



High Frequency Model for Eurozone

Monthly rates of economic activity

SUMMARY

The review spiral begins

The incorporation of the March first place, and despite the indicators, which already reflect the first effects of the conflict in Ukraine, together with the fact that said conflict is dragging on longer than expected, have caused new downward revisions in the growth estimates for the Eurozone. Thus, growth for this year has been revised down by more than half a point, to 2.9% (3.6% in the previous estimate), while for 2023 it has also been modified by four tenths, up to 2.3%. And this may only be the beginning of a spiral of revisions, since the context we are facing is not at all encouraging. In the

fact that the restriction measures are increasingly lax, COVID is still among us, with the consequent risk of new outbreaks; secondly, the lengthening of the conflict is generating a supply shock that is pushing prices up and that is rapidly expanding throughout Europe, without forgetting that we have already had a global supply crisis since the end of last year. To all this we must add the announcement of the end of asset purchases and the expected start of the normali-

Author: Guillermo García

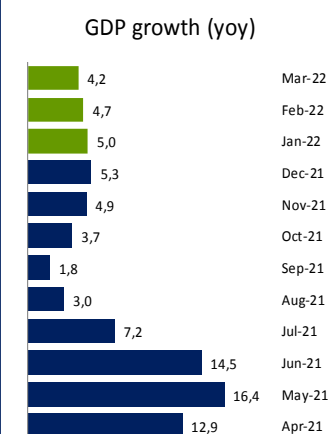
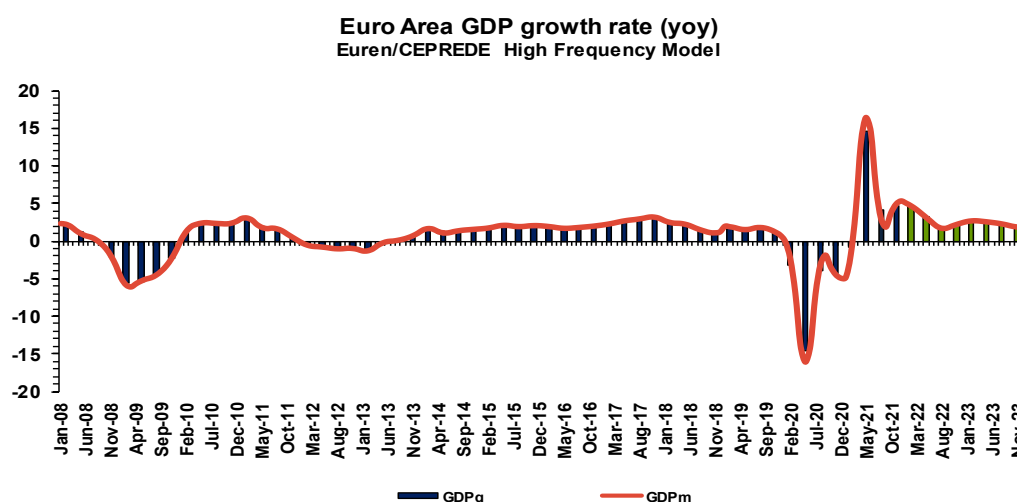
April 2022

"The new projections can be summed up in a few words: more inflation, less growth and a lot of uncertainty" FMI

zation process of the European Central Bank's monetary policy, which may contribute to a tightening of financial conditions in the Eurozone, and the return to high spreads of the debt to ten years of the countries of the south of the euro zone (Spain, Italy, Greece and Portugal), the dreaded risk premium.

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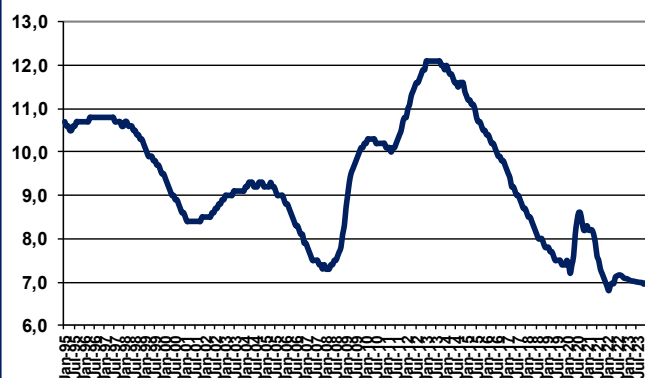
Source: CEPREDE. Apr-2022

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.

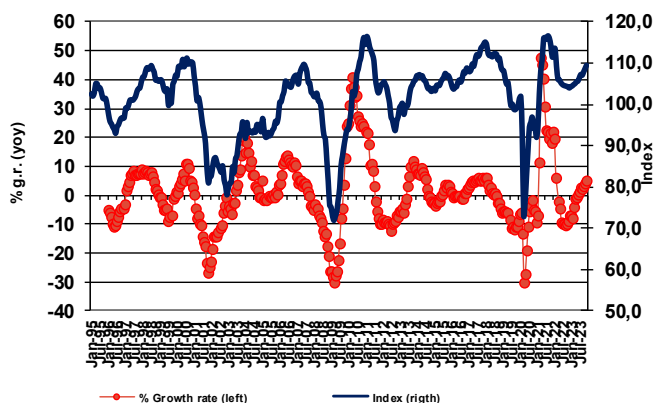
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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 28	Encuesta de Población Activa (España). Q1/2022
Apr 28	Economic Sentiment Indicator & Business Climate Indicator (EU). April 2022
Apr 28	Gross Domestic Product (EE.UU), 1st Quarter 2022 (Advance Estimate)
Apr 29	Contabilidad Nacional Trimestral de España Avance. Q1 2022
Apr 29	Preliminary Flash Estimate GDP - EU and euro area Q1/2022

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

Closing date: Apr 20, 2022

Publication date in 2022	
January 24	July 26
February 21	September 26
March 21	October 24
April 25	November 21
May 23	December 19
June 20	

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