



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Slow but sure.

On May 16th. Eurostat has published his flash estimate for the first quarter 2017, where it seems to be confirmed that the Eurozone remains in a sustainable growth path, reflected in a qoq GDP growth rate of 0,5%, same as the previous quarter, and an annual rate of 1,7%, one tenth lower than the fourth quarter 2016.

This advanced figures are quite in line with our latest forecast, so that, there has been no relevant changes in our forecast

profile for coming quarters, which still points towards a slight acceleration in GDP growth rates along current year and that would end up with an annual average of about 1,8% for 2017.

So that, the figures already known for the beginning of the second quarter, as well as short term forecasts for the specific indicators, seems to confirm this moderated but upward trend for coming months.

Author: Julián Pérez

“There are no signs of changes in growth path”

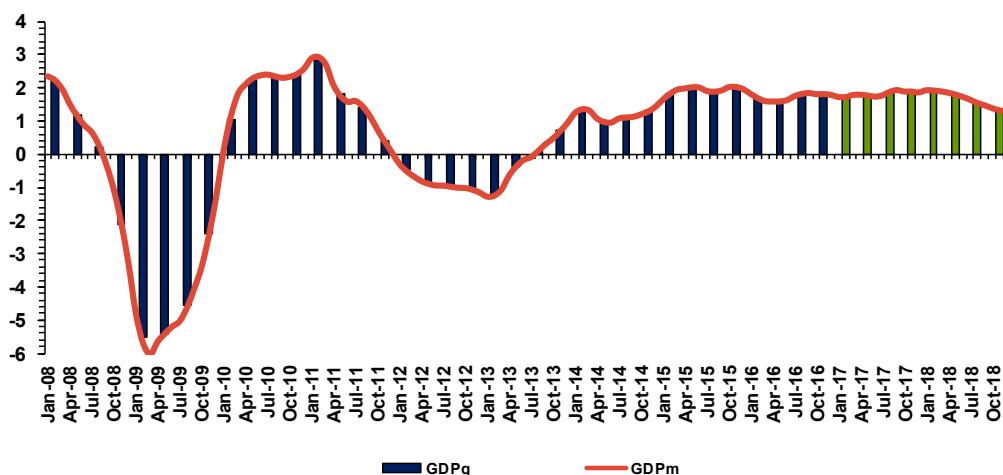
In qualitative terms, this recovery path is still holding by the same factors underlying in 2016, that is, high confidence levels, both in firms an households, favorable monetary conditions, and progressively unemployment reduction.

May 2017

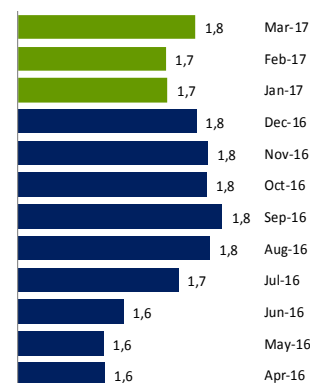
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



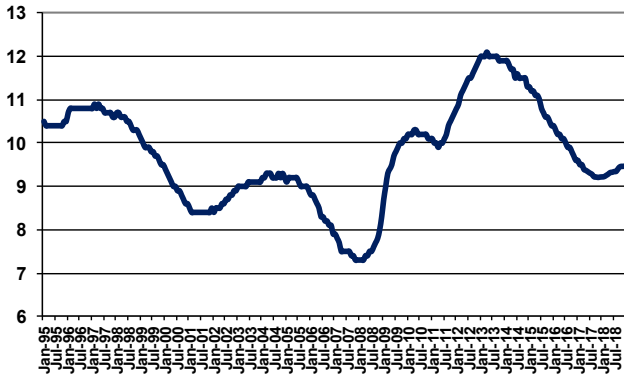
Source: CEPREDE. May-2017

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.

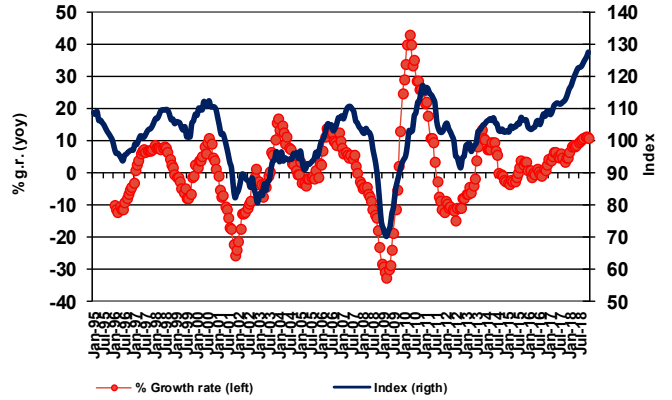
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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 |
|------------------------|---|
| May 30 | Economic Sentiment Indicator & Business Climate Indicator |
| May 31 | Unemployment |
| May 31 | Flash Estimate Euro area inflation |
| Jun 08 | GDP and main aggregates Q1/2017 |
| Jun 14 | Industrial production April 2017 |

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

Closing date: May 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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