



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Additional downward revision for 2019

Since the last months of 2018 the successive monthly updates of our High Frequency Model are being slightly downward revised, and the last month is not an exception. In fact, after the sharply correction included last month, when the annual average rate for 2019 was revised from 1,6 to 1,1, now the model shows and additional downward correction of two tenths, which puts the estimated growth for this year slightly below 1%.

Trying to deep in the sources for that deceleration we can see that the "soft" climate indicators, both for the whole Eurozone, as well as for the big countries specific indicators, are in a clear downward trend and during the first months of 2019 they are showing the minimum values since mid-2016. Looking at the "hard" indicators, such industrial production, new cars sales, deflated turnover, unemployment, etc.,

*"Climate indicators clear mark a deterioration of expectations"*

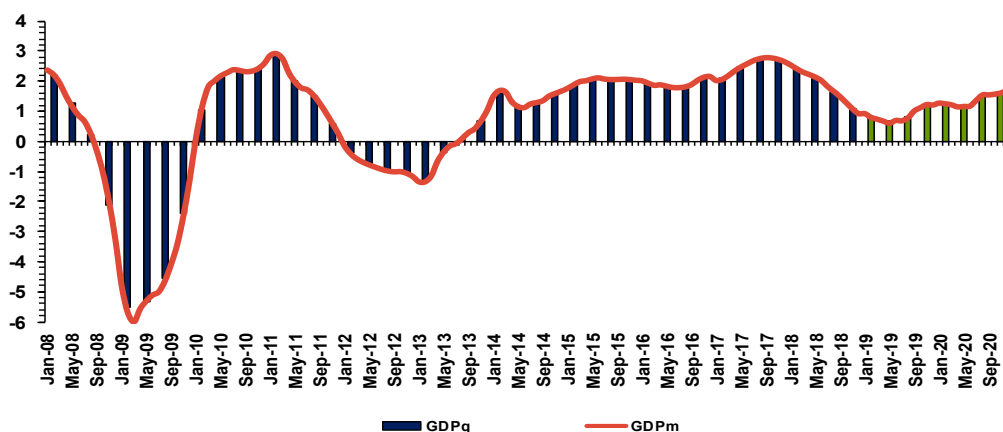
the current statement is not so clear, as we just have some figures for the first month and they show different trend signals. All in all, it seems that the Eurozone will be unable to avoid a deceleration process, at least, during the first semester this year.

Mar 2019

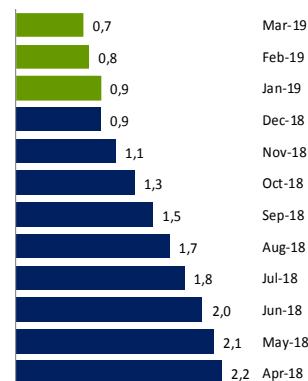
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



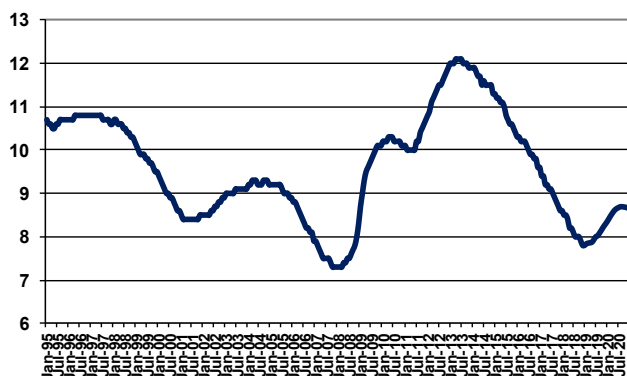
Source: CEPREDE. Mar-2019

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.

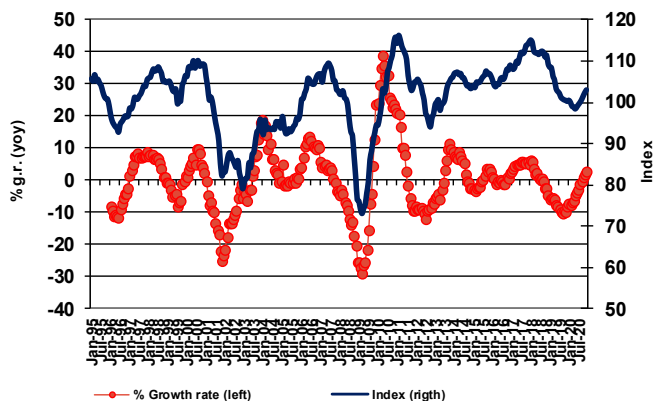
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Mar 28	Economic Sentiment Indicator & Business Climate Indicator March 2019
Apr 01	Flash estimate inflation euro area March 2019
Apr 02	Unemployment February 2019
Apr 05	Quarterly balance of payments Q4/2018
Apr 12	GDP and main aggregates/Employment - database update Q4/2018

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

Closing date: Mar 20, 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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