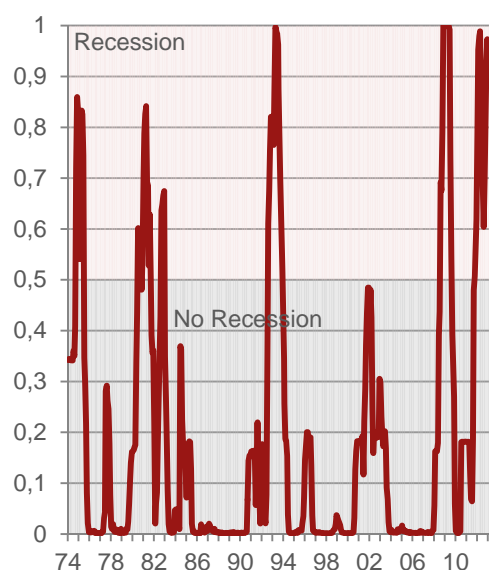


Start-End Recession Index: recession probability surging at 97% in last December and resisting at 94% in January 2013.

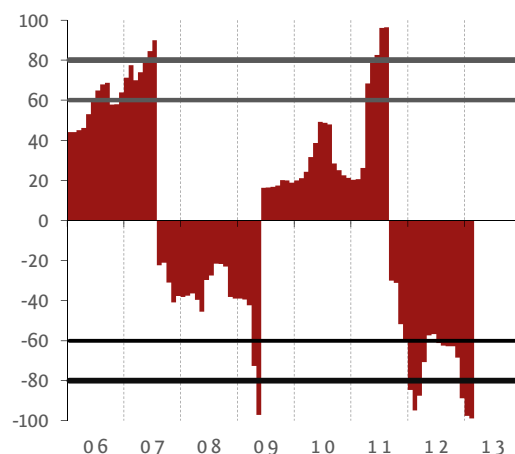
The start-end recession indicator (IESR) has reached 0.97 in December 2012 and 0.94 in January 2013, still largely above the 0.5 threshold above which the area is in recession. This was illustrated by a strong -0.6% euro area GDP decrease in the fourth quarter of 2012. The present recession has lasted 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. Only five of the eleven main euro area countries (Greece, Italy, Netherlands, Portugal and Spain) are in recession while France is on the verge of falling back into recession. The underlying euro area growth rate (IRC), only based on survey results (BCI, ESI and expectations in retail trade) seems becoming positive in February (0.6% at an annual rate). This would not however contradict a still 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.



Updated March 12, 2013

Leading Indicator: persistent signal of rebound in 2013

The IARC indicator dropped to -98.8 in February 2013 after -97.5 in January 2012, well 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 of around 0.8% in the third quarter. 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 still bullish. Survey results concerning the intermediate goods in the industry are slightly improving since last October. One more time we need to be cautious because the indicator gave a false signal a year ago. If budget consolidations are still on the way in many European countries, in France in particular, the global world-wide environment is however gaining momentum with China and the United States still showing signs of reacceleration.



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

Updated March 12, 2013

The latest data

	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
Start-End Recession Index	0.70	0.80	0.92	0.97	0.94	
Leading Indicator	-62.8	-62.8	-68.5	-88.7	-97.5	-98.8

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