

Title:

Buying Currency in Iraq: A bargain or not?

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Summary:

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Article Body:

If you do an Internet search for companies that trade in currency, you may be surprised to find that there are dozens, if not hundreds, of web sites dedicated to promoting the purchase of the Iraqi currency. Many of them tout it as a get rich quick scheme. Others say that it is a patriotic way to support the new democracy of the Iraqi people and their government. Still others base their marketing on the notion that buying the Iraqi currency (the dinar) is like buying a penny stock - it is so cheap that you can afford to buy huge quantities, so that even a slight increase in value will guarantee huge yields on your original investment. But buyers beware, because there is no proof that the dinar will make a comeback anytime soon.

Here are a few things for would-be investors to consider before venturing into ownership of the dinar. First of all, there is still no official and organized market for trading the Iraqi currency. This means that even if you want to buy and sell the dinar as a currency trader, there is no way to ensure that you will be able to find a market for it. Without buyers and sellers coming together in an organized fashion, the currency lacks liquidity - if you need to sell your dinars to convert them to dollars, you may have to wait days, weeks, or months to find a buyer to take them off your hands. And without such liquidity, those who broker the notes will be taking big commissions, to make it worth their while. All of these things will factor into your ability to make a profit from trading the currency.

Many who advertise sales of the dinar will not buy the same currency. That should make you somewhat skeptical, because if it is such a good deal, traders would not only sell dinars, but also be interested in purchasing them. And they

claim that even a fraction of an upward movement in the currency can make you a millionaire. That may be true, but it is no insurance that the currency will go up. And meanwhile, currencies of other, more economically stable countries in the world - like Turkey, for instance - are cheaper to buy than the dinar, so why not invest in those currencies instead? The fact is that Iraq's economic outlook is bleak, and the possibility of making huge profits by buying and selling the dinar remain slim - at least for now.

Of course if you want to show your support for the country - and buy a souvenir for your grandchildren in the process - there is nothing at all wrong with buying dinar notes, as many of them as you want. They are very inexpensive - you can buy them for pennies - and they have some historical value as keepsakes from an interesting time in the long story of Iraq's civilization. But to buy them strictly upon their upside price potential is another thing altogether, and the inherent risk of such a purchase makes it more of a gamble than an investment.