

# News Release

## Now-Casting Index

EMBARGOED FOR RELEASE UNTIL: 17:00 GMT 15 September 2014

### Now-Casting United States 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.S. NCI™ RELEASE:

16 Oct, 2014  
17:00 GMT

#### US growth strengthens further

- The US NCI™ is at 125.75 for September, compared to 123.11 for August, and this improvement is expected to continue with the October NCI™ forecast at 128.19
- Data released over the past month have contained positive news for the model: today's September figure is significantly higher than the 119.48 forecast a month ago as a result

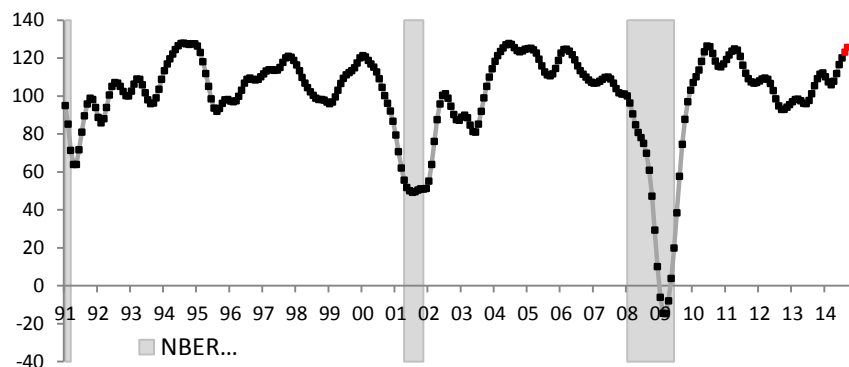
#### Now-Casting U.S. NCI™

reference period	NCI™ Release Dates	
	8/15/2014	9/15/2014
Aug-14	119.80 (A)	123.11 (U)
Sep-14	119.48 (F)	125.75 (A)
Oct-14	--	128.19 (F)

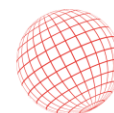
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U), UPDATED, denotes the updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented, "This month's US NCI™ shows that conditions in the US economy are improving, and that growth continues at a robust pace. Over the past month the model has had positive news from both surveys and manufacturing. The Bureau of Economic Affairs has also revised upwards its official estimates for both Q1 and Q2 GDP growth."

#### Now-Casting U.S. NCI™



Source: Now-Casting Economics Ltd



## The Real Time Data Flow

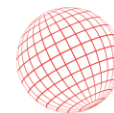
**US NCI™ for September updated to 125.75 from 119.48 expected in August**  
**US NCI™ for August updated to 123.11 from 119.80**

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						U.S NCI™ August	U.S NCI™ September
15/09/2014	Capacity Utilization: Industry	Aug-14	Level %	78.80	79.51	-0.76	-1.13
15/09/2014	Industrial Production	Aug-14	MoM %	-0.10	0.76	-0.89	-1.31
12/09/2014	University of Michigan: Consumer Sentiment	Sep-14	Index	84.60	82.36	-0.01	-0.01
12/09/2014	Retail Sales	Aug-14	MoM %	0.57	1.00	-0.10	-0.20
05/09/2014	Change in Nonfarm Payrolls	Aug-14	Thousands	142.00	293.13	-0.55	-0.95
04/09/2014	ISM Nonmanufacturing Composite Index	Aug-14	Index	59.60	58.78	0.15	0.34
04/09/2014	Imports	Jul-14	MoM %	0.78	2.29	-0.37	-0.44
04/09/2014	Exports	Jul-14	MoM %	1.28	1.66	-0.07	-0.09
04/09/2014	Change in ADP Nonfarm Private Payroll Employment	Aug-14	Change Thousands	205.00	251.39	-0.10	-0.49
02/09/2014	ISM Mfg: PMI Composite Index	Aug-14	Index	59.00	57.82	0.29	0.88
29/08/2014	MNI Chicago Business Barometer	Aug-14	Index	64.30	55.63	1.56	3.63
29/08/2014	Real Disposable Personal Income	Jul-14	MoM %	0.05	0.32	-0.03	-0.04
29/08/2014	Real Personal Consumption Expenditure	Jul-14	MoM %	-0.20	0.36	-0.40	-0.57
28/08/2014	Kansas City Fed Mfg Survey	Aug-14	Index	3.00	10.58	-0.90	-1.81
26/08/2014	Conference Board: Consumer Confidence Index	Aug-14	Index	92.40	87.81	0.18	0.29
26/08/2014	Manufacturers' Inventories: Durable Goods	Jul-14	MoM %	0.51	0.24	0.29	0.40
26/08/2014	Manufacturers' New Orders: Durable Goods	Jul-14	MoM %	22.58	1.19	2.37	2.85
26/08/2014	Manufacturers' Unfilled Orders: Durable Goods	Jul-14	MoM %	5.39	0.54	1.86	2.40
21/08/2014	Philadelphia FRB Bus Outlook: Current Activity	Aug-14	Index	28.00	19.48	0.69	1.40
21/08/2014	PMI: Manufacturing	Aug-14	Index	57.99	55.63	0.39	1.30
19/08/2014	New Private Housing Units Authorized	Jul-14	MoM %	8.12	-0.40	0.07	0.27
19/08/2014	Housing Starts	Jul-14	MoM %	15.66	2.40	0.01	0.17
						<b>3.68</b>	<b>6.89</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 United States are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

**Next U.S. NCI™ RELEASE: 17:00 GMT 16<sup>th</sup> October, 2014**

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**Notes to Editors:**

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

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