

The Key Role of Wealthy Consumers in U.S. Economy

Description

Wealthier Americans are driving retail spending, fueling strong growth for the economy. Despite facing high prices, these consumers are increasing their spending due to gains in income, home equity, and stock market wealth. This trend, highlighted by Federal Reserve research, marks a shift from the pre-pandemic period and indicates that consumer spending will likely support healthy growth in the coming year.

In contrast, lower-income individuals are feeling the pinch of rising costs, especially for necessities like rent and groceries. This has limited their ability to spend on discretionary items such as electronics and entertainment. While their spending is slowly recovering with rising incomes, it may take time for their financial situation to fully improve.

The disparity in spending habits between affluent and lower-income consumers explains the divergence between consumer sentiment and the actual strength of the U.S. economy. Despite the Federal Reserve maintaining high interest rates, consumer spending has continued to increase. Recent data shows a 0.4% rise in retail sales from August to September, indicating consumer confidence in the economy.

Higher-income households have benefited from surging housing and stock market values since the pandemic. This has allowed them to ramp up spending without needing to dip into savings. As a result, retail spending has significantly increased for upper- and middle-income households compared to lower-income groups.

While lower-income consumers have faced challenges in spending on discretionary items, economists remain optimistic that rising incomes will support continued spending in the future, driving economic growth.

Vocabulary List:

1. **Disparity** /dɪs'pær.ɪ.ti/ (noun): A great difference.
2. **Affluent** /'æf.lu.ənt/ (adjective): Having a great deal of money; wealthy.
3. **Discretionary** /dɪs'kret.ə.nær.i/ (adjective): Available for use at the discretion of the user.
4. **Sentiment** /'sen.tɪ.mənt/ (noun): A view or opinion that is held or expressed.
5. **Surging** /'sɜ:r.dʒɪŋ/ (verb): Rising swiftly and suddenly.
6. **Economic** /,i:kə'nɑ:.mɪk/ (adjective): Related to economics or the economy.

Comprehension Questions

Multiple Choice

1. What is driving retail spending for the economy according to the text?

- Option: Decrease in home equity
- Option: Decrease in stock market wealth
- Option: Wealthier Americans
- Option: Rising interest rates

2. What does the text highlight as a trend in consumer spending?

- Option: Decrease in consumer income
- Option: Decrease in stock market wealth
- Option: Limited spending by lower-income individuals
- Option: Increase in income and home equity for wealthier Americans

3. What has limited lower-income individuals' ability to spend on discretionary items?

- Option: Rising costs for necessities
- Option: Decrease in taxes
- Option: Increase in savings
- Option: Availability of affordable housing

4. What do economists remain optimistic about regarding lower-income consumers?

- Option: Decrease in incomes
- Option: Challenges in saving
- Option: Support from rising incomes for continued spending
- Option: Rising costs of discretionary items

5. What has allowed higher-income households to increase spending without dipping into savings?

- Option: Decrease in housing values
- Option: Rising interest rates
- Option: Surging housing and stock market values
- Option: Decrease in income

6. What does recent data show regarding retail sales from August to September?

- Option: Decrease of 0.4%
- Option: No change
- Option: Rise of 0.4%
- Option: Rise of 2%



True-False

7. Wealthier Americans are limiting their spending due to high prices.
8. Lower-income individuals are facing challenges in spending on discretionary items.
9. The Federal Reserve is decreasing interest rates.
10. Recent data shows a decrease in consumer confidence in the economy.
11. Economists predict that lower-income individuals will continue to face challenges in spending.
12. Retail spending has significantly increased for lower-income groups.
13. The disparity in spending habits between affluent and lower-income consumers explains the divergence between consumer sentiment and the actual strength of the U.S. economy. Despite a rise in retail sales, consumer spending has continued to increase.

Gap-Fill

14. Higher-income households have benefited from surging housing and stock market values since the pandemic. This has allowed them to ramp up spending without needing to dip into savings. As a result, retail spending has significantly increased for _____ compared to lower-income groups.
15. While their spending is slowly recovering with rising incomes, it may take time for lower-income individuals' financial situation to fully improve.

16. Economists remain optimistic that rising incomes will support continued spending in the future, driving _____.

17. Despite facing high prices, wealthier Americans are increasing their spending due to gains in income, home equity, and stock market wealth. This trend marks a shift from the _____ and indicates that consumer spending will likely support healthy growth in the coming year.

18. While lower-income consumers have faced challenges in spending on discretionary items, it may take _____.



time for their financial situation to fully improve, considering the pinch of rising costs, especially for _____ like rent and groceries.

Answer

Multiple Choice: 1. Wealthier Americans 2. Increase in income and home equity for wealthier Americans 3. Rising costs for necessities 4. Support from rising incomes for continued spending 5. Surging housing and stock market values 6. Rise of 0.4%

True-False: 7. False 8. True 9. False 10. False 11. False 12. False 13. False 15. False

Gap-Fill: 14. upper- and middle-income households 16. economic growth 17. pre-pandemic period 18. necessities

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. Which term refers to the ability to assess and initiate things independently?

- Option: Initiative
- Option: Economic
- Option: Groundbreaking
- Option: Ambitious

2. What term describes a great difference or inequality between two things?

- Option: Surging
- Option: Disparity
- Option: Challenge
- Option: Competitiveness

3. What term means reducing or eliminating carbon dioxide emissions?

- Option: Affluent
- Option: Decarbonize
- Option: Revolutionize
- Option: Manage

4. Which term describes positive stress that challenges and motivates an individual?

- Option: Transformative
- Option: Eustress
- Option: Pedestrian-friendly



Option: Competitiveness

5. What term means to give new life energy or strength to something?

Option: Negotiate

Option: Revitalize

Option: Layoff

Option: Discretionary

6. Which term refers to achieving maximum productivity with minimum wasted effort or expense?

Option: Sentiment

Option: Efficient

Option: Rehearse

Option: Provisions

7. What term describes a significant change that has a profound impact on something or someone?

Option: Pedestrian-friendly

Option: Transformative

Option: Manage

Option: Negotiate

8. Which term refers to the ability to be more successful than others in a given competitive field?

Option: Revolutionize

Option: Competitiveness

Option: Groundbreaking

Option: Ambitious

9. Which term describes having a strong desire and determination to succeed?

Option: Initiative

Option: Ambitious

Option: Provisions

Option: Sentiment

10. Which term refers to the action of providing or supplying something for use?

Option: Rehearse

Option: Disparity

Option: Provisions

Option: Economic

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The new technology introduced by the company was _____ in its approach.

12. The recent economic downturn led to a significant _____ in the company.

13. She was able to successfully _____ a better deal for the team.

14. The new software has the potential to _____ the way businesses operate.

15. It is important to regularly _____ our strategies to ensure we are on the right path.

16. Overcoming this obstacle will be a significant _____ for the team.

17. Effective time management is crucial for productivity and success. Learning to _____ time well is key.

18. Employees have access to a _____ bonus based on their performance.

19. The company faced challenges due to changing _____ conditions.

20. The team's positive _____ after the win boosted morale within the organization.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)



21. The city implemented better crosswalks and traffic signals to make the area more .
22. The upscale neighborhood was known for its residents and luxurious homes.
23. Sales have been since the new advertising campaign was launched.
24. The city plans to the old industrial area into a vibrant cultural district.
25. The project's goals were seen as too by some but the team was determined to succeed.
26. The new system streamlined processes and made the workflow more .
27. The country's high on imported goods made it vulnerable to supply chain disruptions.
28. The speaker delivered a argument that persuaded many to support the cause.
29. The community effort aimed to the neglected park and make it a hub for outdoor activities.
30. By optimizing resources the company was able to operate more ly and increase profits.

Answer

Multiple Choice: 1. Initiative 2. Disparity 3. Decarbonize 4. Eustress 5. Revitalize 6. Efficient 7. Transformative 8. Competitiveness 9. Ambitious 10. Provisions

Gap-Fill: 11. Groundbreaking 12. Layoff 13. Negotiate 14. Revolutionize 15. Reevaluate 16. Challenge 17. Manage 18. Discretionary 19. Economic 20. Sentiment

Matching sentence: 1. Pedestrian-friendly 2. Affluent 3. Surging 4. Transform 5. Ambitious 6. Efficient 7. Dependency 8. Compelling 9. Revitalize 10. Efficient

CATEGORY

1. Business - LEVEL4

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