



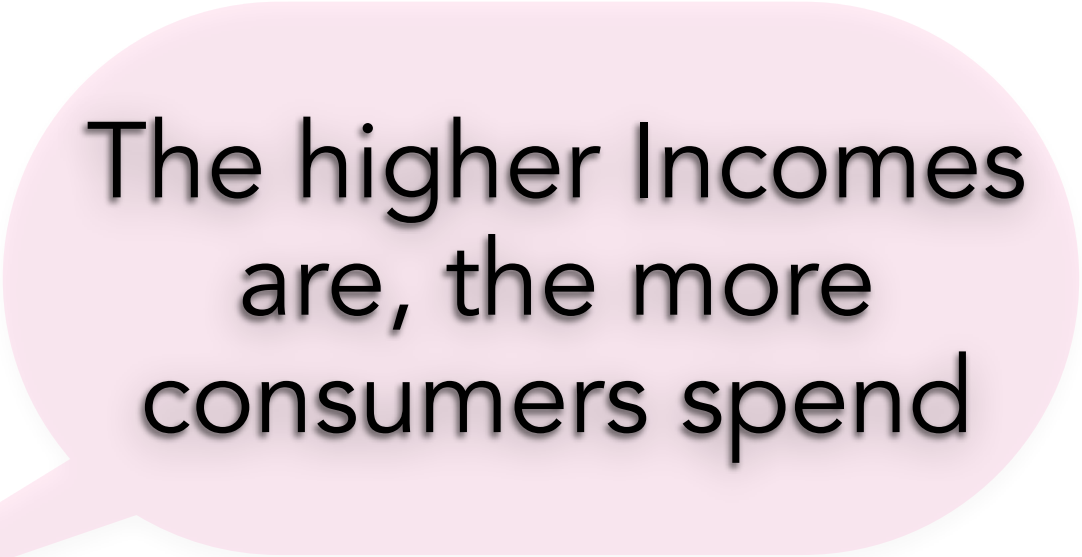
# What determines Consumer Spending?

Real Income

Wealth

Expectations

Prices

A pink speech bubble with a tail pointing towards the bottom-left corner. 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



Optimistic  
consumers spend  
more: higher  
intercept

Lower prices,  
increase the **real**  
value of wealth  
consumers spend  
more: **higher**  
**intercept**



Wealthier  
individuals spend  
more: higher  
intercept





[REDACTED]

[REDACTED]























M

P







Portion of  
consumption  
induced by  
income





Portion of  
consumption  
independent  
from income

Induced  
consumption

Autonomous  
consumption

C = MP CY



Wealth

Expectations

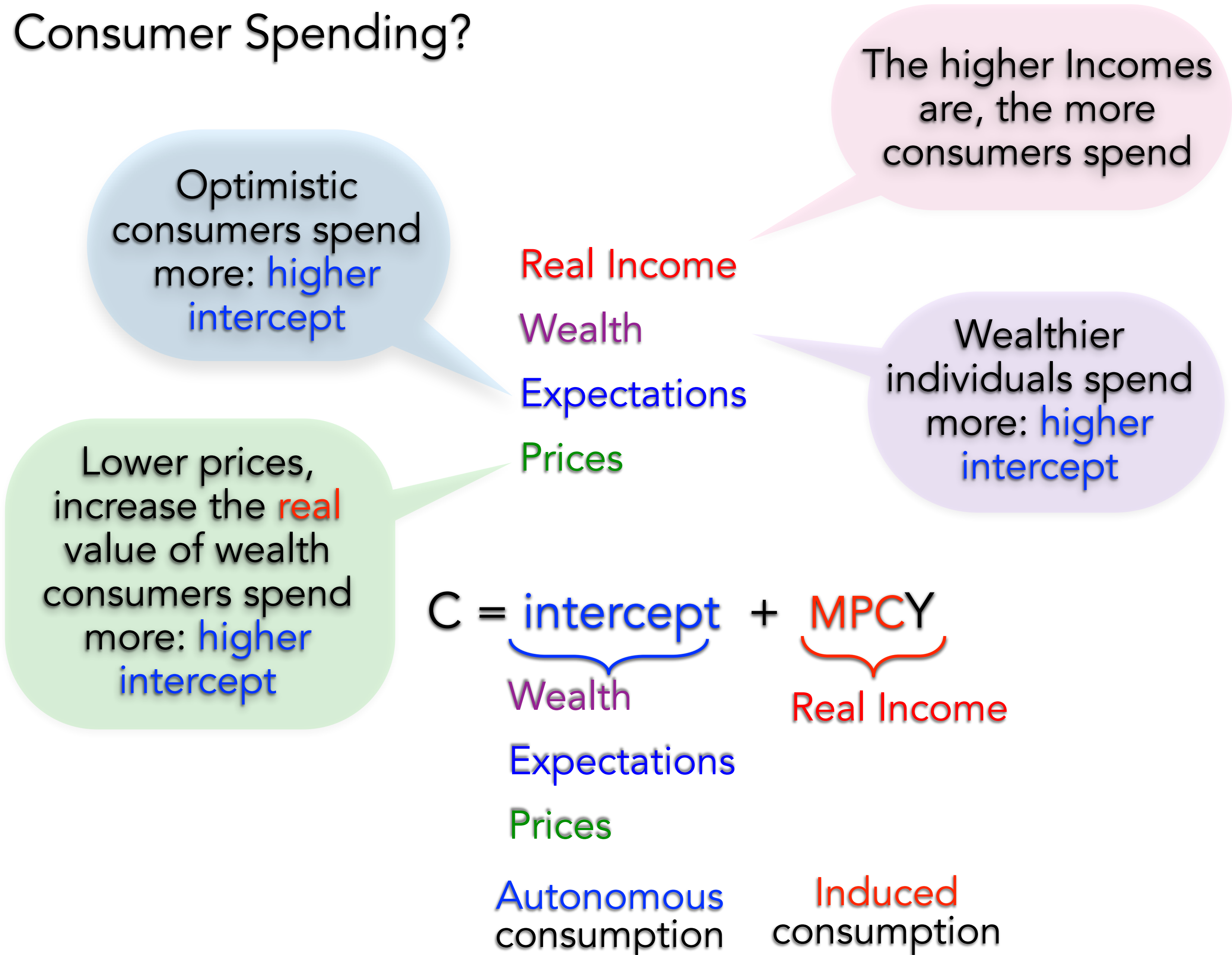
Prices



Real Income

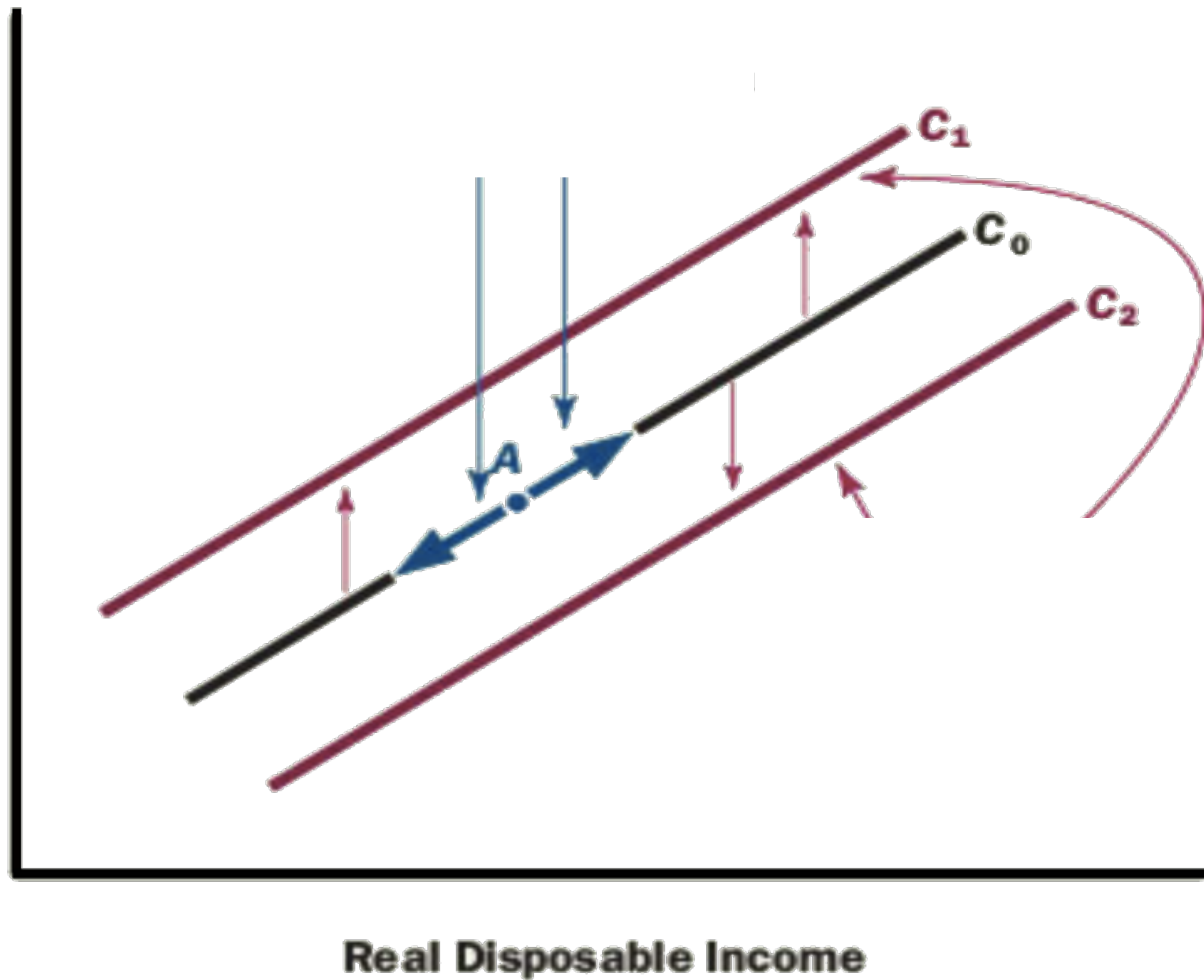
$C = \text{intercept} + \text{MPC}Y$

# What determines Consumer Spending?





Real Consumer Spending



Real Disposable Income