



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Better than expected fourth quarter

On February 16th, Eurostat published the flash estimate for the last quarter 2020 showing decrease in GDP -0,6% compared to previous quarter, which means a yoy rate of -5.0% confirming the “double-dip” advanced by our model.

Nevertheless, this slowdown in yoy growth rates has been lower than expected, as our previous forecast advanced two points larger fall-down.

Looking at the annual figures, this better than expected fourth quarter means that the Eurozone would have loss less than

seven points of GDP (-6,8%) which is the lower fall estimated since the start of the COVID pandemic.

Focusing on the country-by-country figures presented by Eurostat it is interesting to note that while some countries have reflected this slowdown in yoy rates during the last quarter (France, Italy, Belgium, Austria, or Netherland), others have kept stable, and someone has even prolonged the recovery path (Latvia, or Finland).

Moreover, while most mem-

“Large differences in country profiles at the end of the year “

bers have shown positive qoq rates during that last quarter, some countries have returned to negative rates (Austria, France, Italy and Netherland).

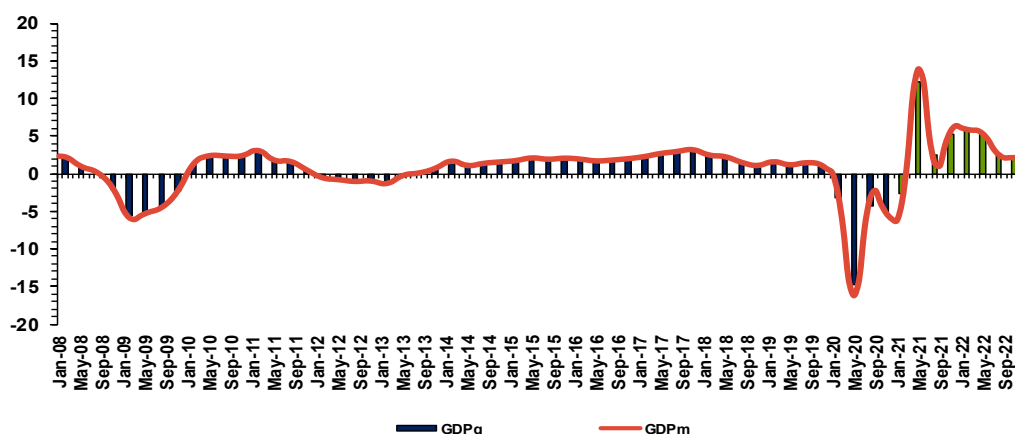
Expectations for current year remains in a slightly downward revision trend, and the new figure for annual average is four tenths lower than previous month, showing a 4,3% GDP growth rate for 2021.

Feb 2021

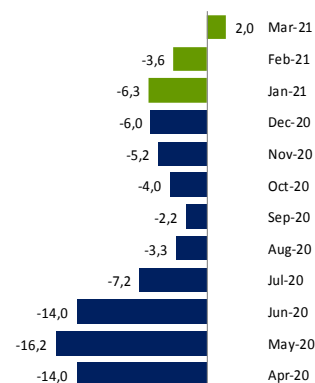
#### Full Content:

Euro Area GDP growth rate	1
Selected indicators	2
Forecast of the Model	2
Upcoming relevant data	6

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



**GDP growth (yoy)**



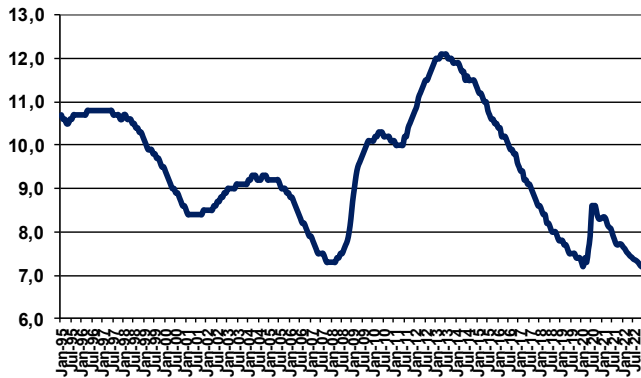
Source: CEPREDE. Feb-2021

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.

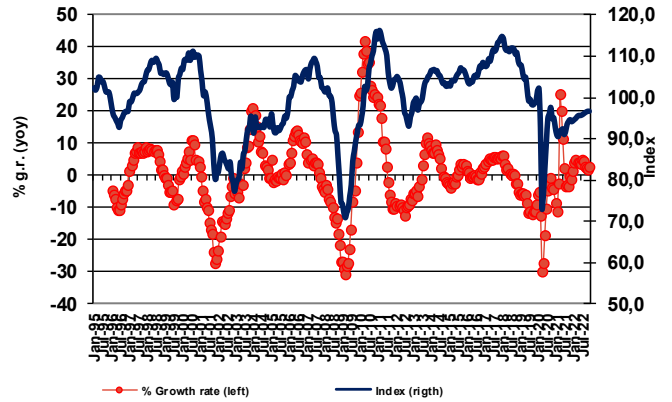
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Feb 23	Inflation (HICP) January 2021
Feb 25	Economic Sentiment Indicator & Business Climate Indicator February 2021
Mar 04	Unemployment January 2021
Mar 09	GDP and main aggregates/Employment Q4/2020
Mar 12	Industrial production January 2021

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

Closing date: Feb 18, 2021

Publication date in 2021	
January 25	July 19
February 22	September 20
March 21	October 25
April 26	November 22
May 24	December 20
June 21	

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