



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Deceleration trend is softening

Last December 5th. Eurostat be stopped after the sharply published the first full estimation of quarterly accounts in the second quarter that launched third quarter 2019, confirming all kind of alarms about Eurozone's economic healthy. The growth rate of 0,2% advanced by the flash estimated presented in November, which means that Eurozone's economy is facing a deceleration trend, from 0,4% in the first quarter to 0,2% in the following ones. Nevertheless, a carefully read of the figures recently published allows us to extract some slightly positive signals. The first one has to do with the deceleration path, that seems to

Not "so bad" news in the third quarter national accounts

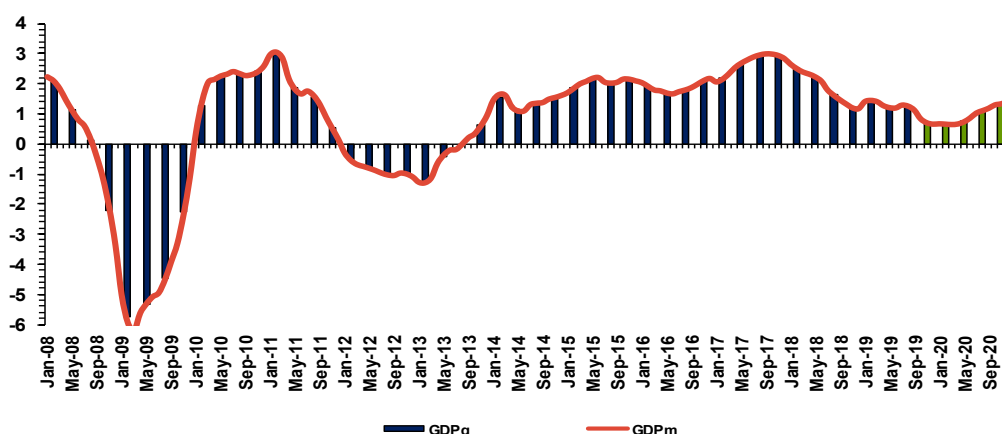
reduction shown during the second quarter that launched third quarter 2019, confirming all kind of alarms about Eurozone's economic healthy. The second one is the upward revision registered in yoy growth rates for the first two quarters due to a higher than estimated growth during the first months of the year. Additionally, the country by country figures are also no so bad for this third quarter, where most of them are keeping qoq rates related to previous quarter, and some others are even improve this rates, so is the case of Belgium, Germany, avoiding negative rates, Estonia or Slovenia. Once included these new figures into our High Frequency Model, the average forecasts for current year remain unchanged; while the average growth estimated for 2020 has been slightly upward revised.

December 2019

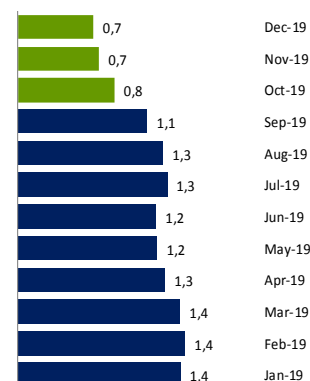
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



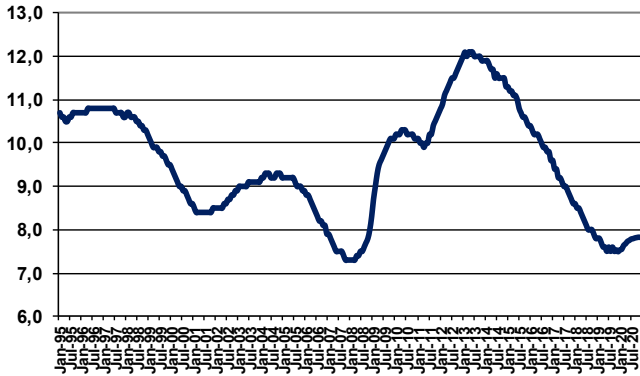
Source: CEPREDE. Dec-2019

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.

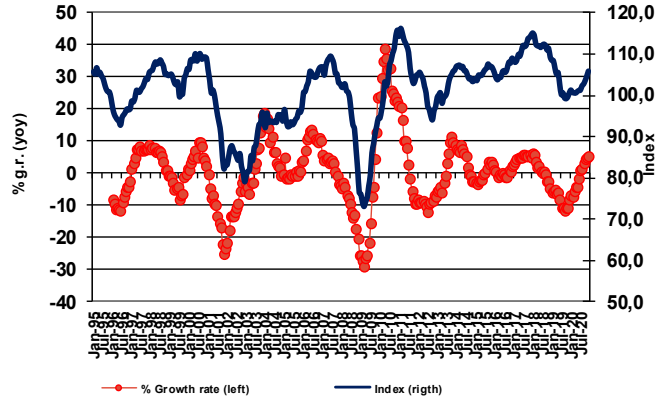
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Jan 07	Flash Estimate inflation euro area December 2019
Jan 09	Unemployment November 2019
Jan 13	Quarterly balance of payments Q3/2019
Jan 15	Industrial production November 2019
Jan 21	Quarterly data on government debt and Deficit Q3/2019

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

Closing date: Dec 17, 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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