

# STOCKS SOAR! (IN BAGHDAD)

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Now it's stock and awe in Baghdad!

As the Dow plummeted nearly 700 points yesterday to fall well below the 9,000 mark, the Iraqi stock exchange was flourishing, buoyed by four-year lows in violence and hopes of a reconstruction windfall. Last month, Iraq's general index went up nearly 40 percent, about the same percentage the Dow dropped over the past year. The jovial trading-floor mood is reminiscent of Wall Street's bygone "greed is good" era of the 1980s.

## Wall Street Routing World Markets

The Middle Eastern "masters of the universe" use complicated hand signals to communicate, keep their phones glued to their ear, and track their deals on whiteboards. Computers are scarce and electronic trading is nonexistent, but so are the problems that have plagued the markets in New York and Europe.

"The world banking crisis won't affect us. Our market is sealed off from the outside," investor Saad Jalil told Reuters. He said the Baghdad bourse is busier than he's ever seen it, with hotels and banks the hottest picks. "People know the hotel stocks are undervalued . . . They think that in the new year, companies will come to Iraq and the hotel business will flourish," he said.

On a day when the Dow fell for the seventh straight day in a row, Wall Street watchers welcomed any news that wasn't completely catastrophic. "Everybody wants something good to come out of Iraq. If this is progress towards a peaceful country, then good for them." The United States has poured more than \$600 billion into the war-torn nation, and some experts believe the total cost could be in the \$2 trillion range.

Vodra pointed out that Baghdad's buoyancy amid the world's bear markets is not necessarily a good indicator of Iraqi fiscal health. "It does show that they are unconnected to the rest of the world," he said. "They're not part of the financial network, which today is a good thing for them but in the long run won't be."

Indeed, while Iraq is largely shielded from the current crisis, they have problems of their own. The Iraqi Central Bank charges a whopping 16 percent interest rate for loans, and their 2009 budget depends largely on oil staying above \$80 a barrel.

But, for now, Iraqis seem to be enjoying playing Gordon Gekko. "The American system is all on credit. Here, take a loan, here, take a loan," investor Adel al-Jawahiri said. "You can't have a totally free market. You have to have rules. From what I understand of why the credit crisis happened, I can only describe their administration as stupid."