

Economy

Do consumers have wiggle room to absorb higher gas prices?

28 April 2026

Key takeaways

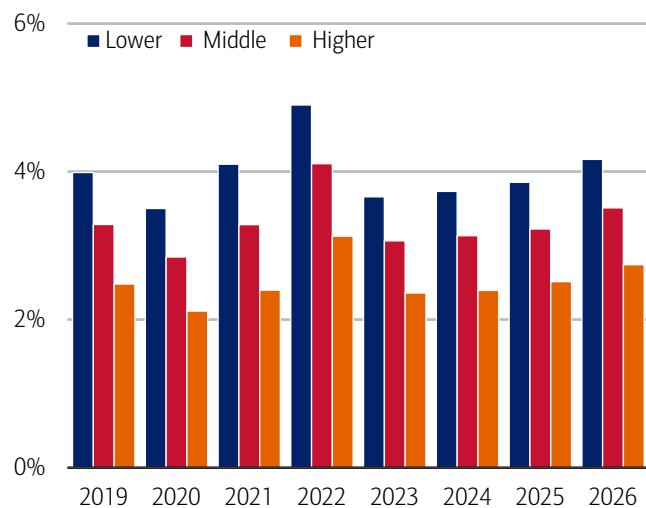
- Higher gasoline prices are stretching household budgets, with the greatest impact on lower-income consumers. In March 2026, the median lower-income household spent 4.2% of their income on gasoline, up from 3.9% a year earlier and above 2019 levels, according to Bank of America internal customer deposit data. However, these shares are well below the levels they reached in 2022.
- Some consumers can cushion higher fuel costs through wage growth or increased use of credit, but this flexibility is more limited for lower-income households, which have the most stretched credit card utilization rates relative to 2019. And while buy now, pay later (BNPL) options can provide some support, users tend to have higher card utilization.
- The "good news" is that elevated deposit buffers provide households - even lower-income ones - with a cushion. And tax refund season is so far seeing a similar-sized increase in deposits to last year. Arguably, a significantly bigger risk arises if higher gasoline and oil prices leak into other necessities such as grocery and utility prices - though so far there is little evidence for this.

The rise in gasoline spending in March was significant, but not overwhelming

The sharp rise in U.S. gasoline prices in March – more than \$1 per gallon for regular unleaded – was clearly reflected in household spending. As discussed in our [April Consumer Checkpoint](#), gasoline card spending rose 16.5% month-over-month (MoM), according to Bank of America aggregated credit and debit card data. And we found that in March, the average household spent around 3.1% of their income on gasoline, up from 2.8% a year prior.

Exhibit 1: March saw a jump in the share of household income spent on gas...

Median spending on gasoline as a share of median income by household income terciles, based on Bank of America internal data (March for selected years, %)

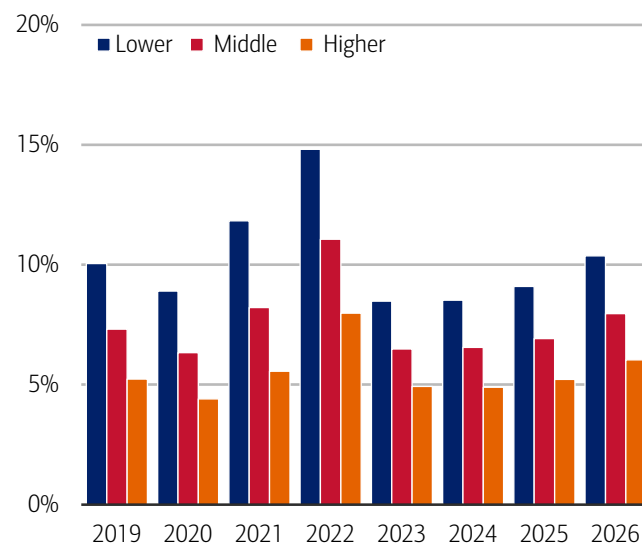


Source: Bank of America internal data

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Exhibit 2: ...and a jump in the proportion of households spending more than 10% of their monthly income on gas

% of households paying over 10% of their income on gasoline in Bank of America internal data (March for selected years, %)



Source: Bank of America internal data

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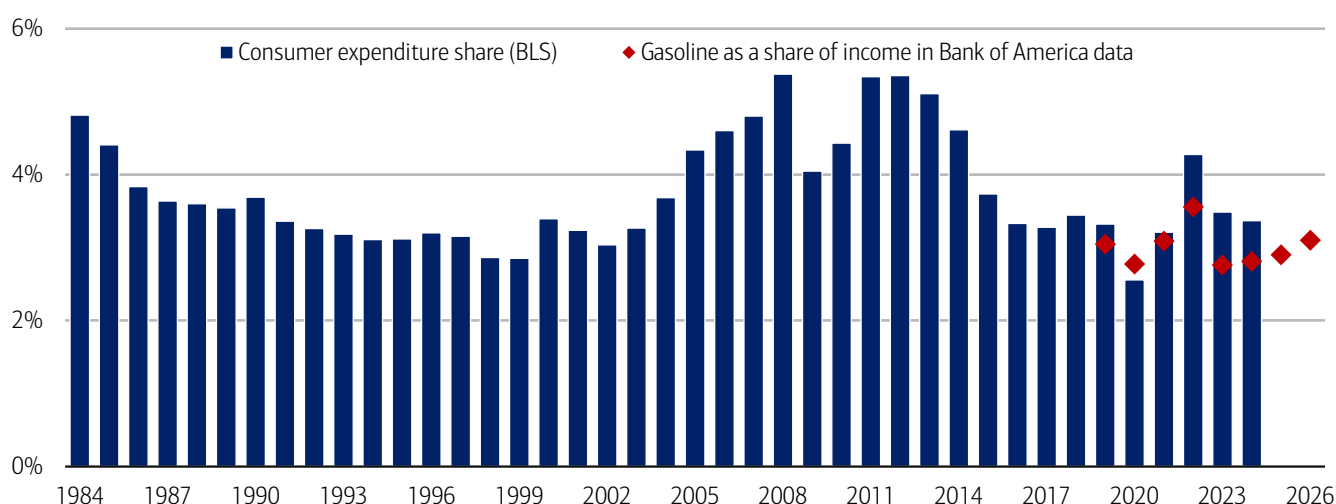
As would be expected, lower-income households are spending a higher share of their incomes on gas – with the median household in this cohort paying around 4.2% in March. For higher-income households, the figure is 2.7%. But we find that all income cohorts saw a similar-sized increase compared to 2025. While the share of income spent on gasoline is higher than it was in 2019, it remains well below its previous high in 2022 (Exhibit 1).

Of course, some households spent more than the median (the middle of the distribution of households), and in Bank of America data we find that around 10% of lower-income households spent over 10% of their income on gasoline in March, compared to only 6% of higher-income households who spent over 10% of their income on gasoline (Exhibit 2). Overall, then, it is households in the lowest income tercile who have generally been hit hardest by higher gasoline prices thus far, with some more exposed than others – likely depending upon how much they drive and potentially if they use their car for work.

It is, however, worth putting current spending on gasoline into a longer-term context. Using annual data from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey, Exhibit 3 shows the share of annual consumer expenditure on gasoline reached as high as 5% in 2008, 2011 and 2012. While this data runs only through 2024, looking at gasoline spending as a share of income in Bank of America data for 2019-2026 indicates that it likely remains well off its historical highs (Exhibit 3).

Exhibit 3: The rise in spending on gasoline is relatively small from a longer-run perspective

Share of annual consumer expenditure on gasoline and other fuels according to the BLS Consumer Expenditure Survey (% , yearly) and the average share of gasoline as a percentage of average income in Bank of America customer deposit data (% , March for 2019-2026)



Source: Bank of America internal data, Bureau of Labor Statistics (BLS)

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What levers can households pull to support their spending?

Faced with higher gasoline bills, some households may be inclined to trim their spending on other things. In the April Consumer Checkpoint (see: [Consumer Checkpoint: The madness of March](#)), we discussed how some areas of discretionary spending, such as durable goods (e.g., furniture) and food services (e.g., restaurants), were candidates for a trim. Alongside this, previous sharp rises in gas prices even appear to have led to a decline in the share of spending on groceries, perhaps as households trade down.

But instead of making offsetting cuts elsewhere, could consumers simply spend more overall?

Most obviously this would be a plausible response if, say, consumers thought the rise in gasoline prices was likely to be temporary. Additionally, if households were enjoying strong income growth, they might also find it easier to boost their total spending and ride out the gas shock.

However, Bank of America deposit account data indicates that this option really only exists for higher-income households – their after-tax wages and salaries grew at a strong 5.6% year-over-year (YoY) in March, compared to just 1.0% YoY for lower-income households and 2.0% YoY for middle-income households (for more, read: [March Employment Report](#)).

So, what other levers could households pull to support their spending?

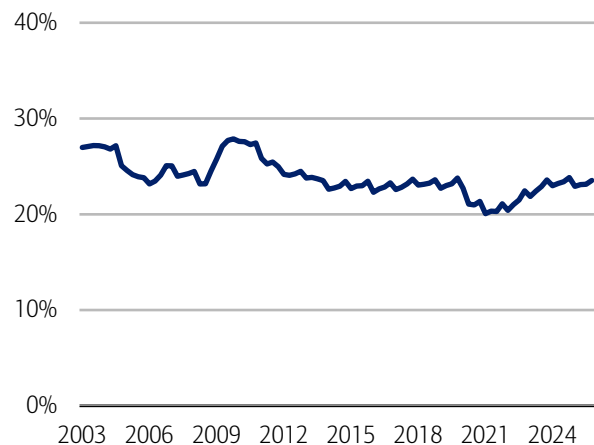
One is to finance more of their spending through credit. Exhibit 4 shows, using Federal Reserve Bank of New York data, that overall US credit card balances relative to their limits in 4Q 2025 were broadly similar to where they were in the second half of the 2010s. This may suggest some room for households to increase borrowing relative to their limits.

However, there appears to be some differences across income cohorts. Exhibit 5 shows households’ median credit card utilization for revolvers (people who carry a balance from month to month) in Bank of America internal data. It suggests that

while utilization rates have declined since January 2026, lower-income households are more stretched relative to their limits than other cohorts – their utilization is the most above 2019 levels of all the income cohorts as of March 2026.

Exhibit 4: 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, %)

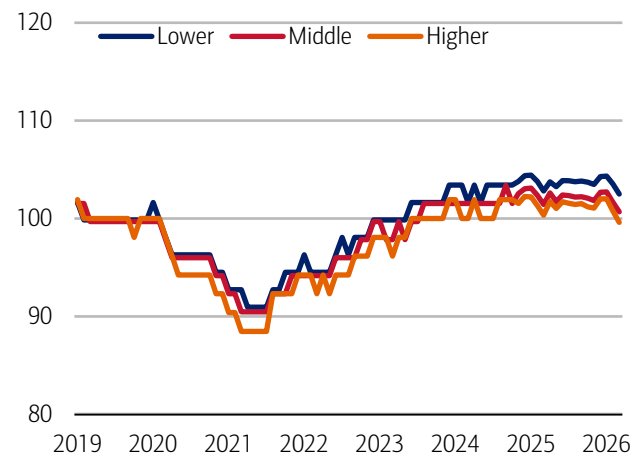


Source: Federal Reserve Bank of New York

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Exhibit 5: ...but there was less wiggle room for lower-income households in March 2026

Median credit card utilization for credit card “revolvers” by income tercile (monthly, index 2019 average=100)



Source: Bank of America internal data

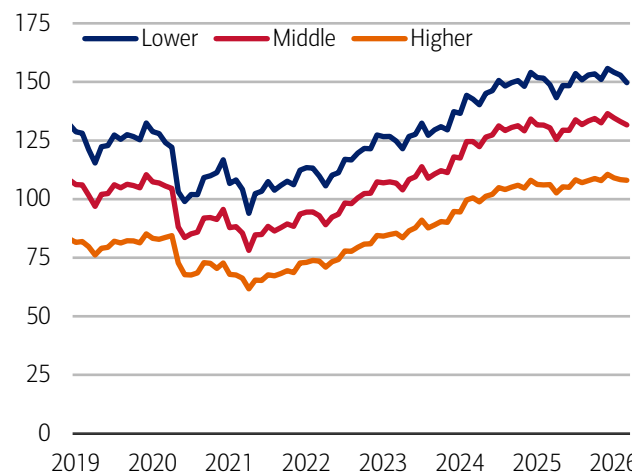
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Additionally, a higher proportion of lower-income households appear to make only the minimum payment on their credit card accounts (Exhibit 6) and this share in March 2026 is also above 2019 levels for all income cohorts.

So, while there may be capacity for some to “ride out” a gasoline shock by relying more on credit card borrowing, this appears somewhat limited – particularly for lower-income households.

Exhibit 6: The share of minimum payers has risen over the last five years

Share of households making minimum payments on credit card accounts by income tercile (monthly, indexed to overall minimum share in 2019)

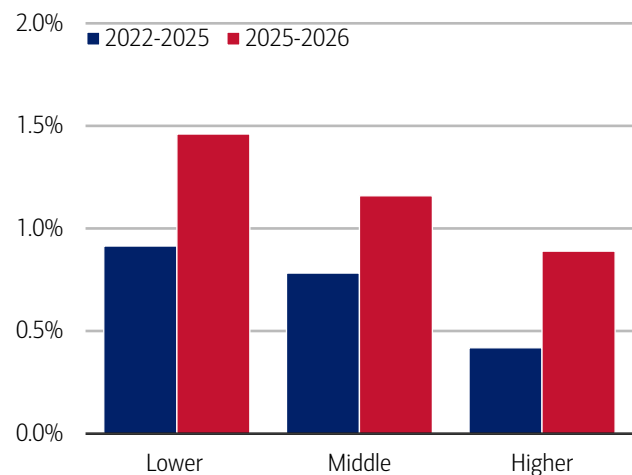


Source: Bank of America internal data

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Exhibit 7: The share of households making a BNPL payment has risen most for lower-income households

Annual change in the share of households making a BNPL payment (January-March averages, 2022-2025 annual average)



Source: Bank of America internal data

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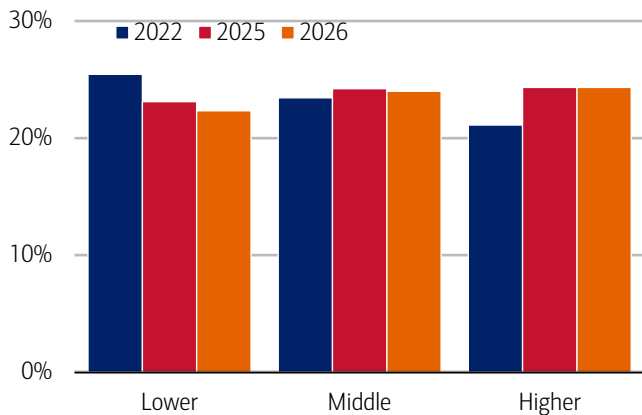
What other margins of adjustment might be available to households? Households could be using buy now, pay later (BNPL) for some of their spending, as this distributes repayments over a number of installments (usually 3 or 4) and may help alleviate upfront cost pressures. Exhibit 7 shows that the proportion of households using BNPL continues to rise and accelerated in the year January-March 2026, particularly for lower-income households, per Bank of America internal deposit data.

Much of this rise may be driven by structural changes in retail, as the share of online spending continues to rise (read: [Add to cart: Online shopping surges](#)). But it’s worth noting that BNPL users in Bank of America data tend to have significantly higher

credit card utilization rates (Exhibit 8). Indeed, lower-income households that are heavier users of BNPL (making more transactions a month) tend to have the highest credit card utilization rates (Exhibit 9), so their overall credit availability may be fairly limited.

Exhibit 8: Users of BNPL appear to have significantly higher credit card utilization

Median credit card utilization for revolvers with a BNPL payment minus median credit card utilization for all revolvers (average January-March, percentage points)

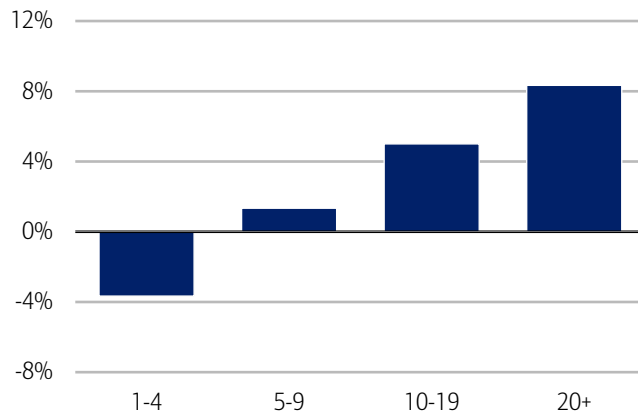


Source: Bank of America internal data

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Exhibit 9: Lower-income, heavy users of BNPL have highest utilization

Median credit card utilization for lower-income revolvers split by number of BNPL payments relative to overall utilization of lower income BNPL users (percentage points, January-March 2026)



Source: Bank of America internal data

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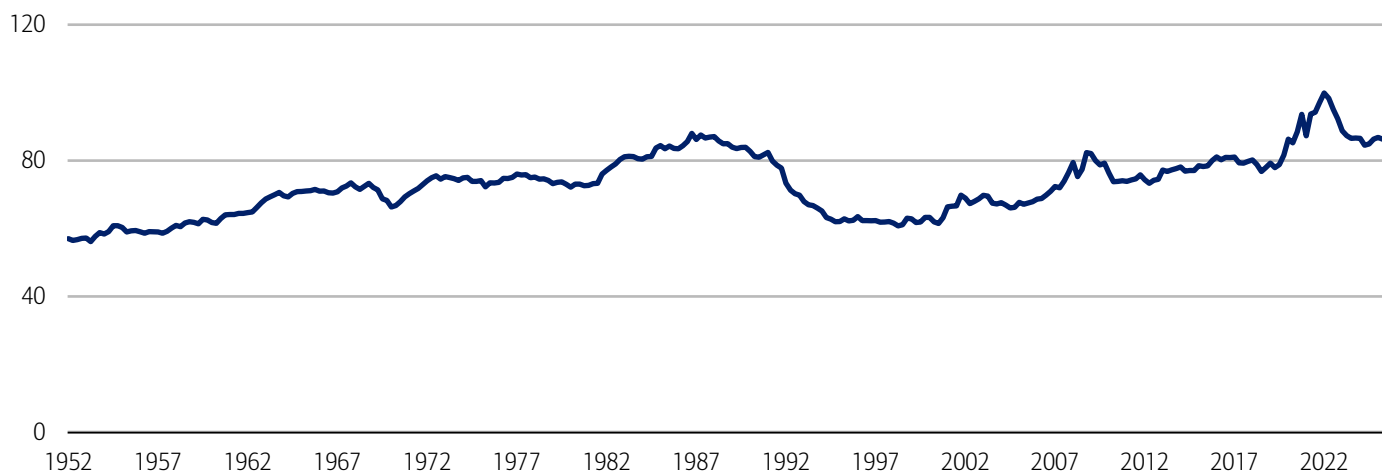
Deposit levels provide the plumpest cushion

So, credit cards and BNPL might help support household spending somewhat, but this is much less likely to be the case for lower-income households – particularly subsets of lower-income households, such as those with relatively high gas usage or stretched credit card utilization.

However, there is a more positive story surrounding households’ liquid assets, particularly their deposit balances. Exhibit 10 takes a long view of the ratio of household deposits to their disposable income using Federal Reserve Board of Governors data. While deposits compared to income in 2025 Q4 are down from their pandemic-era peaks, they are higher than most other periods since the early 1950s.

Exhibit 10: The household sector has a high level of liquid assets relative to disposable income

Households and nonprofit organizations; Total currency and deposits including money market fund shares as a percentage of disposable personal income (quarterly, %)



Source: Federal Reserve Board of Governors

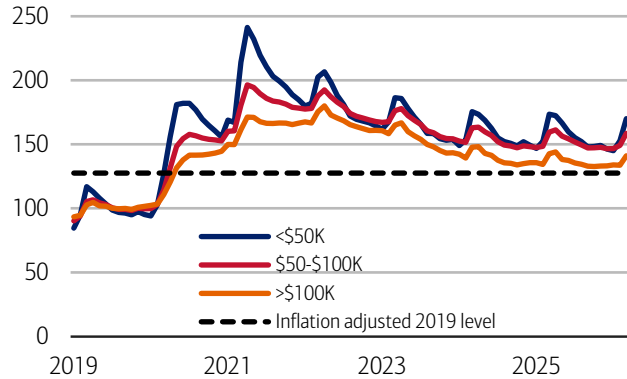
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Moreover, when we look at Bank of America deposit data through March 2026, we see a similar story across income cohorts. Households with an income below \$50,000 had a median monthly savings and checking balance around 70% higher in nominal

terms than in 2019 (Exhibit 10). And even after allowing for higher prices since 2019, these deposits are still up by over 40% in real terms.

Exhibit 11: Household savings are rising as tax refunds are deposited...

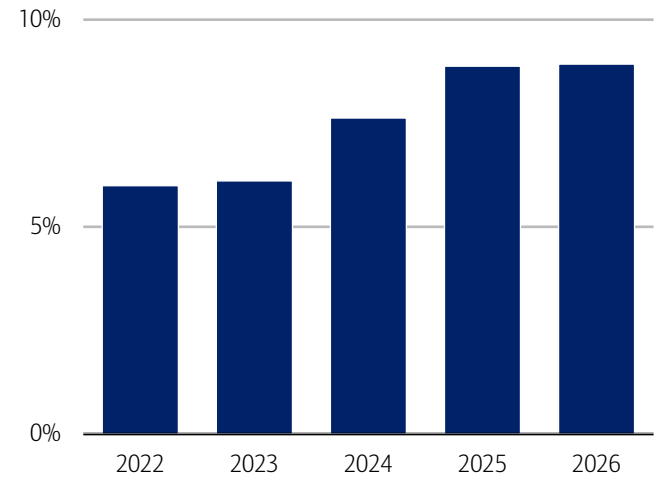
Monthly median household savings and checking balances by income for a fixed group of households through March 2026 (monthly, index 2019 = 100)



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 March 2026.
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Exhibit 12: ...with the rise similar to that in 2025

Increase in median household savings and checking balances between January and March (yearly, %)



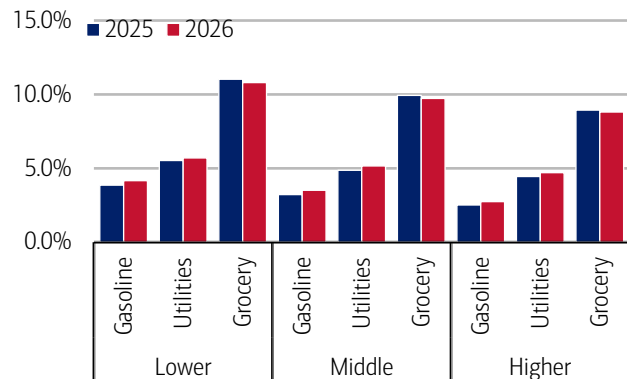
Source: Bank of America internal data
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Deposit levels tend to rise between January and April each year as tax refunds are paid into households' bank accounts. This year's tax refunds are around 10% higher on average (see: [Consumer Checkpoint: The madness of March](#)) than in 2025 due to the One Big Beautiful Bill Act (OBBA). While some of these refunds are being spent, it appears that some are being saved, too – the increase in savings is, so far, in line with that seen in 2025 (Exhibit 12). This boost will likely be a significant support to households if the ongoing gasoline shock endures: in the April Consumer Checkpoint, we suggested that even for lower-income households, higher refunds could cover rising gasoline bills for at least five months.

In our view, the biggest risk to consumers likely comes if the current increase in gasoline prices leads to a broader uptick in prices of other core necessities such as utilities and food, as these make up larger shares of household budgets (Exhibit 13). Groceries in particular are a bigger slice of households' monthly spend.

Exhibit 13: Gasoline is less important than other necessities as a share of income...

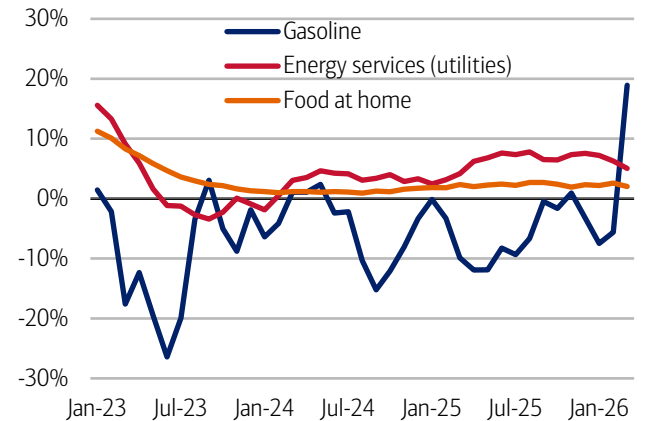
Median spending on gasoline, utilities and groceries as a share of median income, based on Bank of America deposit data by household income terciles (March 2025/26, %)



Source: Bank of America internal data
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Exhibit 14: ...and so far price pressure from these categories is limited

Consumer price inflation for select categories (monthly, seasonally adjusted, % YoY)



Source: Haver Analytics
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The good news is there is little sign of higher price pressures in these areas yet (Exhibit 14), though we noted in the [April Small Business Checkpoint](#) that small firms in agriculture, wholesaling and transportation are seeing rising fuel costs, which could quite conceivably be passed through to consumers if higher gasoline prices persist.

In our view, under these circumstances, lower-income households arguably have the least wiggle room to support their spending, constrained by slower wage growth and less borrowing capacity on their credit cards. This could further widen the “K-shaped” split in consumer spending.

Methodology

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

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

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

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

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

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
3. Overall total card spending includes small business card spending while per household card spending does not.
4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

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

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

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

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.

Unless otherwise noted 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.

In-person debit transactions utilized to analyze time-of-day spending considers debit card transactions where a personal identification number is input to complete the transaction.

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

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