

News Release

Now-Casting Index
15 October 2014

Now-Casting Japan 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 JP NCI™ RELEASE:

13 Nov, 2014
12:00 GMT

Japan in fragile recovery

- The Japan NCI™ is at 84.72 for October, compared to 78.77 for September, indicating a significant improvement in economic conditions over the past month. The forecast for November, at 91.91, shows a continuation of this improvement.
- Although the trend is positive, the net effect of data released over the past month has again been to downgrade both the September and October figures. In particular, Industrial Production for August had a negative impact, partially offset by a positive impact from the employment figures for the same month.

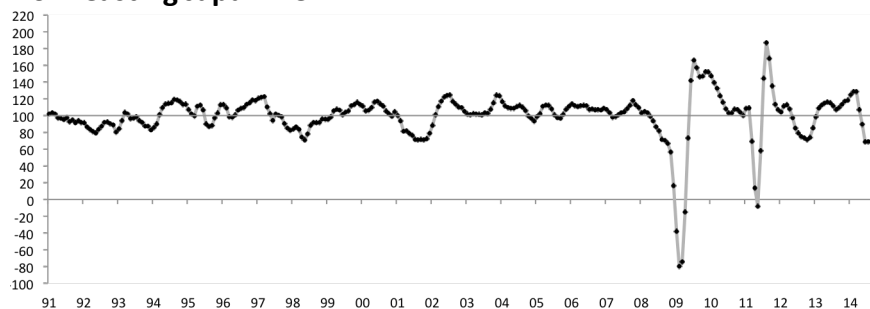
Now-Casting Japan NCI™

reference period	NCI™ Release Dates	
	12/09/2014	15/10/2014
Sep-14	81.29 (A)	78.77 (U)
Oct-14	88.83 (F)	84.72 (A)
Nov-14	--	91.91 (F)

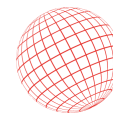
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "Japan is still on an upward trajectory: we expect that the economy will contract in Q3 but not as much as in Q2, that there will be positive growth in Q4 with some modest acceleration in Q1 2015. However, these growth projections have slipped again since last month, as a result of further negatives surprises in the newsflow. The Japanese economy remains fragile."

Now-Casting Japan NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

JP NCI™ for October updated to 84.72 from 88.83 expected in August

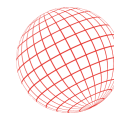
JP NCI™ for September updated to 78.77 from 81.29

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						JP NCI™ September	JP NCI™ October
10/10/2014	Consumer Confidence	Sep-14	Index	39.90	41.19	-0.24	-0.55
10/10/2014	Tertiary Industry Activity Index	Aug-14	MoM %	-0.10	-0.13	0.02	0.03
09/10/2014	Machinery Orders	Aug-14	MoM %	4.68	-2.21	0.23	0.37
08/10/2014	Economy Watchers' Survey	Sep-14	Index	47.40	47.29	0.03	0.09
01/10/2014	PMI: Manufacturing	Sep-14	Index	51.74	52.47	-0.48	-1.23
30/09/2014	Small & Medium Enterprises Survey	Sep-14	Index	47.60	47.73	-0.09	-0.22
30/09/2014	Construction Orders: Housing Units	Aug-14	MoM %	-47.40	-21.50	-0.04	-0.06
30/09/2014	Housing Starts	Aug-14	MoM %	0.65	-0.02	0.02	0.03
30/09/2014	Passenger Car Production	Aug-14	MoM %	-6.06	-0.77	-0.95	-1.54
30/09/2014	Average Monthly Earnings	Aug-14	MoM %	-1.61	-0.50	-0.10	-0.15
30/09/2014	Vehicle Sales	Aug-14	MoM %	0.52	-0.17	0.09	0.16
30/09/2014	Industrial Production: Mining and Manufacturing	Aug-14	MoM %	-1.55	-0.89	-3.18	-4.56
30/09/2014	Retail Sales	Aug-14	MoM %	1.69	-0.06	0.59	0.93
30/09/2014	Unemployed	Aug-14	Ten Thousands	230.00	248.65	1.87	2.85
18/09/2014	Imports	Aug-14	MoM %	-1.42	-0.44	-0.53	-0.80
18/09/2014	Exports	Aug-14	MoM %	-0.03	-0.55	0.54	0.82
						-2.22	-3.83

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 Japan are scheduled on the same day of the release of the Industrial Production Index (Revised Report) at 12:00 GMT.

Next Japan NCI™ RELEASE: 12:00 GMT 13th November, 2014

- ends -

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Notes to Editors:

The Now-Casting Index for Japan 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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