



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### GDP growth rate in the Eurozone strengthening at the end of 2016

Waiting for the advanced figures of the fourth quarter and, therefore the first figure estimated for the full year 2016, to be published by Eurostat on 31th January, the most updated estimates of our High Frequency Model have been upward revised last month, and the GDP growth rate for the fourth quarter 2016 is now one tenth higher than the previous month one. So, after a yoy GDP growth rate of 1,8% for the last quarter, the

average growth rate for the full year 2016 would be of about 1,7%. Looking at the specific indicators included in the model, it is easy to see that most of them have already recovered the pre-crisis levels during the last months of the year. The economic climate indicators, both for the full Eurozone, and for big countries, have reached in De-

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*"The lasts months reached the best records along the year"*

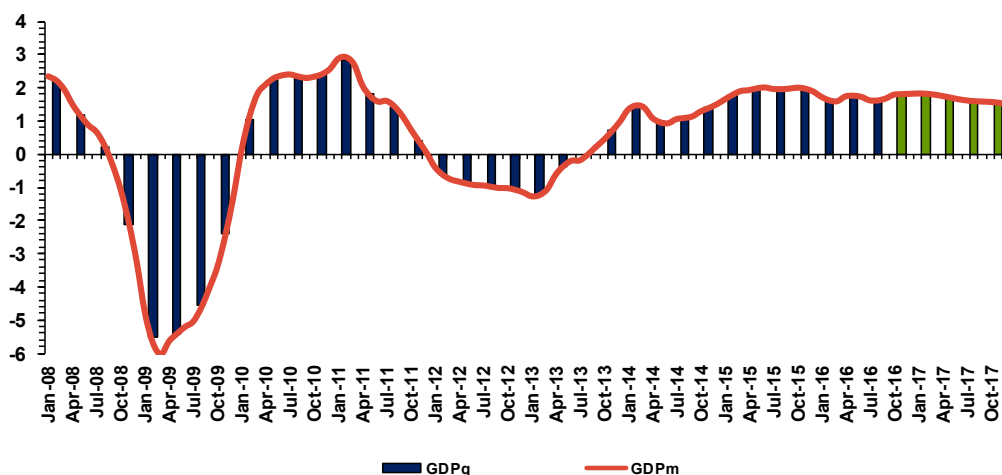
cember values not seen since 2008. In the same vein, other hard indicators, like Industrial production index, or deflated turnovers are also close to their historical maximums.

January 2017

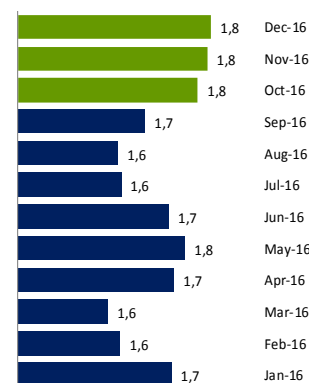
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



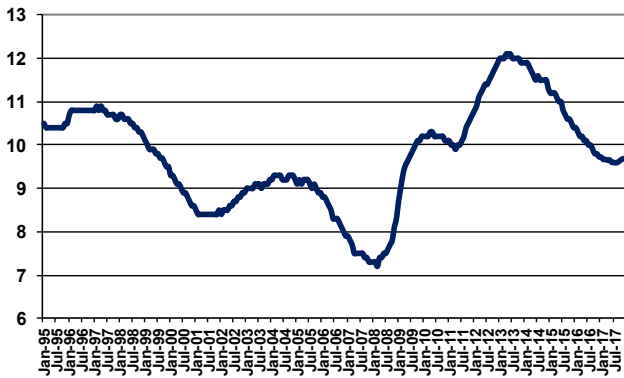
Source: CEPREDE. Jan-2017

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.

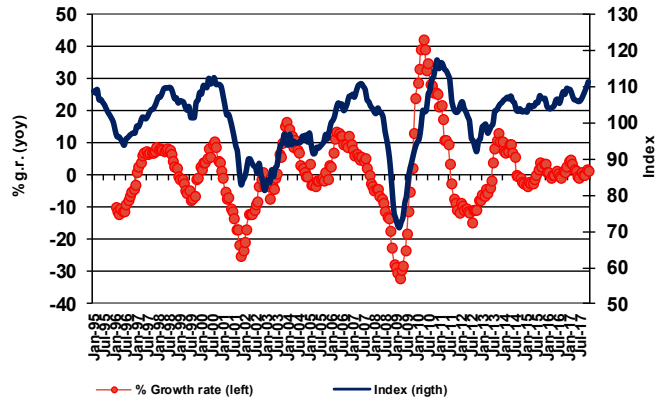
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jan 23	Quarterly data on government debt and deficit
Jan 31	Preliminary Flash Estimate EU and euro area GDP (Q4/2016)
Jan 31	Flash Estimate Euro area inflation
Jan 31	Unemployment
Feb 06	Industrial production

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

Closing date: Jan 17, 2017

Publication date in 2017	
January 20	July 21
February 17	September 22
March 17	October 20
April 21	November 17
May 19	December 22
June 23	

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