

Economy

The Institute Employment Report: April 2026

06 May 2026

Key takeaways

- Payrolls growth in Bank of America customer deposit account data was strong in April. An estimate of jobs growth suggests the February/March rebound strengthened to 1.9% year-over-year (YoY), while growth in unemployment payments eased further - pointing to steady underlying labor market progress.
- But the labor picture is nuanced: while official jobs growth was solid in March, there are mixed signals beneath the surface. In Bank of America data, small business payrolls growth was negative in March, even as some sectors - like construction and manufacturing - showed signs of ramping up hiring.
- The divergence in wage gains remains very wide. After-tax wage growth for higher-income households was 6.0% YoY in April, while middle- and especially lower-income households saw much weaker gains.

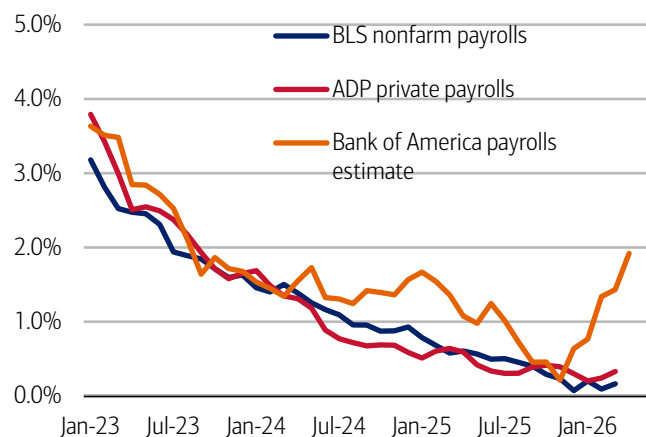
April saw steady progress in payrolls growth...

Bank of America data suggests payrolls growth increased further in April, while growth in unemployment payments continued to slow. Additionally, there remains a large “K” shape in wage growth.

We use Bank of America consumer deposit data to estimate a payrolls series by looking at how the number of customer accounts receiving a paycheck is changing (see Methodology). This data can be fairly noisy, partly due to seasonal variation. However, looking at the three-month moving average, Exhibit 1 shows that our measure rose sharply to 1.9% year-over-year (YoY) in April, up from 1.4% in March 2026, and accounted for the highest growth in two-and-a-half years.

Exhibit 1: Bank of America account data indicates payrolls growth accelerated in April 2026

Payroll estimates from Bank of America customer deposit account data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (ADP) (monthly, YoY)

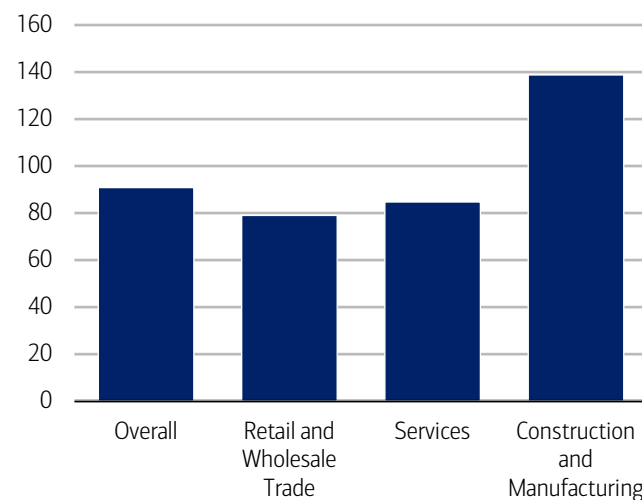


Source: Bank of America internal data, Haver Analytics
 Note: BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted.

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Exhibit 2: Small construction and manufacturing firms' hiring payments were nearly 40% above the 2023 average level in March

Small business payments to hiring firms by industry in March (indexed, 2023 average = 100, 3-month moving average)



Source: Bank of America internal data

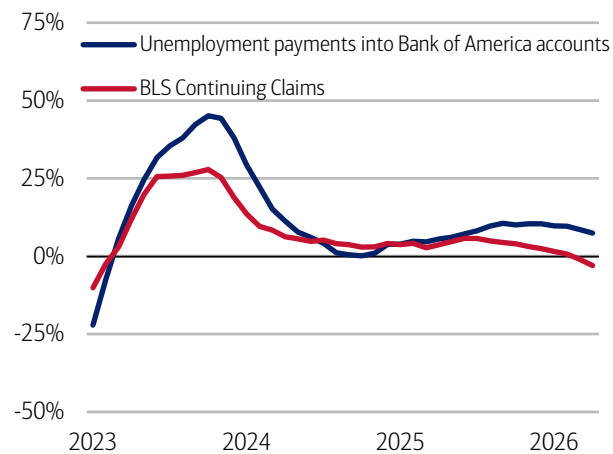
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The Bank of America payrolls estimate continues to track significantly stronger jobs growth than the official Bureau of Labor Statistics (BLS) data. That said, BLS payrolls growth was also strong in March, rising by 178K month-over-month (MoM).

It remains to be seen whether the recent increase in oil prices and the associated pass-through to transport costs will weigh on employment growth going forward. Bank of America data indicates that small business payrolls growth was negative in March, marking three consecutive months of declines. But the overall employment situation is nuanced – with signs that small firms in construction and manufacturing were ramping up hiring as of March 2026 (Exhibit 2). For more, read publication: [Small Business Checkpoint: One shock after another](#).

Exhibit 3: Unemployment payment growth continued to decline in April

Number of households receiving unemployment payments (three-month moving average, YoY%, not seasonally adjusted (NSA)) and Continuing Claims (three-month moving average, YoY%, seasonally adjusted (SA))

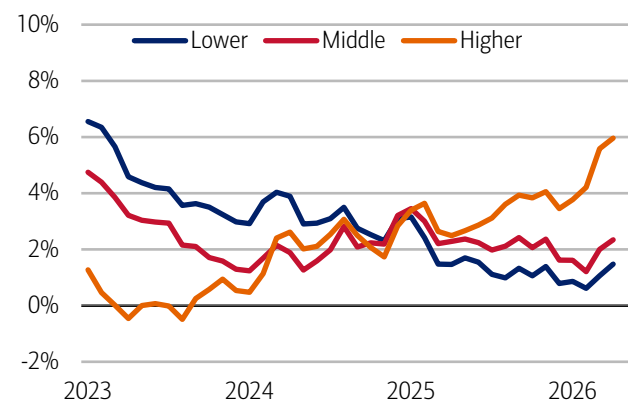


Source: Bank of America internal data, Bloomberg

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Exhibit 4: 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 (three-month moving average, YoY%, SA)



Source: Bank of America internal data

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Alongside rising jobs growth, Bank of America data on unemployment payments into customer accounts continues to show easing growth. In April, unemployment payments growth dropped to 7.4% YoY (Exhibit 3). BLS Continuing Claims data has also been slowing, with the YoY rate measuring below zero in April.

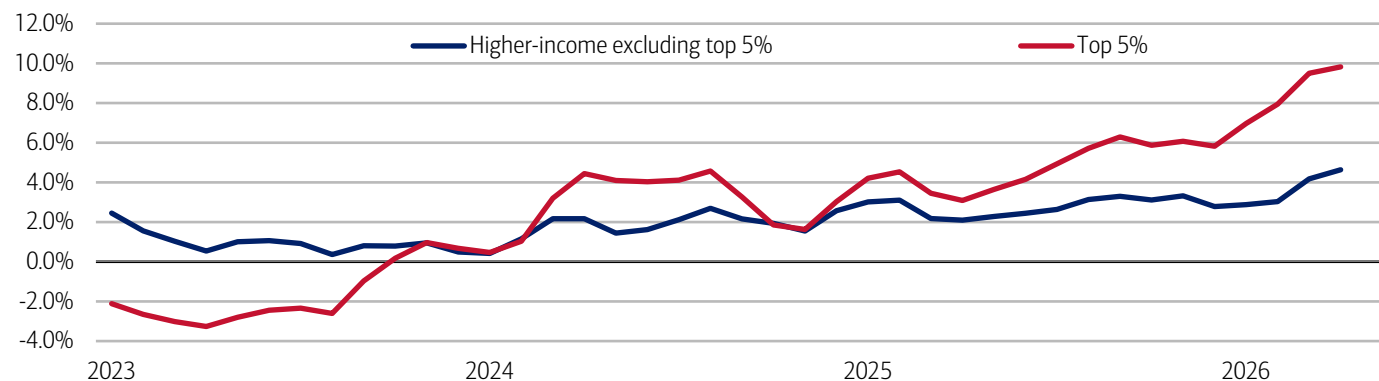
Higher-income households have experienced much stronger after-tax wage growth

There remains a significant gap in after-tax wage growth between income groups (Exhibit 4). In April, higher-income households saw their after-tax wage growth rise to 6.0% YoY – the highest rate we’ve observed since August 2021. In fact, even within this cohort there is a divergence, with after-tax wage growth for the highest 5% of households by income stronger than that of the rest of the higher-income cohort (Exhibit 5).

Middle- and lower-income households also saw increases in their after-tax wage growth in April, to 2.3% YoY and 1.5% YoY, respectively. But the gap between these cohorts and higher-income households remains at its widest level since our data series began in 2015.

Exhibit 5: Even within the higher-income tercile, there is a “K” in wage growth

After-tax wage and salary growth for higher-income households excluding the top 5%, and the top 5% of households, 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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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, 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.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between

these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

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.

Estimate of payrolls growth from Bank of America internal data is based on the change in customer accounts receiving a paycheck in the month. An adjustment is made for the difference between overall population growth and customer account growth.

An estimate of bonus growth from Bank of America deposit data is calculated by looking at customers who have received an inbound ACH payroll transaction in the last two years. From this sample an estimate of bonuses is derived by looking for payroll transactions which are over 50% higher than the median regular payroll payments received by the customer. Of these payments only those that were received around the same time in each of the last two years are selected.

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

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