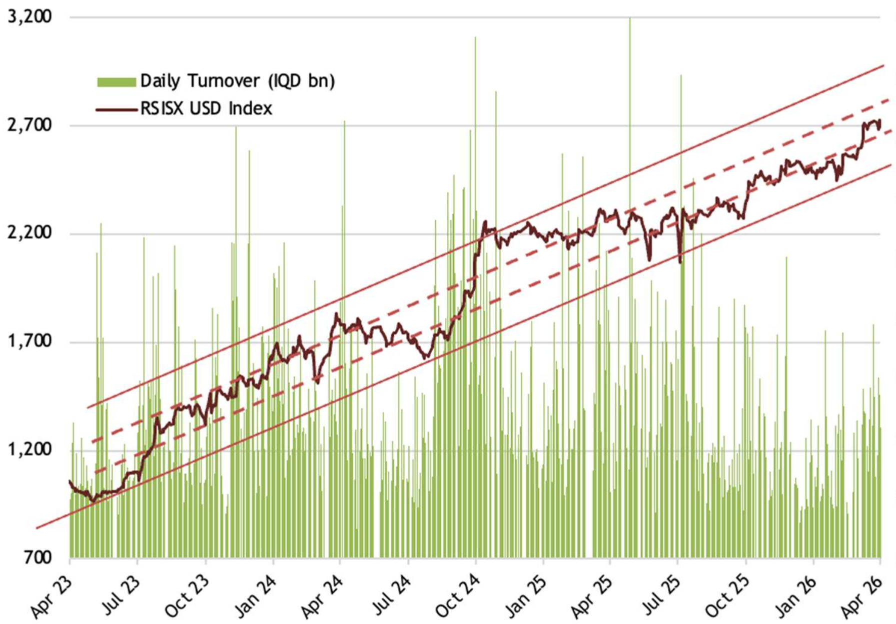
"Market Continues to Rally, Boosted by Humongous Dividends"

Ahmed Tabaqchali, May 4th, 2026

The market, as measured by the Rabee Securities U.S. Dollar Equity Index (RSISX USD Index), was up 5.0% for April, a new monthly high, and up 8.4% for the year.

The market's action throughout April built upon those of March and February, with the month-on-month increase of 1.5% in February, followed by 2.6% in March, and 5.0% in April. Similarly, the month-on-month increase in trading volumes –as measured by the average daily traded value– built upon that of the prior two months, with an increase of 26.5% in February, followed by 22.1% in March, and by 27.2% in April. Promisingly, the cumulative three-month volume increase took the April average trading volume to twice that of the anaemic one in January, placing it in line with the three-year average trading volume of 2023-25, in which the market was up 224.5% (trading volumes adjusted for block-trades). From a technical analysis perspective, the market's action continues to be that of consolidating its three-year gains, and that a continued consolidation or a pull-back 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 April 30th. Note: daily turnover adjusted for block trades*)

Supporting the market's continued rally were the sizable dividends announced by two of the top three banks in the market, with Mansour Bank (BMNS)'s announcement in March of a cash dividend amounting to a 4.7% dividend yield, and a 31.5% share dividend, for an effective dividend yield of 19.5%. This was followed, in April, by the National Bank of Iraq (BNOI)'s announcement of a cash dividend amounting to a 4.9% dividend yield, and a 25.0% share dividend, for an effective dividend yield of 9.5%.

The returns of these oversized dividends were further boosted by a couple of peculiarities of the securities' regulation, and of the stock market action before and after a stock dividend issuance. The first of which is that the dividend stock's price is always issued at nominal value, i.e. Iraqi dinar (IQD) 1.0, irrespective of the stock's market price. While the second is that stock prices don't always immediately adjust fully for the effects of a stock dividend, or for that matter for cash dividends, in other words, stock prices on the ex-dividend days don't always decline proportionally to compensate for the dividend's issuance. In the case of a company's positive earnings momentum, especially when its stock's market price is above IQD 1.0, market participants strongly bid up the stock up to the AGM, and tend to sell immediately on the ex-dividend day, and on subsequent days, to benefit from such a peculiarity, which tends to take stock prices towards the theoretically dividend-adjusted stock price. In the case of both BMNS and BNOI, their stock market prices, for the most part, followed such a script. However, their prices quickly recovered, with BMNS ending March up 4.7% above the theoretically dividend-adjusted price, that was followed by another 8.0% increase in April, for a cumulative 11.8% increase above the theoretically dividend-adjusted price. While BNOI ended April 5.2% higher than the theoretically dividend-adjusted price –both cases are an indication of the underlying health of the market.

Not wishing to miss out, the Bank of Baghdad (BBOB) declared a cash dividend amounting to a 12.1% dividend yield, in their just concluded AGM on May 3rd. These dividends promise a repeat of last year's humongous dividends by the other top companies in the market, such as Asiacell Communications (TASC), and Baghdad Soft Drinks (IBSD).

The icing on the cake, for these dividends, and the market's positive action, is the unusually mild weather in the country this time of the year. Baghdad's weather in late afternoons was mild, with many cool nights, some of which were punctured by lightning, and thunder followed by heavy rains –with forecasts of more to come in the next few days. The cooler weather made walkabouts extremely pleasant in Baghdad, the city that is full of life and that never sleeps –as experienced the last few days at 1 am in trying to secure a table in a popular grill house in Yarmouk's lively Four-Streets, at the end of a long walkabout that started late afternoon (pictures below).

Late Afternoon, Early Evening Walkabout in Yarmouk, Following a Rainy Night

(Source: AFC Research)

Yarmouk's Four-Streets After-Midnight

(Source: AFC Research)

While being fully cognizant of the effects of the geopolitical risks on Iraq's economy, the argument made in the outlook for 2026, is still valid, in that both of the two key dynamics, discussed here often, –the cumulative positive effects of the relative stability and structural banking developments– are in the early stages of their transformation of the economy, a process that should continue to unfold over the next few years. However, considerable risks remain, in that the current pause in the U.S.-Israel war on Iran, in the form of "no war-no peace", would end reigniting a conflict that could escalate considerably beyond the control of participants, direct and indirect, and become an all-out war engulfing the region, filled with all the nightmare scenarios that are popping up in the media, by experts and "experts".