



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

July 2019

### Is the Eurozone bottoming out?

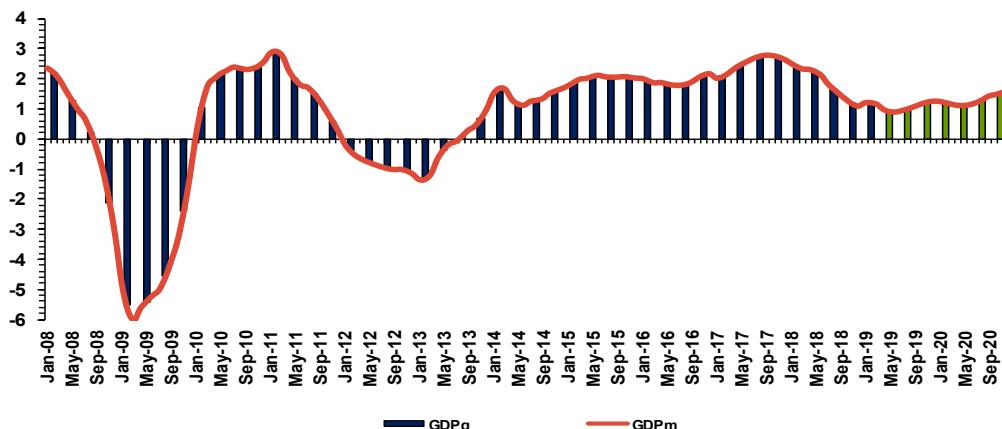
After the rebound registered during the first quarter of 2019, this downward revision has been extended to most indicators, both soft and hard indicators, being construction, industrial production and unemployment, the only exceptions to this trend. Nevertheless, looking at the coming months, the current forecasts seem to advance some cyclical turnaround and the deceleration trends would have ended during recent months. If these forecasts are finally confirmed it can be expected a slightly recovery in YoY GDP growth rates during the second half of the year 2019 and in year 2020. This recovery would be supported by the domestic demand in a framework of expansionary monetary policy and a strong dynamic in labor markets.

*“Eurozone’s GDP would rebound in the second half of the year”*

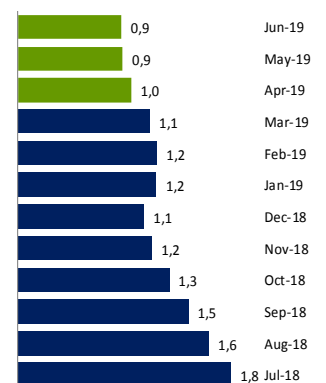
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



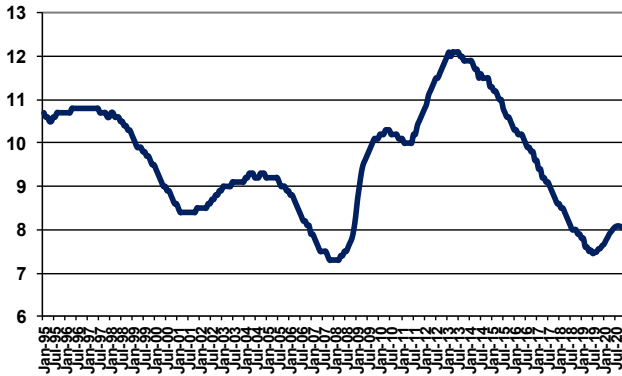
Source: CEPREDE. Jul-2019

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.

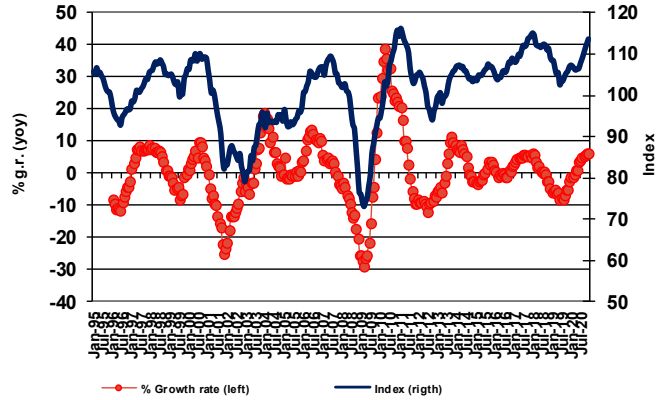
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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  |
|------------------------|--|
| Jul 19                 | GDP and main aggregates/Employment - database update Q1/2019 |
| Jul 19                 | Quarterly data on government debt and Deficit Q1/2019        |
| Jul 31                 | Preliminary flash estimate GDP - euro area and EU Q2/2019    |
| Jul 31                 | Unemployment June 2019                                       |
| Jul 31                 | Flash estimate inflation euro area July 2019                 |

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

Closing date: Jul 15, 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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