

A spatio-temporal model for the inequality in the income distribution of Italy

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Abstract The inequality level in the income distribution is a very important indicator for many analyses regarding the structure and the wealth degree of a society. A deep study of the inequality can often help to provide important highlights and sometimes can even explain the trends of many fundamental macro-indicators in economics as well as in finance. In the last years, thanks also to the explosion of the data availability, the use of the geolocalization is increasingly widespread in every research field. Many analyses of economic and financial phenomena have been approached by using ever more complex geostatistical tools. The scope of the present paper is to propose and investigate the features of a new model for representing the inequality in the income distribution within a particular geographical area. The main innovation of this model is the capacity to simultaneously model the temporal behaviour of the inequality and the modification of it due to the spatial component: such more information can improve the model performances in terms of prediction. The theoretical findings will be illustrated by an application with real data from the Household Income and Wealth sample survey, provided every two years by The Bank of Italy.

References

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