

China Still Iran's Top Business Partner



TEHRAN (IFP) - Islamic Republic of Iran Customs Administration's latest report shows China remains Iran's top trading partner.

Iran's non-oil trade with the East Asian country totaled \$22.28 billion in the last Iranian year (ended March 20), indicating an increase of 16.82% compared to the year before, IRICA reported.

Iran exported 34.89 million tons of commodities worth \$9.06 billion to China last year, down by 7.57% in tonnage and up by 8.31% in value year-on-year.

Apart from oil, major Iranian exports to China, in terms of value, include methanol, iron ore, ethylene glycol, liquefied propane and gas condensate.

Iran imported 4.80 million tons of Chinese goods worth \$13.21 billion

in the country, Reuters reported on March 21.

Sinomach will handle the engineering, procurement and construction work for the 410-km (255 mile) railroad connecting the Iranian cities of Tehran, Hamedan and Sanandaj, the company said on its website on Monday.

Earlier, two rail-related contracts were signed in Tehran on March 7.

A contract was signed between Iran's Construction and Development of Transportation Infrastructures Company and Sinoconst China Machinery Industry Construction Group INC for the construction of Section-1 of the 446-km-long Shiraz-Bushehr Railroad that covers 250 km of the whole route.

"This was an engineering, procurement, construction and finance contract worth CNY5 billion (close to \$790 million). Jahanpars Group is the Iranian contractor of the project," Deputy for Construction and Expansion of Railroads, Ports and Airports of the Construction and Development of Transportation Infrastructures Company affiliated to the Ministry of Roads and Urban Development, Jabbar-Ali Zakeri, told Financial Tribune.

Another contract was signed on Wednesday between the Industrial Development and Renovation Organization of Iran and CRRC Nanjing Puzhen Co., a Chinese railroad rolling stock manufacturer, for the design, procurement, supply, manufacture and delivery of 450 subway wagons for the Iranian cities of Ahvaz, Shiraz and

Tabriz.

"The project is worth €500 million and will be financed by the Chinese side. The contract was signed by Naqi Manafi, IDRO's manager for financial and economic affairs, and Wang Tao, general manager of Puzhen," said Ali Araqchi, IDRO's director for international affairs, who negotiated the contract.

The project will take 55 months to complete.

In July 2017, China signed a contract with Iran to finance the electrification of a 926-km railroad from Tehran to the eastern city of Mashhad in Khorasan Razavi Province with a \$1.5 billion loan. A letter of credit for that purpose was opened five months later.

Tehran-Mashhad Railroad is a strand of the so-called 'New Silk Road'—a 3,200-kilometer railroad project that ultimately sees Urumqi, the capital of China's western Xinjiang Province, linked to the Iranian capital Tehran, connecting Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan along the way.

From Tehran, the grand project will join Iran's east-west network leading to Turkey and East Europe. It could also open a way to Europe via a developing rail route from southern Iranian ports to Azerbaijan and Europe.

The electrification of Tehran-Mashhad Railroad will take four years.

State-owned China Railway Engineering Corp is building a 415-km high-speed north-south rail line between Tehran and Isfahan via Qom.

Oil Prices to Spike If U.S. Reimposes Sanctions on Iran

NEW YORK (Dispatches) - Oil prices, already at more than three-year highs, may be about to jump further.

Brent oil could spike to \$80 a barrel if the U.S. and European Union reimpose sanctions on Iran and as Western powers expand the scope military activities, JPMorgan strategists, led by John Normand, written in a note.

"Risks we thought might materialize this summer through Iran sanctions are emerging somewhat more," said the strategists.

A possible decision in May on Iran sanctions may be "the start of a process that maintains low-intensity stress on oil markets that can deliver higher prices and above-average volatility," the strategists wrote, comparing it to the Arab Spring of 2011 rather than the major oil shocks of 1973, 1979 and 1990. Since the U.S. doesn't buy Iranian crude, it would take sanctions from the EU and even some Asian customers to depress markets materially.

The forecast follows others calling this a good time to own energy stocks. Morgan Stanley strategist Andrew Sheets has noted that energy "has historically been a very consistent late-cycle outperformer." Brian Barish of Cambiar Investors and James Paulsen of Leuthold Weeden Capital Management have pointed to energy shares having been out of favor in recent years. Net bullish positions in Brent futures reached a record in the week ended April 10.

JPMorgan's strategists have positioned for higher oil prices that could last three to six months, before U.S. shale production can respond, rather than for an acute supply cut that delivers subtrend global growth.

"Equity and credit markets probably won't welcome a geopolitical/supply-driven rise to \$80 that could persist for several months," they wrote, but it won't be "an event that drives a bear market in either." Brent last cost \$80 a barrel in November 2014.

While Brent is up 8 percent in 2018 and more than 30 percent over the past year, those aren't major moves for such a volatile market, according to JPMorgan. It also isn't alarming when strong demand has aided the rise.

"Oil is the standout market this month in that it is the only global asset price making new 2018 highs," the strategists wrote. "But the reason we refocus on crude this week is geopolitical context and systemic potential."

IME Weekly Trade Tops \$357mn

TEHRAN (Dispatches) - The Iran Mercantile Exchange (IME) on Saturday reported that around \$357mn of various commodities weighting over 690,935 tons were traded in its domestic trading and exports halls in the past working week (April 7-12).

The IME said over 690,935 tons of commodities worth over \$357 million were traded in Iran Mercantile Exchange, the trade volume and value experienced a 440% and 288%, respectively.

Moreover the domestic and export metal and mineral trading floor of IME, 184,677 tons of various products worth close to \$142 million were traded.

On this trading floor, 165,820 tons of steel products, 10,000 tons of sponge iron, 6,205 tons of copper, 1,000 tons of cement, 1,500 tons of aluminum, 140 tons of molybdenum concentrates, 12 tons of precious metal concentrates as well as 30 tons of gold bullion were traded.

The report declares that on domestic and export oil and petrochemical trading floors of IME, 427,724 tons of different commodities with the total value of \$188.3 million were traded.

And also, on this trading floor,



more than 99,761 tons of bitumen, 49,193 tons of polymer products, 224,800 tons of VB feed stock as well as 14,780 tons of lube-cut oil, 14,734 tons of chemical products, 19,650 tons of sulfur, 1,274 tons of insulation, 2,500 tons of slaps waxes, 20 tons of argon and 1,012 tons of heavy paraffin wax were traded.

Moreover, on the agricultural trading floor of IME, 74,325 tons of various commodities worth over

\$21.8 million were traded. On this trading floor, 59,000 tons of wheat, 200,000 day old chicks, 1,300 tons of crude vegetable oil, 400 tons of feed barley, 100 kg of saffron as well as 13,425 tons of sugar were traded by customers.

It is worth noting that during this week, the side market of IME witnessed trading of 125 tons of mineral products and 2,200 tons of agricultural commodities.

First Phase of Gas Supply to Chabhar Power Plant Complete by May

TEHRAN (Dispatches) - The director of gas distribution department of the National Iranian Gas Company (NIGC) Saeid Momeni says the first phase of gas supply to Chabhar power plant for delivering a million cubic meters per day of natural gas to the facility will be complete by late May.

Speaking to Shana, Momeni said the company has signed a deal with the developer of the project based on which gas supply to the plant will start by late May.

He added that gas supply project to the Chabhar power plant is defined in two phases: the first phase supplies one million cubic meters per day of the item to the plant while the second phase will provide 2 million cubic meters per day of gas to the facility.

"The main goal of gas supply to

the southeastern parts of Sistan and Baluchestan Province, in addition to gas supply to the Chabhar power plant, is to provide favorable conditions for Iranian gas exports to Oman," he noted.

In 2013, Iran and Oman signed a Memorandum of Understanding on Natural Gas Exports by which a gas pipeline would directly export Iran's natural gas to Oman through the Persian Gulf.

Based on the MOU, Iran will export gas to Oman for production of annually 1.5 million tons of LNG.

The gas transfer capacity of the pipeline will be 1.5 billion cubic feet per day. A part of the capacity will be used for LNG production and the remaining gas will be used for futures markets in Persian Gulf states.

All But One South Pars Platform Online by March 2019

TEHRAN (Shana) -- The CEO of Pars Oil and Gas Company (POGC) Mohammad Meshkinfam says the company will launch all South Pars offshore platforms, excluding phase 11 platform, by the end of the current Iranian calendar year to March 20 2019.

Meshkinfam said 10 platforms are under construction at the yard of the Iran Marine Industrial Company (SADRA) and one is being built at the yard of the Iran Shipbuilding & Offshore Industries Complex Co (ISOICO).

Installation of the platforms which belong to phases 13, 14, 22, 23 and 24 of the supergiant gas field will be complete by the end of the current calendar year or early next year, Meshkinfam said.

Last week, the official had said gas recovery from the field will reach 3 billion cubic feet per day (an equivalent of 84 million cubic meters) per day once the first production chain of the mentioned phases completes in the first half of the current calendar year.

Iran has so far invested \$72 billion for development of the gas field which it shares with Qatar in Persian Gulf waters.

The sum is expected to cross 87 billion dollars by the time all phases of the field come on-stream.

Currently, Iran supplies 70% of its demand for natural gas. The country's natural gas output is tantamount to its crude oil production.

U.S., Mexico, Canada Hasten NAFTA Talks



U.S. Vice President Mike Pence, right, speaks during a bilateral meeting with Mexico's President Enrique Peña Nieto at the Americas Summit in Lima, Peru, on Saturday.

LIMA/MEXICO (Reuters) - The United States, Mexico and Canada will expedite NAFTA talks in a push to reach a deal in coming weeks, Mexico's president said on Saturday after a meeting with the U.S. vice president and Canadian prime minister.

On the sidelines of the Summit of the Americas in Lima, Peru, Mexican President Enrique Peña Nieto, U.S. Vice President Mike Pence and Canadian Prime Minister Justin Trudeau said they thought an agreement could be reached before Mexican elections on July 1, although they also said no deadlines had been set.

"We agreed to keep up work

towards reaching a deal and to summon our special negotiating teams to accelerate their efforts," Peña Nieto told reporters after meeting Pence.

"It was the same thing I agreed to with Prime Minister Trudeau," Peña Nieto added. "We hope in coming weeks we can reach an agreement."

The three countries, which created the world's largest free trade region by forming the North American Free Trade Agreement (NAFTA) in the 1990s, are under pressure to renegotiate the deal before Mexicans elect a new president in July.

There are concerns U.S.-Mexico

relations could get rockier with Pena Nieto, a centrist, unable to seek a second six-year term due to Mexico's term limits.

U.S. President Donald Trump has threatened to kill NAFTA if it is not changed to secure better terms for U.S. workers and companies. In Mexico, leftist presidential frontrunner Andres Manuel Lopez Obrador has vowed to cut the country's economic dependence on foreign powers and to put Trump "in his place."

With U.S. mid-term congressional elections also pending in November, Trudeau said Canada would defer to Mexico and the United States on a timeline.