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Everyone Just Realized The Ukrainian Currency Is Screwed

Mostly because the government is denying it so hard

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Ukraine has the worst inflation rate in the world. It's worse than in Zimbabwe. It's worse than in Iraq. It's just the worst.

The Ukrainian hryvnia has plummeted since the start of the year, losing a staggering 53 percent of its value against the dollar. In response, Ukraine has halted trading of the hryvnia until the country can access a massive $17.5 billion loan from the International Monetary Fund and stabilize the currency. According to Bloomberg, the massive drop in its value means the hryvnia takes home the title of the world's worst-performing currency this year. Comparatively, the Russian ruble, the topic of a thousand analysis pieces, has lost only 8 percent of its value over the same period, and that was enough to spark a major price panic in the country, with the cost of basics like diapers and tampons going through the roof, and lines forming wherever you could withdraw foreign currency.

As part of its ongoing Troubled Currencies project, the Cato Institute broke down the impact of the struggling hryvnia and the true state of the Ukrainian economy. When countries experience severe economic turmoil, governments have a tendency to stop reporting accurate inflation rates. For instance, the last official year-over-year inflation rate for Ukraine was 28.5 percent in January, and the country's currency has tanked pretty dramatically since then.

Using free market (aka black market) exchange rate data, the Cato Institute calculated an updated inflation rate for Ukraine of 272 percent—that's close to 90 times what we experience in the U.S. and worse than the Syrian pound. The monthly inflation rate of 64.4 percent puts Ukraine well above the 50 percent hyperinflation threshold, and the Cato Institute inflation estimate for Ukraine easily outstrips other countries experiencing severe bouts of inflation.