

Macro Roundup Article

Headline: [Winners and Losers from Recent Asset Price Changes](#)

Article Link: <https://www.federalreserve.gov/econres/notes/feds-notes/winners-and-losers-from-recent-asset-price-changes-20230512.html>

Author(s)	Edmund Crawley and William Gamber
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Tweet: A @federalreserve analysis finds the recent changes in asset prices have benefited middle aged workers, who can now buy assets at lower prices, compared to retirees, who are primarily asset sellers.

Summary: A change in asset prices affects an individual's welfare only if they buy or sell the asset. Otherwise, the change in wealth implied by a change in the price of an asset is only "on paper." For example, a family who faces no financial constraints and lives in the same house for its entire life is not affected by changes in the value of that house. A key takeaway from our analysis is that the change in wealth is not a good proxy for the change in welfare. The top panel in figure 3 shows that the age group that has benefited the most from the asset-price changes in this tightening cycle are those near age 40. By contrast, this age group has seen large declines in wealth. We find that middle-aged individuals benefited significantly from these asset price movements, primarily driven by the decline in the price of equities. Retirees, on the other hand, were hurt by these asset price movements. These welfare results sharply contrast with the changes in wealth these groups have experienced: young people, whose few assets are concentrated in housing, have seen their wealth rise a little; people in middle age and older, who hold more equities than any other age group, have seen sharp declines in their wealth.

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