



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### The slowdown could moderate in the second half of the year

Sep 2018

The data published by Eurostat second.

for the second quarter of the year have been significantly worse than those advanced by the model, thus causing a downward revision of the average growth figures estimated for the whole year 2018.

Thus, even though the quarterly progress was 0.4 points, similar to the one registered in the previous quarter, in year-on-year terms the growth would have been reduced by a little less than half a point, from 2,5% in the first quarter to 2,1% in the

second quarter of the year. Nevertheless, if the different components of GDP are analyzed in detail, it is easy to see that this reduction in year-on-year growth has been concentrated in exports that would have reduced their contribution to growth by 0.3 points, while both investment and imports would have maintained their results very close to previous quarters.

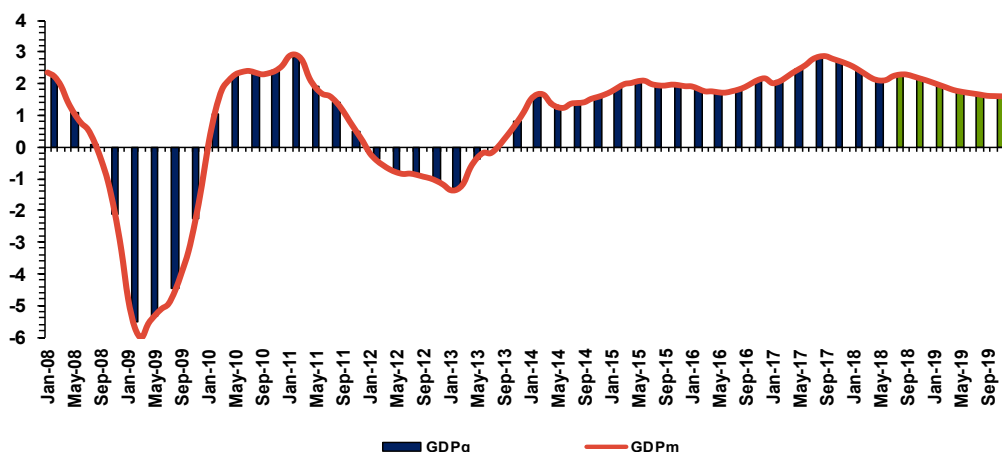
*“A strengthening of exports could sustain growth in the coming*

year. Looking into the near future, the available data of sales abroad of the European economy during the second half of the year seem to show a certain reactivation trend which, together with the evolution estimated for the set of indicators during the second half of the year, would lead us to project GDP growth rates slightly higher than those registered in the second quarter of the year.

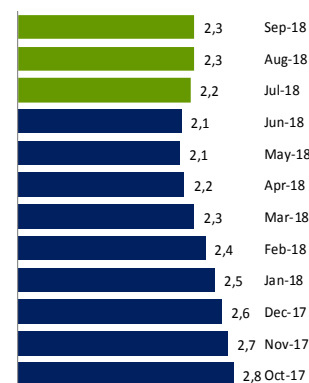
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



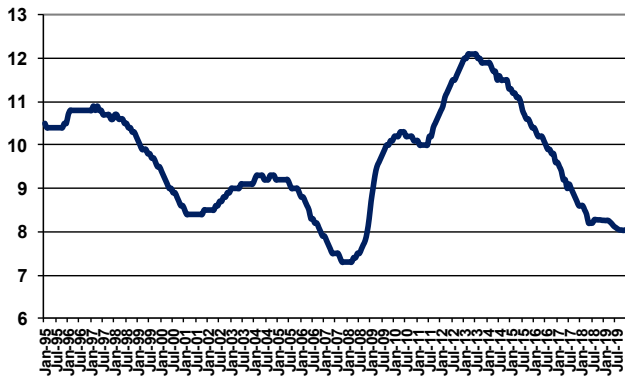
Source: CEPREDE. Sep-2018

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.

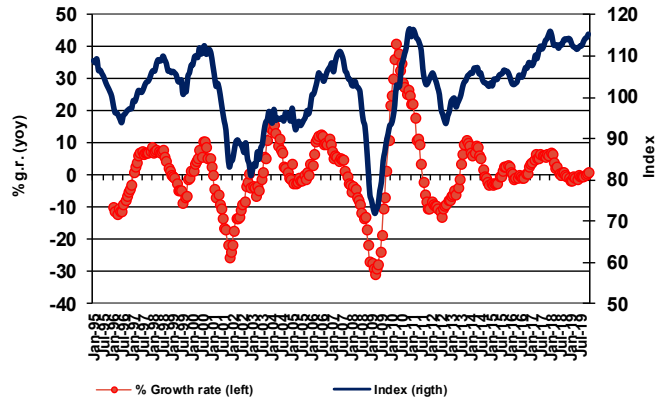
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Sep 27	Economic Sentiment Indicator & Business Climate Indicator September 2018
Sep 28	Flash Estimate Euro area inflation September 2018
Oct 01	Unemployment August 2018
Oct 03	Quarterly balance of payments Q2/2018
Oct 12	GDP and main aggregates - database update Q2/2018

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

Closing date: Sep 10, 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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