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INFLATIONARY INFLUENCE ON THE MORTGAGE MARKET OF UKRAINE

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Summary. The mortgage market at high rates of inflation in the economy of the countries has been considered. Major prerequisites of the mortgage market development in Ukraine have been analyzed, as well as the measurements of fight against inflationary processes have been defined.

Key words: *inflation, mortgage market, investment, real estate, macroeconomic instability.*

The situation at the mortgage market in terms of high inflationary processes is viewed as a contradictory one. A high rate of inflation in the country causes money depreciation which stimulates the acquisition of real estate. Such a macroeconomic situation leads to activation and recovery at the mortgage market. The financial and credit tool, stimulating the mortgage market is, undoubtedly, considered to be the inflationary processes. At the same time a high rate of inflation can appear to be a significant danger for the mortgage market and the economy.

However, the influence on the mortgage market measurements in terms of the anti-inflationary regulation have not been studied completely so far. Therefore, we consider it rational to analyze it fully taking into account the experience of the anti-inflationary regulation in the developed countries and define the possibilities of its implementation in Ukraine.

The mortgage market in terms of anti-inflationary regulation, with taking into account the crisis and post-crisis phenomena in general, has been researched in the article, as well as, the mortgage market of Ukraine at high inflation rates has been considered, in particular.

The latest publications, which encompass the studies of the mortgage market problems, have been summarised by the author. The economic prerequisites of the mortgage market development at high inflation rates in the economy of the country have been considered. There have been named the factors which had influenced the course of events at the mortgage

market. Based on the conducted research, the author has formulated the recommendations concerning main prerequisites of the mortgage market development in Ukraine and defined the measurements of the fight against inflationary processes.

Summarizing all the above mentioned, it is necessary to point out that the crises at the mortgage market occur for unrealistic market expectations, which first of all lead to the mortgage market oversaturation and investments into new construction projects. The increase of the money supply, which does not correspond to the output growth, causes a high rate of inflation. However, the rate of inflation does not rise due to the efficient bank lending when the reserves are directed to manufacturing.

Despite the financial attractiveness and social meaning of the mortgage market, commercial banks try not to provide legal entities with mortgage loans when the economy of a country is in macroeconomic instability due to inflationary processes and many risks inherent to the banking sector. It can be explained by that the commercial banks prefer less risky industries of the national economy and short-term loans.

Thus, the mortgage market provides considerable opportunities for the investment in the countries with macroeconomic stability and low inflation rates. Among financial assets, the real estate is considered to be the most protected from the inflation influence. One can receive the rent for it, i.e. the profit which will increase in future together with the inflation rate.

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