



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

There are no signs of deceleration in the Eurozone

The Eurozone seems to keep in healthy growth path slightly above its potential but without signs of inflation pressures nor the need for tightening monetary policy. Focusing in the different indicators included into our High Frequency Model it is easy to check that they are still in a quite good position and the first figures available for 2018 are very similar to those at the end of last year. In fact, most of the indicators

are at their historical peaks, and not only the so-called “soft-indicators” linked to climate or expectations, but also some “hard indicators” like the Industrial production index, that in January was just one point below its maximum in the first quarter 2008. Same is true for Retail Trade Deflated Turnover and New Cars Registration, which have already clearly surpassed their pre-crisis levels. Once forecasted the short

“Many indicators breaking historical records”

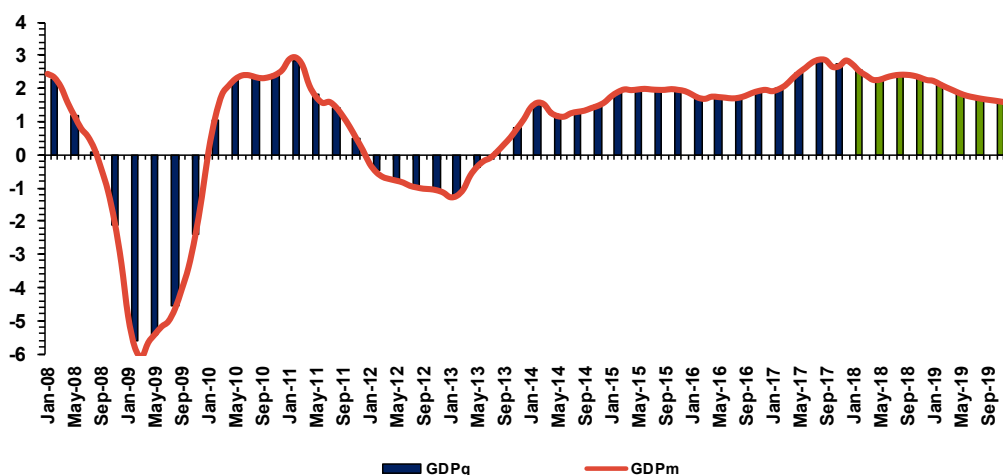
term evolution of these indicators, the HFM advances a very small deceleration in the Eurozone’s GDP growth rate in coming quarters, and the 2018 year could be quite similar to 2017, with average GDP growth rate above 2,5%.

March 2018

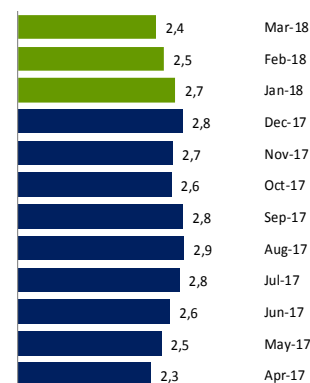
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



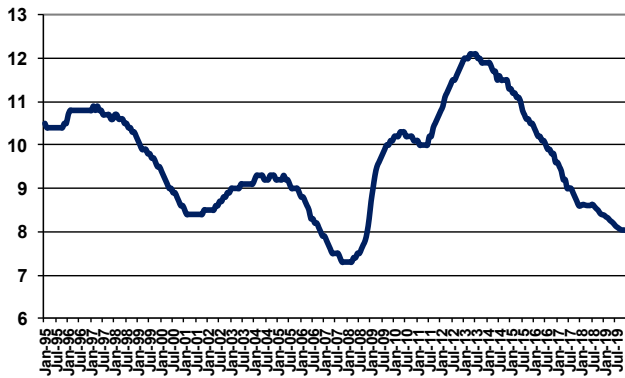
Source: CEPREDE. Mar-2018

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.

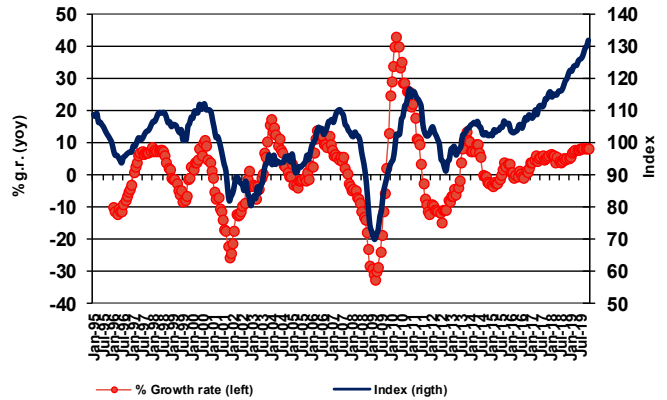
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Mar 27	Economic Sentiment Indicator & Business Climate Indicator
Apr 04	Flash Estimate Euro area inflation
Apr 04	Unemployment
Apr 12	Industrial production
Apr 24	Quarterly data on government debt and deficit

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

Closing date: Mar 19, 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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