

# News Release

## Now-Casting Index

17:00 BST 15 August 2014

### Now-Casting US 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 US NCI™ RELEASE:

15 Sept, 2014  
17:00 BST

### US growth strengthens in August

- The US NCI™ is at 119.80 for August, compared to 118.73 for July, indicating some improvement in economic conditions over the past month. The forecast for September, at 119.48, shows a marginal weakening with respect to August.
- Data releases over the past month have generally been in line with model expectations, with some small positive and negative surprises. The balance of these surprises has been negative, so the August NCI™ is lower than forecast last month (122.34).

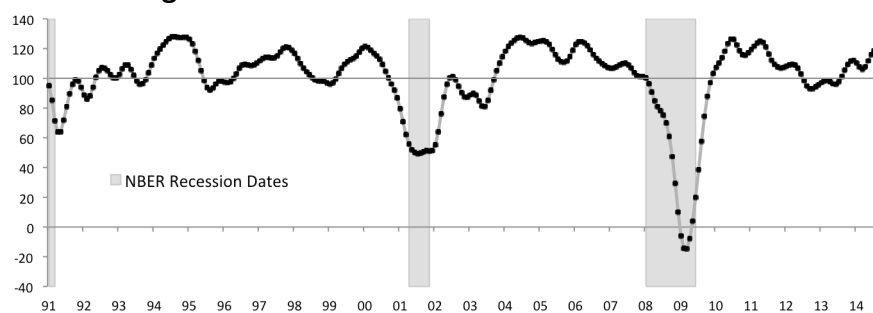
#### Now-Casting US NCI™

reference period	NCI™ Release Dates	
	16/07/2014	15/08/2014
Jul-14	119.92 (A)	118.73 (U)
Aug-14	122.34 (F)	119.80 (A)
Sep-14	--	119.48 (F)

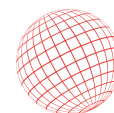
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "Although we are expecting September's US NCI™ to be slightly below the August number, the index continues to show relatively strong growth in the US economy. The contrast with conditions in the Euro Area is becoming starker by the month."

#### Now-Casting US NCI™



Source: Now-Casting Economics Ltd



## The Real Time Data Flow

**US NCI™ for August updated to 119.80 from 122.34 expected in July**

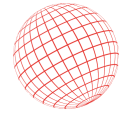
**US NCI™ for July updated to 118.73 from 119.92**

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						US NCI™ July	US NCI™ August
15/08/2014	Capacity Utilization: Industry	Jul-14	Level %	79.20	79.30	-0.11	-0.16
15/08/2014	Industrial Production	Jul-14	MoM %	0.48	0.49	-0.01	-0.01
13/08/2014	Retail Sales	Jul-14	MoM %	0.02	0.30	-0.07	-0.13
06/08/2014	Imports	Jun-14	MoM %	-1.45	1.43	-0.68	-0.81
06/08/2014	Exports	Jun-14	MoM %	0.10	0.60	-0.09	-0.11
05/08/2014	ISM Nonmanufacturing Composite Index	Jul-14	Index	58.70	55.80	0.49	1.12
01/08/2014	ISM Mfg: PMI Composite Index	Jul-14	Index	57.10	54.52	0.53	1.61
01/08/2014	Real Disposable Personal Income	Jun-14	MoM %	0.18	0.22	0.00	-0.01
01/08/2014	Change in Nonfarm Payrolls	Jul-14	Thousands	209.00	230.19	-0.09	-0.16
01/08/2014	Real Personal Consumption Expenditure	Jun-14	MoM %	0.22	0.24	-0.01	-0.02
31/07/2014	MNI Chicago Business Barometer	Jul-14	Index	52.60	61.49	-1.51	-3.31
30/07/2014	Real Gross Domestic Product	Q2'14	QoQ %	0.97	0.80	0.33	0.30
30/07/2014	Change in ADP Nonfarm Private Payroll Employment	Jul-14	Change Thousar	218.00	255.74	-0.17	-0.62
29/07/2014	Conference Board: Consumer Confidence Index	Jul-14	Index	90.90	86.17	0.18	0.30
25/07/2014	Manufacturers' Inventories: Durable Goods	Jun-14	MoM %	0.40	0.97	-0.60	-0.81
25/07/2014	Manufacturers' New Orders: Durable Goods	Jun-14	MoM %	0.74	1.89	-0.14	-0.17
25/07/2014	Manufacturers' Unfilled Orders: Durable Goods	Jun-14	MoM %	0.80	1.04	-0.09	-0.12
24/07/2014	Kansas City Fed Mfg Survey	Jul-14	Index	9.00	7.99	0.12	0.25
24/07/2014	PMI: Manufacturing	Jul-14	Index	56.29	57.03	-0.10	-0.36
18/07/2014	University of Michigan: Consumer Sentiment	Jul-14	Index	81.30	83.11	0.04	0.09
17/07/2014	Philadelphia FRB Bus Outlook: Current Activity	Jul-14	Index	23.90	17.28	0.54	1.12
17/07/2014	New Private Housing Units Authorized	Jun-14	MoM %	-4.18	0.49	-0.05	-0.16
17/07/2014	Housing Starts	Jun-14	MoM %	-9.34	1.50	-0.02	-0.16
						<b>-1.51</b>	<b>-2.33</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 US are scheduled on the same day of the release of Industrial Production at 17:00 BST/GMT.

**Next US NCI™ RELEASE: 17:00 BST 15th September, 2014**

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**Notes to Editors:**

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

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