

Exchange rate policies are an important economic policy in the Iraqi economy for its effects on most internal and external economic variables, including the stock market. The aim of this paper is to find out the relationship and orientation between the foreign exchange market and the stock market for the period 1/1/2005 to 30/6/2013, using monthly data for the exchange rate and the stock market index, by applying modern Econometric methods. The study found a long run relationship going from exchange market to Iraq stock exchange during the period stated