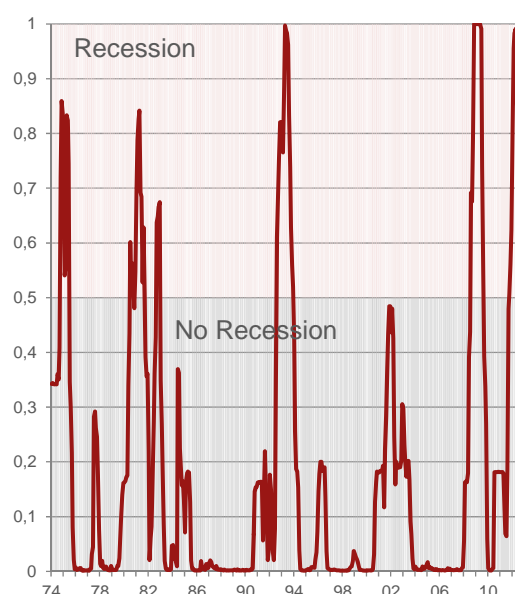


Start-End Recession Index: when will end the present recession in the euro area?

The start-end recession indicator (IESR) has reached 0.90 in November and 0.91 in December 2012, well 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 but with weak amplitude due to a lack of diffusion among countries. As a matter of fact, only five of the eleven main euro area countries are in recession. The change in industrial production and unemployment are stabilizing in the last months while the consumer confidence is improving again lately. But car registers are still receding. The underlying growth rate (IRC) seems close to zero in January 2013. When will end this recession? The IESR indicator gives persistent signals but lags the recession exit by one quarter generally.

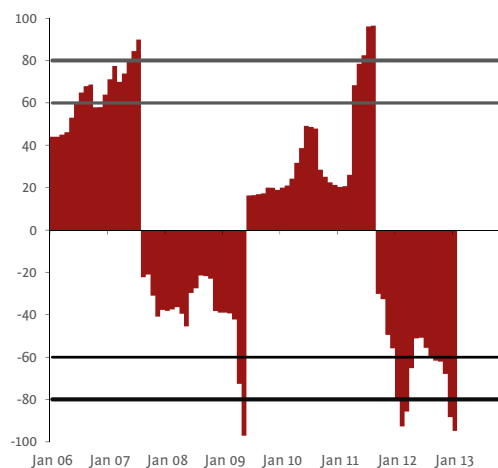
Updated February 11, 2013



Leading Indicator: Confirmed signal of rebound in 2013

The IARC indicator continued to drop to -94.8 in January 2013 after -88.3 in December 2012, well below the -80 threshold. This sends a signal of an economic rebound in mid-2013 that is a growth climbing over the trend annualized growth rate of around 0.8%. Financial variables continue to be positively oriented. Short-term interest rates are at an historical low level of 0.2 % and the stock market is bullish. Survey results concerning the intermediate goods in the industry are slightly better in the last three months. On one side, the economic rationale for a rebound is weak for lack of internal engines amidst a continuation of budget restrictions in many countries of the area. But on the other side, the global world-wide environment is gaining momentum with China showing signs of reacceleration and the United States avoiding the fiscal cliff..

Updated February 11, 2013



An indicator above 80 signals a slowdown (peak of the cycle), an indicator below -80 a rebound (trough of the cycle).

The latest data

| | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 | Jan 13 |
|---------------------------|--------|--------|--------|--------|--------|--------|
| Start-End Recession Index | 0.60 | 0.66 | 0.76 | 0.90 | 0.91 | |
| Leading Indicator | -59.5 | -61.7 | -62.1 | -68.0 | -88.3 | -94.8 |

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