

COMMERCE

## US close to genuine economic recovery, Europe still shaken: Financial Times summit

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By TRICIA CARR

VIENNA, Austria – Panelists from the Financial Times, Goldman Sachs and Fulcrum Asset Management at the FT Business of Luxury Summit 2013 agreed that the United States is much closer to achieving genuine economic recovery than Europe, though luxury remains strong in both markets.

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During the panel discussion titled “Macro-economics: What the global economy means for luxury, and how it will affect power structure,” the experts concluded that the economic concerns in Europe have recently gone from critical to chronic, while the U.S. has recovered steadily at the expected rate. But no matter what the state of the economy in these two vital markets for luxury, it seems that wealthy consumers have not cut back their spending on high-end goods.

“The good news is that the people who buy the products you make are doing much better than everyone else by a very big margin and nothing in the crisis has changed that,” said Martin Wolf, chief economics commentator on the [Financial Times](#).

World power

The world economy is at a fascinating juncture, which luxury brands should observe despite their continued success in the major markets.

“Almost exactly six years ago we became aware that something had gone wrong in the financial system,” Mr. Wolf said. “Slightly less than three years later, we realized something was really going wrong in the Eurozone.

“Now, are we finally coming out of this mess in the European world?”

In addition to following the BRICs and other emerging markets, developed regions such as the U.S. and Europe are key to monitor as they enter the late stages of recovery.

The panelists agreed that the world is coming out of the financial crisis that it experienced over the past six years.



*Mr. Wolf, Mr. Davies and Mr. Pill*

However, there is a large gap between the recoveries of the U.S. and the eurozone, per Mr. Gavyn Davies, chairman of [Fulcrum Asset Management](#).

The pattern of recovery in the U.S. after the financial crisis has been what was expected. Private sectors such as singular parties and corporate entities are normalizing.

Across the pond

On the contrary, neither the eurozone nor Britain are as far along in recovery.

“Really the one area of the developed economies that seems to have good chances of recovery is the U.S.,” Mr. Davies said.

Huw Pill, chief European economist at [Goldman Sachs](#), agreed that the world economy is recovering and the U.S. is more advanced in its progression than Europe.

In the short term, the Eurozone crisis is not close to over.

“We have changed to a different form of crisis,” Mr. Pill said.

“This time one year ago there was acute financial crisis,” he said. “The concern was that the euro area could break up and it was very disruptive to markets and corporate activities.

“Those types of fears have diminished, almost to disappear.”



### *Panelists*

The financial risks have morphed into a chronic crisis and, ultimately, a government crisis.

The U.S. has the capacity to stabilize the economy and correct weaknesses, but Europe currently lacks the capability to do this with 17 unique policies.

“The ability to reboot credit and restart the economy is still complicated,” Mr. Pill said. “[Europeans] still haven’t moved through that process.”

### *Final Take*

*Tricia Carr, associate reporter on Luxury Daily, New York*

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