



Released: 12:00 GMT, 12<sup>th</sup> January, 2017

Next release: 12:00 GMT, 14<sup>th</sup> February, 2017

www.now-casting.com

Bloomberg: NCIXEA

### Euro Area economic growth accelerating

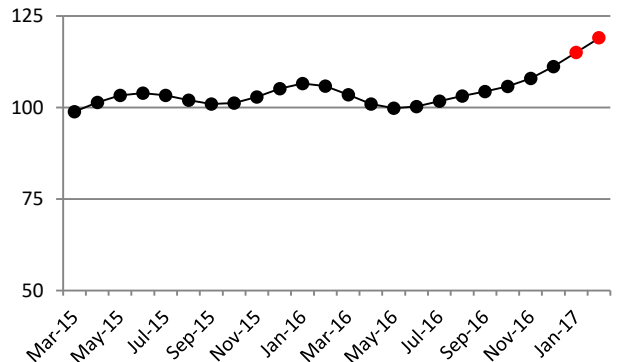
- The Euro Area NCI™ is at 115.03 for January, compared to 109.07 for December, and is forecast to rise further to 118.97 in February, indicating that the acceleration begun last year is expected to continue.
- The balance of surprises in the data releases of the past month has been positive and as a result the level of the NCI™ series has also been revised upwards.

#### NCI™ release data

| reference period | NCI™ Release Dates |            |
|------------------|--------------------|------------|
|                  | 14/12/2016         | 12/01/2017 |
| Dec-16           | 107.70 (A)         | 111.14 (U) |
| Jan-17           | 109.07 (F)         | 115.03 (A) |
| Feb-17           | --                 | 118.97 (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™

| Releases for the Euro Area as a whole |   |                  |            |                |                   | Impact of Data Releases |                 |
|---------------------------------------|---|------------------|------------|----------------|-------------------|-------------------------|-----------------|
| Release Date                          | Release Name                            | Reference Period | Model Unit | Release Value* | Model Expectation | EA NCI™ December        | EA NCI™ January |
| 12/01/2017                            | Industrial Production Excl Construction | Nov-16           | MoM %      | 1.52           | 0.46              | 0.61                    | 0.81            |
| 06/01/2017                            | Business Climate Indicator              | Dec-16           | Index      | 0.79           | 0.56              | -0.14                   | 0.04            |
| 22/12/2016                            | Orders                                  | Oct-16           | MoM %      | 2.21           | 0.67              | 0.22                    | 0.25            |
| 21/12/2016                            | Consumer Confidence Indicator           | Dec-16           | Index      | -5.10          | -5.49             | 0.05                    | 0.08            |
| 21/12/2016                            | Consumer Confidence Indicator           | Dec-16           | Index      | -5.10          | -5.49             | 0.05                    | 0.08            |
| 21/12/2016                            | Industrial Turnover: Manufacturing      | Oct-16           | MoM %      | 0.27           | 0.65              | -0.17                   | -0.19           |
| 19/12/2016                            | Construction Output                     | Oct-16           | MoM %      | 0.76           | 0.56              | 0.02                    | 0.03            |
| 16/12/2016                            | Imports                                 | Oct-16           | MoM %      | 2.90           | 1.30              | 0.20                    | 0.23            |
| 16/12/2016                            | Exports                                 | Oct-16           | MoM %      | -0.31          | 0.96              | -0.16                   | -0.19           |
| 15/12/2016                            | PMI: Manufacturing                      | Dec-16           | Index      | 54.94          | 53.83             | 0.32                    | 1.03            |
| 15/12/2016                            | PMI: Services                           | Dec-16           | Index      | 53.08          | 54.10             | -0.20                   | -0.44           |
| 15/12/2016                            | New Passenger Car Registrations         | Nov-16           | YoY %      | 5.77           | 0.27              | 0.10                    | 0.14            |
|                                       |   |                  |            |                |                   | <b>0.90</b>             | <b>1.87</b>     |

Note: Released values are expressed in Model Units

Source: Now-Casting Economics Ltd and Official Data Sources

## Euro Area NCI™

### Now-Casting Index

#### Releases for France

| Release Date | Release Name                            | Reference Period | Model Unit | Release Value* | Model Expectation | Impact of Data Releases |                  |
|--------------|---|------------------|------------|----------------|-------------------|-------------------------|------------------|
|              |   |                  |            |                |                   | EA NCITM December       | EA NCITM January |
| 10/01/2017   | Construction Output                     | Nov-16           | MoM %      | -0.26          | -0.38             | 0.01                    | 0.01             |
| 10/01/2017   | Industrial Production Excl Construction | Nov-16           | MoM %      | 2.31           | 0.77              | 0.38                    | 0.48             |
| 09/01/2017   | BdF Business Sentiment Indicator        | Dec-16           | Index      | 101.64         | 103.32            | -0.15                   | -0.36            |
| 06/01/2017   | Imports                                 | Nov-16           | MoM %      | 2.77           | 0.59              | 0.23                    | 0.30             |
| 06/01/2017   | Exports                                 | Nov-16           | MoM %      | 5.26           | 1.06              | 0.32                    | 0.44             |
| 04/01/2017   | Household Confidence Indicator          | Dec-16           | Index      | 98.93          | 97.17             | 0.01                    | 0.01             |
| 02/01/2017   | New Passenger Car Registrations         | Dec-16           | YoY %      | 5.80           | 4.04              | 0.00                    | 0.01             |
| 26/12/2016   | Registered Unemployed                   | Nov-16           | Thousands  | 3,447.00       | 3,474.22          | 0.52                    | 0.60             |
| 23/12/2016   | Household Consumption: Manuf. Goods     | Nov-16           | MoM %      | 0.43           | 0.01              | 0.03                    | 0.05             |
| 22/12/2016   | Retail Sales                            | Oct-16           | MoM %      | 1.37           | 0.10              | 0.05                    | 0.06             |
| 22/12/2016   | Industrial Turnover: Manufacturing      | Oct-16           | MoM %      | -0.37          | 0.69              | -0.18                   | -0.19            |
| 16/12/2016   | Business Climate Indicator: Industry    | Dec-16           | Index      | 105.00         | 103.74            | 0.05                    | 0.28             |
| 15/12/2016   | PMI: Manufacturing                      | Dec-16           | Index      | 53.46          | 51.91             | 0.39                    | 1.06             |
| 15/12/2016   | PMI: Services                           | Dec-16           | Index      | 52.56          | 52.49             | 0.01                    | 0.02             |
|              |   |                  |            |                |                   | <b>1.67</b>             | <b>2.77</b>      |

#### Releases for Germany

| Release Date | Release Name                       | Reference Period | Model Unit | Release Value* | Model Expectation | Impact of Data Releases |                  |
|--------------|------------------------------------|------------------|------------|----------------|-------------------|-------------------------|------------------|
|              |                                    |                  |            |                |                   | EA NCITM December       | EA NCITM January |
| 09/01/2017   | Construction Output                | Nov-16           | MoM %      | 3.99           | -1.48             | 0.07                    | 0.14             |
| 09/01/2017   | Industrial Production              | Nov-16           | MoM %      | 0.36           | 0.34              | 0.00                    | 0.01             |
| 09/01/2017   | Exports                            | Nov-16           | MoM %      | 3.86           | 0.68              | 0.13                    | 0.18             |
| 09/01/2017   | Imports                            | Nov-16           | MoM %      | 3.53           | 0.22              | 0.13                    | 0.17             |
| 06/01/2017   | Industrial Turnover: Manufacturing | Nov-16           | MoM %      | 0.36           | 0.36              | 0.00                    | 0.00             |
| 06/01/2017   | Orders                             | Nov-16           | MoM %      | -2.48          | -1.51             | -0.10                   | -0.13            |
| 06/01/2017   | Retail Sales                       | Nov-16           | MoM %      | -1.85          | -1.04             | -0.03                   | -0.03            |
| 04/01/2017   | New Passenger Car Registrations    | Dec-16           | YoY %      | 3.71           | 0.48              | 0.00                    | 0.01             |
| 03/01/2017   | Job Vacancies                      | Dec-16           | MoM %      | 1.18           | 0.65              | 0.02                    | 0.04             |
| 28/12/2016   | GfK Consumer Climate Indicator     | Jan-17           | Index      | 10.10          | 0.07              | 0.00                    | 0.00             |
| 19/12/2016   | Ifo Business Climate Index         | Dec-16           | Index      | 111.00         | 110.86            | 0.00                    | 0.02             |
| 15/12/2016   | PMI: Manufacturing                 | Dec-16           | Index      | 55.52          | 54.54             | 0.12                    | 0.39             |
| 15/12/2016   | PMI: Services                      | Dec-16           | Index      | 53.77          | 55.05             | -0.09                   | -0.19            |
|              |                                    |                  |            |                |                   | <b>0.25</b>             | <b>0.61</b>      |

#### Releases for Italy

| Release Date | Release Name                            | Reference Period | Model Unit | Release Value* | Model Expectation | Impact of Data Releases |                  |
|--------------|---|------------------|------------|----------------|-------------------|-------------------------|------------------|
|              |   |                  |            |                |                   | EA NCITM December       | EA NCITM January |
| 12/01/2017   | Industrial Production Excl Construction | Nov-16           | MoM %      | 0.74           | 0.07              | 0.16                    | 0.21             |
| 04/01/2017   | PMI: Services                           | Dec-16           | Index      | 52.27          | 54.03             | -0.09                   | -0.19            |
| 02/01/2017   | New Passenger Car Registrations         | Dec-16           | YoY %      | 13.07          | 6.04              | 0.03                    | 0.05             |
| 02/01/2017   | PMI: Manufacturing                      | Dec-16           | Index      | 53.16          | 52.83             | 0.07                    | 0.14             |
| 28/12/2016   | ISTAT Consumer Confidence Indicator     | Dec-16           | Index      | 111.10         | 119.17            | -0.03                   | -0.03            |
| 28/12/2016   | ISTAT Business Confidence Indicator     | Dec-16           | Index      | 103.50         | 103.49            | 0.00                    | 0.00             |
| 22/12/2016   | Retail Sales                            | Oct-16           | MoM %      | 1.16           | 0.38              | 0.10                    | 0.10             |
| 22/12/2016   | Industrial Turnover                     | Oct-16           | MoM %      | 0.82           | 2.14              | -0.11                   | -0.12            |
| 22/12/2016   | Orders                                  | Oct-16           | MoM %      | 0.91           | 3.39              | -0.08                   | -0.09            |
| 20/12/2016   | Construction Output                     | Oct-16           | MoM %      | -0.90          | 1.92              | -0.05                   | -0.06            |
| 16/12/2016   | Imports                                 | Oct-16           | MoM %      | 2.71           | 2.98              | -0.02                   | -0.03            |
| 16/12/2016   | Exports                                 | Oct-16           | MoM %      | -0.03          | 1.66              | -0.10                   | -0.12            |
|              |   |                  |            |                |                   | <b>-0.12</b>            | <b>-0.14</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 the Euro Area 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 Euro Area 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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