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Economy

Consumer Checkpoint: Consumers hit the back of the net

10 July 2026

Key takeaways

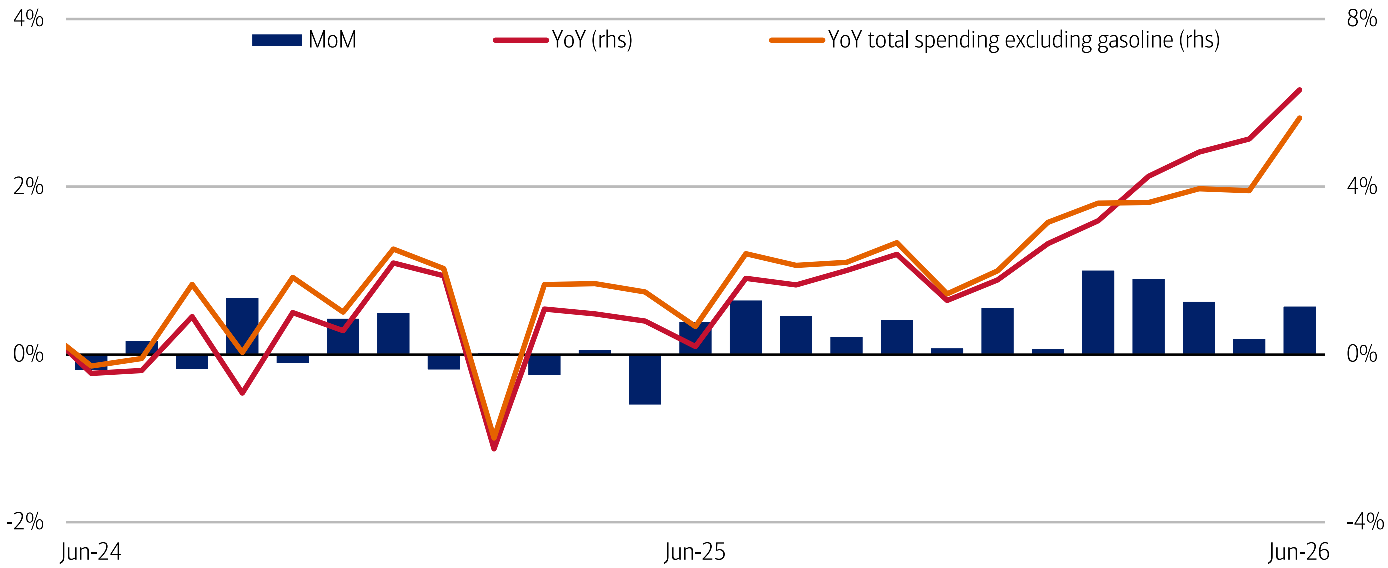
- Heading into the summer, consumer spending momentum was very strong, with total credit and debit card spending rising 6.3% year-over-year (YoY) in June - the strongest growth in over four years - according to Bank of America internal card data. With gasoline prices falling, the increase in spending growth is almost entirely a discretionary story.
- Some of the strength in June was likely driven by online promotions and the FIFA World Cup 2026™. On the latter, we see comparatively strong increases in spending growth in host cities versus other US cities, particularly in food services.
- There has been a notable convergence in both wages and spending across income cohorts in recent months. In June, lower-income households' after-tax wage growth rose above that of middle-income households. Whether these trends persist into the second half of the year will hinge on whether underlying labor market momentum is sustained.

Consumer spending keeps scoring in June

Heading into the summer, consumer spending showed strong growth. Bank of America aggregated credit and debit card spending per household increased 6.3% year-over-year (YoY) in June, the strongest growth rate since April 2022. With gasoline prices easing in June, total card spending excluding gas surged 5.6% YoY – also the strongest growth since April 2022 and up from 3.9% YoY in May. On a month-over-month (MoM) basis, spending was a healthy 0.6% (Exhibit 1).

Exhibit 1: Spending growth was robust in June, with and without gasoline factored in

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



Source: Bank of America internal data

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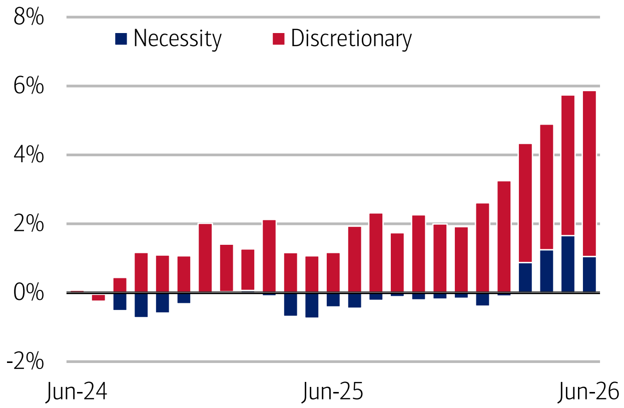
Discretionary services and retail spending are still holding up

Easing prices at the pump allowed consumers to dial back spending on necessities in June. In fact, most of the growth in card spending last month came from discretionary purchases (Exhibit 2), with both retail and services categories driving the gains (Exhibit 3).

Exhibit 2: Consumers eased spending on necessities in June
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
Note: Necessity spending includes gas, groceries and utilities.
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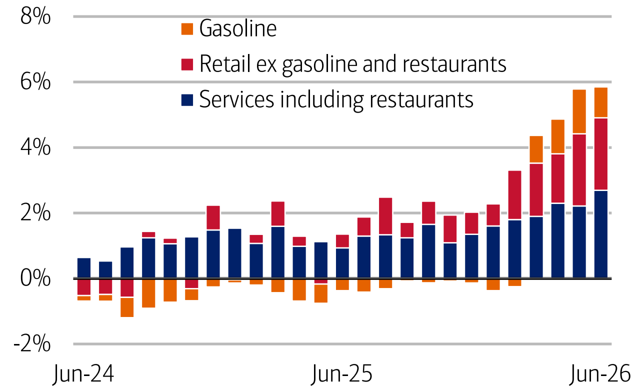
Exhibit 3: Services drove most of the overall YoY spending growth, though retail still contributed meaningfully
Contribution to YoY total credit and debit card spending growth by category, based on Bank of America card data (monthly, SA, percentage points contribution)



Source: Bank of America internal data
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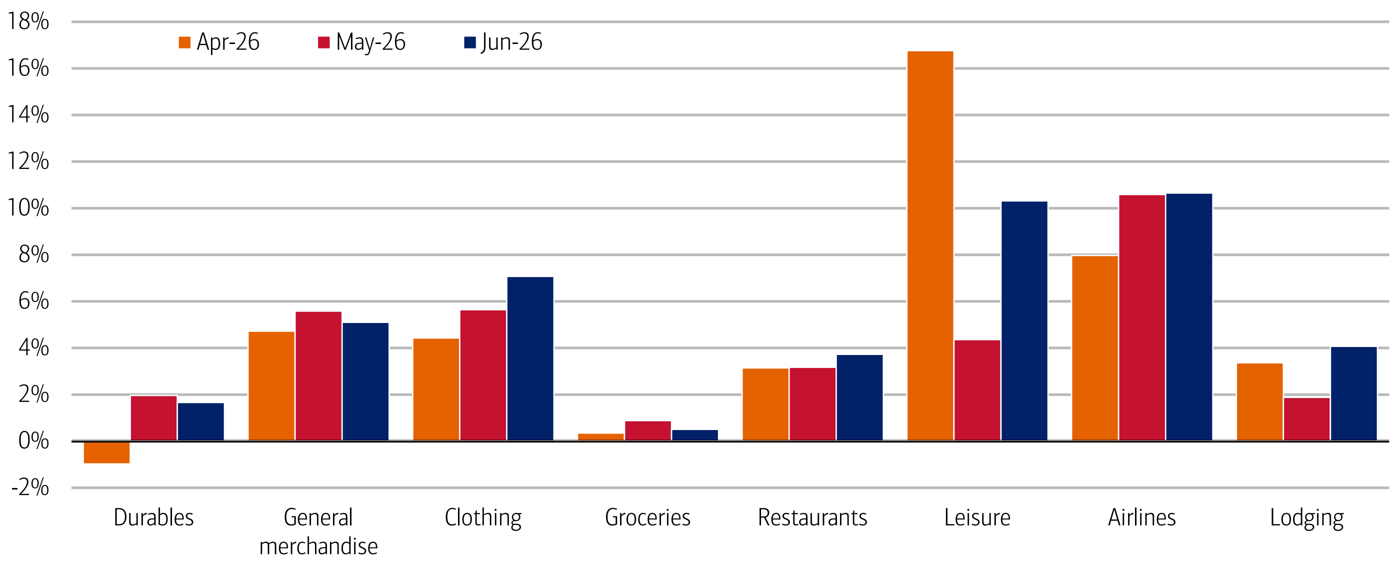
Looking across categories, some discretionary services, like leisure activities and airline spending, have largely seen stronger YoY growth over the past three months compared to discretionary retail. Yet discretionary retail spending was still solid (Exhibit 4). Airlines and leisure activities posted double-digit growth in June, while clothing and general merchandise were up about 7% and 5% YoY, respectively.

Exhibit 4: Spending on discretionary services has outpaced growth in discretionary retail categories
Credit and debit card spending growth per household, based on Bank of America card data, by select spending categories (monthly, YoY%)



Source: Bank of America internal data
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World Cup kicks spending into high gear

Notably, some of June's spending strength may be attributable to temporary factors. Most obviously, the FIFA World Cup 2026™, which kicked off on June 11. Looking at overall card spending since the start of the tournament compared to the period immediately before, we see an increase in spending, especially at restaurants and bars (Exhibit 5). Some of this boost is also

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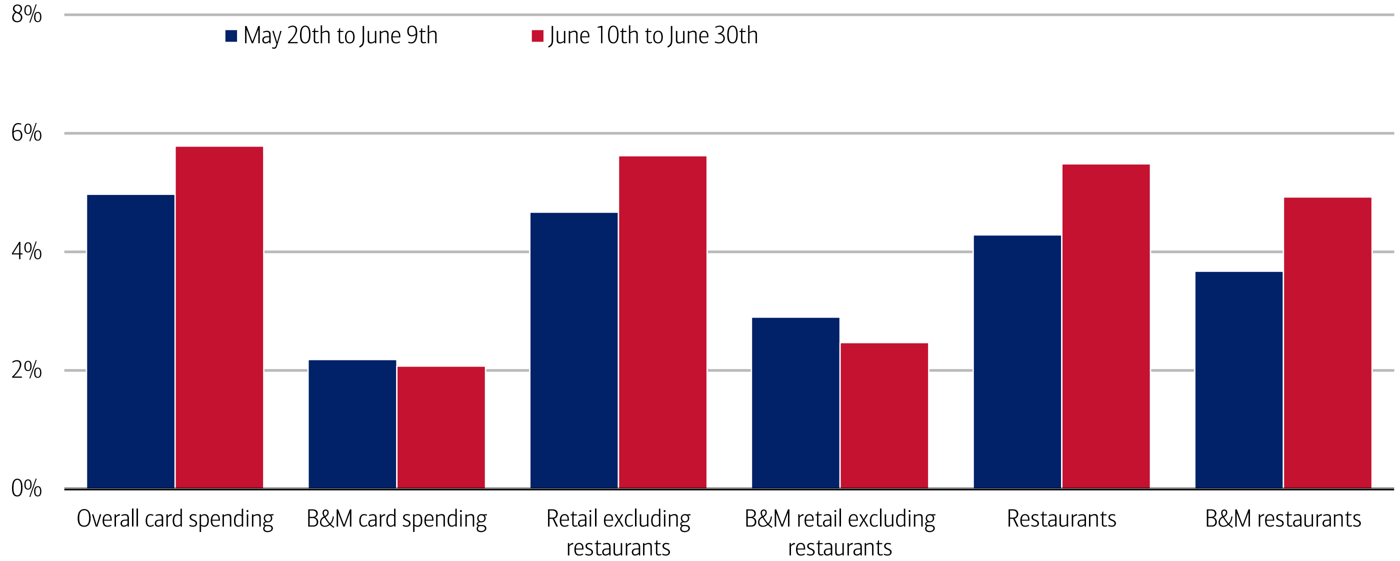
likely due to unrelated online promotions that occurred toward the end of June, but took place in July in 2025, thereby pushing up the YoY comparison this month.

Exhibit 5: Online spending and services experienced a boost at the end of June, mostly from the World Cup and unrelated online promotions
Bank of America aggregated card spending across select categories for overall and brick-and-mortar (B&M) (21-day moving average, YoY%)



Source: Bank of America internal data
Note: B&M spending includes physical point of sale transactions in the category, while total spending will include transactions also done online. We have excluded transactions from the analysis that do not have a valid zip code.

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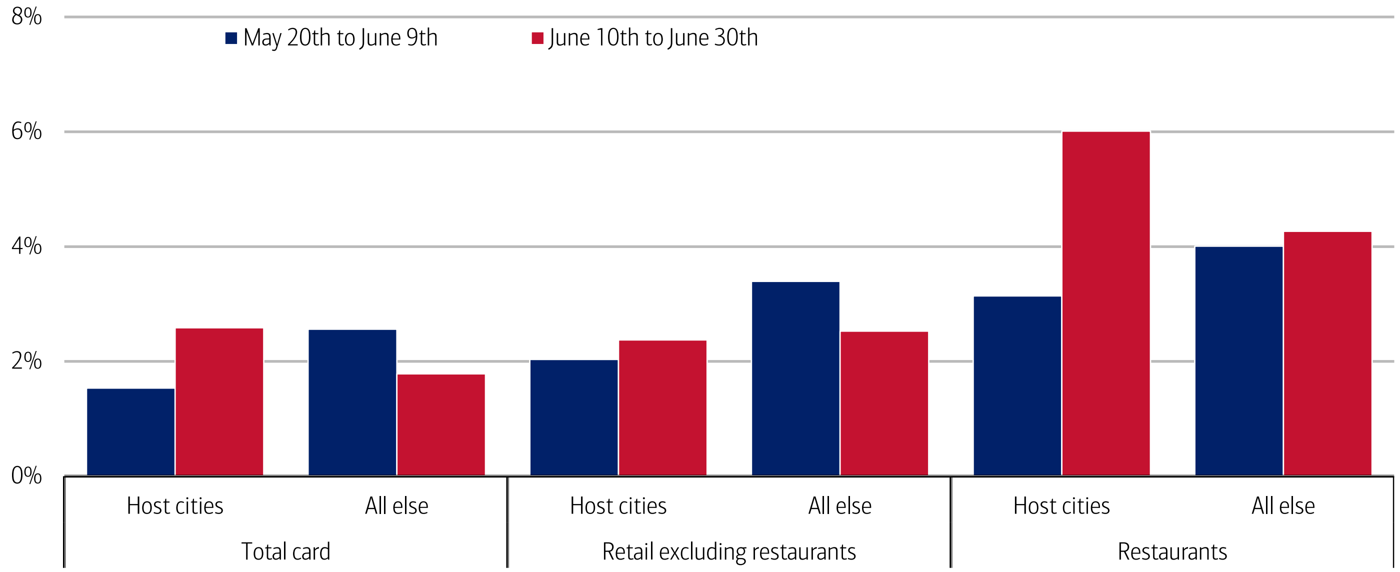
Digging deeper, we compare US-based brick-and-mortar (B&M) spending in World Cup host cities (based on ZIP codes) with spending elsewhere in the US and find that some of the surge has been concentrated where games are being played. Most clearly, restaurant outlays saw a boost of two percentage points in tournament host cities, while all other cities saw no increase during this period (Exhibit 6).

Exhibit 6: Host cities saw accelerating YoY spending growth in the three weeks through June 27 versus the prior three weeks
Aggregated B&M card spending, based on Bank of America data, across select categories (21-day moving average, YoY%)



Source: Bank of America internal data
Note: Spending includes only brick & mortar transactions. We have excluded transactions from the analysis that do not have a valid ZIP code.

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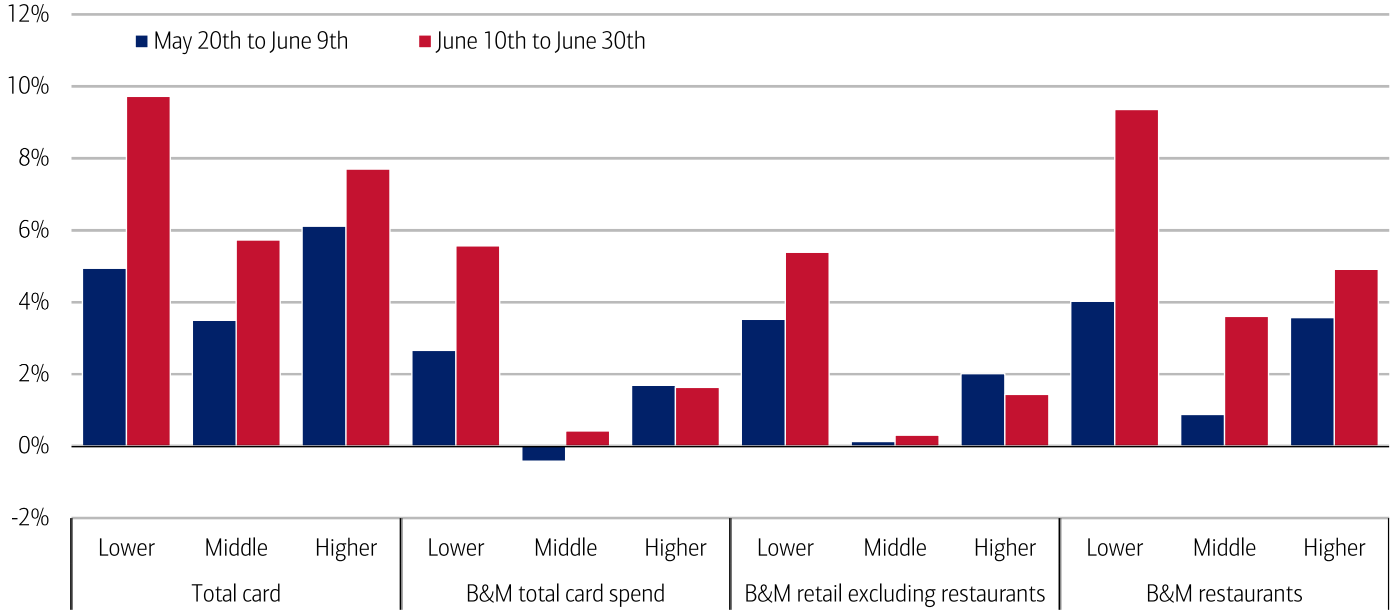
Analyzing the same data by income, it appears lower-income households ramped up their spending at local B&M businesses in host cities for the World Cup games, while higher-income households eased back slightly (Exhibit 7).

Exhibit 7: Lower-income households accelerated spending during the World Cup
Aggregated card spending, based on Bank of America data, across select overall and B&M categories in host cities by household income tercile (21-day moving average, YoY%)



Source: Bank of America internal data
Note: B&M spending includes physical point-of-sale transactions in the category, while total spending includes online transactions. All spending in this analysis occurred in host cities. We have excluded transactions from the analysis that do not have a valid ZIP code.

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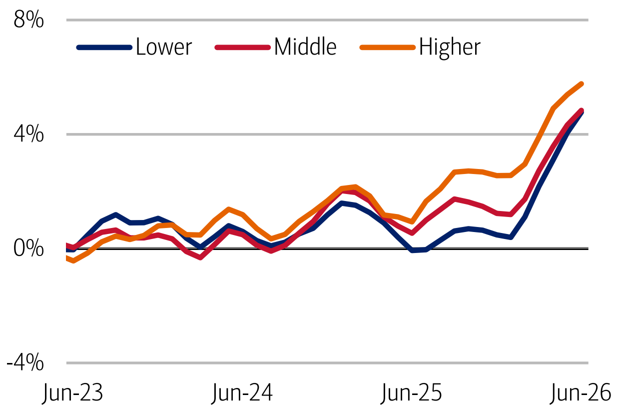
The "K" in spending and wage growth continues to narrow

While all cohorts saw an improvement in spending growth, lower-income households experienced the biggest boost, with spending up 4.8% YoY in June from 4.1% YoY in May. Higher-income spending growth, by contrast, increased more modestly to 5.8% YoY from 5.4% the month prior (Exhibit 8). Looking at discretionary spending, the gap between higher- and lower-income households' spending growth also narrowed significantly and was the smallest we've seen since July 2025 (Exhibit 9).

Exhibit 8: Higher-income households' spending rose to 5.8% YoY in June compared to 4.8% for lower- and middle-income households
Total credit and debit card spending per household, according to Bank of America card data, by household income tercile (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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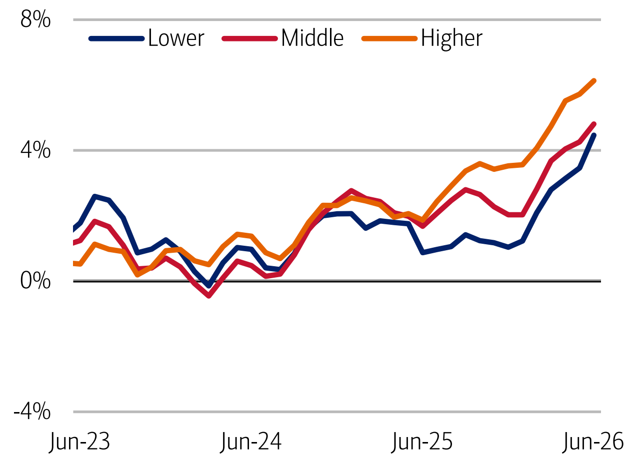
Exhibit 9: Discretionary spending growth improved the most for higher- and lower-income households in June
Discretionary card spending per household by income tercile (SA, YoY%)



Source: Bank of America internal data

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Wage growth rises further for lower-income households

The narrowing in the spending gaps mirrors narrowing in after-tax wages. In fact, lower-income households saw wage growth accelerate to 4.1% YoY in June, the highest since July 2023 and above the 3.4% YoY for middle-income households (Exhibit 10).

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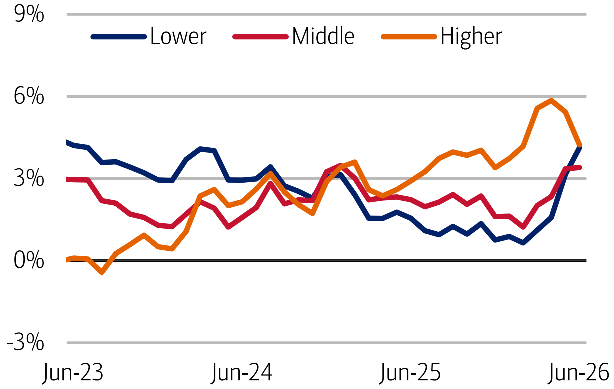
At the same time, higher-income households' wage growth declined to 4.2% YoY in June – meaning their previous strength compared to their lower-income counterparts has largely disappeared.

In our view, whether these trends persist into the second half of the year remains to be seen. One possibility is that some lower- and middle-income households reduced their tax withholdings this year to reflect changes from the One Big Beautiful Bill Act (OBBBA), thereby boosting their take-home pay. Exhibit 11 shows the taxes withheld per employee is still growing, but growth has been weaker than average weekly earnings growth in June, though it's not clear this is the whole story.

Exhibit 10: In June, higher-income households' after-tax wage growth eased to 4.2% YoY, while that of the lower-income cohort improved to a similar level

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



Source: Bank of America internal data

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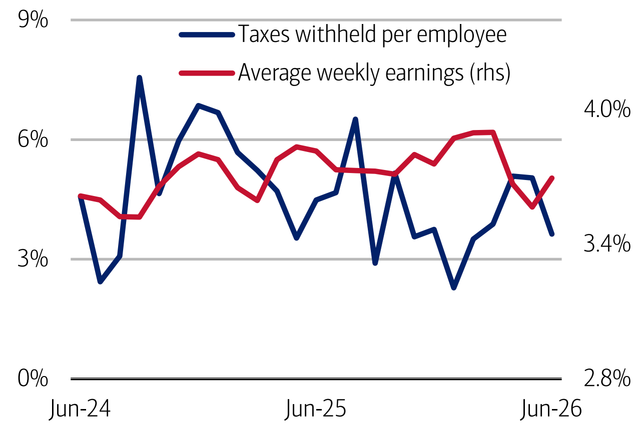
Exhibit 11: Average tax withholding growth has eased along with average hourly earnings gains

Average tax withheld per nonfarm payroll compared to average weekly earnings (three-month moving average, YoY%)



Source: Haver Analytics

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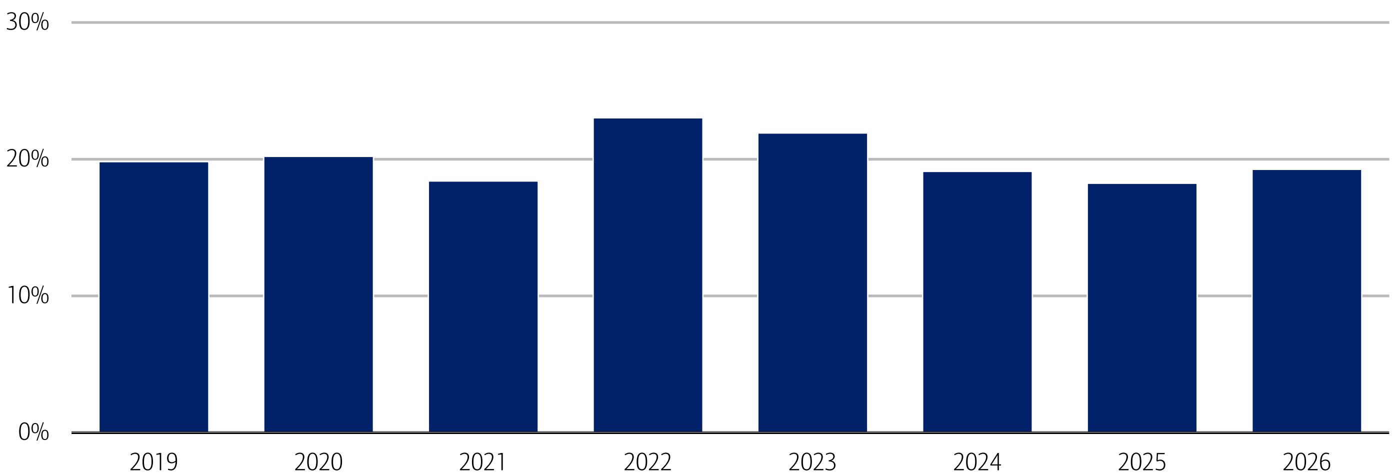
Another possibility is that there has been an underlying improvement in the labor market. In Bank of America deposit account data, we see signs that people have been moving between jobs at a faster rate in Q2 2026 than in Q2 2025, even as the pay premium for switching has diminished in recent years (Exhibit 12 and Exhibit 13). And while this is true across income cohorts, lower-income households have been getting larger pay bumps of around 12% when they move jobs, compared to 9% for the higher-income cohort (for more on this, read: [Should I stay or should I go? The pay tradeoff]).

Furthermore, lower- and middle-income households also appear to be switching at higher rates both compared to last year and pre-pandemic levels (read more: [The Institute Employment Report: June 2026]). If a stronger labor market drives the narrowing of the "K" shape in wage growth, that trend could continue as long as the labor market remains strong.

Exhibit 12: Job switching has increased over the past year, but remains below the peaks seen in 2022 and 2023

Share of total consumers with a steady paycheck who switched employers (Q2 of every year, %)



Source: Bank of America internal data

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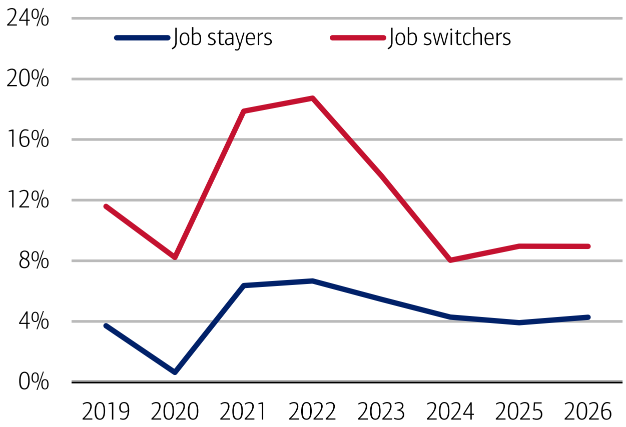
The drivers of stronger wage growth matter not only for spending, but also for the future trajectory of the "K." For example, if stronger after-tax wage growth is largely linked to tax withholdings, the boost to YoY wage growth could last upwards of a year, but the broader impact on MoM spending momentum will likely wane over time. Alternatively, if a stronger labor market is the catalyst, spending could be strong as long as the jobs picture remains robust. But with wage growth currently lower than spending growth across income cohorts, some easing from the exceptionally strong spending growth in June seems possible (Exhibit 14).

Exhibit 13: The pay premium for switching jobs is below pre-pandemic levels

Median after-tax wage growth for those with stayed with their employer versus those who changed employers (Q2 of every year, YoY%)



Source: Bank of America internal data

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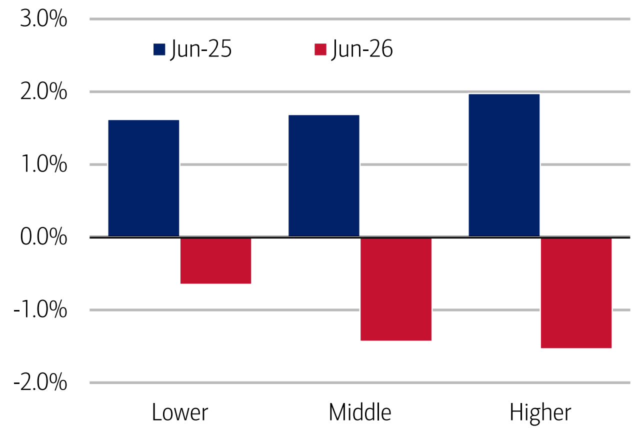
Exhibit 14: Spending growth outpaced wage growth for all income cohorts

The difference between after-tax wage and salary growth and total card spending by household income (three-month moving average, percentage points)



Source: Bank of America internal data

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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 groceries, utilities, and gasoline. 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 and 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-related spending 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.

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.

Generations, if discussed, are defined as follows: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; 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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