



Country: Iraq

Currency: Iraqi Dinar (IQD)

Phonetic Spelling: [di:'na:r]

Abbreviation: IQD

Etymology

The English term "dinar" is a transliteration of the original Arabic word (dīnār), historic roots tied to the Syriac dīnārā. The dinar is a main currency unit currently in circulation in nine mostly-Islamic countries, and has had historic use in several other nations, from India to what was once known as the Byzantine Empire.

Currency History

First introduced into circulation in 1932, the Dinar was put into place to replace the Indian rupee, which had been made the official currency by the British during their occupation of the country in World War I.

Up through 1959, the dinar was pegged at par with the British pound until it was switched to the United States dollar. Through out much of the 1970's the dinar rose to a value of US\$3.3778 per 1 IQD, and remained within a +/- 5% valuation range until the Gulf War.

After the Gulf War ended in 1991, and as a direct result of UN sanctions, the previously used Swiss note printing was no longer available, thereby creating new, inferior quality notes. Due to the sanctions imposed by the US and other members of the international community, along with the Iraqi government's excessive note printing, the dinar devalued quickly, reaching to a point where \$1USD was valued at 3,000 dinars, by the late 1990's.

After the fall of Saddam Hussein by way of the 2003 invasion of Iraq, a joint decision by the Iraqi Governing Council and the Office for Reconstruction and Humanitarian Assistance to continue to print more Saddam-era dinar notes was put into place as a stopgap

IRAQ - IRAQI DINAR, IQD

Country Overview

FOREIGN EXCHANGE

Controlled by the Central Bank of Iraq (CBI) (www.cbi.iq/index) the primary objectives of the CBI are to ensure domestic price stability and foster a stable competitive market-based financial system. In addition to its primary objectives, the CBI also implements the monetary policy and the exchange rate policy of Iraq. Additionally, it holds the state's gold and manages the state reserves of gold. The CBI also takes on the role of issuing licenses or permits while also regulating and supervising the banking sector as specified by Iraqi banking laws.

SOVEREIGN DEBT

Iraq's total government debt is estimated to be at \$92.3 billion as of 2010 and is comprised of external debt valued at \$87.7 billion and domestic debt valued at \$4.6 billion. Credit ratings for Iraq have not been established yet.

GROWTH OUTLOOK

Much of Iraq's economy is tied to oil exports, as it's the world's 6th largest oil producer, accounting for 3.6% of global supply in 2014. Iraq's crude oil production is widely considered as an essential source of production growth to keep pace with future worldwide consumption, representing more than 60% of OPEC's forecast of supply growth by 2019. The deteriorating security environment in Iraq is increasing uncertainty, which has an effect on short-run prices as well as investment decisions that will impact long-run supply.

INFLATION

The inflation rate in Iraq was recorded at 0.90 percent in October of 2014. Between 2005 and 2014, the inflation rate averaged at 14.35%, reaching an all time high of 76.55% in August of 2006 and a record low of -6.37% in October of 2009.

GOVERNMENT

The Iraqi government fits within a framework of a federal parliamentary representative democratic republic. It is a multi-party system where the Prime Minister, as the head of government, as well as the President of Iraq exercises

measure to maintain the currency supply until a new currency could be created.

Between 2003, and 2004, the Coalition Provisional Authority issued new Iraqi dinar coins and notes in order to establish a unified currency to be used throughout all of Iraq. All old banknotes were exchanged at a one-to-one rate, and the currency has been in circulation ever since.

executive power. Legislative power is vested in the Council of Representatives and the Federation Council.

The current Prime Minister of Iraq is Nouri al-Maliki, who holds most of the executive authority. The office of Prime Minister is appointed by the Council of Ministers, which acts as a cabinet and/or government. As of August 2014, al-Maliki has announced that we would be stepping down as Prime Minister of Iraq to allow his opponent Haider al-Abadi to take his place.

FINANCIAL SECTOR

Iraq's national income level is categorized as lower to middle income, with a total GDP (current US\$) of \$222.9 billion as of 2013. In Iraq, the most important components of the Consumer Price Index (CPI) basket are: housing, water, electricity and LPG (31.3 percent of total weight) with food and non-alcoholic beverages at 30.1 percent. Transportation accounts for 11.1 percent, clothes and footwear for 7.3 percent, house supplies, appliances and maintenance for 6.4 percent.



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