

Iran Attracts \$1.7bln in Foreign Investment in 5 Months: Official



TEHRAN (Tasnim) – An Iranian deputy minister of economic affairs and finance announced that over the past five months, the country has attracted nearly \$1.7 billion dollars in foreign investment.

Speaking to reporters in Tehran on Wednesday, Seyed Hossein Mirshojaeen Hosseini said that during the first five months of the current Iranian year (which began on March 20), the administration has approved \$7 billion as foreign

investment, \$1.6bln to \$1.7bln of which has been absorbed.

In the same period, non-oil exports of the country jumped by 10.22 percent, reaching \$19.1 bln, he said, adding that the figure stood at \$17.3 bln in the first five months of last year.

He further highlighted the growing trend of Iran's economy during President Hassan Rouhani's term in office and particularly after the July 2015

nuclear deal between Tehran and other world powers, known as the Joint Comprehensive Plan of Action (JCPOA).

Iran has stepped up efforts in recent years to enhance its non-oil exports and reduce dependency on its oil revenues.

In 2014, the country's exports of commodities and natural-gas condensate reached \$50 billion, showing a 19 percent increase.

There was also a boom in Iran's service exports in diverse sectors, including tourism, engineering, and transit.

Tehran and the Group 5+1 (Russia, China, the US, Britain, France and Germany) on July 14, 2015 reached a conclusion over the text of a comprehensive 159-page deal on Tehran's nuclear program and started implementing it on January 16.

The comprehensive nuclear deal, known as the JCPOA, terminated all nuclear-related sanctions imposed on Iran.

Nigerian Economy in Recession With 'Record' Low Foreign Investment

ABUJA (AFP) - Nigeria's economy nosedived into a recession, official data showed Wednesday, with oil production hammered by militant attacks on pipelines and foreign investment at a "record" low.

Output in the three months to the end of June was -2.1 percent with the oil sector reporting a double-digit decline following a wave of attacks by rebels in the oil-producing south.

The slowdown was recorded across many sectors in a sign that Africa's economic giant is wrestling with deeper structural issues than just the low price of crude.

During the oil boom, sales of oil at high prices had made Nigeria the biggest economy in Africa.

But when the price of crude crashed from more than \$100 a barrel in June 2014 to below \$50 today, Nigeria's economy collapsed.

The crisis was compounded by President Muhammadu Buhari's unorthodox decision to prop up the naira at 197-199 to the dollar causing foreign currency reserves to tank.

International investors, wary of the controversial currency peg, avoided putting money into the country, leading to a "record" decline in capital importation, reported Nigeria's National Bureau of Statistics.

The \$647 million worth of capital imported into Nigeria in the second quarter represented a "fall of 76 percent" compared to 2015.

"This provisional figure would be the lowest level of capital imported into the economy on record, and would also represent the largest year

on year decrease," said the statistics agency.

"There was considerable uncertainty surrounding future exchange rate policy which may have deterred investors," it added.

Reacting to a spike in inflation and growing discontentment, Buhari's government finally devalued the naira in June.

But Nigeria's policies have yet to inspire any real confidence at a time when inflation is hovering around 17 percent and there is still a dollar shortage.

The country's oil sector -- which accounts for the majority of Nigeria's government revenues -- is still under siege by militants in the Niger delta, who are attacking pipelines in a bid for greater control of the resource and more political autonomy.

"It's really, really grim," John Ashbourne, Africa economist at research firm Capital Economics, told AFP.

"Investors want to see some direction from Buhari, there is a sense that the policies they have implemented so far aren't working," said Ashbourne, in a telephone interview from London.

"Nigeria is very dependent on foreign investment to improve the infrastructure and get the economy back on track, we need investor confidence," he said.

"People are staying away because they don't have any faith that things are turning around."

Nigerian officials are under pressure to deliver as economists increasingly write off what they view as Buhari's

scattershot efforts to kickstart a recovery.

"We are looking at a likely low point," said Razia Khan, Africa economist at Standard Chartered Bank.

One benefit of abandoning the currency curbs is that for every dollar earned from oil exports, it makes for more naira to spend in Buhari's expansionary budget.

"A lot of the recovery momentum has been stored up for the second half of the year," said Khan.

Yet, even if the oil price rebounds and rebels stop sabotaging oil production, Nigeria has to revamp its decrepit infrastructure and start producing more electricity to diversify its economy and embark on a path of sustainable growth.

"Though there are advantages to the liberalization that we've seen so far, it's no panacea", Khan said, "the question now is how drawn out will the recovery be?"

The Nigerian government is optimistic. "It is likely the second half will be better than the first half of 2016," said presidential economic advisor Adeyemi Dipeolu in a statement.

"As the emphasis on capital expenditure begins to yield results... the growth rate of the Nigerian economy is likely to improve further."

Nigeria's gross domestic product could contract by 1.8 percent in 2016, reported the International Monetary Fund, in what would be the country's first full-year contraction since 1991, according to Bloomberg News.

Canada. Leaders of both countries should pursue communication and coordination in a variety of ways on issues of mutual concern, Xi said. He added that both sides should enhance dialogue and cooperation in various fields with existing bilateral mechanisms.

****Chinese President Xi Jinping (R) meets with Canadian Prime Minister Justin Trudeau in Beijing, capital of China, Aug. 31, 2016.

Weak German Inflation Could Push ECB to Act



European Central Bank governors are set to meet on September 8 for the second time since Britain voted to quit the EU in late June.

FRANKFURT (AFP) - Germany saw flat inflation in August, which could feed into a European Central Bank decision to deploy more monetary stimulus as soon as next week.

Preliminary figures from Germany's federal statistics office Destatis showed that inflation remained steady at 0.4 percent this month, the same as in July, as measured using the consumer price index preferred by the German government.

The result was just below the 0.5 percent predicted by analysts surveyed by Factset, and remains far off the ECB target of just under 2.0

percent.

Using the Harmonized Index of Consumer Prices (HICP) barometer preferred by the European Central Bank, inflation stood at 0.3 percent in August, slightly lower than July's 0.4 percent.

"While inflation should pick up in the coming months, we do not think that it is on track to reach the ECB's near-2.0 percent target on a sustained basis," Jack Allen of Capital Economics wrote.

Mixed expectations for economic growth visible in recent surveys of German businesses and investors and low inflation expectations among consumers all point to price growth

peaking in the coming months before falling back, he added.

Meanwhile, inflation is "far weaker elsewhere" in the eurozone, Allen noted, pointing especially at Spain, which on Tuesday released data showing headline inflation remains negative.

"The ECB has reason to increase its policy support, perhaps as soon as next week."

ECB governors are set to meet on September 8 for the second time since Britain voted to quit the EU in late June.

President Mario Draghi announced no change to the ECB's program of government and corporate bond buying, cheap loans to banks and negative interest rates following the early July gathering.

He insisted at the time that the bank was "ready, willing and able" to intervene if necessary.

The bank's board will have more hard economic data and their own staff projections to work from in September.

Tuesday's inflation data were a preliminary flash estimate based on consumer price data for six of Germany's 16 regional states.

Final data based on all 16 states will be published on September 13.

Wall St. Weighed by Apple But Banks Shine on

NEW YORK (Reuters) -Apple Inc was the largest weight on U.S. stock indexes after antitrust regulators ordered the company to pay about \$14.5 billion in back taxes to the Irish government, but gains in bank shares partly offset the decline.

The S&P 500 fell for the fourth time in five sessions, but was still within 1 percent of its record closing high set earlier this month. Cyclical sectors, which are expected to perform better in an expanding economy, have taken the lead in the past few weeks as economic data paints a rosier picture of the U.S. economy.

U.S. consumer confidence rose to an 11-month high in August, with households more upbeat about the labor market. Payrolls data on Friday could strengthen the case for higher U.S. interest rates, as has been hinted over the

past week by Federal Reserve officials.

Bets on a bottoming out of bond yields have given support to bank stocks of late. The S&P 500 financial sector .SPSY is up 1.8 percent so far this week, compared with a 0.3 percent advance for the S&P.

"The economy is doing well, the labor market is still doing well, there's reasons to think (interest) rates have bottomed and that is good for financials," said Paul Zemsky, chief investment officer, Multi-Asset Strategies and Solutions at Voya Investment Management in New York.

S&P 500 financials closed at their highest level since early December, right before the Fed raised interest rates for the first time in nearly 10 years.

Cyclical sectors should continue to lead the stock market despite

Tuesday's declines in all sectors outside financials, Zemsky said.

"A day is not a way to look at the trend," he said.

The Dow Jones industrial average fell 48.69 points, or 0.26 percent, to 18,454.3, the S&P 500 lost 4.26 points, or 0.2 percent, to 2,176.12 and the Nasdaq Composite dropped 9.34 points, or 0.18 percent, to 5,222.99.

Hershey dropped 11.2 percent to \$99.19 after Mondelez abandoned its pursuit to buy the chocolate maker on Monday. Mondelez rose 3.7 percent.

United Continental Holdings rallied 8.6 percent to close at \$50.99 after it hired the No. 2 executive at rival American Airlines as United's board and chief executive officer seek to shape a new strategy and boost the airline's stock price. American shares rose 2.4 percent to \$37.05.

EU Orders Apple to Repay 13 bln Euros to Ireland

BRUSSELS (Xinhua) - The European Union (EU) said U.S. tech giant Apple must repay up to 13 billion euros (14.5 billion U.S. dollars) to the Irish government after ruling that some tax treatment granted by Ireland to Apple was illegal under EU state aid rules.

"The European Commission has concluded that Ireland granted undue tax benefits of up to 13 billion euros to Apple. This is illegal under EU state aid rules, because it allowed Apple to pay substantially less tax than other businesses," the statement said.

Ireland must now recover the unpaid taxes in Ireland from Apple for the years 2003 to 2014 of up

to 13 billion euros, plus interest, it added.

Margrethe Vestager, the EU Commissioner in charge of competition, said "selective treatment" in Ireland allowed Apple to pay an effective corporate tax rate of 1 percent on its European profits in 2003 down to 0.005 percent in 2014.

However, both Ireland and Apple said that they plan to appeal the Commission's ruling.

Michael Noonan, the Irish Minister for Finance, said he would seek permission from the Irish Cabinet to appeal the Commission decision to the European Courts.

"I disagree profoundly with the

Commission's decision. Our tax system is founded on the strict application of the law, as enacted by the Oireachtas (parliament), without exception," Noonan said.

"It is important that we send a strong message that Ireland remains an attractive and stable location of choice for long-term substantive investment. Apple has been in Ireland since the 1980s and employs thousands of people in Cork. The company has continued to expand its operations in Ireland in recent times," he added.

Apple CEO Tim Cook has published an open letter to customers in Europe, after the European Commission announced its decision.

China Welcomes Canada's Decision to Apply for AIIB Membership

BEIJING (Xinhua) -- President Xi Jinping said on Wednesday that China welcomed Canada's decision to apply to be a member of the Asian Infrastructure Investment Bank (AIIB).

While meeting with visiting Canadian Prime Minister Justin Trudeau, Xi said that China was willing to improve communication and coordination with Canada, protect an open and inclusive

multilateral trade system with the country and deepen cooperation in areas such as climate change, peacekeeping and marine protection.

Canadian Finance Minister Bill Morneau announced Canada's decision to apply to be a member of the AIIB, at a press conference in Beijing Wednesday.

Xi also called for more high-level visits between China and