



Flash estimates of EU-SILC indicators on poverty & income inequalities

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Introduction

- Policy makers in the European Union are facing an increasing demand for monitoring changes in social conditions
- However, EU-SILC income data of year N is only available in autumn of year N+2
- The aim is to develop flash estimates on income of year N to be available in the beginning of the European Semester year N+1.

Methodology

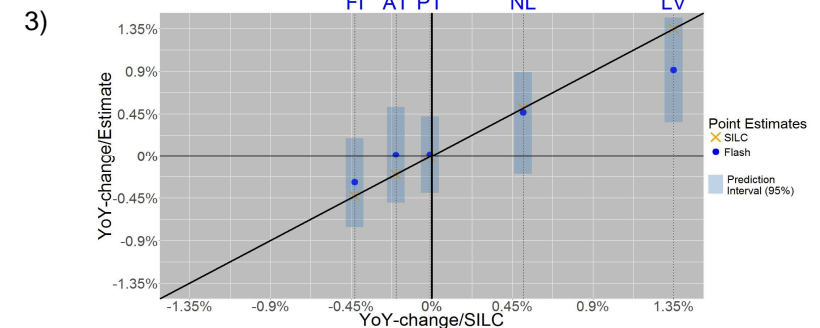
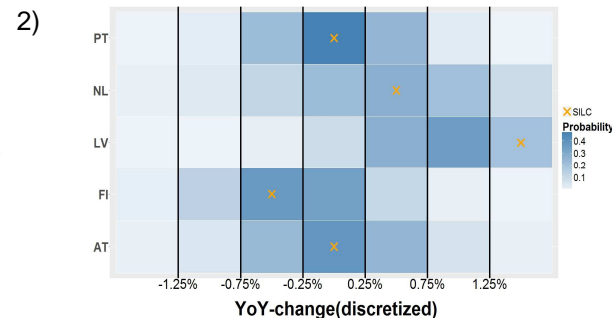
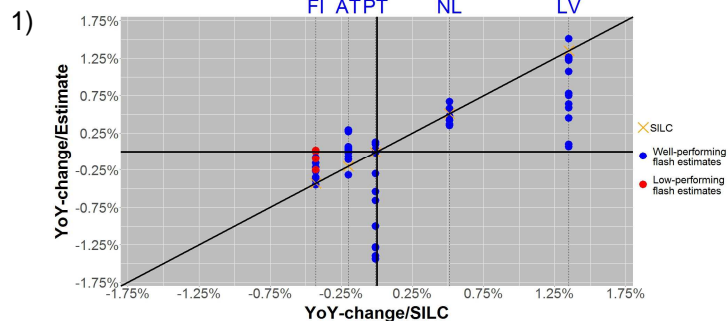
Starting from SILC 2012:

- 1) Updating of labour & demographics via calibration with Labour Force Survey data
- 2) Updating of non-simulated income components via uprating factors from auxiliary data sources and model based differential growth rates across the distribution
- 3) Simulation of taxes and social benefits with EUROMOD

Quality framework

- Consistency analysis of auxiliary data sources
- Intermediate checks for the 3 stages of production
- Quality assessment framework that takes into account: 1) the historical performance of different models and convergence of different flash estimates 2) a probability distribution of flash estimates 3) point and interval estimates

Assessment results: AROP 2014



Conclusion

- No single method that shows better performance for all indicators and all years. This raises questions with respect to the method selection/aggregation procedure
- Focus on the magnitude and significance of the yearly change (YoY) as better predicted than levels
- Positional indicators such as the at-risk-of-poverty threshold and the decile cut-off points are in general better predicted than the at-risk-of-poverty rate or the quintile share ratio

References

Rastrigina, O et al (2016) Nowcasting: estimating developments in median household income and risk of poverty in 2014 and 2015, Research Note 1/2015, Social Situation Monitor, European Commission.

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