

News Release

Now-Casting Index
12:00 GMT 09 September 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:

07 Oct, 2014
12:00 GMT

UK remains fastest growing economy in the western world

- UK growth shows no signs of slowing: September NCI™ is at 132.93 compared to 132.84 for August
- The outlook is expected to stay unchanged: October NCI™ forecast is at 132.52
- UK NCI™ figure for August confirmed: 132.84 from 132.64 forecasted a month ago.

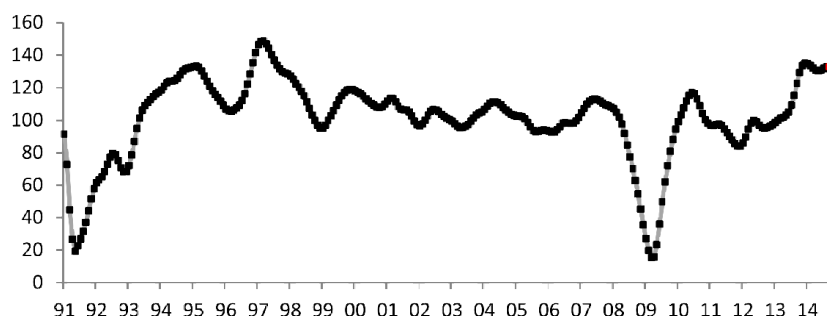
Now-Casting U.K. NCI™

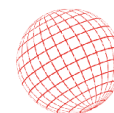
| reference period | NCI™ Release Dates | |
|------------------|--------------------|------------|
| | 08/08/2014 | 09/09/2014 |
| Aug-14 | 132.64 (A) | 132.84 (U) |
| Sep-14 | 131.62 (F) | 132.93 (A) |
| Oct-14 | -- | 132.52 (F) |

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 UK economy continues to grow at a steady pace, defying the doomsayers who expect growth to begin tailing off. While we did see some more negative data published in the last month, in the shape of manufacturing PMI and international trade figures, this was offset by strong numbers for construction and services PMI and industrial trends. The NCI data forecasts the strong growth to continue, unwavering, through September and into October at the very least. Our implied nowcast for QoQ GDP growth in Q3 is currently at 1.2%, slightly up from 1.1% a month ago."

Now-Casting U.K. NCI™





The Real Time Data Flow

UK NCI™ for September updated to 132.93 from 131.62 expected in August
UK NCI™ for August updated to 132.84 from 132.64

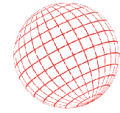
| Release Date | Release Name | Reference Period | Model Unit | Release Value* | Model Expectation | Impact of Data Releases | |
|--------------|--|------------------|------------|----------------|-------------------|-------------------------|--------------------|
| | | | | | | U.S NCI™ August | U.S NCI™ September |
| 08/08/2014 | Imports | Jun-14 | MoM % | -0.64 | 0.39 | -0.14 | -0.14 |
| 08/08/2014 | Exports | Jun-14 | MoM % | -0.91 | 0.64 | -0.13 | -0.13 |
| 13/08/2014 | Claimant Count Rate | Jul-14 | Rate % | 3 | 2.99 | -0.28 | -0.33 |
| 14/08/2014 | Ratio of House Sales to Unsold Stock | Jul-14 | Index | 41 | 40.34 | 0.02 | 0.03 |
| 20/08/2014 | Industrial Trends: Total Order Book | Aug-14 | Index | 11 | 1.06 | 0.54 | 1.5 |
| 21/08/2014 | Retail Sales | Jul-14 | MoM % | 0.09 | 0.38 | -0.07 | -0.08 |
| 28/08/2014 | Economic Sentiment Indicator | Aug-14 | Index | 116.3 | 117.49 | -0.21 | -0.56 |
| 28/08/2014 | Distributive Trades: Retail Sales Volume | Aug-14 | Index | 37 | 14.78 | -0.01 | 0.04 |
| 29/08/2014 | Consumer Confidence | Aug-14 | Index | 1 | -1.23 | 0.05 | 0.11 |
| 01/09/2014 | PMI: Manufacturing | Aug-14 | Index | 52.47 | 55.17 | -0.52 | -1.37 |
| 02/09/2014 | PMI: Construction | Aug-14 | Index | 63.98 | 61.1 | 0.45 | 1.06 |
| 03/09/2014 | PMI: Services | Aug-14 | Index | 60.52 | 58.54 | 0.37 | 0.88 |
| 04/09/2014 | New Passenger Car Registrations | Aug-14 | YoY% | 9.02 | 8.72 | 0.01 | 0.01 |
| 09/09/2014 | Industrial Production Excl Construction | Jul-14 | MoM % | 0.51 | 0.25 | 0.12 | 0.14 |
| 09/09/2014 | Imports | Jul-14 | MoM % | 3.24 | 1.23 | 0.26 | 0.29 |
| 09/09/2014 | Exports | Jul-14 | MoM % | 1.24 | 1.06 | 0.01 | 0.01 |
| | | | | | | 0.47 | 1.46 |

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 7th October, 2014

- ends -

For further information, please contact:

Linstock Communications

Tom Yazdi or Keith Brookbank

Tel: +44 (0)20 7089 2080

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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