



# High Frequency Model for Eurozone

## Monthly rates of economic activity

### SUMMARY

#### Slightly positive growth rates come back in yoy terms

April 2021

The most advanced indicators, mostly soft ones, already available for march, are shown positive numbers in YoY growth rates for the first time since the beginning of the Covid crisis.

Once these updated figures are processed in our High Frequency Model a slightly positive number is estimated for the Eurozone's GDP growth rate in March, that can be read as the start point for the recovery path.

Although It is, obviously, a

good signal, we should not forget the "step effect" we are comparing current figures with those of March 2020, when the hardest effects of the pandemic were in track.

Going away from growth rates, if we estimate the relative GDP levels compared to pre-pandemic numbers, it is easy to see that that the Eurozone is still around 5% below the 2019 levels, which, according to our latest estimations, could not be

*"Positive signals appears but uncertainty remains high"*

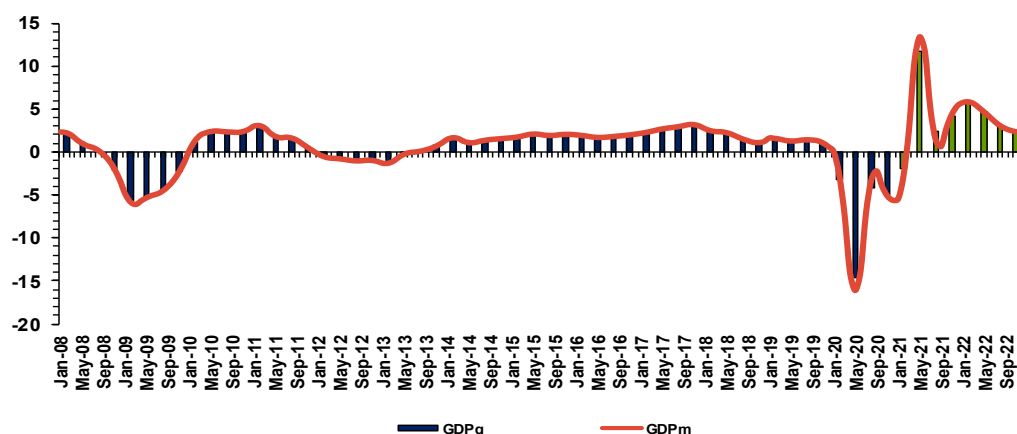
fully recovered till the beginning of 2022.

Any case, uncertainty is still too high, and we should wait to see how the disease evolves in coming months, and how much the expected relaxation of the restrictive measures fuels the economic activity.

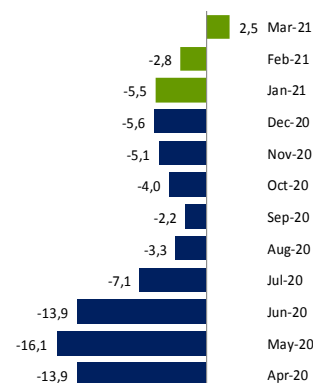
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**Euro Area GDP growth rate (yoy)**  
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



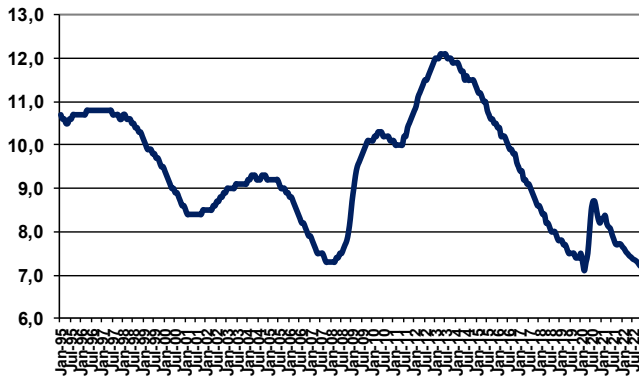
Source: CEPREDE. Apr-2021

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.

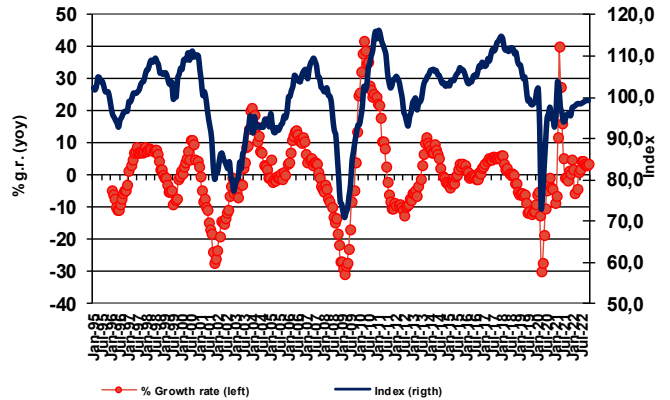
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Apr 29	Economic Sentiment Indicator & Business Climate Indicator
Apr 30	Flash Estimate inflation euro area April 2021
Apr 30	Preliminary Flash Estimate GDP - EU and euro area Q1/2021
Apr 30	Unemployment March 2021
May 12	Industrial production March 2021

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

Closing date: Apr 20, 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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