



IRAQ ECONOMIC OBSERVATORY (IEO) • ISSUE 1

IEO – Issue 1: The Dinar at 1,520 and the Race for Protection Before the IMF Program

Weekly report summary

22–30 October 2026

Summary: Closing the Gap Depends on Faster Procedures

10.5%

Baghdad's black-market rate is IQD 168,000 per USD 100, about 10.5% above the official rate of 1,520.

Rising prices strain fixed-income households; international institutions favor temporary, targeted support.

Draft 2027 Budget

Spending of IQD 217.2 trillion and a deficit of about IQD 43 trillion, assuming oil at USD 58 per barrel.

Priority: Prepare targeted social protection before IMF negotiations, while reducing the private sector's regulatory burden.

Four Figures That Sum Up the Week

+15.2%

Official exchange-
rate adjustment

10.5%

Black-market premium
over the official rate

96.4%

Businesses facing
at least one
regulatory burden

Osoul survey, June 2026

665

Thousand IQD per month
A household “poll tax” to
compensate for inadequate
services

Dashboard: Oil Up; Inflation Yet to Reflect the Decision

Indicator	Latest value	Comparison
Official exchange rate	IQD 1,520 per USD	+15.2% from 1,320 before 7 October
Baghdad black-market dollar rate	IQD 168,000 per USD 100	Gap $\approx$ 10.5%
Brent crude	USD 116.08	About +11% in October
Oil exports	About 3.4 million barrels/day	131 thousand in April
Annual inflation	3.3% (August 2026)	Actual inflation about 20%
Projected real growth, 2026	−16% IMF / −12.4% World Bank	Estimates

The Dinar and Rising Prices: Speed and Targeting



Official Transfers

About 40 days; traders turn to the black market, pushing prices up, according to Osoul's reading.

IMF, OECD and World Bank: Temporary, targeted support with a declared end date.

Wholesale Prices After the Decision

Box of eggs +10.7%
Sack of sugar +15.4%

Osoul's proposal: Electricity, food and service vouchers for households earning IQD 1.5 million or less.

2027 Budget and IMF Program: Spending Efficiency Before Tax Increases

About 64.7

Trillion IQD

Salaries in the draft national budget; on 29 October, the IMF began engaging with the authorities ahead of a new program.

Osoul: Budget assumptions of USD 58 and 4 million barrels per day may not materialize. Broadening the productive base takes priority over higher fees.

Proposal to restart the Ceyhan pipeline to export about 1.25 million barrels per day.

Regulation and Hormuz: Business Activity Before Revenue Collection

62

Points on Iraq's regulatory burden index, according to Osoul.

35–40

Points in comparable countries.

Factory Licensing Within 72 Hours

The proposed standard, through a single window.

Shipping disruptions in Hormuz strain feed and food supplies; Iraq meets about two-thirds of its table-egg needs.



This Week's Decisions: Three Government Milestones

24 October

Permanent appointments for about 500,000 contract and daily-wage workers, and 120,000 new contract positions in the 2027 budget.

26 October

A ministerial committee to review public companies; postponement of Gulf electricity interconnection fees.

27 October

Waiver of private universities' tax penalties; imports of oils and greases without import licenses.

Seven Recommendations Before Negotiations

1. A temporary, targeted protection card with an end date
2. A voluntary pathway for newly permanent employees to move to the private sector
3. Published time limits for transfers and customs clearance
4. Adjust government contracts signed at an exchange rate of 1,320
5. Factory licensing within 72 hours, with a published burden index
6. Diversify export routes by restarting the Ceyhan pipeline
7. A weekly price observatory for essential goods

What We Are Watching Before the Next Issue

- Government priorities in IMF talks, and whether they include a social protection package
- Progress of the draft 2027 budget and the fate of new tax provisions
- The first official inflation reading after the exchange-rate decision, and the direction of the gap

