

News Release

Now-Casting Index
11:00 GMT 12 December 2014

Now-Casting China 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 China NCI™ RELEASE:

20 Jan, 2015
12:00 GMT

China growth rate flat and lower than forecast

- The China NCI™ is at 53.23 for December, compared to 54.90 for November, and is forecast at 53.20, for January, showing that the rate of growth is flattening out after the decline of the past few months.
- Although the NCI™ has flattened, surprises in the data flow over the past month have caused a significant downward revision, implying that the Chinese economy has been growing more slowly than previously thought.

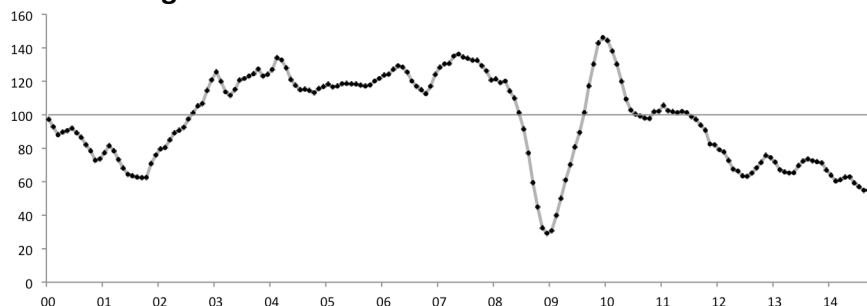
Now-Casting China NCI™

reference period	NCI™ Release Dates	
	13/11/2014	12/12/2014
Nov-14	58.00 (A)	54.90 (U)
Dec-14	58.70 (F)	53.23 (A)
Jan-15	--	53.20 (F)

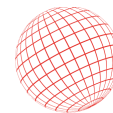
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since the last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "All of the data released over the past month has had a negative impact on the model's assessment of Chinese growth, with the worst surprises being in the industrial production and trade figures. It may be some comfort that the economy is no longer decelerating, but the growth outlook is weaker than we previously thought."

Now-Casting China NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

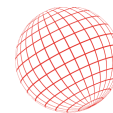
CH NCI™ for December updated to 53.2 from 58.7 expected in November
CH NCI™ for November updated to 54.9 from 58.0

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						CH NCI™ November	CH NCI™ December
12/12/2014	Industrial Production	Nov-14	Y-o-Y %	7.20	7.66	-1.01	-1.61
12/12/2014	Electricity Production	Nov-14	YoY %	2.17	2.19	0.00	-0.01
12/12/2014	Newly Started Construction	Nov-14	YoY %	-9.03	24.42	-0.25	-0.47
08/12/2014	Merchandise Imports	Nov-14	YoY %	-6.70	3.08	-0.82	-1.47
08/12/2014	Merchandise Exports	Nov-14	YoY %	4.70	8.38	-0.51	-0.96
03/12/2014	HSBC/Markit PMI: Services	Nov-14	Index	53.04	53.23	-0.08	-0.15
03/12/2014	Official PMI: Nonmanufacturing	Nov-14	Index	53.90	55.08	-0.04	-0.07
01/12/2014	Official PMI: Manufacturing	Nov-14	Index	50.30	50.73	-0.16	-0.29
27/11/2014	Freight Traffic	Oct-14	YoY %	5.72	5.13	0.03	0.05
20/11/2014	HSBC/Markit PMI: Manufacturing	Nov-14	Index	49.95	50.36	-0.30	-0.56
						-3.14	-5.54

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 the China are scheduled on the same day of the release of the Industrial Production Index at 12:00 GMT.

Next China NCI™ RELEASE: 12:00 GMT 20th January, 2015

- ends -

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Notes to Editors:

The Now-Casting Index for China 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 China 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 2000. 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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