



ASSOLOMBARDA

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

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## EXECUTIVE SUMMARY

### Lombardia's economy in comparison with European and Italian benchmark regions

Exports from Lombardia bounce up in the first quarter of 2021, overall reducing the gap with pre-Covid, but great divergence emerges between still struggling sectors and vibrant ones, also due to territorial specializations. The upswing in manufacturing activity is expected to gain intensity in the Spring and in the following months, based on the fact that for firms in Lombardia and in the North-West confidence has been the highest in May since end-2017. Services' recovery also continues as restrictions loosen, and confidence is back to positive levels and above peaks reached in Spring 2018. Caution lingers for families, but consumer sentiment also grows and is in line with pre-pandemic levels. The labor market remains weak, but while the employment loss caused by the emergency had so far mainly yielded an increase in 'discouragement' and in the inactive, in the first months of 2021 the unemployment rate grows as people start searching for a job again.

Data show exports from Lombardia expand by +3.5% in the first quarter of 2021 on the same period in 2020. However, exports are not yet back to pre-pandemic levels: -0.8% is the gap with the first quarter of 2019, i.e. -256 million euro unsold abroad by regional firms in three months. Compared to the other key manufacturing regions in Europe, Lombardia records a smaller gap than Bayern (-2.9%) and Auvergne-Rhône Alpes (-5.8%); Cataluña (+4.8%) and Baden-Württemberg (+2.6%) are instead above 2019 levels.

Within manufacturing, the recovery is polarized. Among key sectors in Lombardia, at the bottom end are fashion (-13%), automotive (-12%) and machinery (-4%), at the top end electronics (+22%), pharmaceuticals (+21%) and food (+7%) robustly above 2019 levels.

Considering those sectors struggling the most, Lombardy's fashion loses -453 million euro in the first quarter of 2021 on the same period in 2019, a loss which mostly concerns Milano (-107 mln), Como (-105 mln), Pavia (-81 mln) and Mantova (-52 mln). The regional machinery sector drops in absolute levels by -251 million euro, concentrated in Milano (-222 mln), while the -252 million recorded by automotive are mainly distributed across Varese (-184 mln), Milano (-96 mln) and Brescia (-31 mln).

Among top performers, pharmaceuticals gain +338 million euro, driven by Milano (+168 mln) and Monza Brianza (+75 mln), whereas electronics, recording +324 million euro, owes Lodi almost half the growth (+157 mln). Finally, the food sector is 115 million euro above 2019 export levels, thanks to Milano (+65 mln), Mantova (+29 mln), Cremona (+18 mln) and Pavia (+9 mln).

The recovery strengthens over the recent months, as above all manufacturers' but also services' confidence markedly grows in April and especially May. North-West manufacturing confidence hits three-year high, in a European context of great rebound: Germany is consistently on all-time highs, Spain and France hit highest level since end 2017 the former, since Summer 2018 the latter. More in detail, in North-West Italy confidence improves with regard both to current demand (national and foreign orders continue to increase) and short-term expectations, with projected order-books and production levels over the next 3-4 months reaching above Spring 2018 peaks.

Also North-West services confidence grows back to positive levels in May and makes new highs since February 2018, hence exceeding pre-pandemic levels with extremely high expectations on demand and the general economic outlook. The recovery is significant also in the main European benchmarks.

Families' stance is more conservative than firms', but also North-West consumer confidence strongly improves and in May is in line with levels recorded in the months immediately before the pandemic. Especially the national economic component (so far on historical lows) bounces up to new peaks since beginning-2020 and in line with the personal component.

Finally, the situation of the labor market remains critical in the first quarter of 2021, as Istat new provisional estimates say there are as many as 193,000 fewer persons employed than a year ago. However, compared to end 2020 the 'discouragement effect' is more contained, although still consistent (+109,000 the increase in the inactive in one year). Unemployment indeed is increasing now, the rate is 6.9% up from 4.9% in the first quarter of 2020 (in absolute terms this has means +90,000 unemployed persons). Unemployment grows also in the benchmark European regions, to 12.9% Cataluña, 4.1% in Bayer, 4.4% in Baden-Württemberg.

## Provinces in detail

### MILANO

While Lombardia grows, in the first quarter of 2021 exports from Milano decrease (-3.8%). The gap with the first quarter of 2019, i.e. a 'normal' pre-Covid level, equals -4% and is hence larger than regionally (-0.8%): same as saying firms in Milano lost -435 million euro turnover in one quarter. Compared to pre-Covid, among struggling sectors figure machinery (-222 mln euro in the first quarter of 2021 on the first quarter of 2019, -11.8%), fashion (-107 mln, -5.7%), automotive (-96 mln, -21.8%) and metals (-76 mln, -9.6%). At the opposite front pharmaceuticals stand out, with exports growing by 168 million euro (+14.4%).

Timely data on people's mobility reflect restrictions loosening and recovery happening: in the first 10 days of June mobility is above beginning-2020 pre-Covid levels by +13% and the decrease in mobility to and from the workplace improves from -30% in April to -23% in June, though less than in Lombardia (-19% in June).

### MONZA E BRIANZA

In the first quarter of 2021 exports from Monza consolidate the growth performed since Summer 2020, recording +10.5% year-on-year. Compared to pre-pandemic levels, local exports are up by +7.2% (vs the regional gap of -0.8%), gaining +169 million euro in sales on foreign markets. Almost all manufacturing sectors are on the rise (8 out of 13) and driven, in particular, by pharmaceuticals (+75 mln, +58.4%), metals (+46 mln, +10.2%) and electronics (+30 mln, +12.3%).

The latest mobility data available confirm the ongoing recovery: in the first 10 days of June people's mobility is above beginning-2020 levels by +18% and mobility to and from the workplace decreases by -17% (improving from -25% in April, before containment measures were loosened), in line with the regional average.

## LODI

In the first quarter of 2021 Lodi's firms' performance is even more brilliant than end-2020, as exports boom at +22.4% year-on-year and reach above pre-pandemic levels: +22% the increase on the first quarter of 2019 (vs -0.8% at regional level), i.e. +161 million euro thanks to an outstanding electronics, which alone records +157 million euro (+81.8%). Net of electronics, Lodi still positively performs, and better than its region on average. Considering the other specialization sectors, to be highlighted for their dynamism are food (+1.4%), electrical appliances (+9.4%), pharmaceuticals (+52%) and basic chemicals/fertilizers (+40.4%), whereas chemicals/cosmetics is still below the first quarter of 2019 (-11.9%).

People's mobility data further confirm the recovery: in the first 10 days of June mobility is above beginning-2020 levels by 25% and mobility to and from the workplace is at -16% (improving from -25% in April, before containment measures were loosened).

## PAVIA

In the first quarter of 2021 firms in Pavia suffer a marked decrease in exports of -9.8% compared to beginning 2020 (+3.5% Lombardia) and of -9.5% compared to beginning 2019. This entails a loss of -90 million euro in foreign turnover in just one quarter on pre-pandemic levels. Pavia's manufacturers' negative performance is mostly influenced by fashion, a key sector in the province, which alone plummets by 81 million euro in the first months of 2021 on the first quarter of 2019 (-72.6%). Metals, machinery and pharmaceuticals, other key sectors, also set below 2019 levels. Positive is instead the performance of chemicals (+12 million euro, +10.3%) and food (+9 million euro, +10.1%).

Finally, as restrictions loosen mobility in the first 10 days of June is 25% above beginning 2020 levels, while the decrease in mobility to and from the workplace gradually shrinks, being today -13% compared to January-February 2020 (vs -19% in Lombardia).





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