

News Release

Now-Casting Index
12:00 BST 13 August 2014

Now-Casting China 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 CH NCI™ RELEASE:

13 Sept, 2014
12:00 BST

China growth slightly stronger in August

- The China NCI™ is at 66.12 for August, compared to 64.83 for July, indicating some improvement in economic conditions over the past month. The forecast for September, at 66.76, shows a further modest improvement in economic conditions
- The August NCI™ is slightly lower than we forecast last month, reflecting the significance of data released since then. The exports figure released last week was a positive surprise for the model, but this was more than offset by negative surprises in Industrial Production, Imports, and the HSBC/Markit Services PMI

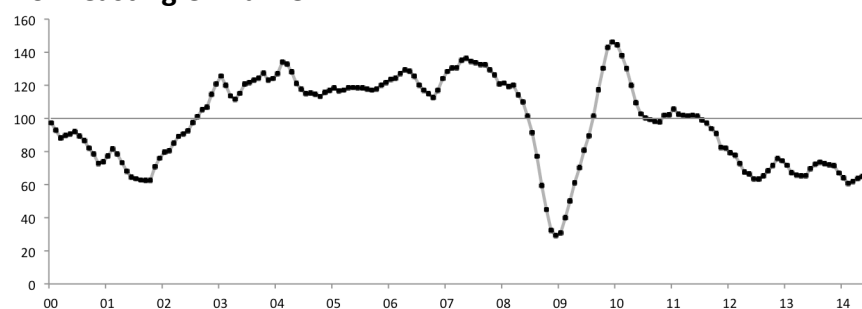
Now-Casting China NCI™

reference period	NCI™ Release Dates	
	16/07/2014	13/08/2014
Jul-14	66.39 (A)	64.83 (U)
Aug-14	68.8 (F)	66.12 (A)
Sep-14	--	66.76 (F)

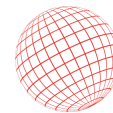
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since the last NCI publication date. *Source:* Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "The latest NCI™ figure indicates some modest strengthening in the Chinese economy over the past month. This confirms our view that GDP growth in Q3 is likely to be about 7.5% - the same rate as for Q2."

Now-Casting China NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

CH NCI™ for August updated to 66.12 from 68.80 expected in July

CH NCI™ for July updated to 64.83 from 66.39

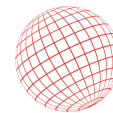
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						China NCI™ July	China NCI™ August
13/08/2014	Newly Started Construction	Jul-14	YoY %	-12.79	-3.45	0.05	0.10
13/08/2014	Industrial Production	Jul-14	Y-o-Y %	9.00	9.63	-1.36	-2.18
13/08/2014	Electricity Production	Jul-14	YoY %	5.29	6.96	-0.20	-0.51
08/08/2014	Merchandise Exports	Jul-14	YoY %	14.50	5.79	1.19	2.22
08/08/2014	Merchandise Imports	Jul-14	YoY %	-1.60	4.88	-0.54	-0.98
05/08/2014	HSBC/Markit PMI: Services	Jul-14	Index	49.97	53.58	-1.58	-2.99
03/08/2014	Official PMI: Nonmanufacturing	Jul-14	Index	54.20	55.57	-0.05	-0.08
01/08/2014	Official PMI: Manufacturing	Jul-14	Index	51.70	51.22	0.18	0.32
27/07/2014	Freight Traffic	Jun-14	YoY %	6.25	6.29	0.00	0.00
24/07/2014	PMI: Manufacturing	Jul-14	Index	51.96	50.66	0.93	1.76
						-1.38	-2.34

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

Next China NCI™ RELEASE: 12:00 GMT 13th September, 2014

- ends -

For further information, please contact:

Linstock Communications

Tom Yazdi or Keith Brookbank

Tel: +44 (0)20 7089 2080

Now-Casting Economics

Jasper McMahon

Tel: +44 (0)7802 485904

Notes to Editors:

The Now-Casting Index for China 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).

The intellectual property rights to the China NCI™ provided herein are owned by Now-Casting Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Now-Casting Economics' prior consent. Now-Casting Economics shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Now-Casting Economics be liable for any special, incidental, or consequential damages, arising out of the use of the data. NCI™ is a registered trademark of Now-Casting Economics Limited. The Now-Casting.com logo is a registered trade mark of Now-Casting Economics Limited.