



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

The GDP growth rate takes a breather in the second quarter

Jul 2016

With more than half of the indicators included in the model and updated for June, new estimates point to some moderation in the pace of GDP growth in the second quarter, after the strong momentum experienced in the two preceding quarters. Thus, after a 0.5% qoq growth rate registered, both in the fourth quarter of last year as in the first in 2016, our current forecasts point to a containment of these rates to around 0.2%. In yoy terms, it would

mean a continuation of the slight slowdown trend already started in the previous quarter. The Economic climate indicators show reductions in their annual growth rates during the second quarter, both in the general aggregate, as country specific indicators for major economies, except Germany, being particularly sharp the slowdown observed in Spain. In the same vein, other hard

Author: Julián Pérez

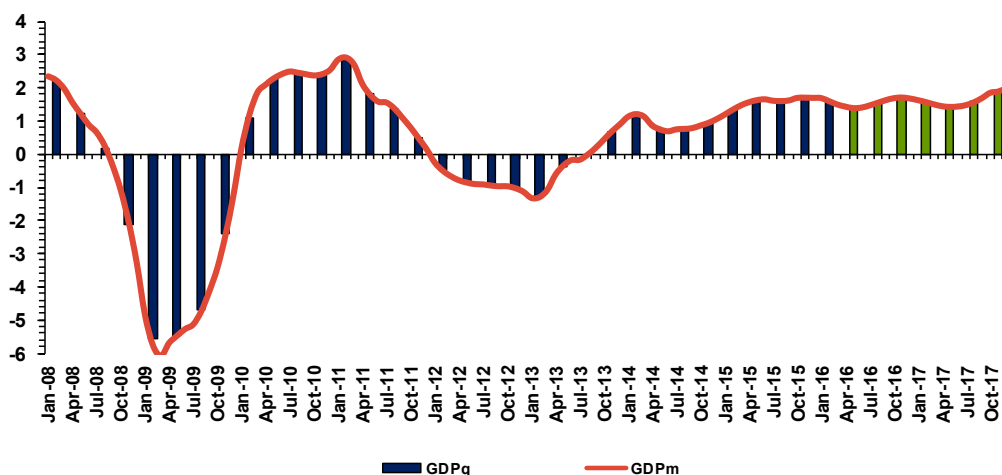
“Slight cyclical slowdown expected for the second and third quarters”

indicators such as industrial production index, auto sales, or trade in goods with the rest of the world (exports and imports) also shown slightly lower growth rates in the second quarter .

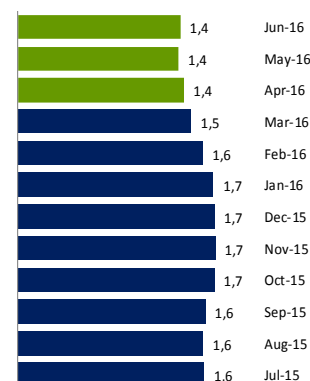
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



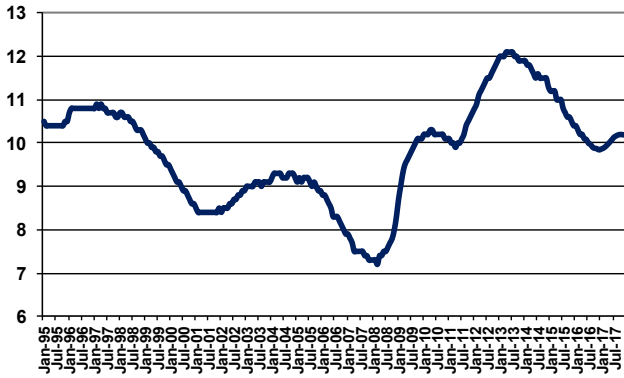
Source: CEPREDE. Jul-2016

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.

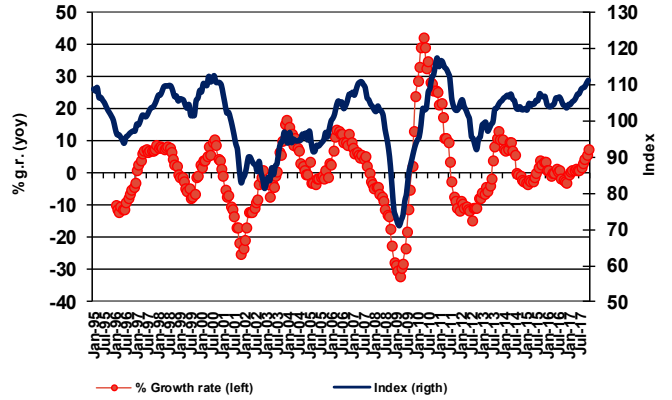
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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 |
|------------------------|---|
| Jul 29 | Employment |
| Jul 29 | Flash Estimate Euro area inflation. |
| Jul 29 | Preliminary Flash Estimate EU and euro area GDP |
| Aug 10 | Interest rate |
| Aug 12 | Industrial production |

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

Closing date: Jul 19, 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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Att. Mar Rodea (morning hours) T. +34 91 497 86 70

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