

Released: 12:00 GMT, 14<sup>th</sup> June, 2016

Next release: 12:00 GMT, 13<sup>th</sup> July, 2016

www.now-casting.com

Bloomberg: NCIXJP

### Japan growth stabilising

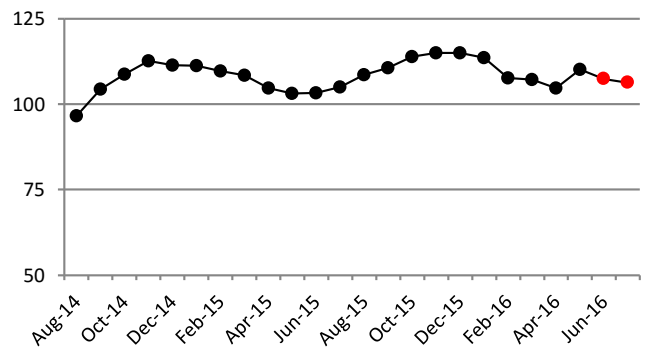
- The Japan NCI™ is at 107.42 for June, down from 110.20 for May, and is expected to fall to 106.37 in July, suggesting that the growth rate is stabilising. At this rate GDP growth is likely to be around 1.8%
- The balance of surprises in the data released over the past month has been positive, and as a result the level of the NCI™ series has been revised upward.

### NCI™ release data

reference period	NCI™ Release Dates	
	17/5/2016	14/6/2016
May-16	107.26 (A)	110.20 (U)
Jun-16	102.80 (F)	107.42 (A)
Jul-16	--	106.37 (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	
						Japan NCI™ May	Japan NCI™ June
14/06/2016	Capacity Utilisation: Manufacturing	Apr-16	Index	96.50	97.71	-2.74	-0.46
13/06/2016	MOF Survey Large Manuf Companies	Q2'16	Index	-11.10	2.86	-3.36	-6.99
10/06/2016	Tertiary Industry Activity Index	Apr-16	MoM %	1.36	0.40	0.65	0.22
09/06/2016	Machinery Orders	Apr-16	MoM %	-11.03	-1.38	-0.17	-0.06
08/06/2016	Diffusion Index	May-16	Index	43.00	42.13	0.57	1.11
02/06/2016	Consumer Confidence	May-16	Index	40.90	80.22	0.20	0.41
01/06/2016	PMI: Manufacturing	May-16	Index	47.73	47.88	-0.17	-0.33
31/05/2016	Construction Orders: Housing Units	Apr-16	MoM %	-30.40	-32.61	0.01	0.00
31/05/2016	Small & Medium Ent Survey: Manuf	Jun-16	Index	47.00	44.23	3.81	7.85
31/05/2016	Small & Medium Ent Survey: Services	Jun-16	Index	50.30	48.78	0.62	0.24
31/05/2016	Small & Medium Enterprises Survey	May-16	Index	45.60	46.54	0.12	-0.78
31/05/2016	Housing Starts	Apr-16	MoM %	0.17	0.28	0.00	0.00
31/05/2016	Passenger Car Production	Apr-16	MoM %	-11.41	2.22	-3.44	-0.79
31/05/2016	Industrial Production Excl Construction	Apr-16	MoM %	0.31	0.04	1.27	0.28
31/05/2016	Unemployment	Apr-16	Ten Thousands	211.00	210.47	-0.01	0.00
30/05/2016	Retail Sales	Apr-16	MoM %	5.11	0.81	6.27	1.39
30/05/2016	Vehicle Sales	Apr-16	MoM %	8.84	-1.41	7.00	1.56
19/05/2016	Machinery Orders	Mar-16	MoM %	5.47	4.87	0.00	0.00
18/05/2016	Gross Domestic Product	Q1'16	QoQ %	0.42	0.08	0.01	0.00
						<b>10.64</b>	<b>3.65</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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