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Subject: Binary variable of wealth index

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Dear Sir/Madam

I'm doing DHS data analysis. According to my objective, I need to run sub-group analysis for poor and rich. I would appreciate if you could guide me how can I create a binary variable for wealth index?

- a) Should I merge poorest/poor/middle in one category and wealthier and wealthiest in other category
- b) Is there a PCA score in the dataset. If so, can I take the mean/median and based on that value I split the data into half?

The problem of having middle category separate is that I do not have sufficient cell counts to run 3 sub-group analysis. Also, I tried excluding it but a reviewer put a query that in light of the nature of analysis, middle class cannot be dropped.

Would appreciate guidance in this regard.

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