

**Overview**

- The Euro Area summit of the end of June ended with some important political agreements, that have now to be put into action: 120 billion € for growth, a banking supervisory mechanism run by the ECB and an “anti-spread shield” for the Countries more exposed to speculation.
- In all major Developed Countries, key rates are on the minimum historical levels. In particular, the ECB cut the main refinancing rate to 0.75% (-25 basis points).
- In the second quarter of 2012 the economic outlook continued to dwindle in Europe and also in the stronger Countries (Germany included). The recovery will start in the end of the year and it will be “weak and gradual” and “weighted” by unemployment. The GDP in the Euro Area is expected to be -0.5% in 2012 and +0.5% in 2013. In Italy the drop will be higher (-2.2%) in 2012 and the recovery will be lower (+0.1%) in 2013.
- In the USA the recovery is fragile and for the future there’s the shadow of a tightening fiscal policy, compulsory to bring the public deficit back to normal levels. The GDP of the USA will increase around 2% both this year and the next one. Emerging Countries feel the effects of the slackening in global trade; the fall is high in Cina where growth should stop to 7.5% in 2012-2013 (+9.3% in 2011).
- The € decreases as compared both to \$ (1.2377 on 6/7/2012, on the minimum since the last two years) and to Yen (98.87 on 6/7/2012, on the minimum since mid-2011).
- The price of Oil Brent falls below 100 \$ barrel.
- In June 2012 inflation was firm to 2.4% in the Euro Area and decelerated to 2.7% in Milan, while it increased to 3.3% in Italy.
- In May 2012 unemployment increased to 8.2% in the USA and to 11.1% in the Euro Area. Between major European Countries: Spain to 24.6%, Germany to 5.6%, France and Italy to 10.1%. In Italy the jump was stiff as compared to the previous year.
- In June 2012 the manufacturing confidence index¹ decreased to the minimum level since beginning-2010 in the Euro Area. The turndown is similar in Germany (minimum since March 2010) and in France (minimum since December 2009). On the contrary, the index increased slightly in Italy, thanks to the recovery of orders (but the balance remained negative) and to a slight reduction of inventories. In May 2012 the index grew also in Milan for the second consecutive month, on historical modest levels (minimum since end-2009, except for the negative record of March 2012), though. The rise is related to the recovery of the demand, national and foreign, and to the inventories of end products that went back to normal levels (after some months of accumulation).
- In April 2012 the credit growth rate from banks to firms retook a positive path yearly (+1,3%; 0,0% in March), but the increase was weaker as compared to one year ago.
- In May 2012 the total amount of authorized CIG² rose in the Milan Area by +62% as compared to April and the growth was related to all its kinds. Instead, the increase was very lower and equal to 8% as compared with May 2011. Due to the discontinuous monthly signals, it’s necessary to compare the period January-May in order to understand well the trend: the amount of CIG was in line to the same period in 2011 both in Italy and in the Milan Area. In May the amount of CIG Ordinaria by Assolombarda firms also increased: growth common to all sectors, except for chemical-rubber. According to INPS,

¹ Data referred to European countries are extracted from the monthly survey on manufacturing sector harmonized by the European Commission. Assolombarda carries out an analogous survey interviewing 350 associated companies every month. The manufacturing confidence index is the main indicator of these surveys and is calculated as the mathematical average of the seasonally adjusted data on production expectations, orders and stock of finished products (with inverted sign).

² Cassa Integrazione Guadagni (CIG) is a particular Italian shock absorber. It is a redundancy fund which helps companies to keep labour force in times of economic difficulties. It allows workers to receive a part of their wages. There are three kinds of CIG: Ordinary (Cassa Integrazione Ordinaria - CIGO), Extraordinary (Cassa Integrazione Straordinaria - CIGS) and Special (Cassa Integrazione in Deroga - CIG in Deroga).



ASSOLOMBARDA

the “tiraggio” (percentage of total authorized hours actually utilized) was equal to 36.4% in the first two months of 2012.

Written by: Valeria Negri
valeria.negri@assolombarda.it
phone: 02.58370.408