

BABC Investment News

April 2014

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1. ECONOMIC INDICATORS

UK

- UK Gross Domestic Product (GDP) in volume terms was estimated to be 0.7% in Q4 2013, unrevised from the previously published estimate.
- Consumer Price Index (CPI) annual inflation was 1.7% in February 2014, down from 1.9% in January 2014.
- Employment rate was 72.3% for November 2013 to January 2014, up from 72% for August to October 2013 and from 71.5% the previous year. Unemployment rate was 7.2% for November 2013 to January 2014, down from 7.4% for August to October 2013 and from 7.8% the previous year.
- Pay including bonuses for November 2013 to January 2014 was 1.4% higher than a year earlier, with pay excluding bonuses 1.3% higher.
- UK house prices increased by 6.8% in January 2014 compared with a year earlier, up from 5.5% in December 2013.
- Production output increased by 2.9% in January 2014, compared with January 2013.
- Manufacturing output increased by 3.3% in January 2014, compared with January 2013.

- In the year to February 2014 the output price index for home sales of manufactured products rose 0.5%. In the same period the total input price index fell by 5.7%.
- The Index of Services increased by 3.2% in January 2014 compared with January 2013.
- The seasonally adjusted estimate of construction output in January 2014 is estimated to have risen by 1.8% (£170 million) when compared with December 2013.
- In February 2014, the amount spent in the retail industry increased by 3.5% compared with February 2013 and by 1.3% compared with January 2014. Non-seasonally adjusted data show that the average weekly spend in the retail industry in February 2014 was £6.6 billion compared with £6.3 billion in February 2013 and £6.4 billion in January 2014.
- Public Sector Net Borrowing in February 2014 was £9.3 bn.
- In Q4 2013, business investment rose by an estimated £0.8 billion (2.4%) compared with the previous quarter and is 8.7% higher compared with Q4 2012.
- The UK's deficit on seasonally adjusted trade in goods and services was £2.6 billion in January 2014. The deficit on trade in goods was £9.8 billion. The surplus on trade in services was estimated at £7.2 billion.
- There was a current account deficit of £22.4 billion in Q4 2013, down from a revised deficit of £22.8 billion (originally published as a deficit of £20.7 billion) in Q3 2013. In 2013, the UK's current account deficit was £71.1 billion.
- The number of visits to the UK by overseas residents in January 2014 rose by 8%, when compared to January 2013. During the period November 2013 to January 2014, overseas residents made 1% more visits to the UK than in the corresponding period a year earlier and they spent 12% more on these visits. In the 12 months to January 2014 the number of visits to the UK was 7% higher than a year earlier and earnings grew by 13%.
- The estimated number of visits abroad by UK residents in January 2014 was 3.6 million, which is a rise of 4% when compared to the number of visits abroad in January 2013. During the period November 2013 to January 2014, the number of UK residents' visits abroad increased by 3% when compared with the corresponding period a year earlier, and they spent 1% more on these visits. In the 12 months to January 2014 the number of visits abroad by UK residents grew 2% when compared with a year earlier and expenditure on these visits rose by 6%.

For previously released UK economic indicators visit National Statistics

<http://www.ons.gov.uk/ons/index.html>

LONDON

- London's annual growth in output decreased to 3.2% in Q3 2013 from an upwardly-revised 4.1% in Q2 2013.
- London's annual employment growth remained unchanged at 3.9% in Q3 2013 from an upwardly-revised figure for Q22013.
- Annual house price inflation in London was 12% in Q4 2013, up from 9.2% in Q3 2013.
- The percentage of the resident working age population who are unemployed and claiming Jobseekers' Allowance in London was 2.9% in February 2014. There were 165,300 seasonally adjusted unemployment claimants in London in February 2014 compared to a downwardly-revised 170,300 in January 2014.
- The Purchasing Managers' Index (PMI) of business activity recorded 59.5 in February 2014 compared to 57 in January 2014.

- The PMI for new orders for London firms recorded 60.1 in February 2014 compared to 61.1 in January 2014.
- The PMI for the level of employment in London firms was 56.4 in February 2014, compared to 58.5 in January 2014.
- The RICS survey shows a positive net balance of 47 for London house prices over the three months to February 2014.
- The net house price expectations balance in London was 56 in February 2014.
- For Greater London, the consumer confidence score decreased to -4 in February 2014 from -2 in January 2014.
- In the most recent 28 day period, (from 5 January 2014 to 1 February 2014) London's underground and buses had 284.1 million passenger journeys; 187.1 million by bus and 97 million by Underground.
- The moving average annual rate of growth in passenger journeys increased to 2% from 1.6% in the previous period.

For more information please visit:

<http://www.london.gov.uk/priorities/business-economy/publications/londons-economy-today>

US

- Real gross domestic product (GDP) increased at an annual rate of 2.6% in Q4 2013. For 2013 overall, real GDP grew 1.9%.
- In February 2014, personal income increased \$47.7 billion, or 0.3%, disposable personal income (DPI) increased \$42.3 billion, or 0.3% and personal consumption expenditures (PCE) increased \$30.8 billion, or 0.3%.
- The February 2014 international trade deficit increased 7.7% from January, to \$42.3 billion. Exports decreased 1.1%, to \$190.4 billion, and imports rose 0.4%, to \$232.7 billion.
- The U.S. current account deficit decreased to \$81.1 billion or 1.9% of current-dollar gross domestic product (GDP) in Q4 2013, from \$96.4 billion, or 2.3% of GDP in Q3.
- The U.S. current account deficit decreased to \$379.3 billion or 2.3% of current-dollar GDP in 2013, from \$440.4 billion or 2.7% percent of GDP in 2012.
- Real spending on travel and tourism accelerated in Q4 2013, increasing at an annual rate of 4.2% after increasing 3.1% (revised) in Q3 2013. For the year, real spending on travel and tourism increased 3.6% in 2013 after increasing 2.8% in 2012

For previously released US economic indicators visit US Bureau of Economic Analysis (BEA)

<http://www.bea.gov/index.htm>

NY

- Private employment rose in New York City by 23,200 between December 2013 and January 2014.
- The unemployment rate fell to 7.8% in January 2014 from 8% in December 2013.
- The Manhattan Class A office vacancy rate was 10.1% in February 2014, while the average asking rent was \$70 PSF.
- The Manhattan hotel occupancy rate in January 2014 was 76.8%, down from 77.8 in January

2013.

- Passengers in NYC area airports totaled 9.6 million in December 2013, up 7.8% from December 2012.
- In February 2014, the Manhattan Class A direct vacancy rate fell to 10.1% while the average rental rate remained at \$70 PSF.
- In the same month, the Downtown Class A direct vacancy rate fell to 12.7% and the rental rate remained at \$54 PSF.
- The Manhattan Class A sublease vacancy rate remained at 2% from January to February.
- For the twelve months ending January 2014: Building projects (including new, additions and alterations) that started construction in NYC rose by 3.3%, and infrastructure (non-building) project starts rose by 2.9% from the twelve months ending January 2013.
- Planned space for building project starts rose by 25.6% from the same period in 2013.
- 2,748 residential building project starts began construction, a 9% increase from the twelve months ending in January 2013. These starts contained 23,087 units, an increase of 67.3% from last year.
- In December 2013, 9.6 million passengers flew into and out of the region's airports, an increase of 7.8% from December 2012.
- Domestic air carriers accounted for 6.3 million passengers, a 6.9% increase from December 2012.
- 3.3 million Passengers traveled with international air carriers in December 2013, a 9.4% increase from December 2012.
- Total ridership on MTA subways, trains and buses in January 2014 was 211 million, a decrease of 2.8% from January 2013.
- Subway ridership in January 2014 was 137.1 million, which was essentially unchanged from January 2013.
- Total Broadway attendance was approximately 804,000 during the four weeks ending March 2, 2014, up 9.9% from the same period last year.
- Broadway revenue during this period was about \$78.1 million, up 12.2% from last year.
- In January 2014, the average daily hotel room rate was \$237, an 8% increase from January 2013.
- Hotel occupancy was 76.8% in January 2014, down from 77.8 in January 2013.
- The average daily hotel room rate increased the most in hotels charging between \$265 and \$325 per night.

For more information please visit: <http://www.nycedc.com/resources/economic-data>

Euro Zone

- GDP rose by 0.2% in the euro area in Q4 2013, compared with the previous quarter. In Q3 2013, GDP grew by 0.1%. Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 0.5% in the euro area. Over the whole year 2013, GDP fell by 0.4% in the euro area.
- The Euro area unemployment rate was 11.9% in February 2014. It was 12% in February 2013.
- The euro area annual inflation is expected to be 0.5% in March 2014, down from 0.7% in February.
- In January 2014 compared with December 2013, seasonally adjusted industrial production fell

by 0.2% in the euro area. In January 2014 compared with January 2013, industrial production grew by 2.1% in the euro area.

- In February 2014, compared with January 2014, the industrial producer prices fell by 0.2% in the euro area. In February 2014 compared with February 2013, industrial producer prices decreased by 1.7% in the euro area.
- In January 2014 compared with December 2013, production in the construction sector grew by 1.5% in the euro area. In January 2014, compared with January 2013, production in construction increased by 8.8% in the euro area.
- In February 2014 compared with January 2014, the volume of retail trade rose by 0.4% in the euro area. In February 2014, compared with February 2013, retail trade increased by 0.8% in the euro area.
- House prices, fell by 1.3% in the euro area in Q3 2013, compared with the same quarter of previous year. Compared with Q2 2013, house prices rose by 0.6% in the euro area.
- In Q3 2013, business investment rate was 19% in the euro area, compared with 19.3% in Q22013.
- The first estimate for the euro area trade in goods balance with the rest of the world in January 2014 gave a 0.9 billion euro surplus compared with - 5.4 billion in January 2013.
- The EU28 external current account recorded a surplus of 47.9 billion euro (1.5% of GDP) in Q4 2013, compared with a surplus of 31.8 billion (1% of GDP) in Q3 2013 and with a surplus of 22.9 bn (0.7% of GDP) in W4 2012.
- In Q3 2013, the EU28 made direct investment abroad of 50.9 billion euro, compared with 62.7 billion in Q3 2012, while direct investment from the rest of the world into the EU28 was 30.4 billion, compared with 89.1 billion in the same quarter of 2012. Portfolio investment recorded a net outflow of 58.5 billion compared with a net outflow of 171.6 billion in Q3 2012.

For more information please visit:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

2. INVESTMENT/ECONOMIC INDICATORS

UK Competitiveness Tracker Q4 2013

TheCityUK's latest research shows the competitiveness of financial services in the UK continued to improve in Q4 2013, mirroring the recovery in the wider economy.

- Eleven indicators of financial services activity were up and seven were down during the quarter.
- The recovery was even more evident over the long-term, with thirteen indicators up and only three down over the past 12 months.
- The tracker is likely to see another rise in the first quarter of 2014 as the economy continues to recover.

TheCityUK's **UK Competitiveness Tracker** reviews the movement in a comprehensive range of financial services indicators as well as broader indicators of UK competitiveness that

impact on the UK's position as a leading international financial center.

UK Investment Position: Q4 2013

The financial account showed a net inflow (that is, inward investment) of £23.6 billion in Q4 2013, compared with a net inflow of £33.8 billion in Q3 2013.

Direct investment recorded a net outflow (that is, outward investment) of £16.3 billion in Q4 2013, a switch from a net inflow of £3.5 billion in Q3 2013.

Direct investment abroad switched in Q4 2013 to investment of £25.5 billion from disinvestment of £0.8 billion in Q3 2013. Direct investment in the UK increased by £6.5 billion in Q4 2013 to £9.2 billion.

Portfolio investment recorded a net inflow of £13.2 billion in Q4 2013, a switch from a net outflow of £19.5 billion in Q3 2013.

Portfolio investment abroad showed net investment of £31.6 billion in Q4 2013, following a net investment of £0.9 billion in Q3 2013. Portfolio investment in the UK showed net investment of £44.9 billion in Q4 2013, a switch from net disinvestment of £18.7 billion in Q3 2013.

Other investment in Q4 2013 recorded net inflows of £34.7 billion compared with net outflows of £27.0 billion in Q3 2013.

Other investment abroad recorded net disinvestment of £69.8 billion in Q4 2013, following net disinvestment of £133.4 billion in Q3 2013. Other investment in the UK showed net disinvestment of £35.1 billion in Q4 2013, following net disinvestment of £160.4 billion in Q3 2013.

US Investment Position: Q4 2013

Investment income receipts on U.S.-owned assets abroad increased to \$204.5 billion from \$195.9 billion. Income payments on foreign-owned assets in the United States increased to \$137.8 billion from \$134.6 billion.

U.S.-owned assets abroad increased \$148.6 billion in the Q4 2013 after increasing \$70.8 billion in Q3. Foreign-owned assets in the United States increased \$325 billion in Q4 2013 after increasing \$145.6 billion in Q3.

Outflows of U.S. direct investment abroad were \$87 billion in Q4 2013, down from \$93.2 billion in Q3. Inflows of foreign direct investment in the United States were \$68.1 billion in Q4 2013, up from \$54.3 billion in Q3.

US Investment Position 2013

Investment income receipts on U.S.-owned assets abroad increased to \$782.4 billion from \$770.1

compared to January 2013.

Total Monthly UK Trade with non- EU Member States: Key Points:

Non-EU Exports for January 2014 are £14.5 billion. This is a decrease of £0.3 billion (2.2%) compared to last month, and an increase of £0.4 billion (2.8%) compared to January 2013.

Non-EU Imports for January 2014 are £16.8 billion. This is an increase of £2.2 billion (15.2%) compared to last month, and a decrease of £0.3 billion (1.8%) compared to January 2013.

The UK is a net importer this month, with imports exceeding exports by £2.3 billion. This is an increase of £2.5 billion compared to last month, and a decrease of £0.7 billion (23.3%) compared to January 2013.

5. NEW INVESTMENTS

Spredfast opens office in the UK

Texas-based Spredfast, the leading independent social relationship platform, announced the opening of its first office in the United Kingdom. Currently the company serves customers in more than 20 different countries. Now with a U.K. hub in London, Spredfast will be able to support the increasing demand from international brands and further its global expansion efforts. Oana Neumayer, vice president of EMEA, will lead Spredfast in the U.K. In this new role, Neumayer will be responsible for overall management of Spredfast's U.K. operations including sales and continued growth of the Spredfast community.

Spredfast Corporate Office, 200 W Cesar Chavez, Suite 600, Austin, Texas 78701 website: www.spredfast.com

ShopKeep Launches operations in the UK

New York-based ShopKeep.com Inc, a cloud computing-based point of sale system designed by a retailer, announced it is expanding into Northern Ireland with an office in Belfast. "We are excited to open an office in Belfast, Northern Ireland, which will serve as a launchpad for our expansion into Europe," said Jason Richelson, Founder and CEO, ShopKeep POS. "We are also continuing to expand in the US with a second location opening soon on the west coast which will allow us to extend our customer service hours across multiple time zones." ShopKeep.com has seen significant growth since launching its iPad point of sale app in 2011. The business has tripled every year for three years as small businesses from quick serve restaurants to retail stores continue to adopt tablet and cloud-based point of sale technology.

ShopKeep, 143 Varick Street, New York. NY. Website: www.shopkeep.com

Alpha Natural Resources opens subsidiary office in London

Virginia-based Alpha Natural Resources, a producer of metallurgical and thermal coal, is to open a

subsidiary in London to maximize European market exposure. Nick Ingham, Alpha's vice president of international hedging, sales and marketing, has been tapped to lead the new office. Alpha Natural Resources Inc. is one of the largest diversified coal suppliers in the U.S. With operations in Virginia, West Virginia, Kentucky, Pennsylvania and Wyoming, Alpha supplies met coal for steel and thermal coal for power to customers across five continents.

Alpha Natural Resources, Inc. One Alpha Place, P.O. Box 16429, Bristol, VA 24209. Tel: 276 619 4410
Website: www.alphanr.com

ITC Global opens office in Scotland

ITC Global, a leading provider of satellite communications to remote and harsh environments announced that it has opened new operations in Aberdeen, Scotland expanding its already strong global presence in over 40 countries. The new office, located at 15 Albert Street, Aberdeen will initially be composed of sales and engineering resources, with near term additions of technical support and a service depot for systems operating in the North Sea region. Leading the U.K. office will be industry veteran Richard Elson, as Vice President of Sales & Business Development. The new ITC Global office in the U.K. is part of a larger strategic investment to enhance the company's ability to serve the emerging needs of its clients.

ITC Global – USA, 150 2nd Ave. North, Suite 1100, St. Petersburg, FL 33701. Tel: 727 898 3835 Fax: 727 499 7918 Email: sales@itcglobal.net support@itcglobal.net Website: www.itcglobal.net

ITC Global, Regional Office – Aberdeen, 15 Albert Street, Aberdeen AB25 1XX. Tel: +44 1224 536502
Email: sales@itcglobal.com support@itcglobal.com

UK Investments into the US

NUGEN Audio opens US office

NUGEN Audio, creator of intuitive tools for audio professionals, has opened a new office in New York City and has appointed Simon Kerr as chief marketing officer. Kerr will oversee the company's global marketing strategy and will manage NUGEN Audio's North American office, newly opened in New York City.

NUGEN Audio, Airedale House, 423 Kirkstall Road, Leeds LS4 2EW. Tel: +44 (0) 113 357 2250
Website: www.nugenaudio.com

NUGEN Audio, First Floor, 59–26 Norman St. New York New York NY 11385. Tel: 844 592 1853

Truphone opens US office

UK-based Truphone Ltd, a mobile telecommunications company, has opened an office in San Francisco to serve companies in a range of industries across the entire West Coast, including high-tech, global commerce and finance. The San Francisco office will be led by Regional Director Doug Graybeal, a veteran sales executive who has held high-level regional sales positions in

telecommunications with Clearwire, CenturyLink and T-Mobile.

Truphone Ltd, 4 Lombard Street, London, EC3V 9HD. General Enquiries Tel: +44 020 3002 6565 Fax: +44 020 7961 0880. Email: business.uk@truphone.com Website: www.truphone.com

Dubit opens first US office in Los Angeles

UK-headquartered youth research and marketing strategist Dubit has opened its first US office in Los Angeles, led by Brad Schultz, the former Head of Moshi TV. Leeds-based Dubit's in-house research team helps the firm create kids digital entertainment and games through its direct-to-youth online panels and networks, which track young people's trends, motivations and behaviors. This team also offers a range of services for market sizing, audience profiling, competitor analysis, and usability testing. Schultz joins as Vice President of Brand Strategy, having previously co-founded kids talent network Tryout. In his new role, Schultz is tasked with expanding Dubit's US customer base, which now accounts for more than half the firm's business.

Dubit, The Half Roundhouse, Wellington Road, Leeds West Yorkshire LS12 1DR. Tel: (+44) 113 3947 920 Website: www.dubitlimited.com

Sondrel opens office in the US

Sondrel has announced it has opened a new US office in Silicon Valley. The company has also appointed Richard Lee as Vice-President of Sales, North America. Established in 2002, Sondrel provides semiconductor companies with low risk, silicon designs in advanced and mainstream process technologies.

Sondrel Limited HQ, Sondrel House, Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, Berkshire RG7 4GB. Tel: +44 118 983 8550 Fax: +44 870 458 0742 Email: sales@sondrel.com Website: www.sondrel.com

Sondrel USA - Texas - sales.usa@sondrel.com

5. TRADE SHOWS

UK

April 13-14, 2014 - Natural Products Europe - Olympia London

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

Natural and Organic Products Europe is the largest trade event of its type in the UK. Now in its thirteenth year the show has matured along with the industry into a professional platform where the whole of the natural and organic sector meets every year to create, develop and secure business.

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April 21 - May 1, 2014 - Naidex 2013 -NEC Birmingham

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

Naidex is the UK's number one event for the national homeware and disability market.

Contact: Cheryl Withers, Commercial Assistant Tel: +44 (0)20 7894 0419

Email: Cheryl.Withers@trade.gov

April 29–30, 2014 – Counter Terror Expo UK – Olympia, London

Website: <http://www.counterterrorexpocom/>

“Counter Terror Expo is the critically acclaimed, highly specialised, event for those who are tasked with the demanding and complex role of delivering a robust defence against the threat posed from international terrorism.”

Contact: PJ Menner, Commercial Specialist Tel: +44 (0)20 7894 0470 Email: PJ.Menner@trade.gov

April 29 – May 1, 2014 –Infosecurity Europe 2014 –Earl's Court, London

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

Infosec is Europe's number one information security event and most comprehensive convergence of information security professionals.

Contact: Richard Stanbridge, Senior Commercial Specialist/Head of Industries Team Tel: +44 (0)20 7894 0437 Email: Richard.Stanbridge@trade.gov

May 21–22, 2014 – “All–Energy” Renewable Energy Conference & Exhibition – Aberdeen AEEC

Website: <http://www.all-energy.co.uk/>

The All–Energy exhibition and conference is the UK's largest event devoted to renewable energy. It's 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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Claudia.Colombo@trade.gov

US

May 5–8, 2014 – 2014 Offshore Technology Conference – Houston, TX

Website: <http://www.otcnet.org/>

Founded in 1969, the Offshore Technology Conference is the world's foremost event for the development of offshore resources in the fields of drilling, exploration, production, and environmental protection. OTC is held annually at Reliant Park in Houston.

May 17–20, 2014 – NRA Show 2014 – Chicago, IL

Website: <http://show.restaurant.org/>

Every year, over the course of four days, more than 1,800 suppliers and tens of thousands of buyers come together to make lasting connections that drive business profitability and shape the future of the restaurant, foodservice and hospitality industry.

For more information please visit: <http://export.gov/unitedkingdom/events/ustradeevents/index.asp>

