

# The impact of the gross domestic product on the performance of the Iraqi stock market for the period (2007-2018)

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**المستخلص :**

يهدف هذا البحث الى قياس أثر الناتج المحلي الاجمالي في العراق في أداء سوق العراق للأوراق المالية للمدة (2007- 2018) ، تناول البحث المفاهيم النظرية المرتبطة بكل من الناتج المحلي الاجمالي ومؤشرات سوق الاوراق المالية ، ولغرض تحقيق أهداف البحث تم صياغة الفرضيات وتم اختبارها بوسائل إحصائية ، لغرض قياس أثر الناتج المحلي الاجمالي في العراق في أداء سوق العراق للأوراق المالية تم استخدام الاسلوب التحليلي، فضلا عن استخدام البرنامج الاحصائي (SPSS 26) اذ تم استخدام اسلوب الانحدار البسيط لقياس المتغير المستقل المتمثل بالناتج المحلي الاجمالي على المتغيرات التابعة المتمثلة بـ ( القيمة السوقية ، حجم التداول ، عدد الاسهم ، معدل دوران السهم )، وقد توصل البحث الى مجموعة من الاستنتاجات واهمها عدم وجود علاقة طردية بين الناتج المحلي الاجمالي وبعض مؤشرات أداء سوق العراق للأوراق المالية خلال مدة الدراسة ، ثم اختتم البحث بمجموعة من التوصيات التي من اهمها تعزيز النمو الاقتصادي العراقي ، تطوير سوق العراق للأوراق المالية ، ادخال التكنولوجيا الحديثة في السوق المالي العراقي ، ابتكار برامج لجذب المستثمرين في السوق المالي العراقي ، وزيادة الوعي الثقافي للمستثمر .

الكلمات المفتاحية: الناتج المحلي الاجمالي ، القيمة السوقية ، حجم التداول ، عدد الاسهم ، معدل دوران السهم.

## **Abstract:**

This research aims to measure the impact of GDP in Iraq on the performance of the Iraqi Stock Exchange for the period (2007-2018) , the research addressed the theoretical concepts associated with both GDP and stock market indicators, and for the purpose of achieving the research objectives the hypotheses were formulated and tested by statistical means, for the purpose of measuring the impact of GDP in Iraq on the performance of the Iraqi stock market was The use of the analytical method, as well as the use of the statistical program (SPSS 26) where the method of simple regression was used to measure the independent variable represented by GDP on the variables of (market value, volume of trading, number of shares, share turnover), the research reached a set of conclusions, the most important of which is the absence of a expulsion relationship between GDP and some indicators of the performance of the Iraqi stock market During the study period, the research concluded with a series of recommendations, the most important of which are promoting Iraqi economic growth, developing the Iraqi stock market, introducing modern technology into the Iraqi financial market, creating programs to attract investors in the Iraqi financial market, and increasing the cultural awareness of the investor.

Opening words: GDP, market value, trading volume, number of shares, stock turnover.

## **Introduction:**

The good stock market is one of the most important factors in achieving economic growth aimed at economic policies, but the markets are not performing these advantages, and the stock market is very closely linked to the economic activity of the state and is moving in the same direction as economic performance and is affected by fluctuations in the macroeconomics, and since the activity of joint stock companies that trade their securities in the financial market represents the largest and most important aspect of economic activity and is most affected by crises, the financial market index of It reflects the general situation of the economy because it represents the mirror that reflects to investors the general situation of the market and price trends, and the investor can by following and analyzing market indicators to predict its future trends, and this provides the means and information that facilitates the decisions of investment that will protect its capital by diversifying securities or choosing the appropriate tool for the objectives of the investor in hedge instruments in order to reduce the occurrence of future loss by entering the markets of futures and options. Indicators are affected The market and the evaluation of the financial markets in general by changing macroeconomic indicators, especially economic growth, with the specificity of each financial market, whether in the degree of vulnerability or scope of work. Perhaps one of the most prominent economic indicators influencing stock market indices is the gdp rate.

## **Afirst research:research methodology and some previous studies**

### **Research methodology:**

#### **1-1: Research importance**

The research acquires its importance from being focused on showing the impact of GDP and the extent of its contribution, and showing the impact thatthisoutput can have on theperformanceoffinancial markets, and its real reflectionon its economic and social progress because of the important role these markets play in collecting national savings and directing them to investment channels that support the national economy and increase the welfare equipment of the society (sample country), the Iraqi economy andthe Iraqi stockmarket.

#### **1.2: Research problem**

"Is there any evidence of GDP in iraq's market performance indicators for the financial markets? "The problem is divided into sub-agency problems:

A- Is there an impact of iraq's GDP on the market value of the Iraqi stock market?

B- Is there an impact of Iraq's GDP on the volume of trading on the Iraqi Stock Exchange?

C- Is there an impact of iraq's GDP on the number of shares on the Iraqi stock market?

D- Is there an impact of GDP in Iraq on the turnover of shares on the Iraqi Stock Exchange?

### **1-3: Hypothesis of research**

The research proceeds from main hypothesis that "there is no impact of GDP on the performance indicators of the Iraq stock market represented by market value - volume of trading - number of shares - turnover of shares." This hypothesis is divided into sub-hypotheses of my agencies:

A- There is no impact of GDP in Iraq on the market value of the Iraqi stock market.

B- There is no impact of Iraq's GDP on the volume of trading on the Iraqi stock market.

C- There is no impact of Iraq's GDP on the number of shares on the Iraqi Stock Exchange.

D- There is no impact of GDP in Iraq on the turnover of shares on the Iraqi Stock Exchange.

### **1-4: Search goals**

The research focused on defining a number of objectives, namely:

1-Identifying the growth of Iraq's GDP for 2007-2018.

2-Identify the reality of the Iraqi Stock Exchange, by analyzing market performance indicators (market value, number of shares, volume of trading, stock turnover) for 2007-2018.

3- Measuring the impact of GDP on the performance indicators of Iraq's stock markets for the period 2007-2018, with the most influential variable in these indicators.

### **1.5: Temporal and spatial boundaries of research**

The temporal limits of the research are reflected in the period (2007-2018), while the spatial limits of the research are the Iraqi economy and the Arak stock market.

## **2- Some previous studies**

### **1-Study , Al-Khafaji ' 2016**

"The impact of some monetary variables on the performance of the financial markets USA and China for the period 2003- 2014", the study aims to diagnose the most important indicators affecting the performance of financial markets in the United States of America and China, identifying monetary variables related to the performance of financial markets to the extent determined by monetary policy in the economy, The study adopted the method of descriptive analysis, analysis of the simple linear regression, and the study found that the impact of monetary policy on the performance

of the financial markets of the United States of America and China varied according to the divergence of monetary policy pursued by these countries, as well as the nature of each market and the degree of investor response to changes in monetary policy, the study recommends that economic policies affecting the performance of financial markets such as fiscal policy, so that you can We track the behavior of traders in financial markets and find out how responsive they are to these policies to help explain the phenomena of high and low market performance.

## **2- A study , Ali Abdullah and Balhry Khr,2015**

"The study aimed at measuring the difference between the variables of the economy (GDP, money supply, interest rate, inflation rate) in mali market performance indicators (stock price index,market value, volume of trading, stock turnover). The descriptive approach and standard approach have been used, it is the conclusion that the Amman Stock Exchange is not efficient in its semi-strong form, because itis possible for changes in the economy to contribute to the expectation of stock prices, and therefore investors canmakenormal profits by using information on the variables of the economy. The study recommends that investors on the Amman Stock Exchange should takeinto account the changes in the acquisition as important and influential factors in making the decision to invest in shares, and therefore be able to develop a base fordealing with shares,in order to achieve normal profits, especially in light of the inefficiencyofthismarket.

## **3- A study , Al-Bassam & Juhan, 2000**

"The effect of some macroeconomic variables on the stock price index for the period(1985 -1994)"

"Theimpact of some macroeconomic variables in the stock price index for the period (1985-1994) "

The study aims to show the extent to which economic factors (interest rate, GDP, outlook) affect the overall stock price index, identify relationships between variables and show which variables have a more significant impact. The study used the analytical descriptive model andthe standardquantitative model. The study found that the hypothesis of nothingness, which assumes that macroeconomic variables do not exert influence in the Saudi stock market and accept the alternative hypothesis that the proposed economic variables have a moral impact on the Saudi stock market index as well as the role of volatilityandshort-term expectations in the general index. It recommends continuedcare to update the technical systems of the market with the aim ofproviding highly efficient services in the execution of trading operations, registration, deposit, monitoring and distribution systems for market data and information.

## **Secondtopic: The theoretical framework of GDP and the stock market:**

### **(1): Gross domestic product (GDP)**

Gdp is one of the most comprehensive criteria used to measure the economic activity of the state, and to measure the total production of the state of goods and services, defined as GDP"which is the total goods and services produced within the borders of the state within a period of time usually one year, so the increase in GDP The total year-to-year reflects the increase in the growth rate and the progress of the country's economic activity, so the forecast on the state of output in the coming years reflects the economic situation in the future and this reflects the stock price indices"(Support, 2010: 168). Gdp is also meant to be "the total value of the final output of all goods and services produced within the country's borders in one year", (Soubbotina & sheram, 2004:12) .

### **Importance of GDP:** (Known, 2005: 77-78)

- a) Probability forecasts and record projections of GDP indicators such as (national income, average per capita and distribution between consumption, savings or investment and the relationship between wages and capital incomes) can be relied upon.
- b) Diagnosis of the reality of the economic system by determining the relationship or ratio between the public and private sectors using the GDP index.
- c) GDP is an important indicator in the preparation of population policies, as the rate of population growth plays a negative role in determining per capita national income rates.

### **2) Stock market:**

The stock market derives its concept from the concept of the market in general, the market in the comprehensive sense represents the means by which the seller and buyer meet regardless of the physical location of the market, the financial markets create investment opportunities for cash balances (Mishkin, 2001:3 ), defines the stock market (as a system through which The combination of sellers and buyers for a particular type of securities (Hanafi, 2000: 27). Anthony Sunders and Marcia Millon have indicated that they are the compositions through which flows are financed (Sunders & Millon,2001:4).

### **Money market jobs**

**a) Savings mobilization:** No financial markets provide and support channels for the flow of savings from surplus units to deficit units. Bonds and shares sold in the money markets and capital markets represent a strong support, and achieve two objectives that one is to minimize the risks that may be exposed to the risks that may be exposed to the preferred savings of providing liquidity in order to finance investments, by obtaining these financial assets, this means that the family sector refrains from not saving current in order to increase no six notas (Rose , 1991:7) .

**b) Wealth store:** No liquid savings represent a process of collecting and monitoring and the possibility of employing them in the purchase of financial assets, and then these assets

achieve a job (store of wealth), so we find that the family sector or the sector of noworkers are doing asavings processin order toprovide(wealthtreasury) representative With financial instruments as the best form ofwealth, we are preparedfor the advantages of low risk, non-erosion over time and income generation, as innoshares, bonds, orother financialinstruments,which usually generate smokenot for their owners (Rose ,1991:8).

**c) Estimatingthe prices of financial assets:**The financial market provides the best way to estimate the pricesoffinancial assets, such as stocks and bonds,not to evaluate the companies themselves, and this roleof the financial market is veryimportant, for individuals who deal in securities, the job of estimatingthe prices of financial assets is to support the prices ofall transactions on visible plates tothe extent that all market traders can be fully aware of the conduct of financial assets (Levison,2005: 2) .

### **Types of money drivers:**

**First: The market of cashis** definedas "markets where financial instruments and short-term credit vessels due within a year or less are issued and traded, which are followed up (sell, buy) through the associated interest rate, which is often determined at the time of the loan contract (Andraos ,2007:16),in other words, the monetary market is "the group of institutions or agencies and individuals who deal in moneyin lending and borrowing for short-term purposes" (Al-Binna, 1996: 102-101). In recent years, the development of monetary markets has increased as the dealing with short-term securities has increased compared to the restof the capital suk instruments as a result of theuse of banking and commercial companies instruments of the monetary market significantly and continuously because of the liquidity and return provided by these instruments at the same time and the monetary market plays an important role in the national economy and the importance of this role is reflected in the following aspects: - (Tammie and Salam, 2004:114)

- Full yen liquidity for the banking system, where banks can employ their deposits in a safe and highly liquid manner.
- The cash market provides an opportunity for businesses with temporary excess liquidity to invest in very low-yielding, highly marketable instruments.

**Second: Capital Markets:** "Isthemarket in which medium and long-term financial assets are issued and traded, with the aim of providing financing for investment projects, such as factories, farms and facilities... Etc.,it is the market to which itresorts to the search for medium- and long-term capital to finance their investment expenses(Leroux ,1995:3). and the most important advantages of the capital market can be summed up by the following points:- (Al-Shammari and others, 1999: 188)

- Investing in the capital market is characterized by high returns, which leads investors to think and pay attention to profits at the expense of liquidity.

- The capital market plays a vital role in the development of businesses as it is a channel for the flow of medium- and long-term money from savers to investors.

## Stock market performance signals

**Market Index Definition:** The market index is defined as "the main measure of price movement in the market, as the components of each index include a selection of companies' shares, each of which represents a relative weight determined by the market capital of the exporting company and several other factors", (Shawwar, 2008: 62). A set of indicators gives a clear picture of the market and the financial market has been given an opportunity to make an investment decision or to deny the money market's efficiency.

**1) Market Value Index (market capitalization rate):** Capitalization means that "it is a group of shares listed on the market at the end of the period and this indicator also refers to the total value of the securities listed on the market, and the rate of fee for the market is measured from the value of the market value of the shares listed in the market as the result of the result of the ,

$$\text{Market capitalization rate} = \frac{\text{market value of listed shares}}{GDP}$$

The one-not-economists assume that the market rate is linked to the ability to mobilize heads of no money and diversify risks (Ross & Sara, 1996: 10). The capitalization of the market reflects the level of its activity, the higher its value, the higher the market level (the larger the size of the market) both in terms of the increase in the number of shares and the number of companies listed in it (Al-Dami, 2010:180).

**2) Volume Indicator :** The volume of trading means the value of shares and bonds traded and a sister of the F.A. price for a period of time, and the volume of trading reflects the value not aesthetic of the securities traded for a period of time, which is a year in the most often, and the trading rate is measured from the total share of the total traded in the market to the output of the Y.A.L. Aesthetic, the index of regulated trading of the companies as a proportion of the total output (Ross & Sara, 1996:4) is measured.

$$\text{Trading volume} = \frac{\text{Total shares traded}}{GDP}$$

**3) Stock Counting index:** A document that proves the right of the holder of the company's capital to therefore represent the king's company, and is one of the means of the lungs of the company, and is one of the means of the lungs of the company to be reduced (Hanafi and Qaryaqis, 2004:96). Global stock exchanges issue two types of shares:

A- Common shares: "These are title documents with nominal, book and market values, and the holders of these shares own the company and do not receive a specific return for their purchase of these shares, and have the right to transfer ownership of the stock by sale or waiver and other limits set by the Companies Act."

B- Premium or preferred shares: "These are securities that combine the attributes of the ordinary stock and the bond and also have nominal, book and market value, issued by the establishment along with common shares, and some of the excellent shares are convertible ordinary shares"(Summers &Cutler,1989:7) .

**4) Stock turnover rate:** This indicator measures the percentage of the trading of shares of a particular company or group of companies within one sector to identify the activity of these shares in the trading market within a certain period of time, and the turnover rate can be extracted by dividing the total shares traded on the capitalization of the market (market value) during the year or within any period of time as follows: -(Hanafi and Qaryaq, 2005 :313)

$$\text{Share turnover} = \frac{\text{Total shares traded}}{\text{market value}} \times 100 \%$$

### **3) The relationship between GDP and the stock market**

The development of GDP reflects the development in the standard of living of individuals, as the standard of living of individuals is linked to their share of GDP, the greater the GDP, the greater the population increase, the greater the per capita of it, taking into account the inflation that occurs (Husseini,2005: 141). Economic growth and the stock market are linked in the long run with a significant positive impact, i.e. the development of the stock market is causing economic growth, although the stock market is expected to boost economic growth, but it is clear that the extent to which the stock market promotes growth seems to depend on monetary policy such as adjusting the discount rate (Dahmani , 2015 : 360). Some economists have explained the mechanism of the relationship between the level of economic activity and financial market indicators in two different ways, including the first method that the stock market is the indicator of economic activity, meaning the relative impact begins from the stock market towards economic activity and economists based on the argument that increased stock prices enable listed companies to put up more shares for the purpose of expansion and investment, which will later increase demand for other products in the economy and increase the production of the company itself, which will eventually reflect on stock prices positively. The second method indicates that the stock market responds to expectations of levels of economic activity, expecting an increase in the level of economic activity, means an increase in the level of future profits, which will later reflect on the share prices, which will push for increased purchases of shares by investors before now the benefit of the dividends (Henidi, 1992: 196).

**The third research: the practical framework of research (measuring and analyzing the impact of GDP on the performance of the Iraqi Stock Exchange)**

#### **1) Analysis of Iraq's GDP for duration (2018-2007)**



Table (1) Gross Domestic Product (GDP) in Iraq for duration (2007-2018) ( million dinars)

Years	Gross Domestic Product	Growth rate%	Years	Gross Domestic Product	Growth rate%
2007	107828500	---	2013	273587529	7.6
2008	157026062	45.6	2014	266420384	(2.6)
2009	130642187	(16.8)	2015	199715700	(25.0)
2010	167093204	27.9	2016	203869832	2.1
2011	217327107	30.1	2017	225995179	10.8
2012	254225491	16.9	2018	251064479	11.2

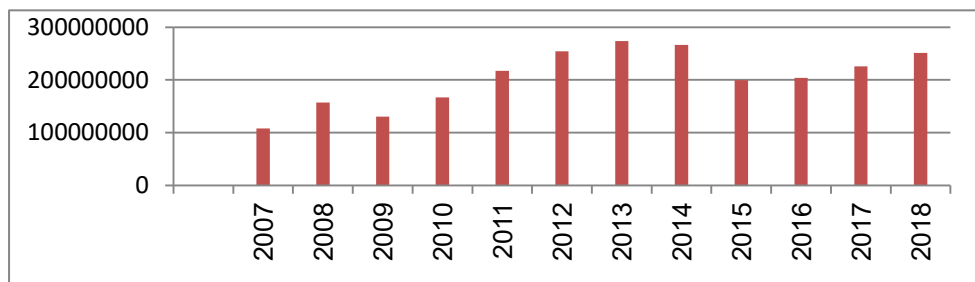
Source: - Central Bank of Iraq, Directorate General of Statistics and Research, Annual Bulletins for Years(2007-2018).

- Percentages of the researcher's work based on the mathematical formula: the growth rate = (current year - previous year) / previous year× 100%.

- The values between the brackets are negative.

We note from the table (1) the gross domestic product (GDP) during the study period is (2007-2018) achieved high growth rates, as gdp increased from (107828500) million dinars a year (2007) to (157026062) million dinars in 2008 and with a growth rate (45. 6%) Due to the high contribution ratios of all economic activities to GDP, the relative improvement in the country's economic situation and the increase in the return of exported oil (Central Bank Annual Economic Report , 2008: 18), while the 2009 data indicate that GDP has declined at a growth rate(-16.8%) to reach (130642187) million . Dinars as a result of the decline in oil prices following the repercussions of the global financial crisis that occurred in all economies (annual economic report of the Central Bank, 2009: 7), and then the start of GDP to resume growth in the 2010 slump)and reached the volume(167093204)million dinars at a growth rate (27.9% )due to the impact on therise in oil prices, which led to a rise in oil prices) The added value of the oil sector as well as the high rates of economic growth (annual economic report of the Central Bank, 2010: 9) ,and the data for the year (2011) indicates that increased to a volume of (217327107) million dinars, a growth rate (30.1%) ,due to the increase in the rate of a barrel of oil during this year by (37.3%) compared to the previous year (report) Central Bank's Annual Economic, 2011: 6). GDP continued to rise in 2012, with a volume of (254225491) million dinars and a growth rate (16.9%),due to the improvement in GDP growth due to a numberof factors, including high oil prices and the amount of oil produced, as well as relative improvement in the growth rates of economic activities (Central Bank Annual Economic Report, 2012: 9),as indicated by data In 2013, GDP growth increased by (7.6 %)percent to ( 273587529 ) million dinars, due to a relative improvement in GDP growth dueto several factors, including higher oil sector revenues and improved rates of economic activities (Central Bank Annual Economic Report ,2013:7), while in 2014 the volume of GDP reached

(266420384) million dinars and growth rate (2.6-%) as a result of military spending to counter the barbaric occupation of control by isis terrorist gangs and the spread of administrative and financial corruption and the decline in oil prices (Annual Economic Report of the Central Bank,2014:16), as well as Continued to decline in 2015 to reach (199715700) million dinars and growth rate (-25.0%) as a result of the rise in military spending and the worsening crisis of displaced persons from the provinces controlled by ISIS gangs, which damaged the non-oil economy by destroying infrastructure and the sharp decline it is witnessing Global markets in oil prices this was the case of the second half of the year 2014 ( annual economic report of the Central Bank,2015:17). (203869832) million dinars and growth rate (2.1%) . Due to the high quantities of oil production despite the security situation in the country, gdp continued to rise until 2018,reaching the end of the study period (251064479) million dinars and adjusting growth(11.2%) as a result of the rise in oil prices as the price of a barrel of oil (60.5)dollars was recorded And the improvement in the economic and security situation in the country (Central Bank Annual Economic Report, 2018: 11). This can be observed through figure (4).



Source of the researcher's work based on table data (1)

Figure(4)

Iraq's GDP for the period (2007-2018)

## 2) Analysis of Iraq Stock Exchange Performance Indicators

### 1: Analysis of the market value index on the Iraqi Stock Exchange for the period (2007-2018)

Table (4)

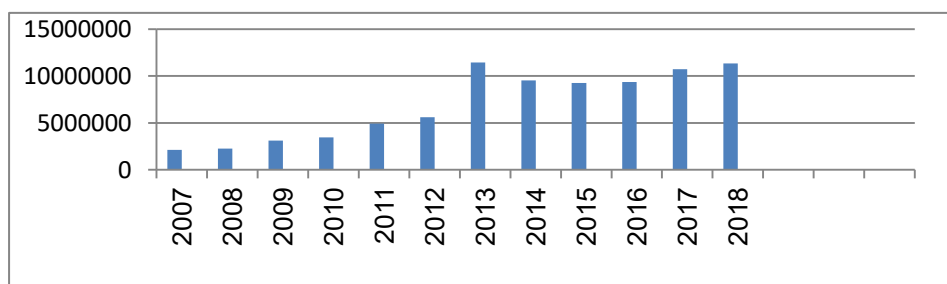
Market Value Index on the Iraqi Stock Exchange for the period 2007-2018 (million dinars)

Years	Market value	Growthrate%	Years	Market value	Growth rate%
2007	2128868	---	2013	11451368	104.5
2008	2282983	7.2	2014	9548876	(16.6)
2009	3125921	36.9	2015	9264815	(2.9)
2010	3446713	10.2	2016	9354696	0.9
2011	4930232	43.0	2017	10721116	14.6
2012	5597363	13.5	2018	11350356	5.8

Source: Iraq Stock Exchange Annual Report for years (2007- 2018).

- Percentages of the work of the researcher.

Through table data (4) we note the fluctuation of the market value of the performance of the shares of companies contributing to the Iraqi Stock Exchange, which increased from (2128868) million dinars in 2007 to (2282983) million dinars and a growth rate (%7.2) in 2008, due to the improved security situation and the application of the investment law, which provided many advantages such as exemptions from taxes and fees. To attract foreign capital to invest inside Iraq and the law launched investment in all fields, as well as the rise in oil revenues as a result of the rise in oil prices globally, the market value changed to (3125921) million dinars in (2009) and at an annual growth rate of (36.9%) due to the rise in oil prices and the rise in the quantities of oil exports as well as the stable security conditions, and this increase continued during the following years, this increase came due to an increase in the number of shares traded in that year, but in 2011, the Iraqi economy witnessed development and there were slight changes in economic policy and work to achieve macroeconomic stability, as well as stability in the value of the Iraqi dinar, worked to lower the interest rate in order for banks to finance projects, and reached the highest value in 2013 by the limits (11451368) million dinars and at an annual growth rate of (104.5%) This increase is due to the improved security situation in the country and the rise in crude oil prices and high export quantities, while 2014, 2015, 2016, saw successive declines due to security instability and terrorist attacks witnessed in the country during these years, as a result of the impact of the Iraqi economy on global economic events and therefore their impact on stock market indicators and the decline in market values of some investing companies, as well as the decline in the activity of some sectors such as tourism and banks, which negatively reflected on the performance of the market value index, where the market value in 2016 (9354696) million dinars at an annual growth rate (%0.9), continued economic deterioration and deterioration of financial market indicators due to the weakness of the productive sector, including the private sector not flexibility in dealing, mismanagement, corruption and weak bank credit have had a significant impact on the functioning of the economy and financial markets in particular, while 2017 and 2018 saw an increase in market value of (11350356) in 2018 and an annual growth rate (5.8%) due to the stable security situation and high oil prices in this period. The figure (7) shows the market value of shares in the Iraqi Stock Exchange for the period (2007-2018)



Source: From the researcher's work based on table data (4)

Figure(7)

**2: Analysis of the volume index on the Iraqi Stock Exchange for the period (2007-2018)**

Table(5)

Iraq Stock Exchange Volume Index for the period (2007-2018) (million dinars)

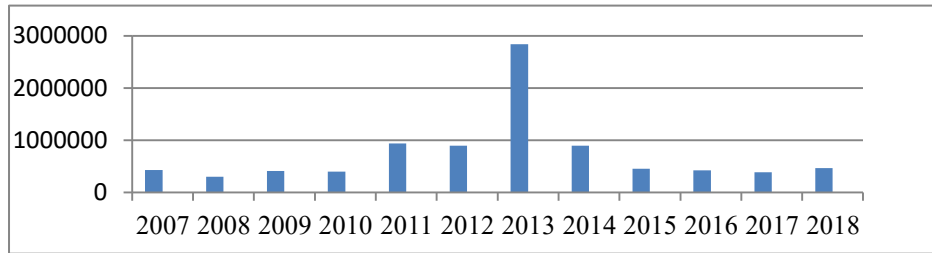
Years	The size of the index	Growth rate%	Years	Volume	Growth rate%
2007	427367	---	2013	2840220	217.7
2008	301350	(29.4)	2014	898315	(68.3)
2009	411928	36.6	2015	456179	(49.2)
2010	400359	(2.8)	2016	426788	(6.4)
2011	941198	135.0	2017	386880	(9.3)
2012	893825	(5.0)	2018	466481	20.5

Source: - Iraq Stock Exchange Annual Report for years (2007- 2018).

- Percentages of the work of the researcher.

Table (5) data show that the volume of trading on the Iraqi Stock Exchange took the path of volatility and volatility increased and decreased during the study period, it decreased from (427367) million dinars in 2007 to (301350) million dinars in 2008 and at a negative annual growth rate of (-29.4%). The reason for the decline in the value of the index during this period is due to internal instability as a result of the deteriorating security conditions, which reflected on the expectations of traders in the stock market and that the most important sector trading its shares in the market of the Iraq securities, which is the banking sector as it represents the largest volume of trading volume of total shares traded in the financial market, while rose in 2009 (411928) million dinars and a growth rate (36.6%) due to economic policies encouraging investment, including tax exemptions and other facilities, while the volume of trading on the Iraqi Stock Exchange declined in 2010, reaching (400359) million dinars and at a negative growth rate (-2.8%), and the rise again in 2011 saw the economy develop well, this development has affected the Iraqi economy, and thus led to an improvement in the financial markets and one of the most affected indicators and improvement is the index of volume, it improved significantly, where it reached (941198) at an annual growth rate (135.0%) and thus continues to fluctuate in volume during the research years, due to the unstable security conditions and the decline in economic activity and then declined in 2012 to reach (893825) million dinars and at a negative annual growth rate (-5.0%). Despite major political and security challenges in 2013, the economic situation continued to work, stabilize and grow, saw a significant rise in oil prices, and thus increased oil revenues, but in 2013, when the highest rise (2840220) million dinars and a growth rate of (217.7%), the reason for this The rise is the result of the successful implementation of electronic trading activity and the successful holding of its first sessions, while trading volume has declined continuously over the years (2014, 2015, 2016, 2017) at a negative growth rate (-

68.3%, -49.2%, 6.4%, -9.3%) on In 2018, it increased by million dinars (466481) at an annual growth rate (20.5%). The figure (8) shows the volume of trading on the Iraqi Stock Exchange for the period(2007-2018)



Source: From the researcher's work based on table data (5)

Figure(8)

Index volume of trading on the Iraqi Stock Exchange for the period(2007-2018)

### 3: Analysis of the index of the number of shares on the Iraqi Stock Exchange for the period(2007-2018)

Table (6)

Index of the number of shares on the Iraqi Stock Exchange for the period(2007-2018) (million shares)

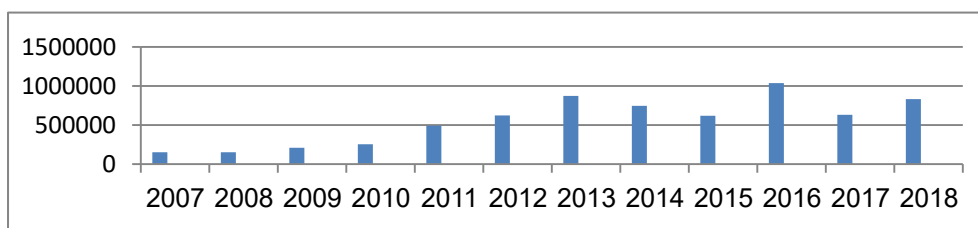
Years	Number of shares	Growthrate%	Years	Number of shares	Growth rate%
<b>2007</b>	152991	---	<b>2013</b>	875569	39.9
<b>2008</b>	150853	(1.3)	<b>2014</b>	746212	(14.7)
<b>2009</b>	211291	40.0	<b>2015</b>	618726	(17.0)
<b>2010</b>	256660	21.4	<b>2016</b>	1038230	67.8
<b>2011</b>	492372	91.8	<b>2017</b>	631416	(39.1)
<b>2012</b>	625639	27.0	<b>2018</b>	832629	31.8

Source: - Iraq Stock Exchange Annual Report for years(2007-2018).

- Percentages of the work of the researcher.

Table (6) data show that the index of the number of shares is fluctuating, has decreased from (152991) million shares to (150853) million shares in 2008 at a negative annual growth rate (-1.3%), due to the lack of economic market specifications that must be present in the financial market such as providing sufficient number of individuals, both natural and moral, to meet the conditions of competition and which work to move The market, due to the low Iraqi political situation and economic instability, and in 2009 the Iraqi economy was able to achieve growth rates in various economic sectors, where the number of shares (211291) million shares at an annual rate (40.0%), and achieved revenues as a result of the rise in oil prices, although the Iraqi economy was in 2010 suffering from a difficult phase and stagnation and decline in various sectors cheek The stock index fell in 2010 to (256660) million shares, reaching an annual rate of (21.4%) percent, The year 2011 witnessed a radical improvement in the economic policy, which contributed to the improvement of the economic situation by achieving economic stability, decreasing the effects of inflation and stabilizing the exchange rate of the Iraqi

dinar, as well as the influx and increase of foreign investment by purchasing shares of Iraqi companies. This improvement had a significant and positive impact on the market Iraq Securities, the number of shares index rose to reach in 2011 (492372) million shares and an annual growth rate of (91.8%) and thus reached the highest value of the number of shares index during the study period, and the improvement of the Iraqi economic situation continued in 2012 and led to an increase in confidence among people and investors. This led to the continuation of the rise, bringing the number of shares index to (625,639) million shares, which rose at an annual growth rate of (27.0%) , and did not stop as the Iraqi economy continued to march towards development and economic growth, reaching million shares (875569) in 2013 and an annual growth rate (39.9%). The stock index fell in 2014, reaching (746212) million shares at a negative annual growth rate (-14.7%), the Iraqi economy began to decline as this year saw a significant decline in world oil prices, which has had a significant impact on the Iraqi economy, as a result of the budget deficit, and the reason for the decline is the security and political situation that has cast a shadow over the activity of the Iraqi financial market and the indicators of market performance that affected ,The movement and value of market indicators continued in 2015 as the decline in the economic situation coincided with the continuation of the war against terrorism, which significantly affected the confidence of investors, individuals and fear of the security situation, and this led to a decline in the stock index, which reached (618726) million shares and a negative annual rate (-17.0%), but for 2016 the economic situation began to improve This year, the index of the number of shares (1038230) reached one million shares and an annual growth rate (67.8%), while the rise in 2017 is due to the double shock of the Iraqi economy due to the fall in oil prices, which is the main source of economic revenues for the preferred to spend sheltering displaced persons and supporting displacement camps and paying their dues, which It generated additional pressure on economic resources, which led to a decline in the index of the number of shares (631416) million shares and a negative annual growth rate (-39.1%), as well as a rise in the number of stock indices in 2018, which reached (832629) increased at an annual growth rate (31.8%), and the return of The increase in the number of shares traded in the market to a range of reasons, the most important of which is to increase the number of companies traded and increase the volume of subscription resulting from awareness and financial development and the great profits it achieves for companies. The figure (9) shows the index of the number of shares on the Iraqi Stock Exchange for the period (2007-2018)



Source: From the work of researcher Bato rely on table data (6)

Figure(9)

Index of the number of shares on the Iraqi Stock Exchange for the period(2007-2018)

#### 4: Analysis of the turnover of the stock on the Iraqi Stock Exchange for the period (2007-2018)

Table (7)

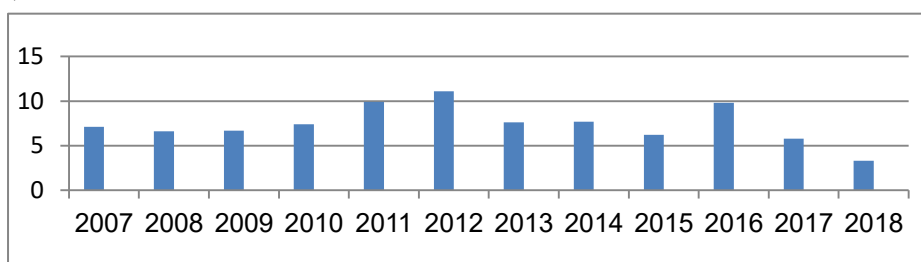
The turnover rate of the stock on the Iraqi Stock Exchange for the period (2007-2018)

Years	Share turnover	Growthrate%	Years	Share turnover	Growth rate%
2007	7.1	---	2013	7.6	(31.5)
2008	6.6	(7.0)	2014	7.7	1.3
2009	6.7	1.5	2015	6.2	(19.4)
2010	7.4	10.4	2016	9.8	58.0
2011	9.9	33.7	2017	5.8	(40.8)
2012	11.1	12.1	2018	3.3	(43.1)

Source: - Iraq Stock Exchange Annual Report for years (2007- (2018).

- The proportions of the work of the researcher.

Table (7) shows the trajectory of the share turnover rate in Iraq, which represents the value of the shares traded to the market value of those shares, we note that the turnover rate of the stock has taken a fluctuating path from (7.1) for 2007 to (6.6). In 2008 at a negative annual rate (-7.0%), then increased in the years (2009, 2010, 2011, 2012 ) where it reached (6.7, 7.4, 9.9, 11.1) and growth rates (1.5%, 10.4%, 33.7%, 12.1%). respectively, the turnover rate increased in 2011, which is high during the study period, and in 2013 it then falls to (7.6%) and at a negative annual growth rate (-31.5%), then rose to (7.7%) in 2014, registering the highest turnover per share in 2016 with a growth rate of (58.0%) , then taking the cycle of volatility and volatility with a turnover rate of (3.3) in 2018 and a negative growth rate (-43.1%). The figure (10) shows the turnover rate of the stock on the Iraqi Stock Exchange for the period (2007-2018).



Source: From the researcher's work based on table data (7)

Figure(10)

The turnover rate of the stock on the Iraqi Stock Exchange for the period(2007-2018)

### 3) Measuring the impact of GDP on the performance of the Iraqi Stock Exchange for the period (2018-2007)

#### 1: Impact of GDP index on market value

As shown in table (9):

**Table (9)**  
**Impact of GDP on Market Value in Iraq for 2007-2018**

Variables				
R	R <sup>2</sup>	Sig	Calculated T	B
0.80	0.79	0.002	4.17	0.05

Source: Preparing the researcher based on the results of statistical analysis

Through the results shown in table (9), the following are found:

- The value of the selection factor ( $R^2$ ) (0.79), which means that the independent variable (**GDP**) explains 79% of the change in the dependent variable (market value), the remaining (21%) returns to other variables that were not included in this model to explain this change, and that the strength of the link (R) was worth (0.80), which means that the correlation between GDP and market value was a strong expansion link.
- The value of the decline parameter ( $\beta$ ) of **GDP** (0.05) and the value of its T test was (4.17), which means that the change in **GDP** by one unit leads to a change in market value by (0.05) units.
- The sig value is equal to (0.002) and is below the level of indication (0.05), which is evidence of a statistically significant relationship between the independent variable (GDP) and the dependent variable (market value), from which we conclude that the output Gdp has a moral impact on **market value** during the study period (2007-2018), which confirms the **rejection** of the **sub-hypothesis** and the acceptance of **the hypothesis of non-existence that provides (the effect of GDP on the market value of the Iraqi Stock Exchange)**.

## 2: The impact of the GDP index on trading volume

As shown in table(10):

**Table (10)**  
**Impact of GDP on trading volume in Iraq for the period (2007-2018)**

Variables				
R	R <sup>2</sup>	Sig	Calculated T	B
0.31	0.56	0.058	2.14	0.01

Source: Preparing the researcher based on the results of statistical analysis

Through the results shown in table(10), the following are found:

- The value of the selection factor ( $R^2$ ) (0.56), which means that the independent variable (**GDP**) explains 56% of the change in the dependent variable (volume of trading) and the remaining (44%) returns to other variables that were not included in this model to explain this change, and that the strength of the link (R) was worth (0.31), which means that the correlation between GDP and trading volume is weak.



- The value of the decline parameter( $\beta$ ) of **GDP** (0.01) and the value of its T test was (2.14), which means that the change in **GDP** by one unit leads to a change in trading volume by (0.01) units.
- The value of sig is equal to (0.058) and is higher than the level of significance (0.05), which is evidence of the lack of a statistically significant relationship between the independent variable (**GDP**) and the dependent variable (volume of trading), from which we conclude **Gdp** has no moral impact on the volume of **trading** during the study period (2007 - 2018) and this confirms the acceptance of **the sub-hypothesis that states (there is no impact of GDP on the volume of trading on the Iraqi stock market)** .

### 3: Impact of GDP index on the number of shares

As shown in the table(11):

**Table (11)**  
**Impact of GDP on the number of shares in Iraq for the period (2018-2007)**

Variables				
R	R <sup>2</sup>	Sig	Calculated T	B
0.75	0.81	0.001	4.32	0.004

Source: Preparing the researcher based on the results of statistical analysis

Through the results shown in table (11), the following are found:

- The value of the selection factor ( $R^2$ ) (0.81), which means that the independent variable (**GDP**) explains (81%) of the change in the dependent variable (number of shares) and the remaining (19%) returns to other variables that were not included in this model to explain this change, and that the strength of the link (R) was worth (0.75), which means that the correlation between **GDP** and the number of shares is a strong parcel link.
- The value of the decline parameter( $\beta$ ) of **GDP** (0.004) and the value of its T test was (4.32), which means that the change in **GDP** by one unit leads to a change in the number of shares by (0.004) units.
- The sig value is equal to (0.001) and is below the level of significance (0.05), which is evidence of a statistically significant relationship between the independent variable (**GDP**) and the dependent variable (number of shares), from which we conclude that the output **Gdp** has a moral impact on the number of **shares** during the study period (2007-2018), which confirms the **rejection** of the sub-hypothesis and the acceptance of **the hypothesis of non-existence, which states (ufind an impact of GDP on the number of shares on the Iraqi StockExchange)** .

### 4: The impact of the GDP index on turnover

As shown in table (12):

**Table (12)**  
**Impact of GDP on iraq'sturnover rate for the period (2007-2018)**

Variables
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<b>R</b>	<b>R<sup>2</sup></b>	<b>Sig</b>	<b>Calculated T</b>	<b>B</b>
0.26	0.37	0.716	0.37	0.00

Source: Preparing the researcher based on the results of statistical analysis

Through the results shown in table (12), the following are found:

- The value of the selection factor ( $R^2$ ) (0.37), which means that the independent variable (**GDP**) explains 37% of the change in the dependent variable (turnover rate), the remaining (63%) returns to other variables that were not included in this model to explain this change, and that the strength of the link (R) was worth (0.26), which means that the correlation between GDP and turnover is weak.
- The value of the decline parameter ( $\beta$ ) of **GDP** (0.00) and the value of its T test was (0.37), which means that the change in **GDP** by one unit leads to a change in trading volume by (0.00) units.
- The value of sig is equal to (0.716) is higher than the level of indication (0.05), which is evidence of the lack of a statistically significant relationship between the independent variable (GDP) and the dependent variable (turnover rate), from which we conclude that the output Gdp has no moral impact on **turnover** during the study period (2007-2018), which confirms the acceptance of **the sub-hypothesis that states (there is no impact of GDP on the turnover rate of the stock on the Iraqi Stock Exchange)**.

## Conclusions

1- Despite the actions taken by the Monetary Authority in the new phase, which had a clear impact on the success of GDP growth, its impact on the activity of the Iraqi Stock Exchange was not at the required level, as a result of the weak correlation of investment market activity with monetary policy indicators in determining the size of investment in them.

2- There are fluctuations in Iraqi GDP growth rates at constant prices during the study period, which reflect the values and growth rates of output during the period (2007-2018), revealing the fact that the financial market is affected by developments in oil prices and from the achievement of economic growth.

3- We note that the GDP in Iraq has a significant impact on each of the indicators (market value, number of shares), while there is no significant impact on market indicators (trading volume, turnover of shares).

4- Through statistical analysis, it is clear that there is a disequilibrium without a negative relationship between the GDP studied and some indicators of the Iraqi stock market during the period (2007-2018), because the Iraqi stock market has been greatly affected by economic variables, i.e. there is a significant role for economic variables in influencing the Iraqi stock market.

## **Recommendations**

- 1- Supporting the productive economic sectors, increasing their contribution to GDP and encouraging small entrepreneurs to contribute to supporting the national economy.
- 2- Promoting Iraqi economic growth, developing the Iraqi stock market, introducing modern technology into the Iraqi financial market, creating programs to attract investors in the Iraqi financial market, and increasing the cultural awareness of the investor.
- 3- The results of this study should receive the attention of the administrators of the Iraqi Stock Exchange, to develop market performance towards improving market indicators, strengthening aspects related to market efficiency, raising the level of financial disclosure, and increasing the transparency of financial statements on the performance of securities issuers, in order to increase the attractiveness of investment in the Iraqi financial market in the future, which will contribute to supporting and encouraging economic activity and raising the rates of economic growth.

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