

**Overview**

- *In August 2012 the spreads of the European peripheral countries didn't rocket as feared before, rather they decreased thanks to the statements of the ECB supporting euro. Now we are in line for some crucial appointments in September, in particular the meeting of the ECB Governing Council and the decision of the German Constitutional Court about the ESM bailout fund.*
 - *Markets are expecting by the FED new unconventional monetary policy measures just next week as economic stimulus.*
 - *In the second quarter of 2012 the GDP decreased by -0.2% in the Euro Area (+0.3% in Germany, +0.0% in France, -0.7% in Italy), while it increased by +0.4% in the USA (but the recovery appears fragile). The Chinese growth slackened to +7.6% (+8.1% in the first quarter 2012).*
 - *The €/€ exchange rate has recovered since the end of July (1.2089 on 24/7/2012 and 1.2578 on 5/9/2012), driven by the expectations of an ECB's intervention on behalf of the countries more exposed to speculation.*
 - *Energy and agricultural prices soared during summer months. Oil Brent is now over 115 \$ barrel.*
 - *In August 2012 higher energy prices led to a pickup in inflation: +2.6% in the Euro Area, +3.2% in Italy and +2.7% in Milan.*
 - *In July 2012 unemployment was stable at 11.3% in the Euro Area, while it increased to 8.3% in the USA. Between major European countries, it was firm at 5.5% in Germany and at 10.7% in Italy, whereas it continued to rise in France (10.3%) and Spain (25.1%).*
 - *The European economic situation was weak also in the summer period: in August the manufacturing confidence index¹ stabilized in the Euro Area on the levels of July, stopping the decreasing trend started in March 2011, but remaining on the minimum levels since beginning-2010. In detail, the index was stable in Germany and in Italy, while it reduced in France and Spain.*

In June 2012 the manufacturing confidence index decreased in the Milan Area to the levels of March 2012, cancelling the recovery of April and May and going back to its slowest values for the last 3 years. The contraction was completely due to the reduction of the national and foreign orders. On the contrary the inventories of end products remained steady on normal levels and the production expectations increased slightly, but the balance was negative again.
 - *In June the Italian industrial production fell by -1.4% compared to May. Confindustria forecasts a new contraction by -0.4 for July, reaching the minimum level since September 2009.*
 - *In July 2012 the total amount of authorized CIG² grew in the Milan Area by +20% monthly (compared to June 2012) and the growth was related only to CIG Ordinaria (+133%), whereas CIG Straordinaria and CIG in Deroga were almost unvaried (respectively +4% and -4%). Overall, the trend was very similar at the Italian level (+21%), although the increase was more equivalent between the three kinds of CIG: +12% CIG Ordinaria, +20% CIG Straordinaria, +35% CIG in Deroga. The annual comparison, such as with July 2011, showed an overall decrease by -10% in the Milan Area and an*

¹ Data referred to European countries are extracted from the monthly survey on manufacturing sector harmonized by the European Commission. Assolombarda carries out an analogous survey interviewing 350 associated companies every month. The manufacturing confidence index is the main indicator of these surveys and is calculated as the mathematical average of the seasonally adjusted data on production expectations, orders and stock of finished products (with inverted sign).

² Cassa Integrazione Guadagni (CIG) is a particular Italian shock absorber. It is a redundancy fund which helps companies to keep labour force in times of economic difficulties. It allows workers to receive a part of their wages. There are three kinds of CIG: Ordinary (Cassa Integrazione Ordinaria - CIGO), Extraordinary (Cassa Integrazione Straordinaria - CIGS) and Special (Cassa Integrazione in Deroga - CIG in Deroga).



increase by 44% in Italy. The amount of CIG Ordinaria by Assolombarda firms increased by 57% monthly and by +62% yearly. In conclusion, according to INPS the “tiraggio” (percentage of total authorized hours actually utilized) was equal to 41% in the first four months of 2012.

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