



ASSOLOMBARDA

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Lombardy in comparison with Italian
and European benchmarks

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EXECUTIVE SUMMARY

After a decidedly above-expectations 2022, with Lombardy's GDP expanding by +4.3% (as of last April, expected growth was just +2.6%), we revise the forecast for 2023 up, despite the persistence of a sharp slowdown. Indeed, the estimates for Lombardy's GDP growth for the current year are +0.6%, up from the +0.3% expected three months ago and better than the +0.4% forecast for Italy by Prometeia.

The accelerating growth in 2022 has allowed the region to successfully recover the losses from the pandemic: at the end of the last year, Lombardy's GDP turned out to be +3.8% higher than the 2019 level, well above Italy (+0.7%), national benchmarks (+2.3% Emilia Romagna, +0.7% Veneto, +0.2% Piemonte), and other strategic European regions (+0.5% Bayern, -0.3% Baden-Württemberg, -2.3% Cataluña).

More specifically, Lombardy's expansion in the previous year was driven by the construction sector (+10.4 annual percentage growth in value-added) and service sector (+4.9%), with a positive contribution by the industry as well (+1.2%).

Concerning occupation, the regional economic recovery remains partial, lagging behind the pre-pandemic level by 0.7% in 2022 (while Italy and Veneto have already fully recouped). The +0.8% annual growth forecasted in 2023 will nonetheless allow a break even over the year.

The slowdown in economic growth for 2023 is confirmed by January's data about the manufacturing confidence index, which, although slightly increased compared to December 2022, stays on negative levels, lower than those recorded between mid-2021 and mid-2022.

Looking more in detail at refraining factors, at the end of 2022, the share of companies signaling prices and costs as obstacles to exports has reached a peak of 30%, while those that report the lengthening of delivery time to be an export issue have decreased below 12% (the maximum of 18.5% was reached at the end of 2021). Even though export financing problems affect only a tiny share of enterprises (1.3%), the percentage of manufacturing firms experiencing it is also growing. Moreover, production obstacles are rising again; indeed, 18% of manufacturing firms in the North-West complain of insufficient material and/or equipment (as of September 2022, the share was 11.7%), 16.9% of them complain of insufficient demand, and 5.6% of labor shortage.

In contrast with the picture emerging from the industry sector, at the beginning of 2023 service companies are experiencing an increase in the confidence index, both in the North-West and in Italy, thus recovering the downward fall registered over the second half of 2022.

Finally, regarding households, the consumers' confidence index slightly decreases after the sustained growth experienced in the last quarter of 2022.

About the labor market, in December 2022, the number of authorized CIG hours started to decrease again in Lombardy and other national benchmark regions, thus returning to the levels preceding the autumn flare-up. On the other hand, in December, the Italian figure reached the highest value (44 million) since March 2022. While this trend reversal at the end of 2022 is also observed in Milan, Lodi, Monza e della Brianza, Pavia shows a rise in the number of CIG hours up to 0.3 million, its highest record since May 2022.





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