



ASSOLOMBARDA

BOOKLET ECONOMIA

Lombardy in comparison with Italian and European benchmarks

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N° 87/May 2024



Lombardy's economy, as reported in the last Booklet, is expected to grow by +1.0 % in 2024, for an overall +6.7 % over pre-Covid. This increase exceeds Italy's already fast pace (+4.2 % over 2019) and the main European benchmarks (+0.8 % Baden-Württemberg, +2.4 % Bayern, +4.8 % Catalonia). This issue releases the 2024 forecasts for Assolombarda's business provinces, all of which are expected to expand this year as a result of a stationary first half and an accelerating second half and more favorable dynamics for services than industry: on an annual average Milan +1.1%, Pavia +1.0%, Lodi +0.6%, Monza and Brianza +0.5%. Compared with pre-Covid the four provinces advance more than the Italian average: Milan +10.0%, Monza and Brianza +5.7%, Pavia +5.3%, Lodi +4.9%.

Despite substantially positive expectations for the year, the first months of 2024 are characterized by a still weak Lombardy's manufacturing sector, with no apparent signs of a turnaround in the short term, flanked by moderately expanding services.

Specifically, between January and March, regional manufacturing output declined -0.3 % compared to the previous quarter and is down -1.1 % compared to year-earlier levels. However, it still marked greater resilience than the domestic industry, which retreats -3.1 % year-on-year. Manufacturing in Lombardy suffers from the slowdown in domestic demand (-2.7 % year-on-year), while foreign orders are almost stationary (+0.4 %).

The negative trend in production in the first quarter of 2024 is shared by all business size classes, with a much sharper contraction for firms with more than 200 employees (-2.2% compared to 2023) and a smaller one for firms with 10-49 employees (-0.9%) and between 50 and 199 employees (-0.8%).

We observe differentiated trajectories by breaking down the Lombard figure by sector. The overall -1.1 % summarizes the positive trends of the automotive (+4.4 %), chemical (+3.6 %), food (+3.5 %), and paper-press (+1.6 %) sectors and the contractions of textiles (-7.8 %), apparel (-5.9 %), steel (-4.6 %), leather-footwear (-3.2 %), mechanical engineering (-2.4 %), nonmetallic minerals (-2.0 %) and plastic rubber (-1.5 %).

Weaker signs are also emerging more recently. Manufacturing business confidence in the Northwest fell again in April, confirming a seesaw trend since last winter. A similar trend can be seen in Italy, where confidence has declined over the past month; a fall has also occurred in France and Germany (the latter, on the lowest level since June 2020), while Spain has risen, though remaining in the negative area.

In April, however, confidence in the service sector in the Northwest returned to an upward trend after three consecutive months of decline. More favourable judgments about overall business performance were accompanied by increased orders (now back to positive levels) and improved demand expectations for the next 3-4 months. In contrast, the index has fallen at the Italian level while remaining broadly positive. It has risen in Germany while falling in Spain and France (which returns to the negative area).



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