

News Release

Now-Casting Index

Embargoed until 12:00 GMT 20 January 2015

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:

25 Feb, 2015
12:00 GMT

China growth rate shows modest improvement

- The China NCI™ is at 54.82 for January, compared to 54.25 for December, and is forecast at 57.71 for February, indicating a modest pick-up in growth after the decline of recent months.
- Positive surprises in the dataflow over the past month – particularly in relation to exports and GDP itself – have slightly outweighed negative surprises, so the level of the NCI™ series has been revised upwards.

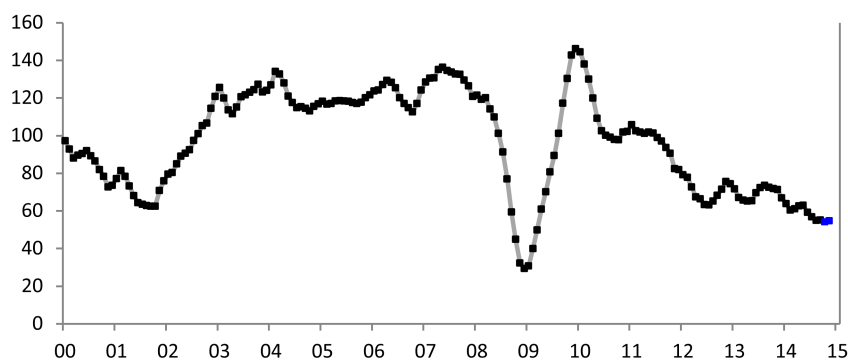
Now-Casting China NCI™

reference period	NCI™ Release Dates	
	12/12/2014	20/01/2015
Dec-14	53.23 (A)	54.25 (U)
Jan-15	53.20 (F)	54.82 (A)
Feb-15	--	57.71 (F)

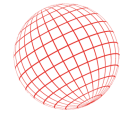
Notes: (A), ACTUAL, denotes the estimate of economic activity for the current month; (F), FORECAST, the forecast for next month; (U) UPDATED, denotes updates reflecting data released since last NCI publication date. Source: Now-Casting Economics Ltd

Jasper McMahon, CEO of Now-Casting Economics, commented: "Although the figure for Q4 GDP growth released today is the lowest for 5 years, Chinese data – as reflected in the NCI™ – are actually indicating a modest improvement in economic conditions. We are expecting 7.3% year-on-year growth in China's GDP in Q1 2015, which is the same as for Q4 2014, and then a modest improvement to 7.4% in Q2."

Now-Casting China NCI™



Source: Now-Casting Economics Ltd



The Real Time Data Flow

CH NCI™ for January updated to 54.82 from 53.2 expected in December

CH NCI™ for December updated to 54.25 from 53.23

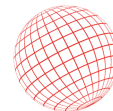
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						CH NCI™ December	CH NCI™ January
16/12/2014	HSBC/Markit PMI: Manufacturing	Dec-14	Index	49.53	49.97	-0.32	-0.6
28/12/2014	Freight Traffic	Nov-14	YoY %	5.98	6.52	-0.03	-0.05
01/01/2015	Official PMI: Nonmanufacturing	Dec-14	Index	54.1	55.02	-0.03	-0.06
01/01/2015	Official PMI: Manufacturing	Dec-14	Index	50.1	50.31	-0.08	-0.15
06/01/2015	HSBC/Markit PMI: Services	Dec-14	Index	53.38	53.3	0.03	0.06
13/01/2015	Merchandise Imports	Dec-14	YoY %	-2.4	-5.11	0.22	0.4
13/01/2015	Merchandise Exports	Dec-14	YoY %	9.7	2.85	0.94	1.76
20/01/2015	Electricity Production	Dec-14	YoY %	2.56	2.81	-0.03	-0.07
20/01/2015	Newly Started Construction	Dec-14	YoY %	-10.74	-0.35	-0.04	-0.09
20/01/2015	Industrial Production	Dec-14	YoY %	7.9	8.08	-0.38	-0.61
20/01/2015	Real GDP	Q4'14	YoY %	7.3	6.81	0.65	0.84
						0.93	1.43

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 25th February, 2015

- ends -

For further information, please contact:

Linstock Communications

Tom Yazdi or Keith Brookbank

Tel: +44 (0)20 7089 2080

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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