This paper is going to analyze the wealth effect on consumption from 1985-2003. The paper will focus on the stock equity component of the wealth. Stock Equity is the component of the wealth that fluctuates considerably between boom and bust and causes large changes in the net worth. I am interested in studying the difference in the change in the consumption behavior during the boom and the bust caused by the change in the equity values. The paper looks at evidence from the boom and bust cycle from the mid 90’s to the early 2000 to find the relationship between the consumption and the equity values during this period and studies if the relationship is similar to the ones that have been found in the previous studies.