

# Iran Country Risk Report

## Executive Summary

You have downloaded a PDF of BMI's latest views on the market, summarising the key findings that are assessed in detail in the new report, as well as the full report Table of Contents.

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## Iran Country Risk Report

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### *Core Views*

- The Iranian economy will see growth accelerate over the quarters ahead, as European, Russian and Chinese commitment to improving relations with Tehran facilitate an uptick in investment. US primary sanctions, limited credit availability, and various structural impediments will nevertheless prevent a boom, particularly as hydrocarbon sector expansion slows.
- The Iranian rial will continue to depreciate against the dollar, particularly as political uncertainty weighs on demand for the currency. Higher dollar inflows amid increases in foreign investment and hydrocarbon prices will nevertheless facilitate a gradual, rather than sharp, adjustment.
- Inflation will pick up in Iran over the coming months, driven by lower interest rates, currency depreciation and fiscal consolidation. In the medium term, however, as rates climb back up, the slide in the rial slows, and the effects of austerity measures wear off, price growth is set to moderate.
- Higher oil revenues and fiscal consolidation measures will help narrow Iran's fiscal deficit over the coming quarters, albeit at a very gradual pace. Meanwhile, debt accumulation will accelerate, amid efforts to settle public sector arrears and repair banks' balance sheets.

### *Key Risks*

- A breakdown in the agreement over the country's nuclear programme would prompt us to revise our real GDP growth forecasts downward, and our inflation forecasts upward.

Thank you for downloading BMI's latest views, we hope you found the information insightful.

To find out more about how the extensive views, analysis and forecasts contained in the full report will help your company or to discuss your specific information needs please contact one of our experts on +44 (0)20 7246 5170