



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Strong rebound in third quarter

Last November 13th, Eurostat published the flash estimate for the third quarter 2020 GDP growth rate which has been large better than expected.

In fact, according to this flash estimate, Eurozone's GDP advances an 12,6% compared to previous quarter, that is far away from our previous estimation around 7%.

It means that the yoy rate clearly recovers from the -14,7% in the second quarter to -4,3% in this third quarter,

pushing up the annual average from -8,3% to -6,9% shown by our updated forecasts.

Nevertheless, it is important to note that, due to the second wave of the pandemic, and the subsequent lockdown measures re-taken in most of the European countries, the figure for the last quarter could not be very optimistic. Even more, our current forecast points towards a new setback, both in qoq

"Second wave of the pandemic will brake the recovery trend"

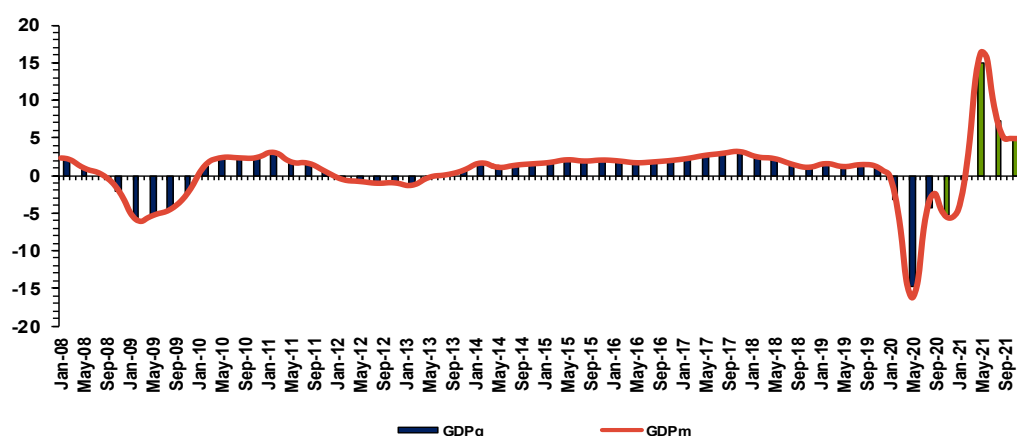
as well as in yoy rates. Although it is still too soon to see this second wave reflected in the specific indicators, because they are just available for September and October, it's seems to be unavoidable some slowdown in the recovery trends during the last months of the year.

Nov 2020

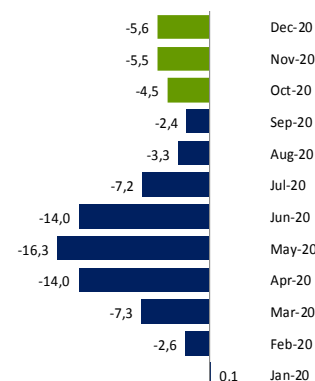
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



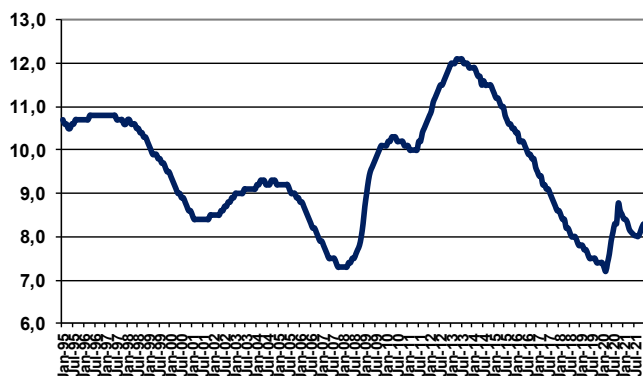
Source: CEPREDE. Nov-2020

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.

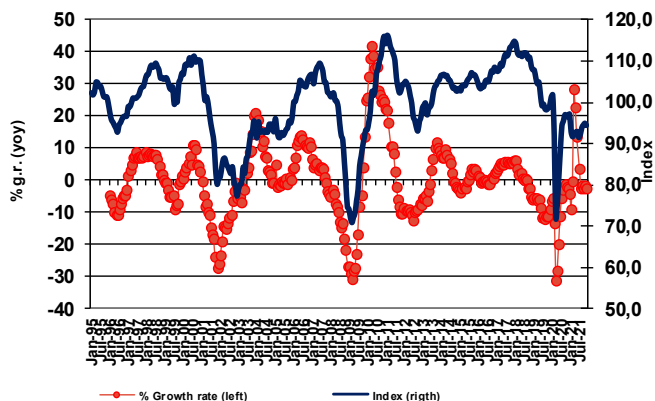
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Nov 27	Economic Sentiment Indicator & Business Climate Indicator
Dec 01	Flash Estimate inflation euro area November 2020
Dec 02	Unemployment October 2020
Dec 08	GDP and main aggregates/Employment Q3/2020
Dec 14	Industrial production October 2020

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

Closing date: Nov 18, 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	

Economic Forecasting Center (CEPREDE in Spanish language) begins in 1981 as a result of work of a group of professors from the Autonomous University of Madrid (UAM) and the unconditional support of the Chamber of Commerce and Industry of Madrid and the University-Enterprise Foundation. Five years later in 1986, establishing the Economic Forecasting Center Association (CEPREDE in Spanish). The Association counts among its partners, private corporations, business associations and governments of the autonomous administrations. CEPREDE is now a permanent Center for Economic Research, a reality created and shared by everyone, Sponsors, Founders, Partners and a group of university professors and researchers.

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