



## Japan NCI™

## Now-Casting Index

Released: 12:00 GMT, 14<sup>th</sup> July, 2015Next release: 12:00 GMT, 12<sup>th</sup> August, 2015

www.now-casting.com

Bloomberg: NCIXJP

## Japan: Decline levelling off

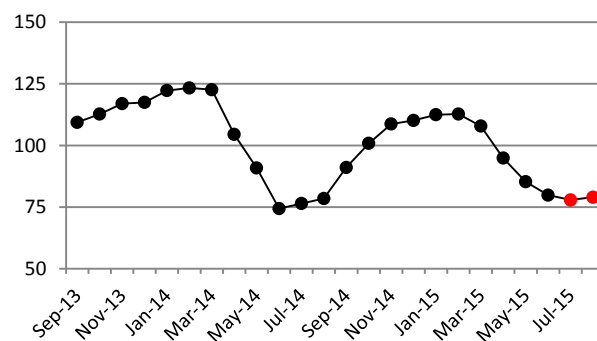
- The Japan NCI™ is at 77.91 for July, compared to 79.82 for June. The NCI™ is forecast at 79.01 for August, suggesting a slight increase in economic activity after the slowdown of the past months.
- The balance of surprises in the data released over the past month has been strongly negative, and as a result the level of the NCI™ series has been revised significantly downward from the 106.42 forecast in June.

## NCI™ release data

reference period	NCI™ Release Dates	
	13/6/2015	14/7/2015
Jun-15	97.97 (A)	79.82 (U)
Jul-15	106.42 (F)	77.91 (A)
Aug-15	--	79.01 (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™

						Impact of Data Releases	
Release Date	Release Name	Reference Period	Model Unit	Release Value*	Model Expectation	Japan NCI™ June	Japan NCI™ July
13/7/2015	Capacity Utilisation: Manufacturing	May-15	Index	96.40	98.42	-4.10	-6.34
13/7/2015	Tertiary Industry Activity Index	May-15	MoM %	-0.70	-0.13	-0.33	-0.57
10/7/2015	Consumer Confidence	Jun-15	Index	41.70	41.26	0.08	0.18
9/7/2015	Machinery Orders	May-15	MoM %	0.57	-2.34	0.11	0.17
8/7/2015	Economy Watchers' Survey	Jun-15	Index	51.00	51.49	-0.15	-0.37
1/7/2015	PMI: Manufacturing	Jun-15	Index	50.07	50.88	-0.53	-1.34
30/6/2015	Construction Orders: Housing Units	May-15	MoM %	-62.77	-47.42	0.18	0.28
30/6/2015	Housing Starts	May-15	MoM %	-0.23	-0.61	0.01	0.02
30/6/2015	Passenger Car Production	May-15	MoM %	-7.31	-1.35	-1.38	-2.33
30/6/2015	Average Monthly Earnings	May-15	MoM %	0.64	-0.37	0.14	0.21
29/6/2015	Retail Sales	May-15	MoM %	1.56	-1.38	1.05	1.68
29/6/2015	Vehicle Sales	May-15	MoM %	-0.28	0.00	-0.04	-0.07
29/6/2015	Industrial Prod: Mining and Man.	May-15	MoM %	-2.22	-0.79	-6.94	-10.17
26/6/2015	Unemployed	May-15	Ten Thousands	218.00	219.57	0.16	0.24
24/6/2015	Small & Medium Enterprises Survey	Jun-15	Index	46.90	47.63	-0.35	-1.03
17/6/2015	Exports	May-15	MoM %	-2.67	1.24	-3.78	-5.72
17/6/2015	Imports	May-15	MoM %	-3.45	1.02	-2.45	-3.67
						<b>-18.32</b>	<b>-28.83</b>

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources



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For further information, please contact:

**Now-Casting Economics Limited**

Jasper McMahon

+44 (0)7802 485904

jasper.mcmahon@now-casting.com

### 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 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, domestic and international trade, services and surveys. Raw data are supplied by Haver Analytics. Now-Casting Economics releases the Japan 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.

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