

## News Release

**Now-Casting Index**  
12:00 GMT 06 November 2014

# Now-Casting United Kingdom 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.K. NCI™ RELEASE:

**09 Dec, 2014**  
**12:00 GMT**

## Slowing growth trend confirmed for UK

- While still above average, the UK growth rate is slowing: November NCI™ is at 125.28 compared to 128.43 for October
- This slowdown is expected to continue: the December NCI™ forecast is 121.85
- Not many surprises in the recent data flow: the November NCI™ only slightly lower than forecast last month: 125.28 vs 127.14

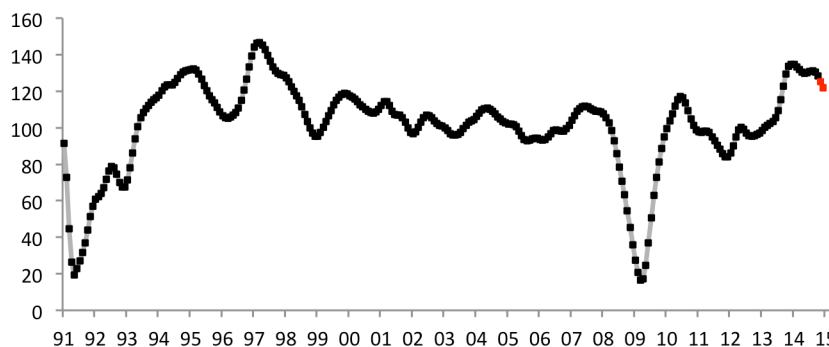
### Now-Casting U.K. NCI™

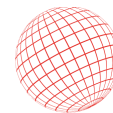
reference period	NCI™ Release Dates	
	07/10/2014	06/11/2014
Oct-14	129.89 (A)	128.43 (U)
Nov-14	127.14 (F)	125.28 (A)
Dec-14	--	121.85 (F)

*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 last NCI publication date. *Source:* Now-Casting Economics Ltd

*Jasper McMahon, CEO of Now-Casting Economics, commented, "This month's data mark the fifth successive month in which the NCI™ has declined since reaching a mini-peak in May. The previous peak was in December 2013. It reaffirms our view that trend growth in the UK, while still above its long-term average rate, is slowing. While there were no major surprises in the data releases over the last month, there was more negative news than positive. Our forecast for GDP growth in Q4-2014 now stands at 0.85 QoQ% and we expect about the same for Q1-2015."*

### Now-Casting U.K. NCI™





## The Real Time Data Flow

**UK NCI™ for November updated to 125.28 from 127.14 expected in October**  
**UK NCI™ for October updated to 128.43 from 129.89**

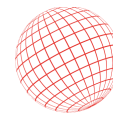
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						U.S NCI™ October	U.S NCI™ November
09/10/2014	Ratio of House Sales to Unsold Stock	Sep-14	Index	36.4	38.17	-0.07	-0.11
10/10/2014	Imports	Aug-14	MoM %	-4.24	-0.08	-0.65	-0.66
10/10/2014	Exports	Aug-14	MoM %	-1.72	0.55	-0.21	-0.21
15/10/2014	Claimant Count Rate	Sep-14	Rate %	2.8	2.81	0.36	0.43
23/10/2014	Industrial Trends: Total Order Book	Oct-14	Index	-6	-5.59	-0.02	-0.06
23/10/2014	Retail Sales	Sep-14	MoM %	-0.28	0.22	-0.12	-0.14
24/10/2014	Gross Domestic Product	Q3-14	QoQ %	0.7	0.86	-0.59	-0.58
27/10/2014	Distributive Trades: Retail Sales Volume	Oct-14	Index	31	32.06	0.00	0.00
30/10/2014	Economic Sentiment Indicator	Oct-14	Index	113.3	113.56	-0.05	-0.12
31/10/2014	Consumer Confidence	Oct-14	Index	-2	-0.74	-0.03	-0.06
03/11/2014	PMI: Manufacturing	Oct-14	Index	53.18	51.5	0.33	0.87
04/11/2014	PMI: Construction	Oct-14	Index	61.41	62.98	-0.24	-0.58
05/11/2014	PMI: Services	Oct-14	Index	56.19	58.16	-0.36	-0.87
06/11/2014	New Passenger Car Registrations	Oct-14	YoY%	13.31	5.71	0.15	0.18
06/11/2014	Industrial Production Excl Construction	Sep-14	MoM %	0.5	0.17	0.19	0.22
						<b>-1.31</b>	<b>-1.69</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 Kingdom are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

**Next U.K. NCI™ RELEASE: 12:00 GMT 9th December, 2014**

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For further information, please contact:

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**Notes to Editors:**

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

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