
ANALYSIS OF PERFORMANCE INDICATORS OF THE IRAQ STOCK EXCHANGE

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Abstract

This research aims to shed light on the reality of the Iraq Stock Exchange, focusing on identifying the main performance indicators of the financial market, which include: the general price index, trading volume index, market value index, and turnover index. The index of the number of companies was excluded from the statistical analysis as it remained constant throughout the research period, with 103 companies listed on the Iraq Stock Exchange. Data were collected from the daily trading session reports of the Iraq Stock Exchange during the official working days, over a period of three months (from 2/5/2019 to 31/7/2019). The findings revealed weak market performance and notable fluctuations in the indicators during the research period, reflecting the performance of the listed companies. The research concluded with several recommendations and findings that could be beneficial to investors and the financial market authorities to enhance market performance.

Keywords: Iraq Stock Exchange, Performance Indicators, Securities, Companies, Financial Analysis

Introduction

Financial markets are among the most significant means of financial funding, serving as channels that direct financial resources from surplus units to deficit units. The importance of financial markets has been recognized in both developed and developing countries due to their essential role in mobilizing national savings and directing them toward investment channels that support national economic growth and enhance the economic welfare of individuals. The volume of transactions and their values reflect the level and diversity of economic activity, positioning financial markets as pivotal centers in modern economic systems. Financial markets rely on the activities of both the public and private sectors to pool capital for economic development plans and bolster monetary and fiscal policies. The significance of these markets is reflected in their activity, serving as a mirror for the economic systems and policies of any country.

Financial markets have various indicators that reflect their performance levels, serving as essential tools for investors in decision-making and increasingly used for evaluating market performance and understanding market trends compared to other markets.

The research is structured into four sections: the first section outlines the research methodology, the second discusses the concept of financial markets and performance

indicators, the third presents a practical study of the Iraq Stock Exchange's performance, and the fourth concludes with findings and recommendations.

1: Research Methodology

1.1 : First: Research Problem

Despite the developments witnessed by the Iraq Stock Exchange, its role in contributing to the economic development of Iraq has remained modest. This has raised questions about the reasons behind the limited contribution of the market to the economy. The main research question can be formulated as follows:

“What is the performance level of the Iraq Stock Exchange”?

1.2: Importance of the Research

The stock market acts as a mirror reflecting the economic status of a country, and the prosperity of this market serves as a measure of the success of the country's general policy. Given the rapid and continuous developments in financial markets, it is essential to keep pace through the study and analysis of market performance. The importance of this research lies in focusing on the performance of the Iraq Stock Exchange through various financial market indicators.

1.3: Research Objective

The primary objective of this research is to assess the performance level of the Iraq Stock Exchange through several key financial market performance indicators, including the general price index, market value index, trading volume index, turnover index, and the number of companies index.

1.4: Research Hypothesis

“ The Iraq Stock Exchange suffers from weak performance levels according to the market performance indicators during the research period”.

1.5: Research Methodology

To achieve the research objectives and connect theoretical and practical foundations, the study adopted an analytical approach to highlight the theoretical framework and analyze the performance level of the financial market using data from the Iraq Stock Exchange.

2: Concept of Financial Markets and Performance Indicators

2.1: Concept of Financial Markets

The concept of a financial market is derived from the general idea of a market, which facilitates interaction between sellers and buyers in various forms. Financial markets encompass all channels through which money flows between sectors and institutions in society. They are defined as frameworks that bring together savings units seeking investment and deficit units needing funds for investment, facilitated by specialized entities and effective communication channels.

Financial markets can be broadly categorized into:

1. **Money Market:** Facilitates the trading of short-term financial instruments (with maturities not exceeding one year), which provides funding and addresses temporary economic needs. This market plays a significant role for governments and monetary policy implementers due to the high liquidity and low risk of the traded instruments.
2. **Capital Market:** Involves the trading of medium- and long-term financial instruments (with maturities exceeding one year). This market connects savers with investors for long-term transactions, typically through stock and bond subscriptions, and supports economic development by channeling funds into various economic sectors.

2.2: Types of Financial Markets

Financial markets can be classified based on the type of financial instruments traded, the nature of the transactions, and other factors. The most common classification divides them into:

- **Primary Markets:** Where new securities are issued.
- **Secondary Markets:** Where previously issued securities are traded, which supports liquidity and pricing in primary markets.

2.2.1: Classification of Financial Markets (continued)

2.2.1.1: Primary Markets

Also known as issuance markets, these are the platforms where new securities are introduced for the first time, such as stocks issued during the establishment of new companies or for increasing the capital of existing companies. This process is typically facilitated through public offerings, and specialized institutions manage the issuance of stocks and bonds.

2.2.1.2: Secondary Markets

These markets facilitate the trading of securities initially issued in primary markets. The success of a primary market is often linked to the efficiency of secondary markets, as they provide liquidity, making securities more desirable to investors. The higher the liquidity of a security, the more attractive it becomes, encouraging new issues in the primary market. Secondary markets can be organized (stock exchanges) or unorganized (over-the-counter markets).

2.2.1.3: Organized Markets

Often referred to as stock exchanges, these are formal venues where securities are traded under a set of regulations and oversight from market authorities. The physical location is no longer essential due to modern communication technologies and the internet.

2.2.1.4: Unorganized Markets

These markets facilitate trading outside of official stock exchanges, involving securities that may not be listed on organized markets. They are characterized by ease of trading, fewer restrictions, and the use of communication networks to connect buyers and sellers, where transactions are negotiated directly.

3: Performance Indicators of Financial Markets

3.1: Concept of Market Performance Indicators

The term ‘performance’ encompasses the execution of tasks aimed at achieving success. Financial markets have a set of indicators that provide insights into their performance levels and help guide investors in making informed decisions. These indicators assess the overall performance and provide a comparative analysis with other markets.

3.2: Types of Performance Indicators

1. General Price Index: A statistical measure reflecting the overall performance of a market. An increase in this index suggests an uptrend in the market, whereas a decrease indicates a downtrend.
2. Market Value Index: Represents the total value of listed stocks multiplied by their average prices, indicating the market’s capacity to mobilize capital and diversify risk.
3. Trading Volume Index: Reflects the value of securities traded over a given period and provides information about the market’s liquidity.
4. Turnover Index: Measures the trading activity by showing the percentage of a company’s or a sector’s stocks traded over a certain period.
5. Concentration Index: Shows whether trading is focused on a few listed companies or distributed among many.

3.3: Analysis of the Iraq Stock Exchange Performance Indicators

1. General Price Index Analysis

The table below shows the daily movement of the general price index during the study period. The lowest value was recorded on 5/5/2019 (464.58), and the highest on 2/6/2019 (499.95). The monthly averages for May, June, and July were 479.42, 495.69, and 486.47, respectively. The best performance was noted in June.

General indicator	Date	General indicator	Date	General indicator	Date
495.55	1/7/2019	499.95	2/6/2019	465.11	2/5/2019
492.74	2/7/2019	498.19	3/6/2019	464.58	5/5/2019
488.29	3/7/2019	49730	9/6/2019	464.63	6/5/2019
486.57	4/7/2019	496.81	10/6/2019	470.62	7/5/2019
485.36	7/7/2019	493.46	11/6/2019	468.63	8/5/2019
490.00	8/7/2019	492.88	12/6/2019	468.25	9/5/2019
491.71	9/7/2019	493.29	13/6/2019	470.13	12/5/2019
489.04	10/7/2019	494.20	16/6/2019	475.81	13/5/2019
487.68	11/7/2019	495.17	17/6/2019	480.66	14/5/2019
488.43	15/7/2019	495.02	18/6/2019	477.36	15/5/2019

488.68	16/7/2019	493.48	19/6/2019	476.06	16/5/2019
489.52	17/7/2019	496.45	20/6/2019	480.98	19/5/2019
489.10	18/7/2019	498.55	23/6/2019	482.21	20/5/2019
489.58	21/7/2019	496.05	24/6/2019	490.32	21/5/2019
489.95	22/7/2019	496.89	25/6/2019	487.14	22/5/2019
479.03	23/7/2019	497.58	26/6/2019	486.56	23/5/2019
477.10	24/7/2019	495.64	27/6/2019	493.57	26/5/2019
478.01	25/7/2019	496.31	30/6/2019	492.34	27/5/2019
481.70	28/7/2019	-----	-----	489.08	28/5/2019
484.23	29/7/2019	-----	-----	489.74	29/5/2019
479.87	30/7/2019	-----	-----	494.05	30/5/2019
480.09	31/7/2019	-----	-----	-----	-----
486.47	MEAN	495.96	MEAN	479.42	MEAN

2. Trading Volume Analysis

The daily trading volume data indicate fluctuations, with the lowest volume recorded on 18/7/2019 (27,681,558 shares) and the highest on 2/7/2019 (36,276,513,901 shares). The monthly averages were 1,491,103,668 (May), 2,290,978,525 (June), and 3,334,555,608 (July). July had the highest average, indicating better market performance during this month.

Trading volume)share(Date	Trading volume)share(Date	Trading volume)share(Date
201615143	1/7/2019	1183389473	2/6/2019	196033759	2/5/2019
36276513901	2/7/2019	1958038408	3/6/2019	898488662	5/5/2019
13983005313	3/7/2019	1266537708	9/6/2019	392747465	6/5/2019
902369756	4/7/2019	1131911528	10/6/2019	1327838759	7/5/2019
807870229	7/7/2019	3357598185	11/6/2019	1365082891	8/5/2019
451222433	8/7/2019	1398538547	12/6/2019	3509040878	9/5/2019
1953818321	9/7/2019	2032942226	13/6/2019	579666465	12/5/2019
1360946672	10/7/2019	752712784	16/6/2019	1691454640	13/5/2019
994641524	11/7/2019	1599743314	17/6/2019	1675440420	14/5/2019
794315191	15/7/2019	1143368764	18/6/2019	848730876	15/5/2019
527046609	16/7/2019	1359147863	19/6/2019	2254970769	16/5/2019
596611529	17/7/2019	1338644949	20/6/2019	843370579	19/5/2019
27681558	18/7/2019	12910388863	23/6/2019	1183372680	20/5/2019
248651036	21/7/2019	5348246902	24/6/2019	3515466186	21/5/2019
377000254	22/7/2019	1894527105	25/6/2019	1970610163	22/5/2019

249143414	23/7/2019	664219238	26/6/2019	1894973850	23/5/2019
4953608351	24/7/2019	1413156110	27/6/2019	1379009002	26/5/2019
695302984	25/7/2019	484501483	30/6/2019	111297107	27/5/2019
171174150	28/7/2019	----	----	1698354296	28/5/2019
810072610	29/7/2019	-----	-----	1631669698	29/5/2019
5312657525	30/7/2019	-----	-----	2345557890	30/5/2019
1664954879	31/7/2019	-----	-----	-----	----
3334555608	MEAN	2290978525	MEAN	1491103668	MEAN

3. Market Value Index Analysis

The market value analysis showed that the lowest value was on 2/5/2019 (215,706,807 IQD) and the highest on 24/6/2019 (30,561,601,263 IQD). June exhibited the highest market value, attributed to positive investor behavior and confidence.

Share value IQD	Date	Share value IQD	Date	Share value IQD	Date
269875548	1/7/2019	868460011	2/6/2019	215706807	2/5/2019
13501222318	2/7/2019	1062435800	3/6/2019	412180467	5/5/2019
5171896540	3/7/2019	896582070	9/6/2019	300792702	6/5/2019
429392676	4/7/2019	774930076	10/6/2019	557319789	7/5/2019
564804706	7/7/2019	921507141	11/6/2019	935812365	8/5/2019
410083205	8/7/2019	832179950	12/6/2019	1834453340	9/5/2019
994091347	9/7/2019	6343381249	13/6/2019	567008081	12/5/2019
774803180	10/7/2019	815426688	16/6/2019	388543292	13/5/2019
1528851949	11/7/2019	1371160673	17/6/2019	721018035	14/5/2019
333563906	15/7/2019	743896270	18/6/2019	382643490	15/5/2019
267712233	16/7/2019	808557952	19/6/2019	521155833	16/5/2019
416599848	17/7/2019	1016509985	20/6/2019	473428752	19/5/2019
292247831	18/7/2019	1010009860	23/6/2019	463538285	20/5/2019
524620642	21/7/2019	30561601263	24/6/2019	628093510	21/5/2019
321717051	22/7/2019	1385076659	25/6/2019	668996402	22/5/2019
270235350	23/7/2019	1326452574	26/6/2019	953871863	23/5/2019
6330076035	24/7/2019	1585185653	27/6/2019	844920798	26/5/2019
526998337	25/7/2019	490889648	30/6/2019	763851031	27/5/2019
294092788	28/7/2019	----	----	1101134777	28/5/2019
922606639	29/7/2019	-----	-----	1032494393	29/5/2019
6093251399	30/7/2019	-----	-----	1088268667	30/5/2019
842693137	31/7/2019	-----	-----	-----	----
1867338030	MEAN	2934124640	MEAN	707392032.3	MEAN

4. Turnover Index Analysis

The turnover index values varied, with the lowest on 18/7/2019 (0.0947) and the highest on 23/6/2019 (12.78). The monthly averages were 2.21 (May), 1.95 (June), and 1.36 (July). May demonstrated the highest turnover, signifying active trading.

Turnover Rate	Date	Turnover Rate	Date	Turnover Rate	Date
0.7470671	1/7/2019	1.362629779	2/6/2019	0.908797278	2/5/2019
2.6869059	2/7/2019	1.842971037	3/6/2019	2.179842894	5/5/2019
2.703651398	3/7/2019	1.412628861	9/6/2019	1.305708092	6/5/2019
2.101502439	4/7/2019	1.460662791	10/6/2019	2.382543712	7/5/2019
1.430353218	7/7/2019	3.64359432	11/6/2019	1.458714313	8/5/2019
1.100319222	8/7/2019	1.680572269	12/6/2019	1.91285371	9/5/2019
1.965431373	9/7/2019	0.320482428	13/6/2019	1.022324874	12/5/2019
1.756506307	10/7/2019	0.92309069	16/6/2019	4.35332349	13/5/2019
0.650580669	11/7/2019	1.166707407	17/6/2019	2.323714996	14/5/2019
2.381298386	15/7/2019	1.537000265	18/6/2019	2.218072169	15/5/2019
1.968705737	16/7/2019	1.680952936	19/6/2019	4.326864685	16/5/2019
1.432097328	17/7/2019	1.316902902	20/6/2019	1.781409717	19/5/2019
0.094719464	18/7/2019	12.78243844	23/6/2019	2.552912496	20/5/2019
0.473963501	21/7/2019	0.17499891	24/6/2019	5.597042686	21/5/2019
1.171837964	22/7/2019	1.367813899	25/6/2019	2.945621467	22/5/2019
0.921949752	23/7/2019	0.500748576	26/6/2019	1.986612588	23/5/2019
0.782551161	24/7/2019	0.891476722	27/6/2019	1.632116295	26/5/2019
1.319364664	25/7/2019	0.986986556	30/6/2019	0.145705252	27/5/2019
0.582041305	28/7/2019	-----	-----	1.542367321	28/5/2019
0.878025993	29/7/2019	-----	-----	1.580318217	29/5/2019
0.871892062	30/7/2019	-----	-----	2.155311424	30/5/2019
1.975754644	31/7/2019	-----	-----	-----	-----
1.36	MEAN	1.95	MEAN	2.21	MEAN

4: Conclusions and Recommendations

4.1: Conclusions

- The trading volume and value of stocks on the Iraq Stock Exchange are considerably low compared to other markets, reflecting poor performance.
- The market performance indicators during the study period were unstable and fluctuating.
- The general price index is the most reliable indicator for investors due to its precision in assessing market performance.

4.2: Recommendations

- Investors should scrutinize the data provided by market indicators to ensure they accurately reflect the true performance of companies.
- Companies should distribute dividends regularly to attract more investors and enhance market activity.
- Investors should familiarize themselves with fundamental and technical analysis, portfolio diversification strategies, and how to interpret market performance indicators to avoid losses and maximize profits.

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