



# Baghdad Invest





# *Investing In Iraq – Investment Guide Series*

**Baghdad Invest welcomes comments or thoughts on this report. If you would like more information please contact us.**

**[www.baghdadinvest.com](http://www.baghdadinvest.com) | [info@baghdadinvest.com](mailto:info@baghdadinvest.com)**



A blue silhouette of a world map is centered in the background of the slide. The word "Contents" is written in a large, green, italicized serif font, overlapping the map.

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- **Introduction**
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## **Introduction**

Investors on the lookout for the next big sector, the elusive asset class that will provide low risk and even stronger returns. Those investors are looking towards Iraq like never before.

Iraq provides a pro-business fiscal environment. For many investment analysts, Iraq could be the answer; or for others, it is set to be another example of an over rated Investment bubble.

The Iraqi market, however, is not a straight forward investment.

There are complex procedures, and the marketplace regularly shifts as the politics devise a plan of action in taking Iraq forward.

Nevertheless, Iraq is capturing the attention of investors and companies across the globe; and is tipped to be one of the great investment of this decade.

The damage that has been done to this once great country, fortunately has the opportunity to be written within the history books of how Iraq came from it's knees to being an economy leading the way amongst the world leading economies.



## *Why Iraq?*

- **No debt crisis in Iraq**
- **Interest Rates are down from 20% to around 6%**
- **Inflation is down from 80% in 2005 to 5% today**
- **Exports are increasing**
- **Oil production is increasing**
- **Significant amount of natural resources and zero debt**
- **On the macro level, Iraq is in the perfect position**

Iraq sits on the fourth largest oil reserves in the world and has the potential to overtake Saudi Arabia as the world's largest oil producer in 10 years time. Current Iraqi production is around 2.5mn bbl/d but the government is aiming to produce 6m bbl/d in the next 3-4 years and double again in a decade's time.

Iraq may now have bottomed in terms of the post-war era and is now totally refocusing its attention on rebuilding the country. The catalyst for change being revenues from an increasing oil production. Iraq is the least explored (as little as 10%) country of this oil-rich part of the Arab world. Estimates for Iraq's total oil reserves range from 200bn to 300bn bbl which matches the reserves of Saudi Arabia. Iraq has a market capitalization is at \$2.5bn which is less than that 1% of Saudi Arabia's, despite almost matching Saudi's oil reserves. Currently 90 listed stocks, trading five days a week and successfully moved to electronic trading.

The Stock market is largely untouched by international investors but for how long...?



**The Easiest way to invest in Iraq as a foreign investor is via the (ISX) the**

**Iraq stock exchange. A key point to remember when investing in Iraq is you are not betting on companies, you are betting on the Iraq story. So the more you can diversify your portfolio in Iraq the better.**

**Unlike other economies throughout the world, Iraq has no debt, which leaves you the investor with no other direction other than positive growth whilst at the very same time Iraq in a perfect position to capitalize from foreign direct investment**

**Property along with commercial property is a great area for investment. Property prices have shown excellent signs of recovery over the last 5 years. One has to assume that property prices can only increase over the long term whilst Iraq's infrastructure improves. Iraq is a safe bet for the long term.**



***Hotspots***



# Outlook



Iraq's stock market currently has around 100 listings with about 40 of these stocks trading at low volumes. There is very little foreign participation so far, making this a true Frontier Market and one which has OIL, and lots of it, and more in reserve. With many sources yet untapped, British Petroleum believes reserves to be on a par with Saudi Arabia. The Iraqi stock market is today valued at less than 0.2% of Exxon's market cap (adjusted for proven reserves). This is particularly similar to the Russia of the mid 90's, that is, a place with a troubled past, poor infrastructure and initially avoided and labeled by most investors and observers as 'too scary'. Usually a good time to get invested with a manageable portion of ones assets.





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