



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 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

As December data became available, preliminary estimates about work-related accidents in 2020 might be drawn based on monthly records. The Covid-19 pandemic clearly impacts on the trend: from the statistics-insurance perspective, Inail (the Italian National Institute for Insurance against Accidents at Work) considers Covid cases as work-related accidents. Overall recorded accidents every 1,000 persons employed are 20.26 in 2020, +15.3% on the 17.56 denounced in 2019; the opposite, in the industry sector the equivalent figure is -44.7% (9.32 accidents every 1,000 persons employed, vs 16.85 in 2019), resulting in part from the business closures required in the second quarter of 2020 to tackle the spread of the virus. Also, work-related road accidents show a slump (-43.8%, down to 2.69 every thousand worker, from 4.80 in the previous year), reflecting restrictions to mobility taken to rein in the pandemic.

Lombardia's economy in comparison with benchmark regions

Renewed waves and new restrictions being imposed towards year-end have inflicted an additional, though temporary, toll on activity. 'Annus horribilis' 2020 overall sees industry as well as business services prove resilient, whereas personal services relying on tourism, restaurants and retail suffer. The economy entered 2021 amid exceptional uncertainty around the short-term outlook.

In Lombardia the November lockdown caused greater damage to production than in Italy, but as early as December the region realigned with the national average and, especially, the pre-Covid. Power consumption in the region suggests so as it dropped by -4% in November (-1.5% in Italy) and then rose in December (+1% year-on-year both in Lombardia and Italy).

Work retention schemes provide further indications. The use of 'cassa integrazione' (CIG) in Lombardia, after picking up in October, falls in November and in December (45 million hours) results back in line with September. Also in Milano and Monza Brianza CIG hours decrease, but they are higher in December than in September. In Lodi authorized hours in December are the fewest in 2020, whereas in Pavia the number is as high as in October.

Over the whole of 2020, authorized hours reach a new peak: 716 million in Lombardia (more than double the 2010 high), 247 million in Milano and 65 million in Monza (four-times the 2010 high), 12 million in Lodi (triple those in 2014), 20 million in Pavia (a smaller +48% on 2009).

Entering 2021 business and household short-term expectations remain rather cautious. As to firms, the January fall in manufacturing confidence climate in the North-West comes with worse expectations on book orders and production than in December, hindering the strength of the recovery. Services are heterogeneous instead, with greater scarring in tourism-related services rather than business services. As to consumers in the North-West, confidence drops in January mainly because of the economic and future components worsening.

Forecasts for Italy and Lombardia in 2021 rest on key assumptions about the unfolding of the pandemic, the distribution of vaccines and state support measures. The consensus is arguably around reviewing the projected loss in 2020 upward, the recovery in 2021 downward. According to the most recent estimates for Lombardia provided by Prometeia, GDP is expected to drop by 9.7% in 2020 (-9.1% Italy, vs -8.9% the preliminary estimate by Istat) and to partly recover in 2021 hitting +5.2% (+4.8% Italy).

High-frequency indicators provide further insight into people's mobility. At the onset of 2021 mobility is overall back to 'normal', but work-related mobility remains subdued, also due to the large spread of smart working arrangements: -28% on average in Lombardia at the end of January 2021 compared to pre-pandemic, similarly in Monza Brianza (-28%) and Lodi (-27%), but also Pavia (-23%), while in Milano the gap with pre-Covid levels is even larger (-35%).

In the municipality of Milano subway passengers are still few (-70% on average in January), whereas cars entering 'Area B' and 'Area C' LTZs are recovering faster (although there is a gap with the previous year of around -10% and -27% still in mid-January 2021).

Furthermore, the state of business demography in 2020 can now be assessed based on the latest figures available. Business registrations have markedly dropped in Lombardia: 48,000 new firms in 2020, -18% on the previous year, a fall mostly driven by the tertiary sector (especially by the -35% in accommodation and food services), but steep is also the fall in industry (-28%), trade (-16%) and construction (-14%). Total active firms decrease by -0.4% to 811,000 units.

Finally, as of September 2020 loans to firms increase. In Lombardia the overall increase in loans reaches +9.3% year-on-year, benefitting both firms with fewer than 20 persons employed (+4.1%) and larger ones (+6.6%); considering sectors, services (+8.8%) and manufacturing (+7.2%) are mostly impacted, constructions merely (+0.2%).





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