



ASSOLOMBARDA
Confindustria Milano Monza e Brianza

Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

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Preface

Flash update on the short-term economic outlook for Lombardy in comparison with the other highly industrialized regions in Europe - Baden-Württemberg, Bayern, Cataluña, Rhône-Alpes - and in the North of Italy - Veneto, Piedmont, Emilia-Romagna.

Safety on the workplace in Lombardy

In the third quarter of 2017 in Lombardy, across all economic sectors, work-related accidents fall by -2.6% per person employed net Cassa Integrazione Guadagni (CIG) and by -1.0% in total (+5.6% as of October 2017). Focusing on the industry sector in Lombardy, in the third quarter work-related accidents grow by +3.0% per person employed net CIG and by +1.4% in total (-8.4% as of October 2017).

SUMMARY - Economic performance in Lombardy in comparison with benchmark regions

The labor market keeps on strengthening in the third quarter in Lombardy: +49,000 persons employed compared to 2008 and, accounting for the CIG (the marked reintegration of which has implied an increase in the number of workers to be deemed as “actually employed”), there is a net positive inflow of +113,000 persons, compared to a population growth of +111,000 persons. For the first time then, the balance on the labor market is higher than the demographic one. The employment rate grows to 66.7% (from 66.0% a year ago) and, at the same time, the unemployment rate falls to 6.3% (from 6.7%).

Total hiring increases (+13.9% in January-September 2017) and the CIG shrinks at a fast pace (-51% in January-October 2017). However, CIG data still convey a sense of uncertainty around the outlook for entrepreneurs, in spite of great improvements since a year ago: requested hours are still a third higher than pre-crisis (they were 230% over the whole of 2016), whereas actually used hours are 41% (they were 78%).

Such trends on the labor market well match the steady growth path followed by production in Lombardy: +3.2% overall growth in manufacturing production over the first nine months of 2017, twice and a half the pace in 2016 (+1.3%).

The manufacturing, innovative services and consumer climate is at historic-high levels and projects a positive year-end for our territory.

Economic performance in Lombardy in comparison with benchmark regions

In line with a steady and strengthening production in Lombardy, the labor market improves as well.

Since the beginning of 2016, the number of persons employed is again above pre-crisis levels. In the third quarter 2017, there are +49,000 persons employed (15-64 years old) compared to the third quarter 2008 and, accounting for the CIG, the net balance grows to +113,000 persons employed, versus a population growth of +111,000 units. When broadening the analysis to all employed persons over 15 years old, compared to the pre-crisis there are more women employed (+89,000) than men (-23,000) and the growth in the number of employees (+185,000) more than offsets the decline in the number of the self-employed (-119,000). Over the same period, the employment rate in Lombardy grows to 66.7% (from 66.0% a year ago) and, at the same time, the unemployment rate falls to 6.3% (from 6.7%).

Over the first nine months of 2017, total hiring increases (+13.9%, although -4.8% fixed-term contracts) and between January and October the CIG massively shrinks (-51%). Compared to the pre-crisis, over the first ten months of the year the number of authorized hours under the CIG is still higher by a third (47 million hours versus 35 million), but actually used hours are 41% (11 million versus 27 million); possibly, as previously hypothesized already, in spite of the recovery in production being noticeable and in line with the pre-crisis, great uncertainty remains. Anyway, compared to the recent past, the latest data signal a significant reshaping of the phenomenon: authorized hours over the first ten months of the year are 1.3 times those of 2008, while they were 2.3 as many over the whole of 2016; actually used hours today amount to 41%, while they used to be 78%.

As to production, one might recall that in the third quarter of 2017 manufacturing production grew by +0.4% compared to the previous quarter, performing over the first three quarters of 2017 a growth rate of 3.2%, twice and a half the rate in 2016 (+1.3%), in line with Cataluña (+3.1%) and Baden-Württemberg (+3.4%), and better than Italy (+2.7%). In the case of Lombardy, the gap with the pre-crisis had thus shrunk to -5.3%, an average hiding a persistent performance divide across firm size classes (compared to 2008 levels, +6.7% large firms, -3.3% medium firms, -14.3% small firms).

According to the surveys conducted among manufacturing and innovative services firms in our territory, the expansionary phase is projected to continue over the last months of 2017. The consumer confidence climate in the North-West is *de facto* in line with the historic highs of 2015 year-end, despite the decrease registered in October and November 2017.

As to the manufacturing sector, the confidence climate of firms in Milan, Lodi, Monza and Brianza improves in October for the third consecutive month and peaks at the highest level since the pre-crisis. The growth in the index owes to a marked increase in order books (especially from abroad) and to improved production expectations over the short term. The stock of finished goods measures above levels deemed normal.

At country level, manufacturing confidence is stable above pre-crisis levels in Italy and in France, slightly decreases in Germany (although in the context of strong growth started at the beginning of 2016), grows for the fourth consecutive month in Spain.

Finally, as to innovative services, the confidence climate in Milan, Lodi, Monza and Brianza slightly declines in the third quarter of 2017, but it remains around the historic-high levels reached at the end of 2015.





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