



NEWS



What's at Stake for the Global Economy as Conflict Looms in Ukraine?

The Russian invasion of Ukraine is already dealing a blow to financial markets and the worldwide economy. Global supply chains and growth had been broadly recovering from the pandemic, but now all that's in doubt, given the stricter sanctions and other punitive measures against Russia that are in the offing.

The war has introduced a lot of unknowns for global trade, financial markets, multinational corporations and national economies, including the U.S. economy.

This new war at the eastern edge of Europe cuts into food and energy supplies, which means higher prices, and generates risk, which is expensive.

The Russian invasion of Ukraine is likely to snarl global trade even further, while sending gas prices soaring and stock markets into correction territory, analysts say.

An invasion of Ukraine, which has been dubbed "the breadbasket of Europe" because it is a major producer of wheat, barley, corn and rye that is consumed largely by Europe, may upset supply chains even further.

This could also affect countries in the Middle East and Africa that also import Ukrainian wheat and corn. Ukraine is also China's top supplier of corn.

However harsh the effects, the immediate impact will be nowhere near as devastating as the sudden economic shutdowns first caused by the coronavirus in 2020. Russia is a transcontinental behemoth with 146 million people and a huge nuclear arsenal, as well as a key supplier of the oil, gas and raw materials that keep the world's factories running. But unlike China, which is a manufacturing powerhouse and intimately woven into intricate supply chains, Russia is a minor player in the global economy.

Reference:

<https://www.nytimes.com/2022/02/21/business/economy/ukraine-russia-economy.html/>

<https://nypost.com/2022/02/24/global-trade-to-suffer-more-after-russia-invasion-of-ukraine/>