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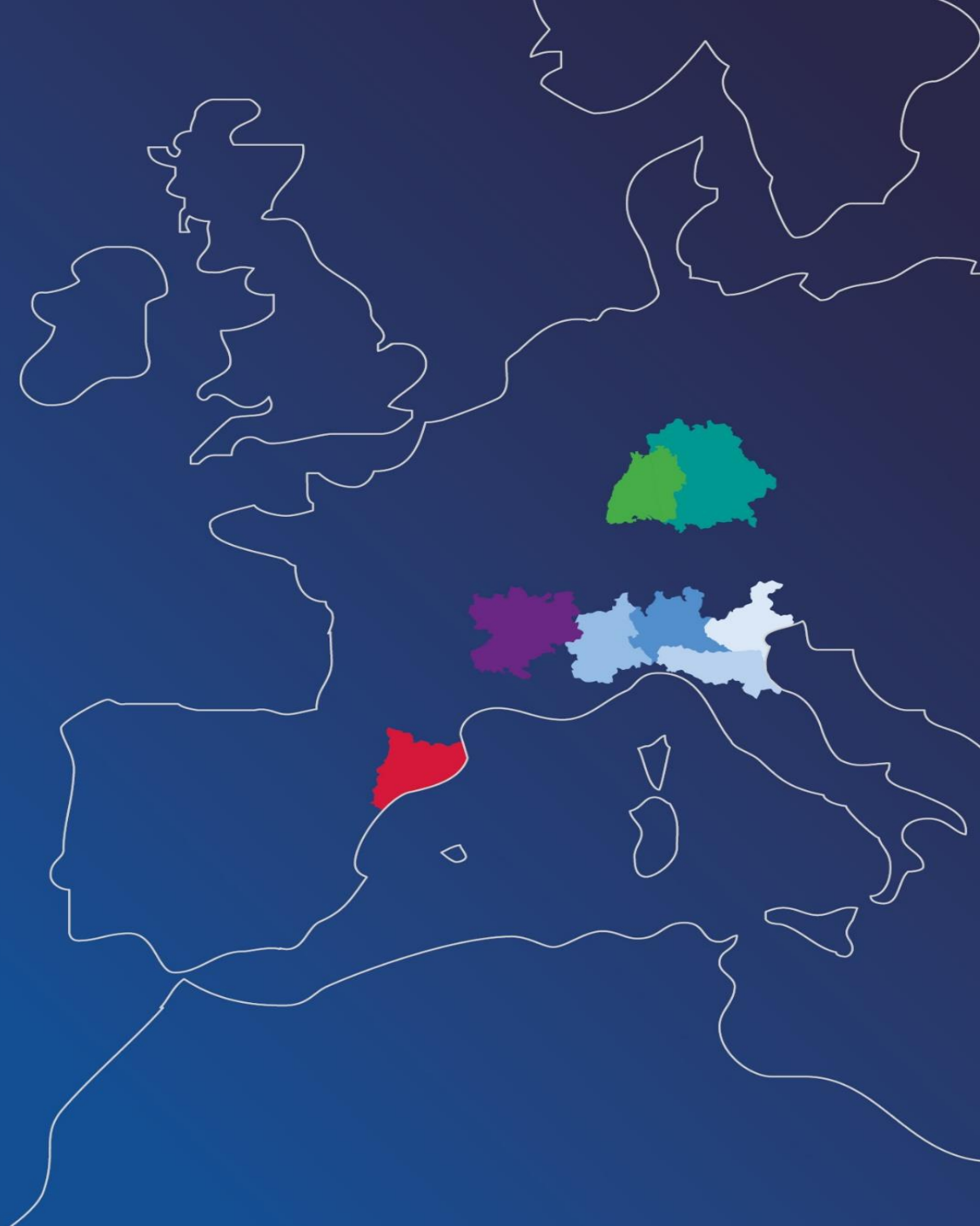
Booklet Economia

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

Manufacturing production and exports' solid recovery in the first half of 2021, together with services' restart in the summer, push Lombardia's growth estimates up for 2021. Regional GDP is to perform +5.4% in 2021, anticipating to 2022 the return to pre-Covid levels (to be reminded, it dropped by -9.1% in 2020). Nevertheless, most recent data referring to August show activity in North-West Italy and Lombardia slackening, in line with the (moderate) slowdown of the global economy influenced by the spike in the prices of some raw materials and the demand deceleration in some sectors. Manufacturing and services confidence climate, as also consumers', are scaling back but moderately, and while dropping down from record-high levels, they remain close to previous months' historical highs.

Delving into the numbers, Lombardia's manufacturing production in the second quarter of 2021 grows again and gets beyond 9.3% of (pre-Covid) 2019 average levels. Lombardia's industry hence overperforms both the national average (+4.2% Italy in the second quarter of 2021 on 2019) and European benchmarks (+3.1% Cataluña, -3.7% Baden-Württemberg). Furthermore, all class sizes accelerate, though at different speeds, with larger firms leading (+14.1% production in the second quarter of 2021 on 2019 average levels), followed by medium firms (+10.8%) and smaller firms further back (+4.9%).

Exports from Lombardia also pick up and in the second quarter of 2021 get +6.6% above pre-Covid 2019 levels, in line with Italy (+6.5%). Considering the first half of 2021, Lombard exports just perform +3% on 2019, due to the slower growth between January and March than in most benchmarks: +4.1% Italy in the first semester, +6.6% Emilia-Romagna, +5.0% Veneto, +6.1% Baden-Württemberg and +5.9% Cataluña.

In the Spring many sectors in Lombardy improve compared to the beginning of the year, yet differences remain compared to pre-Covid. In particular, electronics (+23.5% exports in January-June 2021 on 2019), food&beverages (+12.3%), electrical appliances (+9.9%) and chemicals (+8.0%) consolidate their positive results at year-start and over the first 6 months of the year overall sell more abroad than before the pandemic. Among well-performing sectors, pharmaceuticals are peculiar, as the sector drops in the second quarter, after robustly growing in the first, for a cumulative +5.9% in the semester. Thanks to the acceleration in the second quarter, also metals (+7.6% in the first 6 months of 2021) and rubber&plastics (+5.0%) get beyond pre-Covid-levels. On the contrary, despite improving in April-June, automotive (-6.4%), fashion (-7.0%), machinery (-2.1%), other manufacturing including fashion&design (-1.9%) and wood (-3.2%) still have gaps to fill. Petroleum products drop further in the first semester of 2021 instead, losing -17.2% on 2019 levels.

As to business confidence, in the North-West manufacturing climate drops from 114.9 in July to 113.1 in August, that of services from 116.7 to 115.7, but still remains on historical highs. European economies register a similar trend, except from Germany, which hits a new record. Looking at components, the dip in confidence owes mostly to short-term expectations worsening rather than a deterioration of the current context.

In August consumer confidence also falls compared to July, following the worsening of the personal and future climate components, and, to a lesser extent, that of the current climate.

Finally, in the second quarter of 2021 the labor market improves and employment increases after having plummeted since beginning 2020, as provisional estimates by Istat count +64,000 persons employed year-on-year. Unemployment continues to grow (+97,000 persons unemployed year-on-year) and especially, for the first time since the pandemic started, the number of the inactive shrinks (-176,000). As the discouraged decrease, unemployment increases but also in new employment in part. Compared to European benchmarks, Lombardy sees a sensible increase in unemployment (to 6.0% in the second quarter of 2021 from 4.1% in 2020), while it falls in Cataluña (to 12.3% from 12.8%), Bayern (to 3.6% from 3.8%) and Baden-Württemberg (to 4.0% from 4.2%).

Safety on the workplace

In the second quarter of 2021 the number of work-related accidents increases compared to the same period in 2020, with % changes largely reflecting the comparison with lockdown months. On-the-job work-related accidents grow by +5.8% (+62.5% in the industry sector), while those on-the-road hit +90.5% (+79.6% in the industry sector).





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