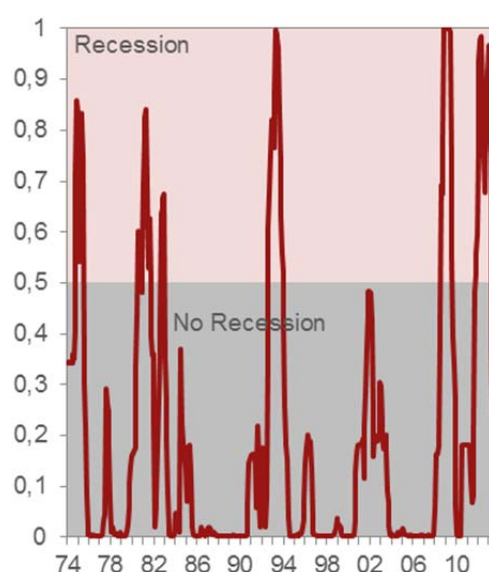


Start-End Recession Index: Signal of recession exit in the euro area

The start-end recession indicator (IESR) has strongly decreased from 0.66 in March 2013 to 0.36 in April and 0.25 in May. Therefore, it overpassed the significant 0.5 threshold at the beginning of the second quarter of 2013, indicating a recent exit of recession of the euro area. The signal is historically lagging the exit by one quarter. With future revisions, it is possible therefore that the trough of the present recession will be located in the last quarter of 2012. The trough of the industrial recession seems to be in the last quarter of 2012. If it is true, the recession would have 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.

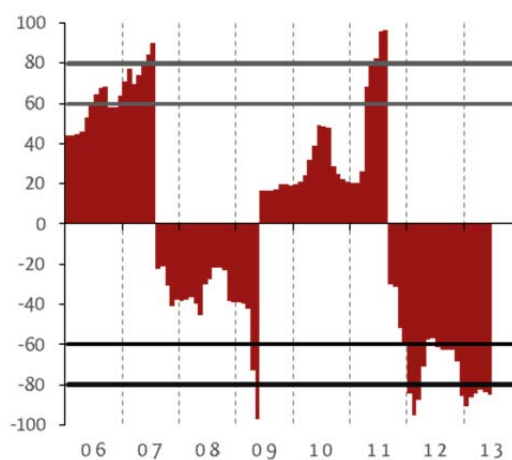
Updated July 11, 2013



Leading Indicator: persistent but weak signal of rebound in 2013

The IARC indicator is now below the -80 threshold since December 2013. This sends a signal of a growth cycle trough in the second quarter of 2013 implying that growth will climb above its trend rate estimated at 0.9% in yoy terms 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. The global world-wide environment is still supportive: a soft landing in China in terms of growth but not in absolute terms, a beneficial monetary impulse in Japan and a resisting American economy where household confidence and the construction sector are on the rise.

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

The latest data

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Start-End Recession Index	0.94	0.86	0.66	0.36	0.25	
Leading Indicator	-90.6	-86.2	-84.4	-82.5	-83.9	-85.0

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