



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

**The pandemic could destroy the last 5 years advances in GDP**

May 2020

The Flash estimate published by Eurostat on May 15th. has confirmed the largest fall down in GDP growth rates since the first quarter of 2009, with an yoy growth rate of -3,8%, more than one point lower than our previous estimation.

Once included this figure into our High Frequency Model, the new forecasts have been downward revised for coming quarters, and the current estimations for the 2020 average are slightly below 7%, quite in line with the latest European Commission Forecasts.

Although the final results are highly dependent on the evolution of the containment measures in forthcoming months, and the forecasts will be highly volatile, it is clear that it will be the largest fall in our recent history as we advanced in our previous month report.

Looking at the specific indicators included in our model, it is easy to see that the average yoy growth rates for indicators in march, when just half of the month was hard affected by the pan-

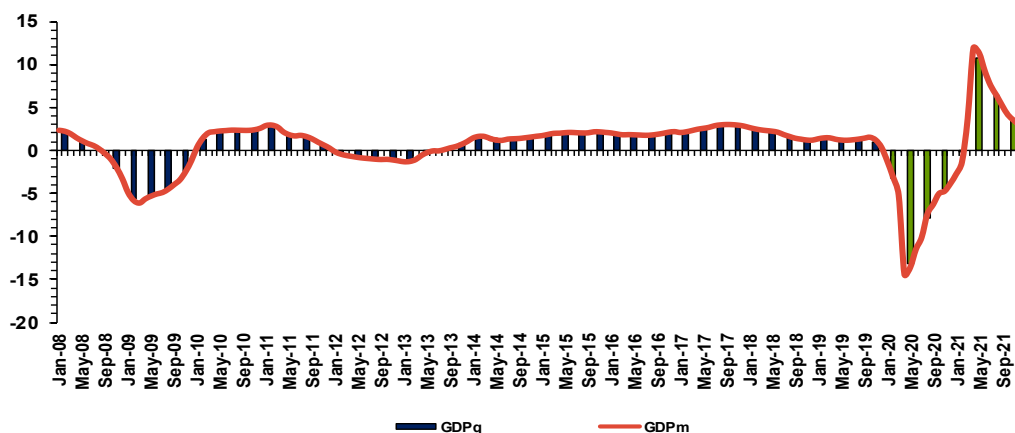
*“The first quarter falls at rates close to 2009 ones”*

demic, are around -13%, whereas in April, with the full month affect, this average rate has doubled.

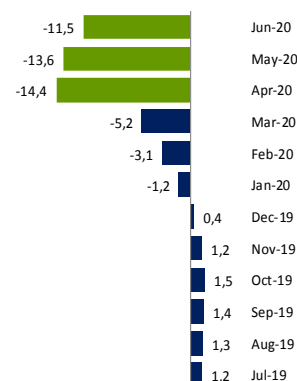
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



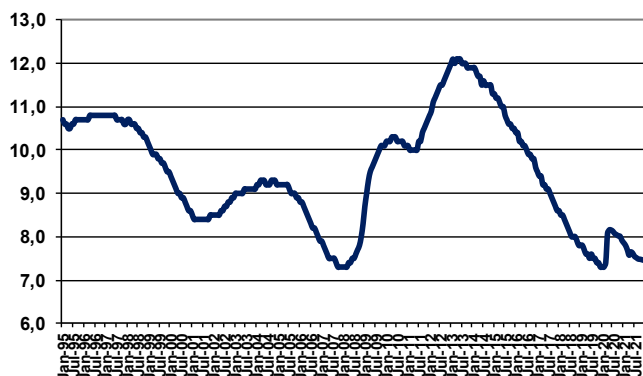
Source: CEPREDE. May-2020

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.

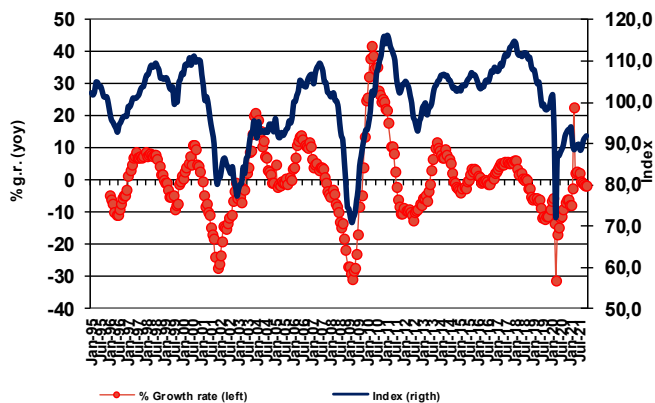
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
May 28	Economic Sentiment Indicator & Business Climate Indicator May 2020
May 29	Flash Estimate inflation euro area May 2020
Jun 03	Unemployment April 2020
Jun 09	GDP and main aggregates/Employment Q1/2020
Jun 12	Industrial production April 2020

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

Closing date: May 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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