



ASSOLOMBARDA

Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

Edited by

Research Department

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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

Based on preliminary data on the second quarter of 2019, in April work-related accidents recorded in Lombardy still decrease in line with the downward trend followed for the first three months of the year: those «on-the-job» slightly change trend (-1.8% compared to April 2018), whereas «work-related road accidents» in the industry sector decrease by as much as -5.5%. Data over the upcoming months will allow to assess whether these signals actually turn into trends.

Economic performance in Lombardy in comparison with benchmark regions

After slowing down in 2018, economic activity in Lombardy further weakens in the first quarter of 2019 as well. That the short-term growth outlook is dim is evident when looking at manufacturing production, which improves, but at a feebler pace: +0.4% on the fourth quarter of 2018 (when it recorded +0.9%); +0.9% year-on-year (after performing nearly 2% in the second half of 2018 and 4% in the first half). Production slows down in the second half of 2018 in Europe as well, but it is less dull in 2019, with Cataluña recording an increase by +3.5% on the fourth quarter of 2018 and Baden-Württemberg by +2.%. In Italy, production increases (+0.9%), however after four consecutive quarters on a downward trend.

Compared to the pre-crisis period, manufacturing production in Lombardy remains, though by little, below 2007 levels (-0.9%); in Italy there is still a wide gap (-18.3%), as also in Cataluña (-12.6%); Baden-Württemberg, instead, outdoes its peak (+7.0%).

More in detail, in the first quarter of 2019 in Lombardy small firms suffer greatly, large firms only slightly, medium firms improve instead: in the case of small firms the distance from the pre-crisis, which was already large, further grows (-11.6%); as to medium (+1.4%) and especially large firms (+10.6%), they set above 2007 levels. Among manufacturing sectors still growing in 2019, those standing out are non-metallic minerals (+8.3% compared to 2018 year-end), chemicals (+2.4%), mechanics (+1.8%) and food (+1.2%); among those suffering the most, transports (-3.2%) and textiles (-2.9%). Focusing on provinces, Lecco, Mantova, Cremona and Sondrio are those growing the most; also Lodi, Milano and Pavia grow well faster than the regional average. Brescia, Varese and Como record a decrease instead.

Within this dim outlook, business confidence delivers some positive signals for the upcoming months, increasing after having decreased for a few months thanks to higher expectations on both production and order books. Relevant downside risks at international level on the geo-political front remain though, together with uncertainty at national level.

In particular, North-West manufacturing firms confidence increases in May 2019, but still performs below last-year average. Among the components, order books have increased after 6 consecutive months on a downward trend, by virtue of an improvement on foreign markets and substantial stability on the domestic front. Production expectations over the next three-four months are overall positive, whereas the stock of finished goods further grows.

In May manufacturing firms confidence increases in the main European benchmarks as well, except from Germany, where that indicator sets at bottom levels since Summer 2013. In Italy, confidence (though remaining negative) increases following 7 months of interrupted and marked decrease, due to all components improving (especially short-term production expectations).

North-West consumer confidence holds stable in May for the third consecutive month, however is confirmed below performance levels averaged between Autumn 2017 and Spring 2018. Among the components, expectations on the Italian general economic situation, and on households' financial situation, particularly worsen. The opposite, in Italy the index increases in May following three consecutive months on the decrease, setting anyway below last-year average.





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