



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 two months July-August 2020 work-related accidents recorded in Lombardia drop by 16.5% compared to the same period in 2019. The number of work-related road accidents largely declines, however to a lesser extent than in April and June when the lockdown still constrained mobility flows: -39.2% overall (vs -62.2% in the previous quarter) and -42.6% in the industry (following -60.5%).

Economic performance in Lombardia in comparison with benchmark regions

Italian manufacturing rebounds fast and better than expected. As the latest data by Istat certify, in August Italian industrial output completely recovers to pre-Covid levels, posting a +0.4% increase on January 2020. A 'V-shaped' recovery is hence underway in manufacturing (as record the contraction, as fast the recovery), in contrast with the 'L-shaped' trend characterizing the Great Recession, when production very slowly reignited in 2009 and in the following five years. Furthermore, the lively recovery outperforms that of the other major European economies, a testament to the competitiveness of our manufacturers: industrial production in August is above pre-pandemic levels in Italy only, whereas in Germany it is still at -11.2% and in France -5.4%.

Nevertheless, over the first 8 months of 2020, Italian industrial production shrinks by -15.4% compared to 2019; the ascent towards fully recovering lost output is hence to be long. Besides, next to manufacturers' growth is services' still deep depression, and the fresh uptick in infections these past few days could significantly change the short-term outlook and undermine the recovery underway.

In Lombardia, according to September and preliminary October data, the economic upswing is still vigorous. All proxy indicators monitored to capture the most recent trend in production are recovering energetically and are closing the gap with pre-pandemic levels: electricity consumption in Lombardia in September registers -3.6% year-on-year, and in the first half of October HGV traffic on Milano's bypasses is -2%.

Against the general trend are accesses to the 'B area' LTZ in Milano (-28% in September), LGV traffic on bypasses (-14% on average over the first two weeks of October) and work-related people's mobility (-22% in Lombardia as of October 15th), still well below pre-Covid levels also due to local firms' heavily resorting to smart working arrangements.

The surprising improvement in short-term indicators, especially in manufacturing output as commented above, led to make upward revision to forecasts computed before the Summer. Nevertheless, 2020 sees Italy and Lombardia plunge into the worst recession since World War II, as also most countries globally (except from China, growing by +1.9% according to the IMF).

Italy is to lose between -9% and -11% this year. According to the latest estimates by Prometeia (October 2020), Italian GDP will drop by -9.6% and Lombardia will do worse with -10.2%. However, Lombardia shall rebound faster in 2021 by +6.9%, versus Italy's +6.2%.

Overall, by end-2021 both Italy and Lombardia will record a cumulative GDP loss of around -4%. As to our provinces, different economic structures and sectorial specializations will result in unequal impacts. Thanks to the faster recovery of the manufacturing sector, in 2021 stand to lose less Lodi (-1.4% on 2019), Monza and Brianza (-2.4%) as well as Pavia (-3.6%). On the contrary, Milano (-5.1%) suffers more from the slower recovery in services (not only people's and business services, but also tourism) than in manufacturing.

Finally, job posts online are timely indicators about the labor market: according to Burning Glass-Crisp, between July and September 2020 in Lombardia those are -4% on 2019 (following -34% in the second quarter, when the lockdown was in full force, and -14% in the first three months of 2020). The trend is heterogenous by sectors and highlights firms' contingent needs: it would appear that online job posts have lost their programmatic flavor for the following 3-6 months as before the pandemic. In particular, in the third quarter accommodation and restaurant services grow (+41%), as also transports and warehousing (+20%) and manufacturing (+7%); declining, though less severely, retail and wholesale trade (-15%) and business services especially (-20% professional activities, -30% IT and communication services). Health and social services record a peculiar increase of around +70% across all time frames considered, reflecting the spur in demand in the face of Covid.

The labor market is thus relevantly affected by the virus hit, as once again confirmed by Cassa Integrazione Guadagni - CIG (i.e. redundancy payments) data. As a matter of fact, while decreasing after skyrocketing in April, volumes remain significant: 42 million authorized hours solely in September in Lombardia, for a total of 156 million hours in the third quarter (of which 73 million in Milano, Monza and Brianza, Lodi and Pavia).





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