Table IAI: Stock Returns and Consumption – IV Regressions without Controls

Dependent Variable: Consumption

	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.200	0.037	0.026	0.019	0.020
	(0.026)***	(0.008)***	(0.005)***	(0.008)**	(0.011)*
Dividend	0.409	0.524	0.392	0.346	0.168
	(0.118)***	(0.072)***	(0.049)***	(0.066)***	(0.060)***
Observations	2,495,037	1,647,177	1,620,781	361,389	226,328
R-squared	0.017	0.006	0.008	0.005	0.004

Notes: The table reports the IV regression of change in one year consumption of households as a function of change in capital gain and change in dividend income when change in capital gain and dividend income is instrumented by their passive capital gain and passive dividend income: $X_{it-1}.(r_t - r_{t-1})$ and $X_{it-1}.(D_t - D_{t-1})$ where X_{it} is a vector of stockholding shares of household i in the beginning of year t; while r_t and D_t are vectors of stock returns and dividends, as defined in Section III of the paper. Year fixed effects are included and standard errors are clustered at the household level. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAII.1: Robustness to Alternative Sample Selection Criteria – Including Negative Consumption Values

Dependent Variable: Consumption					
	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.229	0.067	0.035	0.027	0.028
	(0.025)***	(0.007)***	(0.005)***	(0.007)***	(0.007)***
Dividend	0.557	0.598	0.514	0.588	0.386
	(0.105)***	(0.049)***	(0.039)***	(0.057)***	(0.030)***
Disposable income	0.770	0.787	0.692	0.701	0.665
	(0.004)***	(0.012)***	(0.020)***	(0.004)***	(0.014)***
Lag Wealth	7.003	8.244	8.801	7.872	1.725
	(0.080)***	(0.119)***	(0.195)***	(0.194)***	(0.766)**
Observations	2,499,168	1,650,726	1,622,821	361,719	226,485
R-squared	0.081	0.089	0.062	0.097	0.123

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain and dividend income. The specification in this table is exactly the same as in Table III except that households with negative imputed consumption are not dropped. Year fixed effects are included and standard errors are clustered at the household level. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAII.2: Robustness to Alternative Sample Selection Criteria – Sample of Households with Low Ratio of Imputed Bank Account to Reported Bank Account

Dependent Variable: Consumption					
	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.168	0.056	0.041	0.039	0.028
	(0.044)***	(0.010)***	(0.005)***	(0.007)***	(0.007)***
Dividend	0.592	0.458	0.443	0.394	0.251
	(0.156)***	(0.088)***	(0.044)***	(0.060)***	(0.030)***
Disposable income	0.654	0.689	0.657	0.696	0.657
	(0.009)***	(0.010)***	(0.027)***	(0.004)***	(0.015)***
Lag Wealth	6.711	8.176	9.609	9.182	1.514
	(0.099)***	(0.128)***	(0.187)***	(0.295)***	(0.758)**
Mean ratio imputed to reported bank account	0.6%	0.8%	0.9%	0.7%	0.7%
Observations	851,877	967,033	1,186,414	300,973	198,775
R-squared	0.085	0.074	0.063	0.092	0.125

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain and dividend income. The specification in this table is exactly the same as in Table III except that the sample is restricted to households for whom imputed bank account accounts for less than 10% of the household bank account. Year fixed effects are included and standard errors are clustered at the household level. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAII.3: Robustness to Alternative Sample Selection Criteria: Drop households with change in financial cash flow in top or bottom 1% of the distribution in each year

Dependent Variable: Consumption					
	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.233	0.065	0.033	0.022	0.025
	(0.026)***	(0.008)***	(0.005)***	(0.007)***	(0.007)***
Dividend	0.571	0.598	0.519	0.585	0.389
	(0.108)***	(0.051)***	(0.036)***	(0.057)***	(0.030)***
Disposable income	0.766	0.781	0.683	0.690	0.647
	(0.004)***	(0.012)***	(0.020)***	(0.004)***	(0.014)***
Lag Wealth	6.994	8.233	8.811	7.845	1.670
	(0.080)***	(0.120)***	(0.191)***	(0.193)***	(0.761)**
Observations	2,496,600	1,650,003	1,625,589	363,415	228,605
R-squared	0.080	0.086	0.061	0.095	0.120

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain and dividend income. The specification in this table is exactly the same as in Table III except that we only drop households in the top and bottom 1% of the distribution of change in financial cash flow (as opposed to 2.5% in the main sample and in accordance with Koijen, Van Nieuwerburgh and Vestman 2015). Year fixed effects are included and standard errors are clustered at the household level. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAIII: Stock Returns and Consumption – Including Lagged Capital Gain and Dividend

Dependent Variable: Consumption					
	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.234	0.047	0.046	0.042	0.054
	(0.024)***	(0.009)***	(0.005)***	(0.008)***	(0.009)***
Lag Portfolio Return	0.161	0.021	0.017	0.012	0.017
	(0.017)***	(0.011)*	(0.006)***	(0.009)	(0.009)*
Dividend	0.590	0.528	0.484	0.501	0.358
	(0.105)***	(0.079)***	(0.128)***	(0.092)***	(0.103)***
Lag Dividend	0.563	0.477	0.399	0.469	0.307
	(0.116)***	(0.100)***	(0.061)***	(0.128)***	(0.055)***
Lag Consumption	-0.502	-0.483	-0.472	-0.474	-0.454
	(0.002)***	(0.002)***	(0.001)***	(0.003)***	(0.003)***
Controls	Y	Y	Y	Y	Y
Lag Controls	Y	Y	Y	Y	Y
Observations	1,390,853	975,123	941,620	211,337	122,639
R-squared	0.282	0.238	0.267	0.268	0.264

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain, dividend income, and their lags when (lag) change in capital gain and dividend income is instrumented by their (lag) passive capital gain and passive dividend income. Controls include income (net of dividend payment), one year lagged financial wealth of the household as well as, $ND_{it,t-1}$, a dummy equal to one if the household did not receive any dividend in both periods t and $t-1$. Year fixed effects are included and standard errors are clustered at the household level. See notes of Table I for description of variables and the restrictions on the sample. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAIV: Summary Statistics for Realized and Total Capital Gain for 2005-07

	p10	p25	p50	p75	p90	p99	mean	sd
Panel A: Entire Sample (2.95 m observations)								
Capital Gain	-1.64	0.092	2.788	15.74	52.19	262.0	17.79	58.16
Realized Gain	0	0	0	1.672	12.09	104.2	5.282	26.36
Panel B: 0 - 50th percentile of financial wealth (1.03 m observations)								
Capital Gain	-0.215	0.0265	0.512	2.825	7.087	19.92	2.146	4.989
Realized Gain	0	0	0	0.145	1.485	11.39	0.512	4.660
Panel C: 50th - 70th percentile of financial wealth (871 k observations)								
Capital Gain	-1.427	0.357	3.99	13.35	25.83	59.4	8.414	14.95
Realized Gain	0	0	0	1.343	6.840	33.66	2.049	10.16
Panel D: 70th - 90th percentile of financial wealth (786 k observations)								
Capital Gain	-4.415	0.906	10.35	31.74	57.13	118.1	18.78	30.84
Realized Gain	0	0	0	4.122	16.17	67.81	4.809	17.76
Panel E: 90th - 95th percentile of financial wealth (156 k observations)								
Capital Gain	-23.38	1.266	37.02	116.3	201.2	379.4	64.35	103.4
Realized Gain	0	0	1.631	20.86	62.68	219.5	19.37	49.74
Panel F: 95th - 100th percentile of financial wealth (104 k observations)								
Capital Gain	-62.64	-1.923	61.10	213.9	381.2	788.7	115.5	211.7
Realized Gain	0	0	6.905	46.00	123.5	398.8	39.72	88.18

Notes: This table reports summary statistics of realized capital gain and total capital gain of households in different wealth groups. Each observation refers to a household-year. Monetary values have been reported in 1,000 SEK. The sample is a subset of the data described in Table I and includes observations for years 2005-2007.

Table IAV: Stock Returns and Consumption: 2006-7

Dependent Variable: Consumption					
	(1)	(2)	(3)	(4)	(5)
Wealth Group	5_50	50_70	70_90	90_95	95-100
Portfolio Return	0.173	0.057	0.043	0.049	0.048
	(0.041)***	(0.018)***	(0.012)***	(0.015)***	(0.013)***
Dividend	0.646	0.557	0.520	0.596	0.497
	(0.200)***	(0.058)***	(0.084)***	(0.085)***	(0.034)***
Disposable income	0.738	0.792	0.670	0.681	0.717
	(0.008)***	(0.006)***	(0.042)***	(0.060)***	(0.017)***
Lag Wealth	6.902	7.174	10.520	9.395	6.629
	(0.104)***	(0.146)***	(0.225)***	(0.345)***	(0.452)***
Observations	771,036	501,804	420,437	121,349	91,315
R-squared	0.101	0.082	0.085	0.087	0.118

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain and dividend income when change in capital gain and dividend income is instrumented by their passive capital gain and passive dividend income: $X_{it-1}.(r_t - r_{t-1})$ and $X_{it-1}.(D_t - D_{t-1})$ where X_{it} is a vector of stockholding shares of household i in the beginning of year t; while r_t and D_t are vectors of stock returns and dividends, as defined in Section III of the paper. The sample is restricted to the 2005-2007 period (2006-2007 difference) for which we have data on realized capital gains. Wealth is represented in 1,000 SEK. Year fixed effects are included and standard errors are clustered at the household level. See notes of Table I for description of variables and the restrictions on the sample. Asterisks denote significance levels (***=1%, **=5%, *=10%).

Table IAVI: Placebo Test: Stock Returns and Consumption of Non-Stockholders

Dependent Variable: Consumption

Wealth Group	(1) 5_50	(2) 50_70	(3) 70_90	(4) 90_95	(5) 95-100
Portfolio Return	0.017	0.033	-0.028	-0.016	0.015
	(0.021)	(0.024)	(0.018)	(0.035)	(0.052)
Dividend	-0.081	0.032	-0.028	0.152	0.007
	(0.062)	(0.134)	(0.146)	(0.182)	(0.018)
Disposable income	0.836	0.778	0.738	0.703	0.718
	(0.004)***	(0.011)***	(0.020)***	(0.058)***	(0.029)***
Lag Wealth	7.343	8.440	7.563	5.919	2.188
	(0.066)***	(0.110)***	(0.105)***	(0.152)***	(0.357)***
Observations	3,377,433	330,891	131,305	12,160	4,325
R-squared	0.129	0.197	0.289	0.314	0.385

Notes: The table reports the IV regression of change in households' consumption as a function of change in capital gain and dividend income of a *matched stockholder* when change in capital gain and dividend income is instrumented by the matched household's passive capital gain and passive dividend income: $X_{it-1} \cdot (r_t - r_{t-1})$ and $X_{it-1} \cdot (D_t - D_{t-1})$ where X_{it} is a vector of stockholding shares of household i in the beginning of year t; while r_t and D_t are vectors of stock returns and dividends, as defined in Section III of the paper. We match non-stockholders with stockholders based on a household's exact wealth category (as in the table), 9 age groups for the head of the household, decile of net wealth, 10 deciles of average income within each wealth category, and year. In case of more than one match, we randomly choose between the matched pairs. Wealth is represented in 1,000 SEK. Controls include income (net of dividend payment), one year lagged financial wealth of the household as well as, $ND_{it,t-1}$, a dummy equal to one if the household did not receive any dividend in both periods t and $t-1$. Year fixed effects are included and standard errors are clustered at the household level. See notes of Table I for description of variables and the restrictions on the sample. Asterisks denote significance levels (***=1%, **=5%, *=10%).