



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

The slowdown could moderate in the second half of the year

Oct 2018

As it was stated in our last month report, the High Frequency Model show a slightly rebound in QoQ GDP rates during the second half of current year. So that, against the quite moderated rates reached in the first and second quarter, 0,4%, the most recent forecast advances an 0,6% and 0,5% respectively for the third and four quarter.

Nevertheless, the YoY rates, as well as the annual average, are ballasted by the slowdown registered in the first half of the year, yielding a rate just one tenth above 2% in the yearly mean. Although we don't yet have the full set of indicators for this third quarter, we can identify some signs that point towards this slight reactivation of growth. In this line, some indicators like Confidence in Construction, Retail trade and Services, as well as New Cars registrations, have, during the third

"A strengthening of exports could sustain growth in the coming

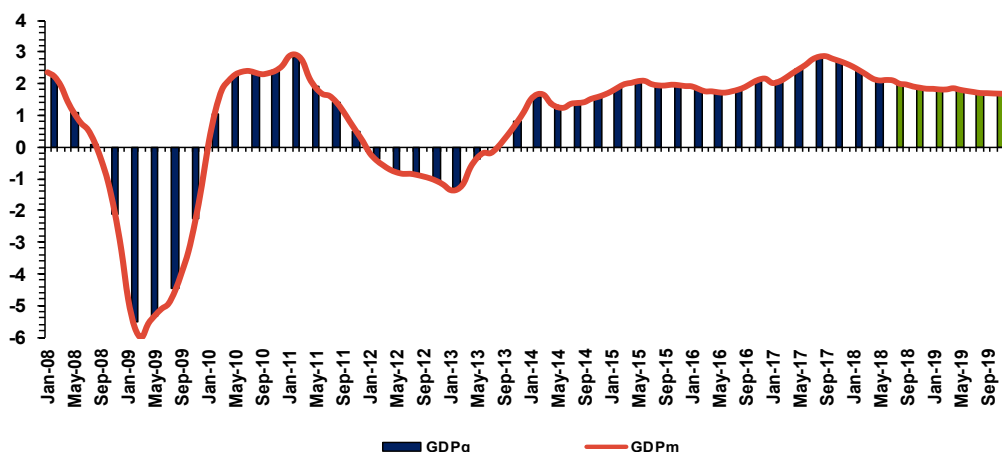
quarter, outperformed the results reached in the second one.

Same can be seen in the yoy growth rates for external trade, in both sides, export and import, which have strongly rebound in June, July and August.

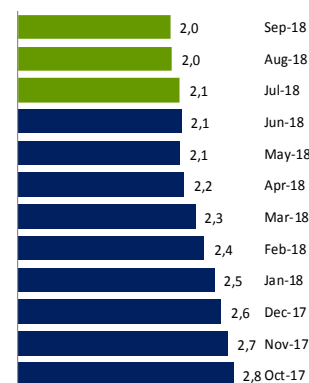
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



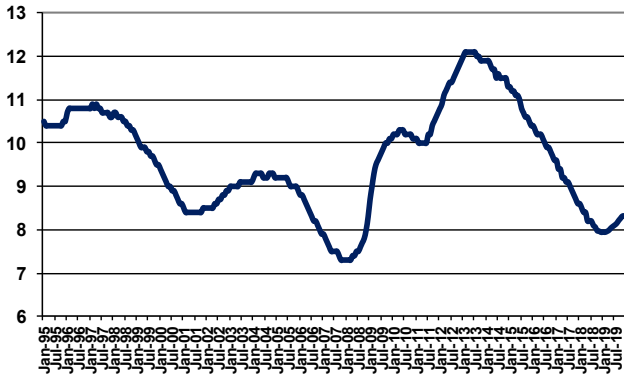
Source: CEPREDE. Oct-2018

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.

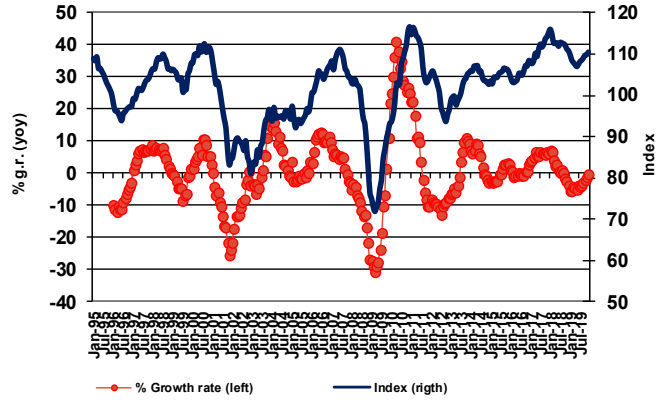
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Oct 23	Quarterly data on government debt and deficit Q2/2018
Oct 30	Economic Sentiment Indicator & Business Climate Indicator October 2018
Oct 30	Preliminary Flash Estimate EU and euro area GDP Q3/2018
Oct 31	Flash Estimate Euro area inflation October 2018
Oct 31	Unemployment September 2018

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

Closing date: Oct 18, 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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