



ASSOLOMBARDA

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

Edited by

Research Department

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# Preface

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*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**

Over the first two months of 2019, work-related accidents in Lombardy increase by +3.2% on the same two-month period in 2018; focusing on the industry sector, the equivalent figure is +5.8%, in marked deceleration compared to +13.5% in the fourth quarter of 2018. Considering work-related road accidents, the first two months of 2019 are on an upward trend compared to the same period in 2018 and in line with year-end figures (+7.8% overall, +19.2% with regard to the industry sector).

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

Following a positive (and better than the Italian average) yet dampened growth performance in 2018 (+1.4% Lombardy's GDP, after +2.7% in 2017; +0.9% Italy's GDP, after +1.6% in 2017), in 2019 Lombardy settles for an again weak growth outlook.

The swift drop in business and consumer confidence, both in the North-West and in the whole country, presumably indicates muted economic performance throughout the first semester of 2019.

Employment growth in Italy lost momentum in the spring of 2018, while in Lombardy it continues up to 2018 year-end. Based on 2019 data, the Italian labor market is still slowing down: from +379,000 persons employed in May 2018 than a year earlier, to +112,000 in February 2019.

For what concern firms in Lombardy, loans dynamics are still positive as of 2018 year-end, though feeblers than in the rest of the year: +0.7% the growth in loans to firms in the fourth quarter of 2018, compared to +2.4% in the third quarter.

## Economic performance in Lombardy in comparison with benchmark regions

Lombardy's GDP grew by +1.4% in 2018, a positive yet weaker performance than that of the past two years (+2.7% in 2017, +1.6% in 2016). The pace of the economy has slowed down in the main European benchmarks as well. However, differences emerge when assessing the gap with the pre-crisis: Lombardy achieved +7.1% on 2008 levels, hence performing better than Cataluña (+6.3%, and a remarkable +15.9% over the past five years), while German regions proceeded even more rapidly (+15.2% Baden-Württemberg, +22.3% Bayern).

In 2018 Italy's GDP halted at +0.9% and 2019 forecasts are certainly moderate (+0.1%, rising to +0.2% after implementing reforms, according to the Italian government's economic and financial planning document - DEF) if not negative (-0.2% according to the OECD).

Evidence from business and consumer confidence backs projections of a weaker economic outlook, suggesting muted economic performance throughout spring months.

In particular, the confidence climate of manufacturing firms in the North-West worsens in March as well, continuing along the downward trend started in the first months of 2018 and reaching minimum levels since the beginning of 2015. All climate components weaken: both internal and external order books shrink, stocks of finished goods in warehouses increase and production expectations over the next three-four months wane.

The same markedly downward trend concerns Italy and the main European countries. Germany stands out, with the confidence climate dropping below zero in March for the first time since the end of 2016.

Among consumers in March confidence falls as well, both in Italy and in the North-West, reaching the lowest levels since August 2017. Evaluations and expectations on the economy especially worsen.

In Italy employment growth weakens in late Spring 2018, in line with slower GDP growth, while in Lombardy not until the end of 2018.

Based on available national data on the first months of 2019, the deceleration in employment seems to continue: from +379,000 persons employed in May 2018 compared to a year earlier, to +112,000 in February 2019. Fixed-term contracts still increase (+106,000 persons employed in February 2019 compared to a year earlier), together with the self-employed (+71,000), whereas open-ended contracts decrease (-65,000).

For firms in Lombardy bank credit dynamics are still positive in the last months of 2018, though more moderate than over the rest of the year: +0.7% in the fourth quarter of 2018 compared to the previous year, less than +2.4% in the third quarter. Considering national benchmarks, the trend is weaker in Veneto (+0.0%) and Emilia-Romagna (+0.3%), whereas in Piedmont credit growth is still sustained (+2.9%).

In Lombardy, as well as in Italian benchmark regions, overall bank credit figures still hide diverging trends across enterprise size classes: on the one hand, indeed, medium-large enterprises still see their credit access grow (+1.2% in the fourth quarter of 2018, though less than in the previous months), on the other the decline in loans to firms with 20 persons employed or fewer grows deeper (-2.0%)

Softened yet still diverging dynamics also concern sectors: loans to industry and services still increase (+2.8% and +0.7% respectively in the fourth quarter of 2018), loans to constructions still decrease (-1.0%).





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