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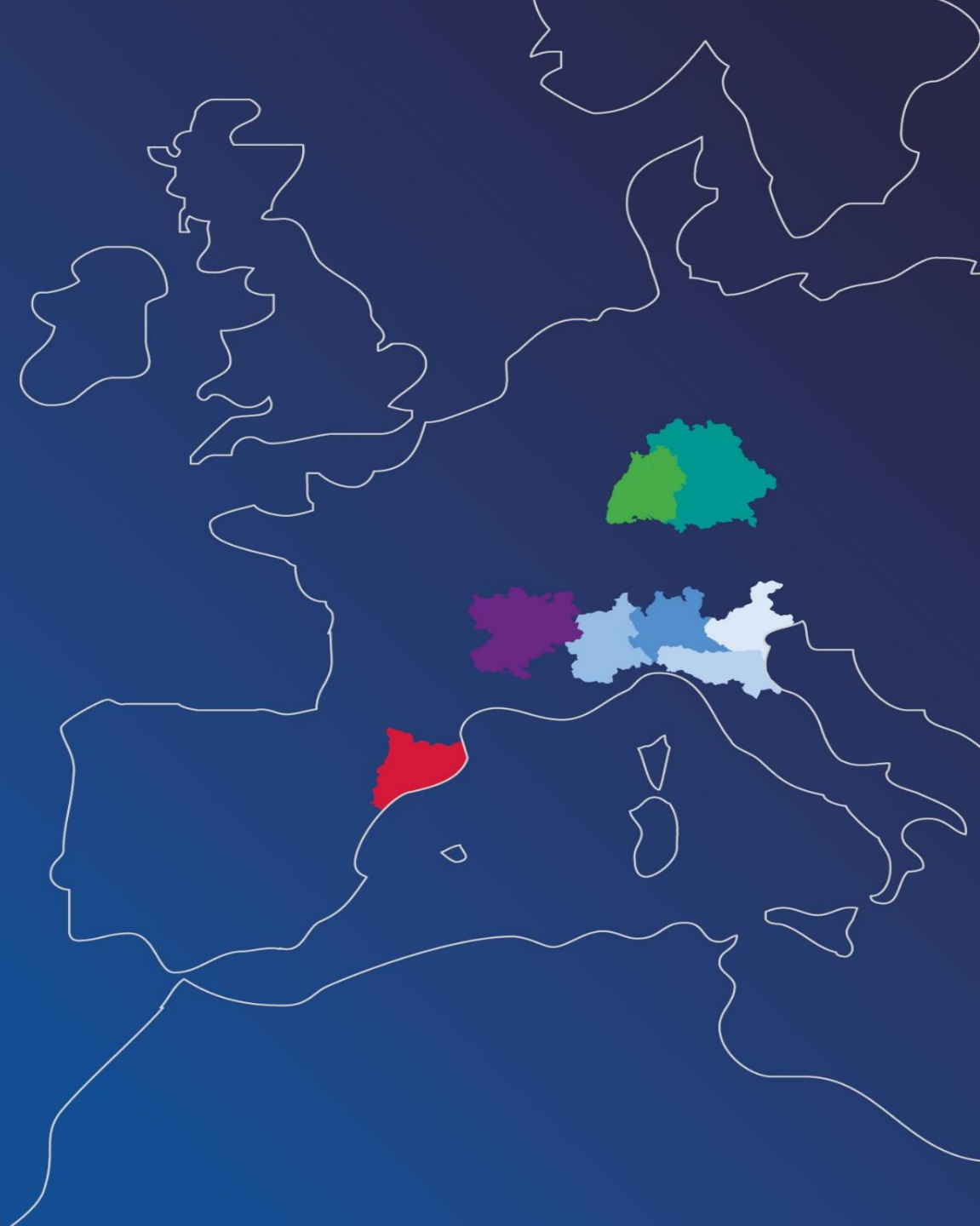
Booklet Economia

Lombardy in comparison with Italian
and European benchmarks

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Research Department

N° 73/February 2023



EXECUTIVE SUMMARY

While the economy slows in late 2022 and this first part of 2023 (+0,6% the growth estimates for Lombardy's GDP for the current year), the labor market is resilient.

Indeed, strong hiring in the first nine months of 2022 confirms the positive employment dynamic, which we expect to continue in 2023 as well. Between January and September of last year, 1.148.220 new contracts were signed in Lombardy, 11% more than in the same period in 2019 (a greater increase than the +8% at national level) and +21% compared to the first nine months of 2021.

Further confirming the favorable conditions of Lombardy's labor market is the even stronger growth in the number of permanent contracts, which increase by +29% (+28% in Italy) and account for 23% of total contracts, a share six percentage points higher than the Italian one.

At the same time, we also observe an increase in total job terminations. Compared to the first three quarters of 2021, they rose by +27% in Lombardy (from 804,281 to 1,018,739), four percentage points higher than the national average. Of all terminations, voluntary resignations grew considerably: +26% over 2021 and +36% over 2019. The disaggregation available on national basis makes it possible to note that, consistent with the economic recovery experienced during 2022, job-to-job transitions have grown; that is, reemployment happens more quickly, and shifts between sectors occur faster, thus highlighting a more dynamic and flexible labor market where the reallocation of resources is becoming more efficient.

This complex phenomenon adds to persistent imbalances between labor supply and demand in terms of 'skills mismatch': in Lombardy, as of February 2023, companies struggle to find nearly 45% of the profiles needed, and for two-thirds of them the main issue concerns the lack of candidates.

Given these lights and shades and the recent economic slowdown, the labor market should be monitored considering all available indicators. Concerning the CIG, the most up-to-date data show a rise in authorized hours to 6.8 million in January 2023, recovering much of last December's drop. The CIG's increase in Lombardy seems to contrast with national benchmarks; indeed, Piemonte and Emilia-Romagna record a further decline, while the number of authorized hours in Veneto remains almost unchanged. Milano and Monza's provinces align with the regional dynamic, thus recording a new increase, while Pavia and Lodi track a decrease in authorized hours.

MILANO

Although substantially slower than in 2022, forecasts for Milano indicate a follow-up of the expansionary phase and, above all, a growth that is confirmed to be higher than the regional and Italian averages. The province of Milano is expected to increase by +1% in 2023 in terms of added value. Even in the recovery after the pandemic shock, the metropolitan city of Milan has performed significantly better when compared to regional and national data, positioning itself above pre-Covid levels by +6.5% already at the end of 2022, almost doubling the +3.8% in Lombardy and well above the Italian +0.9%. A positive dynamism also characterizes the Milano labor market, which has largely recovered the losses caused by the pandemic, and, in 2022, counted nearly 18,000 more people employed with respect to 2019. Concerning the current year, projections account for a further growth of +2.2%.

MONZA E BRIANZA

The province of Monza and Brianza quickly recovered from the heavy losses in 2020, reaching higher values than pre-pandemic ones (+1.2%) as early as 2021. Despite the +2.6% growth recorded in 2022, Prometeia estimates that overall Monza's economy in 2023 will be affected by a slight decline in value added of -0.3%. As for the labor market, after the +2% increase in 2022, the number of employed people is expected to remain stable in the current year.

LODI

Lodi turned out to be one of the most dynamic provinces in terms of economic expansion: the rebound of +7.9% in 2021 allowed for a total recovery of the gap with pre-Covid levels and paved the way for continuous growth in 2022 (+3.7%, second only to Milan). Hence, at the end of 2022, the province's added value is positioned above the pre-Covid level by +4%. However, the current year's growth is estimated to slow at +0.4%, slightly below the +0.6% expected for Lombardy. Finally, in Lodi, the labor market remained positive in 2022, with +2.8% per year in employment. This dynamic is confirmed by expectations of further +2% growth in the current year.

PAVIA

In 2022, Pavia eventually regained its pre-pandemic GDP levels: at the end of the year, the province's value-added was +1.6% above 2019 levels. The slower restart was undoubtedly affected by the particularly sharp downturn in the pandemic year (-8.9%), and key economic sectors struggled to recover. Growth estimates for 2023 are mild (+0.3%), also because of the generalized economic slowdown (+0.4% Italy, +0.6% Lombardy). Local employment also fell again in 2022, declining by -1% annually, while forecasts for 2023 show a return to growth, albeit modest at +0.2%.





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