

## Is the Third Major Crisis of History Forthcoming? Major Revisions on Iran's Economic Outlook

With the 2007-08 economic crisis still shadowing the global economy, the world is entering a new crisis. After the Great Depression (1929-perhaps until the inception of World War II) and the recent Great Recession, economic indicators show that the third biggest crisis of the history may be forthcoming.

Sovereign debts and slow economic growth have dramatically decreased investors' confidence in developed economies. Counter-party risk is causing uncertainty, which in turn, is discouraging business prospects and deteriorating global unemployment. Stock markets, oil and housing markets are suffering as a result.

Iran is naturally influenced by any global financial crisis. Contrary to some experts' opinions, Iran has an "open economy." Its trade, including oil, ratio to GDP exceeds many other countries, including that of the United States. Large oil and non-oil exports, imports and their growth in recent years have further globalized the Iranian economy.

The current crisis, on the other hand, has effect on prices that will result in falling foreign investments, troubled exports and more difficulty with international credit circles – given the growing sanctions. This may be a blessing since Iran's liquidity remains manageable. Nevertheless, with the growing probability of an emerging global "double-dip recession" and its effect on Iran's economy, Iran Economics has revised its forecasts for variables related to 2011-2014 in its outlook tables.

We keep you posted.

<b>Iran's Economy at a Glance</b>							
<b>(7-Year Trend, Estimates and Forecasts)</b>							
<b>Gregorian Calendar Year (March 21-March 20)</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Corresponding Iranian Calendar Year</b>	<b>1386</b>	<b>1387*</b>	<b>1388*</b>	<b>1389*</b>	<b>1390*</b>	<b>1391*</b>	<b>1392*</b>
<b>Economic Growth and Output</b>							
<b>Economic Growth Rate (%)</b>	6.7	-0.8	2.9	5.7	3.8	4.3	5.0
<b>GDP (Gross Domestic Product at 1997/98 constant prices, trillion rials)</b>	499.1	495.3	509.9	539.2	560.0	584.1	613.5
<b>GDP (at current prices, trillion rials)</b>	2,890.3	3,378.7	3,562.3	4,304.3	5,190.1	6,008.0	7,060.2
<b>Non-Oil GDP (at current prices, trillion rials)</b>	2,084.4	2,528.1	2,833.0	3,326.5	3,770.5	4,465.5	5,351.5
<b>\$GDP (at current dollar prices, billion USD)</b>	308.9	349.1	357.0	412.2	340.4	355.1	392.7
<b>Per Capita Measures</b>							
<b>Per Capita GDP (at current prices, 1000 rials)</b>	40,406	46,549	48,367	57,570	68,422	77,988	90,301
<b>\$Per Capita GDP (at current prices, USD)</b>	4,318	4,810	4,847	5,513	4,488	4,610	5,023
<b>\$Per Capita Oil and Gas Revenues (USD)</b>	1,144	1,193	948	1,101	1,056	1,004	1,015
<b>\$Per Capita Total Exports (Goods &amp; services, USD)</b>	1,462	1,506	1,281	1,503	1,472	1,386	1,410
<b>\$Per Capita Total Imports (Goods, USD)</b>	814	967	904	926	940	889	911
<b>\$Per Capita Foreign Debt (USD)</b>	400	296	292	287	288	288	278
<b>Population, Unemployment Rate, Productivity</b>							
<b>Population (million persons)</b>	71.532	72.584	73.651	74.766	75.853	77.037	78.186
<b>Population Growth (%)</b>	1.4	1.5	1.5	1.5	1.5	1.6	1.5
<b>Labor Participation (% of population)</b>	39.8	38.0	38.9	39.0	39.2	39.1	39.3
<b>Unemployment Rate (Government estimate, %)</b>	10.5	10.4	11.9	13.5	14.4	15.2	14.8
<b>Unemployment Rate (Iran Economics Quarterly Poll, %)</b>	16.0	14.6	14.6	17.0	19.0	19.5	21.6
<b>Labor Productivity Growth (%)</b>	1.5	1.2	1.0	1.1	1.2	1.1	0.6
<b>Capital Productivity Growth (%)</b>	0.8	-1.6	-0.9	-0.2	-0.2	-0.1	-0.4
<b>Total Factor Productivity Growth (%)</b>	1.1	1.1	0.2	0.5	0.6	0.6	0.1
<b>Prices, Inflation, Wages, Income Distribution</b>							
<b>Inflation Rate (Consumer prices, Central Bank of Iran estimate, %)</b>	18.4	25.4	10.8	12.4	19.2	16.3	17.4
<b>Inflation Rate (Consumer prices, Iran Economics Quarterly Poll, %)</b>	22.1	27.2	20.5	19.2	26.9	32.1	24.8
<b>Inflation Rate (Producer prices, %)</b>	14.9	20.9	7.4	16.6	21.6	19.5	20.6
<b>Income Distribution (Gini coefficient)</b>	0.405	0.386	0.387	0.388	0.384	0.389	0.391
<b>Ratio of 10% Richest to 10% Poorest (Sections of population)</b>	15.20	13.50	13.68	13.70	13.63	13.75	13.87

Minimum Wage (per month, rials)	1,830,000	2,196,000	2,635,200	3,030,480	3,303,000	3,665,016	4,173,240
Minimum Wage, Inflation Adjusted (at 2004/05 constant prices, per month, rials)	1,251,539	1,197,971	1,298,128	1,328,156	1,214,526	1,158,983	1,124,352
<b>Money, Liquidity, Bank Debt and Bad Checks</b>							
Money Supply (M1, billion rials)	535,707	525,483	601,697	768,771	988,750	1,271,922	1,632,189
Savings and Time Deposits (Quasi-money, billion rials)	1,104,586	1,375,884	1,754,192	2,179,976	2,730,890	3,430,816	4,300,192
Liquidity (M2, billion rials)	1,640,293	1,901,366	2,355,889	2,948,747	3,719,640	4,702,738	5,932,381
Liquidity Growth (%)	27.7	15.9	23.9	25.2	26.1	26.4	26.1
Velocity of Money (GDP/M2)	1.8	1.8	1.5	1.5	1.4	1.3	1.2
Monetary Base (billion rials)	365,499	539,406	603,784	684,087	851,003	990,518	1,191,602
Money Multiplier (M2/MB)	4.5	3.5	3.9	4.3	4.4	4.7	5.0
Banking System's Debt Outstanding (Private and state, billion rials)	280,637	291,539	364,634	554,506	591,239	630,378	672,467
Public Debt to Central Bank and Banking System (billion rials)	1,663,725	1,866,551	2,137,364	2,765,782	3,180,698	3,553,643	4,027,432
Bad Checks Volume (billion rials)	147,680	209,422	234,071	278,916	284,923	321,710	362,657
Bad Checks Ratio (as percent of total checks)	3.6	4.5	5.1	4.4	4.5	4.7	4.6
<b>Oil, Exports and Imports</b>							
Crude Oil Production (1000 barrels per day)	4,057	3,945	3,557	3,540	3,523	3,415	3,400
Crude Oil Exports (1000 barrels per day)	2,522	2,309	2,024	2,248	2,100	2,009	2,000
\$Crude Oil Price (annual average, USD)	78.0	80.4	74.7	97.7	80.9	75.4	82.2
\$Oil and Gas Exports (billion USD)	84.51	86.62	69.83	82.33	80.09	77.35	79.38
\$Non-Oil Exports (billion USD)	13.16	14.67	17.71	23.20	24.14	21.81	22.75
\$Exports of Goods (billion USD)	97.668	101.289	87.534	105.537	104.233	99.153	102.134
\$Exports of Services (billion USD)	6.929	8.009	6.777	6.842	7.445	7.588	8.073
\$Total Exports (billion USD)	104.597	109.298	94.311	112.378	111.678	106.742	110.207
\$Imports of Goods (FOB, billion USD)	58.240	70.199	66.598	69.257	71.305	68.465	71.206
\$Balance of Trade (Goods, billion USD)	39.428	31.090	20.936	36.280	32.927	30.688	30.929
\$Current Account Balance (million USD)	32,594	22,903	10,282	21,194	23,225	24,201	24,193
\$Capital Account Balance (million USD)	-13,597	-9,958	-13,529	-13,577	-14,904	-16,735	-16,481
<b>Housing, Construction, Industry</b>							
Land-Price Inflation (Urban areas, %)	53.3	42.4	-15.4	14.2	15.1	13.9	14.5
Housing-Price Inflation (City of Tehran, %)	81.6	22.6	-12.7	12.8	14.6	13.2	13.5
Housing-Rent Inflation (Urban areas, %)	21.3	28.6	12.8	6.0	19.5	17.2	18.0
Construction Worker Daily Wage Growth (Unskilled, %)	43.0	32.5	3.4	7.0	10.8	9.4	9.7
Construction-Materials Inflation (Wholesale, %)	17.7	29.8	-5.4	11.2	15.0	14.1	14.5
Construction-Services Inflation (%)	30.5	34.7	9.5	8.6	14.5	14.1	14.3
Large Industrial Units Production Index (2004/05=100)	136.3	146.1	152.5	158.6	160.4	153.5	155.9
Wage-Bill Index of Large Industrial Units (Including Fringe Benefits, 2004/05=100)	148.2	166.4	177.0	188.0	192.8	188.9	191.0
<b>Government and State-Owned Enterprises (SOE) Budget</b>							
National Budget (Public and state-owned enterprises, billion rials)	2,316,857	2,938,845	2,791,828	3,684,703	5,083,938	5,988,932	6,978,687
Sources of Public Budget (billion rials)	691,827	939,122	967,901	1,271,330	1,697,225	2,180,412	2,787,253
Public Budget Growth (%)	17.7	35.7	3.1	31.3	33.5	28.5	27.8
Total Government Revenues (billion rials)	471,722	594,989	624,364	939,755	1,092,776	1,297,229	1,503,698
Tax Revenues (billion rials)	191,815	239,741	300,036	351,454	400,457	465,115	527,922
Oil Revenues (billion rials)	173,519	215,650	163,627	434,486	441,494	506,389	560,895
Non-Oil, Non-Tax Revenues (billion rials)	106,388	139,597	160,702	153,815	250,825	325,724	414,880
Total Government Expenditures (billion rials)	569,037	805,742	791,957	1,049,590	1,274,616	1,547,310	1,846,942
Current Expenditures (billion rials)	421,285	582,723	593,784	732,689	922,559	1,151,261	1,399,570
Capital/Development Expenditures (billion rials)	147,752	223,019	198,173	316,901	352,056	396,049	447,372
Government Banks and SOE Budget (billion rials)	1,677,065	2,032,025	1,988,747	2,525,238	3,550,656	4,332,092	5,365,827
Government Banks and SOE Budget Growth (%)	22.2	21.2	-2.1	27.0	40.6	22.0	23.9
Budget Deficit/Budget Surplus (billion rials)	-97,314	-210,754	-167,593	-109,835	-181,839	-250,082	-343,244
Budget Deficit Growth (%)	-34.4	116.6	-20.5	-34.5	65.6	37.5	37.3
Budget Deficit as Percent of Public Budget (%)	-14.1	-22.4	-17.3	-8.6	-10.7	-11.5	-12.3
Budget Deficit as Percent of GDP (%)	-3.4	-6.2	-4.7	-2.6	-3.5	-4.2	-4.9
<b>Investment: Domestic and Foreign (FDI)</b>							

<b>Machinery &amp; Equipment Capital Formation (Gross, constant prices, billion rials)</b>	<b>105,213</b>	<b>111,623</b>	<b>113,030</b>	<b>120,050</b>	<b>124,489</b>	<b>129,616</b>	<b>135,401</b>
<b>Machinery &amp; Equipment Capital Growth (%)</b>	<b>2.1</b>	<b>6.1</b>	<b>1.3</b>	<b>6.2</b>	<b>3.7</b>	<b>4.1</b>	<b>4.5</b>
<b>Plant &amp; Construction Capital Formation (Gross, constant prices, billion rials)</b>	<b>75,806</b>	<b>89,099</b>	<b>85,904</b>	<b>92,611</b>	<b>97,398</b>	<b>103,370</b>	<b>110,324</b>
<b>Plant &amp; Construction Capital Growth (%)</b>	<b>13.5</b>	<b>17.5</b>	<b>-3.6</b>	<b>7.8</b>	<b>5.2</b>	<b>6.1</b>	<b>6.7</b>
<b>Total Capital Formation (Gross, constant prices, billion rials)</b>	<b>181,019</b>	<b>200,722</b>	<b>198,934</b>	<b>212,661</b>	<b>221,887</b>	<b>232,986</b>	<b>245,724</b>
<b>Total Capital Growth (%)</b>	<b>6.6</b>	<b>10.9</b>	<b>-0.9</b>	<b>6.9</b>	<b>4.3</b>	<b>5.0</b>	<b>5.5</b>
<b>\$Foreign Direct Investment (million USD)</b>	<b>1,552.4</b>	<b>1,490.8</b>	<b>3,016.1</b>	<b>3,616.4</b>	<b>3,362.4</b>	<b>3,156.2</b>	<b>3,636.5</b>
<b>Oil Reserves and External Debt</b>							
<b>\$Oil-Reserve, Stabilization Account (billion USD)</b>	<b>23,175</b>	<b>13,142</b>	<b>7,274</b>	<b>10,029</b>	<b>9,960</b>	<b>9,006</b>	<b>9,880</b>
<b>\$Total Foreign Debt (billion USD)</b>	<b>28,647</b>	<b>21,502</b>	<b>21,526</b>	<b>21,455</b>	<b>21,852</b>	<b>22,195</b>	<b>21,707</b>
<b>\$Short-term Foreign Debt (billion USD)</b>	<b>9,891</b>	<b>6,599</b>	<b>8,787</b>	<b>11,433</b>	<b>11,157</b>	<b>11,856</b>	<b>11,687</b>
<b>\$Short-term Foreign Debt as Percent of Total Foreign Debt (%)</b>	<b>34.5</b>	<b>30.7</b>	<b>40.8</b>	<b>53.3</b>	<b>51.1</b>	<b>53.4</b>	<b>53.8</b>
<b>Total Foreign Debt as Percent of Total Exports (%)</b>	<b>27.4</b>	<b>19.7</b>	<b>22.8</b>	<b>19.1</b>	<b>19.6</b>	<b>20.8</b>	<b>19.7</b>
<b>Total Foreign Debt as Percent of GDP (%)</b>	<b>9.3</b>	<b>6.2</b>	<b>6.0</b>	<b>5.2</b>	<b>6.4</b>	<b>6.2</b>	<b>5.5</b>
<b>Exchange Rates, Gold Prices, Bank and Bond Rates (Annual Averages)</b>							
<b>Rials per US Dollar</b>	<b>9,357</b>	<b>9,677</b>	<b>9,979</b>	<b>10,442</b>	<b>15,246</b>	<b>16,917</b>	<b>17,977</b>
<b>Rials per GBP</b>	<b>18,792</b>	<b>16,909</b>	<b>16,003</b>	<b>16,646</b>	<b>24,426</b>	<b>26,377</b>	<b>27,466</b>
<b>Rials per Euro</b>	<b>13,096</b>	<b>13,650</b>	<b>14,108</b>	<b>13,930</b>	<b>20,525</b>	<b>22,377</b>	<b>23,567</b>
<b>Rials per Yen (100)</b>	<b>8,106</b>	<b>9,558</b>	<b>10,680</b>	<b>12,326</b>	<b>18,684</b>	<b>21,295</b>	<b>22,604</b>
<b>Gold Coin (old design, rials)</b>	<b>1,906,783</b>	<b>2,316,492</b>	<b>2,466,160</b>	<b>3,496,085</b>	<b>6,612,026</b>	<b>7,531,018</b>	<b>8,399,416</b>
<b>Gold Coin (new design, rials)</b>	<b>1,728,703</b>	<b>2,053,863</b>	<b>2,415,080</b>	<b>3,250,651</b>	<b>6,312,149</b>	<b>7,193,358</b>	<b>8,102,962</b>
<b>Short-term Deposit Rates at Banks (less than 1 year, %)</b>	<b>8 to 16</b>	<b>10 to 16</b>	<b>10 to 13</b>	<b>8 to 11</b>	<b>7 to 10</b>	<b>7 to 10</b>	<b>7 to 10</b>
<b>One-Year Bank Deposit Rates (%)</b>	<b>12 to 16</b>	<b>15 to 16</b>	<b>14.5 to 15.5</b>	<b>14.0</b>	<b>17.0</b>	<b>17.0</b>	<b>17.0</b>
<b>Five-Year Bank Deposit Rates (%)</b>	<b>16.0</b>	<b>17 to 19</b>	<b>17.5</b>	<b>17.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<b>Central Bank's Bond Rate (%)</b>	<b>15.5</b>	<b>18.0</b>	<b>16.0</b>	<b>16.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<b>Stock Exchange Measures</b>							
<b>Number of Listed Companies (Active and inactive)</b>	<b>413</b>	<b>346</b>	<b>337</b>	<b>342</b>	<b>357</b>	<b>363</b>	<b>371</b>
<b>Total Share Price Index</b>	<b>10,082</b>	<b>7,967</b>	<b>12,537</b>	<b>23,295</b>	<b>25,876</b>	<b>26,871</b>	<b>29,222</b>
<b>Industrial Index</b>	<b>7,967</b>	<b>6,173</b>	<b>9,630</b>	<b>15,265</b>	<b>20,147</b>	<b>21,704</b>	<b>23,496</b>
<b>Financial Index</b>	<b>20,883</b>	<b>20,553</b>	<b>33,642</b>	<b>60,896</b>	<b>66,234</b>	<b>67,915</b>	<b>70,134</b>
<b>Index of 50 Most Active Companies</b>	<b>559</b>	<b>291</b>	<b>549</b>	<b>948</b>	<b>1,300</b>	<b>1,371</b>	<b>1,456</b>
<b>Cash Yield Index (Cash dividends and shares distribution)</b>	<b>5,934</b>	<b>6,170</b>	<b>6,930</b>	<b>8,072</b>	<b>9,270</b>	<b>9,707</b>	<b>11,150</b>
<b>Total Share Price and Cash Yield Index</b>	<b>36,193</b>	<b>32,117</b>	<b>51,006</b>	<b>94,776</b>	<b>112,647</b>	<b>119,315</b>	<b>134,475</b>
<b>Trading Volume (billion rials)</b>	<b>73,074</b>	<b>137,385</b>	<b>184,166</b>	<b>218,055</b>	<b>284,612</b>	<b>312,444</b>	<b>353,457</b>
<b>Privatized Shares (billion rials)</b>	<b>21,730</b>	<b>75,880</b>	<b>119,190</b>	<b>56,651</b>	<b>82,617</b>	<b>94,220</b>	<b>116,446</b>
<b>Tehran Stock Exchange Market Capitalization (billion rials)</b>	<b>462,105</b>	<b>448,955</b>	<b>651,428</b>	<b>1,115,636</b>	<b>1,261,931</b>	<b>1,326,583</b>	<b>1,599,958</b>
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