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Economy

Are May flowers wilting?

22 May 2025

Key takeaways

- While consumer spending momentum has been positive this year, it moderated in April, according to Bank of America aggregated credit and debit card data. And increased economic uncertainty due to tariff variability seems to have brought further moderation into May.
- While there was some early to mid-April spending strength in durables (especially for electronics), it largely subsided and eased into mid-May. Auto loan applications (our proxy for vehicle purchases), highlights that vehicles were a particular "buy ahead" focus, but has also somewhat normalized through mid-May. And clothing, although disproportionately affected by tariffs, did not see buying ahead activity in April nor through mid-May.
- Through the middle of May, buying ahead for durables appears to have been led by middle- and higher-income households with the exception being the top 1%. Lower-income households have not participated in this trend, likely as they lack the available funds to make bigger ticket purchases on short notice.

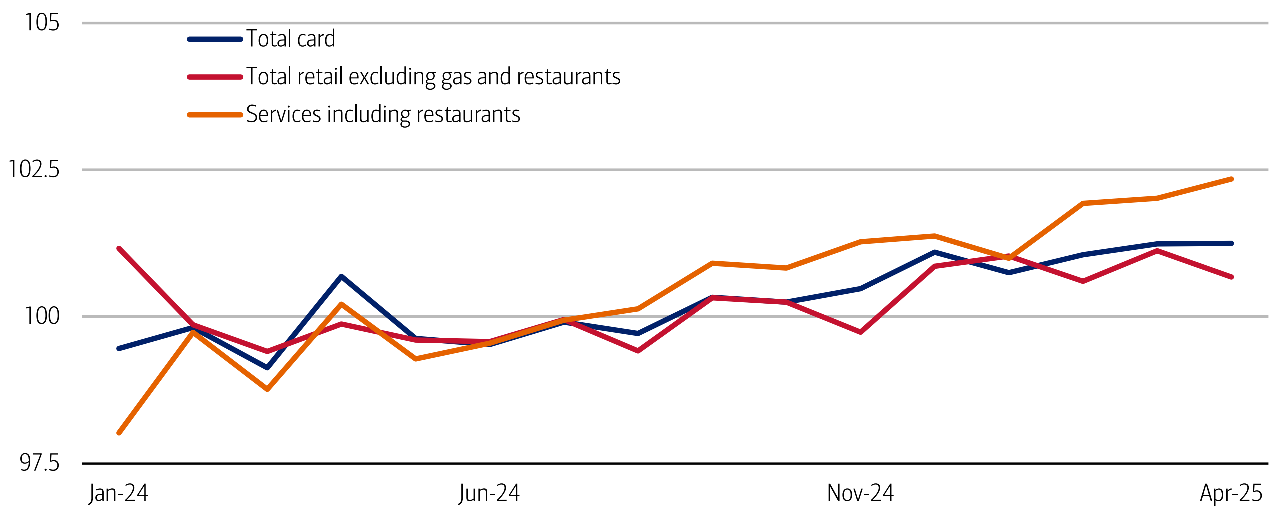
Consumers moderated spending in April. . .

Consumer spending growth continued to show some positive momentum through the end of April, with Bank of America credit and debit card spending easing to 1% YoY (year-over-year) from 1.1% YoY in March, according to data outlined in our May Consumer Checkpoint. On a seasonally adjusted basis, spending was flat month-over-month (MoM) (Exhibit 1). While services spending recovered slightly in April, there was a MoM pullback for retail (excluding gas and restaurants) – in part reflecting the easing in "buy ahead" durables demand.

Given that economic uncertainty remains very high amid the imposition of tariffs and corresponding price increases, we continue to keep a close eye on how the consumer is reacting.

Exhibit 1: While spending on services recovered in April, retail (excluding gas and restaurants) eased

Total credit and debit card spending growth per household by select categories, based on Bank of America card data (monthly, index 2024 average = 100, seasonally adjusted (SA))



Source: Bank of America internal data

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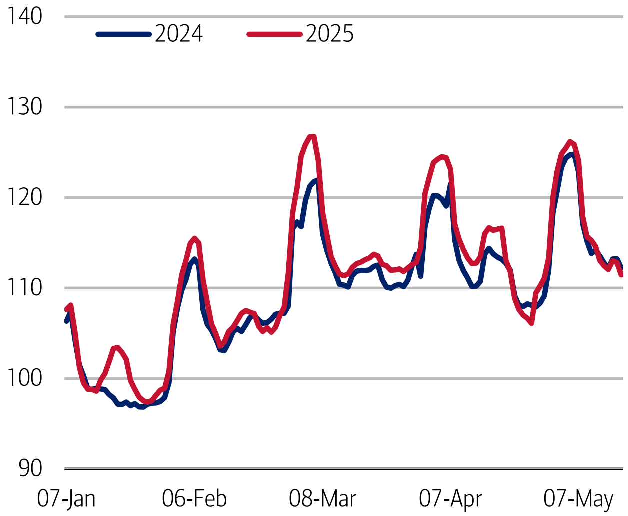
. . . And that continued

What do we see in May? So far, Bank of America card data suggests that consumer spending was flat at the start of the first half of the month, with no YoY increase in the two weeks ending on May 17 (Exhibit 2).

Exhibit 2: Spending growth YoY in May appears more muted than April

Total credit and debit card spending per household, based on Bank of America data (7-day moving average, index January 2024 average = 100)



Source: Bank of America internal data

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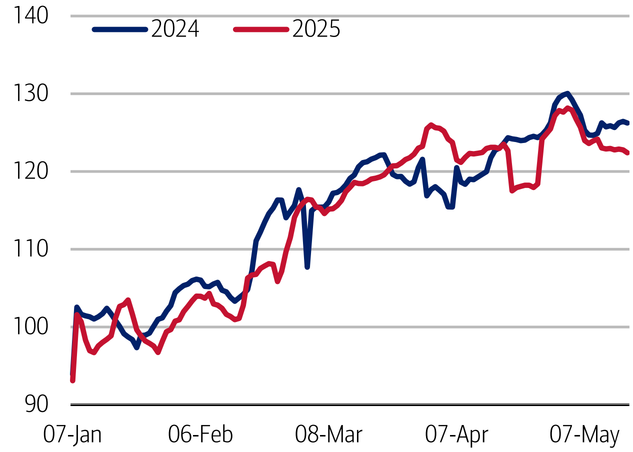
Exhibit 3: While durables spending was strong in early April, it eased back in the second half of the month and remained restrained in early May

Credit and debit card spending per household on durables*, based on Bank of America data (7-day moving average, index January 2024 average = 100)



Source: Bank of America internal data. *Durables proxy is based on furniture, building materials, electronics, and auto parts.

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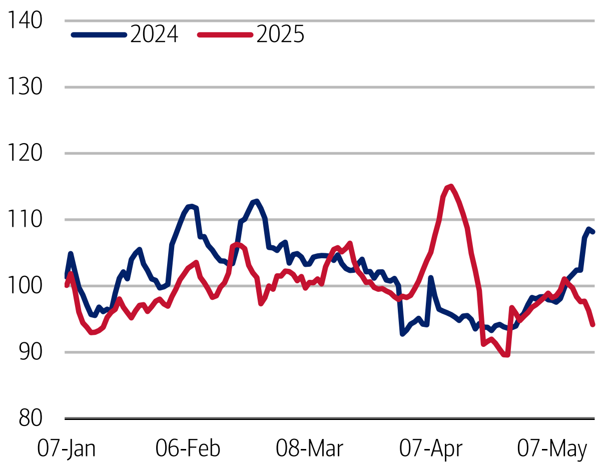
Three remaining questions

Are consumers still "buying ahead" of tariffs?

In our view, this trend may have largely run its course. In our April Consumer Checkpoint, we found evidence of consumers bringing forward some spending on durables (e.g. furniture, electronics, auto parts, etc.) out of concern that prices might increase as a result of tariffs. However, in our latest Consumer Checkpoint, we did see that activity moderate. In fact, using Bank of America daily card spending data, we see a spike in durables spending in early April followed by a sharp pullback extending into mid-May (Exhibit 3).

Exhibit 4: Electronics spending peaked on April 12, but eased to 2024 levels quickly after, before dropping again through mid-May

Credit and debit card spending per household on electronics, based on Bank of America data (7-day moving average, index January 2024 average = 100)



Source: Bank of America internal data

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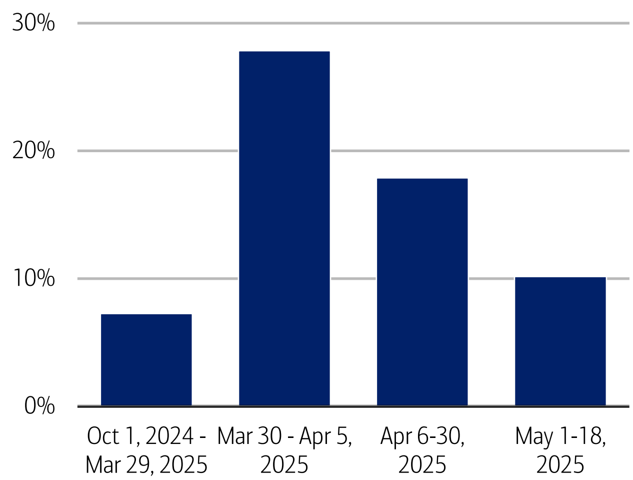
Exhibit 5: Consumer vehicle loan application growth for Bank of America auto loans eased significantly in mid-May

Average daily consumer vehicle loan applications for different time periods (daily, YoY%)



Source: Bank of America internal data

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Dwindling buying ahead was much clearer in electronics spending. While spending spiked in late March and early April, it peaked on April 12 after exemptions were granted for several electronics products including computers and smartphones, and subsequently fell below 2024 levels (Exhibit 4).

Additionally, as we've previously discussed, buying ahead has been significant in auto purchases. Bank of America internal data on consumer vehicle loan (CVL) applications suggests application growth remained elevated through April compared to the period between October 2024 through most of March 2025. However, it has been far lower in recent weeks (Exhibit 5).

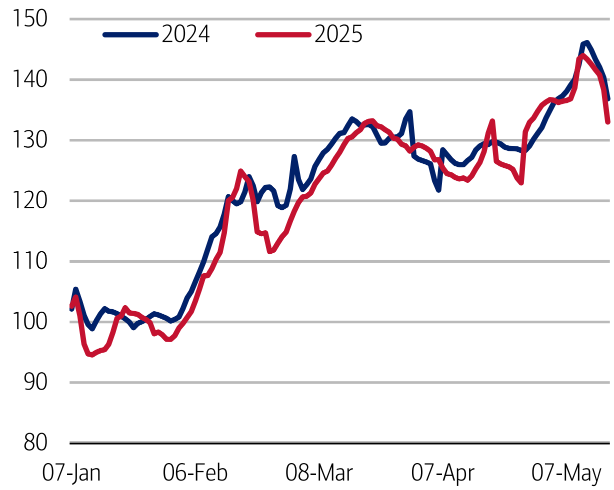
Is there buying ahead beyond durables?

In our view, it doesn't look like it. In addition to electronics and autos, clothing prices are also heavily influenced by imports both directly and indirectly (read more about this in our previous Consumer Checkpoint). And according to research from The Budget Lab at Yale University, price increases due to tariffs may disproportionately affect clothing[1].

But so far, we're not seeing consumers rushing to purchase clothing, likely as they are more focused on bigger ticket items (like durables) affected by tariffs. Other than a spike around Easter, spending on clothing remained steady throughout March, April, and early May compared to last year (Exhibit 6).

Exhibit 6: Consumers did not appear to buy ahead on clothing even though prices are expected to be significantly affected

Credit and debit card spending per household on clothing, based on Bank of America data (7-day moving average, index January 2024 average = 100)



Source: Bank of America internal data

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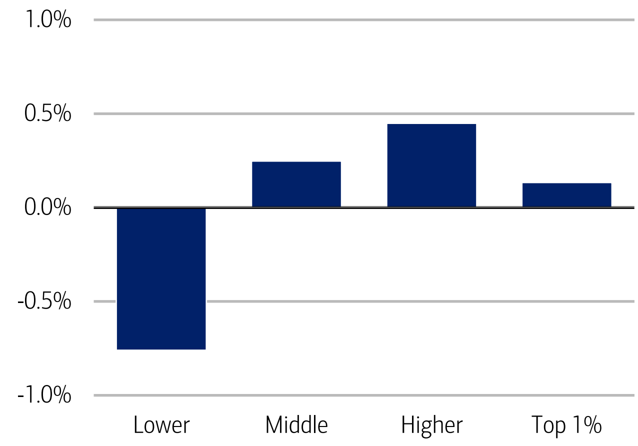
Exhibit 7: Middle- and higher-income households increased their durables spending through the middle of May, while lower-income households eased back

Credit and debit card spending per household on durables*, based on Bank of America data, by income cohorts (8 weeks ending May 17, YoY%)



Source: Bank of America internal data. Note: Higher-income households exclude the top 1%.

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So who is buying ahead?

Bank of America card spending on durables by income suggests it is middle- and higher-income households, except for some of the top 1%. Middle- and higher-income households increased their spending YoY in the eight weeks ending May 17 while lower-income households saw a decrease, down 0.8% YoY (Exhibit 7).

In our view, it may be consumers with lower incomes are less likely to have money readily available to purchase items like furniture or electronics on short notice. Additionally, the top 1% also saw a smaller increase in durables spending over the same period, likely because this cohort is less sensitive to tariff-related price increases.

[1] "State of US Tariffs: May 12, 2025. The Budget Lab. Yale University

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Overall 30-day delinquency rates are derived by taking the amount of consumer balances that are 30 days delinquent and dividing by the total consumer credit card balance.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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Disclosures