

News Release

Now-Casting Index
12:00 GMT 06 August 2014

Now-Casting United Kingdom 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.K. NCI™ RELEASE:

09 Sep, 2014
12:00 GMT

UK exceptional growth might have reached its maximum

- UK fast growth pace halts in August: the NCI™ is at 132.64 compared to 132.15 for July
- The outlook is expected to deteriorate slightly: the September NCI™ forecast is at 131.62
- UK NCI™ figures are lower than expected in July as a result of data released over the past month: NCI™ for August is lower than the 136.22 forecast a month ago.

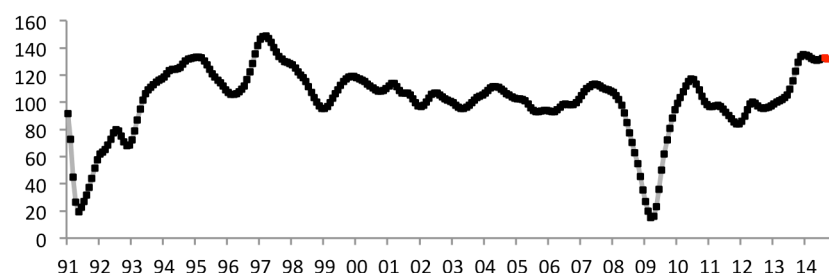
Now-Casting U.K. NCI™

reference period	NCI™ Release Dates	
	08/07/2014	08/08/2014
Jul-14	134.53 (A)	132.15 (U)
Aug-14	136.22 (F)	132.64 (A)
Sep-14	--	131.62 (F)

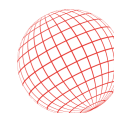
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since last NCI publication date. *Source:* Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented, "The exceptional growth we have witnessed in the UK over the past months might be over, according to our most recent UK NCI™ estimates. Despite some encouraging signals, the majority of UK data – particularly those related to the manufacturing sector, led by the preliminary estimate of Q2 GDP growth – have come out to be lower than expected, causing a downward revision of the NCI™ which we now forecast to decline from September. Our implied nowcast for GDP growth in Q3 is currently at 1.1, down from 1.3 a month ago."

Now-Casting U.K. NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

UK NCI™ for August updated to 132.64 from 136.22 expected in July

UK NCI™ for July updated to 132.15 from 134.53

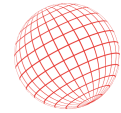
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						U.S NCI™ July	U.S NCI™ August
10/07/2014	Ratio of House Sales to Unsold Stock	Jun-14	Index	39.9	39.29	0.02	0.04
10/07/2014	Imports	May-14	MoM %	1.3	0.3	0.15	0.15
10/07/2014	Exports	May-14	MoM %	0.47	0.69	-0.02	-0.02
16/07/2014	Claimant Count Rate	Jun-14	MoM %	3.1	3.07	-0.74	-0.87
22/07/2014	Industrial Trends: Total Order Book	Jul-14	Index	2	8.93	-0.38	-1.04
23/07/2014	Distributive Trades: Retail Sales Volume	Jul-14	Index	21	3.67	-0.01	0.02
24/07/2014	Retail Sales	Jun-14	MoM %	0.09	0.63	-0.13	-0.15
25/07/2014	Gross Domestic Product	Q2-14	QoQ %	0.8	1.14	-0.51	-0.5
30/07/2014	Economic Sentiment Indicator	Jul-14	Index	117.4	118.5	-0.2	-0.52
31/07/2014	Consumer Confidence	Jul-14	Index	-2	1.4	-0.07	-0.16
01/08/2014	PMI: Manufacturing	Jul-14	Index	55.42	57.11	-0.32	-0.85
04/08/2014	PMI: Construction	Jul-14	Index	62.41	61.81	0.09	0.22
05/08/2014	PMI: Services	Jul-14	Index	59.11	57.82	0.24	0.57
06/08/2014	New Passenger Car Registrations	Jul-14	YoY%	6.38	9.04	-0.05	-0.06
06/08/2014	Industrial Production Excluding Construction	Jun-14	MoM %	0.31	0.46	-0.09	-0.1
						-2.02	-3.27

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 United Kingdom are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

Next U.K. NCI™ RELEASE: 12:00 GMT 9th September, 2014

- ends -

For further information, please contact:

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Notes to Editors:

The Now-Casting Index for the United Kingdom 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 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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