



**EMBARGO: 15:00 BST, Monday 4 October 2010**

## **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's mission is to establish the chronology of recessions and expansions of the 11 original euro area member countries plus Greece for 1970-1998, and of the euro area as a whole from 1999 onwards. The Committee issued its first Findings on 22 September 2003, its second Findings on 31 March 2009 and its third Findings on 5 September 2010.

The Committee is chaired by Harald Uhlig, and comprises:

Fabio Canova (Universitat Pompeu Fabra and CEPR)

Jordi Galí (CREI and Universitat Pompeu Fabra and CEPR)

Francesco Giavazzi (Universita L Bocconi and CEPR)

Richard Portes (CEPR and LBS)

Lucrezia Reichlin (LBS and CEPR)

Harald Uhlig (University of Chicago and CEPR)

Philippe Weil (ECARES, Sciences Po and CEPR)

Volker Wieland (Johann Wolfgang Goethe-Universität Frankfurt and CEPR)

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