



# Nota Economica

## By Centro Studi Assolombarda

Updated as of 9th May 2012

### Overview

- According to the IMF, the global outlook has gradually strengthened in the first part of 2012 after a major setback during 2011.
- The European situation had appeared more positive than the forecast between January and March (on the levels of end-2011), but from April some negative signals arose due to the slowdown in the global trade and the crisis of the internal demand, especially in Spain and in Italy.
- The €/€ exchange rate has been fluctuating moderately around 1.31 since February (1.3025 on 8 May 2012). The € is on its lowest level of the last three years and a half against the British Pound (0.80645 on 8 May 2012) and of the last two months and a half against the Japanese Yen (104.01 on 8 May 2012).
- The prices of raw materials (in €) decreased by 3% monthly in April, after the robust upward trend of the first three months of 2012. For the first time since November 2011, the quotation of crude oil reduced (-3%, but still on historically high levels). Oil is one of the highest risky variable for the global scenario.
- In April 2012 inflation decelerated to 2.6% in the Euro Area and to 3.1% in Milan, while it was firm to 3.3% in Italy. The rise in prices was explained by the soar in energy prices, both in Italy and, in particular, in Milan.
- In March 2012 unemployment decreased to 8.2% in the USA, while it increased to 10.9% in the Euro Area. The gap in the Area rose: unemployment at 5.6% in Germany, while at 10.0% in France, at 9.8% in Italy and at 24.1% in Spain.
- In April 2012 the Manufacturing Confidence Index<sup>1</sup> decreased in the Euro Area and also in Germany, France and Italy. In March there was a similar trend also in the Milan Area. The reduction was sharp (the index plummeted to its minimum since half-2009) because of the contraction in domestic demand and also in foreign demand (the recovery of the previous month was zeroed out) and because of the resulting reduction in production expectations (on the minimum since 2009). Inventories continued to be stored up over the levels considered as normal.
- In the first two months of 2012, industrial turnover and orders of the manufacturing sector showed a trend not so positive: respectively, +1% and -3.3% compared with January-February 2011. However, total results hid a tendency more positive in the foreign markets than in the national ones.
- In the first two months of 2012, Italian export grew by +5.9% yearly at global level, with a greater expansion towards extra-UE countries (+8.5%). The best-performing manufacturing sectors were Pharmaceutical (+21.2%), Metal Products (+16.4%) and Food (+9.8%), while export of Domestic Appliances reduced (-5.9%, the only sector which registered a contraction).
- In March bank loans to private citizens grew less than in February (+1.2% yearly vs +1.3%); fluxes to firms decreased more (0.0% vs +0.9%).

<sup>1</sup> 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).



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- After the peaks of February and March, in April the total amount of CIG<sup>2</sup> shrank in the Milan Area (-42% monthly) and reduced in Italy (-14%). The turndown is common to all kinds of CIG both in Italy and in the Milan Area (except for the CIG Ordinaria in the Milan Area that showed an increase by +8%); CIG in Deroga decreased more in Italy (-23%), while CIG Straordinaria in Milan (-56%). The request for CIG Ordinaria by Assolombarda firms reduced by -15%, more than in the Milan Area. The total authorized hours in the first quarter of 2012 was in line with those referred to the same period in 2011, both for the Milan Area and for the Italian average.

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<sup>2</sup> 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).