Iran Asks D-8 Members to Boost Trade, Industrial Ties

TEHRAN (FNA) - **Iranian Minister of Industries, Mines and Trade Mohammad Reza Nematzadeh underlined that the member-states of the Developing 8 (D-8 or Developing Eight) should double efforts to increase the level of their trade and industrial relations.**

The D-8 members are required to identify and use each others' potentials to raise the level of trade and industrial relations, Nematzadeh said in the Fourth Meeting of the Industries Ministers of the D-8 member-states in Tehran on Wednesday.

"The D-8 was set up by the governments of eight member-states on the basis of friendship and unity," he said.

"Achieving and maintaining sustainable economic growth is a multifaceted phenomenon, which is not experienced only through increasing industrial production. The International organizations, including Shanghai Cooperation Organization, Economic Cooperation Organization (ECO) and Non-Aligned Movement, play a significant role in this regard," Nematzadeh underlined.

The Iranian minister said this meeting seeks to improve the capabilities of D-8 members and help develop their industries.

The D-8 is a group of developing countries with large Muslim populations that have formed an economic development alliance.

"In the past few years, Iran faced numerous challenges, including the imposition of Western sanctions. However, due to the efforts of domestic experts, researchers and engineers, and through attracting investments, the country made great achievements in increasing petrochemical production, transferring modern technologies, boosting production of machineries and improving construction sector," he said.

The D-8 is a group of developing countries with large Muslim populations that have formed an economic development alliance. It consists of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

The objectives of D-8 Organization for Economic Cooperation are to improve member states' position in the global economy, diversify and create new opportunities in trade relations, enhance participation in decision-making at international level, and improve standards of living.

D-8 is a global arrangement rather than a regional one, as the composition of its members reflects.

South Pars Phases Near Completion: Oil Minister

TEHRAN (IRNA) – **Oil Minister Bijan Namdar Zanganeh said phases 14, 15 and 16 of South Pars are near completion and the 17th phase has started production.**

On oil price base in next year's budget bill, he said the government has proposed $72 for each barrel of oil, but Majlis is authorized to take the decision in this respect.

As to the presence of foreign companies in Iran, the minister added that oil firms are waiting removal of sanctions to launch their cooperation with the country.

Commenting on South Pars projects, Namdar Zanganeh also said that they enjoy a good situation and are experiencing a forward trend.

Of course, completion of different phases of South Pars needs further support of Majlis and government, he said.

Turkey to Import 10 bln Cubic Meters of Natural Gas from Iran

TEHRAN (Tasnim) – **Turkey announced on Friday that in 2015 it will import 10 billion cubic meters (bcm) of natural gas, around one-fifth of the country's total gas imports, from neighboring Iran.**

Turkey's natural gas imports for 2015 are projected to reach 52.2 bcm, an increase of 9.6 percent compared to last year, according to the country's Ministry of Energy and Natural Resources.

Turkish news website Daily Sabah reported that Ankara will import one-fifth of its gas from Iran, and the rest from Russia, the Republic of Azerbaijan, Algeria, and Nigeria.

Gas consumption has been increasing continuously in Turkey because of the country's developing economy and industry and its population growth.

Turkey uses most of its natural gas for its electric power sector, which accounts for nearly half of the country's natural gas consumption. The industrial and residential sectors each account for approximately 20 percent.

Iran and Turkey have plans to hike up the volume of their trade exchange to $30 billion by 2015.

Earlier this month, Iran's minister of communications and Turkey's minister of development explored avenues for strengthening economic relations between Tehran and Ankara.

World Stocks Uneven Ahead of US Growth Report

HONG KONG (AP) -- **World stock markets were uneven Friday and Wall Street futures slid ahead of quarterly growth figures that will show whether weakness in China, Japan and Europe has hit the U.S. economy.**

KEEPING SCORE: European markets swung between gains and losses in early trading. France's CAC 40 was down 0.3 percent to 4,617.72 and Germany's DAX was little changed at 10,738.14. Britain's FTSE 100 slipped 0.6 percent to 6,772.63. U.S. stocks were set to open with a thud. Dow futures lost 0.7 percent to 17,311. Broader S&P 500 futures were down 0.6 percent to 2,006.80.

U.S. ECONOMY: Investors were looking ahead to U.S. Commerce Department's release later Friday of the first of three estimates of growth in the world's biggest economy. The University of Michigan's monthly consumer sentiment index for January is also due. A FactSet survey of analysts forecast that the U.S. economy grew 3.3 percent in the fourth quarter. The U.S. zoomed ahead in the third quarter while Europe, Japan and China struggled. The fourth quarter report will show whether the momentum continued or succumbed to global headwinds.

JAPAN GLIMMER: Japan's industrial output edged higher in December, suggesting the world's third-largest economy may be turning the corner on a recession brought on by a hefty sales tax hike. Manufacturing output increased 0.3 percent in December from a year earlier and by 1 percent from the month before. Japan's jobless rate dipped to 3.4 percent from 3.5 percent the month before. But stagnant wages meant household spending dropped 3.4 percent from a year earlier.

ANALYST VIEW: "Japanese manufacturing activity continues its steady recovery, thanks to strong demand from overseas," HSBC economist Izumi Devalier said in a report. "The electronics and auto industries have been the key beneficiaries of the improvement in external demand, especially from the United States."

MARGIN PROBE: Worries about a new probe by Chinese regulators into margin trading depressed sentiment in Chinese markets. The China Securities Regulatory Commission plans to inspect 45 brokers, the official Xinhua news agency reported Thursday. Shanghai shares plunged earlier this month after the regulator imposed margin trading curbs on major brokerages. The mood was also cautious ahead of monthly factory data on the weekend that will show whether the world's No. 2 economy continues to slow.

ASIA'S DAY: The benchmark Nikkei 225 in Tokyo added 0.4 percent to close at 17,674.39 while South Korea's Kospi slipped 0.1 percent to 1,949.26. Australia's S&P/ASX 200 gained 0.3 percent to 5,588.30. Hong Kong's Hang Seng shed 0.4 percent to 24,507.05 and China's Shanghai Composite dropped 1.6 percent to 3,210.36.

ENERGY: Benchmark U.S. crude rose 27 cents to $44.81 a barrel in electronic trading on the New York Mercantile Exchange. The contract rose 8 cents to close at $44.53 on Thursday. Brent crude, a benchmark for oil sold internationally, lost 15 cents to $48.96 in London.

CURRENCIES: The dollar fell to 117.62 yen from 118.20 the previous day. The euro rose to $1.1343 from $1.1327.

Russia Cuts Key Rate to Help Economy, Leaving Ruble to Drop

MOSCOW (AP) — **In a surprise decision, Russia's central bank on Friday cut its key interest rate, which it had raised sharply last month to support the collapsing ruble, in order to help the fading economy.**

The move triggered a drop in the ruble, which was down more than 3 percent at 71 rubles against the dollar in early afternoon trading in Moscow.

The central bank explained its decision to cut the rate from 17 percent to 15 percent by saying that the risks of an economic slowdown are now higher than the risks associated with the ruble's drop. The currency's 50 percent drop since the summer has caused a spike in inflation.

Higher interest rates can help a currency but also hurt economic growth by making loans more expensive.

Analysts said Friday's move was likely due to pressure by government officials and Russian businesses, which are suffering from the high rates.

The central bank said it expected inflation, currently at an annual 13 percent, to peak in the middle of the year and fall below 10 percent next year as the economy adjusts to the weaker ruble.

"Inflation and inflation expectations are expected to decrease," the bank said in a statement.

The central bank had raised its key interest rate to 17 percent in December in a desperate attempt to curb the devaluation of the ruble, which was fueling inflation by raising the price of imports.

Market investors had expected the central bank to hold its interest rates at Friday's policy meeting since it had indicated it would begin to cut rates only when inflation starts declining. That said, the bank has been under pressure domestically to bring rates down to limit damage to economic activity.

"The lobby of bankers and industrialists is growing, with clear (almost aggressive) pressure on the Central Bank of Russia to cut," David Nagle, head of research of Moscow-based Renaissance Capital, said in an emailed note to investors.

Earlier on Friday, a top Russian official accused a leading rating agency of trying to turn tycoons against the Kremlin.

Standard & Poor's this week downgraded Russia's credit rating to a non-investment grade, for the first time in more than a decade.

In remarks in parliament on Friday, Deputy Prime Minister Igor Shuvalov said the goal of the downgrade was to push businesses "to withdraw their support" for the government and President Vladimir Putin.

Russia has exceptionally low levels of public debts level for a country with a "junk" status but the downgrade underlined investors' fears about the unpredictability of Putin's foreign policy and the collapse of the ruble.

Spain Grows At Fastest Rate in Seven Years

LONDON (Financial Times) - **The Spanish economy is growing faster than at any time since the start of the financial crisis seven years ago, amid signs that the country's recovery is gaining in breadth and feeding through into all parts of the economy.**

Output in the final quarter of 2014 rose 0.7 per cent compared with the previous three-month period, according to a flash estimate released by Spain's statistics office on Friday. The increase was higher than forecast, and marks the sixth quarter of economic growth in a row.

Political and business leaders in Madrid will be particularly pleased to see that the upward trend remains unbroken, despite fears that the recent slowdown in the eurozone would drag down Spain's economy as well. The latest data also showed that Spain's economy grew by 1.4 per cent over the course of 2014, its best performance by far since the start of the crisis.

The government of Mariano Rajoy, which faces an election towards the end of the year, predicts that Spain will grow by at least 2 per cent in 2015 — an increase that would probably make Spain the fastest-growing of the larger eurozone economies this year.

Madrid's optimism is increasingly shared by independent forecasters, who point out that the Spanish economy is set to benefit from a number of fresh tailwinds this year: "The increasingly broad-based recovery suggests Spain is well positioned to take advantage of supportive factors in early 2015, namely lower energy costs, a weaker euro, and a cut in personal and corporate taxes," said Raj Badiani, an analyst with IHS Global Insight in London.

Analysts at Morgan Stanley, the investment bank, noted that Spain was no longer dependent on exports alone to drive economic growth: "Consumer spending and business investment are contributing to the recovery a great deal. This is a development for the better, because for about a year the recovery has been solely reliant on one engine: exports. Now there are two engines: exports plus domestic demand," the bank said in a research note.

One lingering concern for economists is the increasingly sharp fall in prices in Spain, which has stoked fears in some quarters that the country could slide into outright deflation. Official estimates released on Friday showed that inflation in January was negative once again, with prices falling by 1.4 per cent compared with the same month in 2013.

The decline followed drops of 1 per cent in December and 0.4 per cent in November, and confirms that deflationary pressures in Spain are accelerating.

Most analysts believe, however, that Spain is experiencing a bout of "good deflation", meaning that the fall in prices is not leading consumers to delay spending. Spanish retail sales in December rose by 6.5 per cent compared with the previous year, the fastest rate of growth in more than a decade.