



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

GDP growth rates remains in a upward revision trend

Waiting for the flash estimate and our new estimates are for GDP growth rate in the third quarter to be published by Eurostat at the end of this month, our High Frequency Model advances that the qoq rate for this quarter would be just a little bit lower than the previous one, which means that the YoY rate still shows a recovery trend pushing up the annual average rate slightly above 2%, the higher rate in the last five years. It means that the upward revision trend in GDP growth rates, started in spring, is still on track

and our new estimates are one tenth higher than those of the previous month. Trying to deep in the source of that trend, we can see that the so called "soft indicators" are very close or even above their historical maximums. This is the case of Economic Climate Indicator, as well as industrial, construction, retail and consumers' confidence indicators. Same it's true for country specific economic sentiment indicators. As far as "hard" indicators

"Many of the indicators recovering, and sometimes surpassing, the pre-crisis levels"

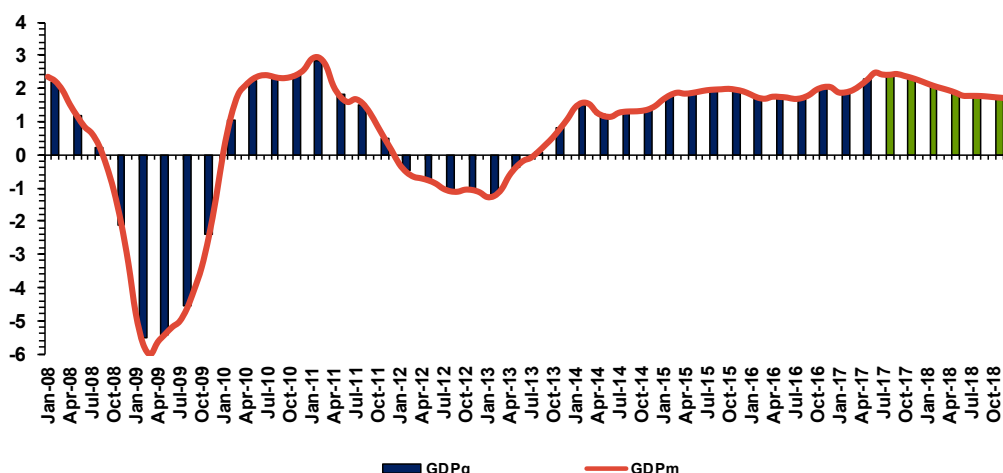
concerns, Unemployment rate are almost in a pre-crisis (2008) levels, Industrial production is growing at a rate close to 4% in the third quarter and have also recovered the pre-crisis levels, and the retail trade deflated turnover indicators have well surpassed the 2008 average levels.

Oct 2017

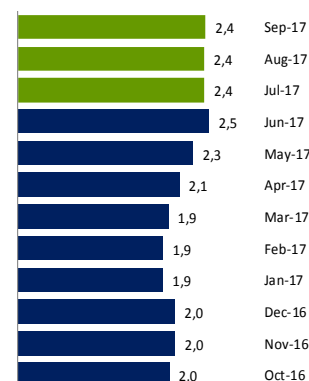
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



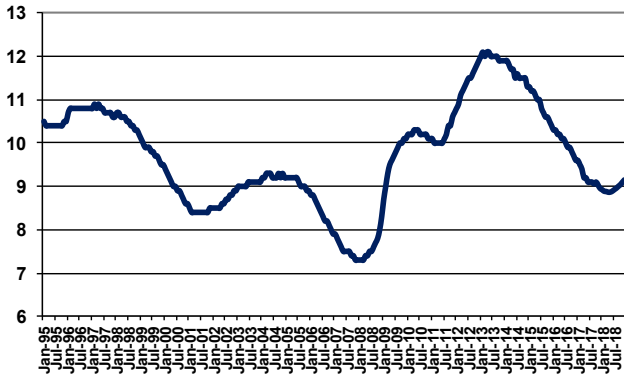
Source: CEPREDE. Oct-2017

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.

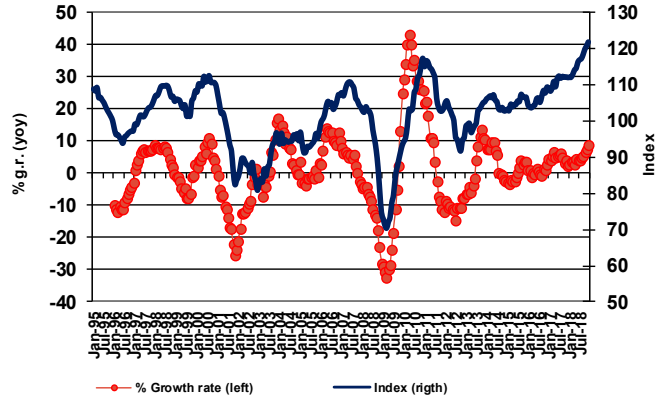
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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 |
|------------------------|------------------------------------------------------------------------|
| Oct 24 | Quarterly data on government debt and deficit Q2/2017 |
| Oct 30 | Economic Sentiment Indicator & Business Climate Indicator October 2017 |
| Oct 31 | Preliminary Flash Estimate EU and euro area GDP Q3/2017 |
| Oct 31 | Unemployment September 2017 |
| Nov 16 | Inflation (HICP) October 2017 |

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

Closing date: Oct 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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