



# EUROPEAN HIGH FREQUENCY MODEL

## Monthly estimates of economic growth



### Cyclical recovery under the threat of trade tensions

The Eurozone economy ended 2025 showing signs of exhaustion, registering widespread stagnation of just 0.1% quarterly growth according to our high-frequency model. This paralysis reflects a deep growth gap between member states: while Germany continues to act as the main regional drag due to its industrial crisis, Spain and Portugal have consolidated their position as the engines of growth. The outlook was further clouded by the impact of high energy costs on the manufacturing sector and weakened global demand due to escalating trade tensions. Ultimately, the year concluded with a two-speed Europe where the resilience of the south contrasts sharply with the structural fragility of the central European core. The model's forecasts for 2026 point to a year of cyclical recovery in Europe, with growth of around 1.2%, driven primarily by the stabilization of inflation at around 2% and a more accommodative monetary policy with falling interest rates. This environment will boost consumption and lower credit costs, making it easier for Germany to revive its industrial engine after years of stagnation. However, this optimism is tempered by structural risks such as trade tensions with the US and China, as well as the limited scope for public spending in countries like France and Italy due to the European Union's stringent fiscal rules. In this scenario, Spain will continue to lead regional growth, significantly outperforming the Eurozone average and demonstrating greater resilience compared to its European neighbors.

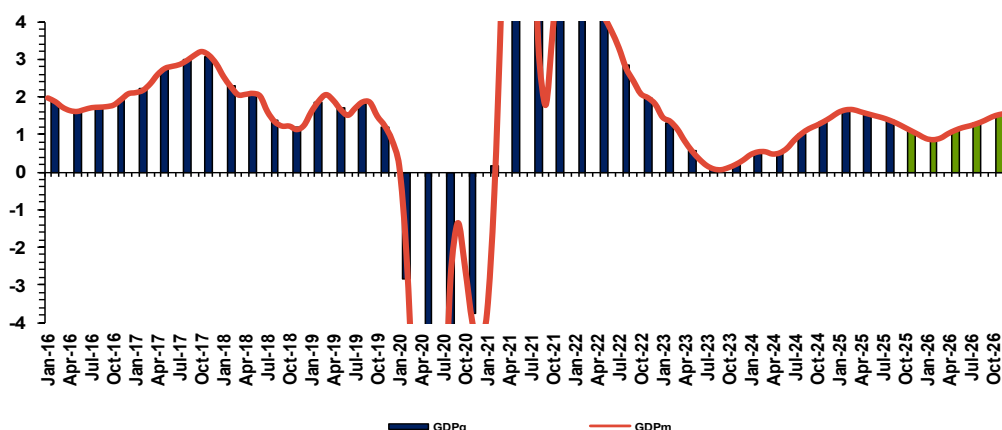
*"The Eurozone is still affected by structural headwinds" FMI*

January 2026

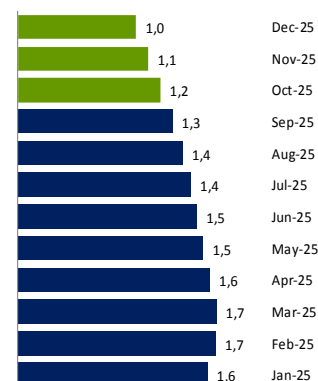
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**Euro Area GDP growth rate (yoy)**  
CEPREDE High Frequency Model



GDP growth (yoy)



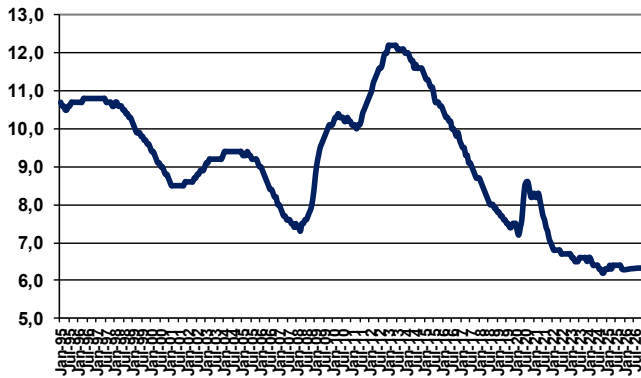
Source: CEPREDE. Jan-2026

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.

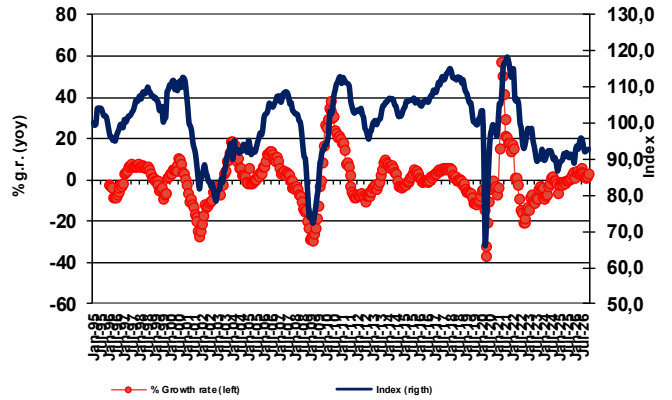
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jan 30	Preliminary flash estimate GDP - EU and euro area, Q4/2025
Jan 30	Unemployment, December 2025
Feb 04	Flash estimate inflation euro area, January 2026
Feb 05	Retail trade, December 2025
Feb 16	Industrial production, December 2025

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

Closing date: Jan 20, 2026

**Publication date in 2026**

January 26	July 27
February 23	-
March 23	September 21
April 27	October 26
May 25	November 23
June 29	December 21

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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