NIOC Chief: Oil Output Surges 600,000 Barrels

TEHRAN – The Managing Director of the National Iranian Oil Company (NIOC) Mohsen Khojastehmeh said on Monday that the country's oil production increased 600,000 barrels per day (bpd) in the administration of President Ebrahim Raisi, who took office in August 2021.

Today, the culture of using technical know-how of knowledge-based companies and knowledge-based production has been institutionalized in the oil industry, Khojastehmeh emphasized.

The number of knowledge-based companies has surged from 100 to 500 in the current administration, he added.

The deputy oil minister pointed out that the development of the oil and gas production capacity of the country has been emphasized in the 7th Five-Year Socioeconomic and Cultural Development Plan.

The oil and gas accounted for 10 percent share in the economic growth of the country in nine months of the previous year (March 21 to December 20, 2022), Khojastehmehr went on to say.

Top Banker: Iran Seeks to Ditch Dollar in Bilateral Trade

TEHRAN – Governor of the Central Bank of Iran (CBI) Muhammadreza Farzin on Monday in a meeting with Oman's Minister of Commerce, Industry, and Investment Promotion Qais bin Mohammad Al Yousef said that the U.S. uses the dollar as a political means while other countries are getting away from it, adding that the CBI will pursue ditching the dollar in trade as a strategic policy.

"The U.S. is exploiting the dollar as a political tool to put pressure on other countries," he said, adding that "the other world currencies, especially the Asian ones, are growing."

The volume of trade between Iran and Oman has surged to $1.8 billion, the official said, noting that the volume of trade can also be increased by national currencies in bilateral trade or by means of other international trade mechanisms.

The Omani minister, meanwhile, said that his country would explore Iran's proposals for bilateral trade, adding that trading in local currencies or through other international payment mechanisms would help economic cooperation between the two sides.

The official added that Muscat is well-prepared to expand cooperation with Iran in the field of industry along with monetary and banking relations.

Governor of the Central Bank of Iran (CBI) Muhammadreza Farzin, right, met an held talks with Oman's Minister of Commerce, Industry, and Investment Promotion Qais bin Mohammad Al Yousef in Tehran, on May8, 2023.

Armenia Wants to Become Operator in Iran's Chabahar Port

TEHRAN – Armenian Prime Minister Nikol Pashinyan has set up an inter-agency task force to launch a new international cargo transportation route and become an operator at Iran's Chabahar port.

The decree, which was posted on the government's website, aims to organize a multimodal high-speed route for international cargo transportation via Armenia, Armenian News Agency ARKA reported.

The task force's objectives include discussions and development of a new corridor for cargo transportation that will connect the countries of East Asia, India, and Iran with Europe through Georgia and the Black Sea, as an alternative to the North-South international transport corridor.

The task force, which will be led by the Armenian Minister of Economy, will report to the Prime Minister on a quarterly basis on the progress of the project, with final results due before November 1, 2023. The task force is also tasked to establish contacts and discuss technical and other issues with relevant departments of India, Georgia, and Iran.

In April, Yerevan hosted the first political consultations in trilateral format between the Foreign Ministries of Armenia, Iran, and India. The meeting discussed new economic, regional, and communication channels, as well as the prospects for deepening trilateral cooperation in various areas.

Last year, Arsen Avagyan, Ambassador Extraordinary and Plenipotentiary of Armenia to Iran, stated that the "North-South" highway would significantly reduce the distance between Iran and Georgia. After the completion of the construction of that highway, it will be possible to deliver cargo from Chabahar, Bandar Abbas, and other southern Iranian ports to the Georgian ports of the Black Sea within 2-3 days, further continuing the route to Europe.

Official: Tax Receipts Grow 49%

TEHRAN - Head of Iranian National Tax Administration (INTA) Muhammad Hadi Sobhanian has reported a major increase in its tax receipt in the calendar month to April 20.

Sobhanian said that the organization had collected 49% more tax in the month to late April compared to the same period in 2022.

Sobhanian said tax receipts over the period had reached a total of more than 430 trillion rials ($860 million).

He said direct tax revenues had reached 190 trillion rials in the month to late April, up 44% from April last year, adding that taxes on goods and services, including the value-added tax, had risen 56% year on year in April to reach 240 trillion rials.

The official said the government views increased tax revenues as a stable source of financing its budget, adding that improved tax collection could also help control high inflation in the country.

Iran has introduced various schemes in recent years to increase its tax revenues, including by launching data systems that can prevent tax dodging.

The measures are in line with government efforts to diversify the Iranian economy away from oil export revenues and to reduce the impacts of foreign sanctions on the country.

Yellen Warns of 'Constitutional Crisis' Over U.S. Debt Crisis

WASHINGTON (Reuters) – U.S. Treasury Secretary Janet Yellen issued a stark warning that a failure by Congress to act on the debt ceiling could trigger a "constitutional crisis" that also would call into question the federal government's creditworthiness.

Yellen sounded the alarm over possible financial market consequences if the debt ceiling is not raised by early June, when she has said the federal government could run short of cash to pay its bills.

The negotiations on the issue should not take place "with a gun to the head of the American people", Yellen told the ABC program "This Week".

Biden has asked Congress to raise the debt ceiling with no conditions. The Republican-led House of Representatives last month passed a bill that would raise the government's $31.4 trillion debt ceiling, but the measure included sweeping spending cuts over the next decade that Biden and his fellow Democrats oppose.

Biden is preparing to meet on Tuesday at the White House with Republican House Speaker Kevin McCarthy, Republican Senate Minority Leader Mitch McConnell and top congressional Democrats to discuss the issue.

"It's Congress's job to do this. If they fail to do it, we will have an economic and financial catastrophe that will be of our own making," Yellen said.

"And we should not get to the point where we need to consider whether the president can go on issuing debt. This would be a constitutional crisis," Yellen added, alluding the delineation of powers of the executive and legislature under the U.S. Constitution.

Biden has steadfastly said he will not negotiate over the debt ceiling increase, but would discuss budget cuts after a new limit is passed. Congress has often paired debt-ceiling increases with other budget and spending measures.

Washington regularly sets a limit on federal borrowing. Currently, the ceiling is equal to roughly 120 percent of the country's annual economic output. The debt reached that ceiling in January and the Treasury Department has kept obligations just within the limit, but by July or August, Washington could have to stop borrowing altogether.

Under that scenario, shockwaves could ripple through global financial markets as investors question the value of U.S. bonds, which are seen as among the safest investments and serve as building blocks for the world's financial system.

U.S. Treasury Secretary Janet Yellen

German Industrial Output Slumps, Recession Fears Rise

BERLIN (Reuters) - German industrial production fell more than expected in March, partly due to a weak performance by the automotive sector, spurring again recession fears in Europe's largest economy.

Production decreased by 3.4% on the previous month following a slightly revised increase of 2.1% in February, the federal statistical office said on Monday. In a Reuters poll, analysts had pointed to a 1.3% fall.

"After a buoyant performance by industrial production at the beginning of the year, there was an unexpectedly sharp decline in March," the economics ministry said.

The manufacture of motor vehicles and automotive parts fell by 6.5% on the previous month. Production in machinery and equipment fell by 3.4% and output in the construction sector decreased by 4.6% on the month.

In the first quarter, production was 2.5% higher than in the last quarter of 2022, according to the statistics office.

In March, German industrial orders fell by 10.7% from the previous month on a seasonally and calendar adjusted basis, posting the largest month-on-month decline since 2020 at the height of the COVID-19 pandemic.

"German manufacturing is suffering more and more from the global rate hikes, which are increasingly applying the brakes on the economy," said Commerzbank's chief economist Ralph Solveen. "The risks of a recession in Germany are rising."

Retail sales and exports also dropped sharply in March, increasing the odds of a downward revision to first-quarter gross domestic product, ING's global head of macro Carsten Brzeski said.

GDP was unchanged quarter on quarter in adjusted terms in the first quarter, following a 0.5% contraction in the fourth quarter of 2022. A recession is defined as two consecutive quarters of contraction.

A worker wears a protective mask at the Volkswagen assembly line after VW re-starts Europe's largest car factory after coronavirus shut-down in Wolfsburg, Germany, April 27, 2020.

Saudi Arabia Budget Slips Into Deficit as Spending Accelerates

LONODN (Bloomberg) - Saudi Arabia reported a deficit of 2.91 billion riyals ($770 million) in the first quarter of the year as the government increased spending on salaries and economic diversification projects.

Government income rose in the first quarter, driven by higher non-oil revenues, but was outpaced by a nearly 30% rise in spending, according to a budget report from the Ministry Of Finance published Sunday. The government "maintains a great ability to continue the expansionary fiscal policy and consider accelerating projects," according to a seperate statement on the official Saudi Press Agency.

Oil revenues fell by 3 percent to 179 billion riyals in the first three months of the year on lower crude prices.

Non-oil revenues, which the government has focused on growing as it looks to move away from boom-bust cycles of the past, rose by 9 percent. That was driven by receipts from taxes on income, profit and capital gains rising by 75 percent.

While Saudi Arabia is predicting another budget surplus this year, after surging oil prices helped the budget back into the black for the first time in nearly a decade last year, other forecasters are predicting a deficit. The International Monetary Fund hiked the oil price Saudi Arabia needs to balance its budget this year to over $80 a barrel. The Kingdom doesn't reveal an oil price assumption in its budget.

Oil Climbs Almost 3% as Recession Fears Begin to Fade

NEW YORK (Reuters) - Oil rose almost 3% on Monday as U.S. recession fears eased and some traders took the view that crude's recent price slide was overdone with three straight weekly declines for the first time since November.

A healthy U.S. jobs report for April helped oil to climb by about 4% on Friday even though labor market strength could compel the Federal Reserve to keep interest rates higher for longer.

Brent crude was up $2.05, or 2.7%, at $77.35 a barrel by 1330 GMT. U.S. West Texas Intermediate (WTI) crude also gained $2.05, or 2.9%, to $73.39.

"Oil's rebound follows energy stocks' comeback on Wall Street last Friday after the U.S. reported strong job data, which eased concerns about an imminent economic recession," said CMC Markets analyst Tina Teng.

Brent had finished last week with a decline of about 5.3% while U.S. crude plunged by 7.1% even after Friday's rebound. Both benchmarks were down for three weeks in a row for the first time since November.

Ole Hansen, head of commodity strategy at Saxo Bank, said oil's recent drop looked excessive.

"An oversold market condition combined with Brent managing to find support ahead of the March low forced recently established short sellers to seek cover, potentially highlighting that the recent sell-off was overdone," he said.