Economy

Consumer Checkpoint: The madness of March

10 April 2026

Key takeaways

- Total credit and debit card spending per household rose 4.3% year-over-year (YoY), marking the strongest growth since early 2023, according to Bank of America internal data. Higher gasoline prices powered some of the increase, with spending at the pump surging 16.5% month-over-month (MoM). However, total card spending excluding gasoline still saw healthy growth at 3.6% YoY.
- Higher-income households' spending growth remains well ahead of those in middle- and lower-income groups. While the gap narrowed slightly in March, that's because gas comprises a higher share of lower-income household budgets; discretionary spending growth actually eased in March for lower-income households while rising for other income cohorts.
- Larger tax refunds are so far providing a meaningful short-term boost - especially for discretionary spending and debt paydown - but the increase in refunds skews toward higher-income households and may only temporarily offset rising cost pressures.

Consumer Checkpoint is a regular publication from Bank of America Institute. It aims to provide a holistic and real-time estimate of US consumers' spending and their financial well-being, leveraging the depth and breadth of Bank of America proprietary data. Such data is not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America.

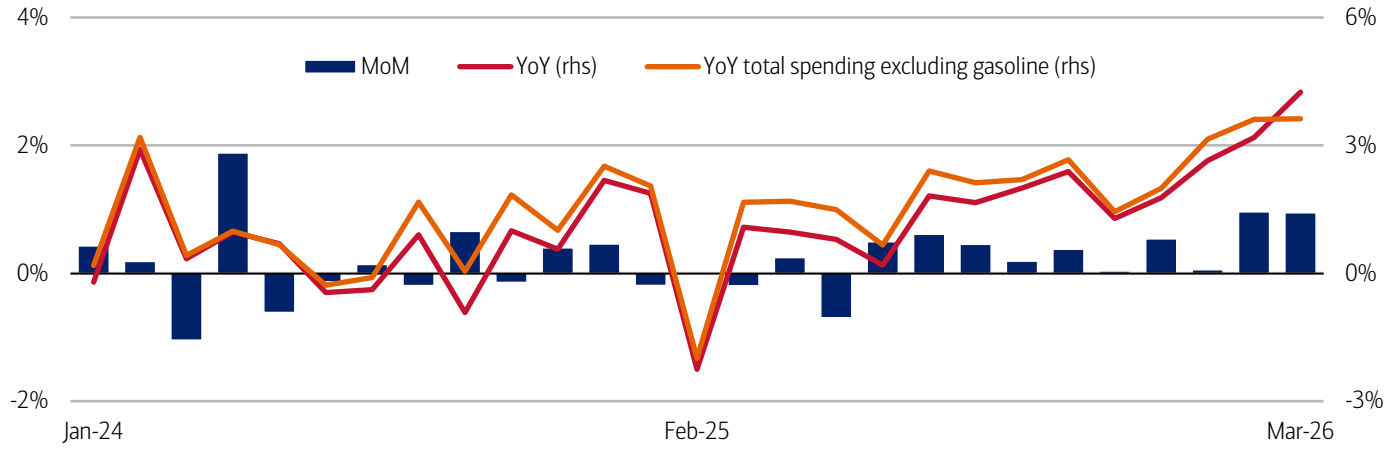
Higher spending, partly driven by gasoline

Total credit and debit card spending per household increased 4.3% year-over-year (YoY) in March 2026, the biggest gain since early 2023. Last month's rise followed the 3.2% YoY jump in February (Exhibit 1). While the increase of more than $1 in gasoline prices in March drove a significant part of the boost in card spending, excluding gasoline, the YoY growth was still a healthy 3.6% in both February and March.

Seasonally-adjusted (SA) spending per household rose 0.9% month-over-month (MoM), after the 1.0% MoM jump in February. Excluding higher gasoline spending, the MoM rise in total spending was a more modest 0.1%.

Exhibit 1: Spending growth strengthened even without the impact of higher gas prices

Total card spending growth per household, based on Bank of America aggregated credit and debit card data (monthly, MoM%, SA) and (monthly, YoY%, non-SA, right-hand side (rhs))



Source: Bank of America internal data

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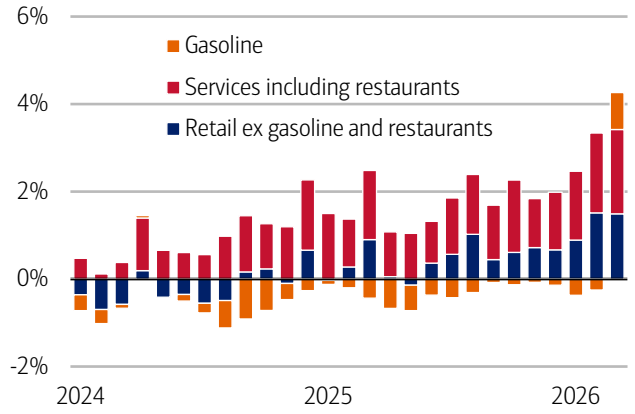
Looking at the composition of YoY card spending growth in March, rising gasoline spending accounted for only 0.8 percentage points (pp), while retail (excluding gas and restaurants) contributed nearly double that amount (Exhibit 2). Services spending made the strongest contribution to growth, at 1.9 pp. Diving deeper within overall services, discretionary spending has been solid since the beginning of the year, with restaurants, travel, tourism and leisure all making positive contributions to YoY spending growth (Exhibit 3).

Exhibit 2: Increases in retail and services spending accounted for the majority of YoY growth
Contribution to YoY total credit and debit card spending growth by category, based on Bank of America card data (monthly, SA, percentage points contribution)



Source: Bank of America internal data

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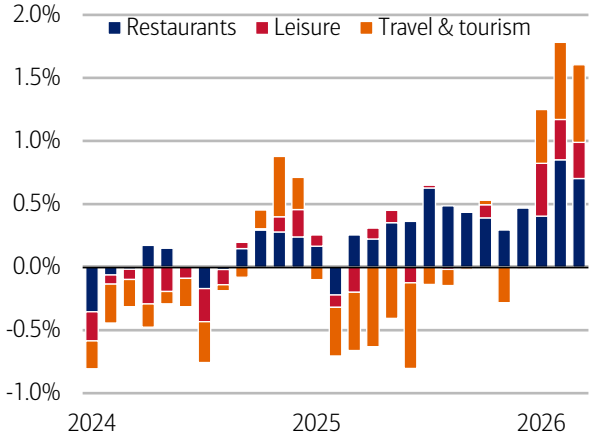
Exhibit 3: Discretionary services categories continued to contribute to YoY spending growth
Contribution to YoY services growth by discretionary services category (monthly, SA, percentage points contribution)



Source: Bank of America internal data
Note: Discretionary services include restaurants, leisure, and travel & tourism.

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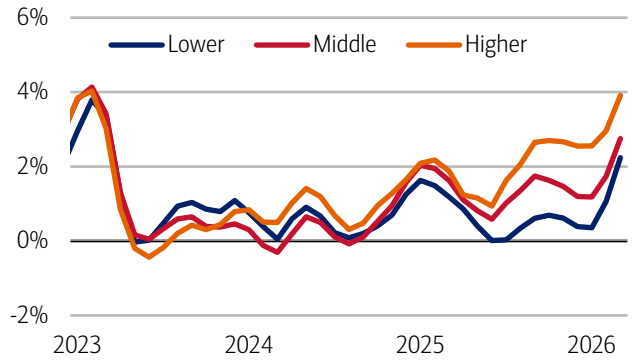
Lower-income households trim discretionary spending as gas takes bigger bite

Looking across income cohorts, lower-income households' total card spending rose to 2.2% YoY in March, narrowing the gap with other income groups for the second month in a row. By contrast, higher-income households' spending growth was much stronger, up 3.9% YoY, while those in middle-income group gained 2.8% YoY.

However, the rise in lower-income households' YoY card spending is largely because gasoline makes up a larger share of spending for those with smaller incomes. Consequently, those with lower incomes curbed discretionary purchases (spending outside of groceries, utilities and gasoline) last month, and their YoY spending growth on discretionary goods dropped back relative to increases seen among middle- and higher-income households. (Exhibit 5). Although it's possible that some of this easing is due to the fading effects of tax refund-driven spending.

Exhibit 4: Higher-income households' spending rose to 3.9% YoY in March compared to 2.2% YoY for lower-income households
Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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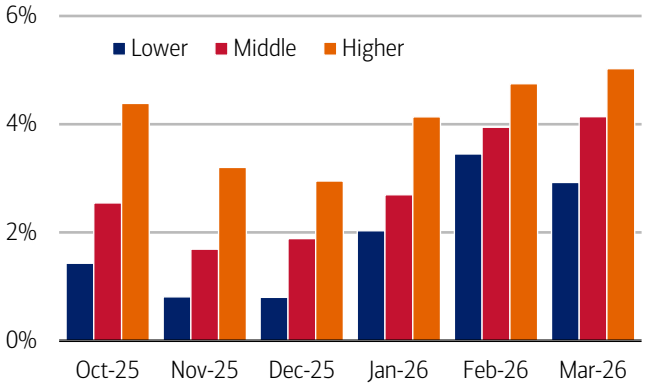
Exhibit 5: YoY discretionary spending growth was slightly more muted for lower-income households compared to February
Discretionary card spending per household, according to Bank of America card data, by household income terciles (YoY%, SA)



Source: Bank of America internal data

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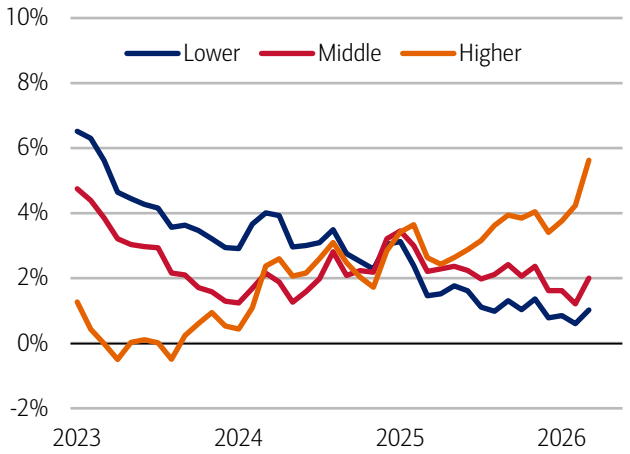
Beyond pain at the gas pump, another reason lower- and middle-income households may be tightening their belts: their earnings growth continues to lag behind those with higher incomes.

Higher-income households' after-tax wage and salary growth rose sharply in March, to 5.6% YoY – the fastest YoY growth since August 2021 – up from 4.2% in February, according to Bank of America deposit data. And while there was a rebound in middle- and lower-income households' after-tax wage growth in March, it was smaller, to 2.0% and 1.0% YoY, respectively. As a result, the divergence with higher-income households widened to the largest gap we've seen since our data series began in 2015 (Exhibit 6).

Exhibit 6: In March, higher-income households' after-tax wage growth rose to 5.6% YoY, while lower-income households' wage growth was 1.0% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit account data (3-month moving average, YoY%, SA)



Source: Bank of America internal data

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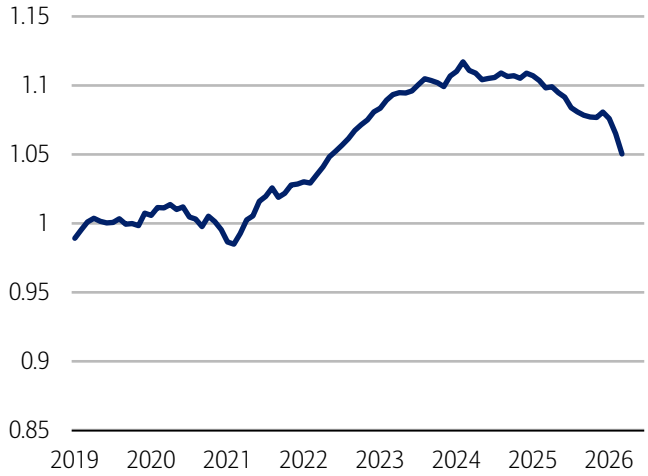
Exhibit 7: The current "K" shape in wage growth has unwound some of the previous relative gains of lower-income households

Lower-income households' after-tax wages and salaries relative to those of higher-income households (yearly, index 2019=1)



Source: Bank of America internal data

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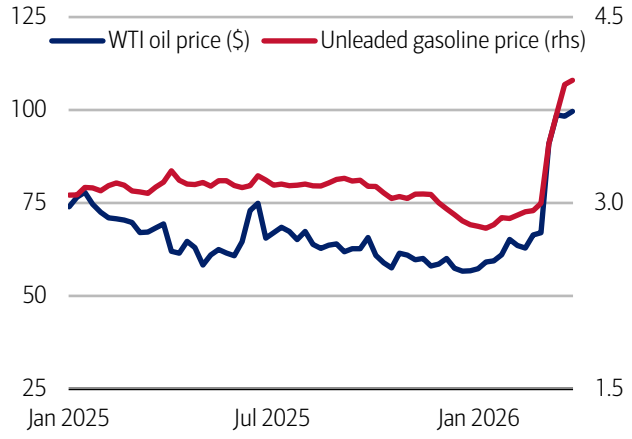
As noted in our March Employment Report, the gains among higher-income households are likely, in part, the result of bigger bonuses (read more in The Institute Employment Report: March 2026). By contrast, bonuses declined for lower- and middle-income households. While the impact of this may fade as we move through the year, the persistence in the "K" shape between higher-income wage growth and other cohorts suggests underlying wage dynamics may continue to favor those who earn more. As a result, the "K" shape in spending is also likely to persist.

One piece of good news: the wage gap remains smaller than it was before the pandemic. That said, faster pay gains for higher earners are chipping away at the progress lower-income households made from 2020 to 2024 (Exhibit 7).

Will gasoline put the brakes on overall discretionary spending?

The rapid rise in gasoline prices in March – from just below $3 a gallon nationally to around $4 by the end of the month (Exhibit 8) was reflected in a spending increase at the pump. According to Bank of America card data, gasoline spending per household surged 16.5% MoM in March. Interestingly, we also saw a *rise* in gasoline transactions despite higher prices - in our view likely as drivers tried to get ahead of price rises by filling up early (Exhibit 9).

Exhibit 8: Both oil and gasoline prices have surged in the past month…
West Texas Intermediate (WTI) oil price (weekly, $ per barrel) and national average regular unleaded gasoline prices (weekly, $ per gallon, rhs)



Source: Bloomberg

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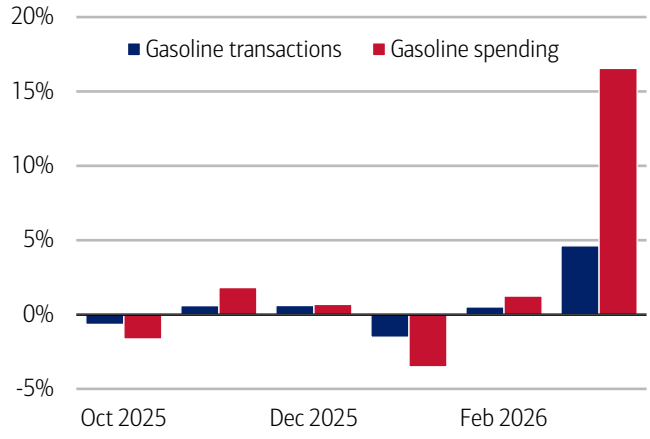
Exhibit 9: …while both gasoline transactions and spending also rose in March
Gasoline transactions and spending per household, according to Bank of America card data (monthly, % MoM, SA)



Source: Bank of America internal data

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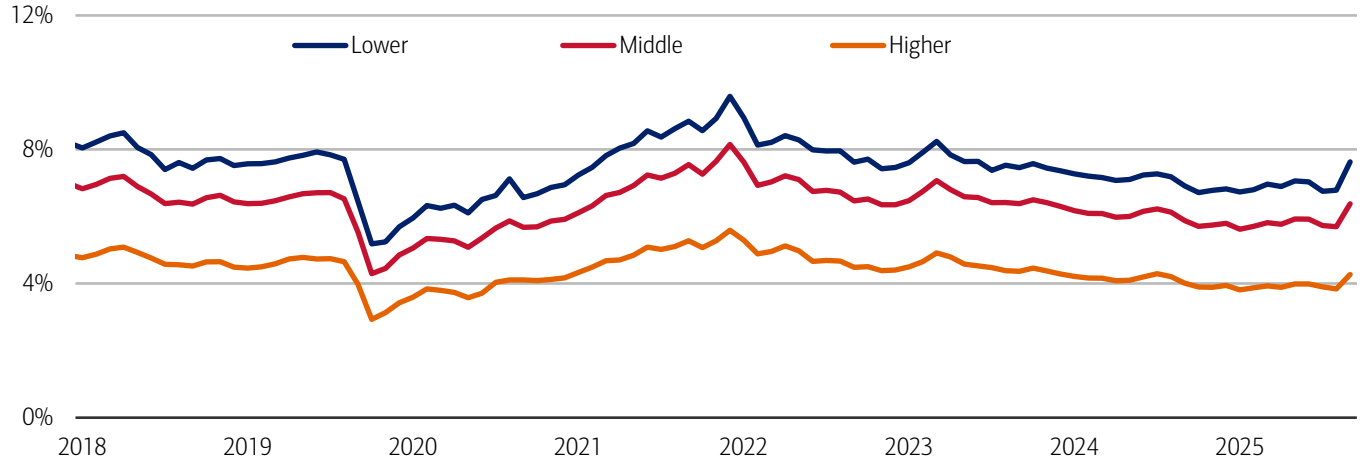
While the duration of the conflict is highly uncertain – as is the impact on oil prices – if higher gas prices are sustained for a prolonged period all households will be impacted, but lower-income families are most exposed. Household monthly gasoline spending for this cohort was equivalent to around 8-10% of their total card spending throughout most of the past eight years, roughly twice that of those with higher incomes (Exhibit 10).

Exhibit 10: For lower-income households, gasoline spending comprised around 8% of their total card spending in March
Gasoline spending relative to total card spending per household, by household income terciles (monthly, %)



Source: Bank of America internal data

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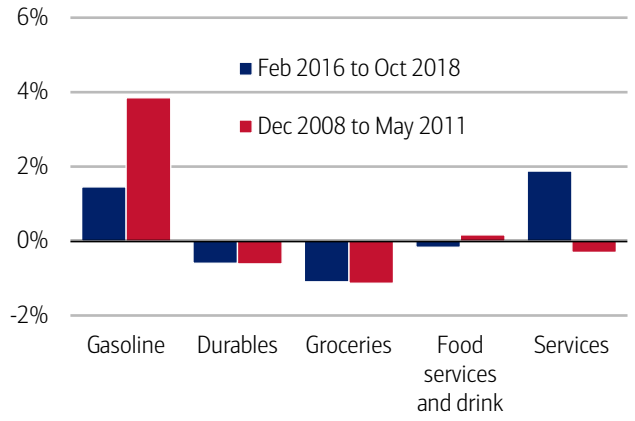
What areas of discretionary spending might households pull back on if higher gasoline prices remain for some time?

Focusing on two periods where the gasoline spending share rose significantly – 2009 to 2011 and 2016 to 2018 – we find that both durable goods and grocery spending shares saw downward pressure (Exhibit 11). In our view, the latter is consistent with consumers trading down in their grocery spending when they face cost pressures in other areas of their necessity outlays.

Looking across the full 2005 to 2026 period, excluding the volatile pandemic years (2020-2022), we also see some tendency for the share of total card spending on services to have been negatively correlated with the share of gasoline in total card spending (Exhibit 12). Within this, it appears spending on food services and drink also has some modest negative relationship.

Exhibit 11: In two previous periods in which gasoline spending increased, spending on durables and groceries were negatively impacted
Changes in the share of select categories relative to total card spending (February 2016-October 2018 and December 2008-May 2011, pp)



Source: Bank of America internal data

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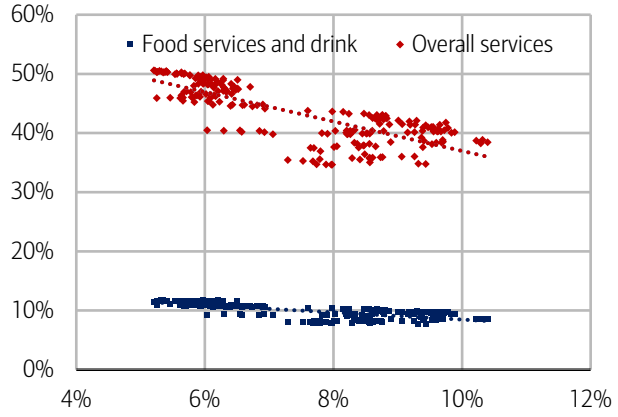
Exhibit 12: There appears to be some negative relationship between services spending and gasoline
Share of gasoline spending in total card spending (x-axis) versus shares of overall services spending (y-axis, red markers) and food services and drink spending (y-axis, blue markers) (monthly, 2005-2025)



Source: Bank of America internal data

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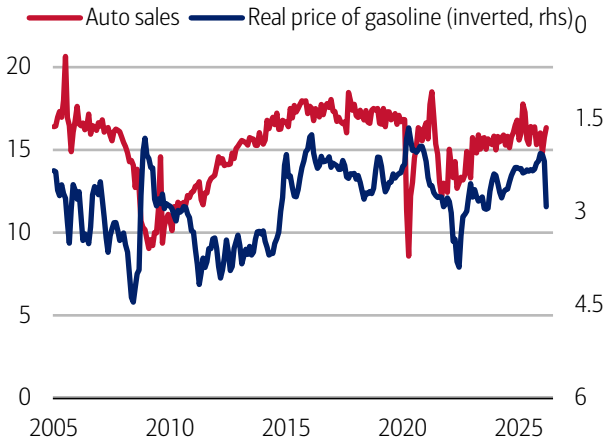
Another area of discretionary spending that would be vulnerable to higher gasoline prices is autos, but consumers don't appear to be pulling back just yet. In March, sales were solid. Furthermore, the current price of gasoline after adjusting for inflation is not as high as in the post-global financial crisis or post-pandemic periods and, more broadly, auto sales have been relatively flat over the last two years (Exhibit 13).

Exhibit 13: The real price of gasoline is below previous peaks
Real gasoline price (rhs, inverted, 2015 prices) and auto sales (seasonally-adjusted annualized rate (SAAR), millions)



Source: Bloomberg

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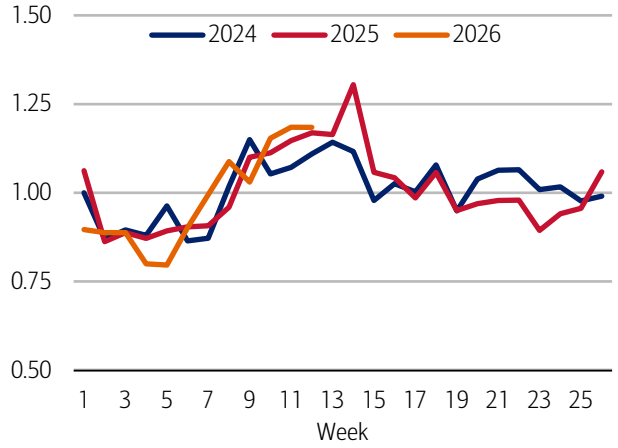
Exhibit 14: Large auto payments did not weaken over March
Large* auto payments, 2024-2026 (weekly, index January 2024=1)



Source: Bank of America internal data
Note: Large payments are those over $2,000 and where no payment greater than $600 was observed in the previous two months. Data is across payment channels (credit and debit, automated clearing house (ACH) and wire).

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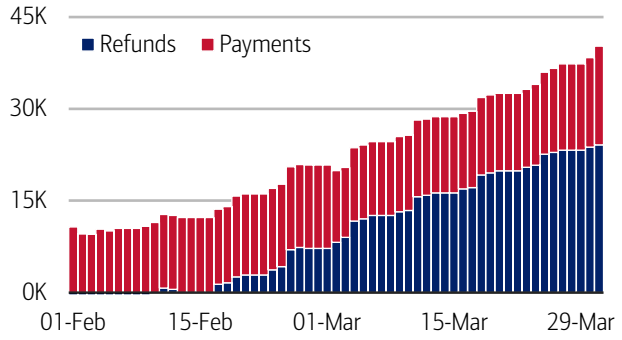
Weekly data on the number of Bank of America customers making large payments (above $2,000) to auto firms and vehicle finance providers – which we are using as a proxy for car sales – also shows no sign of a weakening over the course of March (Exhibit 14).

Higher tax refunds may help counter pain at the pump

One relief for households navigating higher gasoline prices is coming from higher tax refunds and lower tax payments (Exhibit 15). BofA Global Research notes that the lower payments – resulting from the One Big Beautiful Bill Act (OBBBA) – may benefit higher-income households more than anyone else. And Bank of America deposit data confirms that these households are also seeing a bigger increase in tax refunds as well (Exhibit 16).

Exhibit 15: Consumers are benefitting from higher refunds and lower tax payments
Federal tax refunds and individual tax payments (daily, year-over-year difference)



Source: US Treasury Department
Note: Tax refunds are the difference between 2026 and 2025 levels. Tax payment differences below zero are considered a positive, as they indicate less tax payments than last year.

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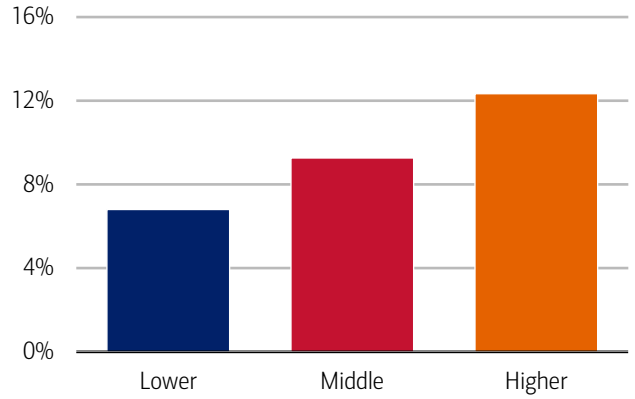
Exhibit 16: Average refunds continued to be up for all income cohorts, though most for higher-income households
Average tax refund by household income tercile through April 4 compared to similar period last year (aggregate, YoY%)



Source: Bank of America internal data

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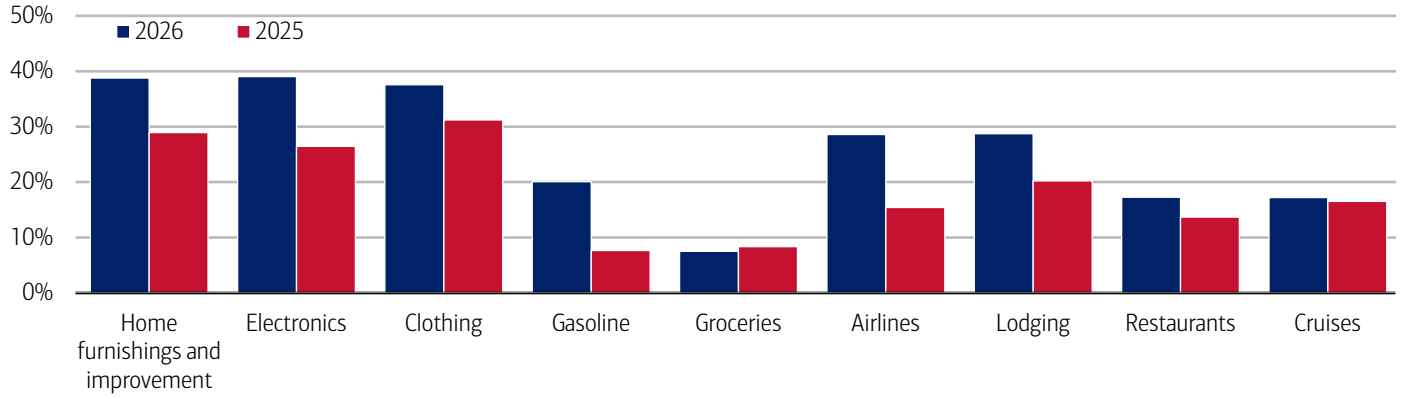
Early tax filers are spending on home improvement, electronics and clothing

Comparing Bank of America payments data on spending before and after receipt of a tax refund shows early refund recipients have so far tended to favor discretionary retail categories like home improvement, electronics and clothing over necessities (groceries) or discretionary travel (airlines, lodging) (Exhibit 17).

Compared to the boost from refunds in 2025, most discretionary categories are seeing a larger tax refund-fueled bump so far this year, which is consistent with the average refund being higher. And while spending at gasoline stores saw a larger boost this year, in our view it more likely reflects the timing of higher gasoline prices as opposed to people using their tax refunds to stock up on gas.

Exhibit 17: Earlier filers are increasing their spending across many discretionary retail and service categories
Spending across all payment channels in the three weeks after receipt of tax refund compared to average of three weeks before, by select retail and service categories (weekly, % change)



Source: Bank of America internal data
Note: 2026 spending trends include tax refunds up to March 6, 2026, compared to the entire tax period for 2025.

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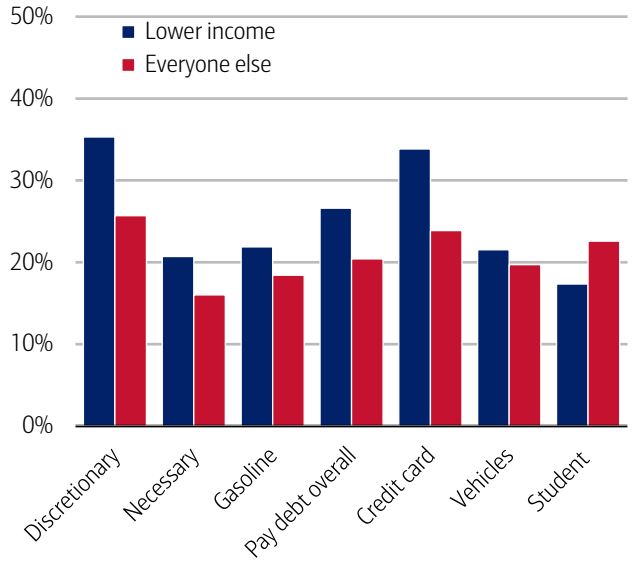
While all income groups have spent more on necessities thanks to higher refunds in 2026, lower-income households experienced a relatively larger boost in discretionary spending than other groups (Exhibit 18). However, in our view, it's possible that some of these boosts have been moderated slightly due to higher gasoline prices.

A similar pattern is evident in debt payments. Lower-income households, in particular, are using their tax refunds to cut debt by increasing their credit card payments. Thus, this tax season has allowed some of them to meaningfully repair their household balance sheets. Additionally, our data shows another potential use for tax refund increases: the extra cash could help buffer the *increases* in gasoline spending for at least five months (Exhibit 19).

Exhibit 18: Lower-income households have seen larger refund-driven discretionary spending and debt payment boosts relative to middle- and higher-income households

Spending across all payment channels in the three weeks after receipt of tax refund compared to average of three weeks before for select categories by customer income tercile (2026, % change)



Source: Bank of America internal data

Note: Includes tax refunds up to March 6, 2026. Debt payments include internal (BAC) and external debt payments.

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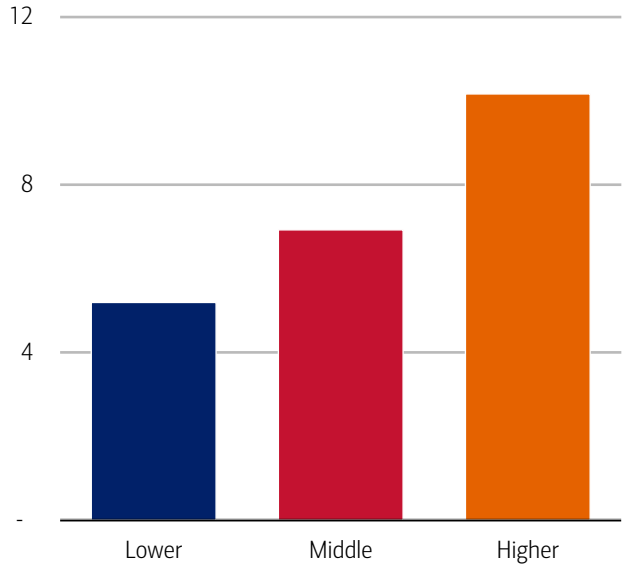
Exhibit 19: Tax refund increases could offset at least five months of increased gas prices

Time that average increase in refunds could offset average increase in gasoline spending by household income tercile (2026, months)



Source: Bank of America internal data

Note: Gas spending increases are based on the per household increase seen in March 2026 compared to March 2025 for households who have gas spending. Average increase in refunds are based on the differences calculated as of April 4, 2026 compared to a similar period in 2025.

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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. Discretionary retail includes but is not limited to general merchandise, miscellaneous, clothing, electronics, furniture. It excludes categories like groceries and gasoline. 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. Value and premium grocers are determined judgmentally on a proprietary analysis of merchants by equity analysts.

Durables spending is defined as spending on electronics, building materials, auto and furniture. Premium durables spending is based on a selection of retailers who are judged to sell relatively higher value products. Conversely, value durables spending is based on a selection of retailers who are judged to sell relatively lower value products.

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.

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

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