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December 2010

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1. ECONOMIC INDICATORS

UK

- Gross Domestic Product (GDP) increased by 0.8% in the third quarter of 2010, unrevised from the previous estimate. GDP in the third quarter of 2010 is now 2.8% higher than the third quarter of 2009.
- CPI annual inflation was 3.2% in October 2010, up from 3.1% in September.
- Year on year, the volume of retail sales in October was 0.1% lower than in October 2009.
- Year on year, output of the Service sector for September 2010 rose 2.5% compared with September 2009.
- The employment rate for those aged from 16 to 64 for the three months to September 2010 was 70.8%, up 0.3 on the quarter. The unemployment rate for the three months to September 2010 was 7.7%, down 0.1 on the quarter.
- Average earnings growth including bonuses increased in the year to September 2010, from the August rate of 1.7% to 2.0% in September 2010. Growth in average earnings excluding bonuses (regular pay) also increased from the August 2010 rate of 2.0% to 2.2% in September 2010.
- Business investment for the third quarter of 2010 is estimated to be 0.2% lower than the previous quarter. Business investment for the third quarter of 2010 is estimated to be 4.6% higher than the same period last year.
- In July 2010 to September 2010, the number of visits by overseas residents to the UK increased by 1% to 7.4 million, when compared with the previous three months. Associated spending by overseas residents on visits to the UK decreased by 3% to £4.1 billion. In July 2010 to September 2010, UK residents' visits

abroad increased by 3% to 14.1 million and UK residents' expenditure abroad increased by 1% to £7.9 billion

- During the 12 months to September 2010, the number of visits by overseas residents to the UK decreased by 1% when compared with the 12 months to September 2009, from 29.9 million to 29.4 million – a drop of 0.5 million. In the 12-month period to September 2010, the number of visits abroad by UK residents decreased by 9% when compared with the 12 months to September 2009, from 60.7 to 55.2 million – a drop of 5.5 million.

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 2.4% in Q2 2010 from an upwardly revised -0.1% in Q1 2010.
- London's annual employment growth increased to 0.3% in Q2 2010 from a downwardly revised -1.8% in Q1 2010.
- Annual house price inflation in London was 5.7% in Q3 2010, down from 11.0% in Q2 2010
- The percentage of the resident working age population who are unemployed and claiming Jobseeker's Allowance in London was 4.0% in October 2010. There were 214,900 unemployment claimants in London in October 2010 compared with a downwardly revised 214,700 in September.
- The Purchasing Managers' Index (PMI) of business activity recorded 54.7 in October 2010 compared to 53.2 in September.
- The PMI for new orders for London firms recorded 53.1 in October 2010 compared to 50.8 in September.
- The PMI for level of employment in London firms was 49.4 in October 2010 compared to 50.2 in September.
- The RICS survey shows a negative net balance of -49 for London house prices over the past three months to October 2010.
- The net house price expectations balance in London was -39 in October 2010.
- For Greater London the consumer confidence score decreased to -17 in October from -13 in September
- The moving average annual rate of growth in passenger journeys increased to 1.4% from 1.3% in the previous period.

US

- Real gross domestic product (GDP) grew at an annual rate of 2.5% in the third quarter of 2010. This follows a 1.7% growth rate in the second quarter.
- 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 increased to \$123.3 billion, or 3.4% of GDP in the second quarter of 2010, up from \$109.2 billion in the first quarter of 2010, or 3.0% of GDP.
- The U.S. international trade deficit in goods and services in September 2010 decreased 5.3%, to \$44.0 billion. Exports grew

0.3%, to \$154.1 billion, and imports declined 1.0%, to \$198.1 billion.

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

NY

- Private employment fell by 17,300 in September 2010, after an increase of 8,700 jobs in August. (Source: New York State Dept. of Labor)
- The unemployment rate fell to 9.3% in September from 9.4% in August 2010. (Source: New York State Dept. of Labor)
- In October 2010, the Manhattan Class A direct vacancy rate fell to 8.9% from 9.0% in September 2010. The average rental rate remained at \$64 PSF. (Source: Cushman and Wakefield)
- In October 2010, the Downtown Class A direct vacancy rate fell to 8.8% and the rental rate remained stable at \$44 PSF. (Source: Cushman and Wakefield)
- The Manhattan Class A sublease vacancy rate rose to 2.8% in October from 2.6% in September. (Source: Cushman and Wakefield)
- For the four months ending September 2010: Building projects (including new, additions and alterations) that started construction in NYC declined by 34.5% and, infrastructure (non-building) project starts fell by 15.5% from the four months ending September 2009. (Source: McGraw Hill Construction)
- Planned space for building project starts decreased 23.4% from the same period in 2009. (Source: McGraw Hill Construction)
- 577 residential building projects with 1,731 units of housing started construction, decreases of 27.5% and 51.6% respectively from the previous year. (Source: McGraw Hill Construction)
- Total Broadway attendance was 981,473 during the four weeks ending October 31, 2010, a 1.4% increase from the same period last year. Broadway revenue during this period was roughly \$80.8 million, a 0.1% increase from last year. (Source: The Broadway League)
- In August 2010, 10.2 million passengers flew into and out of the region's airports, an increase of 0.7% from August 2009. (Source: Port Authority of New York and New Jersey)
- Domestic air carriers accounted for 6.5 million passengers, a 1.1% drop from the same month last year. (Source: Port Authority of New York and New Jersey)
- 3.7 million passengers traveled with international air carriers in August 2010, a 3.9% increase from August 2009. (Source: Port Authority of New York and New Jersey)
- In September 2010 the average daily hotel room rate was \$310, a 13.0% increase from September 2009. (Source: PKF Consulting)
- Hotel occupancy was 88.3% in September 2010, down from 89.0% in September 2009. (Source: PKF Consulting)
- The average daily hotel room rate increased the most in higher-priced hotels (charging between \$325 and \$425 per night). (Source: PKF Consulting)
- Total ridership on MTA subways, trains and buses in September 2010 was 220.5 million, a decrease of 0.2% from September

2009. In September 2010, subway ridership was 134.6 million, an increase of 1.4% from September 2009. (Source: Metropolitan Transportation Authority)

2. INVESTMENT INDICATORS

UK Investment Position: Second Quarter 2010

The UK surplus on direct investment income was £14.9 billion in Q2 2010, up £5.4 billion on the previous quarter. UK earnings on direct investment abroad were £24.0 billion in the latest period, up from £21.5 billion in Q1.

Portfolio investment income recorded a deficit of £1.5 billion in Q2 2010, following a deficit of £3.4 billion in the previous quarter. UK earnings on portfolio investment abroad increased by £1.1 billion in Q2 2010, to £12.8 billion. Foreign earnings on portfolio investment in the UK fell by £0.8 billion in the latest quarter, to £14.3 billion.

The deficit on earnings from other investment increased by £0.9 billion to £4.2 billion in the latest period. UK earnings on other investment abroad were £8.2 billion, an increase of £0.6 billion on the previous quarter. Foreign earnings on other investment in the UK were £12.3 billion, a rise of £1.5 billion from the previous quarter.

The financial account showed a net outflow (outward investment) of £3.8 billion in Q2 2010 compared with a net inflow of £2.1 billion in the previous quarter. There was net investment abroad of £34.5 billion in the latest quarter, following net investment of £161.2 billion in Q1 2010. There was net investment in the UK of £30.7 billion in Q2 2010, following net investment of £163.3 billion in the previous quarter.

Direct investment recorded net outward investment of £12.9 billion in the latest quarter compared with net inward investment of £21.5 billion in the previous quarter.

Direct investment abroad showed net investment of £8.2 billion in Q2 2010, compared with net investment of £5.6 billion in the previous quarter. Direct investment into the UK showed net disinvestment of £4.7 billion in Q2 2010 from net investment of £27.1 billion in the previous quarter.

Portfolio investment in Q2 2010 increased to a net inflow of £34.4 billion compared with a net inflow of £29.8 billion in the previous quarter.

Portfolio investment abroad showed net disinvestment of £29.5 billion in Q2 2010, following net investment of £10.0 billion in the previous quarter. Portfolio investment in the UK showed net investment of £4.9 billion in Q2 2010, compared with net investment of £39.8 billion in Q1.

Other investment in the latest quarter recorded net outward investment of £49.0 billion compared with net outward

investment of £69.2 billion in the previous quarter

Other investment abroad reduced to net investment of £79.4 billion in Q2 2010, following investment of £165.6 billion in Q1. Other investment in the UK fell to £30.5 billion in Q2 2010, compared with £96.4 billion in Q1.

The UK international investment position showed net external liabilities of £201.8 billion at the end of Q2 2010 compared with net external liabilities of £210.6 billion at the end of the previous quarter. UK assets abroad decreased by £116.7 billion from the end of the first quarter of 2010 to a level of £9,222.6 billion at the end of Q2 2010. UK liabilities decreased by £125.6 billion over the same period to a level of £9,424.4 billion.

US Investment Position: Second Quarter 2010

In Q2 2010, Income receipts on U.S.-owned assets abroad increased to \$161.1 billion from \$160.5 billion. Income payments on foreign-owned assets in the United States declined to \$117.8 billion from \$118.3 billion.

Net financial inflows were \$36.6 billion in Q2 2010, up from \$34.7 billion in Q1.

US owned assets abroad increased \$139.1 billion in the second quarter, following an increase of \$301.4 in the first. Foreign-owned assets in the United States increased \$175.6 billion in the second quarter, following an increase of \$320.2 billion in the first.

U.S. direct investment abroad was \$81.5 billion in the second quarter, down from \$102.9 billion in the first quarter. Foreign direct investment in the United States was \$27.2 billion in the second quarter, following investment of \$51.6 billion in the first.

3. NEW INVESTMENTS

US Investments into the UK

Volusion Leads European Expansion with Opening of London Office

California-based e-commerce solutions company Volusion has announced its expansion into the European market with the opening of its regional headquarters in London. Volusion provides ecommerce solutions to over 20,000 online merchants globally, from small businesses to market leaders. David House, Senior Sales Manager at Volusion, will drive the growth and performance of the company's first European sales office, located in London. His responsibilities also include creating strategic partnerships and growing brand awareness for Volusion.

Volusion, Inc, 1736 Erringer Road, Suite 202, Simi Valley, CA 93065-6515 Tel: 805 416 5640 Website: www.volusion.com
Volusion Limited, 1 Lyric Square, London W6 0NB Tel: 0800 520 0301 Email: sales@volusion.co.uk Website: www.volusion.co.uk

Bunting Magnetics Sets Up Operation in UK

US magnet separation company Bunting Magnetics has announced

a new manufacturing and sales operation centre based in Berkhamsted, Hertfordshire, which will be responsible for all sales in the UK, the European Union and the African continent. Bunting acquired Magnet Applications in April 2008, and the new announcement represents an expansion of Magnet Applications' Berkhamsted site, which will also manufacture equipment that is part of Bunting's magnetic separation product line. As well as the UK facility Magnet Applications has another site in Dubois, Pennsylvania, USA. It manufactures and distributes a wide variety of technical bonded magnets and precision magnetic assemblies that typically operate in motors. A new production manager, Simon Ayling, has been appointed in the UK. The Berkhamsted facility now has Bunting products for sale into Europe. When manufacturing starts in the UK, it will focus on Bunting's smaller core products.

Bunting Magnetics, 500 S. Spencer Road, P.O. Box 468, Newton, KS 67114-0468 Tel: 316 284 2020 Fax: 316 283 4975 Email: bmc@buntingmagnetics.com Website: www.buntingmagnetics.com
Magnet Applications Ltd, Northbridge Road, Berkhamsted, Hertfordshire HP4 1EH Tel: +44 (0) 1442 875081 Fax: +44 (0) 1442 875009 Email: sales@magnetuk.com Website: <http://www.magnetuk.com>

DATA Inc. Expands European Operations with New UK Office

To meet the growing demands of its clients in Europe, IT solutions and services provider, DATA Inc. has completed the full acquisition of an office building in Winnersh, Berkshire. The facility will serve as the new headquarters for all of DATA Inc.'s European operations. DATA Inc. will start conducting business from this new office. Future plans follow a similar track to operations in North America. The organization will offer captive technology capabilities in Europe and throughout the globe as an integral part of the DATA Inc.

DATA Inc. 72 Summit Avenue, Montvale, NJ 07645 Tel: 201 802 9800 Fax: 201 802 9808 Email: infonj@dataincusa.com Website: www.datainc.biz

DATA Inc UK Ltd. 200 Brook Drive, Reading, Berkshire RG2 6UB Tel: + 44 (0) 118 925 4200 Fax: + 44 (0) 118 925 4201 Email: infouk@dataincuk.com

DATA Inc UK, 4 Winnersh Fields, Gazelle Close, Winnersh RG41 5QS

AppLabs Expands in UK

AppLabs, the world's largest software testing and quality management company, announced its plans to hire over 100 professionals in the UK during the next 6 months. The hiring plan is backed by the surge in demand for the firm's software testing services in the region and encouraging business prospects for the next year. AppLabs has exceeded its business growth projections in the region consistently over the past two quarters and is experiencing increased demand for its independent software testing services. Also, the company continues to hire for its North America and Asia operations.

AppLabs – USA HQ, 1515 Market Street, Suite 1110, Philadelphia, PA 19102-1905 Tel: 215 569 2020 Fax: 215 569 9956 Email:

info@applabs.com Website: www.applabs.com

AppLabs – Europe HQ, 23 Austin Friars London EC2N 2QP Tel:

+44 (0) 203 178 2943 Fax: +44 (0) 203 178 2944 Email:

info@applabs.com Website: www.applabs.com

Citigroup to Create 500 Jobs in Northern Ireland

The consumer banking arm Citibank of New York–headquartered financial services firm Citigroup has confirmed it is to create 500 jobs, including 440 "high-quality" roles in the technology and operations divisions, over the next five years in Belfast, Northern Ireland. The remainder of the positions will be in the legal and compliance division. The creation of the new posts in Belfast's Titanic quarter will raise the global bank's employee numbers in Belfast to 1,000.

Citigroup, 399 Park Ave, New York, 10022 Tel: 212 559 1000

Website: www.citigroup.com

UK Investments into the US

Vision Capital Opens New York Office

Vision Capital, a London based private equity firm, announced the opening of a New York office. The firm says their new office will enable them to support their American investments more fully and it will contribute to the development of new investment opportunities, while promoting closer relationships with its North American based investors.

Vision Capital LLP, 54 Jermyn Street, London SW1Y 6LX Tel: +44

(0) 20 7389 6410 Fax: +44 (0) 20 7389 6411 Website:

www.visioncapital.com

Vision Capital Americas LLC, 40 West 57th Street, 20th Floor, New York, NY 10019 Tel: 212 231 3917 Fax: 212 593 9796

Mark Group Opens US Headquarters

Mark Group, the Leicester-based installer of domestic energy-saving solutions, has opened new headquarters in North America. The move is expected to create about 300 jobs at the new site in Philadelphia, Pennsylvania. The expansion into America means that the company is now operating on three continents, after opening a base in Sydney, Australia last year. Working out of Philadelphia, the energy-efficiency expert will deliver a national energy-saving program, tailored to the US homeowner market.

Mark Group, 70 Boston Rd, Beaumont Leys, Leicester,

Leicestershire LE4 1AW Tel: 0800 616 302 Website:

www.markgroup.co.uk

4. TRADE SHOWS

UK

January 12-15, 2011 - 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 0419

Email: Stewart.Gough@trade.gov

US

January 6-9, 2011 – International CES 2011 - Las Vegas, NV

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

“The International CES is produced by the Consumer Electronics Association (CEA), the preeminent trade association promoting growth in the consumer technology industry. CEA represents more than 2,200 corporate members involved in the design, development, manufacturing, distribution and integration of consumer electronics products.”

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

January 12-15, 2011 – International Builders' Show - Orlando, FL

Website: <http://www.buildersshow.com/Home/Page.aspx?pageID=1>

The International Builders' Show is the largest annual building industry trade show in the United States.

Contact: Cheryl Withers, Commercial Assistant Tel: +44 (0)20 7894 0471
Email: Cheryl.Withers@trade.gov