

UKRAINE

Dangerous Trends

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The second wave of global financial crisis looks, unfortunately, to be headed for Ukraine. Although not as sudden or as drastic as in 2008, the scale of the crisis, and the fact that the first wave occurred so recently, makes everyone extremely uncomfortable. The situation is aggravated by growing domestic problems, which may translate external shock into multiple internal issues.

The key troublemaker right now is the high energy bill, likely to cause a currency crisis during the next year. The authorities have promised a revised gas agreement, with lowered gas import costs; however, so far, there are many rumors surrounding the process, while no official information has been disclosed. To make matters worse, capital outflow and declining metal prices have put the future of the *hryvnia* into question, even leaving aside the gas issue>>>