-TERM TRENDS | 3-year averages

	2011-13	2014-16	2017-19
Population (million):	76.0	79.0	82.1
GDP (USD bn):	485	471	670
GDP per capita (USD):	6,387	5,958	8,156
GDP growth (%):	-1.6	2.3	3.3
Fiscal Balance (% of GDP):	-0.8	-1.9	-2.7
Inflation (%):	29.0	16.0	14.2
Current Account (% of GDP):	7.7	2.6	2.2
External Debt (% of GDP):	10.6	6.9	7.3

Ricard Torné
Senior Economist



Economic Indicators | 2010/11 - 2019/20

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Real Sector										
Population (million)	74.3	75.2	76.0	77.0	78.0	79.0	80.0	81.0	82.1	83.1
GDP per capita (USD)	6,190	6,779	7,611	4,770	5,601	5,797	6,476	7,251	8,136	9,081
GDP (USD bn)	460	509	578	367	437	458	518	587	668	755
GDP (IRR tn)	4,741	6,246	7,091	9,343	11,033	13,094	15,489	18,312	21,529	25,107
Economic Growth (Nominal GDP, ann. var. in %)	21.8	31.7	13.5	31.8	18.1	18.7	18.3	18.2	17.6	16.6
Economic Growth (GDP, annual var. in %)	6.5	4.3	-6.8	-1.9	2.2	2.0	2.9	3.0	3.4	3.5
Private Consumption (annual var. in %)	4.2	4.2	-1.7	-1.0	2.4	2.1	2.4	3.2	3.5	3.5
Government Consumption (ann. var. in %)	-3.8	-3.4	-7.2	1.6	-	-	-	-	-	-
Fixed Investment (annual variation in %)	3.8	3.5	-23.8	-6.9	3.2	1.9	3.0	3.4	3.6	3.7
Industry (annual variation in %)	7.9	5.0	-6.4	-2.9	2.3	2.1	2.2	2.6	2.7	3.0
Unemployment (% of active population, aop)	13.5	12.3	12.2	10.4	11.6	12.1	12.4	12.3	12.2	12.0
Fiscal Balance (% of GDP)	-1.1	-0.8	-0.6	-0.9	-1.4	-2.2	-2.1	-2.6	-2.7	-2.8
Public Debt (% of GDP)	13.5	9.2	11.8	11.3	11.0	12.1	12.9	13.4	14.2	14.8
Monetary and Financial Sector										
Money (annual variation of M2 in %)	-41.8	-33.3	32.6	16.8	-	-	-	-	-	-
Inflation (CPI, annual variation in %, eop)	19.7	20.5	41.2	19.7	-	-	-	-	-	-
Inflation (CPI, annual variation in %, aop)	12.3	21.5	30.2	35.5	15.9	16.7	15.4	15.2	14.2	13.1
Exchange Rate (IRR per USD, eop)	10,420	12,257	12,279	24,797	28,050	29,154	30,648	31,699	32,794	33,738
Exchange Rate (IRR per USD, aop)	10,188	10,996	12,287	21,430	25,266	28,602	29,901	31,173	32,247	33,266
External Sector										
Current Account Balance (% of GDP)	6.0	11.5	4.0	7.6	4.4	1.6	1.9	2.0	2.2	2.4
Current Account Balance (USD bn)	27.6	58.5	23.4	28.0	19.2	7.2	10.0	11.8	15.0	18.1
Trade Balance (USD bn)	37.3	67.8	28.6	33.0	31.6	24.8	28.7	32.1	35.2	37.5
Exports (USD bn)	112.8	145.8	97.3	93.0	94.1	87.5	96.0	105.5	116.6	129.9
Imports (USD bn)	75.5	78.0	68.7	60.0	62.4	62.7	67.3	73.4	81.4	92.4
Exports (annual variation in %)	27.7	29.3	-33.3	-4.4	1.1	-6.9	9.6	9.9	10.5	11.4
Imports (annual variation in %)	9.0	3.4	-11.9	-12.6	4.0	0.5	7.3	9.1	10.8	13.6
International Reserves (USD bn)	74.1	95.5	107.7	120.9	111.4	105.6	106.9	110.1	111.4	112.8
International Reserves (months of imports)	11.8	14.7	18.8	24.2	21.4	20.2	19.1	18.0	16.4	14.7
External Debt (USD bn)	22.8	17.3	7.7	6.7	6.8	6.8	7.0	7.2	7.4	7.5
External Debt (% of GDP)	5.0	3.4	1.3	1.8	1.6	1.5	1.3	1.2	1.1	1.0

Notes and sources

General:
All annual data refer to Iranian year (April-March). Long-term chart period from 2000/01 to 2019/20 unless otherwise stated. All real and monetary sector data are from the Central Bank of Iran (CBI) and Thomson Reuters. See below for details. Forecasts based on FocusEconomics Consensus Forecast.

- 1 GDP, annual variation in %. Source: CBI.
- 2 Inflation, annual variation of consumer price index (CPI) in % (aop). Source: CBI.
- 3 Exchange rate, IRR per USD (eop). Source: Thomson Reuters.
- 4 GDP, evolution of 2015 and 2016 forecasts during the last 4 months.
- 5 Inflation, evolution of 2015 and 2016 forecasts during the last 4 months.
- 6 Exchange rate, evolution of 2015 and 2016 forecasts during the last 4 months.

Fact Sheet

General Data

Official name:	Islamic Republic of Iran
Capital:	Tehran (8.3m)
Other cities:	Mashhad (2.7m) Isfahan (1.8m)
Area (km2):	1,648,195
Population (million, 2014 est.):	78.0
Population density (per km2, 2014):	47.3
Population growth rate (% , 2014 est.):	1.2
Life expectancy (years, 2014 est.):	70.9
Illiteracy rate (% , 2012):	15.0
Language:	Persian
Measures:	Metric system
Time:	GMT+3:30

Economic Infrastructure

Telecommunication (2013)

Telephones - main lines (per 100 inhabitants):	38.3
Telephones - mobile cellular (per 100 inhabit.):	84
Internet Users (per 100 inhabitants):	31.4
Broadband Subscriptions (per 100 inhabitants):	5.6

Energy (2012)

Primary Energy Production (trillion Btu):	13,644
Primary Energy Consumption (trillion Btu):	9,645
Electricity Generation (billion kW-h):	239.2
Electricity Consumption (billion kW-h):	195.3
Oil Supply (thousand bpd):	3,517.8
Oil Consumption (thousand bpd):	1,790
CO2 Emmissions (million metric tons):	603.6

Transportation (2013)

Airports:	319
Railways (km):	8,442
Roadways (km):	198,866
Waterways (km):	850
Chief Ports:	Bandar Imam Khomeyni, Bandar Abbas

Political Data

Supreme Leader:	Ali Khamenei
President:	Hassan Rouhani
Last elections:	14 June 2013
Next elections:	2017
Central Bank Governor:	Valiollah Seif

Long-term Foreign Currency Ratings

Agency	Rating	Outlook
Moody's:	-	-
S&P:	-	-
Fitch Ratings:	-	-

Strengths

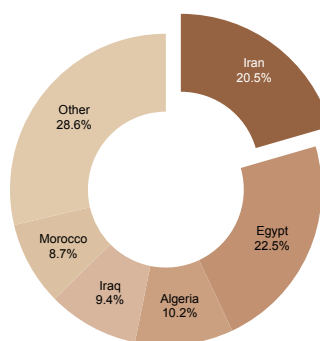
- Second largest OPEC oil producer
- World's second largest gas reserves
- Low external debt

Weaknesses

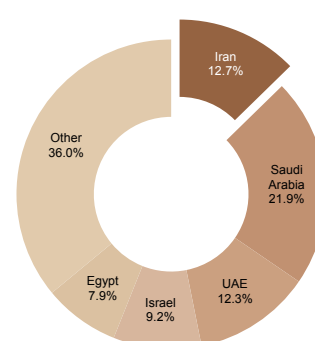
- Unfavorable business environment
- UN sanctions
- Political instability

Iran in the Region

Population | %-share in MENA

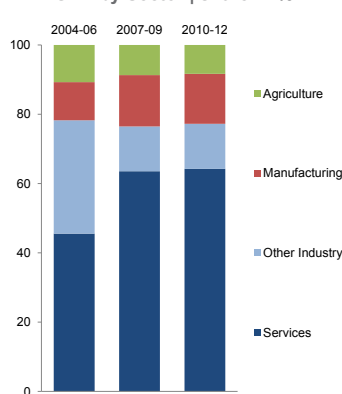


GDP | %-share in MENA

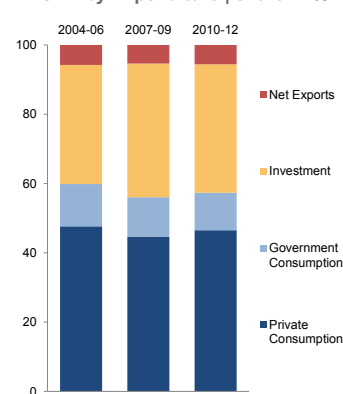


Economic Structure

GDP by Sector | share in %

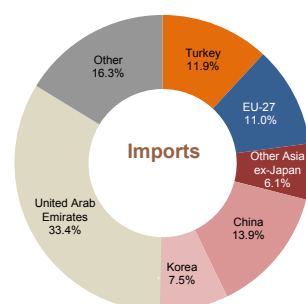
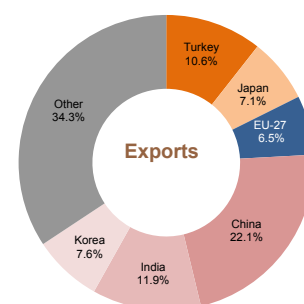


GDP by Expenditure | share in %

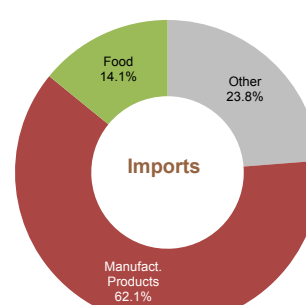
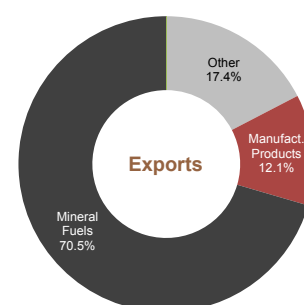


Trade Structure

Primary markets | share in %



Primary products | share in %



Notes and Statements**PUBLICATION NOTE**

Consensus forecasts are mean averages of projections of economic forecasters surveyed by FocusEconomics for our monthly publication. Quarterly averages may not correspond to the annual figures due to different forecast panels. The GDP-weighted averages for the regional aggregates refer to economies surveyed by FocusEconomics on a monthly basis, and include the following countries:

G7 (Group of Seven, 7 countries): Canada, Japan, United Kingdom and United States; France, Germany and Italy are also Euro area countries.

Euro area (19 countries): Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Nordic Economies (5 countries): Denmark, Norway, Sweden and Iceland. Finland is also a Euro area member.

Eastern Europe (14 countries): Bulgaria, Croatia, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Turkey and Ukraine; Estonia, Latvia, Lithuania, Slovakia and Slovenia are also Euro area members.

MENA (Middle East and North Africa, 16 countries): Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.

GCC (Cooperation Council for the Arab States of the Gulf, also known as Gulf Cooperation Council, 6 countries): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

Asia-Pacific (17 countries): Australia, Brunei, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.

Latin America (23 countries): Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Trinidad and Tobago, Uruguay and Venezuela.

Additional Countries: South Africa and Switzerland.

Weights are based on market exchange rates and reflect the latest forecasts on GDP growth, inflation and exchange rates.

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FocusEconomics S.L.

Gran Via 657, E-08010 Barcelona, Spain

E-mail: info@focus-economics.com

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FOCUSECONOMICS

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ANALYZE TRENDS

Prepare for what may occur next by studying how forecasts have evolved over time.

ANTICIPATE DEVELOPMENTS

Gain key insight into political and economic developments in a country or region to assess the potential impact on business prospects.

INDICATORS INCLUDED

REAL SECTOR

GDP per capita
Economic Growth
Consumption
Investment
Industrial Production
Unemployment Rate
Fiscal Balance
Public Debt

EXTERNAL SECTOR

Current Account
Trade Balance
Exports
Imports
International Reserves
External Debt

MONETARY & FINANCIAL SECTOR

Money
Inflation Rate
Policy Interest Rate
Exchange Rate

REGIONS & COUNTRIES COVERED

ASIA PACIFIC | Brunei, China, Cambodia, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Thailand, Vietnam, Australia & New Zealand

CENTRAL AMERICA & CARIBBEAN | Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Puerto Rico and Trinidad & Tobago

EASTERN EUROPE | Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia, Turkey & Ukraine

EURO AREA | Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia & Spain

LATIN AMERICA | Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay & Venezuela

MAJOR ECONOMIES | G7 countries (United States, Canada, Japan, United Kingdom, France, Eurozone, Germany & Italy); BRIC overview (Brazil, Russia, India & China); Switzerland

MIDDLE EAST & NORTH AFRICA | Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, United Arab Emirates, Yemen; South Africa

NORDIC ECONOMIES | Denmark, Finland, Iceland, Norway and Sweden