Annex I

United Nations Economic Commission for Europe
Conference of European Statisticians
Group of Experts on Measuring Poverty and Inequality
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Title of contribution: Impact of 2022 high inflation on the poorest Italian households
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Topic: Impact of global shocks on poverty and inequality

Summary:
In Europe and in Italy, as in other countries, the unexpected rise of inflation, spread all over the world, is mainly driven by the huge increase of prices of Energy products that has been going affecting all the products of the basket and in particular the prices of food and beverages. The nature of these components (Energy and food), which consumption is difficult to reduce, implies that their relative weights are higher in the expenditure budget of the households with lower spending power with respect to that of the households with higher spending power.
Since 2012 (with time series available since 2005) the Italian national statistical institute (Istat), regularly estimates and disseminates information about the impact of inflation on 5 different groups of households. Households are ranked by their expenditure value (derived from Italian HBS), from those with the lowest spending power to those with the highest one and then divided in 5 groups of the same dimension. Afterwards the weights of HICP basket are estimated for each of these groups by using HBS data and updated each year. Taking into account these weights, harmonized indices of consumer prices are compiled on monthly and then grouped on quarterly basis.
In 2022 in a frame of general strong raise of inflation that is affecting all the households, its impact is clearly higher for the first group of households (with less spending power that means the poorest one) and lower for the fifth group (with more spending power that means the richest one).
In the third quarter of 2022 the annual rate of change of HICP for the first group was equal to +11.6%, for the fifth one to +7.6% with a gap of four percentage point between the two (it was less than percentage point in the fourth quarter of 2021).
The details and implications of these data are analyzed together with the methodology adopted. Moreover, some scenarios of the consequences on the monetary measures of Italian poverty are sketched.

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