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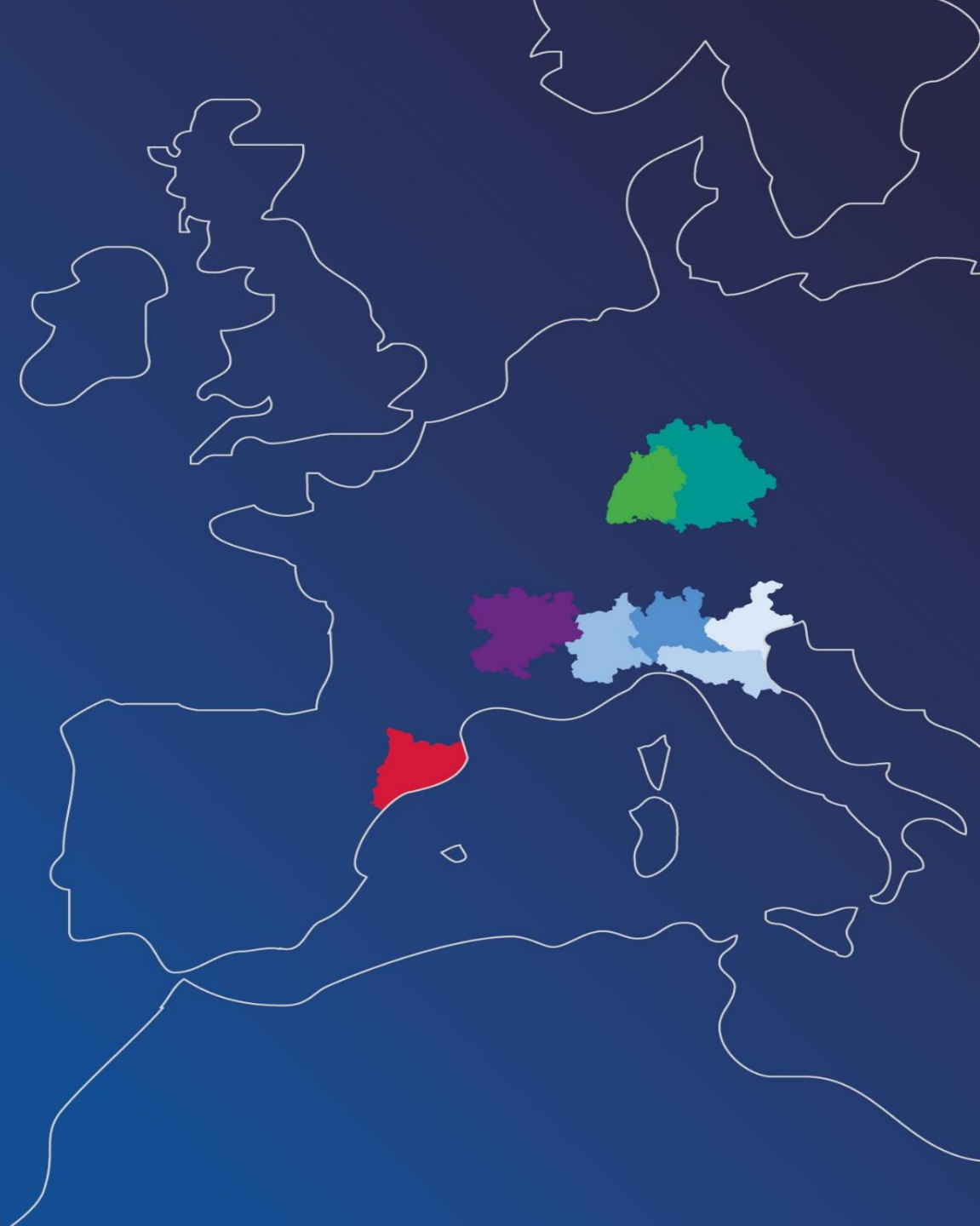
Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

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Preface

Flash update on the short-term economic outlook for Lombardia 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 Lombardia

The downward trend in work-related accidents recorded in Lombardia consolidates in May 2019: with respect to April-May 2018, «on-the-job» accidents decrease by -3.3% overall and by -1.9% in the industry sector. «work-related road accidents» decrease only in the industry sector (-3.2%), still increasing instead in the total economy (+3.9%).

Economic performance in Lombardia in comparison with benchmark regions

World trade slows down and exports from Lombardia reach a halt. The global sales of firms in Lombardia see a decrease by -1.6% in the first quarter of 2019 compared to the same period in 2018, the first dent after 11 consecutive months of increases which clashes with +2.0% in Italy. Different elements help interpret this result. First, statistics: the benchmark quarter, i.e. the first quarter of 2018, was a period of still exceptional growth for regional exports (the significative drop started late, in the second quarter; on the contrary, in Italy the fall started at the beginning of 2018). Second, sectorial and provincial dynamics. The decrease by -1.6% between the first quarter of 2019 and the first quarter of 2018 corresponds to -503 million euro in value. Among manufacturing sectors, the steepest drops concern pharmaceuticals (-16.8%) and transports (-16.1%); among provinces the decrease is particularly evident in Monza-Brianza (-12.1%) and Varese (-12.4%). As to destination markets, the reduction in exports from Lombardia stems especially from EU countries (-2.1%, a result of the null change in Germany and the relevant decrease in Spain) and to a lesser extent in non-EU countries (-0.9%). Focusing on national benchmark regions, together with Lombardia also Piedmont records a setback (-3.6%, suffering from the issue linked to the automotive sector), differently from Veneto (+1.4%) and Emilia-Romagna (+5.0%) that continue seeing positive growth rates. Among European benchmarks, Cataluña decreases (-1.4%), Bayern remains stable (+0.2%), and Baden-Württemberg returns to grow (+2.2%).

Together with trade, it has to be reminded that in the first quarter of 2019 also manufacturing production grew but at a slower pace than last year (+0.9% on a yearly basis, after performances close to 2% in the second half of 2018 and 4% in the first half).

Given the highly uncertain geopolitical context, after the temporary increase registered in May, business and consumer confidence indices fall again in June. Over the next months the weak economic performance is expected to continue. More in detail, in the North-West manufacturing confidence diminishes in June setting below 0 for the 11th consecutive month. Among components, the assessment of both internal and foreign order books worsen, as also short-term production expectations, and the stocks of finished goods increase (though less than in the previous month).

In the same month, confidence weakens in Italy and in the main European countries, especially in Germany. Consumer confidence reaches in June its lowest level since Summer 2017 both in Italy and in the North-West (where the drop is explained by the worsening of all components, especially the economic and the future ones).

With regard to the labor market, in Lombardia employment increases by 94 thousand units in the first quarter of 2019 compared to the same quarter in 2018, the employment rate grows to 68.4% (from 67.0% a year earlier) and, at the same time, the unemployment rate falls to 6.3% (from 6.7%, a figure anyway still double that recorded in 2008 when it equalled 3.6%). To compare, in the first three months of 2019 the Italian average grows to 58.2% as to the employment rate and falls to 11.1% as to the unemployment rate.

Compared to the pre-crisis, there are +229 thousand persons employed in Lombardia: by gender, most of the increase is due to female employment (+154 thousand) and to a lesser extent to male employment (+75 thousand), whereas by professional figure growth is mainly due to employees (+69 thousand) rather than the self-employed (-111 thousand, +25 thousand in the past year).

At the moment, a diverging trend seems to emerge between the economy (slowing down) and employment (still on a constant increase), in Italy as well as in Lombardia. However, considered that the labor market reacts with delay to changes in the economic cycle (empirically, in the past years between 6 to 9 months later), rigorous data monitoring over the upcoming months is key to better understand current labor market dynamics.

Finally, beginning of 2019, bank loans to firms go back to decreasing (-1.0% on the same period in 2018), after a positive trend for almost one year. The drop gets steeper for firms with fewer than 20 persons employed (-3.1%), but also medium-large firms see a decline (-0.7%). As to sectors, only loans to manufacturing firms increase (+0.3%), loans to service firms return on a downward trend (-1.4%) whereas loans to constructions continue to decrease though at a slower rate (-1.2%).





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