



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

May 2019

### A first quarter better than expected

The Flash estimate published by Eurostat on May 15th. has been relatively surprising, and when we were expecting an almost null growth rate in qoq terms the initial figures presented by Eurostat show an 0,4% advance related to previous quarter.

Looking at these figures, the quarterly profile in qoq rates advances some kind of recovering trend starting in the fourth quarter last year.

In YoY terms, this new path

means that the current year has started with a rate of 1.2%, that even when it would be slightly reduced in the second quarter, it would rebound in the second half of the year, according to our model, and the full year would end with an annual average above 1%.

This new annual average is now four tenths higher than our previous estimations what means that the announced slowdown of the Eurozone's economy could be less sharp

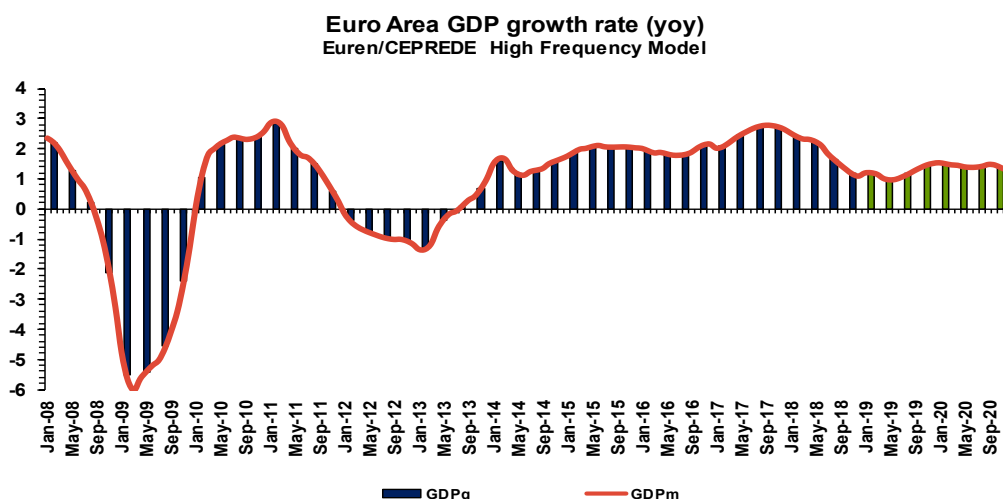
*"The expected slowdown for 2019 could be milder than expected"*

than expected.

Any case it's important to note that this flash estimated could be revised later, as the fundamentals for the European economy still points towards a growth deceleration.

### Full Content:

Euro Area GDP growth rate	1
Selected indicators	2
Forecast of the Model	2
Upcoming relevant data	6



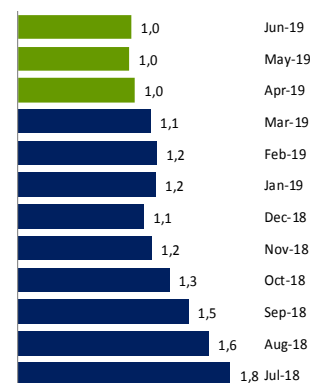
Source: CEPREDE. May-2019

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.

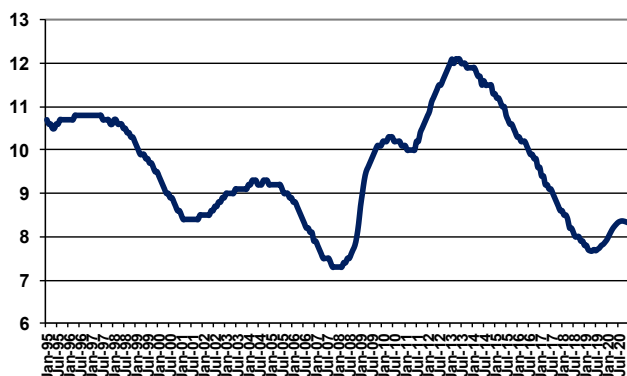
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

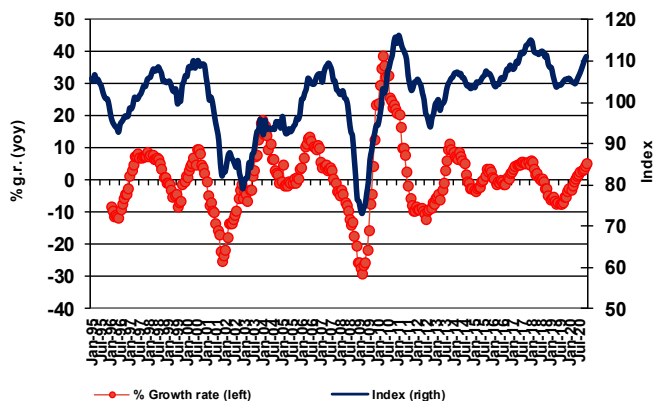
GDP growth (yoy)



**Harmonised Unemployment Rate**



**Economic Sentiment Indicator: Germany**



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Upcoming relevant data	Euro Area
May 28	Economic Sentiment Indicator & Business Climate Indicator May 2019
Jun 04	Unemployment April 2019
Jun 06	GDP and main aggregates/Employment Q1/2019
Jun 13	Industrial production April 2019
Jun 18	International trade in goods April 2019

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

Closing date: May 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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