



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

A very smooth deceleration path in GDP growth rates

Once Eurostat had confirmed that the Eurozone's economy had decelerated the GDP growth rate during the first quarter of 2018, our High Frequency Model advances some kind of strengthening along the second quarter. So that, after a qoq growth rate of 0,4% during the first three months of the year, our current forecast advances an 0,6% for the second quarter and 0,5% for the rest of the year.

These quarterly rates would yield an average growth rate of 2,3% for the full year 2018, which means just two tenths lower than the previous year. If we focus in the underlying trends shown by the specific indicators included into the model, it is easy to see a clear slightly deceleration trend in yoy rates, whereas the most recent months seems to have recovered somewhat compared

"Very few indicators still remain in acceleration trends"

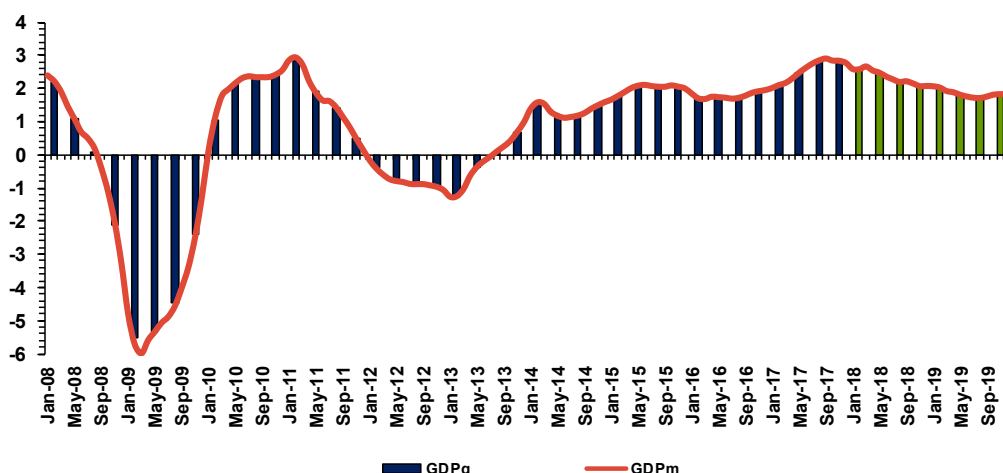
to previous ones. Moreover, there are some indicators that are still keeping yoy recovery trends during the second quarter, like construction confidence, which is a delayed typical indicator, as well as the indicators for retail trade deflected turnovers.

Jul 2018

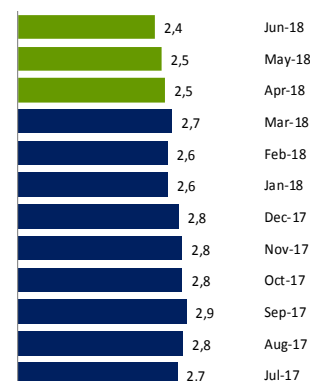
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



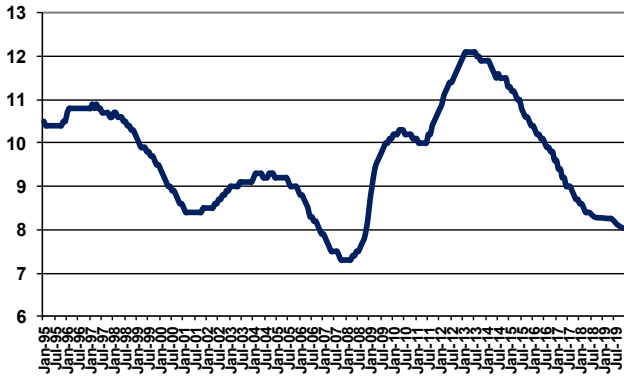
Source: CEPREDE. Jul-2018

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.

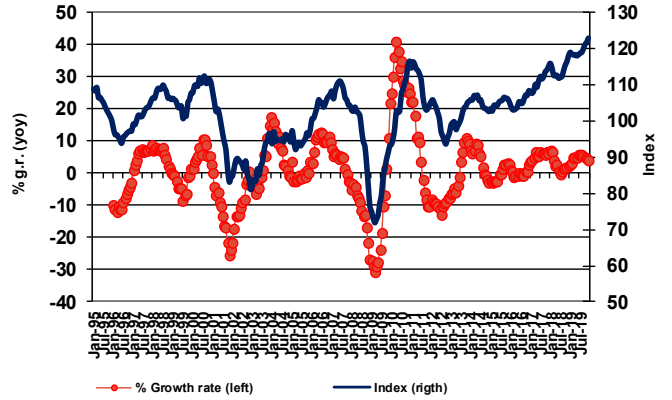
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jul 20	Quarterly data on government debt and deficit Q1/2018
Jul 30	Economic Sentiment Indicator & Business Climate Indicator
Jul 31	Flash Estimate Euro area inflation July 2018
Jul 31	Unemployment June 2018
Aug 14	Flash Estimate EU and euro area GDP Q2/2018

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

Closing date: Jul 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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