

Selected Economic Indicators

Analysis on External Sector Developments

➤ Exchange Rate

In Esfand 1401 (March 2023), each US dollar was exchanged in the unofficial market at an average rate of 506.0 thousand Iranian rials, indicating an increase of 13.0 percent compared with month Bahman (February 2023). Meanwhile, the rate of each US dollar against the Iranian rial exchanged via the Electronic Transaction System (ETS) increased by 26.8 percent compared with Bahman 1401 (February 2023), to reach 389.0 thousand rials. This is against the backdrop of relatively favorable conditions for the country's foreign exchange sources and uses (as two critical factors affecting the exchange rate). Meanwhile, guided by the goal to preserve stability and tranquility in the foreign exchange market, the CBI has adopted various measures and implemented diverse policies to facilitate the timely provision of the foreign exchange required by importers. Moreover, the CBI has put on its agenda catering for people's precautionary demand for foreign currency, deepening of the official foreign exchange market, and ensuring the sound implementation of policies requiring the exporters to bring their foreign earnings back into the economy.

➤ External Debt (Actual Obligations)

The balance of the external debt of the country reached \$6.3 billion at the end of Esfand 1401 (March 2023), down by 27.6 percent compared with the end of Esfand 1400 (March 2022). Out of the total amount of debt, 28.5 percent (equal to \$1.8 billion) was in the form of short-term debt, and 71.5 percent (\$4.5 billion) was related to long-term debt. On this basis, the share of the short-term debt out of total external debt decreased by 0.3 percentage point at the end of Esfand 1401 (March 2023) compared with the end of Esfand 1400 (March 2022).

➤ Foreign Trade

According to Iran's Customs Administration, the value of exports through Customs amounted to \$53.2 billion in 2022/23 (covering the period April 2022-March 2023), indicating a rise of 9.7 percent compared with the period April 2021-March 2022. Over the mentioned period, the value of imports increased by 12.6 percent to \$59.7 billion. The prices of each ton of exported and imported goods rose by 10.1 and 24.7 percent, respectively. Meanwhile, the weight of exports through Customs decreased by 0.2 percent to reach 122.1 million tons, and that of imports fell by 9.8 percent to reach 37.2 million tons.

➤ Balance of Payments (BOP)

According to preliminary estimates, the current account registered a surplus of \$14.2 billion in 1401 (April 2022-March 2023), up by 27.5 percent compared with the year before. In this year, the surplus of the

goods account and the deficit of the services account experienced increases by 40.4 and 24.8 percent to reach \$22.2 billion and \$6.7 billion, respectively. The increase in the global prices of oil and primary goods was the most important factor behind the increase in the exports and imports of goods in 2022/23. Furthermore, growth in trade transactions as well as international freight and passenger transport was an influential factor on growth in the exports and imports of services. Due to the increase in the immigration of Afghan nationals to Iran, payments on compensation for services rendered by these non-residents rose. Accordingly, the deficit of the income account surged by 112.9 percent, compared with 1400 (April 2021-March 2022). Similarly, the debit to the capital account amounted to \$15.1 billion in 1401 (April 2022-March 2023), up by 61.5 percent compared with the year before. This was mainly attributable to the capital outflows and the increase in net claims by resident entities and institutions on the outside world.

Prepared by the Economic Research and Policy Department, CBI