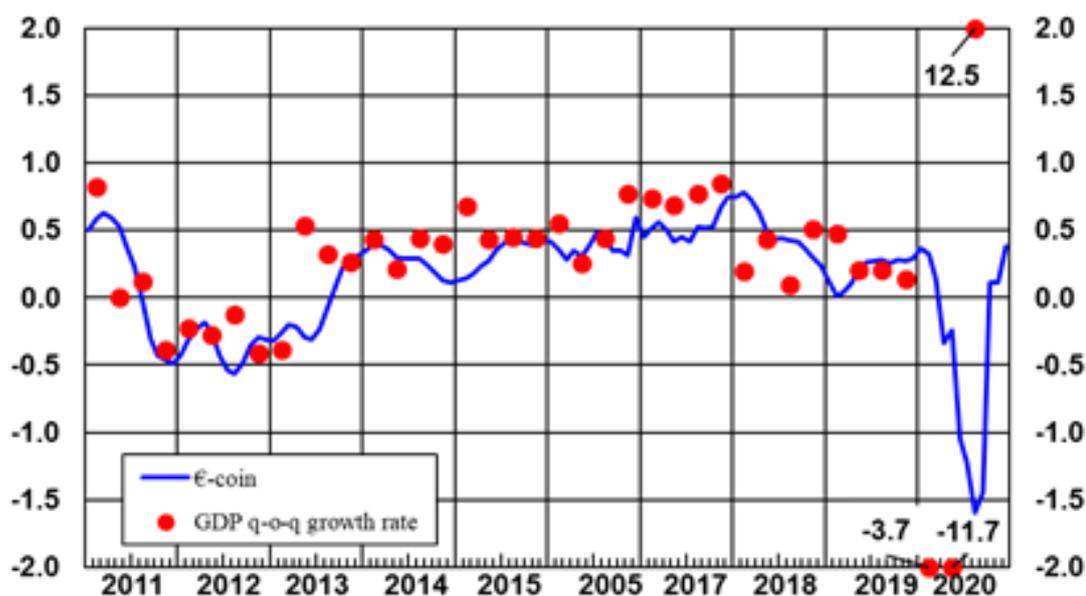


€-coin rises in December

For immediate release: 08.30 GMT; 09.30 CET; Friday, 13 January 2021

- €-coin rose in December, to 0.38 (from 0.11 in November). The indicator remained negative from the start of the pandemic to October, when it increased markedly, reflecting the release of a very positive estimate of GDP for the third quarter.
- The performance of the indicator in December reflects the resilience of manufacturing activity, especially in Germany, and the improvement in the expectations of households and firms, while there are signs of weakness coming from the service sector.
- The **€-coin** indicator developed by the Bank of Italy provides a summary index of the current economic situation in the euro area. The indicator is an estimate of quarterly GDP growth shorn of the most erratic components (seasonal variations, measurement errors and short-run volatility). **€-coin** is published monthly by the Bank of Italy and CEPR.
- **A new version of the indicator has been released, which incorporates some revisions to the database and to the sample on which our estimates are based.** More information has been included regarding services – a sector whose importance has increased in terms of value added in the euro area. This is all the more relevant following the outbreak of the COVID-19 pandemic, which has had more serious repercussions for this sector than for the rest of the economy. The starting date for the estimates was moved from January 1988 to January 2000 in order to make the sample more representative, given the significant changes that the economic systems have undergone in recent decades. Some of the time series in the original dataset have been eliminated to reduce the level of detailed information in relation to certain blocks of variables. This is in line with the evidence provided in the literature, according to which the precision of the estimates of common factors models (such as the one on which €-coin is based) is improved by the careful selection of data. Lastly, the new version of €-coin includes the GDP data released by Eurostat 30 days after the reference quarter (the 't+30' estimate) as soon as it becomes available. The historical profile of the indicator is still consistent with the underlying trend of euro-area GDP growth and, at the same time, it improves the sensitivity of €-coin to the economic situation that has developed after the outbreak of the pandemic crisis. With the release of the December 2020 data, the historical series of the indicator calculated according to the new methodology starting from January 2000 is made available.
- Next **€-coin** release dates: **Friday, 5 February** and **Wednesday, 3 March** (provisional).

€-coin and euro-area GDP – December 2020



Source: Bank of Italy and Eurostat.

Note: The €-coin series is based on the real time estimates of the indicator at a given date and hence the series is not revised. On the other hand, the GDP growth rates are calculated on the basis of Eurostat's most recently published series and do reflect any changes in the historical data.

€-coin is constructed monthly by exploiting a vast set of macroeconomic time series (e.g. industrial production indices, business and households surveys, demand indicators, and stock market indices) in order to extract the data needed to estimate the underlying trend of euro-area GDP growth.

€-coin precedes by several months the official euro-area GDP figure released by Eurostat and gives an early indication of the trend net of any erratic or short-term components.

The following table shows the performance of the €-coin indicator over the last year:

Month	€-COIN
December 2019	0.29
January 2020	0.37
February 2020	0.32
March 2020	0.13
April 2020	-0.34
May 2020	-0.24
June 2020	-1.05
July 2020	-1.22
August 2020	-1.59
September 2020	-1.45
October 2020	0.11
November 2020	0.11
December	0.38

For further technical details on **€-coin**, see 'New Eurocoin: Tracking economic growth in real time', *The Review of Economics and Statistics*, 92, 1024-1034, available in the Bank of Italy's series Temi di Discussione (Working Papers), 631.

http://www.bancaditalia.it/pubblicazioni/temi-discussione/2007/2007-0631/en_tema_631.pdf
<http://eurocoin.cepr.org>