Economy

Consumer Checkpoint: Still sizzling

14 September 2026

Key takeaways

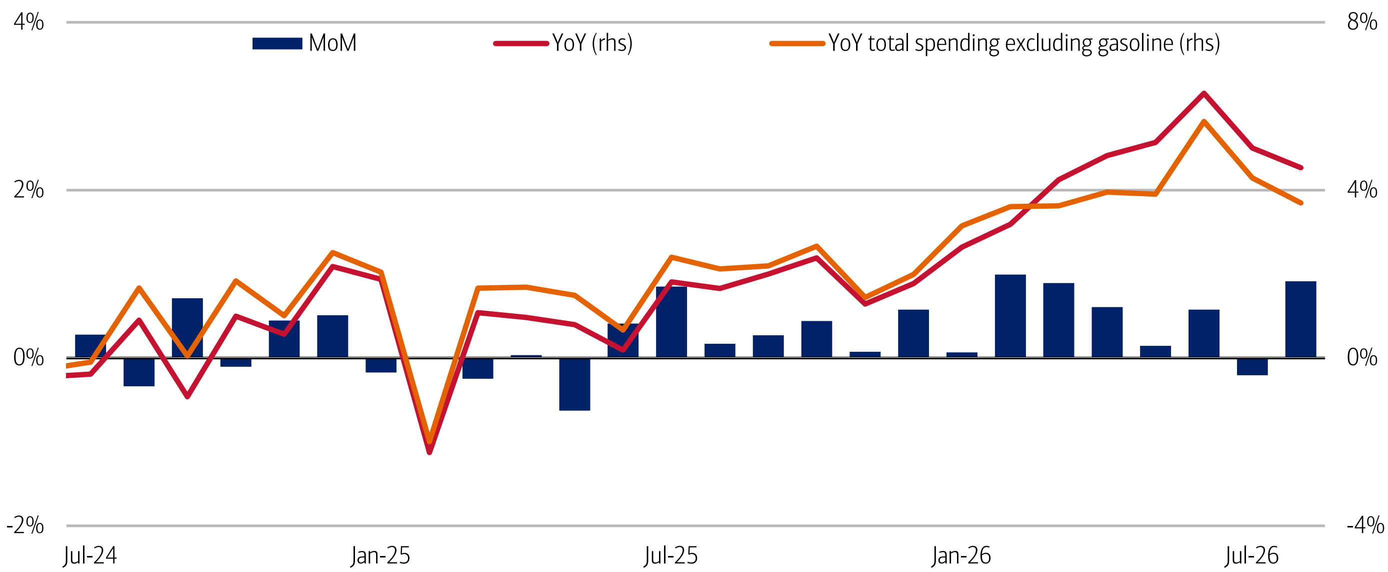
- Consumer spending remained solid in August. Total card spending per household rose 0.9% month-over-month and 4.5% year-over-year, according to Bank of America internal data. Discretionary services continue to provide a steady foundation for this growth, despite moderation in a few categories.
- Consumers still appear to be focused on value. Spending at general merchandise and big-box retailers continues to outperform more traditional retailers, as evidenced during the back-to-school season. This suggests households are actively seeking lower-cost alternatives while maintaining spending.
- Spending and wage growth have largely converged across income groups, though across generations, the largest "K" shape remains among Millennials. Household finances also remain healthy, with credit card utilization declining across most age and income cohorts. Lower- and middle-income households still hold elevated deposit balances across all age groups, suggesting spending should remain resilient.

A summer of spending

Consumer spending looked very robust in August. Bank of America total aggregated credit and debit card spending per household jumped 0.9% month-over-month (MoM) on a seasonally-adjusted basis, following the 0.2% dip in July. And card spending rose 4.5% year-over-year (YoY), more than four times the average growth rate of 2025. Excluding gasoline, spending was up 3.7% YoY, almost 2.5 times the rate in 2025. Additionally, while August YoY growth rates have eased over the past two months, they remained above the first three months of 2026 (Exhibit 1).

Exhibit 1: Total card spending per household rose 4.5% YoY in August and 3.7% YoY excluding gasoline, with seasonally-adjusted spending up 0.9% MoM

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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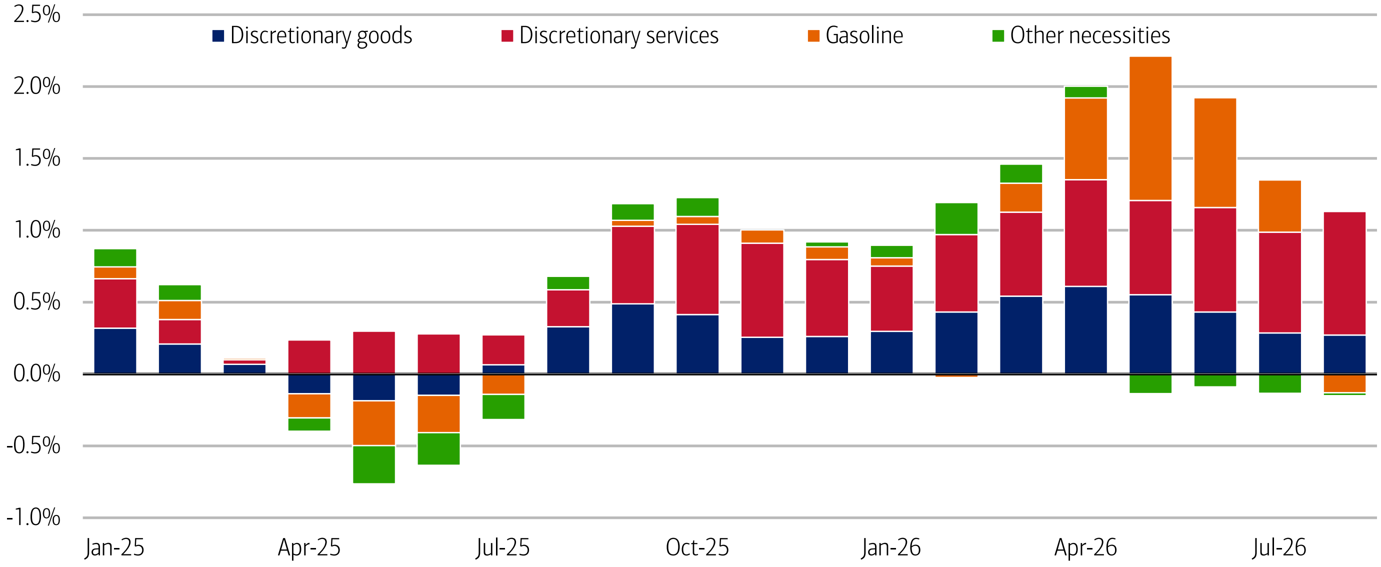
Discretionary services spending has remained a steady contributor to overall momentum. As for necessities, rising gasoline spending lost steam, with its largest upward impact on spending occurring earlier in the year. However, recent increases in both oil and gasoline prices may present some renewed headwinds to consumers if they are sustained (Exhibit 2).

Exhibit 2: Discretionary services spending has remained a bedrock of growth
Contribution to three-month-on-three-month 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. Discretionary spending is all other card spending.

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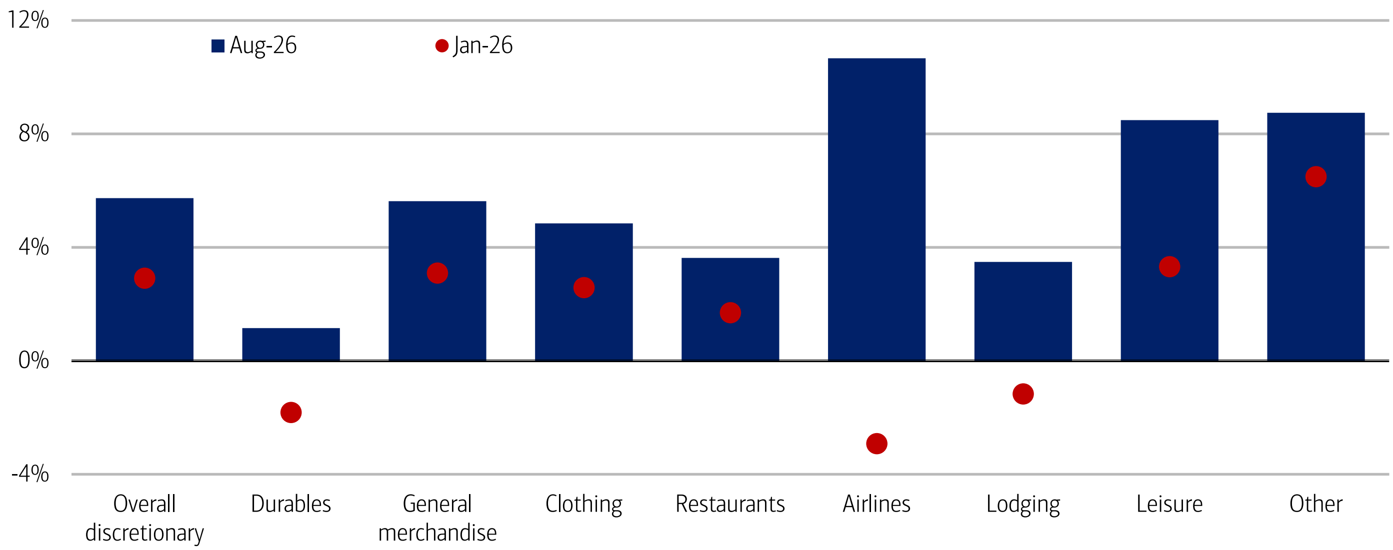
Discretionary spending: Price pressures bite in some areas

Spending growth outpaced transaction growth across most discretionary categories

Within discretionary categories there is some variation, though YoY spending growth has improved since the beginning of the year across most (Exhibit 3). Leisure and travel-related spending (lodging and airlines) have seen the largest improvements, likely in part reflecting the impact of the World Cup over the summer.

Exhibit 3: Discretionary spending growth has improved across most categories since the start of the year
Card spending per household across select discretionary categories (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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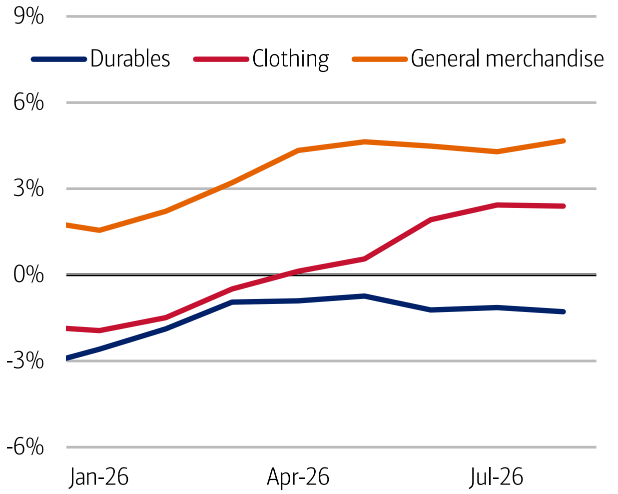
But rising global oil prices have also pushed up costs in areas like travel. Looking at transactions as a guide to spending volumes, airline transactions are actually down YoY, as are durables transactions. Conversely, clothing and restaurants have maintained positive transaction growth, suggesting rising prices are not the main reason for improved spending growth in these categories. And lodging has also grown, a reversal from earlier this year (Exhibit 4 and Exhibit 5).

Exhibit 4: Transaction growth remained solid in restaurants and clothing in August, while it remained negative for durables

Transactions per household across select discretionary retail categories (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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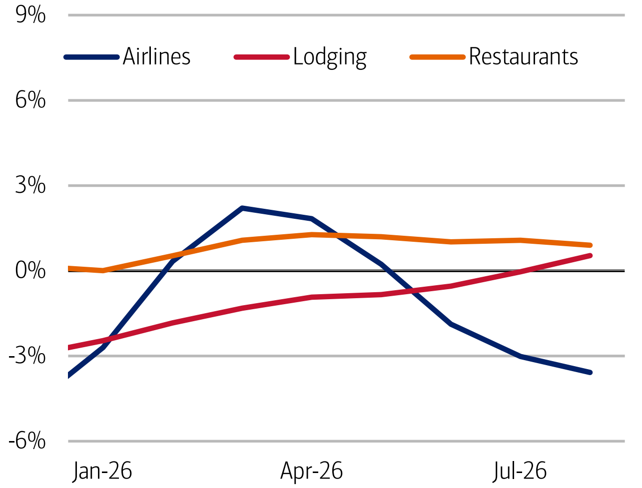
Exhibit 5: Airline transaction growth continued to decline in August, while lodging has grown

Transactions per household across select discretionary service categories (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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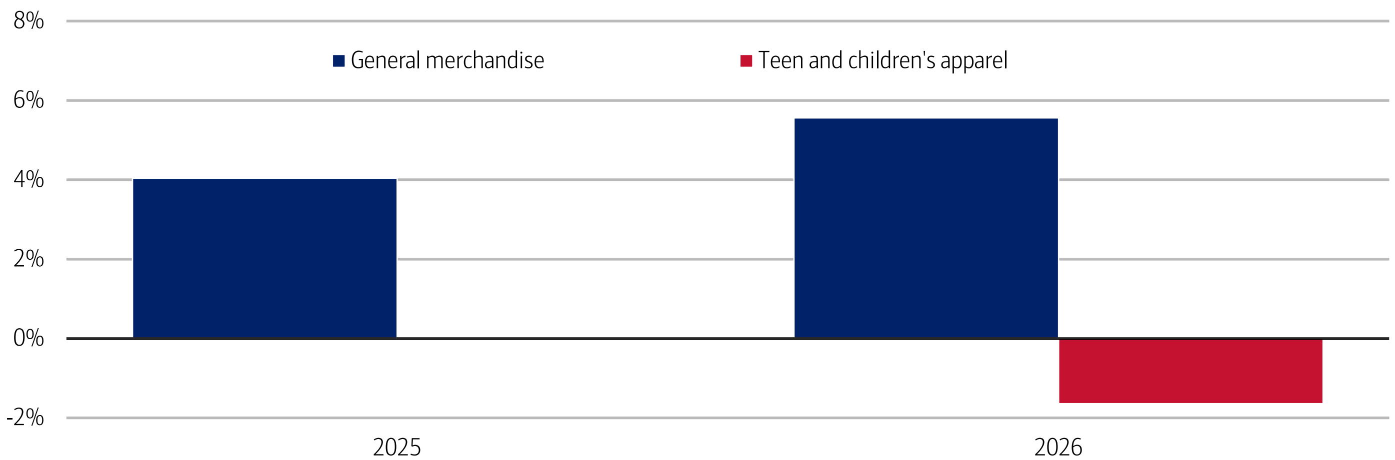
Consumers continue to pivot to big-box stores and wholesalers

One "stand-out" among discretionary spending categories is general merchandise, where robust and rising transaction growth has largely mirrored its spending growth, up 4.7% and 5.6% YoY, respectively.

In our view, this partly reflects consumers searching for value to offset the increase in gas prices, among other items (read more in [The rise of value](#)). This trend extends to back-to-school spending. In fact, while spending at traditional back-to-school retailers (like teen and children's apparel) has declined this year, outlays have ramped up at general merchandise stores (Exhibit 6). This suggests to us that back-to-school spending was likely solid this year but just shifted to different channels.

Exhibit 6: Solid spending growth for general merchandise, while more traditional back-to-school retailers, like teen and children's apparel, have experienced a slight decline

Spending growth per household by select categories (28-day moving average to August 29, YoY%)



Source: Bank of America internal data

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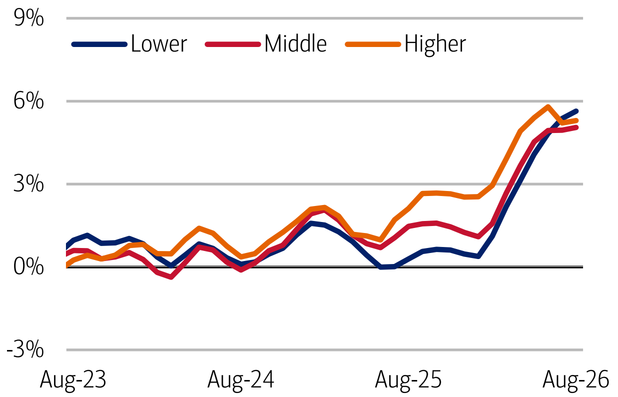
Spending and wages keep converging, but it differs slightly by age

Looking across income cohorts, total card spending growth has largely converged in recent months, effectively closing the "K" shape in overall spending (Exhibit 7). This is also true in discretionary spending: Bank of America card data shows lower-income households' discretionary spending growth is recovering strongly. In August, discretionary spending rose 5.9% YoY for higher-income households versus 5.7% YoY for lower-income counterparts, the smallest gap since January 2024 (Exhibit 8). Meanwhile, middle-income households' discretionary spending also improved but lagged other income cohorts slightly, albeit still up a healthy 5.1% YoY.

The closing gap in spending growth between higher- and lower-income households has been mirrored in strengthening after-tax wage growth (read more in [The Institute Employment Report: August 2026]). Lower-income households' wage growth outpaced that of other cohorts in August for the second consecutive month (Exhibit 9).

Exhibit 7: Lower-income households' total card spending growth is stronger than all income cohorts

Total card spending per household by income tercile (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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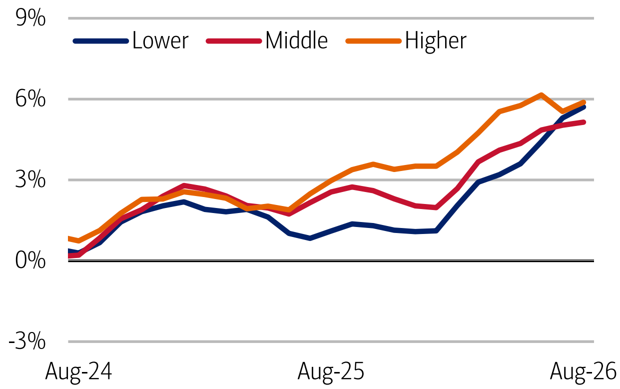
Exhibit 8: Discretionary spending continued to converge across income groups

Discretionary card spending per household by income tercile (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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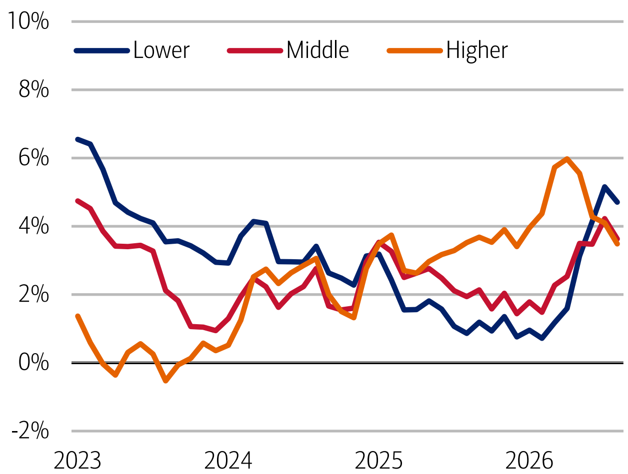
Across generations, the gap between higher- and lower-income households' discretionary spending growth is just above zero for Baby Boomers and only slightly larger for Gen Z and Gen X (Exhibit 10). It remains widest for Millennials, partly reflecting relatively large differences in after-tax wage growth. However, this gap has narrowed significantly in recent months.

Exhibit 9: In August, after-tax wage growth for lower-income households continued to outpace that of higher-income households

After-tax wage and salary growth by household income tercile (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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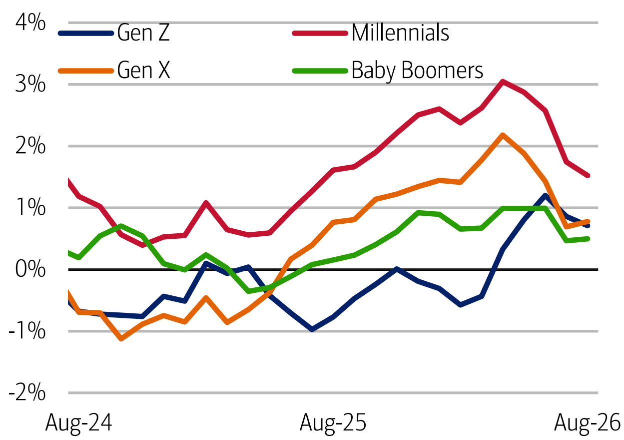
Exhibit 10: The gap in spending growth between higher- and lower-income households was larger for Millennials and Gen Z than Gen X and Baby Boomers in August

Higher-income households' discretionary spending growth compared to lower-income households' by age generation (three-month moving average, percent difference, non-SA)



Source: Bank of America internal data

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While the "K-shaped" divergence in discretionary credit and debit card spending has closed, it likely persists in higher-cost items and services such as vehicles and moving (read more in Autos: In gear, but the "K" is still in the headlights and On the move: Renovation over relocation?).

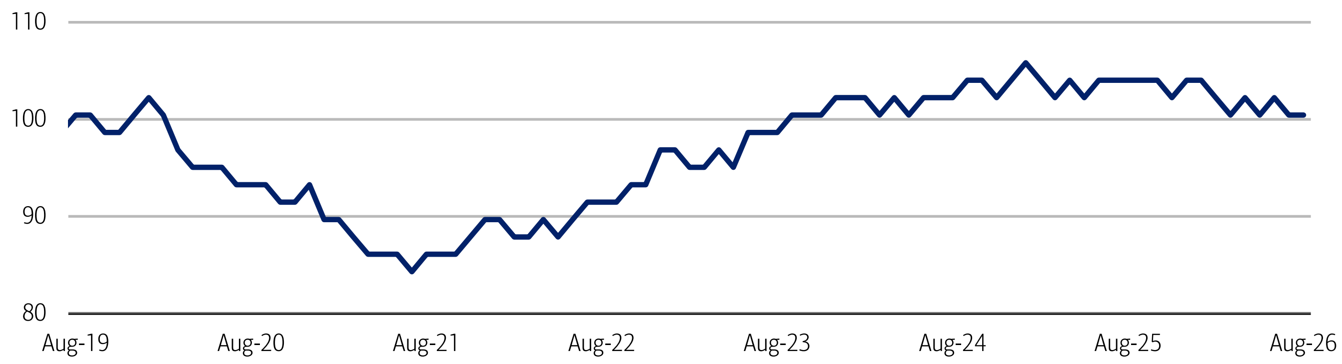
We see two reasons for this. First, these types of purchases may require saving for down payments or larger borrowing (and may be more interest rate-sensitive), so it's possible recent wage growth has yet to translate into bigger-ticket buys. Second, some of the improvement in after-tax wage growth may be due to temporary factors like lower tax withholdings, meaning some consumers may not feel comfortable signing up for higher-dollar and longer-term financial commitments.

Gen Z, Millennials and Gen X have less room to borrow, but elevated deposits

When it comes to overall financial health, we believe consumers remain on solid footing. One sign of this is that more consumers are paying off their entire credit card balance every month, both compared to last year and to pre-pandemic levels (read more in Consumer Checkpoint: The great convergence). And for those who do carry a balance (revolvers) from month to month, overall utilization rates have declined YoY and are near pre-pandemic levels (Exhibit 11).

Exhibit 11: Credit card utilization for revolvers is on par with pre-pandemic levels and has declined YoY

Median credit card utilization for credit card revolvers (monthly, index 2019 average = 100, below 100 means there has been a decrease relative to 2019 levels)



Source: Bank of America internal data

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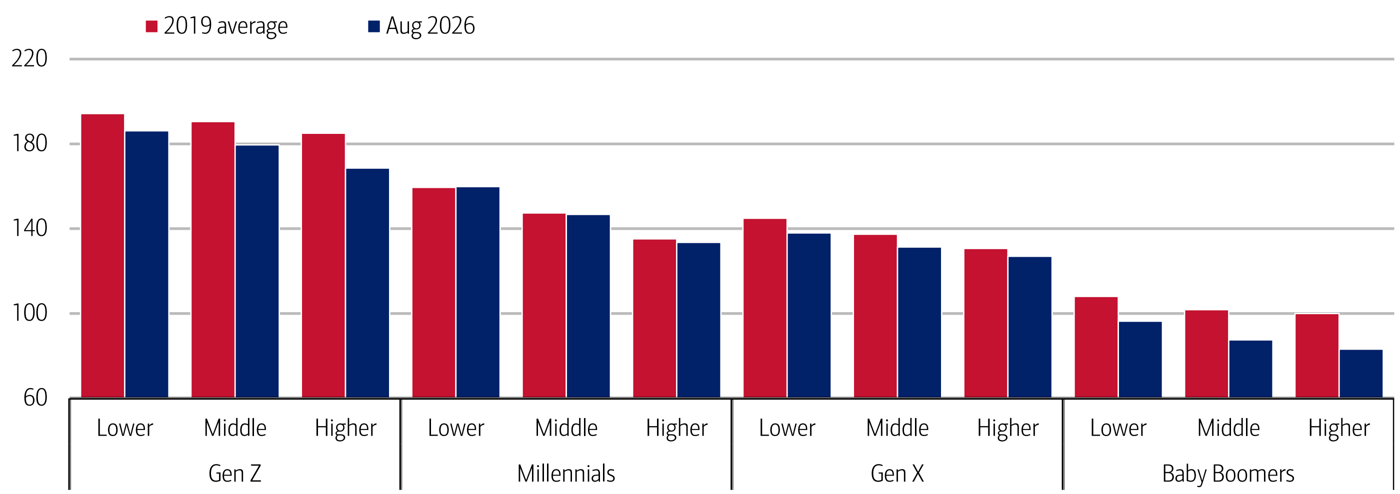
Looking at utilization rates for revolvers by age and income, Baby Boomers have more room to borrow than younger generations across all income cohorts. Even in August 2026, Gen Z, Millennial and Gen X utilization rates are still well above Baby Boomer's 2019 utilization rates (Exhibit 12). The good news is that most of these younger generations have seen borrowing capacity increase slightly since then. Millennials, however, at the margin have made the least progress, with utilization rates still at 2019 levels.

Exhibit 12: Credit card utilization rates suggest older generations have more capacity to borrow across all income cohorts

Median credit card utilization for credit card revolvers by age and income group (monthly, index Baby Boomer's 2019 average = 100, below 100 means there has been a decrease relative to 2019 levels)



Source: Bank of America internal data

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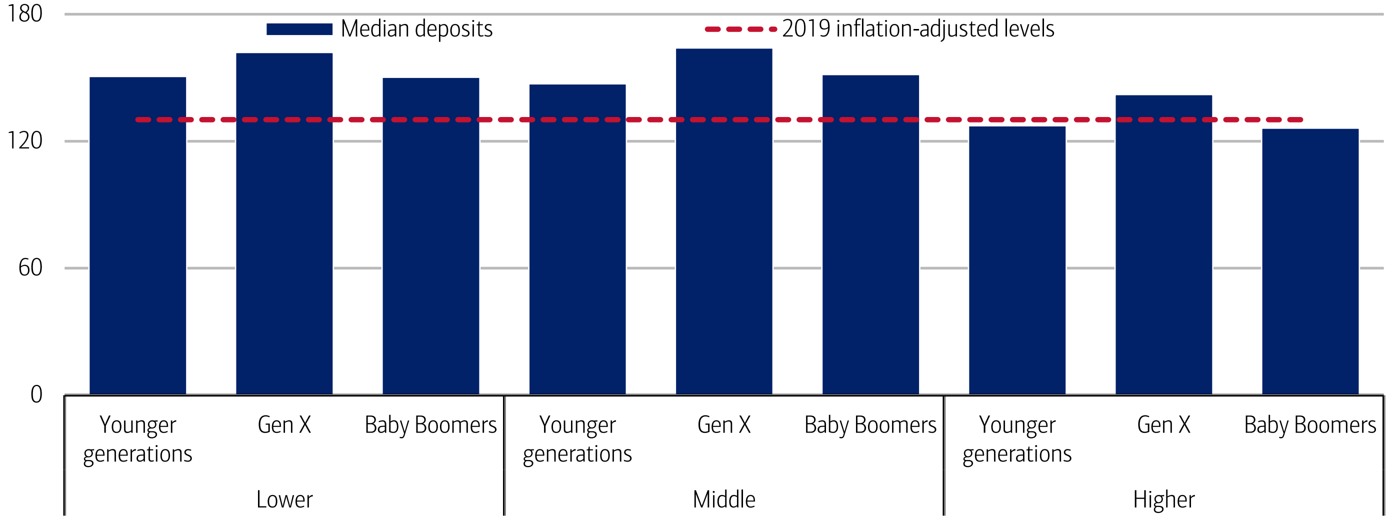
Highly liquid buffers in checking and saving accounts also remain supportive of consumer health. Lower- and middle-income households appear to have significantly higher median deposit levels compared to pre-pandemic levels across all ages (Exhibit 13). Conversely, higher-income households – especially Gen Z, Millennials and Baby Boomers – have lower deposit levels, in our view, likely as they have invested their savings in less liquid assets (read more in Resolute resolutions?).

Exhibit 13: Lower- and middle-income households have seen the largest increases in household deposits across all age groups compared to pre-pandemic levels

Monthly median household savings and checking balances, based on Bank of America deposit data, by income and age generations for a fixed group of households through November 2024 compared to August 2026 (monthly, indexed 2019 = 100) and Consumer Price Index inflation data, based on Bureau of Labor Statistics data (monthly, indexed 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 August 2026. Younger generations are Gen Z and Millennials.

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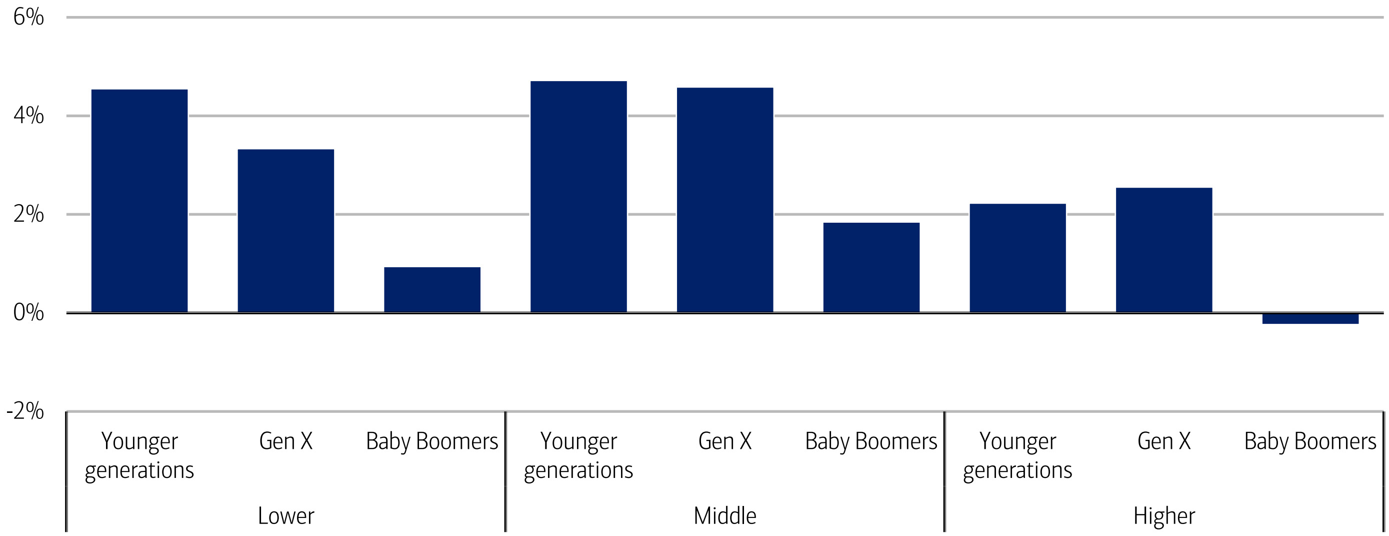
Higher tax refunds and improving wage growth are helping lower- and middle-income households build deposits at the fastest rate YoY, especially Gen Z, Millennials and Gen X (Exhibit 14). So, overall, consumers appear in a good financial position as we head towards the holidays.

Exhibit 14: Baby Boomers have seen the smallest YoY increases in deposit levels across all income cohorts

Monthly median household savings and checking balances, based on Bank of America deposit data, by income and age generations for a fixed group of households through November 2024 compared to August 2026 (three-month moving average, YoY%)



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 August 2026. Younger generations are Gen Z and Millennials.

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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.

Contributors

David Michael Tinsley

Senior Economist, Bank of America Institute

Joe Wadford

Economist, Bank of America Institute

Liz Everett Krisberg

Head of Bank of America Institute

Taylor Bowley

Economist, Bank of America Institute

Vanessa Cook

Content Strategist, Bank of America Institute

Lynelle Huskey

Analyst, Bank of America Institute

Sources

Li Wei

Director, Global Risk Analytics

Yan Peng

Vice President, Global Risk Analytics

Akshita Jain

Assistant Vice President, Global Risk Analytics

Denise Frank

Senior Vice President, Consumer and Small Business Product Analytics

Stephen Stancil

Senior Vice President, Consumer and Small Business Product Analytics

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