



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

February 2016

#### An unfavorable start to the year

On February 12th Eurostat has published the flash estimate for the last quarter 2015, that is advancing a slight deceleration in yoy GDP growth rate of about one tenth (1,6 in q3 to 1,5 in q4), whereas the qoq rate remains unchanged in relation to previous quarter (0,3 in both q3 and q4). This flash estimated, that is quite in line with our previous forecasts, seems to confirm the steady growth trend of the Eurozone economy that we highlight in our previous monthly report.

Nevertheless, the outlook for current year 2016 seem to be weakening in recent weeks, and most recent forecasts tends to show slight downward revisions, as it is the case of OECD recently publication. In our High Frequency Model, even when annual averages for 2016 remain unchanged related to previous month, the current forecasts for the two first quarters are slightly lower than previous ones.

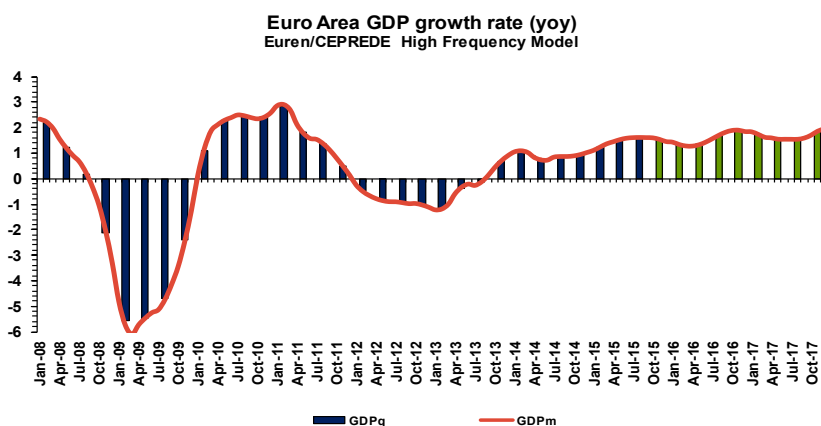
Author: Julián Pérez

*“Economic climate indicators declining in January in largest European economies, except France ”*

In fact if we look at the even limited information already available for the indicators included in our model it is easy to see some moderation in their advance, mainly in those indicators more linked to expectations (Economic climate).

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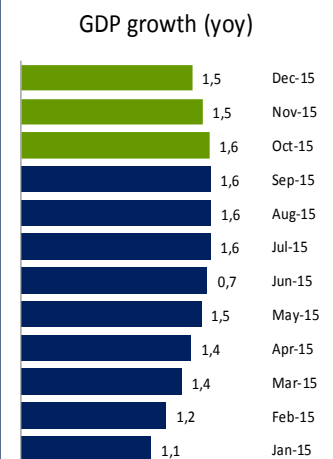


Source: CEPREDE. Feb-2016

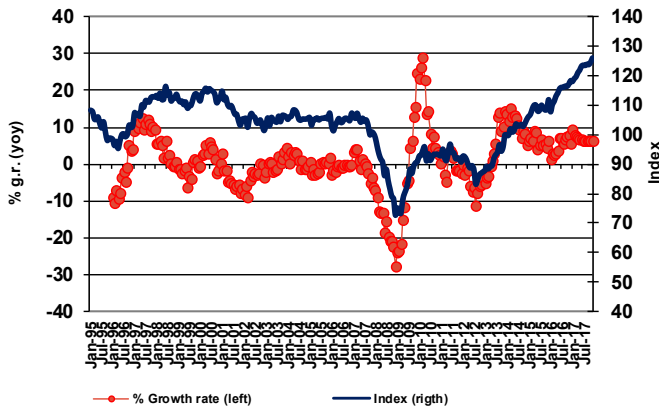
The High Frequency Model analyses the main trends shared by a group of selected business indicators which recent evolution is displayed in following tables and graphs.

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

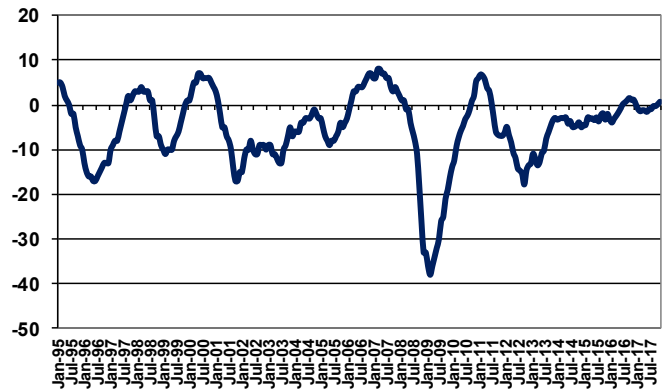
After that, those forecasts are used both, to get specific forecasts on individual indicators (Dynamic Factor analysis), and to get a monthly GDP growth rate through temporal desegregation techniques (Chow-Lin).



**Economic Sentiment Indicator: Spain**



**Industrial Confidence Indicator**



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| Upcoming relevant data | Euro Area  |
|------------------------|--|
| Feb 26                 | Business climate indicator for the euro area. February 2016 (EC) |
| Mar 1                  | Unemployment. January 2016 (Eurostat)                            |
| Mar 8                  | Composite Leading Indicator (OECD)                               |
| Mar 10                 | Interest rates (3 months). February 2016 (ECB)                   |
| Mar 14                 | Industrial production. January 2016 (Eurostat)                   |

The programming publications High Frequency Model for Eurozone during this year 2016 is included in the table at right.

Closing date: feb 17, 2016

| Publication date in 2016 |              |
|--------------------------|--------------|
| January 25               | July 26      |
| February 22              | September 26 |
| March 18                 | October 24   |
| April 25                 | November 21  |
| May 23                   | December 23  |
| June 20                  |              |

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