



ASSOLOMBARDA

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

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# Preface

*Flash update on the short-term economic outlook for Lombardia 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 Lombardia

In the April-May 2020 bimester recorded work-related accidents in Lombardia decrease by 10.7% compared to the same period in 2019. Such trend reflects Covid-19 containment measures: on the one hand, having the lockdown interested most production activities as by Government decree, on-the-job work-related accidents sensibly drop for industrial activities (-55.0%); on the other work-related road accidents plunge as a result of mobility limitations (overall -74.6%, considering industry alone -67.5%).

### Economic performance in Lombardia in comparison with benchmark regions

After the March and April shocks, when economic activity in Lombardia took a nosedive losing -35% and -45% year-on-year according to our estimates, and after the slow recovery in May (-30%), in June there are signs of a bounce-back, though there is still a large gap with pre-Covid levels.

As a matter of fact, all soft indicators monitored show a consistent though gradual improvement compared to May, although proxies of economic activity and work-related mobility still underperform compared to 2019, whereas overall mobility is closer to 'normal' pre-lockdown levels, especially in Monza e Brianza, Lodi and Pavia.

More in detail, HGV traffic on Milano's bypasses, which proxies the level of production-oriented exchange flows in the territory, is still below 2019 levels, hitting -8% in the last week of June (it was -28% when 'phase 2' kicked-off and -13% at the end of May).

Also work-related mobility, though increasing, remains subdued: -32% at the end of June in Lombardia compared to January 2020, after -46% in mid-May based on Google Maps. In this respect it is interesting to note that in Italy the trend is slightly better: -28% at the end of June, -42% in mid-May. At the same time, LGV traffic on Milano's bypasses at the end of June records -22% year-on-year, a large improvement since hitting -48% in mid-May. In addition, the Municipality of Milano registers -11% in the number of 'Area B' accesses (mostly commuters) between June 15 and 19 compared to the beginning of the year (the same figure was -45% in the first week of May and -22% in the last).

Overall mobility flows (hence not just work-related) are instead almost back-to-normal, especially in Monza e Brianza, Lodi and Pavia: Enel X data for the three provinces at the end of May are roughly in line with pre-emergency levels, whereas in Milano there is still a 9% negative gap (reasonably because work-related mobility weighs on more than in the other territories).

Short-term expectations remain cautious and particularly negative in the North-West compared to the Italian average. Despite June shows an improvement in the business confidence climate for all sectors, there is no catch-up from the tumble recorded in March: compared to February, manufacturing confidence registers a gap of -19 p.p. in Italy -23 in the North-West, as for services the same figures are -47 and -37 punti respectively.

Consumers, i.e. families, prove more positive than firms: confidence grows by 6 p.p. in Italy and by 5 p.p. in the North-West, back in line with March levels, with still a relevant gap by -10 p.p. with respect to the beginning of the year, but smaller than what registered for businesses.

Hinging on the speed of the recovery is subdued demand, both domestic and foreign. Exports from Lombardia halt in March, losing 13.1% year-on-year, which in monetary terms amounts to -1.5 billion euro in sales abroad. Most provinces record a double-digit drop and, given their share in the regional economy, particularly relevant is the hit suffered by Milano (-6.5% in March, -246 million euro), Brescia (-17.7%, -261 million) and Bergamo (-17.5%, -251 million). Also Monza (-11%), Lodi (-7.2%) and Pavia (-8.5%) record largely negative figures.

As already noted in the previous Booklet, the labor market outlook is worrying when considering Cassa Integrazione figures: in April and May in Lombardia 295 million hours were authorized, the equivalent in just two months of 95% of all hours requested in 2010, peak-year during the Great Recession. Moreover, based on new data at province-level, Milano and Monza Brianza, and Lodi, record in those two months figures around 2.5 times higher than in the peak year of the previous crisis: in April and May 112 million hours were authorized in Milano and Monza Brianza (vs 78 million in 2010) and 6 million in Lodi (vs 4.0 in 2010). On the contrary, Pavia accounts for 9 million authorized CIG hours, roughly 70% of the 13 million hours recorded in 2009, peak year.

In line with this evidence, new hirings in Lombardia (i.e. the number of job contracts activated) largely decrease in March: -48.5% on a yearly basis (-49.5% in Italy), with fixed-term contracts dropping by -54.4%.

Finally, a rapidly deteriorating economic outlook drove firms' net borrowing up, as reflected by the increase in credit loans by 1.1% year-on-year in March and by 1.4% in April. Loans go up especially for larger firms (+1.6% in March for enterprises with over 20 persons employed) and, as to sectors, for manufacturers (+3.4%) and service firms (+1.3%). Negative figures instead concern firms with fewer than 20 persons employed (-1.9%), a trend that according to Bank of Italy owes to «a larger use of already agreed-upon credit lines and the first effects of the moratorium on loans and liquidity measures launched by the Government».





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