

Iran Economic Growth Positive



Minister of Finance and Economic Affairs Ali Tayyeb-Nia

TEHRAN (IRNA) – Minister of Finance and Economic Affairs Ali Tayyeb-Nia said that economic growth in the spring season was positive, hoping that the ascending trend would continue by the year end on March 21.

Addressing inaugural ceremony of Land and Building Fund attended by Minister of Roads and Urban Development Abbas Akhondi, he

added that estimates for the gross national product indicate that economic growth in the first three months of the current Iranian year (started March 20) was positive.

Although the figure is meager but the trend is of ascending order, he said.

The economic growth for the year 2012 was minus 6.8 percent and minus 1.9 percent for 2013, he said,

noting that the figure for winter 2013 stood at minus one.

The minister further noted that the objective behind the establishment of fund is to finance the economic activities, especially in the fields of housing and construction.

The fund can play a crucial role in leading the economy out of recession, Tayyeb-Nia said.

Oil Minister: Iran to Begin Exporting 20 mcm/d of Gas to Oman Soon

TEHRAN (FNA) - Iranian Oil Minister Bijan Namdar Zanganeh announced that Iran will soon start gas supplies to Oman as per the agreement reached between the two countries

“Gas negotiations with Oman are over and as both sides have agreed Iran will export 20 million cubic meters per day (mcm/d) of gas to Oman in the near future,” Zanganeh said on Saturday.

In August 2013, Zanganeh and his Omani counterpart signed a Memorandum of Understanding (MoU) to accelerate finalizing the gas con-

tract between the two sides.

The Islamic Republic of Iran as the largest owner of gas reserves in the world is the most secure and most economic source of gas exports to the neighboring countries.

In September 2013, Managing-Director of the National Iranian Gas Company (NIGC) Hamid Reza Araqi explained that once the deal is signed, Tehran and Masqat will need 2.5 to 3 years to build the infrastructures needed for the supply of Iran’s gas to Oman.

Araqi said that the preliminary studies have been underway to fi-

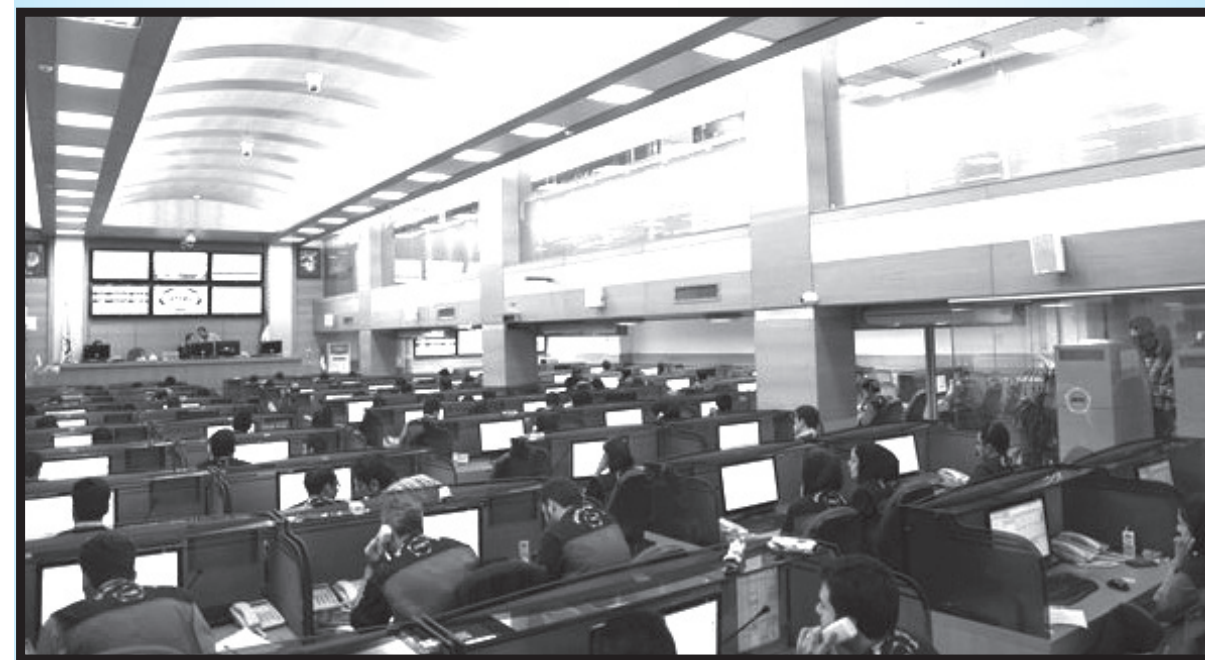
nalize a gas contract with Oman.

He said that the NIGC was studying different aspects of the issue, including economic assessment of the contract and a report on the possible routes.

He stated implementation of “gas contracts required preliminary expert studies which takes time”.

After several years, reaching agreement on gas price is a breakthrough, NIGC managing director said, adding the two countries have many common grounds for boosting cooperation, including feeding Oman’s LNG units with gas.

Trade Value in Iran Mercantile Exchange Climbs \$312mln in a Week



TEHRAN (IME Intl Affairs) – More than 502,000 tons of numerous products with the total value of \$312mln were traded in Iran Mercantile Exchange (IME) trading floors in the last working week (August 23-28).

Major growth in value and volume were reported for products such as aluminum, polymers, sulfur and insulation.

“189,000 tons of products with the total value of 186 million USD

were traded in IME metals and minerals trading floor in local and export trading rings, IME international affairs and PR reported.

The report adds, 5,230 million tons of copper, 4,000 tons of aluminum, 200 million tons of coke, 100 million tons of molybdenum concentrate and 6 million tons of precious metals concentrate were the other traded products of this trading floor.

Moreover, in the export and local

oil and petrochemical trading floor of IME, 212,000 tons of various types of commodities were traded with the total value of \$159 million. In this trading floor, more than 48,000 tons of bitumen, 51,000 ton of polymers, 53,000 tons of VB, 17,000 tons of lube-cut, 18,000 tons of chemical products, 26,000 tons of sulfur, 50,000 tons of gas and feeds and 440 million tons of insulation were traded by customers.

D-8 Summit to Be Held in Istanbul

ANKARA (IRNA) - The Iranian Secretary-General of the Group of Developing-8 (D-8) Ali Mohammad Mousavi said the organizations 9th summit of the heads of state and government will be held in Istanbul in autumn.

Mousavi made the announcement on the sidelines of the presidential handover ceremony of the 12th Presi-

dent of Turkey, Recep Tayyip Erdoğan which was held on August 28.

The official told IRNA that he had separate meetings with President Erdoğan and Turkish Prime Minister Ahmet Davutolu about setting the exact time and venue for the next D-8 summit.

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 D-8 was founded by Necmettin Erbakan, former Turkish prime minister. The group was established after an announcement in Istanbul on 15 June 1997.

India’s Growth Quickens Most in Two Years in Boost for Modi

NEW YORK (Bloomberg) - India’s economic growth accelerated to the fastest pace in more than two years, beating estimates, after the central bank refrained from raising interest rates.

Gross domestic product rose 5.7 percent in the three months ended June from a year earlier, the biggest gain since the quarter through March 2012 and compared with the 4.6 percent in the previous quarter, the Central Statistical Office said in a statement in New Delhi on Friday. The median of 48 estimates in a Bloomberg News survey was for a 5.5 percent gain.

Stronger growth is crucial for Prime Minister Narendra Modi to honor a pledge of narrowing the budget deficit to a seven-year low, after keeping subsidies largely unchanged in his spending plan. He faces the challenge of rejuvenating Asia’s third-largest economy amid the risk that a weak monsoon will hurt crops and stoke the region’s fastest inflation.

“There’s no doubt that this is the start of a recovery,” said Prasanna Ananthasubramanian, chief economist at Mumbai-based ICICI Securities Primary Dealership. “A closer look reveals it is propped up by government spending. For sustained growth, it is crucial to get right the mix of industrial growth and its lagged impact on services.”

The S&P BSE Sensex index gained 0.3 percent in Mumbai on Aug. 28, the rupee weakened 0.1 percent to 60.5150 per dollar and the yield on the 10-year sovereign bond was little changed at 8.56 percent. Indian markets were shut yesterday for a holiday.

5.7 percent growth rate is encouraging,” Finance Minister Arun Jaitley said at a news conference in New Delhi. “With the long-term impact of all the new initiatives setting in,

the start of a gradual recovery and augurs well for the future.”

The currency has pared this year’s gains after Finance Minister Arun Jaitley refrained from cutting sub-



Indian Prime Minister Narendra Modi

“I’m sure the impact in the coming quarters will be much larger.”

He said most economic sectors are looking up and the investors’ mood has undergone “a sea change.”

Output from the finance and insurance industries jumped 10.4 percent in the quarter, while electricity and gas output increased 10.2 percent, according to the statement from the CSO. Manufacturing rose 3.5 percent while farm output climbed 3.8 percent. Mining grew 2.1 percent.

Gross fixed capital formation, a gauge of asset creation and investment, rose 7 percent. Government spending increased 8.8 percent.

“The increase in fixed capital shows a boost in investment on the back of a stable government,” said Rupa Rege Nitsure, Mumbai-based chief economist at state-owned Bank of Baroda. “This seems to be

sidies and expenditure in his first budget. He’s instead banking on a boost in tax revenues to bridge the fiscal shortfall.

During a parliamentary session that ended this month, opposition lawmakers scuppered Modi’s attempt to revive a bill proposing more foreign investment in insurance. The setback robbed Modi of an opportunity to lure investors during a visit to the U.S. in September.

The government will need to take steps to mobilize tax revenues and impose strict fiscal discipline to achieve its goal of narrowing the budget deficit to 4.1 percent of GDP from 4.5 percent a year earlier, the Reserve Bank of India said on Aug. 21. Risks to a growth forecast of 5.5 percent in the year through March 2015 are broadly balanced now after being to the downside at the start of the period, it said.

Eurozone Slips a Step Closer to Deflation

LONDON (Financial Times) - Consumer prices in the eurozone rose just 0.3 per cent this month compared with the same time last year, according to estimates from the European Commission on Friday. That is down from 0.4 per cent in July and 0.5 per cent in June, marking the lowest rate since October 2009.

Some countries are already experiencing deflationary pressures. Consumer prices in Italy were 0.2 per cent lower in August than 12 months ago – the country’s first bout of deflation since 1959. Greece, Spain, Portugal and Slovenia are also experiencing falling prices.

The slump in inflation is continuing to confound the European Central Bank, which predicted only two months ago that inflation would average 0.6 per cent between July and September.

Expectations have risen that the ECB will signal at its monthly policy meeting on Thursday that it is taking steps to address the issue, after ECB president Mario Draghi said last week at Jackson Hole that the central bank would use “all the available instruments” to address low inflation.

ECB executive board member Benoit Coeure said the ECB was ready to adjust its monetary policy further if needed and boost bank liquidity in Greek newspaper Ta Nea on Saturday, Reuters reported.

Some ECB -watchers point to what could be simply temporary factors limiting price rises in the eurozone. A fall in energy prices amid oversupply of oil and other commodities has been one of the main factors pushing inflation lower. Russia’s ban on food imports from the EU is also not helping

food prices to increase.

By contrast, core inflation, which excludes more volatile prices for goods like food and energy, climbed unexpectedly in August to 0.9 per cent from 0.8 per cent the previous month. Economists at HSBC say that this measure will make it easier for Mr Draghi to argue next week that the slump is down to volatile commodity prices rather than something more entrenched.

Other analysts, however, warn that what investors and consumers think will happen to prices in the future is more important. Last week, Mr Draghi warned that markets’ inflation expectations had tumbled, with the most closely watched measure – the average rate expected over five years starting in five years’ time – falling to 1.95 per cent last week, which is below the ECB’s target of just under 2 per cent.

Brazil’s Economy Slips Into Recession

LONDON (Financial Times) - Brazil’s economy suffered a technical recession in the first half of this year, with two consecutive quarters of contraction, dealing a blow to President Dilma Rousseff’s bid for re-election in October.

Gross domestic product declined 0.6 per cent in the second quarter, when Brazil hosted the start of the 2014 soccer World Cup, compared with the previous three months, while the first quarter was revised down from positive 0.2 per cent to negative 0.2 per cent, said IBGE,

Brazil’s national statistics agency.

Brazil’s benchmark equity index, the Bovespa, rose 0.59 per cent in early trade on hopes that the poor performance would lead to a change of government.

“We believe that this contraction is largely a temporary effect caused by the reduction of business days during the World Cup,” Itaú-Unibanco said in a research report. “However, the data already available for the third quarter show weaker-than-expected recovery.”

Brazil’s economy has been flirt-

ing with recession for some time after a series of quarters in which growth has been stagnant, inflation near the top of the central bank’s target range and investment and consumer sentiment weak.

Ms Rousseff and her centre-left Workers’ party are still the favorites to win the election but they face an increasing challenge from Marina Silva, an environmentalist who is emerging as a strong rival, and Aécio Neves, leader of the opposition PSDB party that is seen as more pro-business.