



ASSOLOMBARDA

# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

Edited by

**Research Department**

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Preface

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*Flash update on the short-term economic outlook for Lombardy in comparison with the other highly industrialized regions in Europe - Baden-Württemberg, Bayern, Cataluña, Rhône-Alpes - and in the North of Italy - Veneto, Piedmont, Emilia-Romagna.*

## **Safety on the workplace in Lombardy**

Recorded work-related accidents grow in the third quarter in Lombardy: the increase with respect to the same quarter last year mostly concerns work-related road accidents (+10.2%, industry +10.0%) rather than on-the-job accidents (+1.5%, industry +9.8%).

The trend is somewhat less marked in proportion to employment: in fact, work-related accidents per person employed grow to a lesser extent, both overall (+1.2% on-the-job accidents, +9.8% road accidents) and with respect to industry alone (+8.7% on-the-job accidents, +9.0% road accidents).

## **SUMMARY – Economic performance in Lombardy in comparison with benchmark regions**

Both production and exports slow down in the third quarter of 2018, in line with the weaker global economy: manufacturing production decreases by -0.4% between June and September, cutting 2018 estimates down to +2.8% (+3.7% in 2017); exports still achieve a plus sign, however falling short of their previous record (+4.1% in the third quarter of 2018, compared +7% in 2017 as a whole and beginning of 2018).

The confidence climate for firms in Milano, Lodi, Monza e Brianza, drops in October 2018 to the lowest level since 2012, with order books, production and short-term expectations shrinking considerably. Consumer confidence climate worsens as well in the North-West, especially the present and expected economic component.

The labor market slows down as well with respect to hirings: between August and September, with the first effects of Decreto Dignità comes a fall in the total number of contracts, whereas open-ended contracts are substantially the same as in the first seven months of the year.

Structural data currently remain positive in Lombardy, where the unemployment rate falls to 5.4% in the third quarter of 2018 and, at the same time, the employment rate grows to 67.1%.

## Economic performance in Lombardy in comparison with benchmark regions

Economic performance in Lombardy weakens in Autumn, continuing along the trajectory followed since Spring, especially with regard to production activity and performance on international markets. The economy is expected to downsize further by 2018 year-end: order books and production slow down for manufacturing firms in Milano, and consumer confidence climate in the North-West worsens.

Manufacturing production in Lombardy, in particular, markedly shrinks in the third quarter of 2018, decreasing by -0.4% on the second quarter, when it flexed by -0.2% (the 2017 exceptional expansionary phase hence reached the peak at the +1.1% of the first quarter). The latest estimates for the full year project production to grow by +2.8%, roughly 1 percentage point less than the +3.7% totalled in 2017.

Firms in Lombardy slow down on international markets as well, suffering a weaker and more uncertain global trade outlook. In the third quarter of 2018 in Lombardy exports grow by +4.1% (as in the second quarter), a positive yet sensibly lower rate compared to quarterly figures in the range of 7-9% recorded throughout 2017 and in the first quarter of 2018 (+7.2%). In Italy as a whole, the slowdown had already been felt at the beginning of 2018 (+2.9% in the first quarter, +3.7% in the second, +2.7% in the third).

Overall, in the first nine months of 2018, export performance hence results weaker (+5.1%) than in the same period in 2017 (+7.8%) and in the case of Italy it even halved (+3.1% when it was +7.9% in 2017). The slowdown is basically seen across all the main national and European benchmarks.

Focusing on destination markets, Lombardy records a better performance on EU markets (+5.6% over the first nine months of 2018, exports to Germany particularly stand out) than non-EU (+4.5%, positive China and Switzerland, whereas the U.S. downsize). As to sectors, between January and September 2018 exports from Lombardy are driven by automotive (+9.7%), metals (+7.5%), electronics (+6.1%) and rubber-plastics (+5.5%).

In terms of expectations, manufacturing firms confidence climate hints at the economic setback to continue over the next 3 to 4 months. In Milano, Lodi, Monza e Brianza confidence falls in October, well below zero and reaching the lowest levels since half 2012. Order books (especially foreign) drop, stocks of finished goods increase well above normal levels, short-term production expectations improve yet are still much grimmer than in the first half of the year. Finally, both foreign and national demand is expected to shrink over the next 3-4 months.

Together with the sudden halt in firm confidence, consumer confidence climate in the North-West in November drops to the lowest in a year (the climate worsens in Italy as well, but sets on higher levels). Both current and future economic climate projects decrease especially.

With regard to the labor market, in August and September, the months of the transitional period of application of Decreto Dignità, Italian average monthly hirings diminish by 200,000 units compared to the average recorded over the 7 previous months (January-July 2018). Similarly, in Lombardy there are 28,000 fewer hirings on record. In both cases, the figure is smaller than in the same period in 2017. These trends are in line with a drop by -37% in contract workers in the third quarter of 2018 in Milano, Lodi, Monza e Brianza.

The fall concerns temporary contracts, whereas transitions to open-ended contracts between August and September are substantially in line with the average in the seven months of the year (around 9,000 in Lombardy).

Employment and unemployment data are not affected by the halt in hirings: in Lombardy the employment rate grows to 67.1% in the third quarter of 2018 (from 66.7% a year ago) and the unemployment rate falls below 6%: 5.4%, from 6.3% a year ago.

All other national benchmarks record similar trends.





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