



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Eurostat flash estimate confirms the strength in the GDP growth rate

Dec 2017

As the figures for the last months of the year become known, most of the indicators included in the High Frequency Model remain in a clear recovery trend, and it is easy to see that the Eurozone's economy will end 2017 in a very healthy cyclical position. Focusing on the "soft" indicators, which are updated till November, all of them are showing values in the fourth quarter well above the third quarter averages.

Same is true for other "hard" indicators such as Industrial Production index, new cars registration or unemployment rate.

Nevertheless, it is interesting to note that, even when absolute level remains in a recovery trend, as it is previously note, for some indicators the YoY growth rates have already surpassed the cyclical high values that were reached

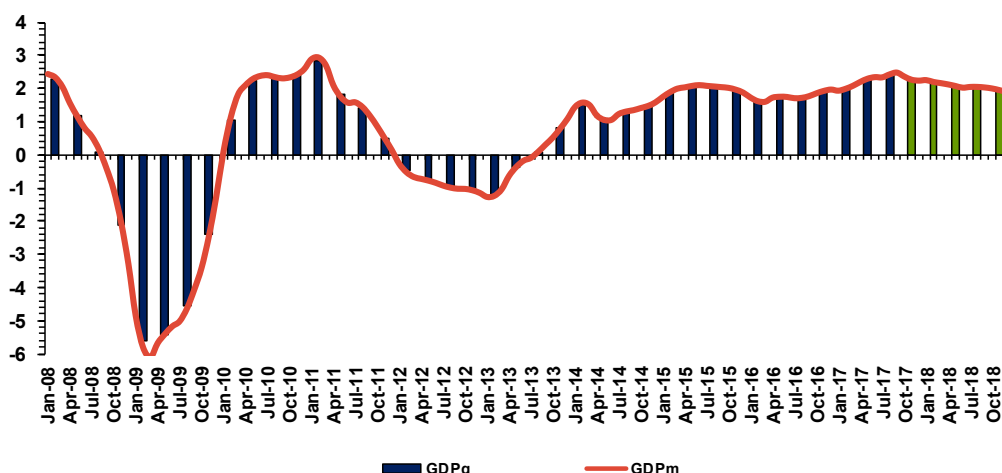
"Forecast for GDP growth rate in 2017 are half point higher than the expectation at the beginning of the year"

in the fourth quarter last year. Any case, prospects for GDP growth rate at the end of this year, as well as, for 2018 remain in a quite good position, with annual average rates above 2% in both years.

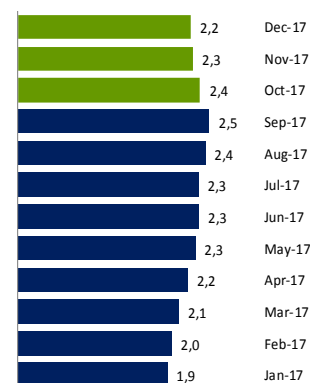
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



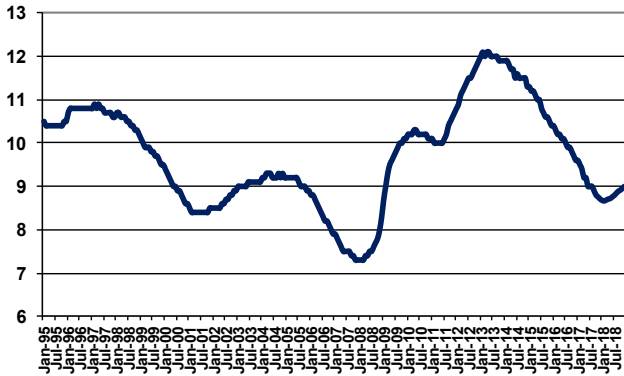
Source: CEPREDE. Dec-2017

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.

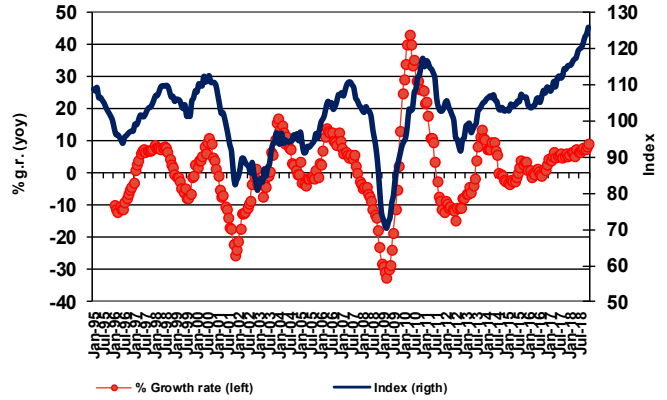
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jan 05	Flash Estimate Euro area inflation December 2017
Jan 09	Unemployment November 2017
Jan 11	Industrial production November 2017
Jan 11	Quarterly balance of payments Q3/2017
Jan 15	International trade in goods November 2017

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

Closing date: Dec 19, 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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