

Economy

Consumer Checkpoint: April showers

12 May 2026

Key takeaways

- Spending growth was strong in April, according to Bank of America internal data. Total credit and debit card spending per household rose 4.8% year-over-year (YoY), up from 4.3% YoY in March. Excluding gasoline, card spending was still a strong 4.0% YoY. However, spending growth did slow in April from March across multiple discretionary "nice-to-have" categories.
- The "K" shape in spending and wage growth persists, with higher-income households faring better than other cohorts. And we see signs of this particularly with lower- and middle-income households easing back on discretionary spending in April, while their higher-income counterparts continued to power forward, according to Bank of America internal data.
- Households have some near-term buffers to support their spending, according to Bank of America internal data, but they are uneven. Lower-income households likely have the least capacity to finance spending through credit, while tax refund benefits have skewed towards higher-income households. Still, households appear to have saved around half of their refunds so far, which may have helped to weather higher gas prices.

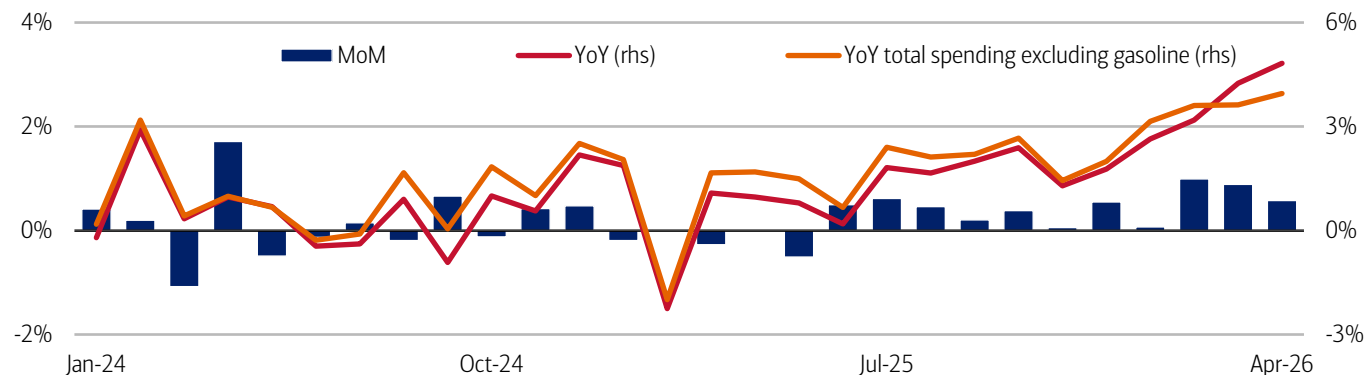
Consumer Checkpoint is a regular publication from Bank of America Institute. It aims to provide a holistic and real-time estimate of US consumers' spending and their financial well-being, leveraging the depth and breadth of Bank of America proprietary data. Such data is not intended to be reflective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

With or without gasoline, spending was strong in April

Total credit and debit card spending per household increased 4.8% year-over-year (YoY) in April 2026, the strongest monthly growth in the last three years. This followed the already solid 4.3% YoY increase in March (Exhibit 1). While higher gasoline prices boosted spending, spending excluding gas still rose 4.0% YoY – the fastest pace in three years and up from 3.6% last month. Seasonally-adjusted (SA) spending per household increased 0.6% month-over-month (MoM) in April, easing from the solid 0.9% MoM increase the month before. Excluding higher gasoline spending, the MoM rise in total spending was a slightly more muted 0.5%, but an improvement from the nearly flat ex-gas growth seen in March.

Exhibit 1: Spending growth, both including and excluding gasoline, continued to strengthen YoY in April

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

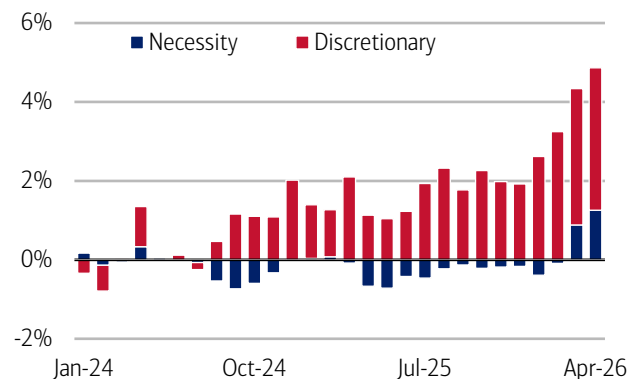
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Despite the rise in gasoline prices, discretionary spending is still contributing more to YoY total card spending growth than outlays on necessities. In fact, before March, necessity spending had not made a meaningfully positive contribution to spending

growth since August 2024 (Exhibit 2). And while March and April have both seen upward contributions from necessities to overall spending growth, with a 1.1 percentage points (pp) contribution in April, the big picture remains that services and retail (excluding gas) are still making the largest contributions to growth (Exhibit 3).

Exhibit 2: Before March 2026, discretionary spending contributed all of the positive growth in spending since April 2024

Contribution to YoY total credit and debit card spending growth by category, based on Bank of America card data (monthly, SA, percentage points contribution)

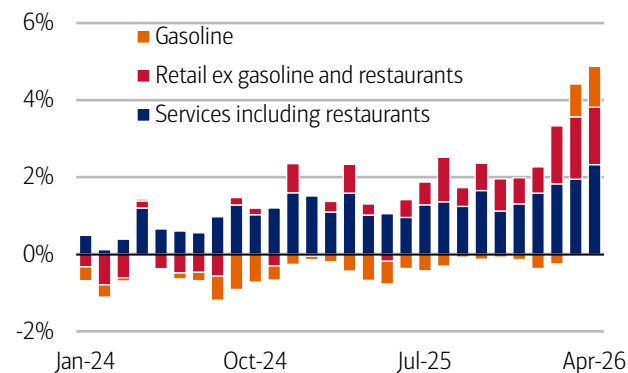


Source: Bank of America internal data

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Exhibit 3: Services accounted for the majority of spending growth over the past two years

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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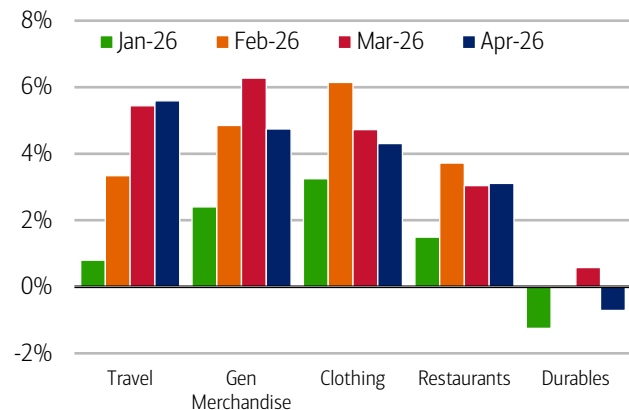
Within discretionary spending, YoY spending growth on travel and restaurants improved slightly in April, while general merchandise and clothing saw slowing momentum relative to March (Exhibit 4).

Bank of America internal card data on transactions can give us some idea whether strong spending growth is reflecting rising volumes or higher prices. General merchandise, travel (airline and lodging), restaurants and clothing have all shown increasing YoY growth in the number of transactions since the beginning of the year (Exhibit 5). Notably, though, transaction growth in April has flattened for travel and restaurants from the prior month.

However, in travel and clothing, spending growth has risen noticeably faster than transactions. In our view, this likely reflects increased prices in these areas from both the recent oil price shock and earlier tariff hikes. In fact, while the YoY growth in transactions was still positive for travel, it was just above zero for clothing in April. This may reflect not just higher prices but also a possible shift in consumers purchasing their apparel through different channels, such as big box stores (general merchandise), in order to save money. Additionally, some of the growth in general merchandise spending and transactions may also reflect consumers pivoting their necessity spending to these types of retailers as opposed to more discretionary purchases.

Exhibit 4: Spending growth slowed for general merchandise and clothing in April, while durables decreased

Spending per household, based on Bank of America card data, across select categories (monthly, SA, YoY%)



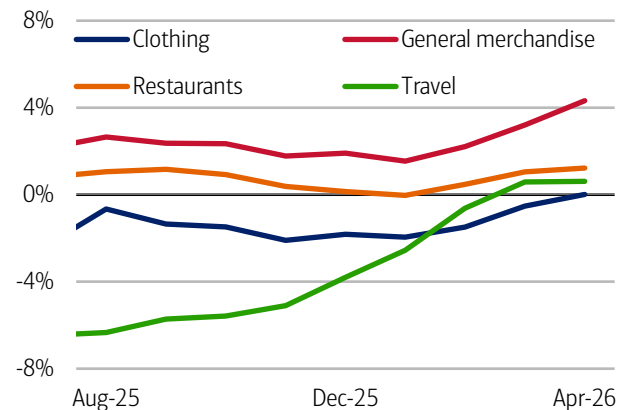
Source: Bank of America internal data

Note: Durables excludes electronics but includes building materials, furniture and autos. Travel includes airlines and lodging.

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Exhibit 5: YoY growth in transactions was positive for general merchandise, restaurants and travel

The number of transactions per household, based on Bank of America card data, across select categories (monthly, SA, YoY%)



Source: Bank of America internal data

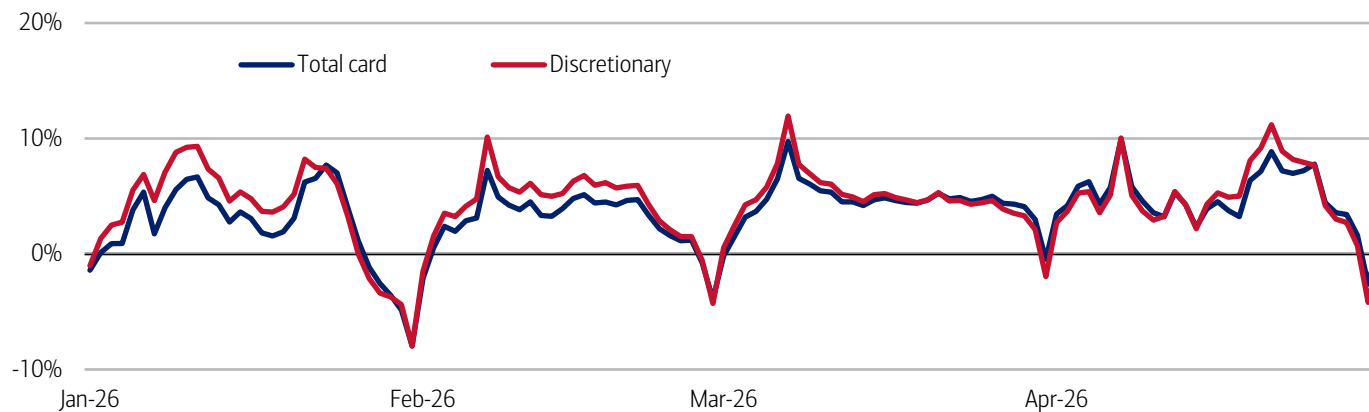
Note: Durables excludes electronics but includes building materials, furniture and autos. Travel includes airlines and lodging.

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Looking at the 7-day moving average of total card spending per household through the end of April suggests that spending growth may have eased more significantly towards the end of the month, particularly for discretionary spending. However, the data around the end of the month is typically volatile, so it may be premature to draw firm conclusions (Exhibit 6).

Exhibit 6: Spending growth slowed more at the end of April than it did in March, but it was in-line with the decrease seen at the end of February

Total card and discretionary spending per household, based on Bank of America data (7-day moving average, YoY%, non-SA)



Source: Bank of America internal data

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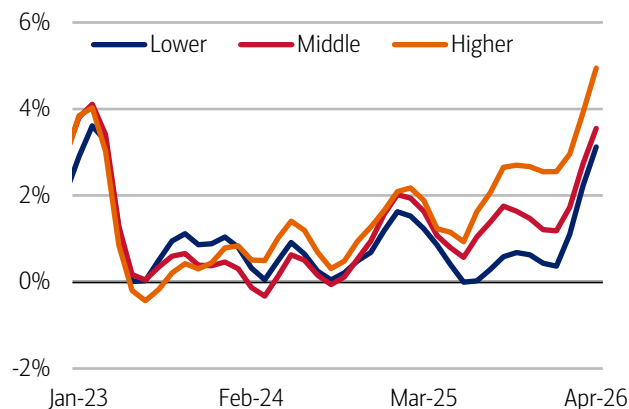
Lower- and middle-income households eased their discretionary spending

Across income cohorts, April card spending rose 3.1% YoY for lower-income households and 3.6% YoY for middle-income households, while higher-income households saw stronger growth at 4.9% YoY (Exhibit 7). Despite improving growth across all income groups in April, the gap between higher-income households and other cohorts widened further.

While total spending growth rose in April for all income cohorts, we see signs of pressure building on discretionary spending from the impact of higher gas prices. In particular, while higher-income households continued to ramp up discretionary spending in April, lower- and middle-income groups saw a modest slowdown from prior months (Exhibit 8).

Exhibit 7: Higher-income households’ spending rose to 4.9% YoY in April compared to 3.1% 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)

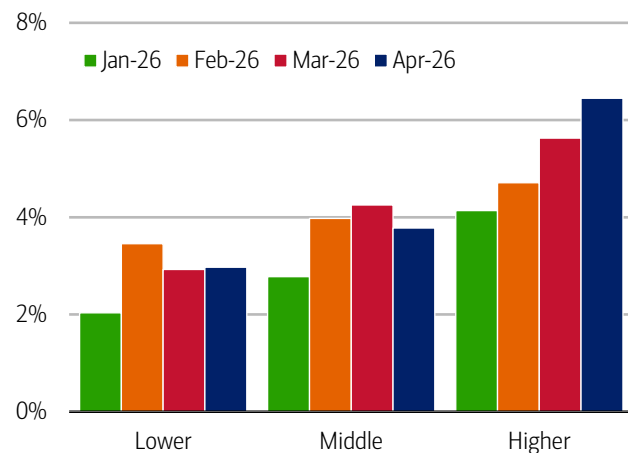


Source: Bank of America internal data

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Exhibit 8: Discretionary spending growth was more muted for lower- and middle-income households

Discretionary card spending per household, according to Bank of America card data, by household income terciles (monthly, YoY%, SA)



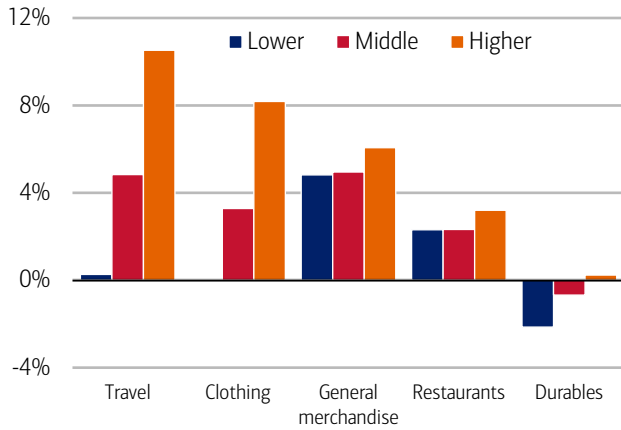
Source: Bank of America internal data

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The largest divergences in discretionary spending growth appeared to be on “bigger ticket” services like travel, perhaps reflecting lower-income households’ hesitancy around vacation plans given uncertainty over wage growth and gas prices (Exhibit 9). It could also be that the boost from tax refunds, which was smaller for lower-income households, is beginning to fade. The 7-day moving average of card spending by income suggests that lower-income households were further easing back on their discretionary purchases relative to higher-income households over the course of April (Exhibit 10).

Exhibit 9: Higher-income households significantly outpace middle- and lower-income households' spending growth on travel and clothing

Spending per household, based on Bank of America card data, for select categories by household income tercile (April 2026, YoY%, SA)

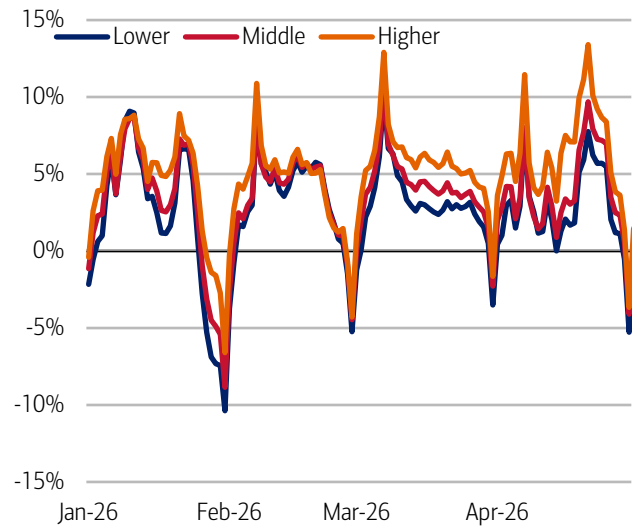


Source: Bank of America internal data
 Note: Durables excludes electronics but includes building materials, furniture and autos. Travel includes airlines and lodging.

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Exhibit 10: The “K” shape in discretionary spending widened throughout March and April

Discretionary spending per household, based on Bank of America data, by household income tercile (7-day moving average, YoY%, non-SA)



Source: Bank of America internal data

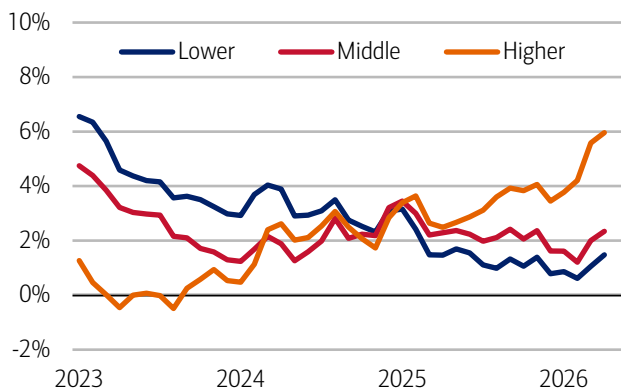
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Another driver of the divergence in spending growth is likely the continued “K” shape in wage growth. After-tax wage growth for higher-income households continued to improve, reaching 6.0% YoY in April – the fastest pace in almost five years – up from 5.6% in March, according to Bank of America consumer deposit account data (Exhibit 11). Middle- and lower-income households also saw modest upticks in growth, to 2.3% and 1.5% YoY, respectively, but their wage growth continued to lag. Even within the higher-income cohort, it appears wage growth is skewed towards those with the highest income – the top 5% of households by income saw wage growth up 10.0% YoY in April (for more, read our publication: [The Institute Employment Report: April 2026](#)).

The wage growth gap between higher- and lower- income households remained at its widest margin since the series began in 2015. The lower absolute dollar-level of their after-tax wages and salaries, combined with slower wage growth, means that lower-income households have seen just enough growth in their wages over the last year to cover the increase in gas spending in April. Meanwhile, higher-income groups’ wage increases have offset higher gas spending nearly seventeen-fold (Exhibit 12).

Exhibit 11: In April, higher-income households’ after-tax wage growth rose to 6.0% YoY, while lower-income households’ wage growth was 1.5% 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)

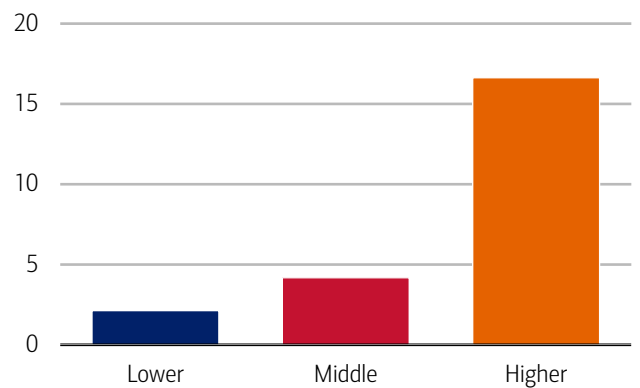


Source: Bank of America internal data

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Exhibit 12: Lower-income households’ after-tax wage increases barely offset average increases in gas spending

After-tax wage and salary increase by household income tercile compared to average per household increase in gasoline spending (April 2026, SA, ratio)



Source: Bank of America internal data

Note: The difference in wages is based on the 3-month moving average while gas spending differences are monthly.

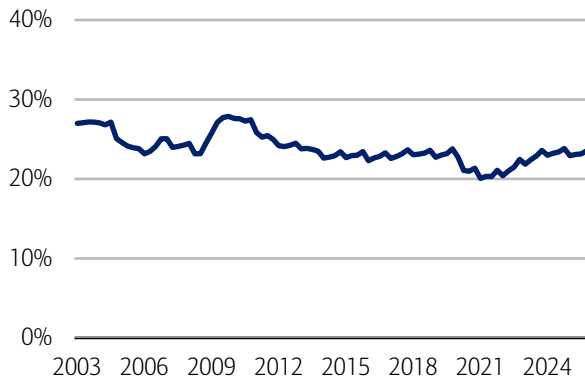
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Credit, tax refunds and deposits still provide some buffer against higher gas prices

Besides relying on wage growth, households can also support spending by leaning more on credit (read more in [Do consumers have wiggle room to absorb higher gas prices?](#)). According to Federal Reserve data, aggregate credit card balances relative to limits remain broadly in line with the late-2010s, suggesting households overall may have some capacity to borrow (Exhibit 13). That said, among revolvers (those that carry a credit card balance every month as opposed to paying it off), Bank of America internal data through April suggests that lower-income households look relatively more constrained, with their utilization levels most elevated versus 2019 levels, despite some recent easing (Exhibit 14).

Exhibit 13: Overall average card utilization is close to the pre-Covid period...

Overall US credit card balances relative to limits as reported by Federal Reserve Bank of New York (quarterly, %)

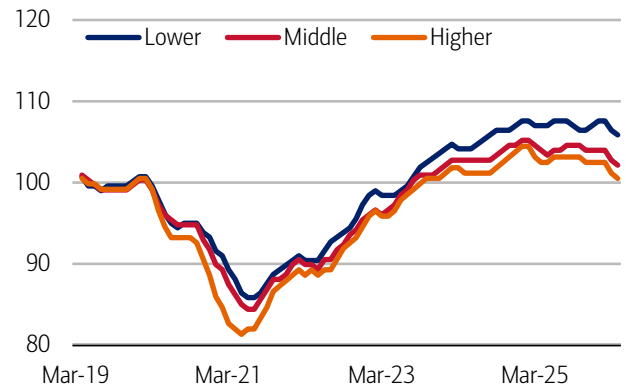


Source: Federal Reserve Bank of New York

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Exhibit 14: ...but there was less wiggle room for lower-income households in April 2026

Median credit card utilization for credit card "revolvers" by income tercile (monthly, index 2019 average = 100, 3-month moving average)



Source: Bank of America internal data

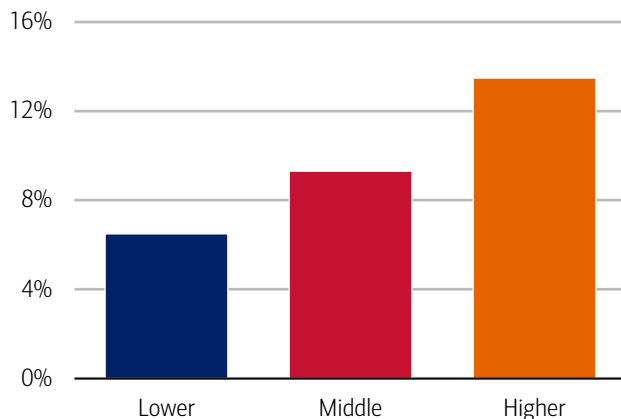
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Larger tax returns are also likely to provide some support for consumers, although they have somewhat skewed towards higher-income households (Exhibit 15).

As tax season comes to an end, what have households done with the money so far? Comparing Bank of America internal data on spending in the three weeks before to the three weeks after a tax refund, along with changes in deposit levels from January to April, we can estimate that a fairly small percentage (c. 20%) of overall refunds have actually been spent so far. And, notably, consumers appear to have saved almost half of what they received (Exhibit 16).

Exhibit 15: 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 24 compared to similar period last year (aggregate, YoY%)

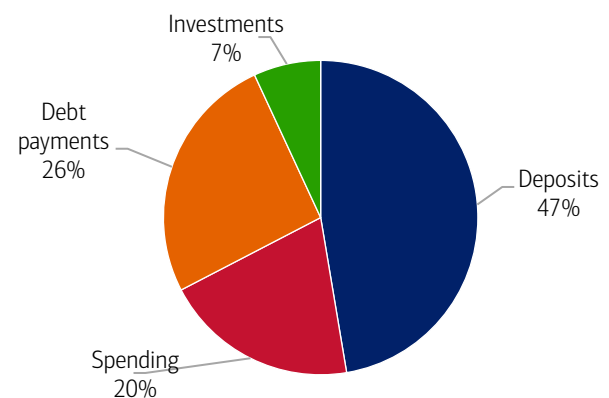


Source: Bank of America internal data

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Exhibit 16: Nearly half of tax refunds are saved in deposit accounts

Per household payment increases by select categories (sum of three weeks after receipt of tax refund minus sum of three weeks before tax refund) and per household change in deposits (April – January)



Source: Bank of America internal data

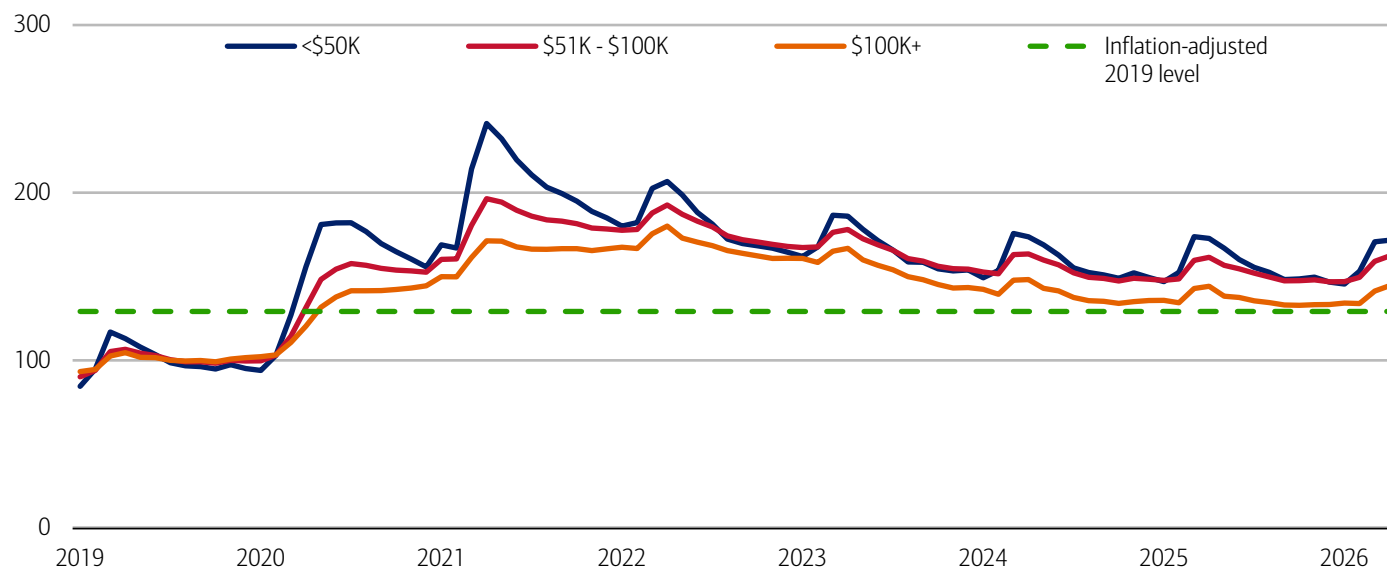
Note: Total refund activity is calculated using the sum of the delta in payments and deposits using the time periods above. Shares are calculated from this total.

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This is consistent with the rise in median deposits between January and April, as seen in most years, including in 2026 (Exhibit 17). These elevated deposits are something some consumers could potentially draw upon to support their spending in coming months.

Exhibit 17: Household savings are rising as tax refunds are deposited, but are down significantly from the peaks five years ago

Monthly median household savings and checking balances by income for a fixed group of households through April 2026 (monthly, index 2019 = 100)



Source: Bank of America internal data

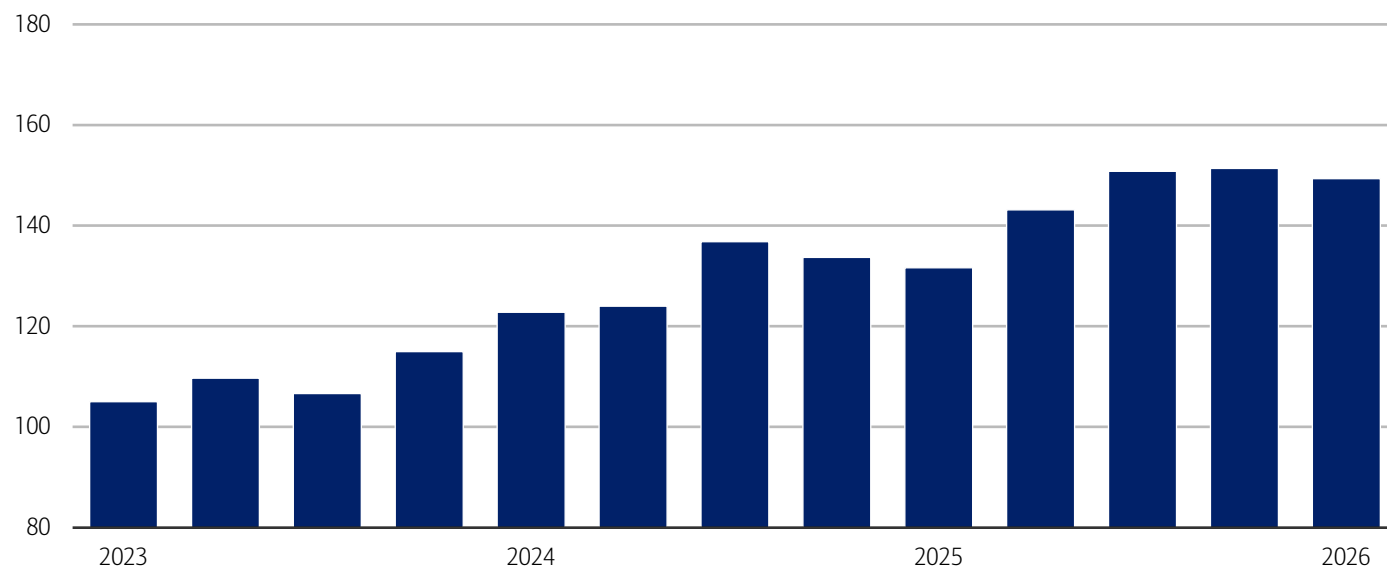
Note: Monthly data includes those households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through April 2026.

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While shorter-term savings may offer a relatively limited runway to households, internal data on Bank of America 401(k) plan participants shows that average balances, as of the first quarter of 2026, are up significantly over the past few years (Exhibit 18). So, it's possible that some consumers have longer-term savings they could tap into, if needed (read more in [Bank of America's 2026 Q1 Participant Pulse](#)).

Exhibit 18: The average account balance for 401(k) plan participants in Q1 2026 is up over the past two years

Average account balances for Bank of America 401(k) plan participants (quarterly, index Q4 2022 = 100)



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 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.

Participant Pulse monitors plan participants' behavior in Bank of America clients' employee benefits programs, which comprise more than 4 million total participants with positive account balances as of March 31, 2026.

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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