



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Private consumption indicators accelerated in second quarter

July 2015

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With most of the indicators already updated for the second quarter, it seems that the recovery trend keeps its strength, and so, average growth rates in this second quarter are little bit higher than in the previous one. Notably, growth rates for Retail Trade Deflated Turnovers have increased in all markets, (Food, Textile and Household Goods). In the same vein, new car registrations have also grew in May at a y-o-y rate not seen since 2009.

These trends in the indicators most related to private consumption tends to confirm that the rebound in domestic demand shown in the first quarter will continue in the second one. Summing up all factors, our High Frequency Model advances, for the second quarter, a q-o-q GDP growth rate of 0,6%, which means two tenths upper the previous quarter.

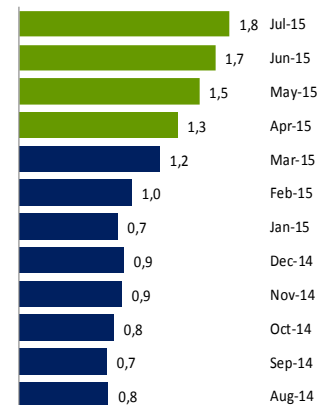
“Cyclical maximum around 2% would be reached at the end of the year”

Nevertheless, forecasts for the rest of the year are less optimistic, and these q-o-q rates could be reduced a bit in coming quarters, leading the y-o-y growth rates to reach a cyclical maximum at the end of this year.

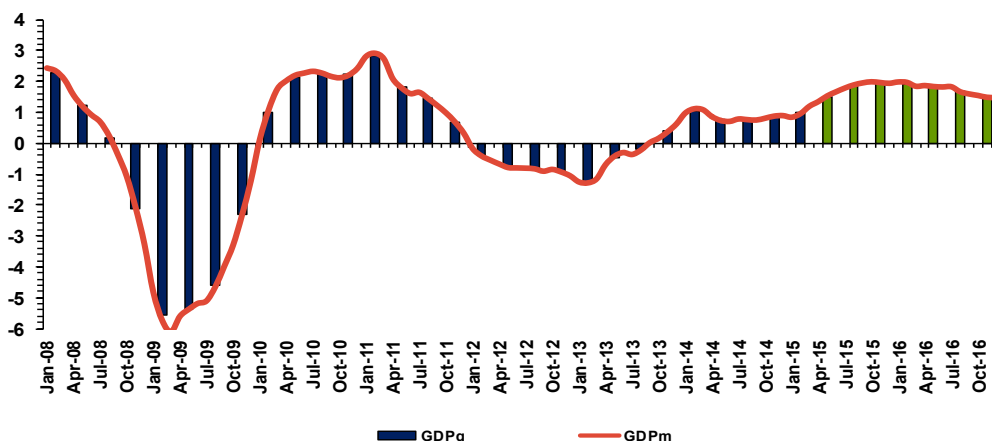
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GDP growth (yoy)



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



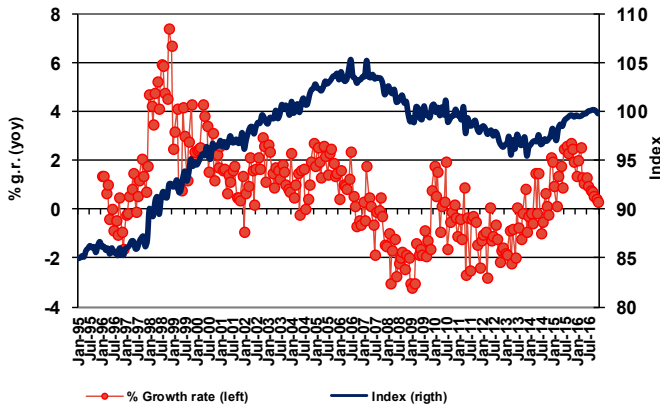
Source: CEPREDE. July 2015

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

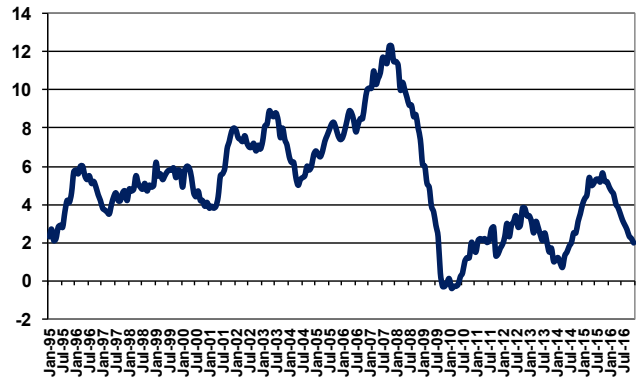
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

Retail Trade Deflated Turnover: Food



Money Supply M3 (% g.r. yoy)



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Upcoming relevant data	Euro Area
Jul 30	Business climate indicator for the euro area. July 2015 (EC)
Jul 31	Unemployment. June 2015 (Eurostat)
Aug 10	Composite Leading Indicator (OECD)
Aug 12	Interest rate (3 months). July 2015. (ECB)
Sep 4	National accounts (GDP). Q2/2015 - 2nd Estimate (Eurostat)

The programming publications High Frequency Model for Eurozone during this year 2015 is included in the table at right.

Closing date: Jul 20, 2015

Publication date in 2015	
January 26	July 27
February 23	September 21
March 23	October 26
April 27	November 23
May 25	December 21
June 22	

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