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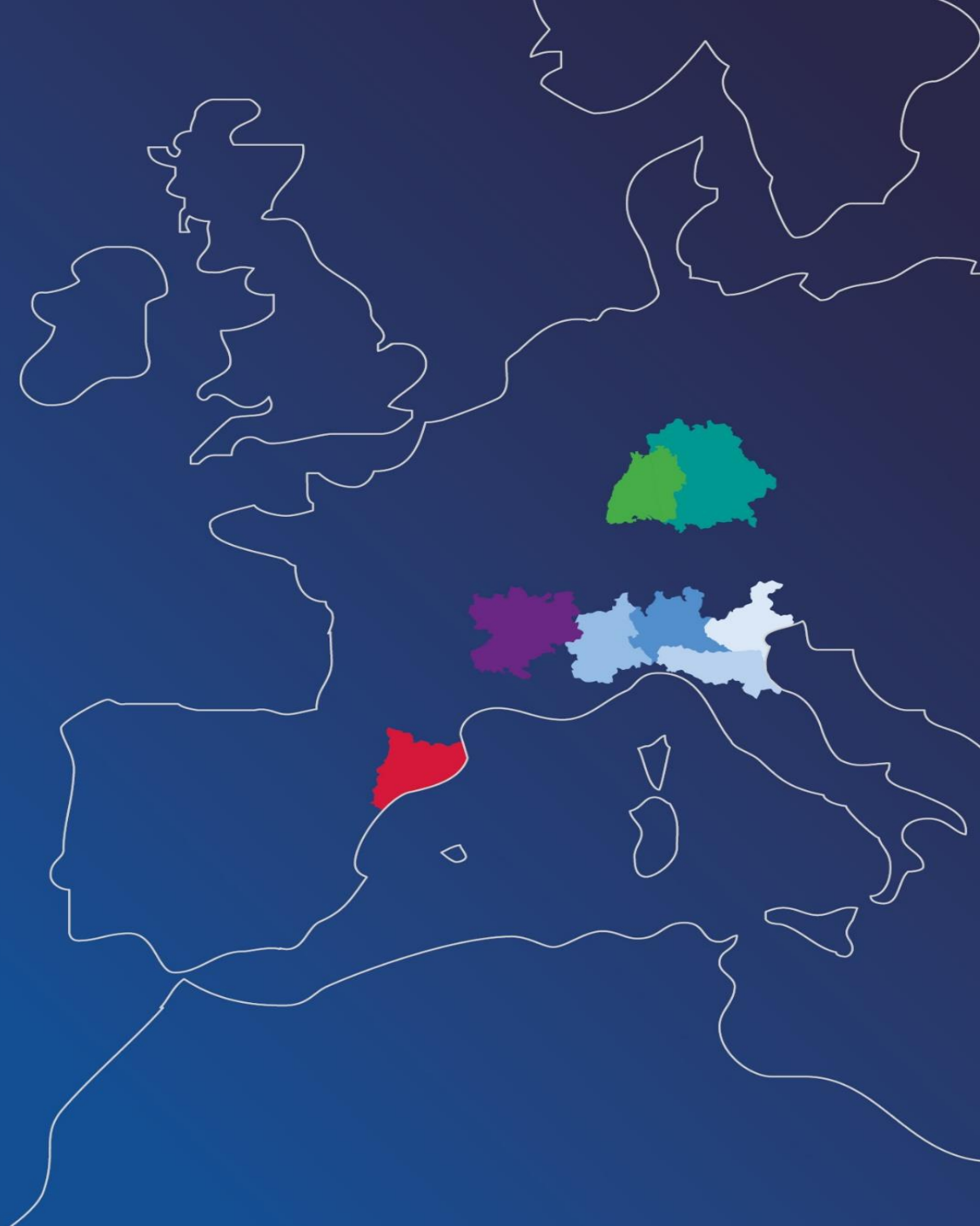
# Booklet Economia

Lombardy in comparison with Italian  
and European benchmarks

Edited by

**Research Department**

N° 81/November 2023





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## EXECUTIVE SUMMARY

Lombardy's economic growth in 2023 is expected to settle at a moderate +0.9%, higher than the +0.7% forecast for Italy but far lower than the +3.2% registered in 2022. Compared to July's forecasts, expectations have been revised downwards (we forecasted a +1.3% growth back then) against a global slowdown. Decomposing the 2023 value into macro-sectors, Lombardy faces an expansion in services (+1.9%) and agriculture (+1.0%), whereas industry (-1.9%), which began slowing down during the spring, and the construction sector (-0.7%) is shrinking. Weak growth is expected to extend into 2024, with growth rates equal to +0.6% and +0.4% for Lombardy and the Italian economy, respectively.

The ongoing slowdown is consistent with the evidence of our flash survey on Assolombarda firms' sentiment, deployed early this November and involving 304 manufacturing and services firms. Both for the current quarter and the first months of 2024, we see a majority of expectations of stability or worsening of the economic environment compared to previous quarters. Overall, for the next year, 40% of the sample expects a regional economic outlook in line with 2023, 34% foresee a deterioration and just one-fifth an improvement. Looking at the number of employees, 45% of surveyed firms have enlarged their personnel in 2023, and 38% have kept it unchanged; as regards 2024, the share of entrepreneurs that forecast an expansion is equal to 33%, while 53% expect stability in the number of their employees.

The slow growth dynamics generated a further (little) drop in October in the manufacturing sector sentiment, both in Italy and the NorthWest. Concerning the latter, on the one hand, the steep fall in orders and production levels goes on, both at their minima since November 2020; on the other hand, the stock of finished products shrinks, and short-term expectations rise, both for orders and productions, although the latter remains negative. The manufacturing sector sentiment remains largely negative among European benchmarks in Germany, France, and Spain.

In October, the Northwest sentiment index lowered for services firms, too, still positive but at the lowest level in the last eleven months. Firms report a marked decrease in business growth (close to zero) and a contraction in orders, while demand expectations for the next 3-4 months are more optimistic. The index also decreased in Italy and rose in Germany, Spain, and France (the only country in the negative area).





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