

China NCI™ Now-Casting Index

Released: 12:00 GMT, 15th April, 2016

Next release: 12:00 GMT, 14th May, 2016

www.now-casting.com

Bloomberg: NCIXCN

China growth rate improving

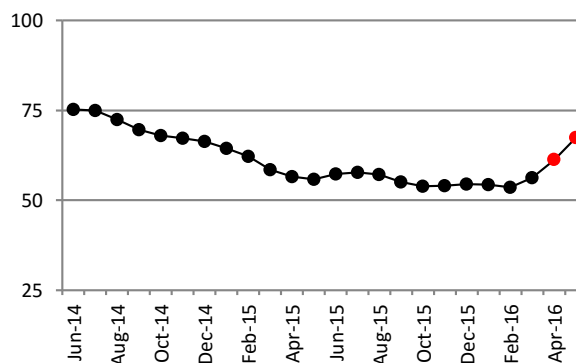
- The China NCI™ is at 61.24 for April, compared to 56.24 for March, and is forecast at 67.37 for May, indicating an acceleration in growth.
- The NCI™ for April is significantly higher than predicted last month because of a series of positive surprises in the data flow. Most notable among these were the March figures for Exports and for the Markit Manufacturing PMI. The release of GDP for Q1 had little effect as it was in line with expectations

NCI™ release data

reference period	NCI™ Release Dates	
	12/03/2016	15/04/2016
Mar-16	51.70 (A)	56.24 (U)
Apr-16	51.63 (F)	61.24 (A)
May-16	--	67.37 (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™ March	China NCI™ April
15/04/2016	Industrial Production	Mar-16	YoY %	6.80	6.84	-0.06	-0.11
15/04/2016	Gross Domestic Product	Q1'16	YoY %	6.70	7.87	0.05	0.05
15/04/2016	Newly Started Construction	Mar-16	YoY %	19.21	-9.98	0.28	0.48
15/04/2016	Electricity Production	Mar-16	YoY %	5.95	1.48	0.43	0.81
13/04/2016	Freight Traffic	Feb-16	YoY %	2.69	1.55	0.11	0.16
13/04/2016	Freight Traffic	Jan-16	YoY %	-0.74	2.46	-0.22	-0.13
13/04/2016	Imports	Mar-16	YoY %	-7.60	-10.31	0.15	0.31
13/04/2016	Exports	Mar-16	YoY %	11.50	-14.84	1.32	2.75
06/04/2016	HSBC/Markit PMI: Services	Mar-16	Index	52.17	51.69	0.15	0.34
01/04/2016	HSBC/Markit PMI: Manufacturing	Mar-16	Index	49.72	47.99	1.04	2.43
01/04/2016	Official PMI: Nonmanufacturing	Mar-16	Index	53.80	53.06	0.48	1.05
01/04/2016	Official PMI: Manufacturing	Mar-16	Index	50.20	48.85	0.54	1.15
						4.27	9.29

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 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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