

Flash estimates 2020

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Early estimates of income and poverty in 2020

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experimental



In 2020, the year of the COVID-19 outbreak, the [median](#) employment income of the working age population (18-64) in the EU decreased by 7% compared with 2019. However, the median [disposable household income](#) as well as the [at-risk-of-poverty rate](#) remained stable, with varying trends across countries.

This information comes from the [early estimates](#) on income inequality in 2020 published by Eurostat today. This article presents a handful of findings from the more detailed [Statistics Explained](#) article.

- **FE 2020 published in July 2021**

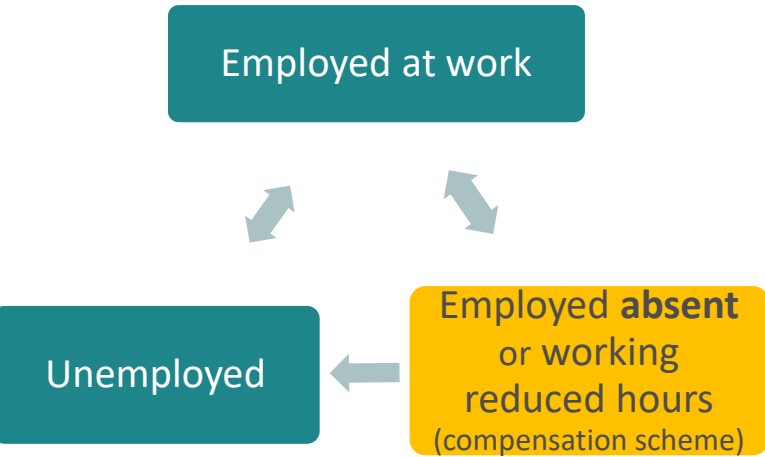
→ Mainly based on nowcasting

- *Labour transitions*

- *Euromod: uprating factors and policies*

Labour transitions during the pandemic

1) New types of transitions

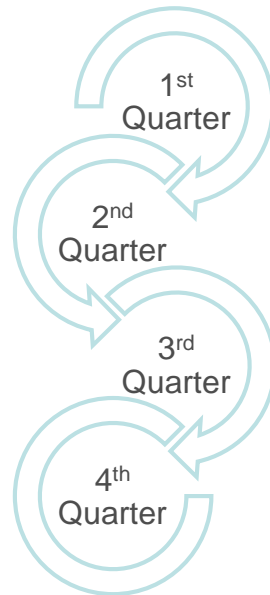


3) Model the distributive impact of COVID in LFS longitudinal

- Probability to **get or lose the job**
- Probability to **become temporary layoff or to work reduced time**
- Main covariates
 - * demographics
 - * economic sector/ occupation
 - * duration of unemployment
 - * type of contract (permanent vs temporary)

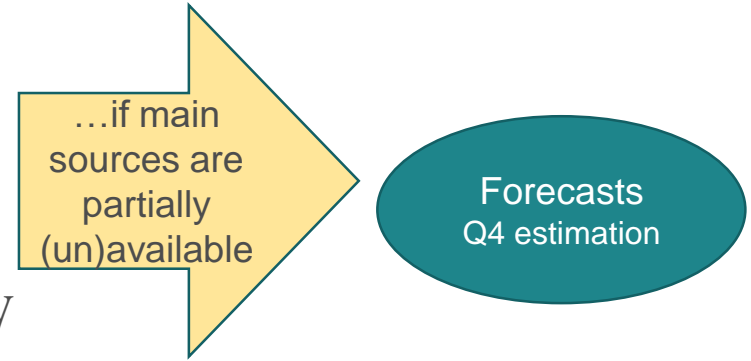
2) New data sources and models

- **Administrative data** on beneficiaries of STW schemes – monthly- **MACRO controls**
- **Labour Force Survey** – quarterly- for controls when administrative data not available



4) Estimate duration in unemployment/absence via quarterly transitions between 2019-2020

5) Data shared and discussed with JRC colleagues for further use as input for EUROMOD



Further issues in nowcasting: uprating wages (1)

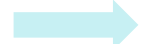
Challenges due to the crisis

Standard method

Simulation of wages losses via labour transitions



Uprate of wages via EUROMOD/Labour cost index-Eurostat



Possible double count of wage losses

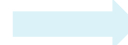
“Standard” indexes (LCI) difficult to apply

Reduced worked hours due to crisis Wages stable due to benefits

Fall-back solution



Adjusted National Accounts UF



Partial solution: difficulties due to short-term schemes registered under different NA items

	BE	CZ	DE	DK	IE	EL	ES	FR	HU	HR	IT	CY	LV	LT	MT	NL	AT	PT	PL	FI	SK	SI	SE
	Belgium	Czechia	Germany	Denmark	Ireland	Greece	Spain	France	Hungary	Croatia	Italy	Cyprus	Latvia	Lithuania	Malta	Netherlands	Austria	Portugal	Poland	Finland	Slovakia	Slovenia	Sweden
Short-time work	x	x	x	x	x	x		x	x	x	x			x	x	x	x	x	x	x		x	x
recorded as subsidies on production (D39) (to employers)		x	x	x	x	x			x	x				x	x	x	x	x	x			x	x
recorded as social benefits (D62)	x	x	x		x			x			x				x			x		x			
Support to keep business running	x	x	x	x		x	x	x			x	x	x	x	x	x	x	x	x	x	x		
recorded as subsidies on production (D39)	x ⁽¹⁾	x ⁽¹⁾	x ⁽¹⁾	x ⁽¹⁾		x ⁽²⁾		x ⁽²⁾			x ⁽²⁾	x ⁽¹⁾		x	x	x ⁽¹⁾	x ⁽¹⁾	x ⁽²⁾	x ⁽¹⁾	x ⁽¹⁾			
recorded as social benefits (D62)	x	x					x						x				x	x					

Next steps and points of collaboration

Metadata on the choices of the uprating factors to reach more harmonization;

Informal workers and minimum wage earners:

- possible use of additional new variables (LFS) with the implementation of IESS regulation

Further information on benefits take-up: e.g. national minimum income;

Double transitions.