

Investment News



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April 2011

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1. ECONOMIC INDICATORS

UK

- GDP growth contracted by 0.5% in the latest quarter, revised from a fall of 0.6% previously published. GDP in the fourth quarter of 2010 is now 1.5% higher than the fourth quarter of 2009.
- CPI annual inflation was 4.4% in February 2011, up from 4.0% in January. In the year to February 2011, RPI annual inflation was 5.5%, up from 5.1% in January.
- Year on year, output of the Service sector for January 2011 rose 2.2% compared with January 2010.
- Year on year, overall production output in January 2011 was 4.4% higher than in January 2010.
- Total manufacturing output increased by 6.8% in January 2011 compared to the same month a year ago.
- Output price annual inflation for all manufactured products rose 5.3% in February 2011. Input price annual inflation rose 14.6% in February compared to a rise of 14.1% in January.
- The employment rate for the three months to January 2011 was 70.5%, down 0.1 on the quarter. The unemployment rate for the three months to January 2011 was 8.0% of the economically active population, up 0.1 on the quarter.
- Average earnings growth including bonuses increased in the year to January 2011, from the December 2010 rate of 1.8% to 2.3% in

January 2011. Growth in average earnings excluding bonuses (regular pay) decreased from the December 2010 rate of 2.3% to 2.2% in January 2011.

- The volume of retail sales in February 2011 increased by 1.3% compared to February 2010.
- The revised business investment estimate for the fourth quarter of 2010 showed no growth when compared with the previous quarter. This compares with a fall of 2.5% in the provisional business investment estimate. Business investment for the fourth quarter of 2010 was estimated to be 12.2% per cent higher than the same period last year.
- Total net investment by insurance companies, pension funds and trusts was provisionally estimated to have been £18.4 billion in the fourth quarter of 2010, £2.2 billion higher than the revised third quarter net investment figure of £16.2 billion.
- In November 2010 to January 2011, the number of visits by overseas residents to the UK fell by 2% when compared with the previous three months. Associated spending by overseas residents on visits to the UK decreased by 2%. Over the same period, the number of visits abroad by UK residents fell by 9%, while associated spending fell by 7%.
- During the 12 months to January 2011, the number of visits by overseas residents to the UK fell by 1% when compared with the 12 months to January 2010, from 29.9 to 29.6 million – a drop of 0.3 million. In the 12-month period to January 2011, the number of visits abroad by UK residents fell by 6% when compared with the 12 months to January 2010, from 58.1 to 54.9 million – a drop of 3.2 million.
- The UK's deficit on trade in goods and services was £3.0 billion in January 2011, compared with a deficit of £5.5 billion in December 2010, (originally published as a deficit of £4.8 billion).
- The UK current account recorded a deficit of £10.5 billion in the fourth quarter of 2010, increased from a revised deficit of £8.7 billion (originally published as a deficit of £9.6 billion) in the previous quarter. The fourth quarter balance is equivalent to -2.9% GDP, compared to -2.4% in the previous quarter.
- UK earnings on investment abroad decreased by £6.5 billion to £39.1 billion. Foreign earnings on investment in the UK fell by £7.6 billion to £28.8 billion.

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

LONDON

- London's annual growth in output increased to 3.5% in Q3 2010 from a downwardly revised 2.3% in Q2 2010.
- London's annual employment growth was -1.4% in Q3 2010

- unchanged from a downwardly revised -1.4% in Q2 2010.
- Annual house price inflation in London decreased to 8.0% in Q4 2010, from 11.9% in Q3 2010.
 - The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.0% in February 2011. There were 214,400 unemployment claimants in London in February 2011 compared with a downwardly revised 214,600 in January 2011.
 - The Purchasing Managers' Index (PMI) of business activity recorded 55.0 in February 2011 compared to 57.5 in January 2011.
 - The PMI for new orders for London firms recorded 54.8 in February 2011 compared to 57.4 in January 2011.
 - The PMI for level of employment in London firms was 50.3 in February 2011 compared to 48.7 in January 2011.
 - The RICS survey shows a positive net balance of 14 for London house prices over the past three months to February 2011.
 - The net house price expectations balance in London was 2 in February 2011.
 - 8.4 million passengers travelled through London's airports in January 2011. The number of passengers using London's airports increased by 3.9% from January 2010 to January 2011.
 - The moving average annual rate of growth in passenger journeys was 2.2%, unchanged from an upwardly revised 2.2% in the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 3.1% in the fourth quarter of 2010. This follows a growth rate of 2.6% in the third quarter. Real GDP grew 2.9% in 2010 overall.
- Corporate profits grew 2.3% in the fourth quarter of 2010 and grew 29.2% in 2010 overall.
- Personal income increased \$57.6 billion, or 0.5%, and disposable personal income (DPI) increased \$48.3 billion, or 0.4%, in October 2010.
- The U.S. current-account deficit decreased to \$113.3 billion, or 3.1% of GDP in the fourth quarter of 2010, down from \$125.5 billion in the third quarter of 2010, or 3.4% of GDP.
- The January 2011 international trade deficit rose 15.1% to \$46.3 billion. Exports increased 2.7% to \$167.7 billion. Imports rose 5.2% to \$214.1 billion.

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

NY

- Private employment rose by 14,500 in April 2010, after an increase of 14,500 jobs in March. (Source: New York State Dept. of Labor)
- The unemployment rate fell to 9.8% in April 2010 from 10.0% in

- March. (Source: New York State Dept. of Labor)
- The Manhattan hotel occupancy rate in April 2010 was 88.5 %, up from 85.9% in April 2009. (Source: New York State Dept. of Labor)
 - The Manhattan Class A office vacancy rate was 8.7% in May 2010, while the average asking rent was \$65 PSF. (Source: New York State Dept. of Labor)
 - Passengers in NYC area airports totaled 8.5 million in March 2010, up 3.8% from March 2009. (Source: New York State Dept. of Labor)
 - In May 2010, the Midtown Class A direct vacancy rate fell to 9.8% from 10.2% while the rental rate fell £1 PSF to \$69 PSF. (Source: Cushman and Wakefield)
 - The Manhattan Class A sublease vacancy rate fell from 3.5% in April to 3.4% in May 2010. (Source: Cushman and Wakefield)
 - For the four months ending April 2010: Building projects (including new, additions and alterations) that started construction in NYC declined by 45.3% and, infrastructure (non-building) project starts increased by 45.4% from the four months ending April 2009. (Source: McGraw Hill Construction)
 - Planned space for building project starts decreased 10.1% from the same period in 2009. (Source: McGraw Hill Construction)
 - 578 residential building projects with 1,506 units of housing started construction, decreases of 28.3% and 59.1% respectively from the previous year. (Source: McGraw Hill Construction)
 - Total Broadway attendance was approximately 1.1 million during the four weeks ending May 30, 2010, a 2.2% increase from the same period last year. Broadway revenue during this period was roughly \$89.4 million, a 14.5 % increase from last year. (Source: The Broadway League)
 - In March 2010, 8.5 million passengers flew into and out of the region's airports, an increase of 3.8% from March 2009. (Source: Port Authority of New York and New Jersey)
 - Domestic air carriers accounted for 5.8 million passengers, up 1.7% from the same month last year. (Source: Port Authority of New York and New Jersey)
 - 2.8 million passengers traveled with international air carriers in March 2010, an 8.5% increase from March 2009. (Source: Port Authority of New York and New Jersey)
 - In April 2010 the average daily hotel room rate was \$243, a 6.4% increase from April 2009. (Source: PKF Consulting)
 - Hotel occupancy was 88.5% in April 2010, up from 85.9% in April 2009. (Source: PKF Consulting)
 - The average daily hotel room rate increased the most in high-priced hotels (charging over \$400 per night). (Source: PKF Consulting)
 - Total ridership on MTA subways, trains and buses in April 2010 was 226.2 million, an increase of 1.5% from April 2009. In April 2010, subway ridership was 137.4 million, an increase of 2.7% from April 2009. (Source: Metropolitan Transportation Authority)

2. INVESTMENT INDICATORS

UK Investment Position: Fourth Quarter 2010

The UK surplus on direct investment income was £16.6 billion in Q4 2010, a fall of £0.3 billion on the previous quarter. UK earnings on direct investment abroad were £18.5 billion in the latest period, down from £25.4 billion in Q3 2010. Foreign earnings on direct investment in the UK fell by £6.6 billion in the latest quarter to £1.9 billion.

Portfolio investment income recorded a deficit of £2.9 billion in Q4 2010, following a deficit of £4.7 billion in the previous quarter. UK earnings on portfolio investment abroad increased by £0.3 billion in Q4 2010, to £11.6 billion. Foreign earnings on portfolio investment in the UK fell by £1.5 billion in the latest quarter, to £14.5 billion.

The deficit on earnings from other investment increased by £0.3 billion to £3.4 billion in the latest period. UK earnings on other investment abroad were £8.6 billion, an increase of 0.3 billion on the previous quarter. Foreign earnings on other investment in the UK were £12.0 billion, an increase of £0.5 billion from the previous quarter.

The financial account showed a net inflow (inward investment) of £16.1 billion in Q4 2010 compared with a net inflow of £3.3 billion in the previous quarter. There was net disinvestment abroad of £88.5 billion in the latest quarter, following net investment of £166.8 billion in Q3 2010. There was net disinvestment in the UK of £72.3 billion in Q4 2010, following net investment of £170.2 billion in the previous quarter.

Direct investment recorded net inward investment of £6.4 billion in the latest quarter compared with net outward investment of £1.7 billion in the previous quarter.

Direct investment abroad switched to net disinvestment of £5.9 billion in Q4 2010, from net investment of £10.1 billion in the previous quarter. Direct investment into the UK showed net investment of £0.5 billion in Q4 2010, £8.0 billion lower than in the previous quarter.

Portfolio investment in Q4 2010 switched to net outflow of £54.3 billion compared with a net inflow of £3.3 billion in the previous quarter.

Portfolio investment abroad recorded net investment of £18.0 billion in Q4 2010, compared with net investment of £76.4 billion in the previous quarter. Portfolio investment in the UK showed disinvestment of £36.2 billion in Q4 2010, following investment of £79.8 billion in Q3.

Other investment in the latest quarter recorded net inflows of £76.9 billion compared with net outflows of £2.2 billion in the previous quarter. Other investment abroad recorded net disinvestment of £113.5 billion in Q4

2010, following net investment of £84.2 billion in Q3. Other investment in the UK showed net disinvestment of £36.6 billion in Q4 2010, compared with net investment of £81.9 billion in Q3.

The international investment position showed net external liabilities of £192.5 billion at the end of the fourth quarter of 2010, compared with net external liabilities of £196.6 billion at the end of the previous quarter. UK assets abroad decreased by £631.2 billion from the end of the third quarter of 2010 to a level of £9,287.5 billion at the end of the fourth quarter. UK liabilities decreased by £635.3 billion over the same period to a level of £9,480.0 billion.

UK Investment Position: 2010

In 2010, there was a direct investment surplus of £58.3 billion, £15.1 billion higher than in the previous year. UK earnings on direct investment abroad increased to £89.2 billion in 2010 from £69.6 billion in 2009. Foreign earnings on direct investment in the UK in 2010 were £30.9 billion, up from £26.4 billion in 2009.

Portfolio investment income showed a deficit of £12.8 billion in 2010, an increase of £7.1 billion on the previous year. UK earnings on portfolio investment abroad fell to £47.3 billion in 2010, compared to £54.6 billion in 2009. Foreign earnings on portfolio investment in the UK fell to £60.1 billion in 2010, compared to £60.3 billion in 2009.

The deficit on other investment decreased from £17.4 billion in 2009 to £13.9 billion in 2010. UK earnings on other investment abroad fell by £11.9 billion in 2010, to £32.7 billion. Foreign earnings on other investment in the UK fell by £15.5 billion to £46.6 billion in 2010.

The financial account in 2010 recorded net inflows (inward investment) of £24.7 billion, compared with a £30.3 billion in the previous year. There was net investment abroad of £313.6 billion in 2010, compared with disinvestment of £167.8 billion in 2009. There was foreign net investment in the UK of £338.3 billion in 2010, compared with net disinvestment of £137.5 billion in the previous year.

Direct investment abroad in 2010 showed investment of £16.0 billion, compared with £28.5 billion in the previous year. Direct Investment in the UK was £27.6 billion in 2010, compared with £45.7 billion in 2009.

In 2010, portfolio investment abroad showed net investment of £76.2 billion, following net investment of £163.3 billion in 2009. In 2010, portfolio investment in the UK showed net investment of £86.5 billion, compared with £195.0 billion in 2009.

Other investment abroad in 2010 saw net investment of £241.0 billion, a switch from a disinvestment of £336.3 billion in 2009. Other investment in the UK showed net Investment of 224.3 billion in 2010, a switch from disinvestment of £378.2 billion in 2009.

US Investment Position: Fourth Quarter 2010

In Q4 2010, income receipts on U.S.-owned assets abroad increased to \$171.3 billion from \$164.7 billion. Income payments on foreign-owned assets in the United States increased to \$130.6 billion from \$121.2 billion.

Net financial inflows were \$32.4 billion in Q4 2010, down from \$137.0 billion in Q3.

U.S. - owned assets abroad increased \$241.2 billion in the fourth quarter, following an increase of \$341.0 in the third. Foreign-owned assets in the United States increased \$273.6 billion in the fourth quarter, following an increase of \$488.8 billion in the third.

U.S. direct investment abroad was \$92.1 billion in the fourth quarter, up from \$78.1 billion in the third quarter. Foreign direct investment in the United States was \$55.8 billion in the fourth quarter, following investment of \$68.9 billion in the third.

US Investment Position: 2010

In 2010, income receipts on U.S.-owned assets abroad increased to \$659.4 billion from \$585.3 billion. Income payments on foreign-owned assets in the United States increased to \$488.0 billion from \$456.0 billion.

Net financial inflows were \$235.3 billion in 2010, up from \$216.1 billion in 2009.

U.S. - owned assets abroad increased \$1,024.7 billion in 2010, following an increase of \$140.5 billion in 2009. Foreign- owned assets in the United States increased \$1,244.8 billion in 2010, following an increase of \$305.7 billion in 2009.

U.S. direct investment abroad was \$345.6 billion in 2010, up from \$268.7 billion in 2009. Foreign direct investment in the United States was \$194.5 billion in 2010, following investment of \$134.7 billion in 2009.

3. NEW INVESTMENTS

US Investments into the UK

Unlimited Priorities Opens UK Office

Unlimited Priorities Corporation has announced its expansion into the European market with the opening of an Oxford office. Howard Stanbury

has been selected as the UK based executive to represent Unlimited Priorities. Unlimited Priorities launched in 2006 having identified a niche market of small to medium-sized information industry businesses needing assistance in a multitude of management areas. Having served the US marketplace successfully, the company now plans to take its focused expertise abroad.

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iris.hanney@unlimitedpriorities.com Website: www.unlimitedpriorities.com

Unlimited Priorities, 29 St. Andrews Road, Oxford OX3 9DL. Tel: +44 1865 764022 Email: howard.stanbury@unlimitedpriorities.com

BlackRock Expands in UK

New York based Investment management firm is expanding its operations in the UK and creating up to 250 jobs at its Edinburgh operation. The company's expansion in the city was given a "real push" by its \$13.5 billion (£8.3bn) acquisition of Barclays Global Investors last year.

Stewart Carracher, head of the Edinburgh office, said most of the new jobs would be in business operations, finance and technology and the company has taken extra space in its Torphichen Street offices. The Edinburgh office now manages about £12.7bn worth of funds among the \$3.6 trillion of assets the firm manages across its 25 locations worldwide.

BlackRock, 55 East 52nd Street, New York, NY 10055. Tel: 212-810 5300 Website: www.blackrock.com

BlackRock, 40 Torphichen Street, Edinburgh EH3 8JB. Tel: 0131 427 7200. Website: www.blackrock.co.uk

Expedia Opens Office in Scotland

Washington-based online travel company Expedia has opened a new office in Edinburgh, Scotland which it hopes will allow it to grow sales in the country by around 40 per cent over the coming year. The new office is the third in the UK for the Bellevue, Washington-based travel giant. According to Expedia's Scottish marketing manager, Irene Roberts, Scotland is the firm's largest market in Britain and Ireland behind Dublin and London. The establishment of an office in Scotland will mean the company can better manage the demand for hotels and flights throughout the country.

Expedia, Inc. 333 108th Ave., NE Bellevue, WA 98004. Tel: 425-679 7200 Fax: 425-679 7240

Expedia.com Ltd, 7 Soho Square, London, W1D 3QB

UK Investments into the US

Intec Printing Solutions Opens New US Office

UK-based Intec Printing Solutions, a printing solutions company, has announced the opening of its new office in the US. The US division, which is registered as Intec Printing Solutions Corporation, is located in Tampa, Florida and is headed up by Michael Sparbeck. This will be Intec Printing Solution's regional office responsible for looking after all business throughout the United States of America.

Intec Printing Solutions, Unit 11B, Dawkins Road Industrial Estate, Hamworthy, Poole Dorset BH15 4JP UK Tel: +44 (0)1202 845 960 Fax: +44 (0)1202 845 961, Email: sales@intecprinters.com Website: www.intecprinters.com

Intec Printing Solutions Corporation, North Tampa Business Centre, 16011 N. Nebraska Ave. Suite 103, Lutz, FL 33549. Tel: 813-994 0908 Email: Michael.Sparbeck@intecprinters.com

Prism Ideas Opens North American Office

Prism Ideas, a leading independent provider of medical communications and drug development consultancy services, announced the opening of its first North American office in Boston, Massachusetts. The new office forms part of Prism's continuous growth strategy and will enable the company to expand its clinical consultancy services, support existing clients based in the US and facilitate the delivery of new therapies to market faster. Prism Ideas' US office will be a centre of excellence for the provision of consultancy services to optimize clinical drug development programs for the pharmaceutical industry. The company's US expansion comes at a time of sustained growth for Prism which also has offices in the UK and Switzerland. Established in 2001, the company provides its clients with a broad range of services from clinical program consultancy and clinical trial support to medical communications.

Prism Ideas, Regent House, Princes Court, Beam Heath Way, Nantwich, Cheshire CW5 6PQ. Tel: +44 (0) 1270 621 724 , Email: contact@prismideas.com Website: www.prismideas.com

Prism ideas, 225 Franklin Street, 26th Floor, Boston, MA 02110. Tel: 617-217 2015

4. TRADE SHOWS

UK

May 10-12, 2011 – Internet World - Earls Court, London

Website: <http://www.internetworld.co.uk/>

"Internet World is Europe's longest running, best attended and biggest annual event for digital marketing and online business."

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May 16-19, 2011 - IFSEC 2011 - NEC Birmingham

Website: <http://www.ifsec.co.uk/>

"IFSEC is the world's leading global annual security event, uniting over 25,000 security professionals with more than 600 world leading companies."

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May 18-19, 2011 - All-Energy Renewable Energy Conference & Exhibition 2011 - Aberdeen AEEC

Website: www.all-energy.co.uk

The All-Energy exhibition and conference is the UK's largest event devoted to renewable energy. It is highly relevant to companies actively involved in all areas of the renewable energy industry - wind (onshore and offshore), wave, tidal, hydro, hydrogen and fuel cells, solar and biofuels.

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May 24-26, 2011 - Sustainability Live 2011 - Birmingham NEC

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

Sustainabilitylive! brings together the successful ET&ES, ICU, NEMEX and IWEX exhibitions. Focusing on the environmental, land remediation, energy and water sectors respectively, the event stages conferences, seminars and networking.

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US

May 10-12, 2011 - Electric Power 2011 - Rosemont, IL (Chicago)

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

"ELECTRIC POWER is the largest coal power conference in the U.S."

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May 21-24, 2011 - National Restaurant Show (NRA) - Chicago, IL

Website: <http://www.restaurant.org/show/index.cfm>

The NRA/Show has been the leading trade show in the restaurant and hospitality industry.

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May 21-25, 2011 - International Pow Wow - San Francisco, CA

Website: <http://www.powwowonline.com/flex/pwol.html>

International Pow Wow, organized by U.S. Travel Association, is the travel industry's premier international marketplace and is the largest generator of Visit USA travel.

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**May 22-25, 2011 - AWEA (American Wind Energy Association)
WINDPOWER Conference & Exhibition 2011 - Anaheim, CA**

Website: <http://www.awea.org/events/>

"As the national trade association for the wind industry, the American Wind Energy Association (AWEA) strives to create and deliver educational events that capture the energy of the rapidly expanding wind market and offer necessary opportunities for organizations to learn and network with fellow wind professionals."

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