

News Release

Now-Casting Index

15:00 BST 02 October 2014

Now-Casting Brazil 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 BR NCI™ RELEASE:

**04 Nov, 2014
13:00 GMT**

Brazil economic growth rate improving

- The Brazil NCI™ is at 89.56 for October, compared to 86.16 for September, and this improvement is expected to continue with the November NCI™ forecast at 92.00.
- Today's NCI™ is higher than the 88.43 forecast a month ago, as a number of data releases over the past month have contained positive surprises. These include, in particular, Capacity Utilization for July and Industrial Production for August. These positive surprises outweighed a negative surprise from the September Export figure.

Now-Casting BR NCI™

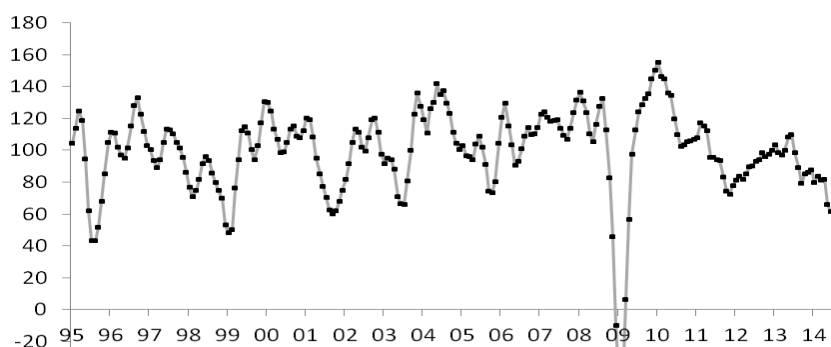
NCI™ Release Dates

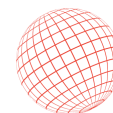
reference period	9/2/2014	10/2/2014
Sep-14	82.85 (A)	86.16(U)
Oct-14	88.43 (F)	89.56 (A)
Nov-14	--	92.00 (F)

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 Brazil NCI™ shows that conditions in Brazil are improving. Our current view is that GDP growth in Q3 will be around 0.28% quarter-on-quarter, and that growth in Q4 will be higher, at about 0.44% QoQ."

Now-Casting BR NCI™





The Real Time Data Flow

BR NCI™ for October updated to 89.56 from 88.43 in September

BR NCI™ for September updated to 86.16 from 82.85

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						Brazil NCI™ Jul	Brazil NCI™ Aug
2-Oct-14	Industrial Production	Aug-14	MoM %	0.71	-0.17	1.81	2.41
1-Oct-14	Exports	Sep-14	MoM %	-2.93	5.87	-3.80	-6.63
1-Oct-14	Imports	Sep-14	MoM %	5.45	2.49	1.01	1.74
1-Oct-14	PMI: Manufacturing	Sep-14	Index	49.35	50.49	-0.44	-1.55
30-Sep-14	Monthly Nominal GDP	Aug-14	MoM %	1.56	0.76	0.87	1.39
24-Sep-14	Consumer Confidence	Sep-14	Index	103.00	102.31	0.02	0.03
12-Sep-14	Economic Activity Indicator	Jul-14	MoM %	1.50	0.63	2.21	1.84
11-Sep-14	Jobs Created	Aug-14	Thousands (net Change)	101425.00	95097.88	0.17	0.36
11-Sep-14	Retail Trade: Extended Volume	Jul-14	MoM %	0.84	1.89	-0.49	-0.39
11-Sep-14	Retail Trade: Extended	Jul-14	MoM %	-1.05	0.45	-1.01	-0.84
4-Sep-14	Capacity Utilization	Jul-14	Level %	81.00	80.44	4.38	3.54
4-Sep-14	Manufacturing Sales	Jul-14	MoM %	1.24	0.54	0.68	0.54
						5.41	2.44

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 Brazil are scheduled on the same day of the release of the Industrial Production Index at 15:00 GMT.

Next Brazil NCI™ RELEASE: 13:00 GMT 04 November, 2014

- ends -

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Notes to Editors:

The Now-Casting Index for Brazil 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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