



ASSOLOMBARDA

Booklet Economia

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 Lombardia

Recorded work-related accidents continue to increase in the first quarter of 2019, though less steeply than in the previous quarters. On-the-job accidents are substantially at the same level compared to last year, while work-related road accidents increase by +3.3% (data refer to the entirety of INAIL categories). Considering industry, work-related accidents grow by 3.3% (the same figure was +13.5% in the fourth quarter of 2018).

SUMMARY – Economic performance in Lombardy in comparison with benchmark regions

Having already weakened in the last months of 2018, economic activity further slows down in the first months of 2019. Though final data are not yet available, based on the confidence climate both consumers and firms are expecting the growth outlook to dim, at regional as well as national level.

Especially, in North-West manufacturing confidence drops in April to the lowest since Fall 2014, with (international, but especially national) order books as well as production expectations shrinking, and with stocks further increasing. Confidence falls also in Italy and in the main European countries, especially in Germany where the index remains below 0 after having kept on positive levels for over two years.

Consumer confidence is below its medium-term average, following a marked downward trend both in the North-West and in Italy (what is more, there is no evidence anymore of any divergence across the two, suggesting that the drop in confidence initially felt in the North-West has now spread to the rest of the country).

After having constantly increased for 4 years, the number of active firms slightly decreases in the first quarter of 2019 in Lombardy (-0.1% compared to a year ago). The decline in manufacturing activities does not come to an end neither here.

Economic performance in Lombardy in comparison with benchmark regions

Over the Spring, business and consumer confidence climate increasingly worsens, both at regional and national level.

North-West manufacturing confidence diminishes again in April, reaching the lowest levels since Fall 2014. In detail, international and especially national order books shrink for the sixth consecutive month, expectations about production over the next 3 to 4 months further worsen and stocks increase (slightly less than in the previous month).

Confidence is on a downward trend in Italy as well (having fallen for seven months in a row April included, with a negative balance) as also in the main European benchmarks. In Germany it plummets: in March the confidence climate dropped below 0 for the first time since the end of 2016, and the fall continues steeper in April.

In the North-West consumer confidence is the same as in March, while it in Italy it diminishes again. Everywhere though consumer confidence is at the lowest levels since Summer 2017. Focusing on the North-West, evaluations as well as expectations on the economic situation worsened. Interestingly, there is no divergence in trends anymore, suggesting that the lower confidence initially felt in the North-West now concerns Italy as a whole.

As to insolvency proceedings, positive signals emerge concerning the gradual decrease in bankruptcies, whereas voluntary liquidations dynamics seem to turn negative, a trend to be monitored over the next months.

More in detail, almost 2,500 bankruptcy procedures were opened in Lombardy in 2018, -1.3% compared to 2017 (when the decline was much steeper and equal to -11.3%). Emilia-Romagna and Veneto record a double-digit decrease (-18.5% and -13.0% respectively), whereas Piedmont records a much smaller reduction (-2.6%). Looking at 2018 dynamics by sector, the overall decline recorded in Lombardy (-1.3%) results from different performances: bankruptcies fall by -2.5% in industry, whereas they increase by +0.9% in services and by +7.7% in constructions.

Voluntary liquidations reverse trend and go back to increasing in 2018 both in Lombardy (+7.2%, for a total of almost 16,000 procedures, vs -4.0% in 2017) and in Emilia-Romagna (+2.2% in 2018, following -12.5% in 2017). In Piedmont and in Veneto instead they continue to decrease (-1.1% and -1.4% respectively).

Finally, 2019 first-quarter data about business demography highlight a slight decrease in the number of active firms in Lombardy (- 0.1% compared to a year ago), after four years of sustained growth. To compare, in benchmark regions the fall in activity started ten years ago is not over yet, on the contrary it accelerates in the first months of 2019. Focusing on the manufacturing sector, in all regions the number of active firms keeps on decreasing, Lombardy included (where the recovery in manufacturing production over the last five years was relevant).





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