

# News Release

**Now-Casting Index**  
12:00 GMT 13 November 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:**

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

### Japan economy shows dramatic improvement

- The Japan NCI™ is at 117.48 for November, compared to 100.19 for October, indicating a major improvement in economic conditions. The forecast for December, at 119.98, shows that growth is expected to continue at or above the same rate.
- Data releases over the past month have contained a number of big positive surprises, with the result that the level of the index, as well as its change from month to month, has jumped upwards. The positive surprises included several of the 'hard' data releases for September, including exports, imports, industrial production, and retail sales. By contrast the surveys for October have produced some conflicting signals – e.g., PMI positive, Economy Watchers negative.

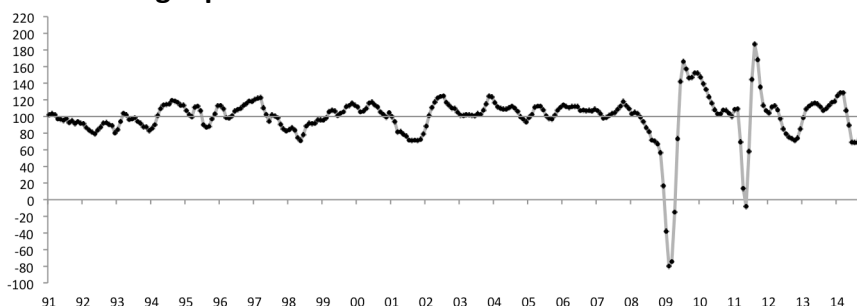
### Now-Casting Japan NCI™

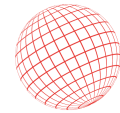
reference period	NCI™ Release Dates	
	12/10/2014	13/11/2014
Oct-14	84.72 (A)	100.19 (U)
Nov-14	91.91 (F)	117.48 (A)
Dec-14	--	119.98 (F)

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 Japanese roller-coaster ride continues. It now looks as though the most recent economic slowdown came to an end in August, and that the economy has accelerated sharply since then. Surprises in recent data releases, showing activity levels in September, are positive across the board. It is true that the more recent survey data paint a somewhat more confused picture, but perhaps that is not surprising given the rapidity of recent events in Japan."*

### Now-Casting Japan NCI™





## The Real Time Data Flow

**JP NCI™ for November updated to 117.48 from 91.91 expected in October**

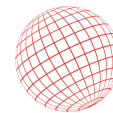
**JP NCI™ for October updated to 100.19 from 84.72**

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						Japan NCI™ October	Japan NCI™ November
13/11/2014	Capacity Utilisation: Manufacturing	Sep-14	Index	99.90	98.69	2.58	3.97
12/11/2014	Machinery Orders	Sep-14	MoM %	2.95	-1.53	0.15	0.23
12/11/2014	Tertiary Industry Activity Index	Sep-14	MoM %	1.02	0.45	0.49	0.81
11/11/2014	Economy Watchers' Survey	Oct-14	Index	44.00	46.70	-0.82	-2.09
11/11/2014	Consumer Confidence	Oct-14	Index	38.90	40.21	-0.29	-0.67
05/11/2014	Average Monthly Earnings	Sep-14	MoM %	-0.05	1.02	-0.10	-0.16
04/11/2014	PMI: Manufacturing	Oct-14	Index	52.45	51.16	0.86	2.19
31/10/2014	Construction Orders: Housing Units	Sep-14	MoM %	29.88	30.11	0.00	-0.01
31/10/2014	Housing Starts	Sep-14	MoM %	4.13	0.62	0.11	0.19
30/10/2014	Unemployed	Sep-14	Ten Thousands	237.00	230.45	-0.17	-0.31
30/10/2014	Passenger Car Production	Sep-14	MoM %	4.22	5.95	-0.33	-0.54
28/10/2014	Industrial Production: Mining and Manufacturing	Sep-14	MoM %	2.73	1.69	4.95	7.28
28/10/2014	Small & Medium Enterprises Survey	Oct-14	Index	47.40	46.96	0.23	0.67
28/10/2014	Retail Sales	Sep-14	MoM %	2.16	-0.61	2.89	4.28
28/10/2014	Vehicle Sales	Sep-14	MoM %	4.68	0.36	1.78	2.76
22/10/2014	Imports	Sep-14	MoM %	4.98	0.00	2.67	4.01
22/10/2014	Exports	Sep-14	MoM %	3.12	-0.40	3.71	5.63
15/10/2014	Capacity Utilisation: Manufacturing	Aug-14	Index	96.40	97.21	-2.70	-2.56
						<b>16.01</b>	<b>25.68</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.



---

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 12th December, 2014**

- ends -

For further information, please contact:

**Linstock Communications**

Tom Yazdi or Keith Brookbank

Tel: +44 (0)20 7089 2080

**Now-Casting Economics Limited**

Jasper McMahon

Tel: +44 (0)7802 485904

**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](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 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](http://www.now-casting.com)).

The intellectual property rights to the Japan NCI™ provided herein are owned by Now-Casting Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Now-Casting Economics' prior consent. Now-Casting Economics shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Now-Casting Economics be liable for any special, incidental, or consequential damages, arising out of the use of the data. NCI™ is a registered trademark of Now-Casting Economics Limited. The Now-Casting.com logo is a registered trade mark of Now-Casting Economics Limited.