



# MODELO DE ALTA FRECUENCIA EUROPA

Estimaciones mensuales del crecimiento económico



## Winter and recession coming together

Growth gained momentum in the second quarter as the removal of Covid-19 restrictions boosted private consumption and investment spending. However, this momentum is likely to have tapered off already in the third quarter. The increase in core and headline inflation in the quarter, the deterioration in consumer confidence in July and August and the increase in interest rates have restricted household spending (retail sales fell already in July). In addition, the lower business confidence, together with the fall in the PMIs for manufacturing and services

in the first two months of the third quarter, point to a cooling in activity, although with a certain heterogeneity: while France and Spain continue to grow, Germany and Italy already shrink. In this context, the economy is expected to register falls in the last two quarters of the year and the first of 2023, which would lead the eurozone into a technical recession (two negative quarters) at the end of this year. Even so, the economy is expected to expand by 3,0% in 2022. Looking ahead to 2023, the

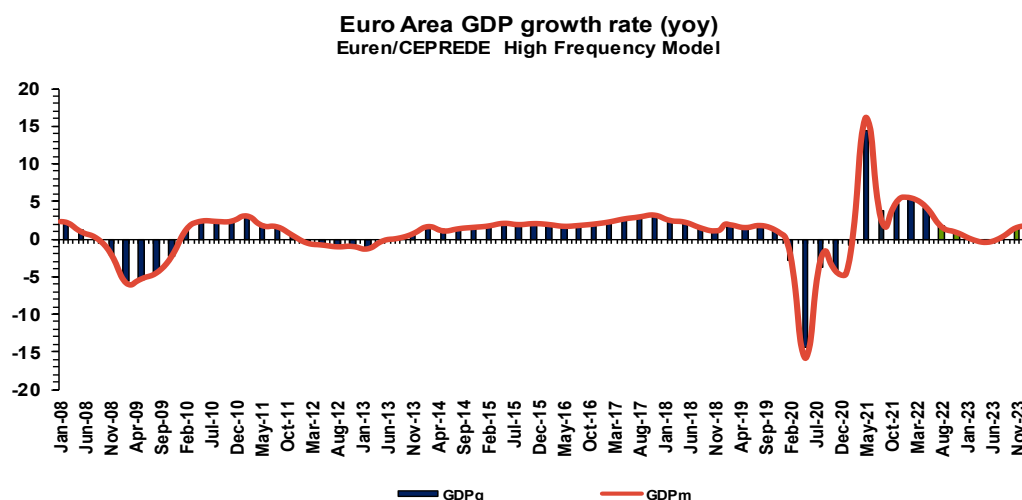
*“More severe fuel shortages could reduce growth in Europe by a further 1,25 percentage points in 2023” OCDE*

situation is uncertain, and the risks remain high due to the great volatility of the energy markets. Thus, estimates suggest that GDP will slightly grow, around 0,3%, due to stubbornly high energy prices, higher interest rates and inflation that will remain well above the ECB's target.

Oct 2022

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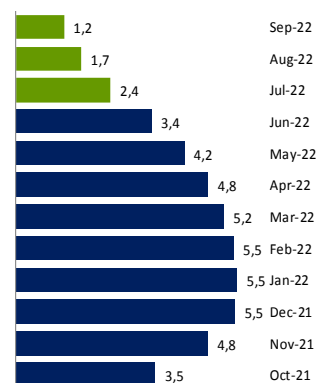
Source: CEPREDE. Oct-2022

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.

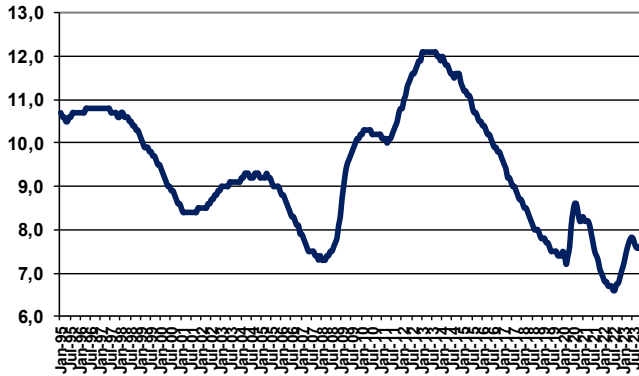
Those common trends are extracted through Principal component analysis and the extracted factors are forecasted with automatic ARIMA models.

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).

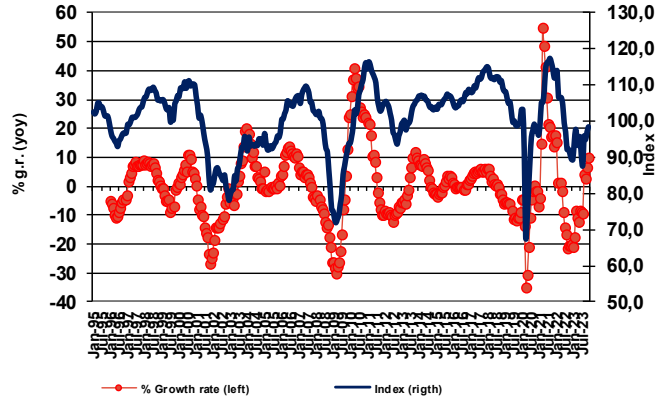
GDP growth (yoy)



**Harmonised Unemployment Rate**



**Economic Sentiment Indicator: Germany**



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Upcoming relevant data	Euro Area
Oct 28	Economic Sentiment Indicator & Business Climate Indicator.
Oct 28	Contabilidad Nacional Trimestral de España Avance. Trimestre 3 2022
Oct 31	Flash Estimate inflation euro area. October 2022
Oct 31	Preliminary Flash Estimate GDP - EU and euro area Q3 2022
Nov 03	Unemployment. September 2022

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

Closing date: Oct 19, 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	

Economic Forecasting Center (CEPREDE in Spanish language) begins in 1981 as a result of work of a group of professors from the Autonomous University of Madrid (UAM) and the unconditional support of the Chamber of Commerce and Industry of Madrid and the University-Enterprise Foundation. Five years later in 1986, establishing the Economic Forecasting Center Association (CEPREDE in Spanish). The Association counts among its partners, private corporations, business associations and governments of the autonomous administrations. CEPREDE is now a permanent Center for Economic Research, a reality created and shared by everyone, Sponsors, Founders, Partners and a group of university professors and researchers.

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**Asociación Centro de Predicción Económica, CEPREDE**  
Att. (morning hours) T. +34 91 497 86 70

