

Investment News



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December 2011

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1. ECONOMIC INDICATORS

UK

- CPI annual inflation was 5.0% in October, down from 5.2% in September. RPI annual inflation was 5.4%, in October, down from 5.6% in September.
- Production output decreased by 0.7% in September 2011, compared to September 2010. Manufacturing output increased by 2.0% in September 2011, compared to September 2010.
- Services output increased 1.2% in September 2011 compared to September 2010.
- The unemployment rate was 8.3%, up 0.4 on the previous quarter. There were 2.62 million unemployed people, up 129,000 on the quarter. The employment rate for those aged from 16 to 64 was 70.2%, down 0.4 on the quarter. There were 29.07 million people in employment aged 16 and over, down 197,000 on the quarter.
- Total pay (including bonuses) rose by 2.3% on a year earlier, down 0.4 on the three months to August 2011. Regular pay (excluding bonuses) rose by 1.7% on a year earlier, down 0.1 on the three months to August.
- In October 2011, retail sales volumes increased by 0.9% and the value increased by 5.4% compared to October 2010. Compared to September 2011 sales volumes increased by 0.6% and the value increased by 0.7%.

- Public Sector Net Borrowing in October 2011 was £6.5 billion, £1.2 billion lower than in October 2010..
- In the 3 months to September 2011, estimates of international visits fell versus the previous 3 months. Visits to the UK decreased by 3% while visits abroad by UK residents fell 5%. Earnings from visits to the UK fell 2% while expenditure on visits abroad fell by 4%.
- Overseas visits to the UK have risen by 3% in the past 12 months. In contrast, visits abroad by UK residents have remained broadly unchanged in the past 12 months.
- Business investment in seasonally adjusted terms fell by 1.4% when compared with the previous quarter to £30.2 billion.
- The UK's deficit on seasonally adjusted trade in goods and services was £3.9 billion in September. The deficit on trade in goods was £9.8 billion. The surplus on trade in services was estimated at £5.9 billion.

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 growth in output decreased to 1.5% in Q2 2011 from 2.5% in Q1 2011.
- London's annual employment growth increased to 1.0% in Q2 2011 from -0.6% in Q1 2011.
- Annual house price inflation in London was 2.3% in Q3 2011, up from -1.2% 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 October 2011. There were 236,700 unemployment claimants in London in October 2011 compared with a downwardly revised 235,100 in September 2011.
- The Purchasing Managers' Index (PMI) of business activity recorded 50.4 in October 2011 compared to 54.4 in September 2011.
- The PMI for new orders for London firms recorded 52.9 in October 2011 compared to 56.8 in September 2011.
- The PMI for level of employment in London firms was 50.3 in October 2011 compared to 51.0 in September 2011.
- The RICS survey shows a positive net balance of 41 for London house prices over the past three months to October 2011.
- The net house price expectations balance in London was 6 in October 2011.
- For Greater London the consumer confidence score increased to -24 in October 2011 from -27 in September 2011.
- The moving average annual rate of growth in passenger journeys has remained constant at 2.0% from the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 2.0% in the third quarter of 2011. This follows a growth rate of 1.3% in the second quarter of 2011.
- Personal income increased \$48.1 billion, or 0.4%, disposable personal income (DPI) increased \$30.2 billion, or 0.3%, and personal consumption expenditures (PCE) increased \$8.2 billion, or 0.1%. in October 2011.
- The September 2011 international trade deficit fell 4.0%, to \$43.1 billion. Exports rose 1.4%, to \$180.4 billion, and imports increased 0.3%, to \$223.5 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 8,600 in September 2011 after a decrease of 14,400 jobs in August. (Source: New York State Dept. of Labor)
- The unemployment rate remained at 8.7% between August and September. (Source: New York State Dept. of Labor)
- The Manhattan hotel occupancy rate in September 2011 was 90.2%, up from 88.7% in September 2010. (Source: New York State Dept. of Labor)
- Passengers in NYC area airports totalled 9.9 million in August 2011, down 3.6% from August 2010. (Source: New York State Dept. of Labor)
- In October 2011, both the Manhattan Class A direct vacancy rate and average rental rate remained stable, at 8.0% and \$66 PSF, respectively. (Source: Cushman and Wakefield)
- In the same month, the Downtown Class A direct vacancy rate fell to 8.1% and the rental rate remained at \$44 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate in October rose to 1.9% from 1.8% in September. (Source: Cushman and Wakefield)
- For the twelve months ending September 2011: Building projects (including new, additions and alterations) that started construction in NYC increased by 33.5% and infrastructure (non-building) project starts fell by 7.7% from the twelve months ending September 2010. (Source: McGraw Hill Construction)
- Planned space for building project starts rose by 7.4% from the same period in 2010. (Source: McGraw Hill Construction)
- 2,633 residential building projects with 10,749 units of housing started construction, increases of 26.7% and 16.7 % respectively over the period.(McGraw Hill Construction)

- Total Broadway attendance was approximately 898,000 during the four weeks ending October 30, 2011, down 8.6% from the same period last year. (Source: The Broadway League)
- Broadway revenue during this period was about \$83.7 million, up 3.6% from last year. (Source: The Broadway League)
- Domestic air carriers accounted for 6.3 million passengers, a 3.8% decrease from the same month last year. (Source: Port Authority of New York and New Jersey)
- 3.6 million passengers travelled with international air carriers in August 2011, a 3.2% decrease from August 2010. (Source: Port Authority of New York and New Jersey)
- In September 2011, the average daily hotel room rate was \$341, a 6.6% increase from September 2010. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in lowest-priced hotels (charging below \$200 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in September 2011 was 222.1 million, an increase of 0.7% from September 2010. (Source: Metropolitan Transportation Authority)
- Subway ridership in September 2011 was 138.3 million, an increase of 2.7% from September 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'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

Centrify Corporation Opens Office in UK

Centrify Corporation, the leading provider of security and compliance solutions that centrally control, secure and audit access to cross-platform systems and applications using Active Directory, announced that its EMEA business is growing at a record pace, fueled by a local office in UK and a new office recently opened in Germany, and a growing international partner network.

Centrify Corporation, 785 N. Mary Avenue, Suite 200, Sunnyvale, CA 94085 Tel: 408 542 7500 Email: info@centrify.com Website:

www.centrify.com

Centrify EMEA, Lily Hill House, Lily Hill Road, Bracknell, Berkshire RG12 2SJ

Tel: +44 (0) 1344 317950

Eucalyptus Systems Opens EMEA HQ in UK

Eucalyptus Systems, creators of the world's most widely deployed on-premise cloud platform, announced that it has opened a corporate office in London, England to serve as its EMEA headquarters. Paul Holt, has

joined Eucalyptus as vice president of EMEA Sales. With an expanding worldwide presence, Eucalyptus' new London operation is the latest step in the rapid growth of the company, following the launch of its India and China offices earlier this year.

Eucalyptus Systems, Inc. 6755 Hollister Ave, Goleta, CA 93117 Tel: 866 456 3822

Fax: 805 968 1400 Email: info@eucalyptus.com Website: www.eucalyptus.com

Lear to Open New Plant in the UK

Michigan-based car parts supplier Lear Corporation has announced it will create 300 jobs at a new plant near Sunderland in the UK. The plant will manufacture foam for vehicle seats. Lear Corporation is one of the largest automotive interior systems suppliers in the world. Lear is a specialist in the international market for car seat systems. It also makes interior components including floor and acoustic systems, door panels, headliners, and instrument panels.

Lear Corporation, Corporate Headquarters, 21557 Telegraph Road, Southfield, MI 48033

Tel: 248 447 1500 website: www.lear.com

Pall Corporation to Expand UK Plant

Pall Newquay, a UK-based medical product manufacturing subsidiary of the New York-based Pall Corporation, a specialist in the purification, filtration and separation industries, has been awarded £1.4 million convergence funding to expand its operations. It is estimated that the scheme, for Pall Newquay, will cost just under £5 million and will create about 60 jobs at its St Columb site. The company claims more production can now be centralized at St Columb.

Pall Corporation, 25 Harbor Park Drive, Port Washington, NY 1105. Tel: 516 484 5400

Fax: 516-801 9754 Website: www.pall.com

Pall Newquay, Europa House, Havant Street, Portsmouth, Hampshire PO1 3PD

Tel: +44 (0)23 9230 3303 Fax: +44 (0)23 9230 2506 Email:

biosvc@pall.com (Life Sciences) Email: industrialeu@pall.com

Liberty Mutual Opens UK Office

Liberty Mutual Insurance (LMI) is to open an office in Leeds with the aim of boosting growth in the mid-market commercial lines sector. John Dakin has been appointed to manage the establishment of the new office. LMI has also made a number of other new appointments to support its progress in mid-market commercial lines, with seven people in total

joining the company at its Bristol, Manchester and Birmingham offices.

Liberty Mutual Insurance, 175 Berkeley Street, Boston, MA 02116 Tel:
617-357 9500

Website: www.libertymutual.com

Liberty Mutual Insurance, 3rd Floor, 1 Minster Court, Fenchurch Street,
London EC3R 7YE

Tel: 020 7860 6600

MBNA Sets Up Center in UK

Delaware-based credit card company MBNA Corporation, part of the Bank of America, plans to create up to 1000 jobs at a new technology and operations center in the UK city of Chester. The center will be completed by 2013 and support MBNA's global banking and markets and wealth management businesses across Europe, the Middle East and Africa.

MBNA, 1100 North King Street, Wilmington, DE 19884 Website:

www.mbna.com

MBNA Europe Bank Limited, P.O. Box 1004, Chester Business Park,
Wrexham Road, Chester

CH4 9WW Tel: +44 1244 672 111 Website: www.mbna.co.uk

UK Investments into the US

DataSift Opens San Francisco HQ

Social Media Tracker, Datasift, the British company that built its business filtering and sorting through reams of Twitter data in real time, has brought its act to the United States, moving its headquarters to San Francisco.

Datasift, Reading Enterprise, Centre. University of Reading, Earley Gate,
Whiteknights Road,

Earley, Reading, RG6 6BU Tel: +44 (0)84 5643 0673 Email:

uk@datasift.com

Datasift, Founders Den, 665 3rd Street, San Francisco, CA, 94107 Email:

us@datasift.com

Website: www.datasift.com

Eseye Opens US Office

Eseye, an award winning global M2M connectivity service provider and product design consultancy, have announced the opening of their office in Connecticut-New York area, complementing the staff in the UK and European offices.

Eseye Ltd, Surrey Technology Centre, 40 Occam Road, Guildford GU2

7YG

Tel.: +44 (0) 1483 685200 Fax: +44 (0) 1483 685201 Email:

enquiries@eseye.com

Website: www.eseye.com

Obase Expands into North America, Headquarters in Dayton Region

A leading British database management and analytics firm announced its expansion into North America through the formation of a wholly owned American company, Qbase LLC, to be headquartered in Dayton, Ohio, with offices also in Washington, D.C. Both the U.S. and U.K. Qbase firms offer products and services in three key areas: data management to normalize and distribute data; data analysis such as predictive modeling and scoring; and online tools for decision support. Qbase Data Services Ltd., based in Warrington, England, near Manchester, is privately held by founders Anita and Ian Johnstone. Their company currently manages data projects that involve delivery of information to every country in the world, except the United States.

Qbase Data Services, 31-33 Bold Street, Warrington, WA1 1HL Tel: 01925 644 800

Fax: 01925 644 801 Website: www.qbase.net

Qbase LLC, 250 Veronia Drive, Suite 300, Springfield, OH 45505

Website: www.qbase.com

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.

Contact: :Stewart Gough, Commercial Specialist Tel: +44 (0)20 7894 0459 Email: Stewart.Gough@trade.gov

US

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.

Contact: Andrew Williams, Commercial Specialist Tel: +44 (0)20 7894 0417 Email: Andrew.Williams@trade.gov

