



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Is Slowdown coming?

The Flash estimate published by Eurostat on May 15th. has been lower than expected, as it has been advanced a qoq GDP growth rate of 0,4% whereas our High Frequency Model was forecasting an 0,7 in last month.

Although it is not the final figure, and it could be upward revised in coming months, it is by now, the lowest value since the third quarter of 2016, and we should ask about if it is

some kind of temporary reduction or we are facing the beginning of the deceleration cycle.

If we look at fundamentals, there don't seem to be any factors, neither in the international environment nor in domestic policies, that could explain such growth deceleration during the first quarter of the year.

Moreover, trends shown by the different indicators includ-

"Growth is maintained although the upward path is exhausted"

ed in our model, neither seems to point toward a clear deceleration on GDP growth rates during this first quarter.

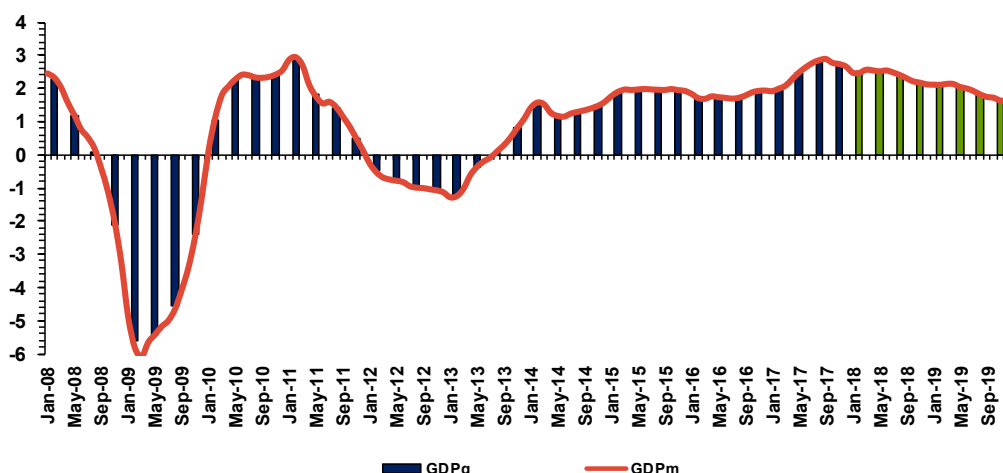
Any case we must remain vigilant to any sign that can become in next months which can confirm, or not, the beginning of the slowdown.

May 2018

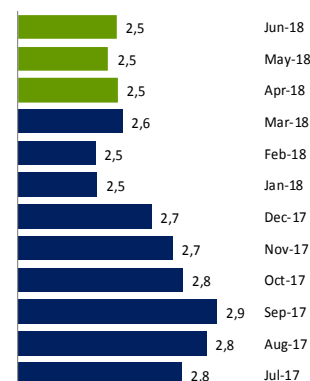
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



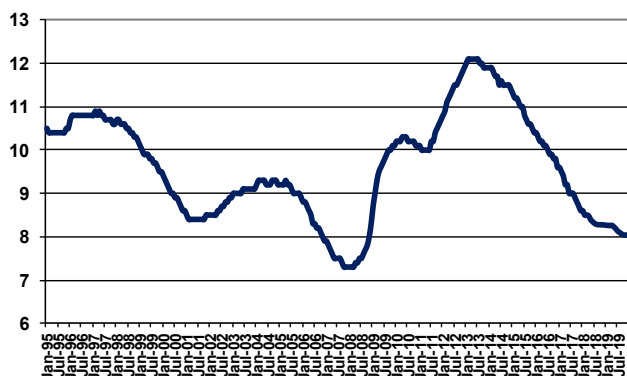
Source: CEPREDE. May-2018

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.

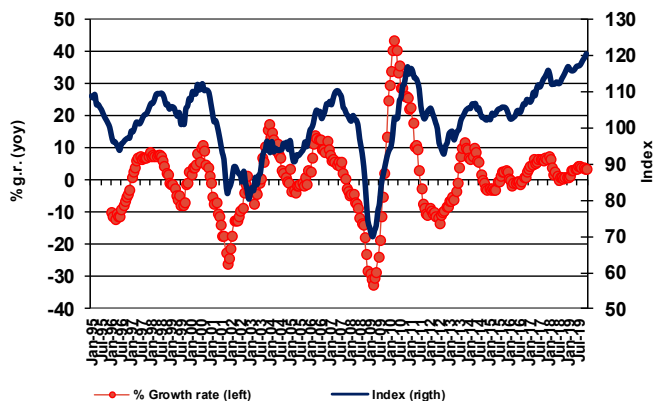
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
May 30	Economic Sentiment Indicator & Business Climate Indicator May 2018
May 31	Unemployment April 2018
May 31	Flash Estimate Euro area inflation May 2018
Jun 07	GDP and main aggregates Q1/2018
Jun 13	Industrial production April 2018

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

Closing date: May 16, 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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