



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

Slightly upward revision coming from new Eurostat's estimations

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Dec 2021

Last December 7th EUROSTAT GDP (Volume index) has updated the flash estimation of GDP growth rates in the Eurozone, showing slightly better results than anticipated in QoQ rates for the two first quarters, pushing up the YoY rates by almost two tenths.

Once included these new figures into our High Frequency Model, the estimated forecast for the whole year has been upward revised, showing an annual average above 5,1% for 2021; even when the estimated growth rates for the last quarter seems to be quite moderated and well below previous quarters.

Any case, absolute level of real

GDP (Volume index) has almost recovered the pre-covid values during the third quarter and, according to our estimations, the fourth quarter level would be one tenth higher than de 2019 average.

Looking at the specific indicators included in our model, for which we have information till October/November, the outlook for the last quarter remains quite uncertain.

So, while some indicators seem to keep a recovery trend, Construction and retail confidence, Exports outside EU, or unemployment rate, others are already shown

“Contradictory signals coming from indicators at the end of the year”

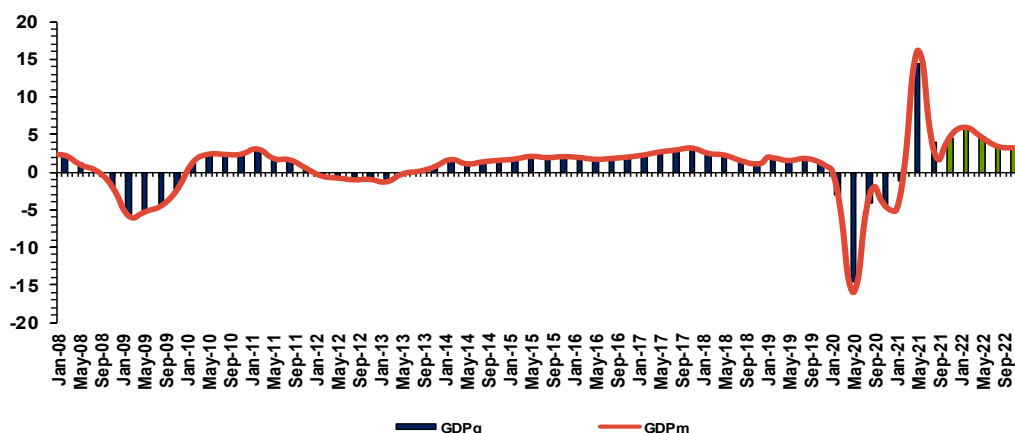
clear signs of deceleration (climate indicators, Industrial production), or even slight fall downs (Food Retail Trade Deflated Turnover).

Adding up these trends with the increasing inflation and the new lockdowns caused by the new wave of contagious, we cannot expect a bright close of the year.

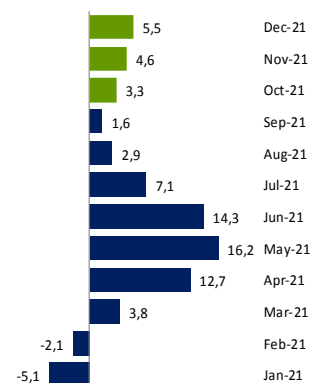
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Euro Area GDP growth rate (yoy)
Euren/CEPREDE High Frequency Model



GDP growth (yoy)



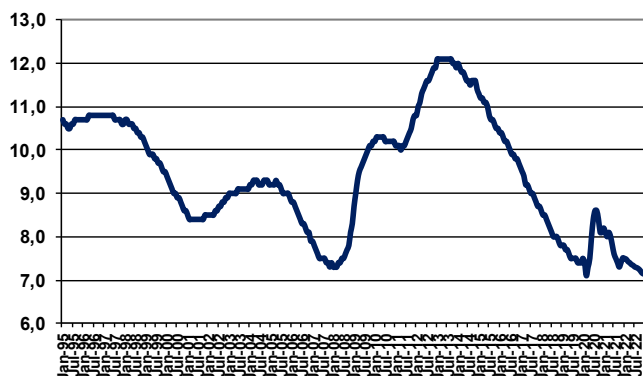
Source: CEPREDE. Dec-2021

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.

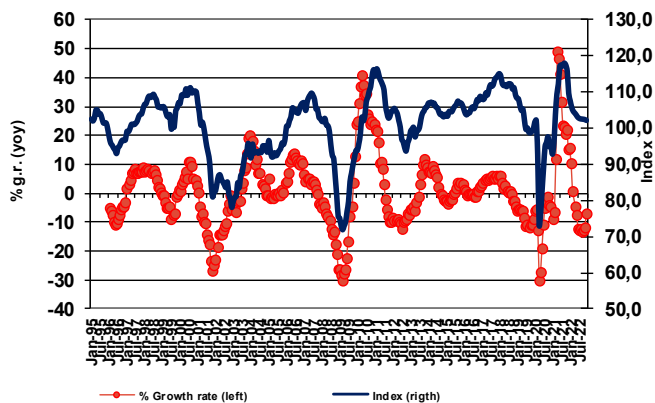
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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
Dec 16	International trade in goods. October 2021
Dec 17	Inflation. November 2021
Jan 07	Economic Sentiment Indicator & Business Climate Indicator. December 2021
Jan 10	Unemployment. November 2021
Jan 12	Industrial production. November 2021

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

Closing date: Dec 14, 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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