



ASSOLOMBARDA

BOOKLET ECONOMIA **Sectors and Labor Market**

*Lombardy in Comparison with
Italian and European Benchmarks*

Edited by
Research Department

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BOOKLET ECONOMIA

Sectors and Labor Market

Lombardy in Comparison with Italian and European Benchmarks

Executive Summary

AT THE START OF 2026, LOMBARDY'S MANUFACTURING OUTPUT STILL GREW THANKS TO DOMESTIC DEMAND, WHILE SALES TO FOREIGN MARKETS SLOWED DOWN. THE LABOUR MARKET REMAINED SOLID AND EMPLOYMENT WAS MORE DYNAMIC THAN IN PREVIOUS PERIODS.

Final data for the first quarter of 2026 depict Lombardy performing better than expected, supported in particular by domestic consumption, although there are elements to monitor, such as weak demand from international markets.

Between January and March, manufacturing output continued to increase, service sector turnover remained on an expansion path—also driven by the Milan–Cortina Winter Olympics—and the regional labour market stayed solid, with rising employment, falling unemployment and fewer inactive individuals. However, business exports stagnated, and declines were visible in flows towards many key trading partners. These are signs of a slowdown that require attention because, although an agreement between the USA and Iran has already led to a drop in oil prices to around \$80 per barrel (the lowest level since early March), it will take months for global supply and production chains to fully normalise. Moreover, the outlook varies significantly across territories, mainly reflecting differences in sectorial specialisation.

Manufacturing

According to final data for the first quarter of 2026, Lombardy's manufacturing sector continued the expansion trend seen over the past year.

Production levels increased by 0.5% compared with the previous quarter, marking the sixth consecutive quarter-on-quarter rise, and were 2.4% higher than a year earlier. Growth was mainly driven by domestic demand, while foreign orders remain broadly stable. The regional increase was above both the Italian average (+0.4%) and all major European benchmark countries (Germany -2.8%, Spain -0.1%, France +1.5%).

Manufacturing output growth was observed across all firm size classes: compared with a year earlier, activity rose by 2.7% for large firms, 2.8% for medium-sized firms and 1.8% for small firms. Performance at the beginning of 2026 is also broadly positive across sectors, indicating a clear strengthening of the momentum seen at the end of 2025, though this momentum is now being challenged by a deteriorating global environment. Between January and March, production increased markedly in transport equipment (+7.1% year-on-year), followed by wood and furniture (+3.8%), leather and footwear (+3.1%), steel (+3.1%) and mechanical engineering (+2.8%).

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More moderate growth was recorded in food (+2.2%), chemicals–pharmaceuticals (+1.9%), paper–printing (+0.9%) and textiles (+0.7%), the latter marking its first increase after three years of decline. In contrast, the sharpest drop concerned clothing (-3.4%), while non-metallic mineral products (-2.1%) also declined for the first time in over a year, and rubber–plastics fell slightly (-0.3%).

While domestic consumption supported manufacturing output, performance in foreign markets remained weak. Between January and March, the value of Lombardy's exports remained unchanged year-on-year, compared with the average national growth of +1.3%. Among benchmark regions, Lombardy performed better than Cataluña (-1.4%) and in line with Emilia-Romagna (+0.2%), while stronger export growth is recorded in Bayern (+1.9%), Piedmont (+2.8%), Auvergne-Rhône-Alpes (+3.3%), Baden-Württemberg (+4.6%) and Veneto (+5.1%).

Stagnation in exports reflected a balance between positive contributions from transport equipment (+12.1%), pharmaceuticals (+9.7%), electronics (+9.6%) and metals (+2.7%), and negative contributions from mechanical engineering (-5.5%), fashion (-7.9%) and chemicals (-6.1%). Exports also declined in food (-4.6%), wood and paper (-4.5%), rubber and plastics (-2.4%) and electrical equipment (-1.0%), although with a smaller impact on the overall trend.

Export performance also varied by destination. Between January and March, exports to EU27 countries increased by 1.0% year-on-year, while those to non-European markets declined by 1.2%. Among key partners, exports fell to Spain (-2.6%) and Germany (-0.9%), while increasing to France (+1.6%), Poland (+3.0%) and the Netherlands (+7.9%). Looking at major non-EU markets, exports grew strongly to Switzerland (+21.2%) and increased to the United Kingdom (+1.6%), while continuing to decline to the USA (-4.4%), Turkey (-11.2%) and China (-12.7%). Weak exports to China reflect broader European trends, which are rising trade deficits and still-subdued domestic demand in the destination market. By contrast, the decline in exports to the USA partly reflects a base effect, as the first quarter of 2025 benefited from a “front-loading” effect.

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Services

In the first quarter of 2026, service sector turnover in Lombardy increased by 0.4% (at current prices) compared with the previous quarter and by 2.5% year-on-year, confirming the positive trend observed in recent years, though at a somewhat slower pace. Annual growth in Lombardy slightly exceeded the Italian average (+2.3%) and the French figure (+1.9%) but remained below those of Germany (+2.9%) and Spain (+3.9%).

Growth was widespread across sectors, with a clear contribution from the Milan–Cortina Winter Olympics. The strongest increase was in the turnover of hotels and restaurants (+4.4% year-on-year), followed by personal services (+2.8%), business services (+2.4%) and wholesale trade (+0.9%).

Labour Market

Between January and March 2026, regional employment showed stronger dynamism than in previous periods. Lombardy recorded 4.63 million employed people, 39 thousand more than a year earlier (+0.8%). This increase was entirely driven by male employment (+1.9%), while female employment continued to decline (-0.4%).

This growth reflected a decrease in employees (-2.1%) and a sharp rise in self-employed workers (+14.3%), bringing self-employment to near historical highs. By sector, positive contributions from construction (+17.6%) and trade, hospitality and food services (+4.0%)—supported by the Olympics—contrasted with a decline in services (-2.3%), while industry remained broadly stable.

The number of unemployed fell to 132 thousand (-12 thousand year-on-year, -8.1%), with a larger decline for men (-9.1%) than women (-7.0%).

After seven quarters of growth, the number of working-age people who are inactive declined slightly (-4 thousand, -0.2%), totalling 1.77 million. This reduction was entirely due to a fall in potential labour force participants (-8.8%), while those not seeking work and unavailable for employment increased (+0.7%).

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The employment rate rose slightly to 70.3% (+0.3 percentage points year-on-year), remaining well above the national average (62.5%) and those of Piedmont (68.5%) and Veneto (69.1%), but below Emilia-Romagna (71.1%). Gender differences persisted: the rate rose for men (77.7%, +1.1 p.p.) but fell for women (62.6%, -0.5 p.p.). The unemployment rate declined further to 2.8% (-0.3 p.p.), below all benchmark regions (Veneto 3.1%, Emilia-Romagna 3.7%, Piedmont 5.4%) and the national average (5.4%). The inactivity rate also fell slightly to 27.7% (-0.1 p.p.), which is lower than the national figure of 33.8%.

Last, authorised redundancy fund hours requested by Lombardy's businesses decreased by 4.0% year-on-year, continuing the downward trend that began in mid-2025

The Territories in Detail

MILANO

In Q1 of 2026, manufacturing output in Milan continued to grow, rising by 1.2% compared with the previous quarter and by 4.3% year-on-year—the strongest increase since early 2022. Growth was more robust than the regional average (+2.4%) and was driven by domestic demand, while export performance was negative. Indeed, between January and March, exports declined by 0.5% year-on-year, with reductions across most manufacturing sectors. The largest declines were in fashion (-14.0%), chemicals (-9.4%) and mechanical engineering (-6.5%), only partially offset by strong increases in electronics (+77.1%) and pharmaceuticals (+29.1%).

In the labour market, authorised redundancy fund hours decreased sharply (-45.5%), although this drop reflects a comparison with an unusually high level in the first quarter of 2025.

MONZA BRIANZA

In Q1 of 2026, manufacturing output remained stable compared with the previous quarter and increased slightly (+0.7%) year-on-year, signalling a new slowdown after the strong growth observed at the end of 2025. However, the area performs positively in international markets, with exports increasing by 5.7% year-on-year. Growth was concentrated in metals (+36.9%), chemicals (+6.9%), wood and paper (+5.5%) and electronics (+5.2%), while declines affected most other sectors, notably fashion (-23.0%), mechanical engineering (-6.6%), automotive (-22.9%) and pharmaceuticals (-3.3%). Exports of furniture—design declined as well (-1.7%).

Authorised redundancy fund hours fell by 22.8%, marking the third consecutive quarterly decline.

The Territories in Detail

LODI

In Q1 of 2026, manufacturing activity declined by 0.3% from the previous quarter and by 3.7% year-on-year, marking a clear reversal from regional growth and the first annual decline in about two and a half years. The drop was due to weak domestic and foreign demand. Exports fell by 21.6% year-on-year, largely due to electronics (-38.9%); excluding this sector, the decline was only -1.2%. On the other side, electrical equipment provided the main positive contribution (+24.7%).

Authorised redundancy fund hours decline by 41.7%, although this reflects comparison with elevated levels in early 2025.

PAVIA

Between January and March 2026, manufacturing output declined for the second consecutive quarter (-0.9%), indicating a slowdown, but remained 1.5% above year-earlier levels. Resilience in manufacturing production was contrasted by a weak export performance. Over the first quarter of 2026, exports declined by 14.0%, the sharpest drop in the post-COVID period. Much of the decline was due to pharmaceuticals (-30.1%); excluding this, the drop was -7.0%, still indicating broad-based weakness. Other declines included mechanical engineering (-10.8%) and food (-11.4%), while metals (+8.7%) provided the only significant positive contribution.

Authorised redundancy fund hours fell by 50.8%, continuing a downward trend over four consecutive quarters.

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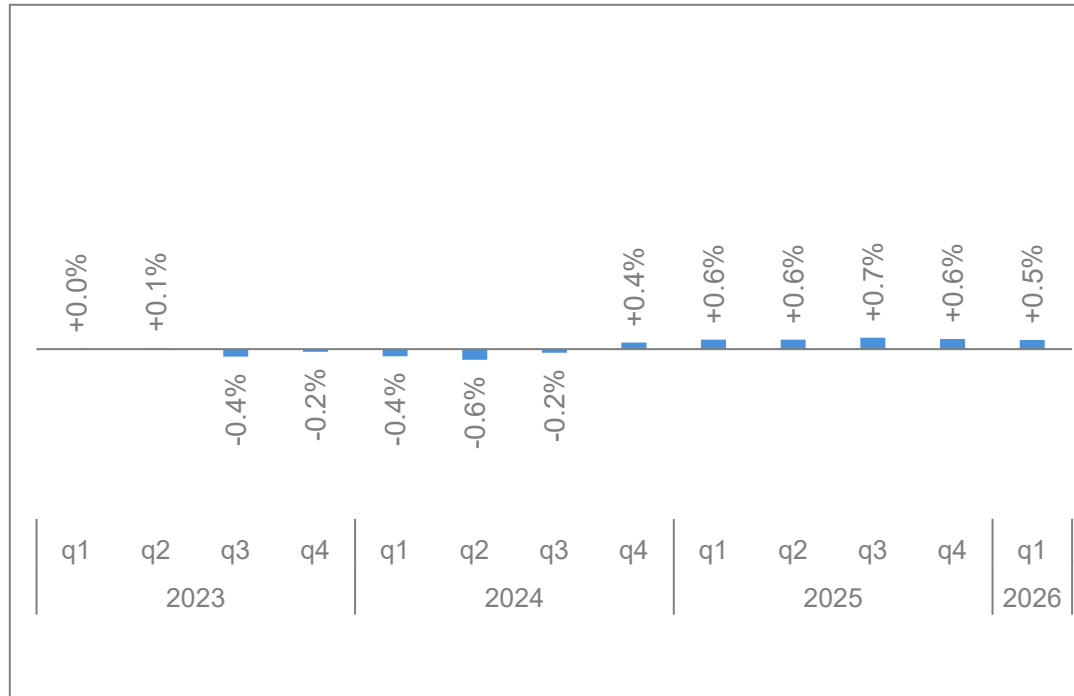
Lombardy in the National and European Comparison

Manufacturing

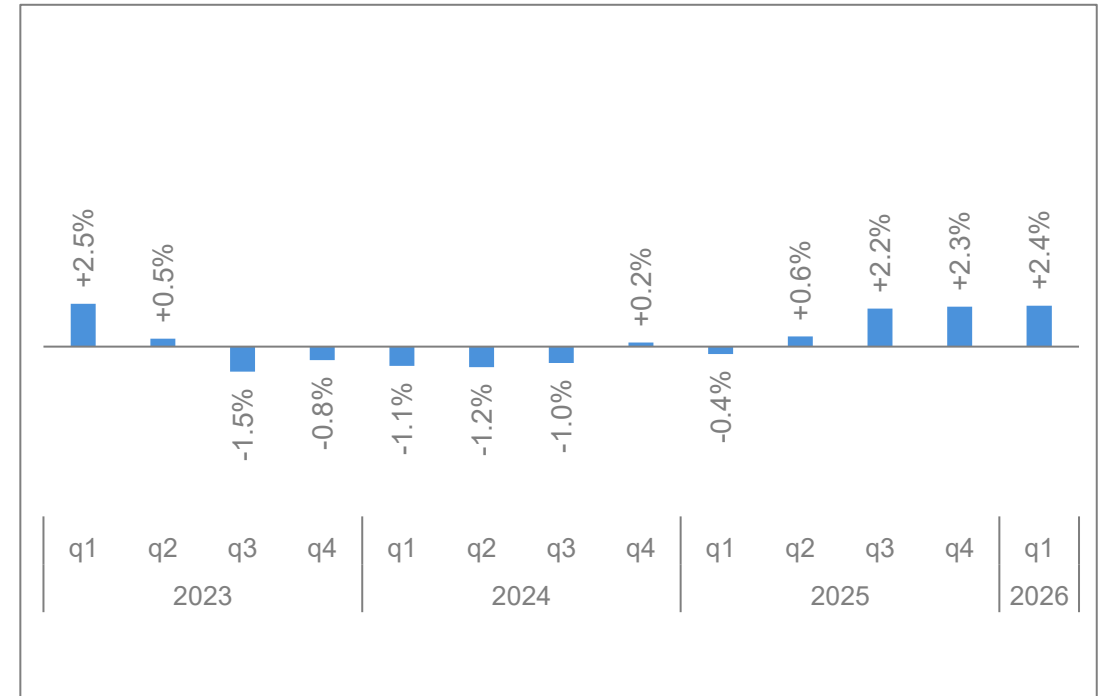
Manufacturing Production

MANUFACTURING PRODUCTION IN LOMBARDY / 1st Quarter 2026

Manufacturing Production in Lombardy
(q-o-q % var.)



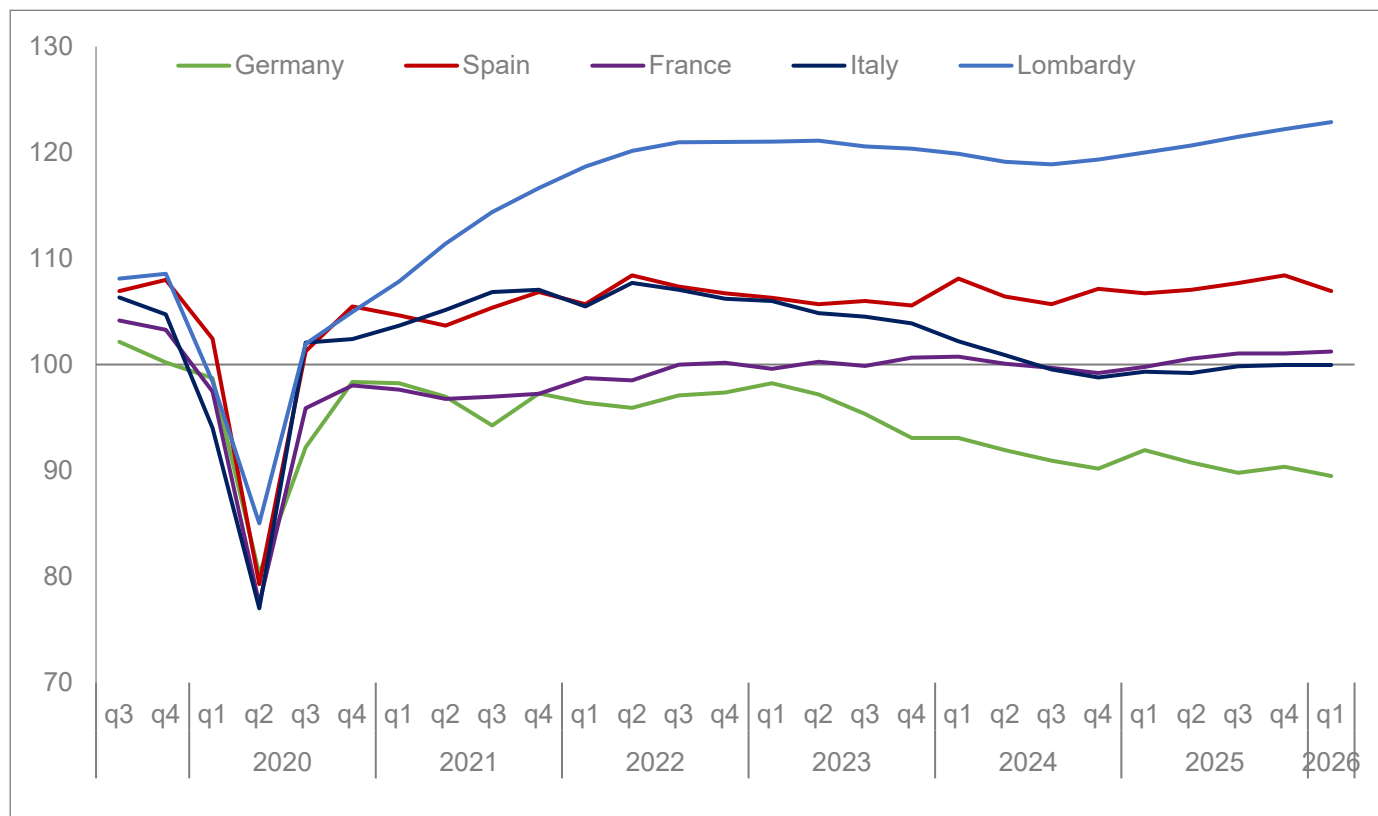
Manufacturing Production in Lombardy
(y-o-y % var.)



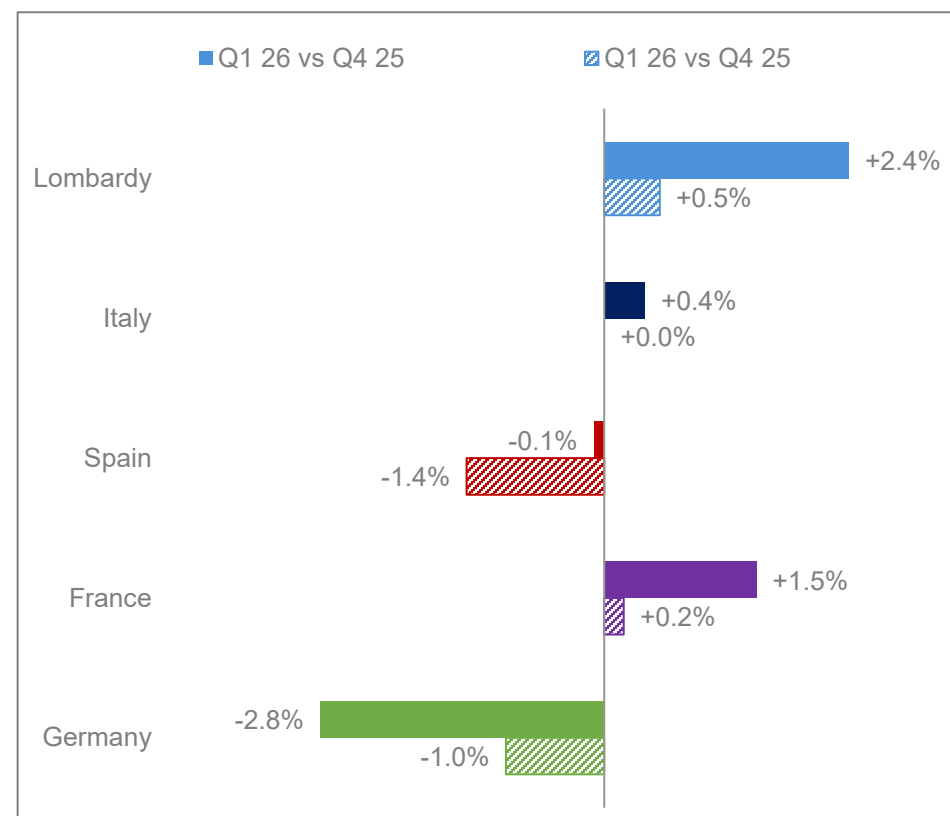
Manufacturing Production

MANUFACTURING PRODUCTION: COMPARISON WITH EUROPEAN BENCHMARKS / 1st Quarter 2026

Manufacturing Production
(seasonally adjusted quarterly index, 2015=100)



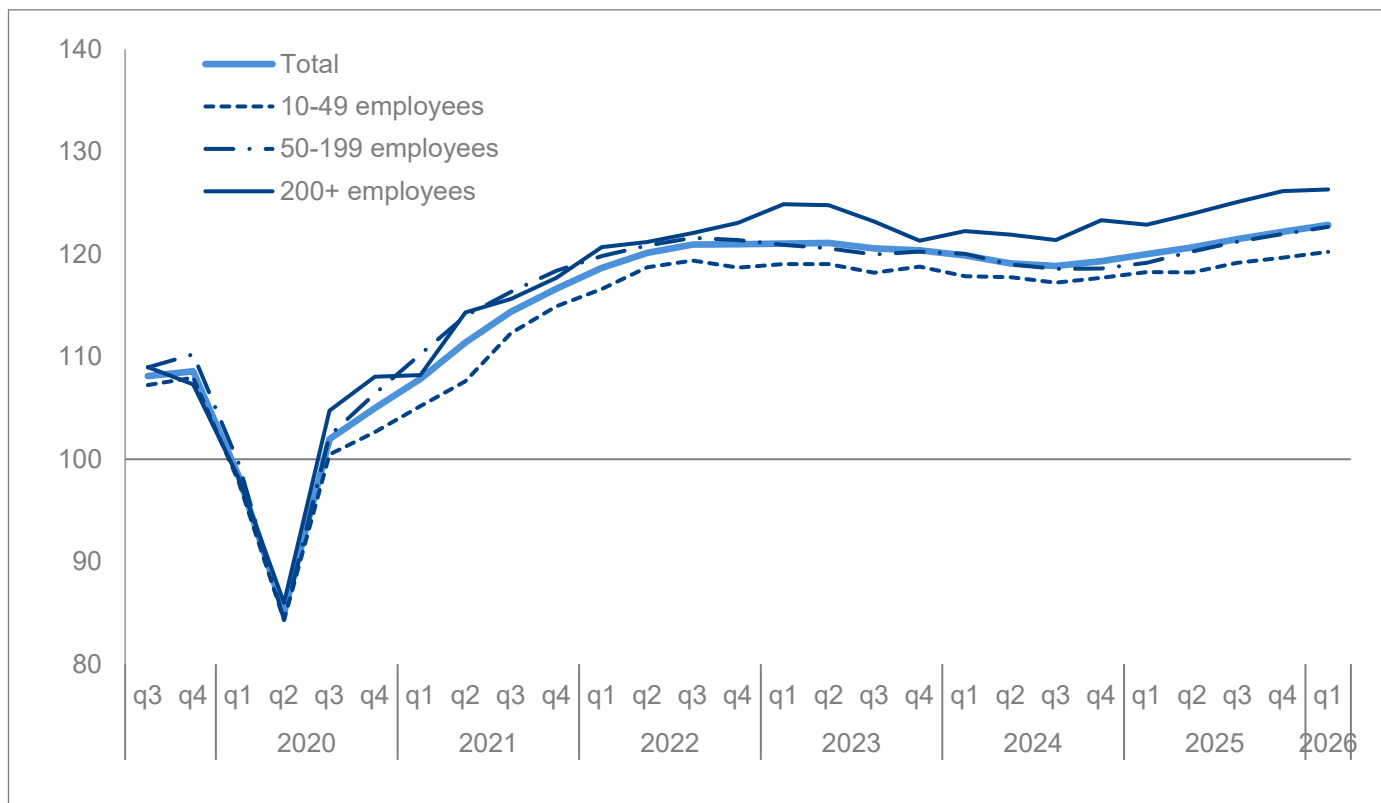
Manufacturing Production
(% var.)



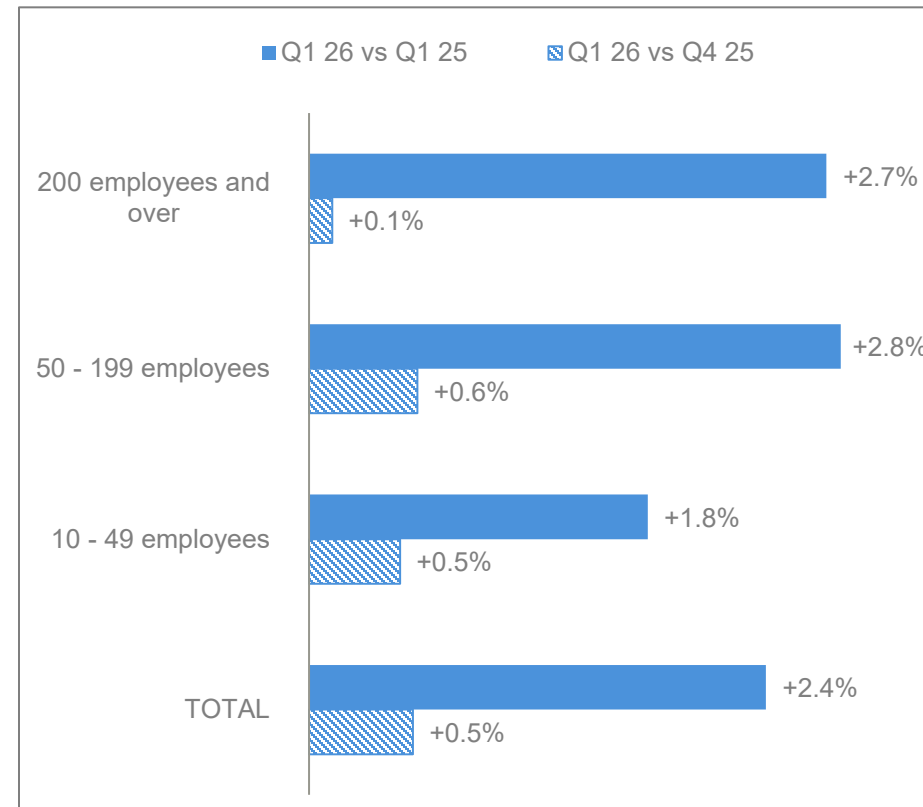
Manufacturing Production

MANUFACTURING PRODUCTION IN LOMBARDY: FIRM SIZE / 1st Quarter 2026

Manufacturing Production in Lombardy by Firm Size
(seasonally adjusted quarterly index, 2015=100)



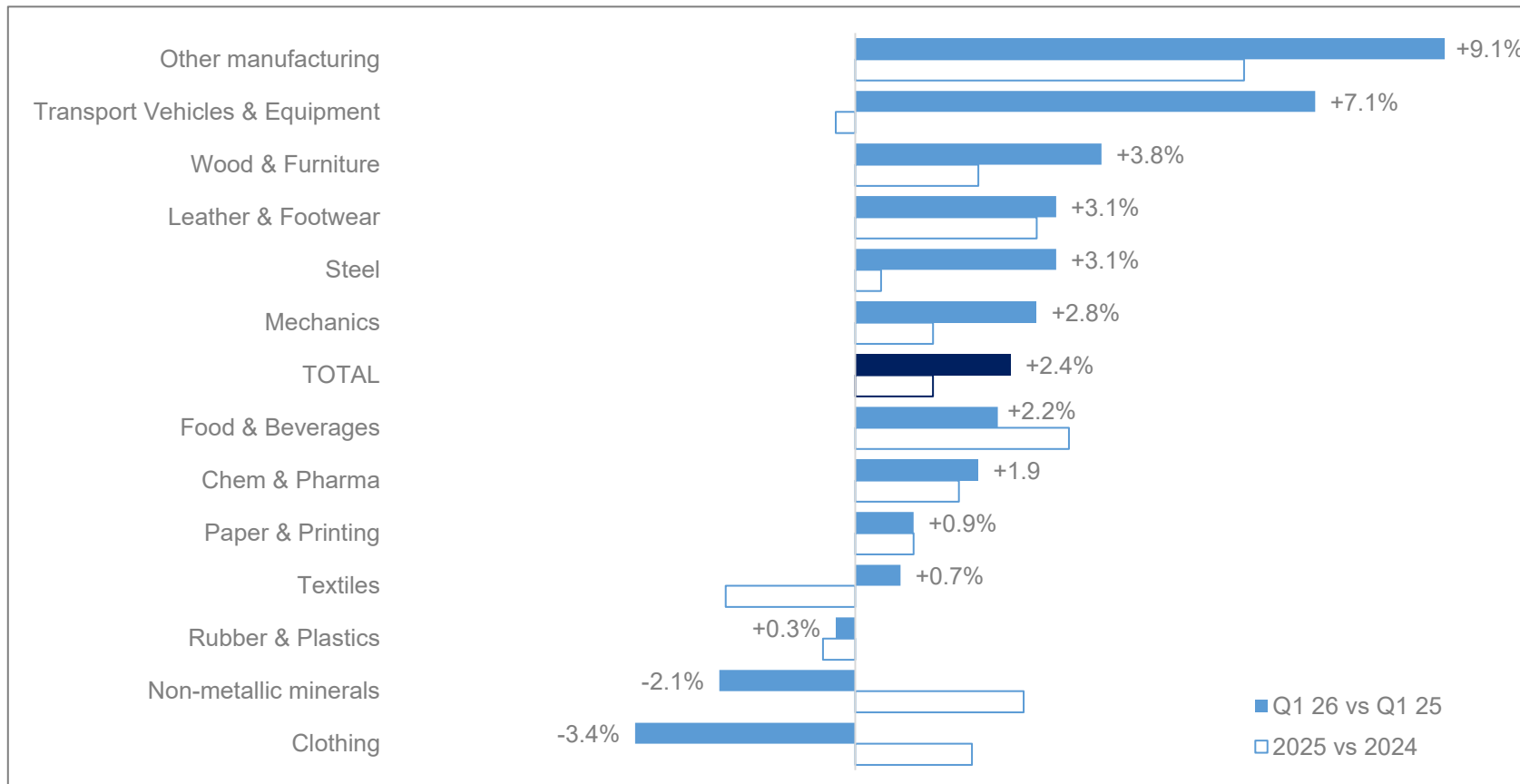
Manufacturing Production in Lombardy by Firm Size
(% var.)



Manufacturing Production

MANUFACTURING PRODUCTION IN LOMBARDY: SECTORS / 1st Quarter 2026

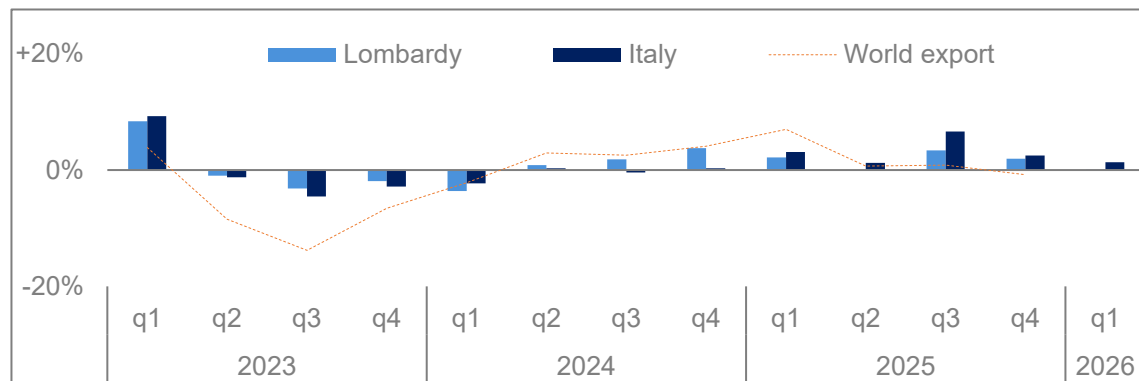
Manufacturing Production in Lombardy by Sector
(% var.)



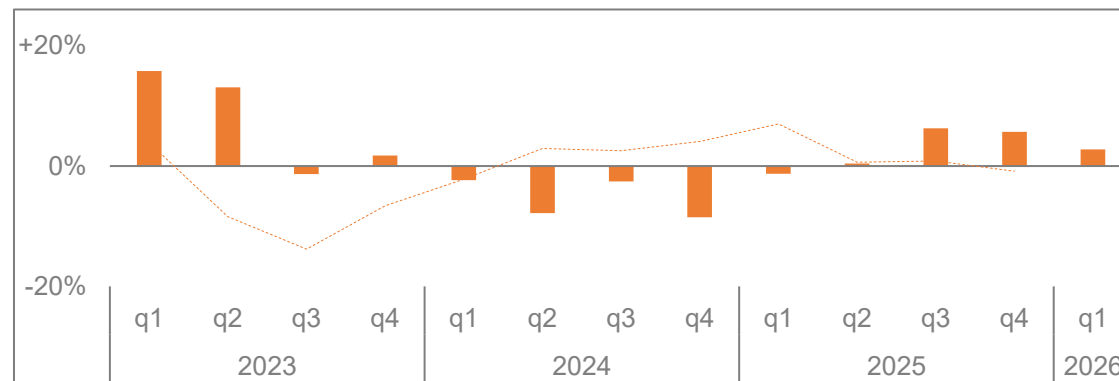
Exports

EXPORTS: COMPARISON WITH NATIONAL BENCHMARKS / 1st Quarter 2026

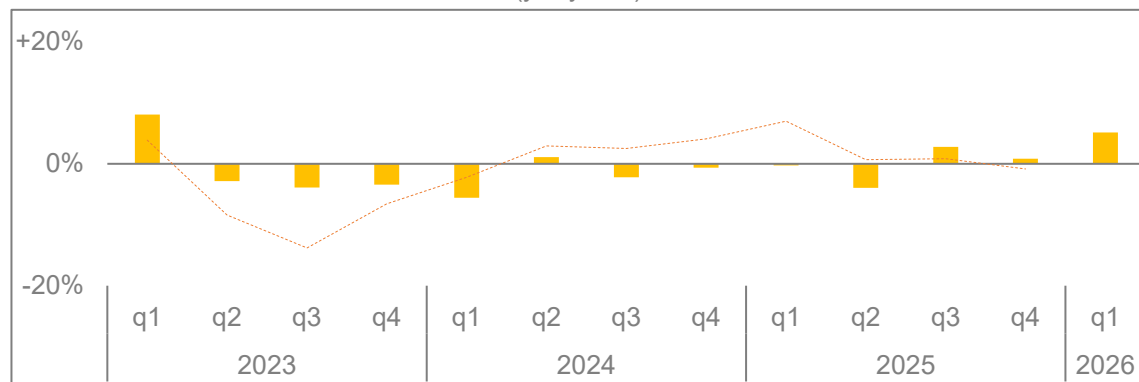
Exports: Lombardy and Italy
(y-o-y var.)



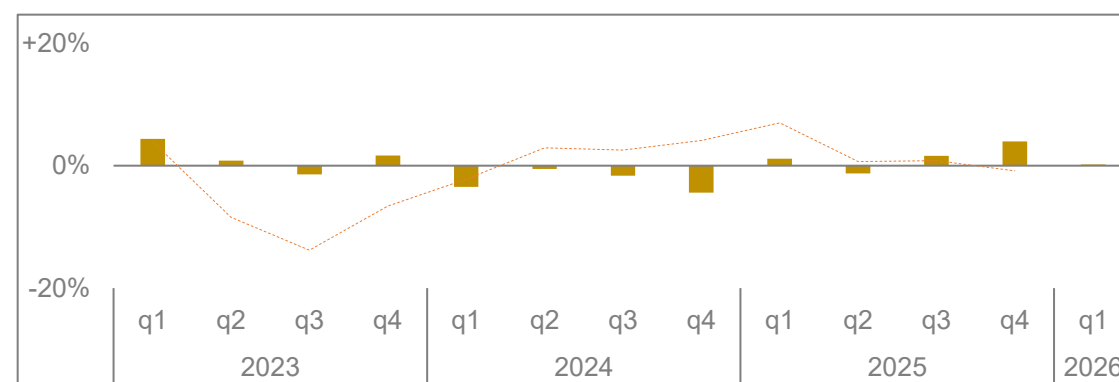
Exports: Piedmont
(y-o-y var.)



Exports: Veneto
(y-o-y var.)



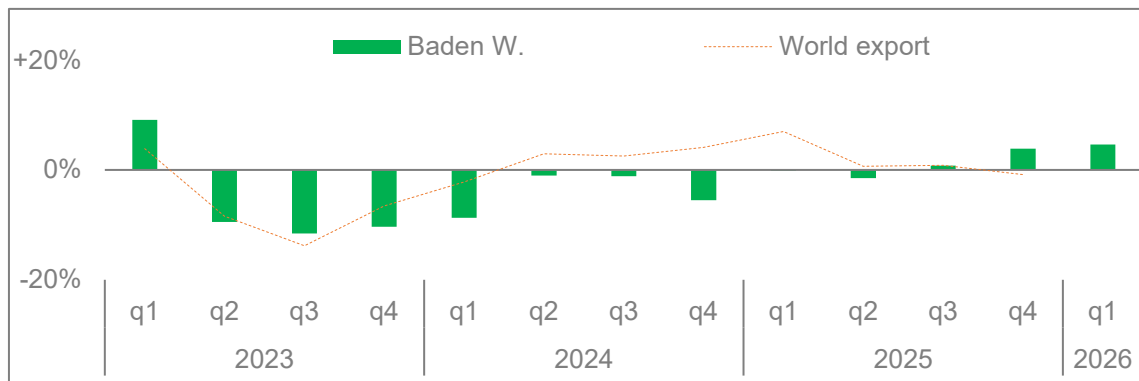
Exports: Emilia-Romagna
(y-o-y var.)



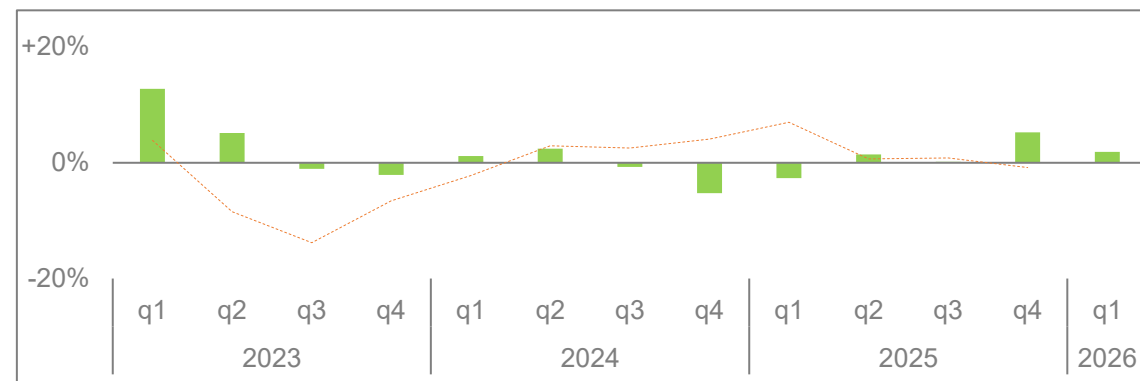
Exports

EXPORTS: COMPARISON WITH EUROPEAN BENCHMARKS / 1st Quarter 2026

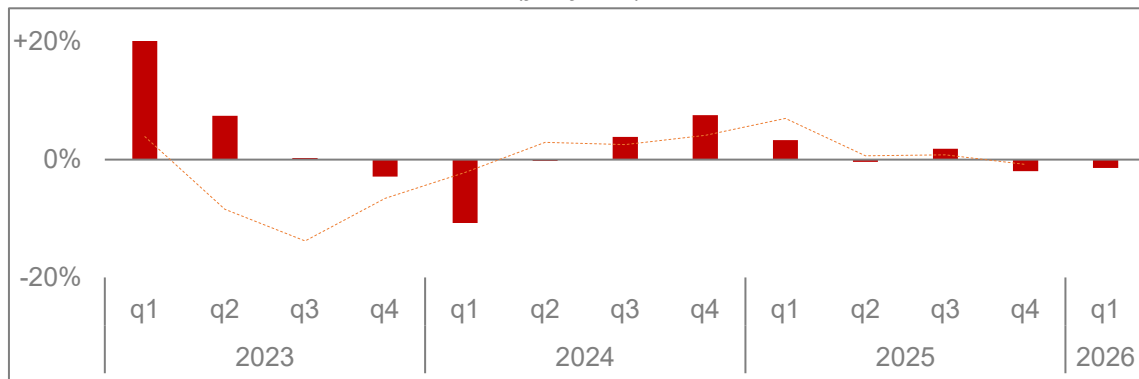
Exports: Baden-Württemberg
(y-o-y var.)



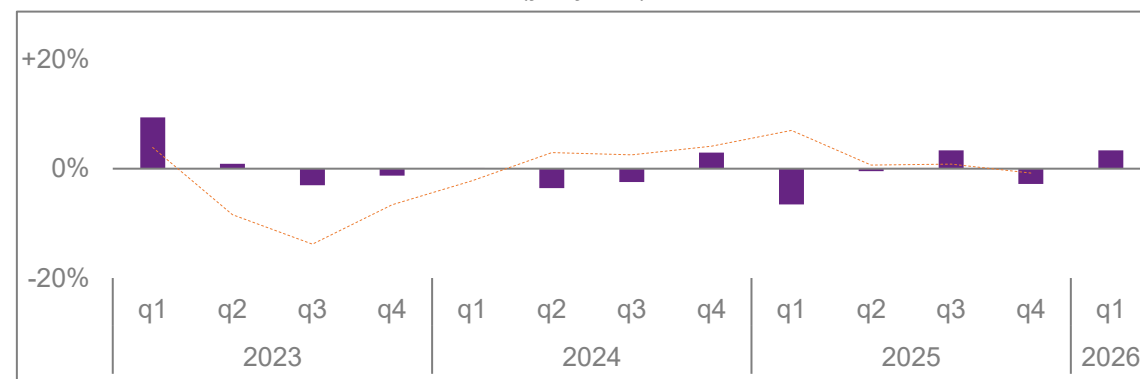
Exports: Bayern
(y-o-y var.)



Exports: Cataluña
(y-o-y var.)



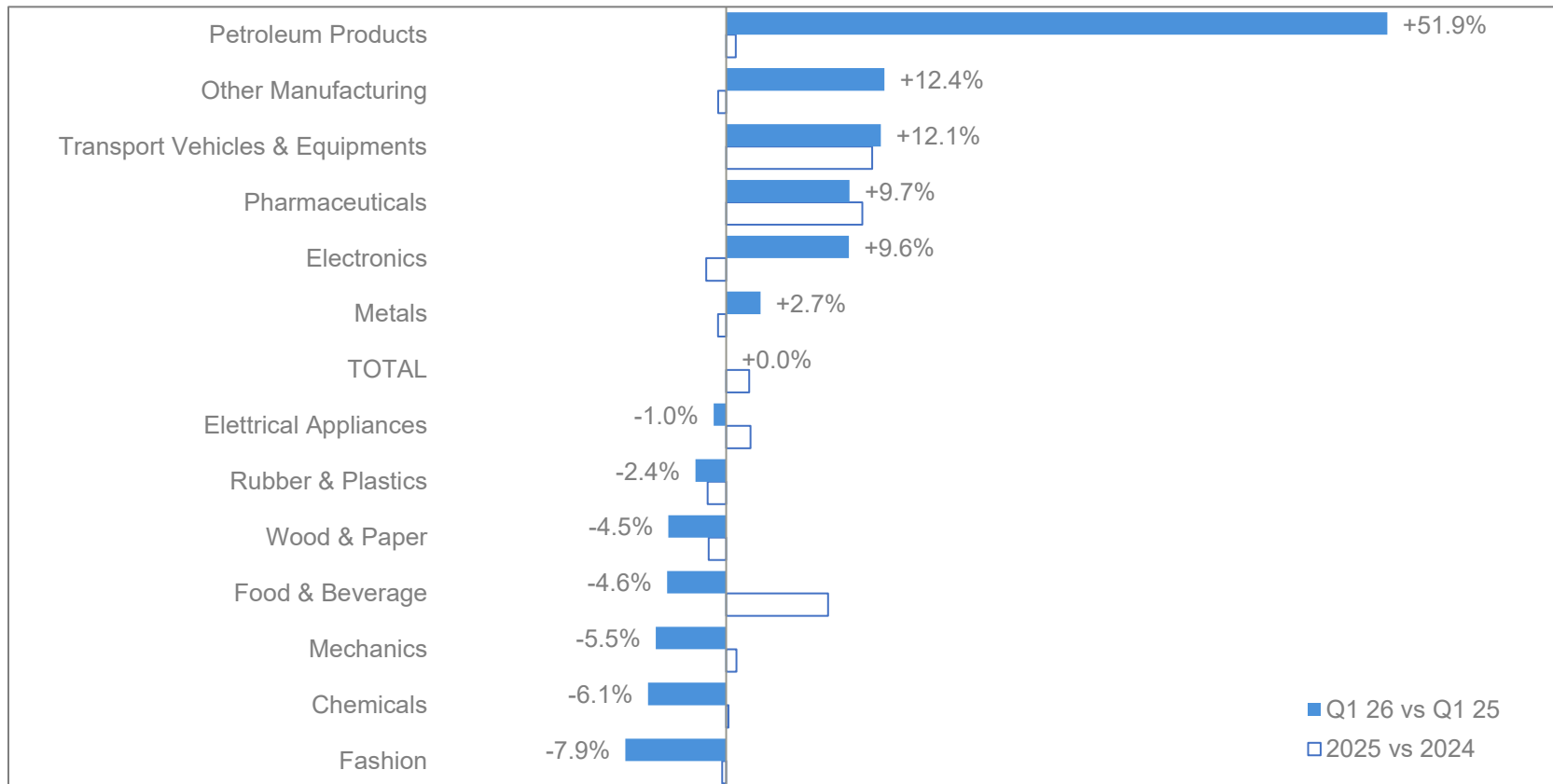
Exports: Auvergne-Rhône-Alpes
(y-o-y var.)



Exports

EXPORTS IN LOMBARDY: MANUFACTURING SECTORS / 1st Quarter 2026

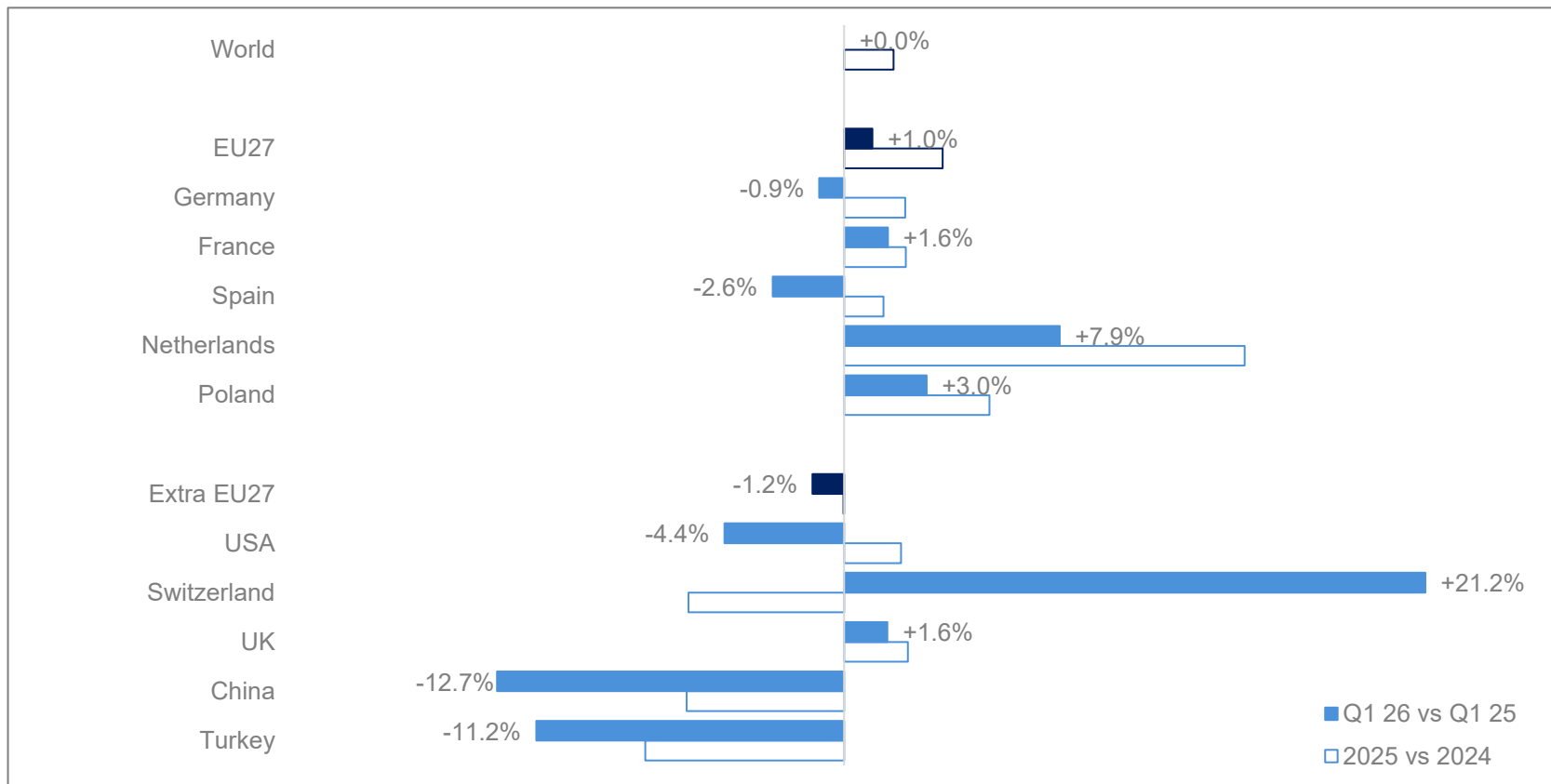
Lombardy's Export by Manufacturing Sector
(% var.)



Exports

EXPORTS IN LOMBARDY: DESTINATION MARKETS / 1st Quarter 2026

Lombardy's Export by Destination Country
(% var.)



BOOKLET ECONOMIA

Sectors and Labor Market

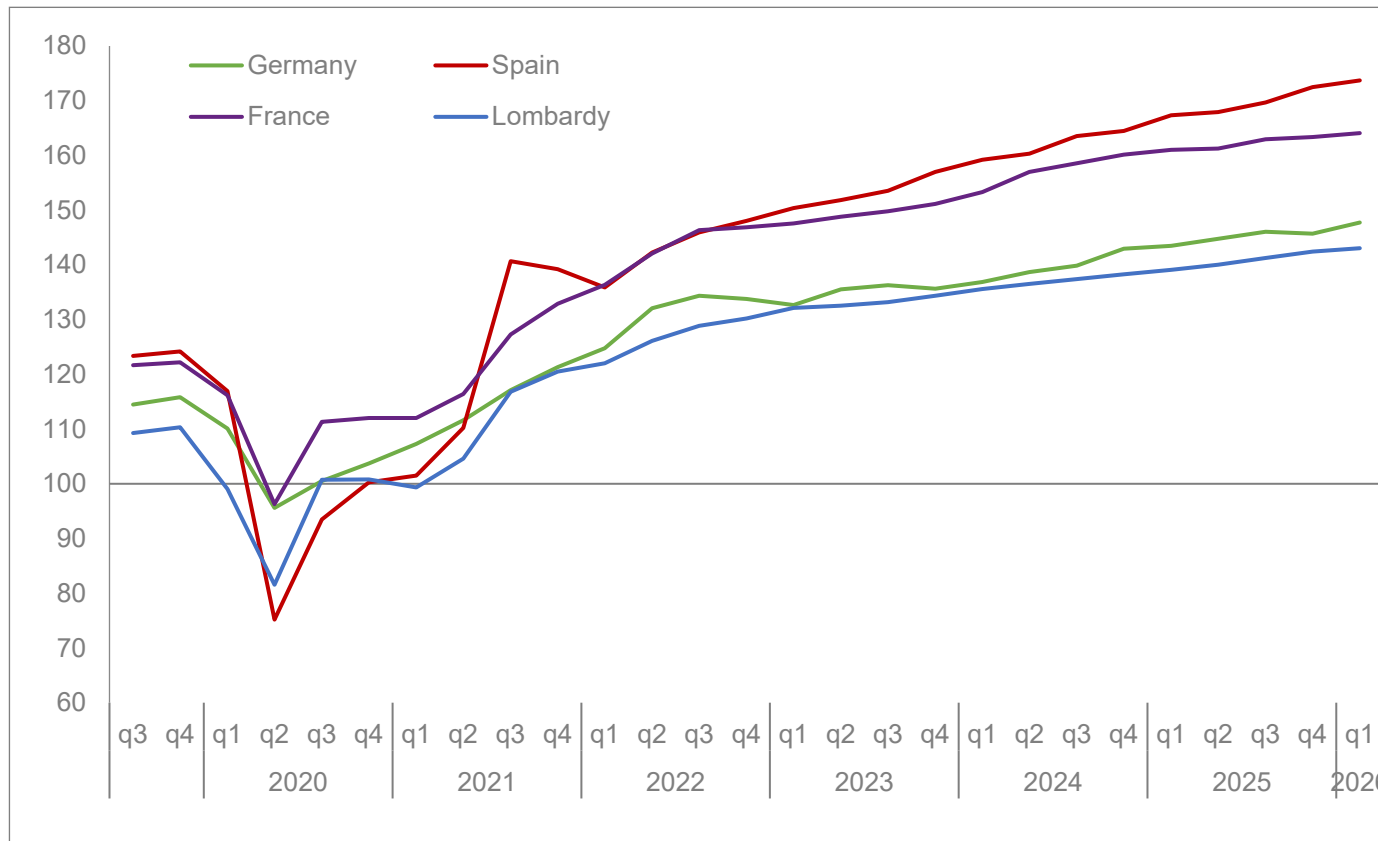
Lombardy in the National and European Comparison

Services

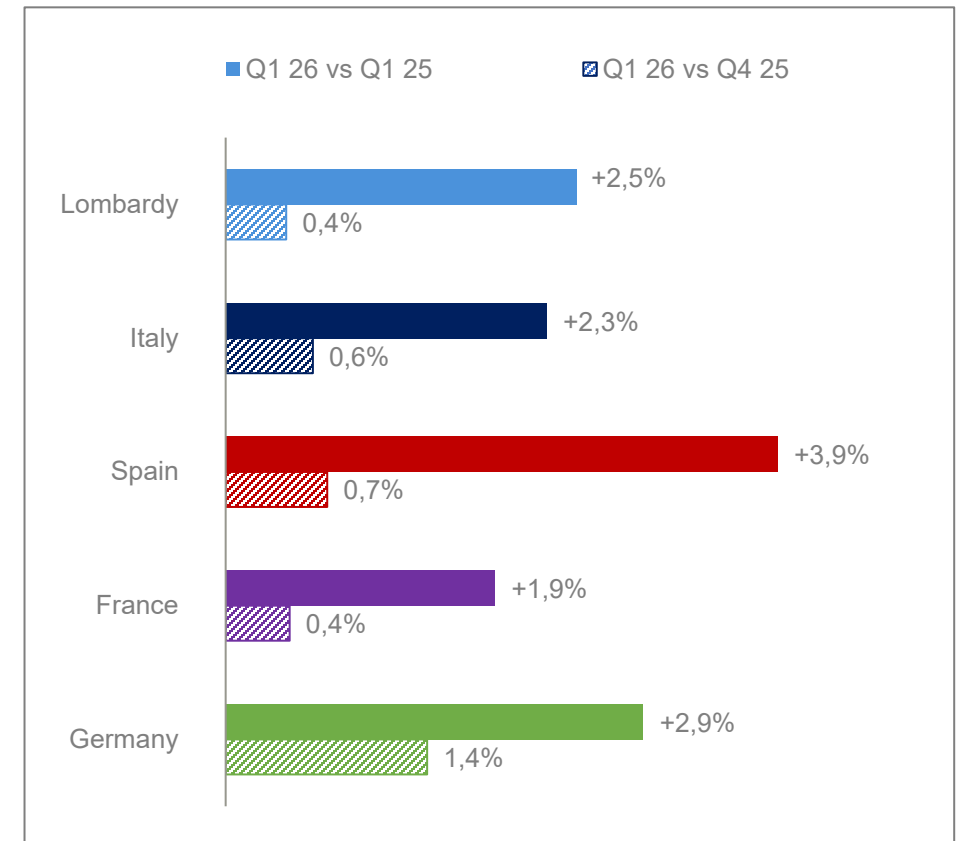
Services Turnover

SERVICES TURNOVER: COMPARISON WITH EUROPEAN BENCHMARKS / 1st Quarter 2026

Services Turnover
(seasonally adjusted quarterly index, 2015=100)

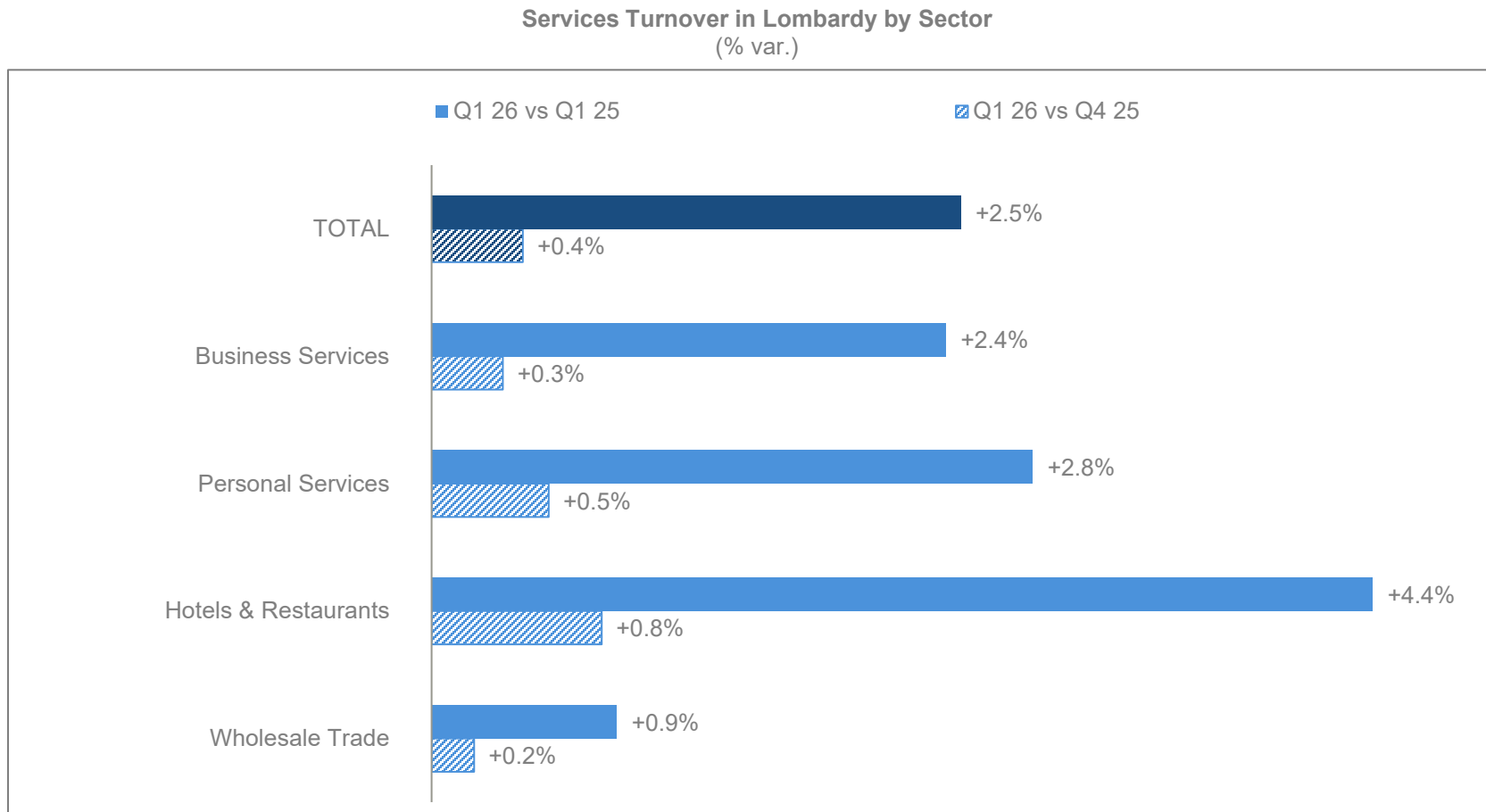


Services Turnover
(% var.)



Services Turnover

SERVICES TURNOVER IN LOMBARDY: SECTORS / 1st Quarter 2026



BOOKLET ECONOMIA

Sectors and Labor Market

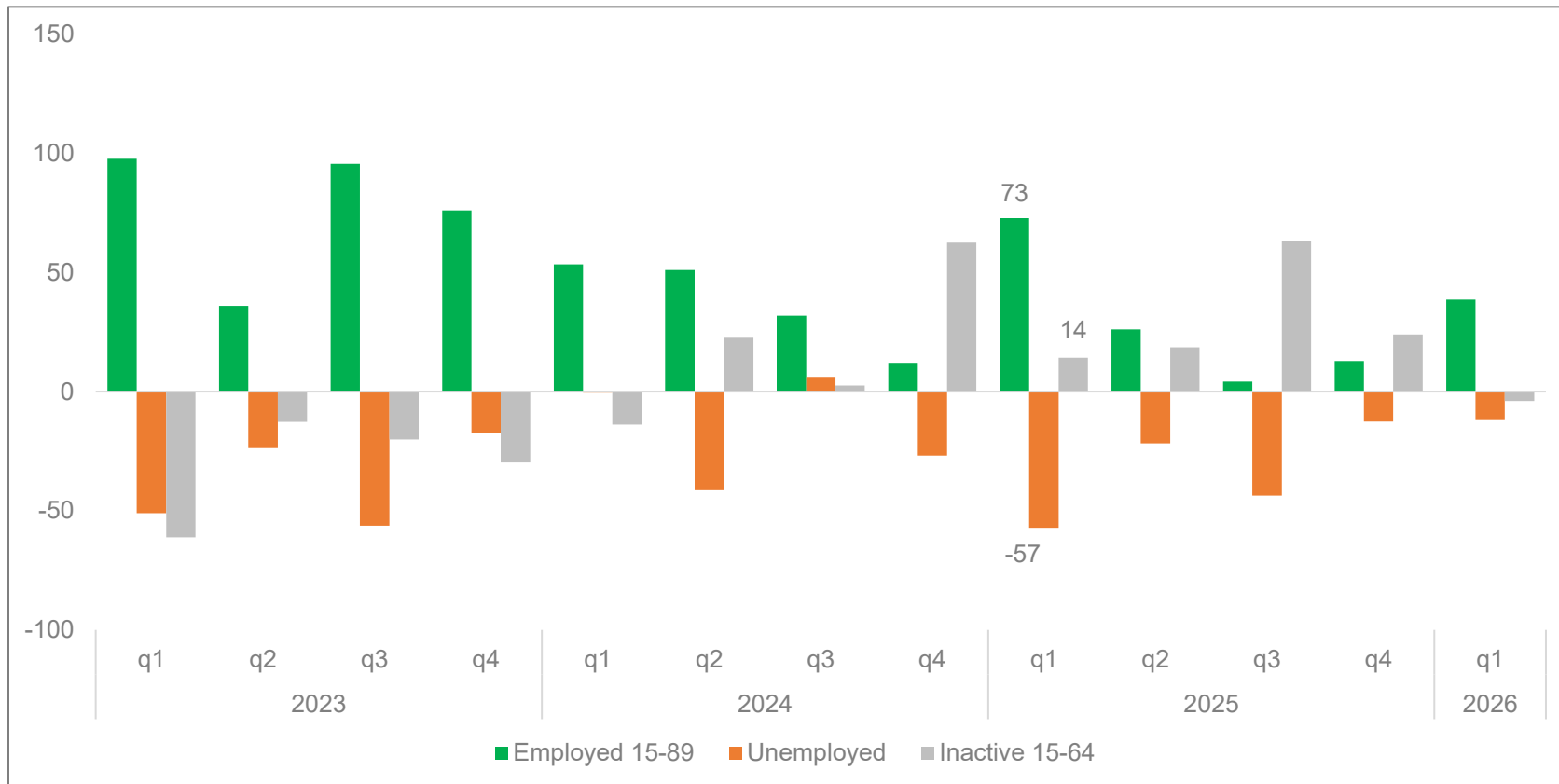
Lombardy in the National and European Comparison

Labor Market

Labor Market

OVERALL PICTURE / 1st Quarter 2026

Employed, Unemployed and Inactive in Lombardy
(y-o-y var., thousands)



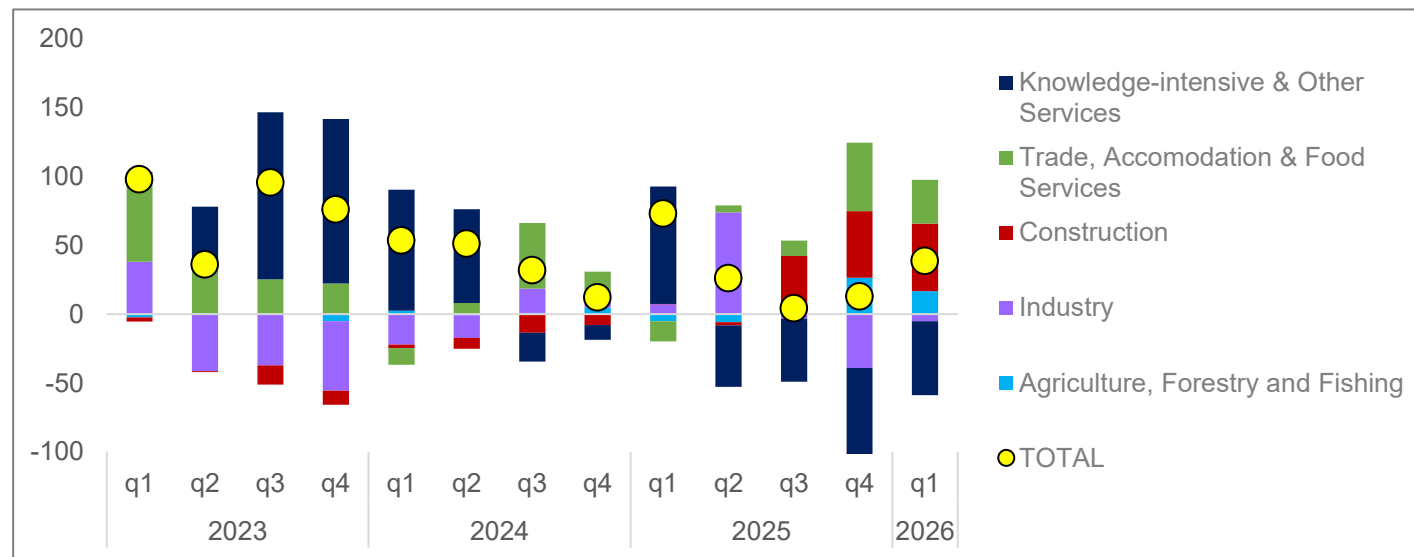
Labor Market

EMPLOYED IN LOMBARDY: PROFESSIONAL PROFILES AND SECTORS / 1st Quarter 2026

Employed by Professional Profile
(y-o-y var., thousands)

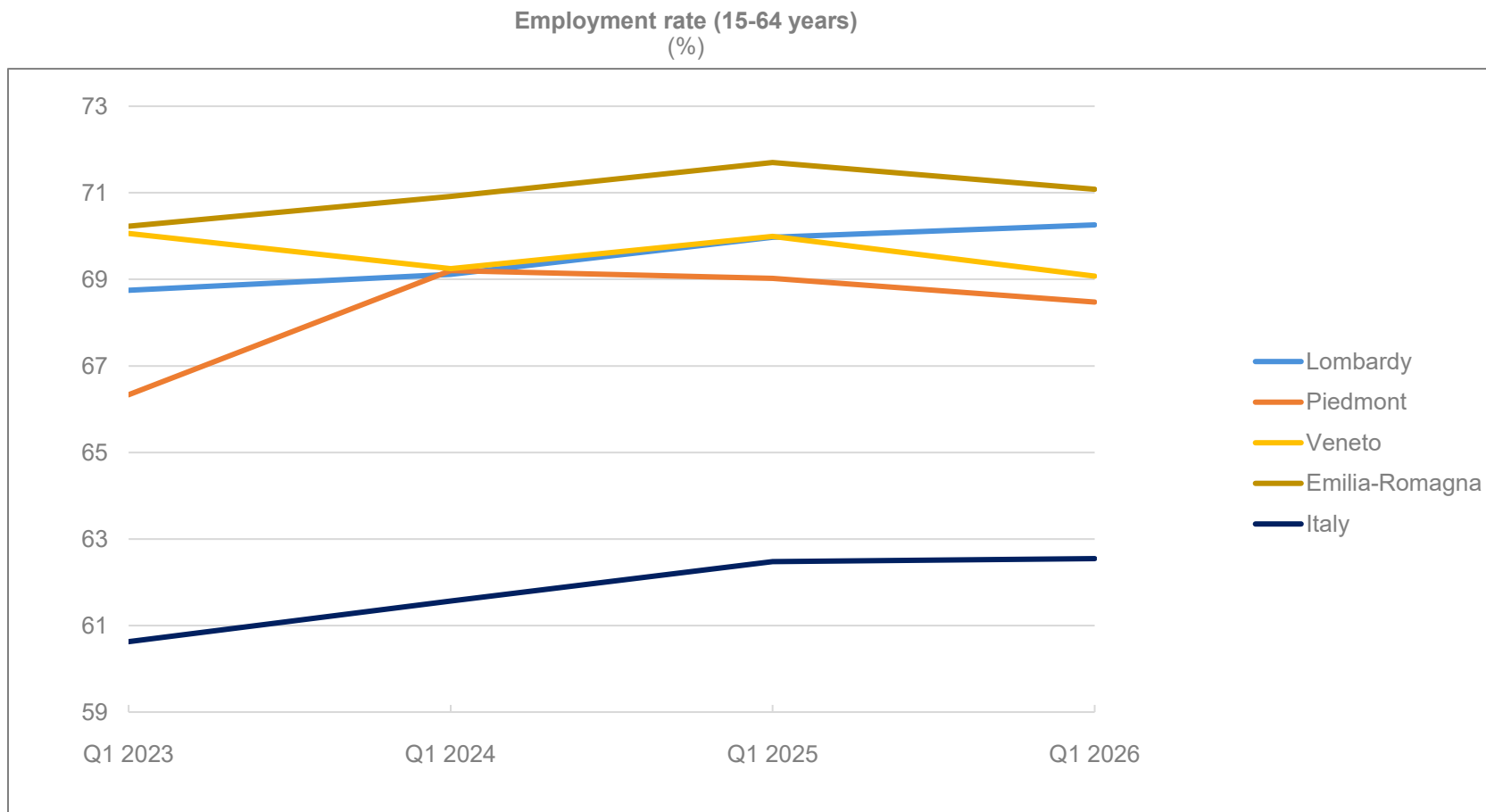


Employed by Sector
(y-o-y var., thousands)



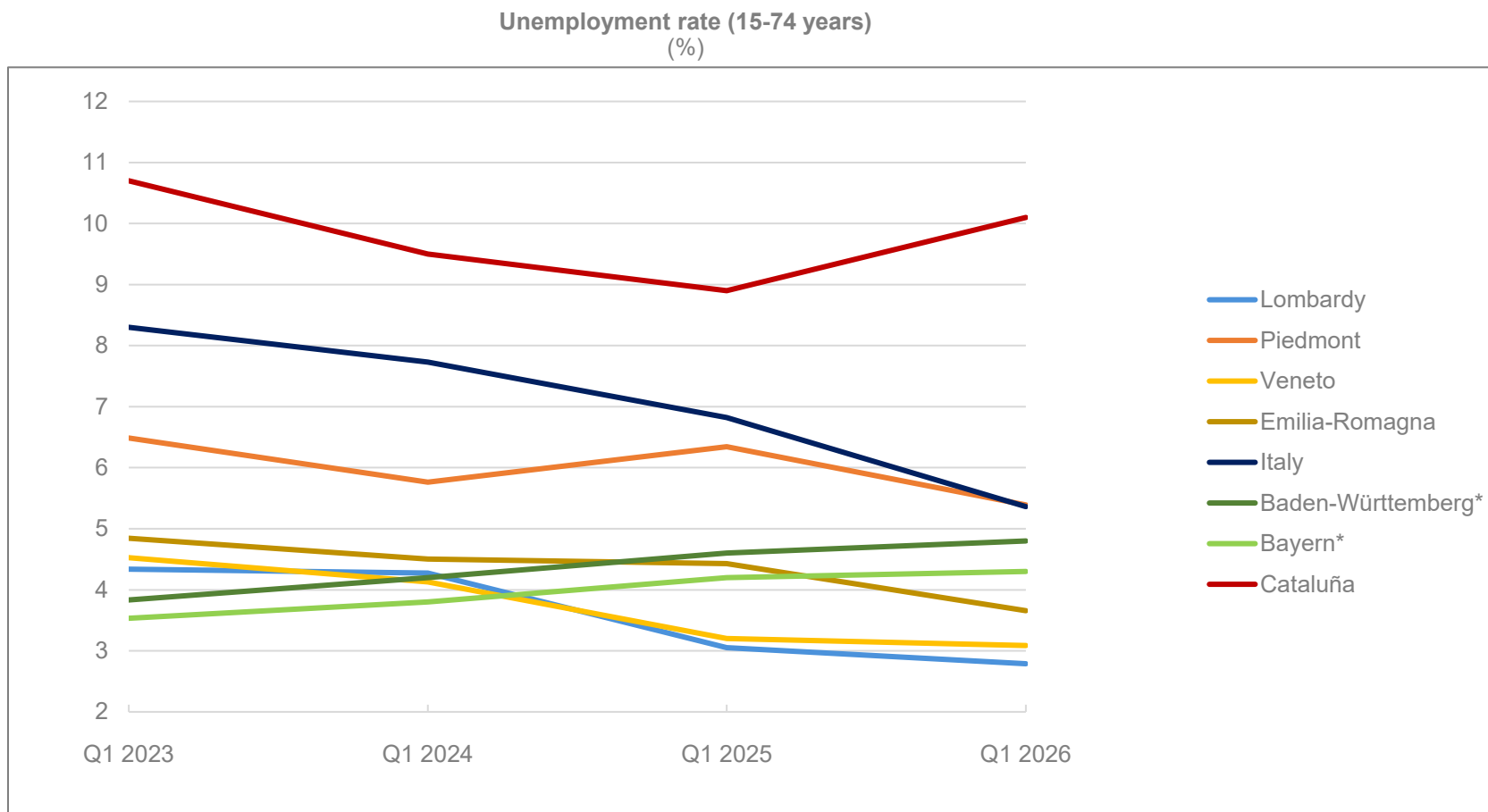
Labor Market

PERFORMANCE INDICATORS: EMPLOYMENT RATE / 1st Quarter 2026



Labor Market

PERFORMANCE INDICATORS: UNEMPLOYMENT AND INACTIVITY RATE / 1st Quarter 2026

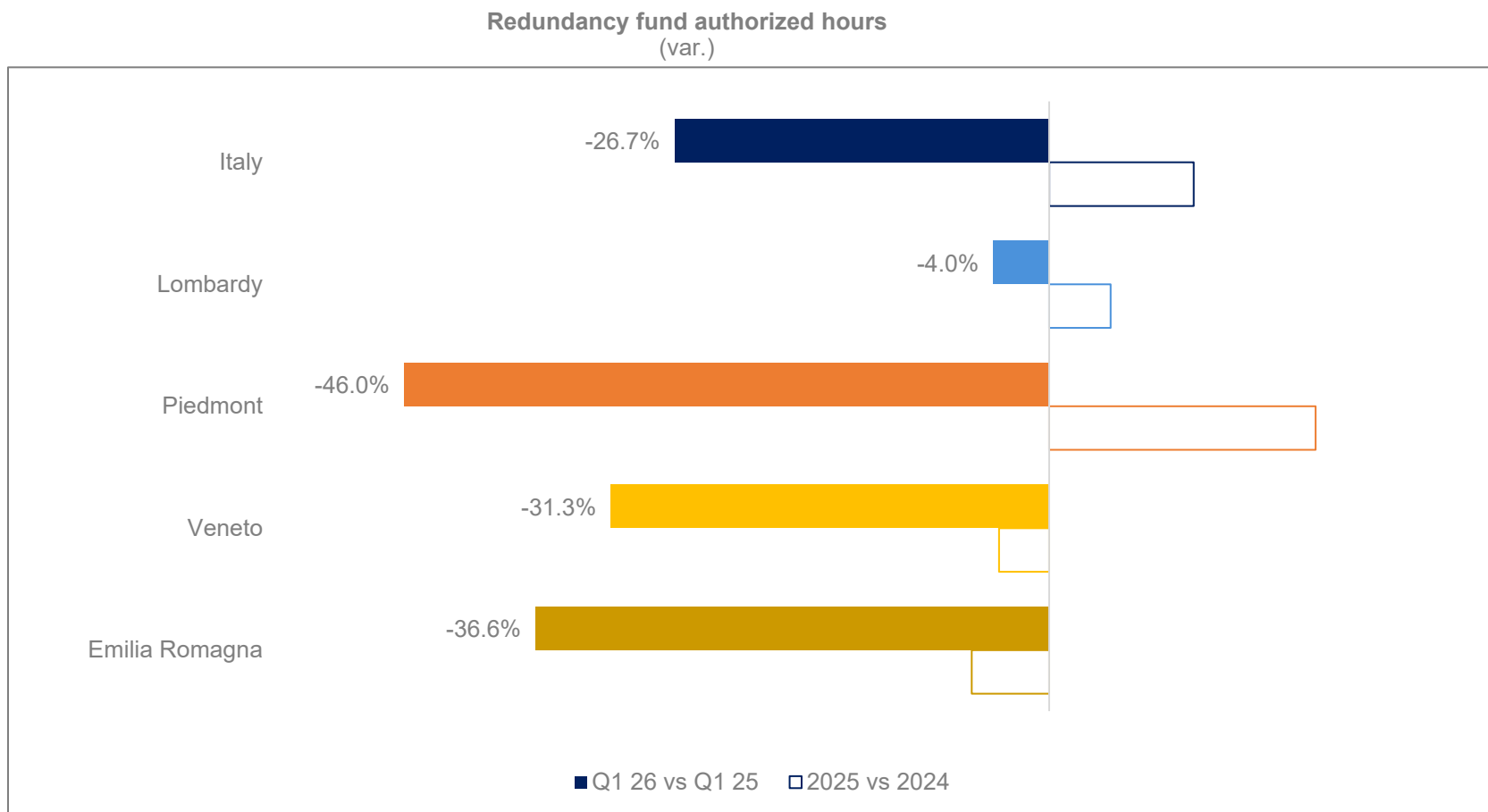


*administrative data not directly comparable to other regions' data.

Source: Assolombarda Research Department on Istat, Idescat e Statistik der Bundesagentur für Arbeit data

Labor Market

REDUNDANCY FUNDS (CASSA INTEGRAZIONE GUADAGNI) / 1st Quarter 2026





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