



ASSOLOMBARDA

Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

Edited by

Research Department

N° 56/April 2021



EXECUTIVE SUMMARY

Lombardia's economy in comparison with European and Italian benchmark regions

Final data on manufacturing production in Lombardia in the first three months of 2021 confirm the positive sentiment conveyed by confidence indexes. Lombardia's industry is on the way of closing the gap with pre-Covid levels at a faster pace than the Italian average, although slower than the European benchmark regions. Positive short-term expectations remain: the boost in North-Western manufacturing confidence maintains momentum in April, with all components scoring the highest since end-2018. Rising and back on 2019 levels is services confidence, in contrast with the average Italian outlook where it keeps well far from pre-pandemic levels. This Booklet's special concerns the young and the labor market: the steep fall in employment in 2020 partly yields a rise in unemployment, but especially swells the NEET ranks, adding the pandemic legacy to previous criticalities.

In detail, in the first quarter of 2021 Lombardy's manufacturing production grows by 8.7% on last year, reflecting however partially the comparison with the beginning of 2020 when the pandemic surged. Considering average 2019 levels, in the first quarter of 2021 there is a gap of -2.3% to fill with respect to pre-Covid levels: for Lombardia the gap is smaller than for Italy, -3.4%, yet larger than -1.6% for Baden-Württemberg and -1.2% for Cataluña.

Moving on to the analysis of the most recent data and short-term expectations, manufacturing confidence again increases in April 2021. Both national and foreign order books keep on growing, and supply and demand expectations for the next 3-4 months remain on end-2018 highs. Moreover, in the North-West the stocks of finished goods pile up, plausibly waiting for the expected demand surge.

Manufacturing sentiment is positive also in the main European countries, as confidence strongly increases in Spain and France and skyrockets in Germany, where it peaks at a new record thanks to orders expanding and production expectations reaching unprecedented levels.

Confidence markedly picks up in the case of services as well, both in the North-West and in the main European benchmarks. The North-Western confidence climate approximates 0 driven by better demand expectations and grows 3 p.p. above beginning-2020 levels and distant from the Italian ones which, with a sluggish monthly increase, remains negative and 12 p.p. below the pre-Covid (burdened by tourism in particular, still 46 p.p. below beginning-2020 levels).

After the stationariness of the first quarter of 2021, consumer confidence improves. Especially in the North-West the personal climate component improves to a larger extent than the economic climate and a gap persists between the two indices (roughly 18 p.p. in favor of the personal component).

Finally, this edition of the Booklet includes a special focus on the young and the labor market. While the young in Lombardia already suffered an employment rate 30 p.p. lower than in the German regions (21.6% the employment rate of 15-24 year-olds in Lombardia in 2020, vs over 50% in Bayern e Baden-Württemberg), the pandemic further caused an increase in unemployment and the share of the NEET.

The youth unemployment rate in Lombardia, indeed, worsens to 19.2% (up from 18.3% in 2019), around 15 p.p. larger than 4.8% Bayern, but as many points smaller than the dramatic 34% in Cataluña. As to the young not in employment not in education, in Lombardia they grow to 15.7% of 15-24 year-olds in 2020 (up from 12.6% in 2019), reversing the hard trend down from the peak reached in the previous crisis.

Safety in Lombardia

In the first quarter of 2021, workplace accidents recorded in Lombardia overall increase on the same period in 2020 (+3.0%), while they remain stable in the industry (-0.9%). On-the-road work-related accidents keep on declining steeply both in the total economy (-30.0%) and the industry (-32.1%).

Provinces in detail

MILANO

In the first quarter of 2021, manufacturing production for firms in Milano increases by 6.8% on the year before (less than the regional average of +8.7%), but compared to the first quarter of 2019 activity results subdued being at -1.2% of pre-Covid levels and especially recovering at a slower pace than Lombardia in the second half of 2020.

As to the young in the labor market, in 2020 the employment rate of 15-24 year-olds decreases to 18.9% (from 21.4% in 2019) and, at the same time, the unemployment rate increases to 22.0% (from 18.1%). Overall then, in the case of the young job losses determine new job searches, immune from the 'discouragement effect' observed in the total population where the fall in the number of the employed pairs with a growth in the inactive.

Based on the most recent data, in March 2021 CIG hours boom to 35.6 million, the highest increase since May 2020, but as a whole in the first quarter of 2021 hours result 23.6% fewer than in the last quarter of 2020 (persistently high anyway). The expansion seen in March might owe to a late recording of requests submitted in January and February and to the extension of 12 weeks to the free Covid redundancy scheme deliberated in the 2021 Budget Law, while waiting for a further deferment by the Government.

MONZA E BRIANZA

The recovery has proceeded fast since mid-2020 for Monza's manufacturers, however in the first quarter of 2021 production improves less than in Lombardia: +7.8% on the previous year vs +8.7%. Industrial activity is still -5.1% slower with respect to the first quarter of 2019, hence there is a large gap to fill, although admittedly beginning-2019 was exceptionally well-performing.

As to the labor market, the situation of the young is particularly worrying. In 2020 in Monza the youth employment rate stays put at 15.4% and below the regional average equal to 21.6%. Furthermore, in the year of the pandemic, the unemployment rate for the 15-24 year-olds drops more than the local average, in sign of an even more relevant 'discouragement effect'. Finally, youth unemployment, equal to 28.0%, is nearly 10 p.p. above Lombardia's (19.2%).

More recently, in March 2021 CIG hours reach 9.2 million, the highest peak since May 2020, but over the first quarter of 2021 total hours decrease by 23.8% compared to end-2020 (still on record highs anyway). The expansion seen in March might owe to a late recording of requests submitted in January and February and to the extension of 12 weeks to the free Covid redundancy scheme deliberated in the 2021 Budget Law, while waiting for a further deferment by the Government.

LODI

Manufacturers in Lodi, less intensely hit by the pandemic compared to Lombardia, record a 7.4% increase in production in the first three months of 2021 on the same period in 2020 and result 1.6% above the pre-Covid levels of the first quarter of 2019 (vs the regional average of -2.3%).

As to the labor market, this Booklet focuses on the young. In 2020, in contrast with the increase in total employment (which locally grows to 68.5%), the 15-24 year-olds employment rate decreases to 19.4%, hence more strongly than in the region (-6.2 p.p. vs -2.7 p.p.). At the same time, youth unemployment shrinks (to 20.8% down from 21.6% in 2019), highlighting a relevant 'discouragement effect', thus a surging lack of confidence of the young in the labor market.

Considering more recent data, in March 2021 CIG hours increase to 1.1 million (the highest level since May 2020), but in the first quarter of 2021 total hours record -18.5% on the last quarter of 2020. The expansion seen in March might owe to a late recording of requests submitted in January and February and to the extension of 12 weeks to the free Covid redundancy scheme deliberated in the 2021 Budget Law, while waiting for a further deferment by the Government.

PAVIA

In the first quarter of 2021 manufacturing production in Pavia increases by +3.3%, thus by much less than the regional average of +8.7% on the same quarter in 2020. The province's recovery after the lockdown was lifted last Spring remains slower than the region's. Compared to the first quarter of 2019, i.e. pre-Covid, Pavia's manufacturers still suffer a large gap of -6.1% vs a regional average of -2.3%.

As to the labor market and the young, there are multiple side-effects of the pandemic. On the one hand, the 15-24 year-olds employment rate in Pavia drops to 23.8% in 2020 (vs 26.7% in 2019), although it sets higher than the regional 21.6 in a sign of a larger participation of the young in the labor market. At the same time, the youth unemployment rate decreases to 17.7% from 18.7% in 2019, reflecting the 'discouragement effect' and the growing scepticism of the young towards the labor market.

More recently, in March 2021 CIG hours peak at 2.8 million, the highest since May 2020, but in the first three months of 2021 total hours are stable compared to end-2020. The expansion seen in March might owe to a late recording of requests submitted in January and February and to the extension of 12 weeks to the free Covid redundancy scheme deliberated in the 2021 Budget Law, while waiting for a further deferment by the Government.





ASSOLOMBARDA

www.assolombarda.it

www.genioeimpresa.it

Follow us

