



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Growth will return in second quarter ...if Covid allows

Mar 2021

The incorporation of the latest updates of the indicators included in the high-frequency model has not caused major alterations in the growth prospects of the euro area and it would only be worth highlighting an improvement in the estimated figures for the first quarter of the year induced by the slight upward revision in the estimates for the close of the year 2020. In any case, after a year of pandemic and mobility restrictions, both domestic and foreign, the estimated yoy growth figures

for the Eurozone should turn positive during this month of March, where we would already be comparing with 2020 values affected by these measures to contain the pandemic. However, this expected increase for the month of March would not be able to offset the decrease estimated for the first two months of the year, therefore, together, the first quarter of the year would continue to show a year-on-year deterioration, although lower than that reg-

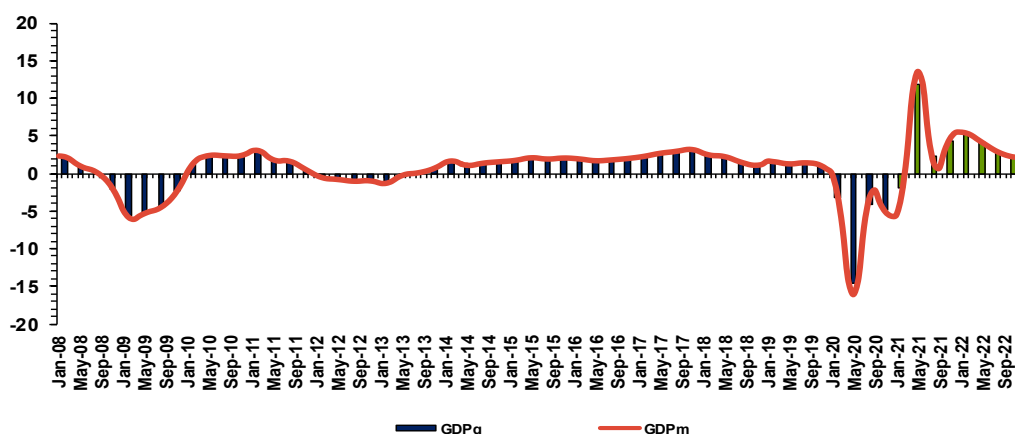
“Still conditioned by the mobility restrictions”

istered in the previous quarter. Finally, it is important to point out, as we have been doing over the last year, that these forecasts are fully conditioned on the evolution of the mobility restriction measures adopted to brake the different waves of infections.

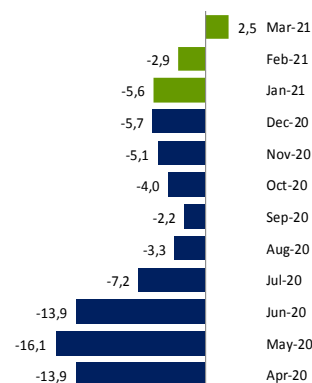
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



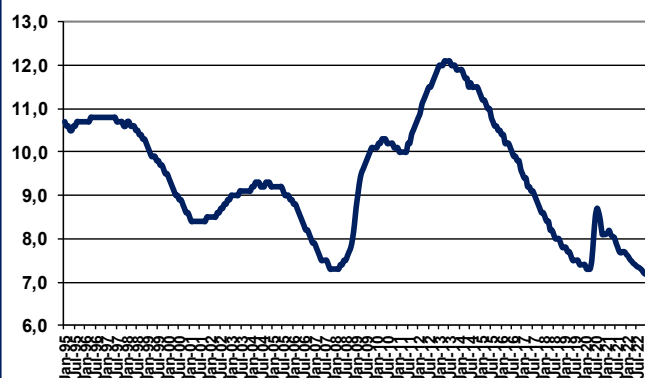
Source: CEPREDE. Mar-2021

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.

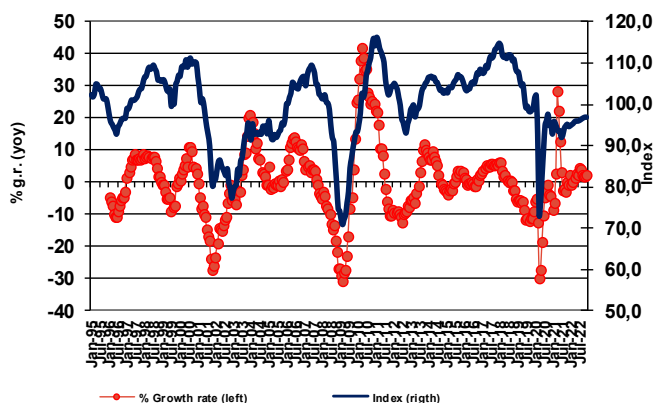
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Mar 30	Economic Sentiment Indicator & Business Climate Indicator
Mar 31	Flash Estimate inflation euro area March 2021
Apr 06	Unemployment February 2021
Apr 14	Industrial production February 2021
Apr 16	International trade in goods February 2021

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

Closing date: Mar 16, 2021

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

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