

Investment News



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1. **ECONOMIC INDICATORS**

UK

- Gross Domestic Product (GDP) decreased by 0.5% in the third quarter of 2008, compared with a 0.0% movement in the previous quarter.
- Consumer Price Index (CPI) annual inflation was 5.2% in September 2008, up from 4.7% in August. Retail Price Index (RPI) inflation rose to 5% in September, up from 4.8% in August.
- In September 2008, output price annual inflation for all manufactured products fell to 8.5%. Input price annual inflation fell from 28.8% in August to 24.5% in September.
- Manufacturing output decreased by 1.1% in the three months to August 2008 compared with the three months to May.
- Services output fell by 0.3% in the three months to August 2008 compared with the three months to May. This follows a fall of 0.1% in the three months to July.
- Employment rate for people of working age was 74.4% for the three months to August 2008, down 0.4% from the previous quarter and down 0.1% over the year. The number of people in employment for the three months to August 2008 was 29.42 million, down 122,000 over the quarter but up 199,000 over the year. The unemployment rate was 5.7% for the three months to August 2008, up 0.5% over the previous quarter and up 0.4% over the year. The number of unemployed increased by 164,000 over the quarter and by 146,000 over the year, to reach 1.79 million.
- Average earnings, including bonuses, rose by 3.4% in the year to August 2008, down from 3.5% in July. Average earnings, excluding bonuses or regular pay, rose by 3.6% in the year to August 2008, down from 3.7% in July.
- Retail sales volume in the three months July 2008 to September 2008 rose by 0.1% compared with the previous three months.
- The public sector showed a deficit on current budget of £5.9 billion in September 2008, compared with a deficit

of £3.3 billion in September 2007.

- The overall profitability of UK private non-financial corporations in the second quarter of 2008 was 14.4% which was lower than the revised estimate of 14.9% recorded in the previous quarter. The revised annual net rate of return for private non-financial corporations in 2007 was 14.2%.
- Business investment for the second quarter of 2008 is estimated to be 1.2% higher than the same period of last year and 1% lower than the previous quarter.
- Total net investment by insurance companies, pension funds and trusts was provisionally estimated to be £0.9 billion in the second quarter of 2008.
- The number of visits to the UK by overseas residents decreased by 3% to 8.1 million during June to August 2008, when compared with the previous three months. Associated total spending by overseas residents on visits to the UK decreased by 2% to £4.1 billion. Over the same period, the number of visits abroad by UK residents decreased by 1% to 17.5 million when compared with the previous three months. The associated spending increased by 2% to £9.2 billion.
- During the 12 months to August 2008, the number of visits by overseas residents to the UK, increased by 2% when compared with the 12 months to August 2007, from 32.6 million to 33.2 million. In the 12-month period to August 2008, the number of visits abroad by UK residents, increased by 1% compared with the 12 months to August 2007, from 69.5 million to 70.4 million.
- There was a current account deficit of £11 billion in the second quarter of 2008, up from a deficit of £5.5 billion in the previous quarter.
- The UK's deficit on trade in goods and services was £4.7 billion in August 2008, compared with a revised deficit of £4.8 billion in July (originally published as a deficit of £4.6 billion).

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

LONDON

- In the most recent 28-day period (from August 17, 2008 to September 13, 2008), London's Underground and buses had 248.4 million passenger journeys; 167.7 million by bus and 80.7 million by underground.
- The moving average annual rate of growth in passenger journeys decreased to 4% from a downwardly revised 4.2% in the previous period.
- The rate of claimant count unemployment in London was 2.8% in September 2008. There were 142,800 unemployment claimants in London in September 2008, compared with 141,300 in September 2007.
- London's annual growth in output decreased to 3.4% in Q1 2008 from a downwardly revised 3.7% in Q4 2007.
- London's annual employment growth decreased to 0.9% in Q1 2008 from a downwardly revised 1.7% in Q4 2007.
- Annual house price inflation in London was -9.4% in Q3 2008, down from -2.3% in Q2 2008. Annual house price inflation in the UK was -10.3% in Q3 2008, down from -4.0% in Q2 2008.
- 11.5 million passengers traveled through London's airports in September 2008. The number of passengers using London's airports decreased by 4.4% from September 2007 to September 2008.
- The SPSL Retail Traffic Index of shoppers in London was 84.3 in the First full week of October 2008 compared to 88.5 in the previous week.
- The Purchasing Managers' Index (PMI) of business activity recorded 51.1 in September 2008 compared to 51.2 in August.
- The PMI for level of employment in London firms was 45.9 in September 2008 compared to 47.8 in August 2008.
- The net house price expectations balance in London was -60 in September 2008, up from -64 in August. For England and Wales, the net house price expectations balance was -66 in September 2008, up from -69 in August.
- For Greater London the consumer confidence score increased to -25 in September 2008 from -29 in August. For the UK the consumer confidence score increased to -32 in September 2008 from -36 in August.

US

- Real gross domestic product (GDP) increased at an annual rate of 2.8% in the second quarter of 2008. This follows a growth rate of 0.9% in the First quarter.

- Personal income increased \$61.5 billion, or 0.5%, and disposable personal income (DPI) decreased \$93.3 billion, or 0.9%, in August 2008.
- The US Current Account Deficit increased to -\$183.1 billion in the second quarter of 2008, up from -\$175.6 billion in the first quarter.
- The US international trade deficit in goods and services in August 2008 declined 3.5%, to \$59.1 billion. Exports dropped 2%, to \$164.7 billion, and imports fell 2.4%, to \$223.9 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 3,300 jobs in August 2008, after an increase of 8,700 jobs in July (Source: New York State Dept. of Labor).
- The unemployment rate rose to 5.8% in August 2008, from 5% in July (Source: New York State Dept. of Labor).
- The NYC hotel occupancy rate in August 2008 was 92.4%, up from 90% in August 2007 (Source: New York State Dept. of Labor).
- The Direct Class A office vacancy rate was 5.4% in September 2008, while the average asking rent was \$90 per SF (Source: New York State Dept. of Labor).
- Passengers in NYC's airports totaled 10.4 million in July 2008, down 0.2% from July 2007 (Source: New York State Dept. of Labor).
- In September 2008, the Midtown South Class A direct vacancy rate rose to 3.5%, while average direct office rental rate rose \$1 to \$64 PSF (Source: Cushman and Wakefield).
- In September 2008, the Downtown direct vacancy rate fell to 3.5%, while the average rental rate rose to \$64 PSF (Source: Cushman and Wakefield).
- The total Manhattan sublease vacancy rate was 2.3% in September 2008, up from 2.2% in August (Source: Cushman and Wakefield).
- For the four months ending August 2008: Building projects (including new, additions and alterations) that started construction fell by 38.5% and, infrastructure (non-building) project starts increased by 3.4% from the four months ending August 2007 (Source: McGraw Hill Construction).
- Planned space for building project starts fell 51.5% from the same period in 2007 (Source: McGraw Hill Construction).
- 902 residential buildings with 5,266 units of housing started construction, decreases of 39.5% and 41.3% respectively from the previous year.
- Total rider ship on MTA subways, trains and buses in July 2008 was roughly 218 million, an increase of 7.3% from July 2007. In July 2008, bus rider ship was roughly 62 million, an increase of 4.8 % from July 2007 (Source: Metropolitan Transportation Authority).
- In July 2008, 10.4 million passengers flew into and out of the region's airports, a decrease of 0.2% from July 2007 (Source: Port Authority of New York and New Jersey).
- In August 2008, the average daily hotel room rate was \$286, a 7.9% increase from August 2007 (Source: PKF Consulting).
- Hotel occupancy was 92.4% in August 2008, up from 90% in August 2007. (Source: PKF Consulting)
- Broadway attendance during the four weeks ending September 28, 2008, was approximately 766,000, an 8.7% increase from the same period last year. Broadway revenue during this period was roughly \$58.1 million, a 7.6% increase from last year. (Source: The Broadway League)

2. INVESTMENT INDICATORS

UK/US/Global

UK Investment Position: Second Quarter 2008

The UK surplus on direct investment income was £14.4 billion in Q2 2008, down £2.9 billion on the £17.3 billion surplus in the previous quarter. UK earnings on direct investment abroad were £25.1 billion in Q2 2008, up £1.2

billion on Q1 2008. Foreign earnings on direct investment in the UK rose to £10.7 billion, in Q2 2008, compared with earnings of £6.6 billion in Q1 2008.

Portfolio investment income recorded a deficit of £2.4 billion in Q2 2008, compared with a deficit of £1 billion in the previous quarter. UK earnings on holdings of foreign securities fell by £0.6 billion in Q2 2008, to £16 billion and foreign earnings on portfolio investment in the UK increased by £0.8 billion in Q2 2008, to £18.4 billion.

The deficit on earnings from other investment increased by £1.7 billion to £7.5 billion in Q2 2008. UK earnings on other investment abroad were £30 billion, a decrease of £5.1 billion on the previous quarter. Foreign earnings on other investment in the UK fell by £3.4 billion, to £37.5 billion.

The financial account showed a net inflow (inward investment) of £9.1 billion in Q2 2008, compared with a net inflow (inward investment) of £6.5 billion in Q1 2008. There was net disinvestment abroad of £326.1 billion in Q2 2008, following net investment of £291.9 billion in Q1 2008. There was also net disinvestment in the UK of £317 billion in Q2 2008, following net investment of £298.3 billion in Q1 2008.

Direct investment abroad showed net investment of £19.7 billion in Q2 2008, compared to net investment of £18.7 billion in Q1 2008. Direct investment into the UK showed net investment of £23 billion in Q2 2008, compared with net investment of £28.8 billion in Q1 2008.

Portfolio investment abroad showed net disinvestment of £1.6 billion in Q2 2008, following net disinvestment of £22.4 billion in Q1 2008 and Portfolio investment in the UK showed net investment of £94.9 billion in Q2 2008, compared with net investment of £50.7 billion in Q1 2008.

Other investment abroad showed net disinvestment of £333.7 billion in Q2 2008, following net investment of £267 billion in Q1 2008. Other investment in the UK showed net disinvestment of £434.9 billion in Q2 2008, compared with net investment of £218.9 billion in Q1 2008.

The UK international investment position showed net external liabilities of £309.4 billion at the end of Q2 2008 compared with net external liabilities of £361.6 billion at the end of the previous quarter. UK assets abroad decreased by £361.3 billion from the end of the Q1 2008 to a level of £6407.2 billion at the end of Q2 2008. UK liabilities decreased by £413.5 billion over the same period to a level of £6716.6 billion.

US Investment Position: Second Quarter 2008

In Q2 2008, income receipts on US owned assets abroad decreased to \$194.1 billion from \$199.1 billion. Income payments on foreign owned assets in the United States increased to \$165 billion from \$164.1 billion.

Net financial inflows- net acquisitions by foreign residents of assets in the United States less net acquisitions by US residents of assets abroad were \$136.7 billion in Q2 2008, down from \$190.4 billion in Q1 2008. Net acquisitions by foreign residents slowed sharply, and transactions by US residents resulted in a decrease in US owned assets abroad in Q2, following an increase in Q1.

US owned assets abroad decreased \$110.4 billion in Q2 2008, following an increase of \$260.6 billion in Q1. Foreign owned assets in the United States increased \$26.3 billion in Q2 2008, following an increase of \$459 billion in Q1.

US direct investment abroad increased \$65.5 billion in Q2 2008, following an increase of \$89.1 billion in Q1. Foreign direct investment in the United States increased \$93.8 billion in Q2 2008, following an increase of \$80.4 billion in Q1.

World Investment Report 2008

Global foreign direct investment (FDI) inflows rose in 2007 by 30% to reach an all-time high of US\$1,833 billion,

according to the World Investment Report 2008.

The 2007 flows surpassed the previous record set in 2000 by some US\$400 billion, despite the global financial and credit crises which began in the second half of 2007. However, the worldwide slowdown appears to indicate lower FDI activity for 2008.

FDI inflows to developed countries amounted to US\$1,248 billion, 33% more than in 2006. The United States remained the largest recipient country with \$233 billion, followed by the United Kingdom, France, Canada, and the Netherlands. The United Kingdom retained its position as the largest FDI recipient in Europe in 2007 with inflows increasing by 51% to \$224 billion.

FDI inflows to developing countries reached their highest level ever (US\$500 billion) - a 21% increase over 2006. While South Asia, East Asia, South-East Asia, and Oceania accounted for half of all FDI into developing countries, Latin America and the Caribbean recorded the largest increase (36%).

Inflows to West Asia have been growing in recent years and have exceeded those to Africa since 2004. All the same, investment in Africa also reached a historic high. In addition, the least developed countries (LDCs) attracted US\$13 billion worth of FDI in 2007.

FDI outflows from developed countries grew even faster than their inflows. They increased by 56% to the unprecedented level of \$1,692 billion, exceeding inflows by US\$445 billion in 2007. The United States maintained its position as the largest single source country of FDI with \$314 billion (a 42% increase over 2006). FDI outflows from the United Kingdom increased more than threefold compared to 2006, to \$266 billion. France was the third largest source of FDI with \$225 billion, followed by Germany and Spain. Developing countries also continued to gain in importance as sources of FDI, with outflows peaking at US\$ 253 billion, mainly as a result of the outward expansion of Asian TNCs. Among developing and transition economies, the three largest sources of FDI were China, Hong Kong (China), and the Russian Federation.

3. NEW INVESTMENTS

US Investments into the UK

American Century Investments Opens London Office

American Century Investments, a leading privately held asset management firm, announced the launch of its international business and opening of a London sales office. Through the new international enterprise, American Century Investments will focus on delivering its growth strategies to institutions and financial intermediaries.

American Century Investments, 4500 Main Street , Kansas City, MO 64111 . Tel: 001- 816 340 4200

Website: www.americancentury.com

American Century Investments Management (UK) Limited, 10 Upper Bank Street, London E14 5JJ. Michael Green, Senior Vice President of International

ProLink to Open Operations in United Kingdom

ProLink Solutions -- a wholly-owned subsidiary of ProLink Holdings Corp. and the world's leading provider of Global Positioning Satellite ("GPS") golf course management systems and digital out-of-home on-course advertising announces it will open an office in the United Kingdom to serve markets in England, Scotland, Ireland and Wales.

ProLink Solutions, LLC, 7970 South Kyrene Road , Tempe, AZ 85284 . Tel: 001- 480 961 8800 Email:

info@goprolink.com. Website: <http://www.goprolink.com>

Telligent Establishes International HQ

Telligent announced the opening of a new office in London, England. Telligent, an innovative social software and solutions company headquartered in Dallas, recently received US\$20 million in funding from Intel Capital and has started growing its sales team and global reach. Telligent has also expanded its domestic presence in major metropolitan areas and now has account managers on the ground in Chicago, New York City, Seattle, Detroit, and

San Francisco. Telligent is a leader in enterprise-proven solutions for online communities and social networks. Telligent's flagship offering, Community Server, provides a fully-integrated platform that utilizes social media to increase brand engagement.

Telligent, 17950 Preston Rd., Suite 310, Dallas, Texas 75252. Tel: 001-972 407 0688. Website: www.telligent.com

Telligent, 271 Regent Street, London, W1B 2ES. Tel+44 (0) 759 003 0098.

IronKey Opens New European Office

IronKey, maker of the world's most secure flash drive, announced that the company has opened a new European office in the UK as part of its expansion efforts into more worldwide markets. IronKey's rugged, waterproof and tamper-resistant USB memory sticks with cross-platform support and remote policy enforcement enable solutions that can be rapidly deployed in heterogeneous environments with complete control. Featuring always-on military-grade hardware encryption, strong authentication, portable applications and ultra-fast memory, IronKey delivers unique market opportunities for its channel partners and unprecedented mobile data security solutions for customers.

IronKey, 5150 El Camino Real, Los Altos, CA 94022-1542. Tel: 001-650 492 4055 Fax: 001-

650 967 4650 Email: info@ironkey.com Website: <http://www.ironkey.com>.

UK Investments into the US

Csrnetwork Opens US Office

Csrnetwork, the leading corporate responsibility consultancy, has opened its first US office. Their global team of consultants provides leading-edge services in strategic development, benchmarking, communications, performance management, responsible sourcing and stakeholder engagement.

Csrnetwork Limited, 2 Gay Street, Bath BA1 2PH. Tel: 01225 469802 Email: enquiries@csrnetwork.com

Website: www.csrnetwork.com

Csrnetwork Inc, 910 Page Street, San Francisco, CA 94117. Tel: 001- 415 864 3062 Email: todd.cort@csrnetwork.com

UK-based Myconostica To Open HQ in South Carolina

Myconostica, a Manchester, UK-based medical diagnostic company specializing in rapid and highly specific tests for life-threatening fungal infections, will locate its U.S. headquarters to Charleston, South Carolina.

Myconostica Ltd, South Court, Sharston Road, Manchester M22 4SN. Tel: 0161 998 7239 Fax: 0161 902 2496.

Website: www.myconostica.co.uk

Emerald Opens US Office

The UK-based management research publisher, Emerald Group Publishing Limited, has opened a U.S. office in Cambridge, Mass. The company publishes over 700 titles--both books and journals--in addition to its collection of material online. The company's expansion in the U.S. attests both to an influx of American authors and editors working with Emerald, as well as a commitment to the customer-base in the States. Emerald Group Publishing Limited, Howard House, Wagon Lane, Bingley BD16 1WA. Tel: 01274 777700, Fax: 01274 785201 Email:

emerald@emeraldinsight.com Website: www.emeraldinsight.com

4. TRADE SHOWS

UK

December 3-4, 2008 - International Security, National Resilience (ISNR) - Olympia, London

Website: www.isnrlondon.com

International Security National Resilience is the only event that brings together the full International spectrum of homeland security issues under one roof.

Contact: Richard Stanbridge, Senior Commercial Specialist, Tel: 020 7894 0419 Email: Richard.Stanbridge@mail.doc.gov

US

November 18-21, 2008 - IAAPA Attractions Expo 2008 - Orlando, FL

Website: www.iaapaexpo.com

IAAPA ATTRACTIONS EXPO 2008, is the largest show for the amusement and attractions industry. There will be more than 1,100 exhibitors showcasing new products like games and devices, souvenirs, foods and beverages, rides and more.

Contact: Stewart Gough, Commercial Specialist, Tel: 020 7894 0419 Email: Stewart.Gough@mail.doc.gov

November 29-December 4, 2008 - Greater New York Dental Meeting - New York City, NY

Website: www.gnydm.com

The Greater New York Dental Meeting is considered throughout the world as the premier dental meeting in the United States. Drawing upon approximately 1500 technical exhibits and bringing together 2,700 international attendees representing 107 countries, GNYDM showcases the latest technological advances in the art and science of dentistry.

Contact: Richard Stanbridge, Senior Commercial Specialist, Tel: 020 7894 0419 Email: Richard.Stanbridge@mail.doc.gov

December 2-4, 2008 - Power Gen 2008 - Orlando, FL

Website: <http://pgi07.events.pennnet.com/fl//index.cfm>

Join more than 17,000 industry professionals in Orlando at the world's largest power generation event. In just three days, you'll benefit from: expected attendance of more than 17,000 attendees from 76 countries; 1,100 exhibiting companies displaying the latest in products and technologies; expanded networking opportunities to connect you with key buyers and sellers; multi-track conference program covering the most important issues and trends impacting the industry.

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