

Investment News



- Home
- Chapter Contacts
- Membership Directory
- Event Calendar
- Conferences
- Communications
- J1 Visa
- Membership Discounts
- About BABC
- Join Us

November 2011

1. Economic Indicators:

- **UK / London**
- **US / NY**

2. Investment Indicators:

- **UK / US / Global**

3. New Investments:

- **US Investments into UK**
- **UK Investments into US**

4. Trade Shows:

- **UK**
- **US**

1. ECONOMIC INDICATORS

UK

- Gross Domestic Product rose 0.5% in the third quarter of 2011.
- CPI annual inflation was 5.2% in September, up from 4.5% in August. RPI annual inflation was 5.6%, in September, up from 5.2% in August.
- Services output increased 0.9% in August 2011 compared to August 2010.
- Production output decreased by 1.0% in August 2011, compared to August 2010. Manufacturing output increased by 1.5% in August 2011, compared to August 2010.
- Output price annual inflation for all manufactured products rose 6.3% in the year to September 2011. In the same period the total input price index rose by 17.5 %.
- Services output increased 1.3% in July 2011, compared to July 2010.
- Year on year, all retail sales saw: the volume of sales increase by 0.6% between September 2010 and September 2011, the value of sales increase by 5.4% in the same period.
- The UK's deficit on trade in goods and services was £1.9 billion in August. The deficit on trade in goods was £7.8 billion. The surplus on trade in services was estimated at £5.9 billion.
- In the 3 months to August 2011, estimates of international visits fell versus the previous 3 months. Visits to the UK decreased by 1%

while visits abroad by UK residents fell 4%. Earnings from visits to the UK rose 3% while expenditure on visits abroad fell by 2%. Longer term, overseas visits to the UK have risen by 3% in the past 12 months. In contrast, visits abroad by UK residents have fallen 1% in the past 12 months.

- The employment rate was 70.4% and there were 29.10 million employed people. The unemployment rate was 8.1% and there were 2.57 million unemployed people.
- Total pay (including bonuses) rose by 2.8% on a year earlier. Regular pay (excluding bonuses) rose by 1.8% on a year earlier.
- The UK current account recorded a deficit of £2.0 billion in the second quarter of 2011, down from a revised deficit of £4.1 billion (originally published as a deficit of £9.4 billion) in the previous quarter. The second quarter balance is equivalent to -0.5% of GDP, compared to -1.1% in the previous quarter.
- UK net worth at the end of 2010 is valued at £7.3 trillion, an increase of 10.5% from 2009.

For previously released UK economic indicators visit National Statistics <http://www.statistics.gov.uk/default.asp>

LONDON

- London's annual growth in output decreased to 2.5% in Q1 2011 from 2.7% in Q4 2010.
- London's annual employment growth increased to -0.6% in Q1 2011 from -1.0% in Q4 2010.
- Annual house price inflation in London was 0.5% in Q3 2011, down from 2.9% in Q2 2011.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.4% in September 2011. There were 235,400 unemployment claimants in London in September 2011 compared with a downwardly revised 233,800 in August 2011.
- The Purchasing Managers' Index (PMI) of business activity recorded 54.4 in September 2011 compared to 53.7 in August 2011.
- The PMI for new orders for London firms recorded 56.8 in September 2011 compared to 50.00 in August 2011.
- The PMI for level of employment in London firms was 51.0 in September 2011 compared to 50.9 in July 2011.
- The RICS survey shows a positive net balance of 25 for London house prices over the past three months to September 2011.
- The net house price expectations balance in London was -4 in September 2011.
- 12.6 million passengers travelled through London's airports in August 2011. The number of passengers using London's airports increased by 0.6% from August 2010 to August 2011.
- The moving average annual rate of growth in passenger journeys

decreased to 1.5% from 1.6% in the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 2.5% in the third quarter of 2011. This follows a growth rate of 1.3% in the second quarter of 2011.
- Personal income increased \$18.7 billion, or 0.1%, and disposable personal income (DPI) increased \$16.3 billion, or 0.1%, in June. Personal consumption expenditures (PCE) decreased \$21.9 billion, or 0.2%
- Corporate profits grew 2.3% in the fourth quarter of 2010 and grew 29.2% in 2010 overall.
- The July international trade deficit decreased 13.1%, to \$44.8 billion. Exports rose 3.6%, to \$178.0 billion, while imports fell 0.2%, to \$222.8 billion.
- The U.S. current-account deficit decreased to \$118.0 billion or 3.1% of GDP, in the second quarter of 2011 -- down from \$119.6 billion in the first quarter of 2011, or 3.2% of GDP.

For previously released US economic indicators visit US Bureau of Economic Analysis (BEA) <http://www.bea.gov/index.htm>

NY

- Private employment fell by 13,300 in August 2011, after an increase of 22,000 jobs in July. (Source: New York State Dept. of Labor)
- The unemployment rate rose to 8.7% in August from 8.6% in July. (Source: New York State Dept. of Labor)
- The Manhattan hotel occupancy rate in August 2011 was 88.8%, down from 89.9% in August 2010. (Source: New York State Dept. of Labor)
- The Manhattan Class A office vacancy rate was 8.0% in September 2011, while the average asking rent was \$66 PSF. (Source: New York State Dept. of Labor)
- Passengers in NYC area airports totaled 10.5 million in July 2011, up 3.4% from July 2010. (Source: New York State Dept. of Labor)
- In September 2011, the Midtown South Class A direct vacancy rate fell to 1.5% and the rental rate rose to \$63 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate remained at 1.8% between August and September. (Source: Cushman and Wakefield)
- For the four months ending August 2011: Building projects (including new, additions and alterations) that started construction in NYC increased by 26.3% and, infrastructure (non-building) project starts rose by 4.8% from the four months ending August 2010. (Source: McGraw Hill Construction)
- Planned space for building project starts fell by 2.3% from the same period in 2010. (Source: McGraw Hill Construction)

- 949 residential building projects with 4,468 units of housing started construction, increases of 22.6% and 47.5% respectively over the period. (Source: McGraw Hill Construction)
- Total Broadway attendance was approximately 959,000 during the five weeks ending October 2, 2011, down 0.1% from the same period last year. Broadway revenue during this period was about \$86.0 million, up 9.7% from last year. (Source: The Broadway League)
- Domestic air carriers accounted for 6.6 million passengers, a 4.1% increase from the same month last year. (Source: Port Authority of New York and New Jersey)
- 3.8 million passengers traveled with international air carriers in July 2011, a 2.2% increase from July 2010. (Source: Port Authority of New York and New Jersey)
- In August 2011 the average daily hotel room rate was \$243 a 7.7% increase from August 2010. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in mid-priced hotels (charging between \$200 and \$275 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in August 2011 was 203.6 million, a decrease of 3.4% from August 2010. In August 2011, subway ridership was 127.8 million, a decrease of 1.2% from August 2010. (Source: Metropolitan Transportation Authority)

2. INVESTMENT INDICATORS

UK Investment Position: Second Quarter 2011

The surplus on direct investment income was £17.1 billion in the second quarter of 2011, an increase of £1.6 billion on the previous quarter. Earnings on direct investment abroad (receipts) were £26.9 billion in the latest period, down from £28.4 billion in the first quarter of 2011. Foreign earnings on direct investment in the UK (payments) fell by £3.0 billion in the latest quarter to £9.8 billion.

Portfolio investment income recorded a deficit of £3.0 billion in the second quarter of 2011, following a deficit of £4.8 billion in the previous quarter. UK earnings on portfolio investment abroad increased by £2.1 billion. Foreign earnings on portfolio investment in the UK increased by £0.3 billion.

The deficit on earnings from other investment increased by £1.2 billion to £4.7 billion in the latest quarter. Earnings on other investment abroad increased by £0.9 billion, but this was more than offset by an increase in earnings of £2.1 billion on other investment in the UK.

The financial account showed a net outflow (i.e. outward investment) of £9.0 billion in the second quarter of 2011 compared with a net outflow of £3.5 billion in the previous quarter. There was net investment abroad

(outflow) of £42.7 billion in the latest quarter, following net investment of £160.1 billion in the first quarter of 2011. The net investment in the UK (inflow) was £33.8 billion in the second quarter of 2011, following an inflow of £156.6 billion in the previous quarter.

Direct investment recorded net outward investment of £23.9 billion in the latest quarter compared with net outward investment of £8.1 billion in the previous quarter. Direct investment abroad fell by £1.0 billion in the latest quarter to £30.1 billion. Direct investment in the UK was £6.1 billion in the second quarter of 2011, a fall of £16.8 billion from the previous quarter.

Portfolio investment recorded a net outflow of £33.3 billion in the second quarter of 2011, down from a net outflow of £54.5 billion in the previous quarter. Portfolio investment abroad was £45.6 billion in the second quarter of 2011, a fall of £0.4 billion from the previous quarter. Portfolio investment in the UK switched to net investment of £12.3 billion in the second quarter of 2011, following net disinvestment of £8.6 billion in the previous quarter.

Financial derivatives showed net settlement payments of £9.0 billion in the second quarter, following payments of £16.4 billion in the previous quarter.

Other investment in the latest quarter recorded net inflows of £41.6 billion compared with net inflows of £45.1 billion in the previous quarter. Other investment abroad recorded a net inflow (disinvestment) of £26.4 billion in the second quarter of 2011, following net outflow (investment) of £97.1 billion in the previous quarter. Other investment in the UK showed a net inflow (investment) of £15.3 billion in the second quarter of 2011, compared with net inflow of £142.2 billion in the previous quarter.

Reserve assets showed net investment of £2.5 billion in the second quarter of 2011, compared with net investment of £2.3 billion in the previous quarter.

The international investment position showed net external liabilities (i.e. liabilities exceed assets) of £115.0 billion at the end of the second quarter of 2011, compared with net external liabilities of £172.9 billion at the end of the previous quarter. UK assets abroad increased by £137.9 billion from the end of the first quarter of 2011 to a level of £9,989.8 billion at the end of the second quarter of 2011. UK liabilities increased by £80.0 billion in the second quarter of 2011 to a level of £10,104.7 billion.

US Investment Position: Second Quarter 2011

In the second quarter of 2011, income receipts on U.S.-owned assets abroad increased to \$191.6 billion from \$178.9 billion. Income payments

on foreign-owned assets in the United States increased to \$128.2 billion from \$124.0 billion.

Net financial inflows were \$25.7 billion in the second quarter of 2011, down from \$156.1 billion in the first.

US- owned assets abroad decreased \$22.9 billion in the second quarter, following an increase of \$334.4 billion in the first. Foreign-owned assets in the United States increased \$2.8 billion in the second quarter, following an increase of \$487.2 billion in the first.

U.S. direct investment abroad was \$134.1 billion in the second quarter, up from \$89.2 billion in the first. Foreign direct investment in the United States was \$47.7 billion in the Second quarter, following investment of \$28.5 billion in the first.

Global Investment Trends

FDI recovery continued in the first half of 2011, but second-half prospects are bleaker, according to the latest edition of UNCTAD (United Nations Conference on Trade and Development)'s Global Investment Trends Monitor.

The UNCTAD Global Investment Trends Monitor No 7 reports a 2% increase in global FDI inflows in the first half of 2011 compared with the previous half, continuing the 5% moderate recovery observed in 2010.

Developing and transition economies continued to account for more than half of global FDI inflows in the first half of 2011. Almost all developing regions saw their FDI rise, driven by increasing flows to large emerging markets (China, India, Brazil, South Africa and the Russian Federation). In contrast, developed economies, as a group, experienced a slight decline in their inflows, with some major host countries - the United States of America, France and Germany - posting declines in the first half of 2011.

UNCTAD's full-year forecast remains cautiously optimistic, projecting FDI flows close to the pre-crisis average, though still remaining some 25% below the 2007 peak.

3. NEW INVESTMENTS

US Investments into the UK

DataXu Opens New Office in London

DataXu, the only multi-channel demand-side platform (DSP) for display, video, and mobile advertisers announced that it has expanded its operations to the European Union; the company has also opened a new

office in London and launched a new data center. Martin Brown will lead DataXu Europe as commercial director. With active sales operations in the United Kingdom, Spain, France, Germany and Italy, DataXu brings to these markets the industry's first and only machine learning-based DSP:

DataXu, 281 Summer Street, 5th Floor, Boston, MA 02210 Tel: 857 244 6200

Fax: 617-426 5971 Website: www.dataxu.com

DataXu, 20 Broadwick St. London W1F8HT Tel: +44 207 183 9424

Genius.com Establishes UK Office

Genius.com announced its international expansion with a new UK office. Mark Donkin will lead the office as Managing Director to further grow Genius' global presence and better serve customers in the UK. Genius helps B2B marketers qualify, identify and connect with their best prospects via powerful, yet easy-to-use automated marketing solutions including lead management, demand generation, nurturing and email marketing.

Genius.com Incorporated, 1400 Fashion Island Boulevard, Suite 510 , San Mateo, CA 94404 Email: info@genius.com Website: www.genius.com

Dell to Establish Data Center in UK

Dell announced it has opened a new 5,000 square foot data center in Slough, Berkshire, The new data center will support Dell's IT outsourcing and cloud computing services across Europe, the Middle East and Africa. Dell plans on building several more data centers around the world to expand its cloud-based services.

Dell Inc, Round Rock, TX 78682 Tel: 512 338 4400 Website: www.dell.com

Dell Corporation Ltd, The Boulevard, Cain Road, Bracknell, RG12 1LF Tel: +44 1344 860 456

Catalent Pharma Solutions Opens a New Lab in UK

Catalent Pharma Solutions announced that it has expanded the geographic reach of their Analytical Development Services business with the opening of a European Development and Clinical Services Laboratory in Swindon, UK. This expansion will enable Catalent Pharma to better meet customer needs in Europe for analytical testing, including clinical and commercial release testing of their products. Catalent provides a broad range of CMC and analytical testing for both small and large molecule drugs. This new laboratory is located within Catalent's Swindon campus.

Catalent Pharma Solutions, 14 Schoolhouse Rd, Somerset, NJ 08873
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Email: info@catalent.com Website: www.catalent.com

Catalent Pharma Solutions, Frankland Road, Blagrove, Swindon,
Wiltshire SN5 8YG
Tel: +44 1793 864000 Email: info@catalent.com

Arch Coal Inc Plans to Open a London Sales Office

Missouri-based coal producer Arch Coal Inc plans to open a London sales office early next year to help boost sales to European customers. The Creve Coeur-based company, which formed an Asia-Pacific business unit earlier this year and opened an office in downtown Singapore, doesn't operate mines outside of the United States. But, the company already sells coal to steelmakers and utilities in Europe, Asia and South America and is looking to further expand shipments to international customers.

Arch Coal, Inc, One CityPlace Dr., Suite 300, St. Louis, MO 63141 Tel:
314 994 2700
Website: www.archcoal.com

UK Investments into the US

Maxus Opens Office in Los Angeles

UK-based media agency company Maxus is Opening an office in Los Angeles, California. Maxus' new Los Angeles office, will primarily service Universal Studios and NBCU's Focus Features division and Video on Demand offering. Pamela Hauptert Sullivan, has been named managing director of the new office. Maxus L.A. will have 20 staffers and will be supported by the agency's New York office, which is expected to add another 20 employees to work on the business.

Maxus, Lacon House, 7th Floor, 84 Theobalds Road, London WC1X
8RW
Tel: +44 207 025 3900, Email: mail@maxusglobal.com Website:
www.maxusglobal.co.uk

Maxus, 498 7th Avenue, New York, NY 10018
Main Contact: Louis Jones Tel: 1 212 297 8300, Email:
louis.jones@maxusglobal.com

ChangeBASE Opens North American HQ

ChangeBASE, the world leader in automated application compatibility testing, remediation and conversion, announced the opening of its North

American headquarters based in the Boston area. The new office will function as the hub of the company's US activity, serving the east and west coasts as well as the Canadian market.

ChangeBASE, New Broad Street House, 35 New Broad Street, London, EC2M 1NH

Tel: +44 207 194 8070 Fax: +44 207 900 2651 Website:

www.changebase.com

ChangeBASE, HQ Faneuil Hall, 8 Faneuil Hall Marketplace, 3rd Floor, Boston, MA 02109

Tel: 1 617 973 6485 Fax: 1 617 973 6406

4. TRADE SHOWS

UK

January 11-14, 2012 - The Educational Technology Show (BETT) - Olympia London

Website: <http://www.bettshow.com>

BETT is the world's largest educational technology event.

For more details on these events, please contact: Stewart Gough, Commercial Specialist

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US

December 6-8, 2011 - Power Gen 2011 -Las Vegas, NV

Website: <http://www.power-gen.com/index.html>

POWER-GEN International is the industry leader in providing comprehensive coverage of trends, technologies and issues facing the generation sector. More than 1,200 companies from all sectors of the industry exhibit each year and more than 19,000 attendees come together at POWER-GEN International for a horizontal look at the industry with key emphasis on new solutions and innovations for the future.

Contact: Claudia Colombo, Commercial Specialist, Tel: +44 20 7894 0443

Email: Claudia.Colombo@trade.gov

January 10-13, 2012 - International CES 2012 -Las Vegas, NV

Website: <http://www.cesweb.org/default.asp>

Produced by the Consumer Electronics Association (CEA), International CES is the world's largest tradeshow for consumer technology. More than

30,000 industry professionals from outside the U.S. attended the 2011 International CES, up 30 percent from the 2010 show setting a new record for the show's 45 year history.

Contact: Andrew Williams, Commercial Specialist Tel: +44 20 7894 0417

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