

Frontier Partners
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Country Overview



Nuclear Agreement

In its latest report, the International Atomic Energy Agency (IAEA) once again confirmed that Iran has been living up to its commitments under the 2015 nuclear agreement.

European foreign policy chief, Federica Mogherini, said that she is confident the United States would stick to the 2015 Iran nuclear deal, despite its protestations to the contrary, because the agreement is working.

During a testimony before a US House of Representatives committee, US Ambassador to the United Nations Nikki Haley said that she has not seen any violations by Iran of its nuclear deal. However, Haley claimed that making the agreement with Iran only delayed what will happen eventually, saying, "They're going to continue their nuclear capabilities and we just gave them a lot of money to do it with".

In a plenary meeting, the United Nations Security Council and the European Union pushed back against US criticism of Iran and declared Tehran to be in full compliance with its nuclear agreement, praising it for implementing the nuclear deal.

Sanctions

Former US secretary of state John Kerry said the Iran nuclear deal could hold even if President Donald Trump pulls out, but he warned that imposing new economic sanctions against Tehran could be dangerous.

US Republican senator Rand Paul warned about the consequences of fresh US sanctions against Iran, saying such unilateral measures could prove counterproductive. Previously, the US Senate had voted overwhelmingly to advance a bill that would impose new sanctions on Iran, the same day deadly terror attacks claimed by the self-styled Islamic State hit Tehran.

The US Senate voted overwhelmingly for a bill imposing sanctions on Iran over its missile program among other things. The US House Republican leaders however asked for the Senate to amend the bill before the house can take it up.

Ali Akbar Velayati, senior adviser to Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei on international affairs, said the US Senate's move is "unquestionably in breach of both the spirit and the letter of the nuclear agreement.

Other News

Tehran was hit with two simultaneous terrorist attacks targeting the parliament and the mausoleum of Imam Khomeini in the south of the city that left 12 people dead and 42 wounded. All six attackers were killed.

Supreme Leader Ayatollah Seyyed Ali Khamenei urged President Hassan Rouhani to honor the pledges he made during the election campaign season last month, and build a resilient economy.

Iran condemned US Secretary of State Rex Tillerson's accusations that the Islamic Republic had "aspirations of hegemony in the region," saying the remarks violate international laws.

In a letter to the United Nations, Iran criticized as violation of UN Charter the regime change policy that Washington is pursuing against Iran, as recently admitted by the US Secretary of State.

At a gathering of lawmakers in Tehran, President Hassan Rouhani highlighted the deteriorating international situation since the US President Donald Trump took office four months ago and called for more discretion regarding matters of foreign policy.



Economic Overview

Financial

The Iranian Cabinet approved the issuance of \$2.67 billion worth of securities to finance government projects.

According to the Securities and Exchange News Agency, Tehran Stock Exchange's (TSE) total market capitalization grew 88.6% during the five years to March 2017 to reach \$89 billion. The market's total trade volume and number of transactions also jumped 221% and 300% during the period to 275 billion and 15 million respectively during the same period. TSE's main index, TEDPIX, rose 101.1% from 38,408 to 77,230 and the average P/E ratio grew from 5.35 to 6.84 over the five years.

The National Development Fund of Iran (NDFI), the country's main sovereign wealth fund, announced that it has recorded a year-on-year increase of "50% plus" in opening letters of credit during the previous fiscal year that ended in March.

Saman Bank has stated that it is now able to transfer money to European banks with which it has correspondent relations without any hurdle.

Tejarat Bank has announced that it has plans to open a branch in Norway.

Growth

In its June 2017 Global Economic Prospects report, the World Bank projected a 4% growth rate for Iran in 2017. The growth rate is seen accelerating modestly to a 4.1% in 2018 as limited spare capacity in oil production and difficulty in accessing finance will weigh on the country's growth.

The Central Bank of Iran (CBI) has announced that the national economy recorded a growth of 12.5% in the Iranian year to March 2017.

Inflation

Iran's inflation rate returned to double digits, ending months of single-digit average Consumer Price Index (CPI) growth. The CBI latest report showed that the average goods and services CPI for urban areas in the 12 months ending June 21 increased by 10.2% compared with last year's corresponding period. The CBI had put the inflation rate for the preceding month, which ended on May 21, at 9.8%. The overall CPI (using the Iranian year to March 2012 as the base year) stood at 267.3 for the period, indicating a 0.5% growth compared with the previous month. The index registered a year-on-year increase of 11% compared with the similar month of last year. Previously the Statistical Center of Iran (SCI) had indicated an inflation rate of 7.4% for the same 12-months period.

Investment

According to the Chairman of the Organization for Investment, Economic and Technical Assistance of Iran (OIETAI), the provinces of East Azerbaijan, West Azerbaijan, Isfahan, Tehran, Qazvin, Kerman and Khorasan Razavi were the leading provinces in attracting foreign direct investments (FDI) in 2016. Iran's actual FDI inflows amounted to \$3.37 billion in 2016, showing a 64% increase compared with the year before, while the total amount of foreign investments approved by the government during the period stood at \$10.4 billion.

According to the Deputy Roads and Urban Development Minister, \$12.5 billion have been invested in the rail sector since August 2013 when President Hassan Rouhani took office.

Trade

Iran exported 7.683 million tons of mine and mineral industry products worth \$1.02 billion during the period March 21- May 21 registering a 117% rise in terms of value compared to figure for the same period last year.

Production

Major Iranian mining companies produced 56.4 million tons of mineral products during the first two months of the current fiscal year (started March 21), registering a 9% growth compared with last year's corresponding period, the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) said in its latest report.

Iranian steel mills produced 8.2 million tons of crude steel in the five months to June 2017, registering a 13.1% growth year-on-year compared with last year's corresponding period, according to the latest report released by the World Steel Association.

The Iranian government has invested \$800 million in the past two Iranian years (March 2015-17) for the construction of freeways across the country.

2,000 kilometers of freeways in the form of 10 projects are currently under construction.

Private investment in Iran's transportation infrastructures has grown 70% from the fiscal 2005-06 to reach \$1.9 billion in the last Iranian year (ended March 20, 2017), a Deputy Minister of Roads and Urban Development said.

The Iranian Finance Minister declared that \$50 billion worth of Memorandum of Understandings (MoUs) for investment in economic projects have been signed after the Joint Comprehensive Plan of Action (JCPOA) came into force.

Tehran Province has set a goal to attract \$2 billion in foreign investment during the current fiscal year ending March 21, 2018.



Market Overview

The TEDPIX and IFX indices fell by 2.2% and 0.6% respectively in June as a result of lower market volumes and approaching company Annual General Meetings. The Average Daily Trading Value stood at \$55m.

Market Statistics (June 2017)

Average P/E Ratio	7.3
Average Daily Trading Value (\$ Million)	\$55
Market Cap TSE (\$ Billion)	85.5

Best Performing Sectors (June 2017)

Rank	Sector	Increase
1	Paper & Paper Products	5.5%
2	Electric Machines	5.3%
3	Other Mining	5.2%
4	Utilities	0.6%
5	Telecommunications	0.4%

Top 5 Companies by Market Cap (June 2017)

Rank	Company Name	Value (\$ Million)	Percentage
1	Persian Gulf Petrochemical Industry	6,202	5.6
2	Maroon Petrochemical	3,526	3.2
3	Mobile Telecommunication Co. of Iran	3,513	3.2
4	Telecommunication Co. of Iran	3,103	2.8
5	Mobarakeh Steel	2,888	2.6



Business Activity Overview

Chemicals

India's state-run Gujarat State Fertilizers and Chemicals (GSFC) has announced that it is exploring the possibility of setting up an ammonia-urea plant in Iran.

Energy

Oil & Gas

According to Siemens Industrial Application Division Vice President for Oil and Gas, Siemens is planning for a total investment of \$100m in Iran's oil and gas industries.

According to media sources, Russia's Gazprom Neft will study oilfields in Iran jointly with Austria's OMV and the National Iranian Oil Company (NIOC).

Total, Petronas and Inpex Corporation have presented development plans for the South Azadegan Oilfield, leading the line of international energy majors wanting to return to Iran's oil and gas industry after the lifting of economic sanctions last year.

French energy giant Total and the Society of Iranian Petroleum Industries Equipment Manufacturers have come to an agreement to use domestically made equipment to develop South Pars Gas Field Phase 11.

The National Iranian Oil Company (NIOC) added five more international oil companies (Russia's Gazprom Neft, Rosneft, Tatneft, Zarubezhneft and Azerbaijan's state-owned Socar) in its list of prequalified companies for Iran's oil and gas upstream projects for the Azadegan oilfield tender consortia.

In the first major western energy investment in the country since Tehran signed an international nuclear deal, Total will go ahead with development of phase 11 of the South Pars Project this summer. Chief Executive Patrick Pouyane said the French group would make an initial \$1 billion investment after the United States extended sanctions relief for Iran under the 2015 agreement.

Financial

Oberbank, one of Austria's biggest banks, has allocated a €1 billion (\$1.2 billion) line of credit to finance investment projects in Iran, Austria's finance minister announced.

Iran's media has reported that the country is preparing to receive a major credit line worth \$13 billion from South Korea for several of its industrial projects within the next few weeks.

The Financial Action Task Force (FATF) has extended a freeze of some of its restrictions on Iran after verifying the country's continued compliance with its directives. While Iran now has been given a reprieve in the face of strong lobbying by adversarial nations, the decision was not exactly cause for celebration given Iranian officials' hope of a full removal from the blacklist of violating countries.

Germany has announced its readiness to expand banking cooperation with Iran and provide funds for Iran's economic project. German Finance Minister Wolfgang Schäuble made the announcement in a meeting with the visiting Iranian Foreign Minister Mohammad Javad Zarif.

German Economy and Energy Minister Brigitte Zypries said Euler Hermes, a leading provider of trade credit insurance, is interested in covering investments in Iran, especially in the energy and electricity sectors.

Transportation

Aviation

Iran Aseman Airlines signed a final contract with the American plane maker Boeing in Tehran to purchase 30 B737-Max passenger jets worth \$3 billion based on catalog prices with the option of adding 30 more in the future.

According to Iranian media, Qeshm Air has placed an order for 10 Boeing 737 MAX planes with the purchase of an additional five planes from Boeing 737-800 family being also on the agenda.

Two private Iranian airlines have signed Memoranda of Understandings (MOUs) with European aerospace giant Airbus to purchase a total of 73 brand-new jets. Iran Airtour signed a €4.5 billion deal for 45 A320neo aircraft while Zagros Airlines committed to purchasing 28 new planes, comprising 20 A320neo and 8 A330neo aircraft. Both MoUs are contingent upon all necessary approvals, including those from the Office of Foreign Assets Control (OFAC).

Rail

South Korea's New Millennium and Iran's Jam Industrial Group have signed a joint venture Memorandum of Understanding (MoU) worth \$1 billion to build cable cars in Iran. The project will be financed through foreign direct investment and Iran's banking guarantee.

Delegations/Visits/Conferences

Delegations	Visitors	Events
-	Iraqi Prime Minister Haider al-Abadi	A meeting of Iran-Malaysia Economic Cooperation Commission, held in Tehran

About Us



Frontier Partners is a specialist professional services firm providing Consulting, Transactions Support and Investment Services to multinational corporations and diversified conglomerates, and is known to be the only credible professional services firm to provide end-to-end advisory services for client on their Iran focused investment agenda.

Our partners and directors are Western educated, dual Iranian/Western citizens and bring decades of senior level professional services and industry experience attained in the Big4 and other Tier-1 consultancy firms in North America, Europe and the Middle East. Frontier Partners was setup by its founders in November 2014 and currently encompasses a total of 30 partners and associates across offices in Tehran and Dubai, with representatives across Europe. Frontier Partners is committed to becoming the standard of excellence and our professionals are unified by a collaborative culture that fosters integrity, deep insights, quality, expertise, value generation and exceptional delivery of results.

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