



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Forecasts keeping in an upward revision trend.

APRIL 2017

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The last updated of the High Frequency Model has induced an additional upward revision in the QoQ GDP growth rates for the first two quarters of 2017. This revision would tend to underpin a forecasted annual growth rate of about 1,8% for the whole year. Focusing on the trends shown by specific indicators included in the model, it is interesting to note that most of them are very close, or even upper,

their historical maximums in the first months of this year. So, climate indicators, both for the Eurozone, as well as for the five biggest countries, are reaching records not seen since late 2007, just before the big recession. Same is true for Industrial Confidence Indicator that shows positive values not seen since the first quarter of 2011. Some other “harder” indica-

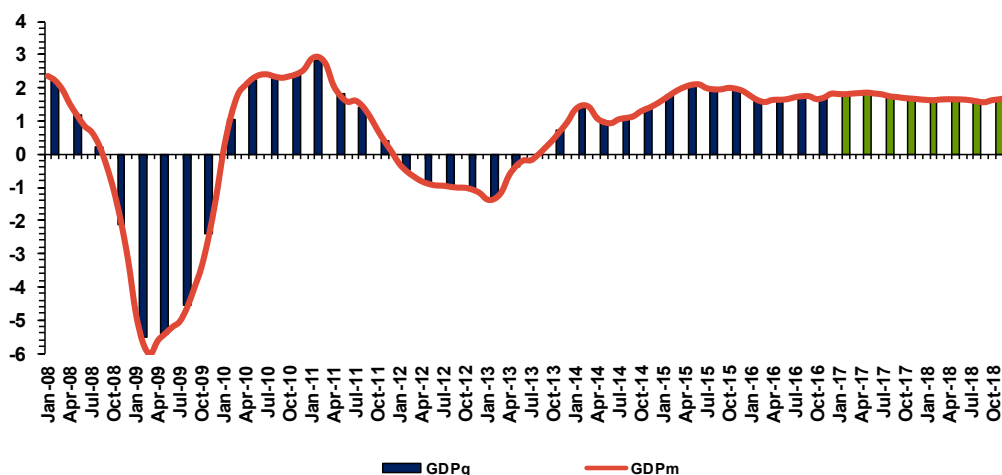
“Indicators are launching positive signals at beginning of the year”

tors like deflated turnovers or new cars registrations have also surpassed the “pre-crisis” levels during the last months.

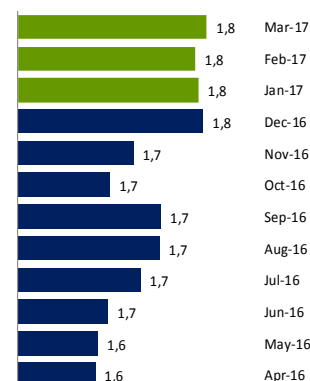
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



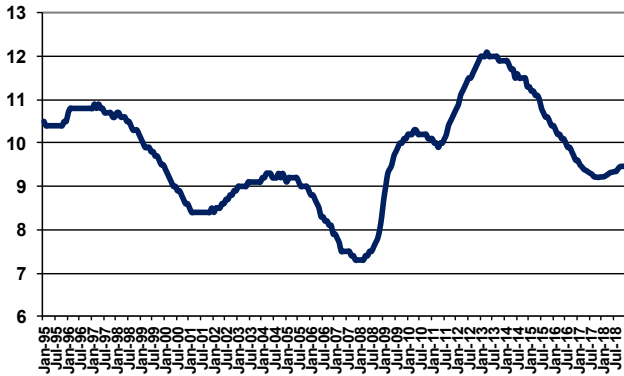
Source: CEPREDE. Mar-2017

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.

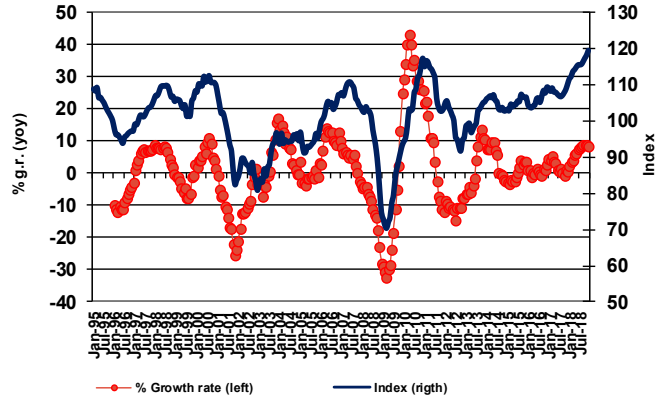
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Apr 24	General government deficit and debt 2016 - 1st notification
Apr 27	Economic Sentiment Indicator & Business Climate Indicator
Apr 28	Flash Estimate Euro area inflation
May 04	Preliminary Flash Estimate EU and euro area GDP Q1/2017
May 12	Industrial production March 2017

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

Closing date: Apr 20, 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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