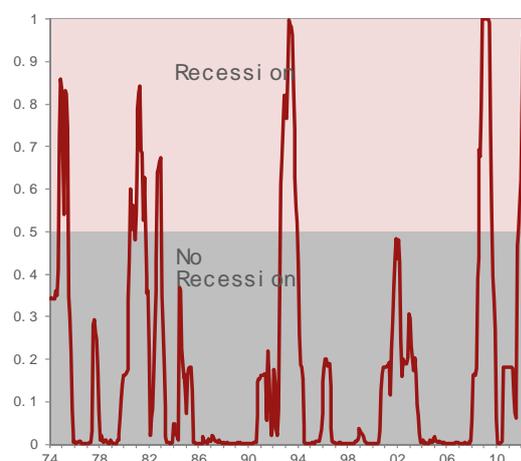


Start-End Recession Index: the euro area recession was confirmed by the CEPR

The start-end recession indicator (IESR) is above the 0.5 threshold since October 2011. The recession signal was given in real time only in April 2012 (see EUREN-news 2/2012) due to employment data revisions. The CEPR recently confirmed the start of the euro area recession in the third Quarter of 2011. The IESR converged towards one in April 2012 and receded thereafter to 0.52 in August. Since August, the IESR is increasing again to reach an estimated 0.66 in October. There is therefore a reinforcement of the recession index since September due to a quite strong fall of the industrial production, a relapse of confidence and a sharp drop in car registers. The underlying growth rate (IRC) in November 2012 stands at -1.3 % at an annual rate. It is quite obvious that recessions in southern European countries like France, close to recession, and Germany which growth was reduced by 70 % between 2011 (3,1%) and 2012 (0,9%).

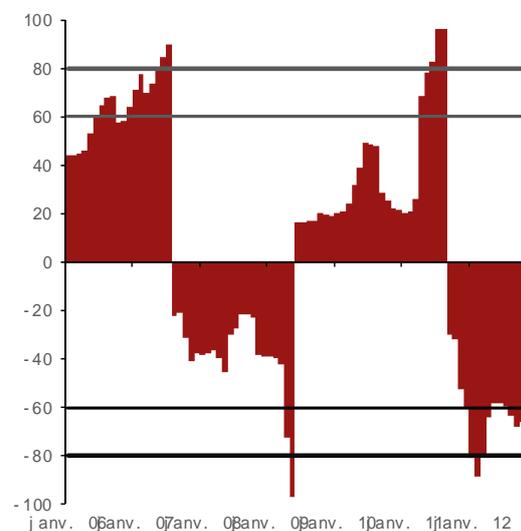


Updated December 4, 2012

Leading Indicator: Very slight possibility of rebound in the coming nine months

The IARC indicator stands at -67.1 in November 2012, still far from the -80 threshold which has to be crossed in order to send a signal of imminent economic rebound. But it nevertheless shows a very slight possibility of exit of the slowdown in the next 9 months, mainly because financial variables are positively oriented. As a matter of fact, short-term interest rates are at an historical low level of 0.2 % and stock markets are recovering. Surveys are slightly better in November and prospects on prices are less negative.

The uncertainty in the euro area is still high but the global world-wide environment is quite supportive: lower international raw material prices, low interest rates and worldwide growth albeit at a reduced pace. The rebound of confidence will be necessary to impulse investment and growth. It may take some time because of the profound public debt crisis.



Updated December 4, 2012

The latest data

	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Start-End Recession Index	0.75	0.65	0.52	0.63	0.66	
Leading Indicator	-58.2	-59.6	-63.3	-65.3	-65.8	-67.1

Contact: Jacques Anas // janas@coe-rexecode.fr