



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Third quarter in line with expectations

The past November 15th Eurostat published the flash estimate for the third quarter 2016 showing a qoq GDP growth rate of 0.3 and 1.6 in yoy terms, just the same figures as in previous quarter and very in line with our estimations.

Once included this flash estimated into the High Frequency Model, the new forecast have remained almost unchanged compared to the previous

month's ones. Nevertheless, if we analyze the specific trends of every indicator included into the model we can easily observe that the "soft" indicators (climate) have started some recovery path in the second half of the year, whilst forecasts for some of the "hard" ones also advance these recovers for the last quarter. Indeed, the scarce data al-

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"GDP growth rates could rebound slightly in the last quarter "

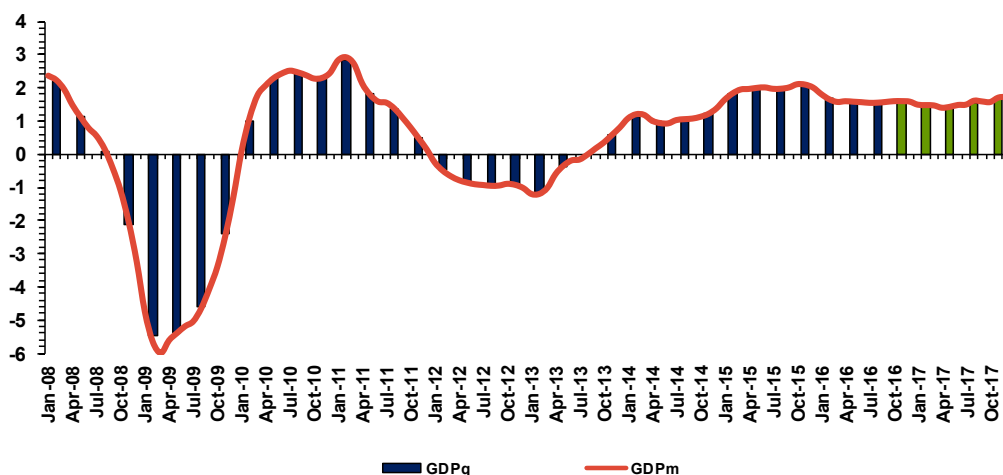
ready available for that third quarter, related to climate indicators in October, has clearly surpassed the values in previous months.

November 2016

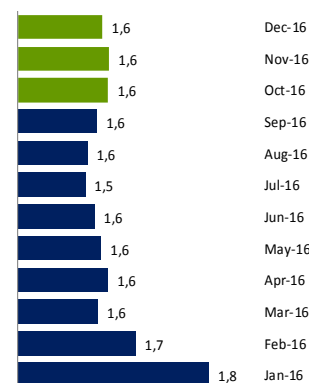
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



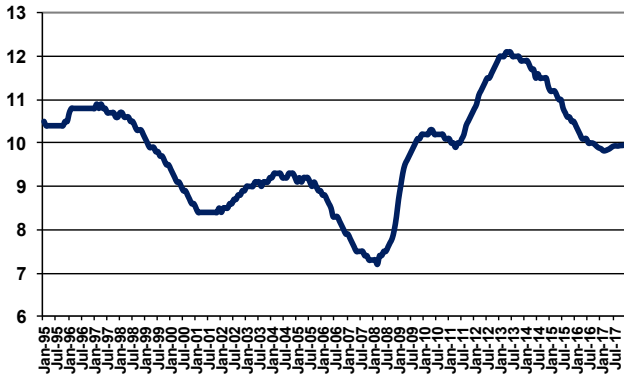
Source: CEPREDE. Nov-2016

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.

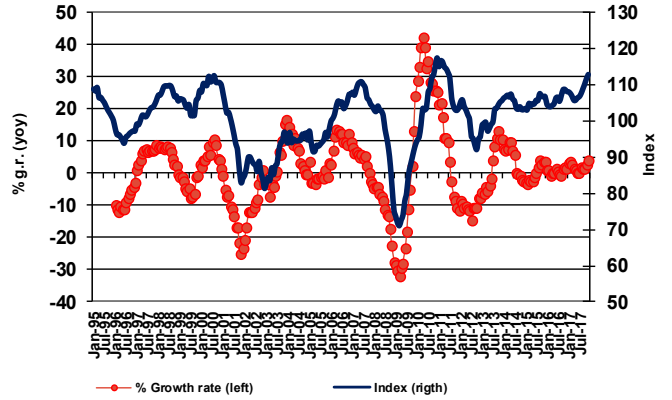
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Nov 18	Euro area monthly balance of payments (Sep-16)
Nov 22	Flash Consumer Confidence Indicator
Nov 30	Flash Estimate Euro area inflation
Dec 01	Unemployment
Dec 06	GDP and main aggregates (Q3/2016)

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

Closing date: Nov 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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