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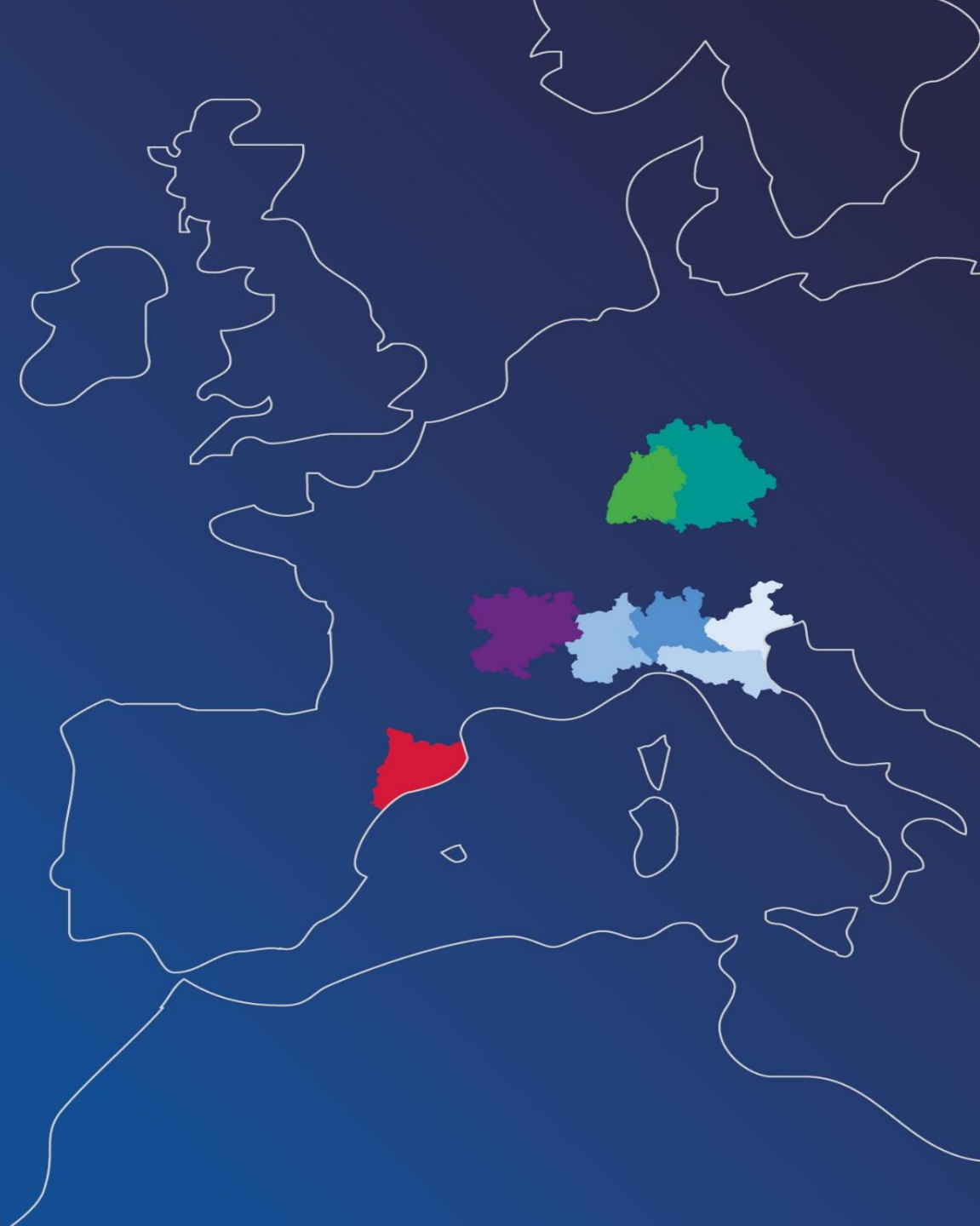
Booklet Economia

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

The recovery momentum continues solid, beating expectations. Prometeia's projections for local economies get upgraded: +6.4% Lombardia's forecast GDP growth in 2021 (vs estimates in July of +5.4%). The significant uptick, however, will bring the region back to pre-Covid levels not in 2021 already (closing the year with a gap of -3.4%), but in 2022. Similar gaps and recovery times are expected for Veneto, Emilia-Romagna, Piemonte, as well as for Italy, a testament to the widespread reactivity of the Italian production system and the alignment in recovery expectations.

As previously discussed, the overall cost of the pandemic in 2020 is uniform across the main industrial regions in Italy: Lombardia, in line with Emilia-Romagna, Veneto, Piemonte and the national total, sees GDP drop by -9%.

The latest European regional data, on the contrary, highlight profound differences, mostly reflecting different country-level dynamics: Cataluña suffers a larger unprecedented annual GDP loss of -11.5% (-10.8% Spain), whereas Bayern and Baden-Württemberg record a less dire drop of -5.5% (-4.6% Germany).

Back to the local outlook, the ongoing recovery is driven by fast growth in the industry sector, the outlook of which remains overall positive until the end of the year.

After a slight decrease in August, in September North-West and Lombard manufacturing confidence climate grows, while it results essentially stable in Italy; in both cases, the index remains on historical highs. In Europe, confidence hits a new high in Germany and resumes growth in Spain, whereas it markedly worsens in France.

In particular, in the North-West, in Italy and in Germany especially, inventories have been declining since Spring, far below 'normal' levels (in Germany the index is -16, compared to the previous low of -6 recorded from 1998 to before the pandemic). Italian and German firms are thus managing input price tensions reducing stock. Low stocks of finished goods coupled with orders picking up, though weighing on the speed of the recovery, still translate in a further increase in production expectations from now to year-end.

Nevertheless, increasing headwinds from supply bottlenecks might hinder positive demand and production expectations: in the second quarter of 2021, 15% of manufacturers in the North-West faces criticalities due to lack of inputs (the same percentage was 1% at the end of 2020) and between August and September the share of firms lamenting difficulties in exporting due to 'prices and costs' grows to 19% (it was 8% at the end of 2020), that of firms suffering 'delayed delivery times' to 13% (up from 5%).

Market services live a more heterogeneous situation, possibly reflecting different regional specializations. Services confidence climate indeed still falls in September in the North-West, but remains on historical highs and demand expectations suggest future increases. In Italy instead, the index resumes growth driven by tourism, as it also increases in Europe and Spain, whereas it declines in Germany and especially in France.

Moreover, in Lombardia, the strong recovery supports a marked increase in entrepreneurship. After freezing in 2020 as a consequence to the pandemic crisis, between April and June new registrations at Business Chambers equal 14,989, a +4.7% increase on the 2017-2019 average. No similar trend is registered in the other national benchmarks: +1.4% in Piemonte, -1.4% in Emilia-Romagna, -4.1% in Veneto and +3.6% overall in Italy.

As to business discontinuance filings, current measures still influence the trend: 7.788 (ex-officio ones excluded) in Lombardia, more than in Spring 2020 but still fewer than the physiological turnover, as they are a fifth fewer than the 2017-2019 average.

Considering new registrations per sector, above pre-Covid levels one finds Finance (+56%), Professional, scientific and technical activities (+51%), Real Estate (+22), ICT (+21%) and Constructions (+21%). Below 2017-2019 levels are instead Accommodation and food services (-29%), negatively affected by social distancing measures, and Industry (in this case though, the declining trend has protracted for a few years).

Safety on the workplace

In the two months July-August 2021, 'on-the-job' work-related accidents in Lombardia increase on the same period in 2020, both in the industry (+8.9%) and in the overall economy (+7,6%): the increase is smaller than in the second quarter, which compared to the lockdown. In those two months, the increase in 'on-the-road' accidents is subdued compared to the second quarter and equal to +23% (vs +88% in the second quarter) in the total economy, +22.2% (vs +86.8%) in the industry sector.





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