



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Not very good signals in the short term.

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The last updated of the full set of indicators included in the High Frequency Model has not induced relevant changes in the forecasts for the GDP growth rate for the rest of this year, and it still points to an average growth of 1,5 % in 2016, with slightly higher rates in the second half of the year. Nevertheless, if we look at the monthly profile shown by most of the indicators we can't get a very optimistic outlook for the Eurozone, as the majority of these indicators have evolved in some kind of inverted "U" shape, whose local maximum would already reached at the end of last year. In average terms, most of the indicators still remains a yoy growth rates slightly higher than those shown in the first quarter of 2015, but lower than the last quarter 2015. All in all, if these trends would continue in coming months, the quarterly profile, currently

"Most of the indicators reached a peak at the end of 2015"

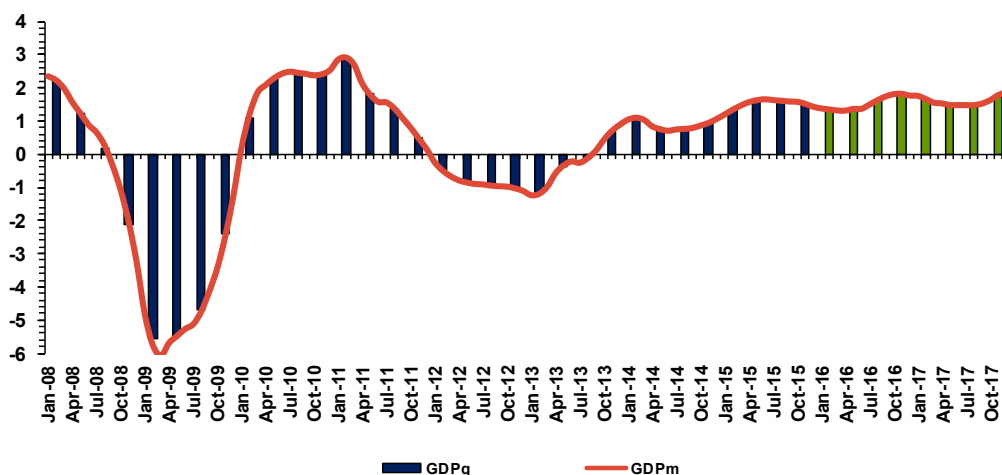
forecasted for the Eurozone GDP, should be changed and it would be possible to end up with an average growth in 2016 even lower than in 2015 1,5%.

April 2016

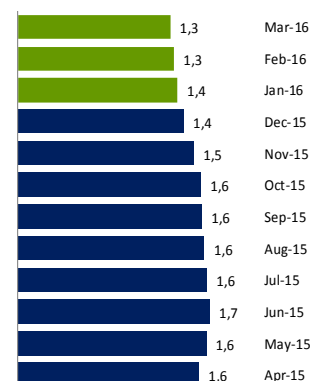
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



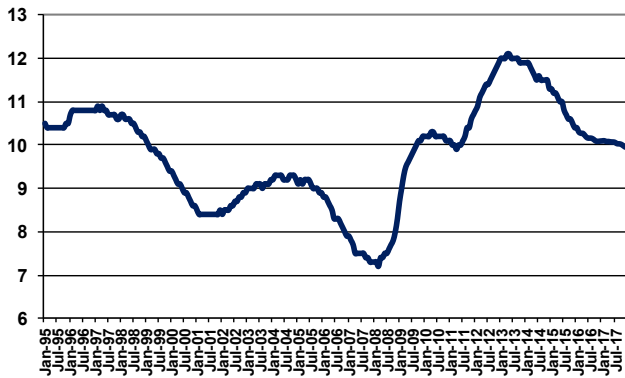
Source: CEPREDE. Apr-2016

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.

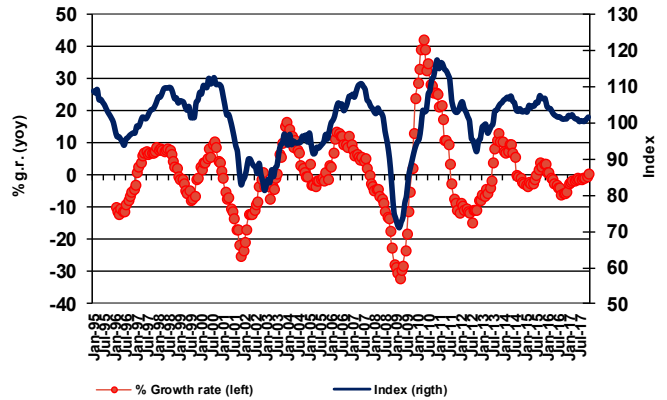
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

Harmonised Unemployment Rate



Economic Sentiment Indicator: Germany



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Upcoming relevant data	Euro Area
Apr 28	Business climate indicator for the euro area.
Apr 29	Unemployment. March 2016 (Eurostat)
May 12	Industrial production
May 13	Flash Estimate EU and euro area GDP (Q1/2016)
May 18	Inflation (HICP)

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

Closing date: Apr 22, 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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