



ASSOLOMBARDA

BOOKLET ECONOMIA

Lombardy in comparison with Italian and European benchmarks

Edited by

Research Department

N° 92/December 2024



In the **third quarter**, the expected recovery in manufacturing did not materialise, and **Lombardy's production fell again by -1.0% compared to the same period in 2023**. Among industrial sectors, leather footwear (-7.1%) and textiles (-9.0%) remain the most penalised. Significant contractions were also recorded for steel (-4.8%), non-metallic minerals (-4.7%), transport equipment (-4.3%) and wood furniture (-3.5%).

In the first nine months of the year, manufacturing production in Lombardy thus contracted by -1.1% compared to 2023, a decrease that was nevertheless more contained than the -3.4% experienced at the national level. The industrial sector's fatigue also affected the main European countries, especially Germany, which recorded -5.1% between January and September, but also France, with -0.5%; Spain, on the other hand, grew moderately by +0.7% (with, however, a third-quarter setback).

Despite still sagging global trade, **the summer of 2024 is a positive one for Lombardy's exports, which return to growth of +1.4% year-on-year against a stationary Italian figure (-0.1%)**. The quarterly increase is not, however, sufficient to offset the drop recorded at the beginning of the year, so that **in the first nine months of 2024, even regional exports remain -0.5% below 2023** (Italy -0.7%). Lombardy is nevertheless better positioned than its European peers Auvergne-Rhône-Alpes (-2.1% between January and September), Cataluña (-2.9%) and Baden-Württemberg (-3.1%); Bayern's performance, on the other hand, is positive (+1.7%).

Breaking down Lombardy's -0.5% cumulative decline in January-September 2024 compared to 2023, fashion and metals recorded robust foreign sales declines (-8.0% and -5.5% respectively), while positive contributions came from electronics (+8.8%), food (+6.2%), pharmaceuticals (+1.1%) and chemicals (+0.5%). The automotive sector posted an overall +2.2%, summarising two-quarters of expansion in the first half of the year and a sharp setback between July and September.

In terms of destination geographies, in the first nine months of 2024 as a whole, **the drop in sales to EU27 countries**, especially Germany (-€530 million) and France (-€413 million), **was heavily affected**, while **outflows to non-European markets remained substantially stable**, with, however, among historical partners, a significant reduction affecting the United States (-€598 million).

The stagnation of the manufacturing sector in Lombardy, as well as in Italy, is confirmed in the latest picture. In November in the North-West, manufacturing confidence rose slightly thanks to an increase in current orders and a drop in inventories, but **production expectations for the next 3-4 months fell** (to the lowest since November 2020), **thus jeopardising a recovery in the short term**.

At the same time, **the lack of momentum in services is becoming more evident**, with confidence in November falling nationally and in the North-West, reaching its lowest level since October 2023. In detail by breakdown, ISTAT qualitative surveys reveal a deterioration in judgments on business performance and a sharp contraction in demand both in the current framework and in the outlook, with expectations on orders in the short-term returning to the negative area for the first time since December 2022.

Lombardy in the national and European comparison

Executive Summary

The signals from the labour market, however, remain all in all positive. Between July and September, the **number of employed people in Lombardy increased for the fourteenth consecutive quarter** (+32 thousand compared to the same period in 2023). However, **the number of unemployed people rose slightly again** (+6 thousand), although it remained below the 2019 level by -29.4%. Inactive people remain more or less stable. **Lombardy's employment rate stands at 69.3%**, thus above the national average of 62.6% and slightly lower than that of comparative Italian regions such as Emilia-Romagna and Veneto (both at 70.6%). Lombardy's **unemployment rate is slightly up, at 3.6%** (from 3.5% a year ago) and lower than the national average of 5.6%; among the benchmark territories, only Veneto has a lower index (2.6%).

Lastly, the trend in loans to businesses provides a further sign of the economic cycle's sluggishness. **In June, credit disbursed to businesses in Lombardy contracted by -1.7% compared to a year earlier**, with strong intensity towards companies with fewer than 20 employees (-8.6%) and moderate intensity towards larger ones (-0.8%). Manufacturing and construction were the hardest hit sectors (both down 6.9% year-on-year in June), while loans to services grew by +1.9% after three negative periods.



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