



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Some signs for improvement in GDP growth

As usual, Eurostat published last week the flash estimate for the GDP growth rate in the first quarter 2016 showing a qoq rate of 0,5% for the Eurozone, which means a significant improvement compared to previous quarter, and the highest rate since the first quarter last year. Once included this flash estimate into our High Frequency Model, the forecasts has been slightly upward revised, as previous estimation for this first quarter was

one tenth lower. Moreover, if we look at the indicators already known for the first month in second quarter, we could induce that the up mentioned recovery in GDP growth rates would continue during this second quarter. The climate indicators have shown slightly higher levels in April, compared to previous month, for the Eurozone aggregate, as well as in Germany

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"Time for recovery in expectations and economic climate"

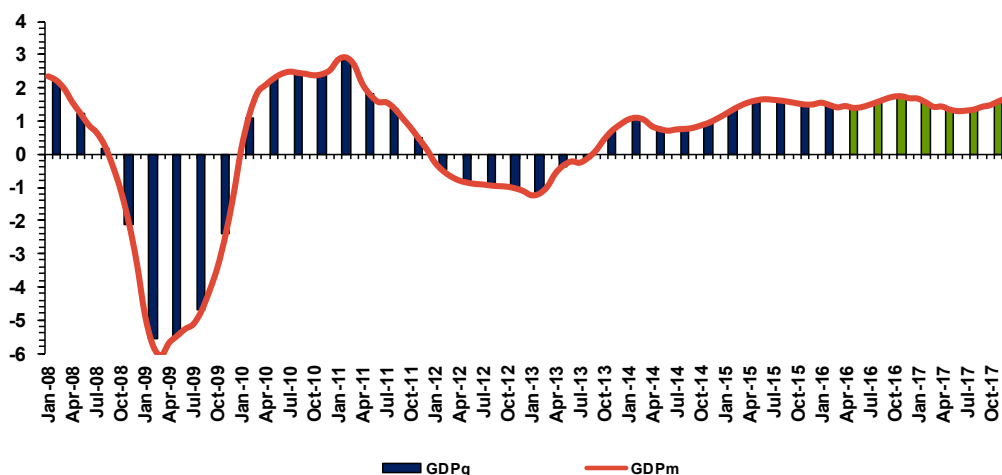
and, specially, in Italy, while France remains, more or less, stable and Spain is still suffering from political uncertainty.

May 2016

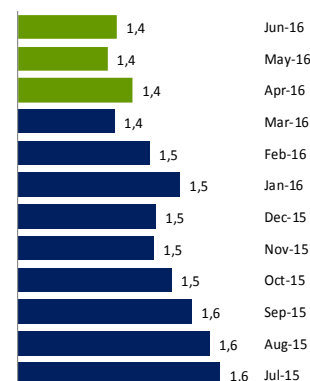
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



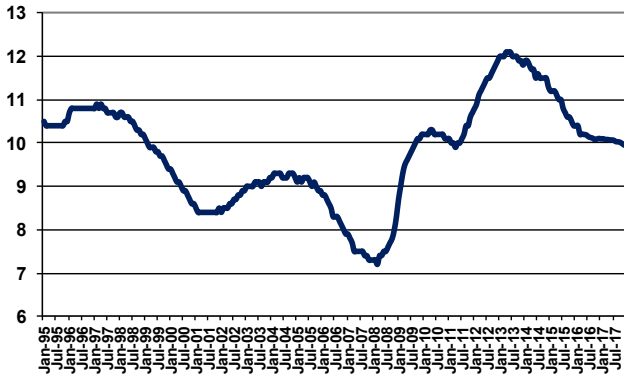
Source: CEPREDE. May-2016

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.

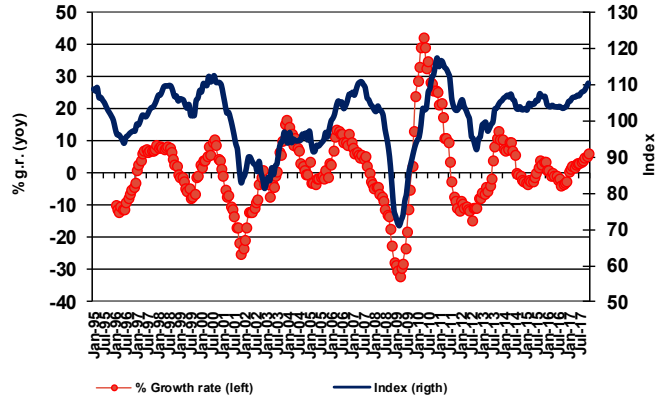
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
May 31	Unemployment.
May 31	Flash Estimate Euro area inflation.
Jun 07	GDP and main aggregates (Q1/2016)
Jun 14	Industrial production
Jun 16	Inflation (HICP)

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

Closing date: May 20, 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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