

News Release

Now-Casting Index
12:00 GMT 14 July 2014

Now-Casting Euro Area NCI™

What is the NCI™?

The Now-Casting Index - NCI™ - is an index that measures the state of the business cycle. It is calculated from a broad set of economic indicators.

Reading the NCI™

The NCI™ is normalized to have a mean value of 100 and a standard deviation of 25 calculated over the estimation sample. Values above 100 indicate that real activity is growing above the mean.

NCI™ Updates

The NCI™ is updated in relation to surprises in data releases (*news*) computed as the difference between the released value and model-based nowcast for each input indicator. The weights attached to each *news* are also model-based.

Next E.A. NCI™ RELEASE:

13 Aug, 2014
12:00 GMT

Euro Area deteriorating; no recovery in sight

- Latest data show that conditions in the Euro Area economy are deteriorating: the NCI™ is at 94.24 for July, compared to 96.37 for June.
- Conditions are expected to continue to worsen, as the August NCI™ is forecast at 92.06.
- These NCI™ values have all been revised downward in light of data released over the past month. The NCI™ for July is lower than the 97.39 forecast a month ago

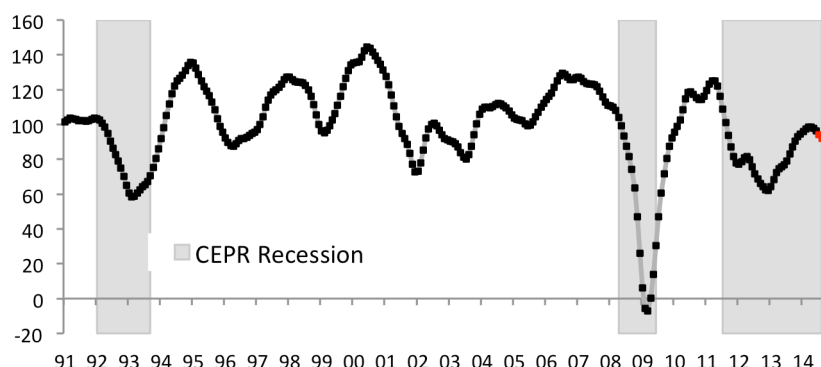
Now-Casting E.A. NCI™

reference period	NCI™ Release Dates	
	12/06/2014	14/07/2014
Jun-14	98.51 (A)	96.37 (U)
Jul-14	97.39 (F)	94.24 (A)
Aug-14	--	92.06 (F)

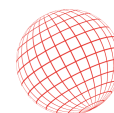
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U), UPDATED, denotes the updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented, "These figures suggest that the Euro Area recession is far from over. Although there has been much talk about a recovery in the Eurozone, the NCI™ figures have shown weakening growth since April. In fact, our numbers suggest that conditions in the real economy – in relation to Industrial Production and Construction in particular – started deteriorating at the end of Q1. In light of that, we would not be surprised to see a downward revision in the official estimate of Q1 GDP in Germany."

Now-Casting E.A. NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

EA NCI™ for July updated to 94.24 from 97.39 in June

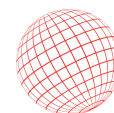
EA NCI™ for June updated to 96.37 from 98.51

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of EA Data	
						EA NCI™ May	EA NCI™ June
13/06/2014	Exports	Apr-14	MoM %	-0.25	0.57	-0.11	-0.13
13/06/2014	Imports	Apr-14	MoM %	-0.53	0.5	-0.14	-0.17
17/06/2014	New Passenger Car Registrations	May-14	YoY %	4.76	0.64	0.07	0.11
18/06/2014	Construction Output	Apr-14	MoM %	0.84	-0.23	0.1	0.11
20/06/2014	Consumer Confidence Indicator	Jun-14	Index	-7.4	-6.75	-0.07	-0.14
20/06/2014	Industrial Turnover: Manufacturing	Apr-14	MoM %	-0.04	0.25	-0.09	-0.1
23/06/2014	Orders	Apr-14	MoM %	2.07	-0.01	0.28	0.31
23/06/2014	PMI: Manufacturing	Jun-14	Index	51.93	51.51	0.09	0.36
23/06/2014	PMI: Services	Jun-14	Index	52.83	52.76	0.01	0.03
27/06/2014	Business Climate Indicator	Jun-14	Index	0.22	0.34	0.11	0.02
03/07/2014	Retail Sales	May-14	MoM %	0.04	-0.14	0.03	0.04
14/07/2014	Industrial Production Excl Construction	May-14	MoM %	-1.09	-0.51	-0.3	-0.38
						-0.02	0.06

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of GER Data	
						EA NCI™ May	EA NCI™ June
23/06/2014	PMI: Manufacturing	Jun-14	Index	52.42	51.35	0.17	0.6
23/06/2014	PMI: Services	Jun-14	Index	54.78	54.86	-0.01	-0.02
23/06/2014	PMI: Manufacturing	Jun-14	Index	52.42	51.35	0.17	0.6
24/06/2014	Ifo Business Climate Index	Jun-14	Index	109.7	110	-0.01	-0.07
25/06/2014	GfK Consumer Climate Indicator	Jul-14	Index	8.9	8.55	0	-0.01
30/06/2014	Retail Sales	May-14	MoM %	-0.59	0.53	-0.05	-0.06
01/07/2014	Job Vacancies	Jun-14	MoM %	1.12	-0.64	0.06	0.1
02/07/2014	New Passenger Car Registrations	Jun-14	YoY %	-1.87	2.51	0	-0.01
04/07/2014	Industrial Turnover: Manufacturing	May-14	MoM %	-1.94	-0.44	-0.28	-0.39
04/07/2014	Orders	May-14	MoM %	-1.71	-1.54	-0.02	-0.03
07/07/2014	Construction Output	May-14	MoM %	-3.61	0.43	-0.05	-0.1
07/07/2014	Industrial Production Incl Construction	May-14	MoM %	-1.76	-0.51	-0.26	-0.35
08/07/2014	Imports	May-14	MoM %	-3.39	-0.48	-0.13	-0.17
08/07/2014	Exports	May-14	MoM %	-1.14	-1.72	0.03	0.03
						-0.38	0.12

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources



The Real Time Data Flow

EA NCI™ for July updated to 94.24 from 97.39 in June

EA NCI™ for June updated to 96.37 from 98.51

						Impact of ITA Data	
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	EA NCI™ May	EA NCI™ June
17/06/2014	Exports	Apr-14	MoM %	0.41	0.27	0.01	0.01
17/06/2014	Imports	Apr-14	MoM %	-0.62	0.48	-0.09	-0.1
18/06/2014	Construction Output	Apr-14	MoM %	0	-1.63	0.04	0.05
20/06/2014	Industrial Turnover	Apr-14	MoM %	-0.2	-0.46	0.02	0.02
20/06/2014	Orders	Apr-14	MoM %	3.75	-1.35	0.18	0.22
25/06/2014	ISAE Consumer Confidence Indicator	Jun-14	Index	105.7	106.28	0	-0.01
25/06/2014	Retail Sales	Apr-14	MoM %	0.42	0.18	0.04	0.04
27/06/2014	ISAE Business Confidence Indicator	Jun-14	Index	100	98.75	0.09	0.26
01/07/2014	New Passenger Car Registrations	Jun-14	YoY %	3.81	-4.31	0.04	0.06
01/07/2014	PMI: Manufacturing	Jun-14	Index	52.59	52.06	0.11	0.22
03/07/2014	PMI: Services	Jun-14	Index	53.9	51.41	0.09	0.23
10/07/2014	Industrial Production Excl Construction	May-14	MoM %	-1.2	-0.68	-0.12	-0.16
						0.41	0.84

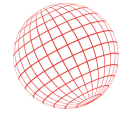
						Impact of FRA Data	
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	EA NCI™ May	EA NCI™ June
23/06/2014	PMI: Manufacturing	Jun-14	Index	47.8	49.63	-0.43	-1.23
23/06/2014	PMI: Services	Jun-14	Index	48.19	50.62	-0.33	-0.78
25/06/2014	Business Climate Indicator: Industry	Jun-14	Index	92	93.09	-0.06	-0.23
26/06/2014	Registered Unemployed	May-14	Thousands	3388.9	3370.21	-0.31	-0.36
26/06/2014	Household Confidence Indicator	Jun-14	Index	85.81	85.65	0	0
27/06/2014	Household Consumption: Manufactured Goods	May-14	MoM %	-0.43	0.29	-0.06	-0.08
30/06/2014	Retail Sales	Apr-14	MoM %	0.1	-0.08	0.01	0.01
30/06/2014	Industrial Turnover: Manufacturing	Apr-14	MoM %	0.09	0.51	-0.06	-0.07
01/07/2014	New Passenger Car Registrations	Jun-14	YoY %	3.2	-0.66	0.01	0.02
08/07/2014	BdF Business Sentiment Indicator	Jun-14	Index	97	95.7	0.1	0.23
08/07/2014	Imports	May-14	MoM %	2.18	1.72	0.05	0.06
08/07/2014	Exports	May-14	MoM %	0.3	0.93	-0.05	-0.07
10/07/2014	Construction Output	May-14	MoM %	-0.73	-0.43	-0.03	-0.03
10/07/2014	Industrial Production Excl Construction	May-14	MoM %	-2.31	-0.29	-0.53	-0.67
						-1.69	-3.2

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources

The impact of each data release on the NCI™ is the product of the economic news associated with that release and a model-based weight which reflects the importance of each variable and is a function of its timeliness. Economic news are defined in this context as the difference between the released values and model-generated expectations.

Note: the difference between the current month NCI™ released today, and the forecast of the made a month ago, may be more or less than the total impact of all the releases listed in the table above, because of the impact of any revisions to prior data releases made during this period. The same is true of the updating of the NCI™ for the previous month.



NCI™ releases for the Euro Area are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

Next E.A. NCI™ RELEASE: 12:00 GMT 13th August 2014

- ends -

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Notes to Editors:

The Now-Casting Index for the Euro Area is produced by Now-Casting Economics Limited and is based on a model built on monthly and quarterly economic indicators covering Production, Labour, Construction, National and International Trade, Services and Surveys. Raw data are supplied by Haver Analytics. Now-Casting Economics releases the EA NCI™ monthly for the current month together with a forecast for the next month and updates to the previous release. Forecast updates are based on data released since the last NCI™ publication. The model is estimated in real-time at each data release; now-casts of GDP and other macroeconomic series are published live within 30 minutes of the data release on www.now-casting.com.

The NCI™ is an intermediate product of the Now-Casting model, which is designed to capture commonalities among macroeconomic data while filtering out idiosyncratic noise. The model produces estimates of the real economic condition in different countries in a fully real-time fashion and accounts for data sampled at mixed frequency and the non-synchronicity of their releases. The NCI™ and its updates are produced in a fully automated judgement-free way solely as a function of economic news. The deep parameters of Now-Casting model are estimated at the beginning of every year; the NCI™ is the result of a pure out-of-sample forecast and is normalized to a mean value of 100 and a standard deviation equal to 25. Readings equal to 100 correspond to average growth over the estimation sample which starts in 1991. Normalization is updated at the beginning of every year in concomitance with updates of deep parameters.

Now-Casting.com is an online service delivering high-frequency information on current conditions in the world's major economies. The service covers the US, the Euro Area, China, Japan, Germany, France, Italy, Spain, the UK, Canada and Brazil, and is available by subscription. Weekly now-casts for the Euro Area are available free on the Now-Casting web site (www.now-casting.com).

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