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Subprime Christmas

It's understandable that lenders and retailers wouldn't want to spook Czech consumers during the all-important Christmas shopping season. This is one reason why almost no one in the CR is sounding the alarm about the mounting subprime problems in the U.S., even as one global bank after another reports billion-dollar write-downs. The standard line is that Czech banks don't invest in such risky instruments. True, but the crisis has reached the point where confidence in the financial system as a whole is being tested, and that has implications for all aspects of the global economy. On the Czech level, the stock market is showing its first signs of weakness, economic data confirms that industry is at or near its peak, energy prices are wreaking havoc, and more people are speaking about an overpriced housing market. It's worrisome, but with a little luck it can still be a peaceful Christmas.

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