



ASSOLOMBARDA

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Lombardy in comparison with Italian
and European benchmarks

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EXECUTIVE SUMMARY

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

Over the past few weeks, taking the form of a multifaceted and complex shock, soaring energy prices have hobbled the recovery across all sectors, a recovery already threatened last year by spiking commodity prices. As global growth loses momentum and faces high and widespread inflation, it is useful to contextualize the current regional economic outlook by first reviewing 2021 and then looking ahead.

Lombardia's economy beat all expectations in 2021. Beginning of last year regional GDP was projected to grow by little over +5%, whereas Prometeia's most recent forecast is +6.6%, over 1 p.p. higher, following a drop by -8.9% in 2020. The recovery is expected to continue at +4.4% in 2022; if confirmed, such performance would allow for closing the gap with 2019 levels.

Industry is better performing in Lombardia than in Italy, and anyway better than in European benchmark regions, further improving its position above pre-Covid production levels. In 2021 manufacturing production indeed hit +15.6% on 2020 and +4.3% on 2019: Italy almost closed the gap with 2019 (-0.8%), whereas Spain (-3.1%) and especially Germany (-6.8%) and France (-6.2%) are falling behind.

Most manufacturing sectors in Lombardia are above pre-pandemic production levels, except from fashion (-4.9% leather-footwear, -8.6% textiles, -15.8% clothing) and, to a lesser extent, paper-print (-1.0%). The strongest rebounds concern non-metallic minerals (+7.8%), rubber-plastics (+7.7%), chemicals-pharmaceuticals (+7.3%), machinery (+6.6%) and metals (+6.1%); food (+3.8%), automotive and wood-furniture (both +2.5%).

In 2021 also business births picked up, faster in Lombardia than in Italy, with 57.177 new firms registered (+19% on 2020 vs +13.8% in Italy), close to the peak reached in 2019 (58.313, -1.9%). Although all sectors record a positive trend when benchmarked to 2020, when compared to 2019 professional, scientific and technical activities (+19.9%) and construction (+17.5%) remain dynamic, new openings in accommodation and food services result subdued instead (-31.2%).

Firms carry into 2022 more cautious expectations on the short-term economic outlook than last year, in Lombardia as well as in Italy and Europe. More in detail, manufacturing confidence in Lombardia and the North-West, after hitting all-time high in November, falls in December and markedly drops in January. Although levels remain high, both current demand and production, as also expectations, worsen. Stocks of raw materials and semi-finished goods are prevalently judged scarce and this hinders the ability to fulfill demand. Services too, slow down in the North-West, most markedly so in Italy, as demand and expectations on the first quarter of 2022 turn less optimistic. On the contrary, in January confidence remains high in Germany and Spain, though it is lower than last Fall.

Growing uncertainty influences consumers as well, to a larger extent at a national level where the confidence climate falls in January, whereas it grows in the North-West. Also there though, expectations on the national economic outlook worsen and drop down to last Spring lows.





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