

News Release

Now-Casting Index
12:00 GMT 14 October 2014

Now-Casting Euro Area 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 E.A. NCI™ RELEASE:

12 Nov, 2014
12:00 GMT

Conditions continue to weaken in the Eurozone

- Eurozone weak growth confirmed in October: the NCI™ is at 87.91 compared to 91.10 in September.
- Outlook is not expected to improve: the November NCI™ is forecast at 85.19.
- Following data released over the past month the NCI™ for October is revised downward from the 89.59 forecast a month ago.

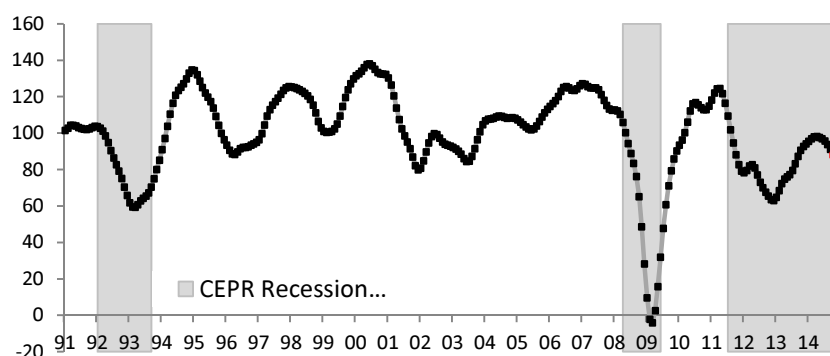
Now-Casting E.A. NCI™

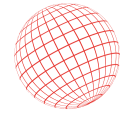
reference period	NCI™ Release Dates	
	12/09/2014	12/10/2014
Sep-14	92.32 (A)	91.10 (U)
Oct-14	89.59 (F)	87.91 (A)
Nov-14	--	85.19 (F)

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, "The economic clouds gathering over the Eurozone continue to darken. And it is Germany which is at the eye of the storm. The negative surprises in recent German data, which relate to activity in August, have reversed the positive surprises we saw a month ago. The net effect is to confirm that growth in the German economy has indeed slowed significantly. German Finance Minister Schäuble's recent assessment of a 'clear weakening' in his economy is pretty accurate. What our index shows is that it's dragging down the region more widely; and the IMF downward revisions of their forecast for the Eurozone released last week are finally aligning with the faltering growth we have been forecasting for the past few months."

Now-Casting E.A. NCI™





The Real Time Data Flow

EA NCI™ for October updated to 87.91 from 89.59 in September

EA NCI™ for September updated to 91.10 from 92.32

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of EA Data	
						EA NCI™ September	EA NCI™ October
15/09/2014	Exports	Jul-14	MoM %	-0.22	0.39	-0.09	-0.1
15/09/2014	Imports	Jul-14	MoM %	0.87	-0.17	0.14	0.16
17/09/2014	Construction Output	Jul-14	MoM %	-0.02	-0.86	0.08	0.09
17/09/2014	New Passenger Car Registrations	Jul-14	YoY %	5.9	0.95	0.08	0.12
17/09/2014	New Passenger Car Registrations	Aug-14	YoY %	2.6	-2.02	0.08	0.12
22/09/2014	Consumer Confidence Indicator	Sep-14	Index	-11.4	-10.29	-0.12	-0.23
Industrial Turnover:							
23/09/2014	Manufacturing	Jul-14	MoM %	0.68	-0.32	0.31	0.35
23/09/2014	PMI: Manufacturing	Sep-14	Index	50.45	50.24	0.04	0.16
23/09/2014	PMI: Services	Sep-14	Index	52.8	52.57	0.04	0.09
24/09/2014	Orders	Jul-14	MoM %	2.08	0.35	0.23	0.26
29/09/2014	Business Climate Indicator	Sep-14	Index	0.07	0.08	0.01	0
03/10/2014	Retail Sales	Aug-14	MoM %	1.24	0.23	0.17	0.21
						0.97	1.23

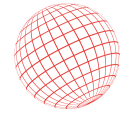
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of GER Data	
						EA NCI™ September	EA NCI™ October
23/09/2014	PMI: Services	Sep-14	Index	55.38	54.02	0.1	0.25
23/09/2014	PMI: Manufacturing	Sep-14	Index	50.31	50.86	-0.08	-0.26
24/09/2014	Ifo Business Climate Index	Sep-14	Index	104.7	105.92	-0.01	-0.22
26/09/2014	GfK Consumer Climate Indicator	Oct-14	Index	8.2	8.41	0	0
30/09/2014	Job Vacancies	Sep-14	MoM %	1.21	1.37	-0.01	-0.01
30/09/2014	Retail Sales	Aug-14	MoM %	2.55	0.29	0.11	0.14
02/10/2014	New Passenger Car Registrations	Sep-14	YoY %	5.2	1.55	0	0.01
Industrial Turnover:							
06/10/2014	Manufacturing	Aug-14	MoM %	-2.58	0.04	-0.49	-0.68
06/10/2014	Orders	Aug-14	MoM %	-5.74	-1.04	-0.39	-0.55
07/10/2014	Construction Output	Aug-14	MoM %	-2.33	0.04	-0.03	-0.06
Industrial Production Incl							
07/10/2014	Construction	Aug-14	MoM %	-4.04	-1.02	-0.64	-0.87
09/10/2014	Imports	Aug-14	MoM %	-1.34	0.87	-0.09	-0.12
09/10/2014	Exports	Aug-14	MoM %	-5.75	-2.51	-0.16	-0.21
						-1.69	-2.58

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.



The Real Time Data Flow

EA NCI™ for October updated to 87.91 from 89.59 in September

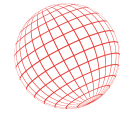
EA NCI™ for September updated to 91.10 from 92.32

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of ITA Data	
						EA NCI™ September	EA NCI™ October
17/09/2014	Exports	Jun-14	MoM %	-1.43	-1.05	-0.13	-0.15
17/09/2014	Imports	Jun-14	MoM %	2.2	-1.34	-0.26	-0.29
17/09/2014	Exports	Jul-14	MoM %	-1.64	0.54	-0.13	-0.15
17/09/2014	Imports	Jul-14	MoM %	-2.52	0.62	-0.26	-0.29
18/09/2014	Construction Output	Jun-14	MoM %	-1.59	-0.09	-0.02	-0.03
18/09/2014	Construction Output	Jul-14	MoM %	-2.35	-0.94	-0.02	-0.03
22/09/2014	Industrial Turnover	Jun-14	MoM %	0.21	0	-0.03	-0.04
22/09/2014	Industrial Turnover	Jul-14	MoM %	-1.03	-0.57	-0.03	-0.04
22/09/2014	Orders	Jun-14	MoM %	-1.54	0.21	-0.01	-0.02
22/09/2014	Orders	Jul-14	MoM %	-1.46	-1.09	-0.01	-0.02
24/09/2014	ISAE Consumer Confidence Indicator	Sep-14	Index	102	101.99	0	0
25/09/2014	Retail Sales	Jul-14	MoM %	-0.11	0.09	-0.03	-0.03
26/09/2014	ISAE Business Confidence Indicator	Sep-14	Index	95.1	94.94	0.01	0.03
01/10/2014	New Passenger Car Registrations	Sep-14	YoY %	3.27	-2.86	0.03	0.05
01/10/2014	PMI: Manufacturing	Sep-14	Index	50.72	49.35	0.29	0.58
03/10/2014	PMI: Services	Sep-14	Index	48.78	49.94	-0.04	-0.11
10/10/2014	Industrial Production Excl Construction	Aug-14	MoM %	0.33	-0.28	0.14	0.18
						-0.5	-0.36

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of FRA Data	
						EA NCI™ September	EA NCI™ October
23/09/2014	PMI: Manufacturing	Sep-14	Index	48.83	46.78	0.38	1.02
23/09/2014	PMI: Services	Sep-14	Index	49.4	50.79	-0.16	-0.33
23/09/2014	Business Climate Indicator: Industry	Sep-14	Index	91	91.2	-0.03	-0.11
24/09/2014	Registered Unemployed	Aug-14	Thousands	3413.3	3436.3	0.38	0.44
26/09/2014	Household Confidence Indicator	Sep-14	Index	85.53	85.6	0	0
30/09/2014	Retail Sales	Jul-14	MoM %	-0.28	0.3	-0.03	-0.03
30/09/2014	Industrial Turnover: Manufacturing	Jul-14	MoM %	-1.09	-0.56	-0.08	-0.09
30/09/2014	Household Consumption: Manufactured Goods	Jul-14	MoM %	-0.94	-0.08	0.04	0.05
30/09/2014	Household Consumption: Manufactured Goods	Aug-14	MoM %	0.82	0.34	0.04	0.05
01/10/2014	New Passenger Car Registrations	Sep-14	YoY %	6.28	-2.16	0.02	0.03
08/10/2014	BdF Business Sentiment Indicator	Sep-14	Index	96	95.96	0	0.01
09/10/2014	Exports	Aug-14	MoM %	-1.35	1.28	-0.2	-0.28
09/10/2014	Imports	Aug-14	MoM %	-0.57	0.79	-0.14	-0.19
10/10/2014	Construction Output	Aug-14	MoM %	2.43	-0.13	0.22	0.29
10/10/2014	Industrial Production Excl Construction	Aug-14	MoM %	-0.2	-0.37	0.04	0.05
						0.48	0.91

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources



NCI™ releases for the Euro Area are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

Next E.A. NCI™ RELEASE: 12:00 GMT 12th November 2014

- ends -

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Notes to Editors:

The Now-Casting Index for the Euro Area 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 EA 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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