



UK NCI™

Now-Casting Index

Released: 12:00 GMT, 8th December, 2015

Next release: 12:00 GMT, 8th January, 2016

www.now-casting.com

Bloomberg: NCIXUK

UK economic growth – gentle deceleration continues

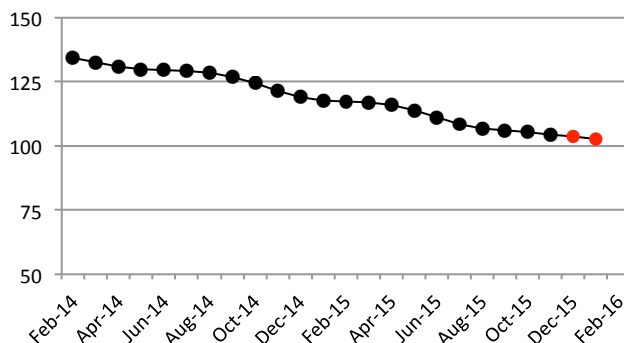
- The UK NCI™ is at 103.58 for December, compared to 104.51 for November, and is forecast at 102.56 for January. These numbers indicate a continued deceleration; the underlying rate of growth peaked in January 2014 and has fallen every month since then.
- There has been a modest downward revision in the level of the NCI™ over the last month as a result of a balance of negative surprises in the data flow.

NCI™ release data

reference period	NCI™ Release Dates	
	06/11/15	08/12/15
Nov-15	105.70 (A)	104.51 (U)
Dec-15	105.41 (F)	103.58 (A)
Jan-16	--	102.56 (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	
						UK NCI™ December	UK NCI™ January
08/12/15	Industrial Production Excl Construction	Oct-15	MoM %	0.10	0.07	0.02	0.02
04/12/15	New Passenger Car Registrations	Nov-15	YoY %	3.80	3.25	0.01	0.01
03/12/15	PMI: Services	Nov-15	Index	55.88	54.23	0.30	0.69
02/12/15	PMI: Construction	Nov-15	Index	55.26	57.74	-0.34	-0.81
01/12/15	PMI: Manufacturing	Nov-15	Index	52.71	54.91	-0.44	-1.13
27/11/15	Economic Sentiment Indicator	Nov-15	Index	107.70	108.64	-0.16	-0.43
27/11/15	Consumer Confidence	Nov-15	Index	1.00	1.51	0.00	-0.01
24/11/15	Distributive Trades: Retail Sales Volume	Nov-15	Index	7.00	9.88	0.02	-0.05
19/11/15	Industrial Trends: Total Order Book	Nov-15	Index	-11.00	-17.79	0.38	1.03
19/11/15	Retail Sales	Oct-15	MoM %	-0.54	-0.42	-0.03	-0.03
12/11/15	Ratio of House Sales to Unsold Stock	Oct-15	Index	40.00	39.91	0.00	0.00
11/11/15	Claimant Count Rate	Oct-15	Rate %	2.30	2.27	-0.92	-1.08
						-1.16	-1.79

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 the UK 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 UK 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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