



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**

Workplace injuries per person employed (net Cassa Integrazione Guadagni, CIG) have increased by +5.5% in factories, +16.2% «outside factories» between the first quarter of 2016 and the first quarter of 2017. Compared to the same period last year, in April-May 2017 total workplace injuries decreased by -9.7% in factories, by -6,2% «outside factories».

## **SUMMARY – Economic performance in Lombardy in comparison with benchmark regions**

Export data match Lombardy's recent growth pick-up: +8.6% in the first quarter of 2017, a very strong increase after the (already robust) +1.9% in the fourth quarter of 2016 and in line with European benchmarks. Both Eu markets (+7.4%) and extra-EU markets (+10.3%, among which an impressive +16.9% by the US) drive the boost in exports.

Based on the high manufacturing confidence, the constantly positive innovative services confidence and the Italian and global outlook, we expect growth to continue in the upcoming months.

The opposite, consumer confidence declined and got back to end-2015 levels, with a personal component which has been substantially flat for a year (against the improvements on the labor market).

Employment in Lombardy increases: +145,000 persons employed in the first quarter of 2017 compared to 2008. The employment rate reaches 67.5%, hence exceeding 2008 levels (the only region among national benchmarks) and the unemployment rate is 7.0% (down from 7.8% last year). The CIG continues to decline substantially (-59% between January and May 2017). Diverging trends between authorized hours (at present more than twice their pre-crisis number) and hours actually used (-20% compared to 2008) suggest a return to normal levels, yet in an economic context that is more uncertain compared to pre-crisis.

## Economic performance in Lombardy in comparison with benchmark regions

Lombardy started 2007 off well, delivering positive figures on production and labor market.

In line with manufacturing production, which continued to grow in the first quarter of 2017 (+1.7%, after a robust +1.0% in the fourth quarter of 2016), Lombardy's exports perform an impressive +8.6%, after the +1.9% of end 2016. At the beginning of the year positive trends concern all national (in particular, +14.1% Piedmont) and European benchmarks (in particular, +13.5% Cataluña). Breaking down the figure by markets, Lombardy export growth is driven both by Eu markets (+7.4%) and extra-Eu markets (+10.3%, especially +16.9% the US). Among manufacturing sectors pharmaceuticals perform particularly well (+34.2%). Lombardy's exports exceed pre-crisis levels by 9.5%. However such performance is way below that of all benchmarks and even the national average.

Most recently manufacturing confidence suggests that the expansionary phase of production in Lombardy will continue over the next months.

Manufacturing confidence in Milan\* in May keeps steady on historically high levels. Among the different components, order books significantly increase, especially on the domestic market where, as on international markets, they reach highly positive levels. Production expectations have no impact, holding substantially stable on historically high levels. Stocks of finished goods instead increase and exceed normal levels. Over the next 3 to 4 months, expectations on domestic and foreign demand keep largely positive.

At country level, confidence further improves in Germany (on very high levels), France and Spain, while over the last three months it kind of flattens in Italy, although it remains on positive levels.

However, consumer confidence climate stays on last year lows, well below the historical peak achieved at the end of 2015. In particular, the personal component has been substantially flat for a year.

*\*Milan, Lodi, Monza e Brianza*

The labor market conveys a positive picture. Over the first quarter of 2017, the number of 15-64 year olds employed in Lombardy has grown by +145,000 units compared to the first quarter of 2008, against a population growth of +111,000 units. Compared to the pre-crisis there are more women (+124,000) than men (+40,000) in employment and the larger number of employees (+248,000) offsets the drop in the number of the self-employed (-84,000). The employment rate in Lombardy reaches 67.5%, becoming the only region among national benchmarks to exceed 2008 levels. At the same time, the unemployment rate falls to 7.0% (7.8% last year).

Furthermore, the CIG continues to decline substantially in Lombardy (-59% between January and May 2017 on 2016), in line with national benchmarks. Nevertheless, the total number of CIG authorized hours is still more than twice its pre-crisis levels: 110 million hours in 2016 compared to 47 in 2008. Yet, the number of CIG hours that firms have actually used are at historical lows: 28 million in 2016 versus 36 in 2008, for a used-authorized ratio of 25% in 2016 against 75% in 2008. These two diverging trends suggest, on the one hand, an absorption of the labor force back to pre-crisis rates (also confirmed in the number of persons employed and in the unemployment rate) and, on the other hand, a context with high uncertainty. It is not indeed far-fetched to assume that firms today assess demand and economic trends as highly uncertain, hence driving firms to demand more CIG compared to a decade ago in order to cope.





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