



**ECONOMIC REPORT
AND
BALANCE SHEET
1396
(2017/18)**

**CENTRAL BANK
OF THE
ISLAMIC REPUBLIC
OF IRAN**



ECONOMIC REPORT
AND
BALANCE SHEET
1396
(March 20, 2018)

Approved at the Annual General Meeting
of Central Bank of the Islamic Republic of Iran

Held on

February 26, 2019

Prepared by:
Economic Research and Policy Department
CENTRAL BANK OF THE ISLAMIC REPUBLIC OF IRAN



CONTENTS

ABBREVIATIONS	xiv
SYMBOLS	xiv
PART ONE (Economic Developments of Iran in 2017/18)	
Chapter 1. National Product, Expenditure and Income	1
Gross Domestic Product	1
Gross Domestic Expenditure	2
Chapter 2. Agriculture	5
Farming and Horticultural Products	6
Livestock and Fishery Products	7
Guaranteed Purchase of Major Agricultural Products	7
Subsidies	8
Government Investment	8
Banking Facilities	9
Agricultural Insurance Fund	10
Performance of Rural, Women, and Agricultural Cooperatives and Unions	11
Exports of Agricultural Products	12
Imports of Agricultural Products	12
Chapter 3. Energy	15
OPEC	15
Primary Energy Consumption	15
Crude Oil Proven Reserves	16
Crude Oil Production	16
Crude Oil Consumption	17
Natural Gas Proven Reserves	17
Natural Gas Production	18
Natural Gas Consumption	18
Iran	19
Production and Exports of Crude Oil	19
Natural Gas	19
Electricity	19

CONTENTS

Chapter 4. Manufacturing and Mining	21
Production	21
Production of Selected Industries	21
Government Investment	22
Banking Facilities	22
Credit to SMEs	23
New Manufacturing Units	23
Permits Issued in the Mining Sector	24
Employment in Manufacturing Sector	24
Producer Price Index of Manufacturing Products	25
Industrial Exports	25
Chapter 5. Construction and Housing	27
Private Sector Investment in New Buildings in Urban Areas	27
Government Investment	28
Banking Facilities	29
Construction Permits	30
Housing Starts by Private Sector in Urban Areas	31
Buildings Completed by Private Sector in Urban Areas	31
Residential Units Completed by Private Sector in Urban Areas	32
Land Price Index	32
Housing Rental Index in Urban Areas	32
Construction Indices	33
Chapter 6. Transportation	35
Government Investment	35
Freight and Passenger Transport	36
Road Transport	36
Rail Transport	36
Air Transport	37
Sea Transport	38
Chapter 7. Domestic Trade	39
Domestic Market Regulation and Essential Goods Procurement	39
Performance of the Consumers and Producers Protection Organization	39
Imports and Stock of Red Meat	39
Government Investment	40
Banking Facilities	40
Trade Transactions	40
Cooperatives	41
Business Establishments	42
Chapter 8. Labor Market Developments and Human Resource	43
Population and Human Resources	43
Labor Market	44

Labor Supply	44
Labor Demand	45
Unemployment	45
New Loans for Employment Generation	45
Performance of Unemployment Insurance Fund	47
Wages and Salaries	47
Education	48
Higher Education	48
Chapter 9. Social Affairs and Household Welfare	51
Socioeconomic Characteristics of Households in Urban Areas	51
Household Budget Survey	52
Analysis of Household Expenditure by Deciles	53
Household Expenditure by Provinces	55
Household Income	56
Measurement and Analysis of Income Inequality	57
Social Security	57
Non-contributory Coverage	57
Contributory Coverage	57
Rural Dwellers' Social Insurance	58
Human Development Indices	58
Human Development Index (HDI) in Iran	58
Selected Human Development Indices	59
Chapter 10. Fiscal Policy and Performance	61
Budgetary Performance	61
Chapter 11. Balance of Payments	65
Balance of Payments Developments	65
Current Account	65
Goods Account (trade balance)	66
Services Account	68
Income Account	68
Current Transfers Account	69
Capital and Financial Account	69
Capital Account	69
Financial Account	69
Foreign Direct Investment (FDI)	69
FDI Inflows	70
Portfolio Investment	70
Other Investments	70
Reserve Assets (CBI foreign assets)	70
External Debt	71

CONTENTS

Chapter 12. Foreign Exchange and Trade Policy	73
Trade	73
Imports	74
Exports	76
Terms of Trade	78
Foreign Exchange and Gold Markets Developments	79
Foreign Exchange Market and Local Currency	79
Rial versus Hard Currencies	79
Developments of the Interbank Foreign Exchange Market	79
Chapter 13. Monetary and Banking Policy and Performance	81
Key Aspects of Monetary Policy Approved for 2017/18	81
Banking System Performance	82
Banking System and External Sector	83
Banking System and Public Sector	84
Banking System and Non-public Sector	84
Broad Money (M2)	87
Monetary Base	88
Composition of M2	89
Sources and Uses of Funds of Public Commercial Banks	90
Sources and Uses of Funds of Specialized Banks	90
Sources and Uses of Funds of Private Banks and Non-bank Credit Institutions	90
Banking Units and Personnel	91
Banking Sector Developments	91
Section One- Major Regulations, Bylaws, Guidelines, Circulars, and Amendments	91
Section Two- Major Measures on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)	92
Section Three- Bank Licensing	93
Chapter 14. Payment Systems	95
Cash Payment	95
Notes and Coins	95
Sight Deposits	96
Check Settlement System	96
Electronic Payment System	96
Expansion of Electronic Payment Instruments	96
Development of Electronic Transactions	97
Electronic Settlement System	99
SAHAB	99
SATNA	99
PAYA	100
SIMA	100
Total Value of Transactions	100
Share of Non-cash Payment Instruments	101

Chapter 15. Insurance	103
Performance of Insurance Market	103
Direct Premium	104
Paid Loss	104
Loss Ratio	104
Issued Insurance Policies	105
Number of Paid Losses	105
Insurance Companies	105
Assets and Liabilities of Insurance Companies	105
Chapter 16. Capital Market	107
Share and Rights Trading	107
Tehran Stock Exchange Price Indices	109
Listed Companies	110
Capital Increase of TSE and OTC Listed Companies	111
Iran Mercantile Exchange (IME)	111
Over-the-Counter (OTC) Market	111
Joint Investment Funds	112
Participation Papers	113
Chapter 17. Price Trends	115
Consumer Price Index (CPI)	116
Urban Areas	116
Rural Areas	118
Producer Price Index (PPI)	118
Export Price Index	118
Return on Assets	120
PART TWO (Administrative Organization, Balance Sheet, and Profit and Loss Account)	
Executive Board and Vice-Governors	122
Money and Credit Council	123
Board of Auditors	124
Note-Reserve Control Board	124
Balance Sheet as at the End of 1396 (March 20, 2018)	126
Profit and Loss Account as at the End of 1396 (March 20, 2018)	128
Supplemental Notes on CBI Financial Statements as at the End of 1396 (March 20, 2018)	129
PART THREE (Statistical Appendix)	
List of Tables	140

CONTENTS

TABLES		Page
1.1	Gross Domestic Product by Various Economic Sectors (at constant 2011/12 prices)	1
1.2	Gross Domestic Expenditure (at constant 2011/12 prices)	3
2.1	Agricultural Products	5
2.2	Cumulative Precipitation	5
2.3	Production and Cultivated Land Area of Major Farming and Horticultural Products	6
2.4	Yield of Major Farming and Horticultural Products, Per Unit of Cultivated Land Area	7
2.5	Livestock Products	7
2.6	Fishery Products and Exports	7
2.7	Guaranteed Purchase Price of Major Agricultural Products	8
2.8	Subsidy Payments under Budgetary Measure No. 520000 in 2017/18	8
2.9	Credits for Acquisition of Non-financial Assets for Development of "Agriculture and Natural Resources" and "Water Resources"	9
2.10	Net Outstanding Facilities Extended by Banks and Credit Institutions to Agriculture Sector (Public and Non-public)	9
2.11	Facilities Extended by Bank Keshavarzi by Term of Repayment	10
2.12	Performance of Agricultural Insurance Fund	11
2.13	Insured Farming and Horticultural Lands and Amount of Compensation	11
2.14	Rural, Women, Agricultural, and Production Cooperatives and Unions	11
2.15	Exports of Agricultural Products	12
2.16	Imports of Agricultural Products	12
2.17	Trade Balance of Agricultural Products	13
2.18	Terms of Trade for Agriculture Sector	13
3.1	OPEC Primary Energy Consumption in 2017	15
3.2	OPEC Crude Oil Proven Reserves	16
3.3	OPEC Crude Oil Production	16
3.4	OPEC Crude Oil Consumption	17
3.5	OPEC Natural Gas Proven Reserves	18
3.6	OPEC Natural Gas Production	18
3.7	OPEC Natural Gas Consumption	19
4.1	Selected Manufacturing and Mining Products	21
4.2	Performance of Petrochemical Industry	22
4.3	Credits for Acquisition of Non-financial Assets in Manufacturing and Mining Sector	22
4.4	Net Outstanding Facilities Extended by Banks and Non-bank Credit Institutions to Manufacturing and Mining Sector	23
4.5	Number, Investment, and Employment of Establishment and Operation Permits Issued for Manufacturing Groups	24
4.6	Average Capital Formation and Employment Generation of New Manufacturing Permits	25

ECONOMIC REPORT AND BALANCE SHEET 2017/18

4.7	Number of Issued Mining Permits	25
5.1	Private Sector Investment in New Buildings in Urban Areas (at current prices)	27
5.2	Private Sector Investment in New Buildings in Urban Areas based on Construction Phases (at current prices)	28
5.3	Credits for Acquisition of Non-financial Assets in Housing Sector, Urban and Rural Development in 2017/18	28
5.4	Net Outstanding Facilities Extended by Banks and Non-bank Credit Institutions to Housing and Construction Sectors	29
5.5	Facilities Extended by Bank Maskan	30
5.6	Construction Permits Issued by Municipalities in Urban Areas	30
5.7	Housing Starts by Private Sector in Urban Areas	31
5.8	Buildings Completed by Private Sector in Urban Areas	31
5.9	Residential Units Completed by Private Sector in Urban Areas	32
5.10	Land Price Index by Urban Areas	32
5.11	Facilities Allocated by Bank Maskan to Mehr Housing Program as of Implementation in 2007/08 until March 2018	33
5.12	Housing Rental Index in Urban Areas	33
5.13	Construction Indices	33
6.1	Performance of Transportation Fleet in 2017/18	35
6.2	Credits Paid for Acquisition of Non-financial Assets in Transportation Sector	36
6.3	Road Transport	36
6.4	Rail Transport	37
6.5	Air Transport	37
6.6	Loading and Unloading of Goods at Ports	38
7.1	Credits for Acquisition of Non-financial Assets in Domestic Trade Sector	40
7.2	Net Outstanding Facilities Extended by Banks and Credit Institutions to Domestic Trade Sector	41
7.3	Cooperatives Active in Domestic Trade	41
7.4	Number of Entities Holding a Business Permit	42
8.1	Vital Statistics	44
8.2	Population and Labor Market Developments	46
8.3	Performance of Unemployment Insurance Fund	47
8.4	Ceased Benefits and Reasons	47
8.5	Number of University Students	49
9.1	Comparison of Changes and Share of Expenditure Groups in Gross Household Expenditure in Urban Areas (at current prices)	53
9.2	Comparison of Changes and Share of Expenditure Groups in Gross Household Expenditure in Urban Areas (at constant 2016/17 prices)	54
9.3	Comparison of Growth in Household Gross Expenditure in Urban Areas with Inflation for Different Expenditure Groups in 2017/18	54

CONTENTS

9.4	Household Gross Expenditure by Income Deciles in Urban Areas (at current and constant 2016/17 prices)	55
9.5	Decomposition of Expenditure Groups by Deciles in Urban Areas in 2017/18	56
9.6	Income Inequality Metrics in Urban Areas	57
9.7	Number of Brokerage Firms and People Insured by Rural Insurance Fund	58
9.8	Iran's HDI Value	59
10.1	Sources and Uses of Government General Budget	62
10.2	Government Fiscal Position	63
11.1	Current Account	65
11.2	Goods Account	66
11.3	Exports	67
11.4	Imports	67
11.5	Ratio of Current Account, Goods Account, and Exports and Imports of Goods to GDP	67
11.6	Services Account	68
11.7	Income Account	68
11.8	Capital and Financial Account	69
11.9	Financial Account	70
11.10	Foreign Investment Inflows in the form of Foreign Direct Investment	70
11.11	Foreign Exchange Obligations	71
12.1	Foreign Trade (excluding crude oil, gas, and electricity)	73
12.2	Composition of Imports by Use	75
12.3	Value of Imports by Major Components	75
12.4	Value of Exports	76
12.5	Value of Exports of Industrial Goods	76
12.6	Value of Exports of Agricultural and Traditional Goods	77
12.7	Value of Exports according to International Classification of Goods	78
12.8	Terms of Trade (through Customs)	78
12.9	Interbank Market Transactions by Foreign Currencies	80
13.1	Major Assets and Liabilities of the Banking System	83
13.2	Change in Net Claims of Banking System on Public Sector	84
13.3	Facilities Extended by Banking System to Non-public Sector	85
13.4	Share of Economic Sectors in Increase in Net Outstanding Facilities Extended by Banking System to Non-public Sector	85
13.5	Composition of Outstanding Facilities Extended by Banking System to Non-public Sector by Contracts	86
13.6	Ratio of Overdue and Non-performing Loans to Total Facilities Extended by Banking System (in rials)	86
13.7	Banks' Performance on Scheduled Facilities in 2017/18	87

ECONOMIC REPORT AND BALANCE SHEET 2017/18

13.8	M2 and its Determinants	87
13.9	Contribution of Factors Affecting M2 Growth	88
13.10	Breakdown of Factors Affecting Monetary Base Growth	89
13.11	Composition of Broad Money	89
13.12	Composition of Long-term Deposits	89
13.13	Number of Banking Units	91
13.14	Number of Licenses Issued, Renewed, and Cancelled for Institutions Active in Unorganized Money Market in 2017/18	93
14.1	Notes and Coins with the Public and their Ratio to Macroeconomic Indicators	95
14.2	Sight Deposits and their Ratio to Macroeconomic Indicators	96
14.3	Transactions Processed through Checks	96
14.4	Number of Electronic Payment Instruments	97
14.5	Bank Cards	97
14.6	Electronic Transactions Processed through the Banking Sector	97
14.7	Interbank Transactions Processed through SHETAB	98
14.8	Transactions Processed through SAHAB	99
14.9	Transactions Processed through SATNA	99
14.10	Transactions Processed through PAYA	100
14.11	Transactions Processed through the Banking Sector	101
14.12	Share of Non-cash Payment Instruments in Total Volume and Value of Non-cash Transactions	102
15.1	Performance of Insurance Market	104
15.2	Assets and Liabilities of Insurance Companies	106
16.1	TSE Activity Indicators	108
16.2	Indices of Return on Investment in TSE	108
16.3	Volume of Trading and Number of Buyers	109
16.4	Market Capitalization, Value of Trading, Turnover Ratio, and Stock Market Depth	109
16.5	Number of Companies Listed on the TSE	110
16.6	Capital Increase of the TSE and OTC Listed Companies	111
16.7	Total Value and Volume of OTC Transactions in 2017/18	112
16.8	Joint Investment Funds	112
16.9	Issuance of Participation Papers under the CBI's License	113
17.1	Annual Average Percentage Change in Price Indices	115
17.2	Consumer Price Index in Urban Areas	117
17.3	Producer Price Index	119
17.4	Export Price Index	119
17.5	Total Return on Assets	120

CONTENTS

FIGURES	Page
1.1 GDP Growth (at constant 2011/12 prices)	1
1.2 Economic Sectors' Contribution to GDP Growth (at constant 2011/12 prices)	2
1.3 Expenditure Items' Contribution to GDE Growth (at constant 2011/12 prices)	3
2.1 Production of Major Farming Products	7
2.2 Net Outstanding Facilities Extended by Banks to Non-public Agriculture Sector	10
2.3 Facilities Extended by Bank Keshavarzi	10
3.1 Share of OPEC Members in Crude Oil Production in 2017	17
4.1 Growth in Value of Manufacturing and Mining Sector (at constant 2011/12 prices)	21
4.2 Change in Outstanding Facilities Extended by Banking System to Non-public Manufacturing and Mining Sector	23
5.1 Floor Space in Construction Permits for Private Sector	30
5.2 Growth in Housing Sector Indices (2016/17=100)	33
6.1 Growth in the Number of Carried Passengers	37
6.2 Shares of Passenger and Freight Vehicles based on Age of Vehicles by March 2018	37
6.3 Growth in the Volume of Carried Goods	38
8.1 Share of Employment by Various Economic Sectors	45
8.2 Education Quality Indicators in Iran	48
9.1 Share of Expenditure Groups in Urban Areas in 2017/18	53
9.2 Comparison of average household expenditure in urban areas with different deciles of urban households in 2017/18	55
9.3 Comparison of Gross Household Expenditure with Income at Current Prices	56
9.4 Lorenz Curve	57
10.1 Composition of Government Budget Sources	62
10.2 Government Fiscal Position	63
10.3 Ratio of Selected Budget Figures to GDP	64
10.4 Ratio of Selected Budget Figures to GDP	64
11.1 Current Account Components	66
11.2 Current Account and Non-oil Current Account	66
11.3 Ratio of External Trade Balance to GDP	66
11.4 Export-Import Ratio	67
11.5 Current Transfers Account	69
12.1 Export-Import Ratio in Terms of Value (goods)	73
12.2 Growth Rate of Imports	74
12.3 Composition of Imports by Use	74
12.4 Composition of Imports in Terms of Value	75

ECONOMIC REPORT AND BALANCE SHEET 2017/18

12.5	Composition of Imports in Terms of Volume	75
12.6	Growth Rate of Exports	76
12.7	Composition of Exports of Industrial Goods in Terms of Value	77
12.8	Composition of Exports of Agricultural and Traditional Goods in Terms of Value	77
12.9	Terms of Trade	78
12.10	Developments of US Dollar in Official Market	80
12.11	Developments of Euro in Official Market	80
13.1	Major Economic Variables	83
13.2	Public and Non-public Sectors' Debt to Banks and Non-bank Credit Institutions (excluding profit and revenue receivables)	85
13.3	Growth of M2 and its Determinants	87
13.4	Factors Affecting M2 Growth	88
14.1	Share of Electronic Payment Instruments in Total Volume of Electronic Transactions in the Banking Sector in 2017/18	98
14.2	Share of Electronic Payment Instruments in Total Value of Electronic Transactions in the Banking Sector in 2017/18	98
14.3	Share of Non-cash Payment Instruments in Total Volume of Non-cash Transactions in 2017/18	102
14.4	Share of Non-cash Payment Instruments in Total Value of Non-cash Transactions in 2017/18	102
15.1	Performance of Insurance Market	103
15.2	Share of Insurance Companies in Direct Premium and Paid Loss in 2017/18	104
15.3	Share of Insurance Companies in Number of Issued Insurance Policies and Paid Losses in 2017/18	105
16.1	TSE Share Trading	108
16.2	Comparison of Growth Rate of TEPIX with Inflation	108
16.3	TSE Monthly Indices	110
17.1	Inflation of CPI and PPI (2016/17=100)	116
17.2	Share of Major Groups in CPI Inflation in 2017/18	116
17.3	CPI Inflation by Tradable and Non-tradable Goods (2016/17=100)	118

ABBREVIATIONS

ATM	Automated Teller Machine
CBI	Central Bank of the Islamic Republic of Iran
CPI	Consumer Price Index
FYDP	Five-Year Development Plan
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
JCPOA	Joint Comprehensive Plan of Action
kWh	Kilowatt-hour
mb/d	Million barrels per day
MCC	Money and Credit Council
NDFI	National Development Fund of Iran
NIGC	National Iranian Gas Company
NIOC	National Iranian Oil Company
NIORDC	National Iranian Oil Refining and Distribution Company
OPEC	Organization of Petroleum Exporting Countries
OSF	Oil Stabilization Fund
POS	Point of Sale
PPI	Producer Price Index
Rls.	Rials
SCI	Statistical Center of Iran
SDR	Special Drawing Right
SMEs	Small and Medium Enterprises
TEPIX	Tehran Stock Exchange Price Index
TEU	Twenty-foot Equivalent Unit
TSE	Tehran Stock Exchange

SYMBOLS

—	Negligible fraction.
..	Figure not available.
*	Figure is not a significant decimal fraction.
□	Figure is provisional.
▲	Previous figure now revised.
⊞	More than 500 percent increase.
∅	Calculation (of percentage change) is not possible.

The year 1396 corresponds to 2017/18 (starting March 21, 2017 and ending March 20, 2018).

In all tables, components may not sum to total because of rounding.

"Billion" means a thousand million; "trillion" means a thousand billion.