

News Release

Now-Casting Index
12:00 GMT 12 August 2014

Now-Casting Japan 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 JP NCI™ RELEASE:

12 Sept, 2014
12:00 GMT

Japan growth assessment marked sharply down

- The Japan NCI™ is at 72.86 for August, compared to 70.63 for July, indicating some improvement in economic conditions over the past month. The forecast for September, at 85.52, shows a further strengthening of economic conditions
- However, the rate of growth in both July and August is substantially lower than previously thought, as data released over the past month has caused large downward movements in the NCI™ for both months. Among a number of negative surprises in the data flow, the largest was Industrial Production for June, released on 30th July. At -3.3% this figure was a negative shock both for the market and for the Now-Casting model

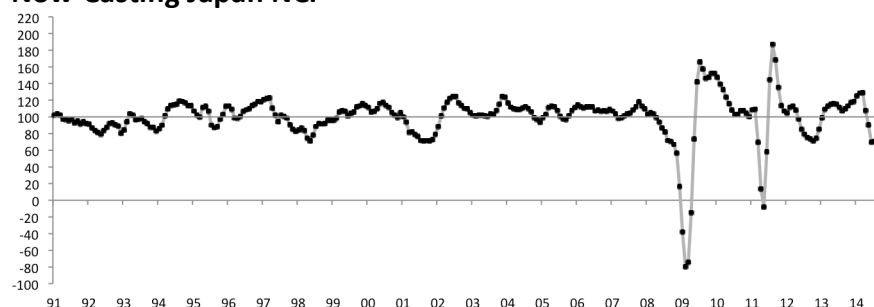
Now-Casting Japan NCI™

| reference period | NCI™ Release Dates | |
|------------------|--------------------|------------|
| | 14/07/2014 | 12/08/2014 |
| Jul-14 | 90.97 (A) | 70.63 (U) |
| Aug-14 | 101.5 (F) | 72.86 (A) |
| Sep-14 | -- | 85.52 (F) |

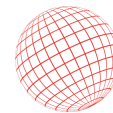
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since last NCI publication date. *Source:* Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "The Industrial Production figures released at the end of July were the most serious of a number of negative surprises in the recent Japanese data flow. This morning's Capacity Utilization release was further evidence that growth is significantly weaker than previously thought. We are now expecting that both Q2 (due to be released later this week) and Q3 GDP growth will be negative."

Now-Casting Japan NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

JP NCI™ for August updated to 72.86 from 101.50 expected in July

JP NCI™ for July updated to 70.63 from 90.97

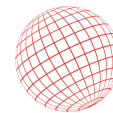
| Release Date | Release Name | Reference Period | Model Unit | Release Value* | Model Expectation | Japan NCI™ July | Japan NCI™ August |
|--------------|--|------------------|---------------|----------------|-------------------|-----------------|-------------------|
| 12/08/2014 | Capacity Utilisation: Manufacturing | Jun-14 | Index | 98.90 | 100.78 | -4.02 | -6.20 |
| 11/08/2014 | Consumer Confidence | Jul-14 | Index | 41.50 | 40.82 | 0.13 | 0.29 |
| 11/08/2014 | Tertiary Industry Activity Index | Jun-14 | MoM % | -0.10 | -0.57 | 0.40 | 0.67 |
| 08/08/2014 | Economy Watchers' Survey | Jul-14 | Index | 51.30 | 47.88 | 1.05 | 2.67 |
| 01/08/2014 | PMI: Manufacturing | Jul-14 | Index | 50.52 | 52.27 | -1.17 | -2.97 |
| 31/07/2014 | Construction Orders: Housing Units | Jun-14 | MoM % | -1.94 | 7.62 | -0.01 | -0.01 |
| 31/07/2014 | Housing Starts | Jun-14 | MoM % | 1.27 | -0.54 | 0.06 | 0.10 |
| 31/07/2014 | Average Monthly Earnings | Jun-14 | MoM % | 0.86 | -0.11 | -5.07 | -7.95 |
| 31/07/2014 | Passenger Car Production | Jun-14 | MoM % | -5.97 | -3.76 | -0.43 | -0.71 |
| 30/07/2014 | Industrial Production: Mining and Manufa | Jun-14 | MoM % | -3.30 | 0.48 | -18.79 | -27.62 |
| 29/07/2014 | Small & Medium Enterprises Survey | Jul-14 | Index | 48.70 | 46.62 | 1.12 | 3.21 |
| 29/07/2014 | Retail Sales | Jun-14 | MoM % | 0.07 | -1.50 | 1.64 | 2.42 |
| 29/07/2014 | Vehicle Sales | Jun-14 | MoM % | -1.06 | 1.08 | -0.90 | -1.39 |
| 29/07/2014 | Unemployed | Jun-14 | Ten Thousands | 244.00 | 232.75 | -1.13 | -1.72 |
| 24/07/2014 | Imports | Jun-14 | MoM % | 4.95 | 1.85 | 1.60 | 2.40 |
| 24/07/2014 | Exports | Jun-14 | MoM % | 1.90 | 1.43 | 0.47 | 0.71 |
| | | | | | | -25.05 | -36.1 |

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 Japan are scheduled on the same day of the release of the Industrial Production Index (Revised Report) at 12:00 GMT.

Next Japan NCI™ RELEASE: 12:00 GMT 12th September, 2014

- ends -

For further information, please contact:

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Notes to Editors:

The Now-Casting Index for Japan 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 1995. 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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