

What determines Consumer spending?

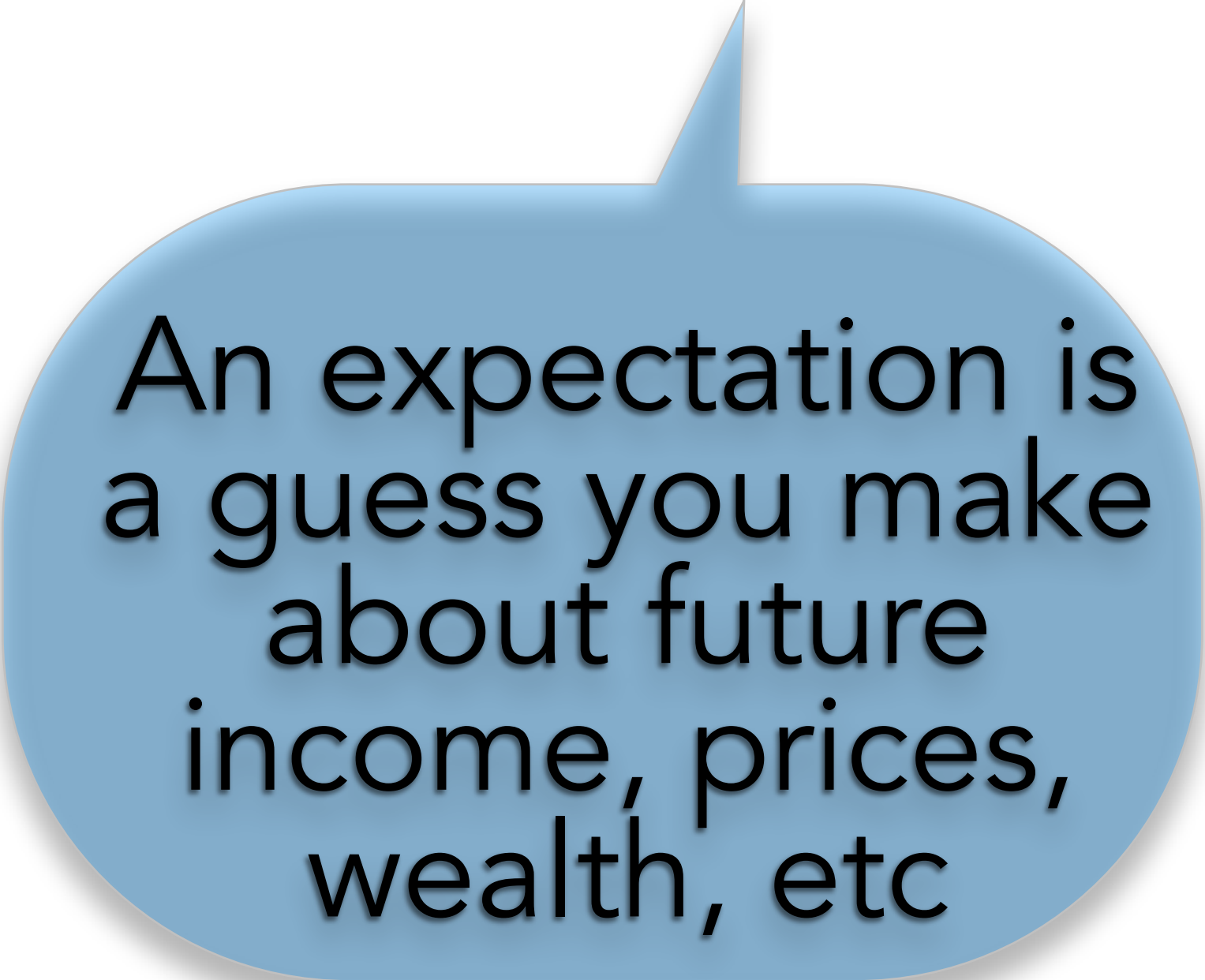
Real Income

Real Wealth

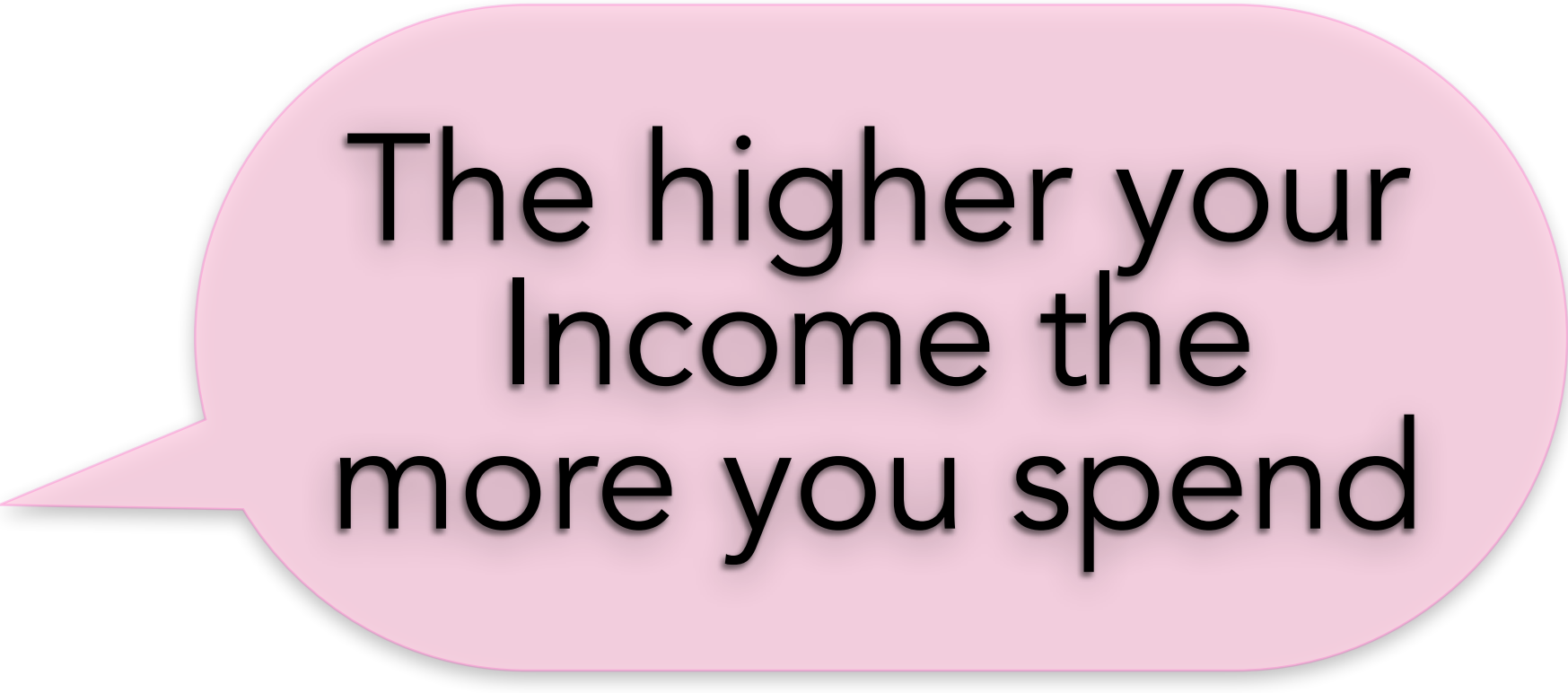
Expectations



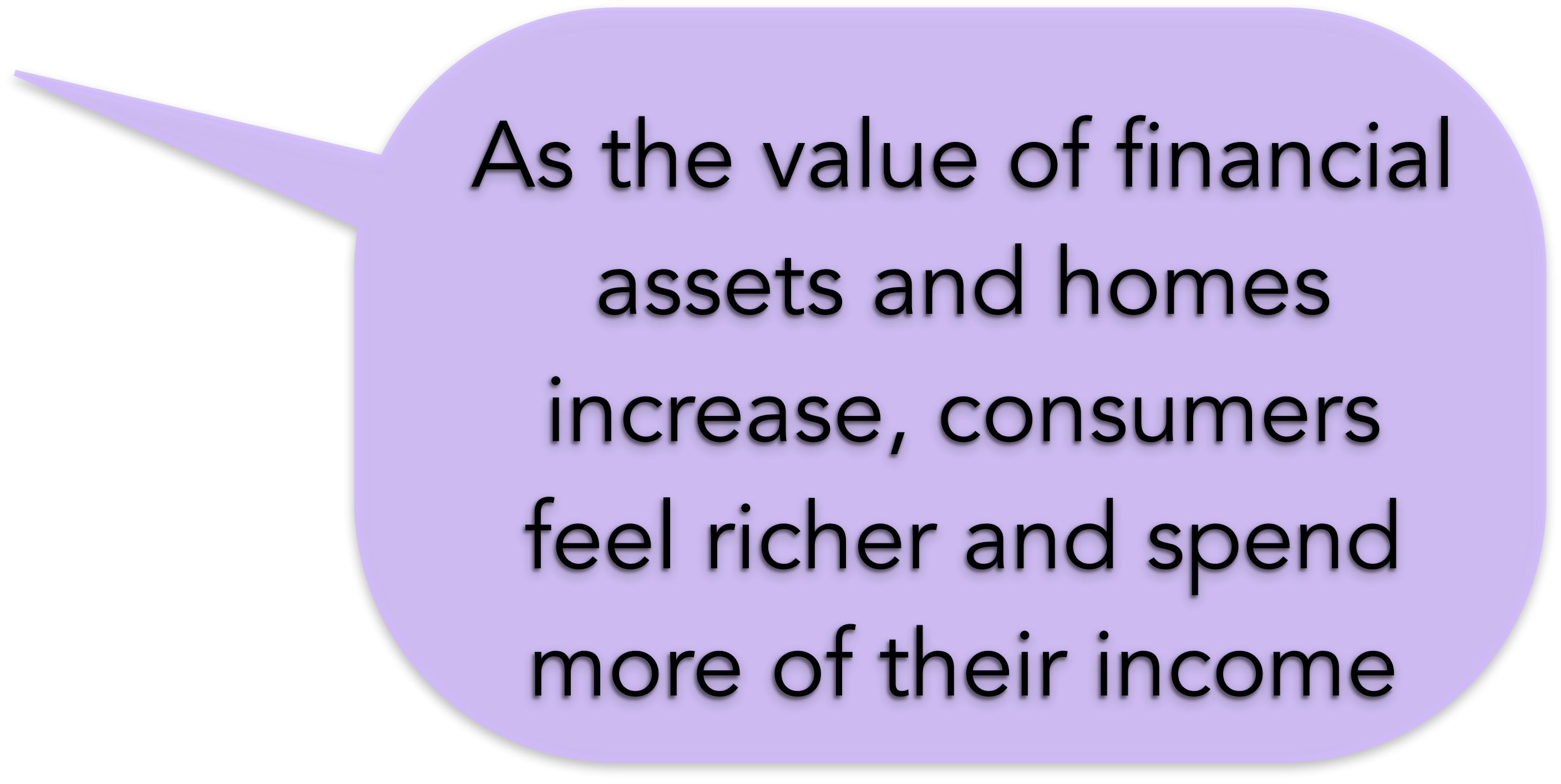
Homes,
stocks and
bonds



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

A pink speech bubble with a white drop shadow, pointing to the left. Inside the bubble is the text "The higher your Income the more you spend" 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
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consumers are
about the future,
the more they
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