Public release note 26/05/2025

EUROPEAN HIGH FREQUENCY MODEL

Monthly estimates of economic growth

CEPREDE

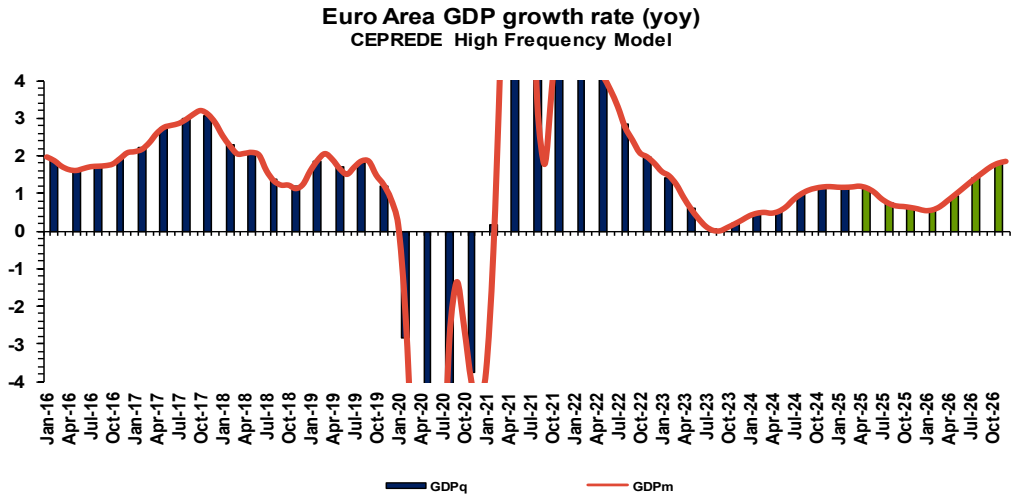
The Eurozone beats forecasts in the first quarter despite global tensions

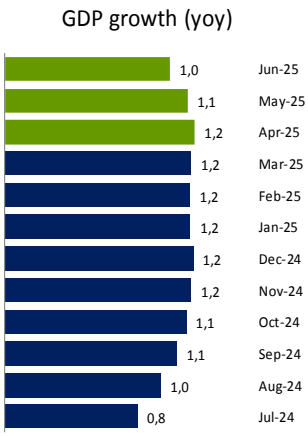
May 2025

> *"Further fragmentation of global trade could mitigate GDP growth and reignite inflationary pressures" CE*

The beginning of the year was inevitably marked by the shadow of global trade tensions. The Trump administration, by disrupting the world order, unleashed a tariff war that threatened to impact every economy, including our own, the Eurozone. However, in a surprising turn of events, the Eurozone countries managed to weather the storm better than expected. Between January and March, the economies of the Twenty experienced a 0,3% expansion in their Gross Domestic Product (1,2% year-on-year), defying the constant tug-of-war with the United States. For the moment, the strength of the main Eurozone economies is palpable. Spain once again emerges as the engine of growth among the major Eurozone powers, while Germany and France are beginning to show clear signs of recovery. Despite this context, and with the updated indicators through April, the annual projections have barely changed, maintaining moderate growth of 0,9%. However, the quarterly profile has adjusted slightly, now anticipating a mild moderation throughout the year, in contrast to the previously expected stability. This modest increase underscores the continent's vulnerability to external shocks and its tendency toward subdued growth. Tariffs, but especially increased uncertainty and tightening financial conditions, are weighing on trade and investment. And although the labour market remains robust and inflation is easing, household reluctance to spend clouds the prospects for a more robust economic recovery.

Full Content:





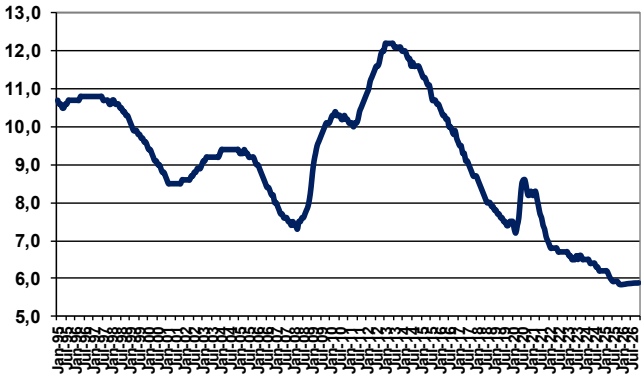
Source: CEPREDE. MAy-2025

The High Frequency Model analyses the main trends shared by a group of selected business indicators which recent evolution is displayed in following tables and graphs.

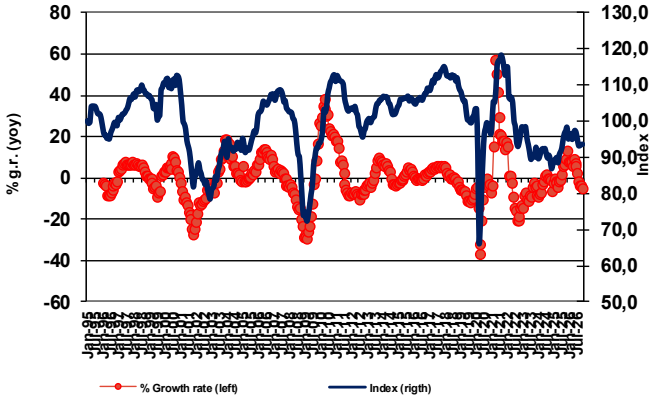
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

After that, those forecasts are used both, to get specific forecasts on individual indicators (Dynamic Factor analysis), and to get a monthly GDP growth rate through temporal desegregation techniques (Chow-Lin).

Harmonised Unemployment Rate



Economic Sentiment Indicator: Germany



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Upcoming relevant data	Euro Area
May 27	Economic Sentiment Indicator & Business and Consumer Survey results. May 2025
Jun 03	Flash estimate inflation. May 2025
Jun 03	Unemployment. April 2025
Jun 06	GDP main aggregates and employment. Q1/2025
Jun 13	Industrial production. April 2025

The programming publications High Frequency Model for Eurozone during this year is included in the table at right.

Closing date: May 22, 2025

Publication date in 2025	
January 27	July 21
February 24	-
March 24	September 22
April 28	October 27
May 26	November 24
June 23	December 22

Economic Forecasting Center (CEPREDE in Spanish language) begins in 1981 as a result of work of a group of professors from the Autonomous University of Madrid (UAM) and the unconditional support of the Chamber of Commerce and Industry of Madrid and the University-Enterprise Foundation. Five years later in 1986, establishing the Economic Forecasting Center Association (CEPREDE in Spanish). The Association counts among its partners, private corporations, business associations and governments of the autonomous administrations. CEPREDE is now a permanent Center for Economic Research, a reality created and shared by everyone, Sponsors, Founders, Partners and a group of university professors and researchers.

A reality which numerically is summarized in decades of history, with hundreds of prediction, continuous analysis of approximately 1.000 macroeconomic variables and 200 short-term indicators, permanent consultation with a hundred experts panel.

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