

THE CURRENCY- IRANIAN RIAL (IRR)



THE VIEW ON FX

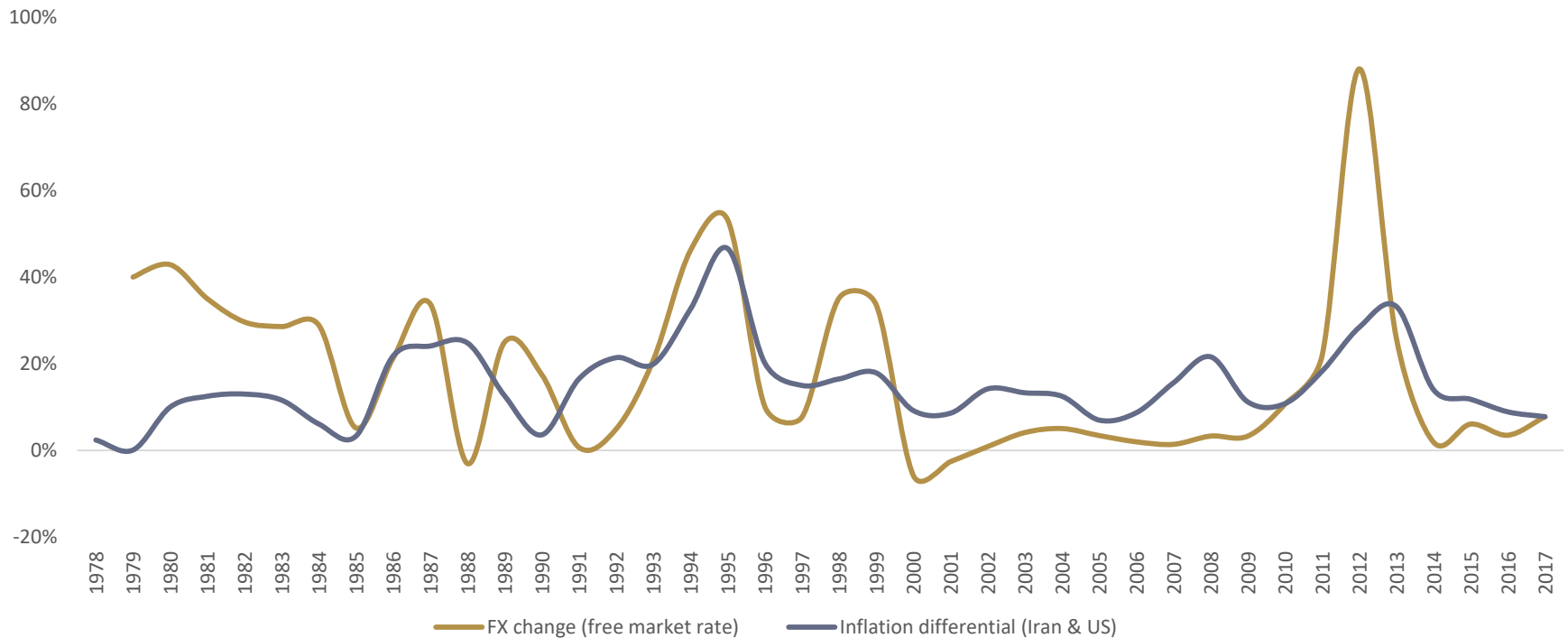
JANUARY 2018



GriffonCapital

ASSET MANAGEMENT AND PRIVATE EQUITY

CURRENCY- LOWER INFLATION & MORE CURRENCY STABILITY



- The average annual depreciation of the Iranian rial versus the US dollar, over the last 3 years, has been ~ 7.5%/year.
- Current US/IR CPI differential is around 7-8%. With increase in oil and export revenues since the Nuclear deal was struck, the risk of devaluation has significantly diminished. Nevertheless, despite the recent stability its prudent to consider a gradual depreciation in line with the CPI differential.

USD/IRR – SEASONAL PATTERNS OF THE FREE MARKET FX RATE (2014-2017)



- The more recent seasonal patterns of rial weakness in Q4s and subsequent strength in Q1s as of the last few years is notable.
- Factors include foreign travel (Arbaeen pilgrimage, ~2.4m people), end of year business cycle (e.g. restocking/import demand), balancing of State Budget and slower/delayed repatriation of hard currency from exports (e.g. petrochemical industry).

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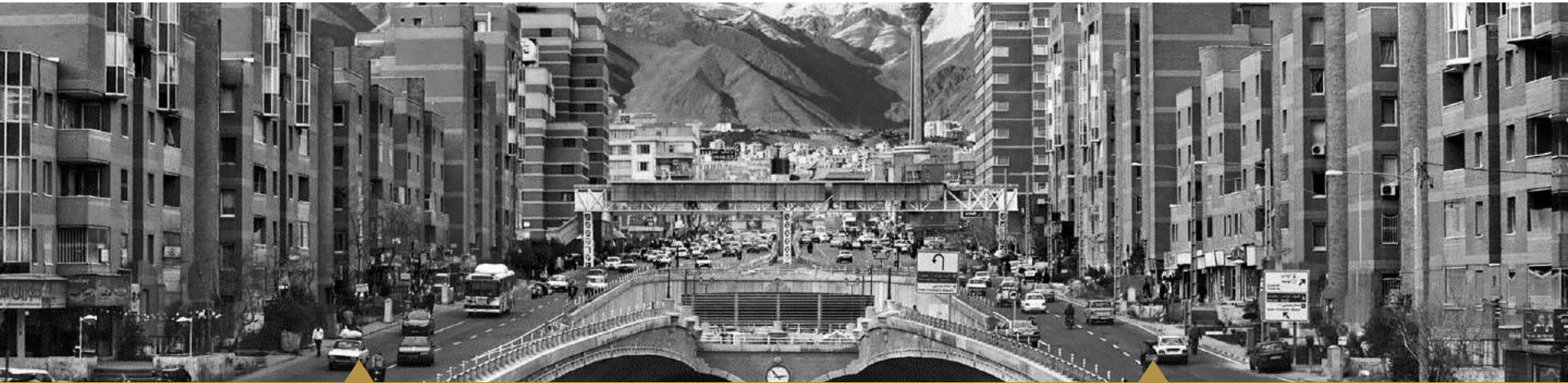
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