2009 Q2 is trough of recession in euro area - CEPR

CEPR’s Euro Area Business Cycle Dating Committee announced today that a trough in economic activity in the euro area occurred in the second quarter of 2009. The trough marked the end of a recession that began in the first quarter of 2008 and lasted five quarters, with a total decline in output from peak (2008 Q1) to trough of 5.5%.

The Q2 trough was identified on the basis of movements in GDP for the euro area as a whole. There were, however, some differences across countries in GDP movements. Among the large countries Germany and France bottomed in Q1, Italy in Q2. Spain kept falling until Q4, but the further decline was fairly mild. For the smaller countries the same picture emerges: most bottomed in Q2 and a few in Q1. Ireland and Cyprus reached the bottom in Q4. GDP in Greece has continued to decline.

Identifying the month of the trough is more difficult. The Committee found a clear trough in industrial production in April 2009. Sales data show a more erratic picture, and unemployment kept rising (this is not unusual at the end of recessions). Given the clear trough of industrial production the Committee declared April 2009 to mark the end of the recession, which began in January 2008 and lasted 15 months. The euro area came out of recession two months earlier than the US, where the trough was recently identified by NBER as June 2009.

The Committee noted that private consumption accounted for about half, inventory investment for about a third, and government consumption for about a quarter of the growth in nominal output from 2009 Q2 until 2010 Q2. The contribution of investment in the form of gross fixed capital formation was negligible and the contribution of trade slightly negative.

The Committee’s findings are available on the CEPR website at http://www.cepr.org/data/Dating/announcements.asp

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About the Euro Area Business Cycle Dating Committee
The Committee is chaired by Harald Uhlig, and comprises:

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