



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### 2017 closed at the highest rate since 2007

Although we have to wait till February 14th. to get the first estimation for the last quarter 2017 and, consequently, the annual average, It is clear that the last year has been the most dynamic along last ten years. In fact, even when the last quarter could have been one tenth lower than the previous one, as it is pointed out by our High Frequency Model, both in yoy terms as well as qoq rates, the annual average of the GDP growth rate for the Eurozone in 2017 is well above 2%, figures not seen since 2007. Looking at the current year 2018, the quarterly path for GDP growth rate show a slight deceleration trend, going down from 2,4% at the end of 2017 to 2,0% in the fourth quarter 2018. Nevertheless, these forecasts could be upward revised in

*“Some deceleration expected for 2018 but still keeping a remarkable rate”*

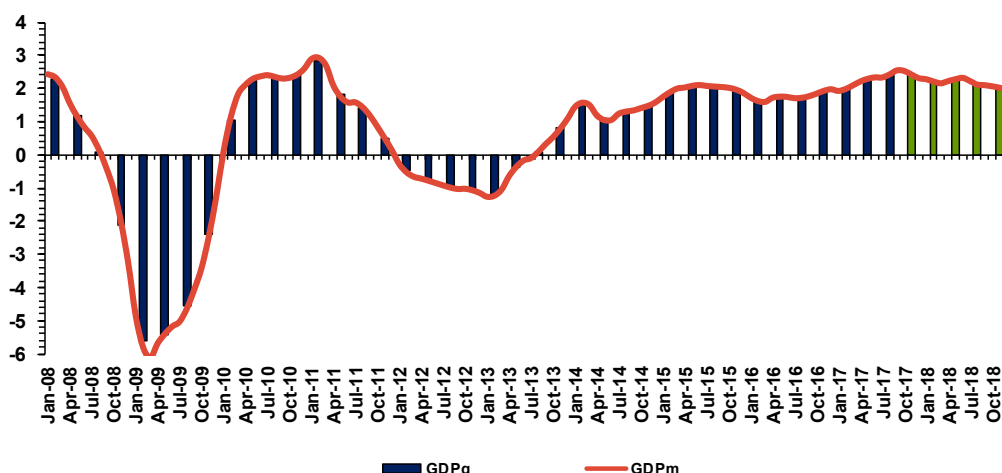
coming months as far as most of the indicators included in the model keeps in a quite healthy recovery trend.

January 2018

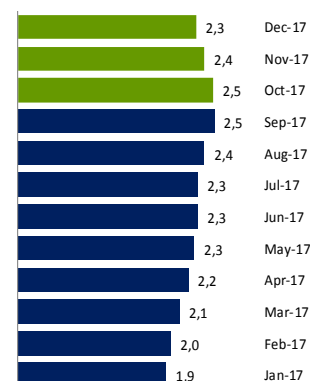
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



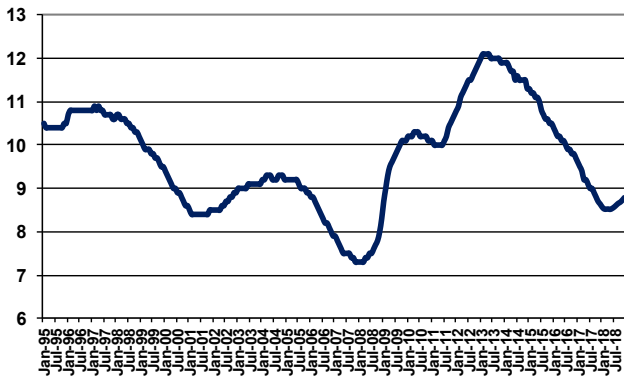
Source: CEPREDE. Jan-2018

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.

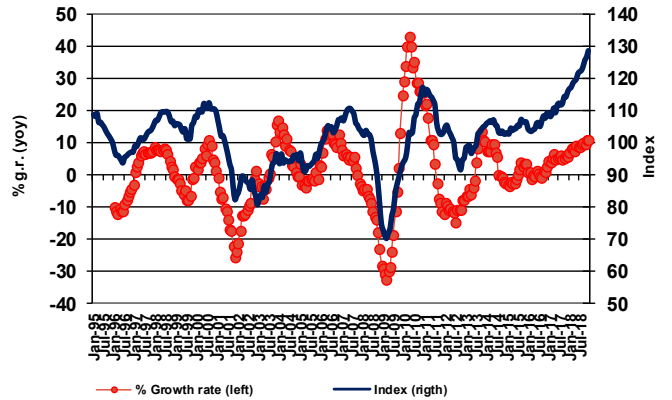
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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 24	Quarterly data on government deficit and debt Q3/2017
Jan 30	Preliminary Flash Estimate EU and euro area GDP Q4/2017
Jan 31	Flash Estimate Euro area inflation January 2018
Jan 31	Unemployment December 2017
Feb 12	Interest rates (3 months) January 2018

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

Closing date: Jan 17, 2018

Publication date in 2018	
January 22	July 23
February 26	September 24
March 26	October 22
April 23	November 26
May 21	December 26
June 25	

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