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The implications of the Russia/Ukraine conflict will be felt by the economies here in the U.S. as well as Europe. according to Anil Puri and Mira Farka, co-directors of the [Woods Center for Economic Analysis and Forecasting](#) at Cal State Fullerton's College of Business and Economics.

“Russia’s economy makes up only 3% of the world’s economy; Ukraine’s is less than 0.3%. Yet, Russia accounts for 42% of Europe’s gas imports and 26% of its oil imports. It only makes up less than 5% of oil and petroleum imports for the US. The EU is Russia’s largest trading partner accounting for 37% of its total world trade. Russia is

the fifth-largest trading partner for the EU, accounting for 5% of its total trade. In

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the Russian economy, especially the disconnect from SWIFT and the potential freezing of the Russian Central Bank's \$630 billion in foreign exchange reserves. The impact of SWIFT, though garnering more attention, is more incremental and less immediate. However, the pain from the second main sanction will be more severe."

Impact on the US Economy:

"The US is relatively insulated from this shock, though less than one would hope. The immediate and medium-term impact result is not just an upward march in inflation (via higher energy and food prices), it is also slower growth via jittery stock markets, a European slowdown, and a difficult balancing act by the Fed in combating inflation without pushing the economy into the depths of a new recession. Such balancing acts rarely end up being perfectly well executed."

In their Economic Forecast for 2022, Puri and Farka quoted the critically acclaimed movie, Forrest Gump, "Life is like a box of chocolates. You never know what you're gonna get." The CSUF economists forecast for 2022, presented in fall 2021, reinforced the notion that this is an evolving situation destined to surprise many.

Please click [here](#) for the 2022 forecast.

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