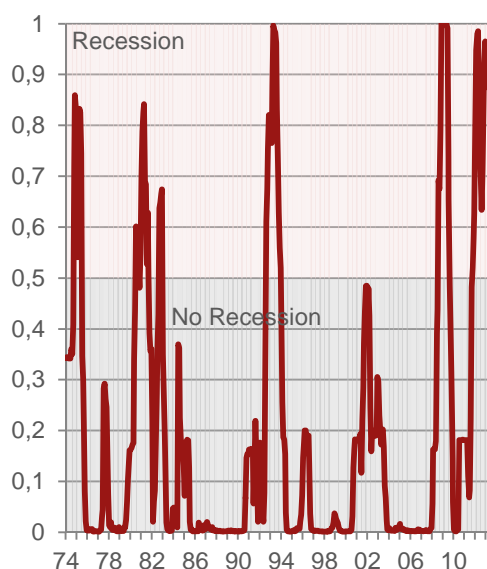


Start-End Recession Index: recession probability still high but slightly decreasing

The start-end recession indicator (IESR) has slightly decreased from 0.94 in January 2013 to 0.87 in February but still remains above the 0.5 threshold above which the area is in recession. The present recession has lasted five quarters since the business cycle peak was reached in the third quarter of 2011. This is the longest recession in the area so far. The underlying euro area growth rate (IRC), only based on survey results (BCI, ESI and expectations in retail trade) seems becoming positive since the beginning of the year (0.6% at an annual rate in March). This would not however contradict a still slight negative growth in the first quarter of 2013. But, as indicated by the leading indicator (see below), the recession should end somewhere during the first semester. The IESR indicator gives persistent signals but lags the recession exit by one quarter generally. A delayed signal of recession exit will be given when the 0.5 threshold is overpassed.

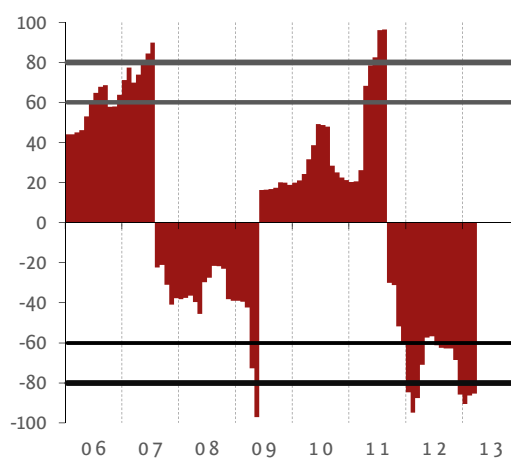
Updated April 10, 2013



Leading Indicator: persistent but weaker signal of rebound in 2013

The IARC indicator has been revised to -86.2 in February 2013 and reached -85.2 in March, still below the -80 threshold. This sends a signal of a growth cycle trough in the second quarter of 2013 implying a growth climbing over the trend annualized growth rate estimated at 0.9% in the fourth quarter of 2012. Financial variables continue to be positively oriented: low short-term interest rates and bullish stock market. Survey results concerning the intermediate goods in the industry are slightly improving since last October. Data for March are quite disappointing which explains the weaker signal in comparison with last month. Data for April will show if the signal is sustained or cancelled out like it was already the case one year ago. The global world-wide environment is however still supportive: confirmed stimulus in China, monetary impulse in Japan while the United States try to absorb the planned spending cuts shock.

Updated April 10, 2013



IARC above 80 : signal of a slowdown (peak of the deviation cycle)

IARC below -80 : signal of a rebound (trough of the deviation cycle)

The latest data

	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
Start-End Recession Index	0.79	0.92	0.97	0.94	0.87	
Leading Indicator	-62.8	-68.5	-85.7	-90.6	-86.2	-85.2

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