



ASSOLOMBARDA

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

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N° 61/January 2022





## EXECUTIVE SUMMARY

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

Gradually improving labor market conditions offer more evidence that Lombardia's economic activity was regaining momentum in 2021. As it did in the Spring, employment grows also in the third quarter, hitting +88,000 year-on-year according to Istat's preliminary estimates. The brightened picture is somewhat clouded by the still 63,000 fewer persons employed than in 2019. Positively though, employment growth over the Summer pairs with a decrease in the number of the inactive (-93,000) as well as the unemployed (-25,000, reversing the trend recorded in the previous quarter). In Lombardia the unemployment rate hence shrinks to 5.5% in the third quarter (from 6.1% in 2020), a trend similar to that of other European regions (Bayern is down to 3.3%, Baden-Württemberg 4.5%, Cataluña 10.9%). Parallel to the employment increase, fades the use of wage guarantee funds: authorized CIG hours drop by -46% in 2021 over 2020, though they are still above pre-pandemic levels (in December 2021 they are five times higher than at the beginning of 2020).

A key issue, to be monitored in the next months, is the growing mismatch between labor demand and offer: according to Excelsior's survey conducted in January 2022, firms in Lombardia struggle finding 38% of the requested profiles (it was 33% in 2020).

In December 2021 in Lombardia and the North-West business confidence remains on historical highs though slightly diminishing in manufacturing, dropping more markedly in services. Economic activity is hence expected to expand still in the first months of 2022, although at a lower pace. To compare, in benchmark European countries manufacturing confidence grows (in Germany the index almost hits all-time high thanks to record-high demand, extremely positive production expectations and strong inventories), whereas services contract.

Focusing on the North-West, current orders close the year strong, while production expectations marginally worsen and inventories get partially restocked. As to services, a less confident appraisal is given especially of order books and current business trends and, to a minor extent, of current demand as well.

The first signals of fading economic momentum appear in the context of increasing headwinds from three sets of factors. Energy price pressures especially worry (considering that 65% of annual total electricity consumption in Lombardia pertains to industrial and innovative services firms), as well as the surge in infections. Both add to continued supply constraints, and at the end of 2021 in the North-West 1 out of 4 manufacturing firms lament 'prices and costs' hampering exports and almost 1 out of 5 signal increasing lead times.

Under these circumstances, monitoring daily mobility data by Google regains centrality in timely gauging evolving economic conditions. In 2021 people mobility settled above 2020 levels, suggesting the achievement of a phase of coexistence with Covid though still far from what deemed 'normal' levels. In Lombardia, between January and December 2021 work-related, as also shopping and leisure, mobility indexes averaged -25% on pre-pandemic levels (the same figure was -35%/-40% in 2020) and, at the same time, stay-at-home 'lockdowns' diminished (+7% on pre-Covid levels compared to +13% in 2020). The turning point happened in mid-2021, and between September and December work-related mobility grows back up to -10/-15% and shopping/leisure mobility to -5/-10%, mirroring looser restrictions in light of the success of the vaccination campaign. However, the spread of Omicron causes a setback: in the week between January 10 and 14, 2022, work-related mobility drops to -21% on pre-Covid, leisure and shopping to -23%.





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