



ASSOLOMBARDA

Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

Edited by

Research Department

N° 32/February 2019



Preface

Preface

Flash update on the short-term economic outlook for Lombardy 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 Lombardy

Work-related accidents recorded in Lombardy grow in the fourth quarter: the upward trend with respect to the same quarter last year mostly concerns work-related road accidents (+7.3%, industry +19.1%) rather than on-the-job accidents (+0.7%, industry +13.5%).

Last quarter data allow to estimate provisional gross annual figures. Based on the information available in 2018, work-related accidents per person employed reverse trend, increasing in Lombardy by +0.7% (industry +2.7%); work-related road accidents grow by +1.1% (industry +2.7%).

SUMMARY – Economic performance in Lombardy in comparison with benchmark regions

Lombardy lost momentum in 2018, with both production and labor starting to slacken. The economic outlook is expected to remain weak over the first months of 2019.

In particular, manufacturing production over the first two quarters of 2018 grows by nearly 4%, then slows down below 2% in the second half of the year. Over the whole of 2018, production achieves +3.0%, a positive result yet not as much as +3.7% in 2017.

The economic slowdown influences employment dynamics. In Lombardy in the third quarter of 2018 there are +16,000 persons employed compared to the same quarter in 2017, still fewer than in the second quarter (+54,000).

In Milano, Lodi, Monza e Brianza, the demand for temporary work sensibly shrinks as well: -58% in the fourth quarter of 2018 compared to 2017, after the already significant decline in the third quarter (-37%).

Economic performance in Lombardy in comparison with benchmark regions

Lombardy's economy loses momentum in 2018, partly determining waning business confidence, scaled down investment perspectives, weaker employment dynamics.

In particular, in 2018 manufacturing production in Lombardy gradually slows down: up to mid-2018, activity growth rates near 4%, while they fall below 2% in the following six months. Focusing on the latest figures, in the fourth quarter of 2018 production performs +1.0% compared to the previous quarter, in part due to a revival in growth after the negative rates of the second and third quarter (-0.2% in both cases), in part because of the slight recovery of German manufacturing production, in particular of the automotive sector, after the setback suffered in the central months of the year.

Over the whole of 2018 production grows by +3.0%, a positive result though less so than in 2017 (+3.7%). Considering Italy, the slowdown is more evident: merely +0.9% in 2018, following +3.8% in 2017. Besides, the gap with pre-crisis levels is still markedly wide in Italy (-19.2%), while it is narrow in Lombardy (-1.3%).

In Lombardy in 2018 almost all manufacturing sectors increase production (among sectors above average, mechanics and non-metallic minerals stand out with +4.8% and +3.9% respectively) and all provinces positively contribute to overall regional growth.

In terms of GDP, the latest estimates see Lombardy growing by +1.4% in 2018, slowing down from a steady +2.8% in 2017. Italy halts at +1.0%, with a gap with the pre crisis still at -3.2%, whereas Lombardy outperforms 2008 levels by +1.5%.

Looking on to the future, based on manufacturing confidence the slowdown is expected to continue over the next 3-4 months. The confidence climate in Milano, Lodi, Monza e Brianza slightly improves in December, but it still performs below zero and at the lowest levels since 2012.

The weaker economic cycle and confidence over the past months especially affects projections for 2019. According to recent surveys on manufacturing firms in Lombardy, investment plans are being scaled down: the share of firms planning to invest in 2019 falls to 54% (61% of firms invested in 2018, 64% in 2017).

Sluggish growth impinge upon the labor market, both in Italy and Lombardy. Starting from Spring 2018, employment growth has been losing steam: in May there were +430 persons employed compared to a year before, in December the same figure shrank to +200 persons. Employment dynamics weaken in Lombardy as well. In the third quarter of 2018 the number of persons employed still increases (+16,000 persons compared to the same quarter last year), but to a lesser extent than in the second quarter (+54,000).

Country-level data, available by employment status, provide further information. Delving into the country-level positive balance of +200,000 persons employed as of December 2018 compared to the previous year, diverging trends appear across working positions: fixed-term workers increase by +250,000 units, the self-employed by +30,000 units, however open-ended workers shrink by 80,000 units. In such context, new provisions included in «Decreto Dignità» discourage fixed-term contracts, i.e. the labor market access channel which drove employment growth in 2018.

The employment setback is evident also in Milano, Lodi, Monza e Brianza. In the fourth quarter of 2018, the demand for temporary work markedly shrinks: -58% compared to the same period in 2017 (technicians -83%), following -37% in the third quarter. In six months only, the demand for temporary workers by firms has decreased by 30,000 units.

To conclude, all in all loans to firms in Lombardy again perform steady growth rates as in the third quarter of 2018 (+2.4% compared to the same quarter in 2017), but diverging trends persist across firm size classes (+3.1% loans to firms with more than 20 persons employed, -1.7% those to smaller firms) and across sectors (+5.2% and +3.2% loans to industry and services respectively, -1.5% those to constructions).





www.assolombarda.it
www.assolombardanews.it

