

News Release

Now-Casting Index
12:00 GMT 7 October 2014

Now-Casting UK 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 UK NCI™ RELEASE:

6th Nov, 2014
12:00 GMT

Signs of weakening momentum in UK growth

- The UK NCI™ is at 129.89 for October, compared to 131.56 for September, indicating a slight deterioration in economic conditions over the past month. The forecast for November, at 127.14, shows a further slight weakening in momentum
- Updates of the NCI figures released last month to reflect the data released since then show that most of the surprises in the data flow have been negative, and that these surprises have been both in hard data and in surveys

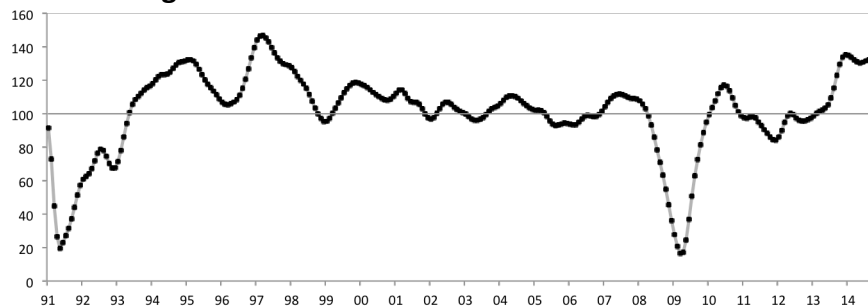
Now-Casting UK NCI™

reference period	NCI™ Release Dates	
	09/09/2014	07/10/2014
Sep-14	132.93 (A)	131.56 (U)
Oct-14	132.52 (F)	129.89 (A)
Nov-14	--	127.14 (F)

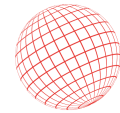
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "The UK economy continues to perform well, growing at above long-term trend. However, it now looks as though the economy may be losing some of its extraordinary recent momentum, and that growth has been gently decelerating this year. The evidence for this comes from a broad range of indicators, so cannot be put down to weakness in one particular area of the economy."

Now-Casting UK NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

UK NCI™ for October updated to 129.89 from 132.52 expected in September

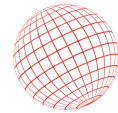
UK NCI™ for September updated to 131.56 from 132.93

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						UK NCI™ September	UK NCI™ October
07/10/2014	Industrial Production Excl Construction	Aug-14	MoM %	0.00	0.27	-0.17	-0.19
06/10/2014	New Passenger Car Registrations	Sep-14	Units	425,861.00	6.93	-0.03	-0.04
03/10/2014	PMI: Services	Sep-14	Index	58.68	60.32	-0.30	-0.73
02/10/2014	PMI: Construction	Sep-14	Index	64.18	63.01	0.18	0.43
01/10/2014	PMI: Manufacturing	Sep-14	Index	51.57	52.64	-0.21	-0.55
30/09/2014	Consumer Confidence	Sep-14	Index	-1.00	0.98	-0.04	-0.10
29/09/2014	Economic Sentiment Indicator	Sep-14	Index	115.40	113.22	0.39	1.03
25/09/2014	Distributive Trades: Retail Sales Volume	Sep-14	Index	31.00	-3.54	0.00	0.00
18/09/2014	Industrial Trends: Total Order Book	Sep-14	Index	-4.00	8.10	-0.66	-1.82
18/09/2014	Retail Sales	Aug-14	MoM %	0.37	0.43	-0.01	-0.02
17/09/2014	Claimant Count Rate	Aug-14	Rate %	2.90	2.89	-0.31	-0.37
11/09/2014	Ratio of House Sales to Unsold Stock	Aug-14	Index	37.80	41.35	-0.13	-0.21
						-1.29	-2.57

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

Next UK NCI™ RELEASE: 12:00 GMT Thursday, 6th November, 2014

- ends -

For further information, please contact:

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Notes to Editors:

The Now-Casting Index for the UK 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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