



ASSOLOMBARDA  
Confindustria Milano Monza e Brianza

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

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# Preface

*Flash update on the short-term economic outlook for Lombardy in comparison with the other European “engines of growth” - Baden-Württemberg, Bayern, Cataluña, Rhône-Alpes - and the other benchmark regions in the North of Italy - Veneto, Piedmont, Emilia-Romagna.*

## **Safety on the workplace in Lombardy**

In 2016, workplace injuries per person employed in factories (net Cassa Integrazione Guadagni (CIG)) decreased by 37.2% with respect to 2011, those “outside factories” by 35.5%.

## **SUMMARY – Economic performance in Lombardy in comparison with benchmark regions**

For 46% of firms in Milan turnover in 2016 was on the increase, a share essentially aligned across the manufacturing sector and innovative services. The latter are more optimistic for 2017, with 55% of firms that expect a growth in turnover, whereas the equivalent figure for the manufacturing sector - to be read positively anyhow - is 44%.

In Lombardy growth in manufacturing production as a whole further accelerates in the first quarter of 2017 by +1.7% (+0.8% Baden-Württemberg), following the already robust +1.0% at 2016 year-end. We expect the positive trend to keep up even through this quarter, in light of the clues stemming from the confidence climate in Milan (on historical highs for the manufacturing sector, declining but still positive for innovative services).

The most recent assessment of the labor market provides a mixed picture. CIG in Lombardy continues indeed to decline substantially (-54%) in the first quarter of 2017. Over the same period, the growth in the overall demand for temporary employment in Milan\* is confirmed (+5%). Nevertheless, between January and February overall hiring descends (-3.1%), especially with reference to permanent contracts (-14.9%).

*\*Milano, Lodi, Monza and Brianza*

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

46% of manufacturing and innovative services firms in Milan close 2016 with a growing turnover with respect to 2015, a share close to the peak reached in 2015 (48%); at the same time, the share of firms that saw a decline in turnover shrinks to 28% (32% in 2015). Concerning 2017 forecasts, 48% of surveyed firms expects a growth in turnover with respect to 2016, a definitely higher share than what recorded in September 2016, when the equivalent figure just almost reached 35%; in particular, firms in innovative services are the most optimistic (55%).

After a robust +1.0% at 2016 year-end, manufacturing production further accelerates in Lombardy in the first quarter of 2017: +1.7% with respect to the last quarter of 2016, in line with expectations built on the confidence climate and well above Baden-Württemberg's +0,8%. Growth in manufacturing production in Lombardy is spread across all firm size classes, setting on higher values when considering medium and large firms especially. The gap with the pre-crisis peak is hence reduced to -5.7% in Lombardy; in comparison it has to be highlighted though that Baden-Württemberg has already exceeded 2008 levels (+2.1%).

Signals stemming from the manufacturing confidence climate in Milan\* prove positive, driven by growing expectations on production for the next 3 to 4 months. Moreover, expectations on both domestic and foreign demand remain overall definitely high. At country level, manufacturing confidence grows in April in Italy, for the fifth consecutive month and setting above zero in France - where the index remains negative though - and especially in Germany, setting at its highest levels since mid-2011. On the contrary, in Spain confidence declines for the second consecutive month.

Differently from the manufacturing sector, in the first quarter of 2017 innovative sector confidence declines in Milan\* after four periods on historically high levels, now back to levels of mid-2015, though still positive. The fall in the index owes to the decline in all components: order books, expectations on order books and general trends in the economy.

Consumer confidence in the North-West declines as well, reaching its minimum since beginning 2015, due to a general worsening both of the economic and the future components.

*\*Milano, Lodi, Monza e Brianza*

As to business demography, in the first quarter of 2017 the number of active firms in Lombardy with reference to 2016 is steady, while the number of manufacturing firms is still shrinking (-1.2%).

Finally, the latest assessment of the labor market provides a mixed picture. CIG in Lombardy continues indeed to decline substantially (-54% in the first quarter of 2017 with reference to 2016), in line with Piedmont (-58%) and better than in Veneto (-30%) and Emilia-Romagna (-28%). Over the same period, overall demand for temporary employment in Milan\* continues to grow (+5%). At the same time, overall hiring in the two months of January and February declines in Lombardy (-3.1%, -14.9% permanent contracts), in contrast with Piedmont (+12.5%), Veneto (+10.6%) and Emilia-Romagna (+12.5%).





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