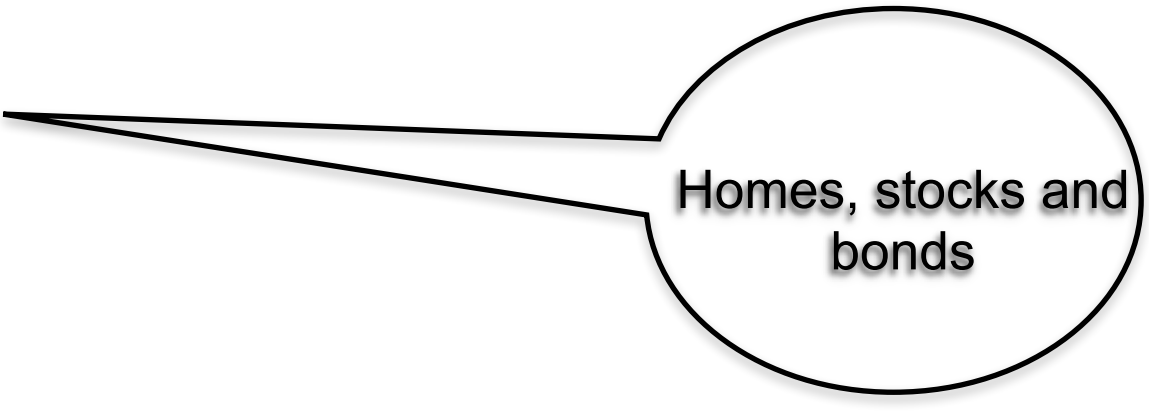


What determines
Consumer spending?

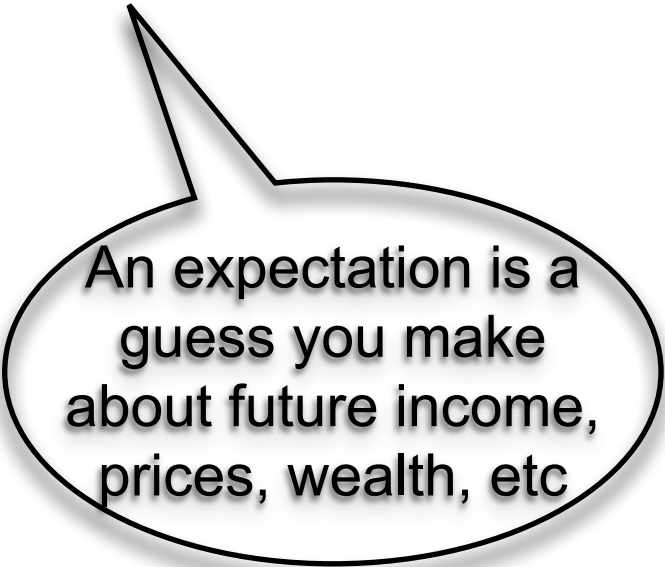




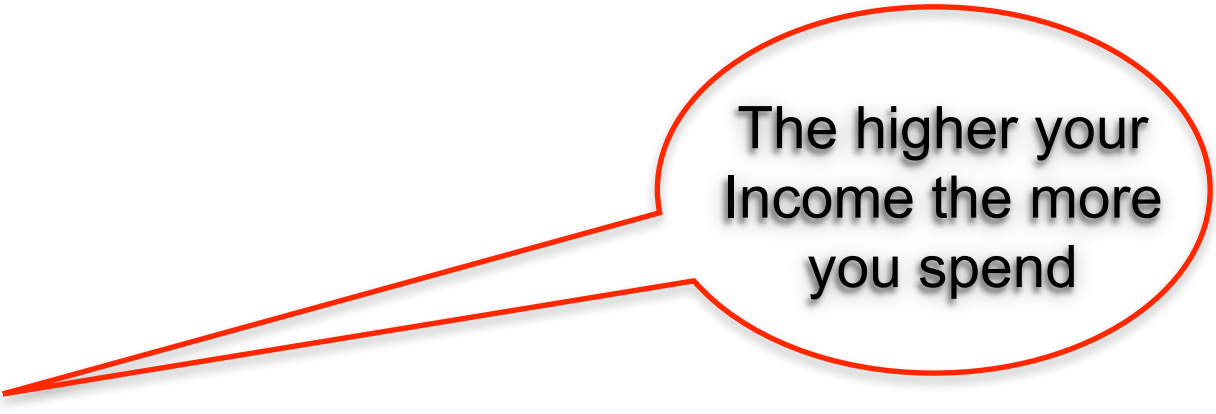
Expectations



Homes, stocks and
bonds



An expectation is a
guess you make
about future income,
prices, wealth, etc



The higher your
Income the more
you spend



As the value of financial
assets and homes increase
in value, consumers feel
richer and spend more



The more optimistic
consumers are about
the future, the more
they spend today

What determines Consumer spending?

Real Income

Real Wealth

Expectations

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