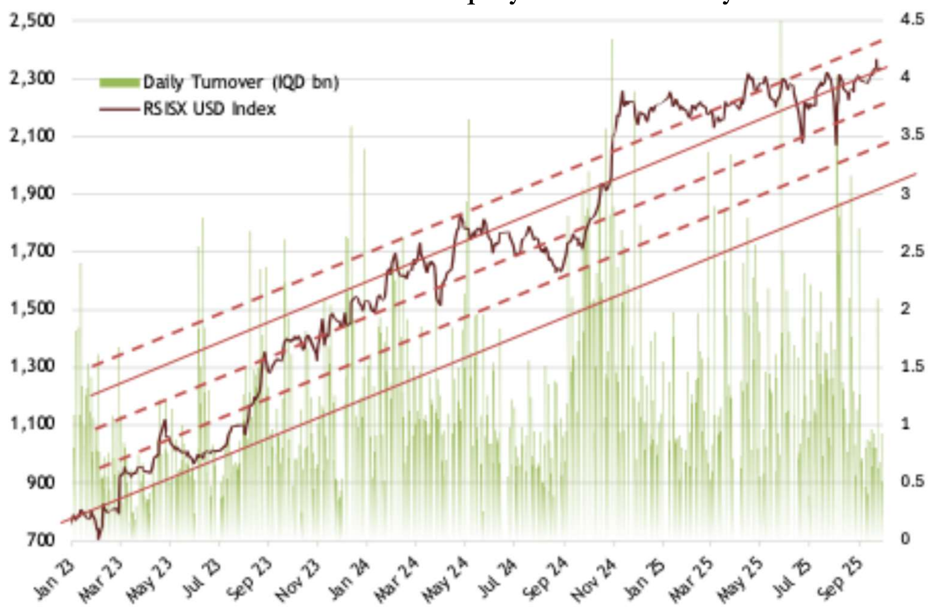
"A tour of Basra, and a Business School in Baghdad"

Ahmed Tabaqchali, October 9th, 2025

The market, as measured by the Rabee Securities U.S. Dollar Equity Index (RSISX USD Index), was up 1.0% for the month, and up 5.3% for the year.

The month's much hotter than usual temperatures, coupled with the much more than usual frequent power cuts, had a negative effect on the average daily turnover, which dropped sharply from that of the prior month, and was about half the average daily turnover for the prior 12 months. Promisingly, the low volumes did not have a negative effect on prices, and the RSISX USD Index traded mostly at the upper end of its medium-term uptrend. As such, this supports the thesis that the market's technical picture continues to be positive, and that the RSISX USD Index is continuing with the process of consolidating its gains that started in December 2024, following a blistering 35.9% three-month rally. While this consolidation could continue over the next few weeks, the likely consolidation or pullback should be within its multi-month uptrend (chart below).

Rabee Securities U.S. Dollar Equity Index and Daily Turnover



(*Source: Iraq Stock Exchange, Rabee Securities, AFC Research, daily data as of September 30th*.
Note: daily turnover adjusted for block trades)

Even more of Iraq, as seen through a visitor's eyes

As first mentioned, three months ago, Thomas Hugger visited Iraq at the end of May, and with me, embarked on a tour of the country that included business visits, cultural, and historic tours. Then we reviewed our visit to the Iraq Stock Exchange (ISX), the Bank of Baghdad, and Baghdad Soft Drinks. Two months ago, we reviewed our visit to some of Baghdad's old districts (Al-Madrasa Al-Mustansiriya, Al-Mutanabbi Street, and Al-Shawaka), the ancient cities of Babylon, and Ctesiphon. Last month, we reviewed our visit to the ancient city of Ur, the Marshes, and the meeting point of the Tigris and Euphrates rivers forming the Shatt Al-Arab at Al-Qurnah. This month reviews our visit to Iraq's third largest city, Basra, and Thomas's presentation to a business school in Baghdad. Our guide, as for the prior tours of Babylon, Ctesiphon, Ur, the Marshes, and Al-Qurnah, was Ali Ghanem Sarhan, one of my students at Baghdad Business School (BBS), who is now an independent freelance tour guide specialising in cultural and historical tours. His rich Instagram account (@alighanim.1) chronicles his criss-crossing the country with tourists from all over the world.

Basrah is the country's third largest city, familiar to many from the fabled "One Thousand and One Nights", and the adventures of "Sinbad the Sailor", the city's best known fictional character. The city was modern Iraq's main access to the sea through Shatt Al-Arab (River of the Arabs) –Iraq is almost landlocked, with a coastline of less than 60 km long, squeezed between the Iranian and Kuwaiti borders, and with no natural harbours or bays. As such, its access to the sea is convoluted, with the Shatt Al-Arab featuring heavily, either through Basra's ports, or the man-made ports built on small fishing villages on the tiny coastline paralleling the Shatt's path as it discharges to the Gulf –such as Iraq's primary deep water of Umm Qasr, and the major on-going construction of the multi-billion dollar Al-Faw Grand Port, that is part of Iraq's ambitious "Development Road" project, designed to connect Asia to Europe.

Basra was founded in 638 as a military fort by Islam's second Caliph. Its strategic location with its easy access to Shatt Al-Arab, the Tigris and Euphrates, and the Gulf, played a crucial factor in its development as a major metropolitan and a cultural centre. The flip side of this location was perennial conflict, often being a battlefield during wars, from its early days right through the twentieth century –the British invasion of Iraq in 1914 was through Basra, as was the US invasion in 2003. The city was damaged heavily during the Iraq-Iran war in the eighties and suffered during the country's civil war post 2003 –with the years of neglect in between these conflicts, and their aftermath taking a heavy toll on the city.

We headed to Basra, late in the evening following our stopover at Al-Qurnah, the last part of the journey to Ur, and the Marshes. Along the 70 km drive, in the distance, we witnessed the massive flames from oil wells, made from flaring, i.e., burning of the natural gas, the by-product of oil production from the country's largest oil fields, that lights the sky at night. The location of some of the country's super-giant fields, among the world's major ones, such as Rumaila or Majnoon, near Basra, has turned it into a major petroleum city and the country's main oil export route. Sadly, the proximity to such wealth, and Iraq's high flaring rates that accounted for 12% of the world's total flare volumes in 2024, brought misery to the city's peoples and its environment from the effects of the toxic pollutants released with flaring –the subject of the BBC documentary "Under Poisoned Skies" in 2023.

A View from Space

(Source: Nasa's earth observatory 2013. Note: Iraq's oil production has increased by 48%, and flaring volume by 36% since then. Not all fires are flares)

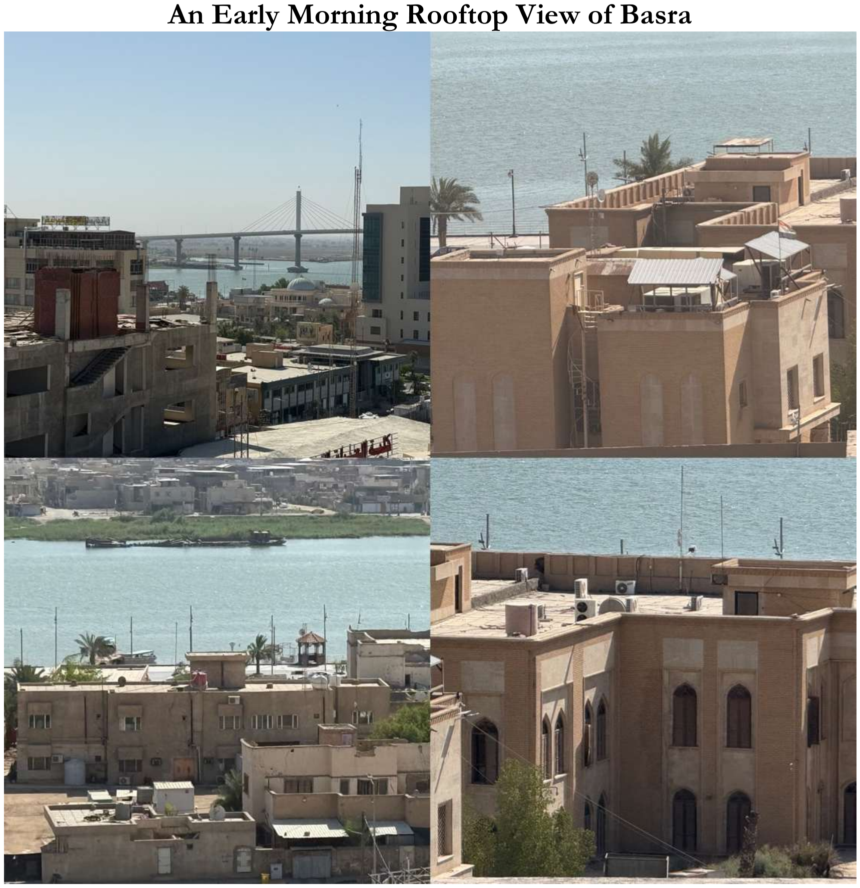
Thomas notes: "I have always seen the flames from far above out of an airplane window when flying over the Middle East. Now I saw them with my own eyes on the ground in Iraq, and I was asking myself "Why are they doing that? Burning the (now) valuable gas? Why can't they catch it for one entire day on behalf of AFC and invest the sales proceeds into our AFC Iraq Fund? The fund size would more than triple (!) since, according to ChatGPT, Iraq flares about 1.2 to 1.5 billion cubic feet a day which is, based on a price of USD 0.01 / cubic feet, worth about USD 12 million to 15 million."

We were exhausted by the time we arrived at Basra late at night and were happily surprised by the hustle and bustle of a big city that greeted us. Lights everywhere, roads jam-packed with cars, shops and restaurants were open and full of people, and construction activity was everywhere in a replay of that of Baghdad, yet more recent and indicating an early development phase of this beautiful city. After checking in at one of the new hotels, we headed for a late dinner of kebab, tikka, liver, hearts, and kidneys, at the hotel's rooftop restaurant, which gave us a wonderful view of the night sky in the city, that we had to view again in the morning.

A Late Night Rooftop View of Basra

(*Source: AFC Research*)

An Early Morning Rooftop View of Basra



(*Source: AFC Research*)

The next morning, after checking out, we went to a nearby coffee shop, that could have been in any city in the world. Sufficiently caffeinated and energised, we started our whistlestop tour of Basra.

A Short Drive, and Morning Coffee, Basra

(*Source: AFC Research*)

The first part of the tour, was a boat ride in Shatt Al-Arab, that despite the extreme heat, was wonderful and took us under the Muhammad Baquir Al-Sadr Bridge, connecting Basra to its suburbs, passed by many shipwrecks from the Iran-Iraq war, and finally a close-up view of the wreck of the 121-meter long "Al-Mansur", one of the yachts of the pre-2003 regime's president, it capsized and is left abandoned in the Shatt.

A Boat Ride in Shatt Al-Arab

(*Source: AFC Research*)

Next was a visit to the old parts of Basra, which sadly show the signs of the decades of conflict and neglect. It started with a visit to a sort of city museum where Thomas discovered in a wardrobe an old Swiss army rifle his father used to have when serving in the Swiss army and ended with a visit to "Saint Thomas Chaldean Catholic Church", built in 1883 and happily is undergoing renovation. Thomas explained to the lady who was showing us around, that he visited the saint's burial site in the San Thome Church, in Chennai, India; while not directly connected, it brought to mind Basra's historic and extensive trade linking India with the region.

Old Basra

(*Source: AFC Research*)

The last part of Thomas's visit to Iraq was a lecture that he gave about investments in frontier markets to the students of Baghdad Business School (BBS); a school focused on empowering Iraqi youth by providing practical, high-quality education that bridges the critical skills gap in the private sector. I was fortunate to be among its founders in 2020, and since then, I have taught introductory business and macroeconomic classes every year. From its small start with a cohort of 17 students, the school has grown steadily every year, as can be seen in the most recent graduation ceremony in October 2024. Thomas notes: "It was my utmost pleasure to tell my "war stories" about investing in Asian frontier markets to the very attentive crowd of young students, and to my surprise, I learned that some of the students are already investing in the Iraqi stock market, which made me really very happy. It also shows the confidence of (young) local investors have now in the "new Iraq" and the future development of the country."

A Lecture at Baghdad Business School

(*Source: AFC Research*)

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