

THE OLYMPIC GAMES ARE OVER – BUT ASIA IS STILL WHERE THE GROWTH IS TO BE FOUND



CNBC

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IT WAS Aztec Camera who once sang “Summer in the City and the air is still”.

I don’t know about the air, but the equity markets have been relatively quiet over the last week, except for a Warren Buffett induced bounce on Friday.

Thank goodness – I don’t think any of us needed another August like last year. In thin volumes, and among lingering worries about the fate of Fannie and Freddie, markets are fickle and volatile.

This year we have seen the combination of

the regular August City exodus with Olympic fever. Yes, we’ve seen you on those trading floors watching Greco-Roman wrestling when you should have been wading through retail sales numbers.

Speaking of retail sales, it seems the UK shopper is happier than we thought to bury its collective head in the sand and load up the shopping basket. I wonder if it’s the non-descript weather?

Let’s face it, there’s not much else to do in an August like this. While the equity markets look for some direction, there seems no shortage of conviction in the foreign exchange markets, especially where sterling is concerned. £1 would get you nearly \$2 at the start of August, but in the face of negative UK GDP data that number has slipped to less than \$1.90. (Look chaps, my holiday to the States is looking more expensive by the tick – this just isn’t cricket).

No surprise then in this domestic environment that the companies that are surprising in a positive sense with their numbers are those with extensive Asian operations. The advertising giant WPP is a classic example: it

is focusing on China and a few other BRICs for growth. As the credit crisis took hold a year ago many commentators waxed lyrical about how there would be no de-coupling. When the US catches a cold, the rest of us get flu as the old adage goes. That might be the case for Europe but the Asian real economy is still on a growth path that we can only envy. Let’s hope after the cameras have left the birds’ nest, things will still look as golden.

Anna Martin co-anchors CNBC’s European Closing Bell and Europe Tonight

