More power to Africa

It's estimated that Africa needs $600 billion in infrastructure investment between now and 2030, largely for power generation. Many such projects face local opposition over environmental impact and displacement of people.

IRAN DAILY

Most financial inflows not developmental

IPS

Recent disturbing trends in international finance have particularly problematic implications, especially for developing countries. The recently released United Nations report, World Economic Situation and Prospects 2017 (WESP 2017) is the only recent report of a multilateral intergovernmental organization to recognize these problems, especially as they are relevant to the financing requirements for achieving the Sustainable Development Goals (SDGs), IPS reported.

Resource outflows rising

Developing countries have long experienced net resource transfers abroad. Capital has flowed from developing to developed countries for many years, peaking at $800 billion in 2008 when the financial crisis erupted. Net transfers from developing countries in 2016 came close to $500 billion, slightly more than in 2015.

Most financial flows to developing and transition economies initially rebounded following the 2008 crisis, peaking at $615 billion in 2010, but began to slow thereafter, turning negative from 2014. Such a multi-year reversal in global flows has not been seen since 1990.

Negative net resource transfers from developing countries are largely due to investments abroad, mainly in safe, low-yielding US Treasury bonds. In the first quarter of 2016, 64 percent of official reserves were held in US dollar-denominated assets, up from 61 percent in 2014.

High opportunity costs

By investing abroad, developing countries may avoid currency appreciation due to rising foreign reserves, and thus maintain international cost competitiveness. But such investment choices involve substantial opportunity costs as such resources could instead be used to build infrastructure, or for social investments to improve education and healthcare.

The African Development Bank estimates that African countries held between $165.5 and $193.6 billion in reserves on average between 2000 and 2011, much more than the infrastructure financing gap estimated at $93 billion yearly. The social costs of holding such reserves range from 0.35 percent to 1.67 percent of GDP. Investing about half these reserves would go a long way to meeting infrastructure financing needs on the continent.

This high opportunity cost is due to the biased nature of the international financial system in which the US dollar is the preferred reserve currency. As there is no fair and adequate international financial safety-net for short-term liquidity crises, many developing countries, especially in Asia, have been accumulating foreign reserves for 'self-insurance', or more accurately, protection against sudden capital outflows or speculative currency attacks which triggered the 1997-1998 Asian financial crisis.

Foreign capital inflows falling

Less volatile than short-term capital flows, foreign direct investment (FDI) in developing countries was rising from 2000, peaking at $474 billion in 2011. But since then, FDI has been falling to $209 billion in 2016, less than half the $431 billion in 2015.

Most FDI to developing countries continues to go to Asia and Latin America, while falling commodity prices since 2014 have depressed FDI in resource rich Sub-Saharan and South American countries. Falling commodity prices are also likely to reduce FDI flows to least developed countries (LDCs), which need resource transfers most, but only receive a small positive net transfer of resources.

Bank lending to developing countries has been declining since mid-2014, while long-term bank lending to developing countries has been stagnant since 2008. The latest Basel capital adequacy rules also raise the costs of both risky and long-term lending for investments.

Portfolio flows to developing countries have also turned negative in recent years. Developing countries and economies in transition experienced net outflows of $425 billion in 2015 and $217 billion in 2016.

The expected US interest rate rise and poorer growth prospects in developing countries are likely to cause further short-term capital outflows and greater exchange rate volatility.

China's premier says no hard landing, but growth target not easy

Chinese Premier Li Keqiang said on Wednesday that forecasts of a hard landing for the world's second largest economy should stop, though domestic and external risks remain and meeting the target of 6.5 percent growth for this year won't be easy.

"Almost every year I have heard a prediction of the Chinese economy having a hard landing," Li said at his annual news conference at the end of the annual meeting of China's parliament, Reuters wrote.

JASON LEE/REUTERS

"But I believe that our economic performance in the past several years should suffice to put a full stop to such prophesies of a hard landing."

China has cut its economic growth target this year to around 6.5 percent from its 2016 goal of 6.5 to seven percent, while pushing through reforms to tackle rising debt and guard against financial risks.

"As for the projected target of GDP growth this year at about 6.5 percent, I have read some foreign media describing it as a move by the Chinese government for moderate downward adjustment of GDP growth," Li said.

"I should point out that 6.5 percent growth is not low speed and will not be easy for us to meet."

China's gross domestic product grew 6.7 percent last year, supported by record bank loans, a speculative housing boom and billions in government investment.

Looking ahead, the head of a government research center said the risk of a steep slide in China's economy has reduced, adding that the country had moved through an 'L-shaped' pattern of slowing to now 'horizontal' growth.

But China continues to pump large amounts of credit into the economy, with bank lending this January the second highest on record and new credit not slowing as much as expected in February.

Li said the economy faces risks this year, but added the country has many policy tools to cope with them.

"We need to take very seriously the risks we are facing on the domestic front, especially in the financial sector. We will take prompt and targeted measures to prevent them from further spreading," Li said.

"China's financial system is generally stable and there are no systemic risks. We still have a good reserve of policy options and instruments at our disposal."

Economists upgrade Singapore's growth forecast

Stronger than expected fourth quarter growth in Singapore driven by improved global demand led economists to upgrade their 2017 projections for the Southeast Asian city state, an official survey of forecasters showed on Wednesday.

CNBC

The 23 economists surveyed expect growth to come in around 2.3 percent this year, up from the previous forecast of 1.5 percent, the country's central bank, Monetary Authority of Singapore (MAS), said in its March survey of professional forecasters, CNBC wrote.

The upgrade in forecast came after Singapore beat expectations to register a 2.9 percent year-on-year economic expansion in the final three months of 2016, helped by a 11.5 percent year-on-year jump in manufacturing growth.

That brought overall growth in 2016 to two percent, faster than the 1.9 percent a year earlier.

The MAS survey is conducted every quarter and does not represent the views of the central bank. Official forecast by the Singapore government puts economic growth at one to three percent this year.

Singapore's small, open economy is particularly vulnerable to any decline in global trade. The slowdown in global growth and pull back in external demand saw the city state's economy stalling for much of the past two years.

The global economy took a turn for the better towards the end of 2016, which boosted Singapore's exports. The latest MAS survey found economists expecting non-oil domestic exports to grow 6.1 percent this year, higher than the 0.3 percent that they projected in the previous survey in December.

Despite the more sanguine view, some economists have remained cautious given fresh challenges in the form of potential protectionist trade policies by US President Donald Trump and economic restructuring domestically.

In a note earlier this month, economists from Standard Chartered Bank said Singapore's recent robust export performance was likely driven by temporary factors such as then-rising oil and chip prices, and a pick-up in demand for electronics — a key export product of Singapore.

"We remain cautious on the export outlook, as the recent pick-up in electronics export demand is not broad-based. We expect strong export performance in H1 2017, but a slowdown in export growth in H2 2017," they wrote.

Main Indices of TSE

Index	Value	Change	Percent
Total Index	76610.5	278.5	0.36
Industry Index	65575.6	249.4	0.38
Free Float Index	83931	360.4	0.43
First Market Index	53999.9	207.2	0.38
Second Market Index	165165.4	540.4	0.33

Overall Index details on 20170315

First	76332	Change end of year(%)	861.66%
High	76593.2	Historical highest	89500.6 (20140105)
Low	76394.6	Historical lowest	100 (1369/1/6)
Close	76610.5	Base Value	100 (1369/1/6)
Change	278.5		

Industry Index details on 20170315

First	65326.2	Change end of year(%)	962.37%
Max Value	65541.7	Historical highest	75181.9 (20140105)
Max Value	65490.6	Historical lowest	1226.8 (1377/8/25)
Closing	65575.6	Base Value	
Closing	249.4		

Free Float Index details on 20170315

First	83570.6	Change end of year(%)	
Max Value	83907.6	Historical highest	105040 (20140105)
Max Value	83669.8	Historical lowest	
Closing	83931	Base Value	
Closing	360.4		

Main Board Index details on 20170315

First	53792.7	Change end of year(%)	745.9%
Max Value	53983.4	Historical highest	67441.4 (20140105)
Max Value	53843.8	Historical lowest	
Closing	53999.9	Base Value	4740.4 (1381/6/2)
Closing	207.2		

Secondary Index details on 20170315

First	164625	Change end of year(%)	1214.64%
Max Value	165151.7	Historical highest	174878 (20160405)
Max Value	164721.8	Historical lowest	
Closing	165165.4	Base Value	4740.4 (1381/6/2)
Closing	540.4		

Major Currencies

Currency	To USD	Currency	To USD
Turkish Lira	0.2677	Chinese Yuan	0.1446
Euro	1.0632	UAE Dirham	0.2722
British Pound	1.2226	Kuwaiti Dinar	3.2716
Australian Dollar	0.7584	Iraqi Dinar	0.0008
Japanese 100 Yen	0.0872	Saudi Riyal	0.2666

Major Commodities

Crude Oil	$48.63	Silver	$16.92
Gold	$1202.50	Platinum	$943.40
Copper	$2.66	Wheat	$436.25