



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Recovery on track, but with moderate intensity

Oct 2020

Once surpassed the first three quarters of the current year, it seems that the growth rate profile for the Eurozone's GDP shows a clear recovery trend from the huge falls registered between March and June.

So that, with most of the indicators included in the High Frequency Model already known for September, all of them, except unemployment, are shown recovery trends in the third quarter.

With these figures our current forecasts for this third quarter that will be advanced by Eurostat in October 30th, show a qoq rate above 7%, followed by an additional increase of 3% in the fourth quarter.

Any case, it is important to note that even when every indicator keeps in a recovery trend, the intensity of the recovery is still very weak, both in terms of absolute levels, and in terms

"Indicators recovering from second quarter lows but still falling for previous year values"

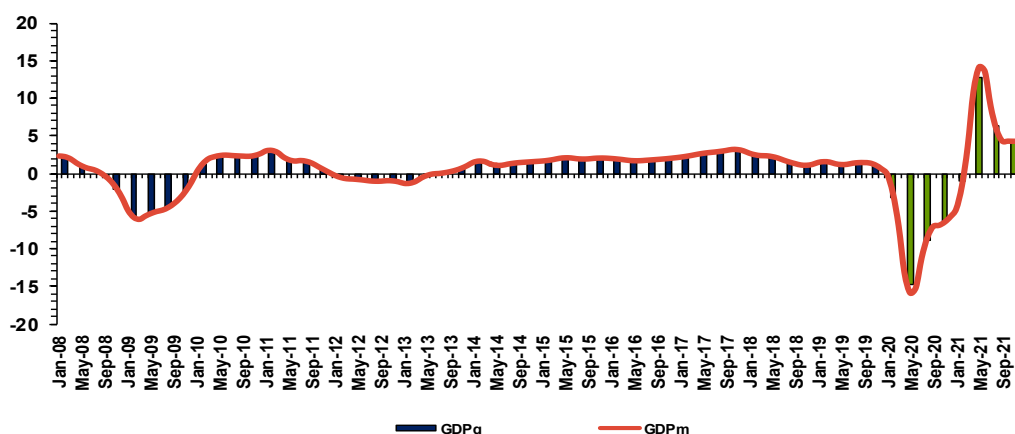
of yoy rates that remain in negative zone.

Moreover, we should wait for the figures in this last quarter to see how much damaging could be the second wave of the Pandemic suffering last weeks.

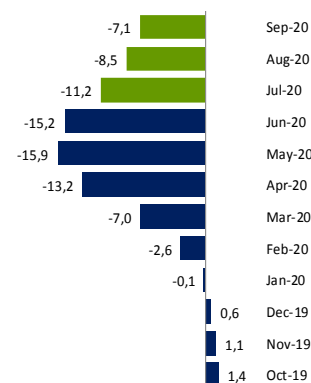
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



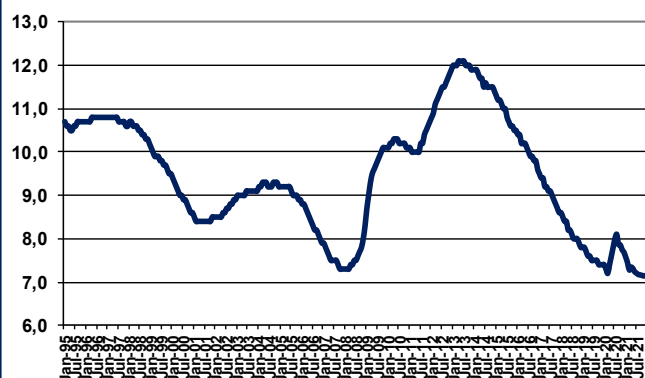
Source: CEPREDE. Oct-2020

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.

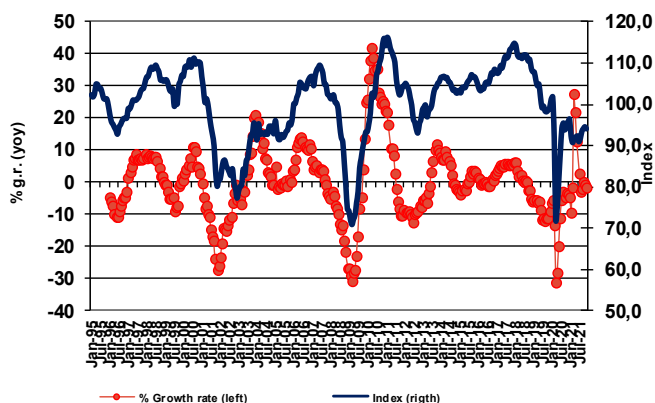
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Oct 29	Economic Sentiment Indicator & Business Climate Indicator October 2020
Oct 30	Flash Estimate inflation euro area October 2020
Oct 30	Unemployment September 2020
Oct 30	Preliminary Flash Estimate GDP - EU and euro area Q3/2020
Nov 12	Industrial production September 2020

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

Closing date: Oct 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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