

# News Release

## Now-Casting Index 16 July 2014

### Now-Casting United States 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 U.S. NCI™ RELEASE:

**15 Aug, 2014  
17:00 GMT**

#### US NCI™ confirms an upward trend

- The US recovery gains momentum: the NCI™ is at 119.92 for July, compared to 116.28 for June
- Momentum is expected to increase further, with the NCI™ forecast at 122.34
- The pace of growth is slower than anticipated: the NCI™ for July is lower than the 120.31 forecast a month ago

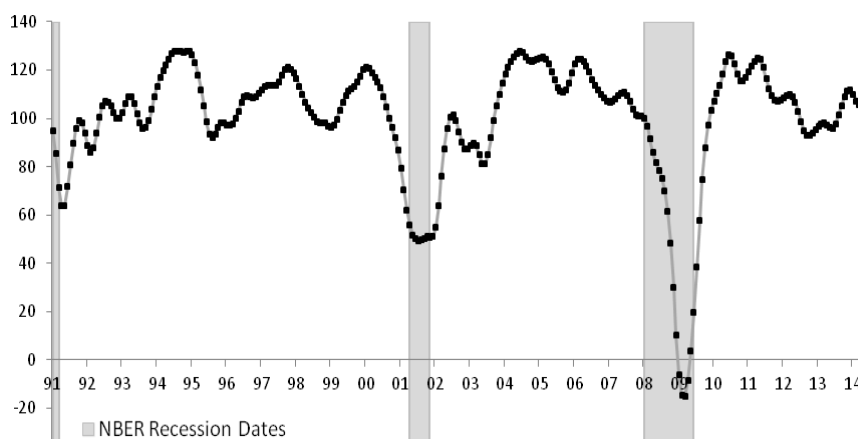
#### Now-Casting U.S. NCI™

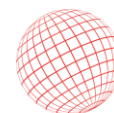
reference period	NCI™ Release Dates	
	16/06/2014	16/07/2014
Jun-14	117.30 (A)	116.28 (U)
Jul-14	120.31 (F)	119.92 (A)
Aug-14	--	122.34 (F)

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

Jasper McMahon, CEO of Now-Casting Economics, commented, "The upward trend for the US NCI™ estimated in June is confirmed by our July numbers which indicate further above-average growth in August. Our estimates imply a now-cast for GDP growth in the third quarter equal to 0.8% QoQ compared to 1.0% a month ago. The NCI has been updated with a lower figure due to disappointing news on imports, consumption and manufacturing."

#### Now-Casting U.S. NCI™





## The Real Time Data Flow

**US NCI™ for July updated to 119.92 from 120.31 expected in June**

**US NCI™ for June updated to 116.28 from 117.30**

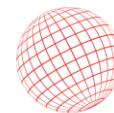
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						U.S NCI™ June	U.S NCI™ July
16/07/2014	Capacity Utilization: Industry	14-Jun	Level %	79.10	79.32	-0.24	-0.35
16/07/2014	Industrial Production	14-Jun	MoM %	0.19	0.48	-0.30	-0.44
15/07/2014	Retail Sales	14-Jun	MoM %	0.31	0.32	0.00	0.00
	ISM Nonmanufacturing Composite						
03/07/2014	Index	14-Jun	Index	56.00	56.57	-0.09	-0.22
03/07/2014	Imports	14-May	MoM %	-0.37	1.34	-0.41	-0.49
03/07/2014	Exports	14-May	MoM %	1.21	1.33	-0.02	-0.03
03/07/2014	Change in Nonfarm Payrolls	14-Jun	Thousands	288.00	255.38	0.12	0.22
	Change in ADP Nonfarm Private		Change				
02/07/2014	Payroll Employment	14-Jun	Thousands	280.00	167.38	0.23	1.20
01/07/2014	ISM Mfg: PMI Composite Index	14-Jun	Index	55.30	55.50	-0.04	-0.13
30/06/2014	MNI Chicago Business Barometer	14-Jun	Index	62.60	63.65	-0.19	-0.44
26/06/2014	Kansas City Fed Mfg Survey	14-Jun	Index	6.00	10.16	-0.49	-0.99
	Real Personal Consumption						
26/06/2014	Expenditure	14-May	MoM %	-0.08	0.46	-0.41	-0.58
26/06/2014	Real Disposable Personal Income	14-May	MoM %	0.20	0.29	-0.01	-0.02
	Manufacturers' Inventories:						
25/06/2014	Durable Goods	14-May	MoM %	0.96	0.46	0.54	0.73
	Manufacturers' New Orders:						
25/06/2014	Durable Goods	14-May	MoM %	-1.01	1.50	-0.31	-0.37
	Manufacturers' Unfilled Orders:						
25/06/2014	Durable Goods	14-May	MoM %	0.62	0.89	-0.11	-0.14
	Conference Board: Consumer						
24/06/2014	Confidence Index	14-Jun	Index	85.20	80.99	0.17	0.27
23/06/2014	PMI: Manufacturing	14-Jun	Index	57.53	56.13	0.19	0.68
	Philadelphia FRB Bus Outlook:						
19/06/2014	Current Activity	14-Jun	Index	17.80	15.82	0.16	0.34
17/06/2014	Housing Starts	14-May	MoM %	-6.54	-4.04	0.00	-0.04
	New Private Housing Units						
17/06/2014	Authorized	14-May	MoM %	-6.42	-0.16	-0.06	-0.22
						<b>-1.27</b>	<b>-1.02</b>

*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.



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NCI™ releases for the United States are scheduled on the same day of the release of the Industrial Production Index at 17:00 GMT.

**Next U.S. NCI™ RELEASE: 17:00 GMT 15<sup>th</sup> August, 2014**

- ends -

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**Notes to Editors:**

The Now-Casting Index for the United States 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 US 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](http://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 revisions 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](http://www.now-casting.com)).

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