



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

COVID-19's effects appear behind the most recent indicators

The Covid-19 crisis seems to be, in Germany, and around 5 by far, the most damaging shock experienced the European economy in its recent history. Having in mind that the first effects started in mid-march, we still don't have enough statistical information about the quantitative effects of the pandemic.

At the moment of writing this report we know the March figures for some indicators, mainly soft-ones, that are, already point towards the hardest crisis in recent history.

The economic sentiment indicators have fallen more than 17 points in Italy, almost 10 points

in France, compared to previous month, which yield an average fall of 8.2 for the Eurozone. Same is true, for some sectoral confidence indicators (consumers, construction, retail trade, services) showing also sharpening declines in last March.

Even worse are the figures shown by the only hard indicator already known, the new cars registration, that has fallen down near a 50% compared with previous month and also with the same month previous year.

Although we shall to wait till

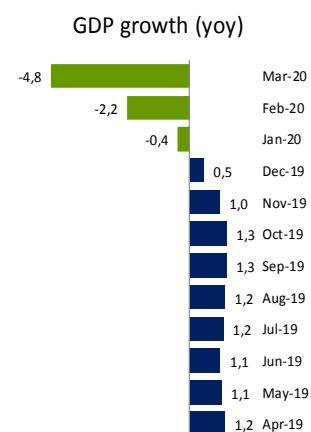
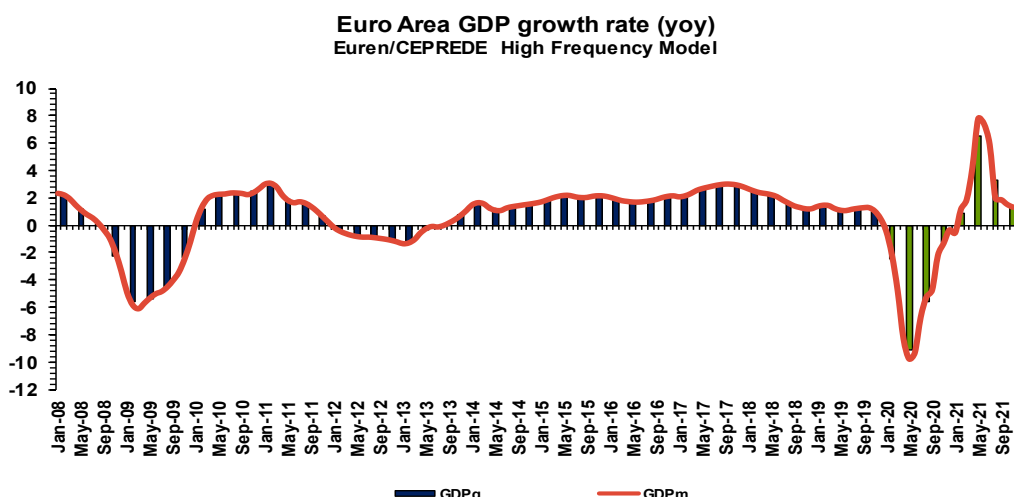
"Negative growth rates, never seen, are coming in following quarters"

May 15th to have the flash estimate for the first quarter, it seems that the recession on the Eurozone's GDP will be quite large during the first quarter and even worse in the second one, while the recovery path in following quarters will depend on the evolution of the pandemic, and the extension of the containment measures.

April 2020

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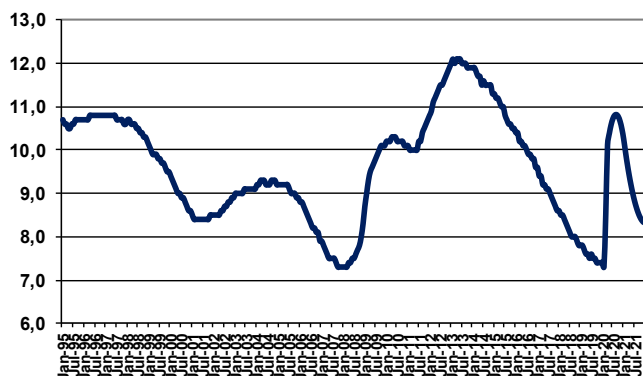
Source: CEPREDE. Apr-2020

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.

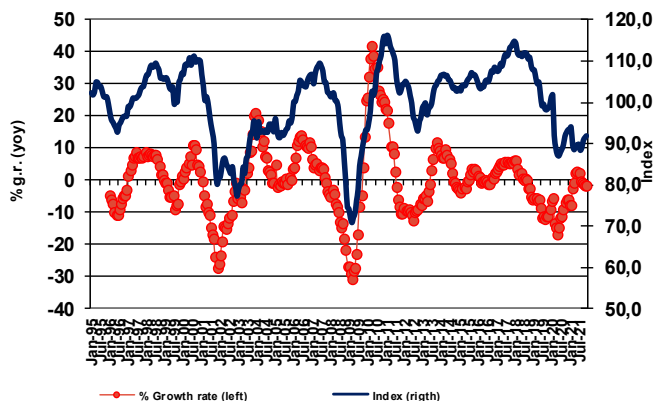
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

Harmonised Unemployment Rate



Economic Sentiment Indicator: Germany



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Upcoming relevant data	Euro Area
Apr 30	Preliminary Flash Estimate GDP - EU and euro area Q1/2020
Apr 30	Contabilidad Nacional Trimestral de España Avance 1-T
May 05	U.S. International Trade in Goods and Services, March 2020
May 13	Industrial production March 2020
May 19	Production in construction March 2020

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

Closing date: Apr 20, 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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