

China NCI™ Now-Casting Index

Released: 12:00 GMT, 25th February, 2015

Next release: 12:00 GMT, 11th March, 2015

www.now-casting.com

Bloomberg: NCIXCH

China growth rate shows modest improvement

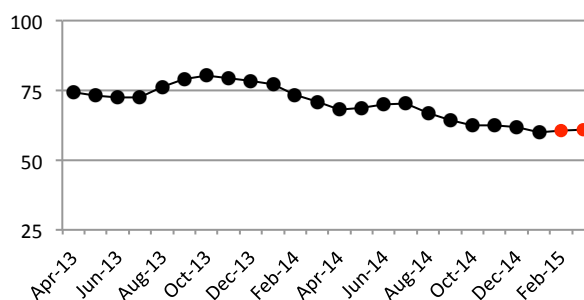
- The China NCI™ is at 60.67 for February, compared to 59.95 for January, and is forecast at 60.74 for March, indicating that the growth rate is expected to remain at about the current rate. At this level, the NCI is consistent with Q1 GDP growth of 7.2% compared to the same period in 2014
- Although the net impact of data releases published over the last month has been negative, the level of the NCI series has been revised upwards, reflecting upward revisions to prior period data

NCI™ release data

reference period	NCI™ Release Dates	
	20/1/2015	25/2/2015
Jan-15	54.82 (A)	59.95 (U)
Feb-15	57.71 (F)	60.67 (A)
Mar-15		60.74 (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

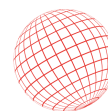
Revised NCI™ history



The newsflow: macroeconomic data releases since last month's NCI™

Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Impact of Data Releases	
						China NCI™ January	China NCI™ February
2/25/2015	HSBC/Markit PMI: Manufacturing	Feb-15	Index	50.12	49.46	0.10	0.74
2/8/2015	Merchandise Imports	Jan-15	YoY %	-19.90	-2.81	-1.10	-2.02
2/8/2015	Merchandise Exports	Jan-15	YoY %	-3.30	7.15	-0.86	-1.62
2/4/2015	Freight Traffic	Dec-15	YoY %	8.53	6.66	0.11	0.17
2/4/2015	HSBC/Markit PMI: Services	Jan-15	Index	51.84	53.42	-0.66	-1.26
2/1/2015	Official PMI: Nonmanufacturing	Jan-15	Index	53.70	54.46	-0.04	-0.07
2/1/2015	Official PMI: Manufacturing	Jan-15	Index	49.80	50.33	-0.12	-0.22
1/23/2015	HSBC/Markit PMI: Manufacturing	Jan-15	Index	49.82	49.72	0.08	0.14
						-2.49	-4.14

Note: Released values are expressed in Model Units
Source: Now-Casting Economics Ltd and Official Data Sources



News Release

Now-Casting.com
economics in real time

China NCI™ Now-Casting Index

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Notes

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.

How to read the NCI™? The NCI™ is normalized to have a mean value of 100 and a standard deviation of 25 calculated over the estimation sample, which starts in 1995. 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 release value and model-based now-cast for each input indicator. The weights attached to each *news* are also model-based.

Impact of data releases 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. 'News' is defined in this context as the difference between the actual value of a release and the model's expectation of that value.

Impact of revisions The difference between the value of the NCI™ released today and the forecast of it made a month ago may be more or less than the total impact of all the releases listed in the table on page 1, because of the impact of any revisions to prior data releases made during this period.

Source of data 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, domestic 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.

Now-Casting model The NCI™ is an output 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 conditions in different countries in real time, taking into account non-synchronous data sampled at mixed frequency. The NCI™ and its revisions are produced automatically, without judgment or other intervention. 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. Normalization is updated at the beginning of every year in concomitance with updates of deep parameters.

Now-Casting Economics Limited is a company 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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