

# Investment News



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## October 2009

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## 1. ECONOMIC INDICATORS

### UK

- Gross Domestic Product (GDP) contracted by 0.6% in the second quarter of 2009. This has been revised from a fall of 0.7% in the previous estimate of GDP, due to upward revisions to construction output. GDP is 5.5% lower than the second quarter of 2008.
- Consumer Prices Index (CPI) annual inflation was 1.6% in August, down from 1.8% in July. In the year to August, annual inflation for the Retail Prices Index (RPI) fell by 1.3%, compared with a fall of 1.4% in July.
- Total production output was flat in the latest three month on three month period and fell 10.7% against the same three month period a year ago.
- Manufacturing output increased by 0.2% in the three months to July 2009 compared with the three months to April 2009 and was 11.4% lower against the same three month period a year ago.
- Output price annual inflation for all manufactured products fell 0.4% in August. Input price annual inflation fell 7.5% in August compared to a fall of 12.2% in July.
- The unemployment rate was 7.9% for the three months to July 2009, up 0.7% over the previous quarter and up 2.3% over the year. The number of unemployed people increased by 210,000

over the quarter and by 743,000 over the year, to reach 2.47million. The employment rate for people of working age was 72.5% for the three months to July 2009, down 0.8% from the previous quarter and down 2.1% over the year. The number of people in employment for the three months to July 2009 was 28.89 million, down 271,000 over the quarter and down 600,000 over the year.

- Average earnings including bonuses rose by 1.7% in the year to July 2009, down from the June rate of 2.5%. Average earnings excluding bonuses, or regular pay, rose by 2.2% in the year to July 2009, down from the June rate of 2.4%.
- The volume of retail sales in August was 2.1% higher than in August 2008.
- The public sector showed a deficit on current budget of £12.8 billion in August 2009, compared with a surplus of £7.7 billion in August 2008.
- During May to July 2009, the number of visits by overseas residents to the UK increased 2% to 7.7 million when compared with the previous three months. Associated spending by overseas residents on visits to the UK decreased by 3% to £4.0 billion. Over the same period, the number of visits abroad by UK residents decreased 1% to 14.9 million, while the associated spending decreased by 6% to £7.6 billion.
- During the 12 months to July 2009, the number of visits by overseas residents to the UK, decreased by 9% when compared with the 12 months to July 2008, from 33.1 million to 30.3 million – a drop of 2.9 million. In the 12month period to July 2009, the number of visits abroad by UK residents, decreased by 12% when compared with the 12 months to July 2008, from 70.9 to 63.0 million.
- Business investment for the second quarter of 2009 is estimated to be 10.2% lower than the previous quarter and 21.8% lower than the same period last year.
- The UK's deficit on trade in goods and services was £2.4 billion in July, unchanged from June (originally published as a deficit of £2.2 billion).
- The current account recorded a deficit of £11.4 billion in the second quarter of 2009, up from a deficit of £4.1 billion in the previous quarter. The second quarter deficit is equivalent to -3.3% of Gross Domestic Product (GDP) compared to -1.2% of GDP in the previous quarter.
- UK earnings on investment abroad fell by £9.1 billion to £38.1 billion. Foreign earnings on investment in the UK fell by £3.7 billion to £36.5 billion.

<http://www.statistics.gov.uk/default.asp>

## LONDON

- In the most recent 28-day period (From June 28, 2009 to July 25, 2009), London's Underground and buses had 255.3 million passenger journeys; 173.6 million by bus and 81.7 million by underground.
- The moving average annual rate of growth in passenger journeys decreased to 1.1% from 1.6% in the previous period.
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.4% in August 2009. There were 223,500 unemployment claimants in London in August 2009 compared with an upwardly revised 219,000 in July 2009.
- London's annual growth in output decreased to -3.6% in Q1 2009 from an upwardly revised -0.9% in Q4 2008.
- London's annual employment growth decreased to -0.6% in Q1 2009 from -0.2% in Q4 2008.
- Annual house price inflation in London decreased to -14.4% in Q2 2009 from -14.0% in Q1 2009.
- 12.5 million Passengers traveled through London's airports in August 2009.
- The Synovate Retail Traffic Index of shoppers in London was 83.9 in the first full week of September.
- The Purchasing Managers' Index (PMI) of business activity recorded 54.2 in August 2009 compared to 52.1 in July.
- The PMI Index of new orders for London firms fell to 50.7 in August 2009 from 51.3 in July.
- The RICS survey shows a positive net balance of 43 for London house prices over the past three months to August 2009. This net balance is up from 31 in July 2009.
- For Greater London the consumer confidence score increased to -19 in August 2009 from -23 in July.

## US

- Real gross domestic product (GDP) decreased at an annual rate of 0.7% in the second quarter of 2009. This follows a decrease of 6.4% in the first quarter.
- Personal income increased \$3.8 billion, or less than 0.1%, and disposable personal income (DPI) decreased \$4.6 billion, or less than 0.1% percent, in July.
- The U.S. international trade deficit in goods and services in July 2009 increased 16.3% to \$32.0 billion. Exports rose 2.2% to \$127.6 billion and imports increased 4.7% to \$159.6 billion.
- The U.S. current account deficit decreased to \$98.8 billion (2.8% of GDP) in the second quarter of 2009, down from \$104.5 billion in the first quarter.

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

## NY

- Private employment rose by 13,700 in July, after a decrease of 6,300 jobs in June (Source: New York State Dept. of Labor).
- The unemployment rate rose to 9.6% in July from 9.4% in June (Source: New York State Dept. of Labor).
- The Manhattan hotel occupancy rate in July 2009 was 84.8 % down from 89.3% in July 2008 (Source: New York State Dept. of Labor).
- The Manhattan Class A office vacancy rate was 8.2% in August 2009, while the average asking rent was \$69 per SF (Source: New York State Dept. of Labor).
- Passengers in NYC area airports totaled 9.0 million in June 2009, down 6.4% from June 2008 (Source: New York State Dept. of Labor).
- In August 2009, the Midtown South Class A direct vacancy rate fell to 4.9%, while average direct office rental rate fell to \$51 PSF (Source: Cushman and Wakefield).
- The Manhattan Class A sublease vacancy fell to 3.7% in August 2009 from 4.0% in July (Source: Cushman and Wakefield).
- For the four months ending July 2009: Building projects (including new, additions and alterations) that started construction in NYC declined by 28.2% and, infrastructure (non-building) project starts increased by 56.1% from the four months ending July 2008 (Source: McGraw Hill Construction).
- Planned space for building project starts decreased 70.5% from the same period in 2008 (Source: McGraw Hill Construction).
- 682 residential buildings with 2,171 units of housing started construction, decreases of 49.7% and 85.0% respectively from the previous year (Source: McGraw Hill Construction).
- There were approximately 816,100 Broadway tickets sold during the four weeks ending August 23, 2009, a 10.8% decrease from the same period last year. Broadway revenue during this period was roughly \$75.6 million, a 3.2% increase from last year (Source: The Broadway League).
- In June 2009, domestic air carriers accounted for 6.0 million passengers, down 6.6% from the same month last year (Source: Port Authority of New York and New Jersey).
- 3.0 million passengers traveled with international air carriers in June 2009, a 6.0% drop from June 2008 (Source: Port Authority of New York and New Jersey).
- In July 2009, the average daily hotel room rate was \$198, a 28.1% decrease from July 2008 (Source: PKF Consulting).
- Hotel occupancy was 84.8% in July 2009, down from 89.3 % in July 2008 (Source: PKF Consulting).
- The average daily hotel room rate declined the most in lower-priced hotels charging between \$125 and \$175 per night (Source: PKF Consulting).

- Total ridership on MTA subways, trains and buses in July 2009 was 208.4 million, a decrease of 4.5% from July 2008. In July 2009, subway ridership was 132.6 million, a decrease of 3.8% from July 2008 (Source: Metropolitan Transportation Authority).

## **2. INVESTMENT INDICATORS**

### **UK / US/ Global**

#### **UK Investment Position: Second Quarter 2009**

- The UK surplus on direct investment income was £7.0 billion in Q2 2009; £7.1 billion lower than in the previous quarter. UK earnings on direct investment abroad were £12.7 billion in the latest period, down from £15.8 billion in Q1. In Q2 2009, there were earnings of £5.7 billion on direct investment in the UK, up from £1.7 billion in Q1.
- Portfolio investment income recorded a deficit of near zero in Q2 2009, following a deficit of £1.9 billion in the previous quarter. UK earnings on holdings of foreign securities fell by £0.7 billion in Q2 2009, to £15.0 billion and foreign earnings on portfolio investment in the UK fell by £2.5 billion in the latest quarter, to £15.0 billion.
- The deficit on earnings from other investment increased by £0.2 billion to £5.5 billion in the latest period. UK earnings on other investment abroad were £10.3 billion, a decrease of £5.3 billion on the previous quarter. Foreign earnings on other investment in the UK fell by £5.1 billion, to £15.8 billion.
- The financial account showed a net inflow (inward investment) of £11.2 billion in Q2 2009, compared with a net outflow of £2.1 billion in the previous period. There was net disinvestment abroad of £19.2 billion in the latest quarter, following net disinvestment of £89.0 billion in Q1. There was net disinvestment in the UK of £7.9 billion in Q2 2009, following net disinvestment of £91.0 billion in the previous quarter.
- Direct investment abroad showed net investment of £5.4 billion in Q2 2009, compared to net investment of £13.3 billion in the previous quarter. Direct investment into the UK showed net investment of £1.2 billion in Q2 2009, compared with net investment of £6.8 billion in Q1.

Portfolio investment abroad showed net investment of £34.3 billion in Q2 2009, following net investment of £47.0 billion in Q1 and Portfolio investment in the UK showed net investment of £47.3 billion in Q2 2009, compared with net investment of £111.0 billion in Q1.

Other investment abroad showed net disinvestment of £51.5 billion in Q2 2009, following net disinvestment of £145.7 billion in Q1. Other investment in the UK showed net disinvestment of £56.4 billion in Q2 2009, compared with net disinvestment of £208.8 billion in Q1.

The UK international investment position showed net external assets of £75.6 billion at the end of Q2 2009, compared with net external assets of £168.1 billion at the end of the previous quarter. UK assets abroad decreased by £450.0 billion from the end of the first quarter to a level of £6403.6 billion at the end of Q2 2009. UK liabilities decreased by £357.5 billion over the same period to a level of £6328.0 billion.

### **US Investment Position: Second Quarter 2009**

In Q2 2009, income receipts on US owned assets abroad decreased to \$132.3 billion from \$134.6 billion. Income payments on foreign owned assets in the United States decreased to \$114.1 billion from \$114.5 billion.

Net financial inflows were \$58.3 billion in Q2 2009, up from \$35.4 billion in Q1.

US owned assets abroad decreased \$41.9 billion in Q2 2009, following a decrease of \$94.7 billion in Q1. Foreign owned assets in the United States increased \$16.4 billion in Q2 2009, following a decrease of \$67.8 billion in Q1.

US direct investment abroad increased \$44.9 billion in Q2 2009, following an increase of \$40.3 billion in Q1. Foreign direct investment in the United States increased \$26.1 billion in Q2 2009, following an increase of \$23.9 billion in Q1.

### **World Investment Report 2009**

FDI inflows will fall from about US\$1.7 trillion in 2008 to below \$1.2 trillion in 2009, according to the World Investment Report 2009, published by UNCTAD.

The report predicts that recovery is expected to be slow in 2010, reaching no more than \$1.4 trillion, but gathering momentum in 2011 to approach \$1.8 trillion.

The global economic crisis has changed the FDI landscape, with a surge in the developing and transition economies' share in global FDI flows to 43% in 2008. This change in the pattern of inflows is partly due to the large decline in FDI inflows to developed countries, which in 2008 shrank by 29%, to \$962 billion, compared with their level of the previous year. Even so, the United States remained the world's largest recipient country, followed by France, China, the United Kingdom, and the Russian Federation. The appearance of China and the Russian Federation among the top five recipients is indicative of the changing FDI landscape.

FDI inflows to developing economies rose by 17%, to US\$621 billion, with South, East, South-East Asia and Oceania accounting for roughly half of those flows. Africa recorded the largest percentage increase (27%). Inflows to Latin America and the Caribbean continued to grow (up 13%) as did those to West Asia (up 16%). The least developed countries (LDCs) attracted a record US\$33 billion worth of inward FDI in 2008. The transition economies of South-East Europe and the CIS also posted a new record high, with inflows reaching \$114 billion. But in 2009 FDI flows to all regions will suffer a decline.

FDI outflows from developed countries in 2008 fell less sharply (-17%) than inflows. The United States maintained its position as the largest single source country of FDI, followed by France, while Japan, with a 74%

increase in outward FDI, entered the list of top five investing countries. In general, outflows from developing regions continued to grow, reaching US\$293 billion in 2008, though the performances of individual regions varied. West Asia, on the other hand, reported a substantial decline in outward FDI. Among developing and transition economies, the three largest sources of FDI were Hong Kong (China), the Russian Federation, and China, which ranked among the top 20 investors in the world.

### **3. NEW INVESTMENTS**

#### **US Investments into the UK**

##### **Aster Data Opens European Headquarters in UK**

Aster Data, a proven leader dedicated to providing the best data analytics and management platform for 'Big Data' applications has opened a European office in West London, England. Aster Data is a fast growing company headquartered in Silicon Valley that is focused on revolutionizing data warehousing by providing a massively parallel data warehouse solution which integrates the popular Google innovation, MapReduce. Aster's unique solution enables large volumes of data to be stored and analyzed so businesses can get fast answers to the most complex and data-intensive business questions.

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Aster Data Systems Ltd, Abbey Business Centres, 450 Bath Road, Longford, Heathrow UB7 0EB. Tel: +44 (0) 208 757 8766 Fax: +44 (0) 208 757 8767, Email: [info@asterdata.com](mailto:info@asterdata.com), Website: [www.asterdata.com](http://www.asterdata.com)

##### **GlobalDoc Expands Operations into UK**

Georgia-based translations and communications company GlobalDoc Inc has announced it is expanding its operations into Europe by opening an office in London, UK. GlobalDoc's new office in the UK will enable the US Company to bring proven high quality, cost effective and customer driven service offerings to Europe.

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Telephone: 404-350-6740. Email: [info@globaldoc.com](mailto:info@globaldoc.com)

Website: [www.globaldoc.com](http://www.globaldoc.com)

GlobalDoc (UK) Ltd. Highbridge, Oxford Road, Uxbridge UB8 1HR,  
Telephone: +44 (0) 1895 876 209. Email: [info@globaldoc.com](mailto:info@globaldoc.com)

##### **Zenprise Opens UK Office**

Zenprise, Inc., the leader in automating mobile management announced that it has opened an office in Slough, England to meet growing international demand for its mobile management software. The new office will provide customers with an increased level of local technical and sales support, and serve as a launch pad for accelerating the U.S.-based company's growth as it expands into the UK and Europe.

Zenprise, Inc , Corporate Headquarters, 6120 Stevenson Blvd. Fremont, CA 94538. Tel: 510 979 1705 Fax: 510 979 722, Email: [info@zenprise.com](mailto:info@zenprise.com)  
Website: [www.zenprise.com](http://www.zenprise.com)

Zenprise UK, Abbey House, 19-24 Stoke Road, Slough, Berkshire SL2 5AG. Phone: 0808 101 0934

### **UK Investments into the US**

#### **Econsultancy.com Opens New York Office**

UK-based Econsultancy.com, an online community for digital marketing and e-commerce professionals, has announced the opening of an office in New York. Econsultancy, which is headquartered in London, launches in the US following the success of its award-winning subscription publishing and events business in the UK.

Econsultancy London, 4th Floor, The Corner, 91-93 Farringdon Road, London EC1M 3LN. Tel: Tel: +44 (0)20 7269 1450 Website: [www.econsultancy.com](http://www.econsultancy.com)

Econsultancy New York, 41 East 11th St., 11th Floor, New York, NY 10003. Telephone: 212 -699 3626 Fax: 212-331 1106

### **4. TRADE SHOWS**

#### **UK**

#### **November 9-12, 2009 - World Travel Market - Excel, London**

Website: [www.wtmlondon.com](http://www.wtmlondon.com)

World Travel Market (WTM) is the largest annual travel trade show in the UK and is universally recognized as one of the major travel events in the world.

Contact: Stewart Gough, Commercial Specialist Tel: +44 (0)20 7894 0419  
Email: [Stewart.Gough@mail.doc.gov](mailto:Stewart.Gough@mail.doc.gov)

#### **US**

#### **October 27-29, 2009 - Louisiana Gulf Coast Oil Exposition (LAGCOE) 2009 - Lafayette, LA**

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

The Louisiana Gulf Coast Oil Exposition has been fueling the global quest

for energy for over 55 years.

Contact: Richard Stanbridge, Senior Commercial Specialist Tel: +44 (0)20 7894 0437

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**November 3-6, 2009 - Automotive Aftermarket Industry Week 2009 (AAIW): SEMA Show/AAPEX - Las Vegas, NV**

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

"Meet over 4,000 innovative U.S. and international exhibitors from all parts of the world.

Be a part of the 100,000+ industry professionals who come to Las Vegas every year to exchange ideas and build their businesses. Contact: Sara Jones, Commercial Assistant Tel: +44 (0)20 7894 Email: [Sara.Jones@mail.doc.gov](mailto:Sara.Jones@mail.doc.gov)

**November 4-11, 2009 – American Film Market (AFM) - Santa Monica, CA**

Website: <http://www.ifta-online.org/afm/home.asp>

"Founded in 1981, the American Film Market (AFM) has grown steadily to become the premiere global marketplace where Hollywood's decision-makers and trendsetters all gather under one roof."

Contact: Stewart Gough, Commercial Specialist, Tel: +44 (0)20 7894 0459  
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**November 27 - December 3, 2009 - INTEROP New York 2009 - New York, NY**

Website: [www.interop.com](http://www.interop.com)

" Interop is the only place to see all the latest IT products and services at one time—and identify technologies that will give your organization an edge."

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