

Tehran Stock Exchange

Index	Value	Changes	
		Unit	%
TEDPIX	157355.2	2500.17	-1.56%
Price	45612.6	726.25	-1.56%
First Market	116980.6	1938.43	-1.63%
Second Market	308384.4	4513.61	-1.44%
Industry Index	140811.1	2077.86	-1.45%
Free Float Index	172,029.11	2948.90	-1.69
TSE 30	7599.0	125.85	-1.63%
TSE 50	6698.3	108.19	-1.59%

Excess Demand

Symbol	Volume	Last	Value (IRR)
BSADR1	64,900,000	1,314	85,278,600,000
STEH1	19,906,586	2,919	58,107,324,534
STEH1	15,184,288	2,921	44,353,246,828

Excess Supply

Symbol	Volume	Last	Value (IRR)
LTOS1	36,229,040	2,321	84,087,601,840
HFRS1	2,587,211	14,058	36,371,012,238
KSKA1	6,081,634	3,257	19,807,881,938

*TEDPIX: Tehran Stock Exchange Main Index
*FFI: Free Floating Index
*FIN: Industry Index

Exchange Traded Funds

Symbol	Volume	Value (Million Rial)	Last Price (Rial)	Change%
ACORD	184,841	3.35b	18,103	0.05
ETEMAD	8.9m	206.06b	23,156	0.04
KARIS	14,288	296.59m	20,754	-0.95
ALMAS	100,000	2.27b	22,662	-1.13
ASAM	500	13.73m	27,581	-1.81
ATLAS	246	5.58m	22,701	-2.28
AGAS	2,852	76.23m	26,805	-2.12

Source: www.tse.ir and www.ifb.ir

World Currencies

Currency Pair	Value	Change
EUR-USD	1.1456	0.0008 (+0.07%)
USD-JPY	109.5000	0.6100 (+0.56%)
GBP-USD	1.3079	-0.0030 (-0.23%)
AUD-USD	0.7250	-0.0023 (-0.32%)
USD-CAD	1.3102	-0.0023 (-0.18%)
USD-CHF	0.9956	0.0014 (+0.14%)
EUR-JPY	125.4600	0.8100 (+0.65%)
EUR-GBP	0.8757	0.0025 (+0.28%)

Source: www.bloomberg.com

Foreign Exchange Rates

Currency	IRR Market	IRR Official
US Dollar (USD)	110,000	42,000
Euro (EUR)	132,500	48,113
British Pound (GBP)	144,020	54,937
100 Japanese Yen (JPY)	100,540	38,327
Emirati Dirham (AED)	29,950	11,437
Turkish Lira (TRY)	21,120	8,063
Chinese Yuan (CNY)	16,310	6,227
Canadian Dollar (CAD)	84,030	32,066
Australian Dollar (AUD)	79,810	30,454
Swiss Franc (CHF)	110,500	42,185
Swedish Krona (SEK)	12,130	4,638
Indian Rupee (INR)	1,540	588

Source: www.tgju.org

Iranian Gold Coins

Denomination	Price (IRR)	Change
Bahar Azadi	39,400,000	+170,000
Emami	41,520,000	+1,540,000
Half Azadi	22,100,000	+180,000
Quarter Azadi	13,300,000	+270,000

Source: www.tgju.org

For Iran Payment Channel

Bern Wants 'Everybody on Board'

MOHAMMAD AFFIANIAN
FINANCIAL TRIBUNE

Interview

The Swiss government is moving ahead with plans to unveil a humanitarian payment channel for Iran through complex negotiations with different parties in Iran, the US and Switzerland.

The channel, which is separate from EU's Special Purpose Vehicle (renamed INSTEX), intends to stick to medical equipment, pharmaceuticals and food—goods the US says are not subject to its sanctions re-imposed after the mercurial and highly controversial President Donald Trump abandoned the Iran nuclear deal last May.

In an exclusive interview with the Financial Tribune Swiss Ambassador to Iran Markus Leitner said "good progress" has been made through multilateral talks but the channel is not operational yet.

Switzerland is busy working with the Iranian authorities including the Health Ministry, the Central Bank of Iran and the US Treasury's Office of Foreign Assets Control and the US Department of State to operationalize the channel.

"We are working with Swiss companies and banks. We have to bring everybody on board and are determined to do so," Leitner said.

The Tribune had been informed that requirement for the channel, which is the transfer of funds to it, had been completed. Leitner said that is not the case despite "the very hard work" on the part of the relevant authorities in his country.

The Swiss have made progress on the issue as they have earlier experience in establishing a similar mechanism during the previous round of sanctions.

"We did not have to set up a new institution as was the case with the SPV where an institution had to be built from scratch," the senior diplomat said.



Swiss ambassador Markus Leitner (R) speaking to Financial Tribune's Mohammad Affianian on Sunday.

"The focus of our engagement is the Iranian consumers and patients", said Leitner, refusing to give a time line as to when the channel would be up and running.

Bern is taking extra caution to avoid risk of abuse in distribution and supply chain so that Iranian patients or consumers do not encounter smuggled goods or products that are not fully approved by the Health Ministry in Tehran.

"We want a safe and transparent channel. This is a banking channel that we are establishing based on a defined list of suppliers that supply Iranian customers. We will add additional compliance measures to the same basic concept that we used before."

According to the ambassador, the idea is to define an additional channel without competing with Europe's INSTEX.

"This is not an SPV and it's not an additional institution; it's an existing banking channel."

Elaborating the point, he said, "Switzerland is an important supplier of these products and we want to make sure that these products are coming to Iran through this banking channel."

On a rather positive note, Leitner added, "We have received a good response particularly from the Ministry of Health with which they are working very closely and Swiss companies are working very closely with them."

Among banks that have been mentioned as the host of the channel is BCP. But in a statement to the Financial Tribune, the bank denied that it had resumed any business with Iran.

"No funds linked to Iran have been transferred from Japan to our bank. We have indeed suspended any new transaction related to Iran after May 8, 2018," the bank said in an emailed statement.

"BCP was a bank that was used before in the previous Swiss channel and has had good relations with Iran so it's normal that name comes up," the ambassador said. He would not confirm any names of banks involved.

Banks

He noted that there are banks ready to host the channel but they still "need to make sure that everybody is on board"—both Americans and Iranians. The banks have been particularly reluctant but authorities are working with the banks to "put them at ease".

Another catch is that Iran needs money to fund the transactions.

"There already are certain funds in some Swiss banks that have been there from the past and can be used. But we will need more money because demand is high," Leitner said without going into details.

"This is not a political but a humanitarian project and is a completely transparent mechanism and something that benefits the Iranian population."

Not eager to make any premature announcements, the ambassador said his country prefers to walk the talk instead of making statements. "Once the channel becomes operational, we will start to ship. We want to support the banks to break their reluctance and make them feel compliant."

No SPV

As Leitner noted, the Swiss channel is not like the SPV and the two are separate mechanisms.

"SPV tries to minimize banking transactions but ours is a direct banking channel because it is focused on humanitarian goods," he said.

Asked if the channel could or would expand in the future, he said a substantial part of Swiss trade with Iran is already in humanitarian goods and no Swiss companies in this field have left Iran, some of which have 1,000 employees here.

"We have very broad-based ties with Iran and I think the two countries have developed the trust in relationships over the years," he said. A sign of this is that Switzerland represents US interests in Iran for almost 40 years and also represents Iran in Saudi Arabia.

Swiss Envoy to Iran Markus Leitner: Once the channel becomes operational, we will start to ship. We want to support the banks to break their reluctance and make them feel compliant

\$5b Foreign Finance in Fiscal 2017-18

The opening led to the mobilization of \$32.6 billion foreign finance in the previous fiscal. Of this amount, \$27 billion was secured within lending agreements between foreign banks and domestic agent banks and the balance was borrowed from Exim Bank of China.

As per the provisions of Article 4 and Article 20 of the Sixth Five-year Economic Development Plan with regard to securing foreign funds, executive bodies are allowed to attract on average \$35 billion annually through direct and participatory foreign investment to implement the technically, financially, and environmentally viable projects.

To meet specific objectives in line with attracting foreign finance, the sixth plan proposes robust economic diplomacy, improving international trade and economic ties and boosting direct foreign investment with an eye to importing technical knowhow.

As per the regulations, the Ministry of Economic Affairs and Finance, the PBO and Central Bank of Iran are the main bodies in charge of attracting foreign funds.

The Iran Foreign Investments Company - a state-owned body affiliated to Economy Ministry - is tasked with encouraging and supporting foreign finance, foreign loans, coordinating

plans for establishing economic ties between Iran and the outside world plus international monetary and banking institutions.

Performance Report

The PBO says data about the realized foreign investment is difficult to obtain and criticized the lack of reliable and transparent statistics in the past that makes it difficult to monitor trends and draw the right conclusions.

It proposes developing clear, accurate, and timely performance reporting mechanisms as a major step toward better planning and decision-making about foreign resources. Nevertheless, it points to the data about "approved" foreign finance as an index that indicates foreign finance attraction capacity, admitting that approved amounts do not necessarily mean realization.

According to the PBO, higher foreign resource mobilization is in fact related to the better credit rating of the country after the JCPOA, which elevated Iran's ranking from 7th in 2016-17 to 6th in 2017-18.

After the JCPOA and reopening of international monetary channels, Iranian lenders reimbursed their debts to foreign export insurers that resulted in the support of export insurance institutions that are members of the Organization for Economic Cooperation and Development and ultimately helped improve Iran's credit rating.

However, the PBO reckons the lengthy bureaucratic procedures to obtain permission plus the foreign finance



The PBO says data about the realized foreign investment is difficult to obtain.

applicants' failure to pay the advance amounts and other expenses as constraints afflicting the country's capacity to tap fully into foreign funding.

To improve the country's capacity in attracting foreign finances, the PBO proposes more stability in monetary and financial rules governing interest rates, customs tariffs and foreign exchange rates along with mobilizing efforts to remove constraints on capital transfer and capital returns.

TEDPIX Sheds 2,500 Points

Despite the fact that Europe introduced its payment channel for Iran, the reality is that it will not have the impact [on the market] as expected," Shahin Cheraghi a market analyst said.

Cheraghi told the Financial Tribune that the lack of optimism over INSTEX has two reasons : one is that it comes with strings attached, like observing anti-money laundering standards set

by the Financial Action Task Force; the other is that Europe says the channel will be used for food and medicine.

"And that is why we have seen a significant drop in exports by some companies in some cases by 50% as evident in companies' earnings reports and the stock market picks up on that," Cheraghi added.

The fact that higher forex rates in the past week did not lift the market, as it could and should have, reflects that pessimism.

According to Cheraghi, unless some positive developments, like in the functions of the SPV emerge and are visible, the market rout will continue.



Sunday's rout was felt across the board.

French, German and UK foreign ministers announced the creation of the Instrument in Support of Trade Exchanges (INSTEX) on Thursday which they said is a new mechanism for "facilitating legitimate trade with Iran in order to preserve the Iran nuclear deal."

According to the E3 statement, INSTEX will function under the highest international standards with regard to anti-money laundering, combating the financing of terrorism (AML/CFT) and EU and UN sanctions compliance. In this respect, the E3 expects Tehran to swiftly implement all elements of its FATF action plan.