Economy

The Institute Employment Report: June 2026

07 July 2026

Key takeaways

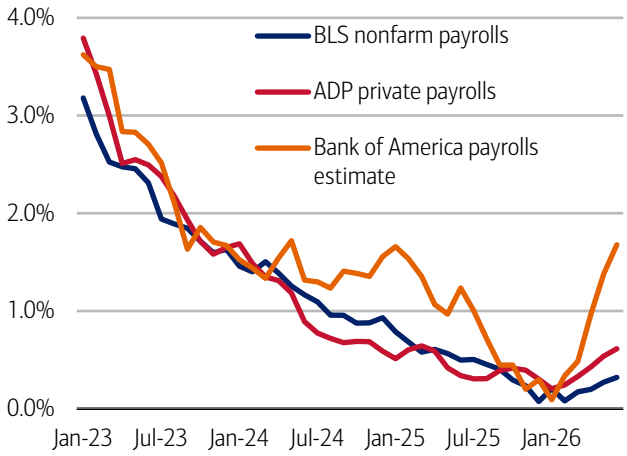
- Bank of America customer deposit account data suggests labor market momentum improved again in June, with estimated payroll growth accelerating to 1.7% year-over-year (YoY). This strength appears broad-based, with job growth picking up in both FIFA World Cup 2026™ host cities and non-host cities, indicating the improvement extends beyond any tournament-related boost.
- Consistent with a healthy labor market, unemployment payments into Bank of America customer accounts continued to soften in June. The number of households receiving unemployment benefits showed further moderation, reinforcing signs that labor market conditions remain resilient despite softer official payroll readings.
- Lower-income households saw a rebound in after-tax wage growth, rising to 4.1% YoY in June, above middle-income households (3.4%) and nearly matching higher-income households (4.2%). Increased job switching activity, particularly among lower-income workers who tend to receive larger pay gains when changing employers, could be helping narrow the wage growth gap.

June job growth was solid in deposit account data

Our estimate of job growth – which uses Bank of America deposit data to track changes in the number of customer accounts receiving a paycheck (see Methodology) – rose 1.7% year-over-year (YoY) in June. The data can be noisy, partly due to seasonal variation and differences in pay-period timing. Nonetheless, in our view, it suggests there is some continued momentum in the labor market.

While official data from the Bureau of Labor Statistics (BLS) showed that nonfarm payrolls rose only 57,000 in June, the YoY growth rate of this measure has also been rising since February (Exhibit 1).

Exhibit 1: June payroll growth remained strong in Bank of America deposit account data
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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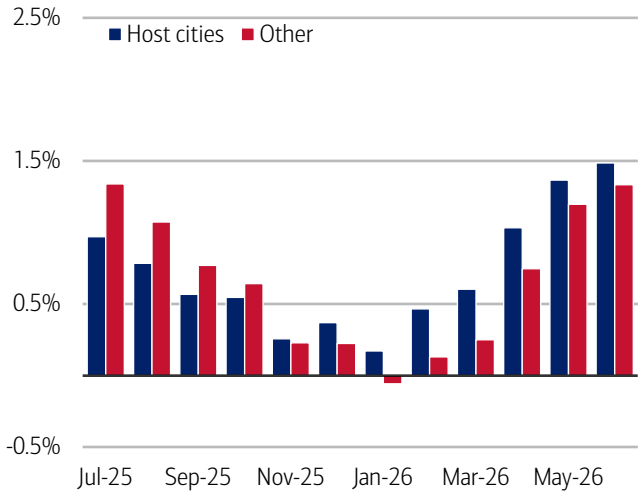
Exhibit 2: The acceleration in job growth is shared by cities hosting World Cup games and those that are not
Payroll estimates from Bank of America customer deposit account data (three-month moving average, % YoY) for cities hosting FIFA World Cup 2026™ games and all other cities



Source: Bank of America internal data

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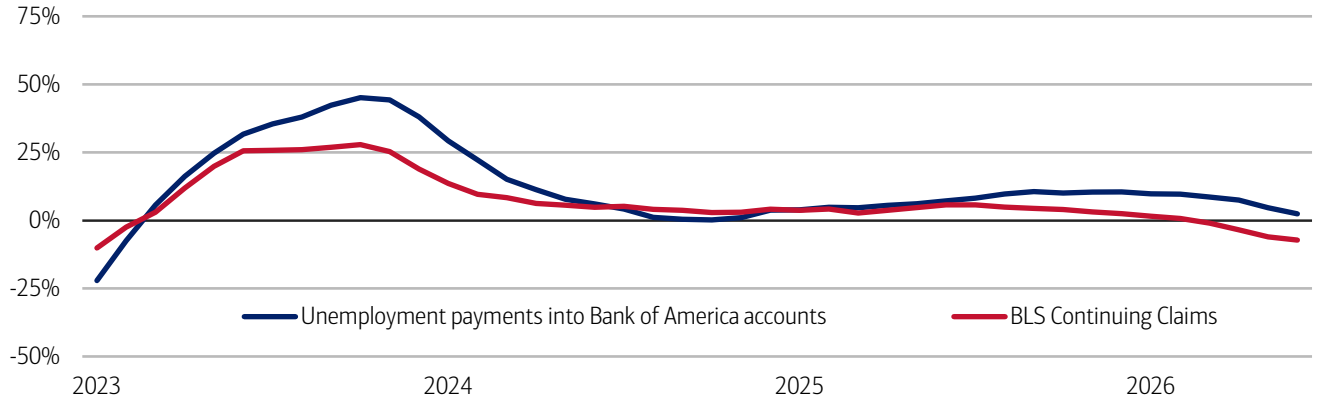
Has the FIFA World Cup 2026™ been a significant driver of the acceleration in jobs growth? To analyze this, we look at jobs' growth in our data for cities that are hosting games and those that are not. When we do this, it is not obvious there is a strong impact from the tournament: while job growth has accelerated more in 2026 relative to the second half of 2025 in host cities, those that aren't hosts have also seen an acceleration (Exhibit 2).

And consistent with an underlying continued improvement in the labor market, Bank of America data on unemployment payments into customer accounts shows easing growth (Exhibit 3).

Exhibit 3: Unemployment payment growth in June declined further in Bank of America consumer deposit data
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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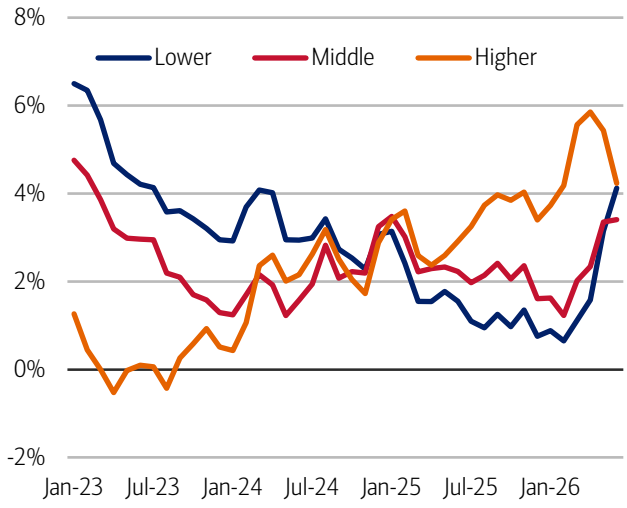
Lower-income households' wage growth has picked up strongly

Bank of America data continues to show signs of a significant recovery in lower- and middle-income households' after-tax wage growth. In fact, lower-income households saw wage growth accelerate to 4.1% YoY in June, the highest rate since July 2023 and above the 3.4% YoY growth rate recorded by middle-income households. At the same time, higher-income households' wage growth declined to 4.2% YoY in June – meaning their previous lead over lower-income households has largely disappeared.

Exhibit 4: In June, after-tax wage growth among lower-income households rose to 4.1% YoY, surpassing the 3.4% YoY growth rate for middle-income households
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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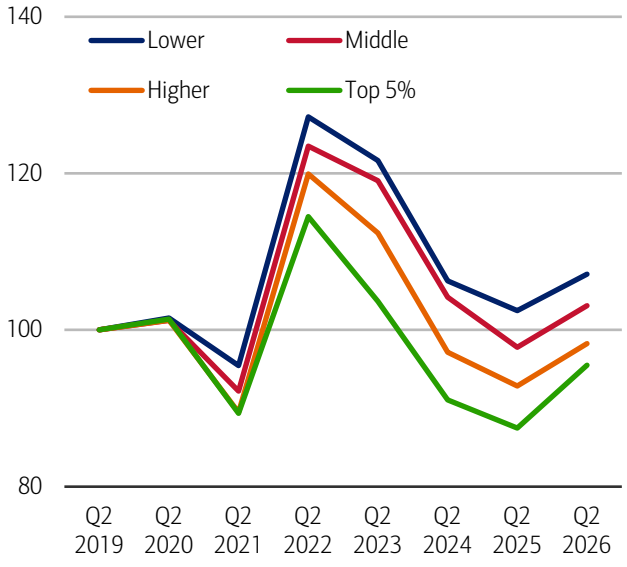
Exhibit 5: The job switching rate has risen across income cohorts
The share of total consumers with a steady paycheck who switched employers by household income group (Q2 of every year, index 2019 Q2 = 100)



Source: Bank of America internal data

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Will this improvement in lower- and (to a lesser extent) middle-income households' after-tax wage growth persist? It is hard to be sure. One possibility is that some lower- and middle-income households have decided to reduce their tax withholdings this year to reflect changes from the One Big Beautiful Bill Act (OBBBA), thereby boosting their take-home pay growth. If this is the case, the impact on after-tax wage growth could last for a year.

But the underlying improvement we have seen in job growth this year could also be part of the explanation. In Bank of America internal data, we see signs that households were moving between jobs at a faster rate in Q2 2026 than they were in Q2 2025 (Exhibit 5). And while this is true across income cohorts, lower-income households have also been getting larger pay bumps of around 12%, compared to 9% for higher-income households, when they move jobs (for more on this, read our publication: Should I stay or should I go? The pay tradeoff). In this scenario, this effect may last as long as the improvement in the labor market continues but would be vulnerable to a pullback if labor demand slows.

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: 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.

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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