

News Release

Now-Casting Index
17:00 GMT 16 January 2015

Now-Casting United States 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.S. NCI™ RELEASE:

18 Feb, 2015
17:00 GMT

US economic growth slowing down

- The US NCI™ is at 117.38 in January, compared to 119.46 in December. This deceleration is expected to continue, as the forecast for February is 113.26.
- Data released since last month's NCI™ have contained mostly negative surprises, causing a significant downwards revision in the level of the NCI™ series.

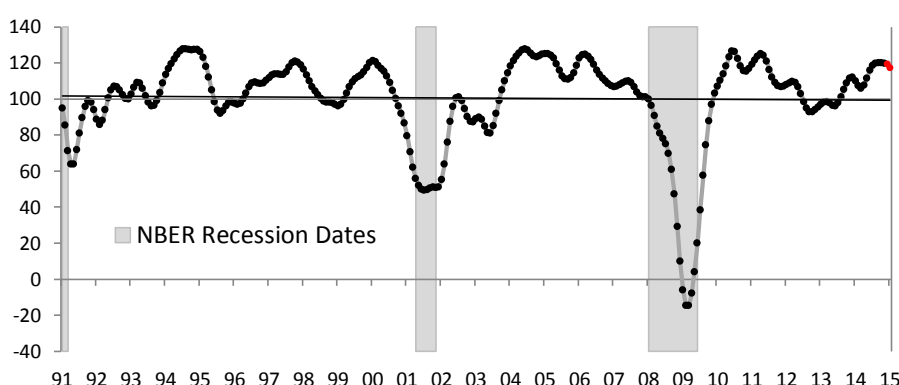
Now-Casting U.S. NCI™

reference period	NCI™ Release Dates	
	12/15/2014	1/16/2015
Dec-15	125.02 (A)	119.46 (U)
Jan-15	127.03 (F)	117.38 (A)
Feb-15	--	113.26 (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, "We are now seeing clear signs that the US economy is slowing down. Almost all of the soft and hard data released recently indicate that the growth trend has reversed and is now negative – a big change on the situation only a month ago. The implied GDP growth forecast for 2015 Q1 is 0.56% quarter-on-quarter, which is equivalent to 2.26% annualised."

Now-Casting U.S. NCI™



Source: Now-Casting Economics Ltd

The Real Time Data Flow

US NCI™ for January updated to 117.38 from 127.03 expected in December

US NCI™ for December updated to 119.46 from 125.02

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						U.S NCI™ December	U.S NCI™ January
16/01/2015	Capacity Utilization: Industry	Dec-14	Level %	79.7	78.52	-0.34	-0.5
16/01/2015	Industrial Production	Dec-14	MoM %	-0.09	0.2	-0.31	-0.44
15/01/2015	Philadelphia FRB Bus Outlook: Current Activity	Jan-15	Index	6.3	17.3	-0.4	-0.97
14/01/2015	Retail Sales	Dec-14	MoM %	-1.15	0.42	-0.38	-0.74
09/01/2015	Change in Nonfarm Payrolls	Dec-14	Thousands	252	256.62	-0.02	-0.03
07/01/2015	Imports	Nov-14	MoM %	-2.59	1.88	-1.09	-1.3
07/01/2015	Exports	Nov-14	MoM %	-1.33	1.57	-0.55	-0.67
07/01/2015	Change in ADP Nonfarm Private Payroll Employment	Dec-14	Change Thousands	241	161.14	0.13	0.77
06/01/2015	ISM Nonmanufacturing Composite Index	Dec-14	Index	56.2	57.83	-0.31	-0.73
02/01/2015	ISM Mfg: PMI Composite Index	Dec-14	Index	55.5	57.62	-0.53	-1.6
31/12/2014	MNI Chicago Business Barometer	Dec-14	Index	58.3	60.28	-0.36	-0.83
30/12/2014	Conference Board: Consumer Confidence Index	Dec-14	Index	92.6	79.36	-0.22	-0.36
23/12/2014	Real Disposable Personal Income	Nov-14	MoM %	0.5	0.33	0.02	0.02
23/12/2014	Real Personal Consumption Expenditure	Nov-14	MoM %	0.73	0.37	0.25	0.35
23/12/2014	Manufacturers' Inventories: Durable Goods	Nov-14	MoM %	0.41	0.58	-0.18	-0.23
23/12/2014	Manufacturers' New Orders: Durable Goods	Nov-14	MoM %	-0.68	2.01	-0.33	-0.39
23/12/2014	Manufacturers' Unfilled Orders: Durable Goods	Nov-14	MoM %	0.37	0.72	-0.14	-0.17
19/12/2014	Kansas City Fed Mfg Survey	Dec-14	Index	8	8.21	-0.03	-0.05
18/12/2014	Philadelphia FRB Bus Outlook: Current Activity	Dec-14	Index	24.5	31.49	-0.57	-1.15
16/12/2014	PMI: Manufacturing	Dec-14	Index	53.67	54.48	-0.13	-0.44
16/12/2014	New Private Housing Units Authorized	Nov-14	MoM %	-5.22	-0.47	-0.05	-0.16
16/12/2014	Housing Starts	Nov-14	MoM %	-1.63	3.1	-0.01	-0.07
						-5.55	-9.69

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

Next U.S. NCI™ RELEASE: 17:00 GMT 18th February, 2015

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Notes to Editors:

The Now-Casting Index for the United States 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 US 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 revisions 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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