EUREN / CEPREDE

High Frequency Model for Eurozone

Monthly rates of economic activity

European Economic Network

CEPREDE

SUMMARY

October 2015

Expectations remain good for the closure of 2015.

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The successive realizations of the indicators included in our high frequency model they tend to confirm the recovery trend of the European economy that we have been forecasting in past months and that could lead to an average GDP growth Eurozone 1,6% in 2015.

So, with most of the indicators already available for the entire third quarter, some acceleration in the qoq growth rate can be expected for the second half of the year and could raise the yoy rates slightly below 2% by year end.

In any case, towards the next year it could be registered a turnaround that would moderate the yoy growth rates along year 2016 after reaching a cyclical peak later this year.

In fact, some indicators are already showing signs of approaching to the cyclical peak
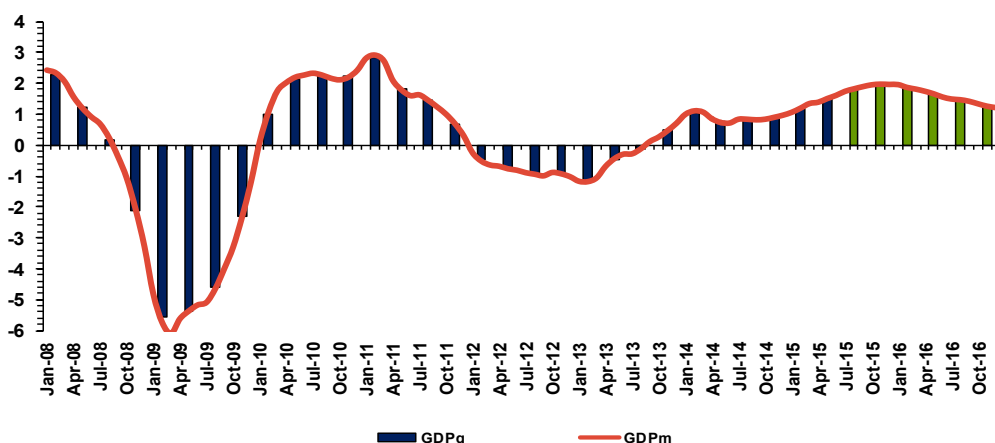
"Spanish and Italian economic climate indicators slowed down in recent months"

in recent months, and so, for instance, exports and imports outside the Eurozone have reached local highs in the second quarter, while consumers' confidence would have been deteriorating slightly since April.
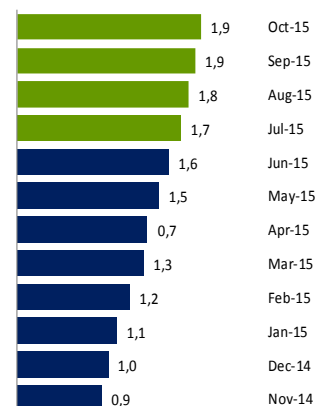
Full content:

GDP growth (yoy)

1,9	Oct-15
1,9	Sep-15
1,8	Aug-15
1,7	Jul-15
1,6	Jun-15
1,5	May-15
0,7	Apr-15
1,3	Mar-15
1,2	Feb-15
1,1	Jan-15
1,0	Dec-14
0,9	Nov-14

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

GDPq — GDPm

Source: CEPREDE. Oct 2015

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).

Retail Trade Deflacted Turnover: Durables

% Growth rate (left)   **Index (rigth)**
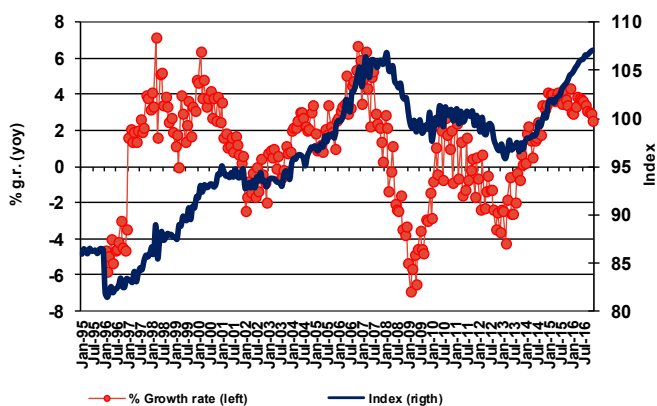
10-y Long Term Government Yields
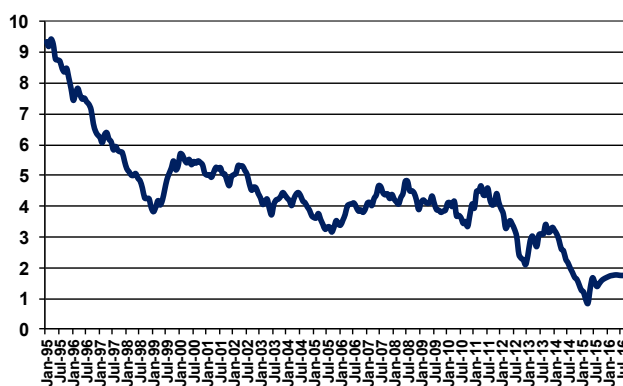
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Upcoming relevant data	Euro Area
Oct 29	Business climate indicator for the euro area (EC)
Oct 30	Unemployment. September 2015 (Eurostat)
Nov 9	Composite Leading Indicator (OECD)
Nov 11	Interest rate (3 months). October 2015. (ECB)
Dec 8	National accounts (GDP). Q3/2015 - 2nd Estimate (Eurostat)

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

Closing date: Oct 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	

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.

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