


What determines Consumer Spending?

Real Income


Real Worth

Expectations

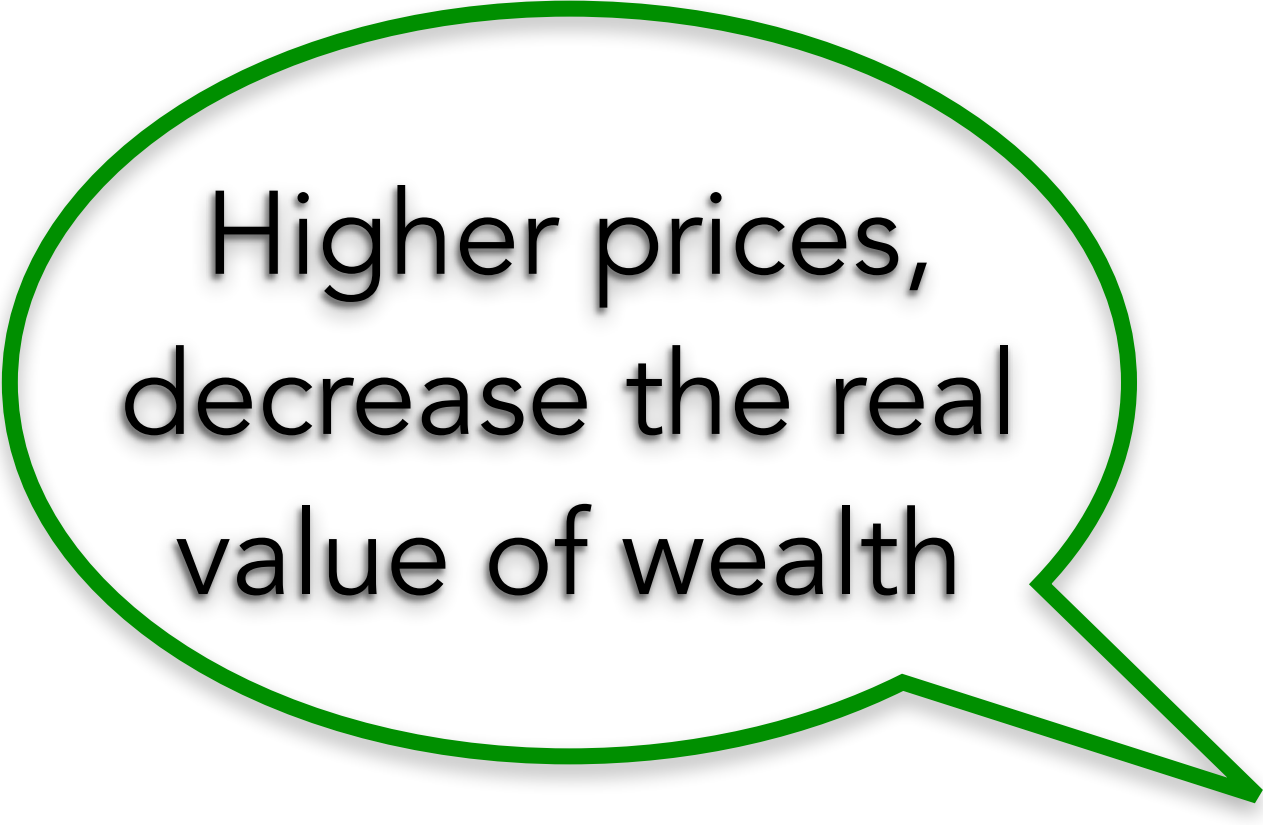
Prices

A red speech bubble with a black drop shadow, pointing to the left. Inside the bubble, the text "The higher Incomes are, the more consumers spend" is written in a black, sans-serif font, centered and arranged in three lines.

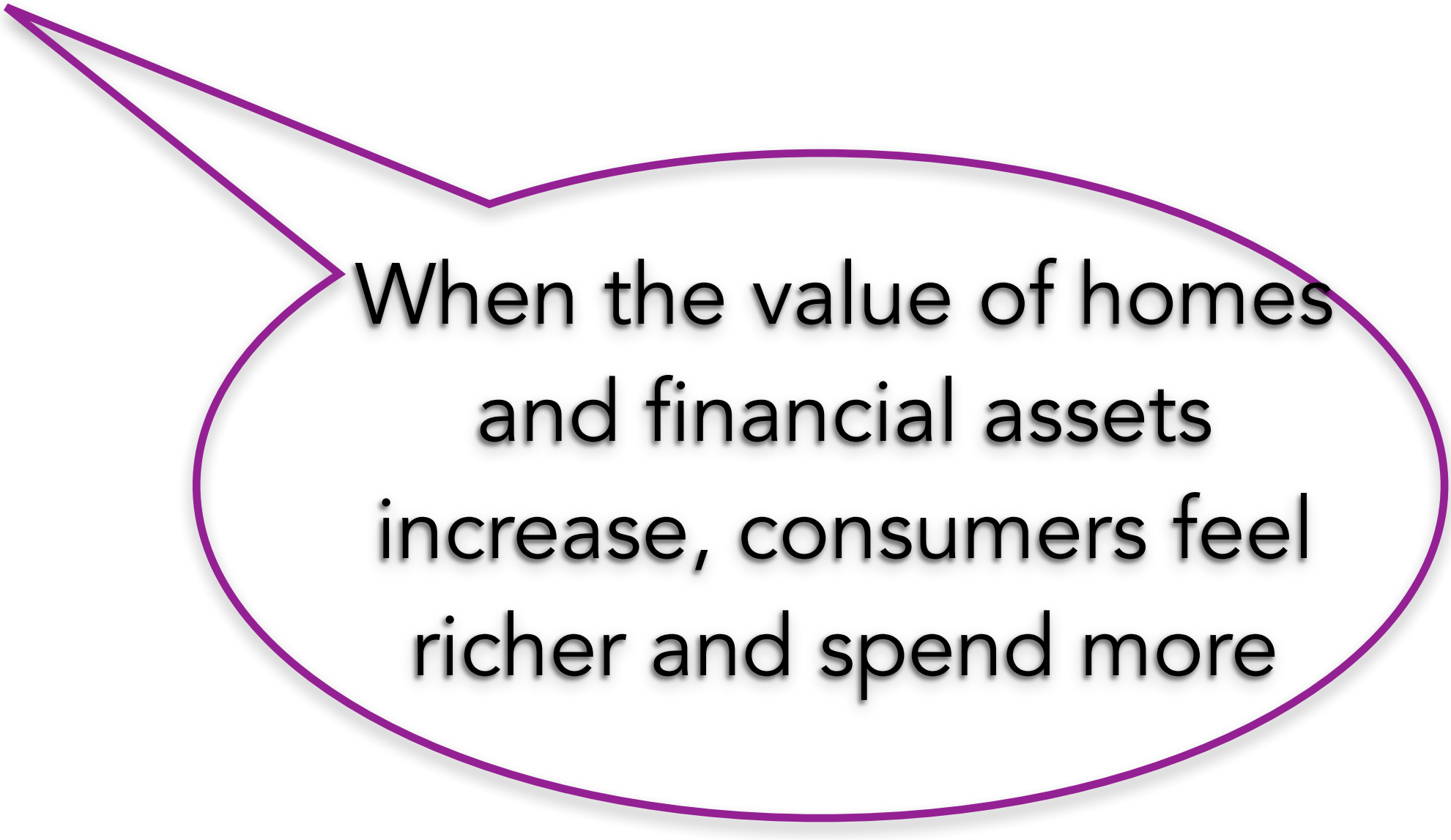
The higher Incomes
are, the more
consumers spend



The more optimistic
consumers are about the
future, the higher their
spending

A green speech bubble with a thick green outline and a white fill. The bubble has a tail pointing towards the bottom right corner. Inside the bubble, the text "Higher prices, decrease the real value of wealth" is written in a black, sans-serif font, centered and arranged in three lines.

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When the value of homes
and financial assets
increase, consumers feel
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The Consumption Function (C)