



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Bad news for the Eurozone at the end of 2018

As usual, on February 14th, Eurostat published the flash estimate for the last quarter 2018 pointing out that the Eurozone's economy has close the past year in a quite fragile position, showing a scare 0,2% advance in GDP compared to previous quarter, which means a yoy rate of 1,1% the lowest rate since end 2013. This advance is clearly below our previous forecasts for the fourth quarter, so that, once this new information has in-

cluded into our High Frequency Model, the updated forecasts for this year have been downward revised significantly, and the new forecast for the annual average growth rate of GDP is 1,1%, which is half point lower than previous one. Focusing on the evolution of the specific indicators included into the HFM, it's noticeable that most of the climate indicators have been downward corrected along 2017 and

"Forth quarter 2018 performed worse than expected"

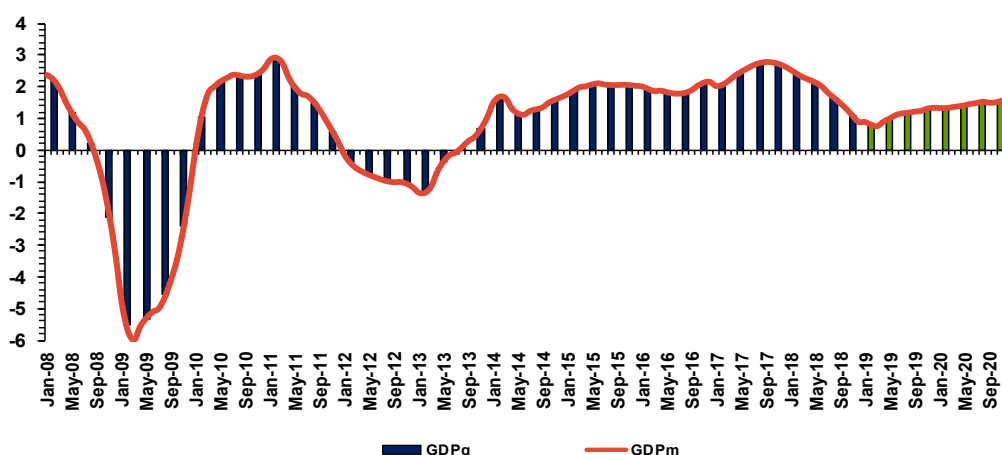
2018, and actual figures are a bit more pessimistic. For the coming quarters, the new forecasts draw a weaker outlook in terms of expected unemployment, as well as less dynamic Extra-UE trade in both sides, exports and imports.

Feb 2019

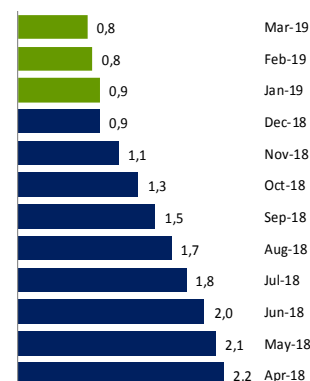
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



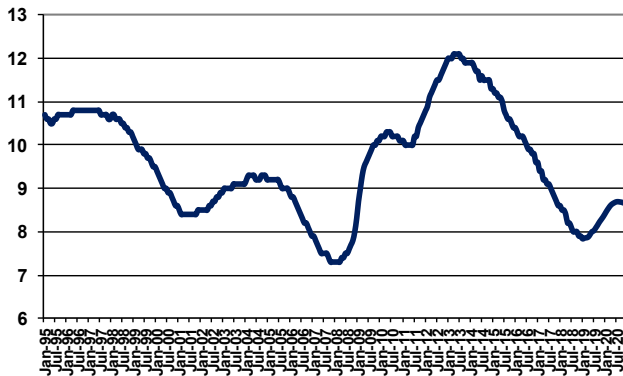
Source: CEPREDE. Feb-2019

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.

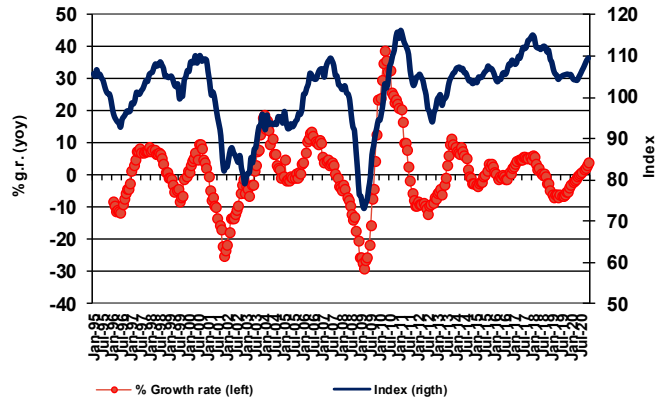
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Feb 27	Economic Sentiment Indicator & Business Climate Indicator
Mar 01	Flash estimate inflation euro area February 2019
Mar 01	Unemployment January 2019
Mar 07	GDP and main aggregates/Employment Q4/2018
Mar 13	Industrial production January 2019

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

Closing date: Feb 18, 2019

Publication date in 2019	
January 28	July 22
February 25	September 23
March 25	October 21
April 29	November 25
May 27	December 20
June 24	

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