Arbor Square Associates: Notes on the UK Economy Series
The Climate for Private Equity and Business In General
Eighth Edition August 2013

Traffic Light	Indicator	Q1 2013 data	Q2 2013	Notes
Major Indicators				
	UK GDP growth Q2 2013	0.3% growth	0.6% growth	Although still modest, the rate of growth in the UK economy picked up in the second quarter of 2013. According to the preliminary estimates released by the Office for National Statistics in late July 2013, UK GDP increased to 0.6% - double the rate seen the previous quarter. Although the growth rate is roughly in line with analysts' predictions, the recovery has perhaps been more uniform than had been anticipated, with all major sector groups contributing to the growth in contrast to previous quarters, where either production or construction had acted as a brake to economic recovery. In Q2, all four areas saw modest growth, with services again making the most significant contribution.
	Economic growth forecasts for 2013		2013 Forecasts (July 2013): 0.6%-1.4% growth. Average of 1.0% growth	According to HM Treasury's summary of independent forecasts for the UK economy, sentiment is improving very slowly. Based on 24 independent forecasts received in the first 10 days of July, the average GDP forecast for the UK economy has risen to 1.0% from the 0.9% average in June. The predictions range from a low of 0.6% to a high of 1.4%.
	US GDP growth Q2 2013	1.1% growth	1.7% growth	According to the advance estimate released by the Bureau of Economic Analysis (BEA) at the end of July, US domestic GDP accelerated in the second quarter of the year, rising by 1.7%. This compares with GDP growth of 1.1% in the first three months of the year. The growth was driven primarily by continued rises in domestic consumption, as well as strong exports, and increased investment (in all three classes - non-residential fixed investment, private inventory investment and residential investment). On the negative side, federal government spending fell overall - though by a lesser extent than previously - while imports increased.
	Euro-Area Risk		Double-dip recession ends, though eurozone warned against complacency	The latest figures for Q2 2013 show that the 17 countries of the eurozone showed positive economic growth - albeit modest at 0.3% - ending an 18-month long, double dip recession. Effectively, though, it was the better than expected growth in the two largest Continental economies of Germany and France (0.7% and 0.5% growth respectively) that pulled the group out of recession, and several of the nations are still showing negative numbers. Among these are the relatively important economies of Spain and Italy (-0.1 and -0.2% respectively), as well as the lesser economies of the Netherlands (-0.2%), Ireland (-0.6%), Luxembourg (-1.6%) and Slovenia (-0.7%). Greece still remains a significant problem, with its economy shrinking by 4.6% in the second quarter. Overall, Europe's economic commissioner has warned against complacency given the disparity between economic performance of member states and the very high levels of unemployment seen in some areas. He urged the eurozone to keep up the pace of economic reform and to continue the reining in of debt. Despite this welcome news, the eurozone still expects to see a second full year of falling economic output before sustained growth returns in 2014.
UK Output - Sub-Sector Tends				
	Overall Production	0.3% growth	0.6% growth	After showing negative growth in both Q2 and Q4 of 2012, the UK's index of production turned positive in the first three months of 2013 and has gained pace in the most recent quarter. The latest ONS figures showed that overall production grew by 0.6% in Q2, representing an upward contribution of 0.08 percentage points to the GDP as a whole. Manufacturing contributed the most to the increase, followed by water supply, and only the utilities sub-sector saw any decline. Nevertheless the annualised picture is still negative: between Q2 2012 and Q2 2013 production output decreased by 0.9%, though the latest monthly figures (see below) show a different picture.
	Manufacturing	0.2% decline	0.7% growth	The latest Index of Production from the ONS, published in early August, shows that strong gains in manufacturing output generated by far the largest contribution to the quarterly growth in production. Overall manufacturing grew by 0.7% following a decline of 0.2% in the first three months of 2013. The main drivers of growth in the manufacturing area are in basic pharmaceuticals products & pharmaceuticals preparations, which rose by 8.3%, the manufacture of transport equipment (up by 1.7%) and the manufacture of electrical equipment (up by 4.8%). Partly offsetting these gains were the negative contributions from other manufacturing & repair, which dropped by 1.8%, basic metals & metal products (down by 1.3%) and computer, electronic & optical products (-1.3%). Overall, in contrast to the quarterly production figures above, manufacturing rose by 2.0% between June 2012 and June 2013.
	Construction	1.8% decline	1.4% growth	After showing some positive growth in Q4 2012, following successive quarters of significant contraction, Q1 2013 saw renewed decline in construction output, leaving the sector at its lowest level since the beginning of 2001. However, as the latest ONS estimates show, construction output has once again bounced back in the second quarter, showing growth of 1.4%. This quarterly rise in output was due to a 5.0% increase in the first month of the quarter followed by two months of contraction. In fact, comparing June 2013 with May 2013, construction output showed a fall of 0.7%. And a comparison between the latest Q2 figures with those of the same period a year ago shows a decline of 0.5%. However, on a more positive note, the latest Markit/CIPS construction PMI leapt to 57.0 in July 2013, up from 51.0 in June, on the back of a surge in residential construction. This represents its strongest level since June 2010.
	Services (overall)	0.5% growth	0.6% growth	As mentioned above, the most recent ONS figures show that growth in the UK's services segment made the largest contribution to Q2 2013 GDP growth. In total, these industries increased by 0.6% and contributed almost half of the overall increase in GDP (also 0.6%). The growth in Q2 builds on that seen in the first three months of the year and is based on increases in each of the four main services groupings analysed below. The latest Markit/CIPS services purchasing managers' index, published in early August, showed a strong boost in sentiment, taking the index to its highest level since the end of 2006: the index jumped to 60.2 in July from 56.9 in June - a much more robust growth than had been anticipated.
	Transport Storage & Communication	1.4% growth	0.6% growth	The seasonally-adjusted index for transport, storage & communication (TS&C) from the ONS grew by 0.6% in the second quarter of 2013, following a more robust increase of 1.4% in the previous quarter. The most significant contributions to output in this area came from computer programming and telecommunications. Year-on-year, the TS&C segment has grown strongly, with output increasing by 2.0% between Q2 2012 and Q2 2013.
	Business Services & Finance	0.1% decline	0.5% growth	After showing a marginal decline in the first three months of 2013, output in the financial and business services sub-sector turned positive in Q2, with an overall growth of 0.5%. According to the ONS, architectural and engineering activities made the most significant positive contributions to the increase. In annualised terms, business services & finance output increased by 1.5% between the second quarters of 2012 and 2013.
	Distribution, Hotels and Restaurants	1.2% growth	1.5% growth	The index for distribution, hotels & restaurants continues to outperform the other services components, with growth in the second quarter rising to 1.5% from 1.2% in the preceding three months. The largest contributions to the increase were from wholesale trade and motor trades. In annualised terms, output in this area rose by 4.0% between Q2 2012 and Q2 2013, though the changes to the schedule for bank holidays that came about in 2012 around the time of the Diamond Jubilee mean that direct comparisons are less reliable.
	Government and Other Services	0.4% growth	0.1% growth	According to the ONS, growth in the government and other services segment slowed in the second quarter to 0.1% - down from 0.4% in the previous period. Human health activities was the sub-sector which made the largest positive contribution to the increase. Between the second quarter of 2012 and Q2 2013, output in government and other services rose by 1.6%.

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Macro Indicators				
	UK Retail Sales		Latest 3-month comparisons (May to July versus February to April 2013): 2.1% growth (value) 1.8% growth (volume)	The latest retail sales figures from the ONS continue to show an improving picture for the UK retail environment. The figures for July show a growth in volume and value of retail sales of 1.1% and 1.4% respectively over the figures for June. In quarterly terms, the volume and value growth is 1.8% and 2.1% respectively (May to July, versus February to April 2013). Meanwhile, in comparison to July 2012, retail sales have grown 3.0% in volume and 4.9% in value, with the majority of the growth experienced in the first half of 2013. In the July figures, all the main sectors (food, non-food, non-store retailing and petrol) contributed to the volume increase, with sales in the food and non-store retailing sectors giving the biggest boost. Feedback from the large retail multiples suggests that the good weather conditions experienced throughout much of the summer have had a positive influence across a wide range of products from food and beverages to clothing and outdoor items.
	UK Consumer Confidence	-27 (April 2013)	-16 (July 2013)	According to data from GfK NOP (UK), the index of consumer confidence in the UK has improved rapidly in recent months, rising from a low of -27 in Spring to -16 in July, the highest point seen in three years. This sharp upwards track included a 5-point rise in the last month alone and an 11-point rise in the last three months. In all, four of the five measures that form the index saw an improvement, with only the Major Purchase index seeing any deterioration (falling by just one point). The consumer confidence index reached its all-time low (-39) in July 2008.
	UK CPI inflation	Year to April 2013: 2.4%	Year to July 2013: 2.8%	The latest figures from the ONS show that the CPI measure of inflation has eased marginally; in the 12 months to July 2013, the CPI inflation stood at 2.8%, down one decimal point from the figure published for the 12 months to June. Although the current inflation rate sits marginally above both the 2012 and 2013 YTD averages (2.6% and 2.7% respectively, it remains well below the 5%+ levels seen in late 2011. The marginal fall in the latest percentage rate came mainly as a result of the easing of air fares, as well as price drops in the recreational & cultural sectors, and clothing & footwear sectors. Price rises at the fuel pumps partly offset these falls. The other main measures of inflation also saw some modest downward movement, with RPI falling from 3.3% to 3.1%.
	UK interest rates	0.50%	0.50%	At the most recent meeting of the Bank of England's Monetary Policy Committee, the new Governor invited the Committee to vote on the proposition that, subject to certain conditions, the Bank Rate should not be raised from its current level of 0.5% until the Labour Force Survey (LFS) headline measure of the unemployment rate has fallen to a threshold of 7%. The Committee voted eight to one in favour of the motion. The Committee also voted unanimously to maintain the stock of asset purchases financed by the issuance of central bank reserves at £375bn.
	UK net debt	£1,118.1bn (Apr-Jun 2012)	£1,202.8bn (Apr-Jun 2013)	Despite an improving picture across much of the economy, the UK's net debt remains at very high levels as a proportion of GDP. According to the latest ONS figures, the UK's public sector net debt for the year to date (April to June 2013) stood at £1,202.8bn at the end of June, equivalent to 74.9% GDP. At the same point last year the figure (excluding the temporary effects of financial interventions, such as bank bailouts) stood at £1,118.1bn, or 71.6% of GDP.
	UK Net Borrowing	£35.9bn (Apr-June 2012)	£35.9bn (Apr-June 2013)	Excluding the temporary effects of financial interventions and the effects of the transfer of the Royal Mail Pension Plan, the UK's public sector net borrowing figure stood at £12.4bn in June 2013, some £500m higher than the same point in 2012. On the financial year basis, public sector net borrowing in the period April to June 2013 stood at £35.9bn - exactly the same as it was in the same period the year before.
	UK Current Public Sector Budget Deficit	£32.4bn (Apr-June 2012)	£32.0bn (Apr-June 2013)	The most recent ONS figures show little real change in the budget deficit. Excluding the temporary effects of financial interventions, the deficit stood at £10.9bn in June 2013, which compares with a deficit of £10.6bn in the same month last year. In YTD terms, the deficit stands at £32bn for April to June 2013, versus £32.4bn in the same period of 2012.
	Central government current receipts (ONS)	£125.0bn (Apr-June 2012)	£140.9bn (Apr-June 2013)	Central government receipts for June 2013 were £46.0bn, some £5.1bn (or 12.5%) higher than the same month in 2012. Similarly, for the fiscal year to date, central government current receipts stood at £140.9bn in June, some £15.9bn or 12.7% above the April-June figure for the previous fiscal year, boosted by £11.7 billion of dividends from the Bank of England Asset Purchase Facility Fund (BEAPFF). If the effects of the special transactions are stripped from both years, central government accrued current receipts for the period April 2013 to June 2013 would be up by £6.5bn (5.3%) over the previous year.
UK Banking Environment				
	UK Banking Resilience (Bank of England Stability Report)		Further measures to build capital adequacy and improve transparency in a market still overshadowed by risk.	The Financial Policy Committee (FPC) met most recently in June 2013. Despite an improvement across the financial system over much of the period since the previous FPC meeting, more recent fears surrounding a weak and patchy global recovery, as well as concerns about operational risk (including the threat of cyber attacks), have led to volatility in the financial markets. Given these fears, the FPC has made a number of new recommendations to bolster existing programmes aimed at improving the capital adequacy ratios in the UK's banking sector. Among these, it proposes measures to assess the vulnerability of borrowers and financial institutions to sharp upward movements in long-term interest rates and credit spreads. It also proposes stricter assessments of liquidity coverage, as well as greater consistency and comparability of Pillar 3 disclosure.
	UK Gross bank lending		Continuing contraction in lending to UK businesses, but growth in consumer credit and mortgages.	The latest data from the Bank of England's Trends in Lending report, released in July 2013, continues to show a somewhat mixed picture. Once again the report showed a contraction in overall lending to UK businesses - on this occasion by some £4.5bn in the three months to May, despite a positive flow of capital in March. Again, the overall picture is reflected across the corporate landscape, with lending to both SME businesses and large companies contracting. In part, this has been driven by lower levels of syndicated lending in a quiet M&A environment. On the other hand, bond issuance - a feature only relevant to larger businesses - was positive in Q1. Also on a more positive note, lending both to consumers and to mortgage borrowers were both positive in the three months to May 2013. As far as mortgages are concerned, the growth in lending has been modest, though the increase in consumer credit is much stronger - over 3% - due in part to increases in car finance.
	UK Loan pricing		Increasing supply and demand	According to the latest Credit Conditions Survey from the Bank of England, released in July 2013, lending conditions continue to improve for both domestic and corporate customers. On the supply side, the availability of both secured and unsecured credit to households increased in the three months to May 2013 and are expected to increase further in Q3 (significantly so in the case of unsecured credit). The availability of credit to the corporate sector is also reported to have increased in the three months to May, though lenders expect little change in Q3. On the demand side, lenders reported a significant increase in demand for mortgage products, as well as increased demand for credit across all sizes of corporates. However, a fall in demand for credit card lending contributed to lower demand overall for unsecured lending. Overall, spreads on secured lending to household fell significantly for the third consecutive quarter and are expected to fall significantly further in Q3. Meanwhile spreads on unsecured lending remained broadly unchanged, while spreads on corporate lending varied according to size, with spreads only falling for the larger businesses.
	UK Bond issuance		Comparatively strong liquidity	According to the Bank of England's latest Asset Purchase Facility Report, covering the second quarter of 2013, conditions in the UK bond market continue to show signs of improvement. During Q2 nominal gilt yields rose by an average of 50bps across the yield curve. This increase was in line with other rises in sovereign bond yields across a number of other developed markets. Sterling investment-grade non-financial corporate bond spreads narrowed slightly over the second quarter, with initial falls in spreads partially offset later in the quarter. Overall, although gross bond issuance fell compared to the second quarter of 2012, it remains comparatively strong versus the levels seen in recent years.

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Corporate Level: Investment, Trade and Employment				
	Deloitte UK CFO Survey (Q2 2013)		Appetite for risk increases as expansionary strategies return	The most recent edition of Deloitte's CFO survey, released in July 2013, shows a sharp increase in appetite for risk in the larger corporate sector as companies look to put defensive strategies behind them in favour of more aggressive growth policies. Despite the survey having been conducted at a time of significant uncertainty in financial markets, with concerns about the removal of QE policies in the US and slowing growth in China, the results of the survey showed that CFO optimism had risen for the fourth consecutive quarter and is at the highest level seen in the last three years. In all, 45% of the CFOs surveyed stated that now is a good time to take risk on to balance sheets, and credit is seen as being as cheap and as available as it has been at any point in the last six years. What's more, this optimism should translate into positive trends in the job market, with expectations that hiring will increase. It is also important to note that the positive tone is not just driven by businesses with an international outlook: companies deriving 70% or more of their revenues from the domestic market have become more expansion-focused too.
	UK Business Investment (ONS)	£29.6bn (Q4 2012)	£29.2bn (Q1 2013 Revised)	The most recent figures from the ONS on business investment (Q1 2013 revisions, published in June 2013) show that the seasonally-adjusted business investment totals fell in Q1 - albeit modestly. In all, total business investment for Q1 fell by £352m - 1.2% - to £29.2bn. Compared with the same quarter of 2012, business investment was down by 5.5%.
	UK Trade Position	£1.8bn deficit (Apr 2013)	£1.5bn deficit (Jun 2013)	The latest ONS figures, covering up to the end of June 2013, showed that the UK's deficit on seasonally-adjusted trade in goods and services improved significantly in June after having deteriorated in May. Overall, the latest figure for the balance of trade shows a deficit of £1.5bn, down from £2.6bn in May and £3.3bn in June of 2012. The improvement in the trade position in June was driven by two main factors: the balance of trade in goods with non-EU nations improved significantly from a deficit of £4bn to one of just £2.4bn, although this was partly offset by a slight increase in the deficit in goods trade with EU states; secondly the balance of trade in services increased from £6.1bn in May to £6.5bn.
	FTSE 100	6.4% rise	2.6% fall	Despite the persistent concerns about economic performance in both emerging markets - especially China - and in the eurozone, the FTSE 100 index has had a strong first half of the year in 2013. Starting the year at just over the 6,000 point mark, the index rose consistently throughout the first quarter to finish March at 6,412 - a growth of 6.4% and not far short of the Q1 peak of 6,529. In Q2, after early falls the market once again rose sharply, climbing almost 10% in a little over a month from mid-April to a peak of 6,840. However, the index then slumped almost 11% in less than a month on the news that the Federal Reserve in the US was to curtail quantitative easing later in 2013. Since late June, though, the index has recovered based on stronger economic stats coming out of the US market and on a gradually improving picture closer to home.
	UK Unemployment - % (ONS)	7.8% (Jan-Mar 2013)	7.8% (Apr-Jun 2013)	The UK's unemployment rate was relatively stable in 2013, with only small falls in the number of jobless. The latest figures from the ONS showed that in the second quarter the number of those out of work fell by around 4,000 to 2.51m. This equates to 7.8% of the population - unchanged from the figure in the first quarter and still well above the 7% figure targeted by the Bank of England. Compared with the same period last year, the Q2 figures are more positive, representing a fall of almost 50,000 in the number of unemployed. Interestingly, the latest quarter saw the number of men without work rise by 15,000 while the number of women out of work fell by 19,000. Overall, the UK's unemployment rate compares favourably with the eurozone and EU averages (12.1% and 10.9% respectively), which are significantly impacted by heavy unemployment in countries like Spain (26.3%), Greece (26.9%) and Portugal (17.5%). Furthermore, the number of people in work is also growing in the UK: the number of people aged 16 and over that were in work in the second quarter of 2013 stood at 29.78m, an increase of 69,000 over Q1 and of 301,000 over Q2 2012.
	UK Job Creation - CIPD quarterly Labour Market Outlook	Net Employment Measure: +9	Net Employment Measure: +14	Based on a survey of over 1,000 UK HR professionals, the Summer CIPD Labour Market Outlook survey, issued in August 2013, revealed that the employment growth seen over the last 18 months or so is expected to continue into the third quarter of 2013. The report's 'net employment measure', which tracks the proportional difference between employers that intend to increase their workforce during the upcoming quarter and those that intend to do the opposite, projected employment growth for the sixth successive quarter; the measure rose to +14 from +9 in the Spring release. As would be expected, the private sector leads the way in terms of employment creation, with a net employment balance that continues to rise (to +26 from +21 in Spring). Public sector employers are still clearly more likely to be shedding jobs than creating them, though the net employment measure here (-25) has improved significantly since the Spring report (-31). Looking ahead, wage acceleration is expected to be modest, with the mean anticipated rise among those expected to conduct pay reviews before February 2014 standing at 1.7%, unchanged from the last report.
	UK Job Creation - Antal Global Snapshot		50% of UK firms hiring (Q2 2013)	The latest edition of the Antal Global Snapshot, which tracks hiring and firing trends in the world's most important developed and emerging economies, was issued in June 2013 and is based on data from some 10,000 organisations in 47 countries. According to the report, the UK market for managerial or professional level jobs improved in the latest period, with 50% of respondents currently hiring and 53% planning to hire in the coming quarter. On a less positive note, the number of respondents currently shedding staff is clearly above the European average, though the outlook for the coming quarter is for this to slow. In terms of the sectors currently hiring, manufacturing clearly leads the way as the country's economy begins to tick over more quickly: 73% of respondents in this area are currently hiring. Meanwhile, 57% of respondents in the tech/software sector expect to be firing in the next quarter.
	ICAEW UK Business Confidence Monitor (BCM)	+16.7 (May 2013)	+24.0 (Jul 2013)	The latest ICAEW/Grant Thornton UK Business Confidence Monitor (Q3 2013, released in July) shows that business confidence has risen in four successive quarters to reach its highest level since the second quarter of 2010. In Q3 2013, the confidence index stood at +24.0, up from +16.7 in the previous report and from +1.1 at the same point in 2012. The confidence index equates to a predicted GDP growth of +1.0% for the third quarter as a whole. Overall, respondents are positive about the prospects for growth in both turnover and profitability, with forecast increases of 4.9% and 4.6% respectively, while domestic sales growth is forecast to exceed that related to exports (anticipated growth of 4.3% versus 4.1% respectively). They are also expecting to increase staff numbers by an average of 1.6% over the coming year, with an anticipated wage bill increase of 1.8% (in line with the CIPD figures above). In sector terms, confidence has either risen or stayed stable almost across the board, with the most confidence being seen in the construction and IT sectors. Business services and retail also saw comparatively high gains in confidence quarter on quarter.

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Private Equity Data				
	Unquote" Barometer - UK/European Private Equity Buyout Figures	92 buyouts worth €8.7bn (Europe)	94 buyouts worth €23.7bn (Europe)	Although deal volumes remain at historically low volumes - less than 100 in each of the last two quarters - the improvement in debt and bond markets at the upper end of the scale across Europe has heralded the return of larger deals. This means that the 94 deals completed in the second quarter of 2013 weigh in at a combined €23.7bn - almost three times the value of the deals in Q1 and the highest single quarter value for several years. In all, five deals completed between April and June were valued at over €1bn, with Germany home to the three largest (Springer Science, Ista International and Ceramtec), which had a combined value of €7.9bn. Although these three deals mean that German-speaking regions easily generated the lion's share of the market by value, the UK remained the most active market in volume terms with 35 buyouts completed - up from 27 in the first quarter of the year.
	CMBOR - UK Buyout Figures	117 UK buyouts worth £8.6bn (H1 2012)	81 UK buyouts worth £6.0bn (H1 2013)	The latest figures from the Centre for Management Buyout Research (CMBOR), which collects information on buyouts irrespective of whether they were private equity funded or not, show that the UK buyout market remains subdued, with both numbers and values down in the first half of 2013, versus the same six months of 2012. In total, CMBOR recorded 81 buyouts worth £6.0bn in the first six months of 2013, down from 117 deals worth £8.6bn in H1 2012. However, on a more positive note, the exit market in the UK continues to accelerate thanks in part to the reappearance of IPOs involving PE-backed companies (3 in Q1 and 1 in Q2) and the growing potential for private equity houses to realise some liquidity via refinancing events as the debt markets slowly thaw. CMBOR has recorded £8.0bn of exits in the first half of this year, compared with £5.8bn in H1 2012. The largest exit seen in 2013 to date came in the IPO of Partnership Assurance, which was listed in June with a market capitalisation of over £1.5bn.
	Dow Jones - UK Venture Capital Investment		UK falls behind Continental markets, though volumes recover	The latest figures from Dow Jones VentureSource show that the value of investment in early-stage UK businesses slumped to €211m in the second quarter of the year - a fall of well over 40% over Q1 numbers. Overall, this gives the UK a 16% share of the European market in value terms, less than half the share in the previous quarter and by far the lowest level on record. Nevertheless, the number of investments made in Q2 did show some growth over the previous quarter, rising from the record low of 65 deals to 73 between April and June. In total, 354 European venture deals worth €1.34bn were completed during Q2, which translates into a 16% rise in number and 24% rise in total value. Versus the second quarter of 2012, the latest period shows a 7% rise in volume, but a small drop in value terms.
	MergerMarket Global M&A Roundup H1 2013		Slow first half for European M&A	According to the latest release from MergerMarket, European M&A markets have been slow in the first half of this year. Overall, deals worth some $270bn were completed during the quarter, which is some 24% lower than the same period last year. However, momentum has increased during the period: after the slowest first quarter since 2009 saw just $122.6bn of deals, activity accelerated towards the back end of Q2, taking the quarter to $148bn. In sector terms, TMT led the way in Europe during H1 2013, with standout deals coming in the form of the $24.98bn acquisition of Virgin Media by Liberty Global and Vodafone's $13.78bn acquisition of Kabel Deutschland. Overall, 323 deals worth $63.2bn were seen in the TMT sector in H1.
	Preqin - Global Private Equity Fundraising	181 Funds; $79bn raised	154 funds; $122bn raised	Global private equity fundraising is on the rise, according to the latest quarterly figures from Preqin. Preliminary estimates show that some $122bn was collected by the 154 funds holding a final close during the second quarter of 2013; an additional 155 funds held interim closings. It is the highest amount raised in any one quarter since Q4 2008 and compares with a total of 181 funds which raised an aggregate of $79bn in the first quarter of 2013. Fundraising activity was headed by North American focused funds, which amassed $67bn; 25 Europe-focused vehicles collectively raised $32bn in the latest quarter. Despite the upward movement, it is clear that fundraising has been anything but straightforward, with those funds closing in Q2 taking an average of over 19 months to reach a conclusion, the longest average seen since 2006.

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