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Bloomberg: NCIXJP

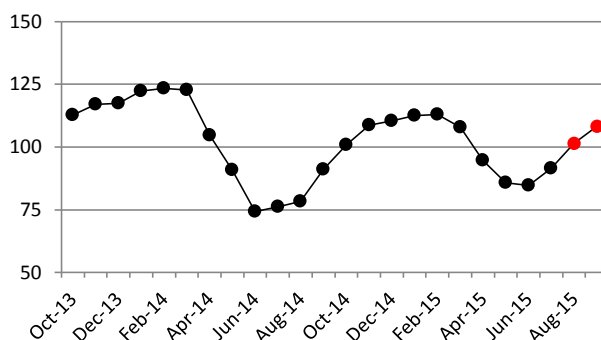
**Japan: growth strengthening**

- The Japan NCI™ rose to 101.45 for August, up from 91.52 for July, with a further rise to 108.23 forecast for September. This indicates improving conditions in the Japanese economy, consistent with GDP growth in Q3 at around 0.4% after a dip into negative growth in Q2 (expected at -0.1%).
- Once again this month there was a significant revision to the NCI™ series for Japan. In this case positive surprises in the June Industrial Production, Exports and Imports figures drove the revision.

**NCI™ release data**

reference period	NCI™ Release Dates	
	14/07/2015	12/08/2015
Jul-15	77.91 (A)	91.52 (U)
Aug-15	79.01 (F)	101.45 (A)
Sep-15	--	108.23 (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	
						Japan NCI™ July	Japan NCI™ August
12/08/2015	Capacity Utilisation: Manufacturing	Jun-15	Index	97.10	97.22	-0.25	-0.39
12/08/2015	Tertiary Industry Activity Index	Jun-15	MoM %	0.30	0.22	0.05	0.08
10/08/2015	Economy Watchers' Survey	Jul-15	Index	51.60	51.40	0.06	0.15
10/08/2015	Consumer Confidence	Jul-15	Index	40.30	41.75	-0.32	-0.72
04/08/2015	Average Monthly Earnings	Jun-15	MoM %	-3.94	-0.27	-0.47	-0.75
03/08/2015	PMI: Manufacturing	Jul-15	Index	51.23	50.92	0.21	0.52
31/07/2015	Construction Orders: Housing Units	Jun-15	MoM %	31.42	41.53	0.05	0.08
31/07/2015	Housing Starts	Jun-15	MoM %	13.38	-0.18	0.33	0.57
31/07/2015	Unemployed	Jun-15	Ten Thousands	222.00	218.37	-0.09	-0.16
30/07/2015	Passenger Car Production	Jun-15	MoM %	4.81	0.72	0.89	1.50
30/07/2015	Industrial Prod. Mining and Manufact	Jun-15	MoM %	0.82	0.22	2.86	4.20
29/07/2015	Small & Medium Enterprises Survey	Jul-15	Index	49.30	46.84	1.31	3.72
29/07/2015	Vehicle Sales	Jun-15	MoM %	1.13	-0.21	0.59	0.91
29/07/2015	Retail Sales	Jun-15	MoM %	-1.62	-0.84	-0.82	-1.21
23/07/2015	Imports	Jun-15	MoM %	5.82	-0.84	3.50	5.25
23/07/2015	Exports	Jun-15	MoM %	4.40	-1.02	5.08	7.71
						<b>12.98</b>	<b>21.46</b>

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources



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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 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.

**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](http://www.now-casting.com)).

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