



ASSOLOMBARDA

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Lombardy in comparison with Italian
and European benchmarks

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Preface

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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 in Lombardy still grow in January 2019, however upcoming figures over the next months shall be monitored to better gauge the trend. In the fourth quarter of 2018 on-the-job accidents increased by +4.2% (+2.6% per person employed). Focusing on the industry sector, in the fourth quarter of 2018 the same figure was +13.5% (+12.7% per person employed).

SUMMARY – Economic performance in Lombardy in comparison with benchmark regions

2018 overall still marks a year of growth for Lombardy, but at a slower pace: +1.4% in GDP, compared to +2.7% in 2017. Italian GDP is flat (+0.9%).

Lombardy suffers from sluggish manufacturing production (+3.0% in 2018, versus +3.7% in 2017) and exports (+5.2% in 2018, following +7.9% in 2017).

Manufacturing confidence climate in the North-West, in February 2019 still stuck at their lowest levels since mid-2016, suggests the economic cycle is expected to weaken in the first semester of 2019. Consumer confidence has been decreasing as well since mid-2018.

Weaker growth has not yet negatively affected the labor market in a significant way. The employment rate rises to 68.3% in the fourth quarter of 2018, at the same time the unemployment rate shrinks at 6.1%. In 2018 net employment with respect to 2008 grows to +152,000 people, with relevant structural changes. There are diverging trends especially by educational level (+369,000 persons with a university degree vs -244,000 with first-level secondary school licence) and by age group (+702,000 over 45 years old vs -550,000 under 44 years old).

Economic performance in Lombardy in comparison with benchmark regions

The latest figures give the fuller picture of the economic and labor performance in Lombardy in 2018.

Though weaker than over the past three years, growth continued in Lombardy in 2018. According to the latest estimates, GDP grew by +1.4% in 2018, following a sustained +2.7% in 2017 and +1.6% in 2016. Italian GDP flattened at +0.9%.

Italy still suffers from a gap of -3.3% with pre-crisis levels, whereas Lombardy is already outperforming 2008 by +1.5% and Milano by +7.0% even (to compare: Emilia-Romagna +0.2%, Veneto -0.2% and Piedmont -5.3%).

Manufacturing production growth rate was nearly 4% in the first semester of 2018, then fell below 2% in the second half of the year. Overall, manufacturing production increased by +3.0%, a positive result yet less than the +3.7% totalled in 2017.

Less robust than in 2017 was also the performance on international markets, especially in the central months of the year, in line with the global trade slowdown. Over the whole of 2018 Lombardy exported 127 billion euros, achieving +5.2% in 2017, year when it recorded +7.9%. Italian dynamics are weaker: the export growth rate was +3.1% in 2018, half as much as the rate in 2017 (+7.6%).

Similarly to Lombardy, all benchmark regions reach an halt (in Italy: Emilia-Romagna from +6.9% in 2017 to +5.7% in 2018; Veneto from +5.6% to +2.8%; Piedmont from +8.0% to as little as +0.4%; in Europe: Baden-Württemberg from +5.0% to +1.4%, Bayern from +4.6% to -0.1%, Cataluña from +8.7% to +1.1%, Auvergne-Rhône Alpes from +0.6% to 0.0%).

Back to Lombardy, export dynamics in 2018 result from positive results in all provinces (except from Monza Brianza): Milano contributes the most to regional growth (+6.4% year-on-year) together with Brescia (+7.0%). The performance is positive both on EU (+5.1%) and extra-EU markets (+5.3%). Considering sectors, pharmaceuticals (+11.1%), electronics (+9.5%), metals (+6.5%) and fashion (+5.5%) positively stand out.

Looking onto the future, based on the manufacturing confidence climate, growth is expected to weaken in the first half of 2019. In the North-West the confidence climate is still in February 2019 at the lowest levels since mid-2016. Since mid-2018 the consumer confidence climate has been worsening as well.

The economic setback in Lombardy has not yet had negative spillovers on the labor market.

In the fourth quarter of 2018 the employment rate reached 68.3%, and at the same time the unemployment rate fell to 6.1% (with the unemployed dropping below 300,000 for the first time since 2011). Though still high, the unemployment rate of 15-24 year olds shrinks (20.8% in 2018, 22.9% in 2017), as also the share of the NEET (13.1% in 2018, 14.2% in 2017).

In 2018 there are overall +152,000 persons employed compared with the pre-crisis, though undergoing some relevant structural changes: there are +125,000 women employed, +28,000 men; graduates (+320,000) and people with a high-school degree (+76,000) increase as well, whereas the less educated, holding only a first-level secondary school licence, decrease (-224,000).

Always with respect to 2008, there are 550,000 fewer persons employed aged under 44, partly due to demographic trends, whereas there are +702,000 aged over 45.

Over the whole of 2018, fixed-term contracts drove employment growth: the gross figure of +27,000 persons employed results from +50,000 fixed-term contracts, -13,000 open-ended contracts and -10,000 the self-employed.





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