



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Waiting to evaluate the Coronavirus impact

Current update of our High Frequency Model shows a sharp correction in previous estimation for the annual average GDP growth rate in 2020. In fact, whereas the last month's estimation was an annual average growth rate of 1,2%, once included the recent information for all indicators, this estimation has been downward revised to 0,7. Moreover, if we take into account that the most updated information is dated in February, where the coronavirus

crisis was still at the very beginning in Europe, we must expect further and much more sharper downward revisions in coming months. Although it is still too soon to perform an adequate evaluation of the economic impact of this health crisis, some figures have been advanced by different institutions that point toward an average effect around 1% or more. In a very quick estimation, just the direct effect in pri-

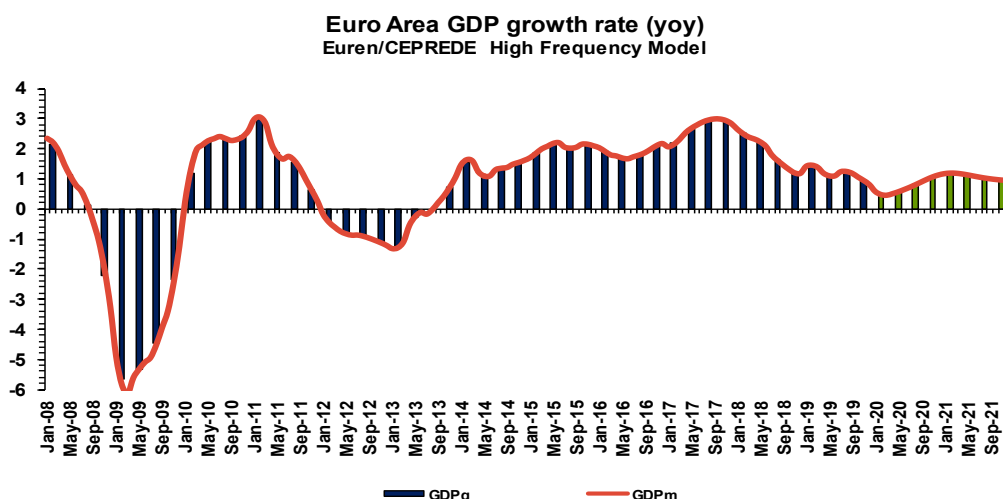
*"Deeping downward revisions expected for coming months"*

vate consumption restrictions due to quarantine imposed in most of the country members could be larger than 3,5%, if it lasts for four weeks, dragging around 1,9% of the GDP.

March 2020

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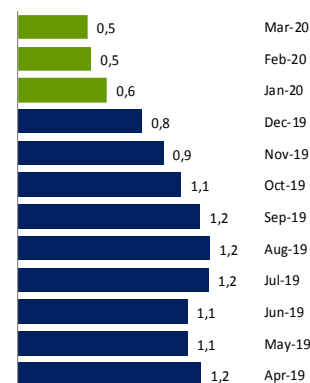
Source: CEPREDE. Mar-2020

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.

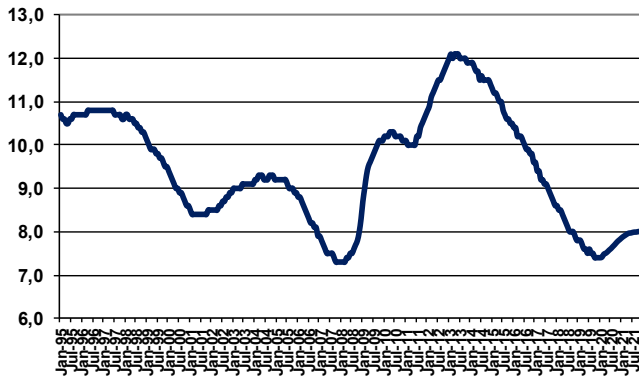
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

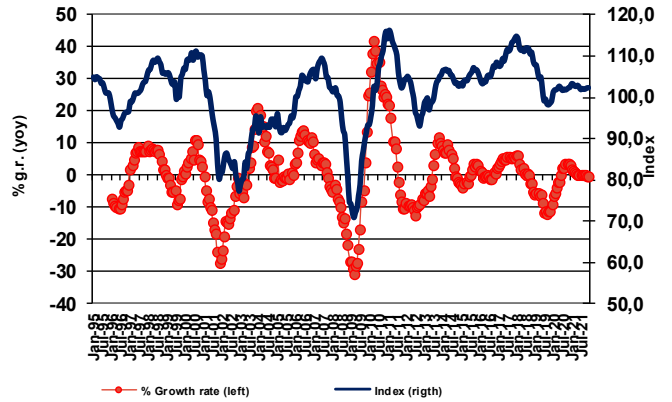
#### GDP growth (yoy)



**Harmonised Unemployment Rate**



**Economic Sentiment Indicator: Germany**



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Upcoming relevant data	Euro Area
Mar 31	Flash Estimate inflation euro area March 2020
Apr 01	Unemployment February 2020
Apr 03	Retail trade February 2020
Apr 16	Industrial production February 2020
Apr 20	GDP and main aggregates/Employment - database update Q4/2019

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

Closing date: Mar 19, 2020

Publication date in 2020	
January 27	July 20
February 24	September 21
March 24	October 26
April 27	November 23
May 25	December 21
June 22	

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