

## Macro Roundup Article

**Headline:** [The Positive Effect of Fed Hikes On Consumer Spending](#)

**Article**

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**Tweet:** Torsten Sløk notes “When the Fed raises interest rates, money market funds pay a higher dividend.” Current dividends are \$500B/year, the equivalent of 2.5% of consumer spending.

**Summary:** When the Fed raises interest rates, money market funds pay a higher dividend to households. This effect is very significant and currently running at \$500B, or around 2.5% of consumer spending. Put differently, Fed hikes are boosting consumer spending through higher money market fund dividends.

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**Primary Topic:** Business Cycle

**Topics:** Business Cycle, Financial Markets, GDP, Op-Ed/Blog Post

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