

What determines Consumer spending?

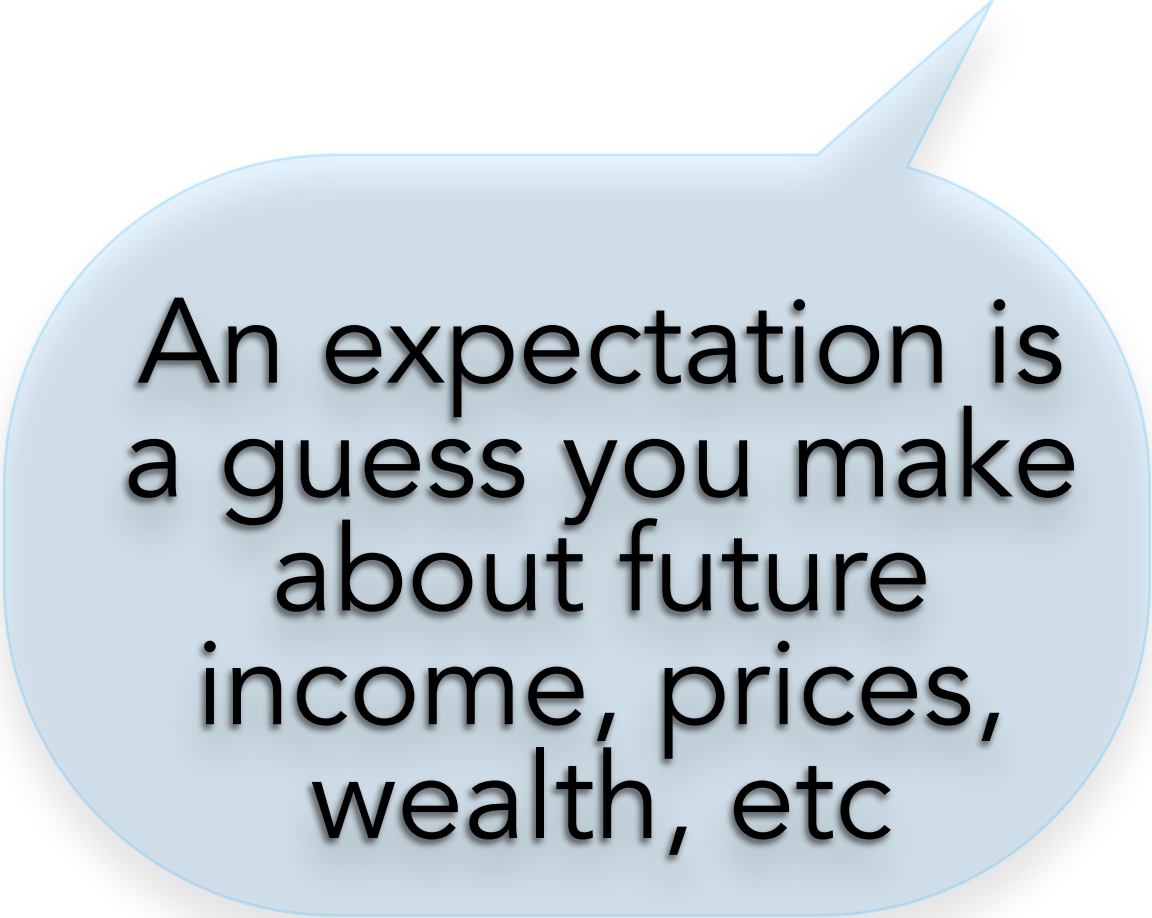
Real Income

Real Wealth

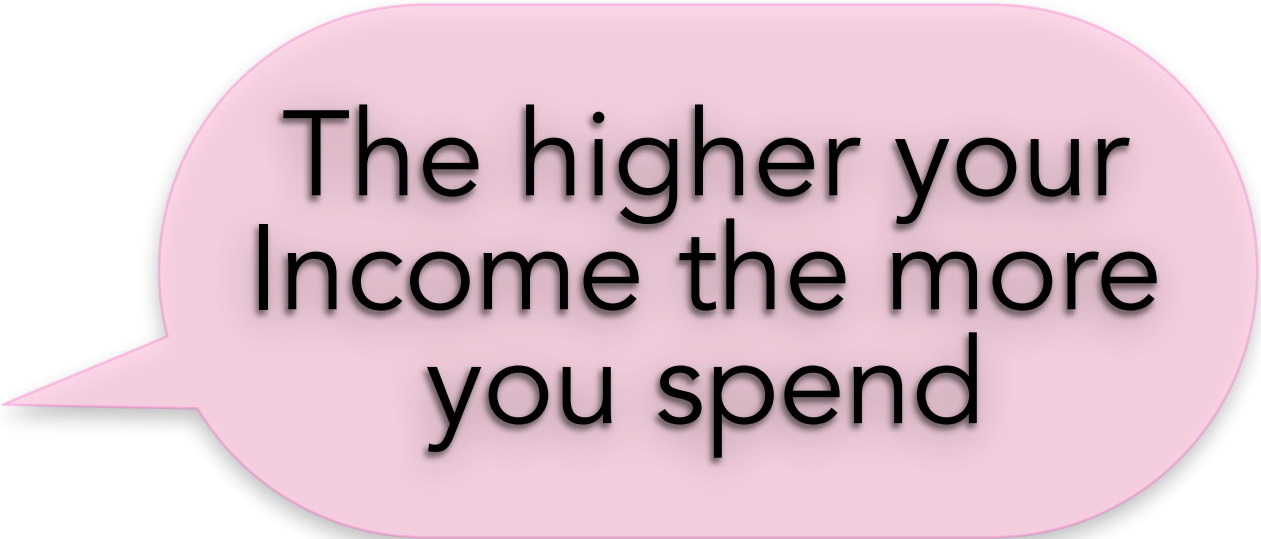
Expectations



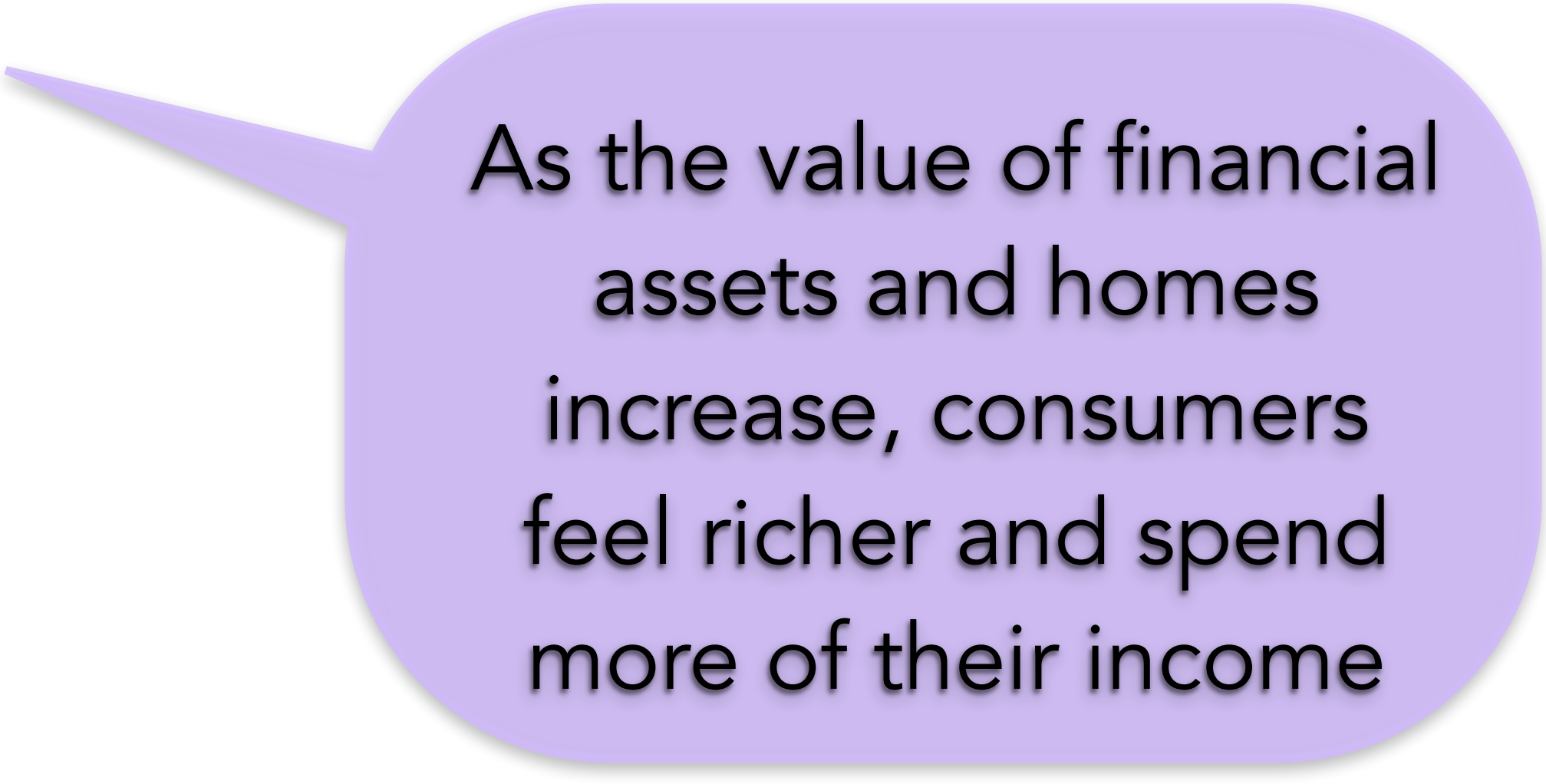
Homes,
stocks and
bonds



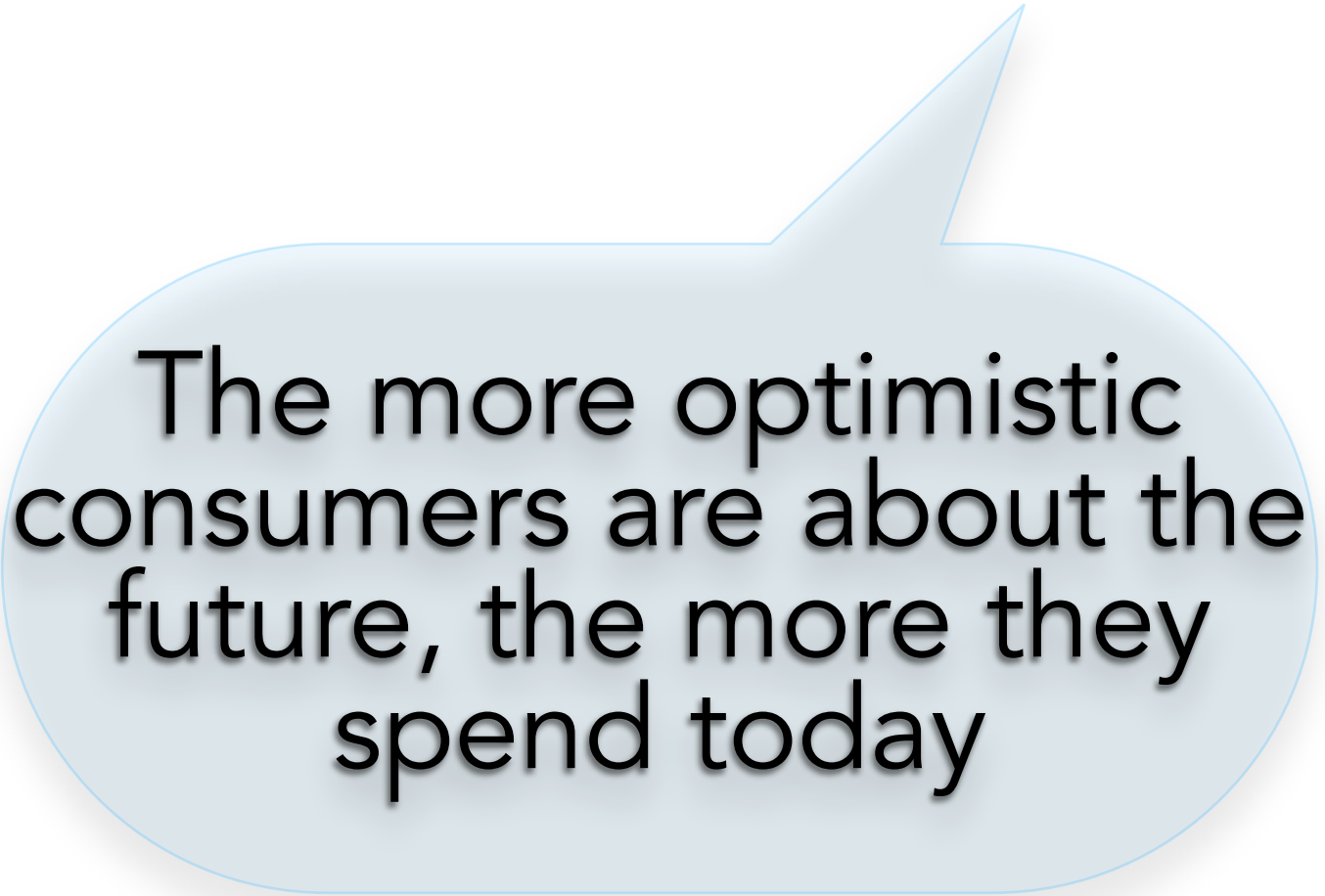
An expectation is
a guess you make
about future
income, prices,
wealth, etc

A pink speech bubble with a white outline and a small tail pointing to the left. Inside the bubble, the text "The higher your Income the more you spend" is written in a black, sans-serif font.

The higher your
Income the more
you spend



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



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

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