



SIREN based on reference quarters

SIREN by reference quarter captures the macro momentum (Fig. 6) and surprises (Fig. 7) across quarters by summing news based on reference dates.

- With the advanced estimate of Q4-15 GDP scheduled for next week, *SIREN-Momentum* continues to point to high 0.4% qoq for euro Q4 GDP. Surveys point to 0.5% while hard data are less optimistic. Our forecast for Q4 GDP growth is relatively more modest at 0.35% qoq. Hard data appear to justify our caution.
- While *SIREN-Surprise* for Q4 continues to be more positive than in the previous two quarters, Q1 data have disappointed significantly. The current quarter's initial movement has been the worst start since Q2 2013.

Box 1: News by quarters

Indicators published around the same date may refer to different quarters.⁵ Separating outcomes based on reference rather than release dates helps to (i) spot turning points and (ii) more generally better capture current dynamics.

Fig. 6: *SIREN-Momentum* by reference quarter

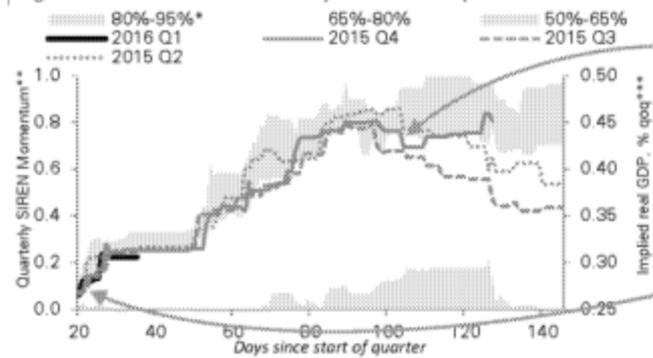
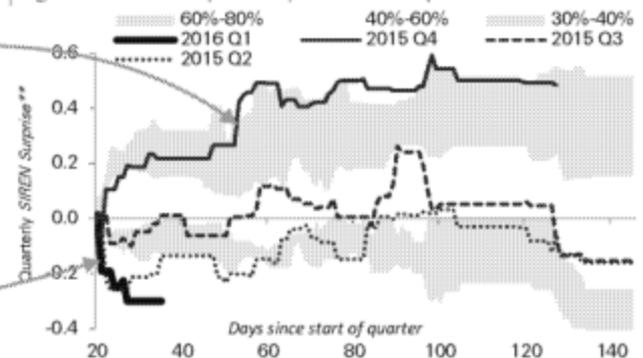


Fig. 7: *SIREN-Surprise* by reference quarter

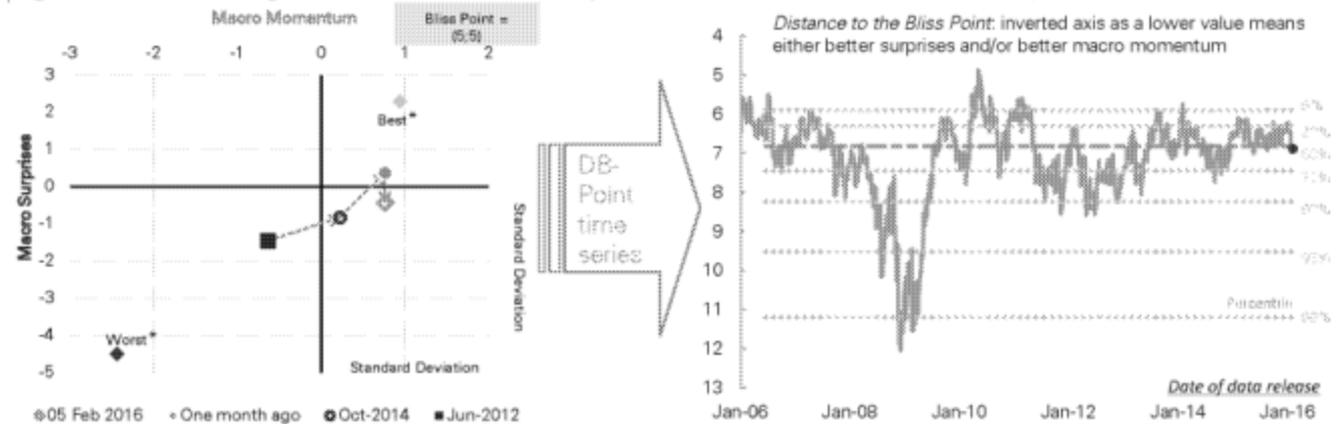


* Shaded areas capture percentiles across quarters since Q4-2005. ** News weighted by the indicator's ability to forecast GDP out of sample (one quarter ahead)
*** The right hand axis in Fig 6 links the end of quarter level of *SIREN-Momentum* to a corresponding quarterly euro-area GDP growth
Source: Deutsche Bank, Haver Analytics, National Statistical Offices, Bloomberg Finance LP, Markit, various statistical sources

Combining *SIREN-Momentum* and *Surprise* into one metric

- With little movement in underlying indices, *DB-Point* remained close to last week's low. *DB-Point* is at nearly two year low, albeit at far better level than the readings in the past two recessions.

Fig. 8 and 9: Combining *SIREN-Momentum* and *Surprise* into *Distance from the Bliss Point (DB-Point)*



* Best = minimum distance from bliss point (7 May 2010); Worst = max distance from bliss point (5 Dec 2008). Note that dates do not coincide with min and max for the individual momentum and surprise indices
Source: Deutsche Bank, Haver Analytics LP, National Statistical Offices, Bloomberg Finance LP, Markit, various statistical sources

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⁵ E.g. in mid January, industrial production for November of the previous year is released followed the week after by the Flash PMIs for January of that year. Both indicators can affect asset prices on the release date but they refer to different quarters, i.e. the PMIs provide a more up-to-date picture.