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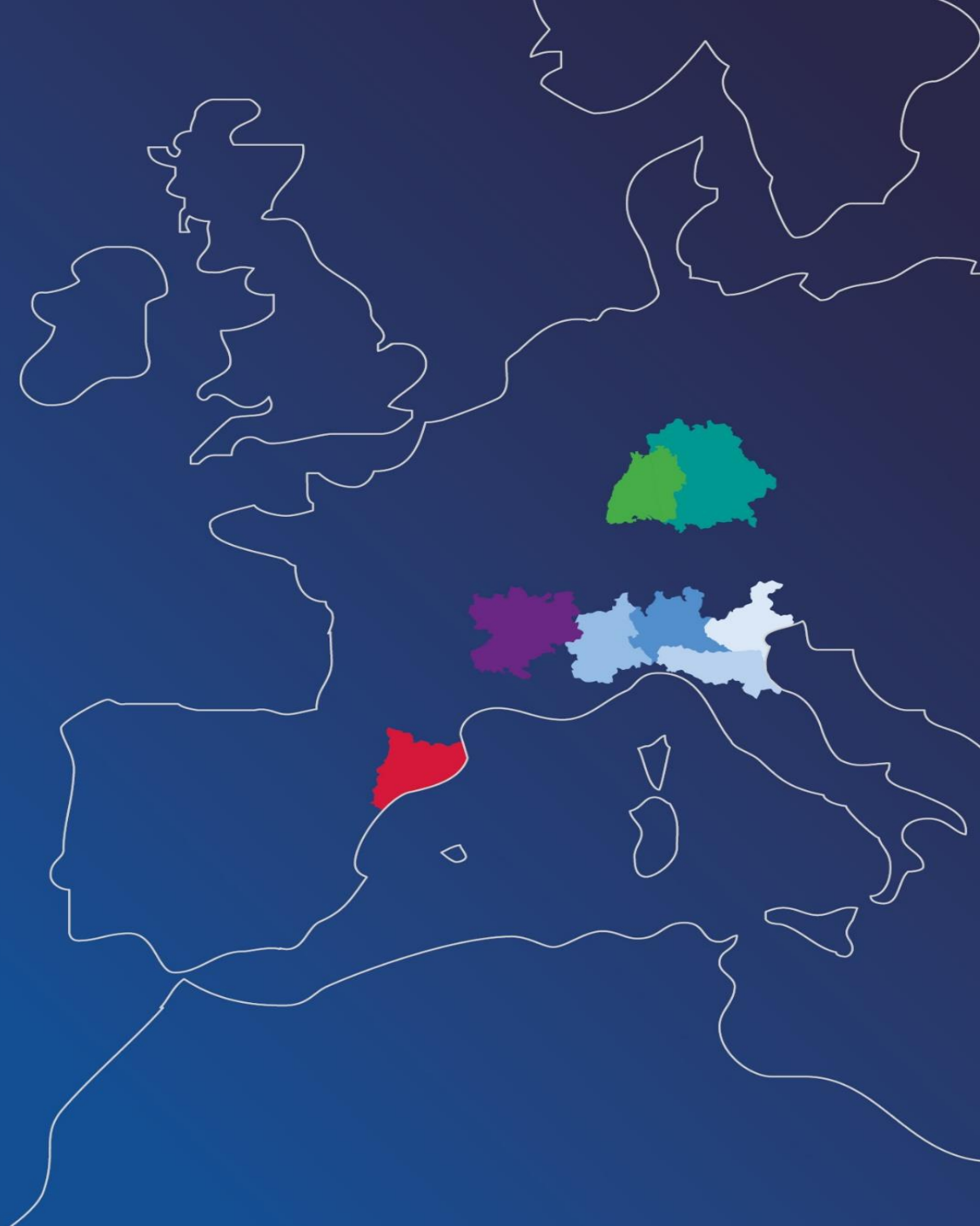
Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

Edited by

Research Department

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Preface

Flash update on the short-term economic outlook for Lombardia 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 in Lombardia in April 2020 decrease by 1.0% compared to the same month in 2019, a result which owes to Covid-19 containment measures as it was already partly visible in the first quarter figures. Considering the industry sector, “on-the-job” accidents dropped (-66.3%) due to business closures and work-related road accidents also took a nosedive (-80.5% in the total economy and -83.3% in the industry) as a result of limitations to mobility.

Economic performance in Lombardia in comparison with benchmark regions

Lombardia’s economy has restarted. The low reached in April in the midst of the lockdown has been left behind and production activity in May is back to March average levels: the recovery is continuous and gradual (at the end of May activity levels result higher than in the first week), but still partial, so much so that all indicators show there is still a gap to fill compared to the pre-Covid situation. The figures prove coherent with the results of a survey conducted in mid-May on around 400 of Assolombarda’s manufacturing and services member firms: 28% would still be partially (21%) or completely (7%) closed, while the remaining 72% would have already fully re-opened. Still large at 47% the share of firms’ employees in smart working.

Lombardia’s slowly recovers after having collapsed to a larger extent than the national average, by -35% in March, -45% in April and -30% in May according to our yearly estimates. And the shock equally affected all size classes: small, medium and large manufacturing firms’ production shrank by 10% in the first quarter of 2020. Exports also reached a halt (-3.0% in the first quarter, after plunging by 13.1% in March) in all sectors pharmaceuticals and food excluded. The sectors most hit in terms of exports were automotive, metals and mechanicals, which dropped by over 10%.

That the situation is gradually improving in May is however clear. Weekly data on electricity demand fell by 11% in Italy in the first week of May year-on-year, by 7% in the last week. The trend in Lombardia is similar, though slower. Likewise, HGV traffic on urban bypasses, which resulted -28% year-on-year between May 4 and May 10, recovered to -17% between May 18 and May 24. Based on Google Maps data work-related mobility partly filled the gap as well, recording -35% at the start of June in Lombardia compared to -50% in mid-May.

The situation is still dire, as clearly conveyed by the business confidence climate recorded in May. All sectors suffer, but services are first in line. The manufacturing confidence climate in May is 16 p.p. lower than in March in Italy, 17 p.p. lower in the North-West (a drop largely similar across industries), the service climate is 37 p.p. lower in Italy and 26 p.p. lower in the North-West (losing as many as 54 p.p. in the case of tourism). There are no records of the month of April because the Italian National Institute of Statistics chose not to run the survey, but it would have likely been the low of the time series.

As to the chances of a full recovery over the next months, manufacturers' short-term expectations on both foreign and domestic orders remain largely negative and stocks of finished goods are increasing in many sectors: two factors which hinge on the speed of the recovery.

Consumer confidence falls as well, though less than the business one. The index fell by 6 p.p. in Italy and 5 in the North-West compared to March, when it lost 10 p.p. on February. As of now, considerations of the current economic situation are definitely worse than those relative to personal conditions.

The available data about the labor market in the first three months of the 2020 start to incorporate the effects of the health and economic crisis. In Lombardia 3,000 persons dropped out of the labor market between January and March, the result of -35,000 in the number of the self-employed and, on the contrary, +32,000 in the number of employees. Due to the decrease in employment, the lower unemployment rate at 4.8% is a negative sign, since the figure reflects the increase in the "inactive", i.e. those that discouraged by the situation stopped looking for a job.

In order to get timely indications on the state of the labor market, it is useful to monitor job announcements posted on the web (source Burning Glass-Crisp). In Lombardia in April announcements drop by 51% on the previous year (by 34% in March), with largely different trends across sectors, from -38% in the hospitality and restaurant sectors in the first four months of 2020, to +88% in health and social services.

Finally, a quick word on Inps data about the hours in Cassa Integrazione (the Italian redundancy fund) requested to face the Covid-19 emergency: 295 million hours authorized in Lombardia in April (182 million) and May (113 million), in just two months 95% of the amount requested in 2010 as a whole, the peak year of the Great Recession.





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