

Mortgage crisis



Pres. Miloš Zeman spoke at the Castle yesterday during the [swearing-in ceremony](#) for new members of the CNB board about a mortgage crisis, and the crown appreciated to where it was before the dirty words "Gov. Aleš Michl" were first uttered in public. Currency investors are interested in the interest-rate differential with the euro or dollar, not in what the central bank's high interest rates do to the economy. Zeman said that the mortgage crisis is taking the form of a 60% year-on-year drop in the volume of mortgage loans. This affects both banks and potential homebuyers. At the same time, interest rates on existing housing loans are rising as the fixed period expires, which can lead to thousands of crowns more in monthly payments, just as energy and other costs are skyrocketing. Banks insist so far that the vast majority of their clients are able to cope with the situation. A real mortgage crisis arrives when vast numbers of borrowers aren't able to make their payments and have no way out, because the property market has frozen up. If this happens, whose side will the government be on? The banks', or the borrowers'?

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