



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Eurozone' growth rate is slowly approaching its potential.

According to our monthly estimations, the GDP growth rates in the Eurozone show a moderate, though sustainable, recovery path since mid-2016, coming up to levels around 1,8% in the first quarter this year.

Looking into the near future, our current forecast seem to prolong this trend along the rest of the year, reaching a peak of about 2% at the end of the year.

If these forecasts would be finally confirmed, it means that the European economy could

grow at a rate close to its potential, even in an environment of high uncertainty like current one (Trump, Brexit, elections, etc.)

Reading it in positive, we could even advance that some reduction in the uncertainty levels could lead the European economy to a higher growth rates in the short term.

This improvement in growth expectations is clearly reflected by climate indicators, both for the Eurozone aggregate

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*Favourable expectations for nearly future "*

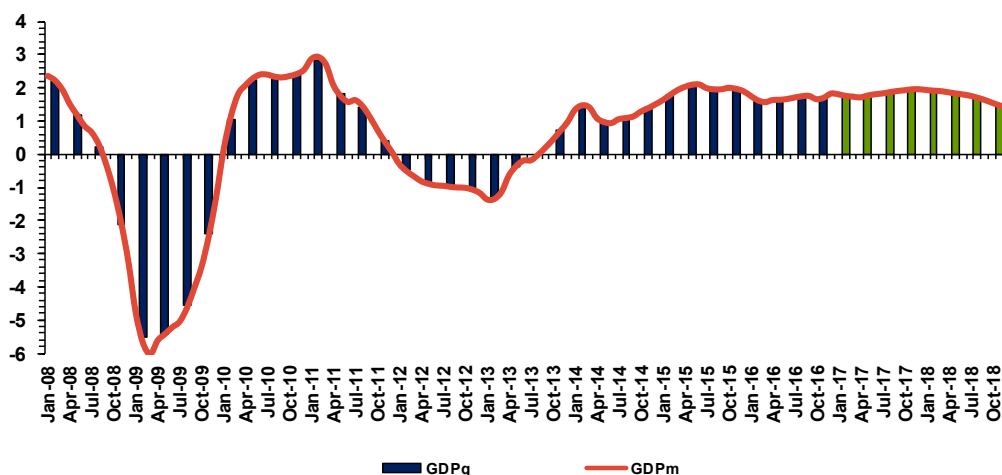
as well as country specific ones. So, the economic climate indicator is at its highest levels since mid-2007. It is also true for Spain, Italy and Germany indicators, and just France, among big countries, remains in a more moderate level .

March 2017

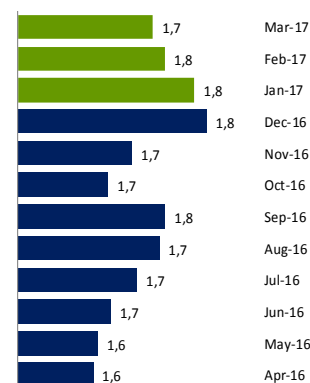
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



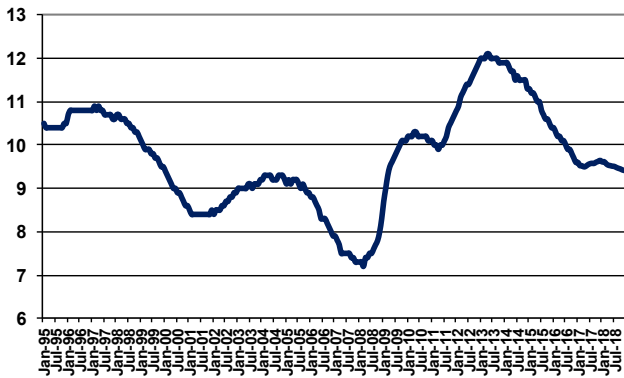
Source: CEPREDE. Mar-2017

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.

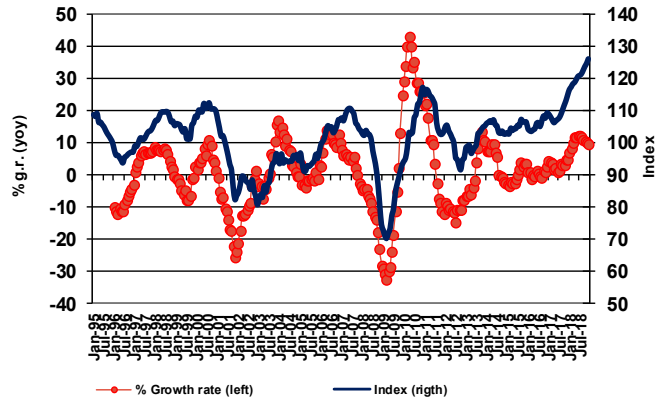
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Mar 15	Employment (National accounts) (Q4/2016)
Mar 30	Economic Sentiment Indicator & Business Climate Indicator
Mar 31	Flash Estimate Euro area inflation
Apr 06	Quarterly balance of payments (Q4/2016)
Apr 11	Industrial production

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

Closing date: Mar 14, 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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