Selected Economic Indicators

Analysis on External Sector Developments

- **Exchange Rate**

In Khordad 1405 (the third month of the Iranian calendar year, roughly corresponding to June 2026), each US dollar was exchanged in the unofficial market at an average rate of 1,709.3 thousand Iranian rials, indicating a decrease of 2.2 percent compared with Ordibehesht 1405. Meanwhile, the telegraphic transfer (TT) selling rate of each US dollar exchanged in the official market rose by 1.7 percent, while the rate of each US dollar against the Iranian rial exchanged in the official market fell by 0.6 percent, compared with Ordibehesht 1405, amounting to 1,474.2 thousand rials and 1,677.5 thousand rials, respectively, in Khordad 1405. The key drivers behind this fall in the exchange rate of dollar in the unofficial market in Khordad 1405 were the moderation of expectations due to the formulation of Islamabad Memorandum of Understanding concerning the termination of US-Iran war, the lifting of US marine blockade, and the US Treasury Department's grant of two-month waiver on the Iranian oil sales, petrochemicals, and oil products, and the formation of positive expectations surrounding the future trend of the external sector of the economy and the prospect of sanctions relief.

- **External Debt (Actual Obligations)**

The balance of the external debt of the country amounted to $4.3 billion in Khordad 1405, down by 5.2 percent compared with end-Esfand 1404 (March 2026). Out of the total amount of debt, $2.7 billion (62.7 percent) was in the form of short-term debt and $1.6 billion (37.3 percent) was related to medium- and long-term debt. On this basis, the share of the short-term debt out of the total external debt decreased by 1.9 percentage points in Khordad 1405 as compared with Esfand 1404.

- **Balance of Payments**

According to preliminary estimates, during the three-month period ending in Khordad 1405, the country's current account recorded a surplus of $4.3 billion, showing a 32.6 percent decrease compared with the same period of the previous year. During this period, continued military tensions, along with an increase in risks to trade and financial transactions at the regional and global levels, led to a decline in the volume of foreign trade. Therefore, the surplus of goods account declined by 32.9 percent to $5.8 billion. In the services sector, the value of exports and imports of services fell by respectively 19.4 and 25.5 percent during the three-month period ending in Khordad 1405, compared with the same period in the previous year. The decline in the value of exports and imports of services was primarily driven by the decrease in the value of "travel" services. Consequently, the deficit of services account decreased by 32.8 percent. During the three-month period ending in Khordad 1405, the deficit of income account increased compared with the same period in the previous year. Meanwhile, the debit of net capital account reached approximately $3.5 billion, marking

a 55.8 percent decrease compared with the same period in the previous year. During this period, this growth in the debit of the capital account (the deficit of net capital account) is primarily attributed to an increase in the net claims of residents from abroad.

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Economic Analysis and Research Department, CBI