



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Eurozone's GDP growth would be close to the cyclical peak

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After a first quarter where the qoq GDP growth rate increased by two tenths related to previous quarter, our current forecast for the second quarter this year is somewhat more moderate, which could indicate that we are approaching a cyclical maximum. In fact, if we focus on the annual rates, the cyclical rise phase would have end up during this second quarter, reaching a rate close to 2%. Any case, the general diagnosis

of the Eurozone's economy which can be obtained through the analysis of the specific indicators included in the High Frequency Model is still quite positive, as most of them are very close to their historical maximums. As we have already highlighted in our previous reports, the economic climate indicators, as well as sectorial expectations indicators, the so-called "soft" indicators, are being maintained in

"Indicators show a healthy position of the Eurozone's economy"

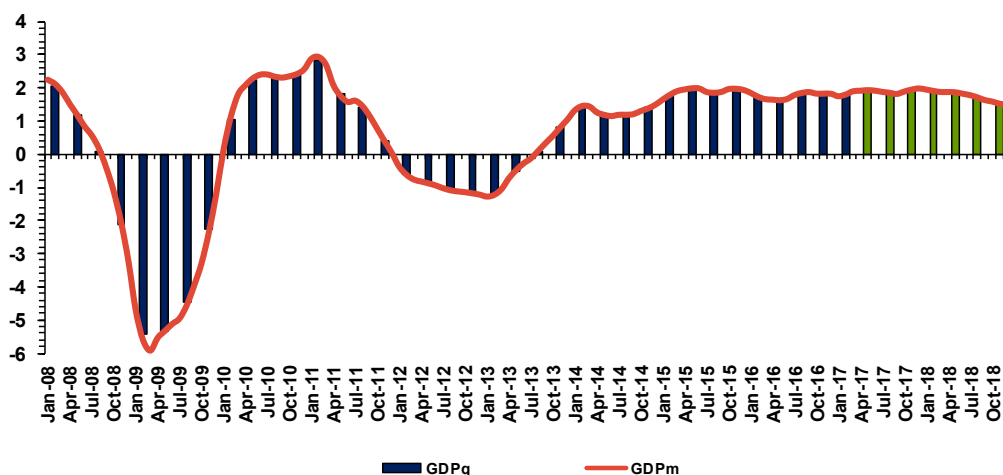
their highest levels not showing any clear signs of deterioration; whereas other "hard" indicators, even when they have not reached their historical peaks, are also in a relative good position.

Jul 2017

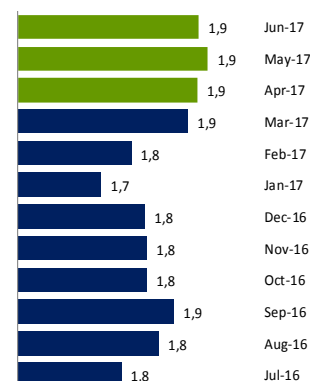
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



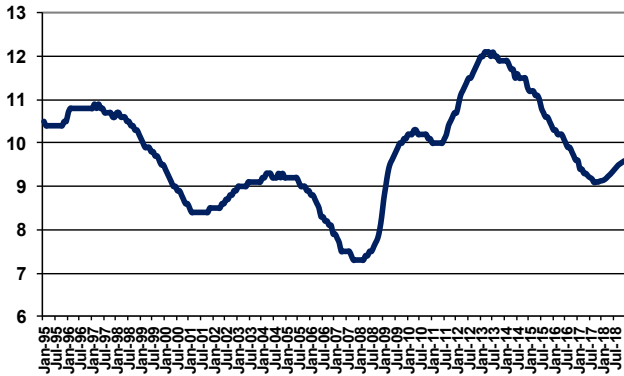
Source: CEPREDE. Jul-2017

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.

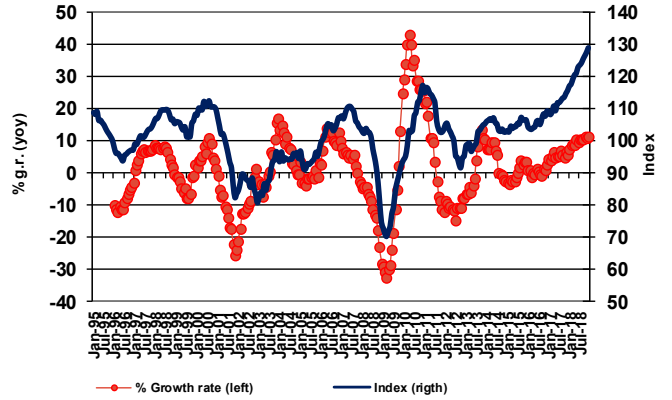
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jul 28	Economic Sentiment Indicator & Business Climate Indicator
Jul 30	Unemployment & Flash Estimate Euro area inflation
Aug 01	Preliminary Flash Estimate euro area GDP Q2/2017
Aug 10	Interest rates (3 months) & Long term gvt bond yield July 2017
Aug 14	Industrial production June 2017

The programming publications High Frequency Model for Eurozone during this year 2017 is included in the table at right.

Closing date: Jul 18, 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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